

SOUTH EASTERN ONTARIO

STATE OF TOURISM

Winter 2019

Final Report

January 28, 2019

Introduction

Tourism is increasingly becoming an important part of the South Eastern Ontario economy.

In 2016, 7.8 million visitors spent \$817 million in the region, the total tourism employment impact was 7,078 jobs and there were 6,645 tourism related businesses in operation.

This document offers a summary of the performance of the tourism industry for the years 2016 through 2018; it includes trends over the previous years, and other analyses on the key indicators that offer market intelligence and insights about the state of the industry.

The document is based on the following reports and data sources:

- South Eastern Ontario Consumer Insights Survey
- Statistics Canada: Border Crossing, Labour Force Survey, Canadian Business Patterns
- Ontario Ministry of Tourism Culture and Sport (MTCO): Tourism Outlook, Ontario's Tourism Regional Economic Impact Model (TREIM), and Ontario's Travel Price Index
- CBRE Hotels Trends in the Hotel Industry National Market Report
- National Bank of Canada Monthly Economic Monitor
- Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA): Analyst Tool Emsi

Highlights

On several key performance indicators, South Eastern Ontario has proven to be a destination on the rise.

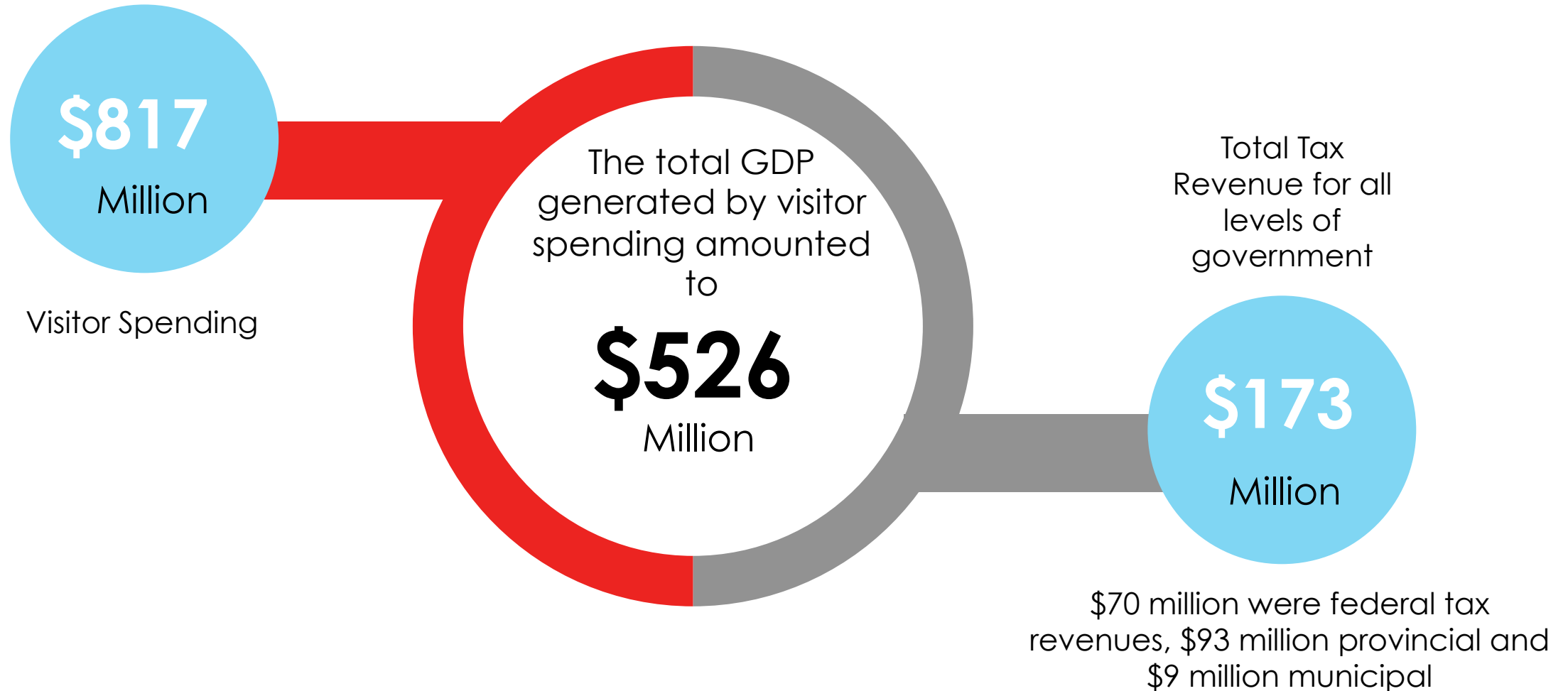
- In 2016, visitors spent \$817 million. The total GDP generated by visitor spending amounted to \$526 million. The total tourism employment impact of visitor spending was 7,078 jobs.
- Direct jobs in industries that are impacted by or participate in the South Eastern Ontario tourism economy increased 5% over a five-year period from 43,187 in 2013 to 45,345 in 2018.
- The occupations that represent the highest percentage of total jobs in tourism are most likely to be in the retail sector.
- RTO9's hotel occupancy averaged 66.7 percent between January to October 2018, up from 63.3 percent during the same period in 2017. The average daily rate (ADR) increased by 5% to \$133.90 from 2017.
- Over the year 2018 to October, the price of Ontario travel rose 4%, which is higher than Ontario's CPI growth of 2% during the same period.
- Official data from the Ministry of Tourism, Culture and Sport and Statistics Canada is predicting that the US market will continue to be the most lucrative source market for growth into 2019; this is followed by Overseas markets and other Canadian provinces.

A scenic view of a canal lock, likely the Erie Canal. The lock is a narrow waterway flanked by high stone walls. Several boats are in the lock, including a large white motorboat in the foreground and a smaller white boat further back. People are standing on the stone walls, some looking at the boats. The background is filled with lush green trees and a red building with a green roof. The text "Tourism Economy" is overlaid on the left side of the image.

Tourism Economy

Economic Impact

The overall impact of tourism in the South Eastern Ontario economy is significant.

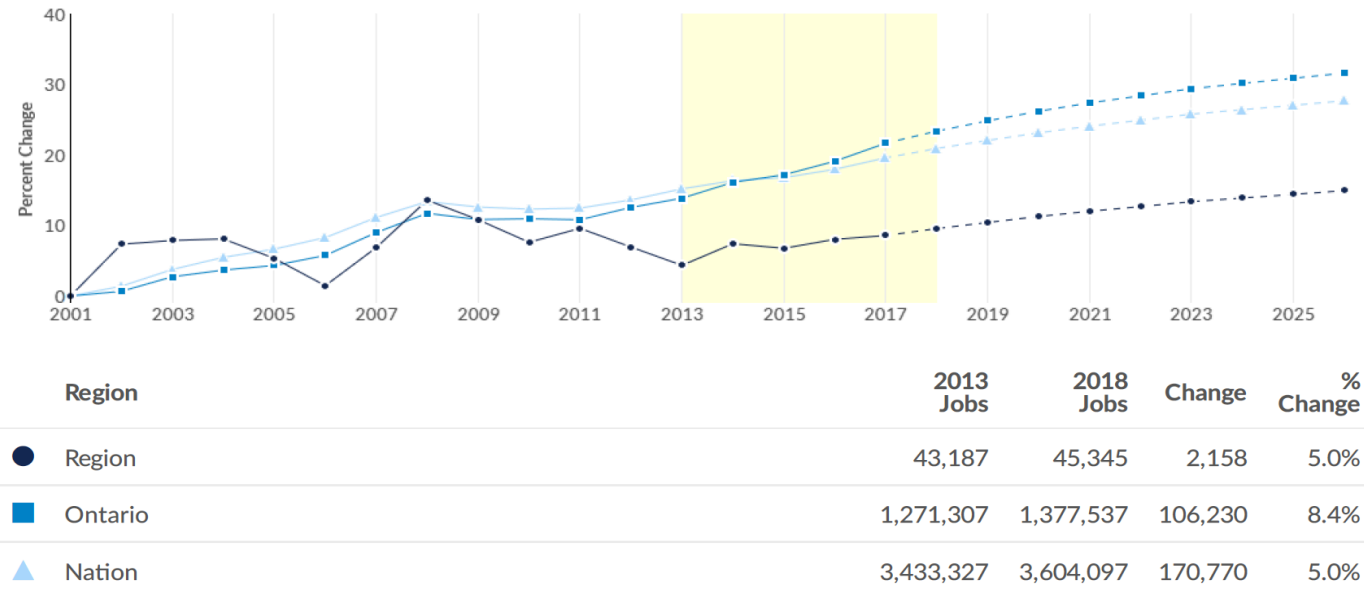


Employment

Food and Beverage, Retail and Accommodations remain the industries most impacted by tourist visitor spending.

- The total tourism employment impact of visitor spending was 7,078 jobs in 2016. The industries that were most impacted include Food and Beverage, Retail and Accommodations.
- In 2017 the number of direct jobs in industries that are impacted by or participate in the South Eastern Ontario tourism economy was 44,940. Over a five-year period from 2013-2018 these jobs increased by 5% (2,158), while this lagged behind the Ontario growth rate of 8.4% it was consistent with the national trend (5%) during the same period.

Regional Trends



Employment, cont'd.

Tourism job growth was 4% during the period of 2013 and 2017. Improving perceptions of tourism as a career could help to fill jobs as tourist demand rises.

- Looking at highest ranked industries in the region – based on jobs – tourism has maintained the number one position over the last five years.
- Between 2013 and 2017 the Healthcare and social assistance and Construction industries both had 13% job growth, exceeding tourism job growth of 4% during this period. While there has been job growth in the tourism industry the challenge of encouraging job seekers to build a career in the industry remains.

South Eastern Ontario Highest Ranked Industries

Industry	2013 Jobs	2017 Jobs	Change	% Change
Tourism	43,187	44,940	1,754	4%
Health care and social assistance	33,594	37,922	4,328	13%
Manufacturing	24,184	23,452	-732	-3%
Public administration	21,467	23,306	1,839	9%
Educational services	20,880	21,183	303	1%
Construction	16,597	18,757	2,159	13%
Agriculture, forestry, fishing and hunting	7,097	5,101	-1,996	-28%

Employment, cont'd.

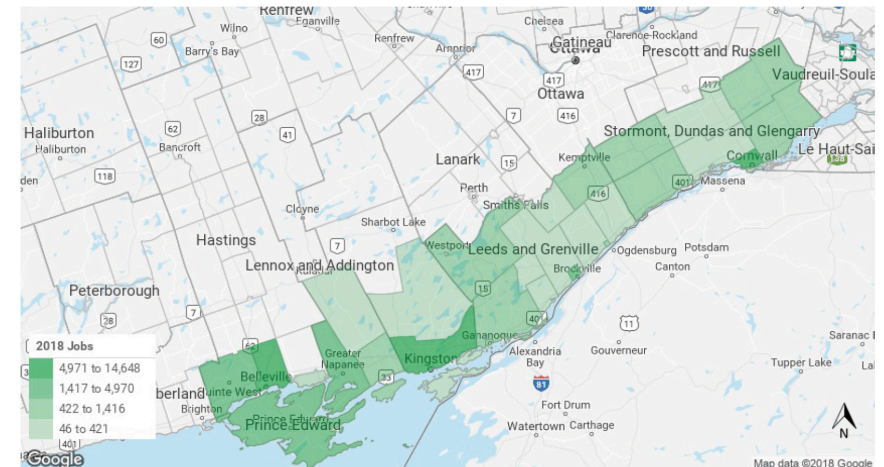
Retails jobs top the list of in demand tourism industry occupations.

- Being a significant part of the industry, retail jobs topped the list when examining tourism occupations in the region. Retail salesperson was the top ranked occupation type.

Occupations Employed by Tourism Industry

Description	Employed in Tourism (2017)	% of Total Jobs in Tourism (2017)
Retail salespersons	5,565	12.40%
Cashiers	3,916	8.70%
Retail and wholesale trade managers	3,035	6.80%
Store shelf stockers, clerks and order fillers	2,645	5.90%
Retail sales supervisors	2,301	5.10%

- The highest concentrations of tourism jobs in the region are located in Kingston, Belleville and Cornwall.



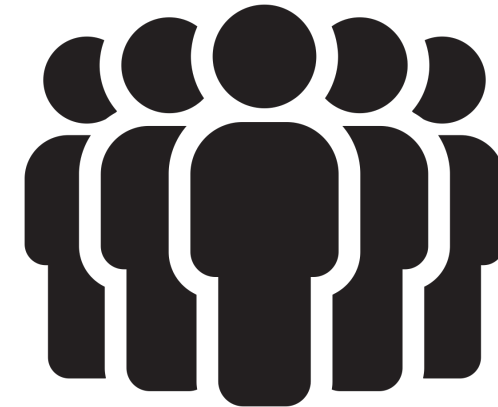
Tourism Businesses

Tourism related businesses amounted to 16% of businesses across all industries in the region.

- There were 6,645 tourism related businesses operating in South Eastern Ontario in 2016, this amounted to 16% of businesses across all industries in the region and just over one quarter (26%) of all employing small to medium-size businesses with under 100 employees. Larger tourism related businesses – employing +100 people – also formed an important part of the industry, representing 19% of all businesses in the region.

Tourism Related Businesses (2016)

	Number of Establishments by Size of Employment					
	Total	0	1 to 19	20 to 49	50 to 99	100+
All Industries	42,541	28,029	12,594	1,235	399	284
Tourism Related	6,645	2,882	3,066	491	151	55
Tourism Share of All Industries	16%	10%	24%	40%	38%	19%



Tourism Businesses, cont'd.

Retail and Food and Beverage comprise over half of all tourism related businesses.

- Retail made up the highest share of tourism related businesses (39%), followed by Food and Beverage (18%), Entertainment and Recreation (8%), Accommodation (5%), Transportation (4%) and Travel Services (1%).

Tourism Related Businesses by type (2016)

	Number of Establishments by Size of Employment						Share of Total
	Total	0	1 to 19	20 to 49	50 to 99	100+	
Total Tourism Related	6,645	2,882	3,066	491	151	55	-
Accommodation	346	173	117	34	20	2	5%
Arts, Entertainment and Recreation	512	286	176	40	7	3	8%
Food and Beverage	1,194	298	608	223	56	9	18%
Transportation	233	164	50	12	5	2	4%
Travel Services	71	33	37	1	0	0	1%
Retail	2,607	1,052	1,323	142	53	37	39%
Other Services	1,682	876	755	39	10	2	25%

Tourism Businesses, cont'd.

Compared to the surrounding regions volume of tourism related businesses in operation South Eastern Ontario ranked 2nd.

- Of the surrounding tourism regions in Ontario, South Eastern Ontario ranked 2nd in terms of share of total number of tourism related businesses in operation. This highlights the disconnect between perceptions of limited products and experiences on offer in South Eastern Ontario in comparison to other regions and the reality.

Comparison South Eastern Ontario vs. Kawarthas Northumberland, Ottawa and Countryside and Haliburton Highlands to the Ottawa Valley (2016)

	Number of Establishments by Size of Employment						Share of Total
	Total	0	1 to 19	20 to 49	50 to 99	100+	
Total Tourism Related	26,409	12,002	11,601	1,946	581	279	-
Kawarthas Northumberland (Region 8)	4,047	1,876	1,797	268	74	32	15%
South Eastern Ontario (Region 9)	6,645	2,882	3,066	491	151	55	25%
Ottawa and Countryside (Region 10)	12,368	5,633	5,256	1,006	303	170	47%
Haliburton Highlands to the Ottawa Valley (Region 11)	3,349	1,611	1,482	181	53	22	13%

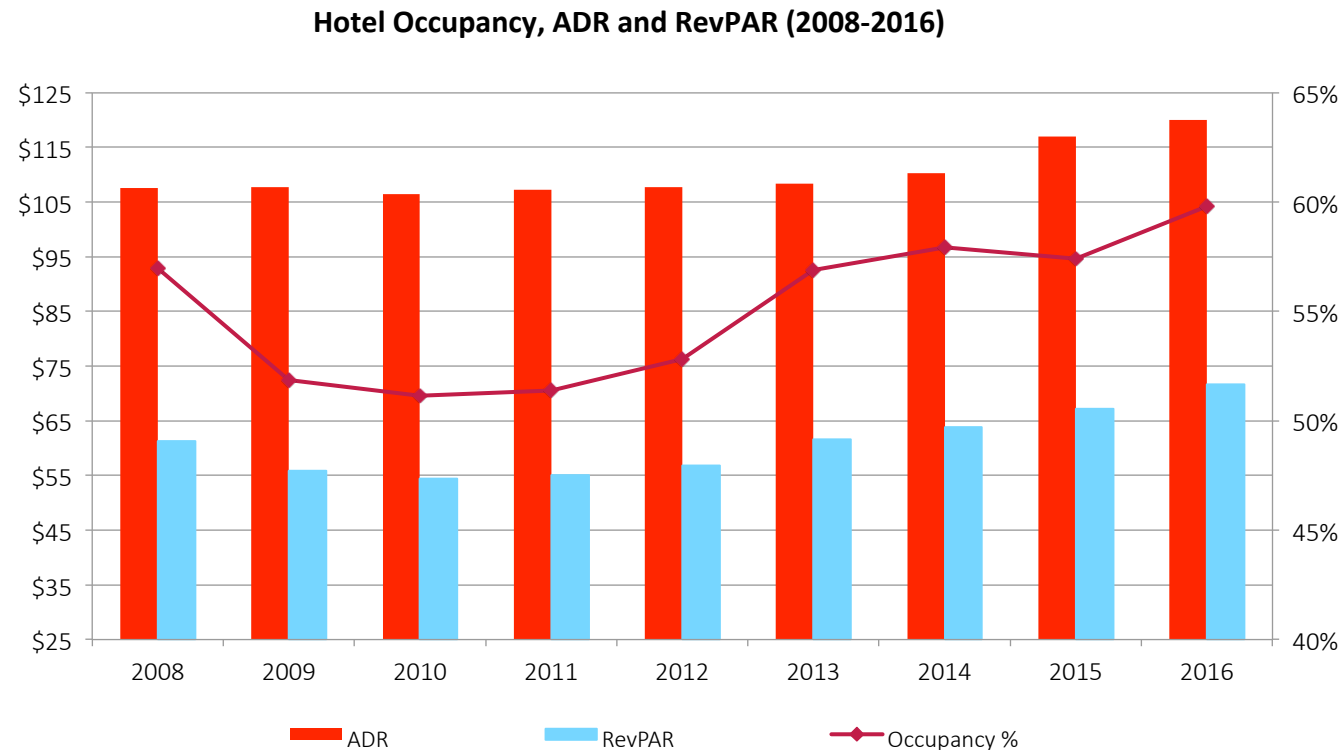
A photograph of a rustic wooden building with a large open doorway. Several bicycles are parked in front of the building. In the background, three people are standing near more bicycles. The sky is blue with white clouds.

Hotel Trends, Visitor Profile and Attractions Tracking

Hotel Trends

Key performance indicators confirm that since 2010, the hotel sector has reaped the rewards of a robust and growing tourism economy.

- Following a decline that began during the recession in 2008, hotel occupancy, Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) have been steadily increasing in the region since 2010.



Hotel Trends, cont'd.

South Eastern Ontario observed positive growth on all key hotel indicators for 2018; continued momentum is expected for 2019.



- RTO9's hotel occupancy averaged 66.7 percent between January to October 2018, up from 63.3 percent during the same period in 2017.
- The average daily rate (ADR) increased by 5% to \$133.90 from 2017.
- Revenue per available room (RevPAR) averaged \$89.26 between January to October 2018, a 10.6 percent gain from the previous year.
- Average Canadian occupancy was 68.1 percent between January to October 2018.
- Hotel markets across Canada finished strong in 2018 and exceeded performance forecasts set at the start of the year. In Ontario, strong bottom-line performance is expected for 2019 and nationally, Adjusted Net Operating Income is expected pick up between 2019 and 2023.

Visitor Profile

Leisure dominates as the main reason for visiting South Eastern Ontario and the preference is a fully independent travel style.

- In July and August 2018, we conducted a pilot Consumer Insights Survey to develop a better understanding of potential and existing South Eastern Ontario visitors. The survey was completed online and utilized RTO9 and destinations consumer databases to reach the target group. The target group was overnight pleasure travellers, which was defined as travellers who took an overnight trip in the last two years to South Eastern Ontario or plan to take an overnight pleasure trip in the next two years. In total we achieved 2,461 responses.

Highlights:

- Across all destinations, leisure was the main reason for travel cited by 89% of respondents.
- Almost half of all leisure travellers visited Prince Edward County (49%) and Kingston 1000 Islands (46%).
- For 94% of travellers car was the means of transport to reach the destination, reflecting a high number of short-haul travellers.
- Going to a local restaurant, visiting the waterfront and small towns and villages were the most common activities undertaken.



Visitor Profile, cont'd.

Travellers are likely to visit for two nights or less during the Summer peak season. They spend less than \$450 and travel as a couple.

Highlights, cont'd:

- More than half (67%) of all trips were 2 nights or less. They are most likely to visit on Friday, Saturday or Sunday. The peak is Saturday at 64%.
- The pattern of spend is varied, however almost three quarters (74%) of travellers spend less than \$450 per trip.
- Travellers South Eastern Ontario travellers are more likely to have travelled with a spouse/partner (53%) or family with kids (19%).
- Repeat visitation is high (72%), the majority of travellers visited less than a year ago.
- The beauty and attractiveness of the region is the key motivator for wanting to return.

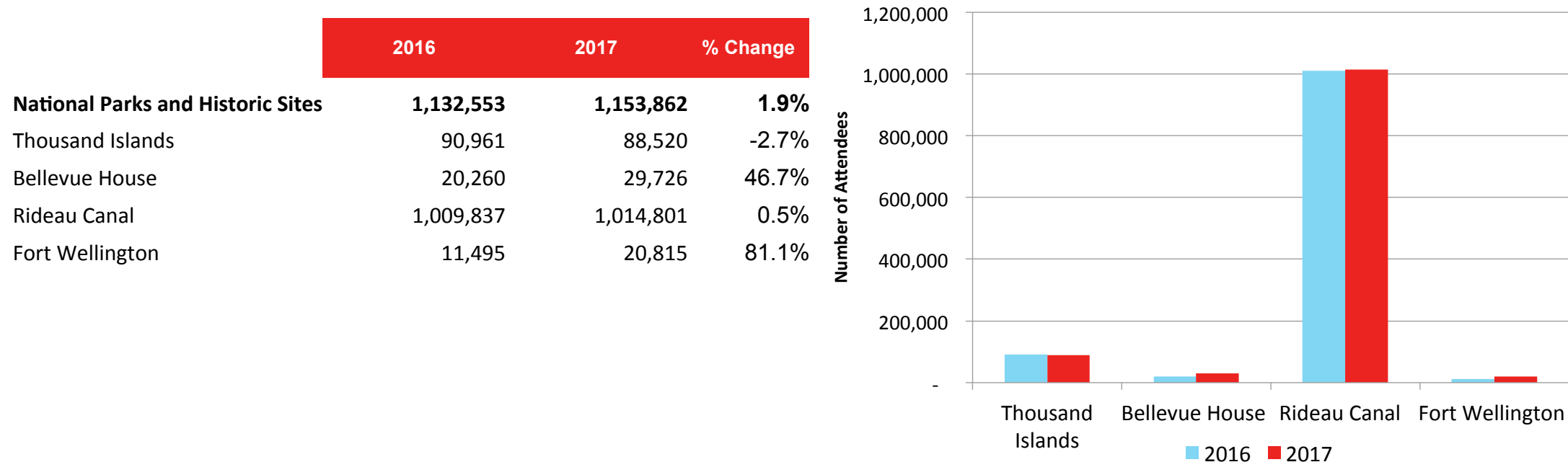


Parks Canada Attendance

National Parks and Historic Sites continue to retain their importance as key demand generators for the region.

- Each year Parks Canada tracks visitor attendance at National Parks, Park Reserves, Marine Conservation Areas, National Historic Sites and other designations.
- Over 1.15 million visitors came to South Eastern Ontario's National Parks and Historic sites in 2017; this was an increase of 1.9% from 2016 attendance of 1.13 million.

South Eastern Ontario National Parks and Historic Sites Attendance



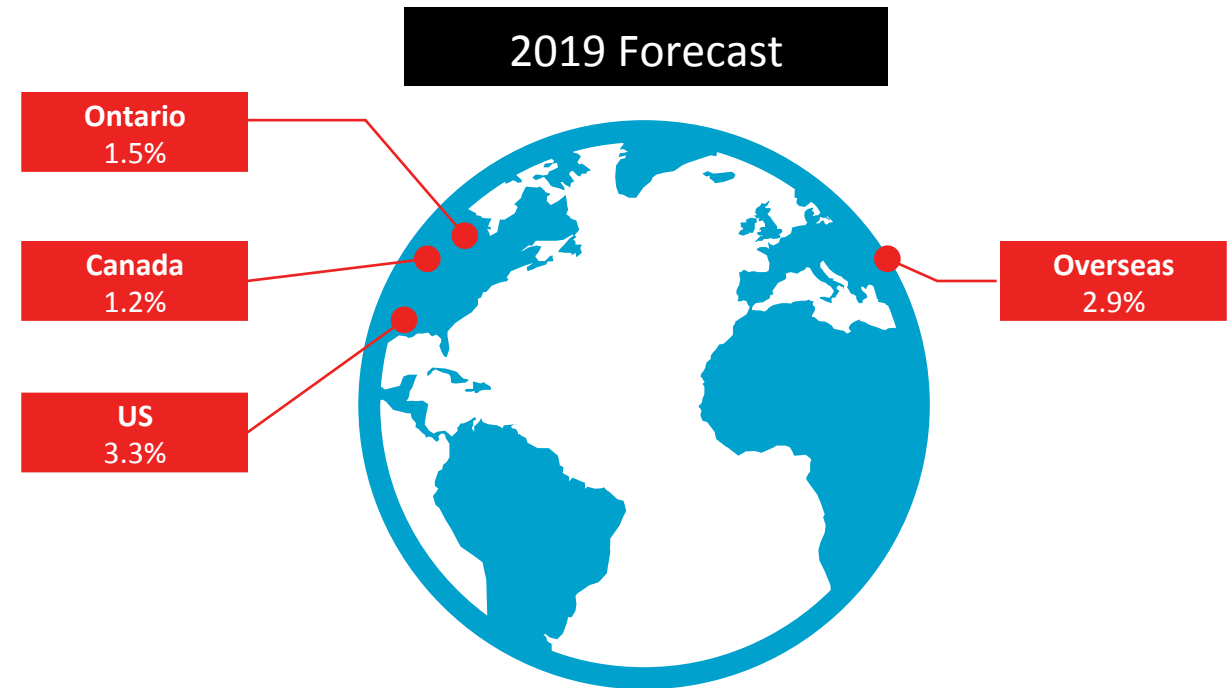
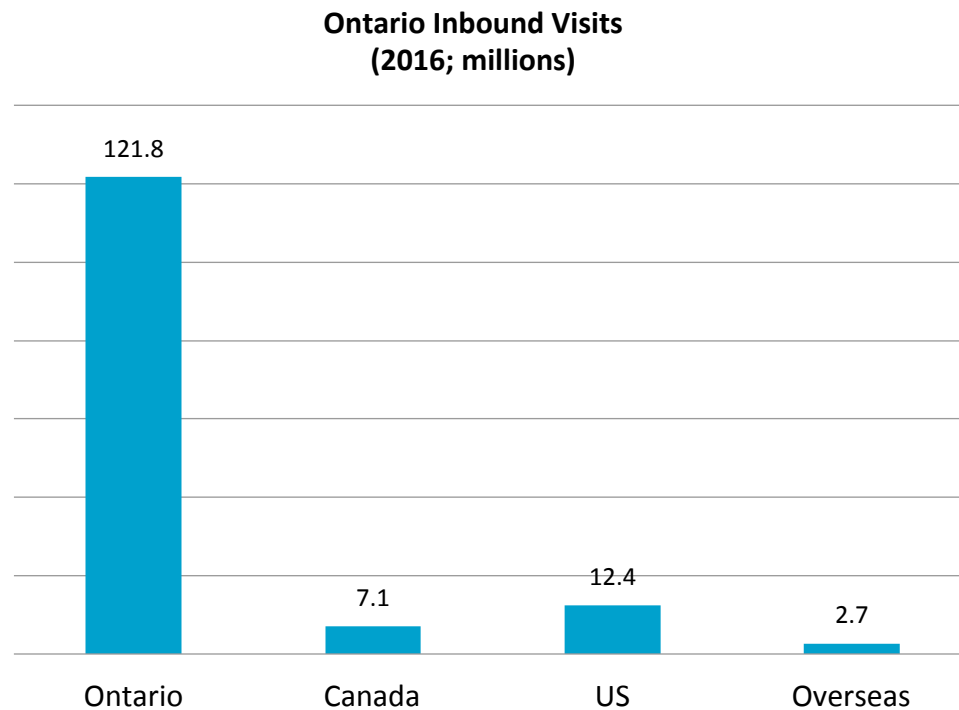


Outlook and Economic Situation

Tourism Outlook

As economic growth accelerates, the US market will continue to be the most lucrative source market for growth into 2019.

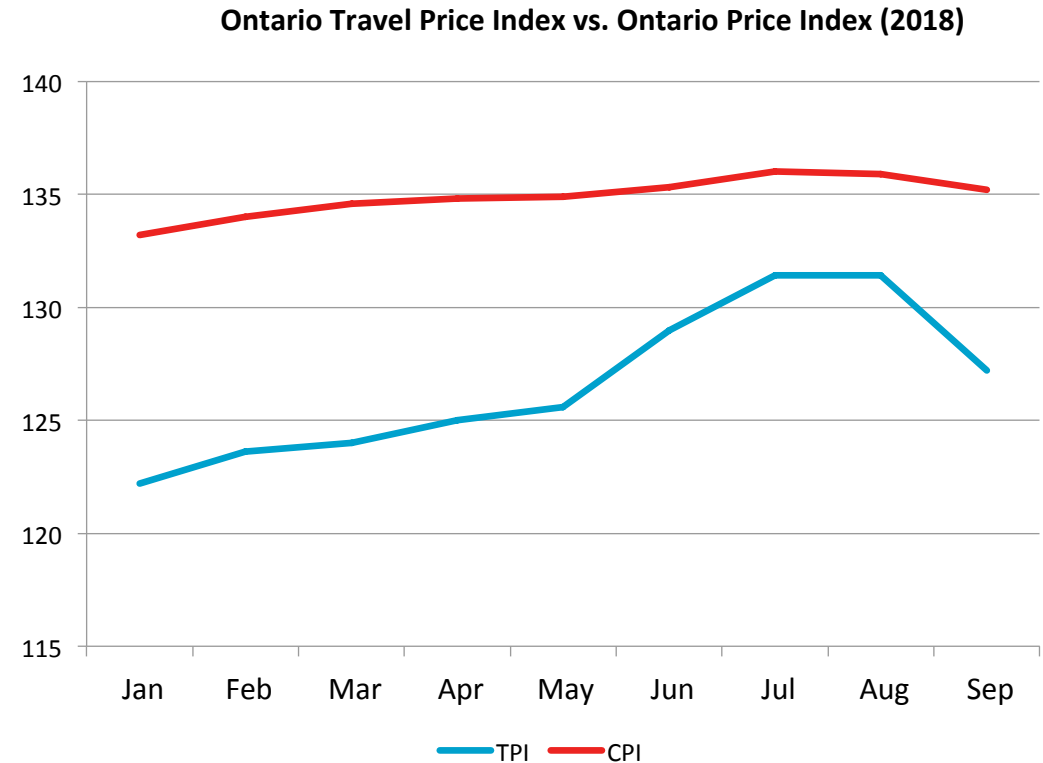
- Official data from the Ministry of Tourism, Culture and Sport and Statistics Canada is predicting that the US market will continue to be the most lucrative source market for growth into 2019; followed by overseas markets and other Canadian provinces. Ontario – currently holding the top position for visitors and spend – will continue to grow modestly into next year.



Ontario Travel Price Index

The price of Ontario travel rose 4% over the year 2018 from January to October.

- The Ontario Consumer Price Index (CPI) measures the cost of living in Ontario. Statistics Canada produces the CPI monthly by tracking the prices of the most commonly bought goods and services.
- The Ontario Travel Price Index (TPI) is an indicator that measures the cost of purchasing travel-related goods and services in Ontario (e.g. accommodation, transportation, food and beverage, recreation, retail, etc.).
- Over the year 2018 from January to October, the price of Ontario travel rose 4%, which is higher than Ontario's CPI growth of 2% during the same period. Although this is the largest increase we have seen in the last five years, alone it is unlikely to significantly deter travel in Ontario.



Domestic Consumer Spending

A growth rate of 2% and expected job gains has consumers and businesses optimistic in 2019.

- The Canadian economy remains on track to grow a modest 2% this year as the global economy's growth tapers off.
- In Ontario, rising interest rates will continue to increase concern about housing affordability and influence consumer spending. However, job growth is expected to maintain momentum which will keep the economy running.



Research Question?

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