

KEY TAKEAWAYS

#1

Tourism demand is on the rise

Travel to Canada is in demand, with Google search from international markets exceeding 2019 levels. Tourism spend and activity are nearing pre-pandemic levels, primarily driven by domestic markets. Hotel occupancies are also nearing pre-pandemic levels. Visitors are increasingly being welcomed across Canada and US travellers feel ready and confident. This suggests encouraging conditions for continued tourism growth.

#2

The supply side steadily strengthens

The number of active businesses in the tourism industry continues to grow, though it still lags pre-pandemic levels and Canadian business norms. Businesses that offer travel services and passenger transportation are furthest behind pre-pandemic levels. Labour in tourism continues to be a challenge.

#3

Slower growth for business events

Despite growing confidence and eagerness to attend in-person events, scheduled international business events continue to trail pre-pandemic levels. Future bookings are well-below pace.

STATE OF THE INDUSTRY

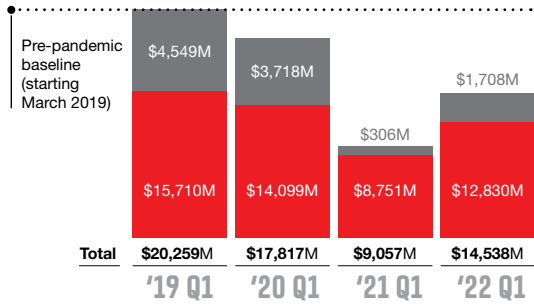
Tourism Spend

Source: Statistics Canada, National Tourism Indicators, Q1 2022

Despite the drag caused by the Omicron variant, tourism spend progressed to 72% of its 2019 levels, up from 68% over Q4 2021. While international receipts fell to 38% in Q1 2022, down from 40% the previous quarter, domestic tourism activities reached 82% of its 2019 levels in Q1 2022, up from 78% over Q4 2021.

- Domestic
- International
- Overall

Total tourism expenditures in Q1 of each year on Canadian goods and services



| | 2019 Qs | 2021 Q3 | 2021 Q4 | 2022 Q1 |
|--|---------|---------|---------|---------|
| | VS | 77%↑ | 78%↑ | 82%↑ |
| | VS | 18%↑ | 40%↑ | 38%↑ |
| | VS | 60%↑ | 68%↑ | 72%↑ |

Tourism Activity

Source: Statistics Canada, Canadian Tourism Activity Tracker (May 2022) Table 24-10-0049-01 (released August 8, 2022)

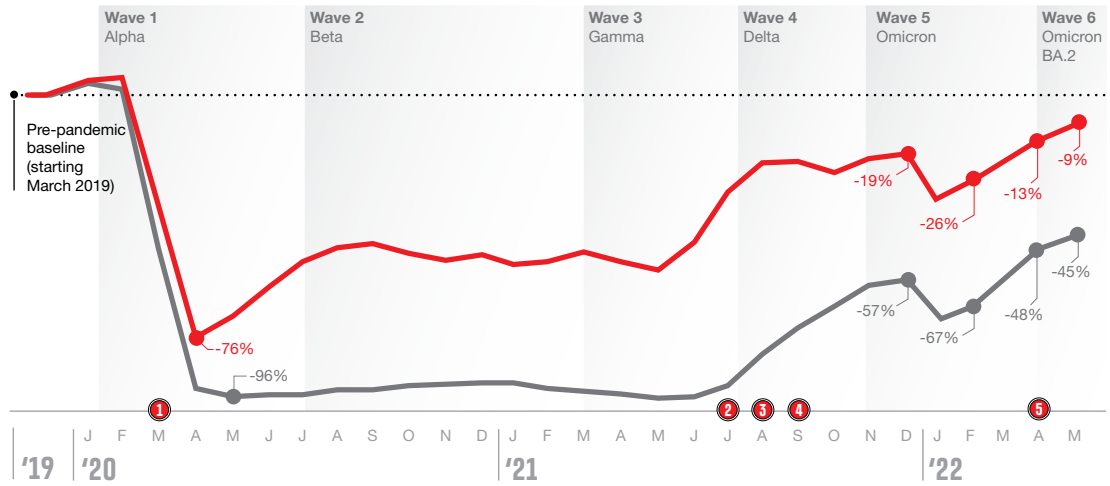
With high vaccination rates in Canada and in key international markets, domestic and international tourism activities have made sustained gains since the re-opening of Canada's borders to discretionary travel.

Following a slowdown associated with the spread of the Omicron variant, travel has been on the upswing since February 2022.

- Domestic
- International

Key dates for US entry to Canada

- Border closed to all non-essential foreign travel
- Announcement of border re-opening to US and international travellers
- Border open to US leisure travellers
- Border open to all other international leisure travellers
- Removal of pre-entry testing for fully vaccinated travellers

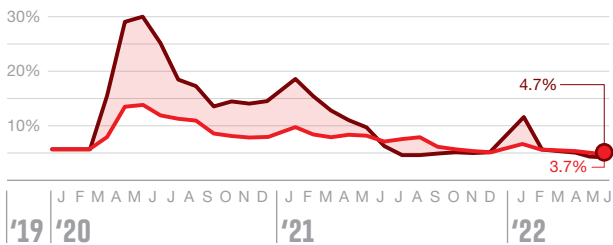


Tourism Employment

Source: Statistics Canada, Labour Force Survey, June 2022, via Tourism HR Canada (data extracted July 28, 2022), Statistics Canada tables 14-10-0328-01 and 14-10-0326-01

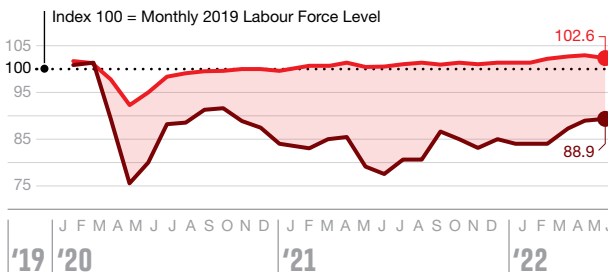
Unemployment Rate

Amid a competitive labor force in the Canadian economy, the unemployment rate further fell by a full percentage-point between the end of the first quarter and the second quarter of 2022, standing at 4.7% in June 2022. Meanwhile, tourism fell further by 1.7% to 3.7% at the end of June 2022.



Labour Force Active in the Canadian Economy

While the Canadian labour force expanded 2.6% over its pre-pandemic level by June 2022, the labour force active in the tourism sector still remained 11.1% below its pre-pandemic level.



Job Vacancy

The tourism sector steadily added back over half a million jobs in 2021. The ability to fill these jobs hasn't kept pace.

8.3% UNFILLED

At the end of Q2 2022, 149,000 jobs in tourism remained unfilled; this equates to 8.3% of tourism jobs.

- Canadian economy
- Tourism industry

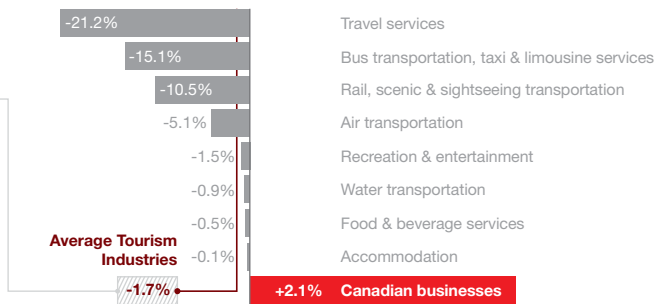
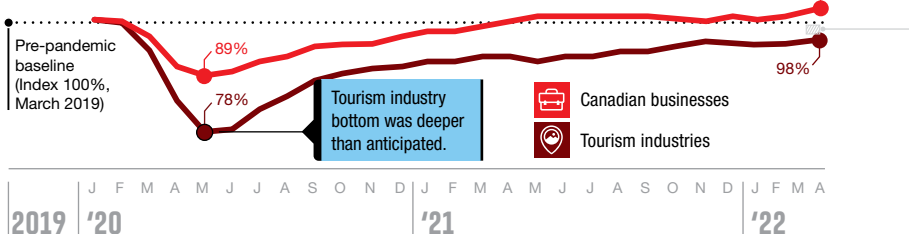
Active Business

Source: Statistics Canada, Experimental estimates of business openings and closures for Canada (table 14-10-0326-01) (data released July 25, 2022)

Tourism industries faced the most significant declines in active businesses. While on the road to recovery, tourism has not kept pace with the recovery of the business sector and remained 2% below pre-pandemic levels as of April 2022. Travel services and passenger transportation services remain the most fragile tourism sectors.

Change in the number of businesses active in tourism industries 2022-March vs 2020-January

Monthly active businesses in Canada



TOURISM PERFORMANCE

Travel Confidence and Intent

Source: Destination Canada COVID-19 Resident Sentiment, July 2022

Domestic: Level of Welcome
Level of welcome towards visitors from all destinations has continued to increase compared to the previous quarter. Welcome towards visitors from other parts of Canada has increased +8 percentage points, the US +11 points and other countries +15.



[Review external document](#)

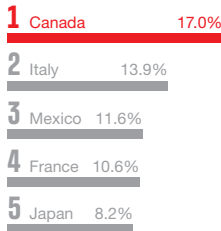
US: Travel Confidence and Intent

Source: Destination Analysts, The State of the American Traveller, June 15-23, 2022

Travel Confidence



Most Desired Foreign Destinations (next 12 mos.)



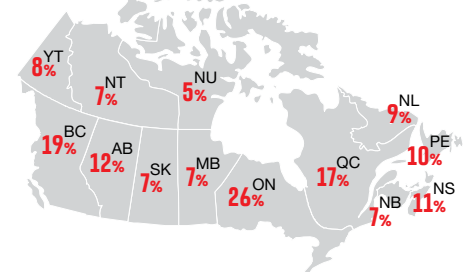
Likely to Take a Trip to Canada (next 9 mos.)



Likely Month of Travel

| 2022/2023 | | | |
|-----------|-----|-----|-----|
| Jan | Feb | Mar | Apr |
| May | Jun | Jul | Aug |
| Sep | Oct | Nov | Dec |
| Jan | Feb | Mar | Apr |

Likely Province to Visit



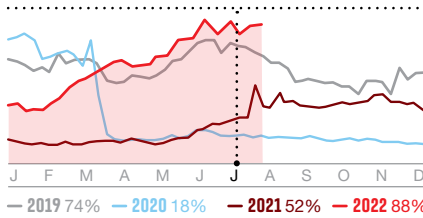
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Travel Considerations

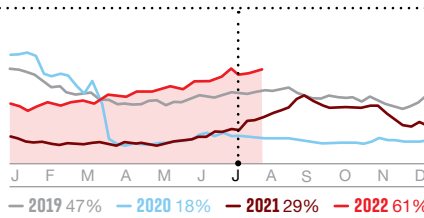
Source: Destination Insights with Google, data extracted on July 29, 2022

Web Search Trends for Air & Accommodation to Canada

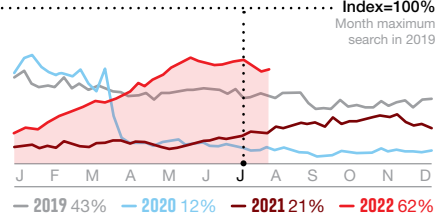
From United States



From Europe (includes UK, France & Germany)



From Asia-Pacific (includes Australia, Japan & South Korea)



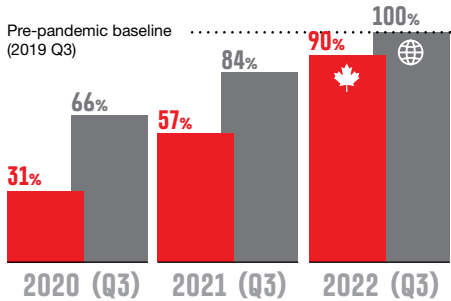
Since the removal of pre-arrival testing for travellers entering Canada and the similar easing of restrictions in DC key markets, travel search for Canada has increased in all global regions.

TRAVEL CONNECTIVITY & BOOKINGS

Air Connectivity

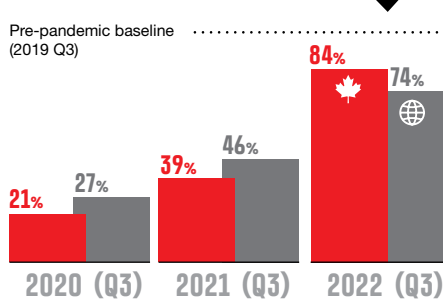
Source: International Air Transport Association, SRS Analyzer (data extracted July 29, 2022)

Global Domestic Flight Seat Capacity



Canadian domestic air connectivity stands at 10% below its 2019 level. Globally, domestic routes are on average set to fully recover to their 2019 levels by Q3 - 2022.

Global Int'l Seat Capacity

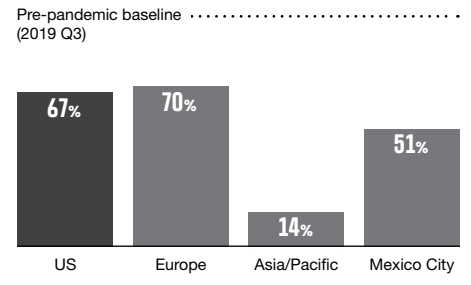


Canadian international air connectivity is set to exceed international recovery pace for the second quarter in a row, standing at 84% of 2019 level.

Booking Pace of Air Tickets in DC Markets

Source: DC Calculations based on IATA Global Agency Pro (data extracted on July 5, 2022)

Booking pace of return-ticket to date for 2022.

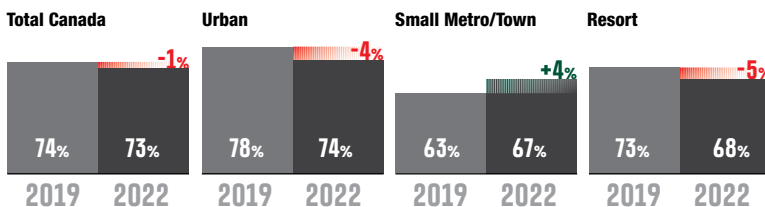


Hotel Occupancy

Source: STR, data extracted on June 30, 2022

On average, occupancy rates are nearing pre-pandemic levels.

Small towns are above their June 2019 levels.

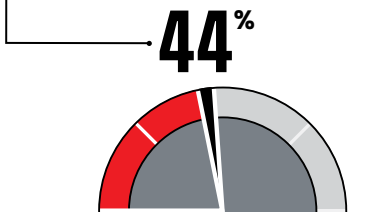
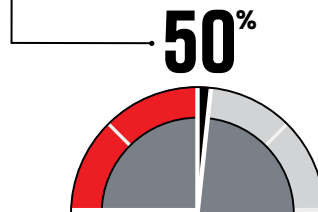


Int'l Business Events Booking Pace

Source: Destination Canada, Business Events Pace Reporting Program, June 30, 2022

International business events scheduled in Canada for 2022 (compared to pre-COVID).

Future international booking pace 2023-2028, as of June 30, 2022 (100% = on pace).

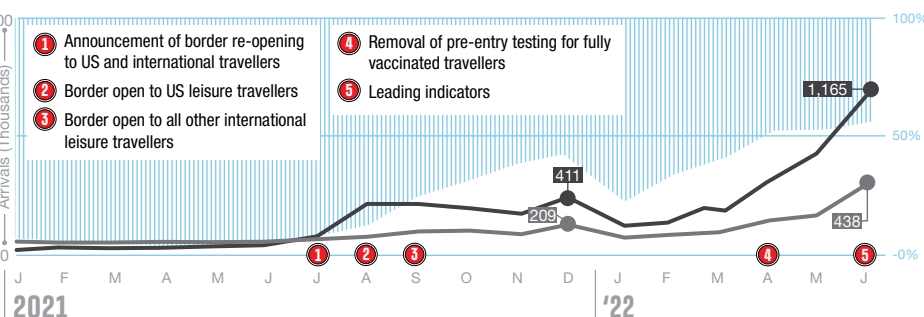


Arrivals

Sources: Statistics Canada, tables 24-10-0053-01; June estimate based on DC calculation using Tables 24-10-0058-01 and 24-010-0057, July 28, 2022

Monthly Arrivals of International Tourists in Canada

★ US 🌐 International (non-US) ▨ Arrivals as a comparison to 2019



43%

Overall, as of May 2022 international arrivals stood at 43% of 2019 levels with nearly 1 million visitors. Early indicators for arrivals in June 2022 show 1.6 million visitors, a marked increase from the prior month and 58% of 2019 levels.

Year to date arrivals, border counts Year to date May 2022

| Mode | ★ US | 🌐 International | Total |
|--------------|---------------------------------|-------------------------------|---------------------------------|
| ✈️ | 710,189 (44% vs. 2019) | 790,181 (44% vs. 2019) | 1,500,370 (44% vs. 2019) |
| 🚗 | 1,103,914 (45% vs. 2019) | 62,212 (25% vs. 2019) | 1,166,126 (43% vs. 2019) |
| 👤 | 51,854 (46% vs. 2019) | 5,309 (-73% vs. 2019) | 57,163 (46% vs. 2019) |
| Total | 1,865,957 (45% vs. 2019) | 857,702 (41% vs. 2019) | 2,723,659 (43% vs. 2019) |