

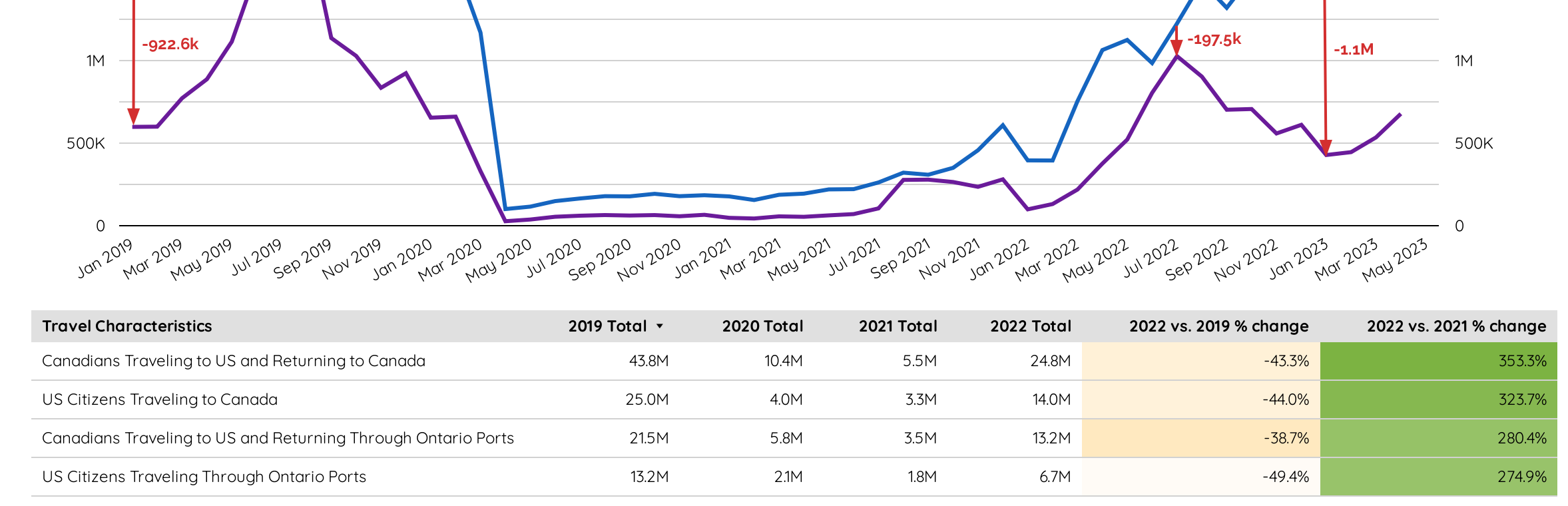
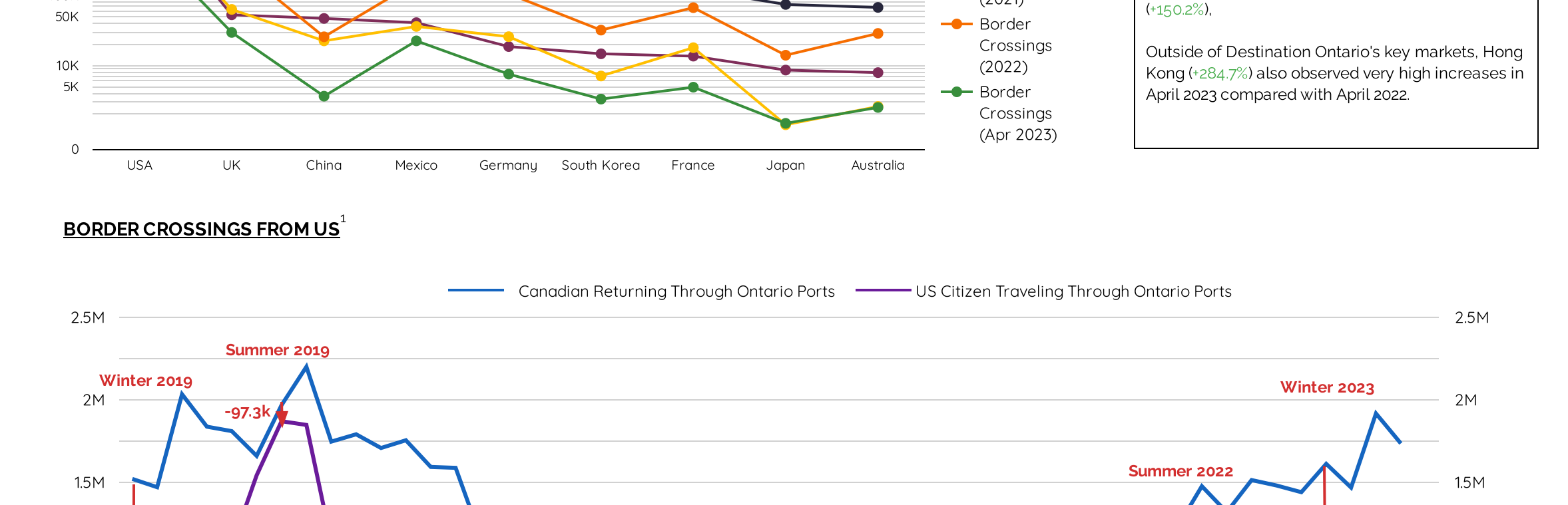
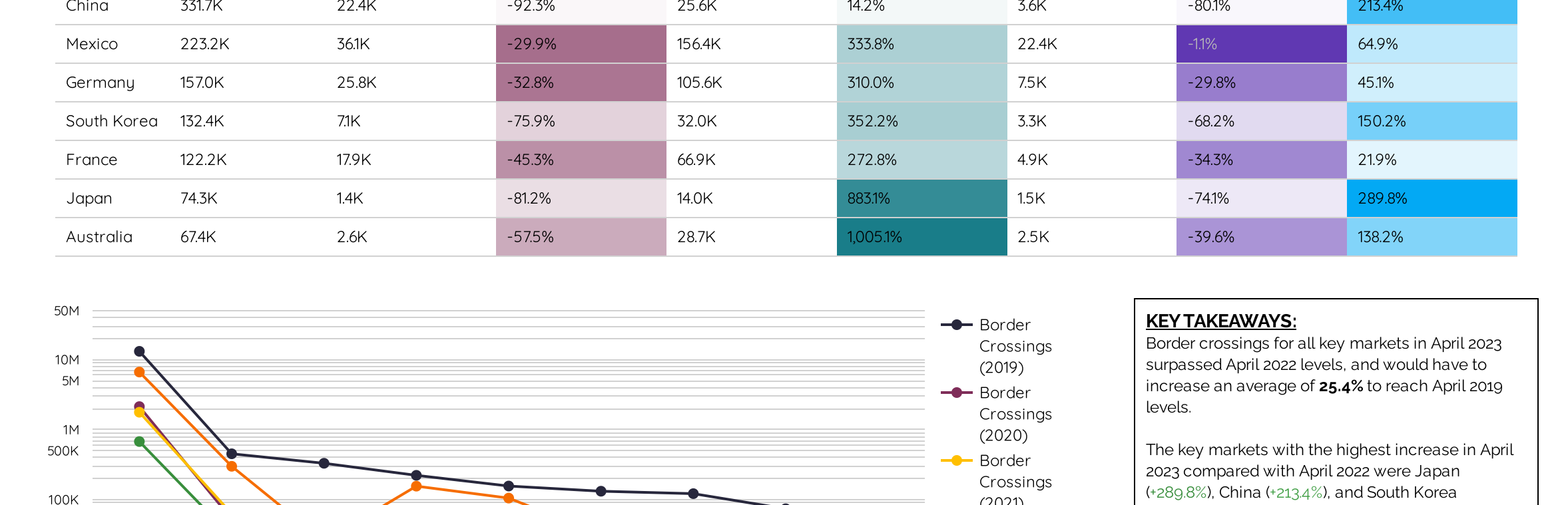
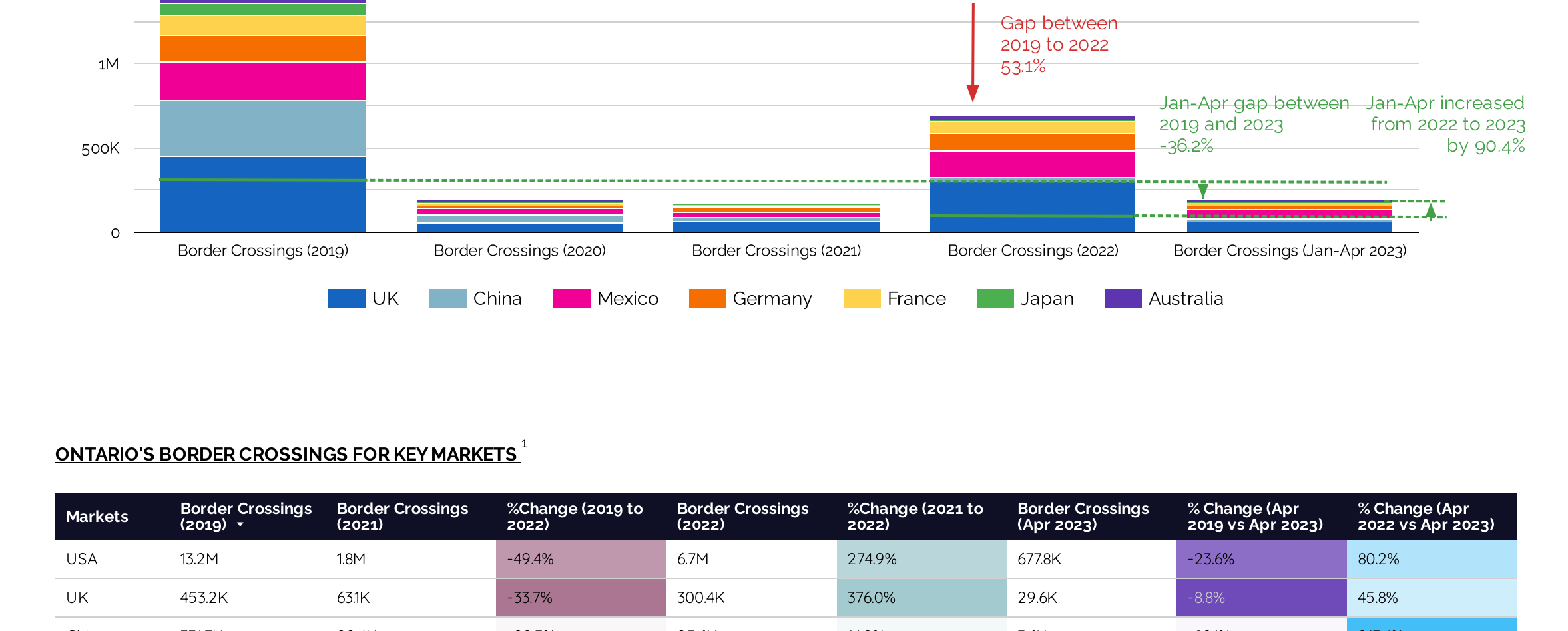
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Ontario Tourism

Industry Health Check

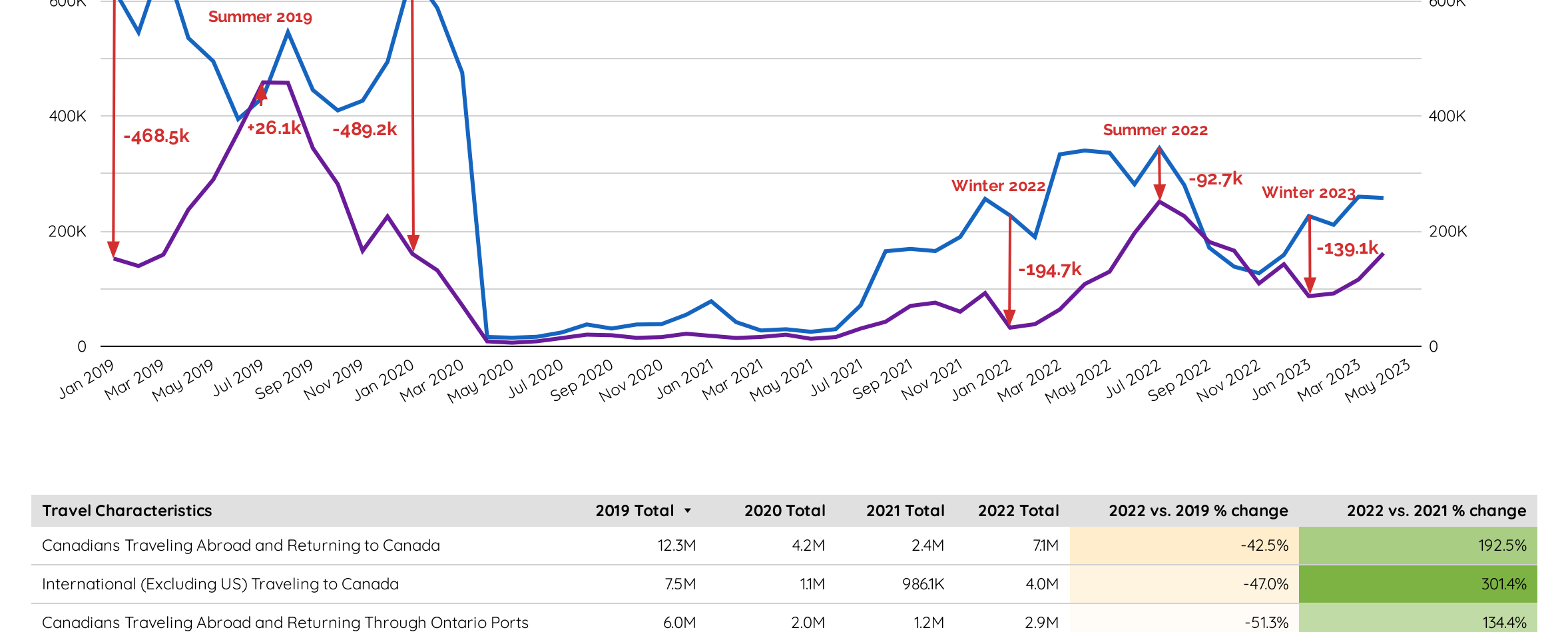
Summary:

- Tourism in Ontario is on an overall upward recovery trend - some KPIs have fully surpassed 2022 levels in all regions but are still below pre-pandemic levels (2019)
 - Border crossings from in all key markets in April 2023 surpassed 2022 levels but have not reached pre-pandemic levels (2019)¹
 - Highest increases in April 2023 were from (1) Japan (+289.8%), (2) Hong Kong (+284.7%) and (3) China (+213.4%)
 - International border crossings in April 2023 need to increase an average of **25.4%** to reach pre-pandemic levels (2019)
 - Net Ontario entry through border crossings experienced more net entry loss from the US compared to before the pandemic in 2019. However, there was less net entry loss from other international countries has increased (except US) compared to the pre-pandemic levels (2019)²
 - The visitor deficits have not returned to pre-pandemic levels for the US markets, though activities for Canadians travelling to US have experienced a relatively faster rebound
 - The visitor deficits have improved from pre-pandemic levels for other international markets (except US)
 - The visitor deficits follow a distinct seasonal trend, decreasing to a lower level during the summer and resurging to a higher level during the winter
 - Travel Price Index (TPI) in May 2023 increased by **3.9%** compared with May 2022 levels, following a **4.4%** increase in April.^{2,3}
 - Accommodation has significantly increased by **14.6%**, and small increases can also be found in recreation and restaurant
 - The rise in travel costs has yet to deter travel as the demand to travel was really strong in January 2023 after two years of travel restrictions
 - Short term Occupancy and Rental Stats⁵
 - The short term rental occupancy rates in May 2023 have underperformed compared with May 2022 levels by **10.0 percentage point** gap and May 2019 levels by **10.1 percentage point** gap on average for all regions
 - The short term rental average daily rates in May 2023 have underperformed compared with May 2022 levels with a **6.2%** gap on average for all regions
 - The short term rental average daily rates in May 2023 have surpassed May 2019 levels by **41.5%** on average for all regions
 - Hotel Occupancy Regional and Sub-Regional Breakdown⁶
 - The hotel occupancy rate in April 2023 have surpassed April 2022 level by **7.0 percentage point** on average for all regions
 - The hotel occupancy rate in April 2023 have underperformed compared with April 2019 level by **1.1 percentage point** on average for all regions
 - The hotel average daily rates in April 2023 have surpassed April 2022 levels by **19.0%** on average for all regions
 - The hotel average daily rates in April 2023 have surpassed April 2019 levels by **16.0%** on average for all regions
 - According to the research, leisure travel has gone back to pre-pandemic level, while business travel has only recovered roughly **70.0%** which may lead to the gap of the hotel occupancy rate between 2019 and 2022 in Canada. Research also shows that hotel occupancy rates can be fully recovered by the end of 2023⁹



Travel Characteristics	2019 Total	2020 Total	2021 Total	2022 Total	2022 vs. 2019 % change	2022 vs. 2021 % change
Canadians Traveling to US and Returning to Canada	43.8M	10.4M	5.5M	24.8M	-43.3%	353.3%
US Citizens Traveling to Canada	25.0M	4.0M	3.3M	14.0M	-23.6%	323.7%
Canadians Traveling to US and Returning Through Ontario Ports	21.5M	5.8M	3.5M	13.2M	-38.7%	280.4%
US Citizens Traveling Through Ontario Ports	13.2M	2.1M	1.8M	6.7M	-49.4%	274.9%

Travel Characteristics	Jan-Apr 2023 Entries	Jan-Apr 2023 vs Jan-Apr 2019 % change	Jan-Apr 2023 vs Jan-Apr 2022 % change
Canadians Traveling to US and Returning to Canada	11.8M	-15.9%	145.7%
US Citizens Traveling to Canada	4.2M	-23.6%	139.3%
Canadians Traveling to US and Returning Through Ontario Ports	6.7M	-1.9%	158.2%
US Citizens Traveling Through Ontario Ports	2.1M	-33.7%	152.8%



Travel Characteristics	2019 Total	2020 Total	2021 Total	2022 Total	2022 vs. 2019 % change	2022 vs. 2021 % change
Canadians Traveling Abroad and Returning to Canada	12.3M	4.2M	2.4M	2.4M	-42.5%	192.5%
International (Excluding US) Traveling to Canada	7.5M	11M	986.1K	4.0M	-47.0%	301.4%
Canadians Traveling Abroad and Returning Through Ontario Ports	6.0M	2.0M	1.2M	2.9M	-51.3%	134.4%
International (Excluding US) Traveling Through Ontario Ports	3.3M	493.1K	469.7K	1.6M	-49.9%	250.2%

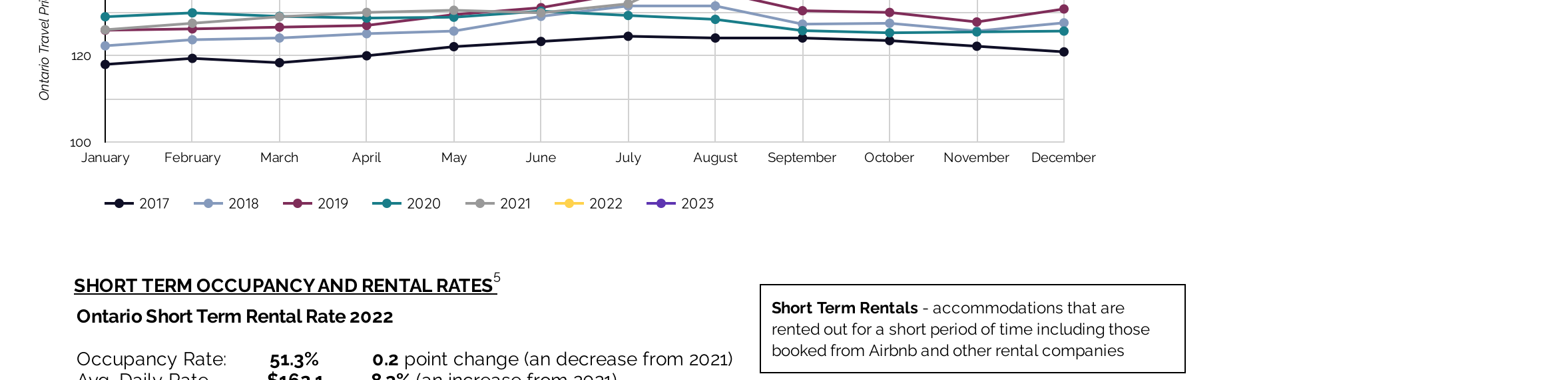
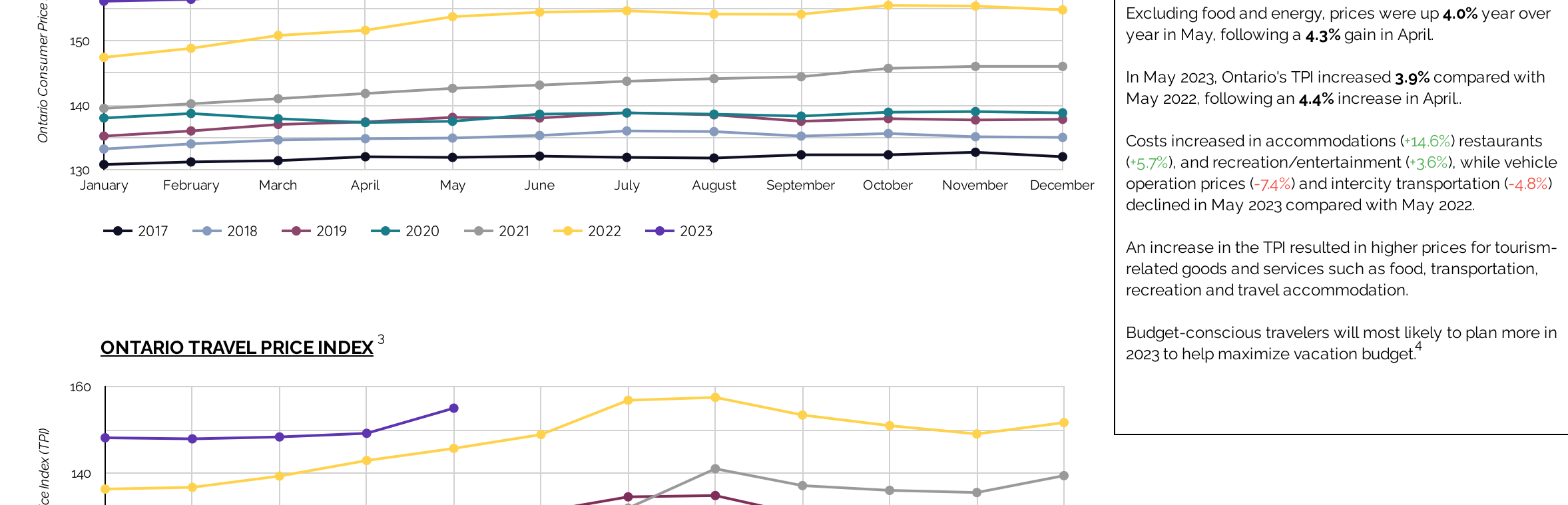
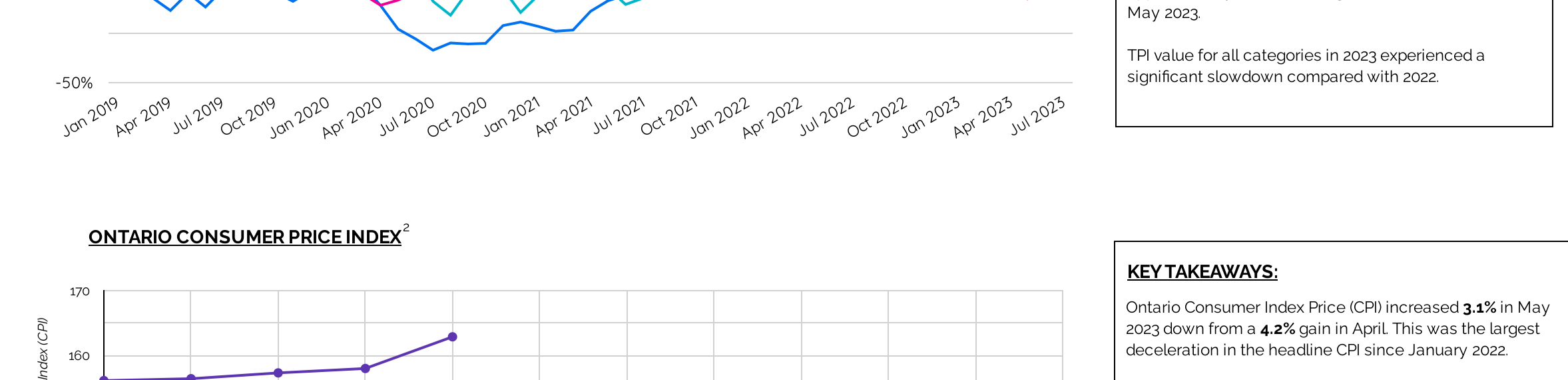
Travel Characteristics	Jan-Apr 2023 Entries	Jan-Apr 2023 vs Jan-Apr 2019 % change	Jan-Apr 2023 vs Jan-Apr 2022 % change
Canadians Traveling Abroad and Returning to Canada	3.5M	-31.6%	145.7%
International (Excluding US) Traveling to Canada	1.2M	-23.6%	101.4%
Canadians Traveling Abroad and Returning Through Ontario Ports	954.3K	-59.8%	-12.5%
International (Excluding US) Traveling Through Ontario Ports	456.3K	-33.7%	87.9%

KEY TAKEAWAYS:

The visitor deficits for net Ontario entry illustrate different trends for US and other international markets. The visitor deficits have not returned to pre-pandemic levels (2019), while they have shown improvement compared to pre-pandemic levels for international markets (except US). Activities for Canadians travelling to US have experienced a relatively faster rebound, although the visitor deficits remain higher as the traffic for US citizens travelling through Ontario ports have not returned to pre-pandemic level. The visitor deficits follow a distinct seasonal trend, decreasing to a lower level during the summer and resurging to a higher level during the winter.

CPI/TPI YEAR-OF-YEAR PERCENTAGE CHANGE^{2,3}

KPIs	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2022 vs 2019
CPI	2.4%	1.9%	0.6%	3.5%	6.8%	11.2%
TPI	4.2%	2.2%	-1.2%	5.8%	11.0%	15.9%
Accommodation	-3.2%	-6.0%	-20.6%	2.3%	42.8%	55.5%
Inter-city Trans	14.4%	5.5%	-11%	6.4%	16.8%	22.9%
Operation of Auto	5.7%	0.3%	-2.8%	9.7%	12.0%	19.5%
Recreation	4.0%	5.2%	3.0%	2.9%	5.8%	12.2%
Restaurant	6.3%	2.2%	1.6%	2.9%	6.7%	11.6%



SHORT TERM OCCUPANCY AND RENTAL RATES⁵

Occupancy Rate: 62.9% (an increase from 2021)

Avg. Daily Rate: \$162.1 (an increase from 2021)

0.2 point change (an decrease from 2021)

8.3% (an increase from 2021)

Short Term Rentals - accommodations that are rented out for a short period of time including those booked from Airbnb and other rental companies

Region	OP 2019	OP 2020	OP 2021	OP 2022	Point Change (2021 to 2022)	Point Change (2021 to 2022)	May 2023	ADR 2019	ADR 2020	ADR 2021	ADR 2022	% Change (2019 to 2022)	% Change (2021 to 2022)	May 2023
ONTARIO	53.9%	40.8%	51.7%	51.3%	-2.6	-0.4	42.0%	\$108.6	\$122.8	\$149.7	\$162.1	49.2%	8.3%	\$145.6
Region 1 (Southwest Ontario)	53.7%	44.9%	57.8%	53.5%	-0.2	-4.3	42.0%	\$89.4	\$105.5	\$128.4	\$138.9	55.3%	8.2%	\$133.0
Region 2 (Niagara Canada)	49.1%	37.5%	50.8%	46.7%	-2.5	-4.1	40.0%	\$126.1	\$141.1	\$181.6	\$184.8	46.5%	1.8%	\$169.0
Region 3 (Hamilton, Halton and Brant)	56.4%	44.4%	56.9%	54.6%	-1.8	-2.3	47.0%	\$80.5	\$92.0	\$117.1	\$125.2	55.6%	7.0%	\$120.1
Region 4 (Huron, Perth, Waterloo and Wellington)	52.9%	44.4%	58.9%	57.7%	4.8	-1.2	46.0%	\$93.5	\$105.4	\$124.1	\$135.4	44.9%	9.2%	\$123.9
Region 5 (Greater Toronto Area)	57.7%	36.8%	44.9%	52.0%	-5.7	7.0	41.0%	\$94.3	\$93.2	\$102.6	\$124.4	31.9%	21.2%	\$125.4
Region 6 (York, Durham and Headwaters)	45.4%	38.2%	51.1%	47.0%	1.6	-4.1	41.0%	\$111.0	\$136.6	\$169.7	\$180.5	62.7%	6.4%	\$152.1
Region 7 (Bruce Peninsula, Southern Georgian Bay and Lake Simcoe)	46.4%	43.4%	55.4%	46.1%	-0.3	-9.3	35.0%	\$177.6	\$196.8	\$237.2	\$252.4	42.2%	6.4%	\$204.6
Region 8 (Kawartha Northumberland)	47.8%	50.0%	59.9%	47.4%	-0.4	-12.5	36.0%	\$183.6	\$208.9	\$260.3	\$278.0	51.4%	6.8%	\$246.0
Region 9 (South Eastern Ontario)	51.7%	48.8%	61.0%	51.2%	-0.5	-9.7	39.0%	\$146.7	\$165.2	\$207.4	\$220.0	50.0%	6.1%	\$197.7
Region 10 (Ottawa and Outskirts)	56.1%	41.9%	53.6%	53.9%	-2.2	0.3	51.0%	\$77.1	\$80.6	\$95.1	\$107.7	39.7%	13.2%	\$106.5
Region 11 (Hillburton Highlands to the Ottawa Valley)	48.7%	51.4%	61.4%	49.2%	0.5	-12.2	37.0%	\$173.6	\$194.9	\$240.0	\$259.6	49.5%	8.1%	\$235.3
Region 12 (Algonquin Park, Algonquin Highlands, Muskoka and Parry Sound)	48.5%	50.5%	59.6%	47.6%	-0.9	-11.9	36.0%	\$206.2	\$238.2	\$289.6	\$307.4	49.0%	6.1%	\$263.2
Region 13 (Northern Ontario)	52.7%	49.1%	60.0%	55.4%	2.6	-4.6	48.0%	\$95.6	\$108.1	\$129.6	\$135.8	42.0%	4.8%	\$128.6

Note: Average daily rate for short term rental rates is \$/USD

KEY TAKEAWAYS:

The 2023 occupancy rates in May for short term rentals have underperformed compared with May 2022 levels by **10.0 percentage point** gap and May 2019 levels by **10.1 percentage point** on average for all regions.

The 2022 occupancy rates increased across RT04 (+4.8 point change), RT06 (+1.6 point change), RT01 (+0.5 point change) and RT03 (+2.7 point change) compared with pre-pandemic levels (2019).

The 2022 occupancy rates increased across RT05 (+7.1 point change) and RT00 (+0.3 point change) compared with 2021 levels.

The 2022 average daily rates in May for short term rentals have underperformed compared with May 2022 with a **6.2%** gap on average for all regions.

The 2023 average daily rates in May for short term rentals have surpassed May 2019 levels by **41.5%** on average for all regions.

The 2022 average daily rate increased across all regions compared with both 2019 (-8.3%) and 2019 (-49.2%) levels.

HOTEL OCCUPANCY REGIONAL AND SUB-REGIONAL BREAKDOWN⁶

Ontario Hotel Rate 2022

Occupancy Rate: 62.9% (an increase from 2021)

Avg. Daily Rate: \$179.2 (an increase from 2021)

18.8 point change (an increase from 2021)

39.1% (an increase from 2021)

SHORT TERM RENTAL AND HOTEL OCCUPANCY RATE COMPARISON (2019 vs. 2022)

Region	Short Term Rental Occupancy Point Change (2019 vs. 2022)	Hotel Occupancy Point Change (2019 vs. 2022)
Ontario	-24	-56
Region 1	-0.2	-13
Region 2	-25	-97
Region 3	-18	-20
Region 4	48	-17
Region 5	-57	-86
Region 6	10	-8
Region 7	-0.3	-50
Region 8	-0.4	-33
Region 9	-0.5	-23
Region 10	-22	-94
Region 11	0.6	-58
Region 12	-0.7	10
Region 13	28	10