



**Skift.**  
**ADVISORY**



**RTO9**  
Regional Tourism  
ORGANIZATION

## **Analyzing Economic and Market Indicators Relevant for South Eastern Ontario's Tourism Economy**

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Analysis of the Latest Economic and Market Data

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Skift Advisory

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11 March 2024

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# CONFIDENTIALITY STATEMENT

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As Directors of the Project Team, we certify the accuracy of all information and viewpoints contained in this submission.

March 2023





## INTRODUCTION

This report offers a comprehensive overview of the tourism **economic landscape in Canada and South Eastern Ontario in 2023**, with a focus on key indicators such as GDP, retail sales, consumer spending, tourism unemployment, total number of active tourism businesses, and accommodation occupancy rates.

This report analyzes the economic trends in the region, **highlighting the impact of COVID-19 on the local economy and the recovery efforts in various sub-sectors**. Additionally, it provides a comparison of the region's performance with the national averages.

The data used in the report is **primarily sourced from Statistics Canada**, including the Labour Force Survey, Retail Trade Survey, and Tourism Employment Tracker. Other data sources include **industry reports, market research, and surveys conducted by local economic development agencies and chambers of commerce**.

The report covers the economic performance of the South Eastern Ontario region in 2023, with a **specific focus on the tourism industry in the region**. Historical data from previous years is also included for comparison and context.

This report is meant to provide an historical assessment of the tourism economy in South Eastern Ontario, to provide context on the potential forward 2024 outlook.



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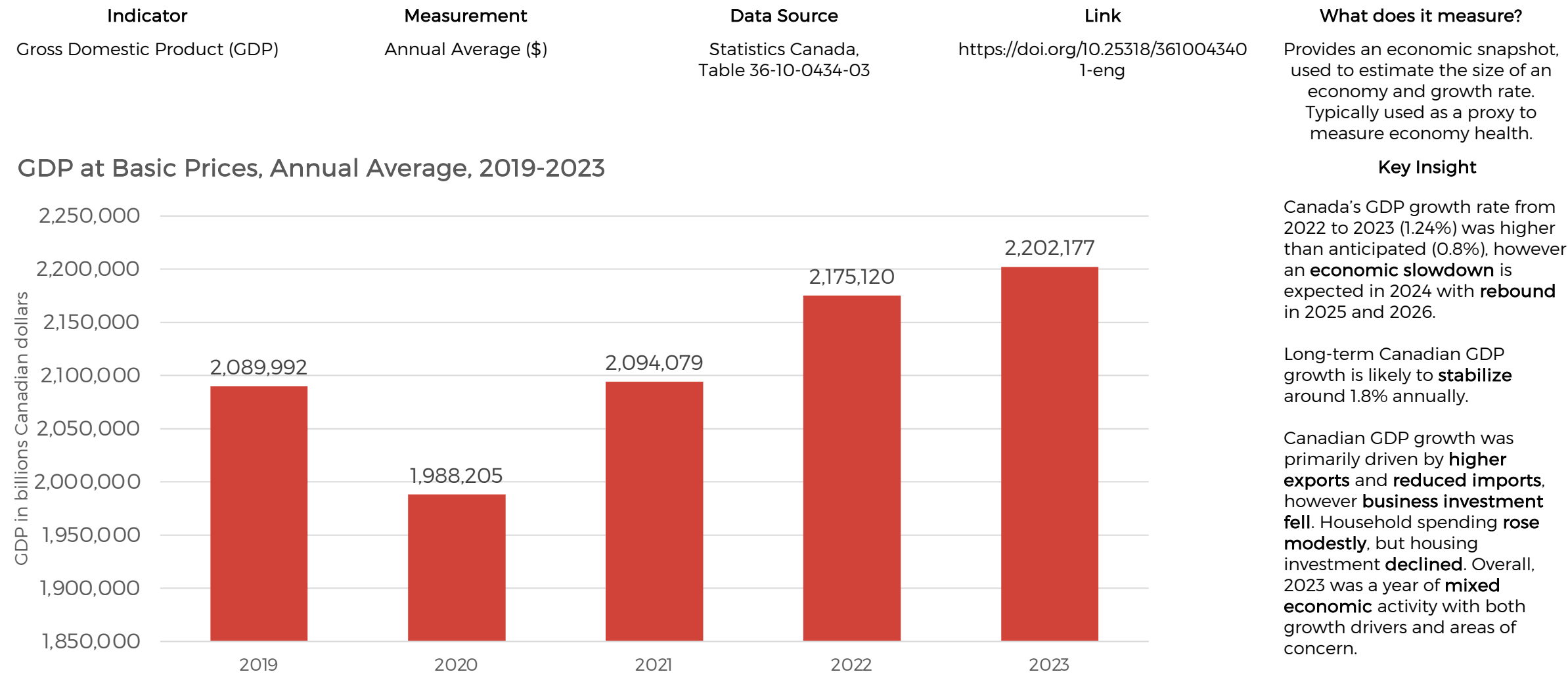


## KEY TAKEAWAYS

- While the tourism industry is getting closer to “**normal**” post-pandemic, there are still only a **few *total* rebounds**, and economic uncertainty is likely to **change rebound patterns** in the coming year.
- Canadian **GDP** continued **rising** in 2023, but GDP growth rates **slowed** as compared to previous years. An economic slowdown is likely in 2024, with a rebound in 2025 and 2026.
- From March 2023 onwards, Ontario saw **unemployment** rates **higher** than those in 2022, starting 2024 with higher unemployment than all of 2023.
- **Tourism business numbers** in Ontario saw a **total recovery**, reaching numbers comparable to pre-pandemic. Sub-sector distribution (types of tourism businesses) remained constant compared to 2022.
- Retail sales are still being **influenced** by the effects of the **pandemic**, such as resolution of supply chain issues and increased prices for fuel.
- South Eastern Ontario saw **decade-high** numbers for average daily rate (**ADR**) and revenue per available room (**RevPAR**), with **occupancy** rates nearly as **high** as pre-pandemic 2019 rates.
- Following a significant **surge** in travel in 2022 following **pent-up travel desires** in 2020 and 2021, a **lull** in the surge was observed in 2023. This was noted by **smaller growth rates** in a variety of categories, **lower spending** despite higher income, and **higher unemployment rates** in South Eastern Ontario as well as greater Canada. South Eastern Ontario’s tourism growth in 2024 will depend on **navigating** economic uncertainties and **adapting** to changing consumer behaviors and travel preferences.

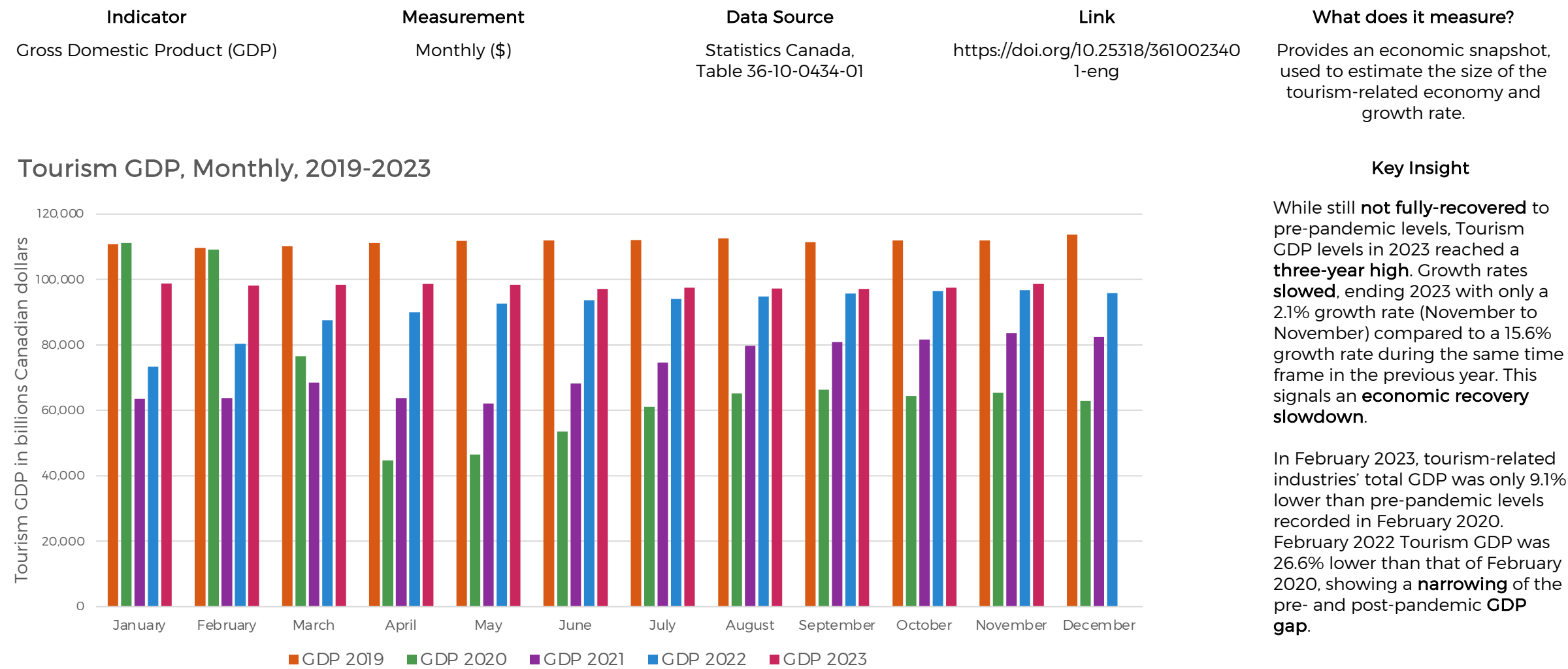
# TOTAL ECONOMIC ACTIVITY - CANADA

Canadian GDP continued to rise in 2023, but will face a combination of growth drivers and growth inhibitors leading into 2024.



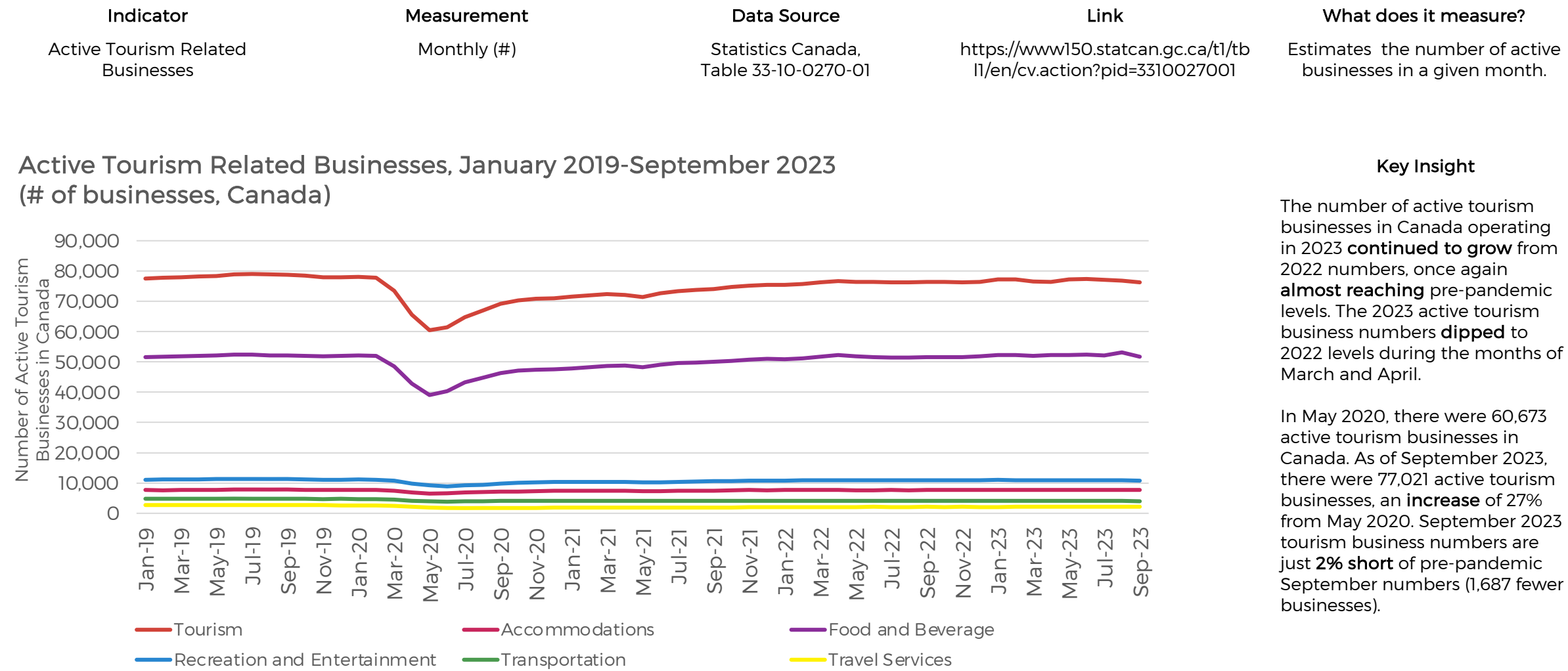
# TOURISM ECONOMIC ACTIVITY - CANADA

2023 Tourism GDP numbers crept closer to those of 2019 and pre-pandemic 2020, but growth rates are beginning to slow.



# TOURISM BUSINESSES - CANADA

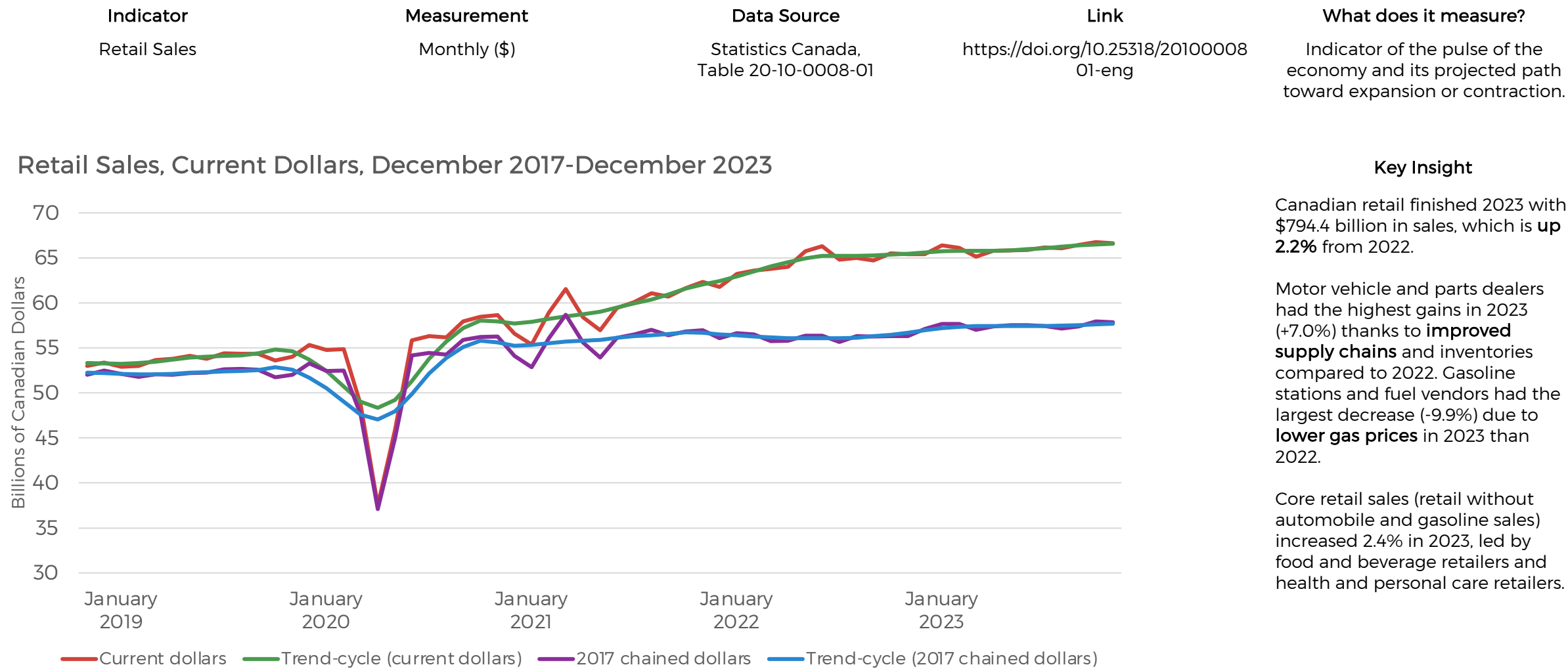
Canada's tourism business numbers are closer to pre-pandemic numbers than last year, with just 2% fewer tourism businesses than pre-pandemic.





# RETAIL SALES - CANADA

Canadian retail finished 2023 up 2.2% from 2022, with both retail and core retail seeing leftover effects from the pandemic.

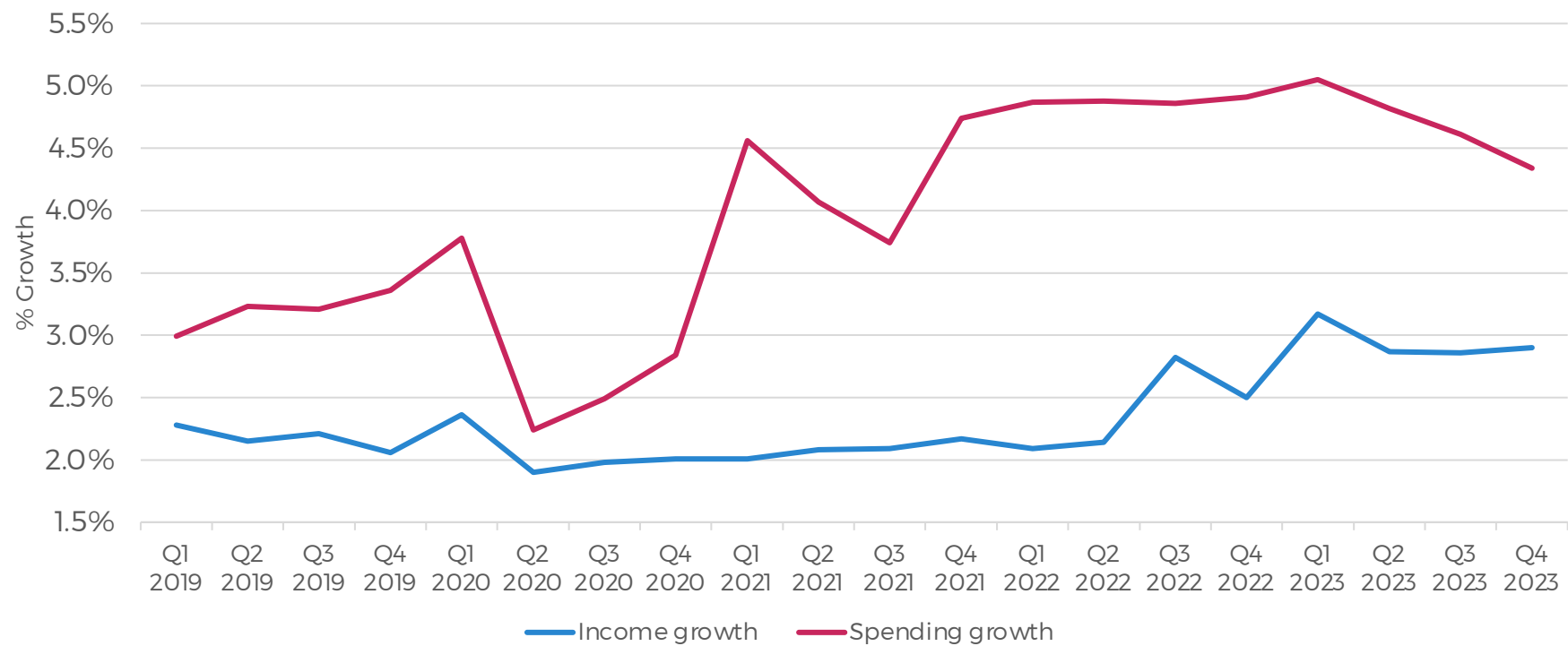


# CONSUMER SPENDING - CANADA

Canadian consumers are less-than-optimistic about the state of the economy, with post-pandemic economic uncertainty guiding spending habits.

Indicator	Measurement	Data Source	Link	What does it measure?
Consumer Spending Expectations	Growth next 12 months (%)	Bank of Canada, Canadian Survey of Consumer Expectations	<a href="https://www.bankofcanada.ca/2023/01/canadian-survey-of-consumer-expectations-fourth-quarter-of-2022/">https://www.bankofcanada.ca/2023/01/canadian-survey-of-consumer-expectations-fourth-quarter-of-2022/</a>	Degree of optimism about the state of the economy, measured through consumer spending activities.

Quarterly Consumer Spending, 2019-2023



Key Insight

Consumer spending **steadily decreased** through all four quarters of 2023, despite consumer **income leveling off** from Q2 onwards.

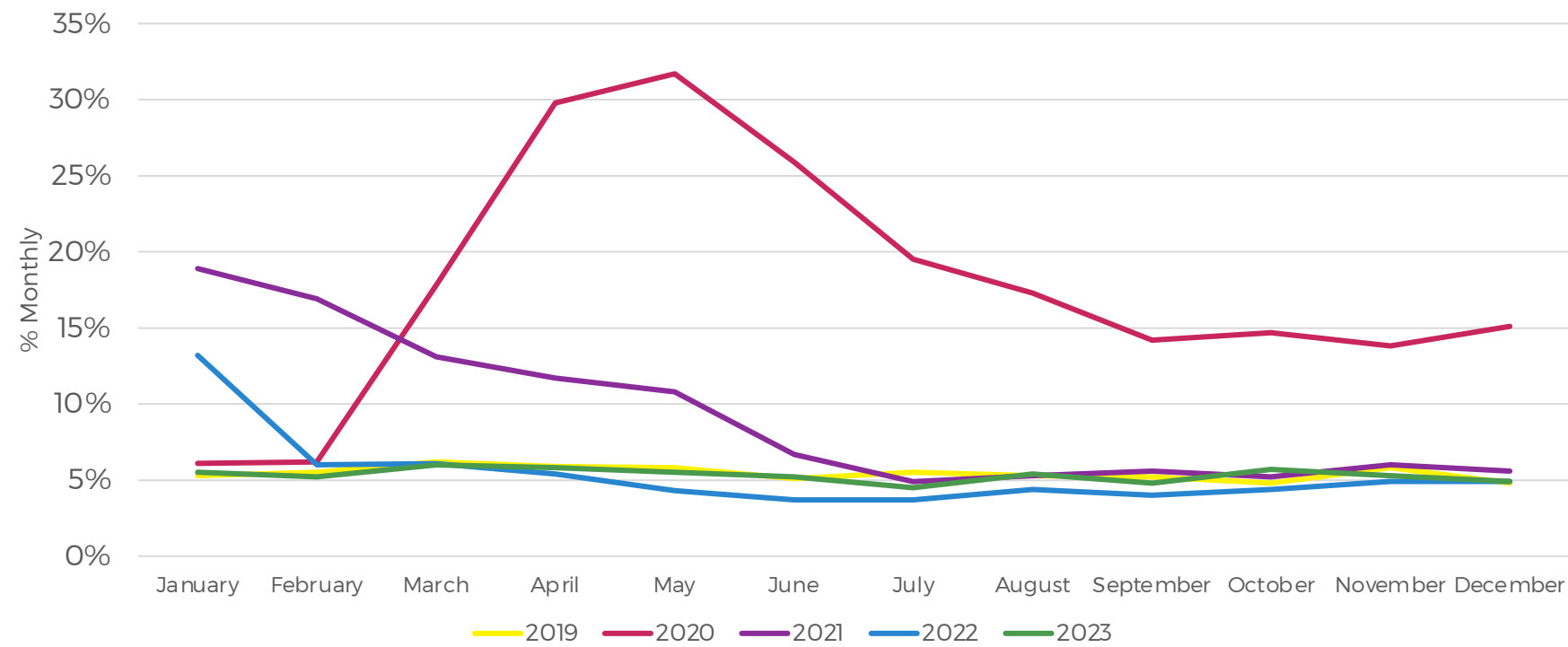
Reduced spending over the past year can likely be attributed to concerns about inflation and **economic uncertainty**, as well as increased **interest rates** and increased focus on **savings** and investment.

# TOURISM UNEMPLOYMENT - CANADA

Still far from the unemployment rates of 2020, tourism unemployment rates of 2023 were higher than 2022, likely due to the demand for tourism leveling out after a post-pandemic surge.

Indicator	Measurement	Data Source	Link	What does it measure?
Tourism Unemployment	Monthly (%)	Statistics Canada, Canadian Labour Force Survey	<a href="https://doi.org/10.25318/1410037501-eng">https://doi.org/10.25318/1410037501-eng</a>	Illustrates how quickly tourism's employment landscape is changing.

Tourism Unemployment Rate, 2019-2023



Key Insight

With 2023 tourism unemployment rates still far **lower than 2020**, the year ended at the **same rate as 2022** (4.9%). 2023 tourism unemployment rates were **higher** than those in 2022 from March to December.

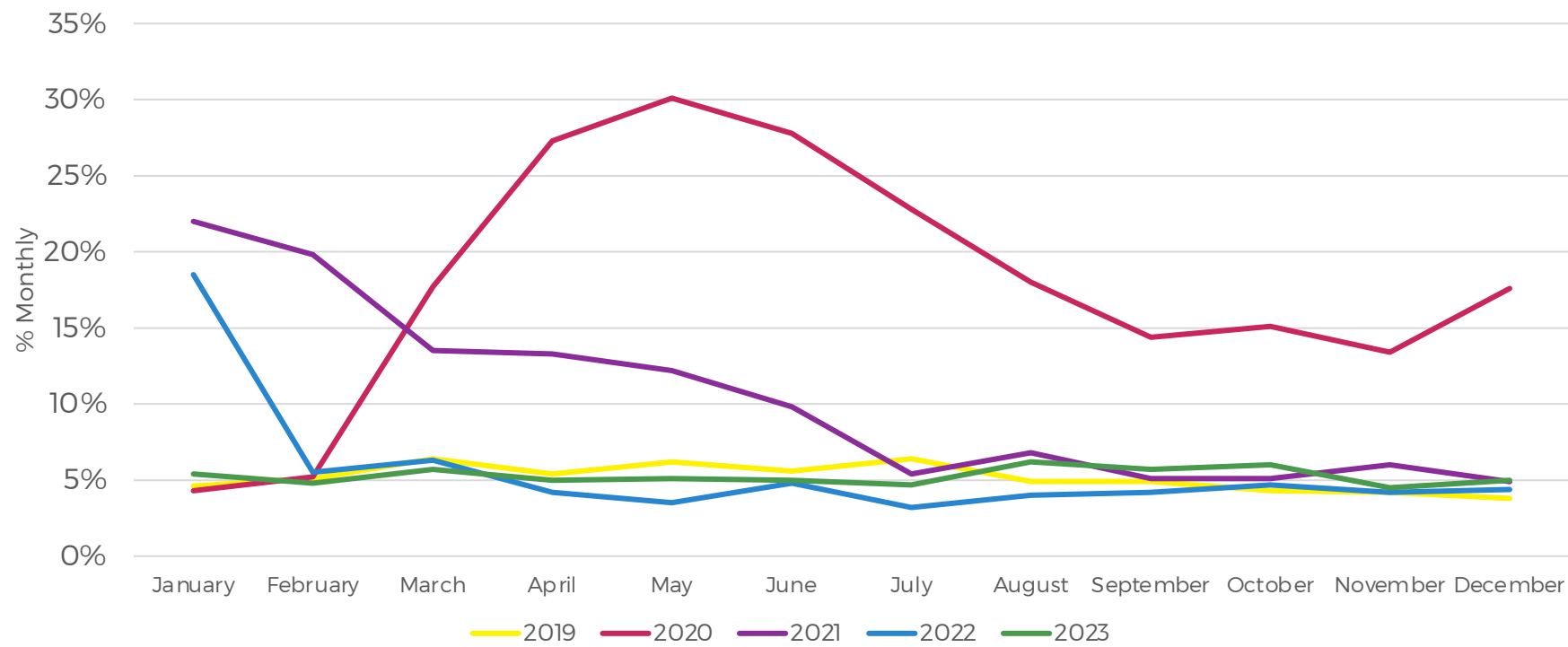
Higher tourism unemployment rates in 2023 (compared to 2022) can likely be attributed to **leveling** out of the **labour market** following a post-pandemic boom (over hiring in 2022 according to a surge in travel), as well as **uncertain economic conditions** for both tourism companies and travellers.

# TOURISM UNEMPLOYMENT - ONTARIO

Similar to greater Canada, economic uncertainty and a leveling demand for travel kept Ontario's 2023 tourism unemployment rates higher than those in 2022 since March.

Indicator	Measurement	Data Source	Link	What does it measure?
Tourism Unemployment	Monthly (%)	Statistics Canada, Canadian Labour Force Survey	<a href="https://doi.org/10.25318/1410037501-eng">https://doi.org/10.25318/1410037501-eng</a>	Illustrates how quickly tourism's employment landscape is changing.

Tourism Unemployment Rate Ontario, 2019-2023



### Key Insight

Similar to 2023 tourism unemployment rates in greater Canada, Ontario saw **higher unemployment** in 2023 than 2022 from March through the end of the year.

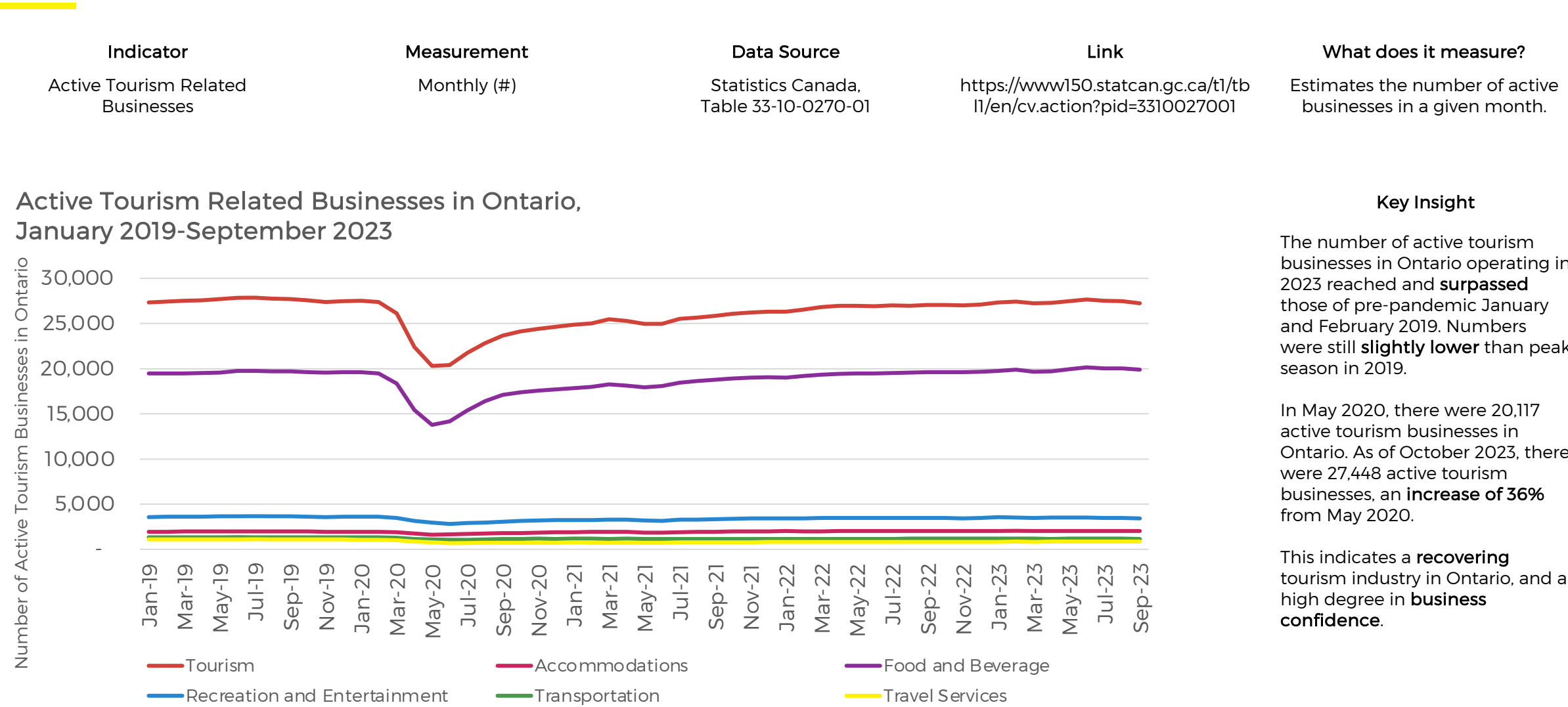
Dissimilar from greater Canada, unemployment rates in Ontario **finished 2023 still higher** than 2022, even raising by 2% into 2024 (5.0% in December 2023 to 7.1% in January 2024). This makes Ontario's *tourism* unemployment rate higher than general unemployment rate, which was 6.2% in January 2024.

**Economic uncertainty** and **tourism demand** will both play a continued role in Ontario's tourism unemployment rates throughout 2024.



# TOURISM BUSINESSES - ONTARIO

Despite higher rates of unemployment within the tourism industry, the number of active tourism related businesses in Ontario has recovered to pre-pandemic levels.

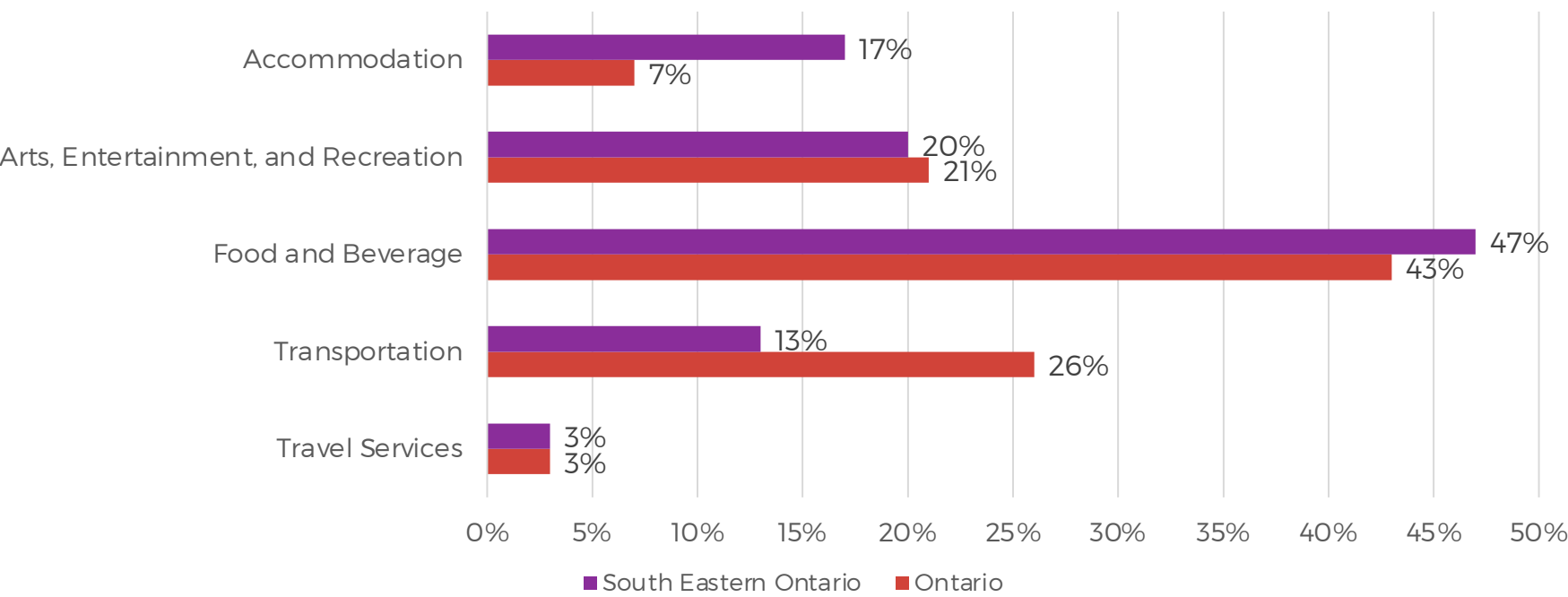


# TOURISM BUSINESSES – SOUTH EASTERN ONTARIO

The distribution of tourism business sub-sectors stayed consistent in South Eastern Ontario from 2021 to 2022, with only slight redistribution in greater Ontario.

Indicator	Measurement	Data Source	Link	What does it measure?
Tourism Related Businesses	Share by sector (%)	Statistics Canada, Canadian Business Patterns	<a href="https://www.ontario.ca/page/tourism-research-statistics">https://www.ontario.ca/page/tourism-research-statistics</a>	Used to compare the number of active tourism businesses in Ontario and regions throughout South Eastern Ontario..

Tourism Related Businesses, 2022  
(% share by sub-sector, Ontario vs. South Eastern Ontario)



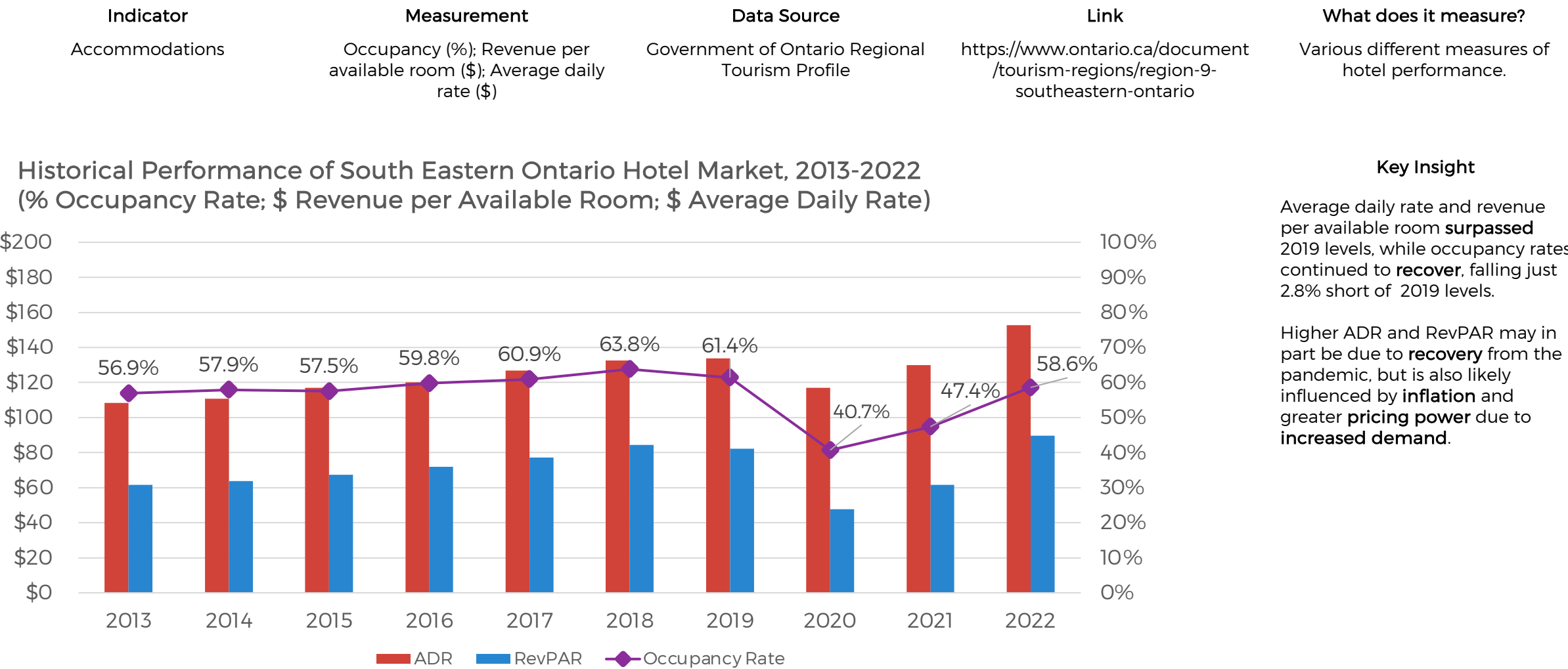
### Key Insight

Changes in **demand for tourism activities** and a **surge in travel** in 2022 **redistributed** the share of tourism businesses by sub-sector in South Eastern Ontario, but more so in greater Ontario.

Excluding retail and other services, 2,439 tourism businesses were operating in South Eastern Ontario in 2022, a **3% decrease** from pre-pandemic 2019, and a **5% increase** from the number of tourism businesses in 2021. The highest share of businesses operated in the **food and beverage** sub-sector (47%), followed by **arts, entertainment and recreation** (20%).

# OCCUPANCY RATE - SOUTH EASTERN ONTARIO

Occupancy rates in South Eastern Ontario are nearly recovered to 2019 levels, with both average daily rate (ADR) and revenue per available room (RevPAR) reaching 10-year highs.





# DEFINING THE FUTURE OF TOURISM IN ONTARIO.

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