



Skift.

OPTIMIZING SOUTH EASTERN ONTARIO'S TOURISM OPPORTUNITY

Navigating opportunities to
attract tourism investment in
2025 and beyond

SE ON Summit: Envision Tourism Growth

Oliver Martin, Skift

September 12, 2024

A night-time photograph of the Toronto skyline, featuring the CN Tower and various skyscrapers illuminated with city lights. The lights reflect on the water in the foreground. A semi-transparent grey rectangle is centered over the image, containing the title text. Two horizontal yellow lines are positioned above and below the title.

WHAT DOES THE GLOBAL ECONOMY LOOK LIKE IN 2025?

IMF says global, 'soft landing' in sight in 2025

Global economic jitters predicted in 2025

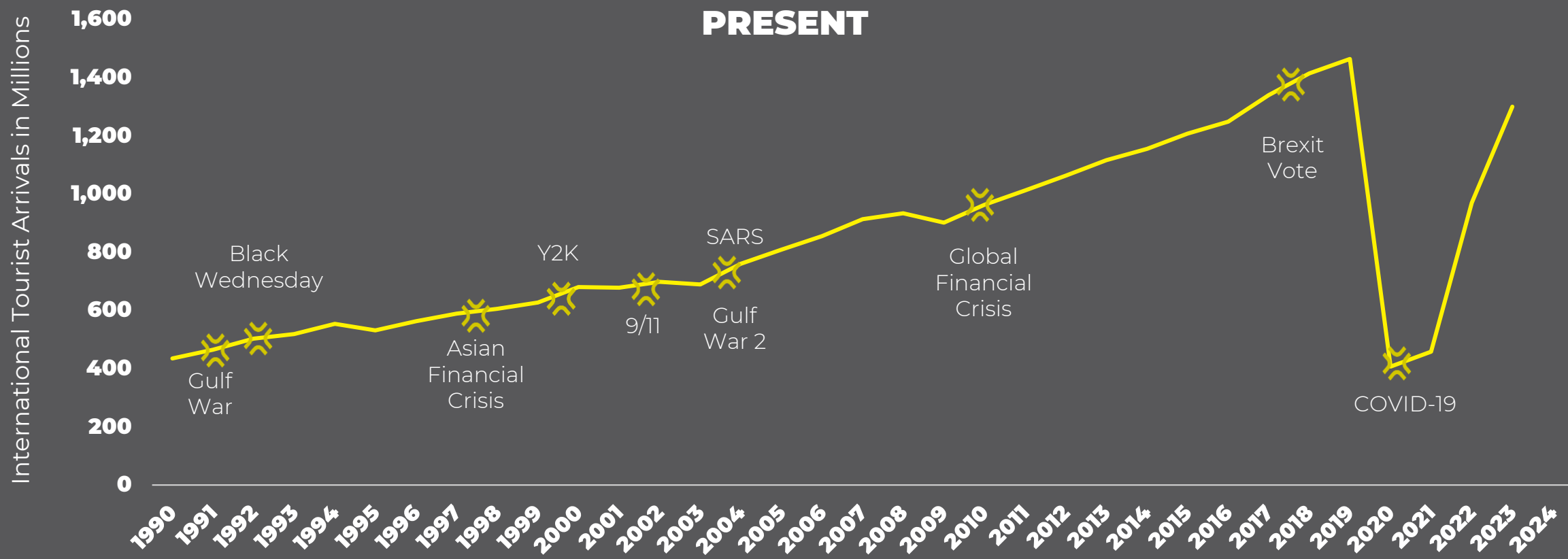
GLOBAL ECONOMIC GROWTH...TO SLOW IN 2025

World Growth to Slow in 2025 Despite Pivot to Monetary Easing

2025 Economic Outline?
A mixed bag...

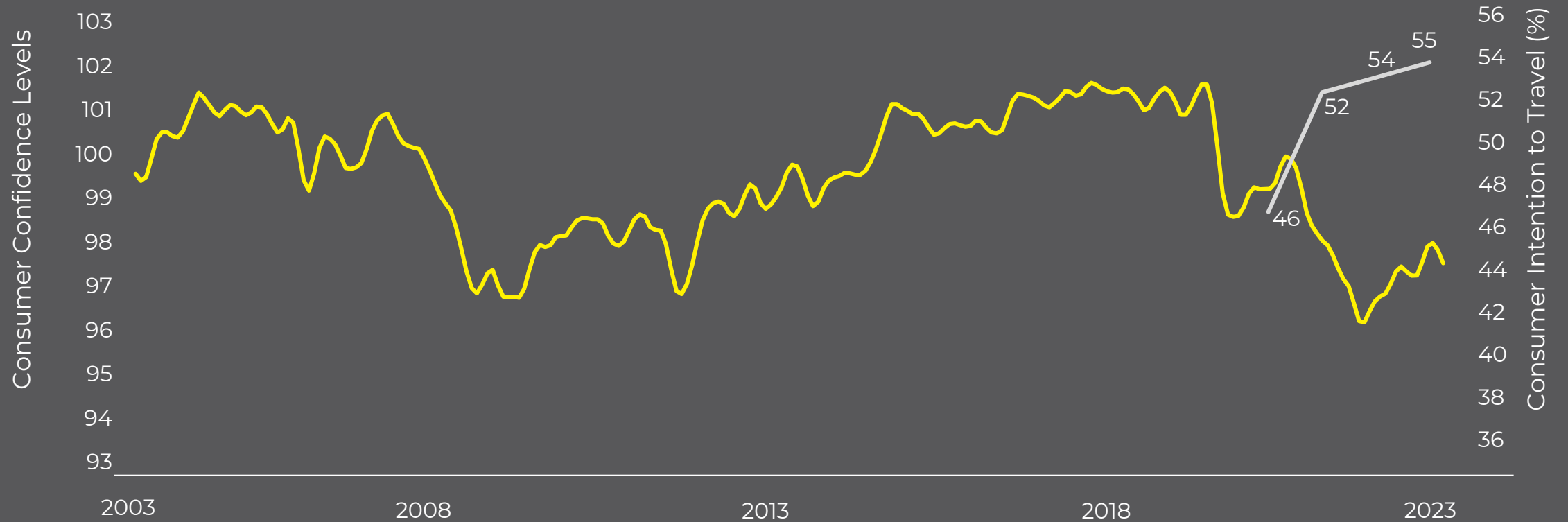
FOR A GENERATION CANADIAN TOURISM HAS TRADITIONALLY BEEN LINKED TO ECONOMIC PERFORMANCE

INTERNATIONAL OUTBOUND TRAVEL, 1990-
PRESENT



ARE WE NOW WITNESSING A DECOUPLING OF TRAVEL INTENTIONS FROM CONSUMER CONFIDENCE?

CONSUMER CONFIDENCE vs. TRAVEL INTENTIONS 2003-2024





**4 TRENDS
1 THREAT**

**THAT WILL INFLUENCE
TOMORROW'S
TRAVELLER
&
OPPORTUNITIES FOR
SOUTH EASTERN
ONTARIO COMMUNITIES
ATTRACT TOURISM
INVESTMENT**

THE TOURISM OF “ME”



THE TOURISM OF “ME”

1. LUXURY IS BACK WITH A VENGEANCE
2. MY HEALTH AND WELLNESS
3. THE LONLINESS EPIDEMIC AND SOLO TRAVEL
4. TOURISM’S MURKY RELATIONSHIP WITH WORK



1. LUXURY IS BACK WITH A VENGEANCE

GROWTH RATE

- Valued at USD \$628 billion to \$1.2 trillion with growth rate of almost 9% to 2031
- Bookings at 5* hotels rose 19% in 2023 vs. 2019

DRIVERS OF GROWTH

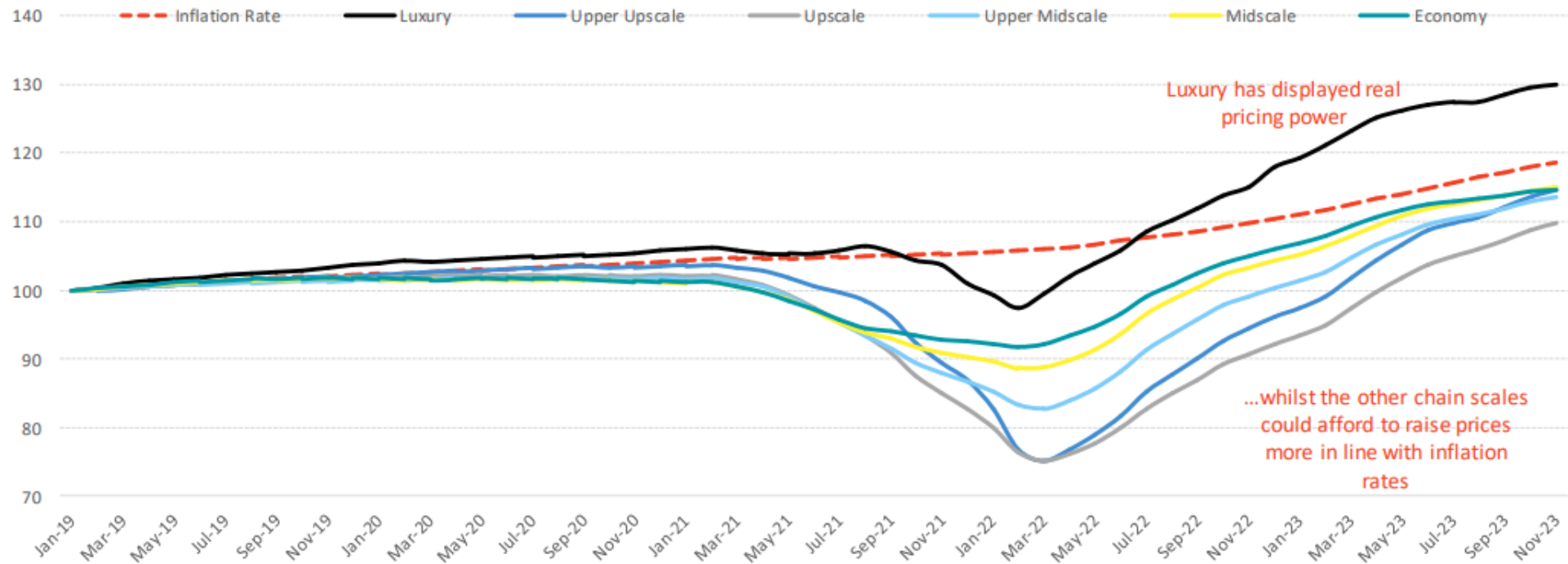
- High net worth travellers seeking unique vacation experiences joined by middle and upper middle class particularly from GTA and Norther East States and California; and driven by social media “insta-worthy” destinations



PRICING STRENGTH TO CONTINUE

Luxury hotels have been the only travel and tourism sector to display real pricing power above inflation through the pandemic

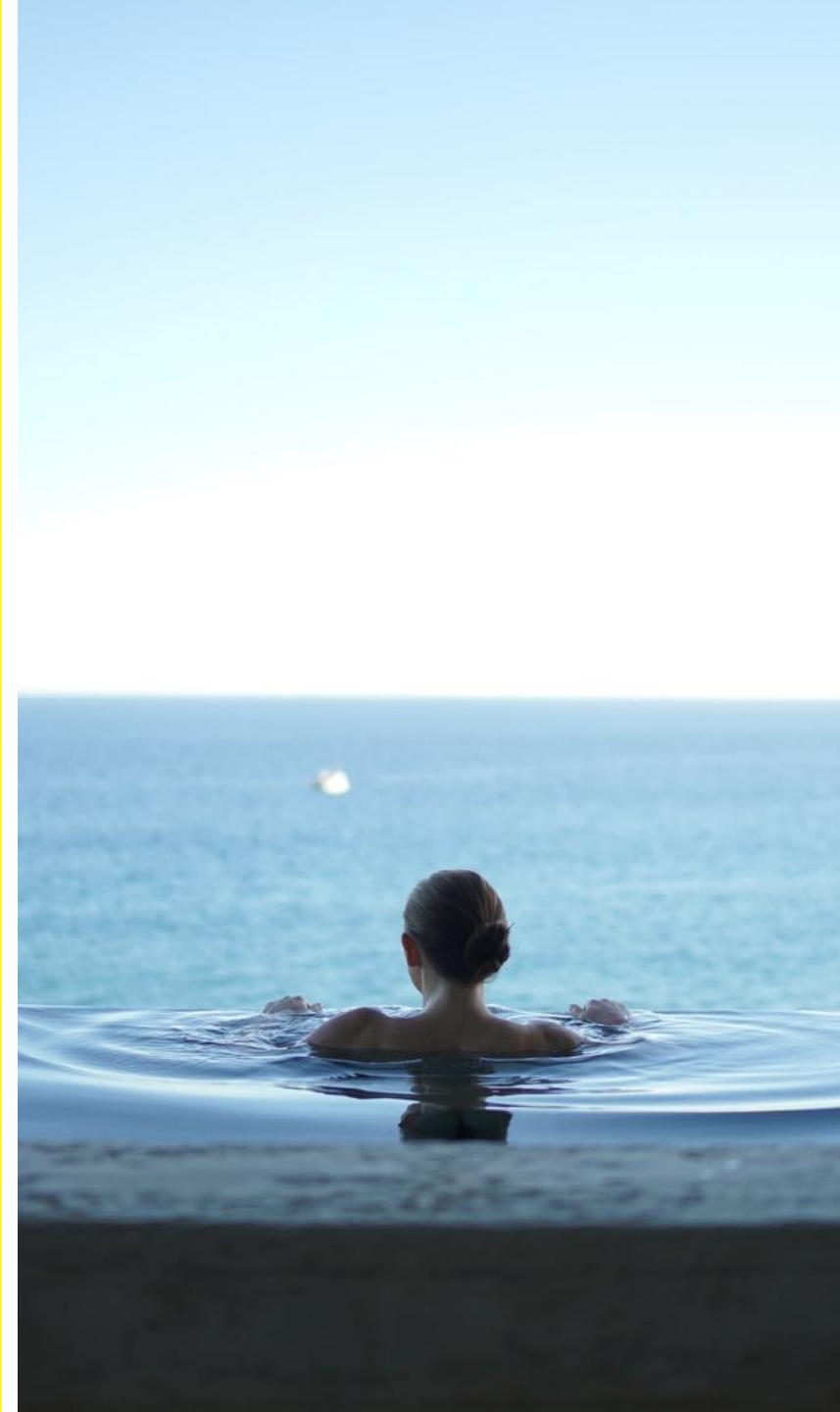
CONSUMER PRICE INDEX (CPI) vs HOTEL AVERAGE DAILY RATE (ADR BY CHAIN SCALE – INDEXED TO 100 IN JAN 2019)



2. SPIRITUALITY, HEALTH AND WELLNESS — BEYOND THE SPA

Hotels and clubs are embracing “extreme wellness,” a trend that marries sleep, performance, recovery, spirituality, nutrition, and forward-thinking wellness practices aiming to optimize human performance and wellbeing

- 50% of professionals on the verge of burnout
- Post COVID, 55% of travellers prioritizing wellness, spirituality and nature-oriented experiences in remote and rural destinations

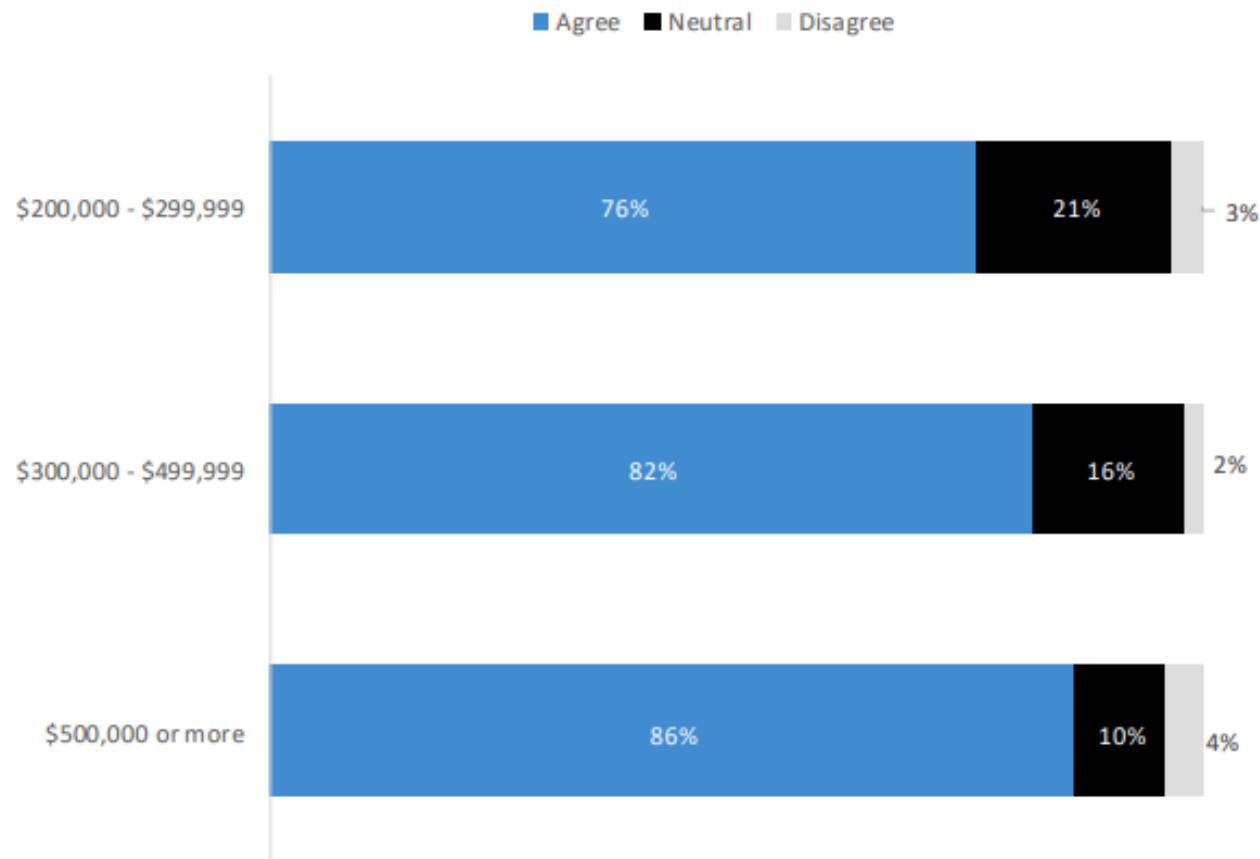


INCREASED FOCUS ON WELL-BEING IN LUXURY TRAVEL

80%

Of respondents 'agree' to the statement
"Enhancing my physical and/or mental well-being
significantly influences my travel decisions."

Percentage of Respondents who 'Agree' to the Statement, by Income



3. LONELINESS EPIDEMIC AND SOLO TRAVELLERS

While travel is still about experiences, it's becoming more about sharing those experiences, meeting and connecting with people

- 24% of adults feel lonely - for ages 19 to 29 that percentage is 65%
- 53% of hybrid workers struggle to connect with co-workers
- In 2017, 27% of travellers with the top 20 group tour operators were solos. In 2019, it was 39%. In 2023, it's 50%.



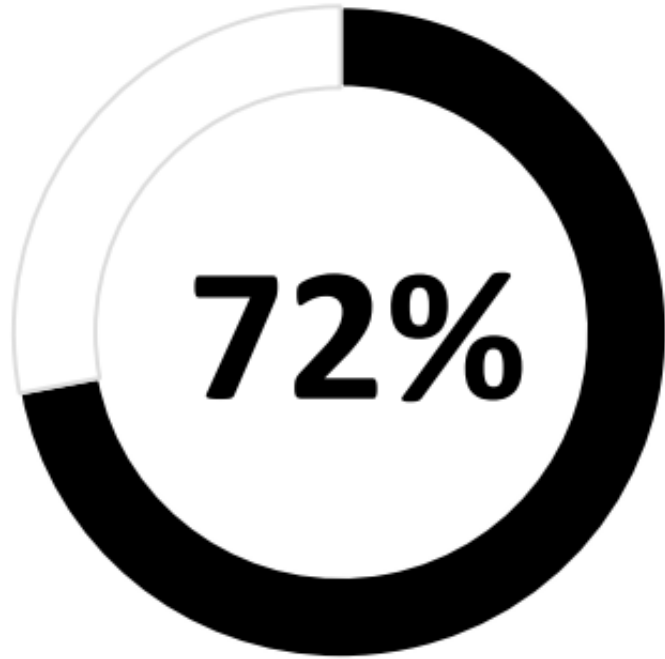
4. TOURISM'S MURKY RELATIONSHIP WITH WORK

United Airlines CEO declared a permanent structural change in the industry as business and leisure have become indistinguishable

- Work for many is now remote or can be remote for weeks or months freeing up opportunities to work from anywhere
- Beyond digital nomads (12 million worldwide and quickly growing) there are those who can extend business trips and take longer vacations because they can work from anywhere
- Travellers willing to bring work with them take **2X** as many trips and of those who do, are adding **3 or more days** to their vacation



REMOTE WORK FUELS TRAVEL UPTICK



Increase in blended travel bookings year-over-year (January-October 2023), compared to January- October 2022) was recorded

“Further, with employees less tied to physical offices/more flexibility to work remotely, we're continuing to see personal travel departures become more distributed through the week, with a rise in Mon/Tues/Wed departures and a 4-percentage point decrease in Friday leisure travel departures (from 25% in 2019 to 21% in 2023).”

- Navan

1 THREAT

**THAT WILL
INFLUENCE
TOMORROW'S
TRAVELLER**



SAUDI TOURISM INVESTMENT

NEOM



NEOM is a brand new "city of the future" being developed from scratch, expected to host a population of 1 million, and expected to attract 5 million tourists annually. It is meant to become a hub for innovation and sustainable living and working, and is designed to be car-free and completely powered by clean energy.

Announced: 2017

Investment Estimate: \$500 billion USD

Job Creation: ~380,000 New Jobs Expected

AMAALA



AMAALA is a luxurious tourism destination covering 4,155 sqkm located along Saudi Arabia's north-western Red Sea coastline. Dubbed the "Pearls of the Middle East", the development will consist of 25 hotels and 1000 hotel rooms, 900 private villas, and 200 high-end retail and fine-dining establishments. The city will also be powered by renewable energy.

Announced: 2018

Investment: \$959 million USD

Expected Completion: 2028 (Ph1 complete in 2024)

THE RED SEA PROJECT



Is a tourism and hospitality project which sits over 28,000 sqkm, established on the Saudi Arabian Red Sea coast, including 90 natural private islands. The project is the first fully integrated, luxury mixed-use resort in the Middle East; it also has major ambitions to become a sustainable tourism hotspot. The first phase of development will welcome its first visitors toward the back end of 2022; 8,000 new hotel rooms are expected to be available at completion in 2030.

Announced: 2017

Investment: \$20 billion USD

Expected Completion: 2030 (Phase 1 in 2023)

AL'ULA PROJECT



Is an open-air museum that will preserve Saudi Arabia's rich cultural heritage and historical monuments. It encompasses Saudi's first UNESCO World Heritage Site, the Nabatean city of Hegra.

Announced: 2017

Investment: \$15 billion USD

Expected Completion: 2035 (becoming guests since 2019)

DIRIYAH



Diriyah is a luxurious destination and home to the UNESCO World Heritage Site Al-Furat, a 300-year-old monument. Diriyah sits 15 minutes northwest of Riyadh, and will become the Kingdom's cultural capital, showcasing Saudi Arabia's history through hospitality, education, retail and dining experiences. Diriyah is also home to a number of museums, cultural academies and academic institutions, a 15,000-seat arena and the Formula E Race track.

Announced: 2019

Job Creation: 50,000 New Jobs

Investment: \$63.2 billion USD

QIDDIYA PROJECT



Is a sports and entertainment city which will include art centres, venues for music festivals, a sports stadium, and a championship golf course. It will also become home to the permanent F1 Saudi Grand Prix Race track.

Announced: 2017

Investment: \$8 billion USD

Expected Completion: 2030 (Phase 1 in 2023)

KING SALMAN PARK



Is the largest urban park in the world. This public park covers over 16 sqkm and hosts facilities like the royal art complex, an opera house and museums, visitor pavilions, and will offer a wide range of recreational, F&B, arts, cultural, entertainment and sports activities.

Announced: 2019

Investment: ~\$1 billion USD

Expected Completion: 2027

ASIR REGION SOUDAH DEVELOPMENT



Is a luxury mountain destination that is 3015m above sea level and is the highest peak in Saudi Arabia. The climate in the region is cool all year round, and the region is dubbed the "Arabian Highlands". The project aims to attract more than 10 million visitors by 2030.

Announced: 2021

Investment: \$13.3 billion USD

Expected Completion: 2030

JEDDAH CORNICHE



The Jeddah Corniche was redeveloped to offer mixed-use office, retail and recreational space. This was also the site selected for the temporary Saudi F1 Grand Prix street circuit built.

Announced: 2017

Expected Completion: 2021

Investment: \$4.8 billion USD

THE GIGA-PROJECTS & MEGA PROJECTS SHAPING LEISURE TOURISM IN THE KINGDOM (NON-EXHAUSTIVE)

Source: EY Advisory Research and Interviews

Of the multiple mega and giga projects announced and underway in the Kingdom, only 3 have been completed enough to be open to the public. Jeddah Corniche, Al'Ula Project and Diriyah Gate. Diriyah Gate is the latest tourism development to open, which opened its doors on December 4, 2022.



LEVERAGING THE OPPORTUNITY

**WHAT SOUTH EASTERN
ONTARIO'S TOURISM INDUSTRY
MUST TO DO TO SHIFT, ADAPT
AND INVEST TO ACCELERATE
GROWTH**



1

**REALLY, REALLY
KNOW YOUR
CUSTOMERS AND
YOURSELF AS A
DESTINATION**

- **MARKET RESEARCH**
- **CUSTOMER EXPERIENCE**
- **COMPETITORS**
- **GAP ANALYSIS**

**GIVE TOMORROW'S
TRAVELLERS MORE
CHOICE IN SOUTH
EASTERN ONTARIO
TO VISIT THEIR
FAVOURITE TYPES OF
DESTINATIONS AND
EXPERIENCES DURING
AND OUTSIDE OF THE
HIGH SEASON**

2

**DEVELOP MORE
PLACES TO VISIT BY
SEASON**



A photograph of two young women in a park during autumn. They are both wearing brown sweaters and are laughing while throwing handfuls of yellow and orange leaves into the air. The ground is covered in fallen leaves, and there are trees with bare branches in the background. A large yellow circle is overlaid on the top left of the image, containing the number 3 and the text 'IMPROVE SOUTH EASTERN ONTARIO'S COMMUNITY ATTRACTIVENESS FOR INVESTMENT'.

3

IMPROVE SOUTH EASTERN ONTARIO'S COMMUNITY ATTRACTIVENESS FOR INVESTMENT

IMPROVE THE SOUTH EASTERN ONTARIO COMMUNITIES' ATTRACTIVNESS FOR TOURISM INVESTMENT

With changes in traveller tastes, trends and preferences, destinations need to keep on top of those tourism assets that best reflect their brand position, the needs of their customers and attract more entrepreneurs and investors to support

WHY IMPROVE THE COMMUNITY INVESTMENT CLIMATE FOR TOURISM IN SOUTH EASTERN ONTARIO?

1

INCREASED FOCUS
ON TOURISM VS.
OTHER INDUSTRIES
AS A GENERATOR OF
COMMUNITY
WEALTH

2

OVERTOURISM,
SEASONALITY AND
THE NEED FOR
DISPERSION OF
TOURISM
OPPORTUNITIES
ACROSS SOUTH
EASTERN ONTARIO

3

NEED TO RECAST
TOURISM SEASONS
IN SOUTH EASTERN
ONTARIO DUE TO
IMPERATIVE OF
CLIMATE CHANGE

THE CHALLENGES FOR COMMUNITY INVESTMENT IN TOURISM IN SOUTH EASTERN ONTARIO

1

For some communities, prioritization of tourism is poorly understood or informed

2

Many communities don't know the kinds of tourism assets they need to reflect their tourism opportunity

3

Interest in transitioning into tourism often informed solely by the presence of *some* tourism – one main asset

4


Tourism happening naturally - communities assume that they are already investor ready

5

Almost all questions related to tourism are relegated to the DMO which has limited capacity to support investment attraction

WHAT TOURISM INVESTORS TOLD US:

Tourism and hotel investors have a great deal of choice in which community they will risk their capital



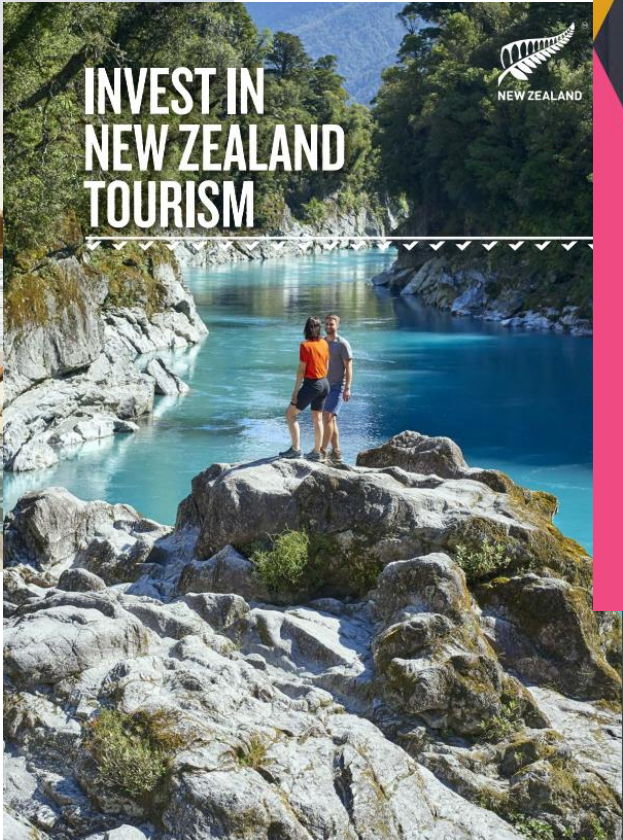
“We came close to developing a resort in the community but in the end, they just couldn’t get the zoning to support so we moved on.”

THE IDEAL COMMUNITY FOR TOURISM INVESTORS :



TOURISM INVESTMENT ATTRACTION FROM COMPETITIVE DESTINATIONS

BRISBANE TOURISM INVESTMENT GUIDE



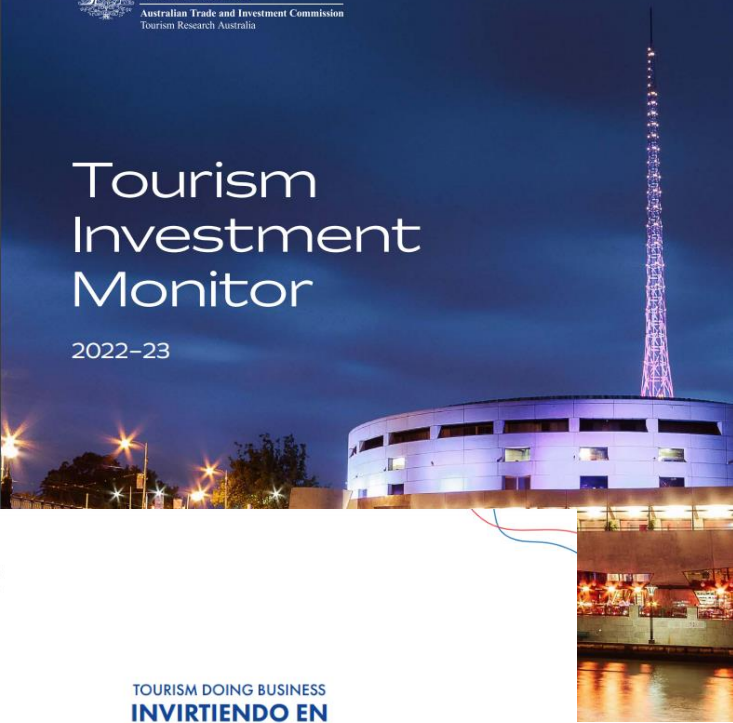
A guide to tourism investment from concept to reality



Australian Government
Australian Trade and Investment Commission
Tourism Research Australia

Tourism Investment Monitor

2022-23



TOURISM DOING BUSINESS
INVIRTIENDO EN



InvestChile



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