DESTINATION ONTARIO

Data as of February 29, 2024
Report Date: April 30, 2024

Ontario Tourism

Industry Health Check

Summary:

Tourism in Ontario is in 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 all key markets in February 2024 surpassed February 2023 levels but have not reached pre-pandemic levels (2019)[1]
  - o The highest increases in February 2024 were from (1) China (+226.4%), (2) Hong Kong (+61.3%), and (3) India (+40.6%) compared to February 2023 levels
  - o International border crossings in February 2024 for Destination Ontario's key markets need to increase an average of **12.6%** to reach pre-pandemic levels (2019)
  - o US entries in February 2024 grew **19.1%** versus February 2023 but declined by **11.5%** compared to February 2019 levels

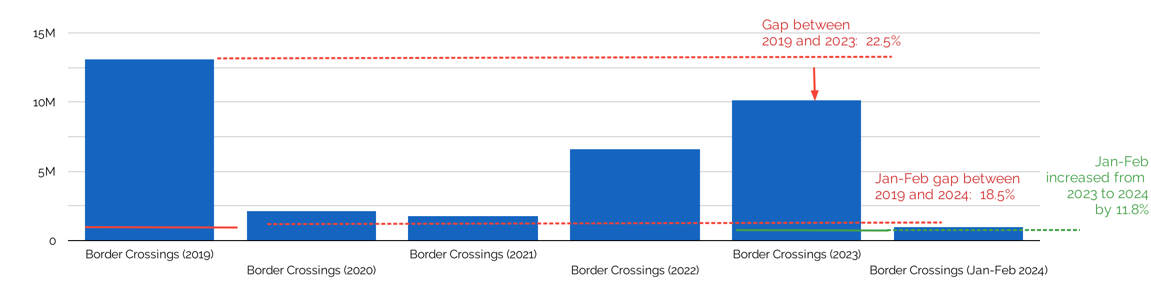
- Ontario experienced a higher net loss of entries from the US through border crossings compared to before the pandemic in 2019. However, in the Summer of 2023, there was more net entry gain from other international countries (except the US) compared to the pre-pandemic levels (2019)[1]
  - o The visitor deficits have not returned to pre-pandemic levels for the US markets, though activities for Canadians travelling to US have returned to the pre-pandemic level
  - o The visitor deficits have improved from pre-pandemic levels for other international markets (except the US)
  - o The visitor deficits follow a distinct seasonal trend, decreasing to a lower level or shifting to a surplus during the summer and resurging to a higher level during the winter

- Travel Price Index (TPI) in March 2024 increased by **2.9%** compared with March 2023 levels, following a **0.9%** increase in February[2,3]
  - o TPI growth was driven by transportation and food and beverage costs. Most notably, costs increased in vehicle operations (+6.7%), restaurants (+4.7%), recreation/entertainment (+4.3%), and intercity transportation (+2.6%). Only accommodation prices (-3.2%) dropped in March 2024 compared to March 2023
  - o The drop in travel costs has led to rising willingness to travel as the demand to travel was strong in January 2023 after two years of restrictions

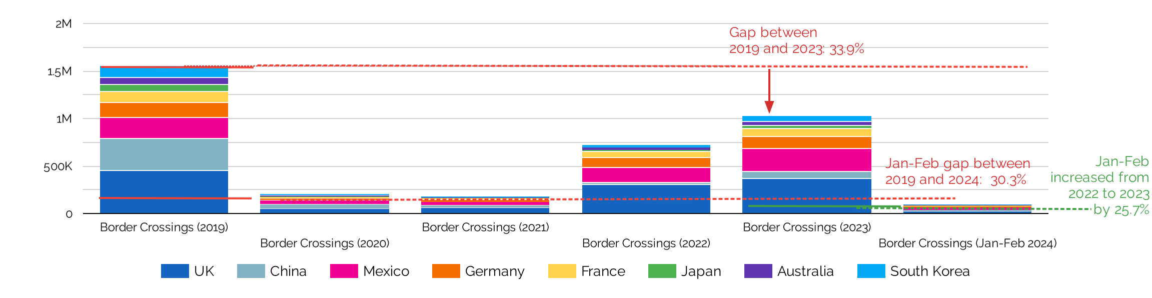
- Short-term Occupancy and Rental Stats[5]
  - o The short-term rental occupancy rates in March 2024 have underperformed on average by a **0.8 percentage point gap** compared with March 2023 levels for all regions
  - o The short-term rental occupancy rates in March 2024 have underperformed on average by a **10.5 percentage point gap** compared with March 2019 levels for all regions
  - o The short-term rental average daily rates in March 2024 have surpassed March 2023 levels on average by **6.9%** for all regions
  - o The short-term rental average daily rates in March 2024 have surpassed March 2019 levels on average by **54.0%** for all regions

- Hotel Occupancy Regional and Sub-Regional Breakdown[6]
  - o The hotel occupancy rates in February 2024 have underperformed on average by **1.2 percentage points** compared with February 2023 levels for all regions
  - o The hotel occupancy rates in February 2024 have underperformed on average by **2.7 percentage points** compared with February 2019 levels for all regions
  - o The hotel average daily rates in February 2024 have surpassed on average by **4.9%** compared with February 2023 levels for all regions
  - o The hotel average daily rates in February 2024 have surpassed on average by **19.5%** compared with February 2019 levels for all regions

ONTARIO'S BORDER CROSSINGS FROM USA[1]

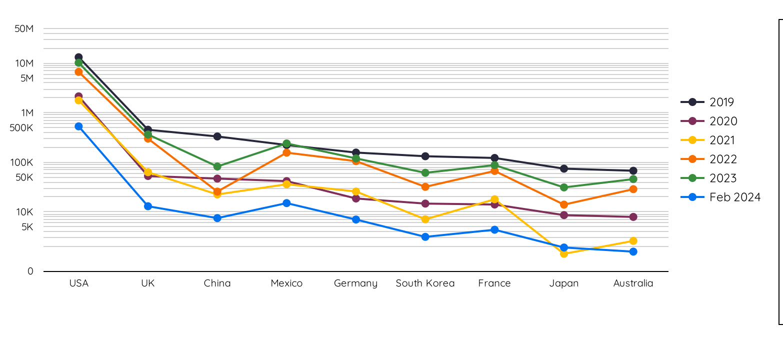


ONTARIO'S BORDER CROSSINGS FROM OTHER KEY MARKETS[1]



ONTARIO'S BORDER CROSSINGS FOR KEY MARKETS[1]

Markets	2019	2021	2022	% Chg (2019 to 2023)	2023	% Chg (2022 to 2023)	Feb 2024	% Chg (Feb 2019 vs Feb 2024)	% Chg (Feb 2023 vs Feb 2024)
USA	13.2M	1.8M	6.7M	-22.5%	10,197,747	53.1%	530,717	-11.5%	19.1%
UK	453.2K	63.1K	300.4K	-19.7%	364,129	21.2%	12,976	-19.8%	7.7%
South Korea	132.4K	7.1K	32.0K	-53.7%	61,349	91.9%	3,128	-48.3%	27.6%
Mexico	223.2K	36.1K	156.4K	7.5%	240,004	53.5%	15,007	59.0%	33.0%
Japan	74.3K	1.4K	14.0K	-58.1%	31,150	122.5%	1,908	-50.5%	31.0%
Germany	157.0K	25.8K	105.6K	-23.7%	119,793	13.5%	7,002	38.0%	21.4%
France	122.2K	17.9K	66.9K	-28.3%	87,621	31.0%	4,358	-26.8%	-3.1%
China	331.7K	22.4K	25.6K	-75.2%	82,262	220.8%	7,478	-62.3%	226.4%
Australia	67.4K	2.6K	28.7K	-32.1%	45,763	59.6%	1,575	-19.8%	15.2%



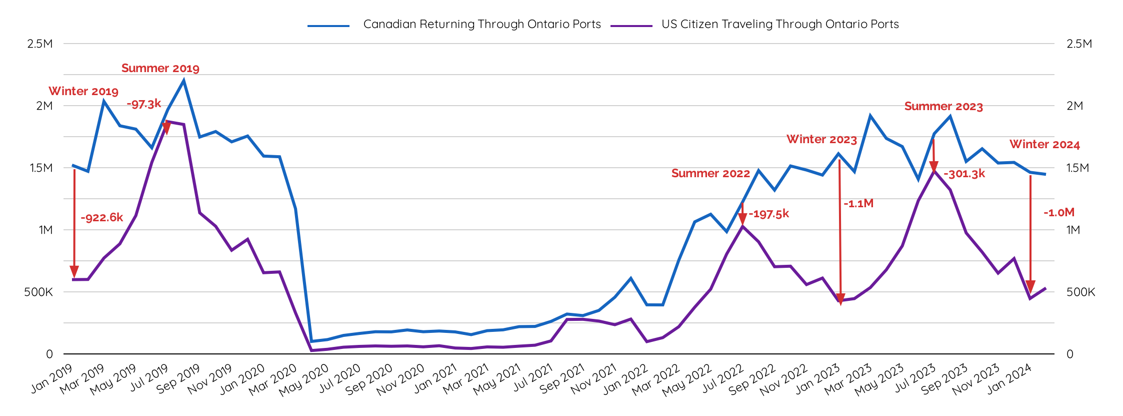
KEY TAKEAWAYS:
Border crossings for the US market in February 2024 surpassed February 2023 levels by **19.1%** and would have to increase an average of **11.5%** to reach February 2019 levels.

Border crossings for all other key international markets in February 2024 surpassed February 2023 levels by **20.0%** and would have to increase an average of **12.6%** to reach December 2019 level.

The key markets with the highest increase in February 2024 compared with February 2023 were China (+226.4%), Mexico (+33.0%) and Japan (+31.0%).

Outside of Destination Ontario's key markets, Hong Kong (+61.3%) and India (+40.6%) also observed high increases in February 2024 compared with February 2024.

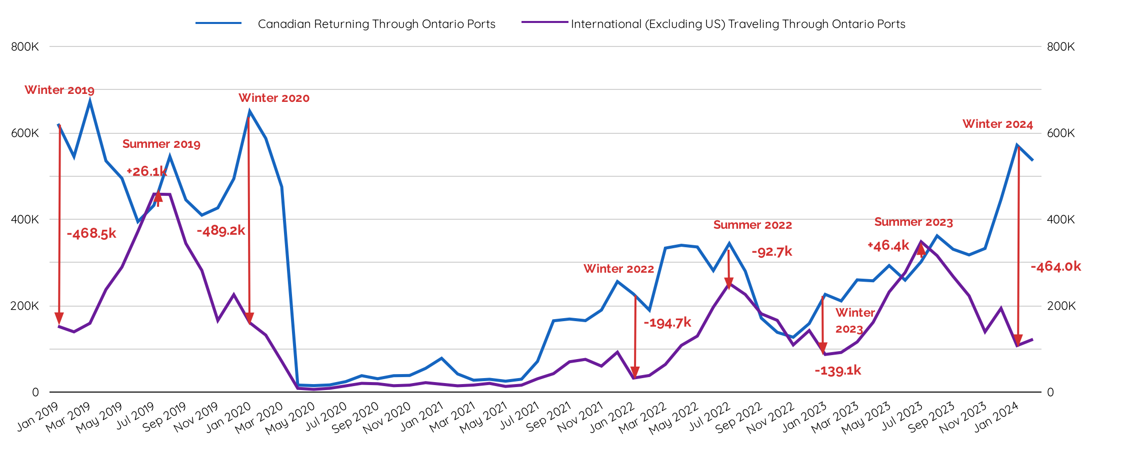
BORDER CROSSINGS FROM USA[1]



Travel Characteristics	2019	2020	2021	2022	2023	2023 vs 2019 % Change	2023 vs 2022 % Change
Canadians Traveling to US and Returning to Canada	43.8M	10.4M	5.5M	24.8M	37.4M	-14.8%	50.4%
US Citizens Traveling to Canada	25.0M	4.0M	3.3M	14.0M	21.2M	-15.0%	51.8%
Canadians Traveling to US and Returning Through Ontario Ports	21.5M	5.8M	3.5M	13.2M	19.8M	-8.0%	50.2%
US Citizens Traveling Through Ontario Ports	13.2M	2.1M	1.8M	6.7M	10.2M	-22.5%	53.1%

Travel Characteristics	Jan-Feb 2024 Entries...	Jan-Feb 2024 vs Jan-Feb 2019 % Change	Jan-Feb 2024 vs Jan-Feb 2023 % Change
Canadians Traveling to US and Returning to Canada	5,430,793	-7.5%	3.4%
Canadians Traveling to US and Returning Through Ontario Ports	2,909,373	-2.8%	-5.6%
US Citizens Traveling to Canada	2,038,209	-11.3%	12.5%
US Citizens Traveling Through Ontario Ports	977,090	-18.5%	11.8%

BORDER CROSSINGS FROM OVERSEAS[1]



Travel Characteristics	2019	2020	2021	2022	2023	2023 vs 2019	2023 vs 2022
Canadians Traveling Abroad and Returning to Canada	12.3M	4.2M	2.4M	7.1M	9.9M	-19.6%	39.87%
International (Excluding US) Traveling to Canada	7.5M	1.1M	986.1K	4.0M	6M	-19.6%	51.71%
Canadians Traveling Abroad and Returning Through Ontario Ports	6.0M	2.0M	1.2M	2.9M	3.6M	-40.2%	22.91%
International (Excluding US) Traveling Through Ontario Ports	3.3M	493.1K	469.7K	1.6M	2.5M	-25.3%	49.09%

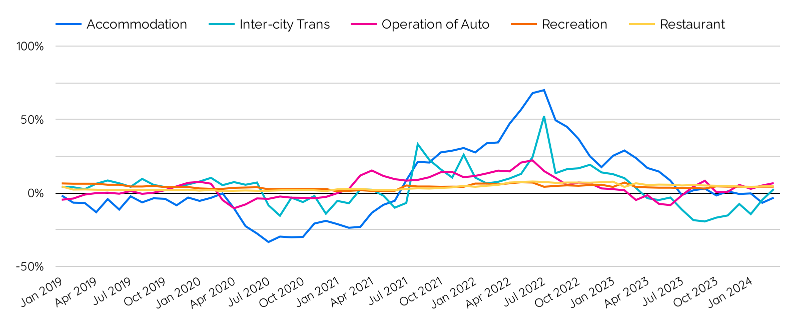
Travel Characteristics	Jan-Feb 2024 Entries	Jan-Feb 2024 vs Jan-Feb 2019 % Chan...	Jan-Feb 2024 vs Jan-Feb 2023 % Chan...
Canadians Traveling Abroad and Returning to Canada	2,511,914	1%	54%
International (Excluding US) Traveling to Canada	610,865	-11%	23%
Canadians Traveling Abroad and Returning Through Ontario Ports	1,107,295	-5%	153%
International (Excluding US) Traveling Through Ontario Ports	229,703	-21%	28%

KEY TAKEAWAYS:
The visitor deficits for net Ontario entry illustrate different trends for the 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 the US).
Activities for Canadians travelling to US have experienced a relatively faster rebound and has returned to pre-pandemic levels (2019), although the visitor deficits remain higher as the traffic for US citizens travelling through Ontario ports have not returned to the 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-OVER-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%	3.8%	11.0%	13.9%
Inter-city Trans	14.4%	5.5%	-1.1%	6.4%	16.8%	22.9%
Operation of Auto	5.7%	0.3%	-2.8%	9.7%	12.0%	19.5%
Accommodation	-3.2%	-6.0%	-20.6%	2.3%	42.8%	15.9%
Restaurant	6.1%	2.2%	1.6%	2.9%	6.7%	11.6%
Recreation	4.0%	5.2%	3.0%	2.9%	5.8%	12.2%

ONTARIO TPI COMPONENTS MoM % CHANGE[2]

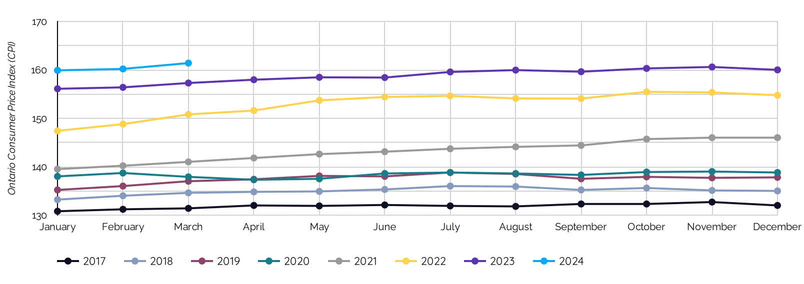


KEY TAKEAWAYS:
TPI category values in March 2024 for the operation of auto, accommodation, recreation, and restaurant are relatively stable with around 5% MoM change compared to pre-pandemic levels (2019).

TPI for the accommodation category experienced a significant drop during the pandemic, but increased significantly above 2019 level with a MoM change of approximately **34.1%** on average from August 2021 to May 2023.

TPI value for all categories in 2023 experienced a significant slowdown compared with 2022.

ONTARIO CONSUMER PRICE INDEX[2]



KEY TAKEAWAYS:

Ontario Consumer Index Price (CPI) increased **2.6%** in March 2024 similar to the **2.4%** gain in February. The year-over-year deceleration was broad-based, stemming from lower prices for some travel-related services, durable goods, and groceries.

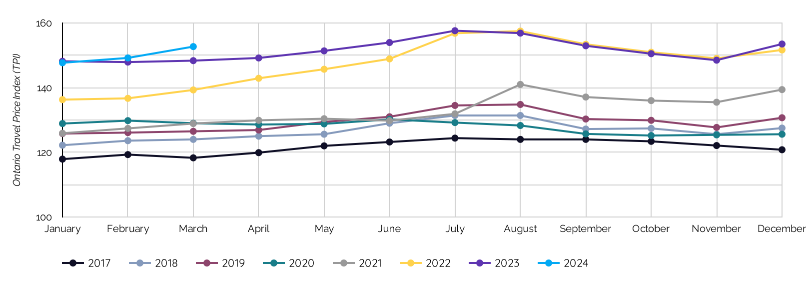
In March 2024, Ontario's TPI increased by **2.9%** compared with March 2023, following a **0.9%** increase in February.

Costs increased in vehicle operation (+6.7%), restaurants (+4.7%), recreation /entertainment (+4.3%), and intercity transportation (+2.6%), while accommodations (-3.2%) declined in March 2024 compared with March 2023.

A decrease in the TPI resulted in lower prices for tourism-related goods and services such as food and recreation.

Budget-conscious travelers are most likely to plan more to help maximize their vacation budget[4]

ONTARIO TRAVEL PRICE INDEX[3]



SHORT-TERM OCCUPANCY AND RENTAL RATES[5]

Ontario Short Term Rental Rate 2023

Occupancy Rate: **43.1%** **8.1** point change (a decrease from 2022)
Avg. Daily Rate **$154.0** **5.0%** (a decrease from 2022

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

Region	Occupancy Percentage						Point Change		Average Daily Rate						Percentage Change	
	2019	2020	2021	2022	2023	Mar 2024	vs. Mar 2019	vs. Mar 2023	2019	2020	2021	2022	2023	Mar 2024	vs. Mar 2019	vs. Mar 2023
ONTARIO	53.9%	40.7%	51.7%	51.2%	43.1%	39.4%	-10.5	-0.8	$108.6	$122.7	$149.7	$162.13	$154	$151.0	54%	6.9%
Region 1 (Southwest Ontario)	48.8%	36.9%	52.0%	53.4%	42.2%	40.9%	-8.6	-1.9	$85.2	$81.4	$107.9	$125.65	$126	$138.4	65.2%	10.1%
Region 2 (Niagara Canada)	39.2%	28.9%	44.7%	43.0%	34.6%	35.0%	-5.4	0.0	$109.5	$107.3	$143.1	$173.01	$160	$194.1	80.9%	20.9%
Region 3 (Hamilton, Halton and Brant)	50.2%	42.9%	50.3%	56.1%	45.2%	40.3%	-11.5	-6.2	$65.1	$68.7	$86.1	$99.88	$101	$128.3	99.9%	20%
Region 4 (Huron, Perth, Waterloo and Wellington)	51.9%	40.3%	55.0%	63.1%	50.3%	44.9%	-6.5	-4.6	$72.5	$72.1	$87.0	$102.36	$100	$108.4	47.6%	9.4%
Region 5 (Greater Toronto Area)	51.1%	40.2%	37.9%	51.3%	38.2%	40.6%	-13.5	1.4	$81.6	$82.4	$91.7	$104.61	$114	$127.1	53.7%	6.8%
Region 6 (York, Durham and Headwaters)	39.4%	30.0%	40.9%	46.6%	37.5%	36.0%	-4.6	-2.8	$74.8	$76.4	$96.9	$102.35	$113	$126.3	74.2%	13%
Region 7 (Bruce Peninsula, Southern Georgian Bay and Lake Simcoe)	45.8%	31.8%	52.0%	51.2%	38.5%	34.5%	-9.1	-1.8	$184.9	$180.6	$200.9	$251.57	$219	$211.9	21.5%	2.4%
Region 8 (Kawarthas Northumberland)	44.3%	31.2%	57.1%	51.8%	38.3%	36.3%	-7.6	-0.8	$164.2	$159.1	$203.8	$246.71	$222	$233.0	41.6%	5.5%
Region 9 (South Eastern Ontario)	45.6%	34.3%	56.5%	52.6%	38.2%	39.3%	-7.5	1.0	$140.0	$134.6	$178.5	$213.82	$200	$204.9	45.8%	3.2%
Region 10 (Ottawa and Countryside)	49.0%	41.1%	47.6%	52.5%	44.6%	43.3%	-8.8	-2.2	$67.2	$69.6	$76.7	$93.27	$93	$111.3	67.9%	19.9%
Region 11 (Haliburton Highlands to the Ottawa Valley)	46.2%	32.8%	60.3%	53.9%	44.8%	39.1%	-8.5	-4.9	$121.5	$113.0	$133.0	$163.95	$168	$170.5	33.8%	1.3%
Region 12 (Algonquin Park, Almaguin Highlands, Muskoka and Parry Sound)	50.0%	32.0%	55.0%	51.0%	36.0%	34.5%	-15.2	-1.7	$222.2	$225.4	$278.4	$341.19	$310	$297.8	32.7%	-4.5%
Region 13 (Northern Ontario)	48.5%	37.4%	56.6%	56.7%	48.5%	46.9%	-3.8	-3.0	$96.5	$87.5	$116.0	$132.56	$128	$148.5	56.6%	16.4%

Note: The average daily rate for short-term rental rates is $USD

KEY TAKEAWAYS:
The March 2024 occupancy rates for short-term rentals have underperformed compared with March 2023 levels by a **0.8 percentage point** gap and March 2019 levels by **10.5 percentage point** on average for all regions.
The 2023 occupancy rates for short-term rentals decreased across all regions compared with 2019 levels (-10.8 percentage point) and 2022 levels (-8.1 percentage point)

The March 2024 average daily rates for short-term rentals have surpassed March 2023 levels by **6.9%** on average for all regions.
The March 2024 average daily rates for short-term rentals have surpassed March 2019 levels by **54.0%** on average for all regions.
The 2022 average daily rates increased across all regions compared with both 2021 (+8.3%) and 2019 (+49.2%) levels..

HOTEL OCCUPANCY REGIONAL AND SUB-REGIONAL BREAKDOWN[6]

Ontario Hotel Rate 2023

Occupancy Rate **68.1%** **5.2** point change (an increase from 2022)
Avg. Daily Rate **$198.5** **14.1%** (an increase from 2022)

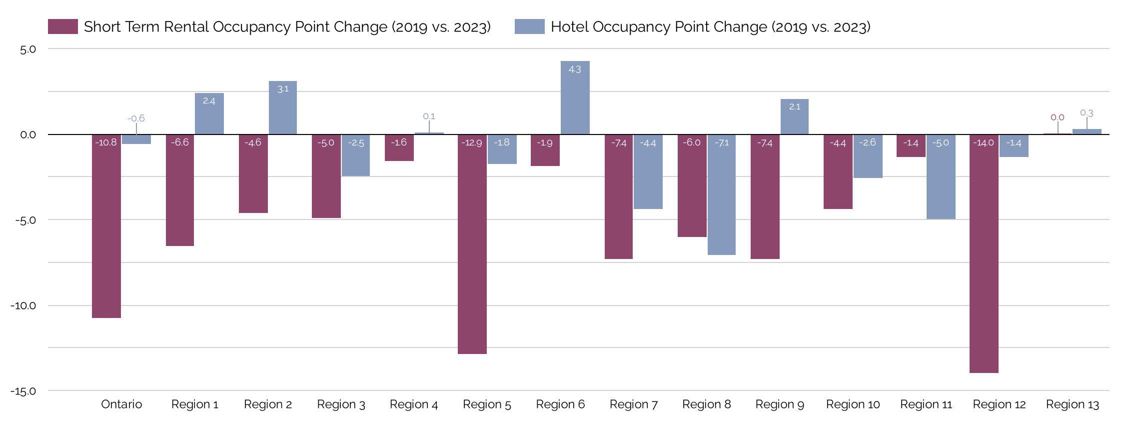
Region	Occupancy Percentage					Point Change		Average Daily Rate					Percentage Change	
	2019	2021	2022	2023	Feb 2024	vs. Feb 2019	vs. Feb 2023	2019	2021	2022	2023	Feb 2024	vs. Feb 2019	vs. Feb 2023
ONTARIO	68.7%	44.1%	62.9%	68.1%	58.5%	-2.7	-1.2	$163.0	$128.8	$179.18	$198.51	$179.50	19.5%	4.9%
Region 1 (Southwest Ontario)	62.0%	47.8%	60.6%	64.3%	57.0%	-0.6	0.5	$118.8	$101.4	$129.71	$144.39	$147.30	26.7%	5.7%
Region 2 (Niagara Canada)	64.7%	33.9%	55.0%	67.8%	40.1%	-4.4	-9.0	$163.2	$148.9	$194.48	$201.20	$159.70	36.7%	10.2%
Region 3 (Hamilton, Halton and Brant)	66.4%	48.8%	64.4%	63.9%	53.6%	-3.0	1.2	$131.1	$108.2	$147.04	$165.94	$152.00	18.4%	3.3%
Region 4 (Huron, Perth, Waterloo and Wellington)	63.9%	42.6%	62.3%	64.0%	55.2%	-3.0	-1.5	$131.8	$109.5	$145.66	$160.73	$160.90	28.9%	10.2%
Region 5 (Greater Toronto Area)	75.7%	40.9%	66.9%	73.9%	67.1%	-3.2	0.9	$196.6	$138.5	$215.85	$243.40	$207.50	17.3%	3.3%
Region 6 (York, Durham and Headwaters)	70.8%	54.5%	70.0%	75.1%	66.7%	1.2	0.1	$140.6	$116.3	$161.72	$177.22	$164.30	21.9%	4.7%
Region 7 (Bruce Peninsula, Southern Georgian Bay and Lake Simcoe)	59.7%	48.4%	54.7%	55.3%	52.0%	-3.5	1.6	$134.9	$133.7	$160.52	$166.40	$170.90	22.2%	-2.4%
Region 8 (Kawarthas Northumberland)	62.1%	46.5%	58.8%	55.0%	47.7%	-3.7	-0.5	$120.0	$114.5	$137.64	$146.74	$141.20	21.3%	4.5%
Region 9 (South Eastern Ontario)	61.4%	47.4%	58.6%	63.5%	49.9%	4.8	-4.4	$133.9	$130.0	$152.29	$157.68	$140.00	18.3%	5.0%
Region 10 (Ottawa and Countryside)	71.1%	41.3%	61.7%	68.6%	63.0%	-5.9	-3.3	$166.3	$131.1	$175.95	$195.40	$191.50	15.8%	4.6%
Region 11 (Haliburton Highlands to the Ottawa Valley)	57.8%	45.9%	52.0%	52.8%	42.3%	-4.9	-6.2	$132.2	$131.4	$143	$151.52	$149.40	15.7%	-0.4%
Region 12 (Algonquin Park, Almaguin Highlands, Muskoka and Parry Sound)	53.5%	43.7%	54.2%	52.1%	39.6%	-2.8	-2.8	$179.7	$210.9	$211.16	$209.62	$168.20	12.4%	-2.7%
Region 13 (Northern Ontario)	63.4%	52.5%	64.4%	63.7%	56.4%	-1.1	-0.7	$124.6	$120.2	$139.78	$155.69	$157.30	28.2%	7.4%

Please note: Effective January 2024, the census division CD 02 of Prescott and Russell has been moved from Region 10 to Region 9.

KEY TAKEAWAYS:
The hotel occupancy rates in February 2024 have underperformed February 2023 level by **1.2 percentage points** on average for all regions
The hotel occupancy rates in February 2024 have underperformed February 2019 level by **2.7 percentage points** on average for all regions
The 2023 hotel occupancy rates increased across all regions compared with 2022 levels (+5.2 point change) and 2019 levels (+0.6 point change)

The hotel average daily rates in February 2024 have surpassed February 2023 levels by **4.9%** on average for all regions
The hotel average daily rates in February 2024 have surpassed February 2019 levels by **19.5%** on average for all regions
The 2023 average daily rate increased across all regions compared with both 2019 (+21.7%) and 2022 (+10.9%) levels

SHORT-TERM RENTAL AND HOTEL OCCUPANCY RATE COMPARISON (2019 vs. 2023)[5,6]



KEY TAKEAWAYS:
Occupancy rates for hotels have been fully recovered for some regions compared with pre-pandemic levels (2019).
Occupancy rates for short-term rentals have significantly dropped compared to hotels in 2023.

ECONOMIC IMPACT OF TOURISM IN ONTARIO (2020)[7]

Economic Impact	Tourism Receipts	Visitor Spending
Tourism Spending	$13.6B	$11.2B
Value Added by Tourism into GDP	$12.8B	$10.2B
Tax Revenue Attributed to Tourism	$4.8B	$4.0B
Employment through Tourism	133,189	107,460

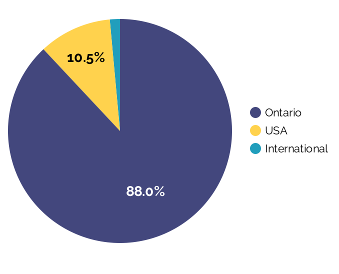
ECONOMIC IMPACT OF TOURISM IN ONTARIO (2019)[7]

Economic Impact	Tourism Receipts	Visitor Spending
Tourism Spending	$38.0B	$29.4B
Value Added by Tourism into GDP	$36.8B	$27.8B
Tax Revenue Attributed to Tourism	$13.4B	$10.6B
Employment through Tourism	395,546	307,277

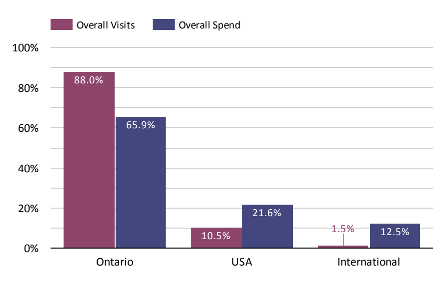
VISITS AND SPEND FROM KEY MARKETS (2019)[8]

Markets	Person Visits	Total Visitor Spending	Average Nights Stayed	Estimated Spend per Overnight Trip
Ontario	108.1M	$15.3B	1.0	$270
USA	12.9M	$5.0B	3.0	$643
UK	459.5K	$744.7M	10.0	$1,689
China	330.9K	$875.1M	35.0	$2,715
France	231.6K	$203.7M	8.0	$940
Mexico	230.6K	$236.0M	16.0	$1,045
Germany	203.6K	$294.5M	12.0	$1,560
Australia	128.6K	$187.9M	8.2	$1,534
Japan	102.5K	$232.8M	15.0	$2,499
South Korea	102.3K	$139.1M	18.0	$1,378

ONTARIO'S SHARE OF VISITS BY KEY MARKETS (2019)[8]



ONTARIO'S SHARE OF PERSON VISITS AND TOTAL VISITOR SPENDING BY KEY MARKETS (2019)[8]



Ontario has the largest market share for visits at **88.0%** and total visitor spending at **65.9%**

There is an opportunity for Ontario to extend their stay to increase **overall** spend where other market's increased visits to Ontario will increase spend.

October 2023 Update: Australia has been included as a key market, leading to a slight adjustment in the figures. This revision provides a more accurate depiction of the market dynamics.

Note: Key international markets include the following: UK, China, France, Mexico, Germany, Japan, South Korea, and Australia.

Sources:
1. Statistics Canada, Table 24-10-0050-01 Non-resident visitors entering Canada, by country of residence, 2019-2023 | 2. Statistics Canada, The Daily - Consumer Price Index, March 2024 | 3. MTCS, Price Indices Statistics, 2016-2023 | 4. Bank of Canada, Navigating high inflation, June 2022. Link: https://www.bankofcanada.ca/2022/06/navigating-high-inflation/ | 5. Transparent Intelligence Inc - Ontario Dashboard, Rates and Demand 2019 - 2023. Short-term rental data collection is a growing data space. Transparent Intelligence is continuously refining its methodology. Consequently, data updates within the same parameters may arise due to methodology updates. | 6. CBRE Hotels with reproduction and use of information subject to CBRE Disclaimer / Terms of Use as detailed at https://www.cbre.ca/en/real-estate-services/business-lines/valuation-and-advisory-services/hotels-valuation-and-advisory-services/disclaimer | 7. Statistics Canada, MHSTCI's Tourism Regional Economic Impact Model, 2019 and 2020 | 8. Statistics Canada, National Travel Survey, 2019; Statistics Canada, Visitor Travel Survey, 2019