

### KEY TAKEAWAYS

**#1**

#### Tourism demand surpassing 2019 levels

Overall tourism spend is above 2019 levels (not adjusting for inflation). This is driven by Domestic spend (109% of 2019 levels). Spend from international markets is still just 95% of 2019 levels, but continues to grow. Confidence to travel among Americans continues to grow, with Canada among their top destinations to visit. Google Search from International markets exceeds 2019 levels.

**#2**

#### Resident sentiment is strong: visitors are welcome

This quarter offers new measures for resident sentiment. These show that sentiment is strong and exceeds global benchmarks. Residents are generally positive about tourism and support its growth. There is an opportunity to engage them further in tourism decisions and policy.

**#3**

#### Tourism supply continues its slower path to full recovery

Employment in tourism remains a challenge. Many jobs remain unfilled (6.8%) and the unemployment rate (6.0%) is higher than the Canadian economy's average (5.4%). Active tourism businesses continue to trail, with travel services and passenger transportation the most fragile sectors.

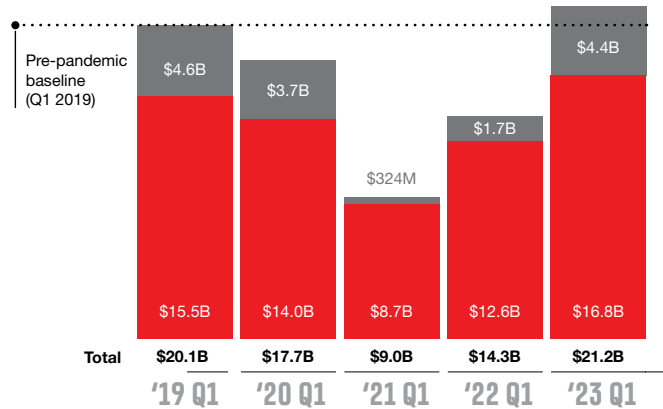
### STATE OF THE INDUSTRY

#### Tourism Spend

Source: Statistics Canada, National Tourism Indicators, Q1 2023

In Q1 2023, tourism spend surpassed pre-pandemic levels to reach 106% of Q1 2019 spending in unadjusted-inflation terms. This performance was led by domestic tourism spending, which reached 109% of 2019 levels. Though still slightly behind the domestic recovery, tourism spending by international visitors continued to improve, reaching 95% of 2019 levels in Q1 2023.

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



	% OF 2019		
	2022 Q3	2022 Q4	2023 Q1
	100%	101%	109%
	79%	83%	95%
	94%	97%	106%

- Domestic
- International
- Overall

#### Tourism Employment

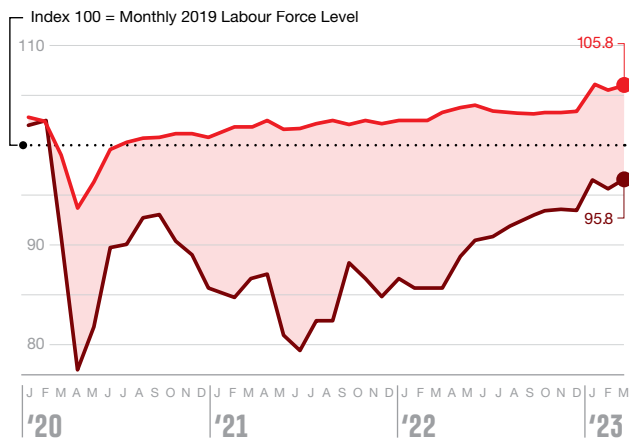
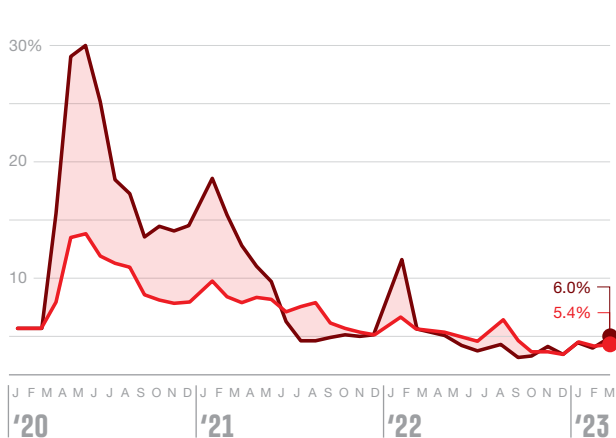
Source: Statistics Canada, Labour Force Survey, December 2022, via Tourism HR Canada (data extracted July 6, 2023), Statistics Canada tables 14-10-0328-01 and 14-10-0326-01

##### Unemployment Rate

The unemployment rate for the Canadian economy was at 5.4% in March 2023. Unemployment in tourism stood at 6.0% and was 7.0 percentage points lower than it was in March 2021, but 0.6 percentage points higher than March 2022.

##### Labour Force Active in the Canadian Economy

While the Canadian labour force expanded 5.8% over its pre-pandemic level by March 2023, the labour force active in the tourism sector remained 4.2% below its pre-pandemic level.



**Job Vacancy**

**6.8% UNFILLED**

At the end of Q1 2023, 126,345 jobs in tourism remained unfilled, which equates to 6.8% of tourism jobs.

- Canadian economy
- Tourism industry

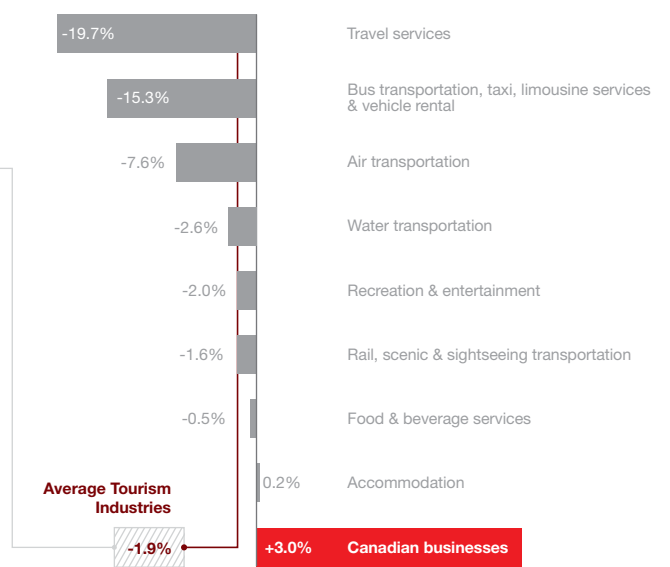
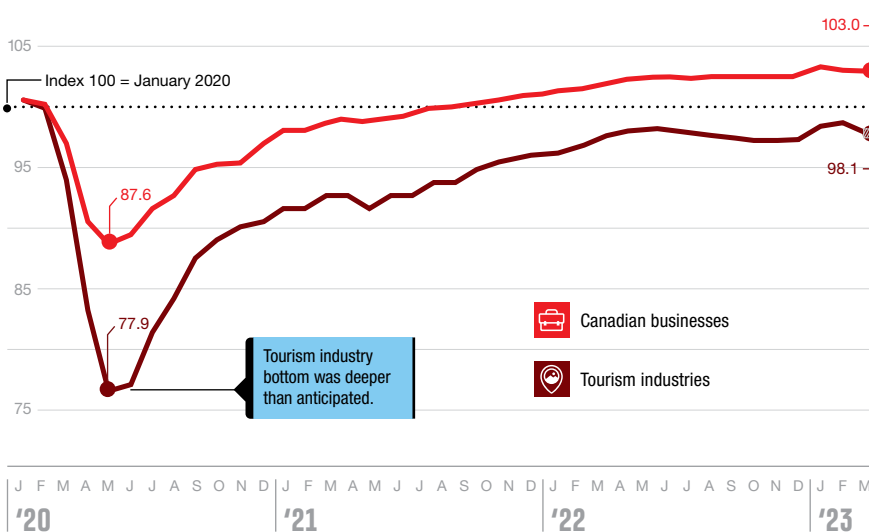
#### Active Business

Source: Statistics Canada, Experimental estimates of business openings and closures for Canada (table 33-10-0270-01) (data released March 28, 2023)

Tourism industries faced the most significant declines in active businesses and its recovery has trailed behind the business sector. As of March 2023, tourism remained 1.9% below pre-pandemic levels. Travel services and passenger transportation services remain the most fragile tourism sectors.

Change in the number of businesses active in tourism industries 2023-March vs 2020-January

##### Monthly active businesses in Canada



## TOURISM PERFORMANCE

### Domestic Tourism Sentiment

Source: DC Resident Sentiment Index, Q1 2023

**Domestic: Tourism Sentiment**  
Overall, the Resident Sentiment Index was 67% in Q1 2023 – 21 points above the benchmarked norm. The Tourism Growth Support Index, which measures the net proportion of residents that support the growth of tourism in their region, was 66% – 6 points above the norm.

↑ Exceeds Global Benchmark ↓ Does not exceed Global Benchmark

#### Resident Sentiment Index

**67%**  
↑ Global Benchmark 46%  
Overall sentiment which measures the balance of positive vs. negative consequences of tourism.

#### Tourism Growth Support Index

**66%**  
↑ Global Benchmark 60%  
Net proportion of residents that support the growth of tourism.

#### Resident Consideration Index

**23%**  
↓ Global Benchmark 34%  
The balance between residents considering that tourism policy takes into consideration its effect on their lives vs. those who do not agree with this.

#### Tourismphobia Index

**1.9%**  
↑ Global Benchmark 4%  
The proportion of residents opposed to tourism and its growth.

Note: Beginning December 2022, Destination Canada uses the Resident Sentiment Index to monitor sentiment and gauge support from Canadians for tourism. The index is endorsed by the UNWTO, trusted by leading destinations around the world, with a validated and robust methodology. The index compares Canada with other countries, providing insights into Canada's unique challenges and identifying areas where it is excelling compared to the benchmarked competition. Any data reported on domestic tourism sentiment prior to December 2022 references a different data product.

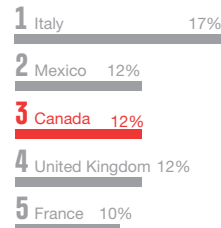
### US: Travel Confidence and Intent

#### Travel Confidence

**30%**  
IS IT A GOOD TIME TO SPEND ON TRAVEL?

After dipping to 22% in December 2022, the proportion of Americans who say it is a good time to spend on travel has held steady in the 30% range over the first 3 months of 2023.

#### Most Desired Foreign Destinations (next 12 mos.)



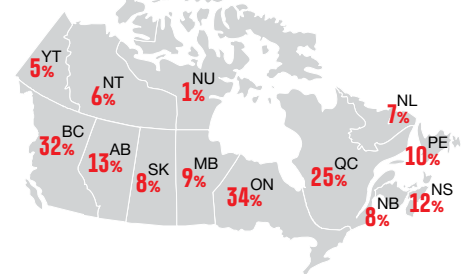
#### Likely to Take a Trip to Canada (next 9 mos.)

**YES 42%**  
**NO 57%**  
As of March 2023

#### Likely Month of Travel

2023			
Jan	Feb	Mar	Apr
			3%
May	Jun	Jul	Aug
4%	10%	13%	13%
Sept	Oct	Nov	Dec
10%	6%	4%	4%

#### Likely Province to Visit

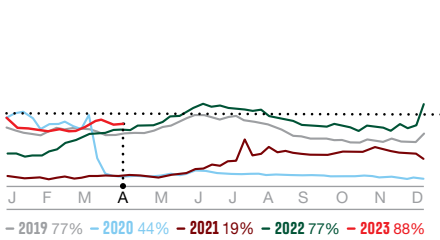


### Travel Considerations

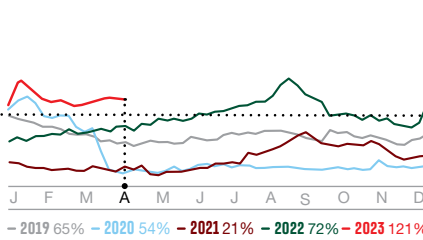
Source: DC Calculations based on Destination Insights with Google, data extracted on July 6, 2023

#### Web Search Trends for Air & Accommodation to Canada

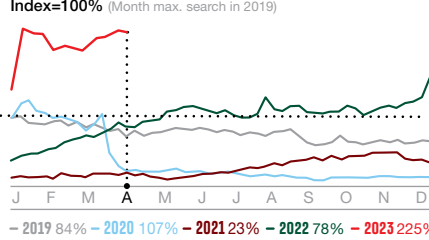
##### From United States



##### From Europe (incl. UK, France & Germany)



##### From Asia-Pacific (incl. Australia, Japan & South Korea)



Except for the US, search volume for travel to Canada in the first quarter of the year has exceeded pre-pandemic demand.

Overall, travel searches peaked from December to January, slowed down in February and have started to trend upwards, showing strong demand to travel in the Spring/Summer seasons.

Demand for Canadian travel has soared in the Asia-Pacific market, particularly in Australia and South Korea where searches in these markets are over 300% from the pre-pandemic baseline.

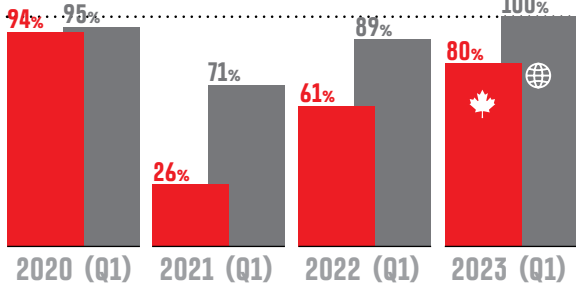
## TRAVEL CONNECTIVITY & BOOKINGS

### Air Connectivity

Source: International Air Transport Association, OAG Analyzer (data extracted July 6, 2023)

#### Global Domestic Flight Seat Capacity

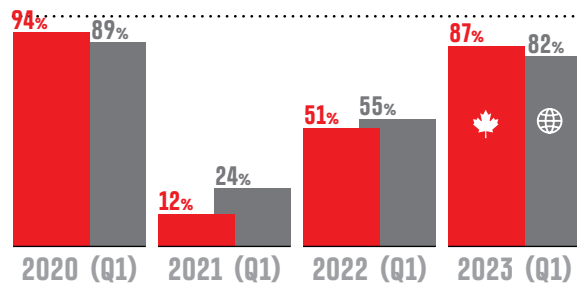
Pre-pandemic baseline (2019 Q1)



In Q1 2023, Canadian domestic air connectivity reached 80% of 2019 levels. Globally, domestic routes in other countries have fully recovered to pre-pandemic levels, considerably ahead of the domestic route recovery pace in Canada.

#### Global International Flight Seat Capacity

Pre-pandemic baseline (2019 Q1)



In Q1 2023, Canadian international air connectivity exceeded the global average pace for international route recovery for a fourth consecutive quarter, standing at 87% of 2019 levels.

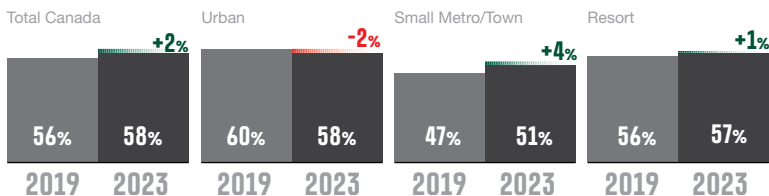
### Hotel Occupancy

Source: STR, date extracted on July 7, 2023

On average, occupancy rates in Q1 2023 marginally exceeded pre-pandemic levels.

Average occupancy at small towns and resorts continues to exceed urban occupancy levels

#### Occupancy Rate Q1 Data



### Int'l Business Events Booking Pace

Source: Destination Canada's National Business Events Pace Report, March 31, 2023 dataset

International business events scheduled in Canada for Q1 2023

More than **70**

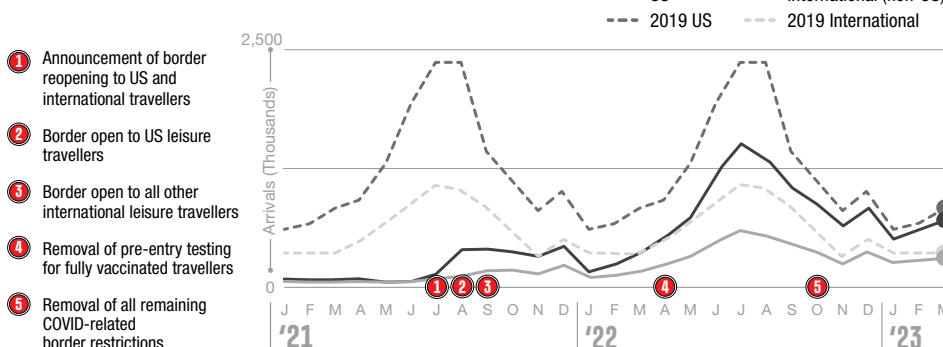
In Q1 2023, international business events reached 77% of pre-covid levels and 90% of international delegate arrivals.

International business events delegates/arrivals estimated for Q1 2023

**32,815**

### Arrivals

#### Monthly Arrivals of International Tourists in Canada



**82%**

Year-to-date international arrivals stood at 82% of 2019 levels, with 2.5 million visitors in Q1 2023. This included 1.7 million visitors from the US (85% of 2019) and 752,000 visitors from overseas (75% of 2019).

#### Year-to-date arrivals by mode of entry, border counts

Year to date March 2023

Mode	2023	2019	Total
Airplane	671,771	683,890	1,355,661
Car	1,030,987	67,170	1,098,157
Boat*	17,651	1,142	18,793
	6215%	180%	2043%
	vs. 2019	vs. 2019	vs. 2019
<b>Total</b>	<b>1,720,409</b>	<b>752,202</b>	<b>2,472,611</b>
	65%	75%	82%
	vs. 2019	vs. 2019	vs. 2019

\*Note: The exceptional growth in arrivals by water compared to 2019 is due in part to a change in Statistics Canada's data collection methodology. As of January 2022, all ferry travellers are included in the water mode, in order to align with United Nations World Tourism Organization recommendations. Prior to 2022, most of these travellers were included in the land mode.