

### KEY TAKEAWAYS

**#1**

#### Tourism demand remains strong, outpacing 2019 levels in most areas

Spend continues to rise and is currently at 107% of pre-pandemic levels, driven by domestic spend (111%). International spend is showing year-on-year growth, sitting just below pre-pandemic levels (95%). Confidence among US travellers is steady, with Canada among the top desired destinations. However, search from the US is showing signs of softening.

**#2**

#### Residents continue to welcome visitors

Overall sentiment is 20 points above global norms in Q2 2023. Residents support tourism growth (6 points above global norm).

**#3**

#### Tourism's supply shows continued signs of recovery, though at a slower rate

Unemployment rates are now consistent with the Canadian economy's average of 5.2%. The active labour force also continues to rise year-on-year to 98.3% of pre-pandemic levels, and 7.6% of tourism jobs remain unfilled. Tourism businesses saw a decline this quarter to 1.8% below pre-pandemic levels. Travel services and transportation remain the more fragile industries.

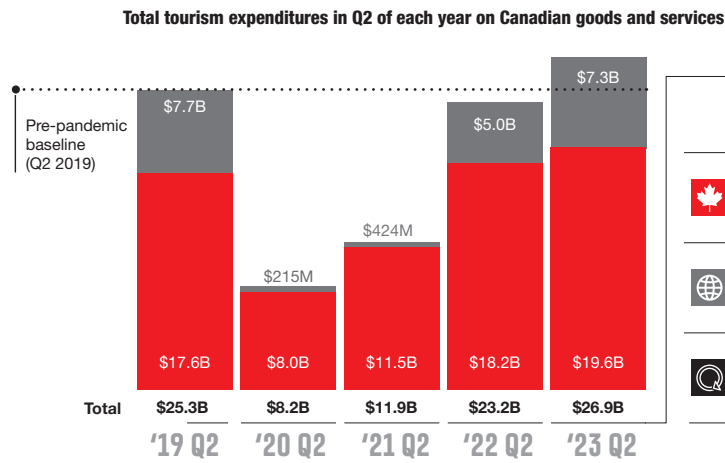
### STATE OF THE INDUSTRY

#### Tourism Spend

Source: Statistics Canada, National Tourism Indicators, Q2 2023

In Q2 2023, tourism spend surpassed pre-pandemic levels to reach 107% of 2019 spending in unadjusted-inflation terms. This performance was led by domestic tourism spending, which reached 111% of 2019 levels. Though still slightly behind the domestic recovery, tourism spending by international visitors reached 95% of 2019 levels in Q2 2023.

- Domestic
- International
- Overall



#### % OF 2019

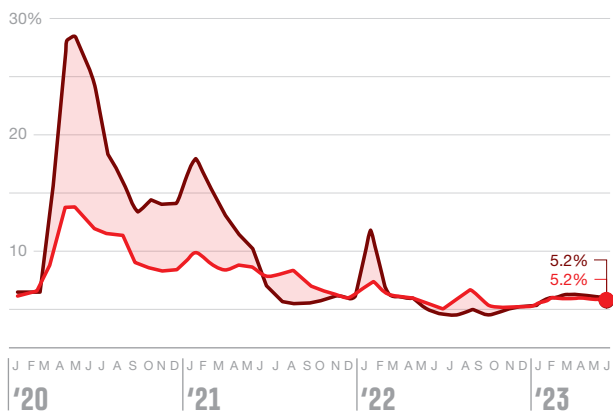
	2022 Q4	2023 Q1	2023 Q2
	101%	109%	111%
	83%	94%	95%
	97%	106%	107%

#### Tourism Employment

Source: Statistics Canada, Labour Force Survey, August 4 2023, via Tourism HR Canada (data extracted October 3, 2023), Statistics Canada tables 14-10-0328-01 and 14-10-0326-01

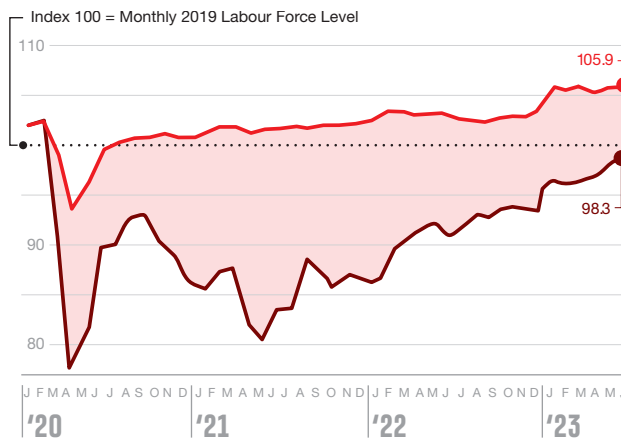
##### Unemployment Rate

The unemployment rate for the Canadian economy was at 5.2% in June 2023. Unemployment in tourism also stood at 5.2% and was 1.1 percentage points lower than it was in June 2021, but 1.5 percentage points higher than June 2022.



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

While the Canadian labour force expanded 5.9% over its pre-pandemic level by June 2023, the labour force active in the tourism sector remained 1.7% below its pre-pandemic level.



#### Job Vacancy

## 7.6% UNFILLED

At the end of Q2 2023, 143,560 jobs in tourism remained unfilled, which equates to 7.6% of tourism jobs.

Canadian economy Tourism industry

#### Active Business

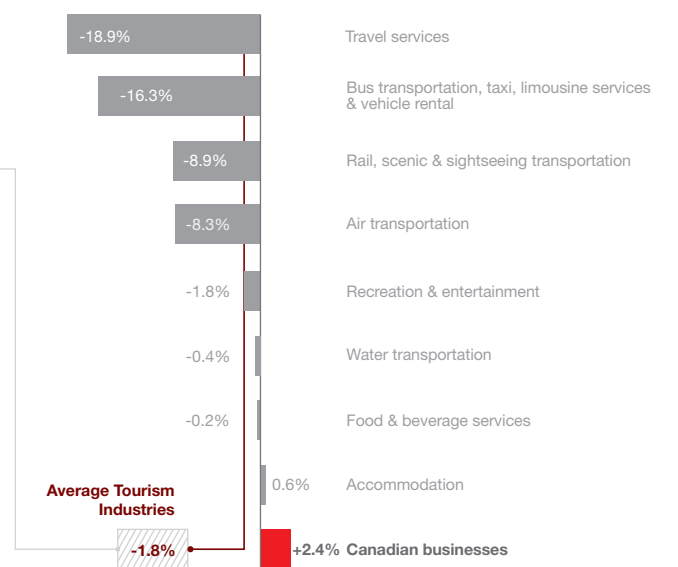
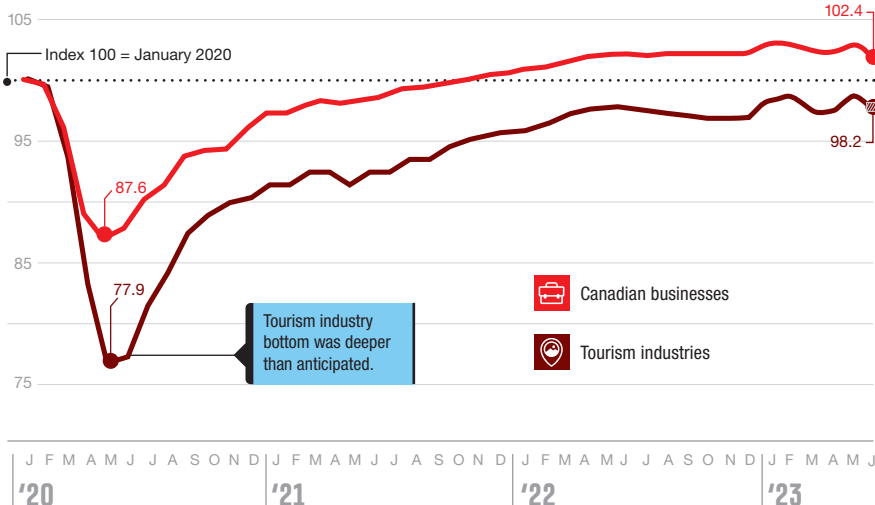
Source: Statistics Canada, Experimental estimates of business openings and closures for Canada (table 33-10-0270-01) (data released September 25, 2023)

Tourism industries faced the most significant declines in active businesses and its recovery has trailed behind the business sector. As of June 2023, tourism remained 1.8% 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-June vs 2020-January

#### Monthly active businesses in Canada



## TOURISM PERFORMANCE

### Domestic Tourism Sentiment

Source: DC Resident Sentiment Index, Q2 2023

**Domestic: Tourism Sentiment**  
Overall, the Resident Sentiment Index was 66 in Q2 2023 – 20 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. Compared to Q1 2023, all four tourism sentiment results are largely similar.

#### Resident Sentiment Index

**66**

↑ **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

**20**

↓ **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

**2.0**

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

↑ Exceeds Global Benchmark ↓ Does not exceed Global Benchmark

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.

Source: Destination Analysts. The State of the American Traveller, June 15-21, 2023

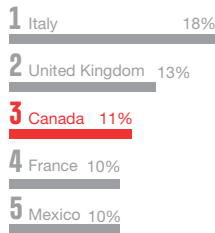
### US: Travel Confidence and Intent

#### Travel Confidence

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

The proportion of Americans who say it is a good time to spend on travel in June 2023 is 30%. After dipping to 22% in December 2022, this confidence has held steady in the 30% range every month in 2023.

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



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

**YES 42%**

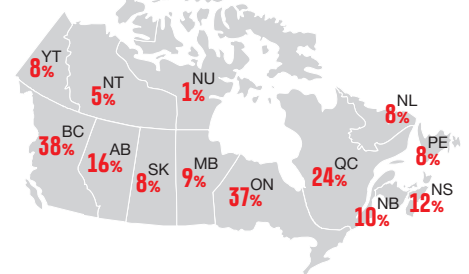
**NO 58%**

As of June 2023

#### Likely Month of Travel

2023 / 2024			
Jul 23'	Aug 23'	Sept 23'	Oct 23'
8%	12%	11%	8%
Nov 23'	Dec 23'	Jan 24'	Feb 24'
4%	6%	4%	4%
Mar 24'	Apr 24'	May 24'	Jun 24'
6%			

#### Likely Province to Visit

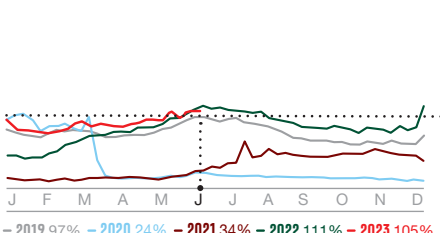


### Travel Considerations

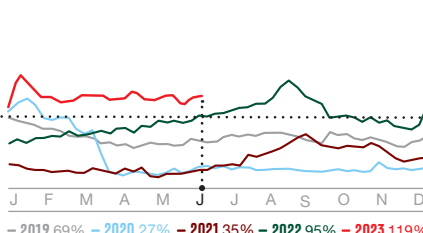
Source: DC Calculations based on Destination Insights with Google, data extracted on October 3rd, 2023

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

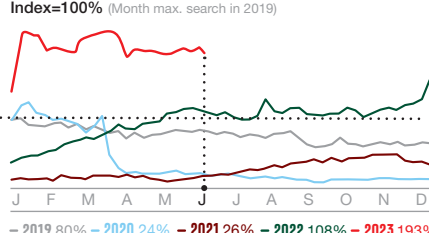
##### From United States



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



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



Search volume for travel to Canada exceeded pre-pandemic demand across all markets in Q2.

In the US, demand just surpassed the baseline and is trending upwards at a slower pace than in 2022.

In Europe, demand in Q2 is at 20% above the 2019 baseline, a slight drop from Q1.

Demand for Canadian travel in Q2 remained at over 100% above the 2019 baseline the APAC region. All three markets surpassed the baseline in Q2.

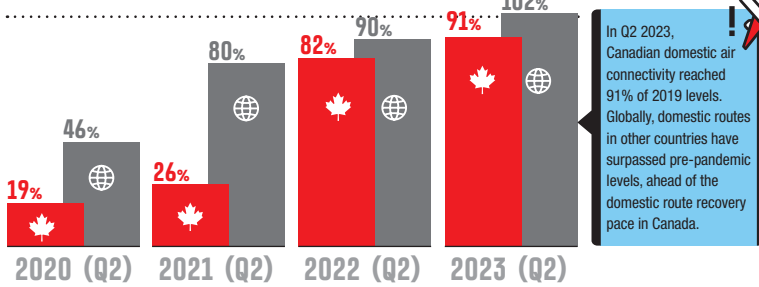
## TRAVEL CONNECTIVITY & BOOKINGS

### Air Connectivity

Source: International Air Transport Association, OAG Analyzer (data extracted October 4, 2023)

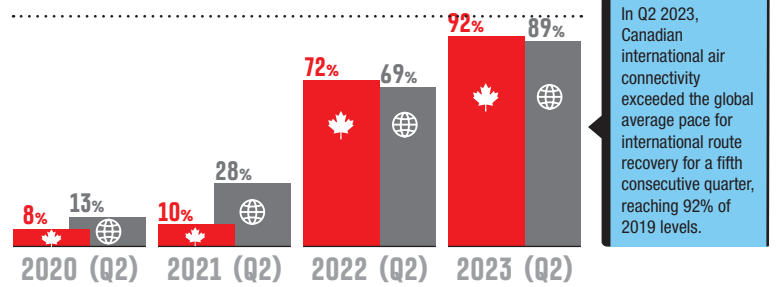
#### Global Domestic Flight Seat Capacity

Pre-pandemic baseline (2019 Q2)



#### Global International Flight Seat Capacity

Pre-pandemic baseline (2019 Q2)



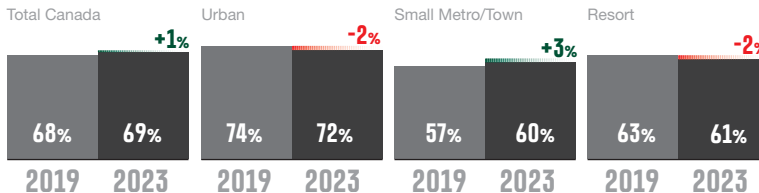
### Hotel Occupancy

Source: STR, data extracted on October 3, 2023

On average, occupancy rates in Q2 2023 marginally exceeded pre-pandemic levels.

Average occupancy in small towns continues to exceed urban occupancy levels

#### Occupancy Rate Q2 Data



### Int'l Business Events Booking Pace

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

International business events scheduled in Canada for Year-to-date June 2023

More than **263**

International business events delegates/ arrivals estimated for Year-to-date June 2023

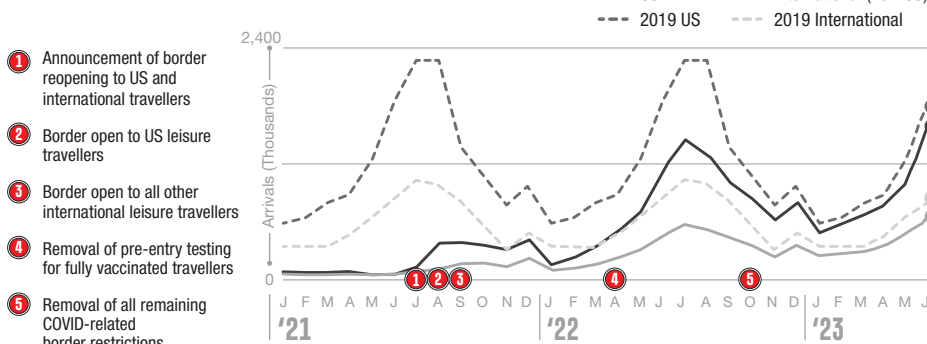
**180,295**

From January-June 2023, international business events reached 77% and international delegate arrivals reached 97% compared to the same period in 2019. Of the 263 business events year-to-date, 71% occurred in Q2. The larger amount of business events in Q2 is typical of BE seasonality, as the majority of business events annually are hosted between April and October.

### Arrivals

Source: Statistics Canada, Table 24-10-0055-01

#### Monthly Arrivals of International Tourists in Canada



**82%**

Year-to-date international arrivals stood at 82% of 2019 levels, with 7.4 million visitors in the first half of 2023. This included 5.2 million visitors from the US (85% of 2019) and 2.2 million visitors from overseas (76% of 2019).

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

Mode	2023	2019	Total
✈️	1,954,566 (87% vs. 2019)	1,966,955 (79% vs. 2019)	3,921,521 (53% vs. 2019)
🚗*	3,100,906 (87% vs. 2019)	262,334 (71% vs. 2019)	3,363,240 (85% vs. 2019)
🚢	130,466 (49% vs. 2019)	12,048 (14% vs. 2019)	142,514 (40% vs. 2019)
<b>Total</b>	<b>5,185,938 (85% vs. 2019)</b>	<b>2,241,337 (76% vs. 2019)</b>	<b>7,427,275 (82% vs. 2019)</b>