QUARTERLY TOURISM SNAPSHOT
Q4 2023

An ongoing monitor of the performance of Canada's tourism sector

DESTINATION CANADA

KEY TAKEAWAYS

#1
Tourism spend recovered beyond pre-pandemic levels in 2023

Supported by ongoing healthy domestic tourism spending (110% of 2019) and recovered international tourism spending (103%), total tourism revenue in Q4 2023 reached 108% of pre-pandemic levels.

With this strong performance in the fourth quarter of the year, total annual tourism revenue surpassed pre-pandemic levels in 2023, reaching 108% of 2019 tourism spending.

#2
International visitation made progress towards recovery in 2023

With particularly strong performance in the last quarter of the year, international overnight arrivals reached 83% of 2019 levels in 2023, with 18.3 million visitors annually.

Visitation from the US reached 85% of 2019 levels, while international (non-US) markets were at 78% annually.

#3
Interest in travel to Canada remains strong

Demand from our key markets, as indicated by search volume for Canadian travel, remained high at the end of the year, with all markets surpassing the pre-pandemic baseline by the end of Q4.

Additionally, Canada remains high on the consideration list among American travellers for an international trip in the next year.
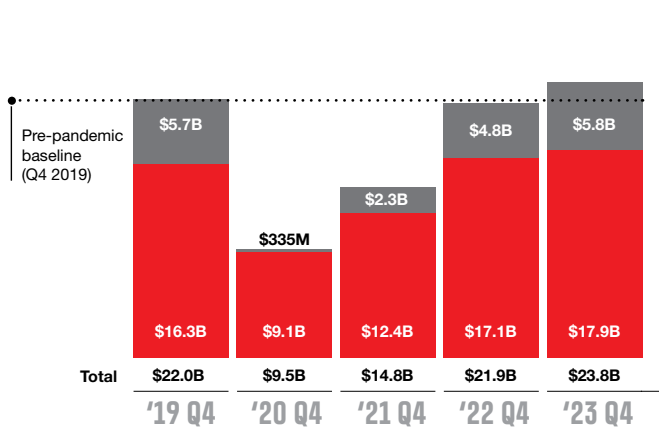
STATE OF THE INDUSTRY

Tourism Spend

Overall tourism spending continued to surpass pre-pandemic levels in Q4 2023, reaching 108% of Q4 2019 spending in unadjusted-inflation terms. Tourism spending by domestic travellers (110% of 2019 levels) and international visitors (103% of 2019 levels) had both recovered by the last quarter of the year, with domestic tourism spending leading the way.

🍁 Domestic   🌐 International   Ⓠ Overall

Total tourism expenditures in Q4 of each year on Canadian goods and services

Pre-pandemic baseline (Q4 2019)

	'19 Q4	'20 Q4	'21 Q4	'22 Q4	'23 Q4
International	$5.7B	$335M	$2.3B	$4.8B	$5.8B
Domestic	$16.3B	$9.1B	$12.4B	$17.1B	$17.9B
Total	$22.0B	$9.5B	$14.8B	$21.9B	$23.8B

% OF 2019

|	2023 Q2	2023 Q3	2023 Q4
🍁	117%	112%	110%
🌐	91%	91%	103%
Ⓠ	109%	106%	108%

Tourism Employment

Unemployment Rate

The unemployment rate for the Canadian economy was at 5.3% in December 2023. Unemployment in tourism was 4.9% and was 0.1 percentage points higher than it was in December 2019 and equal to what it was in December 2022.

30%
20
10

5.3%
4.9%

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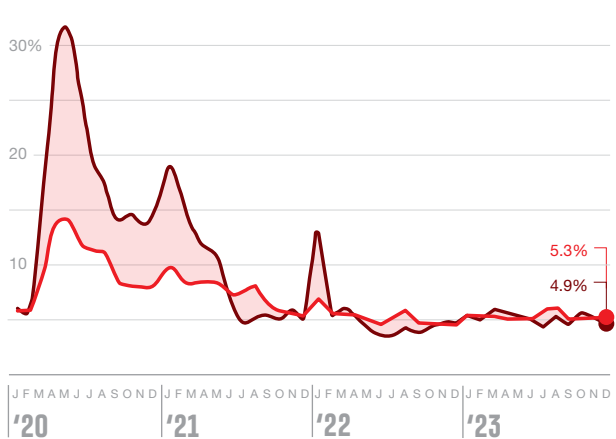
Labour Force Active in the Canadian Economy

While the Canadian labour force expanded 5.8% over its pre-pandemic level by December 2023, the labour force active in the tourism sector remained 5.3% below its pre-pandemic level.

Index 100 = Monthly 2019 Labour Force Level

110
90
80

105.8
94.7

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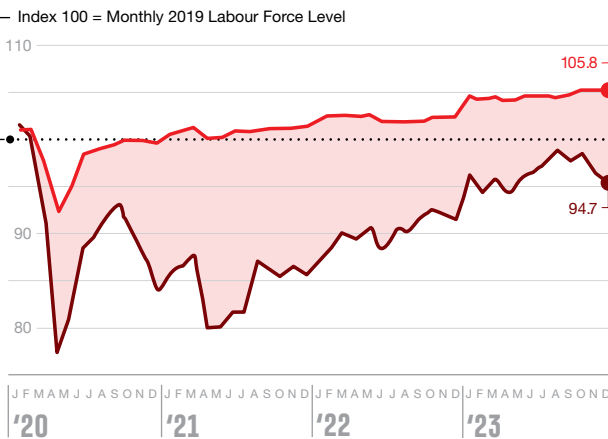
Job Vacancy*

4.9%
UNFILLED

At the end of Q4 2023, 92,525 jobs in tourism remained unfilled, which equates to 4.9% of tourism jobs.

*Note: Job Vacancy data excludes air transportation and scenic and sightseeing transportation. Q4 data was suppressed to meet confidentiality requirements of the Statistics Act.
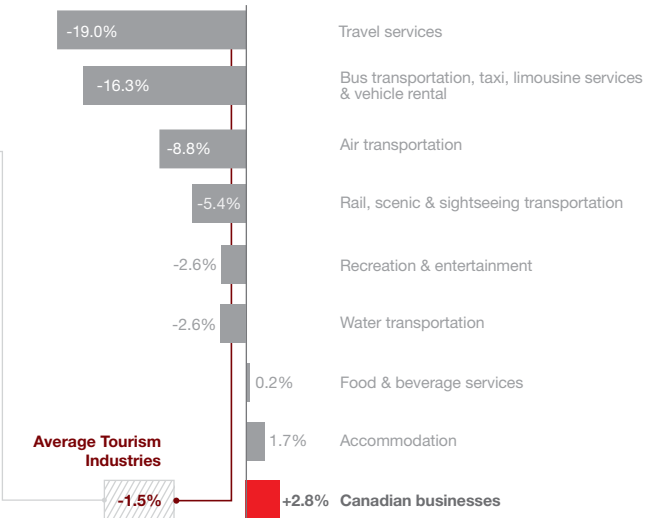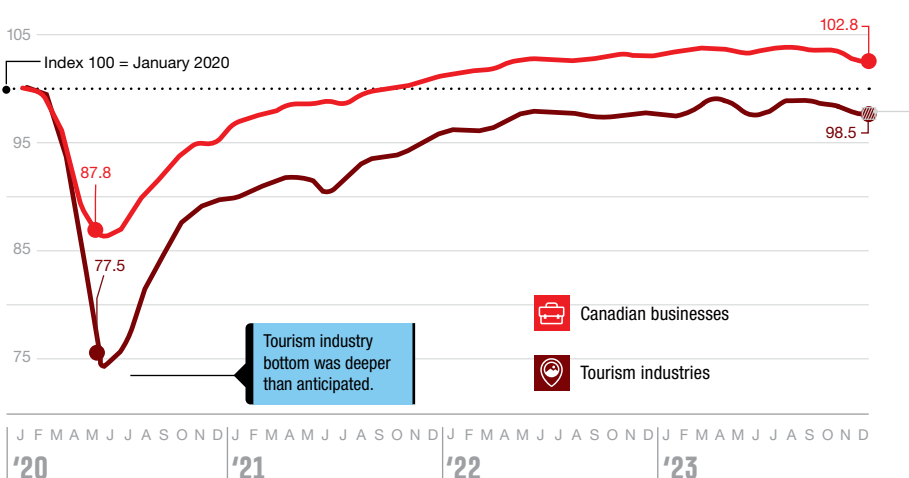
🍁 Canadian economy   Ⓞ Tourism industry

Active Businesses

The tourism industry's recovery since the pandemic continues to trail that of the general business sector. As of December 2023, tourism remained 1.5% below pre-pandemic levels. Travel services and passenger transportation services remain the most fragile tourism sectors.

Monthly active businesses in Canada

Index 100 = January 2020

105
95
85
75

102.8
98.5
87.8
77.5

Tourism industry bottom was deeper than anticipated.

🧳 Canadian businesses
Ⓞ Tourism industries

J F M A M J J A S O N D '20 '21 '22 '23

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

	% Change	Industry
	-19.0%	Travel services
	-16.3%	Bus transportation, taxi, limousine services & vehicle rental
	-8.8%	Air transportation
	-5.4%	Rail, scenic & sightseeing transportation
	-2.6%	Recreation & entertainment
	-2.6%	Water transportation
	0.2%	Food & beverage services
	1.7%	Accommodation
	+2.8%	Canadian businesses

Average Tourism Industries -1.5%

TOURISM PERFORMANCE

Domestic Tourism Sentiment

Source: TCI / Resident Sentiment Index© with Rove Destination Insight, Q4 2023

Domestic: Tourism Sentiment

Overall, Canadians' sentiment towards tourism remained positive in Q4 2023, despite some declines compared to Q3 2023. General Sentiment Towards Tourism fell 2 points to 62, but remained 18 points above the global benchmark, while the Tourism Growth Support Index dropped 4 points to 59 (1 point below the global benchmark). Meanwhile, though still well below the global benchmark, the Resident Consideration Index improved by 2 points in Q4 2023.

General Sentiment Towards Tourism

62
⬆ **Global Benchmark 46**

Overall sentiment which measures the balance of positive vs. negative consequences of tourism.

Tourism Growth Support Index

59
⬇ **Global Benchmark 60**

Net proportion of residents that support the growth of tourism.

Resident Consideration Index

15
⬇ **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

3
⬆ **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.

US: Travel Confidence and Intent

Source: Destination Analysts. The State of the American Traveller, Dec 18-25, 2023

Travel Confidence

32%
IS IT A GOOD TIME TO SPEND ON TRAVEL?

Confidence to spend decreased to the lowest proportion of the year in August (26%) but increased over the last four months of the year – 28% in Sept, 33% in Oct, 34% in Nov and rounding out the year at 32% in Dec.

Most Desired Foreign Destinations (next 12 mos.)

1. Italy — 15%
2. United Kingdom — 15%
3. Mexico — 13%
4. Canada — 11%
5. Paris — 11%

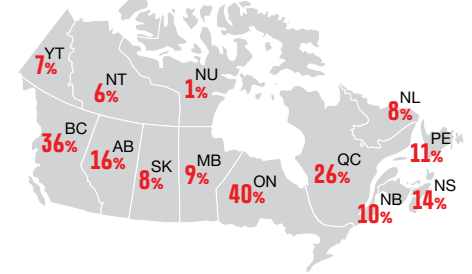**Likely to Take a Trip to Canada (next 9 mos.)**

YES 49%

NO 51%

As of December 2023

Likely Month of Travel

2024			
Jan 24' 3%	Feb 24' 4%	Mar 24' 5%	Apr 24' 6%
May 24' 10%	June 24' 14%	Jul 24' 15%	Aug 24' 11%
Sep 24' 9%	Oct 24'	Nov 24'	Dec 24'

Likely Province to Visit

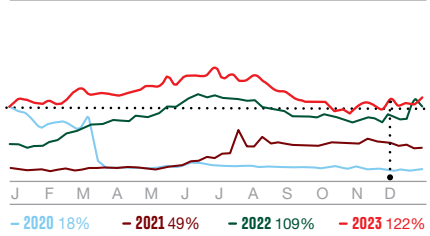YT 7%, NT 6%, NU 1%, BC 36%, AB 16%, SK 8%, MB 9%, ON 40%, QC 26%, NL 8%, PE 11%, NB 10%, NS 14%
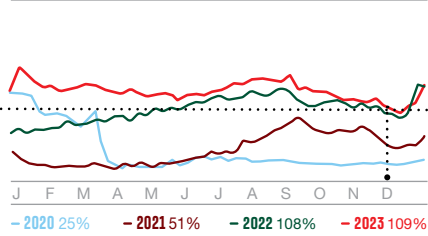
Travel Considerations

Source: DC Calculations based on Destination Insights with Google, data extracted on January 8, 2024
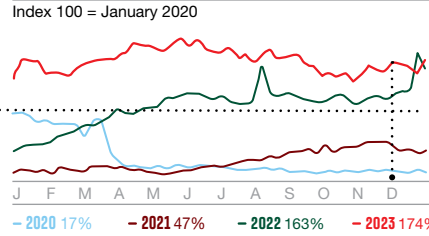
Web Search Trends for Air & Accommodation to Canada

From United States

J F M A M J J A S O N D
— 2020 18%   — 2021 49%   — 2022 109%   — 2023 122%

From Europe (incl. UK, France & Germany)

J F M A M J J A S O N D
— 2020 25%   — 2021 51%   — 2022 108%   — 2023 109%

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

Index 100 = January 2020

J F M A M J J A S O N D
— 2020 17%   — 2021 47%   — 2022 163%   — 2023 174%

Searches for Canadian travel declined at the start of Q4. By end of year all markets were surpassing the January 2020 baseline.

Search volume for the US had an average increase of 17% from the same period in 2022.

In Europe, search volumes remained above 2022 levels for much of the year.

In the APAC region, search saw a 22% increase in volume from the same period in 2022.
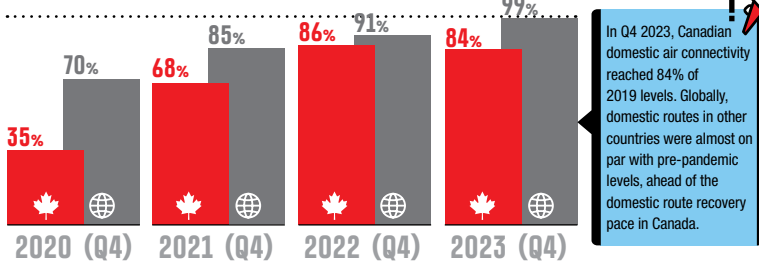
TRAVEL CONNECTIVITY & BOOKINGS

Air Connectivity

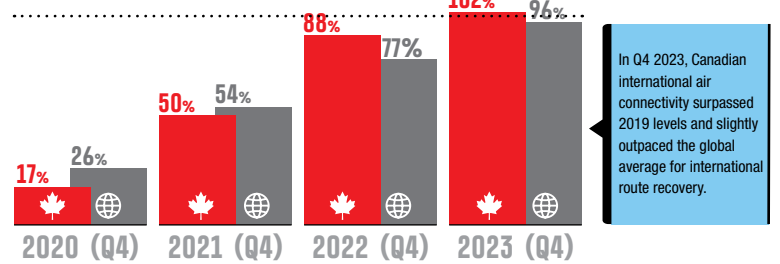Source: International Air Transport Association, OAG Analyzer (data extracted March 1, 2024)

Global Domestic Flight Seat Capacity

Pre-pandemic baseline (2019 Q4)

	2020 (Q4)	2021 (Q4)	2022 (Q4)	2023 (Q4)
Canada	35%	68%	86%	84%
Global	70%	85%	91%	99%

In Q4 2023, Canadian domestic air connectivity reached 84% of 2019 levels. Globally, domestic routes in other countries were almost on par with pre-pandemic levels, ahead of the domestic route recovery pace in Canada.

Global International Flight Seat Capacity

Pre-pandemic baseline (2019 Q4)

	2020 (Q4)	2021 (Q4)	2022 (Q4)	2023 (Q4)
Canada	17%	50%	88%	102%
Global	26%	54%	77%	96%

In Q4 2023, Canadian international air connectivity surpassed 2019 levels and slightly outpaced the global average for international route recovery.
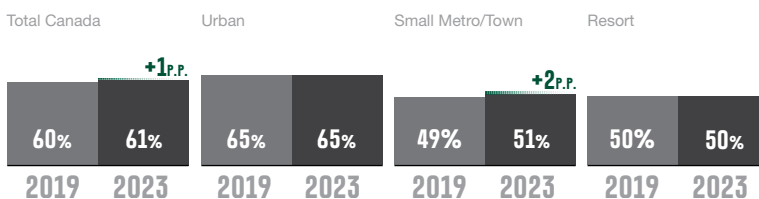
Hotel Occupancy

Source: STR, date extracted on March 1, 2024

On average, occupancy rates in Q4 2023 matched or slightly exceeded pre-pandemic levels.

Occupancy Rate Q4 Data

	Total Canada		Urban		Small Metro/Town		Resort	
	2019	2023	2019	2023	2019	2023	2019	2023
	60%	61% (+1 P.P.)	65%	65%	49%	51% (+2 P.P.)	50%	50%

Int'l Business Events Booking Pace

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

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

595

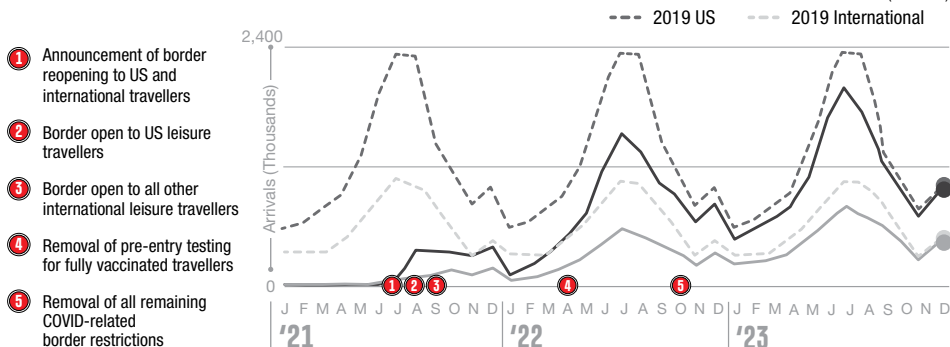**International business events delegates/ arrivals estimated for Year-to-date December 2023**

383,475

From January-December 2023, international business events reached 80% and international delegate arrivals reached 89% compared to the same pre-covid period. Of the 595 business events year-to-date, Q4 2023 accounts for 22% of the business events held and arrivals in 2023. For arrivals in 2023, May-July and September-October saw the most delegates. June saw more than 94,000 delegates.

Arrivals

Source: Statistics Canada, Table 24-10-0055-01 (data released February 23, 2024)

Monthly Arrivals of International Tourists in Canada

— US   — 2019 US   — International (non-US)   — 2019 International

① Announcement of border reopening to US and international travellers
② Border open to US leisure travellers
③ Border open to all other international leisure travellers
④ Removal of pre-entry testing for fully vaccinated travellers
⑤ Removal of all remaining COVID-related border restrictions

Arrivals (Thousands)
2,400
981k
947k
479k
451k

J F M A M J J A S O N D '21 J F M A M J J A S O N D '22 J F M A M J J A S O N D '23

83%

2023 international arrivals stood at 83% of 2019 levels, with 18.3 million annual visitors. This included 12.8 million visitors from the US (85% of 2019) and 5.6 million visitors from overseas (78% of 2019).

Year-to-date arrivals by mode of entry, border counts
Year-to-Date December 2023

Mode	⭐	🌐	Total
✈	4,607,775 (90% vs. 2019)	4,756,072 (81% vs. 2019)	9,363,847 (85% vs. 2019)
🚗	7,700,742 (85% vs. 2019)	748,436 (74% vs. 2019)	8,449,178 (84% vs. 2019)
🚢	474,431 (55% vs. 2019)	56,753 (22% vs. 2019)	531,184 (48% vs. 2019)
Total	**12,782,948** (85% vs. 2019)	**5,561,261** (78% vs. 2019)	**18,344,209** (83% vs. 2019)