

KEY TAKEAWAYS

#1

Tourism spend continues to rise

Overall, Q4 tourism spend has grown year-on-year to 96% of 2019 levels. Domestic spend continues to lead the recovery closing the year at 99% of pre-pandemic levels. Tourism exports still lag but showed strong growth through 2022, closing the year at 88% of pre-pandemic levels (from 66% in Q2 and 79% in Q3).

#2

Labour shortage persists

Tourism's active labour force has gradually increased since Q3; however, it remained below pre-pandemic levels. Notably, the unemployment rate for tourism is at the national average for the Canadian economy. At the end of Q4 2022, 138,000 jobs in tourism remained unfilled, which equates to 6.6% of tourism jobs (an improvement from 8.5% in Q3). Despite these positive signs, labour shortages in tourism continue.

#3

Sentiment to travel is improving

Canadians sentiment towards welcoming visitors continues to rise, with 70% welcoming of international travellers. Among travellers from the US, Canada is now a top-3 desired foreign destination.

STATE OF THE INDUSTRY

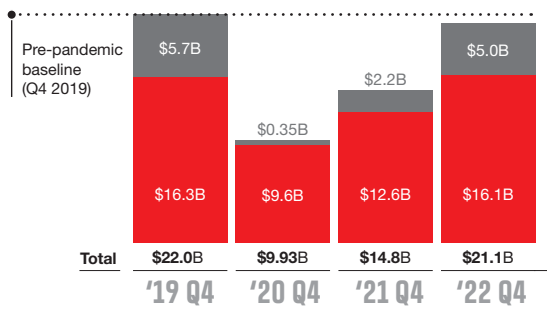
Tourism Spend

Source: Statistics Canada, National Tourism Indicators, Q4 2022

In Q4 2022, tourism spend progressed to 96% of 2019 levels, up from 93% in Q3 2022. Domestic tourism demand in Q4 2022 was almost on par with pre-pandemic levels. Tourism exports continued to steadily improve, reaching 88% of 2019 levels in Q4 2022, but still lag behind domestic demand.

- Domestic
- International
- Overall

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



	2022 Q2	2022 Q3	2022 Q4
	103%	99%	99%
	66%	79%	88%
	92%	93%	96%

Tourism Activity

Source: Statistics Canada, Canadian Tourism Activity Tracker (July 2022) Table 24-10-0049-01 (released March 7, 2023)

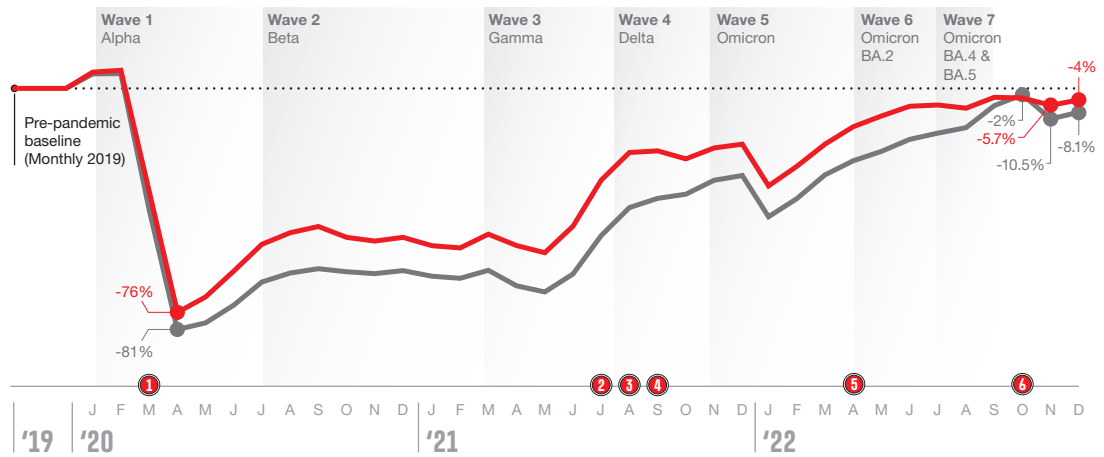
In October 2022, international tourism activity in Canada spiked with the Government of Canada's removal of border measures including the requirements for travellers to provide proof of vaccination, submit public health information through the ArriveCAN app, undergo pre- or on-arrival testing, and COVID-19-related quarantine or isolation.

- Domestic
- International

Key milestones for entry to Canada

- Border closed to all non-essential foreign travel
- Announcement of border reopening to US and international travellers
- Border open to US leisure travellers
- Border open to all other international leisure travellers
- Removal of pre-entry testing for fully vaccinated travellers
- Removal of all remaining COVID-related border restrictions

A composite index of air movement, land movement, spending and other sources

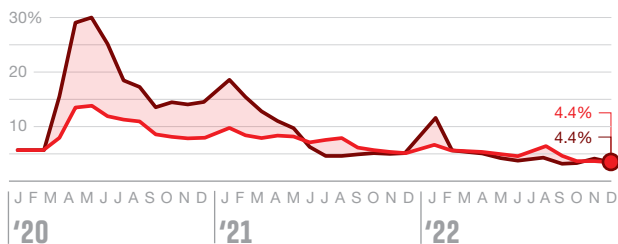


Tourism Employment

Source: Statistics Canada, Labour Force Survey, December 2022, via Tourism HR Canada (data extracted April 5, 2023), Statistics Canada tables 14-10-0328-01 and 14-10-0326-01

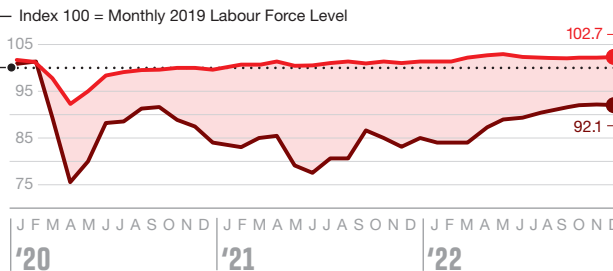
Unemployment Rate

The unemployment rate for the Canadian economy was at 4.4% in December 2022. December unemployment in tourism stood also at 4.4% and was 0.7 percentage points lower than it was in December 2021.



Labour Force Active in the Canadian Economy

While the Canadian labour force expanded 2.7% over its pre-pandemic level by December 2022, the labour force active in the tourism sector remained 7.9% below its pre-pandemic level.



Job Vacancy

The tourism sector steadily added back over half a million jobs in 2021. The ability to fill these jobs hasn't kept pace.

6.6% UNFILLED

At the end of Q4 2022, 138,000 jobs in tourism remained unfilled, which equates to 6.6% of tourism jobs.

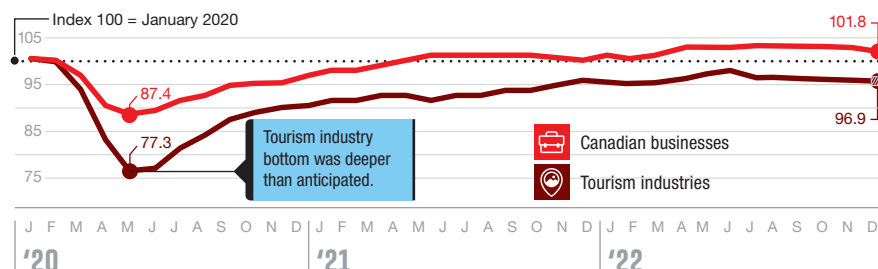
- Canadian economy
- Tourism industry

Active Business

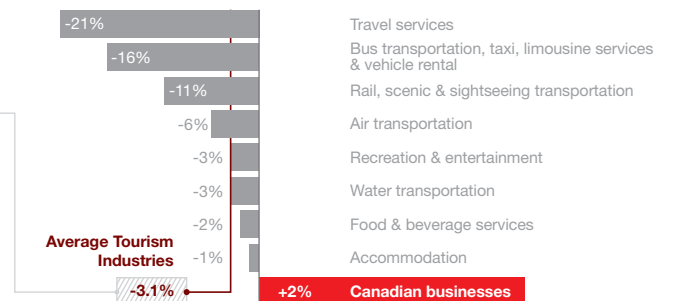
Source: Statistics Canada, Experimental estimates of business openings and closures for Canada (table 33-10-0270-01) (data released March 28, 2023)

As a result of the pandemic, the tourism industry suffered the most significant declines in active businesses. Tourism has not kept pace with the recovery seen by Canadian businesses overall, and as of December 2022 the number of active tourism businesses remained 3.1% below pre-pandemic levels. Travel services and passenger transportation services remain the most fragile tourism sub sectors.

Monthly active businesses in Canada



Change in the number of businesses active in tourism industries 2022-December vs 2020-January



TOURISM PERFORMANCE

Travel Confidence and Intent

Source: Destination Canada COVID-19 Resident Sentiment, December 2022

Domestic: Level of Welcome
Level of welcome towards visitors from other countries increased by +5 points from September to December. Levels towards visitors from other parts of Canada (+1 point) and the US (-2 points) remained more stable.



[Review external document](#)

Source: Destination Analysts. The State of the American Traveller, December 15-24, 2022

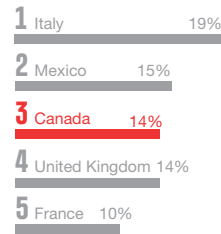
US: Travel Confidence and Intent

Travel Confidence

58%
SAFELY TRAVEL

Travel intent spiked in October (54%), following the lifting of remaining border related restrictions, but leveled out in the 40% range in Q4.

Most Desired Foreign Destinations (next 12 mos.)



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

YES 43%

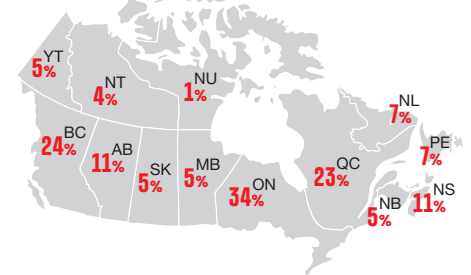
NO 57%

As of December 2022

Likely Month of Travel

2022/2023			
Sept	Oct	Nov	Dec
Jan	Feb	Mar	Apr
2%	3%	4%	6%
May	Jun	Jul	Aug
8%	15%	15%	10%
Sept	Oct	Nov	Dec
7%			

Likely Province to Visit

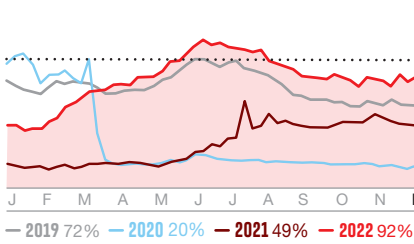


Travel Considerations

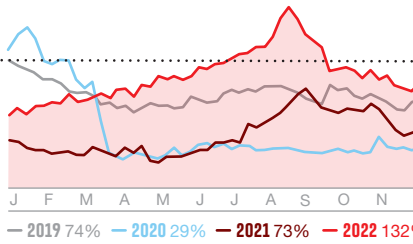
Source: DC Calculations based on Destination Insights with Google, data extracted on January 7, 2023

Web Search Trends for Air & Accommodation to Canada

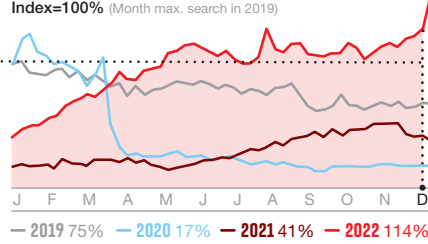
From United States



From Europe (incl. UK, France & Germany)



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



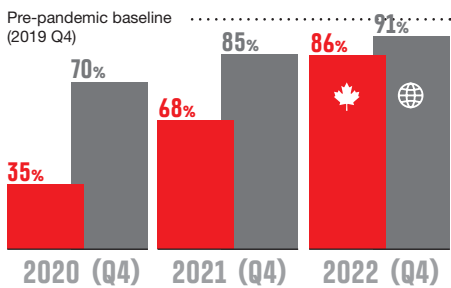
Searches for Canada continue to surpass 2019 levels across markets since the beginning of spring 2022. Demand has returned to pre-pandemic seasonality with notable decreases during the shoulder seasons. By the end of December, there was a considerable hike in searches, which aligns with winter campaign efforts and is indicative of an increase in travel demand to Canada for 2023.

TRAVEL CONNECTIVITY & BOOKINGS

Air Connectivity

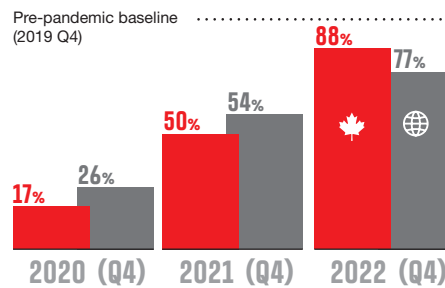
Source: International Air Transport Association, SRS Analyzer (data extracted April 13, 2023)

Global Domestic Flight Seat Capacity



In Q4 2022, Canadian domestic air connectivity is at 86% of 2019 levels. Globally, the recovery pace of domestic routes in other countries is on average 5% points ahead domestic route recovery in Canada.

Global Int'l Seat Capacity



In Q4 2022, Canadian international air connectivity is set to exceed the global international recovery pace for a third consecutive quarter, standing at 88% of 2019 levels.

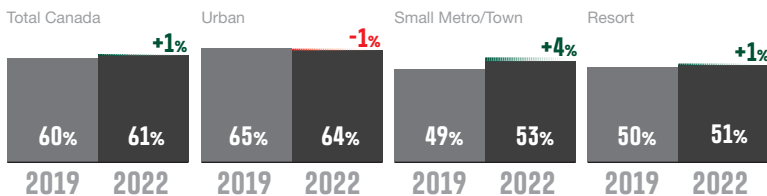
Hotel Occupancy

Source: STR, date extracted on March 10, 2023

On average, occupancy rates in Q4 2022 marginally exceeded pre-pandemic levels.

Average occupancy at Urban properties is still slightly behind pre-pandemic levels.

Occupancy Rate Q4 Data



Int'l Business Events Booking Pace

Source: Destination Canada's National Business Events Pace Report, February 28, 2023 dataset (preliminary)

International business events scheduled in Canada for 2022

Nearly **430**

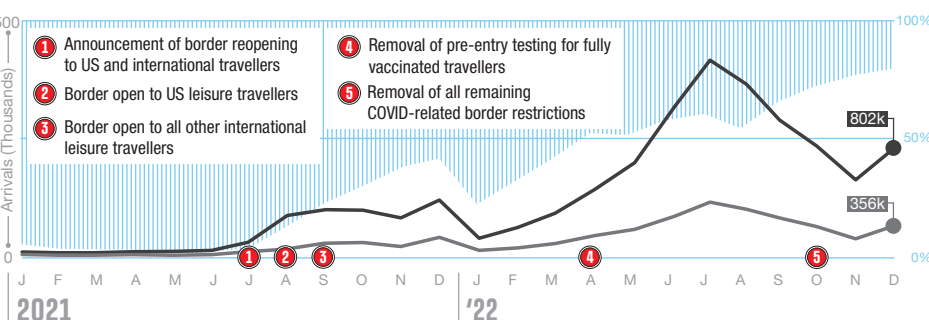
International business events delegates/arrivals expected for 2022

Nearly **271,000**

Arrivals

Sources: Statistics Canada, Tables 24-10-0053-01, 24-10-0055-01

Monthly Arrivals of International Tourists in Canada



58%

Annual 2022 int'l arrivals stood at 58% of 2019 levels, with over 12.8 million annual visitors. This included 9.1 million visitors from the US (61% of 2019) and 3.7 million visitors from overseas (52% of 2019).

Year to date arrivals, border counts

Mode	US	International (non-US)	Total
Airplane	3,386,357 (66% vs. 2019)	3,282,816 (56% vs. 2019)	6,669,173 (61% vs. 2019)
Car	5,349,898 (59% vs. 2019)	411,799 (40% vs. 2019)	5,761,697 (57% vs. 2019)
Ship	352,217 (41% vs. 2019)	36,004 (14% vs. 2019)	388,221 (35% vs. 2019)
Total	9,088,472 (61% vs. 2019)	3,730,619 (52% vs. 2019)	12,819,091 (58% vs. 2019)