

COVID-19 Impact and Recovery Report: US Target States Summary

Updated: July 7, 2020

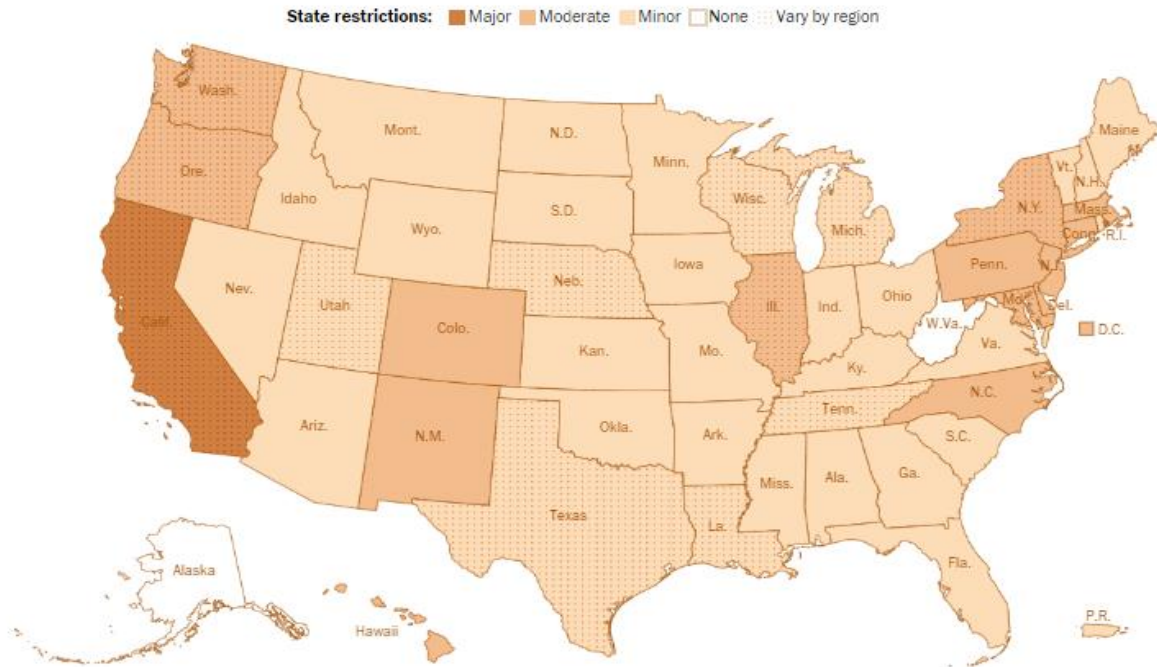
This document provides a snapshot of the recovery situation in 12 US states that traditionally have been Canada's most important markets. It has the following sections:

1. **Travel Restrictions:** The known travel bans and restrictions in the country.
2. **Recovery Signals:** The comprehensive approach to understanding when the market is recovering from a travel perspective based on data and analysis in partnership with Google, Expedia, International Air Transport Association (IATA) and more. Destination Canada uses this information to estimate the stage of recovery of the market.
3. **Estimated Impacts on Travel to Canada:** The effects of COVID-19 on tourism revenue in Canada. This includes estimated spend inside the country, but excludes spending on transportation to get to Canada.
4. **Methodological Notes:** An explanation of the methodologies in the different sections and relevant sources.

1. TRAVEL RESTRICTIONS

Effective March 18, 2020, Canada closed its borders to non-Canadian citizens and non-permanent residents.¹ As of March 21, 2020, Canada and the US closed the land border between the two countries to non-essential travel.² On June 8, 2020, Prime Minister Justin Trudeau announced that immediate family members of citizens or permanent residents will be allowed to enter the country as of June 9, 2020.³ As of June 19, 2020, the restriction on all discretionary travel (e.g., tourism, recreation, and entertainment) at the Canada-U.S. border was extended until July 21, 2020, with the exception of immediate family members of citizens or permanent residents as per the June 8, 2020, announcement.⁴

All US states and districts have eased initial restrictions on businesses and social activity. However, some of them have reintroduced some restrictions and/or paused reopening plans due to spikes in the number of new cases.⁵ Below is a visualization of state restrictions across the US, as well as a summary of reopening phases for Destination Canada's 12 target states and districts.



Source: The Washington Post, July 7, 2020

Legend:

- Major restrictions:** Personal care businesses, such as salons and barbers, gyms and most non-essential businesses remain closed. Restaurants and bars may not seat patrons. Face coverings and six-foot distancing are required. Public gatherings larger than ten are not permitted.
- Moderate restrictions:** Many of the above businesses may reopen with limited capacity, while bars and gyms remain closed.
- Minor restrictions:** Bars, theaters, casinos and/or concert halls may reopen, with larger groups permitted.

State-by-State Restrictions (with a focus on tourism & travel related businesses)

Based on increases in COVID-19 cases, some states are implementing restrictive measures after reopening. These new restrictions are in **red bolded text**.

- **New York: Moderate restrictions vary by region**
 - Governor Andrew M. Cuomo is following a four-phase approach to reopening.
 - Currently New York City and Long Island are in phase three of reopening,⁶ which allows personal-care businesses such as nail salons and tattoo parlours to reopen at 50 percent capacity.⁵ Other regions are in phase four, which includes reopening of higher education, low-risk indoor/outdoor arts and entertainment, media production and professional sports competitions with no fans.⁶
- **Michigan: Minor restrictions vary by region**
 - Governor Gretchen Whitmer introduced a six-phase plan to reopening the state’s businesses⁷.
 - As of June 10, 2020, the governor has moved to phase four of its reopening plan. Up to 100 people are now allowed to gather outdoors, though with distancing requirements. Restrictions on indoor gatherings remain in place, with no more than ten people permitted. Face masks are still required in enclosed public spaces. Retailers are permitted to reopen with capacity limits. Restaurants and bars are able to serve customers on-site with capacity limits. Public swimming pools and day camps are permitted to reopen. Northern Michigan entered the fifth phase of the reopening plan, which allows salons, movie theatres and gyms to reopen with reduced capacity.⁵
- **Washington: Moderate restrictions vary by region – Reopening plan is currently paused in some counties**
 - On May 1, 2020, Governor Jay Inslee extended the stay-at-home order to May 31, 2020, and announced a four-phase plan to reopen the state.

- **On June 27, 2020, the governor announced that the state paused the fourth phase of reopening for eight counties, citing recent spikes in new cases across the state.** The phase four restarts all recreational activity, increases gatherings to more than 50 people and reopens nightclubs, concert venues and large sporting events.⁵
- **California: Major restrictions vary by region – Reopening plan is currently paused in some counties**
 - Governor Gavin Newsom is following a four-stage roadmap to re-opening. The state moved into early stage two of modifying the state’s stay-at-home order on May 8, 2020, gradually opening some lower risk workplaces with adaptations at a pace designed to protect public health and safety. This began with retail, manufacturing, offices (when teleworking not possible), outdoor museums and limited personal services.⁸
 - On June 18, 2020, the State Health Department announced that all residents (~40 million) must cover their faces in “most settings outside the home,” this includes when they are working, “inside of, or in line to enter, any indoor public space” and when outdoors in public spaces where it’s hard to stay six feet away from people outside of their household.
 - **On July 1, 2020, the governor ordered bars and indoor dining at restaurants to close in most areas of the state for the next three weeks amid a surge of new COVID-19 cases throughout California. The revised stay-at-home order affects 19 counties where roughly 40 million people live, including Los Angeles County.**⁵
- **Ohio: Minor restrictions**
 - Governor Mike DeWine is taking a three-phase approach to reopening the state.
 - As of June 19, 2020, personal-care businesses such as salons and barbershops can reopen with additional guidelines. Restaurants and bars began offering outdoor dine-in services with additional guidelines. Catering and banquet centres reopened with a capacity limit of 300 people and with similar guidelines for restaurants. Entertainment spaces reopened with additional guidelines. Aquariums, art galleries, country clubs, ice skating rinks, indoor family entertainment centers, indoor sports facilities, laser tag facilities, movie theaters, museums, playgrounds, public recreation centers, roller skating rinks, social clubs, trampoline parks and zoos are permitted to open. Casinos, amusement parks and water parks are permitted to reopen with additional guidelines.⁵
- **Pennsylvania: Moderate restrictions – Reopening plan is currently paused in some counties**
 - Governor Tom Wolf announced a three-phase approach to re-opening.⁹
 - As of June 19, 2020, there are 54 counties in the third phase of reopening and 13 counties in the second phase.
 - **On July 2, 2020, Allegheny County, which includes Pittsburgh, ordered bars, restaurants and casinos to close for in-person services. Gatherings and events of more than 25 people are not allowed.**⁵
- **Illinois: Moderate restrictions vary by region**
 - Governor J.B. Pritzker announced a five-phase plan to reopening.¹⁰
 - As of June 26, 2020, the state has entered the fourth phase of its reopening plan. Restaurants are allowed to offer dine-in services with limited capacity. Movie theatres and additional personal-care businesses can reopen with additional guidelines. Gatherings of 50 people or fewer are allowed.⁵
- **Texas: Minor restrictions vary by region – Reopening plan is currently paused state-wide**
 - On April 17, 2020, Governor Greg Abbott issued a three-phase approach to reopening the state.
 - As of June 19, 2020, restaurants were increased to 75 percent capacity with certain protocols still in place. Bars moved to 50 percent capacity, as long as people are seated and restaurants can now sit ten people to a table. All amusement parks and carnivals were permitted to open at 50 percent capacity.
 - **On June 25, 2020, the governor said Texas would pause reopening activities to address a recent spike in COVID-19 cases.**
 - **On June 26, 2020, the governor shut down bars again and scaled back restaurant dining. He also ordered rafting and tubing outfitters on popular Texas rivers to close and required outdoor gatherings of 100 people or more to first seek approval from local governments.**

- **On July 2, 2020, the governor issued a statewide mandate requiring Texans to wear masks in public in any county with 20 or more positive COVID-19 cases. The executive order also grants local officials the power to restrict gatherings of more than ten people “with certain exceptions.”**⁵
- **Massachusetts: Moderate restrictions**
 - On May 11, 2020, Governor Charlie Baker announced a four-phase plan to reopen the state.
 - As of July 6, 2020, most of the state has moved to the third phase of its reopening plan, which allows gyms, theatres, outdoor performance venues and other businesses to reopen with additional guidelines. Indoor table services, close-contact personal services and retail dressing rooms reopened with restrictions. Offices also reopened at 50 percent capacity. Boston is scheduled to enter the third phase on July 13, 2020.⁵
- **Minnesota: Minor restrictions**
 - Governor Tim Walz is following a four-phase plan to re-opening.¹¹
 - As of June 10, 2020, the state has entered the third phase of its reopening plan. Restaurants and bars are permitted to offer dine-in services at 50 percent capacity and with additional guidelines. Gyms, bowling alleys and indoor entertainment venues such as theatres and concert halls reopened at 25 percent capacity. Public swimming pools can operate at 50 percent capacity.⁵
- **New Jersey: Moderate restrictions – Some reopening plans are currently paused state-wide**
 - Governor Phil Murphy is following a three-phase approach to reopening.¹²
 - As of June 22, 2020, the state is in the second phase of reopening. Public and private pools reopened. The limit on outdoor gatherings are scheduled to increase to 250 people.
 - **On June 29, 2020, the governor announced the state would pause reopening indoor dining that was originally scheduled for July 2, 2020.**⁵
- **District of Columbia: Moderate restriction**
 - Mayor Muriel Bowser is following a four-phase approach to reopening.¹³
 - As of June 22, 2020, the city is in the second phase of reopening, which lifts more restrictions. In phase two, indoor dining and retail can resume at 50 percent capacity. Camps reopened along with swimming pools, worship services without singing and gatherings of up to 50 people.⁵

2. RECOVERY SIGNALS

In response to COVID-19, Destination Canada has established a framework and analytical approach to identify signals from consumer and industry behaviour to understand when, where and at what pace travel and tourism will resume. Destination Canada collaborated with partners in destination marketing, media, technology and travel to identify these indicators and signals. The framework has identified multiple phases of recovery, which aligns with user sentiment and intent to travel. The summary of the methodology and terms can be found in Section 3. Methodological Notes.

Summary of current phase for each of the key US states:

Destination Canada’s Assessment of the US market:	I COVID-19 Response	While many US states and districts are gradually lifting restriction on movement and travel, other states’ reopening plans are on pause or scaled back in some counties and/or states. Accordingly, the US is in COVID-19 Response phase. DC is closely monitoring this change in pattern and will make adjustments as necessary.
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Legend: ● I COVID-19 Response ● II Intra-State ● III Inter-State ● IV Tentative Int'l ● V Regularized Int'l

	Travel Search Index	Accommodation Searches on OTA	Rate of Hotel Booking	Rate of Air Travel	New COVID Cases	Dining Search Index	Activities Search Index	Overall Assessment	Notes
New York	III	I	II	I	I	III	I	II	YOY inter-state travel search queries have been on an upward trend with some fluctuations from the week ending April 12, 2020 to the week ending June 21, 2020 and have been decreasing since then. YOY intra-state accommodation bookings have been increasing since the week ending April 12, 2020 to the week ending June 28, 2020, and have plateaued during the week ending July 5, 2020. YOY inter-state dining search queries have been increasing since the week ending May 31, 2020 to the week ending June 21, 2020, followed by a downward trend since then. DC assesses that New York is in the intra-state phase.
Michigan	III	II	II	II	I	III	I	II	YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020 and have been fluctuating since then. YOY intra-state accommodation search queries and bookings have been on an upward trend since the week ending April 12, 2020 to the week ending June 28, 2020, followed by a downward trend during the week ending July 5. YOY intra-state air capacity has been increasing in July 2020 compared to the previous months, reaching around three-fifths of what it was in July 2019. YOY inter-state dining search queries have been increasing since the week ending Mar 29, 2020, to the week ending June 28, 2020, followed by a downward trend since then. DC assesses that Michigan is in the intra-state phase.
Washington	III	I	II	I	I	I	I	II	YOY inter-state travel queries have been increasing from the week ending April 12, 2020, to the week ending June 14, 2020, followed by a downward trend since then. YOY intra-state accommodation bookings have been on an upward trend from the week ending April 26, 2020 to the week ending June 21, 2020, and have plateaued since the week ending June 28, 2020. DC assesses that Washington is in the intra-state phase.
California	III	I	II	I	I	II	I	II	YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020 and have been decreasing since then. YOY intra-state accommodation bookings have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, then almost plateaued for two weeks, followed by a downward trend during the week ending July 5, 2020. YOY intra-state dining search queries have been increasing from the week ending April 5, 2020 to the week ending June 21, 2020, and almost plateaued since then. DC assesses that California is in the intra-state phase.
Ohio	III	I	II	II	I	II	I	II	YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, followed by a downward trend since then. YOY intra-state accommodation bookings have been increasing from the week ending April 12, 2020, to the week ending June 14, 2020, and have been slightly decreasing since the week ending June 21, 2020. YOY intra-state air capacity has been increasing since May, exceeding the capacity in July 2019. YOY inter-state dining search queries have been increasing from the week ending March 29, 2020 to the week ending June 21, 2020 and have been decreasing since then. DC assesses that Ohio is in the intra-state phase.
Pennsylvania	III	I	II	I	I	II	I	II	YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020 and have been on a downward trend since then. YOY intra-state travel accommodation bookings have been on an upward trend since the week ending April 12, 2020. YOY inter-state dining search queries have been increasing from the week ending April 5, 2020 to the week ending June 28, 2020, followed by a downward trend since then. DC assesses that Pennsylvania is in the intra-state phase.
Illinois	III	I	III	II	I	III	I	II	YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, followed by a downward trend since then. YOY inter-state accommodation bookings have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have been fluctuating since then. YOY intra-state air capacity has been increasing in July 2020 compared to the previous months, reaching around three-fifths of what it was in July 2019. YOY inter-state dining search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 28, 2020, and have slightly decreased since then.

									DC assesses that Illinois is in the intra-state phase.
Texas	III	I	I	I	I	I	I	I	YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have been on a downward trend since then. However, all the measures that reflect actual travel (such as hotel bookings) still signal COVID-19 response phase.
Massachusetts	III	II	II	II	I	III	I	II	YOY inter-state travel queries have been on an upward trend from the week ending April 12, 2020 to the week ending June 14 and have been fluctuating since then. YOY intra-state accommodation searches have been on an upward trend since the week ending May 17, 2020. YOY intra-state accommodation bookings have been on an upward trend from the week ending May 10, 2020 to the week ending June 21, 2020 and have almost plateaued since then. YOY intra-state air capacity has been increasing in July 2020 compared to the previous months, reaching more than three-fifths of what it was in July 2019. YOY inter-state dining search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020, and have almost plateaued since then. DC assesses that Massachusetts is in the intra-state phase.
Minnesota	III	I	III	II	I	III	I	II	YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020 and have been on a downward trend since then. YOY inter-state accommodation bookings have been on an upward trend from the week ending April 12, 2020, to the week ending June 28, 2020, and have slightly decreased the week ending July 5, 2020. YOY intra-state air capacity has been increasing in July 2020 compared to the previous months, reaching more than three-fifths of what it was in July 2019. YOY inter-state dining search queries have been on an upward trend from the week ending March 29, 2020, to the week ending June 28, 2020, and have been decreasing since then. DC assesses that Minnesota is in the intra-state phase.
New Jersey	III	II	II	I	I	II	I	II	YOY inter-state travel search queries have been on an upward trend from the week ending April 12, 2020, to the week ending June 14, 2020 and have been on a downward trend since then. YOY intra-state accommodation searches have been on an upward trend since the week ending May 24, 2020. YOY intra-state accommodation bookings have been on an upward trend since the week ending April 12, 2020. YOY intra-state dining search queries have been on an upward trend from the week ending April 5, 2020 to the week ending June 21, 2020, followed by a downward trend since then. YOY intra-state activity search queries have been on an upward trend since the week ending April 26, 2020, with some fluctuations in pattern. DC assesses that New Jersey is in the intra-state phase.
District of Columbia	I	I	I	I	II	I	I	I	The number of new weekly COVID-19 cases has been decreasing since the week ending May 10, 2020 and almost plateaued since the week ending June 21, 2020. District of Columbia is still in COVID-19 response phase.

Legend: ● I COVID-19 Response ● II Intra-State ● III Inter-State ● IV Tentative Int'l ● V Regularized Int'l

3. ESTIMATED IMPACTS ON TRAVEL TO CANADA

As of July 1, 2020, based on data from payment cards, Statistics Canada, cancellations of previously planned trips, new bookings and forward-looking scheduled air capacity, Destination Canada estimates the economic impact from COVID-19 on Canada to be as outlined below.

Estimated Change in Tourism Export Revenue Compared to 2019 by Quarter (\$M)

	JAN	FEB	MAR	Total Q1	APR	MAY	JUN	Total Q1+Q2	JUL	AUG	SEP	Total Q1+Q2+Q3
\$ change compared to 2019 (\$M)	\$7.8	\$36.5	-\$309.1	-\$264.8	-\$791.5	-\$1,027.5	-\$1,293.1	-\$3,376.9	-\$1,540.2	-\$1,489.0	-\$1,075.9	-\$7,481.9
% change	1.8%	8.5%	-61.3%		-92.2%	-97.0%	-95.5%		-92.8%	-92.0%	-89.1%	

Source: Destination Canada Estimates (data as of July 1, 2020)

Estimated Change in Tourism Export Revenue Compared to 2019 by Province (\$M)

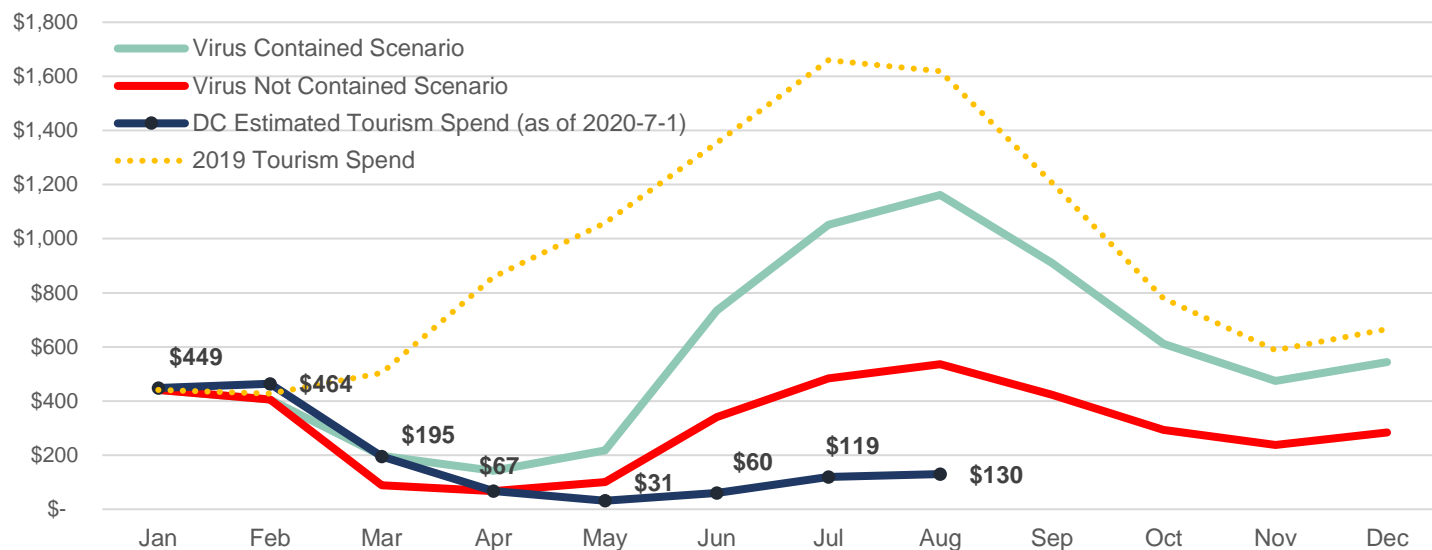
	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NL	NORTH
Jan - Jun	-\$3,376.9	-\$851.5	-\$288.6	-\$33.4	-\$52.2	-\$1,320.2	-\$525.2	-\$48.3	-\$84.2	-\$32.5	-\$11.7	-\$129.0
Jan - Sep	-\$7,481.9	-\$1,954.3	-\$693.1	-\$68.3	-\$99.6	-\$2,702.2	-\$1,175.9	-\$159.0	-\$285.1	-\$90.9	-\$45.1	-\$208.4

Source: Destination Canada Estimates (data as of July 1, 2020)

Destination Canada has commissioned Tourism Economics¹⁴ to develop a series of models to estimate the impact of COVID-19 on the Canadian economy and travel. This analysis considers two scenarios: **Virus Contained Scenario**: (travel is possible in July and August) and **Virus Not Contained Scenario** (no travel in July and August).

Assessing the current trajectory of COVID-19 against these models will allow Destination Canada and its partners to continue to refine the estimated impacts and understand the speed and scale of recovery. The chart below compares the current estimates against these models.

Estimated Tourism Spend versus Tourism Economics Virus Contained and Virus Not Contained Models, as of July 1, 2020 (\$M)



Source: Destination Canada Estimates, Tourism Economics Estimates

As Americans generally book their travel to Canada up to two months in advance, we do not currently have enough data to assess the impacts past August.

Destination Canada currently assesses that the estimated tourism spend in July, and August are on track to fall below the Virus Not Contained Scenario. Destination Canada foresees that actual August travel may continue to fall as airlines have yet to announce cancellation notices for flights departing in these months, which would trigger ticket cancellations or conversions to vouchers for future travel. We will closely monitor any potential changes in this pattern due to “limited exemption” policy at the Canada-US border.

4. METHODOLOGICAL NOTES

II. Recovery Signals: The Recovery Measures are listed in their order of importance in understanding travel behaviour, with the primary measures in black and supporting measures in dark gray. A brief description of each measure is provided below.

Destination Canada has developed a framework to understand the phases of recovery of the travel market. These phases are:

- I. **COVID-19 Response:** Governments are responding with measures such as shelter in place and quarantines. Movement is restricted and travel is either not possible, desirable or encouraged.
- II. **Intra-State Travel:** Some restrictions have been lifted and movement within local areas is possible. Governments will likely recommend that places ensure physical distancing while supporting local economies. Travel by vehicle within a state is possible and not discouraged. Residents are searching for trips within their state. Some travel may be taking place such as day trips or overnight with friends and family.
- III. **Inter-State Travel:** Residents are booking accommodations outside of their state of residency and travelling by multiple means (especially by air) within the country, across state boundaries.
- IV. **Tentative International Travel:** Some international travel, such as family related or urgent business. There may be some leisure travel as less risk-averse travellers seek to capitalize on reduced prices or increases availability. Airlines may not have restored international routes beyond major hubs.
- V. **Regularized International Travel:** Regular international travel. Some business meetings and events are re-introduced, leisure travel is closer to pre-COVID-19 levels.

Description of the Measures

- **Travel Intent Search Index:** Google search engine queries for travel-related keywords in 2020 compared to 2019 searches, broken down by week (i.e. week of April 19, 2020 vs. week of April 19, 2019). Available for each market's intra-provincial/territorial and inter-provincial/territorial travel search terms.

- **Rate of Accommodation Searches:** Weekly searches in 2020 for accommodation on a major online travel agency (OTA) against a rate of 2019 weekly searches, broken down by week. Available for each market's intra-provincial/territorial and inter-provincial/territorial accommodation searches. This is provided as a rate rather than a volume of searches.
- **Rate of Hotel Bookings:** Accommodation bookings in 2020 on a major OTA against a rate of 2019 bookings, broken down by week. Available for each market's intra-provincial/territorial and inter-provincial/territorial accommodation bookings. This is provided as a rate rather than a volume of bookings.
- **Rate of Air Travel:** The volume of forward-looking 2020 air bookings by month from US states to Canadian provinces/territories versus 2019 air bookings, broken down by week. By comparing against the 2019 average of when travel was booked for and when it was booked, this establishes the amount of impact against each month of travel. When appropriate, this assessment is supplemented by analysis of the forward-looking planned air seat capacity within a country and to other countries.
- **Weekly New COVID-19 Confirmed Cases:** The weekly total of new confirmed COVID-19 cases, as provided by the European Centre for Disease Prevention and Control. Number of cases in the market and within other regions of Canada will likely be a determining factor for both governments allowing phased return of travel, as well as consumer confidence in traveling to a market.

Sources:

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¹⁴ Tourism Economics, COVID-19's Impact on Canadian Tourism, March 23, 2020

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