

National Tourism Indicators

2020 Q3 Highlights

(July to September 2020)



Highlights from the National Tourism Indicators for the third quarter of 2020¹

Tourism GDP CAD 7.2 billion -54.9%	<ul style="list-style-type: none">Spanning the peak summer holiday travel period of July to September, the third quarter of 2020 regained some vitality relative to the <u>second quarter of 2020</u> as the pace of new COVID-19 and related provincial containment measures across Canada eased, enabling many Canadians to travel to close to home destinations.As a proxy to monitor the economic health in the tourism sector, the average occupancy rate in the Canadian accommodation sector improved to average 38% between July and September 2020, compared to an average of 19% registered over the second quarter. While this represented an improvement over the second quarter, it still stood well below the 76.5% occupancy rate registered over the third quarter of 2019².Following a steep 13.7% contraction of the Canadian GDP over the second quarter of 2020, the overall Canadian economy quickly picked up steam over the third quarter, contracting 3.1% relative to same period in 2019³. While showing signs of improvements, the tourism GDP significantly lagged behind the rest of the economy, posting a 54.9% decline against the same quarter in 2019. As an illustration of the impact of the pandemic on the tourism sector and the Canadian economy, tourism accounted for 49% of Canada' GDP contraction over the third quarter of 2020.
Jobs Sustained by Tourism Activities 500,900 -33.1%	<ul style="list-style-type: none">As a result of border closures to international visitors and continued restrictions on domestic travel, the number of jobs sustained by tourism activities declined 33.1% relative to the third quarter of 2019. However, the pickup in domestic travel activities lifted the number of jobs required over the summer period, up 31.6% relative to low job level reported over the second quarter of 2020.Between July and September 2020, the number of jobs required to meet the summer demand expanded in all tourism industries relative to the previous quarter decimated by COVID-19, except for air transportation and travel services. Both these sectors sustained further reduction in jobs generated from tourism.Monthly estimates looking at active tourism business in Canada (Figure 1) shows that most tourism industry sectors registered increases in the number of businesses re-opening their activities over the third quarter of 2020, after closing amid the collapse of tourism over the second quarter. Consistent with reported job contractions in Q3 2020, only three sectors reported further declines in active businesses - travel service, air transportation, as well as rail, scenic and sightseeing transportation.
Tourism Activities in Canada CAD 16.5 billion -55.9%	<ul style="list-style-type: none">Following a decline of 69.3% in Q2 2020, tourism spending on Canadian goods and services stood 55.9% below the third quarter of 2019. While this represented a significant loss of tourism revenue

¹ All numbers are in current Canadian dollars, not adjusted for inflation. Jobs attributable to tourism are seasonally adjusted. Unless otherwise specified, percentage changes are expressed on a year-over-year basis against the same period the previous year

² Source: STR weekly Canadian Hotel Review

³ The 3.1% contraction represent the change against the preceding year, based on the GDP in current dollars, non-seasonally adjusted. On the basis of the seasonally adjusted GDP in constant dollars, the Canadian GDP expanded by 11% in Q3 2020 relative to the second quarter, which itself contracted 12% relative to the first quarter of 2020.

	<p>compared to previous years, it also represented slight improvement relative to the steep contraction experienced over the previous quarter.</p> <ul style="list-style-type: none"> Relative to the same period the previous year, passenger air transport once again suffered the largest losses in revenues over the third quarter (\$6.6 billion or -90.2%, year-over-year), followed by accommodation (\$2.9 billion or -55.5%, year-over-year) and food and beverage services (\$2.9 billion or -44.8%, year-over-year).
<p>Domestic Tourism Expenditures CAD 16.2 billion -43.8%</p>	<ul style="list-style-type: none"> Tourism spending by Canadians on Canadian goods and services declined by 43.8% over the third quarter of 2020 as health and safety measures continued to limit travels to destinations closer to home. Declining domestic travel spending was reported across all tourism commodities, except pre-trip expenditures. Standing in sharp contrast to spending on other tourism commodities, expenditure on single purpose tourism consumer durable goods (pre-trip expenditures) soared by 23% or by \$292 million over the same period in 2019. Unable to travel further afield, in particular to international destinations, Canadians engaged in the purchase of camping equipment, motor homes and travel-related trailers for use exploring destinations closer to home.
<p>Tourism Export CAD 322 million -96.2%</p>	<ul style="list-style-type: none"> With the border closure in place since the beginning of the second quarter of 2020, revenues from international visitors between July and September 2020 fell by 96.2%, from \$8.6 billion in Q3 2019 to \$322 million in Q3 2020. As a result of travel bans and public gathering restrictions, international business events held in Canada were cancelled. This resulted in international revenue from convention fees falling by 100%. Business events are important to the economic vitality of Canada's major cities, where business event cancellations resulted in the accommodation located in the downtown areas of Canada's three major cities reporting some of the lowest occupancy rates in the country since the start of the pandemic.

Table 1 National tourism performances over the first three quarters of 2020 relative to 2019

	2020 Q1	20/19 Q1	2020 Q2	20/19 Q2	2020 Q3	20/19 Q3	2020 YTD Q3	20/19 YTD Q3
Total Tourism Demand (\$million)	17,692	-12.3%	7,740	-69.4%	16,506	-55.9%	41,938	-49.4%
Domestic Demand (\$million)	14,660	-10.9%	7,568	-60.4%	16,184	-43.8%	38,412	-40.3%
Tourism Export (\$million)	3,032	-18.4%	172	-97.2%	322	-96.2%	3,526	-80.9%
GDP (\$million) ¹	7,195	-12.9%	3,136	-70.4%	7,163	-54.9%	17,494	-49.7%
Tourism GDP Share ²	1.4%	-0.2	0.7%	-1.3%	1.3	-1.5	1.2%	-1.0
Employment (thousand jobs) Seasonally adjusted ³	702	-5.9%	394	-47.2%	501	-33.1%	1,597	-28.7%
% change against previous quarter		-6.1%		-41.1%		+31.6%		
Tourism Implicit Price Index (100=2012)	109.3	1.8%	104.2	-4.5%	104.6	-4.0%	106	-2.3%

¹ GDP at basic price, estimated for direct contribution only

² Year-over-year change expressed as Percentage-Points (p.p.)

³ On a seasonally adjusted basis, Percentage changes are as expressed for the Top number as change against the same quarter in the preceding year and for the Bottom number as change against the preceding quarter.

Sources: Statistics Canada, National Tourism Indicators 2020 Q3 custom tables, all values expressed in non-seasonally adjusted current dollars and values; Destination Canada for tourism share estimates, except for employment which is seasonally adjusted.

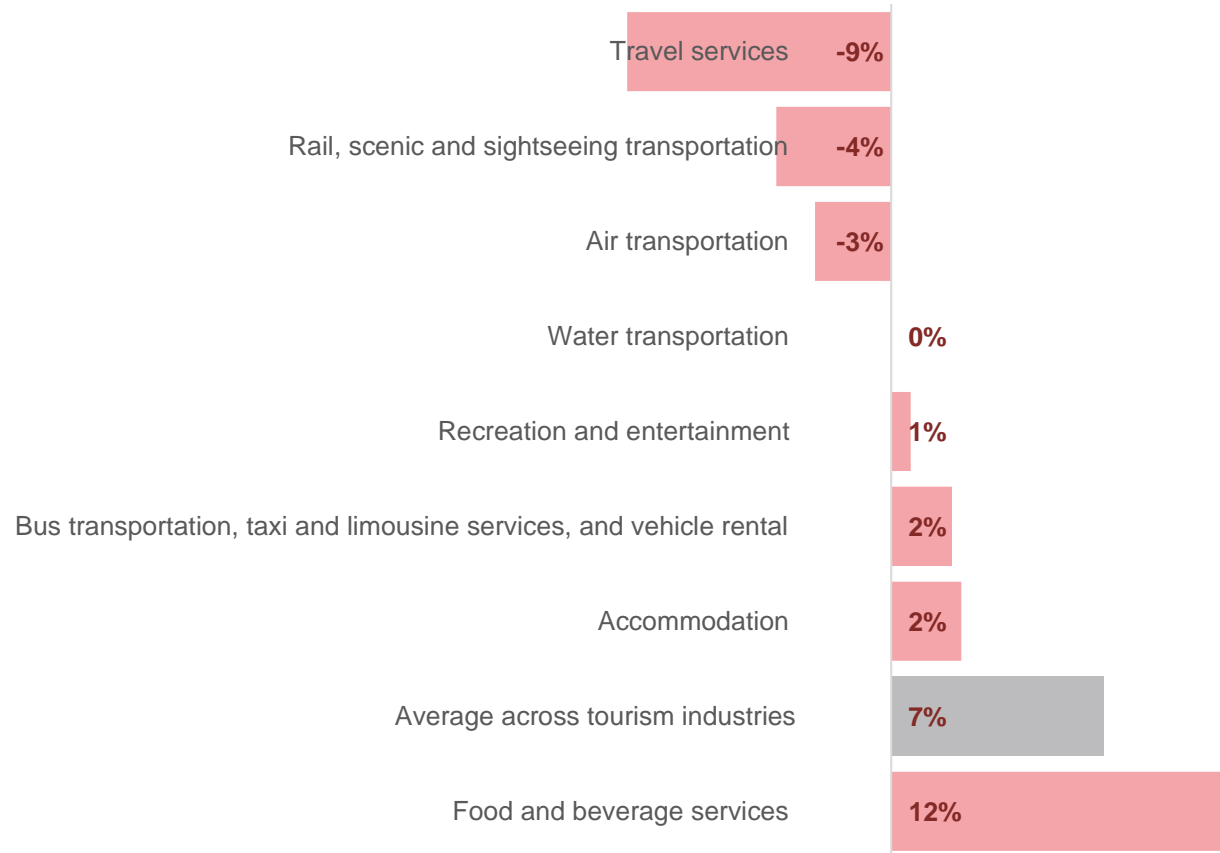
Table 2. Tourism expenditures on Canadian goods and services, 2020 Q3

	Total Expenditures			Domestic Expenditures			Tourism Exports		
	\$ million	2020Q3/2019Q3	Share of total	\$ million	2020Q3/2019Q3	Share of total	\$ million	2020Q3/2019Q3	Share of total
Transportation	4,114	-70.3%	25%	4,024	-64.5%	25%	90	-96.4%	28%
Passenger air transport	720	-90.2%	4%	673	-88.4%	4%	47	-96.9%	15%
Accommodation	2,367	-55.5%	14%	2,326	-32.4%	14%	41	-97.8%	13%
Food and beverage services	3,581	-44.8%	22%	3,530	-25.4%	22%	51	-97.1%	16%
Recreation and entertainment	1173	-53.1%	7%	1148	-26.1%	7%	25	-97.4%	8%
Pre-trip expenditures	1540	23.4%	9%	1540	23.4%	10%			
Travel Services	559	-70.1%	3%	555	-68.7%	3%	4	-95.9%	1%
Convention fees	34	-60.0%	0%	34	-50.7%	0%	0	-100.0%	0%
Other goods and services	3,138	-48.0%	19%	3,027	-35.1%	19%	111	-91.9%	34%
Total	16,506	-55.9%	100%	16,184	-43.8%	100%	322	-96.2%	100%

Sources: Statistics Canada, National Tourist Indicators 2020 Q3 custom tables, values expressed in current dollars;

Figure 1 Active Tourism Businesses in Canada by Tourism Industry Grouping

Variance between Q3 2020 (July to September) and Q2 2020 (April to June)



Source: Statistics Canada, Monthly estimates of business openings and closures (seasonally adjusted), October 2020, Table 33-10-0270-01