

### KEY HIGHLIGHTS

#1

#### Momentum is building for Tourism's recovery

Momentum is picking up as we lead into our busiest season. Traveller demand and confidence is strong with **March arrivals at -58% of pre-pandemic levels**, which is on par with the high of the 2021 holiday season. International business events are currently pacing at 56% of where they should be at this time of the year for events scheduled in 2022.

#2

#### Key markets, including the US, are in a travel state of mind

US consumers are reporting strong excitement for travel with **86% in a ready-to-travel state of mind** and 56% feel safe to do so — both at their highest peaks since the start of the pandemic. As of March, Canada tops their most desired foreign destination.

#3

#### Uncertainties still remain

Momentum is positive for rebuilding tourism, but there are new uncertainties on the horizon including labour shortages. There are **currently 170,000 unfilled jobs in tourism, equating to 10% of all tourism jobs**.

## STATE OF THE INDUSTRY

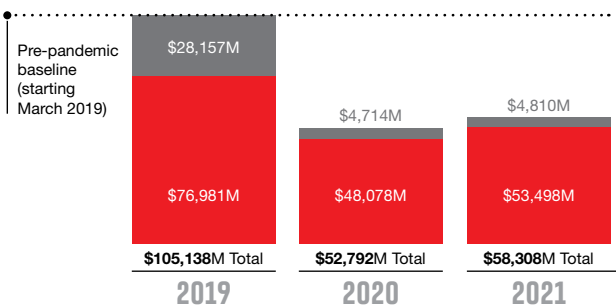
### Tourism Demand

Source: Statistics Canada, National Tourism Indicators, Q4 2021

While domestic tourism is leading the sector's recovery, international demand has rapidly increased since the re-opening of the Canadian border and the easing of COVID-19 restrictions both in Canada and abroad.

- Domestic
- International
- Overall

#### Total tourism expenditures on Canadian goods and services



	2020 vs 2019	2021 vs 2019
	+11% ↑	-31% ↓
	+2% ↑	-83% ↓
	+10% ↑	-45% ↓

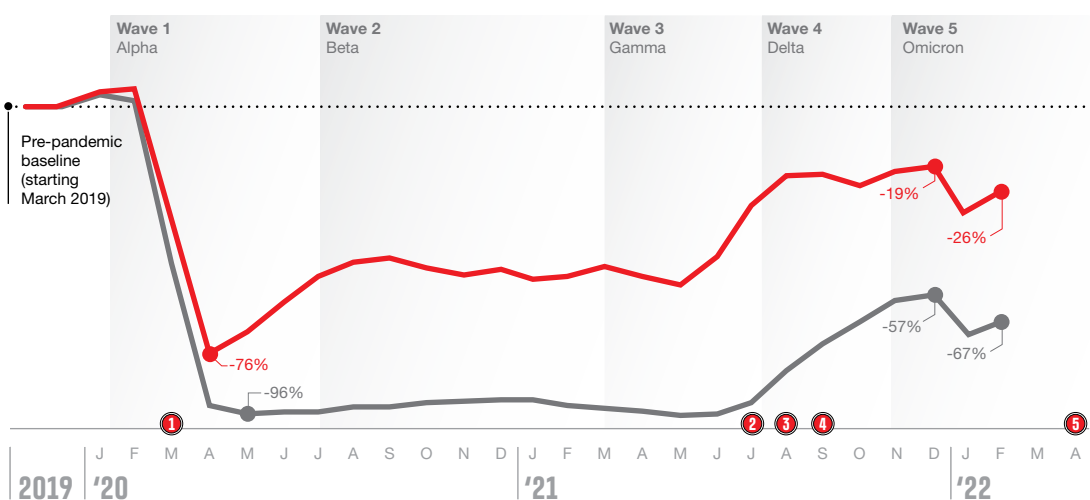
### Tourism Activity

Source: Statistics Canada, Canadian Tourism Activity Tracker, May 06, 2022

Tourism activity, a composite index of air movement, land movement, spending and other sources, has been making strong gains until the onset of the Omicron variant.

However, following the slowdown associated with the spread of the Omicron variant, travel started to rebound in February 2022.

- Domestic
- International



#### Key Dates for US entry to Canada

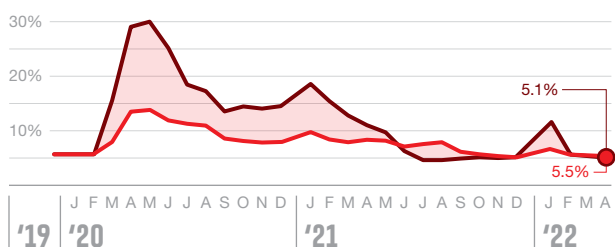
- 1 Border closed to all non-essential foreign travel
- 2 Announcement of border re-opening to US and international travellers
- 3 Border open to US leisure travellers
- 4 Border open to all other international leisure travellers
- 5 Removal of pre-entry testing for fully vaccinated travellers

### Tourism Employment

Source: Statistics Canada, Labour Force Survey, May 06, 2022, via Tourism HR Canada

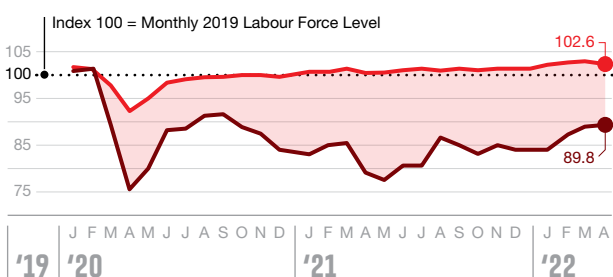
#### Unemployment Rate

At the start of 2022, the overall Canadian unemployment rate stood at 5.5%, while the unemployment rate of the tourism sector stood at 5.1%.



#### Labour Force Active in the Canadian Economy

By April 2022, the Canadian labour force had expanded 3% over its pre-pandemic level. The labour force active in the tourism sector still remained 10% below its pre-pandemic level.



- Canadian economy
- Tourism industry

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

**10% UNFILLED**

Currently over 170,000 jobs in tourism remain unfilled; this equates to 10% of tourism jobs.

### Active Business

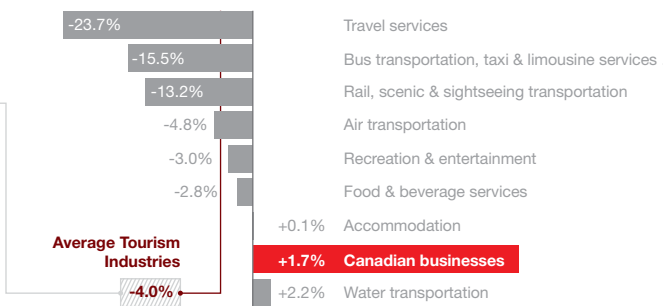
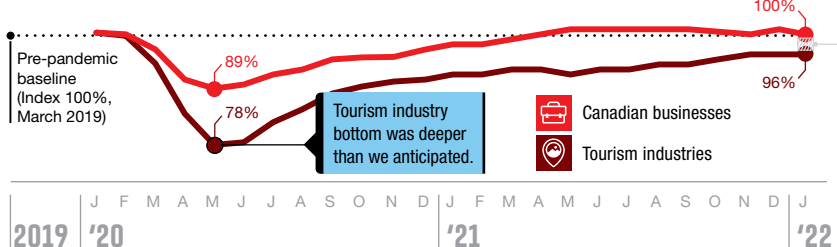
Source: Statistics Canada, Experimental estimates of business openings and closures for Canada (table 14-10-0326-01), April 25, 2022

As a result of COVID-19, tourism industries faced the most significant declines in active businesses. While on the road to recovery, tourism has not kept pace with the recovery of the business sector. Travel services remain the most fragile.

#### Change in the number of businesses active in tourism industries

2022-January vs 2020-January

#### Monthly active businesses in Canada



## TOURISM PERFORMANCE

### Travel Confidence and Intent

Source: Destination Canada COVID-19 Resident Sentiment, April 05, 2022

#### Domestic: Level of Welcome

Level of welcome towards US and other international visitors increased from end of January 2022 to end of February 2022, and has remained steady into April.

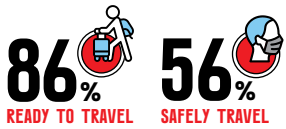
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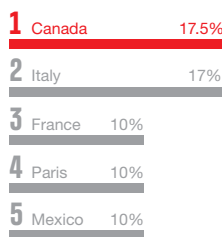
#### US: Travel Confidence and Intent

Source: Destination Analysts, The State of American Traveler, March 15-23, 2022

##### Travel Confidence



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



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

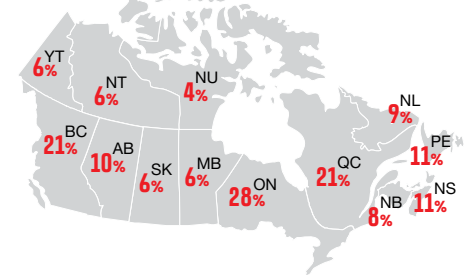


##### Likely Month of Travel

2022			
Jan	Feb	Mar	Apr
May	Jun	Jul	Aug
Sep	Oct	Nov	Dec

Apr: 2%, Aug: 13%, Dec: 3%

##### Likely Province to Visit



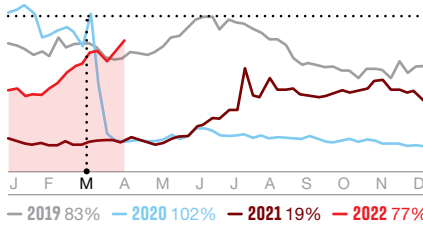
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### Travel Considerations

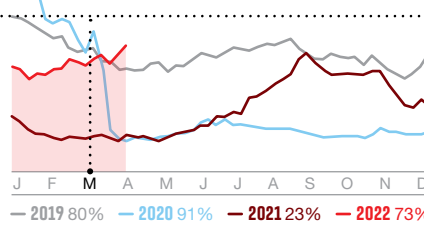
Source: Destination Insights with Google, data extracted on April 06, 2022

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

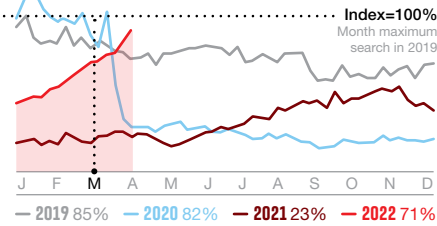
##### From United States



##### From Europe (includes UK, France & Germany)



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



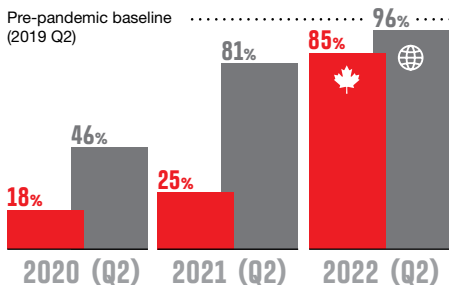
Travel search for Canada in DC's key markets surged following the mid-March announcement of the end of pre-arrival COVID testing for travellers entering Canada starting on April 1.

## TRAVEL CONNECTIVITY & BOOKINGS

### Air Connectivity

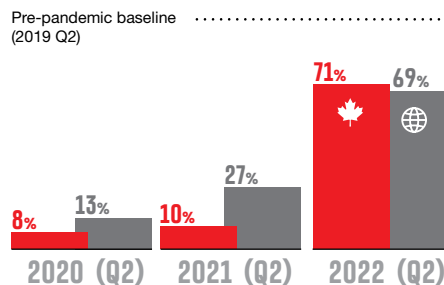
Source: DC Calculations based on IATA, Airport IS, data extracted on May 11, 2022

#### Global Domestic Flight Seat Capacity



Canadian Domestic Air Connectivity stands at 15% below its 2019 level, lagging behind the average recovery pace of 4% below 2019 in other countries.

#### Global Int'l Seat Capacity

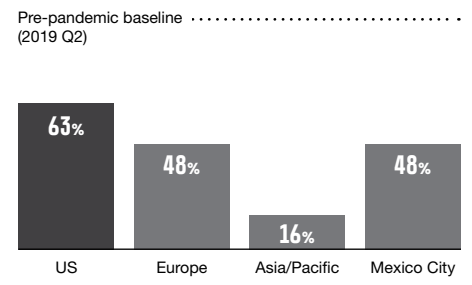


Canadian Int'l Air Connectivity on par with int'l recovery, 30% below 2019 level.

### Booking Pace of Air Tickets in DC Markets

Source: DC Calculations based on IATA Global Agency Pro, data extracted on April 06, 2022

#### Booking pace of return-ticket to date for 2022.

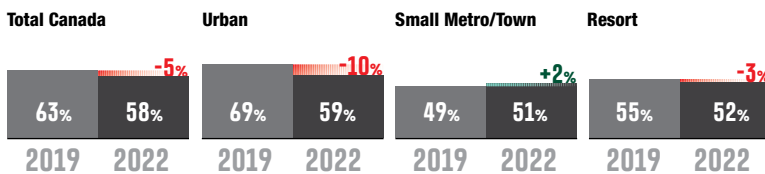


### Hotel Occupancy

Source: STR, data extracted on May 09, 2022

Urban areas, which are essential hubs connecting Canada to international and domestic air routes are still lagging behind other types of locations.

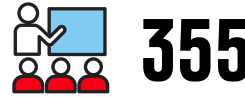
Small towns and resorts are almost at pre-pandemic levels as urban centres lag in their recovery pace.



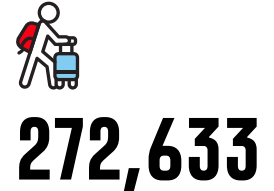
### Int'l Business Events Booking Pace

Source: Destination Canada's National Business Events Pace Report, April 30, 2022 dataset

International business events scheduled in Canada for 2022



International business events delegates/arrivals expected for 2022

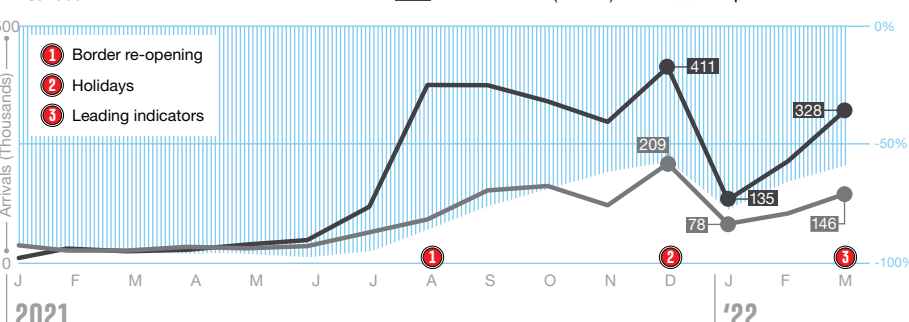


### Arrivals

Sources: Statistics Canada, tables 24-10-0053-01, May 24, 2022

#### Monthly Arrivals of International Tourists in Canada

★ U.S.    🌐 International (non-US)    ▨ Arrivals as a comparison to 2019



**-58%**

Since the re-opening of the Canadian border, int'l arrivals have improved and currently stand 58% below pre-COVID levels (as of March 2022).

#### Year to date arrivals, border counts Year to date March 2022

Mode	★ U.S.	🌐 International (non-US)	Total
✈️	278,269 -67% vs. 2019	308,594 -65.7% vs. 2019	586,863 -66.3% vs. 2019
🚗	398,746 -66% vs. 2019	17,135 -82.4% vs. 2019	415,881 -67.29% vs. 2019
🚶	1,044 267.6% vs. 2019	119 -81.3% vs. 2019	1,163 26.4% vs. 2019
<b>Total</b>	<b>678,059</b> -66.4% vs. 2019	<b>325,848</b> -67.3% vs. 2019	<b>1,003,907</b> -66.7% vs. 2019