Tourism demand is on the rise
Travel to Canada is in demand, with Google search from international markets exceeding 2019 levels. Tourism spend and activity are nearing pre-pandemic levels, primarily driven by domestic markets. Hotel occupancies are also nearing pre-pandemic levels. Visitors are increasingly being welcomed across Canada and US travellers feel ready and confident. This suggests encouraging conditions for continued tourism growth.

Tourism Spend
Despite the drag caused by the Omicron variant, tourism spend progressed to 73% of its 2019 levels, up from 68% over Q1 2021. While international receipts fell to 38% in Q1 2022, down from 40% the previous quarter, domestic tourism activities reached 82% of its 2019 levels in Q1 2022, up from 78% in Q4 2021.

The supply side steadily strengthens
The number of active businesses in the tourism industry continues to grow, though it still lags pre-pandemic levels and Canadian business norms. Businesses that offer travel services and passenger transportation are furthest behind pre-pandemic levels. Labour in tourism continues to be a challenge.

Slower growth for business events
Despite growing confidence and eagerness to attend in-person events, scheduled international business events continue to trail pre-pandemic levels. Future bookings are well-below pace.

STATE OF THE INDUSTRY

Tourism Activity
With high vaccination rates in Canada and in key international markets, domestic and international tourism activities have made sustained gains since the re-opening of Canada’s borders to discretionary travel. Following a slowdown associated with the spread of the Omicron variant, travel has been on the upswing since February 2022.

Tourism Employment
Amid a competitive labor force in the Canadian economy, the unemployment rate further fell by a full percentage-point between the end of the first quarter and the second quarter of 2022, standing at 4.7% in June 2022. Meanwhile, tourism fell further by 1.7% to 3.5% at the end of June 2022.

Labour Force Active in the Canadian economy
While the Canadian labour force expanded 2.8% over its pre-pandemic level by June 2022, the labour force active in the tourism sector still remained 11.1% below its pre-pandemic level.

Active Business
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 and remained 2% below pre-pandemic levels as of April 2022. Travel services and passenger transportation services remain the most fragile tourism sectors.

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

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Travel services</td>
<td>-31.2%</td>
<td>-35.5%</td>
<td>-16.5%</td>
<td>-11.5%</td>
<td>-7.5%</td>
</tr>
<tr>
<td>Bus transportation, taxi &amp; limousine services</td>
<td>-21%</td>
<td>-25%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
</tr>
<tr>
<td>Rail, scenic &amp; sightseeing transportation</td>
<td>-15%</td>
<td>-20%</td>
<td>-20%</td>
<td>-15%</td>
<td>-10%</td>
</tr>
<tr>
<td>Air transportation</td>
<td>-20%</td>
<td>-25%</td>
<td>-20%</td>
<td>-15%</td>
<td>-10%</td>
</tr>
<tr>
<td>Recreation &amp; entertainment</td>
<td>-12%</td>
<td>-16%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
</tr>
<tr>
<td>Water transportation</td>
<td>-10%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
</tr>
<tr>
<td>Food &amp; beverage services</td>
<td>-15%</td>
<td>-20%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
</tr>
<tr>
<td>Accommodation</td>
<td>-20%</td>
<td>-25%</td>
<td>-15%</td>
<td>-10%</td>
<td>-5%</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Canadian Tourism Activity Tracker (May 2022) Table 24-10-0049-01 (released August 8, 2022)
QUARTERLY TOURISM SNAPSHOT

TOURISM PERFORMANCE

Travel Confidence and Intent

Domestic: Level of Welcome
Level of welcome towards visitors from all destinations has continued to increase compared to the previous quarter. Welcome towards visitors from parts of Canada has increased +8 percentage points, the US +11 points and other countries +15.

Travel Considerations

Web Search Trends for Air & Accommodation to Canada

From United States

- [May 2022](#)
- [June 2022](#)
- [July 2022](#)
- [August 2022](#)
- [September 2022](#)
- [October 2022](#)
- [November 2022](#)
- [December 2022](#)

From Europe (includes UK, France & Germany)

- [May 2022](#)
- [June 2022](#)
- [July 2022](#)
- [August 2022](#)
- [September 2022](#)
- [October 2022](#)
- [November 2022](#)
- [December 2022](#)

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

- [May 2022](#)
- [June 2022](#)
- [July 2022](#)
- [August 2022](#)
- [September 2022](#)
- [October 2022](#)
- [November 2022](#)
- [December 2022](#)

Travel Connectivity & Bookings

Air Connectivity

Global Domestic Flight Seat Capacity

- Pre-pandemic baseline (2019 Q3)
- 2020 (Q3)
- 2021 (Q3)
- 2022 (Q3)

Canadian domestic air connectivity stands at 10% below its 2019 level. Globally, domestic routes are on average set to fully recover to their 2019 levels by Q3 - 2022.

Global Int'l Seat Capacity

- Pre-pandemic baseline (2019 Q3)
- 2020 (Q3)
- 2021 (Q3)
- 2022 (Q3)

Canadian international air connectivity is set to exceed international recovery pace for the second quarter in a row, standing at 84% of 2019 level.

Hotel Occupancy

On average, occupancy rates are nearing pre-pandemic levels.

Total Canada

- 2019: 74%
- 2022: 62%

Urban

- 2019: 78%
- 2022: 67%

Small Metro/Town

- 2019: 63%
- 2022: 58%

Resort

- 2019: 75%
- 2022: 68%

Int’l Business Events Booking Pace

International business events scheduled in Canada for 2022 (compared to pre-COVID).

- 2022: 50%
- 2023: 44%

Arrivals

Monthly Arrivals of International Tourists in Canada

- [January 2012](#)
- [February 2012](#)
- [March 2012](#)
- [April 2012](#)
- [May 2012](#)
- [June 2012](#)
- [July 2012](#)
- [August 2012](#)
- [September 2012](#)
- [October 2012](#)
- [November 2012](#)
- [December 2012](#)

Source: Destination Canada, International Visitor Flows Reporting Program; June 30, 2022

- 43% of May 2022 international arrivals stood at 43% of 2019 levels with nearly 1 million visitors. Early indicators for arrivals in June 2022 show 1.6 million visitors, a marked increase from the prior month and 58% of 2019 levels.

Year to date arrivals, border counts

<table>
<thead>
<tr>
<th>Month</th>
<th>Arrivals</th>
<th>Border Counts</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>710,189</td>
<td>790,181</td>
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<tr>
<td>June</td>
<td>1,103,914</td>
<td>622,121</td>
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<tr>
<td>July</td>
<td>51,854</td>
<td>5,309</td>
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<tr>
<td>Total</td>
<td>1,863,957</td>
<td>857,702</td>
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</table>