Tourism spend continues to rise

Overall, Q4 tourism spend has grown year-on-year to 96% of 2019 levels. Domestic tourism spend continued to lead the recovery, closing the year at 98% of pre-pandemic levels. Tourism exports still lag but showed strong growth through 2022, closing the year at 86% of pre-pandemic levels (from 66% in Q2 and 79% in Q3).

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.

Sentiment to travel is improving

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

State of the Industry

Tourism spend

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.

Tourism activity

In October 2022, international tourism activity in Canada spiking 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.

Tourism employment

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 7.8% below its pre-pandemic level.

Change in the number of businesses active in tourism industries

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.

Key takeaways

- Tourism spend continues to rise
- Labour shortage persists
- Sentiment to travel is improving

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QUARTERLY TOURISM SNAPSHOT Q4 2022

TOURISM PERFORMANCE

Travel Confidence and Intent

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.

Welcome towards visitors from other parts of Canada
82%

Welcome towards travellers from the United States
68%

Welcome towards travellers from other countries
70%

Tourism Performance
On average, occupancy rates in Q4 2022 (incl. Australia, Japan & South Korea) indicative of an increase in travel intentions in Q4.

Summer intent spiked in October (+4%), following the lifting of remaining border related restrictions, but leveled out in the 40%-range in Q4.

Travel Connectivity & Bookings

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 of 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 89% of 2019 levels.

Travel Considerations

Web Search Trends for Air & Accommodation to Canada

In Q4 2022, nearly 3.3 million visitors from the US (+6% vs. 2019) and 271,000 international business events delegates/arrivals expected for 2022.

TRAVEL CONNECTIVITY & BOOKINGS

Air Connectivity

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