



Canada-Market Update- Q3 2023

Key Insights

Investment in Quebec is helping boost the province's consumer confidence. In August, Ford Motor Co. and its South Korean partners, in collaboration with both provincial and federal governments, announced a significant commitment to Quebec by announcing the construction of a \$1.2 billion EV battery material manufacturing facility. As news of the project has spread, we have seen Quebec's confidence improve largely through its future financial, and future job outlooks. While the investment looks to bring jobs to the region post-completion, its effect on confidence extends beyond this. Set to become operational in 2026, the project serves to create many construction jobs and bolster demand for construction-related materials. Moreover, the project may help reinforce Quebec's confidence over its construction period by providing a buffer against economic downturns should one occur.

Wildfires continue to impact British Columbian confidence. 2023 has been British Columbia's worst wildfire season, compounded by August's wildfire emergency extending into September. The effects of the wildfires on confidence are apparent as each wildfire emergency has coincided with a sizable decrease in confidence for the region. The most recent wildfires of the region have resulted in a double digit drop in its index of consumer confidence, bringing it to its lowest point ever recorded. All categories within the region's index have declined as the wildfires have disrupted lives, caused property damage, hindered work opportunities, exacerbated air pollution, and disrupted operations across various industries. As some fires continue, the full extent of their impact on September's confidence is uncertain, and with the wildfire season expected to extend into the fall, the province's confidence may face further deterioration in the ensuing months.

Demand patterns across the segments are starting to normalize. Both transient and weekend occupancies have been gradually returning closer to 2019 levels over the course of this year. This is not the same for ADR, however, as both segments continue to see rates at an elevated level. While hoteliers have reported strong demand from tours, sports teams, and smaller groups, demand from large groups has lagged. Group rates, however, are making up for much of the shortfall in demand, and we anticipate booking patterns to normalize moving forward.

- Revenue in the Travel & Tourism market is projected to reach US\$16.00bn in 2023.
- Revenue is expected to show an annual growth rate (CAGR 2023-2027) of 1.17%, resulting in a projected market volume of US\$16.76bn by 2027.
- The largest Travel & Tourism market is the Hotels market with a projected market volume of US\$6.93bn in 2023.
- In the Hotels market, the number of users is expected to amount to 17.23m users by 2027.
- User penetration is 61.0% in 2023 and is expected to hit 60.7% by 2027.
- The average revenue per user (ARPU) is expected to amount to US\$0.68k.
- In the Travel & Tourism market, 82% of total revenue will be generated through online sales by 2027.
- In global comparison, most revenue will be generated in the United States (US\$190.40bn in 2023).

Air Canada will commence a nonstop route between Vancouver International Airport and Dubai International Airport (DXB), operating four times per week from Oct. 28 using 787-9s. The service will become the Canadian airport's sole connection to the Middle East and the airline's second to DXB, alongside its existing flights from Toronto Pearson International Airport. The move comes after Canada and the United Arab Emirates expanded their air services agreement in April to allot 21 flights per week for each country, which is 50% more than what was previously available.

Transatlantic frequency increases from Montreal-Trudeau International Airport during summer 2024:

Destination	Service Change In Summer 2024 Vs Summer 2023
Athens	Increase to 3X-weekly frequencies in April, daily from May to October
Amsterdam	Earlier seasonal start on March 30, 2024, increase to daily service
Barcelona	Increase to 4X-weekly frequencies in April, 5X-weekly in May, 6X-weekly from June to October
Casablanca	Increase to 6 weekly frequencies from June to September
Copenhagen	Earlier seasonal start on May 2, 2024
Lisbon	Increase to 4X-weekly frequencies in April, 5X-weekly from May to October
Milan	Increase to daily service from June to September
Nice	Increase to 5X-weekly frequencies from June to September
Rome	Increase to 9X-weekly frequencies from May to September

Venice	Increase to 3X-weekly frequencies from June to October
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Transatlantic frequency increases from Toronto Pearson International Airport during summer 2024:

Destination	Service Change in Summer 2024 vs Summer 2023
Athens	Increase to 4X-weekly frequencies in April, daily from May to October
Brussels	Earlier seasonal start on May 1, 2024
Barcelona	Increase to 5X-weekly frequencies in April, daily from May to October
Copenhagen	Increase to daily service from May to September
Edinburgh	Earlier seasonal start on March 1, 2024 (operates from March to January)
Lisbon	Increase to daily service from April to October
London	Increase to 4X-daily services from April to October
Manchester	Increase to 6X-weekly frequencies from June to September
Rome	Increase to 12X-weekly frequencies from May to September
Venice	Increase to 4X-weekly frequencies from June to October

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