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Ontario's Travel Price Index (TPI): Cost of goods and services down in second quarter

Ontario's TPI decreased by 0.9% in the second quarter of 2003 over the same period of 2002 and increased by 0.1% over the first quarter of 2003. This means that the same amount of travel-related goods and services in Ontario cost 0.9% less in the second quarter of 2003 than in the same period of 2002 and 0.1% more than in the first quarter of 2003.

Ontario's TPI decreased by 2.5% in July 2003 over July 2002. This was the first time since 1980 that the price of travel-related goods and services decreased in July on an annual comparison basis. This decrease was mainly caused by the 20.6% decrease in traveler accommodation prices, which was the highest since 1980.

Ontario Travel Information Centres (TICs) – Visitation to Ontario TICs remains down

- Visitation to TICs to decreased by 21.2% in July 2003 over July 2002.
- Visitation to TICs dropped by 18.8% between August 1-24, 2003 over the same period of 2002.

Economic Outlook

Ontario's economy slows, but unemployment expected to stay low

Ontario's economic growth is expected to be similar to the overall Canadian economic growth in 2003, but the unemployment rate is expected to remain below the national average.

Canada

Canada's Real Gross Domestic Product (GDP) grew by 3.3% in 2002, but is expected to grow by only 1.9% in 2003. The Conference Board of Canada data indicates that Real GDP grew by 0.6% in the first quarter of 2003. Results for the second quarter of 2003 are expected to show minimal growth of 0.2%.

In 2003, the unemployment rate is expected to increase to 7.9% from 7.7% in 2002.

Real disposable income of Canadians increased by 4.7% in 2002, but is expected to grow by only 3.0% in 2003.

The Canadian dollar closed the year in 2002 with a rate of \$0.64 USD. The Conference Board of Canada has forecast that the dollar will reach \$0.71 USD at the end of 2003.

Ontario

Real GDP in Ontario increased slightly (1.0%) in the first quarter of 2003 over the fourth quarter of 2002. A marginal decrease of 0.1% is expected for the second quarter of 2003.

In 2002, Ontario's Real GDP outpaced Canada with a growth rate of 3.6% compared to 3.3% in Canada. This trend is expected to slow in 2003, with Ontario's expected growth rate of 2.0%, just slightly over-performing compared to the anticipated Canadian growth rate of 1.9%.

Ontario's 6.7% unemployment rate during the first quarter of 2003 was below the national level. Ontario annual unemployment rate of 7.1% in 2002 and projected rate of 7.3% in 2003 are also below the national level.

**Short Term Economic Indicators Canada & Ontario
2002, Q1 2003 (actual), Q2 2003 and 2003 Forecast (f)**

		Q1 2003	Q2 2003 (f)	2002	2003 (f)
Real Gross Domestic Product – ROC	Can	0.6	0.2	3.3	1.9
	ON	1.0	0.1	3.6	2.0
Consumer Price Index – ROC	Can	1.3	-0.1	2.2	2.9
	ON	1.5	-0.5	2.1	2.5
Unemployment Rate	Can	7.4	7.8	7.7	7.9
	ON	6.7	7.1	7.1	7.3
Real Disposable Income – ROC	Can	1.0	0.5	4.7	3.0
	ON	1.2	0.4	4.7	3.3
Exchange Rate USD/CAD		0.66	0.71	0.64	0.71

(f) = forecast, ROC = Rate of change over previous period

Source: Conference Board of Canada

Upcoming Conferences

The Tourism Industry Association of Canada will hold the National Conference on Tourism 2003 on Oct 26-28 in Montreal. Please contact (613) 238-3883 for more information.

The Ontario Motor Coach Association will hold its conference and marketplace in Toronto on Nov. 2-5, 2003/ Please contact (416) 488-8855 for more information.

The Third Canadian Adventure Tourism Industry Conference will be held in Gros Morne, Newfoundland and Labrador on Nov. 13-16, 2003. Please contact Mary Smyth at 1-800-563-0700 for more information.

The Northern Ontario Tourist Outfitters Association will be holding its 76th annual conference from November 5-8, 2003 in Sault Ste Marie at the Best Western Great Northern Hotel. Please contact Doug Reynolds at (705) 472-5552 for more information..

The Canadian Tourism Human Resource Council will hold its 3rd annual Tourism HR Forum on Nov. 21-22, 2003 in Ottawa. Please contact Taylor & Associates for more information at (613) 747-0262.

The Tourism Federation of Ontario will hold their 6th Annual Forum on March 30-31, 2004 at Casino Rama in Orillia. Please contact Georgina Smith at (416) 691-4001 for more information.

New Publications and Studies

Ontario's Business and Convention Market 2001 and Ontario's Overnight Pleasure Travel Market 2001:

<http://www.tourism.gov.on.ca/english/tourdiv/research/reports.htm>

Ontario Tourism Monitoring:

<http://www.tourism.gov.on.ca/english/tourdiv/research/monitor.htm>. The impact of the war in Iraq and SARS on the accommodation sector in Ontario (second quarter 2003 report).

An Economic Profile of Resource Based Tourism in Ontario - 2001:

<http://www.tourism.gov.on.ca/english/tourdiv/tourism/resource.html>

Tourism Statistics

International Border Crossings: down in first half of 2003

Total border crossings by American and overseas visitors into Ontario were down by 17.9% in the first half of 2003 over the same period of 2002, while border crossings into Ontario by visitors who spent one night or more decreased by 20.3%.

International border crossings into Ontario decreased by 20.4% in June 2003 over June 2002. Border crossings from the U.S. decreased by 20.0% and from overseas countries by 26.5%. Overnight international border crossings decreased by 23.5% in June 2003 over June 2002.

Using border crossing data the Ministry estimated the loss of international tourism revenues for Ontario for the period February to June 2003 to be \$639 million. The loss represents a drop of 26.9% over the Ministry's international tourism forecast for 2003. Whether the lost international visitors in February to June 2003 will return at some later month in the year is not known at this stage.

International (Int'l) Border Crossings into Ontario April to June 2003 Percent Change Over Same Periods of 2002				
	April 2003	May 2003	June 2003	YTD*2003
Total U.S.	-24.7%	-23.5%	-20.0%	-17.9%
Total Overseas	-14.0%	-37.1%	-26.5%	-18.3%
Total International	-24.2%	-32.1%	-20.4%	-17.9%
Overnight U.S.	-26.5%	-30.1%	-22.8%	-20.6%
Overnight Overseas	-13.5%	-38.0%	-27.4%	-18.6%
Total Overnight Int'l	-24.4%	-31.2%	-23.5%	-20.3%

Source: Statistics Canada

*YTD – Year-to-date January 2003-June 2003

Accommodations: Ontario's hotel sector loses \$185 million in the second quarter 2003

- The first quarterly report from PKF Consulting on the impacts of the Iraq war and SARS on Ontario's hotel industry indicates that during the first quarter of 2003 the sector was performing at about the same level as the same period of 2002.
- The second quarterly report from PKF on the impacts of events in 2003 on Ontario's hotel sector indicates that demand for hotels fell by over 1 million room nights (-16.6%) in the second quarter (April-June) of 2003 over the same period of 2002.
- In each month of the second quarter, Ontario lost over one-quarter of the room revenue achieved in 2002. Room revenue losses reached \$58 million in April, \$55 million in May and \$72 million in June. This resulted in an estimated loss of \$185 million in the second quarter of 2003.

Around the province...

- It is estimated that GTA hotels lost \$111 million in room revenue in the second quarter, or 60% of the total provincial loss.
- It is estimated (based on cancelled business) that the GTA hotel sector will lose a further \$17.5 million in room revenue in the third quarter of 2003. Potential room losses during the fourth quarter of 2003 are estimated to reach \$6.1 million in cancelled business.

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- Demand in Ottawa was up in the second quarter by 0.2%, but room revenue decreased 1.3% during the period (\$1 million).
- Based on cancelled bookings, Ottawa is estimated to lose \$772,000 in Q3 and Q4 2003.
- Demand in Windsor was down 14.2% and room revenue dropped 18.3% (\$3.4 million).
- Based on cancelled bookings, Windsor is estimated to lose \$478,000 in Q3 and Q4 2003.
- Demand for rooms at Ontario Resorts decreased by 15.2% and room revenue dropped by 19.5% (\$21.3 million).
- As of June 30, cancelled bookings amounted to \$58,000 for Q3 at Ontario Resorts (no cancellations for Q4).
- In the Southern Ontario market (includes London, KW/Cambridge/Guelph, Niagara Falls, Other Niagara and Other Southern Ontario) demand dropped by 9.4% in Q2 2003 and room revenue was down 12.7% (\$20.2 million).
- Demand for hotel in Eastern Ontario (excluding Ottawa) decreased by 10.3% in Q2 and room revenue decreased by 9.2% (\$3.9 million).
- Demand for hotel rooms in Northern Ontario decreased by only 1.6% in Q2, while room revenue increased by 0.2% (\$0.1 million).

I-800-ONTARIO

Inquiries to I-800-ONTARIO down, but web site user sessions up

Compared to 2001, inquiries to 1-800-Ontario decreased by 16.9% in 2002. In the first eight months of 2003, inquiries were down by 20.3% compared to the same period of 2002. Inquiries decreased by 11.4% in August 2003 over August 2002.

Meanwhile, during the first eight months of 2003, user sessions at www.ontariotravel.net (the Ontario Tourism Marketing Partnership Corporation's consumer web site) increased by 9.9% over the same period of 2002.

The following table outlines actual occupancy and average daily rates for several different markets across the province for the third quarter of 2003.

Occupancy and Average Daily Rates First Half of 2003				
Market	Occupancy Rate		Average Daily Rate	
	Q1 & Q2 2003	% ch*	Q1 & Q2 2003	% ch*
Greater Toronto Area	52.3%	-15.0	\$117.58	-9.2
Downtown Toronto	51.8%	-19.1	\$138.71	-12.9
Toronto Airport	58.7%	-7.9	\$110.17	-5.0
GTA West	53.5%	-11.8	\$99.57	-0.3
GTA East/North	47.7%	-15.3	\$102.52	-3.4
Eastern Ontario	50.1%	-6.2	\$88.00	0.9
Kingston	55.2%	-2.5	\$95.05	1.7
Other Eastern Ontario	47.5%	-7.8	\$84.01	0.8
Ottawa	63.5%	-1.2	\$124.62	-1.4
Downtown Ottawa	65.3%	-1.2	\$132.31	-1.2
Ottawa West	55.9%	-0.5	\$105.49	-1.8
Ottawa East	61.4%	-0.3	\$89.90	-1.0
Southern Ontario	50.0%	-5.6	\$96.20	-2.5
London	55.4%	-1.8	\$91.91	-0.5
Windsor	59.5%	-7.1	\$104.76	-1.8
KW/Cambridge/Guelph	58.9%	-0.3	\$91.69	-0.4
Hamilton/Brantford	55.5%	-2.9	\$91.32	2.3
Niagara Falls	41.8%	-13.2	\$105.39	-5.5
Other Niagara Region	46.8%	2.3	\$84.64	0.7
Other Southern Ontario	45.0%	-5.0	\$89.84	0.3
Central Ontario	46.7%	-7.4	\$111.88	0.3
North Eastern Ontario	58.3%	-0.2	\$79.97	1.5
North Bay	56.0%	1.4	\$84.77	-1.1
Sudbury	61.7%	3.9	\$83.37	3.4
North Central Ontario	54.0%	6.1	\$81.69	0.5
North Western Ontario	64.6%	-4.1	\$85.32	2.5
TOTAL ONTARIO	53.1%	-9.5	\$109.32	-6.2

* percent change over the same period of 2002

Data based on PKF's unweighted sample, which tends to be branded properties of 30 rooms or more.
Source: PKF Consulting Inc.

Special Topics

Ontario Tourism Outlook 2003 and Beyond

The Ontario Ministry of Tourism and Recreation, along with Global Insight (an economic forecasting firm), conducts a bi-annual forecast for tourism in the province. The forecast incorporates economic and non-economic conditions from around the world and assesses their impact on Ontario tourism.

The latest results (September 2003) of the forecast indicate that Ontario should expect to see a 5.2% decrease in total visitors in 2003. This is a decrease over 2002 when there was already a decrease over 2001 of 5.6%. Improvement of 9.3% is expected in 2004, but it should be noted that while tourism will increase in 2004, this is an increase over a year of decline. A further increase of 12.4% is expected in 2005 and further increases, but at lower rates of change, are expected in 2006 (6.4%) and 2007 (4.1%).

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The following table provides an outline of the forecasted percentage change in visitors based on origin and purpose of trip (business and non-business travel).

Business travel to Ontario is expected to take a further hit in 2003 with a decrease of 1.3% over 2002 when there was a decrease of 14.2% over 2001. Business travel by Ontario residents within the province is expected to increase in 2003, following large decreases in 2002 and 2001. Business travel from the U.S. is not expected to improve until 2004. Business travel from overseas countries is also not expected to improve until 2004.

Non-business travel includes travel for pleasure or vacation purposes, visiting friends and relatives and travel for personal reasons, such as visiting a medical specialist in a different town. Non-business travel makes up the vast majority of tourism in Ontario. For instance, in 2001, 90% of all visits in the province were for non-business purposes.

Total non-business travel (all origins) decreased in 2001 and is expected to decrease for the two years following, but increase in 2004 through 2007 on a year-over-year basis. All origin markets are expected to experience similar increases in non-business travel to Ontario in 2004 through 2007.

Ontario Tourism Forecast							
Number of Visitors, Percent Change over Previous Year							
2001 to 2007							
Origin	2001 (actual)	2002 (f)	2003 (f)	2004 (f)	2005 (f)	2006 (f)	2007 (f)
Total	-10.4%	-5.6%	-5.2%	+9.3%	+12.4%	+6.4%	+4.1%
Business	-19.1%	-14.2%	-1.3%	+7.9%	+5.5%	+2.8%	+3.0%
Non-Business	-9.4%	-4.7%	-5.5%	+9.5%	+13.1%	+6.7%	+4.2%
Ontario	-12.6%	-4.9%	-1.6%	+9.4%	+10.4%	+6.2%	+4.7%
Business	-21.4%	-17.7%	+2.4%	+4.0%	-3.5%	0.0%	+1.2%
Non-Business	-11.6%	-3.6%	-2.0%	+9.9%	+11.6%	+6.6%	+4.9%
U.S.	-3.2%	-6.5%	-13.4%	+8.4%	+18.3%	+6.4%	+2.4%
Business	-11.7%	-5.0%	-5.8%	+12.5%	+23.8%	+3.0%	+4.5%
Non-Business	-2.6%	-6.6%	-14.0%	+8.0%	+17.9%	+6.7%	+2.2%
Overseas	-10.0%	-6.6%	-14.3%	+15.8%	+19.2%	+10.2%	+2.4%
Business	-17.1%	-1.0%	-13.9%	+24.9%	+11.9%	+4.4%	+1.5%
Non-Business	-8.4%	-7.7%	-14.3%	+13.9%	+20.9%	+11.5%	+2.6%
(f) – forecast							
Source: Global Insight, Ontario Ministry of Tourism and Recreation							



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