

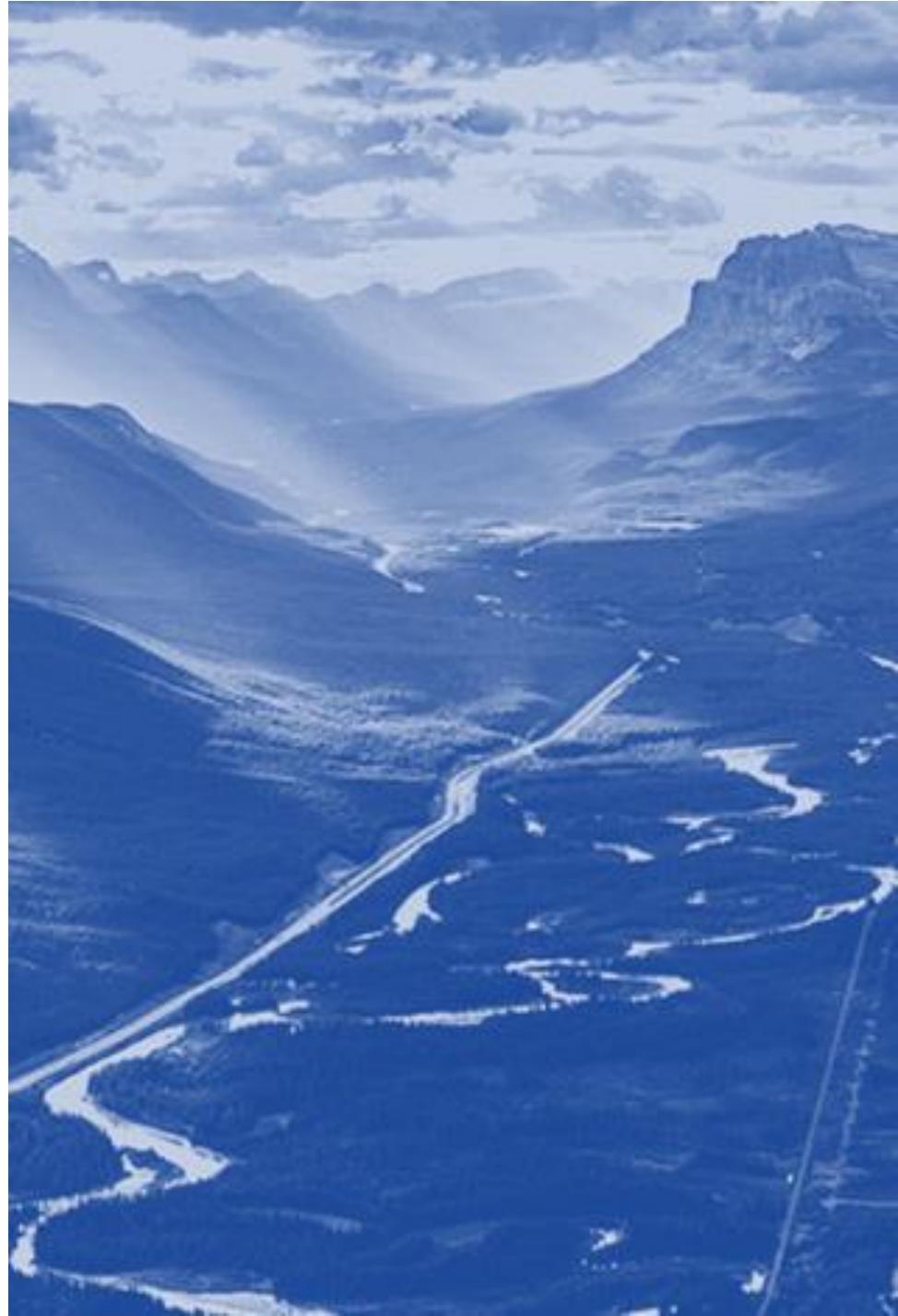
# Travel Impact Scenarios and Spending Segmentation for Alberta – October Update

October 2021

PREPARED FOR:



[WWW.TOURISMECONOMICS.COM](http://WWW.TOURISMECONOMICS.COM)



# STUDY OVERVIEW

Travel Alberta previously engaged Tourism Economics to provide forecast scenarios for 2020 to 2030 during the early stages of the COVID-19 pandemic, Travel Alberta is seeking an update of these scenarios along with details on spending by different segments of tourists.

The analysis is organized into nine parts:

1. Report Highlights – reviews major findings;
2. Macroeconomic Conditions- examines the macroeconomic environment Alberta is facing;
3. Current Data in Alberta- reviews hotel and airline data in Alberta;
4. Scenario Overview- provides an overview of three scenarios created by Destination Canada;
5. Economic Impacts- analyze the impact of these scenarios on Alberta' Economy;
6. Economic Impacts in Context – compares economic losses to other key data points;
7. Spending by Purpose of Trip- examines historical and forecasted spending by purpose of trip;
8. Spending by Destination- examines historical and forecasted spending by destination in Alberta; and
9. Spending by Sector- examines historical and forecasted spending by sector.



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# REPORT HIGHLIGHTS

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We developed three scenarios to determine a range of possible impacts.

## Upside

Traveler spending falls to \$4.9 billion in 2020 and only increased to \$5.7 billion in 2021. Impacts amount to \$6.7 billion over three years.

## Baseline

Traveler spending falls to \$4.7 billion in 2020 and only increased to \$5.3 billion in 2021. Impacts amount to \$9.2 billion over four years.

## Downside

Traveler spending falls to \$4.5 billion in 2020 and only increased to \$4.7 billion in 2021. Impacts amount to \$14.1 billion over six years.

## Summary of Alberta travel spending losses in three Scenarios

Dollars, billions

	2019	2020	2021	2022	2023	2024	2025	Total
<b>Total traveler spending</b>								
Upside Scenario	\$8.2	\$4.9	\$5.7	\$7.2	\$8.5	\$9.8	\$10.9	\$44.3
Baseline Scenario	\$8.2	\$4.7	\$5.3	\$6.0	\$7.6	\$9.0	\$10.0	\$40.7
Downside Scenario	\$8.2	\$4.5	\$4.7	\$5.1	\$5.6	\$7.0	\$8.1	\$35.1
<b>Scenario losses compared to 2019</b>								
Upside Scenario	--	\$3.2	\$2.5	\$0.9	--	--	--	\$6.7
Baseline Scenario	--	\$3.5	\$2.9	\$2.2	\$0.6	--	--	\$9.2
Downside Scenario	--	\$3.7	\$3.4	\$3.1	\$2.5	\$1.2	\$0.1	\$14.1
<b>Losses as a share of 2019</b>								
Upside Scenario	--	40%	30%	--	--	--	--	--
Baseline Scenario	--	43%	35%	27%	8%	--	--	--
Downside Scenario	--	45%	42%	38%	31%	14%	1%	--

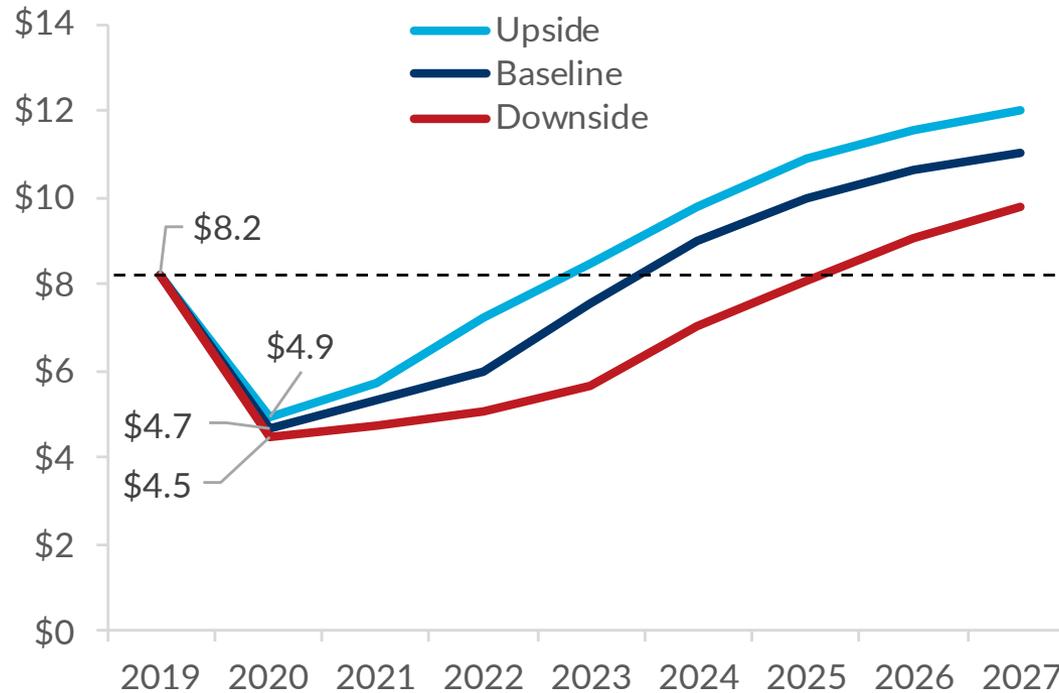
Sources: StatCan; Tourism Economics

# REPORT HIGHLIGHTS

## Scenario overview

### Alberta's traveler spending in three scenarios

Dollars, billions



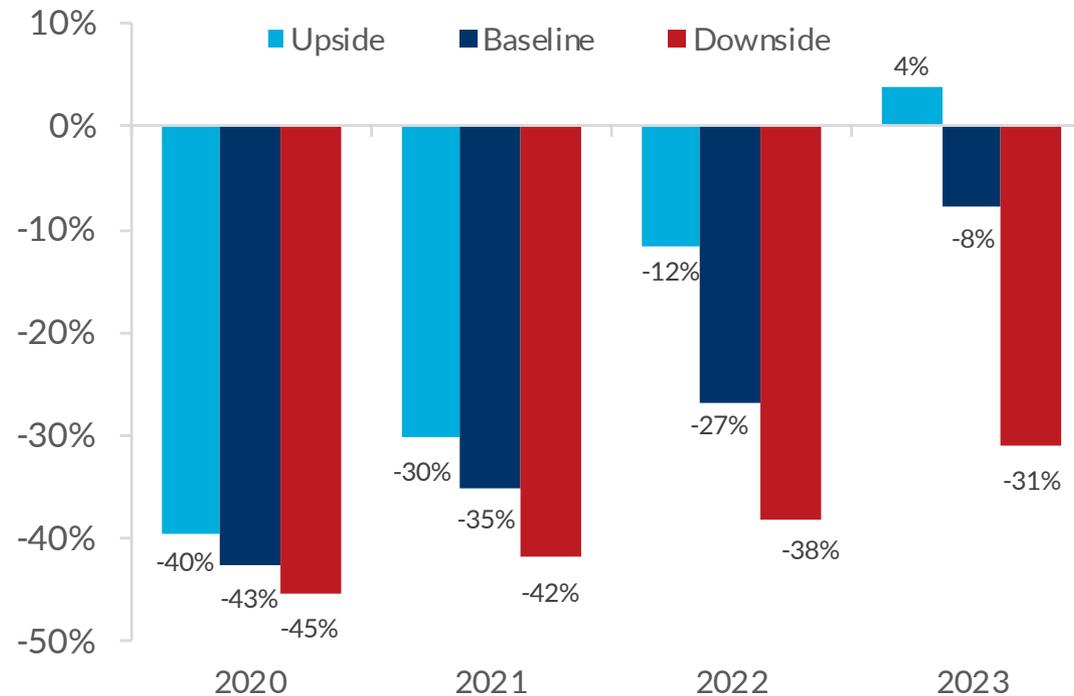
Sources: StatCan; Tourism Economics

# REPORT HIGHLIGHTS

## Scenario losses

### Three scenarios for COVID-19's impact on traveler spending in Alberta

Losses compared to 2019



Sources: StatCan; Tourism Economics

# REPORT HIGHLIGHTS

## 2020 economic impact

The total economic impact will be severe.

In the Baseline Scenario, we estimate that in 2020, lost traveler spending associated with the COVID-19 crisis will amount to \$4.7 billion, which in turn will lead to losses of:

- \$6.1 billion lost business sales;
- \$2.5 billion in lost GDP;
- \$1.6 billion in lost income;
- 26,792 lost jobs;
- \$335 million lost provincial and municipal government revenue.

### Economic losses related to lost traveler spending in Alberta, 2020

Dollar figures in million, comparison to 2019

	Upside	Baseline	Downside
<b>Business sales</b>			
Visitor spending	\$3,248	\$3,483	\$3,718
Total business sales	\$5,734	\$6,148	\$6,563
<b>GDP</b>			
Direct	\$1,159	\$1,243	\$1,327
Total	\$2,319	\$2,487	\$2,654
<b>Income</b>			
Direct	\$849	\$910	\$972
Total	\$1,471	\$1,577	\$1,683
<b>Jobs</b>			
Direct	16,723	17,933	19,143
Total	24,985	26,792	28,600
<b>Total government revenue</b>			
Provincial	\$221	\$238	\$254
Municipal	\$90	\$97	\$103

Sources: StatCan; Tourism Economics

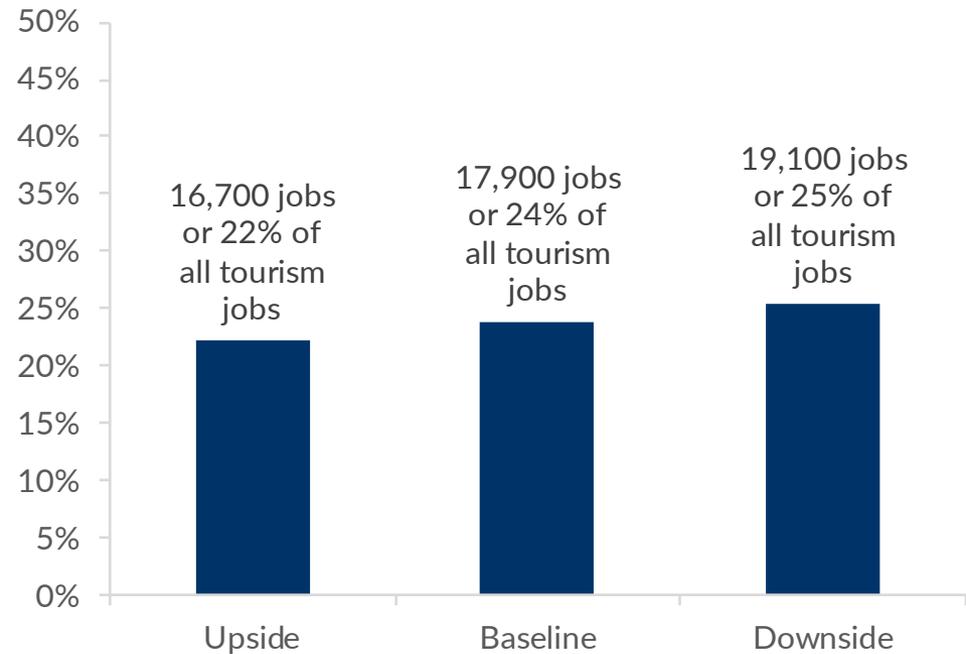
# REPORT HIGHLIGHTS

## Employment impact

Jobs losses are in the tens of thousands.

### Direct jobs losses related to lost traveler spending in Alberta, 2020

Percent of all direct tourism jobs



Sources: StatCan; Tourism Economics

# MACROECONOMIC CONDITIONS

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## Industry impacts

As COVID-19 cases increased through the fall and early winter, Canada's recovery has stalled.

This section will review important indicators in the macroeconomic environment, with particular attention given to Alberta.

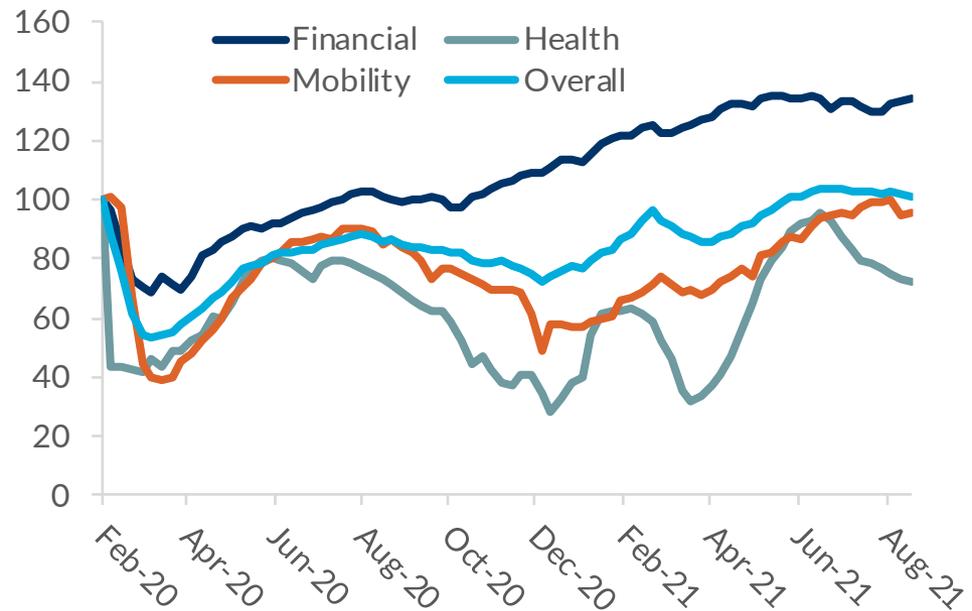
Oxford Economics' Canadian recovery tracker ([Link](#)) has declined since August.

While the financial markets have remained stable, the health situation has deteriorated, and Canadians are staying at home more.

Currently, increased COVID cases are the major drag on the recovery, a particular concern in Alberta.

Oxford Economics' Canadian recovery tracker

Index (February 28<sup>th</sup> 2020 = 100)



Source: Our World in Data

# MACROECONOMIC CONDITIONS

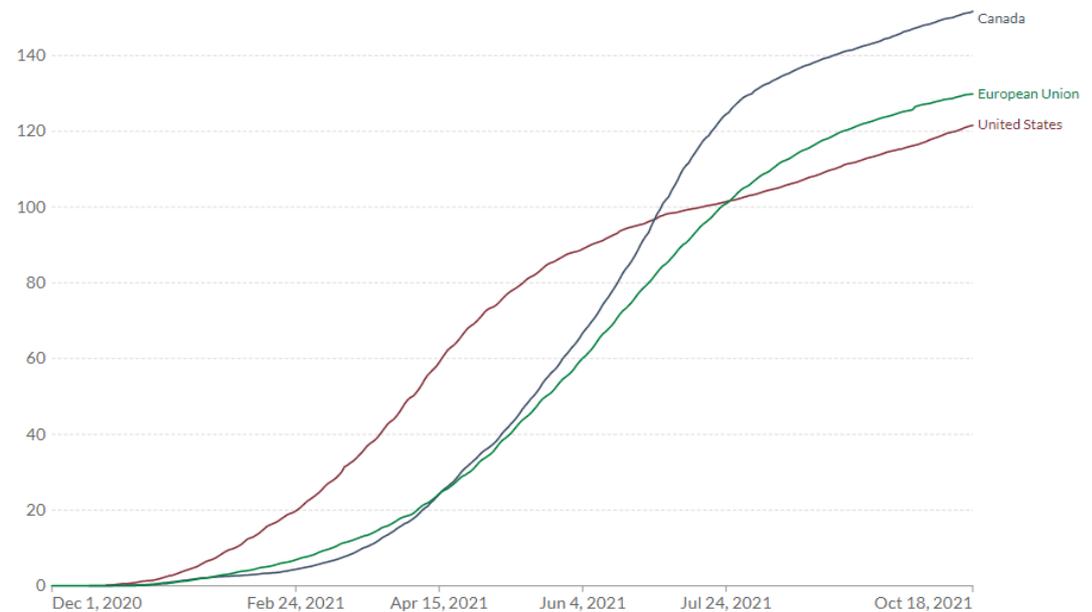
## Vaccine deployment

After a slow start, Canada's vaccination rate surged to very high levels.

Widespread vaccine distribution will help drive tourism's recovery, and Canada's high vaccination rate bodes well for the future.

### Cumulative COVID-19 vaccination doses administered per 100 people

As of February 11<sup>th</sup>, 2021



Source: Our World in Data

# MACROECONOMIC CONDITIONS

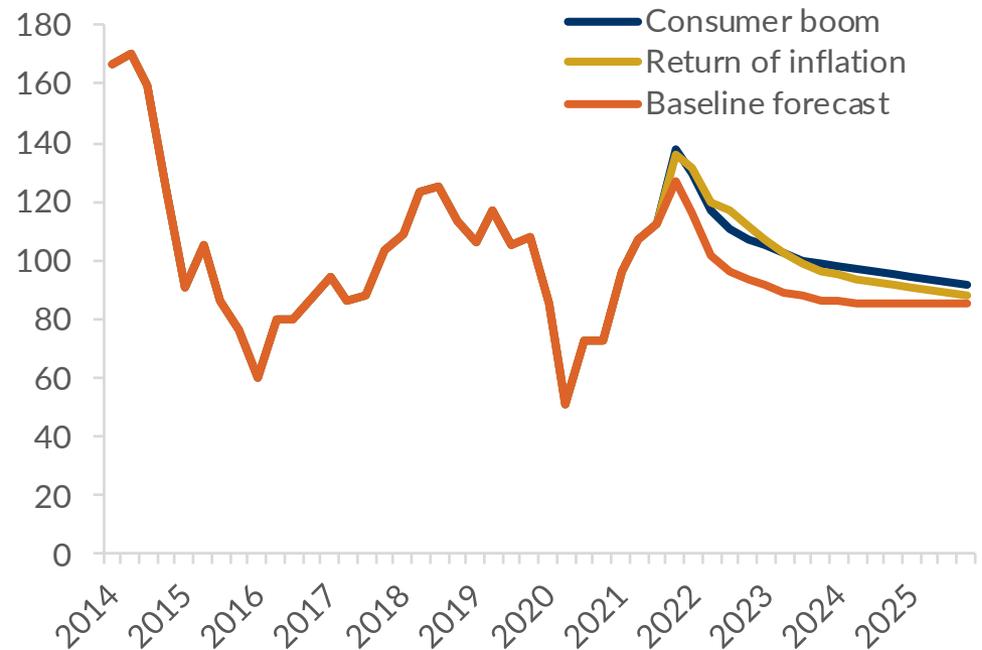
## Oil prices

### Low oil prices will continue to impact Alberta's economy.

Oil prices remain below their highs from the early half of the decade. A rebounding economy and OPEC cuts have boosted the price, but in all of Oxford Economics' main scenario forecasts, oil prices decrease from their current level.

### World oil price in three scenarios

Weighted index of various grades



Source: Oxford Economics

# MACROECONOMIC CONDITIONS

## GDP growth

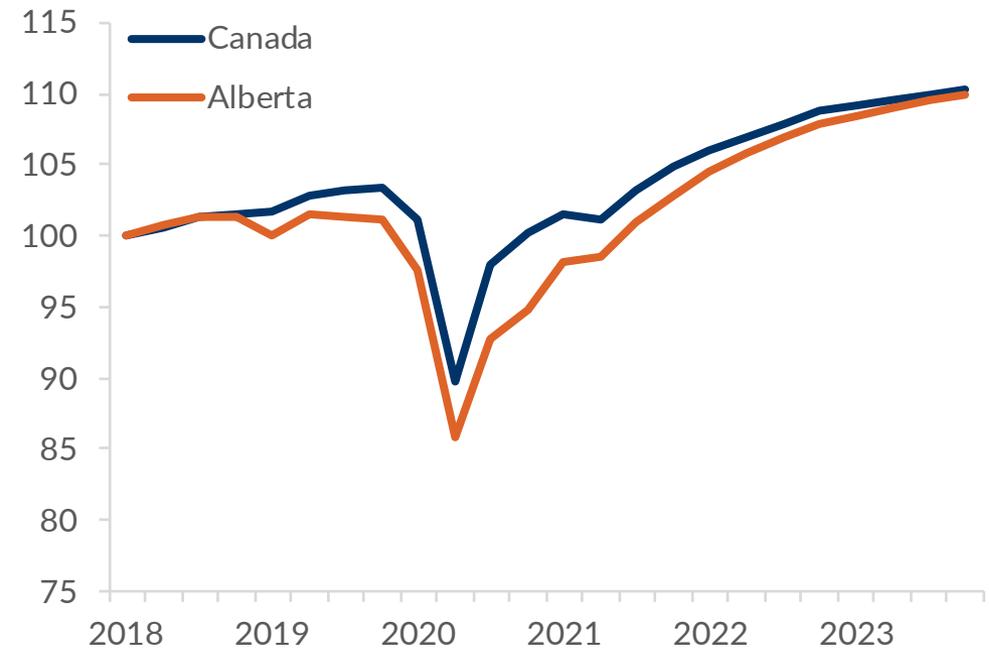
**Alberta will trail the nation in the recovery.**

Falling oil prices began to hamper Alberta's economy before the pandemic began. Alberta's GDP began to decline in 2018 Q4 while Canada's continued to grow until 2019 Q4.

So Alberta entered the pandemic already in an economic slide and will remain economically behind the nation in the recovery.

**GDP growth in Canada and Alberta**

Index (2018 Q1 = 100)



Source: Tourism Economics

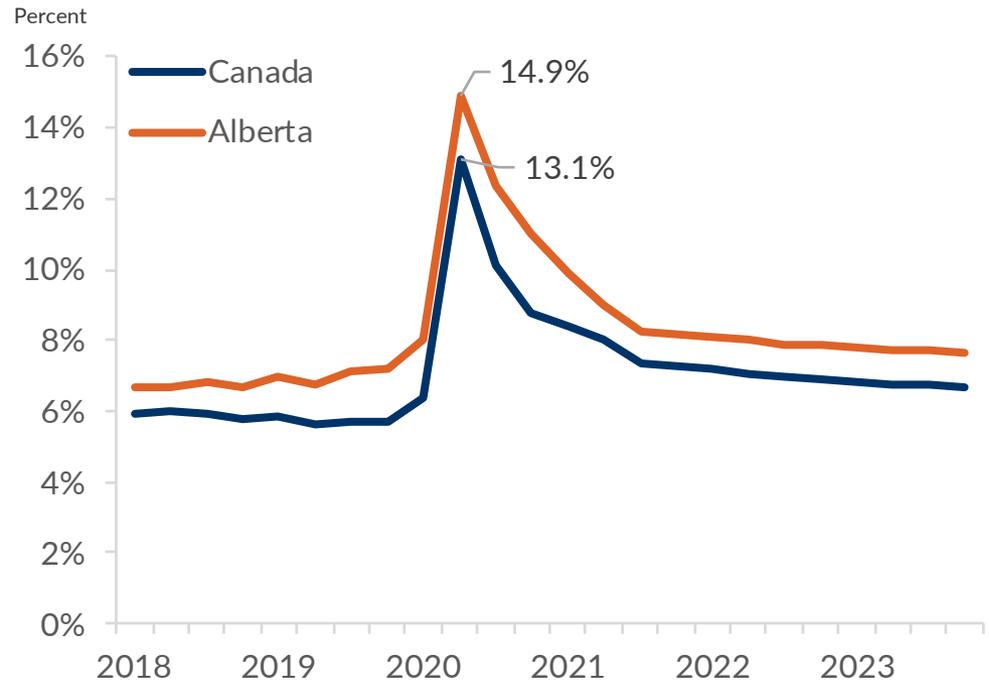
# MACROECONOMIC CONDITIONS

## Unemployment rate

**Unemployment rates will remain elevated for several years.**

The unemployment rate in Canada and Alberta will not recover to pre-crisis level until 2024 or later.

**Unemployment rates in Canada and Alberta**



Source: Tourism Economics

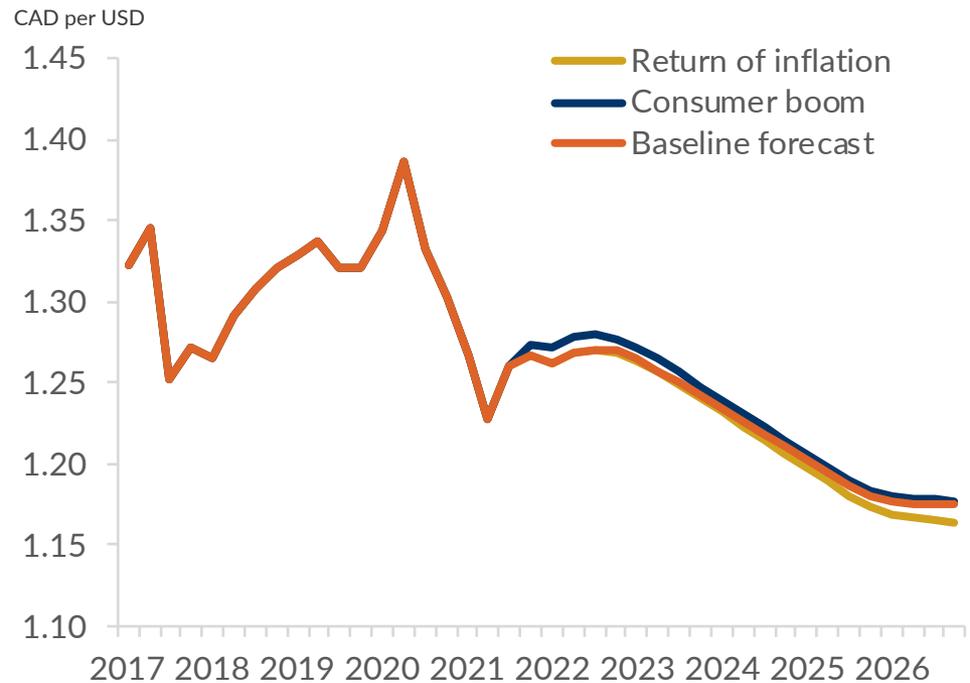
# MACROECONOMIC CONDITIONS

## CAD-USD exchange rate

The Loonie will gain strength over time.

A potential vulnerability for the Canadian travel sector is a strengthening Loonie (again, this is observed across all of Oxford Economics' Scenarios). This may deter international visitors and make Canadians more likely to travel internationally.

CAD-USD exchange rate in three scenarios



Source: Oxford Economics

# MACROECONOMIC CONDITIONS

## Industry impacts

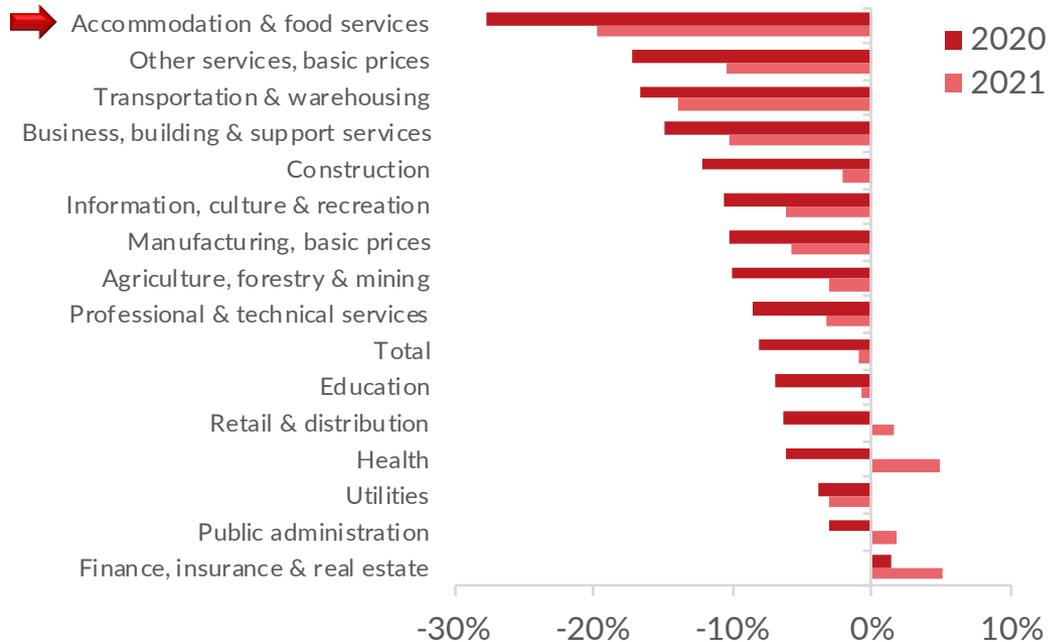
All industries will decline, but losses will be greatest in the accommodation and food services sector.

Tourism is always a particularly hard-hit sector during recession, but the nature of the pandemic make this recession the worst crisis for the travel sector in the modern era.

While employment in the accommodation and food services sector began to recover in 2021, it still lags behind all other major sectors.

### GDP losses in Alberta's industrial sectors, 2020

Y/Y decline



Source: Oxford Economics

# CURRENT DATA IN ALBERTA

# CURRENT DATA IN ALBERTA

## Hotel sector metrics

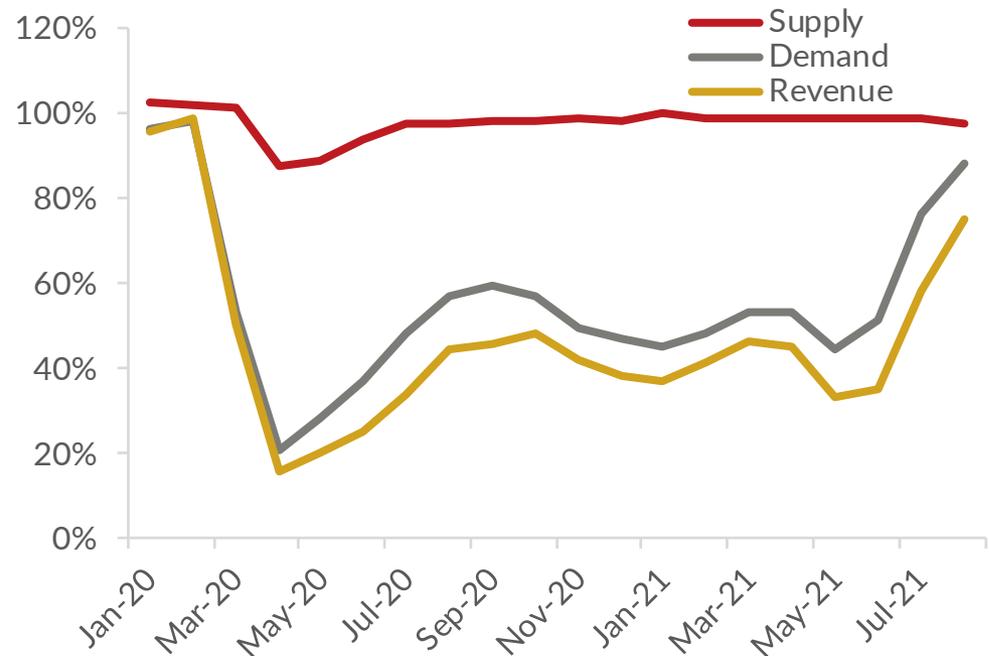
**In August 2021, room demand was down only 12% and revenue down 25%.**

This represents a massive surge from May when demand and revenue were down 66% and 77% respectively.

These figures will likely fall off quickly however as the market mix in the fall contain far fewer leisure travelers (which have led the recovery) and more business and group travel (which are still struggling to regain ground).

**Alberta hotel sector metrics**

M/M change from 2019



Source: STR

# CURRENT DATA IN ALBERTA

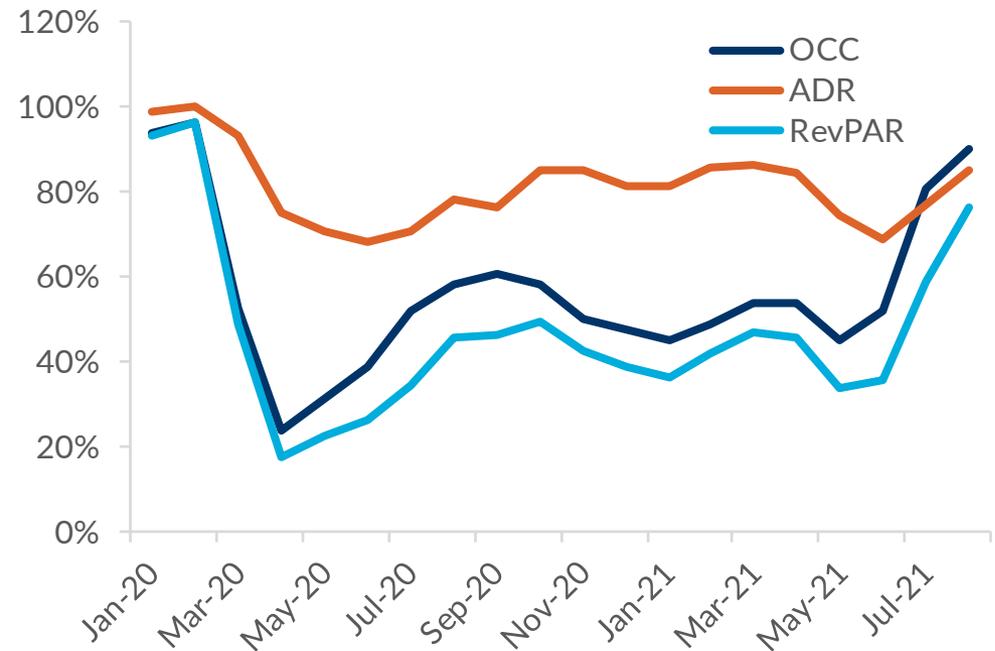
## Hotel sector KPIs

Occupancy rate, ADR, and RevPAR are down 10%, 15% and 23% respectively in August 2021.

As demand and revenue surged, so have these KPIs. However, these are also likely to fall in the near future.

Alberta hotel sector KPIs

M/M change from 2019



Sources: StatCan; Destination Canada; Tourism Economics

# SCENARIO OVERVIEW

# SCENARIO OVERVIEW

## Scenario assumptions

The remainder of this report will review the outcomes of three scenarios prepared by Tourism Economics.

### Key assumptions across all scenarios:

- Traveler's desire to travel, to consider, plan and book continue to improve, with periodic minor setbacks.
- In 2021 and 2022, there will be a strong 'domestic-replacement' impact, as restrictions on international travel and consumer hesitancy will encourage more Canadians to travel locally.
- Based on assumptions of traveler perceptions of safety and barriers related to length and cost of travel, drive travel will recover faster than short-haul flights which will recover faster than long-haul flights.
- Any interruption of supply of tourism products & transportation infrastructure will be minor and temporary, and not an overall limit on demand (i.e. supply will be able to meet demand).

### Notes on 2020 estimates:

StatCan will not produce 2020 spending estimates for some time, so we have created our own estimates. These estimates are heavily reliant on STR data on room revenue. We believe that losses of room revenue (56% in 2020) will be greater than traveler spending losses, so all scenarios feature spending losses smaller than 56%.

# SCENARIO OVERVIEW

## Scenario assumptions

Each Scenarios has specific assumptions regarding re-opening borders and economic growth.

### Key assumptions for each scenario:

#### 1. Upside Scenario:

- Increased vaccinations and no new variants of concern reduce the impact of the virus.
- International tourism begins a notable and sustained increase in the spring of 2022.
- Business and group travel begins a notable and sustained increase in the spring of 2022.

#### 2. Baseline Scenario:

- Variants and virus waves become less common and smaller but continue to hamper the recovery.
- International tourism begins a notable and sustained increase in the summer of 2022.
- Business and group travel begins a notable and sustained increase in the fall of 2022.

#### 3. Downside Scenario:

- A new major setback occurs\*.
- International tourism begins a notable and sustained increase in the summer of 2023.
- Business and group travel begins a notable and sustained increase in the fall of 2023.

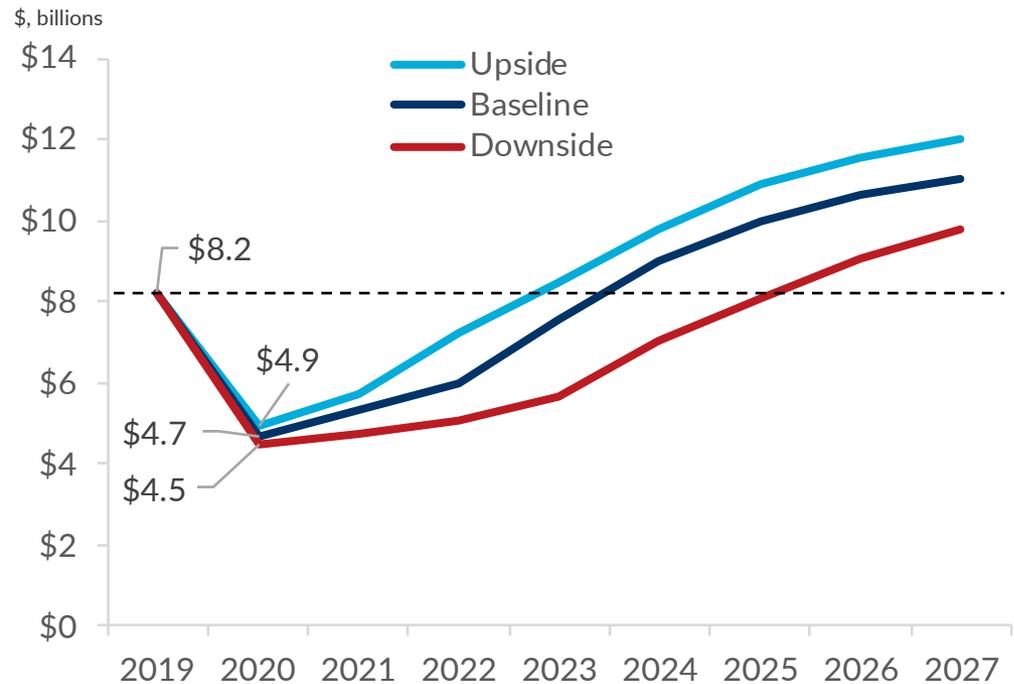
\*We have modeled this as a new and particularly troublesome COVID variant. Similar headline results might be seen with major trouble in the financial markets, however financial trouble would have less of an impact on the international market than our scenario.

# SCENARIO OVERVIEW

Spending growth

As downside risk are currently greater than upside opportunities, the Baseline Scenario is closer to the Upside Scenario than the Downside Scenario.

Alberta traveler spending by scenario



Sources: StatCan; Destination Canada; Tourism Economics

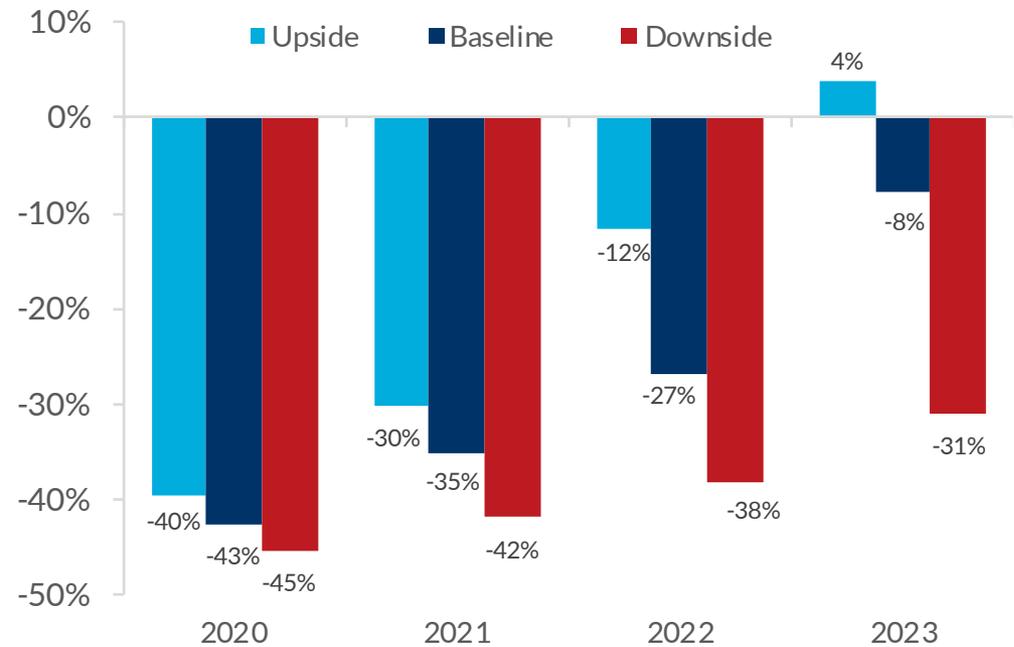
# SCENARIO OVERVIEW

## Spending losses

2021 losses range from 30% to 41%. In all scenarios, spending is still below 2019 levels in 2023.

### Alberta traveler spending by scenario

% losses compared to 2019



Sources: StatCan; Destination Canada; Tourism Economics

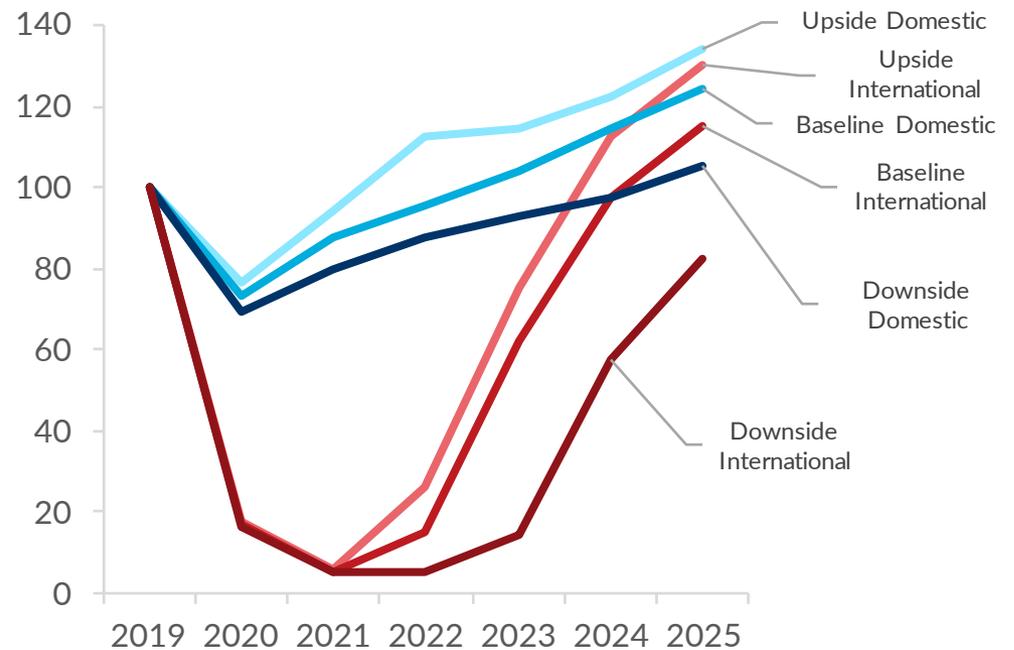
# SCENARIO OVERVIEW

Spending growth by segment

International lags well behind domestic in all scenarios; the domestic replacement impact is most clearly seen in the Upside Scenario.

### Domestic and international Alberta traveler spending by scenario

Index (2019=100)



\*Sources: StatCan; Tourism Economics

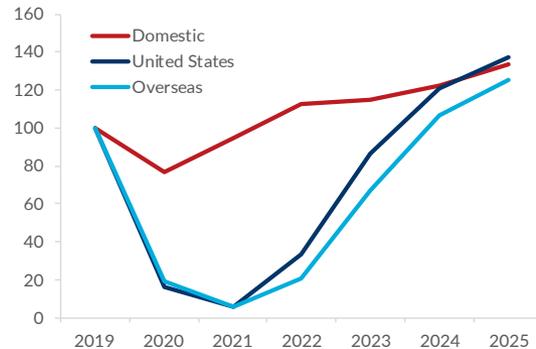
# SCENARIO OVERVIEW

## Yearly Scenario comparison

### Alberta traveler spending by origin in different scenarios

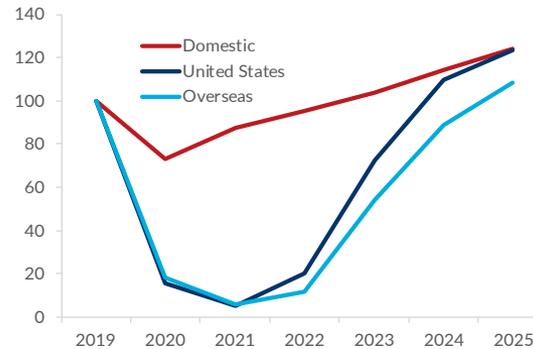
#### Upside

Index (2019=100)



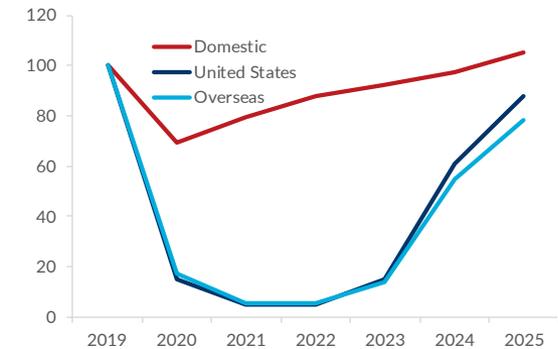
#### Baseline

Index (2019=100)



#### Downside

Index (2019=100)



Sources: StatCan; Destination Canada; Tourism Economics

- International tourism in 2021 and 2022 is limited in all scenarios.
- Domestic tourism spending exceeds 2019 levels in 2023 in both the Upside and Baseline Scenarios.
- Downside Scenario has poor performances from all markets.

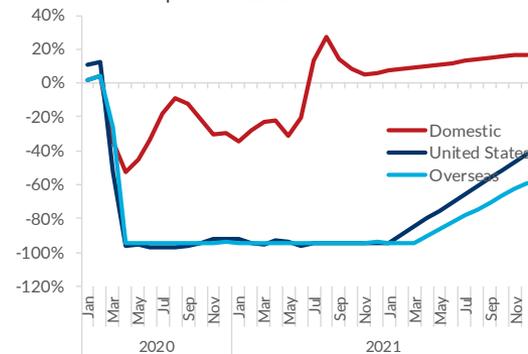
# SCENARIO OVERVIEW

## Monthly scenario comparison

### Alberta traveler spending by origin in different scenarios

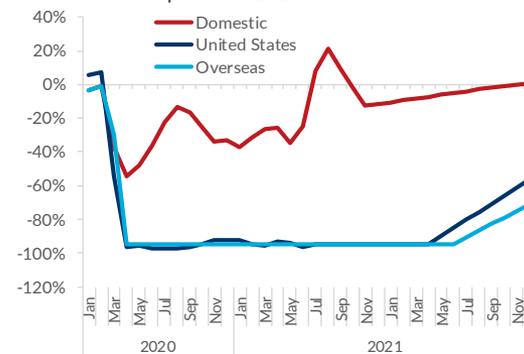
#### Upside

m/m losses compared to 2019



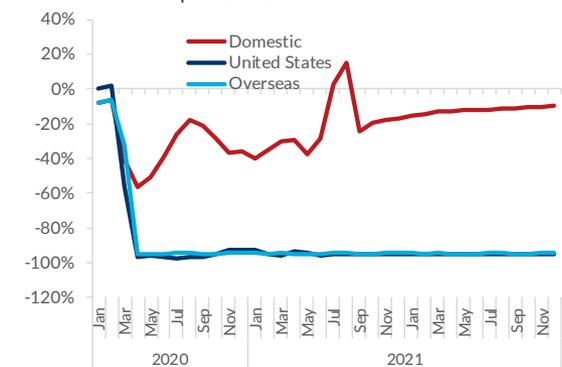
#### Baseline

m/m losses compared to 2019



#### Downside

m/m losses compared to 2019



Sources: StatCan; Destination Canada; Tourism Economics

- The recovery in international tourism begins faster in the Upside Scenario.
- The strong boost in domestic travel is visible in the Upside and Baseline Scenarios.
- The Downside Scenario has poor performances from all markets.

# SCENARIO OVERVIEW

## Spending details

### Alberta traveler spending by origin

\$, millions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Recovery year*	2019-2030 growth
<b>Upside Scenario</b>														
Alberta	\$4,290	\$3,560	\$4,450	\$5,142	\$5,052	\$5,294	\$5,777	\$6,070	\$6,220	\$6,323	\$6,427	\$6,534	2021	52%
Rest of Canada	\$1,611	\$970	\$1,126	\$1,492	\$1,721	\$1,925	\$2,121	\$2,265	\$2,369	\$2,458	\$2,550	\$2,645	2023	64%
United States	\$991	\$162	\$55	\$329	\$856	\$1,195	\$1,358	\$1,464	\$1,518	\$1,562	\$1,603	\$1,645	2024	66%
Overseas	\$1,289	\$242	\$74	\$270	\$863	\$1,370	\$1,615	\$1,765	\$1,899	\$2,031	\$2,175	\$2,322	2024	80%
<b>Total</b>	<b>\$8,182</b>	<b>\$4,934</b>	<b>\$5,705</b>	<b>\$7,233</b>	<b>\$8,491</b>	<b>\$9,785</b>	<b>\$10,871</b>	<b>\$11,564</b>	<b>\$12,006</b>	<b>\$12,373</b>	<b>\$12,755</b>	<b>\$13,146</b>	<b>2023</b>	<b>61%</b>
<b>Baseline Scenario</b>														
Alberta	\$4,290	\$3,391	\$4,129	\$4,329	\$4,549	\$4,959	\$5,352	\$5,602	\$5,738	\$5,854	\$5,972	\$6,093	2022	42%
Rest of Canada	\$1,611	\$924	\$1,049	\$1,307	\$1,585	\$1,798	\$1,984	\$2,134	\$2,247	\$2,340	\$2,436	\$2,537	2024	57%
United States	\$991	\$154	\$52	\$198	\$721	\$1,085	\$1,222	\$1,332	\$1,382	\$1,419	\$1,451	\$1,484	2024	50%
Overseas	\$1,289	\$230	\$70	\$148	\$698	\$1,141	\$1,399	\$1,560	\$1,684	\$1,801	\$1,923	\$2,047	2025	59%
<b>Total</b>	<b>\$8,182</b>	<b>\$4,699</b>	<b>\$5,301</b>	<b>\$5,982</b>	<b>\$7,553</b>	<b>\$8,983</b>	<b>\$9,958</b>	<b>\$10,628</b>	<b>\$11,051</b>	<b>\$11,413</b>	<b>\$11,783</b>	<b>\$12,161</b>	<b>2024</b>	<b>49%</b>
<b>Downside Scenario</b>														
Alberta	\$4,290	\$3,221	\$3,718	\$3,943	\$4,096	\$4,261	\$4,571	\$5,009	\$5,322	\$5,505	\$5,630	\$5,757	2025	34%
Rest of Canada	\$1,611	\$878	\$978	\$1,243	\$1,370	\$1,498	\$1,634	\$1,820	\$1,985	\$2,117	\$2,216	\$2,313	2025	44%
United States	\$991	\$146	\$50	\$50	\$148	\$604	\$872	\$986	\$1,079	\$1,122	\$1,152	\$1,179	2027	19%
Overseas	\$1,289	\$219	\$67	\$67	\$181	\$707	\$1,010	\$1,254	\$1,435	\$1,572	\$1,689	\$1,807	2027	40%
<b>Total</b>	<b>\$8,182</b>	<b>\$4,464</b>	<b>\$4,813</b>	<b>\$5,303</b>	<b>\$5,794</b>	<b>\$7,070</b>	<b>\$8,087</b>	<b>\$9,069</b>	<b>\$9,820</b>	<b>\$10,316</b>	<b>\$10,687</b>	<b>\$11,056</b>	<b>2026</b>	<b>35%</b>

\* The year in which spending recovers to 2019 levels

Sources: StatCan; Destination Canada; Tourism Economics

# SCENARIO OVERVIEW

## Spending details – dollar losses

### Alberta traveler spending losses by origin

\$, millions

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total losses
<b>Upside Scenario</b>													
Alberta	--	\$730	--	--	--	--	--	--	--	--	--	--	\$730
Rest of Canada	--	\$641	\$485	\$119	--	--	--	--	--	--	--	--	\$1,245
United States	--	\$830	\$936	\$662	\$135	--	--	--	--	--	--	--	\$2,564
Overseas	--	\$1,047	\$1,215	\$1,019	\$426	--	--	--	--	--	--	--	\$3,707
<b>Total</b>	--	<b>\$3,248</b>	<b>\$2,477</b>	<b>\$949</b>	--	--	--	--	--	--	--	--	<b>\$6,674</b>
<b>Baseline Scenario</b>													
Alberta	--	\$900	\$161	--	--	--	--	--	--	--	--	--	\$1,061
Rest of Canada	--	\$687	\$562	\$303	\$26	--	--	--	--	--	--	--	\$1,578
United States	--	\$838	\$939	\$793	\$270	--	--	--	--	--	--	--	\$2,840
Overseas	--	\$1,059	\$1,218	\$1,141	\$591	\$147	--	--	--	--	--	--	\$4,156
<b>Total</b>	--	<b>\$3,483</b>	<b>\$2,881</b>	<b>\$2,199</b>	<b>\$628</b>	--	--	--	--	--	--	--	<b>\$9,192</b>
<b>Downside Scenario</b>													
Alberta	--	\$1,069	\$572	\$347	\$195	\$29	--	--	--	--	--	--	\$2,213
Rest of Canada	--	\$733	\$633	\$368	\$241	\$113	--	--	--	--	--	--	\$2,088
United States	--	\$845	\$942	\$941	\$843	\$388	\$119	\$5	--	--	--	--	\$4,084
Overseas	--	\$1,070	\$1,222	\$1,222	\$1,108	\$582	\$279	\$35	--	--	--	--	\$5,518
<b>Total</b>	--	<b>\$3,718</b>	<b>\$3,369</b>	<b>\$2,879</b>	<b>\$2,387</b>	<b>\$1,112</b>	<b>\$95</b>	--	--	--	--	--	<b>\$13,559</b>

Sources: StatCan; Destination Canada; Tourism Economics

# SCENARIO OVERVIEW

Spending details – percent change

## Alberta traveler spending relative to 2019

Percent change from 2019

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Upside Scenario</b>												
Alberta	--	-17%	4%	20%	18%	23%	35%	41%	45%	47%	50%	52%
Rest of Canada	--	-40%	-30%	-7%	7%	20%	32%	41%	47%	53%	58%	64%
United States	--	-84%	-94%	-67%	-14%	21%	37%	48%	53%	58%	62%	66%
Overseas	--	-81%	-94%	-79%	-33%	6%	25%	37%	47%	58%	69%	80%
<b>Total</b>	<b>--</b>	<b>-40%</b>	<b>-30%</b>	<b>-12%</b>	<b>4%</b>	<b>20%</b>	<b>33%</b>	<b>41%</b>	<b>47%</b>	<b>51%</b>	<b>56%</b>	<b>61%</b>
<b>Baseline Scenario</b>												
Alberta	--	-21%	-4%	1%	6%	16%	25%	31%	34%	36%	39%	42%
Rest of Canada	--	-43%	-35%	-19%	-2%	12%	23%	32%	40%	45%	51%	57%
United States	--	-84%	-95%	-80%	-27%	9%	23%	34%	39%	43%	46%	50%
Overseas	--	-82%	-95%	-89%	-46%	-11%	9%	21%	31%	40%	49%	59%
<b>Total</b>	<b>--</b>	<b>-43%</b>	<b>-35%</b>	<b>-27%</b>	<b>-8%</b>	<b>10%</b>	<b>22%</b>	<b>30%</b>	<b>35%</b>	<b>40%</b>	<b>44%</b>	<b>49%</b>
<b>Downside Scenario</b>												
Alberta	--	-25%	-15%	-14%	-8%	-2%	6%	16%	24%	28%	31%	34%
Rest of Canada	--	-46%	-39%	-23%	-15%	-7%	1%	13%	23%	31%	38%	44%
United States	--	-85%	-95%	-95%	-85%	-39%	-12%	-1%	9%	13%	16%	19%
Overseas	--	-83%	-95%	-95%	-86%	-45%	-22%	-3%	11%	22%	31%	40%
<b>Total</b>	<b>--</b>	<b>-45%</b>	<b>-42%</b>	<b>-38%</b>	<b>-31%</b>	<b>-14%</b>	<b>-1%</b>	<b>11%</b>	<b>20%</b>	<b>26%</b>	<b>30%</b>	<b>35%</b>

Sources: StatCan; Destination Canada; Tourism Economics

# ECONOMIC IMPACTS



## ECONOMIC IMPACTS

How visitor spending generates employment and income

The visitor economy starts with actual spending by visitors and also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of lost visitor spending in Alberta, we input tourism spending into a I-O (input-output) model of Alberta's economy. This model calculates three distinct types of impact: direct, indirect, and induced.

- 1. Direct Impacts:** Visitors create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- 2. Indirect Impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.
- 3. Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated whether directly or indirectly by visitors, spend those wages in the local economy.

# ECONOMIC IMPACTS

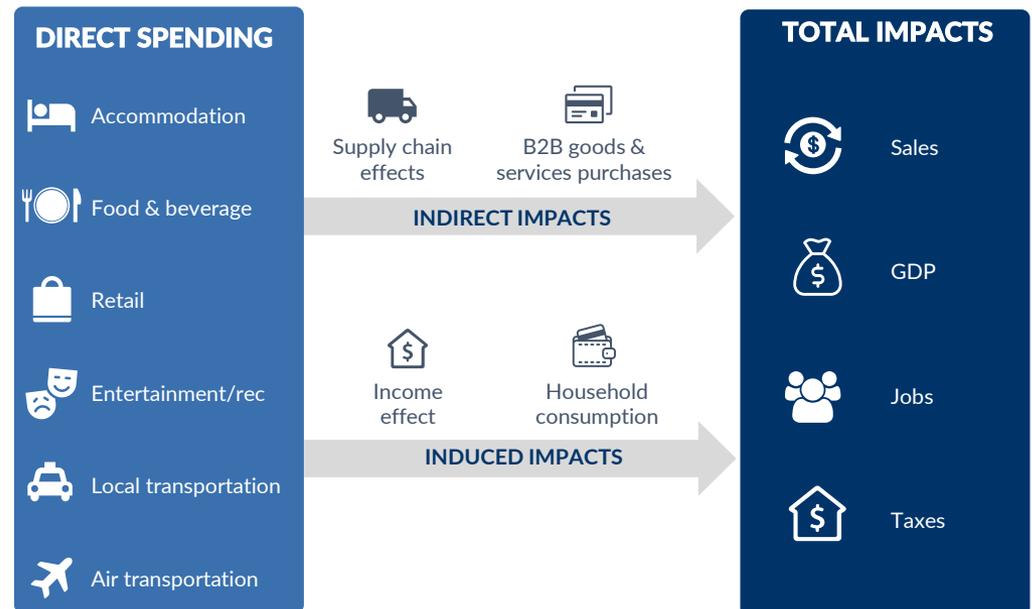
How visitor spending generates employment and income

Visitor spending flows through the economy and generates benefits through multiple channels.

I-O models are particularly effective because they calculate these three levels of impact – direct, indirect, and induced – for a broad set of indicators.

These include the following:

- Spending
- GDP
- Wages
- Employment
- Federal Taxes
- Provincial Taxes
- Municipal Taxes



# ECONOMIC IMPACTS

## Upside Scenario

### Losses mount over three years.

From 2020-2022, \$6.7 billion in lost visitor spending creates:

- \$11.8 billion lost business sales;
- \$4.8 billion in lost GDP;
- \$3.0 billion in lost income;
- \$455 million lost provincial government revenue.

### Economic losses in Alberta due to lost travel spending, Upside Scenario

Dollar figures in millions, all comparisons are to 2019

	2019	2020	2021	2022	2023	2024	2025	2026	Total
<b>Business sales</b>									
Visitor spending	--	\$3,248	\$2,477	\$949	--	--	--	--	\$6,674
Total business sales	--	\$5,734	\$4,373	\$1,675	--	--	--	--	\$11,781
<b>GDP</b>									
Direct	--	\$1,159	\$884	\$339	--	--	--	--	\$2,382
Total	--	\$2,319	\$1,768	\$677	--	--	--	--	\$4,765
<b>Income</b>									
Direct	--	\$849	\$647	\$248	--	--	--	--	\$1,745
Total	--	\$1,471	\$1,122	\$430	--	--	--	--	\$3,022
<b>Jobs</b>									
Direct	--	16,723	12,754	4,885	--	--	--	--	--
Total	--	24,985	19,054	7,299	--	--	--	--	--
<b>Total government revenue</b>									
Provincial	--	\$221	\$169	\$65	--	--	--	--	\$455
Municipal	--	\$90	\$69	\$26	--	--	--	--	\$185

Source: Tourism Economics

# ECONOMIC IMPACTS

## Baseline Scenario

### Losses mount over four years.

From 2020-2023, \$9.2 billion in lost visitor spending creates:

- \$16.2 billion lost business sales;
- \$6.6 billion in lost GDP;
- \$4.2 billion in lost income;
- \$627 million lost provincial government revenue.

### Economic losses in Alberta due to lost travel spending, Baseline Scenario

Dollar figures in millions, all comparisons are to 2019

	2019	2020	2021	2022	2023	2024	2025	2026	Total
<b>Business sales</b>									
Visitor spending	--	\$3,483	\$2,881	\$2,199	\$628	--	--	--	\$9,192
Total business sales	--	\$6,148	\$5,086	\$3,883	\$1,109	--	--	--	\$16,226
<b>GDP</b>									
Direct	--	\$1,243	\$1,028	\$785	\$224	--	--	--	\$3,281
Total	--	\$2,487	\$2,057	\$1,570	\$449	--	--	--	\$6,562
<b>Income</b>									
Direct	--	\$910	\$753	\$575	\$164	--	--	--	\$2,403
Total	--	\$1,577	\$1,305	\$996	\$285	--	--	--	\$4,162
<b>Jobs</b>									
Direct	--	17,933	14,834	11,325	3,235	--	--	--	--
Total	--	26,792	22,163	16,920	4,834	--	--	--	--
<b>Total government revenue</b>									
Provincial	--	\$238	\$196	\$150	\$43	--	--	--	\$627
Municipal	--	\$97	\$80	\$61	\$17	--	--	--	\$255

Source: Tourism Economics

# ECONOMIC IMPACTS

## Downside Scenario

### Losses mount over six years.

From 2020-2025, \$14.1 billion in lost visitor spending creates:

- \$24.9 billion lost business sales;
- \$10.1 billion in lost GDP;
- \$6.4 billion in lost income;
- \$961 million lost provincial government revenue.

### Economic losses in Alberta due to lost travel spending, Downside Scenario

Dollar figures in millions, all comparisons are to 2019

	2019	2020	2021	2022	2023	2024	2025	2026	Total
<b>Business sales</b>									
Visitor spending	--	\$3,718	\$3,432	\$3,128	\$2,543	\$1,173	\$105		\$14,098
Total business sales	--	\$6,563	\$6,058	\$5,522	\$4,490	\$2,070	\$185		\$24,888
<b>GDP</b>									
Direct	--	\$1,327	\$1,225	\$1,117	\$908	\$419	\$37		\$5,032
Total	--	\$2,654	\$2,450	\$2,233	\$1,816	\$837	\$75		\$10,066
<b>Income</b>									
Direct	--	\$972	\$897	\$818	\$665	\$307	\$27		\$3,685
Total	--	\$1,683	\$1,554	\$1,416	\$1,152	\$531	\$48		\$6,384
<b>Jobs</b>									
Direct	--	19,143	17,670	16,106	13,095	6,038	540		--
Total	--	28,600	26,399	24,062	19,565	9,021	807		--
<b>Total government revenue</b>									
Provincial	--	\$254	\$234	\$213	\$173	\$80	\$7		\$961
Municipal	--	\$103	\$95	\$87	\$71	\$33	\$3		\$392

Source: Tourism Economics

# ECONOMIC IMPACT IN CONTEXT

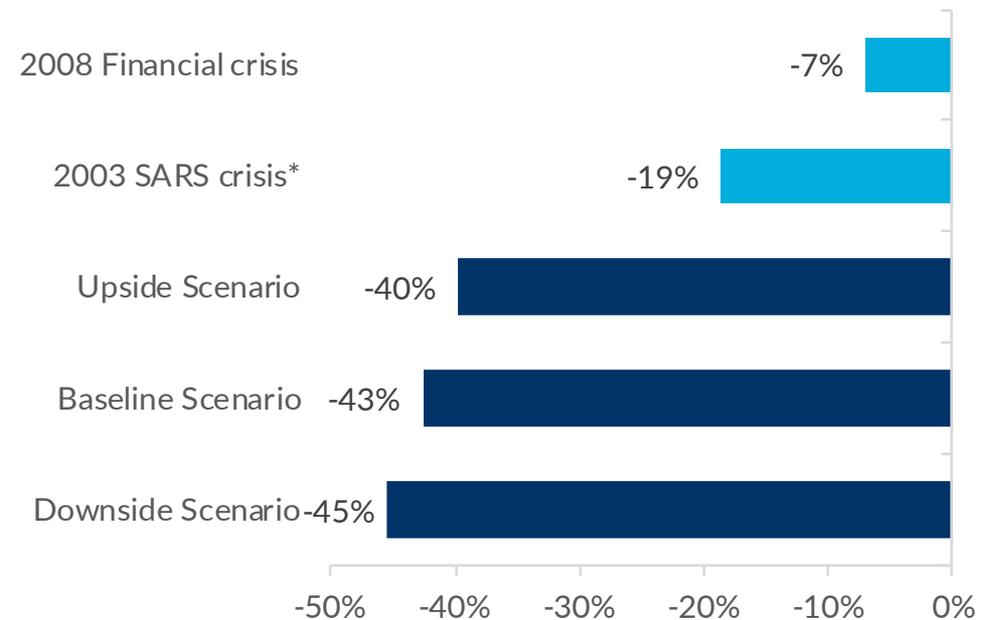
# ECONOMIC IMPACTS IN CONTEXT

Comparison with prior crises

Even the Upside Scenario impact far exceeds the impact of the 2003 SARS crisis\*.

## COVID-19's impact on traveler spending in Alberta compared to other crises

Y/Y decline in traveler spending



\*The Loonie gained considerable strength against the US Dollar in 2003, which led to less US inbound travel and more Canadian outbound travel to the US. So this analysis likely overstates (perhaps greatly) the impact of SARS on travel spending in Alberta.

Sources: Destination Canada; StatCan; Tourism Economics

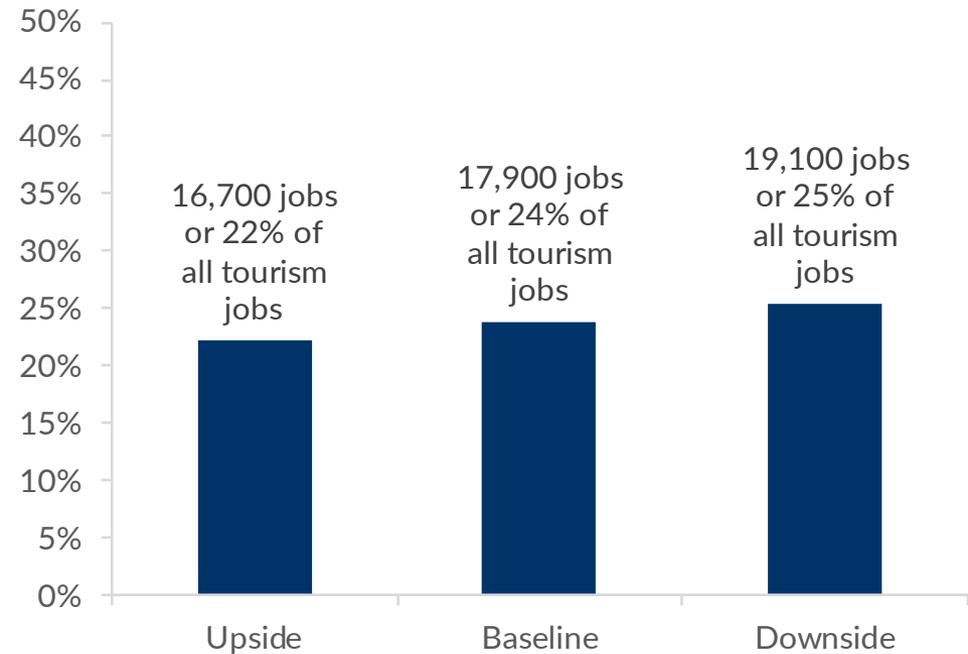
# ECONOMIC IMPACTS IN CONTEXT

## Unemployment impact

The job losses amount to a significant portion of tourism sector jobs.

Direct jobs losses as a share of all tourism jobs in Alberta, 2020

Percent of all direct tourism jobs



Sources: Destination Canada; StatCan; Tourism Economics

# SPENDING BY PURPOSE OF TRIP

# SPENDING BY PURPOSE OF TRIP

Origin market detail

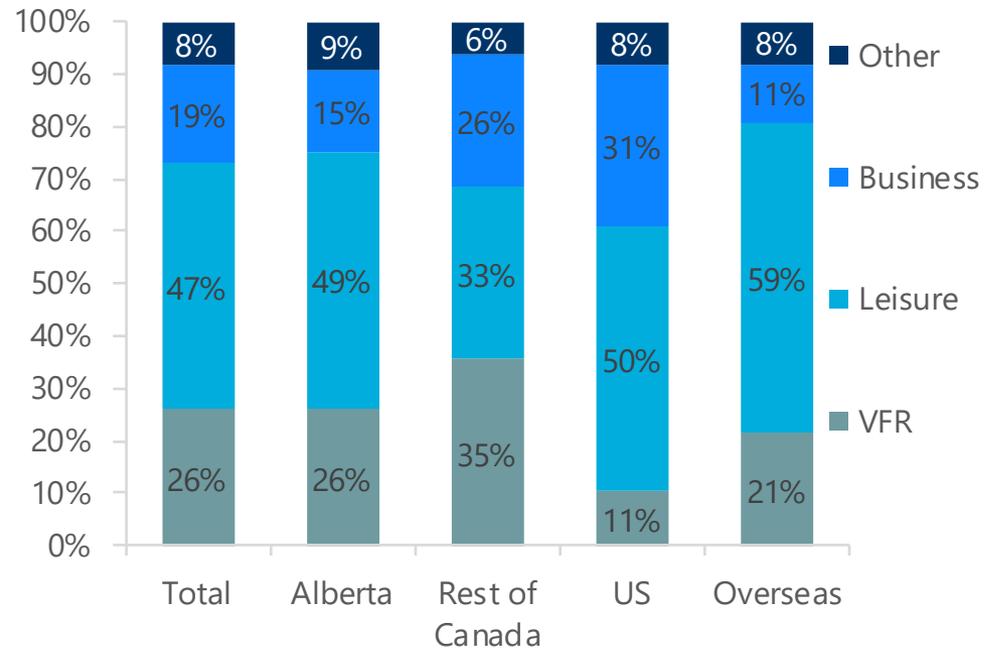
**Leisure is the most popular trip purpose, followed by VFR.**

This section will review Alberta traveler spending by purpose of trip.

Leisure leads in all segments except of 'rest of Canada'. The US has the largest share of business travelers.

**Alberta traveler spending by trip purpose, 2019**

% of origin market total



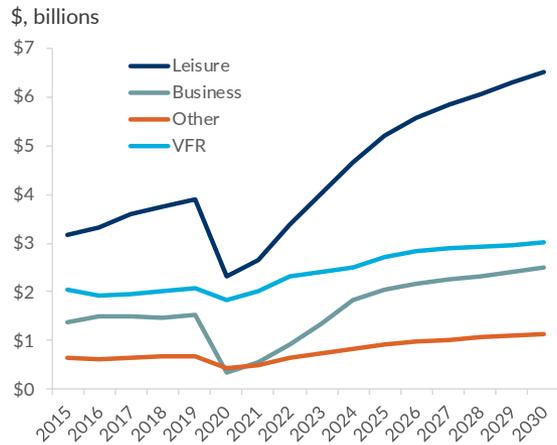
Sources: StatCan; Tourism Economics

# SPENDING BY PURPOSE OF TRIP

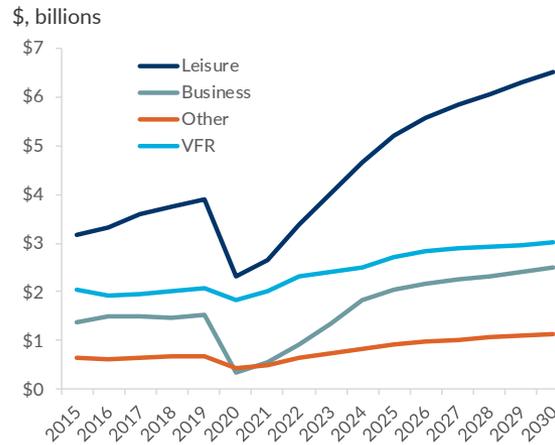
Scenario comparison

## Alberta traveler spending by trip purpose in different scenarios

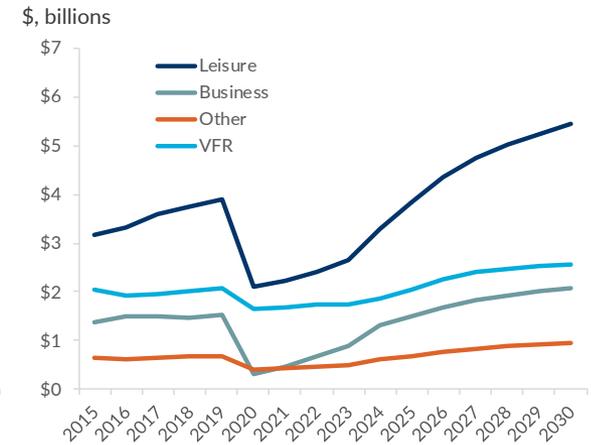
### Upside



### Baseline



### Downside



Source: StatCan; STR; Tourism Economics

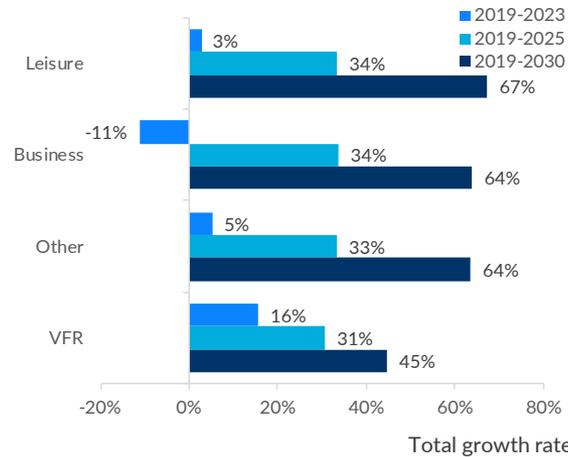
**Growth accelerates fastest in the Upside Scenario.**

# SPENDING BY PURPOSE OF TRIP

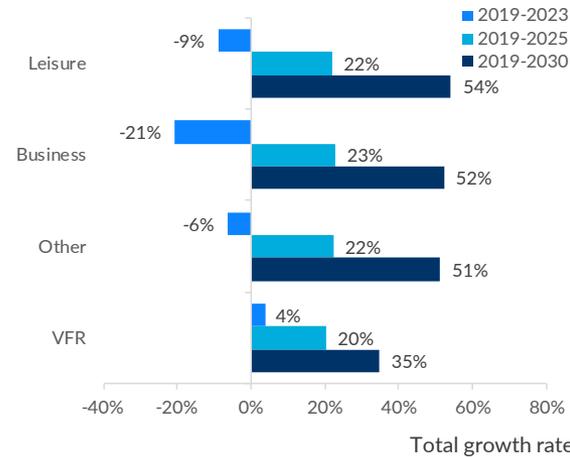
Scenario comparison

## Alberta traveler spending recovery by trip purpose in the short-, medium-, and long-term

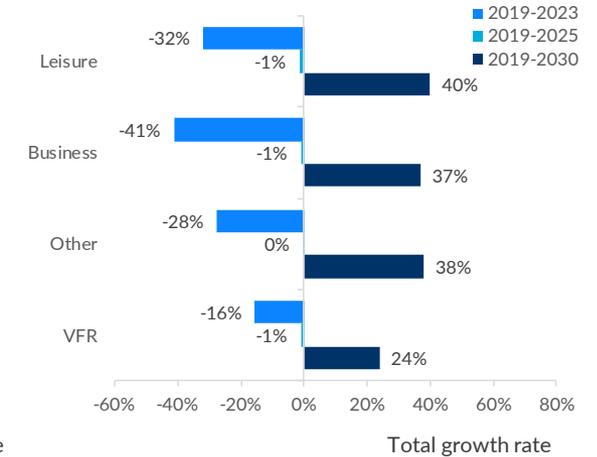
Upside



Baseline



Downside



Source: StatCan; STR; Tourism Economics

**Leisure travel recovers faster than other forms of travel.**

# SPENDING BY PURPOSE OF TRIP

## Spending details

### Alberta traveler spending by trip purpose

\$, millions

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Recovery year*	2019-2030 growth
<b>Upside Scenario</b>																		
Leisure	\$3,175	\$3,315	\$3,592	\$3,750	\$3,895	\$2,325	\$2,647	\$3,366	\$4,009	\$4,641	\$5,201	\$5,572	\$5,827	\$6,051	\$6,281	\$6,519	2023	67%
Business	\$1,375	\$1,502	\$1,482	\$1,474	\$1,519	\$357	\$554	\$923	\$1,351	\$1,825	\$2,033	\$2,168	\$2,256	\$2,330	\$2,410	\$2,491	2024	64%
Other	\$648	\$622	\$648	\$667	\$691	\$436	\$505	\$632	\$729	\$829	\$922	\$984	\$1,024	\$1,059	\$1,095	\$1,131	2023	64%
VFR	\$2,039	\$1,923	\$1,958	\$2,005	\$2,076	\$1,817	\$1,999	\$2,312	\$2,402	\$2,489	\$2,715	\$2,840	\$2,898	\$2,933	\$2,970	\$3,006	2022	45%
<b>Total</b>	<b>\$7,237</b>	<b>\$7,362</b>	<b>\$7,680</b>	<b>\$7,896</b>	<b>\$8,182</b>	<b>\$4,934</b>	<b>\$5,705</b>	<b>\$7,233</b>	<b>\$8,491</b>	<b>\$9,785</b>	<b>\$10,871</b>	<b>\$11,564</b>	<b>\$12,006</b>	<b>\$12,373</b>	<b>\$12,755</b>	<b>\$13,146</b>	<b>2023</b>	<b>61%</b>
<b>Baseline Scenario</b>																		
Leisure	\$3,175	\$3,315	\$3,592	\$3,750	\$3,895	\$2,214	\$2,459	\$2,761	\$3,549	\$4,244	\$4,749	\$5,106	\$5,346	\$5,562	\$5,780	\$6,005	2024	54%
Business	\$1,375	\$1,502	\$1,482	\$1,474	\$1,519	\$340	\$515	\$761	\$1,204	\$1,682	\$1,867	\$1,999	\$2,084	\$2,157	\$2,234	\$2,312	2024	52%
Other	\$648	\$622	\$648	\$667	\$691	\$415	\$469	\$522	\$648	\$762	\$845	\$904	\$942	\$976	\$1,010	\$1,045	2024	51%
VFR	\$2,039	\$1,923	\$1,958	\$2,005	\$2,076	\$1,730	\$1,858	\$1,937	\$2,153	\$2,296	\$2,498	\$2,620	\$2,679	\$2,719	\$2,759	\$2,798	2023	35%
<b>Total</b>	<b>\$7,237</b>	<b>\$7,362</b>	<b>\$7,680</b>	<b>\$7,896</b>	<b>\$8,182</b>	<b>\$4,699</b>	<b>\$5,301</b>	<b>\$5,982</b>	<b>\$7,553</b>	<b>\$8,983</b>	<b>\$9,958</b>	<b>\$10,628</b>	<b>\$11,051</b>	<b>\$11,413</b>	<b>\$11,783</b>	<b>\$12,161</b>	<b>2024</b>	<b>49%</b>
<b>Downside Scenario</b>																		
Leisure	\$3,175	\$3,315	\$3,592	\$3,750	\$3,895	\$2,103	\$2,229	\$2,422	\$2,650	\$3,304	\$3,839	\$4,348	\$4,745	\$5,020	\$5,236	\$5,453	2026	40%
Business	\$1,375	\$1,502	\$1,482	\$1,474	\$1,519	\$323	\$470	\$667	\$892	\$1,301	\$1,505	\$1,685	\$1,830	\$1,927	\$2,004	\$2,079	2026	37%
Other	\$648	\$622	\$648	\$667	\$691	\$394	\$425	\$462	\$500	\$602	\$689	\$774	\$840	\$885	\$919	\$953	2026	38%
VFR	\$2,039	\$1,923	\$1,958	\$2,005	\$2,076	\$1,644	\$1,689	\$1,752	\$1,752	\$1,862	\$2,055	\$2,262	\$2,405	\$2,484	\$2,529	\$2,571	2026	24%
<b>Total</b>	<b>\$7,237</b>	<b>\$7,362</b>	<b>\$7,680</b>	<b>\$7,896</b>	<b>\$8,182</b>	<b>\$4,464</b>	<b>\$4,813</b>	<b>\$5,303</b>	<b>\$5,794</b>	<b>\$7,070</b>	<b>\$8,087</b>	<b>\$9,069</b>	<b>\$9,820</b>	<b>\$10,316</b>	<b>\$10,687</b>	<b>\$11,056</b>	<b>2026</b>	<b>35%</b>

\* The year in which spending recovers to 2019 levels

Sources: StatCan; Tourism Economics

# SPENDING BY PURPOSE OF TRIP

Spending details – dollar losses

## Alberta traveler spending losses by trip purpose

\$, millions

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total losses
<b>Upside Scenario</b>													
Leisure	--	\$1,571	\$1,249	\$529	--	--	--	--	--	--	--	--	\$3,348
Business	--	\$1,163	\$965	\$597	\$168	--	--	--	--	--	--	--	\$2,892
Other	--	\$255	\$186	\$59	--	--	--	--	--	--	--	--	\$500
VFR	--	\$259	\$77	--	--	--	--	--	--	--	--	--	\$336
<b>Total</b>	--	<b>\$3,248</b>	<b>\$2,477</b>	<b>\$949</b>	--	--	--	--	--	--	--	--	<b>\$6,674</b>
<b>Baseline Scenario</b>													
Leisure	--	\$1,681	\$1,436	\$1,134	\$346	--	--	--	--	--	--	--	\$4,598
Business	--	\$1,180	\$1,004	\$758	\$316	--	--	--	--	--	--	--	\$3,257
Other	--	\$276	\$222	\$169	\$43	--	--	--	--	--	--	--	\$711
VFR	--	\$346	\$219	\$139	--	--	--	--	--	--	--	--	\$703
<b>Total</b>	--	<b>\$3,483</b>	<b>\$2,881</b>	<b>\$2,199</b>	<b>\$628</b>	--	--	--	--	--	--	--	<b>\$9,192</b>
<b>Downside Scenario</b>													
Leisure	--	\$1,792	\$1,666	\$1,473	\$1,246	\$591	\$57	--	--	--	--	--	\$6,825
Business	--	\$1,197	\$1,050	\$852	\$628	\$218	\$15	--	--	--	--	--	\$3,959
Other	--	\$297	\$266	\$229	\$191	\$89	\$2	--	--	--	--	--	\$1,074
VFR	--	\$432	\$387	\$324	\$324	\$214	\$21	--	--	--	--	--	\$1,701
<b>Total</b>	--	<b>\$3,718</b>	<b>\$3,369</b>	<b>\$2,879</b>	<b>\$2,387</b>	<b>\$1,112</b>	<b>\$95</b>	--	--	--	--	--	<b>\$13,559</b>

Sources: StatCan; Tourism Economics

# SPENDING BY PURPOSE OF TRIP

Spending details – percent change

## Alberta traveler spending relative to 2019 by trip purpose

Percent change from of 2019 spending

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Upside Scenario</b>												
Leisure	--	-40%	-32%	-14%	3%	19%	34%	43%	50%	55%	61%	67%
Business	--	-77%	-64%	-39%	-11%	20%	34%	43%	48%	53%	59%	64%
Other	--	-37%	-27%	-8%	5%	20%	33%	42%	48%	53%	58%	64%
VFR	--	-12%	-4%	11%	16%	20%	31%	37%	40%	41%	43%	45%
<b>Total</b>	<b>--</b>	<b>-40%</b>	<b>-30%</b>	<b>-12%</b>	<b>4%</b>	<b>20%</b>	<b>33%</b>	<b>41%</b>	<b>47%</b>	<b>51%</b>	<b>56%</b>	<b>61%</b>
<b>Baseline Scenario</b>												
Leisure	--	-43%	-37%	-29%	-9%	9%	22%	31%	37%	43%	48%	54%
Business	--	-78%	-66%	-50%	-21%	11%	23%	32%	37%	42%	47%	52%
Other	--	-40%	-32%	-24%	-6%	10%	22%	31%	36%	41%	46%	51%
VFR	--	-17%	-11%	-7%	4%	11%	20%	26%	29%	31%	33%	35%
<b>Total</b>	<b>--</b>	<b>-43%</b>	<b>-35%</b>	<b>-27%</b>	<b>-8%</b>	<b>10%</b>	<b>22%</b>	<b>30%</b>	<b>35%</b>	<b>40%</b>	<b>44%</b>	<b>49%</b>
<b>Downside Scenario</b>												
Leisure	--	-46%	-44%	-41%	-34%	-16%	-2%	11%	22%	29%	34%	40%
Business	--	-79%	-69%	-58%	-43%	-15%	-1%	11%	20%	27%	32%	37%
Other	--	-43%	-39%	-37%	-30%	-14%	0%	12%	21%	28%	33%	38%
VFR	--	-21%	-20%	-19%	-18%	-11%	-1%	9%	16%	19%	22%	24%
<b>Total</b>	<b>--</b>	<b>-45%</b>	<b>-42%</b>	<b>-38%</b>	<b>-31%</b>	<b>-14%</b>	<b>-1%</b>	<b>11%</b>	<b>20%</b>	<b>26%</b>	<b>30%</b>	<b>35%</b>

Sources: StatCan; Tourism Economics

# SPENDING BY DESTINATION

# SPENDING BY DESTINATION

## Origin market detail

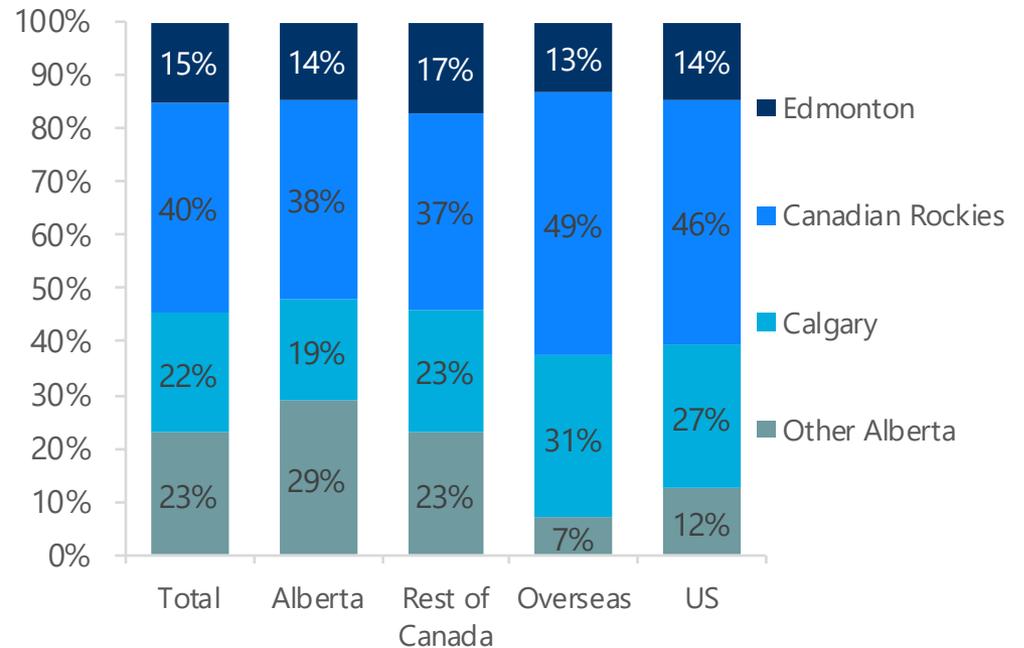
The Rockies are the most popular trip destination.

This section will review Alberta traveler spending by destination.

International visitation is especially skewed towards the Rockies.

Alberta traveler spending by destination, 2019

% of origin market total



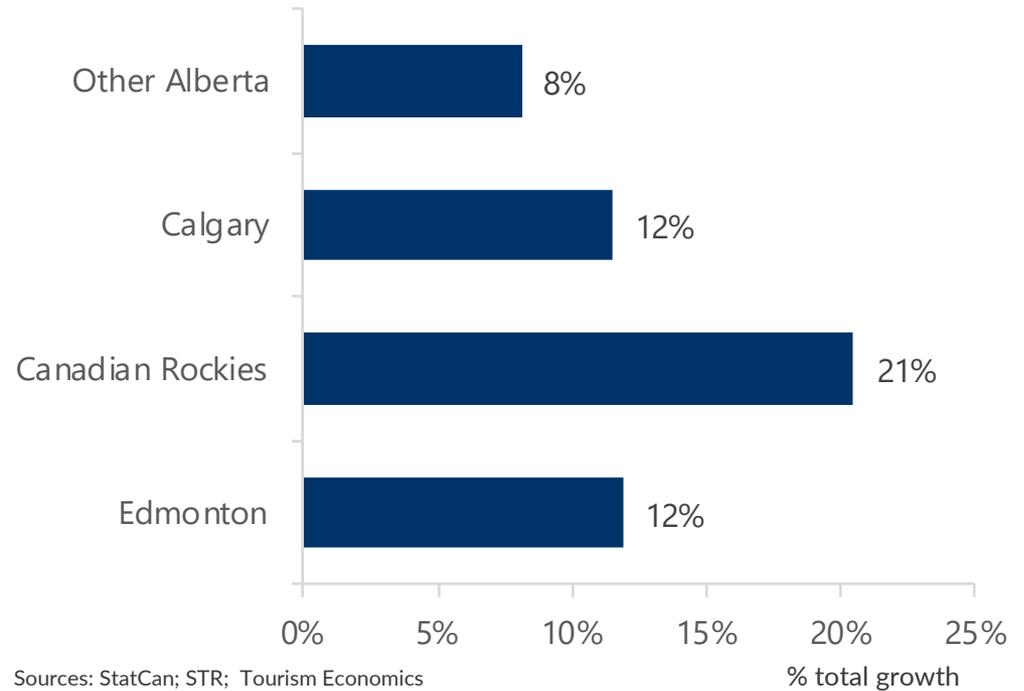
Sources: StatCan; IPSOS; Tourism Economics

# SPENDING BY DESTINATION

Origin market detail

Spending to the Rockies increased the fastest over the past decade.

Alberta traveler spending growth by destination, 2009-2019

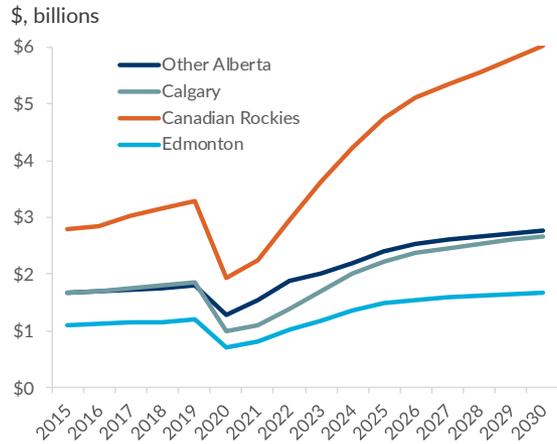


# SPENDING BY DESTINATION

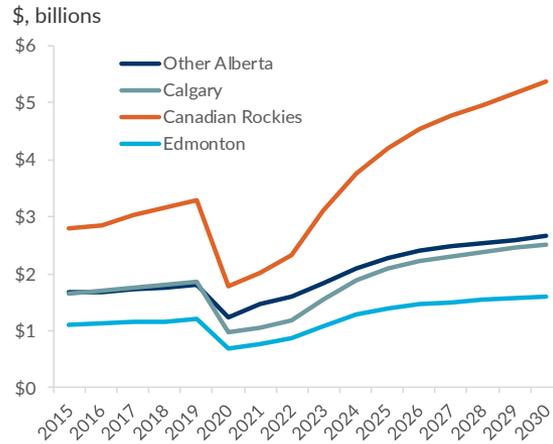
Scenario comparison

## Alberta traveler spending by trip destination in different scenarios

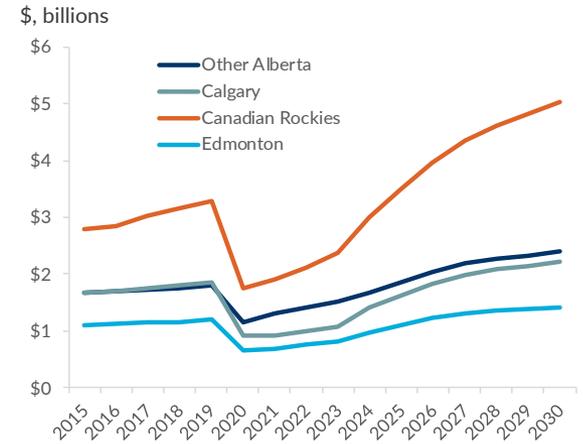
### Upside



### Baseline



### Downside



Sources: StatCan; IPSOS; Tourism Economics

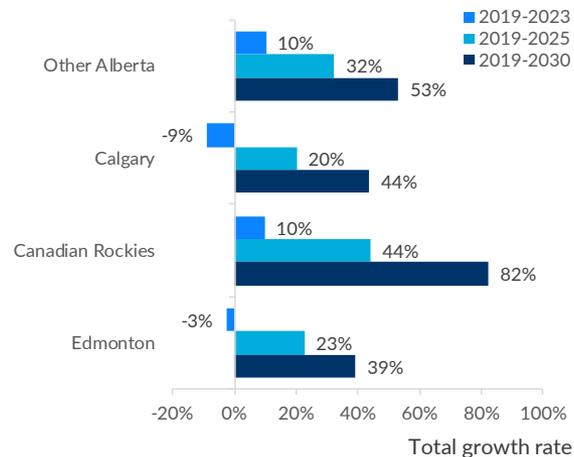
**Growth accelerates fastest in the Upside Scenario.**

# SPENDING BY DESTINATION

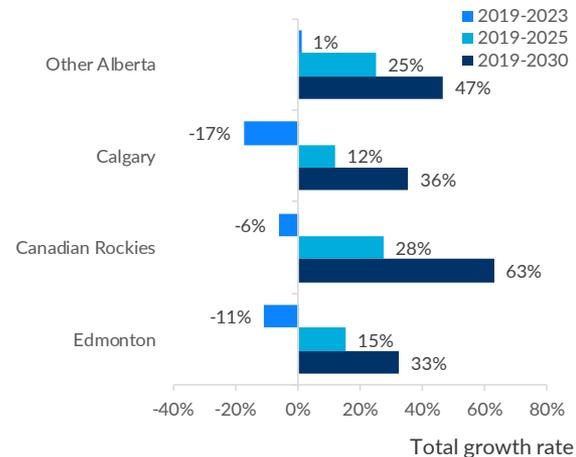
Scenario comparison

## Alberta traveler spending recovery by destination in the short-, medium-, and long-term

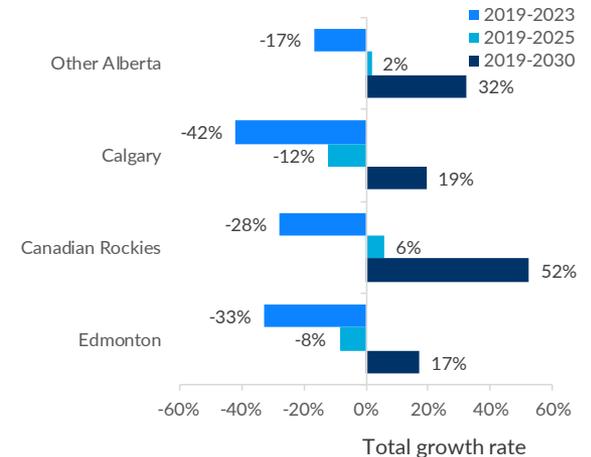
Upside



Baseline



Downside



Sources: StatCan; IPSOS; Tourism Economics

**The Rockies recover faster than other forms of travel and the major cities will lag behind.**

# SPENDING BY DESTINATION

## Spending details

### Alberta traveler spending by destination

\$, millions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Recovery year*	2019-2030 growth
<b>Upside Scenario</b>																		
Other Alberta	\$1,680	\$1,690	\$1,729	\$1,762	\$1,815	\$1,283	\$1,547	\$1,873	\$2,000	\$2,192	\$2,403	\$2,534	\$2,608	\$2,664	\$2,721	\$2,779	2022	53%
Calgary	\$1,663	\$1,694	\$1,757	\$1,806	\$1,860	\$1,002	\$1,097	\$1,394	\$1,694	\$2,008	\$2,233	\$2,372	\$2,458	\$2,527	\$2,600	\$2,673	2024	44%
Canadian Rockies	\$2,784	\$2,849	\$3,036	\$3,165	\$3,300	\$1,932	\$2,247	\$2,949	\$3,622	\$4,235	\$4,755	\$5,104	\$5,347	\$5,562	\$5,785	\$6,015	2023	82%
Edmonton	\$1,110	\$1,128	\$1,158	\$1,163	\$1,206	\$716	\$814	\$1,016	\$1,176	\$1,350	\$1,480	\$1,554	\$1,593	\$1,621	\$1,650	\$1,679	2024	39%
<b>Total</b>	<b>\$7,237</b>	<b>\$7,362</b>	<b>\$7,680</b>	<b>\$7,896</b>	<b>\$8,182</b>	<b>\$4,934</b>	<b>\$5,705</b>	<b>\$7,233</b>	<b>\$8,491</b>	<b>\$9,785</b>	<b>\$10,871</b>	<b>\$11,564</b>	<b>\$12,006</b>	<b>\$12,373</b>	<b>\$12,755</b>	<b>\$13,146</b>	<b>2023</b>	<b>61%</b>
<b>Baseline Scenario</b>																		
Other Alberta	\$1,680	\$1,690	\$1,729	\$1,762	\$1,815	\$1,244	\$1,463	\$1,606	\$1,838	\$2,084	\$2,271	\$2,398	\$2,473	\$2,535	\$2,598	\$2,662	2023	47%
Calgary	\$1,663	\$1,694	\$1,757	\$1,806	\$1,860	\$976	\$1,044	\$1,173	\$1,534	\$1,874	\$2,083	\$2,223	\$2,308	\$2,378	\$2,449	\$2,521	2024	36%
Canadian Rockies	\$2,784	\$2,849	\$3,036	\$3,165	\$3,300	\$1,781	\$2,020	\$2,337	\$3,105	\$3,750	\$4,211	\$4,541	\$4,764	\$4,964	\$5,168	\$5,379	2024	63%
Edmonton	\$1,110	\$1,128	\$1,158	\$1,163	\$1,206	\$698	\$774	\$866	\$1,076	\$1,275	\$1,392	\$1,467	\$1,506	\$1,537	\$1,568	\$1,599	2024	33%
<b>Total</b>	<b>\$7,237</b>	<b>\$7,362</b>	<b>\$7,680</b>	<b>\$7,896</b>	<b>\$8,182</b>	<b>\$4,699</b>	<b>\$5,301</b>	<b>\$5,982</b>	<b>\$7,553</b>	<b>\$8,983</b>	<b>\$9,958</b>	<b>\$10,628</b>	<b>\$11,051</b>	<b>\$11,413</b>	<b>\$11,783</b>	<b>\$12,161</b>	<b>2024</b>	<b>49%</b>
<b>Downside Scenario</b>																		
Other Alberta	\$1,680	\$1,690	\$1,729	\$1,762	\$1,815	\$1,161	\$1,302	\$1,425	\$1,513	\$1,681	\$1,848	\$2,040	\$2,184	\$2,274	\$2,337	\$2,399	2025	32%
Calgary	\$1,663	\$1,694	\$1,757	\$1,806	\$1,860	\$907	\$927	\$999	\$1,082	\$1,402	\$1,632	\$1,836	\$1,987	\$2,082	\$2,151	\$2,219	2027	19%
Canadian Rockies	\$2,784	\$2,849	\$3,036	\$3,165	\$3,300	\$1,748	\$1,896	\$2,128	\$2,387	\$3,005	\$3,501	\$3,972	\$4,346	\$4,609	\$4,817	\$5,026	2025	52%
Edmonton	\$1,110	\$1,128	\$1,158	\$1,163	\$1,206	\$648	\$687	\$750	\$812	\$981	\$1,105	\$1,221	\$1,303	\$1,351	\$1,382	\$1,412	2026	17%
<b>Total</b>	<b>\$7,237</b>	<b>\$7,362</b>	<b>\$7,680</b>	<b>\$7,896</b>	<b>\$8,182</b>	<b>\$4,464</b>	<b>\$4,813</b>	<b>\$5,303</b>	<b>\$5,794</b>	<b>\$7,070</b>	<b>\$8,087</b>	<b>\$9,069</b>	<b>\$9,820</b>	<b>\$10,316</b>	<b>\$10,687</b>	<b>\$11,056</b>	<b>2026</b>	<b>35%</b>

\* The year in which spending recovers to 2019 levels

Sources: StatCan; IPSOS; Tourism Economics

# SPENDING BY DESTINATION

Spending details – dollar losses

## Alberta traveler spending losses by destination

\$, millions	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total losses
<b>Upside</b>													
Other Alberta	--	\$532	\$268	--	--	--	--	--	--	--	--	--	\$799
Calgary	--	\$858	\$763	\$465	\$166	--	--	--	--	--	--	--	\$2,252
Canadian Rockies	--	\$1,368	\$1,054	\$352	--	--	--	--	--	--	--	--	\$2,773
Edmonton	--	\$490	\$393	\$190	\$31	--	--	--	--	--	--	--	\$1,104
<b>Total</b>	--	<b>\$3,248</b>	<b>\$2,477</b>	<b>\$949</b>	--	--	--	--	--	--	--	--	<b>\$6,674</b>
<b>Baseline</b>													
Other Alberta	--	\$571	\$352	\$209	--	--	--	--	--	--	--	--	\$1,132
Calgary	--	\$884	\$816	\$687	\$325	--	--	--	--	--	--	--	\$2,712
Canadian Rockies	--	\$1,519	\$1,281	\$964	\$196	--	--	--	--	--	--	--	\$3,960
Edmonton	--	\$509	\$432	\$340	\$130	--	--	--	--	--	--	--	\$1,411
<b>Total</b>	--	<b>\$3,483</b>	<b>\$2,881</b>	<b>\$2,199</b>	<b>\$628</b>	--	--	--	--	--	--	--	<b>\$9,192</b>
<b>Downside</b>													
Other Alberta	--	\$654	\$513	\$390	\$302	\$134	--	--	--	--	--	--	\$1,992
Calgary	--	\$953	\$933	\$860	\$778	\$457	\$227	\$24	--	--	--	--	\$4,232
Canadian Rockies	--	\$1,552	\$1,404	\$1,172	\$913	\$295	--	--	--	--	--	--	\$5,337
Edmonton	--	\$559	\$519	\$456	\$395	\$226	\$101	--	--	--	--	--	\$2,256
<b>Total</b>	--	<b>\$3,718</b>	<b>\$3,369</b>	<b>\$2,879</b>	<b>\$2,387</b>	<b>\$1,112</b>	<b>\$95</b>	--	--	--	--	--	<b>\$13,559</b>

Sources: StatCan; IPSOS; Tourism Economics

# SPENDING BY DESTINATION

Spending details – percent change

## Alberta traveler spending relative to 2019 by destination

Percent change from 2019 spending

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Upside</b>												
Other Alberta	--	-29%	-15%	3%	10%	21%	32%	40%	44%	47%	50%	53%
Calgary	--	-46%	-41%	-25%	-9%	8%	20%	28%	32%	36%	40%	44%
Canadian Rockies	--	-41%	-32%	-11%	10%	28%	44%	55%	62%	69%	75%	82%
Edmonton	--	-41%	-33%	-16%	-3%	12%	23%	29%	32%	34%	37%	39%
<b>Total</b>	--	<b>-40%</b>	<b>-30%</b>	<b>-12%</b>	<b>4%</b>	<b>20%</b>	<b>33%</b>	<b>41%</b>	<b>47%</b>	<b>51%</b>	<b>56%</b>	<b>61%</b>
<b>Baseline</b>												
Other Alberta	--	-31%	-19%	-11%	1%	15%	25%	32%	36%	40%	43%	47%
Calgary	--	-48%	-44%	-37%	-17%	1%	12%	20%	24%	28%	32%	36%
Canadian Rockies	--	-46%	-39%	-29%	-6%	14%	28%	38%	44%	50%	57%	63%
Edmonton	--	-42%	-36%	-28%	-11%	6%	15%	22%	25%	27%	30%	33%
<b>Total</b>	--	<b>-43%</b>	<b>-35%</b>	<b>-27%</b>	<b>-8%</b>	<b>10%</b>	<b>22%</b>	<b>30%</b>	<b>35%</b>	<b>40%</b>	<b>44%</b>	<b>49%</b>
<b>Downside</b>												
Other Alberta	--	-36%	-29%	-25%	-19%	-8%	2%	12%	20%	25%	29%	32%
Calgary	--	-51%	-51%	-49%	-43%	-25%	-12%	-1%	7%	12%	16%	19%
Canadian Rockies	--	-47%	-43%	-39%	-30%	-10%	6%	20%	32%	39%	46%	52%
Edmonton	--	-46%	-44%	-41%	-34%	-19%	-9%	1%	8%	12%	14%	17%
<b>Total</b>	--	<b>-45%</b>	<b>-42%</b>	<b>-38%</b>	<b>-31%</b>	<b>-14%</b>	<b>-1%</b>	<b>11%</b>	<b>20%</b>	<b>26%</b>	<b>30%</b>	<b>35%</b>

Sources: StatCan; IPSOS; Tourism Economics

# SPENDING BY SECTOR

# SPENDING BY SECTOR

## Origin market detail

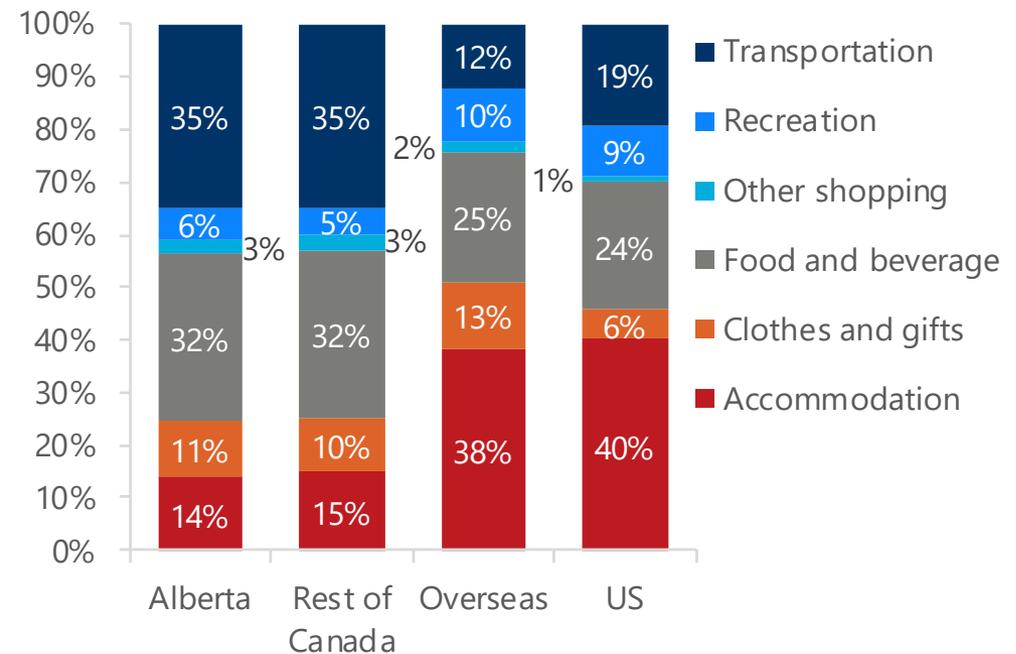
Domestic and international visitors have different spending patterns.

This section will review Alberta traveler spending by sector.

International travelers spend more on accommodation and less on transportation.

### Alberta traveler spending by sector, 2019

% of total spending



Source: StatCan; Tourism Economics

# SPENDING BY SECTOR

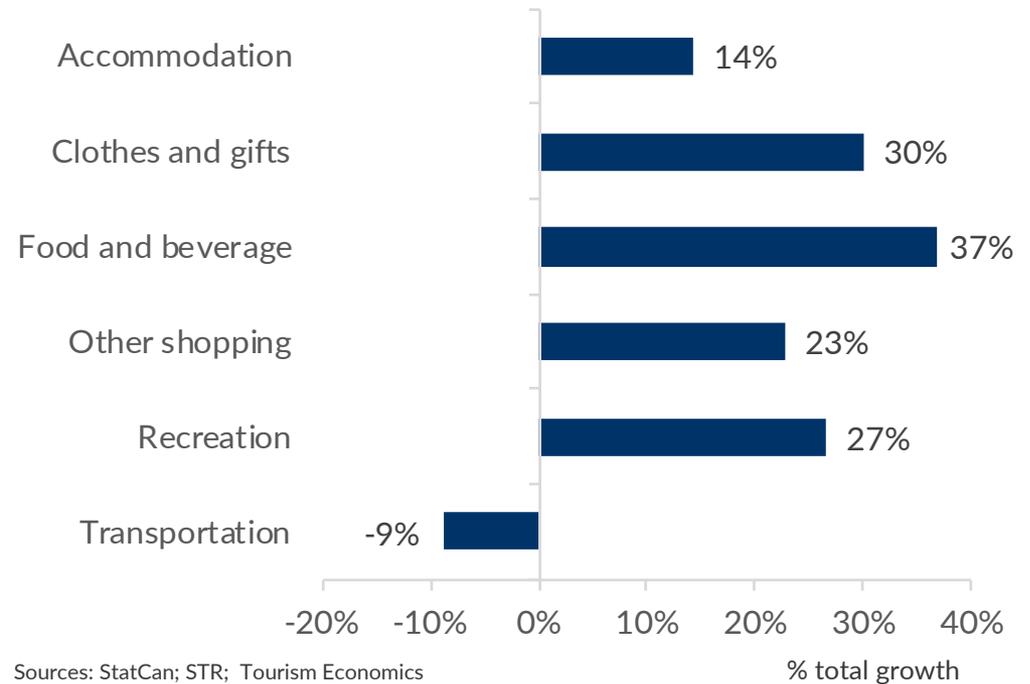
Historical growth

Food and beverages lead growth in spending.

Spending in transportation has fallen, largely due to current low oil prices.

Alberta traveler spending growth by sector, 2009-2019

% total growth



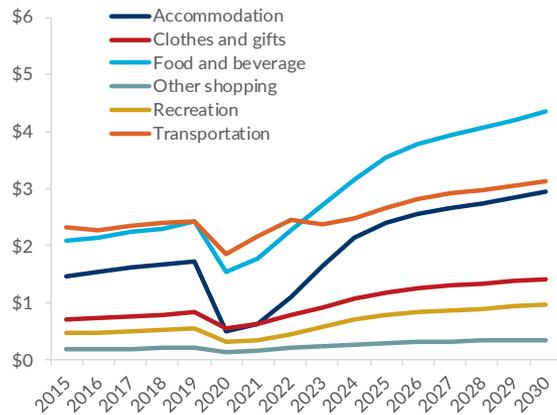
# SPENDING BY SECTOR

Scenario comparison

## Alberta traveler spending by sector in different scenarios

### Upside

\$, billions



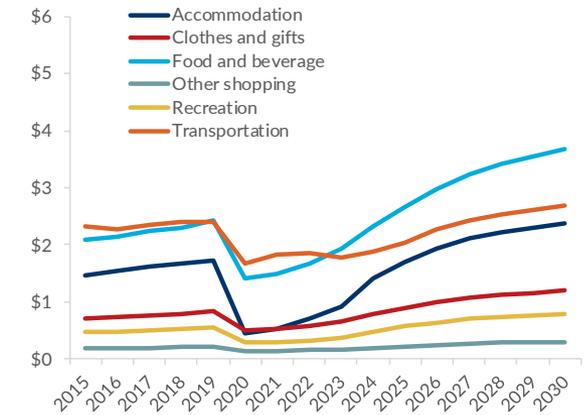
### Baseline

\$, billions



### Downside

\$, billions



Source: StatCan; STR; Tourism Economics

**Growth accelerates fastest in the Upside Scenario.**

# SPENDING BY SECTOR

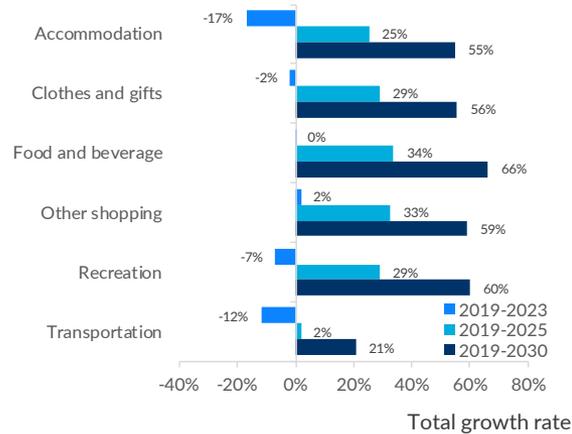
## Scenario comparison

### Alberta traveler spending recovery by sector in the short-, medium-, and long-term

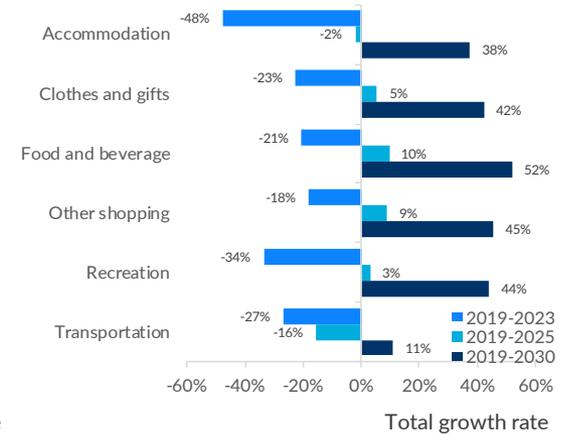
#### Upside



#### Baseline



#### Downside



Source: StatCan; STR; Tourism Economics

**Transportation spending will lag behind other sectors.**

# SPENDING BY SECTOR

## Spending details

### Alberta traveler spending by sector

\$, millions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Recovery year*	2019-2030 growth
<b>Upside</b>																		
Accommodation	\$1,474	\$1,551	\$1,624	\$1,679	\$1,736	\$505	\$635	\$1,087	\$1,651	\$2,130	\$2,400	\$2,559	\$2,663	\$2,751	\$2,842	\$2,936	2024	69%
Clothes and gifts	\$711	\$727	\$771	\$792	\$841	\$556	\$623	\$778	\$925	\$1,062	\$1,184	\$1,255	\$1,300	\$1,337	\$1,377	\$1,416	2023	68%
Food and beverage	\$2,084	\$2,135	\$2,234	\$2,291	\$2,427	\$1,552	\$1,773	\$2,258	\$2,719	\$3,156	\$3,534	\$3,772	\$3,929	\$4,063	\$4,203	\$4,347	2023	79%
Other shopping	\$185	\$189	\$200	\$205	\$208	\$143	\$163	\$203	\$238	\$271	\$301	\$319	\$330	\$338	\$348	\$357	2023	71%
Recreation	\$471	\$480	\$507	\$523	\$553	\$326	\$347	\$451	\$583	\$696	\$783	\$836	\$871	\$901	\$932	\$964	2023	74%
Transportation	\$2,312	\$2,280	\$2,345	\$2,406	\$2,416	\$1,852	\$2,164	\$2,456	\$2,376	\$2,470	\$2,670	\$2,823	\$2,913	\$2,982	\$3,054	\$3,127	2022	29%
<b>Total</b>	<b>\$7,237</b>	<b>\$7,362</b>	<b>\$7,680</b>	<b>\$7,896</b>	<b>\$8,182</b>	<b>\$4,934</b>	<b>\$5,705</b>	<b>\$7,233</b>	<b>\$8,491</b>	<b>\$9,785</b>	<b>\$10,871</b>	<b>\$11,564</b>	<b>\$12,006</b>	<b>\$12,373</b>	<b>\$12,755</b>	<b>\$13,146</b>	<b>2023</b>	<b>61%</b>
<b>Baseline</b>																		
Accommodation	\$1,474	\$1,551	\$1,624	\$1,679	\$1,736	\$481	\$591	\$860	\$1,441	\$1,922	\$2,174	\$2,336	\$2,435	\$2,519	\$2,602	\$2,687	2024	55%
Clothes and gifts	\$711	\$727	\$771	\$792	\$841	\$529	\$579	\$646	\$824	\$976	\$1,084	\$1,152	\$1,195	\$1,231	\$1,269	\$1,308	2024	56%
Food and beverage	\$2,084	\$2,135	\$2,234	\$2,291	\$2,427	\$1,478	\$1,647	\$1,880	\$2,428	\$2,911	\$3,247	\$3,473	\$3,624	\$3,756	\$3,892	\$4,033	2023	66%
Other shopping	\$185	\$189	\$200	\$205	\$208	\$136	\$151	\$169	\$212	\$249	\$276	\$293	\$304	\$313	\$322	\$331	2023	59%
Recreation	\$471	\$480	\$507	\$523	\$553	\$310	\$322	\$368	\$515	\$634	\$713	\$765	\$798	\$827	\$856	\$886	2024	60%
Transportation	\$2,312	\$2,280	\$2,345	\$2,406	\$2,416	\$1,764	\$2,010	\$2,060	\$2,133	\$2,292	\$2,464	\$2,608	\$2,695	\$2,768	\$2,841	\$2,916	2025	21%
<b>Total</b>	<b>\$7,237</b>	<b>\$7,362</b>	<b>\$7,680</b>	<b>\$7,896</b>	<b>\$8,182</b>	<b>\$4,699</b>	<b>\$5,301</b>	<b>\$5,982</b>	<b>\$7,553</b>	<b>\$8,983</b>	<b>\$9,958</b>	<b>\$10,628</b>	<b>\$11,051</b>	<b>\$11,413</b>	<b>\$11,783</b>	<b>\$12,161</b>	<b>2024</b>	<b>49%</b>
<b>Downside</b>																		
Accommodation	\$1,474	\$1,551	\$1,624	\$1,679	\$1,736	\$456	\$538	\$711	\$908	\$1,403	\$1,701	\$1,933	\$2,109	\$2,221	\$2,306	\$2,388	2026	38%
Clothes and gifts	\$711	\$727	\$771	\$792	\$841	\$503	\$526	\$579	\$651	\$779	\$887	\$992	\$1,069	\$1,120	\$1,158	\$1,196	2025	42%
Food and beverage	\$2,084	\$2,135	\$2,234	\$2,291	\$2,427	\$1,405	\$1,495	\$1,681	\$1,929	\$2,330	\$2,661	\$2,987	\$3,241	\$3,416	\$3,551	\$3,688	2025	52%
Other shopping	\$185	\$189	\$200	\$205	\$208	\$129	\$137	\$152	\$171	\$201	\$227	\$253	\$272	\$285	\$294	\$303	2025	45%
Recreation	\$471	\$480	\$507	\$523	\$553	\$295	\$293	\$319	\$368	\$483	\$570	\$645	\$702	\$740	\$769	\$798	2025	44%
Transportation	\$2,312	\$2,280	\$2,345	\$2,406	\$2,416	\$1,676	\$1,824	\$1,861	\$1,767	\$1,874	\$2,041	\$2,260	\$2,426	\$2,533	\$2,609	\$2,684	2027	11%
<b>Total</b>	<b>\$7,237</b>	<b>\$7,362</b>	<b>\$7,680</b>	<b>\$7,896</b>	<b>\$8,182</b>	<b>\$4,464</b>	<b>\$4,813</b>	<b>\$5,303</b>	<b>\$5,794</b>	<b>\$7,070</b>	<b>\$8,087</b>	<b>\$9,069</b>	<b>\$9,820</b>	<b>\$10,316</b>	<b>\$10,687</b>	<b>\$11,056</b>	<b>2026</b>	<b>35%</b>

\* The year in which spending recovers to 2019 levels

Sources: StatCan; IPSOS; Tourism Economics

# SPENDING BY SECTOR

Spending details – dollar losses

## Alberta traveler spending losses by sector

\$. millions

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total losses
<b>Upside</b>													
Accommodation	--	\$1,232	\$1,101	\$649	\$85	--	--	--	--	--	--	--	\$3,067
Clothes and gifts	--	\$285	\$217	\$63	--	--	--	--	--	--	--	--	\$566
Food and beverage	--	\$875	\$654	\$169	--	--	--	--	--	--	--	--	\$1,698
Other shopping	--	\$65	\$45	\$6	--	--	--	--	--	--	--	--	\$116
Recreation	--	\$228	\$207	\$102	--	--	--	--	--	--	--	--	\$537
Transportation	--	\$563	\$252	--	\$40	--	--	--	--	--	--	--	\$855
<b>Total</b>	--	<b>\$3,248</b>	<b>\$2,477</b>	<b>\$949</b>	--	--	--	--	--	--	--	--	<b>\$6,674</b>
<b>Baseline</b>													
Accommodation	--	\$1,256	\$1,146	\$877	\$295	--	--	--	--	--	--	--	\$3,573
Clothes and gifts	--	\$312	\$262	\$195	\$17	--	--	--	--	--	--	--	\$785
Food and beverage	--	\$949	\$780	\$548	--	--	--	--	--	--	--	--	\$2,277
Other shopping	--	\$72	\$57	\$39	--	--	--	--	--	--	--	--	\$168
Recreation	--	\$243	\$231	\$186	\$39	--	--	--	--	--	--	--	\$699
Transportation	--	\$652	\$406	\$355	\$282	\$124	--	--	--	--	--	--	\$1,819
<b>Total</b>	--	<b>\$3,483</b>	<b>\$2,881</b>	<b>\$2,199</b>	<b>\$628</b>	--	--	--	--	--	--	--	<b>\$9,192</b>
<b>Downside</b>													
Accommodation	--	\$1,280	\$1,199	\$1,025	\$828	\$333	\$35	--	--	--	--	--	\$4,699
Clothes and gifts	--	\$338	\$315	\$262	\$190	\$62	--	--	--	--	--	--	\$1,167
Food and beverage	--	\$1,023	\$932	\$746	\$498	\$97	--	--	--	--	--	--	\$3,296
Other shopping	--	\$79	\$71	\$56	\$38	\$7	--	--	--	--	--	--	\$251
Recreation	--	\$259	\$261	\$234	\$186	\$71	--	--	--	--	--	--	\$1,010
Transportation	--	\$740	\$592	\$555	\$649	\$542	\$375	\$156	--	--	--	--	\$3,607
<b>Total</b>	--	<b>\$3,718</b>	<b>\$3,369</b>	<b>\$2,879</b>	<b>\$2,387</b>	<b>\$1,112</b>	<b>\$95</b>	--	--	--	--	--	<b>\$13,559</b>

Sources: StatCan; IPSOS; Tourism Economics

# SPENDING BY SECTOR

Spending details – percent change

## Alberta traveler spending relative to 2019 by sector

Percent change from 2019 spending

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Upside</b>												
Accommodation	--	-71%	-63%	-37%	-5%	23%	38%	47%	53%	58%	64%	69%
Clothes and gifts	--	-34%	-26%	-8%	10%	26%	41%	49%	55%	59%	64%	68%
Food and beverage	--	-36%	-27%	-7%	12%	30%	46%	55%	62%	67%	73%	79%
Other shopping	--	-31%	-22%	-3%	14%	30%	44%	53%	58%	62%	67%	71%
Recreation	--	-41%	-37%	-19%	5%	26%	42%	51%	57%	63%	68%	74%
Transportation	--	-23%	-10%	2%	-2%	2%	11%	17%	21%	23%	26%	29%
<b>Total</b>	--	<b>-40%</b>	<b>-30%</b>	<b>-12%</b>	<b>4%</b>	<b>20%</b>	<b>33%</b>	<b>41%</b>	<b>47%</b>	<b>51%</b>	<b>56%</b>	<b>61%</b>
<b>Baseline</b>												
Accommodation	--	-72%	-66%	-50%	-17%	11%	25%	35%	40%	45%	50%	55%
Clothes and gifts	--	-37%	-31%	-23%	-2%	16%	29%	37%	42%	46%	51%	56%
Food and beverage	--	-39%	-32%	-23%	0%	20%	34%	43%	49%	55%	60%	66%
Other shopping	--	-35%	-27%	-19%	2%	20%	33%	41%	46%	50%	54%	59%
Recreation	--	-44%	-42%	-34%	-7%	15%	29%	38%	44%	49%	55%	60%
Transportation	--	-27%	-17%	-15%	-12%	-5%	2%	8%	12%	15%	18%	21%
<b>Total</b>	--	<b>-43%</b>	<b>-35%</b>	<b>-27%</b>	<b>-8%</b>	<b>10%</b>	<b>22%</b>	<b>30%</b>	<b>35%</b>	<b>40%</b>	<b>44%</b>	<b>49%</b>
<b>Downside</b>												
Accommodation	--	-74%	-69%	-61%	-49%	-20%	-2%	11%	21%	28%	33%	37%
Clothes and gifts	--	-40%	-38%	-34%	-25%	-8%	5%	18%	27%	33%	38%	42%
Food and beverage	--	-42%	-39%	-34%	-23%	-5%	9%	23%	33%	41%	46%	52%
Other shopping	--	-38%	-35%	-31%	-20%	-4%	9%	21%	30%	36%	41%	45%
Recreation	--	-47%	-48%	-45%	-35%	-13%	3%	16%	27%	34%	39%	44%
Transportation	--	-31%	-25%	-27%	-29%	-23%	-16%	-7%	0%	5%	8%	11%
<b>Total</b>	--	<b>-45%</b>	<b>-42%</b>	<b>-38%</b>	<b>-31%</b>	<b>-14%</b>	<b>-1%</b>	<b>11%</b>	<b>20%</b>	<b>26%</b>	<b>30%</b>	<b>35%</b>

Sources: StatCan; IPSOS; Tourism Economics

# HOTEL SECTOR ECONOMY

# FORECAST HIGHLIGHTS

- Improved public health conditions with broad availability of highly effective vaccines, combined with a strong economic recovery, has caused a rapid increase in leisure travel. Robust economic momentum this summer is expected to support GDP growth of 6.8% in 2021.
- The highly transmissible Delta variant has increased uncertainty. Vaccines are assumed to remain effective and hospitalization rates are not expected to increase as rapidly as in previous infection waves. However, increased risks may further contribute to the lagged recovery of business transient and group travel in the fall and winter, and Covid-19 continues to represent a downside risk.
- Room demand in Q3 2021 is expected to be 24.8% below 2019 levels, relative to 54.8% below 2019 levels in Q2.
- Overall, 2021 room revenue is estimated to average 50.6% below 2019 levels. In 2022, room revenue is forecast at a level that is 16.8% below 2019.

## **Note on forecast methodology:**

Tourism Economics developed proprietary econometric models to track and forecast hotel performance globally. The models closely follow past movements in hotel performance as measured by STR. Hotel sector forecasts have been developed using economic forecasts from Oxford Economics' global macroeconomic database as well as Oxford Economics' global city and region forecasts.

# FORECAST HIGHLIGHTS

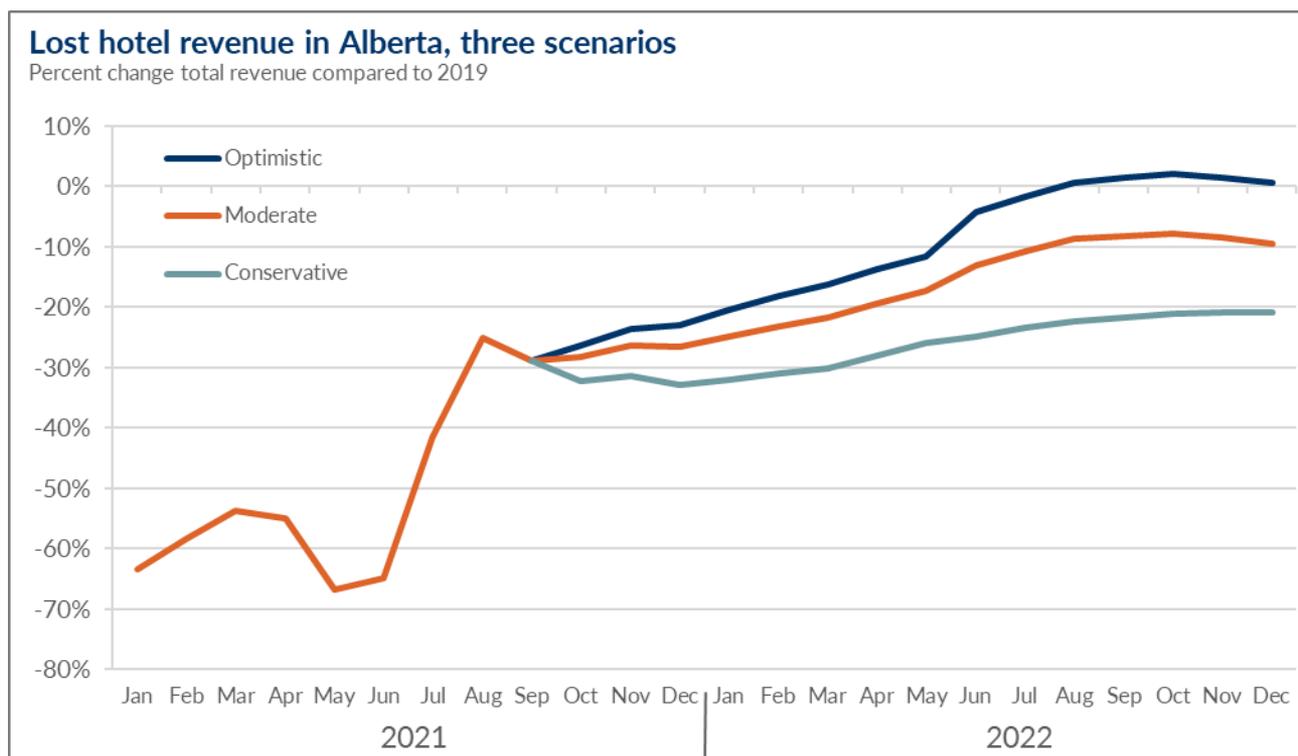
## Average Daily Room Rates (ADR)

- ADR is estimated and forecasted according to recent changes in occupancy as well as price inflation. Over time ADR tends to move in line with prices and wages in the wider economy.
- Long-run dynamics ensure that real inflation adjusted ADR returns to long-run trends over the medium to long-run outlook.
- In the short-run, the relationship between ADR and occupancy is crucial. The lag between changes in occupancy and ADR has been estimated for each market, with different lag timing identified for periods of rising and falling occupancy.

Note: With falling occupancy, the effect on ADR is almost immediate while there is typically a lag of 6-12 months at other times. The level of occupancy relative to that market's long-run average is also an important factor in determining ADR. For example, falling occupancy but at a historically high level will not have a significant impact on ADR. Similarly rising occupancy will not have as large effect on ADR if occupancy is at a historically low level.

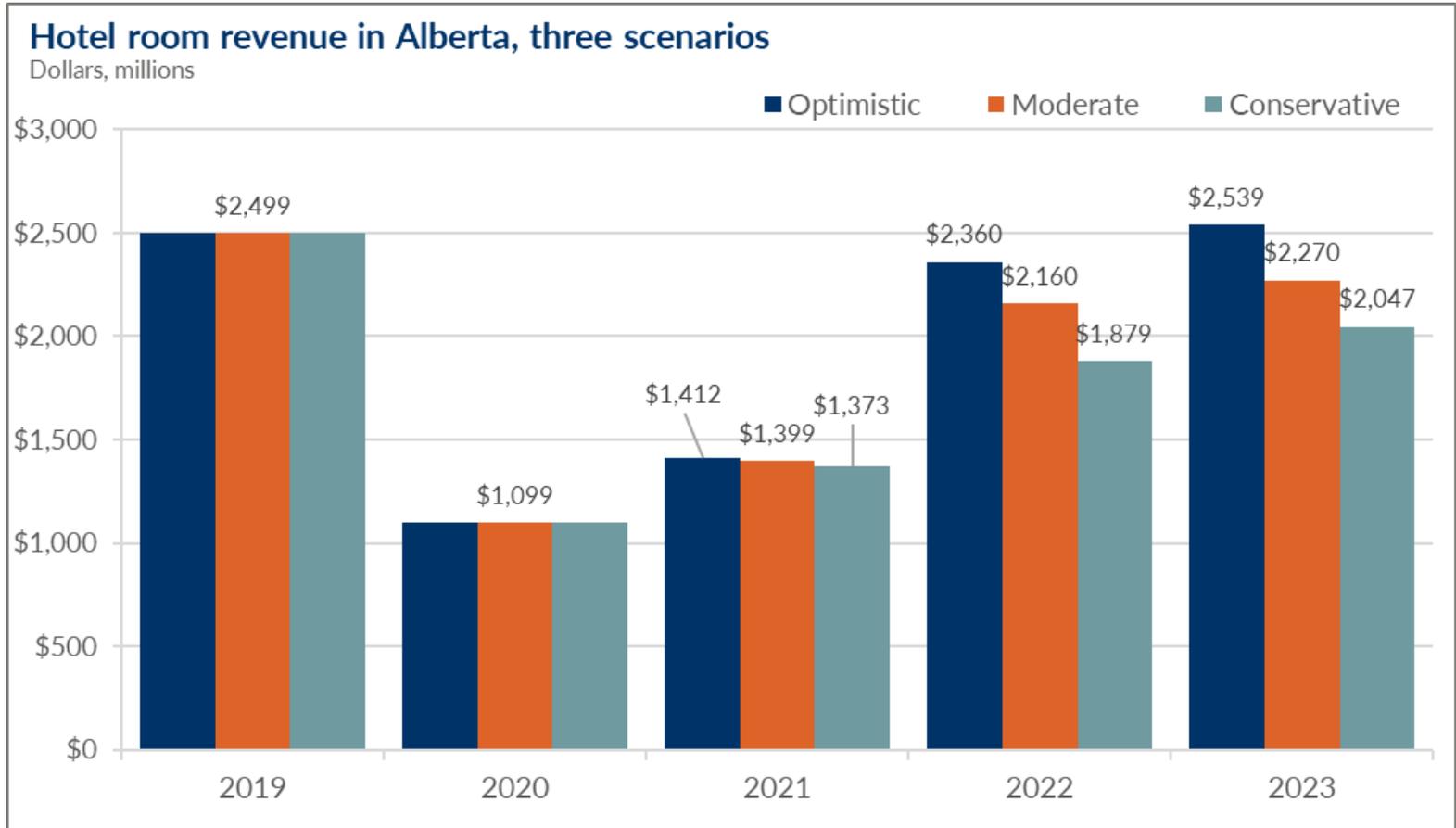
# ALBERTA: HOTEL SECTOR

- Optimistic Scenario: Recent declines are reversed, and Alberta experiences a strong summer surge in 2022
- Moderate Scenario: Recent declines stabilize, and Alberta experiences a moderate summer surge in 2022
- Conservative Scenario: Recent declines continue, and Alberta experiences a very limited summer increase in 2022

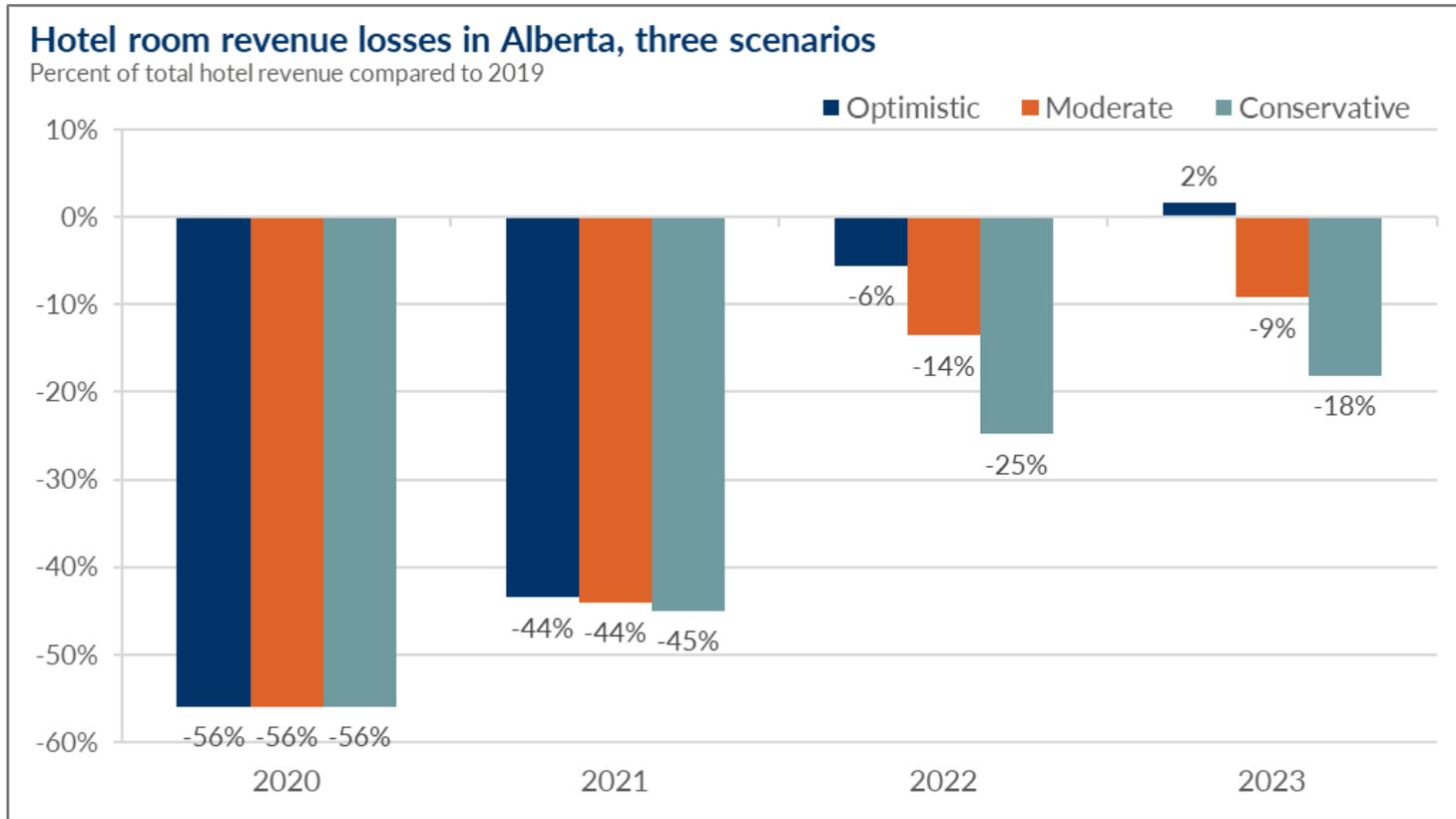


Note: All comparisons are made in reference to 2019 figures

# ALBERTA: ROOM REVENUE



# ALBERTA: ROOM REVENUE



# ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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