Topics

• Economic trends and the exchange rate
• Canada’s aging population
• Outbound travel performance
  – Historical and YTD
• Winter travel intentions
• Short-term outlook for sun destinations
  – Caribbean, Mexico, USA
Economic Outlook and the Outbound Travel Market
Canada’s Real GDP Growth

- 2006: 2.6%
- 2007: 2.0%
- 2008: 1.2%
- 2009: -2.7%
- 2010: 3.4%
- 2011: 3.0%
- 2012: 1.9%
- 2013: 2.0%
- 2014: 2.4%
- 2015f: 1.3%
- 2016f: 2.3%
- 2017f: 2.2%

Source: The Conference Board of Canada
Provincial Real GDP Growth, 2015

Source: The Conference Board of Canada.
Canadian Population Growth, 2015-2019

Source: The Conference Board of Canada.
Diversity of Canada’s Population

<table>
<thead>
<tr>
<th>Population (000s)</th>
<th>2006</th>
<th>2031</th>
<th>% change (absolute)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (000s)</td>
<td>32,522</td>
<td>42,078</td>
<td>29.4%</td>
</tr>
<tr>
<td>Visible minority (000s)</td>
<td>5,285</td>
<td>12,855</td>
<td>143.2%</td>
</tr>
<tr>
<td>Rest of the population (000s)</td>
<td>27,237</td>
<td>29,222</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

Source: Statistics Canada, Catalogue number 91-551-X

Distribution of the foreign-born population by continent of birth

Source: Statistics Canada, Projections of the Diversity of the Canadian Population, 2006 to 2031
Canada’s Population is Aging

- The share of Canada’s population aged 55+ is increasing dramatically.
- Between 2015 and 2019, the proportion of Canadians aged 55-64 will increase 8%, while the share of people aged 65 and older will increase 15%.
- In Ontario, the proportion of residents aged 55-64 will increase 11%.
- The proportion of people aged 65+ will increase significantly in both ON (+15%) and QC (14%).

<table>
<thead>
<tr>
<th>% change in population (2019 vs 2015)</th>
<th>Canada</th>
<th>ON</th>
<th>QC</th>
</tr>
</thead>
<tbody>
<tr>
<td>under 15</td>
<td>5.0%</td>
<td>2.6%</td>
<td>6.4%</td>
</tr>
<tr>
<td>15-24</td>
<td>-4.5%</td>
<td>-4.4%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>25-34</td>
<td>4.2%</td>
<td>5.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>35-44</td>
<td>5.8%</td>
<td>3.0%</td>
<td>7.1%</td>
</tr>
<tr>
<td>45-54</td>
<td>-6.2%</td>
<td>-6.7%</td>
<td>-8.3%</td>
</tr>
<tr>
<td>55-64</td>
<td>8.4%</td>
<td>10.9%</td>
<td>5.5%</td>
</tr>
<tr>
<td>65+</td>
<td>15.0%</td>
<td>14.8%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

Source: October 2015, CBoC forecast.
More Seniors than Children - First Time in History!

Source: Statistics Canada, CBoC
Exchange Rates & Household Spending

- Household consumption is expected to remain stable
- Real disposable income will average 1.9% annual growth
- Loonie lost 20% of its value from 2013-2015

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Real GDP (% change)</td>
<td>1.3%</td>
<td>2.4%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Real Disposable Income (% change)</td>
<td>2.5%</td>
<td>1.3%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Household Consumption (% change)</td>
<td>2.0%</td>
<td>2.2%</td>
<td>2.1%</td>
</tr>
<tr>
<td>CAD/USD (annual average)</td>
<td>$0.78</td>
<td>$0.75</td>
<td>$0.79</td>
</tr>
<tr>
<td>EUR/CAD (annual average)</td>
<td>$1.42</td>
<td>$1.42</td>
<td>$1.35</td>
</tr>
<tr>
<td>GBP/CAD (annual average)</td>
<td>$1.94</td>
<td>$1.96</td>
<td>$1.86</td>
</tr>
</tbody>
</table>

Conference Board of Canada (September 2015 Outlook), Oxford Economics World Outlook.
Canada: Total Outbound Leisure Trips
(‘000 of outbound leisure trips, all destinations)

Source: Statistics Canada, CBoC
Annual Leisure Visits to the Caribbean and Mexico

Between 2006 and 2014, leisure visits to Mexico grew 10% and leisure visits to the Caribbean grew 6%.

Source: Statistics Canada, CBoC
2015 Sun Destination Performance
(% change, Jan-August 2015 versus 2014)

Source: Country tourism departments and government agencies.
Winter Travel Intentions
Winter Travel Intentions

- Overall, trip intentions this winter are lower than last year
- Two-thirds intend to spend their longest overnight trip outside the country
- Smaller share plan to travel to Mexico and the Caribbean

Source: CBoC Annual winter travel intentions survey
Winter Travel Intentions

- Still a lot of uncertainty; 8% of those planning an outbound trip this winter have not selected a destination, and 6% of those who have selected the Caribbean have not yet determined where they will go.
- Demographics keeping intentions from dropping off more drastically; 36% of those planning a winter trip are 55+
- Lower intentions from largest MX/CARIB market (35-54 yrs) who account for close to half of travel to the region.
- MX, Cuba, DR will see some growth.
- High prices/low dollar will affect other destinations, but higher income travellers are less price sensitive – 35% of travellers planning a trip south have a household income of at least $95k.
- One-third of all overseas travellers who are still in the dreaming or investigative phases of their trip planning intend to travel to MX/CARIB.
Travel Outlook: Caribbean Destinations
### Caribbean and Mexico, Direct Seat Capacity

Since 2011, direct seat capacity on scheduled carriers has grown at an average annual rate of 22%.

<table>
<thead>
<tr>
<th>Year</th>
<th>Caribbean</th>
<th>Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015p</td>
<td>3,322,916</td>
<td>1,729,825</td>
</tr>
<tr>
<td>2014</td>
<td>3,012,053</td>
<td>1,608,853</td>
</tr>
<tr>
<td>2013</td>
<td>2,680,454</td>
<td>1,386,760</td>
</tr>
<tr>
<td>2012</td>
<td>2,111,616</td>
<td>1,348,941</td>
</tr>
<tr>
<td>2011</td>
<td>1,367,196</td>
<td>905,628</td>
</tr>
</tbody>
</table>

Source: OAG
Canadian Visits to Mexico & the Caribbean
(thousands of overnight visits each year)

Source: Government of Mexico, Statistics Canada, CBoC
Canadian Visits to Cuba, 2008-2019 (000s)

Source: CBoC forecast
Canadian Visits to the Dominican Republic (000s)

Source: CBoC forecast
Canadian Tourism Research Institute

*Outbound Canada*

Jennifer Hendry
Senior Research Associate
hendry@conferenceboard.ca