



**Horwath HTL™**

*Hotel, Tourism and Leisure Celebrating 100 years*

**Industry Report**  
**USA and Canada,**  
**a Summer of Tourism**

**August 2016**

## Canada, Eh?: The US Neighbor to the North Welcomes American Travelers and Enables a Mutually Beneficial Summer of Tourism

As we find ourselves in this precarious era of global travel and tourism, there is a sense that U.S. summer vacationers are staying just a bit closer to home in 2016. Canada has proven appealing for those who seek a travel experience while still remaining near. Thanks to the country's economic and political stability, as well as the ease of traveling back and forth between Canada and America, many Americans are finding their neighboring country a desirable destination, perhaps more so today than in previous years. Toronto, for example, anticipates this year to top the record 14 million overnight visitors who arrived in 2015. An income boost and a growth in Canadian tourism has been a result of the travel into and within the country itself. Interestingly, Canada also attracts less money-conscious travelers; Travelers from the U.S. and Canada report that they are looking to spend \$6,400 and \$8,400 respectively on travel this year. This exceeds the global average on travel spend, which is \$5,100 (Sojern).

### Macro-Tourism Trends

According to Destination Canada, Canada's official tourism site, international spending to Canada has increased by 4.3% in the first quarter of 2016, the biggest increase in the first quarter since 2010. Add in that U.S. travel to Canada is up 10%, and the interest in Canada becomes very apparent. Looking at the duration of stay, the average trip to Canada is eleven days, while the average U.S. visit is seven days long. These additional four days in Canada may in fact contribute to the overall growth in the country's tourism sector. However the weak Canadian dollar has been encouraging Canadians to stay home or travel domestically, and Americans to migrate to Canada for short vacations.

### Financial Factors

Many attribute the seemingly newfound popularity of Canada to the weak Canadian dollar. In January, the loonie dropped 16% in comparison to the U.S. dollar, valued at around 71 cents to each U.S. dollar<sup>1</sup>. This significant financial indicator led many Americans to opt out of trips to the U.K and Europe, particularly now, in the wake of Brexit, when financial stability is still being

assessed. Canada is not the only country with a motivating exchange rate. Australia, for example, is 76 cents to the U.S. dollar. Canada has the home court advantage, in a sense, here though. It is certainly much easier for Americans to travel into Canada than the other side of the globe to Australia.

As my colleague Peter Gaudet of Horwath HTL Canada noted, one of the main factors influencing domestic tourism is the weakened dollar. The weak loonie not only pushes international tourism upwards, but also pushes Canadians towards a summer of "staycations." To read the *Canadian Special Trends Report* in its entirety, [click here](#).

Looking at internal financial motivators, Canada is also spending more money within their tourism industry. According to Destination Canada, spending by Canadians has increased by 0.3%, and while nominal, that is the largest increase in the recent past.

### Developments on the Forefront

In 2015, Toronto was ranked as the best place in the world to live. As such numerous developments popped onto the scene, including hotel and hospitality assets. As reported in the Daily Commercial News (DCN), the leader in delivering essential construction news throughout Canada, the following are the top 10 hotel /motel developments in 2016:

- Garibaldi at Squamish Ski Resort, *Northland Properties Corp - Squamish, BC*
- True North Square, *CentreVenture Development Corp - Winnipeg, MB*
- Loretto Academy Conference and Banquet Centre, *Romzap Ltd - Niagara Falls, ON*
- Durham Live, *Pickering Developments - Pickering, ON*
- Fairmont Reine Elizabeth, *Le Reine Elizabeth Hotel Fairmont - Montréal, QC*
- Rainbow Tower Hotel, *Canadian Niagara Hotels & Entertainment - Niagara Falls, ON*
- Squamish Oceanfront, *Squamish Cornerstone Development Corp - Squamish, BC*
- Comfort Suites Hotel, *HOCO Resort, HOCO Entertainment & Resorts - Niagara Falls, ON*
- Hotel, Conference Room, Retail, Restaurant, *Peter Favot Architect Ltd - Scugog Twp, ON*
- Downtown Boutique Hotel, *Westcorp Properties Inc - Kelowna, BC*

1: <http://www.cnn.com/2016/01/29/canada-lures-us-tourists-with-devalued-loonie.html>

As the trends show, five of ten developments are occurring in Ontario, three of which are in the Niagara Falls area. As Toronto has been recognized as the best place to live in 2015, it is clear from a development standpoint, that it is also one of the best places to travel. As DCN also notes, there is even more of a development explosion in the entertainment and recreation sectors within Canada, which will likely lead to an increase in future hotel developments too.

### **Thoughts as Summer 2016 Continues**

The future is bright for Canada and the country's tourism sector, Canada will likely benefit even further from the ever growing US visitor numbers as fears of overseas travel escalate this summer. With uncertainty about Brexit ramifications, there could be an increased interest in Canada by Europeans. Though it is too early to tell, the possibilities of new travel, and the booming development only point to positive change for Canada through the end of 2016 and into 2017.

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*Paul Breslin, Managing Director of the Atlanta office of Horwath HTL, is a 35—year veteran of the hospitality industry. His background within the industry is all encompassing, with extensive experience in hotel operations, development and asset management with major branded hotels as well as independent and smaller luxury hotels. From asset management and operational support, planning and development services, sales, marketing and revenue management, transactional advice and financial restructuring, Mr. Breslin has provided consulting services to a global client base.*

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*Horwath HTL is the world's largest hospitality consulting brand with 45 offices across the world providing expert local knowledge. Since 1915, Horwath HTL has been providing impartial, specialist advice to clients and is recognized as the founder of Uniform System of Accounts which subsequently has become the standard for hospitality accounting.*

*Horwath HTL in the United States focuses 100% on hotels, tourism and leisure consulting. With office locations in Denver, Atlanta and Miami, Horwath's seasoned industry professionals are renowned for their vast array of expertise and market study experience.*

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