



Highlights

- International tourism inflow recovery extends through back half of 2021
- Hospitality sector to improve as travel and public health restrictions ease, lifting tourism flows
- Population growth picks up in Q4 on higher international migration

B.C. international tourism inflow on the uptrend, will strengthen through 2022

Bryan Yu, Chief Economist

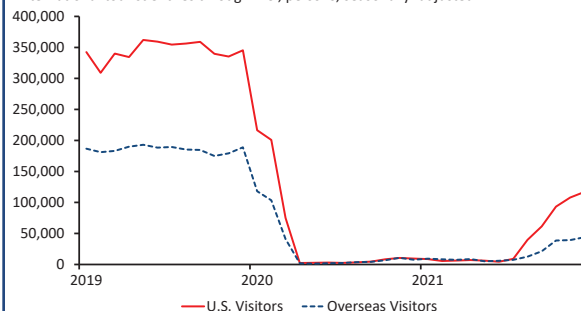
Canada's tourism sector looks to rebound sharply in coming months as broad lifting of COVID-19 provincial public measures across the country, including capacity restrictions on large gatherings and events such as conferences, concerts and sporting events, and removal of onerous testing restrictions on international travel for fully-vaccinated travelers boost both in-bound and out-bound travel. Removal of pre-entry test requirements were announced March 17 and take effect April 1. Pent-up demand for travel and high levels of consumers' savings are likely to buoy visits to Canada, while conflict in Europe may also shuffle tourist dollars to Canada.

While conditions are improving, it is a deep hole for the pandemic-battered sector to climb out of. Non-resident tourist visits to Canada rose sharply through the second half of 2021, and by December saw 671,938 visits by various modes of entry. While compared to about 83,000 entries in same-month 2020, levels were only 35 per cent of December 2019 levels, which was prior to global travel restrictions taking root. This gap has likely narrowed in early 2022 despite the Omicron wave.

In B.C., similar patterns are in play. Total tourist entries recovered to 160,663 persons in December which was 30 per cent of levels observed in December 2019. U.S. visits were 34 per cent of December 2019 levels, while overseas visits reached 23 per cent. At 116,870 visitors, the U.S. made up more than 70 per cent of inflows.

Tourist visits in recovery phase, trend to strengthen through 2022

International tourist entries through B.C., persons, seasonally-adjusted

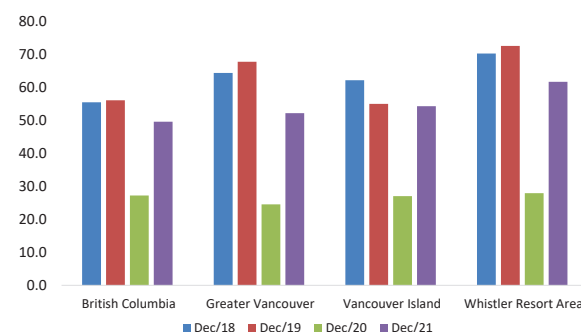


Source: Statistics Canada, Central 1

Latest: Dec/21

Hotel vacancy rates to follow tourism higher

Per Cent



Source: Ontario Ministry of Tourism, Culture and Sport, CBRE data, Central 1 CU

Increased inflows of international tourists will provide a needed boost for hotel accommodations and foodservices which remained below pre-pandemic trends and constrained by Omicron trends in late 2021 and early 2022. While high domestic tourism lifted activity during the summer, hotel occupancy rates have remained weak in the shoulder season. Hotel occupancy rose to 49.7 per cent in December, compared to 27.3 per cent in same-month 2020, and 56 per cent in December 2019. Metro Vancouver remains well off pre-pandemic levels. Demand will pick up through 2022.

BC's population increased 0.3 per cent in the fourth quarter

Edgard Navarrete, Regional Economist

The latest quarterly population estimates released by Statistics Canada pointed to a strong recovery in B.C. through the fourth quarter of 2021. Population increased 0.3 per cent to 5,264,485, with a year-over-year gain of nearly two per cent. B.C.'s q/q population increase accounted for 16.4 per cent of the national increase. B.C. population growth momentum has more than recovered to an annualized pace of two per cent in recent quarters.

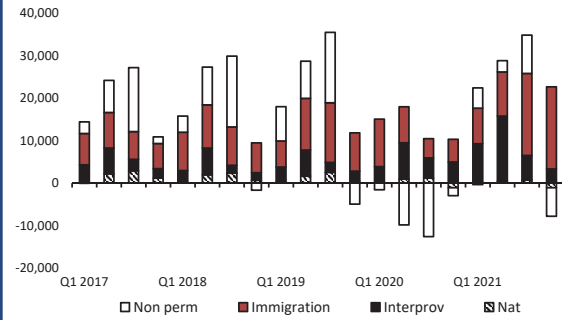
The net population gain to population at the end of the fourth quarter came from positive interprovincial migration (up 3,333) and surge in net international migration (up 19,324) which offset drops to net natural increase (down 1,089) and non-permanent residents (down 6,718).

Elevated immigration reflects inflow of newcomers as restrictions eased and consular services returned to normal. Adding to immigration numbers is the shift of non-permanent residents to permanent residency as the federal government moved to bump up immigration numbers in 2021 and for the next few years.

Non-permanent numbers fell as fewer international students came for in-person classes and many took advantage of online courses. Fewer seasonal workers also contributed to the drop in non-permanent residents.

International immigration robust in Q4

Q/Q net population change by component



Interprovincial migration has remained strong during the pandemic as less stringent public health orders, and ample work opportunities, and natural environment attracted people from other regions of Canada. A hot housing market also has allowed retirees to cash out of expensive housing markets and move to several regions in B.C. to enjoy their golden years with higher net worth.

With the pandemic largely behind us, population growth will likely ramp up from immigration and non-permanent residents. Many new immigrants and non-permanent residents first settle in large urban markets. The lack of affordability in these markets for housing, food, transportation and other basic needs may divert immigrants to other regions of Canada or the U.S.

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