

MARKET READINESS INDEX | Q2 2025

(*DATA AS OF APRIL 2025)

DESTINATION
TORONTO

This document provides a summary of market signals and leading indicators assessing the readiness of key source markets for Toronto's visitor economy. This assessment – and the underlying data that powers it – enables informed decisions on the timing and approach to sales and marketing in key markets.

ONTARIO

Ontario travel interest drops amid tariff threats and growing employment uncertainties.



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- Air capacity rose 9% YoY, yet lags 39% behind 2019 levels.
- Consumer confidence dropped 10 points in February to 54, lowest since 2020, as financial and job prospects dimmed.
- Searches for activities down by 8%, while accommodation searches declined by 5%.

CANADA

Consumer Confidence continues declining, tumbling to a historical low of 44.2 (2014=100), down 8.4 points this March.



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- Air capacity up 3% YOY but remains 7% below 2019 levels.
- Canadian domestic arrivals over the past 6 months remain 4% higher YOY, but declined by 2% YOY in Q1 2025
- Searches for activities in Toronto down 6% and accommodations searches fell 4%.

UNITED STATES

U.S. travel demand softens amid trade and border tensions; Q1 2025 arrivals down 3%, March -12% YOY.



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- Q2 2025 air capacity increased 4.2% YOY, still 3.7% below 2019 levels.
- A stronger U.S. dollar against the Canadian dollar creates favorable conditions for American travellers visiting Canada.
- Searches for activities increased 5% YOY, and accommodation searches rose 8%.

MEXICO

Mexican visa restrictions continue to impact arrivals, which fell over the past six months – down 51% YOY and 45%



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- Air capacity grew 1% YOY and is 17% above 2019 levels, reflecting sustained demand for outbound travel by Canadians to Mexico.
- Accommodation searches have dropped by 27% YOY, while searches for activities in Toronto have fallen by 55%.

3 READINESS LEVELS

RESTRICTIVE

Significant challenges to business

CAUTIOUS

Regression in some factors

STABLE

Market stable/growing

UNITED KINGDOM

UK arrivals averaged +3% YOY over six months but fell 17% in March, reflecting more cautious travel.



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- Air travel capacity rose 7.3% year-over-year, reaching 4.9% above 2019 levels—marking the first time it has surpassed pre-COVID volumes.
- Searches for activities grew 6% YOY, while searches for accommodations rose by 3%.

GERMANY

German arrivals soften with a 16% drop in February and March, despite growth YOY (+11%) in the last 6 months.



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- Air capacity increased by 5.3% YOY, edging 0.2% above 2019 figures, indicating a full recovery in connectivity.
- Based on preliminary reports, Q4 2024 real GDP growth dipped slightly below zero, settling at -0.2%.

CHINA

Despite YOY growth in last six months, China's tourism rebound remains hindered by geopolitical and economic challenges.



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- Q2 2025 air capacity remains at the same level as last year, and 94% below the 2019 level
- Arrivals rose 23% from during last six months, yet remain 43% below pre-pandemic levels.

JAPAN

Japanese arrivals increased by 13% YOY over the past six months but remain 42% below 2019 levels.



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- Air travel capacity rose 1% YoY and stands 84% above 2019 levels, underscoring steady sustained growth
- The yen has strengthened against the Canadian dollar in recent months, but remains near five-year lows
- Searches for activities dropped slightly by 0.3% YOY while searches for accommodations increased 24%