

# ECONOMIC VIEWPOINT

## Is Home the New Abroad? Canada's Tourism Outlook for 2026

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### HIGHLIGHTS

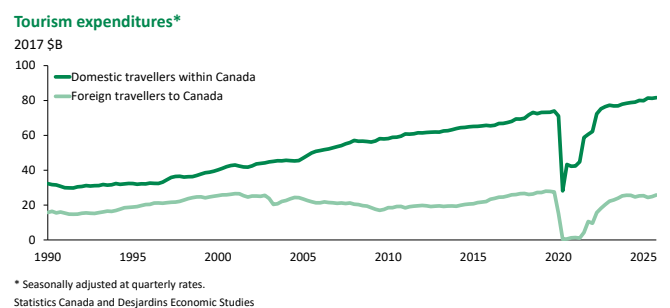
- ▶ After suffering pandemic-era losses, Canada's tourism sector had fully recovered by 2024, with spending surpassing pre-pandemic levels and strength broadly shared across major tourism subsectors.
- ▶ In 2025, travel behaviour shifted materially as Canadians sharply reduced travel to the United States and redirected more of their vacation time and money to domestic destinations. Domestic tourism growth in 2025 reflected increases in both activity and spending intensity, with longer stays and higher per-night spending playing a larger role than trip volumes alone.
- ▶ Early-2026 indicators suggest domestic travel demand remains firm, supported by strong travel intentions alongside major events such as the FIFA World Cup. The outlook for the rest of 2026 is shaped by opposing forces, with rising fuel costs and Canada-US policy uncertainty posing downside risks, partly offset by persistent domestic travel preferences. Overall, we think Canadian tourism is poised for modest gains in 2026.

**Canada's tourism sector enters 2026 with restored strength.** But there's been a meaningful transition and travel patterns are no longer aligned with pre-COVID norms. Instead, Canadians are redirecting where they spend their travel dollars, reshaping how tourism demand is distributed across the country and the world. This report examines how the sector fully regained its footing in 2024, how travel behaviour shifted in 2025, and how forces emerging in 2026—including higher fuel costs and the FIFA World Cup—could influence tourism in Canada through the year ahead.

### The 2024 Achievement: The Travel Industry Fully Recovered from Pandemic Impacts

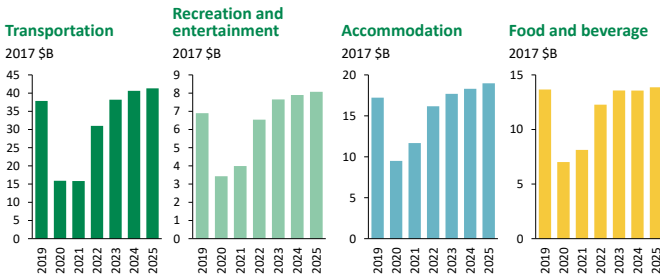
**Before examining travel shifts in 2025, it's worth establishing just how strong the foundation was.** Tourism was among the hardest-hit sectors during the pandemic, with airline passenger trips plummeting nearly 75% from 2019 to 2020 and falling even further in 2021. By 2024, however, tourism spending within Canada's borders had not only recovered, but it had surpassed its pre-pandemic peak (graph 1). Nearly 30 million visitors to Canada were recorded in 2024, not far from the 2019 high of 32 million.

**Graph 1**  
Tourism Spending in 2024 and 2025 Exceeded Pre-Pandemic Highs



**The tourism recovery was broad-based across subsectors through 2024.** Transportation posted strong gains, driven by air travel and vehicle rentals, while spending on recreation and entertainment as well as accommodation exceeded 2019 levels (graph 2 on page 2). Food and beverage services also recovered, returning roughly to pre-pandemic norms.

**Graph 2**  
By 2024, the Tourism Sector Had Broadly Recovered from the Pandemic

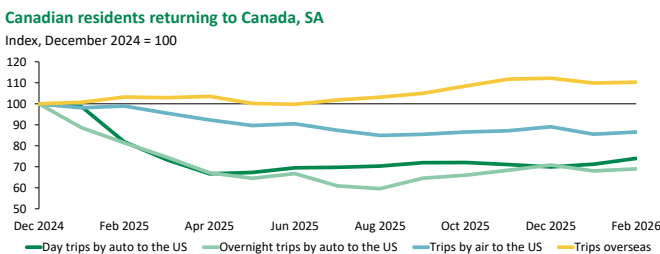


Statistics Canada and Desjardins Economic Studies

**The 2025 Shift: More Canadians Chose to Vacation Domestically Instead of Abroad**

In 2025, tourism trends were defined less by where Canadians chose to go than by where they chose not to go. Major political tensions with the US strengthened Canadians’ interest in spending their dollars domestically and began to reshape travel patterns in ways that are continuing to play out today. Canadians reduced travel to the US by 25% last year, resulting in 10 million fewer trips, while overseas travel rose nearly 10%—reaching levels well above pre-pandemic norms—adding 1.2 million trips (graph 3). Business travel to the US also declined, reinforcing the broader pullback from cross-border travel.

**Graph 3**  
Canadians Have Significantly Reduced Their Trips to the US



SA: Seasonally adjusted.  
Statistics Canada and Desjardins Economic Studies

**What made the 2025 story particularly encouraging for domestic operators was that much of the spending diverted from cross-border travel stayed in Canada.**

At-home tourism spending by Canadians rose 10% in the first three quarters of 2025 compared to the same period a year earlier. This was supported by nearly 6 million additional day trips and 2.6 million more overnight vacations within the country. Beyond higher trip numbers, spending intensity also increased in the first three quarters of 2025. On average, Canadians

vacationing domestically increased the length of their overnight stays and stepped up their per-night spending by about 5% relative to the same period in 2024, while day-trip spending rose by a similar margin. Holidays and leisure travel continued to account for a large share of trips and the bulk of tourism spending, while visits to friends and relatives generated nearly as many trips but materially lower expenditures per visit (table 1). Overall, the pattern underscores that trip duration and purpose, rather than sheer trip counts, were the primary drivers of tourism revenue. And all of these factors contributed to higher overall domestic tourism spending in 2025.

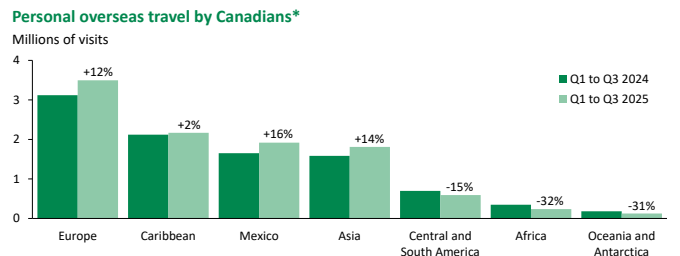
**Table 1**  
Canadians Travelling in Canada by the Numbers

Trip purpose	Visits (millions)		Nights per overnight visit	Expenditures (\$ million)	
	Day trips	Overnight trips		Day trips	Overnight trips
Holidays, leisure or recreation	64	45	2.9	6,262	21,196
Visiting friends or relatives	63	39	2.8	3,425	9,589
Personal conference, convention or trade show	3	2	2.5	370	881
Shopping, non-routine	14	1	1.5	2,017	337
Other personal trips	13	4	3.3	1,269	1,667
<b>Total</b>	<b>157</b>	<b>91</b>	<b>2.9</b>	<b>13,344</b>	<b>33,670</b>

Note: Figures are for Q1 to Q3 2025  
Statistics Canada and Desjardins Economic Studies

**Not all tourism diverted from the US remained in Canada, however, as some demand shifted toward overseas destinations.** Canadians took about 700k more overseas trips in the first nine months of 2025 than in the same period a year earlier. Mexico and the Caribbean remained popular choices, while interest in more distant destinations such as Europe and Asia also strengthened (graph 4).

**Graph 4**  
Canadians Increased Their Travel to Overseas Destinations

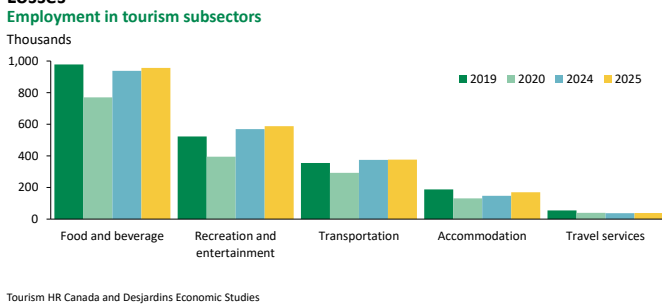


\* Includes day trips and overnight trips.  
Statistics Canada and Desjardins Economic Studies

**Tourism Jobs Outpaced the Broader Labour Market**

**Employment in the tourism sector strengthened in 2025 as Canadians redirected more of their vacation spending to domestic destinations.** Tourism jobs rose 3.0% during the year, which was more than double the 1.4% increase recorded across the broader economy. Total tourism-attributable employment exceeded 2.1 million—more than 30k jobs above 2019 levels. Since the pre-pandemic period, employment gains have been concentrated in recreation and entertainment, as well as transportation. The food and beverage, accommodation and travel services subsectors have yet to fully recover from pandemic-era job losses (graph 5). With all subsectors taken together, tourism directly supports nearly 3% of total employment in Canada, and generates additional spillovers across other industries.

**Graph 5**  
Recreation and Transportation Have Recovered Pandemic-Era Job Losses



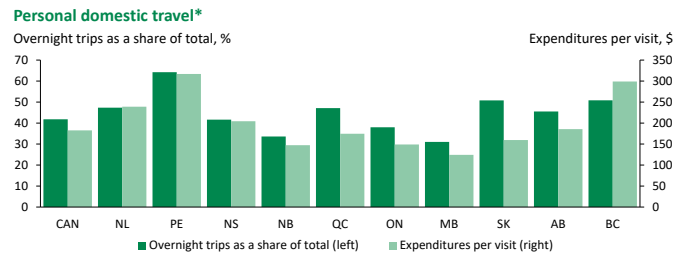
Tourism HR Canada and Desjardins Economic Studies

**The Tourism sector remains a key source of seasonal employment for young workers.** Those ages 15 to 24 accounted for a disproportionate share of recent hires in recreation, entertainment and accommodation services, reflecting the sector’s seasonal labour needs and reliance on flexible, entry-level workers. Seasonal youth employment in tourism typically totals about 200k jobs, particularly in accommodation as well as recreation and entertainment, while food and beverage services employs large numbers of youth but with less variation from one season to the next.

**Where Were Canada’s Vacation Hot Spots?**

**The domestic tourism surge of 2025 produced clear regional winners, with provinces that attract longer stays capturing an outsized share of redirected spending.** Parts of Atlantic Canada and British Columbia benefitted from longer average stays and higher per-visit expenditures, reflecting their appeal as primary vacation destinations rather than short excursions (graph 6). In contrast, per-visit spending was lower in provinces where travel is dominated by day trips, including Ontario, Manitoba and New Brunswick. While interprovincial

**Graph 6**  
Canadian Vacationers Preferred the East and West Coasts



\* Visits include day trips and overnight vacations, Q1 to Q3 2025. Statistics Canada and Desjardins Economic Studies

tourism spending figures haven’t been updated since the pandemic, earlier travel patterns suggest that BC, Quebec and most Atlantic provinces typically receive more tourism dollars from out-of-province visitors than their own residents spend vacationing elsewhere in Canada (table 2).

**Table 2**  
Net Interprovincial Tourism Spending

Province of spending	Province of residence, 2019 interprovincial tourism expenditures (\$M)										Total*
	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	
NL	—	4	39	15	42	189	46	11	89	51	488
PE	3	—	60	33	44	127	1	7	19	5	298
NS	67	55	—	127	49	313	17	36	110	48	823
NB	26	76	172	—	123	137	2	11	73	32	654
QC	64	33	169	193	—	2,054	70	49	154	328	3,122
ON	184	40	260	160	1,665	—	396	219	837	831	4,615
MB	2	0	7	1	57	221	—	104	120	84	604
SK	2	2	4	4	24	85	92	—	283	48	549
AB	29	6	89	49	136	603	197	575	—	804	2,534
BC	45	9	57	27	262	1,542	153	249	2,026	—	4,416
<b>Total*</b>	<b>422</b>	<b>226</b>	<b>866</b>	<b>610</b>	<b>2,414</b>	<b>5,350</b>	<b>978</b>	<b>1,273</b>	<b>3,741</b>	<b>2,291</b>	<b>18,312</b>

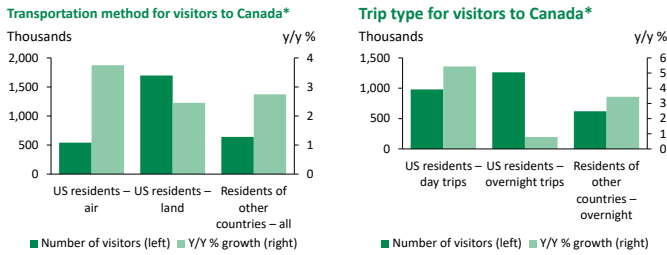
\* Totals include territories. Statistics Canada and Desjardins Economic Studies

**The 2026 Landscape: Ongoing Trends and New Factors Impacting Travel Decisions**

**Canada remains a popular global travel destination.** In the first two months of 2026, trips to Canada by US residents rose nearly 3% over the same period in 2025, driven by growth in air arrivals (graph 7 on page 4, left). The number of overseas visitors increased at a similar rate. While Americans still accounted for the majority of visitors in 2025—nearly 23 million—Canada also welcomed sizeable numbers of travellers from the UK, France, India, Mexico and other countries. Day trips from the US accounted for most of the increase in early-2026 arrivals (graph 7 on page 4, right).

**By contrast, Canadian outbound travel continued to show a pronounced pullback from the US.** Canadian-resident return trips from the US totalled four million in the first two months of 2026, down 18% year over year and 28% from 2024, underscoring the scale of the structural shift in travel behaviour.

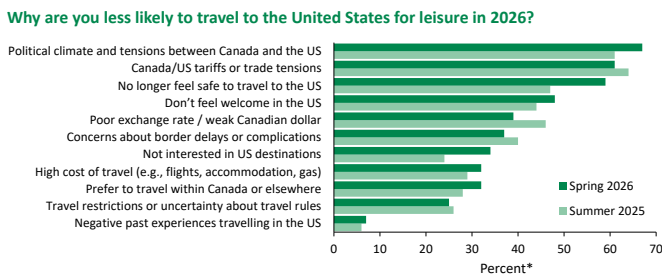
**Graph 7**  
Early 2026 Figures Show Increased Travel to Canada



\* January to February 2026.  
Note: US residents entering by water and residents of other countries on day trips accounted for a small number of additional visitors (not shown here).  
Statistics Canada and Desjardins Economic Studies

While Canadian overseas travel has increased, it hasn't come close to offsetting the decline in trips across the border. A [recent Leger poll](#) found that a whopping 70% of Canadians are less likely to travel to the US in 2026, driven by political, economic and personal considerations (graph 8). Beyond the US, travel intentions toward Mexico also weakened, likely reflecting the timing of the survey amid recent security incidents. Among respondents with spring 2026 leisure travel plans, 67% indicated they intend to travel within Canada—up sharply from recent years.

**Graph 8**  
Canadians Cited Myriad Reasons for Avoiding Travel to the US



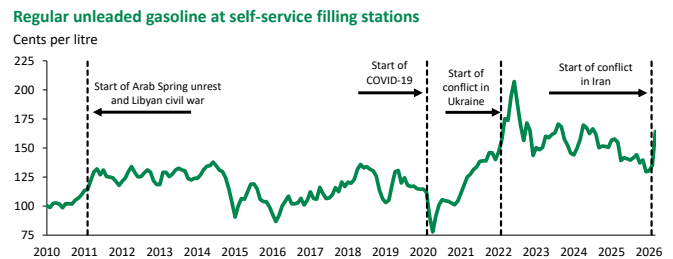
\* Totals may add up to more than 100 as respondents could select multiple reasons.  
Leger and Desjardins Economic Studies

**Fuel Costs Are Both a Headwind and a Tailwind**

A surge in jet fuel prices, driven by [geopolitical tensions in the Middle East](#), has introduced a significant cost headwind for Canadian travellers and the airlines that serve them. Canadian fares rose 3% in March 2026—the first year-over-year increase since mid-2024—and climbed nearly 5% on a month-over-month basis from February. In response, several major airlines have announced fuel surcharges and route suspensions, with reduced capacity likely adding further upward pressure on prices in affected markets. At least one airline has closed its doors, citing higher fuel costs.

Yet the very forces making air travel more expensive may push more Canadians toward road trips. Gasoline prices have also increased rapidly but remain below the peaks reached following Russia's invasion of Ukraine in early 2022 (graph 9). Moreover, unlike airfare surcharges, which apply per passenger, higher fuel costs at the pump are spread across an entire vehicle, making road trips relatively more cost-efficient for families. And this is where recent policy intervention enters the picture. On April 20, 2026, the federal government suspended Canada's fuel excise tax on gasoline and diesel until Labour Day, removing 10 cents per litre on gasoline and 4 cents per litre on diesel to help offset rising fuel costs.

**Graph 9**  
Price at the Pump Has Jumped, But Remains Below 2022 Peak



Statistics Canada and Desjardins Economic Studies

The excise tax suspension is just in time for the summer travel season. With national average gasoline prices on May 19, 2026, around \$1.85 per litre—roughly 50 cents higher than a year ago—the measure provides meaningful, albeit partial, relief. While the savings represent a modest share of total vacation costs, the signal to consumers likely matters. The aviation component of the fuel excise tax pause may also offer airlines limited cost relief, potentially helping to moderate future fare pressures. In light of these factors and the ongoing shift toward domestic travel, some Canadians may be more likely to choose road-based domestic vacations this summer.

However, higher jet fuel costs and route suspensions are also being felt globally, raising the risk that some US and overseas travellers may choose to stay closer to home this summer as well. To the extent that fuel-driven cost pressures dampen long-haul travel demand, Canada's inbound tourism growth could face modest headwinds despite otherwise supportive conditions.

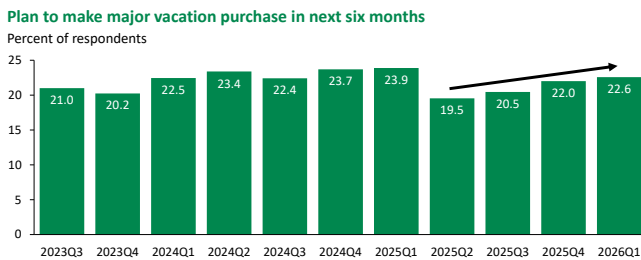
**Other Crosscurrents Will Impact Tourism in 2026**

**The balance of 2026 will likely be shaped by the tension between still-strong domestic travel demand and rising cost pressures stemming from geopolitical uncertainty.** On balance, the tourism sector appears poised for modest growth through the year ahead. Domestic travel intentions remain encouraging. A [Leger survey](#) found that 55% of Canadians plan to take a leisure trip between March and June 2026—the highest share since 2024—while interest in US travel destinations continues to decline. Consistent with this, the [latest Bank of Canada Survey of Consumer Expectations](#) showed that nearly one in four respondents were planning major vacation expenditures within the next six months, marking the third consecutive quarterly increase (graph 10). If these intentions translate into realized spending, near-term travel activity in Canada could exceed the summer of 2025.

**Against these supports, the key risks to watch remain fuel costs and the trajectory of Canada–US relations.** While a still-weak Canadian dollar provides modest support to inbound travel, this tailwind is likely to be outweighed by cost pressures and policy uncertainty. Any sustained escalation of conflict in the Middle East could push jet fuel prices materially higher, further compressing discretionary travel budgets in ways the excise tax suspension can't fully offset.

**The upcoming review of the Canada-United States-Mexico Agreement (CUSMA), due by July 1, introduces an additional source of uncertainty.** A hostile outcome for Canada could harden cross-border sentiment, reinforcing Canadians' resolve to travel at home while discouraging US visitors. Such an outcome could also raise the risk of softer employment growth in the tourism sector during the peak summer season, particularly in regions more reliant on US visitors. Conversely, a more constructive outcome could ease political frictions and partially restore cross-border travel. Either way, trade developments have the potential to influence sentiment by dominating the news cycle as the peak summer travel season approaches.

**Graph 10**  
**Canadians Have Strong Travel Intentions in 2026**



Bank of Canada and Desjardins Economic Studies

**Layered onto this demand backdrop are major events expected to provide temporary but meaningful regional boosts in 2026.** The FIFA World Cup should drive a surge of out-of-town and international visitors to Vancouver and Toronto, lifting hotel demand and other event-driven spending from fans, athletes and support staff. Other large-scale events—including Ottawa's 200th anniversary, the Montreal F1 Canadian Grand Prix, the Calgary Stampede and the expansion of the Toronto International Film Festival to include TIFF: The Market—add to the calendar of demand catalysts. Past experience suggests that additional tourist visits can extend beyond the events themselves. A BC government [report](#) found that the 2010 Winter Olympics continued to support tourism in subsequent years, while [research](#) by MTL 24/24 showed that major music festivals such as Osheaga have helped position Montreal as a year-round nightlife destination.

**Conclusions**

**Canada's tourism sector enters the summer of 2026 defined by resilience and redirection.** After setting a revenue record in 2024, the industry continued to grow in 2025 as more Canadians chose to vacation domestically. The pro-Canada sentiment driving this shift remains strong in 2026 and is likely to be reinforced through the summer by higher airfares and the federal fuel excise tax suspension. With major global events happening across the country and domestic travel preferences firmly in place, the near-term outlook points to continued strength in domestic tourism, even as cost pressures and geopolitical uncertainty shape the pace of growth.