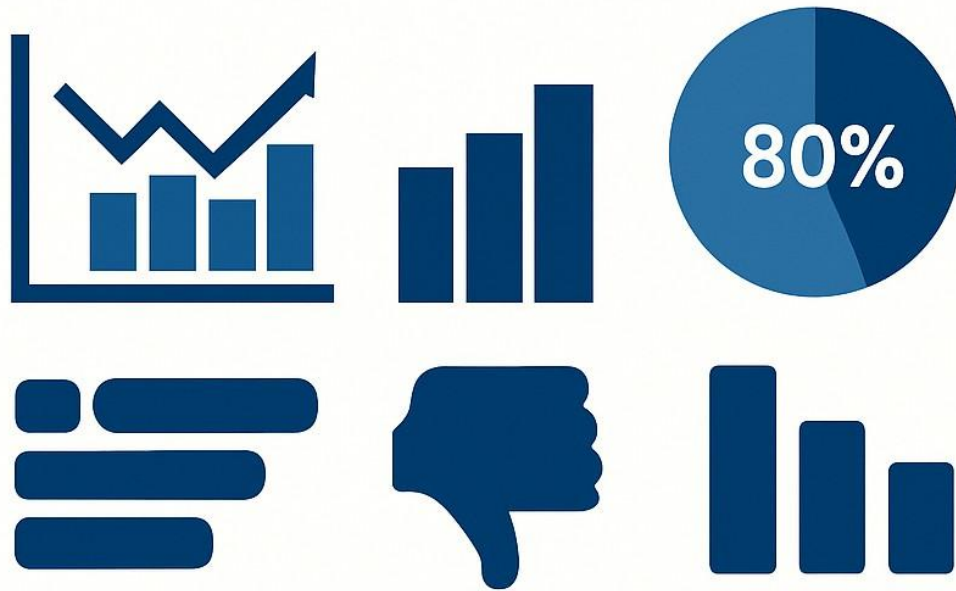


# 2025 EXPLORERS' EDGE BUSINESS CONFIDENCE SURVEY IN CONTEXT



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## Executive Summary

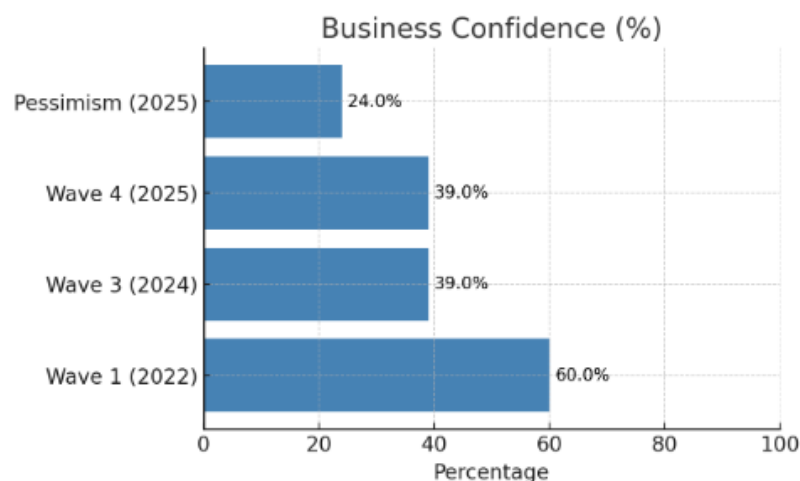
The 2025 Explorers' Edge Business Confidence Survey reveals a shifting landscape for tourism operators in the region, characterized by cautious optimism and ongoing challenges. Business confidence has dropped significantly from 2022 levels, with only 39% of respondents feeling “very” or “extremely” optimistic about achieving their goals, and pessimism rising to its highest level yet at 24%. While staffing concerns have eased—only 20% of operators now express pessimism in this area—economic uncertainty, rising costs, and weakened visitor demand continue to weigh heavily on the sector. Revenue expectations have also declined, with more operators expecting losses than gains for the first time, reflecting broader national trends in tourism. Investment sentiment remains split, as inflation and high interest rates cause many small operators to delay expansion plans. Notably, inflation and a drop in visitor volume have emerged as the top barriers to growth, marking a shift from supply-side to demand-side concerns. Larger urban-based tourism operators report stronger metrics, such as record-high hotel revenues, but they too face challenges related to labor and declining business travel. Overall, the region enters the 2025 peak season with a sense of guarded caution, as operators recalibrate expectations in the face of persistent economic headwinds and shifting travel behaviors.

## Business Confidence: A Decline, Then a Plateau\*

Metric (Top-line %)	Wave 1 (May '22)	Wave 2 (Apr '23)	Wave 3 (Apr '24)	Wave 4 (Mar '25)	Trend
"Very / extremely optimistic" about meeting business objectives	60	57	39	<b>39</b>	Flat vs '24, still well below pre-2024 levels
"Very / extremely pessimistic" about meeting business objectives	12	8	15	<b>24</b>	Sharp rise in outright pessimism
"Very / extremely optimistic" about meeting staffing needs	32	35	36	<b>53</b>	Biggest jump of any wave – suggests easing labour worries
Expect higher sales next year	54	32	43	<b>33</b>	Confidence in growth has fallen back to Wave 2 territory
Say "now is a good time to invest"	58	46	39	<b>43</b>	Small rebound, but still below early-survey highs
Sample size (responses)	162	96	74	<b>52</b>	Smaller sample each wave – interpret with caution

The business confidence of Explorers' Edge operators has dropped significantly from 2022 highs. In **Wave 1 (2022)**, 60% of respondents reported feeling "very" or "extremely" optimistic about meeting their business goals. This fell to just **39% in Wave 3 (2024)** and stayed flat at **39% in Wave 4 (2025)**. Meanwhile, **pessimism rose to 24%**, the highest recorded across all four waves.

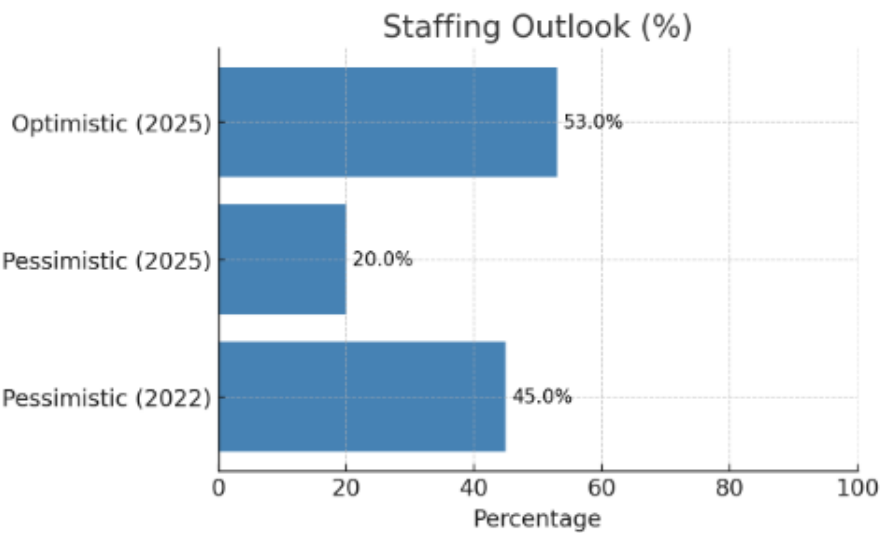
This downward shift mirrors broader trends in Canadian tourism. Nationally, business confidence remains higher overall, with **73% of businesses across all sectors reporting at least some optimism** in early 2025. But that broader optimism is more nuanced in the tourism sector, especially among smaller operators who remain wary due to economic uncertainties, weak foreign visitor flows, and rising costs.



# Staffing Outlook: Easing Pressure, But Still Fragile

Explorers' Edge saw a **notable improvement in staffing sentiment** in Wave 4. In Wave 1, **45% were pessimistic about meeting staffing needs**. By 2025, that number dropped dramatically: only **20% remained pessimistic**, and **53% reported optimism** - the highest staffing confidence level across all four waves.

National trends show a similar trajectory, though concerns linger. While overall **tourism employment is now back to pre-pandemic levels**, mismatches persist, especially in specialized roles and remote areas. According to **Tourism HR Canada**, operators continue struggling to fill specific positions, despite improved applicant pools. Across all sectors, **labour shortages and wage inflation** remain the second most-cited obstacle after general inflation.



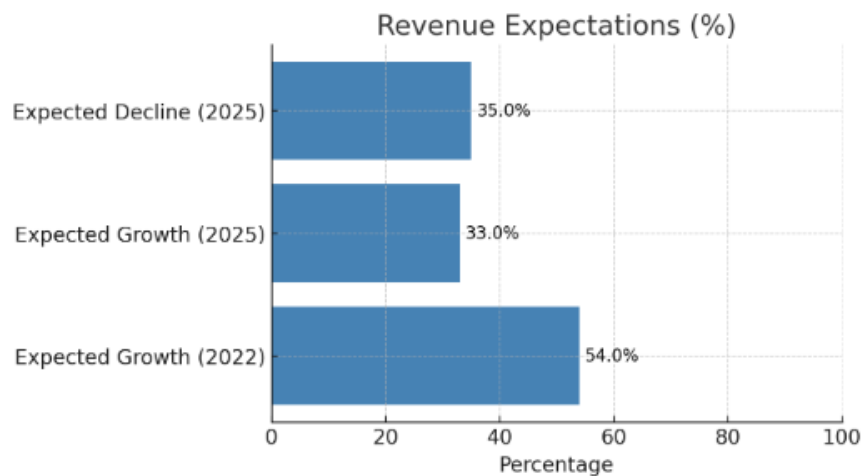
Explorers' Edge operators seem to have adjusted better to the staffing environment than many of their national counterparts - likely due to a combination of reduced hiring needs and successful adaptation.

# Revenue Expectations: From Hopeful to Guarded

Revenue expectations have deteriorated significantly since Wave 1. Back in 2022, **54% of Explorers’ Edge operators expected their revenue to grow year-over-year**. In Wave 4, only **33% expected gains**, while **35% expected sales to decline** - the first time pessimism overtook optimism on this question.

Nationally, the trend is similar as **42.5% of tourism businesses across Canada reported a decline in 2024 revenue compared to 2023**, and only **17% expected sales growth in early 2025**. These figures suggest that 2024 was a “cooling” year after the post-pandemic rebound of 2022–23, with many operators now bracing for flat or lower revenue in 2025.

The optimism seen in early reopening phases has given way to cautious budgeting and risk-aversion. Not surprising given the current economic and political environment.

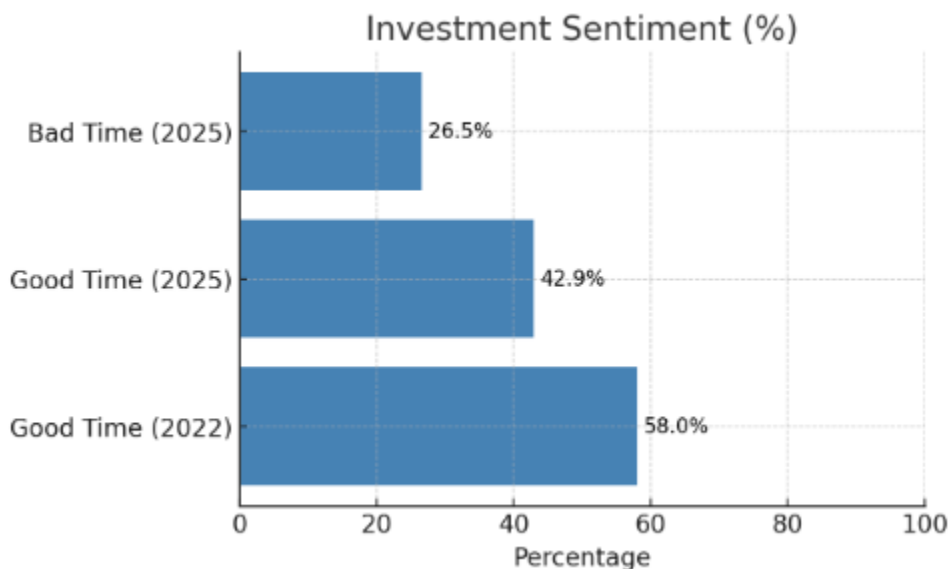


## Investment Sentiment: Split and Cautious

Across all four waves, investment sentiment has followed a **steady decline**. In Wave 1, **58% of Explorers' Edge businesses said it was a good time to invest**. By Wave 3, that dropped to **39%**, and in Wave 4, it ticked up slightly to **42.9%**. However, those saying it's a **bad time to invest also rose to 26.5%**, the highest yet.

This split sentiment reflects broader uncertainty. The **Ontario Chamber of Commerce** reported that **80% of businesses in Ontario saw U.S. trade tensions as a major concern** in early 2025, and rising interest rates have made capital projects more difficult to justify. Many small operators in rural Ontario (including Explorers' Edge) are now **focusing on operational stability**, delaying expansion until costs stabilize.

Large tourism operators, however, appear to be more confident. Some **hotel chains are investing in new builds and renovations**, especially in major markets like Toronto and Vancouver.

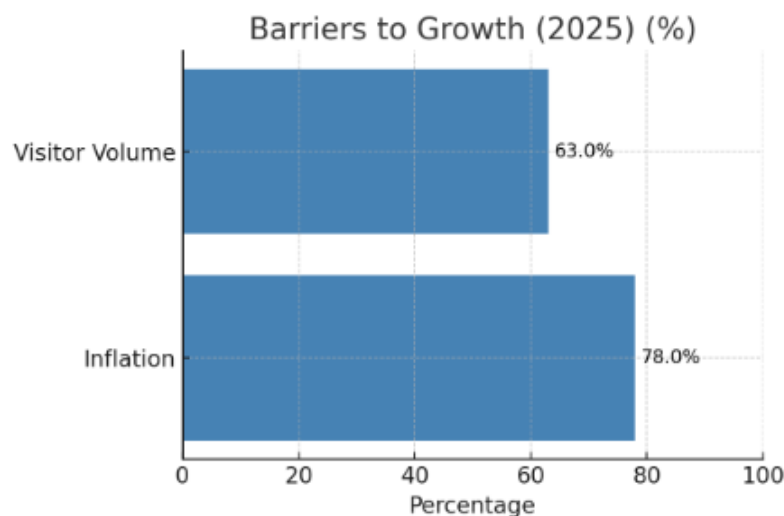


## Barriers to Growth: Inflation and Visitor Volume Dominate

Across all four waves, **inflation has been the top-cited barrier** to growth in Explorers' Edge. In Wave 4, **78% of operators cited inflation** - including rising fuel, utilities, supplies, and insurance costs. **Visitor volume** became the **second-most cited concern this year**, flagged by **63% of operators**, marking a major shift from earlier waves when it barely registered.

This shift from supply-side concerns like staffing and supply chains to **demand-side worries** marks a turning point. Explorers' Edge operators are now less worried about finding staff and more focused on **attracting enough customers to sustain operations**.

Nationally, inflation continues to dominate, but **tourism demand recovery is uneven**. **Ontario captured 47% of Canada's international visitors in 2024**, but rural regions like those in Explorers' Edge may see fewer of those gains and those travelers likely go to urban destinations. Operators who previously benefited from staycation trends are now worried about a **reversion to pre-COVID patterns**, with travelers heading abroad again and bypassing domestic destinations.





## Larger Tourism Operators: Stronger Metrics, Similar Concerns

According to our desk research, while small operators show cautious to negative outlooks, **larger tourism businesses are more optimistic**, especially in cities. **CBRE occupancy data showed record-high RevPAR and ADR in Canadian hotels in early 2025**, indicating strong pricing power and pent-up demand. **Large operators expect** solid international interest this year, especially from tourists buoyed by a weak Canadian dollar and turned off travel to the USA thanks to the Trump administration.

However, this optimism is tempered by the **same structural issues**: high labour costs, inflation, and uneven demand in the business travel segment. According to a global travel manager survey, **71% of Canadian corporate travel buyers expect to cut business travel budgets in 2025**, this will hurt downtown hotel and event space bookings.

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## Conclusion: Uncertainty Prevails

Tourism operators across Ontario and Canada—including those in the Explorers' Edge region—are approaching the 2025 peak season with **measured expectations** shaped by ongoing economic and industry shifts. The initial optimism of the post-pandemic rebound has been replaced by a **more pragmatic outlook focused on operational stability**. Businesses are adjusting to a new normal: staffing pressures have eased somewhat, but inflation and reduced visitor volumes remain critical concerns. While a weaker Canadian dollar may help draw international travellers, factors such as strained U.S.-Canada relations, increased border scrutiny, and a continued decline in business travel pose real risks to sustained growth. As operators navigate these complexities, many are prioritizing cautious budgeting, targeted investment, and adaptive marketing to remain resilient in an unpredictable tourism environment.