EXPLORERS' EDGE

BUSINESS CONFIDENCE INDEX

SPRING VS SUMMER REPORT

KURATION

Contents

Executive Summary of Key Findings

Business Confidence Rebounded in 2025: Explorers' Edge tourism businesses reported cautious optimism in spring 2025, which had escalated to strong confidence by late summer 2025. Initially, only one-third expected revenue growth in 2025, but by summer nearly 43% were on track for higher revenues than 2024 while the pessimistic outlook halved – a clear sign of improved business conditions.

Record Summer Performance: Actual tourism performance data confirms the upbeat sentiment. Explorers' Edge hotels achieved 80.7% occupancy in July 2025 (up 4.7 points from 2024), with average room rates near $300. This led to a 12.3% YoY increase in RevPAR – far above the Ontario average (+7.8%). Year-to-date RevPAR in Explorers' Edge was up 8.7% vs. virtually flat growth provincially, underscoring that the region's recovery outpaced broader Ontario trends.

Spring vs Summer Sentiment Shifts: In April, businesses were split on expectations (34% expected 2025 to be better than 2024, 34% expected worse). By summer, most businesses indicated 2025 was the same or better than 2024, with 43% saying conditions improved over last year. Similarly, the share of businesses operating at full or above capacity rose from 42% (in 2024) to 47% in 2025, reflecting higher demand. Many who operated below capacity in 2024 saw a turnaround with the busy summer season.

Key Challenges are Inflation and Demand: High operating costs and concerns about visitor volumes were top-of-mind in spring. 76% of businesses cited rising costs/inflation as a threat, and 64% were worried about insufficient tourists. By summer, strong visitor turnout alleviated some demand concerns (peak-season occupancy hit new highs), but cost pressures (e.g. fuel, food, labor) likely remained, evidenced by businesses raising prices (~5–6% ADR increase in July). Inflation remains a key watch area even as revenues grow.

Workforce and Housing Constraints: Labor shortages were a concern but not a catastrophe. In spring, only 18% said lack of employees was limiting growth (and 24% noted lack of affordable housing for staff). By summer, 55% were optimistic about meeting staffing needs and 67% said the staffing situation was unchanged from 2024. This suggests hiring stabilized at a challenging-but-manageable level. However, recruitment and housing for workers continue to require attention to avoid future bottlenecks.

Investment and Outlook: Business owners demonstrated a propensity to invest – 44% in spring said it was a good time to invest in their operations (versus 26% saying bad time). The successful summer likely bolstered this view, creating momentum for property improvements, expansions, or new services. Nearly half of respondents are optimistic for Fall 2025 as well, indicating confidence extending into the shoulder season. Only 18% are pessimistic about fall, a positive indicator for off-peak tourism initiatives.

Border Impacts: In spring, 40% feared U.S. tariffs or border policies would hurt their business. By summer, only 28% experienced a negative impact, while 32% reported no impact from U.S. policy changes. Many initial worries (e.g., around cross-border travel frictions) did not fully materialize in 2025, providing relief. Nonetheless, a significant minority (45% combined) still felt some effect (positive or negative) from the U.S. side, affirming the importance of the American market and stable trade relations for Explorers' Edge's tourism.

Explorers' Edge in Ontario/National Context: The Muskoka/Algonquin region's tourism surge in 2025 was part of a broader trend of strong leisure travel across Canada. Explorers' Edge outperformed many regions – for instance, its July occupancy (80.7%) topped Ontario's 78%. Resort areas nationally saw similar booms (e.g., Atlantic Canada RevPAR +17% in July). Meanwhile, some Ontario urban markets lagged, and Ontario's overall Jan–July occupancy slightly declined YoY. Explorers' Edge's success, driven by domestic vacationers and high-end resort demand, made it a leading growth region in 2025.

Actionable Insights: To sustain this positive trajectory, stakeholders should:

- Extend the season and spread demand – develop and market fall, winter, and spring offerings to utilize remaining capacity.
- Mitigate cost pressures – pursue efficiency and advocate for supportive policies to counter inflation (e.g., tax relief, grants).
- Tackle workforce issues – invest in housing and training to secure the needed labor pool; a stable workforce will be crucial as tourism grows.
- Encourage strategic investment – leverage the current optimism by reducing red tape and facilitating access to financing for tourism business expansions and upgrades.
- Boost regional marketing – especially target nearby markets and locals during off-peak times, as local patronage is an untapped opportunity for many businesses.

Overall, tourism in Explorers' Edge is experiencing a strong rebound in 2025, with business confidence recovering alongside visitation and spending. By addressing the highlighted challenges and capitalizing on growth opportunities, the region can build resilience and ensure that the current upswing translates into long-term sustainable success for its tourism economy.

Background

Kuration, on behalf of Explorers' Edge, conducted two Business Confidence surveys in 2025 to gauge tourism industry sentiment in its Ontario catchment (which includes Muskoka, Parry Sound, Algonquin Park, and surrounding areas).

The first survey was fielded in spring 2025 (April) with 53 tourism business respondents, and the second was an interim survey in late summer 2025 (August/September) with an expanded sample (86 respondents).

This report presents a detailed analysis of findings from each survey, highlights key themes and shifts in outlook between spring and summer, and situates Explorers' Edge's tourism performance within broader Ontario and national trends.

Additionally, insights from the July 2025 CBRE Hotels Trends analyses (custom Explorers' Edge data and the national market report) are integrated to provide context on actual tourism and accommodation performance.

Finally, the report offers actionable insights for tourism operators and policy-makers based on the survey results..

Spring 2025 Survey – Key Findings

The Spring 2025 Business Confidence Survey (conducted in April) provides a pre-peak-season baseline of business sentiment. The majority of respondents were established tourism operators – 58% have been in business for over 10 years, and 83% identified as business owners (with most others being senior managers). Key findings from this spring survey include:

- Business Profile and Seasonal Operations: Businesses spanned various types, with the largest segments being accommodations (36% of respondents) and food/beverage or experience providers (each ~17%). Notably, 92% operate in the spring, 96% in summer, and 92% in fall, but only 66% operate through winter – reflecting the seasonal nature of the region. Over 90% considered their business a “tourism business,” and for 70% of respondents, at least half of their revenue is tourism-derived (28% said 100% of revenue is from tourism). This underscores that the sample is highly tied to tourism visitation.

- Recent Performance (2024 vs 2023): Many businesses had not fully recovered or grown in 2024 compared to the prior year. 32% reported that their 2024 total revenue was lower than 2023, 40% said it was similar, and only 28% achieved higher revenue than in 2023. Consistently, when asked about operating capacity, 58% said they operated below capacity in 2024, 36% at capacity, and just 6% above capacity. This indicates that a majority had slack or unmet potential last year – a sign that demand had room to improve.

- Forward-Looking Expectations (Revenue and Business Objectives): Despite lukewarm 2024 results, businesses were cautiously optimistic about 2025 at that point. When asked to forecast 2025 revenues versus 2024, the respondents were evenly split – 34% expected higher revenues in 2025, 32% expected similar, and 34% expected lower. In other words, one-third of businesses were optimistic for growth, one-third pessimistic, and one-third anticipated little change, reflecting significant uncertainty. Similarly, regarding the ability to meet business objectives in the next 12 months, 40% of respondents felt optimistic (14% *extremely* optimistic, 26% somewhat), 36% were neutral, and about 24% were pessimistic. This distribution skews modestly positive but with a notable minority expressing pessimism. Operators were slightly more confident about meeting staffing needs – 52% were optimistic they would have the right staffing, while 26% were neutral and 22% pessimistic. This is somewhat surprising given widespread labor shortages in tourism; it suggests that by spring some Explorers’ Edge businesses had adapted hiring practices or expected no further deterioration in labor availability.

- Business Outlook Compared to Previous Year: In spring, respondents compared the upcoming season/year to the previous. For achieving business objectives, 30% expected things to improve relative to the prior year, 38% expected them to stay the same, and 32% feared they would worsen. For staffing levels, a strong majority (70%) anticipated the staffing situation would remain the same as last year; only 18% expected improvements in staffing and 12% worried it would worsen. These responses indicate that while most businesses did not foresee dramatic change, more were worried about falling short of goals than were hopeful of exceeding last year’s performance.

- Investment Climate: Despite mixed performance and only tepid growth expectations, many tourism operators saw opportunities for investment. When asked if it was a good time to invest in their business, 44% responded “Good time”, versus 26% “Bad time,” and 30% “Not sure.” Thus, nearly half were inclined toward business investment in spring 2025. This positive investment sentiment – in the face of uncertain revenue outlooks – likely reflects a belief in the region’s long-term tourism potential or a need to upgrade offerings post-pandemic. However, the sizable “Not sure” group also signals hesitation, likely due to economic uncertainties (e.g. rising interest rates or costs).

- Top Challenges and Constraints: The spring survey asked businesses to identify factors limiting their ability to meet objectives in the next 12 months (multiple selections allowed). The most-cited constraints were:
    - Rising prices/inflation: 76% pointed to rising consumer inflation in general as a limiting factor (and 28% specifically noted rising gas prices). Relatedly, 40% cited the increasing cost of labour as a challenge.
    - Insufficient demand: 64% said a *“low volume of visitors to the region”* would limit them, and 42% also noted a lack of patronage from local residents. This highlights demand-generation as a critical issue – tourism businesses were concerned about visitor numbers and local engagement.
    - Regulatory and external factors: 38% flagged tariffs or border policies (particularly U.S. policies) as a concern, reflecting uncertainty about American visitation or trade friction. 26% pointed to government restrictions/red tape as a limiter. Although by spring 2025 most pandemic restrictions had lifted, some businesses still felt burdened by regulatory or programmatic issues.
    - Workforce and housing: 18% reported a lack of employees as limiting (consistent with ongoing labor shortages in hospitality), and 24% cited a lack of affordable housing in the region – the latter likely exacerbating staffing issues, as employees struggle to live locally.
    - Other factors: 40% said weather could limit their business (not surprising in a region where summer weather drives visitation), and 10% were concerned about natural disasters like floods or wildfires (a growing worry given recent forest fire impacts in Ontario). Only 4% of respondents said *“nothing”* was limiting growth – virtually everyone had at least one concern.
- Inflation and insufficient demand clearly emerged as the dominant threats in spring. This feedback suggests that while businesses were ready for a rebound, they were wary of economic headwinds and were not yet seeing pre-pandemic levels of tourists consistently. One respondent commented that *“marketing to reach customers”* remained a challenge, and others mentioned broader issues like *“political stability”* affecting the climate for business – emphasizing a mix of operational and macro-level concerns.
- U.S. Market and Border Policies: Given Explorers’ Edge’s proximity to the U.S. (and the importance of American cottage-goers and cross-border visitors), the survey probed attitudes on U.S. tariffs and border policy. A significant 88% of spring respondents believed U.S. policies would affect their business in the upcoming year: 40% anticipated a negative impact, 18% expected a positive impact, and 30% thought there would be an effect but were unsure how. Only 12% believed U.S. policy changes would have *no*effect. This indicates a high level of uncertainty or concern around cross-border factors (e.g., travel rules, duties, or currency exchange effects).When asked if they had already seen bookings change because of U.S. tariffs/border policies (e.g., perhaps due to new rules or exchange rate fluctuations), 17% said yes, bookings had decreased, 10% said bookings had increased, while 73% saw no change in bookings

attributable to these factors. In sum, most businesses had not yet felt a direct hit from U.S. policy, but a large proportion were worried about potential future impacts (perhaps bracing for knock-on effects of geopolitical decisions or economic trends in the U.S.).

Summary of Spring Sentiment: Overall, the spring 2025 survey revealed a tourism sector that was hopeful yet wary. Businesses were emerging from a challenging 2024 with stable or lower revenues, and while many expected 2025 to be similar, a meaningful share were optimistic for improvement. Inflation, weak regional demand, and cost pressures weighed heavily on confidence. Still, the willingness of nearly half the operators to consider new investments, and the fact that 66% remained at or below capacity (implying room for growth), suggested that if market conditions improved, the region's tourism businesses were keen to capitalize. The spring baseline set the stage: modest optimism could easily swing upward with a strong summer – or back to pessimism if challenges went unaddressed.

Summer 2025 Survey – Key Findings and Shifts

By late summer 2025, Explorers' Edge conducted an Interim Business Confidence Survey to gauge mid-season performance and attitudes heading into the fall. This survey, executed in August/early September, included 86 business respondents (a broader cross-section, possibly due to expanded outreach). Respondents once again spanned accommodations, food service, attractions, etc., though notably 45% categorized themselves as "Other" business types (including retail, services like EV charging, finance, wellness, etc., some of whom may not be traditional tourism operators). About two-thirds of respondents were from the core Muskoka sub-region (65% in summer vs 53% in spring), with 27% from Parry Sound area, and smaller representations from Almaguin (6%) and other areas. This distribution suggests strong engagement from Muskoka businesses, who likely experienced the peak summer rush. Key findings and notable shifts in the summer survey include:

Improved Business Optimism: Business sentiment had strengthened by summer. When asked in summer how optimistic or pessimistic they felt about the *current 2025 peak season*, respondents showed greater confidence than in spring's forward-looking outlook:

- For meeting business objectives in 2025, 48% were optimistic (up from 40% in spring) and only ~18% were pessimistic (down from 24%), with the remainder neutral. In the summer survey, 23.6% described themselves as *extremely optimistic* about meeting objectives – a higher share than earlier in the year. This upswing suggests that many operators found summer 2025 trading conditions better than expected.
- For meeting staffing needs, 55% were optimistic (slightly above the 52% in spring) and ~19% pessimistic (vs 22% in spring). Notably, 25% were *extremely optimistic* about staffing – indicating that by summer, over half of businesses felt confident they had (or could find) the staff they needed, and only a small minority were very worried about labor. This might reflect successful recruitment over the summer or less intense demand than feared. In any case, staffing, while still a concern, was not a worsening crisis for most – a positive sign.

Current Season Performance: Summer respondents reported on year-to-date performance in 2025, and the results show a marked improvement over 2024's situation:

- **So far in 2025, 53% of businesses said they were operating below capacity, 31% at capacity, and 17% above capacity.** This is a healthier distribution than 2024's (where 58% were below capacity and only 6% above). The proportion of businesses running at or above full capacity rose from 42% last year to 47% by mid-2025, and those exceeding capacity nearly tripled. This points to stronger demand in summer 2025, with more businesses hitting their limits (or even turning away business due to being fully booked). It's a concrete sign of recovery: many businesses experienced their busiest summer in years.
- **With much of the high season in the books, businesses became more optimistic about full-year revenues.** Now 43% expected higher total revenue in 2025 compared to 2024, 28% expected similar, and 29% expected lower revenue. The optimistic group (43%) grew significantly from spring's 34%, and the pessimistic group shrank (29% vs 34%). In essence, as the summer progressed, a plurality of operators were seeing trends that indicated 2025 would outperform the previous year. This is a noteworthy swing in outlook, reflecting real positive momentum through the summer months.

- These improved expectations likely stem from solid summer performance. For example, many accommodations and attractions presumably saw higher visitor numbers or spending in summer 2025 than in 2024, boosting confidence that year-end totals would land on the higher side.

Comparison to Last Year (2025 vs 2024): In the summer survey, businesses were asked to compare the current year to last year – effectively a check-in on whether 2025 was shaping up better or worse than 2024:

- 43% of respondents said 2025 (to date) was improving over 2024 in terms of meeting business objectives, 33% felt it was about the same, and 24% said it had worsened. This is a much more positive balance than in spring: earlier, only 30% anticipated improvement and 32% feared worsening. Now the “improve” camp is the largest. More businesses are experiencing gains (or at least no drop-off) in performance this year.

- 19% said their staffing situation had improved in 2025 vs 2024, 67% said it stayed the same, and 14% said it worsened. This is very similar to the spring expectation (where 18% predicted improvement, 70% no change). In practice, two-thirds saw no change in staffing levels or ease, and changes skewed slightly to improvement over deterioration. This suggests that the labor crunch neither significantly exacerbated nor universally eased – it remained steady for most. The consistency between expected and actual staffing outcomes also implies businesses had a realistic read on this challenge. Those who invested in hiring or wages may have seen some gains (the 19% improved), whereas some likely struggled (14% worsened, perhaps in more remote or high-cost areas). By and large, though, no news was good news on staffing – the feared widespread staff shortfalls did not materialize beyond what was already the status quo.

Outlook for Fall 2025: With summer ending, the survey probed confidence heading into the *fall season*. Responses were generally upbeat:

- 44% of businesses said their outlook for Fall 2025 was optimistic, 38% were neutral (expecting no major change), and 18% were pessimistic about fall. In other words, optimism outweighed pessimism by about 2.5 to 1. This is an encouraging sign, as fall is a shoulder season for the region. Many operators likely had strong advance bookings for September/October or successful fall events planned, feeding this optimism. The fact that nearly half were optimistic shows a carry-over of momentum from summer. (By contrast, recall that for the next 12 months outlook in spring, only ~14% were *extremely* optimistic and 26% somewhat – the combined ~40% optimistic was a tad lower.) So the mood improved for the near term.

- The neutral group (38%) indicates a substantial number expecting fall to be on par with the previous year. Pessimism at 18% may reflect those concerned about an early winter, economic factors, or simply that their particular business doesn’t benefit from fall tourism as much. Still, the overall fall outlook can be characterized as cautiously optimistic across the region.

U.S. Policies and Cross-Border Impacts: The interim survey revisited the question of U.S. tariffs and border policy impacts – now asking in present tense if these have affected the business *in the current year*. The results showed a notable shift from spring’s expectations:

- 28% reported a negative impact from U.S. policies so far in 2025 (down from 40% who feared negative impact in spring), and 17% reported a positive impact (slightly down from 18% expected). About 24% felt there was an effect but were “unsure how”, and a growing share – 32% – said no impact at all on their business from U.S. border/tariff changes.

- This suggests that some of the worry in spring did not fully come to pass. Roughly one-third ended up seeing no material effect (up from only 12% who predicted “no effect”), indicating that cross-border travel or trade issues were not as disruptive as many anticipated.
- Nonetheless, more than 40% combined still experienced or perceived some effect (negative or positive) from U.S. policies, confirming that the U.S. market and policy environment remain important to Explorers’ Edge businesses. The positive impacts (17%) might include benefits like more domestic travel if Canadians chose local holidays over U.S. trips, or specific segments (e.g., luxury resorts) getting a boost from a strong U.S. dollar making Ontario attractive. The “unsure” group indicates ongoing uncertainty – some operators may not be certain why their U.S. bookings changed. Overall, though, the sense of alarm eased from spring to summer on this front.

By the end of summer 2025, the business confidence in Explorers’ Edge had clearly improved compared to the spring. Actual summer performance appears to have met or exceeded expectations for many operators, leading to upward revisions in revenue outlooks and a prevailing sense that 2025 was better than 2024. Key challenges identified in spring – like inflation and visitor volumes – presumably still existed, but strong peak-season demand helped offset them.

The surveys did not repeat the multi-select question on limiting factors in summer, but given the context we can infer some developments: fuel prices and general inflation likely remained a concern (as inflation was still above target in 2025), though perhaps businesses adapted by raising prices (as suggested by the strong REVPAR data discussed below). Labor and housing issues remained, but they did not worsen dramatically. The interim findings show consistency in certain patterns (staffing expectations remained mostly “no change”), but also positive divergences, notably the swing towards expecting higher revenue and the fact that far more businesses were operating at or above capacity in 2025.

An unexpected insight is the degree of optimism for fall, a season that can be variable; this suggests Explorers’ Edge’s initiatives (like promoting fall colors, events, or shoulder-season attractions) and generally robust travel trends have instilled confidence beyond just July-August. Additionally, the reality that U.S. border issues had *less* impact than feared might have been a pleasant surprise for many operators. In short, business sentiment in Explorers’ Edge moved from tentative in spring to cautiously confident by summer’s end.

Comparative Analysis – Spring vs. Summer 2025 Surveys

When comparing the spring and summer survey results side-by-side, several clear patterns emerge, along with some telling contrasts.

Overall Confidence Level: The most pronounced change is the boost in business confidence from spring to summer. The share of businesses expecting improvement (whether in revenue or achieving objectives) grew significantly, while the share bracing for worse outcomes shrank. This reflects that many uncertainties in spring were resolved positively by summer (e.g., consumer demand materialized strongly). The surveys essentially bookend the high season – and by the later survey, operators had tangible evidence of how the season was unfolding. The data indicates that 2025's peak season outperformed 2024 for many, thus validating the optimism of some and alleviating some of the earlier pessimism.

Revenue and Capacity Utilization: Perhaps the most crucial shift was in business performance metrics:

- In spring, only 28% of businesses had year-over-year revenue growth in 2024, and only one-third expected growth in 2025. By late summer, 43% were actually seeing (or expecting) revenue growth in 2025. This swing toward growth is a strong positive sign. It implies that as of Q3 2025, a plurality of Explorers' Edge operators were on track to surpass their 2024 revenues – a noteworthy recovery milestone.
- The capacity utilization finding reinforces this: 2024 was under-capacity for the majority, whereas 2025 saw a substantial uptick in businesses running full or beyond capacity (47% in summer survey, vs 42% the prior year). More businesses hitting capacity suggests increased tourist traffic, better marketing reach, or possibly constrained supply (which in either case helps those operating to fill more slots/rooms).
- Consistent pattern: both surveys indicated that over half of businesses operate below full capacity. Even after improvement, 53% were still below capacity in 2025. This reveals a persistent opportunity to grow demand – the region collectively has room to accommodate more visitors/spending before hitting an absolute ceiling. It also means that while summer peaks are strong, shoulder seasons and weekdays might be areas of excess capacity.

Shifts in Sentiment Drivers: In spring, much anxiety stemmed from *external factors* (inflation, border policy, etc.) and demand uncertainty. By summer, those external factors had not disappeared (inflation was still noted, though not re-surveyed, and fuel costs remained relatively high), but strong demand and sales during summer seem to have outweighed those concerns in day-to-day sentiment. In other words, writing more business and seeing full dining rooms or fully booked tours has a way of boosting confidence despite underlying concerns. One can infer that some price increases were passed to consumers (to counteract inflation) given rising revenue and occupancy metrics (discussed below). The improved sentiment therefore likely stems from a combination of *higher volumes* and *higher yields* in summer 2025.

Staffing and Workforce: Both surveys highlight staffing as an issue, but it remained a somewhat paradoxical one: businesses were more optimistic about meeting staffing needs than one might expect, and this did not degrade over time. The consistency (52% optimistic in spring, 55% in summer; majority saying "no change" in staffing year-on-year) suggests a stable equilibrium. Many Explorers' Edge operators likely went into 2025 having adjusted their service levels or staffing models to what was available. The region's labor shortages did not intensify from spring to summer – a consistent pattern. Divergence is subtle: by summer a slightly higher fraction reported improved staffing vs last year (19% vs

0% in spring since spring was a forecast), implying a few businesses did solve some labor gaps. On the other hand, spring's data on contributing factors showed only 18% citing "lack of employees" as limiting – relatively low compared to concerns like inflation. This pattern of moderate concern but not crisis in staffing remained unchanged. A related note: the lack of affordable housing for staff was flagged by 24% in spring, and while not surveyed in summer, it likely remained an issue. It's possible that the stable staffing outlook owes partly to creative solutions (e.g., housing stipends, hiring students or retirees) that businesses employed over the summer.

Investment Intentions: The spring survey indicated more respondents viewing it as a *good* time to invest (44%) than bad (26%). Although the question wasn't repeated in summer, the improved business results by summer would logically further encourage investment among operators. We might expect that by fall, even more businesses would be inclined to invest in growth or improvements, given higher confidence in returns. This trend aligns with the data: rising occupancy and revenue would improve cash flows, enabling capital projects or expansion plans. However, one must temper this with external realities like interest rates – which remained relatively high in 2025, potentially dampening some investment despite the positive sentiment. In any case, the pattern is that confidence to invest was already relatively high in spring and likely stayed the same or rose with good summer results.

Persistent Concerns: Some challenges identified in spring likely persisted into summer and beyond, even if the surveys didn't reiterate them:

- Inflationary pressures (on costs of food, utilities, supplies) continued to affect profit margins. The spring survey's top issue was rising consumer prices. By summer, Canada's inflation had eased compared to 2022, but cost levels remained elevated. Businesses might have adjusted prices upward (contributing to higher ADR – average daily rates – in the region), which alleviated some pressure but passed the cost to visitors. The concern about inflation likely remained top-of-mind, though overshadowed in conversation by the good sales numbers.

- Interestingly, 64% in spring said low visitor volumes could limit them. Given the summer occupancy data (80%+ in peak, see below) and many businesses hitting capacity, it seems the *volume of visitors* in summer was actually robust. The concern might shift towards *distribution* of visitors (e.g., some areas or seasons still not getting enough traffic). The summer optimism about fall suggests businesses felt marketing efforts or fall events would keep visitor numbers up. The consistent 42% citing weak local patronage likely still holds true – drawing local residents is a challenge that may not have changed in one season. This indicates an area for potential growth (i.e., encouraging locals to engage with regional tourism businesses during off-peak times).

- **The surveys bracketed a period that fortunately did not see major new external shocks – unlike, say, 2020's sudden pandemic or 2022's inflation spike.** However, wildfire season in 2024 and 2025 may have impacted some summer plans though 2025's data doesn't explicitly mention it. The fact that 10% cited natural disasters suggests an underlying worry that likely persists (climate-related risks to tourism). Tariffs and border policies remained somewhat concerning but, as noted, had less tangible impact than expected by summer.

In summary, the consistent patterns between spring and summer surveys were a shared recognition of challenges like staffing and costs, and a general hopefulness about maintaining business levels. The divergences were in the rising level of optimism and in the realized vs. expected outcomes (with realized performance turning out better).

Explorers’ Edge Performance in Broader Context

To put the survey findings into context, it’s important to look at actual tourism and accommodation performance metrics for the region and compare them to provincial and national trends. Data from CBRE Hotels’ Trends in the Canadian Hotel Industry reports (July 2025 edition) provides an objective snapshot of how Explorers’ Edge’s hotel sector fared, which in turn reflects the demand patterns behind the business confidence.

July 2025 Peak Season Performance: Explorers’ Edge (RTO12 region) had an excellent summer 2025 by hotel metrics. In July, typically the peak month, Explorers’ Edge’s hotel occupancy averaged 80.7%, up from 76.0% in July 2024. This 4.7 percentage-point rise in occupancy is substantial and signals a very robust demand environment (for context, an occupancy around 80% is extremely high for a regional market). The region’s average daily rate (ADR) in July was $299.64, up 5.7% year-over-year, and revenue per available room (RevPAR) (the key industry metric combining occupancy and rate) reached $241.96 – a 12.3% increase over July 2024.

These gains in Explorers’ Edge notably outpaced the Ontario provincial average: Ontario’s overall hotel occupancy was 78.0% in July (up 2.4 points from 2024) with RevPAR growth of 7.8%. In other words, Explorers’ Edge not only had higher absolute occupancy than the province, but it also saw larger year-over-year improvements. This aligns perfectly with what businesses reported in the surveys – many saw busier summer conditions and increased sales.

To illustrate Explorers’ Edge’s performance: resorts and hotels in the Huntsville area, for example, hit 82.2% occupancy in July with a 15.3% jump in RevPAR. The Muskoka Lakes area was similarly strong at 80.2% occupancy and +12.4% RevPAR. Such figures confirm that Summer 2025 was one of the strongest on record in the region’s hospitality sector, benefiting from pent-up travel demand, good weather, and possibly a preference for regional getaways. Many properties likely achieved record-high room revenues in nominal terms, given ADRs were nearly $300 on average (comparable to downtown Toronto hotels’ rates in some cases).

This booming summer would directly contribute to the upbeat sentiment found in the summer survey.Year-to-Date (Jan–July 2025)

Performance: Taking a longer view, the first seven months of 2025 show Explorers’ Edge’s tourism recovery relative to 2024. Year-to-date occupancy in Explorers’ Edge was 50.1%, slightly up from 49.4% in the same period of 2024. While a 0.7 point increase may seem modest, consider that Ontario’s overall occupancy actually dipped slightly in that period (65.9% vs 66.2% last year). This implies Explorers’ Edge did relatively better than many Ontario markets in the early part of 2025. Moreover, Explorers’ Edge’s ADR year-to-date was $218.22 (7.2% higher than 2024) and RevPAR was $109.24 – an 8.7% increase year-on-year. In contrast, Ontario’s province-wide RevPAR was up less than 1% year-to-date.This divergence suggests that Explorers’ Edge is outperforming the provincial average in 2025. While Ontario’s hotel industry as a whole was roughly flat (with some cities still recovering sluggishly, and some areas affected by reduced corporate travel or over-supply), the Explorers’ Edge region driven by leisure travel saw significant growth.

This context validates why Explorers' Edge businesses grew more optimistic: the macro numbers show a genuine upswing in their region that many other areas didn't experience to the same extent. Ontario and National

- Urban markets like the Greater Toronto Area also had strong summers (Toronto hotels RevPAR +22% in July), but some southern Ontario cities (e.g., Windsor) saw declines due to local factors. Leisure-oriented regions generally thrived like Eastern Ontario (which includes cottage areas like Prince Edward County and the Ottawa Valley) saw July occupancy jump 5.7 points with a 12.7% RevPAR gain. This pattern mirrors Explorers' Edge's success and indicates a broader boom in domestic leisure travel in summer 2025 (the Trump effect?).

- Nationally, travel demand in summer 2025 was high in most regions of Canada. Atlantic Canada, for instance, recorded an 83.9% hotel occupancy in July (up 6.1 points) with RevPAR surging 17%. British Columbia hit 85.4% occupancy (up 3.1 points) with nearly 10% RevPAR growth in July. These figures show that Explorers' Edge was part of a larger trend: after years of pandemic disruptions and then cautious recovery, 2025 was a year of record or near-record tourism activity in many Canadian leisure destinations. Pent-up demand, higher consumer savings, and a preference for local travel all likely contributed. Explorers' Edge, being a prime drive-to destination for the large population of southern Ontario, capitalized on this trend.

- It's worth noting Explorers' Edge's ADR levels continues to be particularly high: the region's July ADR ($300) was higher than Ontario's average ($223), and even higher than some other resort areas. This indicates strong pricing power, perhaps due to limited high-end supply and the willingness of travelers to splurge on premium accommodation in Muskoka. High ADR growth (5.7% in July) also suggests that operators were able to pass on cost increases (inflation) to consumers without dampening demand – effectively maintaining profit margins. This detail ties back to the surveys: while inflation was a top concern in spring, the market allowed businesses to raise prices in peak season, likely alleviating some pressure. Of course, higher prices also underscore why operators remain concerned about value perception and local patronage (locals may be priced out of some offerings).

In summary, the CBRE data confirms the narrative that emerged from the surveys:

- Explorers' Edge had a strong tourism season in 2025 outperforming many other regions.

- This tangible performance (higher occupancies, higher revenues) justified the growing optimism and improved business conditions reported in the summer survey.

- The region's performance is set against an Ontario tourism landscape that was positive but uneven; Explorers' Edge stands out as a leader in growth, which should be a point of pride but also caution (as high growth can attract competition or lead to capacity constraints).

Furthermore, the alignment between perception and reality is notable. In spring, businesses were uncertain – and indeed the early part of 2025 (winter/spring) was just okay for Explorers' Edge (occupancy around 50% YTD). By summer, when businesses saw the boom, the data shows it was truly a boom (80%+ occupancy). Their optimism for fall is also grounded in data: if YTD July was up ~9% in RevPAR, a solid fall would cement 2025 as a strong growth year.

Ontario's overall flat performance suggests that Explorers' Edge's gains were not simply a rising tide lifting all boats – they were the product of regional strengths.

Actionable Insights and Recommendations

The combined insights from the spring and summer 2025 surveys, supported by the performance data, yield several actionable considerations for stakeholders. Tourism operators, industry associations (like Explorers' Edge), and policy-makers at the municipal, provincial, or federal level can use these findings to inform strategies and support measures. Below are key recommendations:

- **Invest in Shoulder Season and Off-Peak Growth:** A large portion of Explorers' Edge businesses operate below capacity outside of summer, and over one-third do not operate in winter at all. Expanding tourism in spring, fall, and winter would help smooth out the seasonal peaks and valleys.

  Action: Explorers' Edge and operators should collaborate on shoulder season campaigns (e.g. fall colour tours, winter carnivals, maple syrup festivals in spring). Packaging experiences or creating events in off-peak times can attract visitors when there is ample capacity. Policy-makers could assist by funding festivals or offering grants for product development that extends the operating season (for example, winterizing facilities or developing indoor attractions). The optimistic fall outlook among businesses is a good sign – capitalizing on that with effective marketing (targeting both GTA tourists and locals) will be crucial to meet or exceed those expectations.

- **Address Inflation and Cost Pressures Strategically:** Inflation in fuel, food, and labor was the top concern in spring. By summer, many businesses raised prices, but that strategy has limits.

  Action: Operators should continue to monitor input costs closely and implement cost-saving technologies or practices (energy-efficient upgrades, supply chain consolidation) to protect margins. Where price increases are necessary, communicate the value to customers (e.g., emphasize improvements or unique offerings) to maintain goodwill. Policy-makers can help by providing temporary relief or subsidies in areas like energy costs or by reducing red tape that adds cost (since 26% complained of "red tape"). For example, simplifying permit processes or offering tax credits for tourism businesses could indirectly ease cost burdens. Additionally, training on revenue management for smaller operators could help them optimize pricing in line with demand – ensuring they capture revenue during high periods (as many did in 2025) to buffer against leaner times.

- **Strengthen Workforce Development and Housing:** While staffing did not deteriorate, it remains an underlying issue, and a quarter of businesses flagged lack of affordable housing as a problem (limiting their ability to hire/retain staff).

  Action: Regional governments and industry should work together on solutions like seasonal worker housing programs, partnerships with developers for affordable units, or transportation options that enable staff to commute from more affordable areas. Investing in workforce development (e.g., hospitality training programs at local colleges, or recruitment drives targeting youth) will build a pipeline of talent. Since over half of respondents have been in business 10+ years, mentorship programs could pair experienced operators with new entrants to share best practices in hiring and HR. Additionally, advocating for immigration or temporary foreign worker policies that help fill tourism jobs could be beneficial. Ultimately, ensuring a stable workforce will be key to sustaining the service quality that high visitor volumes demand.

- **Enhance Destination Marketing to Boost Visitation:** The surveys underscore that demand generation is critical – “low volume of visitors” was cited by 64% in spring as limiting growth. Even though 2025 summer demand was strong, competition for tourists (domestic and international) will continue.

  Action: Explorers’ Edge should continue aggressive marketing in core markets (e.g., the Greater Toronto Area and U.S. border states) emphasizing the region’s unique experiences. Marketing efforts should also focus on converting more local/regional residents into customers, since 42% of businesses see lack of local patronage as an issue. Creating loyalty programs for locals, “staycation” packages, or community ambassador programs can encourage residents to explore attractions in their backyard, especially in shoulder seasons. The positive word-of-mouth from locals can in turn bolster the destination’s reputation.

- **Leverage Positive Momentum for Investment and Development:** The surveys show many operators consider it a good time to invest, and the performance data supports growth.

  Action: Both private and public sectors should capitalize on this window of optimism. Businesses that did well in 2025 might reinvest profits into property upgrades, new amenities, or expanded capacity – this will help sustain competitiveness. Explorers’ Edge and municipal leaders can facilitate by identifying investment opportunities (e.g., gaps in the market such as not enough mid-range accommodations or indoor activities) and perhaps by offering business development workshops or connecting investors with tourism entrepreneurs. Government funding programs or low-interest loans for tourism (if available) should be promoted now, while confidence is high. Streamlining approval processes for tourism developments (like new attractions or resort expansions) is another way to seize the momentum; recall that some respondents bemoaned “restrictions/red tape” – addressing those concerns could unlock timely investments. The goal should be to ensure the region’s infrastructure and offerings grow in step with demand, avoiding capacity bottlenecks in peak periods.