

Weak arrivals impact US destinations

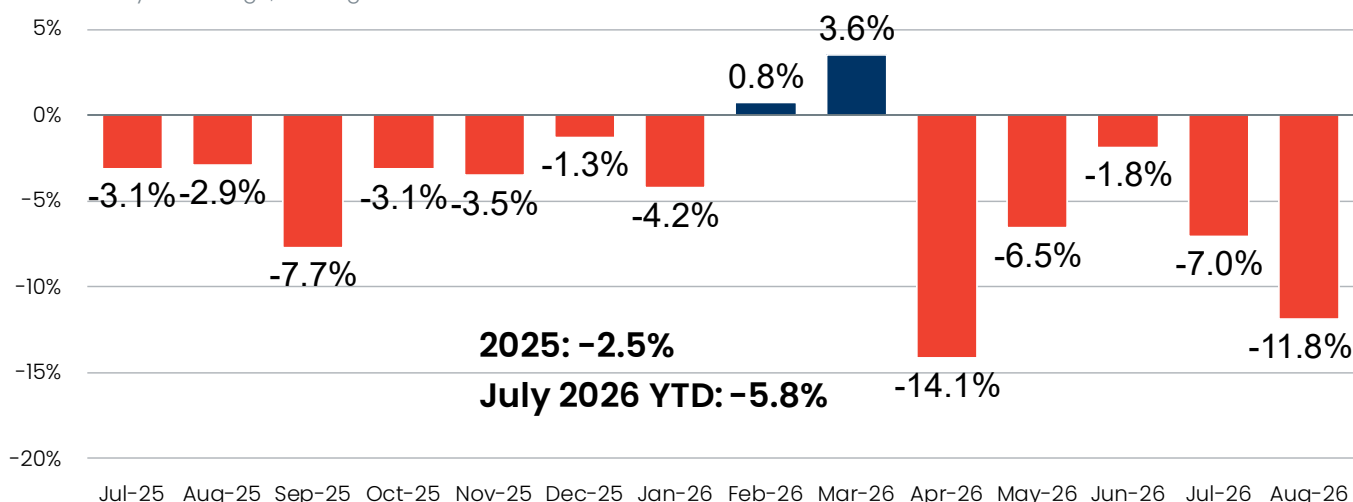
- Arrivals of international visitors to the US have been weaker than anticipated. Overseas arrivals (excludes Canada and Mexico) fell 5.8% year-to-date through August, including a 6.9% drop from March to August. The FIFA World Cup boosted arrivals, but the impact was obscured by broader inbound declines.
- Amid escalated trade tensions, some Canadian residents will continue to avoid trips to the US. This will likely reverse the nascent thaw that had been observed as land arrivals to the US started to increase.
- Growth in arrivals from Mexico stands as a positive trend. We expect arrivals from Mexico to increase strongly this year, building on 6.4% growth last year, and year-to-date arrivals are up 14.6% through June.
- Declines are being experienced broadly across the US, with only three states experiencing growth in international overnight visitors last year (Arizona, New Mexico and Texas). States with the greatest exposure to Canadian travel and least exposure to Mexico experienced the largest declines.
- We expect the US to lose \$39.6 billion of inbound travel spending, relative to spending that would have occurred this year and last year if it had maintained its 2024 market share of world spending (9.5%).
- The backdrop for global international travel remains strong. Incomes and wealth are rising and we expect a close to 50% increase in spending by international travellers globally between 2025 and 2030.

We anticipated overseas arrivals (excludes Canada and Mexico) would decline 1.1% this year in our most recent Global Travel Service (GTS) forecast of inbound travel to the US released June 28, but recent performance has been even weaker than expected. Overseas arrivals fell 5.8% year-to-date through August and were down a steep 6.9% from March to August ([Chart 1](#)). Air travel is more costly, and the Iran war has disrupted travel routes, but the primary factor remains a reduced interest in traveling to the US in response to policies and rhetoric.

Chart 1: OVERSEAS ARRIVALS CONTINUE TO DECLINE

Overseas arrivals to the United States

Year-over-year change, overnight arrivals



Note: Due to shifts in Easter timing, March and April are best read together as a 6.3% decline. Source: National Travel and Tourism Office

The Trump Administration has implemented policies affecting travel, such as entry bans affecting 39 countries, a visa bond program, and increased entry fees. But the effects of policy statements not specifically related to travel, such as trade policy and territorial pronouncements (e.g., 51st state), have been even more important. For example, in a July survey, fielded before the recent escalation in trade tensions, 56% of Canadians indicated that current US government policies, trade practices and political statements were making them less likely to visit the US (Longwoods International, [link](#)).

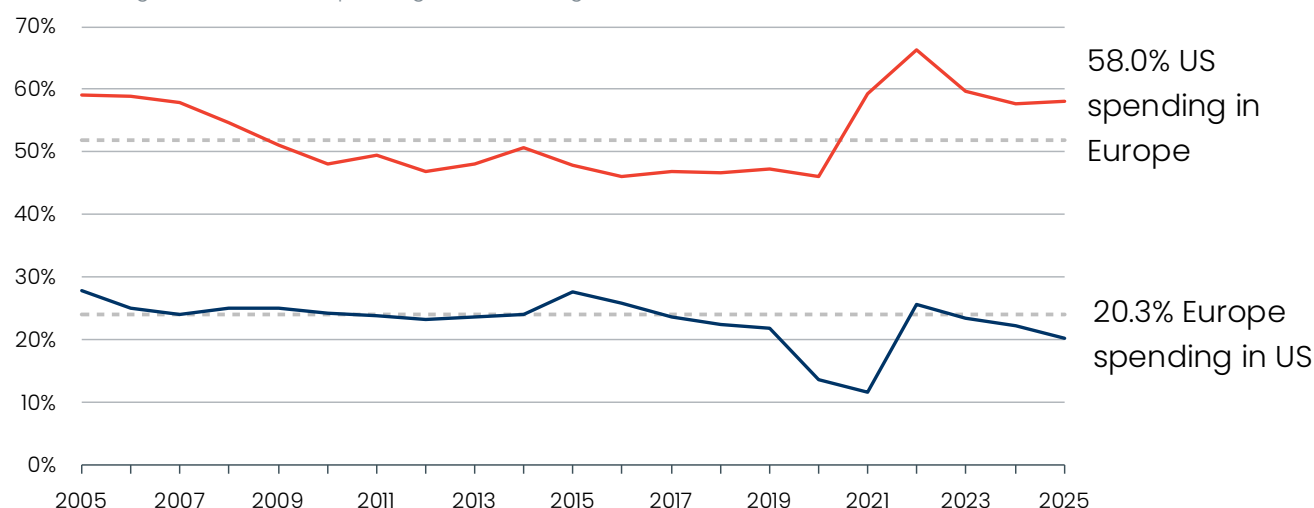
European spending shifts away from US

European travel to the US has fallen below its historical average market share, with the US attracting just 20.3% of long-haul travel spending by Europeans, even as Europe continues to attract a large share of US long-haul travel ([Chart 2](#)).

Chart 2: US SHARE OF EUROPEAN OUTBOUND FALLS

US-Europe Travel Spending

Share of long-haul outbound spending from each region



Source: Tourism Economics. Note: Historical averages based on 2005 to 2025, excluding 2020, 2021 and 2022. Long-haul travel refers to travel outside the region (e.g., US travel to Asia Pacific, Europe or Africa-Middle East; European travel to Americas, Asia Pacific or Africa-Middle East).

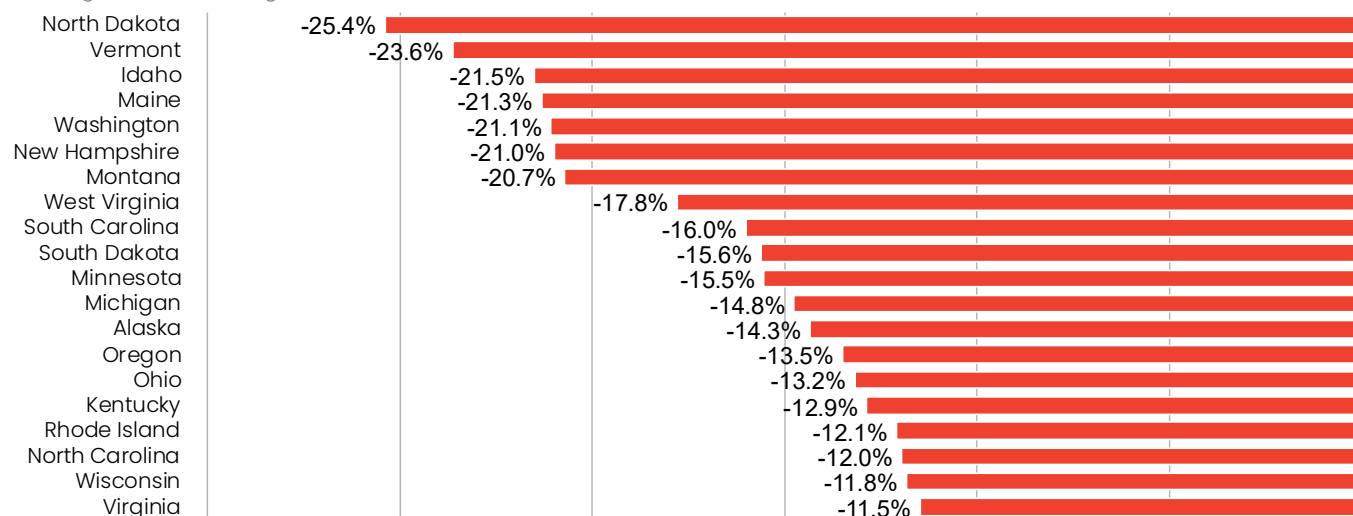
Canadian pullback affects states across the US

We recently finalized our historical estimates of visits and spending by state in 2025. The states that bore the largest percentage decline in visits tended to be those with some of the greatest exposure to Canadian travel and least exposure to Mexico and overseas origins, including North Dakota, Vermont and Idaho ([Chart 3](#)). As Canadian residents pulled back on trips to the US last year, shorter, easier land trips tended to get cut the most. As a result, as Canadian visits to US states dropped 21.8% last year, northern border states were most negatively affected.

Chart 3: SHARPEST DECLINES IN STATES MOST EXPOSED TO CANADA

International visitors to the US by state

Change in 2025, overnight visitors



Note: Graph shows 20 states with the largest percentage of decline of international overnight visitors in 2025.

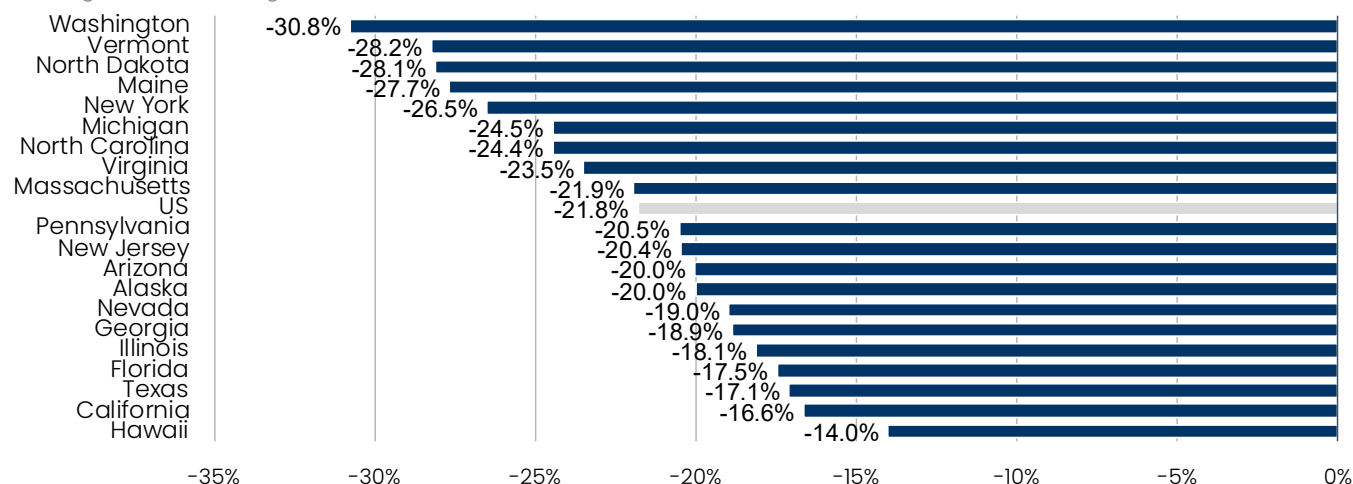
Source: Tourism Economics

Canadian visits are particularly important to northern border states. But the impacts of the Canadian decline were felt across the US, with major Canadian destinations such as Arizona, Florida and Texas also experiencing significant declines ([Chart 4](#)).

Chart 4: CANADIAN DECLINE FELT ACROSS US

Visitors to US from Canada

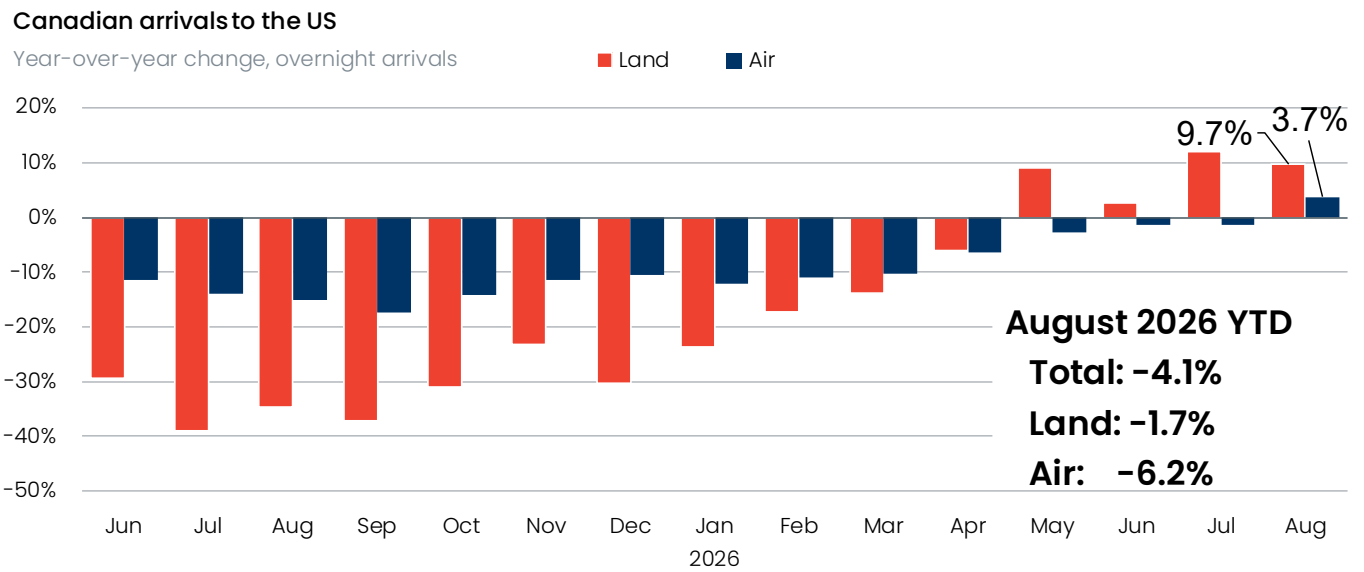
Change in 2025, overnight visitors



Note: Graph shows 20 states with the largest number of Canadian visitors in 2024, plus the US (sum of states). Source: Tourism Economics

Recent US-Canada tensions have escalated, with the Trump Administration implementing additional tariffs and Canada pushing back with counter-tariffs. Even if a moderate outcome is reached on trade terms, many Canadian residents will tend to avoid travel to the US. The recent thaw that we observed in monthly arrivals, with monthly year-over-year land arrivals increasing during May to August ([Chart 5](#)), may reverse.

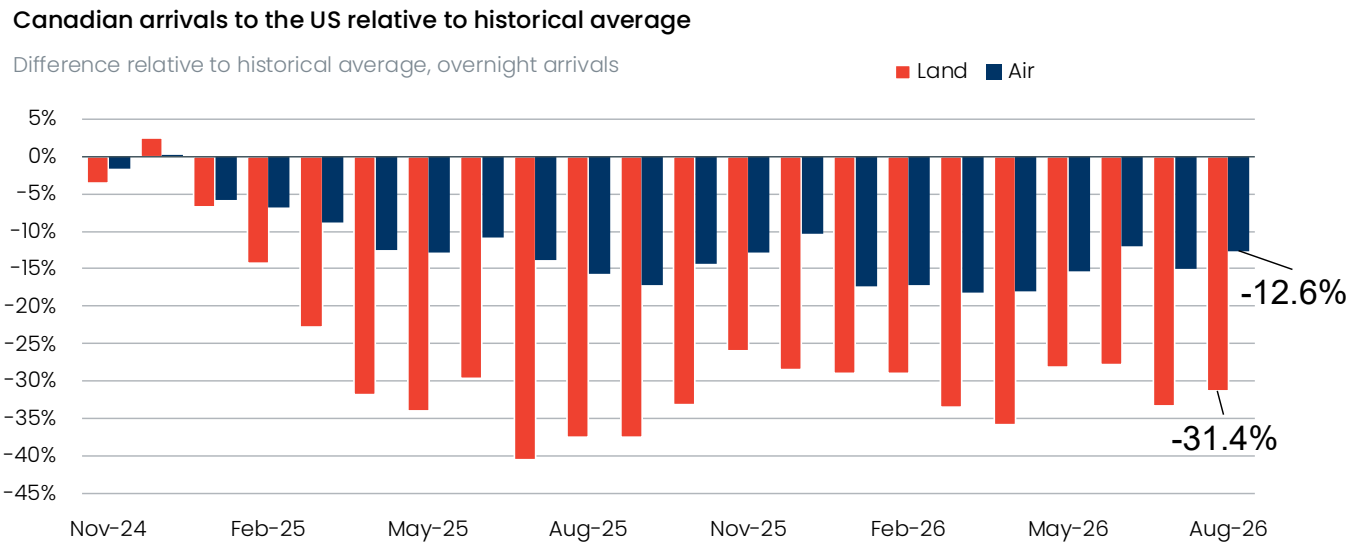
Chart 5: CANADIAN THAW AT RISK



Note: Arrivals from Canada measured as Canadian -resident overnight return trips from the US, by mode. July and August 2026 is preliminary, based on summed daily reporting of return trips. Source: Statistics Canada

The sustained decline in Canadian arrivals to the US since the start of 2025 is particularly evident when comparing to typical visitation patterns in recent years, such as in [Chart 6](#), which compares monthly arrivals to the average in 2019, 2023 and 2024.

Chart 6: CANADIAN ARRIVALS REMAIN WELL BELOW HISTORICAL NORMS

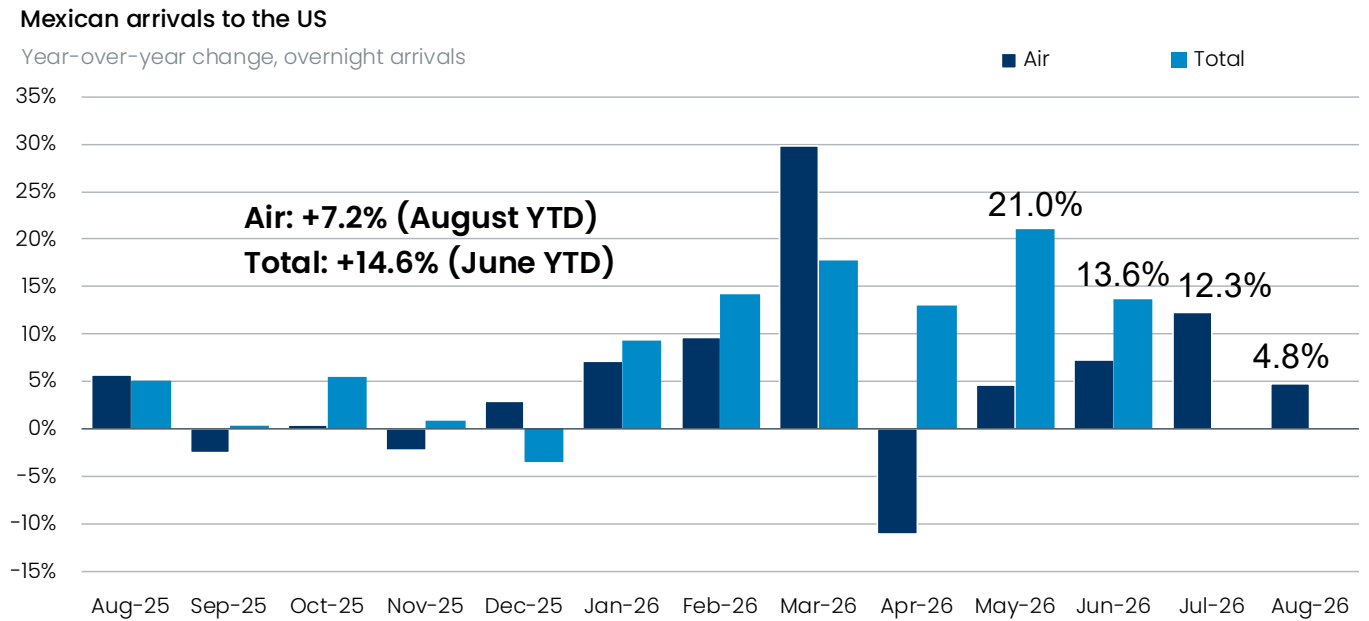


Note: Arrivals from Canada measured as Canadian -resident overnight return trips from the US, by mode. July and August 2026 are preliminary, based on summed daily reporting of return trips. Historical average includes 2019, 2023, and 2024. Source: Statistics Canada

Mexico upswing continues

We expect arrivals from Mexico to increase strongly this year, providing a welcome positive trend ([Chart 7](#)). Year-to-date arrivals are up 14.6% through June, building on 6.4% growth last year.

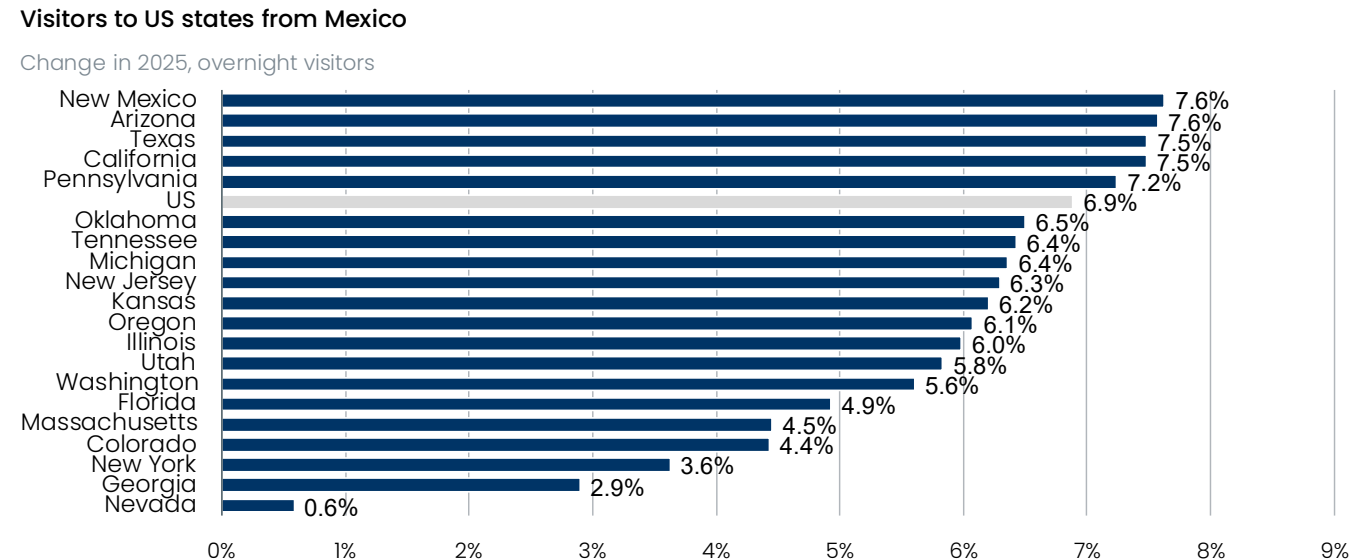
Chart 7: SOLID MOMENTUM INBOUND FROM MEXICO



Source: National Travel and Tourism Office

States with large volumes of visitors from Mexico that benefited from these gains last year include New Mexico, Arizona, Texas and California ([Chart 8](#)).

Chart 8: MEXICAN VISITORS PROVIDE BOOST



Note: Graph shows 20 states with the largest number of visitors from Mexico in 2024 and the US (sum of states). Source: Tourism Economics

World Cup impacts

The FIFA World Cup boost to international arrivals was partially obscured by the weak inbound trends this year, as overseas arrivals dropped during the two months of the tournament (-1.8% in June and -7.0% in July). However, monthly data indicates arrivals from World Cup participant countries (excluding Canada and Mexico), declined less than other origins, pointing to a positive impact. Relative to last year, arrivals to the US from the countries that had teams participating in the tournament declined 1.1% in June and July, an improvement relative to the year-to-

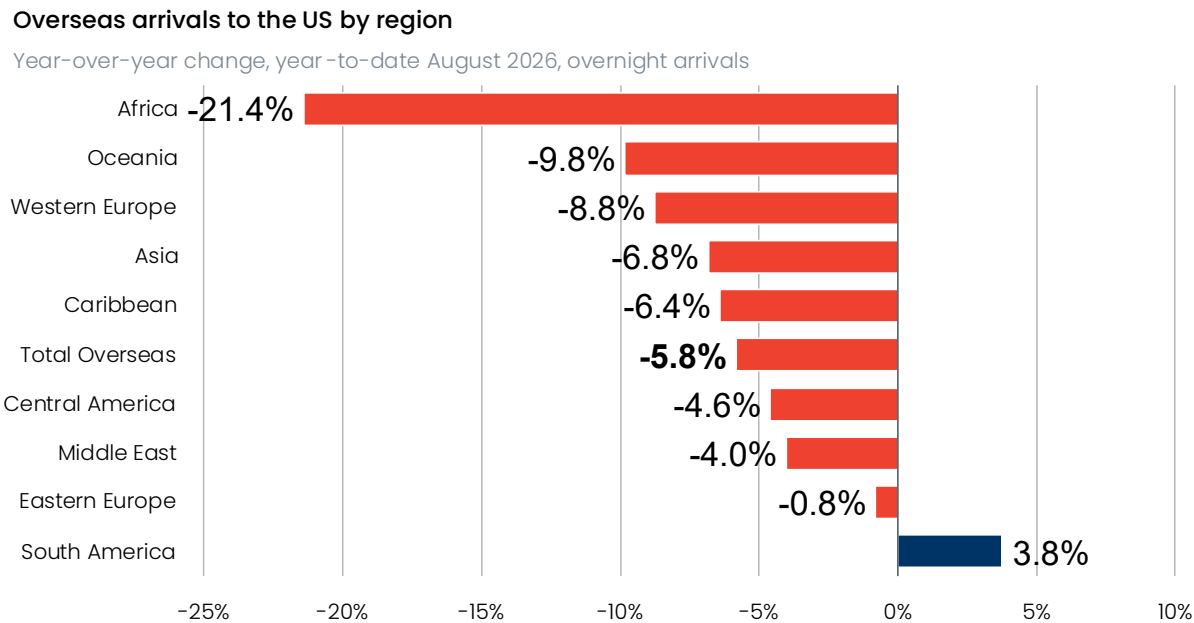
date trend for those countries from January to May (-2.9%) and relative to the 8.8% decline in June and July among non-participant countries.

We hosted a recent webinar titled The World Cup: A Data-Led Debrief on US Lodging and Visitation (recording and slides are available [online](#)) and an accompanying research briefing ([link](#)).

Keep an eye on South America

Year-to-date arrivals trends show growth in travel to the US from South America origins, even as arrivals from Western Europe are down 8.8% year-to-date through August (Chart 9). Of note, arrivals from World Cup participants Colombia and Ecuador increased by approximately 94,000 and 48,000 year-to-date, respectively, including strong gains during the tournament months of June and July.

Chart 9: SOUTH AMERICA BUCKS TREND



Source: National Travel and Tourism Office

What's next

Near-term trends in international arrivals, particularly from Canada, will remain weak, but we anticipate over time inbound activity will ultimately expand. Long-haul outbound trends from origins such as Europe, South America and Asia to destinations other than the US remain solid. Real incomes and wealth are rising, and more households each year reach income levels that support long-haul travel. We expect a close to 50% increase in spending by international travellers globally between 2025 and 2030.

Our next Global Travel Service forecast release is scheduled for early October and will reflect these latest trends.