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# EUROPEAN TRAVEL TRENDS & PROSPECTS Q4 2023

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January 2024

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# Overview

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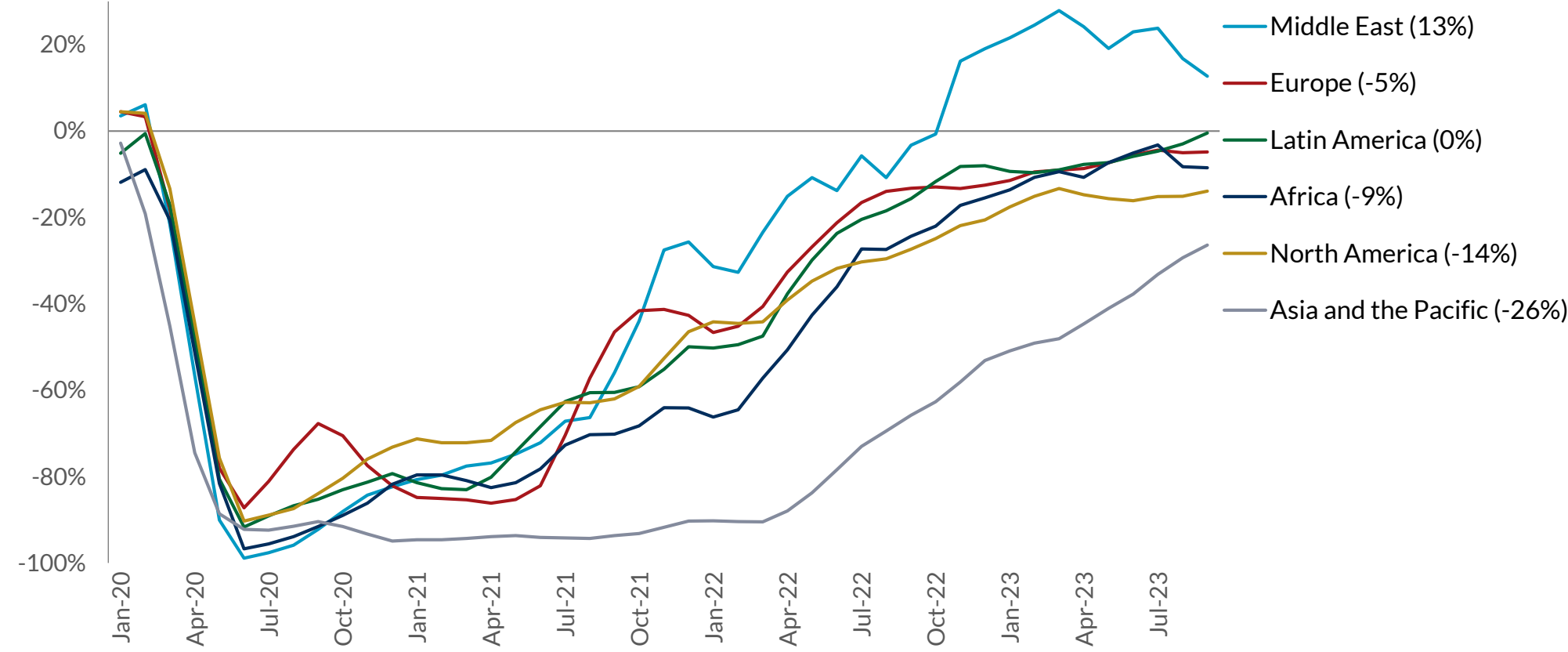
- Travel remains a priority
- Positive economic news for late 2023
- Long-haul and Chinese travel to regain market share
- Recovery to continue but risks skewed to the downside

**Questions: Use the question panel**

# Sustained travel demand recovery throughout much of 2023

## International Tourist Arrivals by World Region

% difference from same month in 2019, 3mma (figures in brackets are 3 months to Sep)



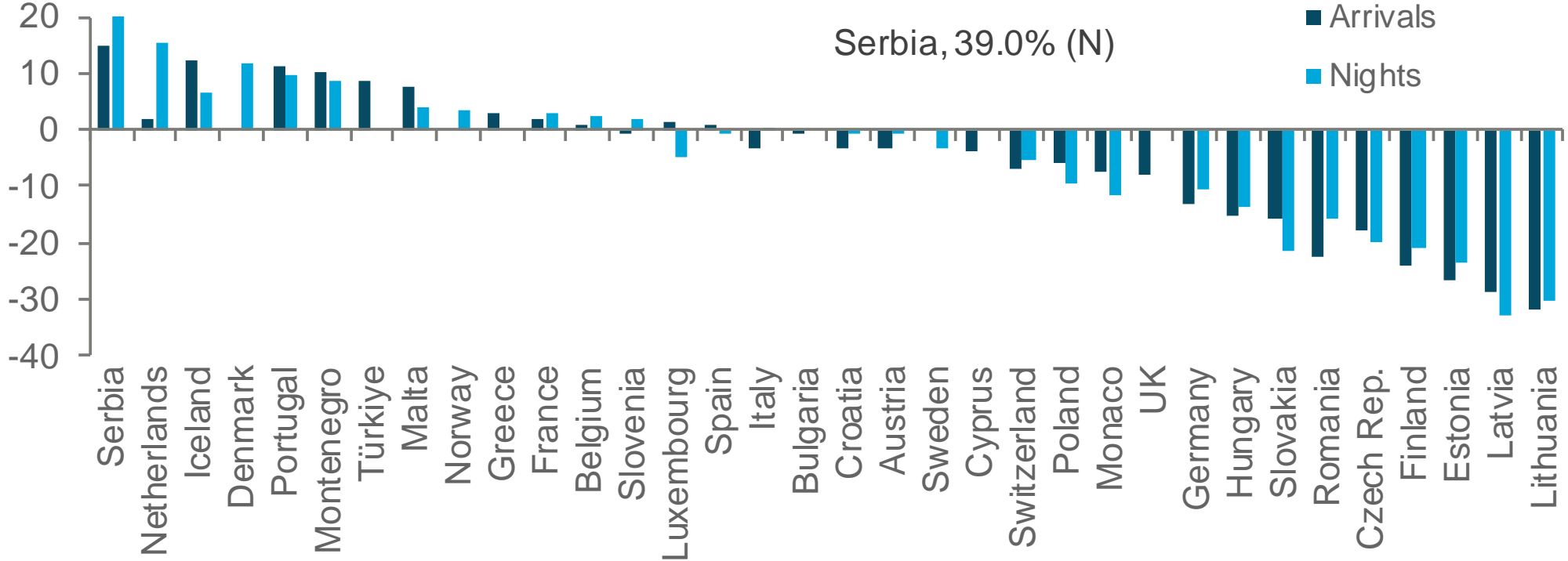
Source: UNWTO

Questions: Use the question panel

# Most countries have fully recovered or within 10% of 2019 levels in 2023

## Foreign visits and overnights to select destinations

2023 year-to-date\*, % change relative to 2019 levels



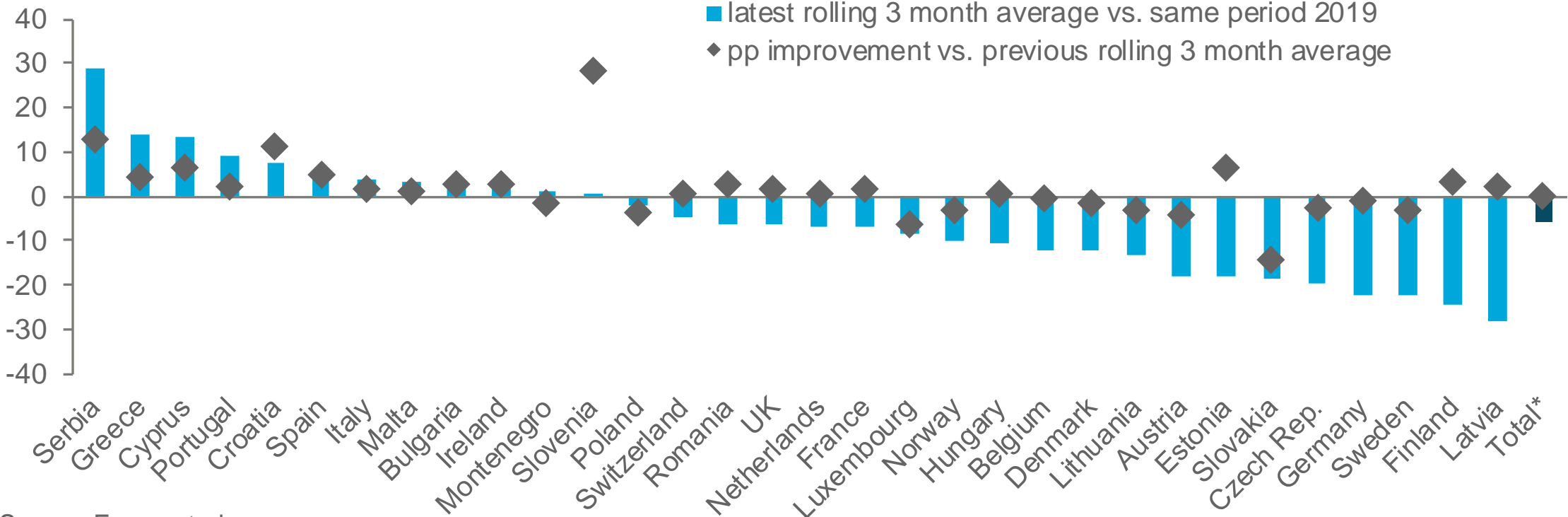
Source: TourMIS\* \*date varies (Jan-Dec) by destination

Questions: Use the question panel

# Air traffic in Southern Europe outpacing the rest of the region

European air traffic by country, total flights arriving and departing

% change vs. 2019, no. flights



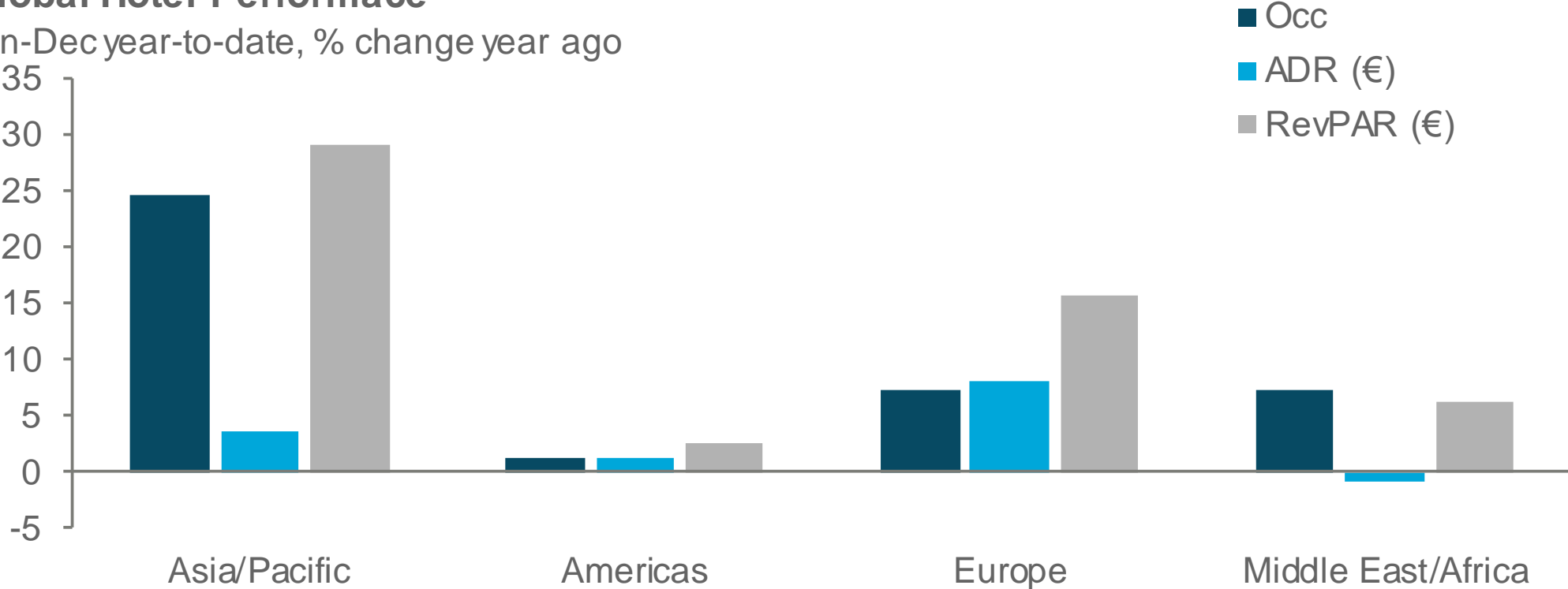
Source: Eurocontrol

Questions: Use the question panel

# Growth in accommodation metrics moderating in most regions as travel recovery takes hold

## Global Hotel Performance

Jan-Dec year-to-date, % change year ago



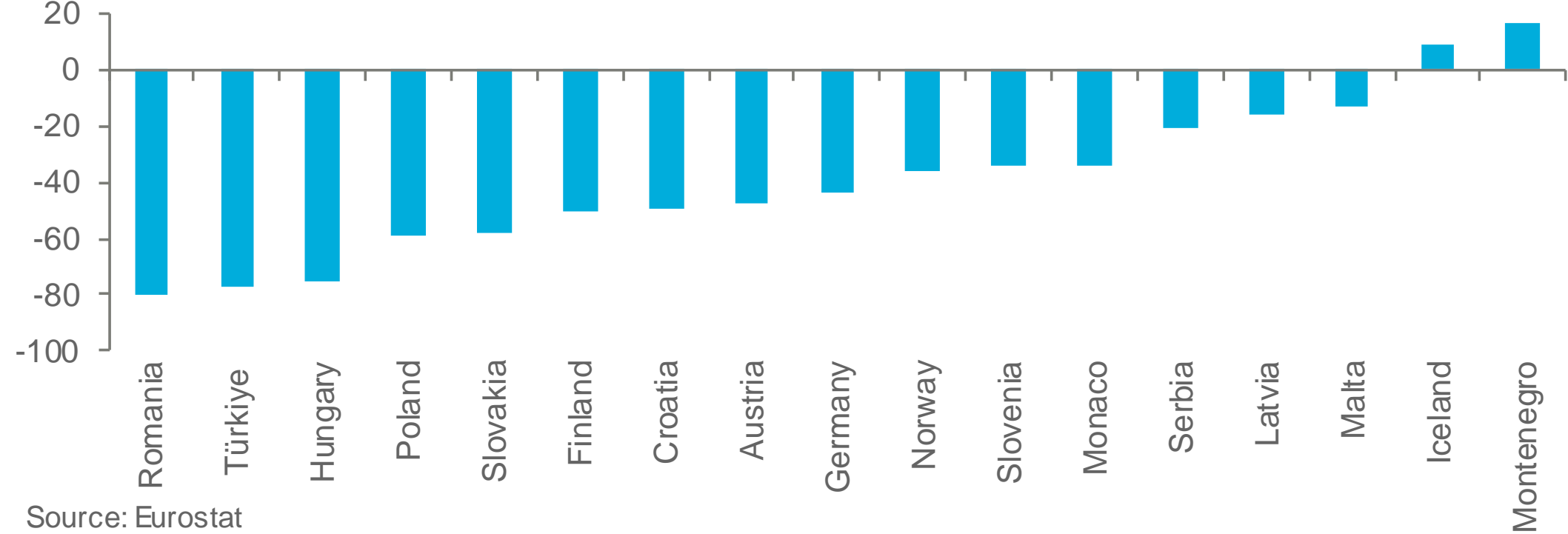
Source: STR

Questions: Use the question panel

# Arrivals from Israel have shown signs of weakness in Q4

Tourist arrivals from Israel to European destinations in Q4 2023

2015 = 100



Source: Eurostat

Questions: Use the question panel

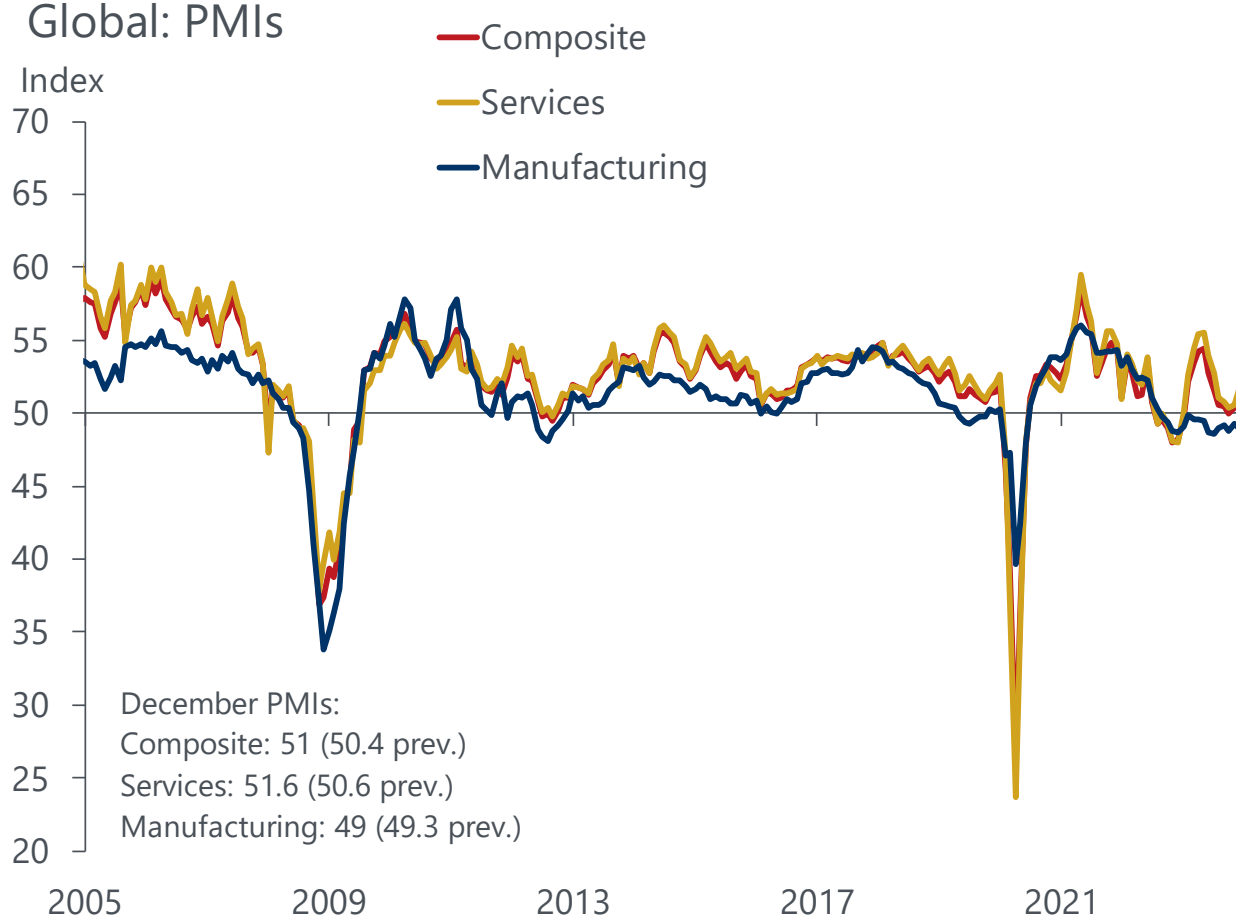
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# Some improvements in economic trends in December



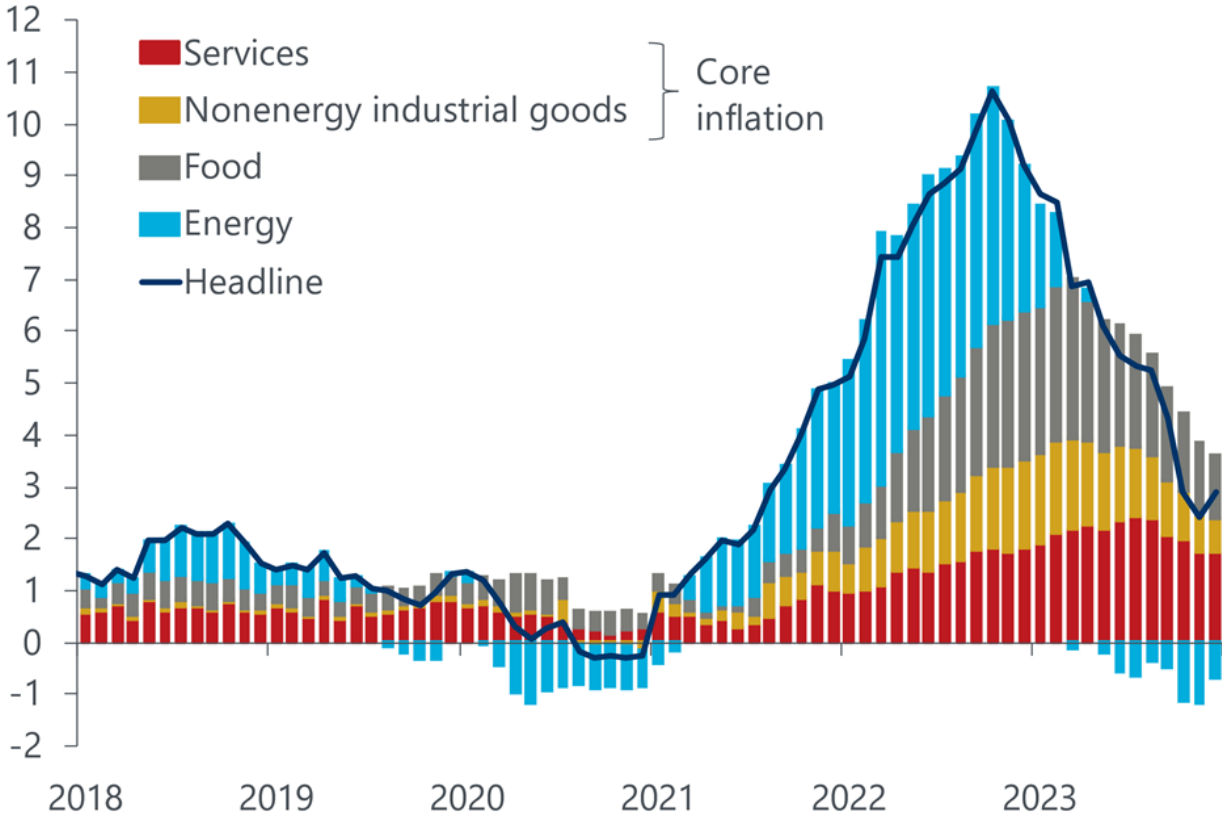
Source: Oxford Economics/Haver Analytics /S&P Global

**Questions: Use the question panel**

# December uptick in inflation will prove temporary

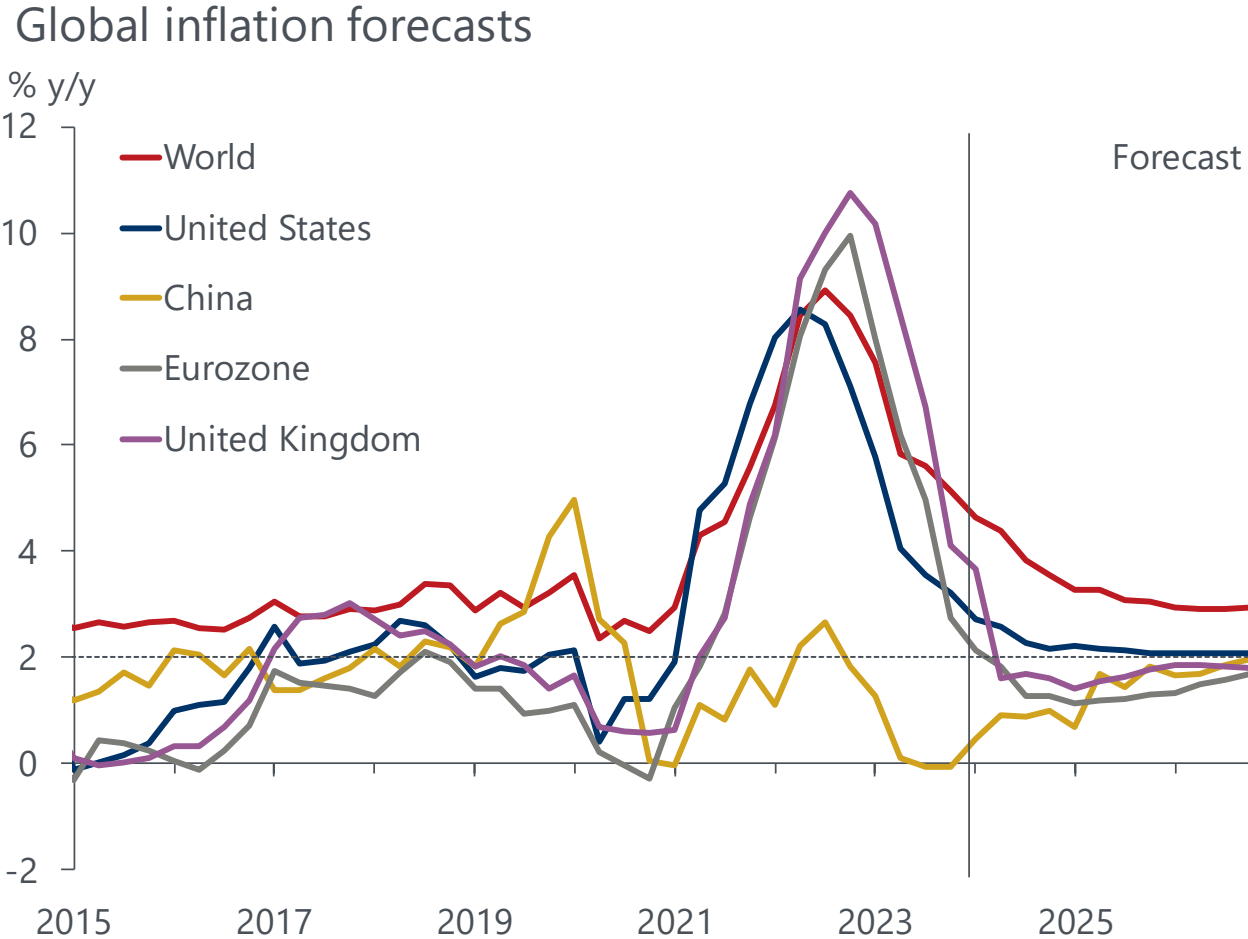
Eurozone: Headline inflation breakdown

% y/y & pp contribution



Questions: Use the question panel

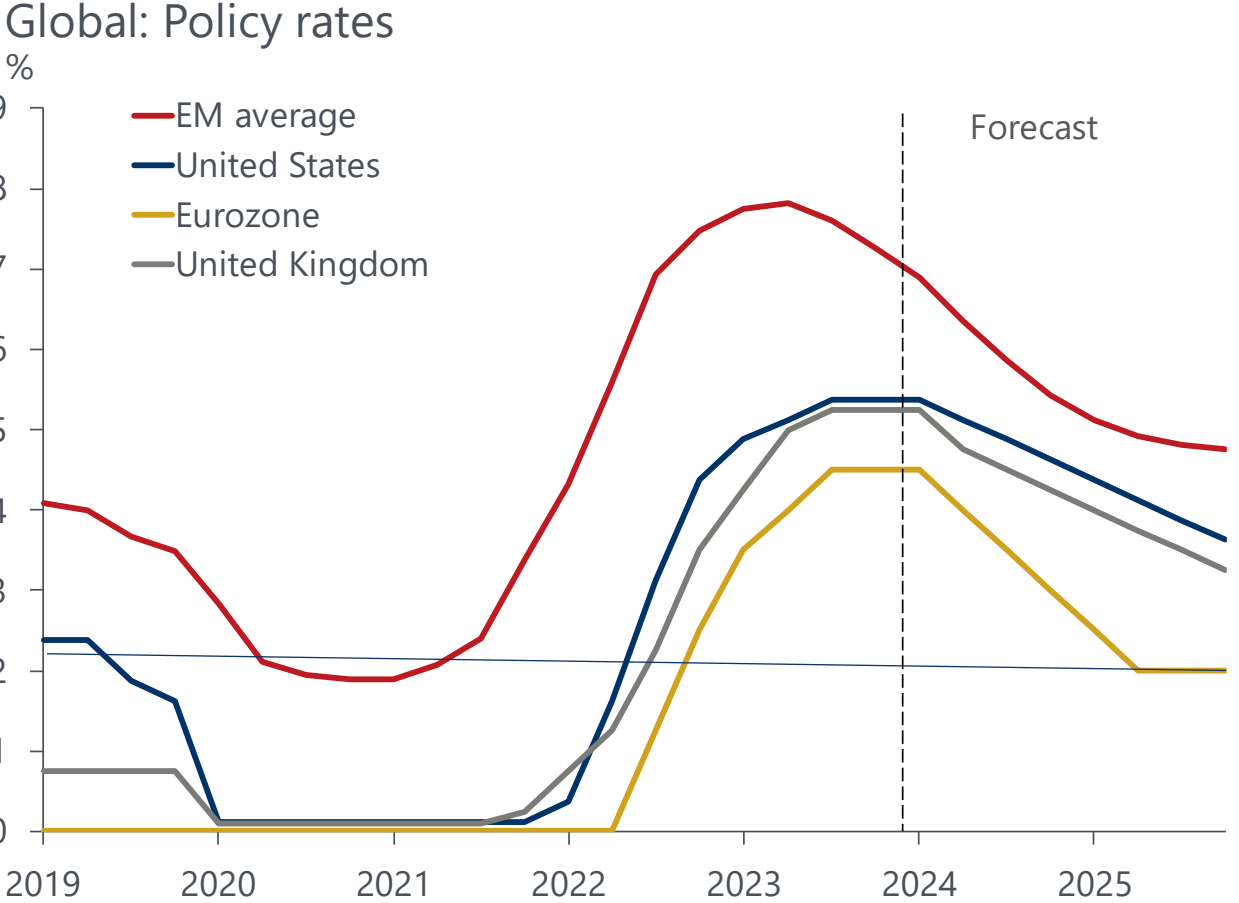
# Inflation has begun to slow more sharply than many expected



Source: Oxford Economics/Haver Analytics

Questions: Use the question panel

# Policy rate cuts now likely in Q2 as inflation reaches target range



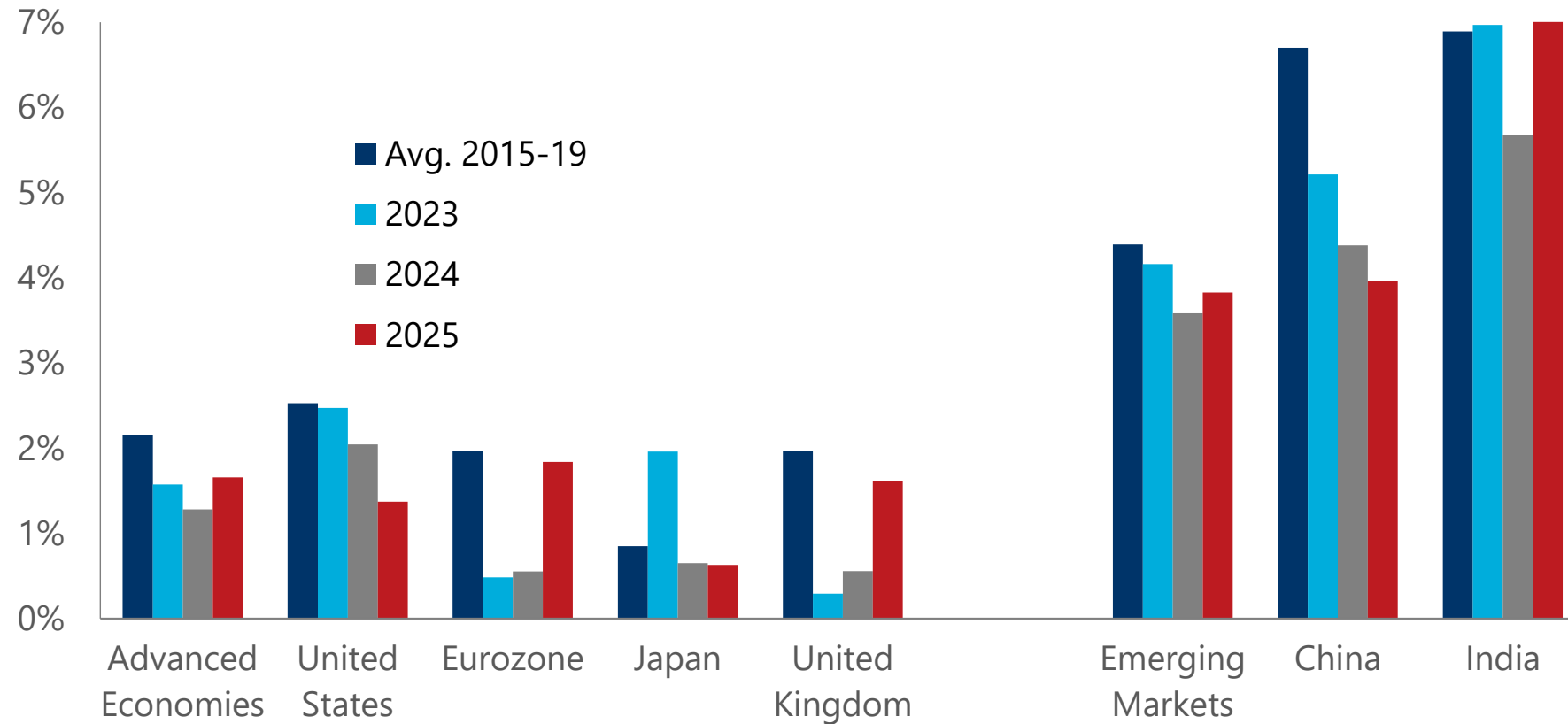
Source: Oxford Economics/Haver Analytics. The EM average includes: BRA, CHL, MEX, HUN, POL, ROM, IND, IDN, MYS, PHP, THA, ZAF, CZE

Questions: Use the question panel

# Divergent growth trends across markets – slow growth in AEs

## GDP growth by major markets

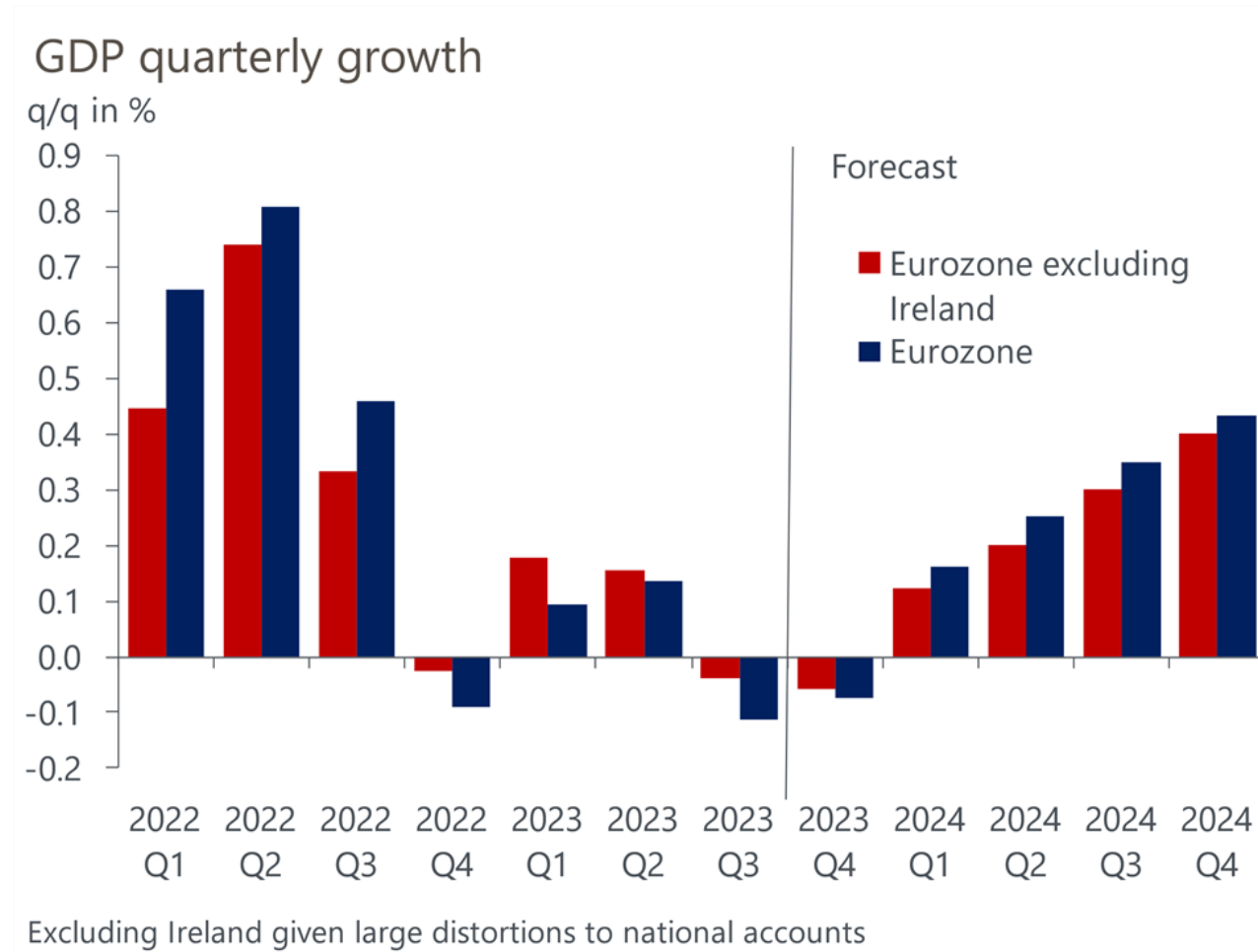
Annual % change



Source: Oxford Economics

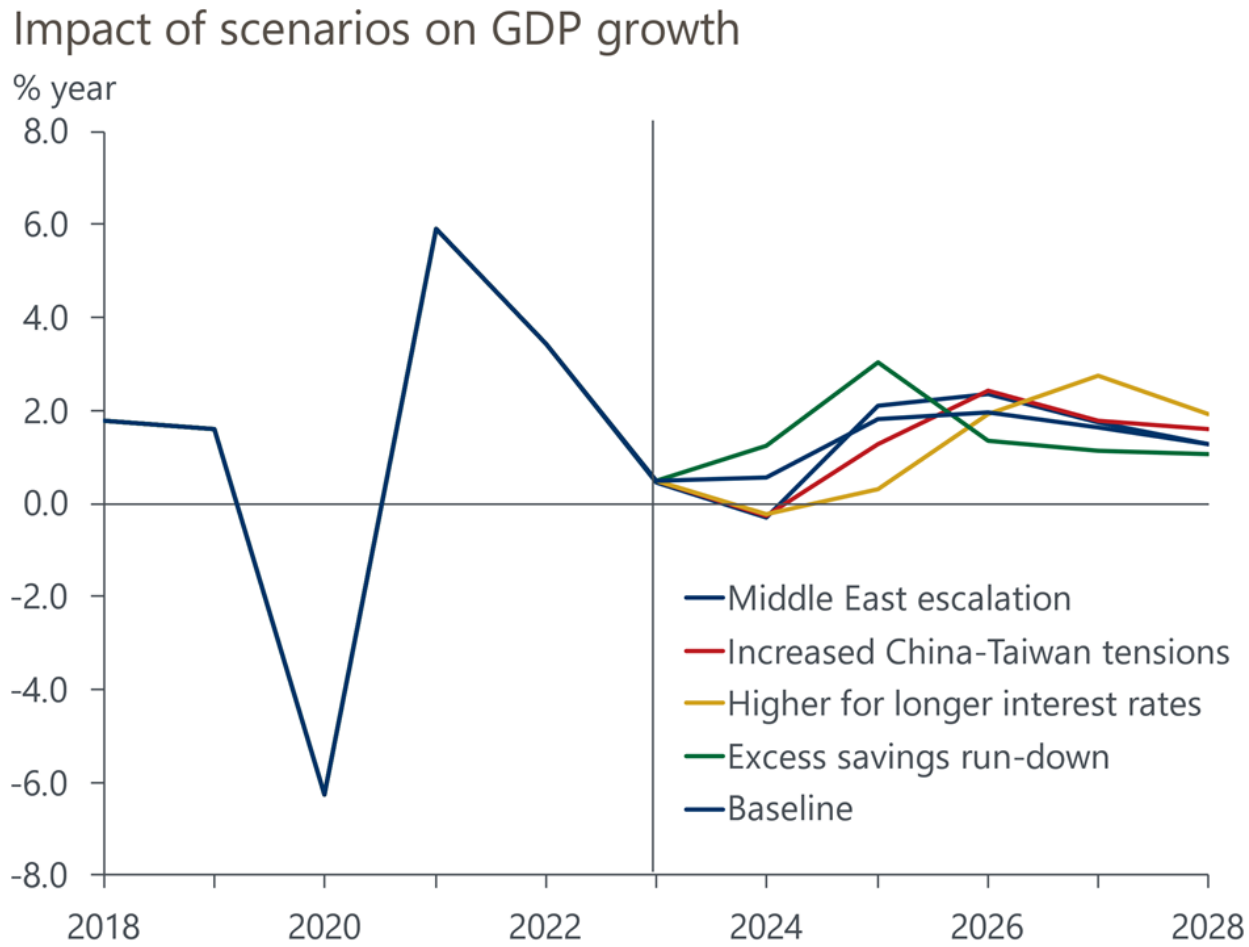
Questions: Use the question panel

# Eurozone GDP likely entered a small recession in H2 2023



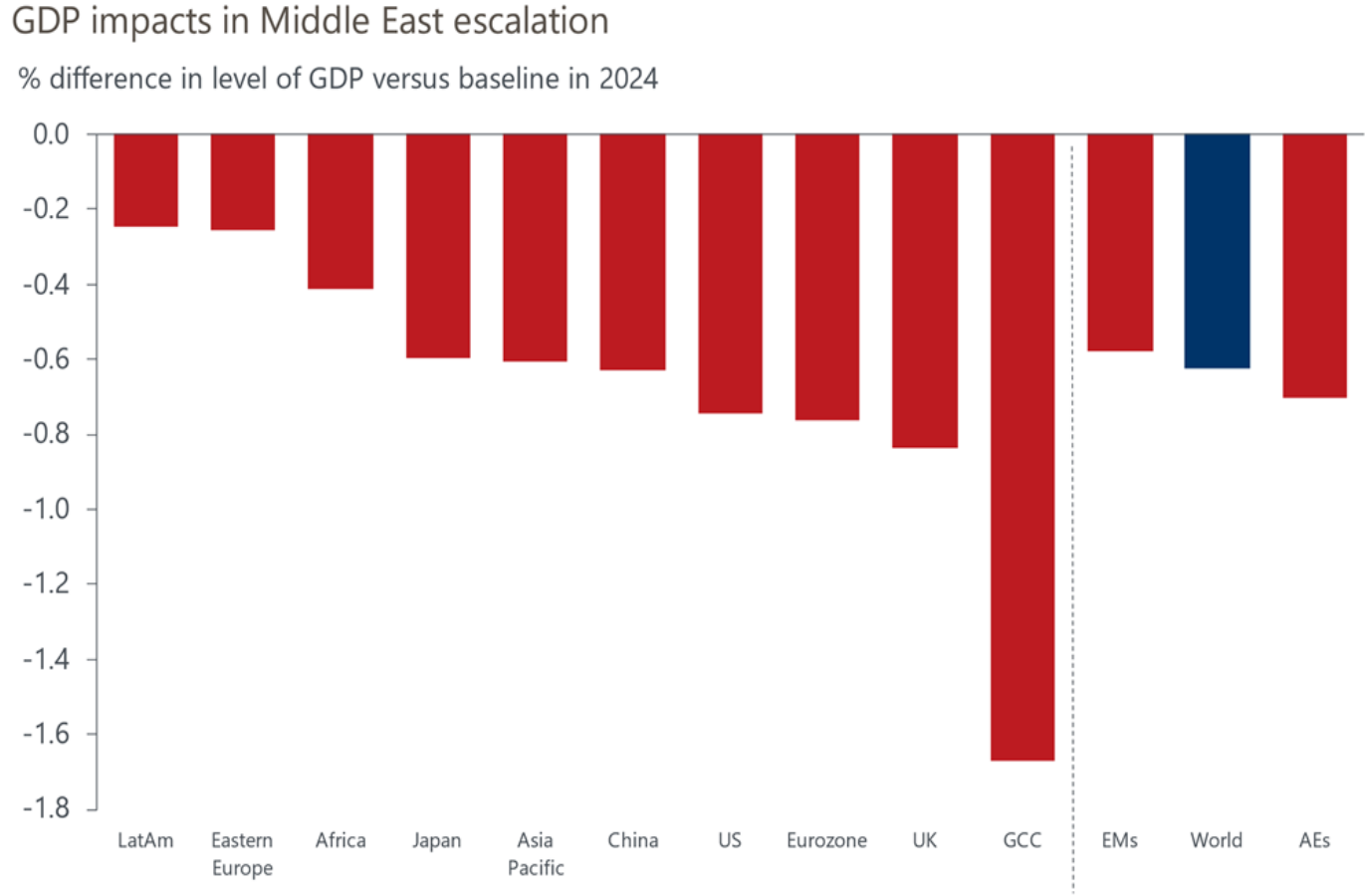
Questions: Use the question panel

# Higher for longer interest rates would be the most damaging to Eurozone GDP growth



Questions: Use the question panel

# The Middle East is affected much more than other regions as the Israel-Hamas war escalates



Questions: Use the question panel

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# Poll questions

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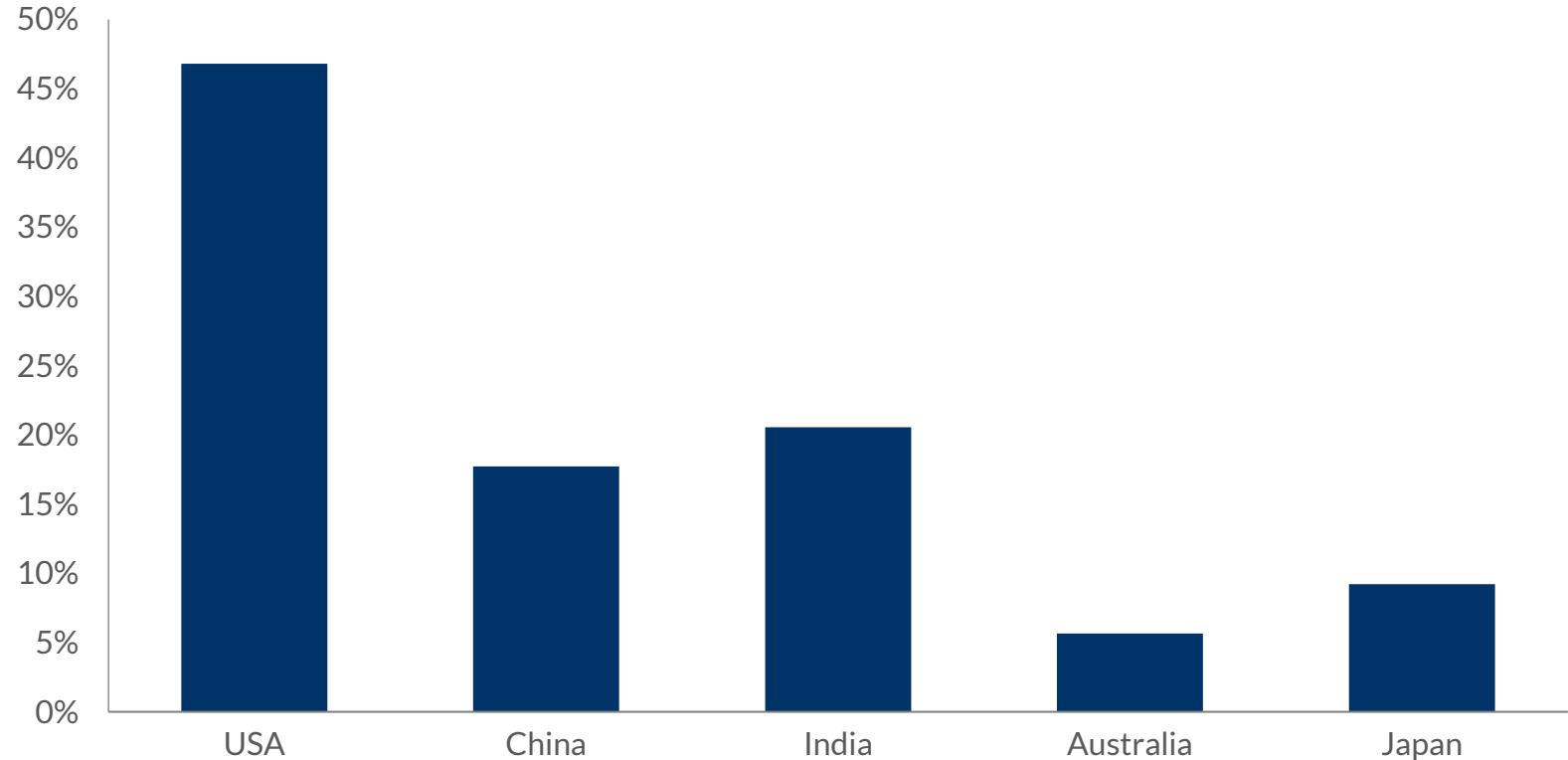
- **Which long-haul markets are you most optimistic about in 2024?**
  - USA
  - China
  - India
  - Australia
  - Japan
- **When do you expect Chinese travel to Europe to return to pre-pandemic peaks?**
  - 2024
  - 2025
  - 2026
  - Later
- **Which, if any, of the following are barriers to Chinese travel recovery in 2024?**
  - Geo-political events
  - Visa/passport issues
  - Air capacity limits
  - Cost of travel
  - Safety concerns

**Questions: Use the question panel**

# Poll results – Q1

Which long-haul markets are you most optimistic about in 2024?

% distribution



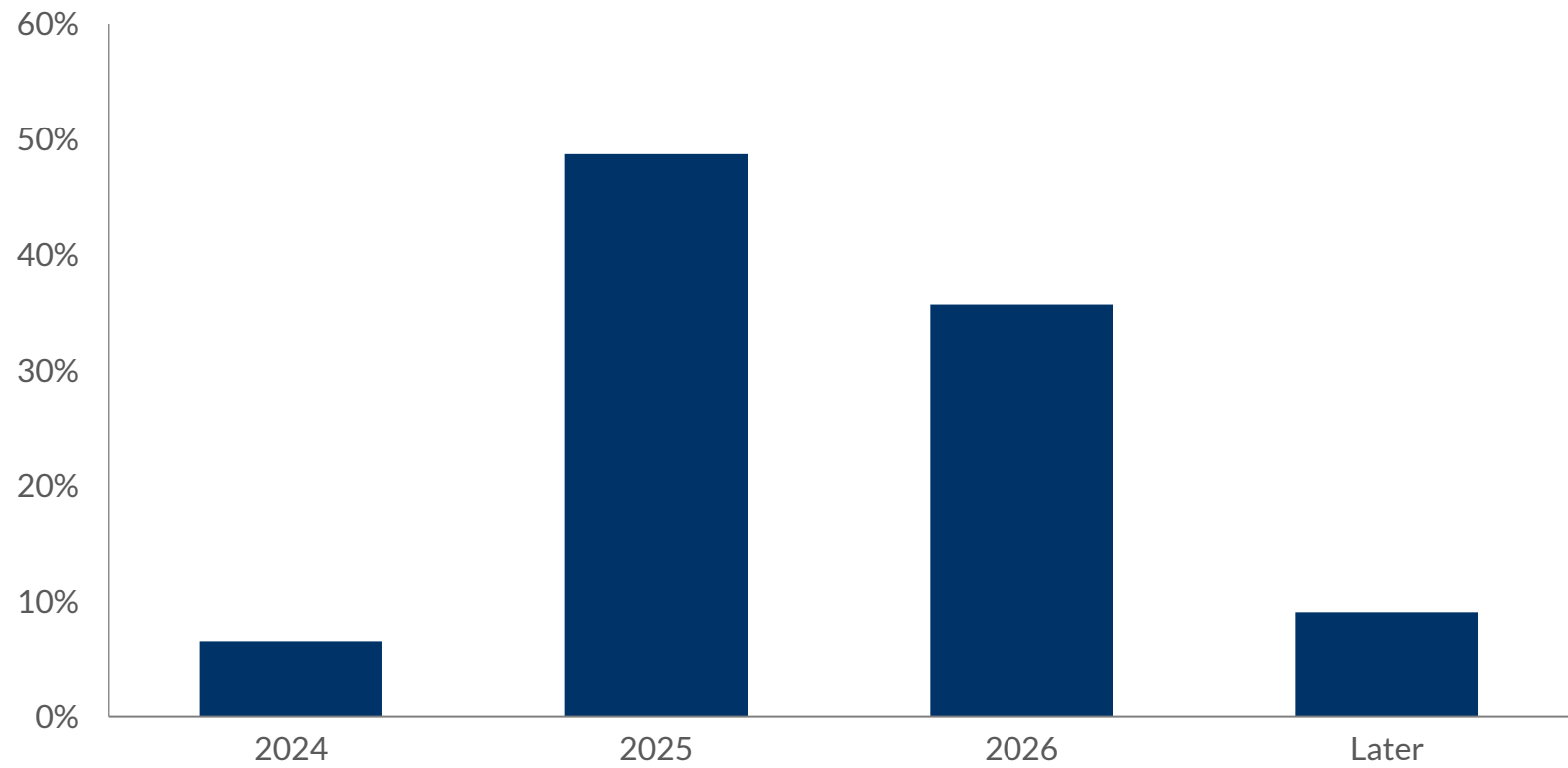
Source: Oxford Economics - webinar poll results, n=141

Questions: Use the question panel

# Poll results – Q2

**When do you expect Chinese travel to Europe to return to pre-pandemic peaks?**

% distribution



Source: Oxford Economics - webinar poll results, n=154

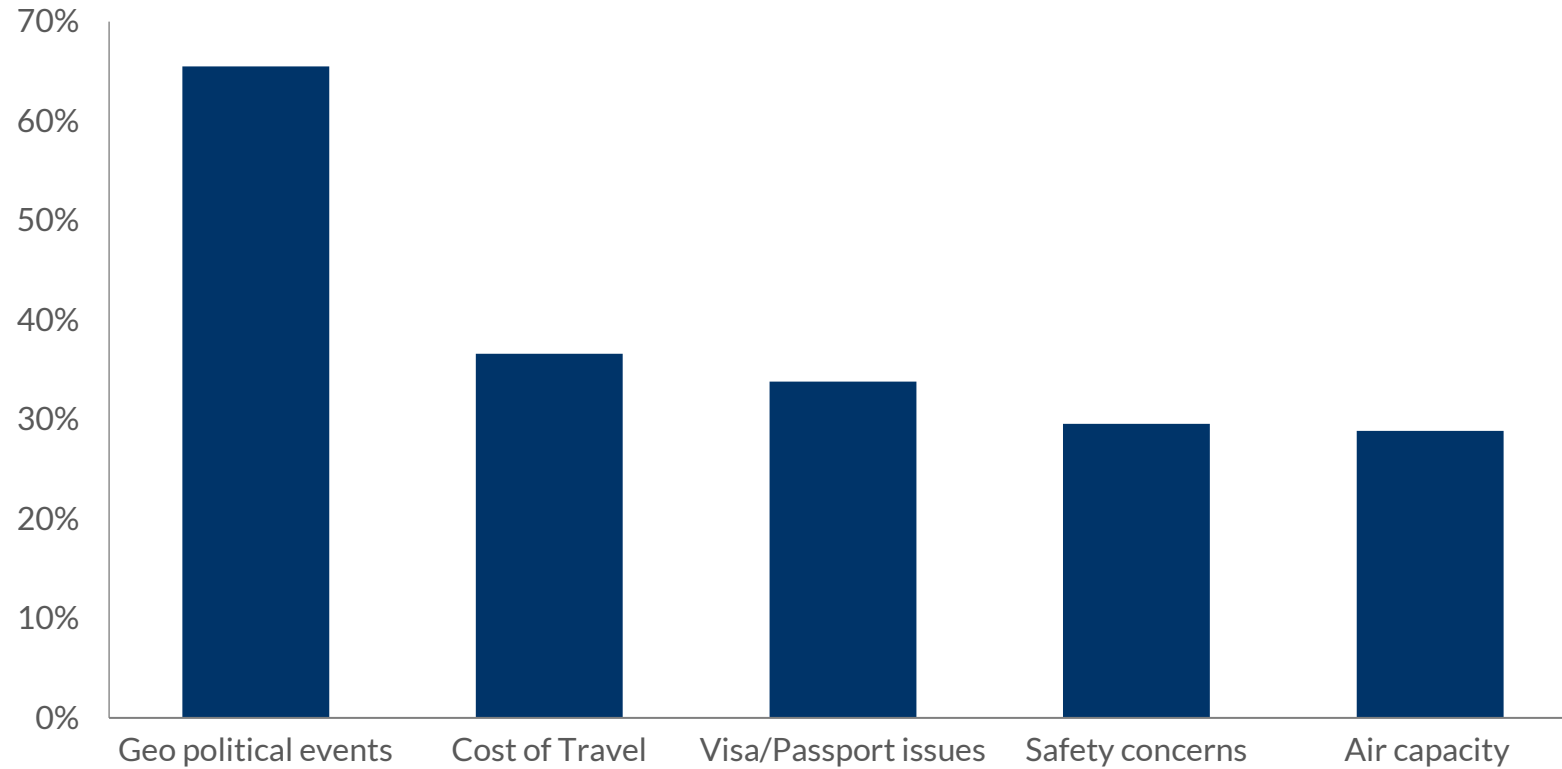
**Questions: Use the question panel**

# Poll results – Q3

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**Which, if any, of the following are barriers to Chinese travel recovery in 2024?**

% distribution (multiple responses allowed, hence does not sum to 100%)



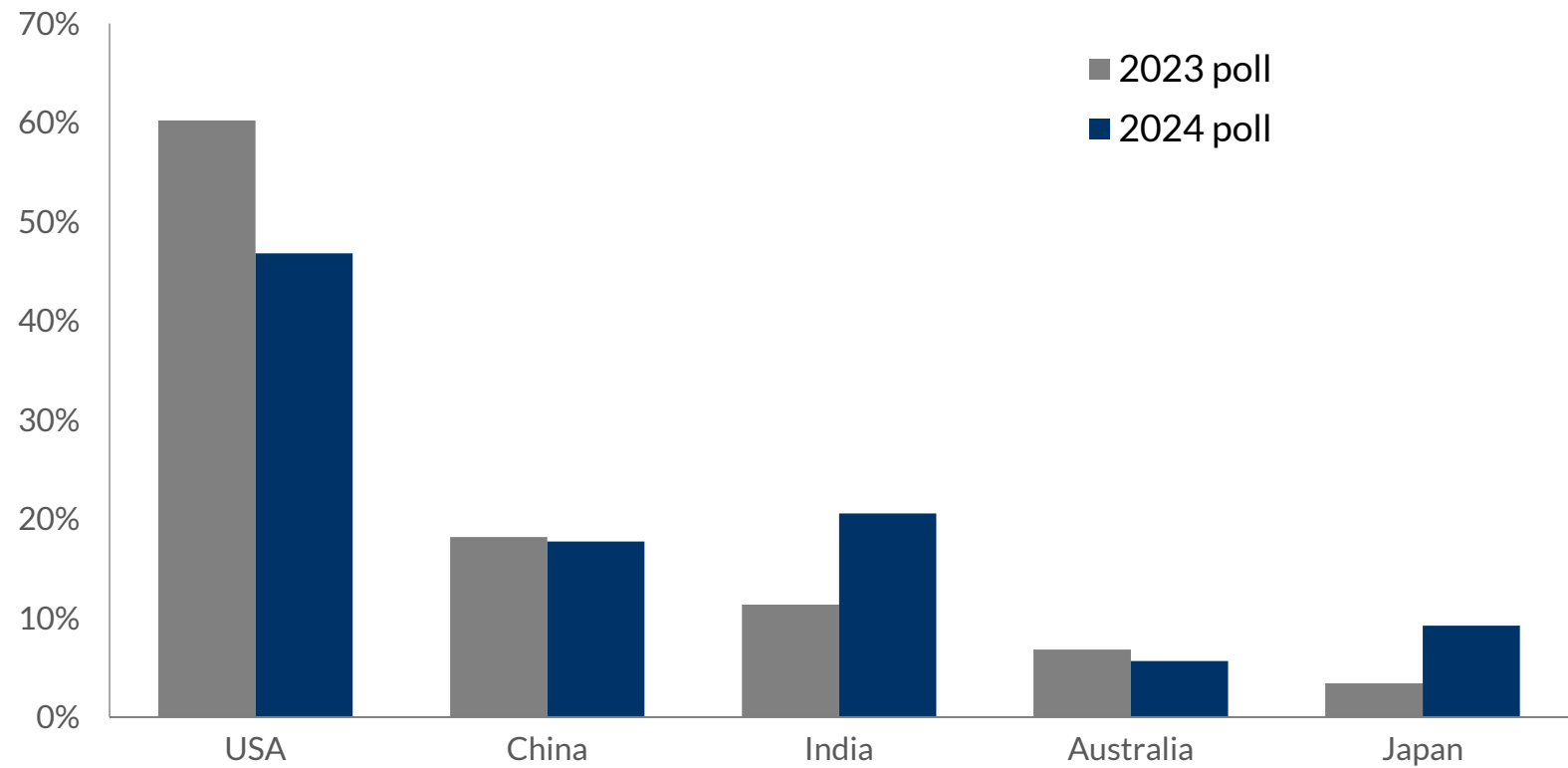
Source: Oxford Economics - webinar poll results, n=142

**Questions: Use the question panel**

# Previous poll results – January 2023

Which long-haul markets are you most optimistic about in the coming year?

% distribution



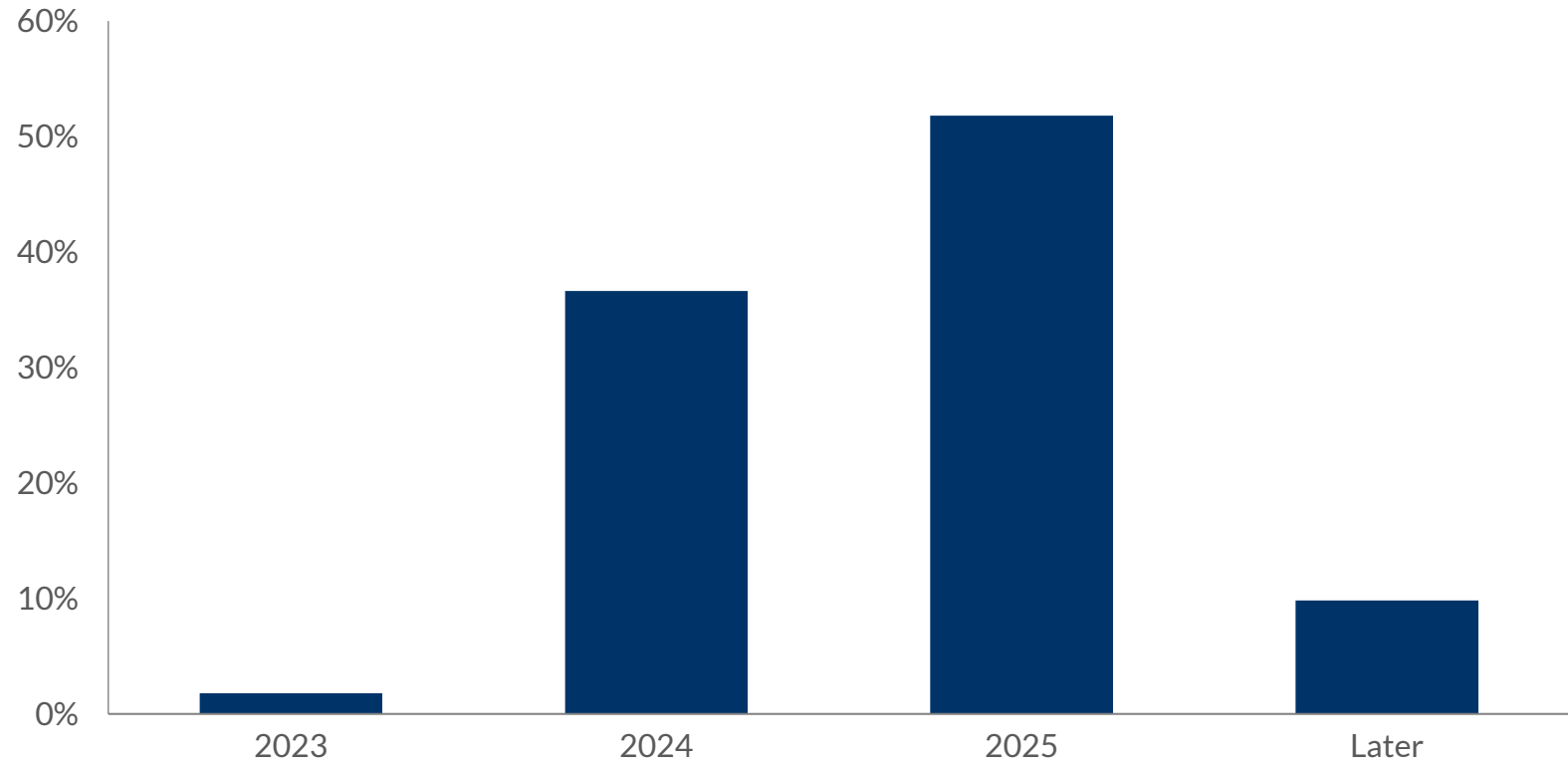
Source: Oxford Economics - webinar poll results, 2023 n=88 ; 2024 n=141

Questions: Use the question panel

# Previous poll results – January 2023

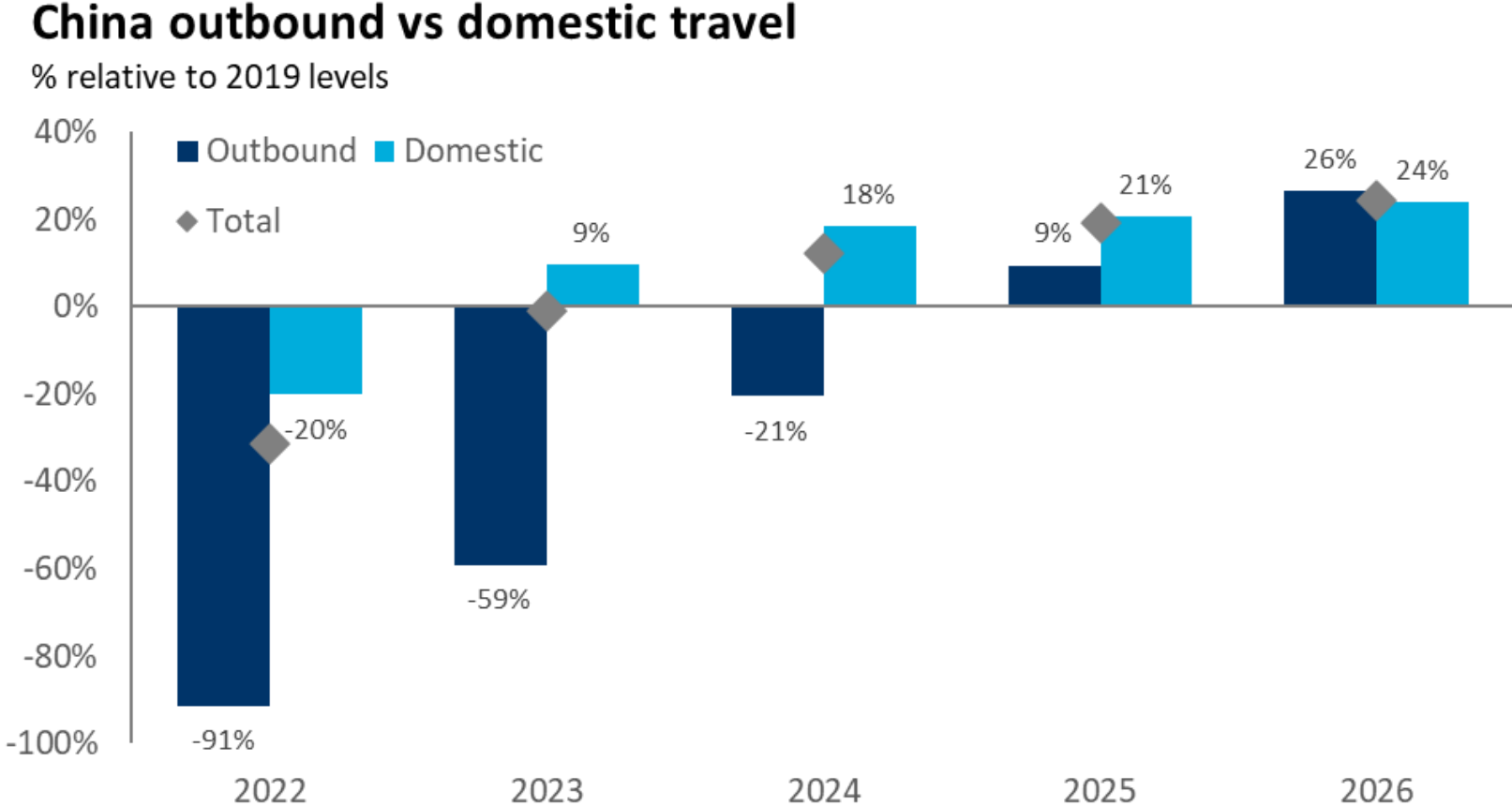
When do you expect Chinese travel to Europe to return to pre-pandemic peaks?

% distribution



Source: Oxford Economics - webinar poll results, n=112  
Questions: Use the question panel

# Outbound will start to catch up with domestic

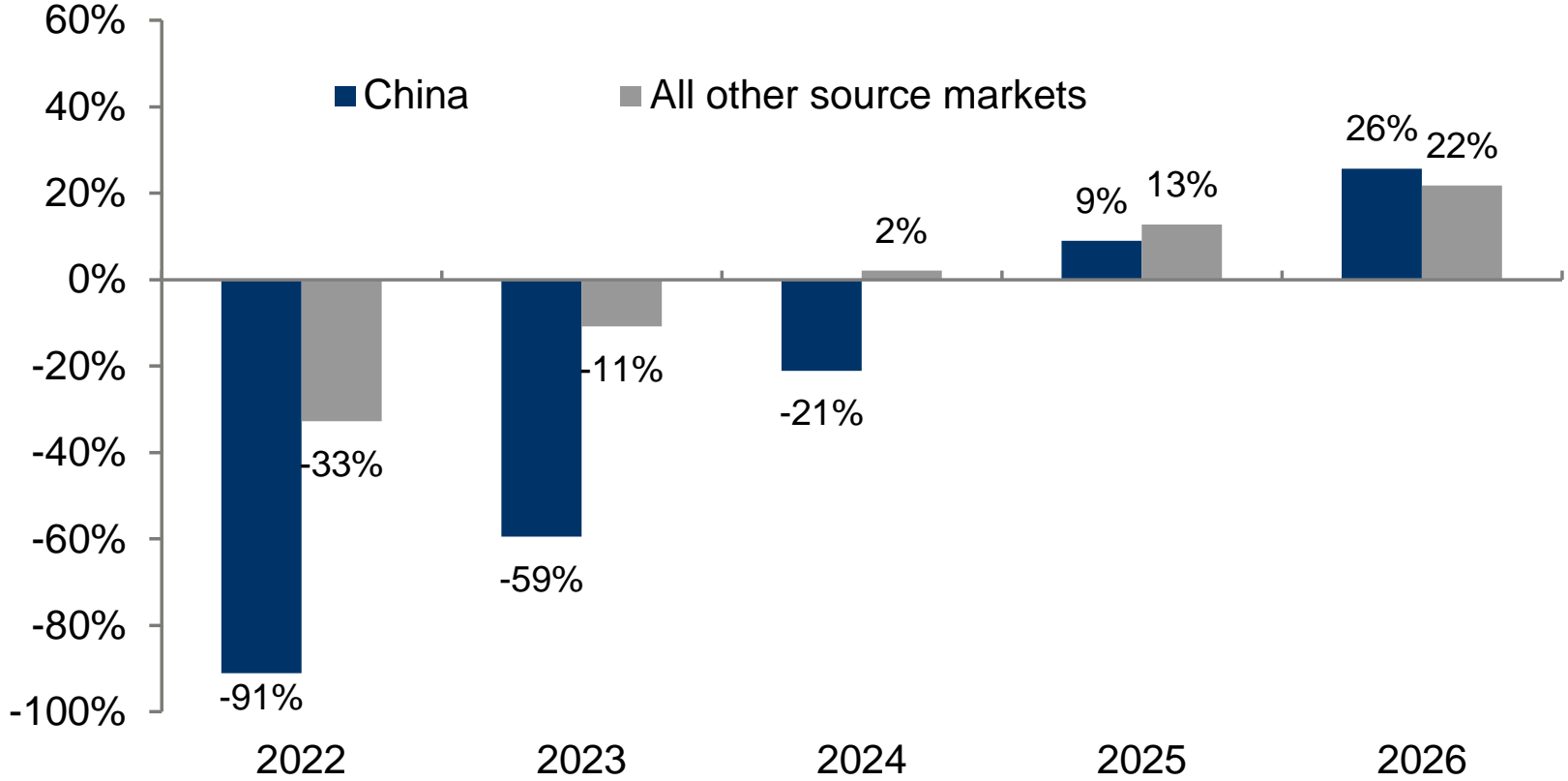


Questions: Use the question panel

# Chinese outbound to fully recover by 2025

## Outbound Visits to All Global Destinations

Per cent, relative to 2019 levels



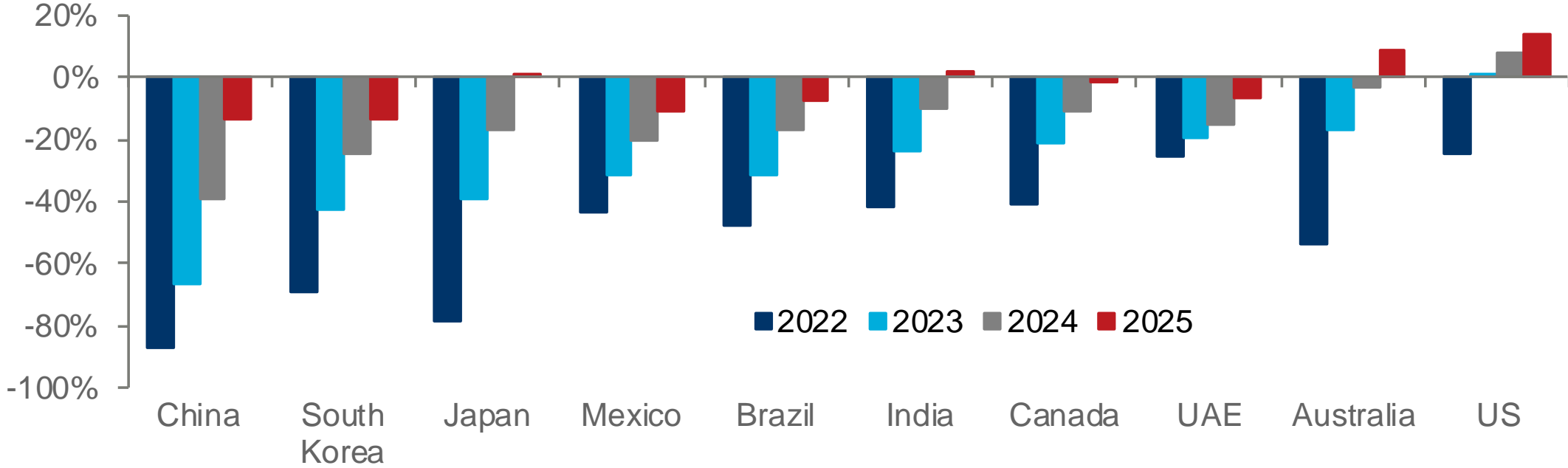
Source: Tourism Economics

Questions: Use the question panel

# China continues to lag behind other long-haul source markets

Recovery of outbound visits to Europe by key long-haul source markets

% relative to 2019



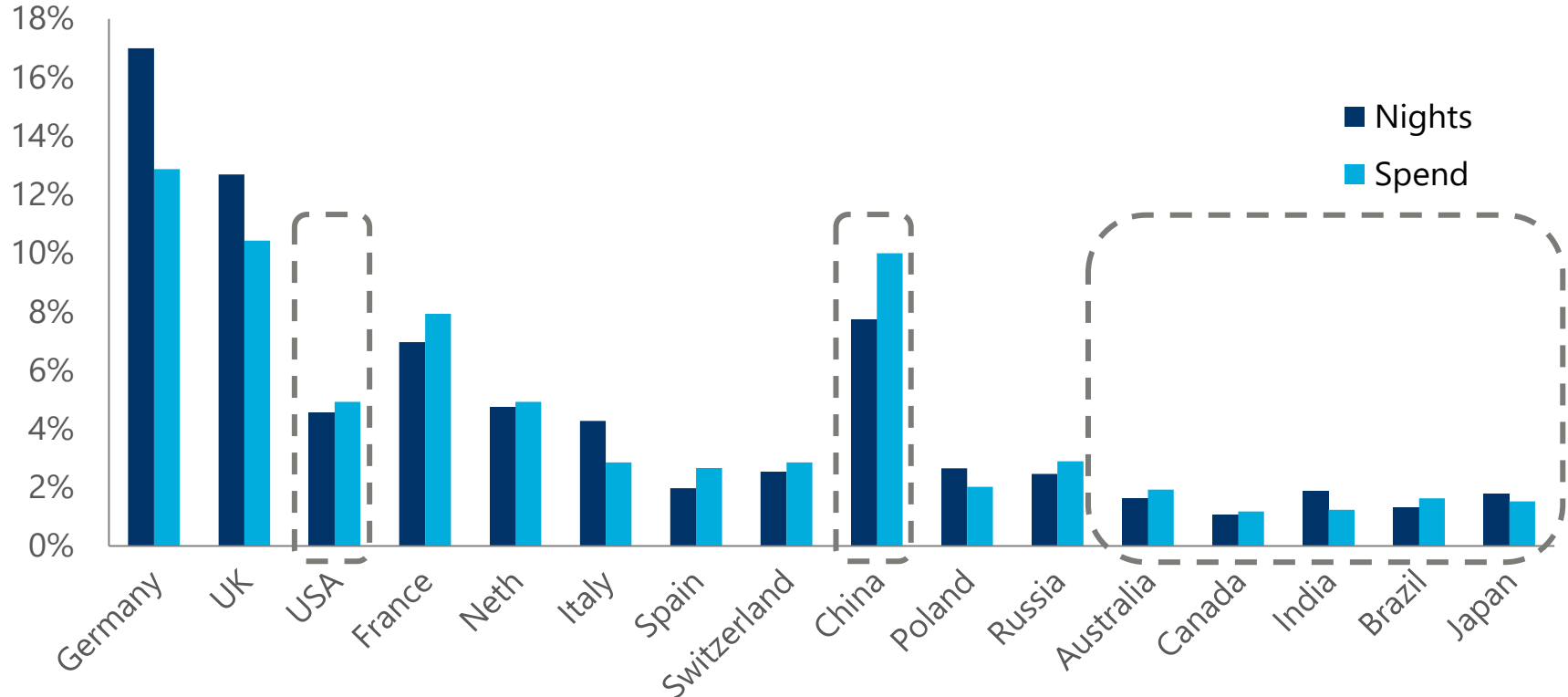
Source: Tourism Economics

Questions: Use the question panel

# Short-haul travel remains crucial

## W. Europe growth contribution by select source markets, 2024

% share of W. Europe overnights and spend growth by source market



Source: Oxford Economics

Questions: Use the question panel

# Overview

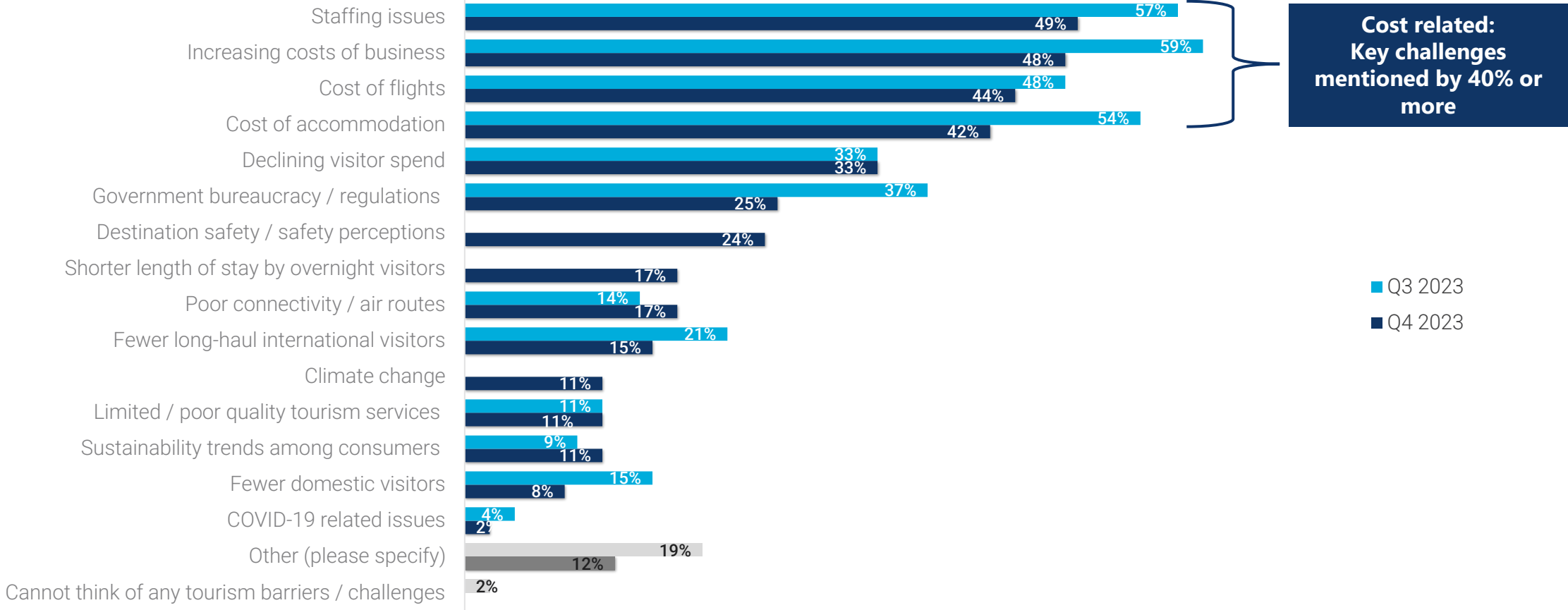
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**Questions: Use the question panel**

# Costs remain the biggest risks to the outlook, but are easing

Q: Which, if any, of the following are currently tourism barriers or challenges? (Top five barriers in your country) | Q4 2023: n=106, Q3 2023: n=120  
 Note: Changes were made to the questionnaire so not all response options can be compared against historic data

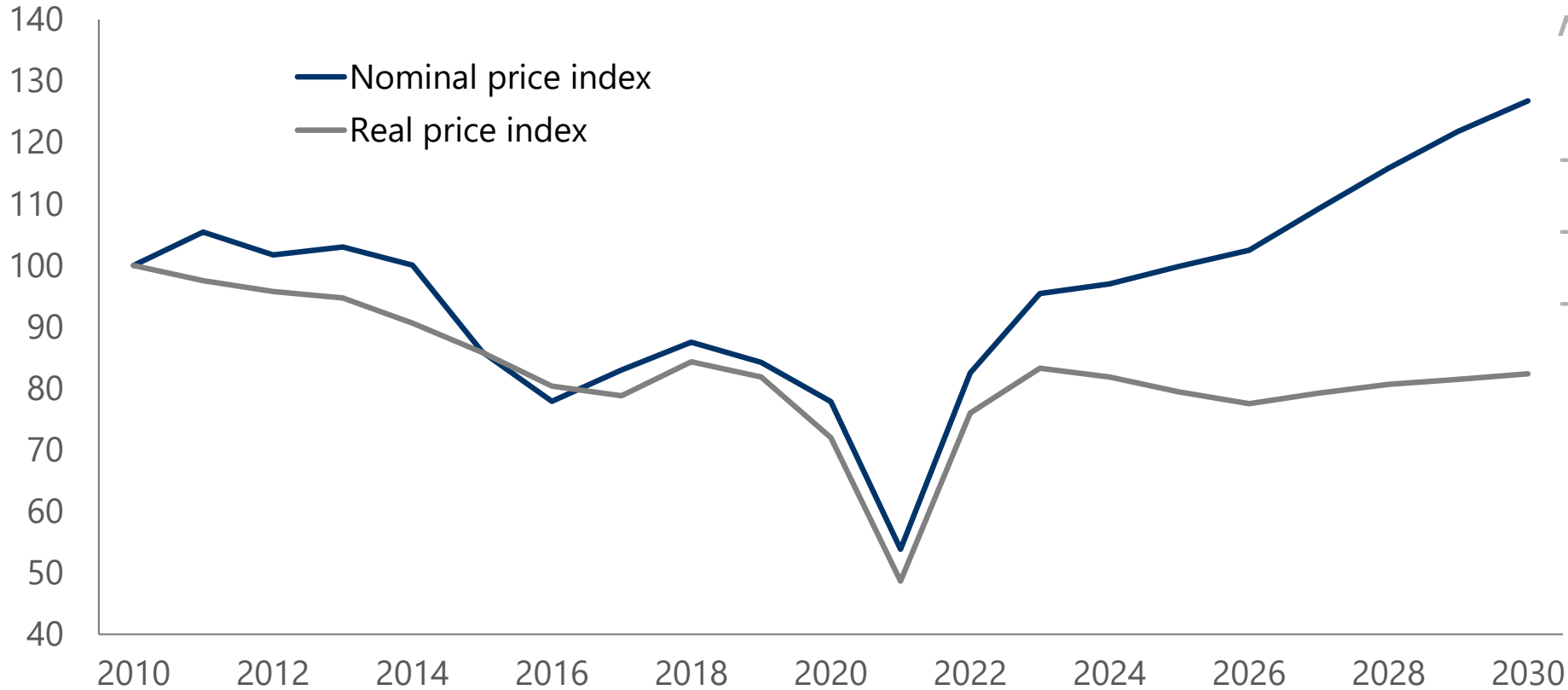


Questions: Use the question panel

# Travel prices are now seemingly plateauing

## W. Europe air fares trends and forecast expectation

2010=100



*CPI travel components across EU were up in 2023 relative to 2019:*

- +36% - flights
- +23% - accommodation
- +22% - packages

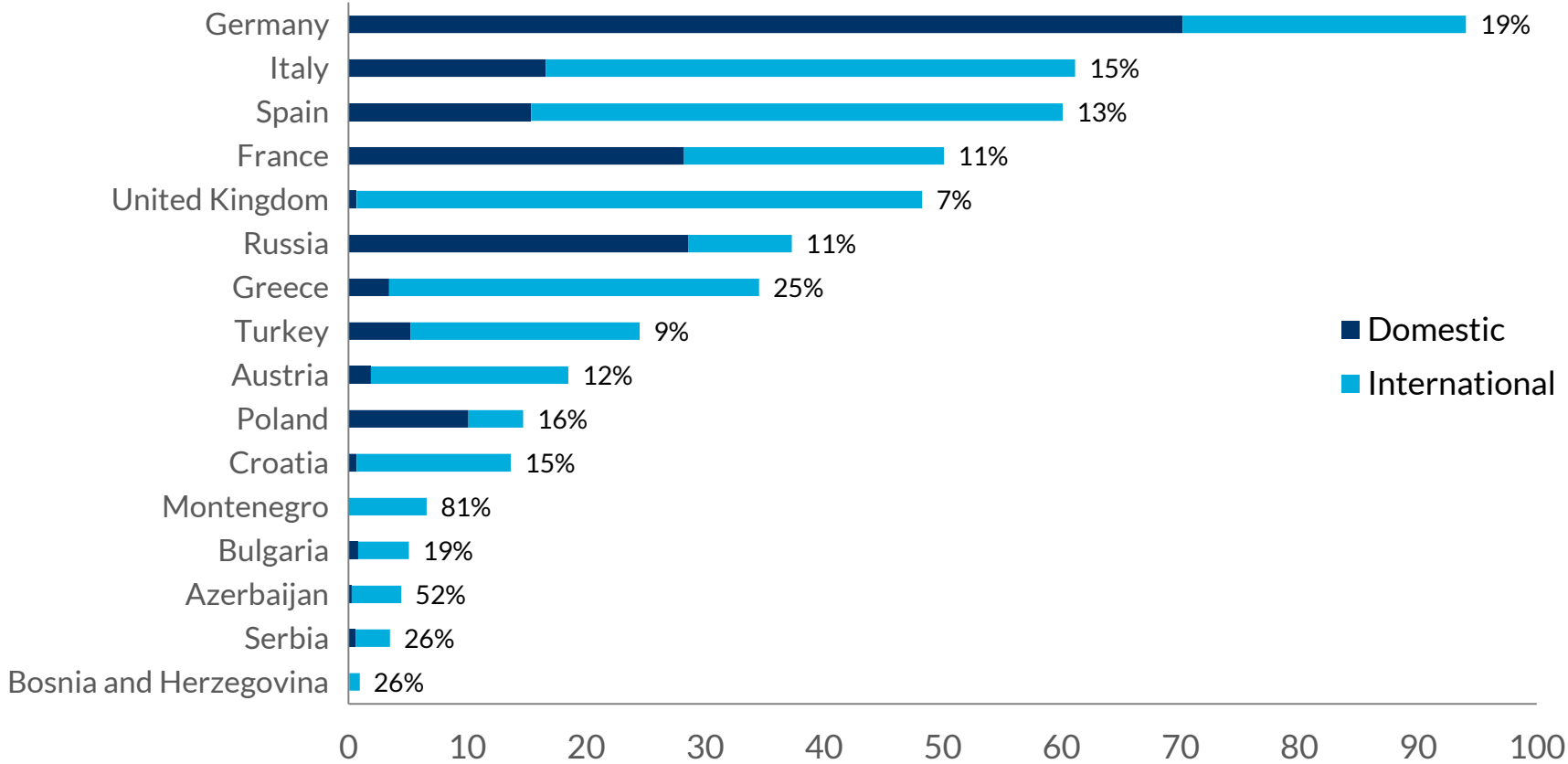
Source: Oxford Economics, IATA

Questions: Use the question panel

# International travel the key driver of growth

## Europe - selected growth destinations, 2023-25

Increase in nights in paid accommodation by country (% growth in labels)



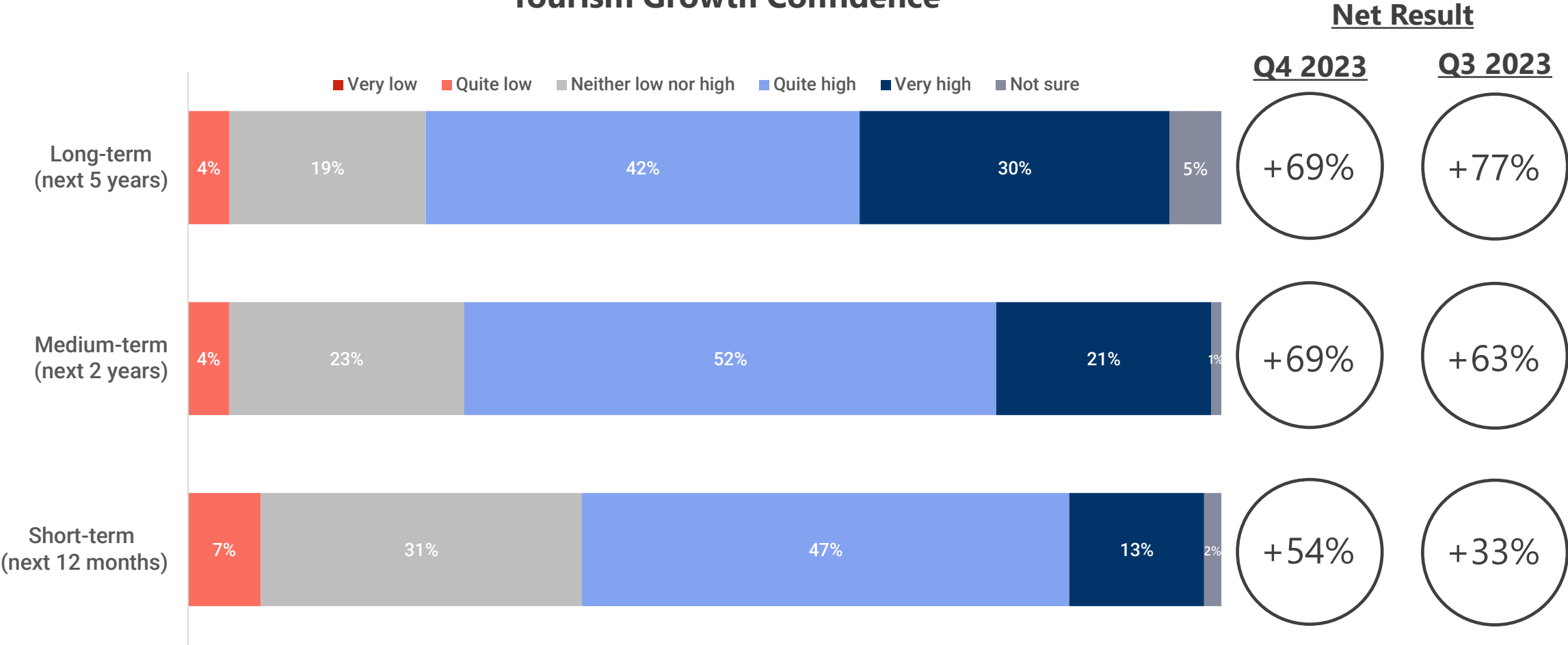
Source: Oxford Economics

Questions: Use the question panel

Millions nights

# Mounting optimism for growth across the industry

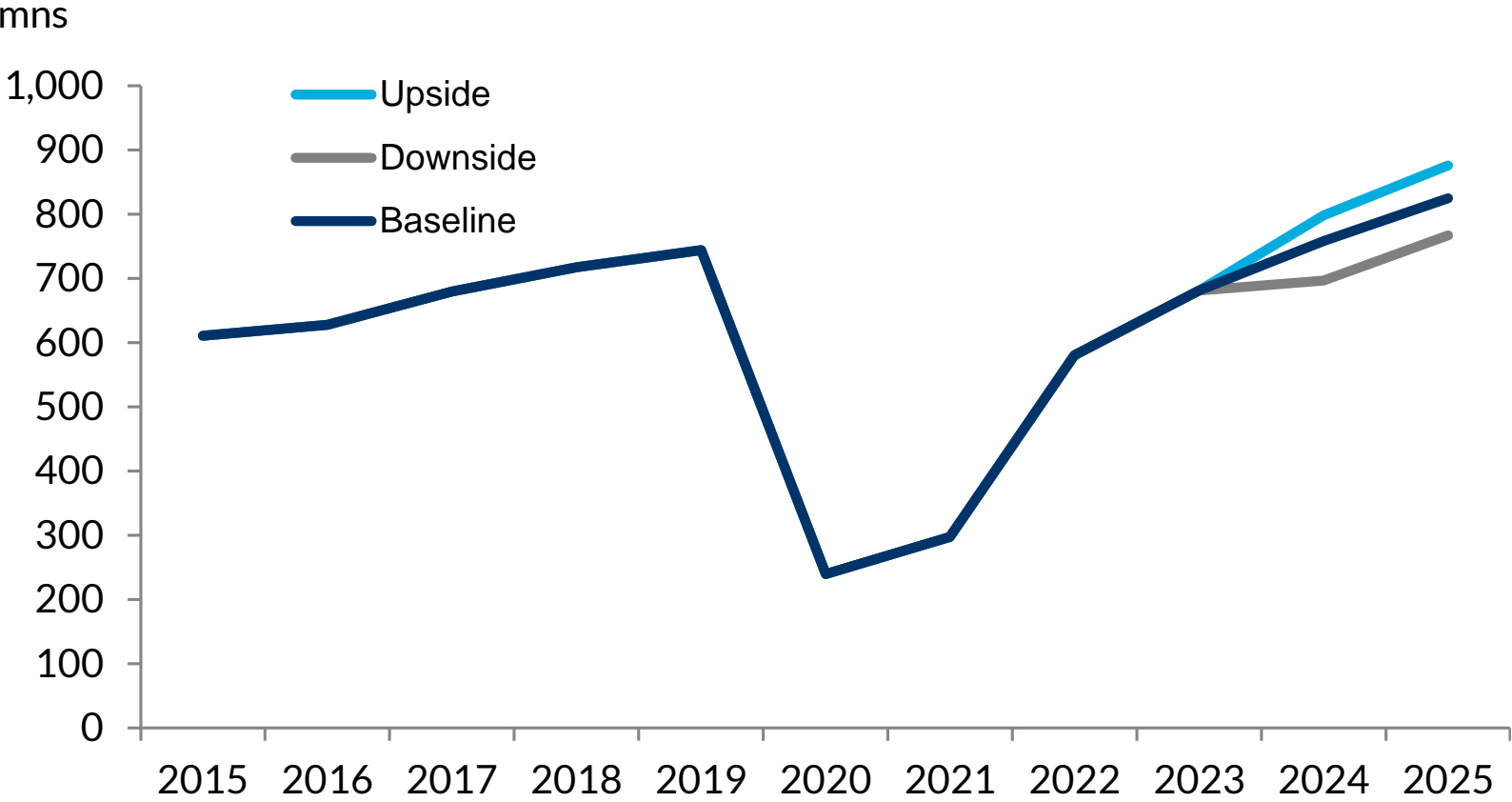
## Tourism Growth Confidence



Questions: Use the question panel

# Risk of growth pause in 2024 under adverse outcome

Europe international arrivals - range under economic scenarios



Source: Tourism Economics

Questions: Use the question panel

# Forecast summary – any questions?

	Inbound*				
	2021	2022	2023	2024	2025
data/estimate/forecast	d	e	f	f	f
<b>World</b>	<b>10.7%</b>	<b>106.1%</b>	<b>36.0%</b>	<b>17.4%</b>	<b>11.3%</b>
<b>Americas</b>	<b>22.2%</b>	<b>81.8%</b>	<b>25.8%</b>	<b>15.0%</b>	<b>8.1%</b>
North America	21.3%	78.8%	25.0%	15.8%	8.7%
Caribbean	80.3%	49.3%	15.2%	10.5%	7.2%
Central & South America	-8.6%	131.2%	36.5%	15.6%	6.9%
<b>Europe</b>	<b>23.9%</b>	<b>95.4%</b>	<b>17.3%</b>	<b>11.4%</b>	<b>8.8%</b>
ETC+2	19.9%	105.0%	16.6%	10.6%	7.8%
EU 27	14.0%	110.9%	16.9%	10.3%	7.6%
Non-EU	70.3%	46.8%	19.2%	16.0%	13.6%
Northern	-3.4%	184.2%	17.1%	9.4%	6.7%
Western	-5.0%	105.2%	17.2%	10.4%	6.4%
Southern/Mediterranean	58.8%	91.8%	15.6%	9.4%	6.6%
Central/Eastern	30.3%	39.6%	22.4%	22.3%	21.7%
-Central & Baltic	11.6%	103.4%	20.2%	12.9%	12.6%

\* Inbound is based on the sum of the country overnight tourist arrivals and includes intra-regional flows

The geographies of Europe are defined according to UNWTO regional definitions as described in the quarterly European Tourism: Trends and Prospects reports. ETC+2 is defined as all ETC members plus Sweden and the UK.

Source: Tourism Economics based on GTS as of 15.12.2023

**Questions: Use the question panel**

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### Paris

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