



TOURISM
ECONOMICS
AN OXFORD ECONOMICS COMPANY

EUROPEAN
TRAVEL
COMMISSION

EUROPEAN TRAVEL TRENDS & PROSPECTS Q2 2024

June 2024

Chloe Parkins – Senior Economist, Tourism Economics

Alexander Robinson – Director, Industry Partners, STR



STR



CoStar™



Overview

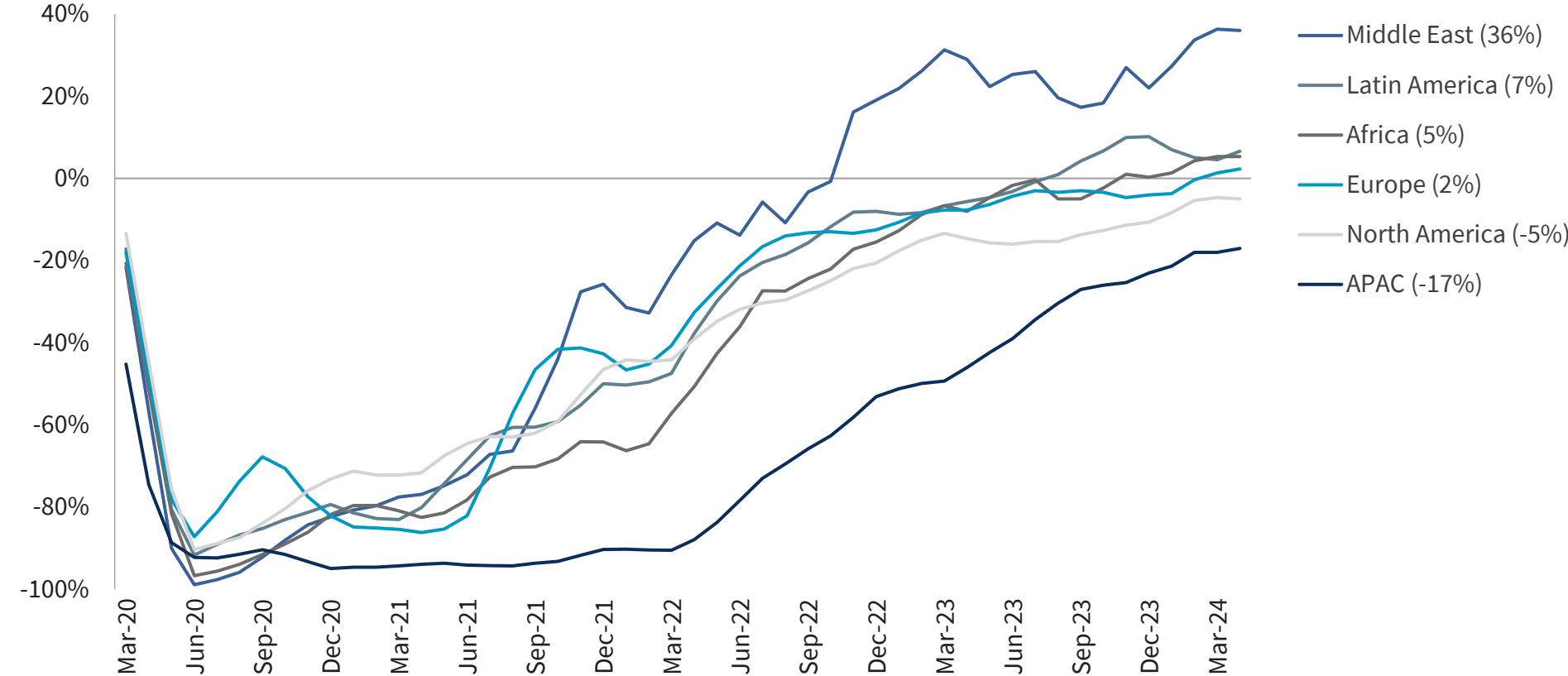
- Cautious optimism for 2024
- Economic trends improving this year
- European hotel performance: from recovery to growth
- Travel to return to normal trends, but some rebalancing remains

Questions: Use the question panel

International travel recovery continues into 2024

International Tourist Arrivals by World Region

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



Source: UN Tourism

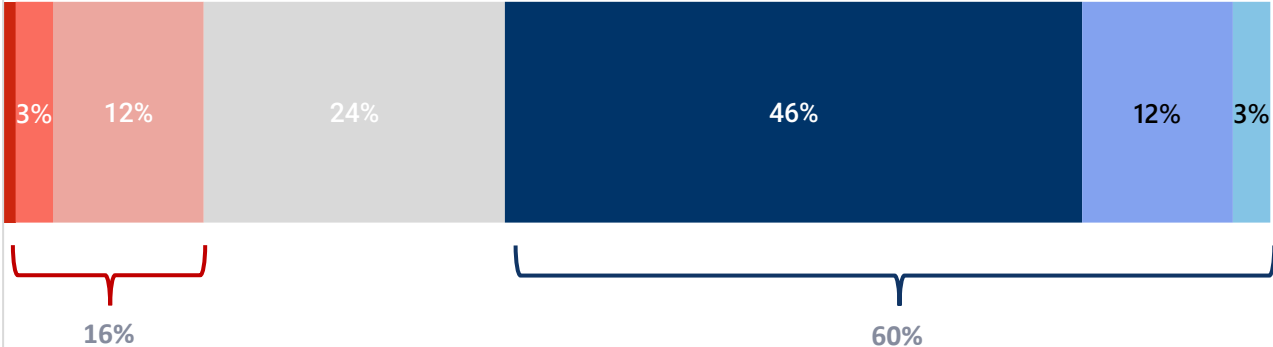
Questions: Use the question panel

Optimism remains for travel and hospitality in 2024

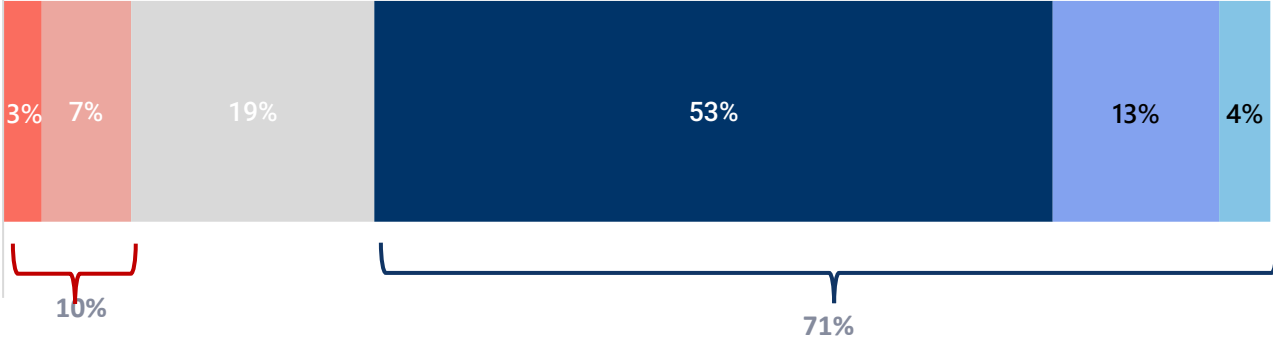
Outlook: Next 12 Months

- Decrease: 11%+
- Decrease: 6%-10%
- Decrease: 1%-5%
- On par with 2023
- Increase: 1%-5%
- Increase: 6%-10%
- Increase: 11%+
- Not sure

Hotel occupancy
(% change in relative terms)



Visitor numbers
(% change in relative terms)



Questions: Use the question panel

Net Result

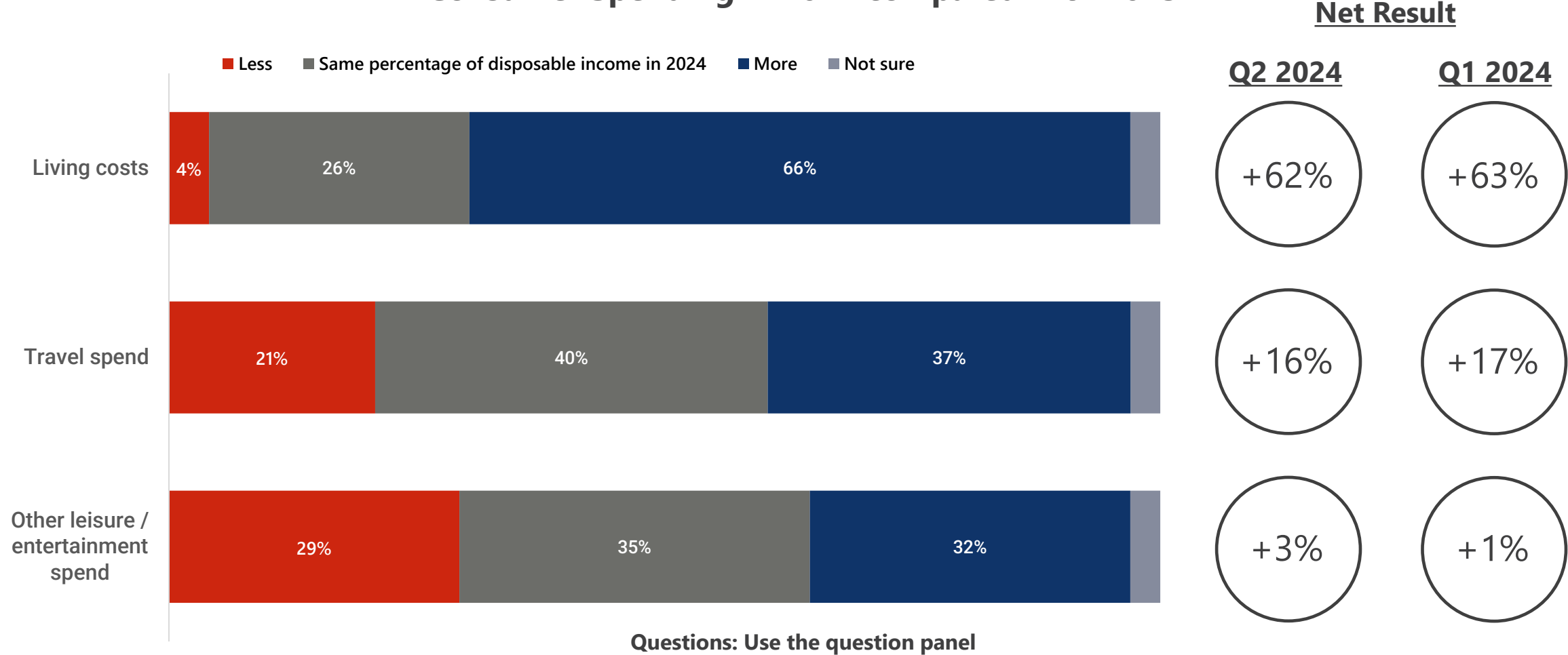
Q2 2024

Q1 2024



Travel is still being prioritised over other leisure spending

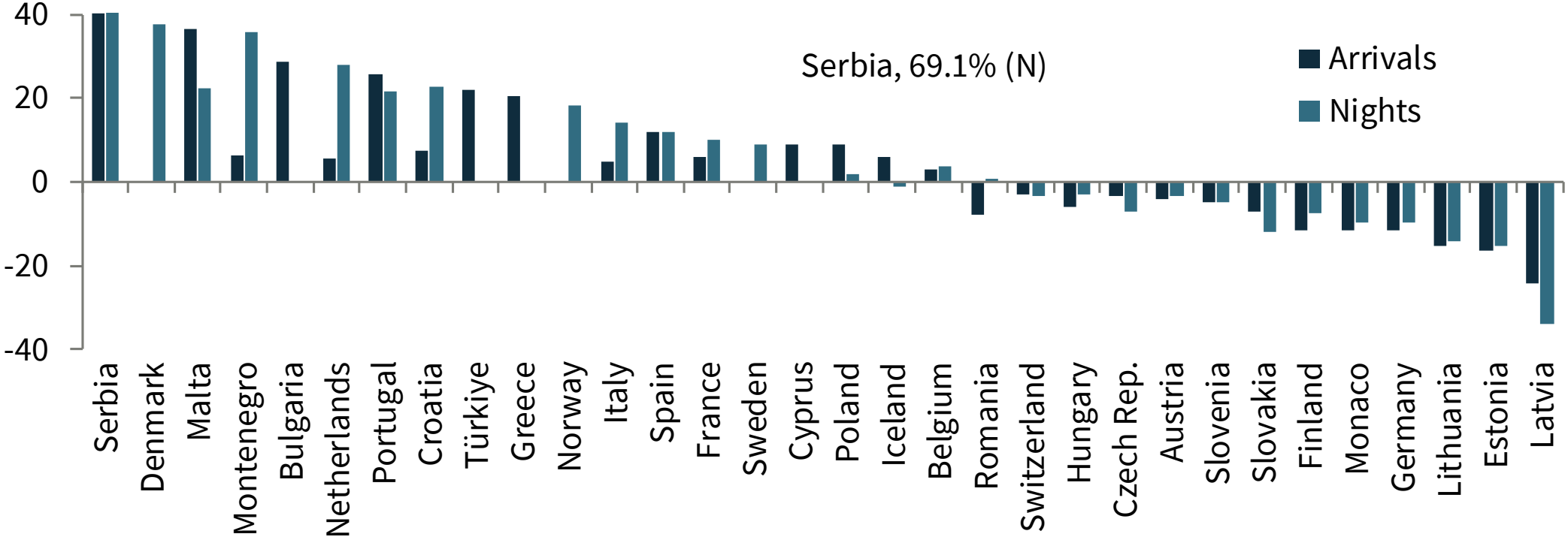
Consumer Spending in 2024 compared with 2023



Majority of reporting countries have at least one metric back in growth territory...

Foreign visits and overnights to select destinations

2024 year-to-date*, % change relative to 2019 levels



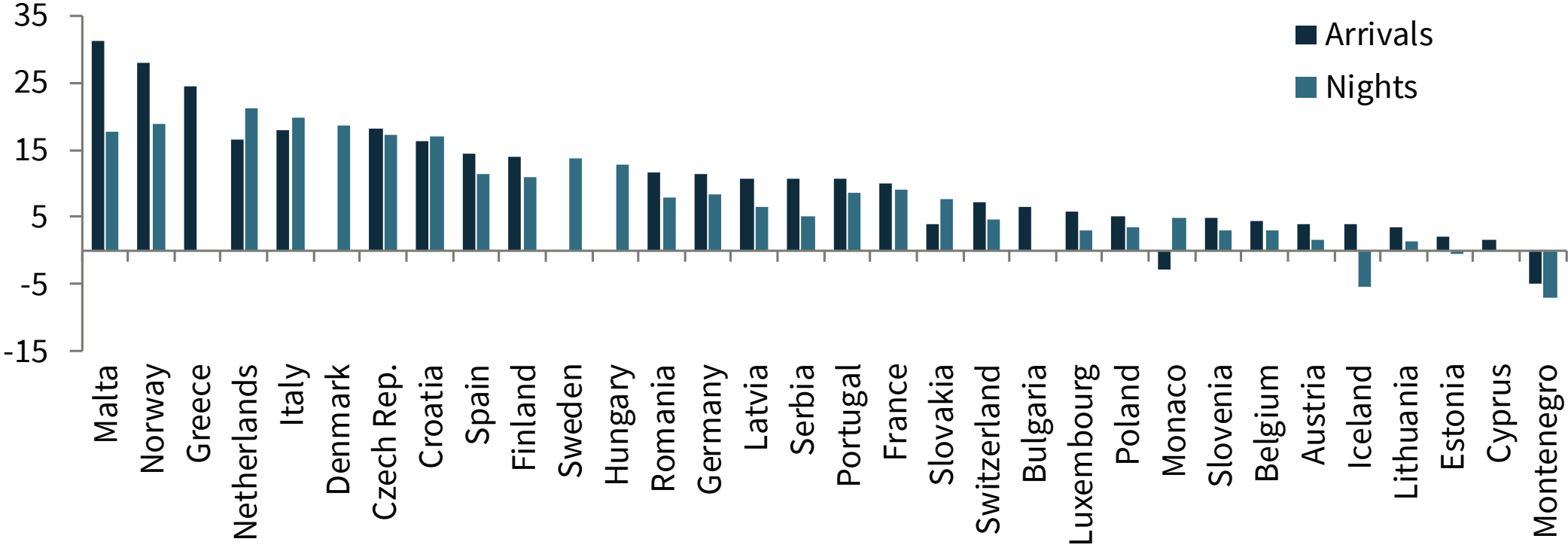
Source: TourMIS* *date varies (Jan-Apr) by destination

Questions: Use the question panel

...with the year-on-year outlook even more upbeat

Foreign visits and overnights to select destinations

2024 year-to-date*, % year



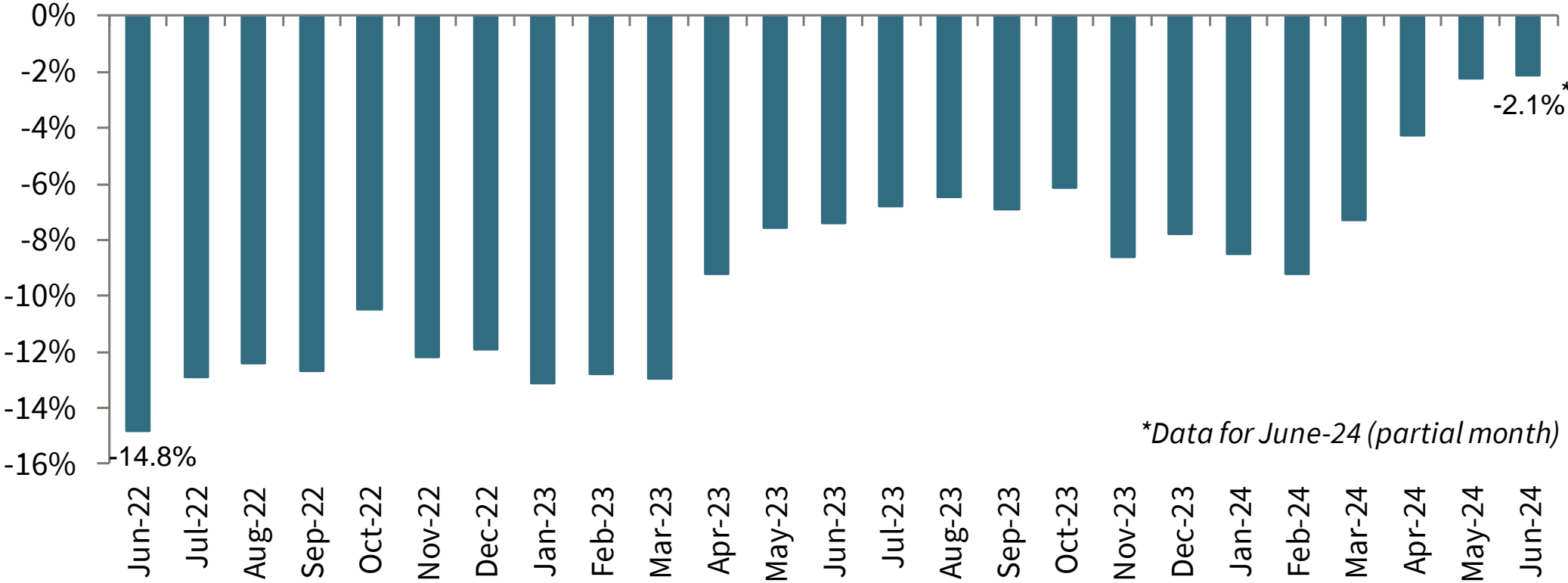
Source: TourMIS* *date varies (Jan-Apr) by destination

Questions: Use the question panel

Recovery in European air travel has made a great improvement but still has a bit to go

Europe: Air traffic - total network manager area

% vs 2019, 7-day moving average



*Data for June-24 (partial month)

Source: Eurocontrol

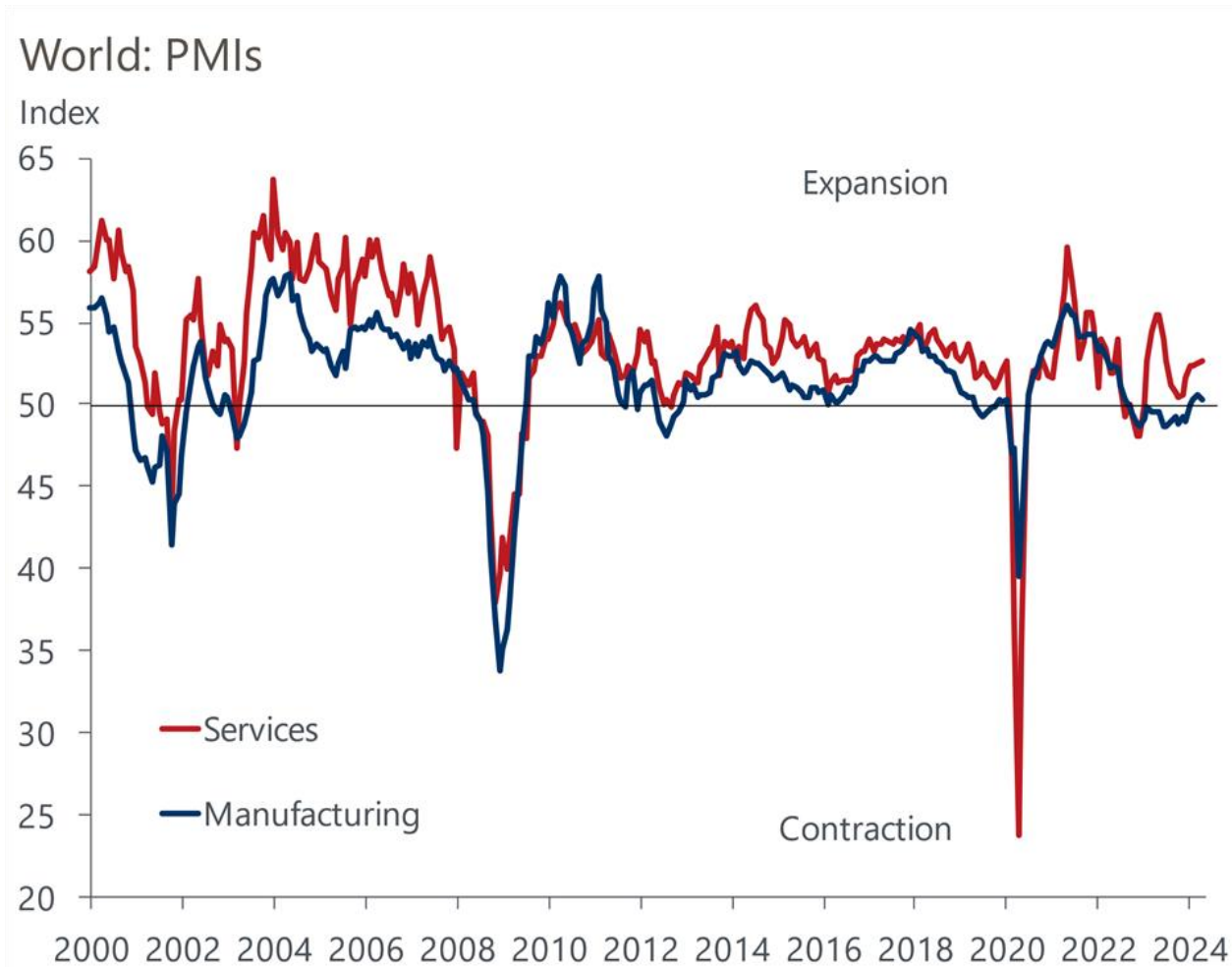
Questions: Use the question panel

Overview

- Cautious optimism for 2024
- Economic trends improving this year
- European hotel performance: from recovery to growth
- Travel to return to normal trends, but some rebalancing remains

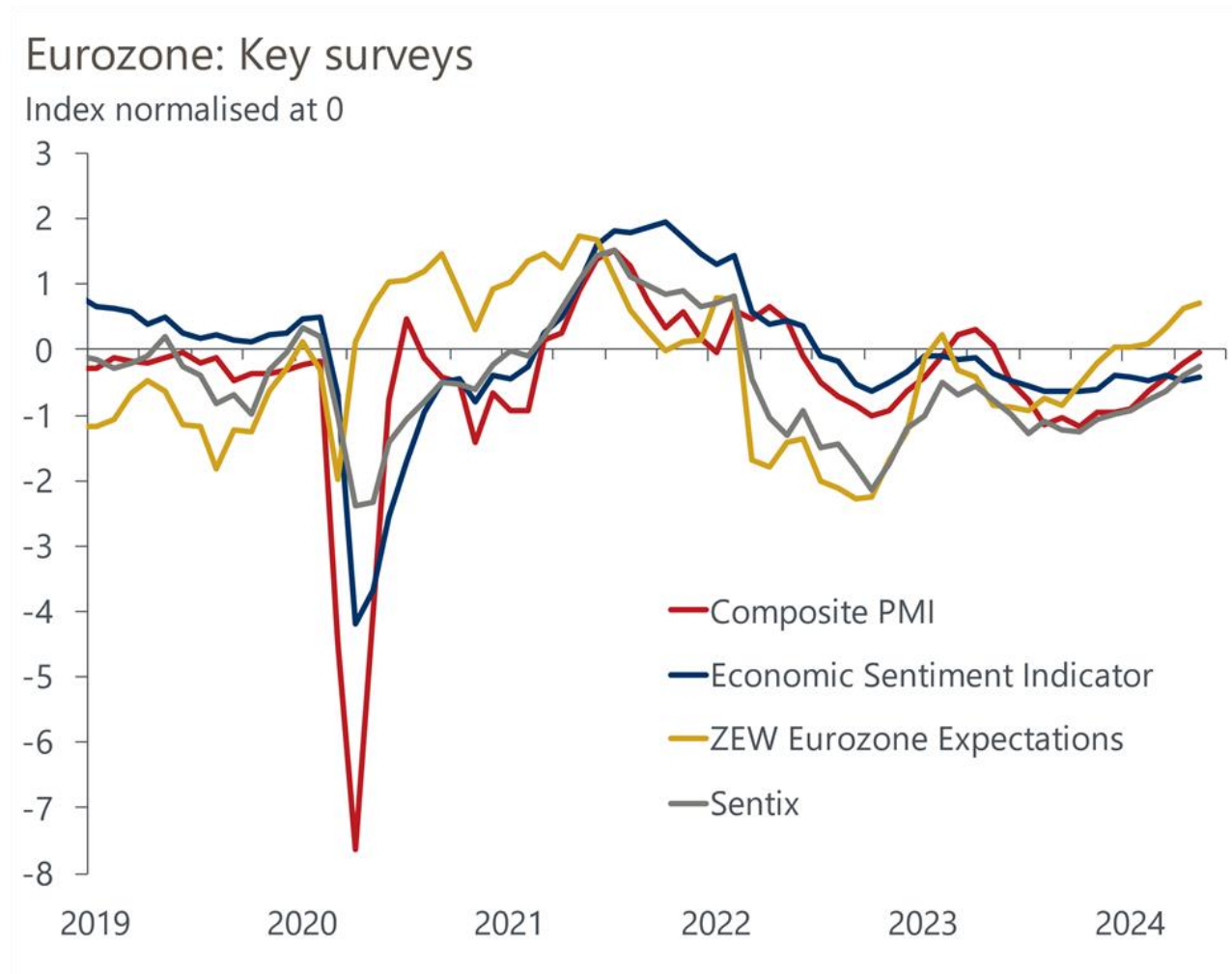
Questions: Use the question panel

Business surveys continue to point to steady near-term growth



Questions: Use the question panel

Eurozone surveys have been improving...

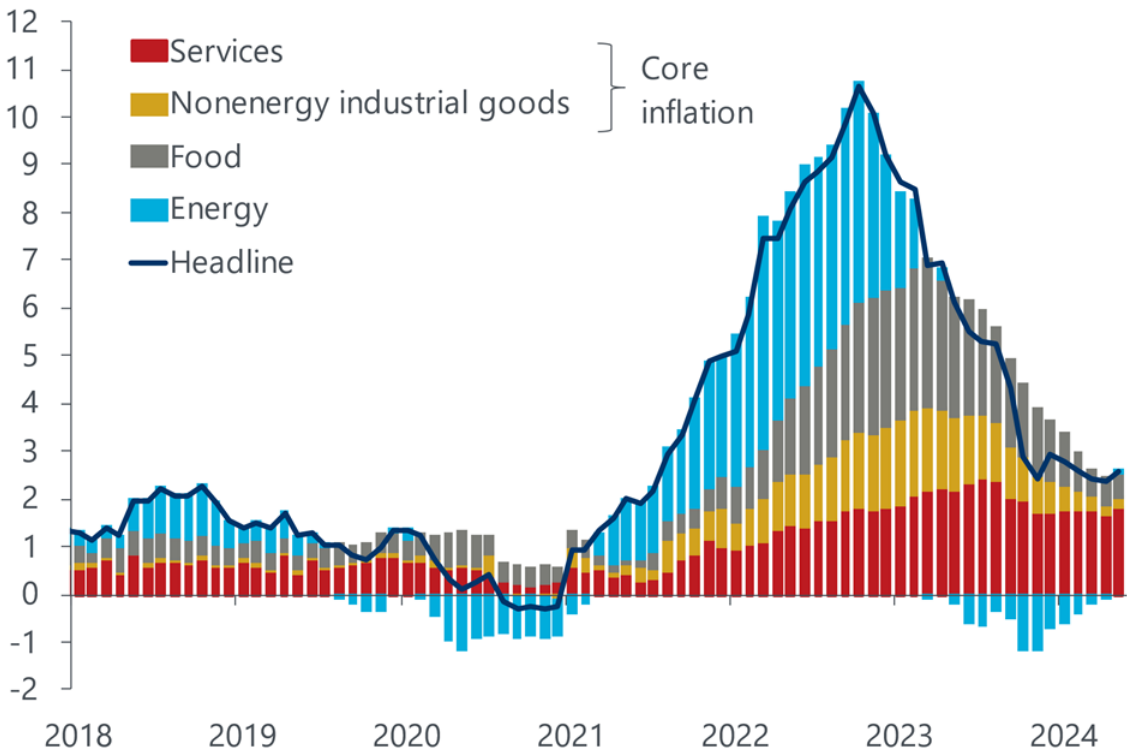


Questions: Use the question panel

...and disinflation is continuing

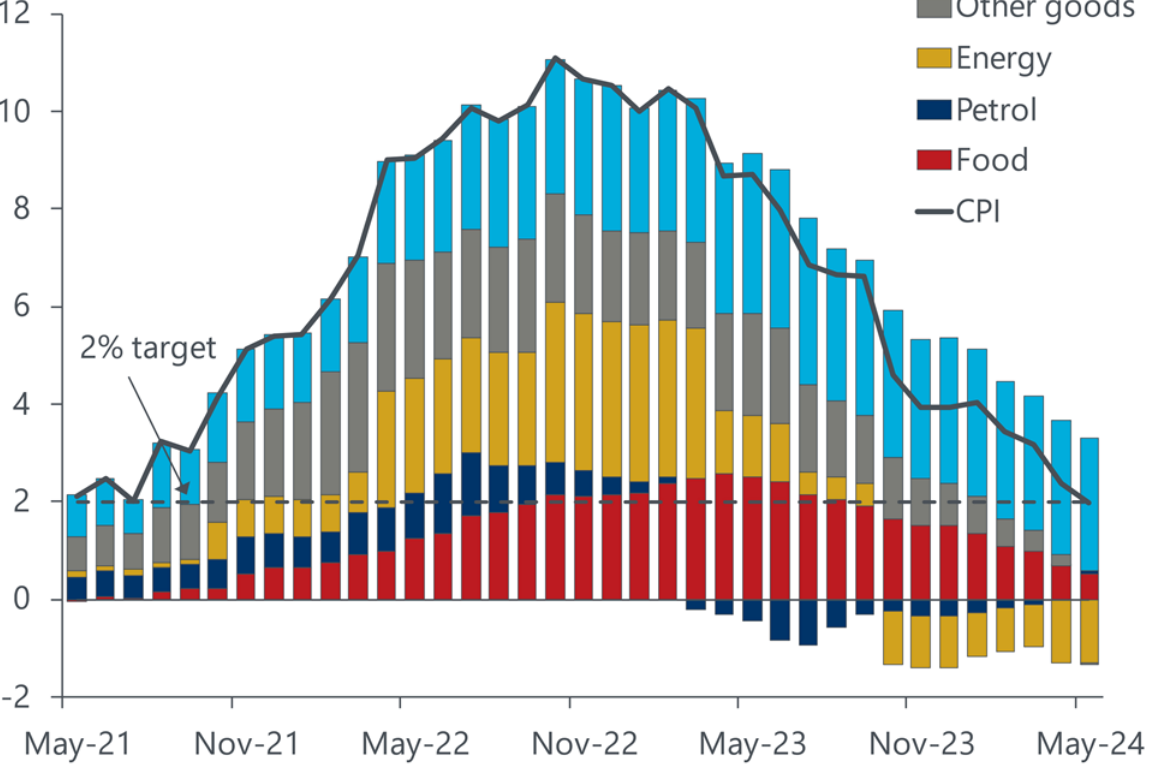
Eurozone: Headline inflation breakdown

% y/y & pp contribution



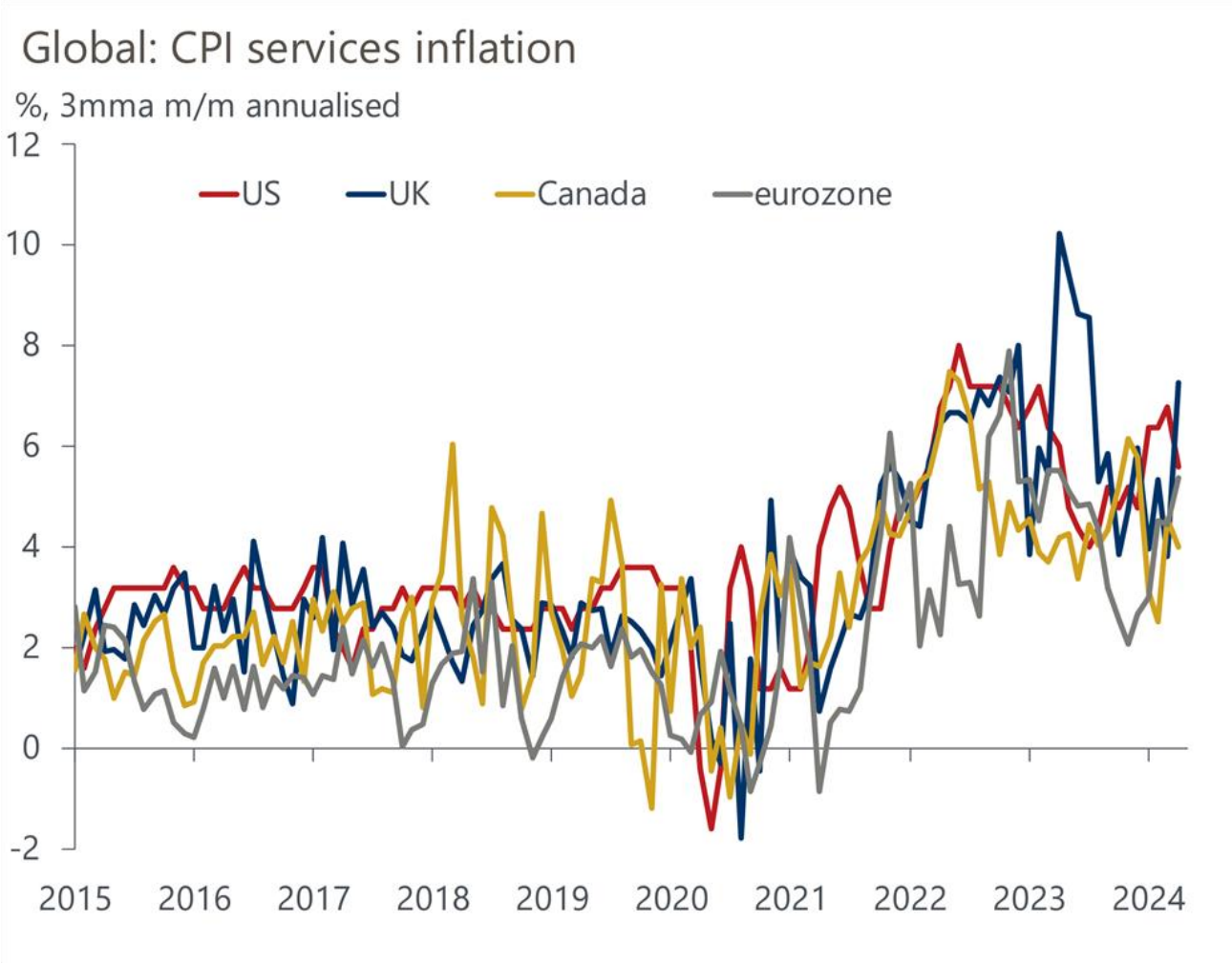
UK: Contributions to CPI inflation

%pts



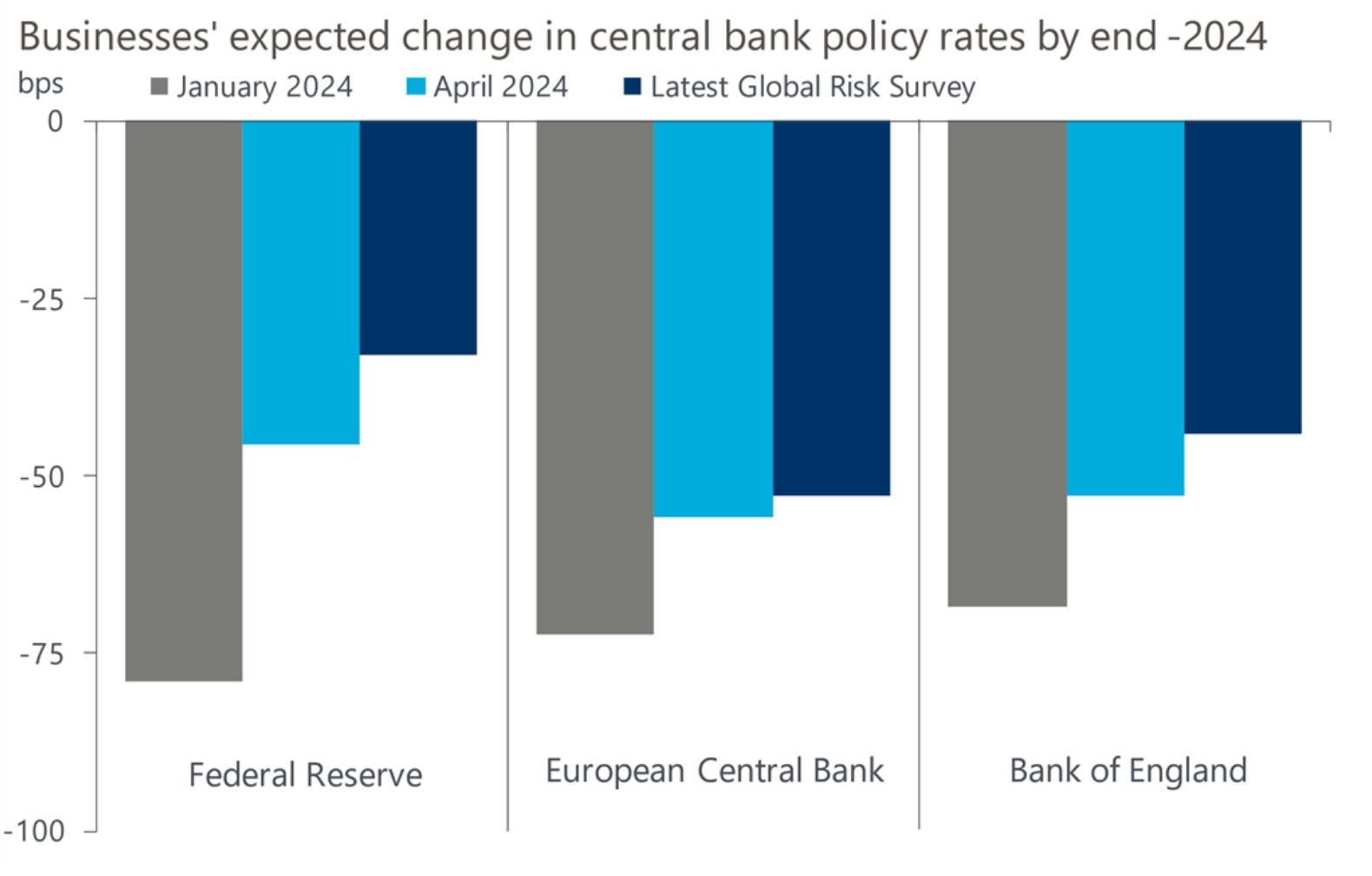
Questions: Use the question panel

Higher services inflation hasn't discouraged rate cuts in the eurozone...



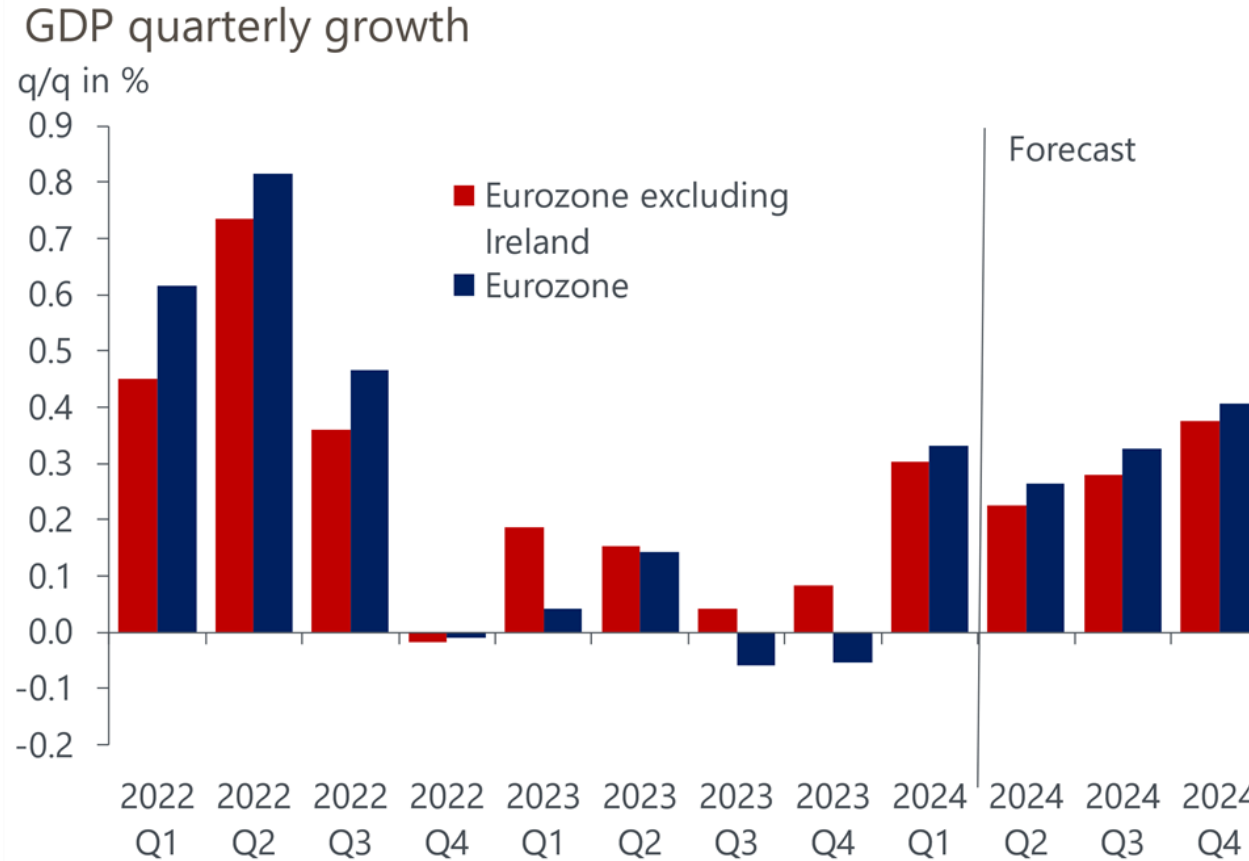
Questions: Use the question panel

...However, businesses have pared back their expectations of central bank policy easing



Questions: Use the question panel

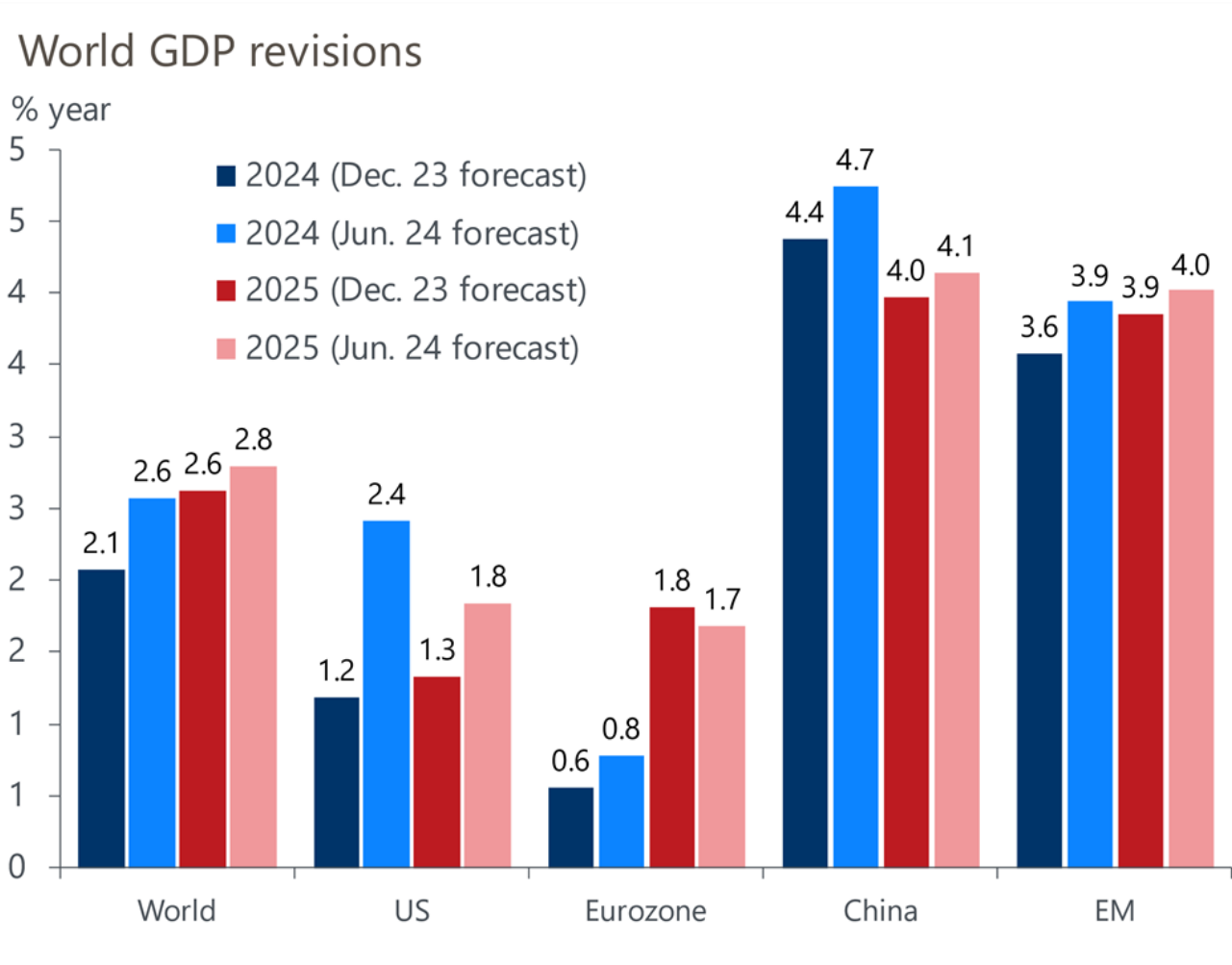
Despite that, economic recovery will gain pace this year..



Excluding Ireland given large distortions to national accounts

Questions: Use the question panel

...but will continue to lag behind the US

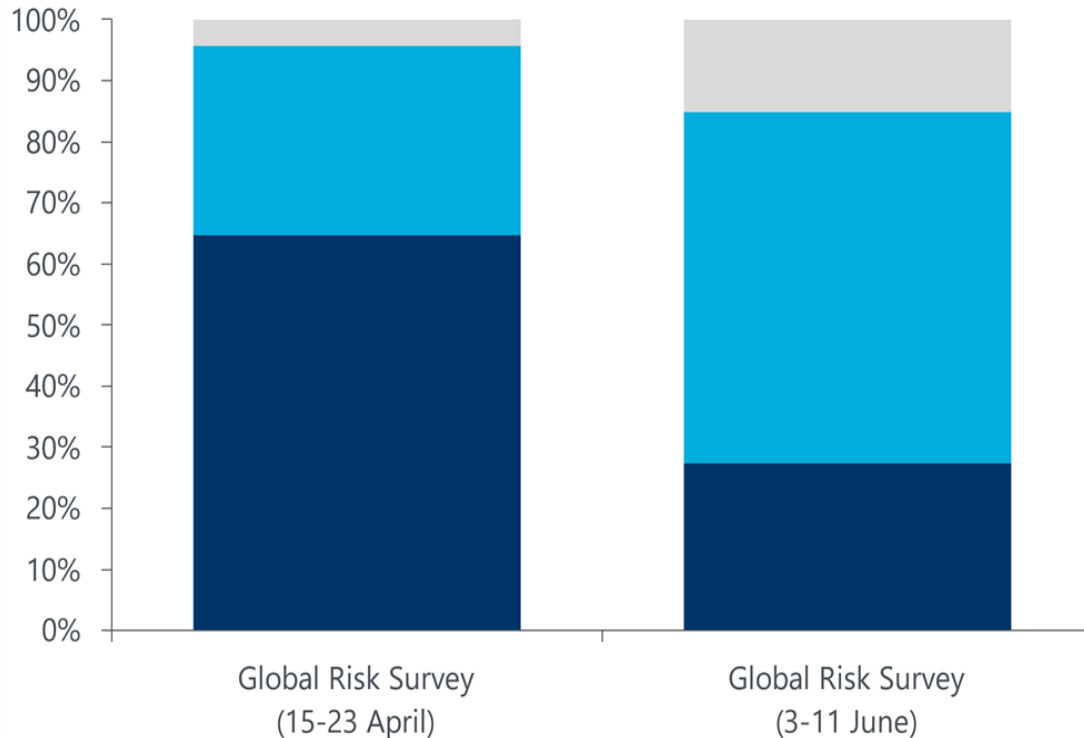


Questions: Use the question panel

Risks have changed markedly over the course of this year

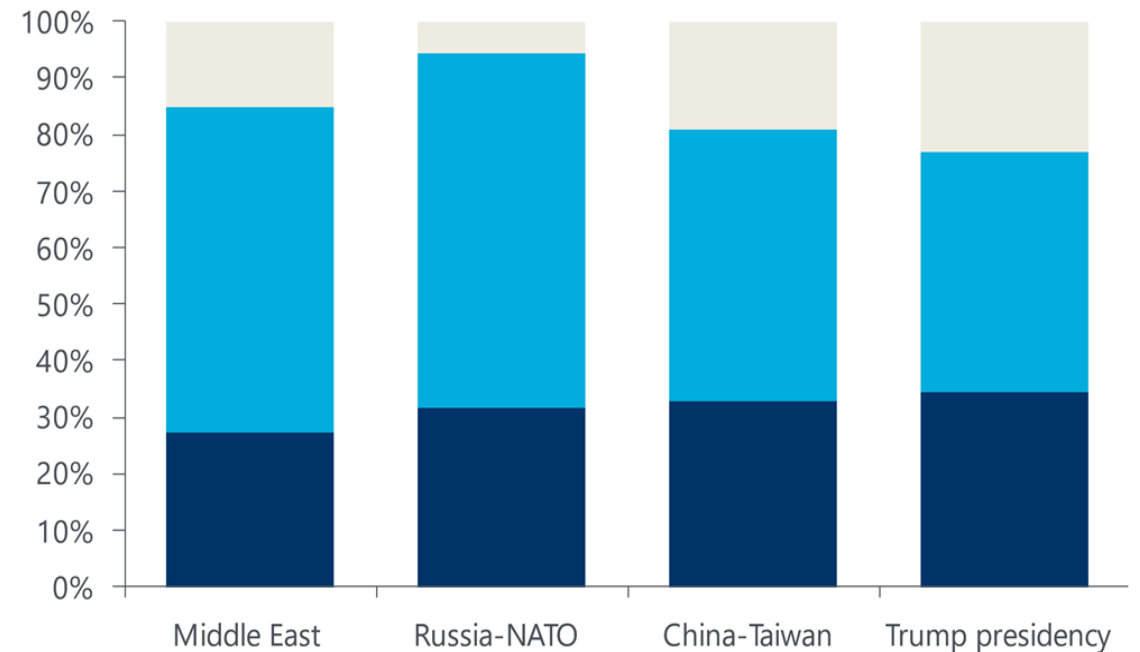
How serious a risk is the Middle East to the global economy over the next two years?

Percentage of respondents ■ Very significant ■ Significant ■ Not significant



How serious are the following geopolitical risks to the global economy over the next two years?

Percentage of respondents in latest Global Risk Survey ■ Very significant ■ Significant ■ Not significant



Questions: Use the question panel

Overview

- Cautious optimism for 2024
- Economic trends improving this year
- European hotel performance: from recovery to growth
- Travel to return to normal trends, but some rebalancing remains

Questions: Use the question panel



European Hotel performance: from recovery to growth

June 2024

Alex Robinson | Director – Industry Partners



Which questions are top of mind for owners and investors?

From recovery to growth, what should we anticipate?

Which are the primary drivers of growth?

Who wins in an Olympic year?

What will shape the forecast in 2024?

Have pipelines & transactions adjusted?

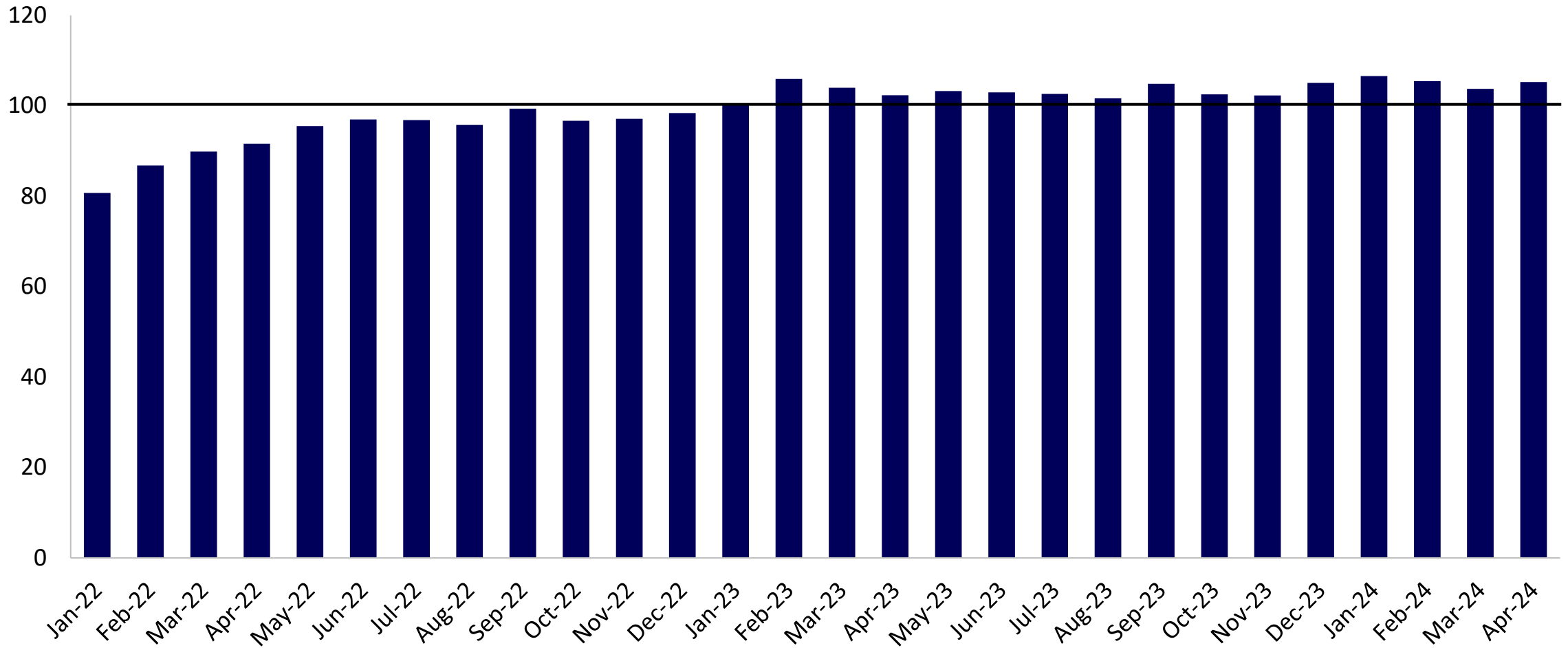


From recovery to growth: a global view



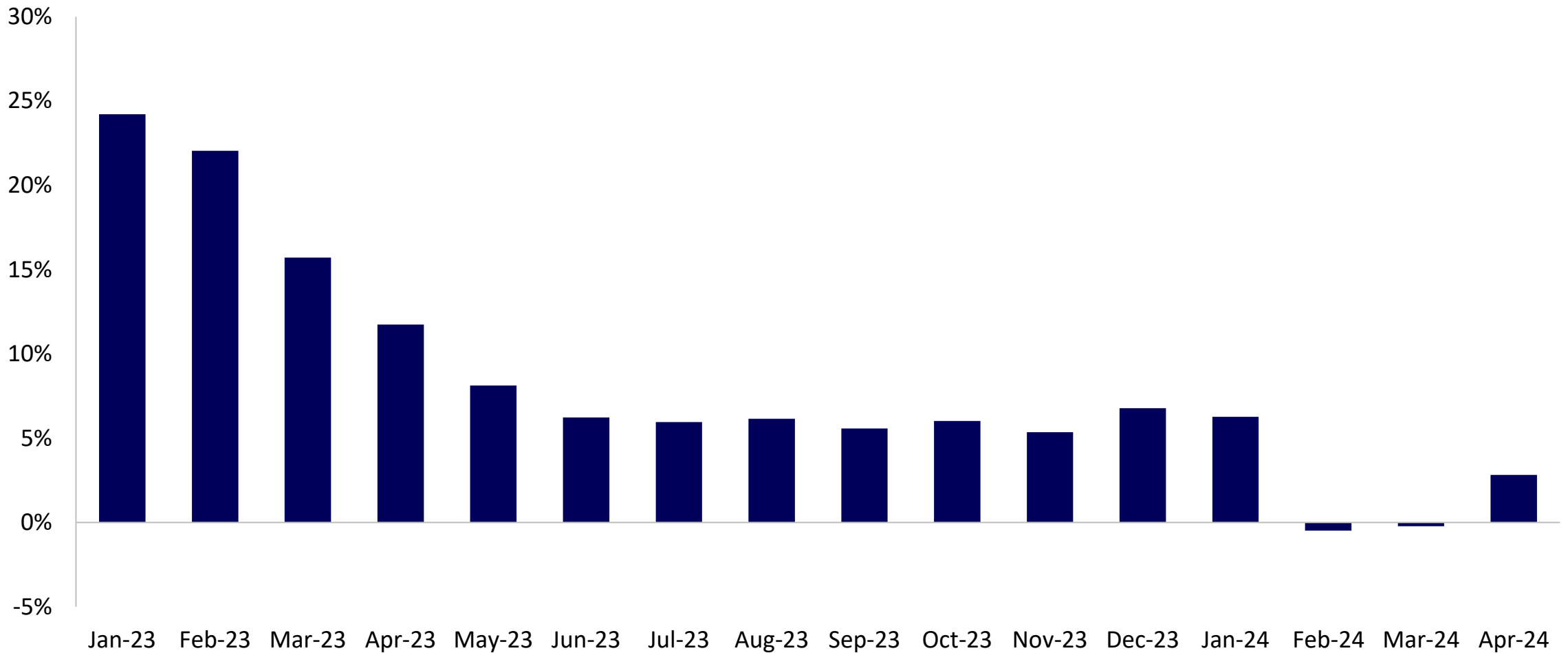
We are selling more rooms over the last 16 months than in 2019

Global demand indexed to 2019, Jan 2022 – Apr 2024



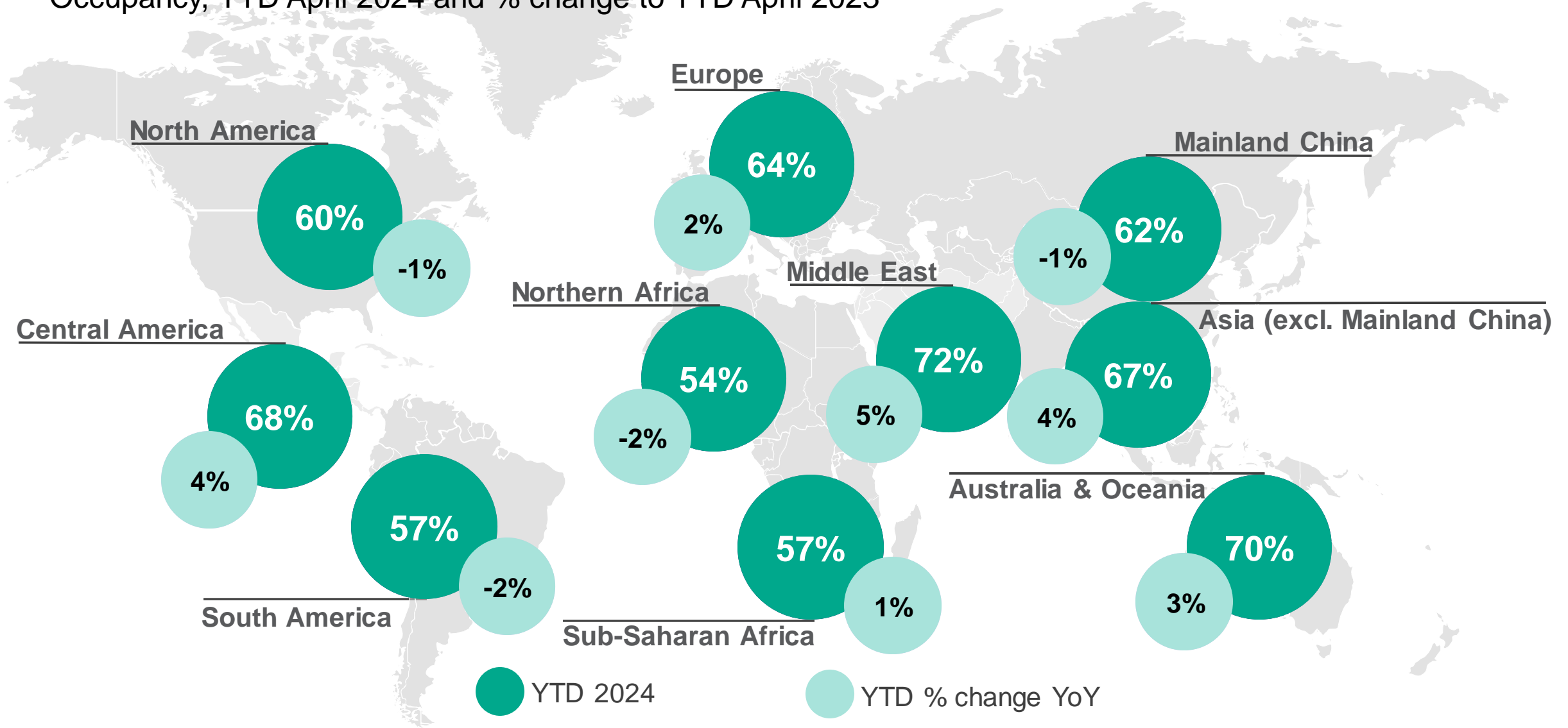
...while YoY slowing with an April bounce due to a calendar shift

Global demand YoY % chg., Jan 2023 – Apr 2024



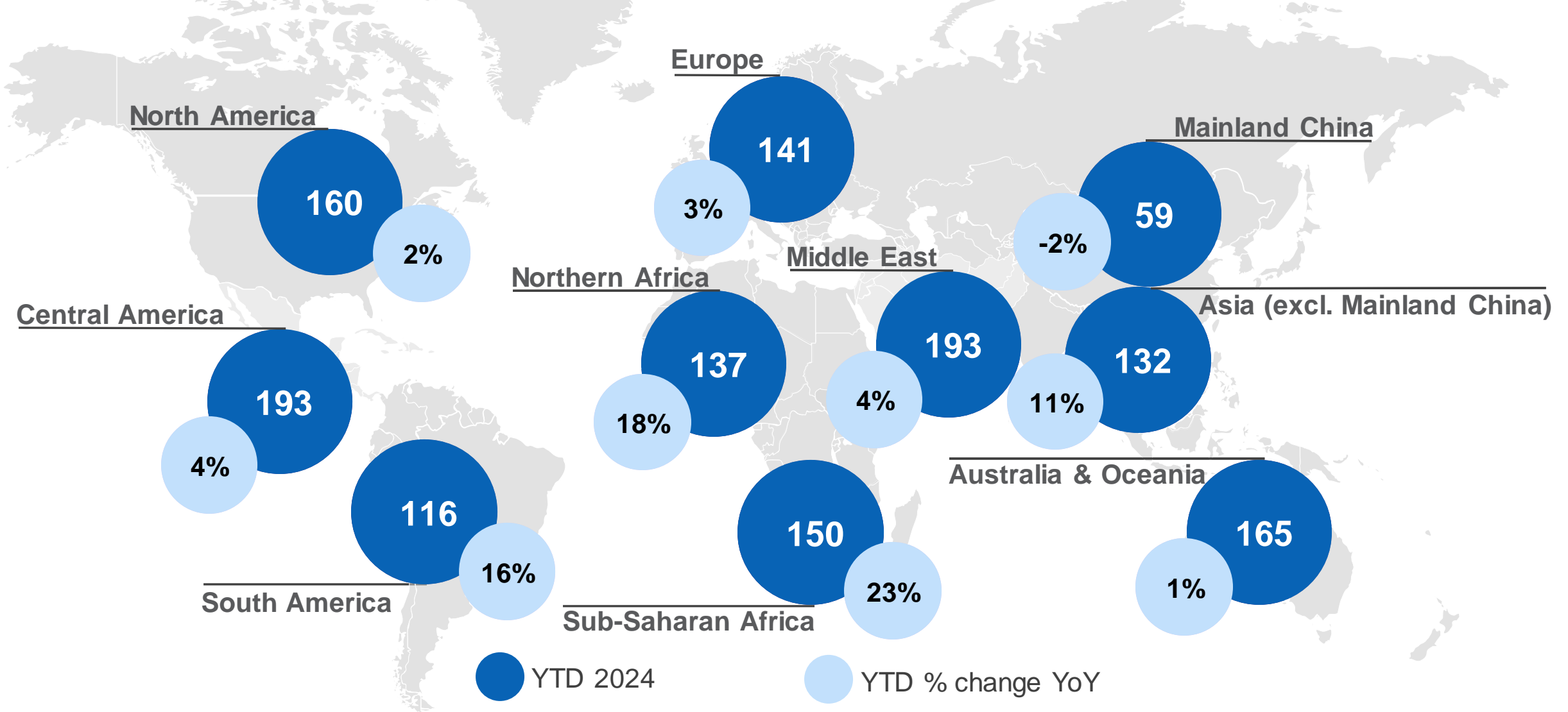
Global occupancies are almost back, but take openings into consideration

Occupancy, YTD April 2024 and % change to YTD April 2023



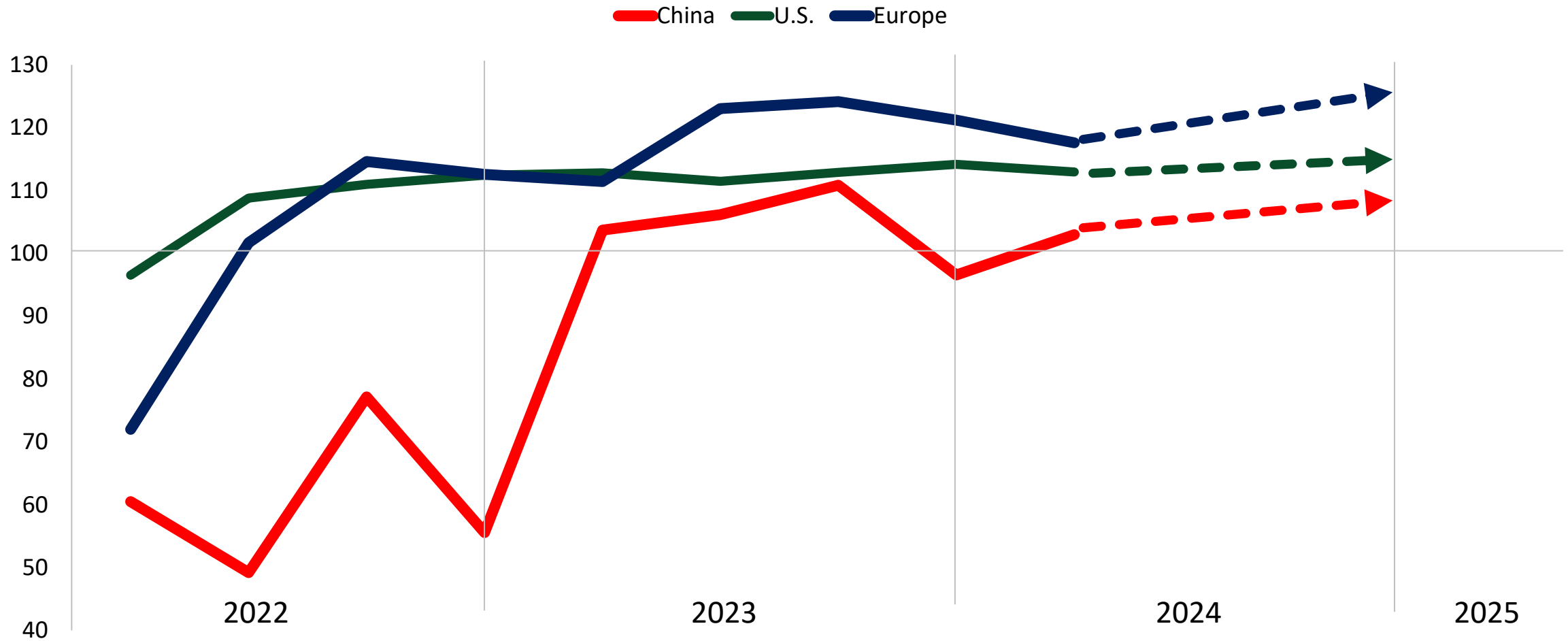
.....whilst ADR continues to forge further ahead, except for China

ADR, USD & CC, YTD April 2024 and % change to April 2023



The U.S. is waning, China is not fully fit, while Europe charges ahead

Europe, Mainland China, and U.S. RevPAR, indexed to 2019, Q1 2022 – Q1 2024



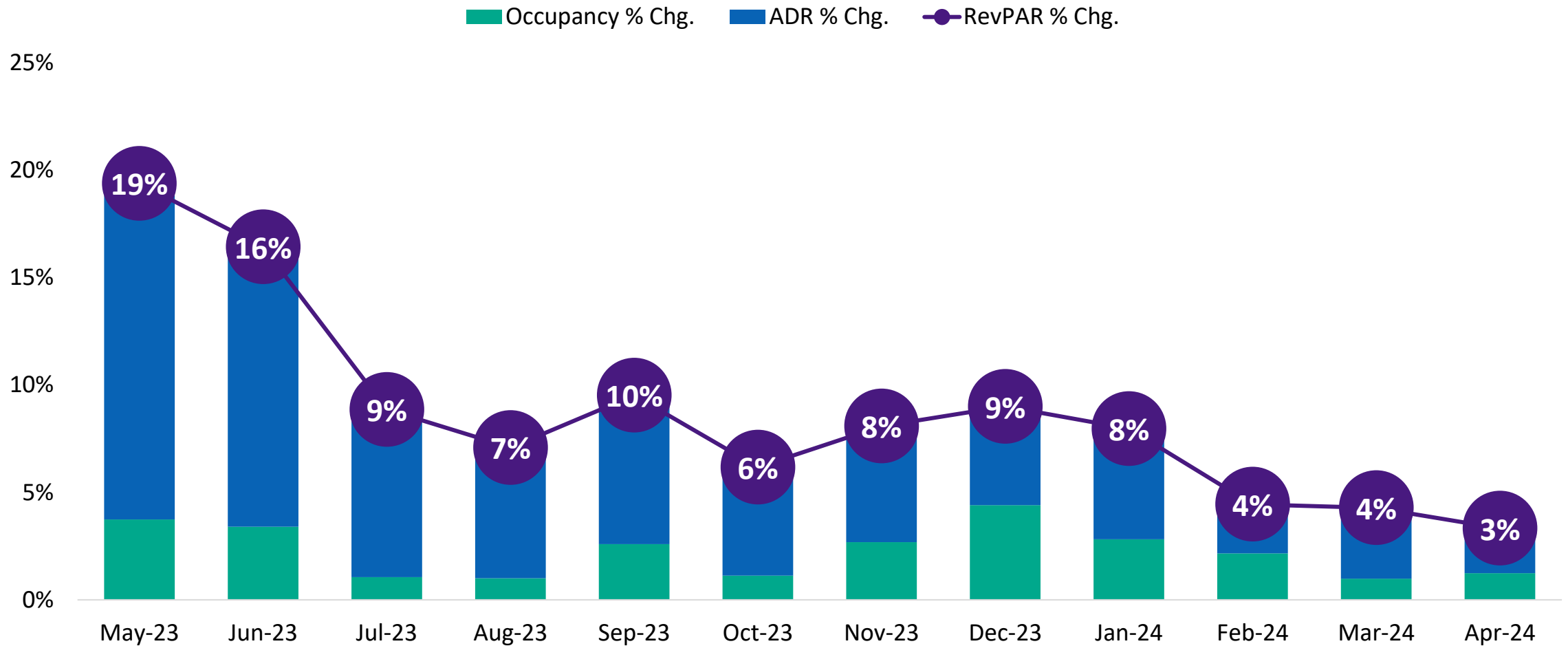


**Which are the primary drivers
of growth?**



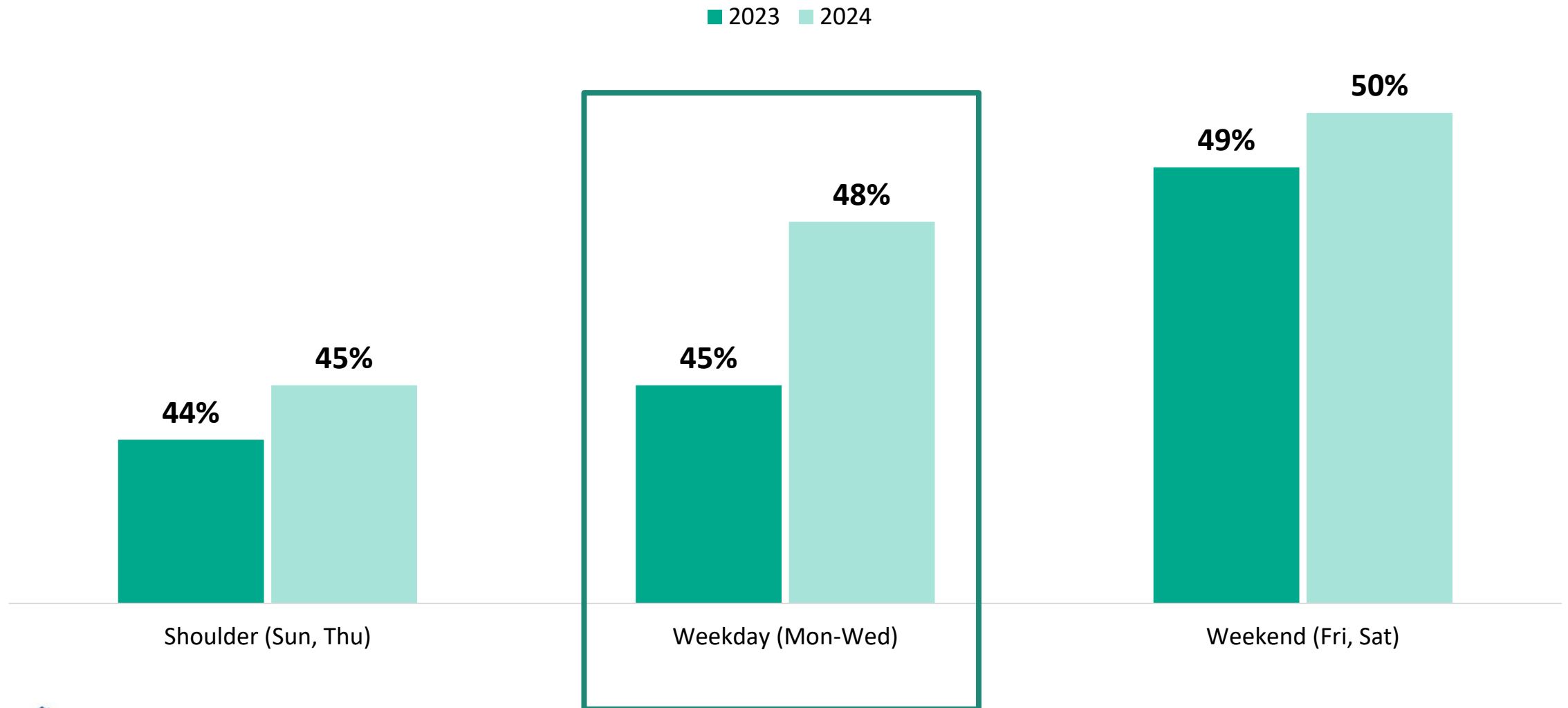
Europe may look like its decelerating, but.....

Europe*, EUR & CC, KPI % change YoY, May 2023 – Apr 2024



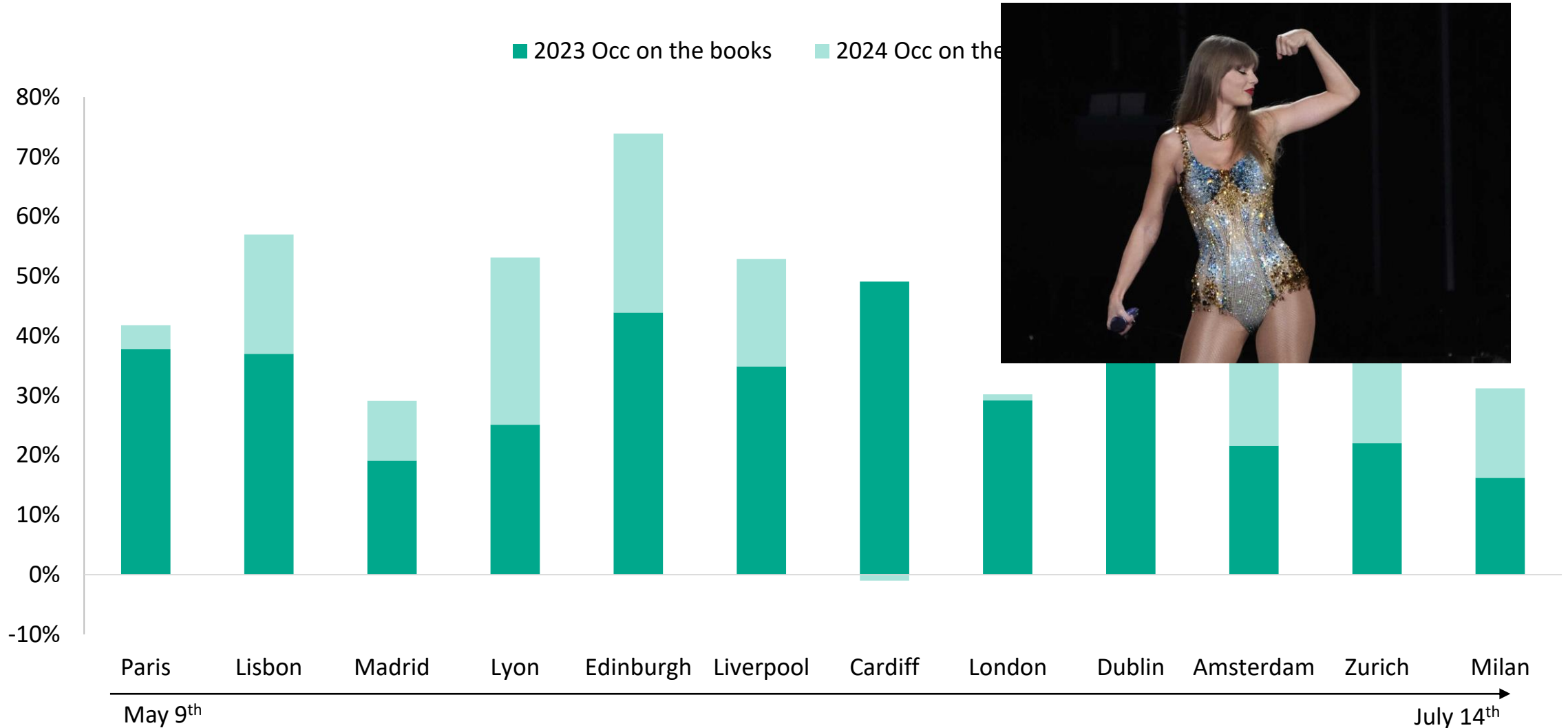
For the next quarter there will be a continued corporate revival

Europe consistent sample, occupancy on the books for the next 90 days, as of 27th May 2024



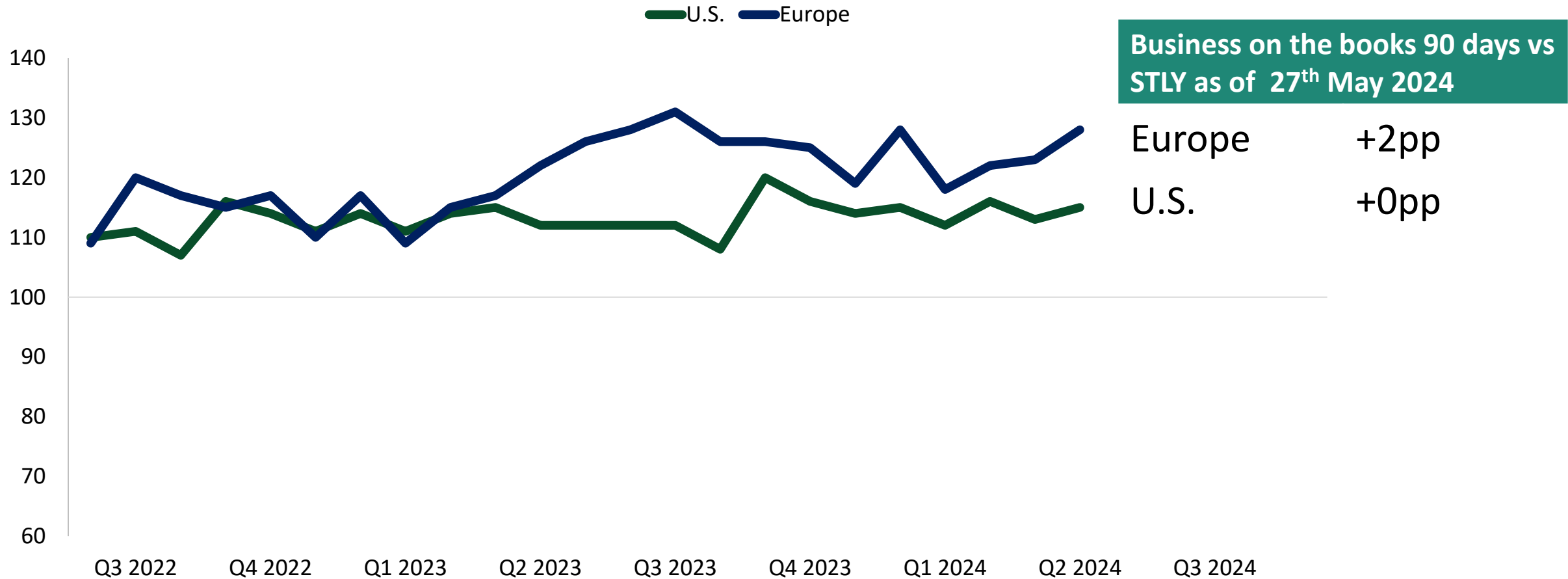
... and we thought the Americans wouldn't come back in 2024

Occupancy on the books for the ERAs tour dates + night before vs STLY



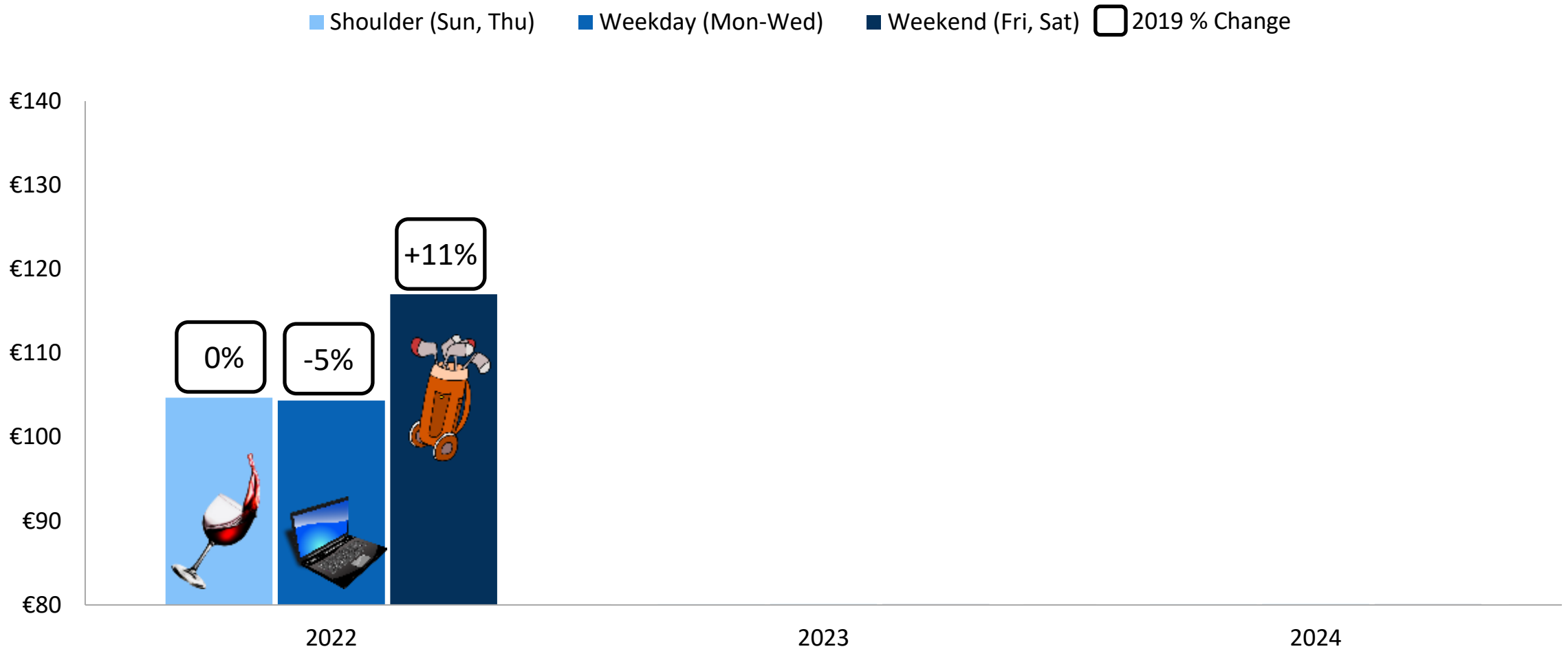
.. and then another record summer is likely to boost Europe higher again

Europe and U.S RevPAR, indexed to 2019, Jun 2022 – April 2024



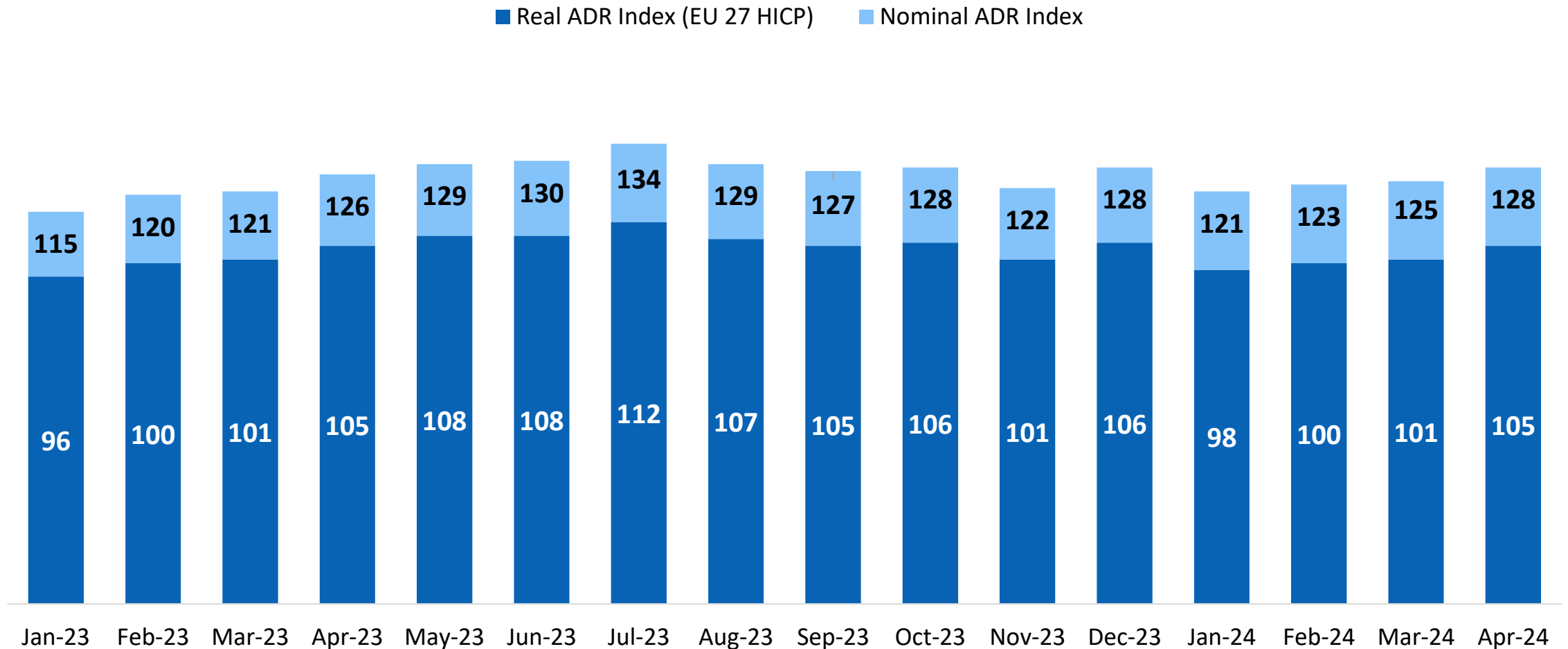
Resulting in business ADR catching up on post-COVID leisure premium

Europe*, ADR, EUR & CC by day of week, April YTD 2022 - 2024



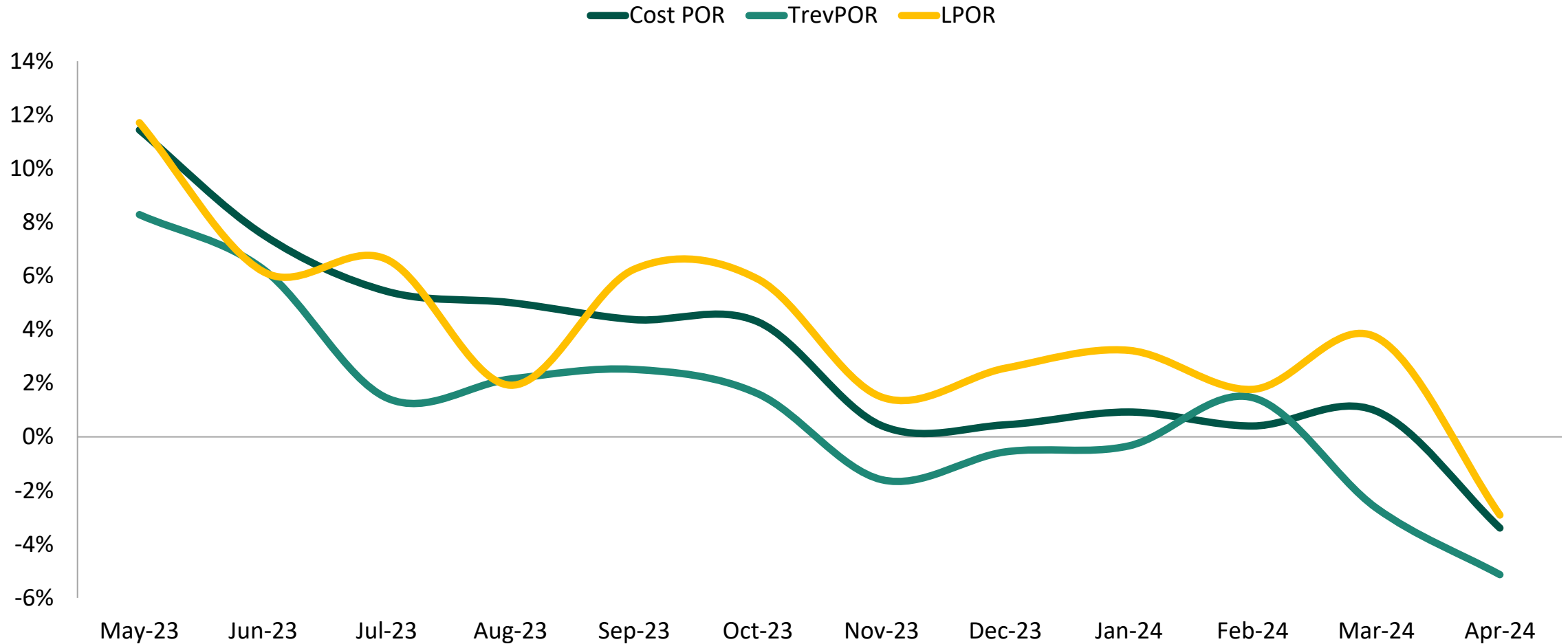
Why do investors love hotels? Real ADR withstanding inflation

Europe* (EUR, CC), ADR indexed to 2019, January 2023 – April 2024



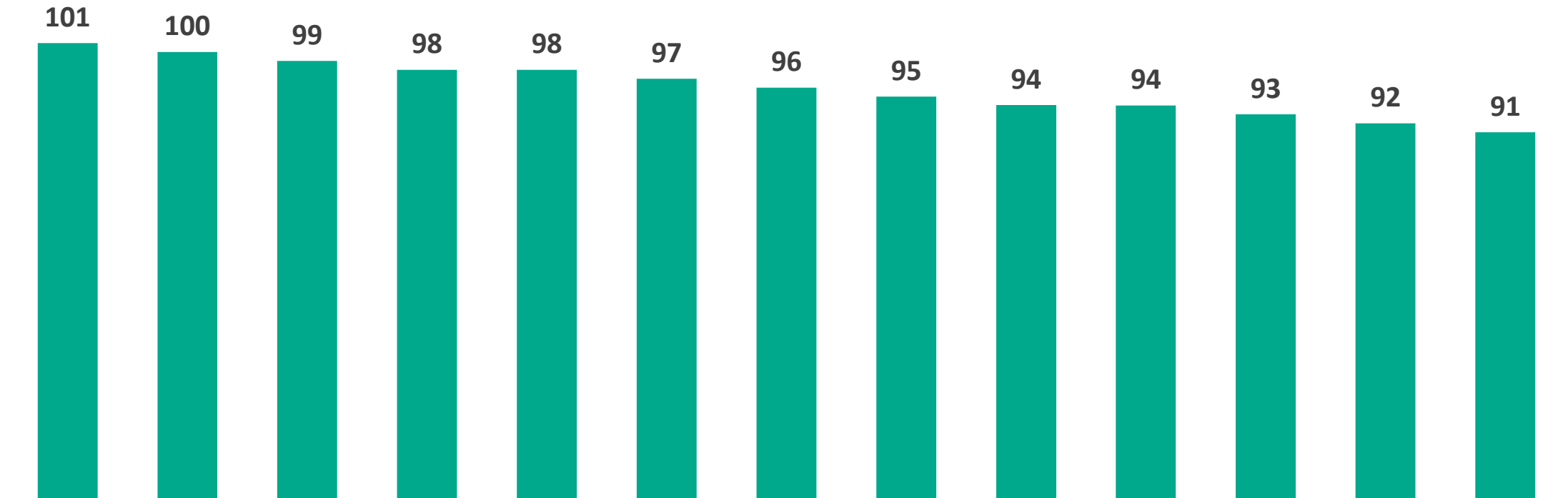
Costs have been trending down too – in line with broader inflation

Europe* EUR, & CC, P&L % chg. YoY, May 2023 – April 2024



UK&I may be ahead on Occ, but Spain and Italy lead the Mediterranean

Occupancy, indexed to 2019, R12 April 2024

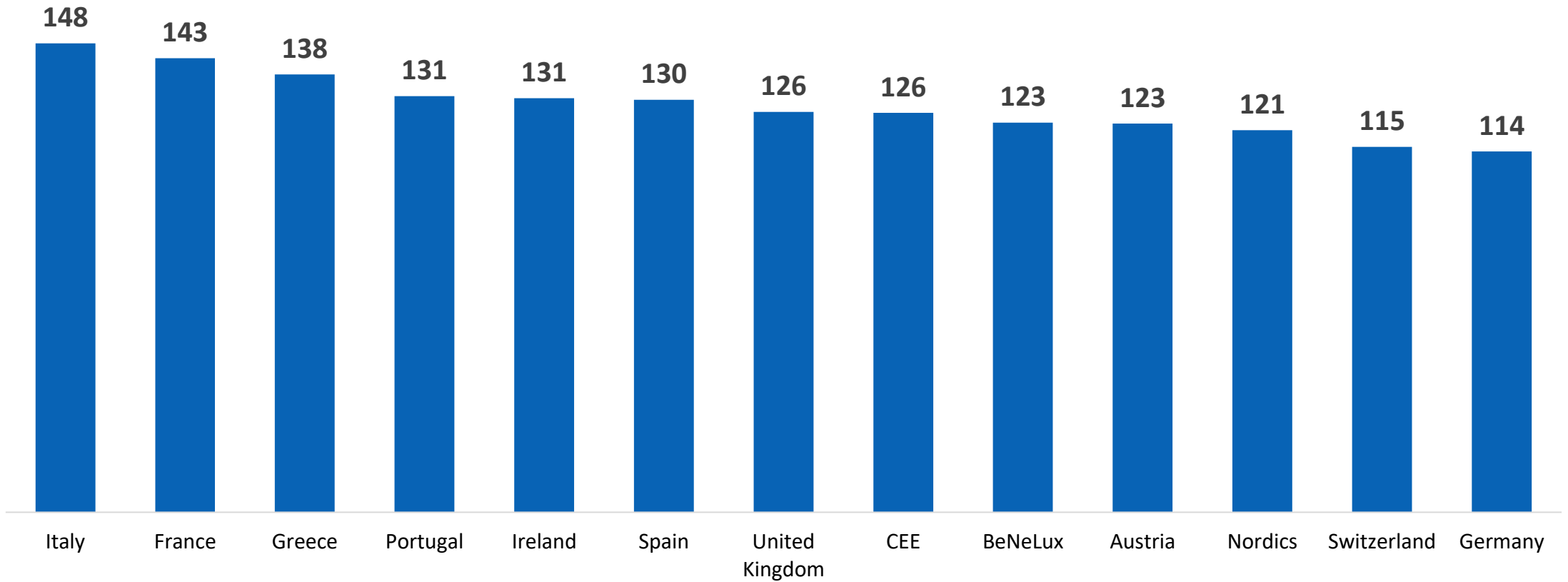


Ireland United Kingdom Italy Spain Greece France Portugal Switzerland BeNeLux Nordics CEE Germany Austria



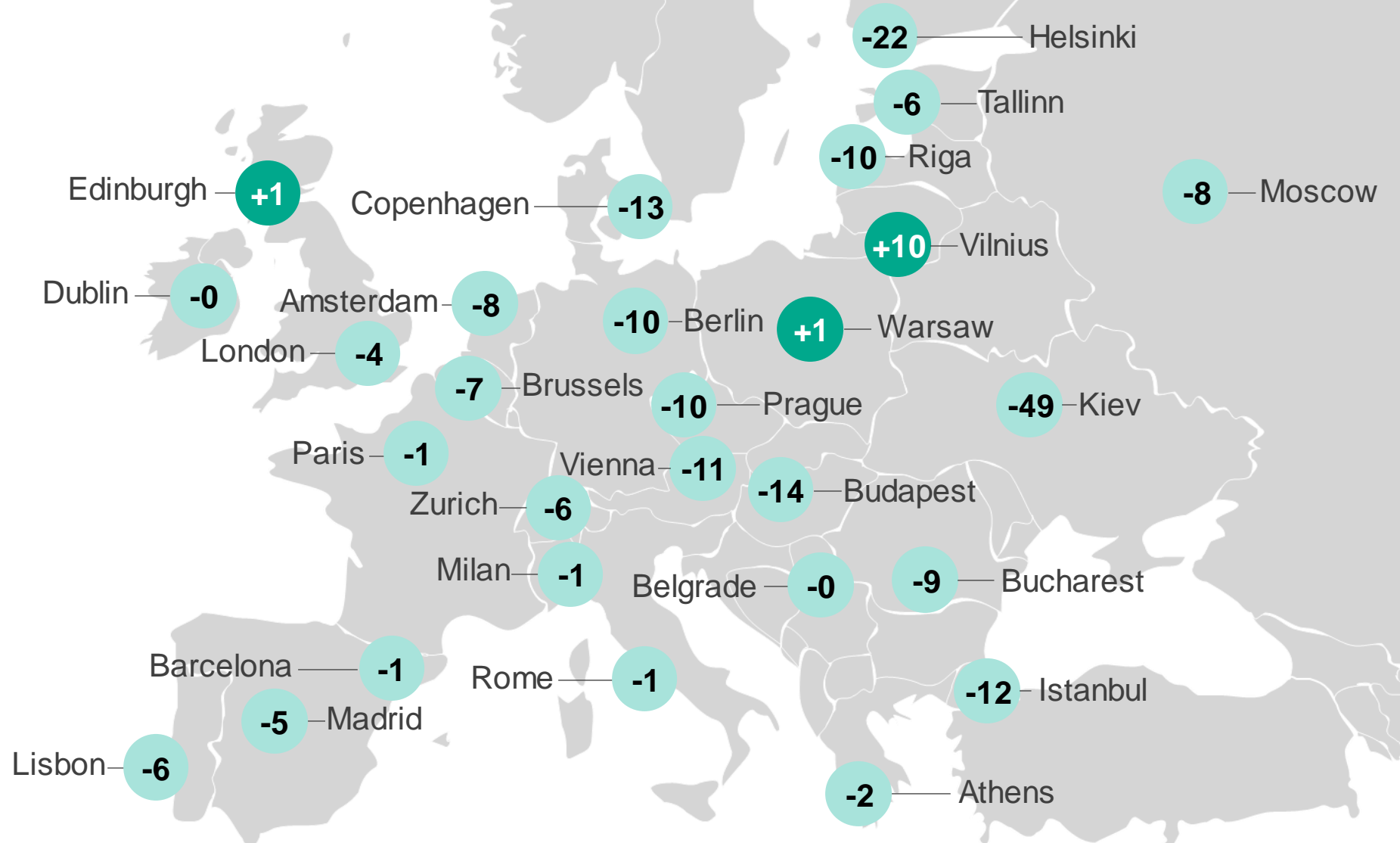
.....and France, Italy, Greece, Portugal and Spain's ADR growth is miles ahead

ADR, indexed to 2019, R12 April 2024



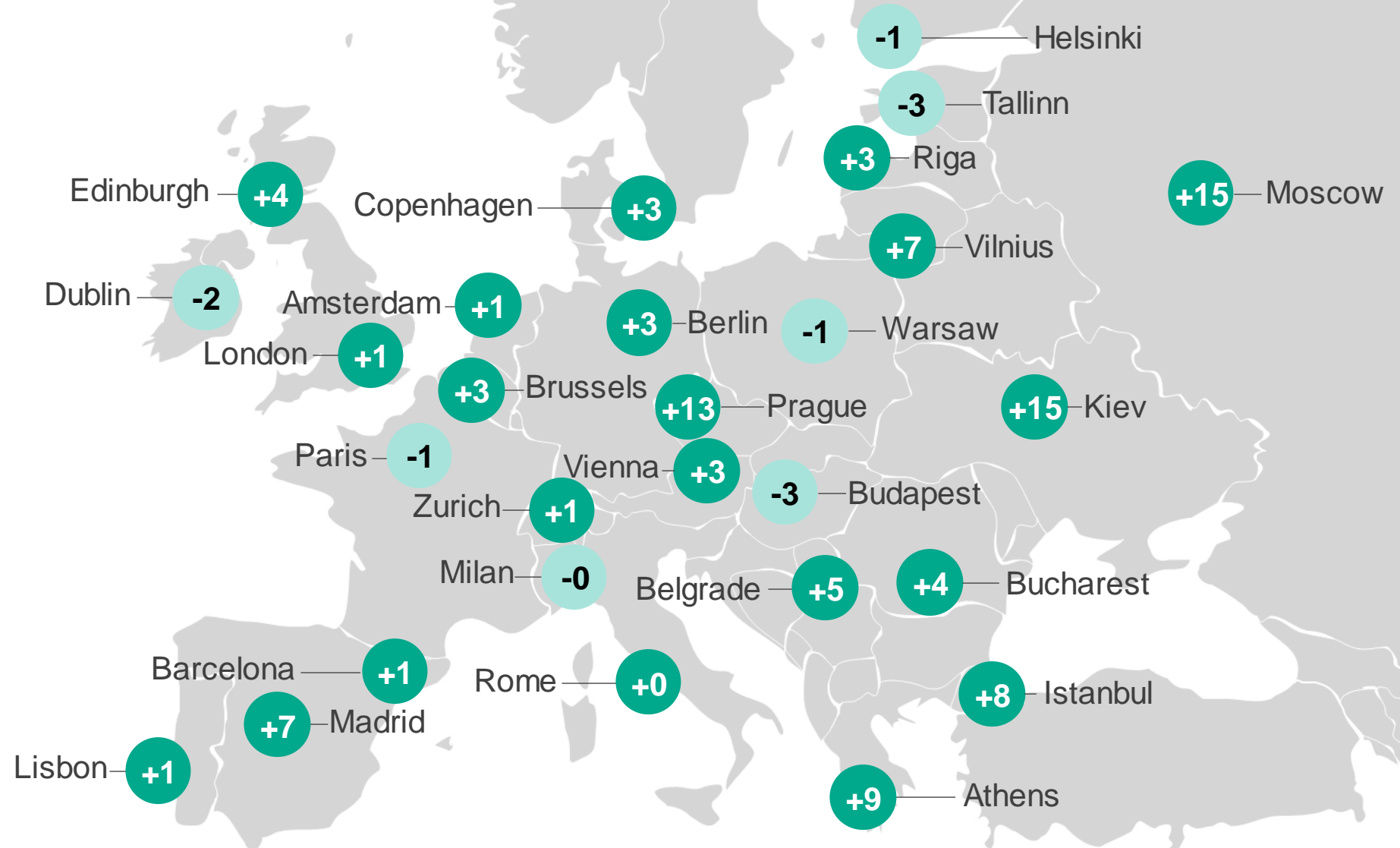
Gateway cities occupancy recovery in line with country averages...

European markets, Occupancy % chg. to 2019, Full Year 2023



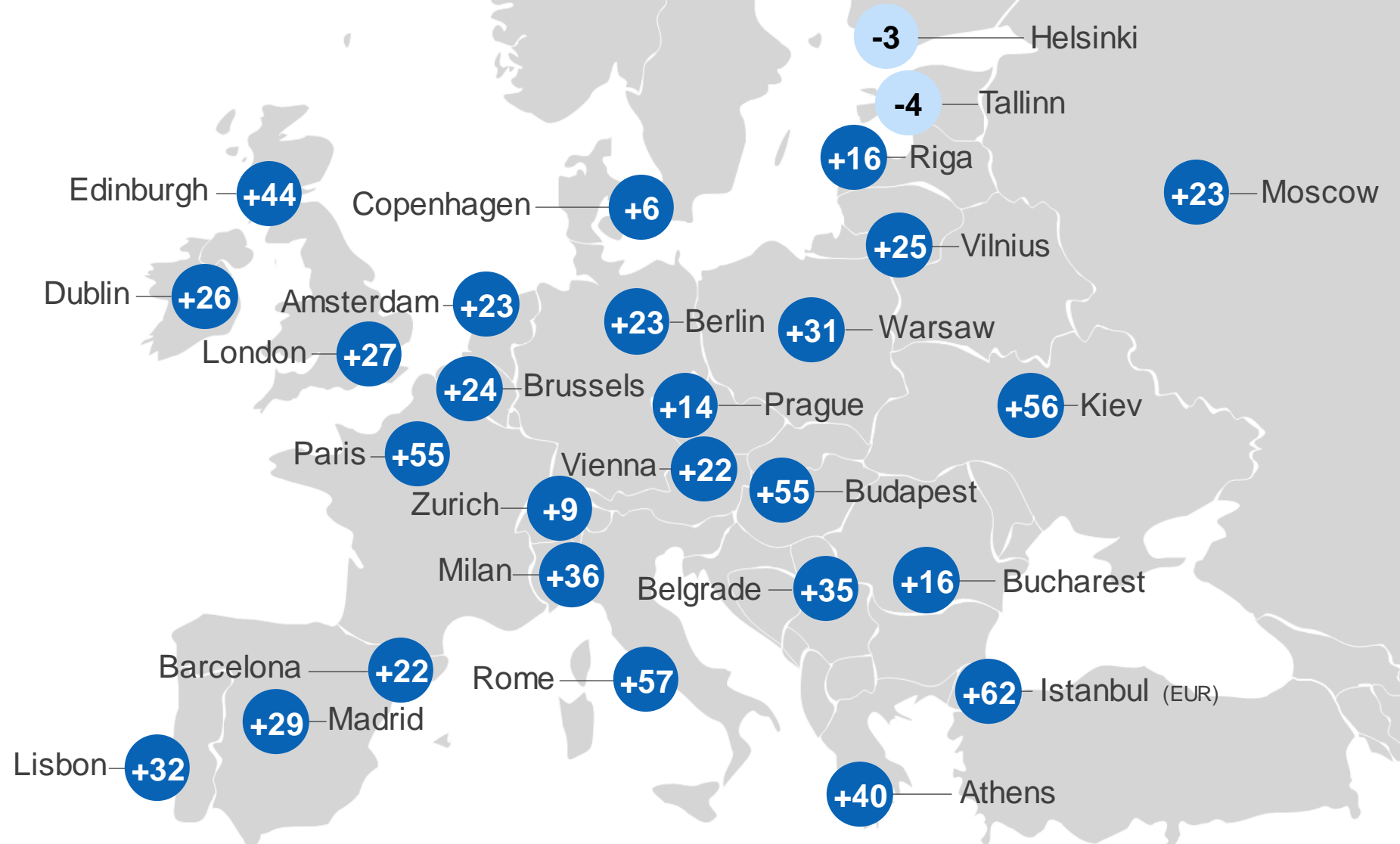
.....with continued growth for most into 2024

European markets, Occ, YoY % change, April YTD 2024



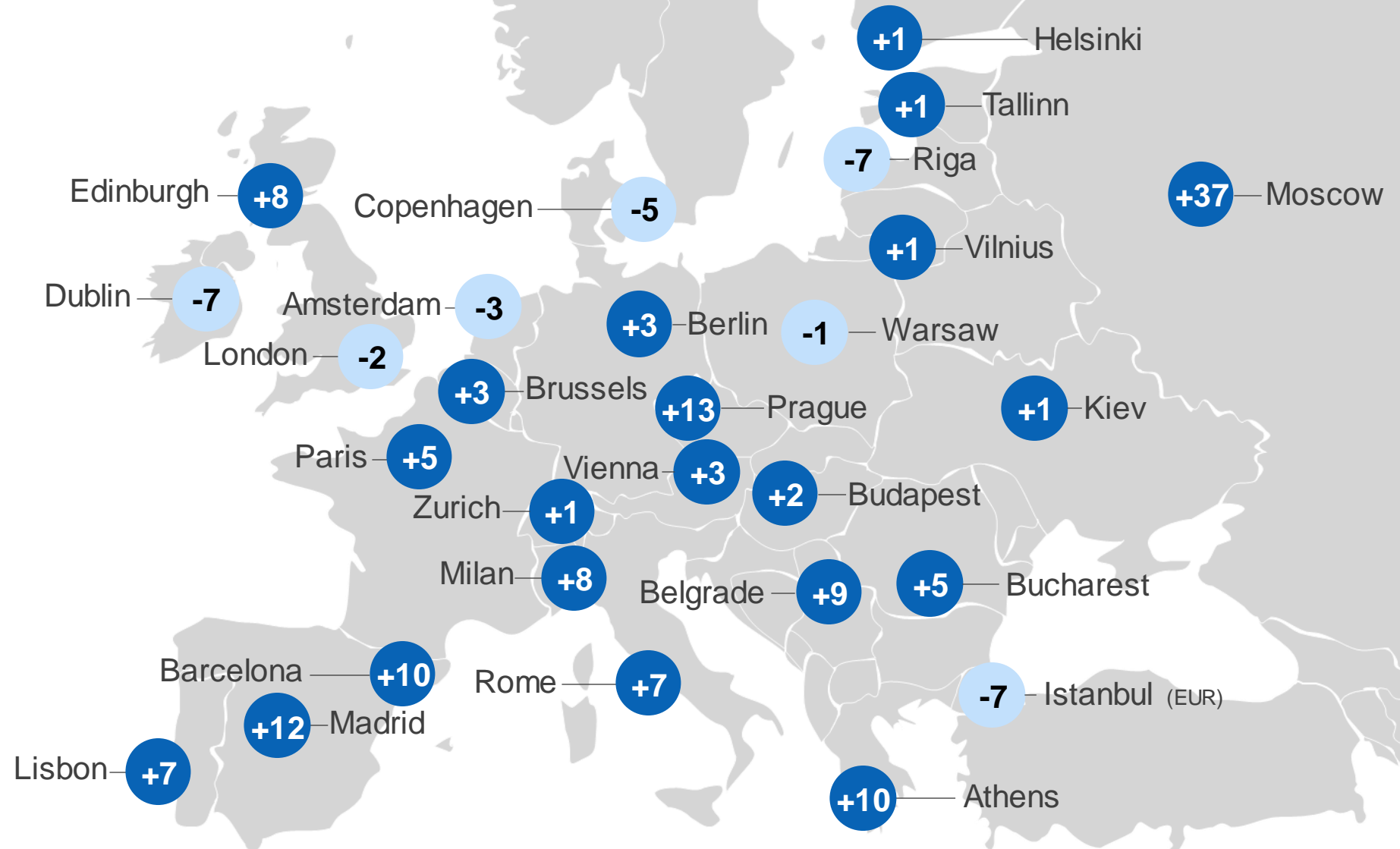
Gateway city ADR growth is matching/exceeding country averages.....

European markets, ADR (LC), Change % to 2019, Full Year 2023



.....with rate growth for most cities for the first four months of 2024

European markets, ADR (LC), YoY % change, April YTD 2024





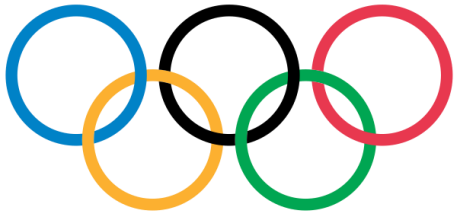
Who wins in an Olympic year?



26th July – 11th August the eyes of the world will be on Paris



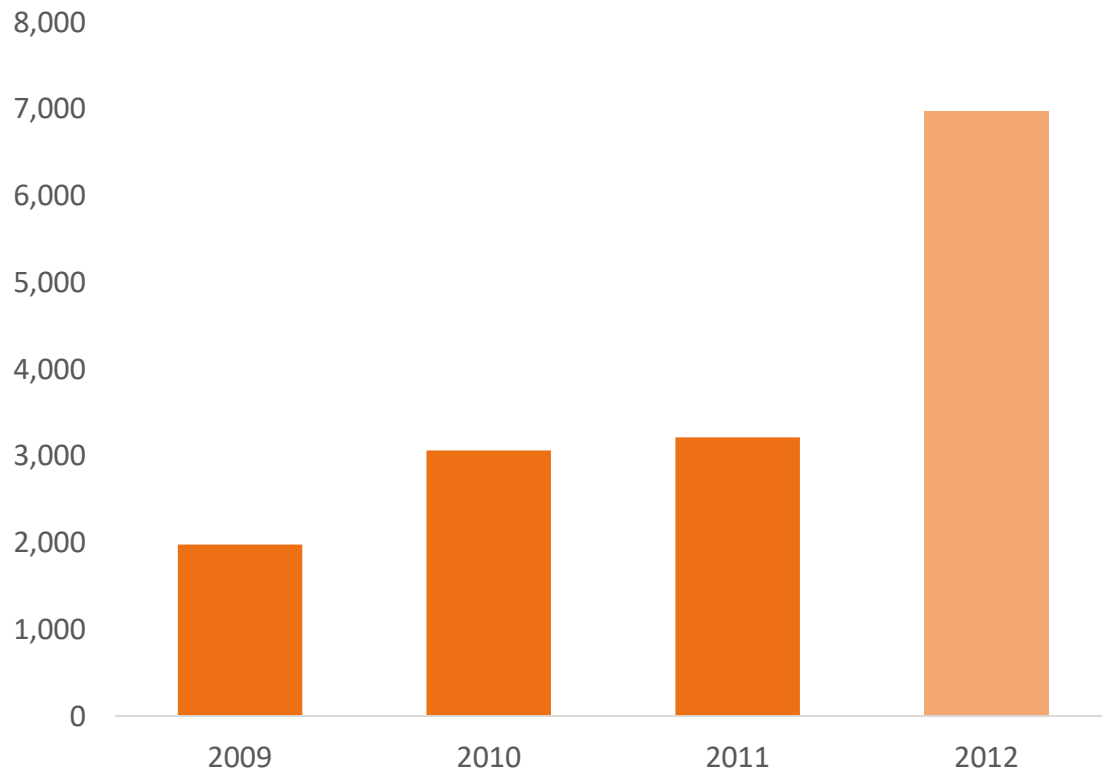
PARIS 2024



Using London as a comparable, Paris has had less new rooms open.....

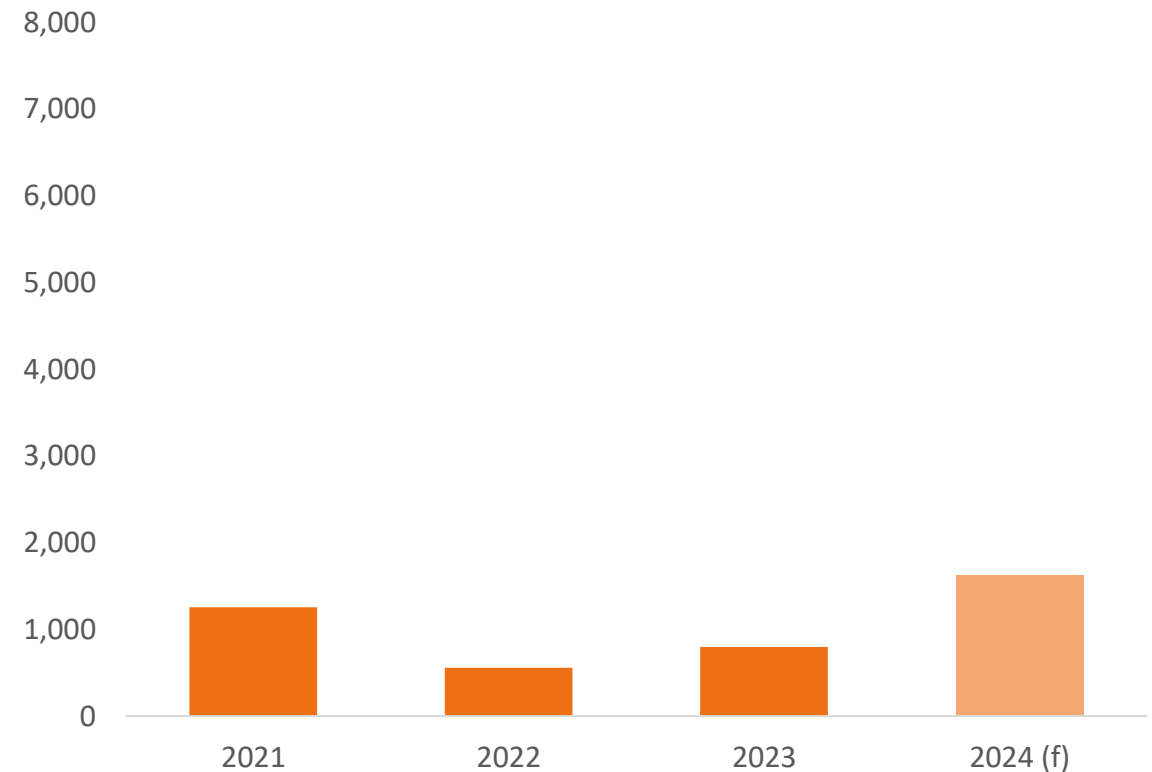
London and Paris, New room openings

London



Rooms supply for Olympics: 120K

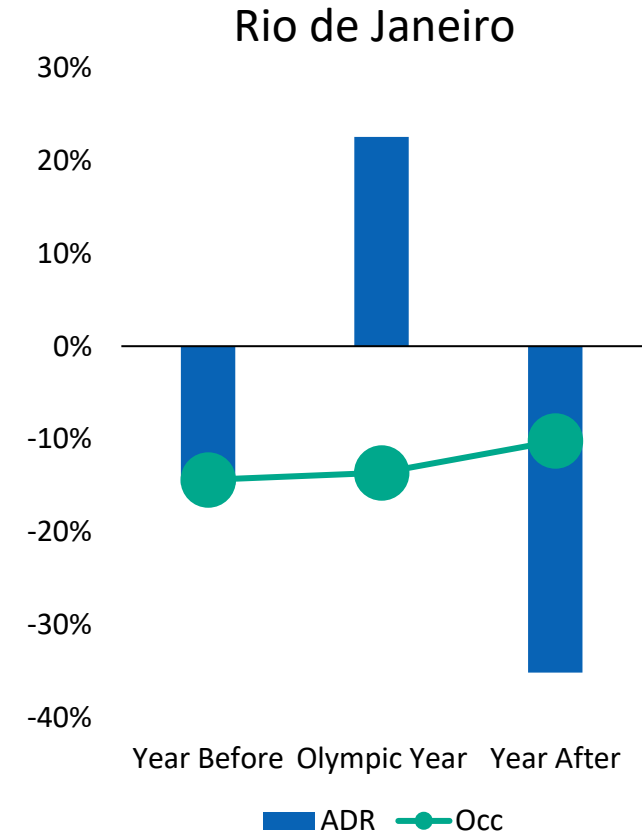
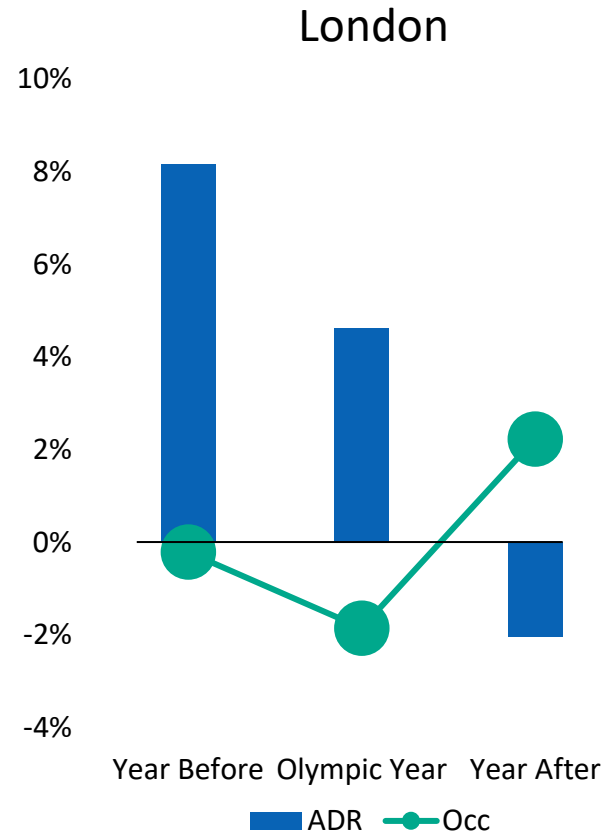
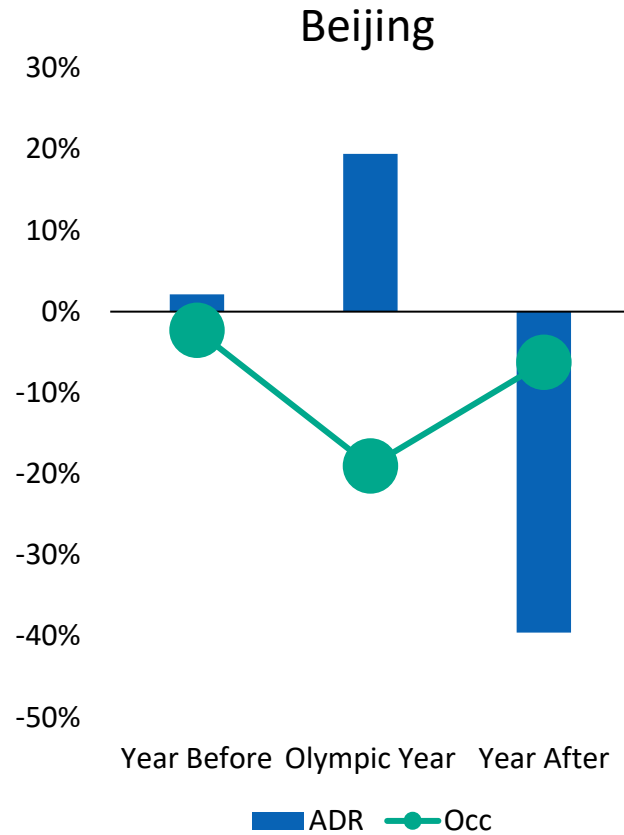
Paris



Expected rooms supply for Olympics: 90K

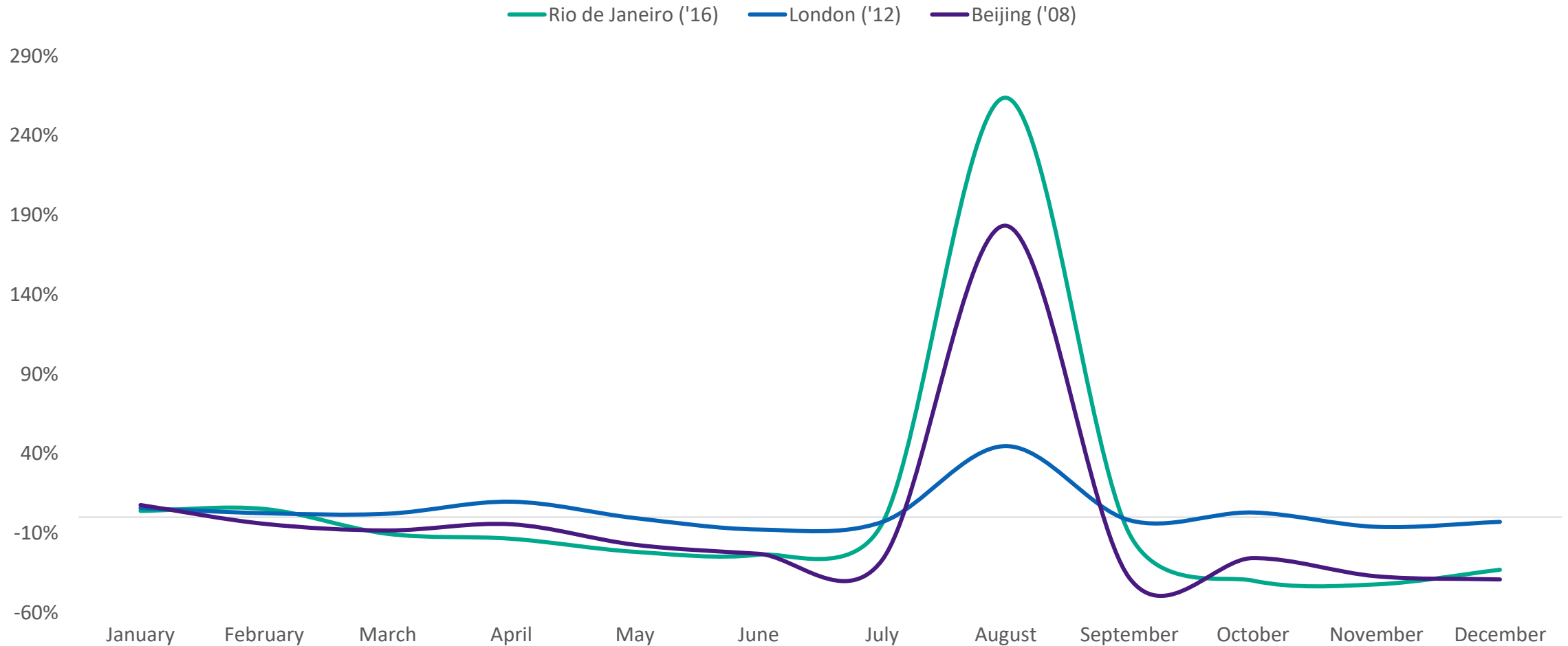
However, don't expect an occupancy party, but rates should soar.....

ADR and Occupancy YOY % Change, Beijing 2007-09, London 2011-13, Rio 2015-17



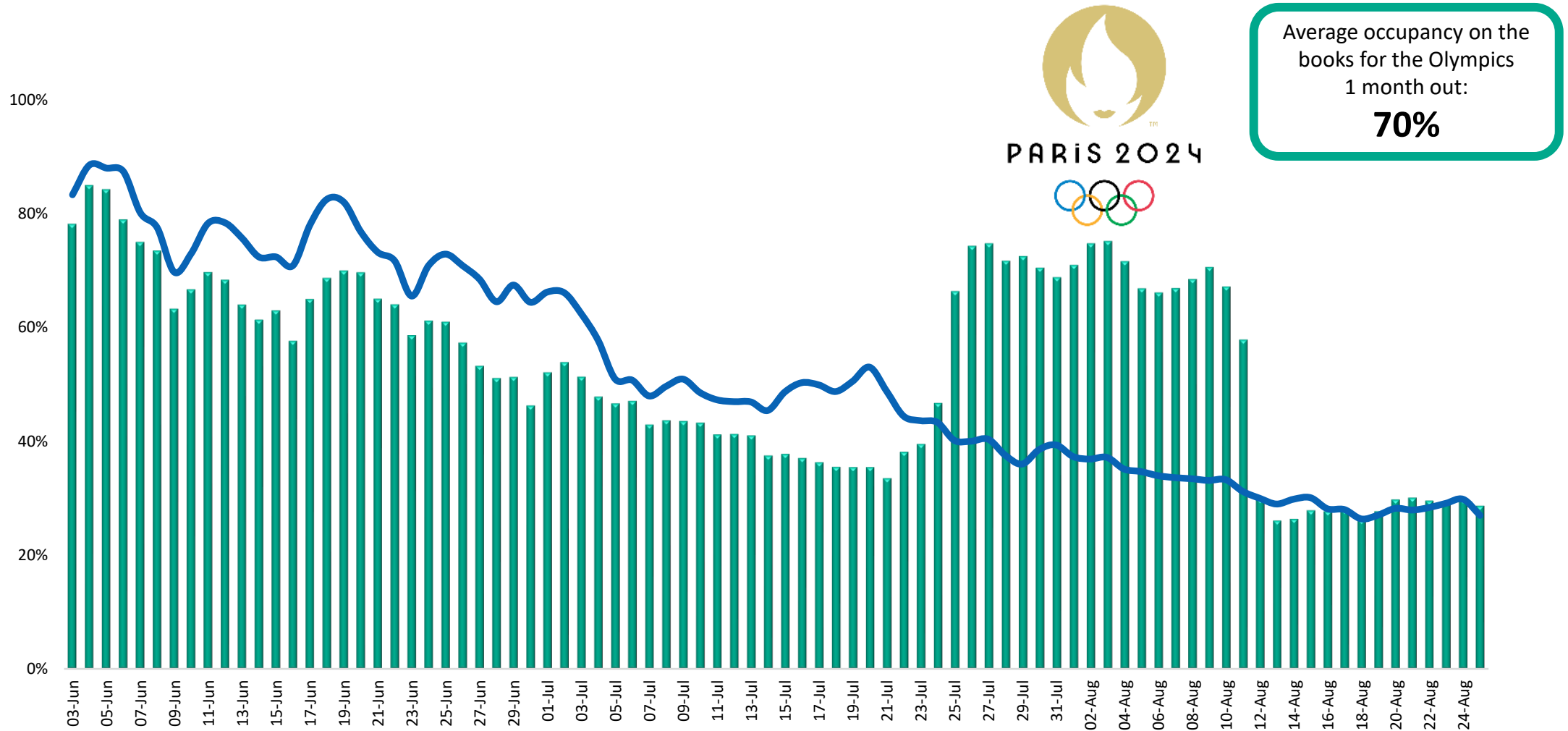
Which will lead to RevPAR grow, but look to London for comparison

RevPAR YoY % change, Local currency



Spike in occupancy with displacement leading up

Paris, Occupancy on the books, for next 90 days vs. STLY as of 03 June 2024



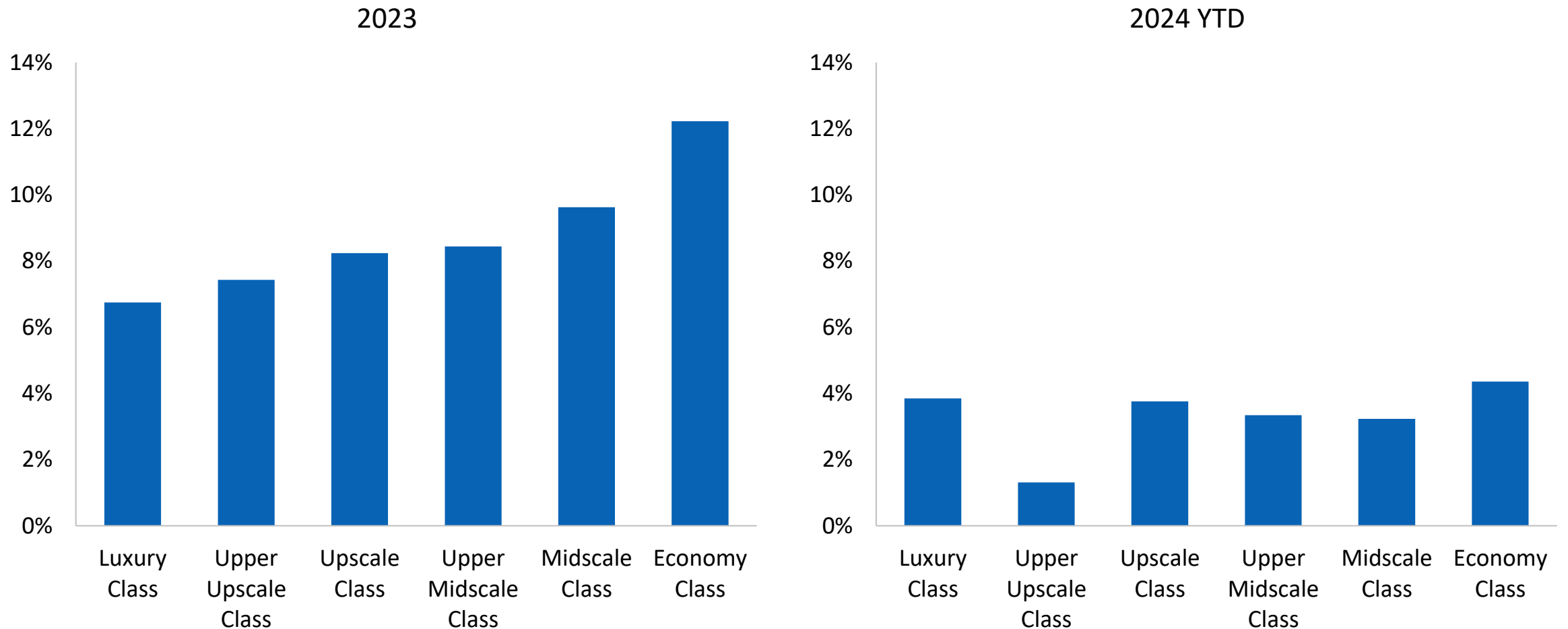


**What will shape the forecast in
2024?**



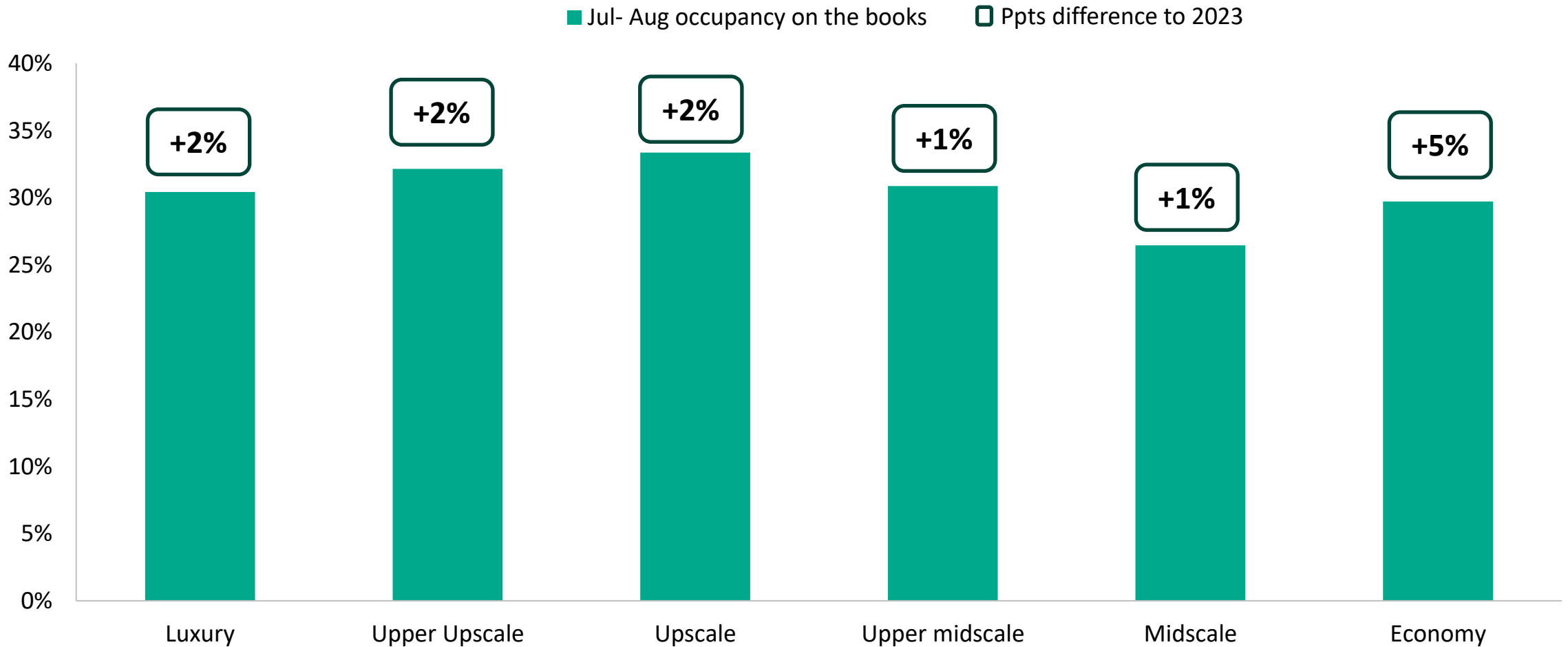
2023 heralded return of the budget backpacker. In 2024, however...

Europe*, ADR EUR & CC, % chg. YoY, FY 2023 and Mar YTD 2024



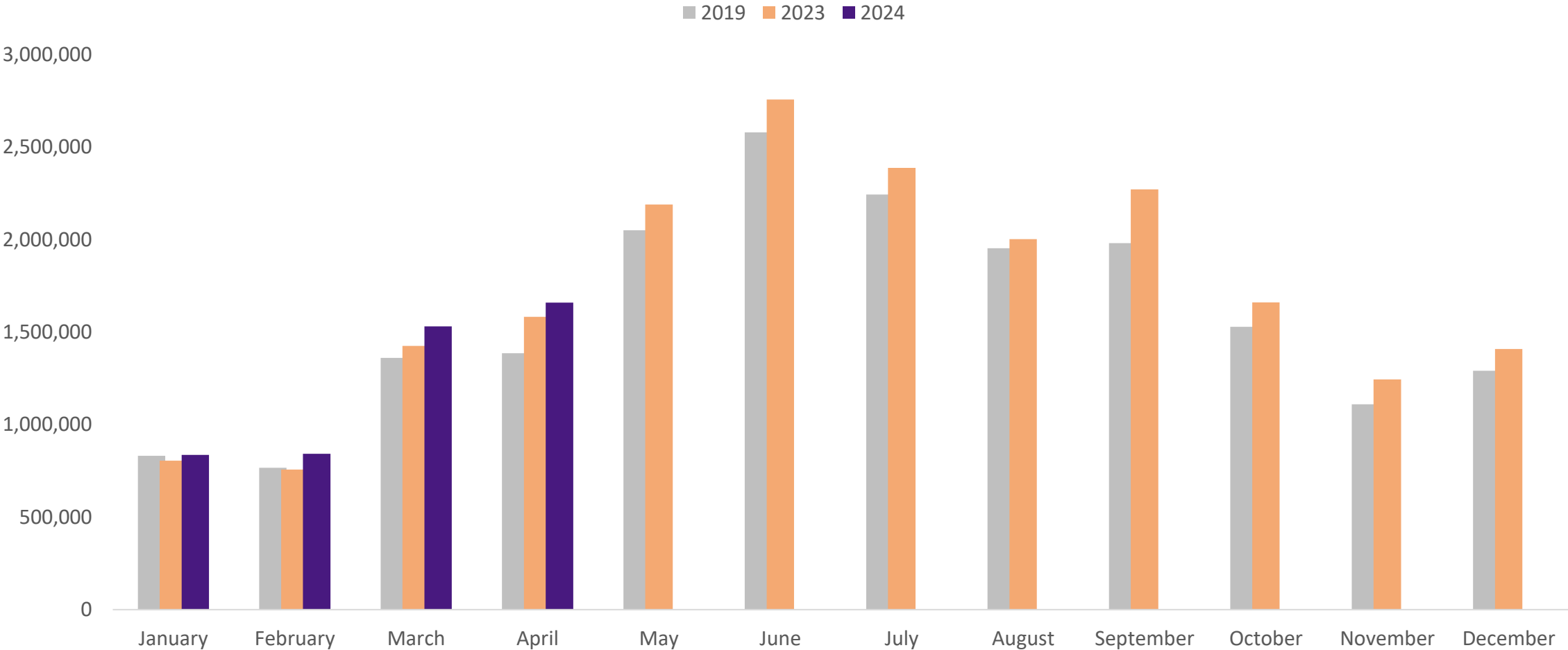
...with demand for the summer higher than the same time last year

Europe, Consistent sample, % change vs. STLY for July & August, as of 6th May 2024



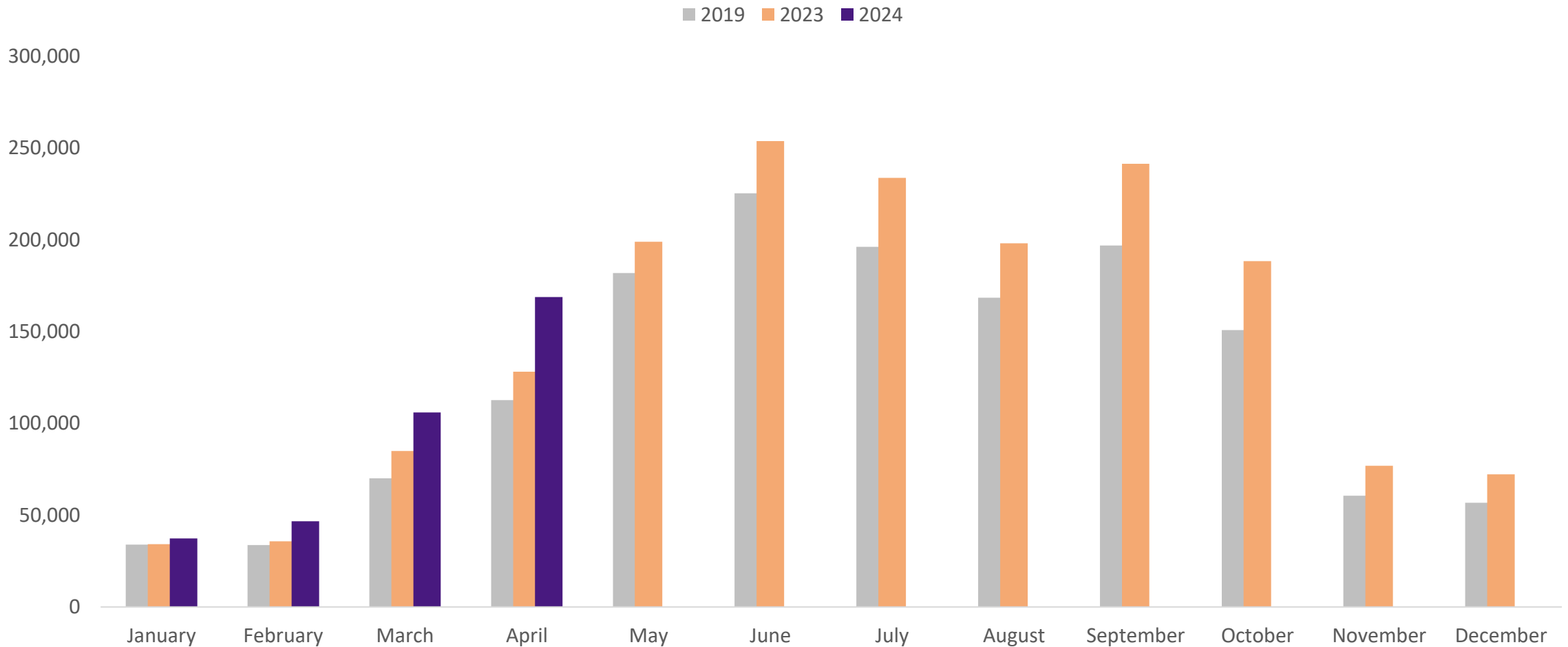
Across the whole of Europe, US visitors only just ahead YoY.....

U.S. departures to Europe, 2019, 2023, 2024 YTD



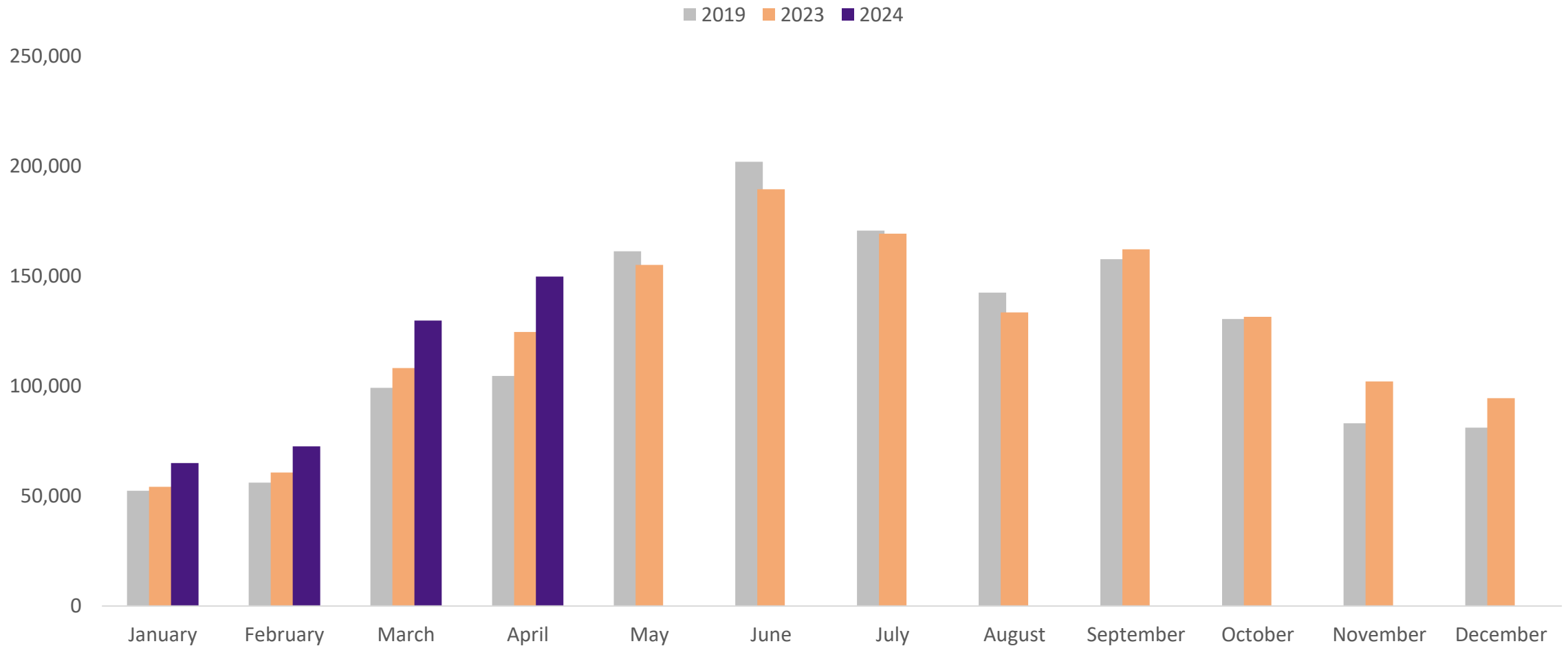
.....but look at Italy, 40,000 departures ahead of 2023 in April.....

U.S. departures to Italy, 2019, 2023, 2024 YTD



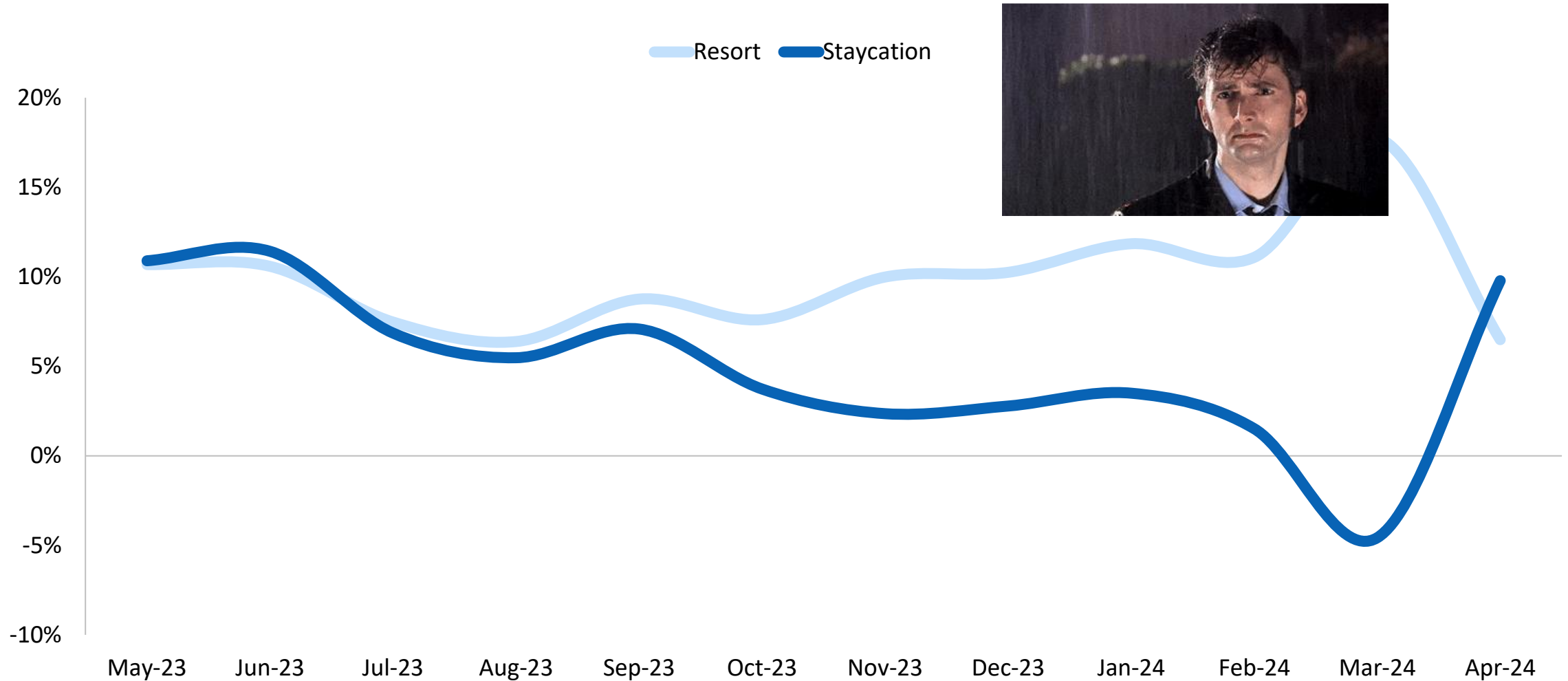
.....25,000 ahead in April in Spain.....

U.S. departures to Spain, 2019, 2023, 2024 YTD



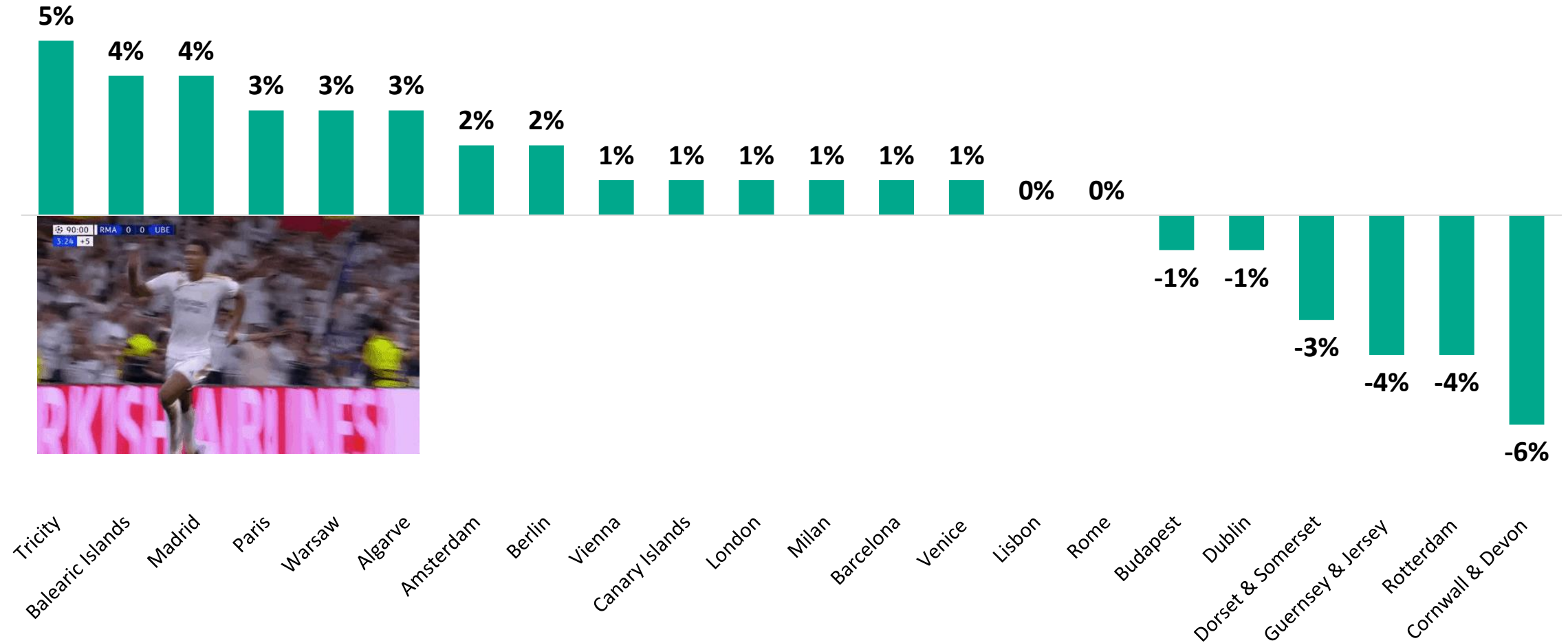
In 2023 staycations struggled and whilst resorts surged...

European Leisure markets, EUR & CC, ADR % change YoY, May 2023 – April 2024



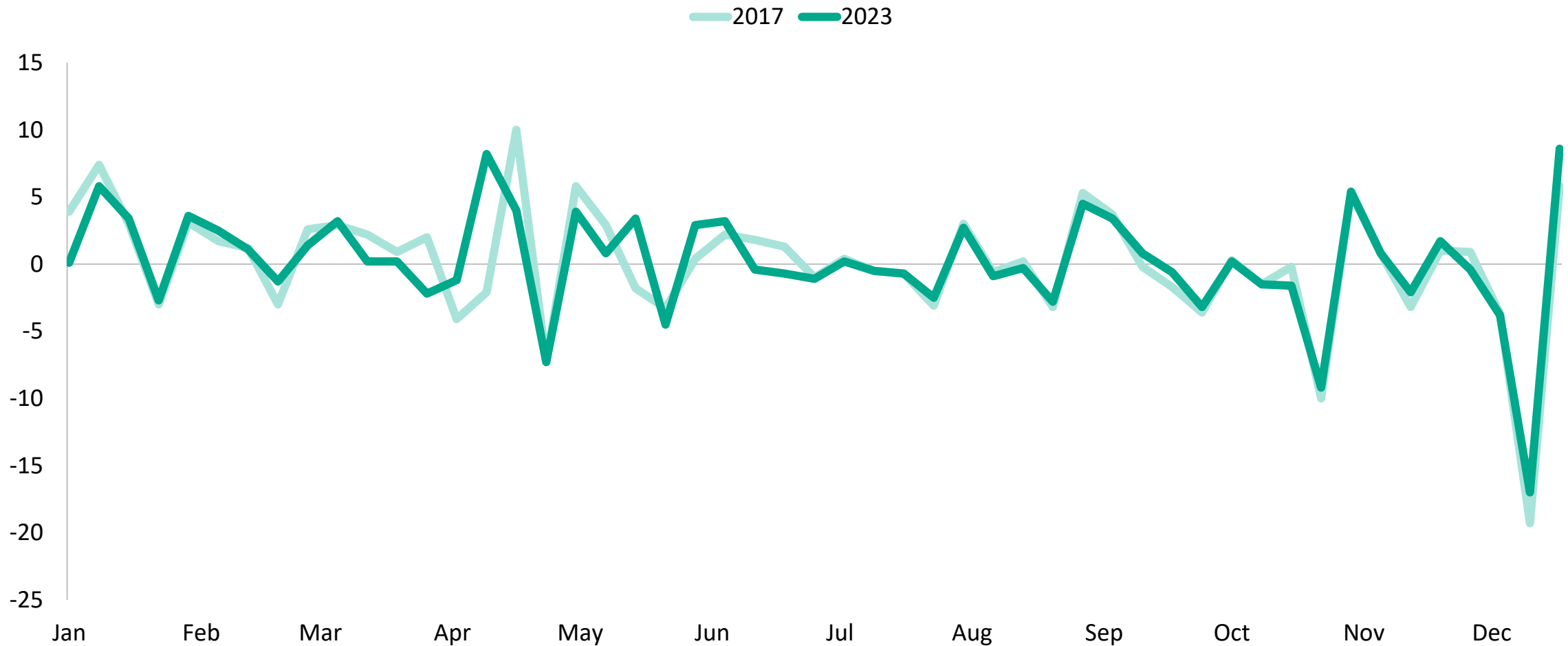
The summer looks another winner in Iberia

Occupancy on the books, % change next 90-days vs. STLY as of 27 May 2024



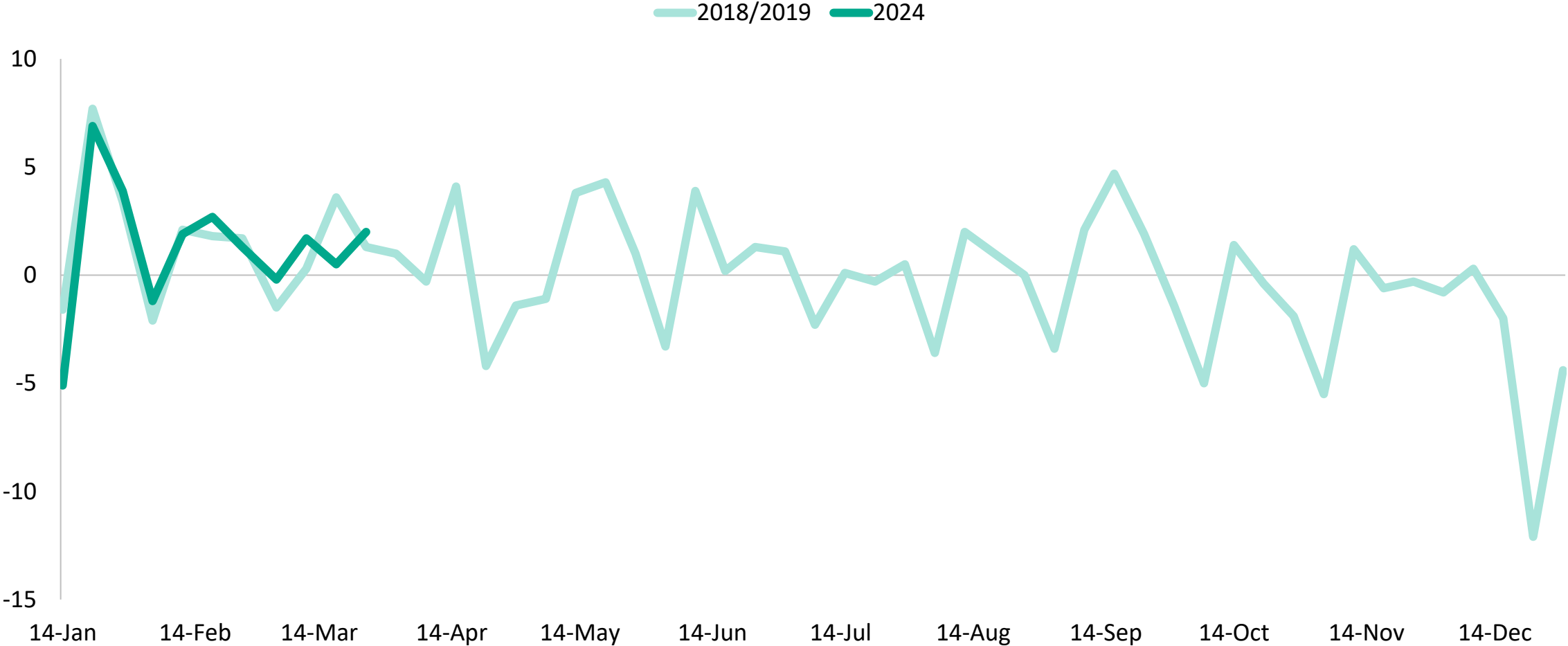
Who said forecasting was difficult – travel patterns repeat themselves

Europe, Occupancy week over week percentage point difference, 2017 and 2023



Although leap years may cause difficulties

Europe, Occupancy week over week percentage point difference, 2018/19 and 2024



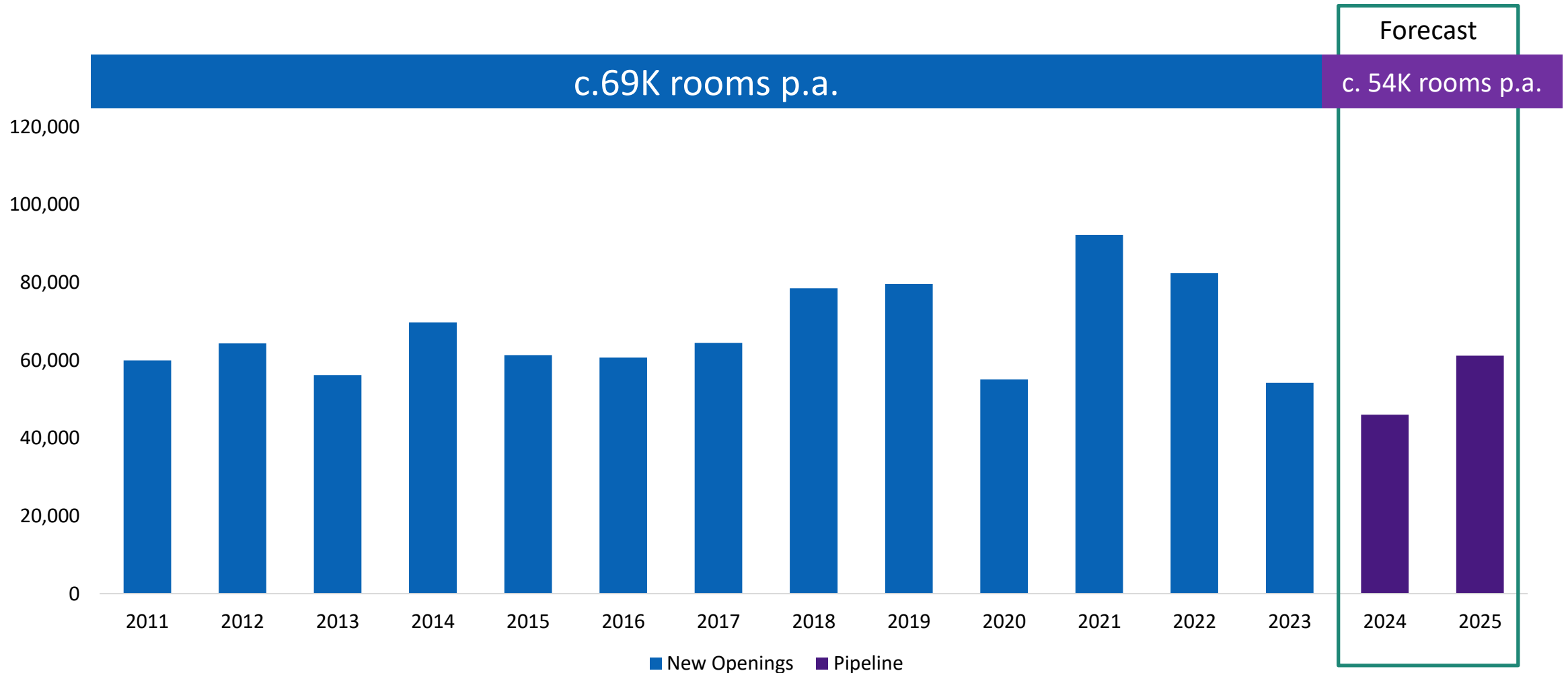


Pipeline and Outlook



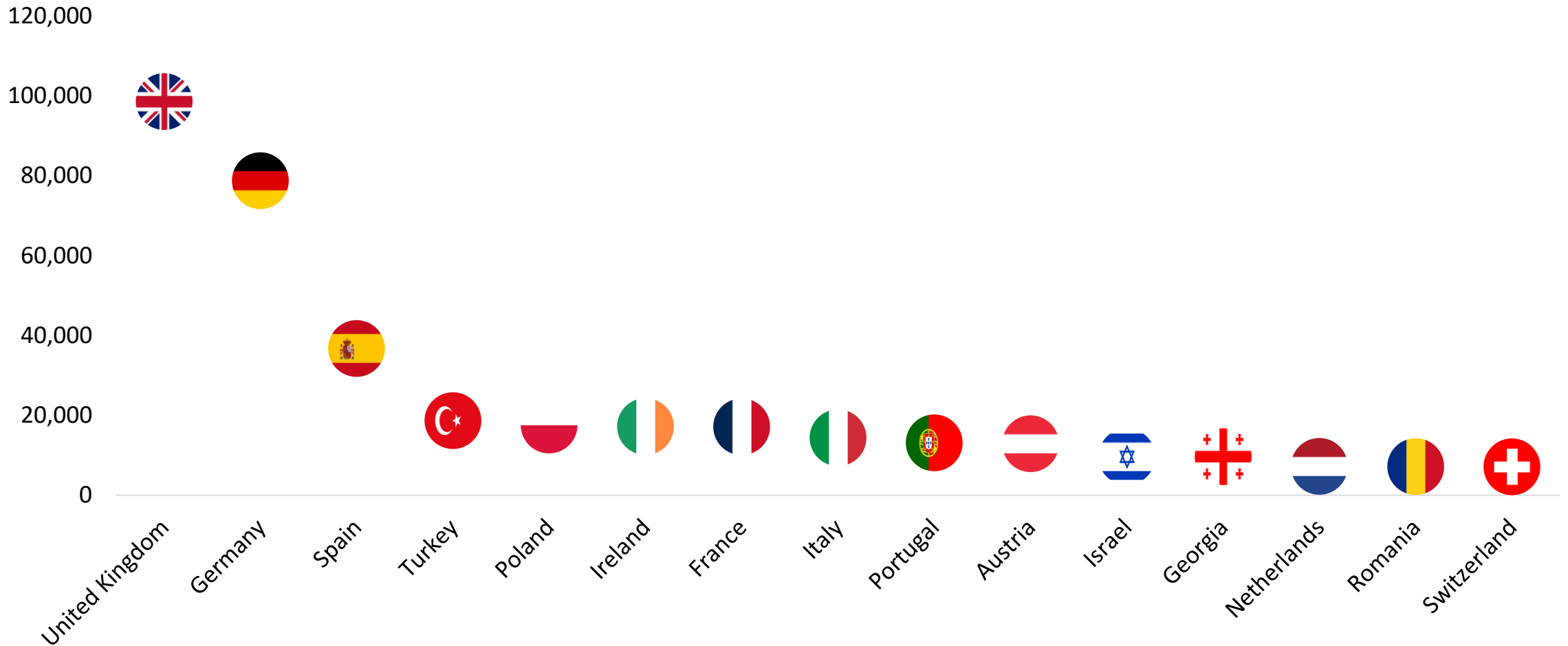
Hotel openings likely to remain near long-term average – good for occ growth

Europe, New Openings & Pipeline (Completion & Delay Rates Applied), 2011-25



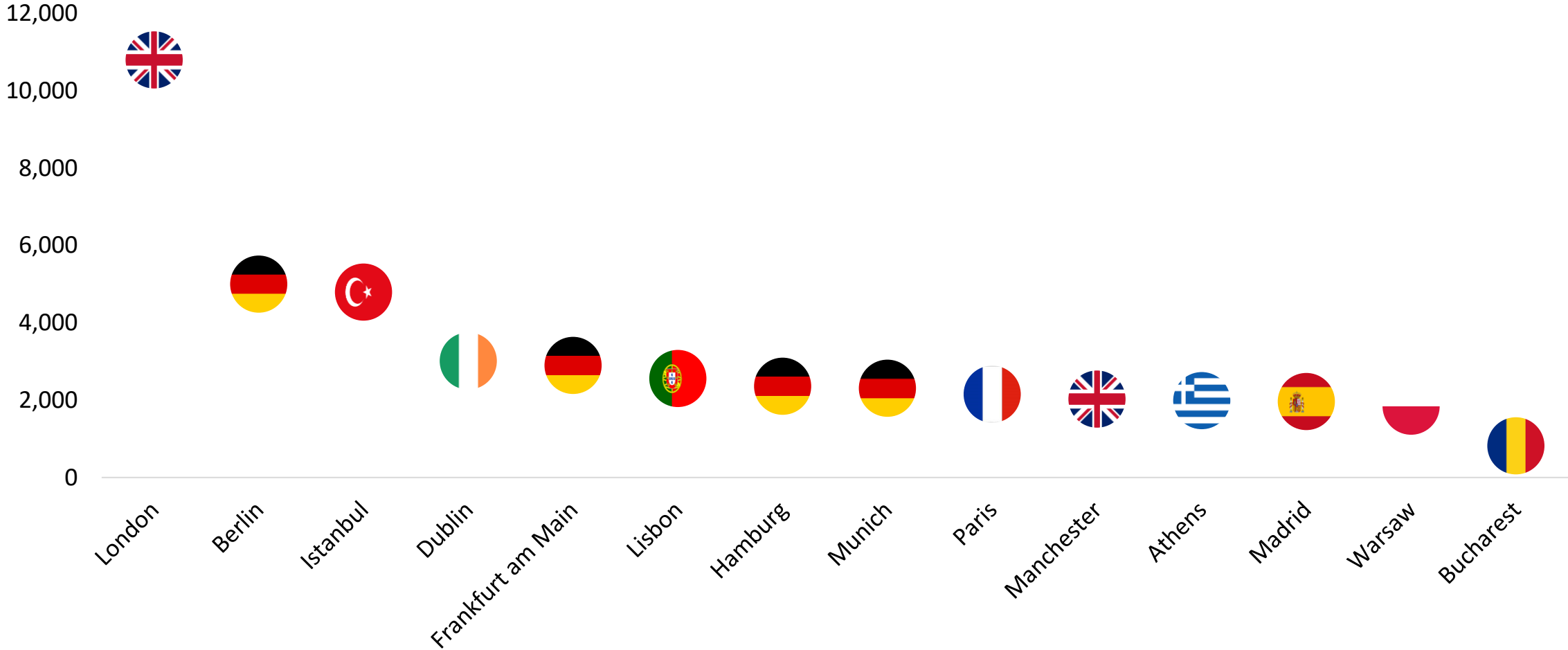
Usual countries atop the pipeline leaderboard

European countries, Rooms in the pipeline, June 2024 update



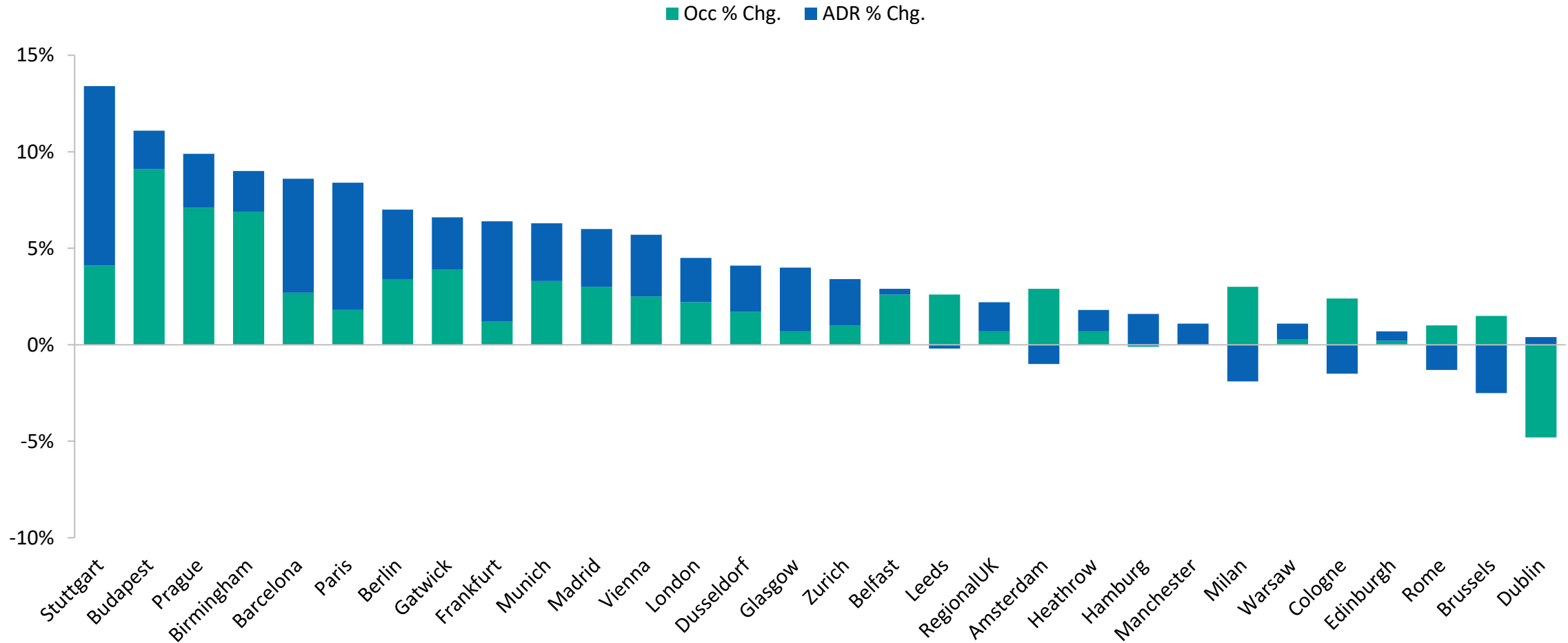
With cities from those respective countries dominating the top 10

European countries, Rooms under construction, June 2024



Events drive major growth and DACH cities catch up

European markets, KPI % chg. YoY, 2024 forecast



Which questions are top of mind for owners and investors?

Trading is normalizing to single digit year on year gains

Equal parts occupancy and rate growth forecasted in 2024

Summer wins in an Olympic and Euros year!

Forecast shows largest gains event led markets and DACH

Pipelines, and transactions reflect interest rate challenges



Thank you

Alex Robinson

arobinson2@str.com



Overview

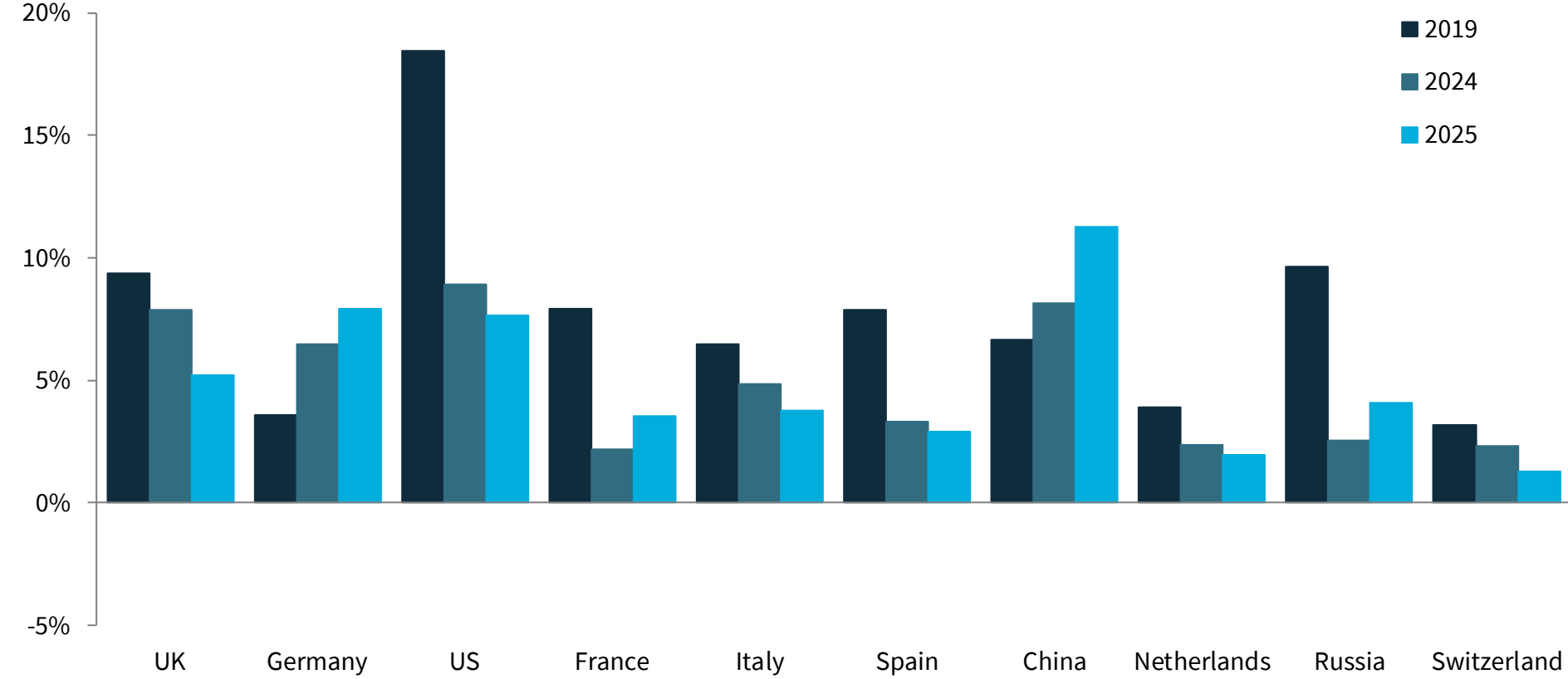
- Cautious optimism for 2024
- Economic trends improving this year
- European hotel performance: from recovery to growth
- Travel to return to normal trends, but some rebalancing remains

Questions: Use the question panel

Contribution of key source markets to become more broad-based

Growth Contribution to European City Travel by Top Source Markets

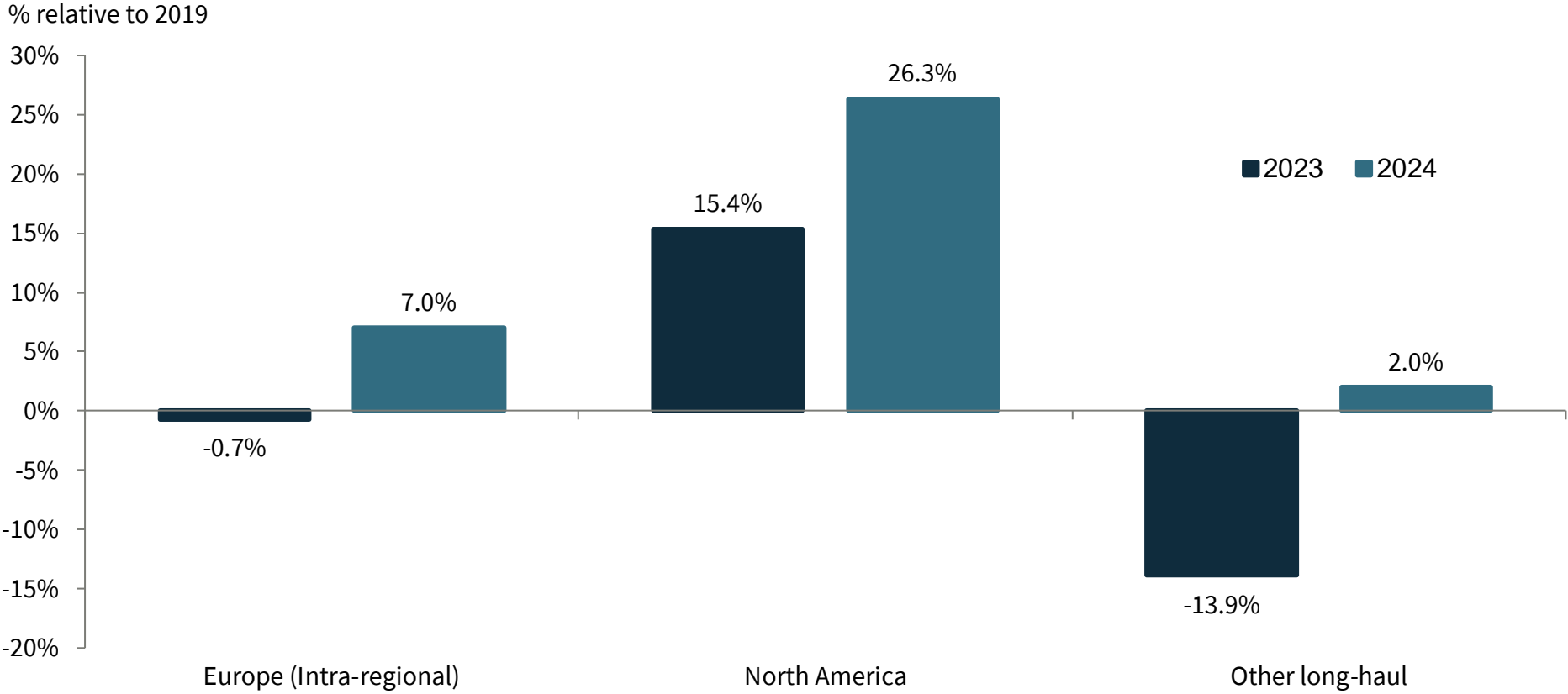
% share of overnight visits growth by source market



Questions: Use the question panel

European city travel becoming less reliant on US tourists...

Recovery of European City Travel by Distance



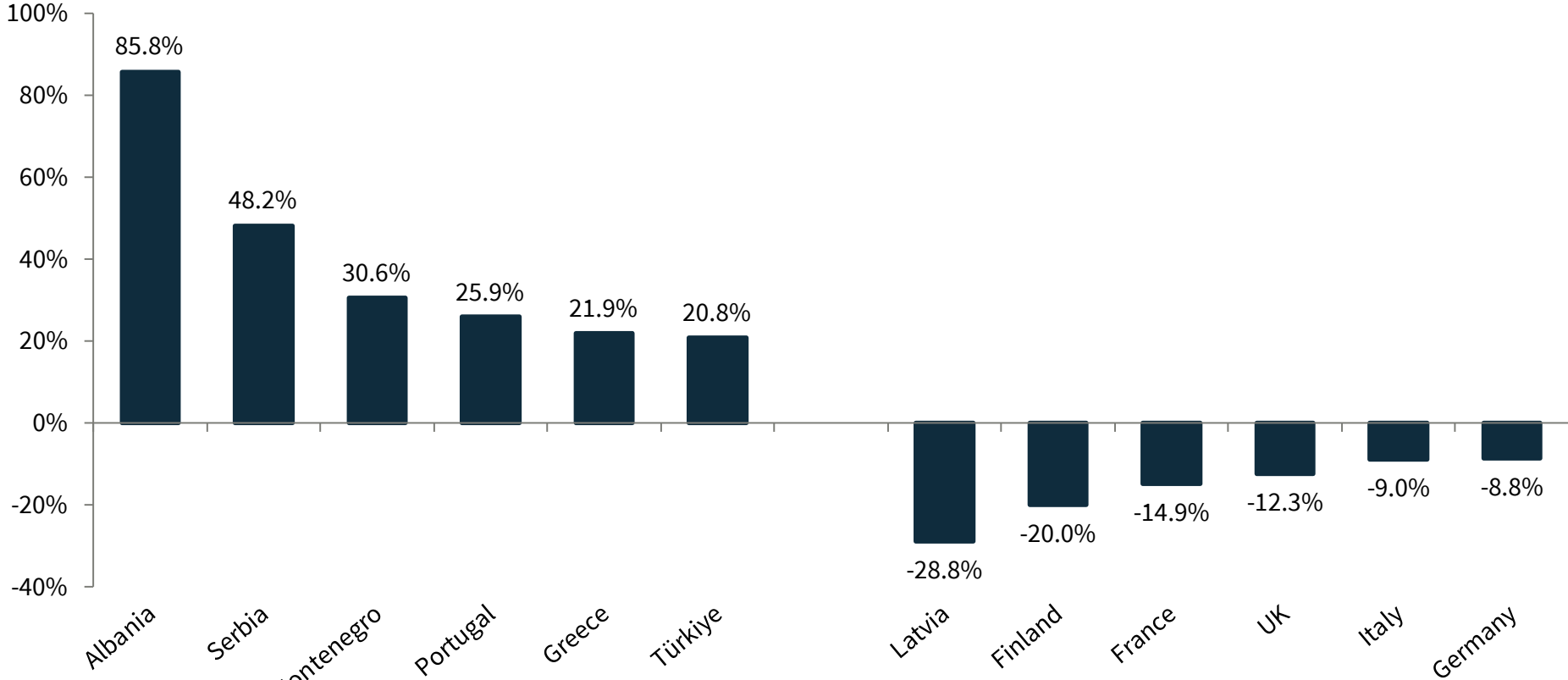
Source: Tourism Economics

Questions: Use the question panel

...and some smaller destinations appealing more to current travel preferences

Share of Overnight International Arrivals Between 2019 and 2024

% increase in share of European* overnight international arrivals between 2019 and 2024



Source: Tourism Economics

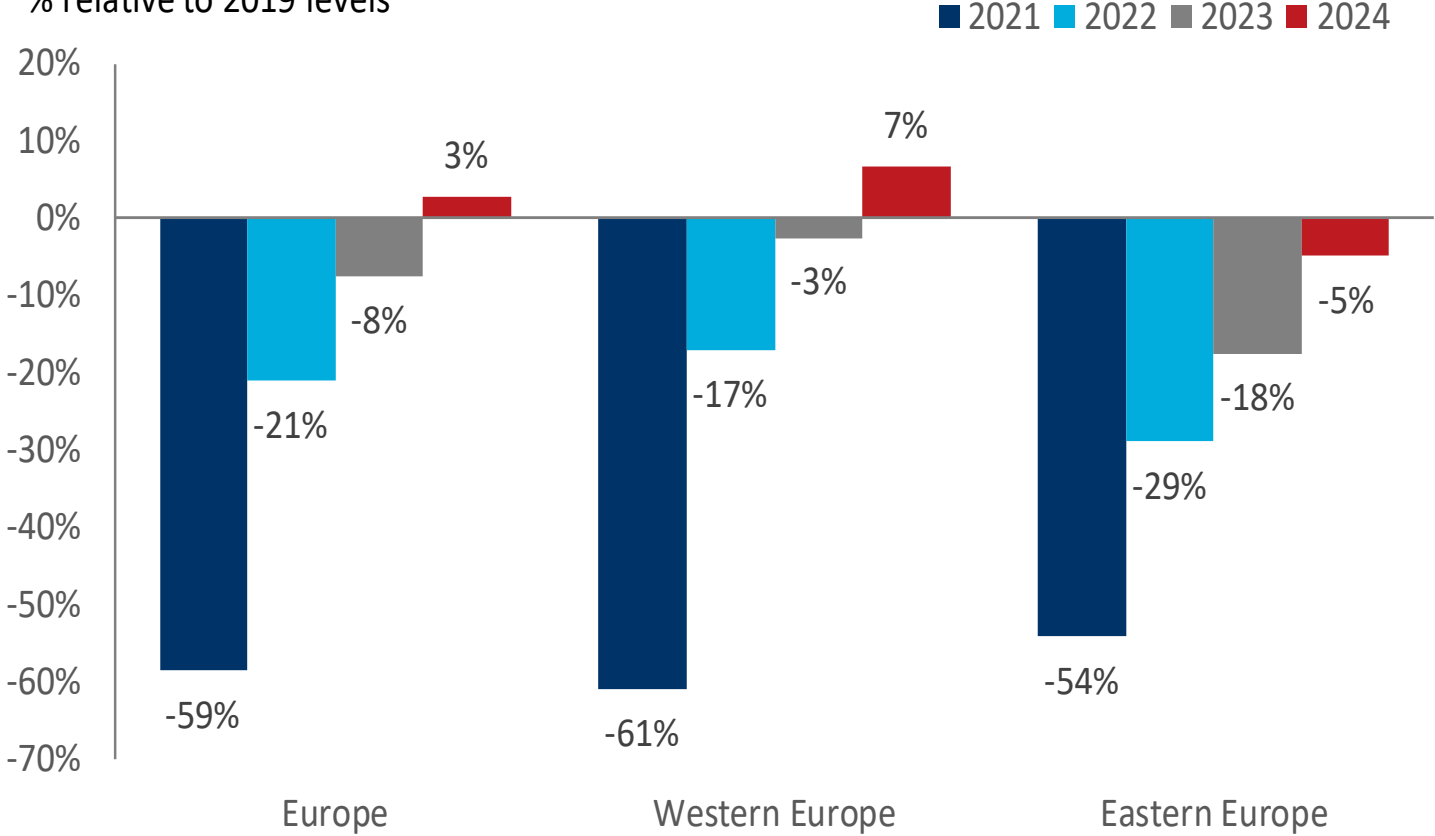
*Europe excluding Russia and Ukraine

Questions: Use the question panel

Continue to expect a full recovery in international travel this year

International visitor arrivals by region

% relative to 2019 levels



*Note: Forecasts are from March
Latest forecasts are in progress.*

Questions: Use the question panel

EUROPE

Oxford (Headquarters)

Tel: +44 (0)1865 268 900

London

Tel: +44 (0)20 3910 8000

Belfast

Tel: + 44 2892 635400

Milan

Tel: +39 (0)2 8295 2521

Frankfurt

Tel: +49 (0)69 96 758 658

Paris

Tel: +33 (0)1 78 91 50 52

Stockholm

Tel: +46 (0) 8 446 887 65

AFRICA AND MIDDLE EAST

Cape Town

Tel: +27(0)21 863-6200

Dubai

Tel: +971 56 396 7998

AMERICAS

New York

Tel: +1 (646) 786 1879

Philadelphia

Tel: +1 (646) 786 1879

Mexico City

Tel: +52 155 5419-4173

Boston

Tel: +1 (617) 780 2265

Chicago

Tel: +1 (847) 993-3140

Los Angeles

Tel: +1 (424) 303 3449

Toronto

Tel: +1 (905) 361 6573

ASIA PACIFIC

Singapore

Tel: +65 6850 0110

Sydney

Tel: +61 (0)2 8458 4200

Hong Kong

Tel: +852 3974 8842

Tokyo

Tel: +81-(0)3-4588-2798