



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

CITY TOURISM BEYOND PANDEMIC RECOVERY

IS THE NEW NORMAL THE SAME AS THE OLD NORMAL?



Introduction



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Managing Director EMEA



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Associate Director

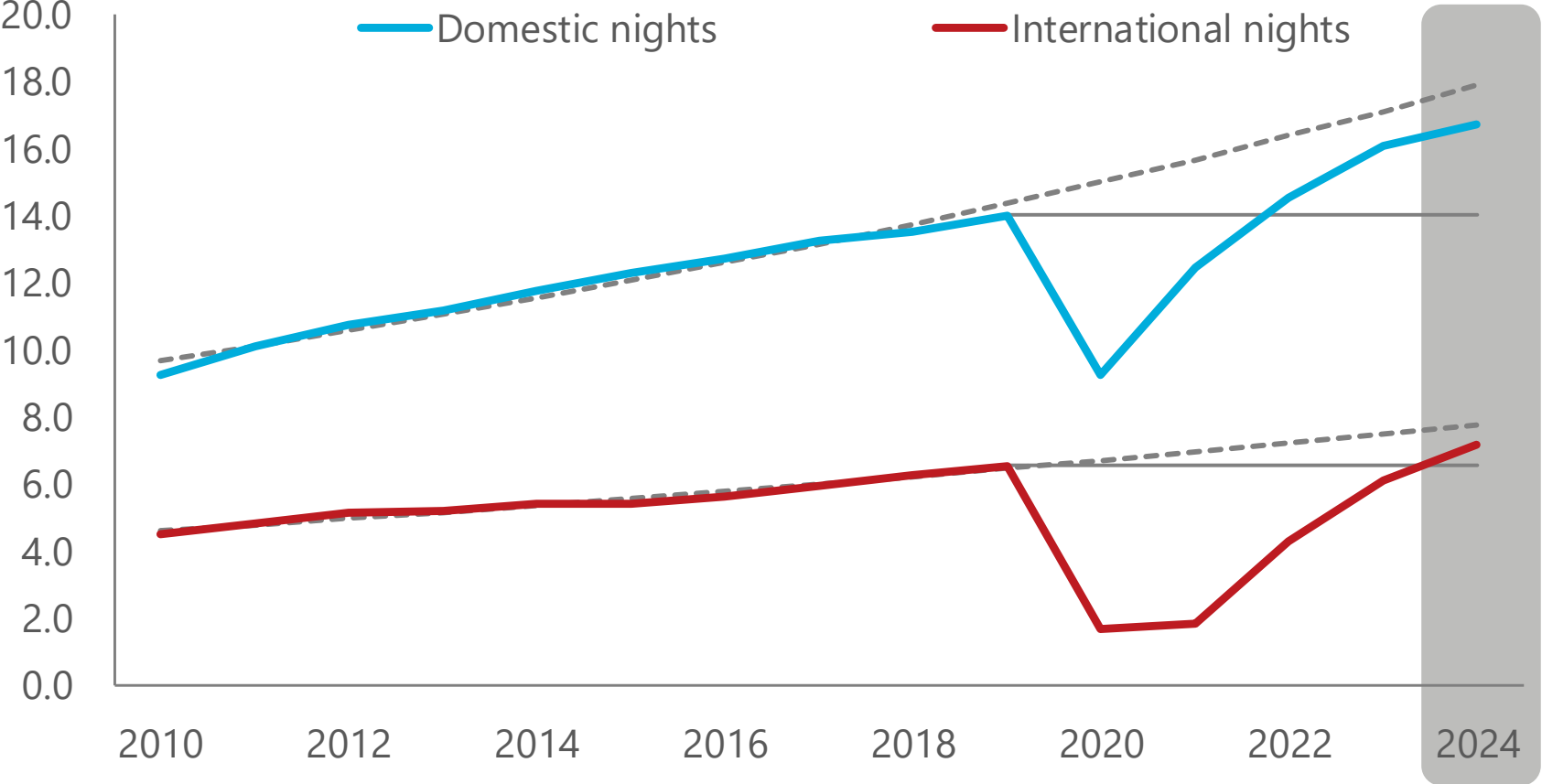


Emma Laverty
Economist

International travel to hit new record levels as rebalancing continues

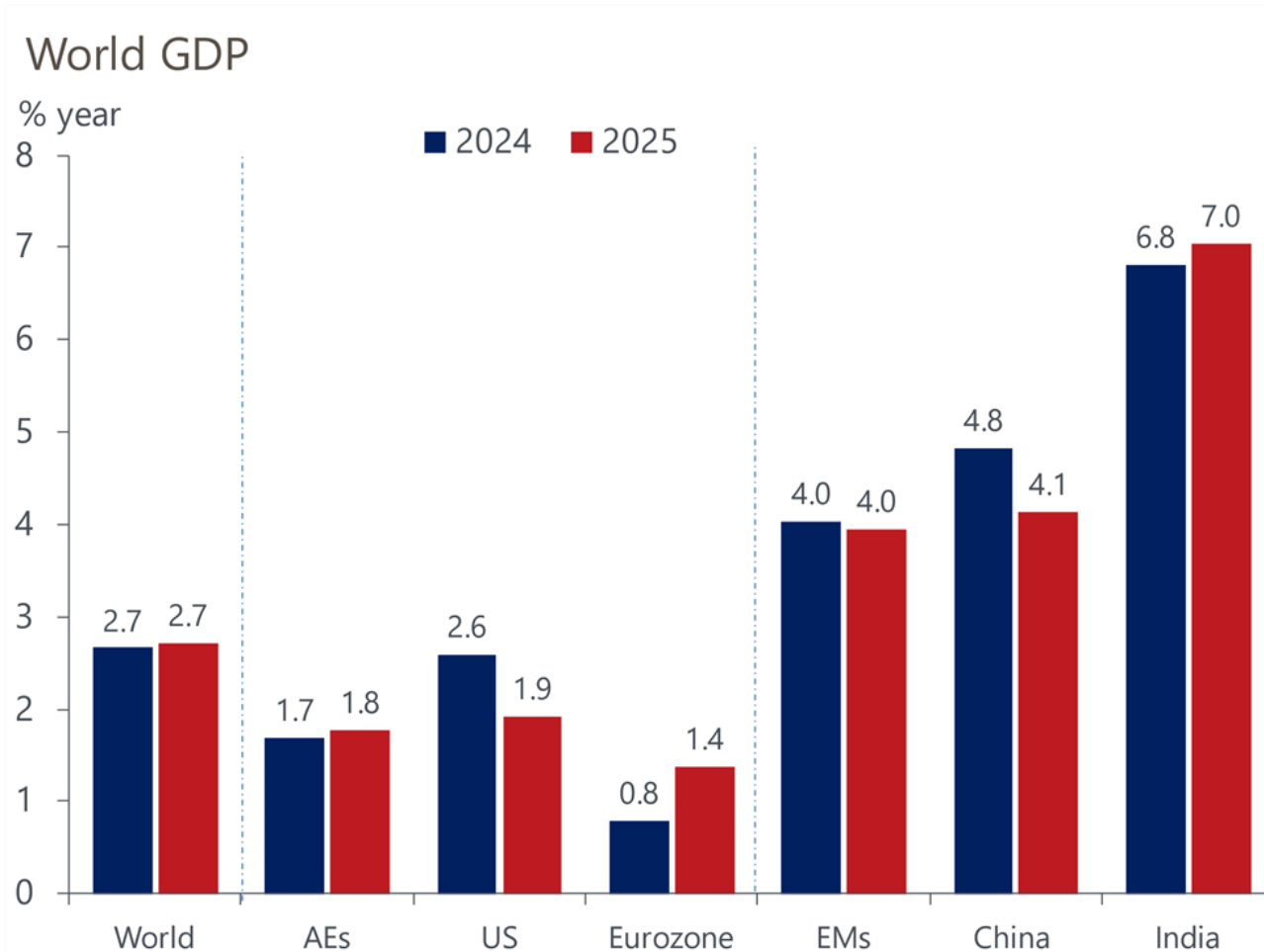
Global trend in international & domestic nights

Bns. Dashed lines are simple 2010-19 trend



Source: Tourism Economics

Supported by stable global economy

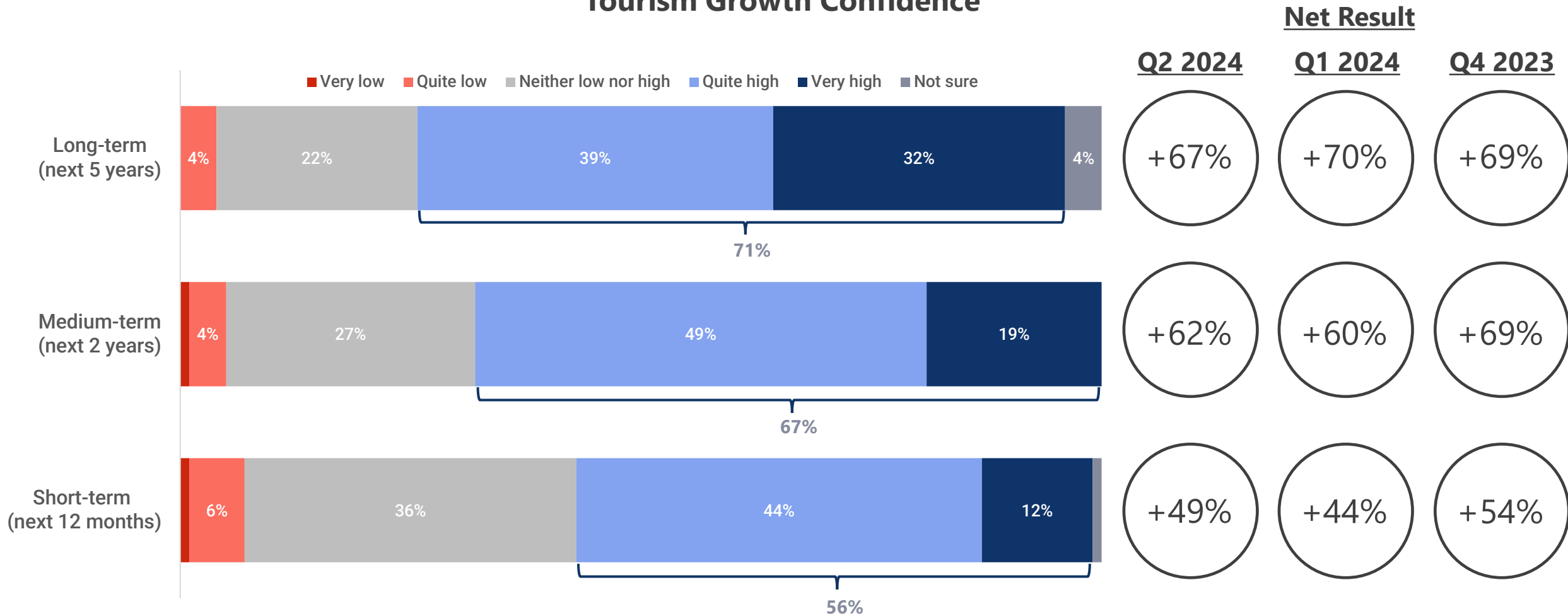


Improving economic trends

- Inflation is seemingly under control
- Interest rate cuts will come in 2024 H2
- Disposable income to increase through 2024 – except in US where growth will moderate
- Uptick in economic growth in European economies
- China to continue to slow but still outpacing many other markets.

Optimism is growing into the medium term

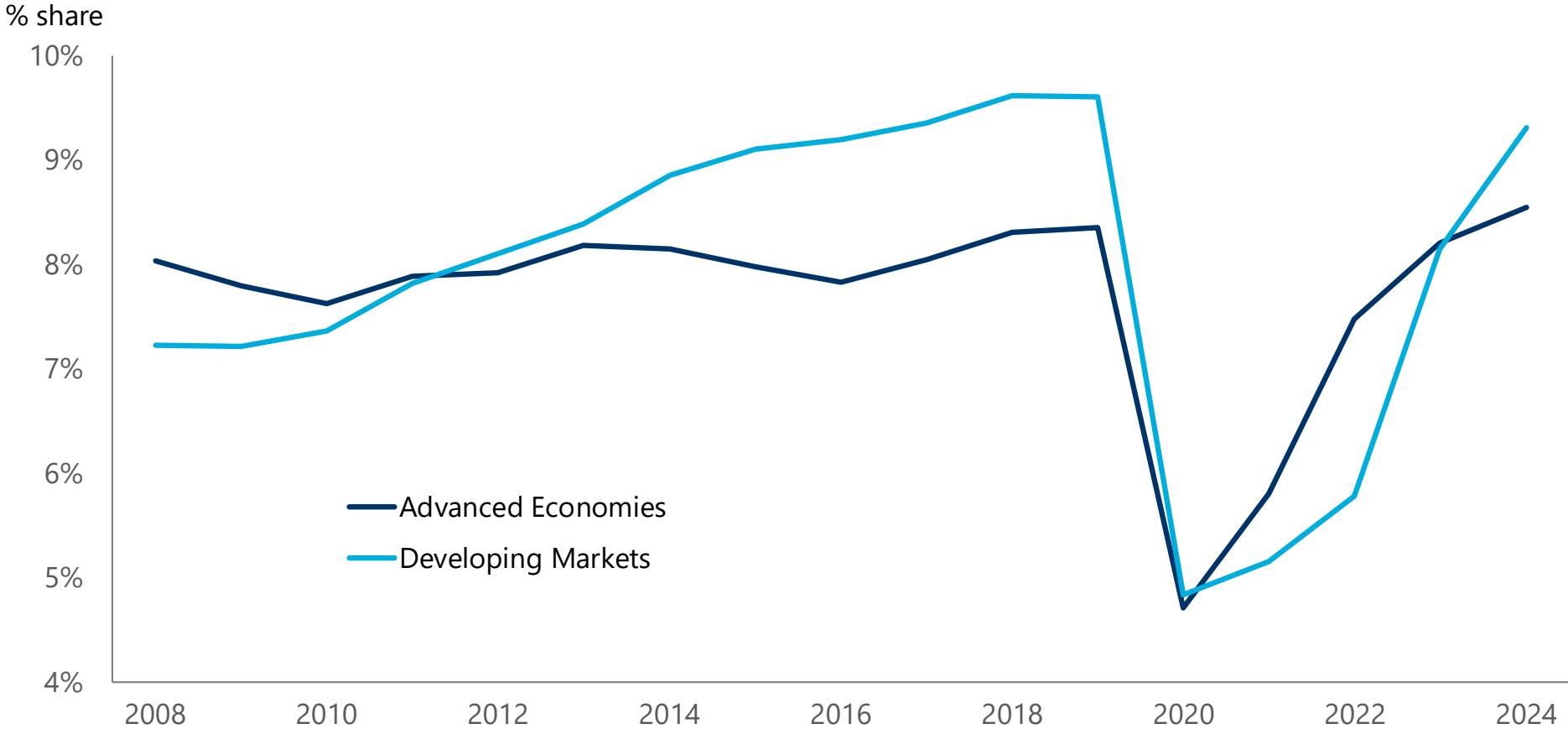
Tourism Growth Confidence



Q: How confident are you that your country will achieve overall tourism growth in the following periods?
 Net Result is the percentage difference/variance between 'Low' and 'High' results | Q2 2024: n=113, Q1 2024: n=98, Q4 2023: n=106

Travel is still being prioritised within spending

Leisure travel spend (outbound & domestic) share of consumption

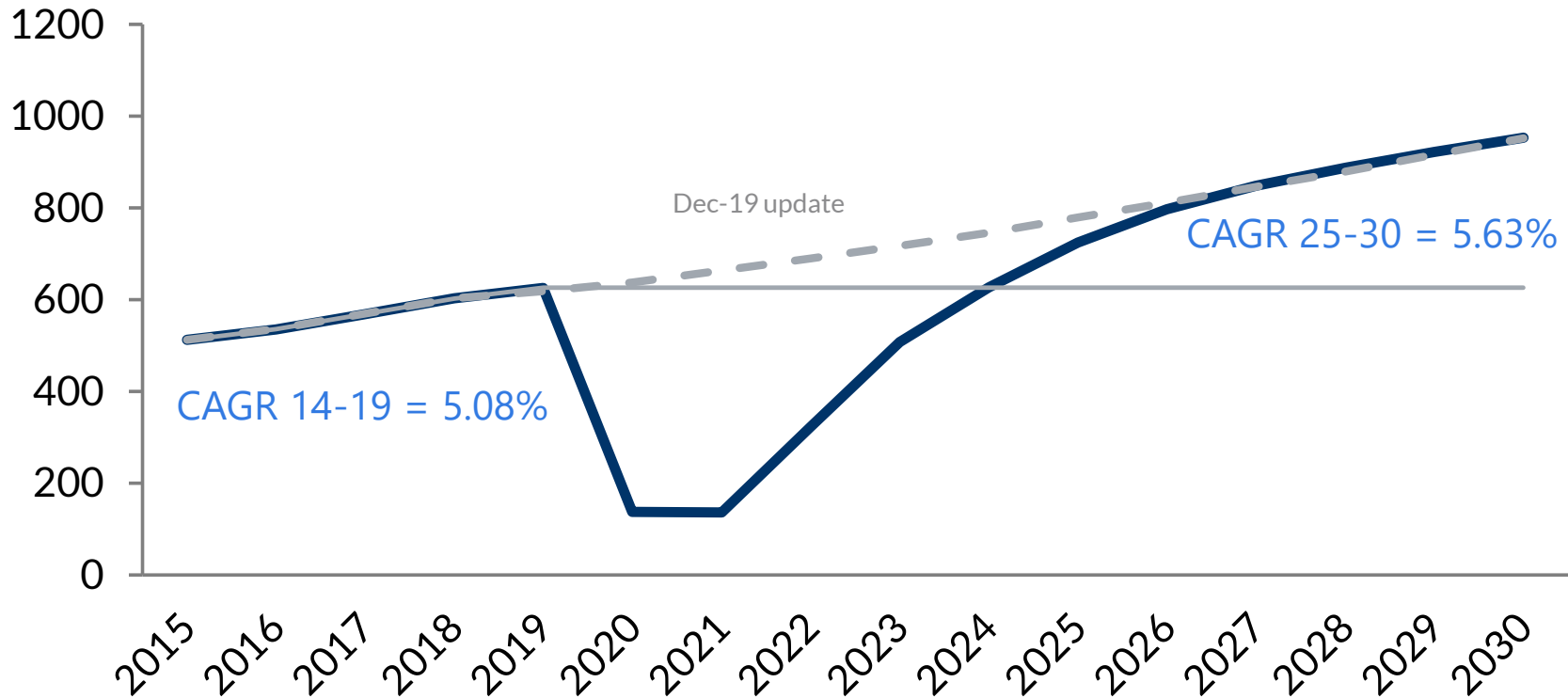


Source: Oxford Economics

International city travel return to past growth trends ...

Total inbound city travel, 2015-2030

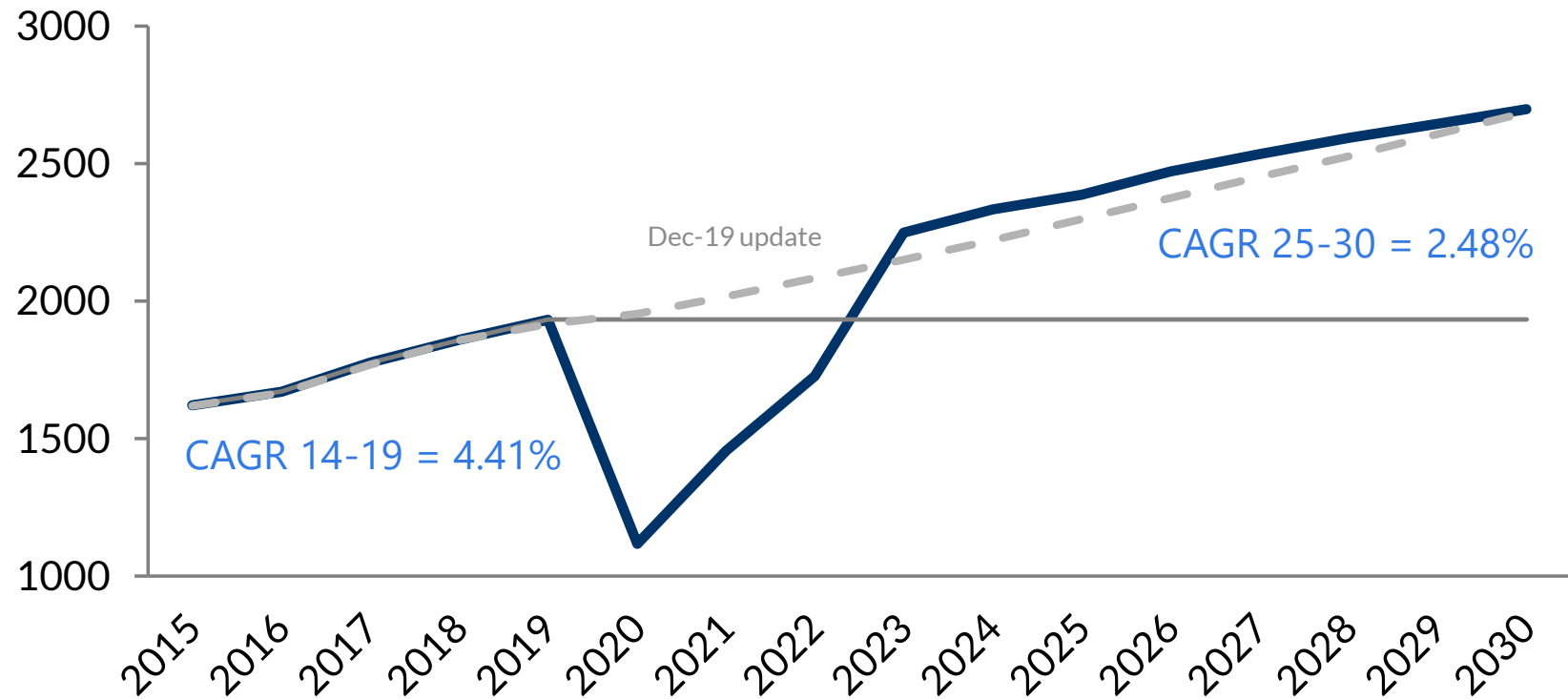
mns, visits



... but domestic travel continues to outperform in medium-term

Total domestic city travel, 2015-2030

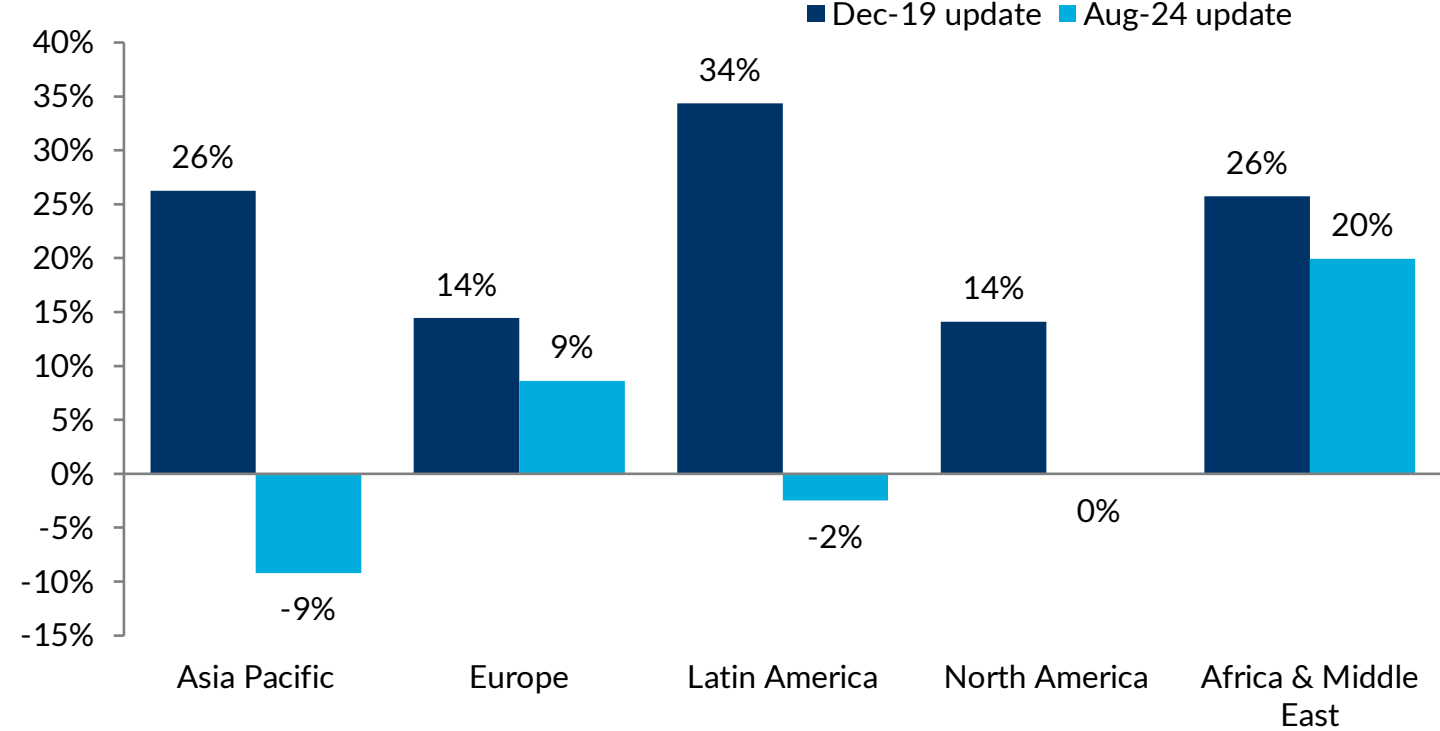
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Europe and Middle East making up lost ground in 2024

City inbound arrivals, 2024 rel. to 2019

% difference from 2019 levels

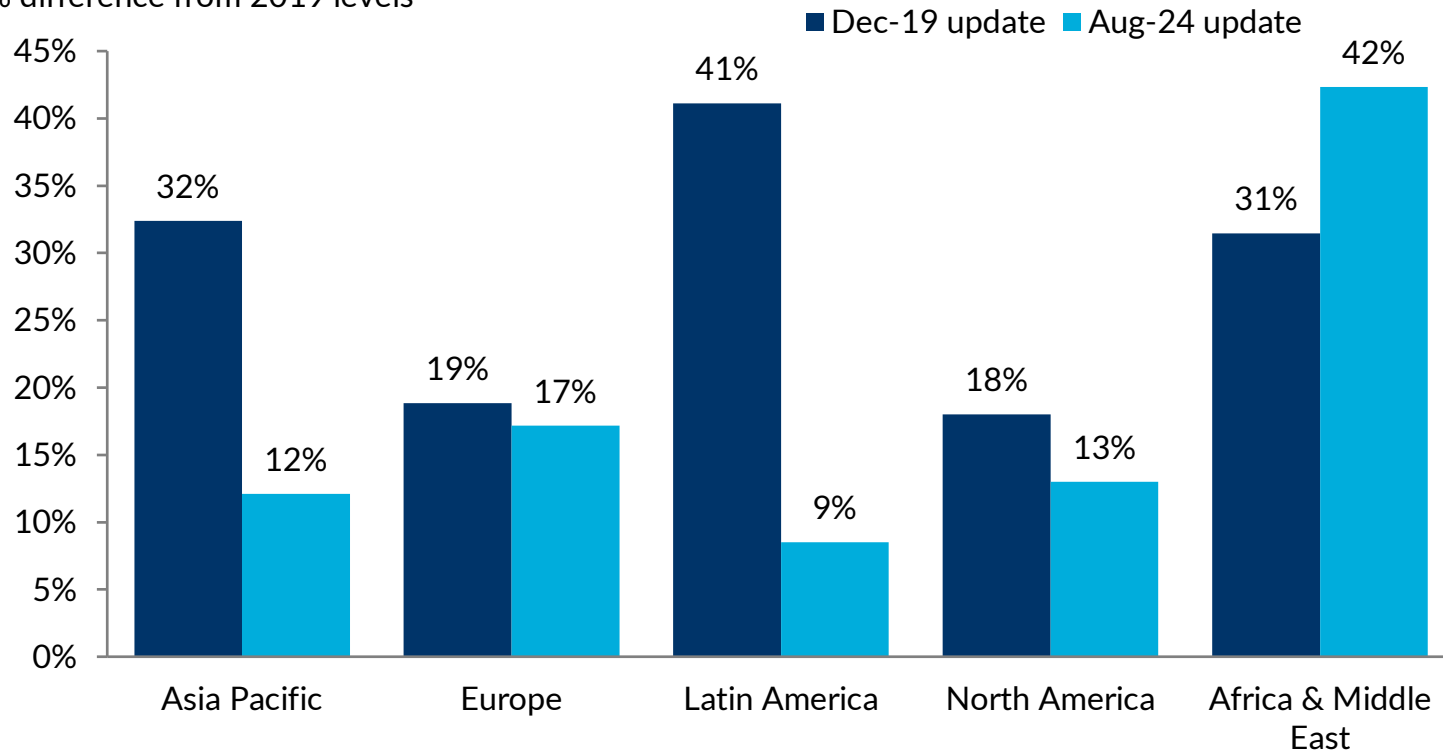


Source: Tourism Economics

A new normal for regional inbound travel beginning to take shape in 2025

City inbound arrivals, 2025 rel. to 2019

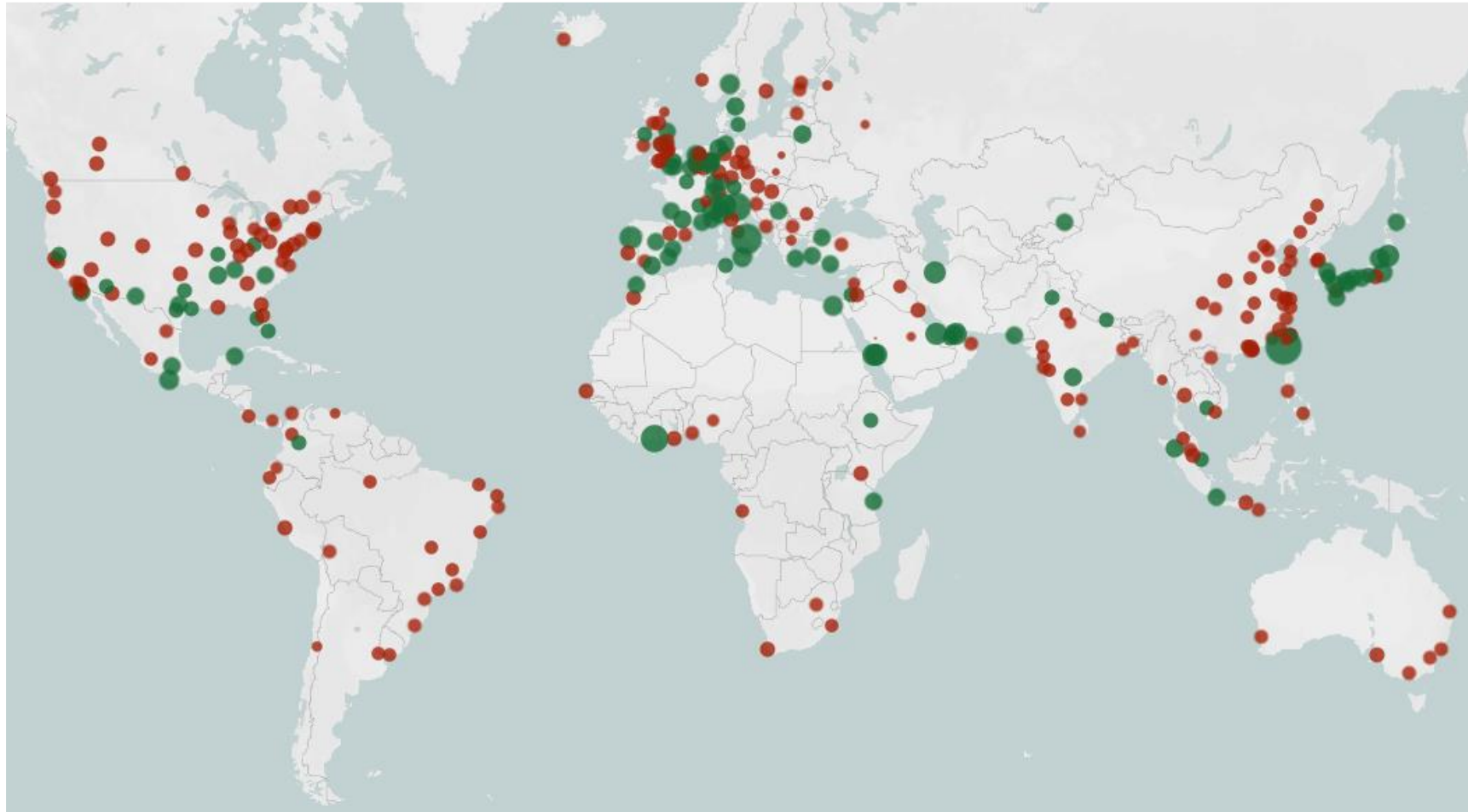
% difference from 2019 levels



Source: Tourism Economics

- China CAGR 2019-2025
Pre-pandemic 4.60%
Latest update -0.22%
- Brazil CAGR 2019-2025
Pre-pandemic 4.85%
Latest update 1.06%

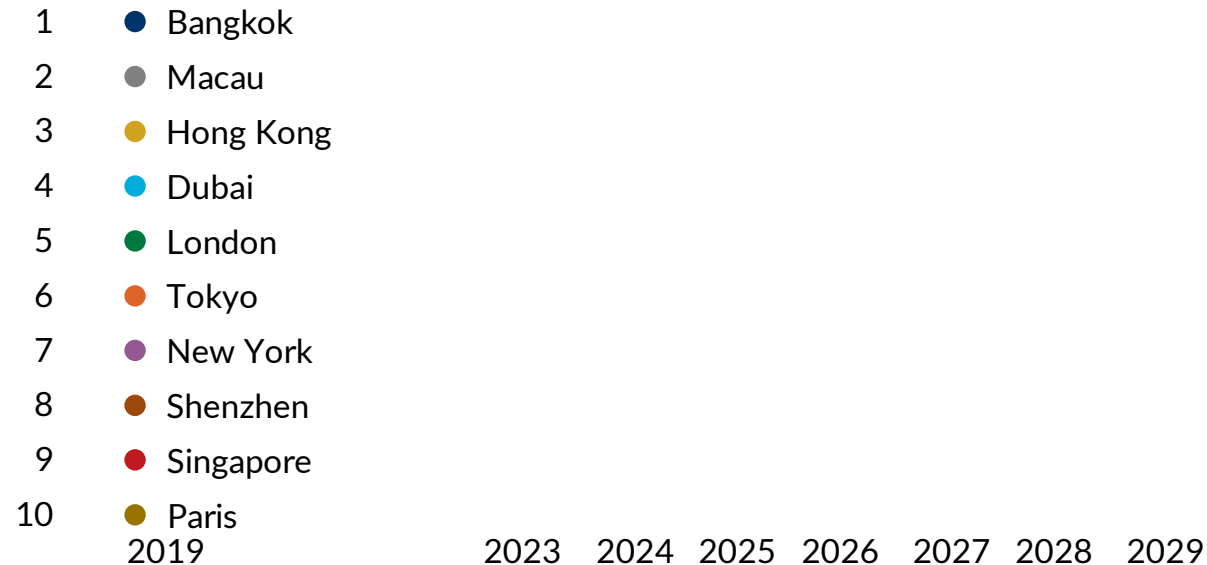
Current outlook vs pre-pandemic forecast of inbound travel in 2025



Source: Tourism Economics

How have global city standings changed?

City international visits: top ranked cities worldwide

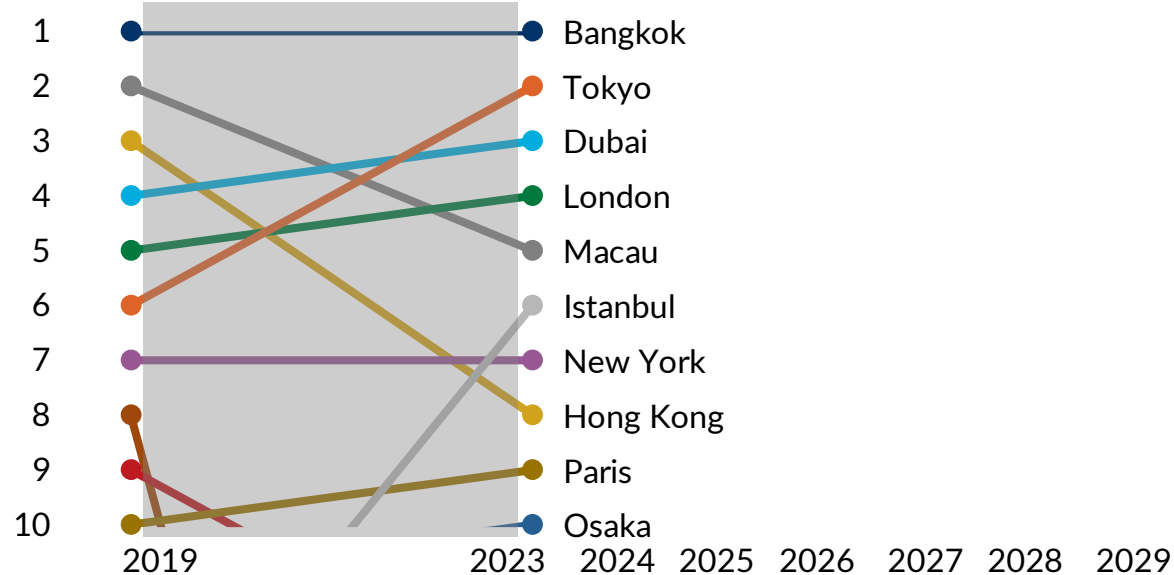


Source: Tourism Economics

- Top 3 destinations for international travel in 2019 were Asian cities
- With Asian cities accounting for 6 out of the top 10
- Two European cities, one North American and one Middle East make up the remainder of the top 10

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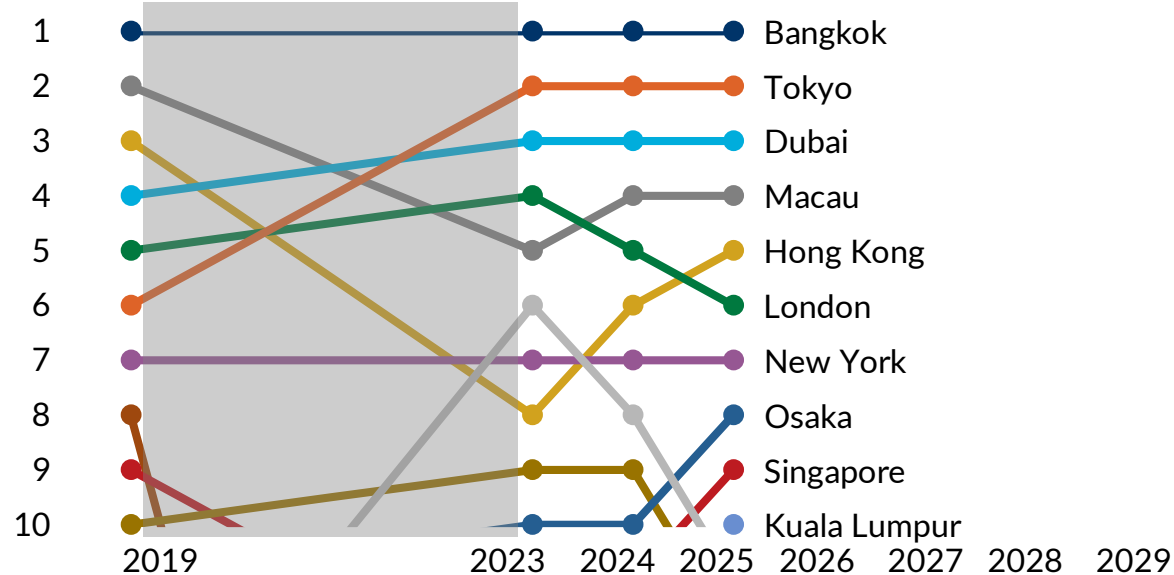
Source: Tourism Economics

Note: Shaded area represents interpolation of ranks between 2019 and 2023, and not representative of ranks during this period

- Tokyo climbs to 2nd in 2023 based on very strong data outturns – favourable exchange rates have helped drive inbound tourism
- Hong Kong and Macau both still below 2019 levels, largely a result of slow China outbound travel
- Some short term gains in other markets, with European markets making moves up the rankings

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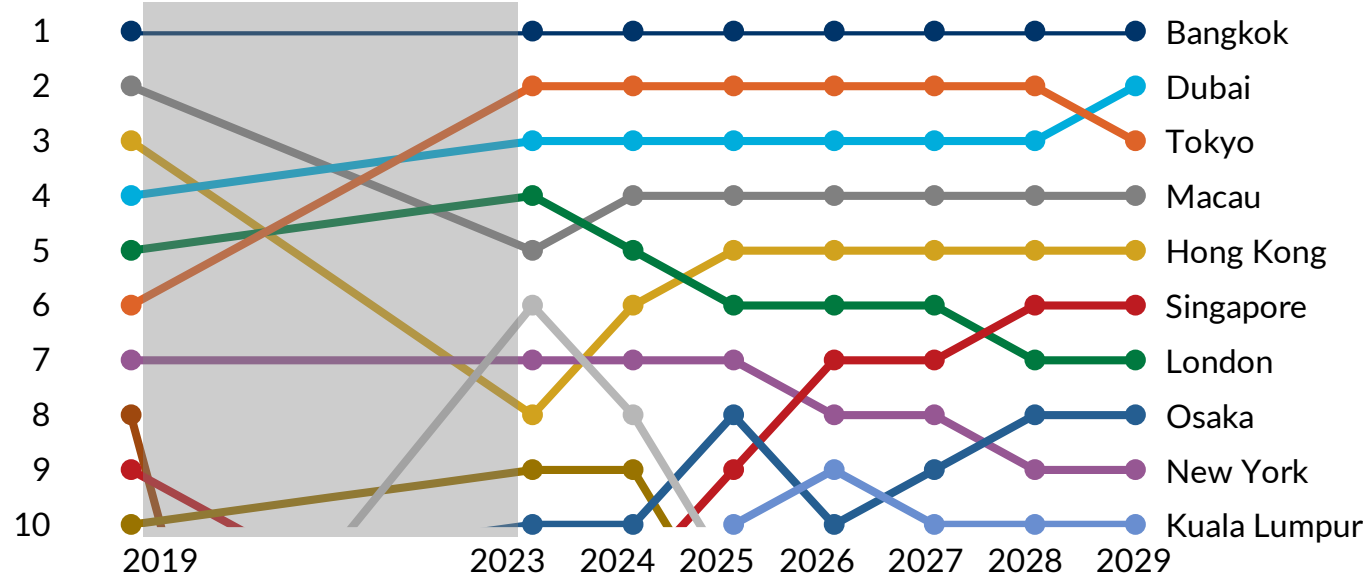
Source: Tourism Economics

Note: Shaded area represents interpolation of ranks between 2019 and 2023, and not representative of ranks during this period

- Begin to see some medium-term stability in the rankings following pandemic era volatility
- Top 3 ranks remaining unchanged from 2023 but Macau, Hong Kong, Osaka, Singapore and Kuala Lumpur all move up the rankings

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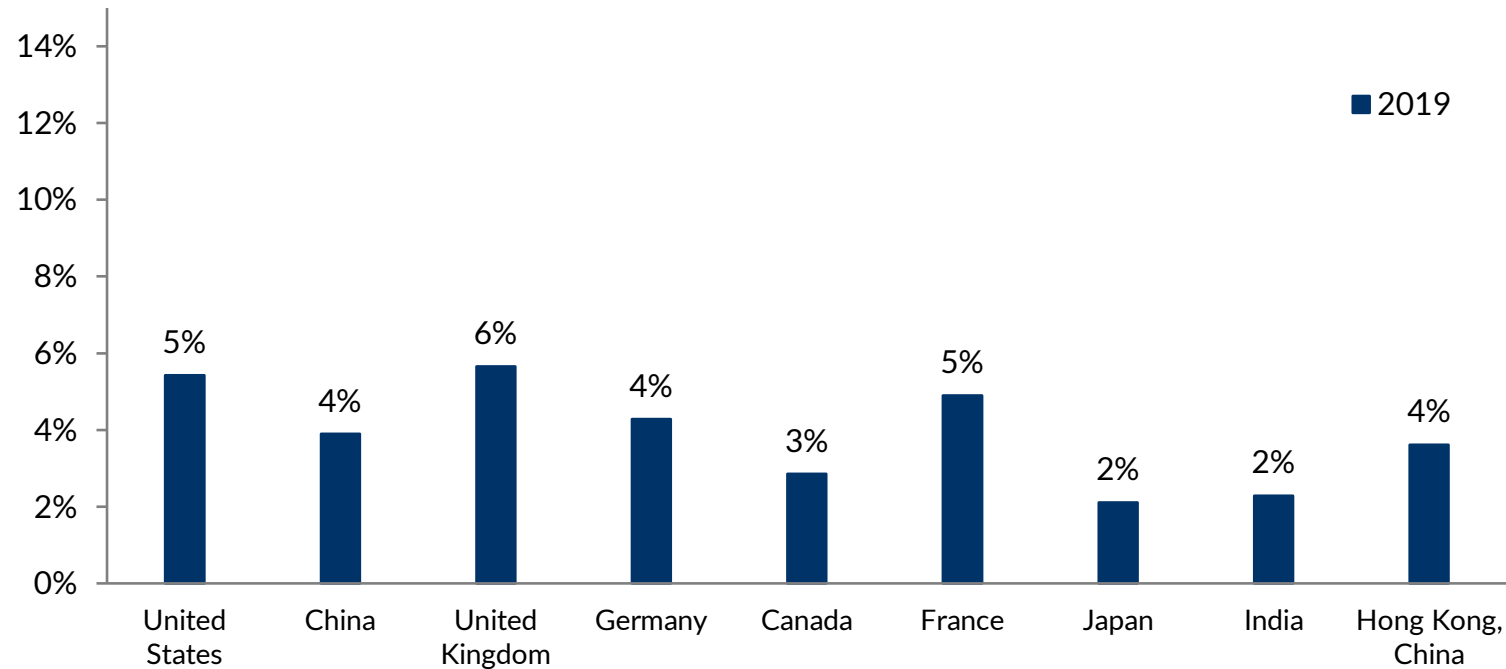
Source: Tourism Economics

Note: Shaded area represents interpolation of ranks between 2019 and 2023, and not representative of ranks during this period

- Longer term we expect Bangkok, Dubai and Tokyo to be the top 3 destinations for international travel
- With Macau and Hong Kong both pushed down two places from their 2019 ranks
- Asian cities will account for 7 out of 10 of the top destinations benefiting from growing China outbound travel

New Normal: Changes in source market importance

Growth contribution to global city travel by top 10 source markets
% share of nights growth by source market

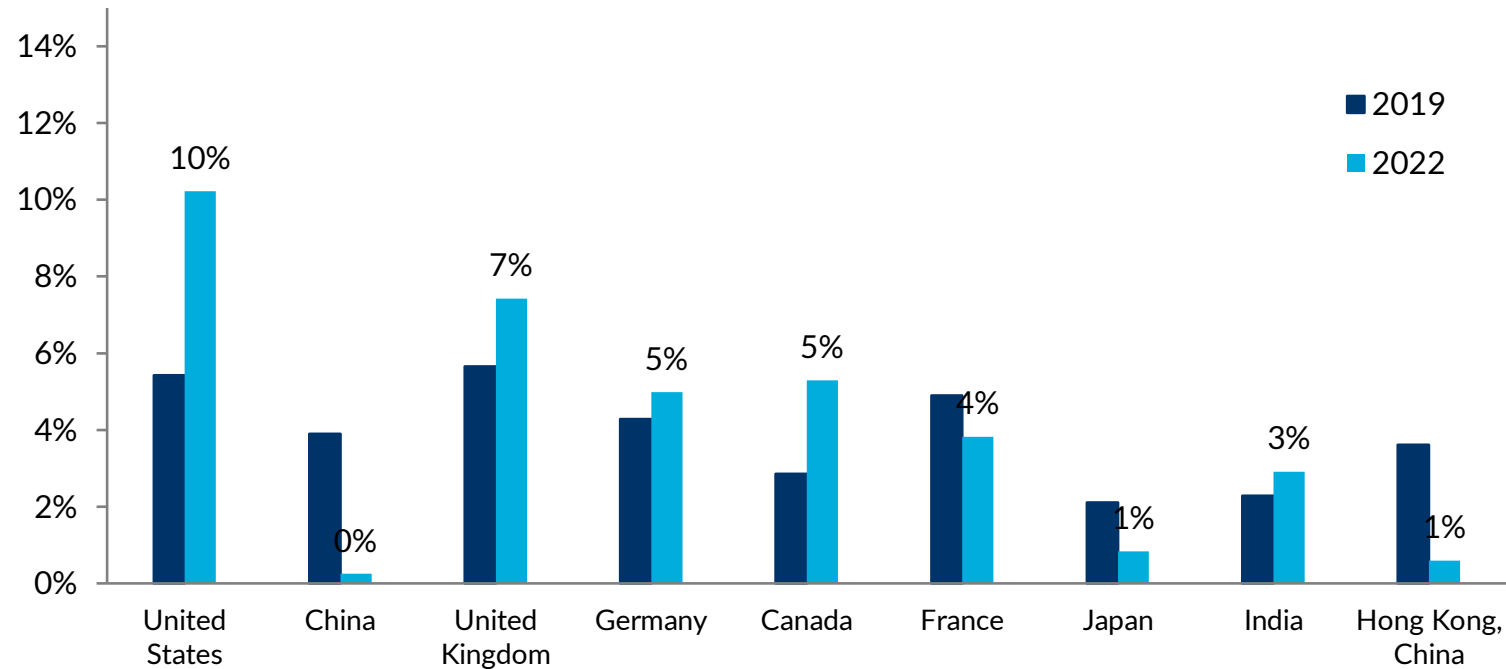


Source: Tourism Economics

Markets are ranked according volume of nights in 2019

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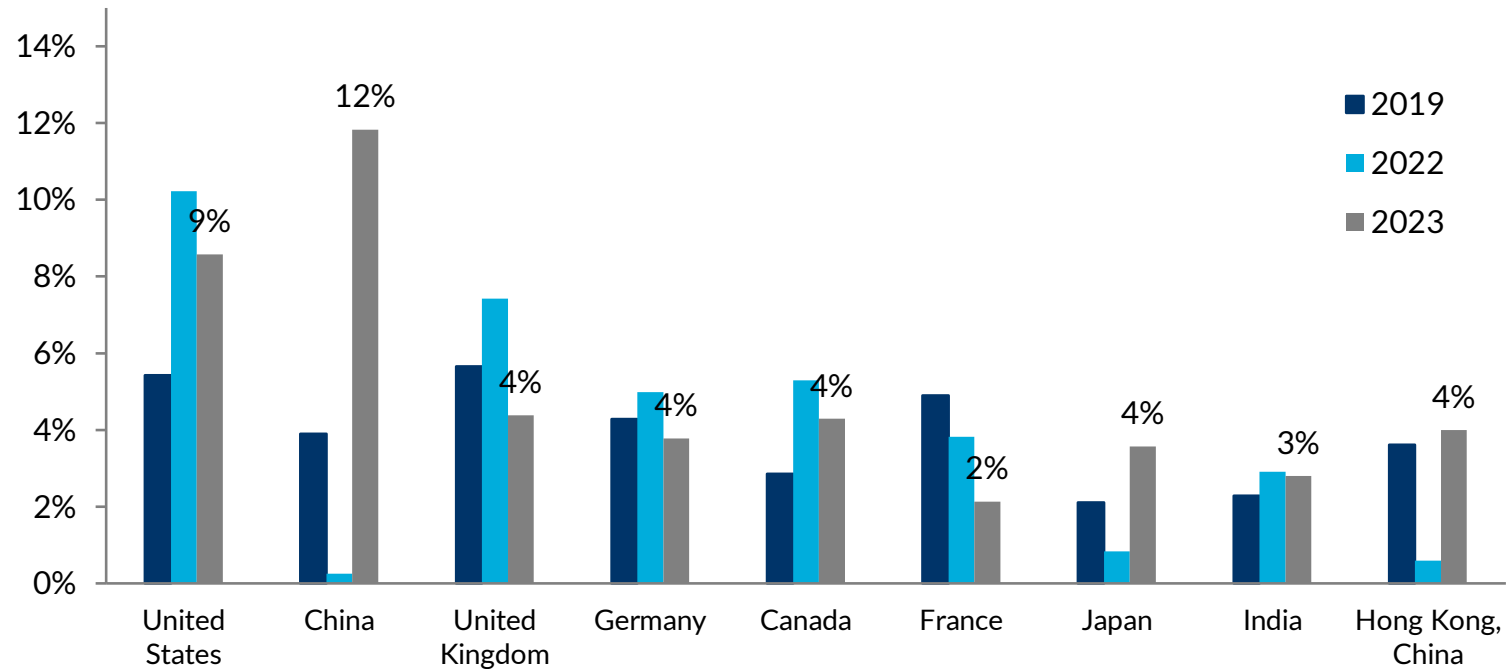


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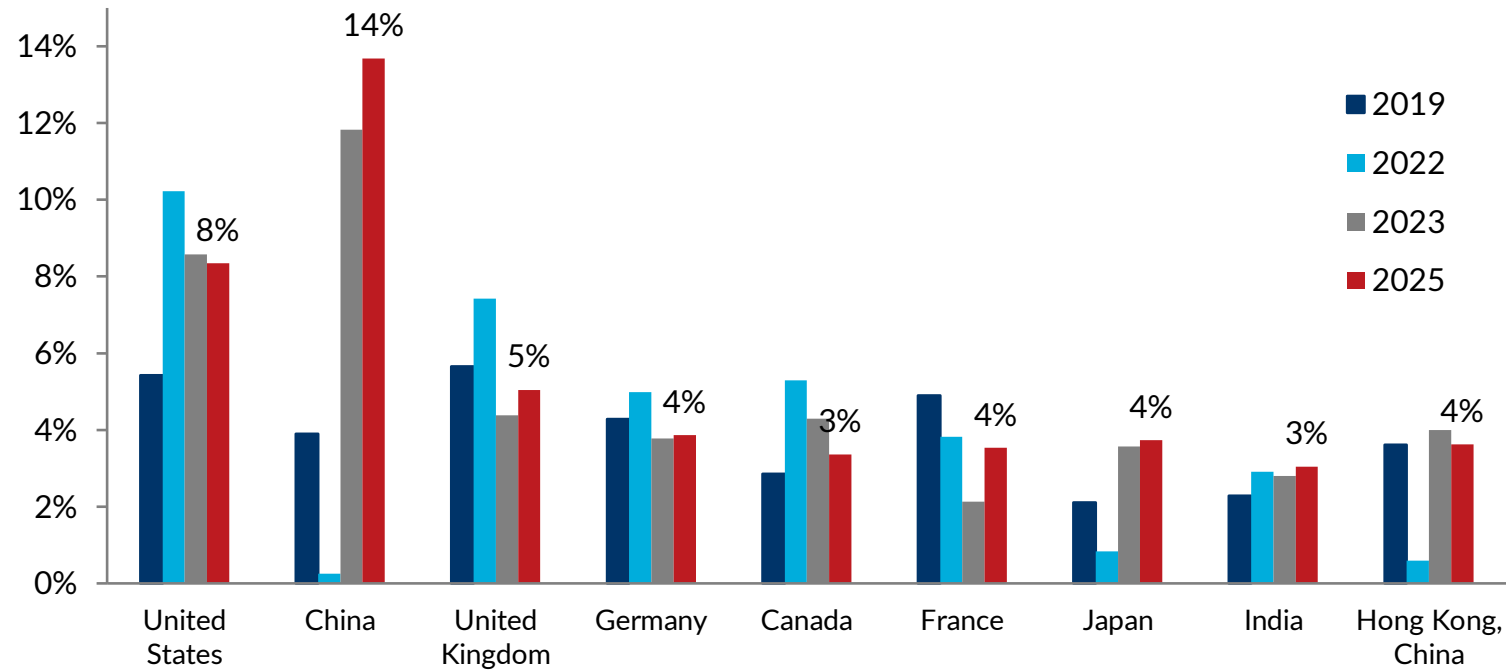


Source: Tourism Economics

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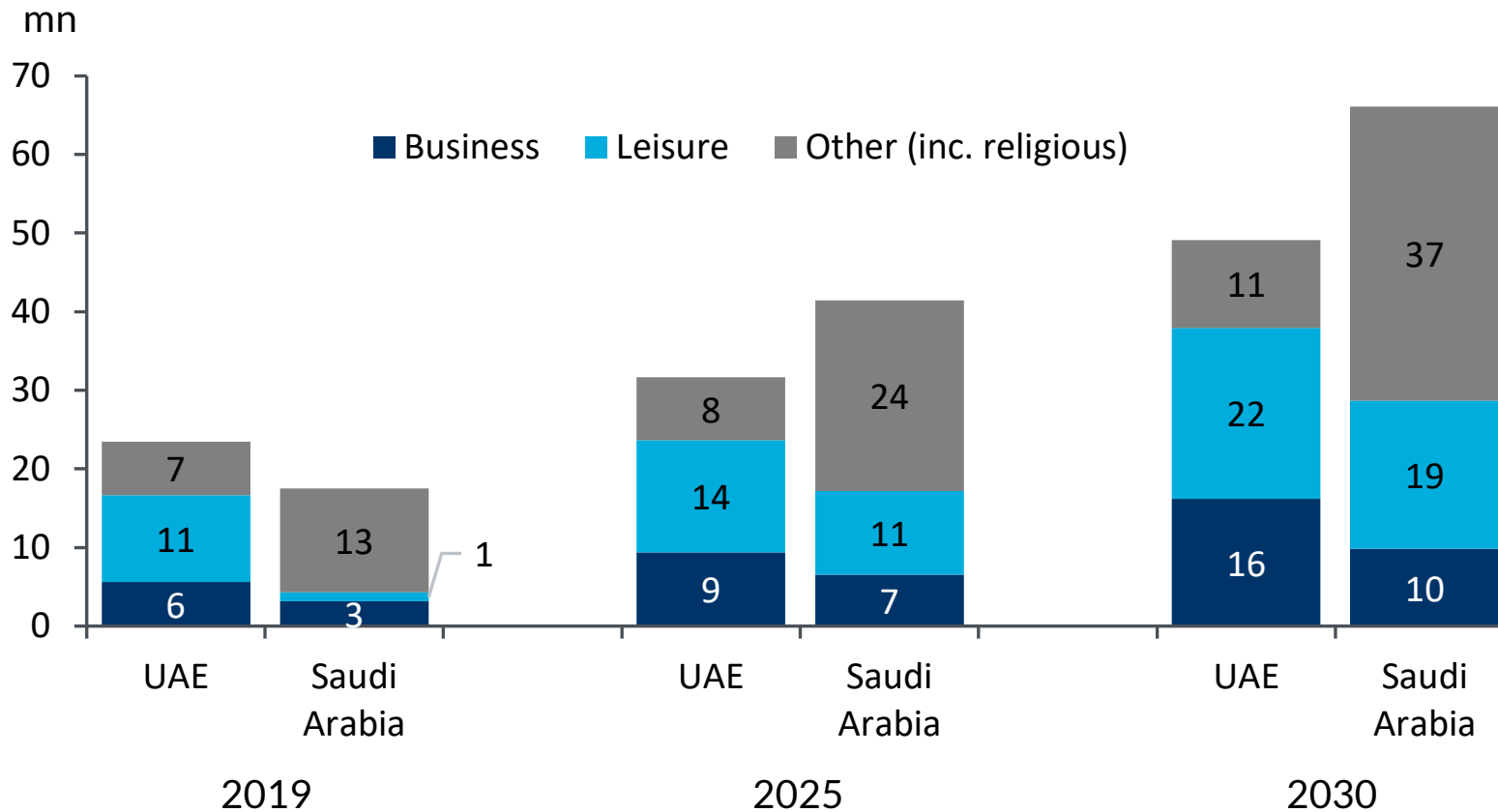


Source: Tourism Economics

Markets are ranked according volume of nights in 2019

New Normal: A new vision for Saudi Arabia

International arrivals by purpose of travel

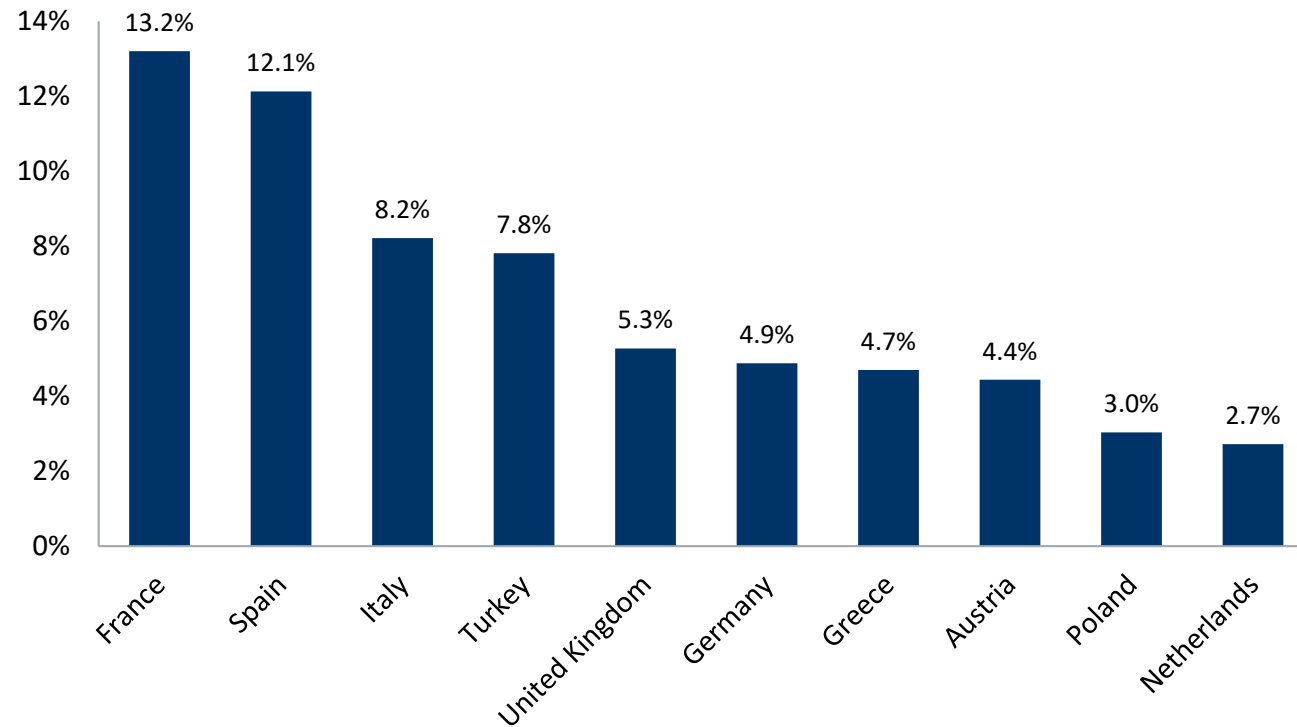


- Leisure travel to UAE to double between 2019 and 2030,
- For Saudi Arabia leisure travel will grow from 1mn to 19mn by 2030 (a 17 times increase)

Old Normal: Overtourism

Largest European destinations, 2024

Inbound overnight arrivals, % of total European international overnight arrivals



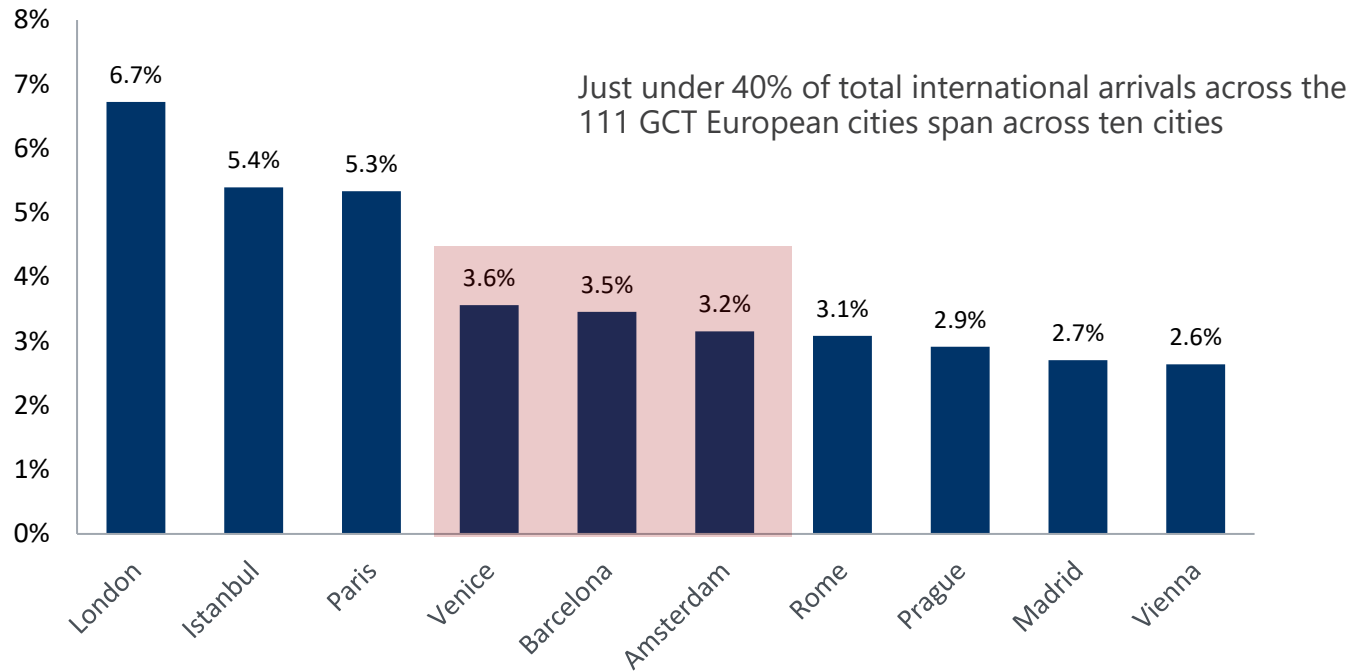
Source: Tourism Economics, Global Travel Service (city and non-city arrivals)

- Two thirds of total international arrivals in Europe span across just 10 countries
- France and Spain alone account for a quarter of total inbound arrivals to Europe
- In 2024, Spain also the largest contributor to international arrivals growth in Europe (10.4%)

Old Normal: Overtourism

Largest European city destinations, 2024

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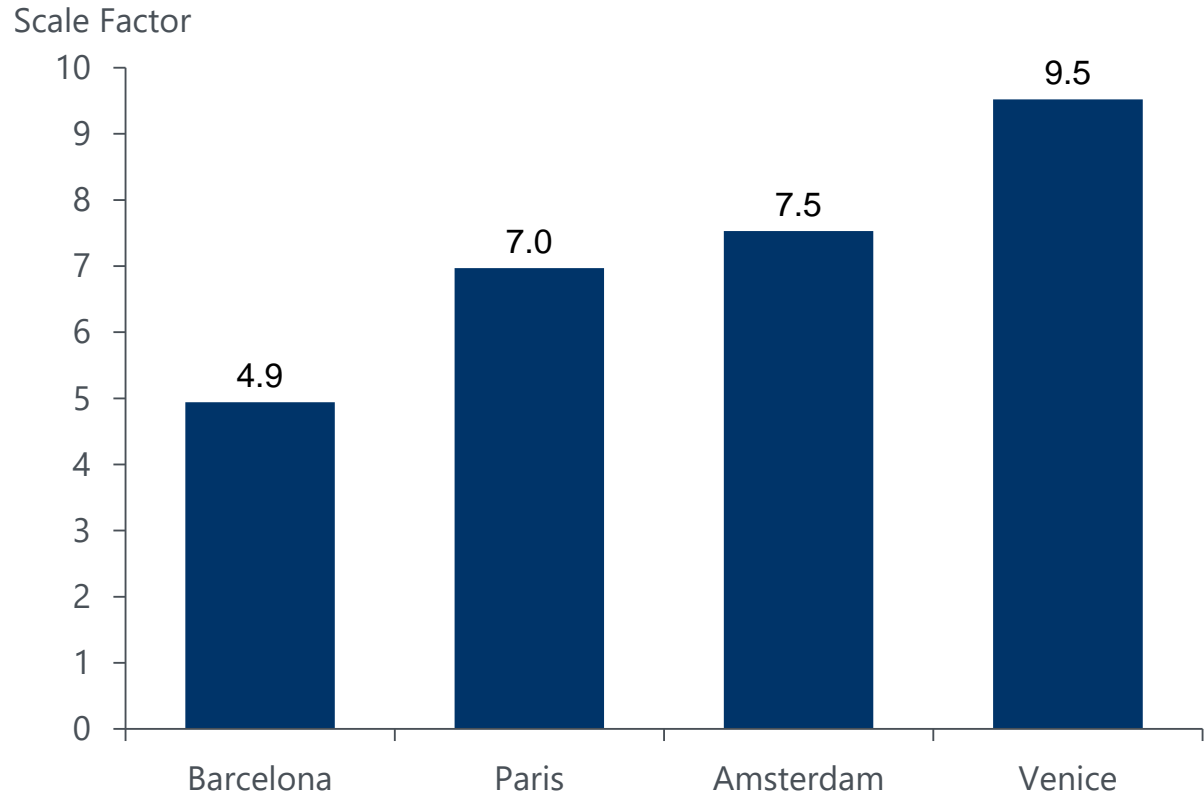


Source: Tourism Economics, Global Travel Service (city and non-city arrivals)

- ***Barcelona protesters spray visitors with water: Why has Europe fallen out of love with tourism? - Euronews***
- ***Amsterdam bans construction of new hotels as a way to fight overtourism – CNN***
- ***'It has had no impact': Venice's effort to curb overtourism fails to thin crowds - Guardian***

Old Normal: Overtourism

Multiplier in overtourism news between 2019 (FY) and 2024 (YTD)



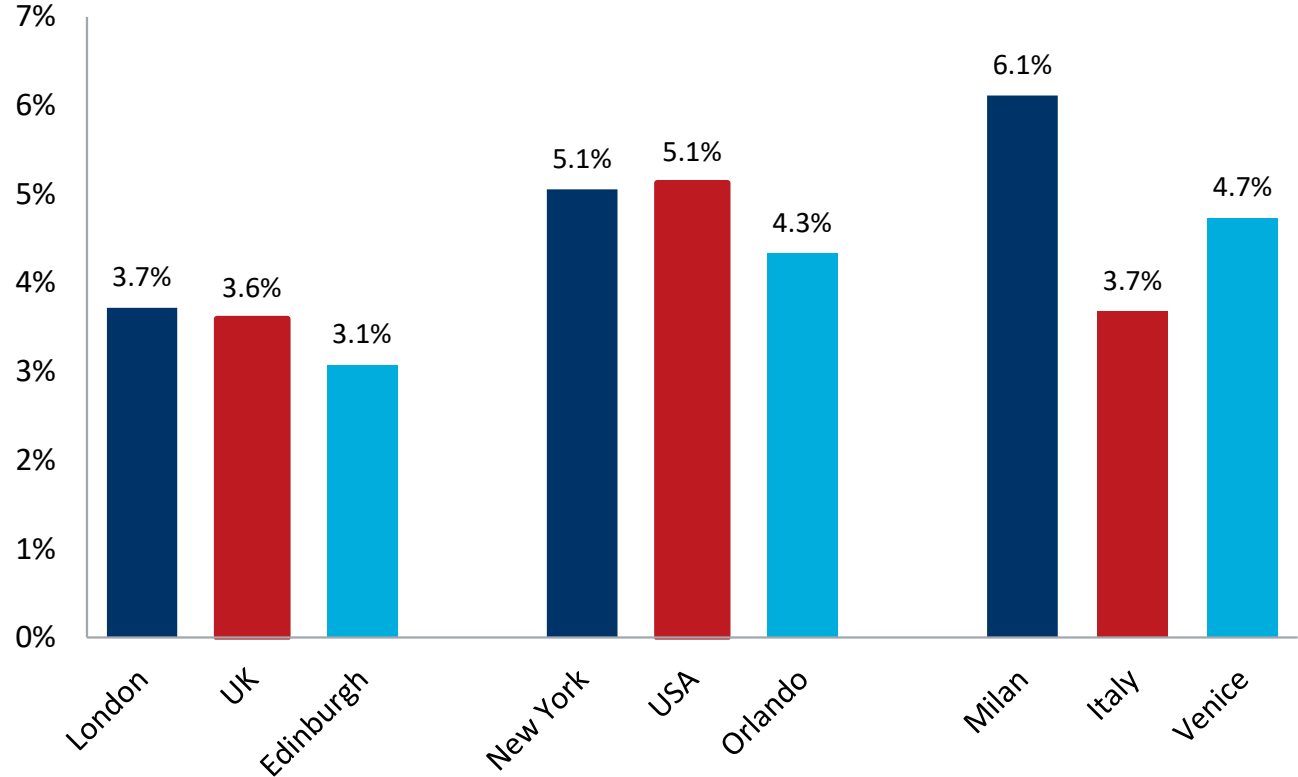
Source: Tourism Economics

- We examined the number of news articles that featured the term 'overtourism' and specific city names using Google News
- The chart compares the number of articles for year-to-date 2024 with the whole of 2019
- The volume of articles in 2024 well exceeds that of 2019 – sign of residents pushing back harder than before

Old Normal: Business travel gaining momentum after pandemic slow down

Inbound arrivals 2024-30, business vs leisure cities

Total inbound overnights arrivals, CAGR 2024-30



Source: Tourism Economics

Business inbound travel as a share of total inbound arrivals in 2024

- London – 35%
- Edinburgh – 14%
- New York – 26%
- Orlando – 17%
- Milan – 64%
- Venice – 43%

Greek islands coming to GCT

Inbound Arrivals - Greek Destinations			
2024 Rank	Location	Inbound Arrivals 000's	CAGR 24-29
1	Crete	6,182	4.5%
2	Athens	3,216	6.1%
3	Rhodes	2,496	5.1%
4	Corfu	1,690	3.6%
5	Kos	1,473	5.1%
6	Santorini	1,471	6.3%
7	Zakynthos	944	5.2%
8	Mykonos	838	6.3%
9	Thessaloniki	740	5.5%
10	Kefalonia	354	5.4%
11	Paros	325	6.3%
12	Samos	190	5.3%

- 10 Greek Islands selected based on total arrival volumes (domestic and international) in 2019
- New island additions span 4 NUTS2 regions in Greece – Crete, South & North Aegean and Ionian Islands.
- Crete was the most popular Greek destination in 2024. Its largest source market was Germany (22% of total inbound arrivals) followed by the UK and France.

Key observations & discussion

- **Macroeconomic backdrop** remains steady with lower inflation and potential further interest rate cuts; positive signals for the travel industry
- In line with our previous analysis, **consumers are still willing to prioritise travel spending** over other leisure spending
- **International arrivals to cities will recover to pre-pandemic levels in 2024**, but the regional recovery pattern remains mixed
- Despite some pandemic era volatility, we expect **four of the top five city destinations for international travel to be in Asia by 2029**
- (A delayed) **'New Normal' of China outbound travel**, becoming the largest source of city travel growth between 2025 and 2030
- **Saudi Arabia's diversification** from a largely religious travel will see it become the dominant destination in the region by 2025
- The **'Old Normal' theme of overtourism looks likely to persist** - policy makers will need to find solutions as residents increasingly show frustration
- **International business travel** has been one of the slowest travel segments to recover, but the **long-awaited recovery** will bring an added boost to business orientated cities
- Global City Travel will be expanding our coverage this quarter to include **10 Greek islands**