European Tourism: Trends & Prospects

Quarterly Report Q3/2024

EUROPEAN TRAVEL COMMISSION

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COMMISSION

European Tourism:
Trends & Prospects
Quarterly Report (Q3/2024)

A report produced for
the European Travel Commission
by Tourism Economics

Brussels, October 2024

ETC Market Intelligence Report

European Tourism: Trends & Prospects (Q3/2024)

Data sources: This report includes data from the TourMIS database, STR, IATA, Eurocontrol, UN Tourism, Lighthouse and MMGY TCI Research. Economic analysis and forecasts are provided by Tourism Economics and are for interpretation by users according to their needs.

Published by the European Travel Commission
Rue du Marché aux Herbes, 61,
1000 Brussels, Belgium

Website: www.etc-corporate.org

Email: *info@visiteurope.com*

ISSN No: 2034-9297

This report was compiled and edited by:

Tourism Economics (an Oxford Economics Company) on behalf of the ETC Market Intelligence Group.

Cover: Casino Building, Constanta, Romania
Image ID: 2002730879

Foreword

European tourism is expected to continue its growth trajectory for the remainder of 2024 as most destinations continue to surpass 2019 levels of foreign tourist arrivals. We are still not seeing full pre-pandemic recovery, as destinations in Northern, Central and Eastern Europe are still lagging due to Russia's war in Ukraine. People continue to prioritise travel, despite the increasing cost of their trips. In response to the surge in travel costs and wider macroeconomic challenges, consumers will seek value for money. Furthermore, latest data from Tourism Economics suggests that tourists are expected to spend 10.3% more across Europe in 2024 compared to 2023. A positive travel outlook is backed up by a recent report from the European Travel Commission, which states that travel intentions among Europeans are high, with 73% of survey respondents planning to travel between October 2024 and March 2025, a 6% increase compared to last year.

Downside risks to Europe's continued recovery were apparent this summer, including economic pressures (e.g. inflation, skyrocketing transport and accommodation costs), geopolitical conflicts and aviation strikes. There were high expectations for the revival of Chinese outbound travel, but recovery from this market has been slower than anticipated. Nevertheless, the upcoming October Golden Week should showcase Chinese travel enthusiasm. ETC's latest Long-haul Travel Barometer reports a significant year-on-year increase in Chinese travel intentions, with 83% of respondents expressing interest in visiting Europe, a 9% rise from last year. This surge is supported by several factors, among which is the reintroduction of flights between China and Europe, which has rendered travel more accessible.

This year's peak summer season has been marked by a wave of protests in some of Europe's tourism hotspots with locals voicing their concerns over the negative impacts of mass tourism. In response, we have witnessed several destinations taking proactive actions to mitigate the negative effects of mass tourism. Strategies include limiting the number of visitors at certain sites during peak hours, promoting off-season travel and lesser-known destinations. Additionally, other countries are levying taxes on tourists to better manage the burden of increased traffic at some locations. While this summer in Europe has seen substantial growth in tourism volumes, it becomes increasingly important to ensure that this growth does not come at the expense of local communities and their ecosystems. With the appropriate balance, Europe can maintain its position as the leading tourism destination globally, while ensuring long-term benefits for the industry and local residents.

Jennifer Iduh

Head of Research & Insights

European Travel Commission (ETC)

European tourism: Trends & prospects (Q3/2024)

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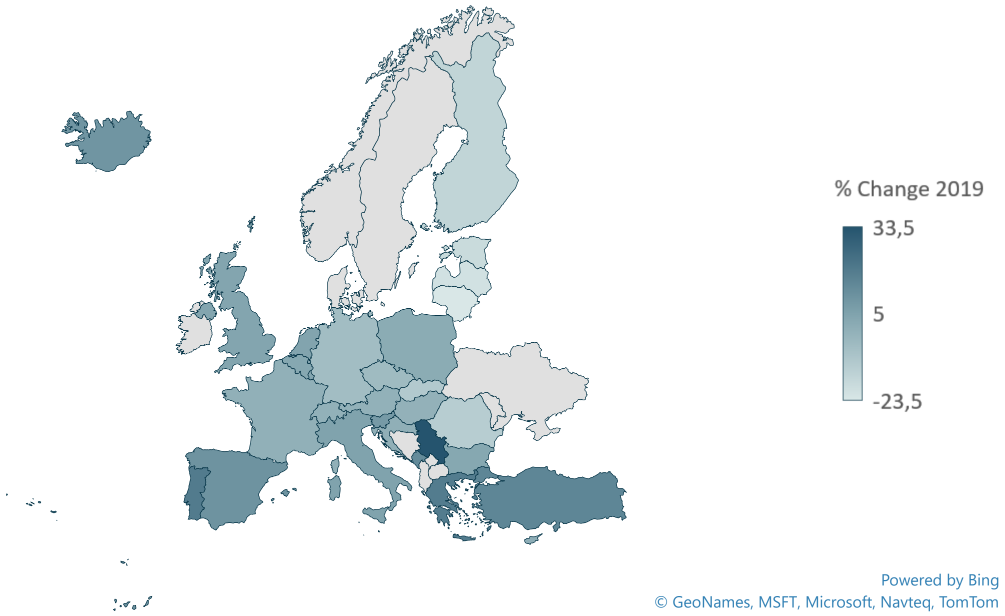
Executive summary

European tourism surges this summer despite economic pressures and geopolitical headwinds

European travel demand showed strong momentum during the summer months. Foreign arrivals to date increased 6% over 2019 while year-on-year growth rose 7%. The upward trend is supported by major events[1], improved air connectivity, particularly from China and lingering pent-up demand. Pre-pandemic recovery is slow but steady, in Central and Eastern Europe due to the ongoing impacts of the war in Ukraine.

While tourism has hit new heights so far in 2024, a number of protests against the impact of mass tourism took place across Europe this summer. While headline inflation in Europe has peaked[2] services inflation remains stubbornly high, translating into higher travel costs, that compel tourists to seek more affordable destinations. Recent forecasts suggest that tourists are expected to spend 10.3% more across Europe in 2024 compared to 2023. However, economic uncertainty, geopolitical tensions and rising travel costs pose significant risks for Europe's sustained recovery in 2024.

Foreign visits to European destinations, 2024 year-to-date



Source: TourMIS

Over 50% of reporting destinations have surpassed 2019 volumes of foreign arrivals based on year-to-date data, with nearly one third increasing over 10%. A mix of small and large destinations in Southern & Mediterranean Europe outperformed, including Malta (+32%) and Serbia (+34%), albeit from a lower base, Portugal and Greece (both +19%). Türkiye (+16%) is facing increased competition from other Mediterranean destinations as budget-conscious travellers are deterred by rising prices. Montenegro (+14%) also performed well, while Spain (+11%) achieved record numbers this summer amid overtourism protests. Slowest recovery remains evident in The Baltics, Finland, Romania and Slovakia all reporting declines between 24% and 11% compared to 2019.

Strong European air travel demand balances operational challenges

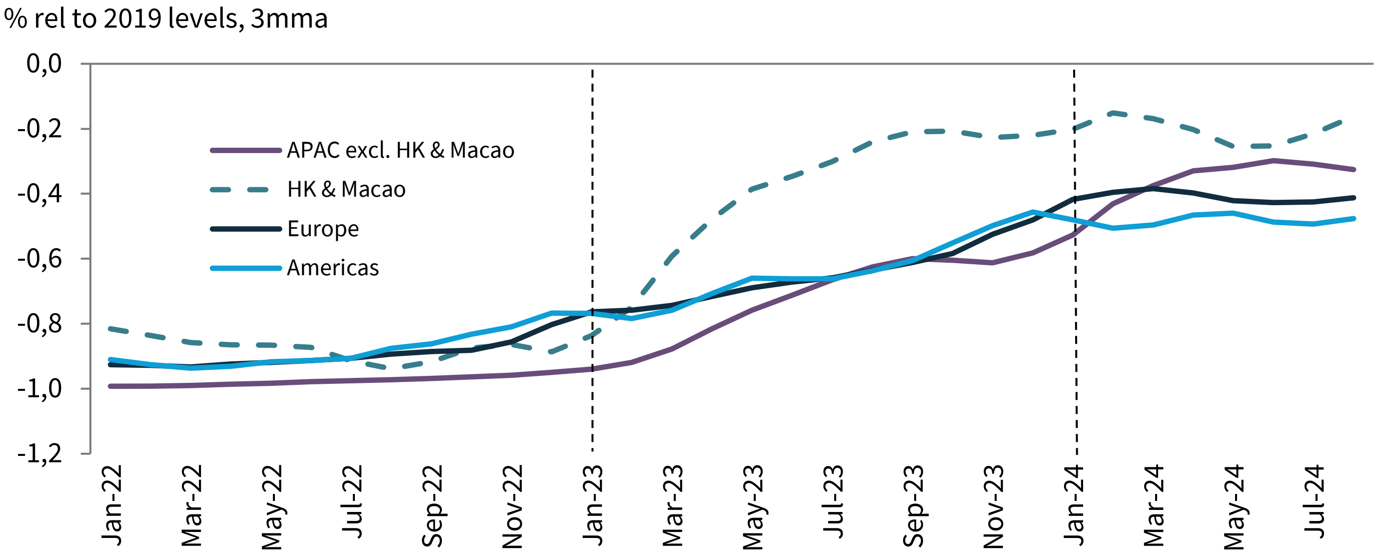
European air passenger demand continued to rise through summer 2024, with a 3.4% increase in the three months to June compared to 2019. Although July's cybersecurity incident and aviation strikes caused significant disruptions, destination performance was mixed, with less than half of European destinations experiencing an increase in the number of flights arriving and departing compared to June-August 2019.

[1] UEFA Euro 2024, Paris Olympic and Paralympic games.
[2] The euro area annual inflation rate was 2.2% in August 2024, down from 2.6% in July.

China's travel resurgence is poised to boost global tourism following the October Golden Week

Chinese outbound travel to Europe is recovering at a slower pace than expected. Virtually all reporting destinations registered declines in the influx of Chinese travellers over 2019. Although it represents only a small portion of China's total outbound travel to Europe, Serbia (+8%) was the only destination that saw an increase in Chinese tourist arrivals. Overnight stays rose significantly by 52.9% from pre-pandemic levels. This performance mirrors strengthened economic and tourism ties between China and Serbia. Nevertheless, there is optimism for a strong recovery in the Chinese market following the October Golden Week, which is expected to boost global tourism. According to a survey by Dragon Trail, nearly 40% of survey respondents planning to travel during the remainder of 2024 intend to do so in October[3]. The survey also highlights Europe as the standout destination for long-haul travel, with respondents planning to visit a total of 28 European countries. Furthermore, ETC's latest Long-haul Travel Barometer revealed heightened enthusiasm for travel from China, with 83% of respondents intending to visit Europe between September and December - up 9% compared to last autumn[4].

Outbound trips recovery from China by destination region



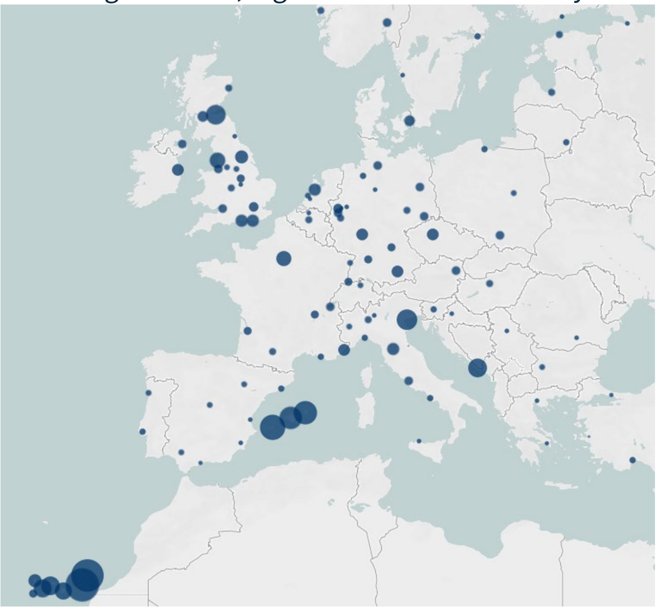
Source: Haver Analytics/National Statistics/Tourism Economics

European tourism is experiencing a strong revival, with visitor numbers and spending surpassing pre-pandemic levels. This shift is transforming the continent's travel landscape, presenting both opportunities and challenges for different destinations. While the adverse impacts of tourism on major tourism destinations are frequently discussed, for less-developed destinations, tourism provides essential funding for infrastructure, generating job opportunities and allowing locals to proudly showcase their culture and traditions. *"As destinations encourage travel to off-the-beaten-track locations, they alleviate the pressure put on tourism hotspots and support local economies and the environment. Lesser-known destinations will potentially benefit from increased visitor spending, a spending that can be reinvested to improve local infrastructure, support environmental conservation and create jobs among other things. This approach also fosters authentic cultural exchanges and supports long-term community development."* said Eduardo Santander, CEO/Executive Director of the European Travel Commission (ETC). Destinations currently experiencing pushback from local residents are likely to see a decrease in the negative effects of tourism, as policies address these concerns and travellers seek out less popular destinations. Effective management strategies must align with evolving travel trends to ensure that the advantages of tourism largely outweigh the associated costs.

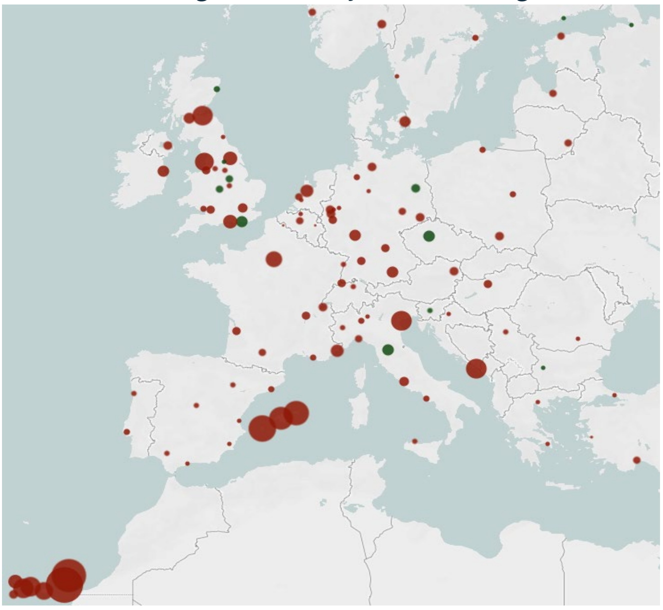
[3] https://dragontrail.com/resources/sentiment-reports/china-traveler-sentiment-report-september-2024
[4] https://etc-corporate.org/news/international-travellers-eye-europe-for-cultural-immersion-but-cost-remains-a-key-barrier/

Tourism intensity in Europe in 2019 and 2024

2019: larger the dot, higher the tourism intensity



2024: red dot, higher intensity vs 2019 and green lower



Jennifer Iduh (ETC Executive Unit)

With the contribution of the ETC Market Intelligence Committee

1. Tourism Performance Summary 2024

Summary

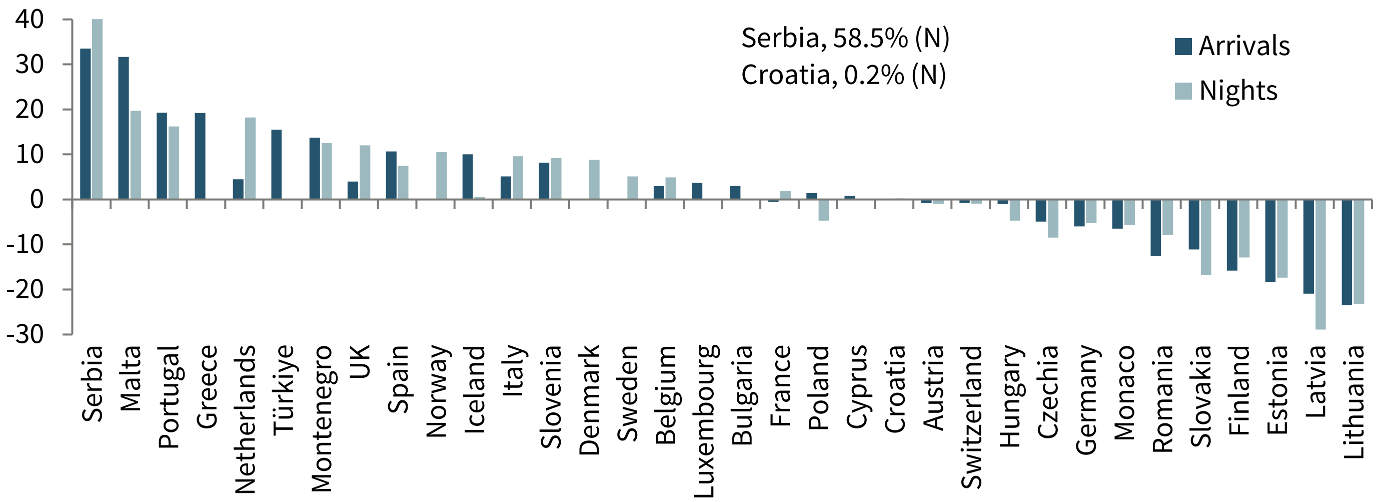
- Inbound travel to Europe remains firmly in growth territory, with arrivals in 2024 to date up 6.0% and nights up 4.9% on 2019, according to the latest data on the TourMIS platform which covers the majority of the summer period (up to August) for reporting destinations.
- Summer travel (June-August) so far has continued to build on last year. Arrivals to Europe are ahead of 2023 by 7.1% and nights 5.2%. Across both metrics, only Iceland and Luxembourg are reporting a decline in nights year-on-year. Currently Europe is on track to exceed last year's number of tourist arrivals despite persistently elevated costs for tourism-related businesses.
- Central and Eastern European destinations continue to lag behind in the recovery to 2019, but year-on-year performance for many countries in these sub-regions remains strong, indicating the recovery is still on track, albeit more delayed than others.
- Air traffic delays have continued to disrupt destinations in recent months, impacting them at a time when they typically see the largest turnover of travellers. The impact across countries has varied considerably, with tourists travelling through Germany and Greece facing some of the worst delays.

International travel to Europe so far this summer has continued to build on the recovery reported in last quarter's report. Latest data from TourMIS, which largely goes up to August shows European arrivals 6.0% ahead of 2019 levels and nights 4.9% ahead. Although both are firmly in growth territory, the summer months have seen a faster pace of growth in arrivals than nights. This reverses the trend earlier in the year when nights were outpacing arrivals.

Europe reported a surge in tourist overnights in 2023 and so far, it is on track to surpass last year's demand. Year-on-year arrivals are up 7.1% and nights 5.2% this summer. Although higher travel costs and uncertainties over weather conditions and geopolitical tensions have persisted, tourists have continued to prioritise travel, appreciating its value and importance on their lives.

Foreign visits and overnights to select destinations

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



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

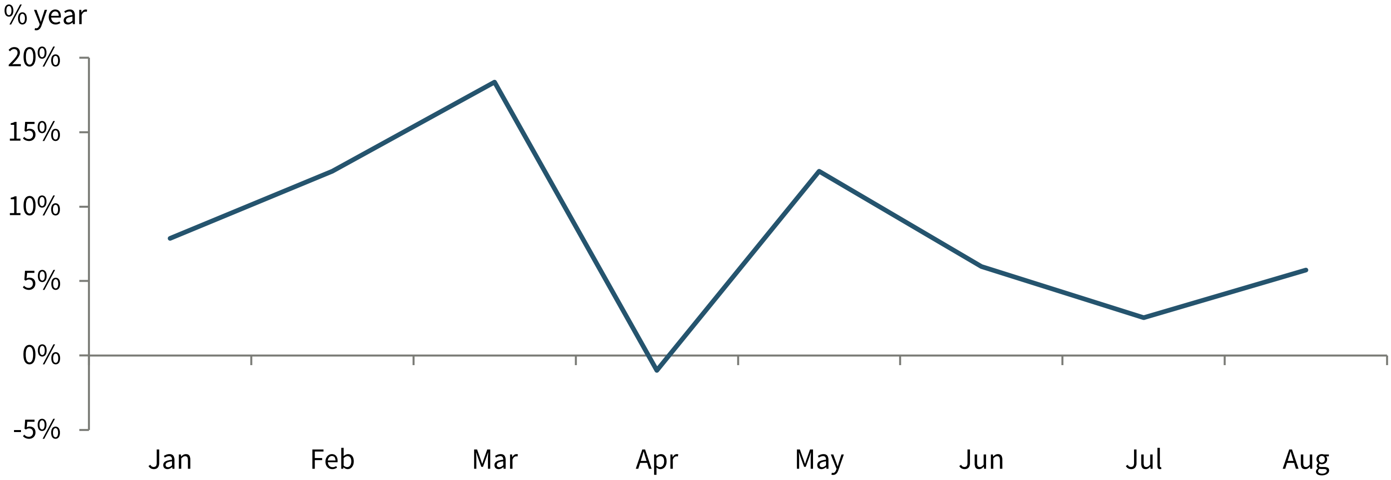
The proportion of destinations reporting arrivals or nights above 2019 levels has increased in recent months to nearly 70%, up from 60% last quarter. The outlook for some smaller destinations, in volume terms has notably improved over recent months, including arrivals to Montenegro (up from 6.3% last quarter to 19.2%) and nights spent in Slovakia (up from -11.8% to -5.3%). There have also been some stronger outturns across larger and more established destinations such as the Netherlands, where arrivals are now 8.2% ahead of 2019 and Croatia recording a 10.7% increase in arrivals over the same period. On the whole, growth in the last quarter relative to 2019 has largely been concentrated in nights and among the destinations which have yet to fully recover.

The modest growth data for France in 2024 is only preliminary and up to June and does not include the impacts of the Olympic and Paralympic games in August and September. Industry data suggests that arrivals followed a typical pattern during this period, with many tourists staying away out of concern of overcrowding. This effect typically extends to the period immediately surrounding mega-events, but is often followed by a strong rebound and growth period as the destination has been in the spotlight.

Europe is on track to exceed prior levels so far this year, as in all months, apart from April, arrivals have been ahead of last year. This is based on data from TourMIS and comparing the same set of destinations. Annual growth started to moderate towards the start of the summer, but it picked up again in August; and the final outturn for that month is likely to be stronger as more countries report data.

At a country level, all but two destinations are reporting growth year-on-year across both metrics. Luxembourg (-4.3%) and Iceland (-5.6%) are seeing fewer nights than in 2023. For Luxembourg, the decline in overnights was largely due to a drop in the camping sector (especially with regard to Dutch guests), given the exceptionally high volumes last year. This comparison also highlights the improvement in arrivals in destinations within Central and Eastern Europe, in particular, Romania (12.8%), Latvia (12.7%) and Estonia (10.7%), albeit on a small base. Although they still have some of the largest gains to make to recover to 2019 levels, they are on an upward trajectory.

European arrivals 2024, year-on-year growth (%) by month



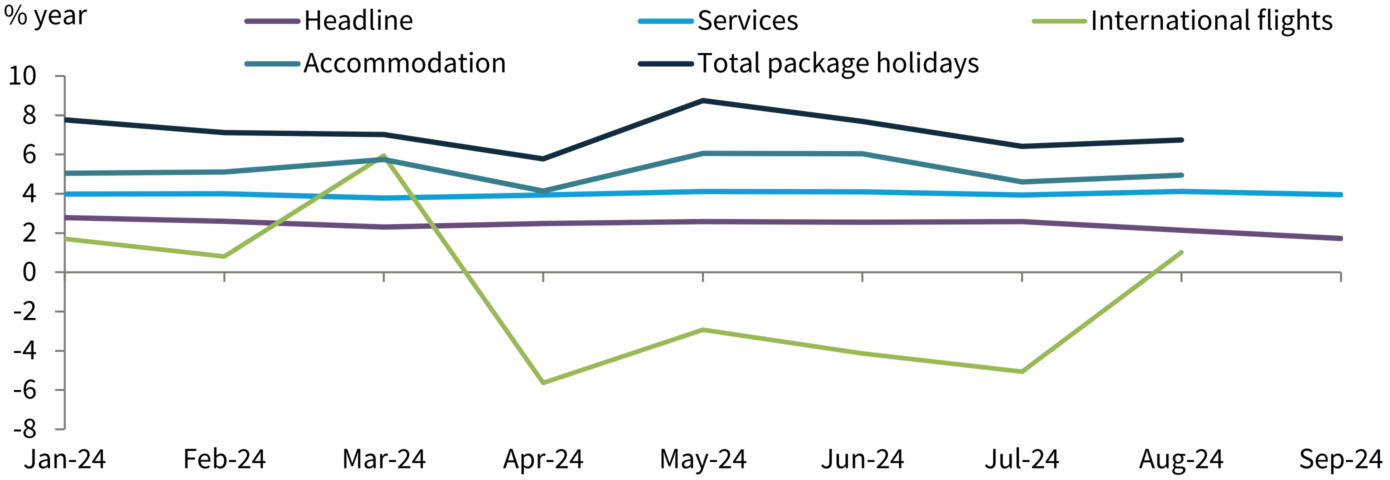
Source: TourMIS

As demand is on track to reach new highs, some destinations struggled to manage the continued influx of tourists over the peak summer period (June-August). This has led to protests in hotspots across Europe, notably in Spain (between May-June) and Greece (July), highlighting concerns and issues with overtourism, questioning whether the value that tourists bring in terms of income and employment is still more than the strain it puts on the environment, natural resources and local residents. There was a concern that the visibility of these protests would deter tourists and it is likely to have contributed to people choosing alternative destinations instead, but with tourism activity across Europe up on 2023 and 2019 levels, there appears so far to have had any significant impact on growth.

Headline inflation in the region has continued to improve, with the European Central Bank and the Bank of England cutting rates over the summer. However, services inflation – including tourism price inflation, has remained sticky. Tourism businesses typically face higher costs over the summer due to the higher volume of tourists e.g. in the form of food, beverages and utilities.

Services inflation has remained ahead of headline inflation throughout the year to September. Within services, prices for tourism-related services have been a mixed bag so far this year, when comparing against 2023. Prices for international flights in the Euro Area continued to decline in July and fares picked up slightly in August. The decrease likely reflects lower fuel costs for carriers, but also to some extent some discounting to encourage increased travel over the summer period. In contrast, accommodation and package holiday price inflation (both domestic and international) continue to exceed services inflation, although growth rates did become more aligned during July and August. Tourists have become more accustomed to the higher prices associated with holidays and travel and have continued to prioritise this despite paying more for their trips this summer.

Euro area inflation (%), seasonally adjusted, HICP definition



Source: Haver Analytics

Tourism price inflation remains a concern to the continued recovery and growth in tourism across the region, affecting both intra-regional and long-haul demand. For source markets outside of the Euro area, relative inflation is also important to tourists from further afield such as in the Americas and Asia Pacific. Although US arrivals into Europe still remain up on 2023, the latest long-haul travel barometer by the ETC has found that 44% of travellers from long-haul markets highlight cost as the biggest barrier to travel to Europe.

Frequent air traffic disruptions over the summer involving a number of different European countries are likely to have dampened the recovery and growth across the region. Recent statistics have reported that nearly 40% of passengers in Europe this summer experienced delays or cancellations. Delays and disruptions are nothing new for tourists across Europe as they have been fairly persistent since international borders reopened following the pandemic. A lot of issues (flights cancelled in Sicily following the eruption of Mount Etna and air traffic control delays in Greece affecting around 50% of passengers between June and August), were reported in Southern and Mediterranean countries including Greece and Italy and some of this could be down to the sheer rise in demand and an increased timetable of flights to meet this growth. A more concentrated flight schedule and airspace across the region, can mean that a small delay has the potential to cause a large knock-on effect to other flights.

Despite persistent issues in air traffic, tourists continued to visit these destinations and the recovery in the Southern Mediterranean region remains strong. But for countries such as Germany which have been slow to come back, both in terms of air travel and international arrivals and nights, delays and cancellations will push back the eventual recovery. Disruptions are set to continue into the final quarter of the year with travel strikes already on the books for October. Although fewer people will be affected in the shoulder season than over the summer, disruptions may lead tourists to seek alternative destinations or transport methods to avoid delays or cancellations.

Summary performance 2024, year to date % change relative to 2019 and 2023

Country	International Arrivals			International Nights		
	% YTD vs. 2019	% YTD vs. 2023	to month	% YTD vs. 2019	YTD % vs. 2023	to month
Austria	-0.8%	3.7%	Jan-Jul	-1.0%	1.5%	Jan-Jul
Belgium	3.0%	3.1%	Jan-Jun	4.9%	2.5%	Jan-Jun
Bulgaria	3.0%	4.9%	Jan-Aug			
Croatia	0.0%	2.9%	Jan-Sep	0.2%	0.6%	Jan-Sep
Cyprus	0.8%	4.1%	Jan-Jan			
Czechia	-4.9%	12.8%	Jan-Jun	-8.5%	10.9%	Jan-Jun
Denmark				8.8%	3.2%	Jan-Jul
Estonia	-18.3%	10.7%	Jan-Jul	-17.4%	7.8%	Jan-Jul
Finland	-15.8%	11.4%	Jan-Aug	-12.9%	9.9%	Jan-Aug
France	-0.5%	3.8%	Jan-Jun	1.8%	2.7%	Jan-Jun
Germany	-6.0%	9.5%	Jan-Jul	-5.3%	6.8%	Jan-Jul
Greece	19.2%	11.2%	Jan-Jul			
Hungary	-1.0%	17.2%	Jan-Aug	-4.7%	10.9%	Jan-Aug
Iceland	10.0%	0.7%	Jan-Aug	0.6%	-5.6%	Jan-Aug
Italy	5.1%	1.6%	Jan-Jul	9.6%	5.0%	Jan-Jul
Latvia	-20.9%	12.7%	Jan-Jul	-28.9%	7.2%	Jan-Jul
Lithuania	-23.5%	5.2%	Jan-Jun	-23.2%	3.2%	Jan-Jun
Luxembourg	3.7%	1.8%	Jan-Jul	-0.1%	-4.3%	Jan-Jul
Malta	31.7%	23.4%	Jan-Jun	19.7%	15.7%	Jan-Jun
Monaco	-6.5%	2.9%	Jan-Aug	-5.7%	3.6%	Jan-Aug
Montenegro	13.7%	1.0%	Jan-Aug	12.5%	2.2%	Jan-Aug
Netherlands	4.5%	2.6%	Jan-Jul	18.2%	0.8%	Jan-Jul
Norway		8.7%	Jan-Aug	10.5%	7.9%	Jan-Aug
Poland	1.4%	6.1%	Jan-Jul	-4.7%	3.9%	Jan-Jul
Portugal	19.3%	7.5%	Jan-Jun	16.2%	5.8%	Jan-Jun
Romania	-12.6%	12.8%	Jan-Aug	-7.9%	9.2%	Jan-Aug
Serbia	33.5%	14.2%	Jan-Jul	58.5%	10.1%	Jan-Jul
Slovakia	-11.1%	3.3%	Jan-Jul	-16.7%	5.0%	Jan-Jul
Slovenia	8.2%	7.7%	Jan-Aug	9.2%	6.3%	Jan-Aug
Spain	10.7%	11.2%	Jan-Aug	7.5%	8.2%	Jan-Aug
Sweden				5.1%	9.1%	Jan-Aug
Switzerland	-0.8%	6.1%	Jan-Aug	-0.9%	4.4%	Jan-Aug
Türkiye	15.5%	7.1%	Jan-Aug			
UK	4.0%	11.0%	Jan-Jun	12.0%	5.0%	Jan-Jun

Sources: TourMIS (http://www.tourmis.info) and VisitBritain
(f) denotes forecast provided by member
Measures used for nights and arrivals vary by country. Available data as of 21.10.2024

2. Global Tourism Forecast Summary

Tourism Economics' global travel forecasts are shown on an inbound and outbound basis in the following table. These are the results of the Global Travel Service (GTS) model, which is updated in detail three times per year. Forecasts are consistent with Oxford Economics' macroeconomic outlook according to estimated relationships between tourism and the wider economy. Full origin-destination country detail is available online to subscribers.

GTS visitor growth forecasts, % change year-on-year

	Inbound*					Outbound**				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
data/estimate/forecast* **	d	e	f	f	f	d	e	f	f	f
World	**13.7%**	**102.6%**	**36.5%**	**14.2%**	**12.7%**	**12.4%**	**106.3%**	**37.2%**	**14.6%**	**12.7%**
Americas	**17.4%**	**90.0%**	**27.4%**	**9.5%**	**10.6%**	**17.6%**	**96.1%**	**31.7%**	**9.6%**	**9.5%**
North America	21.3%	78.7%	24.6%	10.1%	12.2%	23.9%	84.4%	30.5%	9.8%	9.1%
Caribbean	56.0%	53.2%	17.9%	7.5%	6.9%	46.2%	92.5%	19.0%	10.0%	15.9%
Central & South America	-24.1%	208.1%	43.4%	8.8%	8.4%	-13.7%	172.1%	38.2%	8.9%	10.7%
Europe	**27.4%**	**91.8%**	**18.5%**	**9.4%**	**9.7%**	**24.1%**	**99.3%**	**19.7%**	**10.2%**	**10.1%**
ETC+2	23.6%	100.7%	18.3%	8.3%	8.4%	19.4%	106.8%	18.8%	8.6%	8.2%
EU 27	17.7%	106.5%	18.9%	8.3%	8.1%	19.3%	109.6%	19.0%	8.5%	8.3%
Non-EU	72.1%	45.4%	16.7%	14.4%	16.7%	46.5%	60.0%	23.4%	17.9%	17.9%
Northern	-5.7%	203.8%	17.7%	7.0%	8.5%	-7.0%	226.3%	20.8%	8.7%	8.6%
Western	4.8%	93.6%	22.0%	3.8%	6.2%	30.7%	83.2%	17.3%	6.8%	7.8%
Southern/Mediterranean	59.5%	89.5%	16.8%	8.3%	8.1%	25.0%	108.9%	21.9%	9.7%	7.4%
Central/Eastern	28.2%	41.2%	16.8%	27.2%	21.3%	24.9%	57.1%	24.1%	16.9%	11.5%
- Central & Baltic	9.3%	92.3%	17.5%	20.7%	10.8%	11.4%	79.1%	18.7%	14.3%	9.2%
Asia & the Pacific	**-55.1%**	**233.9%**	**173.4%**	**34.0%**	**21.3%**	**-51.3%**	**199.9%**	**176.3%**	**35.8%**	**22.4%**
North East	-36.4%	55.0%	418.5%	43.8%	24.2%	-54.7%	89.8%	371.4%	46.1%	27.0%
South East	-87.6%	1216.5%	136.2%	28.6%	19.7%	-67.5%	424.5%	105.8%	24.3%	16.4%
South	10.4%	99.6%	15.3%	19.4%	14.9%	11.8%	174.3%	43.7%	23.1%	13.5%
Oceania	-80.1%	827.9%	93.1%	20.5%	17.6%	-65.5%	785.3%	74.6%	14.3%	12.6%
Africa	**26.6%**	**89.3%**	**37.1%**	**15.5%**	**10.9%**	**5.2%**	**99.5%**	**42.4%**	**16.6%**	**13.4%**
Middle East	**19.0%**	**157.6%**	**39.8%**	**8.6%**	**14.6%**	**50.6%**	**130.8%**	**25.6%**	**5.1%**	**11.0%**

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

** Outbound is based on the sum of visits to all destinations

***data is the final historical numbers available. Estimates are using high frequency indicators

The geographies of Europe are defined as follows:

Northern Europe is Denmark, Finland, Iceland, Ireland, Norway, Sweden, and the UK;

Western Europe is Austria, Belgium, France, Germany, Luxembourg, Netherlands, and Switzerland;

Southern/Mediterranean Europe is Albania, Bosnia-Herzegovina, Croatia, Cyprus, Greece, Italy, Malta, Montenegro, North Macedonia, Portugal, Serbia, Slovenia, Spain, and

Central/Eastern Europe is Armenia, Azerbaijan, Belarus, Bulgaria, Czechia, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine;

Central & Baltic Europe is Bulgaria, Czechia, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Romania, and Slovakia;

ETC+2 is all ETC members plus Sweden, and the United Kingdom

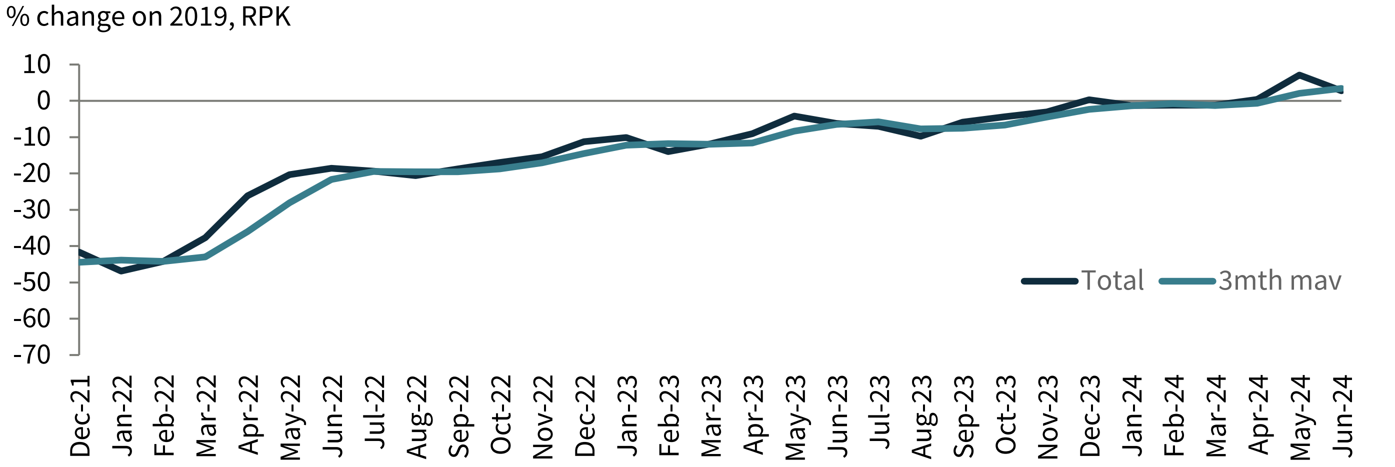
Source: Tourism Economics based on GTS as of 21.10.2024

3. Recent industry performance

3.1 Air transport

Since the last report (Q2), European air passenger demand has continued its steady upward trajectory as Europe entered peak summer travel season. At the time of the previous report, while monthly performance had exceeded 2019 levels on two occasions since the industry began its post-pandemic recovery (in December 2023 and April 2024), the 3-month moving average figure (3mth mav) had yet to breach the same recovery threshold. However, further and consistent growth in demand has finally pulled that average above the benchmark. Further, there was clear upward momentum with demand growth averaging 2.1% in the three months to May, rising to 3.4% in the three months to June.

International air passenger growth (%), Europe



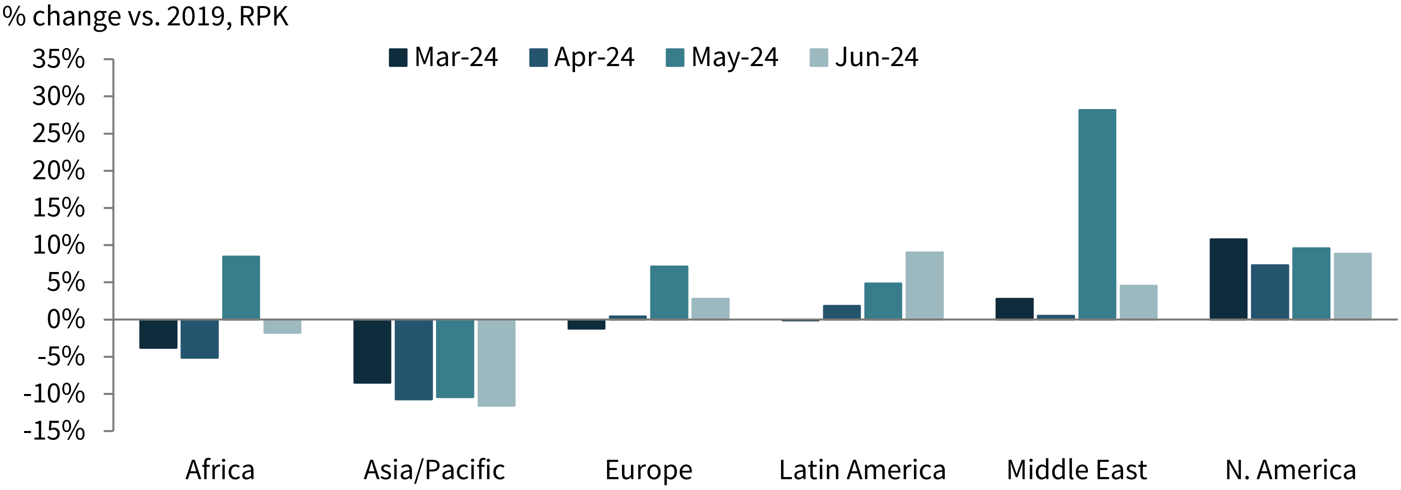
Source: IATA

Regional Air Passenger Outlook:

- It is possible that this momentum stalled in July as the industry in Europe (and beyond) suffered several disruptions which are likely to have dented growth temporarily.
- The main disruptive event of the month was caused by a faulty update from [CrowdStrike]() whose flagship product (Falcon) provides cybersecurity protection. Highly regulated industries such as air travel are required to have a system like this installed on all machines and with CrowdStrike having significant market share for this product, it is used widely by airports and airlines across the world. The faulty update caused millions of devices on which the industry relies to malfunction and resulted in thousands of flight cancellations over a three-day period.
- The biggest impact in terms of flight cancellations was felt by US carriers; FlightAware, which tracks cancellations in real time, reported that United Airlines cancelled 7% of their scheduled flights, with American Airlines and Delta cancelling 8% and 12%, respectively. Over 5,000 flights were cancelled in the United States on one day of the disruption. Other regions of the world, including Europe, were also affected, with Air Asia, Air India, Air France, Quantas, Ryanair, and many others caught up in the incident.
- From the perspective of Europe's airports, both Amsterdam and Barcelona El Prat airports experienced significant cancellations on the first day of the incident, but quickly resumed normal operations. Looking ahead, this incident highlights the risks inherent in centralised systems and the potential threats posed by malicious actors.
- Furthermore, several civil aviation strikes took place in July across several European countries including Ireland, Italy, and the UK, and disruption arising from these strikes may also depress growth for the month.

- Regionally, international air passenger demand growth to and from Africa has been somewhat subdued with the exception of May, when RPK grew 8.5% compared to the same month in 2019. However, in 2019 the Islamic holy month of Ramadan covered all but six days of May. During Ramadan, travelling to or from Islamic countries is likely to be at a much lower level than normal. Since Ramadan moves each year, demand in May 2024 was unaffected and is thus inflating the underlying trend. This effect is even more evident in the Middle East where Ramadan is more widely observed.

International monthly air passenger growth (% change)



Source: IATA

Flight data from Eurocontrol provides country level detail for Europe to August. These data show that performance has been mixed in recent months. Based on the latest three months (June-August), fewer than half of European countries saw an increase in the number of flights arriving and departing compared to the same three months of 2019. But this does not necessarily indicate a lack of demand.

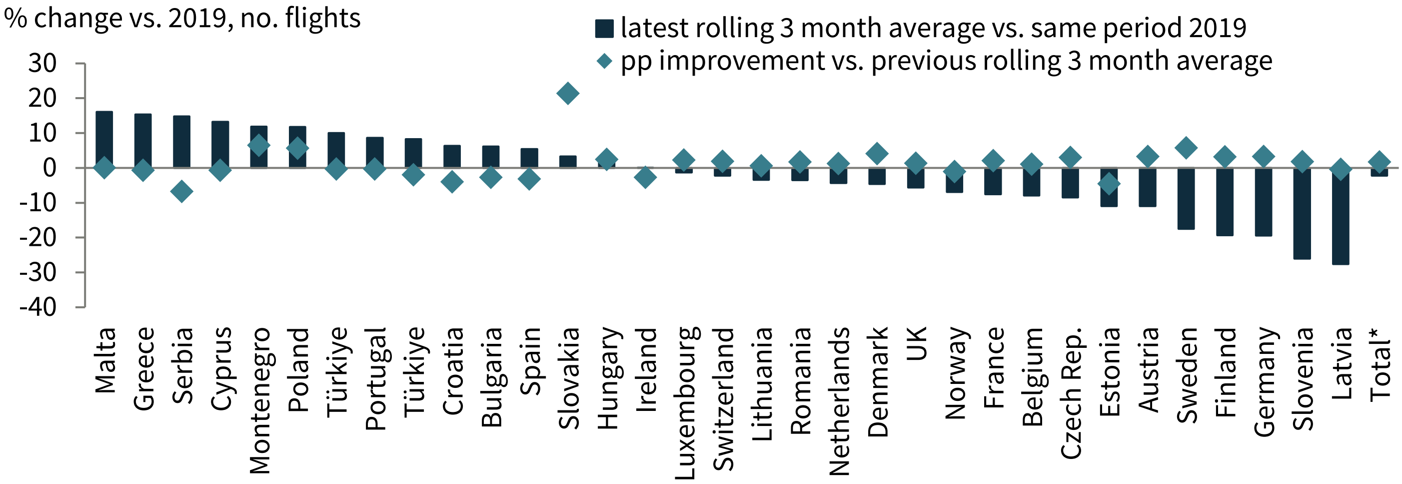
Increasingly, supply shortages in several areas of the industry have been a concern; so far in 2024 passenger load factor across Europe has been equivalent or higher than 2019 and is likely to continue rising as airlines struggle to acquire new aircraft to bolster their fleets and/or to maintain the current fleet. This is due to parts shortages and backlogs in MRO facilities (a workshop or hangar that engages in and conducts aircraft maintenance, repairs, and overhaul services to ensure aircraft safety, reliability, and airworthiness through an aircraft's lifecycle). It will stifle a net increase in flight volumes, but it also means airlines will need to be savvy with their fleets to reallocate aircraft away from less to more lucrative routes. This appears to be the case across Europe, where a very marginal decline in flight volumes over the June-August period compared to 2019 is balanced by winners and losers at a country level:

- Malta enjoyed the biggest increase in the number of flights with 16.1% more flights across June-August compared to the same period in 2019. August 2024 was Malta’s busiest month on record in terms of passengers handled and a passenger load factor of 91.2%.

- Greece recorded 15.4% more flights compared to the same three months in 2019 (June-August), representing a marginal slowdown compared to March-May. This implies that Greece has been extending demand into its shoulder season – on that basis, there could be some uptick in flight volumes at the tail end of the season.

- Slovakia saw the biggest growth in flight volumes in the latest three-month period compared to the three months prior (March-May), with an increase of 3.3% (compared to a decrease of 18.2% across March-May). In contrast to Greece, this implies that Slovakia’s season is becoming more concentrated in the peak summer months.

European air traffic by country, total flights arriving and departing % change



Source: Eurocontrol

3.2 Accommodation

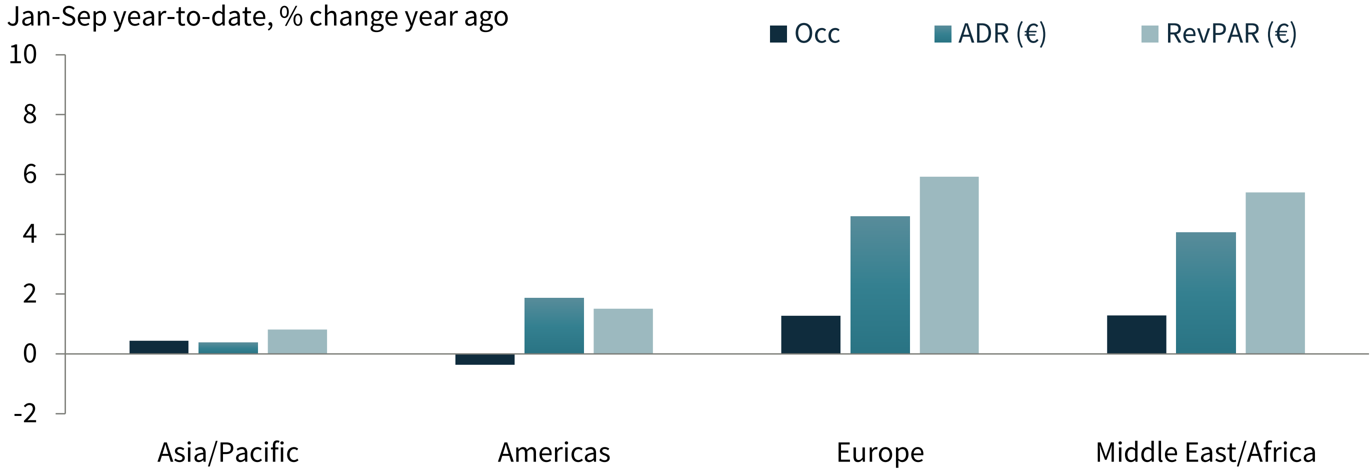
Hotels across all regions continued to perform well based on the data for the first nine months of 2024. Growth rates resemble more normalised levels now, with much of the pandemic impact gone. Based on RevPAR (revenue per available room) – a composite measure of hotel occupancy and room rates – growth across all regions averaged 3.4% (down from 4.9% last quarter), ranging from 0.8% to 5.9% compared to the same period a year ago.

Global Outlook:

- Global hotel performance softened across the board in terms of RevPAR over the last four months (June-September) compared to the same period in 2023, except for in Europe. Slower annual growth in the other regions reflected a weaker outturn in both ADR (average daily room rate) and occupancy. This suggests that hotels had slightly less pricing power during the summer season (June-August) compared to last year.
- In Europe, RevPAR growth based on data to September was the highest among all regions at 5.9% compared to the corresponding months in 2023, it is now ahead of the Middle East/Africa which has recently seen some of the strongest growth. Hotels were able to push up room rates 4.6% ahead of last year, while maintaining a small rise in occupancy. As occupancy has held despite the higher prices, it suggests the majority of tourists are still happy to pay these prices. But surveys (including the ETC long-haul barometer survey) suggest that costs continue to be a big issue for long-haul travellers. However, with arrivals from Asia Pacific still slow to recover, it appears that price rises, and occupancy are largely driven by intra-regional tourists. The peak summer season in Europe (June-August) is also a factor contributing to European ADR and RevPAR outpacing the other regions in the latest data. Furthermore, the increased popularity of travel in the shoulder seasons, including September, is likely to be a factor supporting the maintenance of these prices.
- Asia Pacific continued to report the softest annual growth rates year-to-date for both ADR and RevPAR. ADR and RevPAR so far this year are only ahead of 2023 by 0.4% and 0.8% respectively. Most outbound travel from China remains concentrated within the region, with international demand still to gain significant pace, so hotel performance is still significantly linked to this market and short-haul demand.
- Occupancy growth in the Americas has remained unchanged since last quarter, with occupancy growth continuing to fall by -0.4% compared to the same period in 2023. In contrast, ADR growth has softened to 1.9% (down from 3%), and this has coincided with the downward trend in the headline inflation rate which has continued to slow to September, falling to 2.4%.
- RevPAR in the Middle East and Africa continues to be driven by solid growth in ADR (4.1%). However, the gap between ADR and occupancy growth widened over the summer. Occupancy growth is now just 1.3%, representing a decrease from 3.1% based on the first five months of this year. The composition of the hotel

market in this region, the continued popularity of certain Middle Eastern destinations such as Dubai and intra-regional demand are likely to be factors enabling hotels to continue strong price growth, while maintaining an improvement in occupancy levels. In contrast, heightened tensions in the Middle East is expected to see certain destinations such as Lebanon and Jordan continue to struggle.

Global hotel performance



Source: STR

Europe reported a softer outturn in occupancy over the summer and into September. A possible factor contributing to modest annual growth rates in occupancy is the fact that occupancy rates tend to peak for many destinations over the summer. High room occupancy across June-August will limit the scale of additional year-on-year improvements as it is capped at 100%, but growth can vary depending on room capacity within each destination. This is also reflected across the sub-regions, with all reporting a drop in annual growth compared to last quarter (data up to May). Both Eastern and Western Europe were consistent with the wider region, reporting stronger growth in ADR, with this component solely driving the improvement in RevPAR.

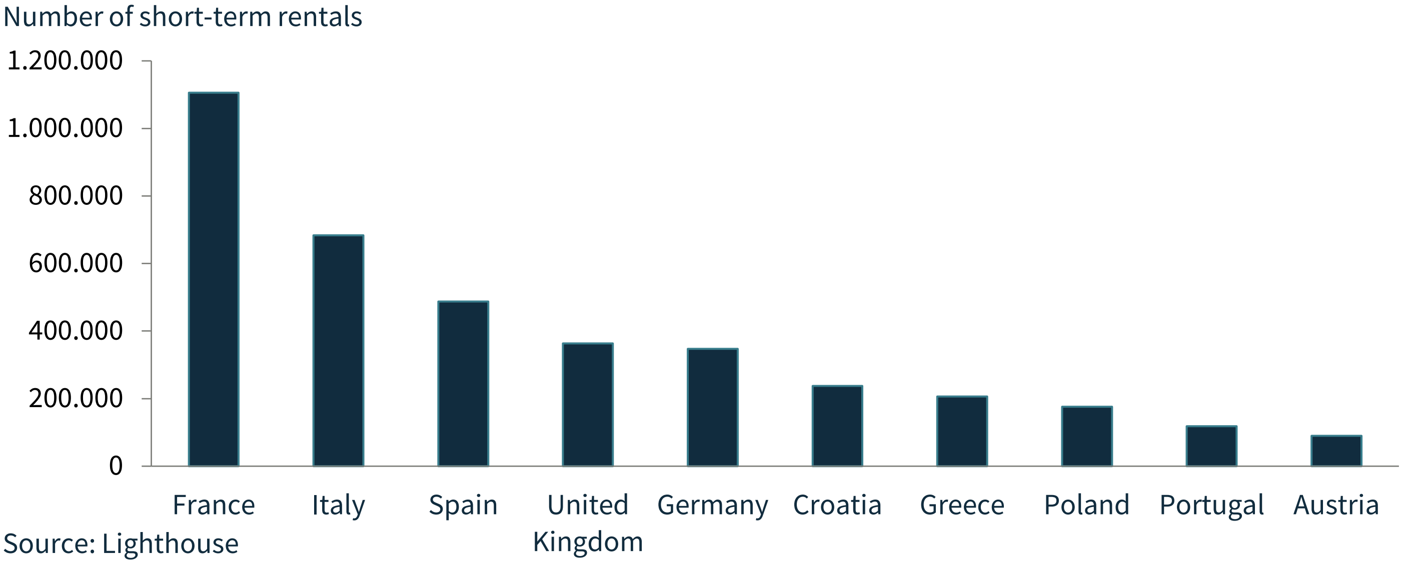
ADR growth rates are starting to moderate across the region, following the same trend reported in headline inflation. Annual inflation rates have become more manageable this year, to the extent that the European Central Bank has been able to cut interest rates. But survey data from various sources (Travel Industry Monitory, ETC long-haul barometer) suggests that costs are still challenging for businesses in the industry. Thankfully for the industry, tourists are still accepting these higher prices to travel because visitor numbers so far this year remain up on the same period in 2023.

Short-term rentals

With over 4.7 million short-term rental units as of August 2024, Europe experienced roughly 11.3% year-over-year (YOY) supply growth, or growth of approximately 479,000 short-term rental units since August 2023. Since the last issuance of this report, which included Lighthouse's short-term rental data as of May 2024, supply increased by approximately 4.8%, or 217,000 properties.

The largest European country in terms of short-term rental properties is France. With over 1.1 million properties as of August 2024, France boasts 23.5% of all of Europe's short-term rental supply. The second largest country in Europe in terms of short-term rental supply is Italy, which offered 683,000 units as of August 2024. Despite offering the second largest pool of short-term rental units, Italy's supply still represents only 62% of France's supply. It is also worth noting that more than three-quarters of Europe's short-term rental supply is concentrated in the top 8 countries as of August 2024. Other than the aforementioned France and Italy, the top 8 countries (in order of supply) include – Spain (487k units), the United Kingdom (363k units), Germany (347k units), Croatia (238k units), Greece (207k units), and Poland (176k units).

Short-term rental units across Europe, 2024, year-to-date to August



Source: Lighthouse

In terms of markets with a minimum of 50,000 short-term rental units, the country with the largest YOY percentage growth from August 2023 to August 2024 was Norway, which experienced nearly 26% increase, with its supply growing from 50,000 to 63,000 units over that 12-month span. Comparatively speaking, in terms of absolute unit count growth, France sits atop that list with approximately 169,000 properties added to the supply YOY, with that supply growth certainly influenced by the Parisian Olympics over the summer.

From an ADR perspective, Monaco (which was the highest ADR market as of May 2024) remains at the top of the list for short-term rental pricing. Its median ADR of approximately €233 in August 2024 increased its average monthly median ADR to €208 through YTD August, a marginal increase from the YTD average of €207 through May 2024. At a macro level, Europe-wide median ADR in August 2024 was approximately €129, which represents a YOY increase of 8.7% from the €119 median ADR from August 2023.

Strictly looking at major short-term rental markets with a minimum of 100,000 units, the largest YOY median ADR increase when comparing August 2024 to August 2023 was achieved by Poland. The nation achieved nearly 20% YOY growth in median ADR, while its supply similarly experienced significant YOY growth of approximately 12% over the same time period.

4. Key themes

Summary

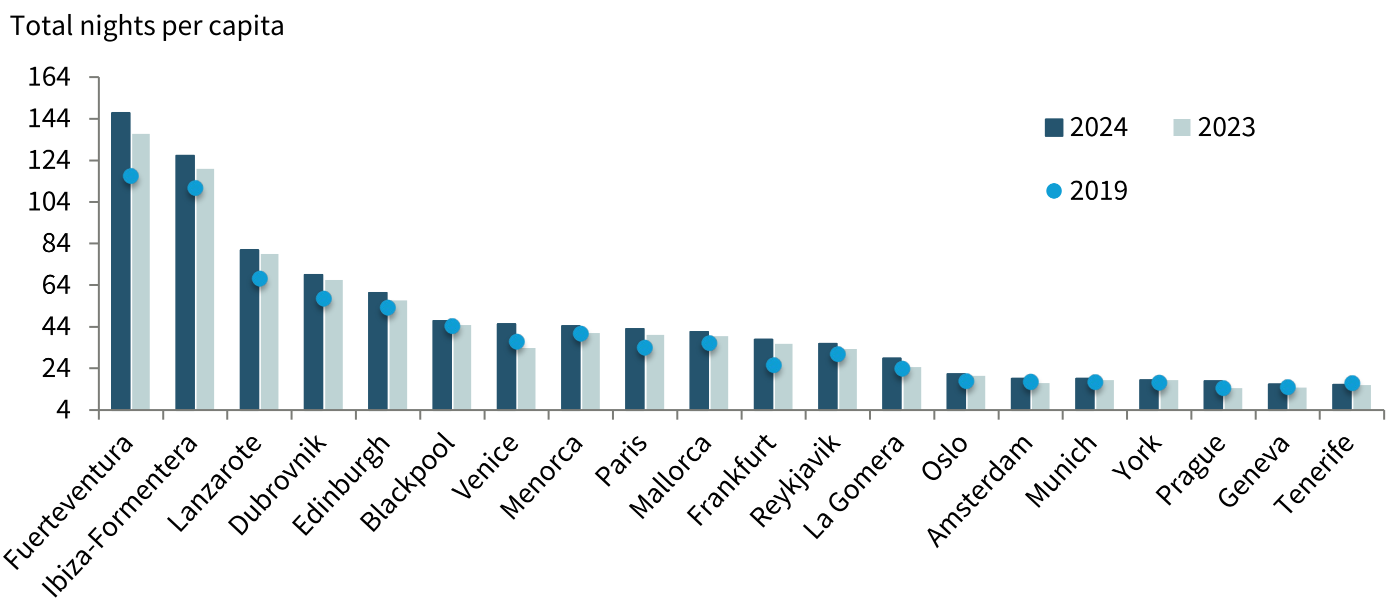
- Tourists continued to return to Europe in large numbers over the summer. But some destinations saw a disproportionally higher number of these tourists than others. As a result, they faced additional strains on the environment, local residents and resources leading to protests across the regions.
- Overtourism has come back to the forefront of conversations given the experience of some cities and resorts this summer. Especially as the benefits that tourism brings are not always equally distributed.
- Smaller lesser-known destinations, such as Albania have become more popular since the pandemic, but the volume of arrivals to these are still significantly less than more established destinations such as Greece and Spain.
- Countries and cities have taken measures to become more resilient to the expected continued rise in tourist volumes. These measures aim to reduce the flow of tourists in concentrated areas, spread tourists out to other destinations across the country and maximise the value they receive from tourism.
- Visitor value is increasingly important to the industry as survey data continues to point towards financial conditions as the biggest challenge at a global and European level.

4.1 Special focus: Overtourism rising across areas of Europe

Despite tourism being a significant contributor to GDP for many countries across Europe (WTTC forecasts the total contribution to Europe to be €2.4 trillion in 2024), the seasonality and intensity with which tourism occurs in certain destinations has led to revival of the "overtourism" discussion post-pandemic.

Overtourism generally relates to visitation and perception during the peak period, which across Europe is the summer months (June-August). Some cities and islands in Greece and Italy have already implemented policies intended to dilute the negative impacts of tourism, by stemming the flow of tourists and levying taxes on their presence. Anti-tourist sentiment made the news this summer, with large-scale tourism-related protests in some popular destinations such as Barcelona and the Canary Islands.

Tourism intensity across selected European cities (tourist nights per capita)



Source: Tourism Economics

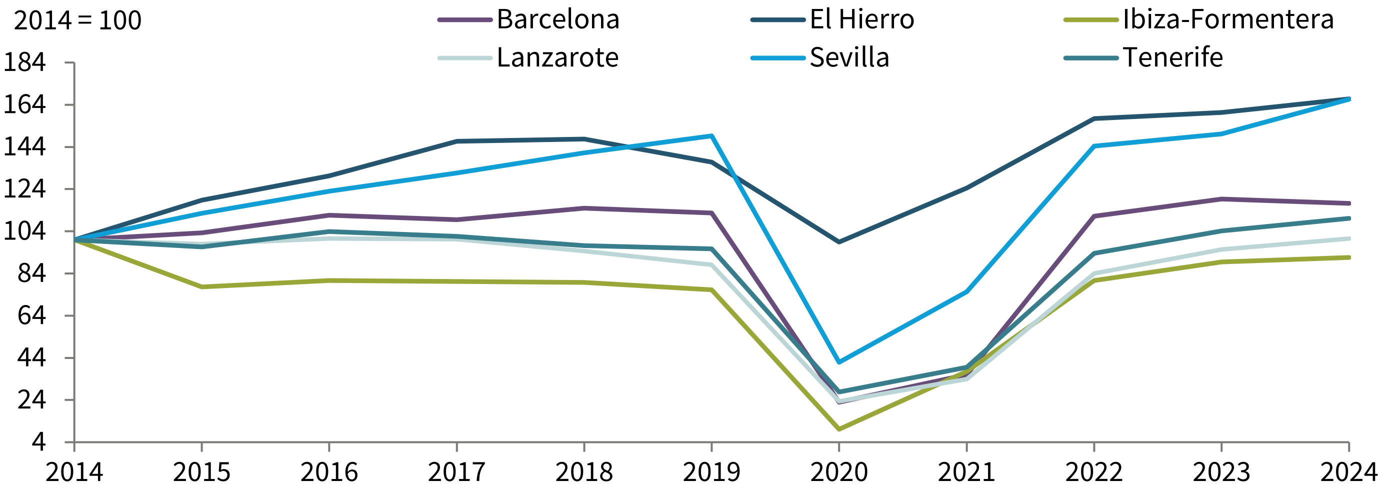
Part of the issue is the uneven distribution of tourists at a city/resort level. One measure of the intensity of tourism can be defined as the number of nights spent by tourists in a destination relative to the local population. This metric varies considerably across the continent and shows that a minority of cities are bearing the brunt of this influx of tourists; impacting infrastructure, residents, prices, environment (increased waste and pollution), and local services. However, it is important to note for destinations that see a larger volume of same-day tourists such as Venice and Barcelona, the nights per capita measure alone may not fully capture the level of tourism intensity experienced in these destinations.

The economic impact and benefits of tourism are also not always equally distributed. For instance, there are examples of where lower-income residents are priced out of their own cities, while property-owners profit from increased destination popularity. Tourists from wealthy source markets are generally happy to pay higher prices than residents, particularly when it comes to accommodation and food & beverage services, which can in turn drive prices up further. This can be particularly prevalent in low-cost destinations.

But the strain faced by destinations is not consistent year-round. Annual events can play a role in seasonality, such as the Edinburgh Fringe Festival which brings about a significant, though short-lived, influx of tourists for the month of August. Cruise ship dockings also exhibit a similar trend, with large influxes of visitors during the daytime, who ultimately return onboard by the evening. The value cruise tourists provide to a local economy is more limited as they receive on-board meals and accommodation, spending less in local businesses. However, cruise visitor spending is high on a per hour basis, and they are also not adding to any strain on accommodation services which are evident in some cities with limited and inelastic housing supply. On the other hand, visitors via this mode of transport do contribute to higher emissions and pollution, compared to other forms or transport and frequently increase congestion within cities, in particularly Venice. As a result, tourist movements such as these complicate the process of clearly quantifying the potential impacts of ‘overtourism’.

Island destinations tend to disproportionately suffer from overtourism, given their limited ability to absorb inbound tourists, both physically and economically. It is not a surprise that a lot of destinations that have witnessed protests this summer are also islands. For example, Santorini, an island off the coast of Greece has seen significant influx of visitors as it has emerged as a (no longer) “hidden gem”, with the mayor calling to halve cruise ship visitors and cap bed nights on the island below their present level. The impacts of approaching market saturation is much more apparent in island destinations, as there is “nowhere else to go”.

Tourist arrivals to selected Spanish destinations (index 2014 = 100)



Source: Tourism Economics

The increased prevalence of overtourism and sustainability on travellers’ minds appears to be feeding into destination substitution. Examples of these substitutions can include visiting Albania instead of Greece, or at a city level going to Vilnius and Bucharest instead of Barcelona and Venice. Arrivals data over the last year has seen a greater lesser-known destinations grow more quickly than more established destinations, albeit in very small numbers at an absolute level. At a country level, Albania has continued to report an uptick in visitor arrivals. At a city/resort level within Spain, major destinations (such as Ibiza, Tenerife and Lanzarote) are not growing at the pace of fast-expanding, lesser-known destinations within the country, such as El Hierro and Sevilla. Although growth in these smaller destinations is encouraging, tourism demand is rising from a small base. But it is a start in the process of improving the distribution of tourists across the country, reducing the concentration in the major hotspots.

Destinations are taking varied approaches to tackle overtourism. New and existing measures largely aim to tackle the inflow of certain types of tourists. An example of this is Amsterdam's 'digital discouragement campaign', which was launched with the intention of reducing Amsterdam's flow of 'party tourists'. It can be argued that this type of tourist does not bring about as much value or benefits to the city as other tourists, and also arguably involves some higher costs such as the strain on local services to ensure the safety of tourists and cleanliness of the city. Measures have also been taken to improve the distribution of tourists. Portugal is an example of this, develop a 3,000km long circular walking route with the aim of spreading out tourists across the country along with the economic and financial benefits tourism brings.

There is a balancing act with these policies, to ensure they do not significantly reduce the total number of tourists, but rather redistribute and them across more towns, cities and resorts. If successful, this would alleviate pressure on previously over-visited destinations and increase the value received in alternative destinations, improving their ability to invest in their services.

Overtourism will continue to evolve over time as new travel trends and preferences emerge for both domestic and international tourists. Areas that currently face pushback from the local residents will likely see a reduction in the negative impacts of tourism, as government policy develops to mitigate such issues and some travellers search for destinations further off the 'beaten track'. Management action needs to be coupled with changes in travel trends to ensure that the benefits of tourism continue, in the most part, to outweigh the negative impacts.

4.2 The value of European tourism

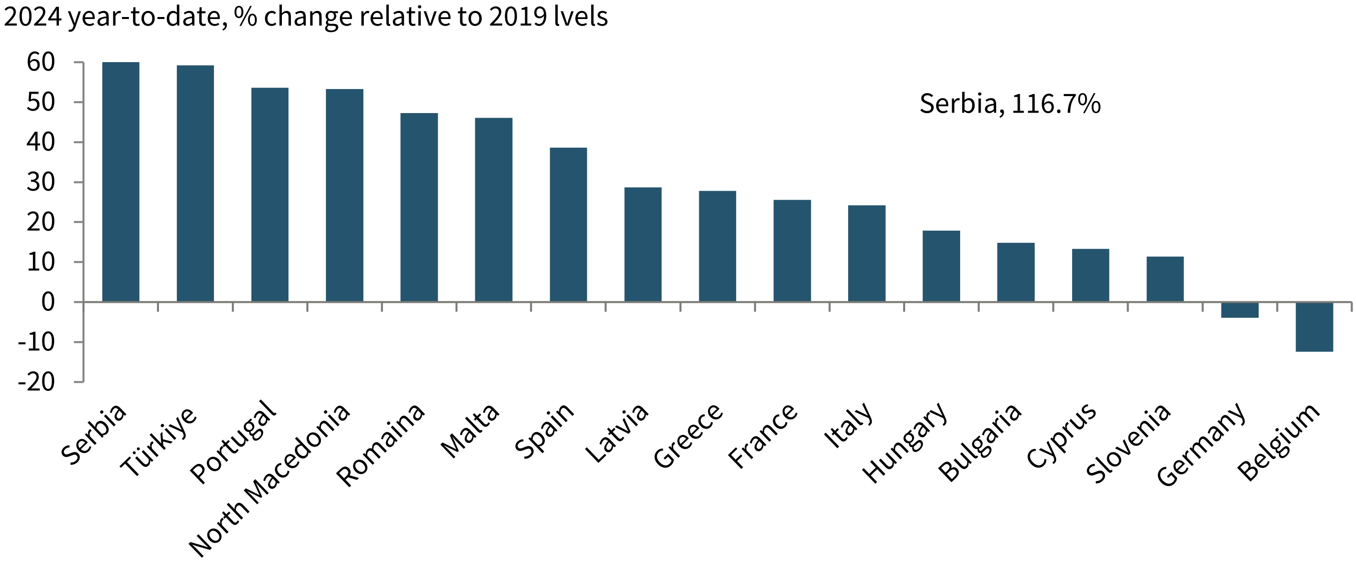
Latest data and forecasts suggest that tourists are expected to spend 10.3% more across Europe in 2024 compared to 2023. This equates to €719.7bn euros (nominal terms), with Western Europe alone accounting for 74% of this. Higher levels of inflation will naturally cause an increase in nominal spending, but increased demand for travel will also contribute to the rise.

Although inflation across Europe has peaked, insights from surveys, including the ETC long-haul travel barometer in Q3 2024, suggests that tourists from some source markets such as Brazil are more cost conscious when booking travel this year. Cost-conscious decision-making can take many forms including, shorter visits, lower in-destination budget and/or a reduced number of trips taken. These can all impact the value a destination gets from tourism activity. Türkiye is a recent example of this, where recovery in arrivals and nights has slowed in recent months as tourists have become more responsive to price rises and seek better value-for-money alternatives.

Data from Tourism Economics' Travel Industry Monitor survey over this year has suggested that tourists are more budget-focused, and spend data is also starting to point in this direction. Among the large and established markets, Spain, Italy and France continue to post double-digit growth ahead of pre-pandemic levels, along with strong year-on-year growth from 2023. The outlook across Central and Eastern Europe remains mixed with destinations such as Slovakia struggling to achieve the same level of tourism value reported in 2019. In contrast, Latvia is currently seeing inbound travel spend 28.7% ahead of 2019 levels which is in stark contrast to the recovery that is still underway in both arrivals and nights. It seems that the tourists in Latvia are spending more while they are there and to an extent that it is offsetting the fewer numbers of arrivals than in 2019. North Macedonia (53.3%) is also experiencing strong growth in inbound spend so far this year, potentially benefiting from increased demand as a less well-known destination and if they are attracting more tourists in the Gen-Z demographic, studies suggest they typically spend the most on travel.

Inbound spend across selected European countries ranges from 116.7% above 2019 levels to -12.4% below based on data up to July this year (dates vary by country). The strong rise in arrivals into Serbia, albeit from a lower base than other destinations in Europe is also translating into triple-digit growth in inbound spend. In fact, spend is significantly higher than arrivals relative to 2019 so far this year. The slower recovery in international travel to Germany is also reflected in expenditure, with inbound spend -3.9% less than in 2019. However, the monthly trend is looking up, giving some confidence that it will break through into growth territory in the near-future.

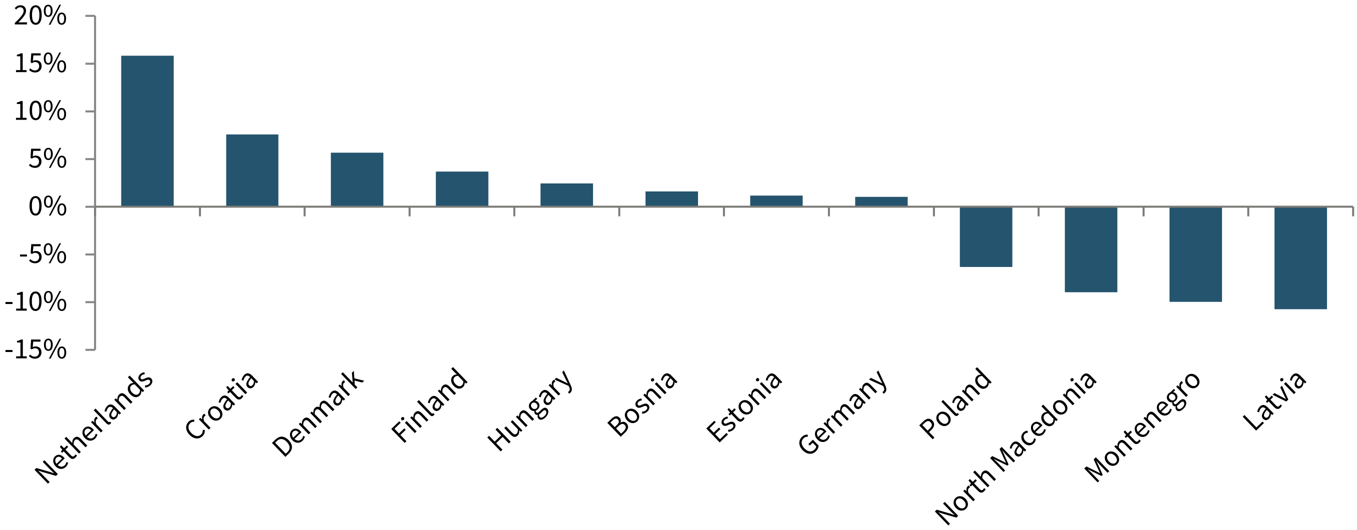
Inbound travel spend in selected European destinations (% change vs 2019)



Sources: Haver Analytics* *date varies (Jan-July) by destination

Length of stay also adds to the value of tourist arrivals at a destination; a longer trip will entail more expenditure on accommodation and food, and generate more value per tourist. Out of the selected destinations below, most are currently seeing a higher average length of stay than in the same period in 2019. For the Netherlands, it is currently 16% higher, followed by Croatia (8%) and Denmark (6%). Montenegro is on the other end of the scale with significantly lower average stay by foreign tourist arrivals compared to 2019. Other destinations facing lower average length of stays are Poland and Latvia, both of which are in Eastern Europe and in close proximity to Russia's war in Ukraine. The proximity could be resulting in tourists deciding to stay in these destinations for shorter periods than they otherwise would have due to confidence levels, but also down to a change in the type of travellers e.g. those travelling for business, leisure or to visit friends and family.

Average length of stay in selected European destinations (% change vs 2019)



Sources: Haver/National Statistics/Tourism Economics* *date varies (Jan-Aug) by destination

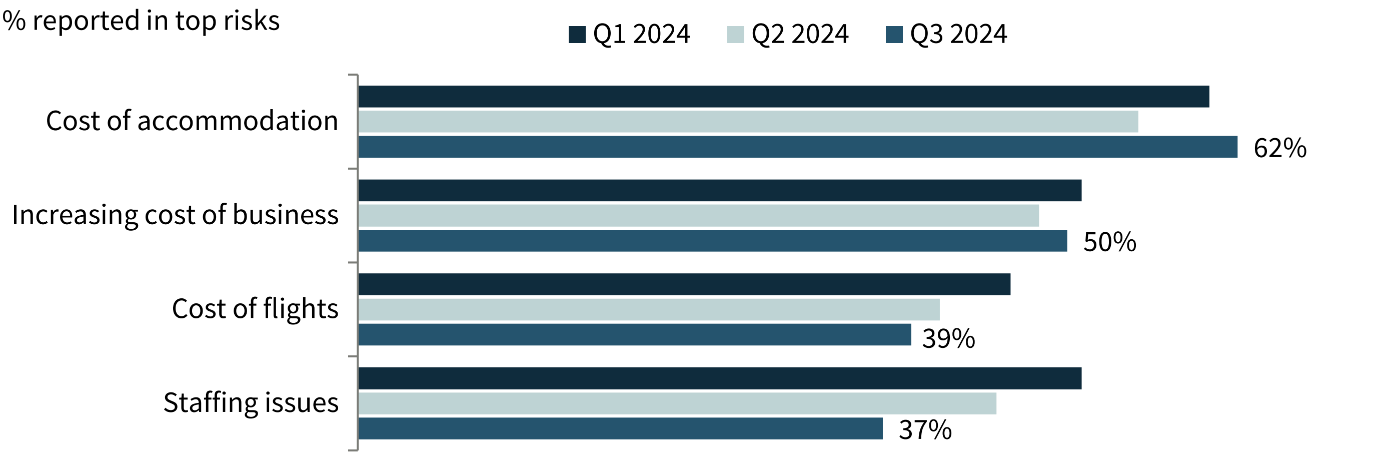
4.3 Risks

The Tourism Industry Monitor (TIM) survey gauges industry professional's evaluation of the overall health of tourism globally, as well as its opportunities and challenges.

Results from the Q3 survey continues to highlight the same top four key global challenges to tourism. If the cost of accommodation, business and flights were aggregated as financial factors, they would have represented 90% of respondents. But conditions have eased as the year has gone on, with the percentage of respondents highlighting financial factors decreasing to 88% in Q3. It did drop more in Q2 of this year, the slight increase on the quarter may be due to heightened seasonal demand.

The results from European markets have shown a significantly higher percentage of responses identifying the cost of accommodation as a key tourism challenge in Q3 at 74%, higher than the global figure of 62%. Many destinations in Europe are facing significant seasonal demand which can account for some, if not the majority of this quarter's results. Although staffing issues improved throughout the surveys, both at a global and European level, there could still be certain areas within Europe where these issues are more significant. This is evident in frequency of strikes stemming from the air traffic industry, where the reason behind some of these have been linked to staffing shortages.

Top 4 key global tourism challenges



Source: Tourism Economics

Overtourism is not highlighted as a top global tourism challenge, however it is likely to be more of a challenge in selected national and sub-national destinations. The latest survey revealed that there has been a shift in public perceptions concerning overtourism and sustainable tourism. This is supported by data from Google, highlighting that there has been shift in public perceptions concerning overtourism and sustainable tourism. Comparing the prior decades 'search term popularity' from google, there has been a gradual increase in the search popularity of 'sustainable tourism' along with a sudden upswing in the relevance of 'overtourism' coinciding with this summer's protests. Increased awareness by businesses is one of the first steps in helping to move toward a more sustainable and responsible tourism model.

In terms of opportunities, at a global level, business travel including 'bleisure', leisure events and tourism infrastructure developments were again considered the main opportunities for tourism growth. However, for European respondents, there continues to be a strong opportunity for improved connectivity/air routes and more long-haul international visitors. Many transatlantic routes were added this summer, with more to come next year. It is likely this will remain a key European opportunity for tourism going into next year, while demand from Asia-Pacific continues to improve.

5. European travel sentiment tracker

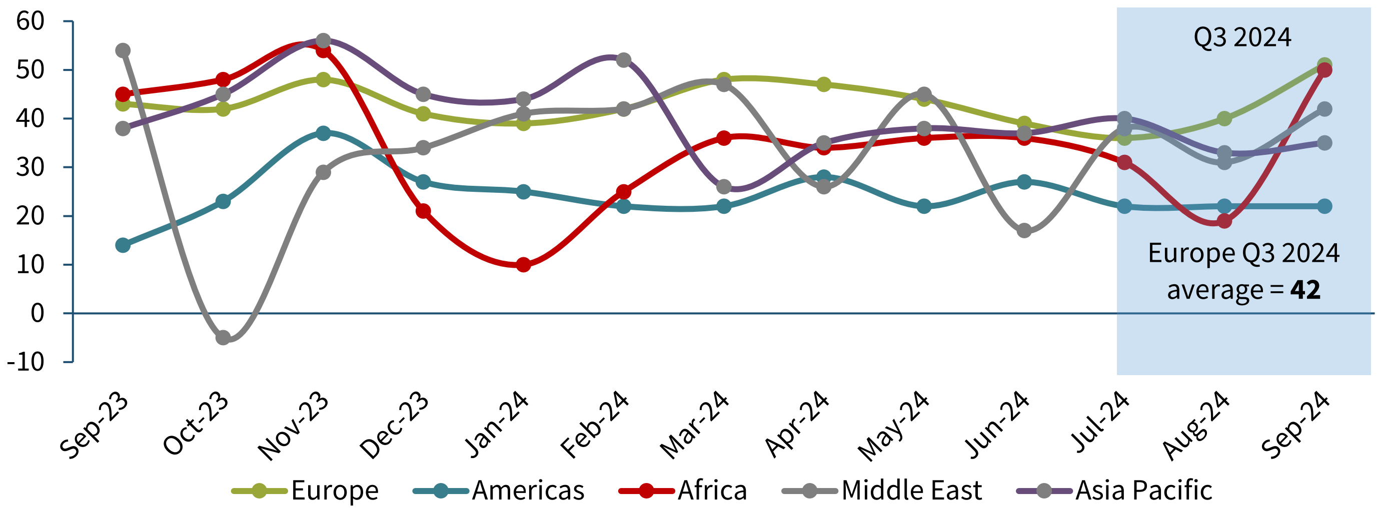
E-Reputation trends on travel in Europe

E-Reputation data, gathered from the TRAVELSAT© Sentiment Index by MMGY TCI Research, utilises social listening to assess destinations' online perception. Information shared by differing media, consumers, companies etc., on websites, forums, blogs & social networks is used. Net sentiment scores, ranging from -100 to +100, measure the balance between positive and negative sentiments to evaluate destination favourability. Value for Money and Sustainable Travel ratings are measured through sentiment scores derived from written reviews from 45 sources (TripAdvisor, Google Reviews, Booking…), utilising advanced sentiment analysis technology to detect positive and negative sentiments towards specific concepts or topics, with ratings, ranging from 0 to 10.

For a further explanation of these methodologies please see Appendix 2.

Throughout the third quarter of 2024, the polarity of online social conversations regarding European travel stood at an average of 42 points. Europe's score saw a drop in July, placing it in third place, behind Asia Pacific and The Middle East. Stories on the effects of climate change throughout Europe, as well as protests and actions against mass tourism brought its score down. However, its score recuperated quickly in August and September, placing Europe in first place during both months. Overall, Europe took the leading spot in global e-reputation scores in Q3 of 2024, holding at least 5 points more than all other world regions.

Net sentiment score per world region, P12M



Source: MMGY TCI Research

Several positive drivers of reputation on European travel supported its progressive increase in polarity throughout the third quarter. With the warm summer season making a large portion of the quarter, water activities was a dominant theme. Stories showcased several Mediterranean destinations, particularly secret beaches in Croatia and Greece, some of which had celebrity visits like football star Lamine Yamal. Inland bodies of water also surfaced in online stories, with destinations like Lake Como in Italy described as exceptional areas for boating and swimming. A more adventurous side of tourism complemented these water-based activities, with the opportunity to go whale-watching from Reykjavík presented through a vlogger's post. Finally, groups of friends, couples, and families alike were shown enjoying the exhilarating water slides at Hof van Saksen Waterpark in The Netherlands.

A second prominent theme was that of events-based travel. Both Notting Hill Carnival in London and Zurich's Street Parade attracted global audiences, with travellers from diverse cultural backgrounds coming together for colourful parades, eclectic music, and all-night festivities. In particular, the vibrant energy and sense of community at these large-scale events was highly promoted. Markedly, the Olympics in Paris were not absent from this theme, with some content showing how a family from the United States packed for their trip, and where they stayed.

By September, as autumn set in, comforting travel and wellness tourism came to the forefront. Mooska Farm in Estonia drew attention due to its traditional smoke saunas, offering a peaceful, nature-immersed retreat. Featuring a more unique and innovative way to enjoy a sauna, an article spoke about two Finnish brothers who introduced the concept of a “flying sauna". The idea involves a hot air balloon equipped with a sauna built into its basket, offering a one-of-a-kind relaxation experience in the skies of Kokkola. A last story within this theme spoke of the rising trend of wellness retreats aimed at easing the process of menopause. Lanserhof Health Resort in Germany offers tailored therapies including personalised training and nutrition programmes, yet retreats in Spain, Austria, Italy, and Denmark are also beginning to offer these specialised services.

Negative drivers throughout the third quarter were firstly shaped by concerns around climate change and the sustainability of tourism. Online articles spoke about how Mediterranean destinations like Greece, Croatia, and Albania experienced extreme heatwaves, with temperatures exceeding 40°C. These heatwaves led to safety measures such as the closure of popular tourist sites like the Acropolis in Athens during the hottest parts of the day. In close connection, other online articles questioned the sustainability of tourism and its ability to reduce its impact on the environment given that air traffic at European airports reached the levels seen prior to the COVID-19 pandemic in the first half of the year.

Common to the summer season, overtourism was also a highly mentioned topic online, with the protests against mass tourism in Barcelona garnering a high degree of media coverage in July. Residents voiced frustrations over the strain excessive tourism placed on local infrastructure and the environment, with Venice and Mallorca also frequently mentioned as struggling to manage the influx of visitors.

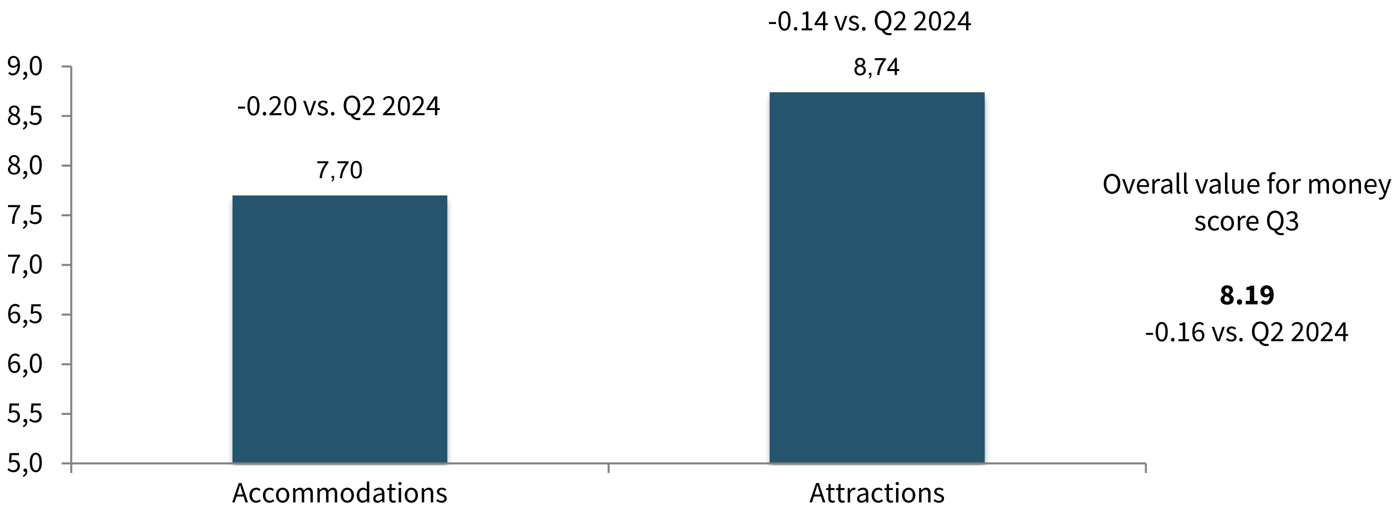
A final subject had to do with a perceived increment in travel hurdles to either enter or travel within Europe. In the case of the former, the upcoming implementation of the ETIAS travel authorisation system in 2025 caused concern in online articles, particularly among non-EU travellers. British visitors were worried that being questioned about travel details would create unnecessary complications, discouraging future trips to Europe. Finally, online articles presented unease over the border controls that Germany has put in place and what these imply for the freedom of movement in the Schengen area.

Focus on value for money from visitors’ written reviews

Value for Money measures guests’ perception of the worth or quality an experience has in relation to its cost.

The Value for Money sentiment score of European Accommodations and Attractions decreased to 8.19 in the third quarter of 2024 (-0.16 points vs. Q2 of 2024). Broken down by verticals, the score for Accommodations decreased to 7.70 (-0.20 points vs. Q2 of 2024), while for Attractions it decreased slightly to 8.74 (-0.14 points vs. Q2 of 2024).

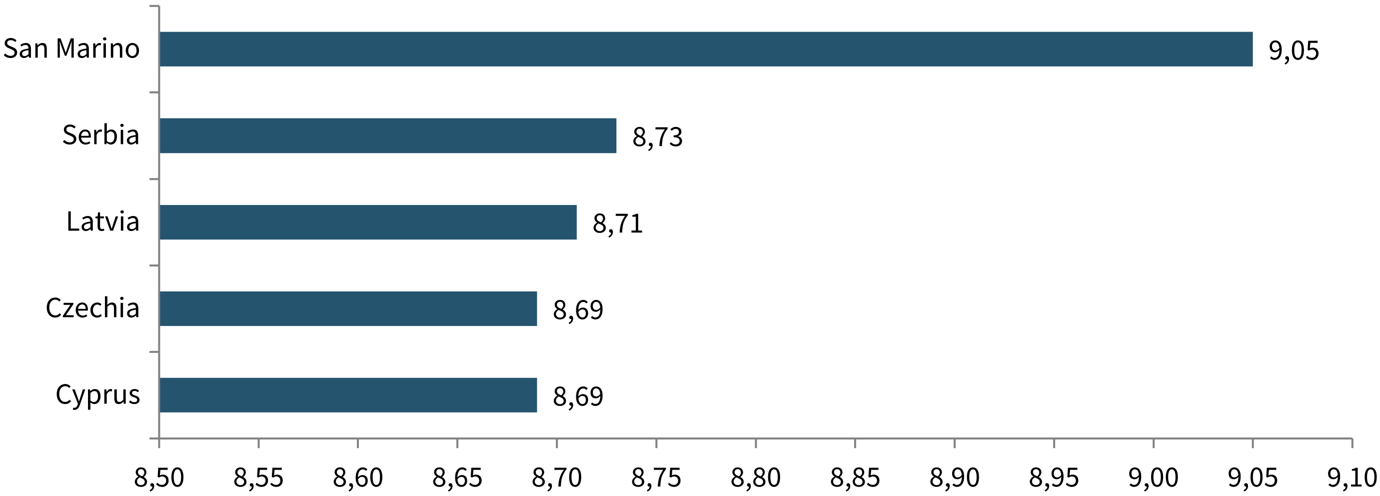
Value for money sentiment scores per vertical



Source: MMGY TCI Research

The five destinations receiving the most praise in terms of Value for Money in guests' written reviews were San Marino, Serbia, Latvia, Czechia, and Cyprus. Online stories on these destinations suggest that they offer affordable dining, attractions, accommodations, or public transport. For example, San Marino holds several budget-friendly trattorias, and entrance fees to various attractions, including historical sites and museums[5]. Regarding Serbia, travel bloggers found that visiting Belgrade during August was very affordable, in particular when considering the cost of food[6].

Destinations receiving the highest sentiment scores on the topic of value for money during Q3 2024



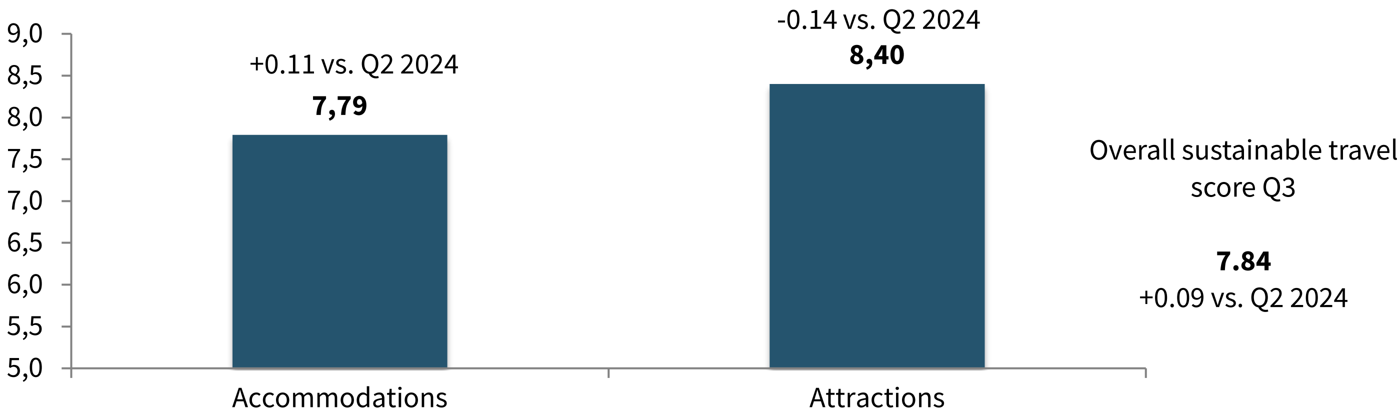
Source: MMGY TCI Research

Focus on sustainable travel from visitors' written reviews

Sustainable Travel measures guests' perception of environmentally and socially friendly practices taken by operators.

The Sustainable Travel sentiment score of European Accommodations and Attractions rose to 7.84 in the third quarter of 2024 (+0.09 points vs. Q2 of 2024). Broken down by verticals, the score for Accommodations increased to 7.79 (+0.11 vs. Q2 2024), while that of Attractions decreased to 8.40 (-0.14 vs. Q2 of 2024).

Sustainable travel sentiment scores per vertical



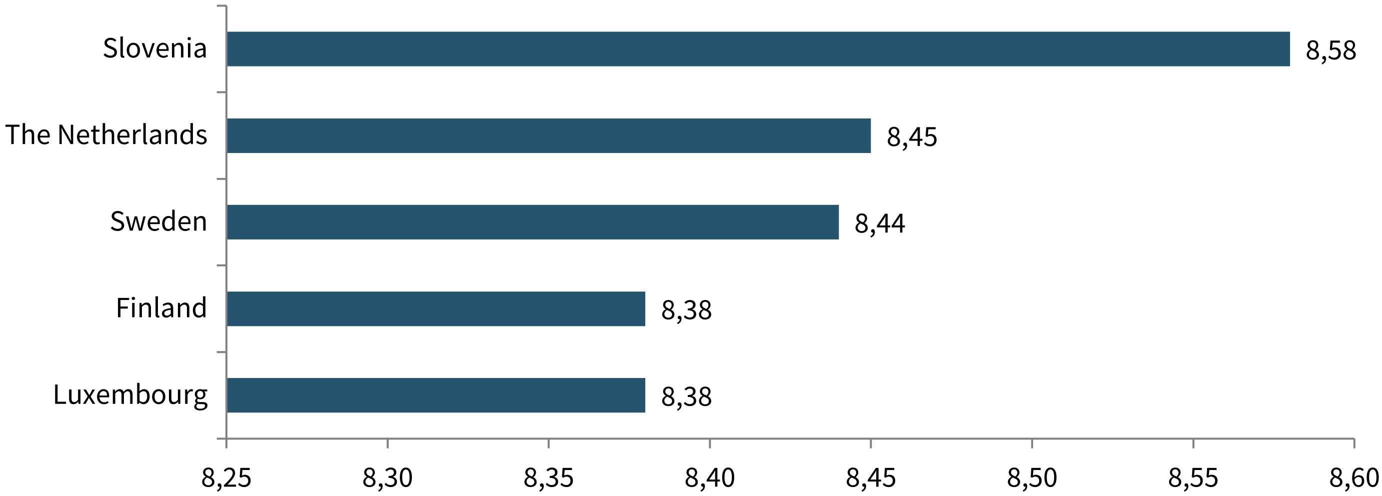
Source: MMGY TCI Research

[5] *Is San Marino Expensive to Visit? A Comprehensive Guide for Travellers.* September 20th, 2024. https://blog.holidayswap.com/is-san-marino-expensive-to-visit/

[6] *Informe presupuestario de agosto de 2024 (Belgrado, Serbia)*. September 2nd, 2024. https://twotravelturtles.com/august-2024-budget-report-belgrade-serbia/

In terms of guests' written reviews on Sustainable Travel, Sweden, Slovenia, Austria, Germany, and Finland received the most positive comments. All five destinations are known to uphold some of the highest sustainability and environmental standards globally. Separate to the scores from written reviews, an online story on Sweden from the second quarter of 2024 presented an award-winning coffee roastery known for its commitment to sustainability as part of a multi-day Stockholm itinerary, while Slovenia was praised for its design of a cycling route that combines green movement with stops at gourmet establishments. Stanglwirt in Austria was spoken of highly in an online travel blog for being a gorgeous resort that combines organically farmed food alongside wellness and fitness. Finally, the Hamburger Falkenstein golf course was spoken highly of in a list of the top golf courses in Germany due to its organically maintained fields, while Finland's peaceful waterways were recommended for those who enjoy gentle canoe tours.

Destinations receiving the highest sentiment scores on the topic of sustainable travel during Q3 2024



Source: MMGY TCI Research

6. Key source market performance

Trends discussed in this section relate to the period January to August 2024, although actual coverage varies by destination. Further detailed monthly data for origin and destination, including absolute values, can be obtained from TourMIS (http://tourmis.info).

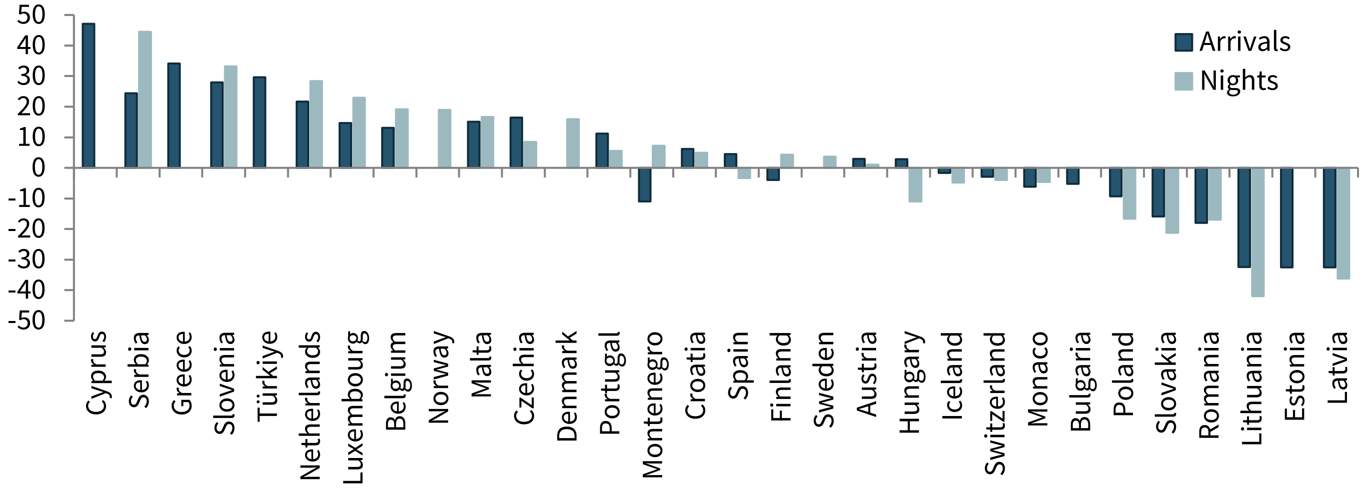
- North America, in particular the US remains one of the most important non-European source markets for many European destinations. This is even after a record number of arrivals over summer 2023 and despite a slightly less favourable exchange rate against the euro.
- Smaller destinations such as Serbia and Montenegro remain popular among both European and Non-European source markets, a trend that has been present over the last few quarters. Some of this is the consumer trend of discovering new destinations but is also a result of the continued geopolitical tensions in Europe.
- The popularity of Türkiye as a destination has fallen slightly on last quarter across a number of source markets as it has lost some of its competitive advantage on the cost front.
- Southern and Mediterranean destinations have remained popular choices this summer. Surveys earlier in the year pointed towards concerns over weather conditions such as heatwaves, but they have not had a material impact on the recovery or growth in these holiday hotspots.
- Destinations that are furthest from recovery to 2019 levels remain largely concentrated in Eastern Europe and those perceived to be in proximity to the war in Ukraine.
- The appetite of Chinese and Japanese tourists for European travel is still muted. A handful of smaller markets are seeing a small absolute rise in arrivals, but many are still between 50-80% below 2019 levels.

Key intra-European source markets

While there remain differences between major European source markets, some of these are linked to the seasonality in demand, with some destinations commonly outperforming others in the summer period e.g. Southern European destinations. However, a notable change relative to the last quarterly report has been the shift away from Türkiye towards competitor Mediterranean destinations such as Greece, as inflation has eroded affordability benefits without the counter balance of a dramatic devaluation of the Turkish lira. Countries bordering Ukraine or in the Baltic sub-region remain very constrained in their recoveries.

German visits and overnights to select destinations (% change on 2019)

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



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

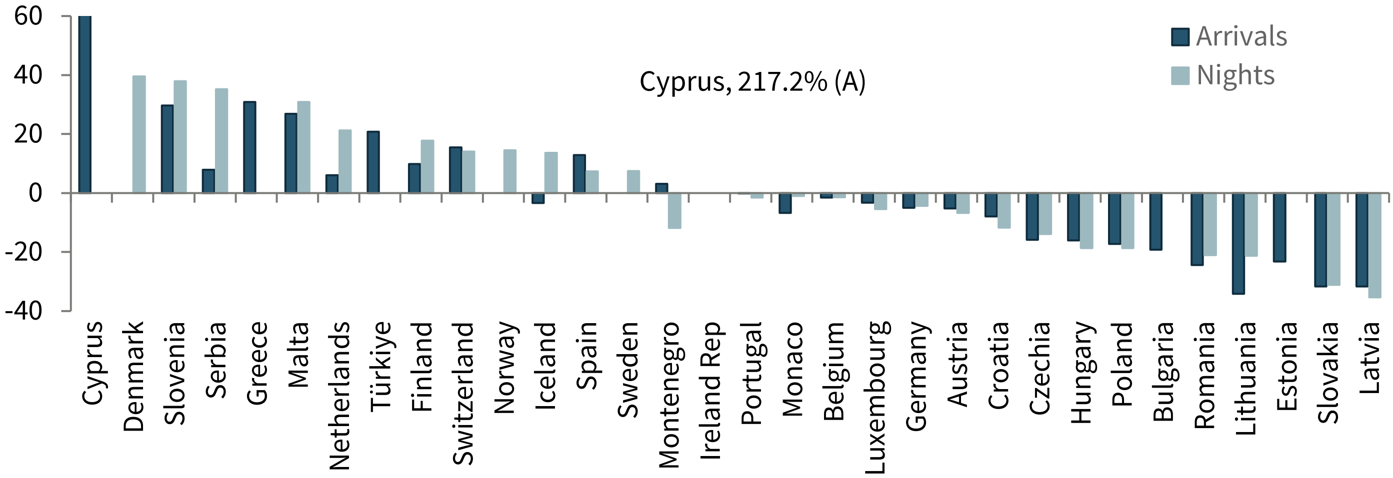
Cyprus saw the strongest growth in arrivals from Germany, up 47.1% on 2019. It remains to be seen whether the current trajectory will be seriously affected by the proximity of Israel, Gaza, Lebanon and the conflict in that region. Cyprus was followed by the smaller destination (in volume terms) of Serbia (24.4%) and by Greece (34.1%). However, data for Greece is only up to July, so the typical peak month has still not fed through into the data. Despite a strong summer performance so far, the German Travel Association (DRV) has expressed concerns about Greece's new tourism measures, which include increased fees for hoteliers and cruise passengers, fearing that they may deter German tourists.

Some very important destinations have reached 2019 levels, at least in terms of German arrivals. Notable among these are Spain – up 4.5% on 2019 but slightly down on the previous quarter. In 2019, there were more than 52 million German tourist arrivals to Spain.

Türkiye remains a popular choice for German tourists compared to 2019 with arrivals ahead by 29.6%. This is despite tourists facing significantly higher prices for their summer holidays compared to the previous year. Germany has historically been one of the largest source markets for Türkiye, so it is possible that German tourists have been less price sensitive than those from other countries.

French visits and overnights to select destinations (% change on 2019)

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



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

Of 31 reporting countries, 16 saw growth in at least one metric from France. Cyprus – for which France has become a fast-growing source market – for was way ahead of other reporting destinations, recording growth in French arrivals of over 217.2% when compared to 2019. It remains unclear whether such strong growth will be dampened by conflict in the Middle East. Cyprus has said that it is prepared to act as an evacuation centre for third party nationals and Lebanese citizens seeking protection.

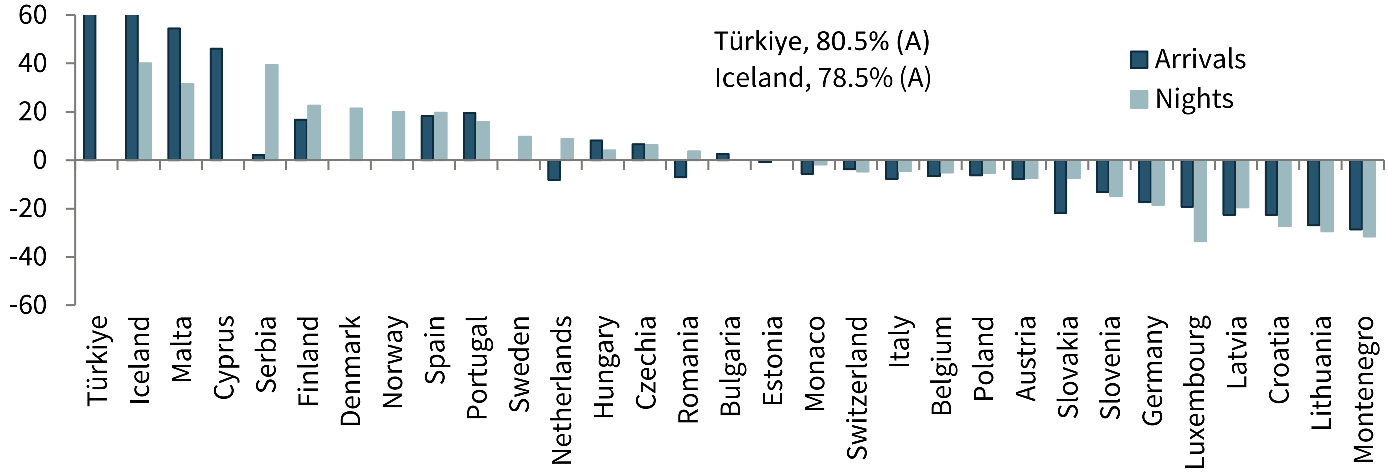
Other Mediterranean destinations such as Greece (30.9%) and Malta (26.9%) also recorded strong growth in arrivals. Denmark was the second strongest performer, registering growth in nights from France of 39.5%. Denmark may be benefitting from the emerging trend of summer 'coolcations', attracting visitors from France and Southern Europe. This trend is evident in recent survey data but is still not fully apparent in destination performance data.

In contrast, the ongoing conflict in Ukraine continued to impact French visits to the Baltic States and to countries in Central Europe which border Ukraine, such as Poland (-17.2%), Bulgaria (-19.2%) and Romania (-24.4%). Türkiye also slipped down the rankings for French visitors, but still recorded an increase of 20.8% when compared to the same period in 2019.

Arrivals from France to Germany continue to be lower than in 2019 (down 5%). Increased affordable transport infrastructure such as the high speed train between Paris and Berlin to be launched this winter may help address this. However, France will also be affected by the threatened strike by EasyJet employees.

Italian visits and overnights to select destinations (% change on 2019)

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



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

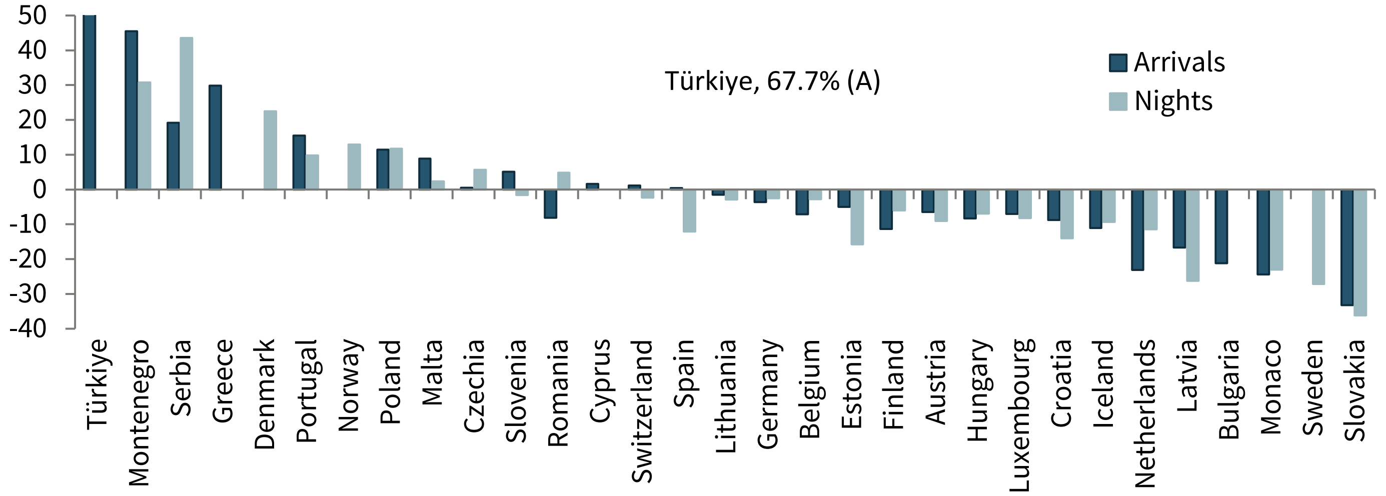
Iceland continues to record one of the fastest growth in Italian arrivals relative to 2019, albeit from a small base, with Italian visitors up 78.7%, alongside Türkiye at 80.5%. Cooler destinations such as Finland have tended to slip in the rankings, replaced by Mediterranean summer destinations such as Malta (54.5%) and Cyprus (46.2%) during the summer months.

Tourists from Italy are increasingly seek beach resort locations in other Mediterranean destinations. This has been driven by the significant increase in the price of this type of holiday in Italy. According to a study undertaken by Italian consumer protection agencies, the cost of an Italian holiday in the country has risen by some 15-20% once transportation, accommodation and food are included. Potential tourism tax hikes, which are being considered, could exacerbate that situation.

However, some sizeable destinations continue to record visitation from Italy well down on 2019. Notable among these is Germany, which remains 17.4% down on 2019 arrivals levels, only marginally improved from last quarter.

British visits and overnights to select destinations (% change on 2019)

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



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

Out of 31 reporting destinations, 16 reported growth in at least one metric from the UK. However, some of these – such as Switzerland and Cyprus – were very marginal, notably for arrivals. Spain saw a modest increase in UK arrivals while also witnessing a drop in nights, implying a slight decrease in the average length of stay relative to 2019. The UK has been the source of some degree of stagnation in tourism growth in Spain, alongside the domestic market.

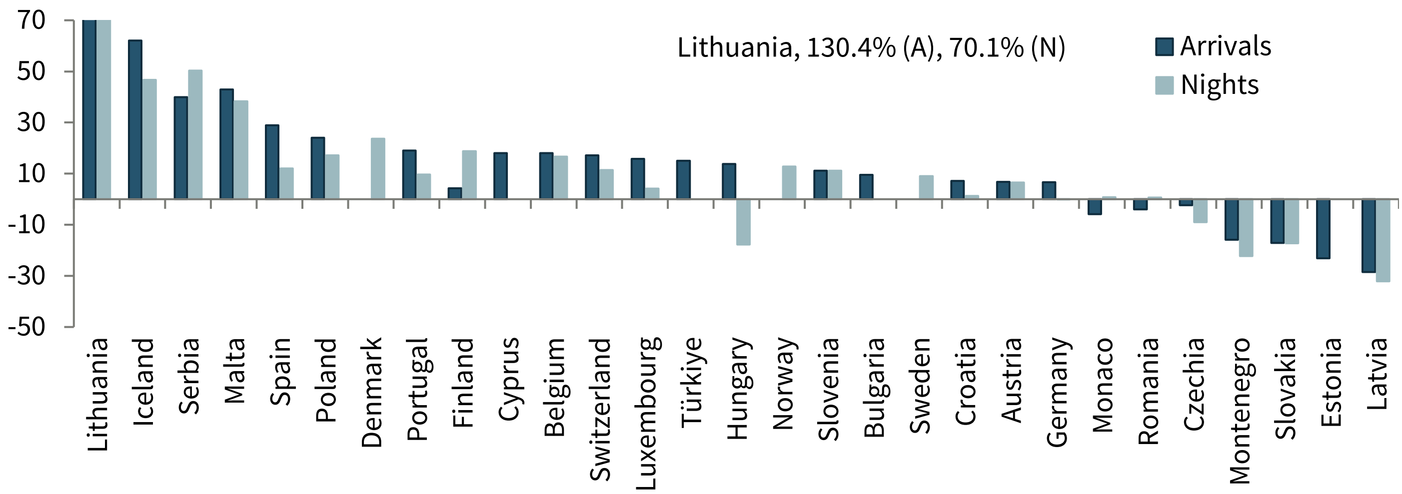
Spain has seen considerable protests against tourists over the summer and these have likely contributed to some of the slowdown, however they did not completely deter tourists.

Montenegro continued to register one of the strongest growth in percentage terms relative to 2019 for both arrivals (45.5%) and nights (30.8%) – from a small base - while Greece also reported a strong outturn with growth in arrivals at 29.9% and is a more significant destination country in volume terms. The relative popularity of both markets is likely driven by a search for value for money among many British travellers. Despite inflation rising earlier in the year in Türkiye, it still continues to record growth in British arrivals relative to 2019, up 67.7%.

Although the UK recovery in outbound tourism continues to lag behind some other European source markets, forward-looking data from Q3 2024 suggests that bookings have been strong. This is despite a downturn in consumer sentiment overall. GfK's Consumer Confidence Barometer reported a drop in how consumers feel about their personal finances and the wider economy since the end of August amid the new government's warning of a 'painful' budget. In contrast, travel agents and tour operators boasted of 'fabulous' September sales – especially in the cruise sector.

Dutch visits and overnights to select destinations (% change on 2019)

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



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

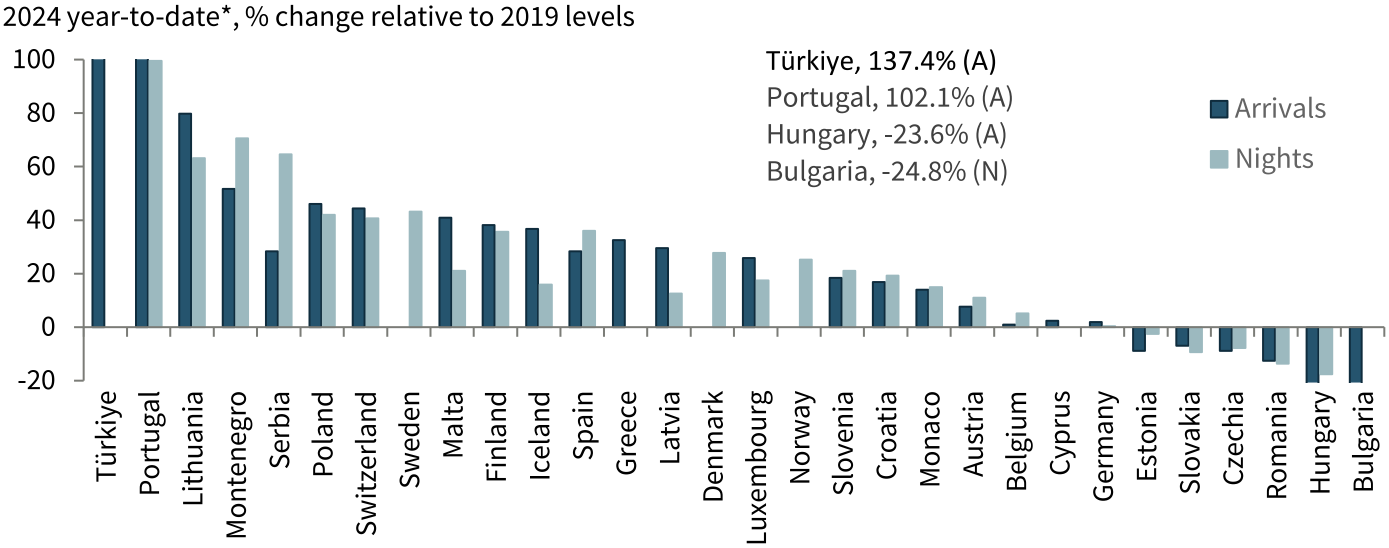
All but five reporting destinations registered growth in at least one metric from the Netherlands. Lithuania continues to record the strongest increase in Dutch visitors (130.4%). Growth in arrivals to Iceland from the Netherlands remains strong at 62.1%, but it is starting to moderate, down from triple-digit growth last quarter.

Spain, typically a large destination for Dutch tourists reported a robust increase in Dutch visitors (28.9%) and nights spent there (12%). The launch of a night train from Amsterdam to Barcelona by European Sleeper has been delayed until 2026 as a result of difficulties in negotiations with French railway network manager, SNCF Réseau, and a shortage of train carriages.

Countries which continue to lag in the recovery from 2019 remain concentrated in Central Europe and the Baltic States. Hungary has left this group, recording an overall decline in nights from the Netherlands, and reporting a 13.8% increase in arrivals relative to 2019.

Non-European source markets

United States visits and overnights to select destinations (% change on 2019)



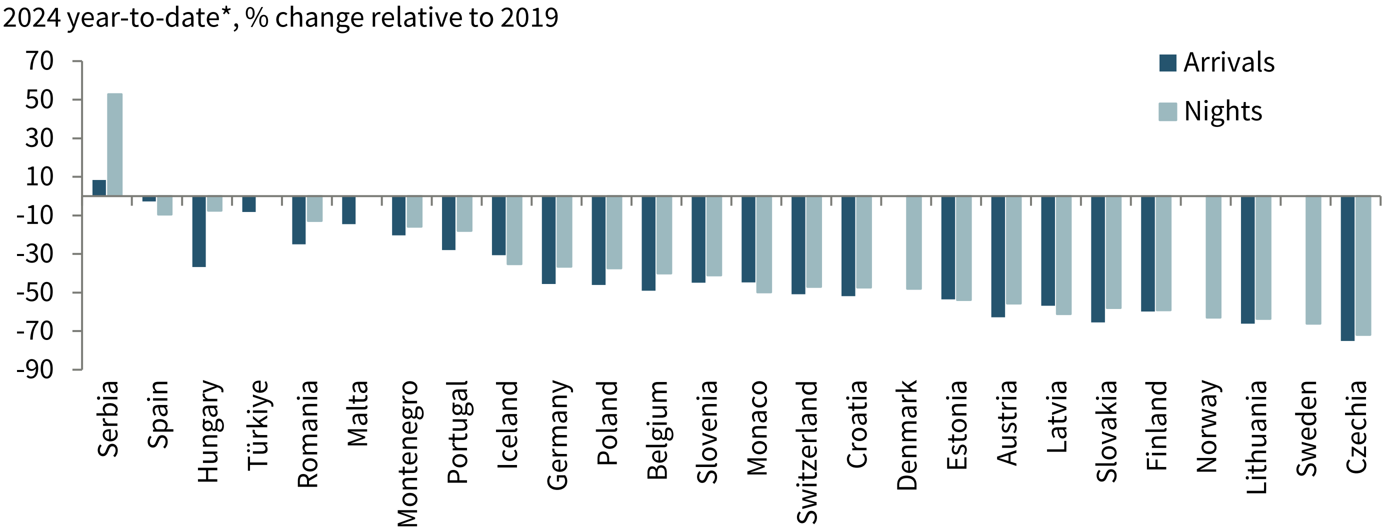
Source: TourMIS* *date varies (Jan-Aug) by destination

Countries with either arrivals or nights from the United States remaining below 2019 continue to be concentrated in the eastern half of the continent, including Hungary, Bulgaria and Romania, with arrivals down 23.5%, 24.8% and 12.6% respectively. This is despite the US being the strongest performing of the key non-European source markets for a second consecutive summer following the pandemic.

Alongside Türkiye (137.4%), Portugal was the reporting destination with the highest growth in American visitors with arrivals more than double 2019 levels (up 102.1%). Data from [the National Statistics Institute of Portugal (INE)] highlights the impressive growth of American tourism to Portugal over the last two years in particular. Lithuania and Latvia are also reporting double-digit growth in both metrics – the current outlook may be affected by US military involvement in Eastern Europe at present. However, European destinations such as Spain and Germany, which are more significant in volume terms, have reported arrivals up 28.4% and 1.9% respectively this year so far on an annual growth basis which illustrates continued strong growth opportunities from the US for the region.

Aside from these countries, nearly half of the reporting destinations saw growth in American tourism of at least 30% on one of the metrics.

Chinese visits and overnights to select destinations (% change on 2019)



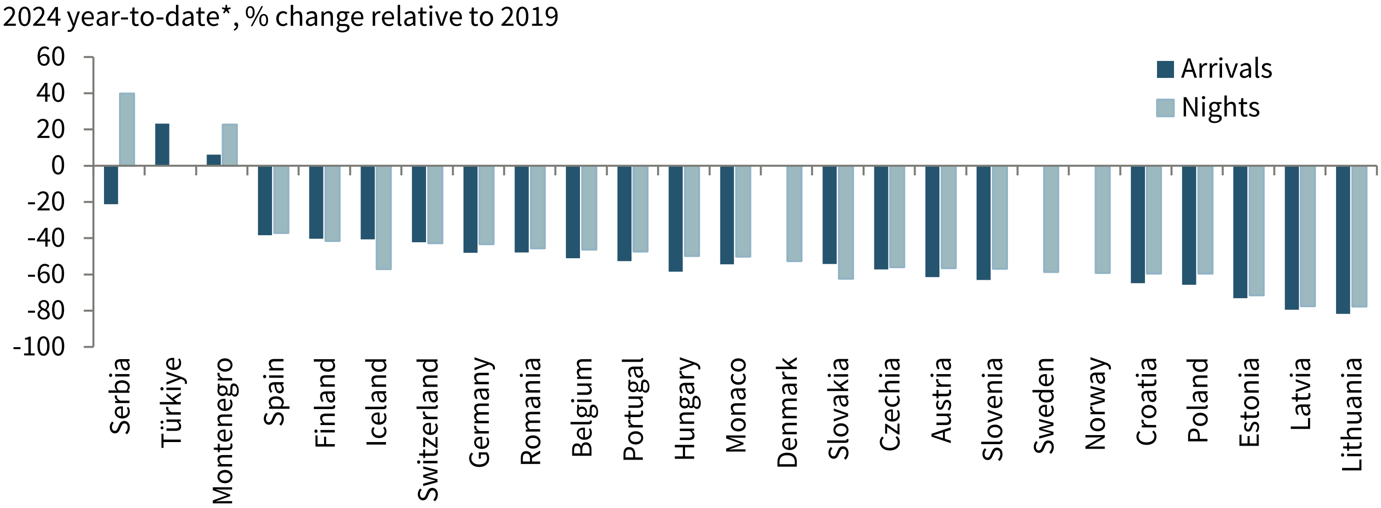
Source: TourMIS* *date varies (Jan-Aug) by destination

The recovery in Chinese outbound tourism to Europe continues to be slower than anticipated. With one exception, every reporting destination country is registering a decline in Chinese tourism activity relative to 2019. The one exception is Serbia, where the recovery in nights (up 52.9% on 2019) is especially notable. China and Serbia continue to strengthen their relationship both economically and in the tourism sphere. But at present, Serbia makes up only a relatively modest share of total outbound travel from China to Europe.

Eight destinations remain more than 50% down on 2019 levels, although these tend to be relatively small countries for Chinese tourism such as Lithuania and Slovakia.

However, there are some positive trends. A survey by China Trading Desk estimates that 128 million Chinese travellers will venture abroad in 2024. Key trends include 73.1% of travellers booking trips last-minute, especially Gen Z, who prioritise unique experiences and rely on social media for travel inspiration. Affluent travellers from Tier 1 cities are prioritising luxury travel, with nearly half expecting to spend more than $3,500 per trip.

Japanese visits and overnights to select destinations (% change on 2019)



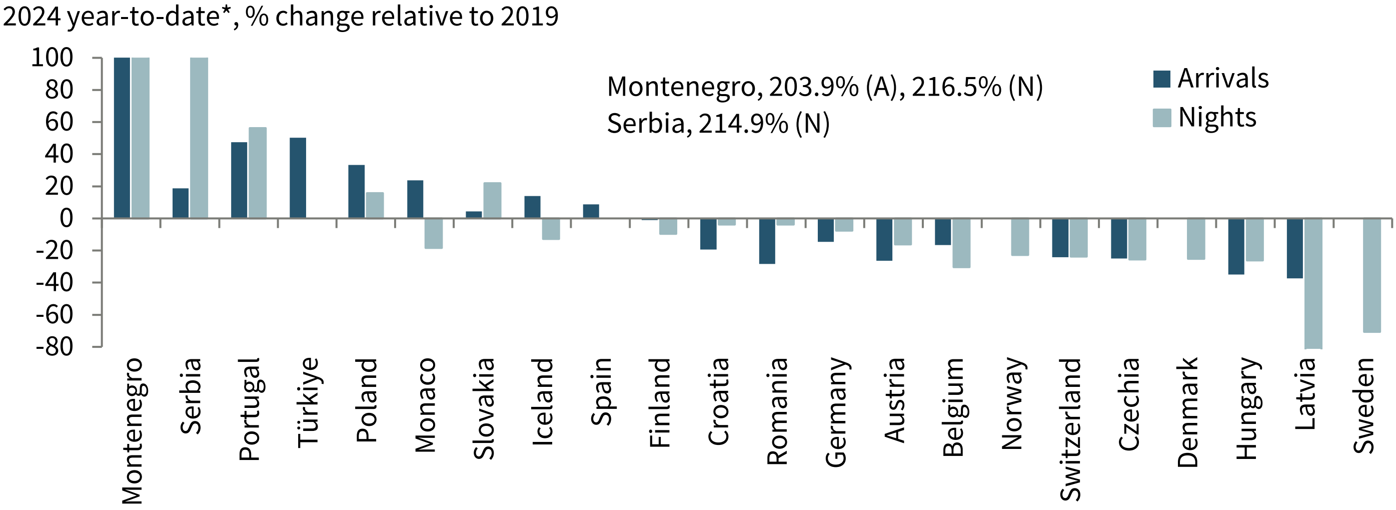
Source: TourMIS* *date varies (Jan-Aug) by destination

Across the reporting destinations, the appetite for travel to Europe by Japanese tourists remains weak relative to 2019. The only exceptions to this continue to be Serbia, Türkiye and Montenegro and even among these, Serbia – while registering growth in nights (39.8%), saw a fall in arrivals from Japan of 21.3%. Only Montenegro saw growth in both measures, but both countries are only relatively minor destinations for Japanese visitors, and to illustrate this, growth in arrivals relative to 2019 only equates to an additional 95 tourist arrivals (in absolute terms) to Montenegro from Japan.

All other reporting countries recorded falls varying from 37.1% (Spain nights) to 81.7% (Lithuania arrivals) relative to 2019 levels. The situation has been hampered by the weak yen, which has made Europe a pricier destination for Japanese visitors. In contrast, inbound tourism to Japan has been booming on the back of the currency outlook, making it the country's second-largest export after cars, according to Oxford Economics.

Despite the weak yen and the current tendency for Japanese visitors to target nearby Asian destinations, there are signs of recovery. In year-on-year terms, almost all reporting destinations are seeing an annual rise in the number of Japanese tourists, including destinations across Eastern Europe, some of which remain well below 2019 levels.

Indian visits and overnights to select destinations (% change on 2019)



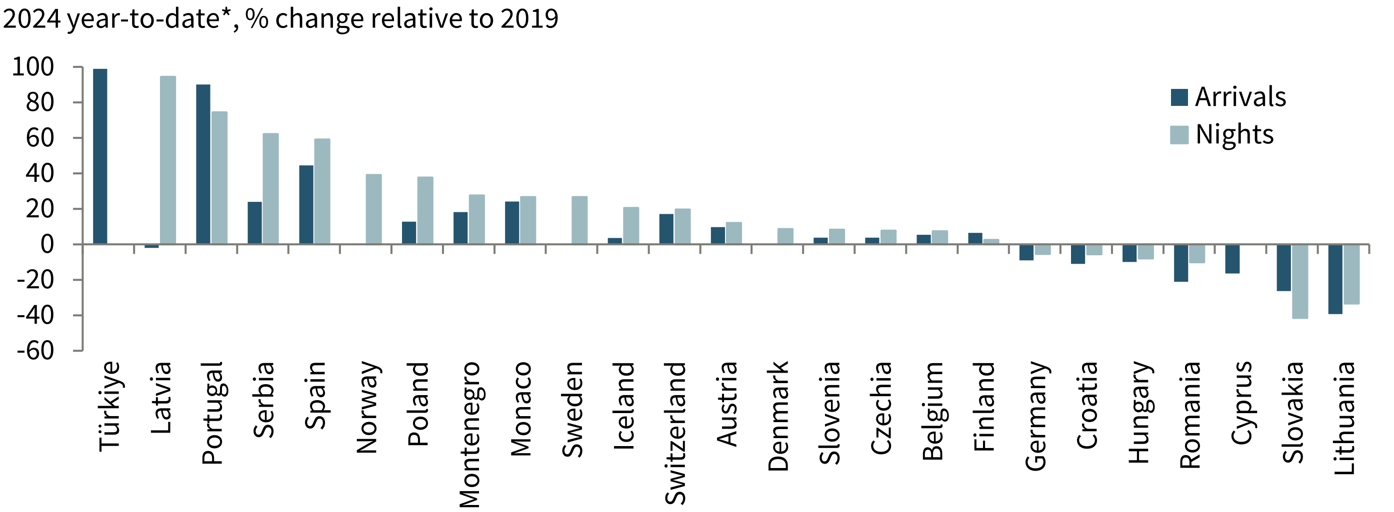
Source: TourMIS* *date varies (Jan-Aug) by destination

In contrast to other non-European source markets across the Asia Pacific region the outlook across reporting destinations for India is more varied and overall closer to a full recovery. This quarter, 22 destinations reported on tourism from India. Fourteen of these continue to register lower overall levels of tourism activity relative to 2019, two present a mixed outlook across arrivals and nights and five show growth in both tourism metrics.

As has been the case in many recent quarterly reports, Montenegro and Serbia continue to post triple-digit growth in most metrics – largely as a result of different visa regulations and both arrivals and nights increasing from a small base. Aside from these, Portugal showed the highest percentage growth in both arrivals (47.4%) and nights (56.3%) from India relative to 2019. Data to June will show the first impacts of changes to the country's visa regulations, which now require citizens of many countries to hold a work permit before entering.

Both Poland and Slovakia also saw increases in Indian tourism relative to 2019 levels. In the case of Poland, this growth may be strengthened by Indian Prime Minister Modi's visit to Warsaw in August. In addition, India is also looking at a joint co-operation agreement with Spain to boost tourism between the two countries, providing some potential upside to the current recovery of 8.8% in arrivals.

Canadian visits and overnights to select destinations (% change on 2019)



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

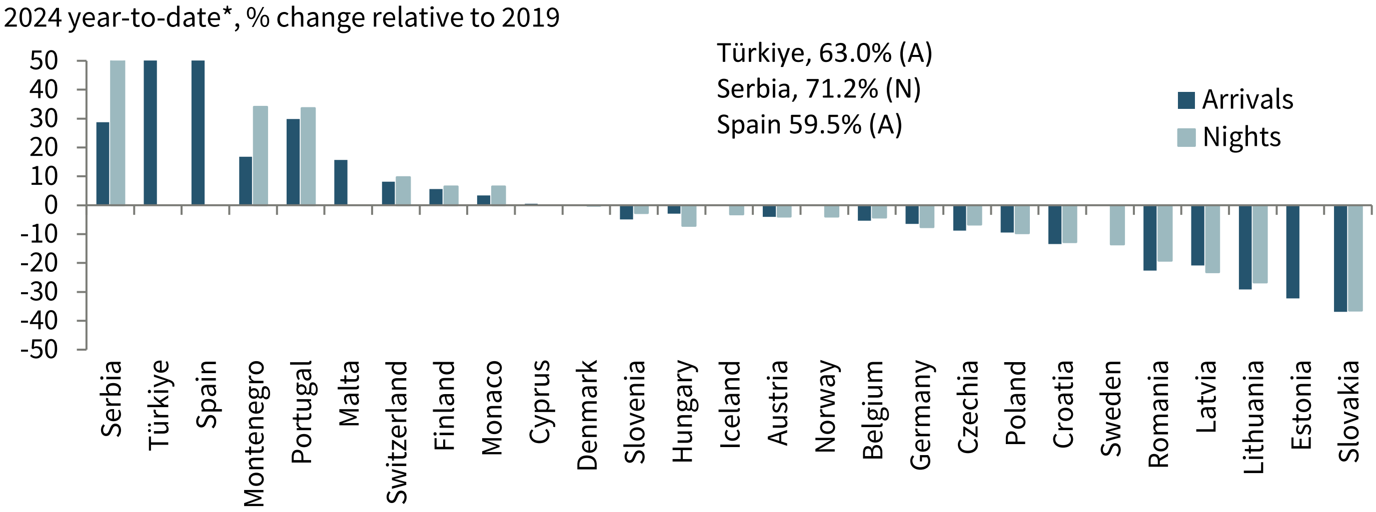
Only seven of the reporting countries recorded no growth in either tourism metric from Canada which is an improvement on last quarter. Portugal, along with Türkiye continued to demonstrate the strongest growth in Canadian arrivals (90%) relative to 2019, but over the summer, the recovery in nights (74.4%) has caught up. This was followed by Latvia, which once again showed an increase in nights but a decrease in visits from Canada, suggesting a stronger average length of stay relative to 2019 than other reporting destinations currently back in growth territory. Spain, which has a close bilateral relationship with Canada, had a strong summer so far, reporting growth in arrivals at 44.4% and nights at a stronger 59.1%.

Türkiye registered an increase in Canadian arrivals of 98.9% based on data for the entire summer. The strong recovery is supported by Turkish Airlines which has extended its stopover programme for Canadian travellers, including an extra complimentary night's accommodation.

A relatively small group of reporting destinations still shows lower levels of tourism activity from Canada than in 2019 but this group includes Germany with arrivals down -9.1% and nights -5.4% and Croatia, reporting declines of -11.1% and -5.7% in arrivals and nights respectively.

In the near term, there is likely to be some impact on Canadian outbound travel from industrial action by Air Canada pilots.

Australian visits and overnights to select destinations (% change on 2019)



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

More than half of destinations reported Australian arrivals and/or nights down on 2019 levels, but even those with the most to recover have seen some improvement, albeit small, over the last few months.

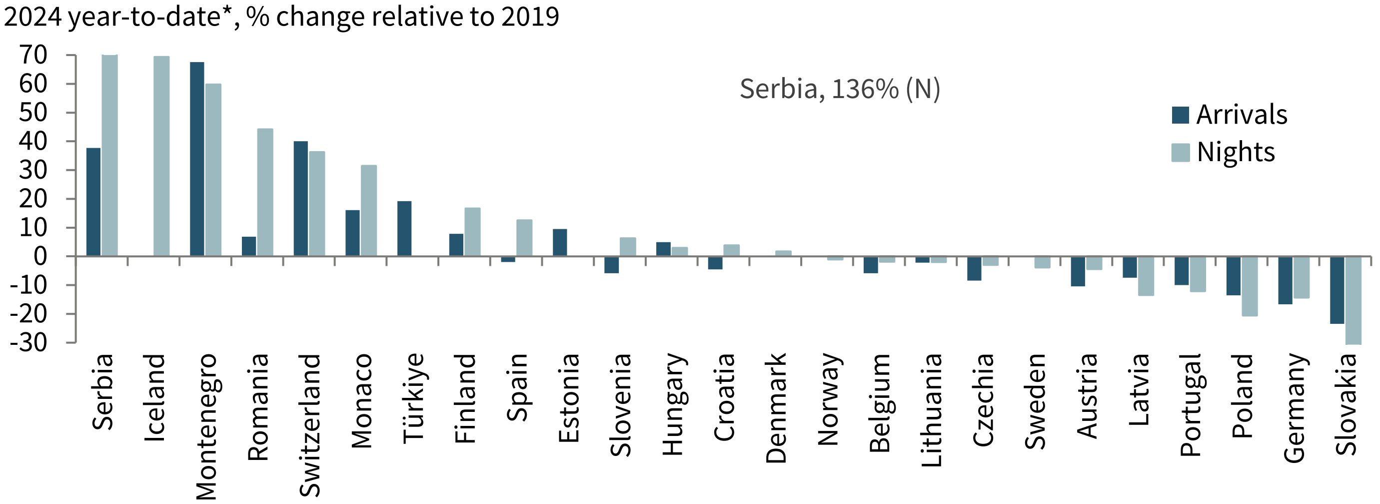
While Serbia continued to record the highest percentage increase in nights from Australia, Spain, one of the most popular destinations for Australian visitors, reported growth of 59.5% in arrivals on 2019. This marks a significant improvement on last quarter, suggesting Australians have been returning to Spain in great numbers this summer.

Other countries along the Mediterranean coast also reported strong growth in Australian visitors – including Portugal (29.8%), Montenegro (16.8%), Malta (15.7%) and Türkiye (63.0%). However, as with other source markets, Türkiye's growth in Australian visitors was notably less than in the previous quarter, possibly due to rising costs which may be more significant for long-haul travellers who incur higher air fares.

In contrast, other typically popular destinations such as Croatia and Germany are still struggling to move back into growth territory with arrivals down -13.4% and -6.5% and nights down -12.8% and -7.6% respectively. Although there seems to be a clear preference among Australians for Southern Mediterranean holidays, especially as summer continues, Croatia appears to be an exception to this.

Most destinations lagging in recovery are typically cooler destinations and suggests the trend of 'coolcations' is not a priority for Australian tourists as they are used to high temperatures and are likely to seek hotter countries during their autumn/winter season.

Brazilian visits and overnights to select destinations (% change on 2019)



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

Nearly half of the reporting destinations recorded no growth in either arrivals or nights this year so far. This reflects a significantly weaker outlook than last quarter. It is possible that many Brazilian tourists decided to visit France around the Olympic period. There is no reported French arrivals data yet for this period, but reports suggest Paris welcomed significantly more tourists from Brazil for the games.

A few destinations continue to report significant growth, such as nights spent in Serbia (136%) and arrivals to Latvia (85.5%), but volumes are typically rising from a small base. Even among these, growth rates have started to soften. While some of the destinations reporting growth in neither metric saw only marginal declines relative to 2019, more significant destinations in terms of volumes – such as Germany and Portugal – continued to record losses compared to 2019 for both arrivals and nights.

The slightly more negative picture presented by Brazil this quarter may reflect changes to consumer sentiment which were apparent during Q2 of 2024 – but which have subsequently been reversed. The latest Long-Haul Travel Barometer (LHTB) report published by the European Travel Commission (ETC) suggests that Brazilians are among the keenest long-haul travellers to visit Europe.

7. Origin market share analysis

Based on Tourism Economics' Global Travel Service (GTS) model, the following charts and analysis show Europe's evolving market position – in absolute and percentage terms – for selected source markets.

Data in these charts and tables relate to reported arrivals in all destinations as a comparable measure of outbound travel for the calculation of market share.

For example, US outbound figures featured in the analysis are larger than reported departures in national statistics as long-haul trips often involve travel to multiple destinations. In 2014, US data reporting shows 11.9 million departures to Europe, while the sum of European arrivals from the US was 23.4 million. Thus, each US trip to Europe involved a visit to two destinations on average.

The geographies of Europe are defined as follows:

***Northern Europe** is Denmark, Finland, Iceland, Ireland, Norway, Sweden, and the UK;*

***Western Europe** is Austria, Belgium, France, Germany, Luxembourg, Netherlands, and Switzerland;*

***Southern/Mediterranean Europe** is Albania, Bosnia-Herzegovina, Croatia, Cyprus, North Macedonia, Greece, Italy, Malta, Montenegro, Portugal, Serbia, Slovenia, Spain, and Türkiye;*

***Central/Eastern Europe** is Armenia, Azerbaijan, Belarus, Bulgaria, Czechia, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine.*

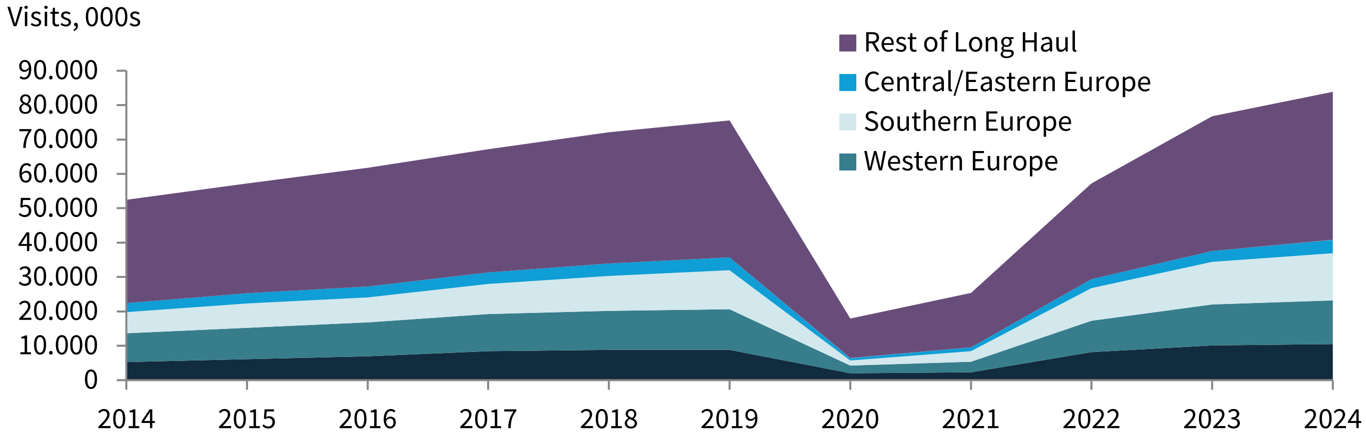
United States market share summary

	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**124,552**	**-**	**6.5%**	**36.9%**	**-**	**3.7%**	**-**
Long haul	76,793	61.7%	6.8%	39.3%	62.7%	6.5%	60.1%
Short haul	47,759	38.3%	5.9%	33.1%	37.3%	-0.4%	39.9%
Travel to Europe	**37,602**	**30.2%**	**5.4%**	**30.2%**	**28.7%**	**10.8%**	**28.3%**
European Union	5,886	4.7%	45.5%	551.6%	22.5%	-74.2%	19.0%
Northern Europe	10,097	8.1%	3.3%	17.9%	7.0%	14.9%	7.3%
Western Europe	11,940	9.6%	4.6%	25.5%	8.8%	5.3%	9.4%
Southern Europe	12,390	9.9%	6.0%	33.8%	9.7%	21.8%	8.5%
Central/Eastern Europe	3,174	2.5%	11.6%	72.7%	3.2%	-12.9%	3.0%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.
**Shares are expressed as % of total outbound travel

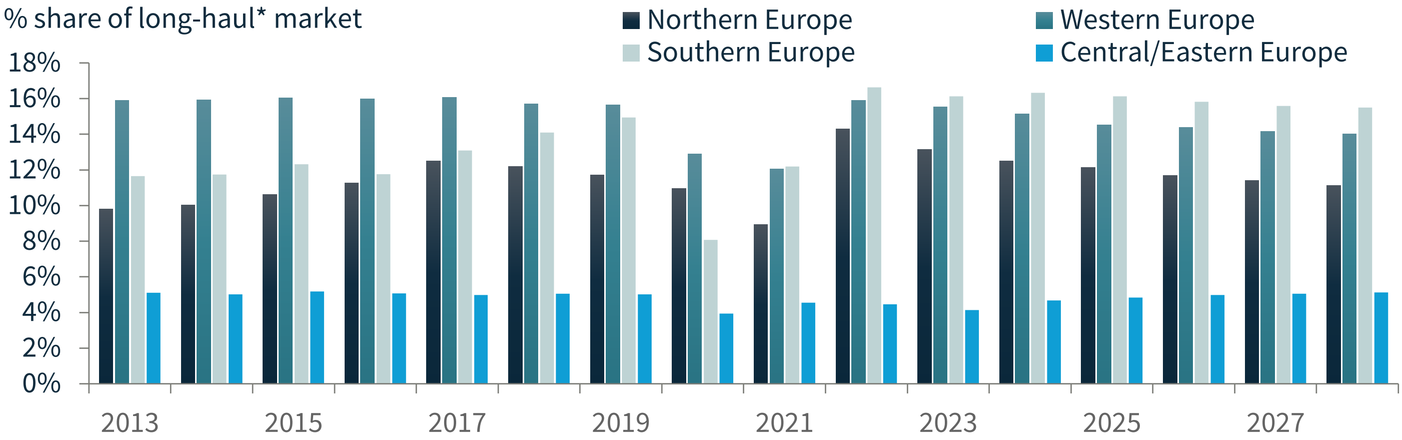
Source: Tourism Economics

United States long-haul* outbound travel



*Long haul defined as tourist arrivals to destinations outside North America
Source: Tourism Economics

Europe's share of American market



*Long haul defined as tourist arrivals to destinations outside North America
Source: Tourism Economics

Canada market share summary

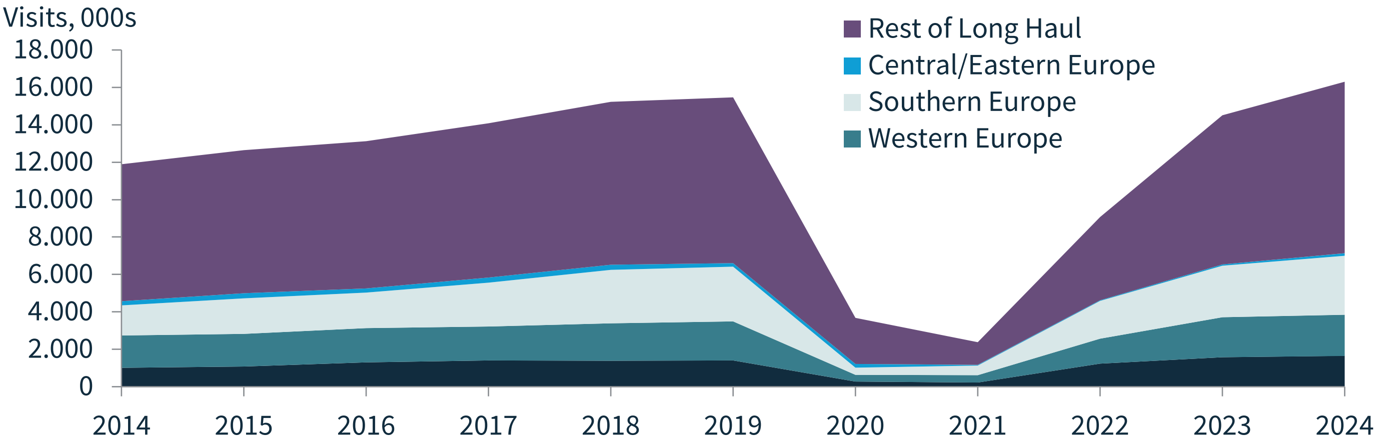
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**37,377**	**-**	**5.6%**	**31.0%**	**-**	**-3.6%**	**-**
Long haul	14,583	39.0%	7.5%	43.8%	42.8%	-3.7%	39.0%
Short haul	22,794	61.0%	4.2%	22.9%	57.2%	-3.6%	61.0%
Travel to Europe	**6,610**	**17.7%**	**4.4%**	**24.0%**	**16.7%**	**2.7%**	**16.6%**
European Union	1,000	2.7%	49.2%	638.2%	15.1%	-78.7%	12.1%
Northern Europe	1,573	4.2%	1.9%	10.0%	3.5%	14.1%	3.6%
Western Europe	2,142	5.7%	2.4%	12.6%	4.9%	6.4%	5.2%
Southern Europe	2,754	7.4%	6.8%	38.9%	7.8%	-3.5%	7.4%
Central/Eastern Europe	140	0.4%	10.2%	62.4%	0.5%	-25.6%	0.5%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

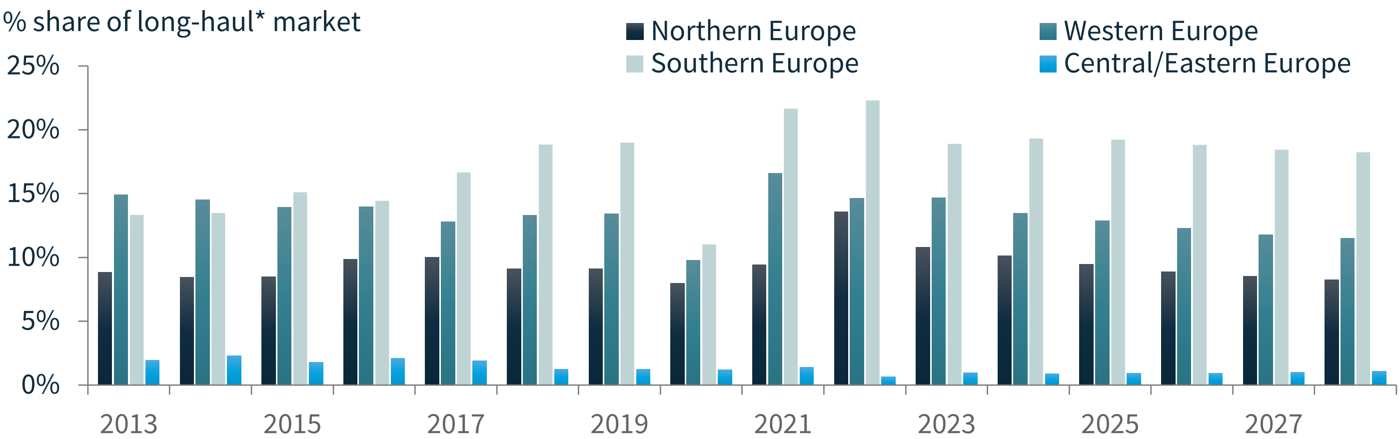
Canada long-haul* outbound travel



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

Europe's share of Canadian market



*Long haul defined as tourist arrivals to destinations outside North America

Source: Tourism Economics

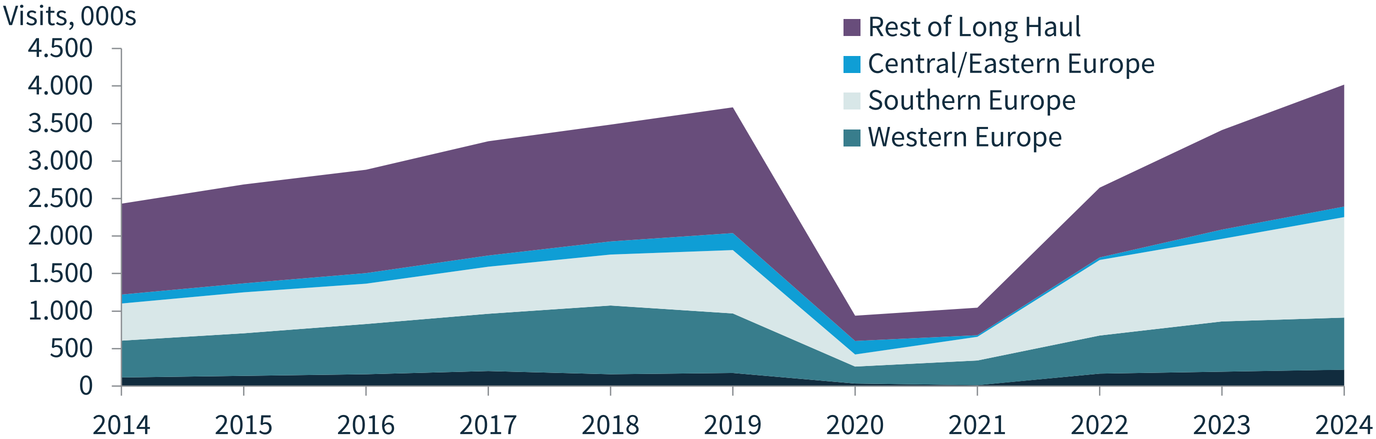
Mexico market share summary

	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**18,478**	**-**	**8.4%**	**49.4%**	**-**	**-17.3%**	**-**
Long haul	3,431	18.6%	7.8%	45.4%	18.1%	-3.1%	15.9%
Short haul	15,047	81.4%	8.5%	50.3%	81.9%	-19.9%	84.1%
Travel to Europe	**2,104**	**11.4%**	**4.7%**	**25.9%**	**9.6%**	**6.2%**	**8.9%**
European Union	416	2.3%	38.9%	417.7%	7.8%	-67.6%	5.7%
Northern Europe	192	1.0%	2.8%	14.6%	0.8%	21.3%	0.7%
Western Europe	672	3.6%	6.9%	39.6%	3.4%	-26.6%	4.1%
Southern Europe	1,099	5.9%	3.3%	17.9%	4.7%	61.3%	3.1%
Central/Eastern Europe	141	0.8%	6.7%	38.1%	0.7%	-37.5%	1.0%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.
**Shares are expressed as % of total outbound travel

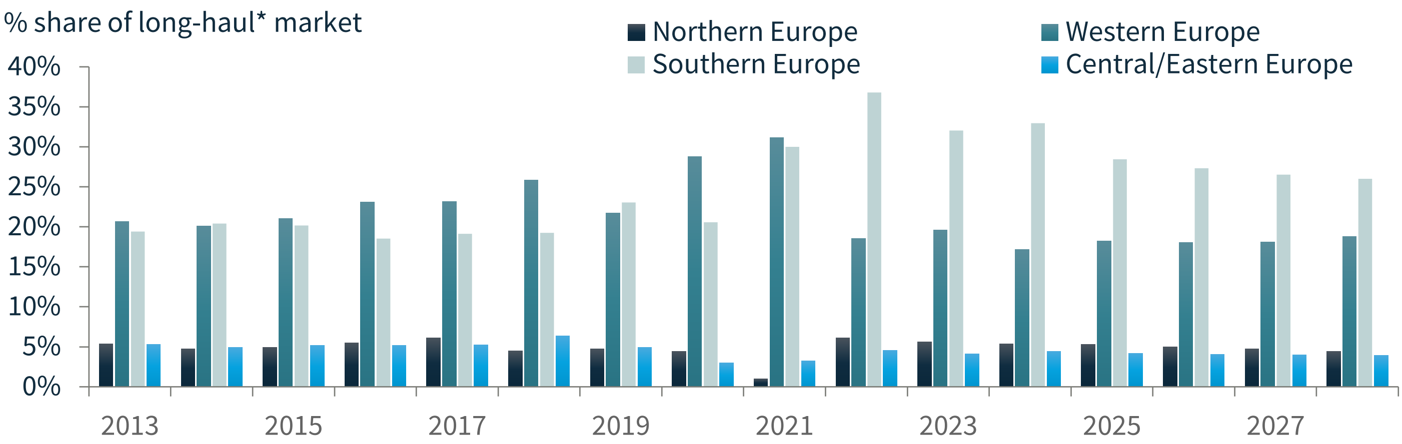
Source: Tourism Economics

Mexico long-haul* outbound travel



*Long haul defined as tourist arrivals to destinations outside North America
Source: Tourism Economics

Europe's share of Mexican market



*Long haul defined as tourist arrivals to destinations outside North America
Source: Tourism Economics

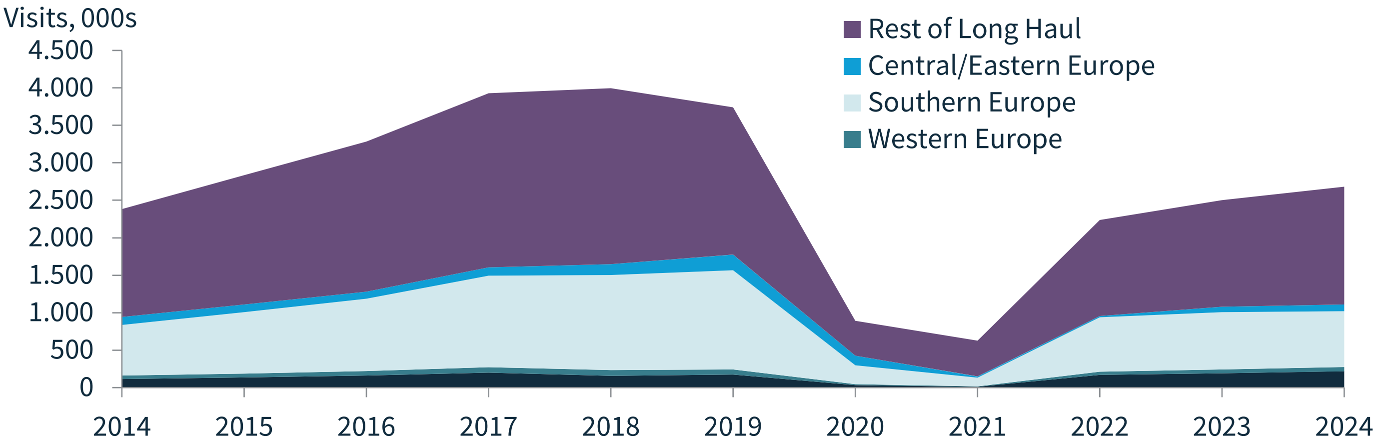
Argentina market share summary

	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**8,858**	**-**	**7.1%**	**41.1%**	**-**	**-31.5%**	**-**
Long haul	2,467	27.9%	10.8%	66.7%	32.9%	-39.3%	31.5%
Short haul	6,391	72.1%	5.6%	31.2%	67.1%	-27.9%	68.5%
Travel to Europe	**1,046**	**11.8%**	**8.8%**	**52.4%**	**12.7%**	**-39.2%**	**13.3%**
European Union	290	3.3%	28.6%	251.1%	8.2%	-69.0%	7.2%
Northern Europe	140	1.6%	3.1%	16.6%	1.3%	-16.2%	1.3%
Western Europe	50	0.6%	13.2%	86.0%	0.7%	-33.0%	0.6%
Southern Europe	765	8.6%	9.3%	55.9%	9.5%	-39.8%	9.8%
Central/Eastern Europe	90	1.0%	9.8%	59.6%	1.2%	-56.3%	1.6%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.
**Shares are expressed as % of total outbound travel

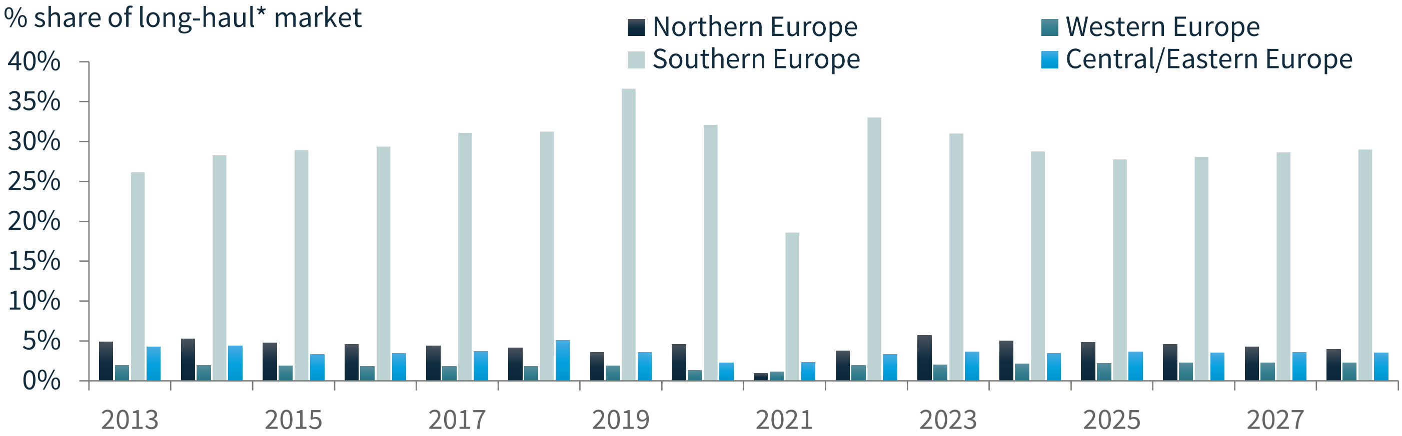
Source: Tourism Economics

Argentina Long-Haul* Outbound Travel



*Long haul defined as tourist arrivals to destinations outside South America
Source: Tourism Economics

Europe’s share of Argentinian market



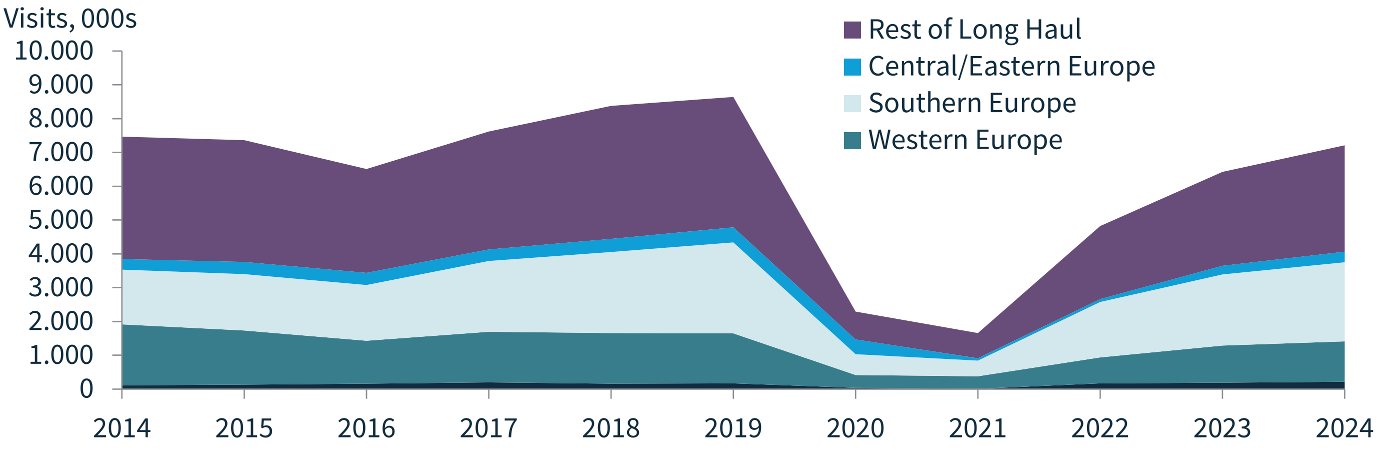
*Long haul defined as tourist arrivals to destinations outside South America
Source: Tourism Economics

Brazil market share summary

	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**9,766**	**-**	**8.7%**	**51.5%**	**-**	**-16.6%**	**-**
Long haul	6,647	68.1%	10.1%	61.5%	72.6%	-22.4%	73.2%
Short haul	3,119	31.9%	5.4%	30.0%	27.4%	-0.6%	26.8%
Travel to Europe	**3,870**	**39.6%**	**9.0%**	**53.7%**	**40.2%**	**-16.5%**	**39.6%**
European Union	1,071	11.0%	31.6%	294.1%	28.5%	-70.0%	30.5%
Northern Europe	353	3.6%	3.5%	18.9%	2.8%	17.1%	2.6%
Western Europe	1,098	11.2%	9.4%	56.4%	11.6%	-26.8%	12.8%
Southern Europe	2,106	21.6%	9.3%	55.7%	22.2%	-12.1%	20.5%
Central/Eastern Europe	313	3.2%	11.2%	70.0%	3.6%	-28.8%	3.8%

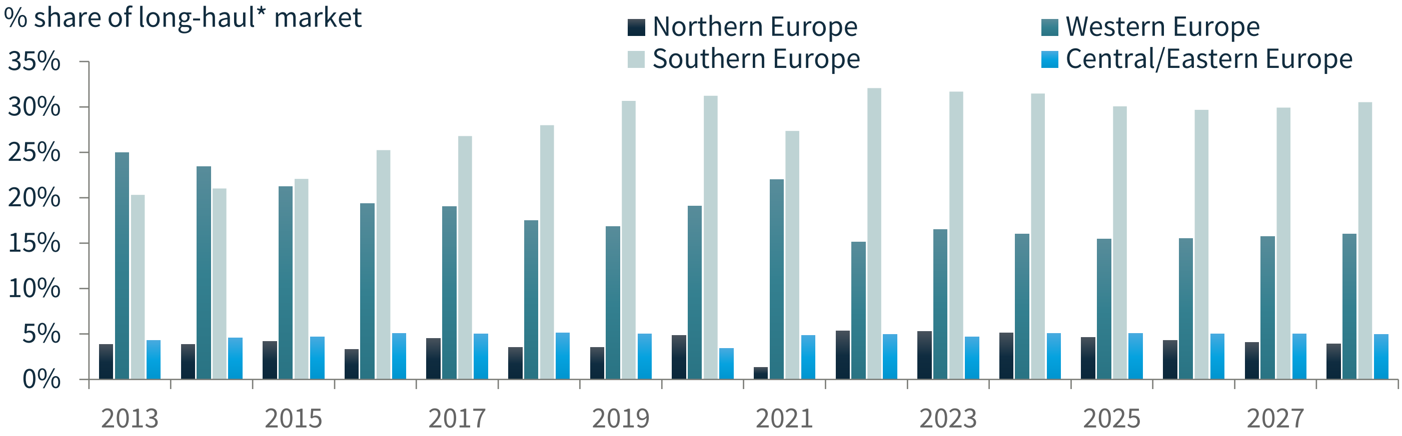
*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.
**Shares are expressed as % of total outbound travel
Source: Tourism Economics

Brazil long-haul* outbound travel



*Long haul defined as tourist arrivals to destinations outside South America
Source: Tourism Economics

Europe’s share of Brazilian market



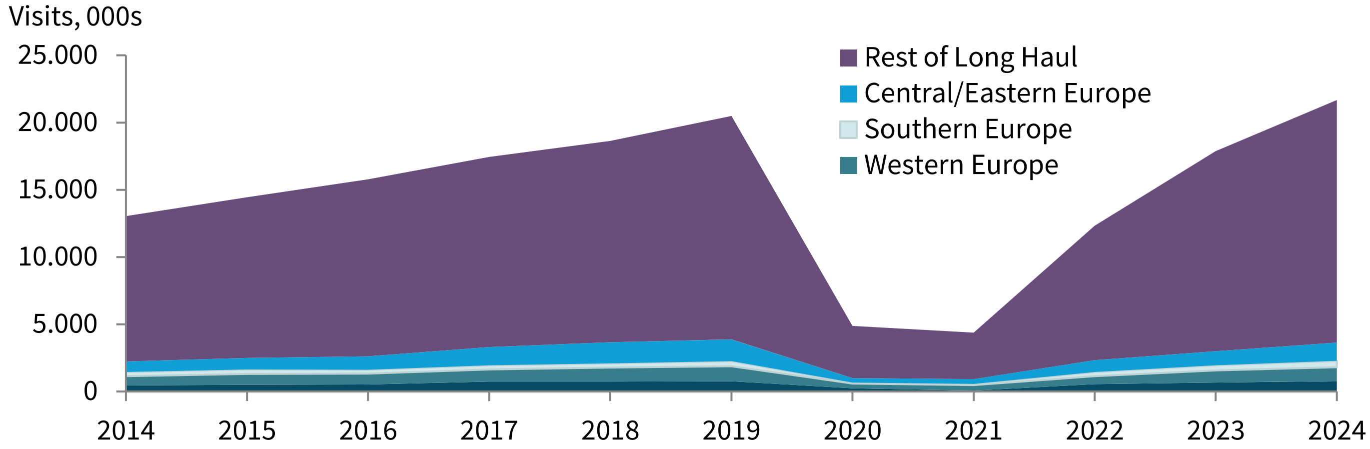
*Long haul defined as tourist arrivals to destinations outside South America
Source: Tourism Economics

India market share summary

	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**18,806**	**-**	**11.9%**	**75.2%**	**-**	**-4.4%**	**-**
Long haul	17,872	95.0%	12.2%	77.6%	96.3%	-4.1%	94.8%
Short haul	934	5.0%	5.2%	28.9%	3.7%	-8.3%	5.2%
Travel to Europe	**2,994**	**15.9%**	**10.4%**	**64.1%**	**14.9%**	**-18.4%**	**18.7%**
European Union	625	3.3%	25.1%	206.7%	5.8%	-52.4%	6.7%
Northern Europe	662	3.5%	8.6%	51.0%	3.0%	-9.2%	3.7%
Western Europe	914	4.9%	6.3%	35.4%	3.8%	-13.6%	5.4%
Southern Europe	363	1.9%	9.5%	57.5%	1.7%	19.2%	1.5%
Central/Eastern Europe	1,055	5.6%	14.8%	99.4%	6.4%	-33.1%	8.0%

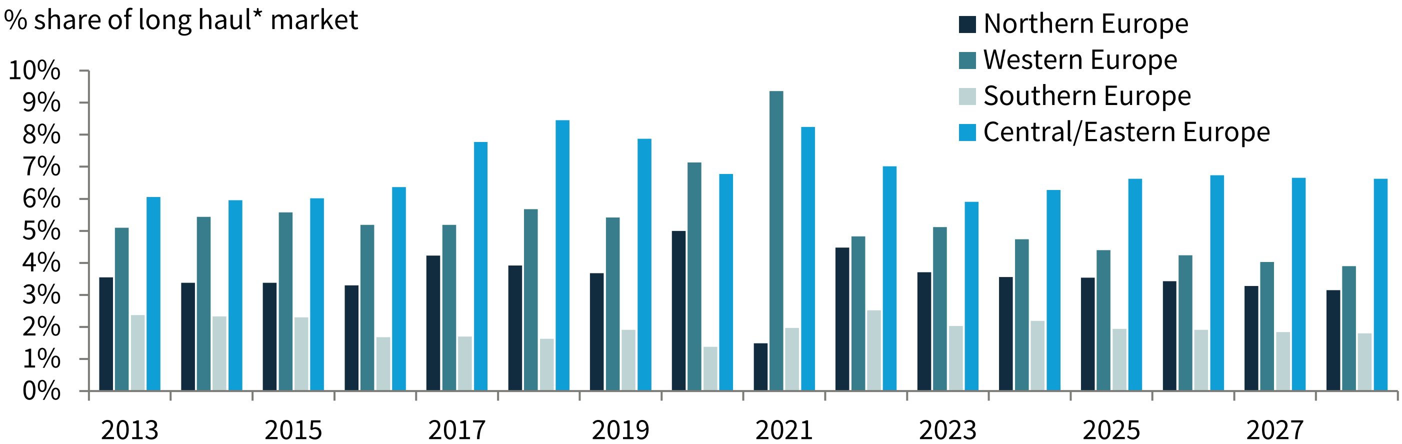
*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.
**Shares are expressed as % of total outbound travel
Source: Tourism Economics

India long-haul* outbound travel



*Long haul defined as tourist arrivals to destinations outside South Asia
Source: Tourism Economics

Europe's share of Indian market



*Long haul defined as tourist arrivals to destinations outside South Asia
Source: Tourism Economics

China market share summary

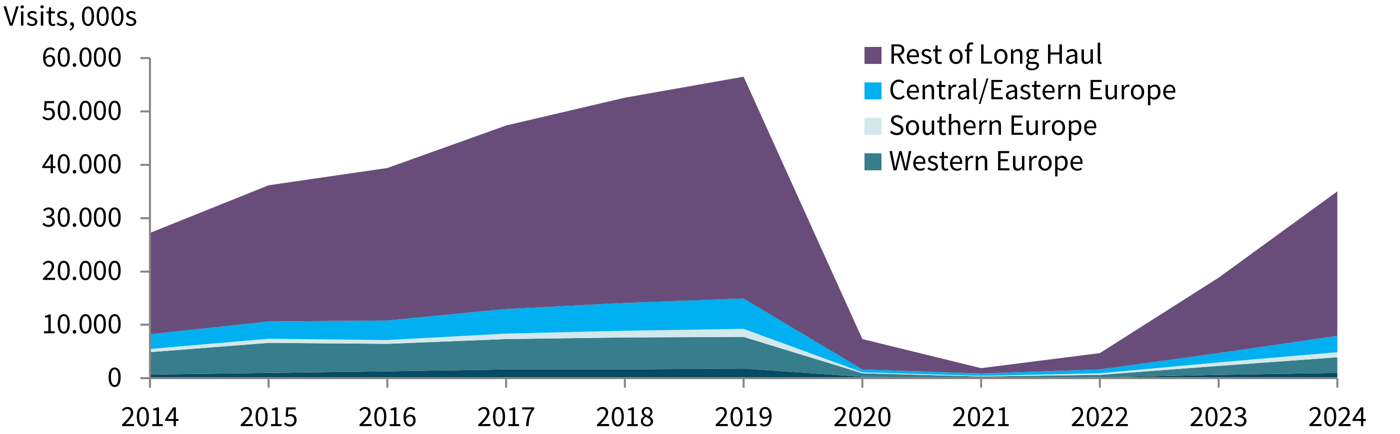
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**44,915**	**-**	**26.5%**	**224.1%**	**-**	**-55.8%**	**-**
Long haul	18,808	41.9%	32.0%	300.9%	51.8%	-64.2%	51.8%
Short haul	26,107	58.1%	21.9%	168.8%	48.2%	-46.7%	48.2%
Travel to Europe	**4,680**	**10.4%**	**33.4%**	**322.4%**	**13.6%**	**-66.9%**	**13.9%**
European Union	1,056	2.4%	48.4%	619.1%	5.2%	-83.9%	6.5%
Northern Europe	596	1.3%	32.6%	310.6%	1.7%	-63.7%	1.6%
Western Europe	1,705	3.8%	34.2%	335.9%	5.1%	-71.4%	5.9%
Southern Europe	643	1.4%	17.3%	122.4%	1.0%	-50.5%	1.3%
Central/Eastern Europe	1,736	3.9%	37.3%	387.4%	5.8%	-66.8%	5.1%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

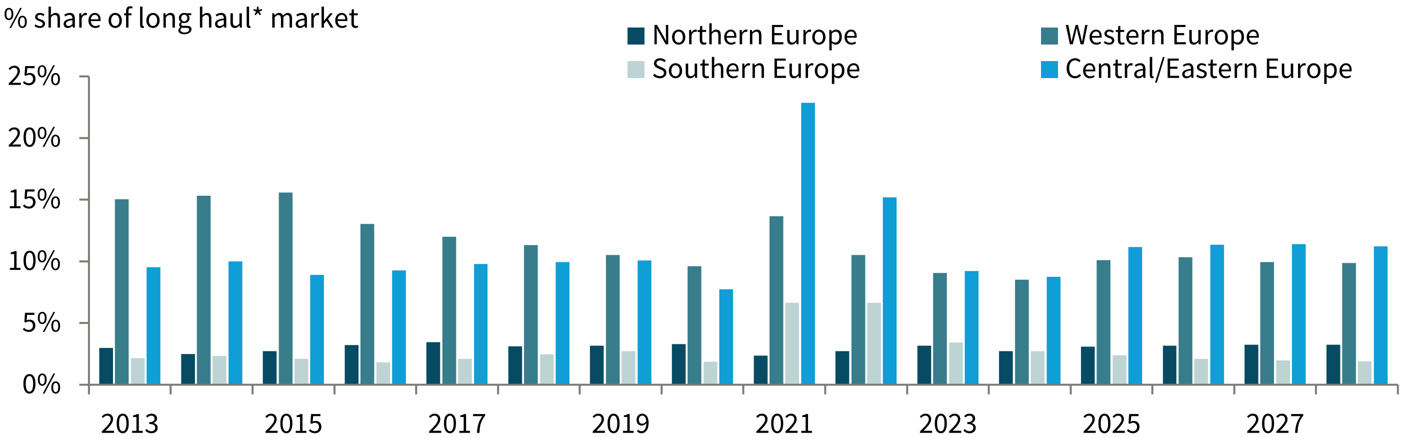
Source: Tourism Economics

China long-haul* outbound travel



*Long haul defined as tourist arrivals to destinations outside Northeast Asia
Source: Tourism Economics

Europe's share of Chinese market



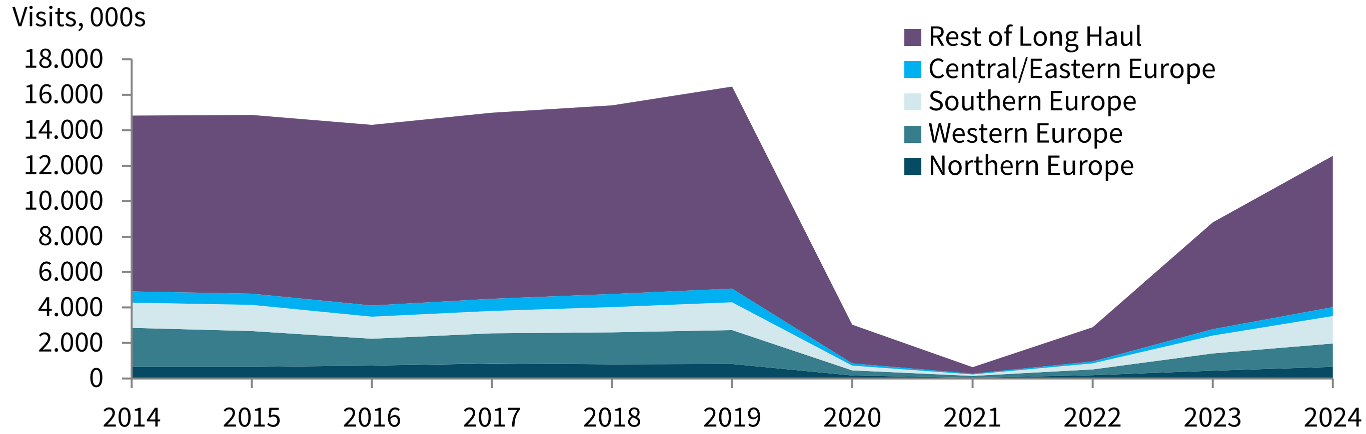
*Long haul defined as tourist arrivals to destinations outside Northeast Asia
Source: Tourism Economics

Japan market share summary

	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**13,413**	**-**	**20.7%**	**156.7%**	**-**	**-44.2%**	**-**
Long haul	8,808	65.7%	20.1%	149.9%	63.9%	-42.8%	64.0%
Short haul	4,605	34.3%	21.9%	169.5%	36.1%	-46.8%	36.0%
Travel to Europe	**2,787**	**20.8%**	**18.5%**	**133.2%**	**18.9%**	**-41.5%**	**19.8%**
European Union	771	5.7%	41.9%	475.1%	12.9%	-81.7%	17.5%
Northern Europe	449	3.3%	18.5%	133.4%	3.0%	-44.4%	3.4%
Western Europe	964	7.2%	18.8%	136.8%	6.6%	-46.2%	7.5%
Southern Europe	1,008	7.5%	14.7%	98.3%	5.8%	-29.8%	6.0%
Central/Eastern Europe	367	2.7%	26.1%	219.4%	3.4%	-49.9%	3.0%

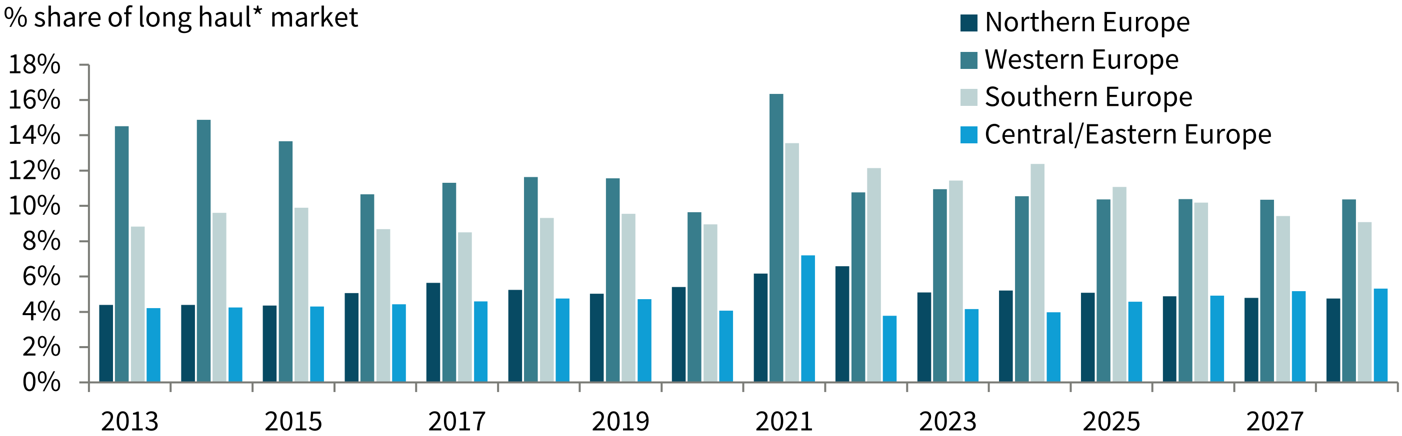
*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.
**Shares are expressed as % of total outbound travel
Source: Tourism Economics

Japan long-haul* outbound travel



*Long haul defined as tourist arrivals to destinations outside Northeast Asia
Source: Tourism Economics

Europe's share of Japanese market



*Long haul defined as tourist arrivals to destinations outside Northeast Asia
Source: Tourism Economics

Australia market share summary

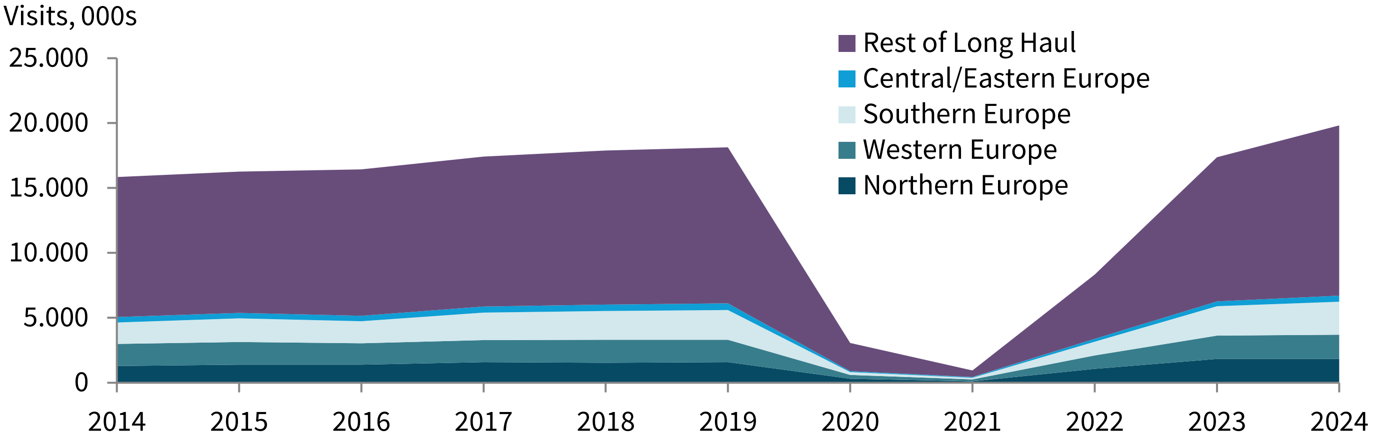
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**18,109**	**-**	**9.4%**	**56.9%**	**-**	**-2.2%**	**-**
Long haul	17,375	95.9%	9.3%	55.7%	95.2%	-2.9%	96.6%
Short haul	734	4.1%	13.2%	86.2%	4.8%	16.4%	3.4%
Travel to Europe	**6,255**	**34.5%**	**4.7%**	**26.1%**	**27.8%**	**3.9%**	**32.5%**
European Union	836	4.6%	50.6%	673.8%	22.8%	-83.3%	26.9%
Northern Europe	1,829	10.1%	1.4%	7.3%	6.9%	18.0%	8.4%
Western Europe	1,795	9.9%	3.4%	18.0%	7.5%	1.6%	9.5%
Southern Europe	2,267	12.5%	7.3%	42.2%	11.3%	2.8%	11.9%
Central/Eastern Europe	365	2.0%	9.8%	59.6%	2.0%	-26.7%	2.7%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

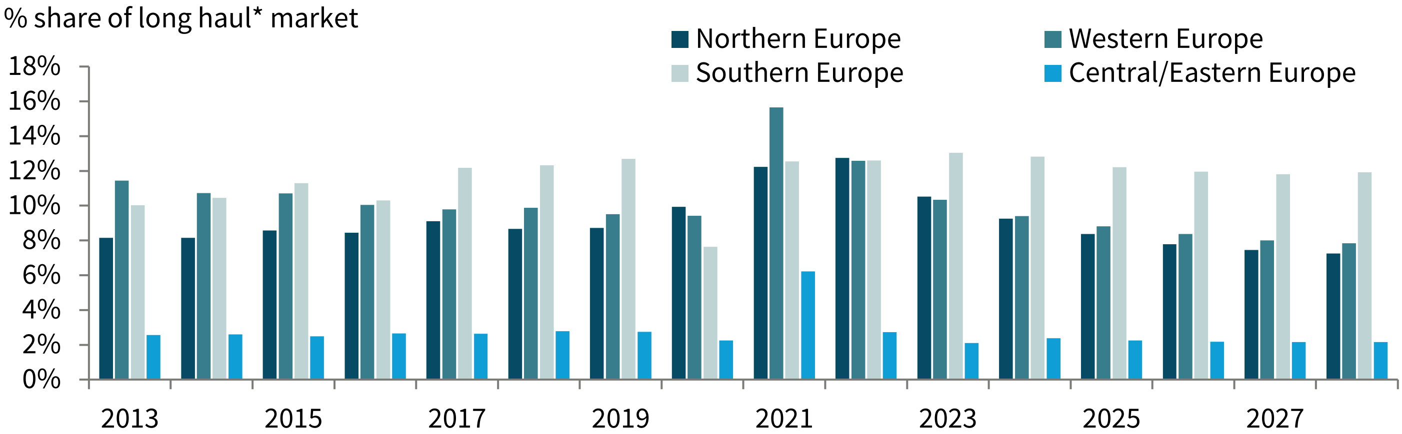
Australia long-haul* outbound travel



*Long haul defined as tourist arrivals to destinations outside Oceania

Source: Tourism Economics

Europe's share of Australian market



*Long haul defined as tourist arrivals to destinations outside Oceania

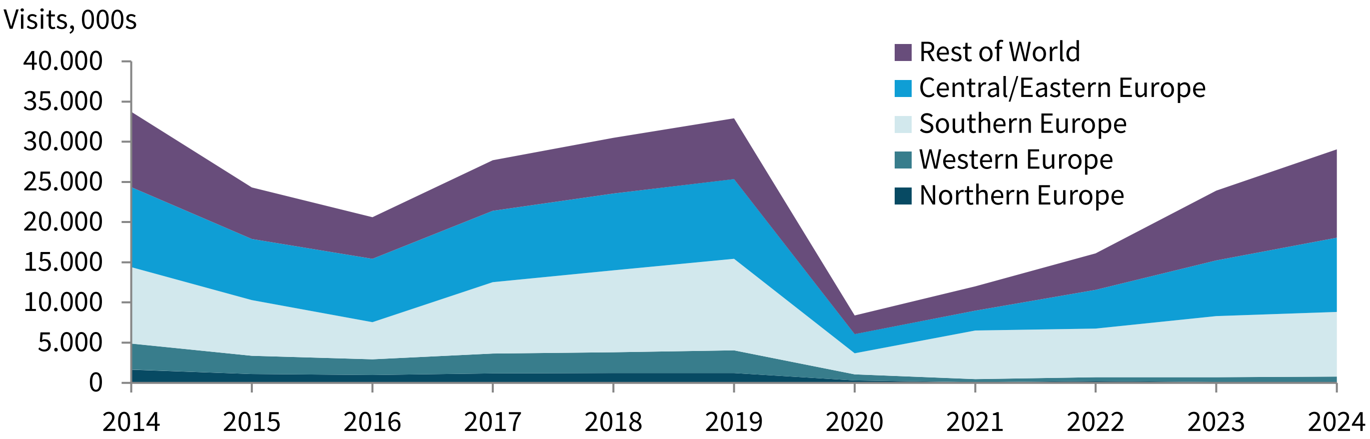
Source: Tourism Economics

Russia market share summary

	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**23,933**	**-**	**12.9%**	**83.4%**	**-**	**-21.5%**	**-**
Long haul	8,692	36.3%	9.9%	60.6%	31.8%	25.5%	22.7%
Short haul	15,241	63.7%	14.4%	96.4%	68.2%	-35.3%	77.3%
Travel to Europe	**15,241**	**63.7%**	**14.4%**	**96.4%**	**68.2%**	**-35.3%**	**77.3%**
European Union	2,225	9.3%	8.8%	52.7%	7.7%	-74.3%	28.4%
Northern Europe	108	0.4%	48.6%	623.7%	1.8%	-91.0%	3.9%
Western Europe	609	2.5%	34.8%	345.3%	6.2%	-76.7%	8.6%
Southern Europe	7,582	31.7%	9.1%	54.8%	26.7%	-25.6%	33.4%
Central/Eastern Europe	6,943	29.0%	16.2%	111.7%	33.5%	-27.4%	31.4%

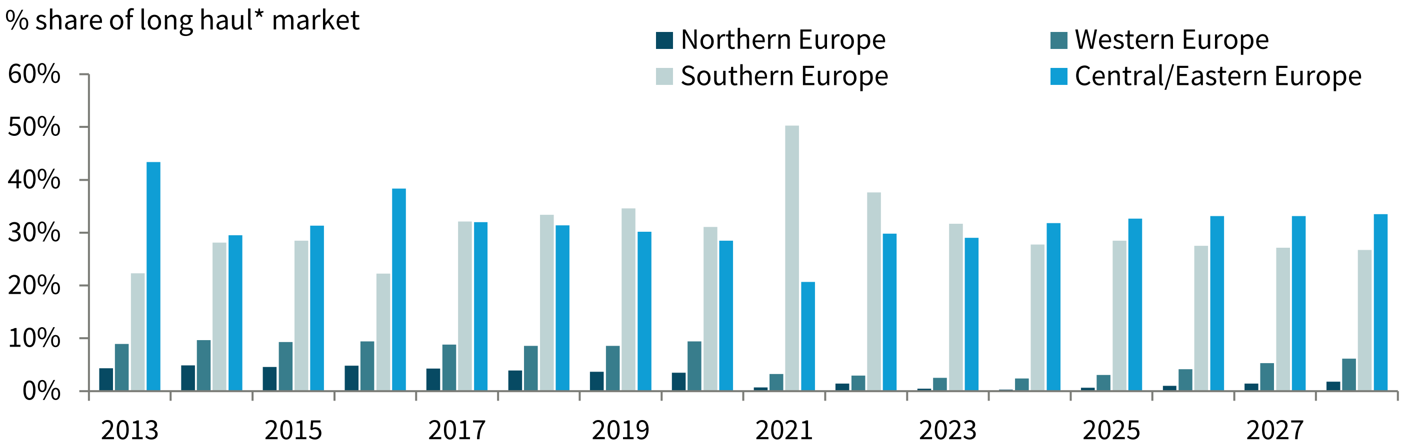
*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.
**Shares are expressed as % of total outbound travel
Source: Tourism Economics

Russia long-haul* outbound travel



*Long haul defined as tourist arrivals to all destinations
Source: Tourism Economics

Europe’s share of Russian market



*Long haul defined as tourist arrivals to all destinations
Source: Tourism Economics

United Arab Emirates market share summary

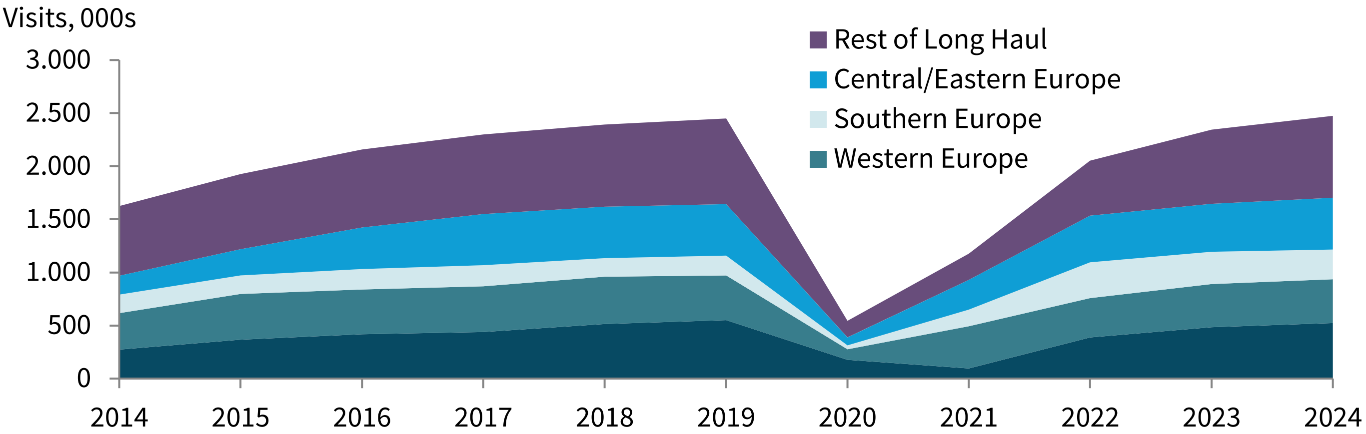
	2023		Growth (2023-28)			Growth (2018-23)	
	000s	Share**	Annual average	Cumulative growth*	Share 2028**	Cumulative growth*	Share 2018**
Total outbound travel	**4,285**	**-**	**8.0%**	**46.8%**	**-**	**16.3%**	**-**
Long haul	2,345	54.7%	4.7%	25.9%	47.0%	-2.0%	64.9%
Short haul	1,939	45.3%	11.5%	72.0%	53.0%	50.1%	35.1%
Travel to Europe	**1,646**	**38.4%**	**3.3%**	**17.8%**	**30.8%**	**1.7%**	**43.9%**
European Union	296	6.9%	30.7%	280.8%	18.0%	-64.1%	22.4%
Northern Europe	484	11.3%	5.7%	31.8%	10.1%	-5.8%	14.0%
Western Europe	405	9.5%	3.4%	17.9%	7.6%	-8.8%	12.1%
Southern Europe	306	7.1%	-4.3%	-19.7%	3.9%	74.9%	4.8%
Central/Eastern Europe	451	10.5%	5.1%	28.3%	9.2%	-7.1%	13.2%

*Shows cumulative change over the relevant time period indicated. 2018-23 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

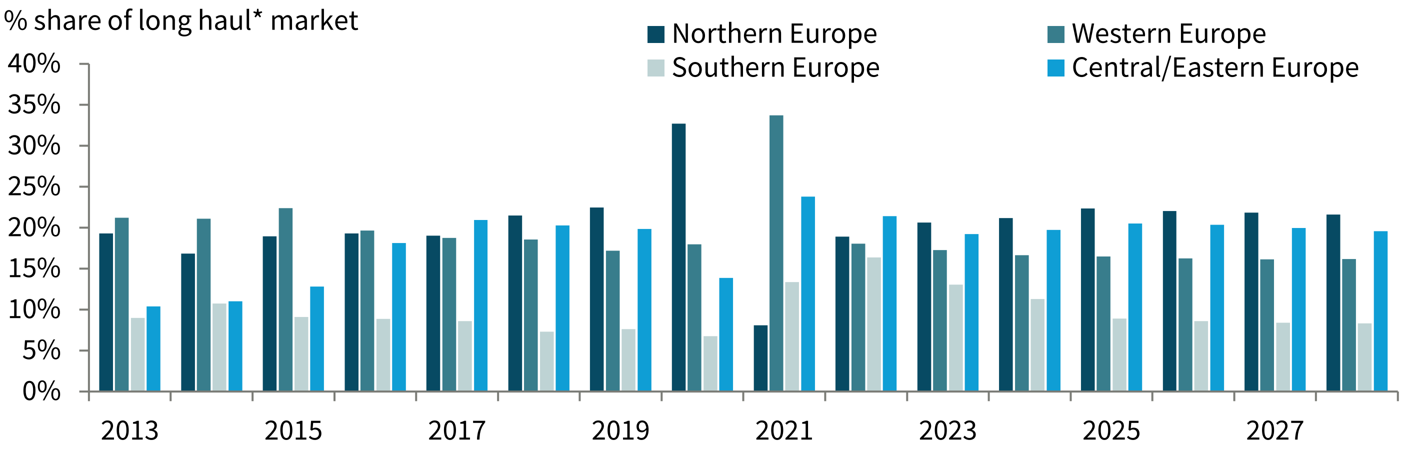
Source: Tourism Economics

United Arab Emirates long-haul* outbound travel



*Long haul defined as tourist arrivals to destinations outside Middle East
Source: Tourism Economics

Europe’s share of Emirati market



*Long haul defined as tourist arrivals to destinations outside Middle East
Source: Tourism Economics

8. Economic outlook

Assessing recent tourism data and industry performance is a useful way of directly monitoring the key trends for travel demand across Europe. This can be complemented by looking at key trends and relationships in macroeconomic performance in Europe's key source markets, which can provide further insight into likely tourism developments throughout the year.

The linkages between macroeconomics and tourism performance can be very informative. For example, strong GDP or consumer spending growth is an indication of rising prosperity with people more likely to travel abroad. It is also an indication of rising business activity and therefore stronger business travel. Movements in exchange rates against the Euro can be equally important as it can influence choice of destination. For example, if the Euro appreciated (gained value) against the US dollar, the Eurozone would become a more expensive destination and therefore potentially less attractive for US visitors. Conversely, depreciation (lost value) of the Euro against the US dollar would make the Eurozone a relatively less expensive destination and therefore more attractive to US travellers.

Disclaimer: the opinions expressed in the forthcoming section [Economic Outlook] are those of Oxford Economics ("we, us, our"). They do not purport to reflect the opinions or views of ETC or its members.

Overview

In recent months, the health of the global economy has been the subject of two conflicting narratives. To some, the state of the US labour market is perilous, demonstrated by unemployment data in July triggering a recession warning. And in China the ongoing housing market downturn is fuelling worries about a renewed slowdown in Asia more generally. To others, the recent data is far more benign, exemplified by the upward drift of consensus forecasts for global growth this year and next.

Oxford Economics' global business cycle indicator suggests that the global economy is not on the brink of a downturn, but rather growth is starting to settle to the low trend growth of recent decades after the turmoil of the pandemic years. Although recent economic news has been somewhat subdued, the US economy is slowing but is still on track to expand at a solid pace and there is still scope for a modest recovery in Europe, while growth in emerging markets will likely remain broadly unchanged.

The global economy continues to experience a period of stable growth, despite the drivers of this growth shifting slightly over time. Economic growth is set to rise to 2.7% in 2024, matching last year. The US is expected to lead the way among the advanced economies and India and China are key drivers within the emerging markets.

Summary of Economic Outlook, % change*

	2023					2024				
Country	GDP	Consumer expenditure	Unemploy-ment**	Exchange rate***	Inflation	GDP	Consumer expenditure	Unemploy-ment**	Exchange rate***	Inflation
UK	0.1%	0.2%	4.0%	-2.0%	7.3%	1.1%	0.6%	4.5%	2.4%	2.6%
France	1.1%	0.9%	7.1%	0.0%	4.9%	1.2%	0.6%	7.2%	0.0%	2.1%
Germany	-0.1%	-0.2%	5.7%	0.0%	5.9%	0.0%	0.6%	6.0%	0.0%	2.1%
Netherlands	0.1%	0.8%	3.6%	0.0%	3.8%	0.5%	0.2%	3.8%	0.0%	3.4%
Italy	1.0%	1.2%	7.7%	0.0%	5.6%	0.8%	0.0%	6.9%	0.0%	1.0%
Spain	2.5%	1.8%	12.2%	0.0%	3.5%	2.8%	2.0%	11.7%	0.0%	2.8%
Russia	3.6%	6.5%	3.2%	-21.2%	5.9%	3.9%	4.7%	2.6%	-6.0%	8.0%
US	2.5%	2.2%	3.6%	-2.6%	4.1%	2.7%	2.4%	4.1%	-0.4%	2.9%
Canada	1.2%	1.7%	5.4%	-6.1%	3.9%	0.9%	1.7%	6.5%	-1.6%	2.5%
Brazil	2.9%	3.1%	8.0%	0.7%	4.6%	2.8%	4.3%	7.1%	-5.3%	4.2%
China	5.2%	9.2%	3.7%	-7.6%	0.2%	4.8%	5.8%	3.4%	-2.4%	0.4%
Japan	1.7%	0.6%	2.6%	-9.2%	3.3%	0.2%	0.0%	2.4%	-7.1%	2.3%
India	7.7%	3.4%	8.2%	-7.4%	5.7%	6.8%	6.9%	7.9%	-1.5%	4.8%

Source: Tourism Economics based on GEM as of 26.09.2024

* Unless otherwise specified

** Percentage point change

*** Exchange rates measured against the euro. A positive change indicates stronger local currency against the euro and therefore a positive impact on outbound tourism demand. A negative change indicates weaker local currency against the euro and therefore a negative impact on outbound tourism demand.

Eurozone

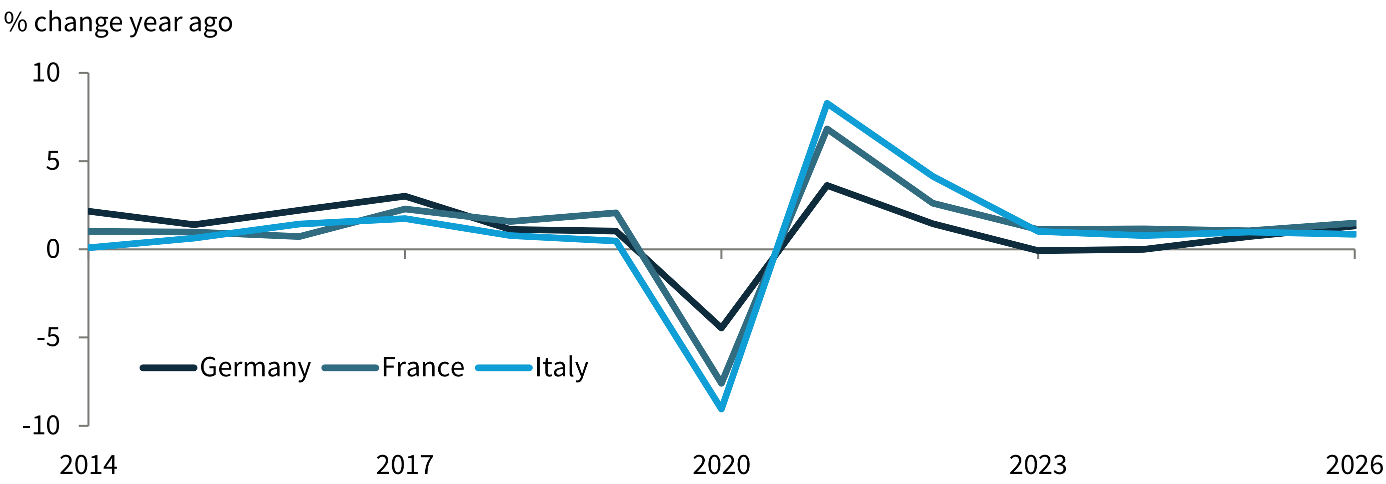
GDP growth in the eurozone slipped to 0.2% in Q2 and was largely driven by net trade. The breakdown across other components revealed zero growth from private consumption and a fall in investment.

Incoming sentiment data for Q3 suggests that economic momentum has not picked up and has worsened in some cases. For instance, the August eurozone economic sentiment indicator increased slightly, driven by a large monthly rise in France due to the Olympics. Overall, the headline index remained below its long-term average and fell in Germany and Italy. Similarly, the August composite PMI was supported mainly by a one-off in the French index, while the rest of the eurozone was more muted. As a result, it is anticipated that economic growth will remain similar into the second half of this year.

Consumer spending is set to gradually improve based on the return to growth in real income, which should be driven by both solid nominal income growth and easing inflation. But the main risk to consumption comes from the labour market, which is starting to show increasing signs of weakness despite the unemployment rate still being around a record low level. Hiring intentions are falling in most eurozone countries, signalling a likely slowdown in job creation over the coming quarters.

Headline inflation fell to 2.2% in August from 2.6% in July, but this was mostly due to lower energy prices, whereas core inflation barely edged down amid higher services prices. This paved the way for the European Central Bank to cut rates at its September meeting. Although monetary policy is starting to loosen, the boost it will provide to growth will not be immediate, it will take time from when the rate is cut to materially feeding through to households and businesses. As a result, economic growth is set to rise to 0.8% this year, before rising to 1.3% in 2025.

Economic performance in key Eurozone economies, real GDP



Source: Oxford Economics

United Kingdom

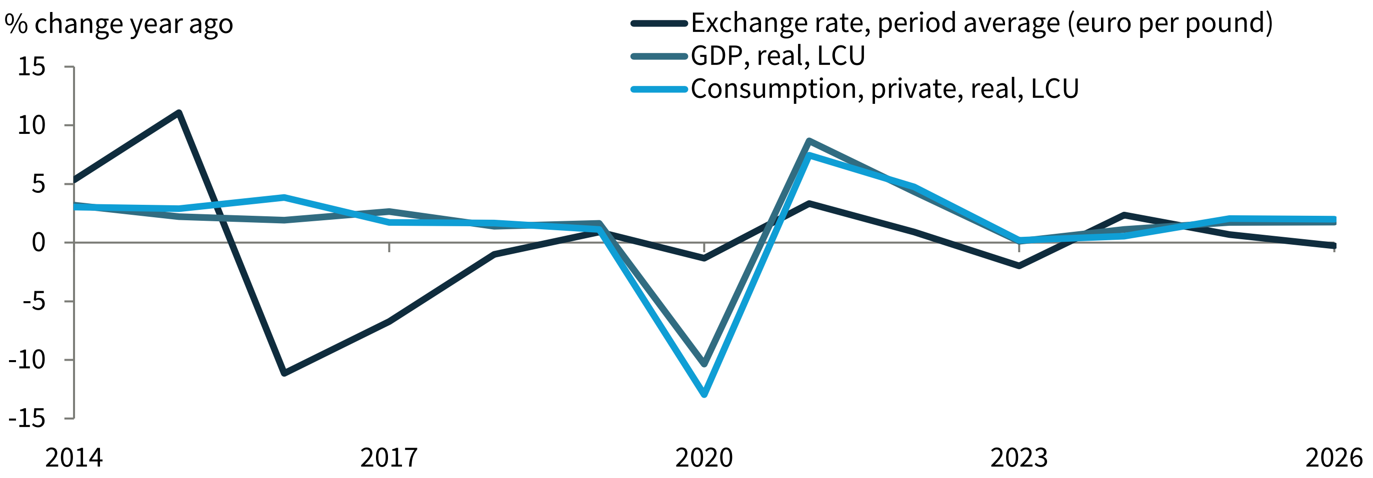
GDP in the UK rose by 0.6% on the quarter in Q2, just short of the 0.7% increase in Q1. Within Q2, GDP was flat in June, after a 0.4% month-on-month rise in May. Two factors caused June's softer reading. First, retail sales fell sharply, continuing a run of very volatile outturns. Second, four days of strikes by junior doctors meant that many operations and hospital appointments were cancelled, which dragged on health output.

High-frequency data suggests that the economy is continuing to grow at a solid pace for a number of reasons. The factors that dampened activity in June likely unwound in July and retail sales look to have recovered in July. On the business-side, the composite PMI was slightly higher in the first two months of Q3 than the average for the first half of this year.

CPI inflation finally fell back to the Bank of England’s target in May and although pay growth has also slowed, it has stayed well above inflation, boosting household spending power. It is unlikely that inflation will fall further in the near term because the drag from falling energy prices has now started to fade. Furthermore, Ofgem (gas and electricity regulator) announced that the energy price cap will rise by 10% on October 1, a larger increase than expected. Wholesale gas prices have risen in recent weeks, and it is now likely that the energy price cap will rise further in January.

Fiscal policy remains a key source of uncertainty. The government has continued to build the case for tax rises in the Budget on October 30, with a recent speech by prime minister Keir Starmer suggesting the Budget will be "painful" and that "those with the broadest shoulders should bear the heavier burden". But the precise size and timing of the consolidation remains very uncertain.

United Kingdom economic outlook



Source: Oxford Economics

United States

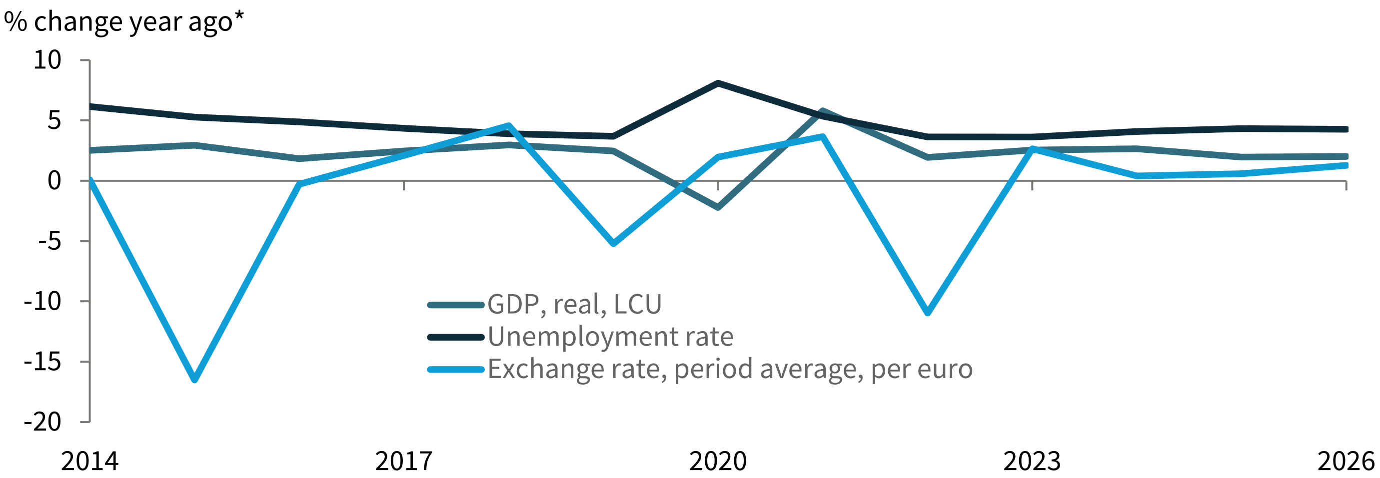
Economic growth in the US picked up to 3.2% on the year in Q2, up from 2.9% in Q1 and looking ahead to the second half of the year, annual growth is expected to remain upwards of 2%.

Although the labour market has softened in recent months the September report was broadly positive and real consumer spending has held up, supported by high household wealth and decent gains in real disposable income. The consumer isn't the only support to the economy, as business equipment spending is on track for another strong gain in Q3. Housing is struggling, but lower mortgage rates should provide some relief soon.

The economic costs of this hurricane season are set to significantly increase following Hurricane Helene and Hurricane Milton. The forecast does not factor in Milton, which rapidly intensified after the report was completed, posing a downside risk to the forecast in Q4, particularly for GDP and employment, while the inflationary implications are minimal. GDP is not the best measure to gauge the economic costs of the storms as the impact on the US will likely be in tenths of percentage points. While property losses and evacuations do not directly affect GDP, major hurricanes and natural disasters have been associated with a near-term slowdown in many high-frequency economic data.

Looking ahead, the Federal Reserve is committed to easing monetary policy further and the forecast assumes a total cut of 50bp (basis points) this year, although it is possible this could rise to 100bp with an additional 25bps cut in November. Alongside this, economic growth is expected to continue to normalise as growth settles just below the economy's short-run potential. But there are uncertainties ahead, with current analysis suggesting a presidential race that is a toss-up and no longer favours the former president.

United States economic outlook



Source: Oxford Economics *Unemployment rate is absolute

Japan

Japan's GDP grew by 0.7% in Q2 after contracting by 0.6% in Q1. Consumption grew by 0.9% after sinking for four consecutive quarters, as the impact from the temporary auto production halt faded partly and households' real incomes improved gradually. Business investment strengthened by 0.9%, benefitting from the auto production normalisation.

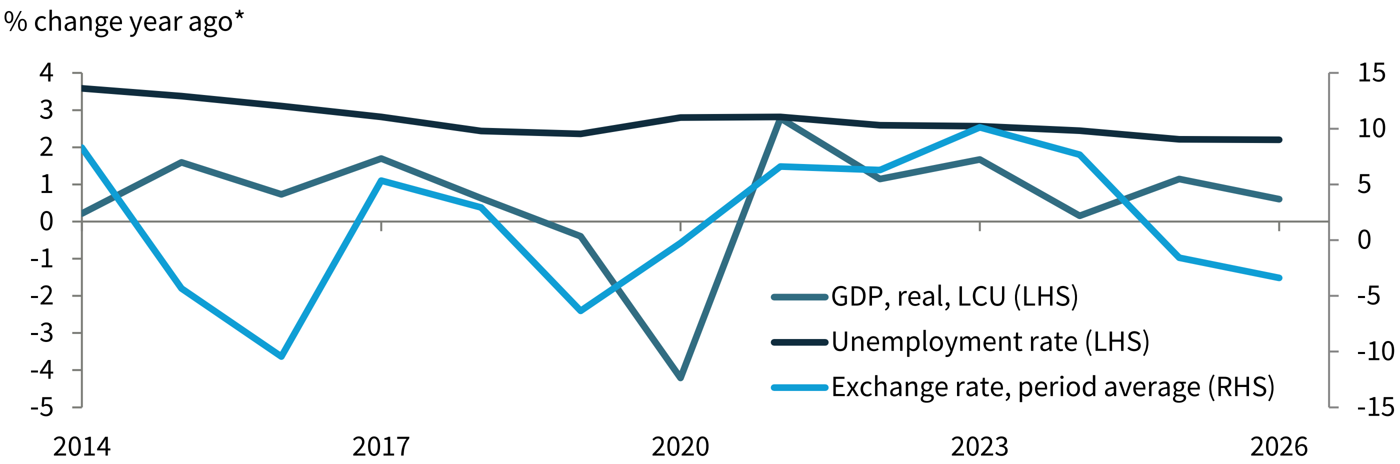
Monthly indicators suggest consumption continued to improve in Q3 alongside the ongoing improvement in real wages. Real wages rose for a second consecutive month in July as Spring Negotiation results are now being reflected in monthly payrolls and supply-side driven inflation is fading.

The Bank of Japan raised its policy rate to 0.25% in July and kept the policy rate unchanged in September. The forecast assumes the central bank will deliver an additional rate hike in December instead of October, given the updated political calendar and the recent yen strength. This is in line with forward guidance by the bank that indicates it will continue to normalise its policy as long as the economy stays on track with its projections.

The yen strengthened in September as the market priced in the BoJ's early rate hike and more cuts by the US Federal Reserve. It can be expected that the yen will appreciate gradually with tighter US/Japan yield spreads, but think gains will be limited in the next few years as US dollar strength persists.

Overall GDP is expected to rise by only 0.2% this year, down from 0.4% last quarter. Most of the downgrade is due to the first half of the year, with the outlook to improve in the second half as gains in real income will drive an improvement in consumption. But exports will likely stay stagnant due to weak demand from the EU counteracting the benefits from chip cycle upticks.

Japan economic outlook



Source: Oxford Economics *Unemployment rate is absolute

Emerging Markets

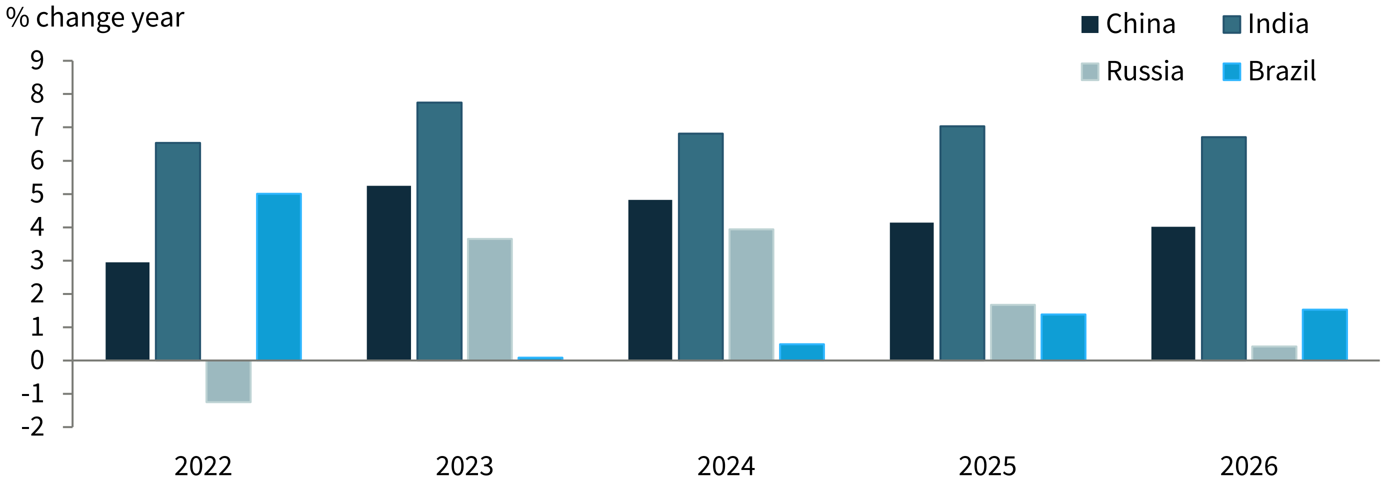
China's economy grew by just 0.7% on the quarter (seasonally adjusted) in Q2, half the pace of Q1, even though real goods exports grew at a double-digit year-on-year pace and destocking proceeded slower than we expected. High frequency data for Q3 is mixed, on one hand retail sales and industrial production posted a soft outturn in August, however, exports expanded 8.7% on the year in the same period. Although the latest stimulus package by the People's Bank of China came in earlier and is bolder than we expected, it will take time for the policies to feed through to economic growth.

GDP in India moderated in Q2 to 6.7% growth on the year, down from 7.8% in Q1, as strong domestic private demand offset falling government spending and a softening external sector. In seasonally adjusted terms, activity expanded by an estimated 1.1% q/q, only marginally slower than in the previous quarter. Private consumption and fixed investment will continue to be key drivers of growth going forward, offsetting weak external demand, resulting in economic growth of 6.8% this year.

Economic growth in Brazil picked up to 2.8% on the year in Q2, likely reflecting a further expansion in the supply-side of the economy. Looking ahead, monthly activity indicators for this year up to July show strong consumption-based growth. However, inflation is set to remain above 4% on the year until the second half of 2025 as markets remain sceptical of the central bank's commitment to its inflation target mandate. To tackle this commitment credibility issue, the central bank has recently shifted its tone on inflation, going as far as signalling a whole new wave of rate hikes to speed up inflation's convergence to target

The official estimate of Q2 GDP in Russia puts annual growth at 4.1% and the breakdown reveals that growth was broad-based. Manufacturing, financial services and insurance, and trade each contributed 1ppt-1.1ppts to annual growth. Economic growth of 3.9% this year includes the assumption that the economy will start to cool in the second half of this year because of additional monetary tightening. This is also expected to contribute to a slower start to the economy next year.

Economic growth in selected emerging markets, GDP real



Source: Oxford Economics

Appendix 1

GLOSSARY OF COMMONLY USED TERMS AND ABBREVIATIONS

AIRLINE INDUSTRY INDICATORS

ASK – Available Seat Kilometres. Indicator of airline supply, available seats * kilometres flown.

RPK – Revenue Passenger Kilometres. Indicator of airline demand, paying passenger * kilometres flown.

PLF – Passenger Load Factor. Indicator of airline capacity. Equal to revenue passenger kilometres (RPK) / available seat kilometres (ASK).

Xmth mav – X month moving average.

HOTEL INDUSTRY INDICATORS

ADR – Average Daily Rate. Indicator of hotel room pricing, equal to hotel room revenue / rooms sold in a given period.

OCC – Occupancy Rate. Indicator of hotel performance, equal to the number of hotel rooms sold / room supply.

RevPAR – Revenue per Available Room. Indicator of hotel performance, equal to hotel room revenue / rooms available in a given period.

CENTRAL BANKS

BoE – Bank of England.

MPC – Monetary Policy Committee of BoE.

BoJ – Bank of Japan.

ECB – European Central Bank.

Fed – Federal Reserve (US).

RBI – Reserve Bank of India.

OBR – Office for Budget Responsibility.

PBoC – People's Bank of China.

ECONOMIC INDICATORS AND TERMS

BP – Basis Point. A unit equal to one-hundredth of a percentage point.

Broad money – Key indicator of money supply and liquidity including currency holdings as well as bank deposits that can easily be converted to cash.

CPI – Consumer Price Index. Measure of price inflation for consumer goods.

FDI – Foreign Direct Investment. Investment from one country into another, usually by companies rather than governments.

GDP – Gross Domestic Product. The value of goods and services produced in a given economy.

LCU – Local Currency Unit. The national unit of currency of a given country, e.g., pound, euro, etc.

PMI – Purchasing Managers' Index. Indicator of producers' sentiment and the direction of the economy.

PPI – Purchase Price Index. Measure of inflation of input prices to producers of goods and services.

PPP – Purchasing Power Parity. An implicit exchange rate which equalises the price of identical goods and services in different countries, so they can be expressed with a common price.

QE – Quantitative Easing. Expansionary monetary policy pursued by central banks involving asset purchases to reduce bond yields and increase liquidity in capital markets.

G7 – Group of seven industrialised countries comprising the United States, the United Kingdom, France, Germany, Italy, Canada, and Japan.

Appendix 2

TRAVELSAT© Sentiment Index & Sentiment Analysis Technology

E-Reputation data is sourced from the TRAVELSAT© Sentiment Index, an advanced social listening-based technique applied to travel and destinations developed by MMGY TCI Research. A proprietary script allows web-crawling posts and social content shared that can influence destination reputation, in direct relation to tourism or from other non-tourism external factors that impact attractiveness for potential visitors (politics, safety, social events, societal, economic context, business, geopolitics...).

The “sentiment” reflects the state of travel brands’ online reputation. These are seen through online social conversations at a global level. They are shared by differing media, consumers, companies, citizens, brands and officials on websites, forums, blogs & social networks. While sentiment is not predictive of travellers’ planning, a positive e-reputation is essential to generate favourability towards destinations and travel brands, particularly when choosing a destination.

Data are reported as Net Sentiment Scores measuring the balance of sentiment polarity in online social conversations concerning the topic and destinations monitored: % of positive comments - % of negative comments. In this sense, scores range from -100 to +100, where 0 is the middle point balancing an equal number of positive and negative mentions.

The sections on Value for Money and Sustainable Travel are measured through sentiment scores stemming from written reviews from 45 sources (TripAdvisor, Google Reviews, Booking…). In order to calculate the scores MMGY TCI Research uses advanced Sentiment Analysis Technology to detect the positive and negative sentiment towards specific concepts or topics in written reviews. In order to form the concepts, often referred to as “dimensions”, keywords or lexicons are detected in the text. The context in which these are used in a review and the polarity of other words in the review are also used in determining the full polarity of the review (Positive, Neutral, or Negative).

Sentiment scores range from 0 to 10, with the lowest score being 0 and the highest being 10. When it comes to sentiment analysis, the score can be seen as the polarity of written reviews that a destination or point of interest has received. In this sense, a score over 5 means that the consolidated polarity of all reviews is more positive than it is negative, with the opposite being the case for scores below 5. A score of 5 will mean an equal proportion of positive and negative polarity.

Appendix 3

ETC member organisations

Austria – Austrian National Tourist Office (ANTO)
Belgium - Flanders – Visit Flanders, Wallonia – Wallonie-Belgique Tourisme
Bulgaria – Bulgarian Ministry of Tourism
Croatia – Croatian National Tourist Board (CNTB)
Cyprus – Deputy Ministry of Tourism, Republic of Cyprus
Czechia – CzechTourism
Denmark – VisitDenmark
Estonia – Estonian Tourist Board – Enterprise Estonia
Finland – Business Finland Oy, Visit Finland
France – Atout France
Germany – German National Tourist Board (GNTB)
Greece – Greek National Tourism Organisation (GNTO)
Hungary – Hungarian Tourism Agency Ltd.
Iceland – Icelandic Tourist Board
Ireland – Fáilte Ireland and Tourism Ireland Ltd.
Italy – Agenzia Nazionale del Turismo (ENIT)
Latvia – Investment and Development Agency of Latvia (LIAA)
Lithuania – Ministry of the Economy and Innovation, Tourism Policy Division
Luxembourg – Luxembourg for Tourism (LFT)
Malta – Malta Tourism Authority (MTA)
Monaco – Monaco Government Tourist and Convention Office
Montenegro – National Tourism Organisation of Montenegro
Netherlands – NBTC Holland Marketing
Norway – Innovation Norway
Poland – Polish Tourism Organisation (PTO)
Portugal – Turismo de Portugal, I.P.
Romania – Romanian Ministry of Economy, Entrepreneurship and Tourism
San Marino – State Office for Tourism
Serbia – National Tourism Organisation of Serbia (NTOS)
Slovakia – Slovakia Travel
Slovenia – Slovenian Tourist Board
Spain – Turespaña – Instituto de Turismo de España
Switzerland – Switzerland Tourism
Türkiye - Türkiye Tourism Promotion and Development Agency

Ukraine – State Agency for Tourism Development of Ukraine (SATD)