

**E**UROPEAN  
**T**RAVEL  
**C**OMMISSION

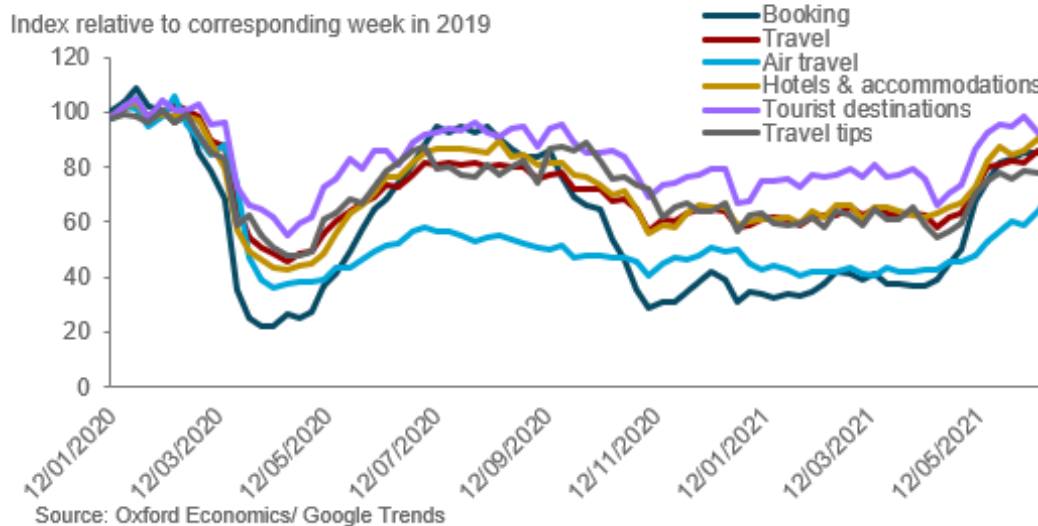
# European Tourism – Trends & Prospects Quarterly Report 2/2021

*Executive Summary*

# Travel recovery is beginning in 2021 H2

- Improvements in vaccination rates continue to strengthen the upside potential for Europe. TE expect travel demand to pick up considerably in the second half of 2021, though international arrivals will remain 49% below 2019 levels.
- The introduction of Covid-19 certificates and the latest data from Google Trends relating to booking momentum indicates that Europe's travel recovery is underway, with Europe set to achieve the strongest growth among world regions by 2024.
- However, downside risks linger, with the uncertainty surrounding new variants potentially disrupting the rebound, especially for international travel.

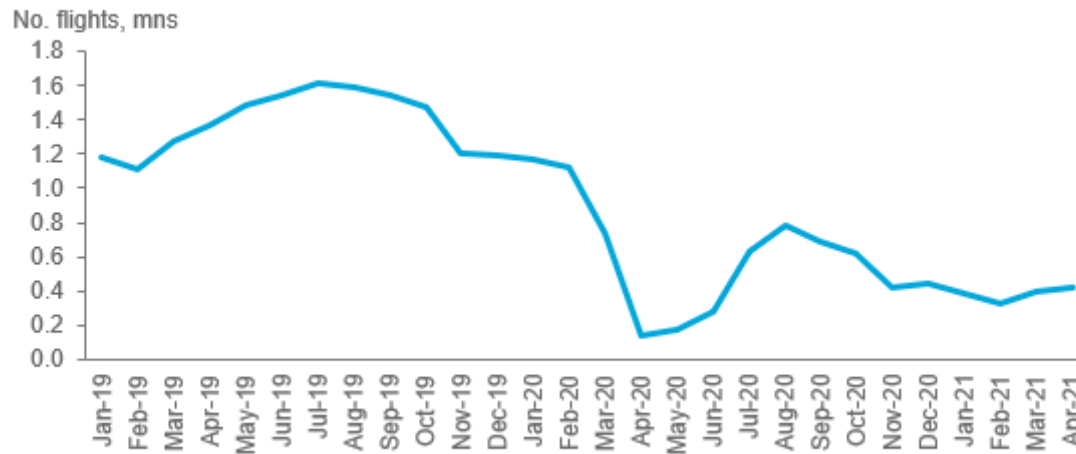
## EU: Tourism-related online activity



# Air passenger demand at a turning point

- Latest data for air passenger demand show some semblance of recovery is underway, with a slight improvement in global revenue passenger kilometres (RPK) in March and April versus the start of the year.
- While global RPKs were still 65% lower compared to April 2019, April 2021 represented the most improved month since the onset of the pandemic, outperforming mid-2020 when international restrictions were relaxed to permit some summer travel.
- This improvement has largely been driven by increased domestic activity, with international demand still stifled by travel restrictions as of April

## European\* Airport Traffic, Total Flights Arriving and Departing by Month



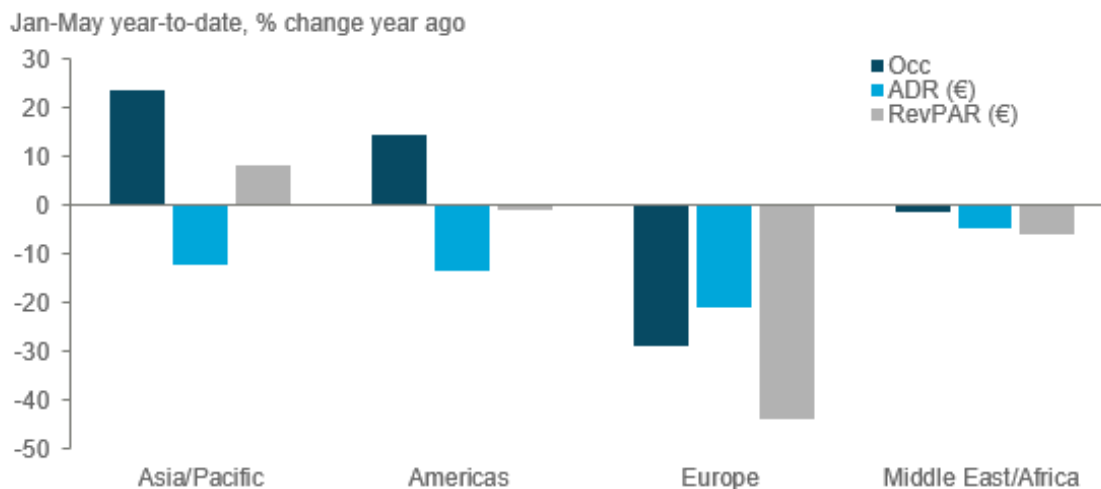
Source Eurocontrol

\*Europe = aggregate data for ETC+4 countries

# Short-term rentals leading recovery in accommodation data

- Demand is seeming to favour short-term rentals; at the end of March, occupancy was more recovered in short-term rentals than hotels, and also for on the books occupancy for the rest of 2021. Further, guests are staying longer than in previous years and are paying more, with global rates up 10% on 2019.
- In European hotels, as tighter restrictions and lockdowns implemented during Q1 remained in place well into Q2, it comes as no surprise that signs of recovery are absent across all measures of hotel demand performance. However, recent easing of lockdowns and travel restrictions, supported by high rates of vaccination within the region bodes well for the summer, with domestic and intra-regional demand expected to drive growth.

## Global Hotel Performance

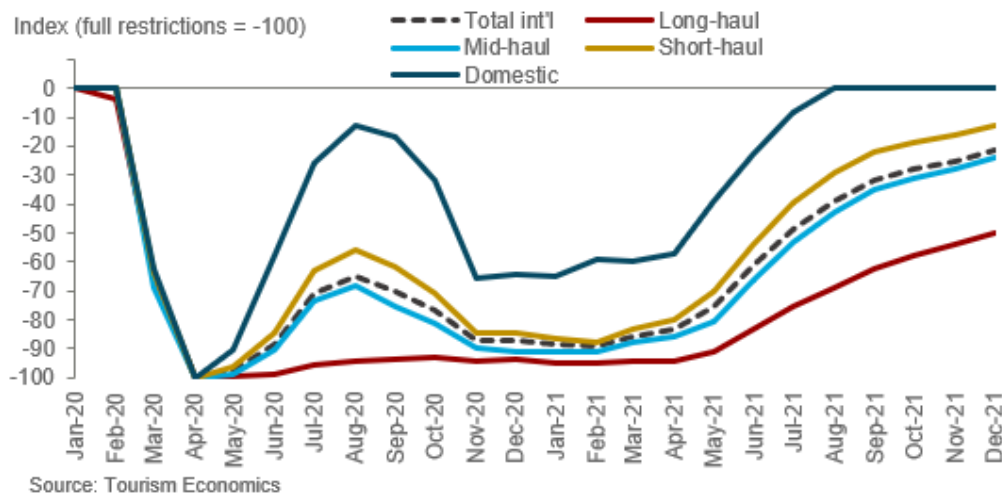


Source: STR

# But vaccines will pave the way for growth

- Advanced vaccination rates have increased the possibility for countries to maintain low coronavirus case numbers, ease domestic restrictions and be able to start a gradual lifting of international travel restrictions.
- From July 1st, the EU digital Covid-19 certificate is available and active across the EU. The certificate makes it easier to travel across EU countries: it is a proof that you are vaccinated, tested negative, or recovered from Covid-19. It is free of charge and recognised in all 27 EU member states as well as in Iceland, Liechtenstein, Norway, and Switzerland.

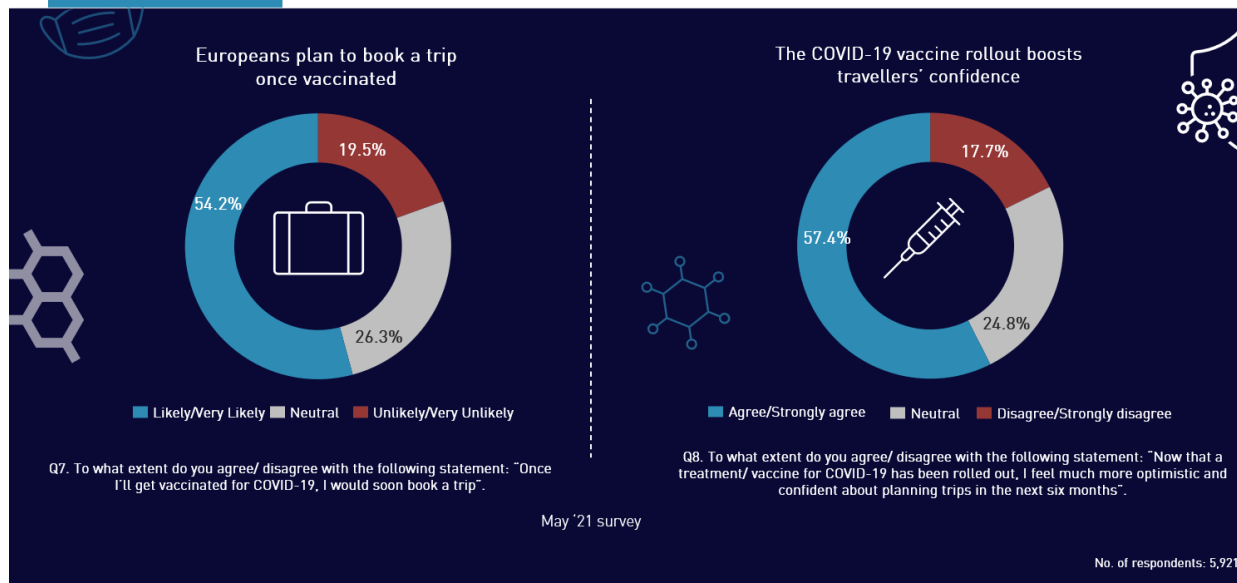
## Covid-19 travel impact index for Europe



# Kickstarting travel sentiment

- Mass vaccinations have been essential to kickstart travel sentiment with 54% of surveyed Europeans intending to book a trip once they have been vaccinated against Covid-19 .
- This sentiment is in line with a recent EU survey which shows that 75% of respondents believe that Covid-19 vaccines are the only way to end the pandemic, and 49% agree that getting a vaccine is very important to allow them to resume travel.

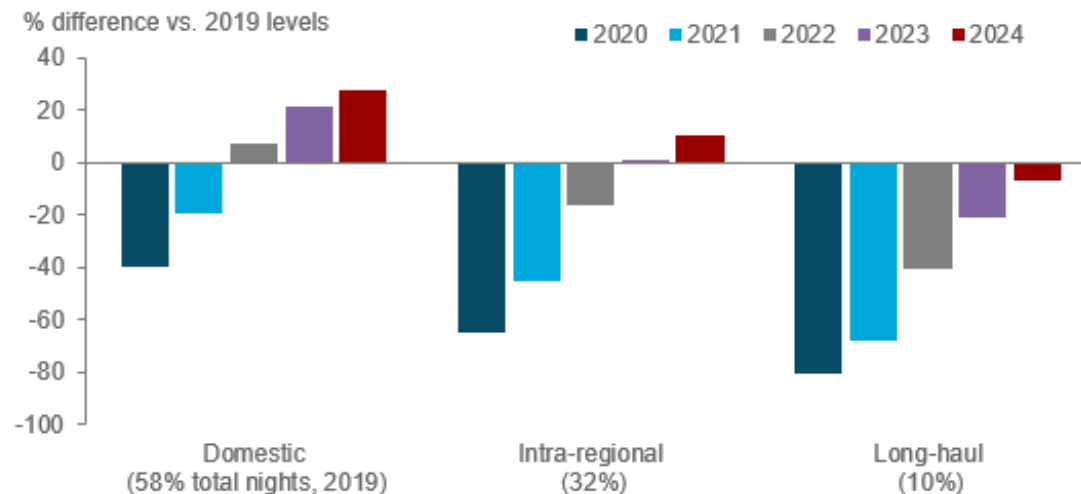
For over half of Europeans, vaccination roll-out is key to both regaining confidence in travel and booking an upcoming trip



# Domestic travel is expected to lead the recovery in 2021

- Recovery in domestic and intra-regional travel is currently underway, with some marked improvement likely as the summer progresses and restrictions ease more meaningfully, helped by successful vaccine rollouts.
- Long-haul travel demand is expected to recover more slowly with barriers set to remain in place well beyond the end of this year. While domestic visitor nights at European destinations are expected to return to 2019 volumes by 2022, and intra-regional visitor nights (i.e., short-haul) is expected to recover by 2023, visitor nights from long-haul source markets are not expected to return to 2019 volumes until 2025 on average.

## Europe recovery in travel segments



Source: Tourism Economics

# Summary of economic outlook

- OE's world GDP growth forecast for 2021 has been nudged up to 6.4% and a healthy gain of 4.6% is expected in 2022. Recent news on Covid-19 cases have been positive, as global case numbers are almost back down to their March lows, and economic data have continued to consistently beat economists' expectations on the upside.
- Business surveys indicate that the healthy rebalancing of the global economy away from manufacturing and towards services is continuing. The global services PMI remains comfortably ahead of the manufacturing headline index for a second consecutive month after rising in May.

Country	2021					2022				
	GDP	Consumption	Unemployment**	Exchange rate***	Inflation	GDP	Consumption	Unemployment**	Exchange rate***	Inflation
UK	7.7%	5.0%	0.7%	2.7%	1.4%	6.2%	8.7%	-1.3%	0.0%	2.1%
France	5.1%	2.9%	0.6%	0.0%	1.4%	4.7%	6.4%	0.8%	0.0%	1.3%
Germany	3.7%	1.3%	-0.1%	0.0%	2.5%	4.4%	8.7%	-0.5%	0.0%	1.4%
Netherlands	2.9%	1.1%	0.2%	0.0%	2.2%	3.3%	6.7%	1.2%	0.0%	1.9%
Italy	5.0%	3.7%	0.6%	0.0%	1.5%	4.7%	6.2%	0.0%	0.0%	1.2%
Russia	2.5%	3.3%	-0.3%	-9.0%	5.6%	2.7%	5.0%	-0.5%	-0.8%	4.2%
US	7.7%	9.5%	-2.9%	-6.6%	3.8%	4.5%	5.1%	-1.2%	-0.8%	2.5%
Canada	6.8%	5.2%	-2.1%	2.0%	2.7%	3.5%	6.2%	-0.5%	-3.2%	2.3%
Brazil	5.0%	4.4%	-0.2%	-9.2%	6.6%	2.1%	3.4%	-1.2%	-2.1%	4.2%
China	8.9%	9.4%	-1.8%	-0.3%	1.5%	5.5%	9.4%	-1.3%	-2.1%	2.5%
Japan	2.1%	1.5%	0.0%	-8.2%	0.1%	3.3%	3.0%	-0.2%	-1.9%	0.5%
India	9.1%	8.2%	-2.5%	-5.5%	4.8%	7.1%	7.1%	-1.1%	-2.0%	4.8%

\* 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.