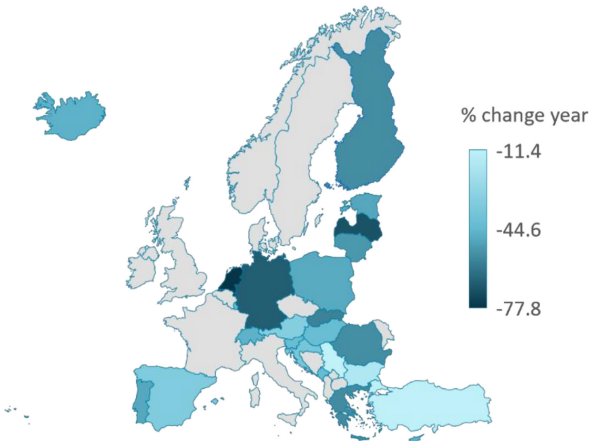


EUROPEAN TRAVEL TO EXPERIENCE SLOWER BUT STEADY RECOVERY DESPITE NEW CHALLENGES IN 2022

- European tourism seems to remain resilient to economic, pandemic and geopolitical headwinds.
- Domestic travel is projected to completely recover in 2022, while international arrivals to Europe will be 30% below 2019 volumes.
- Western Europe is expected to be the best performing region globally this year, albeit 24% below 2019 levels. The Russo-Ukrainian conflict has pushed Eastern Europe's recovery to 2025.

In 2021, international tourist arrivals were 61% below pre-pandemic levels. In 2022, arrivals to Europe are forecast to be 30% below 2019 volumes, supported by domestic and short-haul travel

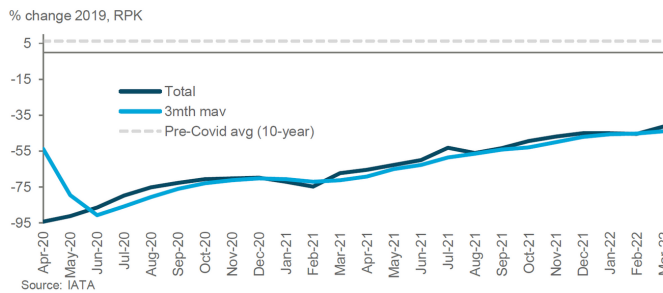


Serbia	-11%	Latvia	-71%
Turkey	-12%	Germany	-68%
Bulgaria	-18%	Netherlands	-65%
Austria	-33%	Slovakia	-59%
Monaco	-34%	Greece	-56%

Industry Performance

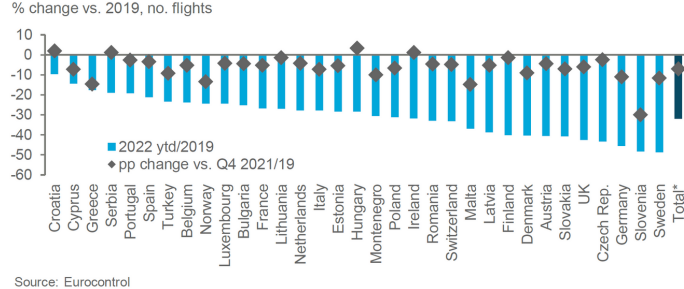
- Global RPKs increased 115.9% in February compared to last year. However, that implies traffic still at 54.5% of 2019 levels.

Global Air Passenger Traffic Growth



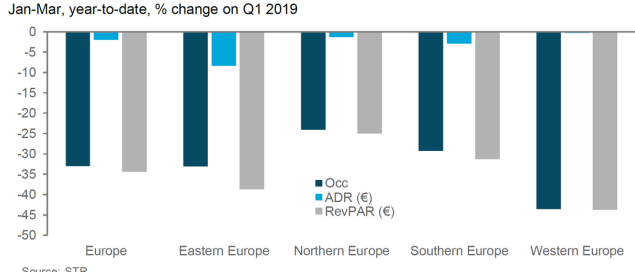
- Eurocontrol data suggests that across its jurisdiction, traffic was down 32% on 2019 levels in Q1 2022.

European Air Traffic by Country, Flights Arriving and Departing



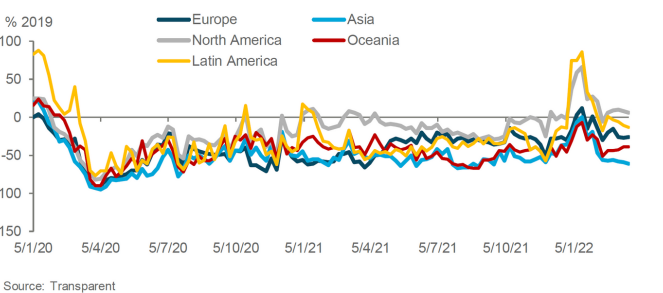
- Hotel occupancy in Europe remains significantly down on pre-pandemic levels (-33%), while room rates (-2%) have recovered.

Hotel performance compared with 2019



- While short-term rentals declined at the end of Q1 (-26%), January (+11%) saw European bookings exceed 2019 levels.

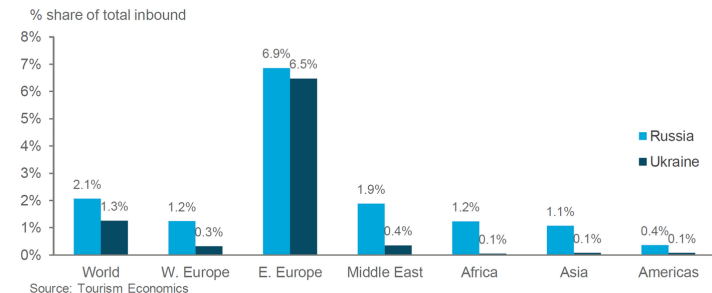
Variation in Global Reservations vs. 2019



Special Focus:  
Russo-Ukrainian Conflict

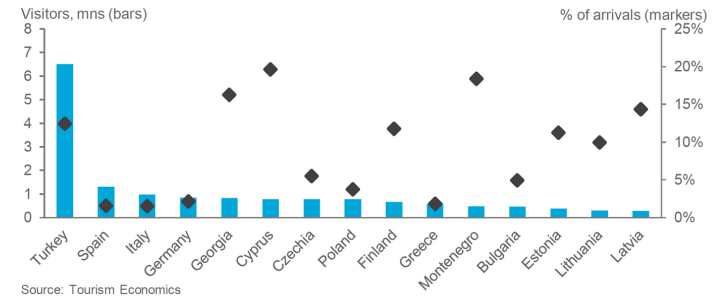
- In 2019, Russian and Ukrainian outbound travel accounted for 3.4% of global international trips and 7.2% of European arrivals.

Russian & Ukrainian share of total inbound, 2019



- Exposure is much greater for destinations reliant on Russian tourism. The more vulnerable destinations include Cyprus, Montenegro, Latvia, Finland, Estonia and Lithuania, where Russians made up at least 10% of total inbound travel in 2019.

Top European destinations for Russian visitors, 2019



- There are several economic channels through which the tourism industry will be impacted:

- Increased oil prices will increase transport costs
- Other rising costs will erode consumer demand
- GDP and incomes are being downgraded

- Air space closures will impact European-Asian air connectivity, and there will also be impacts on traveller sentiment.

- No immediate recovery is expected for countries with a high reliance on Russian tourism in the near-term.

Downgrade to global international visitors



Key Overseas Markets Show Early Signs of Tourism Recovery From COVID-19



Despite some improvement over the quarter, Europe continues to report weak activity from Canada

The best performing destination in terms of nights was Serbia (+23%), although arrivals (-24%) fell. Relatively moderate declines were recorded in Turkey, Monaco, and Montenegro.

At first sight, patterns of Russian arrivals look counterintuitive, with improvement across the quarter

Croatia (+214%), Serbia (+117%), Turkey (+37%) and Slovenia (+24%) all saw Russian arrivals increase, whilst Montenegro, Hungary, Bulgaria and Greece saw relatively moderate changes.



Many European carriers have shut down routes from Japan due to low demand and the impracticalities of re-routing around the Ukrainian conflict zone

Japanese arrivals to Serbia fell (-73%), while nights (+54%) are in positive territory. Norway had the next best performance.

Australia has seen considerable improvement in outbound travel across Q1 2022, but many destinations continue to record very reduced tourism activity.



Parts of south-eastern Europe fared best with Turkey (-24%), Montenegro (-36%) and Serbia (-51%) being the best performers.



China's 'zero-Covid' policy means declines in Chinese arrivals of over 90% are typical, with little chance of travel restrictions being eased soon

No destination reported growth in arrivals from China, but Serbia has seen an increase in nights (+46%), with strong ties between both countries driving the recovery.

Transatlantic travel will be a key factor for tourism recovery, with the US remaining among the best performing long-haul source markets

Malta, Serbia and Lithuania show a clear picture of declining arrivals, but a longer implied average length of stay.



Serbia was the exception to the rule for Indian travellers thanks to its role as a loophole in other countries travel requirements

Indian arrivals to Serbia were up 438% and because of the compulsory isolation periods, nights increased by 792%. The smallest declines were recorded in Croatia, Portugal and Turkey.

The limited recovery made by Brazilian outbound travel in Q4 2021 has continued into Q1 2022

Serbia saw increased Brazilian arrivals (+10%) and nights (+61%). Visits (+29%) and nights (+157%) to Montenegro have recovered more strongly.



FOR DETAILED RESULTS, PLEASE HAVE A LOOK AT

Data Sources: [TourMIS](#), [Tourism Economics](#), [STR Global](#), [Transparent](#), [IATA](#), [Eurocontrol](#)

THE FULL REPORT

