

European Tourism: Trends & Prospects

Quarterly Report Q3/2025





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Quarterly Report (Q3/2025)

A report produced for
the European Travel Commission
by Tourism Economics

Brussels, October 2025

ETC Market Intelligence Report

European Tourism: Trends & Prospects (Q3/2025)

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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.

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Cover: Spectacular aerial view of colourful hot air balloons in Cappadocia. The fairy chimneys formed by lava and ashes are unique in the world.

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Foreword

As data for summer 2025 become available, it is clear that consumers continue to prioritise travel within discretionary spending. This resilient demand is encouraging for destinations and tourism businesses across Europe. Nonetheless, the continued growth in international arrivals highlighted in this report underscores the need to balance tourism flows across destinations and seasons, so that value is shared evenly and sustainably.

From a consumer perspective, cost-saving considerations are already reshaping behaviour, as are the impacts of extreme weather—especially when safety perceptions are affected—and crowding, which can diminish the visitor experience. The tools travellers use are evolving too. Social media is already firmly embedded in trip planning and, driven by younger generations, artificial intelligence is increasingly adopted as an information source as well.

When managed well, advancements in technology and easier access to information could go hand in hand with increased learning about lesser-known destinations in Europe, the benefits of travelling in the low season, and methods to travel responsibly. Understanding how travellers research and plan, and embedding responsible-travel narratives within the platforms they use, will become increasingly important for destination managers.

So far in 2025, it seems that many travellers have continued to head towards traditionally popular Southern-Mediterranean destinations, though Northern, Eastern and Western European countries are generally registering growth in demand as well. Looking to 2026 and beyond, there is an opportunity to further steer demand. To this end, ETC has already launched its “[Unlock an Unexpected Upgrade](#)” campaign, encouraging visitors to travel off-season, off-the-beaten track, to love local, and to travel green.

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Project Manager Research
European Travel Commission (ETC)

European tourism: Trends & prospects (Q3/2025)

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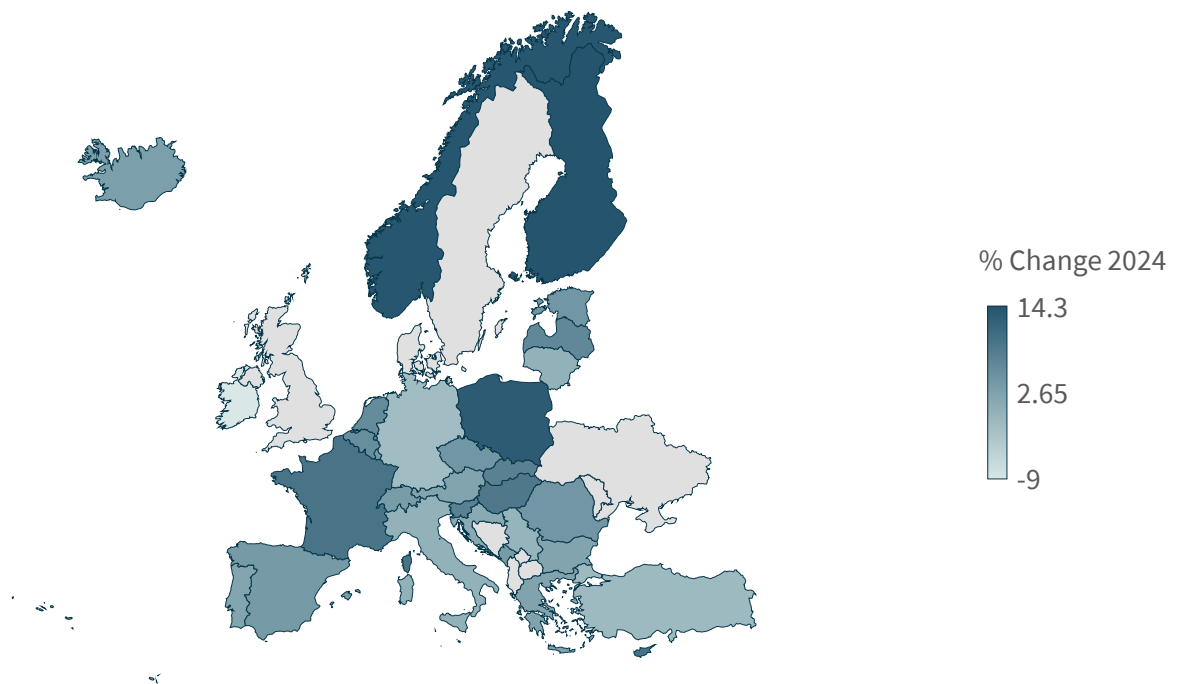
Executive summary

Summer high season highlights strong consumer demand for travel experiences despite higher costs and heatwaves.

Following the summer high-season, year-to-date data from reporting destinations shows international arrivals in Europe are up 3.0% on last year, while overnights are up 2.7%¹. The cost of travelling remains high, although inflation for tourism-related services is slowing. This is offset however, by consumers' willingness to spend an increasing amount of their household budgets on travel. Traveller spending in Europe is expected to rise by 9.9% in 2025.

With 30 out of 34 countries reporting growth in either foreign arrivals and/or overnights compared to 2024, different trends become observable. Sun- and beach-oriented summer travel continued to support arrivals growth in Southern Mediterranean destinations, including Malta (+12%), Cyprus (+10%), Spain (+4%), and Portugal (+2%). Countries still reporting arrivals below pre-pandemic levels recorded solid year-on-year gains, including Finland (+14%), Latvia (+7%) and Estonia (+4%). Price competitiveness underpinned strong results in Poland (+13%) and Hungary (+9%), while Norway (+14%) and Iceland (+3%) benefited from rising interest in Northern Europe. Conversely, one year after UEFA EURO 2024, arrivals in Germany are lower (-2%), and a stronger lira alongside higher prices weighed on demand for Türkiye (-1%).

Foreign visits to European destinations, 2025 year-to-date*



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

Heatwaves and crowding again affected many travellers this summer and featured prominently in negative online conversations about travel in Europe. Twenty-eight per cent of travellers from eight of Europe's top source markets now say they plan to shift travel to different months over the next two years. However, the primary motivation is to avoid crowds, with saving money and escaping extreme heat also important. Adoption of artificial intelligence (AI) as a planning tool rose from 10% in Q3 2024 to 18% in Q3 2025, driven by Gen-Z and Millennial travellers. AI is helping travellers find better deals and plan trips away from peak months and popular locations. This presents opportunities for destinations to attract demand in the shoulder seasons, particularly from China, which shows the highest AI adoption (40%).

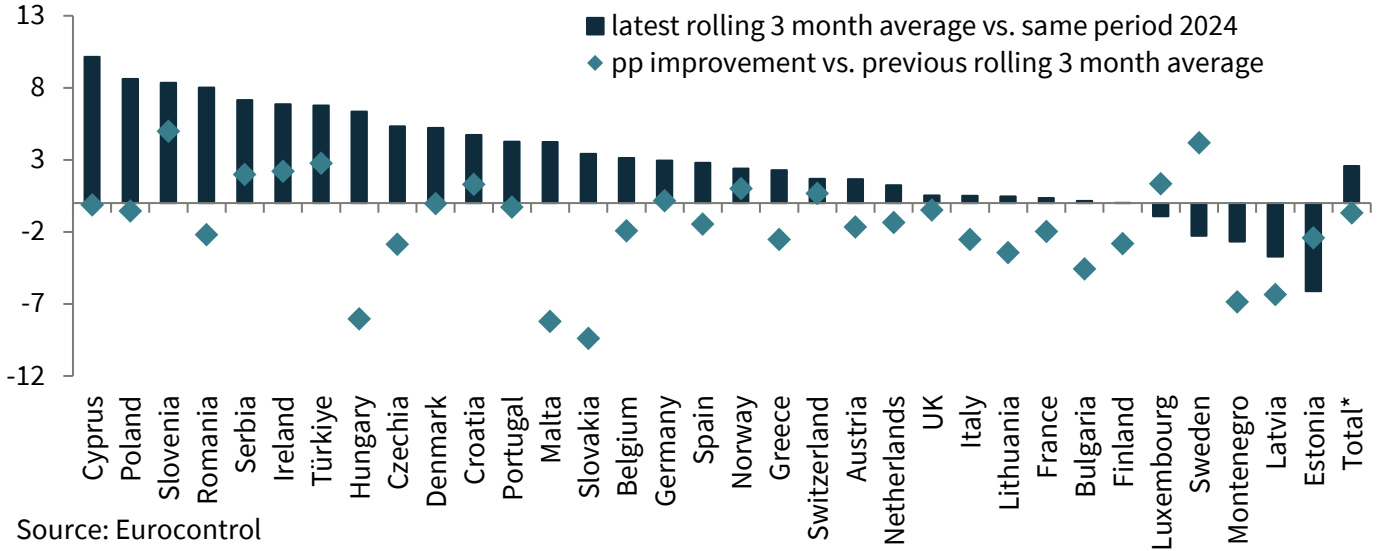
¹ Based on data reported to the TourMIS platform. Dates vary by destination.

European aviation and hotel sector reflect trend of moderate year-on-year increases

European revenue passenger kilometres remain consistently above 2024, although demand is softening, reaching its lowest year-on-year growth in June at just under 4%. Expanded airline seat capacity has largely been matched by demand, keeping load factors high. Cyprus in particular has enjoyed strong demand this year, with flight volumes up 10%, and a similar picture evident in Poland (+9%) and Slovenia (+8%).

European air traffic by country, total flights arriving and departing

% change vs. 2024, no. flights



Source: Eurocontrol

Looking at the accommodation sector, hotel performance remains resilient. Year-to-date occupancy is broadly unchanged from 2024 (+0.6%), while average daily rates (ADR) rose 1.2% and revenue per available room (RevPAR) increased 1.9%. Only the Middle East recorded stronger hotel demand. Signs of short-term rentals supply growth plateauing are emerging, warranting continued attention amidst increased policy changes in this area.

Asian travel to Europe is picking up while U.S. demand stays strong

Among the key overseas source markets covered, Japan shows the strongest growth, with arrivals up 24% year on year — albeit from a smaller base and across fewer reporting destinations than other markets. While only three countries have fully recovered to pre-pandemic levels, improved air connectivity and a strengthening yen are encouraging. Similarly, arrivals from China rose 21% year-on-year, though more than three quarters of destinations remain below pre-pandemic volumes. Looking west, travel from the U.S. to Europe rose 5% year-on-year, on top of a pre-existing 35% increase on pre-pandemic levels. Going forward, U.S. trade policy and its broader economic effects are viewed as the largest downside risk to international travel in the coming years according to Oxford Economics’ latest global risk survey.

“The 2025 summer high season has once again highlighted the strength of consumer demand for travel, and their willingness to endure higher costs in the pursuit for cross-border experiences. As socio-economic, environmental, and technological shifts reshape the way people travel, the European Travel Commission works hard to monitor these changes and ensure that Europe continues to deliver value for every segment and price point. Crucial to this is ensuring that value is delivered reciprocally, between travellers, residents and businesses, building shared prosperity in the places visited.” – Eduardo Santander, CEO/Executive Director, European Travel Commission.

1. Tourism Performance Summary 2025

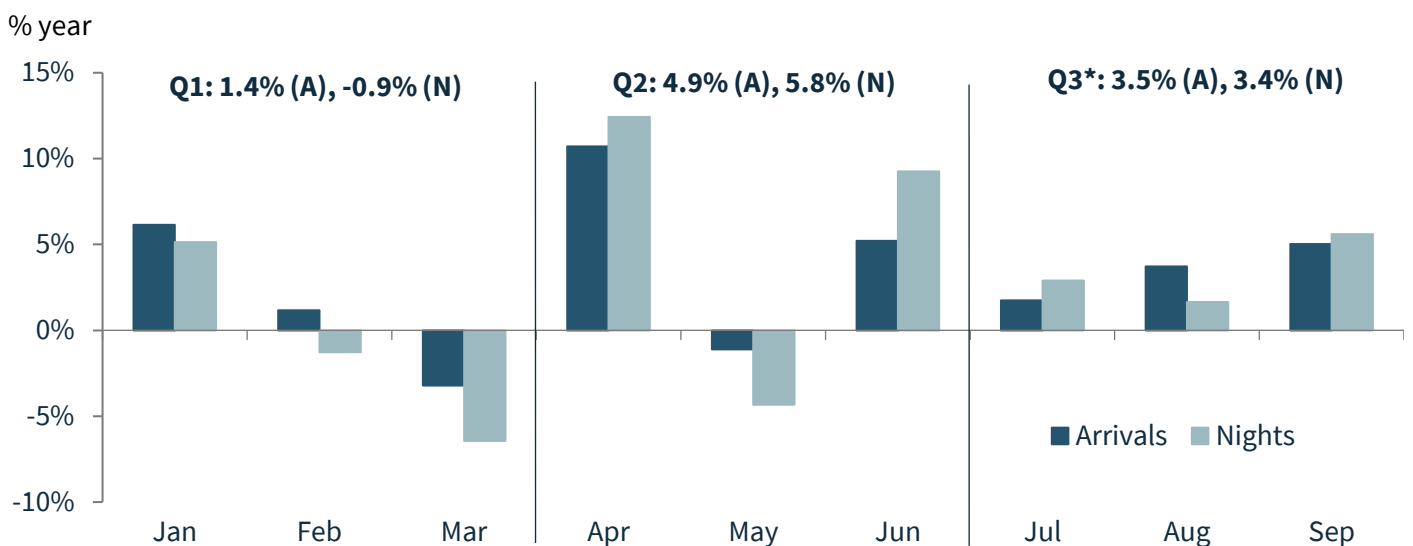
Summary

- Inbound travel to Europe continued to rise during the summer months, with year-to-date arrivals up 3.0% and nights up 2.7%, on the same period in 2024, based on the latest data to August and September from TourMIS (dates vary by destination).
- International visits to the region began the third quarter of this year on a soft note, but momentum has been rising through the summer, with a significantly faster rise in arrivals than nights in August.
- Despite heatwaves impacting tourism experiences, destinations in Southern/Mediterranean Europe are still largely performing well, although there is evident price competition among them as they provide a similar tourism offering.
- Rising prices and an unfavourable exchange rate against the Euro have been factors impacting demand in Türkiye as an increasing number of tourists seek competitive deals and better value for money.
- US demand is still slightly uncertain; however, an increase in flight capacity and routes between Europe and North America has likely facilitated improving demand to destinations such as Ireland.
- The slow recovery in air capacity continues to limit the travel recovery in Germany. Arrivals growth in the summer has also been affected by the offset in June, following the Euros tournament a year ago.

Year-to-date international arrivals to Europe have increased by 3.0% and nights by 2.7% compared to the same period in 2024, as per the latest TourMIS data based on figures up to August and September (dates vary by destination).

Reviewing travel performance so far in 2025, visits reported a strong end to Q2, with June seeing a 5.2% increase from the previous year. However, momentum slowed at the beginning of Q3, with only a 1.7% year-on-year rise in July, before picking-up in August. August stands out due to a notable difference between the increase in arrivals and nights on the same time last year, which is the opposite of what was reported in June. This may indicate a shift towards greater prioritisation of shoulder season travel, rather than a drop in overall trip length and spending.

Total foreign visits and overnights to Europe, 2025 (% relative to 2024)

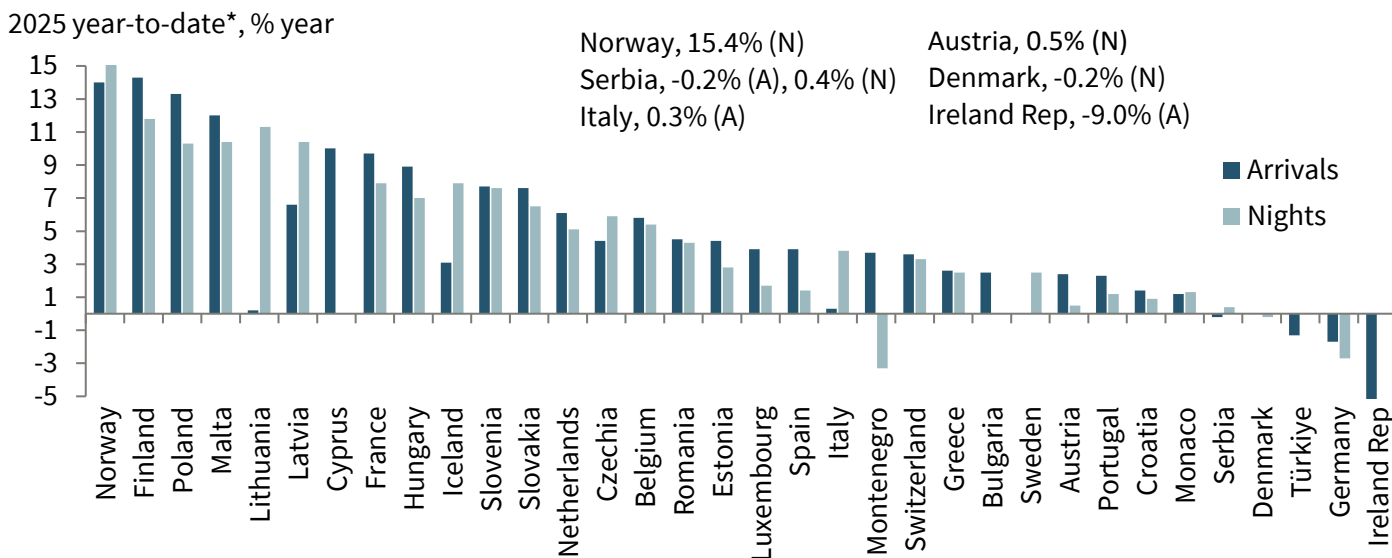


Source: TourMIS* *date varies (Jan-Sep) by destination

Heatwaves have become common across much of Europe, and France has experienced several since June, including an [extreme weather event in August](#) which was particularly severe for the Southern region and declared a 'rare

event' by Météo-France. These events led to temporary closures of some attractions, while others, such as museums, offered free entry and extended hours to accommodate tourists. Despite these headwinds, foreign arrivals to France in June (+6.8%) and July (+8.0%) remained remarkably strong, allowing the country to reach year-to-date growth of 9.7% and 7.9% in arrival and nights respectively. Growth in July is especially noteworthy as it is measured against the first week of the Olympic games in 2024 and despite some limited disruptions caused by the [air traffic control strike](#).

Foreign visits and overnights to select destinations (% relative to 2024)



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

Survey data from the [European Travel Commission](#) continues to demonstrate a strong interest in sun and beach holidays, which aligns with the tourism offering across destinations in Southern & Mediterranean Europe. This is reflected in upbeat growth across many of these, despite some showing a moderation in the pace of growth achieved last year. Cyprus is still seeing a strong rise in visitors, up 10.0% on the same time last year, and remained among the most popular choices for [tourists from Israel](#) alongside Greece.

[Cyprus, Greece, and Türkiye](#) faced some of the most severe wildfires in recent history and, although it is not visible in the data as most trips were pre-booked and air traffic disruptions were limited, it may encourage more flexible travellers to consider alternative months to visit next year. Larger factors behind the weakness in Türkiye were the higher prices and a stronger Lira. There is intense competition among destinations in the Mediterranean, and with consumers increasingly seeking value, they may be more willing to consider alternative locations offering similar tourism experiences.

Affordability and price competitiveness are the primary reasons that are being given for the stronger performance of other destinations in Europe, encouraging the rise in tourist arrivals to Poland (13.3%), Hungary (8.9%) and Slovenia (7.7%).

Tourists continued to visit Spain amid another year of overtourism demonstrations and unpredictable weather, including heatwaves and wildfires. Despite a slower year-on-year increase in arrivals, now at 3.9% from 7.1% last quarter, this rise still equates to a significant volume increase. German tourists may have accounted for an even higher volume of arrivals if costs had not been such a significant factor when deciding on a destination during the summer months.

International visits to Ireland (-9.0%) are still down on the year, but have improved considerably since last quarter (-17.6%). Momentum continued to build moving into Q3, with [arrivals in August](#) marking the first month to exceed the same month in 2024. The combination of enhanced marketing efforts, increased connectivity and several events (including Oasis concerts, US College Football and the July Open golf championships) likely supported the recent uptick in American tourists and the slight improvement in those from the UK. In more recent trends, American support seemingly held up well in September while [Dublin hosted its first NFL game](#), with reports suggesting it

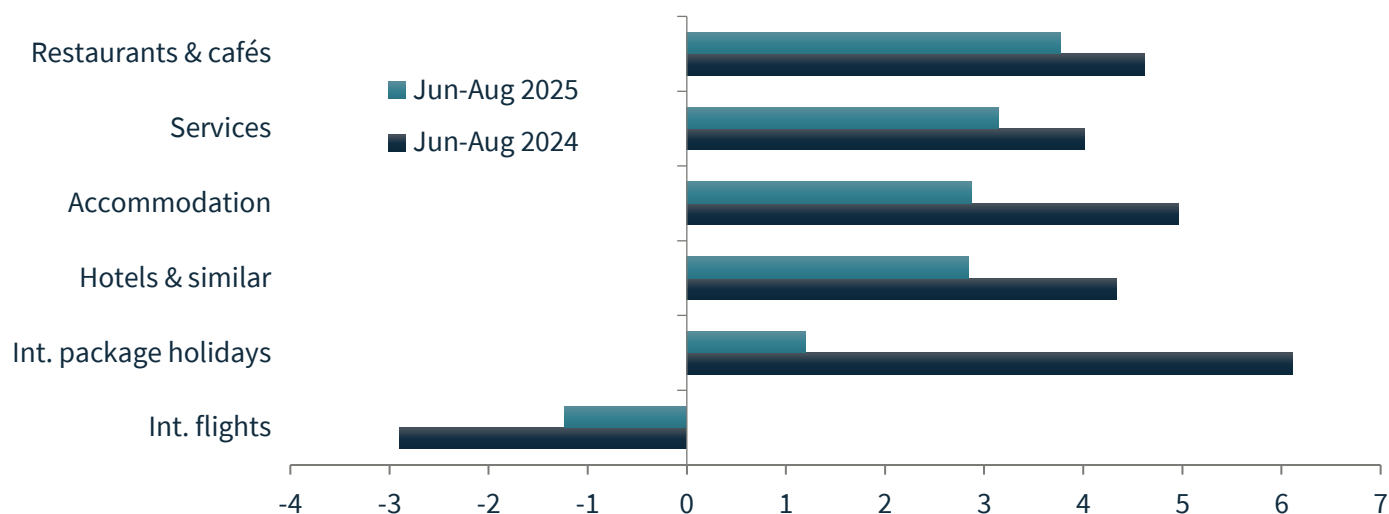
resulted in a significant rise in tourism spending. Like Ireland, Finland also expanded flight capacity to the US as Finnair increased the number and frequency of flights by nearly 50% compared to last summer. Travel performance in the country remained strong, with arrivals up 14.3% and nights up 11.8% on the same time last year.

In contrast, a slow recovery in flight capacity - particularly among low-cost carriers as airlines face higher costs - continued to constrain international travel demand in Germany. In addition to this, comparison with activity during the Euros tournament hosted by Germany in June 2024 caused a subdued start to Q3, leading to a 12.0% decline in arrivals in the same month this year. This decline has lowered year-to-date growth to -1.7% compared to the same time last year.

The summer months saw a shorter average length of stay in Luxembourg, with arrivals now up 3.9% and nights 1.7% higher than during the same period last year. Montenegro also faced a shorter average length of stay among tourists, despite a gradual improvement in nights over July and August. This may indicate a continuation of multi-destination trips, as Montenegro has a variety of transport connections to other areas in the Balkans.

HICP inflation across tourist-related services in the Euro area (%)

% year-on-year



Source: Haver Analytics (Int = international)

Price competition among destinations in response to consumers seeking value and deals has continued during the summer. Price inflation is slowing for most tourism-related services, but prices are still rising and remain significantly higher than pre-pandemic levels.

The price of international package holidays is rising at a slower pace than other tourism-related services on a year-on-year basis over June to August this year. This marks a notable contrast to what was reported during the same months last year. As consumers increasingly seek out value-for-money, it is possible that tour operators were able to negotiate more favourable rates and fees with suppliers, including with airlines and hotels. International airfares continued to decrease on the same period last year. Airlines have likely passed some of the savings incurred from the [lower cost of jet fuel](#) and crude oil compared to 2024 on to consumers.

Summary performance 2025, year to date % change relative to 2019 and 2024

Country	International Arrivals			International Nights		
	% YTD vs. 2019	% YTD vs. 2024	to month	% YTD vs. 2019	YTD % vs. 2024	to month
Austria	3.1%	2.4%	Jan-Aug	0.8%	0.5%	Jan-Aug
Belgium	8.6%	5.8%	Jan-Jun	10.6%	5.4%	Jan-Jun
Bulgaria	5.5%	2.5%	Jan-Aug			
Croatia	1.4%	1.4%	Jan-Sep	1.1%	0.9%	Jan-Sep
Cyprus	10.9%	10.0%	Jan-Aug			
Czechia	-0.7%	4.4%	Jan-Jun	-3.2%	5.9%	Jan-Jun
Denmark				9.4%	-0.2%	Jan-Jul
Estonia	-14.8%	4.4%	Jan-Aug	-14.9%	2.8%	Jan-Aug
Finland	-3.7%	14.3%	Jan-Aug	-2.6%	11.8%	Jan-Aug
France	6.1%	9.7%	Jan-Jul	7.2%	7.9%	Jan-Jul
Germany	-7.6%	-1.7%	Jan-Jul	-7.9%	-2.7%	Jan-Jul
Greece	22.4%	2.6%	Jan-Jul		2.5%	Jan-Jul
Hungary	8.2%	8.9%	Jan-Aug	1.8%	7.0%	Jan-Aug
Iceland	13.4%	3.1%	Jan-Aug		7.9%	Jan-Aug
Ireland Rep		-9.0%	Jan-Aug			
Italy	13.5%	0.3%	Jan-Jul	18.1%	3.8%	Jan-Jul
Latvia	-15.8%	6.6%	Jan-Jul	-21.5%	10.4%	Jan-Jul
Lithuania	-25.1%	0.2%	Jan-Jul	-16.4%	11.3%	Jan-Jul
Luxembourg	12.8%	3.9%	Jan-Jul	9.3%	1.7%	Jan-Jul
Malta	45.0%	12.0%	Jan-Aug	28.4%	10.4%	Jan-Aug
Monaco	-5.0%	1.2%	Jan-Sep	-4.1%	1.3%	Jan-Sep
Montenegro	-0.4%	3.7%	Jan-Aug	0.7%	-3.3%	Jan-Aug
Netherlands	12.5%	6.1%	Jan-Aug	25.3%	5.1%	Jan-Aug
Norway		14.0%	Jan-Aug	27.5%	15.4%	Jan-Aug
Poland	14.9%	13.3%	Jan-Jul	5.1%	10.3%	Jan-Jul
Portugal	20.4%	2.3%	Jan-Aug	15.7%	1.2%	Jan-Aug
Romania	-9.0%	4.5%	Jan-Jul	-3.6%	4.3%	Jan-Jul
Serbia	30.3%	-0.2%	Jan-Aug	55.0%	0.4%	Jan-Aug
Slovakia	-4.3%	7.6%	Jan-Jul	-11.2%	6.5%	Jan-Jul
Slovenia	16.5%	7.7%	Jan-Aug	17.5%	7.6%	Jan-Aug
Spain	14.9%	3.9%	Jan-Aug	9.0%	1.4%	Jan-Aug
Sweden				8.4%	2.5%	Jan-Aug
Switzerland	3.1%	3.6%	Jan-Aug	2.6%	3.3%	Jan-Aug
Türkiye	14.0%	-1.3%	Jan-Aug			

Sources: TourMIS (<http://www.tourmis.info>)

(f) denotes forecast provided by member

Measures used for nights and arrivals vary by country. Available data as of 13.10.2025

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

data/estimate/forecast***	Inbound*					Outbound**				
	2022 d	2023 e	2024 f	2025 f	2026 f	2022 d	2023 e	2024 f	2025 f	2026 f
World	100.5%	36.9%	13.1%	5.6%	8.5%	106.2%	38.5%	13.2%	5.5%	8.6%
Americas	89.2%	27.1%	7.9%	2.4%	5.6%	95.5%	33.4%	9.0%	3.8%	5.2%
North America	78.2%	24.3%	8.4%	-0.7%	4.3%	83.9%	32.5%	8.9%	1.9%	4.7%
Caribbean	51.3%	17.9%	4.9%	2.4%	7.3%	94.1%	19.8%	6.4%	3.4%	6.7%
Central & South America	209.7%	43.4%	8.0%	11.0%	7.9%	172.2%	38.6%	9.6%	11.6%	7.0%
Europe	92.0%	18.7%	7.8%	5.3%	6.8%	100.8%	19.2%	8.0%	4.7%	7.6%
ETC+2	100.9%	18.0%	6.7%	4.2%	6.2%	107.0%	17.9%	7.2%	4.3%	7.0%
EU 27	106.8%	18.5%	6.2%	4.5%	5.7%	109.5%	18.1%	7.1%	4.2%	6.9%
Non-EU	45.0%	19.3%	14.9%	8.6%	10.8%	62.0%	25.6%	12.7%	7.2%	10.9%
Northern	203.0%	18.0%	7.5%	3.4%	4.7%	225.7%	20.6%	7.5%	3.7%	6.1%
Western	93.7%	22.0%	3.8%	1.4%	4.4%	83.2%	15.3%	5.5%	2.7%	7.0%
Southern/Mediterranean	90.0%	16.4%	7.8%	4.6%	5.9%	109.9%	23.5%	10.2%	6.3%	6.8%
Central/Eastern	41.2%	19.2%	13.4%	16.8%	15.2%	56.6%	22.8%	11.6%	7.8%	10.4%
- Central & Baltic	92.3%	16.5%	8.1%	9.0%	10.8%	78.9%	17.1%	9.5%	7.7%	8.8%
Asia & the Pacific	178.1%	173.0%	33.3%	8.0%	13.1%	171.3%	176.4%	34.0%	8.7%	13.5%
North East	20.8%	366.6%	47.6%	12.1%	10.9%	55.2%	354.3%	46.1%	10.6%	15.3%
South East	1216.5%	136.2%	25.2%	3.4%	17.9%	443.8%	115.3%	20.4%	4.8%	11.9%
South	99.6%	36.2%	10.7%	3.8%	5.6%	172.9%	50.3%	20.6%	7.7%	8.1%
Oceania	827.9%	93.1%	16.8%	9.5%	13.5%	786.9%	75.2%	13.1%	7.7%	10.1%
Africa	89.3%	36.9%	17.1%	11.0%	6.8%	98.6%	43.1%	12.8%	11.5%	8.5%
Middle East	157.8%	38.2%	7.7%	2.4%	14.1%	132.3%	26.7%	5.0%	2.2%	8.9%

* 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 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;

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 13.10.2025

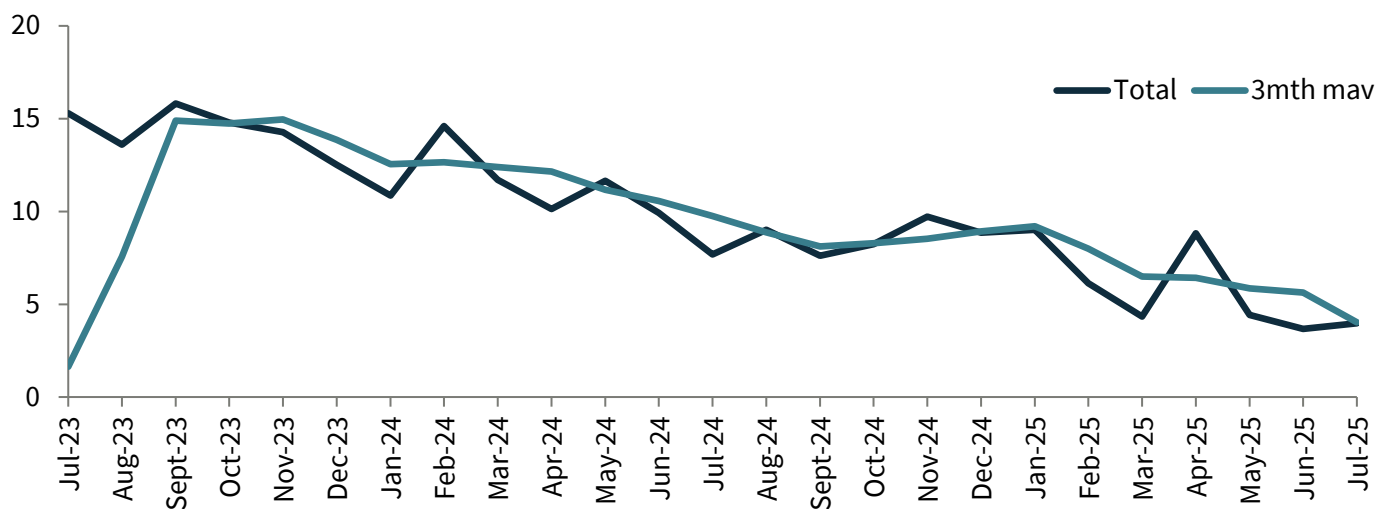
3. Recent industry performance

3.1 Air transport

Growth in European revenue passenger kilometres (RPK) spiked at the beginning of Q2, reaching 8.8% in April compared to the same period in 2024, but this was largely due to the shift in the timing of Easter. Demand decreased in May and June to 4.4% and 3.7% respectively, which is more comparable to earlier months and consistent with a slowing trend. Quarterly average growth of 5.6% in Q2 was down from 6.5% in Q1 2025. The slowdown is evident when compared with the more rapid growth of the recovery from the pandemic but remains otherwise healthy. A slight uptick in growth in July (+4.0% vs. July 2024) signals a positive outlook for the summer season and indicates upward momentum.

International air passenger growth (%), Europe

% change year-on-year, RPK



Source: IATA

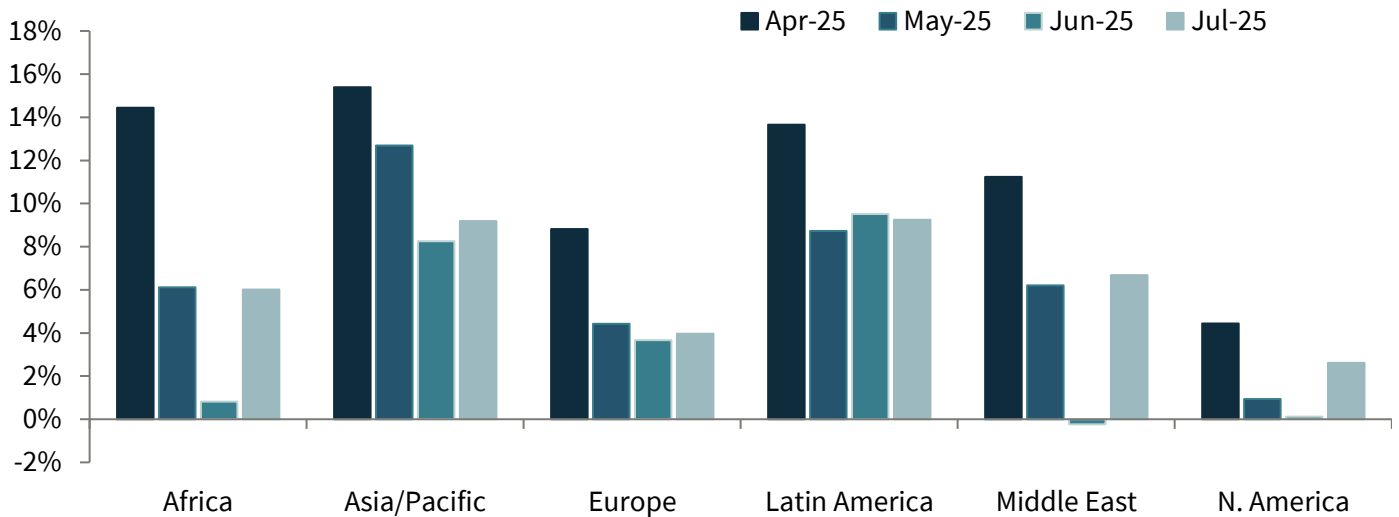
Regional Air Passenger Outlook:

- Regional statistics indicate sustained growth in air passenger demand during Q2 across all regions compared to the same quarter last year. Middle East airlines experienced a one-month decline in RPK in June (-0.2%). This decline does not reflect a decrease in demand, but rather results from [airline cancellations](#) in the region due to an escalation in hostilities, particularly between Israel and Iran, and to a lesser extent, Qatar. These hostilities eased swiftly, fostering optimism for the remaining summer months, with early Q3 data revealing a 6.7% increase in RPK in July for the region. However, the spectre of regional conflict is likely to persist, impacting demand.
- In North America, Q2 has shown modest growth at a rate of 1.8% compared to the same quarter a year ago. Following two months of decline in air passenger travel, Q2 started strongly in April; however, May and June recorded marginal growth rates of 0.9% and 0.1%, respectively. The Easter shift was likely a contributing factor to the pick-up in April, which recorded a 4.4% increase in RPK, inflating growth for the quarter overall. There likely is an underlying weakness in demand for the quarter due to slow growth in the [US domestic market](#), impacted by the economic slowdown experienced in the US in Q2. Nonetheless, Q3 started better than Q2, with a 2.6% RPK growth in July.
- Following the strong start to Q2, Latin America lost some momentum with slower growth in passenger demand in May to July at rates of 8.7%, 9.5%, and 9.2% respectively compared to 13.7% seen in April. Despite this, growth seen in Q2 was higher than Q1, rising to 10.6% from 9.1%. Driven by high demand, airlines are continuing to increase capacity, with growing demand emerging from North America.

- Asia/Pacific sustained RPK growth in 2025 with the highest Q2 increase across all regions at 12.1%. Growth commenced robustly at 15.4% in April but moderated in May and June to 12.7% and 8.3%, respectively, with a slight uptick in July to 9.2%.
- Demand in Europe continued to soften despite the 8.8% uplift in April, with slower growth in the rest of Q2 resulting in lower quarterly growth of 5.6% compared to 6.5% in Q1.

International monthly air passenger growth (% change)

% change vs. 2024, RPK



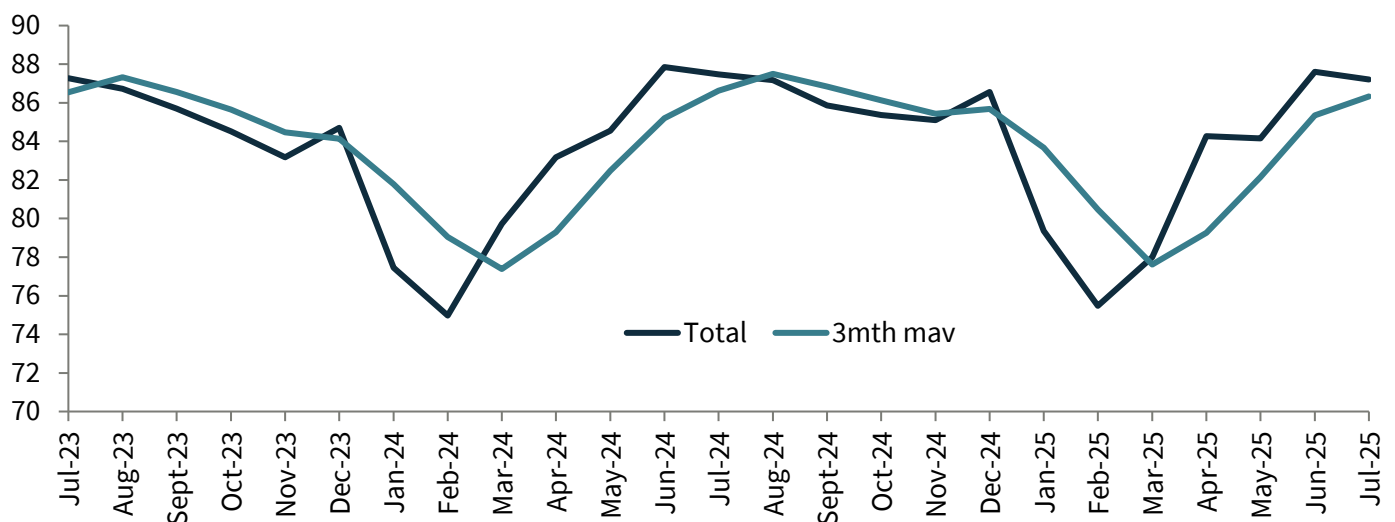
Source: IATA

European international passenger load factor in 2025-to-date compares favourably with 2024, with European airlines filling 82.7% of seats. Despite increased seat capacity, load factors have risen through summer as Europe's peak travel season began with new supply broadly matching demand. The region enjoyed a smooth summer for air travel, with fewer flight delays and improved arrival punctuality boosting flight capacity.

Approaching the winter season, we may witness a decrease in capacity utilisation due to low-cost airlines like [Ryanair and Wizz Air](#) expanding their regional capacity and offering more seats. Demand is expected to stay strong, however, and there is also potential for the new capacity to stimulate some additional demand if serving new routes, especially when offered at favourable fares.

International passenger load factor, Europe

% load factor



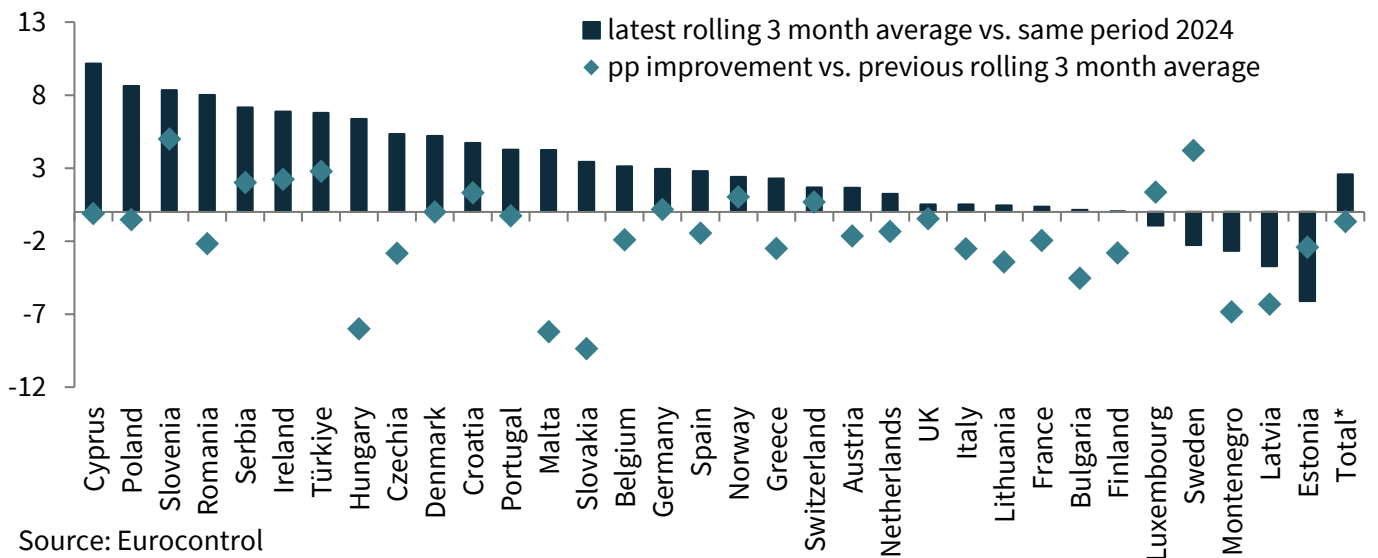
Source: IATA

Based on the latest data from Eurocontrol, European flight volumes increased by 2.6% from June to August 2025, compared to the same period in 2024. Among the 33 reporting destinations, 17 of these have reported stronger growth in flight volumes than the regional average over the last three months.

- Hungary maintained strong performance with 6.4% growth over the latest 3-month period compared to a year ago. The increased capacity infrastructure at [Budapest Airport](#) is driving this performance, with expectations for further expansion as the airport sets new air traffic records. However, Hungary also saw a notable slowdown in the growth rate as it was 8.0pp slower than in the previous three-month rolling average.
- Slovakia experienced the largest slowdown (-9.4pp). Despite this sizeable slowdown, the latest 3-month data recorded 3.4% growth compared to the same 3-month period in 2024. Ryanair’s large investment in Bratislava’s airport boosted capacity by launching new routes, aiding the growth in air traffic.
- Slovenia claims top spot for fastest percentage point increase (5.0pp) across the 33 reporting destinations. Latest statistics show that air traffic increased by 8.4% in the last 3 months compared to the same period in 2024, attributed to charter flights operating from [Ljubljana Airport](#) introduced for the summer travel season.
- Air traffic performance in Sweden continues to underperform in 2025 compared to 2024. The latest 3-month period was 2.3% below the same period in 2024. But there are signs for optimism as the country recorded the second largest percentage point increase (4.3pp) compared to the previous three months, with a notable improvement on some routes in the summer months. Furthermore, the Swedish government has made a recent announcement abolishing air passenger taxes, with various airlines welcoming the decision and planning to [increase service into Swedish airports](#) as a result.
- Cyprus exhibited the highest growth rate compared to 2024, with the latest 3-month period showing a 10.2% increase over the same period last year. Growth has remained stable, with a change of less than 1.0 percentage point in the most recent 3 months compared to the previous period. Tourism has boomed in 2025, led by visitors from the United Kingdom, prompting [British Airways and EasyJet](#) to expand their routes to and from the country.
- Poland was the second fastest growing country compared to 2024, with an 8.6% increase in air traffic. The country’s growth is stable in 2025, showing less than a 1 percentage point change compared to the latest 3-month data.

European air traffic by country, total flights arriving and departing

% change vs. 2024, no. flights



Source: Eurocontrol

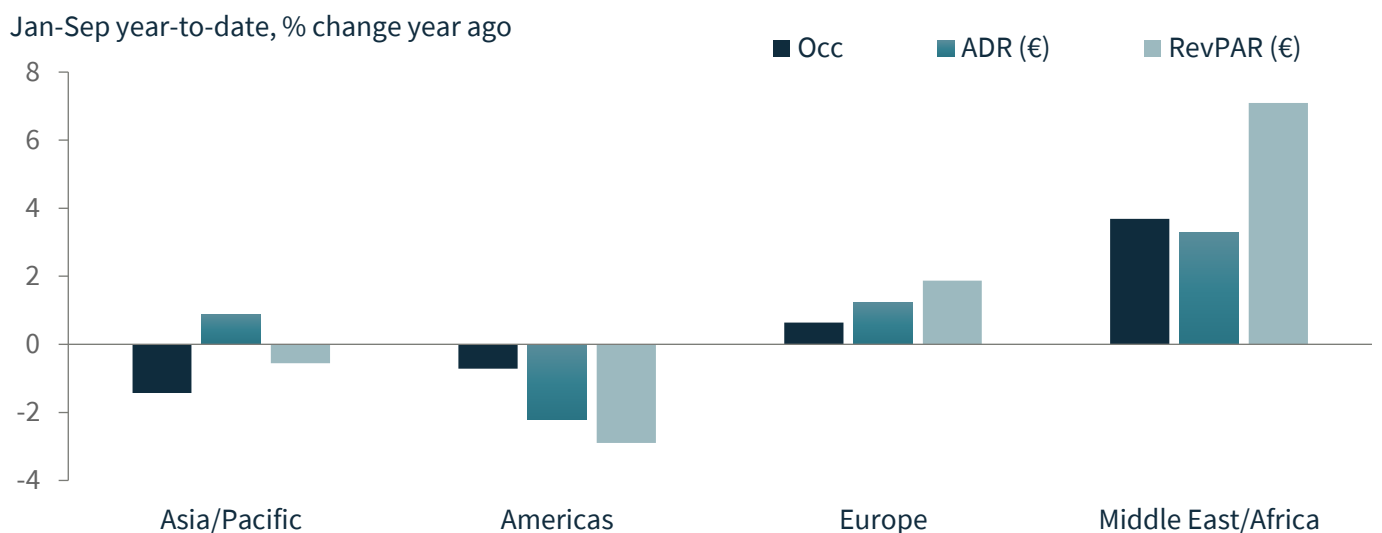
3.2 Accommodation

Global hotel performance across all metrics for the year-to-date has slowed, mainly due to a substantial decrease in ADR across all regions. Despite a softer outcome up to September, occupancy rates, ADR and RevPAR are all higher than the same time last year in Europe and the Middle East. Meanwhile, RevPAR has declined for Asia/Pacific and the Americas.

Global Outlook:

- Hotel performance in Asia/Pacific has continued to decline, with RevPAR now 0.6% lower than last year, contrasting sharply with the positive growth reported earlier in 2025. The decrease in RevPAR is due to persistently low occupancy rates (-1.7%) and a slow rise in ADR (0.9%) compared to last year. Addressing the lack of sufficient [luxury hotel](#) supply in this market could offer a growth opportunity for rates next year, if [supply constraints](#) due to rising construction costs alleviate.
- The Americas still report a lower occupancy rate than last year, now down by 0.7%. Hoteliers' pricing power weakened from July to September, with ADR decreasing by 2.2% year-on-year. The decline in the Americas largely stems from reduced demand for travel to the US based on negative sentiment around tariffs and geopolitics. This situation is anticipated to worsen during the rest of the year, as year-over-year changes are projected to become more significant due to the absence of [presidential election-related events](#).
- Europe's RevPAR growth has slowed to 1.9% year-on-year from 3.9% in the previous quarter. This decline is attributed to lower occupancy and a drop in ADR growth. Hotel developments in the UK and Germany have continued to decrease. Moreover, hoteliers have adopted a moderated rate-setting strategy to maintain bookings, leading to reduced ADR and RevPAR for the region.
- Hotels in the Middle East/Africa have reported slower growth in year-to-date ADR, up 3.3%, a deceleration from the 6.4% reported last quarter. This indicates a slight loss of pricing power since May, yet RevPAR continues to [outpace all other regions](#) driven by a steady growth in occupancy.

Global hotel performance



Source: STR

Short-term rentals

Short-term rental supply growth in Europe appears to have slowed down quite considerably over the past 12 months. With approximately 5.43 million short-term rental units as of August 2025², year-over-year (YOY) supply increased by a mere 1.2%. While this is marginally stronger than the 0.9% YOY growth experienced in July, these low single-digit percentage rates are a far cry from the consistent 10-18% YOY expansion Europe experienced from February 2023 to October 2024.

The slowing growth of supply of studio and 1-bedroom short-term rental units is not as extreme as that of overall supply. The 2.90 million studio and 1-bedroom short-term rental units in Europe as of August 2025 represents a 7.7% YOY growth. This marks a notable slowdown - from April 2023 until as recently as May 2025, the aggregation of studio and 1-bedroom units grew at an average of 12.8% year-on-year.

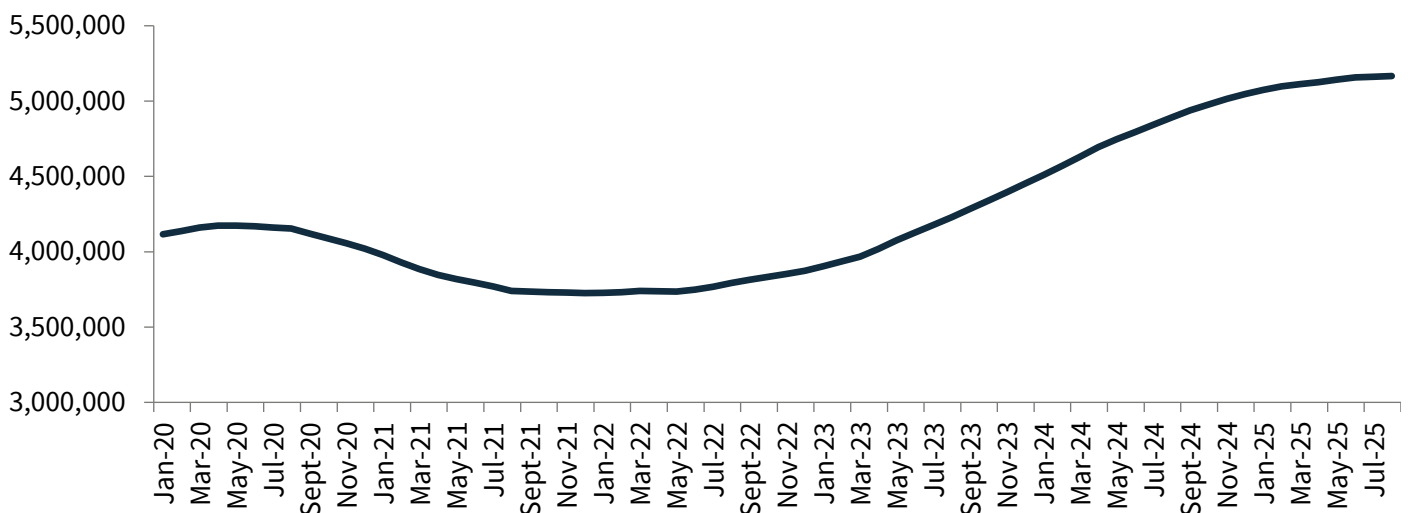
Short-term rental distribution strategies appear to vary across destinations. To assess the variance of distribution across markets, analytics were conducted using a destination's 'listing multiple' (the average number of online platforms on which an individual short-term rental unit is simultaneously listed). Higher values indicate broader multi-platform distribution and potential for wider market exposure.

Among the ten largest European short-term rental markets by supply in August 2025, Paris, the largest, had a listing multiple of 1.29. Conversely, resort-driven markets like Marbella, Crete, and Istria had listing multiples of 1.75, 1.78, and 2.06 respectively.

Several factors driving the differences between listing multiples were identified. In some destinations, short-term rentals need to market themselves more broadly to stand out among the wide spectrum of accommodation options. In coastal resort markets - like Marbella and Crete - hotel options frequently feature diverse resort-style amenity offerings. For short-term rentals to stand out, owners feel the need to promote themselves more heavily across multiple platforms. Moreover, resort-heavy leisure markets tend to have higher listing multiples because they are more seasonal in nature and need to generate a larger share of their annual revenue in a shorter period of time. Conversely, for a market like Paris with year-round demand, short-term rental owners appear to be more content with fewer listing sites.

European long-term supply trend (TTM)

Number of units in supply



Source: Lighthouse

² Short-term rental supply based on [Lighthouse data and methodology as of October 2025](#); includes short-term rentals that were available for booking by month

4. Key themes

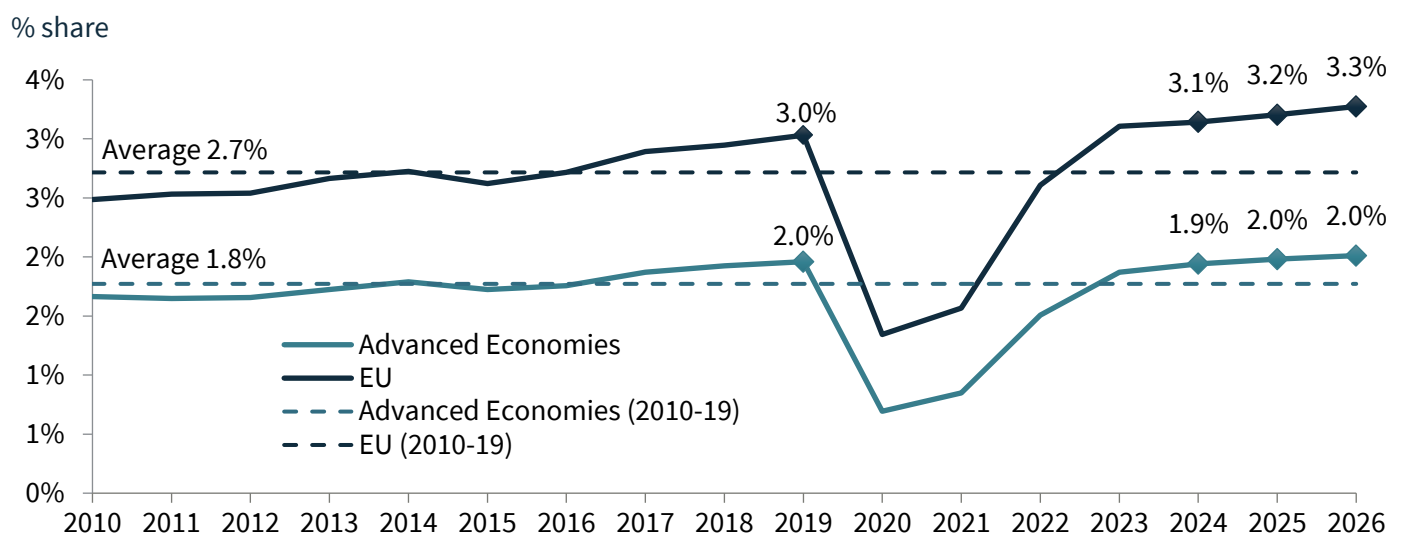
Summary

- European travel demand remains resilient, with consumers prioritising travel through 2025 and 2026. Europe's travel expenditure is projected to represent 3.1% of total consumer spending, surpassing its share reported both last year and the average over 2010-19.
- Latest results from Tourism Economics' Travel Trends consumer survey highlighted that over half of travellers among several significant source markets for Europe plan to stick to the same months for their international trips over the next two years, while others are expected to adapt their schedules.
- As travel preferences evolve, consumers seek value and flexibility. Many plan trips in quieter months to avoid crowds, save money, and, for some, escape extreme weather. The rise of AI tools shapes how travellers decide, providing insights into less crowded destinations and money-saving opportunities.
- Value-seeking among consumers is having a mixed impact on tourism spending in the lead up and during the summer among destinations in Europe. Tourism spending in Türkiye struggled in recent months as European tourists faced higher prices due to rising inflation and a more unfavourable exchange rate against the Turkish Lira.
- Destinations experiencing more subdued growth in recent months align with concerns from 23% of respondents of the latest Travel Industry monitor survey regarding tourists spending less per day, with a higher share of respondents from Europe indicating it as a key challenge for the industry.
- The balance of risks remains skewed to the downside, with further potential for the US tariff policy to cause greater uncertainty, higher inflation, and constrain consumer spending.

4.1 Special focus: Evolving travel trends through this year and into 2026

European travel demand has remained strong this year, with more countries fully recovering from losses incurred during the global pandemic. Despite a squeeze in household finances due to higher living costs in recent years, consumers continue to spend on travel. International travel spending in Europe accounted for a higher share of total consumer spending in 2024, standing at 3.1%, both ahead of where they were prior to the pandemic in 2019 (3.0%) and ahead of the average over 2010-19 period (2.7%). Tourism Economics projects a further rise to 3.2% in 2025 and to 3.3% in 2026, remaining ahead of the outlook among Advanced Economies as a whole.

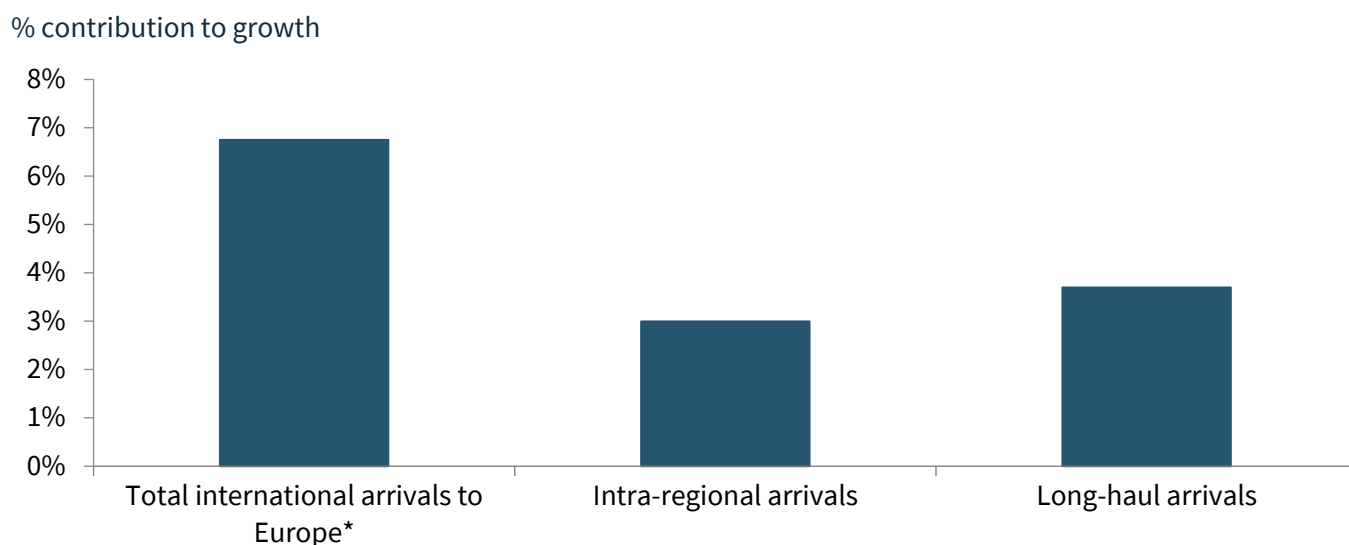
International leisure travel spend as a share of consumer spending (%)



Sources: Oxford Economics

As consumers continue to allocate an increasing share of the amount they spend on travel, Europe is expected to see a 6.8% rise in international arrivals in 2026 based on the latest forecasts from Tourism Economics. Although arrivals from Europe (intra-regional) make up the largest share of total inbound arrivals, long-haul source markets are expected to make a larger contribution to year-on-year growth. A key reason behind this is the continued return of travellers from source markets such as in Asia/Pacific that have not yet recovered to pre-pandemic levels.

International arrivals to Europe in 2026 (% relative to 2025)

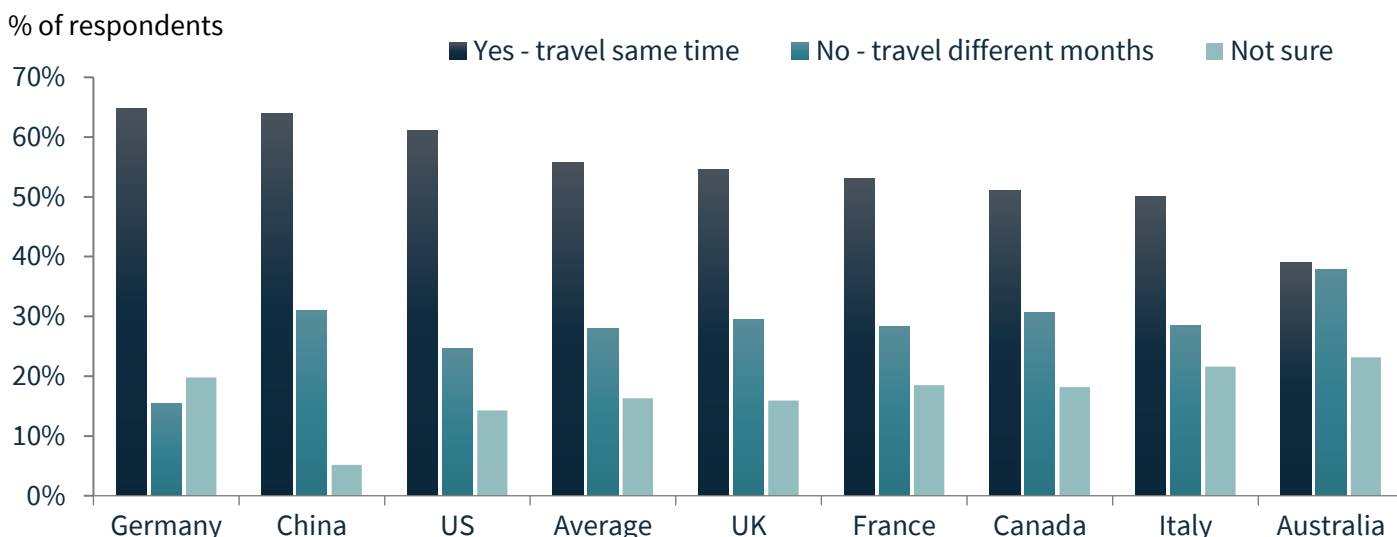


Sources: Tourism Economics *reflects year-on-year growth

These figures highlight a continued appetite to spend on travel. However, economic conditions are influencing shifts in consumer trends and preferences regarding **when** and **where** to travel. Results from Tourism Economics' latest Travel Trends Survey (September 2025) confirmed a continuation of existing trends and highlighted evolving ones based on consumer views among key travel markets: Canada, the US, France, Germany, Italy, the UK, Australia, and China. These markets are significant for Europe as they accounted for 28% of total overnight arrivals to the region in 2024 and contributed to 45% of total international tourism spending. In fact, these markets represented an even larger proportion of both arrivals (33%) and spending (52%) in Western Europe.

Focusing on the **when**, responses from these markets indicate some level of flexibility in travel timing. Among respondents expecting to travel over the next two years, more than half (56%) plan to take an overnight international trip at the same time compared to previous trips, whereas just over a quarter (28%) are opting to travel during different months.

Preferences on when to undertake international travel over the next two years (%)



Source: Tourism Economics' Travel Trends Survey Q3 2025/Vitreous World

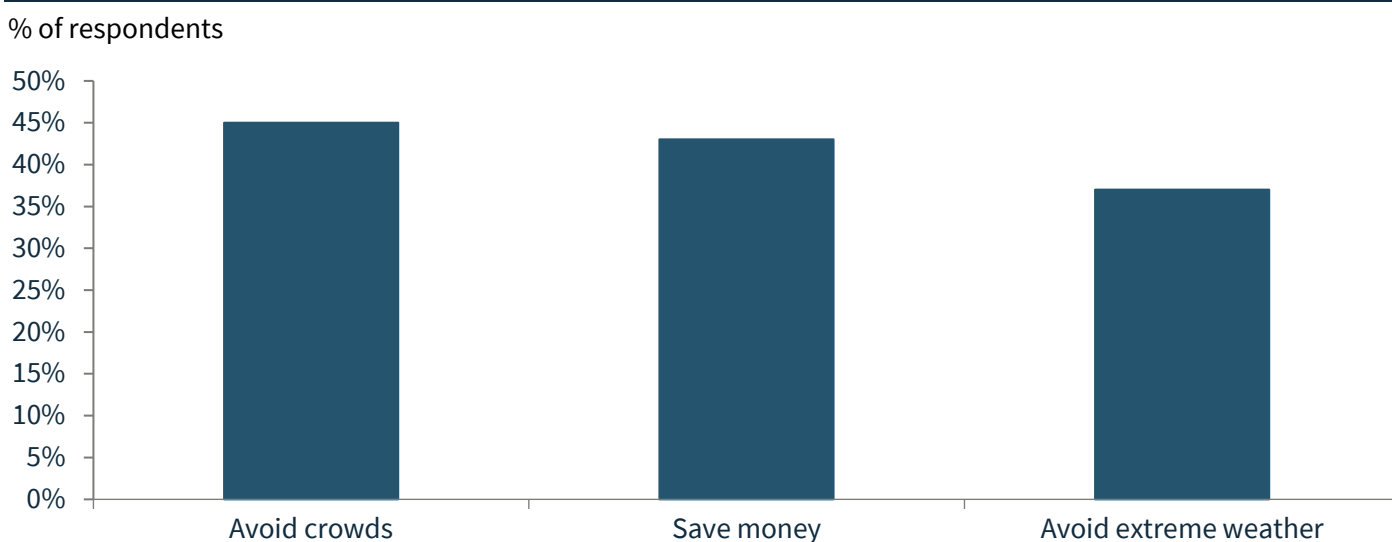
Consumers in Germany (65%), China (64%), and the US (61%) show clearer preferences, with a significantly larger percentage planning to travel within the same month over the next two years. In contrast, Australian’s preferences are evenly split when anticipating the timing of international trips in the next few years.

Australia is a long-haul source market to Europe and as such, airfare costs are an important factor to consider when deciding where and when to travel. However, the distance is not the sole reason since this trend was not apparent among consumers from the US, China, and Canada. A key difference with Australia is its contrasting climate to Europe. Southern Hemisphere location, with winter falling in Australia during the European summer, makes Europe consistently attractive to visit during June-August.

Key reasons for travelling in different months are highlighted by the research and include avoiding crowds, saving money, extreme weather, and personal/work circumstance such as adjusting timing for family needs and annual leave/school and public holidays.

Saving money (43%) ranked among the top reasons for wanting to travel in different months in almost all outbound markets, closely behind avoiding crowds (45%) and ahead of avoiding extreme weather (37%). The strong agreement behind the motivation to save money is unsurprising as many studies and surveys - including those by the [European Travel Commission](#) (intra-regional and long-haul travel barometers) and [Mastercard](#) - have indicated an increasing level of value-seeking behaviour among consumers regarding travel. Insights from the Tourism Economics’ Travel Industry Monitor Survey noted that 47% of those surveyed who used AI chatbot and/or virtual assistants to help plan or book their last international trip found its ability to find deals and money saving offers influential in their decision. These results underscore that this trend is expected to continue in 2026 and potentially beyond in key source markets for European tourism demand.

Top reasons behind preferences on when to undertake international travel (%)



Source: Tourism Economics Travel Trends Survey/Vitreous World

Splitting out the global responses above, saving money is a largest motivation behind UK and German travellers choosing to travel in different months for their next international trip, ahead of the global average. This has likely become a higher priority for those in Germany through 2025, in response to the economic backdrop and uncertainty caused by higher US tariffs. A significant number of German industries rely on US trade, therefore a higher share of households may potentially be affected by a shift in demand.

Among the same respondents, crowding is among the least important reasons when considering alternative times to travel, with 32% of German respondents and 37% of UK travellers citing it, both below the average across global responses (45.0%). This suggests that, for them, the importance of saving money outweighs alternative reasons such as avoiding crowds and extreme weather. Traditional destination choices for these source markets, such as Spain, Portugal, Greece and Italy, are still likely to remain popular if they offer favourable deals.

Meanwhile, Chinese travellers stood out with saving money as the lowest motivation for travelling in different months. This implies they currently have slightly less price sensitivity when deciding on when to visit destinations.

This is consistent with findings from the latest [ETC long-haul travel barometer](#), which indicated a strong desire among Chinese consumers to visit and spend money in Europe.

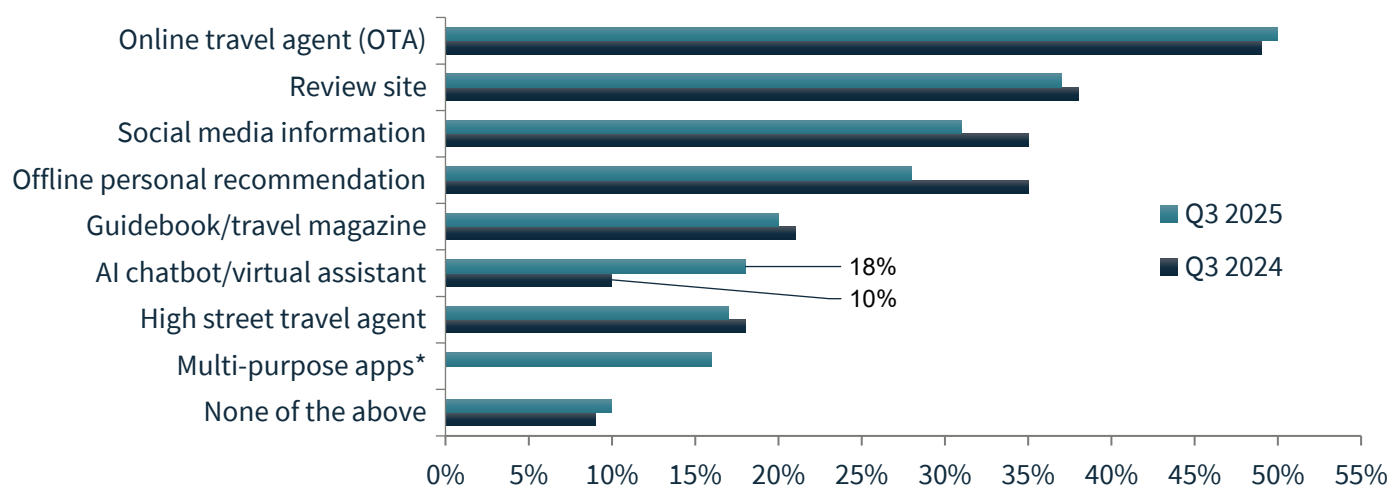
Among the studied markets, avoiding extreme weather is the third most important reason behind choosing alternative months to travel. Deciding not to travel in peak season can both save money and could give travellers peace of mind, knowing their trip is less likely to be impacted by peak temperatures or extreme weather conditions.

These trends and preferences are influencing **where** consumers plan to travel in the next few years. Increased use of AI virtual assistants and chatbots such as ChatGPT, Google Gemini, and Deepseek - which is heavily utilised by Chinese travellers - has the potential to support consumers in matching their preferences with destination choices and travel timing.

The latest Travel Trends Survey confirmed that online travel agents (OTA's) such as Booking.com and Expedia, remain the most used when consumers plan and book international trips, with 50% relying on these digital platforms. However, the use of AI chatbots and virtual assistants is increasing as 18% of travellers used them for their last trip, up from 10% in last year's survey. OTA's are increasingly embedding AI-powered tools into their own platforms, which likely implies that virtual assistant and chatbot usage is even higher than the 18% reported in this survey.

Tools that were used in planning or researching consumers last trip (%)

% of respondents using each tool when planning or researching trip



Source: Tourism Economics' Travel Trends Survey/Vitreous World

*new option in the 2025 survey

The country breakdown of the 2025 survey results reveals that US and, more so, Chinese consumers demonstrated above average use of AI tools, at 27% and 40%, respectively. In addition, the results show that usage among Gen-Z and Millennials (26%) is significantly higher than among Gen-X and Boomers (8%). This indicates that the benefits AI can bring to destinations will vary depending on the target demographics.

Overall, this may impact European travel demand over the next few years. Survey data from the Travel Industry Monitor suggests that 30% of respondents expect that an increased use of AI tools for travel planning/booking will result in an increase in travel spend. This would come about through consumers being more informed, such as on special offers and deals, and could lead to more spending on activities or perhaps a longer stay. But the extent of this potential uplift varies based on the typical demographics that a destination attracts, as the current adoption of AI tools differs significantly across generations.

AI could also support strategies for destination marketing authorities by better tailoring marketing efforts to attract tourists outside their peak demand months. This could be especially effective if their target demographics are younger.

It is important to note that travel preferences and behaviours only hint at future trends. If economic conditions become more volatile, consumer confidence might suffer, leading to greater emphasis on saving or seeking increased value.

4.2 The value of European tourism

The latest estimate for 2025 suggests that tourists are expected to spend 9.9% more across Europe than they did in 2024, with spending growth expected to exceed arrivals, suggesting an increase in the average spending per visit.

Inbound travel spending data confirmed a year-on-year boost in tourism spending for most selected European destinations in April due to the Easter calendar shift. Exceptions were Belgium (-18.5%) and Serbia (-15.0%), both reporting a decline in April. June marked a turning point for Belgium, with the country reporting its first annual rise in spending this year, offsetting some earlier decline with year-to-date growth now down just 3.1% from last year. Despite more international tourists in the summer, hotels in the capital noted reduced spending on food and beverages compared to last year.

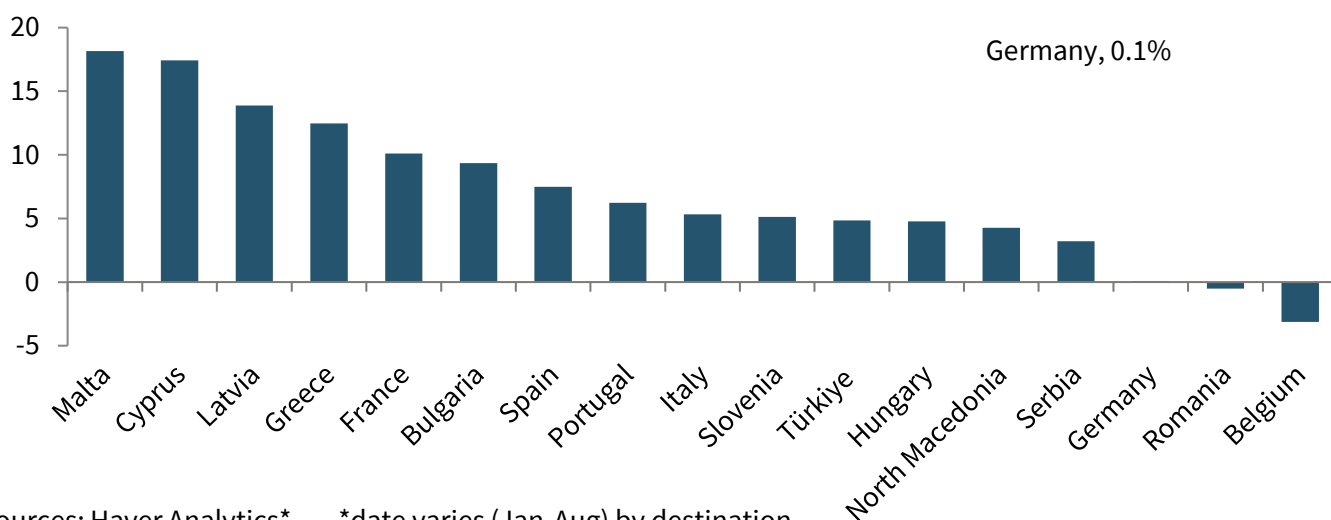
Hungary's performance has significantly improved compared to the previous quarter year-to-date. Following a 20.3% decline in Q1, travel expenditure between April and July consistently showed double-digit growth compared to the same period in 2024, averaging 4.8% year-to-date. The tourism sector has benefited from increased value-seeking behaviour due to [affordability](#).

Tourism spending in Greece increased significantly from April and continued to rise at a solid pace into the summer, up 15.0% year-on-year in July, partly due to higher expenditure among [German, French, and Italian tourists](#). Although tourism spending continues to outpace arrivals, it is important to note that this includes spending associated with day trips and cruise ship arrivals. In contrast, Spain reported slightly weaker spending from [German tourists](#) and other source markets, partially offset by British tourists.

Elsewhere in Southern & Mediterranean Europe, Cyprus reported a marked slowdown in travel spending in June and July. However, a strong outturn in the first five months of this year continues to support the robust year-to-date performance relative to some other European destinations. Türkiye had a suboptimal start to the summer, with tourism spending down 2.2% year-on-year. However, year-to-date tourism spending still remains 4.9% higher than the same period last year. Any spending growth is despite reduced tourism demand, because of [rising prices and with fewer arrivals from the US heading into the summer](#).

Inbound travel spend in selected European destinations (% change vs. 2024)

2025 year-to-date*, % change relative to 2024 levels



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

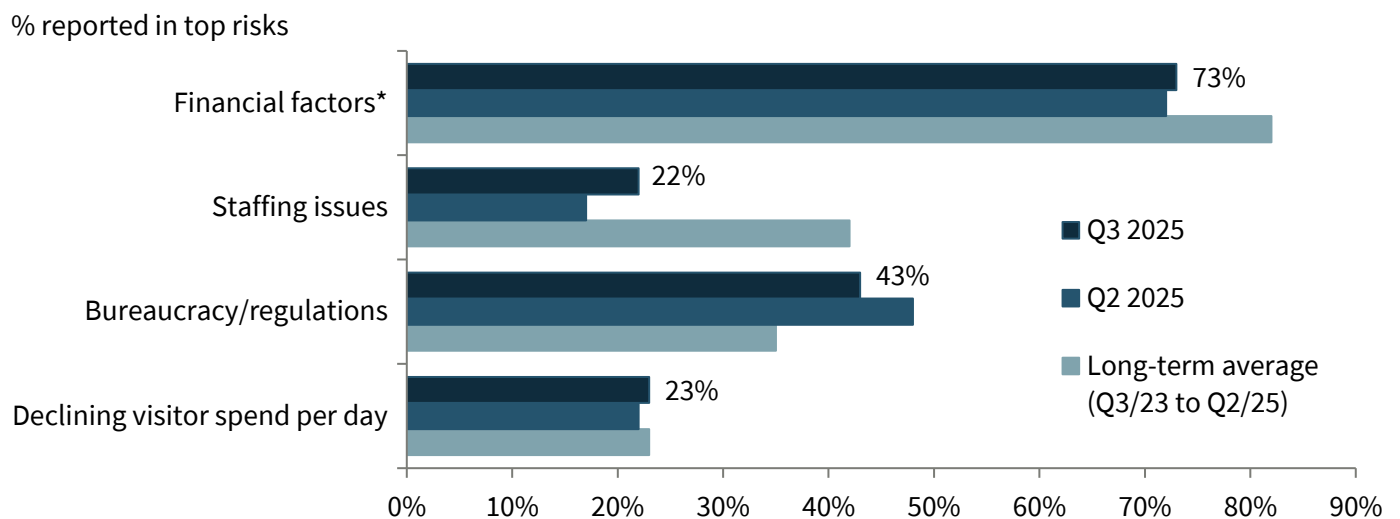
4.3 Risks

Tourism Economics' Tourism Industry Monitor (TIM) survey assesses industry professionals' global evaluation of tourism's overall health, opportunities, and challenges.

Financial factors, including accommodation, business costs, and flight expenses, remain the primary challenge among Q3/2025 Travel Industry Monitor survey respondents. Despite a marginal pick-up to 73%, it is still slightly below the long-term average from Q2/2023 to Q2/2025. This trend is also evident in European responses alone. Staffing issues pose a greater challenge for European tourism stakeholders compared to the global average, while bureaucracy/regulations present the opposite scenario once more.

As of the latest survey, 23% of global responses identified the challenge of tourists spending less per day. This is comparable to the European responses, but more industry professionals now face this challenge compared to last quarter and over the long-term. This could suggest that destinations are experiencing or anticipating the impact of consumers becoming more budget-focused and value-conscious while on holidays. However, to date, any savings on spending per day have been offset by some longer stays.

Global tourism challenges facing the industry in 2025



*Aggregates responses for 'cost of accommodation', 'increasing costs of business' and 'cost of flights'

Source: Tourism Economics

The risks to the consumer backdrop remained skewed to the downside, and Oxford Economics' latest global risk survey (September 2025) shows that businesses continue to observe the greatest downside risks stemming from US trade policy. Alternative forecasts have highlighted that a further increase in tariffs could raise pricing pressures across the economy, lifting the inflation rate above baseline expectations over the next three years. This would come at a time when households are starting to feel the benefits of lower inflation and interest rates, and may accelerate the value-seeking behaviour already apparent for much of the tourism industry.

5. European travel sentiment tracker

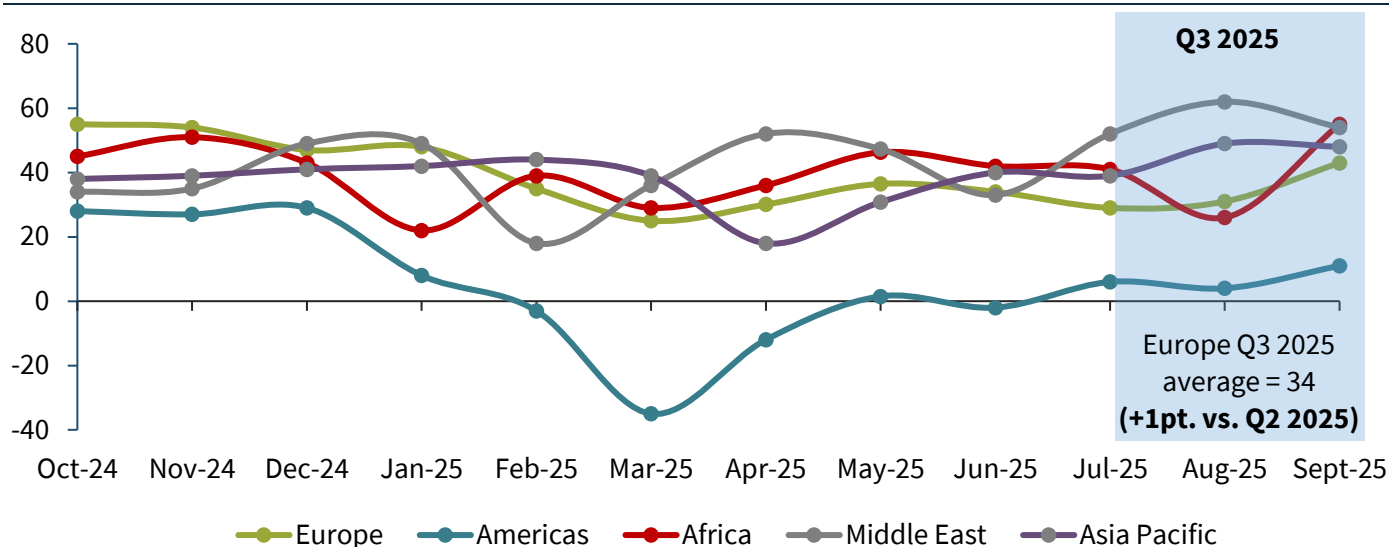
E-Reputation trends on travel in Europe

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.

The polarity of online conversations on European travel held an average of 34 points (+1 pts. vs. Q2 2025). Starting already from June, stories on climate-change, environmental pressures, and strained resident sentiment towards tourism brought forth adverse reactions online. July saw these themes further intensify as visitation increased across several key European destinations. Positive online narratives took on a greater role in August and September, albeit amidst environmental and security incidents. In the third quarter of 2025, Europe fell from third to fourth place in terms of online travel sentiment, standing only above the Americas, and trailing behind Asia Pacific, Africa, and the Middle East. The Middle East continues to lead for a second consecutive quarter, boasting excellent feedback on the extent and quality of its offer.

Net sentiment score per world region, P12M



Source: MMGY TCI Research

Europe's architectural and historical heritage took centre stage once again in positive online stories, as travellers praised the continent's blend of scenic beauty, cultural legacy, and artistic expression. In June, visitors were drawn to the fairytale-like canals of **Ghent** and the magical atmosphere of **Mont Saint-Michel**, described in online conversations as living storybooks that transport visitors into Europe's medieval past. Spain's Catalonia region also stood out for its stunning modernist landmarks, particularly the **Palau de la Música Catalana**, celebrated online for its kaleidoscopic stained glass and intricate mosaics. Moving into July, Italy's **Art Nouveau Week** generated wide engagement for giving travellers access to hidden gems like **Villa Pottino** in Palermo and **Villa Magrini** in Cesenatico. Further north, posts praised the grandeur of Budapest's **Chain Bridge** and the sunset-lit domes of **St. Stephen's Basilica**, while others admired the misty castles of Scotland and the medieval beauty of **Èze** on the French Riviera.

Europe's strong culture around green and sustainable public initiatives was another key theme. Travellers expressed admiration for the deeply rooted cycling culture and integrated public transport systems, noting how rare it is to find such efficient and eco-friendly infrastructure elsewhere in the world. Switzerland's seamless network of trams, boats, and funiculars was also spotlighted, while others praised **Oslo's** bottle-recycling refund machines as a small yet inspiring example of a well-thought sustainable practice. Alongside the appreciation of these green initiatives, conversations on accessibility also came through — an area in which Europe has tended to obtain more criticism than praise due to its longstanding historical infrastructure in cities. In particular, **Vienna's** recognition as the 2025 [Access City Award](#) winner sparked discussions about inclusive tourism as a core part of the travel experience.

As summer faded into autumn, online conversations shifted towards slower and more introspective forms of travel. Visitors shared experiences of alpine retreats in Austria, scenic road trips through Norway and Ireland, and rejuvenating nature-based getaways in Switzerland. Finally, a smaller yet meaningful theme focused on immersive cultural experiences — from joining community runs in **London** to learning traditional grooming rituals in **Istanbul**. These personal encounters were praised for transforming travel into a deeper cultural exchange, leaving travellers with lasting emotional connections.

Environmental and climate-related concerns dominated negative online conversations across the summer months. Stories on the eruption of **Mount Etna** in June, which forced closures and filled social feeds with videos of ash clouds and evacuations, were followed by widespread reports of heatwaves and wildfires across southern Europe. Online content described temperatures soaring past 40°C in Greece, Cyprus, and Spain, leading to site closures such as the **Acropolis** during peak hours. Beach closures in southeastern Spain due to venomous sea slugs and plastic waste incidents also underscored growing environmental strain in popular seaside destinations.

A second major theme revolved around negative sentiment towards tourism from residents. Starting in June and continuing into July, online content showed residents in **Barcelona** and other southern European cities demonstrating against overtourism, rising costs, and the strain on local infrastructure. The movement spread to other regions, including the **Canary Islands, Mallorca, and Madrid**, where citizens expressed frustration over consequences of mass tourism in local hotspots.

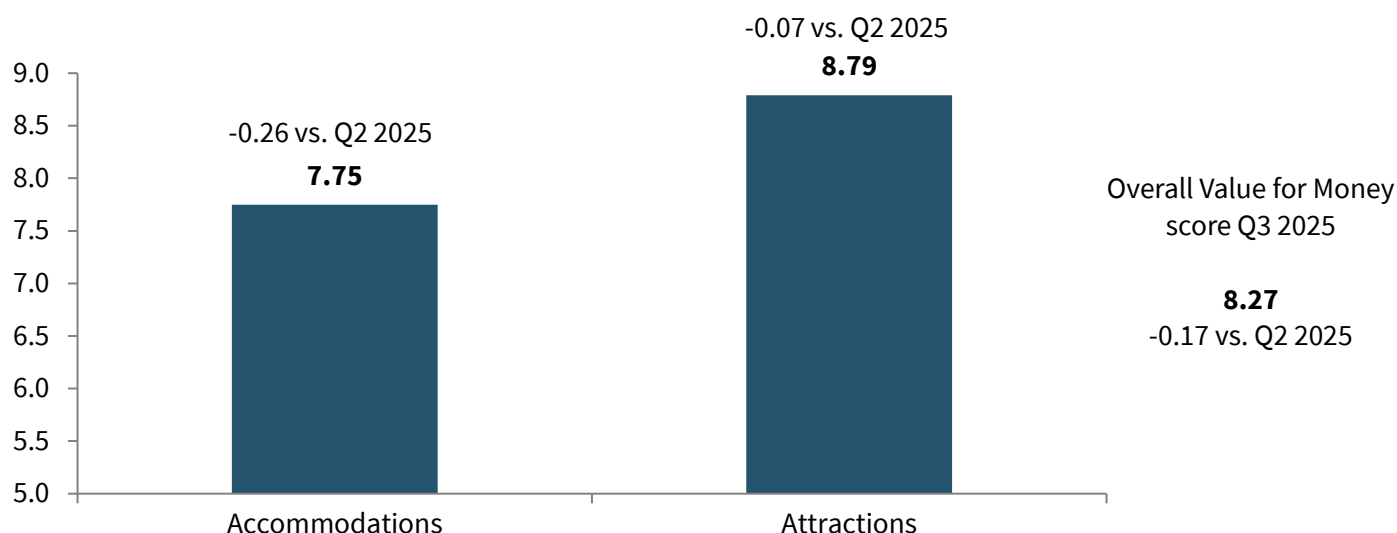
Finally, online stories in September highlighted security issues that impacted the perceptions of safety in Europe. A cyberattack disrupted operations at major airports across **London, Brussels, Berlin, and Dublin**, grounding flights and prompting widespread discussions about the vulnerability of aviation systems. Meanwhile, a series of drone incursions over the Danish airspace led to temporary closures of **Copenhagen, Aalborg, and Billund** airports, generating concerns around the future geo-political stability of Europe.

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 for European Accommodations and Attractions declined further in Q3 2025, reaching 8.27 — down 0.17 points from the previous quarter. Accommodations saw the sharpest drop, falling to 7.75 (-0.26 pts.), while Attractions experienced a smaller dip to 8.79 (-0.07 pts.).

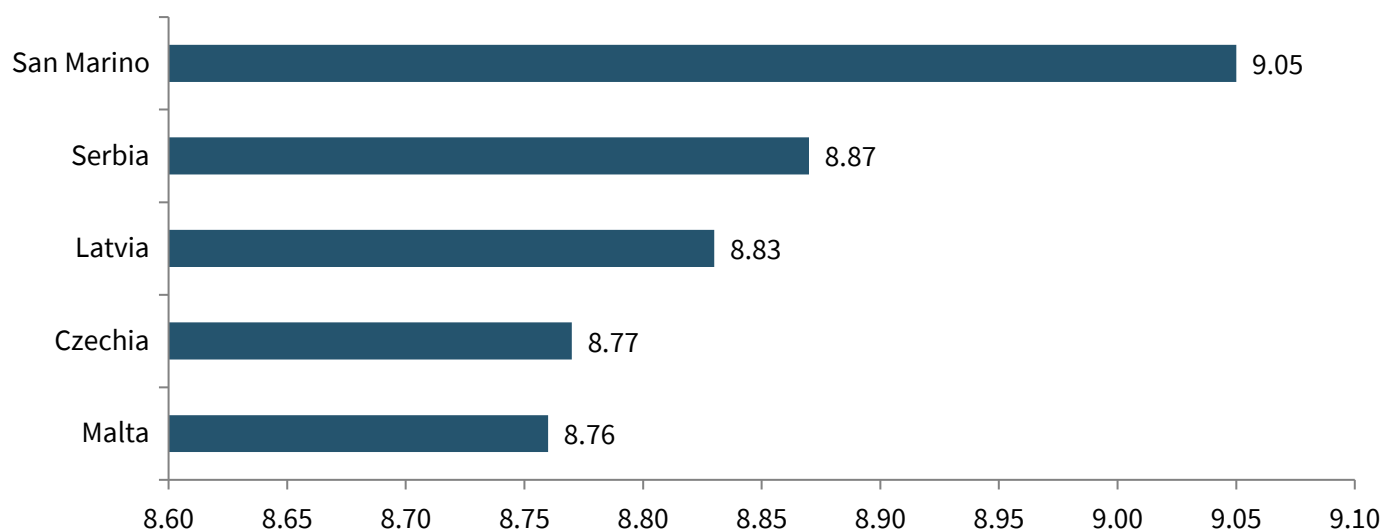
Value for money sentiment scores per vertical



Source: MMGY TCI Research

San Marino, Serbia, Latvia, Czechia, and Malta led the rankings for Value for Money in guest reviews. What these destinations share—particularly during the high summer season—is a strong balance between affordability and quality service, offering an attractive alternative to Europe’s more crowded hotspots. In Serbia, for example, several accommodations in Belgrade achieved near-perfect Value for Money scores above 9.5, supported by equally high ratings for service, cleanliness, facilities, and location—key elements reinforcing guests’ perception of exceptional quality at a reasonable price. In Czechia, highly positive mentions often stemmed from destinations beyond Prague, such as South Moravia and South Bohemia, where travellers can enjoy authentic and memorable experiences at lower costs. This underlines the value of promoting lesser-known destinations that deliver both quality and affordability.

Destinations receiving the highest sentiment scores on the topic of value for money during Q3 2025



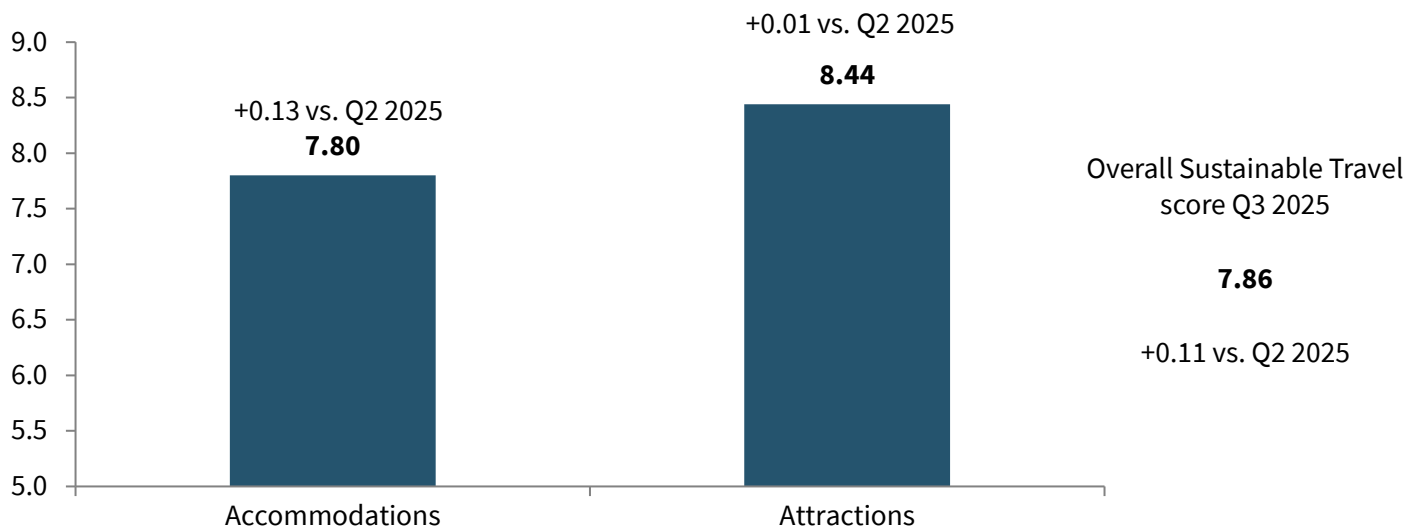
Source: MMGY TCI Research

Focus on sustainable travel from visitors’ written reviews

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

In Q3 2025, the Sustainable Travel sentiment for European Accommodations and Attractions continued its upward trend, rising to 7.86 — an increase of 0.11 points from Q2. Accommodations drove this improvement, climbing to 7.80 (+0.13 pts.), while Attractions held steady at 8.44 (+0.01 pts.).

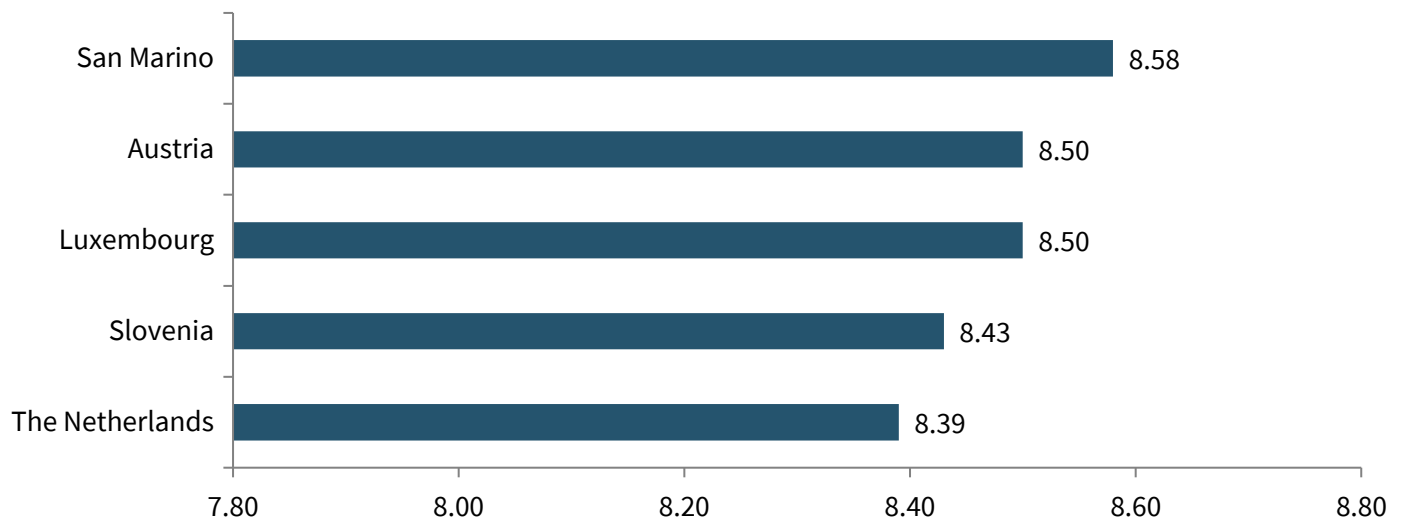
Sustainable travel scores per vertical



Source: MMGY TCI Research

San Marino, Austria, Luxembourg, Slovenia, and Sweden earned the highest praise for Sustainable Travel in guests’ written reviews. While nationwide sustainability initiatives often shape these positive perceptions, individual properties and local experiences also play a vital role in reinforcing a destination’s green reputation. In Slovenia for instance, several properties around Lake Bled were commended for their commitment to sustainable practices, alongside strong overall ratings. Similarly, in Austria, key attractions in Salzburg and Wattenens stood out for their well-maintained green spaces and environmentally conscious management. In Ljubljana, one tour operator drew particular acclaim for bringing sustainability to life—engaging visitors directly with the city’s green initiatives in an interactive and enjoyable way.

Destinations receiving the highest sentiment scores on the topic of sustainable travel during Q3 2025



Source: MMGY TCI Research

6. Key source market performance

Trends discussion this section relate to the period January to September 2025, 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>).

- Travel demand during the peak summer months (June-August) suggests that affordability and value-for-money played a part in destination choices. Higher inflation led to rising accommodation costs in Türkiye and, coupled with a stronger Lira, coincided with fewer arrivals from the Netherlands and the UK than last year.
- European travellers found destinations including Bulgaria, Greece, Poland and Slovenia to offer better value-for-money during the summer this year.
- Demand for ‘coolcations’ likely supported the stronger rise in arrivals to smaller destinations among Northern, Central & Eastern Europe. Rising demand in this region is facilitated by ongoing improvements in air connectivity to both European and non-European source markets.
- Performance among more traditional summer hotspots in Southern & Mediterranean Europe, such as Malta and Portugal, have continued to track ahead of 2024.
- Outbound travel from China, Japan, and India continued to build on last year; however, most destinations still reported fewer arrivals and nights than before the pandemic. Economic uncertainty and US trade policy have likely impacted the pace in which long-haul travel was coming back from Asia/Pacific.
- Among the reporting destinations, growth in arrivals from the US have decreased slightly compared to last quarter, but remain notably up on 2024, and the rise in the number of nights spent in the region have remained steady.
- Ireland recorded a much needed and welcome boost in transatlantic travel during July and August, with this likely to have continued into September following Dublin's inaugural NFL game.
- The Euros tournament held in Germany during June and July 2024 is a key factor in the year-on-year decline in arrivals from several key source markets, including the UK. Without a comparable event in Germany this year, the growth reported in 2024 has not been sustainable.

Key intra-European source markets

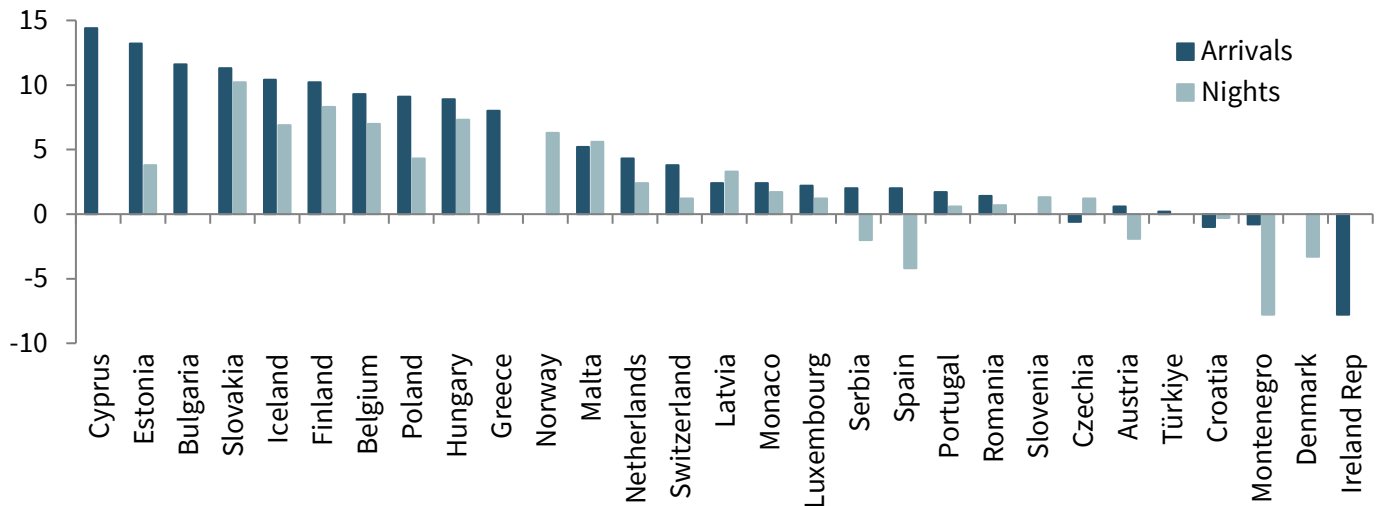
The impact from the Euros tournament held in Germany over June and July 2024 fed through into softer year-on-year growth in both arrivals and nights among many source markets. This was particularly evident for British arrivals to Germany, which rose by 63.4% and 18.9% in these months – respectively in 2024. Without an equivalent event to drive demand in the same months this year, there were fewer arrivals from the UK over this period in 2025.

Value-seeking behaviour among European travellers was visible in the data over the summer. Higher inflation and a stronger Turkish Lira weighed on how Türkiye has been perceived by tourists in recent months, with several key source markets such as Germany increasingly opting for alternative locations such as Greece. However, it is also important to consider that slower growth to Türkiye from source markets may be caused by travel volumes returning to more typical levels, as arrivals from many destinations remain significantly ahead of 2019 levels.

Cost-saving could be a factor contributing to stronger demand among several smaller and cooler destinations in Europe, such as Poland. But the ‘coolcation’ trend has not been large enough to stifle demand across Southern & Mediterranean Europe, with arrivals to Malta and Portugal from many key source markets still tracking ahead of last year.

German visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

The average length of stay by German tourists continued to decrease in Q3/2025 relative to the same time last year, reflecting a shift towards shorter, more frequent visits within Europe. Only 4 destinations, including Malta and Latvia, saw an increase in length of stay based on available data for January to September, with year-on-year growth in nights ahead of arrivals.

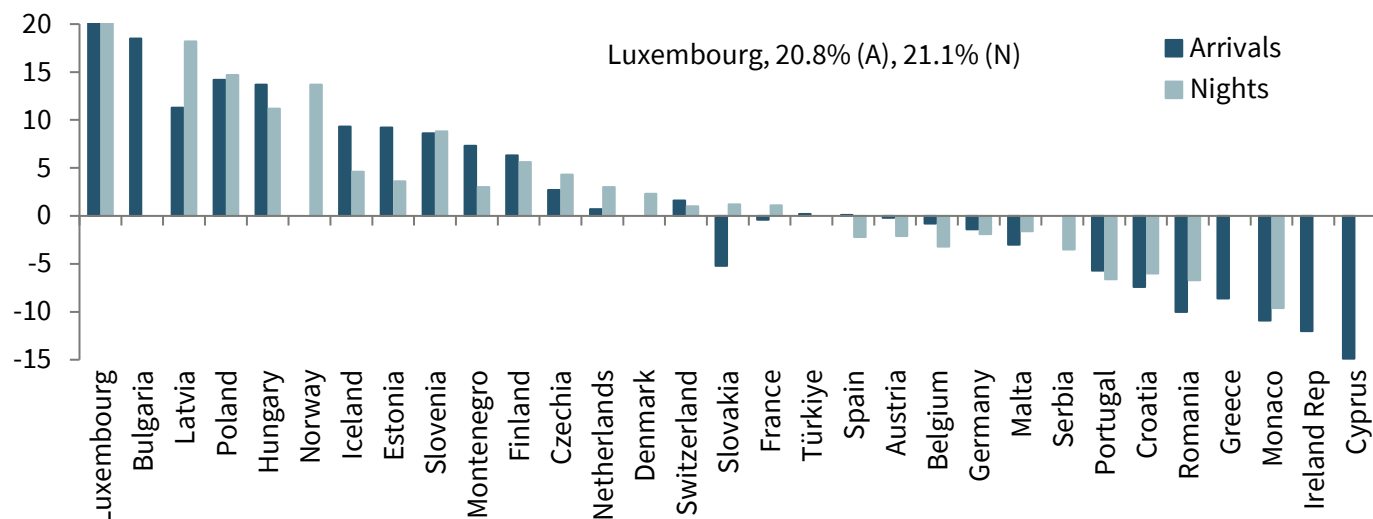
Stretched real incomes have led German tourists to search for better value-for-money locations to reduce spending per trip, contributing to the surge in popularity of arrivals to cheaper locations such as Bulgaria (11.6%) and Estonia (13.2%). In contrast Spain saw a fall in nights (-4.2%) compared to this time last year, which was likely driven by a lack of cost competitiveness although [heatwaves and wildfires](#) may also have deterred some travel.

The increase in cost consciousness also seems to have broadened the range of outbound destinations for German tourists, as markets with a smaller share of German arrivals have seen faster growth. Cyprus, despite its small base, experienced the largest increase in arrivals at 14.4%, on the same time last year. Meanwhile, the number of nights spent in Austria (-1.9%) and Denmark (-3.3%), and visits to Türkiye (0.2%), all historically popular destinations for German holidaymakers, have either shrunk or reported minimal growth.

[German bookings](#) to Greece were cited to be far stronger than to Türkiye for the summer, as travellers increasingly chose [cheaper destinations](#). Demand for visits to Greece contracted from stronger performance earlier in the year, but remains strong, rising ahead of 2024 levels by 8.0% so far this year.

French visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

Nights and arrivals have increased in a similar number of reporting destinations compared to last quarter's report, with a slight uptick in those experiencing arrivals growth. An apparent rise in the average length of stay has also occurred in several destinations, particularly in Latvia where arrivals growth has slowed since the last quarter but nights have continued to increase significantly at 18.2%, albeit with only a small fraction of French tourism flows.

Tourists from France spent an increasing number of nights in Spain, now just 2.2% down on last year, compared to 12.1% below prior to the summer, while arrivals are now largely on par with the same time last year (0.1%). Spain continues to be the top choice for French tourists, yet elevated summer temperatures and a preference for 'accessible exotic' holidays might have contributed softer demand.

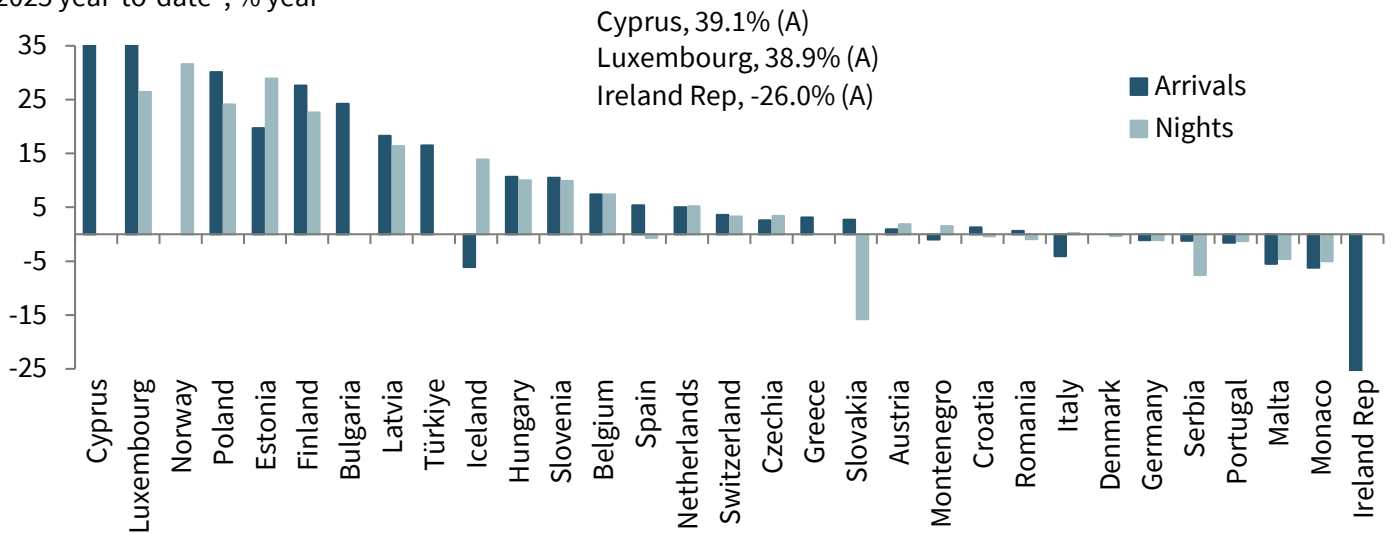
French tourists seem to have decreased their interest in other warmer destinations elsewhere in Southern & Mediterranean Europe, with reduced demand for trips to Greece (-8.6%), Cyprus (-14.9%), Portugal (-5.7%) and Türkiye (0.2%). [Alternative destinations](#), in particular Morocco, have become more favoured choices this year. It is also possible that higher temperatures experienced in France during the summer may have led some travellers to take domestic trips instead.

With the increasing popularity of [coolcations](#) to escape the French summer heat, Poland has attracted a growing tourist base due to its rich history and architecture in cities like Warsaw. Nights (14.7%) and arrivals (14.2%) have rapidly increased in recent months, now further ahead of the same time last year and stronger than the pace reported in the first half of the year.

Elsewhere, Luxembourg has experienced a sharp increase in both arrivals (20.8%) and nights (21.1%) throughout the year, albeit on a small base.

Italian visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

Italian outbound travel has been strong in recent months, with over two thirds of reporting destinations experiencing a rise in Italian tourist arrivals on the same time last year.

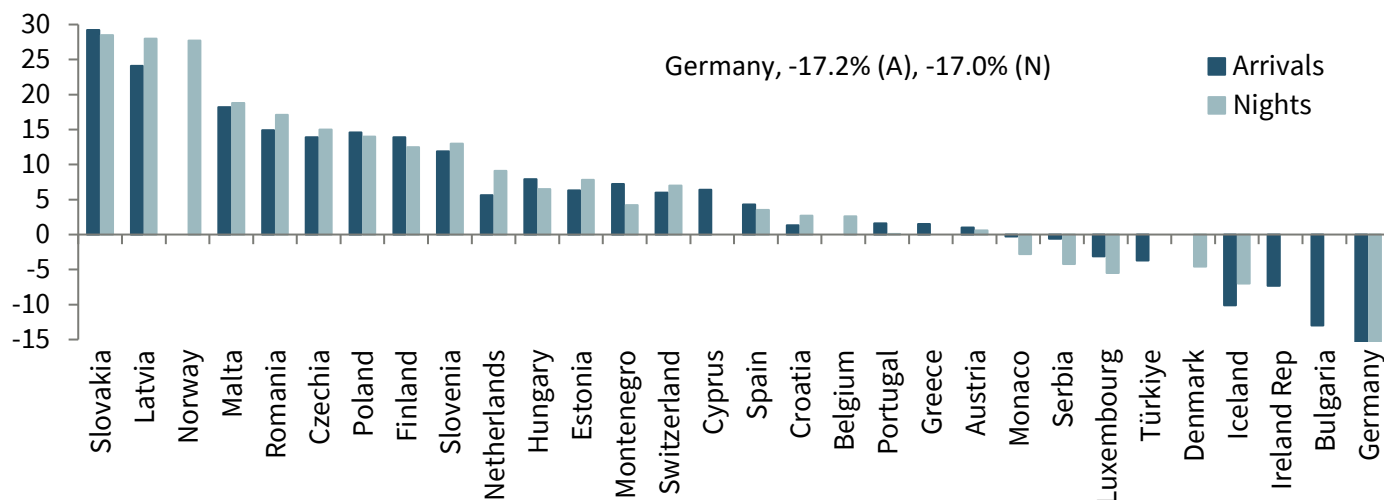
Visits to Croatia slowed over the summer months, with arrivals now just 1.3% ahead of 2024 and nights down 0.4%. This marks a significant shift from last quarter, where arrivals, and nights increased by 13.4% and 9.7% respectively. Similarly, arrivals to Greece (3.1%) and Spain (5.4%) moderated, while still representing a notable rise in volume terms. Concerns about overcrowding, the increasing frequency of extreme heatwaves, and demonstrations against overtourism may be discouraging some Italian visitors from these destinations.

Italian visitors found alternative destinations increasingly attractive. Poland saw a notable increase in Italian visitors this summer, with arrivals up by 30.1% from 2024 and nights rising faster by 24.1%, as it offers relatively more affordable accommodation and dining choices compared to Spain and Croatia. Improved flight connections between Italy and Poland have bolstered Italian demand, with a new [Pisa-Warsaw route](#) launched in April as part of Wizz Air’s long-term Polish strategy.

Outbound travel to Switzerland has risen in recent months as Italian arrivals are 3.6% higher than last year, with nights up by 3.3%, indicating a consistent average stay length. Switzerland shares a border with Italy, making it easily accessible for Italian travellers. The Swiss rail network offers [high-speed train connections](#) between various Italian cities, including Milan, and major Swiss cities like Zurich and Geneva within hours.

British visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

Spain remains a top European destination for British tourists despite concerns of ongoing overtourism demonstrations dampening the appetite to travel during the summer months, with arrivals, and nights showing similar yearly growth at just over 4.3%. In last quarter's report, nights growth trailed arrivals, down 6.3% on the same period in 2024. This substantial turnaround in nights growth and a slight slowdown in arrivals highlight an elevated length of stay in the summer months. This marks the peak season for destinations such as the [Canary and Balearic Islands](#), which remain consistently popular among British tourists. Package deals and all-inclusive resorts are common in these destinations, encouraging longer stays.

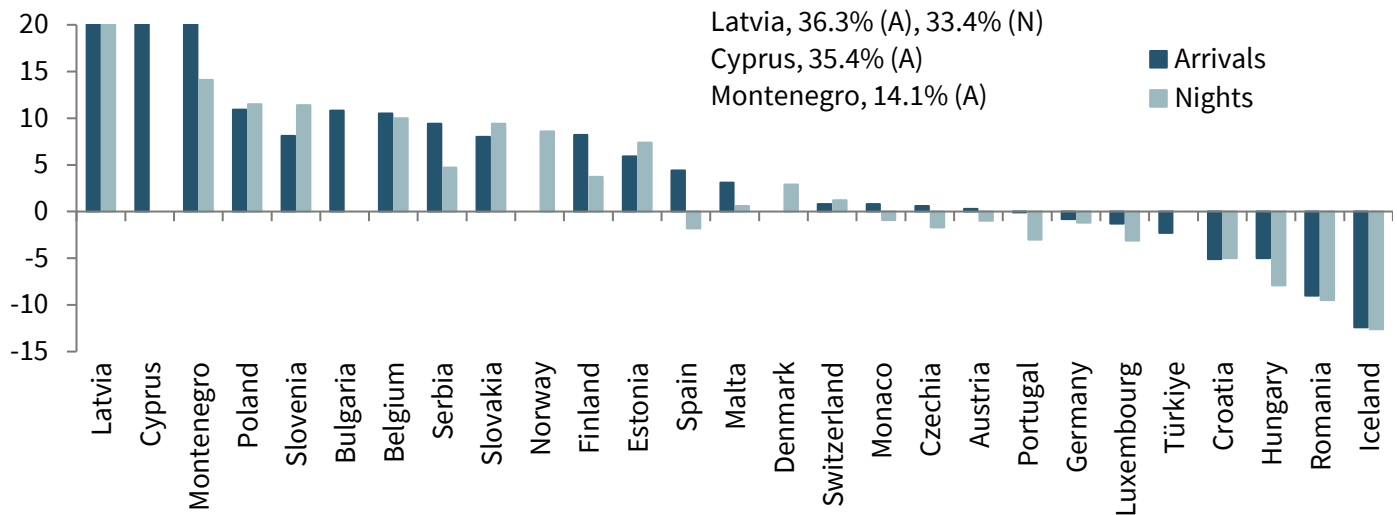
British arrivals to Greece slowed over the peak summer months following a particularly strong start to the year with volumes now just 1.5% above 2024 (down from 41.8% in last quarter's report). This would suggest that British tourists are increasingly choosing to [travel to Greece in the shoulder months](#) of April and May, as opposed to during the typical peak-season of June to August. For Greece, concerns of both overcrowding in hotspots such as Santorini and Mykonos, along with more frequent and intense heatwaves reported across many destinations from Rhodes to Athens, have encouraged travel in cooler and less popular months. Elsewhere, arrivals to Germany also softened on last quarter, now down 17.2% on the same time last year. However, the volume of arrivals in June and July came off a strong performance in the same months in 2024 when Germany reported an [uptick in British tourists during the Euros tournament](#).

Arrivals to Türkiye have also slowed over the summer months, now 3.7% behind the same period in 2024. While the Turkish Lira remains weak against the pound, making trips relatively more affordable for British tourists, [inflation continues to rise, reaching 33% in August](#), with growing accommodation and restaurant costs dampening the effect of the favourable exchange rate and causing British visitors to turn to more affordable destinations.

Southern & Mediterranean Europe remains popular, but concerns about overcrowding and heatwaves are prompting more British tourists to seek cooler, less visited alternatives like Finland in summer. British tourist arrivals and nights in Finland have increased by 13.9% and 12.5% compared to the same period in 2024. But travel volumes to Finland may have also seen some increase from having hosted [several major congresses in Helsinki in June](#).

Dutch visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

Dutch travel demand for European trips remains robust, with most reporting destinations seeing arrivals above 2024 levels. Among more popular destinations, travel to Belgium has notably strengthened following a slower first half of the year, with arrivals and nights rising by 10.5% and 10.0% respectively. Despite similar annual growth rates, nights have shown a relatively higher increase during the summer months, rebounding from trailing 6.6% behind 2024 levels in last quarter's report.

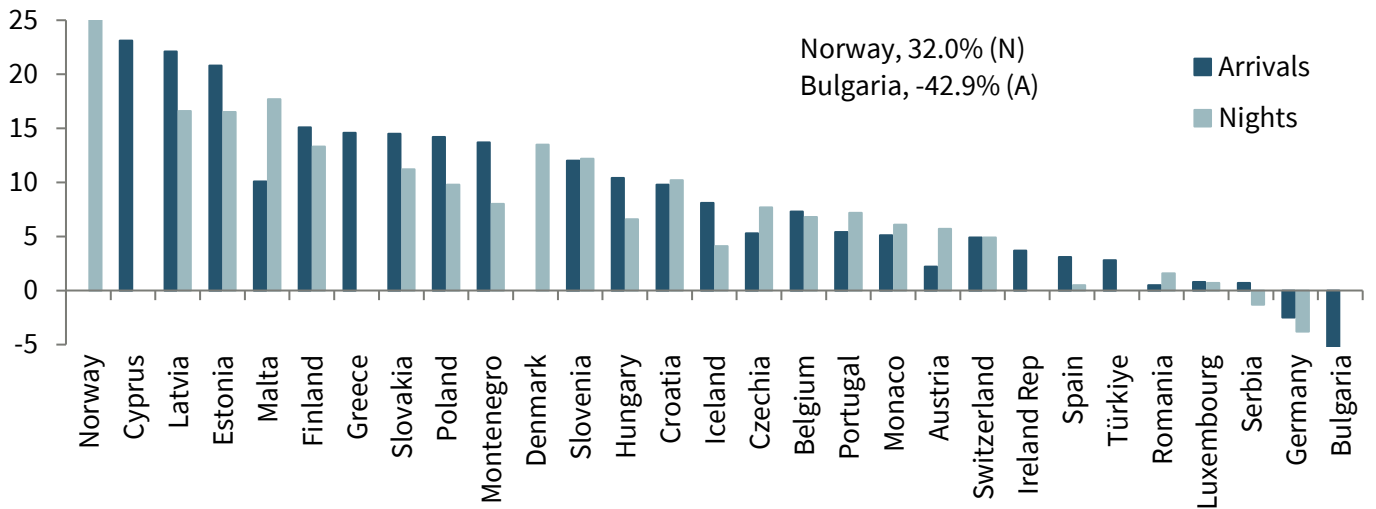
However, this growth has not been consistent across all destinations. Dutch arrivals to Türkiye (-2.3%), Luxembourg (-1.3%), and Hungary (-5.0%) has dropped below 2024 levels. Spain continued to surpass volumes achieved at the same time last year, with arrivals up by 4.4%. But growth tapered during the peak summer months, which could be an early indication of a growing preference to visit the country during the shoulder seasons when it is [less crowded](#), more affordable, and temperatures are slightly cooler.

Arrivals to Germany increased during the summer months, but both nights and arrivals remain below 2024 levels by 1.2% and 0.8% respectively. This decline in travel is not exclusive to Dutch visitors; many European travellers are selecting alternative destinations due to inflationary pressures in Germany, which have raised accommodation and food costs. Compared to 2019, Dutch arrivals to Germany are down 0.1%, while nights are further behind, down 1.2%, as travellers increasingly opt for shorter stays in Germany, mirroring the higher trip costs. However, year-on-year declines could also be an offset from the Euros tournament in 2024.

Non-European source markets

United States visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

All but three reporting destinations continue to report a rise in American tourists on the same time last year despite the weaker dollar, slowing economy and earlier concerns about sentiment impacts. Among those seeing stronger demand from the US, 54.0% are experiencing a faster rise in arrivals than nights (where both metrics were available), indicating some shorter trips and cost-saving behaviour.

This was evident among cooler destinations, with a robust increase in arrivals to Latvia (22.1%), Estonia (20.8%) and Finland (15.1%). This aligns with the growing trend of ‘coolcations’, in front of rising temperatures and extreme heatwaves in many areas of Southern & Mediterranean Europe. Norway has seen a broad-based rise in demand, especially from American tourists who spent 32.0% more nights than they did at the same time last year.

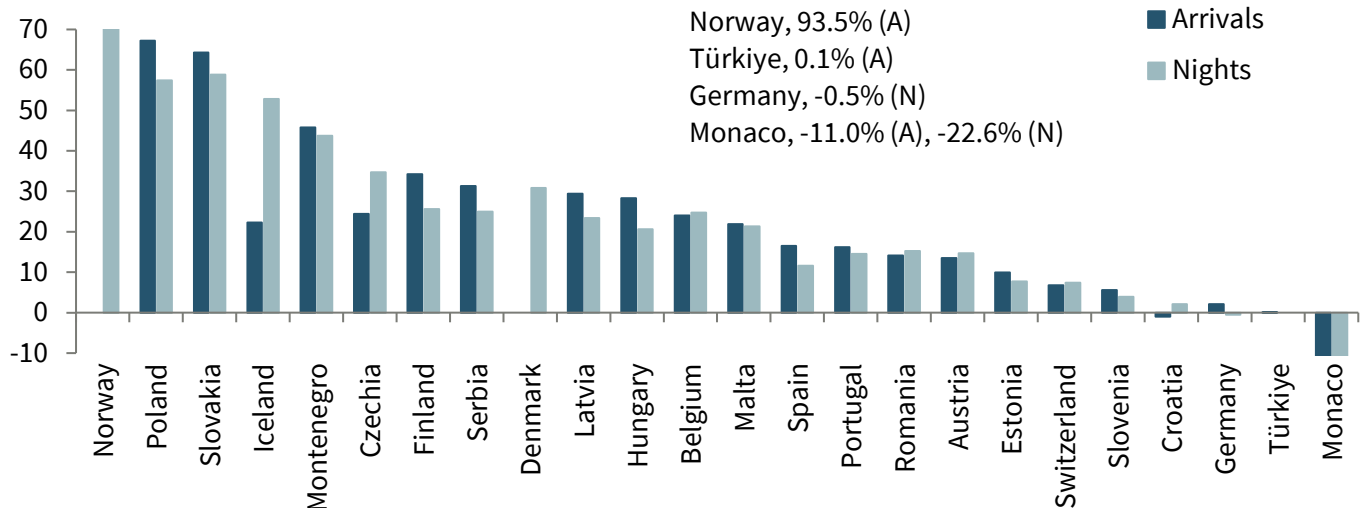
Only Bulgaria (-42.9%) and Germany (-2.5%) reported fewer arrivals from the US. This is significant as Germany is one of the US’s most popular destinations in Europe, yet has faced one of the slowest recoveries since the pandemic.

American arrivals to Türkiye increased by only 2.8% compared to 2024, a decrease from the previous quarter which saw arrivals rise by 10.5% on the year. This change may indicate a softer demand [due to costs](#) or possibly a return to a more sustainable level, considering American arrivals to the country are currently 144.0% higher than pre-pandemic levels.

In contrast, arrivals to Ireland have risen by 3.7% year-to-date on last year, a significant improvement from the 13.0% decline last quarter. This suggests a notable surge in summer visits to Ireland, with a further rise expected for September following Dublin's inaugural NFL game. A recent [survey](#) found that 71.0% of Americans consider a trip to Ireland good value, compared to 62.0% for Germany, appreciating the cultural heritage and countryside.

Chinese visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

Arrivals from China were up 21.2% on average across reporting destinations with nights rising by 24.6%, reflecting a modest slowdown on last quarter, suggesting travel demand to Europe moderated from May and June onwards.

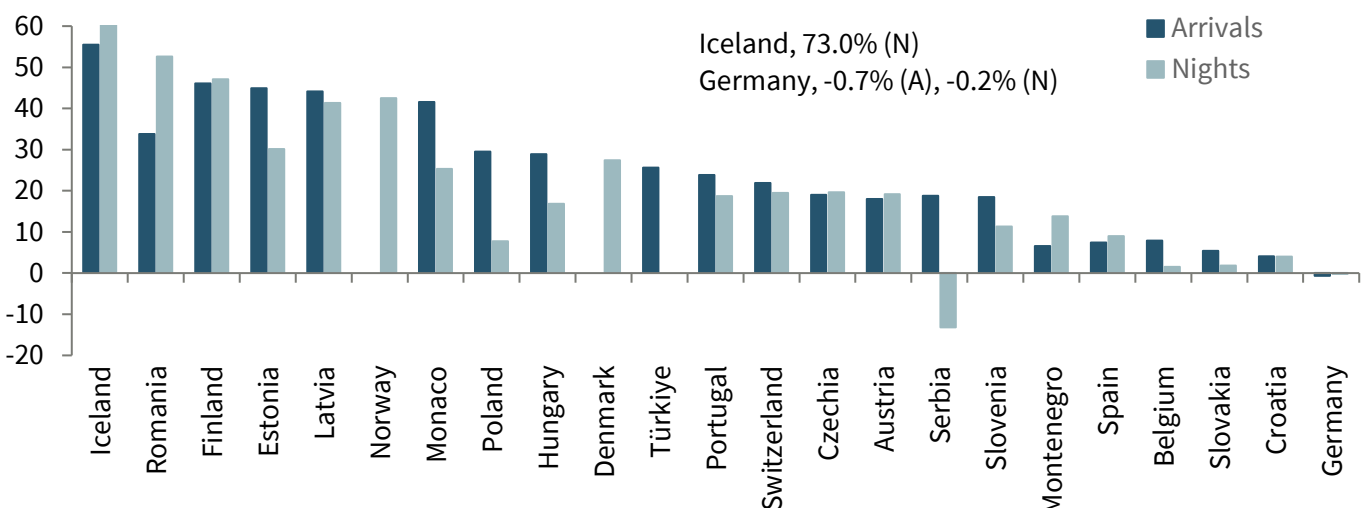
Significant growth in most destinations compared to 2024 indicates progress towards pre-pandemic levels, although 82% of those have not yet regained their 2019 arrivals levels. HSBC's research reveals that Chinese tourists are now [younger on average](#) and are booking trips more spontaneously. This shift may prompt the largest demographic in outbound tourism to choose shorter or more multi-destination trips, potentially contributing to the slower pandemic recovery compared to the quicker rebound reported in the [Asia/Pacific](#).

Destinations experiencing the fastest rise in nights spent by Chinese tourists are largely outside of the euro area, including Norway (93.5%), Poland (57.4%), Iceland (52.8%), and Czechia (34.7%). The renminbi (CNY) weakened against the euro over the last year, making holidays to the Eurozone comparatively more costly.

Switzerland has reported both a slower rise in arrivals (6.8%) and nights (7.4%) from China so far this year. Although it remains a fairly popular destination choice among Chinese tourists, especially for retail purposes, Switzerland is facing more competition from other locations in Europe as a result of increased connectivity this year.

Japanese visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



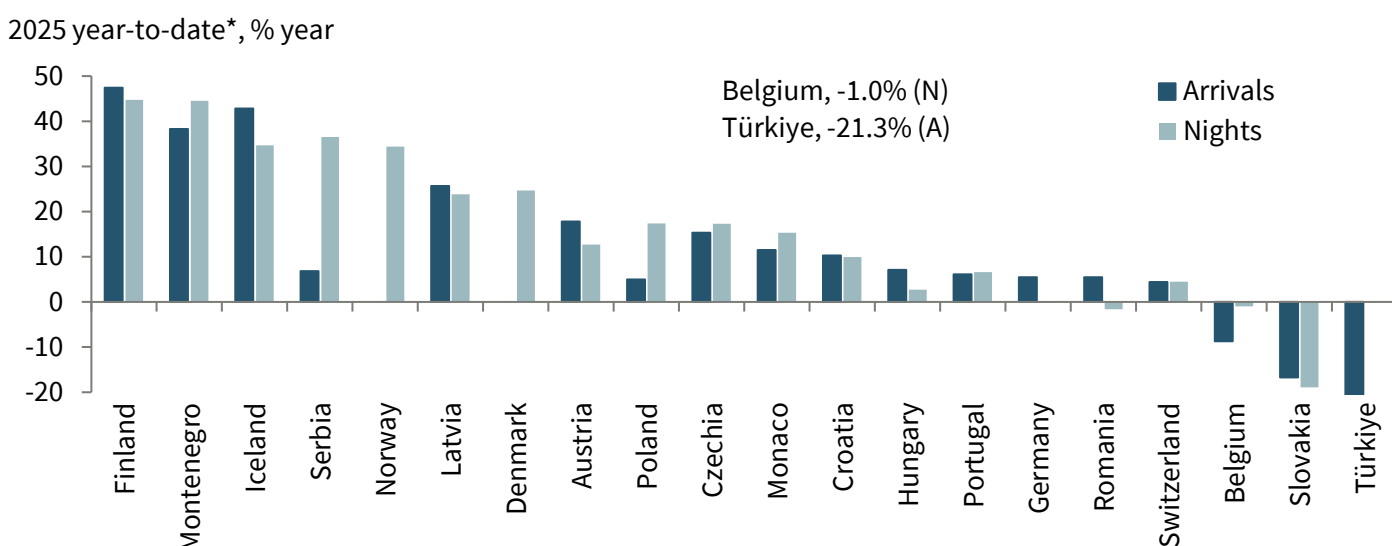
Source: TourMIS* *date varies (Jan-Sep) by destination

Many smaller destinations and those providing natural attractions have reported some of the fastest rises in both arrivals and nights spent by Japanese tourists. They are growing faster than some of the larger, more established destinations, but travel volumes are coming from a smaller base. Arrivals are rising at an average of 23.8% and nights by 21.3% compared to last year based on data up to September.

Central and Eastern Europe reported a notable rise in demand from Japan, with tourists spending an increasing number of nights relative to 2024 in both Romania (52.6%) and Latvia (41.3%). For Romania, it now exceeds growth in arrivals (33.8%). Iceland and other Nordics led the rebound in both arrivals and nights – Iceland recorded a 55.5% growth in arrivals and 73.0% in nights – underlining that ‘coolcation’ and itineraries focused on nature have become especially attractive to newer cohorts of Japanese travellers.

While 2025 growth has been strong so far in year-on-year terms, Japanese arrivals have recovered to 2019 levels in only 3 out of 21 reporting destinations – Serbia, Montenegro, and Türkiye. Türkiye’s impressive recovery from most source markets, including the US, Canada, and Australia - in addition to Japan - is likely due to the Turkish Lira’s (TRY) continued downside. In real terms, the TRY has continually depreciated against the Yen (JPY). In addition, IGA Istanbul Airport’s continual expansion has led it to become the [world's most connected airport](#) which will facilitate increased travel from various countries, including Japan.

Indian visits and overnights to select destinations (% relative to 2024)



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

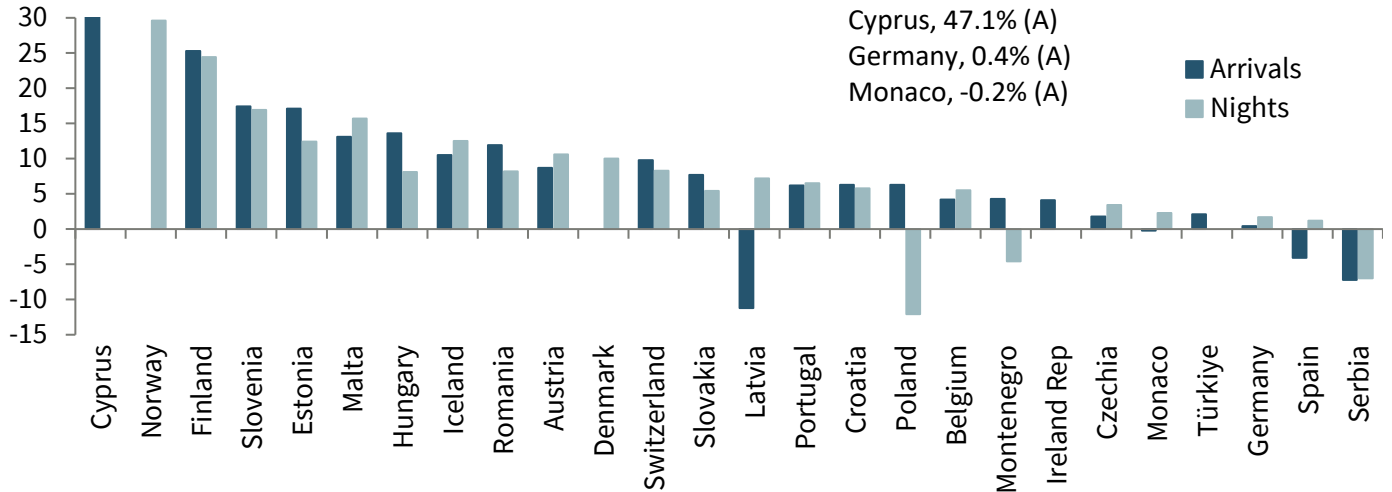
Outbound travel from India to Europe softened over the peak summer months (June-August), with arrivals (11.3%) and nights (16.2%) up by a smaller margin on the same time last year on average. Portugal has seen a marked improvement in Indian arrivals over the summer months, with arrivals (6.1%) and nights (6.6%) now rising, having previously tracked behind 2024 levels at -4.7% and -4.8% respectively. Perceptions of high costs remain a key barrier to travel to Europe, especially for long-haul visitors, and Portugal remains relatively more affordable compared to Western European destinations in terms of accommodation and eating out.

Arrivals to Germany still remain ahead of last year at 5.5%, but trips are becoming shorter with 0.1% fewer nights spent by Indian tourists year-to-date. The cost of accommodation could have been a factor motivating shorter trips in recent months.

Travel to Türkiye has slowed significantly in recent months as the destination continues to struggle with [higher inflation](#), amid rising accommodation costs. Arrivals are now 21.3% behind the same period last year, from a smaller decline of 1.5% last quarter. The significant weakening of the Rupee has also effectively made trips to Europe more expensive, and the relative costs per trip in European destinations now play a larger role in planning where and how to stay longer.

Canadian visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

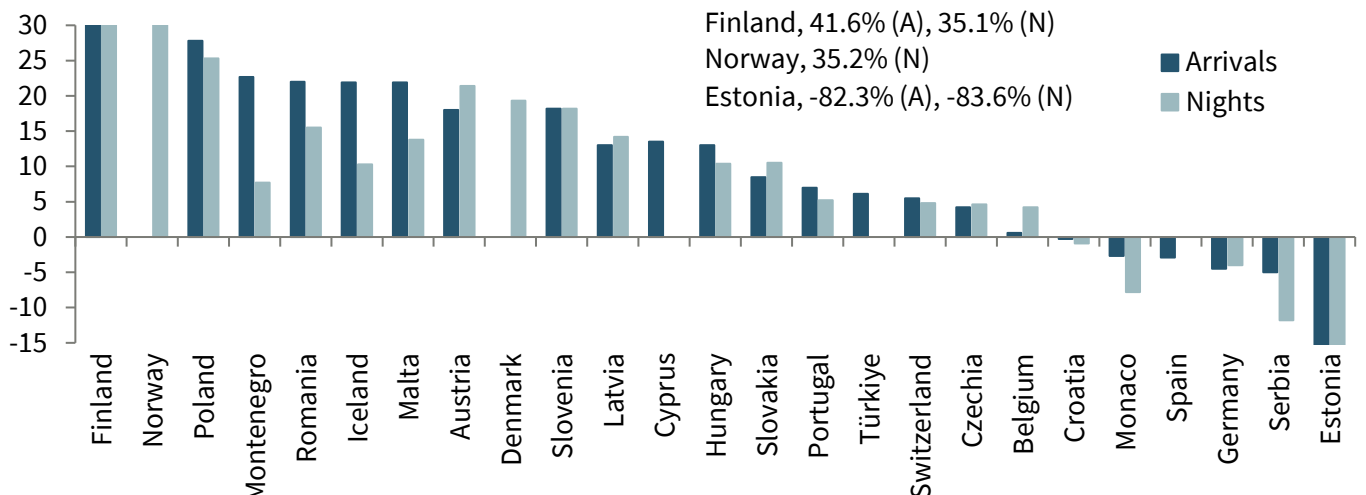
[Demand for European trips](#) by Canadian tourists has increased across a broader range of reporting destinations compared to this time last year, with only 4 countries reporting fewer arrivals and 3 reporting fewer nights than in 2024 for the year-to-date. This positive trend may be due to Canadian travellers' increased preference for long-haul trips [to the EU](#) as an alternative to US travel. [Sentiment towards the US](#) has significantly deteriorated this year due to protectionist US trade policies.

Spain recorded 4.1% fewer arrivals from Canada than at the same time last year, a notable slowdown on last quarter largely due to a significant decline in both June and August. Those who do visit stayed for an increasing number of nights, up 1.2% from 2024. Demand for several other destinations in the Southern & Mediterranean Europe has softened in recent months, including Portugal with arrivals (6.2%) and nights (6.5%) ahead of the same time last year. But this still reflects solid growth, despite destinations in Europe facing more competition to attract Canadian tourists who have decided to travel to Europe instead of the US.

The stronger outlook is largely concentrated in destinations that typically attract a smaller share of total arrivals from Canadian travellers to the region, including Estonia (17.1%), Malta (13.1%), and Iceland (10.5%). Iceland has continued to attract a growing volume of tourists compared to the start of the year, and increased air connections have likely driven the change as [more direct flights](#) usually operate in the summer months from Montreal and Toronto to Reykjavik. It is also an important hub for travel to other locations in Europe.

Australian visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

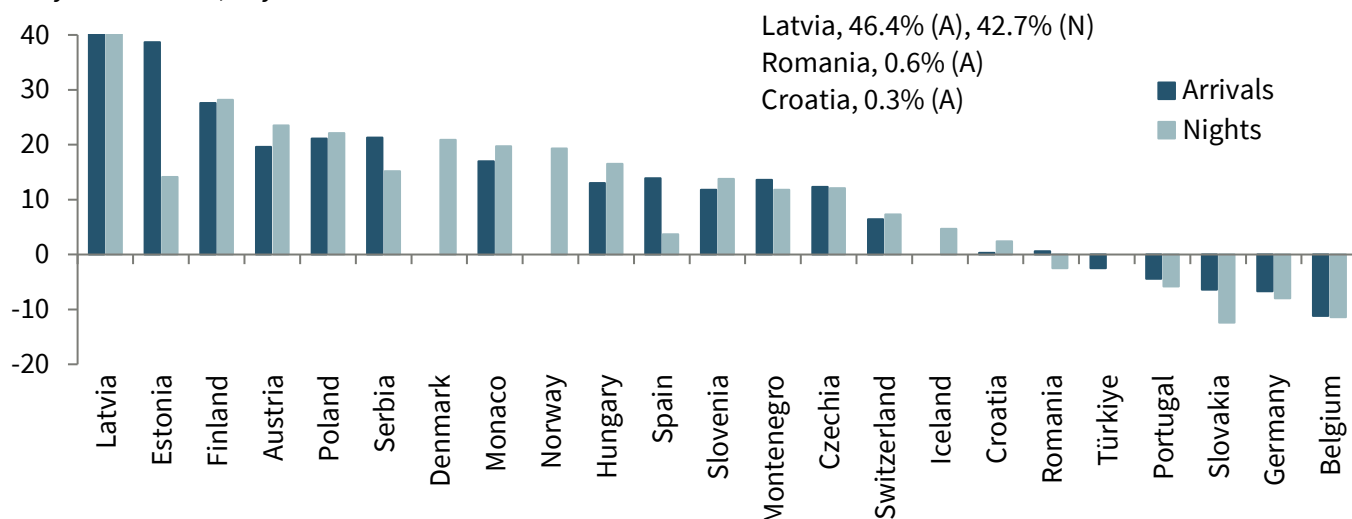
Australian outbound travel remains robust, yet moderated in recent months, with 6 destinations reporting fewer arrivals and/or nights than the same time last year, compared to just 2 destinations prior to the summer.

Arrivals to Spain are now 2.9% below volumes recorded last year, marking a significant decrease from 36.6%, as momentum continued to slow from April, with only June reporting positive growth in the summer months. This could highlight the broader trend for more shoulder season travel, but it could also indicate a gradual return to a more sustainable level as in absolute terms Australian arrivals to Spain are still significantly higher than before the pandemic at 54.0%. Research suggests that [cooler destinations](#) are becoming increasingly attractive to Australians, so places such as Spain are facing additional competition.

Australian travel to Germany and Croatia decreased consistently throughout the summer months. Arrivals and nights in Germany are now 4.5% and 4.0% lower than last year. Croatia is tracking above 2024, albeit marginally for both metrics, down by just 0.3% and 0.9% respectively. [Rising costs](#) can act as a significant deterrent for long-haul visitors to Europe, and the depreciation of the Australian dollar against the euro has further raised the cost of outbound trips to Europe, enhancing the attractiveness of closer-to-home destinations.

Brazilian visits and overnights to select destinations (% relative to 2024)

2025 year-to-date*, % year



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

Brazilian arrivals and nights continued to rise across most reporting destinations, with only six still seeing fewer demand across either performance metric on the same time last year. Arrivals growth among these reporting destinations (11.6%) outpaced nights growth (10.8%), but noticeably less than last quarter.

Arrivals to and nights spent in Spain remain up on the same period in 2024, having grown 13.9% and 3.7% respectively. Travel was likely supported by the new [Recife-Madrid route](#) in June, and downward price pressure due to this new route could facilitate an increase in shorter trips. Plans by Iberia to increase flight capacity later this year and early next will likely continue this trend.

In contrast, arrivals (-4.4%) and nights (-5.8%) in Portugal are down on the year so far in 2025, despite a new Campinas-Porto flight route. Additionally, this route originates in a higher income state (São Paulo) compared to Recife, Pernambuco. Travel to Portugal remains well below pre-pandemic levels, with nights 21.5% lower and arrivals 18.7% lower than 2019. Although this could indicate a rising preference for Spain over Portugal among Brazilian tourists, it is important to note that visits in absolute terms to Portugal were 55% higher than visits to Spain last year.

As with the US, travel (arrivals and nights) from Brazil is notably stronger for destinations with cooler climates, like Latvia (46.4% and 42.7% respectively) and Finland (27.6% and 28.2% respectively). However, these levels remain low, each accounting for <1% of Brazilian arrivals across reporting European markets in 2024 (January-December).

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

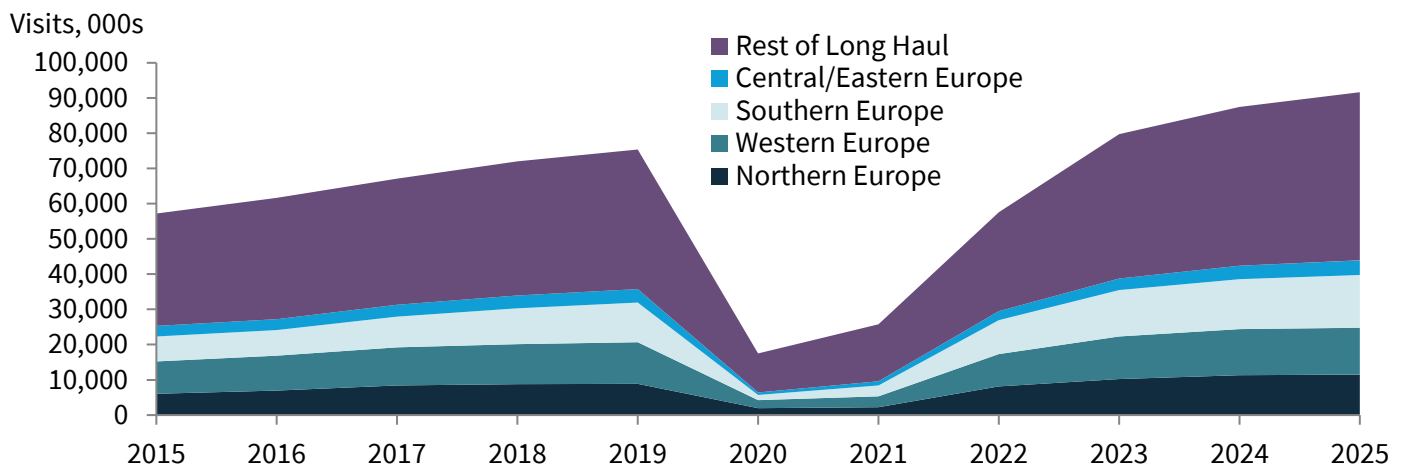
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	139,405	-	4.2%	22.9%	-	9.5%	-
Long haul	87,515	62.8%	4.5%	24.7%	63.7%	16.1%	59.2%
Short haul	51,890	37.2%	3.7%	19.9%	36.3%	-0.1%	40.8%
Travel to Europe	42,438	30.4%	3.5%	18.5%	29.3%	18.7%	28.1%
European Union	31,358	22.5%	3.7%	19.9%	21.9%	14.8%	21.5%
Northern Europe	11,332	8.1%	2.3%	12.0%	7.4%	28.1%	6.9%
Western Europe	13,040	9.4%	2.5%	13.1%	8.6%	10.4%	9.3%
Southern Europe	14,249	10.2%	3.9%	21.4%	10.1%	26.2%	8.9%
Central/Eastern Europe	3,817	2.7%	7.8%	45.4%	3.2%	0.8%	3.0%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

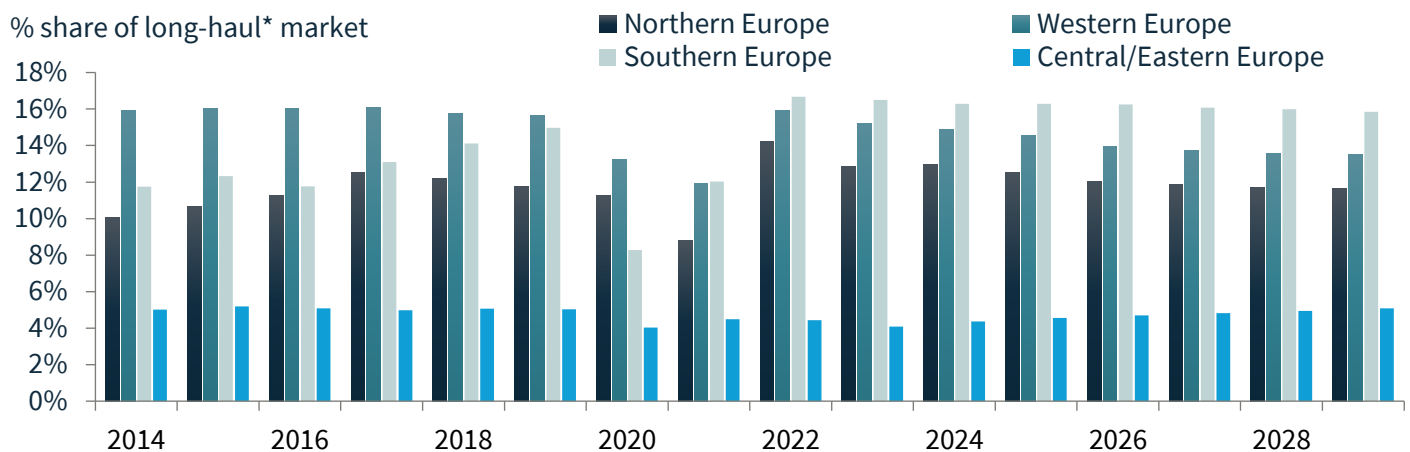
United States long-haul* outbound travel



*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

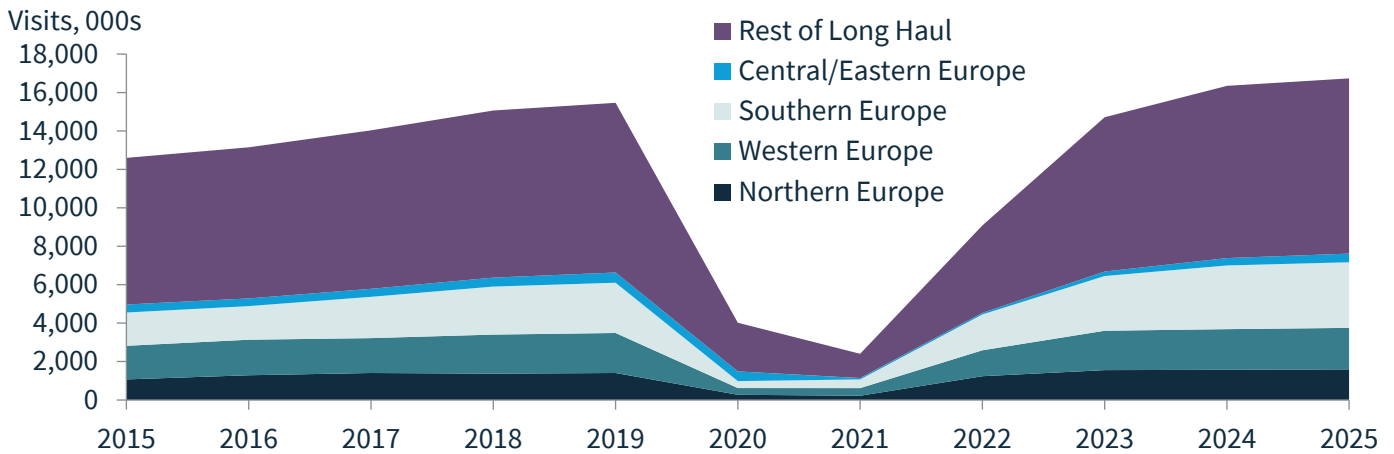
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	39,181	-	2.6%	13.6%	-	1.9%	-
Long haul	16,417	41.9%	5.3%	29.7%	47.8%	6.3%	40.2%
Short haul	22,764	58.1%	0.4%	2.1%	52.2%	-1.1%	59.8%
Travel to Europe	7,458	19.0%	3.6%	19.4%	20.0%	12.7%	17.2%
European Union	5,694	14.5%	3.1%	16.5%	14.9%	12.8%	13.1%
Northern Europe	1,579	4.0%	3.7%	19.7%	4.2%	12.0%	3.7%
Western Europe	2,115	5.4%	2.9%	15.6%	5.5%	1.6%	5.4%
Southern Europe	3,315	8.5%	3.2%	16.8%	8.7%	26.7%	6.8%
Central/Eastern Europe	449	1.1%	9.1%	54.6%	1.6%	-11.9%	1.3%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

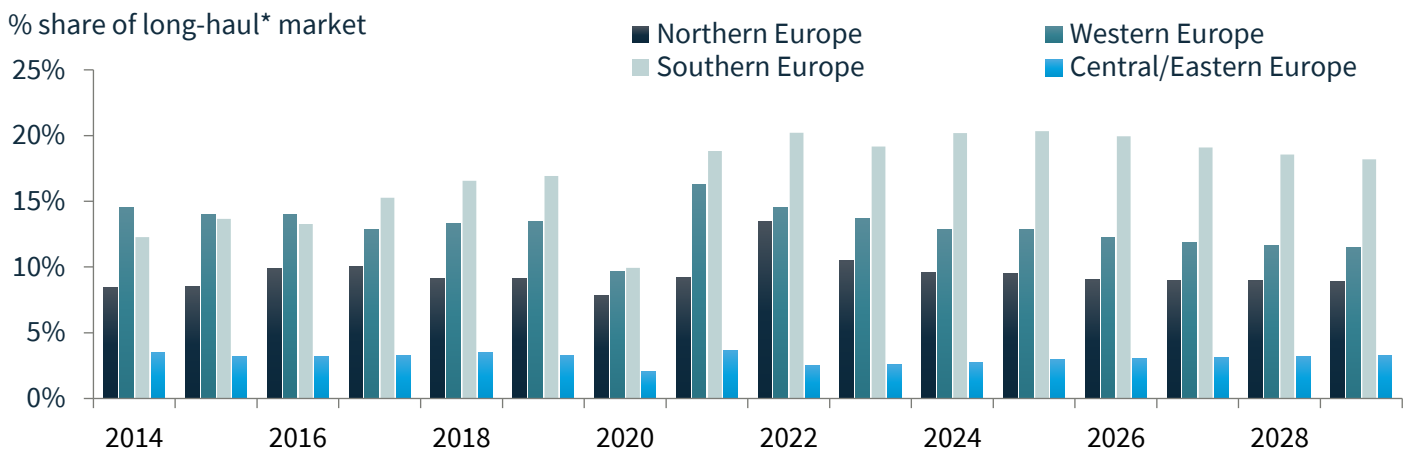
Canada long-haul* outbound travel



*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

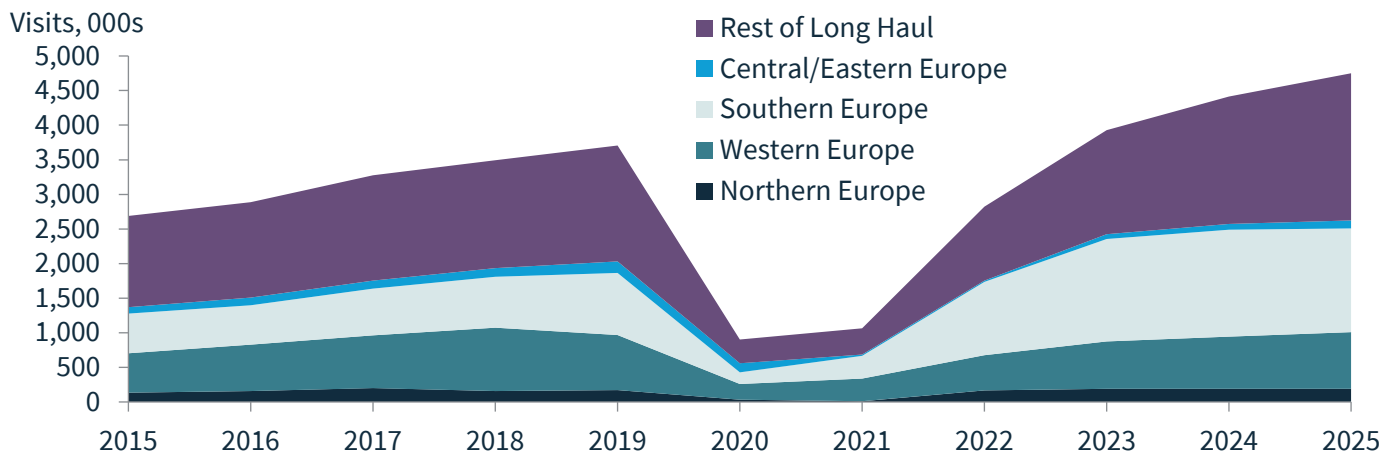
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	21,837	-	3.6%	19.4%	-	-2.9%	-
Long haul	4,452	20.4%	4.0%	21.7%	20.8%	21.4%	16.3%
Short haul	17,385	79.6%	3.5%	18.8%	79.2%	-7.6%	83.7%
Travel to Europe	2,607	11.9%	1.4%	7.1%	10.7%	30.8%	8.9%
European Union	2,200	10.1%	1.1%	5.5%	8.9%	29.7%	7.5%
Northern Europe	192	0.9%	1.8%	9.2%	0.8%	11.2%	0.8%
Western Europe	753	3.4%	5.3%	29.6%	3.7%	-5.4%	3.5%
Southern Europe	1,544	7.1%	-1.1%	-5.4%	5.6%	72.7%	4.0%
Central/Eastern Europe	118	0.5%	4.3%	23.7%	0.6%	-9.8%	0.6%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

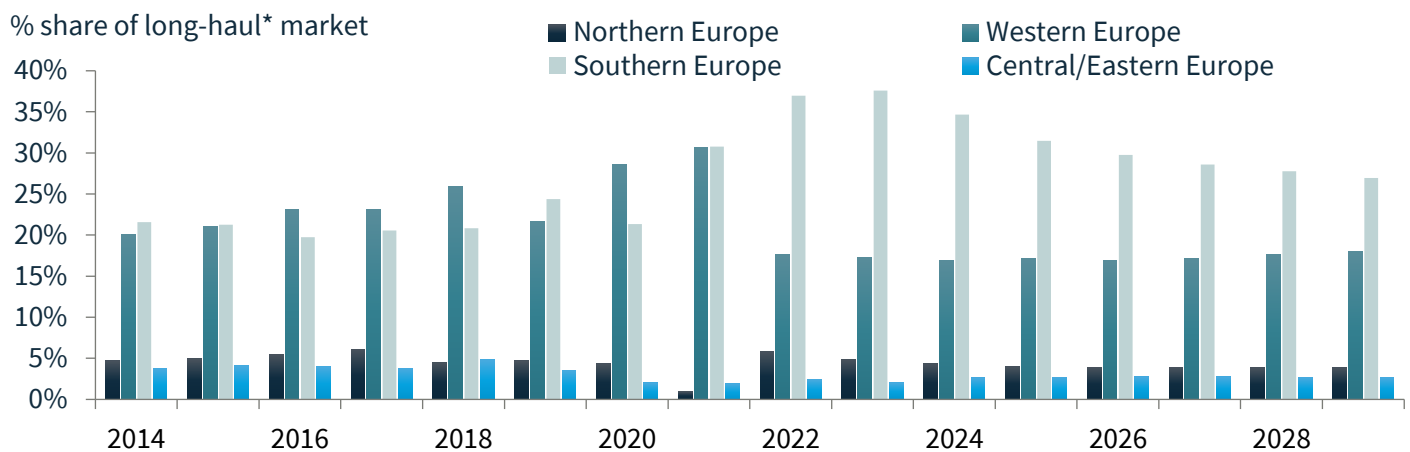
Mexico long-haul* outbound travel



*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

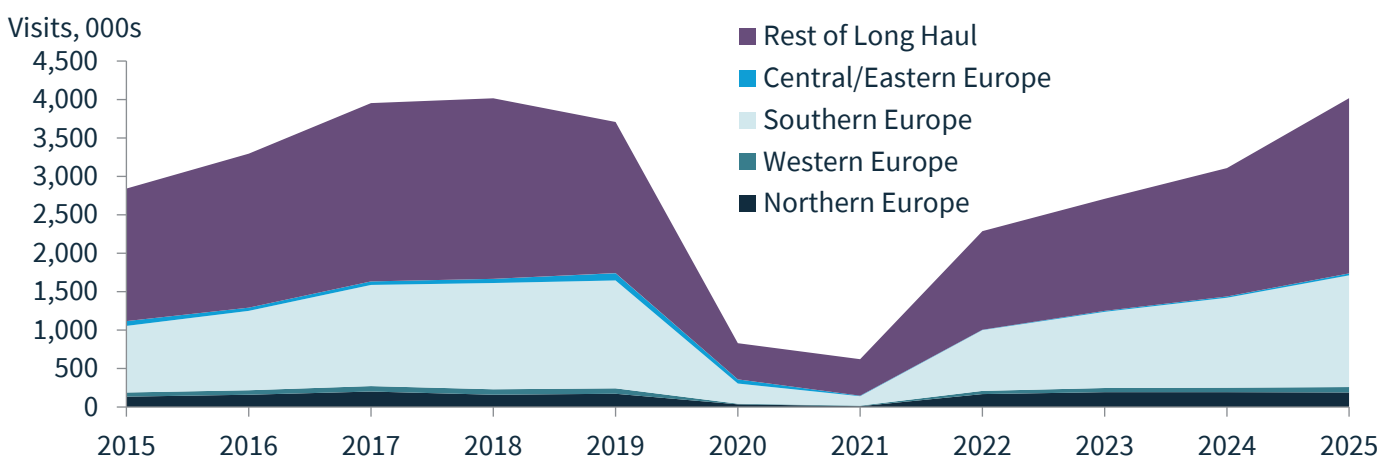
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	10,203	-	9.3%	55.8%	-	-2.1%	-
Long haul	3,037	29.8%	10.1%	61.8%	30.9%	-16.1%	34.7%
Short haul	7,166	70.2%	8.9%	53.2%	69.1%	5.4%	65.3%
Travel to Europe	1,369	13.4%	10.0%	61.0%	13.9%	-17.2%	15.9%
European Union	1,167	11.4%	10.3%	63.6%	12.0%	-17.5%	13.6%
Northern Europe	116	1.1%	6.7%	38.3%	1.0%	-9.5%	1.2%
Western Europe	59	0.6%	8.6%	51.1%	0.6%	-13.6%	0.7%
Southern Europe	1,171	11.5%	10.2%	62.5%	12.0%	-16.6%	13.5%
Central/Eastern Europe	22	0.2%	17.9%	127.7%	0.3%	-58.3%	0.5%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

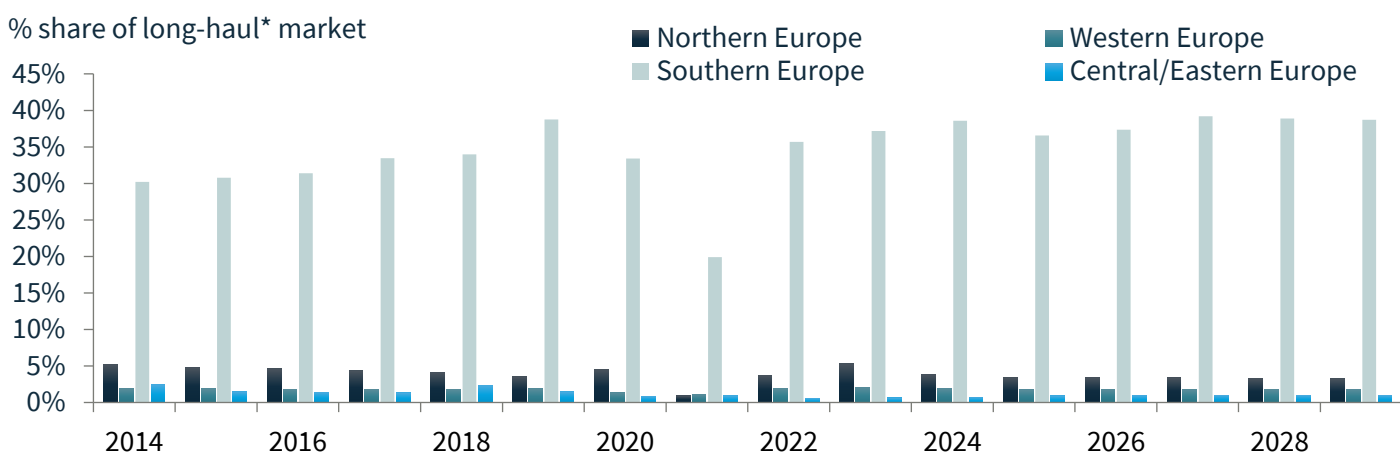
Argentina Long-Haul* Outbound Travel



*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

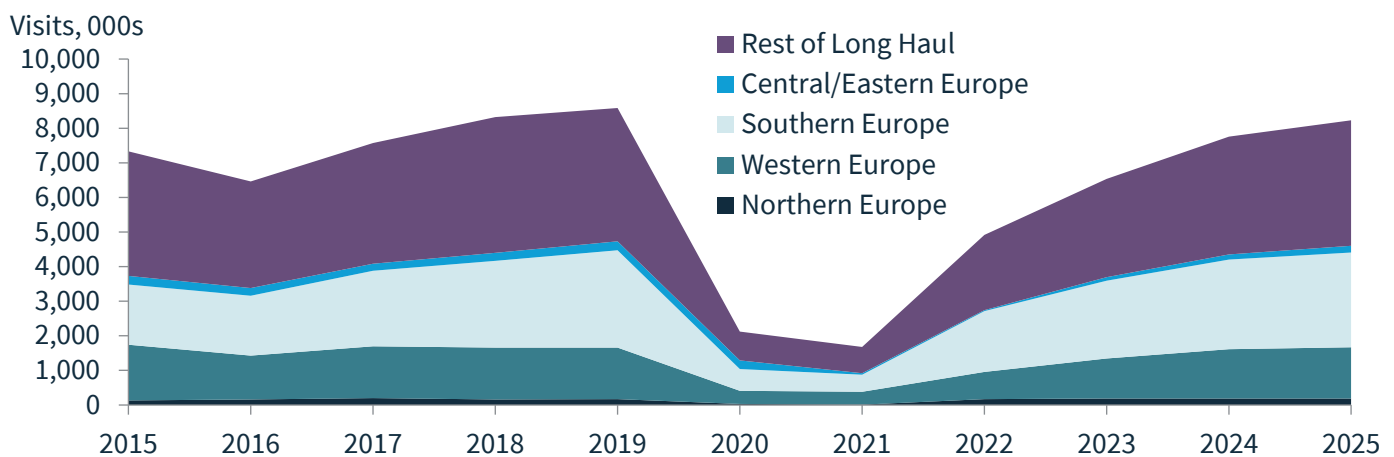
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	11,673	-	4.8%	26.5%	-	-2.8%	-
Long haul	8,006	68.6%	5.2%	28.6%	69.7%	-8.8%	73.1%
Short haul	3,667	31.4%	4.1%	22.0%	30.3%	13.3%	26.9%
Travel to Europe	4,601	39.4%	5.1%	28.2%	40.0%	-6.5%	41.0%
European Union	3,903	33.4%	5.6%	31.0%	34.6%	-8.7%	35.6%
Northern Europe	401	3.4%	3.1%	16.7%	3.2%	6.4%	3.1%
Western Europe	1,424	12.2%	4.2%	23.0%	11.9%	-4.2%	12.4%
Southern Europe	2,587	22.2%	5.6%	31.6%	23.1%	-8.0%	23.4%
Central/Eastern Europe	189	1.6%	7.9%	46.2%	1.9%	-23.9%	2.1%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

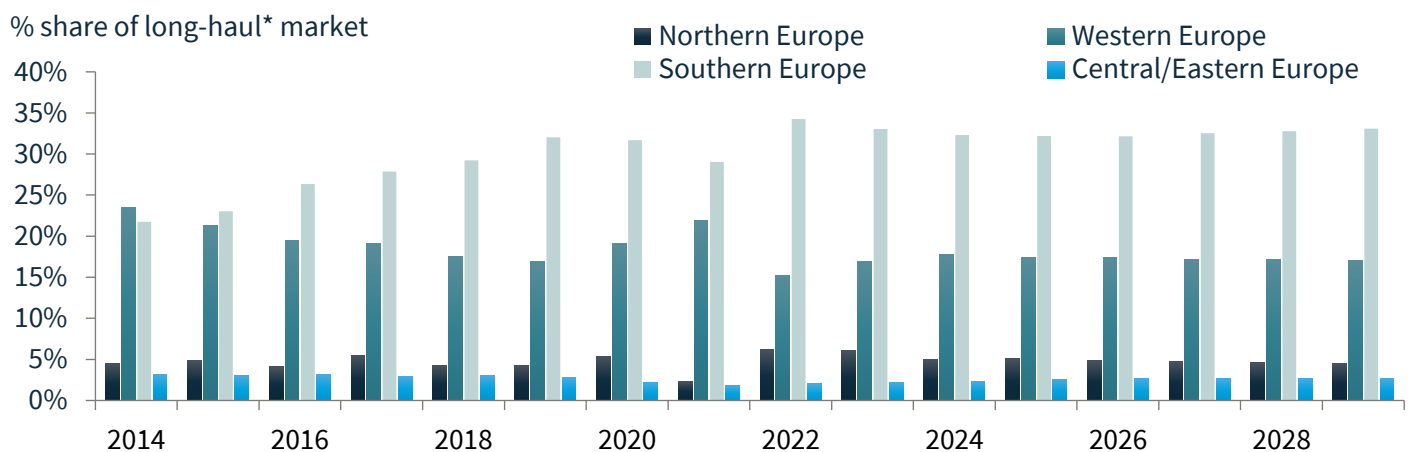
Brazil long-haul* outbound travel



*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

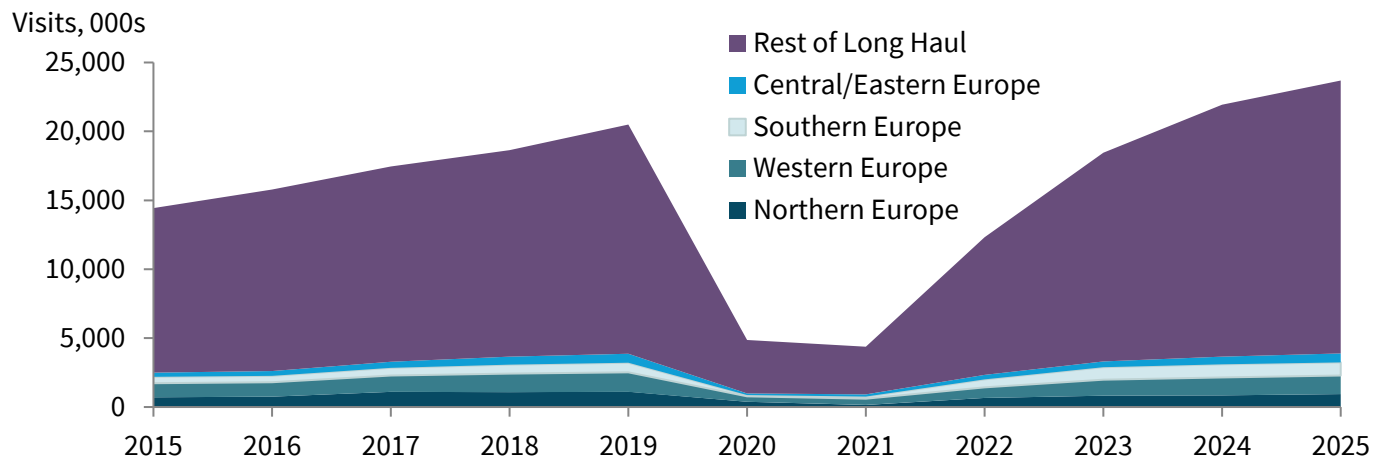
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	23,127	-	7.6%	44.3%	-	6.9%	-
Long haul	21,944	94.9%	7.8%	45.5%	95.7%	7.1%	94.7%
Short haul	1,183	5.1%	4.1%	22.5%	4.3%	3.6%	5.3%
Travel to Europe	3,655	15.8%	7.2%	41.8%	15.5%	-5.5%	17.9%
European Union	2,036	8.8%	7.3%	42.1%	8.7%	-8.3%	10.3%
Northern Europe	855	3.7%	11.0%	68.3%	4.3%	-23.1%	5.1%
Western Europe	1,301	5.6%	5.1%	28.5%	5.0%	-8.2%	6.5%
Southern Europe	943	4.1%	3.4%	18.2%	3.3%	36.5%	3.2%
Central/Eastern Europe	556	2.4%	11.5%	72.3%	2.9%	-14.1%	3.0%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

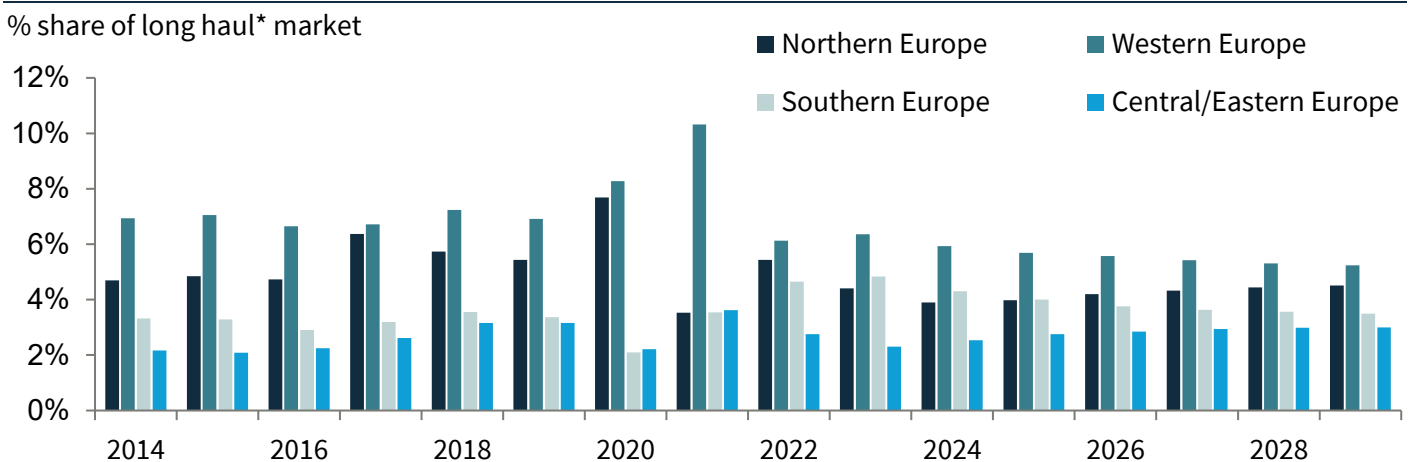
India long-haul* outbound travel



*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

	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	71,323	-	15.2%	102.9%	-	-31.6%	-
Long haul	32,837	46.0%	17.3%	121.7%	50.3%	-41.8%	54.1%
Short haul	38,486	54.0%	13.3%	86.9%	49.7%	-19.7%	45.9%
Travel to Europe	7,692	10.8%	20.7%	155.9%	13.6%	-48.2%	14.2%
European Union	4,796	6.7%	21.7%	166.7%	8.8%	-50.5%	9.3%
Northern Europe	1,020	1.4%	20.4%	153.1%	1.8%	-49.9%	2.0%
Western Europe	3,095	4.3%	21.5%	165.0%	5.7%	-51.4%	6.1%
Southern Europe	1,808	2.5%	13.9%	91.4%	2.4%	-29.8%	2.5%
Central/Eastern Europe	1,768	2.5%	25.2%	207.7%	3.8%	-54.4%	3.7%

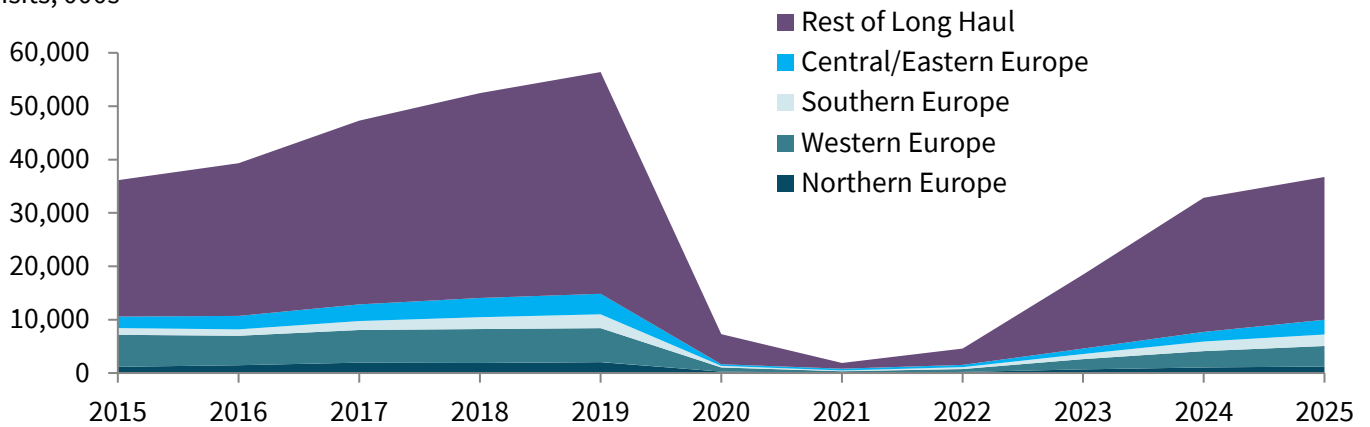
*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

China long-haul* outbound travel

Visits, 000s

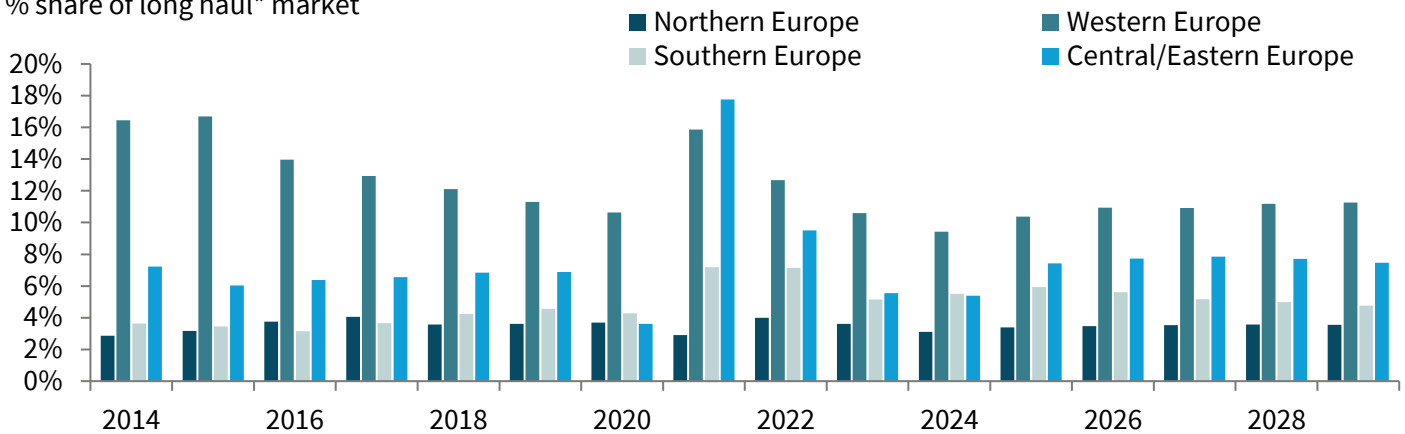


*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Europe's share of Chinese market

% share of long haul* market



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Japan market share summary

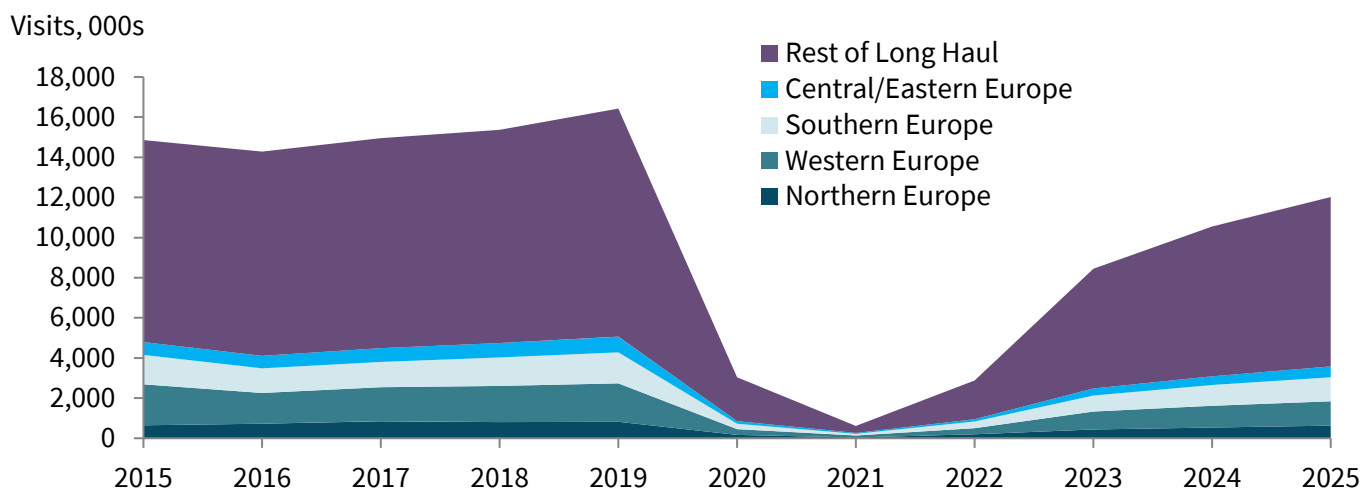
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	17,902	-	12.3%	78.5%	-	-29.4%	-
Long haul	10,550	58.9%	13.7%	89.7%	62.6%	-35.8%	64.8%
Short haul	7,352	41.1%	10.2%	62.6%	37.4%	-17.8%	35.2%
Travel to Europe	3,090	17.3%	14.5%	96.5%	19.0%	-38.9%	19.9%
European Union	2,439	13.6%	14.6%	97.3%	15.1%	-38.3%	15.6%
Northern Europe	526	2.9%	14.2%	94.5%	3.2%	-36.3%	3.3%
Western Europe	1,091	6.1%	13.1%	84.9%	6.3%	-42.9%	7.5%
Southern Europe	1,035	5.8%	13.7%	89.8%	6.1%	-33.4%	6.1%
Central/Eastern Europe	438	2.4%	19.5%	143.9%	3.3%	-43.0%	3.0%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

Japan long-haul* outbound travel

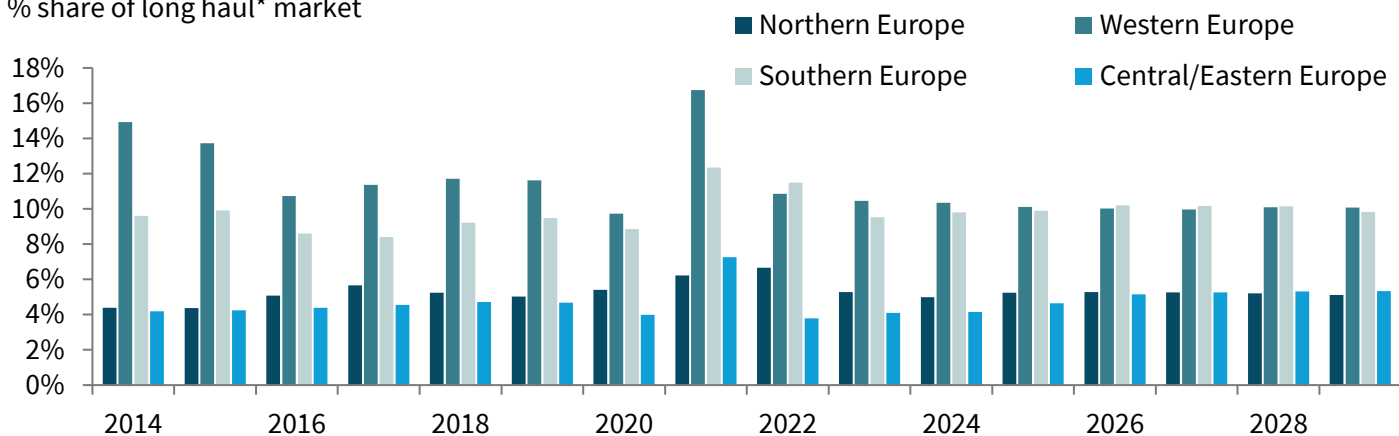


*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Europe's share of Japanese market

% share of long haul* market



*Long haul defined as tourist arrivals to destinations outside Northeast Asia

Source: Tourism Economics

Australia market share summary

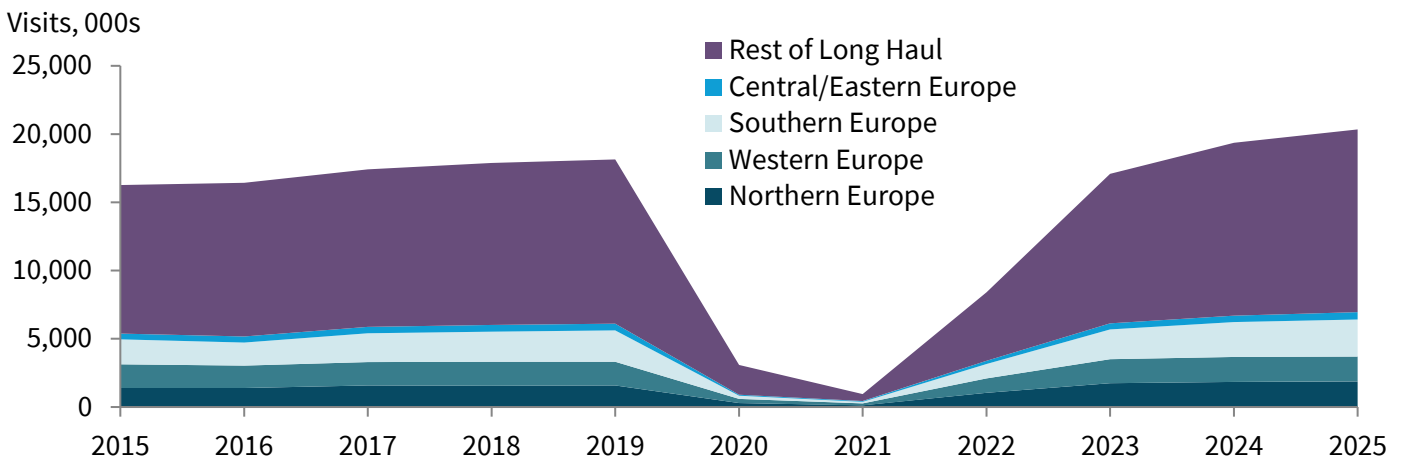
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	20,138	-	6.7%	38.3%	-	7.1%	-
Long haul	19,358	96.1%	6.5%	37.2%	95.4%	6.7%	96.5%
Short haul	780	3.9%	10.4%	64.0%	4.6%	17.3%	3.5%
Travel to Europe	6,702	33.3%	5.2%	28.7%	31.0%	9.7%	32.5%
European Union	4,712	23.4%	5.7%	32.1%	22.4%	8.0%	23.2%
Northern Europe	1,841	9.1%	3.0%	15.9%	7.7%	16.4%	8.4%
Western Europe	1,824	9.1%	3.1%	16.6%	7.6%	5.7%	9.2%
Southern Europe	2,553	12.7%	7.3%	42.3%	13.1%	10.8%	12.2%
Central/Eastern Europe	483	2.4%	8.6%	51.2%	2.6%	-2.9%	2.6%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

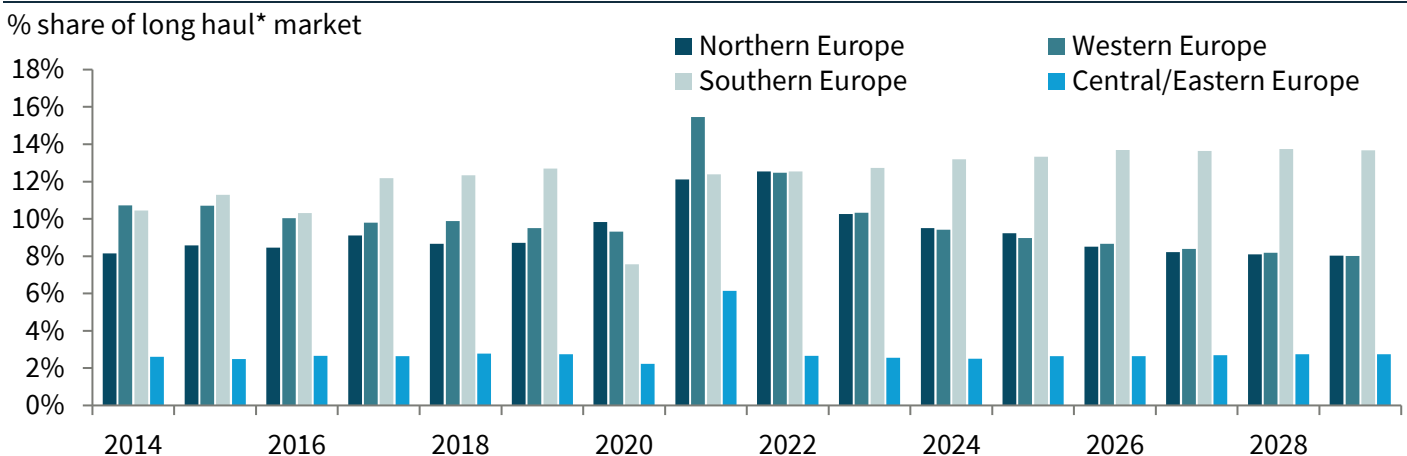
Australia long-haul* outbound travel



*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

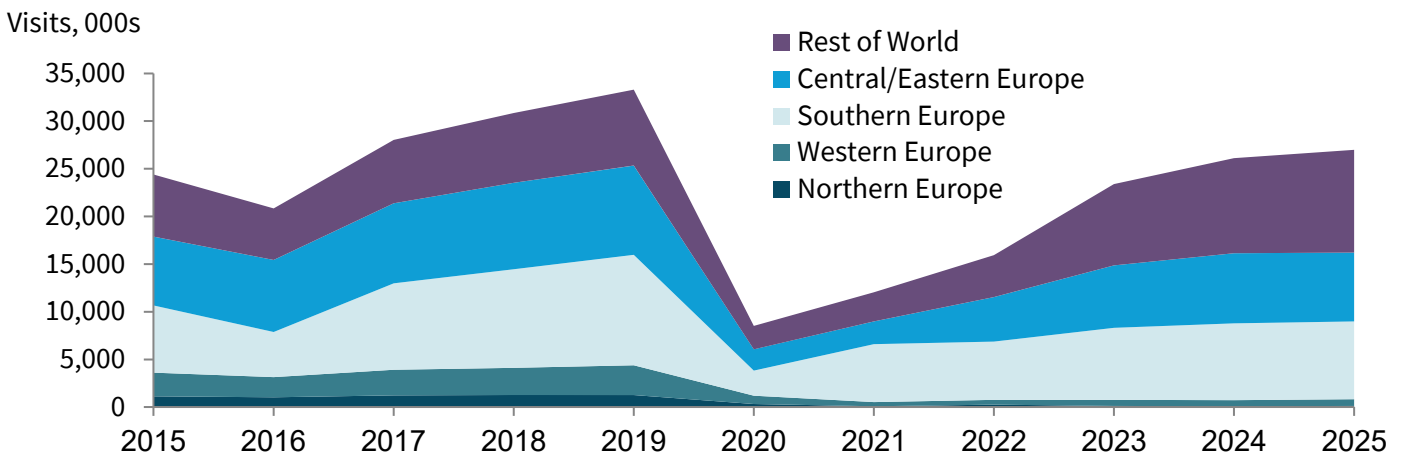
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	26,101	-	9.2%	55.3%	-	-21.6%	-
Long haul	9,971	38.2%	6.5%	36.8%	33.6%	25.1%	23.9%
Short haul	16,130	61.8%	10.8%	66.7%	66.4%	-36.3%	76.1%
Travel to Europe	16,130	61.8%	10.8%	66.7%	66.4%	-36.3%	76.1%
European Union	2,007	7.7%	32.5%	307.7%	20.2%	-81.5%	32.6%
Northern Europe	84	0.3%	34.6%	341.8%	0.9%	-93.3%	3.8%
Western Europe	649	2.5%	32.0%	300.6%	6.4%	-79.2%	9.4%
Southern Europe	8,035	30.8%	9.0%	53.8%	30.5%	-30.6%	34.8%
Central/Eastern Europe	7,362	28.2%	9.4%	57.0%	28.5%	-21.5%	28.2%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

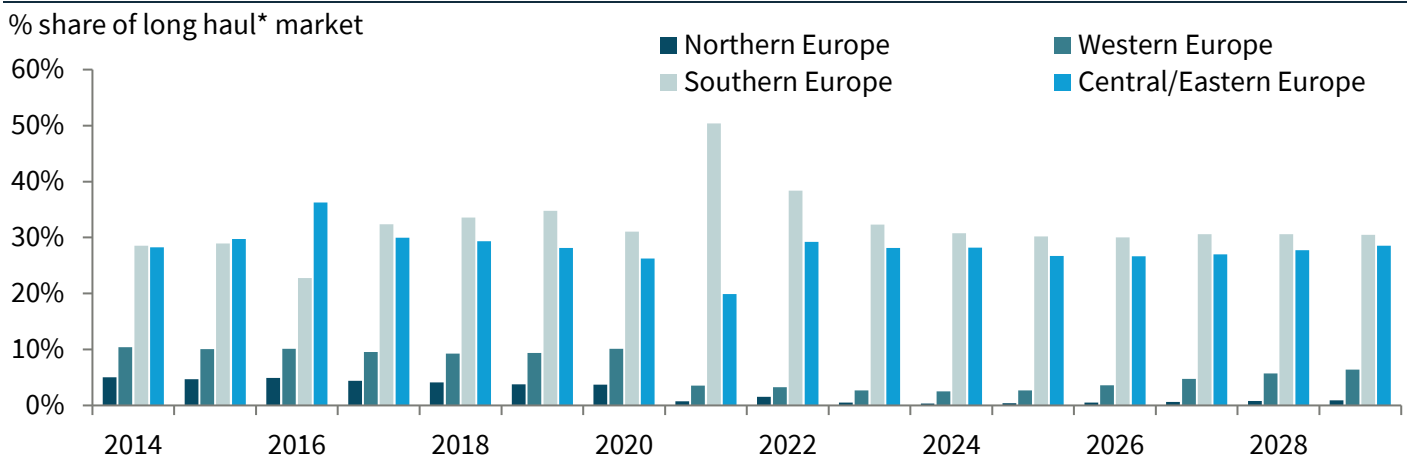
Russia long-haul* outbound travel



*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

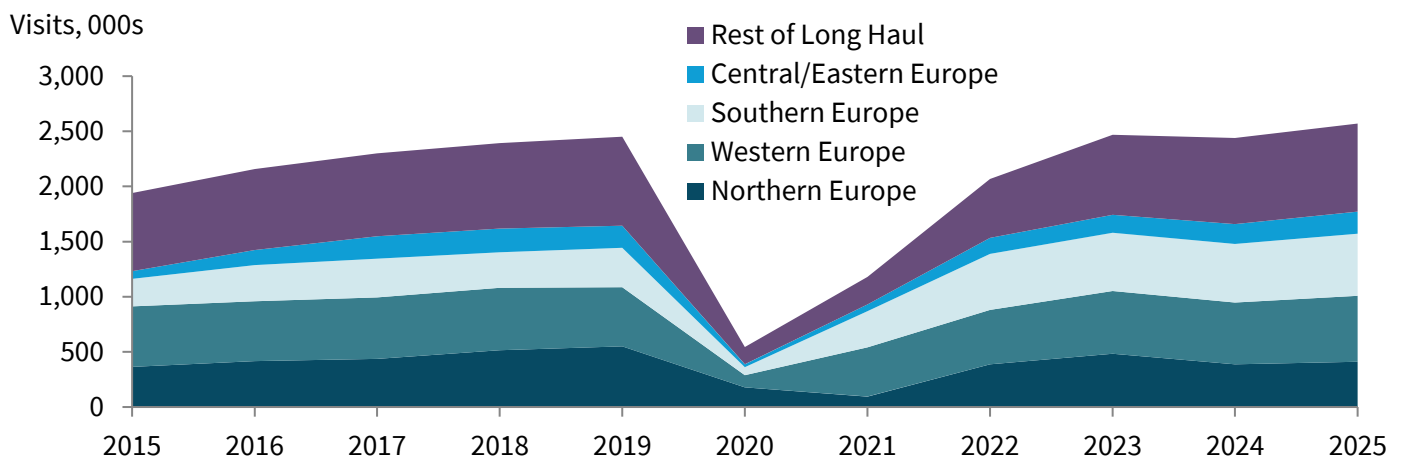
	2024		Growth (2024-29)			Growth (2019-24)	
	000s	Share**	Annual average	Cumulative growth*	Share 2029**	Cumulative growth*	Share 2019**
Total outbound travel	4,666	-	6.4%	36.5%	-	23.8%	-
Long haul	2,439	52.3%	5.5%	30.5%	50.0%	-0.5%	65.0%
Short haul	2,227	47.7%	7.4%	43.1%	50.0%	68.9%	35.0%
Travel to Europe	1,657	35.5%	5.0%	27.5%	33.2%	0.8%	43.6%
European Union	959	20.6%	2.5%	13.3%	17.1%	19.4%	21.3%
Northern Europe	388	8.3%	8.5%	50.3%	9.1%	-29.5%	14.6%
Western Europe	561	12.0%	4.0%	21.5%	10.7%	4.7%	14.2%
Southern Europe	530	11.4%	3.6%	19.2%	9.9%	48.6%	9.5%
Central/Eastern Europe	178	3.8%	4.0%	21.6%	3.4%	-11.6%	5.3%

*Shows cumulative change over the relevant time period indicated. 2019-24 includes COVID-19 pandemic related declines.

**Shares are expressed as % of total outbound travel

Source: Tourism Economics

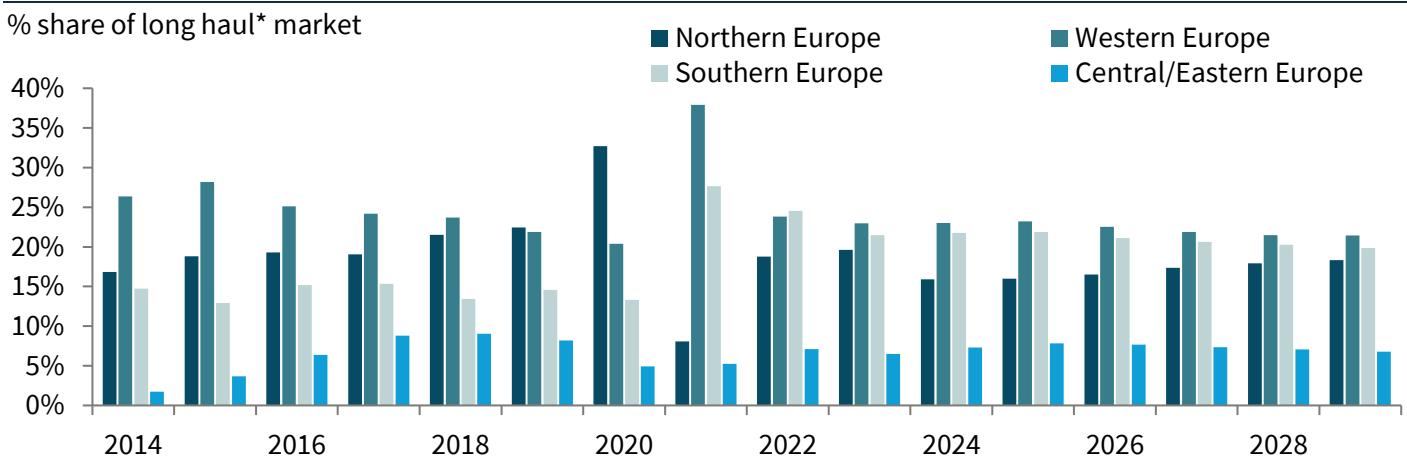
United Arab Emirates long-haul* outbound travel



*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

The global economy remains weaker than before the announcement of tariffs in April, as the adverse impacts of these measures continue to affect GDP growth from the latter half of 2025 through 2026. A trade deal with the EU and the ongoing trade truce with China have slightly enhanced the outlook since the last quarter's report. However, global trade is still expected to remain soft as higher US tariffs come into effect. Meanwhile, heightened uncertainty in trade policy is expected to suppress investment.

Although recent US labour data have underperformed projections, this weakness does not signal an impending US or global recession. This is in line with modest but stable business surveys such as the JP Morgan Global Manufacturing PMI (Purchasing Managers' Index). Overall, the building drag of tariffs is forecasted to maintain 2.7% year-on-year growth for 2025, spearheaded by growth in China and the emerging markets as a whole.

Summary of Economic Outlook, % change*

Country	2024					2025				
	GDP	Consumer expenditure	Unemployment**	Exchange rate***	Inflation	GDP	Consumer expenditure	Unemployment**	Exchange rate***	Inflation
UK	1.1%	0.6%	4.4%	2.7%	2.5%	1.3%	1.0%	4.6%	-1.0%	3.5%
France	1.1%	1.0%	7.2%	0.0%	2.0%	0.6%	0.5%	7.4%	0.0%	1.1%
Germany	-0.5%	0.5%	6.0%	0.0%	2.3%	0.2%	1.3%	6.3%	0.0%	2.1%
Netherlands	1.1%	1.0%	3.7%	0.0%	3.3%	1.3%	1.0%	3.8%	0.0%	3.3%
Italy	0.5%	0.4%	6.6%	0.0%	1.0%	0.6%	0.6%	6.2%	0.0%	1.7%
Spain	3.2%	2.9%	11.3%	0.0%	2.8%	2.7%	3.2%	10.7%	0.0%	2.5%
Russia	4.3%	5.4%	2.5%	-8.0%	8.4%	0.9%	2.2%	2.3%	4.1%	8.8%
US	2.8%	2.8%	4.0%	-0.1%	3.0%	1.9%	2.1%	4.2%	-4.1%	2.8%
Canada	1.6%	2.4%	6.4%	-1.6%	2.4%	1.1%	2.7%	7.0%	-5.8%	2.1%
Brazil	3.0%	4.8%	6.8%	-7.4%	4.4%	2.4%	1.0%	6.0%	-8.0%	5.1%
China	5.0%	4.9%	3.8%	-1.7%	0.2%	4.8%	4.8%	3.9%	-4.0%	0.0%
Japan	0.1%	-0.1%	2.5%	-7.2%	2.7%	1.1%	1.0%	2.5%	-1.8%	3.2%
India	6.7%	7.3%	8.0%	-1.4%	4.9%	6.9%	6.5%	7.3%	-7.5%	1.8%

Source: Tourism Economics based on GEM as of 30.09.2025

* 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

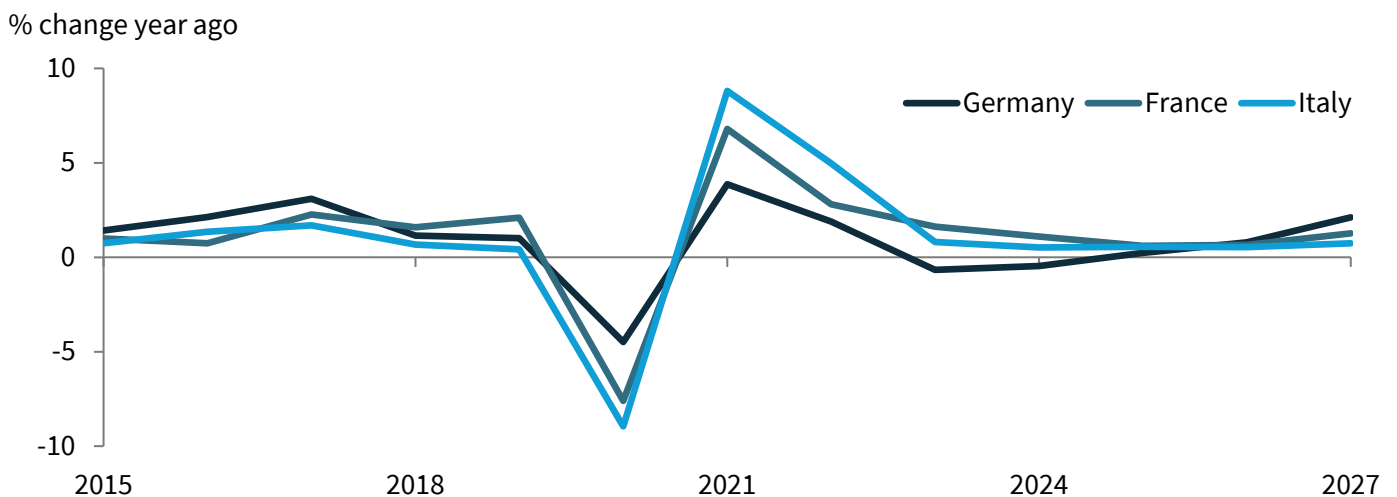
The Eurozone economy grew by a modest 0.1% on the quarter in Q2, following a 0.6% q/q expansion in the first three months of the year. The slowdown primarily resulted from frontloaded orders in Q1, anticipating tariffs that boosted trade and investment figures for Q1, but this was temporary and did not continue into Q2.

Overall, the Eurozone has weathered the adverse geopolitical environment reasonably well. Still, momentum remains weak and growth will remain lacklustre over the short term due to weaker global demand and heightened uncertainty. Survey indicators have broadly recovered from April levels after the implementation of tariffs, but both the ESI (Economic Sentiment Indicator) and PMI's still signal subdued growth in quarters to come.

Consumer spending will play a key role in supporting economic activity in the near term amidst a weak industrial sector. Growth in real incomes has been solid thanks to strong labour markets, falling inflation, and strong wage growth. This will continue supporting growth in household consumption, though low consumer confidence will keep consumers from fully deploying their real income gains.

Since the last report, the assumptions underpinning it have changed following the US-EU trade deal. The US imposed 15% tariffs on EU goods subject to reciprocal tariffs, including auto parts, aircraft, and aircraft parts, while 50% tariffs on steel, copper, and aluminium remain. Any retaliation from the EU has also been taken out of the baseline following this agreement.

Economic performance in key Eurozone economies, real GDP



Source: Oxford Economics

United Kingdom

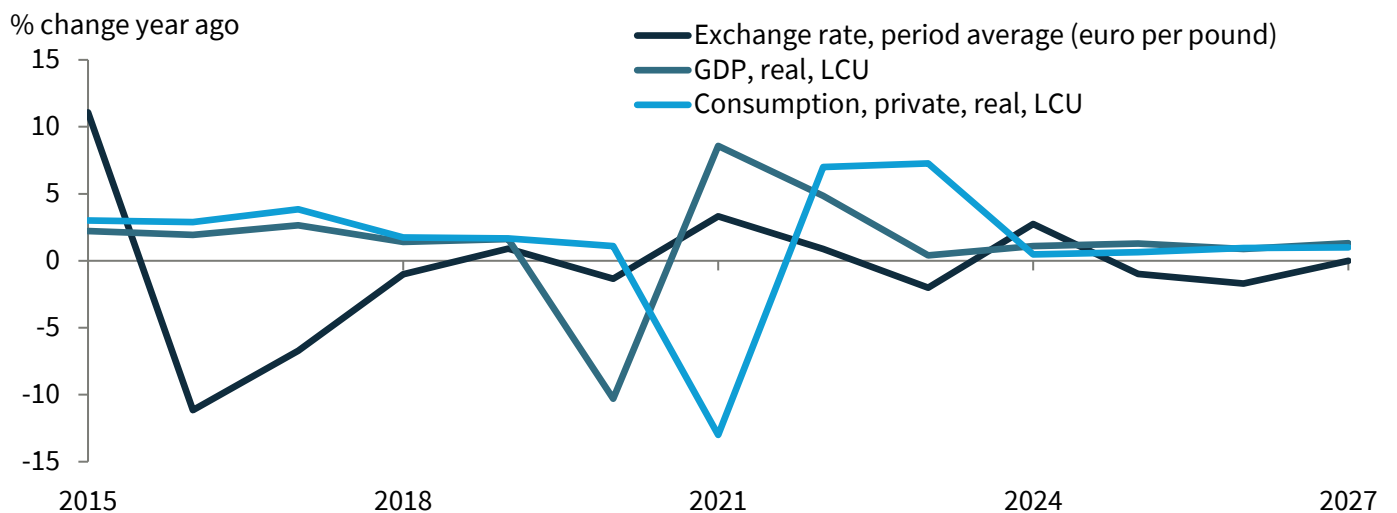
UK GDP growth in Q2 slowed to 0.3% on the quarter from 0.7% in Q1, but deeper analysis reveals a weaker picture. Government spending drove Q2 growth, with stagnant consumption and a 1.1% decline in business investment as Q1's strength unwound. Despite this, the strong early-year growth has raised the 2025 outlook to 1.3%.

Business surveys indicate little upward momentum in Q3 as the gradually recovering S&P Global Composite PMI fell to a 5-month low in September to just above the no-growth threshold. However, it is important to note that survey data has previously been inaccurate when predicting economic performance, and sentiment is likely to be heavily swayed due to the upcoming budget.

This year, real incomes are expected to be squeezed by high inflation, exceeding the Bank of England target and slowing pay growth. But inflationary pressure is expected to ease in 2026 and, despite the savings ratio remaining high, more upbeat consumer sentiment should emerge as incomes rise, bolstering consumption.

Overall, the UK anticipates sluggish growth in the upcoming quarters due to significant headwinds from fiscal, monetary, and international factors. The delayed effects of previous interest rate hikes will persist, with rate cuts not foreseen until next year. Fiscal policy remains stringent owing to budget consolidation and is projected to further tighten in the future. Additionally, the UK-US agreement imposes a 10% tariff on most UK goods, significantly affecting UK exports.

United Kingdom economic outlook



Source: Oxford Economics

United States

GDP grew more than expected in Q2 driven by more resilient consumer spending despite inflationary pressures from tariffs. The strong Q2 figure has pushed up the outlook for US GDP to 1.9% in 2025.

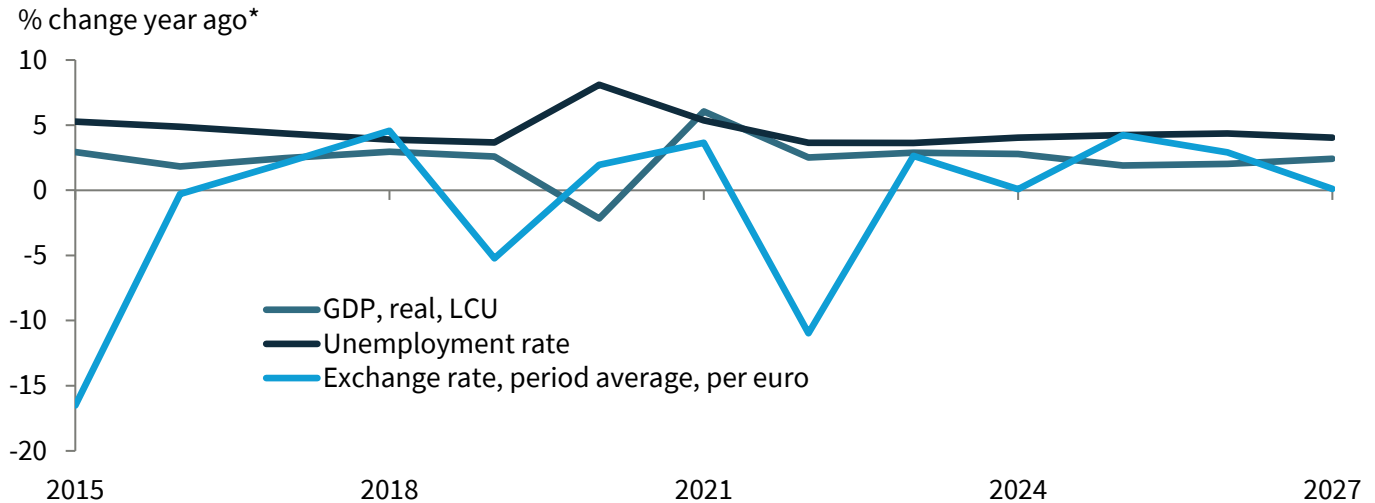
The labour market has shown fissures as trend job growth has slowed slightly below the level required to maintain stable unemployment rates. However, this does not imply the labour market is cracking. Some factors that impacted private employment, like the previous tightening in financial market conditions, are easing, which will prevent a more substantial decline.

The softening labour market is affecting real disposable income growth, but consumer spending, though bifurcated, is holding up. The pass-through of higher tariffs to consumer prices is ongoing, though new tariff assumptions imply that the peak of consumer prices will be a touch less than assumed. These new assumptions apply the new EU-US agreement and hold the belief that Steel and Aluminium tariffs on Canada and Mexico will be lowered to 10% in Q3-2026 when the US-Mexico-Canada Agreement is up for renegotiation.

Looking ahead, the outlook is set to improve as AI-related investments are set to increase further in 2026 due to tight corporate bond spreads, wide corporate profit margins, and diminishing effects from a previous surge in policy uncertainty that will bolster business equipment spending excluding AI.

However, there is a downside risk to the outlook as a result of the government shutdown which began on October 1st. The main impact on nominal and real GDP comes via a reduction in compensation for federal workers and hours worked. If the impact mirrors the month-long shutdown in 2018-19, this current shutdown could decrease GDP growth by 0.4 to 0.8ppts in Q4/2025. It is now likely that the Federal Reserve will cut rates in October, instead of our previous projection of December.

United States economic outlook



Source: Oxford Economics *Unemployment rate is absolute

Japan

The preliminary GDP estimate indicated the economy grew by 0.3% on the quarter in Q2, exceeding consensus due to higher-than-expected business investment growth, with software investment providing a boost. In contrast, consumption remained stagnant, and exports deteriorated toward the end of the quarter, due to weak US imports.

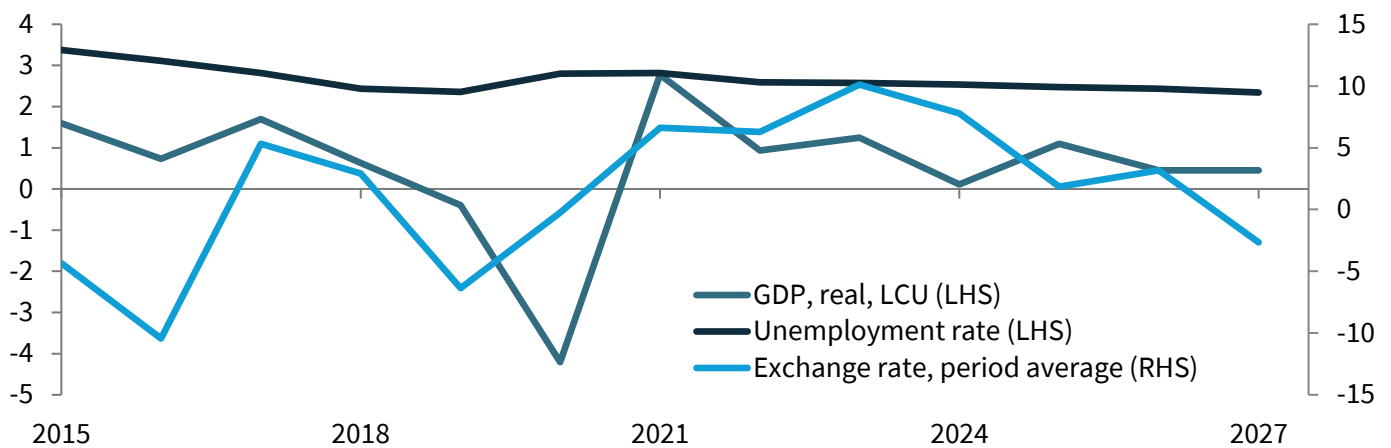
High US tariffs and a lagged impact from previous spikes in global trade policy uncertainty will impact exports and machinery investment activity. However, investment prospects will improve due to resilient AI, semiconductor-related investments and stable demand for software purchases for digitalisation.

The Bank of Japan (BoJ) kept its policy rate at 0.5% in July and is likely to remain cautious on policy rate hikes going forward given the highly uncertain environment. That said, given that tariff shocks will likely dissipate in H1 2026, paving the way for the BoJ to hike again in Q3 2026. Given this, the yen will likely remain weak against the dollar in 2025 and gain strength in 2026 as the US-Japan yield gaps narrow further and export demand out the US weakens.

Overall, the outlook for Japan is of 1.1% GDP growth in 2025 and 0.5% in 2026. We believe weak external demand and a dampened appetite for machinery investment will limit near-term growth. However, resilient AI, semiconductor-related investments, and stable software demands for digitalisation should offset these headwinds.

Japan economic outlook

% change year ago*



Source: Oxford Economics *Unemployment rate is absolute

Emerging Markets

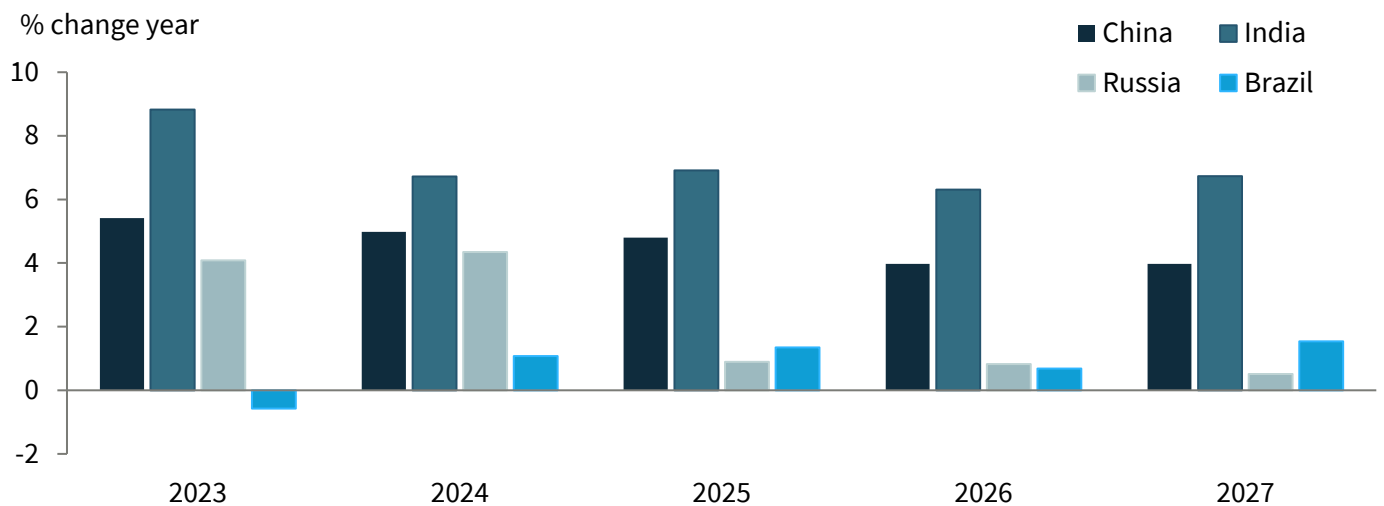
The economy expanded by 5.3% on the year in China in the first half of 2025. However, selling inventory stocks boosted growth while production slowdown limits GDP prospects in the second half of the year. Other signs show activity losing momentum; China's August activity indicators confirmed a slowdown, though less steep than feared, while retail sales growth at 3.4% y/y was the lowest level since November 2024 and unemployment rose slightly.

India's real GDP rose by 7.8% year-on-year in Q2, up from 7.4% in Q1, mainly due to private consumption growth surging. Exports growth was driven by US frontloading ahead of tariffs, but weak demand from the EU largely negated this increase. Coupled with high imports, net trade had a negative impact. In the future, the US baseline tariff on imports from India is at 50%, which will impact export growth, although essential electronics and pharmaceuticals exemptions will give the export sector some respite.

Official data from IBGE showed that Brazil expanded on the quarter by 1.4% in Q1 and 0.4% in Q2. The latest national accounts release confirmed that domestic demand is cooling, with growth mostly supported by a contraction in imports and a frail rebound in household consumption. As a result, economic growth is set to slow to 2.4% in 2025.

In Q2, Russia's annual growth slowed to 1.1% from 1.4%. Activity lost momentum despite the central bank cutting its policy rate by 300bps in summer. Low oil prices weighed on budget revenues, limiting room for fiscal stimulus and increasing the likelihood of a recession in the coming quarters. But overall, the economy is still expected to expand in 2025, but by just 0.9%, a strong deceleration from last 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)