City Tourism Outlook and Ranking: Coronavirus Impacts and Recovery

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Coronavirus has spread more widely and rapidly than expected

- Vast majority of countries affected
- Travel restrictions have been imposed by most countries
- Significant impacts on travel to, from and within countries in near-term

Source: Tourism Economics Global Travel Service (GTS)
Global lockdowns are having a very large impact on economy and travel

Global lockdowns

Source: Oxford Economics/Haver Analytics

% of global GDP

Past

Present

Questions: Use the question panel on the right
Immediate economic impact will be greater than during GFC

World: GDP

- Non-China EM q/q contribution
- China q/q contribution
- Advanced economies q/q contribution
- Global % quarter

% quarter


Source: Oxford Economics/Haver Analytics

Questions: Use the question panel on the right
Policy stimulus is providing vital support

Global: Fiscal impulse

Ppts of potential GDP

Advanced Economies
Emerging Markets
World

Forecast

Source: Oxford Economics/Haver Analytics

Central bank policy rates

Advanced economies (LHS)
Emerging markets policy rate, excluding China (RHS)

Dotted lines show past troughs in annual global GDP growth

Source: Oxford Economics/Haver Analytics

Questions: Use the question panel on the right
Expected growth in recovery but impacts will be felt into the medium term

Global GDP Outlook
Annual growth, %

Source: Oxford Economics

Questions: Use the question panel on the right
Huge hit to labour market will impact consumer and travel demand

Labour shocks

% of Total employment

France - workers temporarily laid-off under government support scheme
US - rise in jobless claims in the four weeks to Mar 28
Spain - fall in employment end-Feb to end-March
UK - applications for universal credit Mar 16 to 31

Source: Oxford Economics/Haver Analytics
International travel will fall more sharply than GDP for the year

Global GDP & Tourist Arrivals
Annual growth, %

Source: Tourism Economics

Questions: Use the question panel on the right
Impacts felt across all regions

Global city international visitor arrivals by destination region, relative to 2019
% difference from 2019 levels

Source: Tourism Economics

Questions: Use the question panel on the right
Expected impacts in 2020 will be affected by duration and seasonality

Global arrivals: average monthly seasonality
% share annual arrivals, 2013-18

- Expected 8-month impact period covers over 3/4 usual annual European travel activity – but a smaller amount of usual travel for Middle East and Africa (2/3).
- Within this, current restrictions are expected for around 4 months.
- Duration of current restrictions will have a big impact on flows – some tapering may begin peak summer months.
- “Typical airline had 2 months of cash at the start of the year” according to IATA - airline failures may follow.

Source: UNWTO, Tourism Economics

Questions: Use the question panel on the right
Occupancy falls below 50% in most major markets

Average Hotel Occupancy Rate by Country & Region

Occupancy rate, %, rolling 7 day average for week ending

Source: STR, Tourism Economics

Questions: Use the question panel on the right
Occupancy falls below 50% in most major markets

Source: STR, Tourism Economics
Largest city destinations hit hardest…

City international visitor arrivals decline, 2019-2020

(mn) % change
Hong Kong -51% -10.3
Bangkok -42% -9.7
Macao -41% -8.2
Dubai -41% -6.7
London -40% -5.7
Shenzhen -43% -4.9
Paris -36% -4.8
New York -34% -4.6
Rome -42% -4.6
Singapore -37% -4.3
Tokyo -37% -4.2
Osaka -42% -3.8
Kuala Lumpur -36% -3.8
Barcelona -37% -3.5
Guangzhou -42% -3.3

Source: Tourism Economics

Questions: Use the question panel on the right
... but declines in international visitor arrivals in all cities in 2020

Decline in international city visitor arrivals (mn), 2019-2020

Questions: Use the question panel on the right
### Some changes to the city rankings

#### Global city international visitor arrivals

<table>
<thead>
<tr>
<th>City</th>
<th>2019 Rank</th>
<th>2019 (mn)</th>
<th>2020 Rank</th>
<th>2020 (mn)</th>
<th>2025 Rank</th>
<th>2025 (mn)</th>
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<td>Bangkok</td>
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</table>

**Source:** Tourism Economics

**Key:**
- ▬▬▬▬▬▬ Moved up rankings relative to 2019
- ▬▬▬▬▬▬ Moved down rankings relative to 2019

**Questions:** Use the question panel on the right
Cities with large proportion of long-haul visitors may take longer to recover

Top 15 city destinations, split by distance, 2020

Source: Tourism Economics

Questions: Use the question panel on the right
Return to 2019 levels of international visitor arrivals will take several years…

City international visitor arrivals (mn), 2019

Questions: Use the question panel on the right
... declines in international arrivals are forecast for all cities in 2020...

City international visitor arrivals (mn), 2020

Key:
- International visitor arrivals below 2019 level
- International visitor arrivals equal to or above 2019 levels

Levels:
- 0mn
- 5mn
- 10mn
- 15mn
- 20mn
- 25mn

Questions: Use the question panel on the right
…some recovery in 2021 but all cities will still remain below 2019 levels…

City international visitor arrivals (mn), 2021

Questions: Use the question panel on the right
…it will take until 2022 before the first cities return to 2019 levels…

City international visitor arrivals (mn), 2022

Key:
- International visitor arrivals below 2019 level
- International visitor arrivals equal to or above 2019 levels

Levels:
- 0mn
- 5mn
- 10mn
- 15mn
- 20mn
- 25mn

Questions: Use the question panel on the right
... and by 2023 most cities are expected to exceed 2019 levels...
... with almost all cities recovered to at least 2019 levels by 2024...

City international visitor arrivals (mn), 2024

Key:
- International visitor arrivals below 2019 level
- International visitor arrivals equal to or above 2019 levels

Levels:
- 0mn
- 5mn
- 10mn
- 15mn
- 20mn
- 25mn

Questions: Use the question panel on the right
… but by 2025, some Italian cities still remain below 2019 levels.
Domestic visitor arrivals will decline sharply in 2020

Decline in city domestic visitor arrivals by region, 2019-2020

(mn)

Domestic share of total city arrivals 2020

China 90%
Asia Pacific (exc. China) 53%
North America 73%
Europe 35%
Middle East & Africa 49%
Latin America 60%

Source: Tourism Economics
Domestic recovery by 2021 but international recovery will take 2 more years

Global city international vs domestic visitor arrivals

Source: Tourism Economics

Questions: Use the question panel on the right
The recovery will be uneven

City reliance on domestic and long-haul arrivals, 2020

Source: Tourism Economics

Note: Annotated cities are those ranked in top 50 largest cities for international visitor arrivals

Questions: Use the question panel on the right
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