



Luxembourg for Tourism

Latest travel insights

Quarterly Report – August 2024



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Executive Summary

Executive Summary (1/4)



Performance 2024 year-to-date, vs. 2023 (provisional figures)

- Luxembourg, arrivals, Jan-May 2024: hotels +4% ; campsites -4% ; youth hostels +4% ; other paid -9%.
- Luxembourg, LFT estimate for Jun 2024: hotels +2%, campsites -3%, youth hostels +1%.
- Luxembourg, hotels, Jan-Jun 2024 : occupancy rate 72%, RevPAR 111€ (+7%).
- Luxembourg, visitors, Jan-Jun 2024: tourist infos +25% (Lux-City), -11% (other) ; castles +4% ; museums +6% ; leisure sites +9%.
- International travel in Europe increased significantly (arrivals: +12% vs. 2023 and +6% vs. 2019) in Q1-Q2/2024, led by Southern Europe and strong business travel recovery.
- DE (strong nearby tourism demand), FR, NL and IT (often high-end travel) are key growth source markets in Europe (in Luxembourg, FR and ES showed largest growth). US remains strongest long-haul market; recovery from China and Japan is still sluggish.
- Airline recovery is evident but varies across Europe amidst supply constraints, new air traffic taxes (DE) and subdued long-haul demand.
- European hotels outperforming most other regions (Jan-May: RevPAR +5% vs. 2023). High costs but also large-scale events drive room rate growth in real terms. Hotel openings in pipeline in Europe for 2024-25 to remain below long-term average due to tight credit conditions.
- Short-term rental revenues in Europe declining by 7% (Jan-May) while supply is up (+15%).

LFT Hotel & Camping Survey

- Hotel occupancy rate forecast: 73% (July), 67% (Aug), 75% (Sep), an increase of 1-2 points over 2023. Business travel demand is expected to outperform leisure during next months.
- 58% of hotels and 64% of campsites satisfied with the season so far. Despite rising turnover, 78% of hotels expect a loss of gain in 2024.
- Camping occupancy rate forecast: 75% (July), 79% (Aug), 49% (Sep), down for July (weather impacting last-minute bookings), but up for Aug-Sep.
- High operating costs are the main challenge for both hotels and campsites, also weakening their potential for investment. Labour shortages remain an issue but seem to be easing slightly. Climate change is identified as a major challenge by campsites.

Executive Summary (2/4)



Current search & booking data

- Recent week-on-week search trends for future stays in Luxembourg : +5% (hotels), +3% (flights) throughout July.
- Hotel searches for future stays are 4% higher than in 2023. Potential last-minute summer bookings (hotels) and September bookings (flights). Lead times of hotel searches have become again shorter than last year.
- Flight bookings for future stays: +16% vs. 2023 (+3% vs. 2019). Growth in leisure air travel demand currently exceeds that of business air travel for most months, but higher bookings already for November (business).
- Recent hotel demand growth driven by NL (leisure), strongest year-on-year hotel demand growth from US, FR (leisure), ES & UK (leisure & business).
- Strong flight demand growth vs. 2023 from DE, AT, US, IN, ES, FR. For the last 4 mentioned, this also applies to growth compared to 2019. Growth from FR business-, from ES & US leisure-driven. Subdued demand outlook for new direct connections Manchester & Zhengzhou.
- 15% growth vs. 2023 in bookings for future camping stays, with strong demand forecast for August and mixed signals for September (LFT survey respondents more optimistic for that month than what current booking levels suggest). Growth from all key source markets, esp. BE & UK.
- Travel-related searches on Google for Luxembourg improved over 2023 from CH, AT, BE, NL, UK (the latter 3 also for city trip searches).
- Based on Google searches, interest in hiking is lower this summer than last year across most source markets, except BE, NL, CH.

Luxembourg's E-Reputation

- Luxembourg's net sentiment index, measuring the polarity of travel-related online conversations, has been constantly above +80 over the past year (on a scale from -100 to +100), exceeding the European benchmark which is being impacted by overtourism mentions.
- Average satisfaction via online review sites improves for accommodation & restaurants, and declines for attractions in June 2024 vs. 2023 (Luxembourg remains below the European benchmark, notably also for value-for-money even if scores were rising). By contrast, strong and further improving perception for sustainability of Luxembourg's offer, outperforming the European benchmark.

Executive Summary (3/4)



Short-term travel intent surveys

- 76% of Europeans plan to take at least one trip in summer/autumn 2024 (+7 pts vs. 2023). Travel intent esp. rising in the DACH area, ES, IT and among people aged 55+. Travel intent for later autumn appears to be lower than last year (except among Belgians and French).
- Luxembourg planners are again more often considering holidays than VFR trips, also more often favouring hotels than last year.
- Regain in interest for domestic travel in some markets, at the expense of long-haul travel.
- 53% of Europeans plan to take 2+ trips (2023: 56%), although the average number of planned trips remains identical. Drop in average planned length of stay to cut total costs, keeping average daily spend equal (and rising among travelers from BE, FR, UK, CH, AT and Luxembourg considerers).
- Inflation and personal finances, followed by geopolitical turmoil, remain top concerns for travelers, but worries of overcrowding & extreme weather events have gained ground vs. 2023, leading also more travelers to prefer destinations with stable weather over those prone to extreme heat.
- Holiday types in higher demand than last year include sun & beach, culture & events, wellness and – marginally – nature & outdoors.

Economic and longer-term travel forecasts

- Continuous year-to-date growth in consumer confidence and stabilization of business confidence.
- Positive near-term global economic outlook (GDP forecast 2024: global +3%, Eurozone +1%, US +2%, China +5%). Q1-24 EU GDP growth was modest yet still improving, but private consumption is sluggish (similarly to China and as opposed to US).
- EU inflation has slowed to more normal levels and several central banks (incl. the ECB) have cut interest rates. This could boost growth, household spending and late travel bookings. Services inflation remains high and geopolitical inflationary risks persist, rendering further cuts in 2024 less likely.
- While travelers are taking some steps to save travel costs (less on-site shopping, shorter stays, more off-season travel), travel spend overall remains remarkably robust, maintaining its share in total consumer spending. Total travel spend could be further boosted by large-scale events but also by the return of high-spending Asia-Pacific visitors, driving luxury (shopping) travel, a growth segment for European (city) tourism.

Executive Summary (4/4)



- Growing desire among travelers to explore new destinations and experiences, contributing to the success of less crowded destinations. Still, the parallel success of more traditional hotspots means that Europe is once again facing overtourism in some places, leading to waves of protests by locals. This is especially the case in cities, which, on average, are now recovering faster than countries.
- Further ongoing challenges in the European tourism industry include high costs, staffing issues, bureaucratic regulations and increased sustainability concerns among travellers.
- The quest for authentic travel experiences, business and “bleisure” travel, strong outbound demand from the US and Europe (benefitting short-haul travel within Europe) and the recovery of Asia-Pacific outbound demand are growth opportunities for European tourism in 2024/25. Forecast for inbound arrivals to Europe vs. 2019: +2% (2024), +11% (2025). Forecast for international travel worldwide: +1% (2024), +13% (2025).



Recent Performance Data

Hotels & Campsites

Nights & Arrivals



HOTELS (Statec data)	Jan-May 2024	vs. Jan-May 2023
Nights	714.957	+3.2%
Arrivals	392.583	+3.9%

Source: Statec, provisional figures.

YOUTH HOSTELS	Jan-May 2024	vs. Jan-May 2023
Nights	58.220	+2,8%
Arrivals	31.203	+4,0%

Source: CAJL.

LFT estimate	June 2024 vs. June 2023
Hotels ¹	+2%
Campsites ²	-3%
Youth Hostels ³	+1%

¹ Based on LFT survey (occupancy rate) and Sojern booking data

² Based on LFT survey (occupancy rate) and Tommy Booking Support booking data.

³ Actual data as reported by CAJL, nights.

CAMPSITES (Statec data)	Jan-May 2024	vs. Jan-May 2023
Nights	272.801	-21.6%
Arrivals	78.741	-3.9%

Source: Statec, provisional figures.

RENTALS (Statec data)	Jan-May 2024	vs. Jan-May 2023
Nights	34.694	-2,8%
Arrivals	9.662	-9,0%

Source: Statec, provisional figures.

Arrivals by source markets



Arrivals in paid accommodation (Statec data)	Jan-May 2024 vs. Jan-May 2023
Total inbound	+2%
BE	+0%
FR	+12%
DE	+1%
IT	-6%
NL	-8%
PT	-14%
ES	+4%
CH	-8%
UK	-3%
US	+3%
<i>LU</i>	<i>+4%</i>

Please note that due to a number of technical issues currently being investigated by our data provider, we are unable to include mobile data figures in this report.

Hotels & Short-term Rentals

Occupancy rate, ADR, RevPAR



Luxembourg City (MKG data)	Jan-Jun 2024	vs. Jan-Jun 2023
Occupancy rate	71,7%	+3,6%
ADR	156,2€	+3,3%
RevPAR	111,1€	+7,0%

Source: MKG Hospitality.

SHORT-TERM RENTALS (Sharing Economy) (*)	Jan-Apr 2024	vs. Jan-Apr 2023
Occupancy rate	50,4%	-11,5%
ADR	127,1€	-14,5%
RevPAR	64,0€	-24,3%

(*) Data refers to short-term rentals on Airbnb, HomeAway, VRBO. Source: Lighthouse/ETC. Please note data has not been updated by our data provider since our previous Quarterly Report.

Tourist Info & Attractions

Visitors, January-June 2024



Tourist Infos	vs. Jan-Jun 2023
Luxembourg City	+25%
Other regions	-11%

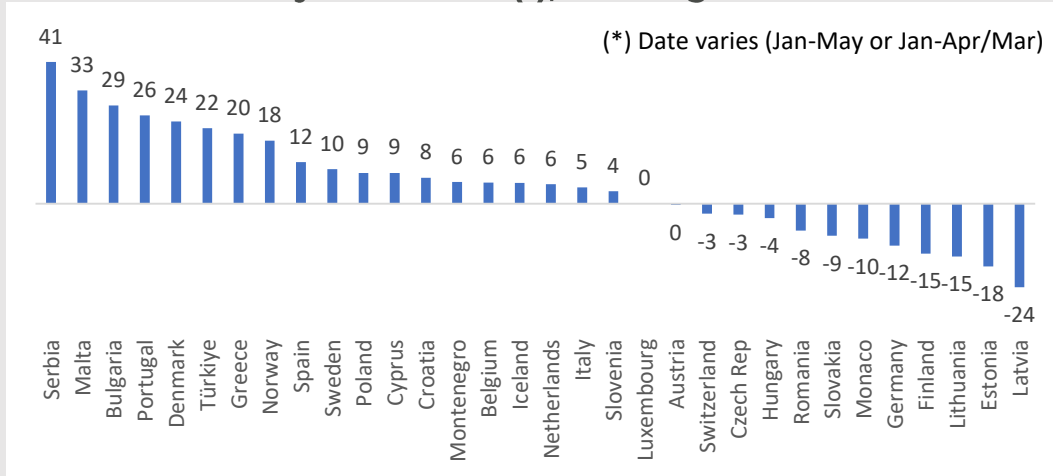
Tourist Attractions	vs. Jan-Jun 2023
Castles	+4%
Museums	+6%
Leisure sites	+9% / -10% ¹
Guided tours	+10% (City) / -11% (ORT)

¹Without Casemates
(partly closed in 2023 (Bock)).

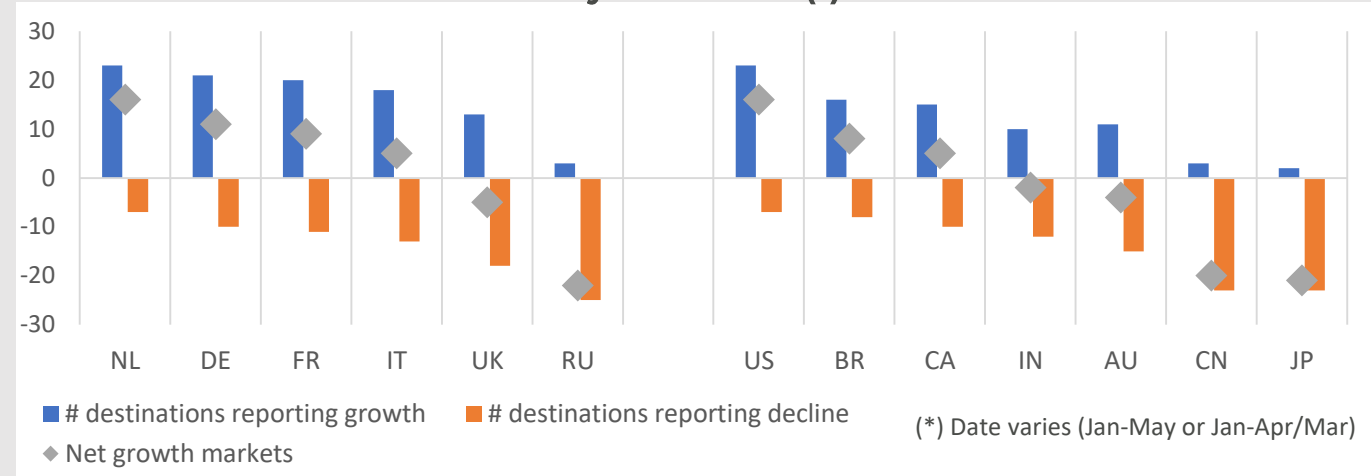
Inbound tourism in Europe year-to-date & key source markets



Inbound arrivals to European destinations, 2024 year-to-date (*), % change vs. 2019



Source market demand trends to European destinations, 2024 year-to-date (*) vs. 2019



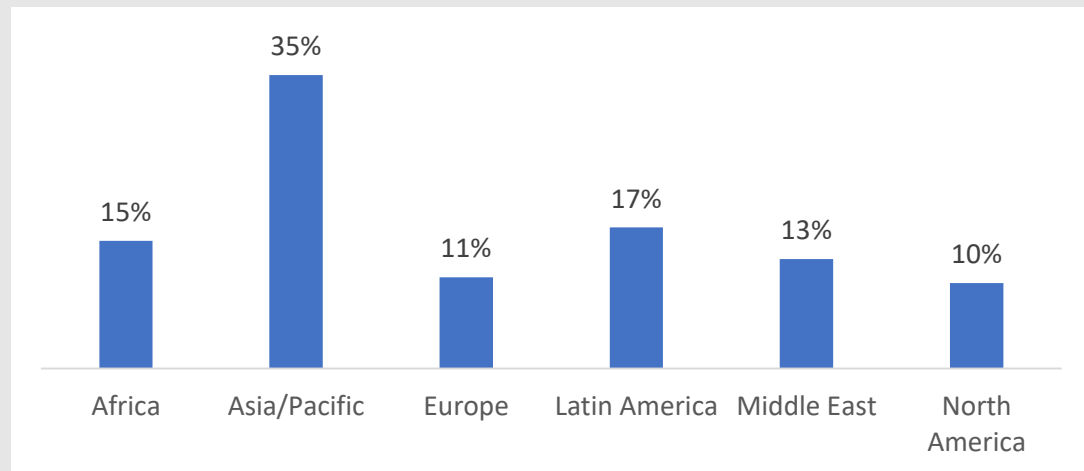
In the first half of 2024, **international travel in Europe increased** significantly (arrivals: +12% vs. 2023 and +6% vs. 2019). **Southern Europe**, due to favorable weather and value-for-money, led this growth, particularly with regard to inbound spend. The majority of European destinations are now reporting growth over 2019 levels in terms of inbound arrivals (left chart). However, the Baltic still face hesitancy due to their proximity to Russia, although confidence is gradually returning. Recent on-the-book hotel data for June-August revealed substantial **business travel recovery** across Europe.

Travel preferences of Europeans vary strongly this year, with both **luxury and budget** options sought after. **German** travellers showed a strong preference for neighbouring countries, though tour operator FTI's recent bankruptcy may impact summer travel, resulting in the cancellation of package holidays. **French** travellers favoured Mediterranean destinations, avoiding many Central and Eastern European countries. **Italians** preferred high-end travel, especially to the Nordics (supported also by better air connectivity) and Mediterranean. **British** tourists still tend to focus on lower-cost destinations, with a significant number of destinations still recording no growth from this market. The **Dutch** showed demand growth in 23 out of 30 reporting destinations. The **US** remained the best-performing long-haul market for Europe, notably in Portugal where it is now the leading source market. Higher inflation in the US may slow demand growth this year, but this could be offset by a stronger \$/€ exchange rate following the recent rate cut by the ECB and by air fares that are down on 2023 for some European destinations. Progress from **China** and **Japan** was slow, with Japan experiencing a 30% yen decline since the pandemic, making travel to Europe very costly. Findings from recent Chinese travel confidence survey data were mixed but indicated a potential return of interest in travel to Europe.

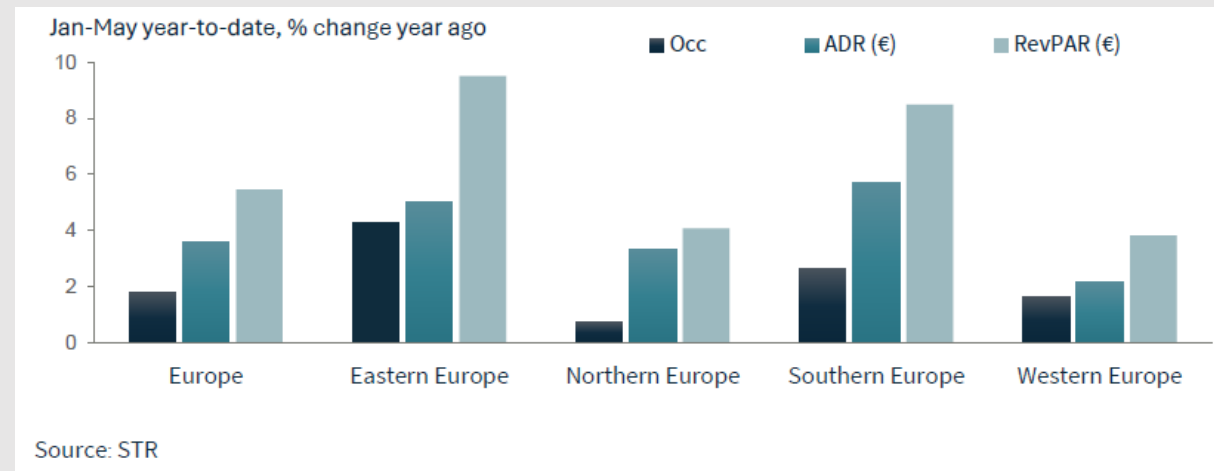
Airlines and hotels performance year-to-date



RPKs¹, international air travel, Europe, Jan-Jun 2024 vs. 2023



European hotel performance



In 2023, **European airlines** achieved a net profit of approximately \$8.6 bn, projected to rise to \$9.0 bn in 2024 despite supply chain challenges and high interest rates. RPK¹ in 2024 are expected to exceed 2019 levels by 5% (left chart), maintaining an average load factor of 75%. However, **recovery varies** across Europe, with Mediterranean countries performing well while others lag due to supply constraints and, in the case of Germany, new air traffic taxes. Subdued long-haul demand keeps air traffic levels in France and the UK below 2019.

Global hotel performance in the first five months of 2024 was strong, with regional RevPAR growing between 2% and 10% year-over-year. **European hotels** outperformed all regions except the Middle East & Africa. European hotel occupancy rates increased by 2%, room rates by 4%, and RevPAR by 5%. High peak season prices may have pushed demand to shoulder months. This will only become clear once data for summer become available. Hotels continue to struggle with higher costs and staffing issues, contributing to room rates growing faster than overall inflation in many countries. In Luxembourg, this was long time not the case, but recently, nominal ADR growth indexed to 2019 (121) has caught up with inflation (119), indicating **ADR growth in real terms**.

Western Europe saw RevPAR growth of 4%. Large-scale **events** are expected to boost summer performance in this region. **Hotel openings** in pipeline in Europe for 2024-25 (54k rooms per year) are likely to remain below the long-term average (69k rooms p.a.) reflecting tight credit conditions, although this can be beneficial for future occupancy growth.

With regard to **short-term rentals**, Paris saw a 108% year-on-year increase in supply due to the Olympics, but which has depressed occupancy levels in the months surrounding the Games (this was also the case for hotels). Median revenue per property across Europe declined by 7% in January-May 2024 over the same period in 2023, while supply was up by 15%.



LFT Hotel & Camping Survey

LFT Hotel Survey

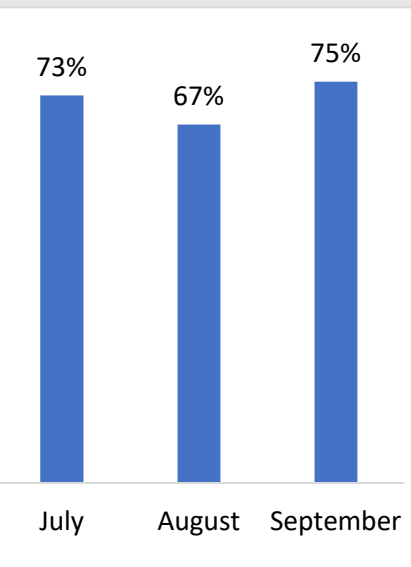
11 – 26 July 2024: 45 hotels



The latest LFT **hotel** survey points to an expected **occupancy rate** in July of 73% (+1pt vs. 2023), 67% in August (+1pt) and 75% in September (+2pts.). Thus, forecasts slightly exceed last year's levels at this date, albeit with some **regional differences**: occupancy is expected to grow in August in North & East regions (but remain stable in September, and decline in July amidst rather large uncertainty, also due to weather conditions). Occupancy is forecast to remain stable in Luxembourg City in July but increase in August and, especially, September. It is expected to increase in the South & West in July (but decline afterwards). Some of these diverging trends can be linked to the outlook by purpose of visit: **business travel** demand is now expected to outperform leisure next months (see top right chart).

Looking back at the year so far, a slight majority of hotels are **satisfied** with the season, with hardly any regional differences. One of the reasons of the somewhat subdued enthusiasm may be the likely **loss of gain** in 2024 despite rising revenues, a risk invoked by no less than 78% of hotels (73% already faced this last year). **High operating costs** were identified as the main **challenge**, leading around 2/3 of respondents to consider further **rate increases** in the coming months (although that share is lower than a year ago, with the exception of Luxembourg City). The short-term nature of bookings also remains a challenge, as do **staff shortages**, but the share of respondents mentioning this has dropped by 10pts over last year. 60% of hotels have to **postpone planned investments** due to cost issues (July 2023: 58%).

Occupancy rate (forecast)



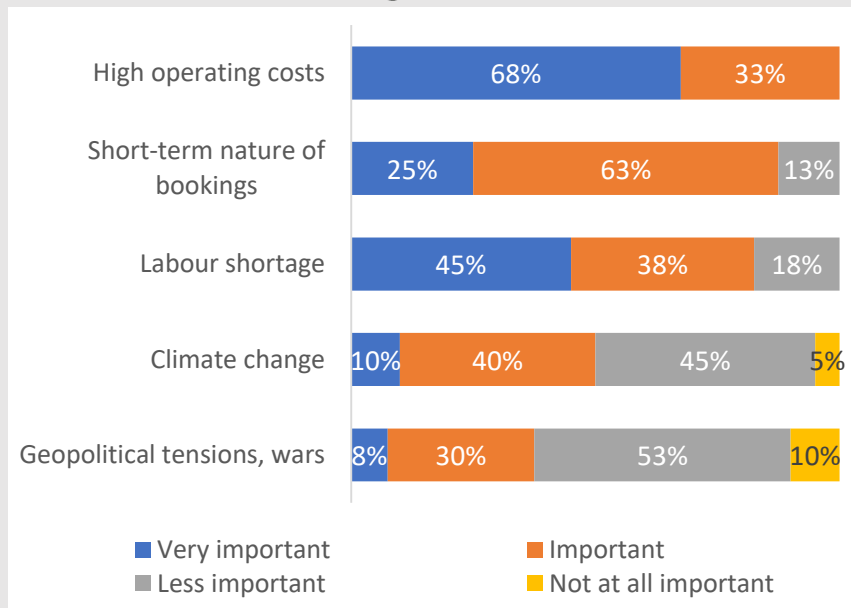
Turnover, Jan-Jun 24 % vs. 2023



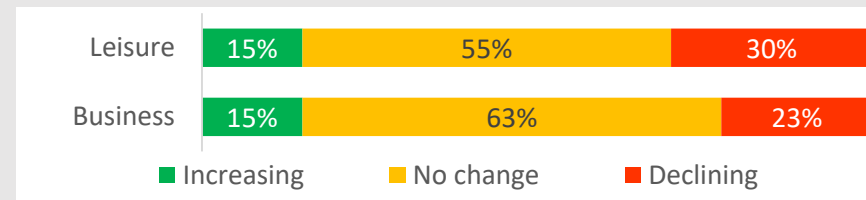
Satisfied with season 2024



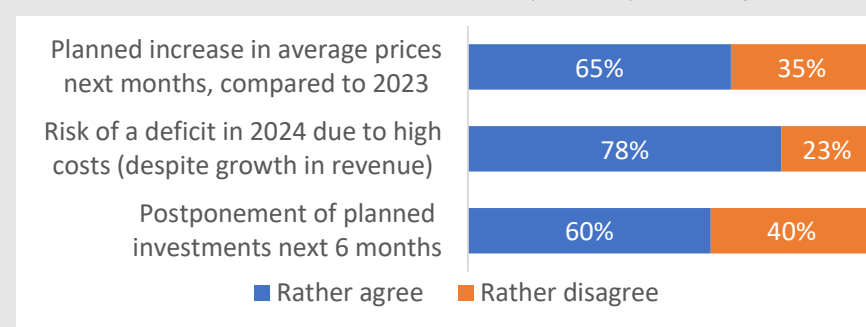
Relevance of challenges for hotels (% of respondents)



Share of bookings, trend vs. 2023 (% of respondents)



Economic statements (% of respondents)



LFT Camping Survey

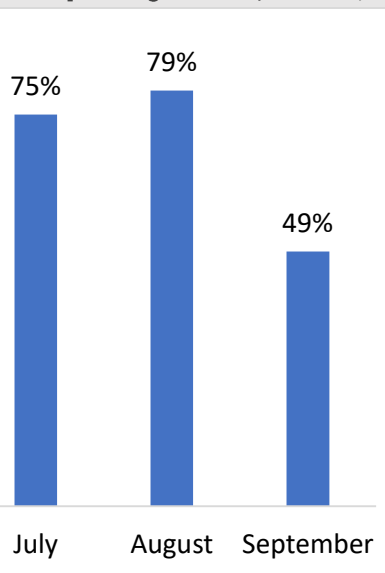
11 – 26 July 2024: 14 campsites



The floods on Whit Sunday led to cancellations on some campsites, but overall, 64% of **campsites** participating to our latest survey are **satisfied** with the season so far. The fairly positive result of the early season is reflected by **turnover** for January-June, which has increased by 2% over 2023. For July, campsites are forecasting an **occupancy rate** of 75%, 3 points below last year. Weather conditions remain a driving factor for late bookings, and have likely impacted July prospects to some extent. Prospects for August and September are better, with occupancy rates of respectively 79% (equal to 2023) and 49% (+2 pt vs. 2023), thus reflecting some optimism for early autumn. With regard to sub-segments, the trend highlighted in our previous report – net growth for **motorhome** stays, net decline for **rentals** – got confirmed for summer and into late season.

As for hotels, **rising operational costs** are the single most important **challenge** for campsites. This does not only relate to energy, but also to water and waste (costs that cannot be easily passed on to the guests, given higher shares of fixed-rate pre-bookings on campsites). However, compared to hotels, the risk of a shortfall in revenue has been much less frequently cited by campsites (yet still by 29%). **Climate change**, by contrast, is identified as a major challenge by campsites, more often mentioned than in our previous survey. As for hotels, **labour shortages** remain an issue but seem to be easing slightly. The share of respondents **postponing planned investments** is rising sharply over 2023, now reaching 64%.

Occupancy rate (forecast)



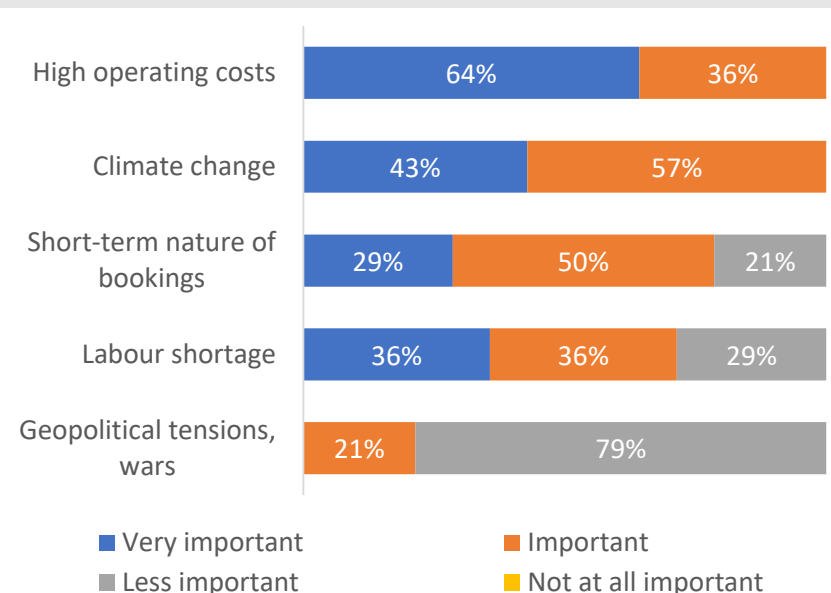
Turnover, Jan-Jun 24 % vs. 2023



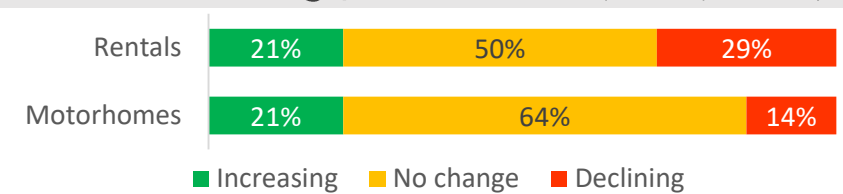
Satisfied with season 2024



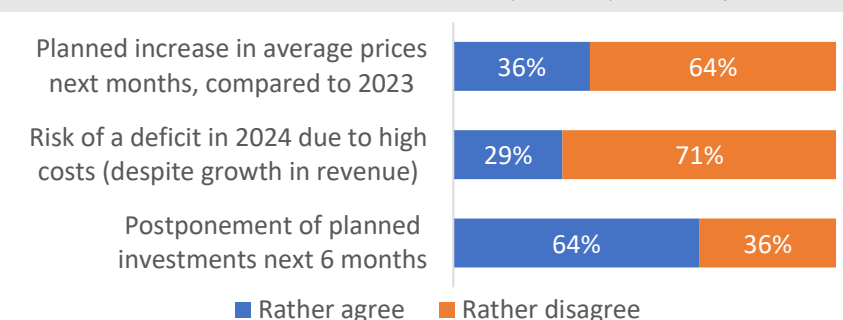
Relevance of challenges for campsites (% of respondents)



Share of bookings, trend vs. 2023 (% of respondents)



Economic statements (% of respondents)





Search & Booking Data

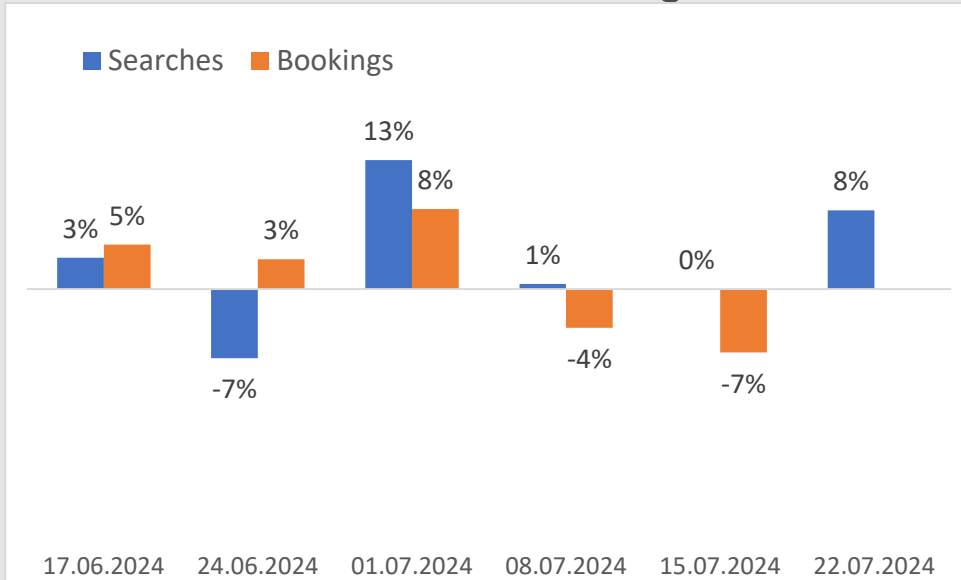
(Hotels / Flights / Campsites / Travel Themes)

Hotel Searches & Bookings

Luxembourg

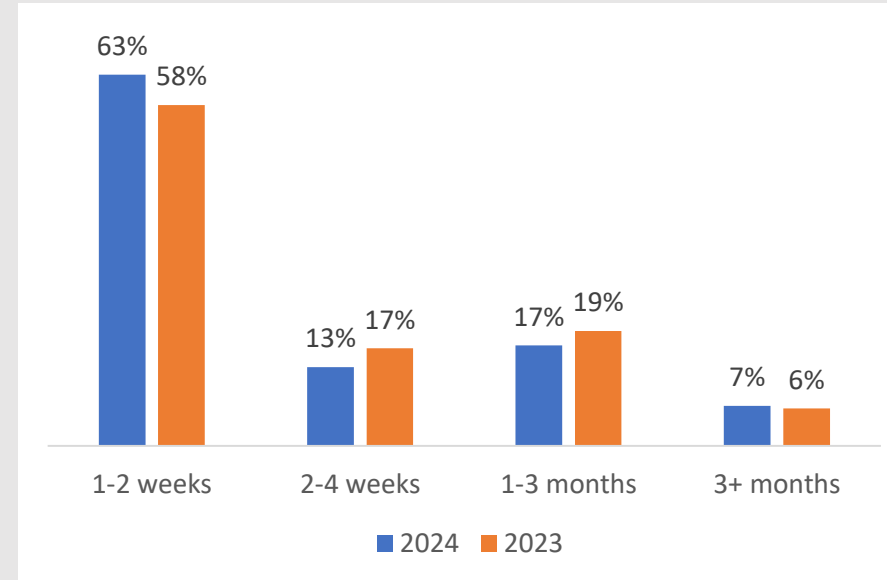


Hotel searches and bookings, all future arrivals, % week-on-week change



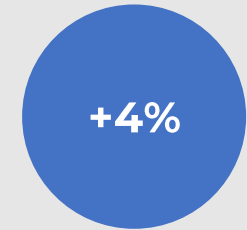
Dates on the chart refer to the starting day of the respective week.
Booking data only available until week starting 15.7.2024.

Lead times for inbound hotel searches to Luxembourg made between 1.7.-28.7.



Dates on the chart refer to the starting day of the respective month.

Hotel searches for all future arrivals, % change vs. 2023



Interest in future hotel stays in Luxembourg has been rising over the past weeks, as reflected by latest online search data : on average, **hotel searches** have increased by 5% **week-over-week** since the start of July (left chart). This follows up a more volatile trend during the previous month, and can be an indicator for potential **last-minute summer bookings** – especially given the fact that volumes of new bookings recorded since beginning of July have gradually decreased. The untapped potential for stays in the first half of August is confirmed by **lead times** of hotel searches (see right chart). These have become shorter again than last year, with almost two thirds of July searches relating to stays only 1-2 weeks ahead, at the expense of medium-term stays (2 weeks to 2 months ahead).

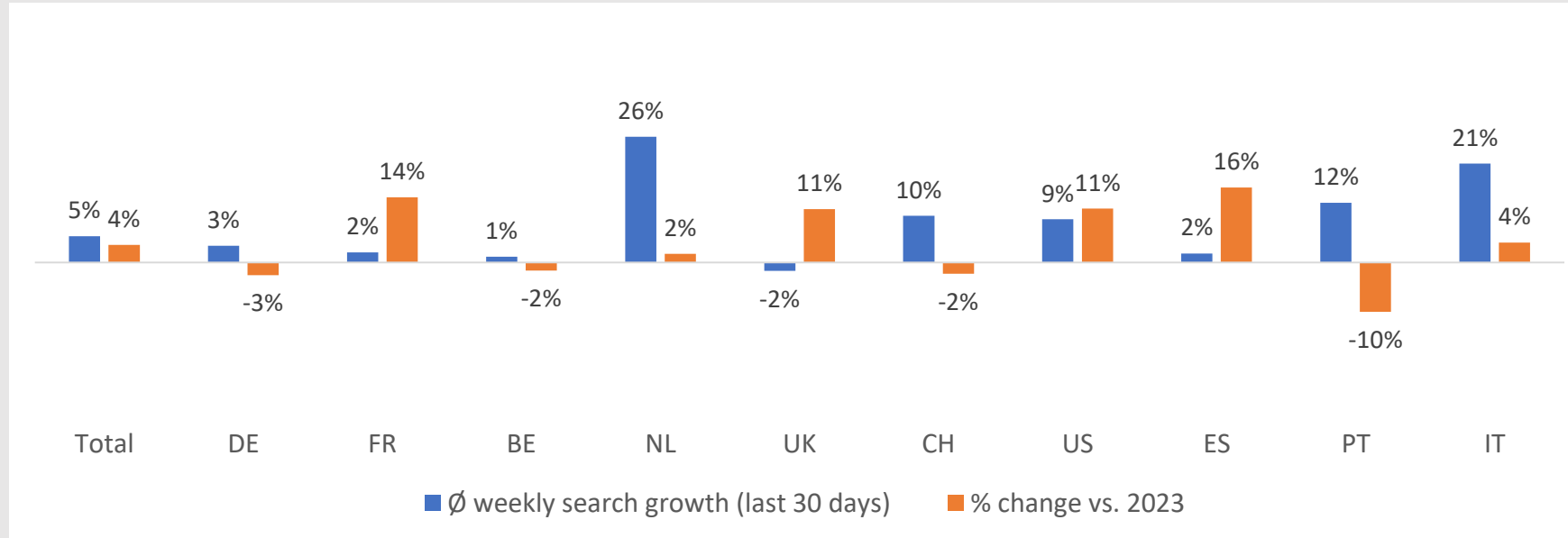
Compared to last year at this date, **hotel searches** for all future stays in Luxembourg are now **4% higher**, a further improvement also compared to our previous report in May, when year-on-year search growth was 3%.

Hotel Searches & Bookings

Luxembourg



Hotel demand for all future arrivals by top 10 source markets, % change week-on-week & vs. 2023



Hotel searches, % market shares by source market

Germany	18%
France	17%
Belgium	17%
Netherlands	10%
United Kingdom	9%
Switzerland	7%
United States	4%
Spain	3%
Portugal	2%
Italy	1%

Much of the recent **weekly growth** of hotel searches was driven by strong demand from the **Netherlands** (see chart above), as well as – to a lesser extent – Switzerland and the US. Except for the UK, all key source markets yielded week-over-week demand growth in July. When looking at search volumes **compared to 2023**, the picture is different : strongest year-on-year growth is currently being recorded from **Spain, France, the UK and the US**. In the case of Spain and the UK, this is remarkable as it follows up already strong growth last year. Although our data provider could not provide information on **purpose of stay**, the strong growth from the Netherlands and France is likely leisure-driven since it mostly relates to stays in July-August. Growth from the UK and Spain is likely both leisure- and business-driven. Current demand from Belgium and Germany (slightly down on 2023) is extremely **last-minute**, mostly relating to stays 1-2 weeks ahead.

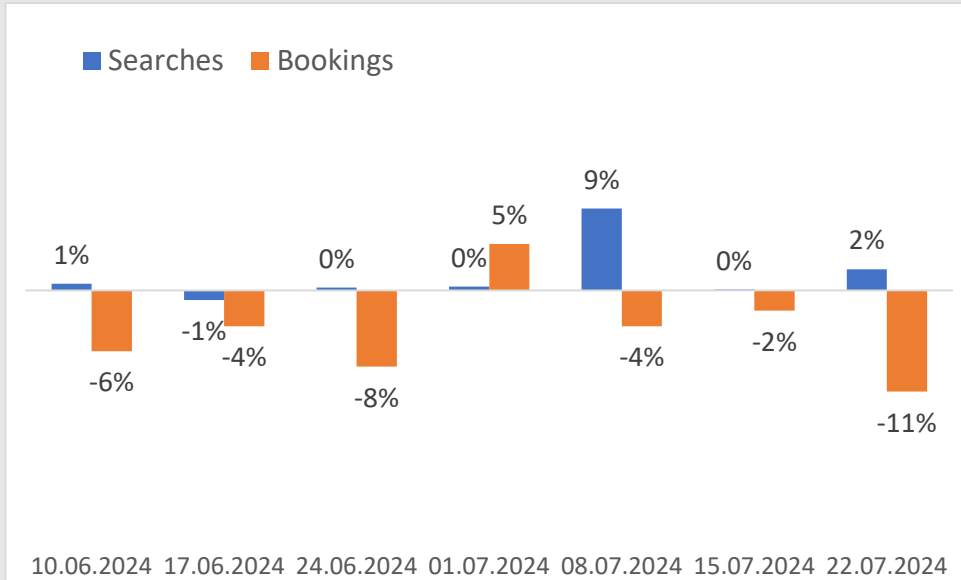
Regions and cities that have significantly improved their relative share of demand for future hotel stays in Luxembourg compared to last year include Flanders, Grand Est, Bourgogne/Franche-Comté, Rheinland-Pfalz, Baden-Württemberg, Milan, Madrid, Romandie and Manchester.

Flight Searches & Bookings

Luxembourg

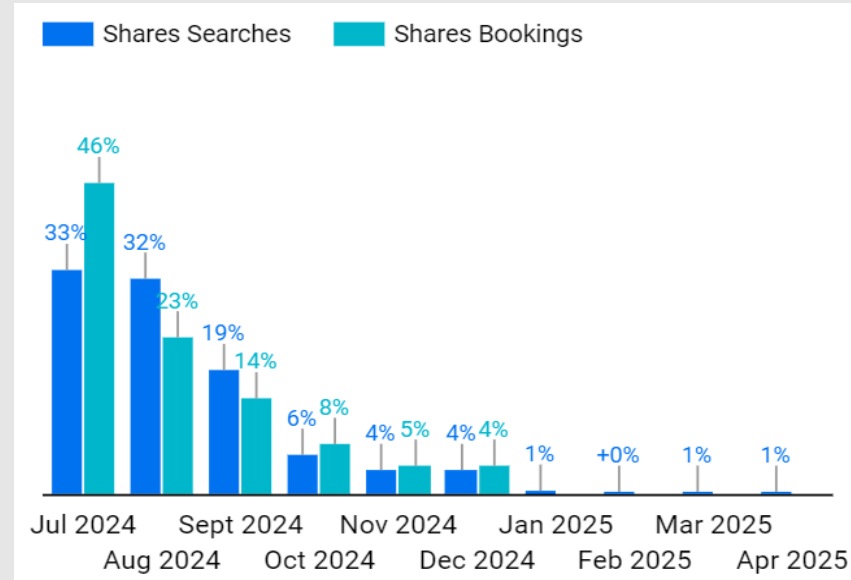


Flight searches and bookings, all future arrivals, % week-on-week change



Dates on the chart refer to the starting day of the respective week.

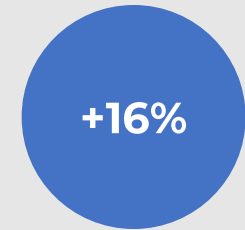
Flight searches and new bookings (*), % shares by month of future arrival



Dates on the chart refer to the starting day of the respective week.

(*) Searches made 14.-27.7., bookings last 6 months for travel until Dec 24.

Flight bookings for all future arrivals, % change vs. 2023



Weekly search volumes for **flights** to Luxembourg were remarkably stable throughout June and into July. After a spike in mid-July, they continued to grow slightly in the following two weeks (+3% on average in July). **Flight bookings**, however, have not followed a similarly positive trend, with an average weekly decline of 4% since mid-June and 6% since mid-July. As with hotels, this should leave room for further new bookings over the next weeks, particularly for stays in **September** (flight search levels for that month are currently well ahead of last year at this time). By contrast, the share of flight searches and bookings for the summer period is similar to last year and there is already more demand for November (+27% vs. 2023 based on current bookings).

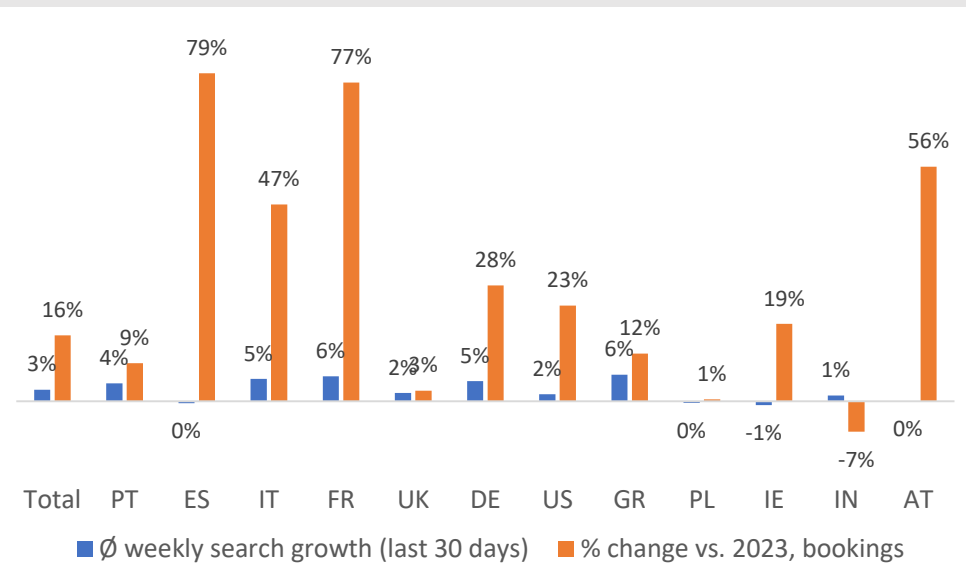
The total volume of **flight bookings** for all future trips is **16% higher than a year ago** (+19% for August) and is now also 3% higher than 2019 levels. Growth in **leisure air travel** currently exceeds that of **business air travel** demand for most months, compared to both 2023 and 2019.

Flight Searches and Capacities

Luxembourg



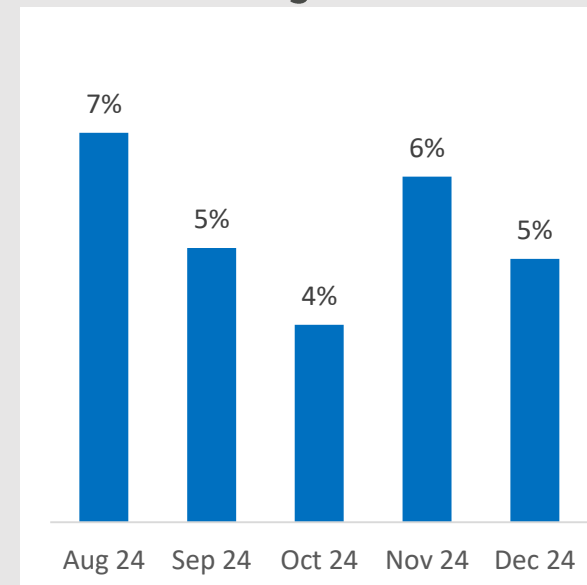
Flight demand for arrivals next 6 months by top source markets, % change searches week-on-week & bookings vs. 2023



Flight searches, % market shares by source market

Portugal	18%
Spain	17%
Italy	13%
France	12%
United Kingdom	10%
Germany	8%
United States	4%
Greece	4%
Poland	3%
Ireland	2%
India	2%
Austria	2%

Seat capacities to Luxembourg by arrival months, % change vs. 2023



Flight connectivity to Luxembourg

	Aug-Dec 2024	Change vs. 2023
Countries connected	33	=
Avg weekly flights	537	+16
Seats	1.398.962	+5%
Airlines	17	=
Top 5 origins, seats (% vs. 2023): PT (+6%), ES (+6%), DE (+8%), IT (-6%), UK (+12%)		

Flight searches for future travel to Luxembourg have, on average, stabilised or increased from all key source markets throughout July, with the strongest **weekly growth** recorded from Italy, **Greece, France and Germany**. Demand for air travel from **many key markets** is also up on **last year**, in some cases significantly so (Spain, France, Austria, Germany, the US). In the case of Spain and France, this is also true when comparing with 2019. Some **long-haul markets** are now also exceeding pre-pandemic booking levels (US, India, Mexico, UAE). In the case of **France**, the recent surge in air travel demand is clearly driven by **business travel**. Growth from **Spain** and the **US** is mainly **leisure** driven, while growth from **India** is both **leisure and business** driven. Meanwhile, air bookings from the DACH area remain below 2019 levels, due also to lower capacities. Year-to-date bookings from **Manchester** are up 18% vs. 2023 (UK overall: +10%), but future demand currently appears subdued despite the new direct connection. As for **China**, the outlook for the rest of the year is now -30% compared to 2019. **Origin airports** with high demand growth for future flights to Luxembourg compared to 2023 include London, Madrid, Lisbon, Sao Paulo, Athens and Berlin.

Seat capacities for travel until December have increased by 5% over last year (and by 8% vs. 2019). Year-on-year growth is particularly strong for source markets Germany (Frankfurt, by Air Dolomiti), the UK (London, by British Airways & Ryanair) and France (Marseille, Toulouse, both by Ryanair).

Campsites Bookings

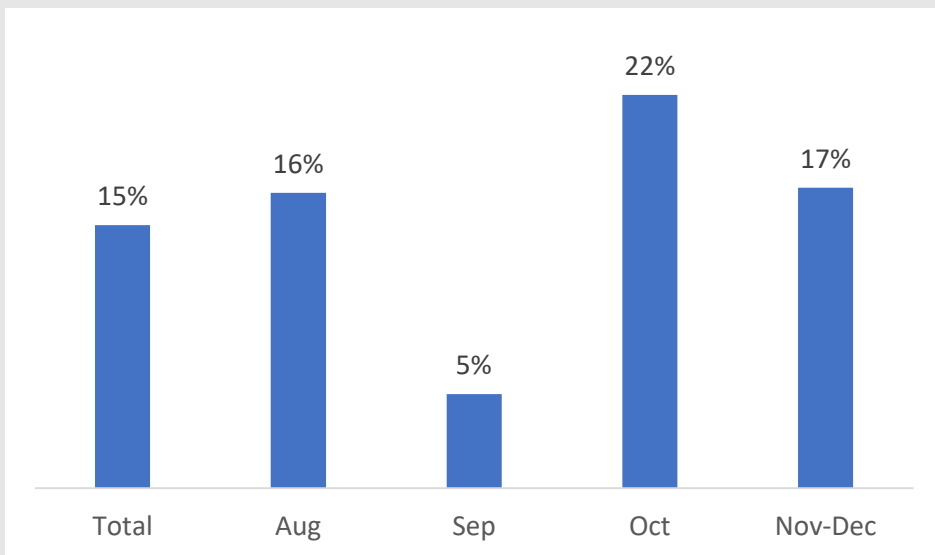
Luxembourg



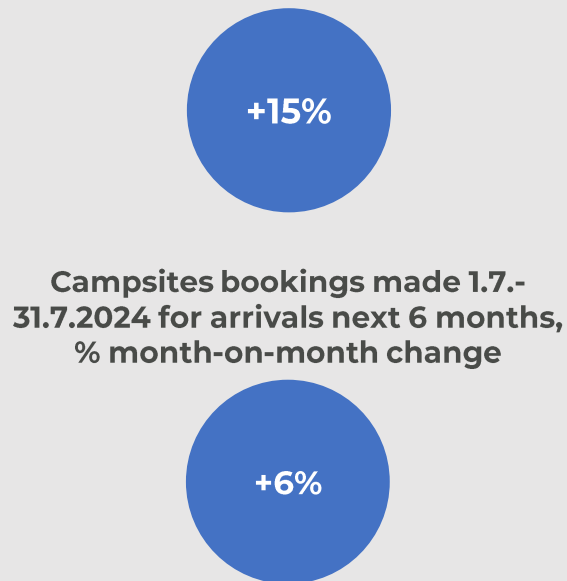
Figures from the online **camping** booking monitoring tool show that **bookings for the coming months** appear to be even more buoyant than respondents to our recent camping survey (see page 16) indicated: to date, bookings for August are 16% **up on last year**, those for September are 5% up and those for October are 22% up. Based on current data, September appears to be losing market share compared to August. The total volume currently on the books is **15% higher than in 2023** for stays through December. Following a whopping 28% month-on-month increase in June, new bookings recorded in **July** grew by a further **6% month-on-month**.

Looking at bookings for the next 3 months, demand is also increasing in all leading source markets, particularly from **Belgium** (+17%). Growth from the **UK** is very strong, but volumes are relatively small in absolute terms (6% market share).

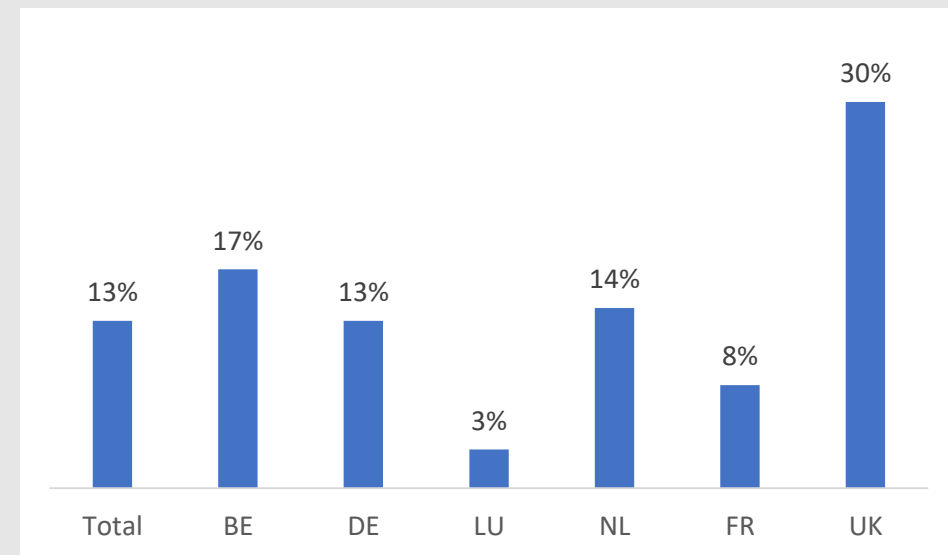
Campsite bookings
by month of future arrival, % change vs. 2023 (*)



Campsite bookings for arrivals next
6 months, % change vs. 2023



Campsite bookings for arrivals next 3 months
by top source markets, % change vs. 2023 (*)



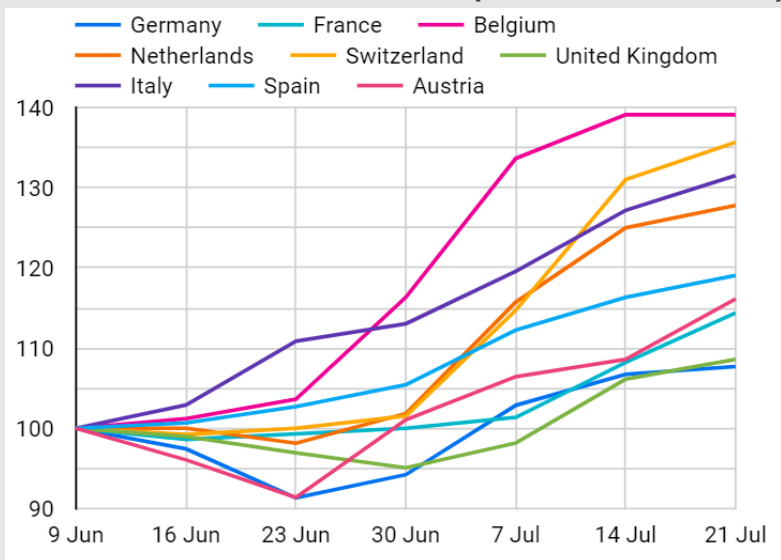
(*) as of 31.07.2024.

Travel Themes on Google



Evolution of relative search interest on Google in main source markets

ALL travel-related searches (9.6.2024 = index 100)



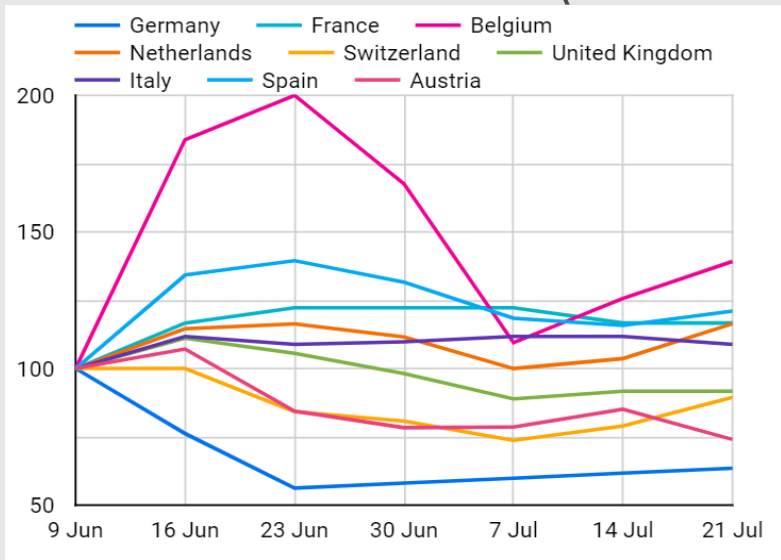
Since early July, **travel-related Google searches** have increased across key source markets, primarily due to the approaching peak season. Compared to **last year**, only Belgium and Switzerland show higher relative search interest. For **Luxembourg**, travel search interest has stabilized since **July**, with most markets also maintaining stable search levels compared to **2023**. Some countries, including Austria, the UK and the Netherlands, exhibit increased interest, while Spain shows a notable decline.

Interest in **hiking**, based on Google searches, is lower this summer across most source markets, except from Belgium, the Netherlands, and Switzerland. Among British, German, and Spanish users, Google searches for hiking have barely increased since June, possibly due to unstable weather in Western Europe.

Google searches for **city travel** have declined compared to last year in most source markets, with the exception of France and Spain. For **Luxembourg City**, travel searches have risen vs. 2023 among Belgian, Dutch, and British users, with also significant recent weekly growth from Belgium, France, and Spain.

Interest in **youth hostels** has improved in most countries and is higher than last year among Belgian, Dutch, Swiss, and Spanish users. In contrast, Google searches for **holiday homes** have decreased compared to 2023 across most markets, except for the UK and Italy, where interest has increased.

LUXEMBOURG travel-related searches (9.6.2024 = index 100)





E-Reputation

E-Reputation Luxembourg

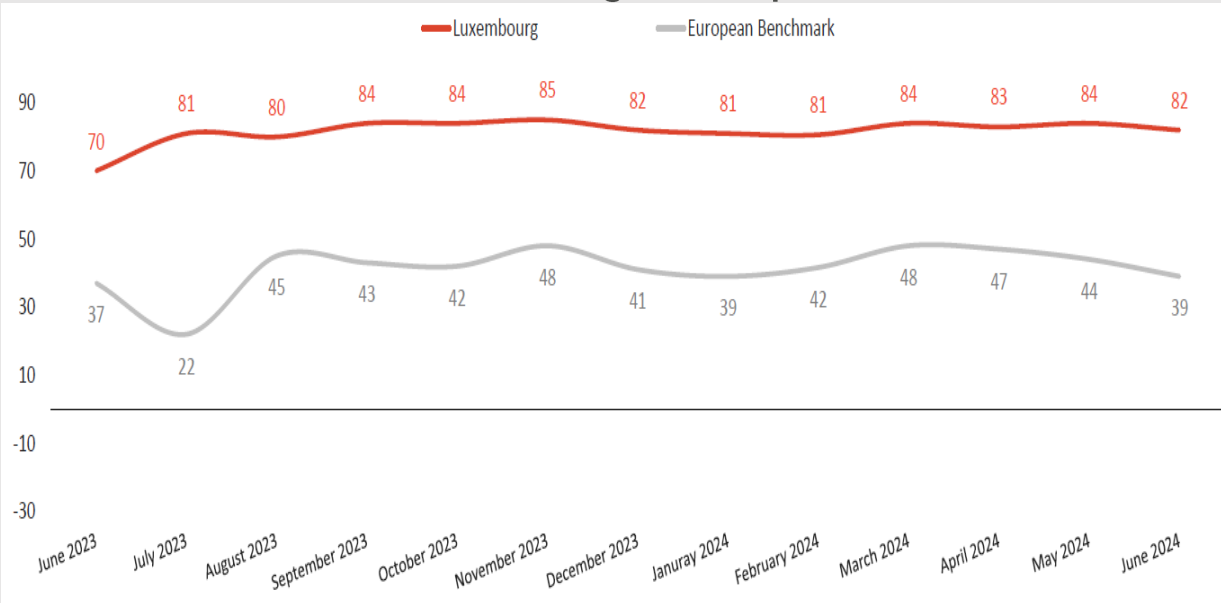
Conversations on Social Media



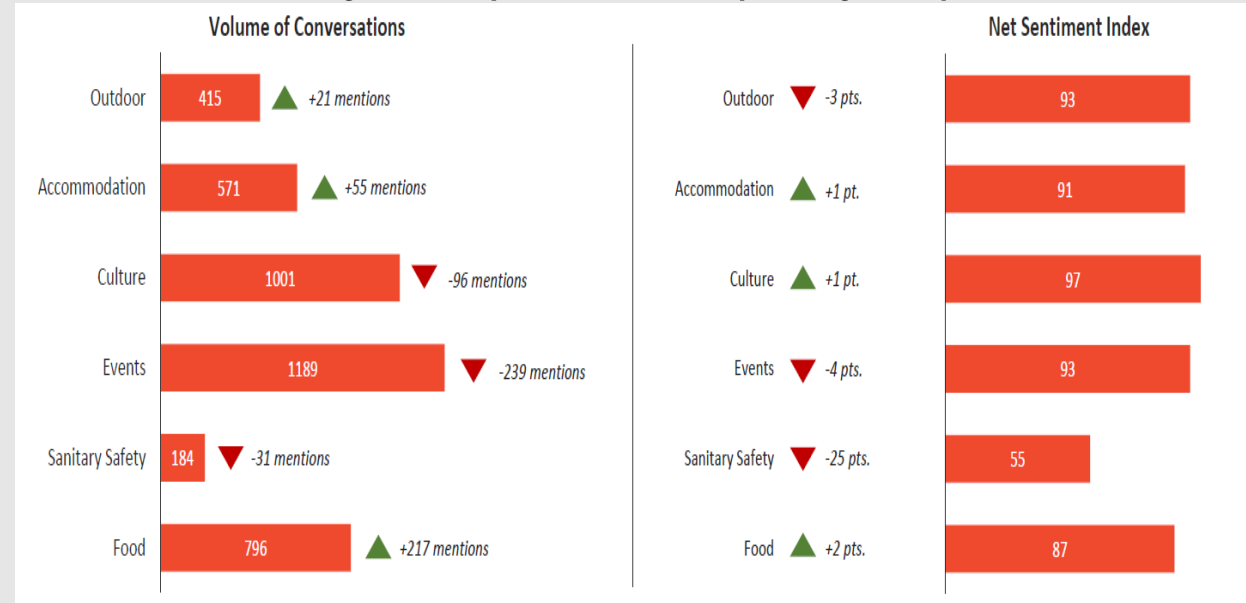
Luxembourg's **Net Sentiment Index**, which measures the polarity of travel-related online conversations, remained at a **very high level** of +82/100 in June (the index varies between -100 for only negative comments and +100 for only positive comments). It has been **exceptionally stable** over the past 12 months, ranging between +80 and +85. The online image of Luxembourg as a tourist destination therefore remains very positive. This contrasts with the **European benchmark**, which is lower, more volatile and has been falling since March. Although Europe's e-reputation as a destination is still higher than that of other parts of the world, there are some negative sentiment drivers mainly related to overtourism throughout the continent.

For Luxembourg, **food & wine, culture and outdoor** activities have generated significantly more mentions this June than a year ago, while conversations referring to events have remained stable compared to June 2023. In terms of sentiment, all key themes were very **positive drivers** (ranging from +87 for food to +97 for culture). More specifically, summer rooftop terraces, food & music festivals, street art, free public transport, industrial heritage, hidden gems, second-hand markets, river cruises and slow travel were niche drivers of positive sentiment in June. **Negative drivers** tended to revolve around transport disruptions.

Net Sentiment Index of Luxembourg and Europe



Volume of mentions and Net Sentiment Index of Luxembourg by main topics, June 2024 (vs. May 2024)



E-Reputation Luxembourg

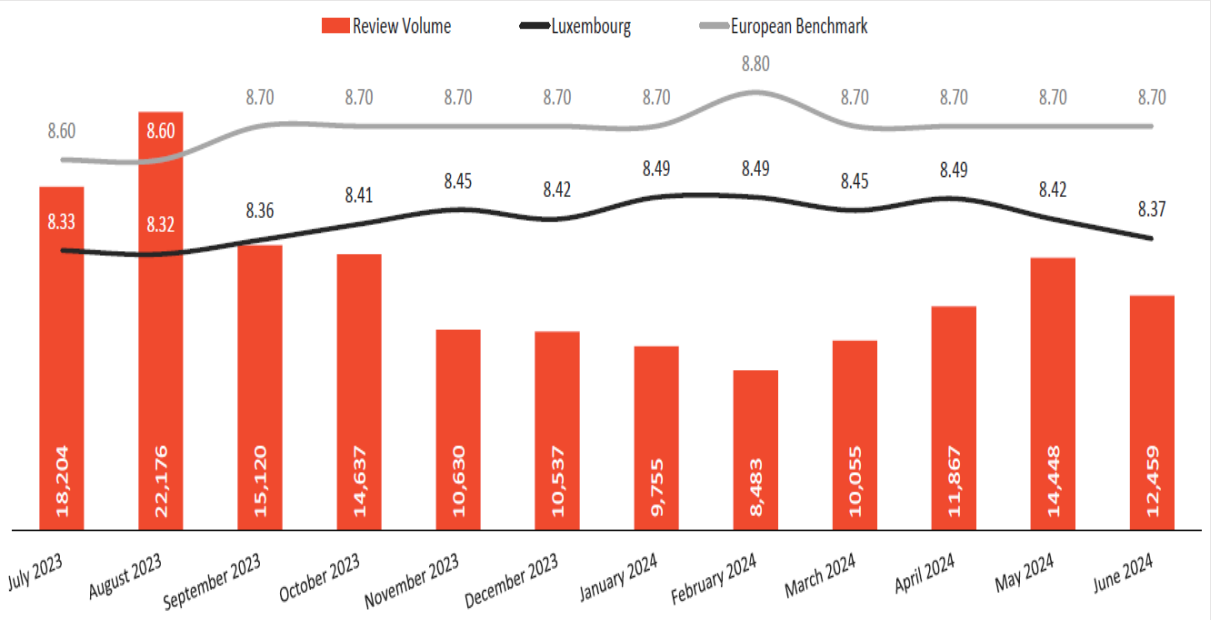
Visitor Experience



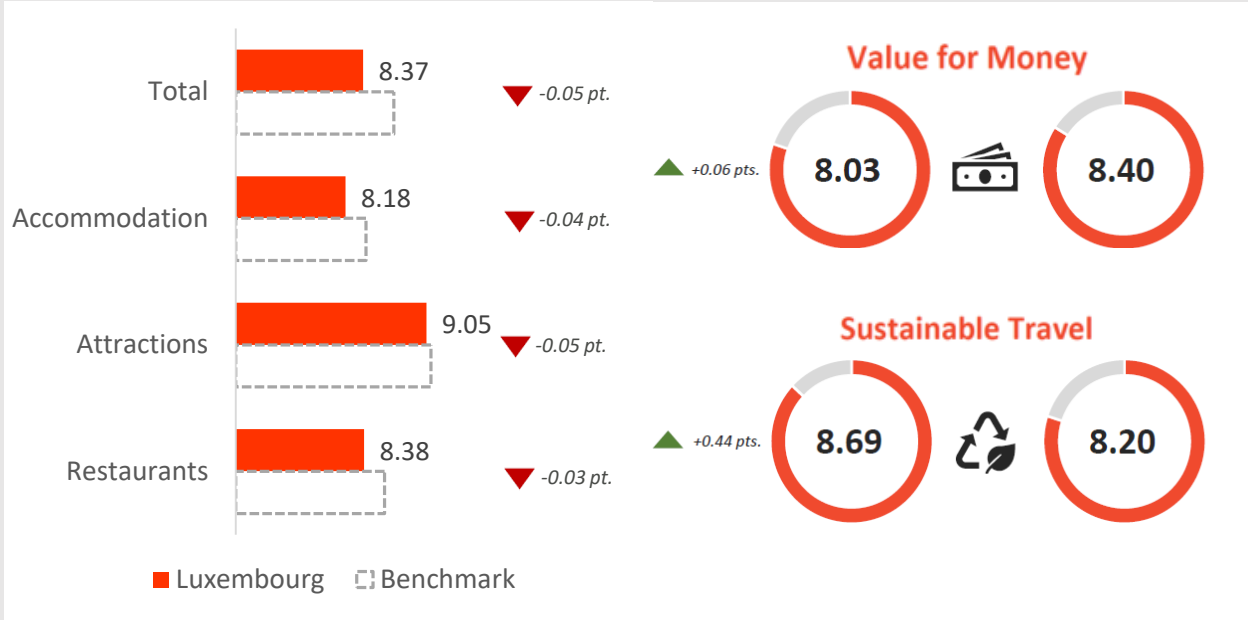
In June, both the **volume of reviews on rating platforms** (Trip Advisor, Google, Booking, etc.) and the average **satisfaction score** fell compared to the previous month. However, this is largely a seasonal effect with greater demand pressure as summer approaches. Compared with June **2023**, average rating scores are increasing for **accommodation** (especially youth hostels) and **restaurants**, but decreasing for **attractions**. On the other hand, compared to the **European benchmark**, Luxembourg's satisfaction scores remain significantly lower across all verticals, except for attractions. Moreover, in contrast to Luxembourg, average satisfaction scores in Europe have not fallen in recent months.

The decline in satisfaction with **attractions** in Luxembourg was driven by museums, castles and shopping. By contrast, satisfaction scores for hiking, cycling, culture, nature and leisure sites have increased both month-on-month and year-on-year, and remain very positive. Luxembourg's perception in terms of **value for money** improved in June compared to the previous month, but is still below the European benchmark. The opposite is true for **sustainability**, where Luxembourg largely outperforms Europe in June, and also shows a spectacular increase of +0.4 pts over the previous month.

Volume of reviews and avg. rating on online platforms



Average ratings, June 2024 (vs. May 2024)



Source: Travelsat Luxembourg Reputation Tracker



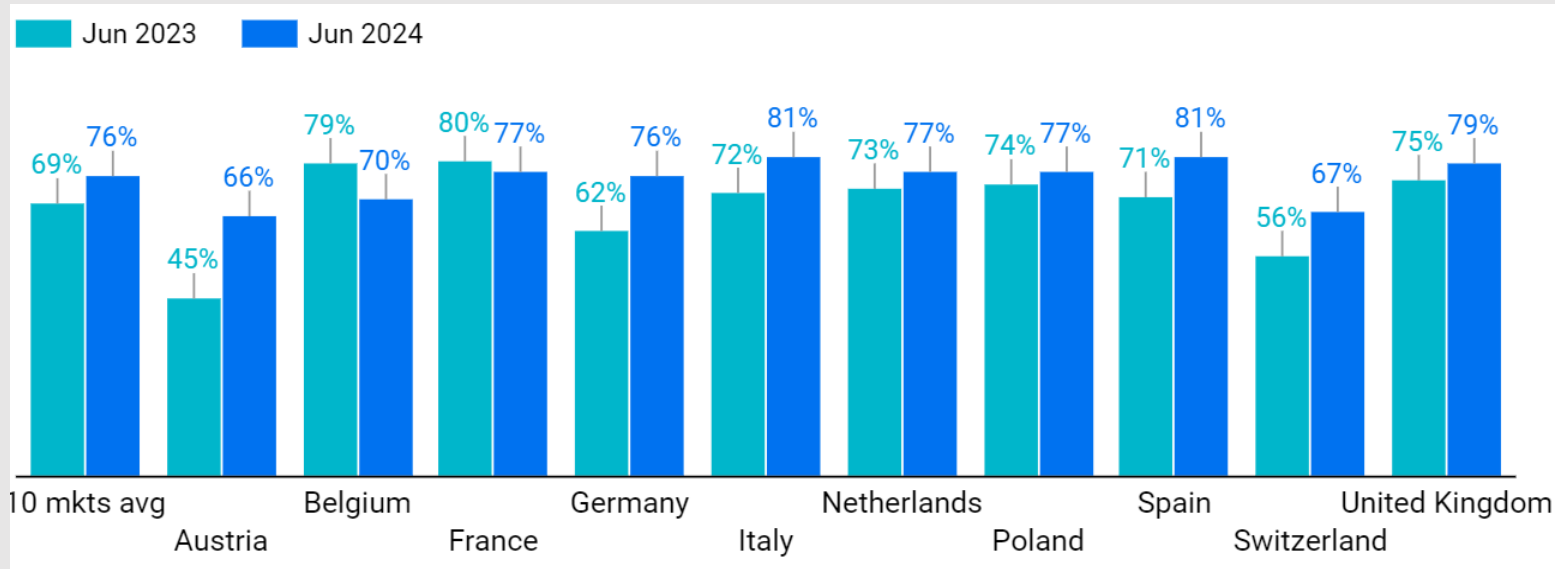
Short-term travel intent surveys

Travel Intent of Europeans for the next 6 months

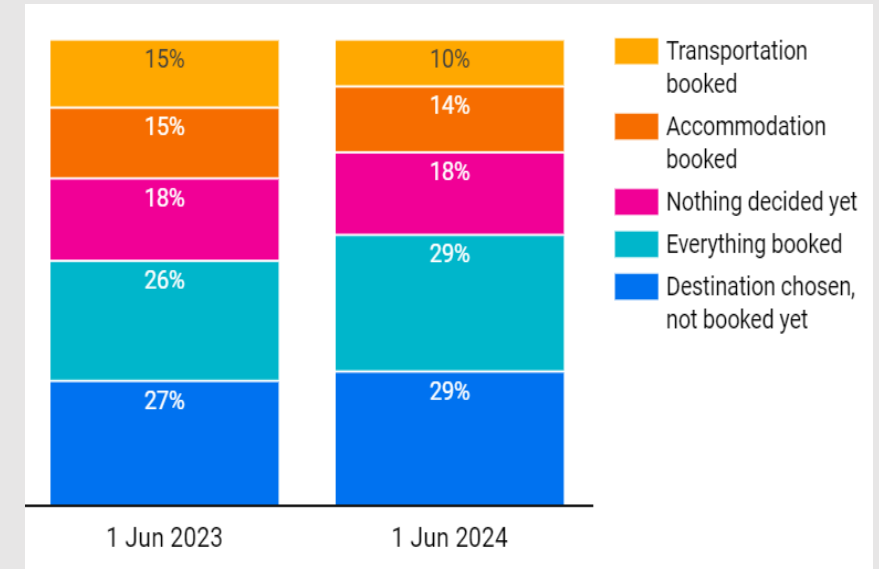
Likelihood to travel and current booking status



Share of Europeans¹ “likely” / “very likely” to travel next 6 months



Current decision status of potential travellers



In the latest wave of the European Travel Commission’s survey on Europeans’ short-term travel plans, carried out in June, future travel intent reached one of its highest values since 2020. Indeed, 76% of Europeans are **planning to take at least one trip in summer and/or autumn 2024**, up one point on April 2024, and up a staggering 7 points over the same time last year. This highlights yet again the unbroken desire for travel and the priority which the consumers attach to it. Travel intent is rising in **most markets**, especially in the DACH region, Spain and Italy, while it is slightly down in Belgium and France. Travel intent is also rising with age, being strongest in the 55+ age bracket (80%).

A higher proportion of Europeans with travel intentions than last year have **already booked** their next trip entirely, at the expense of those having booked some but not all trip components. Among the other travellers, a slightly higher share than last year has already **made their destination choice** (29%, vs. 27% last year).

¹Germany, France, Netherlands, Belgium, UK, Switzerland, Austria, Italy, Spain, Poland. Data is representative for the population 14+ having at least undertaken one trip (domestic or abroad) during each of the past two years. Source: Study on Monitoring Sentiment for Intra-European Travel, European Travel Commission.

Travel Intent of Europeans for the next 6 months

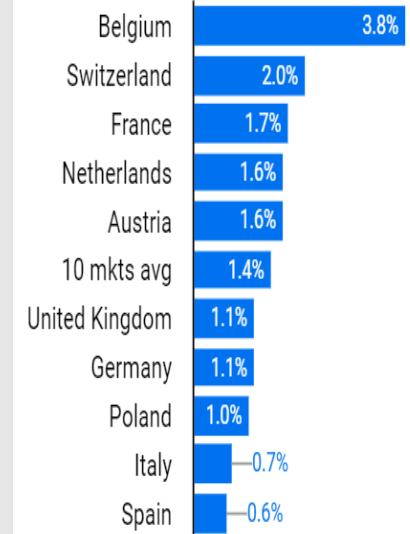
Likely date of departure and preferred destinations



% Europeans planning to travel to Luxembourg in June-November 2024

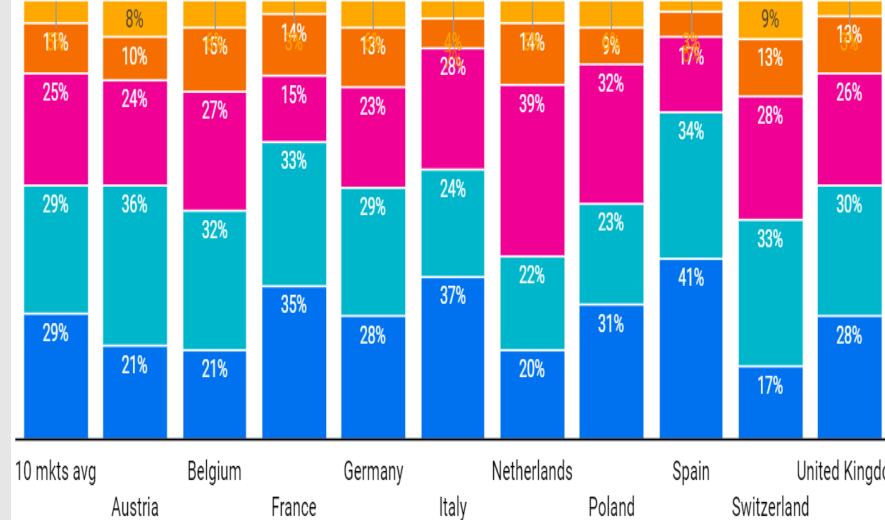
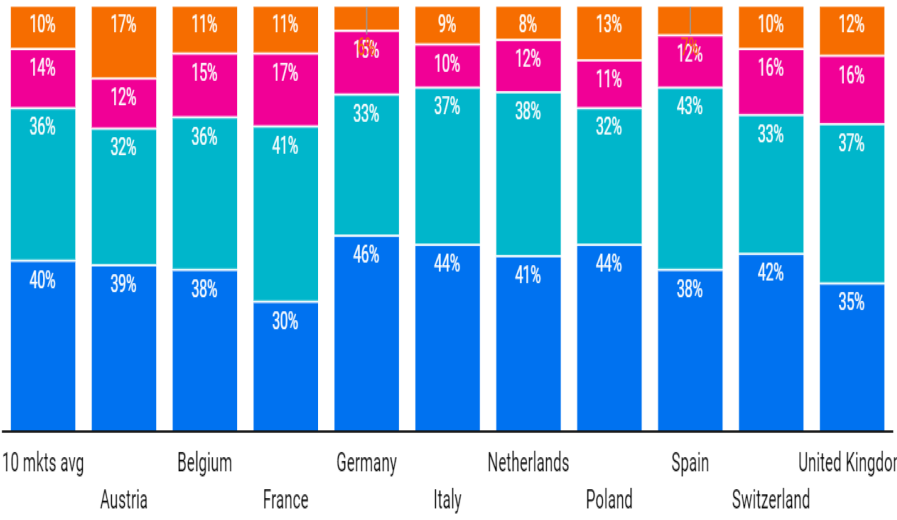
Likely date of departure

Preferred destinations



Don't know
In 5-6 months
In 3-4 months
In 1-2 months

Don't know
Outside Europe
Other Europe (non neighbouring)
Neighbouring country
Domestic



40% of Europeans have claimed to take their next trip in **June or July**, a significant increase on last year. 36% plan to take their next trip in **August-September**, a similar proportion to 2023, while travel intentions for **October-November** appear to be lower than last year, which may contradict expectations of a season extension into late autumn. These year-on-year trends are similar among Europeans planning to travel to Luxembourg during next 6 months. They are also similar across most source markets, with the notable exception of Belgium and France where a slightly larger share than in 2023 plans to rather take their next trip in later autumn. **Travel intent to Luxembourg** has been expressed by 1.4% of Europeans (-0.3 pts vs. 2023), and is still highest among Belgians, and rising among French and British respondents. Compared to last year, Luxembourg considerers are more frequently intending to do **holidays** than VFR trips and this is also reflected in the planned accommodation types: travel intent for **hotels** is rising, at the expense of non-paid accommodation, while the share of planned short-term rentals stays is equal to 2023 among Luxembourg considerers.

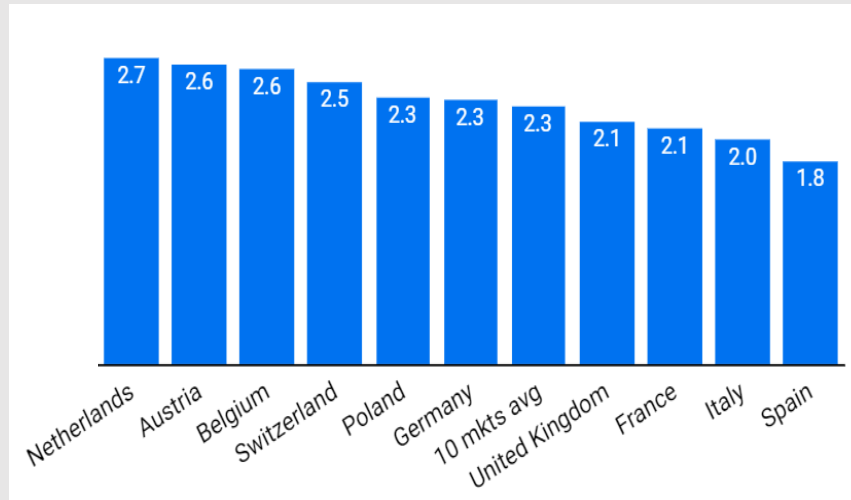
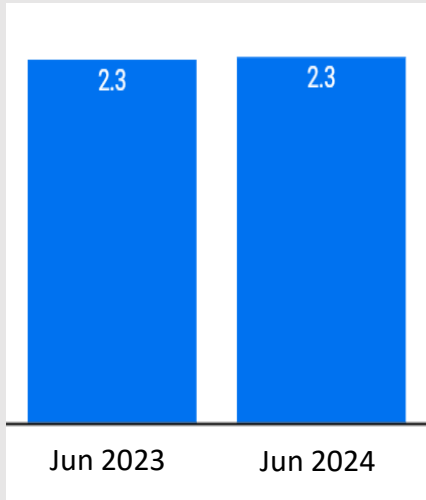
In terms of preferred destinations, a regain in interest for **domestic travel** can be observed, with 29% of Europeans planning to travel within their own country this year (2023: 26%), mostly at the expense of long-haul travel (down from 14% to 11%). However, while domestic travel intent is higher or equal to 2023 in most source markets (except Switzerland), trends for long-haul travel are more varying between source markets.

Travel Intent of Europeans for the next 6 months

Number of planned trips, spending and length of stay

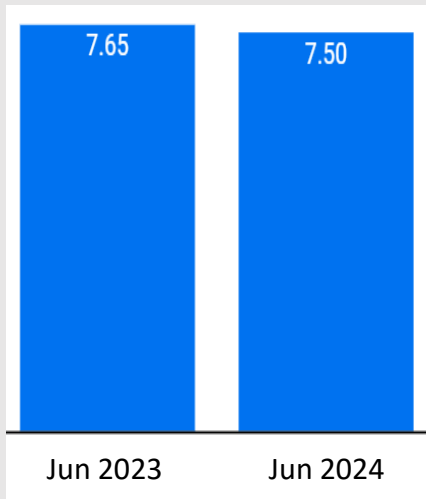


Number of planned trips next 6 months,
Average European markets (left) ; by source markets (right)

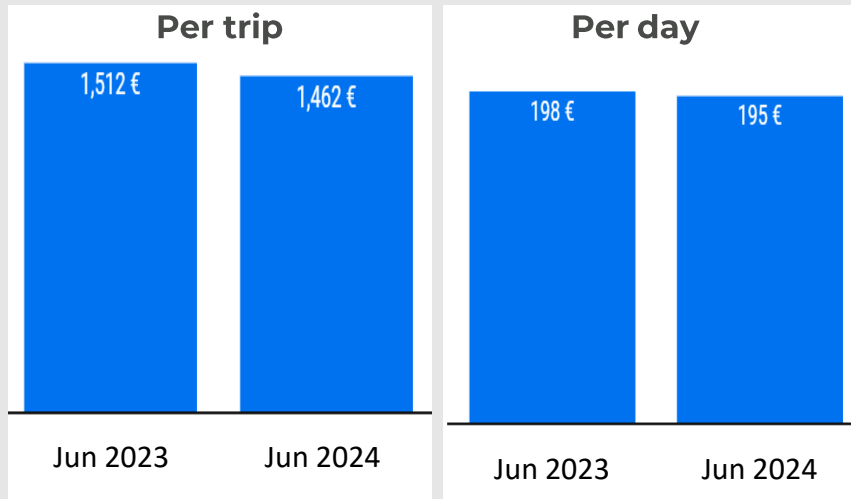


The average number of **planned trips** next 6 months is nearly identical to last year, although the share of Europeans planning to take **multiple trips** has slightly declined, from 56% in 2023 to 53% this year. The same is true for Europeans intending to take 3 or more trips, down from 28% to 24% this year, albeit still a fairly high share. This is not the case when looking at individual source markets : willingness to go on multiple trips has indeed increased among Belgians, Dutch, French and British, while it did decline in all other markets.

Planned \emptyset length of stay



Planned \emptyset spend



European travelers are planning to cut on average **length of stay** this summer and autumn, possibly in order to save costs. Total **travel budgets** are forecast to decrease by 3%, keeping average **daily expenditure** nearly equal to last year. A still considerably high share of 39% of Europeans (-2 pts. vs. 2023) are planning to spend more than 1,500€ per person during their next trip (46% among those aged 25-34).

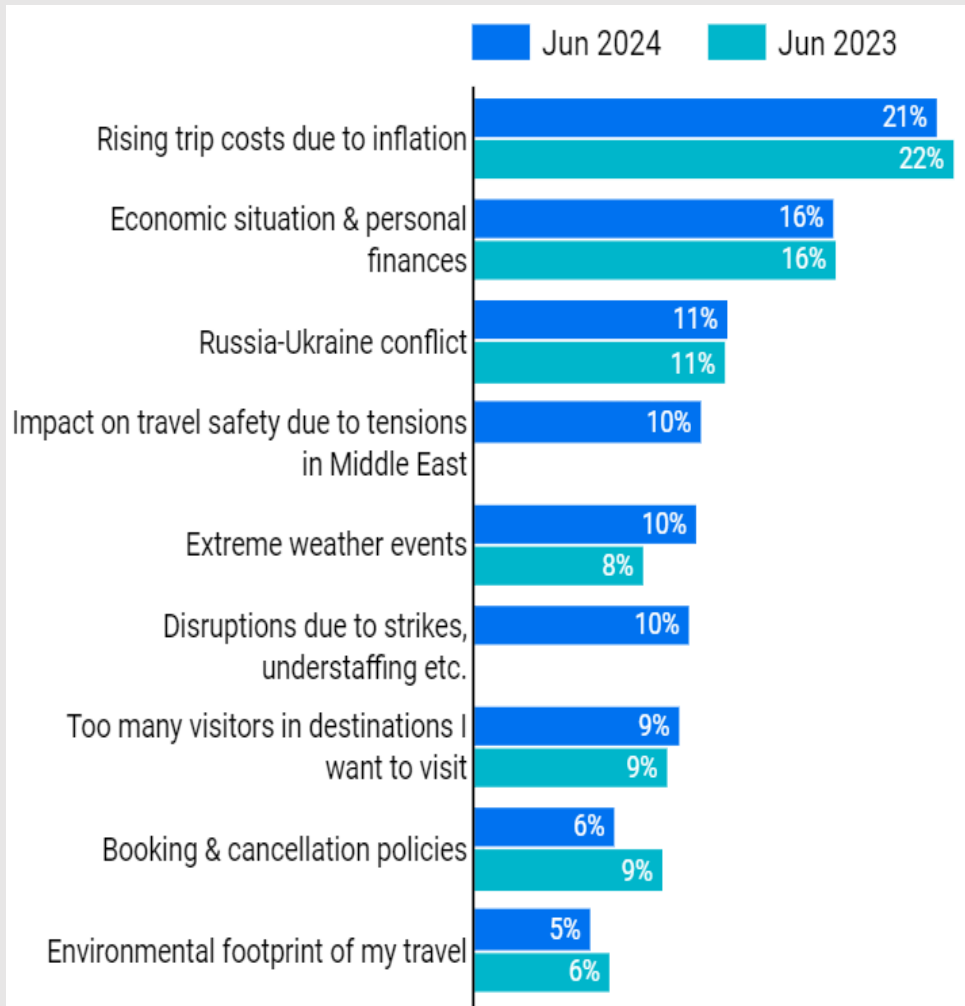
Belgians, Germans and Polish are planning to slightly extend their **length of stay** this year. Average travel **spend per day** is set to rise among Belgians, French, British, Swiss and Austrians, as well as among Europeans intending to travel to Luxembourg until November 2024.

Travel Intent of Europeans for the next 6 months

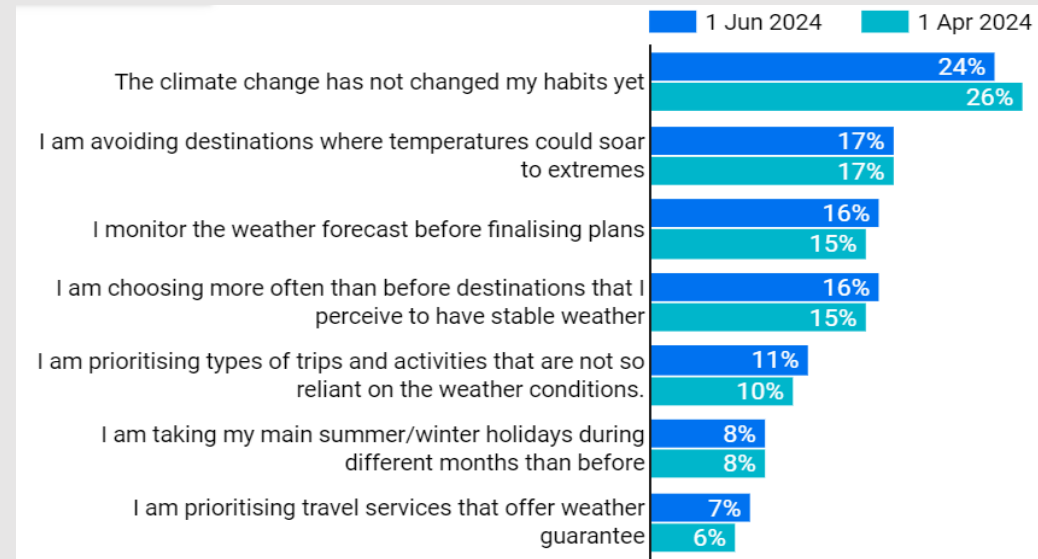
Main concerns and impact of climate change



Main concerns with regard to travelling



Impact of climate change on travel habits



The economy, inflation and travelers' personal finances remain top of mind when asked what **worries** European travel planners most in 2024, followed by geopolitical turmoil. Compared to a year ago, we are seeing concerns about too much **crowding** and extreme **weather events** slightly gaining in importance, likely driven by past holiday experiences, but also the ubiquity of these topics in the media (think of the recent protests in Spain).

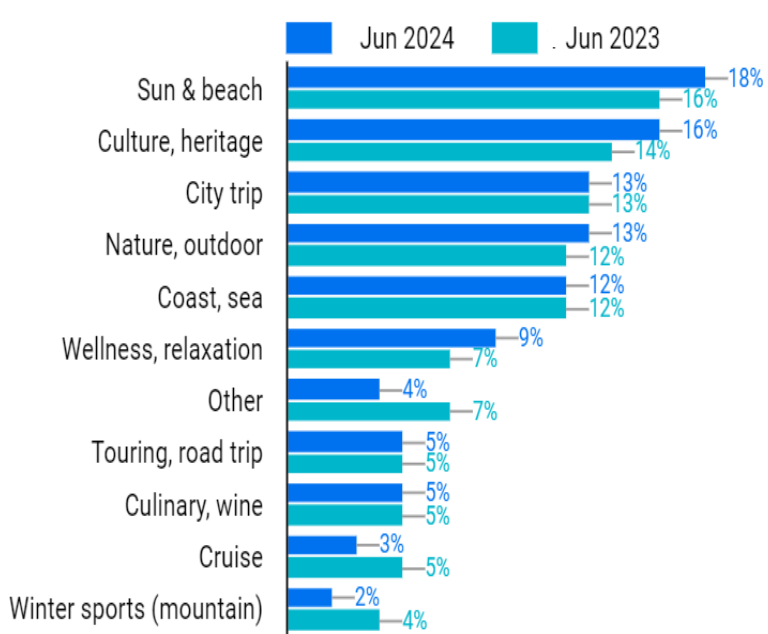
More respondents than in the previous survey two months ago claimed that the **changing climate** (heavy rain, fires, heatwaves etc.) has some **impacts on their travel habits**. These most frequently relate to avoiding destinations prone to extreme heat (esp. also among Luxembourg considerers) and favouring destinations perceived to have stable weather, besides more usual measures such as checking weather forecasts before finalising travel plans or preferring holiday types and activities less dependent on weather conditions.

Travel Intent of Europeans for the next 6 months

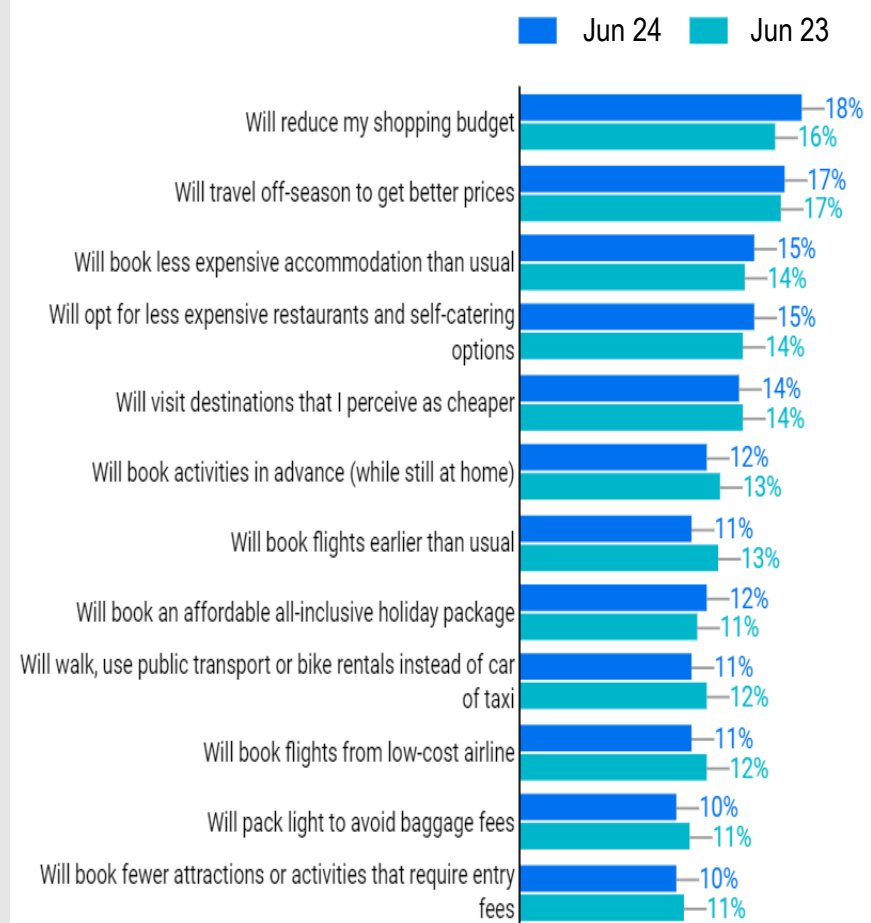
Holiday types, means of transport and impact of inflation



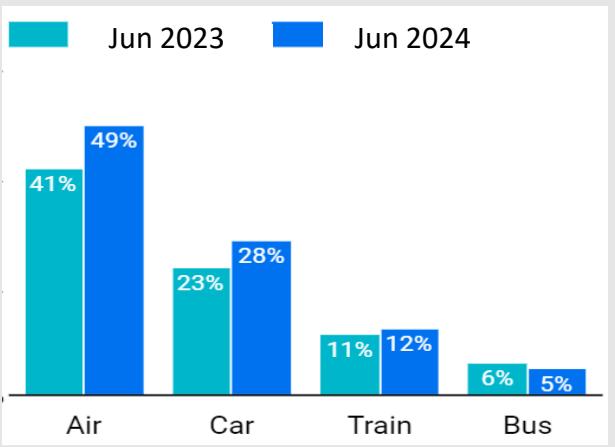
Preferred holiday types



Impact of inflation on travel behaviour



Preferred means of transport



There are a few notable changes that can be observed with regard to preferred holiday types this summer and autumn, when comparing with last year : sun & beach, culture (driven by events) and wellness are those **holiday themes** most gaining in popularity. Nature and outdoors is also more marginally more popular again. A slight decline in interest is recorded for cruise holidays. Europeans' most desired **travel experiences** include natural landscapes, local gastronomy and immersing in local cultures.

A trend already observed in the previous survey gets confirmed now : air is the favourite **transport mode** for travelers this year, recording strong share growth over 2023, followed by car holidays which are also in higher demand this year.

As we have seen, **travel costs** remain a key concern for many, and **ways to adopt** to it include less on-site shopping, travelling off-season, choosing less expensive accommodation or restaurants. All of these have also marginally gained in importance over last year, but overall there is little change in saving strategies. Among Luxembourg considerers, travelling off-season was more often mentioned (25%, vs. 17% for all travelers).

Source: Study on Monitoring Sentiment for Intra-European Travel, European Travel Commission.

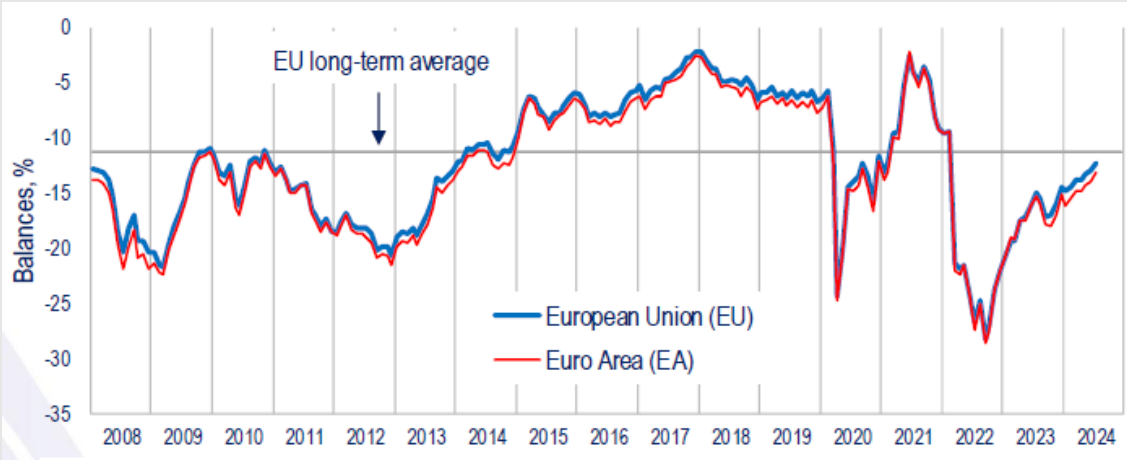


Economic and longer-term travel forecasts

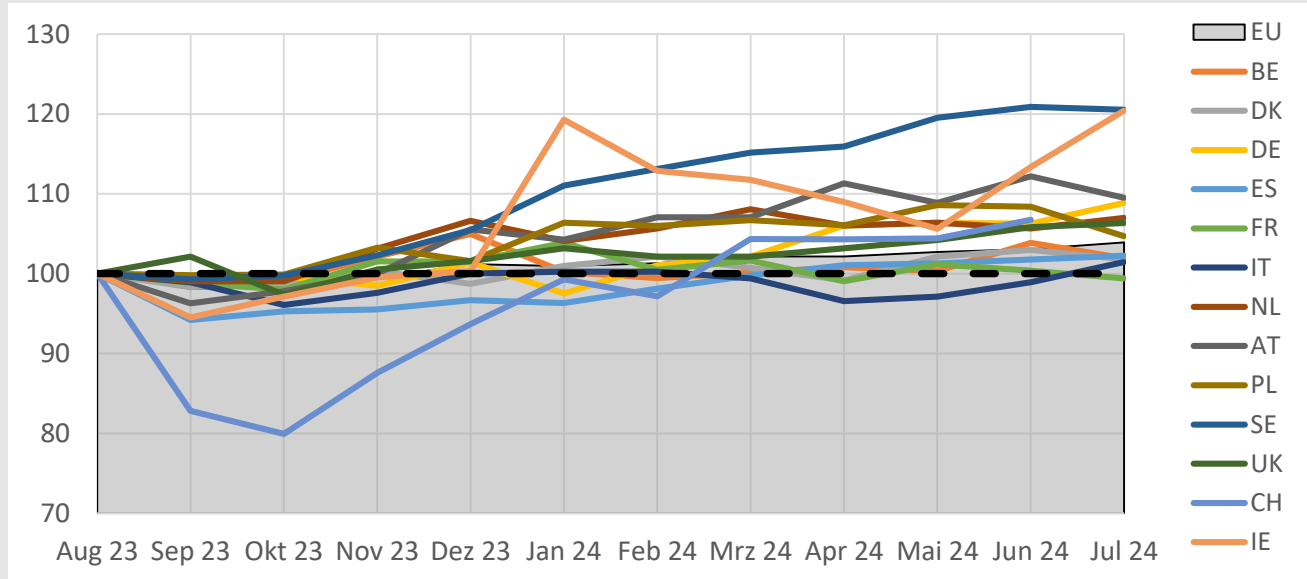
Consumer and business sentiment in Europe



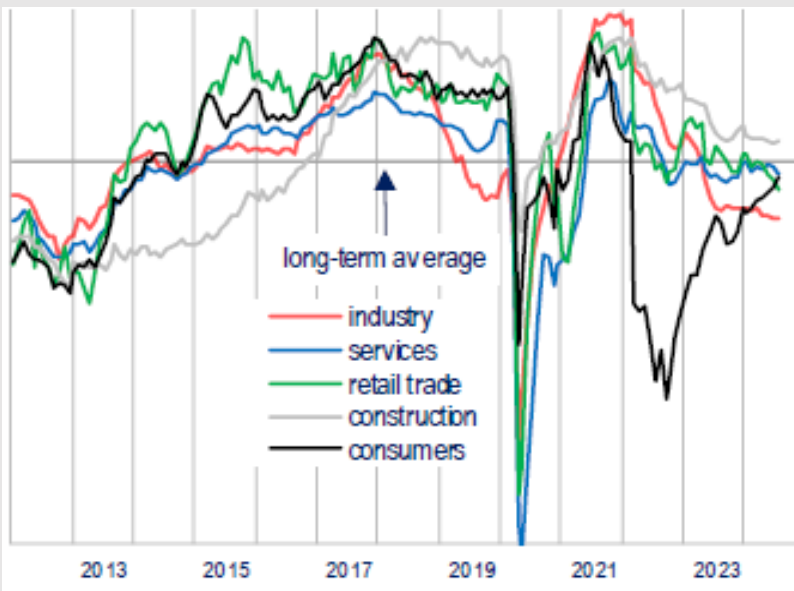
EC Consumer Confidence Index



Consumer Confidence indexes, monthly evolution (Aug 2023 = 100)



EC Confidence indicators



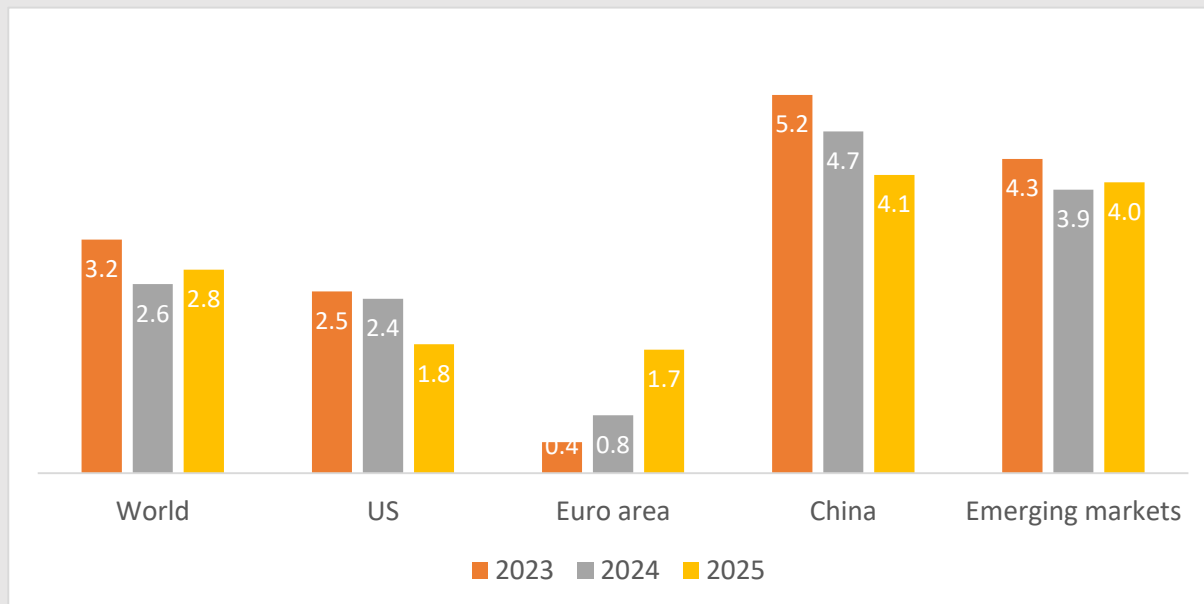
In July, **consumer confidence** in the EU has further improved by 0.7pts over the previous month, continuing its upward trajectory since January. It is now almost 4% higher than one year ago, and is nearing its long-term average (see top left chart). **Month-on-month** growth of consumer optimism in July was particularly strong in Ireland, Italy and Germany (despite the relative economic woes in the latter two countries). On a **year-on-year** basis, the increase has been strongest in Germany and Ireland, too, but also in Sweden and Austria, while it slightly dropped in France (see right chart). The July upswing across the EU was driven by all four components of the consumer sentiment index!

The EU **Economic Sentiment Indicator** (ESI), a measure that aggregates consumer and business confidence, remains stable since the start of 2024, with only marginal monthly changes. The improvement in consumer (and construction) sentiment continues to be offset by declines in services and retail confidence (industry confidence is stable ; see bottom left chart). The ESI also substantially dropped in France in July, while it improved in Spain.

GDP forecast



Real GDP growth by key source markets (annual % change)



Global PMIs (Purchasing Managers Indexes)¹



Recent business survey data, such as PMIs (purchasing managers indexes¹), indicate a generally **positive near-term global economic outlook**, rather driven by services than manufacturing (right chart). **Global GDP** is projected to grow by 2.6% in 2024 and 2.8% in 2025, driven by monetary policy easing (see next page).

In the **EU, Q1 2024** real GDP growth was modest at 0.4%, but this was still an improvement from the previous quarter. Growth was widespread across major economies, bolstered by strong net trade contributions. Private consumption saw only minor growth, while investment declined amid tight credit conditions. Similar growth rates for Q2 and Q3, and stronger activity in late 2024 and into 2025, are anticipated. **Eurozone GDP** is expected to grow by 0.8% in 2024 and 1.7% in 2025 (see left chart), with industrial sectors gaining momentum. **UK** GDP is projected to rise by 0.9% in 2024, improving significantly from 2023, and further to 2% in 2025.

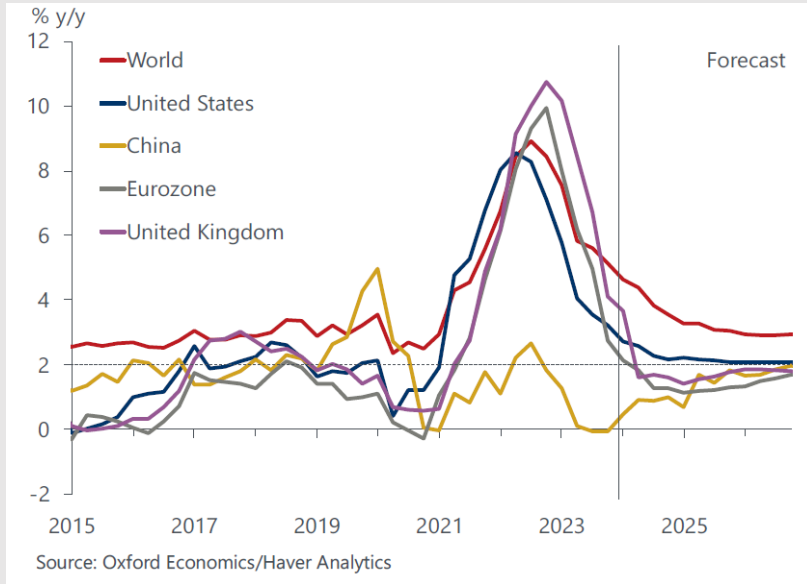
In the **US**, consumer spending remains robust, though a labour market slowdown and persistent inflation are negatively affecting spending by low-income households. Despite this, economic growth is expected to decelerate but not stall, with GDP projected to expand by 2.4% in 2024, still way ahead of the growth outlook for the Eurozone. The presidential election outcome could pose potential fiscal policy risks. In **China**, manufacturing continues to outperform and exports are holding up, but private consumption has slowed. Given the unpredictability of external demand, China's GDP growth may slow and is expected to average 4.7% in 2024.

Sources: Tourism Economics/ETC, IMF.¹Purchasing Managers' Index (source: S&P Global): a value >50 suggests expanding, a value <50 declining business activity.

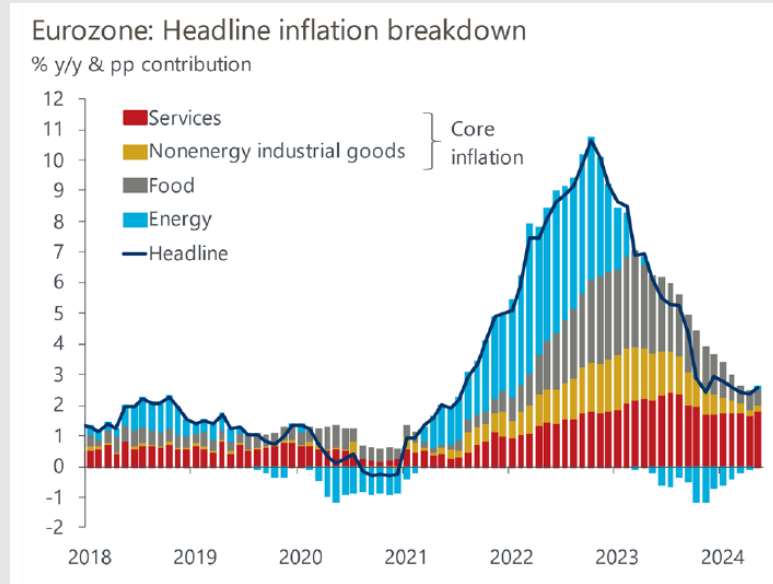
Inflation and policy rates forecast



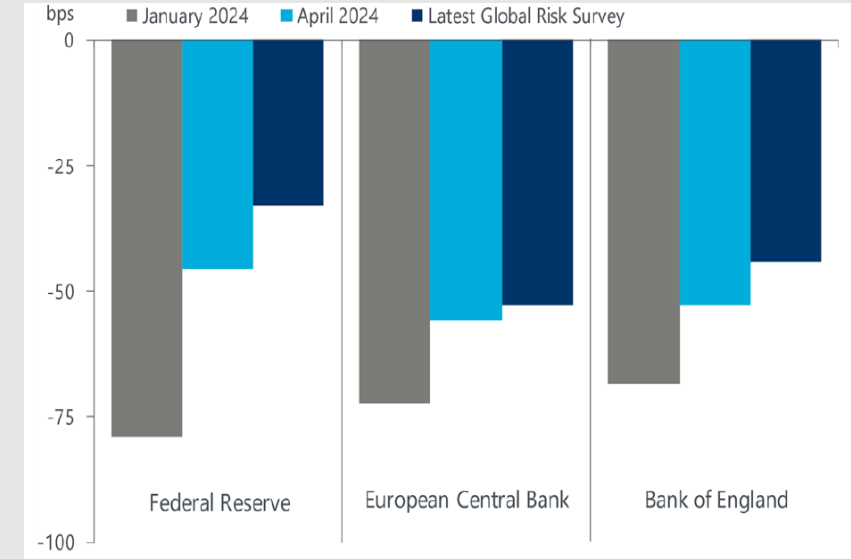
Inflation trend and forecast



Eurozone inflation breakdown



Businesses' expected change in central bank policy rates by end-2024¹



Inflation across the **EU** has slowed to normal levels, and **central banks** are now **cutting interest rates** as a result. This should allow to boost households' disposable income, investment climate and the economy in general. The interest cut by the ECB in June (joining the likes of Switzerland, Sweden and Canada) came in a context of continuing headline disinflation, but still **sticky services inflation** and further underlying **inflationary risks** due to the current uncertain geopolitical context. Indeed, according to Oxford Economics' latest Global Risk Survey among business leaders, 80% and over of respondents are seeing escalating conflicts in the Middle East, Ukraine and, potentially, China-Taiwan as serious **risk factors** to the global economy over the next two years.

Although the interest rate cut by the ECB has generated optimism among businesses, they have lowered their expectations of further rate cuts this year as Oxford Economics' latest risk survey revealed. Also, financial markets had already priced in the ECB rate cut anyway.

It is expected that the **Fed** will follow suit in September. US inflation is expected to moderate in the second half of the year as nominal wage growth cools further. The combination of steady, albeit unspectacular, growth and high services inflation points to a **gradual pace of rate cuts** and if services inflation fails to fall back, a prolonged rate cut pause in 2025 is plausible.

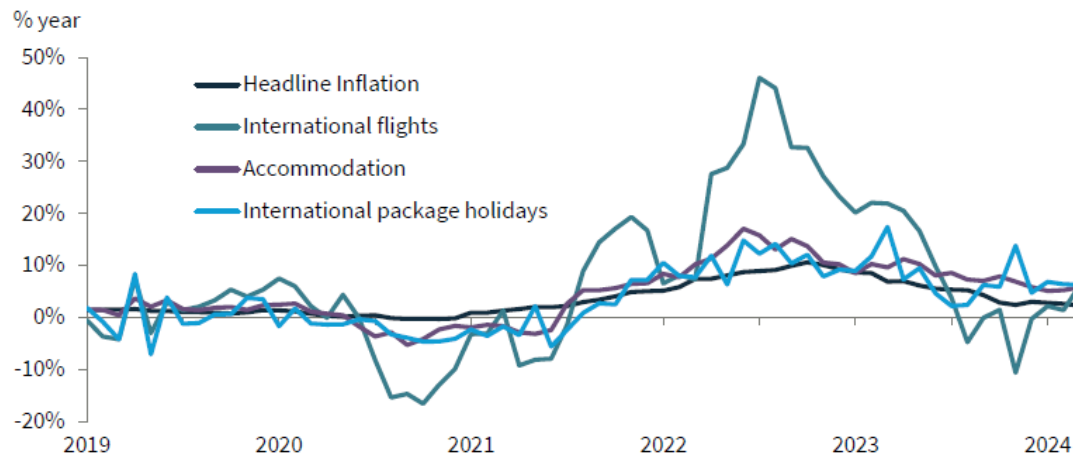
Source: Tourism Economics/ETC. ¹According to Oxford Economics' Global Risk Survey.

Travel expenditure



Tourism Spend by Non-Residents by Category in Europe

Euro area inflation, seasonally adjusted, HICP definition



Source: Haver Analytics

Reasons for changing travel plans next 12 months, German travellers



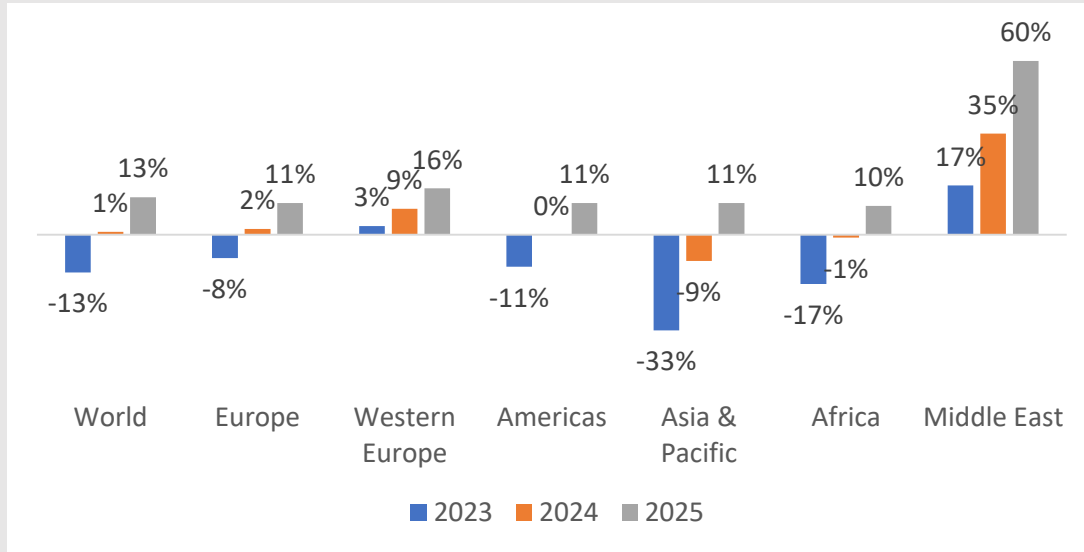
Travel costs remain significantly higher than before 2022 (see left chart). Despite this, **travel spending** continues to be prioritized over other discretionary expenditures. Consumer surveys show that travel maintains its **share of consumer spending**, and 37% of tourism professionals in Europe anticipate this share will actually increase in 2024 (vs. only 21% who believe it will drop), according to Tourism Economics' Travel Industry Monitor.

Travel expenditure has stayed robust despite household financial pressures, and the easing of these pressures, along with interest rate cuts, is expected to **boost travel demand**, particularly for **late bookings**. However, the growing lack of transparency of **package deals**, where premium items are often excluded in order to lower base prices, is becoming more common in hotels as they struggle with higher operating costs. UN Tourism forecasts indicate that tourists will spend 14% more across Europe in 2024 than in 2023, totaling €800bn, with Western Europe accounting for 72% of this amount. Besides inflation, increased travel demand and numerous **large-scale events** in Western Europe will also contribute to this rise. **Changing travel preferences** matter, too, as shown by data from the "Deutsche Reiseanalyse". Of 24% of Germans who plan to "travel differently this year," 40% cite financial reasons, consistent with the previous year. However, the **variety in destination choice** has significantly increased from 37% in 2023 to 46% in 2024 (see right chart), indicating a growing desire among travelers to explore new destinations and experiences.

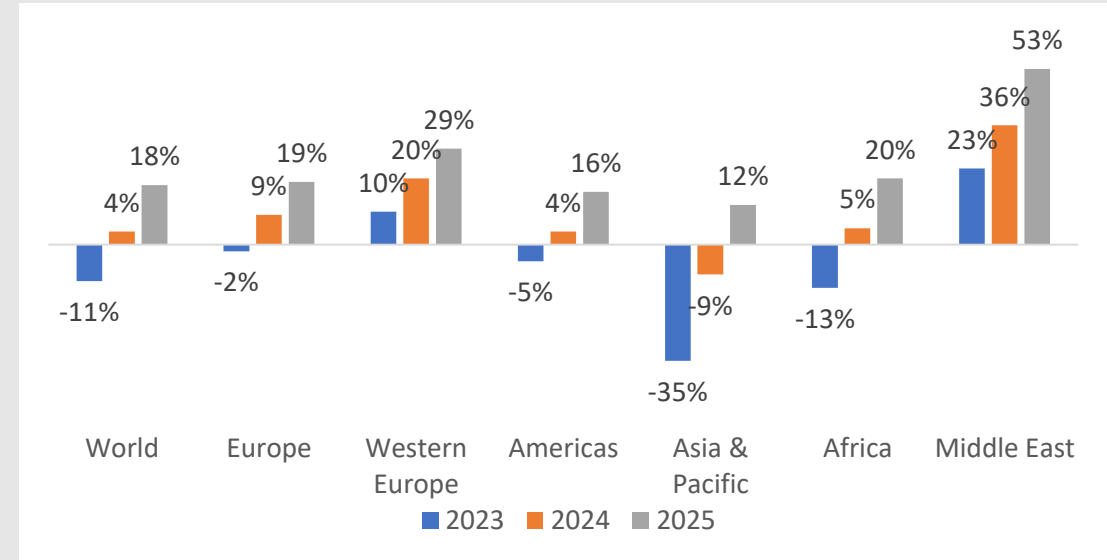
Inbound travel forecast



International visitor arrivals by destination region, % change vs. 2019



International visitor departures by origin region, % change vs. 2019



The propensity to explore new destinations is indeed widespread among European travellers, with 69% having visited a new place on their last holiday, according to LFT's latest potential studies. This trend may have contributed to the **success of less crowded destinations** such as Albania and Montenegro, known also for their price competitiveness. However, the success of more **traditional hotspots** such as Amsterdam (+6% inbound arrivals compared to 2019) or Mallorca (+10%) means that Europe is once again facing **overtourism** in some places, which has recently led to waves of protests by locals. It also reaffirms the strong appetite for travel, although more and more travellers are looking for **value-for-money** options. This, combined with demand for authentic travel experiences, climate concerns and the return of long-haul travel, should lead to a more **balanced recovery** across European destinations at both country and city level.

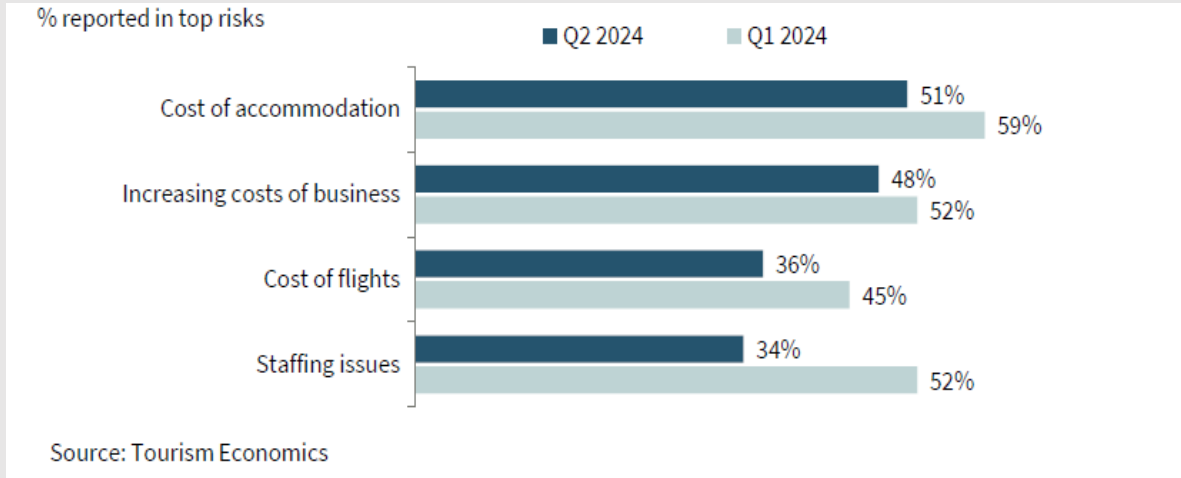
Tourism growth opportunities in 2024/25 are significant, driven by **business travel**, **'bleisure'** tourism and major **events** such as the Paris Olympics. Outbound travel demand from the US, but also from Europe, remains very strong (see right chart). The latter will benefit **short-haul tourism** within the region. It also disproportionately benefits destinations in other parts of the world. Asian travellers, on the other hand, are not yet travelling in the same volumes as before 2020, but **Asia-Pacific is recovering** rapidly compared to 2023, in terms of both outbound and inbound tourism.

In fact, **full recovery to pre-pandemic international travel levels is still expected this year**, with **Europe** likely seeing a 2% increase in arrivals compared to 2019, and Western Europe a 9% increase (see left chart). **All regions** are expected to reach 2019 arrival levels this year, with the **exception of Asia Pacific**, which is likely to achieve that feat in 2025.

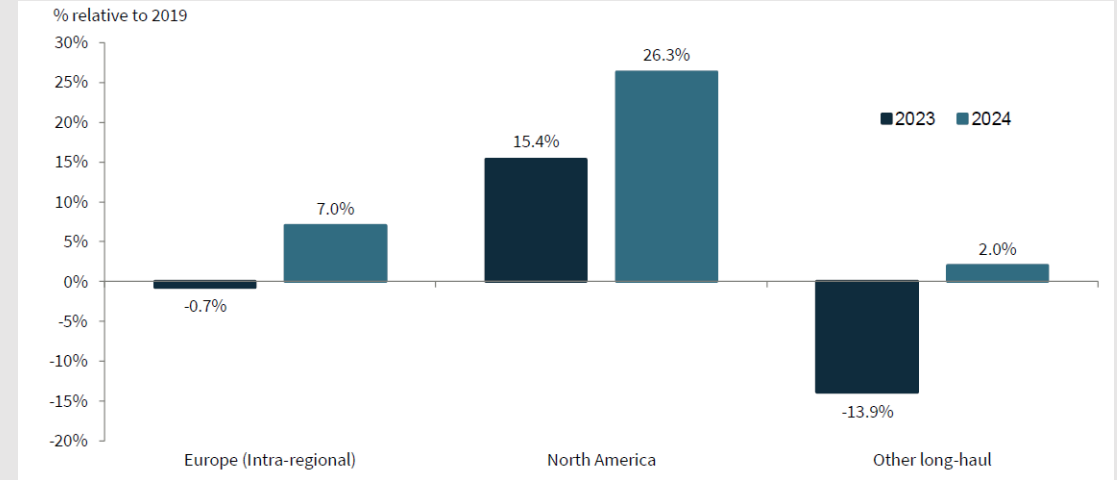
Tourism challenges and source markets forecast



Key global tourism challenges¹



Recovery of European city travel by distance of origin



Tourism Economics' latest Tourism Industry Monitor survey highlights **ongoing challenges** in the European tourism industry, particularly **staffing and cost issues**, although these are less severe in Europe than elsewhere. This may be due to the continued easing of inflation, although prices of key travel items continue to outpace inflation. In contrast, European respondents were much more likely to report **staffing problems** (53% versus 34% globally). Europe has seen a high number of airport-related strikes in recent years, driven by pay and working conditions, although falling inflation may reduce the frequency of strikes. Other more specific challenges for the European travel industry are **bureaucratic regulations** and increased **sustainability** concerns among travellers. This could be due to the increased ESG regulations that companies have to comply with since the beginning of the year.

Overtourism also remains an important issue, especially in cities. European **cities are now recovering faster** than countries on average, with a broader source market mix. The contribution to growth from the US is falling, but this is not a reflection of falling visitor numbers, but just of stronger growth from elsewhere (e.g. Germany and China): **long-haul travel** (excl. North America) and intra-regional travel to European cities will grow by 2% and 7% respectively this year above 2019 levels (see right chart). This is a significant improvement on last year. The return of **higher-spending tourists** from the **Asia-Pacific** region will reduce reliance on US tourists, who drove much of the growth in 2023. It is also likely to boost the **retail sector** and drive **luxury tourism** in Europe, identified as a significant growth opportunity for European tourism in Oxford Economics' latest Tourism Industry Monitor.



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