© Visit Guttland

Luxembourg for Tourism

Latest travel insights

Quarterly Report – December 2024

Contents

Executive Summary

Executive Summary (1/4)

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

- Luxembourg, arrivals, Jan-Sep 2024: hotels +4%, campsites +2%, youth hostels +3%, other paid +2%.
- Luxembourg, arrivals, Jan-Sep 2024, best-performing source markets: US +16%, FR +7%, NL +6%, LU +3%.
- Luxembourg, LFT estimate for Oct 2024: hotels +3%, campsites +3%, youth hostels +6%.
- Luxembourg, hotels, Jan-Oct 2024 : occupancy rate 74%, RevPAR 113€ (+6%).
- Luxembourg, visitors, Jan-Oct 2024: tourist infos +18% (Lux-City), -2% (other) ; castles -1% ; museums +1% ; leisure sites -3%.
- Europe has achieved full recovery of inbound tourism to pre-pandemic levels (+6% arrivals, +5% nights vs. 2019).
- The upward trend in Europe this year is supported by major events, improved air connectivity as travel remains a priority for most tourists.
- Southern Europe outperformed as weather did not have any major deterring impact on growth. The sheer growth led to protests from locals deploring the uneven distribution of benefits that tourism brings. Tourism intensity was higher in 2024 than in 2019 in most European destinations.
- All key European source markets and the US have achieved full pre-pandemic outbound travel demand recovery in 2024, whereas long-haul outbound travel from China and Japan remains far below 2019 levels.
- Strong demand growth for affordable, off the beaten track destinations, while the interest in "coolcations" had little impact on actual hotel demand.
- Air passenger load factors across Europe are higher than in 2019. Air traffic delays have continued to disrupt destinations this summer.
- Hotel performance in Europe was strong (RevPAR +6%, occupancy +1%, ADR +5%, its growth pace starting to slow as inflation eases)

LFT Hotel Survey

- Hotel occupancy rate forecast: 72% (Nov), 65% (Dec), 56% (Jan), an increase of 2-3 points over 2023 (higher in North, East & Luxembourg City).
- Strong demand for leisure stays over Xmas/New Year in Luxembourg City ; decline in business events (MICE) demand share for next months.
- High operating costs and economic situation are major challenges, with administrative burden and geopolitical context gaining in importance.
- 84% of hotels are seeing margins receding despite high turnover (+9% Jan-Oct), impacting investment plans (61% of hotels).

>>

Executive Summary (2/4)

Current search & booking data

- Hotel searches for future stays are 14% higher than in 2023 (leisure approx. +10%, business +20%) ; flight bookings are 10% above 2023.
- Lead times are extending for hotels, but shrinking for flights, compared to 2023. There is untapped growth potential for air travel in January-March.
- Strongest year-on-year hotel demand growth from FR (business), ES, PT, UK (business & leisure). Strongest leisure growth from NL.
- Strongest year-on-year flight demand growth from PT, ES, GR (leisure), UK (leisure & business). Seat capacities +3% vs. 2023 for travel until April.
- Camping bookings for future stays are 3% lower than in 2023, mainly due to May bookings lagging behind. Bookings from NL, BE, LU are up.
- Travel-related searches on Google increasing from DACH area, BE, UK in general, and increasing from most markets for destination Luxembourg.
- Search interest for hiking up 25% vs. 2023 this autumn, interest for city trips down 3% vs. 2023 – similar trend for Luxembourg (but up from CH, AT, ES).

Luxembourg's E-Reputation

- Luxembourg's net sentiment index, measuring the polarity of travel-related online conversations, dropped 10 pts in September, but moved back to its very high average recorded throughout 2024 in October, exceeding the European benchmark. Main positive drivers were culture and events.
- Satisfaction measured via online review sites improved in October, esp for restaurants, campsites, culture, museums and nature sites.
- Perception of Value for money and, in particular, sustainability have improved, with Luxembourg ranking 5th in Europe in the latter category in Q3/24.

Short-term travel intent surveys

- 73% of Europeans plan to take at least one trip until March (+5 pts vs. 2023). Travel intent esp. rising in DE, CH, FR and among people under 45.
- More Europeans than in 2023 have already either booked (part of) their trip or decided on the destination.
- Travel intent to Luxembourg drops slightly vs. 2023, esp. among Germans and for leisure event purposes.
- Share of Europeans planning to take multiple trips increases from 48% to 52%, but length of stay is forecast to drop by 2%. Europeans plan to spend 4% more than last year on their trips until March. Among Luxembourg considerers, all 3 indicators increase compared to 2023 and at a higher rate.

>>

Executive Summary (3/4)

- Travel costs remain travelers' top concern, but worries related to conflicts, travel disruptions and overcrowding are gaining ground. More travelers have seen their travel habits impacted by climate change, e.g. preferring destinations with a milder climate and avoiding those with extreme weather.
- Culture & heritage, nature & outdoor and wellness are holiday types that yield higher interest among Luxembourg considerers than last year.
- Price considerations, safety, pleasant weather and welcoming locals are Europeans' key decision criteria for choosing a destination this winter.
- 67% of Germans saved money on other spend categories during the past 12 months in order to be able to travel (up from 60% a year ago).
- 30% of German travelers say that over the past 3 years, they have paid more heed to higher quality of holiday trips than before (2023: 24%).
- The current conflicts, travel costs and climate change are likely to have more impact on Germans' destination choices in 2025 than in 2024.
- Weather was equally important 30 years ago as it is now as a decision criteria, and landscape preferences have changed little over the past 40 years, with the exception that middle and high mountains have significantly lost in popularity. A small but growing segment has become more tolerant towards rainier and chillier weather during summer holidays, compared with the 90's.
- 84% of Germans felt welcome during their holidays in 2024, despite protests (probably too local and temporal to have any impact), but 35% also felt there were too many tourists in the destination they visited (44% among travelers to Mediterranean destinations).

Economic and longer-term travel forecasts

- Improved forecast for GDP growth (+3% in 2024 and 2025), with US leading advanced economies and more subdued prospects for the Euro area.
- Consumer confidence and business activity contracting in November, but more upbeat outlook for consumer spending as inflation eases in Europe.
- This has led central banks to lower policy rates although services inflation – including for travel-related items - remains sticky.
- Yet, visitors' spending attitudes remain broadly positive (+10% vs. 2023 in Europe, thus outpacing arrivals growth). Those who spent less most often have chosen cheaper accommodation, taken fewer trips or travelled in the low or shoulder season.
- In 2024, growth in international travel to Europe is expected to be 9% higher than in 2023, and in 2025 a further 10% higher than in 2024.

>>

Executive Summary (4/4)

- Travel from the Americas to Europe and intra-European travel will have fully recovered to pre-pandemic levels in 2024, in line with global trends where international arrivals are forecast to exceed 2019 levels by 2%.
- Recovery of demand from long-haul markets other than the Americas to Europe will be more gradual, but should be achieved by 2025– although high travel costs remain a concern.
- The contribution of source markets to growth will be more diversified, as FR, IT or PL, but also China are gaining in importance as growth markets.
- Economic and geopolitical uncertainty and travel costs are risk factors affecting travel demand growth to Europe in 2025, and recent survey data point at further rising travel expenditure next year.
- Opportunities to growth are numerous and could include: bleisure travel, leisure events, tourism infrastructure development, air connectivity, return of more long-haul visitors, travelers choosing more remote and less visited destinations.
- Longer-term forecasts to 2030 suggest 2 billion international arrivals worldwide, as Europe loses market share to Asia-Pacific and the Middle East. Still, international leisure nights to Europe are expected to grow at an average annual rate close to 5% and international leisure spend at an average annual rate of 8% by the end of the decade.
- The share of global outbound leisure travel expenditure from emerging markets is expected to rise further until 2030, driven by China and India – even if advanced economies such as the US, Germany, the UK and France will remain the largest source markets.

Recent Performance Data

Hotels & Campsites

Nights & Arrivals

HOTELS *(Statec data)*	Jan-Sep 2024	vs. Jan-Sep 2023
Nights	1.484.925	+3,8%
Arrivals	813.857	+3,5%

Source: Statec, provisional figures.

YOUTH HOSTELS	Jan-Sep 2024	vs. Jan-Sep 2023
Nights	125.419	+1,5%
Arrivals	65.960	+3,3%

Source: CAJL.

TOTAL PAID[1]	Jan-Sep 2024	vs. Jan-Sep 2023
Nights	2.840.947	-2,3%
Arrivals	1.183.486	+3,2%

Source: Statec, provisional figures.

CAMPSITES *(Statec data)*	Jan-Sep 2024	vs. Jan-Sep 2023
Nights	1.130.016	-9,3%
Arrivals	277.152	+2,4%

Source: Statec, provisional figures.

RENTALS *(Statec data)*	Jan-Sep 2024	vs. Jan-Sep 2023
Nights	100.587	-5,7%
Arrivals	26.517	+1,9%

Source: Statec, provisional figures.

LFT estimate	Oct 2024 vs. Oct 2023
Hotels[1]	+3%
Campsites[2]	+3%
Youth Hostels[3]	+6%

[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.

Arrivals by source markets

Arrivals in paid accommodation *(Statec data)*	**Jan-Sep 2024 vs. Jan-Sep 2023**
Total inbound	**+3%**
NL	+6%
DE	-3%
BE	+1%
FR	+7%
UK	-1%
US	+16%
CH	+2%
IT	-2%
ES	-6%
LU	*+3%*

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

Source: Statec.

Hotels & Short-term Rentals

HOTELS Luxembourg City *(MKG data)*	**Jan-Oct 2024**	**vs. Jan-Oct 2023**
Occupancy rate	74,1%	+3,6%
ADR	153,0 €	+2,2%
RevPAR	113,3 €	+5,9%

Source: MKG Hospitality.

SHORT-TERM RENTALS (Sharing Economy) (*)	**Jan-Jun 2024**	**vs. Jan-Jun 2023**
Nights	225.300	+22,7%
Arrivals	55.385	+28,4%
Supply (capacity, Q3/2024**)	7,800	+17,1%

(*) Data refers to short-term rentals on Airbnb, HomeAway, VRBO.
Source: Eurostat (experimental statistics).
(**) Source: Vs. same period last year. Source: Lighthouse/ETC.

Tourist Info & Attractions

Visitors, January-October 2024

Tourist Infos	vs. Jan-Oct 2023
Luxembourg City	+18%
Other regions	-2%

Tourist Attractions	vs. Jan-Oct 2023
Castles	-1%
Museums	-6% / +1%[1]
Leisure sites	+7% / -3%[2]
Guided tours	+14% (City) / -4% (ORT)

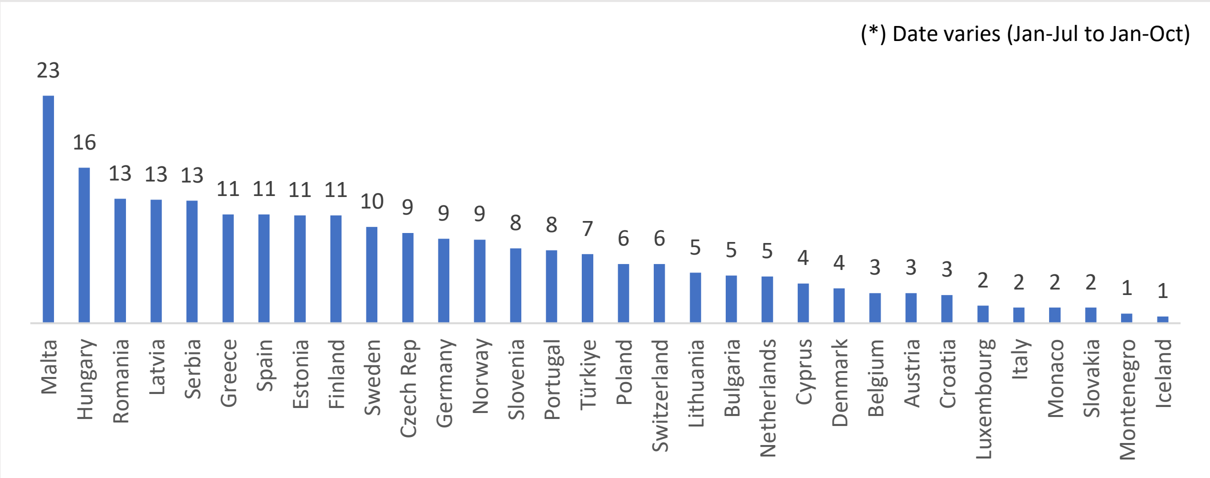
[1] Without Musée Européen Schengen & Musée Résistance Esch (partly closed in 2023 & 2024 respectively.

[2] Without Casemates (partly closed in 2023 (Bock).

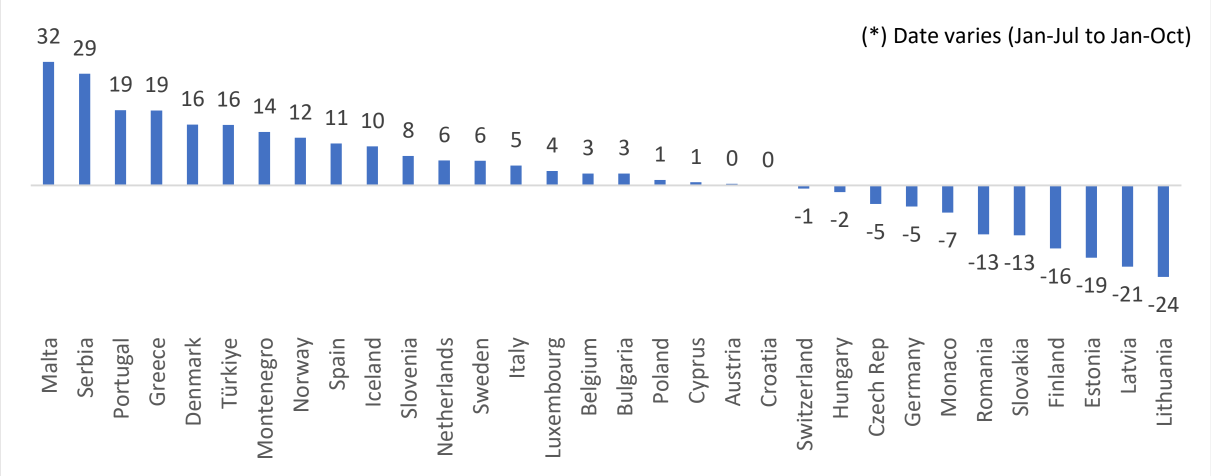
Source: LFT survey.

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

Inbound arrivals to European destinations, 2024 year-to-date (*), % change vs. 2023



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



International travel to Europe continued to grow in the **summer** of 2024, following a surge in demand last year. This further boosted year-to-date **inbound travel growth** to Europe to +6% (arrivals) and +5% (nights) **vs. 2019**. Europe has thus achieved **full recovery** of inbound tourism to pre-pandemic levels. Other global sub-regions that have already achieved this feat are Latin America and Middle East & Africa. **Globally**, tourism is also **forecast to achieve full recovery** to pre-pandemic levels this year, with international **arrivals** up 2%. **Leisure tourism spend** will even increase by 20% compared to 2019 (excluding the top 250 largest cities), and by 15% in the top 250 largest cities.

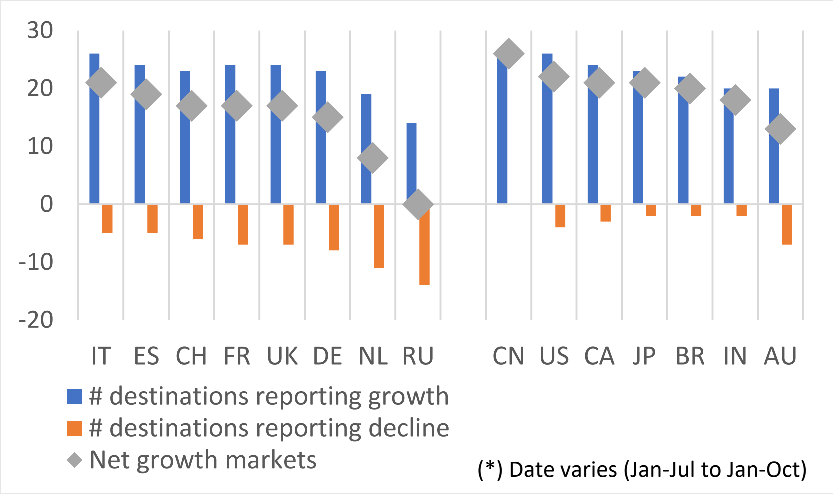
The upward trend in Europe this year is supported by **major events**, improved **air connectivity** and post-pandemic **pent-up demand**, although this effect is now clearly waning. Travel remains a **priority** for most tourists, despite rising costs, unpredictable weather events and geopolitical turmoil. The majority of European **destinations** are now above their 2019 inbound arrival levels, and most are also recording healthy year-on-year growth rates. In **Central and Eastern Europe**, the recovery to 2019 levels is slower but steady, due to the continuing impact of the war in Ukraine. Some smaller, **off the beaten track** but very **affordable destinations** in this sub-region continue to show double digit year-on-year growth (e.g. Albania). But there was also some stronger growth in larger and more established destinations such as the Netherlands and Croatia. **Weather conditions** such as heatwaves did not have a significant impact on growth in **Southern & Mediterranean** destinations, which again outperformed the rest of Europe, with Spain (+11%) posting record figures this summer.

>>

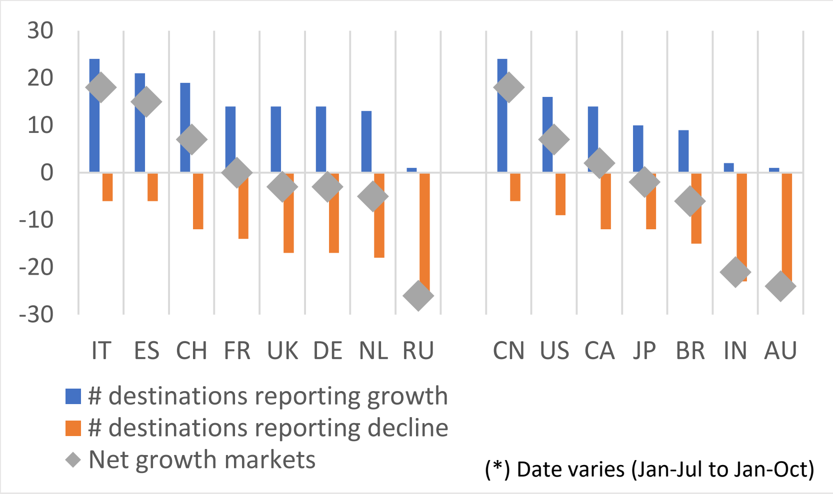
Sources: Tourism Economics/ETC, TourMIS.

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

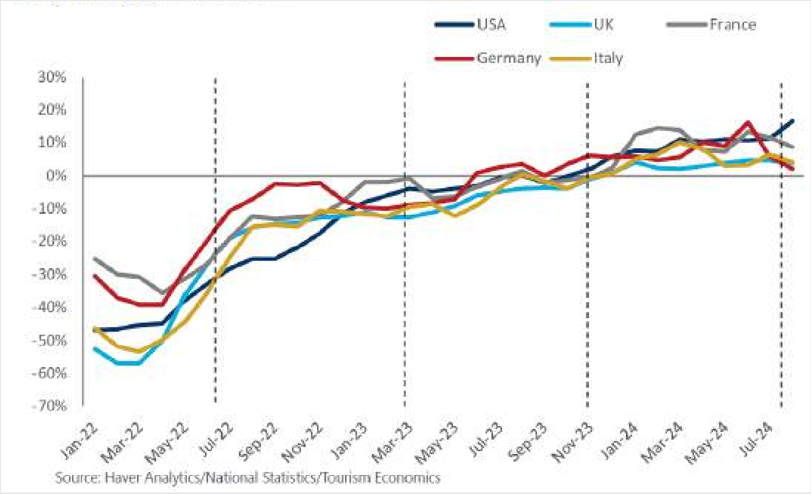
Source market demand to European destinations, 2024 year-to-date (*) vs. 2023



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



Outbound trips recovery by source markets, % change vs. 2019[1]



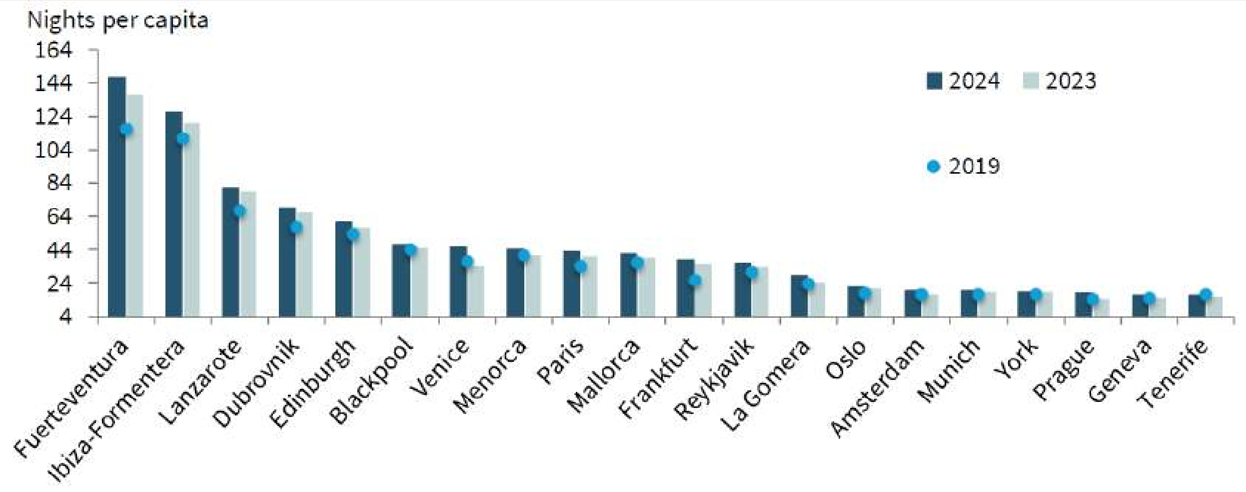
The preference for Mediterranean destinations has increased the **competitive pressure on domestic and nearby destinations** from some major source markets, such as Germany or the Netherlands (as many holidaymakers only take one main holiday per year). The results for **France** as a destination were mixed, as many travellers avoided the destination during the **Olympics**, but also in the period immediately around the event.

Looking at the performance of individual **source markets**, virtually all major source markets have achieved **full pre-pandemic outbound travel demand recovery** since the start of 2024. Many Mediterranean and neighbouring destinations have recorded full recovery from **Germany**. Data from the "Deutsche Reiseanalyse" September survey shows that the share of Germans who have taken a holiday in the last 12 months has risen steadily from 56% in 2022 to 62% in 2023 and 64% this year. A moderate demand growth of "coolcations" was observed from **France** and **Italy**. All but five reporting destinations recorded growth from the **Netherlands.** The **UK**'s outbound tourism recovery continues to lag behind some other European source markets and demand is very much driven by value-for-money. The **US** was the strongest performing non-European source market in Europe for the second summer in a row since 2019, despite a slightly less favourable exchange rate against the euro. The recovery in **Chinese** outbound tourism to Europe continues to be slower than expected (-50% on average vs. 2019), with all reporting destinations except Serbia registering a decline in Chinese tourism activity compared to 2019. **Japanese** tourists to most European destinations also remain well below 2019 levels, but there are signs of recovery despite the weak yen and the current tendency for Japanese travellers to visit nearby Asian destinations.

Sources: Tourism Economics/ETC, TourMIS, Deutsche Reiseanalyse/FUR. [1] 3-month moving average.

The return of overtourism

Tourism Intensity across selected European cities



There have been **protests in hotspots** across Europe, notably in Spain and Greece, highlighting concerns about **overtourism**. Locals are questioning whether the value tourists bring in terms of income and employment still outweighs the strain on the environment and local residents. While this may have contributed to some travellers choosing alternative destinations instead, so far the overall **impact on demand growth** for destinations suffering from overtourism appears to be **marginal. Tourism intensity**, which measures nights per resident, was higher in 2024 than in 2019 in most European destinations, and this does not even capture the full extent of the problem, as **same-day visitors** (who contribute significantly to overtourism phenomena in some destinations) are excluded from this metric. It also masks the fact that overall tourism intensity may be low, but can rise sharply during **temporary** major events or cruise arrivals. The latter contribute to pollution and generate little income for local businesses, but do not put pressure on local accommodation.

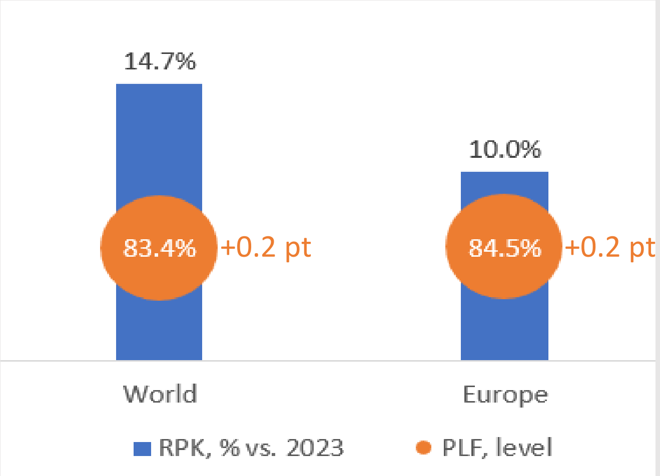
Perceptions of overtourism have been amplified by **high media coverage**: in some cities, the number of articles published on the topic was 8-10 times higher than in 2019. A key driver of the protests is the **uneven distribution of benefits from tourism**: it displaces low-income residents of their own cities, but benefits property owners. **Island destinations** tend to suffer disproportionately from overtourism, given their limited capacity to absorb incoming tourists, both physically and economically. In Ibiza or the Canary Islands, tourism intensity exceeds 120 nights per capita (in Luxembourg City it was 2.4 in 2023).

Countries and cities are taking **measures** to address these issues, such as tax levies, campaigns to deter certain types of tourists or crackdowns on short-term rentals. So far, these measures often appear to be cosmetic, and destinations must also ensure that they do not significantly reduce the total number of tourists, but rather redistribute them across more towns and resorts and throughout the year.

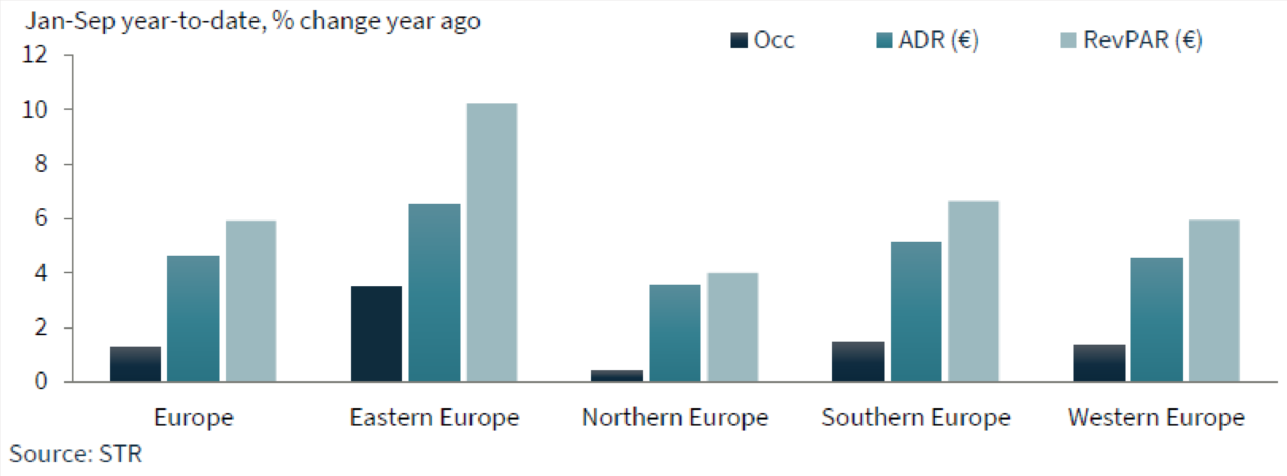
Sources: Tourism Economics/ETC.

Airlines and hotels performance year-to-date

RPKs[1] and PLF[2], international air travel, Jan-Sep 2024 vs. 2023



European hotel performance



European air passenger demand continued its steady upward trend throughout the summer. So far in 2024, **passenger load factors** across Europe have been equal to or higher than in 2019 and are expected to continue to rise. This is partly due to increasing **aviation supply shortages**, forcing airlines to reallocate to more lucrative routes. **Air traffic delays** have continued to disrupt destinations such as Germany, Greece or Italy in recent months, a result of strikes, air traffic control and software security issues. This is likely to have dampened recovery and growth across Europe. It is estimated that nearly 40% of passengers in Europe have experienced delays or cancellations this summer. The sheer increase in demand, and the resulting concentration of schedules and airspace, can mean that a small delay can have a large impact on other flights. According to IATA, airlines will spend $600 million on **carbon offsetting** credits in 2024 ("Corsia" programme). From 2024 to 2026, airlines must reduce their emissions to 85% of 2019 levels.

In terms of **hotel** performance, **global RevPAR** growth reached +3% year-on-year for January-September. It was strongest in **Europe** (+6%). **ADR** growth in Europe for the same period was +5%, while **occupancy** grew by 1%. It should be noted that the pace of room rate growth has started to slow, in line with **inflation** easing across Europe. Hotel RevPAR growth was mainly driven by intra-European travellers. The weakest European sub-region across all metrics was **Northern Europe**, suggesting that the widely reported trend of a shift to "coolcations" has had little impact on actual hotel demand. **Central & Eastern Europe** posted the strongest growth, albeit from a weaker-than-average base than last year. Some of the best performing destinations in terms of ADR growth were **Spain, Portugal and Greece**. However, **Western Europe** also managed to increase rates (+4%) to compensate for higher business costs, while occupancy grew by 1% over 2023. Only **France** recorded a decline in occupancy (-1%) as a result of a stronger than expected drop in pre-Olympics demand, which more than offset the increase in arrivals during the Games. With over 4.7 million **short-term rental** units as of August 2024, Europe saw supply growth of +11% year-on-year, while ADR grew by 9% vs. 2023.

Sources: Tourism Economics/ETC, STR, IATA. [1] Revenue passenger kilometres, [2] Passenger load factor.

LFT Hotel Survey

LFT Hotel Survey

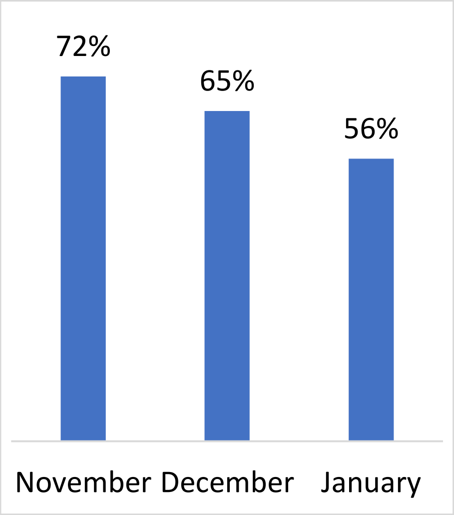
14 – 27 November 2024: 42 hotels

Hotels participating to LFT's latest survey have forecasted an **occupancy rate** of 72% for **November**, an increase of 3 points over last year. Prospects are equally good for **December** (65%, +2 points) and **January** (56%, +3 points). Occupancy growth for January is particularly evident among hotels in **Luxembourg City** (57%, +6 points), whereas growth in November-December is stronger in **North & East** regions (November: 60%, +7 points; December: 58%, +8 points) but still substantial in the capital city as well (November: 74%, +5 points; December: 68%, +3 points). **South & West** are the only regions where occupancy rates are expected to decline compared to 2023, by an average of 6 points for the 3 months.

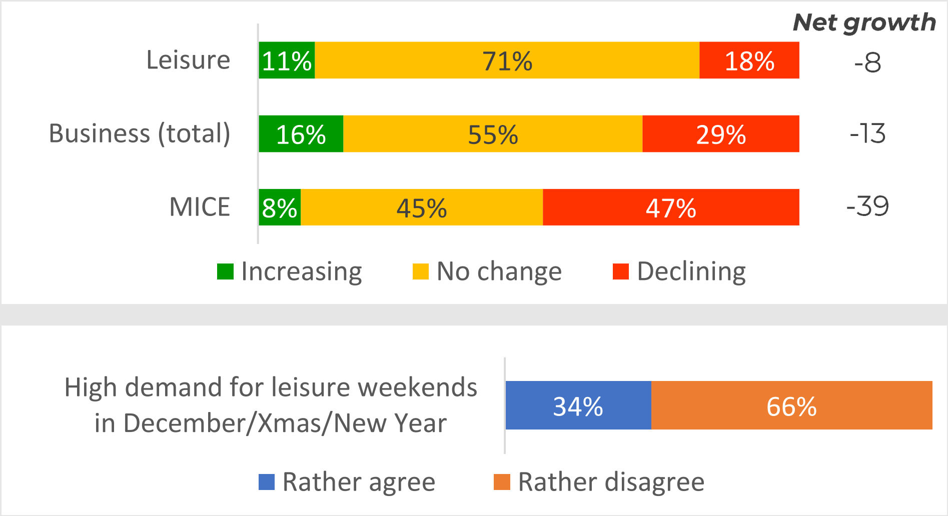
Most hotels are not seeing any significant changes in **leisure travel demand** for the upcoming months. However, results are more positive in the larger hotels and in **Luxembourg City** (where a net growth is recorded, i.e. the number of respondents with growth exceeds the number with decline). A remarkable 59% of Luxembourg City hotels are also recording strong demand for **leisure stays over Christmas/New Year** (while that share is 34% on a national level). Results are more skewed to the downside with regard to **business travel demand**, and, particularly, **business events (MICE)**. Thus, after a faster-than-expected recovery in this segment last year, demand seems to be slowing for this winter season.

A large majority of respondents is still **satisfied** with the season 2024.

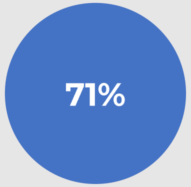
Occupancy rate



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



Satisfied with season 2024



Source: LFT survey.

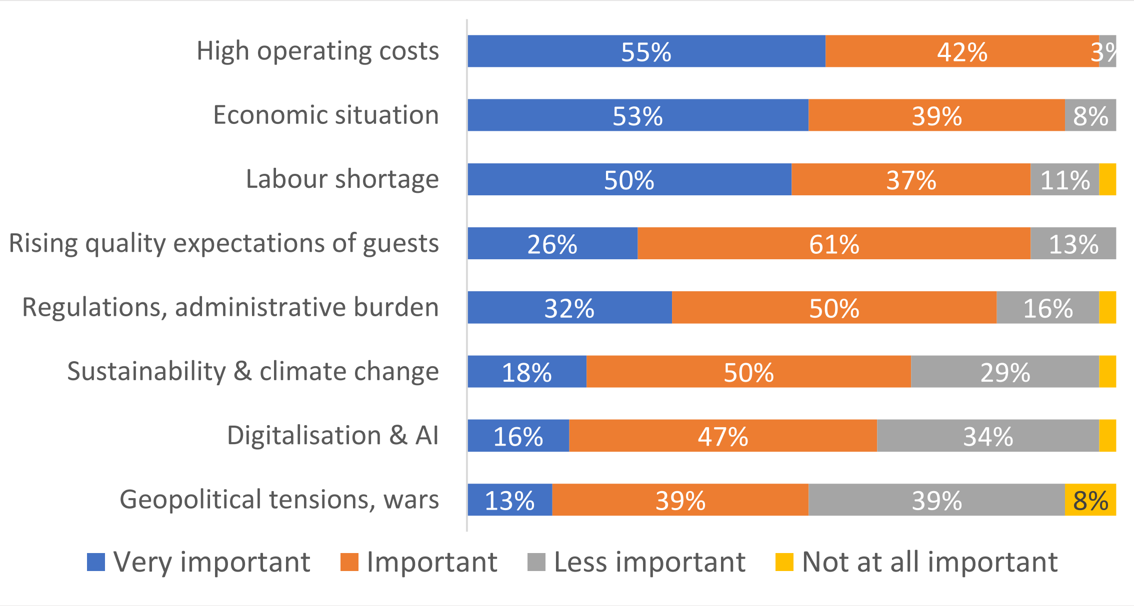
LFT Hotel Survey

14 – 27 November 2024: 42 hotels

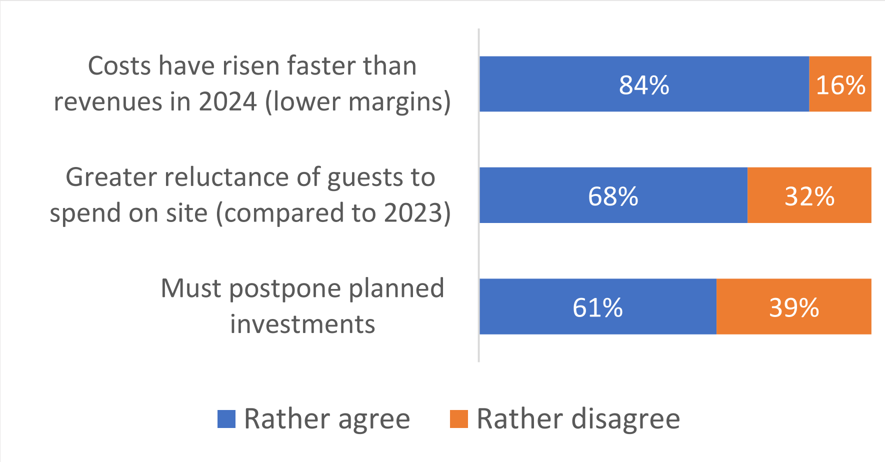
Virtually all participating hotels highlighted high operating costs and the general economic situation as the major current **challenges** for Luxembourg's hotel industry. This is similar to our earlier surveys throughout this year. Further key challenges include guests' higher quality standards, staff shortages and **bureaucracy & administrative burden** – this challenge has gained in importance since March when we first included this item in our survey. Between 60% and 70% of respondents also claim that sustainability, climate change and digitalization are relevant challenges. While the current **geopolitical situation** ranks last on the list, the number of hotels considering this a challenge has increased from 38% to 53% since July.

Compared to 2023, hotel **revenue** for January-October has increased by 9% overall, by 11% in Luxembourg City, and by 6% across other regions. Yet, 84% of hotels report that the rate of increase in operating costs has exceeded the rate of increase in turnover this year, leading to a **squeeze on margins**. Therefore, this could lead to a loss in profit despite rising revenues in 2024 (last year, this was the case for more than half of the hotels surveyed). 61% of hotels consider **postponing investments** planned for the next 6 months, a proportion that remained equal to our previous survey. An increasing number of hotels are seeing their guests' **on-site spending** to slow or decline (68%, vs. 59% in our September survey), particularly in Luxembourg City.

Relevance of challenges for hotels (% of respondents)



Economic statements (% of respondents)



Turnover, Jan-Oct 24
% vs. 2023

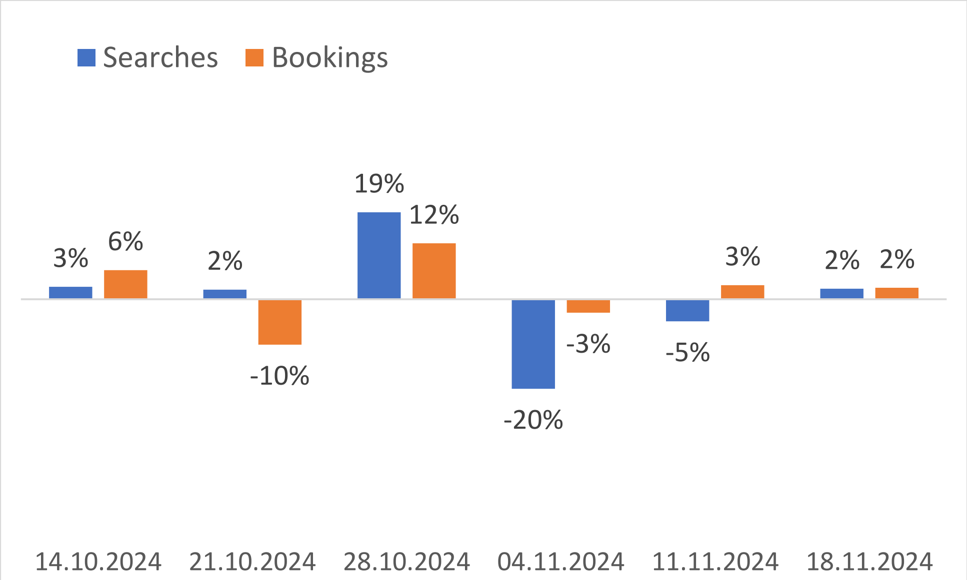
Source: LFT survey.

Search & Booking Data
(Hotels / Flights / Campsites / Travel Themes)

Hotel Searches & Bookings

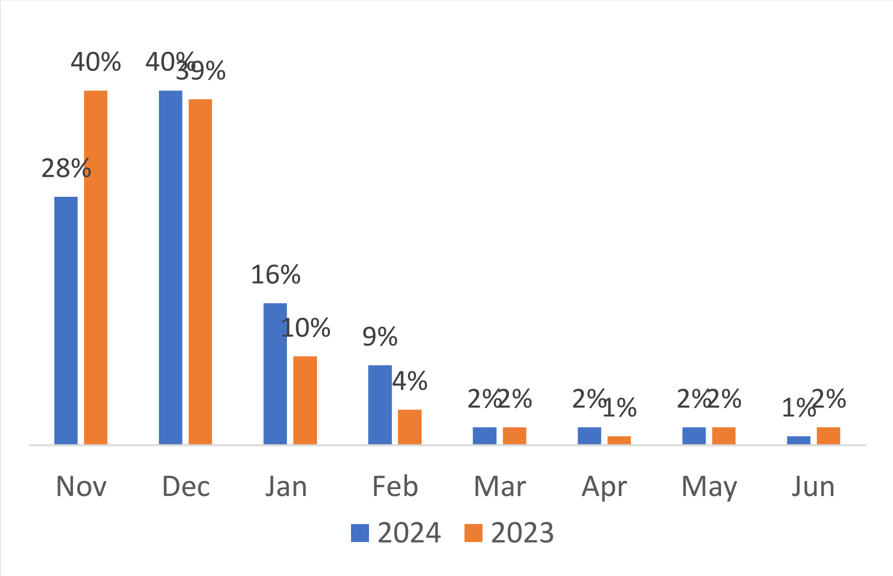
Luxembourg

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



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

Hotel searches & bookings made between 14.11.-27.11., % shares by month of future arrival



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

+14%

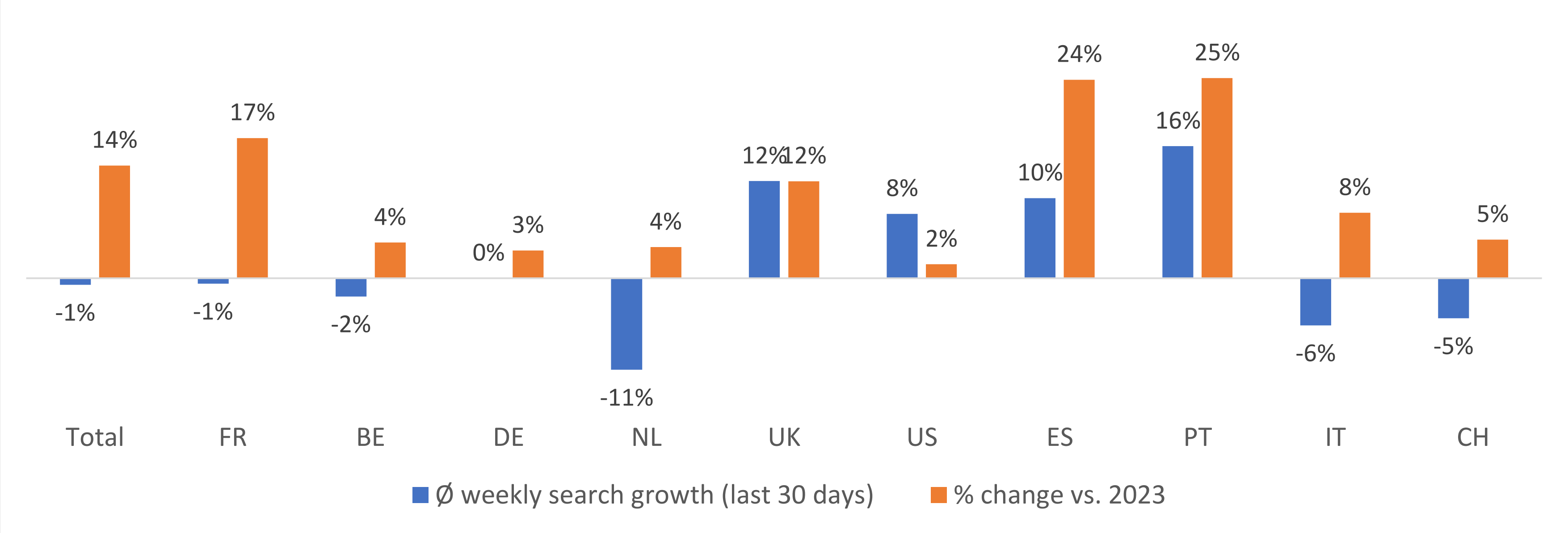
Week-over-week growth of **searches** and **bookings** recorded for future **hotel** stays in Luxembourg has been volatile throughout the month of October, soaring towards the end of the month (last minute demand for the long **All Saints** weekend). After a slower start in November, searches and – especially – bookings have gained pace again, as **Christmas/New Year** bookings are increasing. Total future hotel demand, as reflected by current search & booking trends, is **14% higher than in 2023** (we estimate leisure to be up by 10% and business by 20% over last year).

Another interesting trend is the reversal in trend with regard to lead times, both compared to last year, and to our previous report in September: **lead times are extending**, with a substantially larger share of recent demand relating to stays in January-February, at the expense of last-minute stays. Search share for December is similar to 2023, indicating healthy demand for the seasonal holiday period this year as well.

Data source : Sojern.

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

France	24%
Belgium	18%
Germany	13%
Netherlands	8%
United Kingdom	6%
United States	4%
Spain	4%
Portugal	4%
Italy	2%
Switzerland	2%

Hotel searches for future trips to Luxembourg are **higher than in 2023** across all key **source markets**. Growth is particularly strong from France, Spain, Portugal and the UK, and is weakest from Belgium, Germany, the Netherlands and the US. In the case of Belgium and France, this follows already strong year-on-year growth in 2023. Growth demand from **France** is essentially business-travel-related, whereas that of **Spain, Portugal** and the **UK** is both business- and leisure-driven. The strongest **growth in leisure** hotel searches has been recorded from the **Dutch** market.

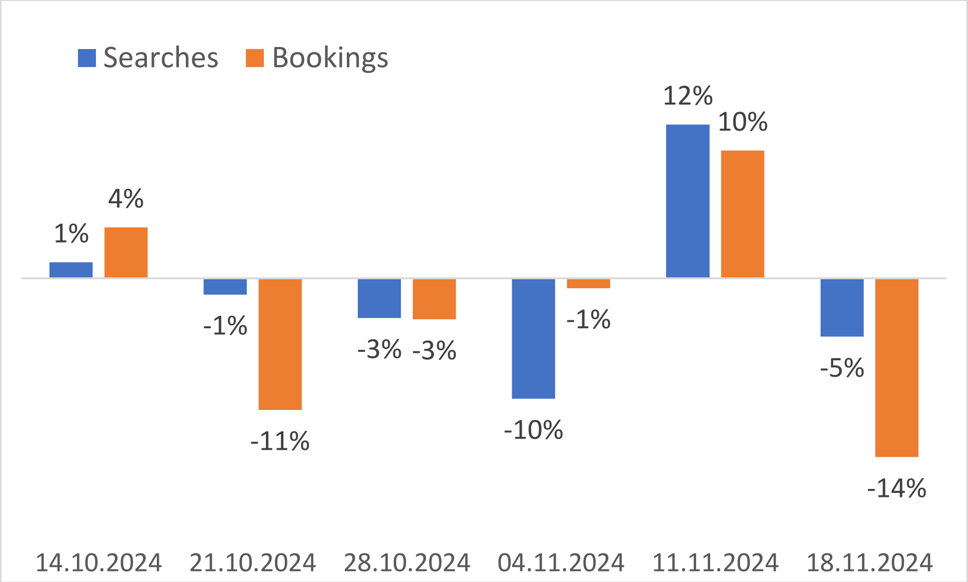
Since the end of October, searches from Spain, Portugal, the UK and the US have, on average, followed a **weekly** upward trend. Searches from the Netherlands, Switzerland and Italy, by contrast, dropped throughout November.

Origin cities and regions that have significantly improved their relative share of demand for future hotel stays in Luxembourg compared to last year include Liège, Antwerp, Paris, Marseille, Frankfurt, Munich, Amsterdam, Porto, Madrid, Rome, Wales and California.

Data source : Sojern.

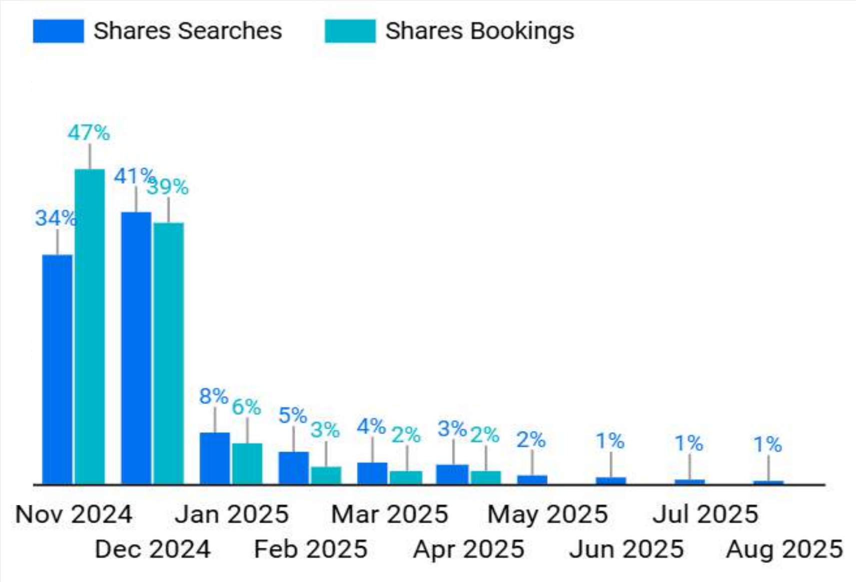
Flight Searches & Bookings
Luxembourg

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



(*) Searches made 11.-24.11., bookings last 6 months for travel until Apr 25.

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

+10%

This time, recent search and booking patterns for future flights to Luxembourg were quite different from those seen for hotels: **flight searches** have fallen for most of the period since mid-October, interrupted by a single week of strong growth in mid-November. **Week-over-week flight bookings** have been more volatile during the same period, but fell by an average of 2% per week. This, however, mostly remains a seasonal effect: total future air travel demand is **10% higher than last year** at this stage (and equal to 2019 levels).

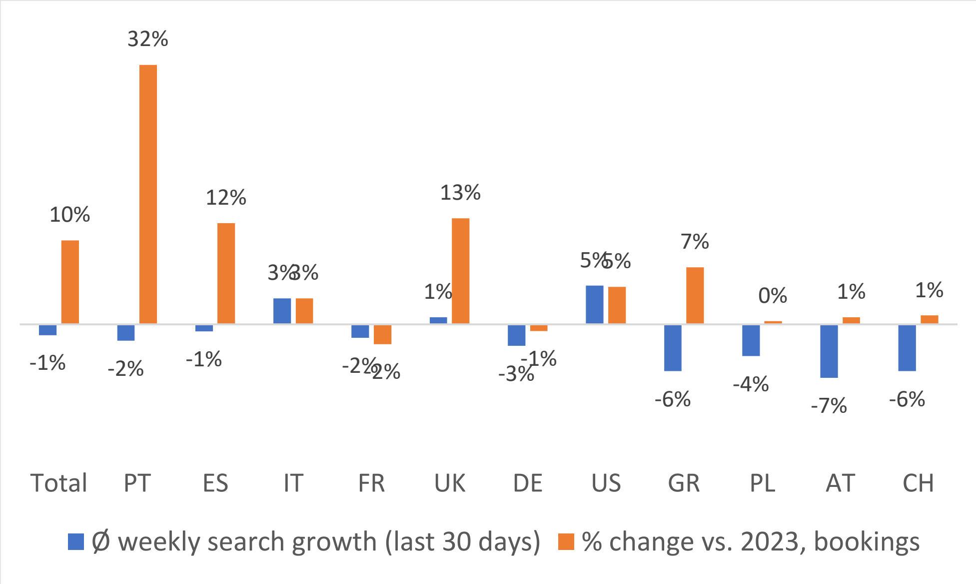
Also contrasting to what was observed for hotels, search **lead times** for flights appear to be **shrinking** compared to last year: 34% of recent searches were still related to trips in November, 41% for December (2023: 24% November, 37% December), at the expense of January-March. Even a higher share of recent bookings were made for flights in November-December. Thus, there is **untapped growth potential** for air travel in **January-March.** **Leisure**-travel-related flight demand is up by 8%, **business**-travel up by 16% on last year. Business air travel demand growth outpaces leisure growth for each future arrival month until April, except January.

Data source : Forward Keys.

Flight Searches and Capacities

Luxembourg

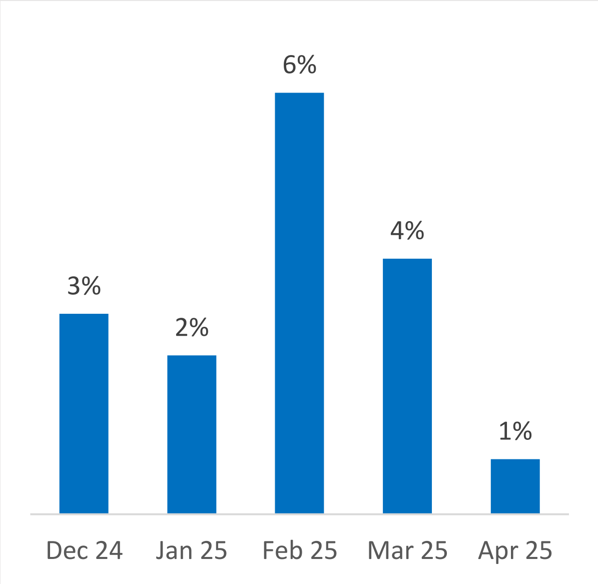
Flight demand for arrivals next 6 months by top source markets, % change searches week-on-week & bookings vs. 2023



Flight searches, % market shares by source market

Portugal	20%
Spain	18%
Italy	13%
France	10%
United Kingdom	9%
Germany	6%
U.S.A.	5%
Greece	4%
Poland	3%
Austria	3%
Switzerland	2%

Seat capacities to Luxembourg by arrival months, % change vs. 2023/24



Flight connectivity to Luxembourg

	Dec 24 – Apr 25	Change year-on-year
Countries connected	32	-2
Avg weekly flights	460	+10
Seats	1.194.356	+3%
Airlines	17	-1

Top 5 origins, seats (% year-on-year): PT (+1%), ES (+9%), UK (+14%), DE (-5%), IT (-5%)

Comparing with last year, bookings are up from almost all key **source markets**, with the exception of France (from where full pre-pandemic recovery in air travel demand had already been achieved in 2023), and Germany (a consequence of capacity constraints hampering business travel). Year-on-year search growth is particularly strong from **Portugal, Spain and Greece**, driven by rising leisure-travel-related flight demand, and the **UK**, driven by both leisure and (more strongly) business demand. Looking at recent **weekly** search trends, most source markets declined, in line with the overall trend, except for searches from Italy, the UK and the US. **Origin cities** with high demand growth for future flights to Luxembourg compared to 2023 include London, Lisbon, Los Angeles, Seattle, Krakow, Bilbao, Bordeaux, Copenhagen, Bucarest, Istanbul and Dublin.

Seat capacities for travel until April have increased by 3% over last year (and by 7% vs. 2019). Year-on-year growth is particularly strong for source markets Spain (Madrid & Barcelona/Ryanair), the UK (London/BA & Ryanair), France (Marseille & Toulouse/Ryanair) and the Netherlands (new direct connection with Rotterdam by Luxair since 15 October).

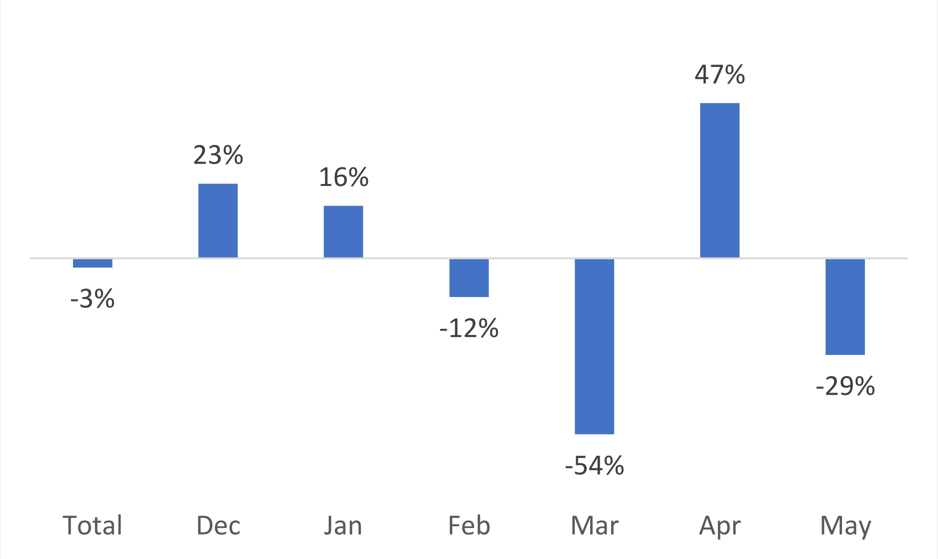
Data source : Forward Keys.

Campsites Bookings
Luxembourg

New bookings made between end of October and end of November for future **camping stays** were almost 60% down on the previous month – but this is a purely seasonal effect with many campsites now closed, and it is therefore not an indicator for future trends (for our October estimate, see page 9). More important, aggregated **booking volumes already recorded for all future stays are 3% lower** than at this date last year. Thus, demand is still nearly on track but slightly lagging behind last year's levels at this stage. Booking levels for stays in **December-February** are up (left chart) but this represents very low volumes in absolute terms. Currently, demand for the **Easter** period is on track (the strong decline in March and uptick in April are calendar effects). The biggest difference with last year is the lower level of bookings for **May** at this stage.

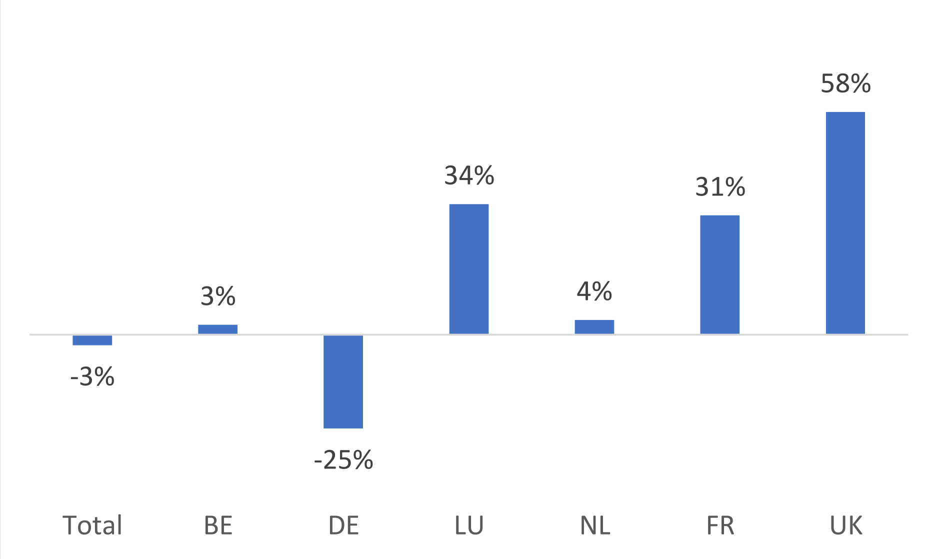
Broken down by **source markets** (right chart), slight demand growth is currently recorded from **Belgium** and **Netherlands** as well as the **domestic** market, compared to last year, whereas demand from Germany appears to be substantially lagging behind. Nevertheless, it is important to remember that lead times for camping are also shorter than they used to be, and current booking trends are therefore only indicative and will change in the coming months.

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



Campsite bookings for arrivals until May 2025, % change vs. year ago

Campsite bookings for arrivals until May 2025 by top source markets, % change vs. year ago (*)



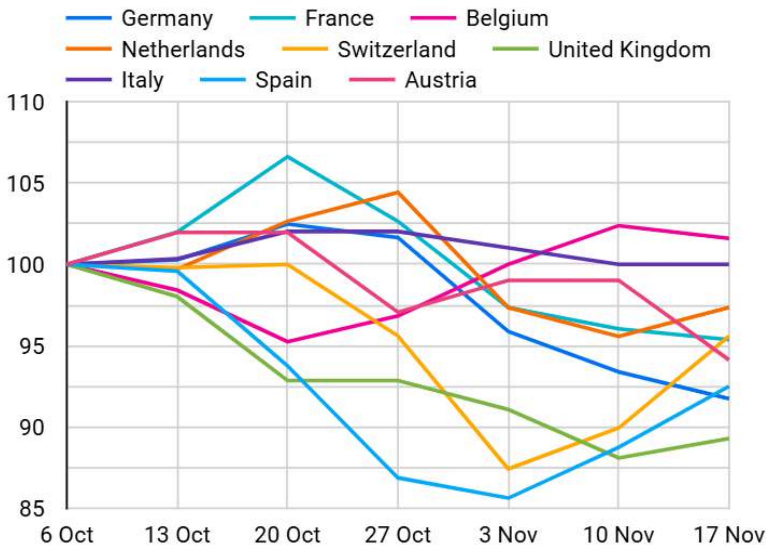
(*) as of 27.11.2024.

Data source : Tommy Booking Support.

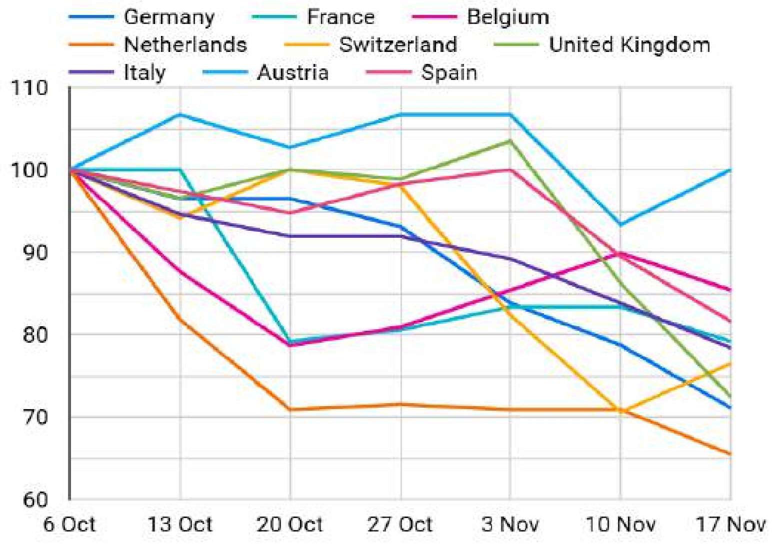
Travel Themes on Google

Evolution of relative search interest on Google in main source markets

ALL travel-related searches (6.10.2024 = index 100)



LUXEMBOURG travel-related searches (6.10.2024 = index 100)



Since mid-October, **travel-related searches on Google** have gradually declined across most key European source markets, both in general and for Luxembourg as a destination (see charts), the only exception being Austria. This country also ranks among the few source markets that have seen general travel search interest **grow** over the same period **last year**, namely the **DACH area, Belgium and the UK.** By contrast, in terms of Google travel searches for **Luxembourg** as a destination, **most source markets have shown an increase in interest compared to 2023**, with the exception of Spain and Switzerland.

Search interest for **hiking** on Google this late autumn is significantly higher than last year across most source markets (+25% on average), with only users from Spain showing less interest. Searches were especially strong around **All Saints**, suggesting stronger demand for that period. Results are more mixed with regard to **youth hostel** searches, with half of countries showing an increase in search interest (Switzerland, Germany, Italy, UK, France), and half a decrease over last year.

Searches for **holiday homes** are up across all source markets, particularly among Dutch and Belgian users, while search interest for **city trips**, based on recent Google searches, is down 3% on last year – but with varying trends across source markets (demand is up among French, Swiss and British users). With regard to **city break searches for Luxembourg**, a similar trend can be observed, with demand dropping from neighbouring markets, but improving from Switzerland, Austria and Spain.

Source: Google Trends. The dates on the charts refer to starting day of the respective weeks.

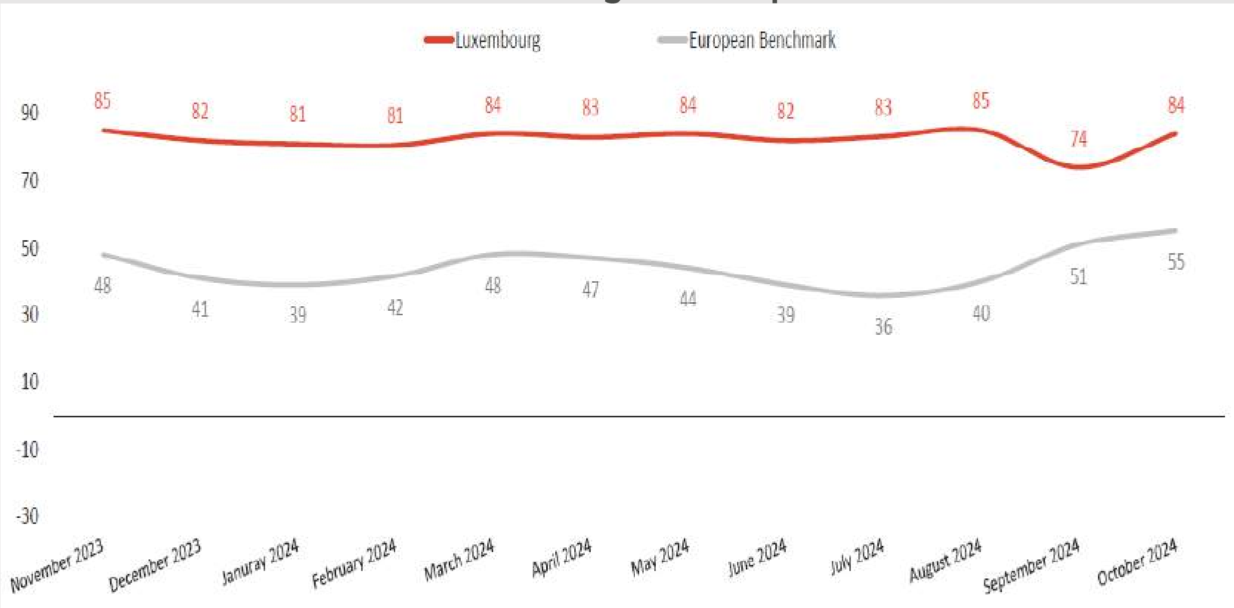
E-Reputation

E-Reputation Luxembourg
Conversations on Social Media

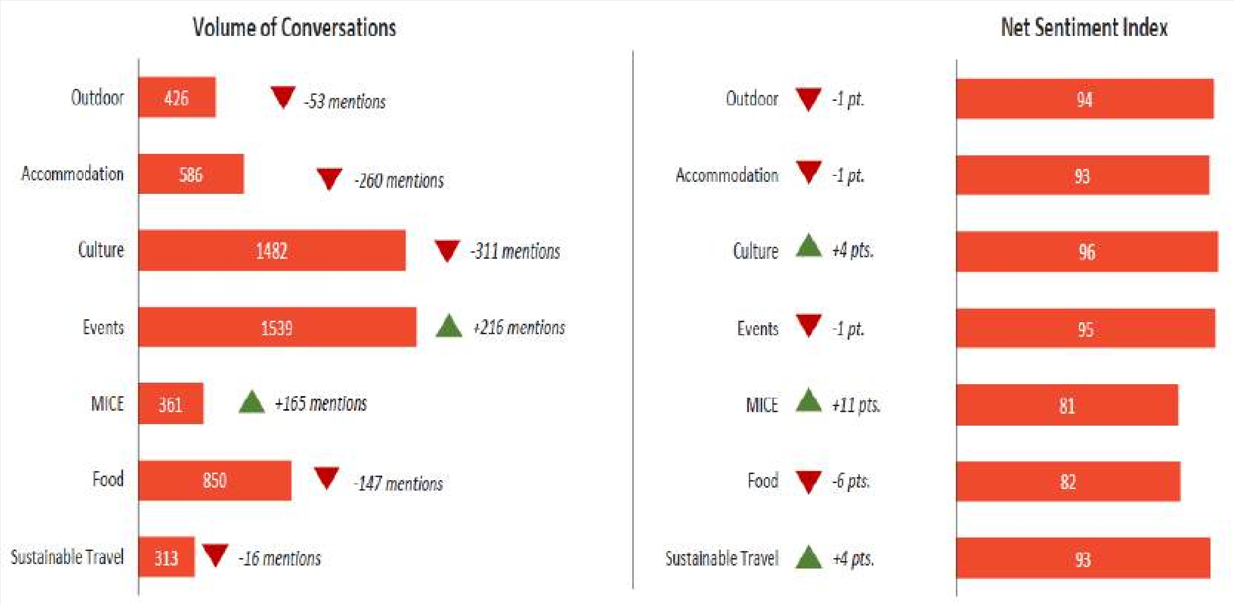
In **September**, Luxembourg's **online reputation**, as measured by the **Net Sentiment Index** (NSI), dropped about 10 points below its past-12-month average, due to some negative comments about traffic restrictions in the context of Germany's reintroduction of border controls and the Pope's visit. However, all key themes (culture, nature etc.) were again positive image drivers, and Luxembourg's NSI remained above the European benchmark. In **October**, the index moved back up to the very positive levels previously recorded this year, exceeding Europe's NSI even further. As a reminder, the NSI varies between -100 for only negative comments and +100 for only positive comments, thus measuring the polarity of travel-related online conversations.

Most travel-related conversations in October related to **events and culture**, followed by **gastronomy**. **MICE** yielded substantially more talk than in September, and all key topics generated more mentions than last year, and all were strong positive sentiment drivers (even if a slight month-on-month decline could be observed for food & wine). Some **niche themes** that fueled **positive sentiment** in October include the Museum Night, green business events, Luxembourg City's old town, Echternach, further museums, rooftop bars, theme hikes in North & East and local dishes. **Negative** content in October once again revolved around mobility issues (rail disruptions, border controls) but also some mentions about safety issues at night in Luxembourg City central station area and Esch-sur-Alzette.

Net Sentiment Index of Luxembourg and Europe



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



Source: MMGY/Travelsat Luxembourg Reputation Tracker

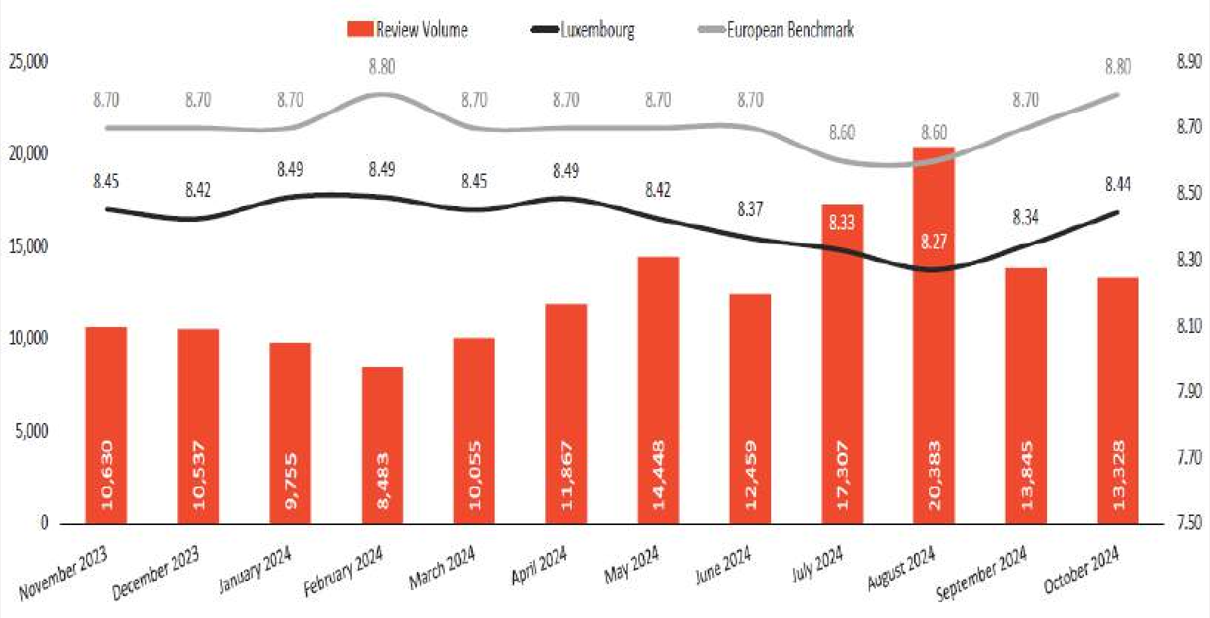
E-Reputation Luxembourg
Visitor Experience

In October, the volume of **online reviews** published on rating platforms (Trip Advisor, Google, Booking etc.) was about 8% higher than one year ago. In line with European trends, **visitor satisfaction** for Luxembourg's offer in October **improved** compared to both the previous month and the previous year. However, Luxembourg's overall satisfaction scores still remain below the European benchmark.

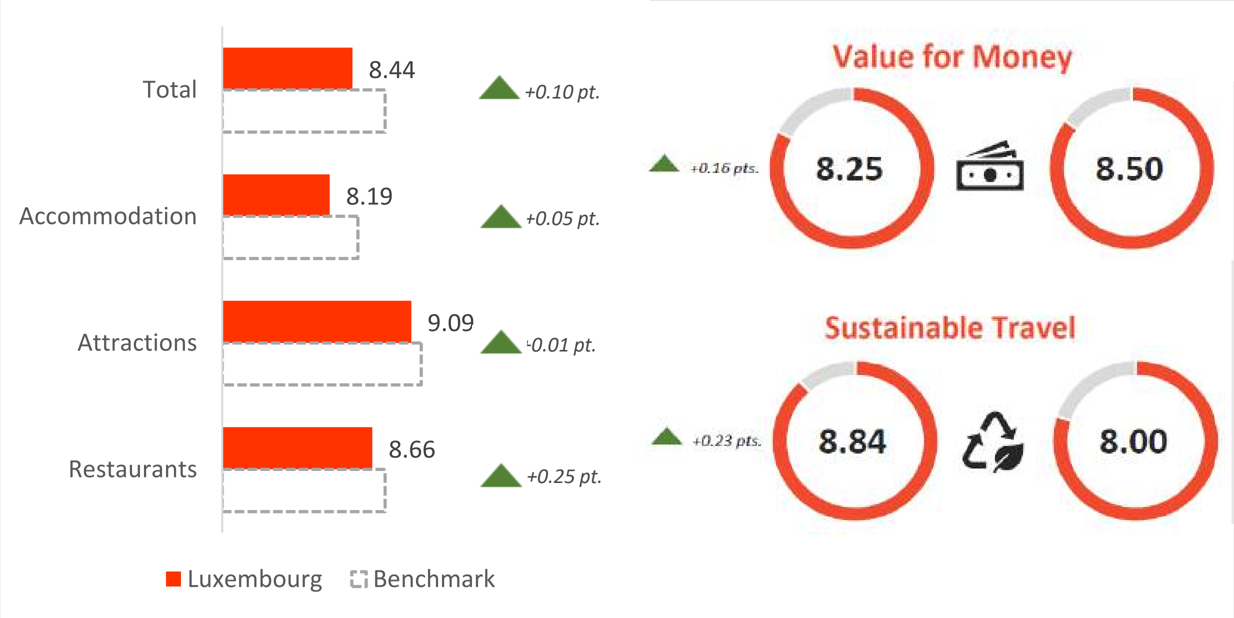
All three sub-categories (accommodation, attractions, restaurants) saw increases in satisfaction scores vs. September 2024 and October 2023, with **restaurants** recording the strongest improvement, almost closing the gap with the European benchmark. Within the **accommodation** category, campsites took the lead (+0.2 points vs. September), ahead of holiday apartments. Culture, nature sites and museums all improved their scores over last year in the **attractions** category. Nature, events and wellness also substantially improved their scores compared to September, as did the hiking, cycling and mountainbiking offer which, once again, tops the list of best-rated holiday experiences in Luxembourg in October.

Value-for-money perceptions for Luxembourg's offer in October also showed a positive trend over the previous month, in line with trends at the European level. **Sustainability** perceptions improved even more, placing Luxembourg far above the European benchmark in October. Looking back at Q3/2024, Luxembourg was ranked 5th among all European destinations on this matter topic (behind Slovenia, Netherlands, Sweden and Finland).

Volume of reviews and avg. rating on online platforms



Average ratings, October 2024 (vs. September 2024)



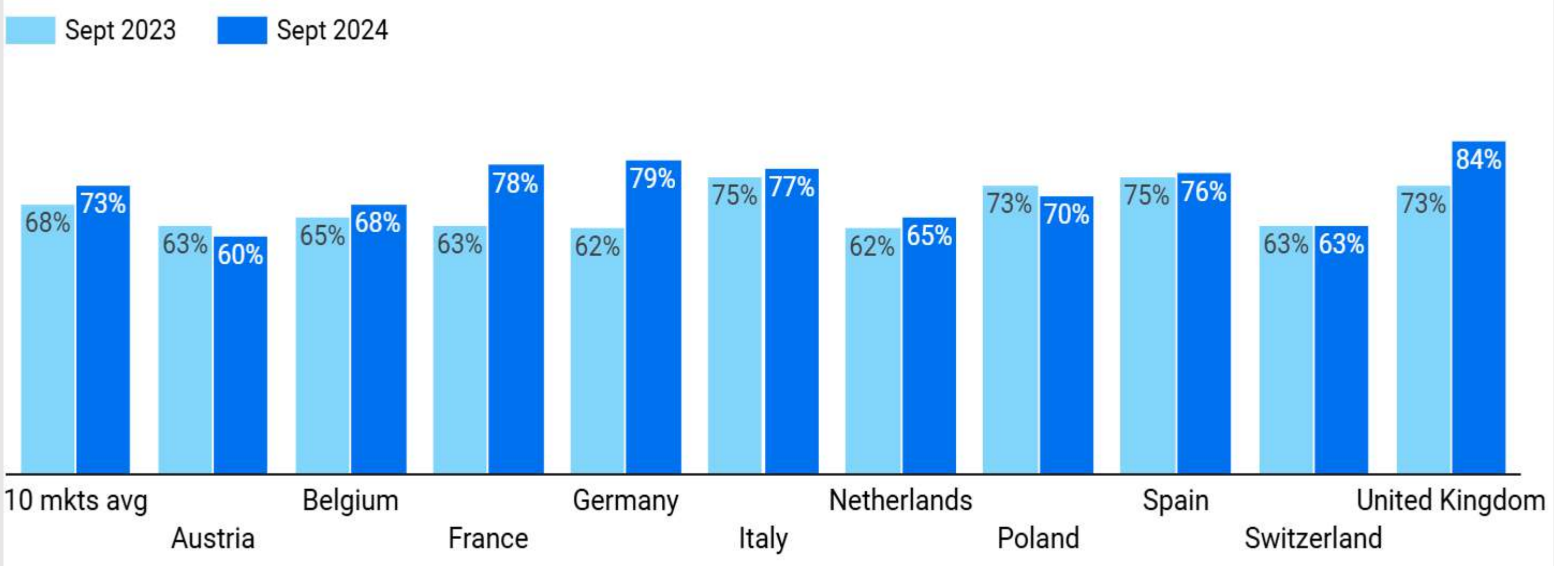
Source: MMGY/Travelsat Luxembourg Reputation Tracker

Short-term travel intent surveys

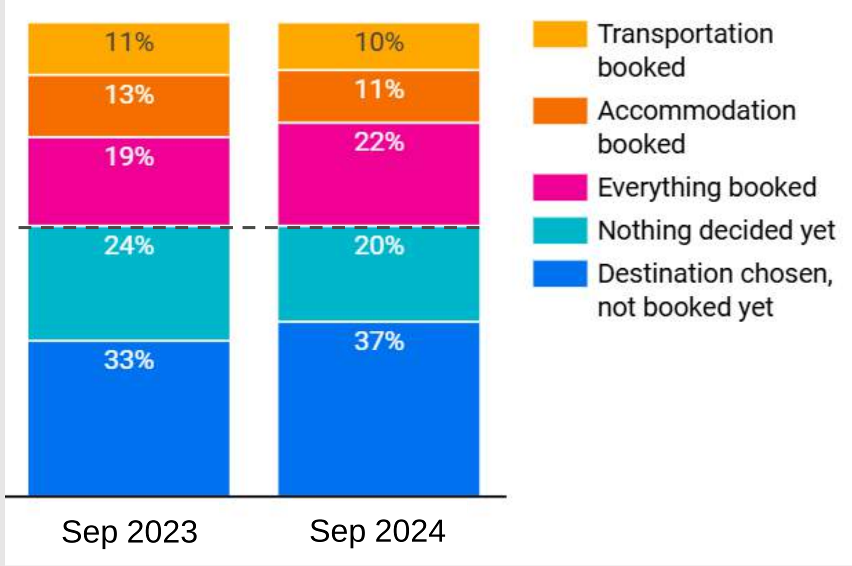
Travel Intent of Europeans for the next 6 months

Likelihood to travel and current booking status

Share of Europeans[1] “likely” / “very likely” to travel next 6 months



Current decision status of potential travellers



Europeans’ desire to travel and the priority consumers attach to travel remain undeterred, as reflected by the European Travel Commission’s latest survey on **Europeans’ travel intentions**. The survey was conducted in September, covering travel **plans for the winter months** up to March 2025. It appears that travel sentiment further improved over last year, with **73% of Europeans planning at least one trip** (2023: 68%). Travel intent is rising across all surveyed source markets except Austria and Poland. It is particularly strong among **Germans, British and French** respondents, increasing by over 10 points in each of these source markets. The strongest increase in travel intent is observed among respondents **under age 45**, and is highest among those aged 35-44 (78% travel intent).

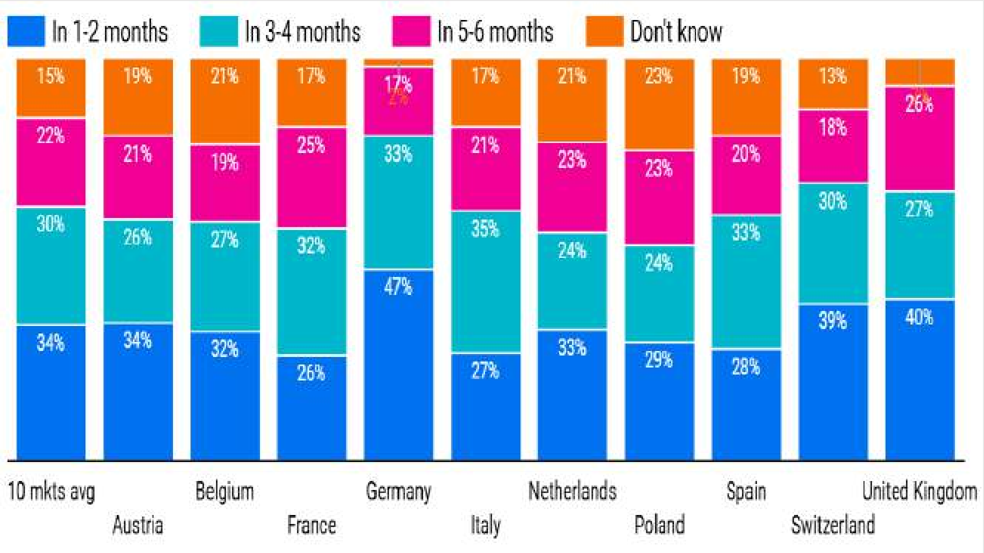
Travel **plans are also clearly more concrete** than last year at this date, with more travelers already having decided on their destination (37%, up 4 points) or having booked their entire trip (22%, up 3 points), whereas the share of respondents not having decided anything yet drops from 24% in 2023 to 20% this year.

[1] Germany, 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.

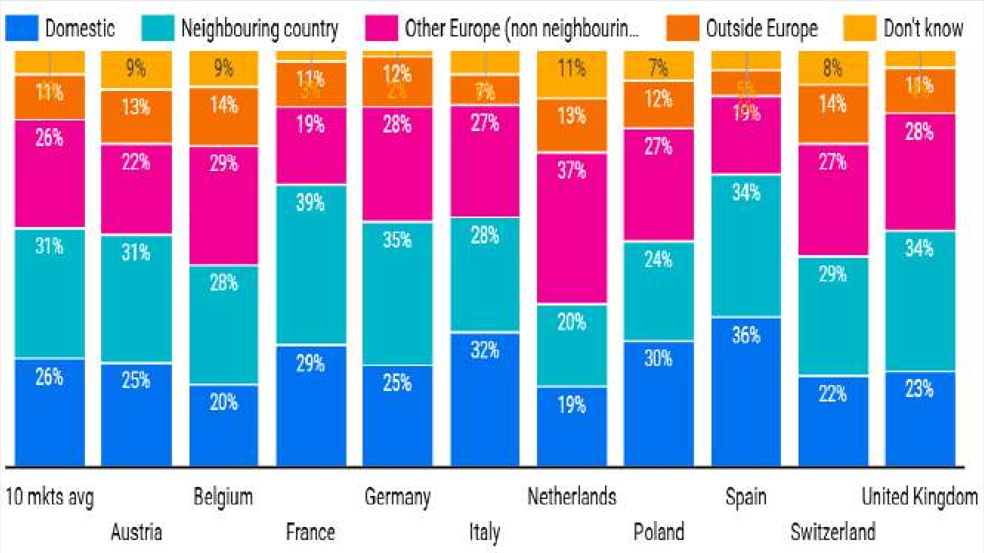
Travel Intent of Europeans for the next 6 months

Likely date of departure and preferred destinations

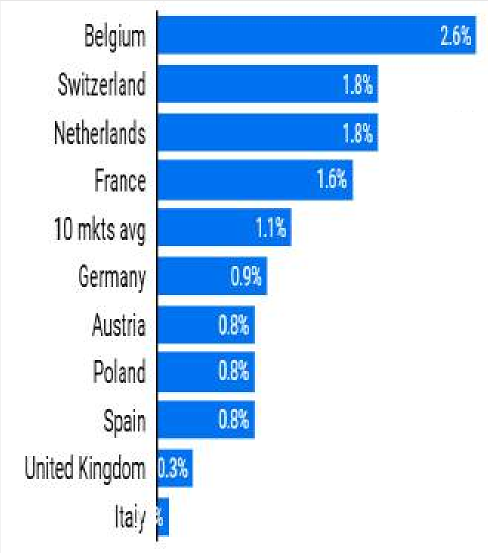
Likely date of departure



Preferred destinations



% Europeans planning to travel to Luxembourg in October 2024-March 2025



About a third of Europeans plan to have taken or take their next trip in either October-November or December-January, whereas 22% would rather wait until February-March 2025. Compared to 2023, a higher proportion likely still travelled in **late autumn**, especially among Germans, British and Swiss. Travelling in **December-January** remains the more popular option for respondents in France, Italy and Spain. In terms of **preferred destinations**, there are no significant changes between September 2023 and 2024: a quarter of Europeans would prefer domestic travel, 57% plan to travel to another European destination, and 11% would opt for a non-European destination. The biggest change in any market could be observed in the **UK** where intentions for domestic travel dropped from 29% to 23% (to a lesser extent, also the Swiss and Spanish are less often planning to travel domestically this winter).

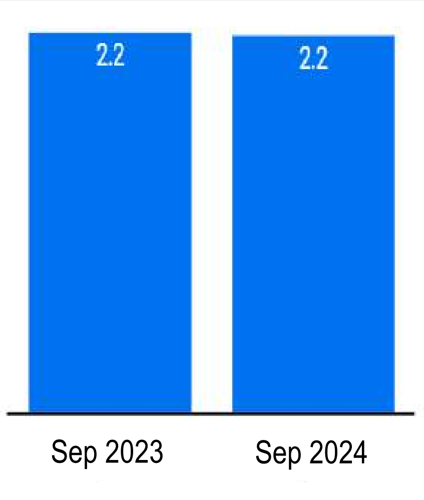
As always, data specifically referring to **travel intent to Luxembourg** must be approached with caution due to limited sample size, however it appears intentions to visit the Grand Duchy until March 2025 have slightly dropped vs. last year, with 1.1% of surveyed Europeans planning to do so (2023: 1.8%). The highest share is recorded from **Belgium**, followed by the Netherlands, Switzerland and France, and the decline was relatively more pronounced among **Germans**. Compared to 2023, Luxembourg considerers are more often intending to take **holidays** and **business** trips, and less trips for **leisure events**. No significant year-on-year differences can be spotted with regard to planned **accommodation** types. They are more often planning to take their next trip in December-January than the average traveler.

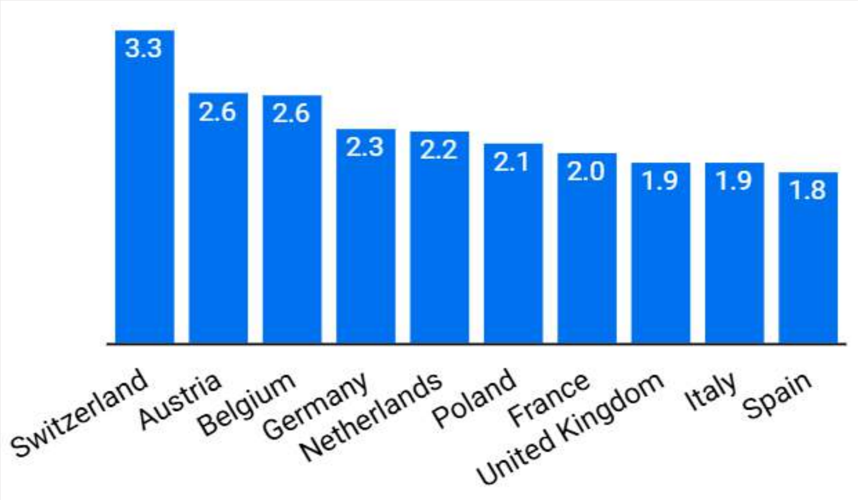
Source: Study on Monitoring Sentiment for Intra-European Travel, European Travel Commission.

Travel Intent of Europeans for the next 6 months

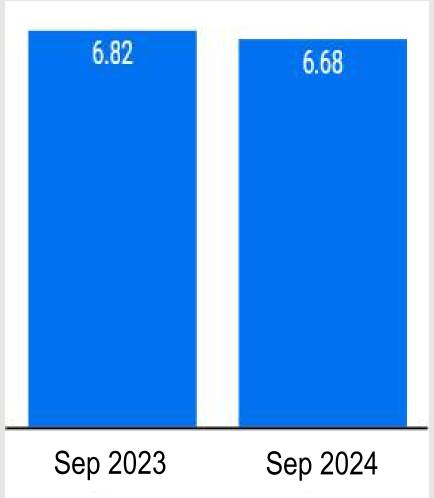
Number of planned trips, spending and length of stay

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

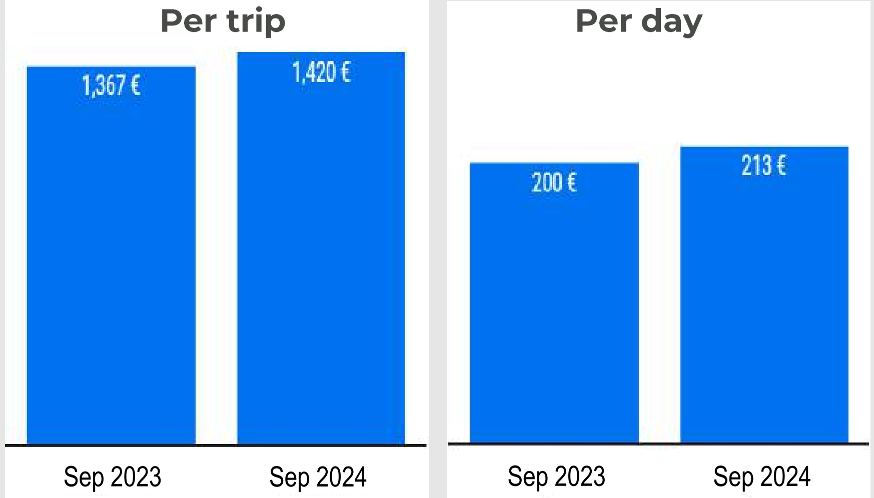




Planned Ø length of stay



Planned Ø spend



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

On average, Europeans are planning to go on **2.2 trips** until March 2025, a number that is identical to last year. The share of travelers taking **two or more trips**, however, slightly increased from 48% to 52%, and is up from 57% to 63% among Luxembourg considerers. The Swiss are again the most eager to go on multiple trips this winter, followed by Austrians and Belgians. Average number of trips remains equal to 2023 in most other markets, but drops among Germans and Dutch. Young travelers (age 18-24) are most likely to take on multiple trips (60%).

More changes in travel behaviour vs. last year can be observed with regard to plans for trip duration and spending. It appears that travelers are planning to cut on average **length of stay**, which drops from 6.82 to 6.68 nights (-2%). It is up among Dutch, Belgians and Swiss, but notably declining among Germans, French and Italians.

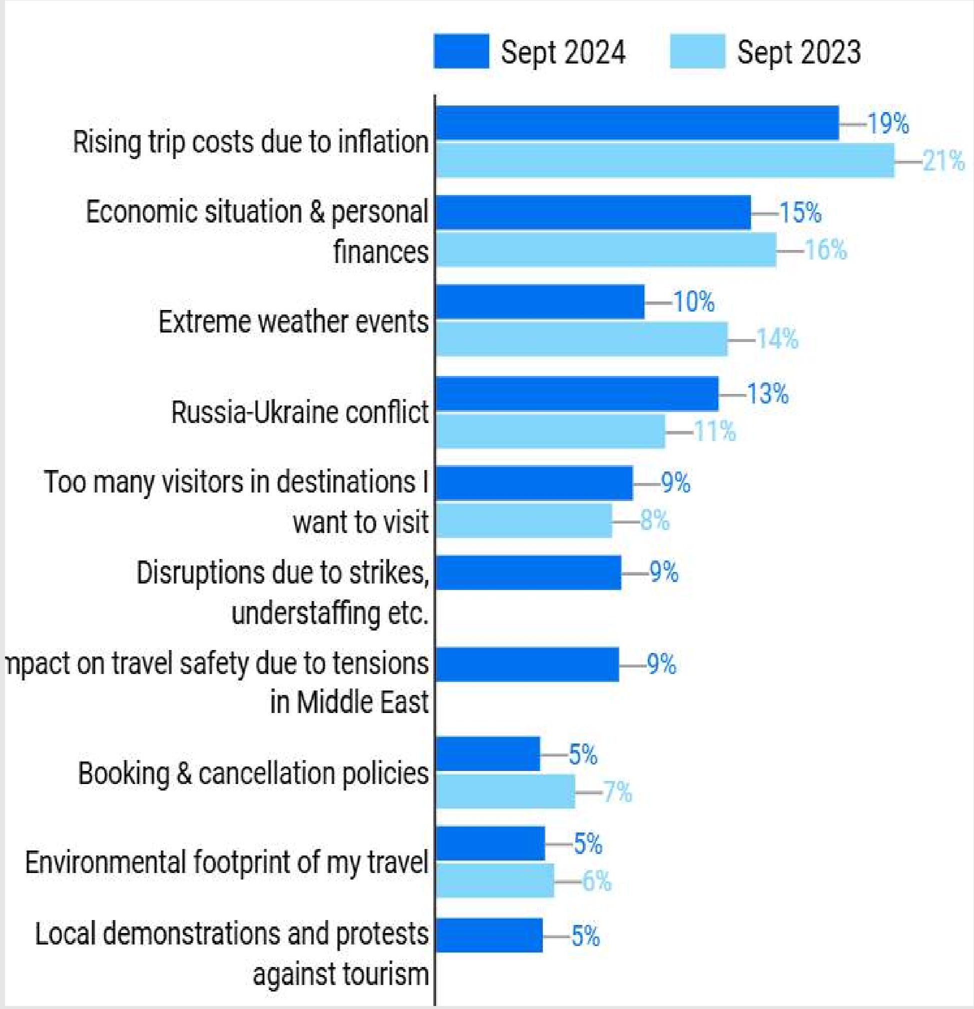
By contrast, European travelers actually consider to **spend** 4% more on their trips in total (per day, this even represents a 6.5% spend growth compared to 2023). Swiss, Belgians, French, Austrians and British are planning to spend notably more on their next trips, while Germans and Dutch plan to spend less. The most popular choice in terms of trip duration remains 4-6 nights (43% of Europeans; +3% vs. 2023), and 39% of Europeans intend to spend over 1,500€ per trip (+5% vs. 2023).

The picture is different among Europeans considering **Luxembourg** as (one of) their next destination(s): the intended duration of their next trip is much higher than in 2023 (+13%), and their intended budget grows by 5% year-on-year.

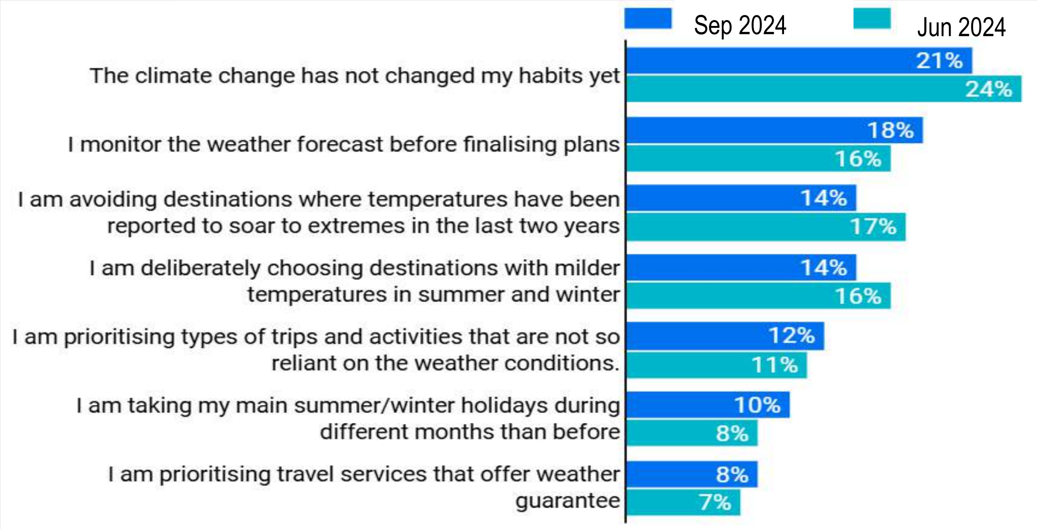
Travel Intent of Europeans for the next 6 months

Main concerns and impact of climate change

Main concerns with regard to travelling



Impact of climate change on travel habits



As inflation eases, **concerns** about rising **travel costs** have slightly receded compared to both one year ago and the previous survey in June 2024. Nevertheless, they still top the list of travelers' worries, followed by the general economic situation and personal finances which only marginally decreased in importance. Concerns related to the **conflict** in Ukraine are again gaining ground on travelers' minds. About 10% of responses relate to travel **disruptions** and extreme **weather events**, although the latter have been less frequently mentioned than one year ago. 9% are concerned about too much **crowding** in destinations, while another 5% also worry about **local protests** in a context of overtourism.

14% have chosen destinations with a **milder climate** in summer and winter, and 14% have avoided destinations prone to **extreme weather** during the past two years. A further 10% of respondents also shifted their holidays to **different travel periods** as a result of **climate change considerations**. The share of respondents whose travel habits remain unimpacted by climate change has further dropped since June, to 21% only.

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

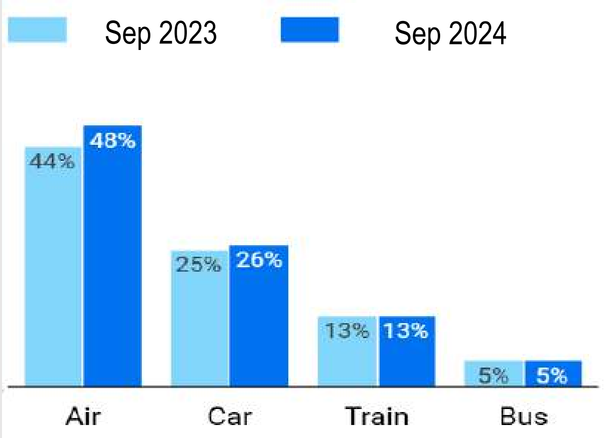
Travel Intent of Europeans for the next 6 months

Holiday types, means of transport and impact of inflation

Preferred holiday types

Decision criteria for choosing a destination

Preferred means of transport



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

There are only marginal changes compared to 2023 when it comes to Europeans' favourite **holiday types** this winter: city breaks and culture & heritage top the list, followed by sun & beach and nature & outdoor. Among **Luxembourg planners**, **culture & heritage** has gained ground most (from 10% to 15%), but also **nature & outdoor** is up (from 15% to 17%) as well as **wellness** (from 10% to 12%), whereas interest for city and culinary holidays is down on 2023.

In line with earlier trends this year, preference for **air travel** remains at a high level. Travel intent by train or bus is about the same as last year.

A new question about **criteria to choose a destination** was introduced in the survey, revealing that **price considerations** (bargains or costs at destinations) are the key decision criteria. **Safety, pleasant weather and welcoming locals** follow next. **Sustainability** matters, too: 20% of travelers pay heed to nature and culture protection measures in destinations, its openness and diversity, or the fact that it is not too crowded. However, in terms of **transport**, **convenience** matters most: direct transport routes are more frequently mentioned than the possibility of reaching the destination by train.

Focus on the German market : Deutsche Reiseanalyse

- In its latest update of **future travel plans of the German population** (online survey conducted in September 2024), the "Deutsche Reiseanalyse" survey found that Germans' **assessment of the general economy** as well as their **personal financial situation** improved by 4 points each compared to 2023. However, it should be noted that net scores still remain in negative territory, i.e. a higher share still expects both indicators to worsen rather than to improve in the next 12 months. Indeed, 48% believe their own economic situation will remain stable, 32% expect it to worsen, and 21% believe it will improve until the end of 2025.
- 54% of Germans claim to have the necessary **financial means** (2023: 56%), 62% have the necessary **time** (2023: 66%), and 54% have the **desire to travel**. That share was exceptionally high last year (61%), and has now moved back to values recorded in 2021-2022, a sign that post-Covid-19 pent-up demand effects are likely to have vanished now. That said, travel remains a key **consumer priority**: on a list of 10 items, it ranks third, but drops one place vs. last year, behind groceries and health. 63% of Germans consider **longer holidays** a particularly important spending category; that share amounts to 42% for **short breaks** and weekend getaways (rank 8 out of 10, unchanged to last year). In line with these results, 67% of Germans **saved money on other categories** during the past 12 months in order to be able to travel (up from 60% a year ago). Travellers have saved most on leisure (culture, sport etc.) and clothes & beauty (55% each, up from 2023), followed by groceries (43%, down from 2023).
- The priority attached to travel and the wish to allocate sufficient means to it is translated in consumers' **quest for higher quality**: indeed, when asked whether their attitudes to price vs. quality of holiday trips has changed over the past 3 years, 30% of German travelers claim that they now **pay more attention to a better quality**, a substantial increase over 2023 (24%). 33% now pay more heed to affordability, a share that is nearly unchanged to last year (32%).
- Asked about their **travel plans spring & summer 2025**, 31% of Germans have decided their destination (2023: 28%), another 31% have plans but without having chosen yet the destination (an identical share to 2023). Travel intent for **longer holidays** in 2025 remains stable (but more respondents would even take multiple stays), whereas travel intent for **short breaks** is slightly declining, particularly with regard to multiple short holidays. Thus, overall, a **stabilization of travel demand** on levels similar to those seen in 2023/24 from Germany appears likely.
- The **conflicts** in the Middle East (9%) and Ukraine (8%), rising **travel costs** (19%) and **climate change** (12%) are having **more impact** than last year on German travelers' destination choices.

Source: Deutsche Reiseanalyse, FUR.

Focus on the German market : Deutsche Reiseanalyse

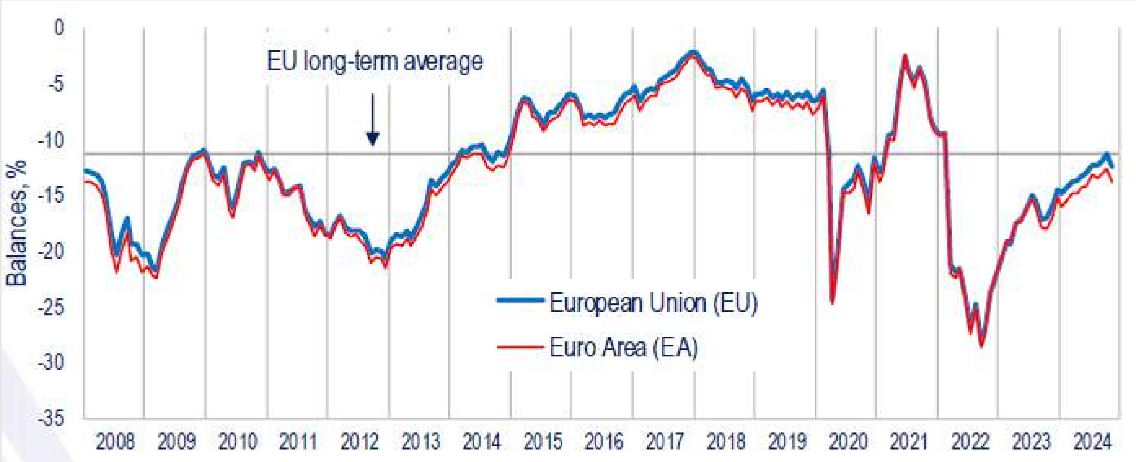
- Speaking of **climate change**, the “Deutsche Reiseanalyse” has dug a little deeper into its long-running historical data set, covering a period long enough to take into account actual climate-related changes and their potential impact on travel demand. They found that **weather**, as a **decision criteria** for choosing a summer destination, was **equally important 30 years ago as it is today**: in 2024, 41% of Germans payed very much heed to weather in their choice (1996: 43%), for 48% it also plays a role but is not a decisive factor (1996: 48%). With regard to **landscape preferences** in a travel context, **no major changes** could be seen either **over the past 40 years** (lakes, Southern sea and Southern islands remaining the preferred environments for holidaymaking), with **one exception: low and middle mountain ranges and high mountains have gradually declined in travelers’ preferences** (by about 10-15 points between 1987 and 2024). By contrast, **bigger differences** can be seen when comparing how travelers **assess various weather patterns** for a summer holiday: it appears Germans have become somewhat **more tolerant** with regard to **rainy and cooler weather**. If frequent rain remains the most deterring weather pattern for 72% of travelers, that share however dropped by 17 points vs. 1996. For **chilly weather**, a similar trend can be observed (31%, down 14 points vs. 1996). Conversely, sun and blue skies and warm weather remain top preferences (70%, vs. 49%), but that is a decrease of 15 resp. 11 points vs. 1996. Thus, a sizable traveler **segment** has emerged for who **constant sun and heat is less important** for their summer holidays. On the other hand, **frequent heat** scares off only marginally more travelers today than it did back in the 90’s (38%, up from 34%).
- Over 80% of travelers also judged the **weather** experienced during their main holidays in 2024 as **“pleasant” or “highly pleasant”**, the Mediterranean countries “delivering the best results” in this matter despite frequent heat waves. However, 34% of travelers also experienced **weather events that negatively impacted** their holiday experience this summer, among which great heat, rainy days and too cool and unstable weather were most frequently mentioned.
- Two further questions in this survey wave dealt with **overtourism perception** during summer 2024. A very large majority of 84% of Germans felt (very) **welcome**, and only 3% did not feel welcome. Values are very similar when limited to **Mediterranean destinations**, **despite of protests** and their mediatization. These were probably too much concentrated locally and temporally to really have impacted overall perceptions on a larger scale. However, 35% of travelers found there were **too many tourists** in the destination (54% found the number just right). A higher share of travelers to **Mediterranean destinations** (44%) felt there were too many visitors during their summer holidays.

Source: Deutsche Reiseanalyse, FUR.

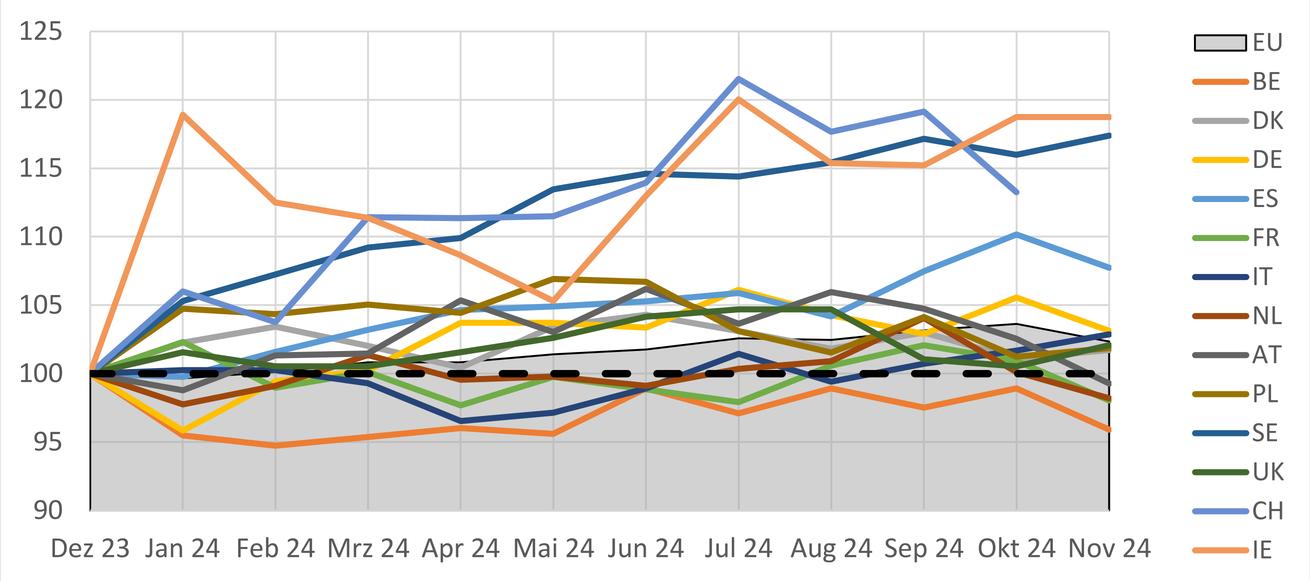
Economic and longer-term travel forecasts

Consumer and business sentiment in Europe

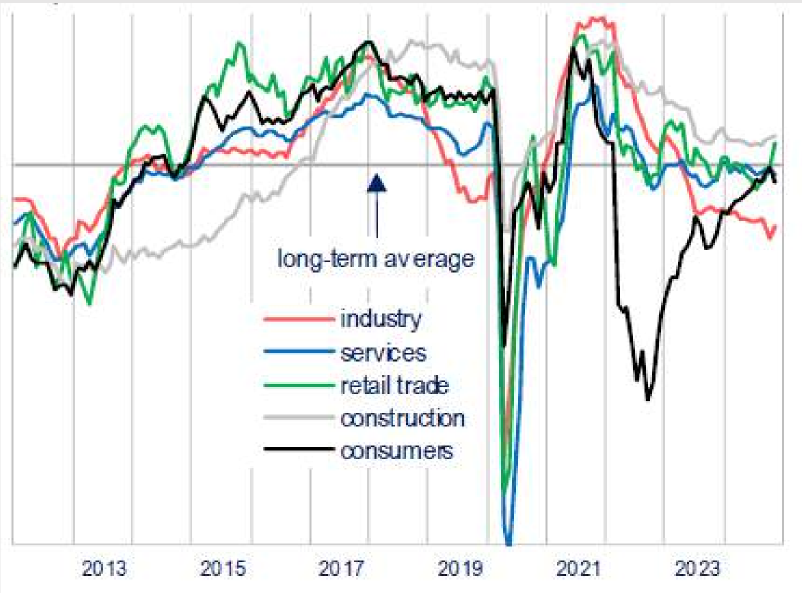
EC Consumer Confidence Index



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



EC Confidence indicators



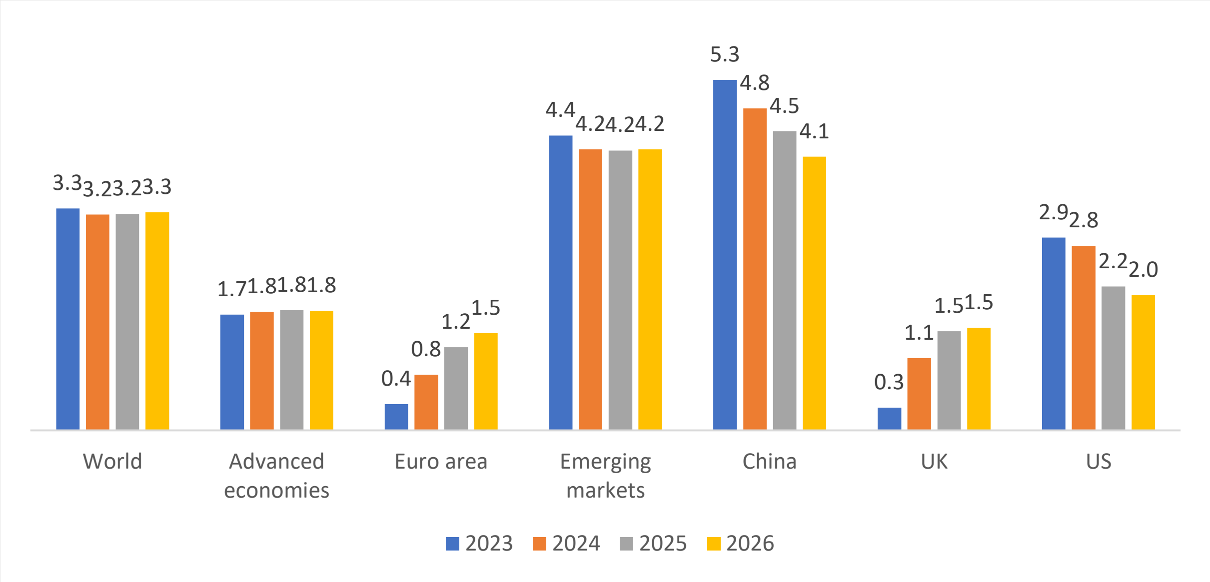
After a continuous increase during the second half of this year, the latest **EU Consumer Confidence Index** declined by 1.2 points in **November**. It is still over 2% higher than one year ago, but fell back below its long-term average. The drop in November in consumer confidence was essentially driven by worsening consumers' assessments of the economic situation and household future finances. The **decrease vs. October** was particularly strong in Austria, Germany, Belgium and France. The latter two are also those markets where consumer confidence receded most on **year-on-year basis**, too. Italy, Sweden and UK enjoyed strongest **month-on-month growth**, whereas, **compared with 2023**, consumer confidence improved most in Spain, Sweden and Ireland.

Looking beyond consumer confidence, the general **Economic Sentiment Indicator** (ESI) was largely stable in November compared to October and the year-to-date average. It improved most in France and Spain, and declined in Germany. Among its components, retail trade and industry confidence improved but this was offset by lower consumer and services confidence (due to strong drop in expected demand).

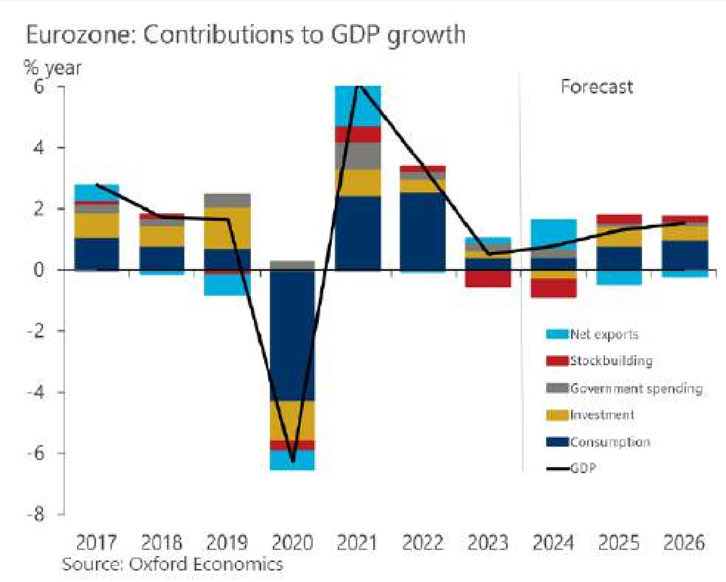
Sources: European Commission, GfK, Credit Union/Core Research, SECO.[1] Past & future households' financial situation, General economic situation, Intention to make major purchases.

GDP growth

Real GDP growth (annual % change)



Contributions to Euro area GDP growth



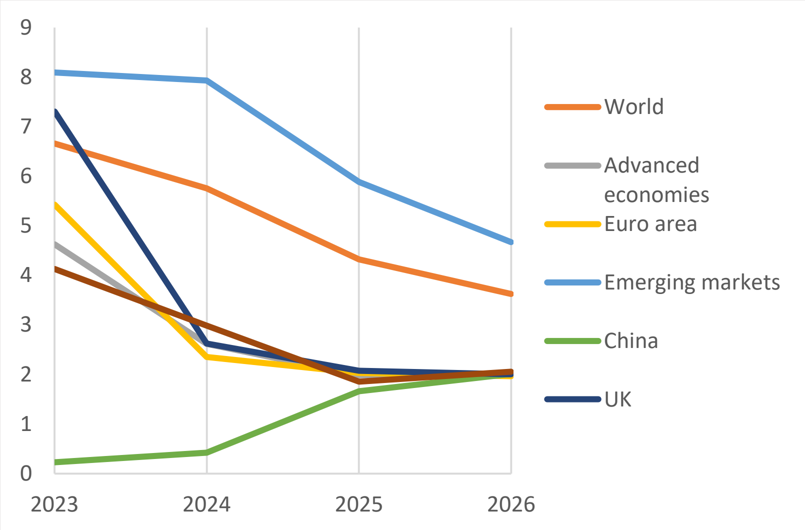
Global GDP growth is forecast to rise to 3.2% in 2024, almost the same as last year, and a further 3.3% in 2025 - a much improved forecast compared with the previous outlook published in spring. Recessionary fears, which loomed in the context of multiple interest rate hikes, appear to have been put to rest for good - at the expense of excessive **government debt** subsidised by central banks. The US is expected to lead the advanced economies in GDP growth, while India and China are the main drivers in the emerging markets. The outlook for the **euro area** is more subdued, dragged down in particular by the weak growth forecast for the area's largest economy, Germany. Eurozone GDP growth reached 0.4% in **Q3**, although slower growth is currently forecast for **Q4** (as German industry continues to underperform) and the Purchasing Managers' Index fell below 50 in November, indicating a **contraction in business activity**. However, **consumer spending** is expected to gradually improve, driven by both solid nominal income growth and easing inflation, while **unemployment** should remain at comparatively low levels, even if a slowdown in job creation over the coming years is likely. Although monetary policy is beginning to ease (see next page), the boost to growth will not be immediate. As a result, economic growth in the Euro area is set to reach 0.8% this year before **picking up in 2025**.

In the **US**, unemployment is holding steady at around 4% and real consumer spending has held up, supported by decent gains in real disposable income. US GDP growth is slowing but is still on track to expand at a solid pace. **Japan**'s GDP growth remains modest due to stagnant exports, but private consumption is finally picking up as households' real incomes gradually improve. **China**'s economic growth remains strong, but at a slower pace, although real goods exports grew at a double-digit rate year-on-year. The ongoing downturn in the housing market risks affecting international trade and commodity markets.

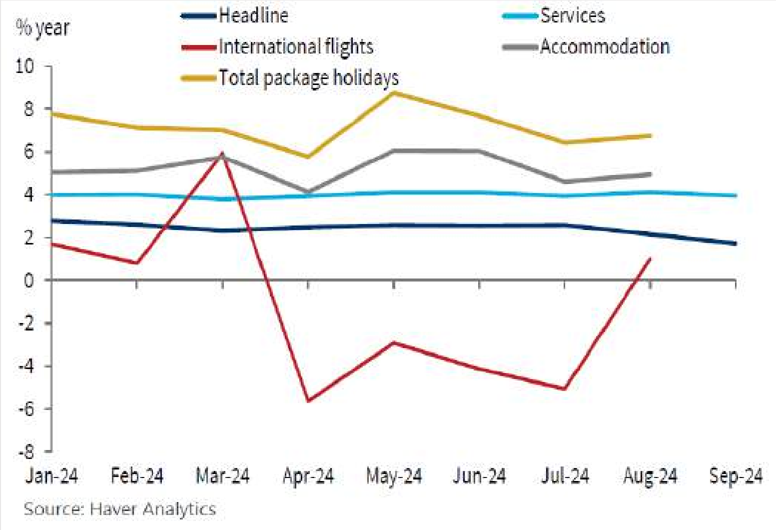
Sources: Tourism Economics/ETC, IMF, S&P Global.

Inflation, policy rates and prices for tourism-related services

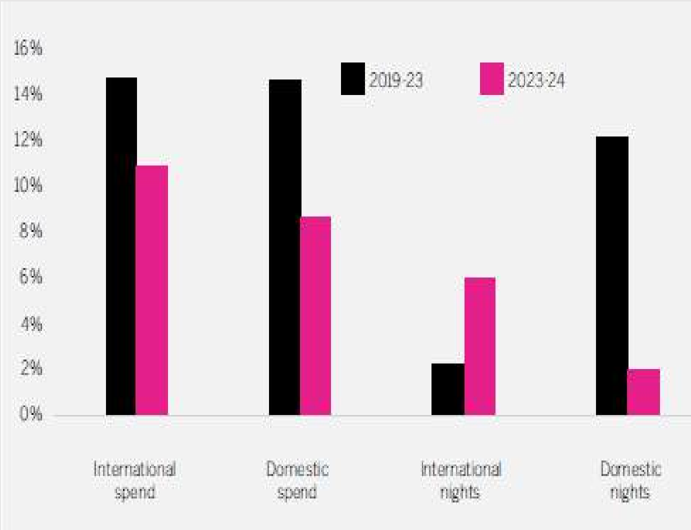
Inflation (% change)



Euro area inflation (seasonally adjusted)



Leisure travel spend, Europe



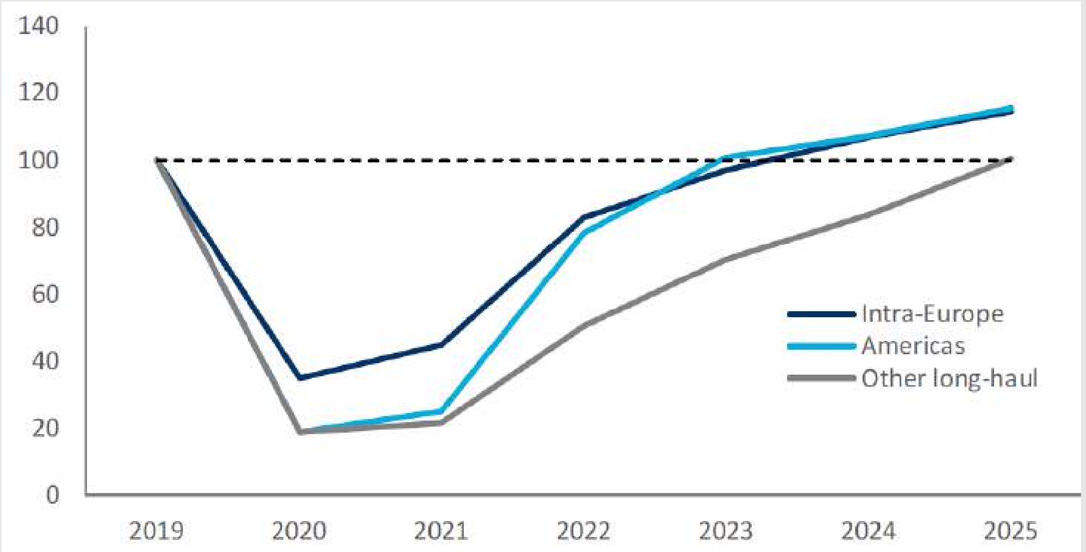
Headline inflation in the eurozone has continued to improve, reaching the 2% target in October. This has prompted the European Central Bank to **cut interest rates** three times since June. The recent fall in inflation has largely been driven by lower energy prices, while **services inflation** (including tourism products) remains higher. In the **US**, the Federal Reserve cut interest rates in September and November - too soon, some economists say, as not only core inflation remains sticky, but underlying structural drivers of inflation remain prominent. The recent Trump election could lead to a further rise in inflation (through new tariffs on imports to the US) and a stagflation scenario is possible in the medium term.

Prices for international **flights** in the euro area continued to fall in July (reflecting lower fuel costs for airlines), but picked up slightly in August. Price inflation for **accommodation and package holidays** continues to outpace services inflation, but visitors' spending attitudes remain broadly positive. According to the "Deutsche Reiseanalyse", 41% of German travellers **spent more** on their holidays in the last 12 months than they did a year ago, 28% spent about the same and only 25% spent less than they did in 2023. **Of those who spend less** on travel in 2024, most have chosen cheaper accommodation (27%), taken fewer trips (24%), travelled in the low season (23%) or increased their search for bargains and deals (22%). Recent data confirms these trends at the European level, suggesting that tourists across Europe are expected to **spend 10% more in 2024** than in 2023. This equates to €720 bn in nominal terms, with Western Europe alone accounting for 74% of this. Higher inflation will naturally lead to growth in nominal spending, but **increased demand for travel** will also contribute to the increase. **Travel expenditure growth is therefore expected to outpace arrivals growth** in 2024 compared with 2023.

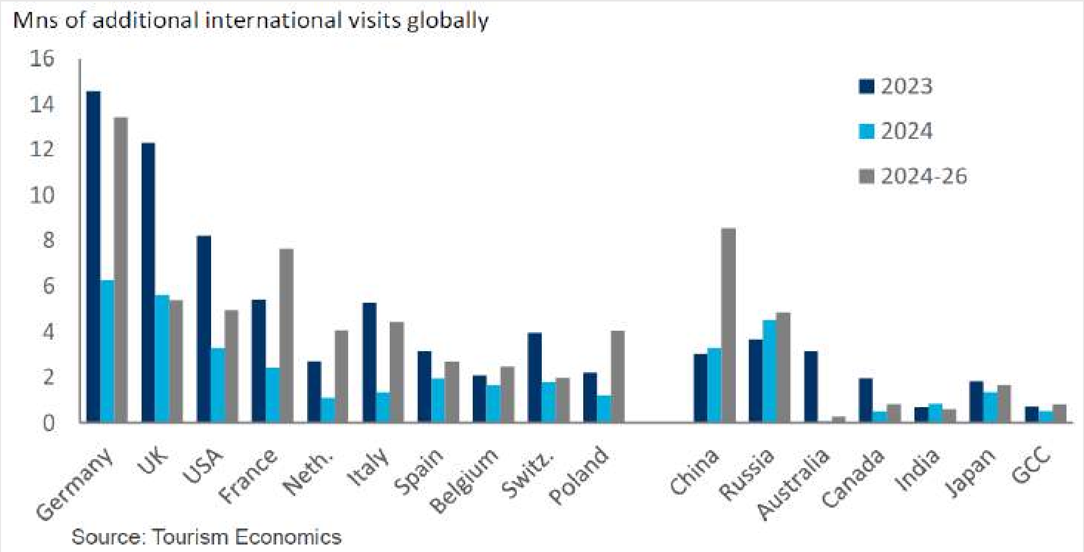
Sources: Tourism Economics/ETC, Deutsche Reiseanalyse/FUR.

Travel forecast 2025

International visitor arrivals to Europe by source region (2019 = index 100)



Source market contribution to Europe inbound growth



According to the October forecast by Tourism Economics, annual growth in **international travel to Europe** is gradually slowing down compared to the more pronounced recovery period immediately following the pandemic, but is nevertheless maintaining a healthy pace: **in 2024, growth is expected to be 9% over 2023, and in 2025 a further 10% over 2024.** For **Western Europe**, the forecasts are +4% in 2024 compared to 2023 and +6% in 2025 compared to 2024.

While travel from the Americas to Europe and travel within Europe have already fully recovered to pre-pandemic levels in 2024, the **recovery** of demand from **other long-haul markets** to Europe will be more gradual, but should be achieved by **2025**. The **contribution of source markets** to growth is thus becoming **more diversified**. Even if key short-haul markets such as Germany and the UK remain the biggest drivers, some others such as **France, Italy or Poland** are becoming disproportionately important as growth markets for European travel. Similarly, **more long-haul markets such as China** are also expected to drive growth. Demand for **luxury travel** is picking up among affluent urban Chinese travellers, although Chinese **overseas shopping** may decline in the medium term. In general, **Chinese outbound travel** in 2025 is forecast to be only 5% below 2019 levels. More Chinese are now again expressing travel intentions to Europe (up 9% vs. 2023 for travel at the end of 2024, according to the European Travel Commission's latest Long-Haul Travel Barometer).

However, it should be remembered that **travel costs** remain a key concern for ongoing demand recovery, **especially for long-haul travel to Europe**, as highlighted in the aforementioned ETC survey (44% cited high costs as the biggest barrier to travel to Europe, especially from the US and Brazil, but also from Japan due to the weak yen). On the other hand, the EU's new $7 **visa waiver** (also required for visitors from the UK) is unlikely to deter much inbound travel from outside the EU. >>

Source: Tourism Economics/ETC.

Travel forecast 2025

Indeed, the **cost of travel** is set to become an even more important issue in 2025, according to 83% of travel industry professionals in a recent survey[1]. A similar proportion believe that consumers will be looking for better value for money when travelling next year - but 75% also believe that **affordable luxury** will remain important. As shown on page 33, European travellers plan to increase their average budget on travel until March 2025. This is supported by latest findings from the "Deutsche Reiseanalyse", which suggest that travel spending will also continue to rise throughout 2025: **32% of Germans** believe they will **spend more on travel next year**, while only 16% think they will spend less - mostly by preferring to travel off-season, followed by cheaper accommodation, looking for bargains and choosing cheaper destinations. The ranking of **preferred savings strategies** therefore appears to be slightly **different in 2025 than in 2024** (see previous page).

In addition to rising travel costs, **economic uncertainty** and **geopolitical tensions** are other major **risks** affecting travel demand growth to Europe in 2025, but there are also **many opportunities** to highlight: **bleisure** travel, **leisure events** and **tourism infrastructure development** are among the most promising, according to industry executives worldwide. Europeans also identified improved **air connectivity** and the return of more **long-haul visitors**, particularly from Asia, as key opportunities. 68% of respondents also believe that travellers will choose **more remote and less visited destinations** as they seek new experiences beyond the hotspots. While actual travel intentions as measured by consumer surveys do not paint quite the same picture (at least not to this extent), they do seem to indicate some shift in interest.

Looking even further ahead, Tourism Economics has also recently produced a **forecast for the period 2024-2030**: for **Europe**, **international leisure nights** are expected to grow at an average annual rate of almost 5% and **international leisure spend** at an average annual rate of 8% by the end of the decade, as average global **air fares** are expected to increase by 10% in real terms between 2024 and 2030. European **domestic leisure nights** are forecast to grow by 2% per year and **domestic leisure spend** by 5% until 2030. Overall, growth rates are expected to return to more moderate levels, similar to those seen before the pandemic. This could also help to mitigate some of the current overtourism phenomena. Globally, **2 billion tourist arrivals are expected by 2030**, with **Europe's global market share as a destination declining** from 50% in 2019 to 47% in 2030. This will be at the expense of Asia-Pacific and the Middle East, where there is a lot of investment in hotels. In terms of leading **source markets**, the share of global outbound leisure travel expenditure from **emerging markets** is expected to continue to rise from 38% in 2019 to 45% in 2030, driven by **China and India**. However, advanced economies such as the **US, Germany, the UK and France** will remain the largest source markets.

Sources: Tourism Economics/ETC, [1] Tourism Industry Monitor (Tourism Economics).

Your contact

Alain Krier
Head of Insights & Strategy
T. +352 42 82 82 36
alain.krier@LfT.lu

VISIT LUXEMBOURG

Luxembourg for Tourism GIE
6, rue Antoine de Saint-Exupéry
L-1432 Luxembourg-Kirchberg
www.visitluxembourg.com