

# IMPACTS OF CORONAVIRUS ON GLOBAL TOURISM

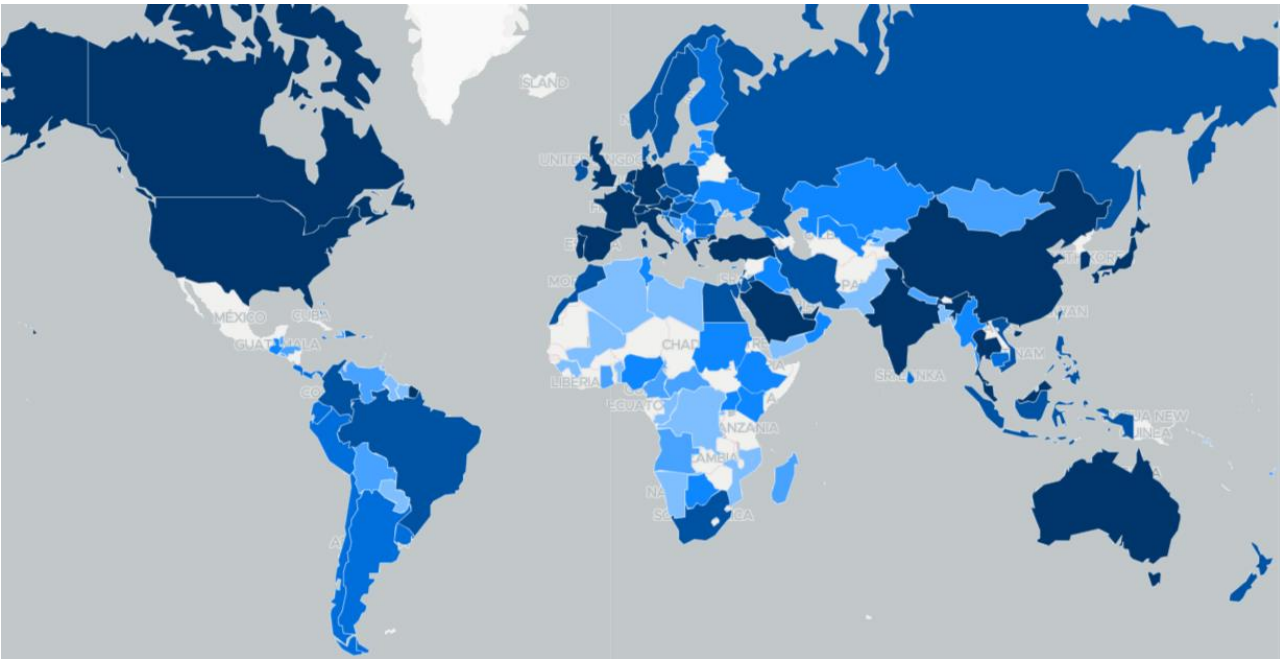
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# Coronavirus is spreading more widely and rapidly than expected

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Countries with travel restrictions, shaded according to inbound travel spending



Source: Tourism Economics Global Travel Service (GTS)

- Over 220,000 cases worldwide
- More cases outside China than inside China
- Over 140 countries affected
- **Travel restrictions imposed by over 150 countries accounting for the majority of travel demand**

**Questions: Use the question panel on the right**

# Coronavirus is having a major impact on economic activity

## Impact of Coronavirus

### Travel & Tourism

- Official bans and restrictions
- Reduced appetite for business travel
- Reduce demand for leisure travel

### Confidence

- Consumers pull demand forward
- Businesses reduce activity
- Events cancelled
- Lockdown risk

### Supply chains

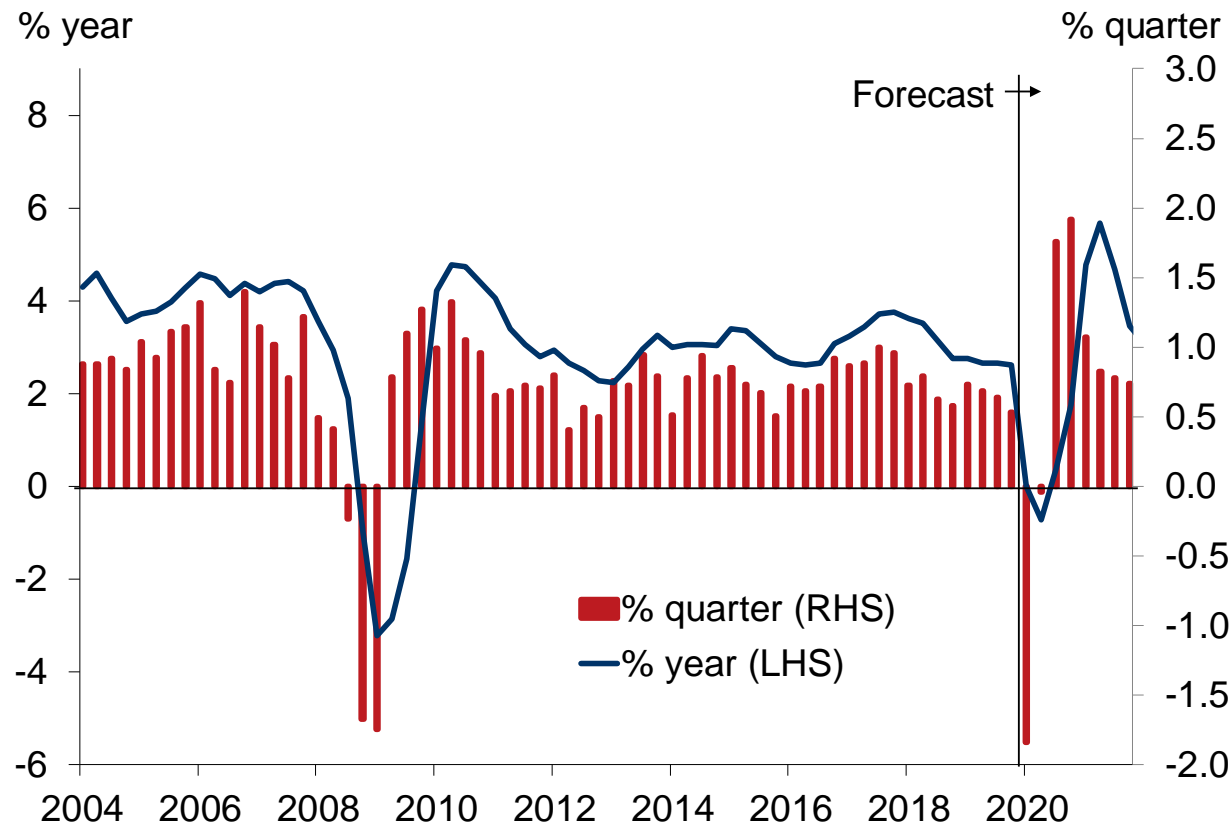
- Inventories run down
- Factory closures in the US
- Lockdown risk

**Financial conditions = Accelerator**

Questions: Use the question panel on the right

# Q1 economic impact will be greater than during GFC

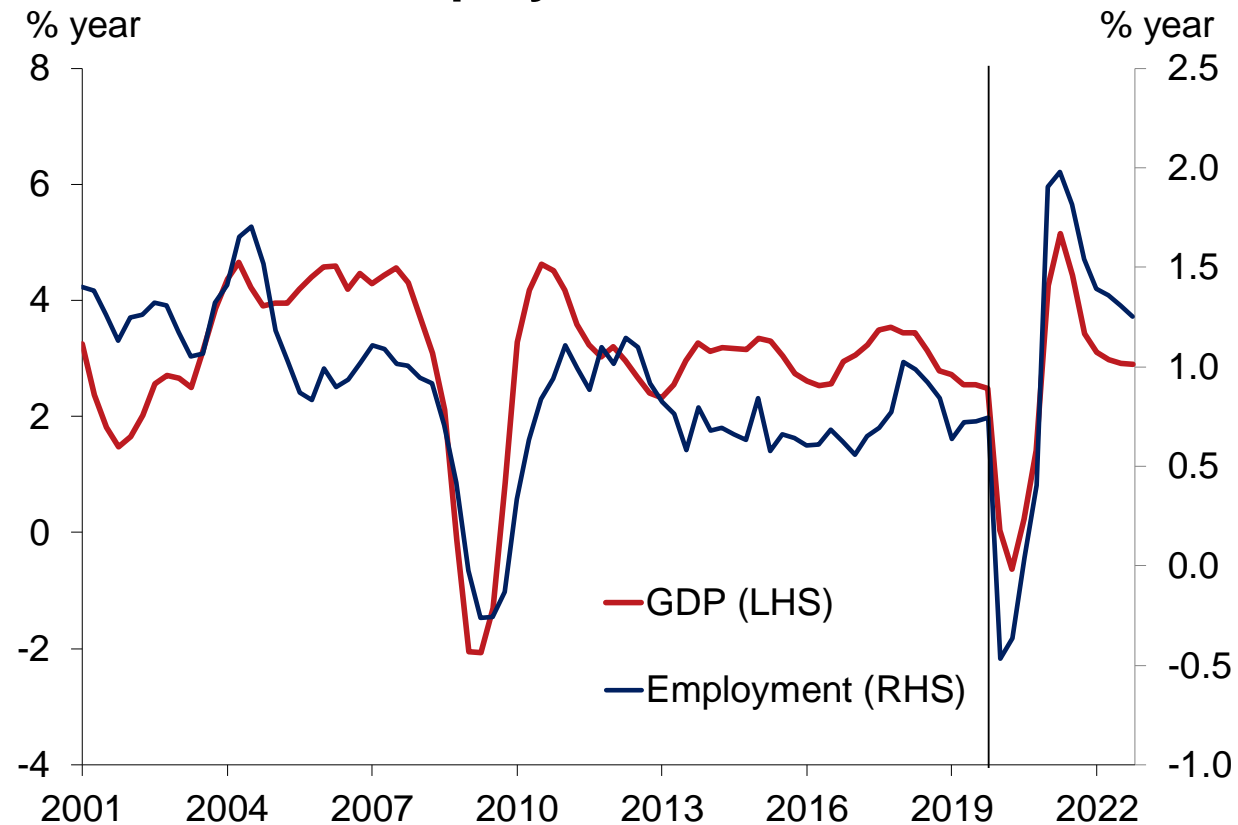
## World: GDP



Questions: Use the question panel on the right

# Unemployment spikes are likely in the near-term

## World GDP & employment



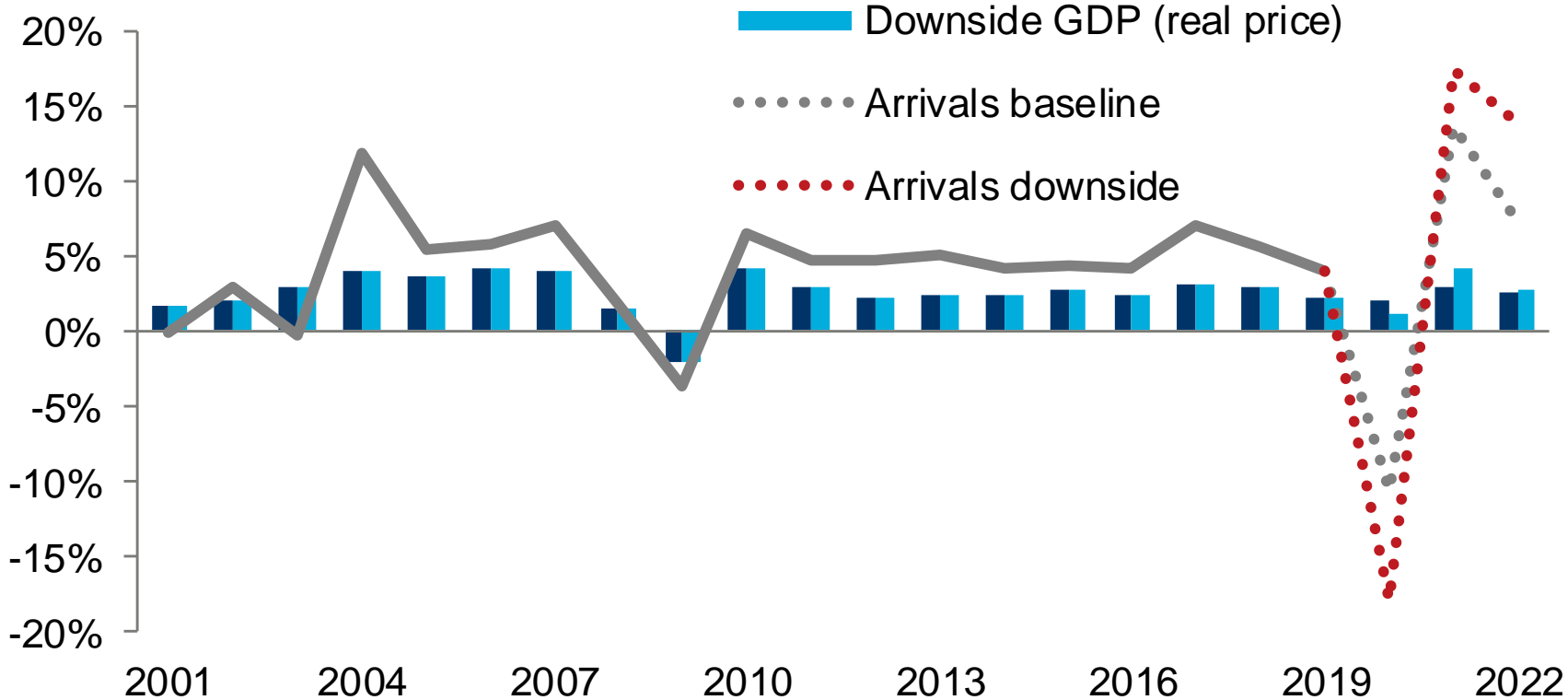
Source : Oxford Economics/Haver Analytics

**Questions: Use the question panel on the right**

# Travel impacts will far exceed those for GDP

## Global GDP and tourist arrivals

Annual growth, %



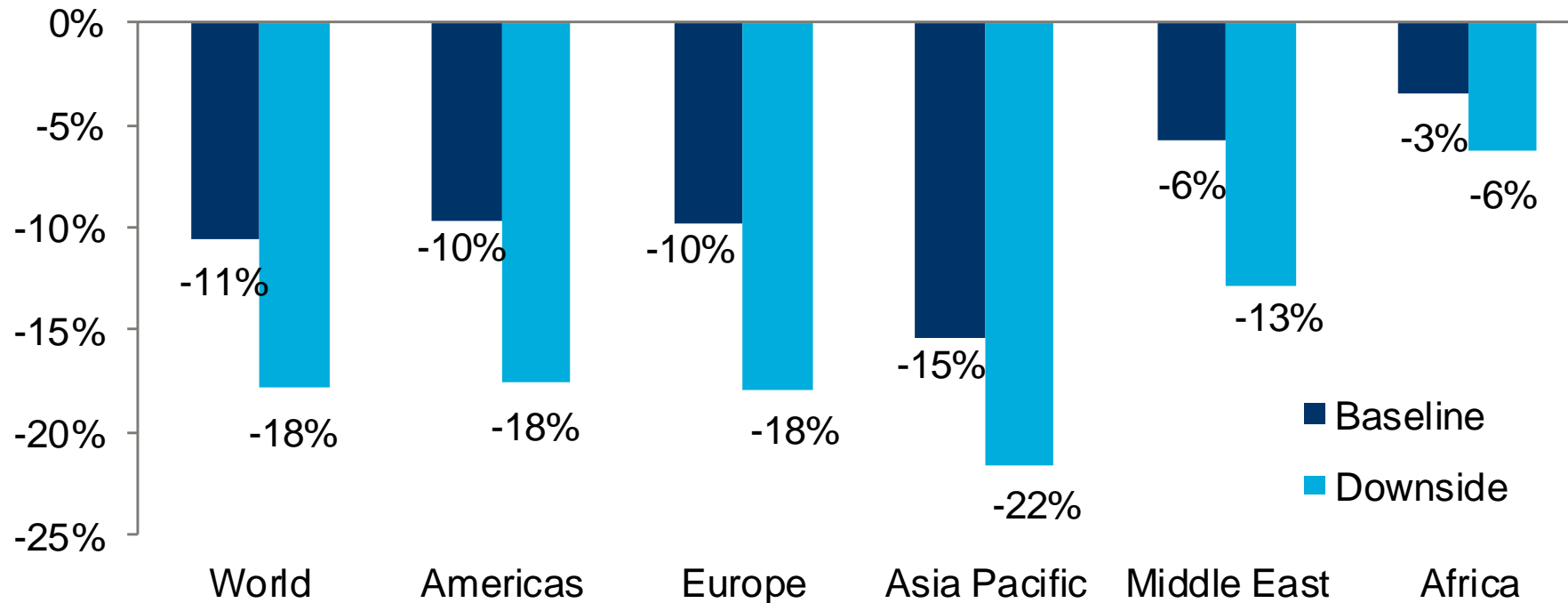
Source: Tourism Economics

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# Impacts are being felt across all world regions

## Inbound travel by region, 2020

Annual growth, %



Source: Tourism Economics

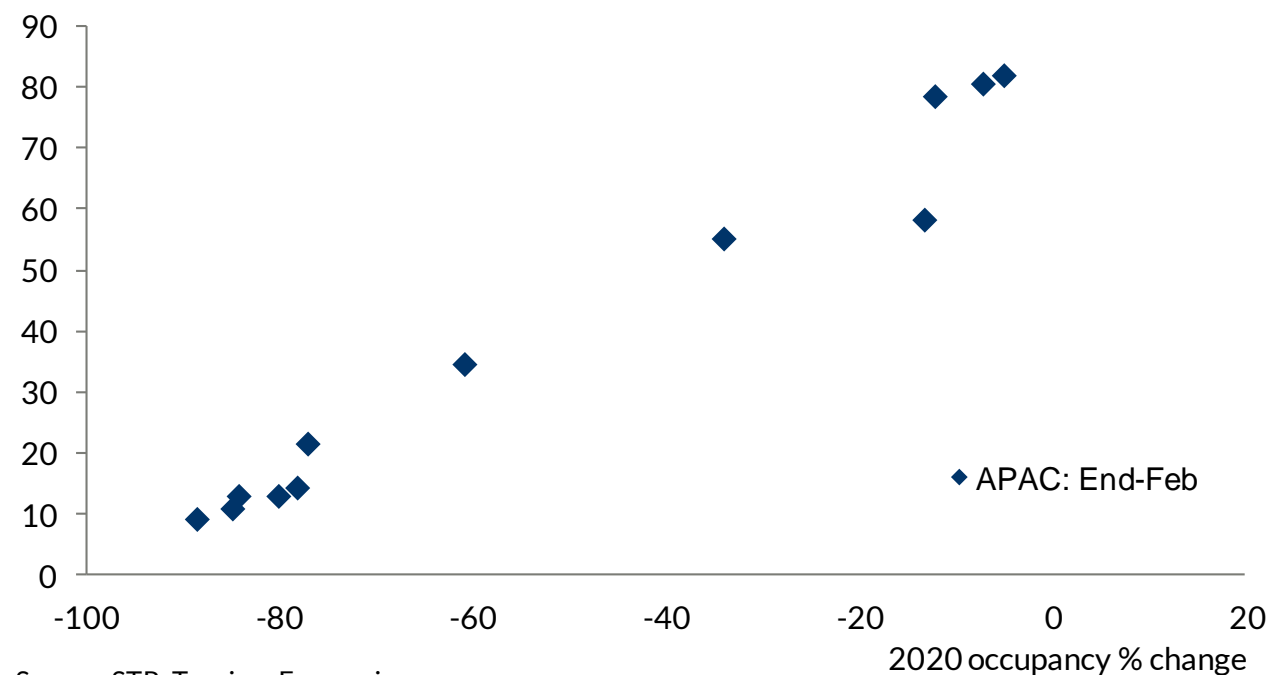
Questions: Use the question panel on the right

# Hotel occupancy rates falling across APAC



Hotel Occupancy Evolution in Selected APAC Cities

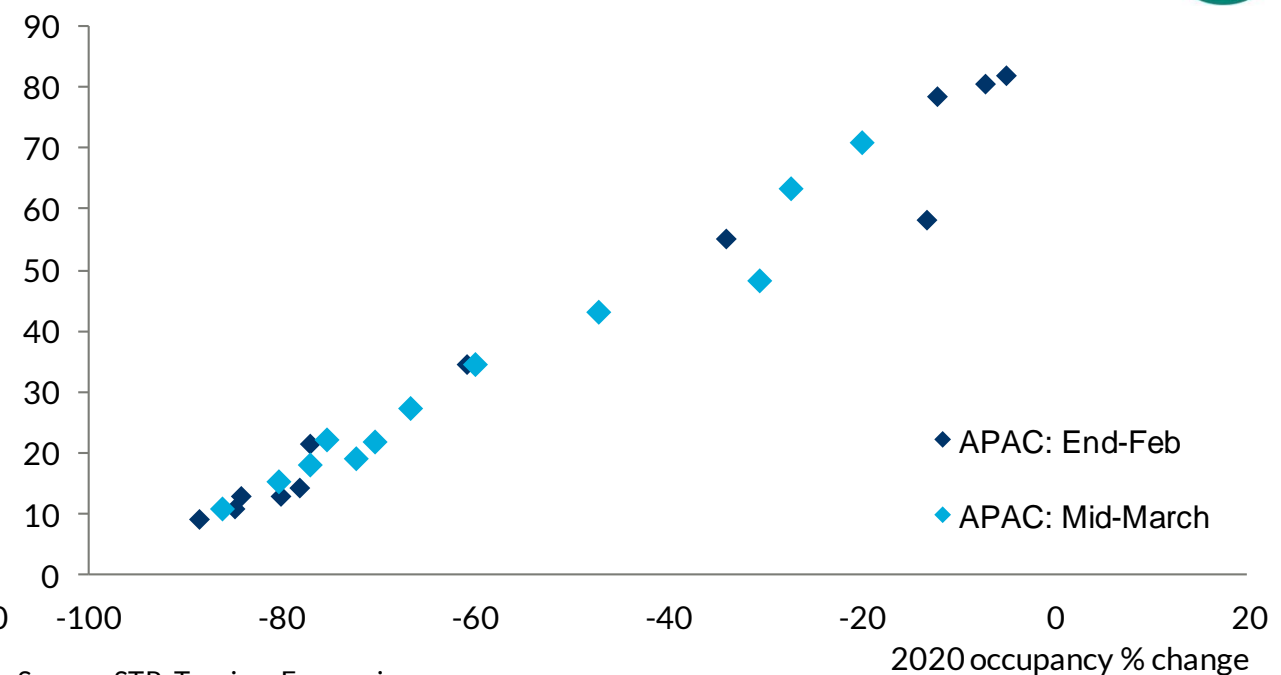
2020 occupancy rate, rolling 7-day averages



Source: STR, Tourism Economics

Hotel Occupancy Evolution in Selected APAC Cities

2020 occupancy rate, rolling 7-day averages



Source: STR, Tourism Economics

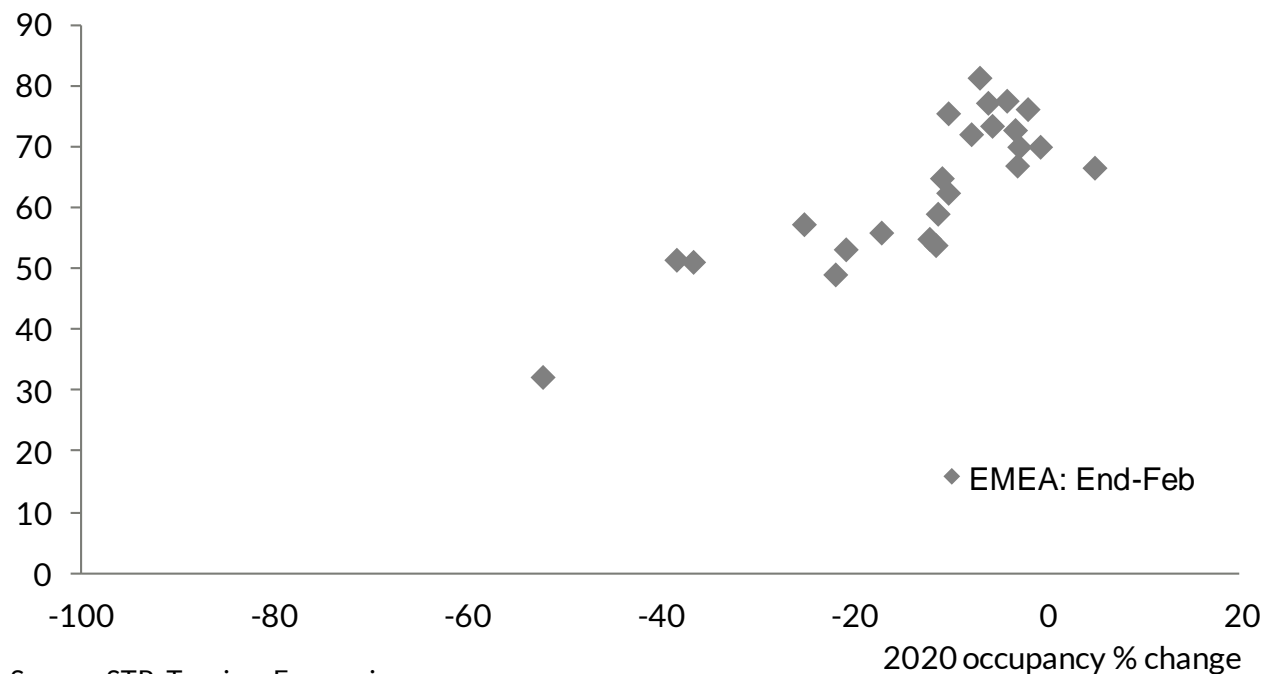
Questions: Use the question panel on the right



# Hotel occupancy rates have tumbled across EMEA

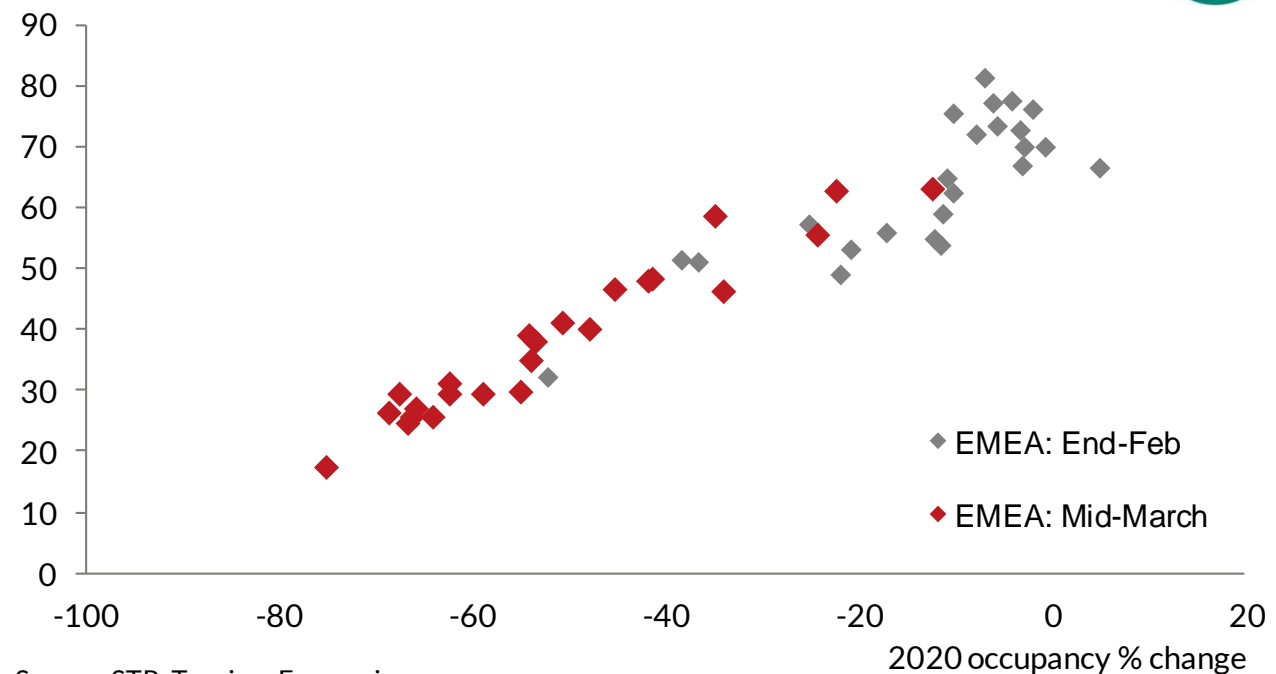
## Hotel Occupancy Evolution in Selected EMEA Cities

2020 occupancy rate, rolling 7-day averages



## Hotel Occupancy Evolution in Selected EMEA Cities

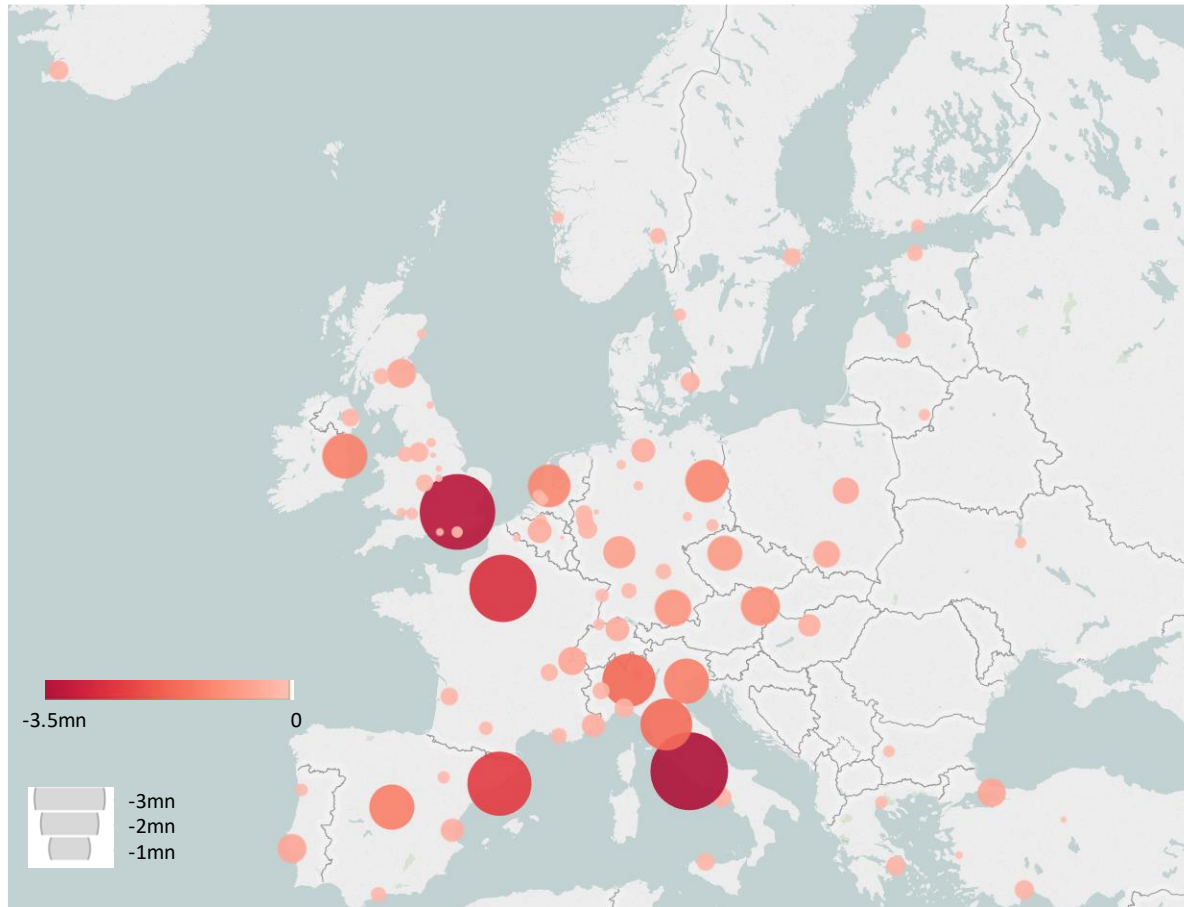
2020 occupancy rate, rolling 7-day averages



Questions: Use the question panel on the right

# All major destinations will be affected across Europe

Annual expected fall in arrivals by city, 2020

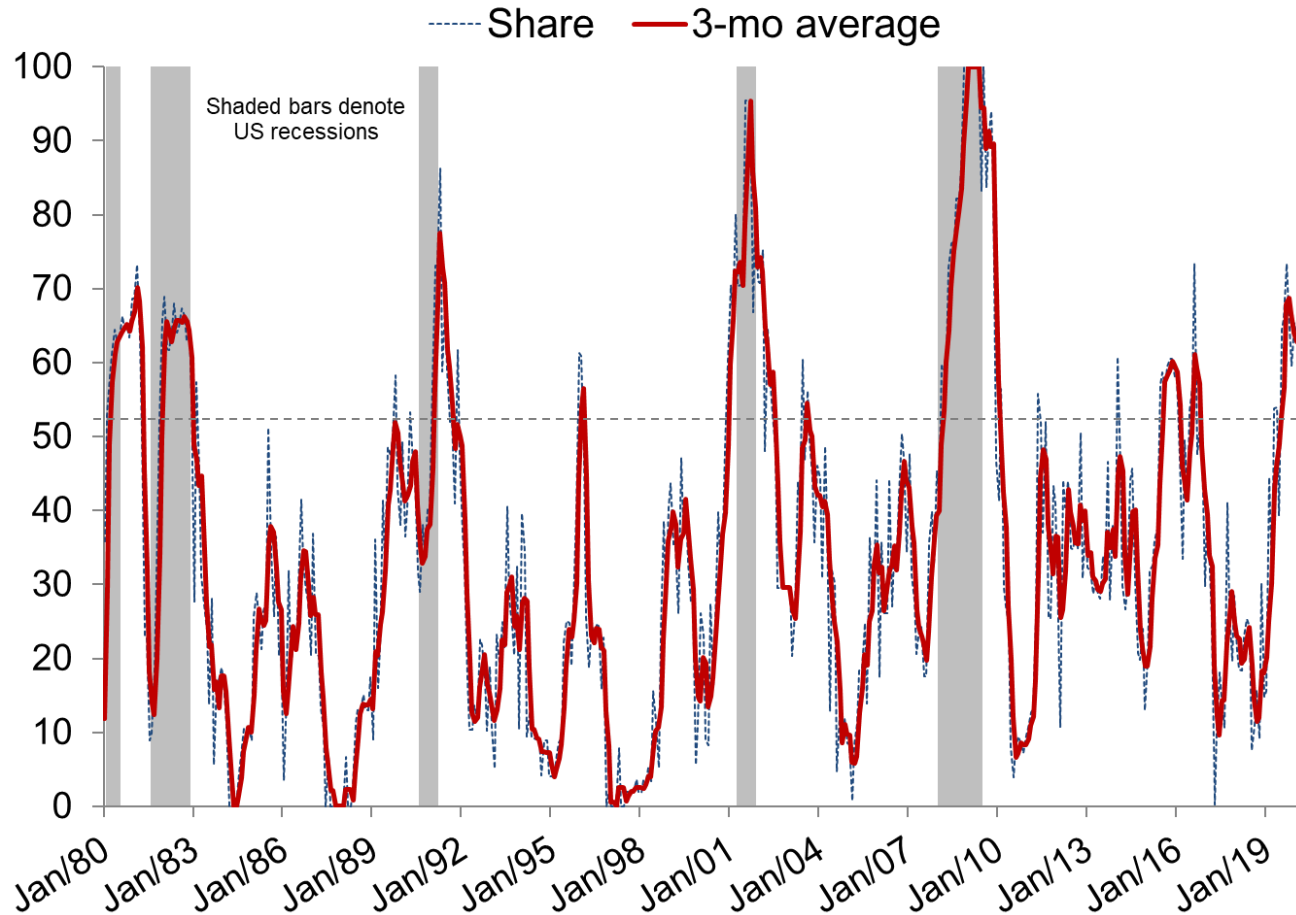


Questions: Use the question panel on the right

# Hit to industrial production will be large

## US: Recessionary manufacturing activity

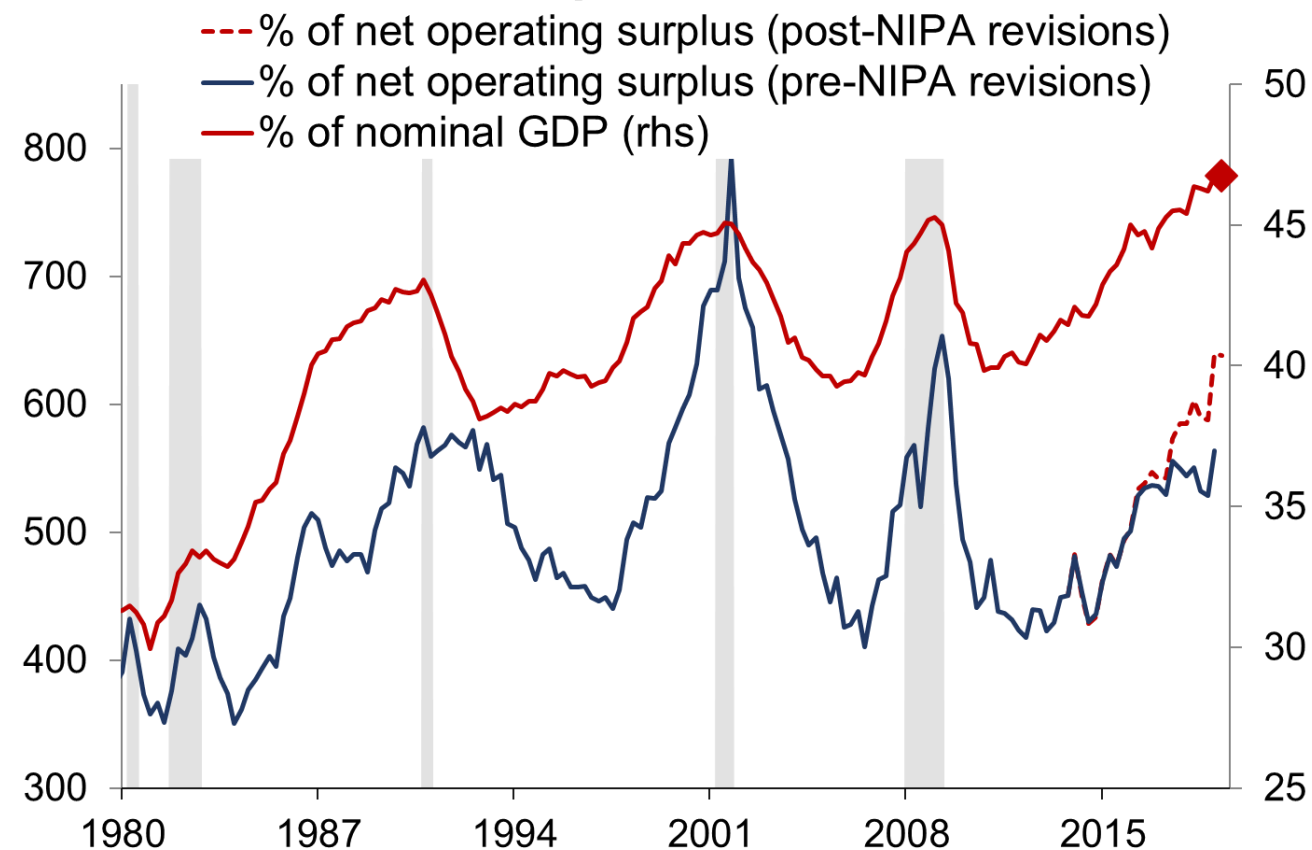
Share of manufacturing sub-sectors contracting (%; weighted average)



Source: Oxford Economics/Haver Analytics

# Worrisome amid elevated corporate leverage

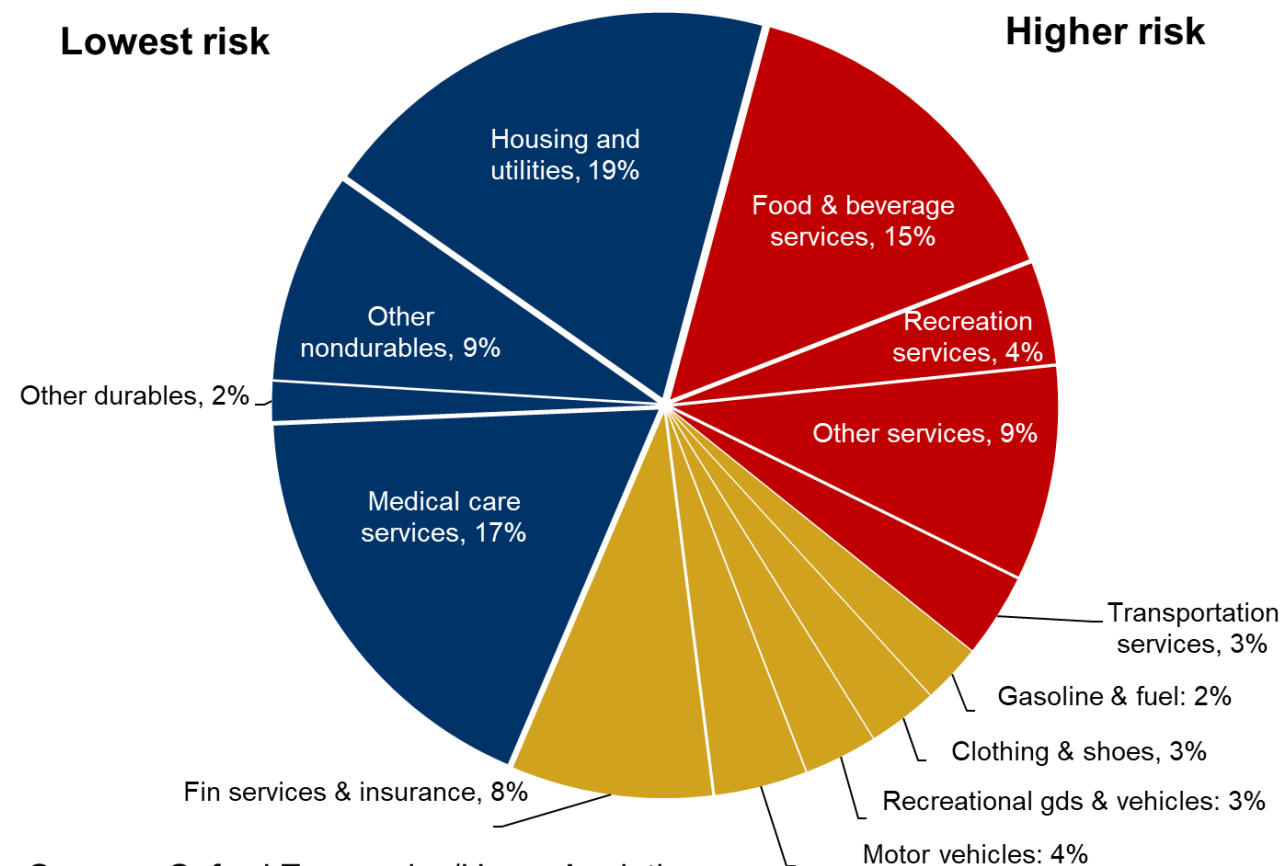
## US: Nonfinancial corporate debt



Source : Oxford Economics/Haver Analytics

# Large share of consumer spending is discretionary or social

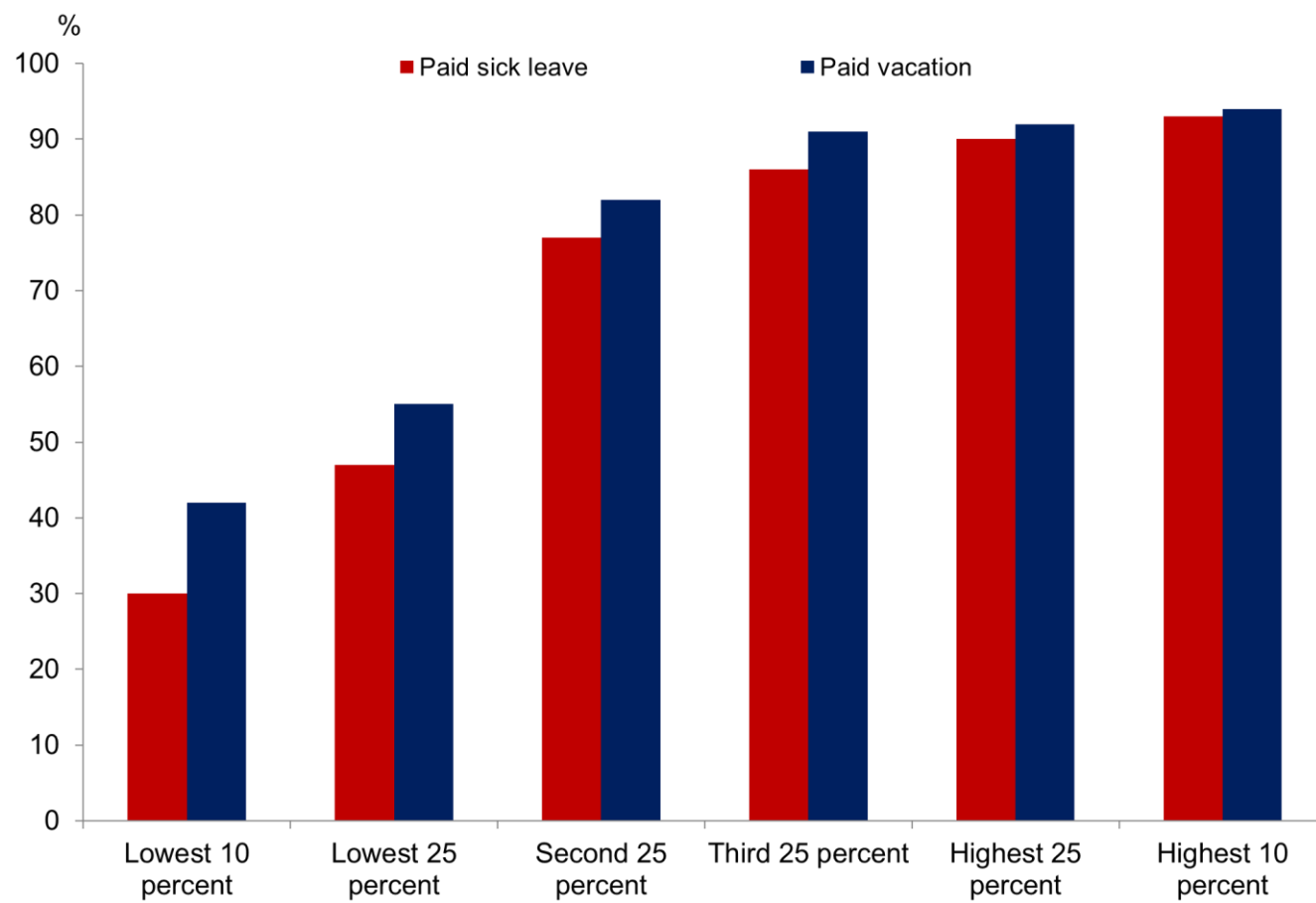
## US: Consumer spending at risk from virus



Source : Oxford Economics/Haver Analytics

# As in GFC, greatest social risks among low income earners

## US: Worker benefits by average wage

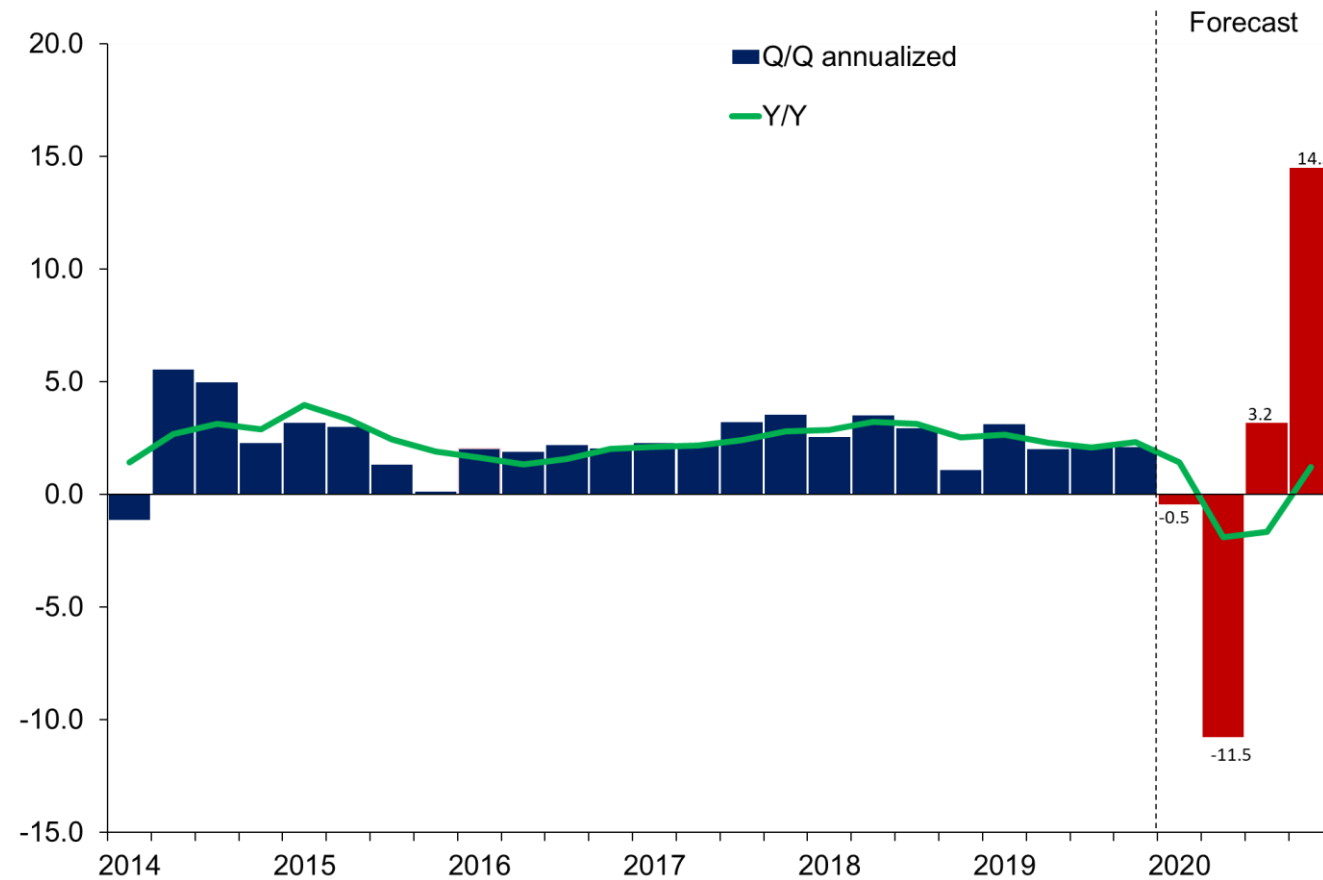


Source : Oxford Economics/BLS

# The disruptions to GDP growth in Q2 will be massive

## US: Real GDP growth

Percent, change

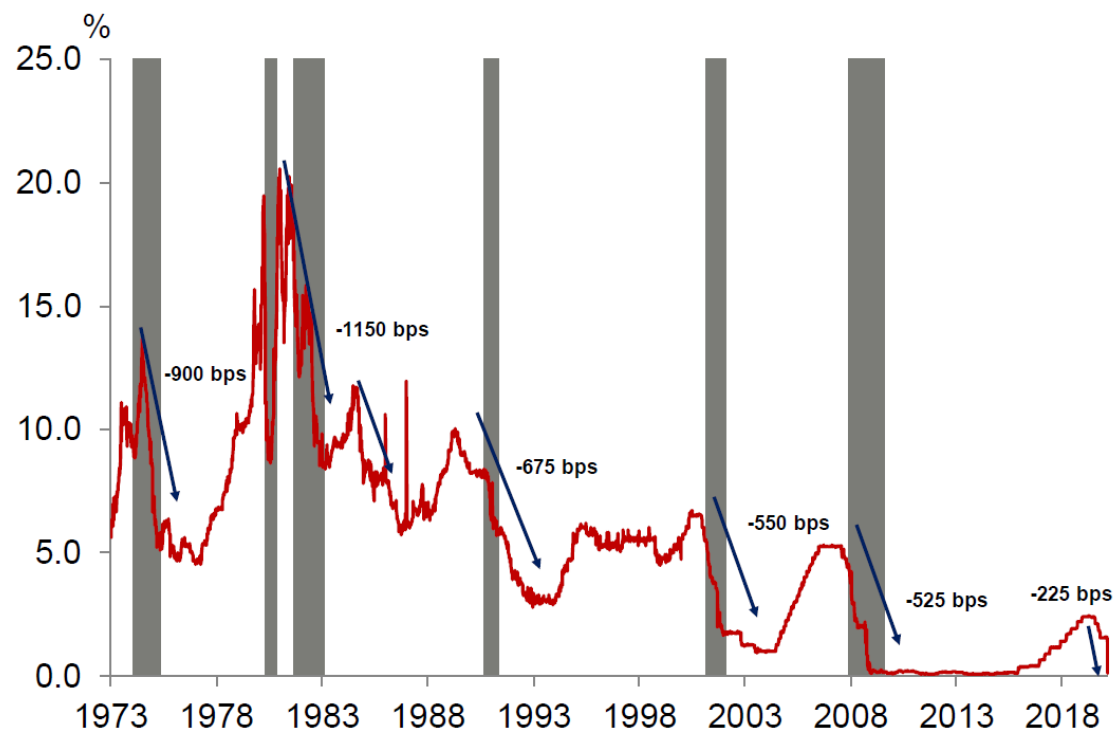


**We expect a  
0.2% GDP  
contraction in  
2020**

Source: Oxford Economics

# Central banks with aggressive easing around the world

## US: Rates slashed to the effective lower bound



Source : Oxford Economics/Haver Analytics

## Central bank policy rates



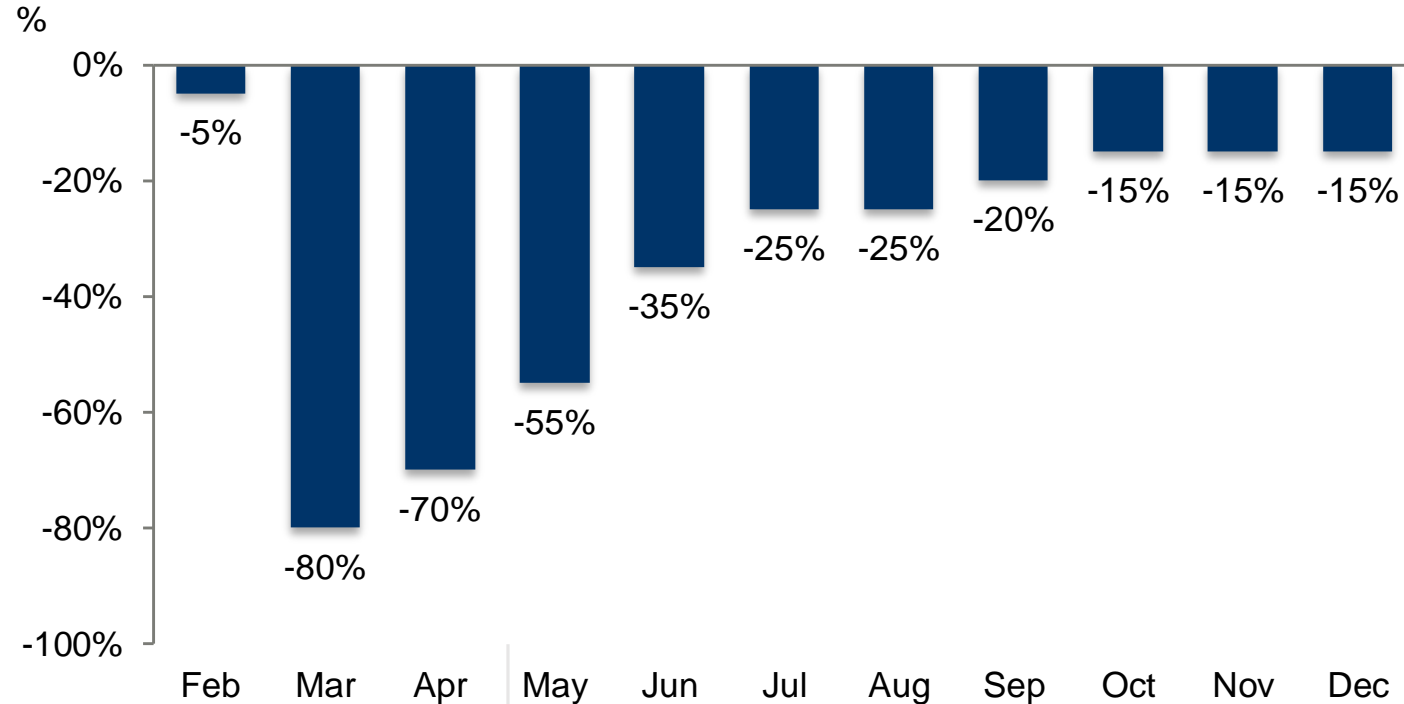
Source : Oxford Economics/Haver Analytics

Questions: Use the question panel on the right



# US travel sector revenue will average 75% below normal in March and April

Projected COVID-19 impact on tourism industry revenue



Source: Oxford Economics

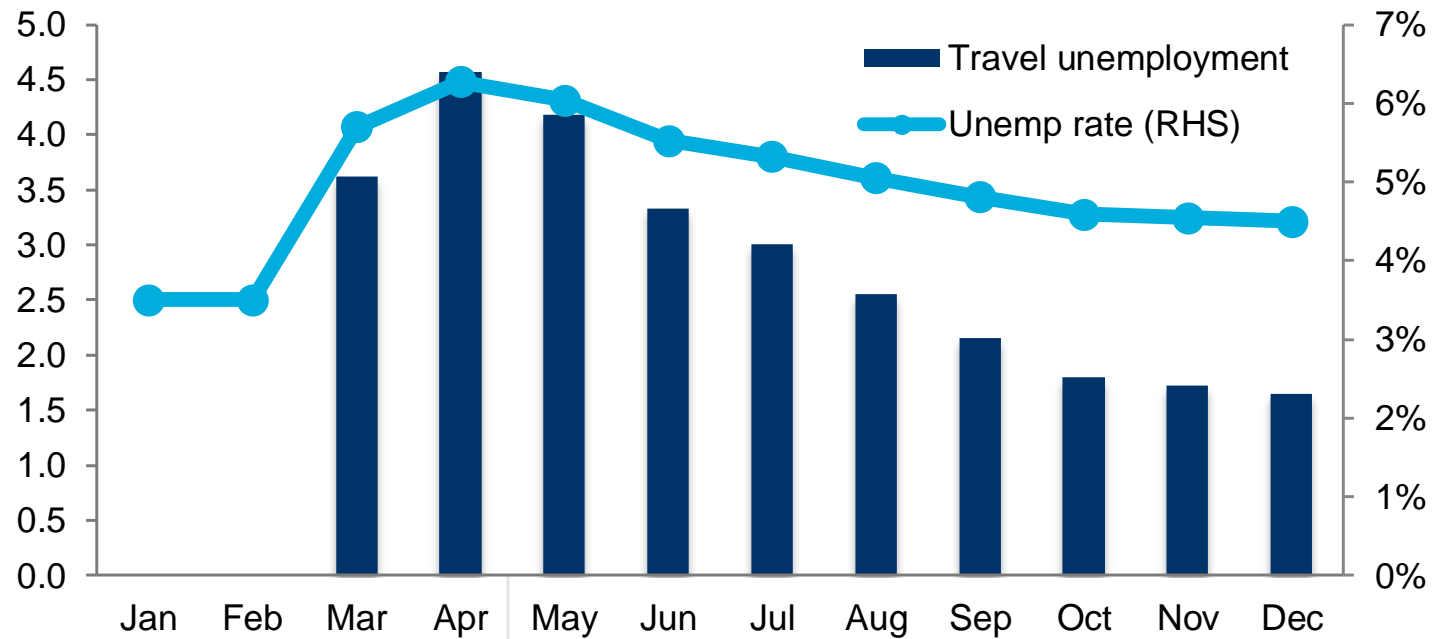
- Gradually lessening declines are expected in the summer as travel restrictions are loosened. However, losses will continue through the rest of the year.

Questions: Use the question panel on the right

# Employment losses

## Employment impacts of travel declines

Millions



Source: Oxford Economics

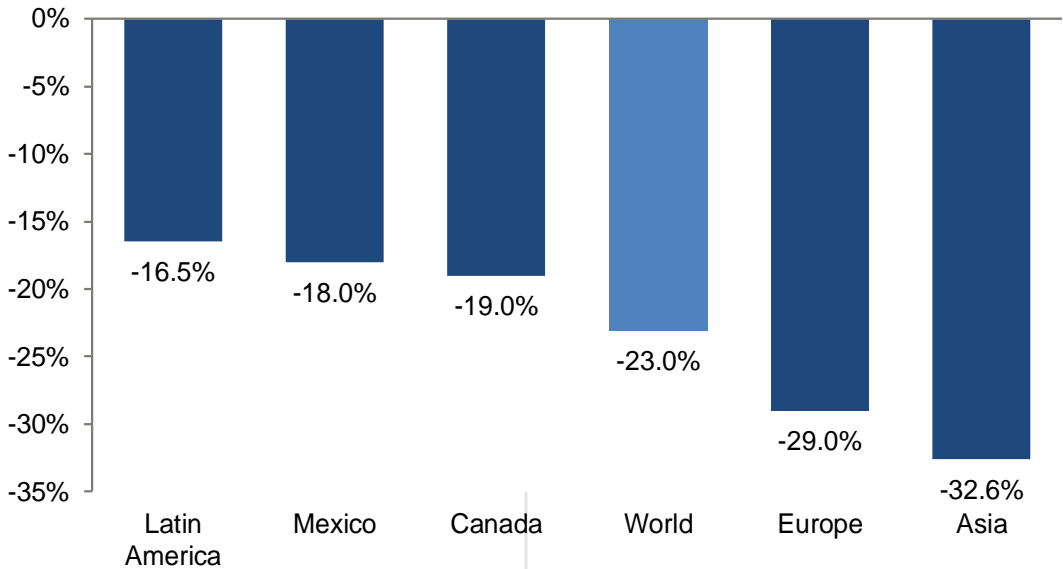
- The US economy is projected to lose 4.6 million jobs as a result of travel declines in 2020. This alone will increase the unemployment rate to 6.3% in the second quarter.
- Total US unemployment rate likely to surge above 10%

Questions: Use the question panel on the right

# International markets will be hard hit

## Decline in International Visitors to the US in 2020

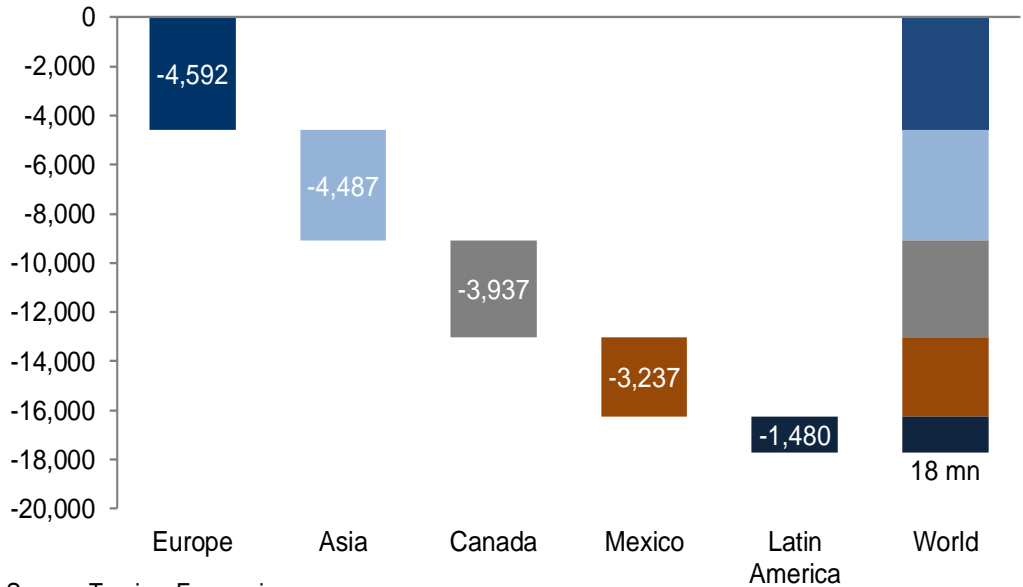
% change



Source: Tourism Economics

## Decline in International Visitors to the US in 2020

Thousands



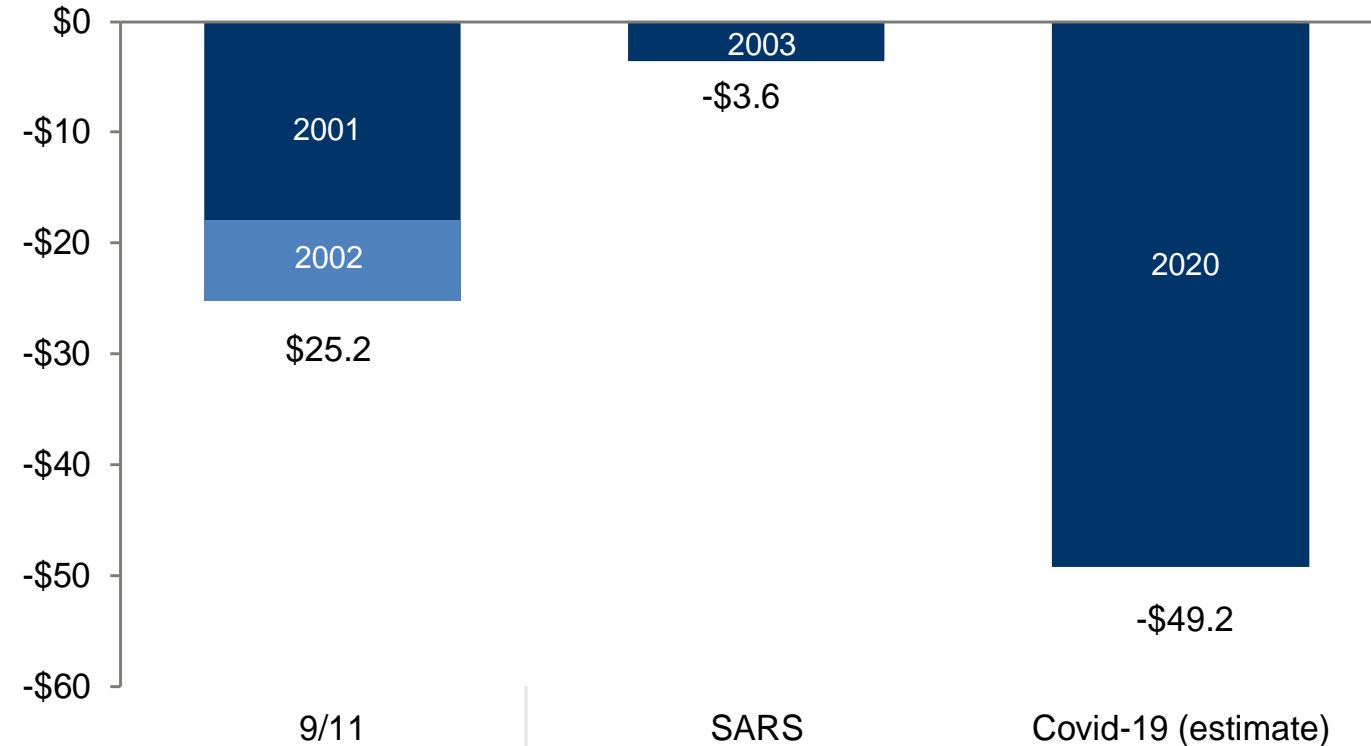
Source: Tourism Economics

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# International visitor spending impacts

## Decline in International Visitor Spending in the US

\$ billions



Source: Tourism Economics

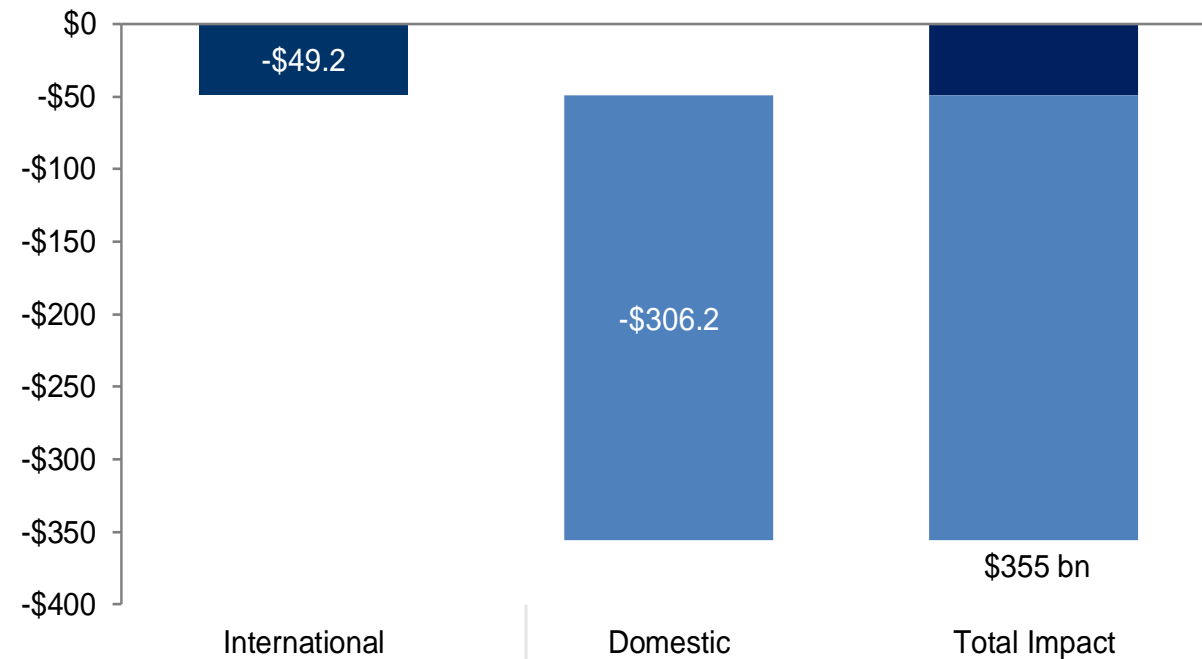
- International market impacts will tally 13 times the impact of SARs and nearly double the impact of 9/11.

Questions: Use the question panel on the right

# Total US travel industry impacts

## Total Travel Revenue Loss in 2020

\$ billions



Source: Tourism Economics

- Including international and domestic travel, \$355 billion in travel spending will be lost in 2020.
- 6x impact of 9/11

Questions: Use the question panel on the right

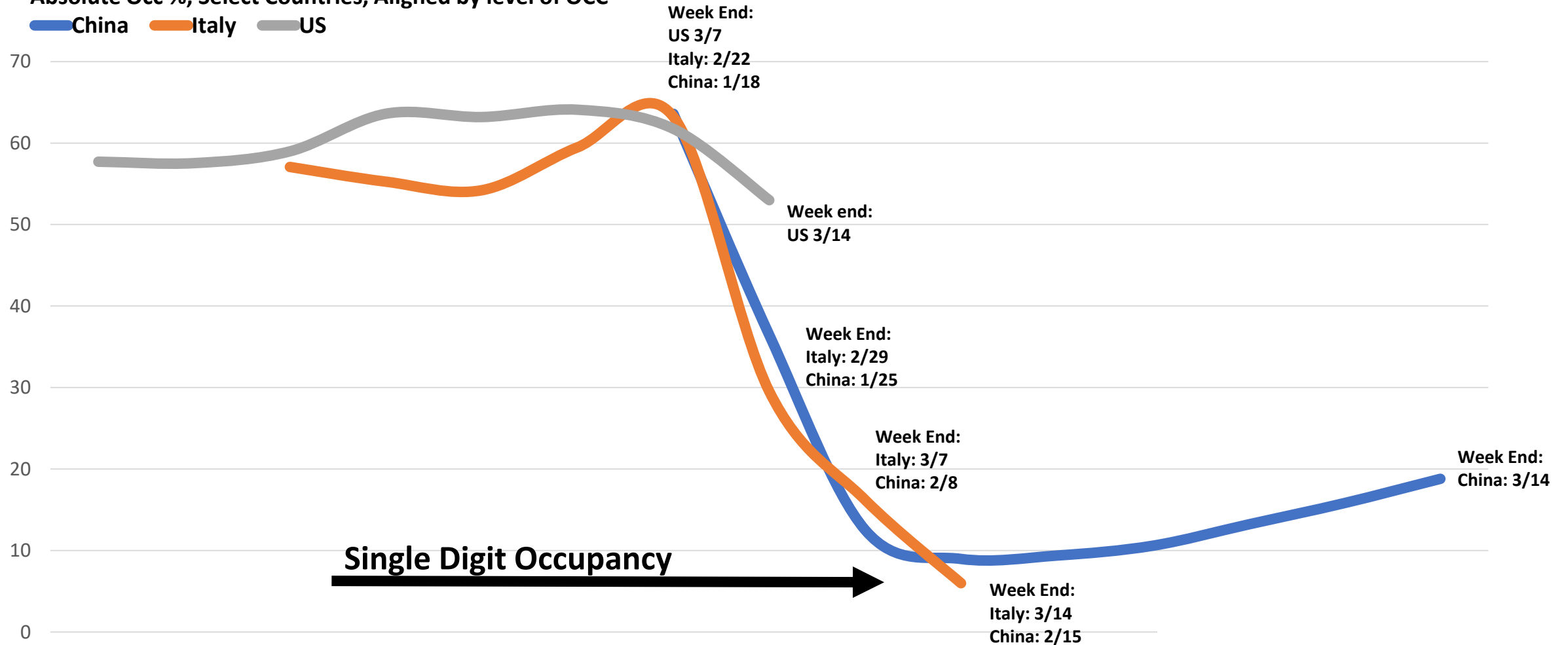
# Do Italy and China show what's to come?



## China OCC Data Seems 8 Weeks Ahead of US OCC Data

Absolute Occ %, Select Countries, Aligned by level of OCC

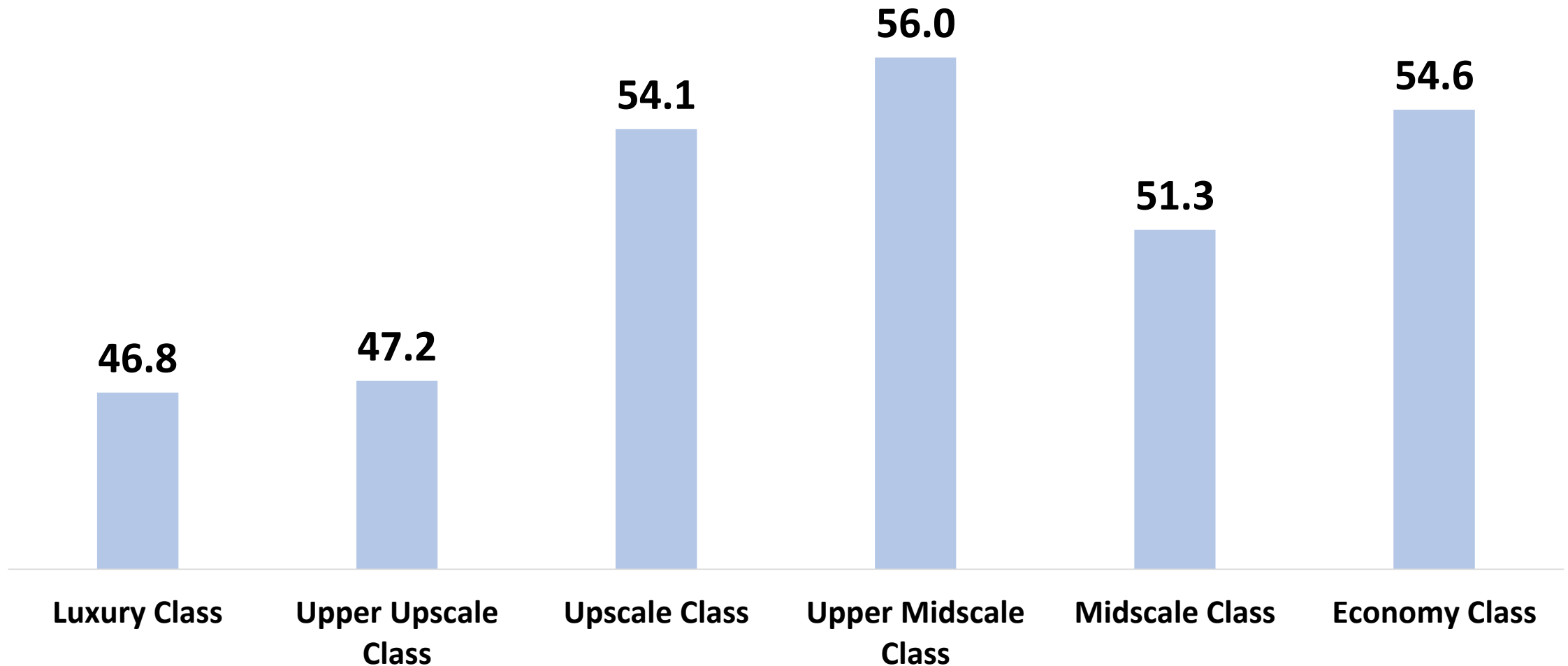
China Italy US



# Class Performance: High End Occupancy Below 50%

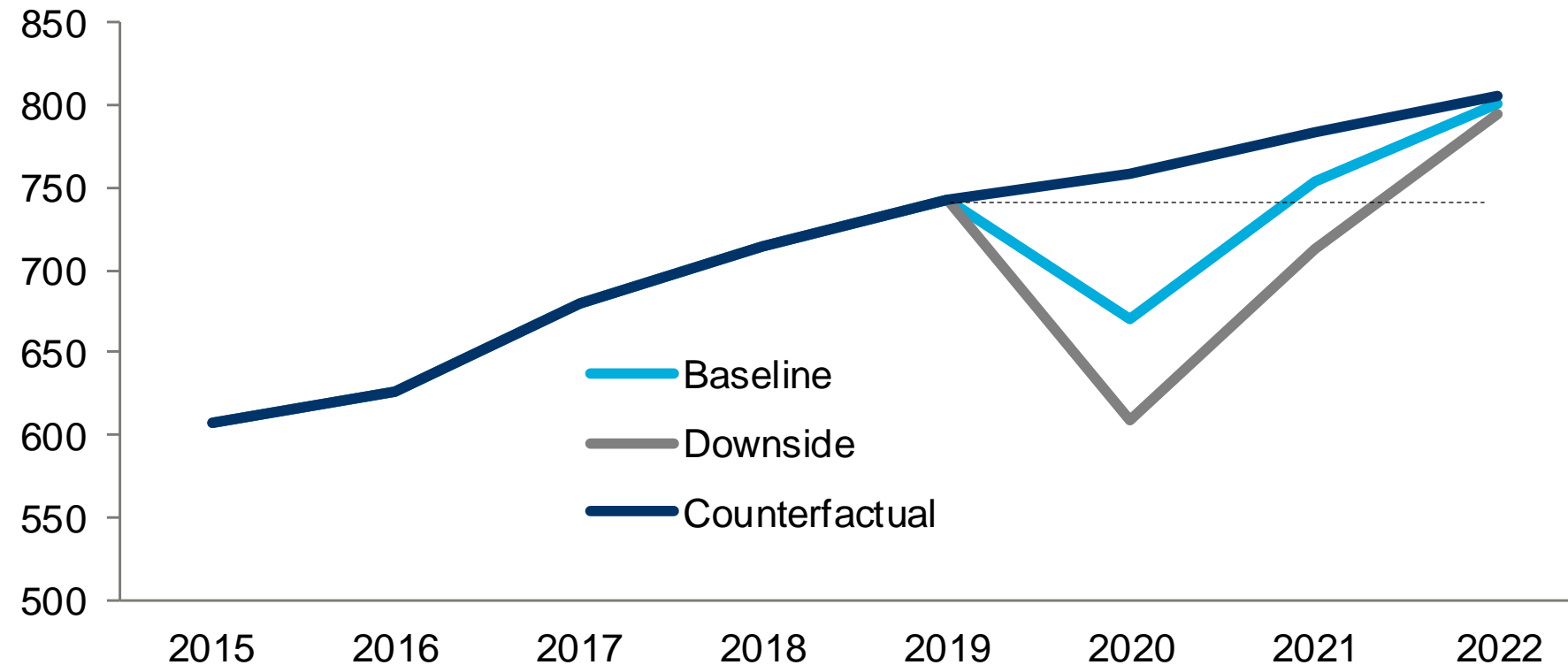


Occupancy %, week ending March 14



# Strong demand rebound is typical in recovery

## European tourist arrivals million



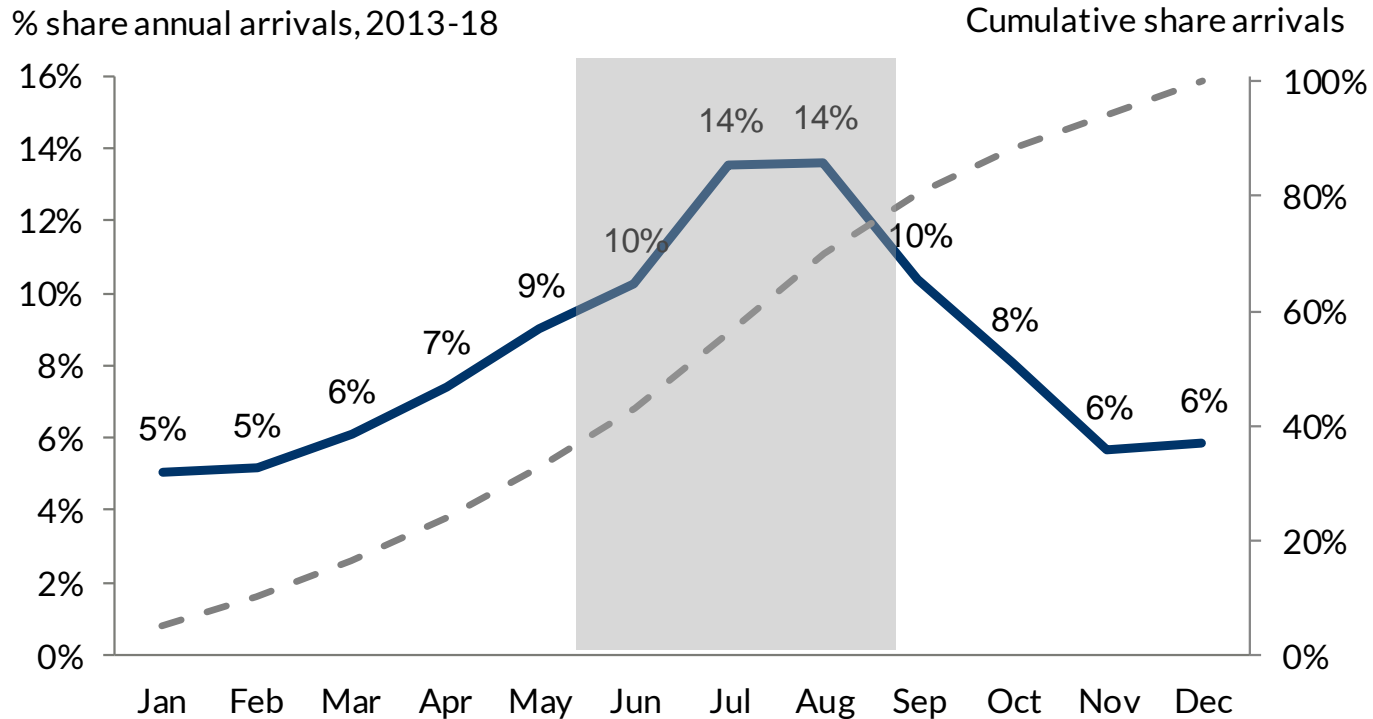
Source: Tourism Economics

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# Uncertainty in outlook is related to duration of effects

## European arrivals: average monthly seasonality



Source: UNWTO, Tourism Economics

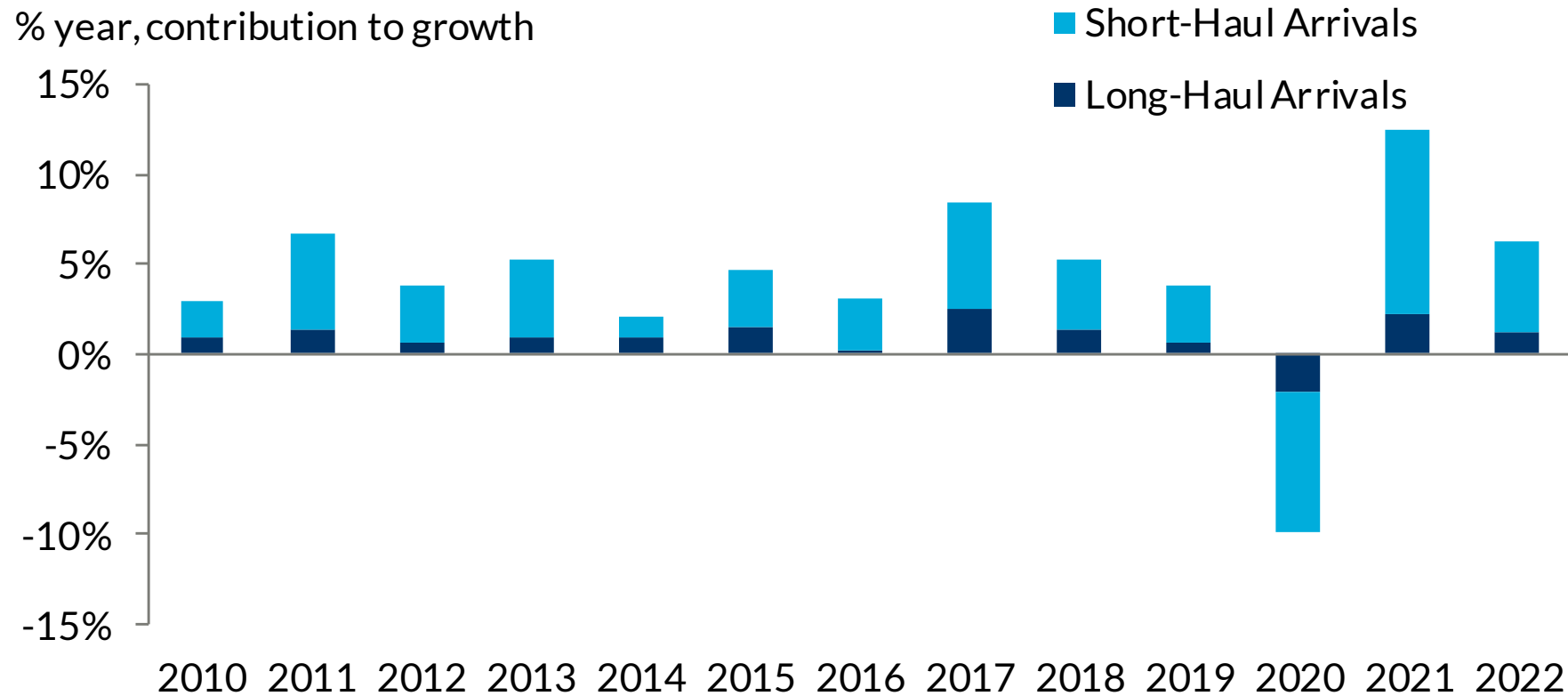
- Current forecasts assume 5-8 month period until containment.
- Continued travel restrictions are possible which will further impact peak travel season.
- “Typical airline had 2 months of cash at the start of the year” according to IATA.

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# Short-haul prospects remain crucial for destination performance

## Europe: Long-Haul vs Short-Haul Arrivals

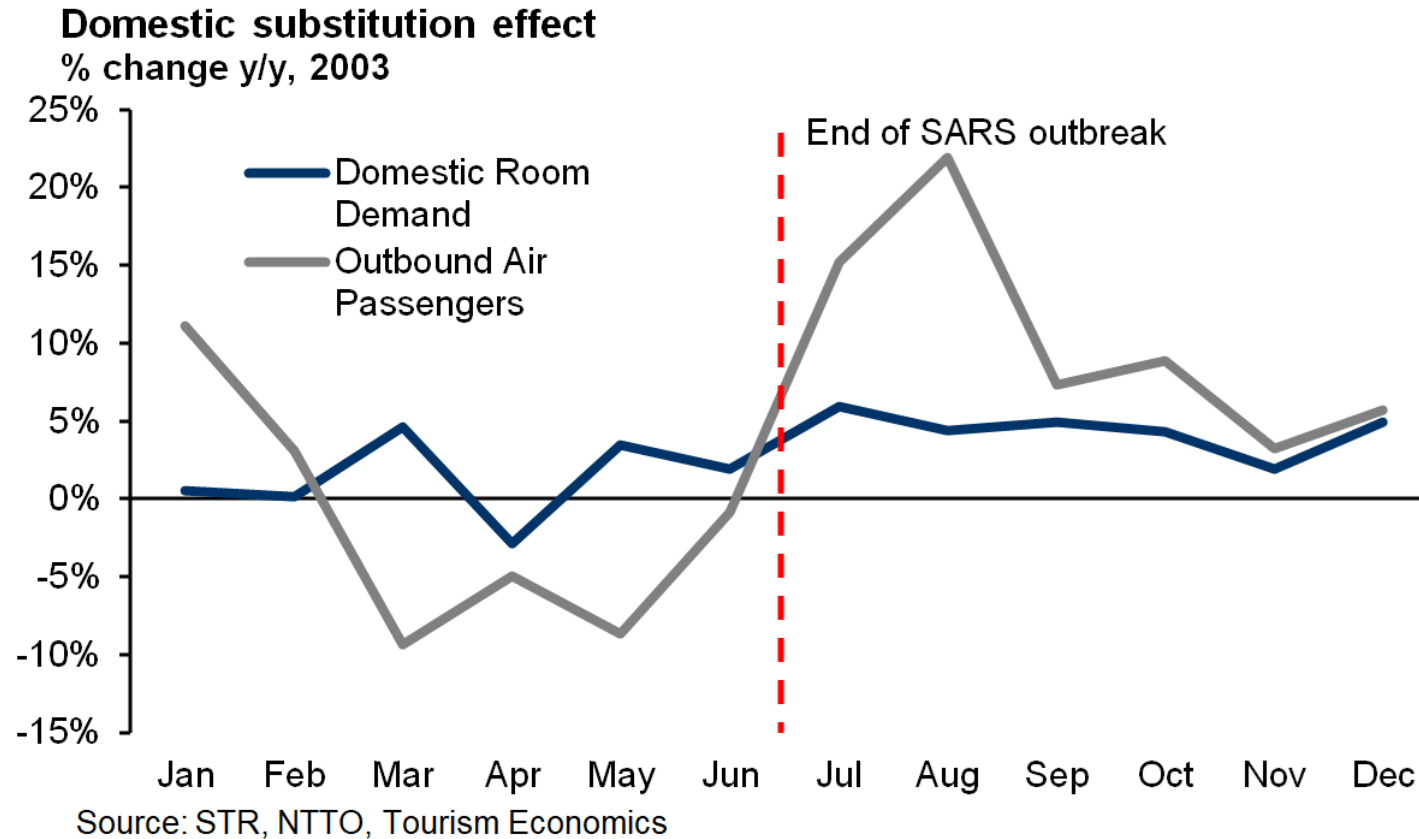
% year, contribution to growth



Source: Tourism Economics

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# Once recovery begins, travel will surge

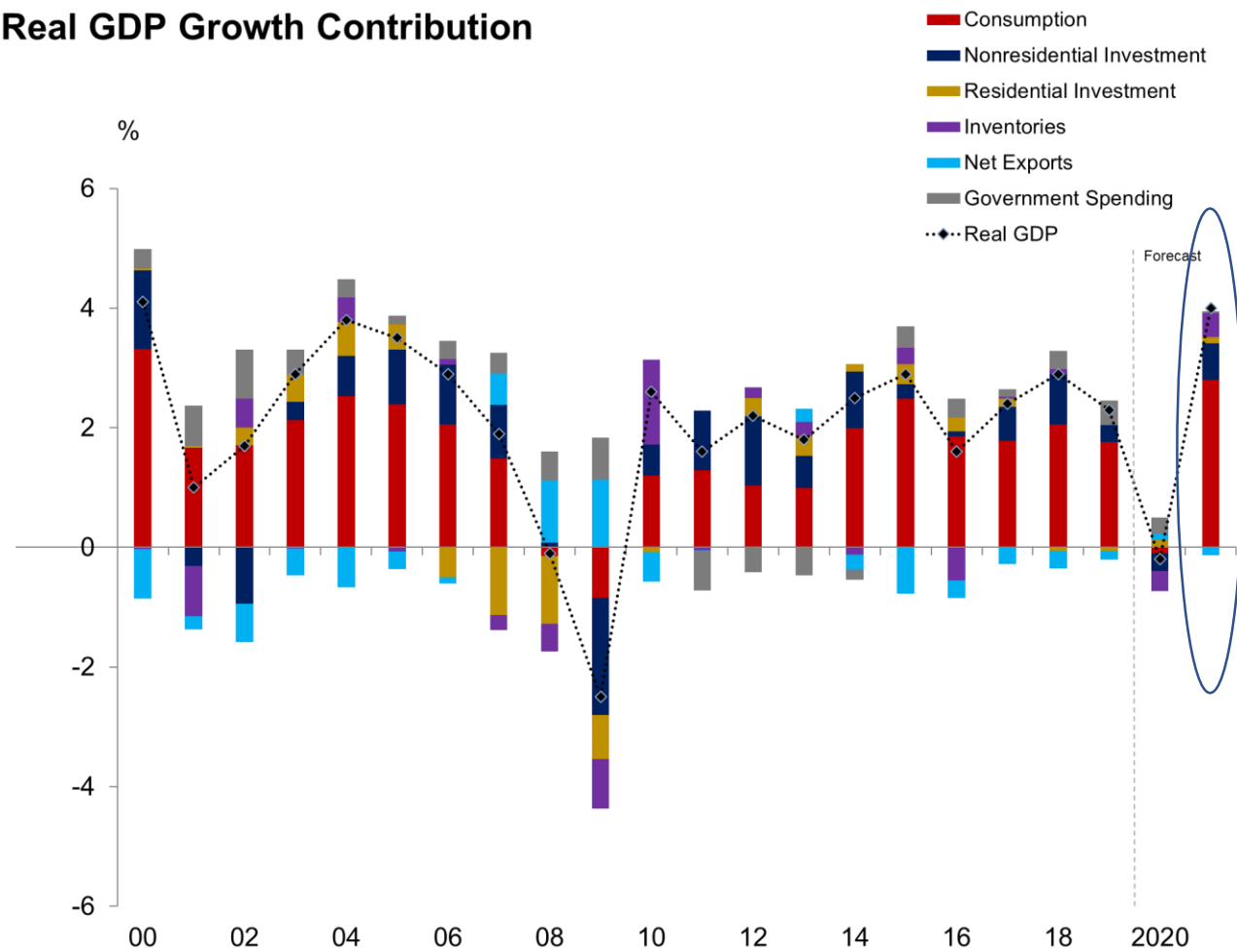


- US residents chose not to travel abroad in 2003 and outbound trips declined 5% in 2003. Meanwhile, domestic travel grew.
- A 20% drop in US outbound travel this year equals roughly 20 million trips—a share of which will eventually convert to domestic.

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# Economic rebound in 2021

## Real GDP Growth Contribution

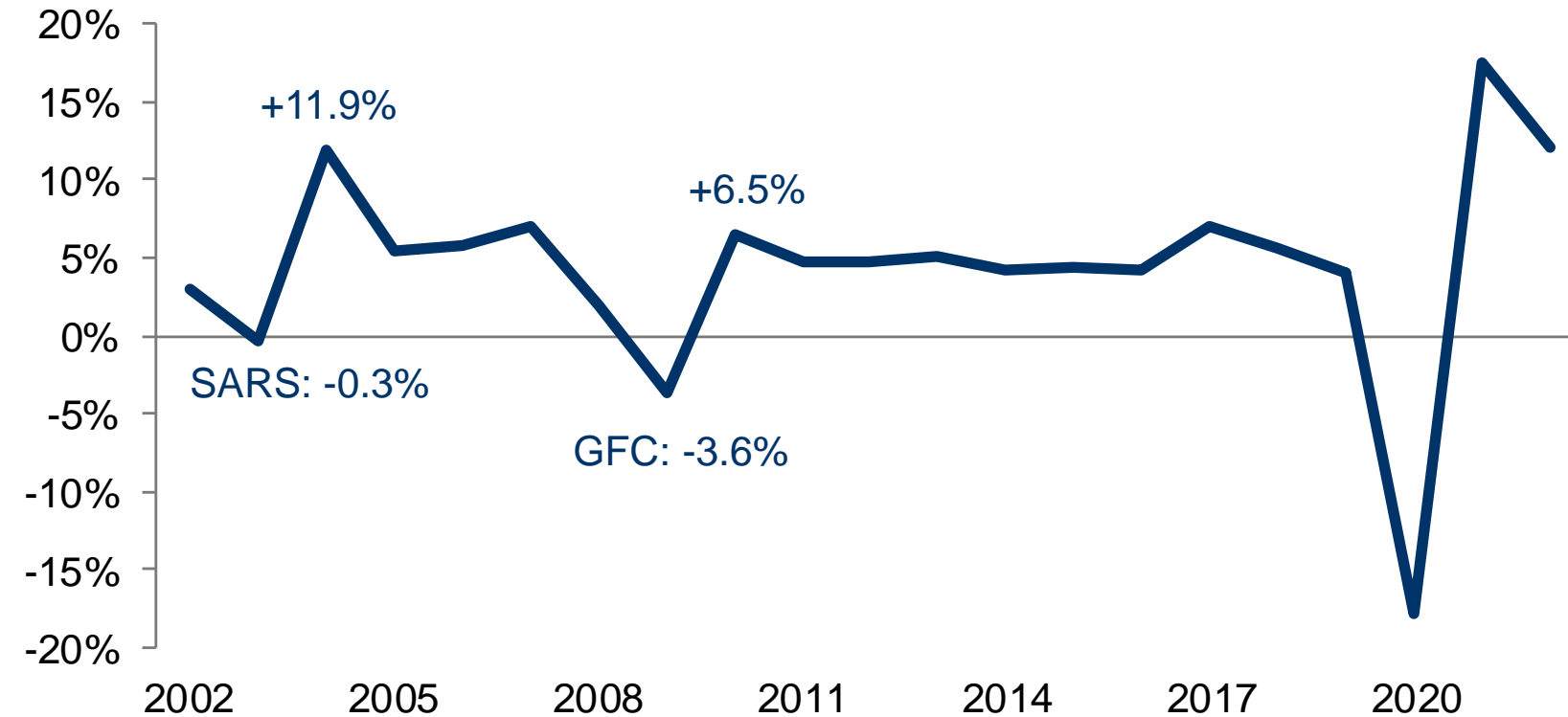


Source : Oxford Economics/Haver Analytics

# Global: Strong demand rebound is typical in recovery

## Global tourist arrivals: downside

Annual growth, %



Source: Tourism Economics

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## 3-month access for tourism forecast services

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- Forecasts and associated research briefs will be updated on a more regular basis during this period of uncertainty
- Tourism Economics are extending a time-limited offer to access our forecasts for a 3-month period
- Including access to Global Travel Service (GTS) flows for 185 countries and Global City Travel (GCT) data and forecasts for over 300 cities
- Please contact Becky Hindley: [bhindley@oxfordeconomics.com](mailto:bhindley@oxfordeconomics.com)

Questions: Use the question panel on the right

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