

# **The Outlook for Travel & Tourism in APAC**

**Speaker:**  
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# THE OUTLOOK FOR TRAVEL & TOURISM IN APAC

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# About Tourism Economics ...

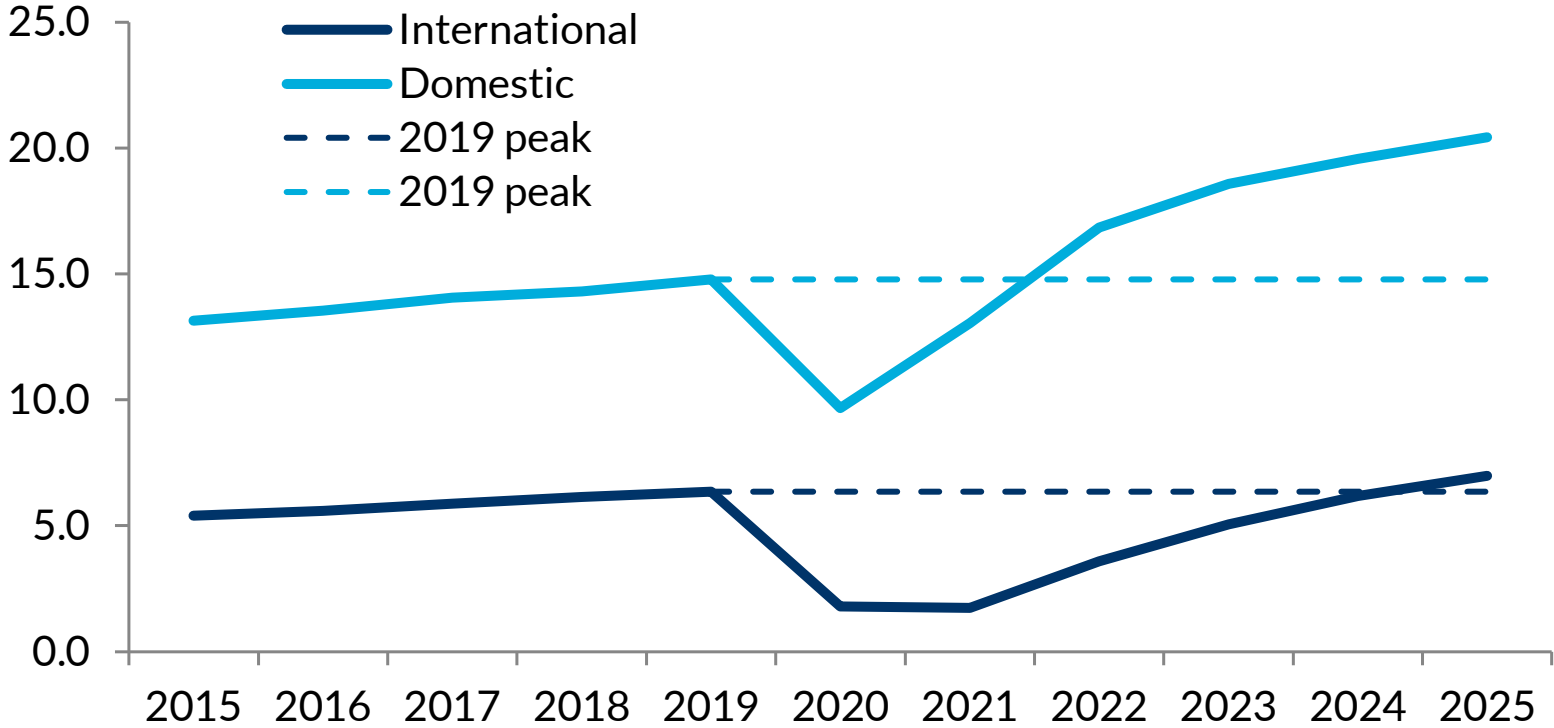
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- A part of **Oxford Economics**
- **Country level travel flows:** 180 countries, forecasts to 2030, upside/downside scenarios, business vs leisure, spend by category (soon)
- **City  $\leftrightarrow$  Country** travel flows & forecasts: 300 cities
- **Air passenger forecasts** – jointly produced with IATA
- **Bespoke consulting:** custom forecasts, economic impact analysis

# Travel recovery is underway despite demand disruption

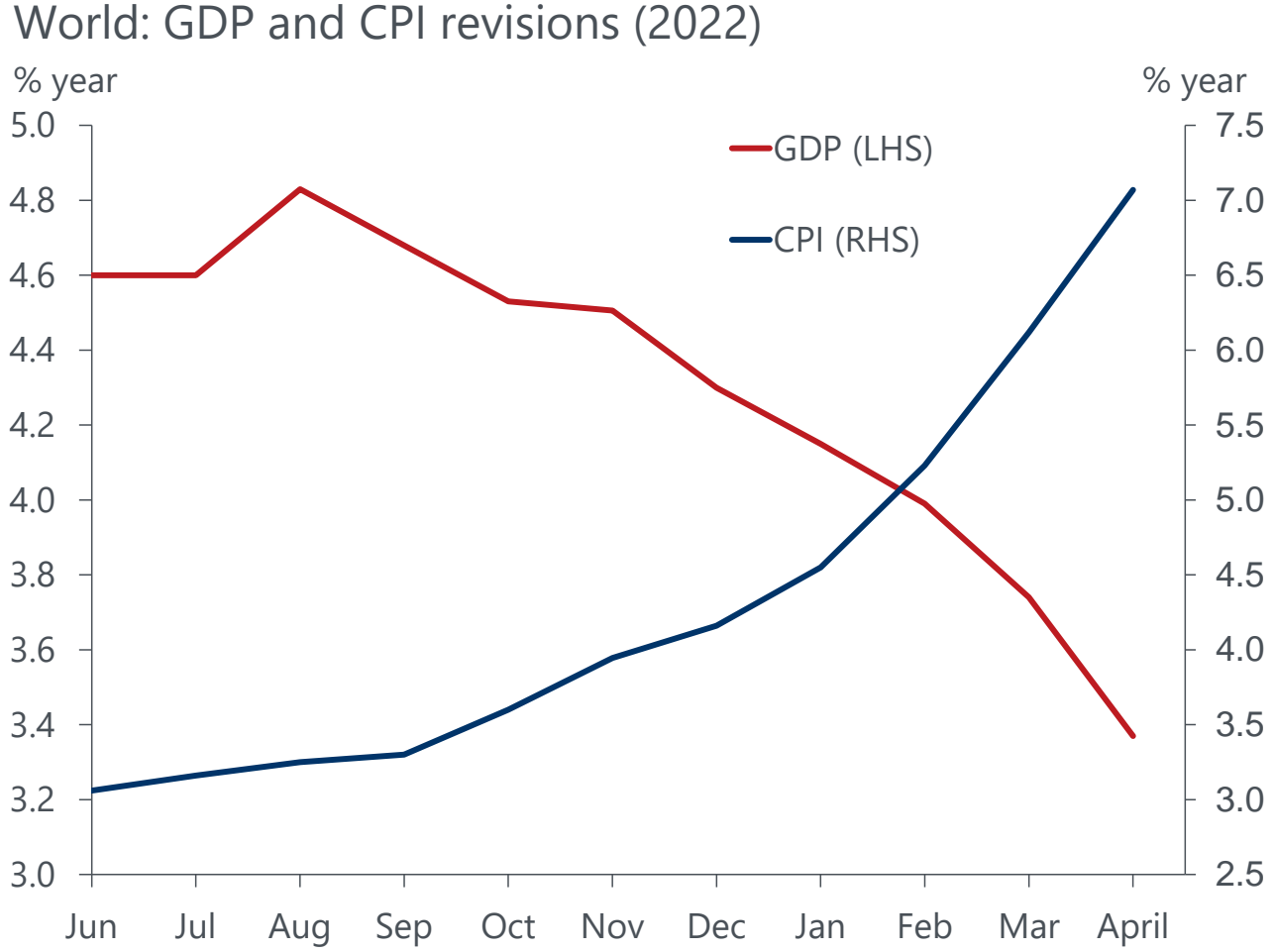
## Inbound & domestic nights, World, baseline

Billions



Source: Tourism Economics

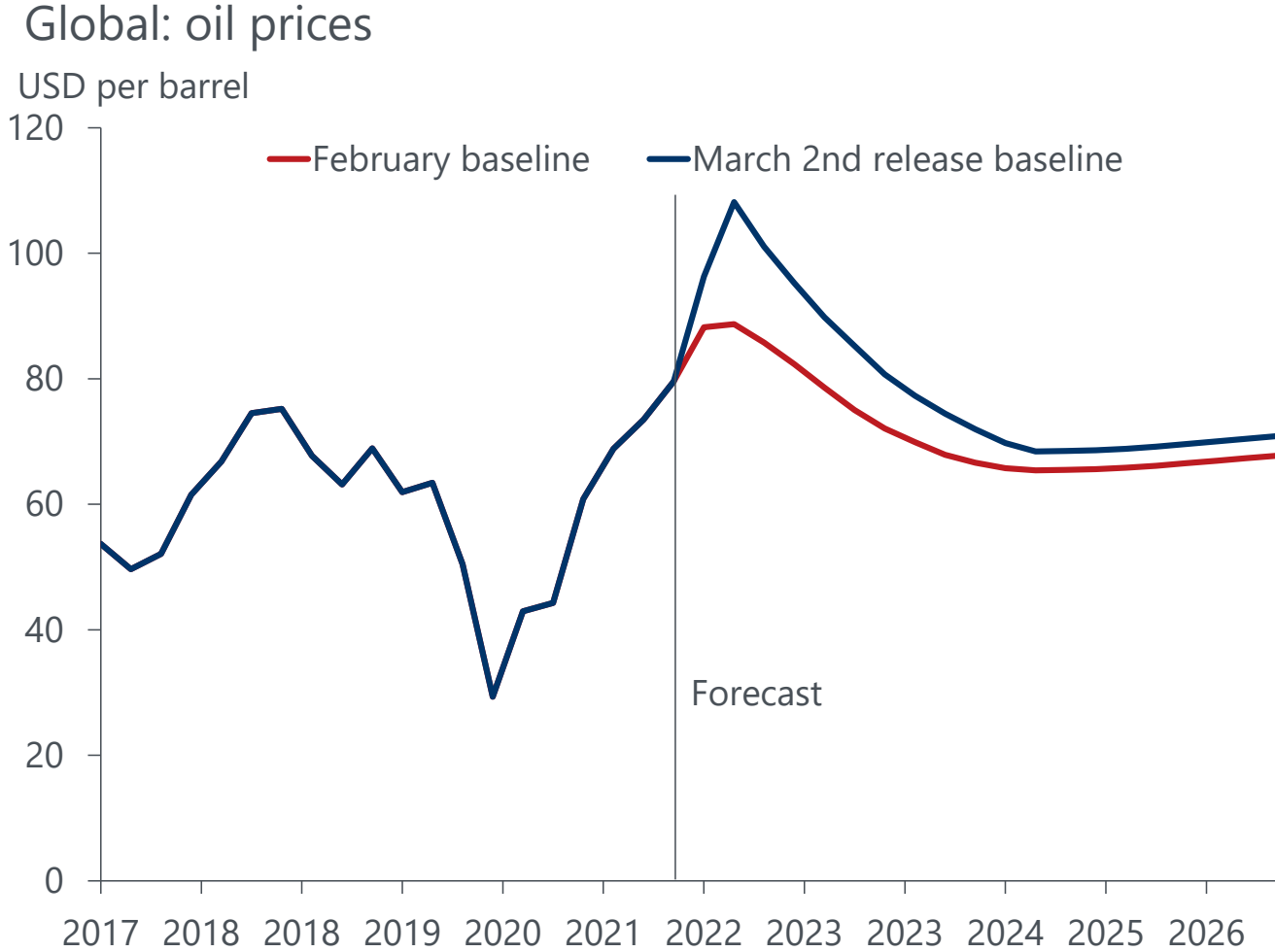
# War in Ukraine adding to supply pressure and stagflation shock



Source : Oxford Economics/Haver Analytics

Uncertainty is high, but recession should be avoided

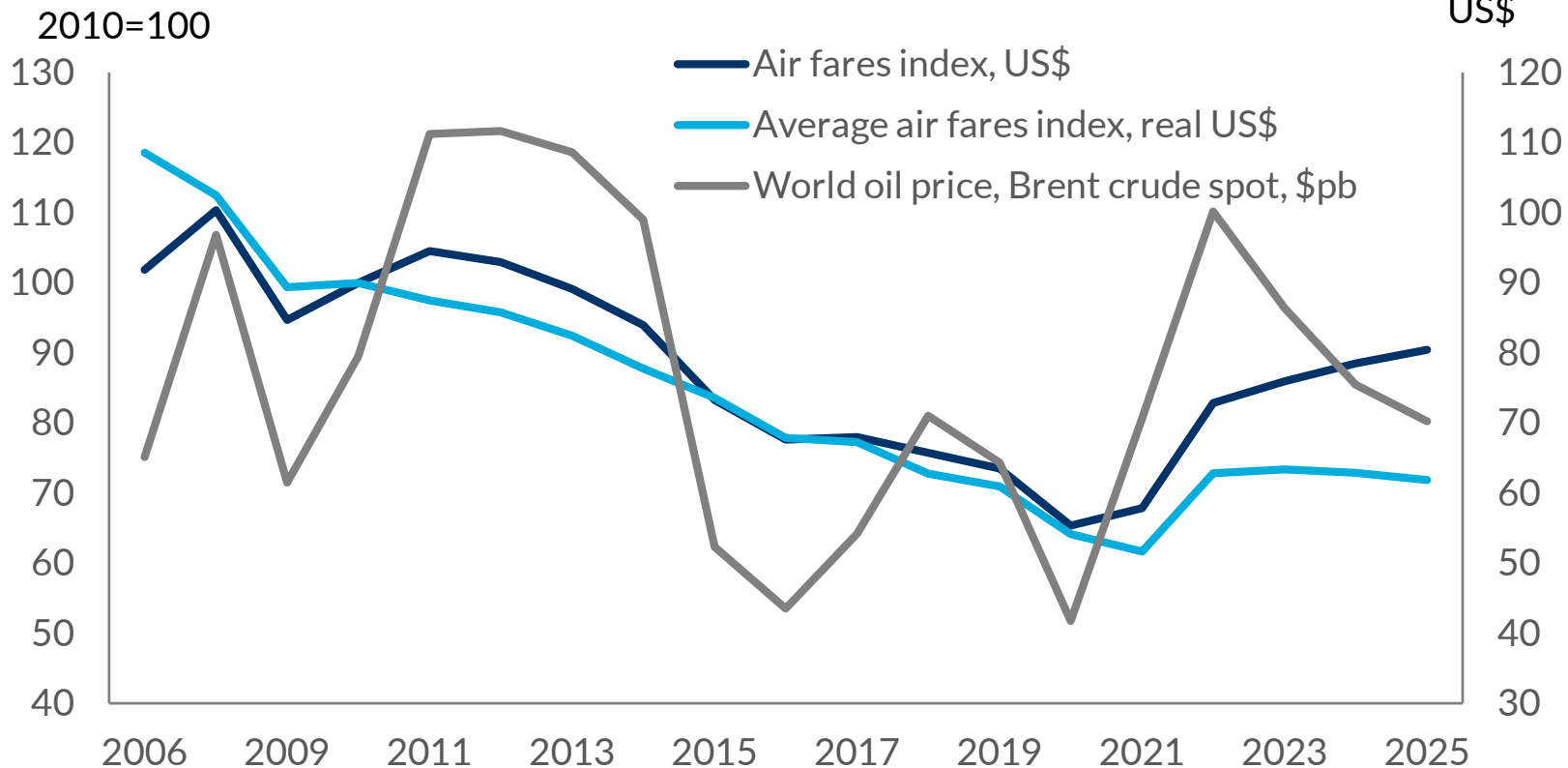
# Energy prices the main transmission mechanism for inflation



Source: Oxford Economics/Haver Analytics

# Higher costs are a potential headwind for travel... ...but pent-up demand implies lower price elasticity in near-term

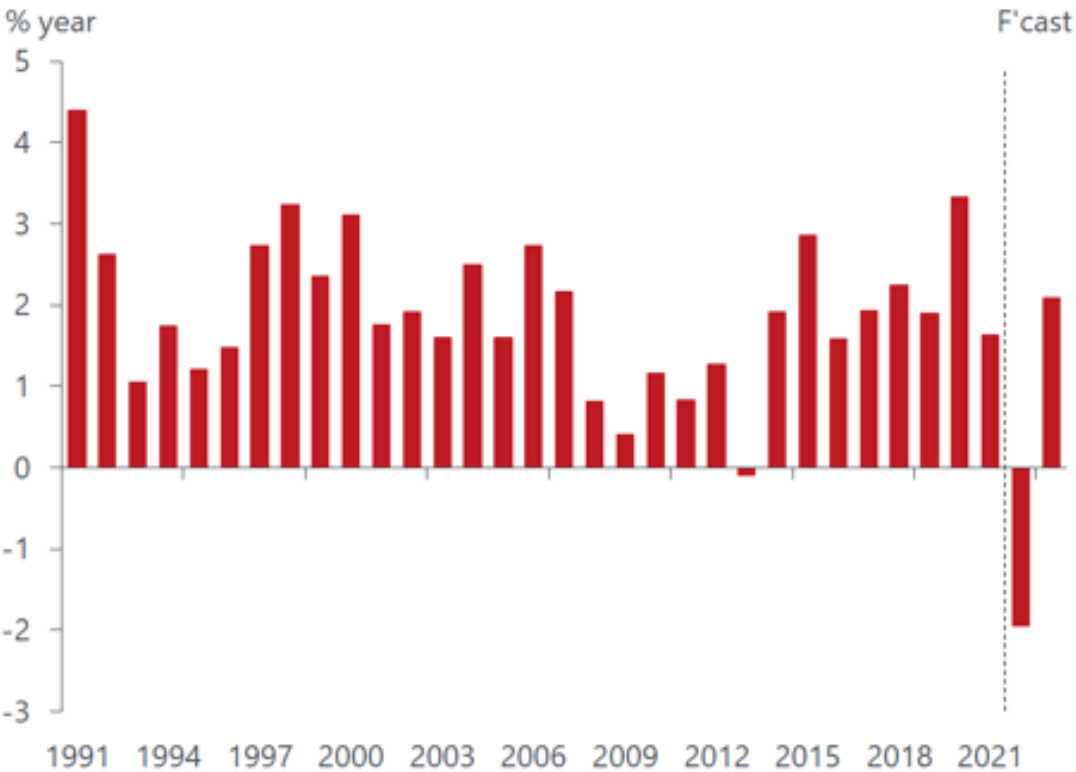
## Average air fares and oil prices



Source: Oxford Economics

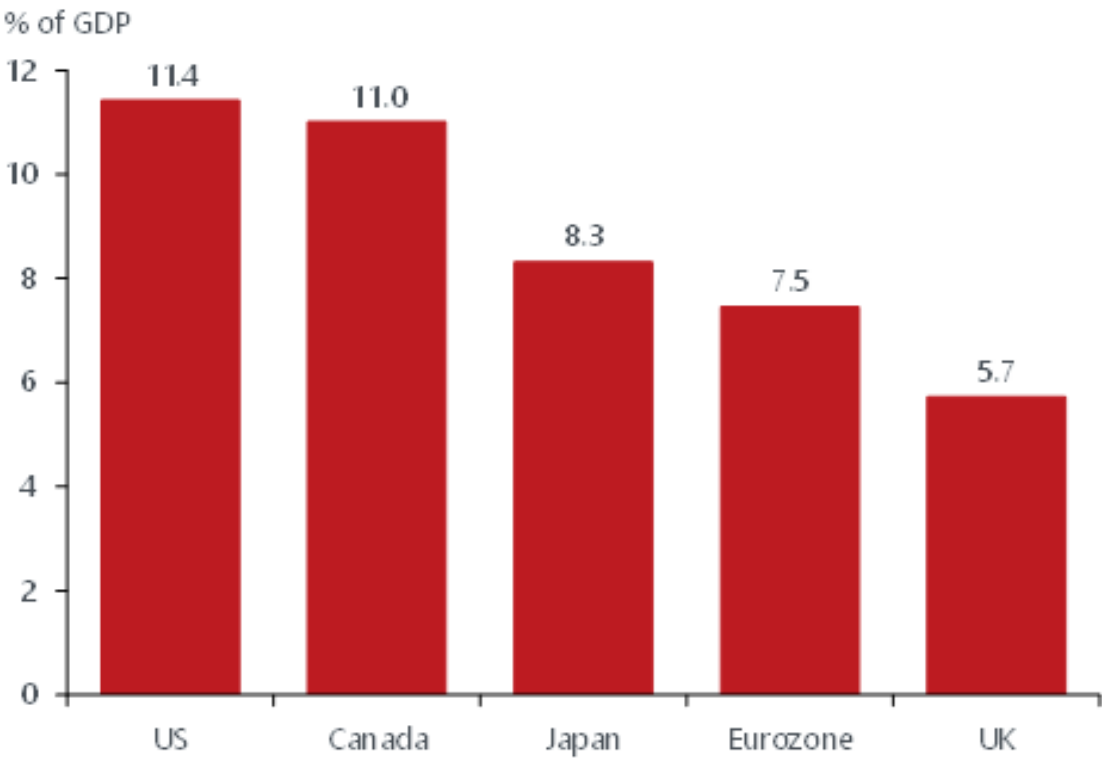
# Squeeze from inflation on households largely offset by excess savings

AEs: Real household disposable incomes



Source : Oxford Economics/Haver Analytics

Excess household savings



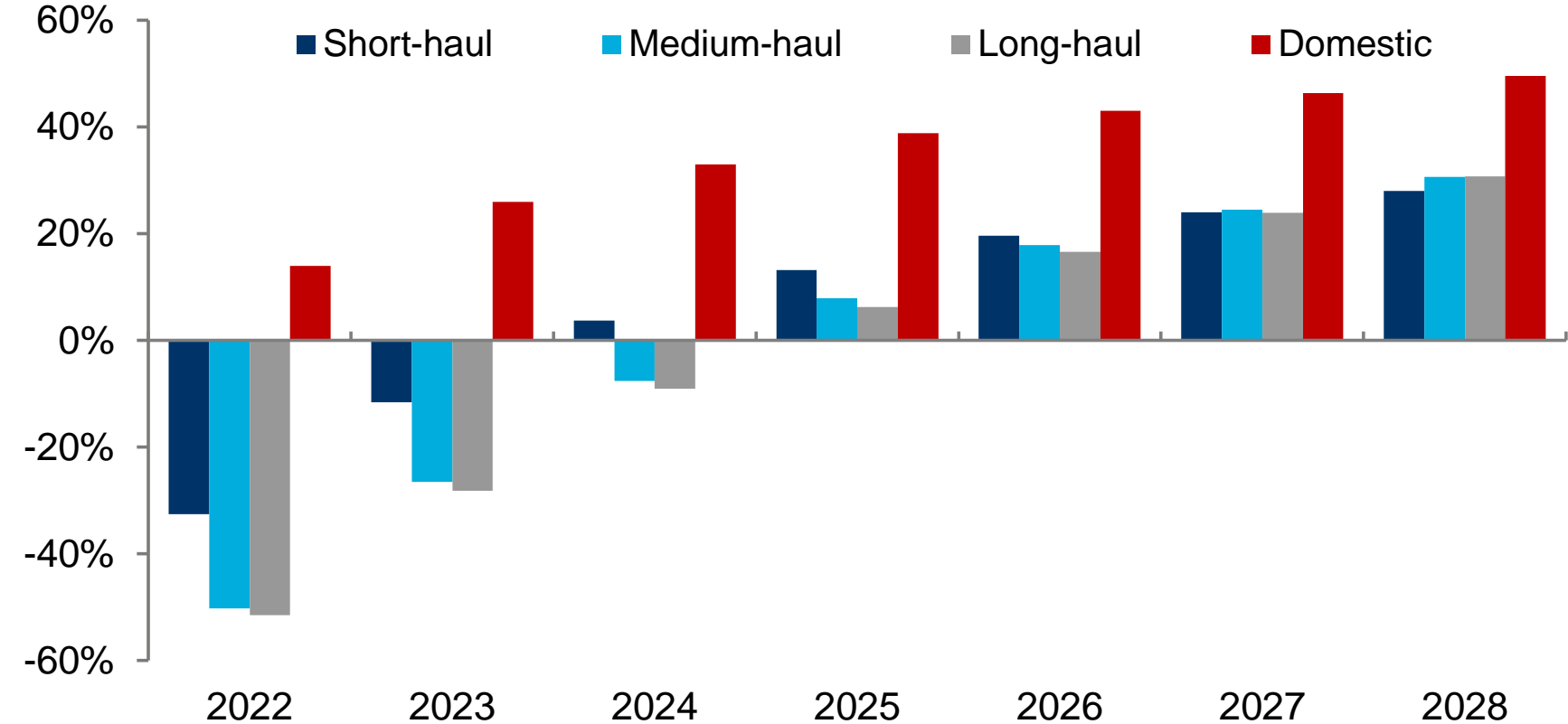
Source : Oxford Economics/Haver Analytics



# Short-haul international travel to follow domestic first in recovery

## Global Nights in All Paid Accommodation: Baseline Projections

Percent relative to 2019 levels

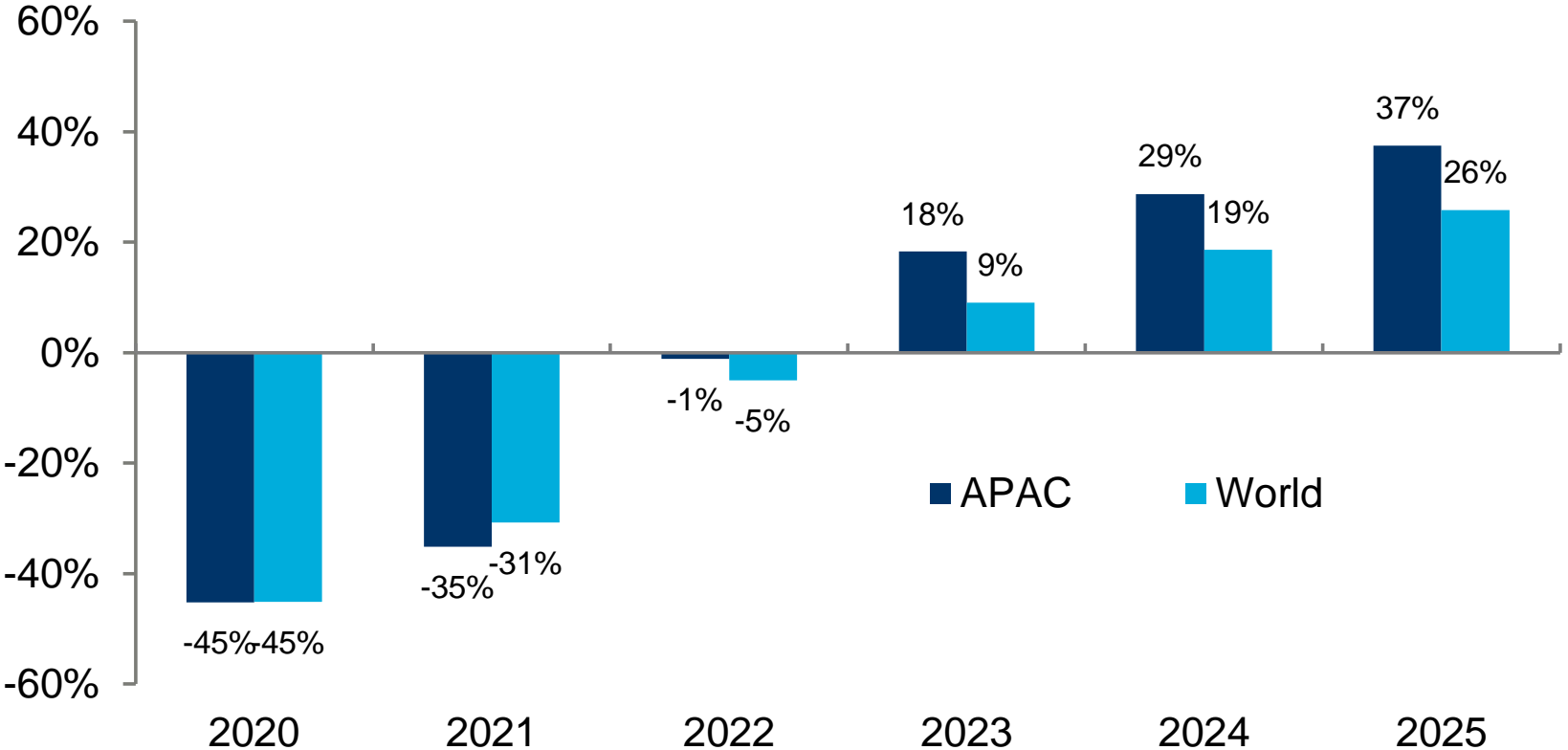


Source: Tourism Economics

# Aggregate travel in APAC to recover relatively quickly

## Aggregate Travel (Inbound & Domestic Visitors Combined)

Per cent, relative to 2019 levels

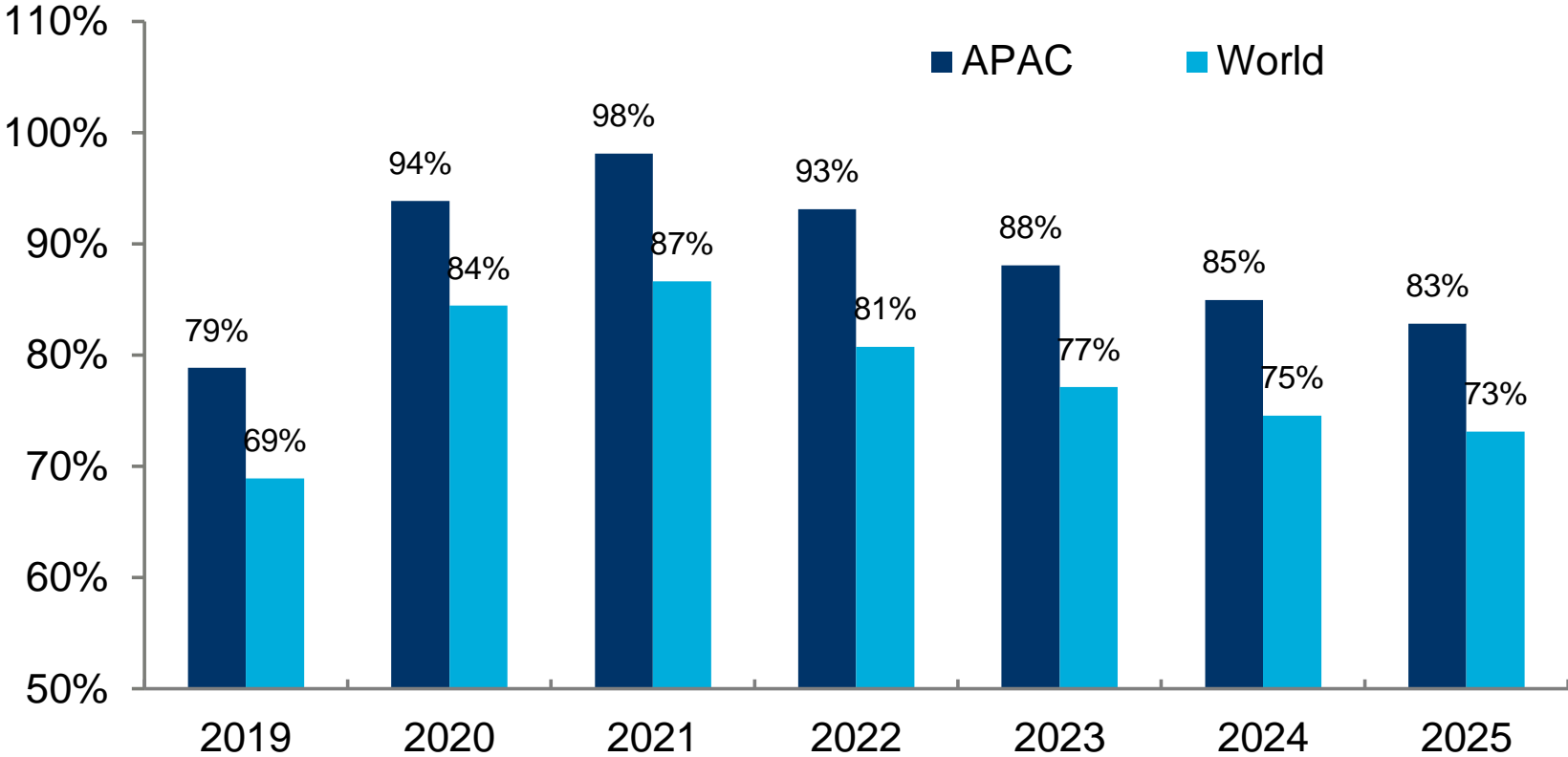


**Aggregate travel – domestic and inbound combined – the key to the health of Travel & Tourism sector**

Source: Tourism Economics

# Because domestic travel especially important for APAC as a region

## Domestic Share of Visitors - APAC vs the World

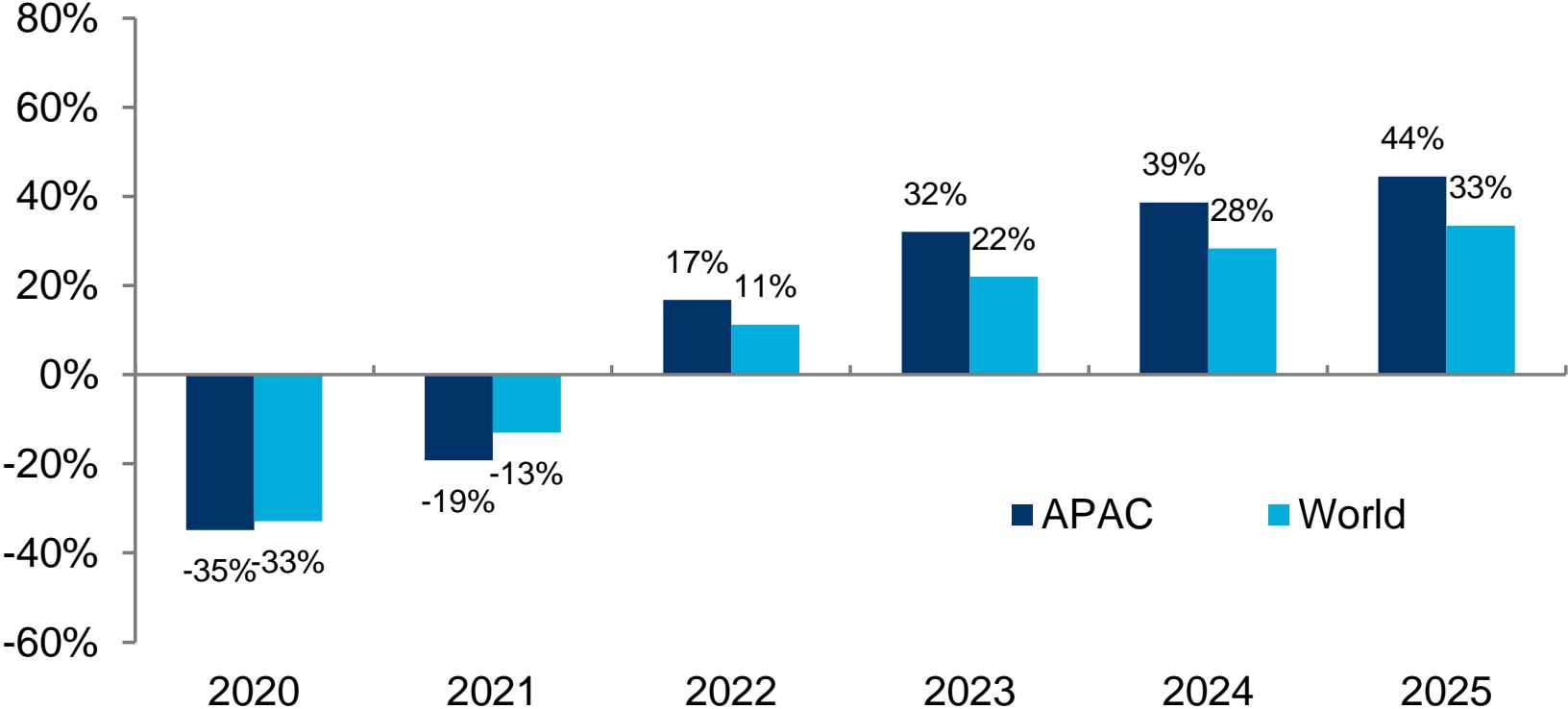


Source: Tourism Economics

# And recovers more quickly than globally from this year onwards

## Domestic Travel - Overnight Hotel Guests

Per cent, relative to 2019 levels

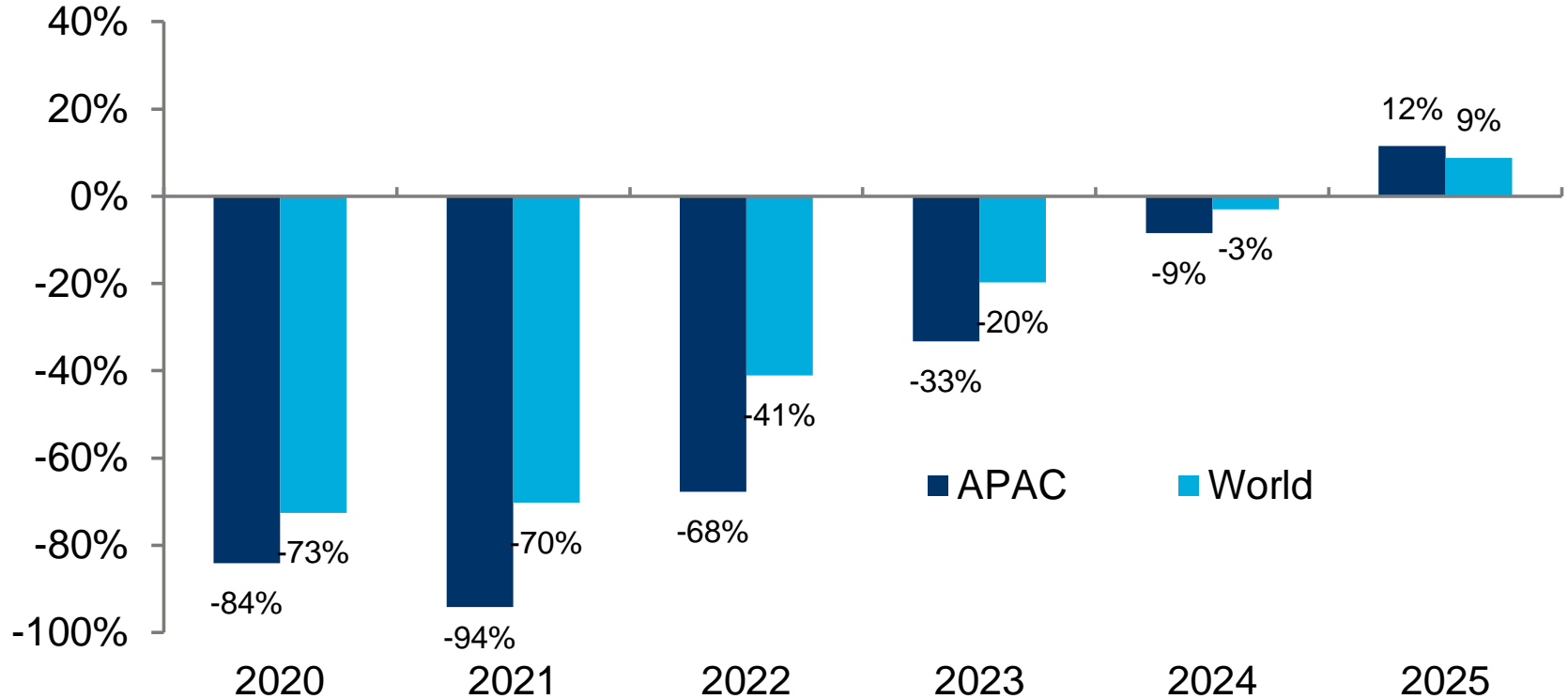


Source: Tourism Economics

# But inbound travel to APAC to recover more slowly than globally

## Inbound Travel - Overnight Arrivals

Per cent, relative to 2019 levels

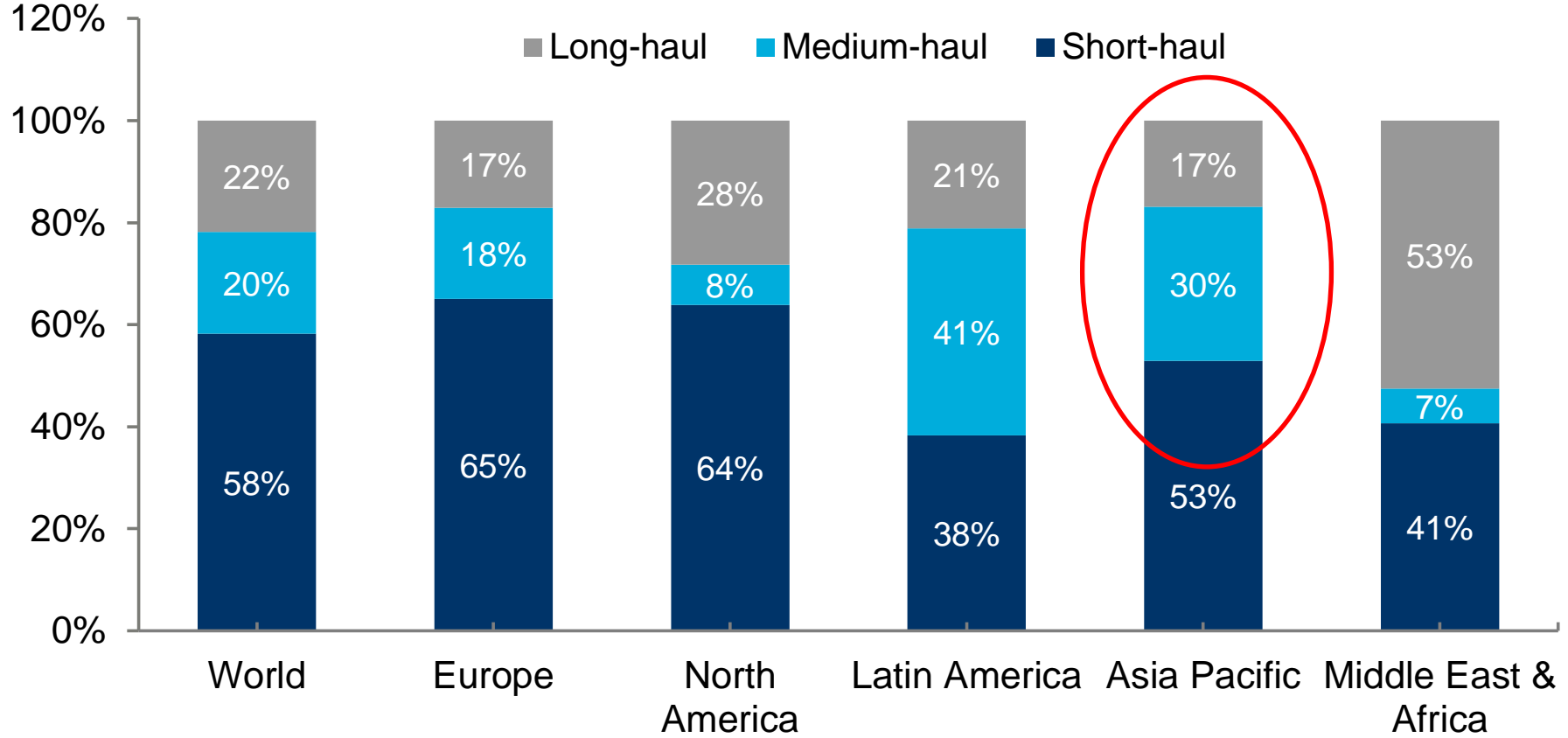


Source: Tourism Economics

# Partly due to lower share of short-haul travel

## Inbound Visitors by Haul for different regions in 2019

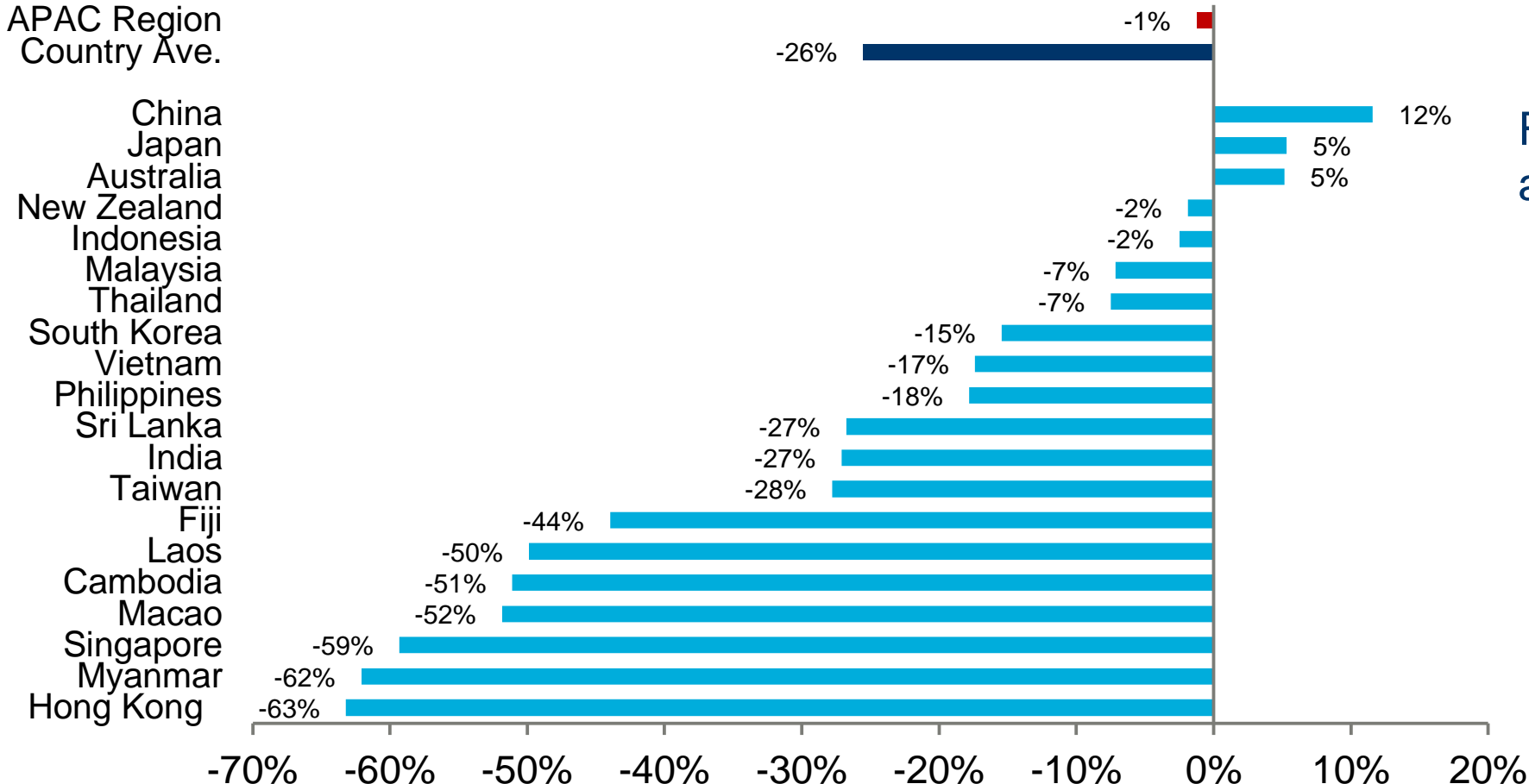
Overnight visitors



Source: Tourism Economics

# Large variation across APAC countries in 2022 ...

## Aggregate Travel in 2022 - Visitors Relative to 2019 Levels

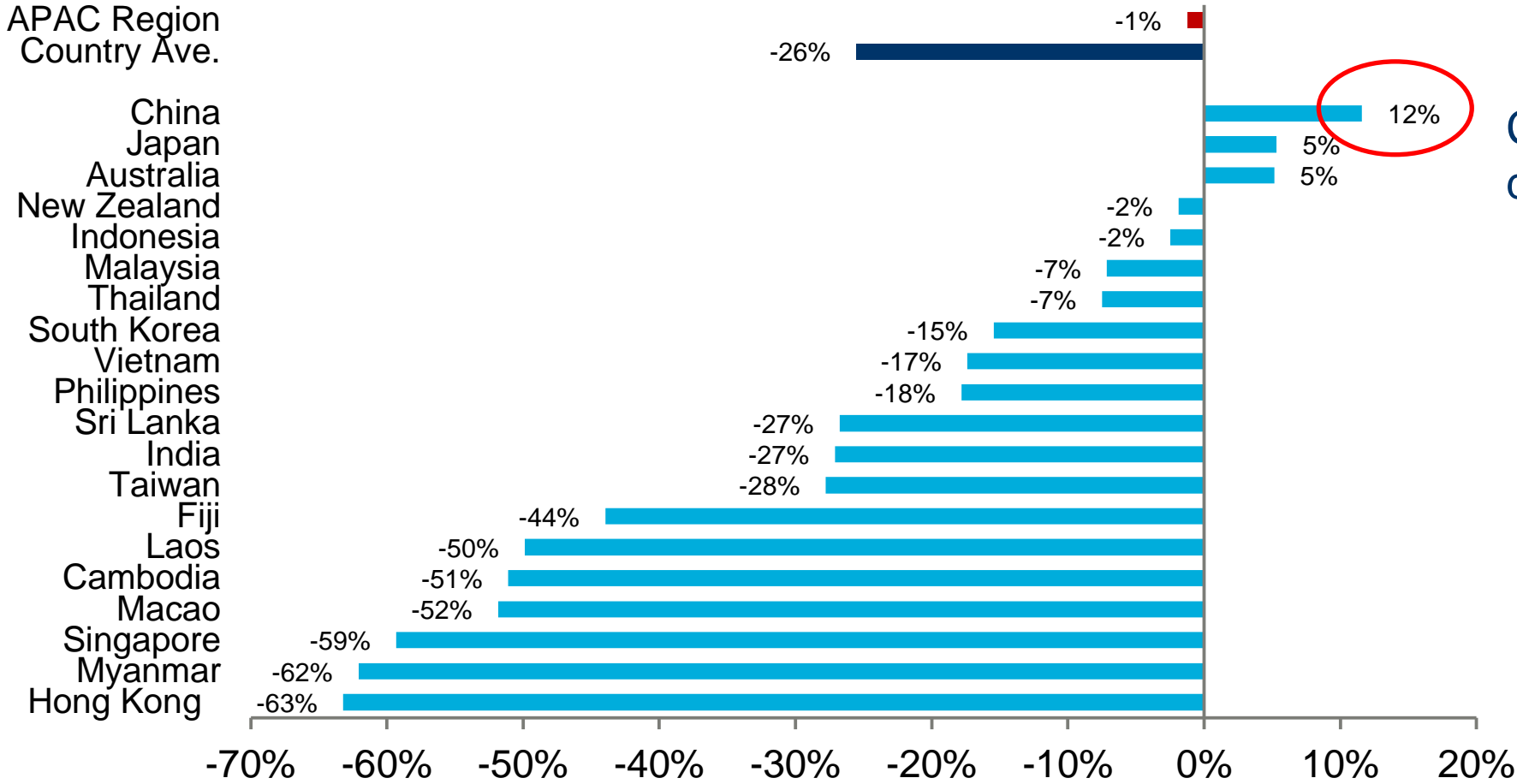


Range of 75 ppt across countries

Source: Tourism Economics

# Large variation across APAC countries in 2022 ...

## Aggregate Travel in 2022 - Visitors Relative to 2019 Levels



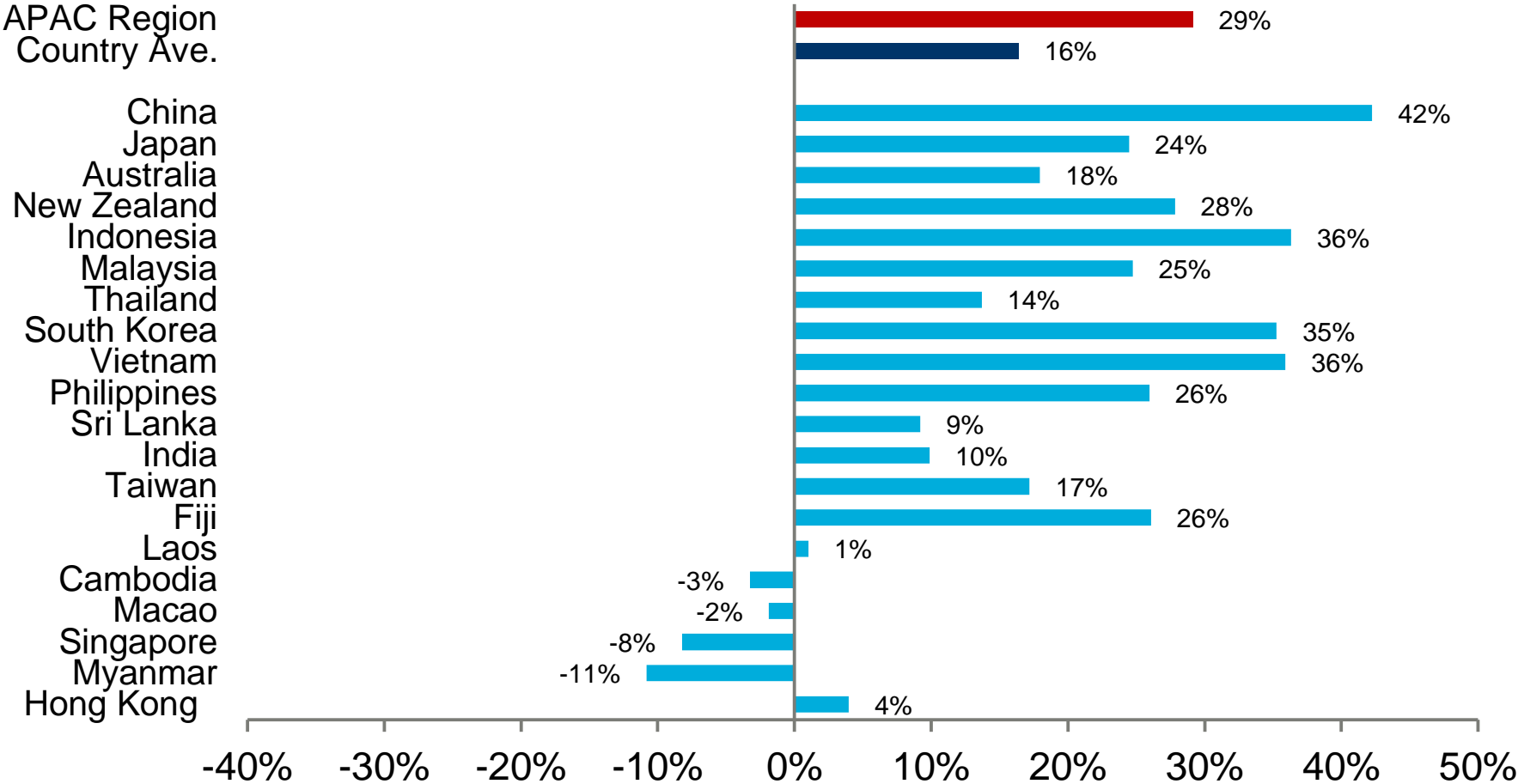
China will be downgraded

Source: Tourism Economics



# Less variation in later years – almost all recover 2019 volumes by 2024

## Aggregate Travel in 2024 - Visitors Relative to 2019 Levels

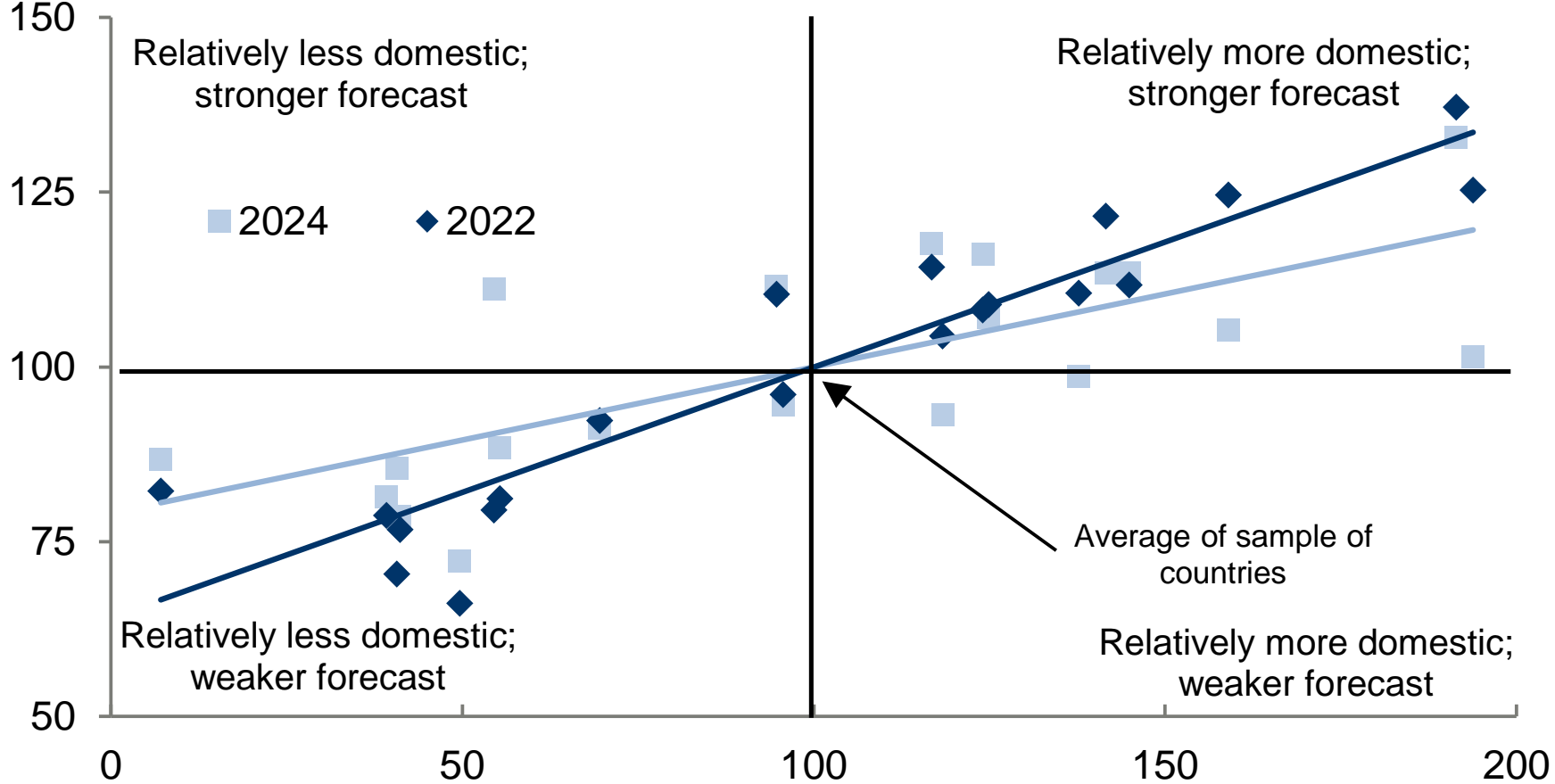


Source: Tourism Economics

# Aggregate near-term recovery driven by domestic travel ...

## Domestic Share of Travel vs Forecasts for all Travel

Forecast, relative to sample average

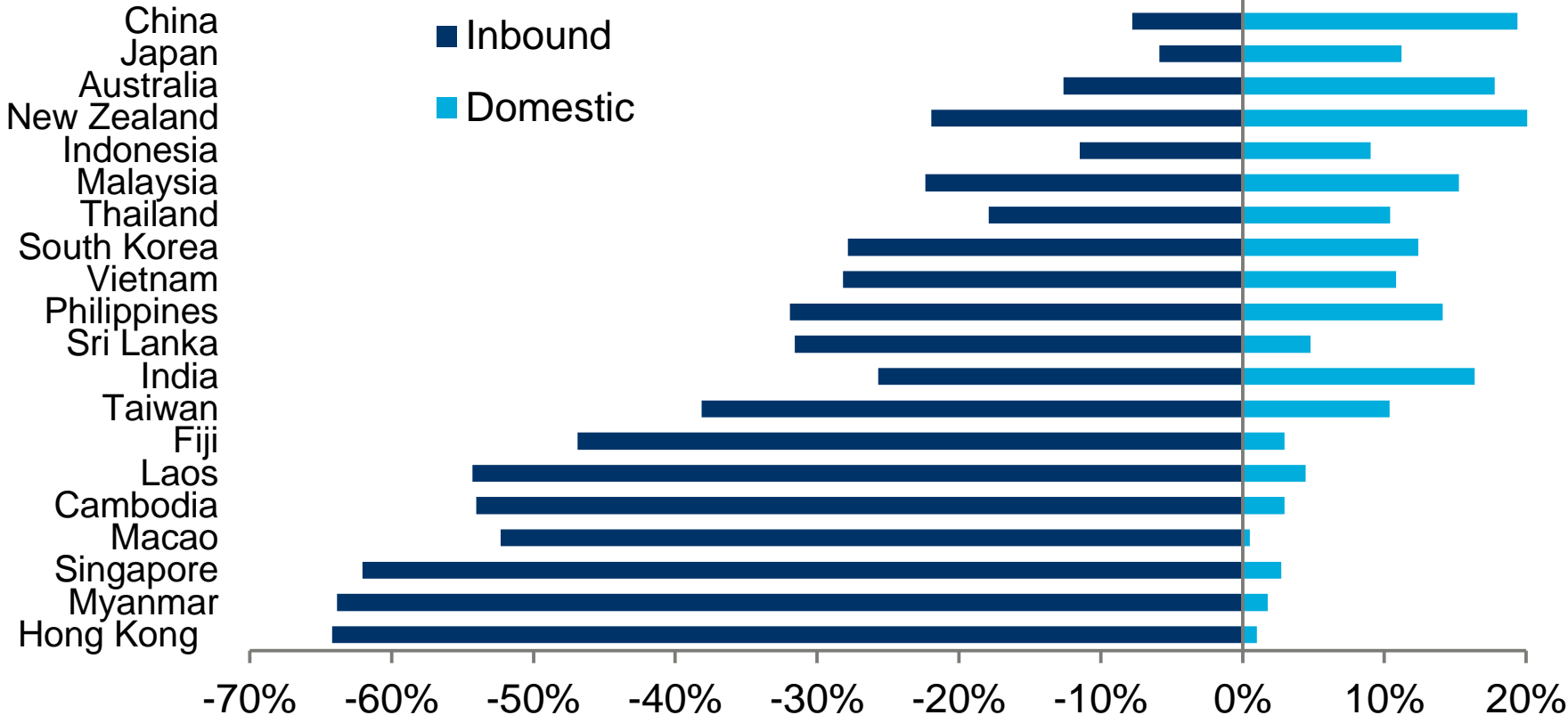


Source: Tourism Economics

Domestic Share of all Travel

# Domestic recovery more than offset by inbound weakness in 2022

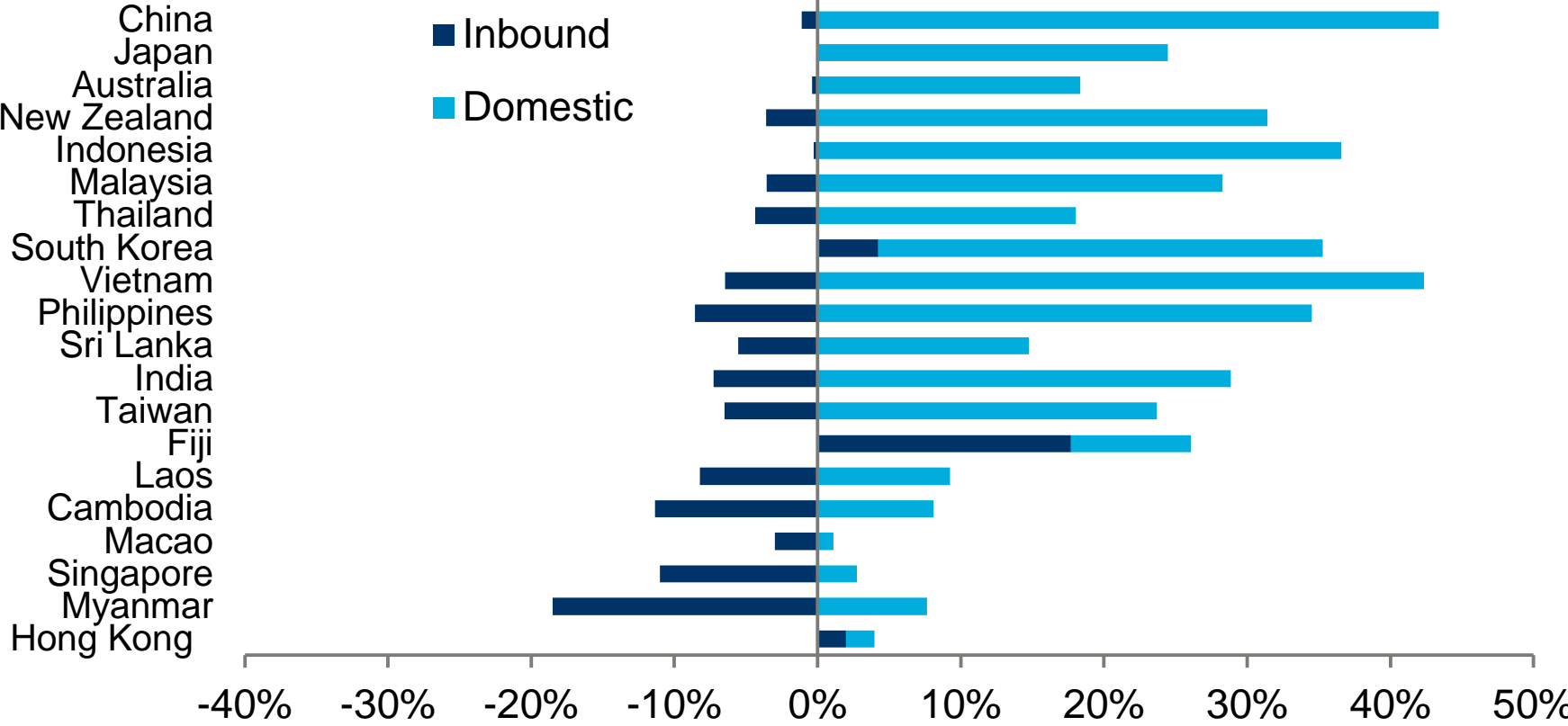
Travel in 2022 - Visitors Relative to 2019 Levels - Inb vs Dom Contribution



Source: Tourism Economics

# With inbound closer to recovering 2019 volumes by 2024

## Travel in 2024 - Visitors Relative to 2019 Levels - Inb vs Dom Contribution

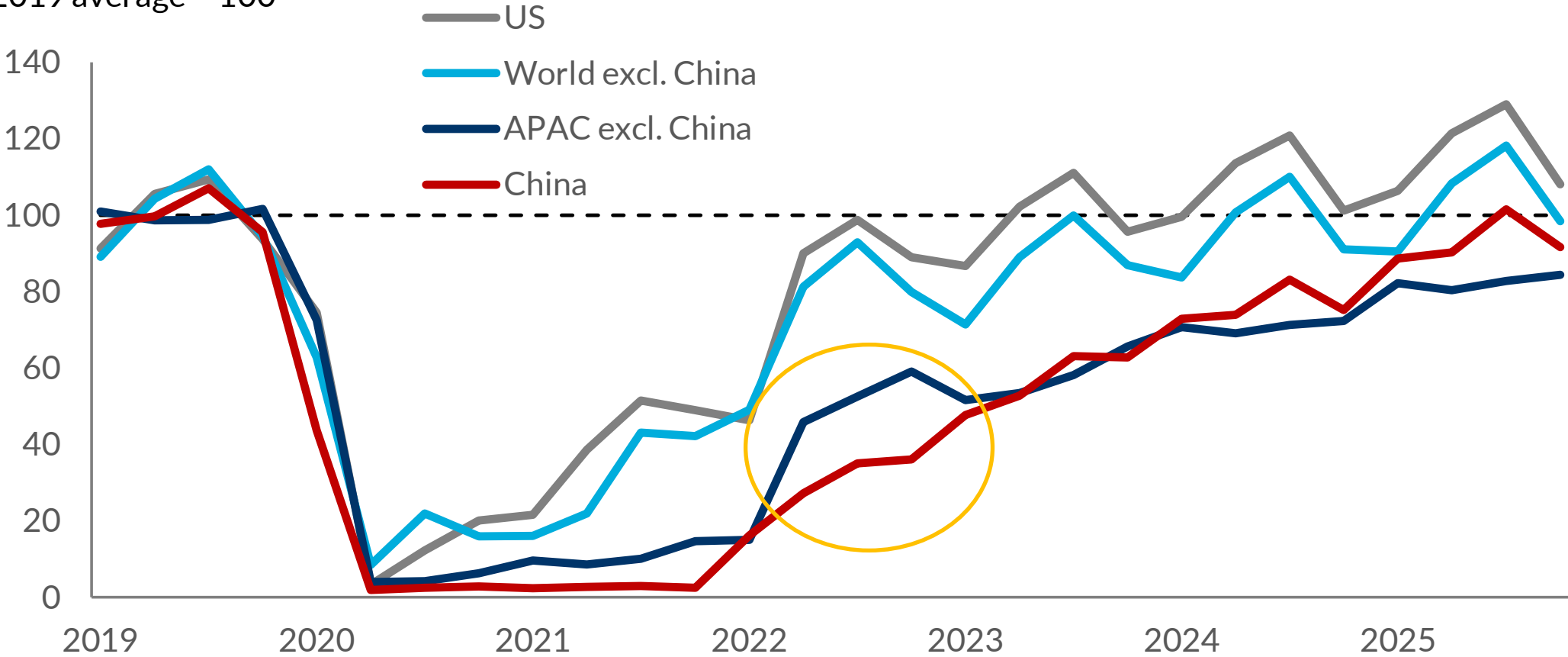


Source: Tourism Economics

# Delay in China reopening poses significant risks for APAC destinations

## International Air Passenger Recovery: Baseline Forecasts

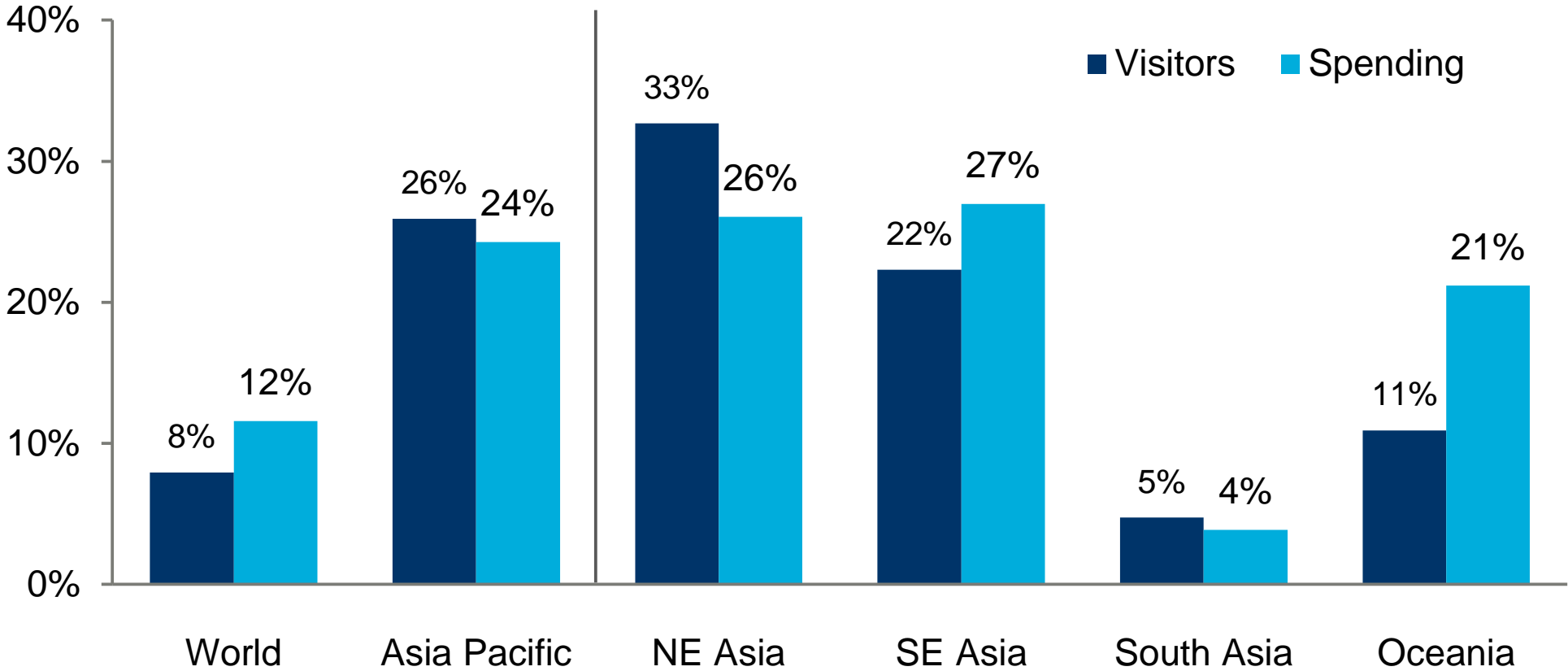
2019 average = 100



Source: IATA, Tourism Economics

# NE and SE Asia inbound most reliant on China

Chinese Visitor Share of Total Inbound, 2019

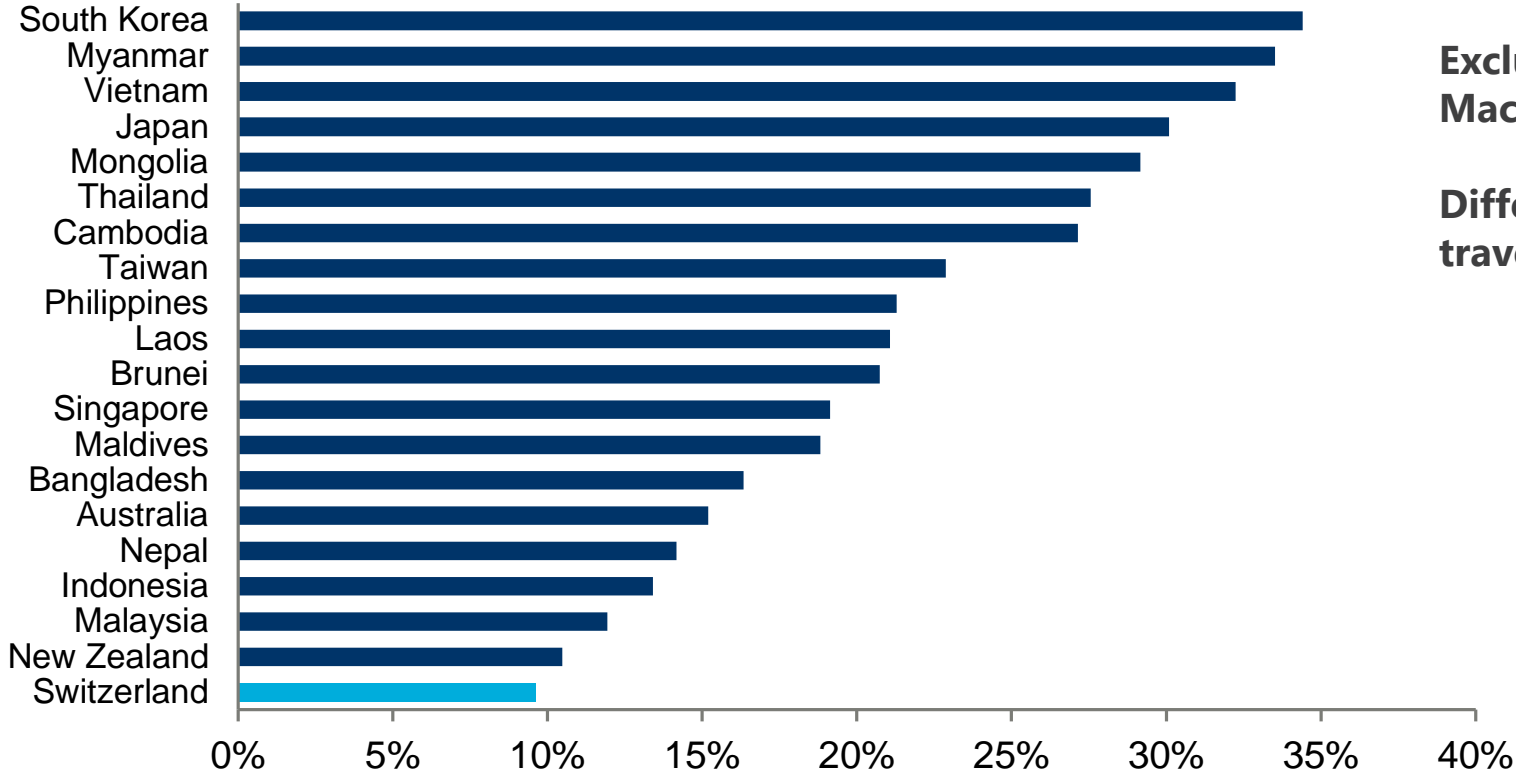


Source: Tourism Economics

# APAC countries the most reliant on China for inbound visits

## Destinations most reliant on Chinese visitors, 2019\*

Chinese visitor share of total inbound



Excluding Hong Kong and Macao (both around 70%)

Different restrictions on travel corridors with China

\*Excl. Macao and Hong Kong  
Source: Tourism Economics

# Key Themes - Summary

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- Tentative recovery is underway, with robust pent-up demand
- Upside: Consumer-led recovery expected, with excess savings and desire to return to travel
- Downside: risks of inflation eroding incomes and deterring travel (incl. due to rising air fares)
- Recovery determined partly by source market composition: domestic to recover first, then short-haul international (followed by medium- and long-haul).
- APAC inbound travel weaker near-term prospects, but stronger outlook in later years
- Reopening of China another key area of uncertainty