

SPAIN: TOURISM DEMAND SLOWS DOWN



The recovery of Turkey and Egypt, and the weakness of the British outbound market will continue to slow down the international tourism demand in Spain in the following months. The competing destinations of the Eastern Mediterranean are returning to the tourism scene and are now back in the market with aggressive discount campaigns and improved flight routes and connections.

“In January and February, Turkey and Egypt increased by 37%, which represents an increase of 1.2 million tourists only in these months, and it’s already having an effect on early reservations in some areas of the Canary Islands and Balearic Islands for the following months,” explained José Luis Zoreda, Chief Executive Officer of the tourist ‘lobby’ Exceltur.

The organization warns that if this trend “takes off”, it will have an impact on Spanish ‘Sun and Beach’ tourism destinations in the upcoming months, especially during the summer.

However, Exceltur (Alliance for Excellency in Tourism) detects a “valuable” rebound in international tourism expenditure, at the time of a remarkable dynamism in the national market.

Normalized Growth

Spanish tourism demand closed the first quarter with an increase of 3.4%, which confirms a trend to normalize growth. These rates, however, are below the 5% growth registered in previous years, according to the Tourism Outlook Report drawn by Exceltur at the beginning of the year.

The figures for the start of 2018 confirm a slowdown that was expected in the growth of international tourism demand in Spain, which is especially visible in terms of tourist overnight stays.

As a result, Exceltur maintains its estimate of growth in tourism activity by 3.3% throughout 2018, compared to the 4.4% registered for 2017.

Exceltur, who described the 5% increase in the budget allocation for tourism policies as “insufficient”, claimed that the sector in charge of repositioning the national offer would be affected.

Positive Holy Week

In its analysis of the tourism sector for Holy Week, Exceltur has assured that the balance is positive (73% of companies showed an improvement, and a 65.3% increase in its sales) thanks to the advantage of the Spanish tourism demand and despite the unfavorable weather conditions. This maintained the capacity to generate employment until March, with an increase of 4.3%, which represents additional

65,525 workers.

Exceltur says that the international demand slowdown, the weather, and the celebration of Holy Week in March have staged the largest disparity and the worst business balance in holiday destinations and in northern Spain.

According to the tourist 'lobby', in the early months of the year there has been an intense fall of the average stay by 3.7% which explains that, despite the increase in tourists arrivals (3.9%), the number of overnight stays has been maintained in the first two months of 2018 (0.0%).

“For the last seven years, the average stay has been reduced by 2.3 days (20%) from the 10.2 that were registered in the beginning of 2008, to the 7.9 total for the first two months of the year,” said the Chief Executive Officer of the tourist 'lobby', José Luis Zoreda.

The strong growth in international tourism demand towards destinations in the interior and coastal cities is particularly noteworthy, which is driven by the increase in route connections, mainly by air. Palma de Mallorca (23.5%), Valencia (20.1%), Seville (13.7%), Murcia (23.5%), A Coruña (22%), San Sebastián (5.2%) and Madrid (3.9%) are the main cities that benefit from it.

Expenditure Grows

Exceltur also detects a strong growth in markets with higher expenditure for destinations. In this sense, the beginning of 2018 has seen a strong increase in long distance tourism markets (United States 15.2% in overnight stays, or China, with a 24.7% in number of tourists).

Additionally, the recovery of the Russian market has been stronger than ever (7% in tourists and 14.2% in hotel overnight stays). Faced with this, there has been a fall in traditional European markets such as Italy, the United Kingdom and Germany.

"Despite the slowdown in the influx of international tourists, the positive increase in their destination expenditure continues, which, if consolidated in the coming months, would reveal a more sustainable and more socially acceptable growth strategy for the Spanish tourism sector as a whole: growth by revenue and not so much by influx," said Zoreda, who insisted that what's really important for the Spain's tourism market is to grow through revenue, instead of the number of tourists.

Uncertainty in Barcelona

Spanish tourism demand started the year strong, showing an accelerated growth in most tourist indicators, offsetting the slowdown in international demand. Madrid and the urban destinations of the Levantine coast (Valencian Community and Murcia), Andalusians, Extremadurans, and Galicians lead the business balance thanks to the advantage of the urban tourism demand.

The forecasts for the next quarter are that the tourism demand in Spanish destinations will continue to grow and should be recovering prominence in some places in the central quarters of the year. The destinations of the interior and north of the country, where Spanish tourism expenditure is more noticeable, will benefit from this positive tendency.

Madrid, the Mediterranean coast, the Levantine and Andalusian cities, joined by the Basque Country and Navarre, lead the positive tourism prospects for the spring of 2018. Exceltur especially highlights the slowdown forecasted in Barcelona, which hasn't been noticeable in the first two months of the year thanks to the celebration of fairs and business events, but the data during Holy Week was not as favorable as the figures registered in the past years, and most companies aren't looking forward to the next three months.

In the Canary Islands and the Balearic Islands, a sustainable growth is expected since, despite the eventual fall in international demand, this will be offset by a rebound in Spanish demand, which will allow sustainable growth rates.

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