

SPANISH TOURISM SECTOR: CLEAR SIGNS OF EXHAUSTION



Decrease in arrivals and overnight stays, while expenditure continues to rise - the Spanish tourism sector reports considerable changes.

The steep decline in foreign tourist arrivals and the atmosphere of uncertainty surrounding the upcoming months may cause Spain's fiscal year of 2018 to close with a "very moderate growth, or zero to negative growth" in the number of visitors, a relatively moderate growth in expenditure, and **a drop or stagnation in overnight stays according to the latest report prepared by Turespaña.**

The behavior of the three main tourist source markets of Spain - namely United Kingdom, Germany and France - coupled with the 'evolution' of arrivals coming from Italy, the Netherlands and the United States during the recent months may be the decisive factor in this regard, a trend that will be more or less evident during the last quarter of the year.

The quarterly prospective report on Spain's international tourism prepared by Turespaña suggests that the "least promising" forecasts are those of countries with the largest volume of foreign tourists: the United Kingdom, Germany and France, which account for more than 50% of the visitors the country receives.

For several quarters, signs of a cycle change have been visible in the United Kingdom and France visitors, and the drop in expenditure and overnight stays among German visitors is another factor added to this trend, despite the fact that the number of arrivals stays strong.

The key for this evolution of the Spanish tourism sector will be for the main issuing markets to adapt their tourist demand to less seasonal periods and to explore other tourism segments such as cultural, gastronomic or shopping tourism.

Additionally, considering the possible option of having the main emitting markets to be less dependent on seasonal factors, there are still slight signs of a "very weak" model, which may encourage alternative types of tourism that are more favorable outside seasonality. As an example, the report highlights the positive rates for the upcoming months of September and October estimated in the French market.

On the other hand, markets such as Italy, the Netherlands or the US, who have been showing "very positive" rates, especially in terms of expenditure, together with Belgium, Sweden, Portugal, Switzerland and Ireland may be an important contribution to strengthen the number of arrivals.

For the third quarter of the year, international forecasts of tourist flow are generally positive for most markets, but the signs of a slowdown during the first two quarters are starting to have an impact in some countries suggesting "a more than likely change in trend", at least when it comes to foreign arrivals and overnight stays.

Specifically, between the July-October period, Spain expects an increase of 2.4% in the number of visitors, with a generalized growth except for those from the United Kingdom (-4.2%) and Switzerland (-4.9%), as well as a 1.1% increase in hotel overnight stays.

Overnight stays have been showing negative rates for several periods, reflecting a trend towards “a better average stay” in travel, and a lower number of general overnight stays. Despite of this, the forecasts point to slightly positive figures for the upcoming four-month period, although it is estimated that overnight stays from German visitors will drop by 5.1%, and to a lesser extent from Swiss visitors (-1.5%).

The overall rate of tourist arrivals is slowing down, and this downward trend has been noticeable since August 2017. If this evolution continues, says Turespaña, **the country should be expecting stagnation in the industry**. However, the present fiscal year can still close with positive figures, taking into account that the Spanish tourism sector has been setting new tourist records for two consecutive years.

Catalonia, for instance, will close the summer with a decline in occupancy above 5% compared to 2017, a year in which record figures were reached with more than 24 million overnight stays. The city of Barcelona, the main tourist attraction in Catalonia, exemplifies this change in trend by registering a decline in hotel occupancy of five points, as it is expected to be about 80% compared to 85% last year.

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