

# COLOMBIAN TOURISM EXPECTS A CONTINUING RECOVERY IN 2023



According to the National Statistics Department of Colombia (DANE), the hotel and restaurant sector closed in 2022, with a growth of 18.5%. In the first quarter of 2023, the year-to-year growth was 14%.

According to the Colombian Hotel and Tourism Association (Cotelco), the hotel industry had a 59.92% occupancy rate in the first quarter of 2023. It represents a 2.9 percentage point increase over the same period in 2022, and its 4.26 percent higher than in 2019. Despite Viva Air's departure and inflation leading to higher household spending on necessities, Colombian tourism remains stable. However, in April, the occupancy rate dropped to 55.6%, a -4.2 percent decrease compared to 2022.

According to experts, activity is predicted to increase by 1.6% in 2023. This forecast is based on lower expected GDP growth and possible factors such as increased household spending on debt service or rentals. Despite this inflation, there haven't been any significant corrections, but unemployment rates show signs of rising due to a slower economy. Nevertheless, there is hope for improvement in the tourism sector with the expected recovery in foreign arrivals and a stronger US dollar.

As for international tourism, the company points out that it will remain on a recovery path in 2023, reaching an occupancy rate of 66% as of April, according to the UNWTO (World Tourism Organization). This is a figure higher than the average 2019, when it was close to 60%.

In addition to the above, according to the Ban Colombia report, world tourism is expected to grow by nearly 1.6 billion tourists, reaching the 2019 level (1.8 billion). Tourism spending will reach about US\$4.46 billion in 2023.

## **Inflation in tourism**

Although tourism activities in Colombia have started to recover, the sector has faced significant challenges, including inflation. The hotel services price index (CPI) for May increased by 16.85% annually, with first-quarter CPI growth of 7.12%. Rising costs of essential items like energy, food, and salaries have contributed to hotel costs pressure.

Based on the stability observed between April and May, experts believe that the indicator for double-digit growth may have reached its peak. However, they also predict that prices will continue to rise this year due to inflation, particularly in food and energy. As this segment is not a staple, it may be more resistant to price declines.

Date: 2023-06-22

Article link:

<https://www.tourism-review.com/colombian-hotel-sector-demonstrates-growth-news13328>