

Spanish tourism rebounded last year but still lagged pre-Covid levels

Spanish tourism experienced a solid recovery last year although the number of visitors was still only 86% of pre-Covid levels. A further recovery will support Spanish growth in 2023

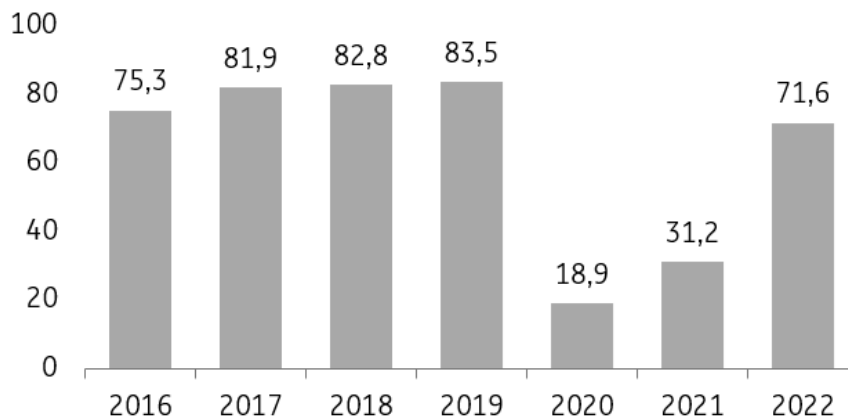


Tourists in Benidorm, Spain

71.6 million foreign tourists visited Spain in 2022, or 86% of pre-Covid levels

Now that the Spanish statistics office, INE, has announced the remaining figures for December, we have a full picture of last year. In 2022, 71.6 million foreign tourists visited Spain, up 130% compared to 2021, but still 14% less than in the pre-Covid year 2019. Spanish international tourism experienced a strong recovery in the first half of the year but slowed from the summer. While the number of foreign visitors was already at 92% of its pre-Covid level in July, the gap remained intact in the second half of the year. High inflation and energy prices have put considerable pressure on the purchasing power of households in Europe, causing them to save on their travel budgets. In addition, the strict Covid restrictions in China and the loss of Russian tourists, who still accounted for 1.3 million visitors or 1.6% of the total in 2019, have also slowed down international tourism in Spain.

The number of foreign visitors to Spain still considerably lags pre-Covid levels (in millions)

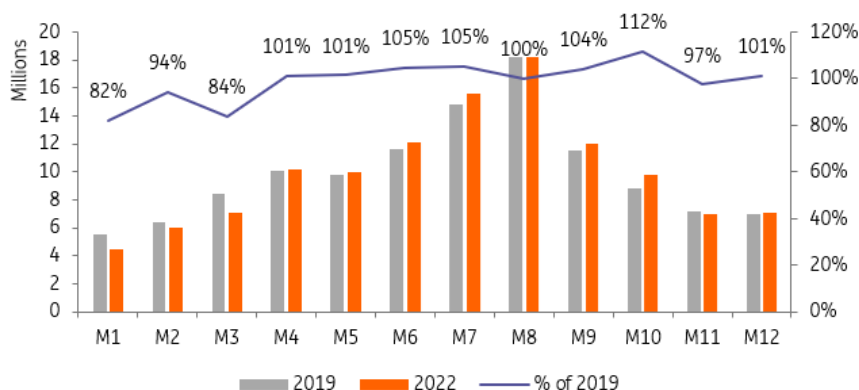


Source: INE

Domestic tourism already fully recovered from pandemic

Domestic tourism recovered from the pandemic much faster than international tourism. In April, the number of overnight stays by residents had risen above pre-Covid levels. For all of 2022, the number of overnight stays by Spaniards was at the same level as in 2019. The effect of the cost-of-living crisis on domestic tourism was probably mixed. On the one hand, domestic tourism probably received a boost because many Spaniards opted for a domestic holiday this year instead of a trip abroad to save money. On the other hand, many families have likely cut back on their travel budgets, which has likely slowed domestic tourism in 2022. Also, the uncertainty associated with the pandemic at the beginning of last year probably caused more families to decide to stay closer to home.

The number of overnight stays by Spanish residents



Source: INE

A further recovery in international tourism will contribute positively to Spanish growth this year

Tourism is an important economic sector in Spain, contributing 14% to total GDP in 2019, according to the World Travel and Tourism Council. Sustained growth in the number of

international visitors would be one of the key elements supporting Spanish GDP this year. We expect the number of international visitors to grow by approximately 10% in 2023. There is still great recovery potential, especially in the first half of the year, as the sector was just starting to emerge from the doldrums during the same period last year. In addition, there are also some early signs that the Chinese are keen to travel again. Once the health situation in the country normalises and the remaining travel restrictions are lifted, a growing number of Chinese visitors will boost Spanish tourism. We expect the Spanish economy to grow 1.2% this year, an upward revision thanks to a better-than-expected fourth quarter of 2022.