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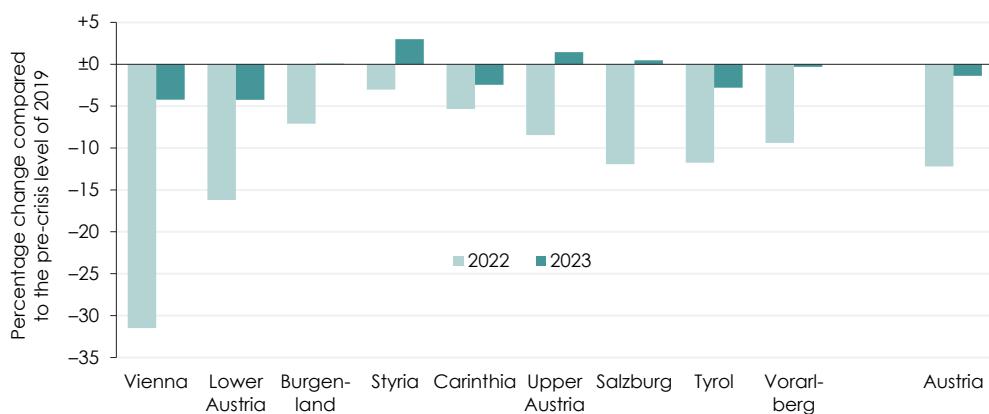
Anna Burton, Sabine Ehn-Fragner

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- In global tourism, the slump in international arrivals caused by the pandemic halved in 2022 to –34 percent compared to 2019. The upward trend continued in 2023 (January to July –16 percent compared to 2019), particularly in the Middle East (+20 percent), but also in Africa, Europe and America (–8 to –13 percent).
- At just under 18 percent (2019–2022) in Austria, the shortfall in guest arrivals from abroad was only around half the global average and also lower than in Europe as a whole (–20 percent). From January to July 2023, Austria was only 4.3 percent short of its 2019 level.
- Regionally, the largest demand gap prevailed in Vienna (overnight stays in 2019–2022 –25.0 percent), while Styria and Carinthia (–2.1 and –3.8 percent respectively) recovered most successfully.
- In relative terms, domestic tourism has outperformed international (overnight) demand in all federal provinces since 2019. The 2022 summer season was significantly more favourable than the winter season in all parts of the country.
- According to WIFO estimates, the number of overnight stays in 2023 is likely to be only 1.5 percent below the 2019 peak. Revenue in value terms (including day tourism) could even be a good 11 percent above the pre-crisis level due to the strong price increase. In real terms, however, revenue is expected to fall short by around 14 percent.

Development of overnight stays from January to August



The number of overnight stays from January to August 2023 was only 1.4 percent below the pre-crisis level. In the same period in 2022, the shortfall compared to 2019 was still 12.2 percent (2021 –56.3 percent). Vienna, Lower Austria, Tyrol and Carinthia still had an above-average need to catch up in the course of 2023 so far (source: Statistics Austria; WDS – WIFO Data System, Macrobond).

"In federal provinces with pronounced summer tourism and a high proportion of domestic guests, the tourism industry recovered more quickly in 2022 than in Vienna, a year-round destination geared towards long-distance markets, neighbouring Lower Austria and the western parts of the country."

Tourism Regains Strength Despite Persistent Inflation

Anna Burton, Sabine Ehn-Fragner

December 2023

Tourism Regains Strength Despite Persistent Inflation

With the expiry of the COVID-19 related measures from February 2022, tourism demand in Austria picked up steadily. In 2022, the demand from international guests remained weaker than that of domestic travellers (overnight stays –13.1 to –2.7 percent, overall –10.3 percent; all compared to 2019). While the gap to the pre-crisis season almost closed in summer (–1.4 percent), there were still considerable shortfalls in the winter months of 2022 (January to April 2019–2022 –23.0 percent, November, and December 2018–2022 –5.8 percent). In winter 2022–23 (November 2022 to April 2023), the shortfall in overnight stays shrank to 4.9 percent. Although the overnight demand in summer 2023 could even exceed the peak of the 2019 season (overnight stays +1.5 percent; estimate) and 2023 could thus achieve the second-best annual result after 2019 (–1.5 percent), persistently high inflation and the weak economic performance in Austria and other European countries, especially Germany, are likely to dampen household spending noticeably.

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1. Strong recovery in global tourism in 2023

In 2022, the global gap to the pre-crisis level of international arrivals was still about one third. In 2023, the gap to 2019 is likely to narrow to between 5 and 20 percent, depending on the forecast scenario.

In 2022, more than twice as many international arrivals of overnight guests were counted compared to the previous year (+111.5 percent). Compared to 2019, however, this still represented a gap of 33.8 percent (after –68.7 percent in 2021; Figure 1)¹. Europe and America (including the Caribbean) benefitted from stronger intercontinental travel flows in 2022 – as in the two previous years during the pandemic (total –19.8 and –28.8 percent respectively, compared to 2019). Demand picked up particularly strongly in the Middle East, reducing the gap to the pre-crisis level of international arrivals from 57.7 percent (2021) to 4.9 percent (2022). While Africa was close to the global average (2019–2022 –32.5 percent), Asia and the Pacific region still accounted for almost three quarters of foreign arrivals compared to 2019. Europe achieved a market share of 61.4 percent of global international demand in 2022, significantly expanding its leading role compared to 2019 (50.7 percent). The market share been even

higher at 65.7 percent only in 2021 – a similarly high figure had only been achieved in 1980. The Americas and the Middle East also gained in global importance compared to 2019 (+1.1 and +2.2 percentage points to 16.1 and 7.2 percent respectively in 2022), while Asia's global market share shrank from around a quarter to just over a tenth. Africa's international weight remained relatively stable at 4.8 percent (2019: 4.7 percent).

The steady upward trend in international tourism in 2022 continued in the first seven months of 2023 (700 million arrivals, +42.9 percent compared to January to July 2022), reducing the gap compared to the same period in 2019 to 15.6 percent. The Middle East was the only region to record a strong increase in demand of around one fifth above 2019 levels. Africa, Europe and America still recorded around 8 percent to 13 percent less arrivals by foreign guess (January to July 2019–2023). Asia, on the other hand, was still far behind with a gap of

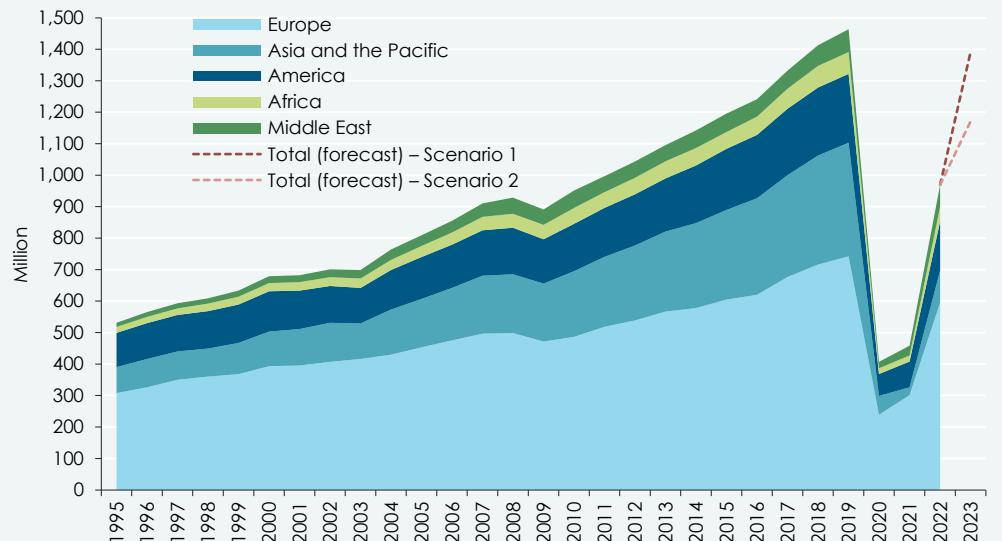
¹ This analysis of world tourism is limited to data on foreign demand; domestic demand, which is of very different importance in the individual destination

countries, is not taken into account, so that unfortunately a complete picture of the development of tourism cannot be derived from the data.

almost 40 percent, but showed by far the strongest growth compared to the previous year (+241.0 percent; Africa +56.7 percent, America +34.8 percent, Europe +20.3 per-

cent). In Austria, the gap in international arrivals was 4.3 percent compared to 2019 levels (January to July 2019–2023; Figure 2).

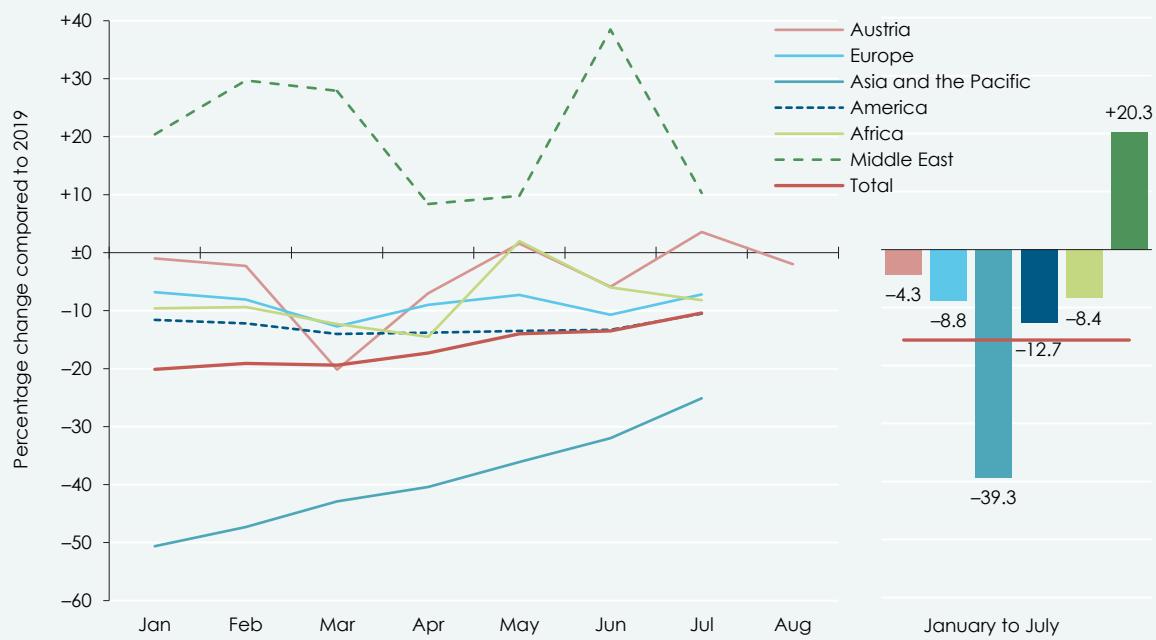
Figure 1: Development of international tourist arrivals by world region



Source: UNWTO. 2022: provisional, 2023: forecast based on two scenarios (as of September 2023).

Figure 2: Monthly development of international tourist arrivals in Austria and by world region

2023



Source: Statistics Austria, UNWTO. World regions: provisional data.

The difficult economic environment in Austria and key neighbouring countries – caused by high inflation rates, a significant increase in the cost of living and restricted travel budgets with rising interest rates –

together with fears of a global recession, are dampening the prospects of a full recovery of the tourism industry in the near future. Based on the current assessment of the World Tourism Organisation (UNWTO) from

September 2023, international arrivals worldwide are likely to be 5 to 20 percent lower in 2023 than in 2019, depending primarily on the resumption of tourism activities by Chinese guests. Increased travel intensity in China, the world's most important foreign market before the pandemic, would primarily benefit destinations in Asia, but would also stimulate demand on other continents. However, the availability and cost of air travel are likely to play a decisive role here. Robust demand for travel is also expected from the USA in 2023, which should benefit

Europe in particular due to the weakness of the euro against the dollar. Europe and the Middle East could reach or even exceed the pre-crisis level of international arrivals in 2023. According to the UNWTO, domestic tourism will also continue to support the industry's recovery as demand for closer destinations increases. Risk factors for tourism include the ongoing uncertainty surrounding the war in Ukraine and increasing geopolitical tensions, as well as the worsening shortage of labour.

2. Austria's position in European tourism

2.1 Foreign income in Austria and the EU is still around a tenth lower than before the COVID-19 crisis

Due to the pronounced seasonality, the first and third quarters (main winter and summer months) are the most important for domestic tourism. At 31.4 percent of foreign tourism receipts (excluding passenger transport) in 2022, the first quarter of the year was twice as important in Austria as in the EU 27. At the same time, the first quarter of 2022 still lacked about a quarter of the demand seen in 2019, while the average loss in the EU was one fifth. As the year progressed, the losses decreased significantly (April to December 2019–2022: Austria –6.5 percent,

EU 27 –7.5 percent), with Austria's revenue in the important summer quarter (third quarter: share 2022: 30.8 percent, EU 27: 36.7 percent) developing much more favourably than in the EU as a whole (–2.0 and –8.6 percent compared to July to September 2019). On average for 2022, the domestic tourism industry received 13.3 percent less in value from foreign visitors than before the COVID-19 crisis (EU 27 –10.0 percent), but almost doubled receipts compared to the previous year (+90.3 percent, EU 27 +63.4 percent). Austria's market share of international tourism in the EU 27 also reached its pre-crisis level of 2019 (5.4 percent; Figure 3) in 2022 at 5.2 percent, following its low in 2021 (4.5 percent).

Figure 3: Austria's market share in international European tourism

Measured in terms of nominal tourism exports of the EU 27



Source: IMF; OeNB; Statistics Austria; UNWTO; wiiw; WIFO calculations; WDS – WIFO Data System, Macrobond.
Excluding international passenger transport.

In addition to Austria, two of the most important tourism destinations in the EU 27, Italy and Germany, also lost market share over the last three years (measured in terms of EU-wide tourism exports in terms of value), with Germany suffering by far the greatest

losses of all member countries (–1.7 percentage points to 8.2 percent, Italy –0.2 percentage points to 11.5 percent). By contrast, the two frontrunners, Spain and France, were able to improve their position since 2019 (from 18.8 to 19.0 percent and from 15.0 to

15.6 percent respectively in 2022). This also applies to Portugal, which was the fifth most important target market within the EU 27 in 2022 (+0.9 percentage points to 5.8 percent). While the top 4 destination countries

in international European tourism maintained their 2019 rankings, Portugal pushed Austria from 5th place (2019) to 6th place (Figure 4).

Figure 4: The 15 EU countries with the largest market shares in international European tourism

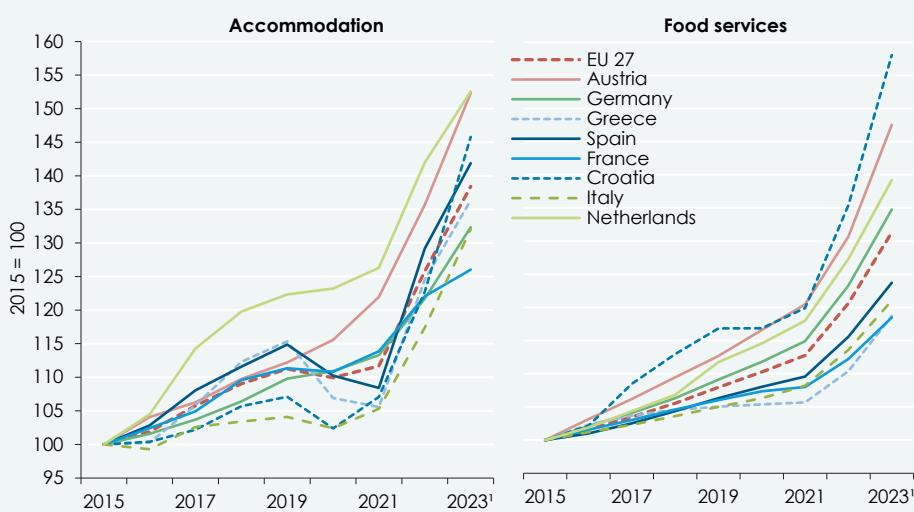
Measured in terms of nominal tourism exports of the EU 27



Source: IMF; OeNB; Statistics Austria; UNWTO; wiwi; WIFO calculations; WDS – WIFO Data System, Macrobond. Excluding international passenger transport. Ranked by market share in 2022.

Figure 5: Harmonised consumer prices in accommodation and food services

On a Euro basis



Source: Eurostat; ECB; IMF; WIFO calculations; WDS – WIFO Data System, Macrobond. – ¹ Estimate based on the average development from January to August.

2.2 Rising prices weaken the competitiveness of Austrian tourism

The basket of goods included in the Harmonised Index of Consumer Prices (HICP) rose

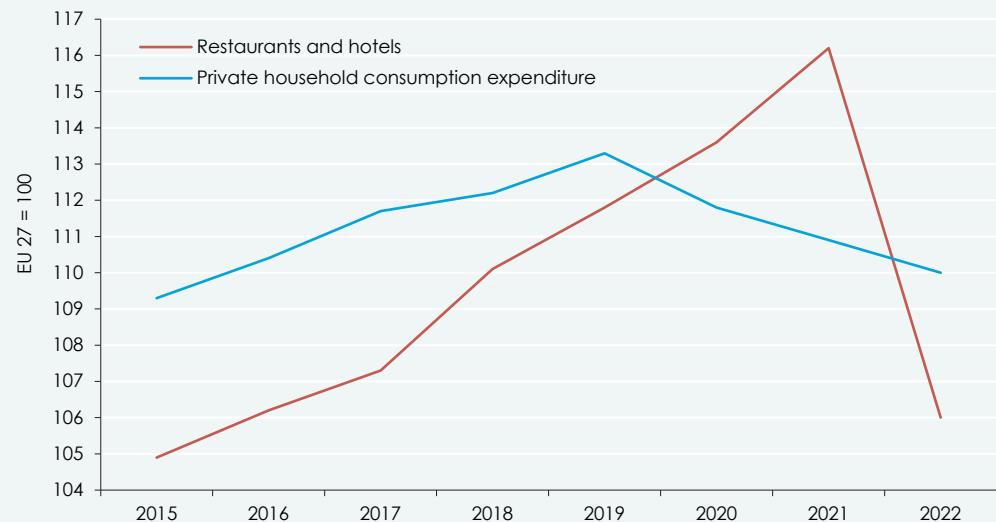
by just over a fifth (+21.1 percent) in Austria between 2015 and 2022, while the prices for tourism services rose by around a third (food services +30.7 percent, accommodation +35.7 percent). This significantly weakened

Austria's position as a holiday destination compared to its European competitors: only in Croatia (2015–2022 +35.4 percent) did prices for restaurant services increase more than in Austria, while prices for accommodation only rose more strongly in Portugal and the Netherlands (+43.8 percent and +42.0 percent respectively; Figure 5). The

indices shown were adjusted for (measurable or observable) changes in quality. In relation to the average price level of the EU 27 based on purchasing power parities, Austria generally shows higher inflation. Since 2019, however, the price gap in tourism has shrunk more than that in private consumption (−5.6 to −2.9 percent; Figure 6).

Figure 6: Comparative price level indices for Austria

At purchasing power parities, relative to the EU 27



Source: Eurostat; WDS – WIFO Data System, Macrobond.

3. Significant recovery in tourism demand in Austria in 2022 following two years of pandemic

3.1 Increased return of international guests – domestic demand reaches new high in summer 2022

31.4 percent in 2022 compared to the previous year, almost returning to pre-crisis levels (−2.7 percent).

Despite unfavourable economic conditions and falling real incomes, tourism demand recovered strongly in 2022 compared to the previous year (total overnight stays +72.1 percent). The desire to travel remained unbroken, even though private households adjusted their holiday behaviour and cut their holiday budgets in response to the fall in real income and the rise in prices for essentials and touristic goods. Per capita tourism sales and the resulting value added thus suffered more from the difficult environment than the volume of travel (measured in terms of overnight stays and arrivals).

In 2022, a total of 136.9 million overnight stays were recorded in Austria. This reduced the gap in demand compared to 2019 from 47.9 percent (2021) to 10.3 percent. International guests in particular returned quickly after two years of the pandemic: the number of overnight stays from abroad roughly doubled compared to 2021, but still fell 13.1 percent short of the 2019 level. At the same time, domestic demand increased by

From a regional perspective, the following picture emerged for 2022: city tourism in Vienna continued to be more affected by the after-effects of the COVID-19 crisis than other tourism regions due to its disproportionate focus on foreign (long-distance) travellers. Accordingly, the number of overnight stays in Vienna was still a quarter lower than in 2019 (domestic travellers −10.2 percent, international guests −28.1 percent). The lower demand in the federal capital also had an impact on accommodation occupancy in the regions of Lower Austria close to the city, meaning that the total number of overnight stays in Austria's largest federal provinces was still 14.1 percent below the pre-crisis level. The south-eastern federal provinces (Burgenland, Carinthia, Styria) and Upper Austria recorded the smallest relative drop in demand in the three-year comparison (−2.1 to −6.8 percent to 2019). In winter sports-oriented western Austria, the overnight stay balance in 2022 was slightly more favourable than the national average (Salzburg,

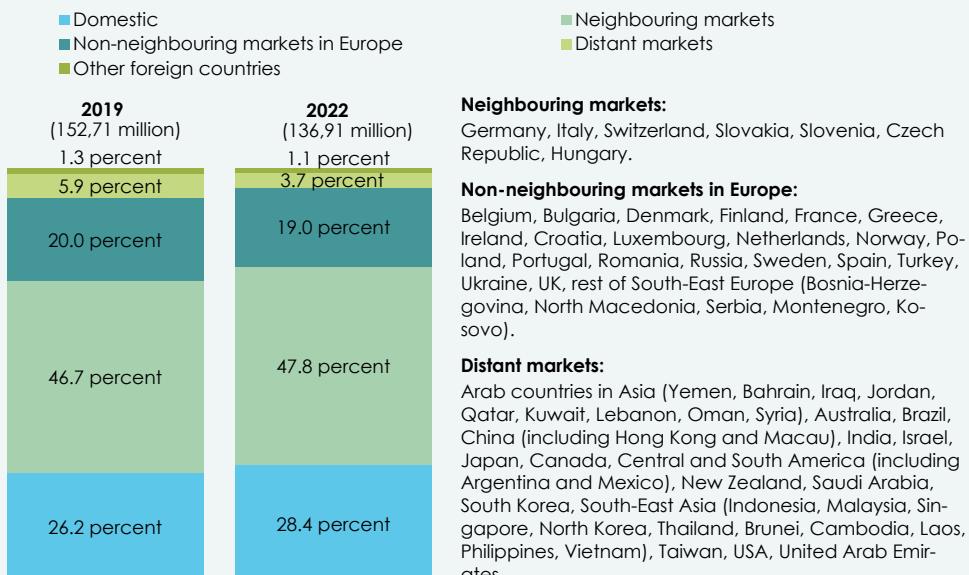
Tourism demand largely returned in 2022. Overnight stays by international guests doubled compared to 2021 (−13.1 percent compared to 2019), while domestic tourism almost reached pre-crisis levels with growth of around a third (−2.7 percent below 2019).

Tyrol, Vorarlberg together –9.8 percent compared to 2019).

Austria traditionally has a very high proportion of international guests and is therefore much more dependent on international source markets than other holiday

destinations: until 2019, the annual average share of overnight stays by foreign guests was around three quarters. In 2022, after two years of pandemic-related shifts, the share returned to the long-term trend at 71.6 percent.

Figure 7: Structure of overnight stays in Austria according to the distance of the source markets



Source: Statistics Austria; WIFO calculations; WDS – WIFO Data System, Macrobond.

In addition to a new record level of domestic overnight stays in Austrian summer tourism in 2022 (+1.0 percent compared to the 2021 season, +4.4 percent compared to 2019), foreign demand also gradually returned to pre-crisis levels – from May to October 2022, year-on-year growth totalled 26.5 percent (–3.8 percent compared to 2019). In 2022 as a whole, domestic guests stayed overnight almost as frequently as before the pandemic (38.9 million, –2.7 percent). Despite doubling year-on-year, international demand remained 14.7 million overnight stays or 13.1 percent below the 2019 peak. In particular, guests from the Asian long-distance markets continued to stay away (China –92.9 percent, Taiwan –89.7 percent, South Korea –76.0 percent, Japan –85.5 percent; in each case compared to 2019). Due to the war in Ukraine, but also because of the sanctions against Russia, the number of overnight stays by Russian guests in Austria also fell drastically (2019–2022 –87.9 percent). Demand from the two most important source markets, Germany and the Netherlands, also remained below the 2019 level (–5.8 and –3.6 percent respectively), although the shortfall was smaller. Together, the two countries were responsible for 64.7 percent of international tourism demand in Austria in

2022 (+5.2 percentage points compared to 2019). Demand for overnight stays from Slovakia (+3.0 percent), Croatia (+0.8 percent) and Israel (+15.6 percent) already exceeded the pre-crisis level of 2019 in 2022. However, the three markets only contributed 2.3 percent of international overnight stays in Austria in 2022 (Figure 7).

After the pandemic years of 2020 and 2021, domestic demand remained lively in 2022 despite a resurgence in foreign travel and was only 2.7 percent below the 2019 peak. In Styria and Vorarlberg, the annual average volume of overnight stays by domestic travellers in 2022 was roughly in line with the pre-crisis level (–0.7 and +0.2 percent respectively), while Carinthia recorded gains of 7.1 percent. In the other federal provinces, domestic guests stayed overnight 1.8 percent (Salzburg) to 10.2 percent (Vienna) less frequently in 2022 than in 2019. Vienna and Lower Austria continued to suffer from particularly weak demand from foreign guests (–28.1 and –23.0 percent respectively; Austrian average –13.1 percent), while the other federal provinces recorded between 4.0 percent (Styria) and 12.2 percent (Salzburg) fewer overnight stays by foreign guests than in 2019 (Figure 8).

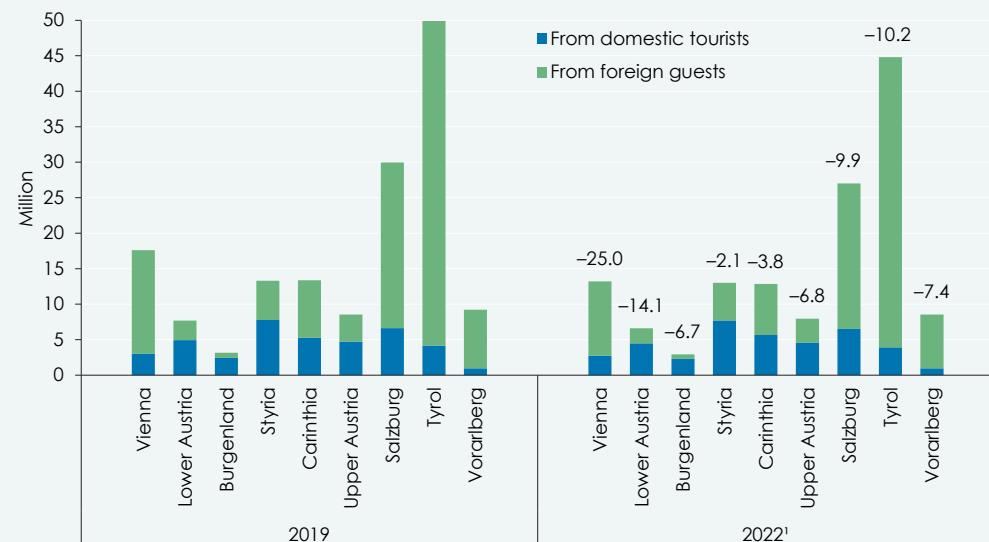
Table 1: Overnight stays and tourism receipts in Austria

	Overnight stays			Tourism receipts				Total ¹			
	From domestic tourists	From foreign guests	Total	Domestic		International ²		Nominal	In real terms ²	Nominal	In real terms ²
				Nominal	In real terms ²	Nominal	In real terms ²				
	Million							Million €			
2010	35,024	89,857	124,881	5,442	6,257	15,705	17,861	21,147	24,118		
2015	36,425	98,824	135,249	6,007	6,007	18,355	18,355	24,362	24,362		
2016	38,014	102,863	140,877	6,283	6,123	18,953	18,553	25,236	24,675		
2017	38,523	105,977	144,500	6,471	6,123	19,954	18,936	26,425	25,059		
2018	39,390	110,430	149,819	6,716	6,153	21,408	19,738	28,124	25,891		
2019	39,944	112,765	152,709	6,890	6,204	23,129	20,930	30,019	27,134		
2020	31,596	66,280	97,876	5,326	4,716	13,436	11,959	18,762	16,676		
2021	29,599	49,964	79,563	5,310	4,547	10,167	8,745	15,477	13,292		
2022	38,881	98,031	136,912	7,371	5,678	21,205	16,410	28,576	22,088		
2023 ³	39,386	110,965	150,351	7,636	5,321	25,767	18,038	33,403	23,360		

Percentage changes from previous year														
2010	+	1.7	-	0.0	+	0.5	+	1.3	-	1.3	+	2.1	+	0.4
2015	+	2.1	+	2.7	+	2.5	+	4.2	+	2.0	+	5.2	+	3.4
2016	+	4.4	+	4.1	+	4.2	+	4.6	+	1.9	+	3.3	+	1.1
2017	+	1.3	+	3.0	+	2.6	+	3.0	+	0.0	+	5.3	+	2.1
2018	+	2.2	+	4.2	+	3.7	+	3.8	+	0.5	+	7.3	+	4.2
2019	+	1.4	+	2.1	+	1.9	+	2.6	+	0.8	+	8.0	+	6.0
2020	-	20.9	-	41.2	-	35.9	-	22.7	-	24.0	-	41.9	-	42.9
2021	-	6.3	-	24.6	-	18.7	-	5.6	-	8.7	-	27.7	-	30.1
2022	+	31.4	+	96.2	+	72.1	+	41.3	+	27.1	+	110.5	+	89.4
2023 ³	+	1.3	+	13.2	+	9.8	+	3.6	-	6.3	+	21.5	+	9.9

Source: Statistics Austria; OeNB; WIFO; WDS – WIFO Data System, Macrobond. –¹ Including international passenger transport. –² At 2015 prices. –³ Forecast: as of 9 October 2023.

Figure 8: Overnight stays by federal provinces and source market



Source: Statistics Austria; WDS – WIFO Data System, Macrobond. –¹ The values shown above the columns indicate the total percentage change from 2019 to 2022.

From January to August 2023, the Austrian tourism industry continued to recover despite the tense economic situation: at 113.7 million overnight stays, the previous year's result was exceeded by 12.3 percent and almost reached the 2019 level again (-1.4 percent). A similar picture emerged in the international guest segment (+15.9 percent

compared to the same period in 2022, 2019–2022 –1.6 percent), following a 15.1 percent gap a year earlier. Domestic tourism also grew noticeably recently, albeit at a slower rate (overnight stays +2.8 percent compared to January to August 2022). However, the losses in this segment in 2020 and 2021 were comparatively small. In addition,

demand from Austrians for trips abroad picked up again. Nevertheless, domestic demand for overnight stays in the first eight months of 2023 was only 0.8 percent below the pre-crisis level of 2019.

3.2 Seasonal and regional development

3.2.1 Winter season 2022-23

Following the resurgence of domestic tourism in summer 2022, the upward trend continued last winter despite persistently high inflation: with 69.3 million overnight stays from November 2022 to April 2023, 95.1 percent of the pre-crisis season 2018-19 level was already reached again, with the gap being slightly smaller for domestic travellers than for guests from abroad (-4.2 to -5.1 percent). Compared to winter 2021-22, the recovery was stronger in the international segment (+34.5 percent, overnight stays by domestic guests +22.1 percent, total +31.5 percent). As a result, the guest structure also returned to the ratio of around 77 percent (foreign) to 23 percent (domestic) observed

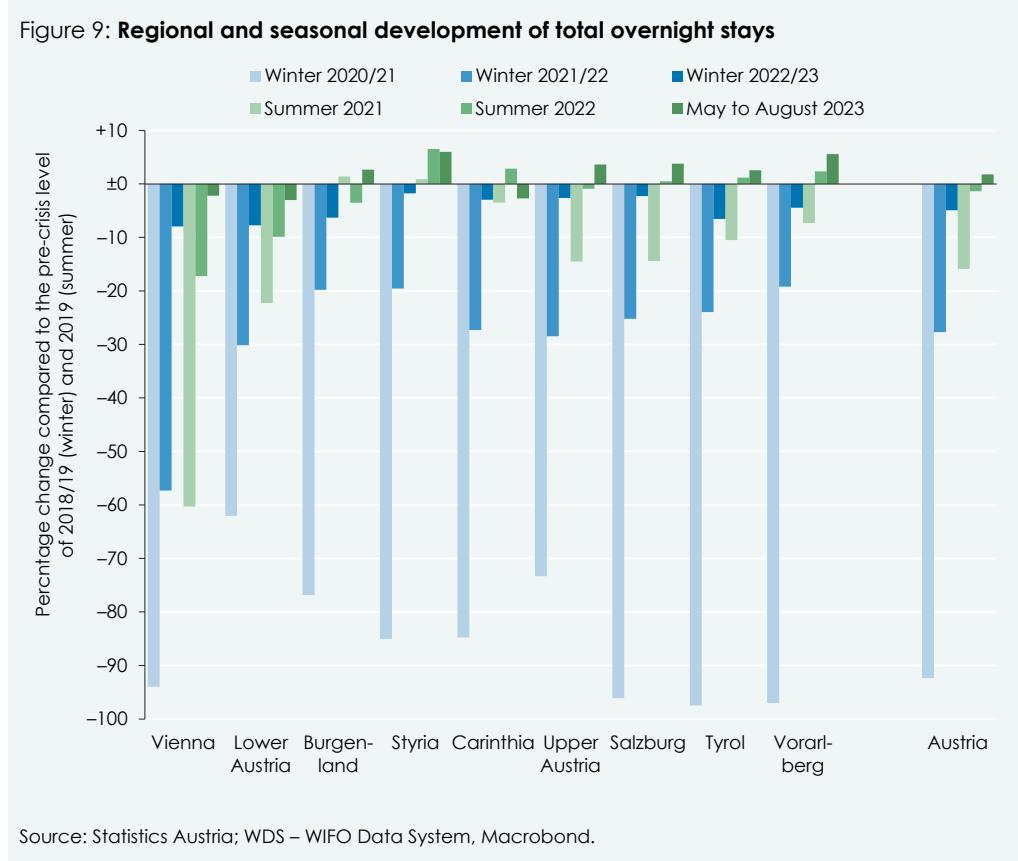
before the pandemic. Among the federal provinces, Styria (-1.8 percent), Salzburg (-2.3 percent), Upper Austria (-2.6 percent) and Carinthia (-3.0 percent) recorded the most favourable results in winter 2022-23 compared to the 2018-19 pre-crisis season. By contrast, the losses were above average in Vienna (-8.0 percent), Lower Austria (-7.7 percent), Tyrol (-6.5 percent) and Burgenland (-6.3 percent).

3.2.2 Summer season 2023

In the 2023 summer season to date² (May to August), guest arrivals almost matched the pre COVID-19 pandemic level for the first time, while the number of overnight stays was even slightly higher (-0.3 or +1.8 percent compared to the same period in 2019). As in 2022, it was not only domestic demand that accounted for more overnight stays than in the first four summer months of 2019 (+1.2 percent, -2.7 percent year-on-year), but also the international guest segment (+2.0 percent, +6.6 percent compared to May to August 2022).

Winter tourism picked up strongly in the 2022-23 season, while demand in the preliminary summer season has already exceeded pre-crisis levels.

Figure 9: Regional and seasonal development of total overnight stays



Source: Statistics Austria; WDS – WIFO Data System, Macrobond.

Regionally, in summer 2023 (May to August), three federal provinces still needed to catch up on the 2019 volume of overnight stays (Lower Austria -3.0 percent, Carinthia -2.7 percent, Vienna -2.2 percent). This was

due on the one hand to weak results due to the poor weather conditions (especially in August) and on the other hand to the absence of long-distance travellers in city tourism. In the other federal provinces, above all

² At the time of writing, data on arrivals and overnight stays according to accommodation statistics was only available until August 2023. The 2023 summer season

could therefore only be analysed on the basis of incomplete data – the entire summer half-year covers the months of May to October.

Styria and Vorarlberg, demand exceeded the comparative levels from May to August 2019 (+6.0 percent and +5.6 percent respectively; Figure 9).

3.2.3 Demand structure by accommodation type

Demand for commercial holiday flats remained buoyant in 2022, while the hotel industry performed below average.

The hotel industry accounted for 61.0 percent of the 69.3 million overnight stays in Austrian accommodation establishments in winter 2022-23. Compared to the 2021-22 winter season, this type of accommodation recorded an increase in demand of 35.4 percent, but the gap remained disproportionately high compared to 2018-19 (-7.5 percent; all accommodation -4.9 percent). Due to the weaker momentum, the hotel industry also lost market share compared to 2018-19 (-1.8 percentage points). The 5/4-star hotels were still comparatively well occupied in winter 2022-23

(-4.7 percent compared to the 2018-19 season), while 1- to 3-star establishments lost over a tenth of their overnight stays in the same period compared to the 2018-19 season. In Upper Austria and Vorarlberg, even more guests stayed in 5/4-star hotels from November 2022 to April 2023 than before the COVID-19 crisis. Across Austria only commercial holiday flats and houses recorded higher demand last winter than in the 2018-19 season (+25.9 percent), resulting in a significant increase in their market share (+3.5 percentage points to 14.2 percent). In Upper Austria, the number of overnight stays in this type of accommodation even increased by a 2.5-fold. Private accommodation lost 20 to 30 percent of demand over the last four winters; only in Lower Austria and Carinthia did the number of overnight stays remain comparatively stable (-2.3 and -6.8 percent respectively compared to winter 2018-19; Table 2).

Table 2: **Regional and seasonal development of overnight stays by source market and type of accommodation**

	Vienna	Lower Austria	Burgenland	Styria	Carinthia	Upper Austria	Salzburg	Tyrol	Vorarlberg	Austria
Percentage change to the comparative period of 2018-19 (winter season) and 2019 (May to August)										
Winter season 2022-23										
Total	- 8.0	- 7.7	- 6.3	- 1.8	- 3.0	- 2.6	- 2.3	- 6.5	- 4.4	- 4.9
From domestic tourists	- 2.6	- 6.3	- 8.2	- 5.6	+ 2.8	- 2.7	- 3.7	- 7.7	- 0.4	- 4.2
From foreign guests	- 9.2	- 10.7	+ 5.3	+ 3.1	- 6.4	- 2.5	- 1.9	- 6.5	- 4.8	- 5.1
From Germany	- 8.0	- 17.6	- 15.2	+ 2.7	- 9.4	- 4.3	- 1.6	- 4.9	- 4.8	- 4.3
Hotels and similar establishments	- 11.1	- 9.6	- 4.7	- 6.0	- 8.4	- 3.2	- 4.8	- 8.5	- 6.2	- 7.5
5/4-star	- 11.3	- 10.2	- 6.1	- 4.1	- 9.2	+ 4.0	- 1.9	- 4.4	+ 2.3	- 4.7
3-star	- 14.4	- 6.4	- 13.1	- 8.5	- 4.5	- 3.3	- 11.2	- 13.4	- 12.5	- 11.3
2/1-star	+ 4.7	- 14.4	+ 80.8	- 7.6	- 18.4	- 26.7	+ 3.0	- 14.3	- 32.7	- 11.4
Commercial holiday dwellings	+ 68.9	+ 61.3	+ 65.3	+ 23.9	+ 11.6	+ 156.5	+ 24.0	+ 19.5	+ 44.8	+ 25.9
Private holiday dwellings	- 4.8	+ 13.0	+ 7.0	+ 9.1	+ 2.7	- 5.9	- 6.4	- 11.5	- 13.9	- 8.4
Private accommodation	- 26.2	- 2.3	- 20.4	- 21.7	- 6.8	- 18.8	- 20.4	- 28.0	- 30.6	- 23.0
Campsites	- 31.1	- 21.2	- 19.2	+ 12.9	+ 41.8	- 18.8	+ 1.7	+ 6.8	- 34.0	- 1.5
Other accommodation	- 23.7	- 9.2	- 12.3	- 10.0	- 1.8	- 10.2	- 13.1	- 19.9	- 8.6	- 12.3
May to August 2023										
Total	- 2.2	- 3.0	+ 2.7	+ 6.0	- 2.7	+ 3.6	+ 3.8	+ 2.6	+ 5.6	+ 1.8
From domestic tourists	+ 3.4	- 1.7	+ 2.6	- 0.9	+ 1.9	+ 4.7	+ 1.8	- 1.4	+ 5.3	+ 1.2
From foreign guests	- 3.3	- 5.1	+ 2.8	+ 15.8	- 5.7	+ 2.5	+ 4.4	+ 3.0	+ 5.6	+ 2.0
From Germany	- 0.7	- 7.0	+ 2.3	+ 14.7	- 3.9	+ 6.7	+ 11.8	+ 9.2	+ 9.8	+ 7.1
Hotels and similar establishments	- 7.1	- 6.3	- 4.8	- 2.3	- 8.6	+ 1.1	- 2.3	- 5.1	+ 3.2	- 4.3
5/4-star	- 8.6	- 8.5	- 0.2	- 3.0	- 5.5	+ 9.3	- 3.2	- 2.3	+ 11.8	- 3.0
3-star	- 8.9	- 1.2	- 12.4	- 0.9	- 12.7	+ 2.5	- 6.1	- 9.6	- 3.7	- 6.8
2/1-star	+ 11.1	- 12.4	- 4.5	- 4.3	- 8.1	- 21.6	+ 23.5	- 6.9	- 14.2	- 3.6
Commercial holiday dwellings	+ 99.2	+ 101.7	+ 47.1	+ 47.3	+ 12.6	+ 76.1	+ 43.4	+ 40.1	+ 61.1	+ 43.5
Private holiday dwellings	+ 7.5	+ 12.5	+ 1.3	+ 23.3	+ 0.9	+ 5.8	+ 11.7	+ 5.1	+ 3.0	+ 7.2
Private accommodation	- 12.9	- 7.8	- 24.6	- 14.7	- 13.9	- 18.9	- 13.3	- 18.6	- 10.9	- 15.4
Campsites	- 10.0	+ 11.7	+ 38.8	+ 31.9	+ 3.2	+ 24.1	+ 14.4	+ 25.2	+ 8.6	+ 15.0
Other accommodation	- 21.3	- 5.1	- 5.6	- 1.0	- 11.1	- 3.5	- 17.0	- 2.0	- 22.4	- 9.3

Source: Statistics Austria; WDS – WIFO Data System, Macrobond.

In the 2023 summer season to date (May to August), the hotel industry accounted for 55.9 percent of the almost 60.1 million overnight stays, with 5/4-star establishments

alone accounting for around a third of total demand. Across Austria, the hotel segment not only recorded below-average growth compared to the previous year, but also

compared to the same period in 2019 (May to August: 2022-23 +2.0 to an average of +3.7 percent in all accommodation facilities, 2019-2023 -4.3 percent compared to an average of +1.8 percent). This led to a noticeable loss of market share (-3.6 percentage points compared to the first four summer months of 2019). Of all accommodation types, however, private accommodation recorded the largest relative gap to pre-crisis levels in the preliminary summer season (-15.4 percent). The structural change already observed before the pandemic continued here, with a shift in demand in favour of holiday flats and houses. The latter expanded particularly strongly in the commercial sub-segment, which also includes AirBnB overnight stays (+43.5 percent), while private holiday rentals increased by 7.2 percent (2019-2023, May to August in each case).

The nationwide trends in overnight stays by accommodation type (significantly above-average increases in demand for holiday accommodation, slightly weaker development of hotel overnight stays, loss of importance of private accommodation) also applied to the federal provinces generally. Only in Upper Austria and Vorarlberg was there a positive trend in hotel overnight stays between May and August 2023 compared to the pre-crisis level (+1.1 and 3.2 percent respectively), with this momentum in Vorarlberg coming solely from the 5/4-star segment (+11.8 percent). Only in Upper Austria did 3-star hotels achieve more overnight stays than in the first four summer months of 2019 (+2.5 percent), while 2/1-star establishments only did well in Vienna and Salzburg (+11.1 and +23.5 percent respectively). Campsites were in high demand in all federal provinces in the summer months of 2023, particularly in Burgenland, Styria, Upper Austria and Tyrol. Campsites there registered around a quarter to almost two-fifths more overnight stays than from May to August 2019 (Austrian average +15.0 percent).

3.2.4 Employment and unemployment in accommodation and food services

On average, there were around 217,500 jobs in accommodation and food services (NACE 2008; Section I) in 2022 (Table 3), 16.5 percent more than in 2021, but just under 3,000 (-1.3 percent) fewer than in 2019. The share of the core tourism sectors in total employment in Austria was 5.7 percent in 2022 (2019: 5.9 percent).

At a regional level, employment in the tourism-intensive federal provinces of western Austria increased disproportionately (Tyrol +32.3 percent, Salzburg +25.9 percent,

Vorarlberg +21.3 percent; Austrian average +16.5 percent compared to the previous year), while in the other regions the increases ranged from 6.4 percent in Lower Austria to 15.0 percent in Vienna. Compared to the pre-crisis year 2019, only Burgenland, Styria and Vorarlberg had more filled positions in the accommodation and food services sector in 2022 (+1.2 to +6.1 percent), while there were still significant gaps in Vienna and Lower Austria (-5.3 and -3.4 percent respectively; Austrian average -1.3 percent).

Following an initial easing in 2021, unemployment continued to fall in 2022 and fell even more sharply in the core tourism sectors than in the total economy: while in 2022 there were around 263,100 fewer unemployed persons registered than in the previous year (-12.7 percent compared to 2019), the number of unemployed in accommodation and food services fell by 35.6 percent compared to 2021 (to around 29,300 persons) or by around one fifth compared to 2019. This means that in 2022, the two sectors accounted for one in nine jobseekers in Austria.

At the federal province level, the share of accommodation and food services in total unemployment was highest in Tyrol (around a quarter) and Salzburg (just over one fifth) in 2022. However, the shares were also above the Austrian average of 11.1 percent in Carinthia and Vorarlberg (17.3 and 13.8 percent respectively). They were significantly lower in less tourism-intensive federal provinces such as Upper Austria (7.5 percent), Lower Austria (8.1 percent) and Burgenland (8.8 percent). In total, unemployment in accommodation and food services was significantly lower in all federal provinces in 2022 than in 2019, particularly in Carinthia, Lower Austria, Upper Austria and Salzburg – in the latter four provinces, the decline was around one quarter. Burgenland and Vorarlberg saw the weakest reduction in unemployment compared to 2019 at 13.7 percent each.

Employment in tourism has continued to increase in the year to date in 2023 (January to September): with an average of 228,300 jobs, there were 3.8 percent more positions available in accommodation and food services than in the first nine months of 2022, exceeding the pre-crisis level of 2019 by 1.9 percent. At the same time, an average of 3.1 percent more persons were registered as unemployed in the core tourism sectors than from January to September 2022 (-17.6 percent compared to the same period in 2019).

In 2022, the level of employment in the core tourism sectors of accommodation and food services was 1.3 percent lower than in 2019. At the same time, there were one fifth fewer unemployed people.

Table 3: **Key figures of the tourism labour market**

Employment and unemployment in accommodation and food services (NACE 2008, Section I)

	Calendar year 2022	Winter season 2022-23	May to September 2023		Calendar year 2022	Winter season 2022-23	May to September 2023	Absolute values		Percentage change compared to 2018-19 (winter season) and 2019 (calendar year; May to September)	
Employed (number of jobs)											
Austria	217,472	219,603	228,952	–	1.3	+	1.1	+	0.5		
Vienna	47,660	48,776	49,504	–	5.3	+	0.3	–	4.1		
Lower Austria	24,134	23,172	25,606	–	3.4	–	2.2	–	2.6		
Burgenland	7,264	6,770	7,969	+	6.1	+	7.3	+	6.3		
Styria	25,510	24,934	26,801	+	3.0	+	3.1	+	4.1		
Carinthia	14,509	12,451	17,730	–	0.4	–	0.5	+	1.0		
Upper Austria	21,721	20,842	23,101	–	0.9	–	0.7	+	0.2		
Salzburg	26,359	28,202	27,039	–	0.4	+	3.2	+	2.5		
Tyrol	38,677	41,874	39,657	–	1.0	+	1.4	+	2.8		
Vorarlberg	11,639	12,584	11,544	+	1.2	+	3.5	+	3.6		
Unemployed (persons)											
Austria	29,328	32,089	26,121	–	19.7	–	18.9	–	16.9		
Vienna	10,135	10,693	10,150	–	15.0	–	15.5	–	9.8		
Lower Austria	3,327	3,556	2,983	–	23.6	–	25.5	–	23.1		
Burgenland	661	830	611	–	13.7	–	6.6	+	0.3		
Styria	3,018	3,411	2,824	–	21.2	–	19.1	–	14.9		
Carinthia	2,935	3,470	1,961	–	24.5	–	24.4	–	29.2		
Upper Austria	2,153	2,387	2,115	–	26.0	–	23.6	–	19.9		
Salzburg	2,100	2,360	1,641	–	25.3	–	23.3	–	25.8		
Tyrol	3,764	4,055	2,765	–	17.9	–	14.5	–	22.2		
Vorarlberg	1,235	1,329	1,071	–	13.7	–	12.4	–	10.1		

Source: Public Employment Service Austria; Federation of Social Insurances; WDS – WIFO Data System, Macrobond.

4. Outlook

The outlook for the last third of the summer season and for 2023 as a whole is somewhat more pessimistic than it was a few months ago, as the general economic outlook has deteriorated and the data published by Statistics Austria on tourist spending in Austria and abroad points to greater restraint. Although the recently published guest survey by the Austrian National Tourist Office on holiday plans for the coming 2023-24 winter season assumes robust demand, especially in the main winter months, it also shows divisional trends. For example, only 18 percent of respondents living in Austria stated that they had not saved on their holiday trips between January and August 2023 (respondents from Germany 21 percent, from the Netherlands 28 percent). Increased saving is also likely to affect the 2023-24 winter season, as only 23 percent of Austrian tourists are planning to spend more than last year. In contrast, 60 percent of Austrian guests will either keep their holiday budget the same or reduce it (for Germany 50 percent; Netherlands 52 percent). Both mean a price-adjusted reduction in the budget due to high inflation.

The WIFO-Konjunkturtest (business cycle survey) also provides indications of a slowdown in the tourism business cycle: while the companies surveyed still assessed the current situation in accommodation and food services as predominantly positive in the first half of 2023, the mood was already rather subdued in July and August. Expectations regarding the development of the industry in the near future brightened steadily in the first five months of 2023, but a strong downward trend has also been observed since June.

This and other information on the state of the tourism industry is also included in the WIFO overnight stay scenario: according to this scenario, demand in September and October 2023 is likely to have slightly exceeded the respective pre-crisis levels (by an average of +0.7 percent), which would exceed the previous year's result from summer 2022 (+2.9 percent on average) and achieve a new record of 80.1 million overnight stays in the entire 2023 summer season (+1.5 percent on the previous record season of 2019 with just under 79 million overnight stays). In contrast to the 2021 and 2022

summer seasons, domestic tourism in summer 2023 is likely to have developed less dynamically than international demand (+0.1 and +2.2 percent respectively compared to summer 2019). The reason for this is the resumption of trips abroad, which were increasingly replaced by holidays in Austria during the COVID-19 crisis.

For 2023 as a whole, WIFO expects the volume of overnight stays to reach a good 150 million, which would mean that there is still a marginal need to catch up on the previous record level of 2019. Despite the economic slowdown, Austria's tourism industry would thus have reached its second-highest level of overnight stays to date and significantly higher demand than the average for 2015-2019 (144.6 million). Domestic tourism is likely to fall slightly short of the 2019 level (-1.4 percent, +1.3 percent compared to the previous year), while international demand

should fall 1.6 percent short of the 2019 peak at just under 111 million overnight stays (+13.2 percent compared to 2022).

Beyond the summer months, the economic slowdown feared in large parts of Europe and the persistence of inflation jeopardise a further recovery in tourism in the near future. Both of these factors are likely to have less of an impact on the number of arrivals and overnight stays than on guests' willingness to pay. If the weak momentum in sales continues, tourism is likely to support the domestic business cycle in 2023 to a lesser extent than originally expected. Added to this is the uncertain geopolitical situation, not only due to the ongoing war in Ukraine, but also due to the risk of a "conflagration" in the Middle East. Even if the countries in question are not major markets for Austrian tourism, such conflicts have both direct and indirect impacts on travel behaviour.

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