

EUROPEAN TRAVEL TRENDS & PROSPECTS Q1 2025

April 2025

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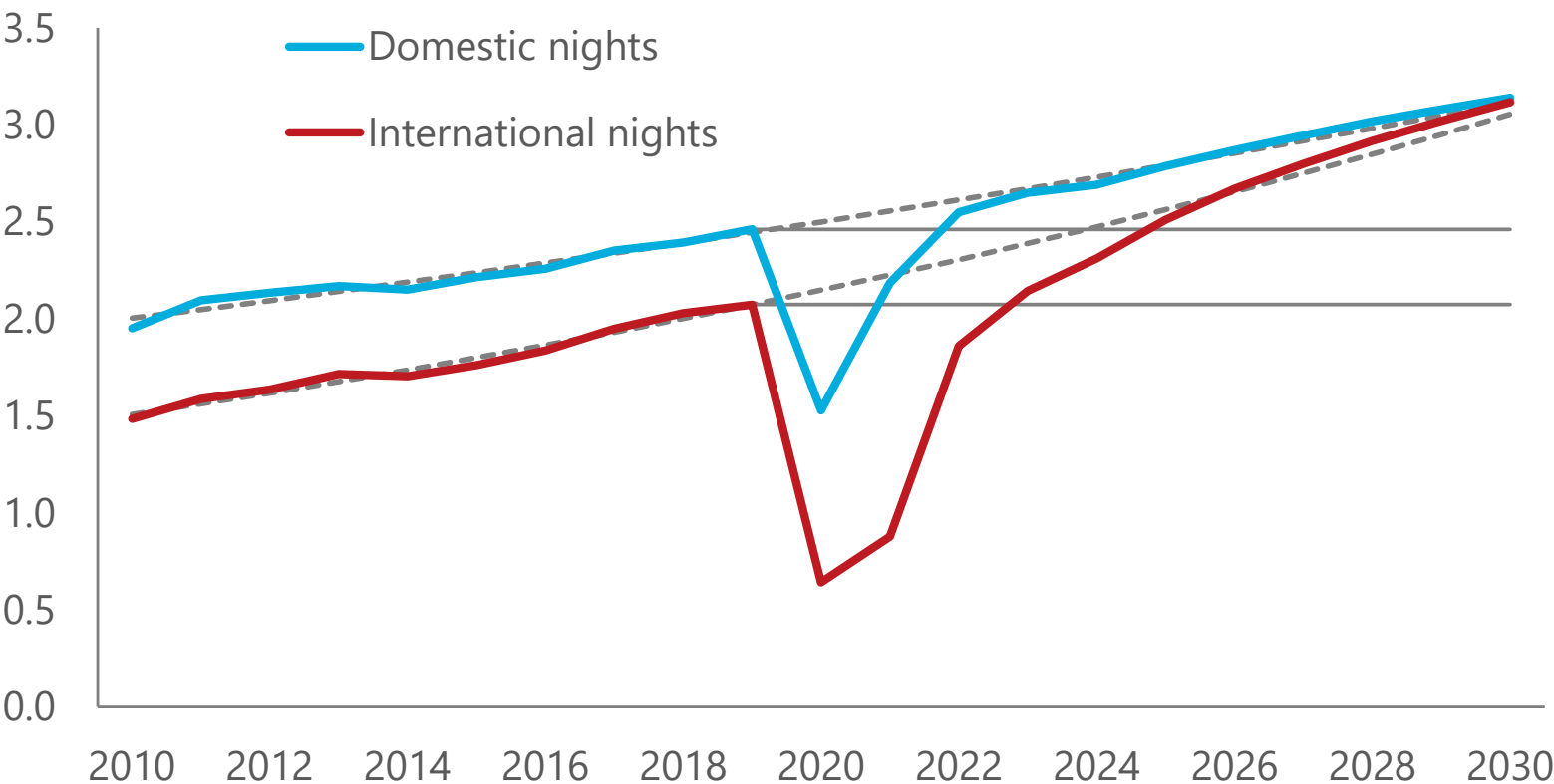
OVERVIEW

- 01** Travel demand continues into 2025
- 02** 2024 recap and 2025 predictions for the European short-term rental sector
- 03** Slower economic growth in response to higher tariffs
- 04** What rising global uncertainty means for the travel outlook

European travel growth is back in line with long-run trend

Europe trend in international & domestic nights

Bns. Dashed lines are simple 2010-19 trend



Source: Tourism Economics

2014:
ALOS (hotels): 2.6 nights

2019:
ALOS (hotels): 2.5 nights

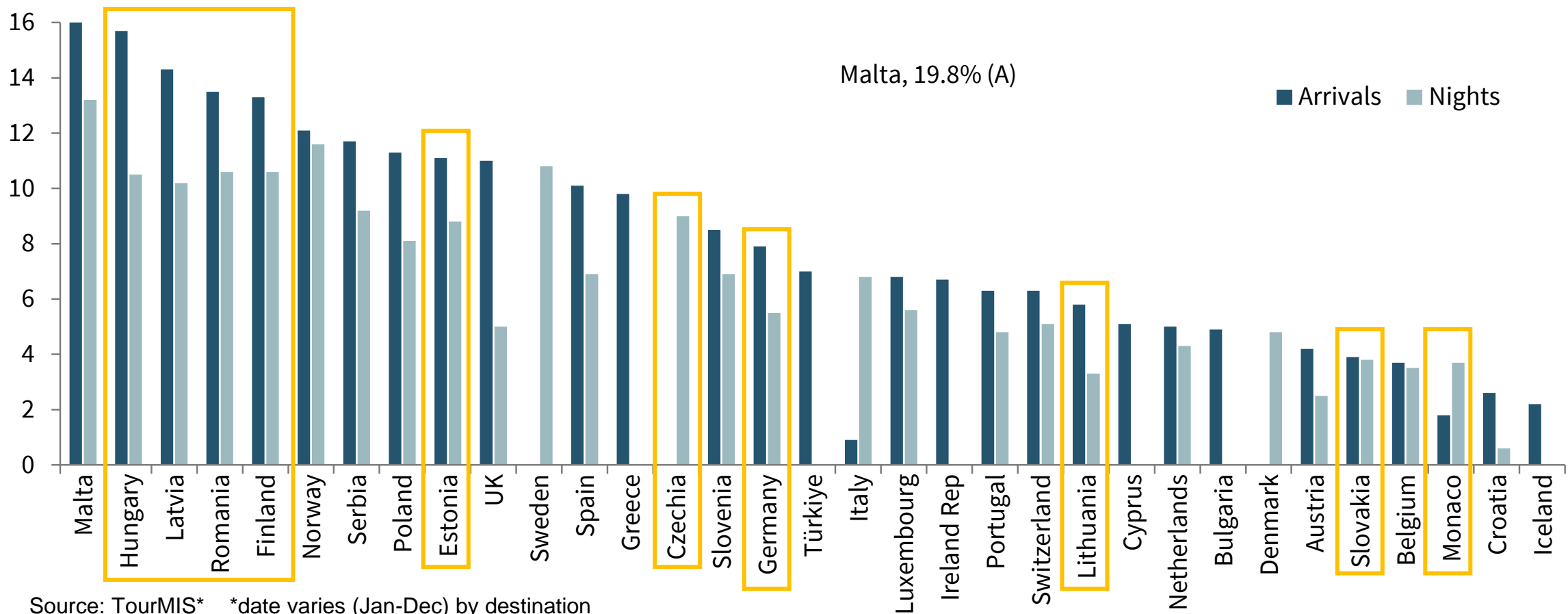
2024:
ALOS (hotels): 2.7 nights



Tourism activity improved across the board in 2024...

Foreign visits and overnights to select destinations

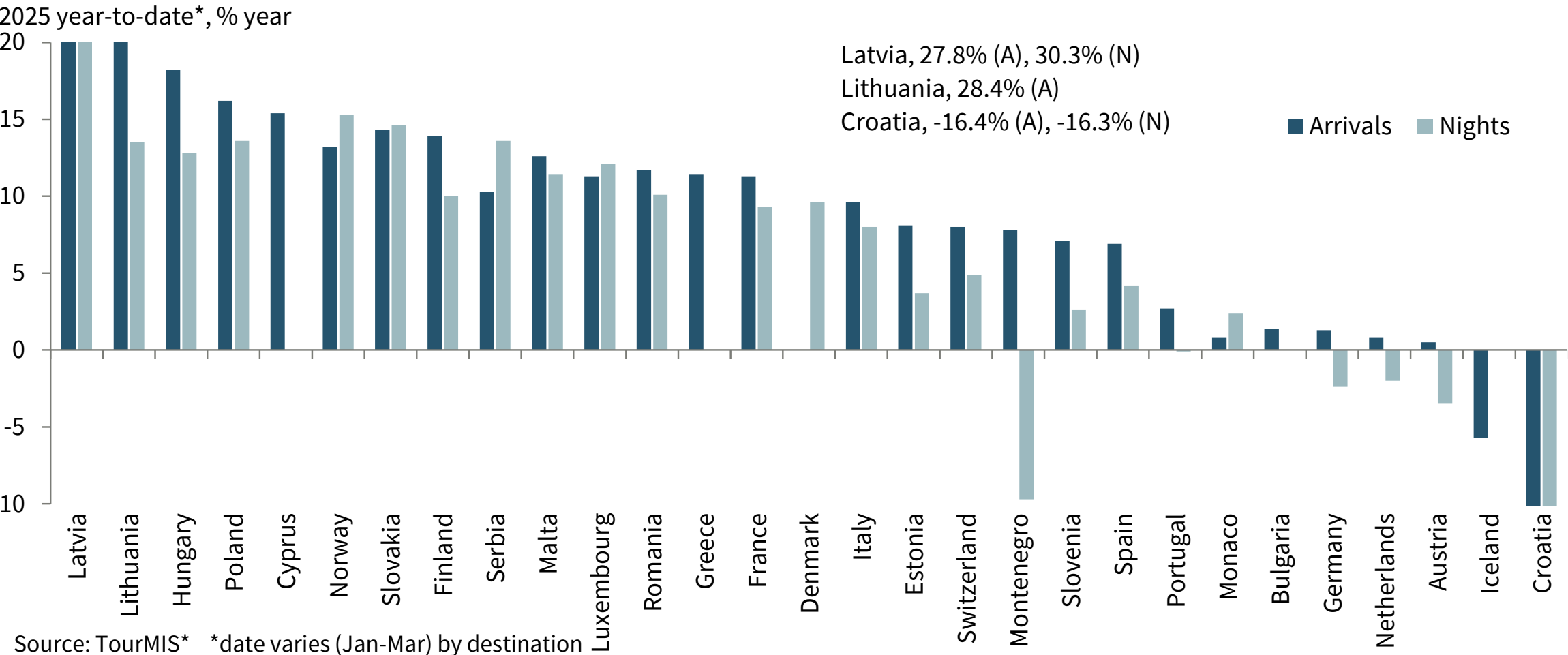
2024 year-to-date*, % year



Source: TourMIS* *date varies (Jan-Dec) by destination

...with many building on this momentum in Q1 2025

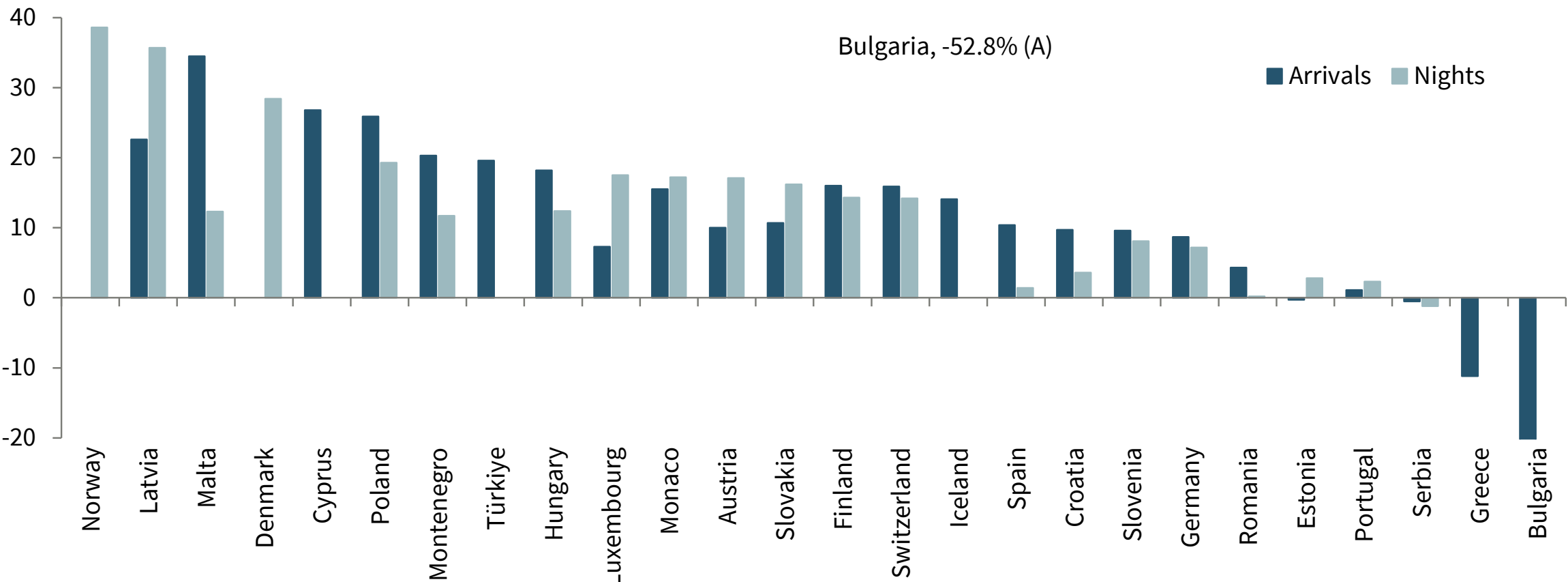
Foreign visits and overnights to select destinations



Europe remained a popular destination for US tourists in Q1

US visits and overnights to select destinations

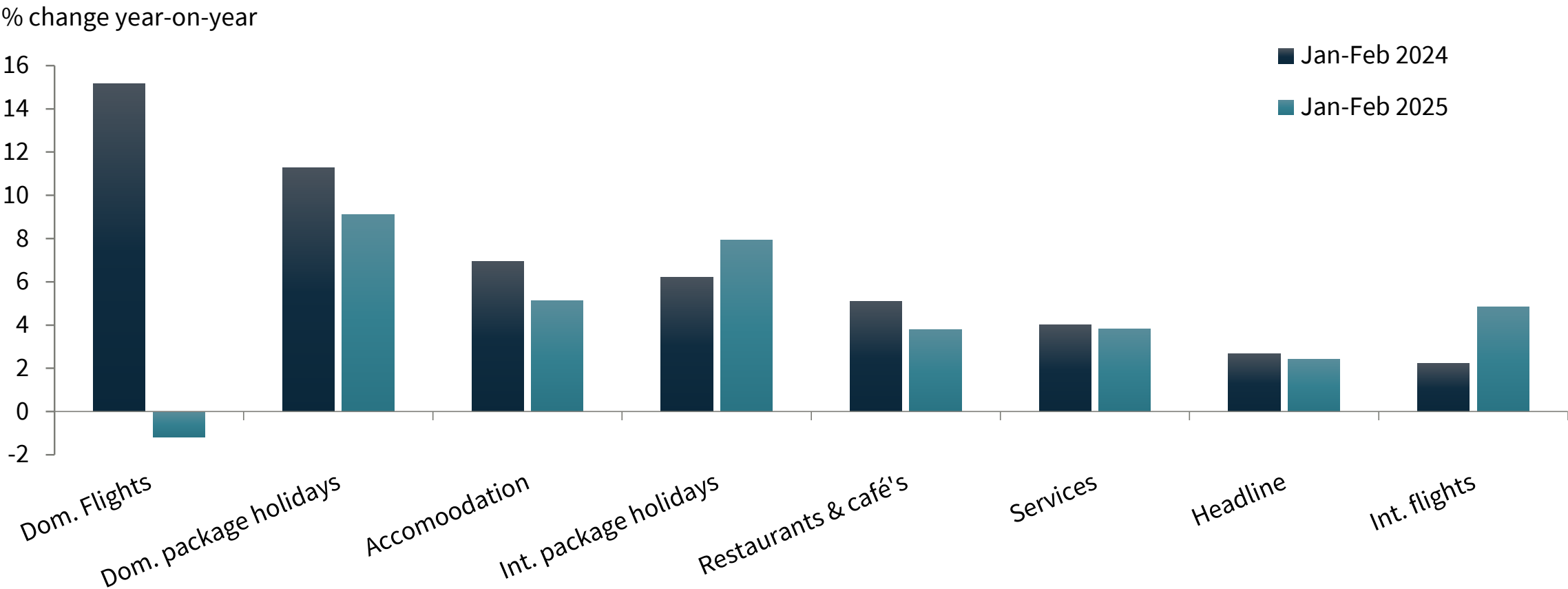
2025 year-to-date*, % year



Source: TourMIS* *date varies (Jan-Mar) by destination

Prices for some tourism-related services already higher than last year

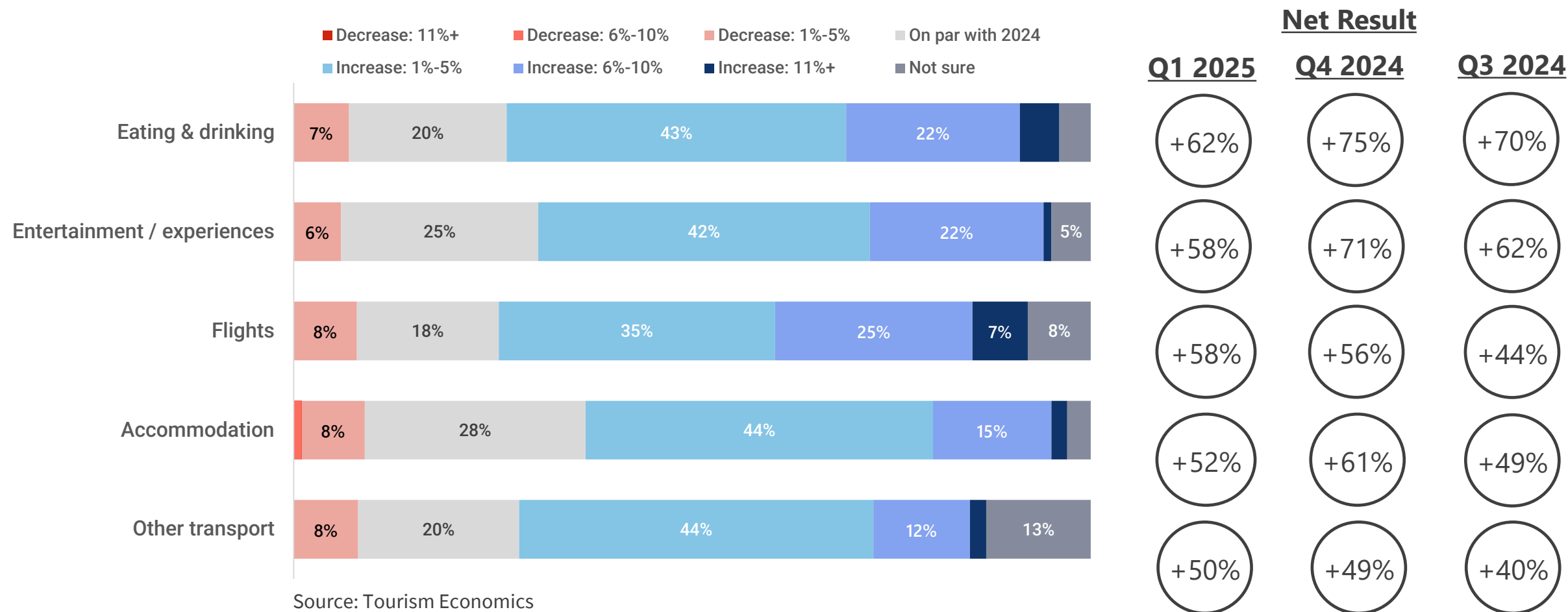
Euro area inflation, seasonally adjusted, HICP definition



Source: Haver Analytics (Int = international, Dom = domestic)

Most expected travel prices to rise in the coming quarter

Global Travel Prices Comparison: Next Quarter vs. Same Quarter One Year Ago



How do you expect prices next quarter (i.e., April to June 2025) to compare with April to June 2024 (i.e., Q2 2024) for the following? | Q4 & Q3 2024 questions asked about Q1 2025 vs. Q1 2024 and Q4 2024 vs. Q4 2023, respectively.
Net Result is the percentage difference/variance between 'Increase' and 'Decrease' results | Q1 2025: n=130, Q4 2024: n=114, Q3 2024: n=146

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Tourism Trends & Prospects

2024 recap and 2025 predictions for the
European short-term rental sector



Miro Blažević

Director Business Development - Data Solutions

About Lighthouse

Lighthouse is the leading commercial platform for the travel & hospitality industry.

We transform complexity into confidence by providing actionable market insights, business intelligence, and pricing tools that maximize revenue growth. We continually innovate to deliver the best platform for hospitality professionals to **price more effectively, measure performance more efficiently, and understand the market in new ways.**

Trusted by over 85,000 travel, tourism and hospitality customers in 185 countries, Lighthouse is the only solution that **provides real-time hotel and short-term rental data in a single platform.** We strive to deliver the best possible experience with unmatched customer service. We consider our clients as true partners - their success is our success.



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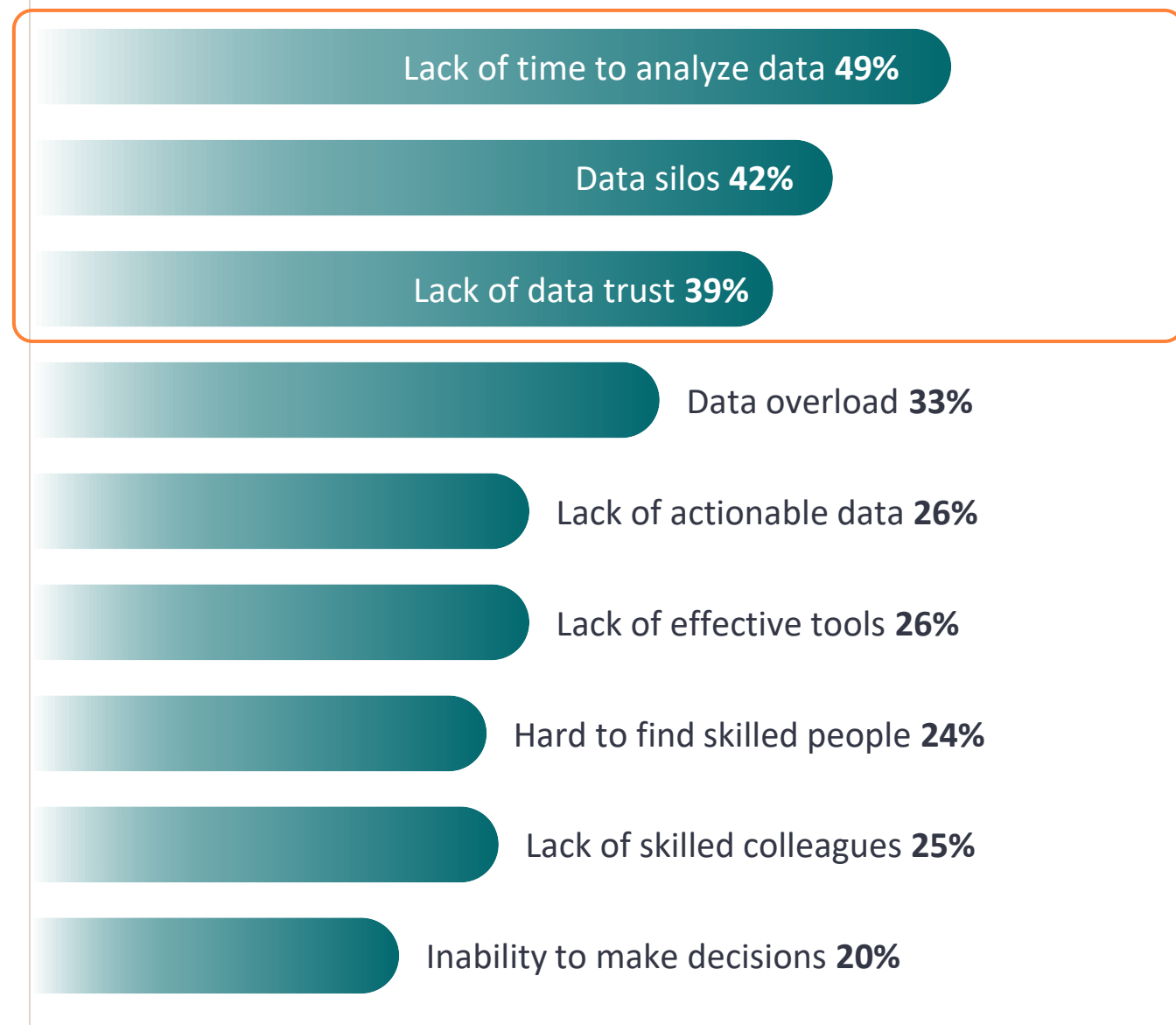


Property Management Companies





The biggest data-related challenges relate to time and trust

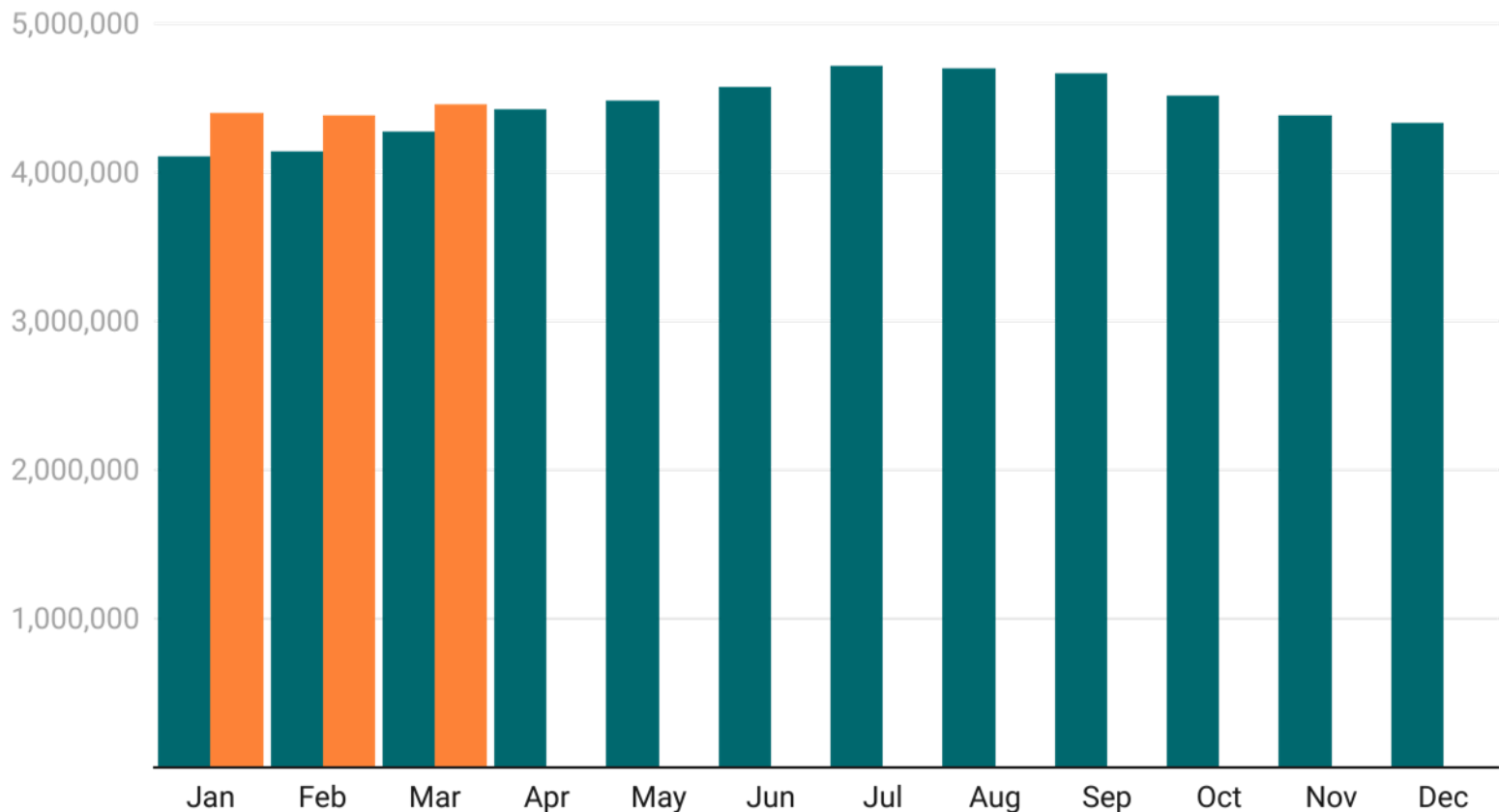


2024 & Q1 2025 In Review



Short Term Rental - EU Supply

2024 2025



5.67% YoY Growth (Q1)

Dominant country: **France** (23%)

	2024	2025
Jan	4.115.877	4.403.537
Feb	4.146.039	4.389.277
Mar	4.281.754	4.461.701
Apr	4.428.271	
May	4.490.267	
Jun	4.578.864	
Jul	4.724.335	
Aug	4.707.353	
Sep	4.674.305	
Oct	4.518.986	
Nov	4.386.664	
Dec	4.340.314	

Short Term Rental - Top Countries

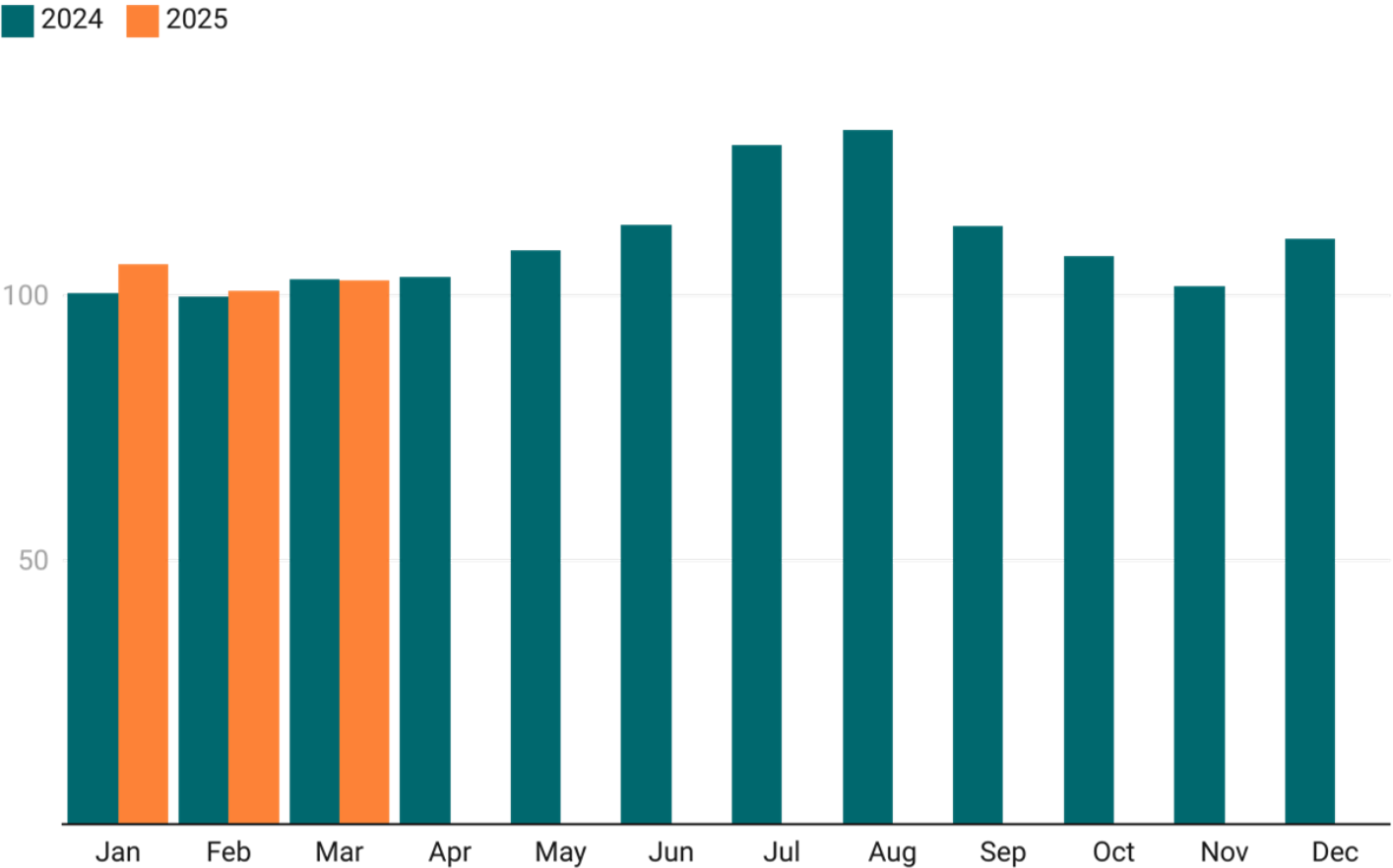


Country	Mar.25	YOY
France	1.034.346	4%
Italy	593.044	-3%
Spain	462.280	3%
UK	354.707	3%
Germany	352.270	9%
Croatia	209.210	0%
Greece	195.161	8%
Poland	170.744	16%
Turkey	81.106	-25%

NOTE:

- France Dominance
- Italy and Turkey Slowdown

Short Term Rental - EU ADR



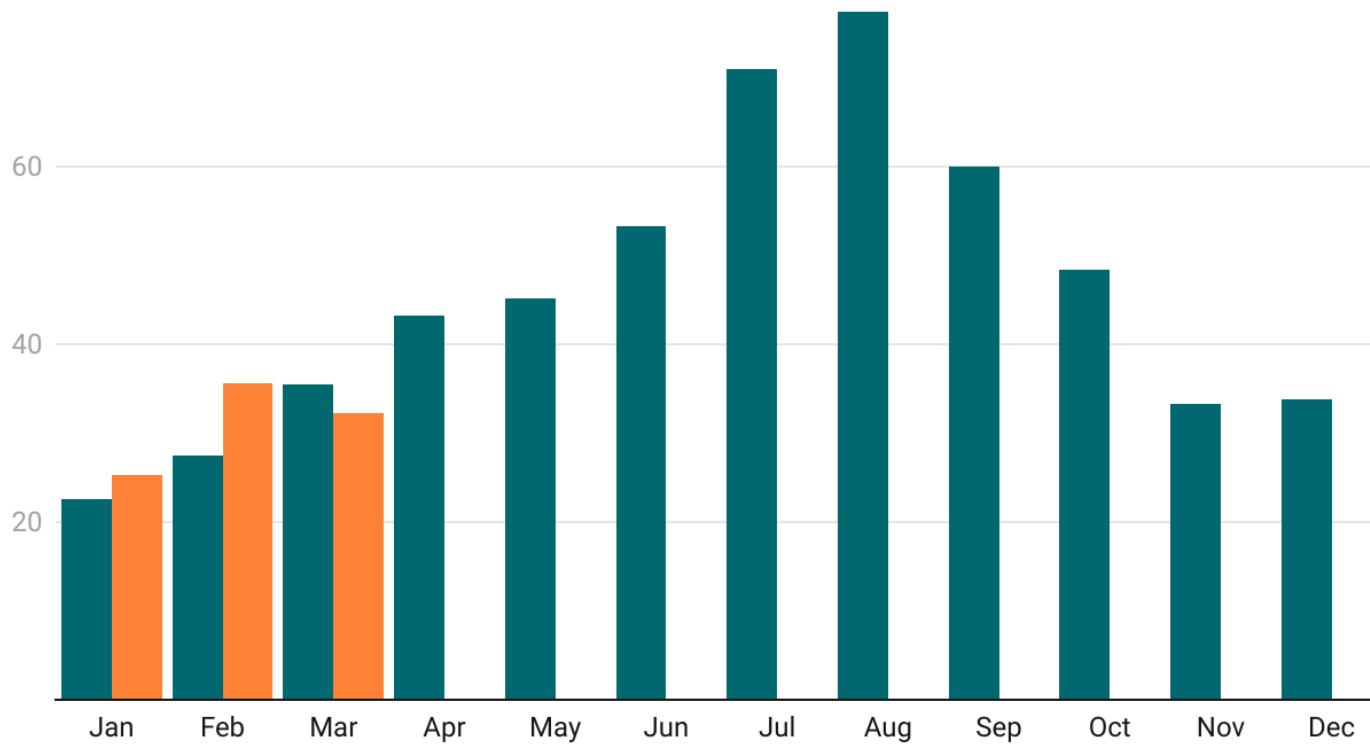
2.01% YoY Growth (Q1)

	2024	2025
Jan	100,51	106,01
Feb	99,95	100,88
Mar	103,23	102,92
Apr	103,50	
May	108,65	
Jun	113,49	
Jul	128,64	
Aug	131,28	
Sep	113,29	
Oct	107,54	
Nov	101,84	
Dec	110,87	

- NOTE**
- Seasonality impact (e.g. Croatia ADR ranging from €102.00 in Nov. to €158.00 in Aug.
 - Smaller countries impact (AD, MC, CH, FO, GI, other)

Short Term Rental - EU Median Occupancy

2024 2025

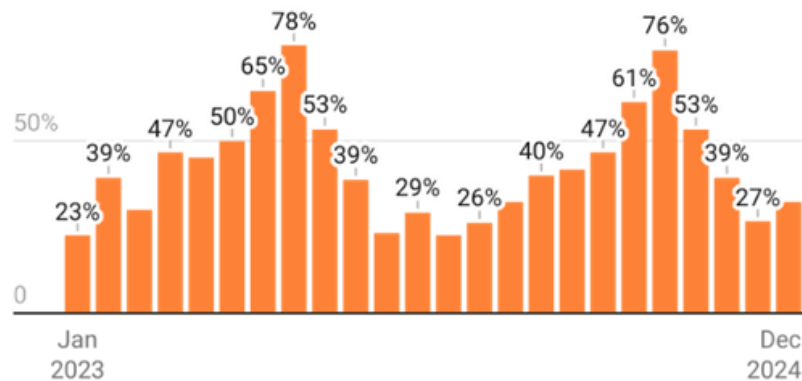


9.01% YoY Growth (Q1)
Dominant month: **August**

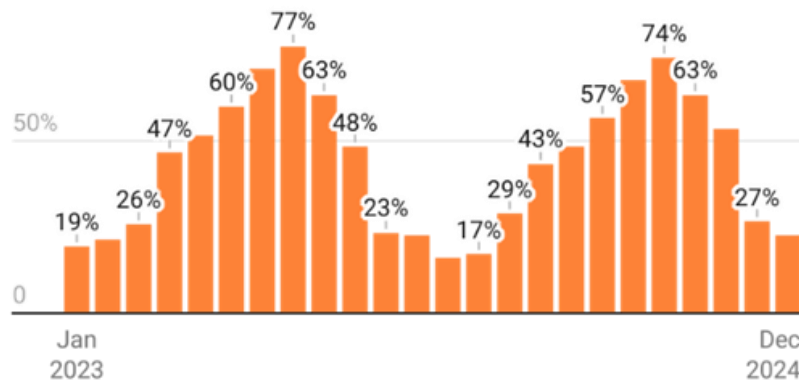
	2024	2025
Jan	22,58	25,4
Feb	27,59	35,71
Mar	35,48	32,26
Apr	43,33	
May	45,16	
Jun	53,33	
Jul	70,97	
Aug	77,42	
Sep	60	
Oct	48,39	
Nov	33,33	
Dec	33,91	

Short Term Rental - EU Occupancy

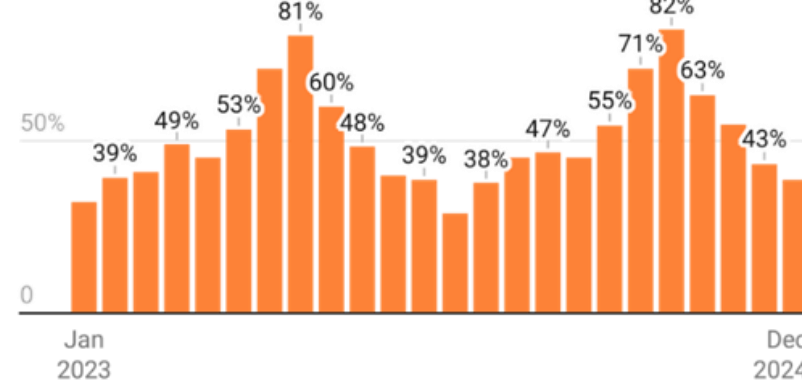
France



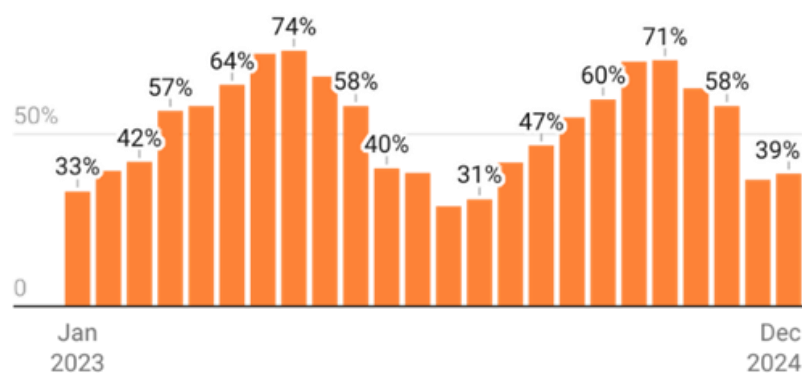
Italy



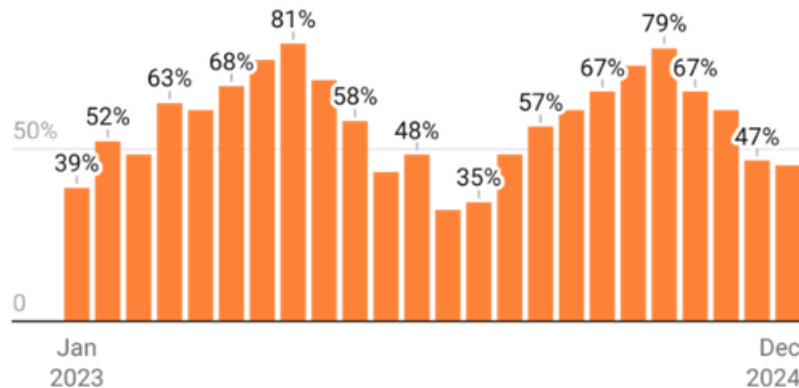
Spain



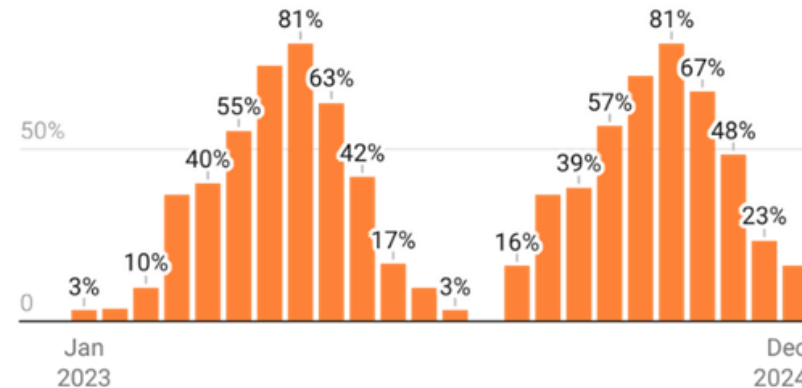
Germany



GB



Greece



HIGHLIGHT: Clear seasonality impact among some key top 10 countries

2024 FY and Q1 2025 Key Highlights

- EU | The largest STR Market Globally
 - 40% of total global Short Term Rental Supply
- 5.67% YoY Supply growth
 - Approaching 4.5M STR total units in EU
 - France leading by size (23% of total EU Supply)
- 2.01% YoY ADR growth
 - Seasonality Impact
 - Leisure Travelers
- 9.01% YoY Occupancy growth
 - July and August - peak months
 - Same occupancy - higher revenues per unit

2025 Predictions



Trends and Predictions

Adaptability and Evolution

- Rise of unique rentals
 - Driven by investor ROI and travelers themselves
- Legislation
 - Not only challenge but an opportunity too
- Global events
 - Impacting tourism as a whole let alone STR
- Economic factors
 - Inflation and rising travel costs
- Supply Growth / Slowdown
 - Driven by market saturation and legislation

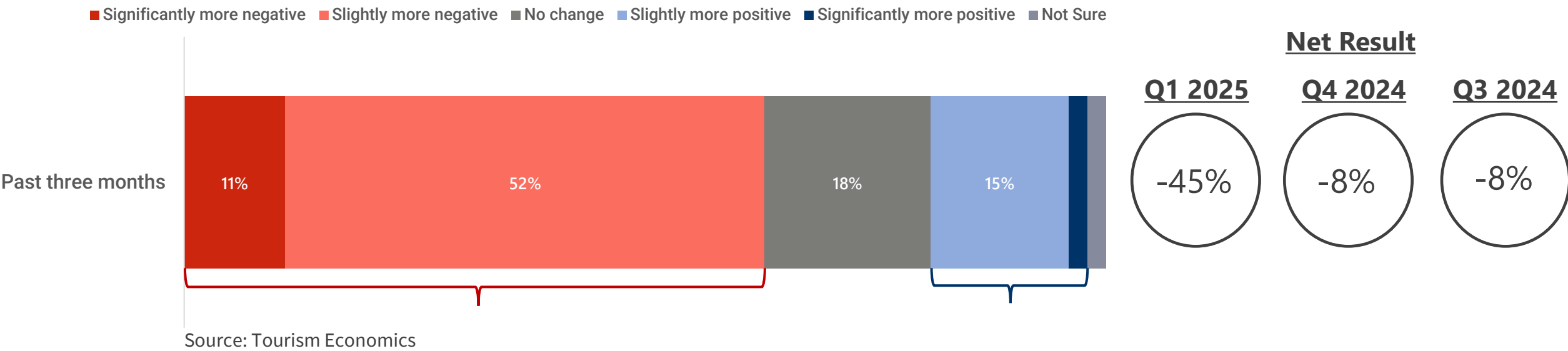
Thank you for your attention!

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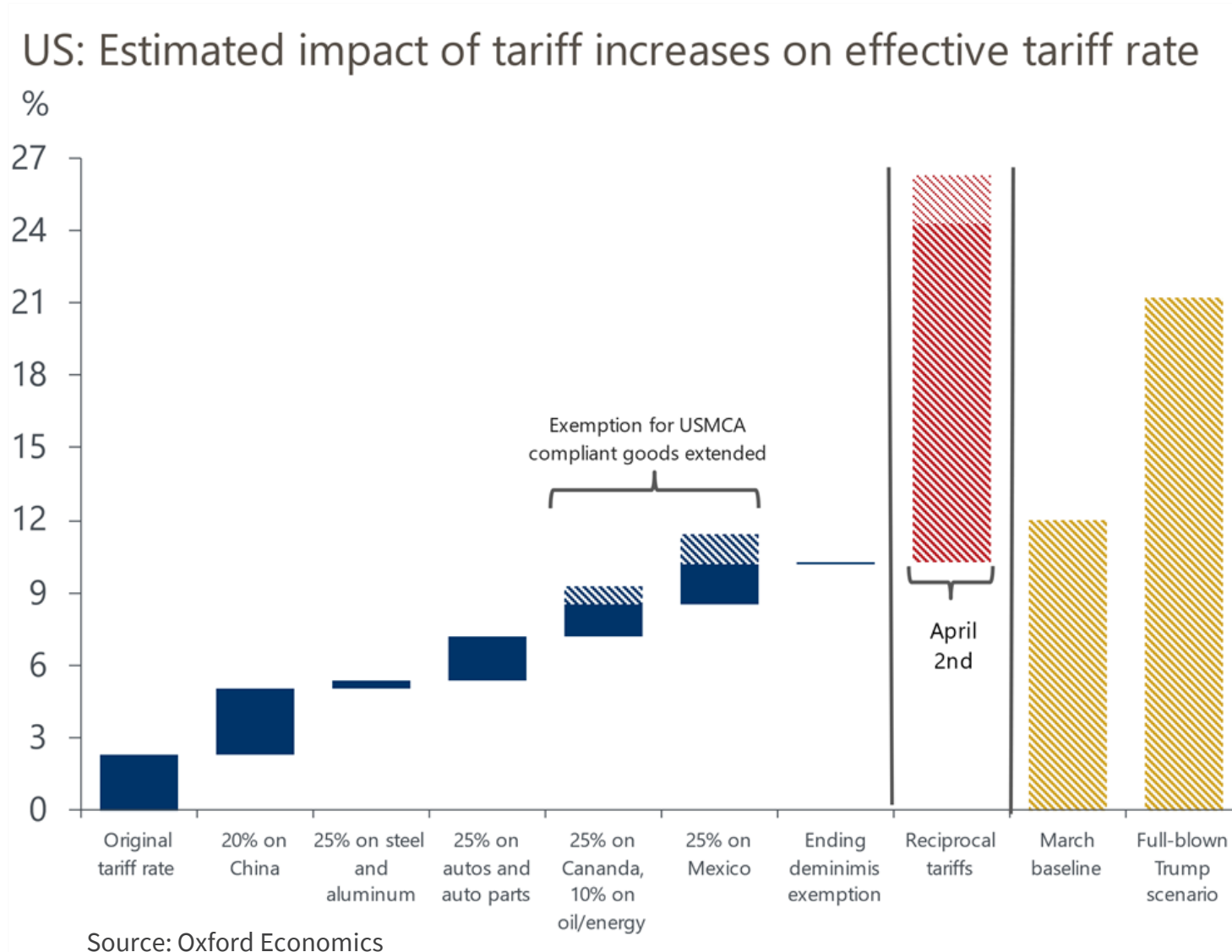
Negative expectations for the global economy among the industry...

Views on Global GDP Growth: Last 3 Months



Q: Looking ahead to the next two years, have you become more positive or more negative about global GDP growth prospects over the past three months?
Q1 2025: n=130, Q4 2024: n=114, Q3 2024: n=146 | Net Result is the percentage difference/variance between 'Positive' and 'Negative' results

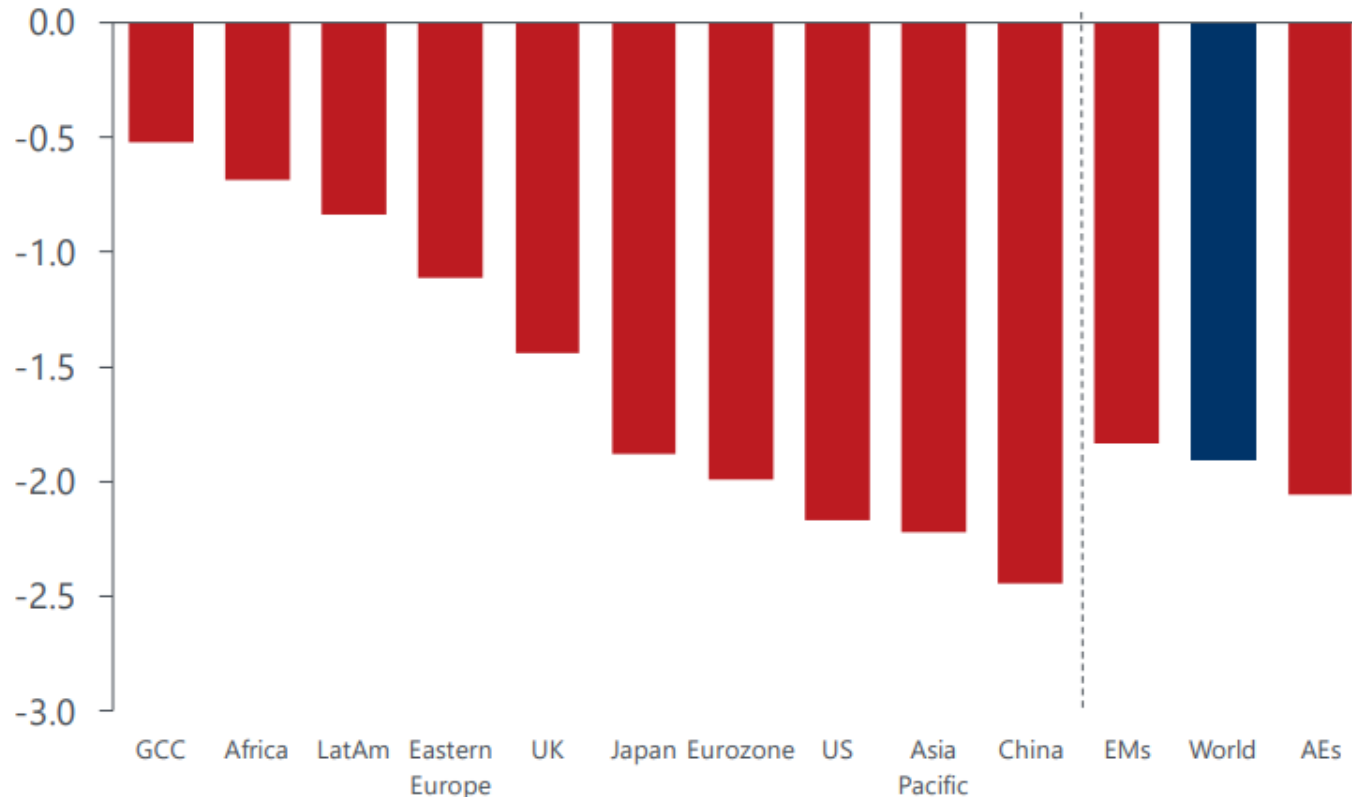
...as announced tariffs only adds to uncertainty and sentiment



Trade war to impact China and the US most, with negative impacts on travel

GDP impacts in Heightened tensions

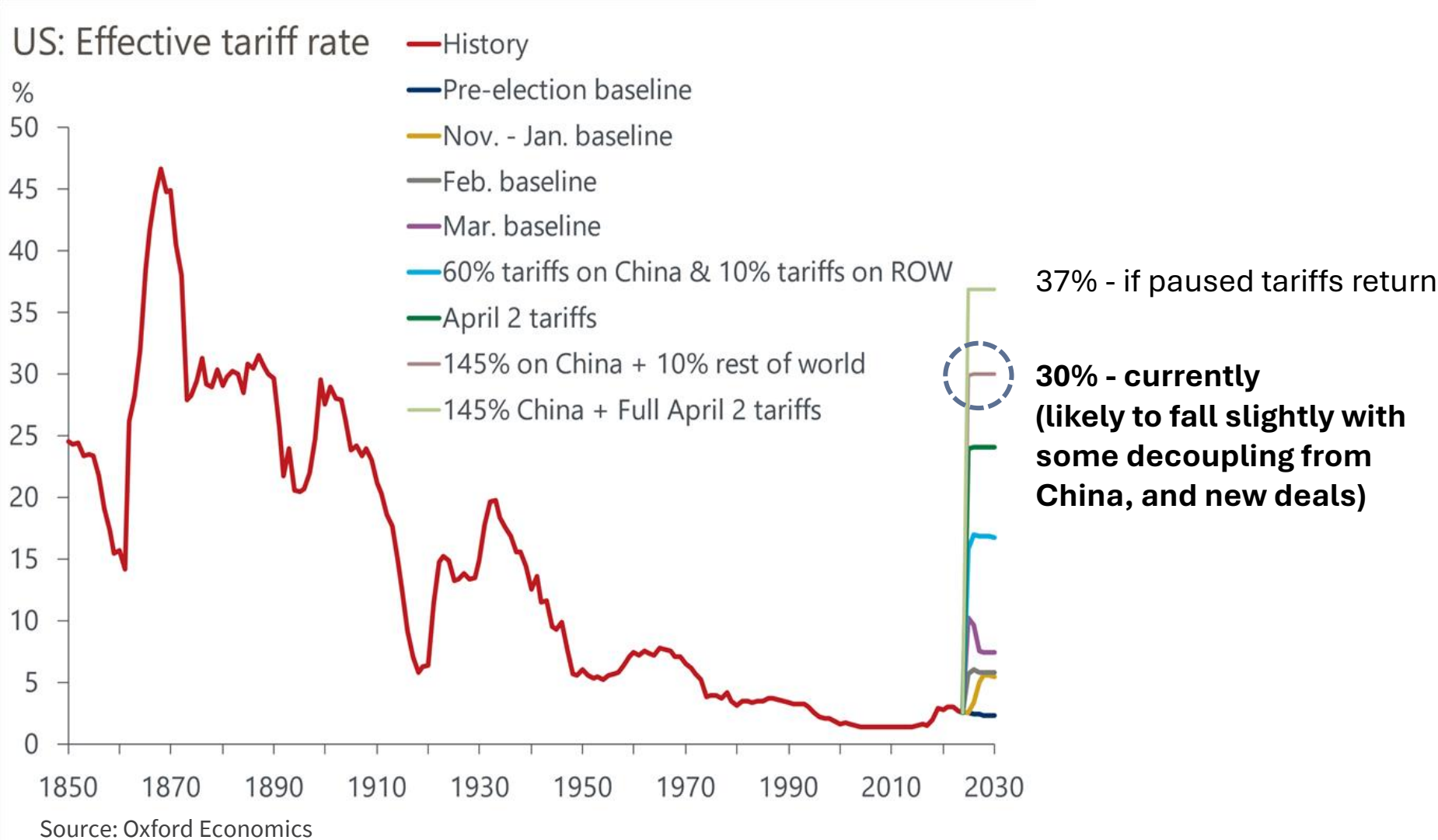
% difference in level of GDP versus baseline in 2026



Source: Oxford Economics

- More restricted trade
-> weaker economic growth
- Weaker economies
-> lower household income
-> travel less affordable
- Weaker sentiment among travellers: i.e. reluctance to travel due to uncertainty and perceptions of safety/security
-> travel less likely to be chosen
- Potential travel bans and restrictions
-> travel more difficult

Trade-weighted tariff rate highest in since 1880s



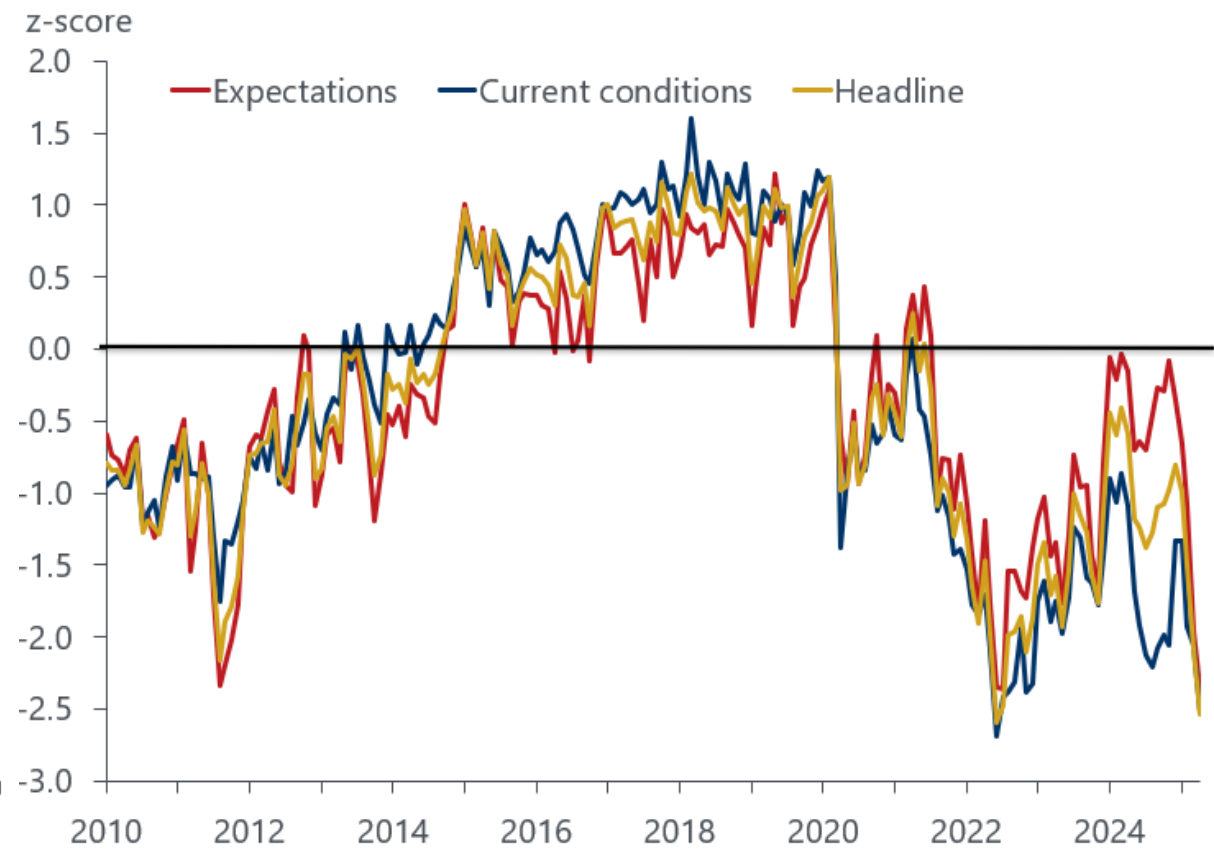
Meanwhile, inflation expectations have skyrocketed, and consumer sentiment nears its historic low...

US: Michigan consumer inflation expectations



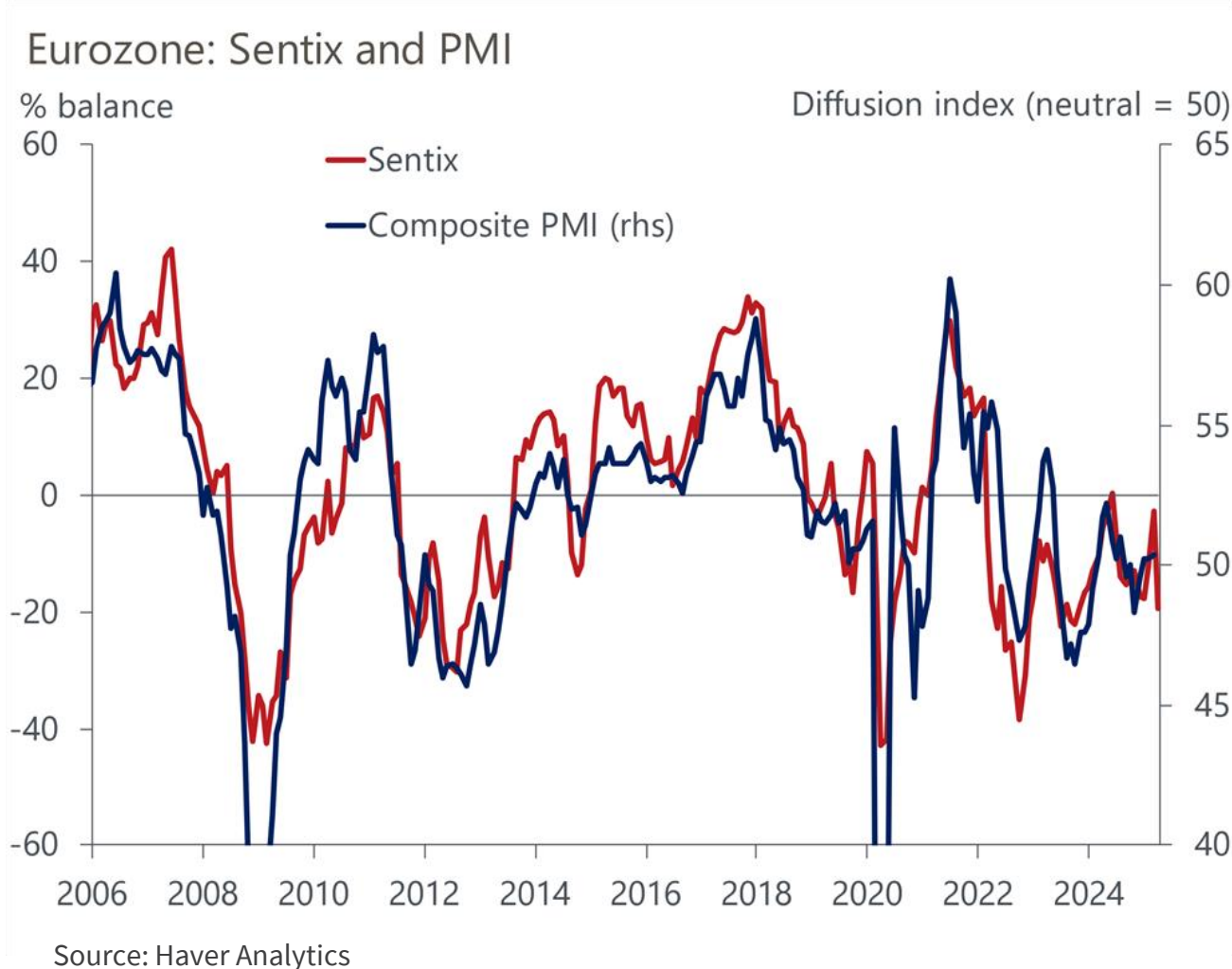
Source: Haver Analytics

US: Michigan consumer sentiment

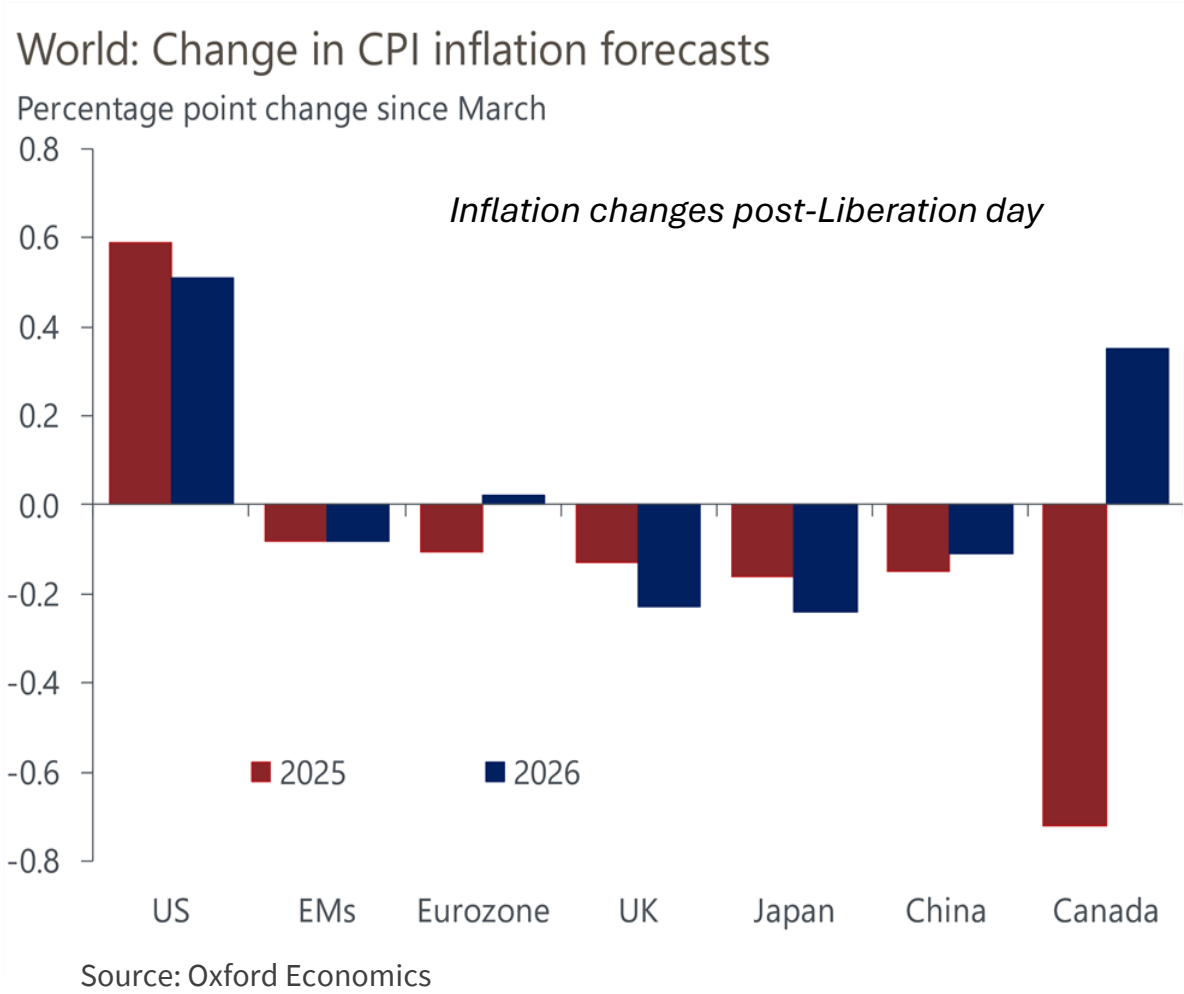


Source: Haver Analytics

Recent improvement in European sentiment set to be short-lived following the ‘Liberation Day’ announcements



Tariffs are inflationary for the US but disinflationary for the rest of the world



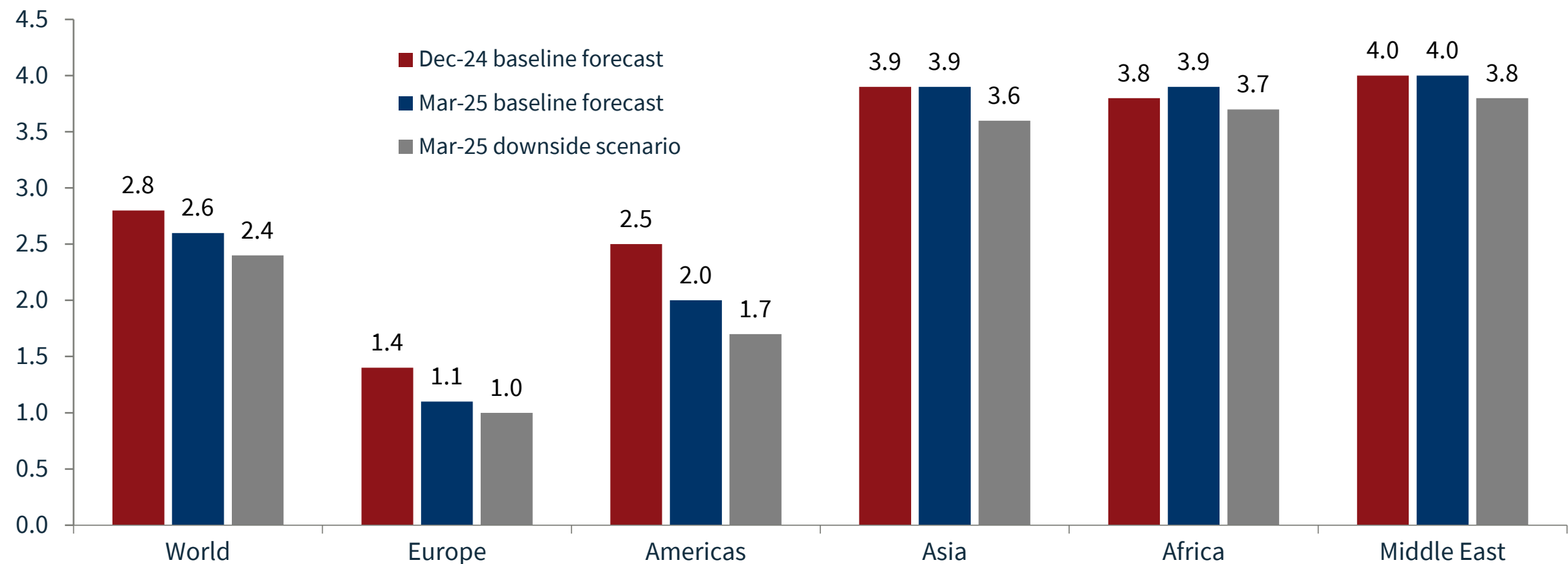
2025 inflation forecast (% year)

- US: 3.6%
- EMs: 4.7%
- Eurozone: 1.9%
- UK: 3%
- Japan: 2.7%
- China: 0.2%
- Canada: 2.6%

Overall economic outlook has weakened following recent events

Global GDP and regional breakdown for 2025

% year-on-year



Source: Oxford Economics/Tourism Economics
Taken from end-March forecast update including some announced tariffs but before 'Liberation Day'

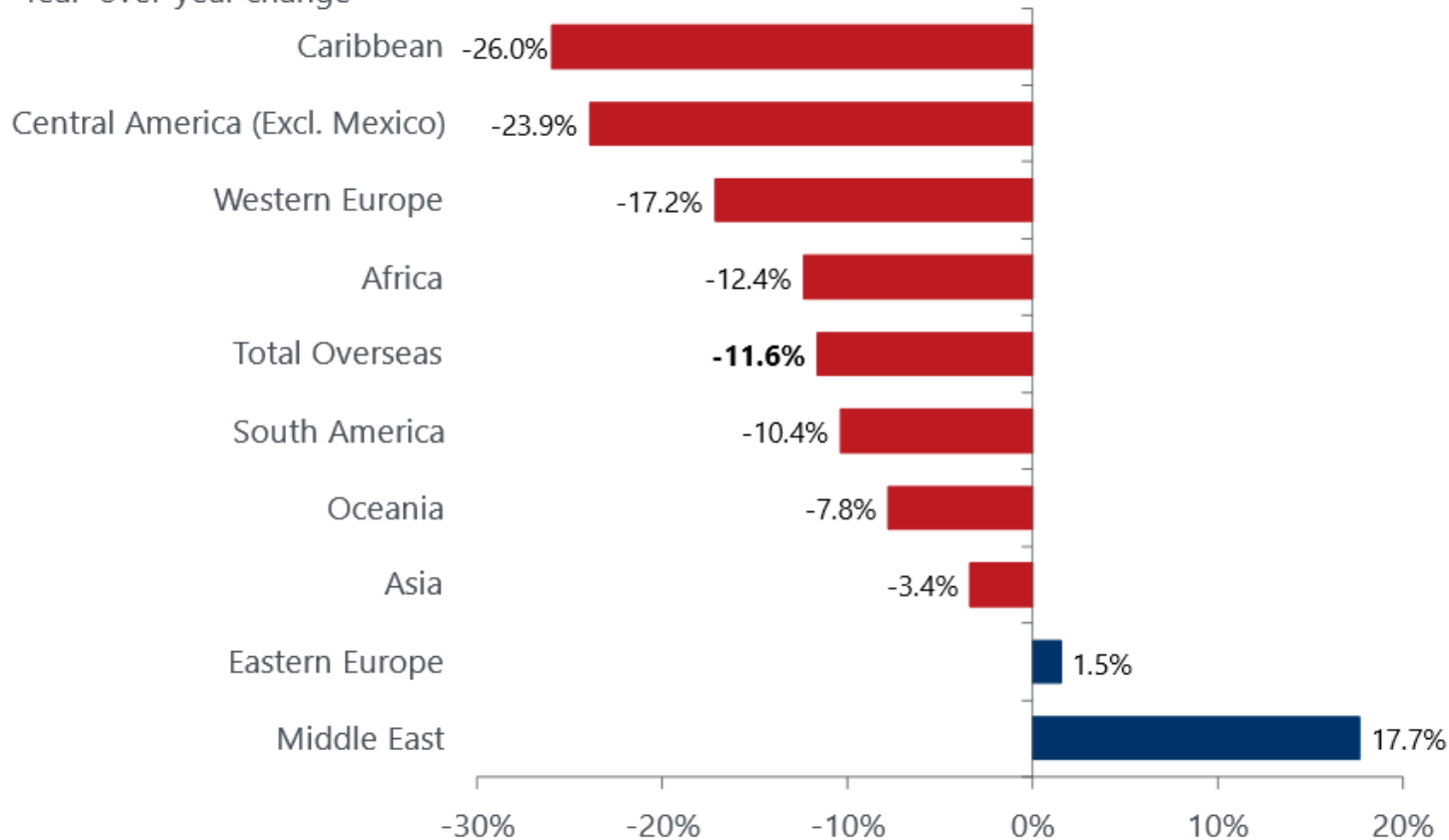
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Overseas travel to the US showed first sign of weakness in March...

Overseas visitor arrivals to the US by global region

Year-over-year change



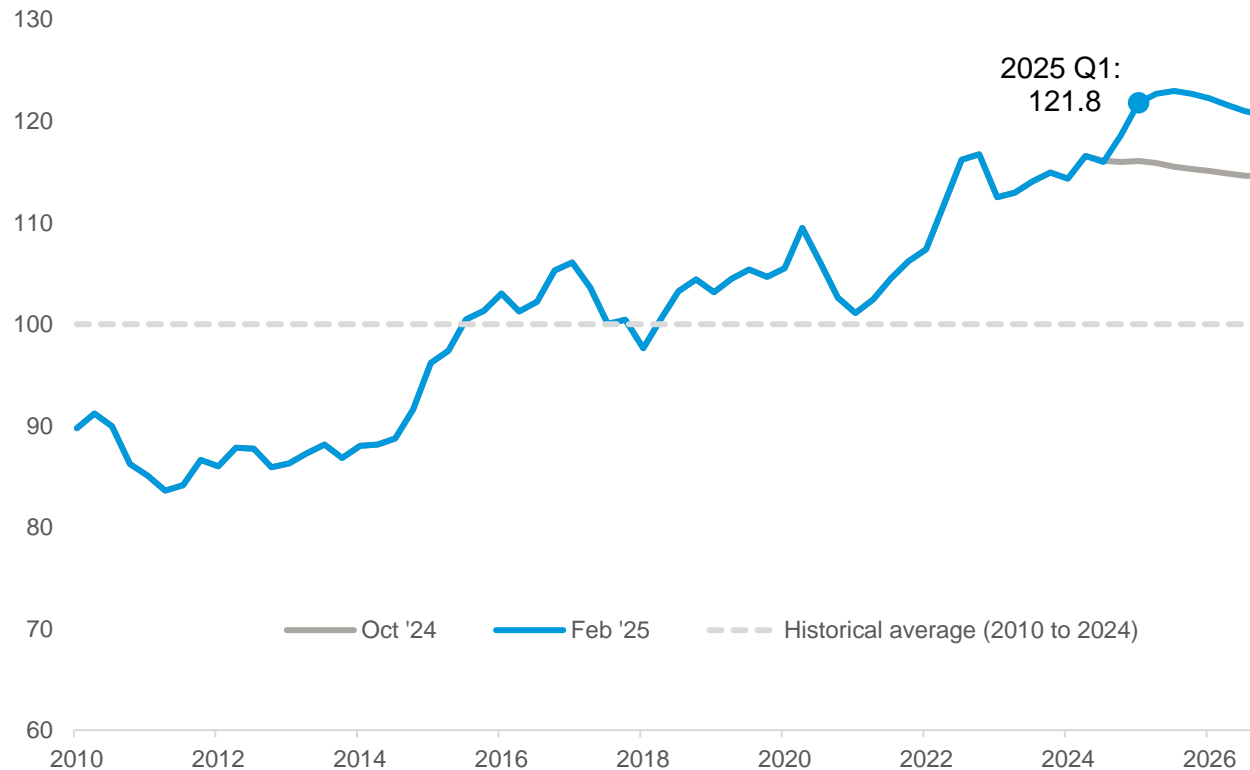
Source: I-94/ADIS

- Visits from Western Europe dropped 17.2% in March, with Germany and the UK – which issued updated travel advisories to the US in March – falling 28.2% and 14.3%, respectively.
- Combined, these two countries were responsible for about half (51%) of the 315,000 drop in overseas visits.

...and a further strengthening in the US dollar is set to reduce affordability

Forecast comparison: US dollar

Exchange rate index (historical average=100)

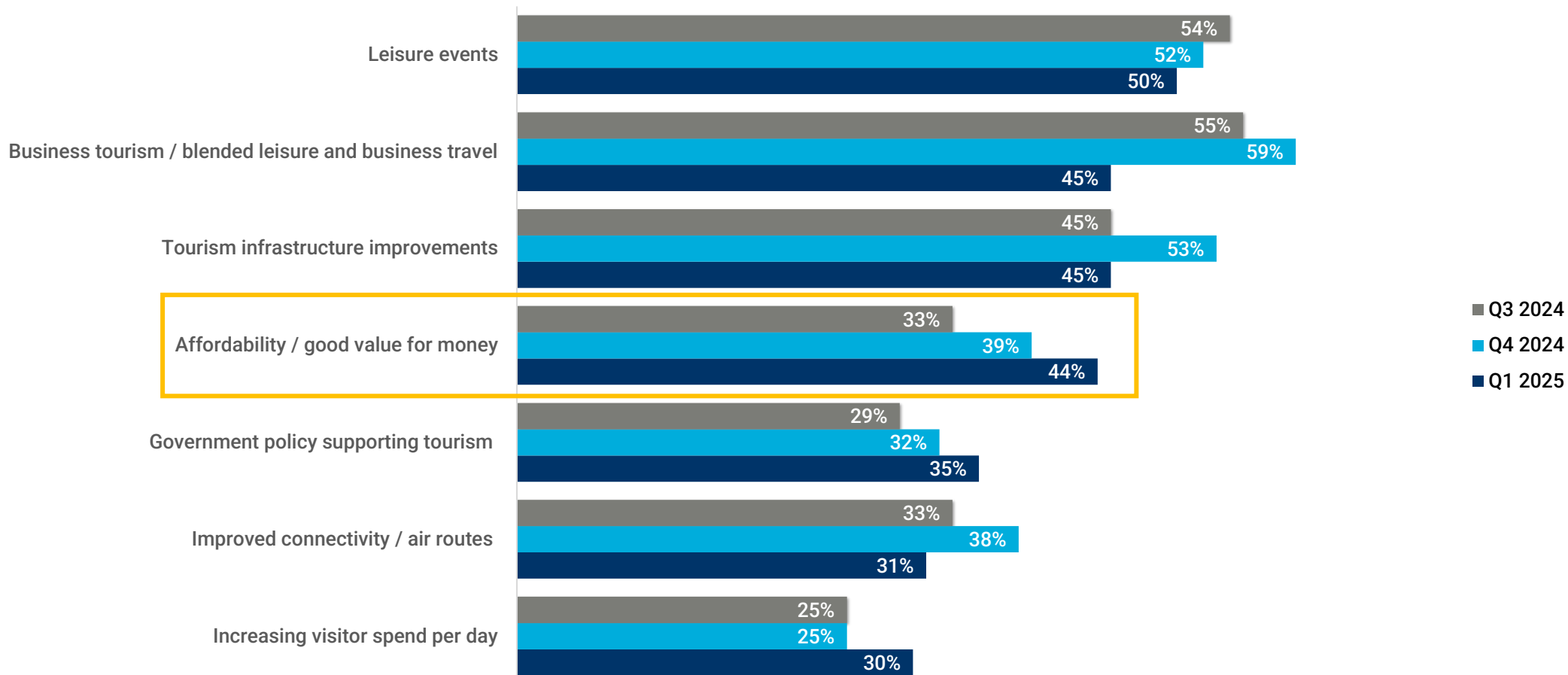


Note: The exchange rate index shows the value of the domestic currency relative to a trade-weighted basket of foreign currencies. The index is calculated on a real basis, adjusting for differentials in price inflation between countries. Periods in which the index is above its historical average (2010 to 2024) represent periods in which the domestic currency is relatively stronger than it has been historically.
Source: Oxford Economics, Haver Analytics

- The current forecast anticipates a US dollar that is 6% stronger than in the pre-election forecast.
- The dollar is now approximately 22% stronger than its recent historical average (2010 to 2024).
- Making the US a more expensive destination.

Higher prices for long-haul travel to the US comes at a time when affordability is increasingly being seen as an opportunity for growth

Key Tourism Opportunities



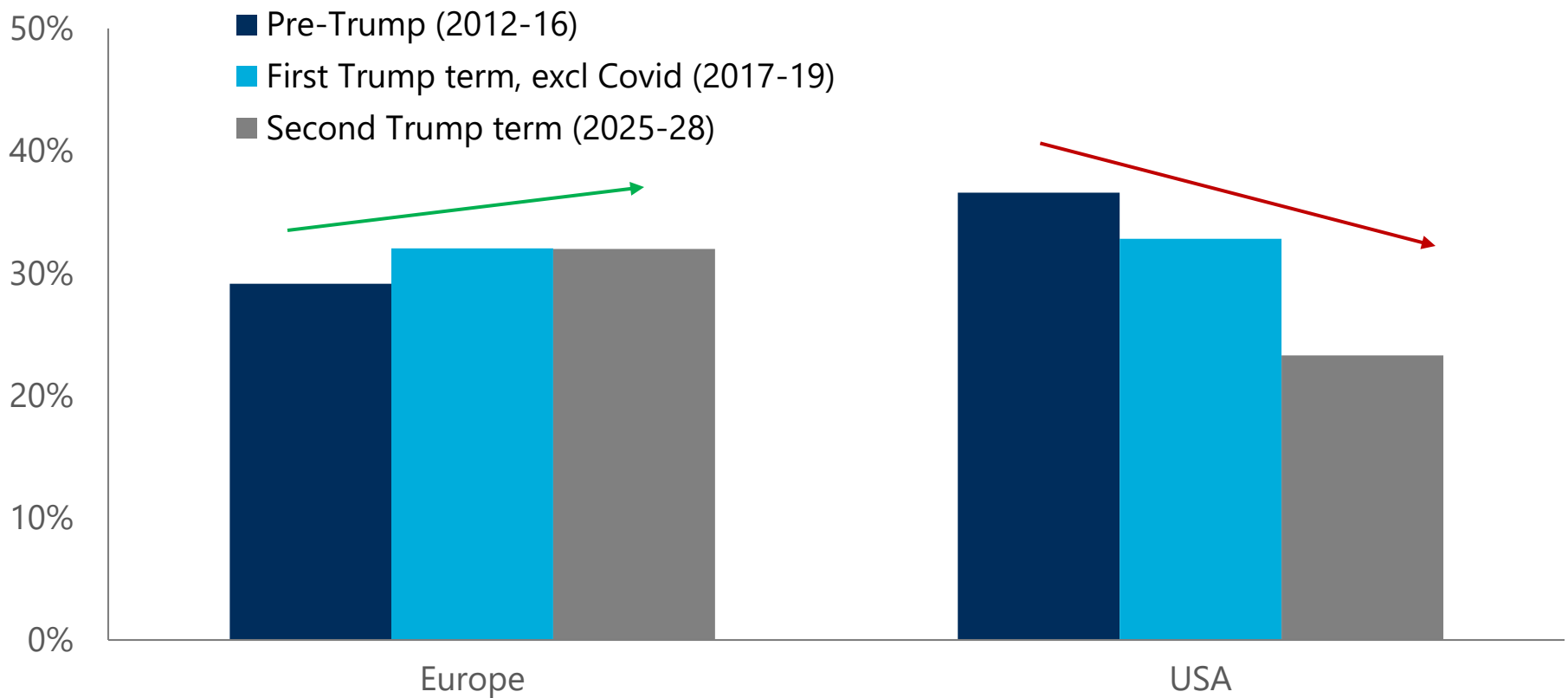
Source: Tourism Economics

Q: Which, if any, of the following are opportunities for tourism growth over the next few years? (Top five opportunities in your country) | Q1 2025: n=130, Q4 2024: n=114, Q3 2024: n=146

This could provide an opportunity for European destinations

Share of Chinese long-haul travel by destination

average % share of travel outside Asia Pacific by period



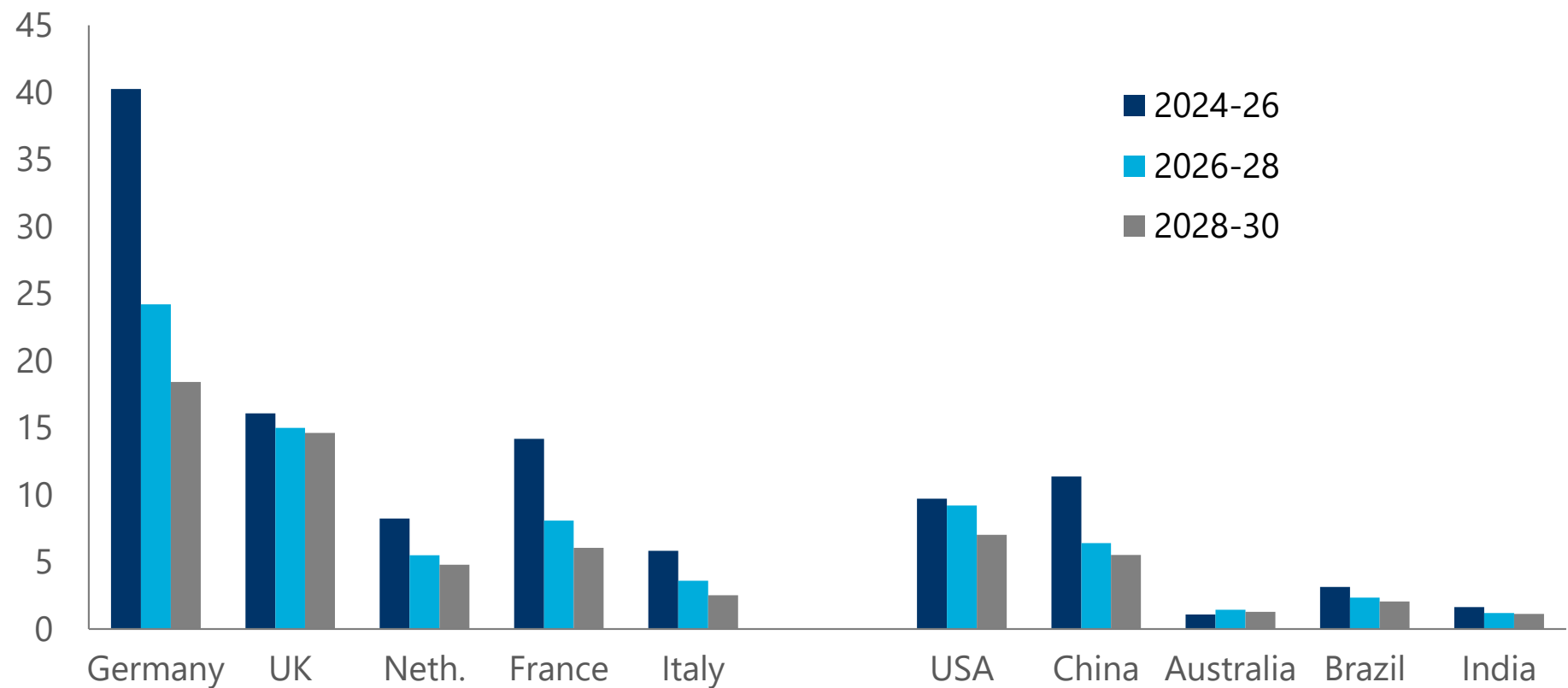
Source: Tourism Economics

Taken from end-March forecast update including some announced tariffs but before 'Liberation Day'

But short-haul demand will remain a key driver of growth

Source market contribution to EU inbound growth

Mns of additional international overnights per year from major source markets

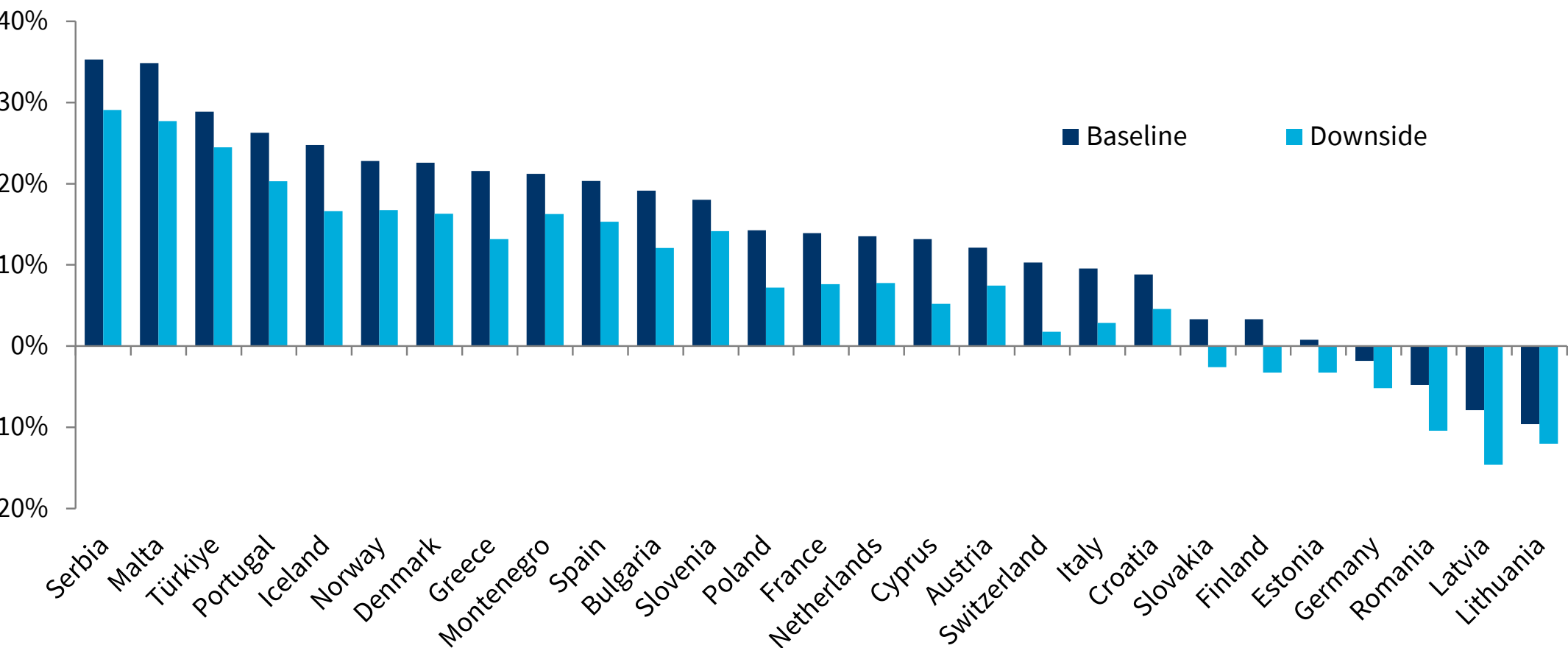


Source: Tourism Economics
Taken from end-March forecast update including some announced tariffs but before 'Liberation Day'

Risks are still skewed to the downside...

International arrivals to select European destinations, 2025

% change year-on-year



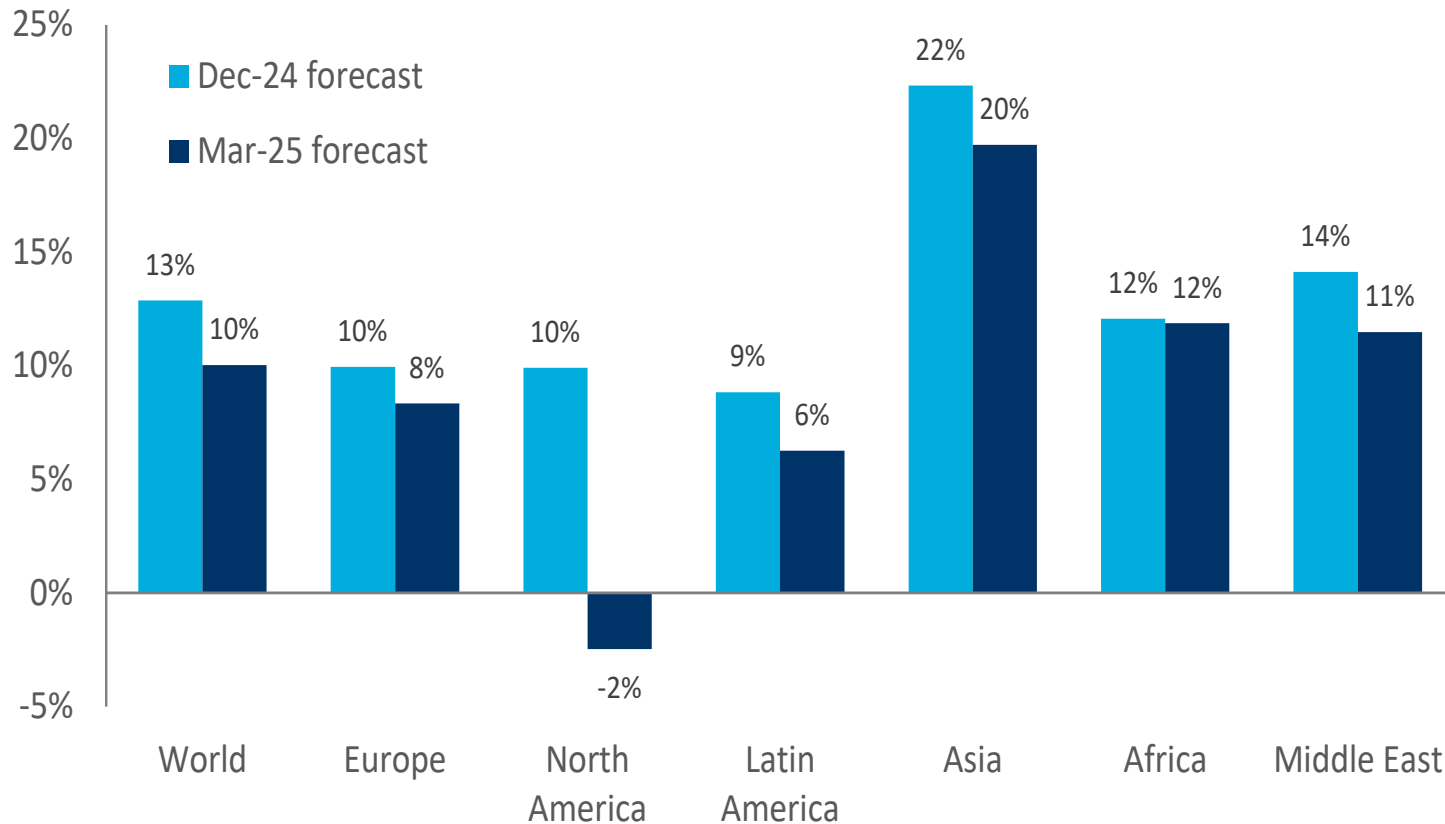
Source: Tourism Economics

Taken from end-March forecast update including some announced tariffs but before 'Liberation Day'

...with growth weaker across all regions

International arrivals by region, 2025 revision

% y-y growth



Source: Tourism Economics

Taken from end-March forecast update including some announced tariffs but before 'Liberation Day'

Summary

- Recovery & growth in European tourism continued into 2025.
- Tariffs and trade war could undermine demand growth but is also affecting sentiment towards destinations.
- A delayed recovery and loss of US market share poses opportunities for other destinations.
- Value remains important, and this is impacting destination choices, with a skew still towards short-haul travel.
- Downside risks stem from 'Liberation Day' because they went far beyond all prior expectations based on reasonable reciprocal tariff rates. As growth likely to be weaker than the baseline view.



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