

London Visitor Nights Projection Technical Note

November 2021 for tourism forecast data to May 2021

November 2021

Purpose

This note provides an explanation of the methodology behind the quarterly and annual London visitor nights projection.

Structure of the projection

There are separate projections for domestic and international visitor nights. The projection builds on the back series, and has four parts:

- Historic data for international and domestic tourism up to 2019
- Monthly estimates and projections for 2020 and 2021
- A monthly glide path to take domestic and international tourism visitor nights to pre-pandemic levels
- Projections of growth rates for the remainder of the forecast period

The steps of the process in more detail, highlighting the four parts, are:

- **ONS historic annual data for international visitor nights for London 2002-2019, and the corresponding data for domestic stays for 2006-2019 by VisitEngland.** The data includes overnight visits for holidays, business, seeing friends and family, study, and other reasons.
- **VisitEngland monthly projections for 2020 and 2021 for domestic tourism to London and the corresponding projections by VisitBritain for international tourism to London.** This has been converted to percentage of 2019 values. Both projections are for expenditure, with the same month-on-month change applied to the GLA visitor night forecast. The VisitBritain domestic projection assumes that visits recover more quickly than expenditure – this modelling takes the expenditure profile as this is likely to correspond more closely to nights stayed. VisitBritain modelling at May 2021¹, “assumes the start of a recovery from May, albeit slow at first, with a step change in the summer followed by gradual recovery throughout the rest of the year as international travel opens up to and from a growing number of markets. ... There are a number of assumptions behind, and significant risks to, this forecast. It reflects a balance between the resilient demand amongst many for international travel ... and the likelihood of restrictions persisting for some time for many countries. The most crucial drivers will be the progression of vaccinations and of any new variants, both in the UK and in our key inbound markets.” The monthly projections of percentage of 2019 spend values have been applied to visitor nights on the

¹ [2021 tourism forecast | VisitBritain](#)

basis that GLAE does not have information or insight additional to that of VisitBritain, their profiles are not inconsistent with the assumption below of a return to pre-crisis visitor night levels by mid-decade, and that they are not contingent on the timings of further easings of restrictions.

- There is an assumption that tourism will return to its pre-crisis levels by the middle of the decade. Arup² has given some consideration to this issue, “we suggested that day, domestic and short-haul international visitors were likely to return first, and the future for business travel was less buoyant than leisure travel. ... Tourism Economics advised ... that in the medium-term London will continue its lead as the most popular city destination in Europe, and by 2025 will be comfortably exceeding its 2019 numbers of visitors. ... As a result of the most recent restrictions, and the continued spread of the virus, we are now including a more downbeat projection for tourism’s recovery within our scenarios, with recovery to 2019 levels by around the middle of the decade, or later, depending on the scenario.”
- **A monthly glide path assumption to take projections to pre-crisis levels**
- **Projections of growth rates for domestic and international visitor nights in line with the (latest) 2017 GLAE hotel accommodation projections³.**
 - This has been used in the absence of alternative analysis to support other assumptions. The assumptions are in line with historic trends.
 - They do not explicitly take account of more recent developments:
 - including the effects of Brexit or COVID-19. Specifically, as they were long-term projections they have not incorporated the effects of the 2016 exchange rate depreciation – in reality, international visitor nights fell in 2018 and 2019, although the number of visitors rose slightly in 2019 to 2017 levels. Domestic visitor nights fell in 2016, and remained in 2019 below the level in 2015 – this suggests that overseas visits are not a substitute for all visits to London. The effect of a depreciation is to make everyone poorer domestically which may have an adverse effect on domestic tourism, and make overseas visits more attractive financially.
 - The projections also assumed the development of a third runway at Heathrow, which would increase flight capacity for overseas visitors. It is not clear if the third runway will be built.
 - The future attractiveness of London will depend amongst other things on its offer, the exchange rate, and income levels domestically and overseas. There is considerable uncertainty around these factors, and the use of growth rates from earlier projections is an attempt to see through them, reflecting as it does that projected growth rates are less than what has happened.

With these assumptions by the end of the projection, 2031, total visitor nights remain marginally below the previous peak in 2017.

² Arup and others (2021), [The economic future of the Central Activities Zone \(CAZ\)](#), phase 2 report

³ van Lohuizen A and Smith B (2017), [Projections of demand and supply for visitor accommodation in London to 2050](#), GLA Economics working paper 88