

US International Inbound Travel

Perspectives on 2017 and 2018

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Revised data on international visits to the US align closely with previous Tourism Economics estimates and show moderate growth across most regions

Key takeaways

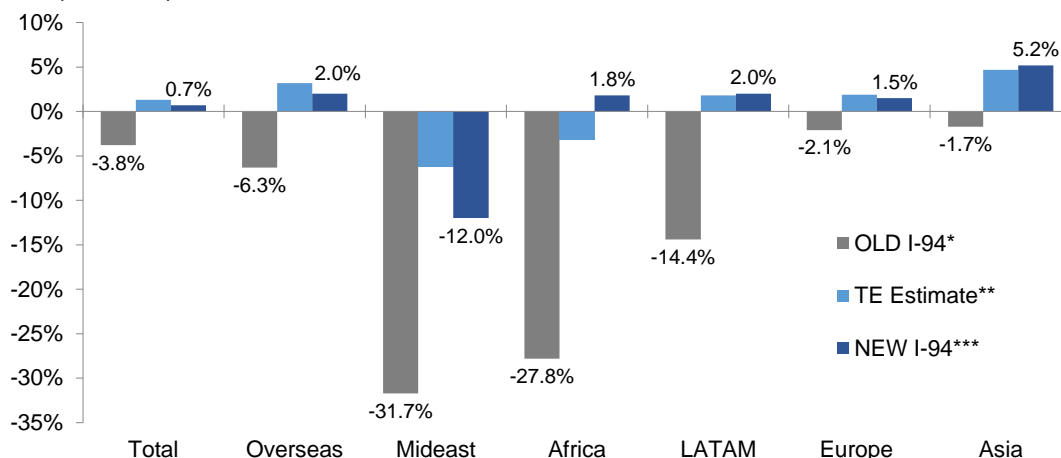
- Updated NTTO I-94 data confirm Tourism Economics analysis from a year ago that international travel to the US continued to grow in 2017 with overseas visits expanding 2% and total visits (including Canada and Mexico) growing 0.7%.
- Data for 2018 show that travel to the US is continuing to expand. We estimate that overseas markets expanded 2.4% through August of this year, with strong gains from Brazil and several European markets.
- Canada continues to rebound from previous declines with 8.4% growth through July 2018, while Mexico has surged 9.9%.
- However, the pace of growth is slowing as the year progresses and weakness is becoming evident in Germany and top Asian markets—particularly China, South Korea, and Japan.

What happened in 2017?

- As anticipated, the National Travel & Tourism Office (NTTO) revised data upwards for overseas travel to the US in 2017 and (to a lesser extent) in 2016. The revision is largely consistent with our expectations based on alternative measures of international travel (immigration and aviation data). The chart below shows original I-94 growth rates for January-September 2017 in comparison to Tourism Economics estimates early this year and the revised data released in September 2018.

International visits to the US by region

Comparison of published data for 2017



Source: NTTO, Tourism Economics

*Jan-Sep 2017 preliminary; **Spring 2018 estimates; ***Released Sep 12, 2018

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Emerging markets led the way last year, even as growth from China slowed

Developed markets managed some growth in 2017, despite declines from the UK and Australia

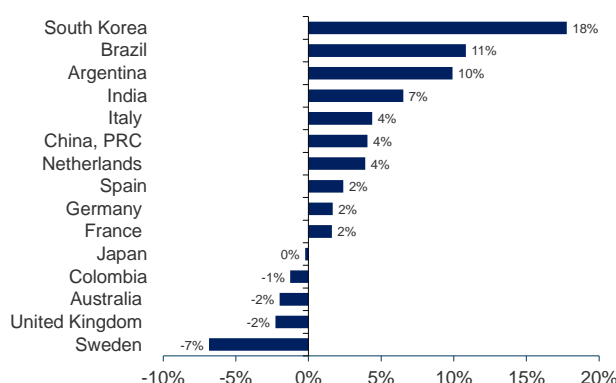
A brisk global economy and weakening US dollar supported growth

While some divergence is evident between the revised figures and Tourism Economics estimates, the data provide a similar picture of continued growth across most major markets in 2017. Overseas visits swung dramatically, to 2% growth from previous reporting of a 6.3% decline through September. The Middle East was indeed down, but not by nearly as much. And notably, visits from Latin America, Europe, and Asia all grew last year in contrast to initial data releases.

Emerging markets led growth in 2017. South Korea led all major markets while Brazil staged a recovery after two years of declines. Strong performance from Argentina and India placed emergers in the top four growth spots. However, a slowdown in China is an equally important story. After seven consecutive years of double-digit growth, Chinese travel to the US tapped the breaks with just 4% growth in 2017.

Performance from developed economies was measured and mixed. While Italy, Netherlands, Spain, Germany, and France all grew, visits declined from the UK (#1 overseas market) and Australia (#8 overseas market). Visits from Japan also fell slightly, following a 5% decline in 2016.

Overseas visits to the US in 2017
% change



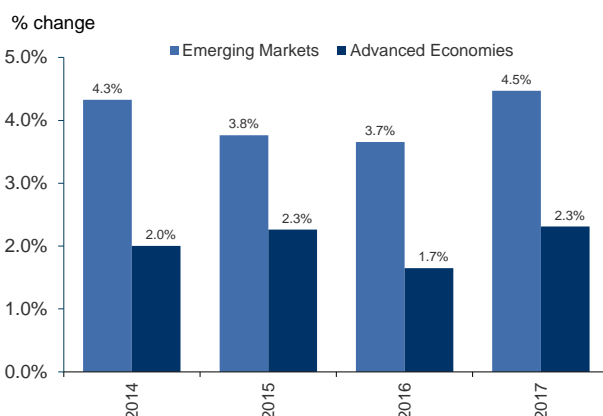
Source: NTT

Among the top 15 overseas markets, emerging markets filled out the top four spots in terms of growth last year

What drove growth in 2017?

Simply stated, the economy made all the difference. World GDP expanded 3.0% with the pickup evident in both developed and emerging markets, marking the strongest growth since 2011. At the same time, the US dollar weakened modestly against most major currencies, making the US more affordable.

World GDP



Source: Oxford Economics

Global economic growth was broad-based across both emerging and developing travel markets in 2017

International travel to the US is expanding across most world regions in 2018

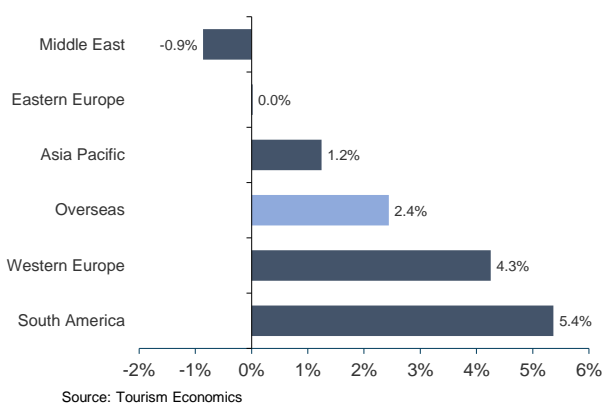
Weakness is evident in a significant set of core markets

How is 2018 taking shape?

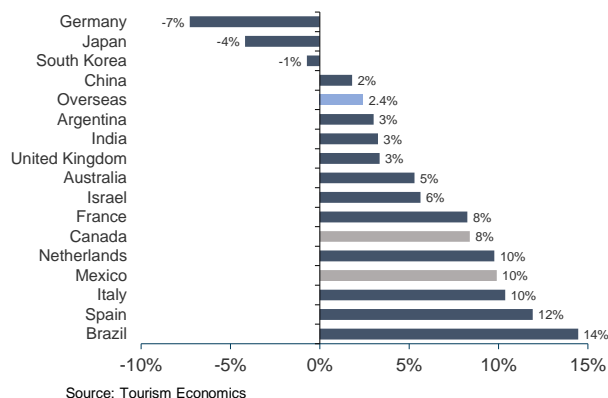
Tourism Economics tracks four separate data sources as a basis of validating trends in overseas travel to the US. The NTTDO I-94 program supplies the official statistics and is currently available through March 2018. APIS is a separate Department of Homeland Security program that provides data on arrivals of non-citizens by port of departure. Finally, OAG and SABRE are private sector aviation intelligence companies that provide data on origin-destination passenger data. Visits from Canada and Mexico are tracked directly via Statistics Canada and Banco de Mexico, respectively. An analysis of these datasets reveals three important themes for 2018:

- Travel to the US is continuing to grow. Through August, we estimate that overseas visits have expanded 2.4%. South America, led by Brazil, is growing faster than any other region at 5.4%. Surprisingly, Western Europe follows with 4.3% as most major markets are expanding. On concerning fronts, Asia has slowed to just 1.2% growth and the Middle East continues to contract. Meanwhile, travel from both Canada (+8.4%) and Mexico (+9.9%) is surging through July, albeit from previous declines.
- While overall global performance through August is solid, certain markets stand out as strategic concerns. Japan, the second largest US overseas travel market, is down 4% through August. Germany, the fifth largest, is down 7%. China and South Korea, now the third largest and fourth largest US overseas markets, respectively, are no longer producing torrid growth. Available data indicate that South Korea is contracting slightly while China is barely growing in 2018. Geopolitical factors appear to be weighing on these markets to various degrees.

International visits to the US in 2018
% change, Jan-Aug YTD



International visits to the US in 2018
% change, Jan-Aug YTD



Monthly data show that performance is trending down as the year progresses and especially during the peak travel season

- Travel to the US is slowing as 2018 progresses. The first quarter was especially strong as the Easter holiday consolidated more spring travel into March, resulting in declines in April. However, the summer months are showing a steady slowdown. Overseas travel to the US contracted 0.3% in August.

US Overseas Non-Citizen Arrivals
year-over-year % change

