



Skift Travel Health Index

July 2023 Highlights

Global travel's month-over-month performance decline in July 2023 due to seasonality of demand mirrors the downward trend from June to July last year. Hong Kong, the only country to witness an index uptick this month, has geared up for a steady rebound as travel volumes return.

By Saniya Zanjure + Skift Team

Published August 2023

Table of Contents

Executive Summary	1
Travel Continues to Overtake the 2019 Benchmark	1
<i>Index Slowdown Mirrors Last Year</i>	2
Holiday Season Sparks Travel Boost in Hong Kong	3
U.S. Sector Performance is a Mixed Bag	5
<i>Forecast for U.S. Hotels Lowered</i>	6
Conclusion	9
Methodology	9
Data Tables	12
<i>Total Skift Travel Health Index Scores by Country</i>	12
<i>Aviation Scores by Country</i>	13
<i>Hotel Scores by Country</i>	14
<i>Vacation Rental Scores by Country</i>	15
<i>Car Rental Scores by Country</i>	17

Executive Summary

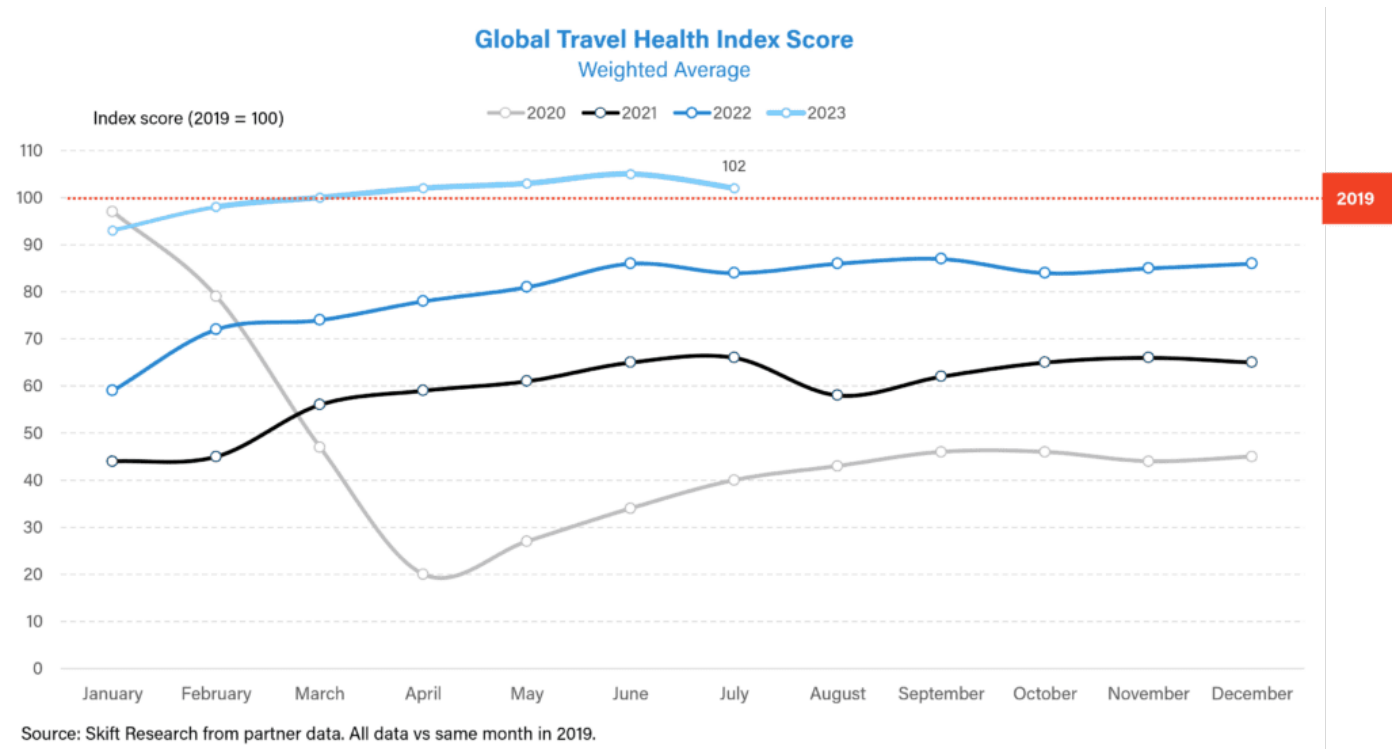
The Skift Travel Health Index continues to indicate the complete return of travel. The index stands at 102 as of July 2023. Although this is a 3 percentage point (pp) decline over the previous month, travel performance improved by 17 pp year-over-year. The decrease echoes the downward trend witnessed in 2022. The index peaked in June 2022 and then declined slightly in the following months.

Hong Kong, which has long been an outlier in the global travel industry's recovery, was the only country to see a performance increase over the last month. As travel volumes to Hong Kong recover, Hong Kong's tourism sector is expected to rebound steadily.

STR and Tourism Economics lowered their forecasts for U.S. hotels as a result of demand underperforming projections in the first quarter of 2023 and the potential impact of the economic slowdown on consumer spending and travel sentiment. Hoteliers, however, continue to remain optimistic, and the impact on the lodging industry is expected to be limited.

Travel Continues to Overtake the 2019 Benchmark

The global Travel Health Index continues to track above 2019 levels in July 2023, with a 2 percentage point (pp) increase compared to July 2019. Despite the 3 pp month-over-month decline, travel performance has come a long way since July 2022.



Index Slowdown Mirrors Last Year

Travel performance declined slightly over the last month across all regions. North America and Latin America were the best-performing regions, with travel performance 7 pp above 2019 levels.

This year's performance decline mirrors the downward trend between June and July 2022. Travel performance weakened after peaking in June 2022 as well. Therefore, the 3 pp decline can be attributed to the seasonality of travel demand.

Skift Travel Health Index Performance by Region (June 2022 - July 2022 and June 2023 - July 2023)

Regions	Jun-22	Jul-22	Jun 22 - Jul 22	Jun-23	Jul-23	Jun 23 - Jul 23
Asia Pacific	73	74	+1	103	101	-2
Europe	94	87	-7	102	98	-4
Latin America	104	101	-3	111	107	-4
Middle East and Africa	94	88	-6	104	99	-5
North America	104	99	-5	109	107	-2

Regions	Jun-22	Jul-22	Jun 22 - Jul 22	Jun-23	Jul-23	Jun 23 - Jul 23
Global average	86	85	-1	105	102	-3

Holiday Season Sparks Travel Boost in Hong Kong

While travel performance softened across all countries over the last month, Hong Kong was the only country to witness month-over-month growth.

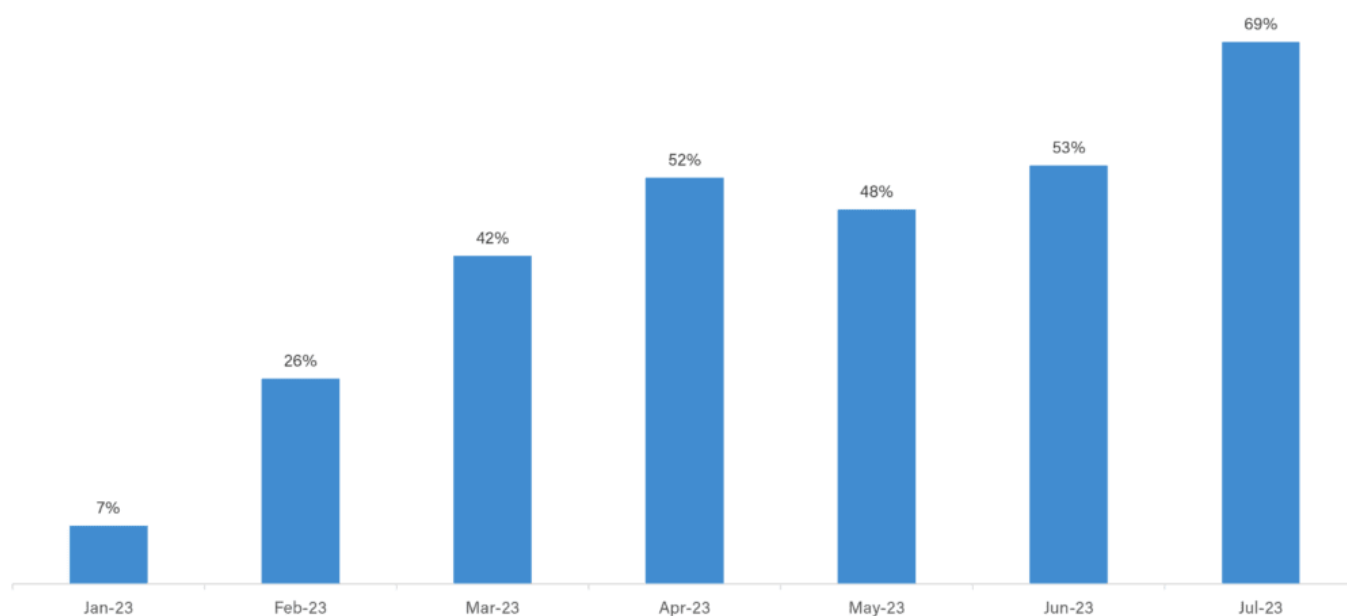
Skift Travel Health Index Performance by Country

Country	Jul-23	Jun-23	MoM Growth (abs)	YoY Growth (abs)
Hong Kong, China	75.8	70.3	+6	+30
Russia	68.8	68.7	0	+16
United Kingdom	108.6	108.5	0	+13
Spain	101.3	101.8	-1	+12
China	99.1	100.2	-1	+33
India	111.9	113.3	-1	+10
U.S.	107.8	109.3	-2	+7
Argentina	104.4	106.4	-2	+9
Canada	108.4	110.4	-2	+16
Japan	105.8	108.2	-2	+44
Brazil	107.1	109.8	-3	+8
South Africa	91.2	94	-3	+14
Thailand	101.5	104.6	-3	+25
Australia	96.4	100.2	-4	+3
Germany	91.9	96.6	-5	+14

Country	Jul-23	Jun-23	MoM Growth (abs)	YoY Growth (abs)
France	106.2	111.4	-5	+10
Mexico	112.2	117.8	-6	+2
Italy	100.4	106.3	-6	+2
United Arab Emirates	104.2	110.7	-7	+8
Singapore	97	104.3	-7	+18
Turkey	108.3	120.8	-13	+10
Indonesia	90.4	104.4	-14	+15

Hong Kong recorded 3.6 million tourist arrivals in July 2023, the highest number since the beginning of the year. Hong Kong has been one of the top destinations for Chinese outbound travel this year. The tourism sector in the country is steadily recovering, with Mainland China visitor arrivals recovering to 70% of pre-pandemic levels, and visitors from the Philippines and Thailand recovering to 90%.

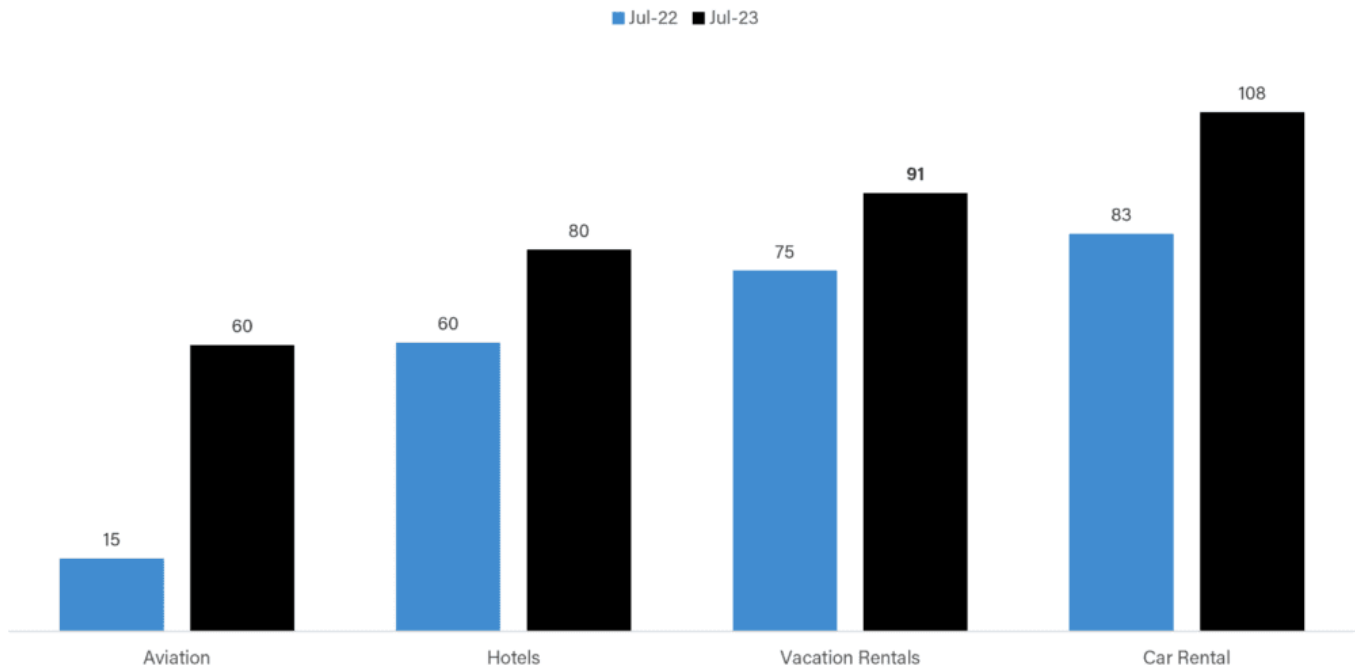
Hong Kong Visitor Arrivals as a % of Same Month in 2019



Source: Hong Kong Tourism Board, China Daily, Hong Kong

Hong Kong stands at 76% of pre-pandemic travel performance in our Index as of July 2023, showing a significant 30 pp year-over-year growth. All sectors have grown significantly over the last year, with car rental performance overtaking pre-pandemic levels.

Hong Kong Travel Health Index: Performance by Sector

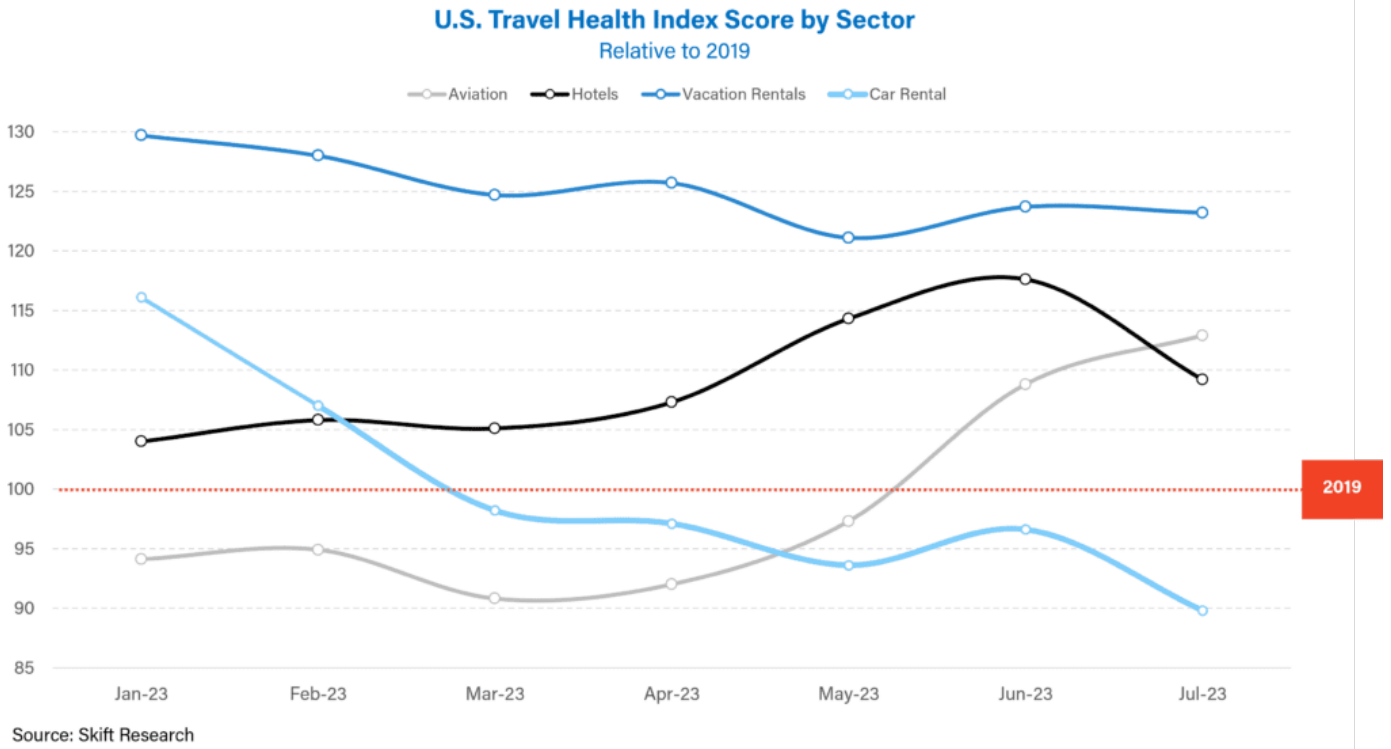


Source: Skift Research from partner data. All data vs same month in 2019.

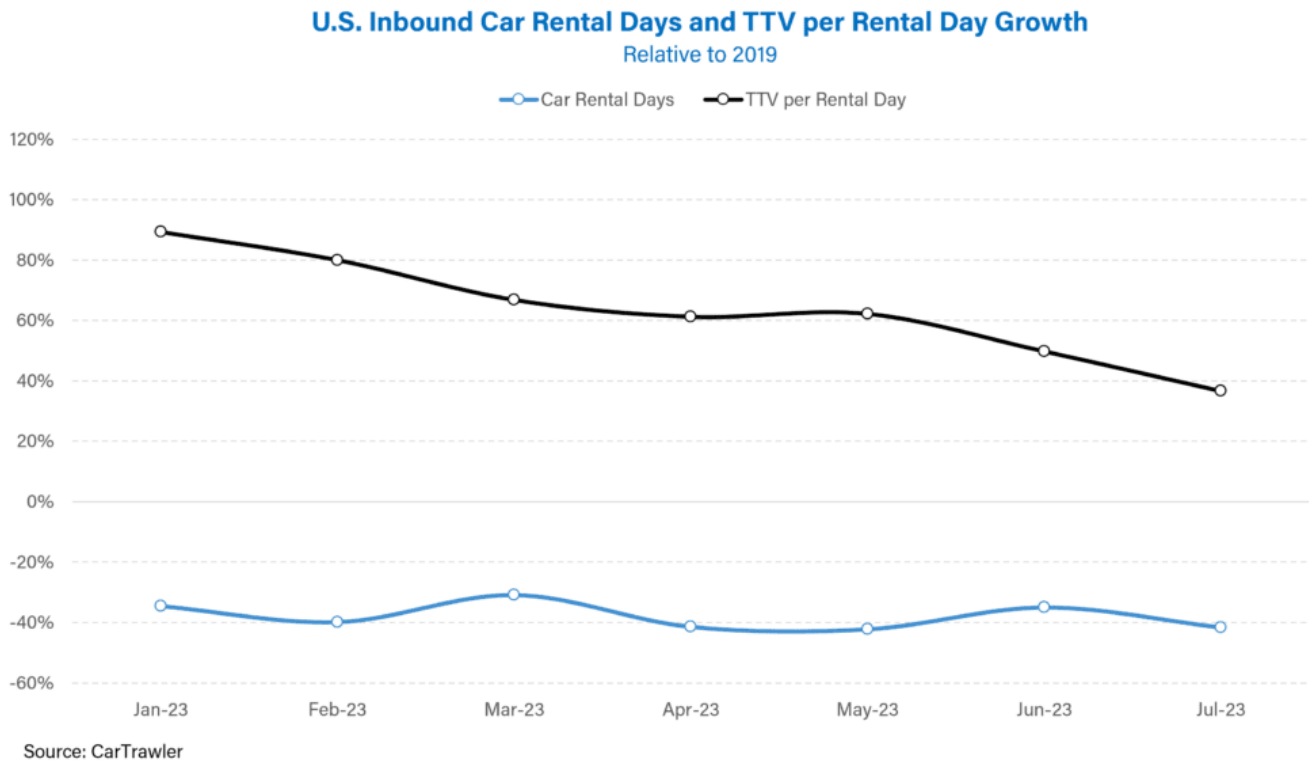
U.S. Sector Performance is a Mixed Bag

The Travel Health Index for the U.S. is currently at 108, up 8 pp from July 2022. Looking at performance by sector, we see that hotels and airlines, which were severely impacted by the pandemic, have thrived. Airlines, which were at 94% recovery at the beginning of the year, have now surpassed 2019 levels by 13 pp in July 2023.

Vacation rentals, the hottest performing sector, has slightly cooled off through the year but continues to be 20-30 pp above pre-pandemic levels. Car rental, on the other hand, has declined from an index score of 116 in January 2023 to 90 in July 2023.



The transaction values (TTV) for car rentals in the U.S. are still significantly higher than they were before the pandemic. As a result, car rental days, on average, are 35-40% below 2019 figures.



Forecast for U.S. Hotels Lowered

Overall hotel performance in the U.S. has been above pre-pandemic levels, as per the Travel Health Index. However, STR and Tourism Economics have lowered their RevPAR forecast for U.S. hotels in 2023 by 0.5 pp due to a 0.6 pp slowdown in occupancy growth. They still expect RevPAR growth this year to be higher than the historical average.

U.S. Hotel KPIs Year-over-Year Percentage Changes

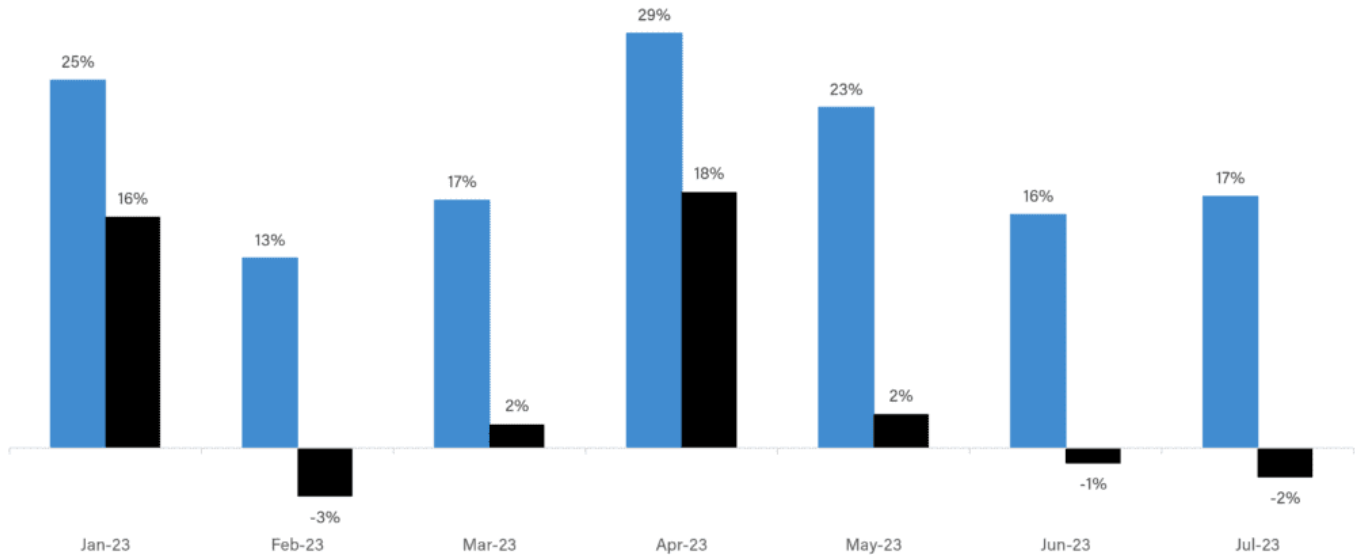
KPI	2023 Forecast	2024 Forecast	2025 Forecast
Occupancy	0.80%	1.00%	0.80%
ADR	3.60%	3.00%	2.70%
RevPAR	4.50%	4.10%	3.50%
RevPAR vs 2019 (Real)	-5.10%	-1.20%	2.30%

Source: STR and Tourism Economics

While U.S. hotel published rates have grown over 2019 levels, year-over-year growth has comparatively waned. ADR year-over-year growth rates have moderated as the impacts of inflation and booming leisure demand have subsided.

U.S. Hotel Published Rates

■ Growth over 2019 ■ Growth over 2022

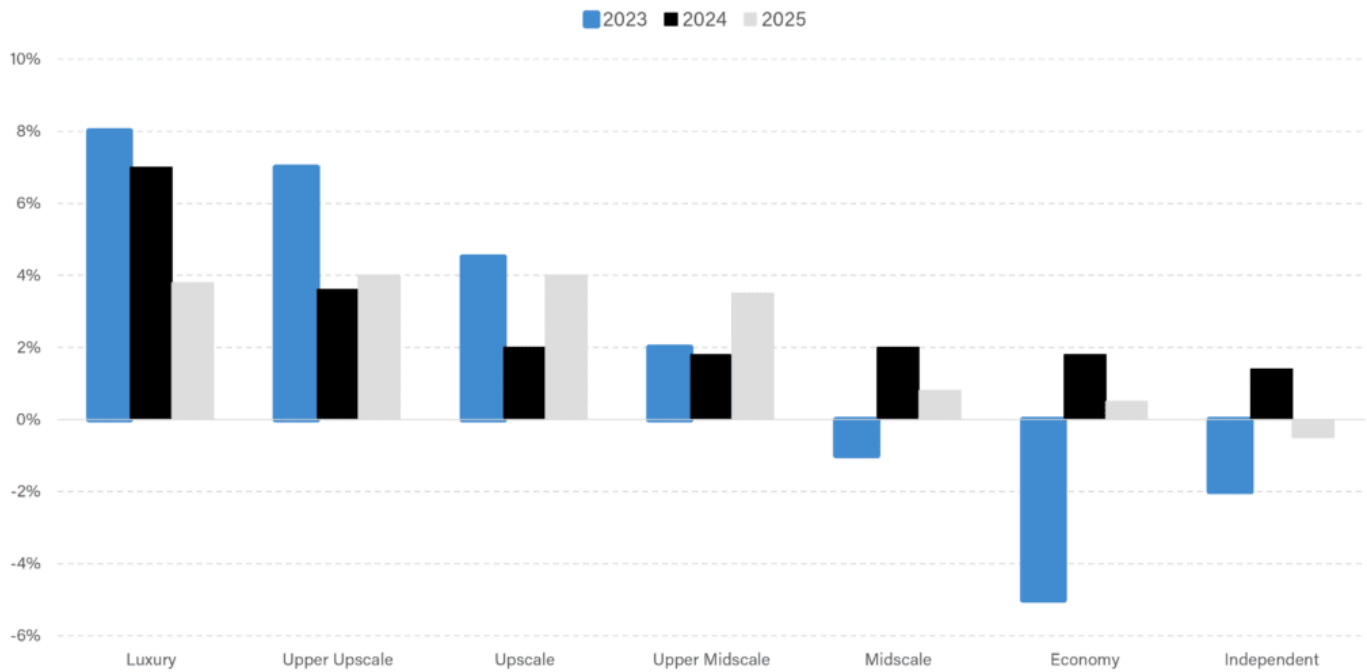


Source: OTA Insight

According to [STR](#), U.S. luxury demand underperformed projections in the first quarter of 2023 as a result of travelers pulling back from leisure spending and the potential impact of an economic slowdown on travel sentiment. Hoteliers, however, remain optimistic, especially those at the middle to higher end of the market.

Aran Ryan, Director of industry studies at Tourism Economics, expects the economic slowdown to have a limited impact on the lodging industry as group and business travel bounce back, international travelers return, and leisure travelers find room in household budgets to prioritize travel. The growth forecast is therefore skewed towards upper-midscale to luxury hotels with a more rate-focused performance strategy.

Demand Forecast for U.S. Hotels (Year-over-Year Growth)



Source: STR and Tourism Economics

Conclusion

Travel remained above the 2019 benchmark in July 2023 as well, with an index score of 102. Due to the seasonality of travel demand, the softening score over the last month is comparable to the decline witnessed between June and July 2022.

Hong Kong, however, was the only country to see an uptick in performance over the last month, similar to last year. While still at 76% recovery, inbound travel to Hong Kong is on an upward trend, which is expected to boost performance further.

The hotel and airline sectors in the U.S. have thrived this year, whereas the vacation rental and car rental boom appears to be slowing down. Even though hotel performance has been above pre-pandemic levels, STR and Tourism Economics have lowered their previous forecast for U.S. hotels. Luxury demand underperformed projections in the first quarter of this year due to travelers pulling back on leisure spending. Having said that, the economic slowdown is expected to have a limited impact on the lodging industry.

Methodology

Data Partners

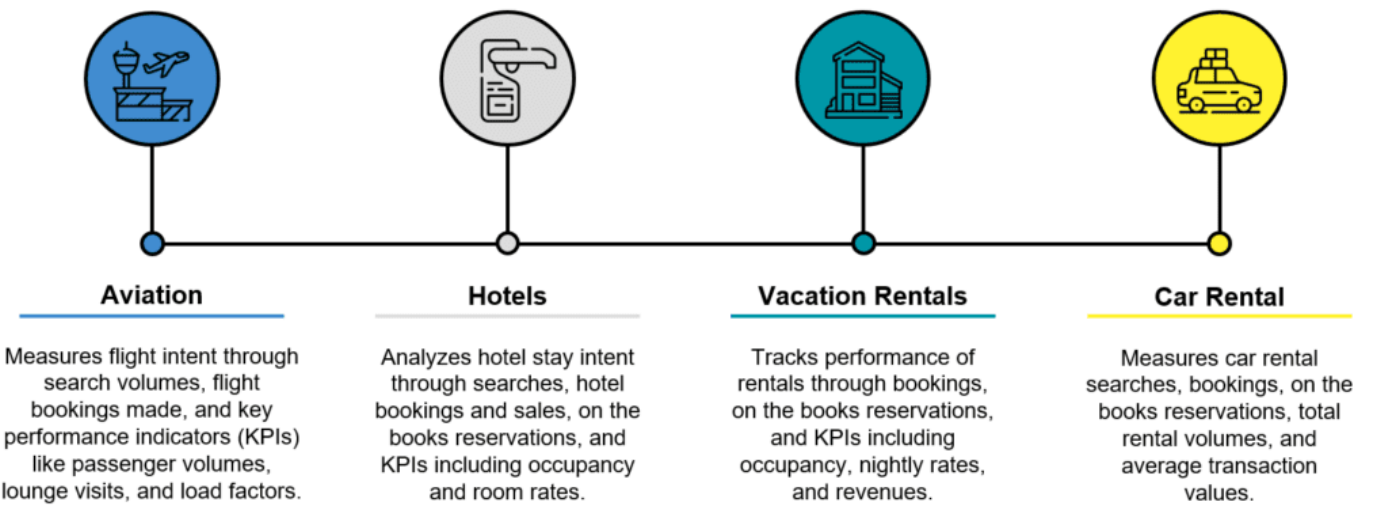
Skift Research collects and analyzes data from 22 different data partners, to provide the most comprehensive view of the travel industry's performance.



Index Design

The Index tracks 84 indicators per country to assess the health of the travel industry in each country. These indicators are aggregated into performance categories and sub-categories. The top level of division is by travel vertical, and each vertical is further divided by intent indicators, booking indicators, and key performance indicators.

The Index covers the following travel sectors:



Country Coverage

The Index focuses on the travel performance in 22 of the largest tourism economies, combined accounting for 62% of inbound tourism receipts, 67% of outbound tourism expenditure, and 78% of global 2019 GDP.

- Argentina
- Australia
- Brazil
- Canada
- China
- France
- Germany
- Hong Kong, China
- India
- Indonesia
- Italy
- Japan
- Mexico
- Russia
- Singapore
- South Africa
- Spain
- Thailand
- Turkey

- U.S.
- United Arab Emirates
- United Kingdom

Index Score Calculation

The Index is designed to provide an easy overview of the health of the travel industry. We have tracked the industry since the beginning of 2020. For 2020, 2021, 2022, and 2023 data, the performance of each indicator is compared to the same time in 2019. The Index provides a score relative to a baseline reading of 100 for the same month in 2019.

The full methodology can be found on our [website](#).

Data Tables

Total Skift Travel Health Index Scores by Country

	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
Argentina	92.4	96.6	95.0	103.1	109.7	100.7	106.4	104.4
Australia	99.4	109.4	100.3	100.6	96.9	95.1	100.2	96.4
Brazil	104.4	111.2	107.9	110.5	112.3	111.5	109.8	107.1
Canada	96.7	94.5	98.8	98.6	101.6	105.7	110.4	108.4
China	55.9	73.8	92.6	97.1	102.3	102.3	100.2	99.1
France	99.9	111.0	108.0	105.3	112.6	113.4	111.4	106.2
Germany	85.4	90.1	89.8	91.8	95.2	94.4	96.6	91.9
Hong Kong, China	68.5	56.8	74.3	71.3	76.3	73.8	70.3	75.8
India	100.4	100.1	106.0	110.9	110.6	110.6	113.3	111.9
Indonesia	82.2	91.0	93.6	88.5	90.6	93.9	104.4	90.4

	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
Italy	102.9	102.4	101.0	104.9	102.4	108.8	106.3	100.4
Japan	78.8	101.6	103.4	108.8	106.7	109.9	108.2	105.8
Mexico	119.0	121.1	120.5	120.6	117.3	115.5	117.8	112.2
Russia	54.1	69.3	67.6	66.7	64.3	65.8	68.7	68.8
Singapore	83.2	90.9	94.4	102.8	102.2	101.5	104.3	97.0
South Africa	77.3	91.0	93.5	93.2	91.4	93.2	94.0	91.2
Spain	103.9	103.8	105.0	106.8	107.4	104.4	101.8	101.3
Thailand	90.1	97.0	99.0	99.4	103.9	103.0	104.6	101.5
Turkey	103.4	113.9	89.7	104.6	107.9	118.9	120.8	108.3
U.S.	103.9	102.6	102.0	98.5	99.7	103.3	109.3	107.8
United Arab Emirates	104.7	103.5	109.1	105.3	109.2	121.5	110.7	104.2
United Kingdom	98.5	103.0	102.6	103.8	105.4	110.5	108.5	108.6

Aviation Scores by Country

	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
Argentina	83.7	83.2	82.1	87.3	98.5	84.6	96.1	94.4
Australia	94	92.7	101.8	103.6	94.5	93.3	99.6	101.0
Brazil	92.2	104.4	100.3	104.1	110.5	113.4	107.0	104.7
Canada	87.2	76.1	89.4	89.6	88.1	89.6	95.5	99.9
China	45	42.0	57.0	58.5	61.2	63.0	64.9	66.7
France	86.4	99.0	96.9	98.3	105.7	99.4	96.1	95.7
Germany	76.6	90.8	87.8	90.3	92.1	90.3	94.2	93.8
Hong Kong, China	46	35.9	50.7	51.5	54.6	53.0	56.3	59.7

	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
India	111	101.7	103.2	105.5	104.1	110.4	112.7	109.9
Indonesia	57.6	67.9	67.9	62.1	64.8	68.0	83.8	64.9
Italy	108.3	113.8	106.0	110.2	100.3	117.0	110.9	109.9
Japan	73.6	86.8	87.8	94.2	89.5	95.7	95.7	95.5
Mexico	105.5	107.9	111.3	111.7	111.4	109.6	109.9	113.2
Russia	67.2	80.2	74.3	74.0	70.6	73.6	79.8	79.2
Singapore	61.1	71.7	77.1	75.3	76.2	75.8	86.1	83.7
South Africa	64.2	78.6	75.7	73.6	73.6	75.0	71.4	71.8
Spain	87.1	116.2	115.6	113.9	111.3	109.3	107.0	108.2
Thailand	76	80.5	82.1	79.5	83.9	81.6	91.6	88.3
Turkey	87.8	106.6	94.2	92.9	104.6	114.5	114.4	108.4
U.S.	86.2	94.1	94.9	90.8	92.0	97.3	108.8	112.9
United Arab Emirates	84.3	96.9	101.7	97.3	96.1	112.6	102.4	99.5
United Kingdom	77.8	90.5	91.3	93.9	92.5	99.8	95.4	100.5

Aviation contributes 40% to the total score. The scores in this table have been indexed to give a better insight into performance. 100 = pre-pandemic level.

Hotel Scores by Country

	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
Argentina	102.5	114.6	113.7	125.1	124.8	124.4	128.5	119.4
Australia	95.7	126.2	94.2	92.9	88.9	88.6	96.9	85.5
Brazil	123.1	126.6	129.2	140.6	132.6	129.1	135.7	127.1
Canada	107.6	103.7	102.0	103.7	112.0	125.5	133.3	122.0

	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
China	47.8	91.1	107.2	108.6	113.6	115.4	113.9	111.2
France	115.1	119.7	114.8	114.6	116.5	124.7	129.3	117.5
Germany	89.4	91.0	96.0	102.4	104.4	103.7	109.8	97.5
Hong Kong, China	74	59.7	83.3	75.0	88.5	76.9	69.1	79.6
India	89.8	95.6	104.9	117.3	118.5	111.1	116.4	114.5
Indonesia	100.2	111.1	113.6	108.2	111.8	115.9	127.8	107.1
Italy	96.4	97.1	101.1	104.4	108.6	107.8	105.4	93.9
Japan	82.6	124.1	120.5	123.4	123.3	123.8	124.9	125.0
Mexico	135.4	133.9	130.4	133.7	129.0	127.6	132.2	115.8
Russia	21.8	49.8	51.6	52.5	48.0	47.2	46.6	46.8
Singapore	86	99.6	108.5	127.9	131.7	129.1	122.9	107.1
South Africa	72.5	101.1	114.3	114.7	112.5	112.7	117.7	110.3
Spain	98.2	91.3	96.9	105.6	109.8	105.7	101.9	95.6
Thailand	106.4	117.7	109.8	123.6	134.4	124.3	124.4	115.4
Turkey	101.3	130.7	86.7	120.1	113.5	136.2	141.8	109.7
U.S.	103.8	104.0	105.8	105.1	107.3	114.3	117.6	109.2
United Arab Emirates	114.1	99.0	105.2	102.5	113.9	127.5	110.2	95.6
United Kingdom	100.3	107.1	108.4	110.7	116.4	123.0	124.2	123.0

Hotels contributes 35% to the total score. The scores in this table have been indexed to give a better insight into performance. 100 = pre-pandemic level.

Vacation Rental Scores by Country

	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
Argentina	139.1	144.9	144.4	142.8	147.3	147.1	150.3	158.6
Australia	141.0	139.3	134.1	134.8	137.4	131.5	134.5	133.9
Brazil	113.2	130.2	131.3	122.2	129.5	125.6	124.7	130.6
Canada	115.9	122.4	122.0	129.2	133.3	131.7	132.8	137.9
China	112.3	165.2	180.0	180.0	178.1	175.4	156.3	152.8
France	122.8	131.1	131.8	130.7	135.5	137.1	135.3	133.3
Germany	110.0	113.9	115.7	110.2	112.9	105.7	103.4	104.5
Hong Kong, China	97.9	64.9	79.5	81.9	83.9	82.4	84.4	91.4
India	105.2	106.6	111.8	108.3	112.4	113.9	121.2	126.4
Indonesia	100.5	96.6	98.1	89.4	92.9	99.8	107.8	117.9
Italy	126.4	125.8	130.1	139.3	134.1	137.9	132.4	131.9
Japan	112.6	117.6	119.0	130.4	129.4	133.0	123.9	124.7
Mexico	142.3	142.8	138.9	132.4	127.4	126.7	127.1	119.9
Russia	112.5	113.0	113.7	101.8	107.5	113.3	119.5	122.6
Singapore	100.6	112.1	119.2	117.4	117.9	120.3	121.5	126.0
South Africa	86.7	98.0	98.1	96.0	98.3	102.8	103.9	111.2
Spain	131.8	133.1	130.0	128.7	125.8	124.1	124.5	123.2
Thailand	102.2	123.3	136.8	126.6	118.3	109.4	108.6	116.9
Turkey	137.8	117.8	110.0	115.5	117.7	122.1	125.9	131.3
U.S.	120.3	129.7	128.0	124.7	125.7	121.1	123.7	123.2
United Arab Emirates	126.6	140.3	147.1	140.0	140.1	144.9	140.6	153.5
United Kingdom	126.7	134.8	129.5	132.2	129.0	126.5	125.2	121.4

Vacation Rentals contributes 10% to the total score. The scores in this table have been indexed to give a better insight into performance. 100 = pre-pandemic level. 2021 VR data for Argentina missing.

Car Rental Scores by Country

	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
Argentina	79.6	94.1	88.9	85.9	97.5	93.7	88.9	77.9
Australia	110.7	110.3	106.3	105.5	107.1	105.6	101.5	99.6
Brazil	91.9	98.8	98.8	94.3	98.7	100.9	96.8	96.2
Canada	117.5	129.1	126.2	119.4	118.3	116.5	110.4	107.2
China	66.2	63.4	101.4	124.0	135.0	128.0	131.1	121.3
France	101.0	133.6	129.9	115.5	121.4	123.9	109.3	101.4
Germany	95.6	85.6	84.7	85.7	85.0	88.1	82.8	80.0
Hong Kong, China	105.8	109.5	121.6	117.5	109.8	116.6	109.8	108.3
India	103.1	110.9	121.3	121.2	117.3	116.7	111.3	110.4
Indonesia	103.1	110.9	121.3	121.2	117.3	116.7	111.3	110.4
Italy	100.9	80.8	79.7	83.7	84.4	85.2	87.8	84.2
Japan	99.4	114.1	113.1	117.6	116.7	117.7	110.4	111.6
Mexico	112.7	129.8	124.0	120.5	113.4	110.0	109.9	107.2
Russia	74.6	74.6	74.6	74.6	74.6	74.6	74.6	74.6
Singapore	111.3	119.6	127.0	120.0	116.2	111.3	110.0	101.9
South Africa	100.8	107.6	107.9	105.5	103.0	101.6	104.0	96.5
Spain	106.9	89.3	87.6	87.9	88.1	89.9	84.8	87.6
Thailand	95.8	102.1	107.3	100.5	98.7	110.6	104.0	103.0
Turkey	99.3	109.9	95.3	104.3	109.2	94.2	103.6	95.3
U.S.	124.4	116.1	107.0	98.2	97.1	93.6	96.6	89.8

	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
United Arab Emirates	110.4	115.9	121.2	114.4	121.5	124.5	123.1	112.7
United Kingdom	108.1	117.7	113.3	110.2	107.2	108.0	104.6	100.4

Car Rental contributes 15% to the total score. The scores in this table have been indexed to give a better insight into performance. 100 = pre-pandemic level.

Disclaimer: All rights reserved; content based on data provided by Amadeus, Aviasales, Beyond, CarTrawler, Cendyn, Collinson, Criteo, Duetto, ForwardKeys (Forward Data SL), Hotelbeds, Key Data Dashboard, Nium, OAG, Onyx CenterSource, OTA Insight, RateGain, Shiji Group, Skyscanner, Sojern, Transparent, TravelgateX, TrustYou. The content and the data provided in this document are for your information and internal use only. The content is provided “as is” without any warranty as to accuracy, completeness, satisfactory quality or fitness for any particular purpose. It is strictly forbidden to extract, reproduce, republish or publicly display any content included in this document without the prior written authorization of Skift Research. If you wish to use any of this content or similar data, please contact Skift Research for more information.