

LONDON

TOURISM REPORT 2016-2017



LONDON®
& PARTNERS

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WELCOME

I'm delighted to welcome you to the latest London Tourism Report, which once again highlights the continued strength of the capital's tourism industry.

In 2016, the volume of overseas arrivals that London welcomed surpassed 19 million for the first time, as the city remains open and welcome to all visitors. Despite facing its challenges, the outlook for London's tourism industry is strong, and indicators suggest that the capital is on track for another stellar tourism year in 2017.

London & Partners recently launched a tourism vision for London, backed by more than 100 industry partners and with the support of the Mayor of London. While the vision acknowledges increasing competition from other destinations, our projections indicate that as long as domestic and international visitors continue to rate the UK capital as a prime destination, visits to London will increase to 40.4 million annually by 2025.

We're confident that, with further investment into pre-visit promotion, in cultural infrastructure and the infrastructure for business visits, as well as improvements to information, visitor amenities, and the harnessing of digital technology, London will maintain its position as a top city destination, remaining open and attractive to visitors from across the world for years to come.

Andrew Cooke
Acting Chief Executive Officer

19.1 MILLION

overseas visits
in 2016

£11.9 BILLION

spent over 111
million nights

2/3 of overseas
arrivals in London
are from Europe

12.1 MILLION

Domestic overnight
visits

337 MILLION

LONDON RECEIVED



Domestic day
visits spending

£14.4 BILLION

3.6 MILLION

OVERSEAS BUSINESS VISITS

SPENDING

£3.3 BILLION



Top 3 overseas visit markets

USA	2.3	MILLION VISITS
France	2.0	MILLION VISITS
Germany	1.5	MILLION VISITS



31.2 MILLION

Overnight visits in 2016

01

2016 TOURISM TRENDS



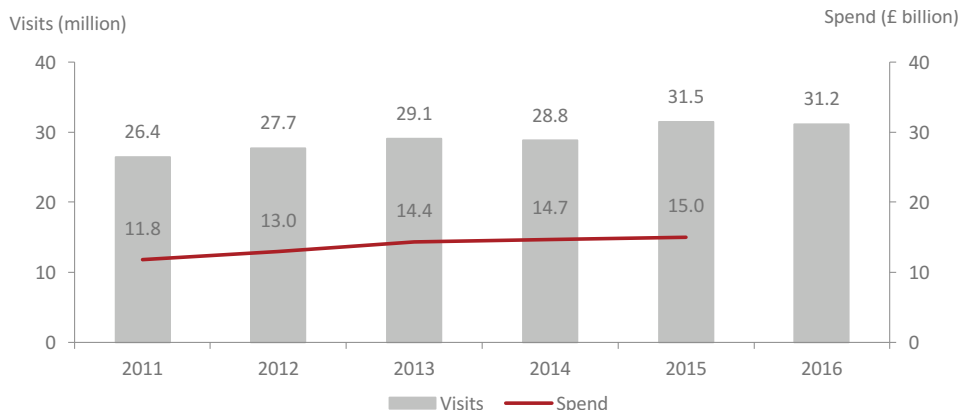
London recorded 31.2 million overnight visits in 2016, the second highest in its history. It was a record twelve months for international tourism volume, with overseas arrivals surpassing 19 million for the first time. Though the volume of domestic overnight visits declined against 2015, the number of domestic day visits rose to a level not seen since London hosted the 2012 Olympic Games.

There were 31.2 million overnight visits to London in 2016, a five-year increase of 18 per cent. 2016 was a record year for international tourism in the city. The capital welcomed 19.1 million overseas arrivals, a 2.6 per cent increase on the previous 2015 record. This indicates that London remains an attractive destination for overseas visitors, despite the EU Referendum. The capital received 24.7 per cent more international arrivals than in 2011, and 23.3 per cent more than in 2012, the year the city famously hosted the Olympic Games.

Levels of domestic visitors taking an overnight trip to London were more moderate, as 2016 recorded a 6.5 per cent decline compared to the record levels seen

the previous year. This led to a slight overall drop in overnight visits of 1.1 per cent compared to 2015. Though the five-year picture for domestic overnight visits has been uneven, 2016 levels represent an increase of 9.1 per cent compared to five years ago—similar volumes to those recorded in 2012, when the city was home to the Olympics. At the same time, the volume of domestic visitors coming to London for a day trip reached 337 million in 2016. This was a 4.7 per cent increase compared to the previous year, illustrating that London also remains a desirable destination to visit for the rest of the UK¹. This seems to be indicative of a trend amongst domestic audiences in 2016 of choosing to take more frequent short trips to the capital, rather than opting for longer overnight stays.

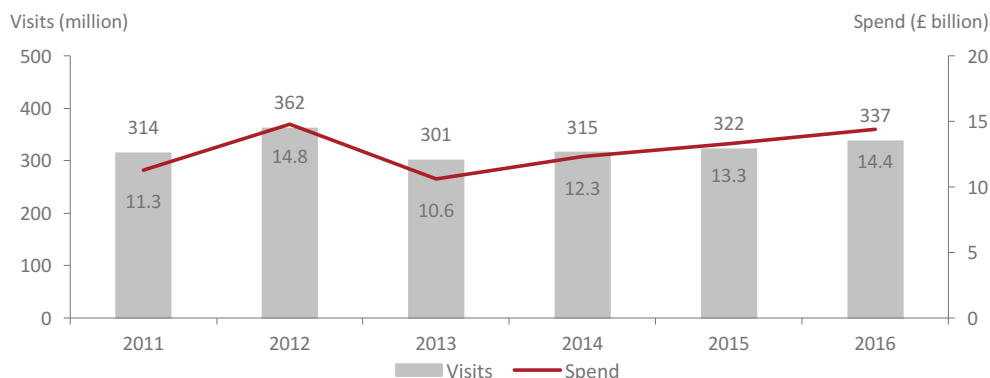
Overall overnight tourism visits and spend in London (2011–16)



Source: Office for National Statistics, International Passenger Survey; Visit England, Great Britain Tourism Survey

¹ Note that historical day visits data for London has been adjusted this year, so does not match levels published in previous reports.

Domestic day visits and spend in London (2011–16)



Source: Visit England, Great Britain Day Visits Survey

Despite the increase in overseas visitor volumes in 2016, nominal spend from international markets remained relatively steady compared to 2015, at £11.9 billion. This was due to a slight decline in average spend per visit in the capital. However, overall spend was up 3.7 per cent during the last quarter of 2016, while high expenditure levels during the first three months of 2017 resulted in impressive year-on-year growth of 17.6 per cent.

Overseas and domestic visits, nights and spend in London (2011–16)²

	2011	2012	2013	2014	2015	2016
Visits (million)						
Overseas	15.3	15.5	16.8	17.4	18.6	19.1
Domestic overnight	11.1	12.2	12.3	11.4	12.9	12.1
Total overnight visits	26.4	27.6	29.1	28.8	31.5	31.2
Domestic day trips	314.0	362.0	301.0	315.0	322.0	337.0
Nights (million)						
Overseas	91.5	94.3	98.1	108.0	108.3	111.1
Domestic	27.1	27.7	27.4	24.4	30.2	26.3
Total Nights	118.6	122.0	125.6	132.4	138.5	137.4
Spend (£ billion)						
Overseas	9.4	10.1	11.5	11.8	11.9	11.9
Domestic overnight	2.4	2.8	2.8	2.9	3.1	x
Total overnight spend	11.8	12.9	14.3	14.7	15.0	x
Domestic day trips	11.3	14.8	10.6	12.3	13.3	14.4

Source: Office for National Statistics, International Passenger Survey; Visit England, Great Britain Tourism Survey; Great British Day Visits Survey

² Some numbers and percentages within the report add up to more than the total given, due to rounding. No domestic overnight spend data available at time of publishing.

Moreover, Global Blue figures for non-EU instore spend in London for the first seven months of 2017 indicate a 32 per cent increase against the previous year, as international visitors continue to take advantage of favourable exchange rates following the EU Referendum.

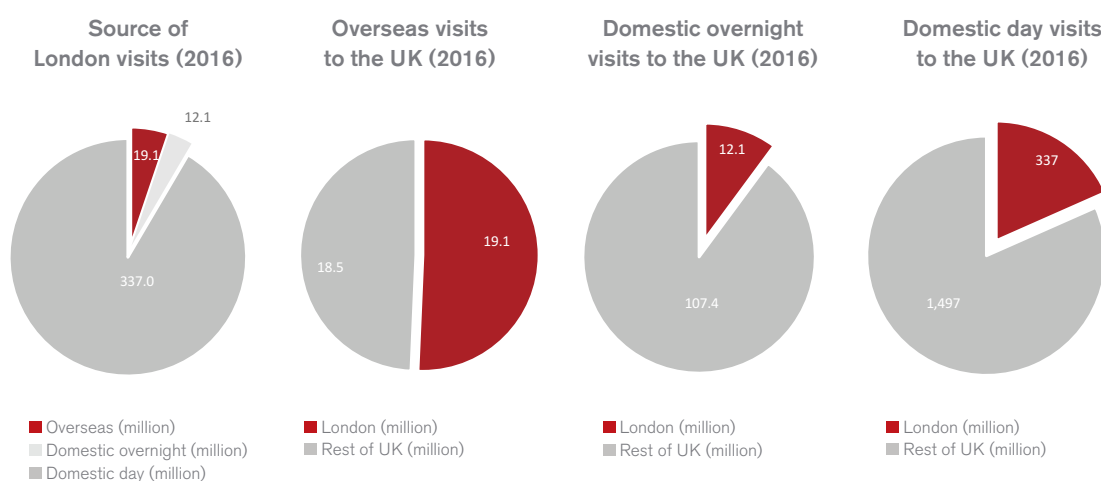
At the time of writing, there was no expenditure data available for overnight domestic visits. However, day visitors from the UK spent £14.4 billion in the city in 2016, an 8 per cent increase in nominal spend against 2015, and 27.4 per cent more than in 2011. Despite the low average expenditure generated by individual trips, domestic day visitors spend more in the capital than all overseas visitors combined due to the sheer volume of such visits.

Volume of visits to London and the rest of the UK (2016)

Domestic day trips by far represent the highest proportion of tourism visits to both London and the rest of Britain, at around 92 per cent each (91.5 per cent for London and 92.2 per cent for rest of Great Britain). While domestic overnight trips are the source of only 3.3 per cent of all visits to London, these represent 6.6 per cent of all trips to the rest of Britain.

However, London relies more heavily on overseas tourism than the rest of the nation—visits from overseas represented 5.2 per cent of all tourism visits to London and just 1.1 per cent of all trips to elsewhere in the UK in 2016.

As the English capital, London is a must-see destination for overseas visitors, and acts as a key gateway to other British destinations. The capital continues to receive more than half of all overseas arrivals to the UK (50.7 per cent). Also a popular choice for domestic tourists, London welcomed 10.1 per cent of all overnight trips taken by British residents during 2016 and almost one in five domestic day visits (18.4 per cent).

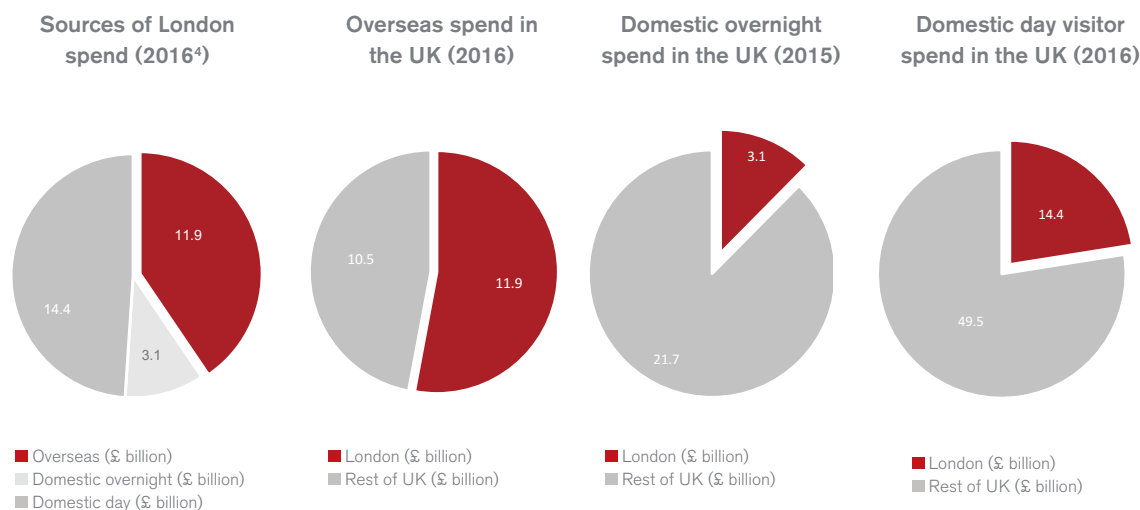


Source: Office for National Statistics, International Passenger Survey; Visit England, Great Britain Tourism Survey; Great British Day Visits Survey

Value of visits to London and the rest of the UK (2016)

The highest share of all tourism expenditure in London comes from domestic day visits, representing almost half of total spend (49 per cent) in 2016³. However, domestic day visits vastly under-index on the share of spend they generate compared to their 91.5 per cent share of volume, due to low spend per visit. For overall spend in the rest of Great Britain, the share from domestic day trips is much higher, at 60.5 per cent. The rest of Britain also relies more heavily on expenditure from overnight domestic visits, representing 26.6 per cent of all tourism spend in British regions in 2016, compared to 10.5 per cent of all tourism spend in the capital. For London, spend generated from international visits vastly over-indexes compared to the volume of overseas trips, at 40.5 per cent – compared to just 12.9 per cent of all tourism spend in the rest of the UK.

London's share of all expenditure in the UK from tourism visits is slightly higher than its share of trip volume. The capital benefitted from 52.9 per cent of all spend from international visits to the UK in 2016, 2.3 per cent more than its share of the volume of such trips. Though there is no data available yet for domestic overnight visitor spend, in 2015 expenditure in London from domestic overnight trips represented 12.4 per cent of all tourism spend in Great Britain, again higher than the 10.1 per cent share of volume of visits. In 2016, spend from domestic day visits in London represented 22.5 per cent of all spend from such visits within Britain, 4.1 per cent higher than its share of volume.

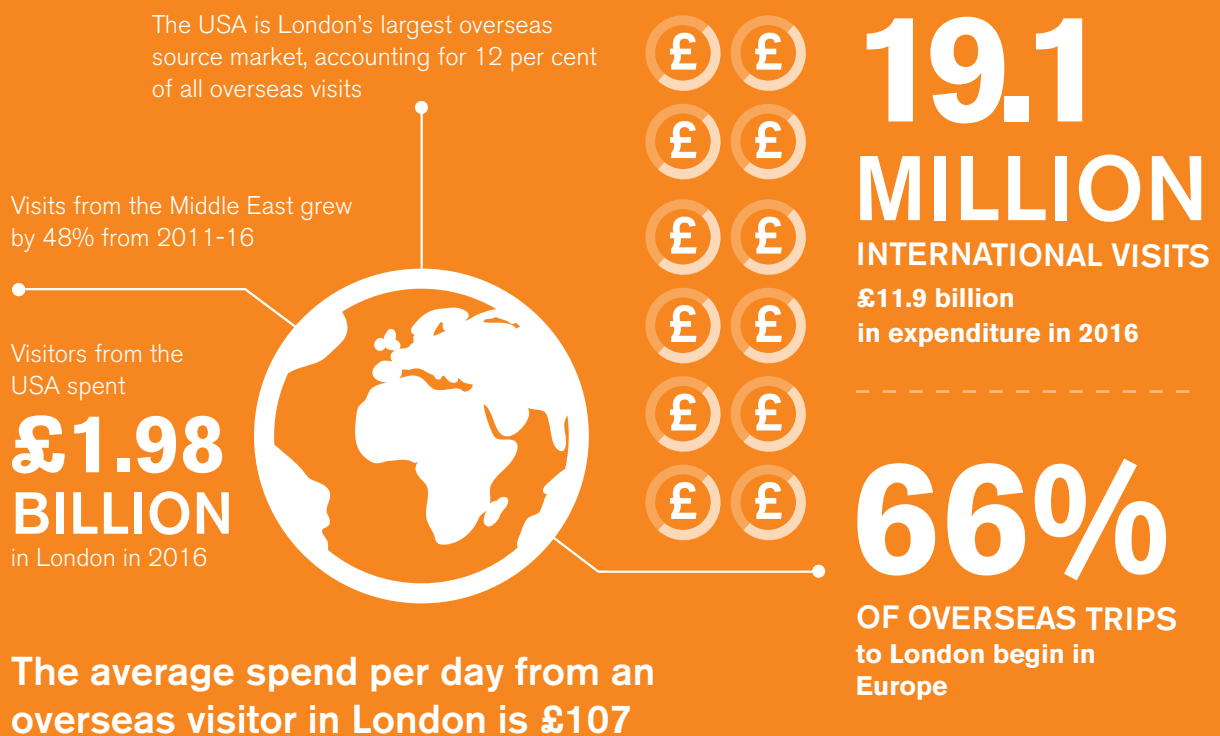


Source: Office for National Statistics, International Passenger Survey; Visit England, Great Britain Tourism Survey; Great British Day Visits Survey

³ Calculated including domestic overnight expenditure for 2015, as 2016 data not available at the time of writing.

⁴ Domestic overnight expenditure provided for 2015, as 2016 data not available at the time of writing.

*London received 19.1 million overseas visits in 2016,
generating £11.9 billion*



The volume of overseas visits to London has increased year-on-year since 2009

In 2016

LONDON

Welcomed

an extra 478K international visits but saw a 0.4% drop in overall spend

There were

9.3 MILLION

OVERSEAS HOLIDAY
VISITS IN 2016

INTERNATIONAL VISITS



London received 19.1 million overseas arrivals in 2016, a record high. Such visitors spent £11.9 billion over 111 million nights.

The volume of international arrivals in London surpassed 19 million for the first time on record in 2016, following a 2.6 per cent increase against the previous year. The number of visits has increased year-on-year since 2009, following a decline in arrivals prior to this during the recession years. The total volume of nights spent in the city by overseas visitors has also risen year-on-year since 2009, and increased at a similar rate to the volume of visits between 2015 and 2016 (+2.5 per cent).

However, total overseas expenditure in 2016 remained similar to 2015 (-0.4 per cent), despite the increase in visitor volume and nights. Spend did begin to pick up towards the end of 2016, with 3.7 per cent year-on-year growth seen during Q4 when compared to the last three months of 2015. Further growth was recorded in the latest International Passenger Survey data available at

the time of writing; January to March 2017 saw record tourism spending in the capital, with the figure reaching £2.7 billion, compared to £2.3 billion over the same period in 2016, a significant 17.6 per cent increase.

The outlook for expenditure looks set to remain strong for the rest of 2017, as Global Blue figures indicate a 32 per cent year-on-year increase in non-EU expenditure in London stores for January to July 2017. Particularly strong growth in instore spending, when compared against the first seven months of 2016, has been witnessed from Chinese nationals (+73 per cent) and shoppers in London from the USA (+55 per cent), as overseas visitors take advantage of the favourable exchange rates available to them since the EU Referendum.

Overseas visits, nights and spend in London (2006–16)											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Visits (million)	15.6	15.3	14.8	14.2	14.7	15.3	15.5	16.8	17.4	18.6	19.1
Nights (million)	101.1	95.8	90.8	85.7	90.3	91.5	94.3	98.1	108.0	108.3	111.1
Spend (£ billion)	7.8	8.2	8.1	8.2	8.7	9.4	10.1	11.5	11.8	11.9	11.9

Source: Office for National Statistics, International Passenger Survey

Key regions for overseas visits to London

The regional breakdown of overseas arrivals in London during 2016 remains similar to previous years, with Europe contributing two thirds. The share of overseas inbound visits from North America is up by almost 1 per cent against 2015, at 14.5 per cent, while Australasia's share has declined slightly (-0.3 per cent) compared to the previous year. The five-year picture is positive for most regions; though starting from relatively low bases, arrivals in London from the Middle East have risen by 48 per cent against 2011, while visits from Asia have increased by 35.9 per cent over the past five years. Numbers from the higher volume markets have also risen significantly, with 27 per cent growth in European arrivals and a 21.8 per cent increase from North America since 2011. Declines have only been seen from Australasia and Africa during this period.

Trends in share of expenditure are slightly different to volume. The European market under-indexes on spend, contributing less than half of total overseas expenditure

despite representing two thirds of arrivals. This is despite a 1.8 per cent increase in share of overall spend compared to 2015. North America slightly over-indexes on spend versus volume share, representing almost one fifth of all overseas spend (19 per cent), following a 1.7 per cent increase in share of total overseas expenditure compared to 2015.

Australasia has increased its 2016 share of expenditure by 0.6 per cent compared to 2015, despite the 0.3 per cent decline in volume share.

Though both Asia and the Middle East's share of visits has remained similar to 2015, Asia's share of total expenditure is down 2.3 per cent compared to 2015, while the Middle East has lost 1.7 per cent of its market share for spend. Despite this, both regions still over-index on their share of expenditure versus volume of arrivals in London, as many high spending markets are located within these regions.

Overseas markets by geographical region and market share (2016)

	Visits 2016 (million)	2011-16 change	Spend 2016 (£ billion)	2011-16 change	Overseas visit market share 2016	Overseas spend market share 2016
Europe	12.6	27.0%	5.8	21.7%	66.3%	48.7%
North America	2.8	21.8%	2.3	36.2%	14.5%	19.0%
Asia	1.3	35.9%	1.2	47.8%	6.8%	10.5%
Australasia	0.8	-2.6%	0.7	6.2%	4.4%	5.6%
South and Central America	0.5	18.1%	0.4	5.7%	2.7%	3.2%
Middle East	0.7	48.0%	1.1	52.6%	3.6%	9.5%
Africa	0.3	-8.0%	0.4	-4.3%	1.7%	3.6%
Total	19.1	24.7%	11.9	26.1%	100.0%	100.0%

Source: Office for National Statistics, International Passenger Survey

Key overseas source markets for London

The USA remains the biggest volume market for London overall, after an 8.4 per cent increase saw arrivals reach 2.3 million in 2016. As a result, the market has increased its share of all overseas arrivals in London from 11.5 per cent in 2015 to 12.2 per cent. Though France remains in second place, the volume of visits to London from the nation fell 3.8 per cent against 2015. This has impacted on its share of all overseas arrivals in the city, which has declined from 11.1 per cent in 2015 to 10.5 per cent. Yet despite this drop, the volume of visits to London from France rose by 24.6 per cent between 2011 and 2016, just 1.4 per cent behind the total growth in arrivals in London from the USA during the same five-year period.

Germany remains in third position in 2016, after a 5.1 per cent increase in visits compared to 2015. Within the rest of the top five, Spain has overtaken Italy to be ranked in fourth place overall. Strong growth was seen from both markets, with an 11.1 per cent increase from Spain and 7.4 per cent from Italy when compared to 2015. The top four European markets combined have slightly increased their share of all overseas arrivals in London, from 31.2 per cent in 2015 to 31.5 per cent in 2016.



Top 25 overseas markets for London by tourism volume (2016)

Rank	Market	Visits 2016 (million)	2011-16 change	2015-16 change	Overseas market share 2016
1	USA	2.32	26.0%	8.4%	12.2%
2	France	1.99	24.6%	-3.8%	10.5%
3	Germany	1.47	21.3%	5.1%	7.7%
4	Spain	1.28	43.2%	11.1%	6.7%
5	Italy	1.25	24.0%	7.4%	6.6%
6	Irish Republic	0.81	30.0%	1.7%	4.2%
7	Netherlands	0.81	27.6%	16.7%	4.2%
8	Australia	0.60	-11.9%	-4.5%	3.2%
9	Poland	0.53	51.0%	0.5%	2.8%
10	Switzerland	0.53	34.7%	4.5%	2.8%
11	Sweden	0.51	10.6%	-8.6%	2.7%
12	Belgium	0.45	11.6%	-14.4%	2.4%
13	Canada	0.45	3.9%	9.3%	2.3%
14	Denmark	0.41	21.3%	-2.4%	2.2%
15	Norway	0.38	-0.5%	-12.5%	2.0%
16	Portugal	0.28	69.1%	25.5%	1.5%
17	Romania	0.28	117.0%	16.8%	1.5%
18	India	0.27	16.2%	-0.8%	1.4%
19	United Arab Emirates	0.19	56.9%	2.3%	1.0%
20	Japan	0.18	8.4%	19.1%	0.9%
21	Austria	0.18	9.3%	18.0%	0.9%
22	China	0.16	104.6%	-1.3%	0.9%
23	Finland	0.16	29.8%	0.5%	0.8%
24	South Korea	0.16	48.3%	-11.9%	0.8%
25	Czech Republic	0.16	43.1%	-6.4%	0.8%

Source: Office for National Statistics, International Passenger Survey

Within the rest of the top 10, strongest growth in the volume of visits was observed from the Netherlands in 2016, with a 16.7 per cent increase in visits against 2015. A 4.5 per cent decline in arrivals was recorded from Australia, despite the country maintaining its position as London's eighth biggest inbound market. Sweden has fallen out of the top ten (from ranking ninth in 2015 to eleventh in 2016), to be replaced by Switzerland, which was previously ranked twelfth.



Within the rest of the top twenty, Portugal has seen significant growth in volume against 2015, with a 25.5 per cent increase in arrivals. Previously ranked nineteenth, Portugal was London's sixteenth largest market for inbound arrivals during 2016. The United Arab Emirates (UAE) and Japan are new entries to the top twenty in 2016. These have replaced Brazil, after a large 42.7 per cent drop in arrivals compared to 2015 (placing the country at twenty-seventh place in 2016) and South Korea, whose visits declined by 11.9 per cent.

Just outside of the top twenty, a small year-on-year decline of 1.3 per cent was recorded from China in 2016, following massive year-on-year growth of 69 per cent in 2015—though the country has maintained its position in twenty-second place for overseas volume. Despite this, there has still been significant growth in the volume of visits to London from China over the past five years, at 104.6 per cent compared to 2011.

Key overseas markets for spend in London

The USA is by far the biggest overseas market for expenditure in London, with total spend from US visitors almost three times that of France, in second place. The USA's share of overseas expenditure in London has increased by 1.5 per cent compared to 2015, after spend in London by visitors from the market rose by 9.4 per cent compared to 2015.

While total spend in London is largely driven by high volume markets, with the key European countries making up the rest of the top five, the UAE features in the top ten for expenditure, despite only ranking nineteenth for volume. This is due to the market's high spend per visit of £1,650. Nominal spend in London from the UAE increased by 116.5 per cent between 2011 and 2016. Furthermore, China ranks sixteenth for total spend, despite ranking outside of the top twenty for volume. This is also driven by relatively high spend per visit, with Chinese visitors spending an average of £1,325 during a trip to London in 2016.

Total expenditure increased from eight of the top ten markets for tourism spend in London during 2016 compared to the previous year, with declines only recorded from France and Australia. Australia is the only market in the top ten whose total nominal spend also fell between 2011 and 2016.

Top 25 overseas markets for London by tourism spend (2016)					
Rank	Market	Spend 2016 (£ billion)	2011-16 change	2015-16 change	Overseas market share 2016
1	USA	1.98	42.9%	9.4%	16.7%
2	France	0.71	34.2%	-6.7%	6.0%
3	Germany	0.62	28.7%	12.6%	5.2%
4	Italy	0.56	3.5%	5.1%	4.7%
5	Spain	0.54	24.5%	5.8%	4.6%
6	Australia	0.48	-4.4%	-5.4%	4.0%
7	Switzerland	0.38	62.3%	13.8%	3.2%
8	Irish Republic	0.37	61.1%	29.8%	3.1%
9	United Arab Emirates	0.31	116.5%	1.5%	2.6%
10	Netherlands	0.30	22.7%	7.5%	2.5%
11	Sweden	0.29	21.7%	-20.7%	2.4%
12	Canada	0.27	1.2%	11.3%	2.3%
13	India	0.26	54.7%	26.9%	2.2%
14	Saudi Arabia	0.25	44.1%	-20.3%	2.1%
15	Norway	0.23	-3.7%	-5.5%	1.9%
16	China	0.22	145.8%	-29.6%	1.8%
17	Denmark	0.22	35.7%	11.2%	1.8%
18	Romania	0.19	188.3%	59.6%	1.6%
19	Kuwait	0.17	9.6%	-34.2%	1.4%
20	Poland	0.16	11.7%	-6.5%	1.3%
21	Hong Kong	0.16	49.0%	-4.8%	1.3%
22	Belgium	0.15	11.7%	-21.7%	1.2%
23	Japan	0.14	29.1%	5.6%	1.2%
24	Singapore	0.13	21.3%	-39.6%	1.1%
25	Qatar	0.13	98.9%	21.2%	1.1%

Source: Office for National Statistics, International Passenger Survey

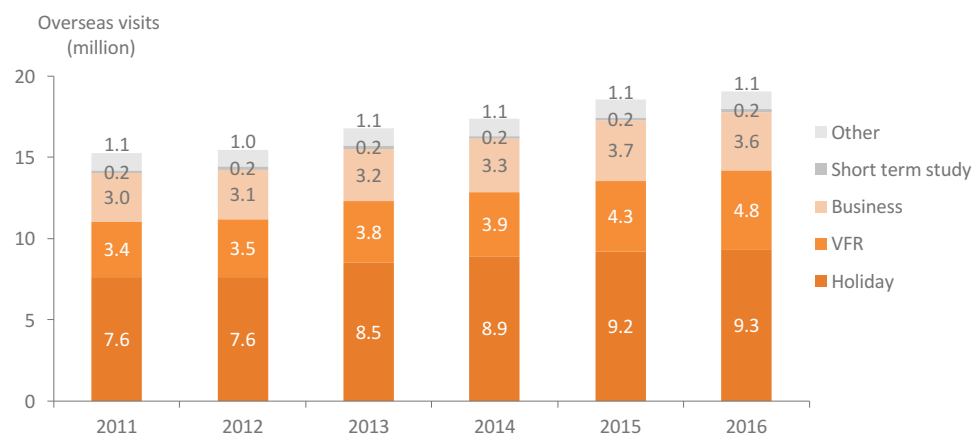
Purpose of overseas visits to London

Of the 19.1 million overseas arrivals in London during 2016, almost half were for a holiday (48.9 per cent), at 9.3 million. This is a slight decline against the 49.6 per cent share that holiday visits represented in 2015, despite a 1.3 per cent increase in the volume of such visits. The proportion of overseas trips with the purpose of visiting friends and relatives (VFR) increased slightly compared to 2015, making up just over a quarter of all overseas arrivals in London, compared to 23.4 per cent the previous year. This is due to a significant 11.3 per cent year-on-year increase in the volume of VFR trips, from 4.3 million in 2015 to 4.8 million in 2016. The proportion of business visits fell slightly, from 20 per

cent of all overseas trips in 2015 to 19 per cent in 2016, following a 2.5 per cent drop in the volume of such visits compared to 2015. Over the past five years, there has been significant growth in overseas VFR, with a 41.9 per cent increase in such trips recorded between 2011 and 2016. This compares to a 22.4 per cent rise in holiday visits during this period and a 20.8 per cent increase in business stays.

Excluding short term study visits, which last an average of more than a month, business trips are the most lucrative overseas stays for London, generating £898 per visit during 2016.

Purpose of overseas visits to London (2011–16)



Source: Office for National Statistics, International Passenger Survey

Though slightly fewer business visitors came to the city in 2016 compared to 2015, average spend per night by such visitors increased by £27, resulting in a marginal overall increase in business expenditure against 2015 (+0.3 per cent). While there were a greater number of overseas holiday arrivals in London during 2016, average spend from such visitors fell marginally, by almost £3 per night. Accompanied by a slight drop in the average number of nights such visitors spent in the capital, from 4.9 nights in 2015 to 4.8 in 2016, this resulted in a 2.3 per cent overall decline in holiday spend compared to 2015.

Growth in expenditure for both holiday and business visits was strongest in Q4 (October to December) 2016 when compared against Q4 2015, with the exchange rates since Brexit potentially having an impact. While the number of arrivals in London from those visiting friends and relatives increased in 2016, overall spend from this group remained flat. This is due to a decrease of £46 in average spend per trip from such visitors, as the nightly average fell by £5.

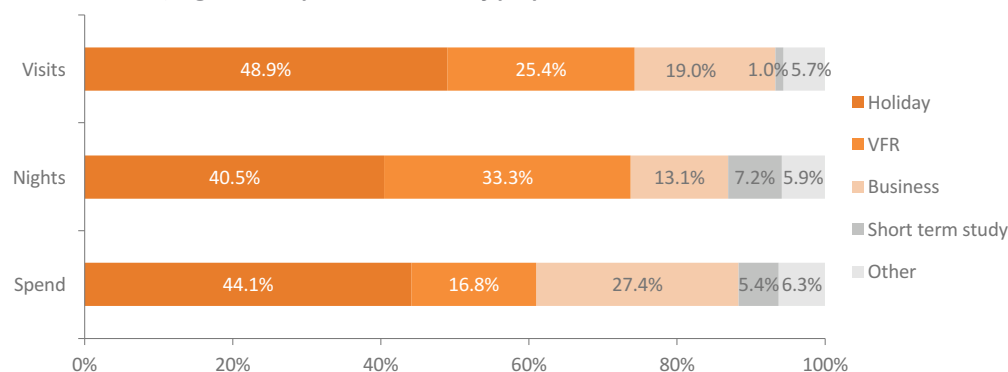
Average overseas spend and visit length by purpose (2016)

	Average visit length (nights)	Average spend per visit	Average spend per night
Holiday	4.8	£562	£117
VFR	7.6	£412	£54
Business	4.0	£898	£223
Short term study	40.8	£3,247	£80
Other	6.0	£688	£114
Total	5.8	£623	£107

Source: Office for National Statistics, International Passenger Survey

Due to the higher spend per visit from those in the city on business, such trips over-index on the proportion of spend they represent, at 27.4 per cent of total overseas expenditure in 2016. This is despite the volume of business trips representing fewer than one in every five overseas visits, and just 13.1 per cent of nights. Holiday visits make up the largest share of overseas visits, night and spend in London, but slightly under-index on both spend and nights when compared to volume. VFR, on the other hand, represents just one quarter of visits, but over-indexes on trip length, representing one third of all tourism nights spent in the city during 2016, but just 16.8 per cent of all spend.

Overseas visits, nights and spend in London by purpose (2016)



Source: Office for National Statistics, International Passenger Survey

In 2016, London received 12.1 million overnight trips from within the UK.

337

MILLION

DOMESTIC DAY
TRIPS TO LONDON

Domestic overnight visitors to London stayed an average of 2.2 nights in 2016

25%

OVERNIGHT DOMESTIC
TRIPS ARE FOR BUSINESS

Domestic
day visitors
spent



£43

average spend per
day trip in 2016

38%

OVERNIGHT DOMESTIC
TRIPS ARE VFR



33%

OVERNIGHT DOMESTIC
TRIPS TO LONDON ARE
FOR A HOLIDAY

**14.4
BILLION
IN 2016**

**Spend by domestic day visitors increased
by 8 per cent compared to 2015**

03

DOMESTIC VISITS



London recorded 12.1 million overnight stays from British visitors during 2016. While this was a decline against 2015, 337 million day trips represented the highest level since 2012.

London recorded 12.1 million overnight domestic visits in 2016. Though this represented a 6.5 per cent decline compared to the record set in 2015, it followed an unprecedented 13.7 per cent increase in the volume of such visits between 2014 and 2015. The number of nights that domestic visitors spent in the city dropped alongside this, by 12.7 per cent in 2016. This too followed a significant 23.8 per cent rise in domestic visitor nights spent in London from 2014 to 2015.

Domestic overnight visits, nights and spend in London (2016)						
	2011	2012	2013	2014	2015	2016
Visits (million)	11.1	12.2	12.3	11.4	12.9	12.1
Nights (million)	27.1	27.7	27.4	24.4	30.2	26.3
Spend (£ billion)	2.4	2.8	2.8	2.9	3.1	x

Source: Visit England, Great British Tourism Survey

The pattern in the volume of overnight visits and nights spent in the capital by domestic visitors has been uneven over the past five years, though nominal spend increased year-on-year from 2011 to 2015.



Purpose of domestic overnight visits to London

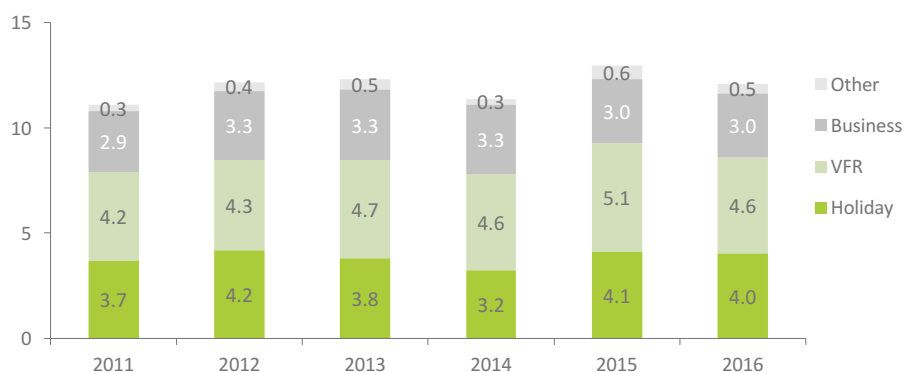
The volume of domestic overnight trips to London declined across all trip purposes in 2016 compared to 2015. This followed unprecedented growth in holiday and VFR trips in 2015 compared to the previous year. The number of holiday visits fell by 2.3 per cent year-on-year in 2016, after a 27 per cent increase against the previous year in 2015. Though the pattern of such visits over the past few years has been uneven, there was an 8.6 per cent increase in 2016 when compared against 2011.

In contrast to the trends seen from the overseas market, VFR took the biggest tumble in 2016, declining by 11 per cent against 2015. This was following 12.9 per cent growth from 2014 to 2015. Such visits were up 5.2 per cent compared to 2011, though this again follows uneven growth over the past five years.

The decline in business visits in 2016 was marginal, at 0.9 per cent. Business visits from the domestic market have so far peaked in 2013, with year-on-year declines seen in the years since.

Purpose of domestic overnight visits to London (2011–16)

Domestic overnight visits (million)



Source: Visit England, Great British Tourism Survey

In line with overseas trends, business visits tend to be the most lucrative domestic trip type for the capital based on average spend per night. 2015 saw domestic business trips in London generate £144 per night. However, this is only marginally higher than the nightly expenditure by domestic overnight holiday visitors, who spent £135 in the city on average during

2015. The slightly longer length of the average domestic overnight holiday trip means that these tend to generate greater overall expenditure, with average spend almost £35 more than the overall average domestic business trip expenditure in 2015. This was also more than double the total average expenditure from a domestic VFR trip.

Average domestic overnight spend and visit length by purpose (2016)

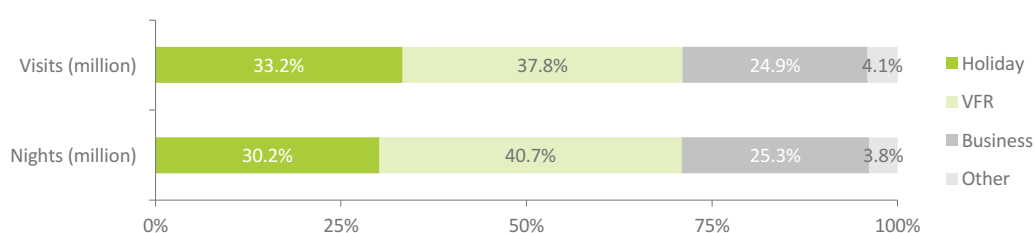
	Average length of visit (nights) (2016)	Average length of visit (nights) (2015)	Average spend per visit (2015)	Average spend per night (2015)
Holiday	2.0	2.4	£325	£135
VFR	2.3	2.5	£142	£57
Business	2.2	2.0	£291	£144
Other	2.1	1.9	£204	£108
Total	2.2	2.3	£238	£102

Source: Visit England, Great British Tourism Survey

VFR trips were responsible for 37.8 per cent of visits and more than four in ten nights spent in the capital during 2016 by domestic visitors. In 2015, however, they generated just 23.7 per cent of total expenditure from domestic overnight trips, due to the relatively low spend per visit from this group. Domestic holiday visitors, on the other hand, slightly under-indexed on the number of nights in London compared to visits in 2016, following a decline in average trip length. In 2015, holiday visitors over-indexed on total spend, constituting 43.4 per cent of all expenditure from overnight domestic trips.

The proportion of nights domestic business visitors spent in the capital was aligned with the proportion of domestic business visits in 2016—at one quarter each. This was up from just one in five of all domestic nights in 2015. This shift is due to an increase in the average number of nights that domestic business visitors spent in London in 2016, while the length of holiday trips fell compared to 2015. In 2015, business visitors generated a higher proportion of spend than visits—with 28.6 per cent of total spend from domestic overnight visits attributed to this group.

Domestic overnight visits and nights in London by purpose (2016)



Source: Visit England, Great British Tourism Survey

Domestic day trips

While the number of overnight domestic stays in London declined year-on-year in 2016, the volume of domestic day visits hit a high not seen since the Olympic Games were hosted in the city in 2012. There were 337 million arrivals during 2016 by visitors from across the UK, an increase of 4.7 per cent compared to 2015. Expenditure from such visitors increased by 8 per cent against 2015, exceeding £14 billion for the first time since 2012. Though spend per visit from such trips is relatively low, at £43, the sheer volume of arrivals from such visitors means that total spend from domestic day trips in London equated to more than all overseas visitor expenditure combined during 2016.

Domestic day visits and spend in London (2011⁵ –16)

	2011	2012	2013	2014	2015	2016
Visits (million)	314	362	301	315	322	337
Spend (£ billion)	11.3	14.8	10.6	12.3	13.3	14.4

Source: Visit England, Great British Day Visits Survey



⁵ Note that the historical data for domestic day visits was revised this year.

Following record levels of overseas business tourism trips in London during 2015, the volume of such visits declined slightly against the previous year in 2016—though nominal spend hit a record high.

£3.3

**BILLION
SPEND**



LONDON



70%

of London's
overseas
business
visits come
from Europe

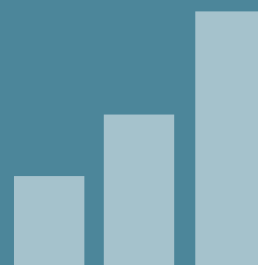
24%

of overseas
business spend
from the US



3.6 million

overseas business visitors



33%

more meetings
held compared to 2011

**45% 5-year increase in nominal
business spend from Asia**

04

BUSINESS TOURISM



Following record levels of overseas business tourism trips in London during 2015, the volume of such visits declined slightly against the previous year in 2016—though nominal spend increased despite this.

There were 3.6 million international business arrivals in London during 2016, a decline of 2.5 per cent compared to the 3.7 million record set the year before.

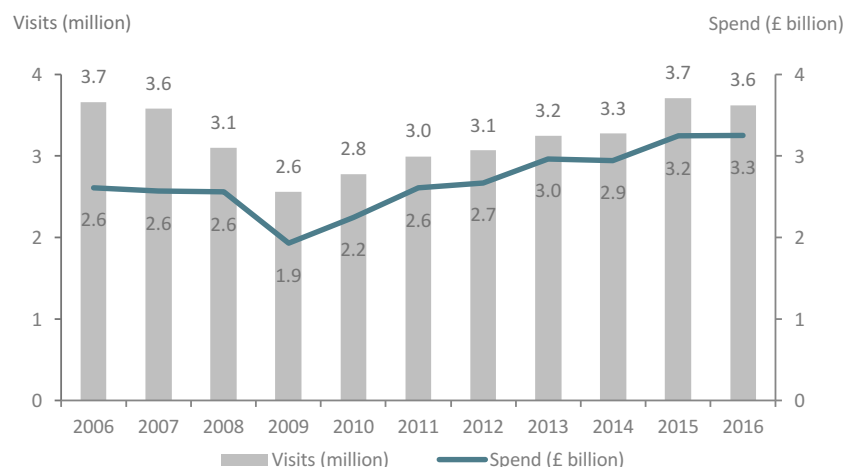
The number of nights that overseas business visitors spent in the city declined by 11.8 per cent against 2015—though this followed significant year-on-year growth in business nights of 19.6 per cent between 2014 and 2015. However, despite this drop in trip volume and nights spent in London by overseas business visitors in 2016, nominal spend still increased marginally against the previous year, by 0.3 per cent. This followed an increase in average spend per overseas business visit from £874 in 2015, to £898 in 2016.

Overseas business visits, nights and spend in London (2006–16)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Visits (million)	3.7	3.6	3.1	2.6	2.8	3.0	3.1	3.2	3.3	3.7	3.6
Nights (million)	15.8	15.2	13.1	11.0	11.9	13.2	14.3	13.9	13.8	16.5	14.6
Spend (£ billion)	2.6	2.6	2.6	1.9	2.2	2.6	2.7	3.0	2.9	3.2	3.3

Source: Office for National Statistics, International Passenger Survey

Overseas business visits and spend (2006–16)



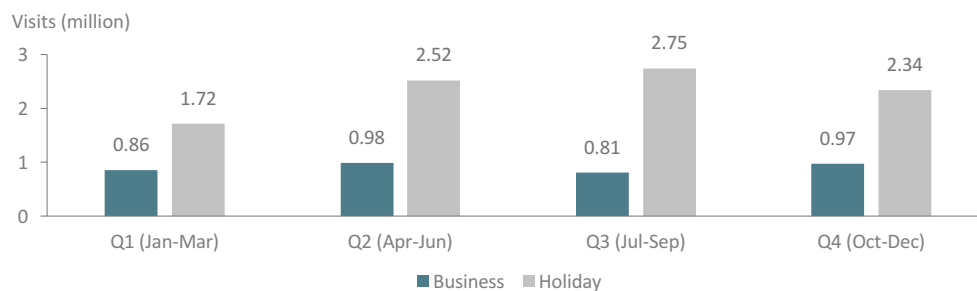
Source: Office for National Statistics, International Passenger Survey

Seasonality

In terms of seasonality, the volume of overseas business arrivals that London welcomes each year has remained relatively evenly spread across each quarter when compared to holiday visits. In 2016, while London recorded nearly one in three overseas holiday visits during July to September—and 56.5 per cent of such trips in the spring and summer months combined (April to September), business arrivals were more evenly spread—with 27.2 per cent occurring in Q2 and

26.8 per cent in Q4. There was less than 5 per cent difference between these levels and the quietest quarter (Q3), when 22.3 per cent of the annual overseas business arrivals occurred. This compares to an 11 per cent difference between Q3, the peak quarter for overseas leisure visits when 29.5 per cent of arrivals were recorded, and Q1, the quietest period for leisure trips when fewer than one in five took place (18.4 per cent).

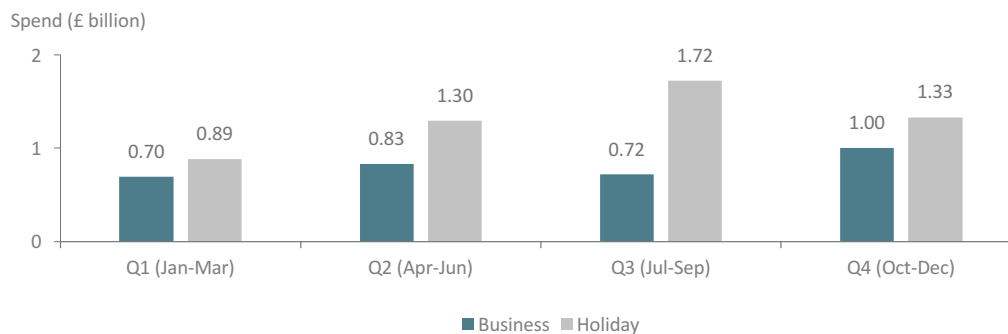
Quarterly overseas business vs holiday visits (2016)



Source: Office for National Statistics, International Passenger Survey

Expenditure from overseas business trips is also more evenly spread compared to holiday visits. One third of all spend from overseas holiday trips was generated during Q3 in 2016, a 16 per cent difference between this and Q1, when just 16.9 per cent of total annual overseas holiday spend occurred. While the peak for business expenditure was Q4, when 30.9 per cent of spend was generated, this is just 9.4 per cent more than the period for the lowest proportion of overseas business expenditure, Q1.

Quarterly overseas business vs holiday spend (2016)



Source: Office for National Statistics, International Passenger Survey

Key regions for overseas business visits to London

In 2016, seven in ten overseas arrivals in London for business were from Europe. At almost 2.6 million visits, this represented a small increase in volume against 2015 (+0.2 per cent), while the European share of overseas business visits to London rose by 1.8 per cent against 2015. The volume of business visits from Europe has increased by almost 30 per cent over the past five years. Though a significant share of total spend from overseas business visits also comes from the region, the proportion of spend is far lower than the share of volume, as other regions over-index on total business expenditure.

North America is one such region; this was the source for almost 15 per cent of all business arrivals in London from overseas in 2016, a 0.9 per cent decline against 2015—yet business trips from the region

generated more than one quarter of all overseas business expenditure in London, up 2 per cent against 2015. Nominal expenditure from North American business visits has increased by 20.1 per cent since 2011, despite a small decline in the volume of business trips during this period.

All other regions, despite representing a smaller proportion of total overseas business trips, also over-index for the spend they generate compared to their proportion of the volume of all trips. Though starting from a low base, growth in the volume of business trips has been seen from Asia, the Middle East, and South and Central America over the past five years—while growth in nominal expenditure from such regions has been particularly strong for Asia and the Middle East.

Business visits and spend in London by overseas geographical region						
	Visits 2016 (million)	2011-16 change	Spend 2016 (£ billion)	2011-16 change	Overseas visit market share 2016	Overseas spend market share 2016
Europe	2.55	29.9%	1.51	25.9%	70.3%	46.3%
North America	0.54	-1.3%	0.83	20.1%	14.9%	25.7%
Asia	0.25	13.0%	0.38	44.8%	6.9%	11.7%
Australasia	0.07	-0.9%	0.14	11.6%	1.8%	4.4%
South and Central America	0.05	15.6%	0.08	15.1%	1.4%	2.5%
Middle East	0.10	17.6%	0.17	30.3%	2.7%	5.2%
Africa	0.07	-7.1%	0.14	12.1%	2.0%	4.3%
Total	3.62	20.8%	3.25	24.8%		

Source: Office for National Statistics International Passenger Survey

As with the general overseas inbound tourism trends for London, the USA is the capital's largest market for business trip volume, with 494 thousand US business arrivals in the city recorded in 2016. Though this represented a 6.5 per cent decline in volume against 2015, the USA's share of all overseas business trips during this period decreased only slightly—from 14.2 per cent in 2015 to 13.6 per cent in 2016. France is also the second largest market for business tourism volume for London, with 350 thousand business trips to the capital in 2016.

This was a similar proportion to 2015 and saw France's share of total inbound business trips to London increase marginally by 0.2 per cent compared to the previous year. The rest of the top ten is also made up of European source markets. While trends for 2015 to 2016 were mixed across the board for these markets, there has been positive five-year growth for the whole of the top ten.

Top 25 overseas markets for London by business tourism volume (2016)					
Rank	Market	Visits 2016 (thousand)	2011-16 change	2015-16 change	Overseas business market share 2016
1	USA	494	3.0%	-6.5%	13.6%
2	France	350	33.0%	0.0%	9.7%
3	Germany	282	7.9%	4.2%	7.8%
4	Netherlands	212	48.8%	16.0%	5.9%
5	Irish Republic	184	45.8%	-12.2%	5.1%
6	Spain	182	41.7%	-13.9%	5.0%
7	Italy	169	2.2%	-4.1%	4.7%
8	Poland	142	36.6%	-11.2%	3.9%
9	Switzerland	132	27.3%	16.8%	3.6%
10	Belgium	107	60.5%	-13.7%	2.9%
11	Denmark	88	28.6%	12.3%	2.4%
12	Sweden	87	12.9%	13.7%	2.4%
13	Romania	83	210.1%	13.4%	2.3%
14	India	68	15.7%	1.2%	1.9%
15	Norway	49	-30.7%	-27.4%	1.4%
16	Japan	49	24.2%	15.2%	1.3%
17	Portugal	49	53.5%	16.4%	1.3%
18	Czech Republic	48	74.0%	15.3%	1.3%
19	Australia	48	-9.1%	-5.1%	1.3%
20	Canada	44	-32.8%	-20.5%	1.2%
21	United Arab Emirates	42	44.1%	-3.6%	1.2%
22	Finland	40	28.0%	3.8%	1.1%
23	South Africa	32	20.3%	-21.1%	0.9%
24	Singapore	32	31.0%	-17.1%	0.9%
25	Russia	32	-23.3%	-6.1%	0.9%

Source: Office for National Statistics International Passenger Survey

The USA is, again, by far the biggest spending market for overseas business tourism in London, with total expenditure from the US four times that of French business tourists. Despite the decline in business tourism volume to London from the USA in 2016, nominal expenditure from the market increased by 10 per cent against 2015. The USA's share of overseas business market expenditure is now close to one quarter—more than 10 per cent higher than the market's share of business visitor volume.

Top 25 overseas markets for London by business tourism value (2016)

Rank	Market	Spend 2016 (£ million)	2011-16 change	2015-16 change	Overseas business spend market share 2016
1	USA	776	25.3%	10.0%	23.9%
2	France	190	20.6%	-8.1%	5.8%
3	Switzerland	177	143.1%	104.1%	5.4%
4	Irish Republic	171	182.2%	54.2%	5.3%
5	Germany	152	10.9%	17.2%	4.7%
6	India	120	57.0%	18.3%	3.7%
7	Australia	112	4.7%	42.9%	3.5%
8	Spain	98	21.5%	-22.1%	3.0%
9	Netherlands	94	9.6%	9.9%	2.9%
10	Sweden	87	67.2%	-37.9%	2.7%
11	Italy	87	6.6%	-20.9%	2.7%
12	United Arab Emirates	71	82.5%	13.8%	2.2%
13	Japan	68	92.3%	81.5%	2.1%
14	South Africa	63	114.7%	14.5%	1.9%
15	Canada	58	-22.4%	-6.1%	1.8%
16	Denmark	56	50.6%	28.9%	1.7%
17	Singapore	54	67.8%	-18.6%	1.7%
18	Norway	42	-16.6%	-6.0%	1.3%
19	Belgium	39	54.9%	-41.5%	1.2%
20	Nigeria	37	22.4%	52.9%	1.1%
21	Hong Kong	35	16.9%	-29.1%	1.1%
22	China	33	-18.1%	-13.4%	1.0%
23	Poland	33	-7.1%	-32.8%	1.0%
24	Greece	30	93.8%	6.4%	0.9%
25	Brazil	29	-29.3%	13.9%	0.9%

Source: Office for National Statistics International Passenger Survey

Unlike the business volume trends, the rest of the top ten for business expenditure in London is not solely dominated by European markets, with India and Australia ranking sixth and seventh, respectively, and both nations over-indexing on their share of expenditure compared to volume of visits. The UAE ranks twelfth for overseas business spend, despite sitting outside of the top twenty for business volume. Nominal spend from the market has increased by 82.5 per cent since 2011. However, the highest five-year growth in spend is from business arrivals from Switzerland and the Republic of Ireland, who are ranked third and fourth, respectively, for overseas business tourism expenditure.

Meetings and events

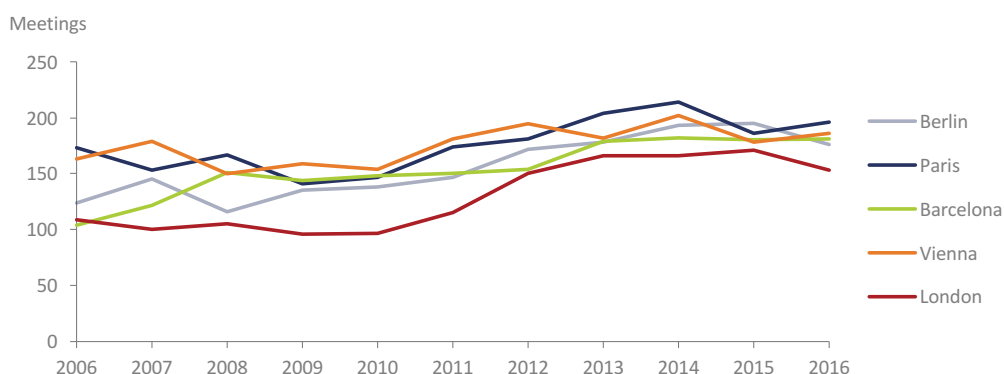
London continues to demonstrate its strength as a top destination for business meetings, maintaining its position in fifth place for the International Congress and Convention Association (ICCA) rankings, which measure regularly held association meetings of more than fifty people that rotate amongst at least three cities. Above London, the top four has switched around compared to 2015, with Paris taking the top spot from Berlin in 2016 and Vienna climbing from fourth to second place. Barcelona, meanwhile, has maintained its position at number three.

Top 10 cities for volume of association meetings		
Rank	City	No. Meetings
1	Paris	196
2	Vienna	186
3	Barcelona	181
4	Berlin	176
5	London	153
6	Singapore	151
7	Amsterdam	144
8	Madrid	144
9	Lisbon	138
10	Seoul	137

Source: ICCA Report 2016 (published 2017)

Of the top 10, London, Berlin and Madrid all reported slight declines in the number of meetings held in 2016 compared to 2015. However, the five-year picture is strong for London, with the capital reporting 33 per cent growth in the number of meetings held in the city compared to 2011—higher than each of the other top five ICCA cities. Comparing London's longer-term trends to the rest of the top five, its ten-year growth is similar to that of Berlin's (40.4 per cent for London vs. 41.9 per cent Berlin), ahead of the ten-year growth seen from Paris (+13.3 per cent) and Vienna (+14.1 per cent), and behind only Barcelona, which has seen rapid growth in the number of meetings held during this period (+74 per cent).

Number of meetings in top global cities (2006–16)



Source: ICCA Report 2016 (published 2017)

Culture is critical to London's success as a top tourism destination, and is a key driver in encouraging people to visit the capital. In 2016, London's attractions maintained their leading position in the UK rankings, with every one of Britain's top ten attractions based in the city.

The **British Museum**, **National Gallery**, **Natural History Museum** and **Tate Modern** all feature in the top ten most popular museums worldwide

SINCE 2013

16 of the UK's top 20 attractions are in London

61
MILLION
ADMISSIONS
to London attractions in 2016



NATIONAL GALLERY + THE BRITISH MUSEUM
both welcomed

6 MILLION
ADMISSIONS IN 2016



14.3 million attendances to West End theatres in 2016

£645
MILLION

revenue from West End theatre attendances in 2016

Almost 2/3 of admissions to the National Gallery and British Museum in 2015/16 were from overseas visitors

05

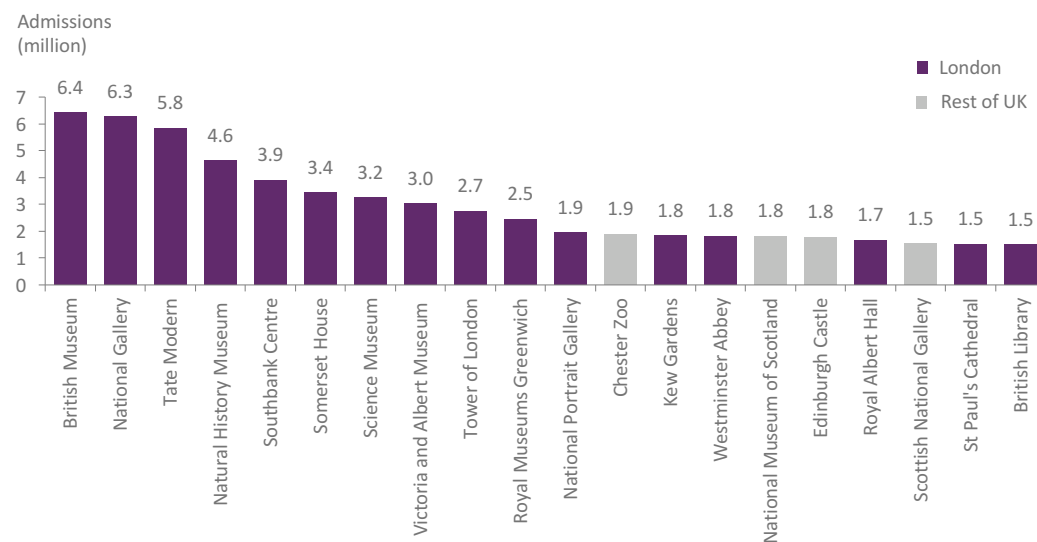
CULTURE



Cultural capital

Culture is critical to London's success as a top tourism destination, and is a key driver in encouraging people to visit the capital⁶. In 2016, London's attractions maintained their leading position in the UK rankings, with every one of Britain's top ten attractions based in the city⁷. Moreover, the British Museum, the National Gallery and Tate Modern all feature in the top ten most popular museums worldwide⁸.

Top 20 UK attractions (ALVA membership)



Source: Association of Leading Visitor Attractions (ALVA)

Attendance at London's attractions

In 2016, London's attractions recorded 61 million admissions, with overall levels aligned with 2015⁹. 2016 ended positively for the capital's attractions, with an 8.2 per cent increase in total admissions over the last three months compared to Q4 2015. Significant year-on-year growth was witnessed in December 2016, with a 17.6 per cent uplift against the previous year. This aligns with overseas tourism trends, as the quarter was a record Q4 for overseas arrivals in London. December 2016 also saw the London hotel industry's highest actual occupancy of any December

on record¹⁰, as overseas visitors poured into the capital, seemingly to take advantage of favourable exchange rates in light of the EU Referendum. This followed a slightly more challenging period for attractions earlier in the year. While admissions in Q1 and Q3 were similar to 2015 results, Q2 saw a 7.4 per cent drop against the same quarter in 2015. This was in line with a year-on-year decline in overseas holiday visits to London during this period, which picked up strength as the year went on, a trend also seen within the attractions admissions.

⁶ London & Partners (2016) London Visitor Survey

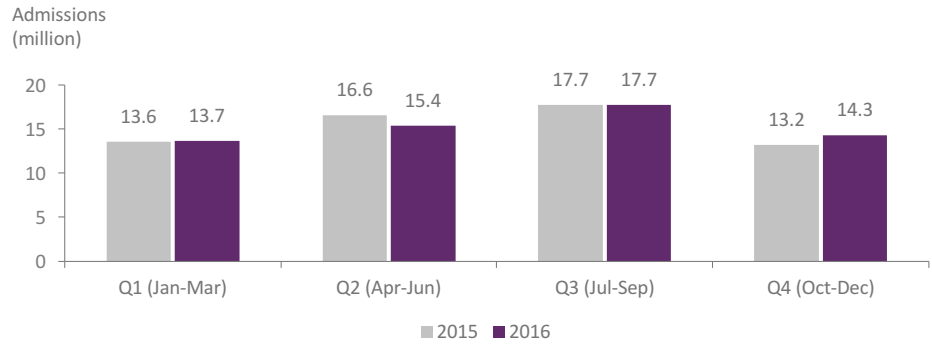
⁷ Visits made in 2016 to visitor attractions in membership with Association of Leading Visitor Attractions (ALVA). Figures do not include some of London's largest attractions (eg Coca Cola London Eye), which would also make the UK top 20.

⁸ Themed Entertainment Association (TEA) and AECOM (2017) Theme Index Museum Index 2016; based on attendance figures for 2016

⁹ Based on data received from 58 London attractions. Further attractions excluded where full data was unavailable for both 2015 and 2016, to allow for like-for-like comparison. 2015 and some quarterly 2016 data differs from statistics published in previous reports, due to additional attractions now contributing.

¹⁰ STR hotel occupancy release for London

Quarterly admissions to London attractions: 2016 vs. 2015



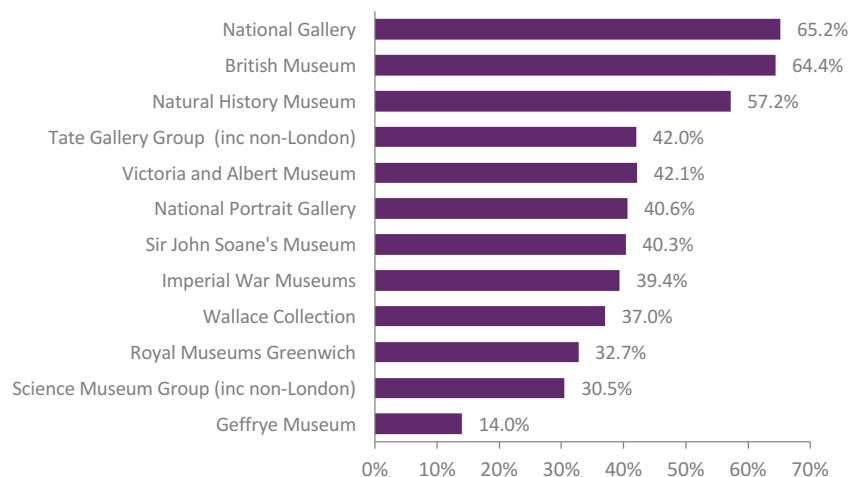
Source: London & Partners (2017) London Attractions Monitor Annual Review 2016



Attractions and their popularity with overseas visitors

The popularity of London's attractions amongst overseas visitors is reflected in admission numbers, with many attractions attributing significant proportions of their total admissions to the overseas audience. The National Gallery and the British Museum both rely heavily on overseas tourism, with almost two thirds of their total admissions in 2015/16 coming from this market. For the National Gallery, this is up 2.5 per cent against 2014/15. The Natural History Museum attributed 57.2 per cent of its admissions to overseas visits in 2015/16, a 1.8 per cent increase in total share of admissions. The Tate Gallery Group and the Victoria and Albert Museum (V&A) both attribute more than four in ten visitor admissions to overseas markets, though this is a decline in share for each of them compared to the previous year. Even some of the attractions that we might consider to be London's "hidden gems" are attracting overseas visitors, with the Geffrye Museum and the Sir John Soane's Museum both including overseas tourists amongst their visitors.

Proportion of overseas visitors to leading London attractions (2015/16)



Source: Department for Culture Media and Sport performance indicators

The majority of attractions have seen overseas visitor numbers increase over the past five years. For some, this has been significant; the National Gallery, for example, has seen more than 50 per cent growth in the volume of overseas visits compared to 2010/11. The Science Museum Group has recorded 114 per cent growth in overseas admissions, albeit this includes all of their UK sites rather than solely London. Of the attractions for which the DCMS records admissions figures, all have seen five-year increases in overseas visitor numbers with the exception of the Tate Gallery Group (again, including all UK sites) and the Royal Museums Greenwich—though the volume of annual overseas admissions to each of these remains significant.

Proportion of overseas visitors to leading London attractions (2015/16)

Attraction	Number of overseas admissions	Change since 2010/11
British Museum	4,413,385	21.1%
National Gallery	3,846,085	51.3%
Natural History Museum	3,062,100	34.0%
Tate Gallery Group (inc non-London venues)	3,109,000	-13.3%
Science Museum Group (inc non-London venues)	1,735,000	114.0%
Victoria and Albert Museum	1,656,200	36.4%
National Portrait Gallery	853,639	39.5%
Royal Museums Greenwich	786,314	-47.1%
Wallace Collection	157,880	13.2%
Sir John Soane's Museum	48,807	41.4%
Geffrye Museum	15,986	38.9%
Horniman Museum and Gardens	37,519	202%
Geffrye Museum	18,389	69%

Source: Department for Culture, Media and Sport Performance Indicators 2015/16

London's theatres

In 2016, there were 14.3 million attendances to the 53 West End theatres under the Society of London Theatre (SOLT) membership. Though this was a decline of 2.8 per cent compared to 2015, it represented a relatively strong number considering that the quantity of performances was down by 6 per cent against the previous year. At almost £645 million, revenue generated was up by 1.7 per cent against 2015, highlighting the sustained popularity of London's West End theatre.

Attendance and revenue at West End theatres (2016)

	2015	2016	Change 2015-16
Attendances (million)	14.7	14.3	-2.8%
Revenue (£ million)	£633.8	£644.7	1.7%

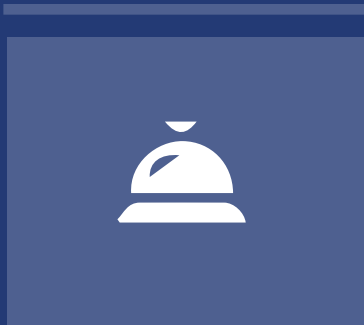
Source: Society of London Theatre, Box Office Data Report 2016

By mid-september 2017, there were more than 149,000 rooms available in London, accommodating a range of budgets.

Four and five star hotels account for nearly 50% of London's room stock

3 in 10

rooms in the development pipeline for 2020 are in 4* hotels.



23%

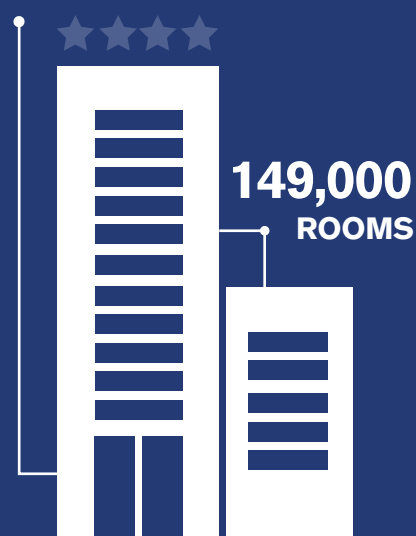
of room stock set to be in budget hotels by 2020



London requires an estimated

23,000

additional hotel rooms by 2025



3 in 10

hotel rooms in London are in the City or Westminster

The hotel pipeline between 2017 and 2020 is substantial, with approximately

15,000
BEDROOMS
UNDER DEVELOPMENT

The portfolio for 2020 is largely split between budget and 4* accommodation

06

LONDON'S HOTEL INDUSTRY



London's accommodation portfolio

As London welcomes increasing numbers of visitors to the city, the accommodation industry is working to build capacity to meet demand for overnight stays. Based on current projections, it is estimated that London needs at least an additional 23,000 hotel rooms by 2025¹¹. By mid-september 2017, there were more than 149,000 rooms available in London. Close to half of these were in luxury establishments of either four or five-star quality, and one in five were in budget accommodation, catering for those with more conservative budgets.

Following a similar pattern to last year's pipeline, the portfolio for the end of 2017 and into 2020 is largely split between budget and four-star accommodation, as the industry caters for all budgets within its planned developments. Almost four in ten rooms planned for development by 2020 will be in budget hotels, while almost three in ten are set to be in four-star establishments. If all the pipeline developments reach fruition, the proportion of four-star rooms will be reduced slightly to 35.5 per cent by 2020. The share of budget rooms will increase by 1.5 per cent, to represent 23.1 per cent of London's hotel room stock in 2020.

London hotel portfolio by star rating

	Existing rooms (up to 14th Sept 2017)	Existing %	Pipeline rooms (rest of 2017-20)	Pipeline %	Combined existing and pipeline	Combined existing and pipeline %
Hostel	2,681	1.8%	76	0.5%	2,757	1.7%
Budget	32,262	21.6%	5,642	38.7%	37,904	23.1%
Apartment	10,717	7.2%	1,777	12.2%	12,494	7.6%
5-star	17,729	11.9%	2,233	15.3%	19,962	12.2%
4-star	53,964	36.2%	4,161	28.5%	58,125	35.5%
3-star	21,057	14.1%	705	4.8%	21,762	13.3%
2-star	10,785	7.2%	0	0.0%	10,785	6.6%
Total	149,195		14,594		163,789	

Source: AM:PM Hotels¹²

¹¹ GLA Economics (April 2017) Projections of demand and supply for visitor accommodation in London to 2050

¹² Figures pulled from the AM:PM hotel supply and pipeline database 14th September 2017. Includes hotels of 15 or more rooms.

Geographic profile of hotels

The majority of London's existing rooms are located in its centre, with three in ten in the City or Westminster. Beyond this, 14.6 per cent are located slightly North, in Camden or Islington, 11 per cent in the West boroughs of Ealing, Hillingdon and Hounslow, while a further one in ten are in Hackney, Tower Hamlets or Newham.

There are developments in the pipeline across most areas of London over the next three years, which will extend room capacity across the capital. For example, 567 additional rooms will be added in the outer Southern boroughs of Bromley, Croydon and Sutton, while 414 additional rooms are set to be developed in

the outer North Western areas of Brent and Harrow. However, the majority of new rooms will be located in regions where the highest proportions of existing rooms are already, meaning that the share of rooms in each area is set to shift very little from 2017 to 2020.

As outlined in London & Partners' tourism vision for London¹³, the Mayor has pledged to support the development of hotels in outer London areas with good connections into central London, so a change may occur in the pipeline over the coming years, with development in the outer boroughs likely to increase.

Existing rooms and developments by star rating

	Existing rooms (up to 14th Sept 2017)	Existing %	Pipeline rooms (rest of 2017-20)	Pipeline %	Combined existing and pipeline	Combined existing and pipeline %
City of London/Westminster	45,603	30.6%	4,511	30.9%	50,114	30.6%
Camden/Islington	21,749	14.6%	1,099	7.5%	22,848	13.9%
Hackney/Tower Hamlets Newham	15,102	10.1%	2,523	17.3%	17,625	10.8%
Kensington&Chelsea/ Hammersmith&Fulham	19,146	12.8%	242	1.7%	19,388	11.8%
Wandsworth/Lambeth/ Southwark	12,687	8.5%	1,212	8.3%	13,899	8.5%
North (Barnet, Enfield)	2,327	1.6%	218	1.5%	2,545	1.6%
North East (Redbridge, Waltham Forest, Haringey)	2,003	1.3%	0	0.0%	2,003	1.2%
North West (Brent, Harrow)	3,017	2.0%	414	2.8%	3,431	2.1%
East (Barking & Dagenham, Havering)	1,069	0.7%	155	1.1%	1,224	0.7%
South (Bromley, Croydon, Sutton)	3,439	2.3%	567	3.9%	4,006	2.4%
South East (Bexley, Greenwich)	3,105	2.1%	177	1.2%	3,282	2.0%
South West (Kingston, Merton, Richmond)	3,328	2.2%	194	1.3%	3,522	2.2%
West (Ealing, Hillingdon, Hounslow)	16,620	11.1%	3,282	22.5%	19,902	12.2%
Total	149,195		14,594		163,789	

Source: AM:PM Hotels

¹³ London & Partners (September 2017) A Tourism Vision for London

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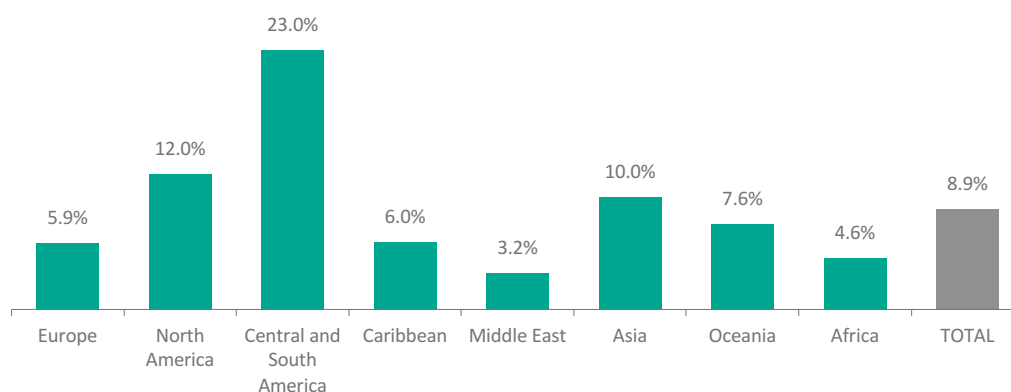
FUTURE OUTLOOK



Performance during 2017

2017 looks set to be another stellar year for London's tourism industry, as indicators demonstrate strong growth in overseas arrivals. The most recent ONS data available at the time of writing highlighted record levels of inbound visits to the capital in Q1. Moreover, travel agent bookings from Forward Keys¹⁴ showed that overseas arrivals into London from January to August 2017 grew by 8.9 per cent against the same period in 2016¹⁵.

January-August 2017 – growth in overseas arrivals in London by region (vs. same period in 2016)

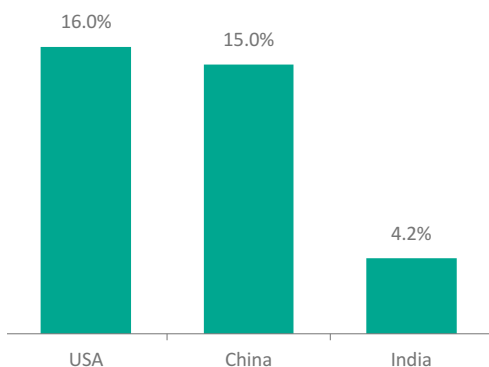


Source: Forward Keys

Growth in arrivals during the first eight months of 2017 was seen from all inbound regions. Visits from North America, which represented three in every ten arrivals in London recorded by Forward Keys during the period, were up 12 per cent against 2016, while

arrivals from Europe, which contributed one third of such visits, increased by almost 6 per cent compared to the year before. Arrivals in the city from Asia rose 10 per cent year-on-year. London's smaller overseas inbound markets also contributed strong growth, with trips from Central and South America up 23 per cent against January to August 2016, arrivals from Oceania up 7.6 per cent and visits from the Caribbean increasing by 6 per cent.

January-August 2017 – growth in overseas arrivals in London by country (vs. same period in 2016)



Source: Forward Keys

At a country level, arrivals from the USA and China grew significantly, with year-on-year growth of 16 and 15 per cent, respectively, compared to January to August 2016. Visits from India increased by 4.2 per cent.

¹⁴ Forward Keys is a database capturing air reservations and bookings processed by more than 200,000 online and off-line travel agencies worldwide. Though this data does not include direct bookings, it has proven a useful tool in providing us with up to date information regarding tourism trends.

¹⁵ Based on database update on 2nd September.



Share of overseas arrivals in London, January to August 2017

	January-August 2017
Europe	33.7%
North America	29.8%
<i>Of which USA</i>	24.1%
Central and South America	3.5%
Caribbean	0.7%
Middle East	5.5%
Asia	16.5%
<i>Of which China</i>	3.3%
<i>Of which India</i>	4.4%
Oceania	6.0%
Africa	4.3%

Source: Forward Keys

Though London has faced some challenging circumstances in 2017, the industry has remained resilient. While international bookings to the capital declined temporarily in the three weeks following the London Bridge incident, recovery has been swift. The picture for the coming months is also positive, with scheduled arrivals in London for September to October around 4 per cent ahead of 2016¹⁶.

¹⁶ Based on booking levels as of 2nd September 2017. Note that by this period in 2016, booking levels had reached 90 per cent compared to eventual total arrivals in September 2016 and 48 per cent for October.

Future projections

In September 2017, London & Partners launched our tourism vision for London, which is backed by more than 100 industry partners. The vision includes projections for visitor volume and expenditure into 2025. According to London & Partners' modelling¹⁷, as long as domestic and international visitors continue to rate the UK capital as a prime destination, visits to London will increase to 40.4 million annually by 2025. The projection for expenditure in 2025 is £22 billion. These projections are based on steady growth of both domestic overnight and international visits.

Our modelling assumes three factors:

- The industry's ongoing focus on markets with significant growth potential, namely the USA, France and China.
- Continued strong growth from London's core visitor markets in Europe, for example Spain, Italy and Germany.
- An increase in the visitor 'repeat rate' as a result of attracting first-time visitors earlier and improving the visitor experience.

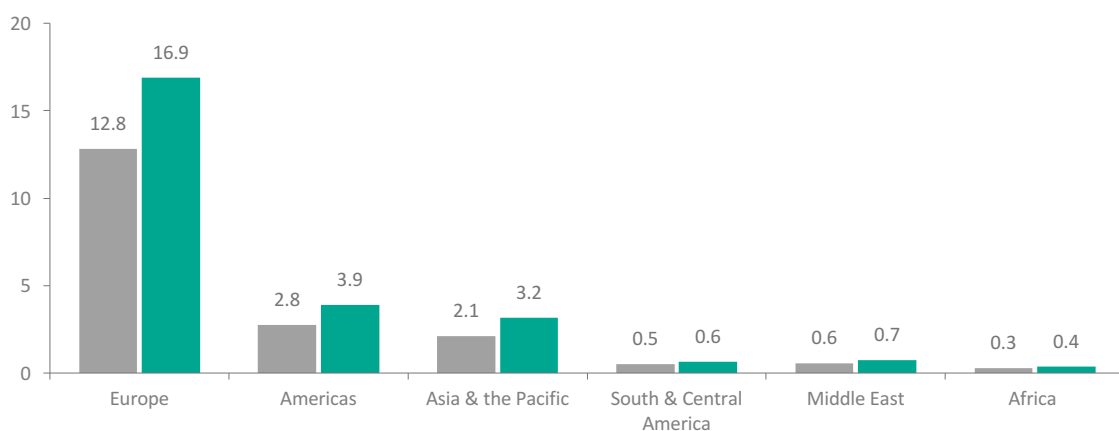
By 2025, we predict most visits and spend will continue to come from London's core markets, particularly Europe and North America. However, the largest percentage growth will come from emerging markets.

The USA is set to remain London's largest overseas market for volume of visits, according to our projections. Growth of 43 per cent is projected for the volume of visits from the USA to London by 2025, while 2019 could see volumes surpassing the 2006 peak of 2.54 million US visits to the capital, reaching 2.6 million.

London is anticipated to remain a popular destination for European visitors, with 32 per cent growth in visits from the region anticipated between 2016 and 2025. By 2025, France will still be London's largest European market and the second largest overseas market overall, with visits increasing from 2 million in 2016 to 2.8 million in 2025. After experiencing a tough 2016 France is also projected to pick up by end of 2017 and grow robustly thereafter.

2025 overseas London tourism projections by region

Visits (million)



Source: London & Partners (2017) A Tourism Vision for London

¹⁷ A detailed overview of the tourism projections for 2025 can be found in London & Partners (2017) A Tourism Vision for London

But the strongest growth is anticipated to come from Asia, with a 49 per cent increase projected in the number of visits to London from 2016 to 2025. Though there has been significant growth in the volume of visits to London from China over the past few years, there is huge potential to further increase this. It is projected that there will be 0.33 million visits a year to London from China by 2025, an increase of

103 per cent compared to 2016. This would make China London's fastest-growing market. India is projected to become London's second fastest-growing inbound market, with the World Tourism Organization (UNWTO) predicting that outbound world visits from India will reach 50 million by 2020. India is predicted to reach 0.52 million visits to London by 2025, an increase of 90 per cent against 2016.

Top 25 overseas markets for London (ranked by 2025 Projected Visits)

Rank	Market	Visits (million)				Spend (£million)			
		2016	2025P	2016-2025 projected growth	2016-2025 projected CAGR	2016	2025P	2016-2025 projected growth	2016-2025 projected CAGR
1	USA	2.32	3.33	43%	4.1%	1,981.8	3,433.6	73%	6.3%
2	France	1.99	2.80	40%	3.8%	711.5	863.7	21%	2.2%
3	Germany	1.47	1.85	26%	2.6%	618.5	897.5	45%	4.2%
4	Spain	1.28	1.68	31%	3.1%	542.8	625.1	15%	1.6%
5	Italy	1.25	1.51	21%	2.1%	563.1	691.8	23%	2.3%
6	Irish Republic	0.81	1.13	40%	3.8%	371.0	727.8	96%	7.8%
7	Netherlands	0.81	1.04	29%	2.9%	296.2	369.9	25%	2.5%
8	Australia	0.60	0.83	39%	3.7%	478.9	804.1	68%	5.9%
9	Poland	0.53	0.75	40%	3.8%	156.5	174.4	11%	1.2%
10	Switzerland	0.53	0.67	28%	2.8%	378.9	518.4	37%	3.5%
11	Sweden	0.51	0.66	30%	3.0%	289.6	526.5	82%	6.9%
12	Canada	0.45	0.58	30%	2.9%	268.6	350.1	30%	3.0%
13	Belgium	0.45	0.58	27%	2.7%	145.9	192.1	32%	3.1%
14	Denmark	0.41	0.53	29%	2.9%	217.0	288.8	33%	3.2%
15	India	0.27	0.52	90%	7.4%	258.0	721.2	180%	12.1%
16	Norway	0.38	0.50	31%	3.0%	228.2	330.1	45%	4.2%
17	Romania	0.28	0.40	44%	4.1%	194.3	534.9	175%	11.9%
18	Portugal	0.28	0.35	24%	2.4%	123.7	122.3	-1%	-0.1%
19	China	0.16	0.33	103%	8.2%	218.5	500.7	129%	9.7%
20	United Arab Emirates	0.19	0.26	43%	4.0%	306.0	370.3	21%	2.1%
21	South Korea	0.16	0.22	40%	3.8%	105.2	211.1	101%	8.0%
22	Austria	0.18	0.22	24%	2.4%	87.0	119.6	37%	3.6%
23	Israel	0.15	0.22	39%	3.8%	105.3	168.6	60%	5.4%
24	Japan	0.18	0.21	18%	1.9%	142.9	139.9	-2%	-0.2%
25	Czech Republic	0.16	0.21	34.0%	3.3%	72.3	168.7	133%	9.9%

Source: London & Partners (2017) A Tourism Vision for London



Moreover, significant growth is predicted to come from the Middle East, driven by high growth from the United Arab Emirates and Kuwait.

However, the tourism vision acknowledges that the growth in visitor numbers is not a given, with increasing competition from other destinations, particularly emerging markets, fighting to attract new visitors.

It makes four recommendations for the industry:

- Invest in more pre-visit promotion to attract more first-time visitors and boost numbers travelling in off-peak periods.
- Invest in information and the visitor experience to allow people to explore more of the city.
- Ensure London can sustain and accommodate growing numbers of visitors through investment in cultural infrastructure, improving visitor amenities and harnessing digital technology.
- Develop the infrastructure for business visits to ensure the city remains attractive for event organisers and delegates.

Year after year, London continues to demonstrate its strength and competitiveness as a top global tourism destination. In 2016, the volume of international visitors arriving in the city once again broke all previous records, proving that London remains open and welcoming to all.

Indications for the first eight months of 2017 suggest that London is on course for another record-breaking year, despite having faced some challenging circumstances. While London & Partners acknowledges that we cannot afford to be complacent, as the city faces stiff competition from other destinations, we remain optimistic that the future for tourism in London remains positive.

London & Partners

This report was written by London & Partners' Strategy and Insights team.

Who we are

London & Partners is the Mayor of London's official promotional agency. We exist to help London and Londoners benefit from the global economy. We promote London internationally to generate growth that supports the Mayor's vision of a city for all Londoners.

We do this by:

- building London's international reputation
- attracting international audiences and convincing them to choose London
- guiding international audiences to make the most of all that London has to offer, and helping Londoners to make the most of international promotion

We tell London's story brilliantly as the best place in the world to visit, work, invest, trade and study. We do this in partnership with organisations and people who have a stake in London's international promotion.

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Report published September 2017

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