

# London International Tourism Projections

## Technical Note

February 2025

### 1. Purpose

This technical note outlines the methodology used to project quarterly and annual estimates for London’s international visitor nights, visitor numbers, and expenditure. It reviews data sources, methodological updates, and key assumptions underpinning these projections.

### 2. Updates Since the Last Projection

GLA Economics’ previous projections<sup>1</sup> (December 2022) anticipated a gradual post-pandemic recovery. Since then, several factors have influenced the updated forecasts:

- **Macroeconomic and Geopolitical Risks:** Ongoing challenges—including the war in Ukraine, inflationary pressures, and the cost-of-living crisis—continue to affect consumer spending and travel behaviour.
- **Tourism Recovery Trends:** International tourism has rebounded strongly, with 2023 visitor levels nearing those of 2019.
- **New Data Availability:** The Office for National Statistics<sup>2</sup> (ONS) has released updated data (2021 Q1 – 2023 Q4), offering greater insight into post-pandemic trends.

### 3. Comparison with 2019 Levels

London’s international tourism recovery is well underway, with 2023 figures approaching pre-pandemic levels:

Year	Visitor Nights (000s)	Visitor Numbers (000s)	Expenditure (£m, 2019 prices)
2019	118,872	21,713	£15,725
2023	115,787	20,277	£13,783
% of 2019	97%	93%	88%

<sup>1</sup> GLA Economics (2022), [London Tourism Forecasts](#)

<sup>2</sup> ONS (2024), [Estimates of overseas’ residents visits and spending in the UK](#)

Projections for 2030 indicate continued growth:

- Visitor Nights: 138,973 ('000s)
- Visitor Numbers: 25,224 ('000s)
- Expenditure: £17,493m (2019 prices)

## 4. Exclusion of Domestic Tourism

This analysis excludes domestic tourism data due to significant methodological changes introduced in 2021<sup>3</sup>. The Great Britain Tourism Survey (GBTS) and Great Britain Day Visits Survey (GBDVS) were replaced with a new online survey using a non-probability sample, altering data collection methods. These adjustments make direct comparisons with pre-2019 domestic tourism data unreliable.

## 5. Projection Methodology

The forecasting approach consists of two key components:

1. Construction of a Historical Time Series
2. Forecasting via Linear Regression

### 5.1 Construction of a Historical Time Series

To analyse long-term trends in London's international tourism, we constructed an annual time series (2002–2024) using ONS data on visitor nights, visitor numbers, and expenditure.

- Data Scope: Covers the period 2002 to 2024, including visitor nights, visitor numbers, and expenditure. Includes all overnight visit purposes (leisure, business, visiting friends and family, study, etc.).
- Exclusion of Pandemic Data: Removed data from 2020 Q1 – 2020 Q4 and 2021 Q1 – 2021 Q4 due to the COVID-19 pandemic's unprecedented shock, which distorted standard travel patterns. Excluding this period ensures long-term comparability.

### 5.2 Forecasting via Linear Regression

Several forecasting approaches were evaluated, including time-series models, structural models, and econometric techniques. Linear regression was selected for its transparency, interpretability, and empirical robustness.

- Conceptual Foundation: The Department for Transport (DfT) aviation demand model highlights that long-term travel demand is primarily driven by economic activity (GDP growth) and airfares. Independent academic research supports this relationship.
- Key Data Inputs:
  - Macroeconomic Forecasts: GDP projections from the OECD, IMF, and World Bank.

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<sup>3</sup> VisitBritain (2021), [Domestic tourism statistics: statement on methodological review](#).

- Statistical Relationships: Regression analysis confirms a statistically significant relationship (5% confidence level) between real GDP (global) and tourism indicators (visitor numbers, nights, and expenditure).
- Projection Framework:
  - Growth Projections (2024–2030): Applied GDP forecasts (IMF and World Bank) to estimate tourism growth.
  - Quarterly Disaggregation: Annual projections converted to quarterly estimates using historical seasonal patterns.
- Exclusion of Pandemic Observations: The 2020–2021 period was omitted as travel demand during this time was influenced by government restrictions rather than economic fundamentals.

## 6. Limitations and Uncertainty

While GDP-based projections provide a robust framework, several uncertainties remain:

- Absence of Airfare Forecasts: No publicly available projections for airfares or key cost components (e.g., fuel prices), which could impact tourism demand.
- Macroeconomic Risks: Geopolitical tensions, inflationary pressures, and changing monetary policies could affect global travel behaviour, potentially leading to deviations from GDP-based projections.

## 7. Conclusion

This analysis presents a data-driven and policy-relevant methodology for understanding London's international tourism trajectory.

- London's international tourism is on a recovery path, with 2023 levels reaching 97% of 2019 visitor nights, 93% of visitor numbers, and 88% of expenditure.
- Forecasts indicate continued growth through 2030, supported by macroeconomic trends and tourism demand fundamentals.
- Exclusion of pandemic years ensures analytical consistency, preventing distortions from temporary exogenous shocks.
- Uncertainties remain, particularly around airfares, global economic conditions, and geopolitical developments.

Given these risks, continuous monitoring and potential future adjustments to the projections will be necessary.