

Determined to scale new heights in 2024, Greece's tourism industry also prioritizes sustainability

The Greek tourism sector is poised for another record-breaking year, driven by a strong start and positive leading indicators, according to the latest "Business Trends" report by the Economic Analysis Department of the National Bank of Greece. Concurrently, the Bank's field study underscores the sector's mid-term outlook, revealing a heightened awareness of sustainability challenges and a committed effort to adopt an eco-friendly development model.

Hotels' hirings

in thousands employees, in net terms, for the period February-April



Source: ERGANI System | Data processing: National Bank of Greece

Specifically, Greek tourism had a dynamic start in 2024, with arrivals in the first quarter showing a 24% year-on-year growth, while almost all leading indicators point to positive signs for the future. Notably, the future demand index for Greek hotels is at historically high levels, with this optimism also being reflected in the record number of net hires for the February-April period (+98,000 vs. +90,000 in 2023). Additionally, international air traffic compared to 2023 figures shows:

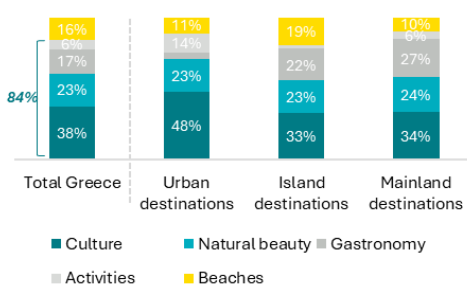
- an increase in spring arrivals (around 20%), fostering expectations for a reduction in seasonality,
- an increase in scheduled seats for the June-October period (+8%), and
- strong demand from independent tourists (+14% in bookings so far).

Against this background, it is estimated that 2024 could achieve new records, with arrivals reaching c. 35 million tourists (+7% vs 2023) and higher revenue per tourist, leading to total receipts of c. €22 billion (+10% vs 2023) and an increased market share in the Mediterranean region. At this point, we highlight the significant range of risks around our baseline scenario (mainly tilted downward), due to high geopolitical and climatic uncertainties as well as potential disruptions from the bankruptcy of FTI Touristik.

At this critical juncture, the National Bank of Greece, through its field study conducted in 200 hotels for the second consecutive year, aims to assess the sector's outlook. Starting with the hotels' expectations for 2024, it is noted that these largely align with our own estimates, projecting an annual sales increase of approximately 10%. All major destinations anticipate strong growth compared to the 2019-2023 period. However, it is important to highlight that the industry continues to struggle with staffing issues, with 80% of the sector reporting a number of vacancies equal to or exceeding those of 2023.

Untapped factors in tourism

as % of the SME hotel sector



Source: NBG's SMEs Survey | Data processing: National Bank of Greece

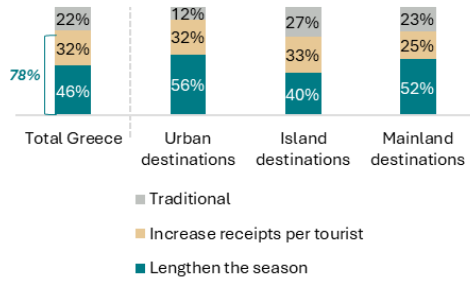
Looking at a medium-term perspective and delving deeper into the research findings, we observe that:

- Greek hotels are largely aware of current sustainability challenges and recognize the immediate risks posed by climate change and the consistently high seasonality of increasing tourist volume. Non-urban destinations are particularly notable in this regard, as the close relationship between their tourist offerings and local characteristics makes them more vulnerable. Additionally, there has been a swift response to changing customer preferences, with about 65% of customers now expressing a strong interest in the environmental footprint

of accommodations.

- On a more strategic level, 84% of the sector believes that underutilized areas such as culture and gastronomy could add significant value to Greek tourism, broadening the range of activities and experiences available to tourists beyond the traditional "sun and sea" model. For instance, Greek hotels have historically lagged in the number of overnight stays per arrival during the winter months, averaging 2.5 days compared to 3.8 days in other Mediterranean countries. Focusing on this area could provide some "quick wins" for Greek tourism, as achieving the Mediterranean average could generate approximately €0.5 billion in annual revenue.

Strategic priorities
as % of the SME hotel sector



Source: NBG's SMEs Survey | Data processing: National Bank of Greece

- Turning words into actions, 80% of the sector prioritize alternative strategies to reduce seasonality and increase revenue per arrival. Recognizing that the success of these efforts requires the participation of the entire tourism ecosystem, a growing portion of the sector now acknowledges the importance of infrastructure as a critical catalyst for entrepreneurial success, with 49% emphasizing its importance, up from 30% in 2023.

In summary, 2024 seems poised to become not only a milestone year for Greek tourism but also the starting point for the sector's journey towards sustainable development.

The study can be found (in Greek) on the website of the National Bank of Greece, under the section "Economic Analysis and Research" (Category "Greek Entrepreneurship"): <https://www.nbg.gr/el/omilos/meletes-oikonomikes-analuseis/reports/tourism-2024q2>

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