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Egypt

Tourism Report

Includes 5-year forecasts to 2028

Contents

Key View

Key View: *In 2024, Egypt's tourist arrivals will grow from the 2023 level, a year that marked a full recovery in arrivals as they rose above the pre-pandemic level. While we expect Egypt's tourist arrivals to remain resilient over 2024, regional geopolitical tensions stemming from the Israel-Hamas war are a downside risk to our outlook. We forecast Egypt's tourist arrivals to further increase in 2025 and over the remainder of our medium-term forecast period to 2028, driven by arrivals growth from Europe, the Middle East and North America.*

Note: In the Q4 2024 update of our Egypt Tourism report we have included further insight into the arrivals outlook for Egypt and offer drilldown analysis into three major markets that will be key sources of tourist arrivals for Egypt over the short-to-medium term. The analysis, which is under the Industry Forecast section of the report delves, into the three markets and highlights the opportunities that they present for the Egypt's tourism sector using our proprietary data and forecasts for arrivals, departures, consumer spending, household incomes and demographics.

Key Forecasts (Egypt 2021-2028)

Indicator	2021e	2022e	2023e	2024f	2025f	2026f	2027f	2028f
Total arrivals, '000	7,998.00	11,740.60	14,900.00	15,868.24	16,630.85	17,561.12	18,228.53	18,757.16
Total arrivals, '000, % y-o-y	117.5	46.8	26.9	6.5	4.8	5.6	3.8	2.9
International tourism receipts, EGPbn	123.45	226.29	444.11	710.30	806.06	866.70	924.51	971.68
International tourism receipts, EGPbn, % y-o-y	60.7	83.3	96.3	59.9	13.5	7.5	6.7	5.1
International tourism receipts, USDbn	7.89	11.81	14.46	15.78	16.80	17.71	18.52	19.09
International tourism receipts, USDbn, % y-o-y	61.9	49.7	22.4	9.2	6.4	5.4	4.6	3.0

e/f = BMI estimate/forecast. Source: National sources, BMI

Latest Updates And Key Forecasts

- Our 2024 forecast for Egypt's arrivals is 15.9mn, growing by 6.5% y-o-y from 14.9mn in 2023.
- We forecast Egypt's tourist arrivals to grow by 4.8% y-o-y in 2025 to reach 16.6mn.
- Egypt's arrivals will continue to increase over the medium term, growing by an annual average of 4.7% y-o-y to reach 18.8mn in 2028.
- The growth in arrivals will bolster international tourism receipts which we forecast to increase from a projected USD15.84bn in 2024 to USD19.1bn in 2028.
- Primary downside risks to our forecast stem from rising food price inflation, high energy prices, the Israel-Hamas war and the Russia-Ukraine war. These factors will depress household income and consumer spending power, especially among low- and mid-income consumers in European source markets who choose Egypt for affordable packaged holidays.

SWOT

Tourism SWOT

Strengths	Weaknesses
• Egypt benefits from diversified arrivals source markets across Europe, the Middle East and North America. • The market offers a variety of holiday options, from beach holidays to cultural and wildlife tourism. • Tourism infrastructure is well developed, particularly hotels, in established tourism destinations. • The government remains a strong supporter of the tourism sector. • Major global hotel chains, such as Hilton and Starwood, are committed to long-term expansion.	• The Russia-Ukraine war will negatively impact arrivals from source markets in Europe. • Security risks stemming from terrorist attacks remain, with tourists having been targeted previously. • The market's roads and local driving practices might not appeal to international travellers and can restrict tourists' ability and desire to explore outside the resorts they are staying in.
Opportunities	**Threats**
• A weaker Egyptian pound will support increasing international arrivals amid pent-up demand for travel. • Robust investment in Luxor tourism attractions will support antiquities and cultural tourism over the medium term. • We expect the government to continue to implement measures to support the recovery of the tourism market in the short-to-medium term. • Hotel groups are still investing in new property construction, relying on the market's long-term growth potential. • Hotel privatisation plans could offer significant opportunities for foreign hotel management companies to partner with local companies. • There is the possibility for Egypt to develop conference and medical tourism. • The hotel construction pipeline is beginning to resume growth, with more than 60 projects in the pipeline.	• The war between Russia and Ukraine could last for a protracted period and weigh on arrivals from Europe. • The rise in global food price inflation and energy costs will weigh on low- and mid-income consumers from European source markets in the short term as they battle higher costs of living. • Any terrorist attacks or political violence would undermine the tourism industry over the medium term.

Industry Forecast

Key View: *We project Egypt's tourist arrivals to grow over 2024, rising from the 2023 level, a year that marked a full recovery in arrivals as they rose above the pre-pandemic level. While we expect Egypt's tourist arrivals to remain resilient over 2024, regional geopolitical tensions stemming from the Israel-Hamas war are a downside risk to our outlook. Egypt's tourist arrivals will further increase in 2025 and over the remainder of our medium-term forecast period to 2028, driven by arrivals growth from Europe, the Middle East and North America.*

Latest Updates

- Our 2024 forecast for Egypt's arrivals is 15.9mn, growing by 6.5% y-o-y from 14.9mn in 2023.
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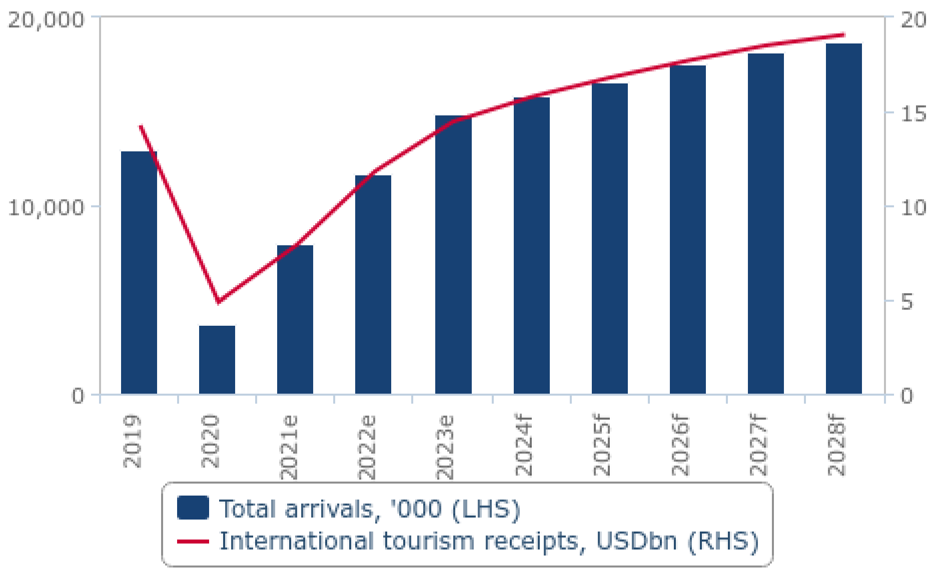
- Egypt's arrivals will continue to increase over the medium term, growing by an annual average of 4.7% y-o-y to reach 18.8mn in 2028.
- The growth in arrivals will bolster international tourism receipts which we forecast to increase from a projected USD15.84bn in 2024 to USD19.1bn in 2028.
- Primary downside risks to our forecast stem from rising food price inflation, high energy prices, the Israel-Hamas war and the Russia-Ukraine war. These factors will depress household income and consumer spending power, especially among low- and mid-income consumers in European source markets who choose Egypt for affordable packaged holidays.

Arrivals And Tourism Receipts Will Increase Over The Medium Term

Egypt - Tourist Arrivals & International Tourism Receipts (2019-2028)



e/f = BMI estimate/forecast. Source: National sources, BMI

2024 Arrivals Outlook

Our 2024 forecast for Egypt's tourist arrivals is 15.9mn, rising 6.5% y-o-y from the 14.9mn arrivals in 2023. This means that we expect Egypt's tourist arrivals to remain resilient over 2024 even amid ongoing geopolitical tensions in the region. That said, the spillover effects from the Isreal-Hamas war are a downside risk to our forecast for Egypt's 2024 tourist arrivals as broader regional tensions could result in increased safety concerns and the disruption of international flights to the market. We forecast Egypt's tourist arrivals to grow by 4.8% y-o-y over 2025 to reach 16.6mn.

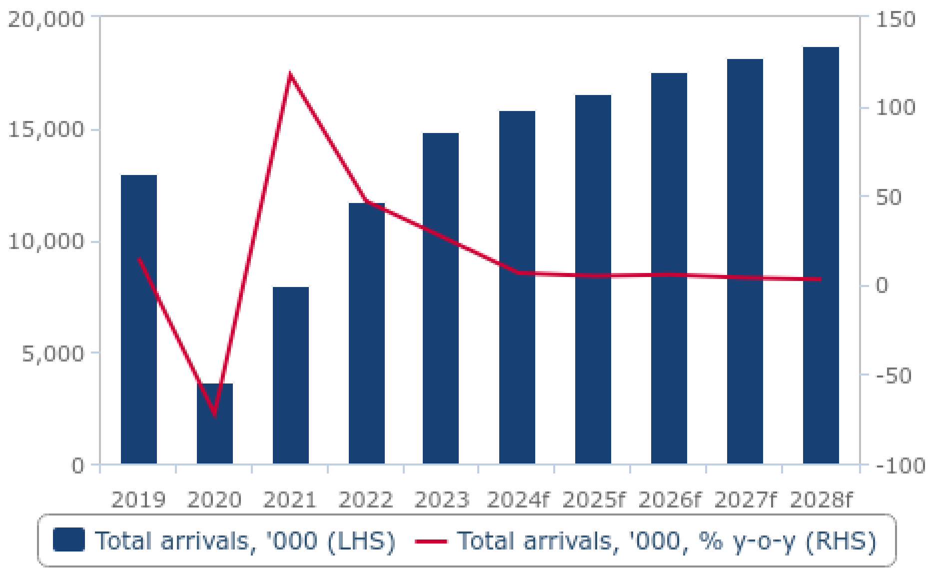
We expect Egypt to retain its popularity as a winter sun destination. It will likely benefit from European tourists seeking to trade down from long-haul winter sun options to mid-haul options. The Russia-Ukraine war is having a negative impact on Egypt's tourist arrivals from Russia and Ukraine, as Russia faces Western sanctions and the outlook for Russia's consumer weakens, while Ukraine faces a war economy and segments of its population leaving the country as refugees. The projected downturn in the Russian economy and an uptick in unemployment will weigh on overall demand for travel by Russia's consumers. For tourists from Russia who are considering travelling outside of the market, Egypt will be a popular choice, not only due to it being a long-standing preference for Russian tourists but because the number of markets available to Russian tourists has shrunk due to sanctions, with tourist destinations in Europe now more costly as a result of the removal of direct connections. Economic pressure could also lead Russian tourists, who have previously sought more expensive long-haul options, to seek mid-haul options such as Egypt.

Post-Pandemic Recovery And Covid-19 Impact

The recovery in Egypt's arrivals continued in 2022, as they grew by 46.8% y-o-y to reach 11.7mn. However, arrivals remained below the pre-pandemic level in 2019 (13.0mn arrivals). Egypt's arrivals began to recover in 2021, expanding by 117.5% y-o-y to 8.0mn arrivals, after the market experienced a sharp contraction of 71.8% y-o-y in 2020 due to Covid-related travel bans and restrictions. The shuttering of Egypt's borders in 2020 in response to the Covid-19 pandemic resulted in arrivals dropping to 3.7mn arrivals in 2020, from 13.0mn arrivals in 2019.

Arrivals To Further Grow Over 2024

Egypt - Total Arrivals & Growth (2019-2028)



f = BMI forecast. Source: National sources, BMI

Egypt's Arrivals By Region In 2024

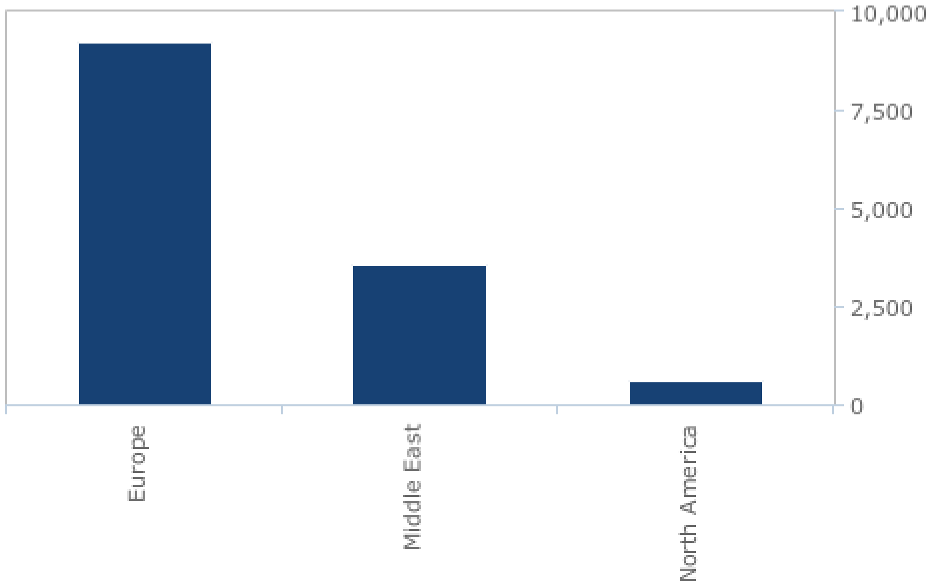
We project Egypt's arrivals from Europe to reach 9.2mn in 2024. This will be higher than 8.6mn arrivals from Europe in 2019 (pre-Covid). Europe will remain an important source of Egypt's tourist arrivals over the short-to-medium term. Egypt benefits from tourist inflows from the key Western European source markets of UK, Germany, Italy and France. However, it has also worked to diversify this pool by targeting the developing Central and Eastern Europe (CEE) tourism source markets of Russia, Ukraine, Poland and the Czech Republic. Geopolitical tensions amid Russia's invasion of Ukraine are resulting in rising commodity prices. This is weighing on the purchasing power of European households and could result in consumers delaying international travel plans.

Russia has historically been one of Egypt's largest arrivals source markets. Egypt is maintaining relations with Russia even as it faces sanctions from the US, Europe and their allies. Sanctions are having a negative impact on Russia's economy, and this is negatively impacting consumers in the country and their ability to travel in the short term. However, Egypt is a relatively cheap destination for Russian travellers; thus, we expect that cost, ease of access and the likely trading down from longer haul options will ensure that Egypt remains one of the key destinations for Russian tourists.

We forecast Egypt's arrivals from the Middle East to reach 3.5mn in 2024, which is higher than the 3.3mn arrivals from the region in the pre-pandemic period (2019).

Europe Will Be A Key Source Of Arrivals In 2024

Egypt - Arrivals By Region, '000 (2024f)



f = BMI forecast. Source: National sources, BMI

Medium-Term Arrivals Outlook

Our medium-term outlook for Egypt's tourism sector is positive as we project arrivals to increase over the remainder of our 2024-2028 forecast period. Our medium-term forecast for Egypt's arrivals is an average annual growth rate of 4.7% y-o-y, taking arrivals to 18.8mn in 2028.

Security risks are a downside risk to Egypt's tourism outlook. The tourism sector has not been specifically targeted by terrorists since 2019, when 16 people were injured by an improvised explosive device attack that targeted a tourist bus near the Pyramids of Giza. Previous attacks, such as the October 2015 downing of Metrojet flight 9268, damaged arrivals to the country. In 2015, arrivals declined by 5.6% y-o-y, and a greater impact was felt in 2016, with total arrivals to the market decreasing by 42.1% y-o-y. It was not until 2018 that arrivals recovered to 2014 levels. Tourism source markets such as the UK continue to highlight the risk of terrorism, with the UK Foreign, Commonwealth & Development Office stating that 'terrorists are very likely to carry out attacks in Egypt'. The political environment has been relatively stable in recent years, but protests or politically motivated riots would negatively affect our forecast.

Inbound Tourism (Egypt 2021-2028)

Indicator	2021	2022	2023	2024f	2025f	2026f	2027f	2028f
Total arrivals, '000	7,998.00	11,740.60	14,900.00	15,868.24	16,630.85	17,561.12	18,228.53	18,757.16
Total arrivals, '000, % y-o-y	117.5	46.8	26.9	6.5	4.8	5.6	3.8	2.9
Arrivals by region, North America, '000	322.00	555.49	591.08	624.75	651.03	677.09	694.81	710.96
Arrivals by region, North America, % y-o-y	86.1	72.5	6.4	5.7	4.2	4.0	2.6	2.3
Arrivals by region, Europe, '000	5,359.00	7,903.55	8,639.70	9,215.95	9,654.78	10,194.70	10,593.09	10,884.98
Arrivals by region, Europe, % y-o-y	132.4	47.5	9.3	6.7	4.8	5.6	3.9	2.8
Arrivals by region, Middle East, '000	1,985.00	2,794.20	3,323.04	3,528.89	3,706.31	3,924.12	4,070.32	4,207.69
Arrivals by region, Middle East, % y-o-y	114.8	40.8	18.9	6.2	5.0	5.9	3.7	3.4

f = BMI forecast. Source: National sources, BMI

Structural Trends

Egypt's tourism market is well established, and the market has long been a popular destination for travellers from European markets, particularly in the package holiday sector. As a result, the hotel and accommodation offering is well developed in the Red Sea coastal areas as well as in Luxor, Aswan and Cairo. In addition to beach tourism, Egypt offers an enormous range of historical and cultural attractions, with seven UNESCO World Heritage Sites along with numerous museums and other cultural and religious sites. The many attractions, well-developed infrastructure and supportive government have all helped to create a highly resilient tourism industry, which has successfully returned to growth in previous years after periods of turmoil and decline.

Egypt's tourism industry has weathered significant volatility over the past decade, as a series of terror attacks and domestic political disturbance disrupted the sector over 2011-2013 and 2015-2016. The 2017-2019 period was strong for recovery, and there is room for organic growth over the coming years.

Over the medium-to-long term, arrivals numbers are set to see steady recovery as the overall market dynamics remain sound. Egypt has a well-established and well-developed tourism sector, and tourists continue to see the benefits of visiting the country, which include affordable package deals, improving services and a low currency.

International Tourism Receipts

We forecast strong growth in Egypt's international tourism receipts in the short term, in line with increasing arrivals. Our 2024 forecast for Egypt's international tourism receipts is growth of 9.2% y-o-y to USD15.8bn. This will be an increase from USD14.5bn in 2023. The market's international tourism receipts will further increase to USD16.8bn in 2025.

Egypt's international tourism receipts were negatively impacted by the Covid-19 pandemic and related travel restrictions. This resulted in the market's international tourism receipts dropping to USD4.9bn in 2020, from USD14.3bn in 2019.

Medium-Term Outlook For International Tourism Receipts

We forecast Egypt's international tourism receipts to reach USD19.1bn at the end of our forecast period in 2028, which is an average annual growth rate of 5.4% y-o-y over our 2024-2028 forecast period. Over the coming years, improving consumer spending in Europe and the Middle East and North Africa (MENA) will see receipts per visitor grow. Many tourists visiting Egypt are relatively wealthy travellers from economies with higher purchasing power, such as the UK, Germany and the Gulf Cooperation Council (GCC). These travellers tend to have more disposable income readily available and spend larger sums when on holiday. The relatively low-cost nature of tourism to some of Egypt's resorts will continue to attract a growing number of visitors from more price-sensitive source markets across CEE and Asia-Pacific, a move that will lower the tourism spending per visitor out to 2028 but diversify its source markets.

Tourism Receipts (Egypt 2021-2028)

Indicator	2021e	2022e	2023e	2024f	2025f	2026f	2027f	2028f
International tourism receipts, USDbn	7.89	11.81	14.46	15.78	16.80	17.71	18.52	19.09
International tourism receipts, USDbn, % y-o-y	61.9	49.7	22.4	9.2	6.4	5.4	4.6	3.0
International tourism receipts, EGPbn	123.45	226.29	444.11	710.30	806.06	866.70	924.51	971.68
International tourism receipts, EGPbn, % y-o-y	60.7	83.3	96.3	59.9	13.5	7.5	6.7	5.1
International tourism receipts, transport services, EGPbn	12.06	22.10	43.37	69.37	78.72	84.64	90.29	94.89
International tourism receipts, transport services, EGPbn, % y-o-y	60.7	83.3	96.3	59.9	13.5	7.5	6.7	5.1
International tourism receipts, travel items, EGPbn	111.39	204.19	400.73	640.93	727.34	782.06	834.22	876.78
International tourism receipts, travel items, EGPbn, % y-o-y	60.72	83.31	96.25	59.94	13.48	7.52	6.67	5.10

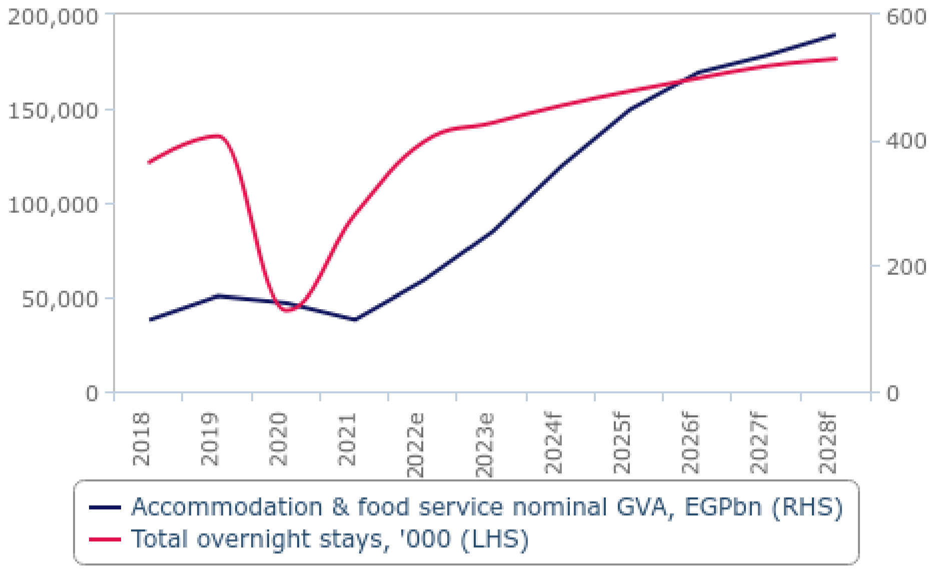
e/f = BMI estimate/forecast. Source: National sources, World Bank, BMI

Accommodation And Food Service Sector's Economic Contribution

Our Country Risk team forecast Egypt's gross value added (GVA) from hospitality businesses, specifically accommodation and food service businesses, to grow by 41.0% y-o-y (in local currency terms) in 2024 and reach EGP357.9bn, in nominal terms. This is an increase from the EGP253.9bn in 2023. Egypt boasts a solid portfolio of luxury properties along the Red Sea, and major international chains continue to bolster their presence in the sector. With strong government support to encourage international and domestic consumption on hotels and restaurants, we expect spending levels on hospitality and gastronomy to remain on an uptrend out to 2028. We forecast the accommodation and food service GVA to grow by an annual average of 18.2% y-o-y over our 2024-2028 forecast period to reach EGP567.7bn in 2028.

Increased Travel To Bolster Hospitality Sector Activity

Egypt - Overnight Stays & Accommodation & Food Services GVA (2018-2028)



e/f = BMI estimate/forecast. Source: National sources, BMI

Hotels And Accommodation Outlook

Egypt's total overnight stays will reach a projected 156.6mn in 2024, rising from an estimated 142.4mn in 2023. The increase in total overnight stays will be in line with increasing arrivals. Total overnight stays will increase to 165.7mn in 2025 supported by a further increase in arrivals.

The number of total overnight stays decreased sharply in 2020 due to travel bans and restrictions. This resulted in total overnight stays dropping to 43.0mn in 2020, from 135.4mn total overnight stays in 2019. This means that 2023 marked a full recovery in Egypt's total overnight stays, as they rose above the pre-pandemic level in 2019. Egypt's total overnight stays will continue to increase over the remainder of our 2024-2028 forecast period to reach 182.6mn in 2028. The average length of stay will be a projected 13.4 in 2024. This will increase to a projected 15.3 in 2028. This reflects the popularity of Egypt for seven-, 10- and 14-night holiday packages, which is the preference of tourists from European markets.

The number of hotels in Egypt is forecast to increase to 1,510 in 2024, rising from the estimated 1,410 in 2023. This reflects continued confidence by investors, as the tourism sector continues to recover. We forecast the number of hotels to reach a forecast 1,800 by the end of our forecast period in 2028.

Egypt has well-developed hotel infrastructure catering to a broad range of markets and budget levels. However, recent declines in arrivals resulted in a number of permanent and temporary closures for smaller hotels and accommodation that were unable to survive the financial hardships.

In Q1 2020, the government stated that a stimulus package worth EGP100.0bn (USD5.3bn) would be used assist the economy, including provisions for the tourism sector. In 2021, the government extended support for the domestic tourism sector until May 2021 and included incentives for airline tickets, tourism attractions and hotel stays for Egyptians and visitors from other MENA markets. Several of the leading global hotel groups that have a presence in Egypt are planning on expanding their portfolios in the country or investing in upgrading existing properties, reflecting the confidence held in the long-term recovery and growth of the market. This includes new investments by Hilton, Travco, Emaar Properties and Talaat Moustafa Group.

As part of the tourism sector strategy reform, Egypt released a new hotel classification system in Q3 2019 in a bid to streamline and standardise the hotel sector. The new system replaced the old method that had been in place since 1982. Under the directive of the hotel regulation and classification system, hotels will be evaluated on their infrastructure offerings and their service levels separately. In September 2022, the Egyptian Ministry of Tourism and Antiquities reported that it is continuing with its work of re-evaluating hotel establishments across the country according to the new classification criteria. The ministry dispatched inspection committees to 247 hotel facilities in some tourist cities. According to the ministry, 91 facilities were inspected in Marsa Alam, al-Qusayr and Safaga in the Red Sea Governorate, 66 facilities in Dahab, Taba and Nuweiba in South Sinai Governorate, 40 in Ain Sukhna and Ras Sidr, 32 in the north coast and Matrouh, and 18 in Damietta and Ras al-Bar.

Hotel Accommodation (Egypt 2021-2028)

Indicator	2021e	2022e	2023e	2024f	2025f	2026f	2027f	2028f
Accommodation & food service nominal GVA, EGPbn	113.96	176.35	254.86	351.89	440.47	494.65	513.88	539.11
Accommodation & food service EGP nominal GVA growth, % y-o-y	-18.9	54.7	44.5	38.1	25.2	12.3	3.9	4.9
Number of hotels and establishments, '000	1.26	1.32	1.41	1.51	1.59	1.66	1.73	1.79
Total overnight stays, '000	93,815.0	132,295.0	142,444.7	151,584.1	159,273.0	166,184.8	172,641.5	176,387.0
Average length of stay, nights	11.7	12.2	12.8	13.2	13.6	13.9	14.1	14.2
Hotel rooms, '000	164.67	167.36	170.38	176.76	183.14	187.61	191.44	194.90
Occupancy rate, %	39.4	40.4	41.7	43.0	44.3	45.4	46.5	47.6

e/f = BMI estimate/forecast. Source: National sources, BMI

Domestic Tourism Market

Our Consumer & Retail team expects spending in Egypt to be boosted by the newly secured IMF programme funding which will support consumer spending in the medium term. Although inflation is easing, the significant currency devaluations will still weigh on Egyptian consumers6' ability to purchase imported goods. We expect the risks of further weakening to the exchange rate will be limited but the Israel-Hamas war continues to expose Egypt to elevated geopolitical risks.

This means that domestic travel will be more attractive as it is more affordable. Our 2024 forecast for spending on restaurants and hotels by Egyptian households is growth of 31.5% y-o-y. This will result in restaurant and hotel spending reaching a projected EGP466.3bn in 2024, increasing from the estimated EGP354.7bn in 2023. That said, much of the growth in spending will be due to the high inflation in the country. The government, in an attempt to compensate for the fall in international arrivals, strongly supports the domestic tourism sector by investing in programmes, such as 'Egypt Is In Our Hearts', which aims to increase the number of domestic visitors to destinations like Luxor and Aswan. Over the medium term (2024-2028), we expect total domestic spending on restaurants and hotels to grow by an annual average of 15.5% y-o-y, taking spending in this segment to EGP720.1bn in 2028.

Departures Outlook

We forecast Egypt's departures to grow by a projected 15.1% y-o-y in 2024 to reach 4.5mn, increasing from the estimated 3.9mn in 2023. The market's departures will grow by a further 6.1 y-o-y in 2025 to reach 4.8mn. The country's departures will continue to increase over the remainder of our 2024-2028 forecast period, reaching a projected 5.4mn in 2028. This represents an average annual growth rate of 6.5% y-o-y over our 2024-2028 forecast period. Most outbound tourists will go to the Middle East, as markets in this region are close to Egypt and therefore easily accessible and comparatively cheaper than mid- or long-haul travel destinations. It is also where many business links are located and where many people in Egypt have family ties. The annual Hajj (pilgrimage to Mecca) will sustain visits from Egypt to Saudi Arabia.

Tourist Departures And Consumption (Egypt 2021-2028)

Indicator	2021e	2022e	2023e	2024f	2025f	2026f	2027f	2028f
Total domestic spending, hotels and restaurants, EGPbn	3.11	3.63	4.25	4.63	4.97	5.29	5.59	5.84
Total domestic spending, hotels and restaurants, EGPbn, % y-o-y	33.8	16.8	17.2	8.8	7.5	6.4	5.6	4.4
Outbound, total departures, '000	1,360.86	3,035.46	3,925.20	4,517.55	4,792.54	5,036.19	5,223.39	5,369.58
Outbound, total departures, % y-o-y	18.0	123.1	29.3	15.1	6.1	5.1	3.7	2.8
Average Tourist departure per 1000 of the population	12.46	27.35	34.82	39.46	41.22	42.66	43.59	44.15

e/f = BMI estimate/forecast. Source: National sources, BMI

Marketing Strategies

Egypt has a long tradition of success with tourism. Historically, Egypt's marketing drives have been focused on European tourist source markets, but it has steadily diversified marketing to include GCC and North African tourist source markets. The Egyptian tourist ministry has a long history of investing in marketing campaigns to drive tourist arrivals, from traditional tourist source markets as well as potential new source markets that offer high growth opportunities.

In November 2022, Egypt hosted the 27th UN Climate Change Conference (COP27) in Sharm El Sheikh. These conferences traditionally attract high-profile speakers and government ministers from multiple countries. They also boast a high global media presence.

In March 2022, the General Egyptian Tourism Promotion Authority launched its 'Follow the Sun' campaign, which promoted Egyptian tourist destinations in Germany, the UK, Italy, France and the US. In May 2022, the same promotion authority, which represents Egypt's Ministry of Tourism and Antiquities, continued its drive to increasing tourist arrivals from Middle East markets, launching its 'Your Vacation Is Here' campaign. The campaign targeted Saudi Arabia, the UAE, Kuwait and Jordan.

In 2020, the private sector in two less publicised cities, Luxor and Aswan, declared its intention to carry out marketing campaigns aimed predominantly at Germany and the UK. The groups also communicate directly with regional and European holiday airlines with a view to organising charter flights directly to the two destinations.

Over the 2019 holiday season, the Ministry of Tourism collaborated with social media influencers, travel bloggers and online travel personalities to market the Egyptian holiday brand to a younger audience. In Q4 2019, the Egyptian government launched a campaign directed at Mainland China's visitors. The Egyptian tourism ministry stated that it will work closely with China's largest online travel agency Ctrip to ensure continued growth of visitors from China over the coming years.

In January 2018, Egypt appointed Rania Al-Mashat as its tourism minister. During her tenure as minister (Q1 2018-Q4 2019), Al-Mashat took a proactive and dynamic approach to rebuilding Egypt's brand as a viable holiday destination. The tourism ministry actively developed a series of new promotional campaigns to attract visitors, and these drives have continued under subsequent ministers. A crucial strategy of Al-Mashat was to reframe the image of Egypt in traditional source markets and emerging ones in a bid to advertise the country as a progressive tourism destination, with significant offerings in a friendly tourism climate.

In 2018, Al-Mashat stated that the country would embark on an ambitious tourism sector strategy reform to regain trust and bring healthy growth to the sector. The reform strategy had five crucial pillars pivoted around the structural development of the industry:

- institutional reform
- tourism promotion
- tourism infrastructure and project development
- global tourism trends
- legislative reform

In order to achieve success in the tourism sector, the ministry has been working with a series of governmental, non-governmental and business sector organisations to ensure that Egypt's tourism industry is able to capitalise on global tourism growth trends.

As Europe and the world continue to recover from the Covid-related fallout, we expect Egyptian promotional authorities to work towards attracting packaged holiday and independent tourists. We anticipate the Ministry of Tourism to remain active in a to bid to shore up the country's image and offer improved links to prospective travellers, including the Taba-Eilat border crossing and various overland connections from key coastal towns, such as Hurghada and Sharm El-Sheikh, to inland tourism hubs, such as Luxor and Aswan.

Elevated promotional campaigns, including beach tourism and Islamic cultural tourism, will remain the key pillars of the Ministry of Tourism. In May and June 2020, the authorities began to market domestic tourism for the annual Eid holiday while also working towards a restart strategy. In Q1 2021, the Egypt Tourism Promotion Board began working with social media influencers who had 500,000-2.0mn followers by arranging trips to the Sinai Peninsula. The move was part of a wider effort to engage regional social media personalities and leverage their online presence to rebuild the tourism brand. In Q2 2021, Sharm El Sheikh hosted some of the world's top travel bloggers and social media personalities in a bid to showcase the natural treasures of the country.

The authorities undertook a number of efforts over Q3 2021-Q1 2022 to continue improving the potential tourism profile of the country, including launching a major effort to market the religious tourism destinations in the country. These included mosques, shrines and pivotal sites linked to Islamic history, as more MENA and Muslim-majority source market visitors begin entering the country. The Ministry of Tourism and Antiquities also launched a headline tourism promotional effort to promote all 27 governorates leading up to the World Tourism Day on September 27 2021. The campaign featured on social media and online channels and built on the efforts to boost post-pandemic tourism. The government has been using social media marketing as a tool to attract younger visitors. We expect this trend to continue, aided by the development of a mobile app platform.

Arrivals Markets Analysis

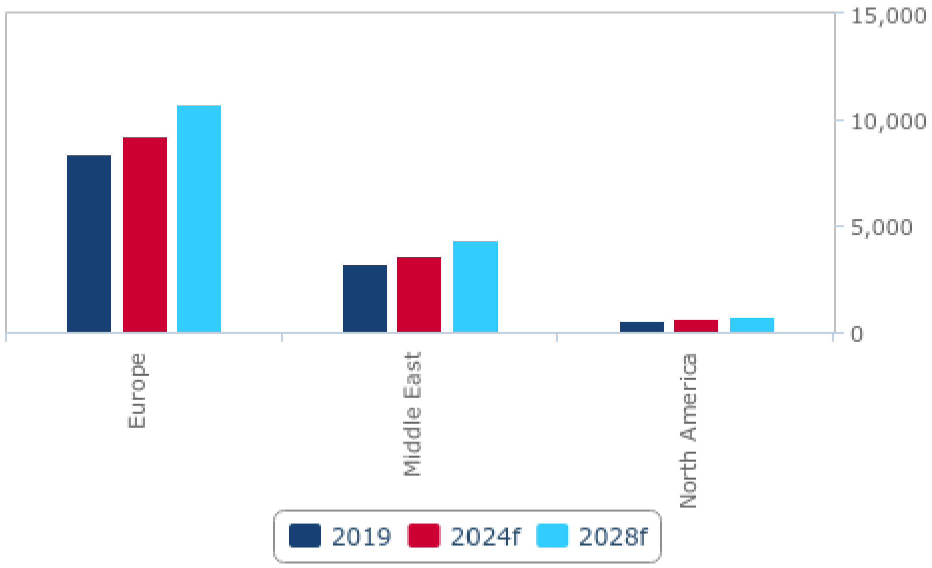
Key View: *In 2024, we expect Europe to be a key source of arrivals for Egypt in 2024 and over the remainder of our medium-term forecast period to 2028. In addition, the Middle East and North America will be key source regions for Egypt's arrivals over the medium term (2024-2028).*

We expect Europe to be Egypt's key source of arrivals by region in 2024, with a projected 9.2mn arrivals from the region, increasing from the 8.6mn arrivals from the region in 2023. We forecast arrivals from Europe to increase to 9.7mn in 2025. This indicates that Egypt's post-pandemic recovery in arrivals from Europe has been strong following a 72.5% y-o-y contraction in 2020, dropping to 2.3mn arrivals from the region, down from 8.4mn arrivals in 2019. We project Egypt's arrivals from Europe to continue to increase, growing by an annual average of 4.5% y-o-y over our 2024-2028 forecast period to reach 10.8mn in 2028.

Egypt's tourism sector will benefit from the increase in arrivals from the Middle East in 2024, as travellers from the region continue to seek regional options while also starting to travel further afield. We project Egypt's arrivals from the Middle East to grow by 7.0% y-o-y in 2024 to reach 3.6mn, increasing from the estimated 3.3mn arrivals in 2023. Our 2025 forecast for Egypt's arrivals from the Middle East is 3.8mn. Egypt's arrivals from the Middle East contracted by 70.8% y-o-y in 2020 to 924,000, dropping from 3.2mn arrivals in 2019 due to Covid-related restrictions on travel by Egypt and its source markets in the Middle East. We estimate Egypt's arrivals from the Middle East to have fully recovered in 2023, as they reached an estimated 3.3mn, which is above pre-pandemic (2019) arrivals levels.

In 2024, Egypt's arrivals from North America will reach a projected 624,750, rising from the estimated 591,080 in 2023. Arrivals form North America will further increase in 2025 as they reach a projected 651,030. The implementation of travel restrictions by Egypt and its source markets in North America in response to the Covid-19 pandemic in 2020 resulted in arrivals from the region contracting by 68.4% y-o-y to 173,000, dropping from 548,000 arrivals in 2019. We project Egypt's arrivals from North America to reach 710,350 at the end of our forecast period in 2028, representing an average annual growth rate of 3.8% y-o-y over our medium-term forecast period (2024-2028).

Europe Is A Key Source Of Arrivals
Egypt - Arrivals By Region (2019-2028)



f = BMI forecast. Source: National sources, BMI

In order to offer greater in-depth insight into Egypt's tourism outlook, we will spotlight three key arrivals markets:

Russia: Russia was a growing source markets for arrivals arrivals prior to the pandemic. The sanctions imposed on Russia by the US, the EU, the UK and their allies will continue to negatively impact the consumer outlook in Russia and by extension consumer's ability and desire to spend on international travel. We expect Russians who are able to travel to visit Egypt due to it being a popular holiday destination and because the number of travel destinations in Europe and North America has shrunk due to sanctions closing Europe's airspace to Russian planes and severing flight connections to European destinations.

Germany: This market is a key source of arrivals for Egypt in Europe. However, high living costs amid the Russia-Ukraine war present downside risks for Egypt's arrivals from the market in 2024, particularly as this is weighing on consumer purchasing power. Our outlook for Egypt's arrivals from Germany is more positive over the remainder of our 2024-2028 forecast period due to the high disposable incomes of consumers enabling mid-to-long haul travel.

Saudi Arabia: The market has strong historic and cultural ties with Egypt, which makes it an attractive travel market for consumers from Saudi Arabia. We expect Saudi Arabia to be a major source of arrivals in the Middle East region over the short-to-medium term, due to strong historic and cultural ties between the two markets and its regional proximity. Saudi Arabia's relatively strong consumer outlook and comparatively high disposable incomes will drive the kingdom's consumers to travel regionally and internationally; potentially making multiple trips a year to resorts, such as those in Egypt.

Insight Into Russia As A Tourism Source Market

Key View: *We forecast Russia's departures to increase over 2024, rising from the 2023 level. While we forecast Russia's departures to increase, they will be lower than the pre-pandemic level in 2019. We have a cautiously optimistic outlook for Russia's consumer in 2024, amid a weaker ruble and external sanctions and self sanctions in the private sector. This could weigh on Russia's consumer spending and their ability to travel to mid- and long-haul destinations in the short-to-medium term.*

Russia Departures Outlook

2024 Outlook

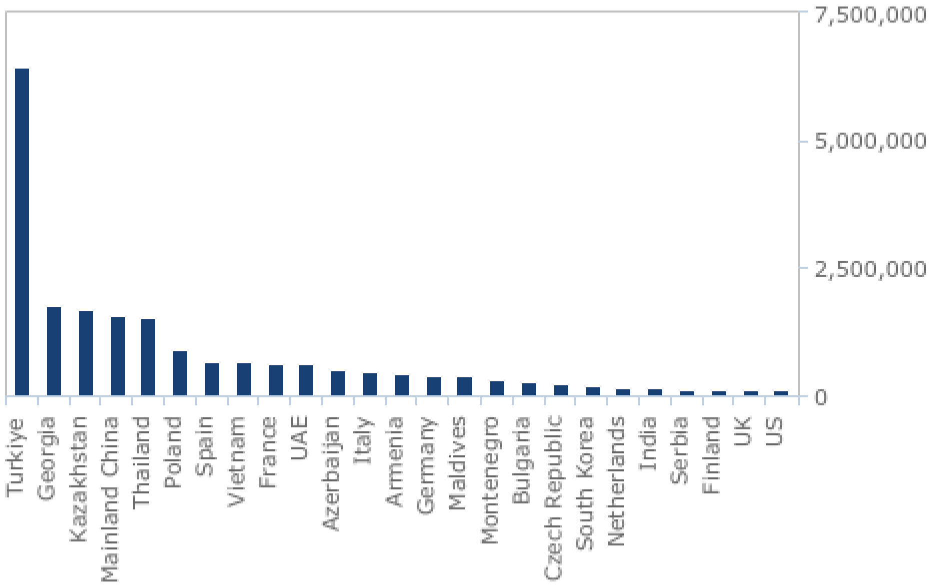
We project Russia's total departures to grow by 27.5% y-o-y in 2024, to 22.5mn, increasing from the estimated 17.6mn departures in 2023. That said, Russia's 2024 departures will be lower than the pre-pandemic level of 31.3mn in 2019. We forecast Russia's departures to grow by a further 14.7% y-o-y in 2025 to reach 25.8mn.

In 2022, Russia's departures grew by 10.5% y-o-y to 11.4mn. However, this was a deceleration in growth from the 22.7% y-o-y in 2021, as departures began to recover and reach 10.1mn. The deceleration in departures growth in 2022 was due to the implementation of sanctions on Russia by Western markets and their allies, following its invasion of Ukraine in February 2022. The implementation of Covid-related restrictions in 2020 in response to the Covid-19 pandemic resulted in Russia's departures contracting by 73.7% y-o-y to 8.2mn in 2020, decreasing from 31.3mn in 2019.

Turkiye will be Russia's largest departures market in 2024, with a projected 6.5mn departures (28.7% of total departures). This will be followed by Georgia with a projected 1.8mn departures (7.9% of total departures) in 2024 and Kazakhstan with a projected 1.7mn departures (7.5% of total departures). Mainland China will rank fourth with a projected 1.6mn departures (7.0% of total departures) in 2024, and Thailand will rank fifth with a projected 1.5mn departures (6.8% of total departures).

Turkiye Will Rank Highest For Russian Departures

Russia - Departures By Market, Top 25 (2024f)



f = BMI forecast. Source: National sources, BMI

Medium-Term Outlook For Departures

Russia's departures will gradually increase over the remainder of our 2024-2028 forecast period. We project Russia's total departures to fully recover in 2028 as they reach a projected 32.4mn, rising above the pre-Covid level in 2019 (31.3mn departures). This will represent an average annual growth rate of 13.2% y-o-y over our 2024-2028 forecast period.

Turkiye will retain its ranking as Russia's largest departures destination by 2028, with a projected 7.0mn departures (21.7% of total departures). This will be followed by China, which will be the second largest departures destination with a projected 2.7mn departures (8.2% of total departures), and Georgia with a projected 2.2mn departures (6.7% of total departures). Kazakhstan and Italy will rank fourth and fifth in 2028 with a projected 2.1mn (6.4% of total departures) and 1.8mn (5.7% of total departures) departures respectively.

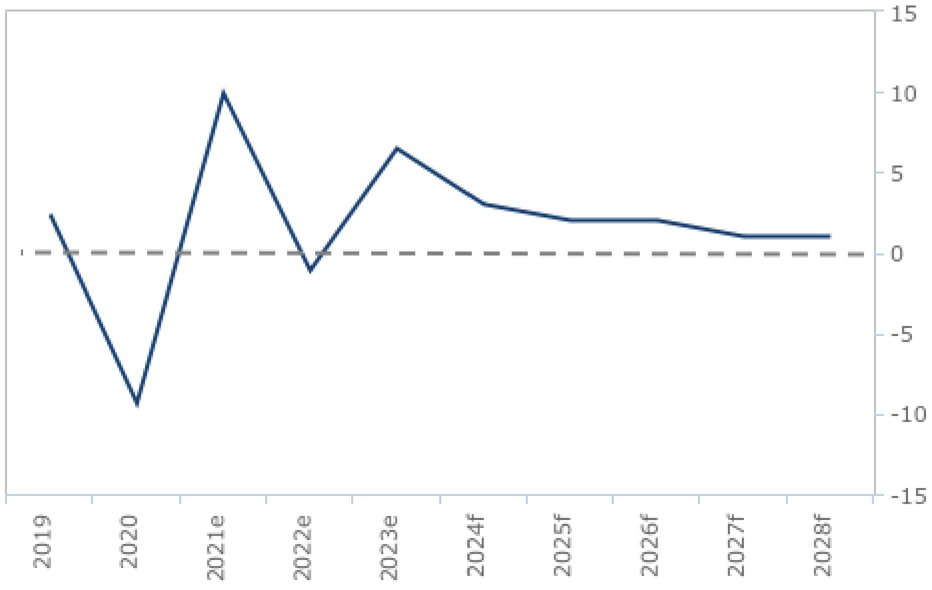
Russia Consumer Outlook Implications For Tourism

2024 Outlook

We hold a cautiously optimistic outlook for household spending in Russia over 2024, with real spending forecast to grow modestly at 2.0% y-o-y over 2024. At RUB32.2trn in 2024, real household spending (in 2010 prices) will be higher than the RUB30.7bn posted in 2019 (pre-Covid) and in line with levels last seen in 2010. We hold the view that formal sanctions by external markets, private sector self-sanctions, depreciating ruble and high level of emigration continue to put downwards pressure on household spending, although the full impact of it has been mitigated by government spending towards war efforts and a tight labour market.

Consumer Spending Dampened By Continued Conflict And Higher Prices

Russia - Total Household Spending, real growth, % y-o-y (2019-2028)



e/f = BMI estimate/forecast. Source: Russia Federal State Statistics Service, BMI

On July 26 2024 the Central Bank of Russia (CBR) decided to raise the benchmark key rate to 18.00% from 16.00%. Following the CBR's move to hike its benchmark key rate, our Country Risk team expects a further 200 basis points hike before the end of 2024 to 20.00%. In their latest statement the CBR acknowledged that increased import costs, which are likely to remain elevated amid strict sanctions against Russia, as well as a healthier-than-expected domestic economy will keep inflationary pressures elevated. If continued tightening weighs down domestic demand faster than the CBR currently expects, the CBR will likely pause on hikes, but we do not expect any cuts at this stage given that structural supply-side issues will continue to support inflationary forces. Our Country Risk team have also raised their CPI forecast for the end of 2024 from 5.4% to 5.9% to reflect continued difficulties for the CBR to rein in price pressures. We believe that price pressures have thus far been driven by strong demand that has been supported by increased government spending and preferential interest rates.

Over 2024, we forecast unemployment in Russia to decrease to 3.5%, from 3.6% in 2023. However, mass emigration among Russia's working-age labour force will weigh on our outlook for unemployment over the medium term.

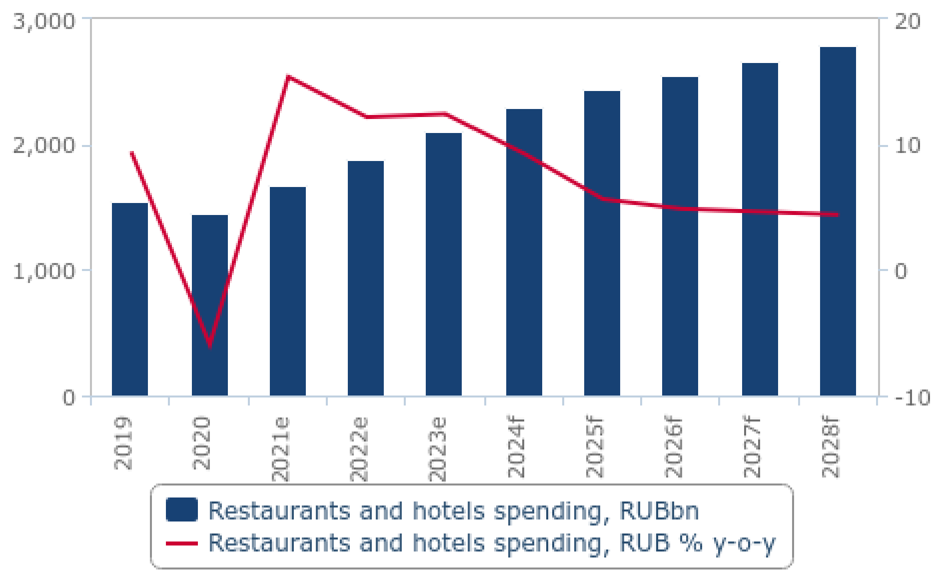
Medium-Term Consumer Spending Outlook

We forecast Russia's real household spending to grow at an average of 1.8% a year over 2024-2028. In nominal terms, household spending will increase from a projected RUB85.2trn (USD914.9bn) in 2024 to RUB103.6trn (USD1.1trn) in 2028, representing an average annual growth rate of 5.9% y-o-y over our 2024-2028 forecast period. We expect the sanctions caused by the Russia-Ukraine conflict to have lasting effects over the medium term, which will dampen household spending. Nevertheless, we expect a portion of the Russian population to travel and visit affordable travel destinations.

Spending on hospitality (restaurant and hotel spending) will grow by 9.3% y-o-y in 2024 to RUB2.3trn, decelerating from the estimated 12.4% y-o-y in 2023 when spending amounted to RUB2.1trn. Over the medium term, hospitality spending will increase to RUB2.8trn by 2028, with spending growing at an annual average rate of 5.8% over 2024-2028. The hospitality sector's share of total household spending will account for 2.7% of total spending over 2024-2028.

Hospitality Spending Will Increase Despite Headwinds

Russia - Restaurants & Hotels Spending (2019-2028)



e/f = BMI estimate/forecast. Source: Russia Federal State Statistics Service, BMI

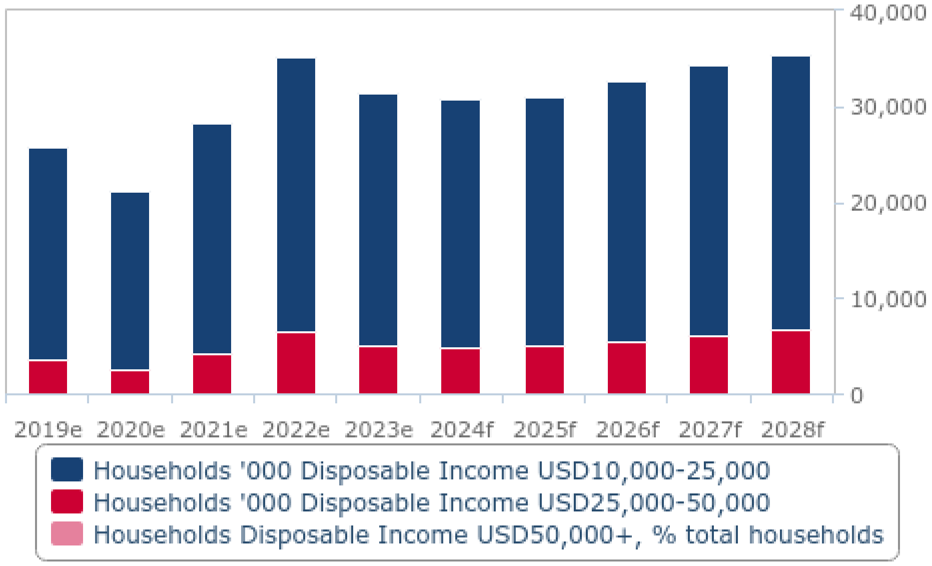
For further insight into BMI's Russia consumer spending outlook please see our latest consumer analysis.

Insight Into Russia's Household Incomes

Households in Russia have relatively low disposable incomes in comparison with regional standards. The economic impact of the sanctions imposed on the country will weigh on household incomes. Russia has a significant middle income (USD10,000-25,000) bracket, presenting opportunities for spending on travel and hospitality over the medium term. In 2024, we project 45.1% of households (25.9mn households) in the country to have a disposable income of USD10,000-25,000 and we project the proportion of households in this income bracket to increase to 50.5% of total households (28.7mn households) in 2028. Households falling into this income bracket will be more likely to engage in regional travel due to relatively cheaper travel costs. The proportion of households falling in the USD25,000-50,000 income group will increase from a projected 8.4% of total households (4.8mn households) in 2024, to 11.8% of total households (6.7mn households) by 2028. We believe that the expansion of households within this income group will support increasing demand for mid- to long-haul travel due to stronger purchasing power.

Middle Income Bracket Will Drive International Travel

Russia - Household Disposable Income (2019-2028)



e/f = BMI estimate/forecast. Source: National sources, BMI

For further insight into BMI's Russia disposable income analysis outlook please see our latest consumer analysis.

Insight Into Russia's Consumer Demographics

Russia has an ageing population, with the majority of people falling into the 40-64 year old age bracket (accounting for 34.4% of the total population). The 20-39 year old age bracket will be the second largest age group (at 26.0%), followed by the 65-plus (16.7%) age bracket. Over the long term, we forecast Russia to have an ageing population (2023-2050). By 2050, adults in the 40-64 year old bracket (at 31.3%) will remain the largest demographic group, followed by the pensionable population (24.4%) and young adults aged 20-39 years old (23.9%).

Population: Aged 0-9 Years

We forecast Russia's 0-9 year age bracket to have a population of 15.9mn in 2024 and make up 11.1% of the total population. Over the long term we forecast this demographic age bracket to make up 10.6% of the total population and have a population of 14.1mn by 2050.

Population: Aged 10-19 Years

Children and teenagers will make up 11.8% of the total population in 2024, reaching 17.0mn. We forecast this age bracket to shrink to 13.1mn by 2050, accounting for 9.8% of the total population.

Population: Aged 20-39 Years

We forecast young adults in the 20-39 year age bracket to make up 26.0% of the total population in 2024 and reach 37.4mn. The size of this demographic age bracket will decrease slightly to 23.9% of the total population by 2050, or 31.8mn.

Population: Aged 40-64 Years

The 40-64 year age bracket will make up 34.4% of the total population in 2024 and reach 49.6mn. We forecast this age bracket to be the largest portion of the population over the long term to 2050, when we predict it to account for 31.3% of the total population, or 41.7mn.

Population: Aged 65-Plus Years

We forecast the pensionable population aged 65-plus to total 24.0mn in 2024 and make up 16.7% of the population. The pensionable population of Russia will increase significantly over the long term and total 32.5mn by 2050, which will increase its share of the total population to 24.4%.

The graphic below outlines the current consumer demographic groups by age (in 2024) and offers insight into their reasons and preferences for travel.

Demographic Groups' Reasons And Preferences For Travel

Consumer Demographic Groups By Age (2024)

Gen A (Generation Alpha) (0-9 years)

- Travelling with family for a week or more stay to experience tourism associated with beaches, entertainment, wildlife, culture, education or visiting family.
- Shorter stay travel, week or less, associated with education (school trips, culture and linguistic exchanges).

Gen Z (10-19 years)

- Travelling with family for a week or more stay to experience tourism associated with beaches, entertainment, wildlife, culture, education or visiting family. First solo or with peer travel to experience tourism associated with beach, entertainment, culture, backpacking of working
- Shorter stay travel, a week or less, associated with education (school trips, culture and linguistic exchanges).

Gen Y (Millennials) (20-39 years)

- Travelling with family (parents and/or children) for a week or more to experience beaches, entertainment, wildlife, culture, cuisine and education). Travelling with friends or solo for the same reasons, these trips could be a week or more, but could also be shorter weekend or city breaks.
- Travelling to visit family and friends or for education (University trips, culture and linguistic exchanges) short and longer stay.
- Travel for work, business travel (short stay) or longer stay via remote working.
- Medical tourism (short and longer stay).

Gen X (40-64 years)

- Travelling with family (children and/or parents) for a week or more to experience beaches, entertainment, wildlife, culture, cuisine and education). Travelling with friends or solo for the same reasons, these trips could be a week or more, but could also be shorter weekend or city breaks.
- Travelling to visit family and friends (long and short stay).
- Travel for work, business travel (short stay) or longer stay via remote working.
- Cruising (typically a week or longer).
- Medical tourism (short and longer stay).

Baby Boomers and The Silent Generation 65+ years

- Travelling with family (children and/or grandchildren) for a week or more to experience beaches, entertainment, wildlife, culture, cuisine and education). Travelling with friends or solo for the same reasons, these trips could be a week or more, but could also be shorter weekend or city breaks.
- Travelling to visit family and friends (long and short stay).
- Travel for work, business travel (short stay) or longer stay via remote working.
- Cruising (typically a week or longer).
- Medical tourism (short and longer stay).

Source: BMI

For further insight into BMI's Russia consumer demographics outlook please see our latest consumer analysis.

Ease Of Entry For Russia's Travellers Into Egypt

Airline Connectivity

Travellers from Russia to Egypt rely on air travel. Western sanctions on Russia are having a negative impact on the availability of direct flights between the two countries. In March 2022, Russia's airlines Ural Airlines and Aeroflot announced that they were suspending flights between Russia and Egypt. These announcements followed the Russia-Ukraine war that began in February 2022. EgyptAir also announced the suspension of its flights between Russia and Egypt in the same month but recommenced flights between Cairo and Moscow in April 2022. Flight times between Russia and Egypt have increased due to the hostilities in Ukraine, with Ukrainian airspace now shut and flights having to take a longer route.

Previously, Russian airlines resumed flights to Egypt's Red Sea resorts in August 2021, following a ban that had been implemented in 2015 after the bombing of a Russian flight in October 2015. While flights between Moscow and Cairo resumed in April 2018, following the 2015 ban, there were no direct flights between Russia and the Red Sea resorts in Hurghada and Sharm el-Sheikh. Flights between Moscow and Hurghada and Sharm El Sheikh resumed in August 2021. Rosaviatsiya, the Russian state aviation agency, announced in August 2021 that eight Russian airlines were permitted to operate flights between 43 of Russia's cities and Hurghada and Sharm el-Sheikh.

The airlines operating flights between Russia's cities and Egypt's cities and resorts as of August 2021 include:

- EgyptAir
- Ural Airlines
- Rossiya Airlines
- Pobeda (Aeroflot subsidiary)
- S7 Airlines (Aeroflot subsidiary)

On June 8 2022, Egypt's minister of tourism and the head of Rostourism, the Russian agency for tourism, held talks to discuss increasing flights between the two markets. This will make it easier for Russia's travellers to visit Egypt.

Visa Requirements

Russia's travellers are required to have a tourist visa to enter Egypt. The visa can be applied for prior to departure through the e-visa platform or on arrival at a port of entry. The tourist visa enables Russia's travellers to visit Egypt for up to 30 days.

Egypt Tourism Marketing Drivers

Russia's travellers visit Egypt to experience the market's nature and wildlife, beaches and resorts, historical sites, museums, culture, and food and drink. The key tourist attractions for travellers from Russia include the Pyramids of Giza, the Valley of Kings, the Nile River, and beach resorts in Hurghada and Sharm El Sheikh.

Egypt participated in the 28th Moscow International Travel and Tourism Exhibition that was held over March 15-17 2022 as part of efforts to promote Egypt as tourist destination to Russian travellers and tour operators. The Egypt pavilion was administered by the market's Tourism Development Authority, and it held meetings with the representatives of Russian travel and tourism agencies as part of efforts to increase cooperation between Egypt and Russia in the tourism sector.

Egypt's minister of tourism and the head of Rostourism discussed offering the use of Mir (a Russian card payment system) cards by

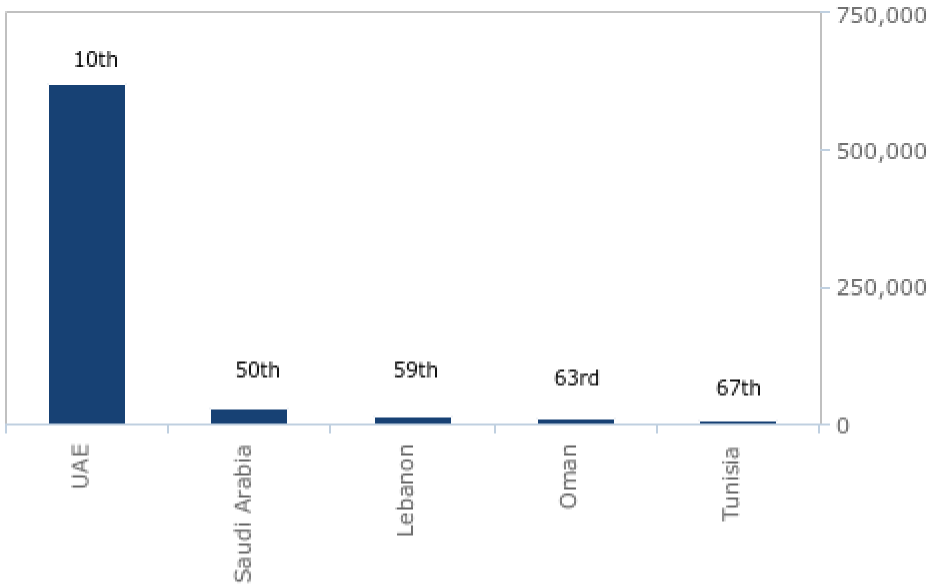
Russia's travellers at Egypt's Red Sea resorts during a meeting held on June 8 2022. The measure is a response to Western sanctions on Russia that have resulted in Visa and Mastercard being blocked. This will enable Russian travellers visiting Egypt to make payments in roubles, while Egypt-based tour operators and hospitality businesses will receive their payments in Egyptian pounds.

Competitor Destination Markets

Turkiye will be Russia's largest departures market in 2024, making up 28.7% of total departures. The remaining top five departure destinations will be Georgia (second), Kazakhstan (third), China (fourth) and Thailand (fifth). The UAE (10th) will be the highest-ranking Middle East and North Africa (MENA) departures destination for Russia, followed by Saudi Arabia (50th), Lebanon (59th), Oman (63rd) and Tunisia (67th).

UAE Will Rank Highest Among MENA Peers

Russia - Departures By Market, MENA (2024f)



f = BMI forecast. Source: National sources, BMI

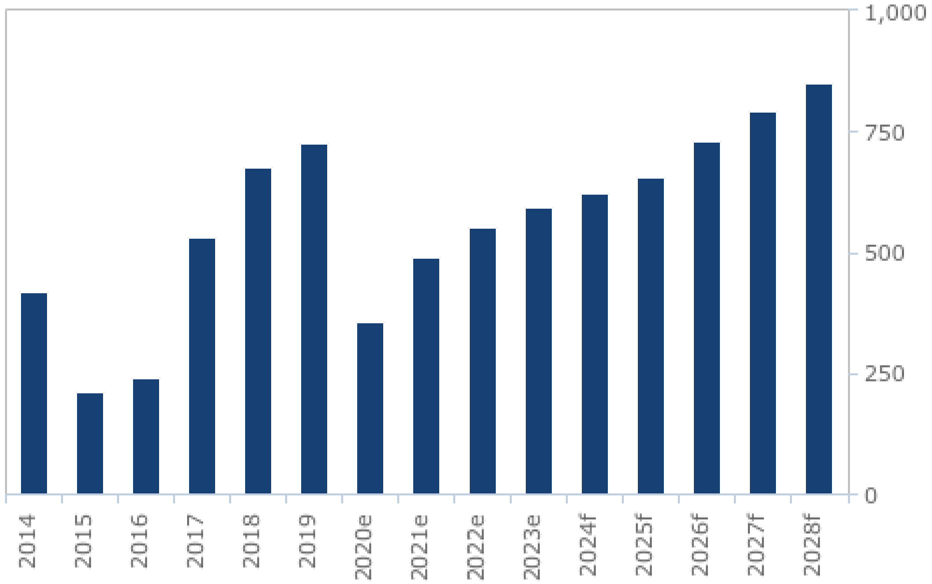
Turkiye will retain its ranking as the largest departure destination for Russian travellers by 2028. China will be the second largest destination for Russian travellers in 2028, followed by Georgia (third), Kazakhstan (fourth) and Italy (fifth). We view the UAE, which is forecast to rank 11th in 2028, as one of the major competitors to Egypt for arrivals from Russia. Travellers from Russia visit the UAE to experience the market's beaches and resorts, theme parks, nature and wildlife, historical sites, museums, culture, food and drink, and shopping.

We project the UAE's arrivals from Russia to grow by 4.9% y-o-y in 2024 to 621,520, increasing from the estimated 592,620 arrivals in 2023. Sanctions imposed on the country by the US, UK, EU and their allies is having a negative impact on the outlook for Russia's consumer, presenting downside risks to our outlook for arrivals in the UAE in 2024. Our 2025 forecast for the UAE's arrivals from Russia is growth of 5.5% y-o-y to 655,460.

In 2022, the UAE's arrivals from Russia grew by 12.6% y-o-y to 550,010. The UAE's arrivals from Russia began to recover in 2021, as Covid-related restrictions on international inbound travel were eased. This resulted in arrivals growing by 37.4% y-o-y in 2021 to 488,510. The UAE's arrivals from Russia will continue to increase over the remainder of our medium-term forecast period (2024-2028), growing by an annual average of 7.5% y-o-y to reach 851,550 in 2028.

Arrivals From Russia To Increase Over The Medium Term

UAE - Arrivals From Russia (2014-2028)



e/f = BMI estimate/forecast. Source: National sources, BMI

The UAE hosted the Arabian Travel Market exhibition at the Dubai World Trade Centre over May 9-12 2022. The exhibition was aimed at promoting the UAE as a travel destination and presented an opportunity for Dubai- and Abu Dhabi-based travel and hospitality businesses to promote the market as travel destination to Russian tour operators and travellers invited to the exhibition.

In September 2021, Dubai's Department of Tourism and Commerce Marketing announced that it was increasing its international marketing campaign to promote Dubai as a travel destination to travellers from key source markets, including Russia. On September 2 2021, the CEO of Dubai Tourism briefed Russian media and tour operators on the initiatives that Dubai is taking to support the recovery of the tourism sector.

In June 2019, the Russian office of Abu Dhabi's Department of Culture and Tourism hosted a breakfast in Moscow for media professionals. Attendees included representatives from media organisations such as Kommersant, Business Traveller and Tatler. Speakers included the Etihad Airways country manager for Russia, Belarus and Kazakhstan; and the Abu Dhabi Department of Culture and Tourism's PR and media executive, who highlighted Abu Dhabi's tourist attractions.

Insight Into Germany As A Tourism Source Market

***Key View:** In 2024, we forecast Germany's departures to increase, building on the 2023 level and fully recovering as they rise above the pre-pandemic level. We forecast Germany's consumer spending growth to be moderate over 2024, as inflationary pressures remain slightly higher than the pre-pandemic level. We expect Germany's consumers, that are able to afford travel, to continue to visit Egypt, particularly as it is a relatively affordable beach holiday destination.*

Germany Departures Outlook

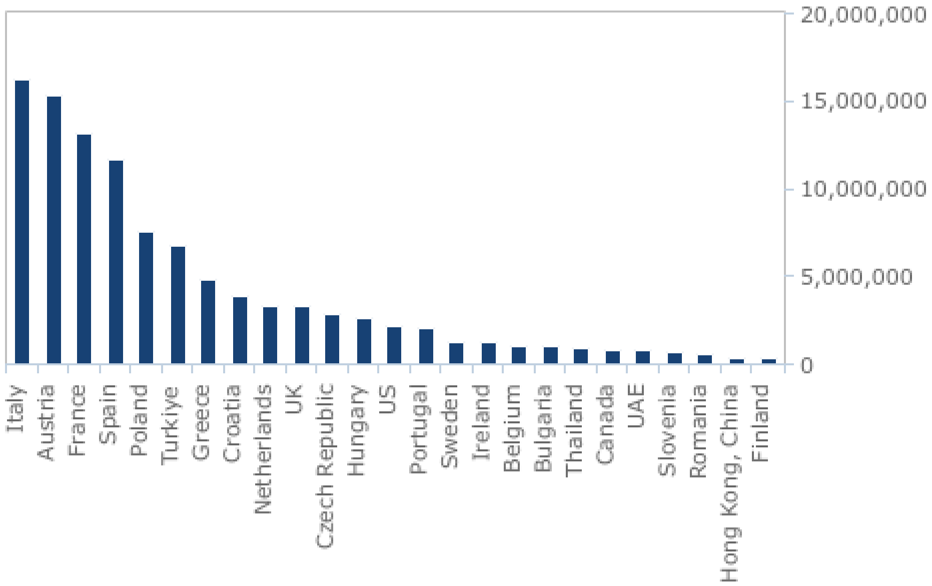
2024 Outlook

We project Germany's departures to reach 112.5mn in 2024, growing by 11.7% y-o-y. This will be an increase from the estimated 100.7mn departures in 2023. The 2024 arrivals will mark a full recovery, rising above the pre-pandemic level in 2019 (105.4mn departures). We forecast Germany's departures to grow by a further 5.2% y-o-y in 2025 to reach 118.3mn.

Germany's departures grew by 82.0% y-o-y in 2022 to 87.9mn. This marked the second year of a recovery, as departures grew by 22.7% y-o-y in 2021 to reach 48.3mn, following the easing of Covid-related travel restrictions. In 2020, Germany's departures contracted by 62.7% y-o-y to 39.4mn, dropping from 105.4mn departures in 2019, as travel bans were implemented in response to the Covid-19 pandemic.

Italy will be Germany's largest departures market in 2024, with a projected 16.2mn (14.4% of total departures) departures. This will be followed by Austria, with a projected 15.3mn (13.6% of total departures) projected departures. France will be third, with a projected 13.2mn (11.7% of total departures) projected departures. Spain will be Germany's fourth largest departures destination in 2024, with 11.5mn (10.2% of total departures) projected departures. This will be followed by Poland, with 7.1mn (6.3% of total departures) projected departures.

Italy Will Dominate Departures In 2024
Germany - Departures By Market, Top 25 (2024f)



Note: May include territories, special administrative regions, provinces and autonomous regions. f = BMI forecast. Source: National sources, BMI

Medium-Term Outlook For Departures

Germany's total departures will continue to increase over our 2024-2028 forecast period. Our medium-term forecast (2024-2028) for Germany's total departures is an average annual growth rate of 5.7% y-o-y, to reach 132.6mn in 2028.

Italy will be Germany's largest departures market in 2028, with a projected 19.6mn (14.8% of total departures) departures. Austria will be Germany's second largest departures market, with 17.1mn (12.9% of total departures) projected departures. This will be followed by France, with 14.7mn (11.0% of total departures) projected departures. Spain will be Germany's fourth largest departures destination, with 13.5mn (10.2% of total departures) projected departures. We project Poland to be Germany's fifth largest departures destination, with 8.8mn (6.7% of total departures) projected departures.

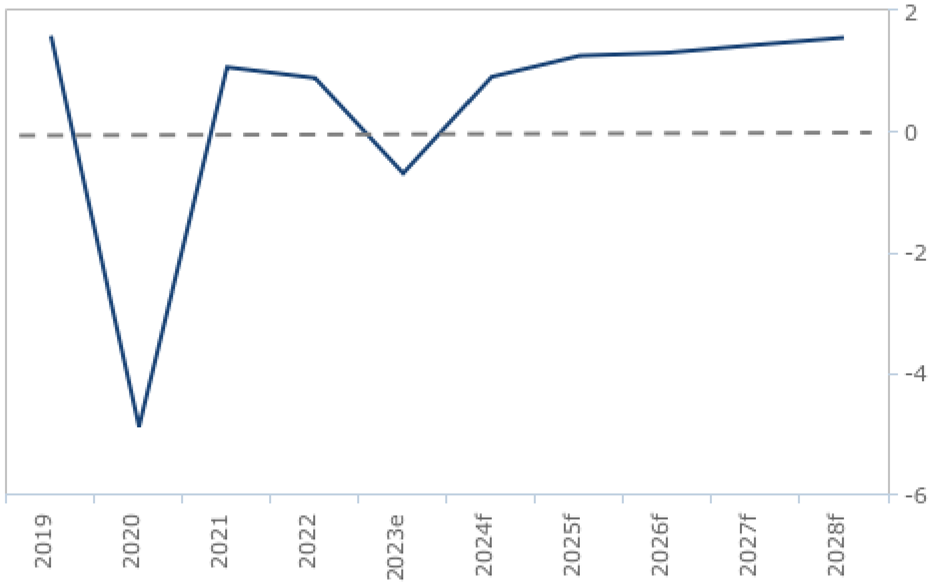
Germany Consumer Outlook Implications For Tourism

2024 Outlook

We hold a more positive, albeit still relatively weak, outlook for the German consumer over 2024. Total household spending will grow by a real rate of 0.9% y-o-y over the year (at 2010 prices), marking a return to growth after the 0.7% y-o-y contraction reported over 2023. However, at EUR1,466bn in 2024, real total household spending will still be below the EUR1,510bn reported in 2019, highlighting how both the pandemic and inflationary pressures have severely impacted consumer spending in the country. Our outlook for 2025 is more positive, with household spending growing by a real 1.3% y-o-y, to EUR1,485bn (at 2010 prices). However, this is still below pre-pandemic levels, as consumers and households spend the year trying to recover their pre-inflationary shock purchasing power.

Consumer Spending Growth Recovering, But Will Not Hit Pre-Pandemic Levels Over 2025

Germany - Total Household Spending, EUR, 2010 prices, % y-o-y (2019-2028)



e/f = BMI estimate/forecast. Source: German Federal Statistics Office, BMI

Inflationary pressures in Germany will ease over 2024 and 2025, as tighter monetary policy, improved supply chains and decreased demand complement base effects. Latest data supports this, with inflation over June 2024 recorded at 2.6% y-o-y, down from the 3.4% posted in January 2024 and the 6.7% posted in June 2022. Over 2024, our Country Risk team forecasts inflation to average 2.7% y-o-y, ending the year at 2.2% y-o-y. This easing will continue into 2025, where price growth will average 2% y-o-y. However, this is still higher than the 1.2% y-o-y average inflation posted over the 2015-2019 period. If nominal wage growth cannot keep up with these rates of inflation, consumers will continue to see erosions in their purchasing power over 2024 and 2025. The uneven nature of price increases, especially in food and housing, will mean that consumers will have to increasingly allocate more of their disposable income to meeting basic necessities.

The risk for the tourism sector is that German consumers will seek to reduce their spending on non-essentials, such as travel and hospitality, in order to channel spending towards essentials (ie, housing, utilities and meeting the higher cost of food). This shift in spending would lead to less travel and would also likely lead to German tourists 'staycationing' (ie, travelling to resorts within Germany) or travelling within the German region, as opposed to engaging in longer haul travel.

We forecast Germany's unemployment rate (as a percentage of the total labour force) to average 3.2% over 2024. This is a slight uptick from 3.0% in 2023. Germany's unemployment rate will remain low despite the slight increase over 2024. The tighter labour market will bode well for the wage and employment prospects of Germany's consumers, supporting demand for travel and hospitality.

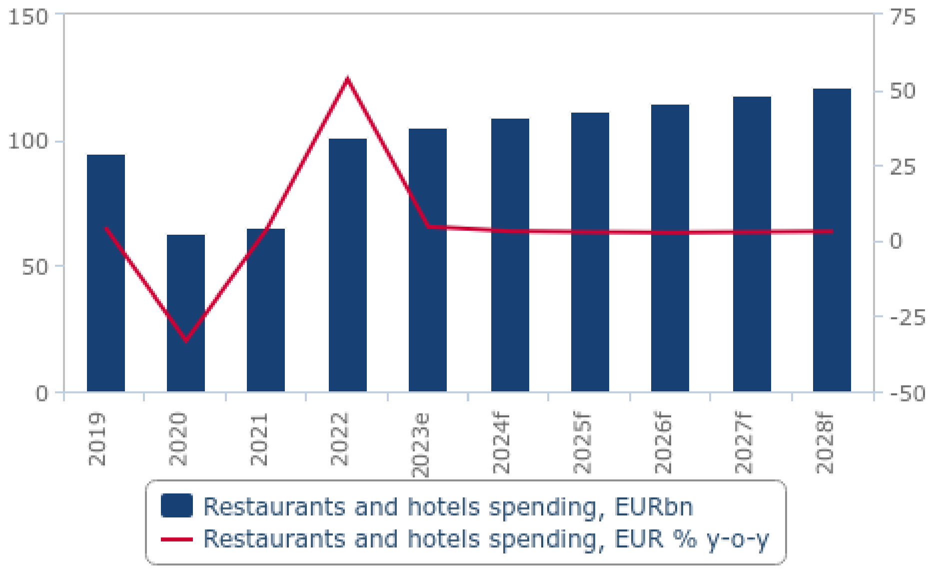
Medium-Term Consumer Spending Outlook

Over the medium term, we forecast Germany's real household spending to grow at an annual average increase of 1.3%. This growth trajectory will be slower than the pre-pandemic annual average growth rate of 1.6% between 2015 and 2019. Real household spending will reach a projected EUR1.6bn by 2028. In nominal terms, total household spending will increase from EUR2.0trn (USD2.2trn) over 2024 to EUR2.3trn (USD2.6trn) by 2028 which is an average annual growth rate of 3.3% y-o-y over 2024-2028.

Hospitality spending (restaurant and hotel spending) will grow by 3.1% y-o-y over 2024, taking spending to EUR108.9bn, increasing from the estimated EUR105.7bn in 2023. Spending on hospitality will expand at an average annual rate of 2.9% between 2024 and 2028 to EUR121.6bn. The hospitality category's share of total household spending will slightly decrease to 5.2% by 2028, from 5.3% in 2024. This slight contraction will be due to households having higher disposable incomes, which will allow consumers to diversify their spending patterns.

Hospitality Spending Will Increase Over The Medium Term

Germany - Restaurants & Hotels Spending (2019-2028)



e/f = BMI estimate/forecast. Source: German Federal Statistics Office, BMI

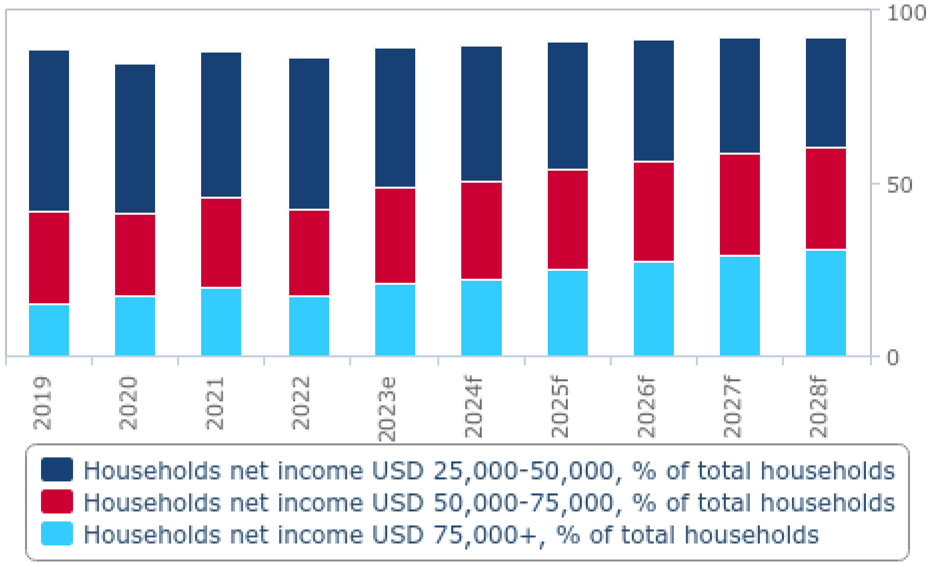
For further insight into BMI's Germany consumer spending outlook please see our latest consumer analysis.

Insight Into German Household Incomes

German households' disposable income levels will support growth in travel and hospitality spending over the short-to-medium term. Over 2024, we forecast the majority of Germany's households to fall into the USD25,000-USD50,000 disposable income bracket, accounting for 39.4% of total households (16.5mn households). We project the proportion of households in the USD25,000-USD50,000 income bracket to decrease to 32.0% of total households (13.5mn households) by 2028, as Germany's households shift into higher income brackets. Households with disposable income of USD50,000-USD75,000 will make up 28.2% of the total number of households (11.8mn households) over 2024. By 2028, we forecast an increase to 29.7% of total households (12.5mn households) to fall within the USD50,000-USD75,000 income bracket. We forecast the proportion of households with disposable income of more than USD75,000-plus to expand from a projected 22.3% of total households (9.3mn households) over 2024 to 31.0% of total households (13.1mn households) by 2028. Higher disposable incomes will allow consumers to increasingly seek and afford tourism, including mid- to long-haul tourism, due to increased purchasing power.

Proportion Of Higher Income Households To Increase

Germany - Households Disposable Income, USD, % of total households (2019-2028)



e/f = BMI estimate/forecast. Source: National sources, BMI

For further insight into BMI's Germany disposable income analysis outlook please see our latest consumer analysis.

Insight Into German Consumer Demographics

We forecast the demographic bracket of 40-64 years old to be the largest population group in 2024. This bracket will remain the largest demographic over the remainder of our long-term forecast period (2023-2050), followed by the 65-plus, 20-39 year and 10-19 year age brackets, with Germany displaying an ageing demographic outlook.

Population: Aged 0-9 Years

Germany's youngest demographic group is projected to record a population of 7.9mn in 2024 and make up 9.5% of the total population. This population bracket will be smaller in 2050, with a population of 6.7mn, accounting for 8.5% of Germany's total population.

Population: Aged 10-19 Years

This demographic group will have a population of 7.6mn in 2024 and make up 9.1% of Germany's population. We project this population bracket to decrease to 6.9mn at the end of our forecast period in 2050 and its proportion of the total population will decrease to 8.8%.

Population: Aged 20-39 Years

The 20-39 year old age bracket is Germany's second largest demographic consumer group and will make up 23.8% of the total population, with a population of 19.8mn people, in 2024. We project this demographic bracket's population to decrease to 16.9mn in 2050, making up 21.4% of the total population. This will make it the third largest demographic bracket by 2050.

Population: Aged 40-64 Years

Adults aged 40-64 years old make up Germany's largest demographic group, with a population of 28.7mn in 2024. This represents 34.5% of Germany's total population in 2024. Over our forecast period to 2050, we project this age bracket's population size to decrease to 24.4mn and make up 30.9% of the population in 2050. However, it will remain Germany's largest demographic bracket in 2050.

Population: Aged 65-Plus Years

Germany's pensionable population will be the third largest demographic group, making up 23.2% of the population, with 19.3mn people in 2024. It is the only demographic group that will increase in size over our forecast period to 2050, making up 30.5% of the total population, with 24.1mn people falling into it in 2050. This will make it the second largest demographic group in 2050.

The graphic below outlines the current consumer demographic groups by age (in 2024) and offers insight into their reasons and preferences for travel.

Demographic Groups' Reasons And Preferences For Travel

Consumer Demographic Groups By Age (2024)

Gen A (Generation Alpha) (0-9 years)

- Travelling with family for a week or more stay to experience tourism associated with beaches, entertainment, wildlife, culture, education or visiting family.
- Shorter stay travel, week or less, associated with education (school trips, culture and linguistic exchanges).

Gen Z (10-19 years)

- Travelling with family for a week or more stay to experience tourism associated with beaches, entertainment, wildlife, culture, education or visiting family. First solo or with peer travel to experience tourism associated with beach, entertainment, culture, backpacking of working
- Shorter stay travel, a week or less, associated with education (school trips, culture and linguistic exchanges).

Gen Y (Millennials) (20-39 years)

- Travelling with family (parents and/or children) for a week or more to experience beaches, entertainment, wildlife, culture, cuisine and education). Travelling with friends or solo for the same reasons, these trips could be a week or more, but could also be shorter weekend or city breaks.
- Travelling to visit family and friends or for education (University trips, culture and linguistic exchanges) short and longer stay.
- Travel for work, business travel (short stay) or longer stay via remote working.
- Medical tourism (short and longer stay).

Gen X (40-64 years)

- Travelling with family (children and/or parents) for a week or more to experience beaches, entertainment, wildlife, culture, cuisine and education). Travelling with friends or solo for the same reasons, these trips could be a week or more, but could also be shorter weekend or city breaks.
- Travelling to visit family and friends (long and short stay).
- Travel for work, business travel (short stay) or longer stay via remote working.
- Cruising (typically a week or longer).
- Medical tourism (short and longer stay).

Baby Boomers and The Silent Generation 65+ years

- Travelling with family (children and/or grandchildren) for a week or more to experience beaches, entertainment, wildlife, culture, cuisine and education). Travelling with friends or solo for the same reasons, these trips could be a week or more, but could also be shorter weekend or city breaks.
- Travelling to visit family and friends (long and short stay).
- Travel for work, business travel (short stay) or longer stay via remote working.
- Cruising (typically a week or longer).
- Medical tourism (short and longer stay).

Source: BMI

For further insight into BMI's Germany consumer demographics outlook please see our latest consumer analysis.

Ease Of Entry For Germany's Travellers Into Egypt

Airline Connectivity

Travellers from Germany to Egypt rely on air travel.

There are a number of airlines offering flights between Germany and Egypt and these include:

- Lufthansa
- Austrian
- Brussels Airlines
- Turkish Airlines
- Egypt Air
- Pegasus Airlines
- Eurowings (Lufthansa subsidiary)
- Condor

There are direct flights between Germany's cities such as Berlin, Cologne, Dusseldorf, Frankfurt, Munich and Frankfurt and Egypt's cities such as Cairo, Hurghada and Marsa Allam. Travellers can also book flights with one stopover that connects Germany's cities such as Berlin, Dusseldorf, Frankfurt and Munich and Egypt's cities such as Luxor, Sharm El Sheikh, Alexandria and Aswan Daraw.

Visa Requirements

Travellers from Germany are required to have a tourist visa to enter Egypt. The visa can be applied for prior to departure through the e-visa platform or on arrival at a port of entry. The tourist visa enables Germany's travellers to visit Egypt for up to 30 days.

Egypt Tourism Marketing Drivers

Germany's travellers visit Egypt to experience the market's beaches and resorts, culture, food and drink, historical sites, museums, and nature and wildlife. The key tourist attractions for Germany's travellers include the Pyramids of Giza, the Valley of Kings, the Nile River and beach resorts in Hurghada and Sharm el-Sheikh.

In March 2022, Egypt's Minister of Tourism and Antiquities visited Germany's capital city Berlin and held meetings with various stakeholders to discuss strategies to increase Egypt's arrivals from Germany following the easing of travel restrictions by the two countries. During the visit, the minister held meetings with the president of the Association of German Airlines and the CEO of FTI Group, which is one of the largest Germany-based tour operators dealing with Egypt as a tourist destination. The minister also met the president of the German Travel Association and the chairman of the Tourism Committee in the German Bundestag.

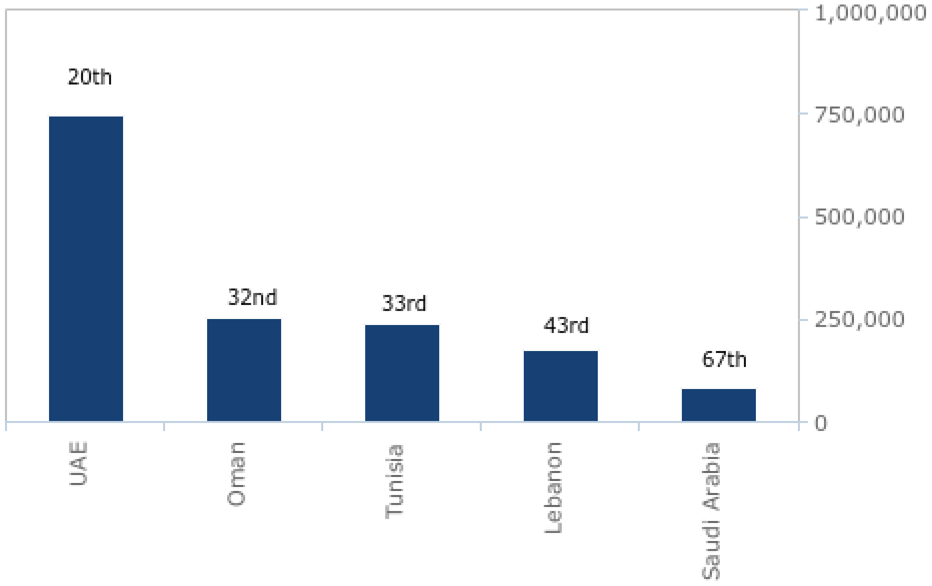
In March 2022, Egypt's Ministry of Tourism and Antiquities, represented by the Egyptian Tourism Promotion Authority, launched its 'Follow the Sun' tourism marketing campaign. The campaign was aimed at promoting Egypt's tourist destinations for the summer 2022. The 'Follow the Sun' campaign was launched in Egypt's major source markets, including Germany, and promoted tourist destinations such as Cairo, Giza, Luxor, Aswan the Red Sea resorts and Sinai. The campaign was run on television, such as on CNN, as well as on social media platforms Facebook, Instagram, TikTok, Snapchat and YouTube. In June 2022, the Egyptian Tourism

Promotion Board reported that the 'Follow the Sun' campaign had resulted in searches for travel to Egypt increasing by 121% compared with the period prior to the launch of the campaign, with searches in Germany growing by 212%.

Competitor Destination Markets

Italy will be Germany's largest departures destination in 2024, making up 14.4% of total departures. The remaining top five departures destinations in 2024 will be Austria (second), France (third), Spain (fourth) and Poland (fifth). The UAE (20th) will be the highest-ranking Middle East and North Africa (MENA) departures destination for Germany in 2024, followed by Oman (32nd), Tunisia (33rd), Lebanon (43rd) and Saudi Arabia (67th).

UAE Is A Major MENA Travel Destination For Germans
Germany - Departures By Market, MENA (2024f)



f = BMI forecast. Source: National sources, BMI

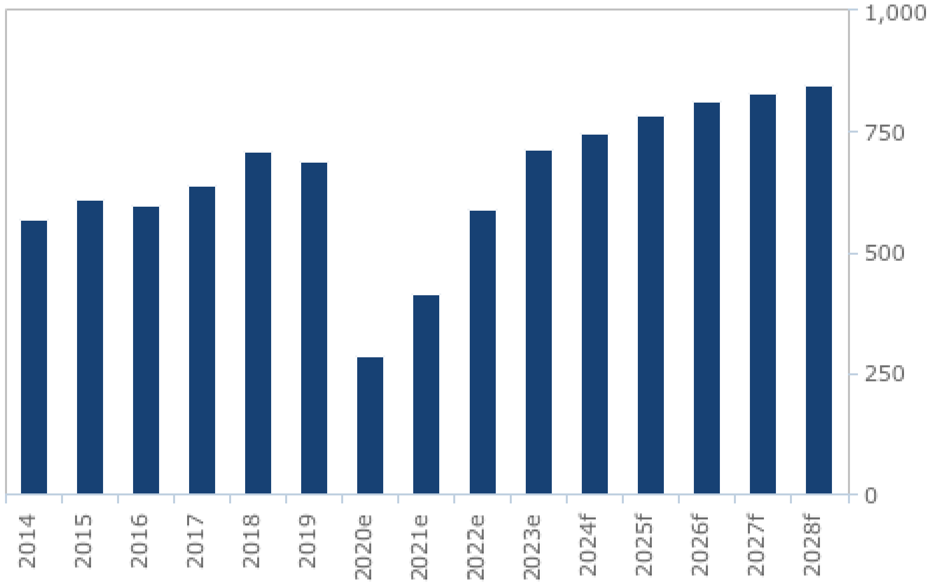
In 2028, Italy will be Germany's largest departures destination. Germany's remaining top five departures destinations in 2028 will be Austria (second), France (third), Spain (fourth) and Poland (fifth). The UAE (18th) will retain its ranking as Germany's largest departures market in the MENA region in 2028, followed by Tunisia (25th), Oman (31st), Lebanon (42nd) and Saudi Arabia (66th). We view the UAE as one of the major competitors to Egypt for arrivals from Germany. Travellers from Germany visit the UAE to experience the country's beaches and resorts, theme parks, nature and wildlife, historical sites, museums, culture, and food and drink.

Our 2024 forecast for the UAE's arrivals from Germany is growth of 5.0% y-o-y in 2024 to reach 748,600, increasing from the estimated 713,210 arrivals in 2023. In 2025, the UAE's arrivals will grow by 4.7% y-o-y to 783,830.

Arrivals from Germany grew by 41.8% y-o-y to 590,220 in 2022, the second year of recovery following the 44.9% y-o-y growth to 416,180 in 2021. The UAE's arrivals from Germany will continue to increase over the remainder of our medium-term forecast period to reach 846,070 in 2028. This represents an average annual growth rate of 3.5% y-o-y over our 2024-2028 forecast period.

German Arrivals To Increase Over 2024

UAE - Arrivals From Germany, '000 (2014-2028)



e/f = BMI estimate/forecast. Source: National sources, BMI

Abu Dhabi's Department of Culture and Tourism is responsible for promoting the emirate as a tourist destination for international travellers. It maintains a physical presence in Germany through an office in Munich. Germany returned as a guest of honour to the Abu Dhabi International Book Fair 2022 that was held over May 23-29 2022. Abu Dhabi's Department of Culture and Tourism initially selected Germany as a guest of honour for the 2021 edition of the book fair. Germany's participation in the Abu Dhabi International Book Fair 2022 resulted in a reported increase in visitors from the country. Cultural events and activities took place at the event as part of efforts to promote intercultural exchange, and this will boost travel between the two markets.

Dubai's Department of Tourism and Commerce Marketing (DTCM) participated in ITB Berlin over March 6-10 2019. ITB Berlin is a travel trade show that takes place in Germany. Dubai's travel and hospitality players in the public and private sector participated in the 2019 edition of the trade show. The DTCM used ITB Berlin as a platform to promote Dubai as a travel destination.

Insight Into Saudi Arabia As A Tourism Source Market

Key View: *We project Saudi Arabia's departures to increase over 2024, rising from the 2023 level. The 2024 departures will mark a full recovery as they rise above the pre-pandemic level. We forecast Saudi Arabia's departures to continue to increase over the remainder of our medium-term forecast period (2024-2028). We expect travel by Saudi Arabia's consumers to be supported by high disposable incomes, which enable discretionary spending.*

Saudi Arabia Departures Outlook

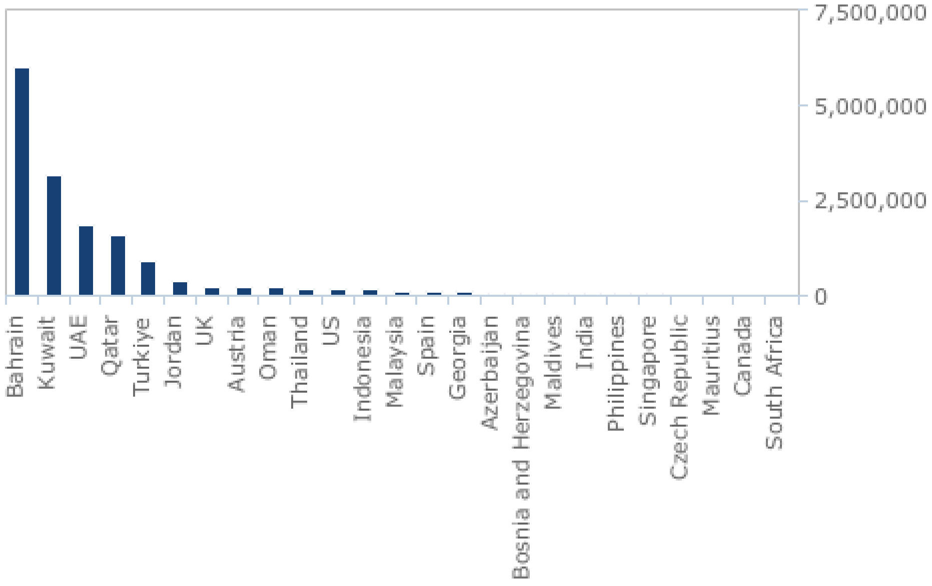
2024 Outlook

In 2024, we forecast Saudi Arabia's total departures will reach a projected 15.8mn, growing by 12.4% y-o-y from the 10.3mn departures in 2023. The 2024 departures will mark a full recovery as they rise above the pre-pandemic level in 2019 (15.1mn). The 2024 departures will mark a full recovery as they rise above the pre-pandemic level. Saudi Arabia's departures will continue to increase in 2025, growing by 6.3% y-o-y to 16.7mn.

In 2022, Saudi Arabia's departures grew by 111.9% y-o-y to reach 10.3mn. Saudi Arabia's departures began to recover in 2021, growing by 5.8% y-o-y to reach 4.8mn, following the easing of Covid-related travel restrictions. The implementation of travel restrictions by Saudi Arabia and other markets in response to the Covid-19 pandemic in 2020 resulted in departures contracting by 69.7% y-o-y to 4.6mn, dropping from 15.2mn departures in 2019.

Bahrain will be Saudi Arabia’s largest departures market in 2024 (Egypt does not publish breakdown arrivals data and so does not feature in the list), with a projected 6.0mn departures (38.2% of total departures). This will be followed by Kuwait, with a projected 3.2mn departures (20.0% of total departures) in 2024, and the UAE with a projected 1.9mn departures (11.8% of total departures). Qatar will be Saudi Arabia’s fourth largest departures market, with a projected 1.6mn departures (10.2% of total departures) in 2024 while Turkiye will rank fifth with a projected 905,250 departures (5.7% of total departures).

Bahrain Is A Major Market For Saudi Travellers
Saudi Arabia - Departures By Market, Top 25 (2024f)



f = BMI forecast. Source: National sources, BMI

Medium-Term Outlook For Departures

Saudi Arabia's total departures will increase over our 2024-2028 forecast period. Our medium-term (2024-2028) forecast for Saudi Arabia's departures is an average annual growth rate of 4.9% y-o-y to reach a projected 17.8mn in 2028. Bahrain will be Saudi Arabia's largest departures destination, with a projected 6.2mn departures (34.9% of total departures) in 2028. This will be followed by Kuwait, with a projected 3.7mn departures (20.8% of total departures), and the UAE, with a projected 2.2mn departures (12.2% of total departures). Qatar will be Saudi Arabia's fourth largest departures market, with a projected 1.9mn departures (10.8% of total departures) in 2028. This will be followed by fifth-placed Turkiye, with a projected 1.1mn (6.4% of total departures) departures.

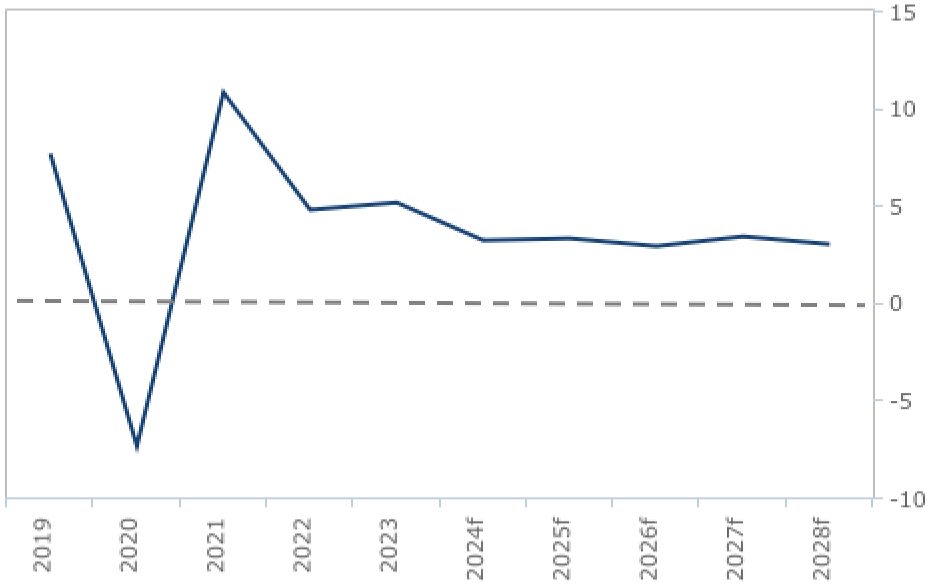
Saudi Arabia Consumer Outlook Implications For Tourism

2024 Outlook

We forecast household spending in Saudi Arabia to grow by a real 3.4% y-o-y over 2024 to a total of SAR1.3trn (2010 prices), a deceleration from the 5.1% y-o-y posted in 2023, as elevated interest rates feed through to the wider economy, putting pressure on consumers ability to spend in the first half of the year. However, dissipating inflation will provide tailwinds for consumer spending into 2024. Over 2025, we expect this figure to increase only slightly to 3.3% y-o-y.

Spending Growth Will Slow Over 2024, Towards More Stable Level Over The Medium Term

Saudi Arabia - Total Household Spending, Real % y-o-y (2019-2028)



f = BMI forecast. Source: Saudi Arabia Central Department of Statistics and Information, BMI

Inflationary pressures will ease over 2024. Our Country Risk team forecasts inflation to average 1.6% y-o-y, ending the year slightly higher at 1.8% y-o-y. This is down from the peak of 6.2% y-o-y posted in June 2021, or the average of 2.3% posted over 2023. Saudi Arabia's consumer price inflation has so far trended lower in May 2024 (latest data available), reaching 1.6% y-o-y, compared to May 2023 when inflation was at 2.7% y-o-y. Fading inflation from Saudi Arabia's high frequency data indicates that the tighter monetary policy is kicking in on consumer spending. However, it is key to note that even though inflationary pressures are easing, they remain higher than what consumers were used to pre-pandemic. Over the 2015-2019 period, inflation averaged 0.6% y-o-y, highlighting how Saudi consumers will continue to face slight inflationary pressure compared to historical figures.

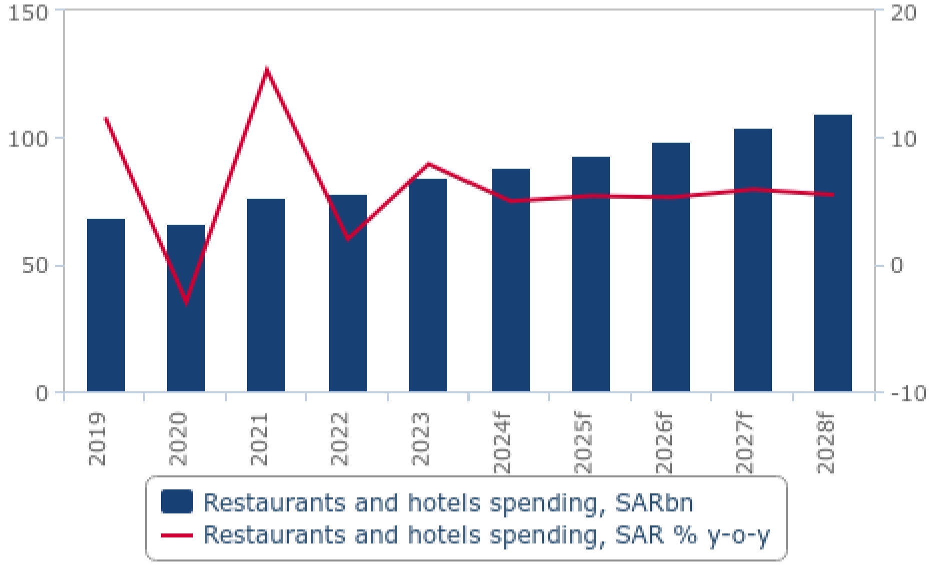
We forecast Saudi Arabia's unemployment rate (as a percentage of the total labour force) to average 54.3% in 2024, which is lower than the 4.9% average in 2023. A looser labour market will weigh on household income growth and by extension consumer spending.

Medium-Term Consumer Spending Outlook

Over the medium term (2024-2028), we forecast real household spending to grow by an annual average of 3.2% y-o-y. In nominal terms, total household spending will increase from a projected SAR1.7trn (USD447.0bn) in 2024 to SAR2.1trn (USD550.1bn) in 2028. Hospitality spending (restaurant and hotel spending) will grow by a projected 5.3% y-o-y in 2024 to SAR88.7bn, increasing from the estimated SAR84.5bn. Spending on hospitality will continue to increase over our 2024-2028 forecast period, reaching a projected SAR109.9bn in 2028 and representing an average annual growth rate of 5.4% y-o-y. The hospitality category's share of total household spending will be a projected 5.33% in 2028, increasing from the projected 5.3% in 2024.

Hospitality Spending Growth Will Be Strong

Saudi Arabia - Restaurants & Hotels Spending (2019-2028)



f = BMI forecast. Source: Saudi Arabia Central Department of Statistics and Information, BMI

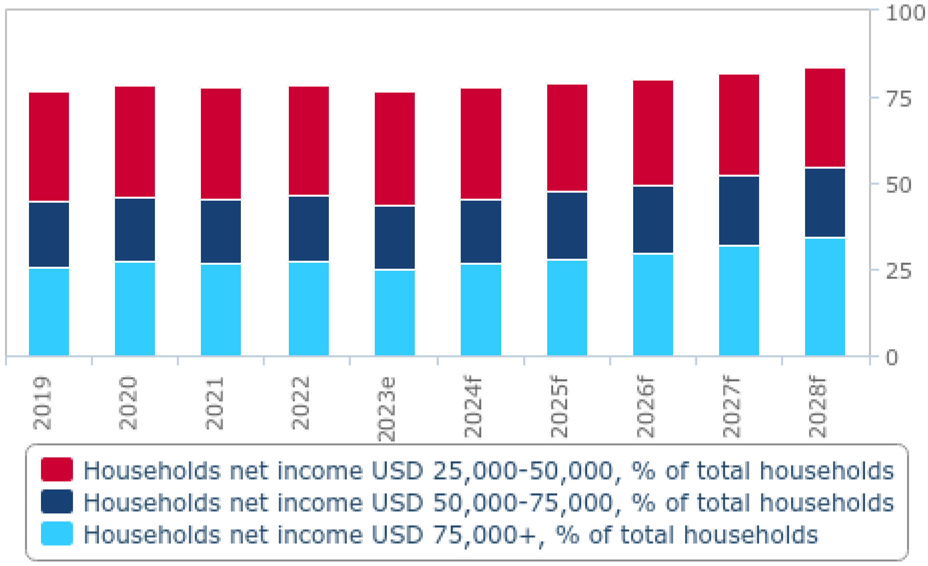
For further insight into BMI's Saudi Arabia consumer spending outlook please see our latest consumer analysis.

Insight Into Saudi Arabia's Household Incomes

Saudi Arabia’s disposable income levels will support the growth in travel and hospitality spending. In 2024, we project the majority of households in Saudi Arabia to fall into the USD25,000-USD50,000 household income bracket to be the second largest in 2024, with a projected 32.2% of the total number of households (1.8mn households). The proportion of households in the USD25,000-USD50,000 income bracket is projected to decrease to 28.8% of the total number of households (1.7mn households) in 2028. The USD50,000-USD75,000 income bracket will increase over our medium-term forecast period (2024-2028), rising from the projected 19.0% of households (1.1mn households) in 2024 to 20.4% of total households (1.2mn households) in 2028. This income level enables a large percentage of Saudi Arabia's consumers to seek and be able to afford tourism, including mid- to long-haul tourism. The proportion of households with disposable income of USD75,000-plus will increase from a projected 26.6% of the total number of households (1.5mn households) in 2024 to 34.3% of the total number of households (2.0mn households) in 2028. This income level is able to engage in regular tourism travel, long-haul trips and longer holidays.

Increasing Incomes Will Support Tourism Spending

Saudi Arabia - Households Disposable Income, USD, % of total households (2019-2028)



e/f = BMI estimate/forecast. Source: National sources, BMI

For further insight into BMI's Saudi Arabia disposable income analysis outlook please see our latest consumer analysis.

Insight Into Saudi Arabia's Consumer Demographics

The 40-64 year old demographic group will be Saudi Arabia's largest demographic group in 2024, followed by the 20-39 year old demographic age bracket and the 0-9 year demographic age bracket.

Population: Aged 0-9 Years

We project the 0-9 year demographic bracket to record a population of 6.3mn in 2024 and make up 16.7% of the population. This demographic bracket will have a slightly smaller population of 5.9mn at the end of our forecast period in 2050. Its share of the population will be smaller at 12.1% in 2050.

Population: Aged 10-19 Years

This demographic will have a projected population of 6.1mn in 2024, making up 16.1% of the total population. We project the 10-19 year population to decrease to 5.8mn in 2050, representing 12.0% of the total population, a smaller proportion than in 2024.

Population: Aged 20-39 Years

The 20-39 year demographic bracket is Saudi Arabia's second largest demographic group, with a projected population of 11.2mn, which is 30.0% of the total population. It will have a projected population of 12.6mn in 2050, making up 26.1% of the total population. This will make it the second largest demographic bracket in 2050.

Population: Aged 40-64 Years

Adults aged 40-64 years will be Saudi Arabia's second largest demographic group, with a population of 12.7mn forecast for 2024. This is 33.8% of Saudi Arabia's total population in 2024. Over our forecast period to 2050, we project the size of this demographic bracket to increase to 14.1mn and make up 29.0% of the population in 2050. The 40-64 year demographic bracket will be the largest demographic group at the end of our forecast period in 2050.

Population: Aged 65-Plus Years

The pensionable population will have a projected population of 1.3mn in 2024, making up 3.3% of the total population. The population of this demographic group will reach a projected 10.0mn at the end of our forecast period in 2050, making up 20.7% of the total population. This will make it the third largest demographic group in 2050.

The graphic below outlines the current consumer demographic groups by age (in 2024) and offers insight into their reasons and preferences for travel.

Demographic Groups' Reasons And Preferences For Travel

Consumer Demographic Groups By Age (2024)

Gen A (Generation Alpha) (0-9 years)

- Travelling with family for a week or more stay to experience tourism associated with beaches, entertainment, wildlife, culture, education or visiting family.
- Shorter stay travel, week or less, associated with education (school trips, culture and linguistic exchanges).

Gen Z (10-19 years)

- Travelling with family for a week or more stay to experience tourism associated with beaches, entertainment, wildlife, culture, education or visiting family. First solo or with peer travel to experience tourism associated with beach, entertainment, culture, backpacking of working
- Shorter stay travel, a week or less, associated with education (school trips, culture and linguistic exchanges).

Gen Y (Millennials) (20-39 years)

- Travelling with family (parents and/or children) for a week or more to experience beaches, entertainment, wildlife, culture, cuisine and education). Travelling with friends or solo for the same reasons, these trips could be a week or more, but could also be shorter weekend or city breaks.
- Travelling to visit family and friends or for education (University trips, culture and linguistic exchanges) short and longer stay.
- Travel for work, business travel (short stay) or longer stay via remote working.
- Medical tourism (short and longer stay).

Gen X (40-64 years)

- Travelling with family (children and/or parents) for a week or more to experience beaches, entertainment, wildlife, culture, cuisine and education). Travelling with friends or solo for the same reasons, these trips could be a week or more, but could also be shorter weekend or city breaks.
- Travelling to visit family and friends (long and short stay).
- Travel for work, business travel (short stay) or longer stay via remote working.
- Cruising (typically a week or longer).
- Medical tourism (short and longer stay).

Baby Boomers and The Silent Generation 65+ years

- Travelling with family (children and/or grandchildren) for a week or more to experience beaches, entertainment, wildlife, culture, cuisine and education). Travelling with friends or solo for the same reasons, these trips could be a week or more, but could also be shorter weekend or city breaks.
- Travelling to visit family and friends (long and short stay).
- Travel for work, business travel (short stay) or longer stay via remote working.
- Cruising (typically a week or longer).
- Medical tourism (short and longer stay).

Source: BMI

For further insight into BMI's Saudi Arabia consumer demographics outlook please see our latest consumer analysis.

Ease Of Entry For Saudi Arabia's Travellers Into Egypt

Airline Connectivity

The strong air links between Saudi Arabia and Egypt mean that travellers from the market can easily travel between the two markets.

There are a number of airlines offering flights between Saudi Arabia and Egypt, including:

- Air Cairo
- Nile Air
- Saudia
- Flynas
- EgyptAir

There are direct flights between Saudi Arabia's cities such as Jeddah, Riyadh, Madinah and Dammam and Egypt's cities such as Cairo, Sharm El Sheikh, Hurghada and Luxor.

Visa Requirements

Travellers from Saudi Arabia are required to have a tourist visa to enter Egypt. The visa can be applied for prior to departure through the e-visa platform or on arrival at a port of entry. The tourist visa enables Saudi Arabia's travellers to visit Egypt for up to 30 days.

Egypt Tourism Marketing Drivers

Travellers from Saudi Arabia visit Egypt to experience the market's beaches and resorts, culture, food and drink, historical sites, museums, and nature and wildlife. The key tourist attractions for Saudi Arabia's travellers include the Pyramids of Giza, the Valley of Kings, the Nile River, and beach resorts in Hurghada and Sharm el-Sheikh.

In April 2022, Egypt's Ministry of Tourism and Antiquities launched a summer tourism marketing campaign on social media to promote the market's tourist destinations, called 'Follow the Sun'. According to the ministry, the campaign was targeted at Egypt's main Arab tourism source markets, including Saudi Arabia. The campaign coincided with Egypt's participation in the Arabian Travel Market in Dubai over May 9-12 2022.

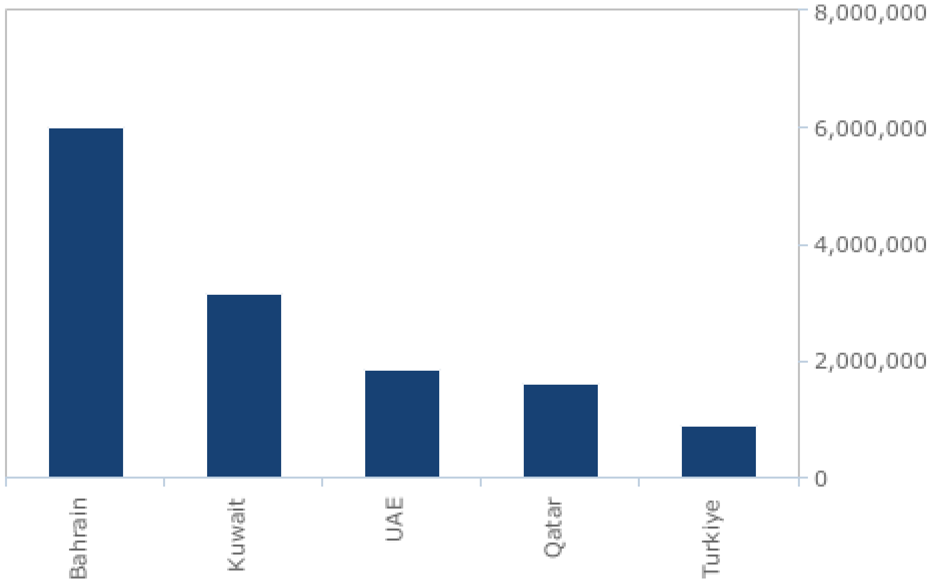
In June 2021, the Egyptian Tourism Promotion Board (ETPB) announced that it was ramping up its marketing drive in Saudi Arabia following the reopening of the kingdom's borders. The ETPB ran promotions in partnership with Saudi Arabia-based tour operators. In addition, an incentive programme was launched for the aviation industry where airport landing and housing fees were discounted by 50.0%. The ETPB launched a digital tourism marketing campaign in the Gulf Cooperation Council targeted at key markets, particularly Saudi Arabia, and it began in the last week of Ramadan in May 2021.

Competitor Destination Markets

Bahrain will be Saudi Arabia's largest departures market in 2024, making up 38.2% of total departures. The remaining top five departures markets for Saudi Arabia in 2024 will be, Kuwait (second), the UAE (third), Qatar (fourth) and Turkiye (fifth).

Bahrain Is A Key Departures Market For Saudi Travellers

Saudi Arabia - Departures By Market, Top Five (2024f)



f = BMI forecast. Source: National sources, BMI

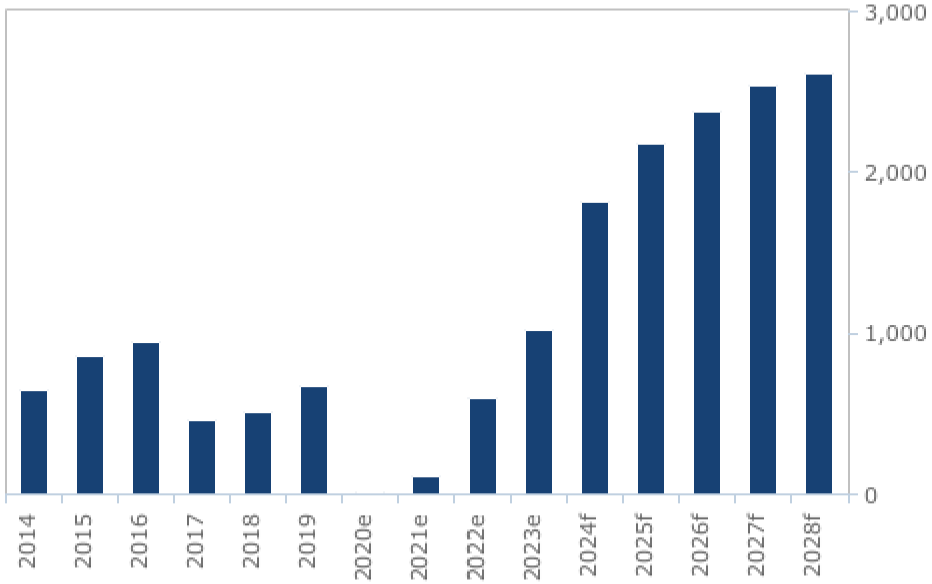
We project Bahrain to retain its first place ranking in 2028. The remaining top five departures markets for Saudi Arabia's travellers in 2028 will be Kuwait (second), the UAE (third), Qatar (fourth) and Turkiye (fifth). We view Qatar as one of the major competitors to Egypt for Arrivals from Saudi Arabia. Travellers from Saudi Arabia visit Kuwait to experience the market's beaches and resorts, nature and wildlife, museums, food and drink, and culture.

We project Qatar's arrivals from Saudi Arabia to grow by 77.7% y-o-y in 2024 to reach 1.8mn, increasing from the 1.0mn arrivals in 2023. In 2025, arrivals from Saudi Arabia will grow by 19.8% y-o-y to reach 2.2mn.

The lifting of Covid-related travel measures and improvement in diplomatic relations between Qatar and Saudi Arabia resulted in arrivals growing by 412.9% y-o-y in 2022 to reach 412.9% y-o-y. Arrivals from Saudi Arabia began to recover in 2021, growing by 866.7% y-o-y to reach 116,000 arrivals. Qatar's authorities shuttered the market's borders to international inbound arrivals in 2020 in response to the Covid-19 pandemic. This resulted in Qatar's arrivals from Saudi Arabia contracting by 98.2% y-o-y to 12,000 in 2020, dropping from 672,420 arrivals in 2019. We project Kuwait's arrivals from Saudi Arabia to increase over the remainder of our forecast period reaching a projected 2.6mn arrivals in 2028. This represents an average annual growth rate of 23.3% y-o-y over our 2024-2028 forecast period.

Arrivals From Saudi Arabia To Expand Over The Medium Term

Qatar - Arrivals From Saudi Arabia (2014-2028)



e/f = BMI estimate/forecast. Source: National sources, BMI

In April 2024, Visit Qatar announced the opening of its new office in Saudi Arabia, operated by Masterkey which is a Saudi Arabia-based hospitality consulting and services company. This move aims to enhance tourism cooperation and increase awareness of Qatar's tourism offerings in the Saudi market. The new office will engage with major tour operators and online travel agencies to promote Qatar's attractions and experiences. This initiative underscores Visit Qatar's commitment to strengthening ties with Gulf Cooperation Council countries and boosting economic and cultural collaboration through tourism. The opening of the office follows Visit Qatar's participation in travel exhibitions in Saudi Arabia such as 2023 Jeddah International Travel and Tourism Exhibition and the 2023 Riyadh Travel Fair.

Market Overview

Egypt has been working to increase its international arrivals through a number of initiatives aimed at recovering numbers to pre-pandemic levels. The market has introduced policies and measures to draw larger international arrivals into the market, such as investments in infrastructure and tourist facilities, as well as new extended visa options. The market aims to increase its arrivals to 30.0mn by 2028.

Major Trends And New Developments

The Egyptian Red Sea towns witnessed a robust turnaround over Q4 2021 to February 2022, as demand from Russia and Ukraine promoted recovery. In April 2021, Egypt and Russia agreed to fully normalise flights to Red Sea resort towns of Hurghada and Sharm el-Sheikh. While the recovery was strong, the prospects since March 2022 and beyond have dimmed due to the Russia-Ukraine conflict. When the war between Russia and Ukraine first broke out in February 2022, it was estimated that around 20,000 Ukraine nationals were in Egypt and unable to return home due to flights to Ukraine being cancelled. Russian outbound tourism to Egypt during the first week of the conflict was estimated to have collapsed by 30.0%-50.0%, with a downward trend likely to continue, as Russia's consumer is buffeted by sanctions and the prospect of rising unemployment and economic uncertainty.

Before the escalation of tensions between Russia and Ukraine, the outlook had begun to improve markedly over December 2021. In May 2021, the then minister of tourism and antiquities, Khaled El Anany, stated that Egypt was looking to raise USD6bn-USD9bn in tourism revenue over the course of 2021, down from the pre-pandemic peak of around USD13bn in 2019, as Russia and regional Middle East and North Africa (MENA) markets became an increasingly important sources of revenue. The authorities undertook a number of efforts over July 2021-November 2021 to continue improving the potential tourism profile of the market, including launching a major effort to renovate and refurnish the religious tourism destinations in the market.

Over 2023, the authorities maintained a robust tourism investment position, with Egypt’s Minister of Tourism and Antiquities Ahmed Issa stating in December 2022 that securing funding for new projects in the market remains a crucial priority and that the government is targeting tourism recovery growth of at least 20.0% y-o-y over the coming years. The government plans to attract investments worth USD20.0bn to strengthen its tourism sector. The initiatives include issuing increased aircraft landing permits, offering tourism investments incentives and multi-stakeholder cooperation. The depreciation in the Egyptian pound, as well as improving global macroeconomic conditions over the short term (2023-2024) will support a recovery in the tourism sector.

On July 17 2023, the Egyptian and Iranian governments announced plans to extend mutual tourism between the two markets as part of wider bilateral relations. The agreement will include establishing new Egypt-based tour operators to focus on Iranian arrivals. Iran's travellers will be offered entry visas upon arrival in Egypt. The agreement commenced as from September 2023. Egypt also plans to strengthen arrivals from Mainland China following the lifting of Covid-19 lockdown restrictions in Q1 2023.

The Ministry of Tourism and Antiquities has been a key driver of tourism-related marketing, including the development of the market's first dedicated tourism mobile telephone application, multiple social media campaigns (including Instagram influencers in markets such as Russia) and special promotions for World Tourism Day in September 2021. These campaigns feature across social media and other online channels to build on the efforts to boost post-pandemic tourism.

In November 2021, the 2,500 year old historic Rams Road at Luxor was inaugurated after an almost three-year refurbishment. Antiquities tourism remains a bright and relatively underdeveloped hotspot, with Egyptair commencing a direct weekly service from London's Heathrow to Luxor as vaccinations across the UK increased.

In April 2022, UAE-based Time Hotels stated that it plans to expand its portfolio in the MENA region. This, in part, involves opening three hotels in Egypt, including the 117-key Marina Hotel & Convention Centre on the North Coast and the 201 key five-star TIME

Coral Nuweiba Resorts located on the Red Sea, which the company opened in 2022. The third property is the TIME Nakheel Deluxe Apartments, located in the New Capital, which the company had planned to open in Q1 2023; however, further details pertaining to this project are yet to be announced.

As an investment destination, Egypt presents some challenges to developers. Our Operational Risk team notes risks stemming from the rigid labour market structure, the threat of domestic terror attacks, an uncertain political outlook and high import reliance. The utilities networks suffer from frequent shortages, which disrupts business activity.

Popular Destinations

As a tourism destination, Egypt continues to offer growth potential. The market is home to a range of popular attractions. The capital city, Cairo, is home to the world-famous Egyptian Museum and the Pyramids of Giza. The town of Luxor offers a range of other historical and cultural attractions. Sharm el-Sheikh, on the coast along the Red Sea, is a popular beach holiday destination. Hurghada is another popular coastal resort. The market has seven destinations listed as UNESCO World Heritage Sites, including Ancient Thebes and Historic Cairo, with another 33 sites on the tentative list for inclusion. The range of attractions, many of which are unique to Egypt, means that the market has further potential as a tourism destination.

Cairo is a major tourism destination in Egypt. The headline attraction is the Pyramids of Giza but the city has other attractions, such as the National Museum, the al-Azhar Mosque and many souks (marketplaces). A new museum, the Grand Egyptian Museum (expected to open in November 2022), is under construction and expands beyond the market's National Museum. The completion of the project has been delayed owing to a lack of funding. Over 2018-September 2021, various Egyptian ministries worked together to exhibit more recently discovered archaeological sites and newly restored ruins in Cairo, Luxor and the Nile valley. Ancient antiquities have historically represented a strong marketing point for Egyptian tourism.

Tourism Infrastructure

Cairo's hotel market is well developed. In February 2022, the Ministry of Tourism and Antiquities reported that 19 new hotel facilities had been opened and operated in 2021, resulting in an increase of 3,000 new hotel rooms in the market. The ministry reported that the hotels were opened in the governates of Red Sea, South Sinai, Giza, Suez, Damietta, Mansoura and the North Coast. Many of the top international hotel groups have a presence in the city, and there are a range of budget options available, from budget hostels to high-end luxury hotels. International brands represented in the city include Four Seasons, Hilton, Holiday Inn, Novotel, Le Meridien and InterContinental Hotels Group (IHG). One area that would benefit from further investment is the quality mid-market sector, which is relatively limited. The city is connected via Cairo International Airport, which is the busiest airport in the market. It offers direct air travel connections to a broad range of regional and global destinations. The government plans to expand capacity at Terminal 1 and Terminal 3 of the airport, with the hope of expanding annual passenger capacity to 30.0mn visitors by 2030.

Egypt plans to increase the number of international flights into the country as well as increase the number of hotels from 215,000 rooms to 500,000 out to 2028.

Sharm el-Sheikh is the most popular beach holiday destination in Egypt, incorporating the coastal area of the Sinai Peninsula and encompassing picturesque beaches along the Red Sea. The area is home to many popular resort hotels. Although many tourists visit purely for the beaches and scuba diving, there are other attractions in the area, including nature and wildlife tours as well as day trips to Luxor, the Valley of the Kings and Mount Sinai.

There is a high concentration of hotels in this area, particularly five-star resorts and budget-to-mid level holiday resorts that cater to the package holiday market. It is served by Sharm el-Sheikh International Airport, the market's second busiest, which sees around

10.0mn passengers annually. This airport allows tourists to fly directly to the resort area, bypassing the capital city. The outlook is brightening for the region and new hotels are opening (such as Marina Resort Port Ghalib, a member of Radisson Individuals, which opened in April 2022) but the future of the region is dependent on safety and security.

The city of Alexandria, the former capital of Egypt, is another major tourism destination and has a well-developed hotel market, with several international hotel brands present in the city. Alexandria is connected via Borg El Arab International Airport, which provides flights to several cities in Europe and the Middle East. Outside the major tourism destinations, hotel options and transport infrastructure are much more limited, although there are several popular international brands, including Mövenpick Hotels & Resorts and Sofitel, in cities such as Luxor and Aswan. International hotel groups have concentrated investments in popular tourist areas that are accessible via international air transport connections.

Egypt's hotel market is generally well developed, particularly in major tourism destinations. The trend for foreign investors has been to invest in large hotels and resorts with a wide range of leisure facilities, particularly in the coastal resort areas. Some smaller boutique hotels are available in Cairo (such as the Talisman Hotel) as well as in Alexandria (such as the El Salamlek Palace Hotel). Cairo also has a large number of budget hotels and youth hostels. Starwood (now part of Marriott), Hilton and IHG are the leading international hotel groups in Egypt, with hotels in all of the top tourist destinations. There are also other international hotel developers, such as the Spain-based groups Barceló Hotels & Resorts and Meliá Hotels International as well as Switzerland-based hotel chain Swissôtel Hotels and Resorts (now part of Accor), which opened its first property in the market in 2017 (the Swissôtel Citystars Sharm el-Sheikh).

On July 10 2023, Egypt announced plans to allocate 40,000sq m for new hotels to be constructed between 2023 and 2028. The hotels will be located in the New Mansoura City.

On June 14 2023, the Qatar Investment Authority (QIA) entered negotiations with the Sovereign Wealth Fund of Egypt allowing QIA to purchase 30.0% shares in seven state-owned hotels as part of wider bilateral relations between Qatar and Egypt. The hotels include the Marriott Mena House, Sofitel Legend Old Cataract and Mövenpick in Aswan and Steigenberger El Tahrir.

In Q1 2019, Radisson Hotel Group signed an agreement with Zaghloul Holdings for six new hotels in Egypt. Four properties are set to be located in greater Cairo, with an additional one in Hurghada and another in Al Sokhna. The mid-level market would benefit from further development in order to attract more visitors from the European and Asia-Pacific markets, and, as the investment environment becomes more secure, we expect to see new projects enter the pipeline in this sector. Results from Q1 2022 suggested that Egypt had more than 60 hotels in the pipeline, with around 10,000 rooms under construction.

Egypt's inbound tourism market is diverse, with European markets making up a large portion of arrivals to the country. The hotel market is set up to cater for tourists from these markets. In an attempt to drive tourism growth, Egypt is turning to regional markets.

Boosting tourism-related infrastructure forms a central pillar of the government's economic diversification agenda. A 2km-long tourist marina in Egypt's New Mansoura City was still in the development phase as of Q4 2023. The marina project is being developed in partnership with the Egyptian Navy. When open, the marina will have a capacity to handle 1,000 yachts. The first phase of the New Mansoura City is being implemented at a cost of around EGP45.0bn (USD2.5bn) and is likely to be completed by 2024-2025 (after factoring in Covid-related delays).

We expect railway sector developments to form a crucial part of Egypt's infrastructure strategy over the coming years, as we anticipate that Egypt will target around USD15bn worth of rail and metro projects in the country. The scale of the proposed investment adds significant upside to our already robust construction and tourism outlook for the country.

Key projects the government hopes will attract investment include:

- Three rail lines at a total cost of USD14.0bn - the 700.0km Cairo-Luxor line, the 300.0km Luxor-Hurghada line and the 210.0km

Alexandria-Cairo section. These projects were scheduled for completion over 2023-2024.
- A 34.0km-long underground line in Cairo from Imbaba to Cairo International Airport at a cost of USD1.0bn.
- A USD297.0mn tram connecting satellite cities in New Cairo to the planned underground network

Security

Security, specifically terror attacks, has been a risk for the development of tourism in Egypt, as tourists and tourist infrastructure have historically been targets of attacks. International government authorities have issued travel warnings advising travellers to avoid traveling to areas that are most at risk. Despite such concerns, there has been a significant improvement in Egypt's security environment, and the tourism sector has not been specifically targeted by terrorists since 2019. While the political environment has been relatively stable in recent years, protests or politically motivated riots would negatively affect our forecast.

On July 13 2023, the US government issued travel warnings on travel to the north-eastern region of the Sinai Peninsula (excluding Sharm El-Sheikh) as well as the Western Desert.

In 2019, 16 people were injured by an improvised explosive device attack on a tourist bus near the Pyramids of Giza. In December 2018, a roadside blast killed three tourists from Vietnam on a tour bus near the Pyramids of Giza.

A 2015 bomb on a Russian plane departing from the Sharm el-Sheikh airport led to Russia, the UK and other European markets halting flights to Egypt and advising against travel to the Sinai region.

Foreign tourists to Egypt are vulnerable to petty crimes, such as bag snatching and pickpocketing. Thieves target visitors in popular tourist resorts, restaurants and shops, stealing purchased goods and portable possessions.

Competitive Landscape

Egypt's tourism sector has had a strong post-Covid recovery. We forecast 2024 arrivals to increase from the 2023 level. Egypt's arrivals will continue to increase over 2024-2028. The government is focusing on strengthening investment in the sector, which accounts for around 12.0% of the market's GDP. By 2028, the market aims to increase arrivals to 30.0mn a year. These strategies will be supported by a number of investments by domestic and international hotel groups over 2024-2028.

Domestic Hotel Groups

Hotel Group	Presence
Travco	Travco is Egypt's largest leisure group and is engaged in a number of activities across the tourism sector, including the operation of hotels and travel agencies. The company's coverage in the market includes Cairo, Giza, Aswan, Luxor and Alexandria. A total of 58 hotels and resorts are managed in Egypt under three brands, namely Jaz, Iberotel and Sol Y Mar. Travco also owns and manages 22 Nile River cruise ships.
Egyptian General Company for Tourism & Hotels (EGOTH)	EGOTH, a subsidiary of Holding Company for Tourism, Hotels and Cinema, is the biggest state-owned hotel group in Egypt, owning and operating 12 hotels. The hotels include several historical properties, such as the Old Winter Palace in Luxor and the Hotel Palestine in Alexandria, which fall under the Historic Hotels of Egypt brand. EGOTH's Historic Hotels of Egypt subsidiary operates nine historic hotels across the country: Cairo Marriott Hotel and Omar Khayyam Casino; Mena House Oberoi; Shepheard Hotel, Cairo; Nile Ritz Carlton, Cairo; Old Cataract, Aswan; Sofitel Winter Palace, Luxor; Luxor Hotel; Helnan Palestine Hotel Alexandria; and Sofitel Cecil Hotel, Alexandria.
Wings Group Egypt	The Wings Group Egypt is an Egypt-based company that was founded in 1978 by Atef el-Wassief. Based in Cairo, the company operates a number of travel-oriented companies across nine branches, with a portfolio that includes cruises, travel agencies, hotels and resorts. The group's hotel offering is under the brand Coral Sea Hotels and Resorts, which was established in 2005 and now operates four resorts in Sharm el-Sheikh and one property in al-Ain al-Sokhna. The group is looking to maintain strict quality control. Marsa Alam is a region specifically targeted for further expansion. Wings Group successfully leverages other travel-related aspects, with the ability to offer value-added services, such as cruises, to its customers.
Tropicana Group Egypt	Tropicana Group Egypt was founded in Sharm el-Sheikh and has been present in Egypt's tourism industry since 1992. The group manages eight properties in Sharm el-Sheikh and Sahl Hasheesh, split across two distinct brands, Tropicana and Premier. While the group has experienced strong growth with Premier, historically they have focused on providing strong value deals to customers in locations across the Red Sea region. The group intends to continue establishing its presence in the region, seeking to entrench itself in the top 10 Egyptian hotel chains.
Sunrise Resorts & Cruises	Founded in 2003 by Hossam Gouda el-Shaer, Sunrise Resorts & Cruises quickly progressed to become an important regional player in the market, with the group operating 13 resorts in addition to seven cruise boats. The goal of the group has always been to offer international-quality accommodation based on three main corporate values: quality, hygiene and environmental protection. The resorts appear under the Sunrise brand and are located in Hurghada (four resorts) and Sharm el-Sheikh (three resorts). As well as operating its own hotels, the company manages properties for Festival Hotels and Resorts and SENTIDO Hotels and Resorts in Egypt. Sunrise aims to establish itself further within the region. The hotels and resorts within the group offer added-value activities, such as archery and horse riding.
Pickalbatros Hotels & Resorts	Pickalbatros Hotels & Resorts focuses on the development and management of a wide variety of hotels and tourist attractions across Egypt, as well as Morocco. Established in

Hotel Group	Presence
	1992, the company currently operates 25 properties in Egypt, with nine properties in Hurghada and three in Sharm el-Sheikh, alongside other tourist ventures, such as water parks and museums. The company has developed a range of four-star resorts around the Red Sea. The group often offers all-inclusive options to families in addition to onsite facilities such as pools and restaurants.
Amer Group	Amer Group is predominantly a real estate development company but also operates six hotels and a number of serviced apartments across Egypt. All five hotels are operated under the Porto brand.

Source: Company sources, BMI

International Hotel Groups

Hotel Group	Presence
Accor	Accor is well established in Egypt, with 27 hotels in the market. These hotels are located in many of the most popular tourist locations, including Cairo (with hotels that boast views of the pyramids), Luxor, Taba Heights, Alexandria and Giza. Accor's hotels in Egypt are operated under a number of brands, giving it a broad range of market coverage. Brands include Ibis Styles, Mercure, Rixos, Sofitel, Pavillion and Novotel. Accor is reported to have 10 hotels in the development pipeline in Egypt.
Radisson Hotel Group	Radisson Hotel Group currently operates four hotels in Egypt, namely in Cairo, Alexandria, El Quseir and Marina Port Ghalib. In June 2023, the Radisson Hotel Group announced plans to increase its coverage in Egypt as part of its wider expansion strategy across North Africa and Sub-Saharan Africa over the medium-to-long term. By 2025, the company plans to open the Radisson Collection Resort in Marsa Alam Port Phoenice.
Hilton	Hilton is one of the most established hotel groups in Egypt, with 15 hotels and resorts across the country. A large number of the company's hotels are operated under the Hilton brand, which enjoys a high degree of recognition, though Hilton has one hotel in Egypt under the Conrad brand and one under the DoubleTree brand hotel. All hotels offer a range of business and leisure facilities. Hilton also offers a good geographic spread with hotels in Alexandria, Cairo, the Red Sea, Luxor and Sharm el-Sheikh. On August 24 2023, Hilton announced the opening of its luxury hotel brand Waldorf Astoria Hotels and Resorts in Egypt. The company will offer 252 rooms and will appeal to high-income consumers. On July 16 2023, the Hilton Group signed a partnership agreement with City Edge Developments allowing Hilton to manage and operate the DoubleTree hotel and the Hilton Magra El-Oyoun in Cairo. The DoubleTree hotel will become operational on June 30 2028, with 260 rooms, and will be situated in the Maspero Triangle. The new Hilton hotel, which will be open by the end of 2026, will have 218 rooms.
Hyatt	Hyatt currently has a very limited presence in Egypt. The group has just two hotels in the market, the Hyatt Regency Sharm el-Sheikh Resort Gardens Bay and the Grand Hyatt in Cairo. This resort hotel offers a wide range of amenities, including a fitness centre, a swimming pool, a spa, 12 on-site restaurants, a diving centre, a ballroom and business facilities. It caters to the high-end luxury travel sector. On June 3 2023, Hyatt and local property and hospitality company ALDAU Development signed a franchise agreement allowing the company to expand in Egypt as part of Hyatt's wider global investment strategy. The agreement will allow Hyatt to open the Hyatt Centric Cairo West hotel, with 283 rooms, in 2024.
InterContinental Hotels Group (IHG)	IHG is well established in Egypt's tourism market. The group has seven hotels across four brands in the market, all of which are located in Cairo. Brands include InterContinental, Holiday Inn, Crowne Plaza and Staybridge Suites. IHG hotels predominantly appeal to the mid-range and high-end tourism markets. Over the medium term, to 2028, IHG plans to open 13 further hotels in the market. On May 15 2023, the company signed a partnership with local property developer Arkan Palm for Real Estate Investment, allowing IHG to open a new hotel by June 2026 and a further hotel by January 2028. On April 10 2023, IHG signed an agreement with local real estate company Arabella Group to open three new hotels between 2023 and 2026.

Hotel Group	Presence
Marriott International	The Marriott Group has 18 hotels in Egypt as of September 2023. These are located in Cairo, Sharm el-Sheikh, the Nile region, Dahab and Hurghada. Brands operated by Marriott in Egypt include JW Marriott and Renaissance. Marriott was able to expand its presence in the market by adding 11 properties over 2016-2017 through the acquisition of Starwood. In September 2022, the company reported that the return of tourist groups from Germany and the US improved the performance of its hotels in the market.

Source: Company sources, BMI

Tourism Methodology

Connected Thinking

BMI employs a unique methodology known as 'Connected Thinking'. This means that our analysis captures the inter-relatedness of the global economy, and takes into account all of the relevant political, macroeconomic, financial market and industry factors that underpin a forecast and view. We then integrate them so as to explain how they interact and affect each other. Our Connected Thinking approach provides our customers with unique and valuable insight on all relevant macroeconomic, political and industry risk factors that will impact their operations and revenue-generating potential in the industry/industries within which they operate.

We use a transparent forecasting model as a base for our industry forecasts, but rely heavily on our analysts' expert judgement to ensure our forecasts capture all of the insights we derive using our unique Connected Thinking approach. We believe analyst expertise and judgement are the best ways to provide the most accurate, up-to-date and comprehensive insight to our customers.

Tourism Methodology

For the Tourism industry, we have historical data and five-year forecasts for 412 core industry variables, including tourist arrivals and international tourism receipts/expenditures.

Our forecasts are a combination of regression modelling and analyst expert judgement. Our Tourism analysts interact with other analytical teams, including Country Risk, Political Risk, Consumer and Infrastructure. By taking into account related industries, the Tourism team ensures that factors such as macroeconomic trends are included within our forecasts.

There is a constant rolling cycle of data monitoring, with 156 market datasets being updated at a quarterly interval. Analysts will use their expert judgement to implement changes when necessary outside the regular update cycle.

Tourist Arrivals

Total arrivals is defined as the number of people entering a market. It excludes permanent stays, those returning home, people on visas or special provisions and refugees and asylum seekers. Entry can be for any purpose of visit: tourism/leisure, business or other. It can also include same-day visitors. All methods of travel (air, road, rail, etc) are included, except cruise arrivals, which are treated separately.

Tourist arrivals are broken down by market/territory and by region. Total and regional series are aggregated from market data using a bottom-up approach, where data is available. The total arrivals series are based on the arrivals forecasts.

Historical figures for total arrivals are sourced from national statistics offices, national tourism ministries, World Bank Data and other relevant and appropriate official sources.

Our tourist arrivals forecasts are based on a regression model using the historical time series and key macroeconomic explanatory variables from the destination market and the source market taken from our Country Risk service. We also apply analyst expert judgement to refine and finalise the tourist arrivals forecasts based on exogenous and endogenous variables or events not captured by our regression model.

International Tourism Receipts

International tourism receipts are defined as the sum of receipts or spending by inbound visitors. This is the sum of receipts on two categories: transport services and travel items. Same-day and cruise visitors' expenditure can also be included. Travel items are defined as all goods and services bought in the domestic tourism market by visitors. Transport items represent the receipts of travel and associated receipts by domestic-registered carriers, including air, rail and vehicles but excluding cruises.

Historical figures for international tourism receipts are sourced from the World Bank and national central banks.

Our international tourism receipts forecasts are based on a regression model using the market's own historical time series, the International Tourist Arrivals series and key macroeconomic explanatory variables from our Country Risk service. We also apply analyst expert judgement to refine and finalise the international tourism receipts forecasts based on exogenous and endogenous variables or events not captured by our regression model.

International Tourism Expenditure

International tourism expenditure is defined as the sum of expenditure by domestic residents abroad. This is the sum of expenditure on two categories: transport services and travel items. Same-day and cruise passengers' expenditure can also be included. Travel items are defined as goods and services bought in the destination being visited. Transport items represent the cost of travel and associated costs by foreign-registered carriers, including air, rail and vehicles and excluding cruises.

Historical figures for international tourism expenditure are sourced from the World Bank and national central banks.

Our international tourism expenditure forecasts are based on a regression model using the market's own historical time series, the Outbound Tourist Departures series and key macroeconomic explanatory variables from our Country Risk service. We also apply analyst expert judgement to refine and finalise the international tourism expenditure forecasts based on exogenous and endogenous variables or events not captured by our regression model.

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