



Travel & Tourism | Europe

The Problem with 'Overtourism'

Economists

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The increase in concerns about 'overtourism' in Europe likely reflects the perception that the costs and benefits of the industry have become unbalanced.

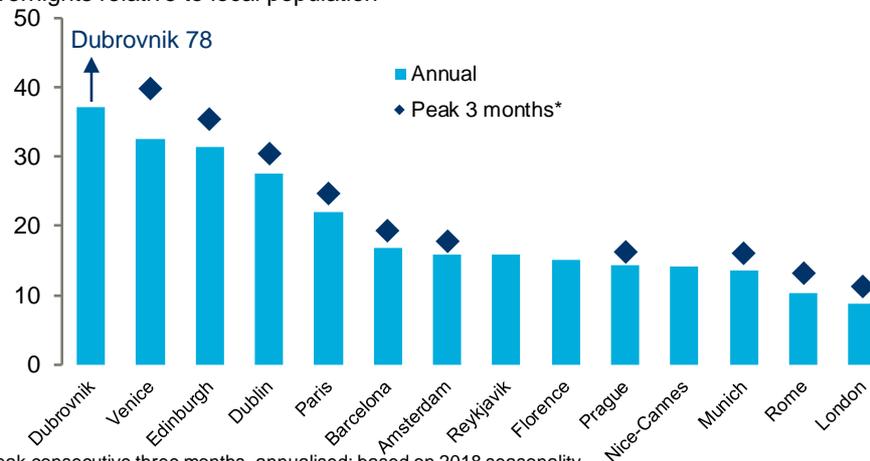
Among major selected European destinations, Dubrovnik and Venice have the highest ratio of tourism nights to resident population

Executive Summary

- Concerns about 'overtourism' have grown in recent years, especially in European destinations. There is no widely accepted definition of 'overtourism', though recent attention is based on the perception that the costs and benefits of tourism have become unbalanced. An increase in anti-tourist sentiment has perhaps been most notable in Barcelona and Venice.
- The economic benefit of the Travel & Tourism sector is significant, contributing around 10% of global GDP in 2019 and supporting 325 million jobs (including 37 million in Europe). Some European countries are heavily reliant on tourism, including Iceland (32% contribution to GDP), Croatia (25%) and Greece (21%).
- The costs associated with tourism, like those for many industries, are difficult to measure. These generally reflect the impact on living or operating costs for residents and businesses, and concerns about damage to the natural or built environment. Costs vary by destination and the type of tourism.
- The ratio of tourism nights to local population is a useful indicator of potential tourism costs to a destination and how this may be changing over time. Dubrovnik has the highest ratio of tourism nights per capita among the selected European cities, followed by Venice, Edinburgh, Dublin and Paris. This ratio is higher for all cities when adjusted for peak season visitation, especially for Dubrovnik.
- Managing the scale and growth of tourism to maximise economic benefits while containing costs is a significant challenge, particularly for countries that rely heavily on Travel & Tourism to support their economies. Several destinations are attempting to disperse tourists across a larger geographic area including more attractions to minimise the costs of overcrowding.

Tourist Nights Per Capita and Seasonal Impact – 2019

Overnights relative to local population



*Peak consecutive three months, annualised; based on 2018 seasonality
Source: Tourism Economics; TourMIS; OAG

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Perceptions of ‘Overtourism’

Concerns about ‘overtourism’ have increased in recent years. Anti-tourist sentiment among residents has become more evident in a number of destinations, while some Governments and local authorities have introduced policies and measures to limit tourist numbers and behaviour. These concerns have been particularly notable in Europe and generally on a city, town or regional level, rather than for countries as a whole. There has been variation depending on the destination and the type of tourism – cruise visitors and large organised tourist groups have often received the strongest backlash.

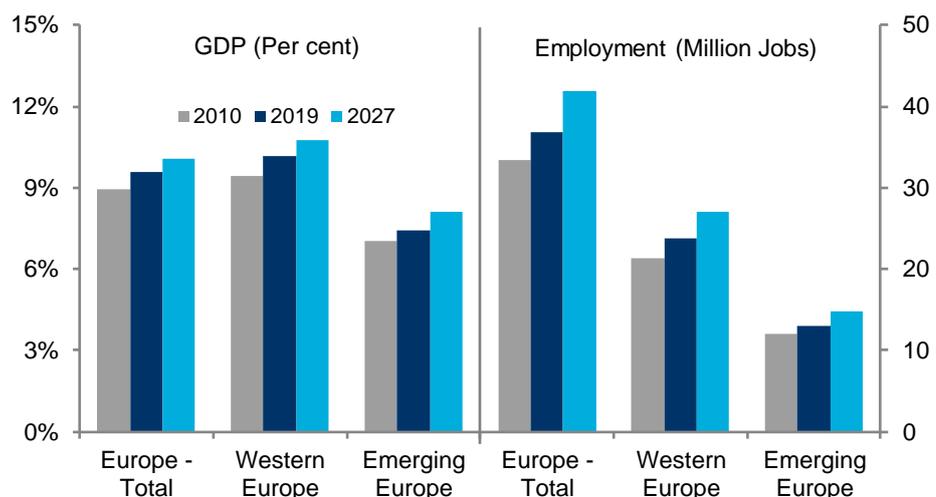
There is no clear or widely accepted definition of ‘overtourism’, though an outline of the concept can be provided. Every industry – including Travel & Tourism – generates both benefits and costs for the economy. In a situation where the costs from an industry exceed the benefits, that activity is excessive (e.g. ‘overtourism’). However, it is hard to quantify these costs for direct comparison with widely estimated economic benefits. As such, this article does not attempt to provide a concrete definition of ‘overtourism’ or measure the costs, but rather discuss some of the key issues and increased attention surrounding the concept, as well as some proposed solutions.

The increasingly vocal concerns about ‘overtourism’ reflect a perception that the costs associated with the industry exceed the benefits for key stakeholders. This can include cases where total economic benefits exceed costs, but with a different distribution. For instance, when lower-income residents are priced out of their own cities with little clear benefit while property owners profit from the increased popularity among tourists. The accuracy of this misalignment is difficult to determine, though the prominence of the topic necessitates discussion on sustainable tourism and policies to achieve it.

The Economic Benefits of Tourism

The Travel & Tourism sector delivers significant economic benefits to many countries and regions. As a result, growth in visitors to most destinations has generally been welcomed and actively promoted for several decades. Tourism is estimated to account for more than 10% of the global economy – equivalent to around \$US9 trillion in 2019 – including direct impacts of over 3% of world GDP, and globally the industry supports 325 million jobs.

Economic Contribution of Travel & Tourism



Source: Tourism Economics

This impact is also significant in Europe at 9.5% of GDP and 37 million jobs in 2019, particularly in Western Europe. This contribution has increased in the past decade, and is projected to increase further in coming years, alongside ongoing growth in international arrivals to Europe of 3% annually in coming years (according to Tourism Economics’ baseline forecasts). Within the continent the size of these benefits varies considerably

There have been increasing concerns about ‘overtourism’, especially in Europe.

Concerns about ‘overtourism’ reflect the perception that costs of tourism have increased and/or are distributed differently relative to the benefits.

The economic benefits of the Travel & Tourism sector are significant, at around 10% of GDP and 325 million jobs globally.

across countries and cities – for instance, Travel & Tourism contributes more than 30% to Iceland’s GDP, compared to around 5% in Belgium and the Netherlands.

Tourism also generates additional catalytic benefits which are harder to quantify but add to the quality of life for many residents. A thriving tourism industry can help to support a broader range of food and beverage services, transportation options and attractions for the community than would be possible from only spending by residents.

The Potential Costs of Tourism

The full costs associated with tourism are very difficult to measure (as are those with many industries) and is not attempted in this report, but many of these increase as tourism intensity rises. Costs can be broadly described as being related to the cost of living or operating businesses, and environmental factors. The distribution of these costs relative to the benefits is an important consideration, as is acknowledging that the degree of impact can vary significantly across destinations.

Increased Costs for Residents and Businesses

Tourism has been widely criticised for driving up the cost of housing in many popular European destinations. As visitor numbers increase at a faster pace than the supply of new accommodation options, residential properties can be repurposed as visitor accommodation, pushing up rents and pricing residents out of the market. As residents are displaced, the local population can decline and community and social cohesion may be damaged (Venice is a commonly cited example of this).

In recent years, AirBnB and other online accommodation providers have been criticised for facilitating the transfer of a supply of residences from the long-term rental market (occupied by residents, at lower costs) to temporary holiday accommodation (at higher prices). The extent of this impact is affected by the supply of new hotels and housing. Cities with geographical or planning restrictions that limit new supply, such as historical old towns and city centres (e.g. Venice, Amsterdam) and those without rental control schemes may see greater impacts.

Tourists from wealthy source markets are also often happy to pay higher prices than local residents for some goods and services (including food and beverage). This can in turn drive up prices for residents and increase their cost of living to unaffordable levels (particularly in low-cost destinations).

These impacts are also relevant for local businesses outside the tourism sector. For instance, rental prices for commercial premises may increase due to demand from tourism-related businesses or the repurposing of those properties for visitor accommodation, while higher prices for other goods and services increase input costs for businesses. Increased use of local transport and other infrastructure by tourists can also worsen congestion and raise the costs associated with doing business (either directly via increased cost of operating or time lost due to increased travel times and overcrowding).

Environmental Impacts

Increased visitation leads to increased waste, pollution and potential damage to the environment. The latter has been particularly topical in areas of natural beauty, such as fjords in Norway, glaciers in Iceland, and beaches or coral reefs in southeast Asia.

The impact on the built environment is also relevant, particularly in cities where tourist attractions include old and often fragile monuments and structures. For example, Venice has installed gates to limit the number of visitors to its historic centre during peak periods. More broadly, the local atmosphere and comfort – for both residents and other tourists – can be damaged in either cities or remote destinations by overcrowding at attractions and

The costs of tourism are very difficult to measure, but generally reflect increased financial burden for residents and businesses, and environmental impacts.

Increased tourism has been widely blamed for driving up housing costs in several cities to levels that are unaffordable for many residents.

Congestion and overcrowding can degrade the tourist experience and/or comfort for residents.

The type of tourism can have different cost impacts. Day-trip and cruise visits can cause more congestion than overnight visitors, but also have less impact on housing costs.

One illustrative measure of ‘overtourism’ is the ratio of tourist nights to resident population.

Dubrovnik received 37 tourism nights per capita in 2019 – the highest of the selected cities – and Venice 33 nights per capita.

with local infrastructure. This can degrade the tourist experience and deter future visitors – over a longer time period, this can pose a risk to sustaining demand from tourists, especially during cyclical economic downturns. The behaviour of visitors is also a potential cost – loud, boorish or inappropriate actions by large groups of tourists have been the target of some authorities in recent years, as they attempt to maintain an enjoyable atmosphere for visitors and residents.

Impact from the *Type* of Tourism

The type of tourism attracted to a destination is a further important factor when discussing the costs of the industry. Large tour groups are often criticised for magnifying congestion if they are poorly organised or if too many converge on similar attractions. Cruise ships in particular have received backlash, partly due to the sheer scale and intensity of their passengers (particularly in peak times and when multiple ships visit at once). Day trips by visitors (including cruise) can have a greater negative impact on congestion and less economic benefit for the local economy compared to overnight visitors. However, same-day visitors can be expected to have less of an impact on housing costs than overnight tourists.

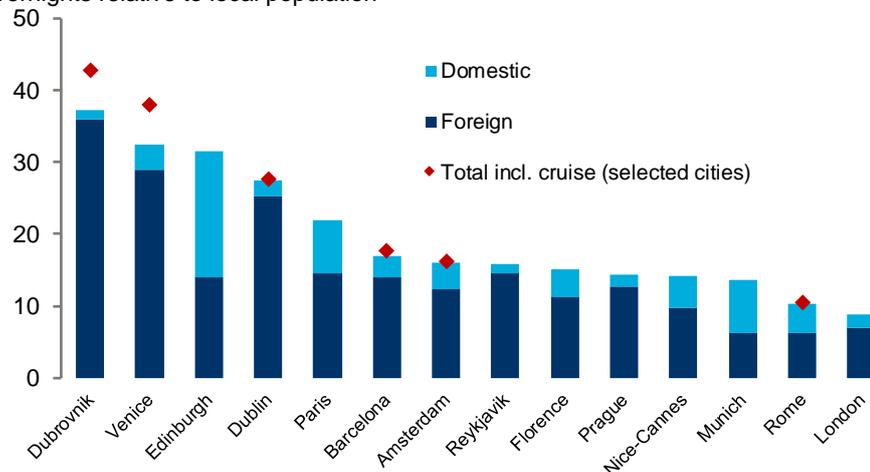
A Measure of Tourism Intensity in European Cities

A number of potential measures of ‘overtourism’ exist, and a composite index of multiple measures would be an ideal solution. These may include tourist numbers, seasonality, city layout, employment, new housing supply, cost of living and local incomes. However, there are some significant issues with data collection and comparability for many of these indicators. For example, tourism concentration is a key consideration, but very few destinations currently record the number of people per square metre at peak times.

Measuring the *intensity* of tourism can be illustrative when considering the impact. One such measure is the ratio of the number of tourist nights to the local population of a city destination. Among the European cities for which Tourism Economics collates data, Dubrovnik has the highest ratio at 37 tourism nights per capita in 2019 (and even higher at 43 nights when cruise visitors are included), followed by Venice. This is unsurprising, given that Dubrovnik and Venice are two of the most commonly cited destinations in discussions of ‘overtourism’. Edinburgh, Dublin, Paris and Barcelona follow in the rankings. Tourism to most of the cities selected is driven by international visitors, though domestic visits are a relatively significant component for Edinburgh, Munich and Rome.

Tourist Nights Per Capita in 2019 – Selected European Cities

Overnights relative to local population



Source: Tourism Economics

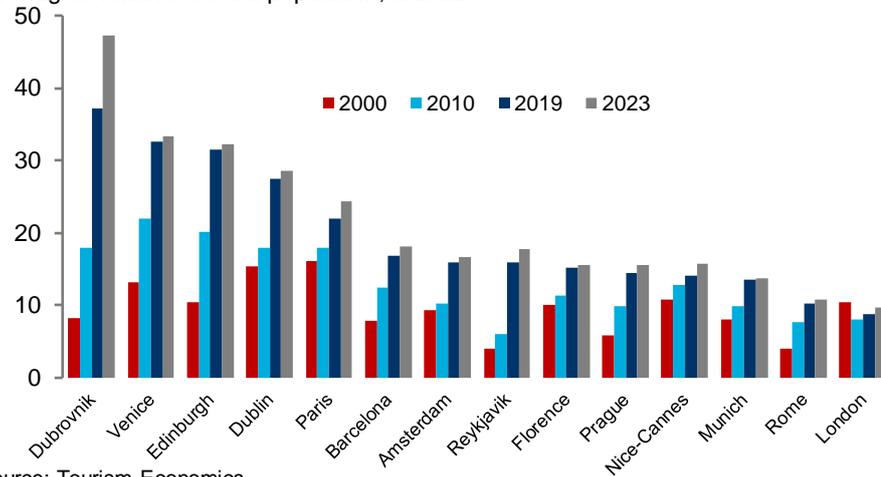
Tourism intensity has increased significantly for most European cities in the past two decades, and further increases are projected.

It is also relevant to consider seasonality of visits within the year, as perceptions of ‘overtourism’ are often based on a peak period (generally European summer months, which can be particularly costly in terms of congestion). The ratio of nights to population increases by 10-20 per cent for most of the selected cities when looking at the peak 3-month period of visits (annualised), and incredibly is twice as high in Dubrovnik, illustrating the pressure under which the city is placed during peak season. (See graph in the Executive Summary).

Looking at this measure over time demonstrates how significantly the intensity of tourism has increased in the past two decades, and at different rates across cities. Among the selected cities, tourism nights per capita have on average more than doubled since 2000 and increased 1.5 times since 2010. The increase has been particularly sharp for Dubrovnik and Reykjavik (4.5 and 4 times, respectively, since 2000), followed by Venice, Prague and Rome (all around a 2.5-fold increase). By contrast, the increase has been much more modest in Paris, Nice-Cannes and Florence, and there has actually been a decrease in London. For many cities, the intensity is also projected to increase further in coming years.

Tourist Nights Per Capita Over Time – Selected European Cities

Overnights relative to local population; annual



Source: Tourism Economics

Challenges with Measurement

There are some important caveats with this measure. The estimation includes only overnights – day trips are excluded due to data availability. The intensity of tourism would be somewhat higher if day visits were included. The definition of resident population can also affect the intensity estimate considerably. For instance, if the metropolitan population of Barcelona (around 5.5 million in 2019) is used instead of the city population (1.7 million), tourism nights per capita falls considerably. The population of the geographic area where tourists commonly visit is the most relevant, though this can be difficult to define (as are population measures more generally).

More broadly, it is challenging to produce a measure of tourism intensity that is consistent across destinations but also accurately reflects the costs of the sector in each. Different cities or destinations will experience different degrees of impacts and have factors that either magnify or limit them. Other measures may include tourism nights relative to employment and/or supply of hotel rooms and housing. However, these will also be subject to limitations, and ultimately any analysis of ‘overtourism’ is likely to require a custom approach for each destination, taking into account income levels and the distributional effects (geographic and by demographic) of the sector’s costs and benefits.

Ultimately, any assessment of the costs of tourism will need to account for a destination’s unique characteristics.

Managing the Increase in Tourism

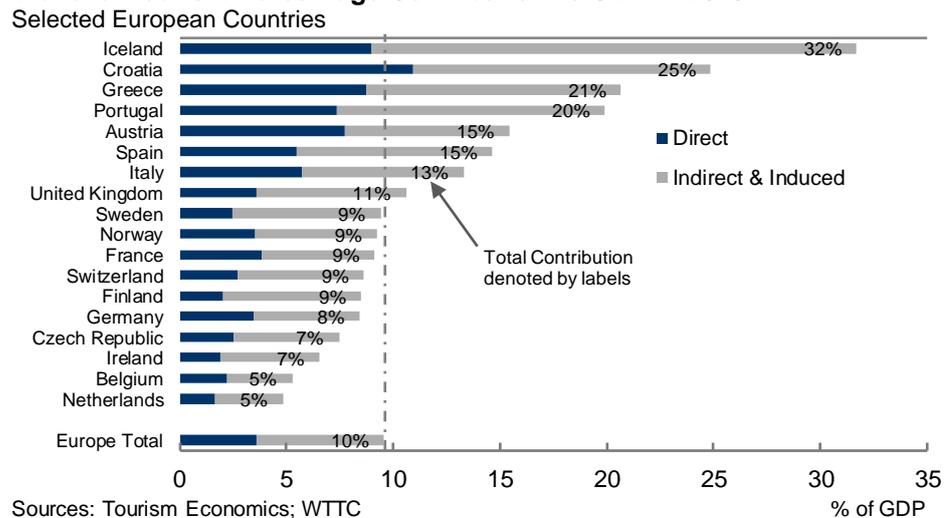
Managing the growth in tourism to maximise economic benefits while minimising the costs is a significant challenge. This is especially relevant given the economic importance of the industry and that visitor numbers are likely to continue increasing as global incomes rise and travel becomes accessible to more potential travellers. Tourism management policies must aim to achieve a balance between promoting the industry without exacerbating costs to the environment, local residents or non-tourism industries. The balance of costs and benefits to different stakeholders is also an important consideration. Ultimately, the challenge is achieving a sustainable level or growth rate of tourism. Too many visitors (or too fast a rate of growth) could degrade the tourist experience and restrict demand in the longer-term, which can be especially damaging if economic conditions lead to downturns from particular source markets – ‘killing the golden goose’ is an important risk to manage.

This management is particularly challenging for destinations that rely on the sector to drive their economies. The variance in this reliance illustrates that policies need to vary by destination. For instance, Travel & Tourism contributes almost one-third of Iceland’s GDP, one-quarter to Croatia’s and one-fifth to those of Greece and Portugal. By contrast, the sector’s contribution in Belgium and the Netherlands is only 5%. These figures are even higher for popular cities – in Dubrovnik, for instance, estimation on behalf of WTTC suggests tourism directly contributes 18% to the local economy, significantly higher than the comparable direct impact for the country.

It is a challenge for authorities to achieve a balance in promoting tourism while containing potential costs, especially for destinations that rely heavily on the sector for economic growth.

Travel & Tourism contributes one-third to Iceland’s GDP, and one-quarter to that in Croatia.

Travel & Tourism Percentage Contribution to GDP in 2019



Several destinations have aimed to more evenly disperse visitors across a larger area by actively promoting less well-known (but similarly appealing) attractions and locations. This is designed to maintain tourist growth and economic value, but by smoothing the impact (both positive and negative) across more sites, thereby limiting potential damage and diversifying revenue streams. More extreme examples have involved the temporary banning of tourists to allow for environmental recovery, such as on the island of Phi Phi Leh in Thailand and the Faroe Islands (where only volunteers are permitted to visit some areas). On a smaller scale, measures include Paris planning to limit access for tour buses in the city centre, Amsterdam stopping destination advertisements and increasing its tourist tax, Florence imposing fines for eating in some public areas, and Venice planning to ban sitting in certain locations to limit congestion.¹

¹ See WTTC’s report on [City Travel & Tourism Impact 2019](#) for more details on policies and initiatives to manage tourism growth in various destinations.

Several destinations have aimed to disperse visitors across more attractions and a larger area to help minimise congestion.