

# DRAMATIC DROP OF AUSTRIAN OVERNIGHT STAYS TO 1970 LEVEL



Austria's tourism has recorded heavy losses in the second Corona year. Last year, the number of overnight stays plummeted by almost 19 percent to around 80 million compared to 2020, as preliminary figures from Statistics Austria show. That was 48 percent less than in the year before the pandemic.

The data mean that the industry has fallen behind by about 50 years. The last time such an amount of overnight stays was registered in guesthouses, hotels, and holiday apartments were in 1970, the Austrian statistics office reported. **The highest declines were recorded in the regions of Tyrol, Salzburg and the capital Vienna.**

In 2021, Vienna recorded a total of 5 million overnight stays. That means an increase of 9 percent compared to 2020. However, it also represents only 28 percent of the volume from 2019 the pre-crisis year. In 2021, the Austrian hotels were closed to leisure guests for around six months.

## Loyal German Visitors

According to the data, the number of overnight stays of German guests, who are highly important for Austrian tourism, decreased by 16.6 percent to 32.1 million. Nevertheless, more overnight stays were recorded by Germans than by Austrians in the second Corona year.

"The fact that overnight stays in 2021 continued to fall, even compared to the terrible year of 2020, clearly shows that we need targeted support more than ever," commented Susanne Kraus-Winkler, Chairwoman of the Professional Association of the Hotel Industry in the Austrian Federal Economic Chamber (WKÖ), on the figures published by Statistics Austria for the calendar year 2021.

## Dramatic Drop Caused by Closures

According to these figures, the number of overnight stays last year fell by almost 19 percent to the level of 1970, at 79.57 million, compared to 2020 (97.87 million). Comparatively, there were over 152 million overnight stays in the pre-Corona record year of 2019.

Kraus-Winkler noted: "These dramatic declines, which are caused by long-lasting closures from January to May 2021 as well as November 2021, clearly show that even after lockdowns have ended, customers are still very uncertain and extremely reluctant to book."

The hotel industry representative reports on the continuing, extremely tense economic situation in the industry: "Value creation is currently falling steadily, costs are rising and - in view of the low occupancy rates and the many short stays - are out of proportion to turnover and staff requirements per overnight stay. Uncertainty and last-minute booking will continue for a long time, leading to a stagnation of enquiries at many hotels." The shortening of the validity of the Green Pass as of 1.2.2022 also leads to an increase in cancellations, especially from abroad.

## Cash Flow Problems

"Many of our businesses are at a loss, many businesses are struggling with major cash flow problems right now. This is especially hitting the city hotels and the hotels that are currently in low season and - because of the lockdown and the current fear of Omicron - have had virtually no bookings or were hardly able to build up reserves even in autumn. The government has so far prevented the worst, but it is also clear that we are far from over with this crisis."

The early curfew, staff absences due to quarantine, and rising prices of food and energy costs are further exacerbating the situation drastically. "We don't expect handouts or subsidies, but targeted support beyond the 1st quarter of 2022," says Kraus-Winkler. She adds that there is an urgent need to address the pending disbursement of aid for many businesses, as well as more practical guidelines without major hurdles.

### **Tourism Sales on a Downward Trend**

This assessment of the precarious situation of this economic sector, which is so important for Austria, is confirmed by recent data from Statistics Austria on the development of sales. While in the first year of the Corona pandemic (2020) the turnover of the overall economy in Austria fell by 6.4 percent to 781 billion euros, tourism had to cope with a much worse development with a decrease of 34.9 percent to 19.3 billion euros. Unfortunately, there is no end in sight to the downward trend. According to the latest advance sales tax returns for the accommodation and catering sectors, the two sectors together posted a 37.2 percent decline from January to October 2021, compared with -27.1 percent in 2020.

### **Urgent Need to End Restrictions**

According to experts, **in order to support the hotel industry in this persistently difficult situation, existing aid measures must be adapted and extended with pinpoint accuracies** - such as the default bonus, loss compensation, seasonal start bonus and short-time work. Alongside this, long-term measures need to be put in place to recapitalize and stabilize the industry, such as an equity fund or extending the terms of bridging loans.

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