



TOURISM  
ECONOMICS

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# Middle East Outlook: Assessing the Impact on Global Travel

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*18<sup>th</sup> March 2026*

# OVERVIEW

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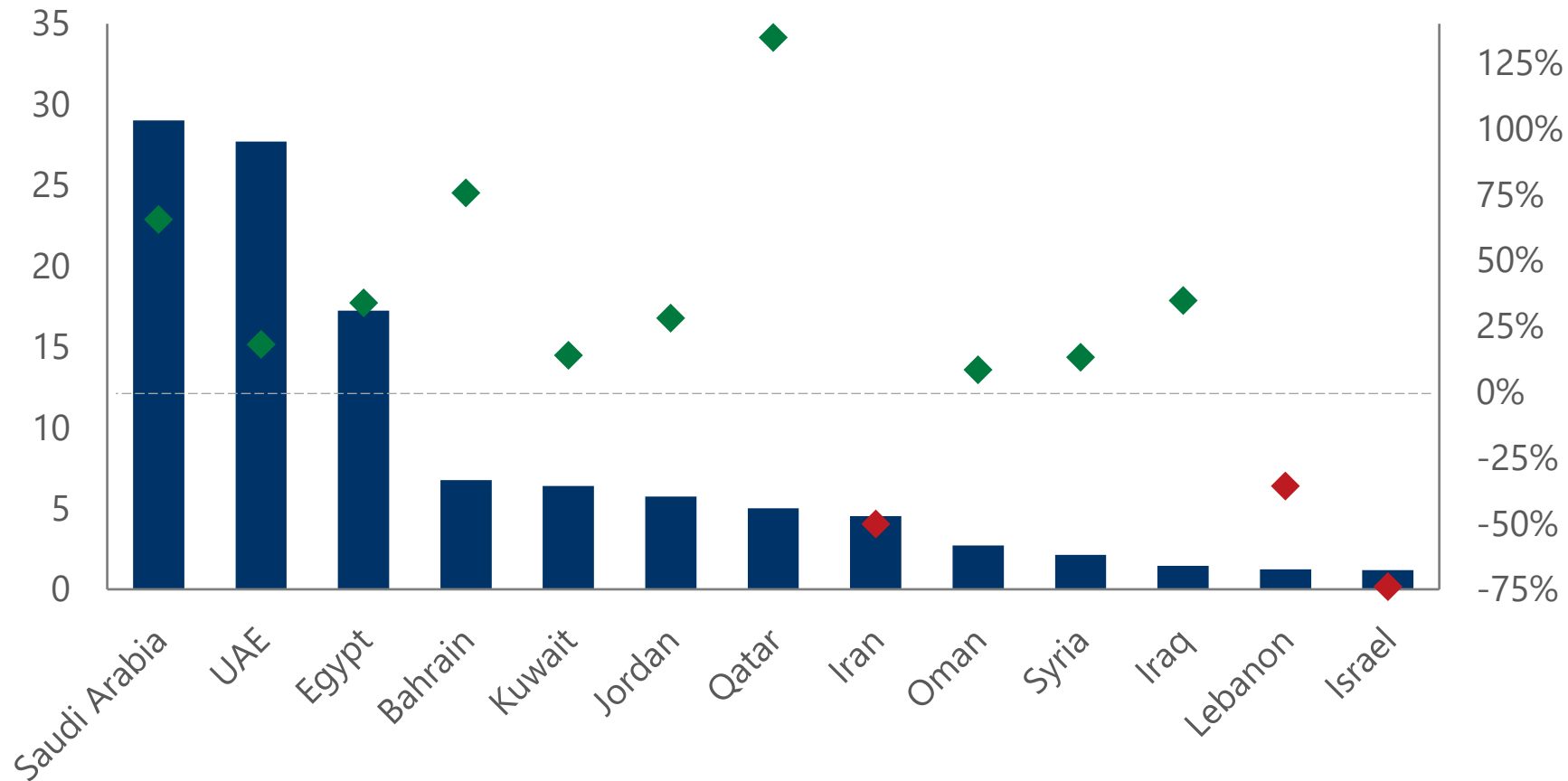
- 01** DIRECT TRAVEL IMPACTS IN THE MIDDLE EAST
- 02** WIDER TRAVEL IMPLICATIONS FROM DISRUPTION
- 03** ENERGY PRICES A RISK FOR INFLATION AND SPENDING
- 04** TRAVEL IS PRIORITISED DESPITE VALUE-HUNTING

# Travel to the Middle East is at risk

## Middle East destination arrivals and growth, 2025

International arrivals Mns

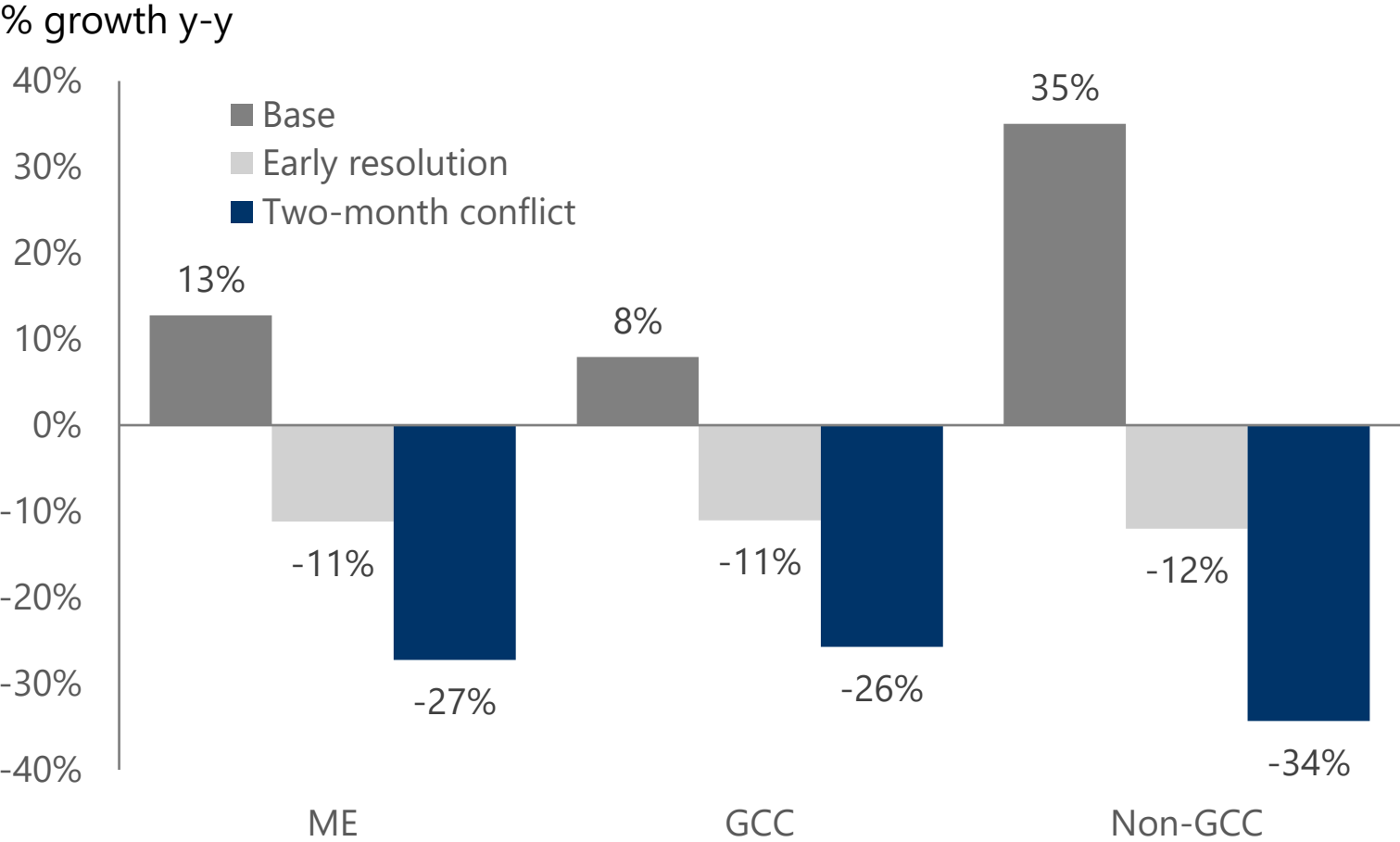
Rel to 2019



Source: Tourism Economics

# Inbound travel is set to fall sharply, by 25-30%

## Middle East conflict inbound arrivals impacts 2026

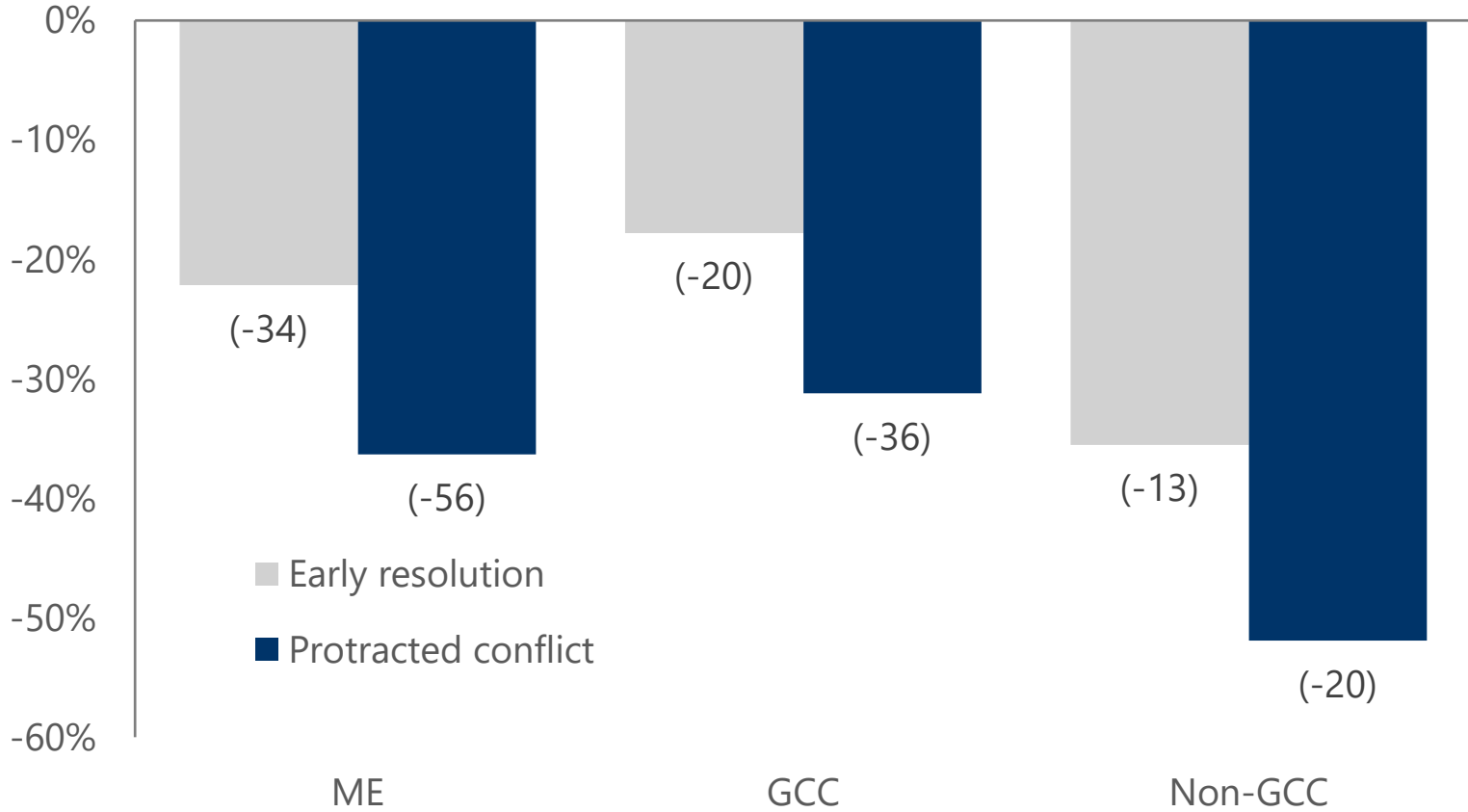


Source: Tourism Economics

# With large tourism revenue losses

## Middle East conflict inbound spend impacts 2026

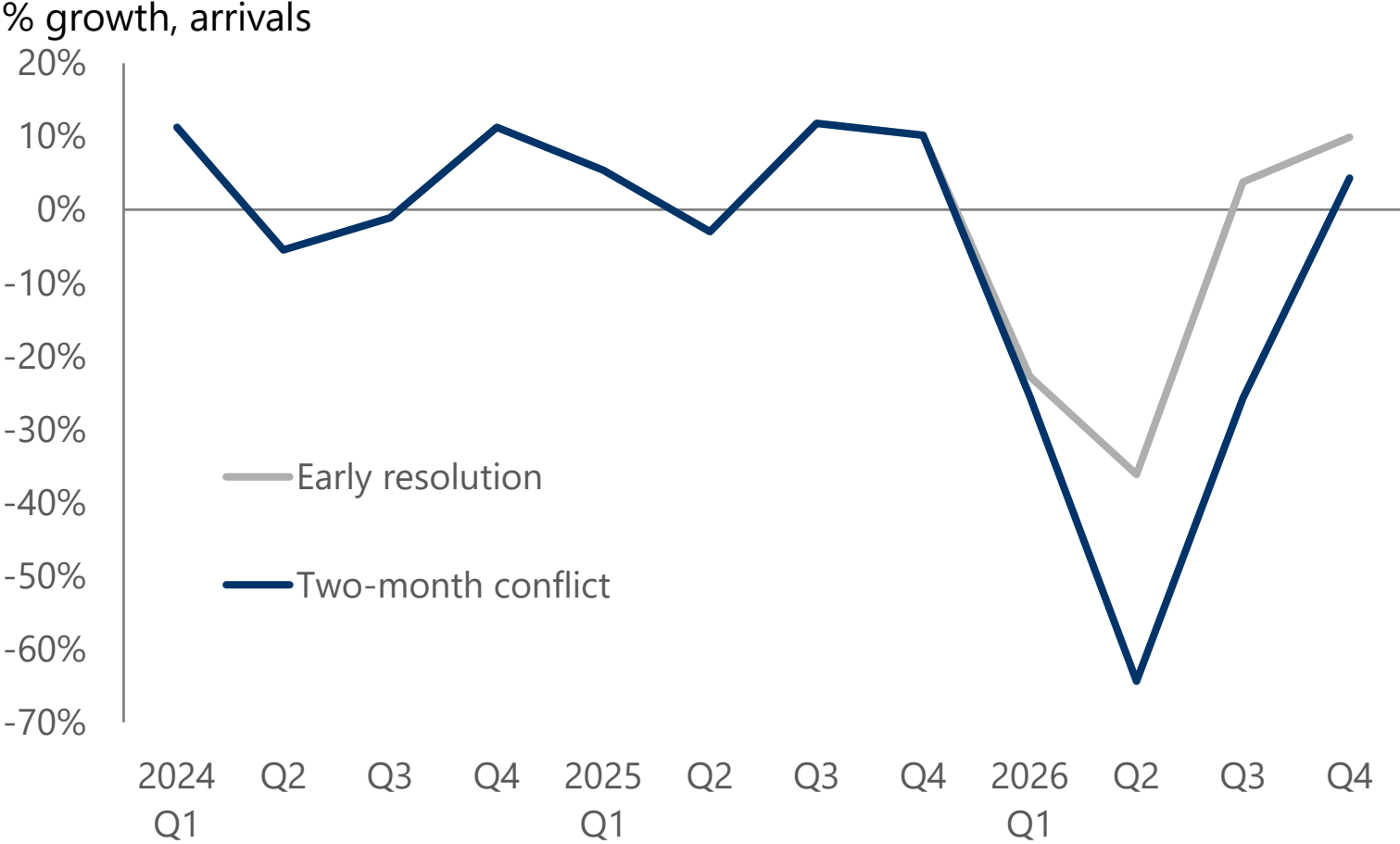
% relative to baseline (values are US\$bn)



Source: Tourism Economics

# Sentiment effects are important for recovery path

## Middle East conflict quarterly impacts 2026



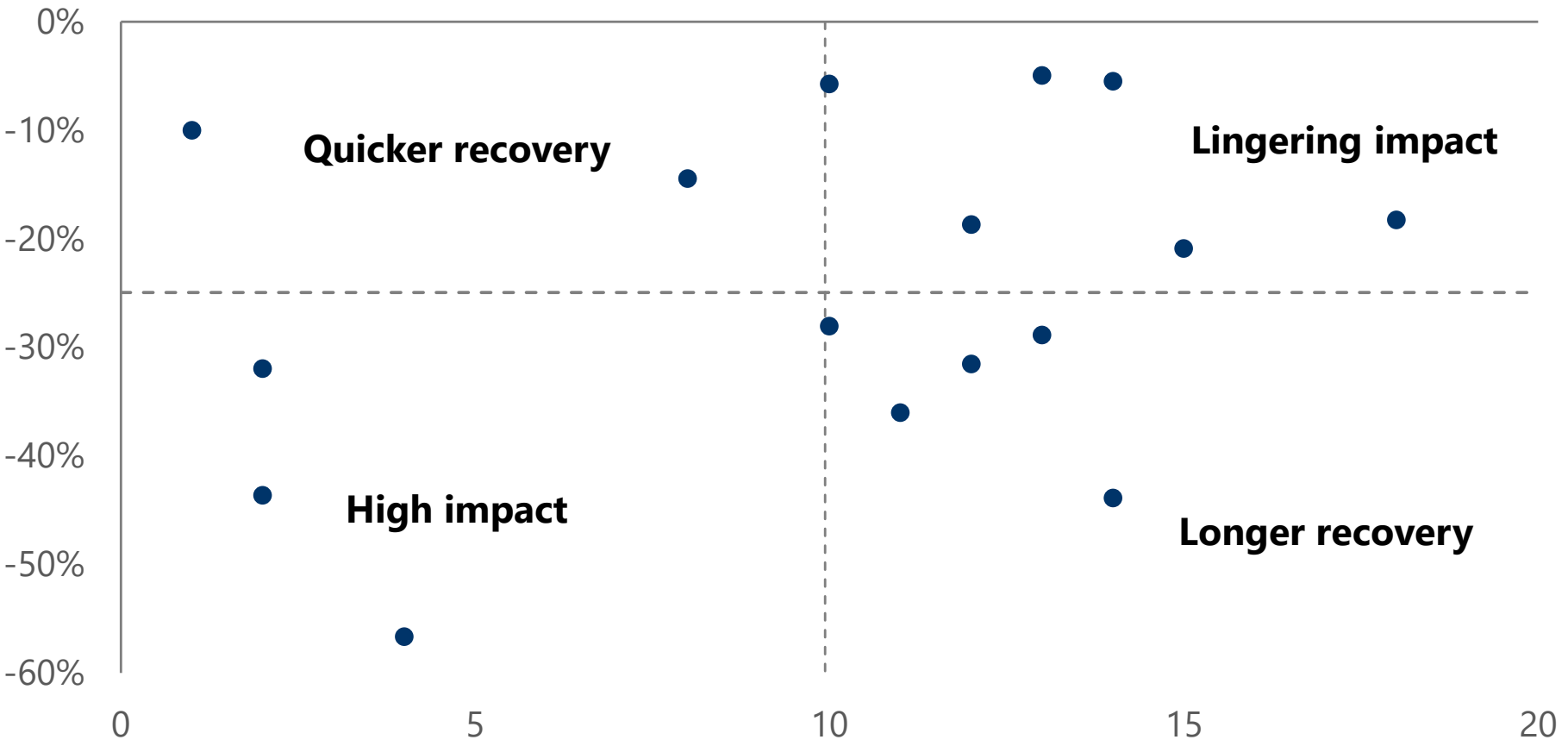
	Early resolution	Two-month conflict
<b>Airspace impacts</b>	March	March & April
<b>Sentiment</b>	6-month impact	9-month impact

Source: Tourism Economics

# Effects are consistent with high impact benchmarks

## Duration and scale of impact: conflict and terrorist attack benchmarks

Number of months & average % impact on arrivals

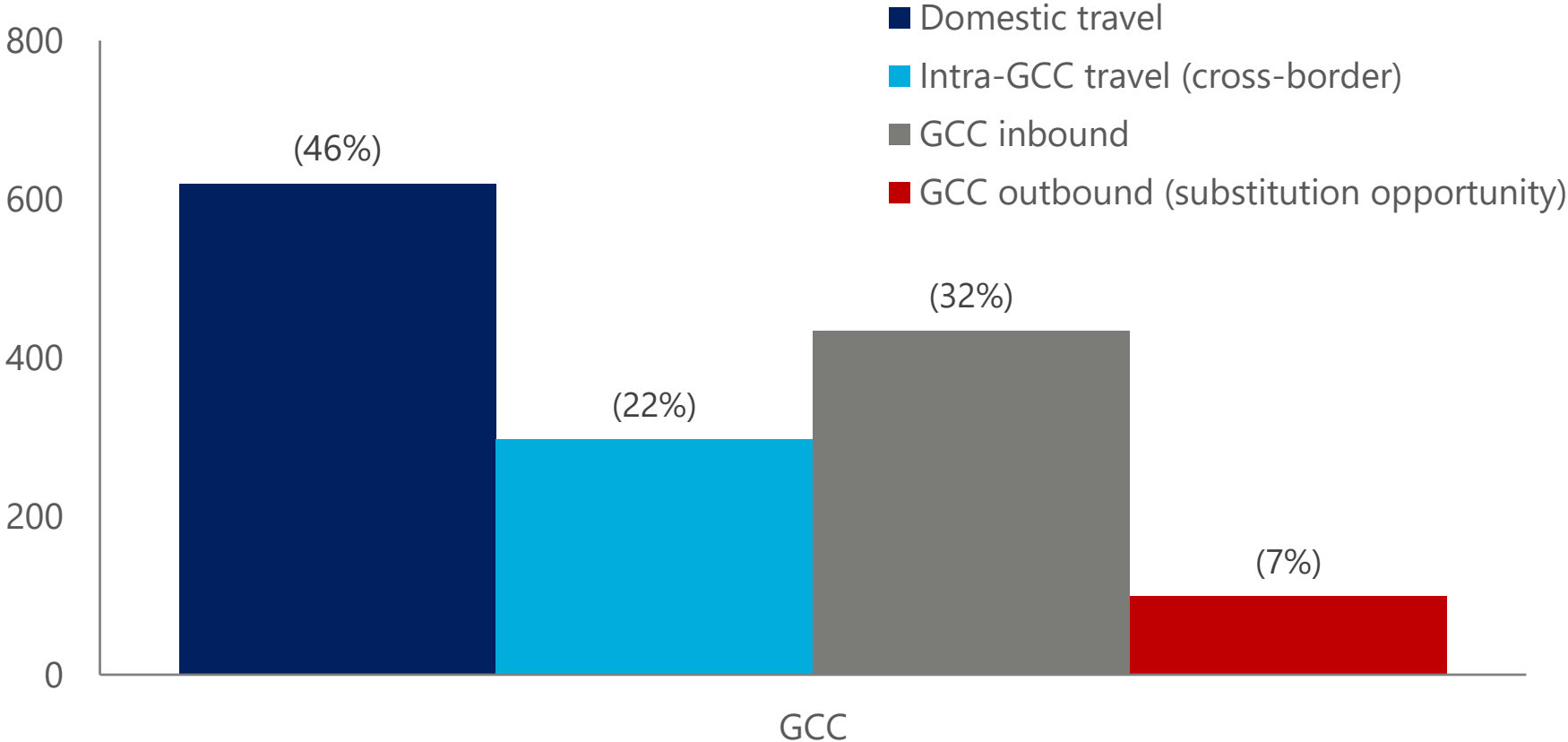


Source: Tourism Economics

# GCC recovery will depend on longer-haul travel

## GCC travel summary 2025

mn nights (% share of total domestic and inbound nights)



Source: Tourism Economics

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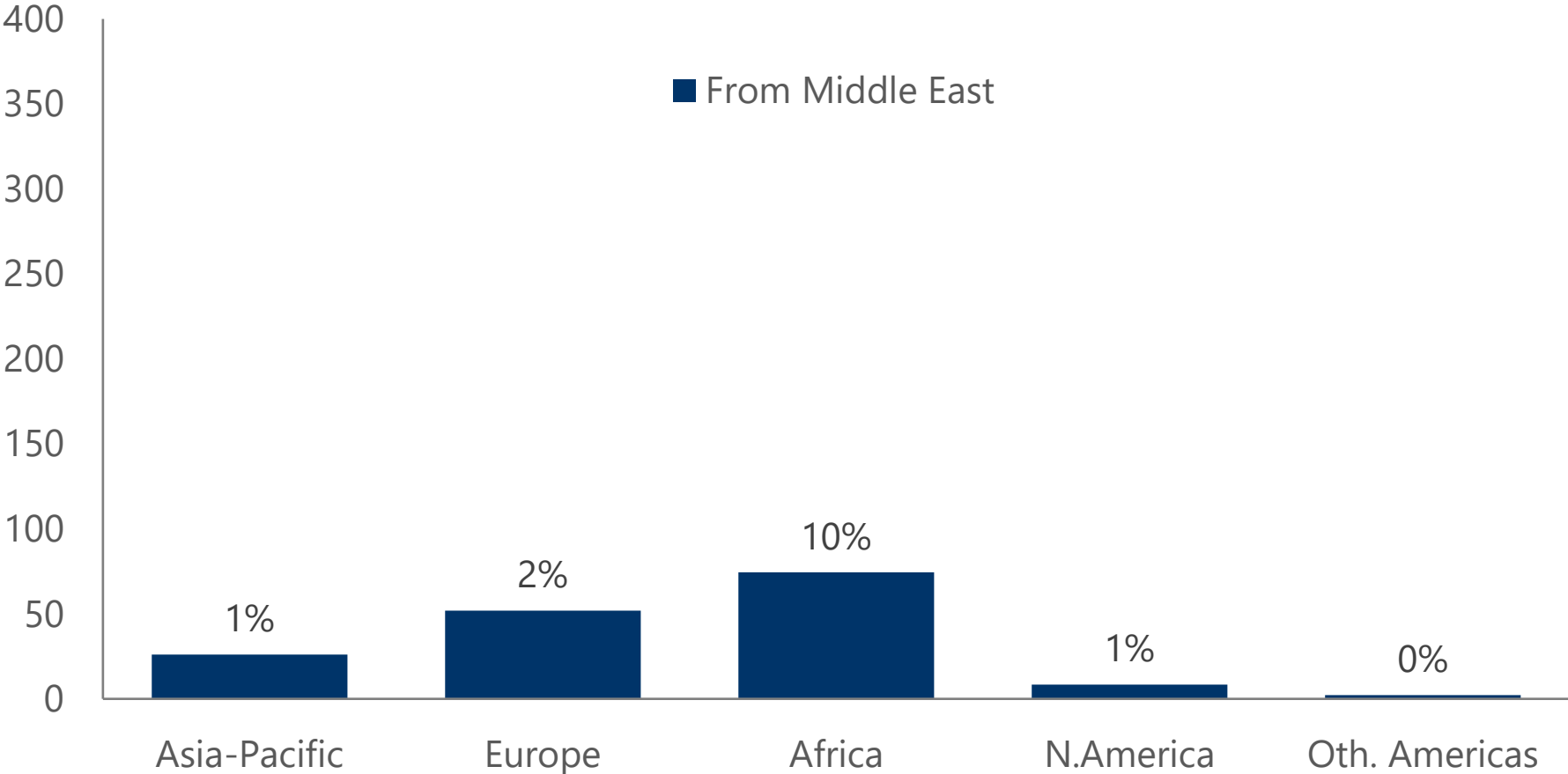
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# Reliance on Mid East will affect global destinations

## International nights at risk by region

Mns, nights (% share of international in labels)

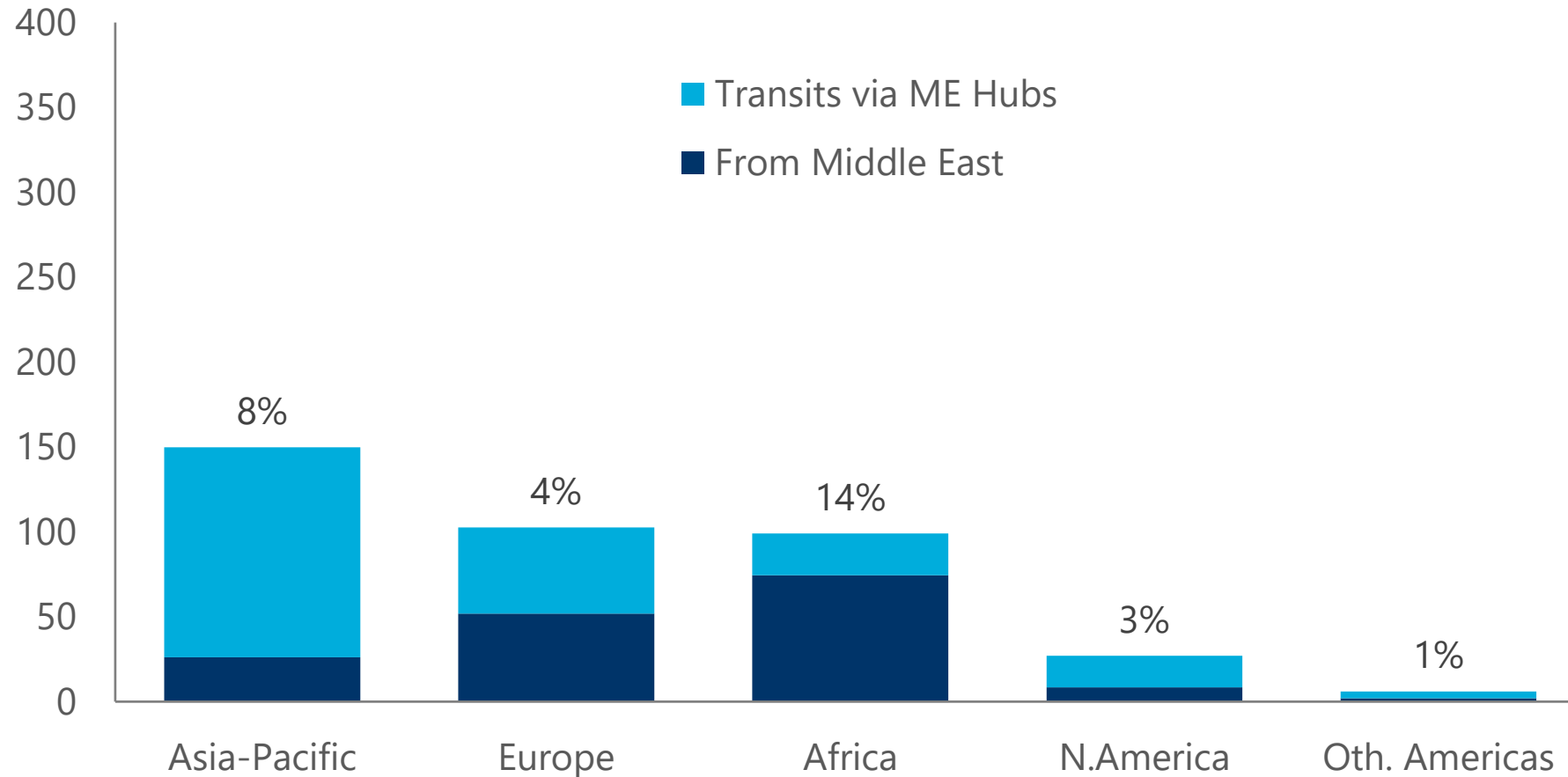


Source: Tourism Economics

# Travel via Middle East hubs is also at risk

## International nights at risk by region

Mns, nights (% share of international in labels)

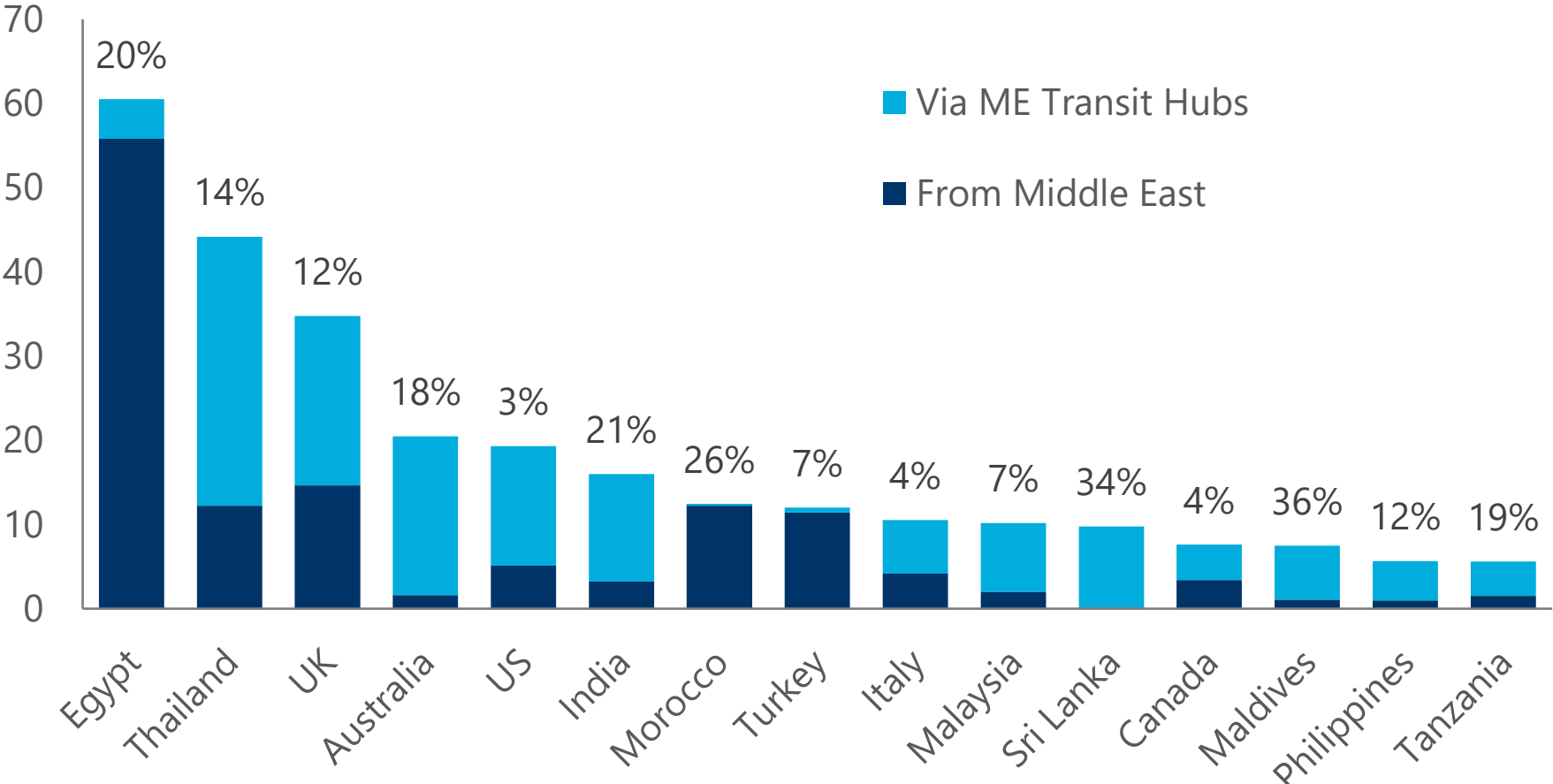


Source: Tourism Economics

# With varying impacts by country

## International nights at risk by country

Mns, nights (% share international total in labels)

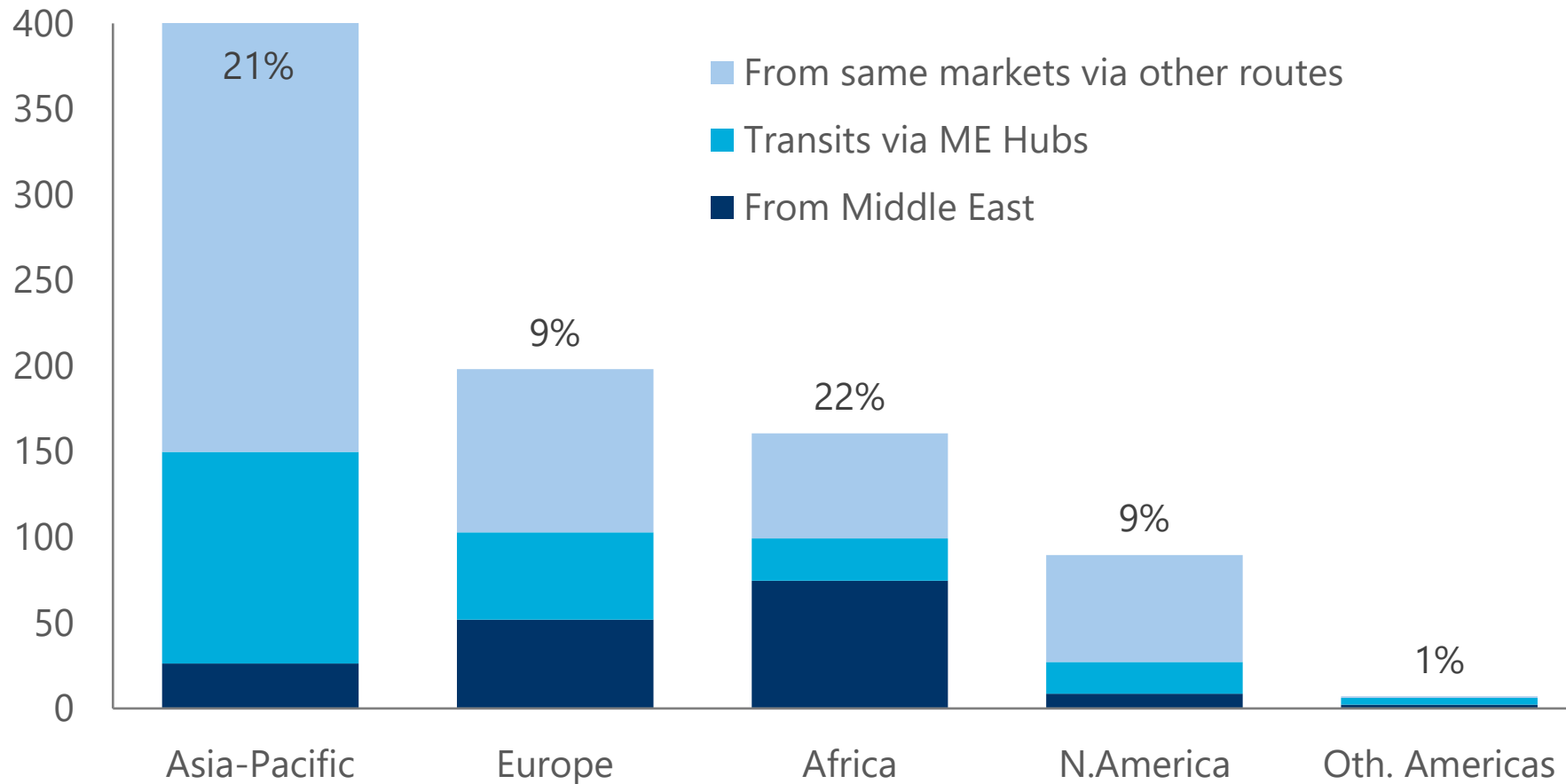


Source: Tourism Economics

# Some spillovers to other routes between affected markets

## International nights at risk by region

Mns, nights (% share of international in labels)



Source: Tourism Economics

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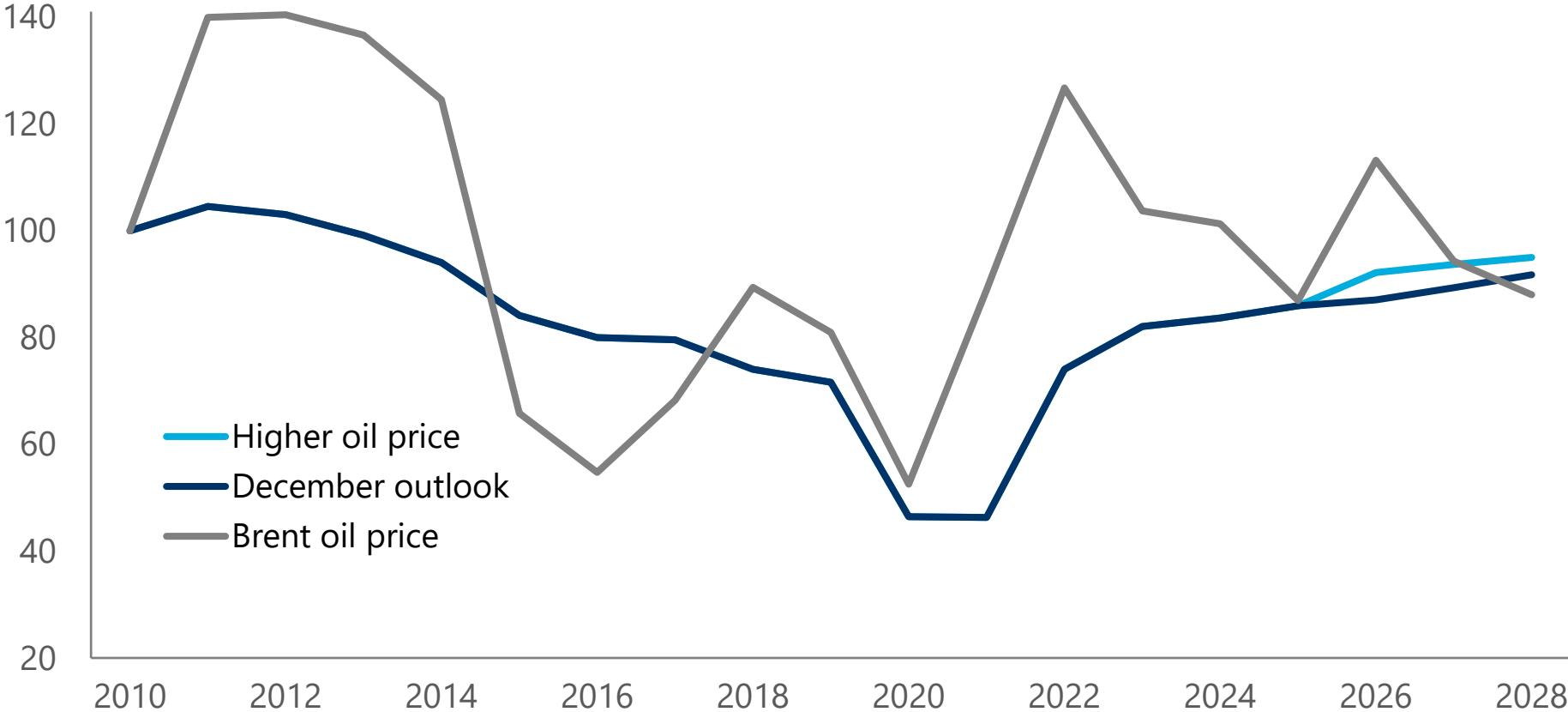
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# Higher air fares are a risk as oil prices spike

## Global air fares and oil price

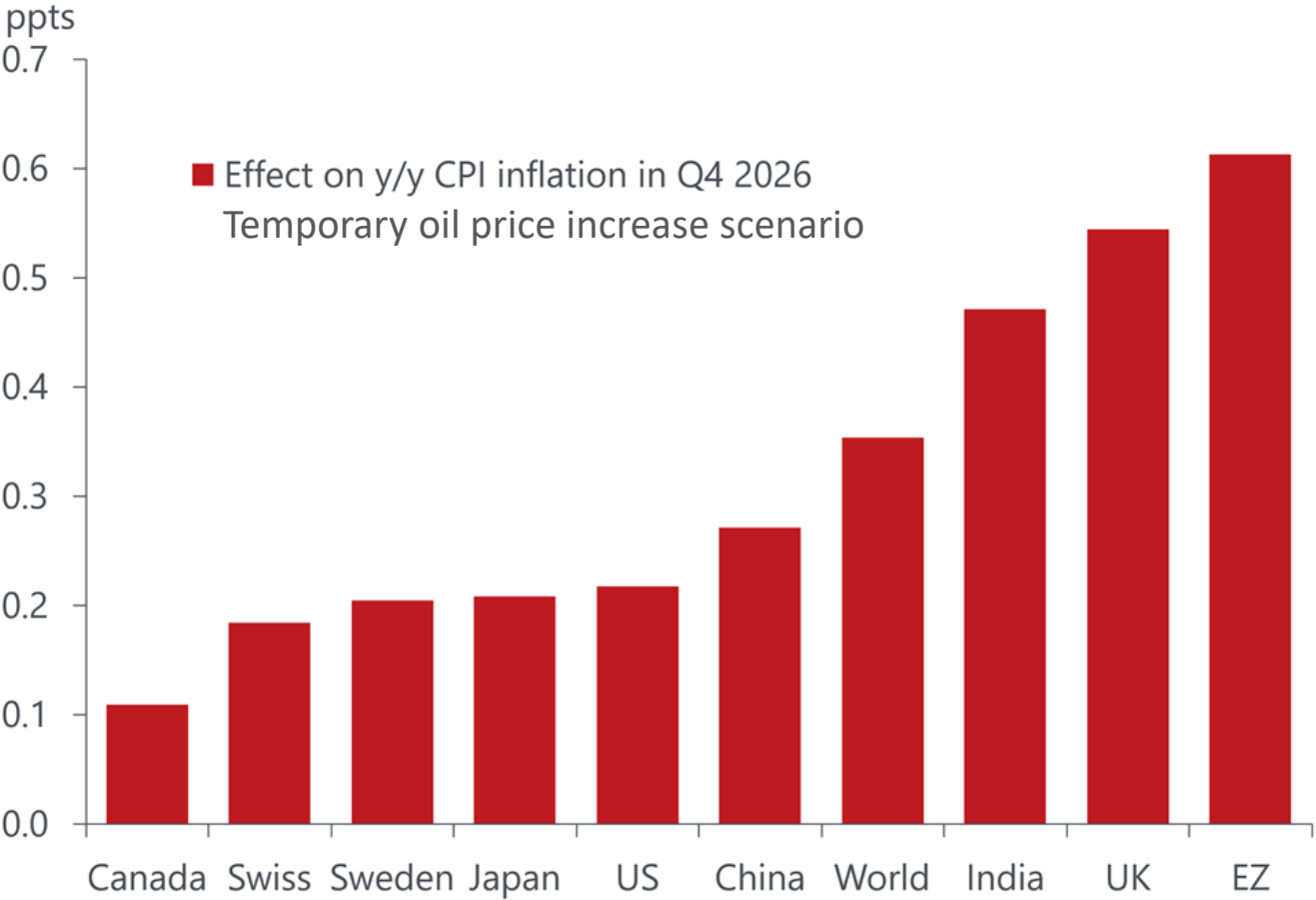
2010=100



Source: Tourism Economics

# Wider inflation impacts will affect earnings and spend

Global: Effects of revised profile for energy prices

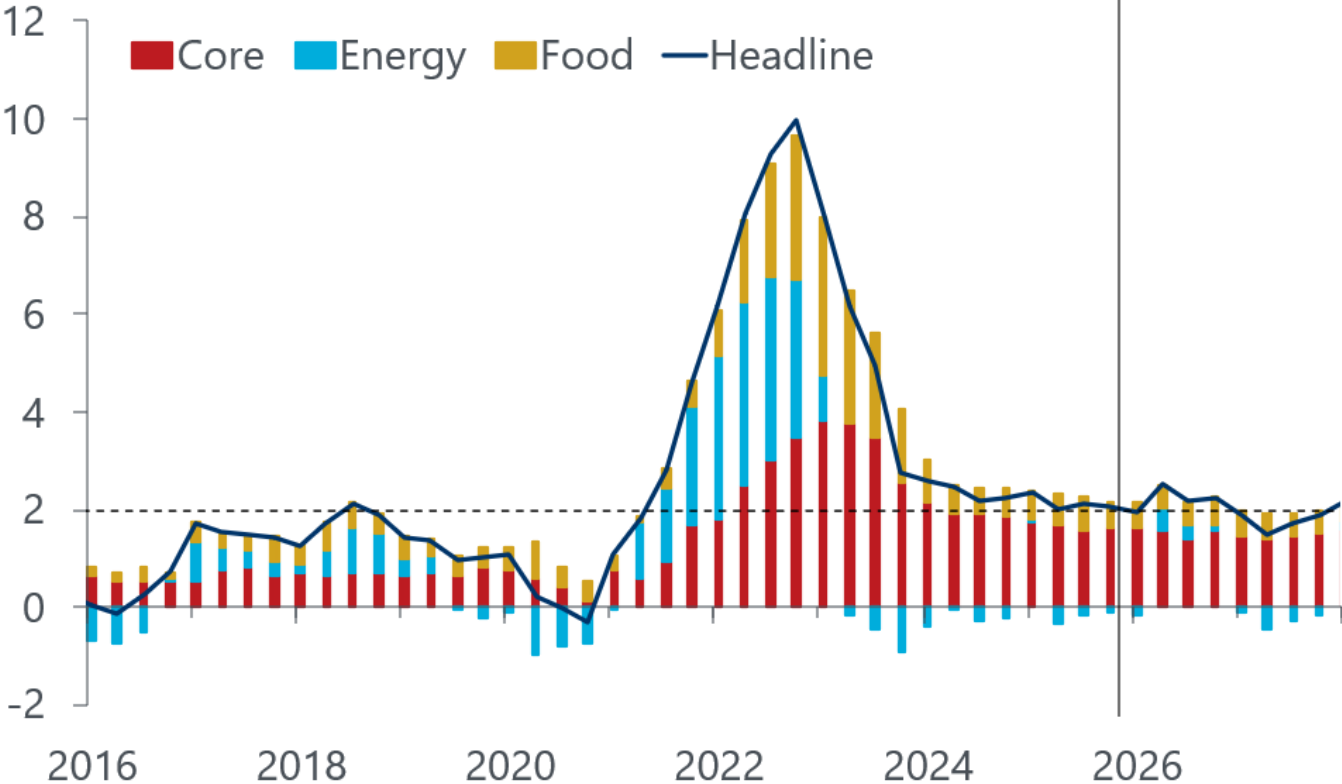


Source: Oxford Economics

# Inflation will fall short of 2022 price effects

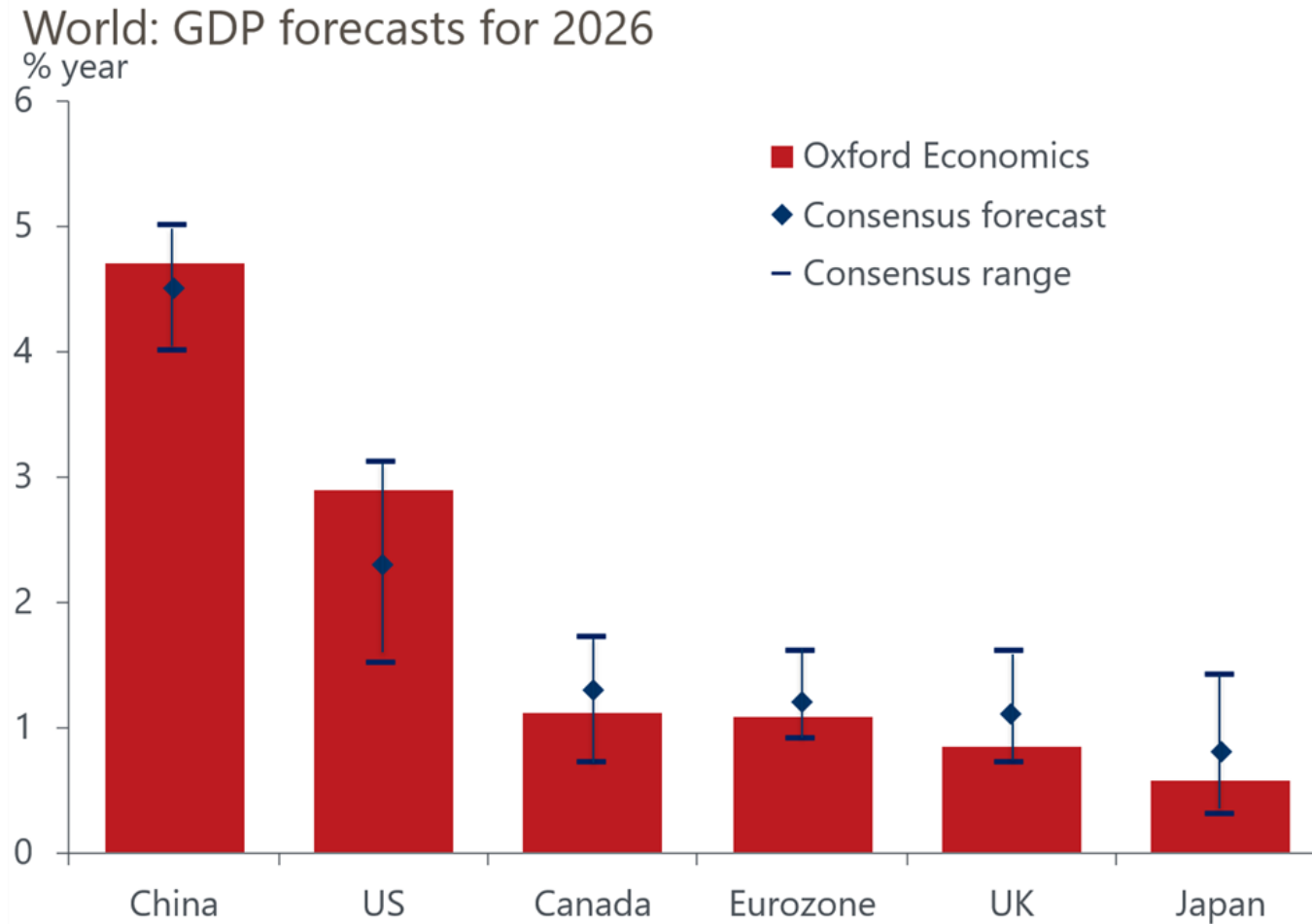
## Eurozone: Inflation

% y/y & ppt contribution



Source: Oxford Economics

# Supports a more pessimistic outlook for many countries



Source: Oxford Economics

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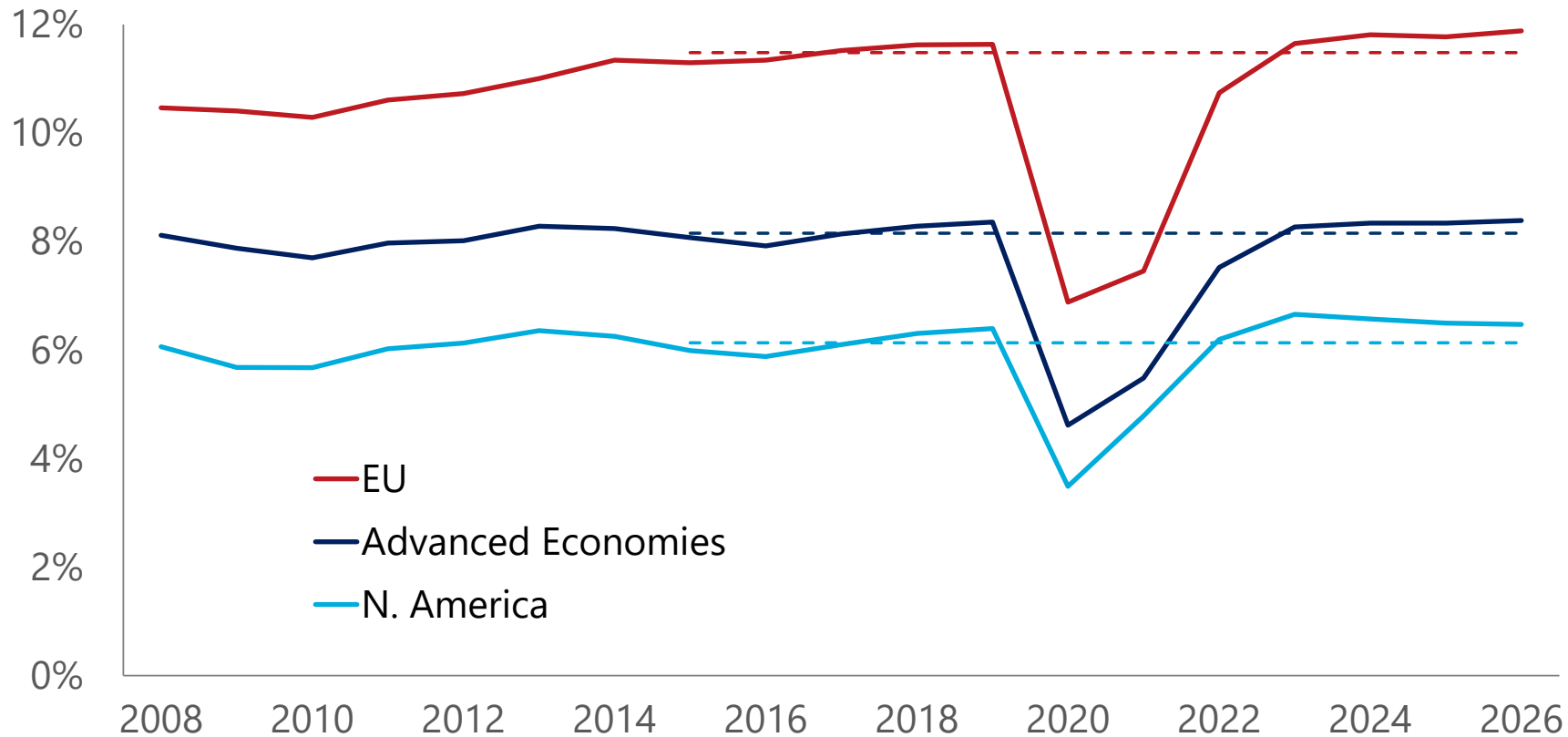
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# Travel is still prioritised within spend

## Leisure travel spend share of consumption

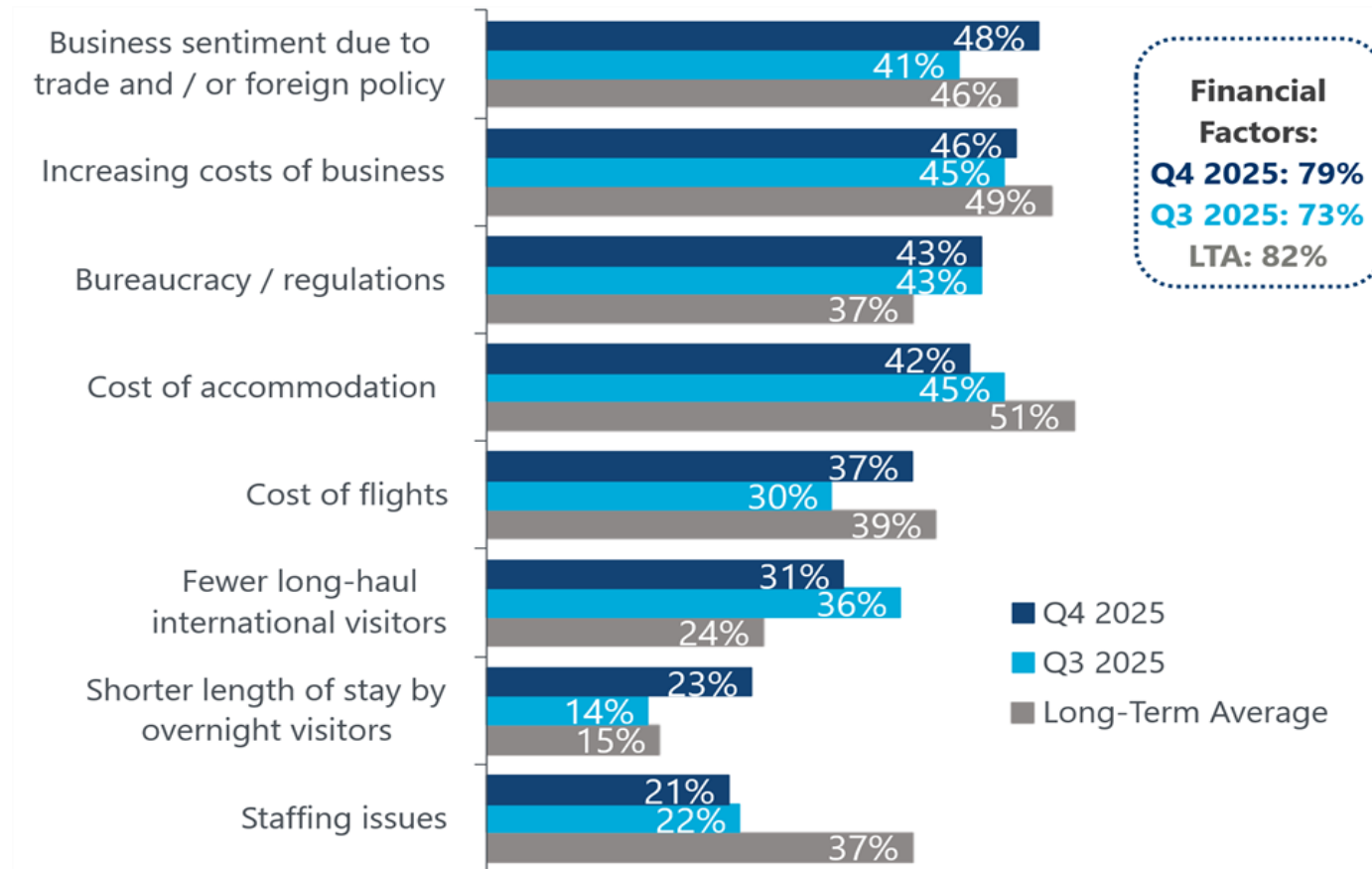
% share (dashed lines are 2014-19 average)



Source: Oxford Economics

# Costs remain a challenge for the sector

## Key Tourism Challenges



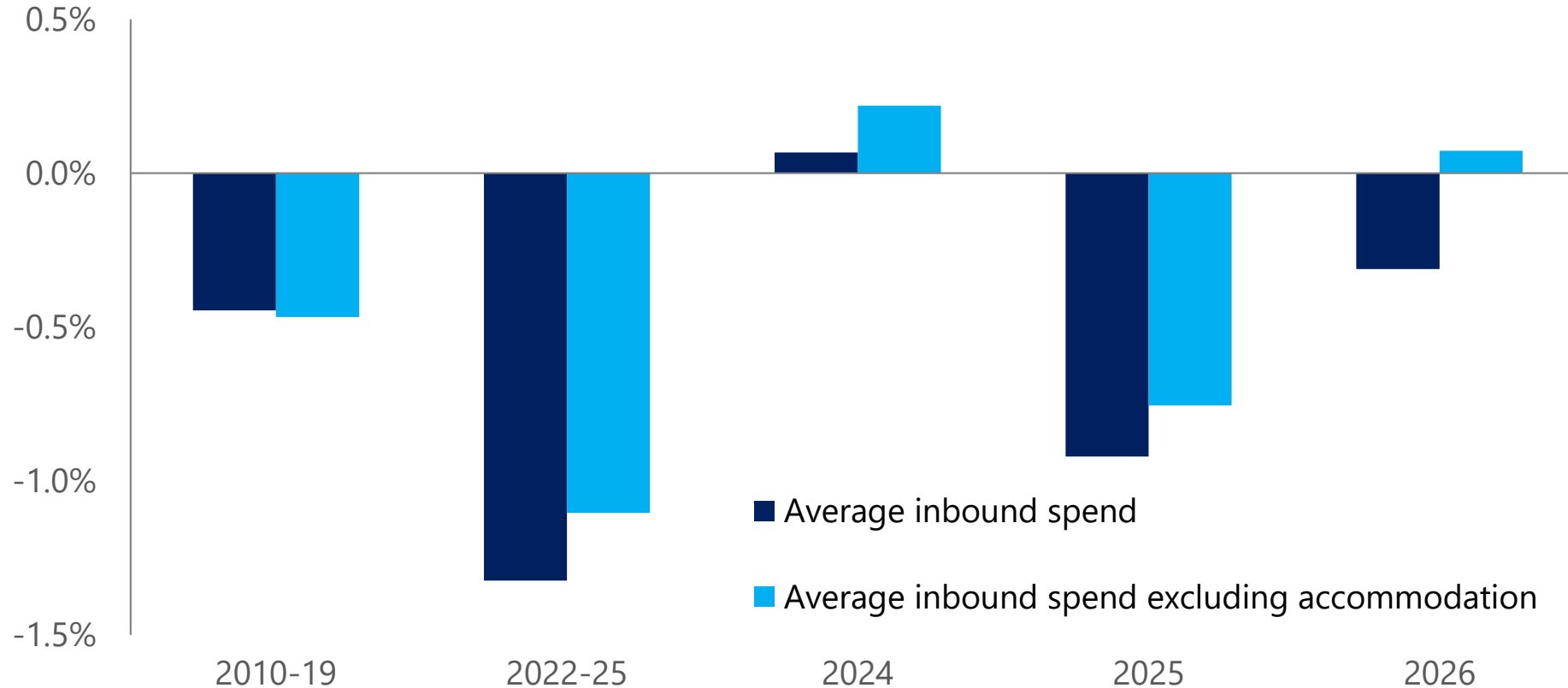
**Financial Factors:**  
**Q4 2025: 79%**  
**Q3 2025: 73%**  
**LTA: 82%**

Q: Which, if any, of the following are currently tourism barriers or challenges?  
 Financial Factors is aggregation of: Cost of accommodation, Increasing costs of business, Cost of flights  
 LTA = Long-Term Average (Q3 2023-Q4 2025)

# Savings are being sought on accommodation

## EU real average spending on international trips

Annual average % change (EUR per night - 2024 price)

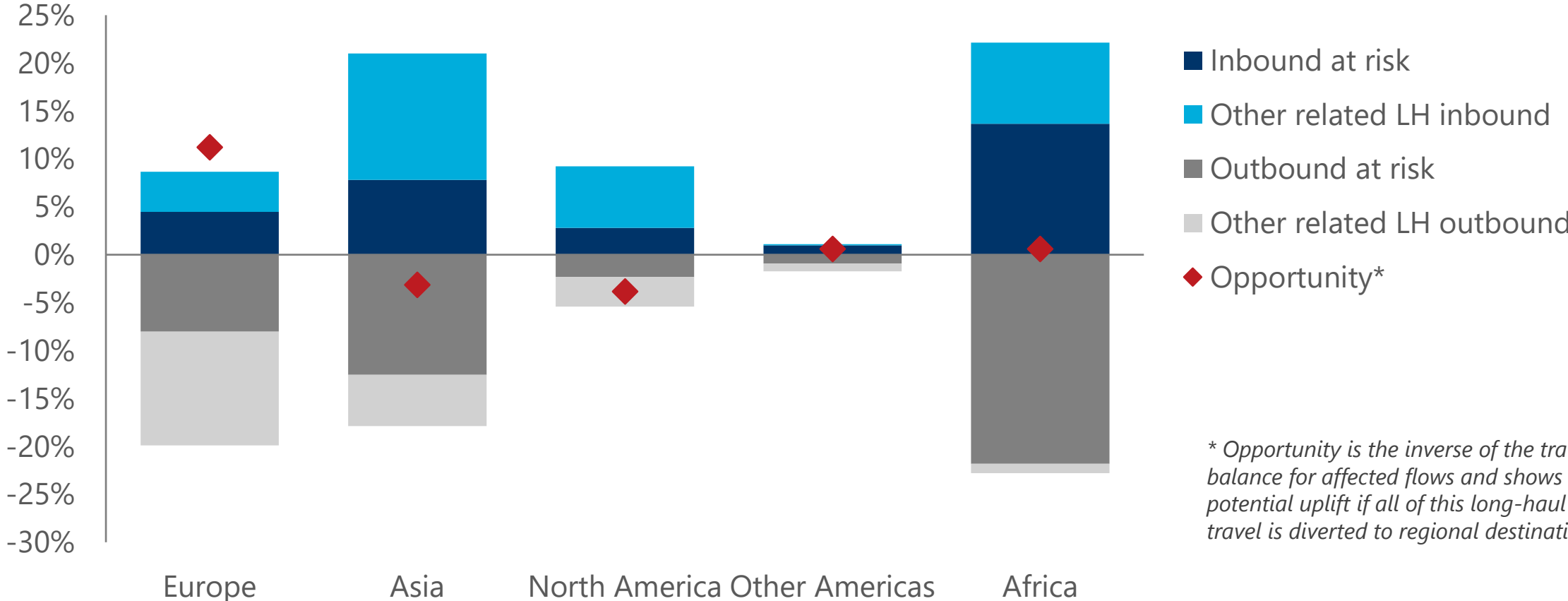


Source: Tourism Economics

# Increased regionalisation of travel would benefit Europe

## Long-haul travel balance by region, 2025

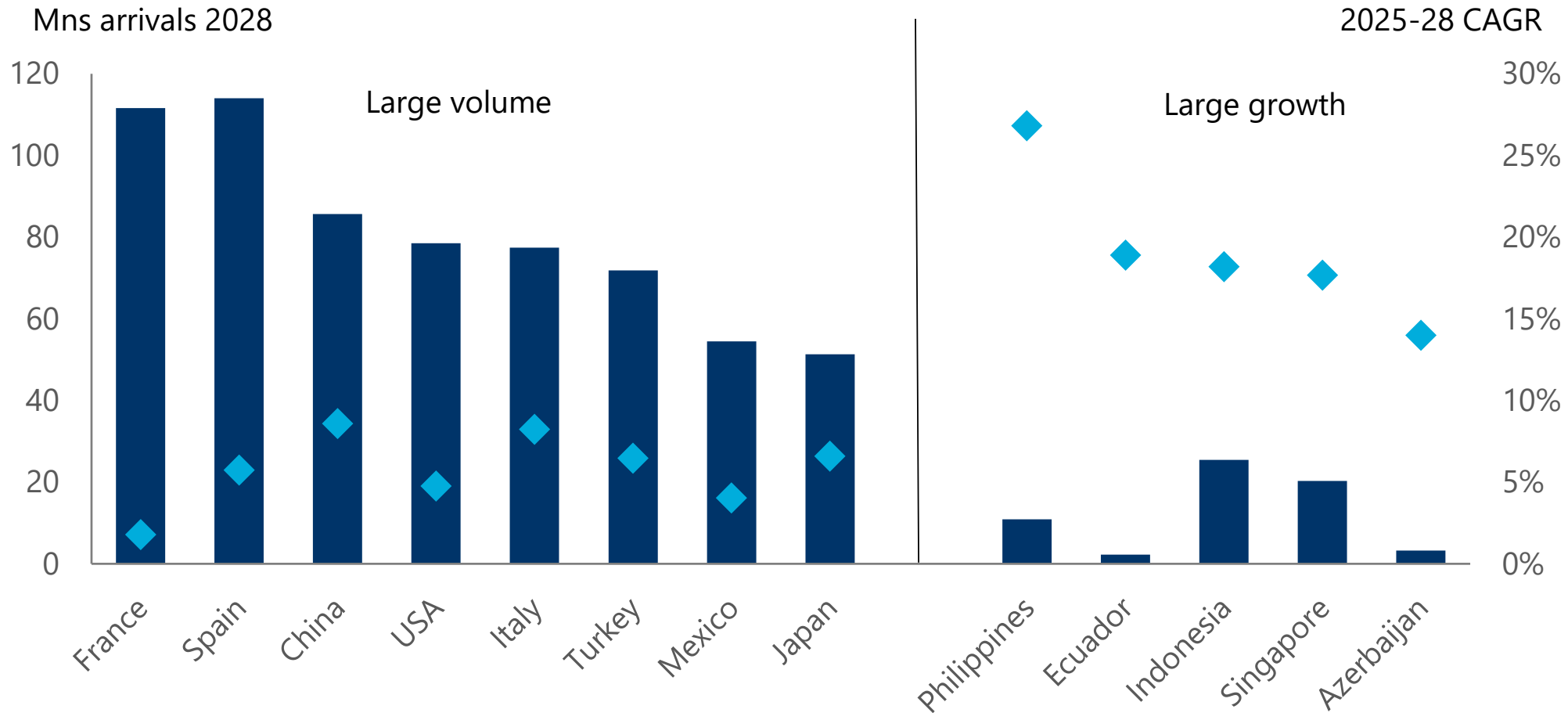
% share of international nights in paid accommodation



\* Opportunity is the inverse of the travel balance for affected flows and shows potential uplift if all of this long-haul travel is diverted to regional destinations

# There remain widespread opportunities for the sector

## Large volume and growth destinations, 2026-28



Source: Tourism Economics

# THANK YOU

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