Report • 2025

The Impact of Foreign Tourism on Tallinn's Economy

Tallinn

Contents

Introduction

Tourism is one of the central engines of growth in the global economy. According to the World Travel & Tourism Council (WTTC), the total contribution of the travel and tourism sector to global gross domestic product in 2024 amounted to approximately USD 10.9 trillion, and the sector supported nearly 357 million jobs worldwide, accounting for around 10% of global employment (World Travel & Tourism Council, 2024). According to the OECD, prior to the pandemic tourism's direct contribution in OECD countries averaged 4.4% of GDP and 6.9% of employment, and more than 20% of services exports. Although the COVID-19 pandemic caused a sharp decline in international tourism in 2020–2021, the recovery was rapid: by 2022, the volume of international travel had rebounded to over 80% of pre-crisis levels, and the OECD estimates that global tourism achieved a full recovery in 2024 (OECD, 2024).

Post-pandemic tourism has not, however, recovered evenly. Many countries are facing labour shortages, rising input costs, geopolitical uncertainty and the impacts of climate change. International analyses emphasise the need for a more resilient tourism system that generates higher value added, focusing on digital transformation, the green transition and workforce development (OECD, 2024; WTTC, 2024).

Cities are particularly sensitive to tourism developments, as tourism pressure, housing availability, the business environment and the use of urban space intersect most directly in the urban context. Tallinn is Estonia's main international tourism destination, concentrating a large share of foreign visitor arrivals as well as tourism-related businesses and jobs. Tourism affects the city's economy through multiple channels: accommodation and food service providers, the transport and logistics sector, the cultural and creative industries, retail trade and a range of business services depend significantly on spending by foreign visitors.

The economic impact of inbound tourism in Tallinn was last addressed in greater depth in 2017. The intervening period has brought about significant changes: the effects of the pandemic; the expansion of accommodation and short-term rental platforms (e.g., Airbnb); shifts in travel motivations; labour shortages among tourism businesses; intensifying international competition; and the impact of green policy on destination development. Tallinn's tourism structure has also been markedly reshaped by Russia's full-scale war against Ukraine, which has led to a sharp decline in the share of visitors from Russia. Whereas in 2017 visitors from Russia accounted for approximately 11% of Tallinn's foreign visitors, since 2022 their numbers have decreased substantially due to visa restrictions, sanctions and reduced willingness to travel. These structural changes create a clear need for an updated analysis assessing the role of inbound tourism in Tallinn's economy as of 2025.

The purpose of this study is to assess the role of inbound tourism in Tallinn's economy, analyse the post-pandemic recovery, and quantify the contribution of

foreign visitors to job creation, tax revenues and business turnover. The analysis covers the period 2018—2025. Visitor number dynamics are examined up to 2025 based on mobile positioning data, while business economic indicators, the foreign visitor expenditure survey and international comparative data are largely available up to 2024. The difference between periods arises from the data publication schedule. In addition, the study assesses the long-term development potential of inbound tourism by modelling possible developments in the number of overnight stays by foreign tourists and the duration of multi-day trips through to 2040.

The analysis draws on multiple data sources. Economic indicators for tourism-related enterprises are compiled based on data from the Estonian Business Register and the Estonian Tax and Customs Board, using the activity classification to define tourism-related enterprises. Estimates of the total number of foreign tourists are based on mobile positioning data, supplemented by data from Statistics Estonia, the Bank of Estonia, Tallinn Airport and the international database TourMIS. Combining different data sources makes it possible to assess the impact of the tourism sector both in terms of visitor volumes and economic indicators.

The study provides answers to the following key questions:

- How much do foreign visitors spend in Tallinn, and how large is the tourism revenue they generate?
- What proportion of all spending by foreign visitors in Estonia is accounted for by spending in Tallinn?
- How many tourism-related enterprises and employees are there in Tallinn?
- How many jobs are created in Tallinn in connection with servicing foreign visitors, and what is the average labour cost per employee?
- How large is the contribution of Tallinn's foreign visitors to Tallinn's business sector through job creation, turnover and sales revenue?
- How would an increase or decrease of 10,000 foreign visitors to Tallinn affect the economy of Tallinn and Estonia (jobs, tax revenue, etc.)?
- What will be the number of overnight stays by foreign tourists in Tallinn's accommodation establishments by 2040, and what will be the duration of multi-day trips in nights by 2040?
- What could be the estimated number of rooms in Tallinn's accommodation establishments by 2035?

In this report, the term *foreign visitor* is used in a broader sense, encompassing both same-day visitors and multi-day visitors. A same-day visitor is a person who stays in Tallinn for up to 18 hours without an overnight stay, while a multi-day visitor stays for at least one night.

The results provide a quantitative basis for shaping Tallinn's tourism strategy and economic policy, making it possible to assess the impact of inbound tourism on employment, tax revenue and business turnover, and to plan targeted steps to strengthen the sector's competitiveness and sustainable development over the coming decade.

General characteristics of tourism in Tallinn based on accommodation statistics

Number of people accommodated and their overnight stays

One of the most important data sources in tourism statistics is considered to be accommodation statistics, which are collected from accommodation establishments with at least five beds and are published by Statistics Estonia. Thanks to the internationally coordinated methodology, comparisons between European (Union) countries are also possible. In addition, the data are sufficiently up-to-date (monthly data are published 36 days after the end of the reference month). The general characterisation of Tallinn as a tourist destination is based on accommodation statistics, and the number of overnight stays (by foreign visitors) is primarily examined.

Accommodation statistics show that Tallinn continues to be the most important tourist destination in Estonia. In 2018, approximately 1.7 million tourists were accommodated in Tallinn, who spent a total of about 3.1 million nights. In Estonia, the corresponding figures were approximately 3.6 million tourists accommodated and 6.6 million overnight stays. Thus, tourists accommodated in Tallinn accounted for approximately 48% of all tourists accommodated in Estonia and approximately 48% of all overnight stays (Figures 1 and 2).

In 2019–2021, there was a sharp decrease in both the number of accommodated tourists and overnight stays in Tallinn as well as in Estonia, with the lowest level reached in 2020. This year, approximately 0.6 million tourists were accommodated in Tallinn and about 1.2 million overnight stays were made, while in Estonia the corresponding figures were approximately 1.97 million tourists accommodated and 3.7 million overnight stays. Tallinn's share of Estonia's indicators decreased to around 30–33% in those years.

From 2022, both the number of tourists accommodated and the number of overnight stays began to recover. In 2022, approximately 1.4 million tourists were accommodated in Tallinn and about 2.7 million overnight stays were made, while in Estonia the corresponding figures were approximately 3.0 million tourists accommodated and 6.0 million overnight stays. In the following years, growth continued at a stable pace. By 2025, the number of tourists accommodated in Tallinn reached approximately 1.8 million and the number of overnight stays reached approximately 3.4 million, while in Estonia, a total of approximately 3.7 million tourists were accommodated and about 6.7 million overnight stays were made.

Throughout the reference period, Tallinn's share of the total number of tourists accommodated and overnight stays in Estonia gradually increased after the decline during the pandemic. While the share of Tallinn decreased significantly during the crisis years, by the end of the period it exceeded the 50% mark again, indicating that accommodation volumes have grown faster in Tallinn than in other regions of Estonia after the recovery.

Figure 1. Number of tourists accommodated in Tallinn and Estonia, and Tallinn's share of the Estonian total, 2018–2025

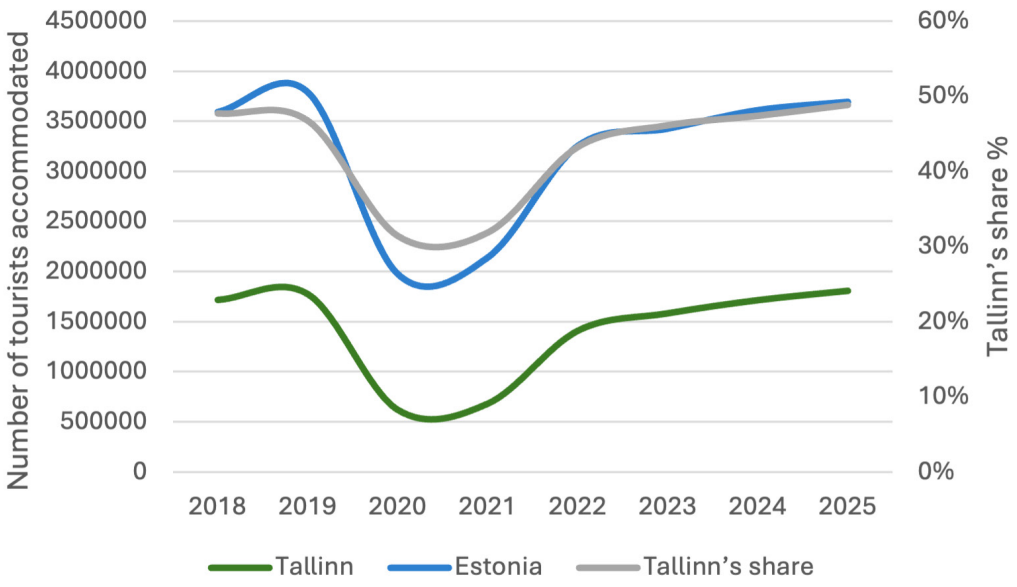
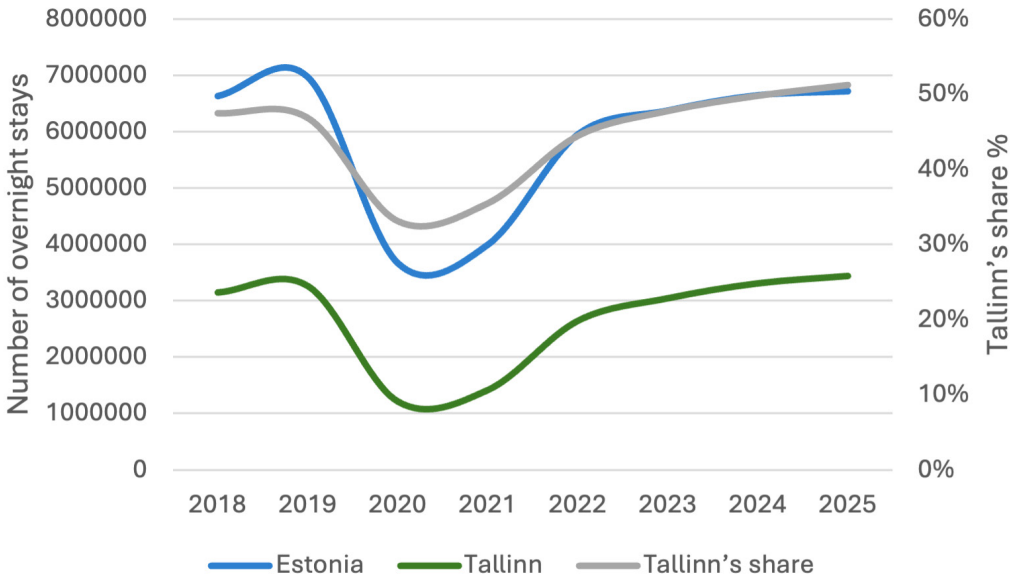


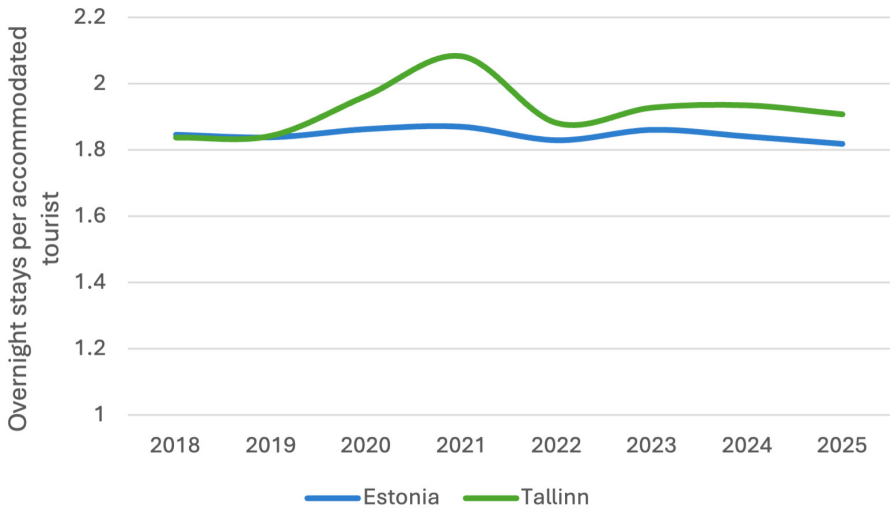
Figure 2. Number of overnight stays by accommodated tourists in Tallinn and Estonia, and Tallinn's share of the Estonian total, 2018–2025



Overnight stays per accommodated tourist have generally been higher in Tallinn than the Estonian average during the period under review (Figure 3). In 2018–2019, the indicator remained relatively stable in both Tallinn and Estonia overall, staying in the range of approximately 1.8–1.9 nights.

In 2020–2021, overnight stays per accommodated tourist increased primarily in Tallinn, reaching the highest level in 2021 at approximately 2.1 nights per accommodated tourist. This may have been related to the fact that international air traffic and maritime transport are mainly concentrated in Tallinn, which is why visitors arriving in the capital stayed in accommodation establishments for longer on average during the period of quarantine and restrictions. From 2022 onwards, the indicator in Tallinn decreased and stabilised at around 1.9 nights, which is also in line with previous studies. In Estonia overall, overnight stays per accommodated tourist remained relatively unchanged throughout the period.

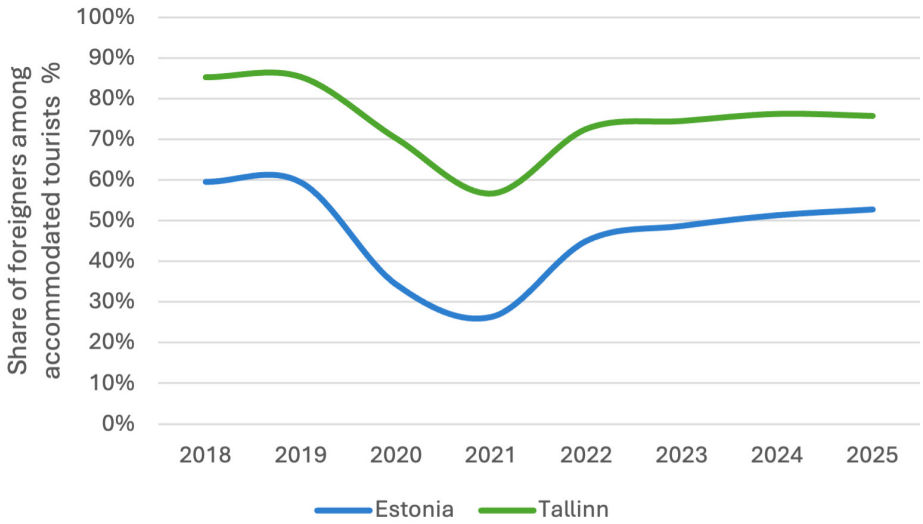
Figure 3. Overnight stays per accommodated tourist in Estonia on average and in Tallinn, 2018–2025



Most accommodated tourists in both Estonia and Tallinn were foreigners during the period under review (Figure 4). In 2018, foreigners accounted for approximately 60% of all accommodated tourists in Estonia and approximately 85% in Tallinn.

In 2020–2021, the share of foreigners decreased significantly in both Estonia and Tallinn, but the decline was on average more extensive in Estonia than in Tallinn. Thus, the amplitude of fluctuations in the share of foreigners was slightly smaller in Tallinn during the COVID-19 period. Since 2022, the share of foreigners among accommodated tourists has increased again, but remains somewhat below the level at the beginning of the period both in Estonia on average and in Tallinn, indicating a relatively faster increase in the number of accommodated Estonian residents.

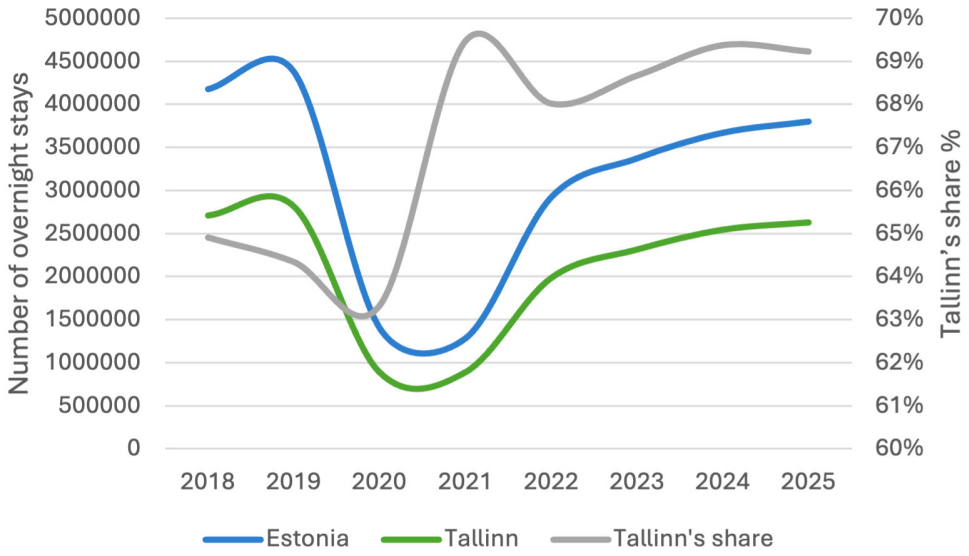
Figure 4. Share of foreigners among accommodated tourists in Estonia on average and in Tallinn, 2018–2025



During the period under review, most overnight stays by accommodated foreigners in Estonia were recorded in Tallinn (Figure 5). In 2018, approximately 4.2 million overnight stays by foreigners were recorded in Estonia, of which approximately 2.7 million, or about 65%, were in Tallinn.

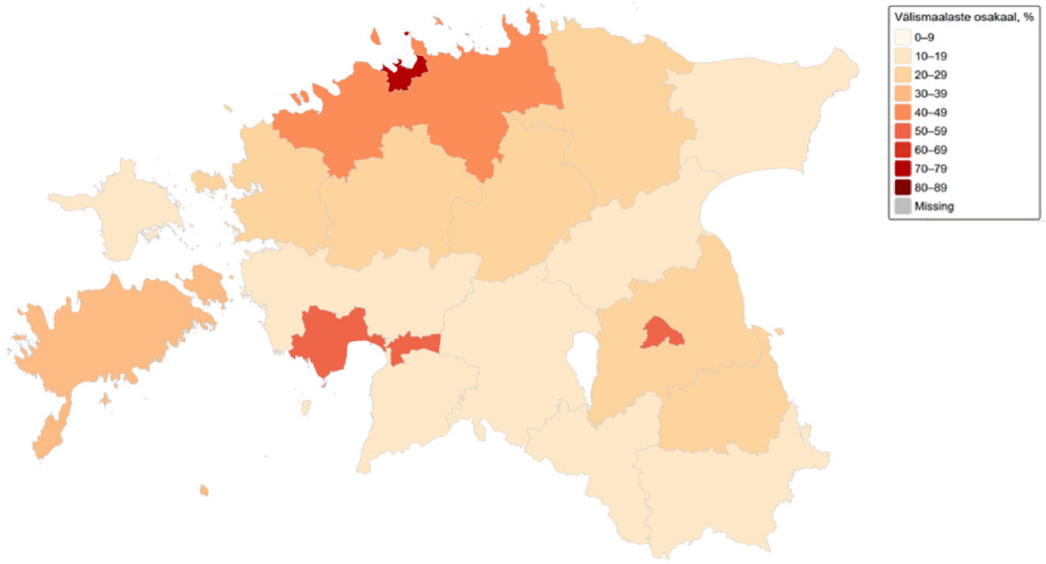
In 2020–2021, the number of overnight stays by foreigners decreased sharply in both Estonia and Tallinn, but Tallinn's share of the Estonian total increased during this period, exceeding 68%. Since 2022, the number of overnight stays by foreigners has increased again, and Tallinn's share of overnight stays by foreigners in Estonia has been around 69% since 2023.

Figure 5. Number of overnight stays by accommodated foreigners in Tallinn and Estonia, and Tallinn's share of the Estonian total, 2018–2025



Tallinn's contribution to Estonia's total number of accommodated foreign visitors continues to be very large and has a significant impact on the national average. Based on the 2025 data, the share of foreign visitors among accommodated tourists is highest in Tallinn. In other regions of Estonia, the share of foreign visitors is significantly lower. In addition to Tallinn, the municipalities in the vicinity of Tallinn as well as the cities of Pärnu and Tartu stand out for their relatively higher shares, meaning that foreign visitors account for a larger proportion of accommodated tourists there than in most other parts of Estonia. In most other municipalities, the share of foreign visitors is below 50%, and in many regions even below 30%, indicating a greater role of domestic tourism outside the main tourism centres.

Map 1. Share of foreigners' overnight stays of all overnight stays by accommodated tourists in accommodation establishments across Estonian counties (%), 2025



The accommodation sector is characterised by high seasonality. For both total overnight stays and overnight stays by foreigners, the peak season is the summer months, especially July, when the indicator is significantly above the annual average. The lowest level generally occurs at the beginning of the year and in late autumn (Figures 6 and 7).

Comparing 2018 and 2025, it can be observed that seasonality has somewhat decreased: in 2025, the share of summer months relative to the annual average is smaller, while the share of winter months is somewhat higher than in 2018.

The seasonality of overnight stays by foreigners is somewhat stronger in Estonia as a whole than for overnight stays overall, while in Tallinn the differences between the two indicators are smaller and the seasonal pattern is more similar.

Figure 6. Seasonality, i.e. the share of monthly overnight stays (%) relative to the annual average monthly level, in Estonia overall and in Tallinn, 2018 and 2025

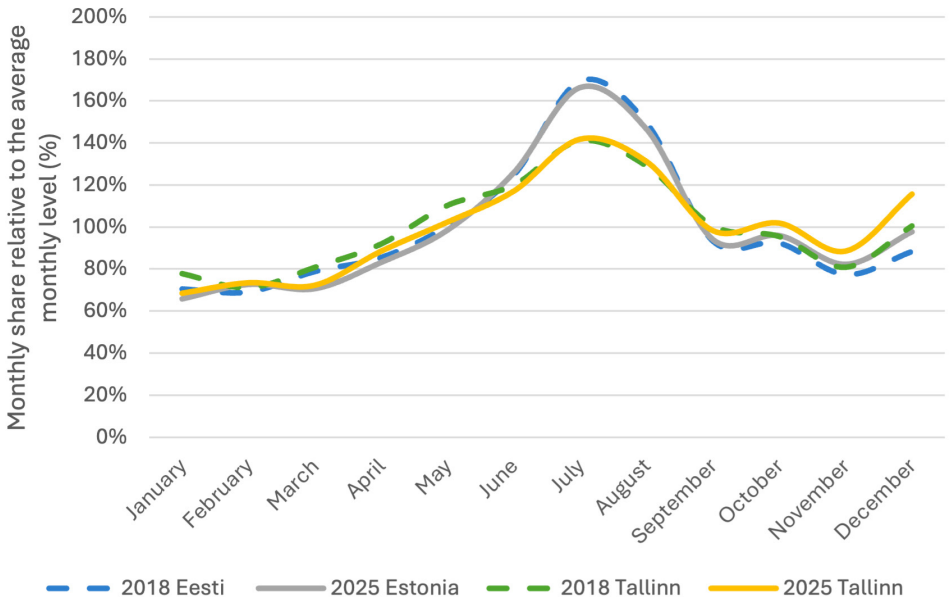
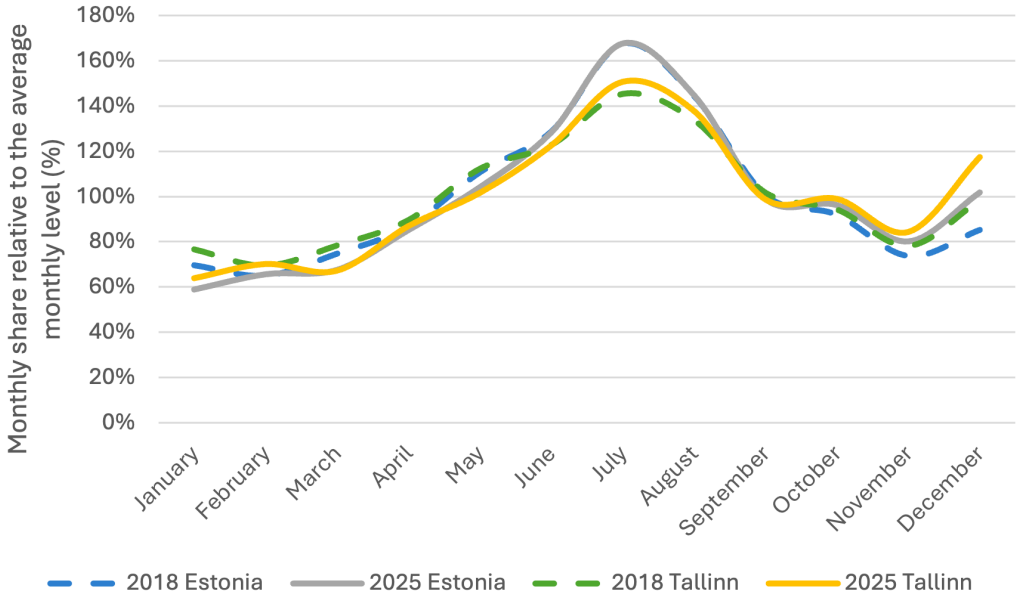


Figure 7. Seasonality, i.e. the share of monthly overnight stays by foreigners (%) relative to the annual average monthly level, in Estonia overall and in Tallinn, 2018 and 2025



In both Estonia and Tallinn, the main country of origin of accommodated foreign tourists is Finland: in 2025, their share was 33% in Estonia (Figure 8) and 32% in Tallinn (Figure 9). Considering Tallinn's large role in accommodating foreign visitors, the capital's figure does not differ significantly from the national average.

Among the main countries of origin, Finland is followed by Latvia (11%) and Germany (7%) in Estonia, while in Tallinn the largest shares after Finland are Germany (7%), Latvia (6%) and the United Kingdom (6%). Compared to the Estonian average, Tallinn has a somewhat higher share of more distant countries, such as the United Kingdom and the United States.

Compared to previous studies, tourists from Russia are no longer among the main countries of origin in 2025, which is related to movement restrictions introduced in recent years and changes in travel possibilities. This has affected the structure of foreign visitors' countries of origin, as well as spending levels compared to previous years.

Figure 8. Breakdown of the countries of origin of overnight foreign visitors in Estonia (%), 2025

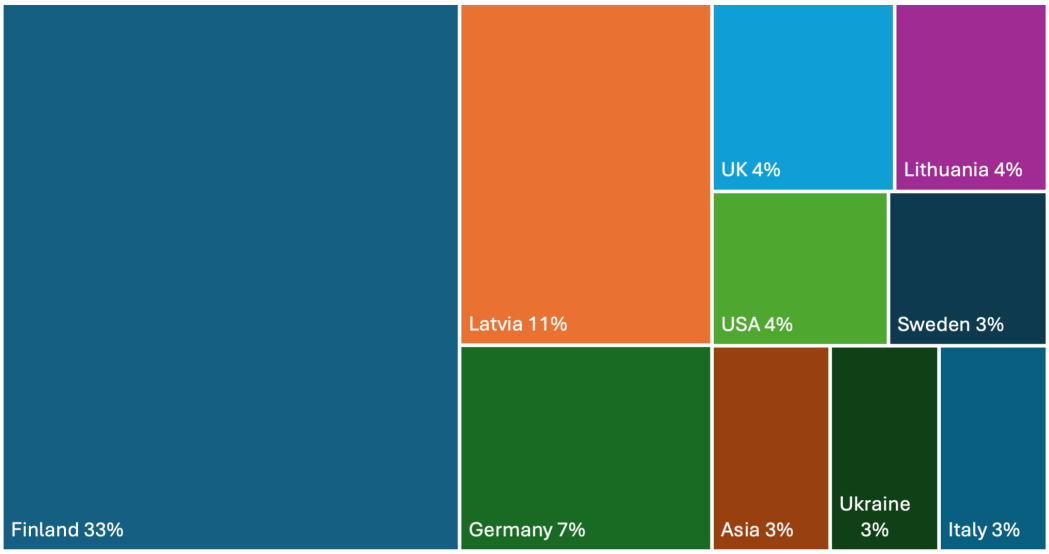
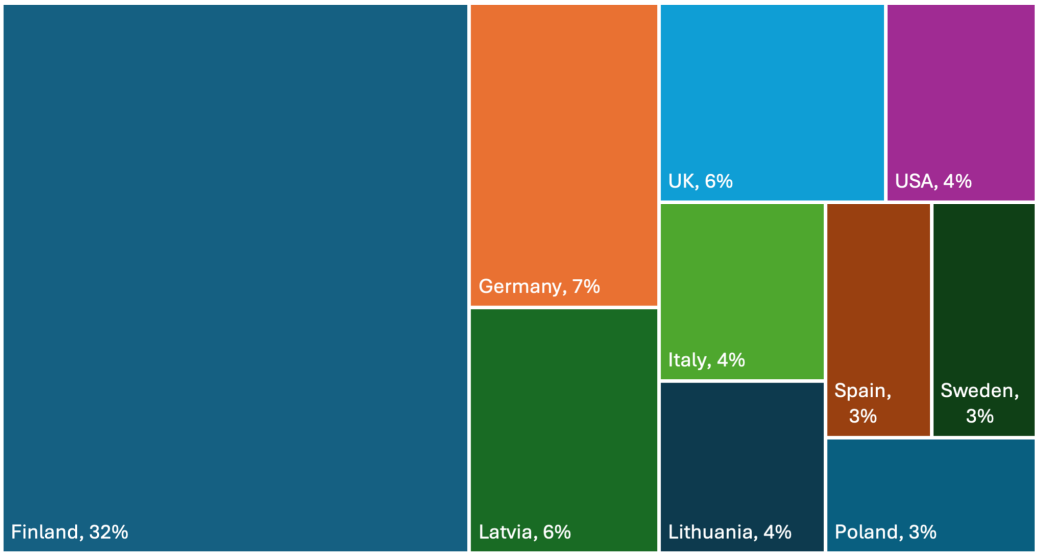


Figure 9. Breakdown of the countries of origin of overnight foreign visitors in Tallinn (%), 2025



Although Finland continues to be the most important country of origin, the share of other countries has increased in recent years (Figures 10 and 11). In 2020–2021, there was a sharp decline across all main countries of origin, followed by a recovery from 2022 onwards.

The number of visitors from Finland recovered to the 2019 level already in 2023 and remained at the same level in 2024, but in 2025 it was somewhat below the base-year level (index 96).

For several other countries, growth has been much faster. In 2025, the number of visitors from Poland exceeded the 2019 level by 63% (index 163) and the number of visitors from Italy by 53% (index 153). The number of visitors from Latvia (+40%) and the United States (+11%) also increased significantly compared to 2019.

The structure of countries of origin has thus become more diversified, and the role of several markets that previously accounted for a smaller share has increased significantly. The Polish and Italian markets have grown the fastest and have become increasingly important for Tallinn in recent years.

Figure 10. Number of overnight foreign visitors in Tallinn from the main countries of origin, 2019–2025

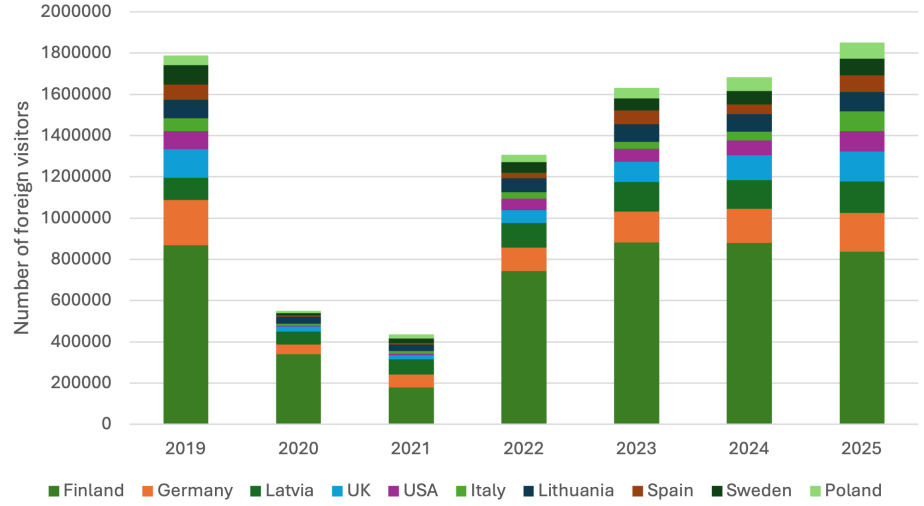
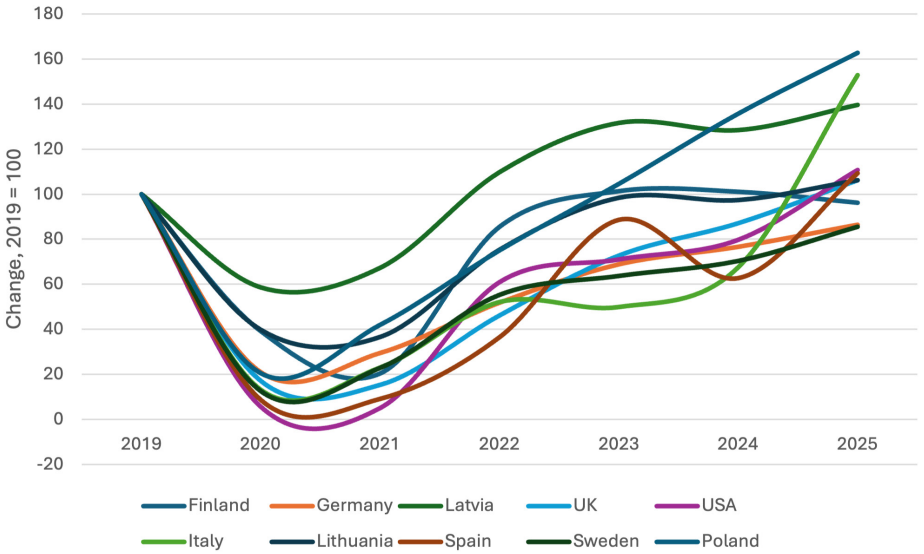


Figure 11. Change in the number of overnight foreign visitors in Tallinn from the main countries of origin (2019 = 100), 2019–2025



Accommodation establishments

The capacity indicators of accommodation establishments fluctuated in the period 2018–2021 both in Estonia as a whole and in Tallinn (Figures 12 and 13). However, the data for 2025 indicate a temporary decrease in Estonia's total capacity and a sharp increase in Tallinn's share.

The number of rooms in Estonia was 24,983 in 2018, increased to 25,168 in 2019, decreased to 24,489 by 2021, and rose to 25,729 by 2024, exceeding the previous level. In 2025, the number of rooms in Estonia dropped to 22,100. In Tallinn, the number of rooms was 8,247 in 2018, increased to 8,795 in 2019, decreased to 7,719 in 2021, and then increased to 9,801 by 2025, which is the highest figure in the entire period under review. Tallinn's share of the total number of rooms in Estonia fluctuated between 32% and 36% in 2018–2024, but increased to 44% in 2025.

A similar development occurred in the number of beds. In 2018, there were 61,193 beds in Estonia, decreasing to 59,486 by 2021. There was a recovery in 2022–2024, and in 2024 the number of beds reached 63,093, which was above the pre-crisis level. In 2025, the number of beds in Estonia decreased to 50,598. In Tallinn, the number of beds was 17,645 in 2018, decreased to 16,338 in 2021, and increased to 20,694 by 2025, which is the highest level of the period. Tallinn's share of the total number of beds in Estonia remained between 27% and 32% in 2018–2024, but increased to 41% in 2025.

Thus, in the period 2022–2024, there was a recovery in both the number of rooms and beds, with growth being faster in Tallinn than in Estonia as a whole. However, the data for 2025 indicate a decrease in overall accommodation capacity at the national level, while Tallinn's share of the total has increased significantly.

Figure 12. Number of rooms in accommodation establishments in Estonia and Tallinn, and Tallinn's share of the total (%), 2018–2025

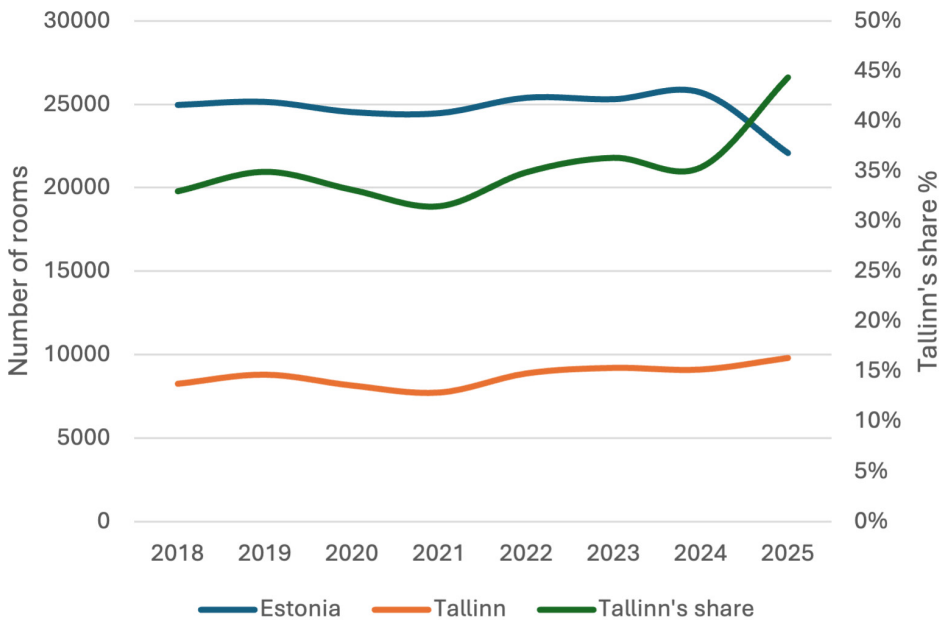
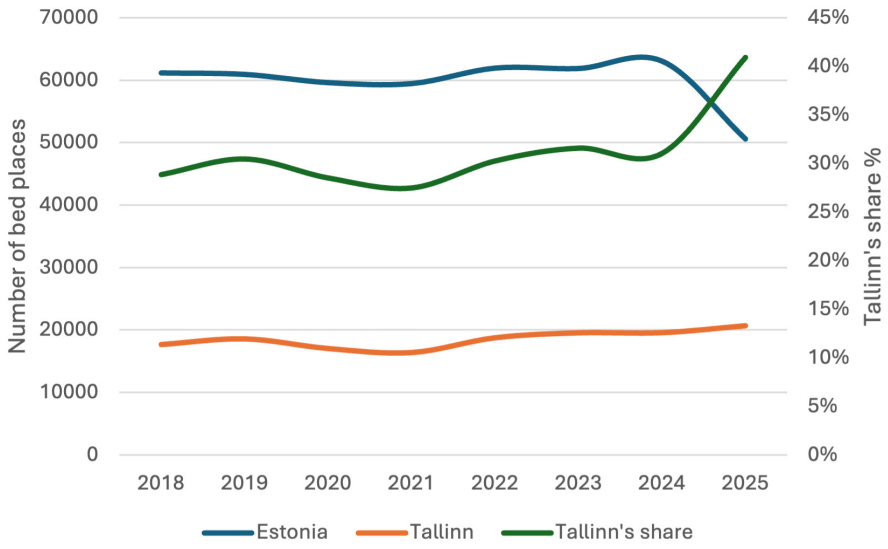


Figure 13. Number of bed places in accommodation establishments in Estonia overall and in Tallinn, and Tallinn's share of the total (%), 2018–2025



Which types of accommodation establishments do foreign tourists prefer to stay in?

The analysis is based on data from the foreign visitors survey and covers three types of accommodation:

- Accommodation establishment (hotel, guest house, hostel, tourism farm, campsite, camping on paid territory, etc.)
- Rented apartment, house or room (e.g. via Airbnb, Booking, etc.)
- Other accommodation (e.g. staying with relatives or acquaintances, free camping, personal or employer-owned property)

The shares were calculated based on respondents whose main destination was Tallinn and who indicated exactly one type of accommodation in Tallinn. For comparison, the Estonian average and Tallinn figures are presented.

The analysis revealed that in Tallinn, foreign visitors prefer to stay in accommodation establishments (72%), rented apartments or houses (18%), while the share of other accommodation is only 10%.

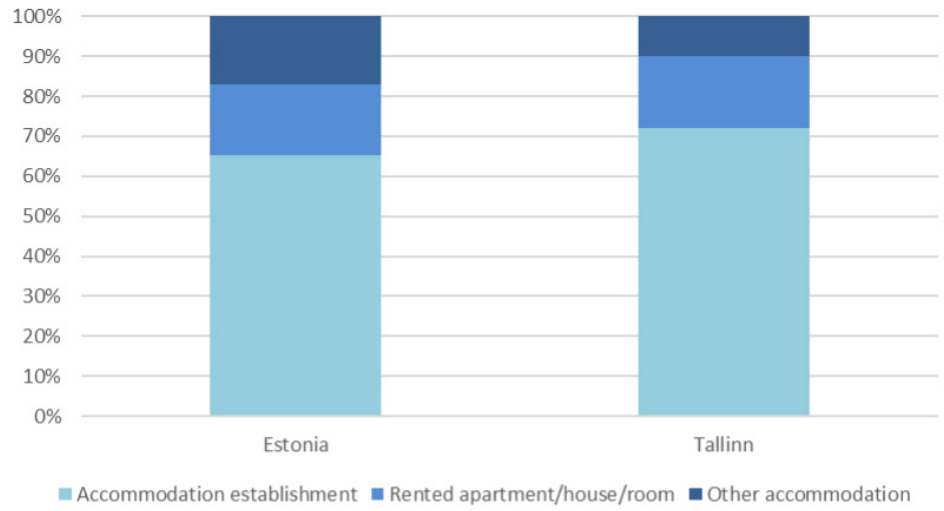
In Estonia overall, the distribution is more balanced: accommodation establishments 65%, rented apartments 18% and other accommodation 17%. The chart (Figure 14) illustrates that classic urban accommodation dominates in Tallinn, while elsewhere in Estonia the share of "other accommodation" is significantly higher.

Primary indicator of preference:

$$Share_{t,r,L} = \frac{foreign\ overnight\ stays\ (monthly\ )\ in\ accommodation\ type\ L,\ region\ r}{\sum_L foreign\ overnight\ stays\ (t,r,L)} * 100$$

where ttt = period, rrr = region (Tallinn / Estonia), LLL = accommodation type (hotel, guest apartment, hostel, etc.).

Figure 14. Share of accommodation types (%), Tallinn vs Estonia



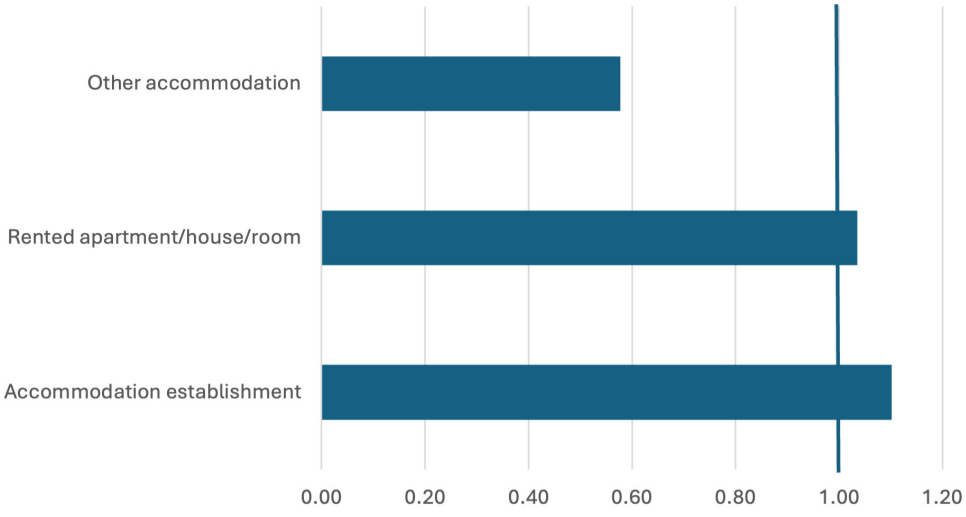
In addition, differences in preferences in Tallinn and Estonia were examined using a preference index.

The preference index indicates how much higher or lower the share of a given accommodation type is in Tallinn compared to the Estonian average:

$$Index_L = \frac{Tallinn's\ share\ in\ type\ L}{Estonia\ share\ in\ type\ L}$$

Index>1 ⇒ type L is relatively more preferred in Tallinn than the Estonian average;
Index<1 ⇒ type L is relatively more preferred in Estonia overall than in Tallinn.

Figure 15. Preference index (Tallinn / Estonia)



Hotels, etc. and rented apartments are relatively more preferred in Tallinn than the Estonian average, while the role of other accommodation is significantly smaller in Tallinn. This is in line with other parts of the report, which show the urban nature of tourism in Tallinn and the higher concentration of accommodation establishments and lower seasonality compared to Estonia.

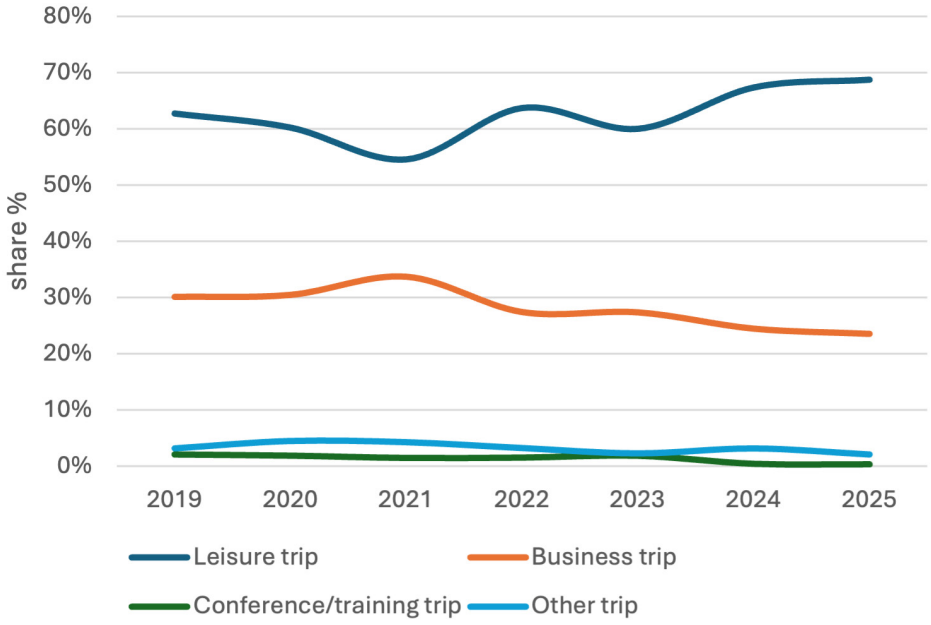
Purpose of travel among accommodated tourists

Most tourists accommodated in Tallinn travel for leisure. In 2019, leisure travellers accounted for 63% of all tourists accommodated in the city, business travellers for 30%, and conference or training participants for 2% (Figure 16).

In 2020–2021, the share of leisure travellers decreased and the share of business travellers increased, reaching 34% in 2021. Since 2022, the share of leisure travellers has increased again, and in 2025 they accounted for 69% of all tourists accommodated in Tallinn. At the same time, the share of business travellers decreased to 24%.

The share of conference and training trips has remained very small throughout the period, at up to 2%, and has not shown an upward trend. Data on the purpose of trip include both foreign and domestic tourists.

Figure 16. Distribution of tourists accommodated in Tallinn by purpose of trip, 2018–2025

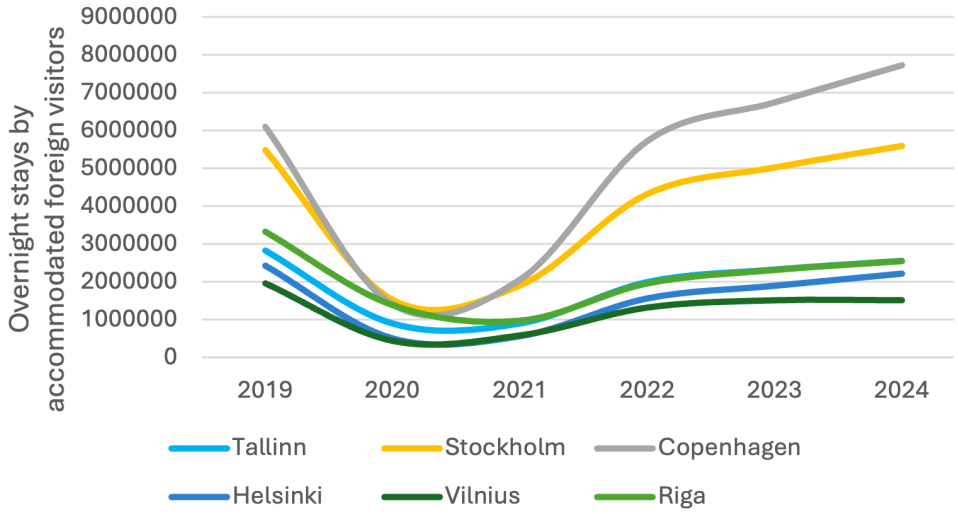


Comparison with neighbouring capitals

The development of tourism in Tallinn was assessed in comparison with the capitals of the Baltic Sea region—Stockholm, Copenhagen, Helsinki, Vilnius and Riga. The comparison makes it possible to place Tallinn's tourism volume, recovery dynamics and relative tourism load in a broader regional context.

Based on the absolute number of overnight stays by foreign visitors, Tallinn was a medium-sized destination in the region before the COVID-19 crisis. In 2019, there were 2,8 million overnight stays by foreign visitors in Tallinn, while the corresponding figure was 5.48 million in Stockholm and 6.10 million in Copenhagen. Helsinki (2.41 million), Vilnius (1.95 million) and Riga (3.32 million) were of a comparable order of magnitude to Tallinn.

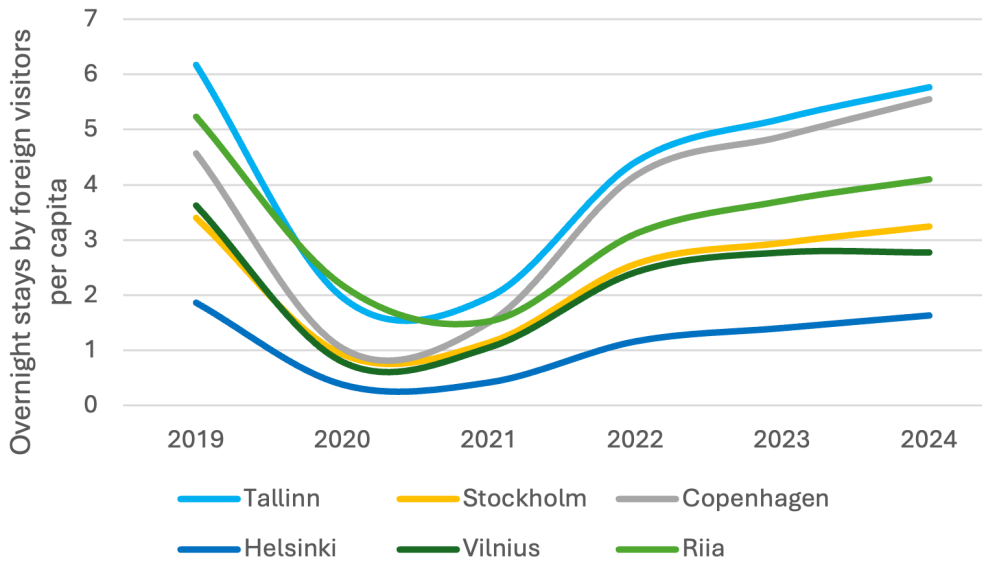
Figure 17. Overnight stays by foreign visitors in the capitals of Baltic Sea countries, 2019–2024



The impact of the COVID-19 crisis was sharp and widespread in all capitals. In Tallinn, the number of overnight stays decreased to 889,060 in 2020, representing an approximately 68% decline compared to 2019. A similar decrease occurred in other cities. Recovery began in 2022, and by 2024 the number of overnight stays in Tallinn had reached 2,54 million, corresponding to an approximate 90% recovery of the pre-crisis level. At the same time, Copenhagen and Stockholm had already exceeded their pre-crisis levels by 2024, while Helsinki, Vilnius and Riga had not yet fully reached their 2019 volumes.

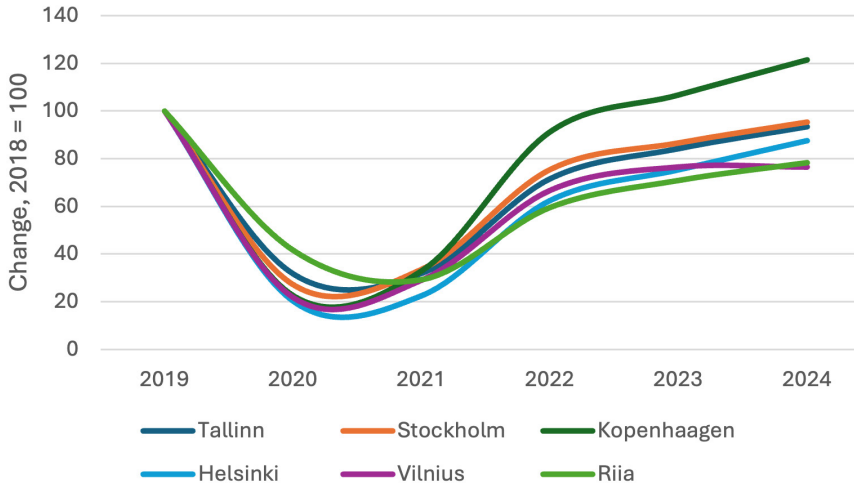
A key comparison metric is the relative intensity of tourism, i.e. the number of overnight stays per capita. In 2019, Tallinn recorded 6.17 overnight stays by foreign visitors per capita—the highest figure among all capitals compared. In 2024, the corresponding figure reached 5.77, which remains one of the highest in the region. By comparison, in 2024 Copenhagen recorded 5.56 overnight stays per capita, Riga 4.10, Stockholm 3.25, Vilnius 2.77 and Helsinki 1.64.

Figure 18. Overnight stays by foreign visitors per capita in the capitals of Baltic Sea countries and the EU average, 2019–2024



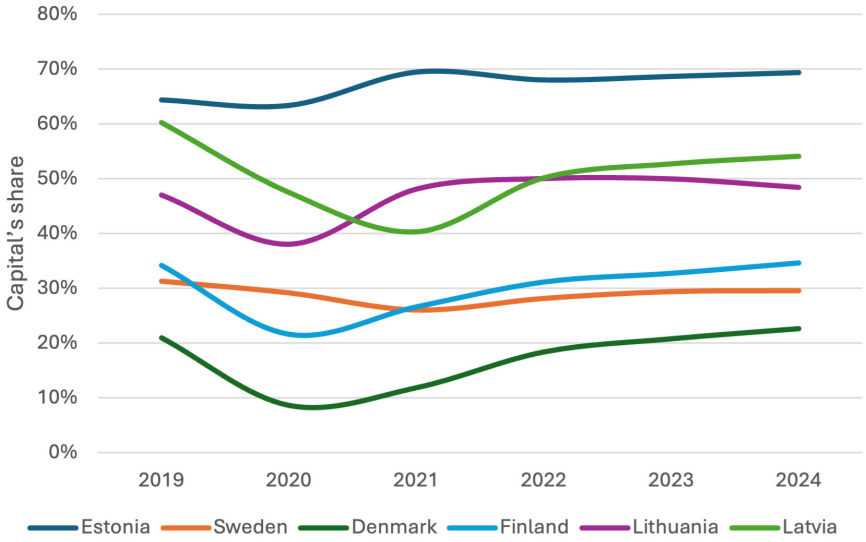
The recovery dynamics in relative terms (2019 = 100) are shown in Figure 19. In 2020, the index in Tallinn fell to 32, reflecting the profound impact of the crisis. By 2024, the index in Tallinn was 93, meaning that approximately 93% of the pre-crisis level had been restored. In Copenhagen, the same figure reached 121, indicating that the pre-crisis level was clearly exceeded. Stockholm (95) has almost fully recovered, while Helsinki (88), Riga (78) and Vilnius (77) remain below pre-crisis levels.

Figure 19. Change in the number of overnight stays by foreign visitors per capita in the capitals of Baltic Sea countries (2019 = 100), 2019–2024



The role of the capital in the country's tourism is illustrated in Figure 20. In Estonia, 64% of all overnight stays by foreign visitors were recorded in Tallinn in 2019. The share increased during the crisis years and reached 69% in 2021 and 2024. By comparison, in 2024 the capital's share was 54% in Latvia, 48% in Lithuania, 35% in Finland, 30% in Sweden and 23% in Denmark.

Figure 20. Capital's share of overnight stays by foreign visitors in accommodation establishments nationwide in Baltic Sea countries, 2018–2024



This analysis shows that Estonia's foreign tourism is significantly more concentrated in the capital compared to other Baltic Sea countries. Therefore, fluctuations in Tallinn's tourism sector affect the tourism results of the whole country proportionally more strongly than in countries where tourism is more regionally dispersed.

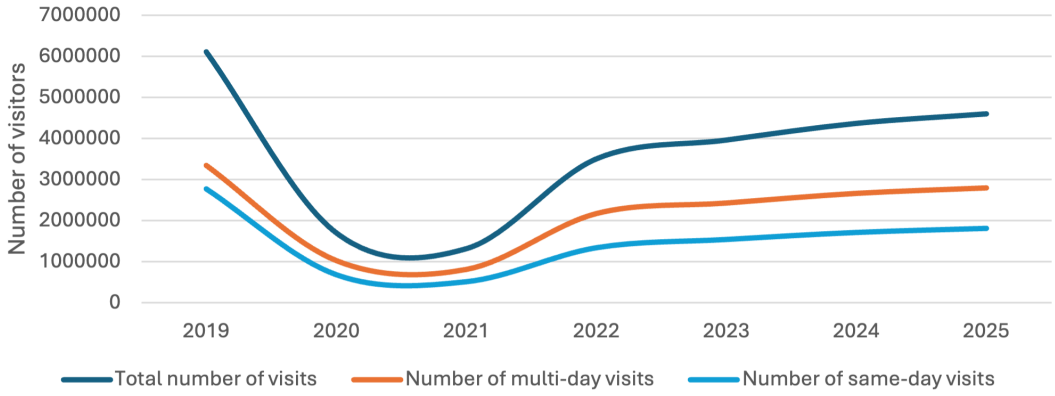
The number and structure of foreign visitors to Tallinn according to mobile positioning data

Tourism statistics are mainly based on data on tourists accommodated in accommodation establishments, but these do not include all people who have visited the area, such as same-day visitors. To estimate the total volume of visits, mobile positioning data are also used, making it possible to distinguish between same-day and multi-day visits.

According to mobile positioning data, more than 6 million foreign visitors visited Estonia in 2019, of whom 3.3 million were multi-day visitors and 2.8 million same-day visitors (Figure 21). In 2020–2021, the number of visits decreased sharply, but since 2022 there has been a gradual recovery.

By 2025, the total number of visits had reached around 4.6 million. The recovery has been faster for multi-day visits, suggesting a relative strengthening of longer-stay visits, although the 2019 level has not yet been reached.

Figure 21. Number of same-day and multi-day visitors to Estonia based on mobile positioning data, 2019–2025

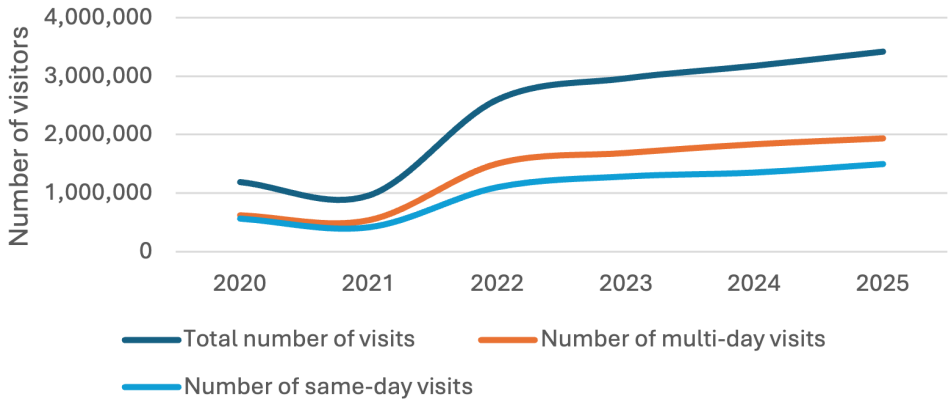


In 2020, Tallinn was visited by 1.18 million foreign visitors, of whom 0.56 million were same-day visitors and 0.62 million multi-day visitors (Figure 22). In 2021, the total number of visits decreased to 0.95 million, and the number of both same-day and multi-day visits declined.

Since 2022, the number of visits has gradually increased. The total number of visits reached 2.60 million in 2022, 2.96 million in 2023 and 3.42 million by 2025. Recovery has been faster for multi-day visits: in 2025, there were 1.93 million multi-day visitors, compared to 1.49 million same-day visitors.

In Tallinn, the number of multi-day visits has been higher than the number of same-day visits throughout the period. Following the recovery, multi-day visits have grown somewhat faster, and their share of total visits has gradually increased.

Figure 22. Number of same-day and multi-day visitors to Tallinn based on mobile positioning data, 2020–2025



Based on mobile positioning data, the country-of-origin composition of foreign visitors is generally similar in Tallinn and Estonia, but in the capital the share of some countries is higher than the national average (Table 1, Figure 23). In 2020, visitors from Finland accounted for 39% of all foreign visitors in Estonia and 41% in Tallinn, confirming Finland's continued position as the main source market. In Estonia as a whole, Finland was followed by Latvia (16%) and Germany (7%), while in Tallinn the next most important countries were Latvia (9%) and Germany (8%).

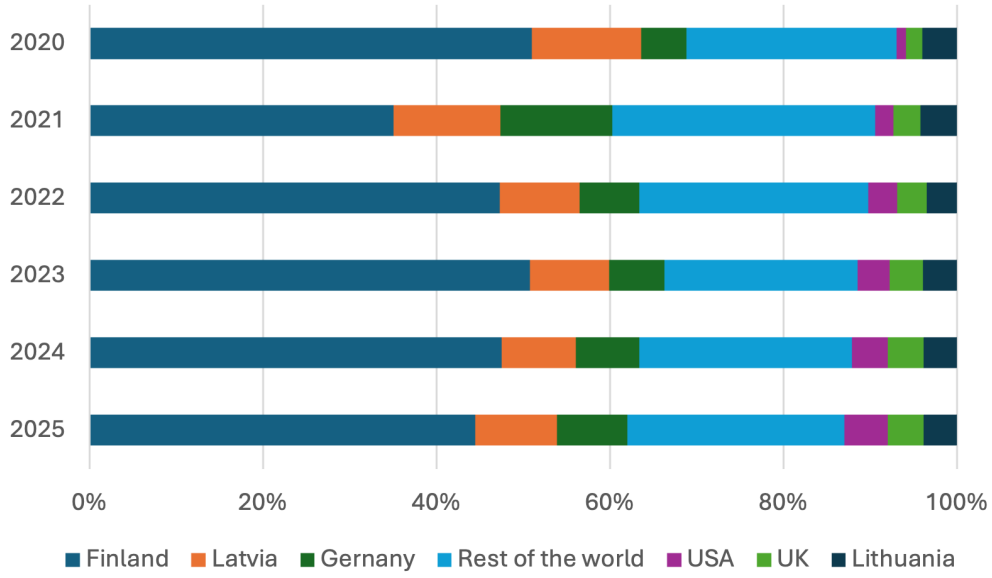
Compared to the Estonian average, Tallinn has a higher share of visitors from the United States and the United Kingdom, while the share of visitors from Latvia is lower than the national average.

A comparison between 2020 and 2025 (Figure 23) shows that Finland's share decreased during the pandemic years and increased again during the recovery period. At the same time, the shares of several other countries, especially Latvia and Germany, changed moderately. The aggregate share of the remaining countries has remained relatively stable, indicating that the diversity of visitors' countries of origin has been preserved.

Table 1. Number and share (%) of visitors from the ten main countries of origin among foreign visitors to Estonia and Tallinn, based on mobile positioning data, 2025

TALLINN			**ESTONIA**		
Country of origin	Number of visitors	Share	Country of origin	Number of visitors	Share
Finland	1412980	41%	**Finland**	1771769	39%
Lativa	299934	9%	**Lativa**	736783	16%
Germany	257457	8%	**Germany**	316626	7%
USA	157940	5%	**USA**	180937	4%
UK	131228	4%	**Lithuania**	173938	4%
Lithuania	123397	4%	**UK**	157040	3%
Sweden	111069	3%	**Sweden**	142648	3%
Poland	101015	3%	**Poland**	126586	3%
Italy	79062	2%	**Italy**	90617	2%
Spain	75290	2%	**Spain**	81817	2%
France	59335	2%	**Franse**	71651	2%
Ukraine	44825	1%	**Ukraine**	58913	1%

Figure 23. Structure of foreign visitors to Tallinn based on mobile positioning data (%), 2020–2025



Foreign visitor expenditure, i.e. revenue from inbound tourism

The main source of information for estimating foreign visitor expenditure is the Survey of Foreign Visitors (VKU) commissioned by Turu-uuringute AS. This report uses data from the latest survey, which was conducted in 2023–2024. Interviewing began in February 2023 and ended in January 2024.

During the survey, foreign tourists leaving Estonia were interviewed at border crossing points, and information was collected on their total expenditure in Estonia over the course of their entire trip. A separate survey of foreign visitors to Tallinn is no longer conducted. The indicators for Tallinn in this chapter are based on respondents whose main destination in Estonia was Tallinn.

As the survey covers visitors' total expenditure throughout the trip, it makes it possible to assess the size and structure of tourism revenue both nationally and in Tallinn, and to analyse the main expenditure items and changes in spending behaviour.

Foreign visitor expenditure according to the Survey of Foreign Visitors

Tables 2 and 3 present average expenditure based on the Survey of Foreign Visitors, for all foreign visitors and for those whose main destination was Tallinn, by stage as well as across both stages combined. Stage I covers the summer and early autumn high season (May–September), while Stage II covers the autumn–winter low and intermediate season (October–April). Expenditure is also presented separately for same-day and multi-day visitors.

Across both stages combined, foreign visitors spent an average of EUR 189 in Estonia in 2017, while visitors whose main destination was Tallinn spent EUR 208. In 2024, the corresponding figures were higher—EUR 235 in Estonia on average and EUR 245 in Tallinn.

Spending by same-day visitors increased from EUR 79 in 2017 (EUR 97 in Tallinn) to EUR 105 and EUR 123, respectively, by 2024. For multi-day visitors, average expenditure increased from EUR 258 to EUR 316 in Estonia and from EUR 284 to EUR 336 in Tallinn.

Thus, foreign visitors whose main destination is Tallinn spend more on average than foreign visitors in Estonia overall, and compared to 2017, expenditure has increased across all visitor groups.

Table 2. Expenditure of foreign visitors to Estonia and to Tallinn as the main destination, according to the 2017 Survey of Foreign Visitors

		Expenditure (EUR)	Lower CL	Upper CL	Sample size
Overall average					
Estonia	**Combined**	**189**	**182**	**196**	**8824**
	I stage	189	179	199	5379
	II stage	189	179	199	3448
Tallinn	**Combined**	**208**	**199**	**217**	**5604**
	I stage	218	207	230	3977
	II stage	196	181	212	1627
Same-day visitors					
Estonia	**Combined**	**79**	**73**	**85**	**2579**
	I stage	94	85	103	1654
	II stage	58	51	64	925
Tallinn	**Combined**	**97**	**88**	**105**	**1499**
	I stage	121	109	132	1189
	II stage	65	56	73	310
Multi-day visitors					
Estonia	**Combined**	**258**	**248**	**268**	**6238**
	I stage	258	244	273	3720
	II stage	258	245	272	2518
Tallinn	**Combined**	**284**	**272**	**297**	**4099**
	I stage	290	274	306	2784
	II stage	279	258	299	1315

Table 3. Expenditure of foreign visitors to Estonia and to Tallinn as the main destination, according to the 2024 Survey of Foreign Visitors

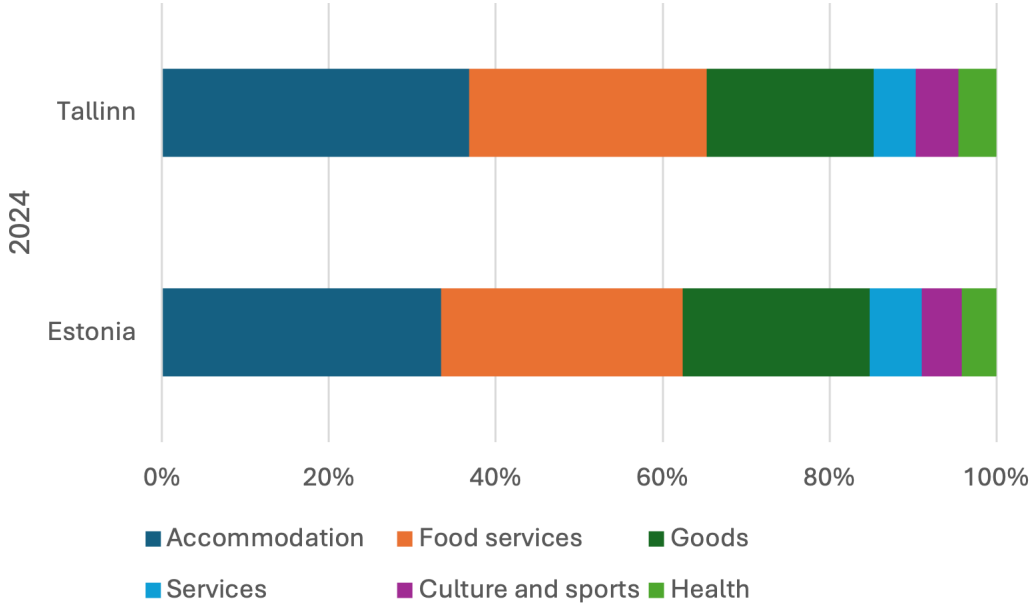
		Expenditure (EUR)	Lower CL	Upper CL	Sample size
Overall average					
Estonia	**Combined**	**235**	**224**	**245**	**6279**
	I stage	247	232	261	3541
	II stage	221	206	237	2738
Tallinn	**Combined**	**245**	**232**	**259**	**4556**
	I stage	258	239	276	2558
	II stage	232	211	252	1998
Same-day visitors					
Estonia	**Combined**	**105**	**93**	**117**	**1821**
	I stage	116	99	134	1045
	II stage	91	74	107	776
Tallinn	**Combined**	**123**	**107**	**138**	**1369**
	I stage	136	114	158	807
	II stage	106	85,5	127	562
Multi-day visitors					
Estonia	**Combined**	**316**	**302**	**331**	**4458**
	I stage	333	313	352	2496
	II stage	298	276	320	1962
Tallinn	**Combined**	**336**	**316**	**356**	**3187**
	I stage	357	329	384	1751
	II stage	314	285	344	1436

The expenditure structure of multi-day visitors in Estonia overall and of those whose main destination was Tallinn is generally similar (Figure 24). The largest shares are accommodation and food service expenditure, followed by expenditure related to the purchase of goods. Services, as well as cultural, sports and health-related expenditure, account for smaller shares.

In Tallinn, the share of accommodation and food service expenditure is somewhat higher than the Estonian average, while the share of expenditure on goods is slightly lower. This indicates that spending by multi-day visitors whose main destination is Tallinn is more strongly linked to service-based items, primarily accommodation and food services.

Overall, the expenditure structure shows that accommodation and food services play a central role in the spending of longer-stay visitors, while other categories make up a smaller share of total expenditure.

Figure 24. Expenditure structure of multi-day visitors according to the Survey of Foreign Visitors, 2024.



Same-day visitors spend mainly on goods both in Estonia on average and in Tallinn (Figure 25). In 2024, expenditure on goods accounted for approximately half to more than half of same-day visitors' total expenditure.

The second most important expenditure group is food services, the share of which is significant both nationally and in Tallinn. The shares of other expenditure categories—services, health-related expenditure, cultural and sports expenditure, and accommodation—are clearly smaller.

The expenditure structure confirms that same-day visitors primarily make purchases and make less use of accommodation services, while food services play an important role in their spending, though a smaller one than goods.

Figure 25. Expenditure structure of same-day visitors according to the Survey of Foreign Visitors, 2024.

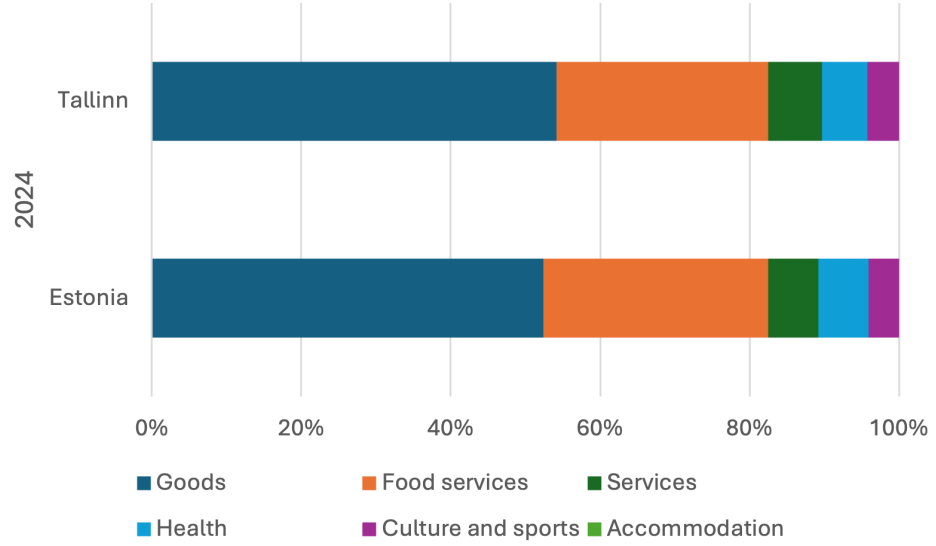


Table 4 presents the average daily expenditure per person of foreign visitors to Tallinn and the expenditure structure in 2014, 2018 and 2023, based on data from the Survey of Foreign Visitors (VKU). The calculations include visitors who reported spending and stayed in Tallinn for up to 14 nights.

Average expenditure per person per day was EUR 132 in 2014, EUR 89 in 2018 and EUR 133 in 2023. Thus, daily expenditure decreased significantly by 2018 compared to 2014, but by 2023 it had increased again and exceeded the 2014 level.

The expenditure structure has changed over time. In 2023, the largest shares of expenditure were goods (34%) and food services (29%), while accommodation accounted for 21%. Compared to 2014, the shares of other services as well as cultural and sports expenditure have decreased, while the shares of food services and goods have increased.

The data indicate that after the low point in 2018, average daily expenditure by foreign visitors in Tallinn has increased significantly and the distribution of expenditure has changed.

Table 4. Average daily expenditure per person (EUR) and expenditure structure of foreign visitors to Tallinn, based on the Survey of Foreign Visitors, 2014, 2018 and 2023*

	2023		2018		2014	
	Expenditure (EUR)	Share, %	Expenditure (EUR)	Share, %	Expenditure (EUR)	Share, %
Total expenditure	133		89		132	
Food services	38	29%	28	20%	27	16%
Purchases of goods in Estonia	45	34%	38	27%	55	32%
Accommodation	27	21%	43	30%	40	23%
Other services	15	11%	17	12%	40	23%
Tickets for cultural and sports events	6	5%	15	11%	12	6%

*** Among those who incurred expenditure and stayed in Tallinn for up to 14 nights**

In the 2023 Survey of Foreign Visitors, information was also collected on cruise passengers; according to the survey data, they spent an average of EUR 35 per person per day spent in Tallinn, which is EUR 31 less than in 2018.

What share of total foreign visitor expenditure in Estonia is accounted for by foreign visitors' expenditure in Tallinn?

The 2024 Survey of Foreign Visitors and the Bank of Estonia's foreign visitor statistics were used to estimate the share of Tallinn visitors' expenditure in total foreign visitor expenditure in Estonia. The calculations distinguish between same-day and multi-day visitors and consider the seasonal breakdown between the summer–early autumn peak season (Stage I) and the autumn–winter low and intermediate season (Stage II). The results are presented with confidence limits.

The main results in summary:

- Overall, expenditure by visitors to Tallinn accounted for approximately 76% of total foreign visitor expenditure in Estonia (confidence interval 75–77%).
- In the summer–early autumn peak season (Stage I), Tallinn's share of Estonia's total expenditure was approximately 76% (confidence interval 75–77%).
- In the autumn–winter low and intermediate season (Stage II), Tallinn's share reached approximately 77% (confidence interval 75–78%).
- Approximately 92% of Estonia's total same-day visitor expenditure was concentrated in Tallinn (confidence interval 91–93%), with the share being particularly high in the autumn–winter period.
- For multi-day visitors, expenditure by visitors to Tallinn accounted for approximately 73% (confidence interval 72–75%), indicating that multi-day visitor expenditure is more geographically dispersed across Estonia.

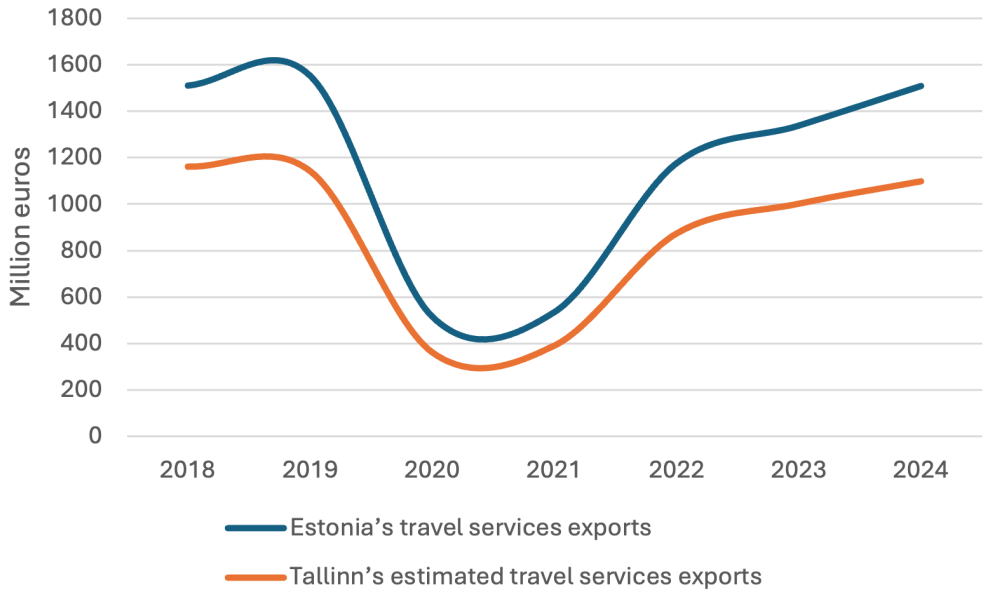
Compared to the previous estimate compiled in 2017, the 2024 results indicate an increase in Tallinn's share of total foreign visitor expenditure in Estonia. This increase can be attributed to higher visitor volumes in Tallinn—especially among same-day visitors—and to higher average spending by Tallinn visitors compared to the Estonian average, as also reflected in the figures presented in this analysis.

Estonia's exports of travel services amounted to EUR 1.51 billion in 2018 and increased to EUR 1.55 billion in 2019 (Figure 26). There was a sharp decline in 2020–2021, when exports of travel services decreased to EUR 517 million and EUR 537 million, respectively. Since 2022, there has been a recovery, and by 2024 exports of travel services had returned to EUR 1.51 billion, approaching the pre-crisis level.

Tallinn's travel services exports are estimated on the basis of Tallinn's share of Estonia's foreign visitors. On this basis, Tallinn's estimated travel services exports were EUR 1.16 billion in 2018 and EUR 1.14 billion in 2019. In 2020–2021, this

decreased to EUR 361 million and EUR 390 million, respectively. Recovery began in 2022, and by 2024 Tallinn's estimated travel services exports amounted to EUR 1.10 billion.

Figure 26. Estonia's travel services exports and Tallinn's estimated travel services exports, EUR million, 2018–2024



Tallinn's share of Estonia's travel services exports has remained relatively stable over the period, ranging between 70% and 75%. This is an estimate based on the share of foreign visitors and considers the structure of same-day and multi-day travellers and their expenditure. Therefore, it may differ from other indirect estimates, but it provides a more comprehensive picture of Tallinn's role in Estonia's travel services exports.

Across more detailed expenditure categories, the most accurate information is available for accommodation expenditure, while estimates for other services rely to a greater extent on surveys of visitors' spending behaviour.

Accommodation expenditure

Information on revenue from accommodation services comes from Statistics Estonia's accommodation statistics. The analysis uses annual data for the period 2018–2025. In accommodation statistics, overnight stays can be distinguished between domestic and foreign tourists, but revenue from accommodation services is reported as an aggregate indicator covering all visitors. Therefore, to estimate accommodation revenue related to foreign tourists, the share of foreigners' overnight stays has been applied to total accommodation services revenue.

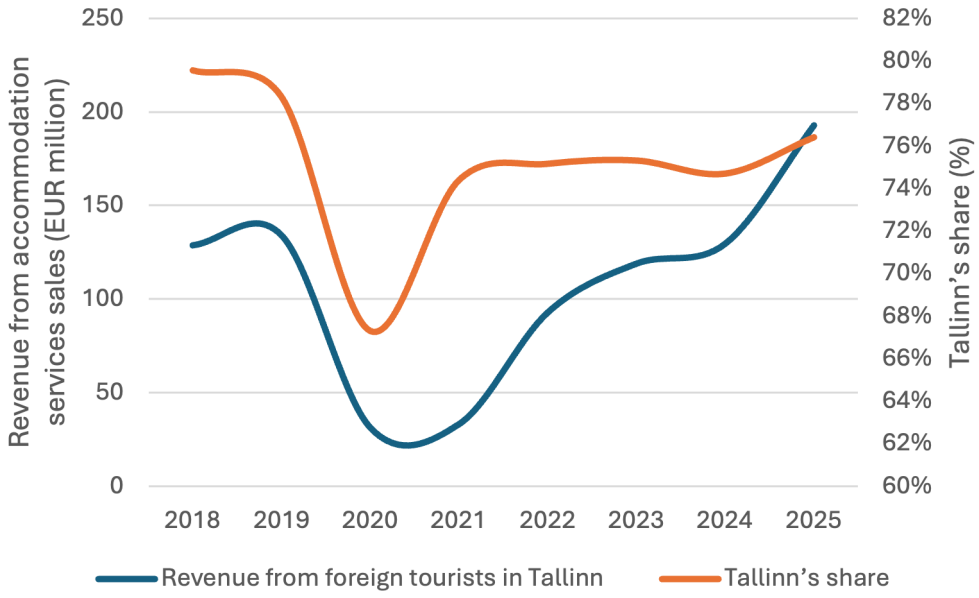
Tallinn's indicators are calculated using the same principle, applying Tallinn's share of foreigners' overnight stays to the corresponding revenue figures. The results provide an estimate of Tallinn's role in accommodation revenue and enable comparisons over time.

Estimated revenue earned from accommodating foreign tourists in accommodation establishments registered in Tallinn amounted to EUR 128.8 million in 2018 and increased to EUR 134.2 million in 2019. In 2020, there was a sharp decline—revenue fell to EUR 31.3 million—and remained at a similar level in 2021 (EUR 33.1 million). From 2022 onwards, recovery was rapid: estimated revenue reached EUR 92.9 million in 2022, EUR 119.0 million in 2023 and EUR 129.6 million in 2024. In 2025, the figure surged to EUR 192.9 million, clearly exceeding the pre-crisis level.

Tallinn's share of Estonia's estimated accommodation revenue from foreign tourists was 80% in 2018 and 78% in 2019. In 2020, the share fell to 67%, but recovered in subsequent years and remained around 75% in 2022–2024. In 2025, Tallinn's share increased to 76%.

Thus, Tallinn's role in the formation of Estonia's accommodation revenue from foreign tourists remains very large, and the 2025 figures indicate a strengthening in both volume and share.

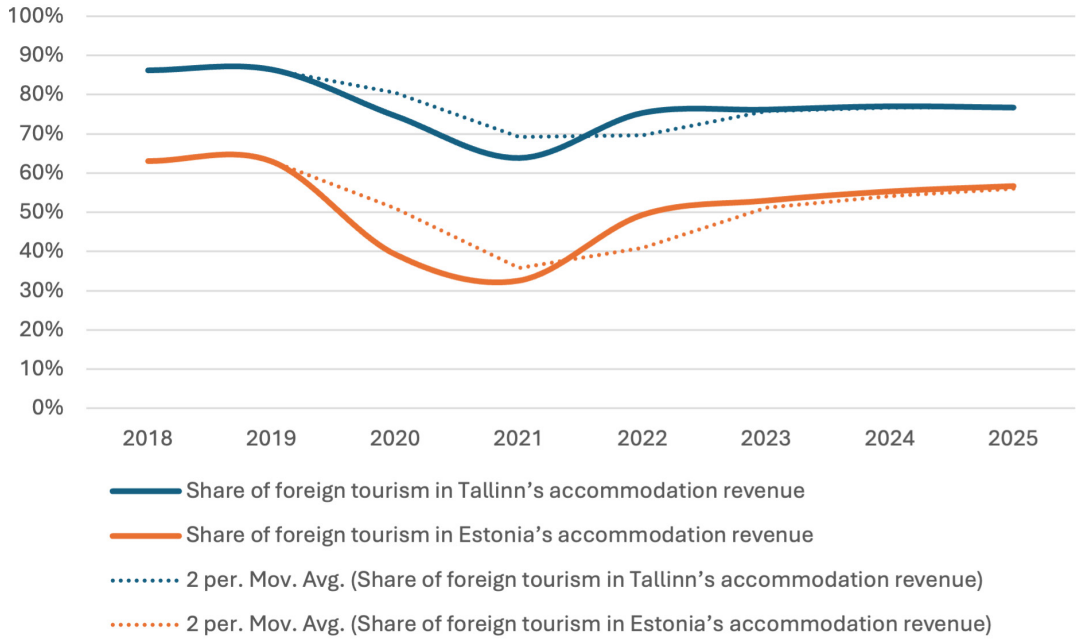
Figure 27. Estimated revenue from accommodation services sold to foreign tourists in Tallinn (EUR million) and Tallinn's share of Estonia's total (%) , 2018–2025



Most revenue from accommodation services sales is generated by foreign visitors both in Estonia and in Tallinn. In 2018–2019, foreign visitors accounted for 86% of accommodation revenue in Tallinn and 63% in Estonia.
In 2020–2021, the share of foreign tourism decreased significantly, especially in Estonia overall, where it fell to 33%. In Tallinn, the decline was smaller (64%).

Since 2022, the role of foreign tourism has increased again. In 2025, foreign visitors accounted for 77% of Tallinn's and 57% of Estonia's accommodation revenue. In the longer term, the share of foreign tourism has decreased somewhat in Estonia, while in Tallinn it has stabilised close to the pre-crisis level.

Figure 28. Share of foreign tourism in accommodation services revenue in Tallinn and Estonia overall, 2018–2025



According to Estonian Business and Innovation Agency (EIS's) short-term rental dashboard, the number of short-term rental listings in Tallinn decreased significantly in 2021. While at the beginning of 2020 supply exceeded 3,000 listings (3,244 in January), it fell below 2,000 during 2021 (1,950 in December).

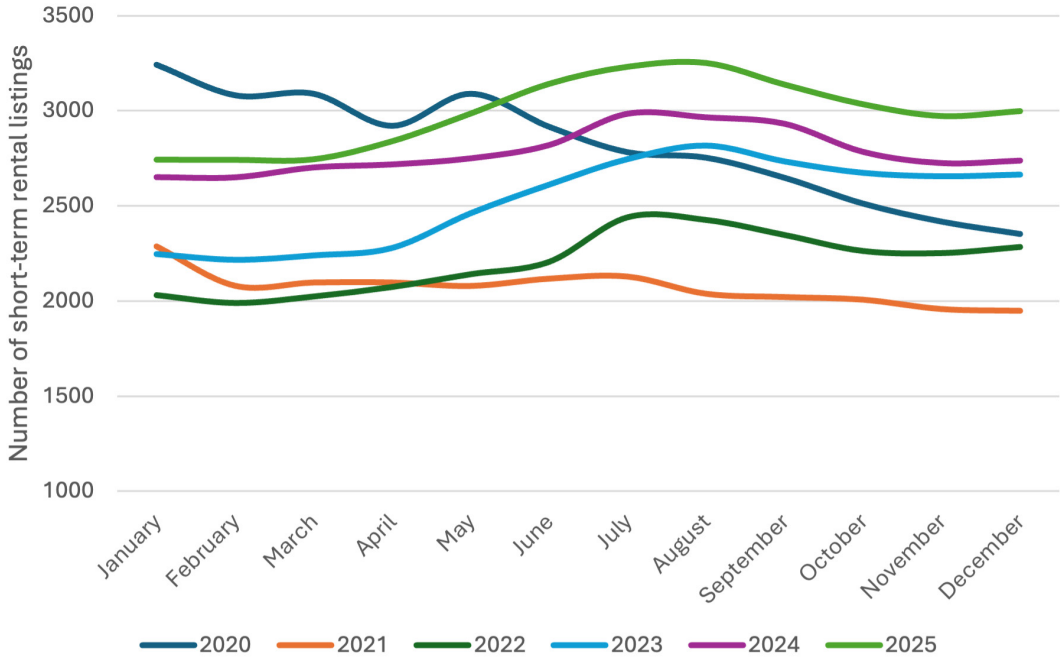
Since 2022, there has been a gradual recovery, and a clear upward trend continued in 2023–2025. In the summer months of 2025, the number of short-term rental listings exceeded 3,200 (3,252 in August), which is above the pre-pandemic 2020 level.

The data also show clear seasonality: supply is higher in the summer months (July–August) and lower at the beginning and end of the year. Thus, Tallinn's short-term rental market has recovered after the crisis and has also expanded in recent years.

In recent years, the short-term rental market has become an important part of Estonia's accommodation sector. According to an applied study conducted by Civitta Eesti AS and Tallinn University in 2025, the supply of short-term rental services in 2023 amounted to an estimated up to 50,000 bed places across more than 10,000 accommodation establishments, of which approximately 5,400 were economically active. Tallinn's role is significant: although the capital accounted for about one fifth of Estonia's total supply in terms of bed places, nearly half of active accommodation establishments were located in Tallinn.

On the demand side, the volume of the short-term rental market in 2023 was estimated at approximately 1.5 million overnight stays, about half of which took place in Tallinn. At the same time, the study indicates that some overnight stays in short-term rentals are not reflected in official accommodation statistics, meaning the actual market volume may be larger.

Figure 29. Number of short-term rental listings in Tallinn based on EIS's short-term rental dashboard, January 2020–December 2025



Total expenditure of foreign visitors to Tallinn

Average expenditure of foreign visitors is estimated using data from the Survey of Foreign Visitors (VKU) conducted in 2024. The analysis is based on expenditure reported by respondents over the course of their entire stay in Estonia and reflects average expenditure per visitor per trip. The figures for Tallinn are based on visitors whose main destination in Estonia was Tallinn. Average expenditure is calculated separately for same-day and multi-day visitors. Same-day visitors are those who stayed in Estonia for up to 18 hours and did not stay in an accommodation establishment, while multi-day visitors are those who spent at least one night in Estonia.

Expenditure is divided into the main categories: accommodation, food services, goods, services, cultural and sports expenditure, and health expenditure. Only expenditure incurred in Estonia is included. To generalise the results to the entire population of foreign visitors, survey weights are used to adjust the sample to the actual visitor structure (including country of origin, purpose of visit and mode of transport). The averages presented are weighted arithmetic means.

In addition to average expenditure, lower and upper estimates are provided, corresponding to the 95% confidence interval and describing the statistical uncertainty of the estimate.

It is estimated that foreign visitors to Tallinn spent a total of EUR 367–463 million in 2024, with an average of approximately EUR 415 million (Table 6). Of this, same-day visitor expenditure accounted for EUR 83–127 million and multi-day visitor expenditure for EUR 283–337 million.

Table 6. Expenditure of foreign visitors to Tallinn in 2024

	Average	Lower estimate	Upper estimate
Same-day visitor expenditure			
Culture and sports	4,4	3,0	5,7
Health	7,0	0,6	13,3
Accommodation	0,0	0,0	0,0
Food services	31,5	28,4	34,7
Services	7,1	5,7	8,5
Goods	55,0	45,6	64,3
Same-day total	**104,9**	**83,3**	**126,5**
Multi-day visitor expenditure			
Culture and sports	15,0	12,9	17,0
Health	12,9	4,7	21,2
Accommodation	103,7	98,7	108,8
Food services	89,5	85,3	93,7
Services	19,4	17,4	21,4
Goods	69,6	64,5	74,7
Multi-day total	**310,0**	**283,3**	**336,7**
TOTAL	**415,0**	**366,7**	**463,3**
VAT	99,6	88,0	111,2
TOTAL (without VAT)	**315,4**	**278,7**	**352,1**

Compared to 2018, the total expenditure of foreign visitors to Tallinn has decreased. Despite the price increase, the average cost per trip is lower, which indicates a change in the structure of visitors. The share of same-day visitors and short-term trips has increased, while the importance of longer trips and trips with above-average expenses has decreased. There has also been a change in the structure of the countries of origin, which affects average expenditure.

Economic impact of inbound tourism

Brief description of the methodology

The central research problem of this analysis is to assess the impact of inbound tourism on Tallinn's economy. The analysis is based on public data from the Estonian Business Register and the Estonian Tax and Customs Board (ETCB).

When assessing Tallinn's direct impact, it is assumed that tourism-related companies contributing to Tallinn's tourism economy are registered in Tallinn and that their principal activity falls within tourism-related sectors. Accordingly, the analysis covers Tallinn-based companies whose principal activity belongs to tourism-related sectors defined based on EMTAK.

As the report will be published in 2026 and companies' annual reports for 2025 will be filed during 2026, this analysis covers the period 2019–2024, for which data were available at the time of analysis. Annual report data from the Estonian Business Register allow the period from 2019 onwards to be examined, providing a baseline for assessing the pre-COVID-19 situation.

Data from the Estonian Tax and Customs Board are available from 2020 onwards; therefore, tables based on these data cover the period 2020–2024. Thus, the period analysed depends on the data source used, but the overall analysis focuses on the most recent and comparable dataset possible.

In addition, a transition to the new EMTAK is under way. Tourism-related sectors were defined using the EMTAK 2008 classification. As some companies have switched to the EMTAK 2025 version, all activity codes were converted back to EMTAK 2008 according to the official conversion table of the e-Business Register (see the EMTAK 2008 ↔ 2025 correspondence table). The list of activities used in the analysis is presented using EMTAK 2008 codes to ensure comparability over time.

A more detailed overview of the activity areas included in the analysis is provided in Annex 1 of the report. The following sub-sections classify the activities according to the breakdown used in this analysis:

Tourism-related sector	EMTAK 2008	Description
.. Accommodation	I 55	Hotels and similar accommodation; holiday and other short-stay accommodation; campsites, trailer parks and recreational vehicle parks; accommodation provided on boats.
.. Rental and operating of own or leased residential real estate	L 68201	Rental and operating of own or leased residential real estate.
.. Food service activities	I 56	Serving of food and beverages.
.. Other passenger land transport	H 49	Passenger transport in urban and suburban areas; taxi operation; other passenger land transport not elsewhere classified.

.. Water transport	H 50	Passenger water transport in coastal and inland waters.
.. Air transport	H 51	Passenger air transport.
.. Rail transport	H 491	Passenger rail transport, interurban.
.. Rental and leasing activities	N 77	Rental and leasing of motor vehicles; rental and leasing of recreational and sports goods; rental and leasing of other personal and household goods.
.. Travel agency and tour operator activities	N 79	Travel agency and tour operator activities; reservation services and related activities.
.. Cultural activities	R 90 ja R 91	Creative, arts and entertainment activities; libraries, archives, museums and other cultural activities.
.. Sports activities	R 93	Sports activities and amusement and recreation activities.

When interpreting the results, several methodological limitations must be taken into account. Firstly, the assessment is based on the place of registration of the company, which is why some of the companies operating in Tallinn may be excluded from the calculation and some of the activities of companies registered in Tallinn may take place outside Tallinn. Secondly, it is based on the company's main field of activity, which may not fully reflect the company's actual structure of sales revenue related to tourism.

In addition, the sales revenue earned in economic sectors typical of tourism includes the impact of both domestic and foreign tourism, which is why the exact distinction between the share of foreign tourism requires additional calculation assumptions. This analysis focuses primarily on the direct economic impact and does not cover the indirect or wider economic effects of tourism.

Number of enterprises and employees operating in tourism-characteristic and tourism-related sectors

In 2020, there were 5,384 active companies operating in tourism-characteristic sectors in Tallinn, and by 2024 their number had increased to 6,599 (Table 8). Over the period, the number of enterprises increased in almost all activity areas, including accommodation, food service activities and cultural activities.

The analysis includes companies registered in Tallinn in the Estonian Business Register whose principal activity falls within tourism-related activity areas and whose turnover was not zero according to data from the Estonian Tax and Customs Board. It should be noted that the number of companies depends on the methodology used. If, in addition to the turnover criterion, a requirement that the company has at least one employee were applied, the total number of companies would be reduced by an estimated 40–60%.

Conversely, if the restrictions were removed (including companies with zero turnover and no employees), the number of companies would be approximately 60–75% higher. Therefore, when interpreting the results, it is important to take into account the selection principles used.

Table 8. Number of active companies registered in Tallinn, 2020–2024

	2020	2021	2022	2023	2024
Tourism-characteristic sectors	**5384**	**5614**	**5956**	**6307**	**6599**
.. Accommodation	208	213	245	257	263
.. Rental of residential real estate	2417	2532	2676	2746	2790
.. Food service activities	870	905	1016	1048	1117
.. Other passenger land transport (incl. rail transport)	225	215	216	260	263
.. Water transport	20	21	22	23	23
.. Air transport	15	18	21	23	25
.. Rental and leasing	482	518	497	551	575
.. Travel agencies and tour operators	193	186	187	209	234
.. Cultural activities	619	652	698	764	836
.. Sports activities	19	20	19	25	28

In 2020, 32,158 people worked in companies operating in tourism-characteristic sectors registered in Tallinn, and by 2024 this number had increased to 34,275 (Table 9). The number of employees is presented by companies' principal activity: if a company's principal activity in the Estonian Business Register is tourism-related, all employees of that company are counted as tourism employees.

The activity area with the highest employment throughout the period is food service activities, with 12,854 employees in 2024. The role of cultural activities (4,565 employees) and other passenger land transport (3,643 employees) is also noteworthy. Compared to 2020, the number of employees has increased primarily in accommodation, food service activities and air transport, while in some areas (e.g. rental and leasing) a moderate decrease can be observed.

Table 9. Number of employees in active companies registered in Tallinn, 2020–2024

	2020	2021	2022	2023	2024
Tourism-characteristic sectors	**32158**	**30082**	**31697**	**33450**	**34275**
.. Accommodation	2323	1960	2864	3215	3258
.. Rental of residential real estate	4592	4085	3290	3137	3142
.. Food service activities	10660	10102	11351	12355	12854
.. Other passenger land transport (incl. rail transport)	3389	3332	3399	3526	3643
.. Water transport	741	642	708	740	751
.. Air transport	219	241	272	317	375
.. Rental and leasing	821	862	869	845	774
.. Travel agencies and tour operators	1509	1173	1290	1399	1477
.. Cultural activities	4767	4570	4433	4574	4565
.. Sports activities	368	386	380	391	386

Impact on sales revenue

Tallinn's tourism sector sales revenue has been estimated on the basis of the annual reports of companies registered in Tallinn. To this end, sales revenue reported by companies whose EMTAK principal activity falls within tourism-related activity areas was aggregated.

Tourism-related sales revenue decreased significantly in 2020, but recovered in subsequent years and exceeded the pre-pandemic level by 2024. While tourism-related sales revenue amounted to EUR 2,884 million in 2019, the corresponding figure was EUR 4,332 million in 2024.

By activity area, the largest increase compared to 2019 was recorded in rental and leasing, where sales revenue increased by approximately four times over the period under review. Significant growth also occurred in food service activities and cultural activities. The rapid growth of these areas indicates changes in the structure of tourism services and an expansion of services compared to the pre-pandemic period.

Table 10. Sales revenue reported by companies registered in Tallinn in tourism-related EMTAK activity areas, 2019–2024 (EUR million)

	2019	2020	2021	2022	2023	2024
Tourism-characteristic sectors	**2884**	**1804**	**2189**	**3331**	**3290**	**4332**
.. Accommodation	146	51	65	155	180	182
.. Rental of residential real estate	877	844	937	1138	1218	1444
.. Food service activities	396	287	347	616	600	734
.. Other passenger land transport	161	120	42	77	87	117
.. Water transport	432	43	40	151	38	185
.. Air transport	258	107	169	225	137	223
.. Rail transport	21	14	14	20	22	0
.. Rental and leasing	206	184	319	510	480	834
.. Travel agencies and tour operators	296	89	180	321	379	392
.. Cultural activities	55	41	52	77	98	93
.. Sports activities	15	5	6	17	24	3

The share of tourism-related sales revenue in the total sales revenue of companies registered in Tallinn was 9% in 2019. As a result of the pandemic, the corresponding share fell to 6% in 2020 and remained at the same level in 2021. It recovered to 9% in 2022, decreased to 7% in 2023 and rose again to 9% in 2024.

Table 11. Share of tourism-related sales revenue in the total sales revenue of companies registered in Tallinn, 2019–2024

Share	9%	6%	6%	9%	7%	9%
Year	2019	2020	2021	2022	2023	2024

Labour taxes in sectors serving foreign visitors

Table 12 presents the total amount of labour taxes paid in tourism-characteristic sectors registered in Tallinn in 2020–2024, in EUR million. Labour taxes include income tax, social tax, funded pension contributions and unemployment insurance contributions. Across tourism-characteristic sectors, the total amount of labour taxes increased from EUR 167 million in 2020 to EUR 293 million in 2024. The largest contributors to labour taxes throughout the period have been food service activities and rental of residential real estate. Significant growth has also occurred in other passenger land transport, water transport and cultural activities. While labour taxes in air transport are smaller in absolute terms, the growth rate has been rapid.

Table 12. Labour taxes in tourism-characteristic sectors, EUR million, 2020–2024

	2020	2021	2022	2023	2024
Tourism-characteristic sectors	**167**	**173**	**225**	**264**	**293**
.. Accommodation	12	11	18	24	26
.. Rental of residential real estate	31	33	37	41	45
.. Food service activities	35	38	55	67	74
.. Other passenger land transport (incl. rail transport)	25	26	31	35	41
.. Water transport	10	11	12	14	16
.. Air transport	3	4	5	6	8
.. Rental and leasing	6	7	11	11	11
.. Travel agencies and tour operators	11	8	12	15	17
.. Cultural activities	23	23	27	32	34
.. Sports activities	1	1	2	2	2

Table 13 presents average labour taxes per employee in euros. The indicator is calculated by dividing the total labour taxes shown in Table 12 by the number of employees in the same activity area (see Table 9). Across tourism-characteristic sectors as a whole, average labour taxes per employee increased from EUR 5,205 in 2020 to EUR 8,547 in 2024.

By activity area, the highest averages are in water transport and air transport, indicating higher wage levels in these sectors. At the same time, the number of employees in these sectors is smaller than, for example, in food service activities, which means the average figure may be more sensitive to changes. In food service activities, average labour taxes per employee have increased, but remain lower than in several other tourism-characteristic activity areas.

Table 13. Average labour taxes per employee, EUR, 2020–2024

	2020	2021	2022	2023	2024
Tourism-characteristic sectors	**5205**	**5742**	**7083**	**7890**	**8547**
.. Accommodation	5236	5476	6273	7317	8100

.. Rental of residential real estate	6842	8047	11331	13164	14231
.. Food service activities	3245	3730	4832	5400	5770
.. Other passenger land transport (incl. rail transport)	7449	7879	9219	10006	11251
.. Water transport	11859	15081	15894	16762	18464
.. Air transport	13808	14828	17182	20209	22146
.. Rental and leasing	7062	7553	12615	12842	14062
.. Travel agencies and tour operators	7080	7244	9375	10963	11774
.. Cultural activities	4723	4994	6083	6945	7409
.. Sports activities	3535	3787	4577	5184	5290

How would an increase or decrease of 10,000 foreign visitors to Tallinn affect the economy?

This chapter assesses how changes in the number of foreign visitors are associated with key economic indicators in tourism-related industries. The aim is to answer how an increase or decrease in the number of foreign visitors to Tallinn affects the sector's turnover, labour taxes and employment. The empirical analysis uses a quarterly time series covering 2020 Q1 to 2025 Q4 (24 observations). The economic indicators (number of employees, labour taxes and turnover) are drawn from publicly available data from the Estonian Tax and Customs Board and the Commercial Register and cover tourism-related industries according to the previously defined industry classification. The quarterly total number of foreign visitors is based on mobile positioning data. All economic indicators are reported in nominal terms.

Visitor impacts are assessed using two approaches:

- Econometric time-series estimates based on quarterly regression models that control for seasonality and persistence in the indicators over time, and are better suited for assessing the systematic relationship between visitors and economic outcomes.
- A spending-based calculation using average expenditure per visit, which approximates the direct economic impact in the short run under the assumption that the spending structure remains unchanged.

Econometric model (levels; controlling for seasonality and persistence)
Because the primary goal is to express impacts in practical units (euros and number of employees), the analysis relies on level specifications, where the visitor coefficient is directly interpretable in units. For each outcome Y_t, the following model is estimated

$$Y_t = \alpha + \beta K_t + \theta_1 Y_{t-1} + \theta_2 Y_{t-2} + \delta_1 Q1_t + \delta_2 Q2_t + \delta_3 Q3_t + \varepsilon_t$$

where K_t denotes the number of foreign visitors in quarter t. The variables $\delta_1 Q1_t - \delta_3 Q3_t$ are quarterly fixed effects to control for seasonality (one quarter is omitted as the reference category), and Y_{t-1} and Y_{t-2} capture persistence over time. To improve inference in the presence of potential serial correlation, Newey–West (HAC) robust standard errors are used.

The results indicate that foreign visitor volumes are positively associated with all examined economic indicators, although the statistical strength of the relationship differs across outcomes.

- Employment (number of employees): the visitor coefficient is β=0.0047748 and is statistically significant ($p < 0.001$). This implies that an additional 10,000 foreign visitors are associated with approximately

47.7 additional employees in tourism-related industries in the same period (10,000 × 0.0047748).

- Labour taxes: the visitor coefficient is β=10.3298 ($p \approx 0.055$). The association is positive and economically meaningful, but marginal at the 5% significance level. Interpreting the coefficient in units, 10,000 additional visitors are associated with about EUR 0.10 million higher labour tax receipts in the same period (10,000 × 10.3298 ≈ EUR 103,298).

- Turnover: the visitor coefficient is β=425.266 ($p \approx 0.059$). This estimate is also positive and marginal at the 5% significance level. It suggests that 10,000 additional visitors are associated with approximately EUR 4.25 million higher turnover in tourism-related industries in the same period (10,000 × 425.266 ≈ EUR 4,252,660).

In addition to the econometric estimates, a spending-based calculation is used. According to the 2024 foreign visitor survey, a foreign visitor spent on average EUR 245 per visit in Tallinn. Therefore, 10,000 additional foreign visitors would imply roughly EUR 2.45 million in direct additional revenue (10,000 × EUR 245). Using the average spending of multi-day visitors (EUR 336), the corresponding estimate would be EUR 3.36 million.

The spending-based approach captures the direct consumption effect, whereas the econometric estimates reflect the historical relationship between visitor volumes and register-based economic indicators. Both approaches yield estimates of a similar order of magnitude for turnover, which increases confidence in the overall assessment.

Several limitations should be considered when interpreting the results. First, the time series is relatively short (24 observations), which limits model complexity and precision. Second, the indicators are reported in nominal terms and are not adjusted for inflation. Third, the regressions identify statistical associations rather than strict causal effects; reverse causality is possible if economic activity also affects visitor numbers. Finally, mobile positioning data may involve measurement error or methodological constraints. For turnover and labour tax models, the visitor coefficient is marginal at the 5% level, and the results should therefore be treated primarily as indicative magnitude estimates.

Forecast of the volume of foreign tourists until 2040

To put it simply, there are three possible approaches to forecasting the volume of foreign tourists.

1. To estimate the number of foreign tourists econometrically, based on various macroeconomic indicators and their forecasts. This would be extremely difficult, because creating a high-quality model would first require identifying the source countries (i.e. the countries from which people travel to Tallinn) and then systematically collecting, synthesising and organising macroeconomic forecasts for those countries. In addition, it is difficult to assess the accuracy of different forecasts, as depending on the country the forecast may not be sufficiently precise, objective, or may be politically biased.

2. To apply existing tourism demand forecasts, such as the tourism forecasting report prepared in cooperation between Google and Deloitte (Deloitte Strategy, Risk & Transactions, S.L.U., 2024), and to broadly transfer its generalisations about Europe as a tourism destination to Estonia and Tallinn. This would be the easiest approach to implement, but it would not take into account the specific characteristics of Tallinn as a destination or already known investments that may influence the projected values. Nevertheless, it could be a useful way to frame and validate the final analytical results.

3. To identify a local institution whose business objectives depend on the volume of foreign tourists arriving in Tallinn, that has strong analytical capacity, and whose investments influence Tallinn's tourism volume. Using such forecasts as inputs makes it possible to estimate total tourism demand for the destination.

At the same time, it must be taken into account that, when it comes to future trends, there are essentially no input variables that are known with 100% certainty. Therefore, in preparing such a highly specialised forecast, it is inevitable that "a forecast is based on another forecast."

Chosen approach

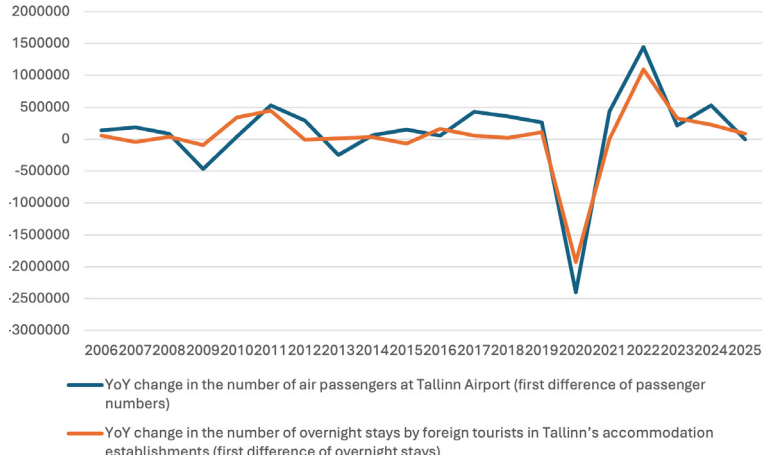
Of the three options described in the previous section, the third was used: Tallinn Airport was selected as the supporting institution whose forecasts were used as the basis for the analysis. The selection was based on the following considerations.

- The Tallinn Strategy Centre uses the flight information platform ForwardKeys (Forward Data S.L.U., 2024) to plan tourism marketing and assess short-term trends. Based on this, one of the indicators that

has previously described future demand best is flight frequency and capacity, which often explain more than two-thirds of the variation for each source country. This relationship is also likely to be bidirectional: fewer flights or fewer available seats result in fewer passengers. At the same time, airline route forecasts are driven primarily by commercial interests, which is why they are generally accurate, at least in the short term.

- Although tourism in Tallinn is characterised by a strong dependence on Finland (despite the decline, overnight stays by Finns still accounted for 32% of all overnight stays by foreign tourists in 2025) and therefore the Port of Tallinn is the largest "gateway" to Tallinn, passenger numbers at Tallinn Airport nevertheless reflect the overall volume of tourism very well. This is illustrated in Figure 30, which presents annual changes in the number of air passengers and the number of overnight stays by foreign tourists. (Showing absolute numbers instead of changes would make the relationship even clearer, but would be misleading.)

Figure 30. Annual changes in the number of foreign tourists in Tallinn and passenger numbers at Tallinn Airport. Data sources: Statistics Estonia and Tallinn Airport.



This connection may be explained by the assumption that the traffic at Tallinn Airport and its forecasts reflect the tourism demand of Tallinn as a whole. The validity of this assumption is indicated by a survey of foreign visitors, according to which more than a third of foreign visitors (39%) visit countries other than Estonia during their trip (Turu-Uuringute AS, 2024). This helps to explain the situation where some visitors arrive, for example, at Helsinki or Riga airports and from there reach Estonia by other transport, thereby contributing to the statistics of other "gates of Tallinn". Assuming that these passengers do not differ significantly from the rest in terms of their statistical profile, it is logical that the traffic at Tallinn Airport generally illustrates the tourism demand of Tallinn as a whole.

Finally, Tallinn Airport meets the conditions described earlier: its business objectives depend strongly on the volume of foreign tourists arriving in Tallinn; it has strong analytical capabilities (including information on route plans that is not freely available on the market); and its investments influence Tallinn's tourism volumes (and the scale of these investments is known to the airport itself). Therefore, it can be assumed that, at least in the short term, Tallinn Airport's passenger forecasts are very accurate.

Data and modelling definitions

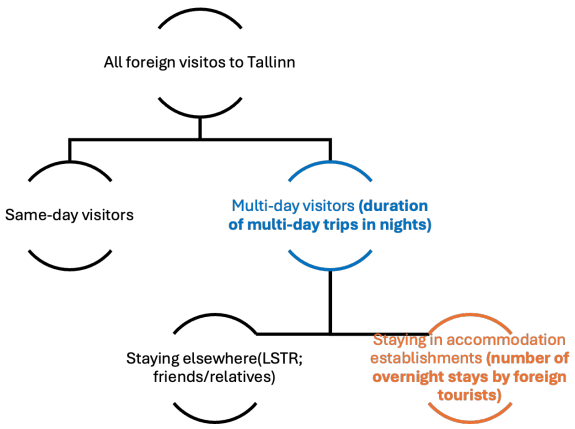
Tallinn Airport supported the analysis by enabling the use of a dataset containing two variables: historical data on the number of air passengers together with a forecast, and historical data on the number of flight operations together with a forecast. Accommodation statistics from Statistics Estonia (Statistics Estonia, n.d.) were also included, using the numbers of foreign tourists accommodated and their overnight stays in Tallinn, Harju County and Estonia. As the third dataset, we used the statistics published by the Bank of Estonia on the total number of foreign visits to Estonia (Bank of Estonia, n.d.), which are based on mobile positioning data, and as the fourth dataset the corresponding statistics for Tallinn.

In total, two models were developed to forecast tourism volumes in Tallinn. The first model forecasts the number of overnight stays by foreign tourists in Tallinn. The second model uses the first model's forecasted overnight stays as an input to estimate the duration of all multi-day visits (in nights). These two indicators may seem similar at first glance, but they differ in substance:

- The number of overnight stays by foreign tourists (hereinafter in the model: Tallinn_ood) refers to overnight stays by foreign tourists in accommodation establishments in Tallinn, based on the same definition as Statistics Estonia table TU131: overnight stays by residents of foreign countries in accommodation establishments with five or more bed places that are required to report data to Statistics Estonia. In Figure 31 below, this corresponds to the number of overnight stays in the group marked in orange.

- The duration of multi-day visits in nights (hereinafter in the model: Kestus) refers to the duration of multi-day visits by all foreign visitors, measured in nights. It therefore also includes overnight stays that did not take place in paid accommodation or that took place in short-term rental units where the service provider is not required to submit tourism statistics to Statistics Estonia. By definition, this indicator is similar to the Bank of Estonia measure of the duration of multi-day trips to Estonia by non-residents, with the difference that in this analysis it describes the Tallinn region rather than the country as a whole. In Figure 31 below, this corresponds to the number of overnight stays in the group marked in blue.

Figure 31. Breakdown of multi-day visitors



Model specifications

Two sequential models were used in the forecasting. First, the number of overnight stays by foreign tourists in accommodation establishments in Tallinn was modelled using a dynamic regression model (regression with ARIMA errors) in the form of:

$$log(Tallinn\_ood_t) = \alpha + \beta log(PAX_t) + \gamma \cdot COVID_t + \varepsilon_t$$

where $Tallinn\_ood_t$ denotes the number of overnight stays by foreign tourists in accommodation establishments in Tallinn in year t, PAX_t the number of passengers at Tallinn Airport, $COVID_t$ a dummy variable for the pandemic years, and ε_t – an error term with time-dependent structure. When modelling the residuals, time dependence was allowed (an MA(2) structure), which makes it possible to account for the effects of shocks from the two preceding periods.

The model was selected from a larger set of candidates using rolling one-step-ahead cross-validation. This is also why the number of flight operations was not included as an explanatory variable in the final model: models that included it did not perform better than models including only passenger numbers. Moreover, including the number of flight operations would have introduced a slight multicollinearity issue (it is undesirable to include multiple explanatory variables that are too strongly correlated with each other). The rolling validation used to assess forecasting performance yielded a CV MAPE of 10.13%, which is a relatively good level of accuracy for annual tourism indicators.

In the second stage, the total duration of multi-day trips by foreign visitors (in nights) was modelled using the forecasted number of overnight stays from the first model, together with additional control variables. The general form of the model is:

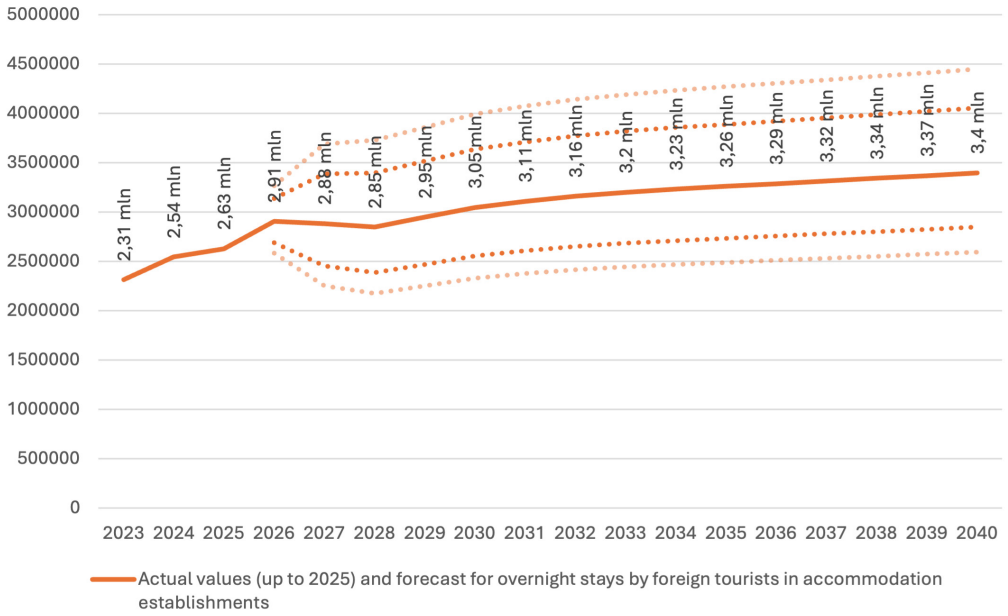
$$log(kestus_t) = a + b \cdot log\left(Tallinn_{ood_t}\right) + c \cdot COVID_t + d \cdot MET_t + u_t$$

where $kestus_t$ denotes the total duration of multi-day trips by foreign visitors (in nights), MET_t a dummy variable capturing a methodological break (before 2019, duration was measured in days rather than nights), and u_t a random error term. The model specification is simpler here because historical data show a fairly stable relationship between overnight stays by foreign tourists in Tallinn's accommodation establishments and the total duration of foreign visitors' multi-day trips in Tallinn (measured in nights).

Forecast results

The forecast results are presented in Figure 32 and Figure 33. The forecast of the number of overnight stays by foreign tourists (Figure 32) shows that by 2035 the number of overnight stays in accommodation establishments in Tallinn may reach approximately 3.26 million and by 2040 approximately 3.4 million.

Figure 32. Number of overnight stays by foreign tourists in accommodation establishments in Tallinn: actual values until 2025 and forecast until 2040 with 80% and 95% confidence intervals.



The forecast of the total duration of multi-day trips by foreign visitors (Figure 33) shows that total duration may reach around 4.21 million nights by 2035 and up to 4.28 million nights by 2040.

Figure 33. Total duration of multi-day trips by foreign visitors in Tallinn (in nights): actual values until 2025 and forecast until 2040

However, both forecasts have shortcomings in terms of interpretation and accuracy. For the first forecast (the number of overnight stays by foreign tourists in accommodation establishments), a downward bias in the estimate can be expected. The underlying reason is that, for a large part of the model's training period, growth in airport passenger numbers reflected not only inbound foreign tourists but also growth in outbound travel by Estonian residents—growth that is unlikely to continue at the same pace in the future. This implies that foreign tourists may account for a larger share of total airport passengers going forward than they did during the training period.

Another potential source of bias is that, according to the latest Survey of Foreign Visitors (Turu-Uuringute AS, 2024), 72% of foreign tourists stayed in accommodation establishments, and this share has declined compared to both 2018 and 2014. As this trend covers a substantial part of the model's training period, it creates a situation where the number of air passengers increased, but the number of tourists staying in accommodation establishments did not increase to the same extent. This effect is partly mitigated by the fact that most short-term rental service providers in Tallinn currently also report overnight stays for statistical purposes. Going forward, the share of stays in accommodation establishments may not continue to decline in the same way, as other accommodation types may not necessarily grow as quickly. For example, potential regulation of the short-term rental market has long been discussed (Saar et al., 2025), and the number of people staying with friends and relatives cannot increase substantially. As a result, the forecast may be biased downwards, and if the input assumptions hold, the actual number of tourists staying in accommodation establishments could materialise at a higher level than projected.

In the case of the second forecast (the total duration of multi-day trips by foreign visitors in nights), the estimate is affected by the same sources of bias as the first forecast, because the second econometric model relies on the results of the first. Given the reasons discussed above, the total duration of multi-day trips (in nights) may in the future be more closely linked to growth in overnight stays by foreign tourists in accommodation establishments. A simplifying assumption can therefore be made: the central estimate of the first forecast can be treated as a lower estimate for the number of overnight stays by foreign tourists (as the model is likely to underestimate growth in overnight stays), while the forecast for the total duration of multi-day trips (in nights) can be treated as an upper estimate for the same quantity. This is because, although the second forecast may also be underestimated, the number of overnight stays in accommodation establishments is expected to account for a larger share of total nights going forward, but it cannot exceed the total number of nights. Under this simplification, the number of overnight stays by foreign tourists in accommodation establishments could be above 3.26 million and below 4.21 million by 2035, and in the range of 3.40 million to 4.28 million by 2040.

Consistency of the results with existing estimates

Existing estimates project average inbound tourism growth of approximately 2% per year over 2019–2040 (Deloitte Strategy, Risk & Transactions, S.L.U., 2024). Comparing this with the forecast range in this analysis (3.4 million to 4.28 million) implies an average annual growth of approximately 0.9% to 2.02% relative to the pre-pandemic level. At first glance, this could suggest that the estimates produced here remain biased downwards compared to international projections, and that overnight stays by foreign tourists are underestimated at both ends of the range.

However, this reasoning overlooks an important fact: while tourism volumes in Europe as a whole have essentially fully recovered relative to pre-pandemic levels (UN World Tourism Organization, n.d.)—a development also reflected in the forecasts of the Deloitte–Google study (Deloitte Strategy, Risk & Transactions, S.L.U., 2024)—recovery in our region has been less extensive. This is illustrated by the fact that overnight stays by foreign tourists in Tallinn's accommodation establishments were approximately 2.63 million in 2025, still 6.6% below the pre-pandemic level. Therefore, simply comparing annual growth rates (2%) is not fully appropriate in this context, as the pre-pandemic baseline has not yet been fully restored in the local data.

A more relevant comparison is to use the latest known reference period, i.e. 2025. To reach the forecast range from that level, average annual growth would need to be between 1.73% and 3.31%. Given that large-scale international projections estimate Europe's average growth at around 2%, and longer-term airline route forecasts may in some cases point to annual growth above 3% (Boeing, n.d.), it can be concluded that the modelling results in this analysis are sufficiently consistent with existing estimates. Therefore, there is no reason to question the forecasts solely on the basis of their magnitude. At the same time, the models rely on several assumptions whose validity requires separate critical assessment (discussed below)

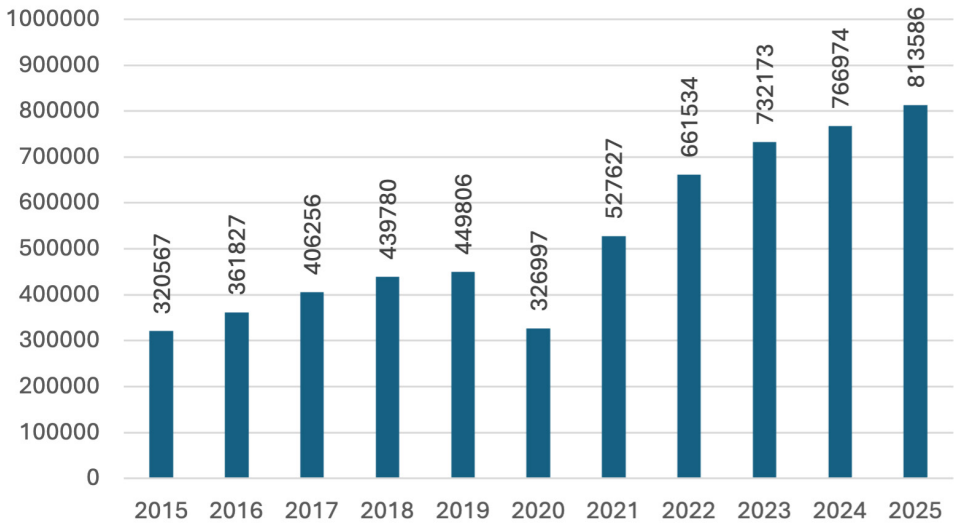
Accommodation capacity requirements implied by the forecasts

On the basis of the forecast number of overnight stays by foreign tourists, the required accommodation room capacity was assessed. The focus was deliberately placed on the number of rooms rather than the number of bed places, because the latter may mistakenly suggest that rising demand can be met simply by adding beds to existing rooms. This would not reflect actual demand, as increased demand is not necessarily accompanied by lower quality expectations.

The number of available hotel rooms was estimated on the basis of the following assumptions:

- The number of overnight stays by domestic tourists is assumed to remain at a stable post-pandemic level. After the pandemic, the number of overnight stays by domestic tourists in Tallinn's accommodation establishments increased sharply (see Figure 34). In essence, this means that a sharp decline in domestic tourism is not expected, as there are no factors indicating such a decrease. The estimate assumes that domestic tourists spend 750,000 nights per year in Tallinn's accommodation establishments.

Figure 34. Number of overnight stays by domestic tourists in Tallinn's accommodation establishments, according to Statistics Estonia.



- It was assumed that overnight stays during the three summer months account for 35% of foreign tourists' annual overnight stays in Tallinn's accommodation establishments, in line with the long-term outlook of the Ministry of Economic Affairs and Communications (2025).
- It was assumed that the volume of overnight stays in short-term rental units with fewer than five bed places would not increase. The purpose of this assumption is to keep other factors constant (ceteris paribus) and to assess additional room needs without assuming additional supply growth outside the scope of the analysis. Given that most short-term rental providers in Tallinn already operate systematically and with more than five bed places, the rooms they provide are already included in the estimate.
- It was assumed that, on average, 0.667 rooms are needed per guest (i.e. 1.5 guests per room).
- It was assumed that average occupancy over the three summer months is 86%, without accounting for intra-week variation or increases due to peak events. According to Benchmarking Alliance data, this corresponds to the average occupancy rate of Tallinn's accommodation establishments during the three summer months of 2025 (Benchmarking Alliance, n.d.).

Under these conditions, required capacity is determined primarily by the three summer months (as well as December, which is close to the summer months in terms of overnight-stay volumes). This means that no constraints were set for low-season occupancy; however, average low-season occupancy was nevertheless assessed separately.

Based on these assumptions, room requirements were estimated under the following scenarios.

Table 14. Estimated number of rooms required in 2035 and 2040 under different overnight-stay volume scenarios.

Scenario	Number of rooms	Average peak-season occupancy	Average low-season occupancy
Year 2040: **3.4 million** overnight stays by foreign tourists	11620	86%	58,2%
Year 2040: **4.28 million** overnight stays by foreign tourists	14230	86%	57,4%
Year 2035: **3.26 million** overnight stays by foreign tourists	11215	86%	58,4%
Year 2035: **4.21 million** overnight stays by foreign tourists	14020	86%	57,5%

Considering that, according to Statistics Estonia, the number of available rooms and small houses at the end of 2025 was 9,801, this implies an additional need for 1,414 to 2,239 rooms in accommodation establishments.

Main growth markets

Which source countries are most likely to drive growth in travel to Tallinn depends primarily on global trends. Due to the complexity of the methodology, this was not assessed separately in this study; instead, the analysis draws on the previously cited Deloitte (2024) report. For Tallinn (and Estonia), this points to two parallel logics:

1. Where will the largest absolute increase in international travellers globally come from?

2. Which new growth markets will increase their share of international travel as the middle class expands and the barriers to travel decrease?

Based on these two questions, it is possible to identify three major groups of countries from which growth can be expected.

1. The largest potential volume growth comes from major markets that will increase outbound travel by tens of millions of trips. In the 2040 forecast by Deloitte Strategy, Risk & Transactions, S.L.U. (2024), the largest outbound markets are China (310 million), the United States (260 million), India (145 million), the United Kingdom (145 million) and Germany (140 million). From Tallinn's perspective, this means that even if Estonia's "market share" in these markets is inevitably small in global competition, growth in these markets alone offers the greatest statistical potential for additional travellers to reach Tallinn—especially if air connectivity and destination visibility improve.

2. Another clear growth trend is the emergence of new top markets that will rise to the global top by 2040 and therefore have substantial additional potential even for smaller destinations. The report (Deloitte

Strategy, Risk & Transactions, S.L.U., 2024) notes that the Top 5 will increase its market share, and that Pakistan, Brazil, Saudi Arabia, Indonesia and Mexico will enter the Top 15 outbound markets by 2040 (around 35 million outbound trips each). This group is of interest to Tallinn because growth in these markets is likely to come not only from the continuation of current patterns, but also from new travellers entering the market and from increasing travel frequency (the report emphasises that key markets increase travel frequency).

3. Within Europe (in line with Tallinn's traditional short-haul logic), it is also worth monitoring large outbound markets outside the Top 15. According to the report (Deloitte Strategy, Risk & Transactions, S.L.U., 2024), several European markets, as well as markets in APAC (Asia-Pacific) and the UAE, are expected to exceed 20 million outbound trips by 2040 (e.g. Spain, the Netherlands, Sweden, Poland, Romania, Switzerland and Belgium; as well as the UAE, Vietnam, Thailand, etc.). For Tallinn, this is essentially a list of markets where growth may be realised most easily, as distance, flight duration and Europe's compact geography support travel demand.

Finally, it is important to remember that although the report forecasts outbound travel growth on a very large scale (a total of 2,400 million trips by 2040), Europe and APAC remain the dominant regions. This suggests that the most realistic scenario for substantial growth in Tallinn is likely a combination of nearby European markets and major European outbound countries, alongside selected large long-haul markets (China, the United States, India, the United Kingdom and Germany), where the absolute increase in global travel is so large that even a smaller destination can capture part of that growth.

Assumptions for the forecasts to hold

In the case of this forecast, it is important to note that it is not a "crystal ball", but rather a structural extrapolation that inevitably relies on other parties' forecasts and on the continuation of historical relationships. A fundamental limitation is embedded in the methodological choice itself: because tourism demand lacks forward-looking input variables whose values would be known with certainty, the forecast is, to some extent, based on another forecast.

The most important assumptions for the forecast to hold are therefore as follows:

- First, the analysis assumes that no additional major shocks materialise during the forecast period (e.g. a new health crisis or a large-scale economic shock) that would disrupt the demand trend or abruptly change travel prices and behaviour.
- Second, the forecast assumes that Tallinn Airport's plans and investments are implemented and that the development of air connectivity (both in terms of capacity and route network) does not fall significantly behind what is planned.

- Third, it is assumed that domestic tourism volumes do not decline sharply, as domestic tourism has been treated as a stable baseline when estimating room requirements.

The accuracy of the forecast is also affected by the fact that there are several trends in historical relationships that may not continue in the same form in the future. For example, the ratio between accommodation statistics and the volume of air passengers has been influenced by the fact that the volume of foreign trips by Estonian residents increased in parallel for part of the period, while the share of overnight stays in accommodation establishments among foreign tourists has changed over time. In addition, there is a separate assumption that the number of overnight stays in short-term rental premises with less than 5 beds will not increase *(ceteris paribus)*, which is a useful simplification in terms of the need for rooms, but in reality, market regulation or demand may change this direction.

Summary of forecast results

Based on the forecasts, the following overnight-stay volumes were estimated and the required number of rooms in accommodation establishments was derived from them:

- According to the models' baseline estimates, the number of overnight stays by foreign tourists in Tallinn's accommodation establishments could be approximately 3.26–4.21 million by 2035 and approximately 3.40–4.28 million by 2040.

- Based on these volumes, the required number of rooms was estimated (assuming an average peak-season occupancy rate of 86%):
  — In 2035, 3.26 million overnight stays would imply 11,215 rooms, while 4.21 million overnight stays would imply 14,020 rooms.
  — In 2040, 3.40 million overnight stays would imply 11,620 rooms, while 4.28 million overnight stays would imply 14,230 rooms.

- Compared to the existing number of rooms/small houses of 9,801 (end of 2025), this would imply an additional need for 1,414 to 2,239 rooms, depending on whether the lower or upper scenario materialises.

In terms of source countries, three distinct growth groups emerge for Tallinn:

- The largest absolute growth in outbound travel: China, the United States, India, the United Kingdom and Germany (the largest outbound markets in the 2040 outlook).
- New rapidly emerging top markets that are expected to enter the Top 15 in outbound volume by 2040: Pakistan, Brazil, Saudi Arabia, Indonesia and Mexico.

A watchlist of smaller growth markets in Europe, APAC and the UAE, where several markets are expected to exceed 20 million outbound trips by 2040 and where growth may materialise most easily for Tallinn (given short-haul logic and connectivity).

Summary

The aim of this study was to assess the role of foreign tourism in Tallinn's economy, analyse the post-pandemic recovery and quantify the contribution of foreign tourists to jobs, tax receipts and turnover of companies. The analysis covered the period 2018–2025 and the forecast part extended to 2040.

Volume and recovery of inbound tourism

- In 2025, according to mobile positioning data, Tallinn was visited by 3,422,739 foreign visitors, of whom 1,931,003 were multi-day visitors and 1,491,736 same-day visitors.
- According to accommodation statistics, approximately 3.4 million overnight stays by foreign visitors were recorded in Tallinn in 2025, which is slightly below the pre-crisis peak but confirms a clear recovery.
- During the COVID-19 crisis, volumes dropped sharply: in 2020, the number of overnight stays in Tallinn decreased by approximately 68%. Recovery began in 2022, and growth stabilised in 2024–2025.
- By 2024, Tallinn had restored approximately 90% of its pre-crisis overnight-stay volume. Compared with the capitals of the Baltic Sea region, Tallinn recovered similarly to its Baltic neighbours, but more slowly than Copenhagen and Stockholm.
- Tourism intensity in Tallinn is among the highest in the region: in 2024, there were 5.77 overnight stays by foreign visitors per capita, exceeding most comparison cities.
- Estonia's inbound tourism is strongly Tallinn-centred: in 2024, 69% of all overnight stays by foreign visitors in Estonia were recorded in Tallinn, a significantly higher share than in other Baltic Sea countries

Tourism-related companies and economic indicators

- In 2024, there were 6,599 active companies operating in tourism-characteristic sectors in Tallinn, which is approximately 23% more than in 2020.
- In 2024, these companies employed 34,275 people, exceeding the crisis-period level and highlighting the labour intensity of the sector.
- The largest employer is the food service sector (12,854 employees in 2024), followed by accommodation, transport and rental of residential real estate.
- In 2024, the sales revenue reported in tourism-characteristic sectors amounted to EUR 4,332 million, which is significantly higher than in the crisis years and also exceeds the 2019 level.
- The share of tourism-related sales revenue in the total sales revenue of companies registered in Tallinn was 9% in 2024, indicating that the sector has restored its pre-crisis position in the city economy.
- In 2024, labour taxes paid in tourism-characteristic sectors totalled EUR 293 million, an increase of around 75% compared to 2020.
- Average labour taxes per employee increased from EUR 5,205 to EUR 8,547 over 2020–2024, indicating rising wage levels and labour costs.

Foreign visitor expenditure

- Based on the 2024 Survey of Foreign Visitors, a foreign visitor spent an average of EUR 245 per visit in Tallinn.
- Average expenditure was EUR 123 for same-day visitors and EUR 336 for multi-day visitors.
- Multi-day visits therefore generate a significantly greater direct economic impact than same-day visits.

The impact of 10,000 foreign visitors on Tallinn's economy

- The time-series model (seasonality + persistence; Newey–West SE) indicates a positive association between foreign visitors and sector outcomes.
- Employment: +10,000 visitors are associated with ~+48 employees ($p < 0.001$).
- Labour taxes: +10,000 visitors are associated with ~+€0.10m ($p \approx 0.055$; marginal).
- Turnover: +10,000 visitors are associated with ~+€4.25m ($p \approx 0.059$; marginal).
- Spending-based: 10,000 visitors ≈ €2.45m (€/visit 245) to €3.36m (€/visit 336) in direct revenue

Forecast of foreign tourism until 2040

- According to the forecast, the number of overnight stays by foreign tourists in Tallinn's accommodation establishments may fall within the following ranges.:
  — In 2035: between 3.26 million and 4.21 million
  — In 2040: between 3.40 million and 4.28 million
- The projected volumes imply an increase in accommodation capacity—an estimated 1,400–2,200 additional rooms compared to the 2025 level.

General conclusions

- Inbound tourism is a sector with a systemic and significant impact on Tallinn's economy.
- The sharp decline during the crisis was followed by a recovery in 2022–2025, because of which the sector has largely regained its share in the city economy.
- Fluctuations in the tourism sector directly affect Tallinn's business activity, employment and tax revenues, and as 69% of all overnight stays by foreign visitors in Estonia take place in Tallinn, these effects also carry over to the national level.
- The forecast indicates moderate but stable growth through 2040, which requires continued strengthening of destination competitiveness and further development of accommodation capacity.

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Annexes

Annex 1. Activities specific to tourism 2008 according to the EMTAK code (in Estonian)

EMTAK aasta	Kood EMTAK	Tegevusala tekst
2008	491	Sõitjate linnadevaheline raudteevedu
2008	49101	Sõitjate raudteevedu
2008	493	Sõitjate muu maismaavedu
2008	4931	Sõitjate asulasisene ja linnalähitransport
2008	49311	Sõitjate regulaarvedu trammi ja trollibussiga
2008	49319	Sõitjate muu kohalik liinivedu
2008	4932	Taksovedu
2008	4939	Sõitjate muu mujal liigitamata maismaavedu
2008	49391	Sõitjate maakondadevaheline ja rahvusvaheline liinivedu
2008	50	Veetransport
2008	501	Sõitjatevedu merel ja rannavetes
2008	503	Sõitjatevedu sisevetel
2008	511	Sõitjate õhutransport
2008	51221	Kosmosetransport
2008	55	Majutus
2008	551	Hotellid ja muu sarnane majutus
2008	55101	Hotellid
2008	55102	Motellid jms majutus
2008	55103	Külalistemajad
2008	552	Puhkuse- ja muu lühiajaline majutus
2008	55201	Hostelid
2008	55202	Puhkemaja
2008	55203	Puhkeküla ja puhkelaager
2008	55204	Külaliskorter
2008	55205	Kodumajutus
2008	553	Laagriplatsid, vagunelamute ja haagissuvilate parkimisplatsid
2008	559	Muu majutus
2008	56	Toidu ja joogi serveerimine
2008	561	Restoranid ja liikuvad toitlustuskohad
2008	56101	Restoranid jm toitlustuskohad
2008	5621	Toitlustamine üritustel
2008	5629	Muu toitlustamine
2008	563	Jookide serveerimine
2008	68201	Enda või renditud kinnisvara üürileandmine ja käitus
2008	77	Rentimine ja kasutusrent

2008	771	Mootorsõidukite rentimine ja kasutusrent
2008	7711	Sõiduautode ja väikebusside (täismassiga alla 3,5 t) rentimine ja kasutusrent
2008	7712	Veokite rentimine ja kasutusrent
2008	772	Tarbeesemete ja kodumasinate väljaüürimine ja kasutusrent
2008	7721	Vabaaja- ja sporditarvete väljaüürimine ja kasutusrent
2008	7722	Videokassettide ja DVD-de laenutamine
2008	7729	Muude tarbeesemete ja kodumasinate väljaüürimine ja kasutusrent
2008	7734	Veetranspordivahendite rentimine ja kasutusrent
2008	7735	Õhutranspordivahendite rentimine ja kasutusrent
2008	7739	Mujal liigitamata masinate, seadmete jm materiaalse vara rentimine ja kasutusrent
2008	77399	Muu mujal liigitamata masinate, seadmete jm materiaalse vara rentimine ja kasutusrent
2008	774	Intellektuaalomandi ja sarnaste toodete (v.a autoriõigusega tööd) rentimine
2008	79	Reisibüroode ja reisikorraldajate tegevus, reserveerimine ning sellega seotud tegevus
2008	791	Reisibüroode ja reisikorraldajate tegevus
2008	7911	Reisibüroode tegevus
2008	7912	Reisikorraldajate tegevus
2008	799	Muu reserveerimine ja sellega seotud tegevus
2008	79901	Muu reisimisega seotud reserveerimine, sh giidide, piletiagentuuride ja turismiinfopunktide tegevus
2008	90	Loome-, kunsti- ja meelelahutustegevus
2008	9001	Lavakunst
2008	90011	Teatri- ja tantsuetenduste lavastamine ja esitamine
2008	90012	Kontsertide lavastamine ja esitamine, muusikaline loometegevus jms tegevus
2008	9002	Lavakunsti abitegevused
2008	9003	Kunstialane loometegevus
2008	9004	Teatri-, kontserdi- jms hoonete käitus
2008	9102	Muuseumide tegevus
2008	9103	Ajalooliste kohtade ja ehitiste jms vaatamisväärsuste käitus
2008	9104	Botaanika- ja loomaaedade ning looduskaitsealade tegevus
2008	91042	Kaitsealade tegevus
2008	93	Sporditegevus ning lõbustus- ja vaba aja tegevused
2008	931	Sporditegevus
2008	9311	Spordirajatiste käitus
2008	93199	Mujal liigitamata sporditegevus
2008	932	Lõbustus- ja vaba aja tegevused
2008	9321	Lõbustusparkide ja temaatiliste lõbustusparkide tegevus
2008	9329	Muud lõbustus- ja vaba aja tegevused