



King Johns Castle, Limerick City of Culture 2014

SOAR **(Situation & Outlook Analysis Report)** **July 2014**

Summary Headlines

- Official data from the Central Statistics Office (CSO) indicates that **overseas visitors** to the Republic of Ireland increased by +9% for the first five months of 2014, when compared to the same period last year. All market areas saw growth in this period. Great Britain (GB) contributed the largest share of this growth with an increase in arrivals of +13% when compared to the same period last year.
- According to the Northern Ireland Statistics and Research Agency (NISRA), total **overseas visitors to Northern Ireland** for the first quarter of 2014 grew by +4% YOY (year-on-year). Overseas holidaymakers to Northern Ireland increased by +13% for the first quarter of 2014 when compared to the same period last year, with British holidaymakers up +15% YOY. Visitor growth was seen from all overseas market areas. Revenue and nights from overseas visitors also grew by +6% respectively for the same period.
- The Civil Aviation Authority in the UK estimates that air **passengers** between Great Britain and Northern Ireland grew by +1% for the first five months of the year when compared to the same period in 2013. Total overseas air and sea passengers to the Republic of Ireland were up +5% for the first five months of the year.
- Over 450,000 one-way weekly direct scheduled **air seats** are estimated to be available to the island of Ireland during this peak summer season. This represents the largest volume of seats available since summer 2008.
- **Ferry services** are seeing an estimated +3% increase in car space capacity this summer, with more sailings on the Holyhead-Dublin route and new European services (Cherbourg-Dublin and St. Nazaire/Gijon-Rosslare).
- **Sentiment** expressed by industry partners remained positive for the peak season.
- Tourism Ireland is placing a **major focus** on highlighting the Wild Atlantic Way and the Causeway Coastal Route during the coming months. We are also promoting key events, including Limerick City of Culture, the Croke Park Classic college football game in September, and the many other great festivals taking place across the island. We continue to highlight iconic experiences – including Titanic Belfast, the Giant's Causeway, the Cliffs of Moher, the Viking Triangle and many others.

2. Global Outlook

According to the United Nations World Tourism Organization (UNWTO), international tourist arrivals in the first two months of 2014 continued the upward trend seen in 2013. Preliminary figures show that international tourist arrivals worldwide increased by an estimated +5% when compared to the same period last year. Northern Europe, of which the island of Ireland is part, experienced +7% growth, just ahead of the +6% increase for Europe as a whole. The key results are highlighted in the table below.

UNWTO Global Performance	
% Growth - International Arrivals Jan - Feb 2014 vs Jan - Feb 2013	
Region	Jan - Feb '14 Growth
World	5.0%
Africa	4.0%
Asia Pac	7.0%
Americas	6.0%
Middle East	-3.0%
Europe	6.0%
Western Europe	3.0%
Northern Europe	7.0%
Cent & East Europe	4.0%
South East Med	8.0%
ROI Jan - Feb (CSO)	13.0%

Source: UNWTO, CSO

The UNWTO forecasts that international tourist arrivals worldwide will grow in 2014 by an estimated +4% to +4.5%.

3. External Travel Trends

Key Markets Economic and Travel Outlook

3.1 Overview

The global travel industry is set for a decade of sustained growth according to a report by Oxford Economics. They predict an optimistic macro-economic outlook for global travel over the next ten years, with the industry growth projected to outstrip that of global GDP by some +2% – growing at +5.4% per annum. Moreover, global travel is set to grow at a significantly faster rate than during the financial crisis, where growth was +4.1% per annum.

China's growth in outbound travel will see it overtaking the U.S to become the world's largest outbound travel market in 2014, with the number of Chinese households able to afford overseas travel set to more than double in the next ten years to 220 million. China will also become the biggest domestic travel market by 2017, driven largely by rapidly increasing GDP, rising employment levels and higher consumer spending.

However, the report indicates that growth will not be exclusive to China, with forecasts showing that other large emerging markets such as Russia, Brazil, India, Indonesia and Turkey will each also average more than +5% annual growth over the next ten years. This will be driven largely by rising wealth and changing consumer habits.

3.2 Economic Indicators

Great Britain

A run of stronger economic data through Q2 has led Oxford Economics to raise their forecast for 2014 GDP growth to +3.2% from +3% in May. The UK economy has moved from recovery mode into an expansion phase. They forecast that the UK will enjoy a healthy and more balanced expansion. Growth will be underpinned by stronger household spending power, strengthening corporate confidence which is supporting investment and an improving export market.

GDP growth	●	Prolonged austerity set to weigh on pace of recovery
CPI inflation	●	Large output gap to keep underlying inflation subdued
Current account balance	●	Expanding export demand to close trade deficit
Government balance	●	Austerity set to rein in the large budget deficit over time
Government debt	●	Debt to GDP ratio unlikely to peak until 2016
External debt	●	Debt levels have been reduced since financial crisis

USA

The most recent US data indicates that Q1 GDP could be revised down further. However, the majority of incoming information points to a Q2 rebound. Oxford Economics foresee a stronger labour market which should support household spending through the remainder of 2014 and into 2015. They expect the economy will grow by +2.1% in 2014 – weaker than last month's forecast – due to the sharp contraction in Q1.

GDP growth	●	Real GDP growth to accelerate in 2014
CPI inflation	●	Inflation to remain subdued, but well anchored
Current account balance	●	Current account deficit to stabilize
Government balance	●	Budget deficit has halved since 2009
Government debt	●	Debt to stabilize just under 80% of GDP
External debt	●	US is a net debtor, but generates an income surplus

France

France continues to underperform compared with the rest of the eurozone. GDP was unchanged in the first quarter, with consumer spending and business investment both contracting. The weak outlook reflects a range of challenges confronting French firms at home and abroad. Record unemployment will weigh on domestic demand, although households will benefit marginally from a second year of very low CPI inflation. Eroded competitiveness means exporters will benefit less from the gradual improvement in eurozone activity.

GDP growth	●	Slower recovery than much of the rest of Eurozone
CPI inflation	●	Inflation will take some time to reach 2%
Current account balance	●	Narrow deficit, but losing competitiveness
Government balance	●	Close to EU deficit targets with little scope to raise tax
Government debt	●	Debt approaching 100% of GDP
External debt	●	High external debt, but in domestic currency

Germany

Germany was once again the main growth engine of the eurozone economy in Q1. Despite recent weakness in retail sales, Oxford Economics still expect household spending to strengthen and be a major driver of growth both this year and next, thanks mainly to the continued strength of the labour market and the introduction of a minimum wage next year. Oxford Economics expect GDP to increase by +2.0% this year and +1.8% in 2015, above the Eurozone average.

GDP growth	●	Risks lie to the upside.
CPI inflation	●	Deflation unlikely, upside surprises possible.
Current account balance	●	Substantial surpluses to persist.
Government balance	●	Budget to remain broadly in balance.
Government debt	●	Debt to fall over time.
External debt	●	Not a concern.

Source: Oxford Economics Briefing and Outlook reports June 2014.

Economic Indicators Table Symbols: Green = positive, Amber = cautious, Red = negative

3.3 Travel Trends in Key Markets

Great Britain: The Office of National Statistics (ONS) in the UK reports that the number of *visits* abroad by UK residents for the first four months of 2014 was flat when compared to the same period last year. According to CSO data, GB arrivals to the Republic of Ireland were up +14% for the same period, representing market share growth. Holidaymakers from GB to Northern Ireland grew by +15% in the first three months of 2014, according to NISRA. VisitEngland report that total domestic *holiday* trips in GB declined by -5% YOY for the first three months of the year; however, spend rose by +3%. Data from the CSO indicates that GB holiday trips to the Republic of Ireland were up +27% for the first three months of 2014, with holiday spend up +16%. Domestic (GB residents) holiday overnight trips to Scotland were down -14% for the first two months of 2014, with associated spend down -19%, according to Visit Scotland.

North America: Data from the Dept. of Commerce confirms that US traffic to Europe grew by +3.5% for the first four months of 2014 when compared to the same period in 2013. US tour operators are reporting a positive year for travel to Europe. However, early reports suggest US traffic to Britain YTD is down on 2013. According to CSO data, North American trips to the Republic of Ireland grew by +2% for the first four months of 2014. According to NISRA, North American visitors to Northern Ireland grew by +37% in the first quarter of this year. Latest outbound figures from Canada show that outbound leisure trips grew by +1% through April 2014, while leisure trips to non-US destinations grew by +6%.

Mainland Europe: German travel agencies report a slowdown in holiday bookings principally due to the World Cup; however, they anticipate an uplift once the competition is over. In France, it is reported that people are planning fewer holidays and spending less, reflecting the economic uncertainty in the country. The Spanish outbound market appears to have turned a corner with two consecutive months of growth YOY. Several reports on Italian outbound travel enquiries and booking patterns combine to give a moderately encouraging picture, suggesting a slight upturn in consumer confidence and holiday purchases. Outbound travel continues to grow in the Nordic markets with all major airports reporting traffic increases YTD, reflecting strong consumer confidence.

Australia & Developing Markets: Outbound travel is still growing from Australia, although sales softened during the March–May period. Some coach operators are reporting that coach tour travel to Europe is down when compared to 2013. Operators report a high incidence of former coach tour holidaymakers opting to take European river and ocean cruises instead. The Indian travel trade expect outbound tourism to grow by +15 to +20% this year. Travel trade have indicated that destinations such as Thailand, Malaysia, Singapore, Dubai, Maldives and South Africa have been Indian travellers' favourites this summer.

4. Market Intelligence

4.1 Arrivals and Visitors

Preliminary Estimates

Visitor Origins	Republic of Ireland Visitors January 2014 – May 2014		Northern Ireland Visitors January – March 2014	
	'000s	%YOY	'000s	%YOY
Total	2,717	+9%	320	+4%
Great Britain	1,210	+13%	244	+2%
Mainland Europe	954	+4%	40	+3%
North America	399	+8%	23	+37%
ADM	154	+16%	14	+1%

Source: CSO, NISRA

The latest figures issued by the CSO indicate that overseas visitors to the Republic of Ireland increased by +9% for the first five months of 2014 when compared to the same period last year. Growth was recorded from all market areas. Great Britain contributed the largest share of this growth with an increase in arrivals of +13% when compared to the same period in 2014.

According to NISRA, total overseas visitors to Northern Ireland for the first three months of 2014 grew by +4% YOY. Overseas holidaymakers to Northern Ireland grew by +13% for the first quarter of 2014 when compared to the same period last year, with British holidaymakers up +15% YOY. Visitor growth was seen from all overseas market areas. Revenue and nights from overseas visitors also grew by +6% respectively for the same period.

4.2 Access Capacity

Air Access	Summer 14 vs Summer 13 Estimates		
YOY % Change	ROI	NI	Island
Great Britain	-1%	-10%	-4%
Mainland Europe	+10%	+6%	+9%
-France	+14%	+11%	+14%
-Germany	+16%	N/A	+16%
North America	+14%	0%	+14%
ADM	+18%	N/A	+18%
Overall	+6%	-7%	+3%

Source: TTC Summer Access Inventory Report 2014 on weekly seat capacity

Over 450,000 one-way weekly direct scheduled airline seats are estimated to be available for the 2014 peak summer season. This represents the largest volume of seats available since summer 2008 and is almost 15,000 more per week than the same period last year.

Total available air capacity to the island of Ireland for peak summer season is estimated to be up +3% on last summer, with +6% more seats on Republic of Ireland routes and -7% fewer seats on routes to Northern Ireland.

Australia and Developing markets (+18%), North America (+14%), and Mainland Europe (+9%) see strongest growth in available air capacity this summer. The withdrawal of the Flybe Gatwick-Belfast and EasyJet Southend-Belfast services, along with Ryanair offering -6% fewer seats to the Republic of Ireland have contributed to an estimated -4% decrease in air capacity from GB to the island of Ireland this summer.

Sea services also see additional capacity this summer with a projected +3% increase in car space capacity, attributed chiefly to increased departures on the Holyhead-Dublin route and two new European services (Cherbourg-Dublin and St. Nazaire/Gijon-Rosslare).

4.3 Total Passenger Numbers

	Total Pax 2013*	Mar 14*	Apr 14	May 14	Jun 14
Dublin Airport	20.2m	-1%	+13%	+7%	+6%
Shannon Airport	1.4m	-16%	+31%	+20%	+20%
Cork Airport	2.3m	-12%	-1%	-7%	-3%
Ireland West Airport Knock	0.7m	-14%	+9%	N/A	
Belfast International Airport	4.0m	-5%	+5%	+3%	
Belfast City Airport	2.5m	+2%	+2%	-2%	
City of Derry Airport	0.4m	-9%	-14%	-14%	
All ROI Airports	24.6m	-3%	+13%	+6%	
All NI Airports	6.9m	-2%	+3%	0%	
All UK Airports	232m	0%	+8%	+4%	
All German Airports	203m	-1%	+2%	+2%	
All Norwegian Airports	53m	+7%	+1%	+2%	
All Swedish Airports	38m	+6%	+4%	+2%	
ROI sea passengers	3.1m	-18%	+15%	+3%	
NI sea passengers	2.1m	-14%	+11%	-1%	

Sources: Annaero, DAA, Fáilte Ireland, Ferrystat. Total Pax 2013 is the passenger traffic (in millions) at the airport(s)/seaports in 2013 estimate

*Note: It must be noted that Easter occurred in April this year, whereas it was in March in 2013, and this contributed to many ports experiencing a decline in March passenger traffic this year.

The Civil Aviation Authority estimates that air passengers between GB and Northern Ireland grew by +1% for the first five months of the year when compared to the same period in 2013.

Aer Lingus reports that its total passengers (inbound and outbound) for the first half of 2014 were up +3.4%, when compared to the same period in 2013. Ryanair announced passenger growth of +5% for the month of June, leading to an increase of +3% in the twelve months to the end of June 2014, with carryings of almost 83 million passengers.

4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	May 14 v May 13 % change	Jan-May 14 v Jan-May 13 % change
Island of Ireland	+7%	+6%
ROI	+7%	+5%
NI	+7%	+11%
Scotland	+3%	+5%
England	+3%	+5%
Denmark	+6%	+9%
Italy	+5%	+6%

Source: STR Hotel reports – Properties across the island of Ireland are represented, with a strong representation from Dublin and Belfast.

The latest available STR data indicates that hotels on the island of Ireland experienced a good start to the year for room sales. However, it is not possible to break out overseas bookings from domestic business.

According to NISRA, total hotel rooms sold across Northern Ireland increased by +9% for the first five months of 2014 when compared to the same period in 2013. However, NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland declined by -14% over the same period. Again it is not possible to break out overseas from domestic bookings.

4.5 Island of Ireland Industry Feedback

Barometer	What they said ...
Bright 	Accommodation Providers Northern Ireland accommodation providers are generally reporting good YTD performance and are optimistic about bookings for the autumn. Industry members report that summer bookings are flat and cite the absence of a major focal event this summer as a possible explanation. Guesthouses and hotels in the Republic of Ireland are generally having a good year, with bookings from GB and the US ahead of 2013 levels. Some regional hoteliers, however, report that business is only on a par with last year.
Bright 	Air and Sea Transatlantic air carriers are upbeat with strong load factors reported for new services from Canada, along with robust advance bookings on routes between the US and the island of Ireland. A leading air carrier reports steady growth on routes from GB. Air carriers operating routes from Germany are positive about performance this year. Carriers in the Nordics, Spain and Italy report positive trends in bookings to the island of Ireland. Group business is good from Italy for the summer season and carriers there are optimistic about the autumn and winter. Positive year to date growth is reported by sea carriers on GB and French routes.
Bright 	Attractions Many attractions, particularly those in tourist hotspots, are experiencing increased overseas visitor numbers this year over 2013. Key contributors to this growth, according to various attractions, are North America, Great Britain, Germany and France. Some attractions in Northern Ireland and Dublin have also seen an increase from the Canadian market. The Australian, New Zealand and Spanish markets are also growing for a leading Dublin attraction. An increase in overseas visitor numbers this year to a leading Northern Ireland attraction has been underpinned by strong, double-digit growth in North American - particularly US - visitors. The GB market is also ahead of 2013 levels. A principal attraction on the West Coast of the island of Ireland is experiencing a good year with both group and FIT business growing.
Mixed 	Inbound Operators and Business Single-digit growth is expected in leisure business from escorted and FIT sectors this year, building on the double-digit growth of 2013. This is driven by the four principal source markets US, GB, Germany and France. Business Tourism performance remains unchanged compared with last year. However, industry members are anticipating growth in 2015. Incentive travel from the US is recovering and there is strong interest in the island of Ireland for 2015/16 and beyond. Business from international association conferences is also anticipated to grow in 2015/16.

Source: Based on feedback from island of Ireland industry sources, July 2014

4.6 Tourism Ireland Market Feedback

Great Britain: Both Ireland of Ireland industry and GB-based trade partners remain positive about travel to the island of Ireland. Many tour operators, along with air and sea carriers, report growth in business for the year to date. Feedback about booking levels is also generally positive. Aided by an improving economy in GB, overall sentiment for travel to the island of Ireland is bright for the peak.

North America: Canadian tour operators continue to report another good year for the island of Ireland, with one of the larger operators reporting that all escorted tours are now full for summer 2014. Air carriers operating from Canada report good summer load factors to Dublin. In the US, feedback remains positive, with all transatlantic carriers reporting strong advance sales and high peak season load factors on all routes. Forward bookings for the Sept/Oct period are also looking strong, with some attractive fares initiatives. Tour Operators report that while escorted tours are performing well, the level of growth in FIT and luxury travel is now outperforming the escorted market. Golf, group and incentive travel are also performing well. Overall the forecast is for an even stronger year than in 2013.

Mainland Europe: Following an encouraging start to the year from European markets, feedback from operators and carriers continues to be positive for the peak season. Germany and Spain continue to demonstrate positive levels of growth, and indicators suggest a continuing positive trend into the autumn, when city break and carrier campaigns will keep the island of Ireland top of mind to year end.

Australia & Developing Markets: Key Australian partners are confident about high season/autumn sales to the island of Ireland, despite a slowdown in sales in the last three months. The visa waiver scheme continues to stimulate increases in enquiries and bookings in China and India.

5. Conclusion

The news about overseas tourism continues to be positive with official data showing that visitors to the Republic of Ireland grew by +9% for the first five months of the year, with growth from all market areas. According to NISRA, total overseas visitors to Northern Ireland for the first quarter of 2014 grew by +4%, again with growth from all overseas market areas.

Sentiment among island of Ireland industry and overseas trade partners also remains positive for the peak season.

Tourism Ireland has an extensive promotional programme in place to keep the island of Ireland in the minds of potential travellers around the world. We continue to place a major focus on the Wild Atlantic Way and the Causeway Coastal Route, and on key festivals and events across the island including Limerick City of Culture and the Croke Park Classic college football game. We also continue to highlight iconic experiences including Titanic Belfast, the Giant's Causeway, the Cliffs of Moher, the Viking Triangle and many others across the island.

Ends
