



The 2014 Giro d'Italia cycle race will begin in Belfast and finish in Dublin in May of next year

## **SOAR** **(Situation & Outlook Analysis Report)** **October 2013**

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## Summary Headlines

- Official data from the Central Statistics Office (CSO) indicates that **overseas visitors** to the Republic of Ireland grew by +6.4% in the first nine months (Jan – September) of 2013 when compared to the same period in 2012. The British market continued its return to growth (+3.5%) and North America (+14.6%) is on course for its best year ever. Australia and Developing markets (+13.7%) and Mainland Europe (+5.1%) are also playing a major part in growing overseas visitor numbers. The CSO estimates that total **overseas tourism earnings** and **overseas holidaymakers** both grew by +8% for the first six months of the year.
- The Northern Ireland Statistics and Research Agency (NISRA) estimate that total **overseas visitors** to Northern Ireland for Q1 2013 grew by +17% when compared to the same period in 2012. Estimates also indicate that overseas visitor spend and nights were up +12% and +3% respectively for the same period. It is projected that GB visitors and holidaymakers both grew by +27% in Q1 2013.
- According to the Dublin Airport Authority (DAA), almost 15.6 million **passengers** (inbound and outbound) travelled through Dublin Airport in the first nine months of this year, a +5% increase on the same period in 2012. Air passenger traffic estimates between GB and Northern Ireland for the first six months of the year were up +2% compared with the same period in 2012, according to the Civil Aviation Authority (CAA).
- Total available **air seat capacity** for winter 2013/14 is estimated to be +3% higher than the same time last year. It is projected that sea access services will remain unchanged compared to last winter.
- Leading attractions and accommodation providers in urban centres and tourism hotspots had a good summer season and, in general, outperformed rural locations, according to **industry sources**. Reports from tourism partners in Derry~Londonderry have been very positive.
- Industry and trade feedback in relation to travel for the remainder of 2013 is largely positive. The **sentiment** for travel to Northern Ireland is more mixed, possibly influenced by the unrest in Belfast earlier this year.
- Tourism Ireland has a strong programme of promotional activity in place for the remainder of the year, highlighting the island of Ireland for late season holidays to potential holidaymakers across the world.

## 2. Global Outlook

According to the UNWTO, international tourist arrivals increased by +5.3% for the first eight months of 2013 when compared to the same period last year. Northern Europe, (of which the island of Ireland is part) increased by +3.4%, while arrivals to Europe in total grew by +5.4%. The key results are highlighted in the table below.

Growth is expected to continue during 2013, but at a slower pace. The UNWTO forecasts that 2013 will end at +4% or slightly above, thus exceeding the initial estimate for the year (+3% to +4%).

UNWTO Global Performance	
International Arrivals	YTD (Jan - Aug) 2013
<b>World</b>	<b>5.3%</b>
Africa	5.0%
Asia Pac	6.3%
Americas	3.2%
Middle East	6.8%
<b>Europe</b>	<b>5.4%</b>
Western Europe	4.0%
<b>Northern Europe</b>	<b>3.4%</b>
Cent & East Europe	7.4%
South East Med	6.1%
<b>ROI Jan - Aug (CSO)</b>	<b>6.5%</b>

Source: UNWTO, CSO

## 3. External Travel Trends

### Key Markets Economic and Travel Outlook

#### 3.1 Overview

Tourism demand within Europe as a whole has remained resilient throughout the recession with growth in total domestic and outbound travel for the region as a whole. As expected there has been some switch to lower cost options and there remains clear scope for further improvement in demand as economic recovery continues with a return to more 'usual' travel trends. In particular, UK outbound travel has picked up in 2013 in line with economic indicators. Further growth is expected for 2014, according to Oxford Economics, as economic activity is expected to increase along with improvements in the labour market and more favourable exchange rates. Tourism demand from other Western European countries, as well as from the US, should also increase in line with economic activity.

## 3.2 Economic Indicators

<p><b>Great Britain</b></p> <p>Economic data has continued to strengthen over the past month. The recovery originated in the consumer and housing sectors, as demonstrated by firm output growth in the services sector in H1 2013 and by further strong results from business surveys in Q3.</p>	<p>2013 GDP Forecast: +1.4% (up from +1.2%)</p> <p>CPI*: + 2.6% (no change)</p> <p>Unemployment: 7.8% (no change)</p> <p>Exchange rate(€/£): €1: £0.85</p>
<p><b>USA</b></p> <p>The US Congressional inaction has hit the US economy. The government is likely to agree to raise the debt limit to prevent massive fiscal contraction. However, this 'shut down' of the government for the first two weeks of October is likely to have some negative impact on GDP growth prospects.</p>	<p>2013 GDP Forecast**+: +1.6% (no change)</p> <p>CPI*: +1.5% (no change)</p> <p>Unemployment: 7.3% (down from 7.4%)</p> <p>Exchange rate (€/€): €1: \$1.36</p>
<p><b>France</b></p> <p>Oxford Economics GDP forecasts for 2013 and 2014 remain unchanged from last month, at +0.3% and +1.0% respectively. The fall in industrial production in July served as another reminder about the fragility of the French economy. The labour market remains depressed, with vacancies at the lowest levels since the mid-1990s.</p>	<p>2013 GDP Forecast: +0.3% (up from -0.2%)</p> <p>CPI*: +1.1% (up from +0.9%)</p> <p>Unemployment: 11% (no change)</p>
<p><b>Germany</b></p> <p>Oxford Economics forecasts that Germany will continue to outperform other core Eurozone members. They forecast German GDP to grow by +0.6% this year and by +1.7% in both 2014 and 2015. Business expectations remain positive and low household debt, strong earnings growth and rising house prices are expected to support consumption in the coming quarters.</p>	<p>2013 GDP Forecast: +0.6% (no change)</p> <p>CPI*: +1.6% (down from 1.8%)</p> <p>Unemployment: 6.8% (no change)</p>

Source: Oxford Economics Bulletins; UNWTO, IMF, World Travel & Tourism Council, Central Bank of Ireland/ECB Reference Rate 15/10/2013; OECD; ONS; INSEE; Federal Statistics Office; GfK/GfK NOP on behalf of the European Commission; The Conference Board; \*Monthly CPI changes. Based on the most recent available data. Data is compared to the economic indicators as released in SOAR September 2013

### 3.3 Travel Trends in Key Markets

**Great Britain:** The Office of National Statistics in the UK reports that the number of *visits* abroad by UK residents for the first eight months of 2013 was up +3% when compared to the same period in 2012. According to the CSO, GB visitors to the Republic of Ireland were up over +3.5% for the same period.

According to data released by VisitEngland for the first six months of the year, total GB domestic *holiday* trips declined by -4% while domestic holiday trips in England have also decreased by -4% when compared with the same period in 2012. According to the CSO, GB holidaymakers to the Republic of Ireland were up +1% for that same period.

English residents' overnight trips to Scotland were down -2% for the first five months of the year.

**North America:** US outbound traffic to Europe remains flat, highlighting continued growth in the Republic of Ireland's market share. North American visits to the Republic of Ireland are estimated to have increased by almost +15% for the first nine months of the year, according to data from the CSO. The Conference Board of Canada (CBOC) estimates that the number of leisure trips by Canadians grew by +3% during the first half of the year. However, Canadian arrivals to Europe fell this summer.

**Mainland Europe:** German travel agencies are reporting a solid year with bookings up +1.5% during the year to August. According to research in France, travellers there have reduced both the number of holidays and length of stay in 2013 compared to other years. In Italy, the deepening economic crisis and on-going political instability have depressed consumer confidence, and this is borne out by reports of increased staycations and evidence of a slight shift into September to avoid high season prices. The Spanish outbound market continues to contract considerably. In the Nordics, all key airports reported growth over the summer. There are reports in the Netherlands that travel bookings are down by between -7% and -9% YOY.

**Australia & Developing Markets:** There was some concern that the Australian parliamentary election in September may have caused a downturn in outbound international travel; however, recent IATA figures revealed positive global passenger traffic results for the month of August. In China, FIT travel and flexible package tours are growing in popularity. There are reports of steady growth in travel to the main European holiday destinations from China, with France remaining the most popular destination.

## 4. Market Intelligence

### 4.1 Visitors

#### 2013 Preliminary Visitor Estimates

Visitor Origins	Republic of Ireland		Northern Ireland*	
	January – September 2013		January – March 2013	
	'000s	%YOY	'000s	%YOY
<b>Total</b>	<b>5,406</b>	<b>+6.4%</b>	<b>309</b>	<b>+17%</b>
Great Britain	2,202	+3.5%	239	+27%
Mainland Europe	1,935	+5.1%	39	-13%
North America	935	+14.6%	17	-5%
ADM	334	+13.7%	13	+13%

Source: CSO, NISRA \*Results should be treated with caution due to sample sizes

The latest available data from the CSO indicates that overseas visitors to the Republic of Ireland grew by +6.4% in the first nine months of 2013 when compared to the same period in 2012. The GB market returned to growth (+3.5%) and North America (+14.6%) is on course for its best year ever. Australia and Developing markets (+13.7%) and Mainland Europe (+5.1%) are also playing a major part in growing visitor numbers from overseas. The CSO also estimate that total overseas tourism earnings and overseas holidaymakers both grew by +8% for the first half of the year. It is believed that The Gathering Ireland 2013 played a significant role in helping boost tourism numbers this year.

According to the Northern Ireland Statistics and Research Agency (NISRA), total overseas visitors to Northern Ireland for Q1 2013 grew by +17% YOY. Estimates also indicate that overseas visitor spend and nights were up +12% and +3% respectively for the same period. The British market, which represents approximately 77% of all overseas visitors to Northern Ireland, grew by +27% in Q1 2013 compared to the same period of 2012. Results should be treated with caution however, due to sample size.

## 4.2 Access Capacity

Air Access	Winter 2013/14 Estimates			
	YOY % Change	ROI	NI	Island
Great Britain	+10%	-10%		+2%
Mainland Europe	+1%	+7%		+1%
-France	+9%	0%		+9%
-Germany	+5%	N/A		+5%
North America	+12%	0%		+11%
ADM	+14%	N/A		+14%
<b>Overall</b>	<b>+7%</b>	<b>-9%</b>		<b>+3%</b>

Source: TTC Winter Access Inventory Report 2013/14 on weekly seat capacity

Estimates for air access capacity to the island of Ireland for winter season 2013/14 indicates that seat capacity will be up +3% on the same period last year, with +7% more seats on ROI routes and -9% fewer seats on NI routes.

The capacity decrease for Northern Ireland is mainly a trimming of capacity rather than a withdrawal of services. Capacity on both London and British provincial routes to Northern Ireland is estimated to be down -10% for this coming winter season. The Republic of Ireland is scheduled to see capacity increases from all four market areas this winter season compared to last year.

Based on current published schedules, sea access services from GB and France remain unchanged this winter season when compared to winter 2012/13.

### 4.3 Total Passenger Numbers

	<i>Total Pax 2012*</i>	<b>Jun 13</b>	<b>Jul 13</b>	<b>Aug 13</b>	<b>Sep 13</b>
Dublin Airport	19.1m	+6%	+7%	+8%	+4%
Shannon Airport	1.4m	+8%	+9%	+3%	+4%
Cork Airport	2.3m	-4%	-1%	-8%	-7%
Ireland West Airport Knock	0.7m	+1%	-2%	-4%	
Belfast Int Airport	4.3m	-13%	-12%	-11%	
Belfast City Airport	2.2m	+26%	+36%	+30%	
City of Derry Airport	0.4m	-6%	+1%	-1%	
<b>All ROI Airports</b>	23.6m	+5%	+6%	+5%	
<b>All NI Airports</b>	7m	-1%	+1%	+1%	
All UK Airports	224m	+4%	+5%	+6%	
All Germany Airports	201m	+2%	0%	+2%	
All Norway Airports	50m	+8%	+7%	+5%	
All Sweden Airports	37m	+4%	+8%	N/A	
<b>ROI sea passengers</b>	3.1m	-5%	+5%	+8%	
<b>NI sea passengers</b>	2m	-3%	+2%	+5%	

Source: Annaero, DAA, Fáilte Ireland, Ferrystat.

\*Total Pax 2012 is the passenger traffic (in millions) at the airport(s)/seaports in 2012

According to the DAA, almost 15.6 million passengers (inbound and outbound) travelled through Dublin Airport in the first nine months of this year, a +5% increase on the same period in 2012. According to the CAA, air passenger estimates between GB and Northern Ireland for the first six months of the year were up +2% compared to the same period in 2012.

Aer Lingus reports that its total passengers in September (inbound and outbound), including those on its regional operations, decreased by -2.9% compared to the same month in 2012. Total Aer Lingus passenger numbers for the first nine months of the year grew by +1.4% when compared to the same period in 2012. Ryanair announced passenger growth of +3% for September leading to growth of +2% for the 12 month period to the end of September 2013, carrying almost 80 million passengers.

## 4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	Jun 13	Jul 13	Aug 13
Island of Ireland	+4%	+4%	+5%
ROI	+5%	+4%	+5%
NI	+3%	-1%	+4%
Scotland	+3%	+7%	+7%
England	+7%	+9%	+8%
Italy	+6%	+6%	+9%
Denmark	-2%	+5%	+5%

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 are experiencing a good year in 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 decreased by -1% during the first eight months of 2013 when compared to the same period in 2012. NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland grew by +10% during the first eight months of 2013 when compared to the same period in 2012. Again it is not possible to break out overseas from domestic bookings.

## 4.5 Island of Ireland Industry Feedback

Barometer	What they said....
<p>Brightening up</p> 	<p><b>Accommodation Providers</b></p> <p>The majority of hoteliers in the Republic of Ireland report that they experienced an increase in business during the summer months compared to the same period last year. Business from the US and European markets was noticeably up, however, reports of GB market performance were more varied. After a slow start to the year, hotels in Northern Ireland report a good summer. This was principally due to increased leisure traffic particularly from tour and coach business. The World Police and Fire Games also attracted significant numbers to Belfast in August. Hoteliers in Derry~Londonderry acknowledge a significant increase in hotel rooms sold during the year to August. Luxury country hotels around the island are experiencing a good year overall, driven by growth from the US and GB. However, business from Europe has been mixed. The B&amp;B sector reports an increase in North American and German bookings this year, however, it experienced a slight fall off in French business. The majority of self-catering providers report a good summer season with a significant increase in overseas visitors particularly from North America.</p>
<p>Brightening up</p> 	<p><b>Air, Sea and Car Hire</b></p> <p>Many airlines experienced a good summer, especially from the US and key European markets. Transatlantic carriers report strong load factors from all major gateways. Some carriers also experienced uplift in GB business. Passenger traffic to the island of Ireland on ferry services from GB is marginally up for the first eight months of the year compared to the same period in 2012. Sentiment expressed by car rental companies suggests they have seen only modest growth this year.</p>
<p>Bright</p> 	<p><b>Attractions</b></p> <p>In Northern Ireland, Titanic Belfast received approximately the same volume of overseas visitors this summer as it did for the same period in 2012. It reports a rise in US visitors; however, there was a significant drop off in GB business. A leading regional attraction in NI has seen a noticeable increase in North American and Australian business this year. In Derry~Londonderry, enquiries at the tourist information centre are up from all main overseas markets this year. Leading Dublin attractions are having a good year, driven by growth from North American and European markets. Rural attractions in the East have seen an uplift in overseas business after a slow start to the year. Leading attractions in the West report a strong YTD driven by strong group business growth from North America and Germany. They cite The Gathering Ireland 2013 as driving new business.</p>
<p>Brightening up</p> 	<p><b>Inbound Operators and Business</b></p> <p>Inbound operators are reporting a satisfactory 2013, largely due to growth from the US and Europe. A key golf operator reports that the year is on par with last year, however, spend per visitor is up. Business tourism in Northern Ireland continues to be slow, and little improvement is anticipated in the foreseeable future. Ireland's hosting of the EU Presidency for the first six months of 2013 had a very positive impact for business in Dublin and surrounding areas.</p>

Source: Based on feedback from island of Ireland industry sources, September/October 2013

## 4.6 Tourism Ireland Market Feedback

**Great Britain:** On the back of an improving economy, the overall sentiment for travel to the island of Ireland is generally positive, illustrated by YTD growth figures from the CSO. Air and sea carriers are generally reporting some uplift this year compared to last year; however this is after a challenging first quarter. A number of OTAs are reporting growth in business to the island of Ireland this year; however, some expressed concern around Northern Ireland bookings, which they say is linked to unrest in Belfast this summer.

**North America:** In the US, all major operators continue to report double digit growth with a positive outlook for the remaining months. The island of Ireland's price competitiveness and the significant increase in peak season air capacity are being cited as key drivers of growth. Looking ahead, advance enquiries and bookings for 2014 are strong, and the industry generally believes that 2014 will deliver further growth, albeit at a reduced level. In Canada, feedback from all major tour operators and airlines continues to be very positive. Many are reporting that business is up on 2012 (by +10% to +20%) and that the island of Ireland is in their top three selling destinations (escorted tours). Last minute bookings in September and October were strong for the FIT (Free Independent traveller) market to the island of Ireland.

**Mainland Europe:** Most partners in Germany acknowledge a good year with single to double digit growth compared to last year. Current feedback from French partners continues to be positive. The island of Ireland continues to win market share in France compared to key competitors, such as Scotland and Norway, which have seen declines in French visitors this year. The outlook also remains positive for the forthcoming months from the Nordics and the Netherlands with market trade satisfied with bookings to date. Spain and Italy are also performing reasonably well this year, given the challenging economic conditions in both markets.

**Australia & Developing Markets:** Booking levels for the remainder of 2013 are still healthy from Australia with airline partners reporting good forward bookings to the end of the year. Earlybird airfare prices for 2014 have been launched and overall there appears to be good interest in the island of Ireland for 2014 from the Australian trade. Bookings are also positive from China and India with reports indicating a significant increase in travel trade bookings from China YOY.

## 5. Conclusion

Tourism Ireland's autumn campaign is currently in full swing, with an extensive programme in place between now and the end of the year, targeting late-season travellers around the world. Prospects and sentiment for 2014 are positive; and upcoming tourism sales missions with tourism partners from around the island of Ireland – to the United States, China and South Africa and a strong presence at World Travel Market – will seek to keep this momentum going and build on the positive legacy of 2013.

Ends

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