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Riverdance The Gathering World Record, Dublin, July 2013

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(Situation & Outlook Analysis Report) **July 2013**

Summary Headlines

- Official data from the Central Statistics Office (CSO) indicates that overseas visitors to the Republic of Ireland grew by +5.4% in the first six months (Jan June) of 2013 when compared to the same period in 2012. Growth was driven by particularly strong performances from North America (+15.4%) and Mainland Europe (+7.9%). CSO data also shows that overseas holidaymaker numbers and associated revenue to the Republic of Ireland grew by +19% and +18% respectively in Q1 2013 when compared to the first three months of 2012. Official data regarding overseas visitor performance to Northern Ireland in 2013 is as yet unavailable.
- According to the Dublin Airport Authority (DAA), 9.3 million
 passengers (inbound and outbound) travelled through Dublin
 Airport in the first six 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 five months of the year decreased by -1%
 year-on-year (YOY), according to the Civil Aviation Authority (CAA).
- Total available **air seat capacity** for peak summer 2013 is estimated to be +3% higher than the same time last year. It is projected that sea access services will remain unchanged compared with last summer.
- Leading Attractions and accommodation providers in urban centres and tourism hotspots are doing well and are outperforming rural locations in general, according to **industry sources**.
- Tourism Ireland continues to monitor the international media coverage of the recent disturbances in Belfast.
- Tourism Ireland has a strong programme of promotional activity in place for both the peak and shoulder seasons, highlighting the island of Ireland to potential holidaymakers globally. In particular, The Gathering Ireland 2013 and Derry~Londonderry UK City of Culture 2013 present tremendous opportunities for us to shine a spotlight on the island of Ireland around the world.



2. Global Outlook

Despite varying global economic conditions, international tourist arrivals increased by +4.3% in early 2013 when compared to the same period last year, according to the UNWTO. The key results are highlighted in the table below and although figures only show the first four months of 2013, it is encouraging to see positive growth. However, the UNWTO expects 2013 global tourism growth to be slower than last year (+4% in 2012). Northern Europe, (of which the island of Ireland is part), grew by +2.1%for the first four months of 2013.

UNWTO Global performance				
International arrivals YTD (Jan - April) 201				
World	4.3%			
Africa	1.8%			
Asia Pac	6.3%			
Americas	0.5%			
Middle East	4.7%			
Europe	4.9%			
Western Europe	3.6%			
Northern Europe	2.1%			
Cent & East Europe	8.9%			
South East Med	4.6%			
ROI Jan - April (CSO) 4.4%				

3. External Travel Trends

Key Markets Economic and Travel Outlook

3.1 Overview

According to the World Travel and Tourism Council (WTTC) the outlook for travel and tourism GDP growth in 2013 is largely positive against a challenging economic backdrop. Travel and tourism's direct contribution to global GDP is forecast to grow at +3.1%, continuing the trend of outperforming the wider economy, which Oxford Economics forecast is set to grow by only +2.0% in 2013.

3.2 Economic Indicators

Great Britain	2012 CDD Forecast	+1.1%
Q2 is likely to have seen stronger growth than previously thought and some experts	2013 GDP Forecast:	+1.1% (up from +0.9%)
feel a sustained recovery may be under way. Forecasts suggest that growth will be	CPI*:	+ 2.7% (no change)
driven by real income growth, lower household savings, strengthening corporate confidence and an improving	Unemployment:	7.8% (no change)
export outlook.	Exchange rate(€/£):	€1: £0.86
USA Despite a downward revision of GDP	2013 GDP Forecast:	+1.8%
growth, there are increasing positive signs		(down from +2.1%)
in the US. The impacts of higher tax and cuts in public spending are being offset by favourable wealth effects on the back of	CPI*:	+1.5% (down from +1.7%)
higher equity and house prices, rising real wages as inflation has fallen markedly and	Unemployment:	7.6% (up from 7.5%)
stronger private construction activity.	Exchange rate (€/\$):	€1: \$1.30
France	2013 GDP Forecast:	- 0.2%
Recent developments have been more encouraging. In particular, manufacturing	2013 02. 10100000	(up from -0.3%)
rose to its highest level for a year in May. This supports the view that the French economy will stabilise during the second	CPI*:	+0.9% (down from +1.2%)
half of 2013. However, conditions continue to point to a very slow recovery. Until unemployment starts to come down from very high levels, consumption will	Unemployment:	11.0% (no change)
remain weak.		
Germany	2013 GDP Forecast:	+0.3%
Oxford Economics expect GDP growth to pick up from +0.3% this year to +1.6% in	2013 ODF TOTECASE.	(no change)
2014. A number of positive factors point to a return to fairly solid growth. The	CPI*:	+1.5% (up from +1.4%)
improving global backdrop, a normalising	Unomployment	
risk environment and sound domestic fundamentals are expected to stimulate growth.	Unemployment:	6.9% (up from 6.8%)

Source: Oxford Economics Bulletins; UNWTO, IMF, World Travel & Tourism Council, Central Bank of Ireland/ECB Reference Rate 15/7/2013; 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 June 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 five months of 2013 increased by +1% YOY. According to the CSO, GB visitors to the Republic of Ireland grew by almost +3% YOY for the first five months of the year.

According to data for the first three months of the year, total GB domestic holiday trips declined slightly (-1%), while domestic holiday trips in England decreased by -3% when compared with the same period in 2012. GB holidaymakers to the Republic of Ireland declined by -3% YOY in Q1 2013, according to the CSO. Some commentators expect the pound to weaken against the euro over the summer, which may limit outbound travel demand from GB and also make domestic travel more attractive.

North America: According to data from VisitBitain, US visits to Britain for the first five months of 2013 declined by -10%. North American visits to the Republic of Ireland are estimated to have increased by +13% for the first five months of the year, according to data from the CSO. In general, the Republic of Ireland's year-to-date (YTD) performance continues to track ahead of its European competitors, with share gains evident. It should also be noted that the Republic of Ireland's YTD growth has been generated ahead of increased peak air capacity coming on stream. Canadian outbound trips to Europe are flat YTD, according to the Conference Board of Canada.

Mainland Europe: German travel agencies are reporting a good year with bookings up +3% to June. In France, a late booking trend features strongly in the market, suggesting there is plenty of 2013 business still to play for. The Spanish and Italian outbound markets continue to contract meaning that the Republic of Ireland is continuing to win market share in these destinations. In the Nordics, airlines are experiencing a good year with increased passenger numbers, while tour operators report a strong interest in long-haul destinations. The Dutch travel trade reports a slowdown in the volume of foreign holidays taken this year.

Australia & Developing Markets: Outbound travel from Australia continues to grow as the Australian dollar remains robust against the euro. The slight downturn in the AUD\$ against the US\$ has proven beneficial in encouraging consumers to consider Europe as a long-haul alternative. In China, outbound travel grew by +17% YOY for the first five months of 2013. A leading operator reports a +20% increase in Indians travelling to Europe YTD.

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4. Market Intelligence

4.1 Visitors

2013 Preliminary Visitor Estimates

	ROI				
Visitor Origins	January – June 2013				
	`000s	%YOY			
Total	3,145	+5.4%			
Great Britain	1,297	0%			
Mainland Europe	1,149	+7.9%			
North America	520	+15.4%			
ADM	179	+5.7%			

Source: CSO

The latest available data from the CSO indicates that overseas visitors to the Republic of Ireland grew by +5.4% in the first six months (Jan – June) of 2013 when compared to the same period in 2012. Growth was driven by particularly strong performances from North America and Mainland Europe. It appears that The Gathering Ireland 2013 has played a significant role in helping to boost visitor numbers in the first six months of the year.

CSO data also shows that overseas holidaymakers to the Republic of Ireland grew by +19% in Q1 2013 when compared to the first three months of 2012. Holidaymaker spend increased by +18% for the period.

Official data regarding visitor performance to Northern Ireland in 2013 is as yet unavailable. However, final data for 2012, shows that overseas holidaymakers to Northern Ireland grew by +7% YOY, with strong growth from GB (+7%), North America (+9%) and Australia and Developing Markets (+27%). According to the Northern Ireland Statistics and Research Agency (NISRA), total hotel rooms sold across Northern Ireland decreased by -4% during the first five 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 +11% during the first five months of 2013 when compared to the same period in 2012. It is not possible to break out overseas from domestic bookings.



4.2 Access Capacity

Air Access	Summer 2013 Estimates				
YOY % Change	ROI	NI	Island		
Great Britain	-2%	+2%	0%		
Mainland Europe	+6%	-7%	+4%		
-France	-4%	-11%	-4%		
-Germany	+3%	N/A	+3%		
North America	+24%	0%	+23%		
ADM	+18%	N/A	+18%		
Overall	+4%	0%	+3%		

Source: TTC Summer Access Inventory Report 2013 on weekly seat capacity

Estimates for air access capacity to the island of Ireland for peak summer season 2013 indicate that available air seat capacity is up +3% on the same period last year, with +4% more seats on ROI routes and no capacity change on NI routes. Capacity from North America and Australia and Developing Markets (includes the Middle East) is estimated to be up +23% and +18% respectively. Mainland Europe is scheduled to be up +4%, while capacity from GB is estimated to be unchanged when compared to summer 2012. Sea access services remain unchanged this summer compared to summer 2012.

Following an estimated +27% increase in air seats available between the US and the Republic of Ireland for peak summer season 2013 (June-August), there have been further capacity announcements for transatlantic services in 2014. Air Canada, which has operated a summer service between Dublin and Toronto since 2002, will operate the route on a year-round basis from May 2014 under its new Air Canada Rouge brand. Aer Lingus has also announced new, year-round, direct flights from San Francisco and Toronto to Dublin from April 2014. Full year-round service will also resume on its Shannon to Boston route in January 2014.



4.3 Total Passenger Numbers

	Total Pax 2012*	Mar 13	Apr 13	May 13	Jun 13
Dublin Airport	19.1m	+8%	+1%	+9%	+6%
Shannon Airport	1.4m	-7%	-12%	-5%	+8%
Cork Airport	2.3m	+4%	-2%	+1%	-4%
Ireland West Airport Knock	0.7m	-6%	-12%	-2%	+1%
Belfast Int Airport	4.3m	+2%	-11%	-7%	
Belfast City Airport	2.2m	-3%	+2%	+9%	
City of Derry Airport	0.4m	-8%	-2%	-2%	
All ROI Airports	23.6m	+7%	0%	+7%	
All NI Airports	7m	0%	-6%	-2%	
All UK Airports	224m	+3%	0%	+7%	
All Germany Airports	201m	-1%	0%	+1%	
All Norway Airports	50m	-4%	+14%	+2%	
All Sweden Airports	37m	-4%	+3%	+4%	
ROI sea passengers	3.1m	+11%	-16%	+10%	
NI sea passengers	2m	+10%	-12%	+6%	

Source: Annaero, DAA, Fáilte Ireland, Ferrystat.

According to the DAA, 9.3 million passengers (inbound and outbound) travelled through Dublin Airport in the first six months of this year, a +5% increase on the same period in 2012. About 2 million passengers used Dublin Airport in June, a +6% increase on the same month last year. Passengers at Cork Airport declined by -4% YOY in June. Shannon Airport experienced its first month of growth this year with passengers up +8% YOY in June. According to the CAA, air traffic estimates between GB and Northern Ireland for the first five months of the year decreased by -1%.

Aer Lingus reports that its total number of passengers (inbound and outbound) in June, including those on its regional operations, increased by +3.1% compared to the same month in 2012. Total Aer Lingus passenger numbers for the first six months of the year grew by +2.1% when compared to the same period in 2012. Ryanair announced passenger growth of +4% for the 12 month period to the end of June 2013, carrying almost 80 million people.

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

4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	Mar 13	Apr 13	May 13
Island of Ireland	+8%	+3%	+7%
ROI	+8%	+4%	+7%
NI	+9%	-9%	+4%
Scotland	+6%	+7%	+6%
England	+5%	+8%	+6%
Italy	+2%	+4%	+6%
Denmark	-7%	+4%	+2%

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

The latest available STR estimates indicate 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 -4% during the first five 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 +11% during the first five 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
Brightening up	Accommodation Providers
	After a slow start to the year, the majority of hotels in Northern Ireland are reporting a good performance through the summer months, with overseas FIT (Free Independent Traveller) and tour business performing well. Bookings up to September are positive. While many hotels in the Republic of Ireland are experiencing an increase in overseas visitors, those in rural areas continue to be affected by struggling domestic demand. The contraction in the domestic market is putting renewed pressure on hotels outside the main urban areas. The self-catering sector reports a noticeable increase in overseas visitors, particularly from North America. Self-catering providers also note that the GB market has improved from earlier in the year, both with individuals making their own bookings and with tour operators. Properties near regional airports have seen a significant increase in European visitors, who appear to be opting increasingly to make their own holiday plans/bookings, by-passing their local tour operators.
Brightening up	Air, Sea and Car Hire
	Many airlines are experiencing a good season, especially from the US and key European markets. Transatlantic carriers report strong load factors from all major gateways. Carriers are also reporting a recent uplift in GB business. As for sea services, passenger traffic to the island of Ireland from GB is marginally down for the first half of the year compared with the same period in 2012. However, one sea carrier reports growth YTD on its French-Ireland services. Sentiments expressed by car rental companies suggests that car rental has only seen modest growth compared to last year, with no strong indications that the peak season will be any different.
Bright	Attractions
	Principal 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. A leading attraction in the West reports a strong first half of the year, driven by strong group business growth from North America and Germany. They cite The Gathering Ireland 2013 as driving new business. In Northern Ireland, several key attractions are performing well with overseas visitors. In Derry~Londonderry, a leading city tour, reports that bookings are up significantly, driven mainly by business from the US.
Brightening up	Inbound Operators and Business
	Inbound operators are reporting that 2013 is performing well overall, principally due to US and European business. A key golf operator reports that the year is on a par with last year, however, spend per visitor is up. They are continuing to get bookings for this year and requests for 2014 are coming in on a regular basis. While business tourism in Northern Ireland is slow, and would be expected to be such during the summer months, there are concerns about the rate of improvement until 2014. Ireland's hosting of the EU Presidency for the first six months of 2013 had a very positive impact in Dublin and surrounding areas.

Source: Based on feedback from island of Ireland industry sources, June/July 2013

4.6 Tourism Ireland Market Feedback

Great Britain: Despite a challenging economic backdrop, the overall sentiment for travel to the island of Ireland is increasingly positive. Air carriers are reporting some uplift in the high-season; however this is after a challenging first quarter. With aggressive pricing in the market, some carriers are reporting challenges around yield. A number of OTAs are reporting growth in business to the island of Ireland this year.

North America: In the US, feedback from all major FIT, escorted and golf operators continues to be very positive, with many reporting that they are having their best season ever. Booking patterns remain steady heading into the autumn promotional period. The significant increase in direct air access for peak season from the US is now fully operational and continues to stimulate the promotion of more competitive airfares together with expanded carrier promotional activity. All carriers report strong load factors and performance from all major gateways. Canadian tour operators continue to report that business to the island of Ireland is strong, with one key operator reporting that all escorted tours are now full for 2013 – a month earlier than 2012.

Mainland Europe: Europe has had a positive year to date, driven by especially strong performances from France, Benelux and the Nordics. Southern European markets are also performing very well this year, given the challenging economic conditions in those markets. Additional air access from core markets has helped deliver growth, and there are several cooperative campaigns in operation to maximise the effectiveness of existing and new routes. Tour operators are reporting that bookings for 2013 are good, with most experiencing growth over 2012.

Australia & Developing Markets: Bookings for the island of Ireland have slowed from Australia following a strong first quarter; however, operators are still advising that bookings are above 2012 levels. Bookings are also positive from China and India with reports indicating a significant increase in travel trade bookings from China YOY.

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5. Conclusion

The overall sentiment for travel to the island of Ireland in 2013 remains largely positive. Indicators are very promising this year, illustrated by official data showing that overseas visitors to the Republic of Ireland grew by +5.4% in the first six months of 2013 when compared to the same period in 2012.

Tourism Ireland has a strong programme of promotional activity in place for both the peak and shoulder seasons, highlighting the island of Ireland to potential holidaymakers across the globe. In particular, The Gathering Ireland 2013 and Derry~Londonderry UK City of Culture 2013 present tremendous opportunities for us to shine a spotlight on the island of Ireland in major markets.

Ends			