



The London Eye which joined Tourism Ireland's Global Greening 2016 initiative

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## **SOAR** **(Situation & Outlook Analysis Report)** **April 2016**

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## Summary Headlines

- Data from the Central Statistics Office (CSO) indicates that the first two months of 2016 were the best ever January and February on record with **overseas visitors** exceeding the one million mark for the first time. In the three month period December 2015 – February 2016, overseas visitors to Ireland increased by +17% year-on-year (YOY). Growth was seen from all market areas with Great Britain contributing the largest share of this growth.
- The Northern Ireland Statistics and Research Agency (NISRA) reports that total **overseas visitors to Northern Ireland** for the first nine months of 2015 grew by +11% when compared to the same period in 2014. Growth was driven by visitors from our main market areas of GB (+11%), Mainland Europe (+14%), North America (+6%) and from Australia and Developing markets (+11%). Holiday visitors accounted for almost half a million overseas visitors (+12%); and revenue from overseas visitors to Northern Ireland grew by +9% to £378 million during this period.
- Estimates indicate that there will be a record number of scheduled direct, one-way **air seats** available each week to the island of Ireland during the peak summer season. Capacity is forecast to increase by +9% when compared to the same period last year. Growth is expected from all market areas with services to Ireland up +9% and to Northern Ireland up +10%. **Ferry** capacity is estimated to decline marginally due to the withdrawal of P+O's seasonal fast ferry on routes from Troon and Cairnryan to Larne.
- Industry **sentiment** on the island of Ireland and among overseas trade partners remains positive. In the early months of this year enquires and bookings have been generally ahead of, or on par with, 2015 levels. Hotel capacity constraints at tourism 'honeypots' during the peak is a key issue and barrier to further growth for many tour operators. In research by Tourism Ireland, two thirds of overseas tour operators said that room availability in Dublin is their 'biggest challenge' to growth.
- Last month saw the **largest ever Tourism Ireland Global Greening initiative** to mark St Patrick's Day, with major landmarks and iconic sites around the world turning green on March 17th, including the Colosseum, the Christ the Redeemer statue in Rio de Janeiro and the Leaning Tower of Pisa. New 'greenings' for 2016 included Number 7 World Trade Center at Ground Zero in New York, the Big Wheel on Place de la Concorde in Paris, Mole Antonelliana in Turin, the light rail system in Addis Ababa and City Hall in Tel Aviv.

## 2. Global Outlook

The United Nations World Tourism Organisation (UNWTO) reports that international tourist arrivals grew by over +4% in 2015 to reach a record total of 1.2 billion in 2015. Some 50 million more tourists (overnight visitors) travelled to international destinations around the world last year compared to 2014.

2015 marked the sixth consecutive year of sustained growth, with international arrivals increasing by +4% or more every year since 2010.

Growth in advanced economies (+5%) exceeded that of emerging economies (+4%), boosted by the solid results of Europe (+5%). Northern Europe, of which the island of Ireland is part, experienced +6% growth, ahead of the +4% global increase. Results for 2015 are summarised in the below table illustrating the market share growth achieved by Ireland and Northern Ireland last year.

The UNWTO forecasts international tourism to grow by +4% worldwide in 2016. By region, growth is expected to be stronger in Asia and the Pacific (+4% to +5%) and the Americas (+4% to +5%), followed by Europe (+3.5% to +4.5%). The projections for Africa (+2% to +5%) and the Middle East (+2% to +5%) are positive, despite a larger degree of uncertainty and volatility for travel to those regions.

UNWTO Global Performance	
International Arrivals	Jan - Dec
	2015 YoY % +/-
<b>World</b>	<b>+4%</b>
Africa	-3%
Asia Pac	+5%
Americas	+5%
Middle East	+3%
<b>Europe</b>	<b>+5%</b>
<b>Northern Europe</b>	<b>+6%</b>
<b>Northern Ireland (NISRA) (Jan-Sept)</b>	<b>+11%</b>
<b>Ireland (CSO)</b>	<b>+14%</b>

Source: UNWTO, CSO, NISRA

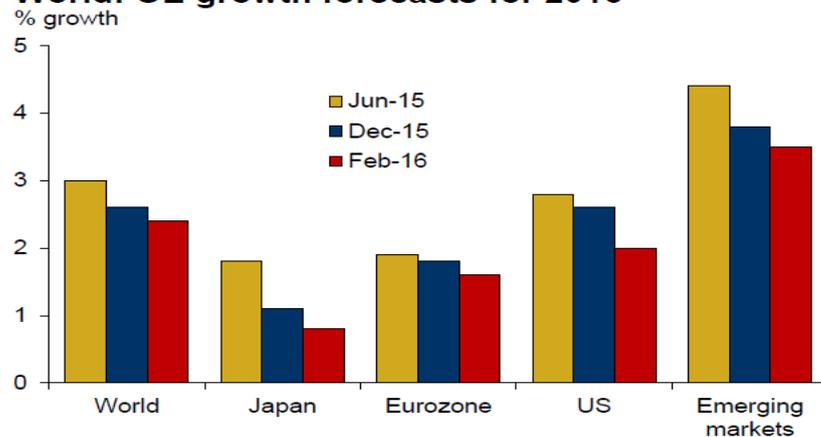
### 3. External Travel Trends

#### Key Markets Economic and Travel Outlook

##### 3.1 Overview

Oxford Economics report that global economic growth has weakened further due to increasing financial turbulence. Declining stock prices, lower oil prices, zero inflation, and negative interest rates, coupled with a downturn in emerging markets, make it difficult to see any significant improvements in the near future.

**World: OE growth forecasts for 2016**



Source : Oxford Economics/Haver Analytics

In addition to the uncertainty in the global economy, several studies and economic models suggest that Brexit would have a negative impact on the UK economy. Many economists believe that a vote in favour of Brexit would see sterling fall sharply, thus in the short term at least, increasing the cost of visiting Ireland for GB tourists. Tourism Ireland continues to monitor the newsflow and analyse the possible implications of 'Brexit' on tourism to the island of Ireland. We also remain conscious of recent tragic events in Brussels and elsewhere and the potential impact on travel; we continue to monitor the situation.

### 3.2 Economic Indicators

<p><b>Great Britain</b></p> <p>Oxford Economics have revised down their UK GDP growth forecasts for this year from 2.4% to 2.0%. This downgrade reflects the heightened uncertainty caused by the recent financial market turbulence, the upcoming referendum on the UK's membership of the EU, as well as evidence of softer global growth. Markets have reacted nervously to the referendum, with the pound falling against many currencies. Should the 'remain' camp establish a clear lead in the opinion polls, then it is possible that sterling will regain much of these recent losses.</p>	<p>2016 GDP Forecast: +2.0% (down from +2.4%)</p> <p>CPI: + 0.1% (down from +0.7%)</p> <p>Unemployment: 5.4% (no change)</p> <p>Exchange rate(€/£): €1: £0.79 (up from £0.77)</p>
<p><b>USA</b></p> <p>Given the weak early-year momentum, Oxford Economics have revised down their 2016 GDP growth expectations to 2.0%. A strong dollar, sluggish global growth and reduced oil and gas investment may continue to constrain activity. That being said, the picture remains one of solid domestic fundamentals constrained by global headwinds. Domestically, buoyant private sector confidence is aided by steady increases in employment and wage growth.</p>	<p>2016 GDP Forecast: +2.0% (down from +2.4%)</p> <p>CPI: +1.0% (down from +1.3%)</p> <p>Unemployment: 4.9% (down from 5.0%)</p> <p>Exchange rate (€/€): €1: \$1.09 (no change)</p>
<p><b>France</b></p> <p>The negative impact from the Paris terrorist attacks on the domestic economy is expected to wear off from Q1 2016, especially given still-high levels of consumer and business confidence. A recovery in consumer spending and investment should support modest economic growth throughout 2016, pushing GDP growth to 1.4% in 2016. The unemployment rate is set to fall only slightly in 2016 and against this backdrop household spending growth should be fairly stable this year. Furthermore, Oxford Economics expect the French government to announce new measures to boost employment, which could support economic activity this year.</p>	<p>2016 GDP Forecast: +1.4% (down from +1.5%)</p> <p>CPI: +0.4% (down from +0.6%)</p> <p>Unemployment: 10.1% (no change)</p>
<p><b>Germany</b></p> <p>That fact that Germany (which is more exposed to emerging markets) has not underperformed the rest of the Eurozone is a mark of the resilience of its economy. While there is a risk that further external shocks could undermine this strength, Oxford Economics view is that the German economy will regain momentum as the year progresses. They expect household spending to remain the lynchpin of the recovery and employment continues to rise, leading to strong wage growth which fuels growth in disposable income.</p>	<p>2016 GDP Forecast: +1.7% (down from +2.1%)</p> <p>CPI: +0.5% (down from +0.8%)</p> <p>Unemployment: 6.3% (down from +2.1%)</p>

Source: Oxford Economics Briefing and Outlook reports March 2016.

### 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 in 2015 grew by +9% when compared to 2014. According to CSO estimates, GB visitors to Ireland for the same period were up +12%. GB visitors to Northern Ireland grew by +11% for the first nine months of 2015, according to NISRA. VisitBritain reports that inbound tourism to the UK in 2015 reached a record 35.8 million visits, +4% on 2014 and the sixth consecutive year of growth. Overseas visits to Scotland were down -2% YOY for the first nine months of 2015. Research from the UK Post Office suggests that lower food and drink prices in many European sun resorts this summer may cancel out the impact of the recent deterioration of sterling to the euro. Reports of a surge in UK ferry bookings in January maybe linked to Euro 2016 in France this summer.

**North America:** According to the US Department of Commerce, US traffic to Europe grew by +6% YOY for the January-November 2015 period. VisitBritain reports that North American visitors to Britain grew by +8% YOY in 2015. According to CSO estimates, North American visitors to Ireland for the same period grew by +14%, while NISRA report that North American visitors to Northern Ireland grew by +6% for the first nine months of 2015. The US travel sector is in buoyant mood; aided by a strong dollar. US tour operators are reporting on a pick-up in bookings to Europe following a slowdown post the Paris terrorist attacks. According to the Conference Board of Canada (CBOC), Canadians made +8% YOY more visits to Europe in 2015. In addition, they report that while Europe is more commonly a summer destination for Canadians, the region is seeing strong growth (+6%) this winter.

**Mainland Europe:** In Germany, despite a decline in bookings during the first two months of the year, the travel industry is expecting growth again this year. A recent MICE survey confirmed only 3% of key companies from the Paris region cancelled their planned seminars or meeting in Q4 2015 or Q1 2016 despite the November terror attacks. The Spanish outbound market is performing well and feedback from OTAs and travel agents also suggested a strong Easter. Italy has raised airport departure tax by +38% to €9. Ryanair have cited this increase as the reason for the closure of two of its bases (Alghero and Pescara) in April 2016. The Swedish government is studying the possibility of introducing US preclearance at Stockholm Arlanda Airport, meaning that Sweden could become the second country in Europe, after Ireland, to offer the service.

**Australia & Developing Markets:** According to the Australian Bureau of Statistics, short-term resident departures from Australia continue to rise. Both Sydney and Melbourne Airports report a very strong January for international departures. In China, the Spring Festival public holiday (7th February - 13th February this year) is the most popular time for holidays in the first half of the year and the outbound market grew by almost +30% YOY in 2016.

## 4. Market Intelligence

### 4.1 Arrivals and Visitors

#### Preliminary Estimates

Visitor Origins	Ireland Visitors December 2015 – February 2016		Northern Ireland Visitors January – September 2015	
	'000s	% YOY	'000s	% YOY
<b>Total</b>	<b>1,690</b>	<b>+17%</b>	<b>1,509</b>	<b>+11%</b>
Great Britain	839	+21%	998	+11%
Mainland Europe	550	+14%	236	+14%
North America	199	+13%	175	+6%
ADM	103	+9%	100	+11%

Sources: CSO, NISRA

Data from the Central Statistics Office (CSO) indicates that for the first time ever, more than one million visitors arrived to Ireland in the first two months of 2016. In the period December 2015 – February 2016, almost a quarter of a million additional visitors (+17%) came to Ireland, when compared to the same three month period YOY. Growth was seen from all market areas with Great Britain contributing the largest share of this growth (an additional 147,000 visitors).

The Northern Ireland Statistics and Research Agency (NISRA) reports that total overseas visitors to Northern Ireland for the first nine months of 2015 grew by +11% when compared to the same period in 2014. Growth was driven by visitors from our main market areas of GB (+11%), Mainland Europe (+14%), North America (+6%) and from Australia and Developing markets (+11%). Holiday visitors accounted for almost half a million overseas visitors (+12%); and revenue from overseas visitors to Northern Ireland grew by +9% to £378 million during this period.

## 4.2 Air and Sea Connectivity

### Preliminary Estimates

Air Access Seat Capacity Estimates Summer 2016 vs. Summer 2015			
YOY % Change	Ireland	NI	Island
Great Britain	+14%	+11%	+13%
Mainland Europe	+6%	+9%	+6%
-France	-1%	NC	-1%
-Germany	+8%	NA	+8%
North America	+7%	NC	+7%
ADM	+5%	NA	+5%
<b>Overall</b>	<b>+9%</b>	<b>+10%</b>	<b>+9%</b>

Source: Draft TTC Access Inventory Report 2016 on scheduled direct one-way weekly seat capacity. Capacity is estimated at a single point in time (July) for the season. NA= Not applicable NC = No change

Estimates indicate that there will be almost 537,000 direct, one-way air seats available each week to the island of Ireland during the peak summer season, a +9% increase in capacity compared to the same period last year. This would be a record number and growth is expected from all market areas with Ireland up +9% and Northern Ireland up +10%.

In absolute terms, Great Britain is projected to deliver the greatest volume of extra seats (approximately 27,000), equating to just over 60% of the growth, with Mainland Europe delivering 30% of the extra seats.

Ferry capacity is estimated to decline marginally this summer due to the withdrawal of P+O's seasonal fast ferry on routes from Troon and Cairnryan to Larne.

Belfast Harbour is expected to play host to a record 145,000 cruise visitors this year while Dublin Port is also expecting its biggest year to date with 120 cruise ships booked to arrive. Many other ports on the island of Ireland are also expecting an increase in business this year.

## 4.3 Total Passenger Numbers

	Total Pax 2015*	Jan 16 YOY % change	Feb 16 YOY % change
Dublin Airport	25m	+17%	+17%
Shannon Airport	1.7m	+6%	+11%
Cork Airport	2.1m	+7%	+9%
Ireland West Airport Knock	0.7m	+6%	+7%
Belfast International Airport	4.4m	+20%	+20%
Belfast City Airport	2.7m	-4%	+1%
City of Derry Airport	0.3m	+1%	+8%
<b>All ROI Airports</b>	29.5m	+15%	+16%
<b>All NI Airports</b>	7.4m	+10%	+12%
All UK Airports	255m	+6%	+10%
All German Airports	216m	+4%	N/A
All Norwegian Airports	54m	+1%	+5%
All Swedish Airports	41m	+5%	N/A
<b>ROI sea passengers</b>	3.2m	+2%	+2%
<b>NI sea passengers</b>	2m	+7%	+1%

Sources: Annaero, DAA, Shannon, IWAK, Fáilte Ireland, Ferrystat. \*Total Pax 2015 is the passenger traffic estimate (in millions) at the airport(s)/seaports NA=Not available

Air and sea passenger traffic results to the island of Ireland are largely positive for the first few months of 2016. This good start to the year is all the more encouraging after last year's growth.

## 4.4 Accommodation

### Hotel accommodation data estimates (Hotel rooms sold)

	Jan 2016 v Jan 2015 % change
Island of Ireland	+7%
Ireland	+8%
Northern Ireland	-4%
Scotland	0%
England	+1%
Italy	+1%

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

The hotel data specialist STR, which has a strong representation of Dublin and Belfast hotels, indicates a generally good performance in January. However, it is not possible to break out overseas bookings from domestic business and January is one of the quieter months of the year.

NISRA reports that the number of hotel rooms sold in Northern Ireland in 2015 increased by +3% to 1.9 million. This represents the highest recorded rooms sold for a year since records began. The number of total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland decreased by -11% in 2015 when compared to 2014, according to NISRA. Again, it is not possible to break out overseas from domestic bookings.

According to *Hotels.com*, hotel prices across Ireland went up by an average of +15% last year to a paid average room rate of €118, a figure which is disputed by the Irish Hotels Federation (IHF) as unrepresentative.

In research by Tourism Ireland, two thirds of overseas tour operators said that room availability in Dublin is their 'biggest challenge' to growth this year.

## 4.5 Island of Ireland Industry Feedback

Barometer	What they said ...
<p>Bright</p> 	<p><b>Accommodation providers</b></p> <p>Hoteliers and guesthouses in Ireland have reported a very positive start to 2016 with an increase in both current business and advance bookings. Business is up significantly from Britain and the US, with more modest increases from France and Germany. Business is also up in many rural areas. However, the recovery is not being felt to the same degree outside the main tourist regions. The vast majority of hoteliers reportedly plan to increase investment in refurbishment, marketing and product development this year.</p> <p>Northern Ireland accommodation providers report a slow start to 2016. However, there has been a marked pick-up in bookings for March with a positive Easter expected. Forecasts for the rest of the year are good, with a strong summer predicted.</p> <p>The B&amp;B sector has also experienced a strong start to the year, with strong double digit increases in bookings. However, there are concerns about availability in the peak season.</p>
<p>Bright</p> 	<p><b>Air carriers, sea carriers and car rental</b></p> <p>Air carriers are expecting a strong season with increased air access including greater capacity on key US routes this summer. A major sea carrier reports a positive outlook for the year ahead with modest growth forecast and a good Easter expected. The car rental sector says it is still early in the year for them, stating that the majority of business remains in the peak.</p>
<p>Bright</p> 	<p><b>Attractions</b></p> <p>Attractions in Ireland's Ancient East are expecting further strong growth on the back of a positive 2015. The US market in particular is showing significant growth. A west coast attraction has also seen a strong start to 2016 with significant double digit growth and healthy advance bookings from all markets. In Dublin, major attractions experienced an increase in business in January and February. Enquiries and bookings for the year ahead are looking strong. In Northern Ireland, a leading attraction reports that overseas business was marginally down for the first two months of the year. However, there is cautious optimism for growth overall this year.</p>
<p>Mixed</p> 	<p><b>Tour Operators</b></p> <p>On the back of a record 2015, there's a positive outlook for 2016 from group operators overall. However, concerns remain regarding hotel capacity particularly in Dublin. Operators are finding it difficult to place last-minute business and increases in room rates mean there is concern about Dublin being perceived as an expensive destination. Coach operators are also reporting a positive outlook despite some minor capacity issues in Dublin. Belfast operators have experienced an uplift in business tourism, aided by the extension of the Waterfront Hall.</p>

Source: Based on feedback from island of Ireland industry sources, March 2016

## 4.6 Tourism Ireland Market Feedback

**Great Britain:** The sense from trade partners in GB is that 2016 will be another good year for travel to the island of Ireland, with positive sentiment being expressed from key airlines and OTAs. GB tour operators expect bookings to hold for 2016; however they have serious concerns about allocations and prices for 2017, with particular reference to Dublin.

**North America:** Most US tour operators are reporting good growth in advance bookings to the island of Ireland. A leading airline reports that advance bookings this January were well ahead of the same month in 2015. They are also seeing strong growth in connecting traffic from Pittsburgh, Cleveland and Minneapolis. This growth is being attributed to better connections. US tour operators continue to advise that hotel availability in Dublin remains a concern and will dampen growth opportunities in the peak period. In Canada, tour operators are reporting strong sales for the island of Ireland, key partners all offered discounts on March bookings to capitalise on Saint Patrick's Day - a key time for bookings. There will be an increase in direct air access this summer and travel agents, in a recent three city workshop programme, reported strong interest in the island of Ireland for 2016.

**Mainland Europe:** In summary, the island of Ireland has had a great start to 2016. In Germany, the majority of partners report strong double digit growth with many partly attributing this to the fact that the island of Ireland is seen as a very safe destination, what German travellers are seeking. Similarly in France, Ireland is perceived as an attractive and secure destination and partners are reporting that bookings are ahead of this time last year. It is hard to get a sense of the peak summer season at this time in Spain, due to the late booking trend in the market; however, all reports from partners are extremely up-beat. In Italy, the outlook is similarly positive with encouraging signs and many partners saying that bookings are up. In the Nordics, feedback from tour operators and island of Ireland industry at in-market trade events was very positive for the season ahead.

**Australia & Developing Markets:** Overall, the outlook for travel to the island of Ireland in 2016 is positive, despite weaker growth in January and the market being slower than expected for the early bird period. A leading Australian operator reports growth at the end of 2015 and is positive about 2016, while another operator more cautiously reports flat YOY results. Many Chinese travel trade have reported that the costs of package tours to Europe is significantly better value this year, partly due to a weak euro. Bookings for 2016 are ahead of this time last year.

## 5. Conclusion

Sentiment is positive for 2016 among trade partners overseas, as well as tourism businesses across the island. New flight announcements for 2016 augur well for continued growth and early indicators are favourable, with many partners reporting enquiries and bookings for the island of Ireland on a par with, or ahead of, this time last year. However, we remain conscious of changeable external factors and we continue to monitor exchange rates, pricing levels and the global economy. Hotel bedroom capacity, especially in Dublin, remains a key issue for operators at peak times.

Last month saw the largest ever Tourism Ireland Global Greening initiative to mark St Patrick's Day, with major landmarks and iconic sites around the world turning green on March 17th, including the Colosseum, the Christ the Redeemer statue in Rio de Janeiro and the Leaning Tower of Pisa. New 'greenings' for 2016 include Number 7 World Trade Center at Ground Zero in New York, the Big Wheel on Place de la Concorde in Paris, Mole Antonelliana in Turin, the light rail system in Addis Ababa and City Hall in Tel Aviv.

Tourism Ireland continues to roll out its first half marketing campaign across all markets to ensure that 2016 is another record breaking year for overseas tourism.

Ends

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