

Slieve League, Co. Donegal

SOAR

(Situation & Outlook Analysis Report)
February 2020

Tourism Ireland is closely monitoring the **outbreak of Covid-19 (coronavirus) and its potential impact on travel to the island of Ireland.**

The industry is facing into 2020 with cautious optimism, recognising the real challenges ahead. The uncertainty surrounding the UK's departure from the European Union continues, with the possibility of a 'no deal' outcome at the end of the transition period in December 2020.

Winter air access 2019/2020 is expected to decline by -4%; **current forecasts are for a modest increase in air access this summer.**

The International Monetary Fund (IMF) has estimated that the **global economic output in 2019 will result in +2.9% growth, while 2020 is projected to grow by +3.3%.** Looking closer at the euro area, growth for 2019 is expected to come in at +1.2%, while predictions for 2020 are modest, with an estimated +1.3% economic growth.

Latest figures from the Central Statistics Office (CSO) for overseas tourists to the Republic of Ireland for January to December 2019 indicate that overseas arrivals (which includes transfers and day visitors as well as overnight tourists) grew by +2%. The figures show modest growth in arrivals from Britain (+1%), Mainland Europe (+3%) and North America (+1%), while performance from long-haul markets is stronger, up +6%.

Figures from the Northern Ireland Statistics and Research Agency (NISRA) for Q1 of 2019 show that overseas tourist numbers to Northern Ireland grew by +8% and holidaymakers by +28%, while revenue from overseas tourists was down -7%. The latest accommodation statistics published by Tourism Northern Ireland show that more than 4 million bed-spaces were sold in hotels, guesthouses, guest accommodation and B&Bs during January-November 2019, an increase of +6% over the same period in 2018.

Tourism Ireland continues to work closely with industry partners and with colleagues in Fáilte Ireland and Tourism Northern Ireland to **capitalise on all opportunities to promote the island of Ireland overseas and to maximise overseas tourism revenue.**

Contact details

Tourism Ireland

Bishop's Square
Redmond's Hill
Dublin 2
Ireland
D02 TD99

T: +353 1 476 3400

E: info@tourismireland.com

Tourism Ireland

Beresford House
2 Beresford Road
Coleraine
Northern Ireland
BT52 1GE

T: +44 28 7035 9200

E: corporate.coleraine@tourismireland.com

More information:

www.tourismireland.com

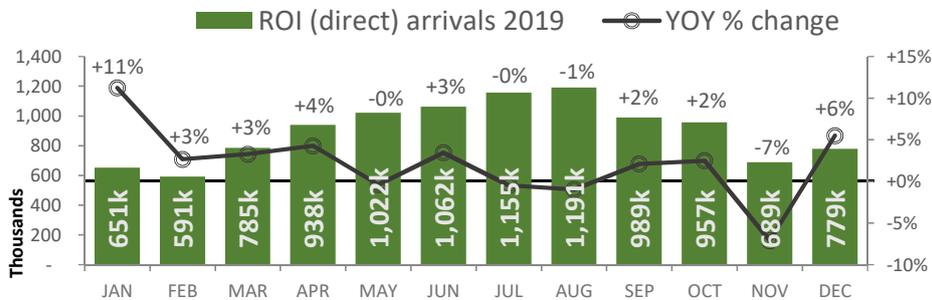
www.tourismireland.com/research

www.tourismirelandindustryopportunities.com

www.Ireland.com

Republic of Ireland (direct) arrivals

Direct arrivals are those travelling through ROI air and sea ports.



Republic of Ireland overseas (direct) arrivals January - December 2019

Main market area	Jan-Dec 2019 (000's)	% Change last year
Great Britain	3,788	+1%
Mainland Europe	3,910	+3%
North America	2,413	+1%
Rest of the world	697	+6%
Total Overseas	10,807	+2%

Source: CSO

Republic of Ireland (direct) overnight tourism performance



ROI TOURISTS

LATEST Q3: 2.9m -1%
YTD Q1-Q3: 7.3m +1%



ROI TOURIST REVENUE

LATEST Q3: €1.8bn -0%
YTD Q1-Q3: €4.1bn +0%



ROI HOLIDAYMAKERS

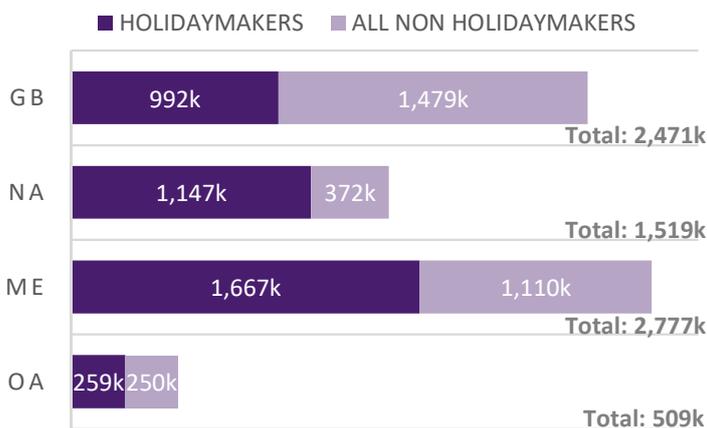
LATEST Q3: 1.8m -0%
YTD Q1-Q3: 4.1m +1%



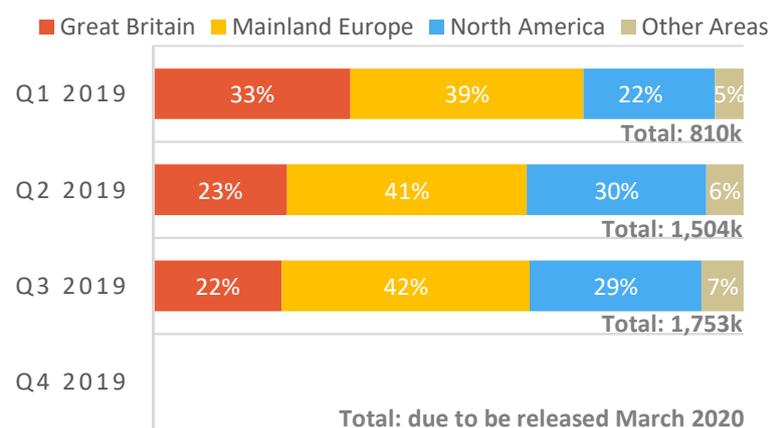
ROI HOLIDAYMAKER REVENUE

LATEST Q3: €1.3bn +0%
YTD Q1-Q3: €2.6bn +3%

YTD: Q1-3 BREAKDOWN



YTD: Q1-3 HOLIDAYMAKER SHARE BY MARKET AREA



Source: CSO

Northern Ireland overnight tourism performance



NI TOURISTS

LATEST Q1 2019: 409k +8%



NI TOURIST REVENUE

LATEST Q1 2019: £94m -7%



NI HOLIDAYMAKERS

LATEST Q1 2019: 114k +28%



NI HOLIDAYMAKER REVENUE

LATEST Q1 2019: £25m +16%

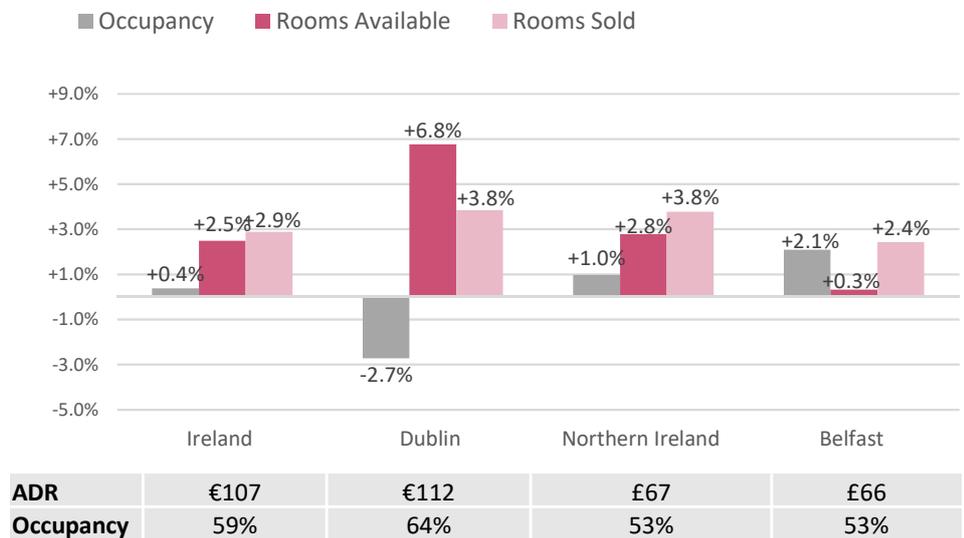
Source: NISRA

Accommodation

Rooms sold increased by +2.9% in Ireland in January 2020, while there was +2.5% more hotel rooms available. In Northern Ireland, there was a +3.8% increase in rooms sold and a +2.8% increase in rooms available. Dublin's occupancy declined by -2.7% showing an occupancy rate of 64%. Belfast's occupancy grew by +2.1% and rooms sold also increased by 2.4%.

Demand for self-catering accommodation continues to increase.

Island of Ireland hotel performance January 2020/2019 % change



Source: STR

Air and sea performance

Air performance

Total air capacity to the island of Ireland this winter is forecast to decline by -4% overall. The main reasons for scheduled losses and changes include: Ryanair reducing Belfast access for winter 2019, Cathay Pacific suspending its Hong Kong service and Norwegian stopping all North American transatlantic routes and its Helsinki and Copenhagen routes to Dublin. The grounding of the Boeing 737 Max continues to have an impact.

Airline winter capacity 2019/20 v 2018/19 YOY % change

	Republic of Ireland	Northern Ireland	Island of Ireland
Great Britain	-1%	-8%	-3%
Mainland Europe	-2%	-24%	-4%
North America	-9%	n/a	-9%
Other Areas	-19%	n/a	-19%
Overall	-3%	-10%	-4%

Source: TTC

Airport passenger volume	% Change Jan-Dec 19/18	% Change Jan 20/19
Dublin	+4%	+1%
Shannon	-8%	-8%
Cork	+8%	+6%
Belfast International	-3%	n/a
Belfast City	-2%	n/a
City of Derry	+9%	n/a

Source: CAA, DAA, Shannon Group

Sea performance

Sea access capacity for winter is currently +6% ahead of last year. This is largely due to the introduction of Irish Ferries' WB Yeats. Capacity on the central corridor is scheduled to increase by +14%.

Winter ferry car capacity	% change W19-20/W18-19
Northern corridor	No change
Central corridor	+14%
Southern corridor	No change
European routes	No change
Total	+6%

Source: TTC

Accommodation providers



Hoteliers' expectation for 2020 is for modest growth in Ireland, with slight improvement expected compared with 2019. The B&B sector indicates that 2020 is looking positive so far but it is very early days.

Northern Ireland hoteliers reported a positive summer in 2019, seeing an influx of overseas tourists staying in different areas throughout Northern Ireland. Despite the positive summer, 2019 overall performance was flat, due to a slowdown in the shoulder season. The outlook for 2020 is expected to be modest, with accommodation providers' predictions being on the cautious side.

Attractions



Attractions in Northern Ireland are expecting a softening in growth for 2020, with a more modest performance from many overseas markets. Partners are taking a cautious view for the forthcoming year.

In Ireland, attractions reported mixed performance throughout the sector in 2019. Visitor attractions are concerned about 2020; however it is still too early to say as there is usually a short lead time for bookings to attractions.

Air and sea access



Air carriers are cautious going into 2020, as there are a number of geo-political, health and economic factors that may slow down growth this year. There is still no precise timeline for the return of the 737 Max to service. The coronavirus has caused significant disruption to global aviation.

The full impact of the UK's withdrawal from the EU remains a concern to sea carriers. While it is too early to indicate how 2020 is looking, they remain optimistic. January promotions and discounting are delivering results and stimulating business for the sector.

Tour operator / travel agent



The general view from overseas tour operators is that the outlook for 2020 is more positive, with very early indications suggesting that the year has got off to a stronger start than 2019.

Overseas operators noted that 2019 was mostly flat, with providers reporting both slight increases and decreases in booking for the year, depending on the market. Feedback suggests late booking patterns improved growth rates for the latter half of the year.

Economic Conditions



Great Britain

Oxford Economics forecasts GDP to grow by +1.0% this year and +1.9% in 2021. Household income is expected to grow by +3% and inflation is likely to continue to slow, helped by the recent appreciation of sterling. The four-year freeze on welfare benefits, due to come to an end in April, should mean real income growth accelerates this year. Oxford Economics expects consumer spending to grow by +1.6% in 2020 and +2.2% in 2021.

Exchange rate

Feb 19 £1: €1.14 Feb 20 £1: €1.20

US

Despite rising geo-political tensions, recent economic data continues to point towards steady momentum entering 2020 as trade, fiscal and monetary policy risks have been reduced. Oxford Economics foresees real GDP growth cooling from +2.3% in 2019 to +1.7% in 2020. Consumer spending will be the main engine of growth.

Exchange rate

Feb 19 \$1: €0.88 Feb 20 \$1: €0.93
Feb 19 \$1: £0.76 Feb 20 \$1: £0.77

France

Oxford Economics maintains its GDP growth forecasts at +1.2% in 2020. It expects private consumption to improve as household purchasing power continues to benefit from government support, subdued inflation, rising wages and low unemployment. Despite some easing of international risks, the outlook for exports has not improved as global demand is expected to remain subdued.

Exchange rate

Feb 19 €1: £0.87 Feb 20 €1: £0.83

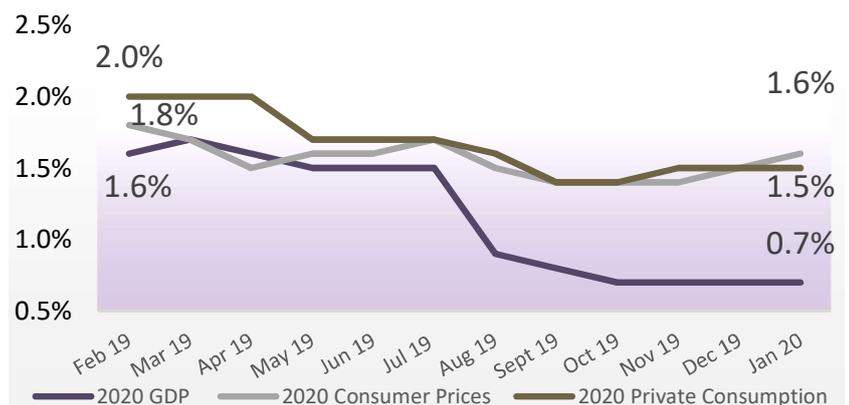
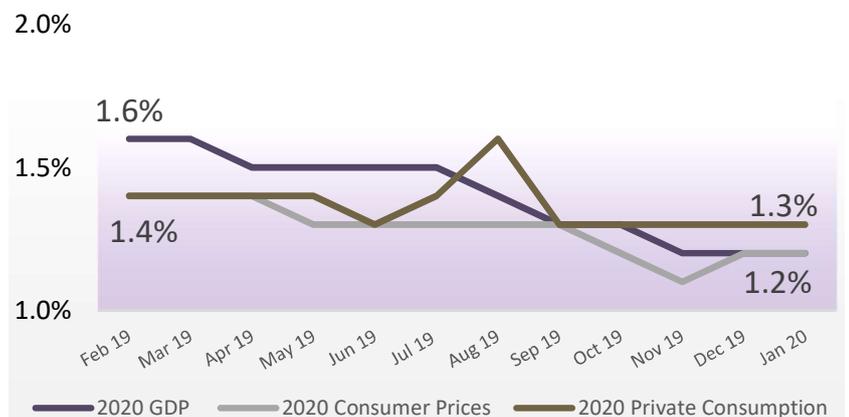
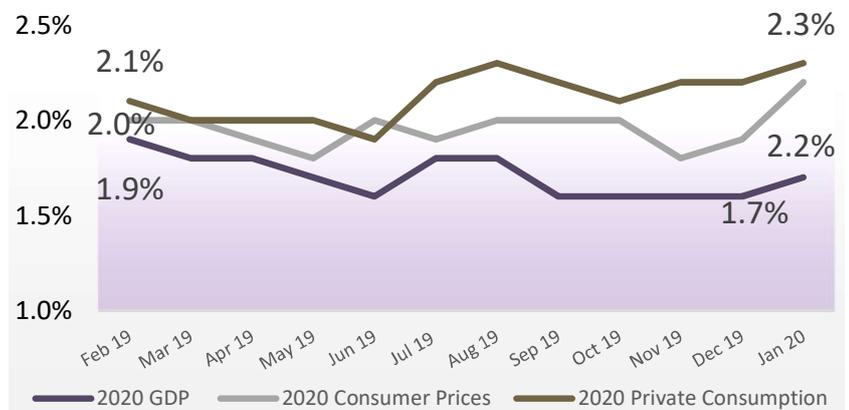
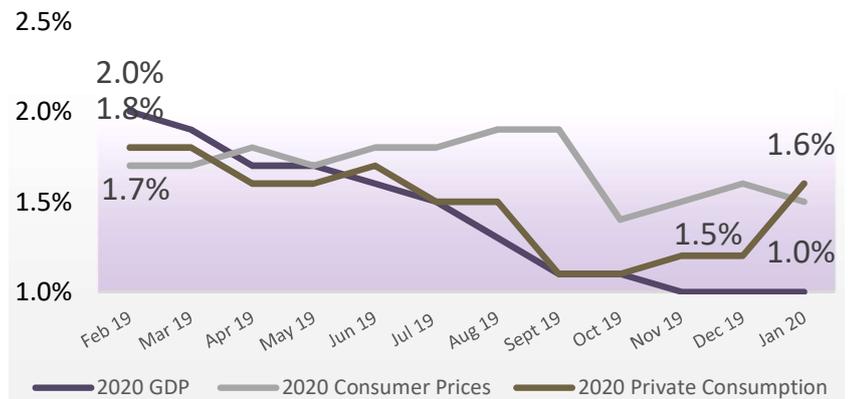
Germany

Oxford Economics forecasts GDP growth edging up to +0.7% in 2020 from +0.6% in 2019. Looking ahead, the averted no-deal Brexit, as well as the US-China trade deal, imply reduced uncertainty and fewer downside risks, which is likely to bolster sentiment in the coming months. However, although US car tariffs are delayed, they are not off the table which is a real risk to the

Exchange rate

Feb 19 €1: £0.87 Feb 20 €1: £0.83

2020 economic forecasts by Oxford Economics trended each month in 2019



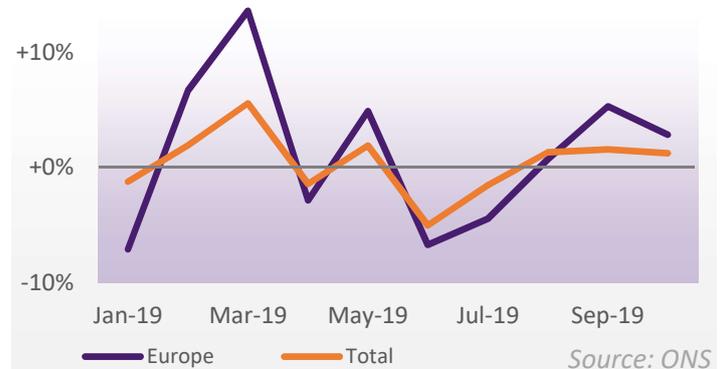
Source: Oxford Economics

Travel trends

The December election results have brought a level of certainty to the market, with the Brexit timetable now clearer.

The Common Travel Area agreed by the UK and Irish Governments will remain in place, continuing the free movement of British and Irish citizens between the two countries. Tourism Ireland's Brexit Reassurance campaign has been highlighting this as one of many reasons to continue to travel in 2020.

United Kingdom outbound travel y-o-y % change



Market update

A mixed performance has been reported from the GB trade and industry partners. An airline partner reported that 2019 load factors to the island of Ireland were largely flat, which is reflective of overall market performance. However, early indicators from an airline holiday partner report strong forward bookings for 2020 and that total hotel bed-night sales for Ireland increased by +20% in 2019.

Online travel agents (OTA) report a mixed performance in the total room nights sold to the island of Ireland in 2019. One leading OTA is reporting that 60% of bookings are being made only 30 days in advance of travel.

One group tour operator reports bookings to Ireland are up 25% y-o-y, with booking periods being influenced by the outcome of various Brexit deadlines – a trend also reported by other tour operators.

Access update

Flybe is due to add a new route between Belfast City Airport and Southend in 2020. Ryanair, Aer Lingus, BA and Flybe will maintain a wide range of routes with minor adjustments to frequency and capacity, while Ryanair has withdrawn services from Bristol and Nottingham East Midlands to Shannon. Stena Line launched its new Stena Estrid in January. The first of the new generation ferries, it will service Holyhead to Dublin and will have capacity for 120 cars and 1,000 passengers.

Great Britain latest arrival, tourist and holidaymaker performance



ROI (DIRECT) OVERNIGHT TOURISTS

LATEST Q3 2019: 915k -0%
YTD Q1-Q3 2019: 2.5m -0%



ROI (DIRECT) HOLIDAYMAKERS

LATEST Q3 2019: 318k +5%
YTD Q1-Q3 2019: 992k +0%



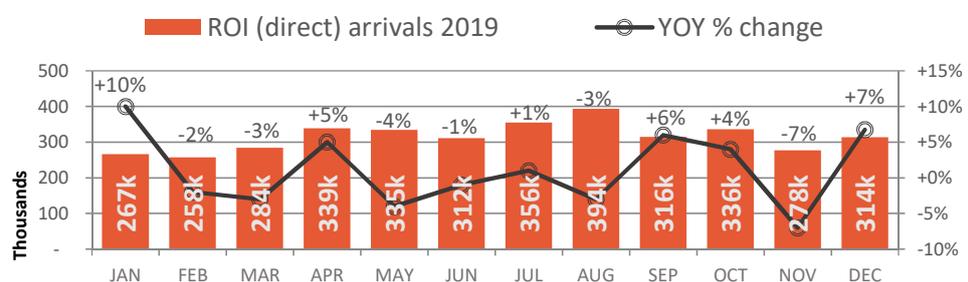
NI OVERNIGHT TOURISTS

LATEST Q1 2019: 301k +8%



NI HOLIDAYMAKERS

LATEST Q1 2019: 69k +44%



Direct arrivals are those travelling through ROI air and sea ports.

Source: CSO

Travel trends

Germany

Outbound travel from Germany grew by around +2% in 2019 and is expected to grow by the same amount in 2020. Northern European destinations, including the Netherlands and Poland, recorded above average growth from Germany, while Turkey continues to recover. City breaks have increased in popularity, while escorted holidays have declined. It is expected that the recent good summers are likely to tempt Germans to take a staycation in 2020.

France

The outlook for French outbound travel has become increasingly competitive, with North African destinations promoting very favourable prices. Public holidays in May this year are falling on days that should appeal for people to take short breaks around Europe. The Paris transport authority's largest union announced the end of the 'unlimited strike', which saw strikes and protests take place across France since mid-December.

Spain

The last two months have seen lengthy negotiations to form Spain's first coalition government, which was just passed on 7th January 2020. It's very early to call travel trends yet for Spain, as it is traditionally known to be a late-booking market. Most partners are looking to maintain levels with 2019 and cost continues to be an issue for Spanish consumers.

Italy

Passenger traffic at Italian airports increased by +4%, to 180 million, between January and November 2019, when compared to the same period in 2018. The timing of Easter and bank holidays in Italy in 2020 make it attractive for travellers to take 3-5 day breaks in the off-season.

Belgium and the Netherlands

In the Netherlands, the trend for taking shorter trips to nearby destinations continues to increase, while travel to long-haul destinations such as Bali, Florida and Egypt has been growing. The recent good summers in Benelux has seen more travellers choosing to take a domestic holiday as part of their overall holiday allocation. Demand for activity holidays, especially cycling and walking, is growing and gaining more traction.

Nordics

More active and experiential trips, along with choosing closer-to-home destinations, are the key trends across the Nordic markets. Reflecting their wealth, income and generous holiday allowances, Nordic travellers continue to adopt a portfolio approach to destination choice, with the island of Ireland competing primarily for shorter breaks rather than the main holiday.

Austria and Switzerland

Reflecting the all-year round holiday offer in their own country, Austrians holidayed at home and abroad, with outbound travel continuing to grow and with city breaks enjoying a good share of this growth.

Access update

Lufthansa will add additional frequency to its route between Frankfurt and Dublin. A new route will be introduced between Amsterdam and Cork by KLM. Additional routes to/from France have also been announced, which include Paris to Cork (Air France) and Paris to Shannon (Aer Lingus). Spain will also see additional capacity, with a new Aer Lingus route from Barcelona to Shannon. The Brittany Ferries weekly service from Cork to Santander is to cease operation and the company is to transfer the ferry to a Bilbao to Rosslare service in February.

Market update

Germany

Against the background of a slowing economy, there is some evidence that the travel trade are seeing modest increases in enquiry levels for Ireland. In terms of bookings, a number of operators are reporting some growth on what was a depressed 2019. However, the overall outlook is cautious, with a number of external factors impacting on travel patterns in 2020.

France

Tourism Ireland's regional roadshow programme will be launched on 10 March and will take place in Marseille, Nantes and Paris. This year there will be more opportunities for the industry to meet trade partners, with a focus on expanding the programming of regional and seasonal holidays among the traditional main French tour operators and new operators. Feedback from some of the larger group operators has indicated that business for 2020 is slow – mainly due to cost of hotels and challenges in group booking restrictions from airlines. However, a main air carrier has reported a strong start to the year overall from France.

Italy

Initial indicators for travel to the island of Ireland in 2020 look positive from Italy. Partners in the market are generally optimistic for this year and joint promotions with Tourism Ireland are yielding good results. New access announcements have been welcomed and are expected to further stimulate demand.

Spain

The general election on 10 November impacted on Q4 traffic; however, most partners report that business was positive in December. The main online travel agent partners report overall growth to Ireland in 2019 and are forecasting maintaining this in 2020 or increasing slightly. They note that outbound travel is expected to increase but at slower rates to 2019.

Belgium and the Netherlands

Outbound travel from Belgium and the Netherlands is relatively buoyant and operators are saying 2020 is looking positive. Trade partners are reporting growth in early bookings and a number of operators have highlighted the Brexit outcome as a factor. Delegates at a recent Dutch tour operator conference in Belfast who promote island of Ireland programmes were optimistic about the coming season.

Nordics

Brexit concerns and its impact on travel and the economy are now even less 'front-of-mind' for the Nordic tourist. Allowing for the uncertainty in terms of access, sentiment towards the island of Ireland is positive and early indications from local operators are encouraging.

Austria and Switzerland

There is strong interest from both Austrian trade and key industry partners in the new Vienna to Shannon summer route. The growth in independent travel from both markets has been steady in the past few years. Tour operators are cautiously optimistic about travel to the island of Ireland in 2020, following a subdued 2019.

Mainland Europe latest arrival, tourist, and holidaymaker performance



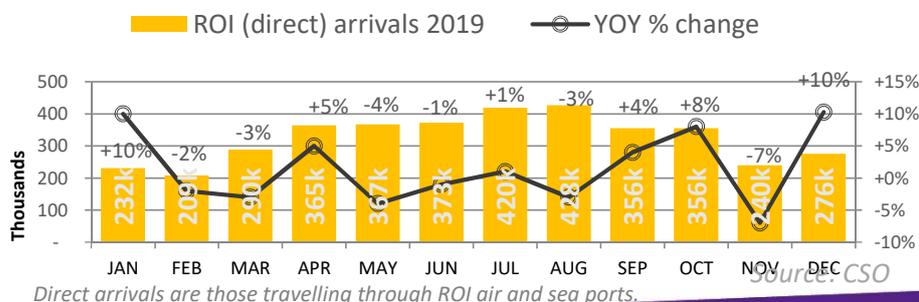
ROI (DIRECT) OVERNIGHT TOURISTS

LATEST Q1 2019: 1.1m +2%
YTD Q1-Q3 2019: 2.8m +2%



ROI (DIRECT) HOLIDAYMAKERS

LATEST Q1 2019: 737k +0%
YTD Q1-Q3 2019: 1.7m -0%



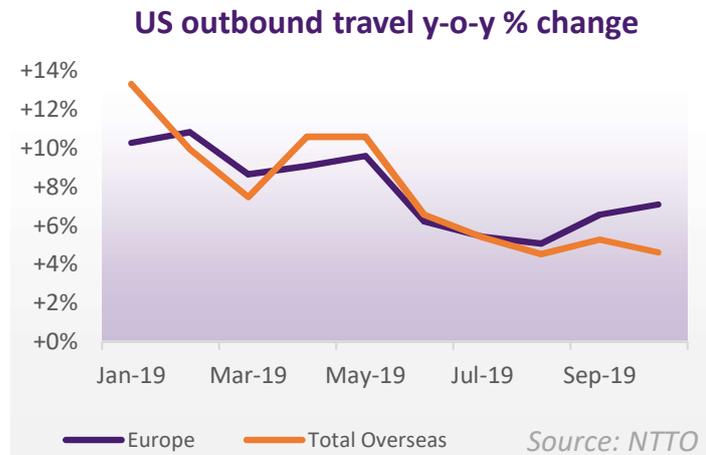
Travel trends

United States

The latest US outbound data to Europe for January-October was up +7%. The Office for National Statistics (ONS) in the UK has reported a +10% increase in inbound travel from the US for the same period; however, January to Sep arrivals to ROI grew by just +4%, suggesting a slower growth rate. However, the US Tour Operators Association are collectively optimistic about 2020, with 45% of members anticipating growth of between +7% and +10%. At this early stage in the booking season it does not appear that recent geopolitical events have had any significant impact on bookings, with general feedback being one of cautious optimism.

Canada

According to Kayak.com, Canadians are favouring cultural offerings and European travel over previously preferred hotter destinations. The national consumer confidence rating fell in December to its lowest point since January 2017, falling in every region except Quebec, according to the CBOC.



Market update

United States

Airfares to the island of Ireland remain competitive and the withdrawal of Norwegian Shuttle services has not been met with anticipated price hikes as earlier thought. However, the impact of the Norwegian service seems to have contributed to the declines in arrivals to ROI since July. The escorted tour market to the island of Ireland remains challenging and evidence of early discounting has appeared with 2 for 1 airfare offers. The independent traveller and luxury segments appears to be stronger and off to a reasonable start during the early booking season. Based on feedback from golf tour operators at the PGA Show in Orlando, there is evidence of frustrated demand due to lack of tee time capacity at some signature links, which is impacting business conversion for 2020. The Notre Dame v Navy game in late August is selling well. Advance sales of the 2021 game between Nebraska and the University of Illinois are already under way, with Nebraska leading the way in early interest.

Canada

A leading carrier in Canada broke sales records on its Calgary-Dublin route which was launched in 2019, significantly outperforming other European destinations. There's a mixed outlook from operators to date, with some operators reporting notable increase in demand for FIT travel over escorted tours.

Access update

2020 will show modest growth in North American access, due to additional capacity by Aer Lingus and Delta, as well as a new route by United Airlines between Dublin and San Francisco. American Airlines will also extend its seasonal access between Dublin and Dallas. Following the 2019 withdrawal of Norwegian Shuttle, it is expected that summer 2020 will have marginal growth on summer 2019 for the North American market.

North America latest arrival, tourist, and holidaymaker performance



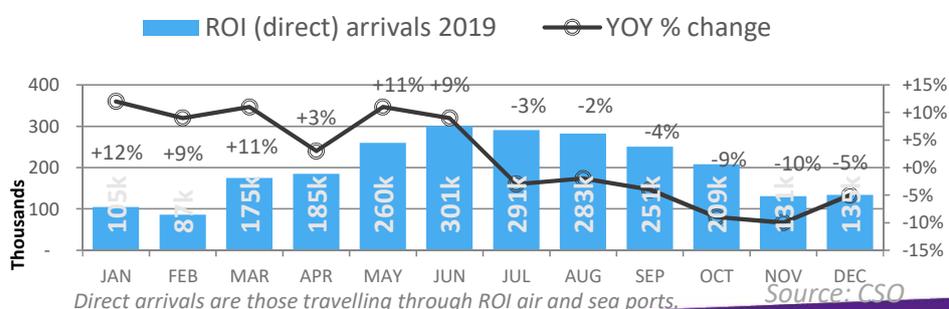
ROI (DIRECT) OVERNIGHT TOURISTS

LATEST Q3 2019: 665k -7%
YTD Q1-Q3 2019: 1.5m +0%



ROI (DIRECT) HOLIDAYMAKERS

LATEST Q3 2019: 510k -7%
YTD Q1-Q3 2019: 1.1m +1%



Travel trends

Emerging Markets

According to a leading OTA in the UAE, the top destinations for travellers between November 2019 and January 2020 were India, Philippines and Thailand, followed by the US, UK and Australia. In a recent Amadeus report, there is a growing preference among independent Chinese travellers to explore lesser-known destinations. UK, Germany, Italy, Spain and Turkey remain the most popular destinations; however, Eastern Europe, Ireland and Denmark are growing in interest. In India, there is an increasing demand by people to travel overseas to go to festivals and sports events; while 'mini-moons' (short 2-3 day honeymoons) are increasing compared to the longer holidays.

Australia

Consumer confidence fell by 1.7 percentage points in January, to its lowest level in more than four years. The drop in confidence almost certainly reflects the impact of the bush fires in recent months. While consumer confidence continues to fall, research in December in the Sydney Morning Herald indicated consumers were shifting from traditional gifts towards spending on experiences such as travel. According to the Australian Bureau of Statistics in November, the outbound travel market continues to grow year on year, albeit at a slower rate. New Zealand, Indonesia, US and the UK were the four most popular destinations in 2019 for Australian tourists.

Market update

Emerging Markets

Tourism Ireland's annual sales mission to the UAE and India took place 26-31 January, visiting Abu Dhabi, Dubai, Mumbai and Delhi. In the UAE, Etihad Airways and Emirates were the two airline partners and 13 industry partners from the island of Ireland took part; ten industry partners took part in the sales mission to India. OTAs in China have reported that there was double-digit growth in business in 2019 to the island of Ireland; however, operators are very concerned about the impact of the coronavirus on business in 2020.

Australia

Escorted operators' feedback indicates the island of Ireland is performing well as part of a bigger European trip, particularly for repeat customers, and Europe as a whole was up +6% in 2019. It is too soon to know the impact of the bushfires on travel demand in 2020. An airline with one-stop access to Dublin reports that its Australia to Dublin passenger volume was down significantly in 2019. However, they have introduced a double-daily option out of major Australian cities this year during the peak months, which should help deliver stronger results in 2020. January saw the collapse of another Australian travel wholesaler, causing some uncertainty in the market particularly for travel agents.

Access update

Cathay Pacific is expected to resume its Hong Kong service this summer, which was suspended in 2019. Juneyao Air has announced a new service to Dublin from Shanghai via Helsinki, due to begin in April. An additional service from Israel will begin from May, servicing Tel Aviv to Dublin. The full impact of Covid-19 on access to and from China and Asia is difficult to estimate, as airlines across the world continue to cancel routes and reduce access.

Australia and Overseas latest arrival, tourist, and holidaymaker performance



ROI (DIRECT) OVERNIGHT TOURISTS

LATEST Q3 2019: 226k +3%

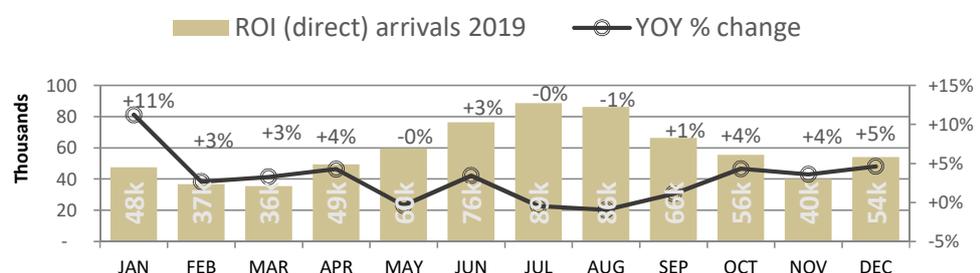
YTD Q1-Q3 2019: 509k +5%



ROI (DIRECT) HOLIDAYMAKERS

LATEST Q3 2019: 125k +18%

YTD Q1-Q3 2019: 259k +12%



Direct arrivals are those travelling through ROI air and sea ports.

Source: CSO