



The Dark Hedges, Co Antrim, which features in the Game of Thrones series and has been named as a top global attraction by Trip Advisor.

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

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## Summary Headlines

- Official data from the Central Statistics Office (CSO) indicates that **overseas visitors** to Ireland increased by +9% for the first ten months of 2014, when compared to the same period last year. All market areas saw growth in this period. Great Britain (GB) contributed the largest share with an increase in arrivals of +8% when compared to the same period in 2013.
- Official data confirms that Ireland continues to gain **market share of European** visitor arrivals in 2014.
- According to the Northern Ireland Statistics and Research Agency (NISRA), total **overseas visitors to Northern Ireland** for the first half of 2014 grew by +5% YOY (year-on-year). Visitor growth was seen from all overseas market areas with visitor revenue growing by +6%. Overseas holidaymakers were up +19% for the first half of 2014 when compared to the same period last year, with British holidaymakers up +31% YOY.
- **Sentiment** expressed by island of Ireland industry and our overseas trade partners suggests that the outlook for 2015 remains good.
- We recently launched our **Marketing Plans for 2015** with ambitious targets for the island of island revenue growth of +8% and visitor growth of +6%, with growth to continue from all main market areas.

## 2. Global Outlook

According to the United Nations World Tourism Organisation (UNWTO), international tourist arrivals worldwide grew by +4.8% in the first eight months of 2014. Destinations worldwide received some 781 million international overnight visitors between January and August, 36 million more than in the same period in 2013. This +4.8% growth consolidates the already strong increase registered in 2013 (+5%) and is well above the long-term trend projected by the UNWTO for the period 2010-2020 (+3.8%). Northern Europe, of which the island of Ireland is part of, experienced +7% growth, ahead of the +4.2% increase for Europe as a whole.

Based on January to August data, Ireland has gained market share of European visitor arrivals. Visitor arrival data for Northern Ireland is only available for the first six months of this year. The results are highlighted below.

UNWTO Global Performance	
International Arrivals	Jan - Aug 2014 YoY % +/-
<b>World</b>	<b>4.8%</b>
Africa	3.1%
Asia Pac	5.0%
Americas	7.9%
Middle East	3.0%
<b>Europe</b>	<b>4.2%</b>
<b>Northern Europe</b>	<b>7.0%</b>
<b>Ireland (CSO)</b>	<b>9.4%</b>
<b>Northern Ireland (NISRA) (Jan-Jun)</b>	<b>5.0%</b>

Source: UNWTO, CSO, NISRA

### **3. External Travel Trends**

#### Key Markets Economic and Travel Outlook

##### **3.1 Overview**

According to Oxford Economics, world GDP is unlikely to grow significantly next year with many of the factors that caused it to slow in 2014 remaining in place. At present, World GDP is expected to grow by +2.8% in 2015 from +2.6% this year.

Factors that have influenced this forecast include - weak economic data from Europe mainly caused by slow progress on economic reforms; continuing high levels of corporate debt in certain countries such as France and Spain; uncertainty about geopolitical developments in Ukraine; and growth prospects in China.

## 3.2 Economic Indicators

### Great Britain

Recent data suggests that the momentum behind the UK economy is gently cooling and growth appears likely to continue at a slightly slower pace in the near future. The data also suggests that the recent slowdown in the eurozone has impacted on the economy. However, the tightening labour market and growing recruitment difficulties are feeding into wage increases and Oxford Economics expect consumer spending to track real incomes closer in the future.

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

### USA

Oxford Economics expect the US economy to grow by around +2.4% in Q4, resulting in GDP growth of +2.2% in 2014 as a whole, with a +3% expansion forecast for 2015. They foresee strong employment growth continuing into 2015, which should lead to stronger consumer spending. With the labour market tightening, wage growth is expected to rise in the coming months thereby boosting income and underpinning consumer spending and housing activity.

GDP growth	Green	Real GDP growth quickening after a poor start to 2014
CPI inflation	Green	Inflation to remain subdued and well anchored
Current account balance	Green	Current account deficit to stabilize around 2% of GDP
Government balance	Amber	Budget deficit has halved since 2009
Government debt	Amber	Debt to stabilize just under 80% of GDP
External debt	Amber	US is a net debtor, but generates income surplus

### France

Economic activity in France has been stagnating since the beginning of the year and there are still no signs of any upturn. Compared to the eurozone, France has lagged not only in the pace of recovery but also in terms of structural reforms and fiscal deficits. The unemployment rate stabilised in recent months at around 10.5%, but remains high and business investment remains weak. Oxford Economics expect little improvement during the rest of 2014 and for GDP to grow by only +1.0% in 2015.

GDP growth	Amber	Lagging recovery compared to the Eurozone
CPI inflation	Amber	Core inflation at 0%, but looking better ahead
Current account balance	Amber	Narrow deficit but loosing competitiveness
Government balance	Amber	Expected to reach the 3% EU target only in 2017
Government debt	Red	Debt approaching 100% of GDP
External debt	Red	High external debt but in domestic currency

### Germany

Despite the German economy stalling around the middle of this year, Oxford Economics foresee that in 2015 the economy will steadily gain momentum. The low employment rate and healthy demand for labour should strengthen income growth and hence more strong gains in household spending. Oxford Economics also expect investment spending to increase again on the back of stronger domestic and external demand. They predict that strong domestic fundamentals will ensure that GDP will expand by +1.6% next year and by +2% in 2016.

GDP growth	Amber	Downside risk in near term, but upside scope for 2015
CPI inflation	Green	Low and stable inflation likely.
Current account balance	Green	Surpluses unlikely to narrow substantially.
Government balance	Green	Fiscal rules should ensure broadly balanced budget.
Government debt	Amber	No real concern.
External debt	Amber	Not a problem.

Source: Oxford Economics Briefing and Outlook reports November 2014.

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

### 3.3 Travel Trends in Key Markets

**Great Britain:** The Office of National Statistics (ONS) in the UK reports that the number of *visits* abroad by UK residents for the first nine months of 2014 was +3% when compared to the same period last year. According to CSO data, GB arrivals to Ireland were up +9% for the same period, generating market share growth. VisitEngland reports that total domestic *holiday* trips in GB decreased by -2% YOY for the first seven months of the year, with spend +2% for the same period. Domestic holiday overnight trips to Scotland by GB residents were down -2% for the first half of 2014, with spend also marginally down, according to Visit Scotland. Data from the CSO indicates that GB holiday trips to Ireland were up +13% for the first half of 2014, with holiday spend up +4%.

**North America:** Data from the Dept. of Commerce confirms that US traffic to Europe is performing well and grew by +5% for the first seven months of 2014 when compared to the same period in 2013. According to CSO data, North American trips to Ireland grew by +11% for the same period of 2014. Airfares to Europe are appreciably higher than last year, but this does not appear to be impacting overall business. However, Visit Britain reports a -5% decline in summer traffic from North America to Britain. Tour Operators are reporting an increasing demand for luxury travel and all segments (FIT, escorted, golf) are now focussed on driving the 2015 bookings pipeline. Figures from Canada indicate that outbound trips to Europe fell in 2014 with declines reported to several large European countries such as Spain, GB and Germany. However, solid visit growth has been recorded to Hungary, Portugal and Croatia, while total leisure trips from Canada to non-US destinations are up +6%.

**Mainland Europe:** Latest reports indicate that German travel agencies will experience a +2% increase in sales in 2014. In France, there is some evidence that short-haul destinations have performed better than long-haul this year. According to data from Instituto de Estudios Turísticos (IET), international trips from Spain grew in 2014. Despite the economic crisis, the Italian Airport Authority reports that outbound travel is up, year to date. The number of Dutch outbound holidays is expected to decline marginally this year. In the Nordics all major airports report increased traffic this year.

**Australia & Developing Markets:** Outbound travel from Australia remains good and tour operators indicate that enquires are positive, with good demand for travel in 2015. Research conducted by Credit Lyonnais Securities Asia suggests that the outbound Chinese market will reach 200 million by 2020 with spend estimated to triple between now and 2020.

## 4. Market Intelligence

### 4.1 Arrivals and Visitors

#### Preliminary Estimates

Visitor Origins	Ireland Visitors January 2014 – October 2014		Northern Ireland Visitors January – June 2014	
	'000s	% YOY	'000s	% YOY
<b>Total</b>	<b>6,577</b>	<b>+9%</b>	<b>811</b>	<b>+5%</b>
Great Britain	2,678	+8%	573	+3%
Mainland Europe	2,307	+7%	108	+2%
North America	1,186	+15%	82	+29%
ADM	406	+10%	48	+8%

Source: CSO, NISRA

The latest CSO release indicates that overseas visitors to Ireland increased by +9%, or an additional 530,000 visitors, for the first ten months of 2014 when compared to the same period last year. Growth was recorded from all market areas. Great Britain contributed the largest share of this growth with an additional 200,000 visitors, or an increase of +8% over the same period in 2013.

According to NISRA, total overseas visitors to Northern Ireland for the first six months of 2014 grew by +5% YOY. Visitor growth was seen from all overseas market areas with visitor revenue growing by +6%. Overseas holidaymakers to Northern Ireland were up +19% for the first half of 2014 compared to the same period last year, with British holidaymakers up +31% YOY.

## 4.2 Air and Sea Connectivity

Air Access	Winter 2014/15 vs. Winter 2013/14		
YOY % Change	Ireland	NI	Island
Great Britain	+5%	+6%	+5%
Mainland Europe	+11%	-34%	+8%
-France	+9%	NC	+8%
-Germany	+5%	NA	+5%
North America	+12%	NC	+11%
ADM	+64%	NA	+64%
<b>Overall</b>	<b>+9%</b>	<b>+3%</b>	<b>+8%</b>

Source: TTC Access Inventory Report 2014 on one-way weekly seat capacity

This winter sees approximately 367,000 one-way seats weekly, an +8% increase in air capacity to the island compared to last winter or approximately 26,000 additional one-way weekly seats. Ireland is estimated to see growth of +9% or 24,000 additional one-way weekly seats. This growth is coming from all market areas, with 11,000 or almost half (46%) coming from Mainland Europe (including France, Germany, Italy and Spain), almost 7,000 extra seats are coming from Britain (or +5% increase) and 6,000 extra seats are coming from long-haul destinations (a +23% increase in capacity). Long haul services from the US, Canada and the Middle East represent approximately one-in-ten weekly air seats landing on the island.

Growth in access to Northern Ireland (+3% or 2,000 additional one-way weekly seats) is driven by extra connectivity from Britain. However, the winter season sees a decline in capacity from Mainland Europe (-34%) to Northern Ireland.

Up to 211 cross-channel ferry sailings each way will be operated this winter, providing capacity for up to almost 45,000 cars. This represents a marginal increase (+2%) over last winter.

## 4.3 Total Passenger Numbers

	<b>Total Pax 2013*</b>	<b>Aug 14</b>	<b>Sep 14</b>	<b>Oct 14</b>
Dublin Airport	20.2m	+6%	+8%	+10%
Shannon Airport	1.4m	+23%	+18%	+25%
Cork Airport	2.3m	-1%	-4%	-4%
Ireland West Airport Knock	0.7m	+20%	+2%	+2%
Belfast International Airport	4.0m	-2%	0%	+1%
Belfast City Airport	2.5m	-1%	-1%	-1%
City of Derry Airport	0.4m	-11%	-19%	-3%
<b>All ROI Airports</b>	24.6m	+7%	+7%	+9%
<b>All NI Airports</b>	6.9m	-2%	-1%	0%
All UK Airports	232m	+4%	+4%	N/A
All German Airports	203m	+6%	+5%	N/A
All Norwegian Airports	53m	+1%	+1%	+1%
All Swedish Airports	38m	+4%	+3%	+2%
<b>ROI sea passengers</b>	3.1m	+6%	-3%	+5%
<b>NI sea passengers</b>	2.1m	+3%	-1%	+1%

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

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

Aer Lingus reports that total passengers (inbound and outbound) for the first ten months of 2014 were up +4.3% when compared to the same period in 2013. Ryanair announced passenger growth of +5% for the month of October, leading to an increase of +4% in the twelve months to the end of October 2014, carrying over 84 million passengers.

## 4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	<b>Oct 14 v Oct 13</b> <b>% change</b>	<b>Jan-Oct 14 v</b> <b>Jan-Oct 13</b> <b>% change</b>
Island of Ireland	+3%	+4%
Ireland	+4%	+4%
Northern Ireland	-6%	+4%
Scotland	+3%	+4%
England	+4%	+4%
Italy	+2%	+3%
Denmark	+1%	+6%

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

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

NISRA reports that total hotel rooms sold across Northern Ireland increased by +3% for the first nine months of 2014 when compared to the same period in 2013. However, NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland declined by -6% over the same period. Again it is not possible to break out overseas from domestic bookings.

## 4.5 Island of Ireland Industry Feedback

Barometer	What they said ...
Bright 	<p><b>Accommodation Providers</b></p> <p>In Ireland, the majority of hotels experienced increased levels of overseas tourism this year from all key markets with double-digit growth from North America and Britain, in addition to robust Mainland European growth. Guesthouses and B&amp;Bs report a good year from overseas with North American and European markets performing strongest. In the luxury sector, most markets showed double-digit growth with the US and Britain delivering very strong increases. Northern Ireland accommodation providers are generally positive about overseas guests this year with business up on 2013 levels. The majority of overseas guests were leisure and tour-based. Belfast and other regions saw steady performance into the autumn and a longer season than previously recorded, however, the final quarter has been slow.</p>
Bright 	<p><b>Air, Sea and Car Rental</b></p> <p>A major sea carrier reports that bookings are encouraging as growth continues. Transatlantic airlines have seen strong YTD performance to the island of Ireland and demand remains good into the winter season. Major European routes are performing well with strong growth reported from Germany and Italy. Carriers operating on GB routes saw a good uplift in figures during the peak summer period. The car rental industry experienced another good year on the back of solid 2013 results, with growth generally in line with airport passenger growth.</p>
Bright 	<p><b>Attractions</b></p> <p>Many attractions in the South West and Dublin had a strong year with Mainland European and North American markets performing best. Attractions on the Wild Atlantic Way are very satisfied with the success of the initiative this year, many reporting strong overseas growth. Industry in the North West and South East are reporting more mixed results for 2014. In Northern Ireland, an increase in overseas visitors has been reported generally, illustrated by an iconic Belfast attraction welcoming more overseas visitors in the first ten months of this year than in the same period in 2013, with a wide country-of-origin spread.</p>
Bright 	<p><b>Golf and Inbound Tour Operators</b></p> <p>The majority of golf clubs maintained good levels of overseas business this year, with repeat visits cited as a major driver of performance. Inbound tour operators report a good year with the US, Germany, GB, Spain and Italy being the drivers of growth. Operators are optimistic about booking trends from almost all markets for next year. Issues expressed by operators looking ahead to 2015 include limited hotel capacity in centres like Dublin, Belfast, Cork and Galway. This is viewed by many as the greatest potential impediment to growth next year.</p>

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

## 4.6 Tourism Ireland Market Feedback

**Great Britain:** Industry and trade partners generally report a positive year for travel to the island of Ireland from the British market. Most tour operators and air and sea carriers report growth in business for the year. Feedback on advance bookings for 2015 is also generally positive. Overall sentiment for travel to the island of Ireland is positive for next year, supported by continued growth in consumer spending in GB.

**North America:** In the US, while 2014 will be a growth year for all major operators programming the island of Ireland, recent feedback points to a slow-down in booking activity for 2015. Consumer nervousness around the Ebola crisis is being cited as the main reason. While this has been referenced by both FIT and escorted operators, it appears that the escorted market has been most impacted. All airlines operating to the island of Ireland are reporting an excellent year with load factors remaining high through to the end of the year. In Canada, feedback from both escorted and FIT operators remains positive with all reporting a strong year and an encouraging future bookings pipeline for 2015. Airlines are also expressing satisfaction with load factors to the island of Ireland this year.

**Mainland Europe:** In spite of a fragile environment in the eurozone, core European markets continue to experience steady growth, with a strong performance from Germany and encouraging growth from Spain and Italy. Tour operators are satisfied with 2014 performance with some are already experiencing positive enquiry and booking trends for 2015. Increased capacity on existing air routes from France and Germany, along with some new routes from Spain, France, Germany and the Nordics, should aid visitor growth in 2015.

**Australia & Developing Markets:** Key Australian partners report that business to the island of Ireland was up this year, with some operators reporting double-digit increases. Early bird airfare sales for summer 2015 have begun and interest in the island of Ireland from both trade and consumers appears to be high. The short stay visa waiver scheme continues to boost enquiries and bookings from China and India for the island of Ireland.

## 5. Conclusion

Official data shows that overseas visitors to Ireland grew by +9% for the first ten months of 2014, with growth recorded from all market areas. NISRA data also shows that overseas visitors to Northern Ireland grew by +5% in the first half of 2014, again with growth from all overseas market areas. Industry sentiment on the island and amongst our overseas trade partners for 2014 is positive and the outlook for 2015 is good.

Tourism Ireland recently launched our Marketing Plans ambitious targets for the island of island of revenue growth of +8% and visitor growth of +6%, with growth from all main market areas.

Ends

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