



Canadian Astronaut Chris Hadfield, pictured in Co. Donegal

SOAR
(Situation & Outlook Analysis Report)
February 2014

Summary Headlines

- Official data from the Central Statistics Office (CSO) indicates that **overseas visitors** to the Republic of Ireland grew by +7.2% in 2013 when compared to 2012. The GB market performed well and grew by +5.6%. North America (+13.9%) and Australia and Developing markets (+15.1%) had their best years ever and Mainland Europe (+4.9%) also played a major part in growing visitor numbers from overseas. The CSO also estimates that total **overseas tourism earnings** and **overseas holidaymakers** grew by +13% and +8% respectively for the first nine months of 2013 when compared to the same period in 2012.
- According to the Northern Ireland Statistics and Research Agency (NISRA), total **overseas visitors to Northern Ireland** for the January to September period of 2013 grew by +11% when compared to the same period of 2012. The GB market, which represented nearly seven in ten overseas visitors to Northern Ireland, grew by +14% in the first nine months of 2013 when compared to the same period of 2012.
- According to the Dublin Airport Authority (DAA), over 20 million **passengers** (inbound and outbound) travelled through Dublin Airport in 2013, a +6% increase on the previous year. Shannon Airport reported an unchanged year. The Civil Aviation Authority (CAA) estimates that air passengers between GB and Northern Ireland grew by +2% last year, compared with 2012.
- Total available **air seat capacity** for winter 2013/14 is estimated to be +3% higher than the same time last year. Sea access services are also up this winter season, with some welcome additions over last winter. There have been some very positive air capacity announcements for the 2014 summer season.
- Leading attractions and accommodation providers in urban centres and tourism hotspots had a good year in 2013 and in general outperformed rural locations, according to industry sources. Industry and trade sentiment in relation to 2014 prospects is positive.
- Tourism Ireland will place a major focus this year on **promoting** the Wild Atlantic Way and the Causeway Coastal Route, as well as on major events like Limerick City of Culture 2014, the 'Grande Partenza' of the Giro d'Italia and the Croke Park Classic college football game.

2. Global Outlook

According to the UNWTO, international tourist arrivals grew by +5% in 2013 when compared to 2012, reaching a record 1,087 million arrivals. Despite global economic challenges, international tourism results were well above expectations, with an additional 52 million international tourists travelling the world in 2013. Northern Europe (of which the island of Ireland is part) increased by +4%, while arrivals to Europe in total grew by +5.4%. The key results are highlighted in the table below.

The UNWTO forecasts growth of +4% to +4.5% for 2014. This is above its long-term growth forecast of +3.8% per year between 2010 and 2020.

UNWTO Global Performance	
International Arrivals	2013
World	5.0%
Africa	5.6%
Asia Pac	6.0%
Americas	3.6%
Middle East	0.3%
Europe	5.4%
Western Europe	4.0%
Northern Europe	4.0%
Cent & East Europe	7.0%
South East Med	6.0%
ROI Jan - Dec (CSO)	7.2%
Source: UNWTO, CSO	

3. External Travel Trends

Key Markets Economic and Travel Outlook

3.1 Overview

Though the global economic outlook is improving, financial security remains a key consumer priority. This confirms expectations that the cautious spending and budgeting behaviours learned and perfected during the economic downturn will remain commonplace in the medium-term. An overview of the key economic indicators in our principal inbound tourism markets is described over the page.

3.2 Economic Indicators

Great Britain

After several false starts, 2013 finally saw the UK recovery gather momentum. However, while the UK economy begins 2014 in a much better state than it began 2013, there are still many challenges to be overcome. The recovery remains unbalanced, with exports and business investment providing scant support to the consumer and housing market.

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	Amber	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

Economic data at the end of 2013 painted a more reassuring picture for the US economy. Retail sales, industrial production, employment, international trade and durable goods orders and shipments all posted strong growth in November, indicating that the economy might be set for a faster recovery than expected.

GDP growth	Green	Real GDP growth should accelerate in 2014
CPI inflation	Green	No inflation concerns
Current account balance	Green	Stabilizes around 2% of GDP
Government balance	Amber	Shrinking deficits as outlays fall and revenues increase
Government debt	Amber	Publicly held debt stabilizes around 80% of GDP
External debt	Amber	The US is a net debtor, but it generates an income surplus

France

Oxford Economics forecasts only a modest improvement in economic growth for 2014. Despite this, and high unemployment, wage growth should protect households against further losses in purchasing power. As a result, consumption should keep rising at a similar pace to that seen during the second half of 2013.

GDP growth	Amber	Low growth to prevent sizeable unemployment fall
CPI inflation	Amber	Deflation is a risk
Current account balance	Amber	Competitiveness yet to be restored
Government balance	Amber	The government may struggle to cut spending
Government debt	Red	Debt to rise until 2017
External debt	Amber	Foreigners own two-thirds of government debt

Germany

The German economy is forecast to grow by +1.6% in 2014. A general rise in business confidence and improving export prospects should fuel this growth. The unemployment rate of 6.9% is low by international standards and this should help consumer spending maintain a reasonable pace of expansion.

GDP growth	Amber	Downside risks on growth from the Eurozone
CPI inflation	Green	Inflation under control even as wage growth accelerates
Current account balance	Green	Large current account surplus is a crisis buffer
Government balance	Green	Government balanced its budget already in 2012
Government debt	Amber	Debt to rise to 100% of GDP if Eurozone breaks up
External debt	Green	There are no risks arising from external debt

Source: Oxford Economics Briefing and Outlook reports January 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 ten months of 2013 grew by +2% when compared to the same period in 2012. According to the CSO, GB visitors to the Republic of Ireland were up +5% for the same period highlighting market share growth.

According to data released by VisitEngland for the first ten months of 2013, total domestic *holiday* trips in GB declined by -1%, when compared to the same period in 2012, with spend also down -1%. According to the latest available holidaymaker data provided by the CSO, GB holidaymakers to the Republic of Ireland were up +4% for the first nine months of 2012. GB residents overnight trips to Scotland were up +1% for the first nine months of 2013, according to Visit Scotland. International trips (non-GB residents) to Scotland for the same period were up +8%, while visitor spend increased by +19%.

North America: US outbound traffic to Europe is estimated to have grown marginally (+1%) in 2013. According to the CSO, North American visitors to the Republic of Ireland grew by +14% for the same period, highlighting growth in market share. US tour operators and airlines are strongly optimistic regarding outbound travel for the year ahead, with coach operators stating that European bookings are performing well. However, operators have cited that securing hotel accommodation in European capital cities is an issue. Canadian arrivals to Europe grew by an estimated +4% in 2013, according to the Conference Board of Canada (CBOC). It also forecast that a Canadian dollar depreciating against the euro and British pound may make it more challenging for European destinations to increase Canadian visitors this winter.

Mainland Europe: German travel agencies report mixed results for travel in 2013. However, the sentiment for 2014 is for growth overall, aided by an improving economy. In France, the overall mood within the travel industry is not very optimistic, reflecting the fragile economic outlook. The Italian and Spanish outbound markets contracted in 2013 on the back of their deep economic crises, and the sentiment is that 2014 will remain challenging. Outbound travel also slowed in the Netherlands last year, with sun holidays seeing the biggest decline. However, in the Nordics, all key airports reported growth in 2013 and the mood is positive for 2014.

Australia & Developing Markets: Early indications in Australia are that airline earlybird sales to Europe are selling well for 2014. In China, it is reported that outbound trips grew by +17% YOY in 2013.

4. Market Intelligence

4.1 Visitors

2013 Preliminary Visitor Estimates

Visitor Origins	Republic of Ireland		Northern Ireland	
	January – December 2013		January – September 2013	
	'000s	%YOY	'000s	%YOY
Total	6,986	+7.2%	1,320	+11%
Great Britain	2,929	+5.6%	900	+14%
Mainland Europe	2,463	+4.9%	197	0%
North America	1,158	+13.9%	133	+3%
ADM	436	+15.1%	90	+20%

Source: CSO, NISRA

Official data from the CSO indicates that overseas visitors to the Republic of Ireland grew by +7.2% in 2013 when compared to 2012. The GB market performed well and grew by +5.6%. North America (+13.9%) and Australia and Developing markets (+15.1%) had their best years ever and Mainland Europe (+4.9%) also played a major part in growing visitor numbers from overseas. The CSO also estimates that total overseas tourism earnings and overseas holidaymakers grew by +13% and +8% respectively for the first nine months of 2013 when compared to the same period in 2012.

According to NISRA, total overseas visitors to Northern Ireland for the January to September period of 2013 grew by +11% when compared to the same period of 2012. The GB market, which represented nearly seven in ten overseas visitors to Northern Ireland, grew by +14% in the first nine months of 2013 when compared to the same period of 2012.

4.2 Access Capacity

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

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

Estimates for air access capacity to the island of Ireland for the winter season 2013/14 indicate that available seat capacity is up +3% on the same period last year, with +7% more seats on ROI routes and -9% fewer seats on NI routes. The capacity decrease for Northern Ireland arises from reduced frequency rather than a withdrawal of services. Capacity on both London and British provincial routes to Northern Ireland is estimated to be down -10% this winter season.

Sea services from GB, France and Spain have also increased this winter as additional capacity and a number of new routes came on stream. Irish Ferries has increased capacity on Holyhead-Dublin and introduced a new Cherbourg-Dublin service. LD Lines has introduced new routes from St Nazaire (west coast of France) and Gijón (northern Spain) to Rosslare.

There have already been some very positive air capacity announcements for the 2014 summer season. Early estimates suggest that capacity to the island of Ireland will increase from GB and Mainland Europe when compared to the peak summer season in 2013, while estimates for North America and Australia and Developing markets are for a double-digit increase. Announcements include expansion by Aer Lingus and Ryanair on services from Mainland Europe and GB, while easyJet intends to introduce new flights from Bordeaux and Jersey to Belfast International this summer. Announcements on transatlantic capacity include expanded and new services from Aer Lingus, United Airlines, Air Canada Rouge and Westjet. Both Etihad and Emirates plan to operate double daily services from the UAE to Dublin later in the season.

4.3 Total Passenger Numbers

	Total Pax 2013*	Nov 13	Dec 13	2013 v 2012 % change Est
Dublin Airport	20.2m	+7%	+9%	+6%
Shannon Airport	1.4m	-6%	+18%	0%
Cork Airport	2.3m	-9%	-7%	-4%
Ireland West Airport Knock	0.7m	-10%	-6%	-3%
Belfast Int Airport	4.0m	+1%	+2%	-7%
Belfast City Airport	2.5m	+1%	+4%	+13%
City of Derry Airport	0.4m	-6%	-5%	-3%
All ROI Airports	24.6m	+4%	+6%	+4%
All NI Airports	6.9m	+1%	+2%	0%
All UK Airports	232m	+3%	+5%	+3%
All Germany Airports	203m	+1%	+2%	+1%
All Norway Airports	53m	+1%	+5%	+5%
All Sweden Airports	38m	+2%	+3%	+3%
ROI sea passengers	3.1m	-5%	+2%	+1%
NI sea passengers	2.1m	-2%	-1%	+1%

Source: Annaero, DAA, Fáilte Ireland, Ferrystat

*Total Pax 2013 is the passenger traffic (in millions) estimate at the airport(s)/seaports in 2013

According to the DAA, over 20 million passengers (inbound and outbound) travelled through Dublin Airport in 2013, a +6% increase on the previous year. Shannon Airport reported an unchanged year. The CAA estimates that air passengers between GB and Northern Ireland grew by +2% last year compared to 2012.

Aer Lingus reports that its total passengers (inbound and outbound) in 2013 increased by +0.7% when compared to 2012. Ryanair announced passenger growth of +2% in 2013, carrying more than 81.4 million passengers.

4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	2013 v 2012 % change
Island of Ireland	+6%
ROI	+6%
NI	+4%
Scotland	+5%
England	+6%
Italy	+5%
Greece	+5%

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

STR data indicates that hotels on the island of Ireland experienced 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 increased by +1% during 2013 when compared to 2012. NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland declined by -2% for 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....
<p>Bright</p> 	<p>Accommodation Providers</p> <p>The majority of hoteliers and guesthouses in the Republic of Ireland report an increase in overseas business last year, largely attributable to the Gathering Ireland 2013. Looking at the prospects for 2014, the vast majority (84%) of hotels and guesthouses say they have a positive outlook for the next twelve months, nearly double the number (46%) who had a positive outlook this time last year. After a slow start to 2013, hotels in Northern Ireland report a better peak season than in 2012, driven by a strong performance from the leisure sector. Generally they are pleased with 2014 bookings to date. Hoteliers in Derry~Londonderry report a strong 2013 with significant increases in occupancy levels and hotel rooms sold. B&Bs and self-catering providers on the island of Ireland report an increase in overseas visitors in 2013, particularly from North America. While still early in the year, the overall sentiment within the accommodation sector for 2014 is positive.</p>
<p>Brightening up</p> 	<p>Air and Sea</p> <p>Following many airlines' reports of a good year last year, the initial outlook for 2014 from leading air carriers is also positive, especially from North America and key European markets. Sea carriers generally report a flat performance in 2013. However, they envisage growth this year, aided by an increase in capacity on GB, French and Spanish routes.</p>
<p>Bright</p> 	<p>Attractions</p> <p>The majority of attractions in the Republic of Ireland had a good year in 2013, driven by growth from North American and European markets. In Northern Ireland, principal attractions report a solid year, while performance at smaller attractions was mixed. In Derry~Londonderry, enquiries at the Tourist Information Centre increased from all main overseas markets in 2013. The sentiment amongst island of Ireland attractions is generally positive for the year ahead. However, they note that is a quiet time of year for many attractions, especially those outside urban centres.</p>
<p>Brightening up</p> 	<p>Inbound Operators and Business</p> <p>Inbound operators report a good year in 2013 with leisure group and FIT (Free Independent Traveller) business up from all main markets except GB. Despite still being early in the year, there is good optimism for 2014, given the level of forward bookings at this stage. MICE business is expected to see some slight improvement this year. However, the booking pipeline for 2015 is much stronger. Business tourism levels are reported to remain sluggish in Northern Ireland. A key golf operator reports increases in both rounds and associated revenue in 2013 and is optimistic for the year ahead.</p>

Source: Based on feedback from island of Ireland industry sources, December 2013/January 2014

4.6 Tourism Ireland Market Feedback

Great Britain: A number of OTAs reported good growth in business to the island of Ireland last year; however, air and sea carriers reported mixed results for 2013. On the back of an improving economy, the overall sentiment for travel to the island of Ireland is generally positive for 2014.

North America: With 2013 confirmed as a record year for US visitors to the island of Ireland, all key early indicators point to continued growth in 2014. Further increases in direct air capacity are planned and the early booking pipeline appears strong and ahead of this time last year with escorted and FIT operators optimistic for 2014. The larger the operator, the more ambitious the growth projections appear to be. However, some operators have expressed concern over price and availability of hotel accommodation for groups, especially in the 3 and 4 star categories in Dublin.

Mainland Europe: Official data showed a positive performance for core European markets to the island of Ireland in 2013. This performance from Europe is impressive given the backdrop of sluggish outbound travel from many European markets. This momentum has continued into 2014 and a major carrier partner reports that they are seeing very strong levels of forward bookings during January 2014. New access routes, coming on stream in February and March, will also help to support growth.

Australia & Developing Markets: After a strong performance in 2013, indications from the Australian trade are that bookings for 2014 are solid at this stage of the year. Bookings are also positive from China and India, aided by the extension of the visa waiver scheme.

5. Conclusion

Looking to the year ahead, trade and industry feedback in relation to 2014 prospects and sentiment are generally positive. This year Tourism Ireland will place a major focus on promoting the Wild Atlantic Way and the Causeway Coastal Route, as well as on major events like Limerick City of Culture 2014, the 'Grande Partenza' of the Giro d'Italia and the Croke Park Classic college football game. We will also build on the legacy of The Gathering Ireland 2013 and Derry~Londonderry UK City of Culture 2013 and will continue to reach out to the Diaspora across the world.

Ends
