



Sleeping Beauty's Castle Disneyland® Paris joins Tourism Ireland's Global Greening 2014

SOAR **(Situation & Outlook Analysis Report)** **March 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 latest figures issued by the CSO show that overseas arrivals to the Republic of Ireland increased by +11% for the December 2013-February 2014 period, with growth recorded from all market areas.
- Preliminary data from the CSO shows that **revenue** from holidaymakers is estimated to have grown by +12% in 2013, ahead of holidaymaker numbers (+9%). Holidaymakers in turn grew faster than overall visitors to the Republic of Ireland during 2013.
- According to the Northern Ireland Statistics and Research Agency (NISRA), total **overseas visitors to Northern Ireland** for the first nine months of 2013 grew by +11% year-on-year (YOY). Estimates also indicate that overseas holidaymakers to Northern Ireland were up +7% for the same period. The GB market, representing the majority (68%) of overseas visitors to Northern Ireland, grew by +14% for the first nine months of 2013 when compared to the same period in 2012.
- It is estimated that over 450,000 one-way weekly direct scheduled **air seats** will be available for the peak summer season 2014. This represents the largest volume of seats available since summer 2008 and is almost +15,000 more per week than summer 2013. Total available capacity to the island of Ireland for peak summer season is estimated to be up +3% on last summer, with +6% more seats on Republic of Ireland routes and -7% fewer seats on Northern Ireland routes.
- **Sea services** will see additional capacity this summer with a +3% increase in car space capacity projected, attributed chiefly to increased departures on the Holyhead-Dublin route and new European services (Cherbourg-Dublin and St. Nazaire/Gijon-Rosslare).
- **Industry sentiment** in relation to the year ahead is largely positive, however it is still too early to call at this stage of the season.
- St Patrick's Day traditionally marks the real start of the tourism season and Tourism Ireland rolled out its largest ever St Patrick's Day programme around the world. Our "**Global Greening**" initiative went from strength to strength, with some famous additions like Disneyland® Paris, the Holmenkollen ski jump in Oslo and UNESCO World Heritage Sites like Petra in Jordan, the Tower of Hércules in Galicia and the Great Wall of China.

2. Global Outlook

At ITB Berlin in early March, the IPK World Travel Monitor®, the world's largest international tourism market study, reported that global outbound travel is anticipated to grow by +5% in 2014. This growth will be driven by the emerging markets of Asia, where tourism demand is forecast to increase by +8%, and by the South American markets where a +4% increase is forecast. The European and North American outbound travel markets are expected to grow by approximately +4% and +3% respectively.

3. External Travel Trends

Key Markets Economic and Travel Outlook

3.1 Overview

According to Tourism Economics, the UK, US and German outbound markets are set to grow this year, with economic growth likely to drive tourism demand. Since economic recovery continues to remain fragile in France, Italy and Spain, it is expected that there will only be marginal outbound travel growth from these markets.

Emerging markets are expected to continue to grow in importance as sources of tourism demand. This will be aided by growth in air connectivity and easier visa regimes.

3.2 Economic Indicators

<p>Great Britain</p> <p>The UK recovery appears to be well entrenched and there is growing evidence that it is broadening out into businesses from its previous narrow focus on the consumer and housing sectors. Oxford Economics is forecasting an improvement in employment and growth in wages should increase consumer spending.</p>	<table border="1"> <tbody> <tr> <td>GDP growth</td> <td>●</td> <td>Prolonged austerity set to weigh on pace of recovery</td> </tr> <tr> <td>CPI inflation</td> <td>●</td> <td>Large output gap to keep underlying inflation subdued</td> </tr> <tr> <td>Current account balance</td> <td>●</td> <td>Expanding export demand to close trade deficit</td> </tr> <tr> <td>Government balance</td> <td>●</td> <td>Austerity set to rein in the large budget deficit over time</td> </tr> <tr> <td>Government debt</td> <td>●</td> <td>Debt to GDP ratio unlikely to peak until 2016</td> </tr> <tr> <td>External debt</td> <td>●</td> <td>Debt levels have been reduced since financial crisis</td> </tr> </tbody> </table>	GDP growth	●	Prolonged austerity set to weigh on pace of recovery	CPI inflation	●	Large output gap to keep underlying inflation subdued	Current account balance	●	Expanding export demand to close trade deficit	Government balance	●	Austerity set to rein in the large budget deficit over time	Government debt	●	Debt to GDP ratio unlikely to peak until 2016	External debt	●	Debt levels have been reduced since financial crisis
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<p>USA</p> <p>GDP is forecast to grow by +3.0% this year and the improving economy is expected to push the unemployment rate to under 6.5%. Wages are expected to continue to grow in 2014, which should support growth in consumer spending by the end of the year.</p>	<table border="1"> <tbody> <tr> <td>GDP growth</td> <td>●</td> <td>Real GDP growth should accelerate in 2014</td> </tr> <tr> <td>CPI inflation</td> <td>●</td> <td>No inflation concerns</td> </tr> <tr> <td>Current account balance</td> <td>●</td> <td>Stabilizes around 2% of GDP</td> </tr> <tr> <td>Government balance</td> <td>●</td> <td>Shrinking deficits as outlays fall and revenues increase</td> </tr> <tr> <td>Government debt</td> <td>●</td> <td>Publicly held debt stabilizes around 80% of GDP</td> </tr> <tr> <td>External debt</td> <td>●</td> <td>The US is a net debtor, but it generates an income surplus</td> </tr> </tbody> </table>	GDP growth	●	Real GDP growth should accelerate in 2014	CPI inflation	●	No inflation concerns	Current account balance	●	Stabilizes around 2% of GDP	Government balance	●	Shrinking deficits as outlays fall and revenues increase	Government debt	●	Publicly held debt stabilizes around 80% of GDP	External debt	●	The US is a net debtor, but it generates an income surplus
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<p>France</p> <p>Oxford Economics forecasts GDP to grow by +0.7% in 2014, marginally up from its previous forecast of +0.2%. However, French businesses face challenges at home and abroad. High unemployment is likely to dampen consumer spending. Meanwhile, an erosion in competitiveness means exporters are continuing to lose market share.</p>	<table border="1"> <tbody> <tr> <td>GDP growth</td> <td>●</td> <td>Low growth to prevent sizeable unemployment fall</td> </tr> <tr> <td>CPI inflation</td> <td>●</td> <td>Deflation is a risk</td> </tr> <tr> <td>Current account balance</td> <td>●</td> <td>Competitiveness yet to be restored</td> </tr> <tr> <td>Government balance</td> <td>●</td> <td>The government may struggle to cut spending</td> </tr> <tr> <td>Government debt</td> <td>●</td> <td>Debt to rise until 2017</td> </tr> <tr> <td>External debt</td> <td>●</td> <td>Foreigners own two-thirds of government debt</td> </tr> </tbody> </table>	GDP growth	●	Low growth to prevent sizeable unemployment fall	CPI inflation	●	Deflation is a risk	Current account balance	●	Competitiveness yet to be restored	Government balance	●	The government may struggle to cut spending	Government debt	●	Debt to rise until 2017	External debt	●	Foreigners own two-thirds of government debt
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<p>Germany</p> <p>Rising wages, a low debt burden and healthy employment prospects should provide enough scope for private consumption to grow in 2014. Business investment is also expected to grow strongly in 2014 following a relatively poor performance last year. This will be fostered by improving business confidence and growing optimism regarding the eurozone outlook.</p>	<table border="1"> <tbody> <tr> <td>GDP growth</td> <td>●</td> <td>Downside risks on growth from the Eurozone</td> </tr> <tr> <td>CPI inflation</td> <td>●</td> <td>Inflation under control even as wage growth accelerates</td> </tr> <tr> <td>Current account balance</td> <td>●</td> <td>Large current account surplus is a crisis buffer</td> </tr> <tr> <td>Government balance</td> <td>●</td> <td>Government balanced its budget already in 2012</td> </tr> <tr> <td>Government debt</td> <td>●</td> <td>Debt to rise to 100% of GDP if Eurozone breaks up</td> </tr> <tr> <td>External debt</td> <td>●</td> <td>There are no risks arising from external debt</td> </tr> </tbody> </table>	GDP growth	●	Downside risks on growth from the Eurozone	CPI inflation	●	Inflation under control even as wage growth accelerates	Current account balance	●	Large current account surplus is a crisis buffer	Government balance	●	Government balanced its budget already in 2012	Government debt	●	Debt to rise to 100% of GDP if Eurozone breaks up	External debt	●	There are no risks arising from external debt
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Source: Oxford Economics Briefing and Outlook reports February 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 in 2013 grew by +3% when compared with 2012. According to the CSO, GB visitors to the Republic of Ireland were up +5.6% for the same period, highlighting market share growth. Research from the International Airlines Group has indicated that should Scotland gain independence later this year, it would seek the abolition of air passenger duty, targeting an increase in visitors to Scotland and an increase in outbound travel from Scottish airports.

North America: Data from the US Dept. of Commerce confirms that US traffic to Europe grew by +1.5% in 2013. However, total US visitors to Great Britain in 2013 for the same period declined by -1%. According to the CSO, North American arrivals to the Republic of Ireland were up +14% for the same period, highlighting market share growth. Results also show that 2014 travel has got off to a positive start. US traffic to Europe grew by +2.6% in January and the general outlook is positive for the spring. Airlines are expecting a profitable year in 2014 and airfares are reportedly on the rise. In Canada, the outbound travel industry is concerned about the impact that slow economic growth, a weak Canadian dollar and higher travel costs will have on travel this year.

Mainland Europe: At ITB Berlin, the German travel industry indicated a very positive outlook for 2014, aided by an improving economy. In France, due to uncertainty in the economy, it appears that consumers are delaying making travel bookings and plan to reduce the amount they will actually spend. The Italian Airport Association reports a positive start to 2014 with passenger numbers for the month of January up +5% YOY. Anecdotal reports from tour operators, online travel agents (OTAs), travel media and other Tourist Boards in Spain suggest a much more positive outlook for travel in 2014 compared to last year. In the Nordics, despite a slow start to the year, airlines are reporting strong bookings for future months. Airports in the Netherlands expect passenger volumes to continue to increase in 2014.

Australia & Developing Markets: Travel operators, agencies and airlines in Australia are reporting that bookings for long haul travel have remained strong since mid-January. Both airlines and travel trade representatives in China and India are expecting a busy period for bookings to long haul destinations in Europe at the end of March and early April.

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

The latest figures issued by the CSO show that overseas arrivals to the Republic of Ireland increased by +11% for the December 2013-February 2014 period, with growth recorded from all market areas. The CSO also 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 overseas visitor numbers. 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 first nine months of 2013 grew by +11% YOY. Estimates also indicate that overseas holidaymakers to Northern Ireland were up +7% for the same period. The British market, representing the majority (68%) of overseas visitors to Northern Ireland, grew by +14% for the first nine months of 2013 when compared to the same period in 2012.

4.2 Access Capacity

Air Access

Summer 14 vs Summer 13 Estimates

YOY % Change	ROI	NI	Island
Great Britain	-1%	-10%	-4%
Mainland Europe	+10%	+6%	+9%
-France	+14%	+11%	+14%
-Germany	+16%	N/A	+16%
North America	+14%	0%	+14%
ADM	+18%	N/A	+18%
Overall	+6%	-7%	+3%

Source: TTC Summer Access Inventory Report 2014 on weekly seat capacity

It is estimated that over 450,000 one-way weekly direct scheduled air seats will be available for the peak summer season in 2014. This represents the largest volume of seats available since summer 2008 and is almost +15,000 more per week than in peak summer 2013.

Total available capacity to the island of Ireland for peak summer season is estimated to be up +3% on summer 2013, with +6% more seats on Republic of Ireland routes and -7% fewer seats on Northern Ireland routes.

Australia and Developing markets (+18%), North America (+14%), and Mainland Europe (+9%) are expected to benefit from strong growth in capacity this summer. The withdrawal of the Flybe Gatwick-Belfast and easyjet's Southend-Belfast services, along with Ryanair's -6% reduction in seats to the Republic of Ireland, have contributed to an estimated -4% decrease in capacity from GB to the island of Ireland for summer 2014.

Sea services will enjoy an increase in capacity this summer with a projected +3% increase in car space, arising chiefly from increased departures on the Holyhead-Dublin route and new European services (Cherbourg-Dublin and St. Nazaire/Gijon-Rosslare).

4.3 Total Passenger Numbers

	Total Pax 2013*	2013 v 2012 % change	Jan 14	Feb 14
Dublin Airport	20.2m	+6%	+10%	+8%
Shannon Airport	1.4m	0%	-3%	+9%
Cork Airport	2.3m	-4%	-4%	-7%
Ireland West Airport Knock	0.7m	-3%	-6%	-2%
Belfast International Airport	4.0m	-7%	+3%	
Belfast City Airport	2.5m	+13%	+8%	
City of Derry Airport	0.4m	-3%	+2%	
All ROI Airports	24.6m	+4%	+8%	
All NI Airports	6.9m	0%	+5%	
All UK Airports	232m	+3%	+6%	
All Germany Airports	203m	+1%	+3%	
All Norway Airports	53m	+5%	+6%	
All Sweden Airports	38m	+3%	+7%	
ROI sea passengers	3.1m	+1%	-1%	
NI sea passengers	2.1m	+1%	-3%	

Source: Annaero, DAA, Fáilte Ireland, Ferrystat.

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

Dublin and Belfast City airports report strong growth of +10% and +8% respectively for the month of January. The Civil Aviation Authority estimates that air passenger numbers between GB and Northern Ireland grew by +7% in January compared to the same month in 2013.

Aer Lingus reports that its total passengers (inbound and outbound) in February 2014 decreased by -1.2%, compared to the same month last year. However, total passengers for the first two months of 2014 are up +0.4%. Ryanair announced passenger growth of +3% in the 12 months to the end of February 2014, carrying almost 82 million passengers.

4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	Jan 14 v Jan 13 % change	Feb 14 v Feb 13 % change
Island of Ireland	+12%	+5%
ROI	+11%	+4%
NI	+19%	+15%
Scotland	+8%	+7%
England	+5%	+5%
Italy	+7%	+7%
Greece	+14%	+20%

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

The latest available STR estimates indicate that hotels on the island of Ireland experienced a good start to the 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 +15% during January of 2014 when compared to January 2013. However, NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland declined by -17% over the same period. Again it is not possible to break out overseas from domestic bookings.

A recent *Hotels.com* survey reported that the average hotel price on the island of Ireland in 2013 was €94 a night, a +4% YOY increase. Dublin hotel prices rose by +7% YOY in 2013 with an average price-per-night of €96, while prices in Belfast declined by -2% over the same period with an average price-per-night of €89. According to the survey, Killarney had on average the most expensive hotel rooms, at €106 per night, while Limerick remained the cheapest, with rooms costing an average of €68.

4.5 Island of Ireland Industry Feedback

Barometer	What they said....
Bright 	Accommodation Providers <p>The majority of hotels and guesthouses are positive about the outlook for the year ahead. Three out of four hoteliers on the island are seeing an increase in business compared to this time last year, while over half are experiencing an increase in advance bookings. Strong growth is coming from Great Britain and North America. Following a good summer season in 2013, hoteliers in Northern Ireland are optimistic about the year ahead, with most properties reporting good forward bookings over the summer. However, growth in rural areas and outside of peak season is proving difficult. B&B's report good bookings from the key source markets of Germany, France and the US. The self-catering sector reports a slow March but is optimistic for the season ahead; reservations for Easter/Summer 2014 have increased YOY with growth driven by the US and Europe. Bookings from Canada are on the rise and GB bookings are also up on last year.</p>
Bright 	Air and Sea <p>Transatlantic carriers are reporting strong advance sales with encouraging load factors. The increase in peak-season direct air capacity, together with the introduction of year-round access from Canada, is already showing great promise for North American growth, with positive feedback from all carriers. Positive trends have also been reported for routes from Mainland Europe, especially from Germany and Italy. Severe January weather was a significant challenge for sea carriers. However, YTD business is marginally ahead of 2013. Forward bookings are slightly behind 2013 and this was anticipated due to Easter falling later this year than last.</p>
Brightening up 	Attractions <p>Reports from attractions in urban areas – particularly in Dublin – suggest that visits are up on last year with growth from many of the principal source markets. However, attractions outside of the larger urban areas are seeing a slower start to the year. North America is driving early bookings, with the US market both a strong source of interest and actual bookings. There has also been a noticeable increase in reservations from Canada. Severe weather, particularly in the West and South of the island has had a negative impact on infrastructure, with some attractions having to close for a period. Many attractions in Northern Ireland report that the season is only getting under way; however they are optimistic for summer, with some reporting good advance bookings. Following a strong year last year, a leading tour in Derry~Londonderry, reports a positive outlook for 2014.</p>
Brightening up 	Inbound Operators <p>In general, inbound operators are relatively optimistic about the season ahead, but it is still too early to call at this early stage of the season. There is some concern in the sector about capacity for for groups, particularly in Dublin. Peak season space is increasingly difficult, even in some cases for individual bookings and in areas beyond Dublin city centre. Capacity issues arise primarily during times when large-scale events e.g.concerts are taking place.</p>

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

4.6 Tourism Ireland Market Feedback

Great Britain: A number of Online Travel Agents (OTAs) report that bookings in January were strong and they are generally positive about the year ahead. Sea carriers report that year to date business is marginally ahead of 2013. Forward bookings are slightly behind 2013 levels; however, this was expected since Easter falls later this year. A leading air carrier reports that there is strong demand for the island of Ireland.

North America: Feedback from North American trade has been very positive, indicating another strong year for the island of Ireland, even after a particularly good 2013. All US carriers and Aer Lingus are reporting strong advance sales, with encouraging load factors achieved in Q1 and early Q2. The increase in peak season direct air capacity, as a result of the new Aer Lingus San Francisco-Dublin service (starting on April 2) and additional capacity from US carriers on existing routes, will be a key factor in delivering growth. Strong bookings are also being reported on Canadian routes.

Mainland Europe: In Germany, air carriers are reporting growth, although some routes are performing better than others. Tour operators are also predicting growth, with some experiencing good booking levels in January. Travel trade partners in France are cautiously optimistic for 2014. In Spain, carriers are reporting a strong start to the year and tour operators indicate that there is good interest in the island of Ireland, particularly for Easter breaks. Air carriers are reporting that routes from Italy to the island of Ireland are performing really well. The Italian travel trade is already seeing an encouraging level of activity compared to last year. The Nordic travel trade has indicated that bookings are about the same as last year, with strong advance bookings for group travel. Key operators in the Netherlands have indicated a double digit increase in bookings to the island of Ireland for the year to date.

Australia & Developing Markets: Key Australian wholesale and airline partners have reported strong bookings for the island of Ireland (+16% by our largest wholesaler). Access increases should help ensure visits continue to grow from our New and Developing Markets - in particular, the increased capacity to Dublin by Etihad and Emirates as well as the new Air New Zealand/Aer Lingus one-stop option via San Francisco. Three leading travel agents in China are launching a UK and Ireland package beginning in April of 2014. The visa waiver scheme continues to encourage bookings from India.

5. Conclusion

Overall sentiment from the industry and the travel trade is largely positive for 2014.

Tourism Ireland's extensive first half marketing campaign, on and offline, is well under way. In March, we rolled out our largest ever St Patrick's programme around the world including the Tourism Ireland "Global Greening" initiative which attracted over 120 participants, with some famous additions like Disneyland® Paris, the Holmenkollen ski jump in Oslo and UNESCO World Heritage Sites like Petra in Jordan, the Tower of Hércules in Galicia and the Great Wall of China.

A major focus, this year, is on highlighting the Wild Atlantic Way and the Causeway Coastal Route. We are also promoting the Saint Patrick's Trail and key events, including Limerick City of Culture, the 'Grande Partenza' of the Giro d'Italia and the Croke Park Classic college football game.

Ends
