



Tourism Ireland
SOAR
(Situation & Outlook Analysis Report)
December 2018

1. Summary Headlines

- Industry sentiment across the island of Ireland and among overseas trade partners continues to remain upbeat, after a largely positive 2018. The summer season performed strongly, with overseas tourism trading well across all sectors. While the uncertainty arising from Britain's withdrawal from the EU remains a key concern for industry, Tourism Ireland continues to monitor its implications and to consult closely with stakeholders at home and overseas.
- Latest CSO figures for **overseas arrivals to Ireland** show an increase of +7% for the first ten months of 2018, with more than 9,136,800 million arrivals from January to October. There were strong results from North America, up +14% on the first ten months of last year; and from Mainland Europe, up +10%. We also saw growth of +6% from Australia and Emerging Markets and modest growth of +1% from Britain.
- Latest figures from the Northern Ireland Statistics and Research Agency (NISRA) for the first three months of 2018, show that spend by **overseas visitors to Northern Ireland** increased by +3%.
- Both STR **hotel data** and industry sources report a strong hotel performance across the island of Ireland for the first ten months of 2018, instilling confidence as we head into 2019. STR reports that hotels in Ireland enjoyed an increase in occupancy and average daily rate for January to October; occupancy was 81%, an increase of +1%, with the average daily rate rising to €125.39, an increase of +8%. While the addition of new hotel stock in Northern Ireland meant that occupancy for the period was 77% (a decline of -3% yoy), this actually represents a net increase of +6% in room sales. The average daily rate in Northern Ireland increased by +2% to £78.23.
- Tourism Ireland's **promotional campaigns** continue across the markets to grow tourism revenue into the new year. Our new global marketing campaign – Fill your Heart with Ireland – launched on TV, cinema and digital platforms in key markets in late December, helping to put the spotlight on the island of Ireland and kick-off tourism promotion for 2019. We continue to work closely with trade and industry partners and our colleagues in Fáilte Ireland and Tourism Northern Ireland to grow demand for the island of Ireland in 2019.

2. Global Outlook

Latest figures from the World Tourism Organisation (UNWTO) show that international tourist arrivals grew by +5% in the first nine months of 2018. This is a continuation of the strong 2017 trend and reflects a continued strong economic situation globally.

From January to September this year, international arrivals increased in all regions, led by Asia and the Pacific (+7%) and Europe (+6%). The Middle East and Africa also recorded strong arrivals growth of +6% and +5%, respectively. The Americas also saw a growth in arrivals (+3%) over the nine-month period.

Looking at the sub region of Northern Europe, there was flat growth recorded for the first nine months of 2018, with a mixed performance across destinations. While Ireland, along with Denmark, Iceland and Sweden, enjoyed robust growth, The United Kingdom – the largest destination in the sub region - experienced a 7% decline in the first six months alone, when compared to a robust 2017 performance for this same period.

Growth prospects for the remainder of 2018 remain positive overall, though at a slower pace, according to the latest UNWTO Confidence Index survey.

UNWTO Global Performance	
International Arrivals	Jan-Sept 2018 YoY % +/-
World	+6%
Africa	+4%
Asia Pac	+7%
Americas	+3%
Middle East	+5%
Europe	+7%
Northern Europe	+1%
Northern Ireland (NISRA) (Jan-Mar)	-6%
Ireland (CSO) (Jan-August)	+8%

Source: UNWTO, CSO, NISRA

Projections extending to 2030 indicate that the tourism sector is expecting continued rapid growth, with international tourist arrivals worldwide expected to increase by +3.3% per year to reach 1.8 billion by 2030, according to UNWTO's long-term forecast report *Tourism Towards 2030*. At the same time, the market share of emerging economies, which has already increased from 30% in 1980 to 45% in 2016, is expected to reach 57% by 2030, equivalent to over 1 billion international tourist arrivals.

3. External Travel Trends

Key Markets Economic and Travel Outlook

3.1 Overview

At the time of writing, the UK’s exit from the EU remains an evolving situation in terms of a ‘Deal’ or ‘No Deal’ scenario. In principle, a deal has been agreed between the EU and UK Government, however there’s no certainty with regard to its implementation and the likelihood of ‘No Deal’ continues to remain a real possibility.

With this in mind, Oxford Economics has created a ‘No Deal’ scenario to illustrate potential risks for the travel and tourism sector in relation to UK outbound travel. The organisation currently estimates that by 2020, UK outbound tourism could decline by -9%, representing more than 8 million fewer outbound trips from the UK.

The table below summarises the Oxford Economics’ forecasted short and long-term impacts of a ‘No Deal’ scenario on tourism activity.

Potential impact of a ‘No Deal’ scenario	
Economic Activity	UK GDP will be hardest hit, affecting UK outbound tourism. Spain and Ireland are the two countries expected to be most affected by a ‘No Deal’ exit from the EU.
Exchange Rate	Sterling to depreciate further, boosting the attractiveness of holidays to the UK. Outbound travel from the UK will be more expensive.
Prices	Related to exchange rates, there is expected to be a spike in inflation which will squeeze UK household incomes.
Market Access & Open Skies	‘Open Skies’ are secure for now, even under a ‘No Deal’ scenario. The Air Services Agreements (ASA) will need to be re-negotiated, with a risk of grounded planes in January 2020.
Passports & Visas	Imposition of greater passport checks will slow down travel. Research shows that more impediments at border crossings reduce travel numbers and negatively impact tourism.

3.2 Economic Indicators

Great Britain

Despite uncertainty over the UK exit from the EU, the economic outlook for 2019 has been boosted by a loosening of fiscal policy announced in the Budget on October 29th. The UK government has increased government spending and income tax thresholds. Alongside firmer wage growth, this should allow a gradual recovery in household spending power. The pace of pick-up will be constrained by the government's welfare reforms, higher interest rates and softer employment growth.

2019 GDP Forecast:	+1.7%
CPI 2019:	+1.8%
Unemployment:	4.1% (up from 4.0%)
Exchange rate (€ / £):	€1:£0.89 (no change)

USA

Resilience remains the key theme for the US economy post midterm elections. Oxford Economics reports that, entering Q4, GDP growth is trending at +3%, supported by solid consumer spending and business investment. Consumer confidence remains high, with the labour market still growing and wage growth firming. Government economic policies along with trade tensions vis-à-vis China and Europe, will curb 2019 momentum, but the economy is still forecast to grow +2.5%, after a +2.9% increase in 2018.

2019 GDP Forecast:	+2.5%
CPI 2019:	+2.1%
Unemployment:	3.7% (down from 3.9%)
Exchange rate (€ / \$):	€1:\$1.14(down from €1:\$1.15)
Exchange rate (£ / \$):	£1: \$1.28(down from \$1.30)

France

According to Oxford Economics, the French economy is expected to bounce back in H2 this year, after the sharp slowdown recorded in H1. Tax cuts and lower inflation should boost consumption while productive investment should remain dynamic. Exports are set to get a boost from higher sales to the US and the schedule of aircraft deliveries. However, these developments will not fully offset the sluggishness seen in H1. Oxford Economics continues to forecast GDP growth of +1.6% this year and +1.7% in 2019, after a strong +2.3% expansion in 2017.

2019 GDP Forecast:	+1.7%
CPI 2019:	+1.5%
Unemployment:	9.3% (up from 9.2%)
Exchange rate (€ / £):	€1:£0.89 (no change)

Germany

Germany's economic fortunes remain tied to the global growth cycle, despite its more domestically-driven expansion in recent years. The German economy was well-placed to benefit from last year's global trade surge but is now exposed to the impact of slowing trade and rising protectionism. Oxford Economics expects export volumes to grow by +2.8% in 2018 and +3.6% in 2019, down from +5.3% in 2017. Overall, the short- and medium-term outlook is optimistic, with GDP growth projected at +1.8% this year and +1.6% in 2019.

2019 GDP Forecast:	+1.6%
CPI 2019:	+2.3%
Unemployment:	5.1% (down from 5.2%)
Exchange rate (€ / £):	€1:£0.89 (no change)

Source: Oxford Economics Briefing and November reports 2018.

3.3 Travel Trends in Key Markets

Great Britain: Outbound travel in Q2 this year has remained static when compared to the same period last year, according to the British office of national statistics (ONS). During the period April to June, there were 19.9 million visits abroad by UK residents, with spend increasing by +1%. Visit Britain is forecasting 40.9 million inbound visits this year, surpassing their target of 40 million inbound visits two-years early. Domestic tourism in England has benefitted from the growing trend of short-break holidays, with domestic tourism accounting for almost 80% of all tourism activity with a £70 billion spend by domestic tourists in England last year.

North America and Australia/NZ: In the **United States** outbound travel demand remains strong. Consumer confidence remains high, prompted by good economic growth, low unemployment rates and a stronger dollar, with sustained income and consumption growth. However, several factors, such as the midterm election results, the trade war with China, and output from the G20 summit, have the potential to cause volatility. US legacy carriers are paying significant commission to travel agents on high value airfares for the first time in several years, and will increase transatlantic lift to Europe by a further +10%, further supporting US outbound travel growth. Visit Britain is reporting on a -7% decline in North American traffic for the January-June period, with June alone recording a -21% drop versus 2017. It is not yet clear what is driving this softening of demand. **Canada** has recorded good growth to European destinations, with 4.1 million visits during the first eight months of 2018, an increase of +6% on last year, according to the independent research organization CBOC. Slovenia and Turkey are proving popular from this market with growth of more than +30%, while growth to the island of Ireland is forecast at +12%. Toronto Pearson - North America's second busiest airport in terms of international passengers - reports continued growth of +5% overall YTD and +7% for international passengers. Outbound travel from **Australia** continues to trend upward, with increased air capacity and downward pressure on airfares stimulating demand and encouraging multiple overseas trips. Market operators are reporting a trend of increased bookings to Europe and a softer demand for the USA.

Mainland Europe: In **Germany**, traditional travel agents still manage the bulk of holiday bookings with a 77% share of the market, according to researchers *GfK*. The market responded well to airline and online partner offers this year, with direct bookings responsible for outbound growth of +20% for the year to date. In **France**, demand for holidays to Britain continues to trend upwards, with sources putting this down to a desire to visit before the UK has exited the European Union, as well as value for money based on current exchange rates. Sun destinations performed well this year from the market, due to poor local weather during the early winter and spring seasons. OTA market partners are reporting good results from joint marketing activities and strong growth for Dublin this year. In **Spain**, market sources report continued growth in outbound travel in 2018. The Spanish National Statistics Office (INE) report that the number of trips overseas increased by +2% at the end of July, while the Spanish Airport Authority (AENA) reports that traffic at the main outbound and secondary airports has also grown strongly year to date. The Spanish economy is relatively stable and employment figures are growing. Market partners are expecting moderate growth

in Q4, driven by demand for weekend breaks over the several bank holiday long weekends and facilitated by increased air access from Santander, Santiago and Bilbao. In **Italy**, the overall trend for expansion of air access is positive, with capacity growing significantly in the ten years to 2018. A study by *Boeing* reveals that, from 2008 to 2018, low cost airlines in Italy have gained substantial market share. Alitalia has lost -7% share to occupy 12% of market, while Ryanair has grown by +6% to hold 15% of market, easyJet has doubled its share to 4% of the market, with Wizz Air and Vueling seeing similar growth. In **the Nordics**, outbound travel continues to perform strongly across the region with statistics indicating that Nordic consumers are on course to meet the forecasted figure of 50 million outbound trips this year. In **Belgium/Netherlands** outbound travel is trading strongly. Consumer confidence in Belgium is increasing and there is an increasing trend in Belgians booking their summer holidays before the end of the previous year. Online accommodation booking engines are growing in strength and spending per trip has increased.

Emerging Markets: In **China**, outbound tourism has grown by +15% in the first six months of 2018, with more than 71 million outbound trips. Last year, 130 million Chinese tourists spent USD\$261 billion while travelling abroad and now make up 21% of total tourism spending worldwide. Research by the UNWTO found that Chinese tourists spent on average twice as much as US tourists while overseas. A new type of tourist is trending in China with changes in demographics bringing an increase in the wealthy FIT (Free Independent Traveller) segment. These travellers tend to be mostly female, younger and digital-savvy, they spend more on travel, favour luxury brands when shopping overseas, and research has shown their travel decisions are influenced by online reviews, blogs and social media. In **India**, destinations in Eastern Europe are growing in popularity, with the Czech Republic, Poland, Hungary and Romania all seeing an increase in demand. In addition, Sweden has seen a +23% increase in tourism from India this year and The Netherlands is targeting +25% growth in Indian travellers for next year. In the **UAE**, outbound results for 2018 have been mixed. Abu Dhabi travel agents are still reporting a decrease in bookings across the board in 2018 and, as a result, some travel agents are moving away from corporate business and focusing more on the holiday and education sectors. On the other hand, travel trade in Sharjah have seen an increase in business, mainly due to the high number of Emiratis living there, and increased air access from Sharjah airport to Europe. Meanwhile Dubai Travel trade report that bookings remain stable. Etihad Airlines plans to reduce its Abu Dhabi-Dublin flight from double daily to a single daily flight from January 2019, a larger aircraft will be used for the flight representing a -21% seat decrease and there's a risk that this may cause a slight increase in fares from 2019. Etihad Airways and Saudia Airlines recently announced a new codeshare partnership, improving access options from Saudi Arabia to Europe and Ireland.

4. Market Intelligence

4.1 Arrivals and Visitors

Preliminary Estimates

Visitor Origins	2018			
	Ireland Arrivals (10-month arrivals) Jan-October 2018		Northern Ireland Visitors (3-month visitors) Jan – Mar 2018	
		%YOY		% YOY
Total	9,136,800	+7%	378,571	-6%
Great Britain	3,164,800	+1%		
Mainland Europe	3,304,900	+10%		
North America	2,097,200	+14%		
Rest of World	570,400	+6%		

Sources: CSO, NISRA

Note : **Arrivals** are all overseas trips to the destination, including transfers, overnights and day-trips.

Visitors only include those who overnight in the destination.

Ireland: Latest results for the January to October period show 9,136,800 overseas arrivals. This represents year-on-year growth of +7% for the period, an additional 605,300 arrivals. North America continued its strong performance, with arrivals from the US and Canada up +14% (+251,900). Mainland Europe also recorded good growth, with 288,200 extra arrivals (+10%). Arrivals from Britain grew, with 31,900 extra arrivals (+1%). Growth from Australia and Emerging Markets was +6% (+33,900 extra arrivals).

Northern Ireland: According to latest available data from NISRA, in the January-March 2018 period, overseas visitors to Northern Ireland fell by -6% when compared with 2017, while revenue grew by +3% to more than £98 million. The figures confirm that 378,571 overseas visitors came to Northern Ireland during the first three months of the year.

4.2 Air and Sea Connectivity

Air Access Seat Capacity Estimates		Winter 18/19 vs. Winter 17/18		
YOY % Change	Ireland	NI	Island of Ireland	
Great Britain	+1%	+12%	+4%	
Mainland Europe	+10%	+8%	+10%	
-France	+6%	-22%	+4%	
-Germany	+8%	N/A	+7%	
North America	+19%	-100%	+18%	
Rest of World	+15%	N/A	+15%	
Overall	+7%	+11%	+8%	

Source: TTC Winter 2018/19 Access Inventory Report
Capacity is estimated at a single point in time (December) for the season.
NA= Not applicable.

The 2018/19 winter season is forecast to see a +8% increase in direct, one-way air seats available per week to the island of Ireland, when compared to the same period last winter. It is estimated there is approximately 465,000 one-way weekly seats available, the largest number since the winter period of 2007/08 (when just over 470,000 were available).

There is growth from all four market areas. While EasyJet has dropped its weekly Lyon-Belfast service and Norwegian has withdrawn its Belfast service, Northern Ireland is still forecast to experience a +11% increase (which is driven by a +12% uplift from GB). Ireland is estimated to see a +7% increase in air seats available.

Ferry capacity this winter is broadly in line with last year.

4.3 Total Passenger Numbers

	Total Pax 2017*	August 2018 YOY % change	Sept 2018 YOY % change	Oct 2018 YOY % change
ROI sea passengers	3.1m	0%	-5%	-2%
NI sea passengers	2.1m	-1%	-2%	-4%
Dublin Airport	29.6m	+5%	+7%	+9%
Shannon Airport	1.8m	+9%	+9%	+2%
Cork Airport	2.3m	-1%	+10%	+3%
Ireland West Airport Knock	0.75m	+3%	+6%	+4%
All ROI Airports	34.4m	+5%	+7%	+6%
Belfast International Airport	5.8m	+13%	+12%	+13%
Belfast City Airport	2.6m	-3%	-4%	-4%
City of Derry Airport	0.2m	+9%	<i>n/a</i>	<i>n/a</i>
All NI Airports	8.6m	+8%	<i>n/a</i>	<i>n/a</i>

Sources: CAA, DAA, Shannon Group, IWAK, Fáilte Ireland, Annaero, Ferrystat, TTC, Anker Report

*Total Pax 2017 is the total traffic (two-way) at the airport(s)/seaports

n/a = not available

Latest published results for air passenger traffic to Northern Ireland was positive for the first eight months of the year (+8%). Air passenger traffic to Ireland from January to October (two-way) was also positive (+6%).

Latest published sea passenger numbers to and from Ireland were down -2% for January to October 2018, while sea passengers to and from Northern Ireland were down -4% for the same period.

4.4 Accommodation

Hotel accommodation data estimates

Hotel Accommodation January -October 2018				
	Occupancy		ADR	
	%	% change v 2017	Average Daily Rate	% change v 2017
Island of Ireland	80%	0%	€121.00	+7%
Northern Ireland	77%	-3%	£78.23	+2%
Ireland	81%	+1%	€125.39	+8%
Scotland	78%	0%	£83.82	+3%
England	78%	+1%	£91.23	+1%
Italy	71%	+1%	€147.34	+1%

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





The hotel data specialist STR reports that hotels across the island of Ireland experienced strong growth in terms of average daily rate for the period January to October 2018, while occupancy levels were on par with last year.

In Northern Ireland, industry sources have noted an increase in overseas visitors and a welcome extension to the season. While the addition of new hotel stock in Northern Ireland meant that occupancy for the period was 77% (a decline of -3% yoy), this actually represents a net increase of +6% in room sales. The average daily rate in Northern Ireland increased by +2% to £78.23. According to Tourism Northern Ireland's latest published 'Guesthouse, Guest Accommodation and B&B performance for Jan-Sep 2018', there was growth in the sector with increases in occupancy (+1%) and sales (+5%) compared to the same period last year.

In Ireland, occupancy for the January to October period was a healthy 81%, while average daily rate grew by 8% to €125.39.

Fáilte Ireland's recent 'Analysis of Tourism Accommodation in Cork, Galway and Kilkenny' reports that, by 2022, there will be an expected total of 934 extra bedrooms in Cork, 490 extra in Galway and 41 additional rooms in Kilkenny. Their 'Analysis of Tourist Accommodation in Dublin 2018-2020' reported that there will be an estimated 5,435 new hotel rooms on-stream in Ireland's capital city by the end of 2020 (a net addition of just over 4,900 due to hotel closures over the next two years.) Overseas visitors have driven demand for B&Bs, self-catering properties and hostels this year according to Fáilte Ireland's 'performance of Tourism Accommodation January-June 2018.

4.5 Island of Ireland Industry Feedback 2018

Barometer	What they said ...
Bright 	<p>Accommodation providers</p> <p>Sources in Ireland’s hotels and guesthouses are reporting another strong year for the sector. The first ten months brought good rate and occupancy growth and this looks set to continue into the new year. Northern Ireland hotels had a reasonably positive year with good room sales and rates overall. While the increased supply of room stock has put pressure on room and occupancy rates in Belfast, there is huge enthusiasm in the sector to grow the market and ensure the new stock is filled in 2019. Sources in the region have reported larger numbers of overseas tourists this year and have also noticed a positive effect on performance from season extension initiatives. Business tourism has been hit by Brexit uncertainty and plans are in place to meet this challenge and stimulate demand in 2019.</p> <p>Feedback from the self-catering and guesthouse sectors was positive overall, reporting good overseas business this year. Sources in B&Bs and hostels report a less buoyant year though, with low-priced competition causing concern to some operators.</p>
Mixed 	<p>Air and sea carriers</p> <p>Feedback from air carriers is very positive, with strong overall performance in 2018 and good forward bookings for 2019. Transatlantic business is particularly strong and the increase in capacity for 2019 is expected to bring even more growth.</p> <p>Some sea carriers have seen a softer year with external issues negatively impacting business. While special offers and cooperative campaigns helped to stimulate business in the autumn/winter period, it was not a good year overall. The arrival of a new vessel and associated increase in capacity is expected to have a positive effect in 2019 and the sector remains optimistic.</p>
Bright 	<p>Attractions</p> <p>Overall feedback from attractions across Ireland is very positive, with many partners seeing growth this year, particularly from North America.</p> <p>In addition, sources in Northern Ireland are reporting a strong performance from overseas visitors. Two major attractions experienced buoyant international visitor growth this year with the performance from North American markets particularly strong.</p>
Mixed 	<p>Tour Operators</p> <p>Overall, tour operators enjoyed moderate growth this year and report good early indications and positive sentiment for 2019. The performance from North America is still very strong, while business from Mainland Europe is more mixed. The increase in the VAT rate in Ireland and capacity and rate challenges continue to cause some concern.</p>

Source: Based on feedback from island of Ireland industry sources, November 2018

4.6 Tourism Ireland Market Outlook

Great Britain: The outlook remains somewhat uncertain, with key trade sources reporting that the UK's exit from the EU and exchange rate uncertainty continues to have an impact on GB traveller consumer confidence. While some airlines, such as EasyJet, are reporting strong early outbound bookings from Britain in 2019, others in the industry are more reticent. Some partners saw growth to the island of Ireland in 2018, while others experienced declines. Partners who saw growth on the back of joint promotions with Tourism Ireland remain optimistic, and plans are in place for 2019 to continue to jointly stimulate demand for the island of Ireland. Market partners have reported a strong performance from Belfast as a result of the increase in hotel capacity and cooperative marketing campaigns, and Tourism Ireland will continue to work with trade and industry partners to stimulate demand for the island of Ireland in 2019.

North America and Australia/NZ: In the **US**, all key economic indicators remain strong and supportive of growth in outbound travel. Market sources have reported that luxury FIT and guided vacations proved popular in Q4, with strong demand for shoulder season travel up to the end of 2018. Early indicators for 2019 show further moderate growth on the back of a strong 2018 performance. Access growth and new routes for summer 2019 are expected to bring a further boost in business from North America. High profile events such as the college football series are helping to place the island top of mind and further stimulate interest and demand for trips in 2019-2020. In **Canada** the outlook from carrier and operator partners remains positive. With new routes announced for 2019, steady growth is predicted. Canada's national consumer confidence rating was 119.6 points in October, a 3-point increase compared to last year and this supports the expectation of a good 2019 performance. In **Australia** the outlook for travel to the island of Ireland is positive with the island performing well against competitor destinations. Airline and trade partners are reporting good growth for 2018 with positive indications and strong forward bookings for 2019. Following a series of successful joint cooperative campaigns with Tourism Ireland, many partners are reporting good YTD sales and strong growth in early bookings for 2019.

Mainland Europe: In **Germany** the outlook is positive for 2019, on the back of strong growth in outbound tourism this year. The winter season is trading well to the end of October, with bookings up +8% across the industry. The first travel brochures featuring the island of Ireland for 2019 are in the shops and early bookings levels are on par with last year. Market operators are optimistic for 2019 with good early interest in the island of Ireland, particularly from the FIT sector. However, the group travel sector is looking like more of a challenge with operators reporting a negative impact on their margins as a result of the recent VAT increase in Ireland. In **France**, partners are optimistic for growth to the island of Ireland in 2019. Most trade partners reported a growth in sales to the island this year, despite turbulent in-market conditions and local strikes. The appetite for off-season travel to the island is also growing, with tourism industry partners on the island of Ireland working closely with Tourism Ireland to expand the offering in the market and stimulate growth. Significant additional ferry access is expected to have a positive effect on business from France next year.

In **Spain**, all trade partners are showing growth to the island of Ireland for 2018 with positive indications for 2019. Cooperative campaigns with Tourism Ireland in September/October have also helped stimulate business right up to year end. OTA partners are also showing growth with offseason travel performing well and Northern Ireland, in particular, is seeing huge growth from the market. As we head into 2019, the outlook from **Italy** is positive. Airlines saw a strong performance for Italian groups, and forward bookings have grown when compared to last year. OTA partners have reported an increase in bookings to the island of Ireland this year and are now offering a range of season extension products, with year-round fly and drive packages. Other market partners are also reporting strong sales to the island this year. Trade partners have seen very positive results from cooperative campaigns with Tourism Ireland this autumn and are reporting a strong increase on bookings to Dublin and Belfast during the campaign period. In the **Nordics**, feedback from Norwegian tour operators indicates sentiment toward Ireland is good amongst consumers however, flight schedules from Oslo to Dublin are currently a barrier for high-yield customers such as MICE and golf groups who prefer Sunday evening flights. There is a risk that Ireland's competitiveness will be impacted if this increase is passed onto the buyer in the coming year. Publicity around 'The Open' has had good pick-up in the Nordics and other marketing activity planned for early 2019 will help maintain the positive momentum. While independent golf travel is increasing, Nordic golf tour operators are not reporting similar demand for group trips to Ireland. In **Belgium/Netherlands** the outlook is positive with increased air access and off-peak promotions stimulating demand. There is some concern, however, about the recent increase in the VAT rate in Ireland and its potential impact on tour operator pricing.

Emerging Markets: The outlook from China is positive, with outbound tourism continuing to show robust growth. While average spend on travel has fallen slightly, perhaps as a result of exchange rates, the number of outbound trips from the market has increased. Market sources expect Chinese outbound tourism to remain strong for the foreseeable future. Direct flights to the island are performing well and Chinese tour operator partners are continuing to expand their island of Ireland offering. Outlook from **India** is also positive with strong interest from travel agents and tour operators for the island of Ireland. The Indian MICE sector is also showing an increased interest in the island, and there are healthy group bookings for 2019 already. Outlook from the **UAE** is also very positive with the expansion of partner programmes for 2019, a number of new trade partners, and increased awareness of the island among the Emirati travel trade and holidaymakers.

5. Conclusion

Feedback on this year's performance is positive overall from both overseas trade partners and tourism businesses across the island of Ireland. All indications are for good growth in tourism overall in 2018.

Overseas arrivals to Ireland have grown to 9,136,800 for the first ten months of 2018, an increase of +7%. There was good growth from North America (+14%) and Mainland Europe (+10%) and Emerging Markets (+6%), with more modest growth from Great Britain (+1%).

While the slight growth from Britain is welcome, it remains too early to know if this is part of a long-term trend. The uncertainty around the UK's exit from the European Union continues to be a major source of anxiety in the market. The fall in the value of sterling has made holidays and short breaks in Ireland more expensive for British visitors and has made Britain more affordable for visitors from many of our top markets. We have seen a growth in demand for Scotland from our source markets this year and Tourism Ireland continues to monitor our competitors closely.

Hotel room sales are performing strongly for accommodation providers in both Ireland and Northern Ireland. However, the challenges associated with capacity and room rates remain a key issue for some tour operators.

The recent VAT increase in the Irish budget - from 9% to 13.5% - has caused concern in the travel and tourism sector, both at home and overseas, about its potential impact on competitiveness.

Tourism Ireland continues actively to promote the island of Ireland in overseas markets during the winter period. Our new global marketing campaign – Fill your Heart with Ireland - kicks off in late December in key overseas markets, highlighting the island of Ireland on TV, in cinemas and on digital platforms. We are working closely with industry partners and colleagues in Fáilte Ireland and Tourism Northern Ireland to maximise all opportunities and to grow overseas tourism revenue to the island of Ireland this winter and for the year ahead.