



Killiney Hill overlooking Dublin Bay

## **SOAR** **(Situation & Outlook Analysis Report)** **June 2015**

## Summary Headlines

- Statistics from the Central Statistics Office (CSO) indicate that **overseas visitors** to Ireland for the January to April 2015 period increased by +13% when compared to the same period last year. This suggests it was the best ever January-April period to Ireland on record. Growth was recorded from all market areas, with North America +15%, Mainland Europe +14%, Australia and Developing markets +14%, and Great Britain +10%.
- According to the Northern Ireland Statistics and Research Agency (NISRA), total **overseas visitors to Northern Ireland** in 2014 grew by +6% when compared to 2013. Growth was seen from all main market areas, however total revenue fell by -6%. Overseas holidaymakers increased by +11% when compared to 2013, with British holidaymakers up +12%. Strong holidaymaker growth was also recorded from Mainland Europe (+19%) and North America (+16%).
- Industry **sentiment** on the island of Ireland and among overseas trade partners remains very positive. This bodes well for a busy summer season, aided by favourable exchange rates in some key source markets and increased air access capacity for the summer.
- Tourism Ireland's **key marketing and promotional themes** this year include the Wild Atlantic Way and the Causeway Coastal Route, Dublin, Yeats 2015, ID2015, and the Tall Ships in Belfast.

## 2. Global Outlook

According to the United Nations World Tourism Organisation (UNWTO), the upward trend in international tourist arrivals experienced globally in recent years is continuing in 2015.

In the first two months of 2015 international tourist arrivals worldwide increased by an estimated +5% when compared to the same period last year. Arrivals to Europe also grew by +5% for the same two-month period. Arrivals to Northern Europe, of which the island of Ireland is part, grew by only +1%. During the same period however, visitors to Ireland grew by +13%, outpacing global and European growth and in stark contrast to the trend for Northern Europe.

International Arrivals	Jan - Feb
	2015 YoY % +/-
<b>World</b>	<b>+5%</b>
Africa	-4%
Asia Pac	+5%
Americas	+7%
Middle East	+3%
<b>Europe</b>	<b>+5%</b>
<b>Northern Europe</b>	<b>+1%</b>
<b>Ireland (CSO) (Jan-Feb)</b>	<b>+13%</b>

Source: UNWTO, CSO

The UNWTO forecasts global tourist arrivals to grow between +3% and +4% in 2015, which is in line with the International Monetary Fund's forecast for global economic growth – estimated at +3.5%.

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

#### Key Markets Economic and Travel Outlook

##### **3.1 Overview**

According to the IMF, global economic growth for 2015 remains moderate, with uneven prospects across world regions. Overall growth of +3.5% is projected in 2015, in line with their early 2015 forecasts. Relative to last year, the outlook for advanced economies is improving, while growth in emerging markets and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries

## 3.2 Economic Indicators

### Great Britain

Preliminary estimates for GDP growth in Q1 2015 have come in at just +0.3%, which is well below expectations. However, Oxford Economics maintains that this data looks ripe for revision, with a glaring disparity between the very soft official output data and most other evidence on the state of the economy – including business surveys and the ONS's own data for retail sales, employment and tax revenues.

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 set to peak in 2015-16
External debt	●	Debt levels have been reduced since financial crisis

### USA

The US economy slowed more sharply than expected in the first quarter of the year, growing by only +0.2%, partially attributable to harsh weather this winter. A strong dollar and modest global growth may weigh on US exports in 2015, while robust domestic activity may maintain a solid pull for imports. Despite the slow start to the year, the economy's fundamentals remain strong and surveys point to solid activity. Low inflation, rising employment, firmer wage growth through 2015 will all help to support stronger household spending.

GDP growth	●	Reasonably solid, domestic-led, growth in prospect
CPI inflation	●	Disinflation will be temporary
Current account balance	●	Current account deficit to stabilize around 2% of GDP
Government balance	●	Budget deficit has halved since 2009
Government debt	●	Debt to stabilize just under 80% of GDP
External debt	●	US is a net debtor, but generates income surplus

### France

The economic recovery in France finally appears to be coming to life. Yet, although GDP expanded at a healthy +0.6% in Q1 2015 after being stable in Q4 2014, Oxford Economics doubts that this strength will be maintained into subsequent quarters. It expects France to continue to underperform, slightly, the eurozone as a whole in 2015. Looking to 2016, despite a greater pick-up in business investment, Oxford Economics forecasts growth of +1.7%, which is slightly weaker than expected in the eurozone as a whole (+1.9%).

GDP growth	●	Sluggish recovery but narrowing gap with Eurozone
CPI inflation	●	Lackluster inflation prospect but now in positive territory
Current account balance	●	Deficit set to decline in the period ahead
Government balance	●	Maastricht target will not be met by 2017
Government debt	●	Government debt set to exceed 100% this year
External debt	●	High external debt but in local currency

### Germany

Germany's weaker than anticipated GDP figures for Q1 2015 have prompted Oxford Economics to revise down its forecast for 2015 from +2.4% to +2.0%. However, the strength of domestic demand in Q1 is encouraging healthy quarterly GDP growth is expected over the coming quarters. Consumer sentiment continues to improve and employment is rising too. While rising inflation may eat into real incomes, this will partly be offset by further rises in nominal wages, as a result of labour supply bottlenecks.

GDP growth	●	External developments could dampen growth.
CPI inflation	●	Deflation not a major threat.
Current account balance	●	Large surpluses are here to stay.
Government balance	●	Budget surpluses are likely if policy left unchanged.
Government debt	●	Debt to GDP ratio to trend downwards.
External debt	●	Not a concern.

Source: Oxford Economics Briefing and Outlook reports May 2015. Economic 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 three months of 2015 grew by +8% when compared to the same period in 2014. According to the CSO, GB arrivals to Ireland for the same quarter were up +14%, demonstrating market share gain. Final 2014 data from VisitEngland reports that total domestic *holiday* trips in GB declined by -7% last year with spend down -3% when compared to 2013. Data from the CSO shows that GB holiday trips to Ireland were up +9% in 2014, with holiday spend up +8%. NISRA reports that GB holidaymakers grew by +12% from GB to Northern Ireland for the same period again illustrating market share growth.

**North America:** US visits to Europe grew by +4% in March YOY, the best monthly performance since September 2014, according to the US Dept. of Commerce. The strong US dollar is a major driving force in demand for all European destinations. The travel industry continues to be in buoyant mood and there is reported growth in most sectors. Airfares continue to rise and it is expected that airlines will deliver record profits in 2015. Airfares to Europe are averaging +7% higher in 2015 than 2014. According to the Conference Board of Canada (CBOC), the number of Canadians visiting Europe for the year-to-date has increased slightly when compared to the same period last year. The CBOC predicts that a weakened euro combined with the travel intentions of the sizeable Canadian baby boomer market should bode well for trip volumes to Europe in the coming months.

**Mainland Europe:** In Germany, travel agents report that travel bookings for the May-October 2015 travel period are up +6% YOY. Favoured destinations are long-haul, mainly Asia, and short-haul destinations like Scandinavia and Egypt. The French travel industry is more upbeat, encouraged by improving economic conditions. The Spanish outbound market has recovered and grew by +5% last year. This is in contrast to domestic travel which saw a decrease of -3%. There are similar good vibes in Italy with outbound spend this year up on last year. The Italian Airport Authority reports that traffic is up +7% YOY. Airport traffic is also on the increase in the Nordics, with the major airports in Sweden, Denmark and Norway all recording slight growth on last year. Outbound travel from the Netherlands is expected to grow in 2015 with long-haul destinations expected to benefit most.

**Australia & Developing Markets:** Overall, the Australian outbound market remains buoyant with March showing a double digit increase YOY. Outbound travel from China grew by +4% in Q1 2015 with Taiwan, South Korea and Thailand ranked as the top three destinations. Leading Indian tour operators report that summer bookings are especially good to Europe, USA and South Africa, aided by the appreciating rupee against the US dollar and euro.

## 4. Market Intelligence

### 4.1 Arrivals and Visitors

#### Preliminary Estimates

Visitor Origins	Ireland Visitors January 2015 - April 2015		Northern Ireland Visitors January – December 2014	
	'000s	% YOY	'000s	% YOY
<b>Total</b>	<b>2,225</b>	<b>+13%</b>	<b>1,789</b>	<b>+6%</b>
Great Britain	1,017	+10%	1,175	+1%
Mainland Europe	785	+14%	265	+9%
North America	296	+15%	227	+38%
ADM	128	+14%	122	+2%

Source: CSO, NISRA

Data from the Central Statistics Office (CSO) indicates that overseas visitors to Ireland for the January to April 2015 period increased by +13% when compared to the same period last year. This suggests it was best ever January-April period on record to Ireland overall. Growth was seen from all market areas – North America (+15%). Mainland Europe (+14%), Australia and Developing markets (+14%) and Great Britain (+10%).

According to NISRA, total overseas visitors to Northern Ireland in 2014 grew by +6% when compared to 2013. Growth was seen from all main market areas. Overseas holidaymakers increased by +11% when compared to 2013, with British holidaymakers up +12%. Strong holidaymaker growth was also seen from Mainland Europe (+19%) and North America (+16%).

## 4.2 Air and Sea Connectivity

Air Access	Summer 2015 vs. Summer 2014		
YOY % Change	Ireland	NI	Island
Great Britain	+6%	+8%	+7%
Mainland Europe	+8%	+20%	+9%
-France	+5%	+10%	+5%
-Germany	+5%	NA	+5%
North America	+16%	NC	+15%
ADM	+27%	NA	+27%
<b>Overall</b>	<b>+9%</b>	<b>+10%</b>	<b>+9%</b>

Source: TTC Access Inventory Report 2015 on one-way weekly seat capacity. Capacity is estimated at a single point in time for the season. NA= Not applicable NC = No change

Summer 2015 is expected to see approximately 492,000 direct, one-way air seats available weekly, a +9% increase in capacity to the island of Ireland compared to the same period last year. This growth comes from all market areas and is close to the record level of summer 2008 (498,000).

Air seats to Ireland are also estimated to grow this summer by +9% YOY. Developments contributing to this growth include a new Aer Lingus flight from Washington DC, a new United Airlines flight from Chicago, the new Ethiopian Airlines flight from Los Angeles, a new Transavia service from Paris, as well as other new routes such as Finnair from Helsinki and SAS from Gothenburg.

Air seats to Northern Ireland are estimated to grow by +10% YOY this summer. There is a new Vueling service from Barcelona and Jet2 have a new service from Verona. KLM's new route from Amsterdam Schiphol opens up great opportunities through the KLM worldwide network.

Up to 234 Irish Sea ferry sailings will operate in each direction this summer, providing capacity for almost 50,000 cars. Stena Line is consolidating its services from Holyhead to Dublin Port, withdrawing its seasonal HSS Stena Explorer service between Holyhead and Dun Laoghaire. This will result in a marginal decrease in peak season capacity, but an increase over the rest of the year. It is anticipated that other Irish Sea services will operate on similar levels to 2014. Up to nine sailings each way per week will operate between France and Ireland this summer, providing for an average weekly capacity of up to 2,855 cars in each direction.



### 4.3 Total Passenger Numbers

	Total Pax 2014*	Feb 15	Mar 15	Apr 15	May 15
Dublin Airport	21.7m	+17%	+19%	+11%	+13%
Shannon Airport	1.6m	+18%	+38%	-3%	+4%
Cork Airport	2.1m	-4%	-2%	-9%	-3%
Ireland West Airport Knock	0.7m	+10%	+18%	+3%	
Belfast International Airport	4.0m	-2%	+7%	+5%	
Belfast City Airport	2.6m	+9%	+8%	+5%	
City of Derry Airport	0.4m	-6%	-5%	-19%	
<b>All ROI Airports</b>	26.3m	+15%	+18%	+8%	
<b>All NI Airports</b>	6.9m	+2%	+7%	+4%	
All UK Airports	241m	+7%	+9%	+3%	
All German Airports	209m	+3%	+5%	+5%	
All Norwegian Airports	55m	-1%	-2%	-3%	
All Swedish Airports	40m	+2%	+3%	+2%	
<b>ROI sea passengers</b>	3.2m	-2%	+12%	-5%	
<b>NI sea passengers</b>	2.1m	+2%	+4%	-6%	

Sources: Annaero, DAA, Fáilte Ireland, Ferrystat. \*Total Pax 2014 is the passenger traffic (in millions) at the airport(s)/seaports estimate NA=Not available

The latest available passenger data indicates that air and sea ports on the island of Ireland generally experienced a good start to the year.

Aer Lingus reports that total passengers (inbound and outbound) for the first four months of 2015 declined by -2.7%, when compared to the same period in 2014. Ryanair announced passenger growth of +13% in the twelve months to May 2015, carrying over 93m million passengers.

## 4.4 Accommodation

### Hotel accommodation (Hotel rooms sold)





	April 2015 v April 2014 % change	Jan-Apr 2015 v Jan-Apr 2014 % change
Island of Ireland	+8%	+8%
Ireland	+8%	+8%
Northern Ireland	+9%	+4%
Scotland	+1%	+3%
England	+2%	+4%
Italy	+3%	+3%

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 in Ireland experienced a good start to the year. However, it is not possible to break out overseas bookings from domestic business.

According to NISRA the number of hotel rooms and bed-spaces sold in Northern Ireland in February increased by +1% and +18% respectively. This represents the highest recorded level for February since records began (previous highest was February 2014). NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland increased by +24% in February 2015, when compared to the same month in 2014. Again it is not possible to break out overseas from domestic bookings.

## 4.5 Island of Ireland Industry Feedback

Barometer	What they said ...
Bright 	<b>Accommodation Providers</b> Sentiment among Northern Ireland hoteliers is positive for forward bookings, especially from the leisure and tours sectors. There is a generally positive mood, with a busy couple of months ahead and a strong performance reported for May. Guesthouses and hotels in Ireland are generally having a good year, with bookings from GB and the US ahead of 2014 levels. Dublin and Cork are doing particularly well; however, business in parts of the south east is weaker than last year. Restaurants in Dublin and along the Wild Atlantic Way are reporting brisk business with a noticeable uplift in overseas diners. B&B's are also reporting a strong year for overseas business.
Bright 	<b>Air, Sea and Car Hire</b> Sea carriers, generally, have experienced a good year to date with Easter being particularly strong. The sterling to euro exchange rate is aiding ferry bookings from GB for the summer. A leading sea carrier reports that bookings are a bit weaker from the continent; however, this is against a record level of performance last year. Air carriers are largely reporting a good year; however, one leading carrier is experiencing mixed performance on short haul business but transatlantic traffic is strong. The car rental fleet is up this year and business levels for the year ahead are very positive.
Bright 	<b>Attractions</b> Major Northern Ireland attractions are quite upbeat about the year and tour groups have been a steady source of visitors, year to date. Many attractions in Ireland, particularly those in tourist hotspots, are experiencing increased overseas visitor numbers this year over 2014. Key contributors to this growth are North America, Great Britain, and Mainland Europe. Some of the principal attractions on the East and West coasts are experiencing one of their best years ever. Some attractions on the East coast are also experiencing a noticeable increase in visitors from the Middle East and Asia.
Mixed 	<b>Tour Operators and Business Tourism</b> Conference organisers have indicated that business is growing and conferences are getting larger. However, they continue to report that there are not enough four star hotel rooms in central Dublin, resulting in a loss of business – as they are unable to bid for some large conferences. Tour operators and the coach sector report that they are busy; Group business is not performing as well as FIT, especially from Europe. Availability of parking spaces for tour buses in Dublin has become a real issue.

Source: Based on feedback from island of Ireland industry sources, May/June 2015

## 4.6 Tourism Ireland Market Feedback

**Great Britain:** The majority of trade partners experienced growth in business to the island of Ireland so far this year and report good booking levels for the forthcoming peak summer season. This buoyant sentiment is echoed by many air and sea carriers, who say the strong sterling to euro exchange rate is playing a positive role in bookings to Ireland. Both traditional tour operators and online travel agents (OTAs) are also seeing an increase in business to Ireland and Northern Ireland when compared to last year.

**North America:** The strong US dollar continues to encourage holiday trips to the eurozone. Peak air seat capacity to the island of Ireland is up +15% this summer and airlines are expressing positive sentiment for both yields and loads factors. Golf operators are all reporting an excellent year for business to the island of Ireland. Traditional FIT business is strong; however, escorted tour operators are less positive about 2015. One major operator is projecting a business decline of circa -5%, while business for other escorted operators is either flat or slightly up. Most have already turned their attention to 2016. In Canada, a leading tour operator reported strong sales this spring for the island of Ireland. Air carriers also report that bookings for the summer are strong.

**Mainland Europe:** Europe has had a very strong year to date with the first four months of 2015 breaking previous records for visitors to Ireland for that period. This is resulting in Ireland gaining market share in many of our main European markets. Increasing interest and intent to visit levels in key markets make for a very positive outlook for the future. Increased direct air capacity, including new routes from Italy, France, Spain, Germany, Benelux and the Nordics, is helping to make the outlook positive.

**Australia & Developing Markets:** Despite some softening in demand for travel to Europe, Australian partners are reporting that travel to the island of Ireland continues to remain strong and the island of Ireland is gaining market share from other European destinations. Tour operators in China and India also continue to report increased enquiries and bookings for the island of Ireland and cite the introduction of British-Irish Visa Scheme as a boost to awareness levels.

## 5. Conclusion

Performance for the year to date has been strong and sentiment among the island of Ireland industry and overseas trade partners remains very positive. For the most part, enquires and bookings have been ahead of, or on par with, 2014 levels. This bodes well for a busy summer season, aided by favourable exchange rates in some key source markets and increases in air access capacity.

Tourism Ireland's busy promotional programme continues in markets across the world. Key promotional themes include the Wild Atlantic Way and the Causeway Coastal Route, Dubline, Yeats 2015, ID2015, and the Tall Ships in Belfast.

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