



Kinsale Harbour, Co Cork

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**SOAR**  
**(Situation & Outlook Analysis Report)**  
**September 2015**

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## Summary Headlines

- **Overseas visitors** to Ireland for the January to July 2015 period increased by +12% when compared to the same period last year, according to the Central Statistics Office (CSO). This means it was the best ever January-July period on record to Ireland overall. Growth was seen from all market areas - North America (+15%), Mainland Europe (+13%), Great Britain (+11%) and Australia and Developing markets (+9%).
- According to the Northern Ireland Statistics and Research Agency (NISRA), total **overseas visitors to Northern Ireland** for the first quarter of 2015 grew by +9% when compared to the same period in 2014. Growth was seen from all main market areas. There was also strong growth of +13% in overseas holiday visitors in Q1 2015, with significant increases recorded from GB (+16%) and North America (+10%).
- Industry **sentiment** on the island of Ireland and among overseas trade partners has generally been very positive for the summer season. Bookings for the remainder of the year are also very positive aided by favourable exchange rates in some of our key source markets and strong air access.
- Tourism Ireland has launched its **extensive €12M/£8.5M autumn campaign** aimed at boosting late-season travel from around the globe. The period September to December traditionally yields as much as 30% of annual overseas business.

## 2. Global Outlook

The United Nations World Tourism Organisation (UNWTO) reported a continuation of robust demand for international tourism in the first four months of 2015 as arrivals increased by +4% worldwide. Destinations worldwide received some 332 million international overnight visitors between January and April this year, +14 million more than the same period in 2014. This +4% YOY increase follows similar growth in 2014, consolidating an upward trend in international tourism since 2010.

Almost every region delivered growth in international arrivals; the Americas lead the way with a +6% increase, followed by Europe (+5%), Asia and the Pacific (+4%) and the Middle East (+4%). In Africa, demand weakened after years of solid growth, affected mainly by the Ebola outbreak, among other challenges.

Northern Europe, of which the island of Ireland is part, experienced +4% growth, in line with the +4% global increase. Results are summarised in the below table.

For the full year 2015, the UNWTO forecasts international tourism to grow by +3%–+4%.

UNWTO Global Performance	
International Arrivals	Jan - Apr
	2015 YoY % +/-
<b>World</b>	<b>+4%</b>
Africa	-6%
Asia Pac	+4%
Americas	+6%
Middle East	+4%
<b>Europe</b>	<b>+5%</b>
<b>Northern Europe</b>	<b>+4%</b>
<b>Ireland (CSO) (Jan-Apr)</b>	<b>+13%</b>

Source: UNWTO, CSO, NISRA

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

#### Key Markets Economic and Travel Outlook

##### **3.1 Overview**

Whilst it is still too early to know if the effects of the stock market decline in China will impact on the global economy, there remains little doubt that if Chinese demand plummets, the consequences will be widely felt.

The countries most affected by a Chinese slowdown are likely to be those that export a great deal to China, notably commodity exporters such as Australia as China accounts for around one third of all of their exports.

Arising from this uncertainty, capital goods imports have also fallen, which will affect countries like Germany, where exports to China account for around 2% of GDP. Indeed, the European Union is China's largest trading partner, and China is the second-largest trading partner of the EU after only the US. In addition, overseas visitors from China will be affected following the fall in the Chinese currency (Yuan) against major currencies.

It is too early to say what the full impact of the Chinese stock market decline will be on the demand for travel, but it is clear that a continuing slowdown in China has the potential to affect the economies of our major source markets.

### 3.2 Economic Indicators

#### Great Britain

Oxford Economics forecasts GDP growth of 2.6% for 2015, down a little on the 3% achieved in 2014. Further out they have revised down their forecasts a little, reflecting the impact of the measures announced in the 'Summer Budget', in particular the cuts to in-work benefits which have weakened the outlook for consumer spending. However, stronger wage growth is expected and this should deliver a boost to household spending power.

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 slowly narrow 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

Real GDP grew 2.3% in Q2 which was slightly short of expectations. However, there has been a modest rebound in economic activity after a slow start to the year. Oxford Economics forecast that the US economy will grow by 2.4% in Q3 and expand by nearly 3% in Q4. There is strong consumer confidence and subdued inflation with consumer spending expected to rise in 2015. However, a strong US dollar and sluggish global growth are weighing on US exports.

GDP growth	●	Solid, domestic-led, growth prospects
CPI inflation	●	Drag from low oil prices and strong dollar
Current account balance	●	Current account stabilizing around 2-3% of GDP
Government balance	●	Budget deficit around 2.5% of GDP
Government debt	●	Government debt to stabilize just under 80% of GDP
External debt	●	US is a net debtor but generates income surplus

#### France

Although recent reports confirm that Q1's good performance was not maintained in Q2, Oxford Economics still expect 2015 growth to be solid, if unspectacular. However, unlike in the Eurozone as a whole, unemployment is yet to fall to any significant degree. With the upward trend in inflation likely to continue, Oxford Economics forecast household spending growth slowing from 1.9% this year to 1.4% in 2016.

GDP growth	●	Growth to continue to lag behind the Eurozone.
CPI inflation	●	Neither deflation or strong inflation a concern.
Current account balance	●	Modest deficit to remain.
Government balance	●	Deficit to fall only slowly.
Government debt	●	Debt leaves little future wriggle room.
External debt	●	High external debt, but in euros

#### Germany

The German economy appears to have regained some momentum in Q2 after a slow start to the year. However, there is a challenging backdrop to the rest of the year due to ongoing concerns about the outlook in China and lingering doubts about Greece's future. With wage growth set to strengthen and household balance sheets being in a healthy position, consumer spending is likely to hold up better than many other countries.

GDP growth	●	External factors pose downside growth risks
CPI inflation	●	Deflation risks are small
Current account balance	●	Large surpluses look here to stay
Government balance	●	Surplus may be wider than fiscal plans envisage
Government debt	●	Not a major concern
External debt	●	Not a major concern

Source: Oxford Economics Briefing and Outlook reports September 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) for the UK reports that the number of *visits* abroad by UK residents for the first five months of 2015 grew by +9% when compared to the same period in 2014. According to CSO estimates, GB arrivals to Ireland for the same period were up +10%. VisitEngland reports that domestic *holiday* trips for the first five months of the year in England grew by +4% with spend growing +9%. Data from the CSO shows that GB holiday trips to Ireland for the first quarter of 2015 were up +12%, with holiday spend up +2%. According to NISRA, GB visitors and holidaymakers to Northern Ireland grew by +8% and +16% respectively for the first quarter of 2015 when compared to the same period in 2014.

**North America:** According to the US Dept of Commerce, US traffic to Europe grew by almost +5% for the January-June period, year-on-year (YOY). The travel industry in the US is in buoyant mood with reported growth in most sectors, except escorted tours which are experiencing mixed results. Canadians made +5% more visits to Europe between January-May 2015 than in the same period last year, according to the Conference Board of Canada (CBOC). During the same period, the number of Canadian overnight trips to the United States fell by -5%, perhaps impacted by the weak Canadian to US dollar exchange rate. North American arrivals to Ireland are up +15% for the first seven months of 2015 when compared to the same period in 2014, and North American visitors to Northern Ireland grew by +19% in the first quarter of 2015.

**Mainland Europe:** In Germany, travel agents report that bookings are up on last year. Favoured destinations include Asia and short-haul including Scandinavia and Greece. Britain has seen a decline this year in visits from Germany with VisitBritain attributing this to the euro-sterling exchange rate. In response to challenging economic circumstances, the French are taking short break holidays, primarily in France or to neighbouring counties. In Spain, the first quarter of the year saw an increase in the overall number of leisure trips taken by Spaniards and the Airport Authority (AENA) there reports that passenger numbers increased +6% in July YOY. Travel media report a year-on-year increase in Italians holidaying, illustrated by traffic at the principal Italian airports being up +3 % in June 2015. In the Netherlands, the tourism industry has a positive outlook for growth this year. Another cool and wet Nordic summer has prompted a record number of holiday bookings with outbound passenger numbers up across the Nordic region this year.

**Australia & Developing Markets:** In Australia, short-term resident departures for June 2015 were over +2% higher than in June 2014. For those planning a trip to Europe, the Australian dollar has fallen against the British pound and the euro, making a trip to Europe more costly. In China, the volatility of the stock market is expected to have a slowing effect on outbound travel.

## 4. Market Intelligence

### 4.1 Arrivals and Visitors

#### Preliminary Estimates

Visitor Origins	Ireland Visitors January 2015 – July 2015		Northern Ireland Visitors January – March 2015	
	'000s	% YOY	'000s	% YOY
<b>Total</b>	<b>4,815</b>	<b>+12%</b>	<b>349</b>	<b>+9%</b>
Great Britain	1,953	+11%	262	+8%
Mainland Europe	1,713	+13%	44	+8%
North America	857	+15%	27	+19%
ADM	292	+9%	15	+14%

Sources: CSO, NISRA

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According to NISRA, total overseas visitors to Northern Ireland for the first quarter of 2015 grew by +9% when compared to the same period in 2014. Growth was seen from all main market areas. There was also strong growth of +13% in overseas holiday visitors in Q1 2015, with significant increases recorded from GB (+16%) and North America (+10%).

## 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 direct one-way weekly seat capacity. Capacity is estimated at a single point in time for the season. NA= Not applicable NC = No change

An estimated 492,000 direct, one-way air seats were available per week this summer, a +9% increase in capacity to the island of Ireland compared to the same period last year. This growth came from all market areas and is close to the record level of summer 2008 (498,000 one-way seats).

There have been many positive air access announcements for the winter 2015/16 season. These include United Airlines reinstating its year round service between Newark and Belfast, KLM extending its Amsterdam-Belfast service through the winter and Ryanair and Aer Lingus's plans to increase frequency on some of their GB and European services.

Up to 234 Irish Sea ferry sailings per week are estimated to have operated in each direction this summer season, providing capacity for almost 50,000 cars. There were up to nine sailings each way per week operating between France and Ireland this summer, providing an average weekly capacity of up to 2,855 cars in each direction.

The next edition of SOAR will include more detail on air and ferry capacity changes for the forthcoming winter season.



### 4.3 Total Passenger Numbers

	Total Pax 2014*	May 15	Jun 15	Jul 15
Dublin Airport	21.7m	+13%	+18%	+17%
Shannon Airport	1.6m	+4%	+1%	+3%
Cork Airport	2.1m	-3%	-4%	-3%
Ireland West Airport Knock	0.7m	+3%	-5%	N/A
Belfast International Airport	4.0m	+8%	+8%	+11%
Belfast City Airport	2.6m	+7%	+9%	+7%
City of Derry Airport	0.4m	-23%	-25%	-27%
<b>All ROI Airports</b>	26.3m	+11%	+14%	+13%
<b>All NI Airports</b>	6.9m	+6%	+7%	+7%
All UK Airports	241m	+5%	+5%	+6%
All German Airports	209m	+6%	+4%	N/A
All Norwegian Airports	55m	-1%	-2%	+1%
All Swedish Airports	40m	+2%	+1%	N/A
<b>ROI sea passengers</b>	3.2m	0%	-3%	0%
<b>NI sea passengers</b>	2.1m	-1%	-3%	-3%

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 most airports on the island of Ireland are having a good year, while passenger numbers at sea ports are mixed.

Aer Lingus reports that total passengers (inbound and outbound) for the first seven months of 2015 have grown marginally (+0.1%) when compared to the same period in 2014. Ryanair announced passenger growth of +10% in August contributing to +15% growth in the twelve months to August 2015, carrying over 96m million passengers.

## 4.4 Hotel Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	July 2015 v July 2014 % change	Jan-July 2015 v Jan-July 2014 % change
Island of Ireland	+7%	+6%
Ireland	+7%	+7%
Northern Ireland	+6%	+5%
Scotland	-1%	+2%
England	+3%	+3%
Italy	+10%	+5%





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 continues to indicate that hotels on the island of Ireland are having a good year. However, it is not possible to break out overseas bookings from domestic business.

NISRA reports that the number of hotel rooms sold in Northern Ireland for the January to June 2015 period increased by +7%. This represents the highest recorded rooms sold for a January to June period since records began.

According to the *Trivago Hotel Price Index* for August 2015, the average hotel price in Dublin has increased by +28% from the same month last year. According to the index, an overnight stay cost an average of €168, making it the ninth most expensive city in Europe last month.

## 4.5 Island of Ireland Industry Feedback

Barometer	What they said ...
<p>Bright</p> 	<p><b>Accommodation providers</b></p> <p>Northern Ireland accommodation is generally up on last year, both in terms of occupancy and rate. Overseas markets have delivered growth for the summer, particularly Britain and, later in the season, long haul markets. Some Northern Ireland accommodation providers have expressed concern about European business due to the current exchange rate, feeling that more day trips and fewer overnights is a trend this year. Luxury accommodation providers all over the island are reporting excellent booking levels for 2015. Overall the sector is seeing very strong double-digit growth this year with Britain underpinning increased business and a strong performance from the USA, Germany and the Netherlands. Self-catering providers have generally had a good season and sentiment is positive regarding autumn bookings.</p>
<p>Bright</p> 	<p><b>Air carriers, sea carriers and car rental</b></p> <p>A leading sea carrier reported modest growth in passenger numbers YTD, however, car volume is growing faster, indicating smaller travel parties arriving by sea. Car rental operators experienced double-digit YOY growth for the first half of 2015. Air carriers operating transatlantic routes remain buoyant regarding both load factors and yield. Sentiment is positive among airlines operating major routes from Mainland Europe regarding the summer season and ahead for autumn bookings.</p>
<p>Bright</p> 	<p><b>Attractions</b></p> <p>Many attractions in the South East are seeing an up-lift this year, particularly driven by the US market. A key west coast attraction is seeing significant growth this year in both group and FIT visitors. Overseas visitors are delivering an outstanding year of growth for Dublin attractions with exceptional growth spread across all markets and robust bookings levels forecast to continue into the autumn. Northern Ireland attractions are experiencing YoY growth in overseas visitor numbers, although at a slower pace. Prominent Belfast and Causeway Coastal Route attractions reported solid growth from the French and German markets, despite the challenge of unfavourable exchange rates.</p>
<p>Bright</p> 	<p><b>Golf and Business Tourism</b></p> <p>Golf operators reported an excellent year for US business, with some expressing concerns regarding capacity constraints on signature links courses throughout the island. One key golf operator has seen an increase in revenue suggesting a trend towards higher-value overseas golfers this year. On business tourism, hoteliers are seeing growth in our share of the global conference and incentive travel market.</p>

Source: Based on feedback from island of Ireland industry sources, August 2015

## 4.6 Tourism Ireland Market Feedback

**Great Britain:** The vast majority of partners report a strong summer for business from GB to the island of Ireland and continue to report good booking levels into the autumn. Key golf operators have experienced significant double digit growth this year. Air carriers generally report that passengers are up to both Ireland and Northern Ireland with solid advance bookings. Many traditional tour operators and online travel agents (OTAs) are also seeing an increase in business compared to last year aided by the strong sterling to euro exchange rate.

**North America:** All transatlantic airlines continue to report strong performance to the island of Ireland on both load factors and yield. Golf operators are all reporting on an excellent year from the US. Pressure on infrastructure is becoming an issue for some operators especially as it relates to the price and availability of centrally located accommodation in Dublin. This may influence their plans to expand their programming for 2016. In Canada, there is increasing interest in incentive travel to the island of Ireland with many planners considering alternatives to the US due to the weakening CAD to USD dollar exchange rate.

**Mainland Europe:** The latest official figures confirm the positive growth trend from all core European markets in 2015. This is consistent with the feedback from local market tour operators and carriers, all of whom express satisfaction with the season. While no official figures are yet available for Northern Ireland's summer season, commentary from attractions is positive for Europe, helped in part by increased direct access into Belfast from Amsterdam, Barcelona, Rome and Reykjavík.

**Australia & Developing Markets:** A key operator reports that bookings from Australia to the island of Ireland and GB are currently at average levels for this time of year. An uplift is expected with the arrival of the important Early Bird marketing season when airlines release their special fares. The upcoming Rugby World Cup in England and Wales in September/October and the International Rules Test at Croke Park in November provide opportunities for an uplift to visitor numbers to the island of Ireland in the coming months. The British-Irish Visa Scheme continues to aid bookings to the island of Ireland. Tour operators and OTAs in China and India report increased bookings for the island of Ireland this summer.

## 5. Conclusion

Performance for the year to date has been strong and it is Tourism Ireland's aim to ensure that 2015 is the best year ever for tourism to the island of Ireland. Sentiment is very positive among tourism industry partners at home and overseas, including tour operators and carriers.

Tourism Ireland's busy promotional programme continues in markets across the world with an extensive €12M/£8.54M autumn campaign, aimed at boosting late-season travel from around the globe. The period September to December traditionally yields as much as 30% of annual overseas tourism business.

Ends

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