



Dunluce Castle, Co. Antrim, on the Causeway Coastal Route.

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

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## Summary Headlines

- Official data from the Central Statistics Office (CSO) indicates that **overseas visitors** to Ireland increased by +9% in 2014, when compared to 2013. All market areas saw growth in this period. Great Britain contributed the largest share of growth with an additional 235,000 visitors.
- According to the Northern Ireland Statistics and Research Agency (NISRA), total **overseas visitors to Northern Ireland** for the first nine months of 2014 grew by +3% year-on-year. Overseas holidaymakers were up +11% when compared to the same period in 2013, with British holidaymakers up +12%. Visitor numbers from North America for the first nine months of 2014 also grew strongly, with a +23% increase in all North American visitors and a +21% increase in holidaymakers.
- Industry **sentiment** on the island of Ireland and among overseas trade partners is positive and the early outlook for 2015 is good.
- This year, our **key marketing and promotional themes** include the Wild Atlantic Way, the Causeway Coastal Route, Dublin, Yeats 2015, the Irish Open at Royal County Down, the South and East, Irish Design 2015 and the Tall Ships in Belfast, as well as the opening of the Gobbins Cliff Path on the Antrim coast.
- We will also be highlighting the **British-Irish Visa Scheme** which makes it easier than ever for visitors from emerging tourism markets including China and India to visit the island of Ireland in 2015.

## 2. Global Outlook

According to the United Nations World Tourism Organisation (UNWTO), international tourism in 2014 is set to hit a new record with an estimated 1.1 billion international tourists travelling the world in one single year.

During the first ten months of 2014, the number of international tourists grew by +5% according to the latest UNWTO World Tourism Barometer, exceeding earlier expectations. Destinations worldwide received some 978 million international overnight visitors between January and October, 45 million more than in the same period in 2013. This +5% growth consolidates the already strong increase registered in 2013 (+5%) and is well above the long-term trend projected by the UNWTO for the period 2010-2020 (+3.8%).

Northern Europe, of which the island of Ireland is part, experienced +7% growth, ahead of the +4% increase for Europe as a whole.

UNWTO Global Performance	
International Arrivals	Jan - Oct 2014 YoY % +/-
<b>World</b>	<b>5%</b>
Africa	3%
Asia Pac	5%
Americas	8%
Middle East	4%
<b>Europe</b>	<b>4%</b>
<b>Northern Europe</b>	<b>7%</b>

Source: UNWTO

### 3. External Travel Trends

#### Key Markets Economic and Travel Outlook

##### 3.1 Overview

The International Monetary Fund (IMF) lowered its forecast for global economic growth in January by -0.3% for both 2015 and 2016. They forecast global economic growth at +3.5% for 2015 and +3.7% in 2016.

The United States was the principal bright spot in an otherwise gloomy report for major economies, with its projected growth raised to +3.6% from +3.1% for 2015. The euro zone remains weak and the IMF predicts there will be a slowdown in China. Projections for emerging economies were also broadly cut back, with the outlook for oil exporters Russia, Nigeria and Saudi Arabia showing greater deterioration. World oil prices have fallen by more than -50% since June last year.

The IMF advised advanced economies to maintain accommodative monetary policies and avoid increasing real interest rates as cheaper oil heightens the risk of deflation. The recently announced quantitative easing programme by the European Central Bank is designed to stimulate growth in the Eurozone.

## 3.2 Economic Indicators

### Great Britain

Oxford Economics expects that the drop in oil prices is set to drive inflation down sharply over the coming months. Lower oil prices will reduce production costs across a range of sectors and Oxford Economics expects CPI inflation to average 0.4% in Q1 2015. This will provide a substantial boost to household purchasing power, giving renewed momentum to GDP growth. Oxford Economics has revised upwards its forecasts for GDP growth in 2015 and 2016 to 2.7% and 2.8% respectively, from 2.6% and 2.5% last month.

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

### USA

Oxford Economics has revised upwards its GDP growth forecast for 2015 to 3.3% from 3.0%. The US economy is expected to benefit from lower oil prices as exports respond to firming global growth – although the positive impact will be partly dampened by the stronger dollar weighing on export competitiveness. Oxford Economics forecasts stronger consumer spending supported by lower unemployment.

GDP growth	●	Real GDP growth quickening after a poor start to 2014
CPI inflation	●	Inflation to remain subdued and well anchored
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

Oxford Economics expects the economy in France to gain momentum gradually throughout 2015, with GDP set to grow by 1.2%. Household spending is expected to be the main driver of the upturn. They have revised upwards their consumer spending growth forecast from 1.1% to 1.5%, while inflation has been revised downwards to 0.3% (from 0.9%). Business confidence could still be at risk following the recent terrorist attacks in Paris, while concerns about a possible exit of Greece from the Eurozone could also prompt caution on spending.

GDP growth	●	Sluggish recovery but more in line with Eurozone
CPI inflation	●	Core inflation at -0.1%, but looking better ahead
Current account balance	●	Narrow deficit but losing competitiveness
Government balance	●	Expected to reach the 3% target not before 2017
Government debt	●	Debt set to be higher than 100% in 2015
External debt	●	High external debt but in domestic currency

### Germany

News from Germany suggests that the economy may already be starting to benefit from lower oil prices. In response to the recent energy price shock Oxford Economics has lowered the CPI inflation forecast for this year and raised the 2015 GDP growth forecast from 1.8% to 2.0%. While much has been made of the deflation threat in the Eurozone, the energy-related drop in prices and costs should be positive for household spending. Meanwhile, export growth is likely to be stronger, given the recent decline of the euro.

GDP growth	●	Upside risks beyond short run.
CPI inflation	●	Inflation likely to remain low and stable.
Current account balance	●	Surpluses will diminish, but only slowly.
Government balance	●	Fiscal rules limit scope for large deficits.
Government debt	●	Debt as a share of GDP to fall steadily.
External debt	●	Not a concern.

Source: Oxford Economics Briefing and Outlook reports January 2015.

Economic Indicators Table Symbols: Green = positive, Amber = cautious, Red = negative

### 3.3 Travel Trends in Key Markets

**Great Britain:** The Office of National Statistics (ONS) in the UK reports that the number of *visits* abroad by UK residents for the January-November period of 2014 was +4% when compared to the same period in 2013. According to CSO data, GB arrivals to Ireland were up +8% for the same period, generating market share growth. VisitEngland reports that total domestic *holiday* trips in GB decreased by -5% YOY for the first nine months of 2014, with spend down marginally (-1%) for the same period. Data from the CSO indicates that GB holiday trips to Ireland were up +8% for the first nine months of 2014, while NISRA reports that GB holidaymakers grew by +12% from GB to Northern Ireland for the same period. Domestic overnight trips to Scotland by GB residents were down -3% for the first eight months of 2014, according to latest Visit Scotland data.

**North America:** Data from the Dept. of Commerce confirms that US traffic to Europe grew by almost +5% in 2014 when compared to 2013, with Europe accounting for almost 20% of US outbound traffic. According to CSO data, North American trips to Ireland grew by +15% for the January-November period of 2014, while NISRA reports that North American trips to Northern Ireland grew by +23% for the first nine months of 2014, illustrating market share growth. Transatlantic airfares remain relatively high but the strengthening US dollar against the euro and sterling should serve to further boost traffic in 2015. Figures from Canada indicate that outbound trips to Europe fell marginally in 2014 with double-digit declines reported to several large European countries such as Spain and GB.

**Mainland Europe:** Latest reports indicate that German travel agencies experienced a +1% increase in sales in 2014. IPK forecasts +2% growth in German outbound travel in 2015. The recent terrorist attacks in France are expected to have a strong impact on travel to some destinations e.g. North African, Middle Eastern countries etc. Some tour operator feedback already suggests that Northern Europe may benefit from any resultant switch in travel patterns. The Spanish outbound market grew +9% in the period to August 2014. It must be noted that the outbound market only accounts for 8% of all travel in Spain. Despite the economic crisis, outbound Italian travel spend is reportedly up almost +6% in 2014. Nordic airports report a record year in passenger numbers last year. Following recent declines, outbound travel from the Netherlands is expected to grow in 2015.

**Australia & Developing Markets:** The Australian dollar is weakening against the US dollar but remains stable against the euro, if this continues, it will be good for travel to Europe from the region. It is difficult to know how the recent terrorist activity in Sydney and France will affect outbound travel for 2015; the main booking season commences in February. Statistics released by the World Travel and Tourism Council (WTTC) indicate that China will overtake the US to become the world's biggest business travel market in 2015.

## 4. Market Intelligence

### 4.1 Arrivals and Visitors

#### Preliminary Estimates

Visitor Origins	Ireland Visitors January – December 2014		Northern Ireland Visitors January – September 2014	
	'000s	% YOY	'000s	% YOY
<b>Total</b>	<b>7,604</b>	<b>+9%</b>	<b>1,364</b>	<b>+3%</b>
Great Britain	3,164	+8%	901	0%
Mainland Europe	2,638	+7%	207	+5%
North America	1,329	+15%	164	+23%
ADM	474	+9%	92	+2%

Sources: CSO, NISRA

The latest CSO data indicates that overseas visitors to Ireland increased by +9%, or an additional 560,000 visitors, in the January to December 2014 period when compared to the same period in 2013. Growth was recorded from all market areas. Great Britain contributed the largest share of this growth with an additional 235,000 visitors.

According to NISRA, total overseas visitors to Northern Ireland for the first nine months of 2014 grew by +3% YOY. Overseas holidaymakers were up +11% when compared to the same period in 2013, with British holidaymakers up +12%. Visitor numbers from North America for the first nine months of 2014 also grew strongly, with a +23% increase in all North American visitors and a +21% increase in holidaymakers.

## 4.2 Air and Sea Connectivity

Air Access	Winter 2014/15 vs. Winter 2013/14		
YOY % Change	Ireland	NI	Island
Great Britain	+5%	+6%	+5%
Mainland Europe	+11%	-34%	+8%
-France	+9%	NC	+8%
-Germany	+5%	NA	+5%
North America	+12%	NC	+11%
ADM	+64%	NA	+64%
<b>Overall</b>	<b>+9%</b>	<b>+3%</b>	<b>+8%</b>

Source: TTC Access Inventory Report 2014 on one-way weekly seat capacity. Capacity is estimated at a single point in time for the season.

This winter season sees approximately 367,000 one-way weekly seats available to the island, an +8% increase in air capacity compared to last winter, or approximately 26,000 additional one-way seats each week.

It is estimated that Ireland will see growth of +9% or 24,000 additional one-way seats weekly. This growth will come from all market areas. Growth in access to Northern Ireland (+3% or 2,000 additional one-way seats weekly) has been driven by extra connectivity from Britain. However, the winter season sees a decline in capacity from Mainland Europe (-34%) to Northern Ireland, primarily due to a trimming of services by EasyJet.

Up to 211 cross-channel ferry sailings will operate each way this winter, providing capacity for almost 45,000 cars. This represents a marginal increase (+2%) over last winter.

There have already been some very positive air access announcements for the 2015 summer season. These include a new Aer Lingus flight from Washington DC, a new United Airlines flight from Chicago, a new Ethiopian Airlines flight from Los Angeles, a new Transavia service from Paris, as well as other new air routes such as a Finnair service from Helsinki and a SAS service from Gothenburg in Sweden. Jet2 will commence a new service from Verona to Belfast International Airport and Spanish airline Vueling will commence operations on a new Barcelona/Belfast route. KLM's new Amsterdam Schiphol to Belfast City Airport route opens up great opportunities through the KLM worldwide network.

### 4.3 Total Passenger Numbers

	Total Pax 2014*	2014 v 2013 % change
Dublin Airport	21.7m	+8%
Shannon Airport	1.6m	+17%
Cork Airport	2.1m	-5%
Ireland West Airport Knock	0.7m	+6%
Belfast International Airport	4.0m	0%
Belfast City Airport	2.6m	+1%
City of Derry Airport	0.4m	-9%
<b>All ROI Airports</b>	26.3m	+7%
<b>All NI Airports</b>	6.9m	0%
All UK Airports	N/A	N/A
All German Airports	N/A	N/A
All Norwegian Airports	55m	+2%
All Finnish Airports	20m	+4%
<b>ROI sea passengers</b>	3.2m	+2%
<b>NI sea passengers</b>	2.1m	0%

Sources: Annaero, DAA, Fáilte Ireland, Ferrystat. \*Total Pax 2014 is the passenger traffic (in millions) at the airport(s)/seaports estimate

Aer Lingus reports that total passengers (inbound and outbound) for 2014 were up +3.2% compared to the same period in 2013. Ryanair announced passenger growth of +20% for the month of December, leading to an annual increase of +6% in 2014, carrying over 86 million passengers.

## 4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	Jan-Dec 20114 v Jan-Dec 2013
	% change
Island of Ireland	+4%
Ireland	+4%
Northern Ireland	+3%
Scotland	+4%
England	+5%
Italy	+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 on the island of Ireland experienced a solid year for room sales. 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 during January-November 2014 increased by +2% and represents the highest recorded rooms sold for these months since records began. An additional 34,900 hotel rooms were sold in 2014 compared with January-November 2013. Capacity over the period was up +1%.

However, NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland declined by -5% over the January to October 2014 period. Again, it is not possible to break out overseas from domestic bookings.

## 4.5 Island of Ireland Industry Feedback

Barometer	What they said ...
Bright 	<p><b>Accommodation Providers</b></p> <p>Following a successful 2014 with increased levels of overseas bed-nights from all key markets, hoteliers and guesthouses throughout Ireland are optimistic going into 2015. However, many remain concerned about a low revenue base with high operation costs. Hoteliers in Northern Ireland are seeing good levels of interest from overseas leisure markets, particularly from the US and Britain. They are positive about the summer season ahead, particularly tour operator bookings. Derry~Londonderry hoteliers report that enquiries and bookings are up compared to this time last year.</p>
Bright 	<p><b>Air, Sea and Car Rental</b></p> <p>Transatlantic carriers are optimistic about the coming season. Carriers operating to and from the US are reporting increased yields and loads. The outlook is also positive for routes between Canada and Ireland for the spring and summer seasons. Enhanced capacity reflects positive trends in demand from Mainland Europe, particularly from Germany, France and the Nordics. In Germany, winter access has been expanded and early indications are good. A major sea carrier expects to achieve modest growth this quarter with the British market driving bookings, and in particular for Easter travel. It is very early to call 2015 performance on continental sea routes, however, bookings from France are ahead of this time last year.</p>
Bright 	<p><b>Attractions</b></p> <p>This time of the year is traditionally quiet for many visitor attractions so it is difficult to predict how 2015 business will unfold. A key Dublin attraction has reported that bookings and enquiries in January were up on last year, particularly from North America, Germany and France. It is also experiencing increasing levels of interest from emerging markets. An attraction in the South West is reporting that the season ahead is promising, with increased bookings from Britain and the US market. Booking data for the year ahead is not yet available for attractions in Northern Ireland.</p>
Mixed 	<p><b>Inbound Tour Operators and Business Tourism</b></p> <p>Operators are generally optimistic about the season ahead in terms of enquiry levels and bookings. There is, however, growing anxiety about constraints on hotel capacity in key tourism hotspots and the impact on servicing enquiries for 2015 and 2016. In Business Tourism, bookings for this year are currently in line with 2014 levels. However the growing trend of shorter lead-in times means that enquiries and bookings continue to come in and the sector may see growth this year. Mainland Europe is performing well for business tourism, particularly from Germany, France and Northern Europe. The US is driving incentive business and Britain is delivering conferences. Looking further ahead, the business sector is optimistic about 2016 and enquiries to date for 2017.</p>

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

## 4.6 Tourism Ireland Market Feedback

**Great Britain:** Industry and trade partners generally report a positive year for travel to the island of Ireland from the British market in 2014 with most tour operators and air and sea carriers reporting growth in business for the year. Overall sentiment for travel to the island of Ireland is positive for 2015, supported by growth in consumer spending in GB.

**North America:** In the US, airlines are anticipating a good year for routes to the island of Ireland in 2015. Advance bookings are positive and the strengthening US dollar should contribute to the buoyancy. The recent terror attacks in Paris have had an impact with one key operator reporting a softening in bookings since the incidents. Many golf operators are reporting very positive bookings to the island of Ireland for 2015. Some group operators report on difficulties in securing hotel space in Galway and Dublin. In Canada, feedback from operators and carriers is positive for travel to the island of Ireland in 2015.

**Mainland Europe:** In spite of a fragile economic environment in the Eurozone, core European markets continue to experience steady growth, with a strong performance from Germany and encouraging growth from Spain and Italy. Tour operators report positive enquiries and bookings for 2015. Increased capacity on existing air routes from France and Germany, along with some new routes from France, Germany, Spain and the Nordics, should facilitate visitor growth in 2015.

**Australia & Developing Markets:** Some Australian partners report good levels of bookings for the island of Ireland to mid-December. Since it is peak summer holiday period in Australia, there is little update on this so far in 2015. The key booking period, from February to April, will provide an insight into how the year will unfold. The President of Ireland's state visit to China in December raised awareness of the island of Ireland among Chinese travel trade. The new British-Irish Visa Scheme will be a major focus of our marketing campaign in markets like China and India, where enquiries and bookings look positive for 2015.

## 5. Conclusion

To build on the success of 2014, ambitious targets have been set for 2015 when growth is expected from all main market areas. Industry sentiment among island of Ireland industry and overseas trade partners is positive and the early outlook for 2015 is good.

This year Tourism Ireland's key marketing themes include the Wild Atlantic Way, the Causeway Coastal Route, Dublin, Yeats 2015, the Irish Open at Royal County Down, the South and East, Irish Design 2015 and the Tall Ships in Belfast, as well as the opening of the Gobbins Cliff Path on the Antrim coast.

Tourism Ireland will also be highlighting the new British-Irish Visa Scheme which will make it easier than ever for visitors from emerging tourism markets, including China and India to visit the island of Ireland in 2015.

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