



Newgrange in the Boyne Valley, County Meath, in Ireland's Ancient East

SOAR (Situation & Outlook Analysis Report) May 2015

Summary Headlines

- Data from the Central Statistics Office (CSO) indicates that **overseas visitors** to Ireland increased by +14% in the first quarter of 2015, compared to the same period last year. It was the second best January-March period on record, with growth from all market areas and strongest gains from Mainland Europe (+18%) and Great Britain (+14%). The January-March period this year delivered record numbers for a first quarter from Mainland Europe, North America and Other Areas.
- 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% YOY (year-on-year). Overseas holidaymakers were up +11% when compared to the same period in 2013, with British holidaymakers up +12%. Results for the full year of 2014 are due to be released by NISRA at the end of May.
- Peak season 2015 is projected to see approximately 492,000 direct, one-way **air seats** available weekly to the island—a +9% increase in capacity on the same period last year. Growth is expected from all market areas and access levels will be close to the record of summer 2008, when 498,000 one-way seats were available. **Ferry capacity** and frequency is expected to be marginally lower than summer 2014.
- **Air and sea** passenger numbers and **hotel accommodation** figures for the first quarter of 2015 have been generally positive.
- Industry **sentiment** on the island of Ireland and among overseas trade partners remains very positive. In the early part of the year, enquiries and bookings have been largely ahead of, or on par with, 2014 levels. This augurs well for a busy summer season, aided by favourable exchange rates in some of our 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, Yeats2015, the Irish Open at Royal County Down, ID2015, the Tall Ships in Belfast and the opening of the Gobbins Cliff Path on the Antrim Coast.

2. Global Outlook

The United Nations World Tourism Organisation (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 of an estimated +3.5%.

Arrivals are expected to be stronger in Asia and the Pacific (+4% to +5%) and the Americas (+4% to +5%), followed by Europe (+3% to +4%). Arrivals are expected to increase by +3% to +5% in Africa and by +2% to +5% in the Middle East.

The positive outlook for 2015 is confirmed by the UNWTO Confidence Index. According to 300 tourism experts consulted worldwide for the Index in early 2015, tourism performance is expected to improve this year. The decline in oil prices is expected to reduce transport costs and support economic growth, by lifting purchasing power and demand. However, international tourism flows are expected to continue to be impacted by ongoing geopolitical tensions, currency shifts, slower than expected growth in Europe and emerging economies, as well as changes to business models spurred by technological advances.

3. External Travel Trends

Key Markets Economic and Travel Outlook

3.1 Overview

Recent European Central Bank policies have contributed to a weakening in the euro, while those of the US Federal Reserve have been bolstering the US dollar. The euro has also been hampered by fears over Greek debts and subdued economic growth within the eurozone.

The euro has fallen against many currencies in the last few months, but its drop has been particularly pronounced against the US dollar. At time of going to print, the euro was trading at around \$1.08, having been as high as \$1.40 a year ago. Oxford Economics expects the euro and dollar to reach parity later this year.

The steep decline in the value of the euro is making Europe a much cheaper holiday destination for tourists from across the world, especially from Great Britain and the United States. According to London-based research agency BMI, the weak euro is also likely to see consumers in the eurozone holiday in Europe to avoid the impact of currency changes.

All economic indicators suggest that the ingredients are in place for 2015 to be a positive year for tourism in Europe.

3.2 Economic Indicators

Great Britain

Oxford Economics forecasts UK GDP growth to reach 2.8% in 2015 and 2.7% in 2016. Growing recruitment, combined with low rates of inflation, should deliver a substantial boost to household spending power. As a result, Oxford Economics expects consumer spending to accelerate to 3% in 2015, before cooling a little to 2.8% in 2016.

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

Poor weather, modest wage growth and an increase in household savings have led to subdued domestic demand. The stronger dollar and only moderate global growth have dampened net exports. As a result, Oxford Economics has revised down its forecast for GDP growth in 2015 to 2.7% (from 3%) and expects 2.8% growth in 2016. However, stronger wage growth is expected to materialise through 2015 and this, combined with solid jobs growth and low oil prices, should support consumer 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

Prospects for economic activity in France have improved and Oxford Economics expects growth to be more in line with its eurozone peers in the year ahead. The combination of lower oil prices, a weaker euro and better financing conditions should boost consumer confidence. This should give impetus to an increase in consumer spending, helped by inflation remaining moderate or low throughout 2015. All in all, spending is set to grow by +1.5% this year.

GDP growth	●	Sluggish recovery but narrowing gap with Eurozone
CPI inflation	●	Core inflation (national measure) still at -0.1%
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 recovery continues apace, driven in particular by a strengthening consumer sector. The tight labour market means that real wages should continue to grow at a robust pace. Oxford Economics expects further strong rises in household incomes to support consumer spending. Despite downside risks related to events in Greece and Russia, German growth prospects remain highly favourable and Oxford Economics expects GDP growth to exceed 2% this year.

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 April 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 in January grew by +2% when compared to the same month in 2014. According to Tourism Ireland estimates for the same month, GB arrivals to Ireland were up +13%. The latest available VisitEngland data reports that total domestic *holiday* trips in GB declined by -5% YOY for the first nine months of 2014. 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, demonstrating market share growth.

North America: US outbound travel patterns to Europe are ahead of this time last year and the strength of the US dollar against the euro is a major driving force in demand for all European destinations. The US travel industry is in buoyant mood and there is growth reported in all sectors. According to the Conference Board of Canada, consumer confidence in Canada is on the rise, which is expected to contribute to an increase in international travel this year.

Mainland Europe: Outbound travel from Germany in 2015 is expected to be slightly ahead of 2014 and the travel trade reports that consumers are booking earlier than in previous years. In France, a recent travel survey indicated that travel this spring is expected to be up on last year. The Italian Airport Association continues to report growth in passenger traffic this year. According to a recent travel survey in Spain, consumer confidence is on the rise with an increase in the numbers planning a holiday abroad in 2015. March was another strong month for Nordic airports with passenger numbers from key airports growing by an average of +3%. Outbound travel from the Netherlands is expected to grow in 2015, with long-haul destinations expected to benefit most.

Australia & Developing Markets: There are some concerns in Australia about the decline of the Australian dollar against sterling and the US dollar. Currently there are mixed feelings about any likely impact on outbound travel in 2015 – but many say it could negatively affect 2016 forward bookings. According to government sources, outbound travel from China is forecast to increase by +15% to over 114 million outbound trips this year, with an estimated \$140 billion US dollars in travel expenditure. With the euro declining against the Indian rupee, the industry there has seen an increase in bookings to Europe. During the first quarter of 2015, there has been a double-digit growth in internet searches for various European destinations on Hotels.com.

4. Market Intelligence

4.1 Arrivals and Visitors

Preliminary Estimates

Visitor Origins	Ireland Visitors January 2015 - March 2015		Northern Ireland Visitors January – September 2014	
	'000s	% YOY	'000s	% YOY
Total	1,531	+14%	1,364	+3%
Great Britain	726	+14%	901	0%
Mainland Europe	526	+18%	207	+5%
North America	191	+7%	164	+23%
ADM	88	+9%	92	+2%

Source: CSO, NISRA

Data from the CSO indicates that overseas visitors to Ireland increased by +14% in the first quarter of 2015, when compared to the same period last year. It was the second best January-March period on record, with growth from all market areas and strongest gains from Mainland Europe (+18%) and Great Britain (+14%). The January-March period 2015 delivered record Q1 numbers from Mainland Europe, North America and Other Areas.

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%. Numbers from North America for the first nine months of 2014 also grew strongly, with a +23% increase in visitors and a +21% increase in holidaymakers. Results for the full year of 2014 will be released by NISRA at the end of May 2015.

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%
Overall	+9%	+10%	+9%

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 projected 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. The growth is coming from all market areas and the total of just over 493,000 one-way seats each week is close to the record level of summer 2008 (498,000 one-way seats).

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

Up to 234 cross-channel ferry sailings in each direction per week will be operated 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 Dún 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 Ireland and France 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*	Jan 15	Feb 15	Mar 15
Dublin Airport	21.7m	+14%	+17%	+19%
Shannon Airport	1.6m	+28%	+18%	+38%
Cork Airport	2.1m	-10%	-4%	-2%
Ireland West Airport Knock	0.7m	+13%	+10%	+18%
Belfast International Airport	4.0m	-5%	-2%	+7%
Belfast City Airport	2.6m	+3%	+9%	+8%
City of Derry Airport	0.4m	-9%	-6%	-5%
All ROI Airports	26.3m	+13%	+15%	+18%
All NI Airports	6.9m	-2%	+2%	+7%
All UK Airports	241m	+6%	+7%	N/A
All German Airports	209m	+3%	+3%	N/A
All Norwegian Airports	55m	-4%	-1%	-2%
All Swedish Airports	40m	0%	+2%	N/A
ROI sea passengers	3.2m	+1%	-2%	+12%
NI sea passengers	2.1m	-4%	+2%	+4%

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 experienced a generally good start to the year.

Aer Lingus reports that total passengers (inbound and outbound) for the first three months of 2015 declined by -1.5% when compared to the same period in 2014. Ryanair announced passenger growth of +28% for the month of March, leading to an annual rolling traffic increase of +11% in the twelve months to March 2015, carrying over 90 million passengers.

4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)

	March 2015 v March 2014	Jan-Mar 2015 v Jan-Mar 2014
	% change	% change
Island of Ireland	+8%	+7%
Ireland	+8%	+8%
Northern Ireland	+6%	+2%
Scotland	+4%	+3%
England	+3%	+5%
Italy	+2%	+2%

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 of rooms and bed-spaces sold in 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 ...
<p>Bright</p> 	<p>Accommodation Providers</p> <p>Sentiment among Northern Ireland hoteliers is positive on forward bookings, especially from the leisure and tour sectors. A positive outlook is also reported among hotels and guesthouses in Ireland, with 70% of hoteliers planning to take on additional staff over the next year. Luxury accommodation providers throughout the island of Ireland are experiencing double-digit growth compared to last year. Most markets are showing robust growth, particularly the Netherlands, Germany and Australia. The US, a key luxury market, is growing steadily and Britain has performed significantly better than in recent years for this sector so far in 2015. Self-catering accommodation enquiries and bookings are good; many providers are almost fully booked for July and August. B&B bookings are well up for the peak season this year compared to the same period in 2014, with North America and Mainland Europe delivering strongest growth.</p>
<p>Bright</p> 	<p>Air and Sea Carriers</p> <p>The general outlook among air carriers is positive for Mainland European business. Bookings on German routes are up YOY, not only for the peak summer season but also into the autumn. Group business is driving pre-peak season growth from Italy and summer bookings are already well up YOY. Booking levels for new and expanded routes from the Netherlands, the Nordics, France and Spain are also promising. In North America, sentiment is positive among all airlines on yields and loads, ahead of increased capacity for the peak season. GB ferry bookings have been good so far this year and forward bookings for summer travel are steadily increasing. Mainland European bookings on sea crossings from France are holding at 2014 levels.</p>
<p>Bright</p> 	<p>Attractions</p> <p>Northern Ireland attraction providers are generally upbeat about overseas visitor performance and are optimistic about the season ahead. A key Belfast attraction experienced robust YOY growth in the first quarter of 2015, with visitor numbers from Europe and Britain driving a strong March. Dublin attractions reported very favourable first quarter results. One major attraction has seen significant growth from Britain and very strong increases from Mainland Europe. Another Dublin attraction reported an increase in the proportion of overseas visitors and a particular increase in US business. A leading west coast attraction reported solid YOY growth in both FIT (Free Independent traveller) and group visitors during the first quarter of this year.</p>
<p>Mixed</p> 	<p>Tour Operators and Business Tourism</p> <p>Tour operators generally anticipate a good season ahead. Europe continues to deliver; both FIT and group booking levels are strong and early indications from southern European markets are promising for this year. 2015 is shaping up to be a good year for Business Tourism. Industry members from this sector have welcomed a return to some real growth in terms of programme sizes and spend, particularly from the US. Modest growth in the GB market has been seen in corporate meetings and incentive business. Growth is forecast to continue in 2016. Nonetheless, rising hotel rates are a concern for tour operators and the Business Tourism sector; however, the primary concern continues to be limited hotel capacity in tourism hotspots during key periods.</p>

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

4.6 Tourism Ireland Market Feedback

Great Britain: Partners in GB are continuing to report strong levels of bookings for the island of Ireland for this year. Some online travel agents (OTAs) are reporting double-digit increases compared to this time last year. Sentiment from traditional tour operators and carriers is also positive for business to Ireland and Northern Ireland in 2015.

North America: The outlook from the US is positive supported by a strengthening economy, strong dollar and an increase in direct air lift this summer. The strong US dollar has been widely reported in the US media as a boon for holiday makers to the eurozone. Feedback from the travel industry – both US and island of Ireland-based - has been overwhelmingly positive for business this year to the island of Ireland. All airlines are positive about yields and loads. Golf operators are reporting an excellent year so far for island of Ireland business. In Canada, tour operators report strong sales for spring 2015.

Mainland Europe: Europe continues to perform well, with positive first quarter feedback on visitor numbers and from tourism partners for the upcoming summer season. Positive sentiment towards the island of Ireland is growing across all major markets, helped in part by the traditional holiday destinations of North Africa and Middle East falling out of favour. Tradfest has once again proved to be a reliable draw for low season short breaks. Additional air access into Ireland and Northern Ireland is providing an additional lever, and early 2015 campaigns in France and Germany have resulted in strong forward bookings, right through to the end of September. 2015 Q2 activities are focused on partner campaigns with carriers, including several air route launches, and online tour operator campaigns across all core source markets.

Australia & Developing Markets: Despite some softening in the demand for travel to Europe, Australian partners are reporting that travel to the island of Ireland remains strong and Ireland is gaining market share from other European destinations. However, they are also forecasting that this growth is likely to slow next year. Tour operators in China and India continue to report enquiries for the island of Ireland are favourable for 2015.

5. Conclusion

The outlook for 2015 is good and sentiment among island of Ireland and overseas partners remains positive. Enquiries and bookings so far this year have been generally ahead of, or on par with, 2014. This points to a busy summer season ahead, aided by favourable exchange rates in some key markets and increased air access capacity for summer.

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, Dublin, Yeats2015, the Irish Open at Royal County Down, ID2015, the Tall Ships in Belfast and the opening of the Gobbins Cliff Path on the Antrim Coast.

Ends
