



The Causeway Coastal Route featured in the 'Grande Partenza' of the 2014 Giro d'Italia this month

SOAR
(Situation & Outlook Analysis Report)
May 2014

Summary Headlines

- Official data from the Central Statistics Office (CSO) indicates that **overseas arrivals** to the Republic of Ireland increased by +7.3% for the first quarter of 2014 when compared to the same period last year. Growth was recorded from all market areas. Britain contributed the largest share of this growth with an increase in arrivals of +11% when compared to the same quarter a year earlier.
- According to the Northern Ireland Statistics and Research Agency (NISRA), total **overseas visitors to Northern Ireland** for the first nine months of 2013 grew by +11% year-on-year (YOY). Estimates also indicate that overseas holidaymakers to Northern Ireland were up +7% for the same period.
- In Belfast, both **hotel room demand and occupancy** were up for the first quarter of 2014 when compared to the same period in 2013. Belfast is set to welcome a record number of cruise ships this year, bringing up to 110,000 passengers.
- Over 450,000 one-way weekly direct scheduled **air seats** are estimated to be available for the 2014 peak summer season. This represents the largest volume of seats available since summer 2008. Total available capacity to the island of Ireland for peak summer season is estimated to be up +3% on last summer, with +6% more seats on Republic of Ireland routes and -7% fewer seats on Northern Ireland routes.
- **Sea services** will see additional capacity this summer with a +3% increase in car space capacity projected, attributed chiefly to increased departures on the Holyhead-Dublin route and new European services (Cherbourg-Dublin and St. Nazaire/Gijon-Rosslare).
- The overall **sentiment for travel** to the island of Ireland in 2014 is mainly positive. Leading attractions and accommodation providers in urban centres and tourism hotspots are generally more buoyant than rural locations.
- This year, Tourism Ireland is placing a **major focus** on highlighting the Wild Atlantic Way and the Causeway Coastal Route. We are also promoting key events, including Limerick City of Culture, the Croke Park Classic college football game in September, and a host of festivals and events across the island throughout the year.

2. Global Outlook

International tourism in Europe continues to grow above expectations despite the region's on-going economic constraints. International tourist arrivals to Europe in 2013 exceeded forecasts growing by +5% on the previous year. This brought total tourist arrivals to 563 million, more than half of the world's total.

Looking ahead, the IPK World Travel Monitor anticipates global outbound travel to grow by +5% in 2014. Oxford Economics anticipate positive trends for the world's principal outbound markets. Intra-European demand is generally growing as short-haul markets are expected to regain prominence. Further growth is forecast from long-haul markets to Europe driven by continued strength in US arrivals. Overseas travel from GB to many European destinations has slowed moderately while an upward trend continues in the German outbound market.

3. External Travel Trends

Key Markets Economic and Travel Outlook

3.1 Overview

According to the World Travel and Tourism Council (WTTC), the global travel and tourism industry's total contribution to GDP in 2013 grew by +3.0%, outperforming overall GDP growth for the third consecutive year. Travel and tourism GDP grew faster than other global sectors such as manufacturing, retail and financial in 2013. The outlook for the travel and tourism industry in 2014 is even more promising than 2013, with the sector's contribution to GDP expected to grow by +4.3% this year.

3.2 Economic Indicators

<p>Great Britain</p> <p>Oxford economics have raised their forecast for 2014 GDP growth from +2.6% to +3% in light of positive indicators. Real wage growth should steadily quicken, with falling unemployment and the emergence of skills shortages in some sectors will put pressure on wage growth. There have also been signs of improving performances from exports and business investment.</p>	<table border="1"> <tbody> <tr> <td>GDP growth</td> <td>●</td> <td>Prolonged austerity set to weigh on pace of recovery</td> </tr> <tr> <td>CPI inflation</td> <td>●</td> <td>Large output gap to keep underlying inflation subdued</td> </tr> <tr> <td>Current account balance</td> <td>●</td> <td>Expanding export demand to close trade deficit</td> </tr> <tr> <td>Government balance</td> <td>●</td> <td>Austerity set to rein in the large budget deficit over time</td> </tr> <tr> <td>Government debt</td> <td>●</td> <td>Debt to GDP ratio unlikely to peak until 2016</td> </tr> <tr> <td>External debt</td> <td>●</td> <td>Debt levels have been reduced since financial crisis</td> </tr> </tbody> </table>	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
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<p>USA</p> <p>Cold and snowy conditions in the first quarter of the year have weighed on economic activity, however, recent data indicates a rebound in the spring, leading to forecasted GDP growth of +2.9% in 2014. Business investment is expected to double from +2.7% in 2013 to +5.6% this year. Improving employment, rising wages, and resilient confidence should translate into a robust consumer spending rebound in 2014.</p>	<table border="1"> <tbody> <tr> <td>GDP growth</td> <td>●</td> <td>Real GDP growth to accelerate in 2014</td> </tr> <tr> <td>CPI inflation</td> <td>●</td> <td>Inflation to remain subdued, but well anchored</td> </tr> <tr> <td>Current account balance</td> <td>●</td> <td>Current account deficit to stabilize</td> </tr> <tr> <td>Government balance</td> <td>●</td> <td>Budget deficit has halved since 2009</td> </tr> <tr> <td>Government debt</td> <td>●</td> <td>Debt to stabilize just under 80% of GDP</td> </tr> <tr> <td>External debt</td> <td>●</td> <td>US is a net debtor, but generates an income surplus</td> </tr> </tbody> </table>	GDP growth	●	Real GDP growth to accelerate in 2014	CPI inflation	●	Inflation to remain subdued, but well anchored	Current account balance	●	Current account deficit to stabilize	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 an income surplus
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<p>France</p> <p>Oxford Economics expect the pace of growth to marginally pick up in 2014, with GDP growing by +0.7%. However, without a concerted effort towards economic reform, France's growth prospects may be undermined. Unemployment is likely to continue to rise, reaching close to 11% by year end. This is likely to constrain consumer spending growth to around +1%.</p>	<table border="1"> <tbody> <tr> <td>GDP growth</td> <td>●</td> <td>Slower recovery than much of the rest of Eurozone</td> </tr> <tr> <td>CPI inflation</td> <td>●</td> <td>Inflation will take some time to reach 2%</td> </tr> <tr> <td>Current account balance</td> <td>●</td> <td>Narrow deficit, but losing competitiveness</td> </tr> <tr> <td>Government balance</td> <td>●</td> <td>Close to EC deficit targets, with little scope to raise tax</td> </tr> <tr> <td>Government debt</td> <td>●</td> <td>Debt approaching 100% of GDP</td> </tr> <tr> <td>External debt</td> <td>●</td> <td>High external debt, but in domestic currency</td> </tr> </tbody> </table>	GDP growth	●	Slower recovery than much of the rest of Eurozone	CPI inflation	●	Inflation will take some time to reach 2%	Current account balance	●	Narrow deficit, but losing competitiveness	Government balance	●	Close to EC deficit targets, with little scope to raise tax	Government debt	●	Debt approaching 100% of GDP	External debt	●	High external debt, but in domestic currency
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<p>Germany</p> <p>Data suggests that the German economy expanded at a solid pace in Q1. Industrial production rose +4.1% in February and construction activity leapt +19.8% over the same period. Solid export growth is being matched by improving demand from consumers – retail sales volumes increased by +1.9% in February. Meanwhile, inflation has slowed further, to just +1%, helping to boost household spending.</p>	<table border="1"> <tbody> <tr> <td>GDP growth</td> <td>●</td> <td>Downside risks on growth from the Eurozone</td> </tr> <tr> <td>CPI inflation</td> <td>●</td> <td>Upside and downside risks to inflation</td> </tr> <tr> <td>Current account balance</td> <td>●</td> <td>Large current account surplus is a crisis buffer</td> </tr> <tr> <td>Government balance</td> <td>●</td> <td>Government balanced its budget already in 2012</td> </tr> <tr> <td>Government debt</td> <td>●</td> <td>Deflation would increase the real value of debt</td> </tr> <tr> <td>External debt</td> <td>●</td> <td>There are no risks arising from external debt</td> </tr> </tbody> </table>	GDP growth	●	Downside risks on growth from the Eurozone	CPI inflation	●	Upside and downside risks to inflation	Current account balance	●	Large current account surplus is a crisis buffer	Government balance	●	Government balanced its budget already in 2012	Government debt	●	Deflation would increase the real value of debt	External debt	●	There are no risks arising from external debt
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Source: Oxford Economics Briefing and Outlook reports April 2014. 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 three month period of December 2013-February 2014 rose by +2% when compared to the same period a year earlier. According to the CSO, GB visitors to the Republic of Ireland were up +14% for the same period, highlighting market share growth. VisitEngland report that total domestic *holiday* trips in GB for 2013 declined by -1%, when compared to the same period in 2012, with spend (-2%) also down. According to the CSO, GB holidaymakers to the Republic of Ireland were up +3% in 2013, with holiday spend up +6%. Overnight trips by GB residents to Scotland declined by -2% for the first eleven months of 2013, according to VisitScotland.

North America: Data from the Dept. of Commerce confirms that US traffic to Europe grew by +2.6% in January, maintaining the monthly growth momentum that started last June. US tour operators reported a boost in March booking activity following weather related sluggishness in January and February. In Canada, it is forecast that visits to European countries this summer will grow. However, the depreciation of the Canadian \$ against the euro and some higher travel prices may combine to make summer 2014 a more difficult selling environment for European vacations.

Mainland Europe: German travel agencies report growth for the first two months of the year and maintain a positive outlook for 2014. In France, the mood in the industry is not very optimistic, illustrated by February statistics for outbound travel booked via travel agencies, showing that bookings to both long-haul and short-haul destinations are down YOY. The Italian Airport Association reports a positive start to 2014, whilst Skyscanner lists London and Paris as the top international search destinations for Italians. The Spanish outbound market continues to contract, with less than 1 in 10 Spaniards now travelling internationally. In the Nordics, outbound travel is up overall across the region, driven by long-haul growth.

Australia & Developing Markets: Travel operators, agencies and airlines in Australia are reporting that bookings for long haul travel have been strong. In India, the strengthening rupee is making outbound travel more attractive and affordable. Almost half of all travel agents in China predict an increase in Chinese trips to Europe this year.

4. Market Intelligence

4.1 Arrivals and Visitors

Preliminary Estimates

Visitor Origins	Republic of Ireland Arrivals January 2014 – March 2014		Northern Ireland Visitors January – September 2013	
	'000s	%YOY	'000s	%YOY
Total	1,343	+7%	1,320	+11%
Great Britain	636	+11%	900	+14%
Mainland Europe	447	+1%	197	0%
North America	179	+6%	133	+3%
ADM	81	+17%	90	+20%

Source: CSO, NISRA

The latest figures issued by the CSO show that overseas arrivals to the Republic of Ireland increased by +7.3% for the first quarter of 2014 when compared to the same period last year. Growth was recorded from all market areas. Britain contributed the largest share of this growth with an increase in arrivals of +11% when compared to the same quarter a year earlier.

According to NISRA, total overseas visitors to Northern Ireland for the first nine months of 2013 grew by +11% YOY. The British market, representing the majority (68%) of overseas visitors to Northern Ireland, grew by +14%. Estimates also indicate that overseas holidaymakers to Northern Ireland were up +7% for the same period.

4.2 Access Capacity

Air Access	Summer 14 vs Summer 13 Estimates		
YOY % Change	ROI	NI	Island
Great Britain	-1%	-10%	-4%
Mainland Europe	+10%	+6%	+9%
-France	+14%	+11%	+14%
-Germany	+16%	N/A	+16%
North America	+14%	0%	+14%
ADM	+18%	N/A	+18%
Overall	+6%	-7%	+3%

Source: TTC Summer Access Inventory Report 2014 on weekly seat capacity

Over 450,000 one-way weekly direct scheduled air seats are estimated to be available for the 2014 peak summer season. This represents the largest volume of seats available since summer 2008 and is almost 15,000 more per week than the same period last year.

Total available capacity to the island of Ireland for peak summer season is estimated to be up +3% on last summer, with +6% more seats on Republic of Ireland routes and -7% fewer seats on Northern Ireland routes.

Australia and Developing markets (+18%), North America (+14%), and Mainland Europe (+9%) will see strong growth in available capacity this summer. The withdrawal of Flybe Gatwick-Belfast and easyjet Southend-Belfast services, along with Ryanair offering -6% fewer seats to the Republic of Ireland have contributed to an estimated -4% decrease in capacity from GB to the island of Ireland this summer.

Sea services will see additional capacity this summer with a projected +3% increase in car space capacity, attributed chiefly to increased departures on the Holyhead-Dublin route and two new European services (Cherbourg-Dublin and St. Nazaire/Gijon-Rosslare).

4.3 Total Passenger Numbers

	<i>Total Pax 2013*</i>	Jan 14	Feb 14	Mar 14
Dublin Airport	20.2m	+10%	+8%	-2%*
Shannon Airport	1.4m	-3%	+9%	-16%*
Cork Airport	2.3m	-4%	-7%	-12%*
Ireland West Airport Knock	0.7m	-11%	-2%	-15%*
Belfast International Airport	4.0m	+3%	0%	
Belfast City Airport	2.5m	+8%	+3%	
City of Derry Airport	0.4m	+2%	-1%	
All ROI Airports	24.6m	+8%	+6%	
All NI Airports	6.9m	+5%	+1%	
All UK Airports	232m	+6%	N/A	
All German Airports	203m	+3%	+3%	
All Norwegian Airports	53m	+6%	+1%	
All Swedish Airports	38m	+7%	+5%	
ROI sea passengers	3.1m	-1%	+3%	
NI sea passengers	2.1m	-3%	-9%	

Source: Annaero, DAA, Fáilte Ireland, Ferrystat. Total Pax 2013 is the passenger traffic (in millions) at the airport(s)/seaports in 2013 estimate

*Note: It must be noted that Easter occurred in April this year, whereas it was in March in 2013, and this has contributed to many airports experiencing a decline in March passenger traffic this year.

The Civil Aviation Authority estimates that air passengers between GB and Northern Ireland grew by +1% for the first three months of the year when compared to the same period in 2013.

Aer Lingus reports that its total passengers (inbound and outbound) for the first three months of the year were down -1.9% (contributing Easter effect also) when compared to the same period in 2013. Ryanair announced passenger growth of +3% in the 12 months to the end of March 2014, carrying almost 82 million passengers.

4.4 Accommodation

Hotel accommodation data estimates (Hotel rooms sold)





	Mar 14 v Mar 13 % change	Jan-Mar 14 v Jan-Mar 13 % change
Island of Ireland	+1%	+5%
ROI	+1%	+5%
NI	+6%	+12%
Scotland	+3%	+6%
England	+5%	+5%
Italy	+2%	+5%
Denmark	+15%	+11%

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

According to NISRA, total hotel rooms sold across Northern Ireland increased by +10% during February 2014 when compared to February 2013. However, NISRA also reports that total rooms sold in B&Bs, guesthouses and guest accommodation in Northern Ireland declined by -24% over the same 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>Accommodation Providers</p> <p>Business in early 2014 has been relatively slow partly due to Easter falling later than in 2013. Nonetheless, business is improving as the season progresses. Forward bookings are providing optimism from both FIT (Free Independent traveller) and group business. Late bookings are now the norm, not only for FIT visitors but also for operators booking small to medium-sized tours. Stronger bookings are reported by luxury accommodation providers with all markets performing well, building on a successful 2013 in the sector. In Belfast, both hotel room demand and occupancy were up for the first quarter of 2014. Hoteliers in Northern Ireland, generally, have a positive outlook for the summer ahead.</p>
Bright 	<p>Air and Sea</p> <p>Advance bookings on new air access from North America are strong with carriers optimistic about load factors for the peak. Air carriers from Europe are seeing good bookings. Different routes are performing at varying rates; however, the overall outlook is positive. Sea carriers are reporting growth in advance reservations from France and Germany. There has been a moderate reduction in forward bookings from GB, however, with a later booking trend being observed in this market. Belfast is set to welcome a record number of cruise ships this year, with 60 expected, bringing up to 110,000 passengers.</p>
Bright 	<p>Attractions</p> <p>Some key Northern Ireland attractions have reported uplift in annual visitor numbers (YTD Feb '14) with individual sites performing at varying levels. A leading attraction has shown a strong performance since the opening of their Visitor Centre. Encouraged by steady group bookings for the season ahead, Dublin attractions are anticipating continued growth into 2014. Some regional attractions are seeing growth in bookings from the US, and to a lesser extent, from the GB market. The industry has embraced the Wild Atlantic Way and Giro d'Italia which both present welcome profile-raising opportunities for regional attractions along the routes.</p>
Mixed 	<p>Inbound Operators and Business</p> <p>While inbound operators remain relatively optimistic following a successful 2013, there is a growing concern about the availability of suitable accommodation in and around Dublin, especially for the peak season. In Business Tourism, conference destinations report quite high interest in their facilities; however conversion is proving challenging. Issues reported by conference partners in Dublin reflect those raised by tour operators over availability of appropriate accommodation.</p>

Source: Based on feedback from island of Ireland industry sources, April 2014

4.6 Tourism Ireland Market Feedback

Great Britain: Aided by an improving economy, overall sentiment for travel to the island of Ireland is positive. A number of Online Travel Agents (OTAs) reported strong bookings earlier in the year and they are generally optimistic about the year ahead. A leading sea carrier reports that year to date business is on a par with 2013. However, their summer bookings are slightly down, which may be explained by the later booking trend.

North America: In the US, all carrier and tour operator feedback to date has been positive with all projecting a better year than last year. A leading airline confirmed that they were satisfied with advance bookings on their new route. Tour Operators are typically reporting growth in the +5% to +10% range; however, it remains too early to draw conclusions from this positive sentiment. Most of Canada's leading tour operators report increased bookings to the island of Ireland for 2014. There will be a +70% increase in access capacity from the Canadian market to the island of Ireland this summer, and airlines are reporting good forward bookings for this period. The competitive air environment is bringing down the price for the consumer and driving sales.

Mainland Europe: Market sentiment for visitor growth from Europe in 2014 continues to be positive, and is supported by an encouraging start to the year from European markets. Feedback from carrier and tour operator partners is confident, as interest levels in the island of Ireland appears to be good. Strong brand campaigns in France and Germany have driven interest in the first quarter, and cooperative campaigns with carriers are now building on this momentum.

Australia & Developing Markets: Key Australian wholesale and airline partners have reported strong bookings for the island of Ireland. Enhanced connectivity should help visits continue to grow from Australia and Developing Markets – for example the increased capacity to Dublin from Etihad and Emirates and the new Air New Zealand / Aer Lingus 1-stop option via San Francisco. The visa waiver scheme continues to aid bookings from China and India, illustrated by three leading travel agents in China launching a new UK and Ireland package.

5. Conclusion

The year has started off positively with official data showing that overseas arrivals to the Republic of Ireland grew by +7.3% for the first quarter of 2014, with growth recorded from all market areas. Industry and trade feedback in relation to the forthcoming peak season remains largely positive; however, it is still too early to call the season at this stage.

Tourism Ireland is placing a major focus on highlighting the Wild Atlantic Way and the Causeway Coastal Route in 2014. We are also promoting the Saint Patrick's Trail and key events including Limerick City of Culture, the Croke Park Classic college football game and a host of festivals and events across the island throughout the year.

Ends
