INTELLIGENCE UPDATE

Research & Intelligence - Keeping you in the picture

TOURISM SOUTH EAST

Latest facts & figures

February 2011 Edition

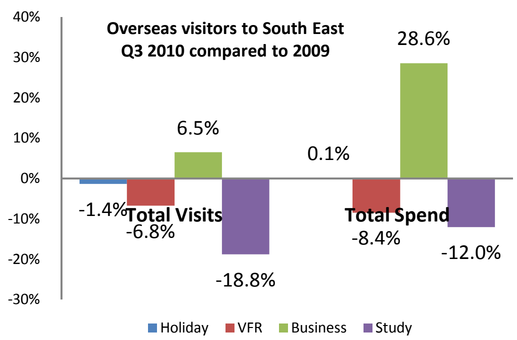
Overseas tourism volume and value

The Office of National Statistics recently released the latest quarterly results at regional level from the International Passenger Survey. Following a decline in the number of foreign travellers visiting the UK in the last couple of years, it comes as no surprise that the national picture is replicated in the South East. Results for Q3 (Jul to Sep) reveal that the number of foreign visitors staying overnight in the South East dropped by 4.4%, bednights dropped by 3.9%, and spend dropped by 5.9% compared to the same three months last year.

Foreign visitor trips to the South East – Q3 (July to September)

	Visits (000)	% change	Nights (000)	% change	Spend (£m)	% change
2003	1,249		11,838		460	
2004	1,371	9.8%	12,063	1.9%	559	21.6%
2005	1,399	2.0%	13,261	9.9%	531	-5.1%
2006	1,492	6.7%	13,590	2.5%	637	20.0%
2007	1,470	-1.4%	13,280	-2.3%	630	-1.0%
2008	1,509	2.6%	12,562	-5.4%	685	8.6%
2009	1,444	-4.3%	11,484	-8.6%	645	-5.8%
2010	1,381	-4.4%	11,036	-3.9%	607	-5.9%

Source: International Passenger Survey (2003 – 2010). Results for the South East
Note: There is a four month time lag in the publication of the data from the date of collection



Reviewing the results by purpose of trips shows very clearly that the overall volume has been affected by a drop in the visiting friends & relatives (VFR) and language student markets. Compared to the same period in 2009, VFR trips dropped by 6.8% and spend dropped by 8.4%; language trips dropped by 18.8% and spend dropped by 12%.

However, it's not all bad news. The international business travel market is showing a very strong recovery. According to the IPS, the volume of trips made by overseas business travellers to the South East grew by 6.5% and the expenditure associated with these trips increased by 28.6% compared to the same period last year. This bucks the national picture which is seeing more modest growth in this market. The latest results also show that overnight holiday trips to the South East by foreign visitors dropped by only 1.4%, with holiday spend remaining at the same level as last year.

It is also important to remind ourselves that the IPS data only present results for overnight trips made by foreign nationals visiting their main destination. It does not capture the large volume of day trip excursions made by foreign travellers to the South East whilst staying elsewhere in the UK, or the short overnight trips of one or more nights taken to the South East by foreign travellers whilst on a longer holiday elsewhere in the UK.

Business Confidence

With many regional businesses benefitting from the surge in domestic staycation last year, few had doubts that it was going to a tough in 2010 to sustain the business performance improvements experienced last year. Unsurprisingly, TSE's regional How's Business Survey completed by a sample of member businesses reported a fall in the number of businesses who saw overall performance go up this year compared to last year.

Overall business performance in 2010 compared to 2009

36% of businesses say performance is up	6% fewer than last year
32% of businesses say performance has not changed	2% fewer than last year
32% of businesses say performance is down	4% more than last year

Source: Tourism South East How's Business Survey among sample of 250 businesses

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Occupancy

Despite the fall in business confidence, occupancy data suggests that performance is moving upwards for the region's accommodation sector.

Hotel sector

The region's hotel industry posted increases in all three key performance measurements during December 2010, according to data from STR. This follows month-on-month improvements throughout 2010 compared to 2009.

Average room occupancy in December was 1% point higher than last year (up from 57% to 58%). Room yield also continued to improve; achieved daily rate was up by 10% to £76.75 from £69.49 last December and RevPAR increased from £39.45 in December 2009 to £43.68 this year (up 11%).

Year-to-date figures show a 5% point increase in average room occupancy compared to the same period last year, an increase in ADR of 5% and an increase in RevPAR of 11%

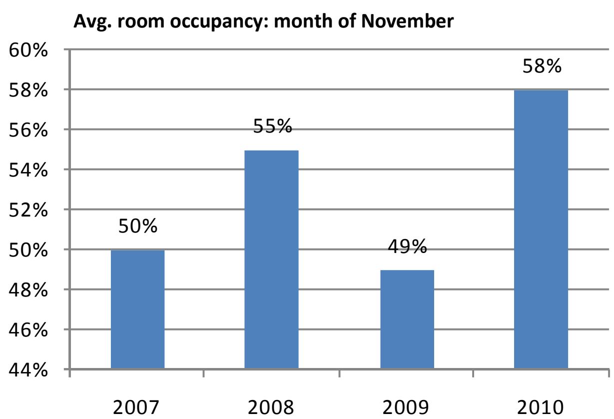
Hotel performance – December			
	Dec-09	Dec-10	% change
Room occupancy	58%	57%	1% point
Achieved Room Rate	£76.75	£69.49	10%
RevPAR	£43.68	£39.45	11%

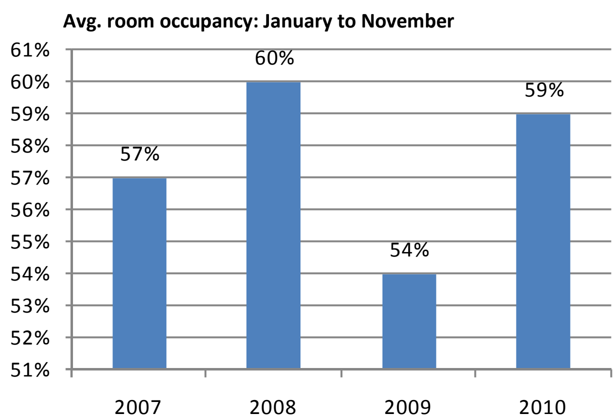
Hotel performance – Year to date			
	Jan-Dec 09	Jan-Dec 10	% change
Room occupancy	69%	65%	5% points
Achieved Room Rate	£77.23	£73.66	5%
RevPAR	£53.44	£48.11	11%

Source: STR Global Hotel Survey among regional sample of 320 hotels

All serviced accommodation

The latest regional results from the Visit England national occupancy survey for November reveal that the average room occupancy among all serviced accommodation increased by 9% points from an average of 49% in 2009 to an average of 58% in 2010. Year to date figures show a 5% point increase.





If you have any queries regarding the *Intelligence Update*, or require any additional Market Intelligence, please contact Parves Khan (Head of Research) pkhan@tourismse.com or phone (02380 625459).

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