

# BHA Quarterly Inbound Travel Analysis

## Q1 2017

Overseas spend in the UK grew by 15.6% in Q1 2017 – a significant improvement, after a relatively weak 2016. Growth in inbound holiday spend has accelerated, continuing the recovery seen in H2 16, after a poor H1 16. Spend by business passengers, however, remains subdued; although it has grown versus Q1 16, it remains strongly negative on a 2-year view. Overall inbound spend was strongly positive across all regions of the UK. Overnight visits to Scotland and England (ex-London) were relatively softer, although in both cases this was against tough comps, and growth on a 2-year view was strong.

Fig 1: Q1 2017 year on year growth in spend from abroad – by purpose of visit

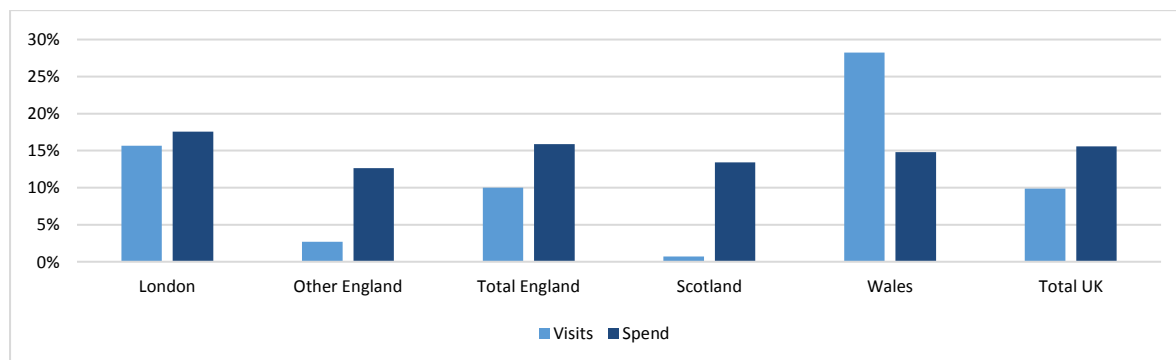
£ million	Q1 17	Q1 16	Change (£m)	Change (%)	Q4 16	Q4 15	Change (£m)	Change (%)	FY 16	FY 15	Change (£m)	Change (%)
<b>Holiday</b>	1,643	1,197	446	37.3%	1,839	1,666	173	10.4%	8,732	8,602	130	1.5%
<b>Business</b>	1,122	1,071	51	4.8%	1,499	1,417	82	5.8%	5,452	5,403	50	0.9%
<b>Visit friends or relatives</b>	1,132	1,023	109	10.7%	1,232	1,130	102	9.0%	5,053	4,796	257	5.4%
<b>Miscellaneous</b>	449	468	-19	-4.1%	833	1,099	-266	-24.2%	3,277	3,241	36	1.1%
<b>All visits</b>	<b>4,351</b>	<b>3,764</b>	<b>587</b>	<b>15.6%</b>	<b>5,410</b>	<b>5,319</b>	<b>90</b>	<b>1.7%</b>	<b>22,543</b>	<b>22,072</b>	<b>471</b>	<b>2.1%</b>

Source: International Passenger Survey, ONS data, British Hospitality Association analysis

### What does this mean for the British Hospitality Sector?

- Q1's strong growth in spend by overseas visitors was an acceleration in the recovery seen in H2 2016, particularly with regards to spend by holiday travellers. This should be a boost to tourist-facing businesses in the hospitality sector, after a very weak H1 2016, with the industry benefitting from last year's currency devaluation
- Although spend by business passengers grew 5% year on year in Q1, this is against very weak comps, and on a 2-year view, spend by business passengers is down -7% compared to Q1 2015. This suggests that companies exposed to business travellers are yet to experience a significant recovery
- The recovery in spend has been seen by every region of the UK, with London seeing the largest recovery, following a fall in spend in 2016. England (outside of London) saw strong growth in Q1 17, but this was against weak comps, and spend was marginally negative versus Q1 2015
- Hospitality businesses in Wales and Scotland should continue to benefit from the continued high growth in spend, with both countries having also had a strong 2016. Scotland's overnight visits growth looks relatively weak, but this is against tough comps, and on a 2-year view overnight visits grew 28%

Fig 2: Q1 2017 year on year growth in overnight visits and spend from abroad – by region



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

## Summary:

- **Spend from abroad by purpose of visit:** *There has been a strong recovery in spend by holiday travellers in Q1 17, continuing the recovery seen in H2 16, while business spend continues to lag. Overall inbound spend in the UK increased by 15.6% in Q1 17, an increase of £587m – this compares to an increase of £471m for the whole of 2016*
- **Overnight visits to the UK by region:** *Q1 saw strong growth in overnight visits in London and Wales in particular, although visitor numbers were positive y/y across the whole of the UK. Scotland's relatively weak Q1 growth was against very tough comps, and overnight visits grew +28% compared to Q1 2015*
- **Spend from abroad by region:** *Spend in London, and England as a whole, rebounded strongly in Q1 after a relatively weak 2016. Scotland and Wales are continuing the strong growth in spend in Q1 that both countries experienced in 2016, with a marked increase in growth compared to Q4 2016*

## Spend from abroad by purpose of visit

- There has been a strong recovery in spend by holiday travellers in Q1 17, continuing the recovery seen in H2 16, while business spend continues to lag. Overall inbound spend in the UK increased by 15.6% in Q1 17, an increase of £587m – this compares to an increase of £471m for the whole of 2016.
- Spend by inbound holiday passengers increased by estimated £446m (+37%) in Q1 17 compared to Q1 16; although it is against weak comps, on a 2-year view the growth rate is also very strong (+29%)

Fig 3: Year on year growth in spend from abroad – holiday passengers

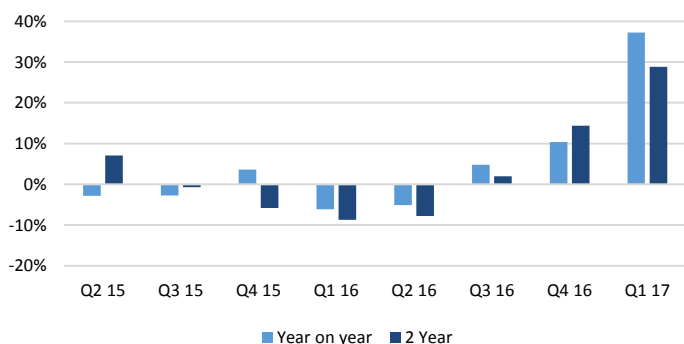
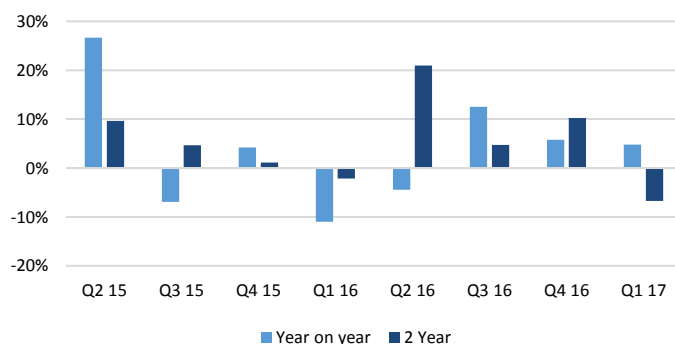


Fig 4: Year on year growth in spend from abroad – business passengers



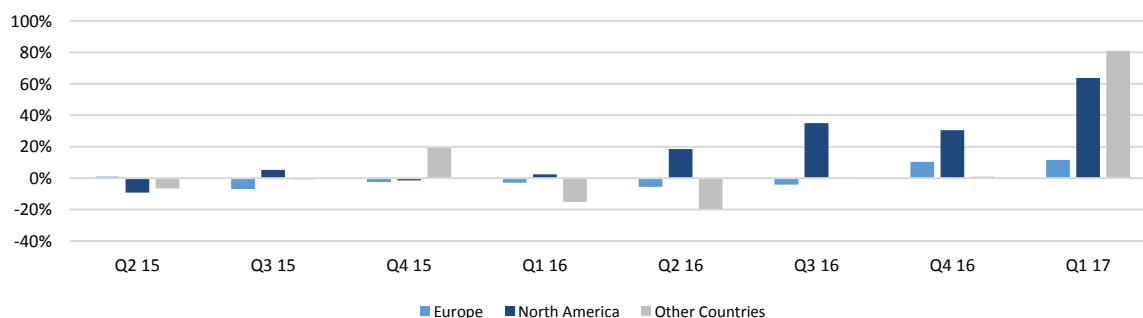
Source: International Passenger Survey, ONS data, British Hospitality Association analysis

- Spend by inbound business passengers increased by estimated £51m (+4.8%) in Q1 17 compared to Q1 16, although we note that it remains strongly negative on a 2-year view versus Q1 2015

## Holiday passenger spend by source region

- We have broken down the holiday spend by the source region. The recovery in Q3 and Q4 holiday spend was driven by inbound passengers from North America, and this trend continued into Q1 2017, with North American inbound holiday passenger spend up +64% year on year in Q1. 'Other Countries' also returned very strong growth, up +81% year on year, while Europe continued its recovery to positive growth.

Fig 5: Q1 2017 year on year growth in holiday spend from abroad – by source region



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

## Overnight visits by region

- Q1 saw strong growth in overnight visits in London and Wales in particular, although visitor numbers were positive year on year across the whole of the UK. Scotland's relatively weak Q1 growth was against very tough comps, and overnight visits grew +28% compared to Q1 2015

Fig 6: Year on year growth in overnight visits – by region

Thousands	Q1 17	Q1 16	Change ('000s)	Change (%)	Q4 16	Q4 15	Change ('000s)	Change (%)	FY 16	FY 15	Change ('000s)	Change (%)
<b>London</b>	4,478	3,872	606	15.6%	5,005	4,634	370	8.0%	19,060	18,581	478	2.6%
<b>Other England</b>	3,256	3,170	86	2.7%	3,783	3,462	321	9.3%	15,979	15,169	810	5.3%
<b>Total England</b>	7,376	6,704	672	10.0%	8,361	7,714	647	8.4%	32,970	31,820	1,150	3.6%
<b>Scotland</b>	415	412	3	0.7%	515	439	77	17.5%	2,747	2,592	155	6.0%
<b>Wales</b>	187	146	41	28.2%	217	205	13	6.1%	1,074	970	105	10.8%
<b>Total UK</b>	<b>8,297</b>	<b>7,551</b>	<b>746</b>	<b>9.9%</b>	<b>9,432</b>	<b>8,683</b>	<b>749</b>	<b>8.6%</b>	<b>37,609</b>	<b>36,115</b>	<b>1,494</b>	<b>4.1%</b>

Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 7: Year on year growth in overnight visits – London

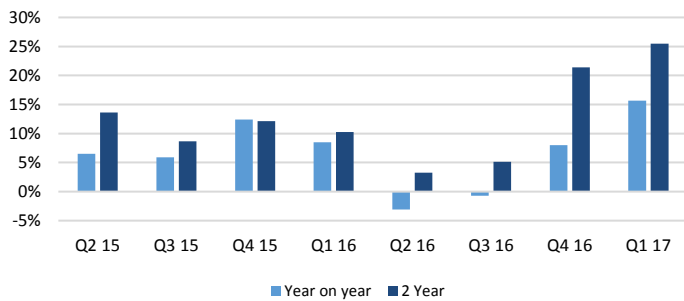
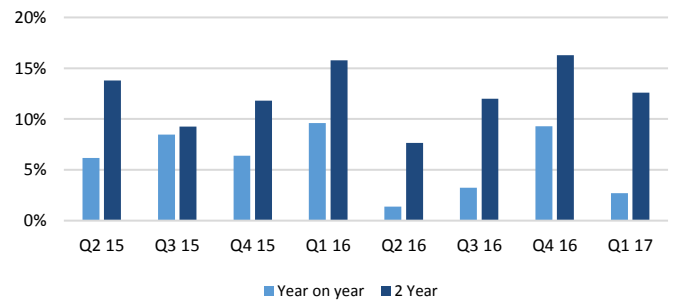


Fig 8: Year on year growth in overnight visits – England ex-London



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 9: Year on year growth in overnight visits – Total England

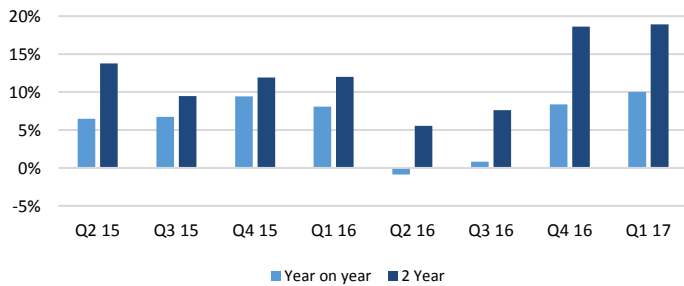
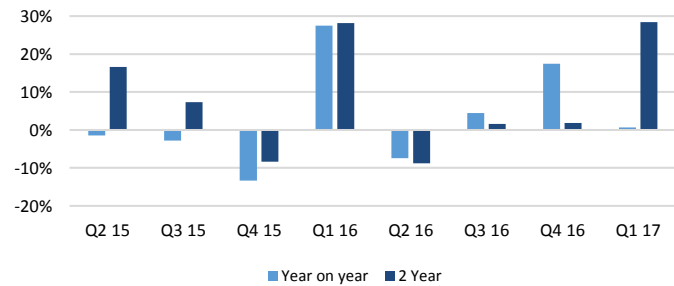


Fig 10: Year on year growth in overnight visits – Scotland



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 11: Year on year growth in overnight visits – Wales

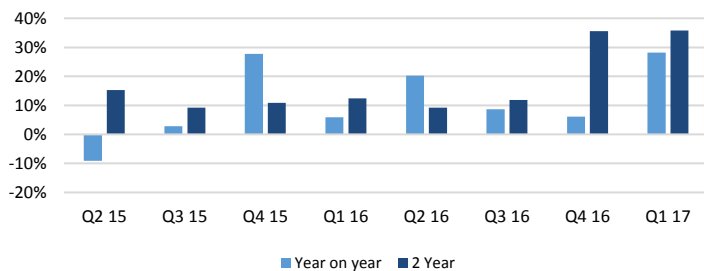
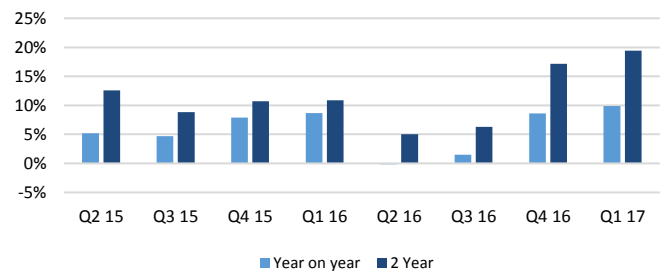


Fig 12: Year on year growth in overnight visits – Total UK



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

## Spend from abroad by region

- Spend in London, and England as a whole, rebounded strongly in Q1 after a relatively weak 2016. Scotland and Wales are continuing the strong growth in spend in Q1 that both countries experienced in 2016, with a marked increase in growth compared to Q4 2016

Fig 13: Year on year growth in spend – by region

£ million	Q1 17	Q1 16	Change (£m)	Change (%)	Q4 16	Q4 15	Change (£m)	Change (%)	FY 16	FY 15	Change (£m)	Change (%)
London	2,679	2,279	401	17.6%	3,233	3,117	117	3.7%	11,869	11,919	-51	-0.4%
Other England	1,330	1,181	149	12.6%	1,702	1,706	-3	-0.2%	7,818	7,508	310	4.1%
Total England	4,009	3,460	550	15.9%	4,935	4,822	113	2.3%	19,686	19,427	259	1.3%
Scotland	190	167	22	13.4%	289	300	-11	-3.7%	1,850	1,695	154	9.1%
Wales	54	47	7	14.8%	76	74	2	3.2%	444	410	34	8.3%
Total UK	4,351	3,764	587	15.6%	5,410	5,319	90	1.7%	22,543	22,072	471	2.1%

Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 14: Year on year growth in spend – London

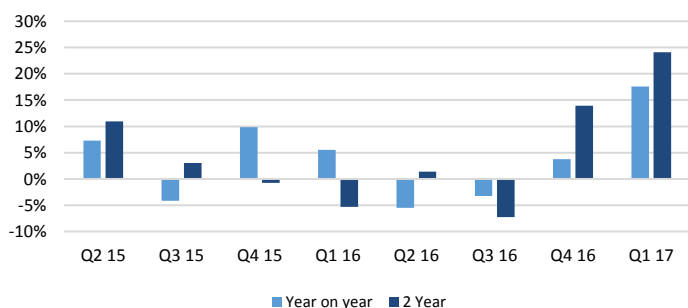
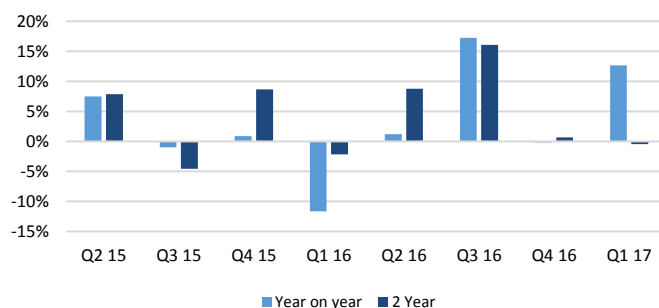


Fig 15: Year on year growth in spend – England ex-London



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 16: Year on year growth in spend – Total England

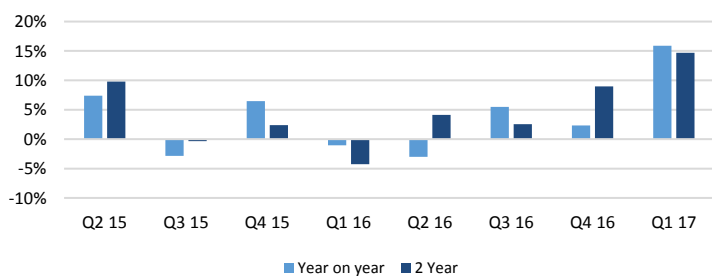
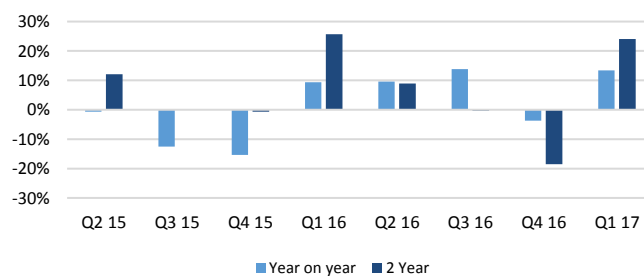


Fig 17: Year on year growth in spend – Scotland



Source: International Passenger Survey, ONS data, British Hospitality Association analysis

Fig 18: Year on year growth in spend – Wales

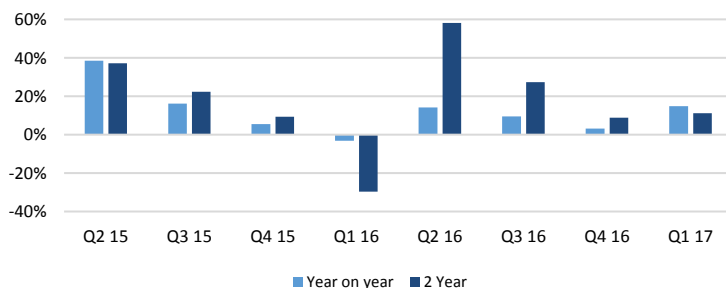
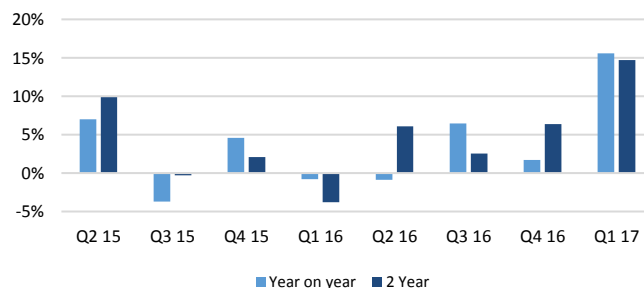


Fig 19: Year on year growth in spend – Total UK



Source: International Passenger Survey, ONS data, British Hospitality Association analysis