The BHA Travel Monitor
April 2017

Inbound holiday passenger numbers in April increased by 42% year on year, although we note that this is against a weak April 2016, and feel the 2-yr growth of 18% is a more appropriate figure to focus on. Inbound business passenger numbers continue to decline (-12% year on year), although it is up +7% versus April 2015. Overseas spend in the UK was up 20% year on year, in-line with the total inbound passenger numbers growth of +19%. Outbound holiday passengers grew +5% in April, but are only up +1.9% YTD; UK resident spend overseas declined slightly in April, but is up +20% on a 2-yr view. It should be noted that Easter fell in April in 2017 but in March in 2016, which affects comparisons.

Fig 1: Summary Table – April 2017

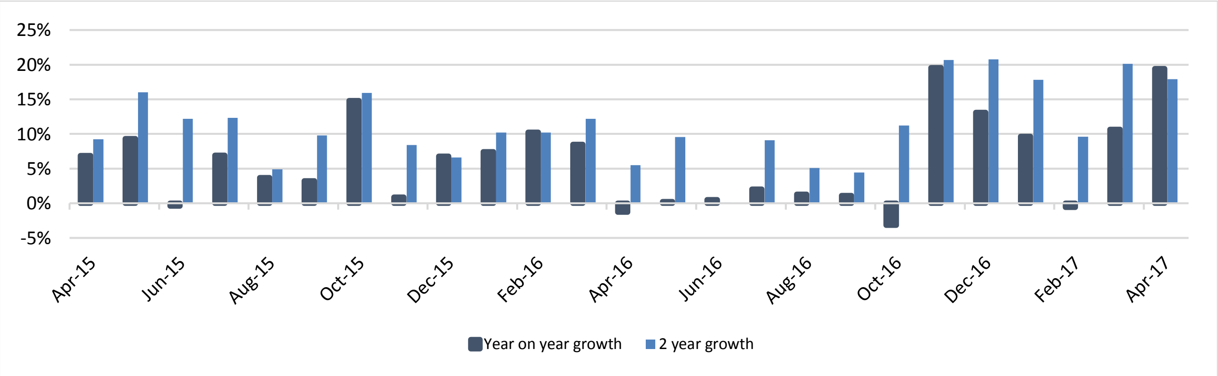
	Inbound						
	All visits	Holiday	Business	Visiting friends or relatives	Misc.	Outbound Holiday Passengers	Overseas spend in the UK
April y/y growth	19.4%	42.2%	-12.3%	22.4%	9.4%	4.6%	19.7%
April 2-yr growth	17.9%	17.8%	7.3%	18.9%	55.0%	8.7%	25.9%
Year to date	10.5%	25.9%	-4.4%	7.1%	16.1%	1.9%	13.7%
Rolling 3 months	10.8%	28.1%	-10.1%	10.7%	19.9%	1.0%	13.9%
Rolling 12 months	5.6%	7.4%	-0.9%	10.0%	1.9%	5.2%	5.3%

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

Key conclusions and what this means for the British hospitality sector

- April 2017 inbound travel grew strongly year on year, driven by 17% growth in passengers from Europe, although we note strong growth across all geographic source markets. Inbound business passenger numbers continue to be relatively weak, which could pose a headwind for corporate-facing businesses, although we note that it is against tough comps, and inbound business travel is +7% vs April 2015
- Inbound holiday tourism in April has shown a continuation of the very strong growth seen recently, although we note that it is against very easy comps (April 2016 was -17% y/y), and it should also be noted that Easter fell in April in 2017 but in March in 2016, which affects comparisons
- Outbound holiday passenger numbers continue to grow, however overseas spend by UK residents fell slightly (albeit against tough comps, and is +20% on a 2-yr view)
- Visiting friends or relatives (VFR) travel and miscellaneous continue to be strong drivers of growth. Miscellaneous growth of +9% is against very tough comps (April 2016 +42% y/y), although we note that this category is a much smaller number of passengers
- Overall UK spend by overseas residents grew 20% year on year; this is in-line with the total inbound passenger numbers growth, having been trending ahead of this for the past few months

Fig 2: Year on year inbound passenger growth



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

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Summary:

- **April 2017 inbound travel:** *Inbound travel to the UK in April grew +19% year on year, although we note the change in timing of Easter. Inbound growth was +18% on a 2-yr view versus April 2015*
- **Rolling 3 months:** *Over the past 3 months, inbound travel has increased by +10.8% versus the same period 12 months ago, and is +16% versus the same period in 2015*
- **Country of Origin:** *Inbound travel from Europe was the main driver in April, +17% year on year (driven by EU countries +14%, non-EU countries +53%), North America +13% and other countries +41%.*
- **Holiday Travel:** *Holiday inbound travel to the UK is up +42% in April (+487,000 passengers), and up 26% year to date (+899,000 passengers). Outbound holiday travel is +1.9% year to date (+201,000 passengers).*
- **Business Travel:** *Business inbound travel to the UK declined by -12.3% in April against tough comps, but grew +7.3% versus April 2015 – again, likely impacted by the timing of Easter.*
- **Inbound Spend:** *Overseas residents' spend in the UK grew +20% in March, in-line with the growth in visitor numbers. UK spend overseas declined -1.5% in April, but is +20% on a 2-year basis*

Holiday Passengers

- Holiday inbound travel to the UK year to date (+26% / +899k passengers y/y) has shown a continuation of the strong growth seen towards the end of 2016, after a poor summer period in 2016. The recent positive momentum in passenger numbers, combined with improved spending data, suggests that the hospitality industry is benefitting from last year's currency devaluation.

Fig 3: Rolling 3-month average Inbound Holiday Passengers y/y growth

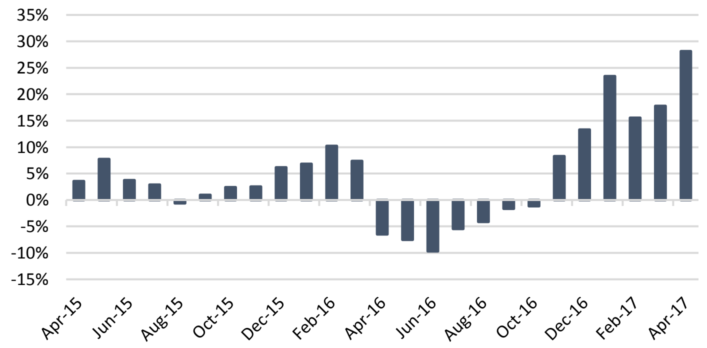
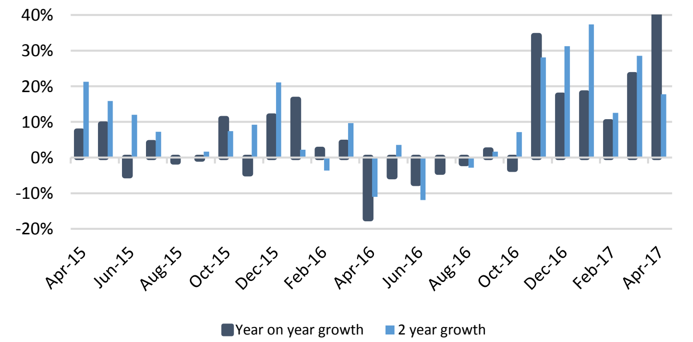


Fig 4: Inbound Holiday Passengers – year on year and 2-year growth

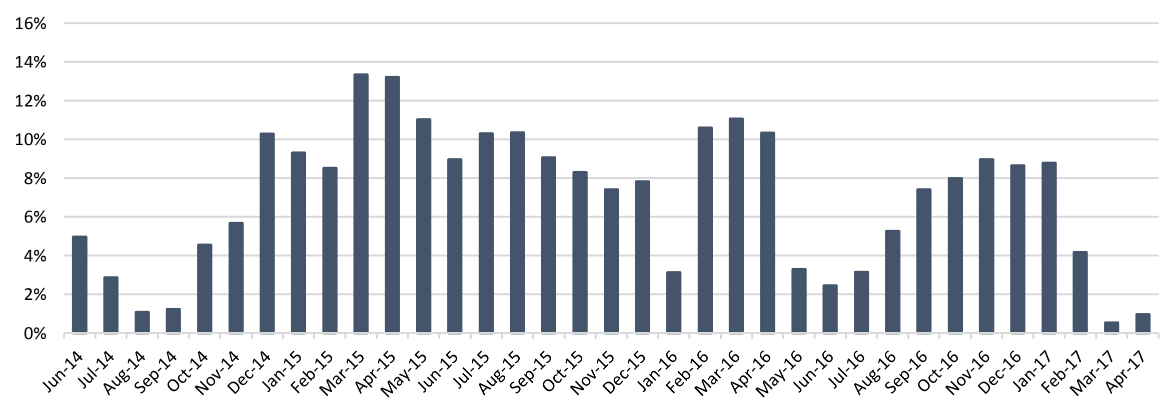


Source: International Passenger Survey, ONS data, British Hospitality Association analysis

- There were particularly poor months in April and June 2016, with inbound holiday passenger numbers down significantly on both a one year and two-year comparison; in both months, passenger numbers were down double digit versus the same month in 2014. We note that the April data is likely affected by the change in the timing of Easter, which is one of the reasons for the strong rebound in growth in April 2017. We also note that October's data was affected by tough comps due to the Rugby World Cup in October 2015, which also meant that there were easy comps for November

- Outbound holiday passenger numbers grew in April by +4.6%, and is up 9% on a 2-year view.

Fig 5: Rolling 3-month average Outbound Holiday Passengers y/y growth



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

Business Passengers

- In terms of inbound business passengers, April 2017 saw passenger numbers decline by -12% versus April 2016, which equates to 103,000 fewer inbound passengers. Although this is likely affected by the timing of Easter, we note that inbound business passengers were also negative in March, and are down -4.4% year to date.

- April business inbound passenger numbers grew +7.3% on a 2-year view versus April 2015.

- The business inbound passenger numbers throughout 2016 were quite volatile, with January 2016's inbound business passenger decline of 17% due to really tough comps, and April 2016's figures likely flattered by the timing of Easter.

Fig 6: Rolling 3-month average Inbound Business Passengers y/y growth

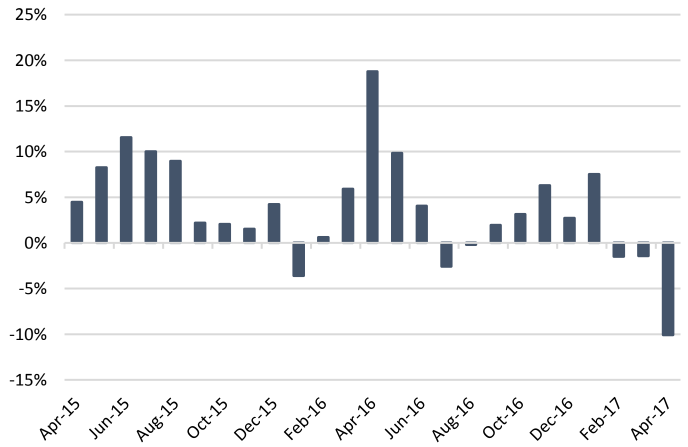
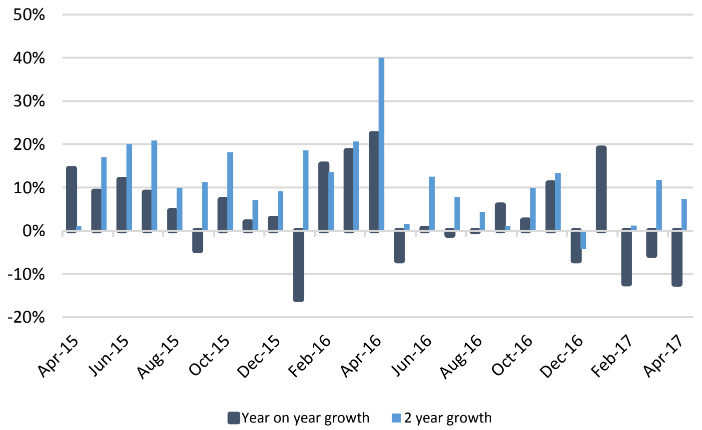


Fig 7: Inbound Business Passengers – year on year and 2-year growth



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

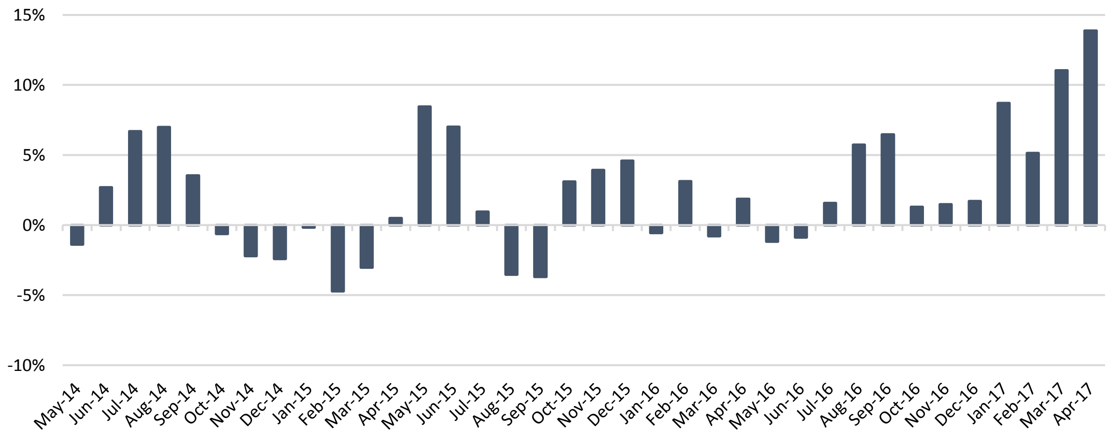
- Outbound business travel declined significantly in April (-12.5%) after strong growth in March (+15% y/y). Outbound business travel was flat for 2016, and is broadly flat year to date.

Overseas residents' spend in the UK

- Overseas residents' expenditure while in the UK grew by +20% year on year in April, and is now running in-line with the growth in visitor numbers. This compares to less than 1% growth for 2016. We note that the growth in April would likely be affected by the timing of Easter, but is up +14% year to date.

- UK spend overseas declined -1.5% in April, but grew by +20% on a 2-year basis, and is up +5% year to date. This compares to +11% growth in 2016.

Fig 8: Rolling 3 month average overseas residents' expenditure in UK y/y growth



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

Inbound Passenger Data:

Fig 9: Year on year inbound passenger growth by purpose of visit

	All visits	Holiday	Business	Visiting friends or relatives	Miscellaneous
April y/y growth	19.4%	42.2%	-12.3%	22.4%	9.4%
April 2-yr growth	17.9%	17.8%	7.3%	18.9%	55.0%
Year to date	10.5%	25.9%	-4.4%	7.1%	16.1%
Rolling 3 months	10.8%	28.1%	-10.1%	10.7%	19.9%
Rolling 12 months	5.6%	7.4%	-0.9%	10.0%	1.9%

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

Fig 10: Year on year inbound passenger growth by purpose of visit – ('000s of passengers)

Inbound Passenger numbers ('000s)	All Visits	Holiday	Business	Visiting friends or relatives	Miscellaneous	Outbound holiday passengers
Year to date 2017	11,790	4,370	2,870	3,630	930	10,970
Year to date 2016	10,666	3,471	3,004	3,390	801	10,769
Difference	1,124	899	-134	240	129	201
Difference (%)	10.5%	25.9%	-4.4%	7.1%	16.1%	1.9%

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

Fig 11: Year on year inbound passenger growth by region of origin

	All visits	North America	Europe	Other Countries
April y/y growth	19.4%	13.4%	17.3%	40.8%
April 2-yr growth	17.9%	24.2%	14.9%	35.5%
Year to date	10.5%	15.7%	8.0%	24.1%
Rolling 3 months	10.8%	19.3%	6.8%	34.2%
Rolling 12 months	5.6%	9.5%	5.4%	3.8%

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

Fig 12: Year on year inbound passenger growth – Detailed breakdown of European origin

	Total	Europe - of which:		EU - of which:	
	Europe	European Union	Non-EU	EU-15	Other EU
April y/y growth	17.3%	14.2%	53.5%	15.9%	2.9%
April 2-yr growth	14.9%	11.9%	50.4%	10.4%	18.3%
Year to date	8.0%	6.9%	20.7%	9.9%	-5.4%
Rolling 3 months	6.8%	5.0%	28.5%	7.8%	-6.4%
Rolling 12 months	5.4%	5.4%	6.1%	5.7%	3.8%

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

Outbound Passenger Data:

Fig 13: Year on year UK Outbound Passenger Growth – Purpose of visit

	All visits	Holiday	Business	Visiting friends or relatives	Miscellaneous
April y/y growth	2.2%	4.6%	-12.5%	3.3%	8.6%
Year to date	2.8%	1.9%	0.3%	5.5%	11.1%

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

Fig 14: Year on year UK Outbound Passenger Growth – Destination

	All visits	North America	Europe	Other Countries
April y/y growth	2.2%	0.2%	1.0%	8.0%
Year to date	2.8%	-2.0%	1.9%	7.9%

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