



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

TOURISM ACTIVITY

BOX 1: TOURISM ACTIVITY

The positive performance of the tourism industry persists

Leading tourism indicators suggest that the tourism industry continued to fare well in the second quarter of 2014, with the number of inbound tourists, nights stayed and visitor expenditure each growing by almost 10% on a year earlier.

National Statistics Office (NSO) data suggest that

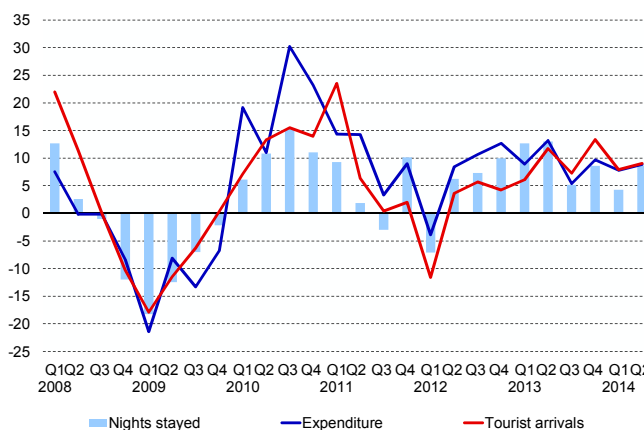
the number of departing tourists in the quarter under review was 492,132, up by 9.0% on the corresponding quarter of 2013 (see Chart 1). This was largely driven by a rise in the number of leisure travellers, although a smaller increase in business travellers also contributed.

In terms of geographical distribution, the rise in arrivals during the second quarter of 2014 stemmed from the United Kingdom, although sizeable increases were also recorded in a number of other source markets (see Table 1). The number of UK visitors rose by over 13,000, whilst Italian tourists climbed by almost 8,000 on a year earlier. Noticeable additions were also registered in visitors from Libya, France and the Scandinavian countries. Conversely, possibly reflecting the reduction of routes by low-cost carriers, the number of arrivals from Spain declined in annual terms. Other smaller drops were also seen in the Austrian, Russian and Dutch markets.

The United Kingdom and Italy remained Malta's most important source markets, with visitors from these countries accounting for over two-fifths of total arrivals.

NSO data covering the April-June 2014 period indicate that total tourist spending reached €413.7 million, up by 8.8% in annual terms.¹ Over half of this surge was attributable to higher spending on the "other" component of tourist expenditure. Nonetheless, increases of 9.3% in spending on package holidays and 10.8% on accommodation also contributed.² At the same time, tourists' expenditure on travel fares went down by 3.1% on the comparable months of 2013. In per capita terms, tourist expenditure stood at almost €841, broadly unchanged from a year earlier.

Chart 1
TOURISM INDICATORS
(quarterly averages; annual percentage changes)



Source: NSO.

¹ Total expenditure is split into package, non-package and "other".

² Non-package holiday expenditure is subdivided into spending on accommodation and travel fares, while the "other" component captures any additional expenditure by tourists during their stay in Malta.

Table 1
DEPARTING TOURISTS BY COUNTRY OF RESIDENCE

Number of visitors

	2013 Q2	2014 Q2	Change
Total tourists	451,418	492,131	40,712
Austria	10,537	9,287	-1,249
France	39,417	44,069	4,652
Germany	37,994	38,274	280
Ireland	8,652	10,367	1,715
Italy	60,415	68,360	7,945
Libya	7,090	12,024	4,935
Netherlands	14,542	13,893	-649
Russia	9,618	8,947	-672
Scandinavia	32,214	35,904	3,690
Spain	15,795	10,302	-5,493
United Kingdom	130,639	144,073	13,434
USA	6,899	7,119	220
Other	77,607	89,511	11,904

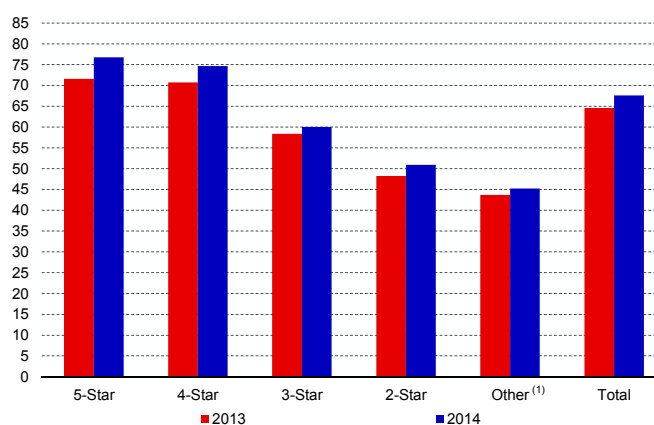
Source: NSO.

Total nights stayed by tourists rose by 280,867 nights, or 8.7% over the level recorded in the second quarter of 2013, with three-fifths of the increase driven by collective accommodation, which rose by 7.4%. Meanwhile, nights stayed in private accommodation rose by 11.7% and accounted for around 30% of total nights stayed in Malta.³

As nights stayed increased at a slightly less rapid rate than tourist arrivals, the overall average length of stay dipped marginally to 7.1 nights over the corresponding quarter a year ago.

Reflecting the higher number of nights stayed during the second quarter of 2014, the average occupancy rates in collective accommodation establishments edged up to 67.6%, an increase of 3 percentage points on the comparable quarter of 2013 (see Chart 2).⁴ Higher occupancy rates

Chart 2
AVERAGE OCCUPANCY RATES IN THE SECOND QUARTER
(per cent)



⁽¹⁾ Includes guest houses, hostels & holiday complexes.

Source: NSO.

³ Private accommodation includes self-catering apartments, farmhouses, and private residences. As per Eurostat recommendation, time-share accommodation is classified as "private accommodation". Collective accommodation comprises hotels, apart-hotels, guesthouses, hostels and tourist villages.

⁴ Occupancy rates are reported by collective establishments and include nights spent in time-share accommodation. As a result, developments in these rates may differ from those in nights stayed in collective accommodation, as the latter exclude time-share accommodation.

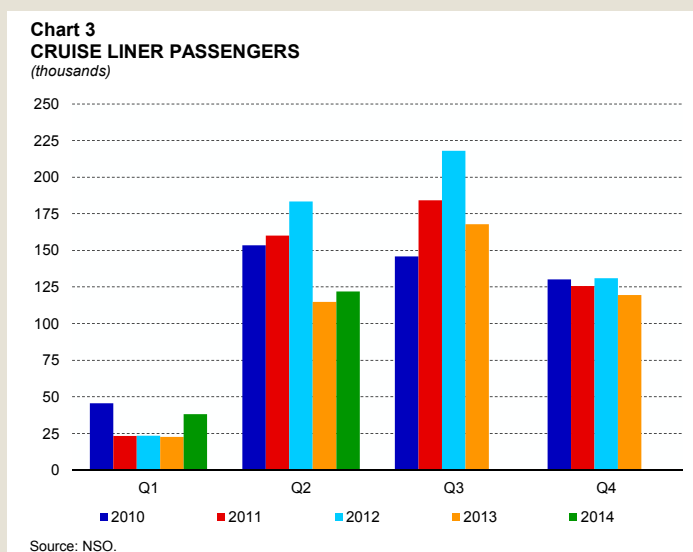
were evident across all categories, with those in five and four-star categories rising the most, by 5.2 and 4.0 percentage points, respectively.

The favourable developments during the period under review were also corroborated by the quarterly survey conducted by the Malta Hotels and Restaurants Association. This shows that occupancy rates, as well as gross operating profits per available room, improved in all three main hotel categories when compared with the second quarter of 2013. Positive developments were also recorded in the average achieved room rates, rising by annual rates of 7.2%, 7.1% and 0.3%, in the five, four and three-star categories, respectively.⁵

NSO data covering the third quarter of 2014 suggest that the positive performance of the tourism industry persisted, partly supported by an influx of travellers from Libya. Over the first nine months of the year, the number of visitors increased by 8.0% over the corresponding months of 2013. At the same time, nights spent and expenditure rose by 5.0% and 6.8%, respectively, on a year earlier.

Cruise liner visits increase

The number of cruise liner calls in the second quarter rose by nine to 89, compared with the corresponding period of 2013. Concurrently, the total number of cruise liner passengers went up by 7,263, or 6.3%, on a year earlier (see Chart 3). This surge was driven by French visitors, although an increase in non-Europeans also contributed.



⁵ See BOV-MHRA Survey – Q2 2014.