



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

TOURISM ACTIVITY

BOX 1: TOURISM ACTIVITY

The expansion in tourism industry persists

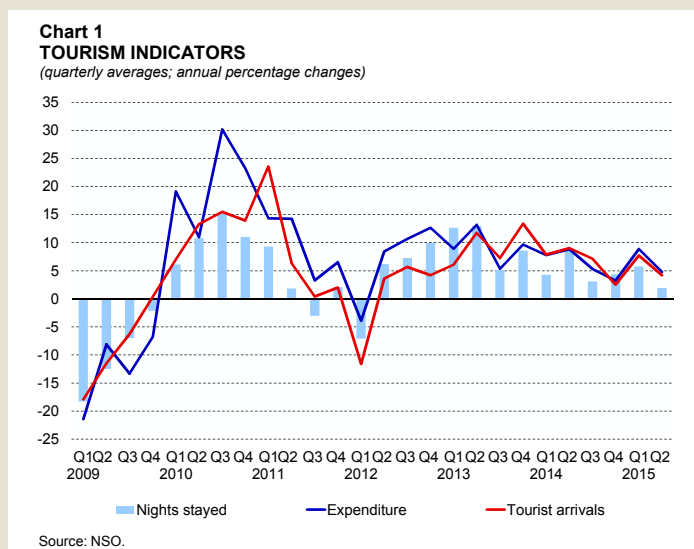
Over the first half of 2015 tourist arrivals increased by 5.3%, while nights stayed and visitor expenditure edged up by 3.2% and 6.0%, respectively. This partly reflected the ongoing positive performance of the tourism industry during the second quarter of 2015. In the April to June period, the number of inbound tourists, nights stayed and visitor expenditure all recorded increases on the corresponding months of 2014.

National Statistics Office (NSO) data show that the number of visitors in the second quarter of 2015 was 512,893, up by 4.2% on the same quarter of 2014 (see Chart 1). The increase of nearly 21,000 visitors on a year earlier was primarily driven by a rise in the number of leisure travellers, although an addition in the “other” category, mainly tourists for educational purposes, also contributed.

The United Kingdom and Italy remained Malta’s most important source markets, with visitors from these countries accounting for around 45% of total arrivals. Nearly half of the overall rise in the April to June period stemmed from Italy, with visitors from this country up by almost 10,000 on the same period a year earlier (see Table 1). Additions from the United Kingdom and Spain also contributed significantly to the overall increase, partly reflecting the introduction of new routes by low-cost carriers. However, noticeable additions were also registered in a number of other source markets, particularly Ireland, Germany and Austria.

In contrast, reflecting the closure of routes from Libya and reduced flights from Russia, the number of arrivals from these countries noticeably declined in annual terms. Smaller drops were also seen from the American and French markets.

During the second quarter of 2015, nominal tourist spending in Malta totalled €433.5 million, an increase of €19.6 million or 4.7% in annual terms.¹ Although all categories recorded additions when compared with a year earlier, over three-quarters of this rise was attributable to higher spending on package holidays and on accommodation. Spending on travel fares and on the “other” component of



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

Table 1
INBOUND TOURISTS BY COUNTRY OF RESIDENCE

Number of visitors

	2014 Q2	2015 Q2	Annual Change
Total tourists	492,131	512,893	20,762
Austria	9,287	10,017	730
France	44,069	43,533	-537
Germany	38,274	39,552	1,278
Ireland	10,367	11,664	1,297
Italy	68,360	78,282	9,921
Libya	12,024	2,018	-10,006
Netherlands	13,893	14,361	468
Russia	8,947	5,630	-3,317
Scandinavia	35,904	35,871	-33
Spain	10,302	13,544	3,242
United Kingdom	144,073	150,741	6,669
USA	7,119	6,464	-655
Other	89,511	101,215	11,705

Source: NSO.

expenditure also registered increases on a year earlier, but this was more moderate in comparison.²

In per capita terms, tourist expenditure stood at €845, marginally higher than in the second quarter of 2014. While expenditure per night stayed also increased, the average stay was slightly shorter, dipping marginally to 7.0 nights. Similar to a year earlier, tourists from Libya, the United States of America, Russia and Switzerland were the biggest per capita spenders.

During the quarter under review, tourists spent nearly 3.6 million nights in Malta, an increase of 68,572, or 1.9% over the level recorded in the same quarter of 2014. This rise was entirely spurred by an addition in nights stayed in private accommodation, which went up by 9.0% on a year earlier. Meanwhile, nights spent in collective accommodation contracted, and now accounts for 67.4% of total nights stayed, down from 70.0% a year ago.³

Despite a marginal decline in nights stayed in collective accommodation, the average occupancy rate in April and May of 2015 edged up to 66.1%, 0.9 percentage point higher than a year earlier (see Chart 2).⁴ This was driven by a decline in the number of available net bed places, reflecting the temporary closure of a number of hotels for expansion or refurbishment. Higher occupancy rates were mostly driven by the three-star category, although an

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.

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

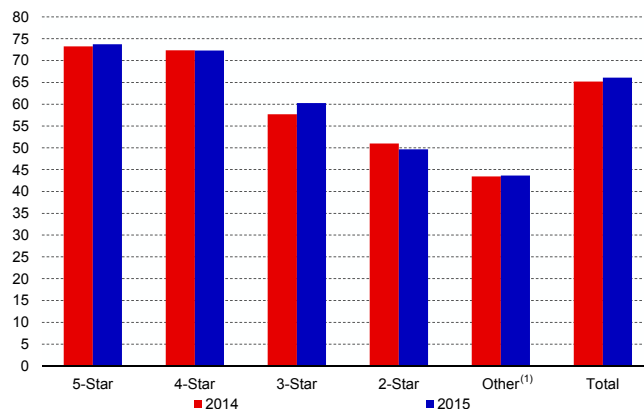
⁴ Occupancy rates are reported by collective establishments and include nights spent in timeshare accommodation. As a result, developments in these rates may differ from those in nights stayed in collective accommodation, as the latter exclude timeshare accommodation.

improvement in the five-star category also contributed. Conversely, occupancy rates in the two-star segment declined on the same period of 2014, while those in four-star hotels were broadly stable.

The latest quarterly survey conducted by the Malta Hotels and Restaurants Association (MHRA) indicates that during the first quarter of 2015 gross operating

profits per available room and average achieved room rates improved in all three main hotel categories. When compared with the same quarter of 2014, significant improvements were also recorded in occupancy rates for the four and five-star segments. These went up to 73.9% and 61.5%, from 62.5% and 53.0%, respectively. At the same time, occupancy rates in three-star establishments declined marginally.⁵

Chart 2
AVERAGE OCCUPANCY RATES IN APRIL AND MAY
(per cent)



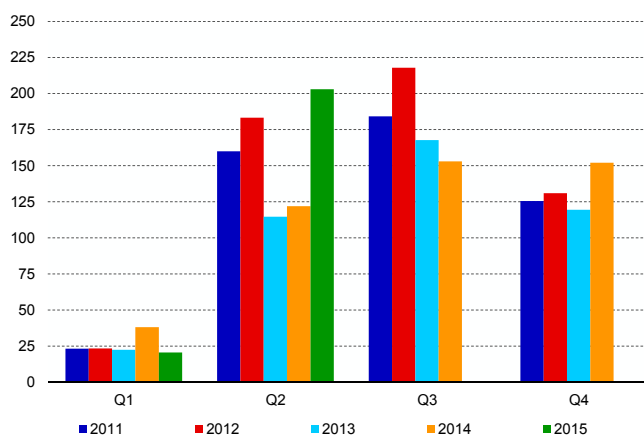
⁽¹⁾ Includes guest houses, hostels & holiday complexes.
Source: NSO.

Cruise liner visits decrease

The number of cruise liner calls stood at 108 in the second quarter of 2015, up by 19 from a year earlier, partly as a result of the diversion of calls at other destinations in the Mediterranean. The total number of foreign cruise liner passengers amounted to 203,105, the largest number recorded in any one quarter since the third quarter of 2012. This increased by over 80,000, on the second quarter of 2014 (see Chart 3).

Largely reflecting the strong rise recorded this quarter, the total number of cruise passengers that visited Malta during the first half of the year was up by 39.7% on the same period of 2014.

Chart 3
CRUISE LINER PASSENGERS
(thousands)



Source: NSO.

⁵ See BOV-MHRA Survey – Q1 2015.