

COMMENTARY

Tourism Forecasts - Positive Long Term Outlook for Tourism

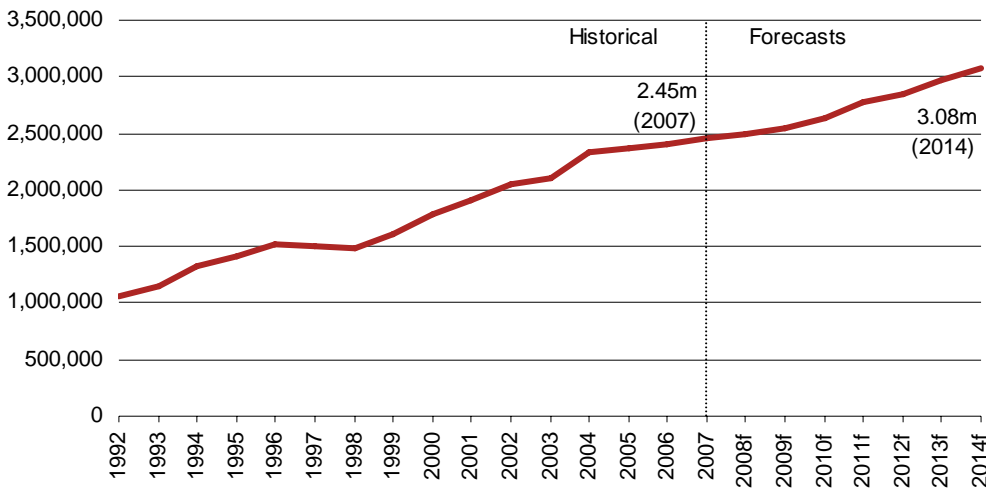
The latest Ministry of Tourism forecasts show a positive outlook over the next seven years.

International visitor arrivals are forecast to increase by 26% (or 624,000 visitors) to reach 3.08 million in 2014. This represents an average annual growth rate of 3.3% (refer Figure 1).

However, in the short term the tourism industry is facing a challenging period influenced by a number of factors beyond the sector's direct control - including high fuel prices, slow economic growth in key markets, higher inflation and the persistent high New Zealand dollar.

The forecasts expect a more modest growth over the next two years, 1.2% in 2008 and 2.4% in 2009, but are more positive in the longer term, particularly in the Rugby World Cup year with an expected 5.5% growth in 2011.

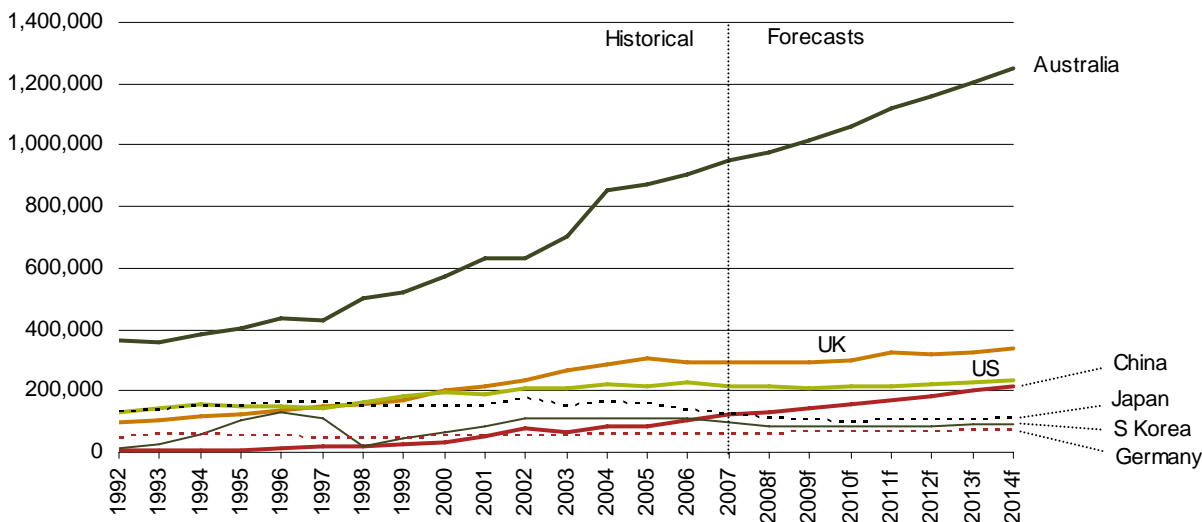
Figure 1: Forecast of International Visitor Arrivals, 2008-2014



Over 3 million international visitor arrivals expected in 2014.

Outlook varies amongst the inbound markets. Five of the seven key markets are forecast to grow over the forecast period except for Japan and South Korea which are expected to experience a moderate decrease. Our largest visitor market, Australia, is expected to pass the one million mark in 2009 (refer Figure 2).

Figure 2: Forecast International Visitor Arrivals by Key Market, 2008-2014

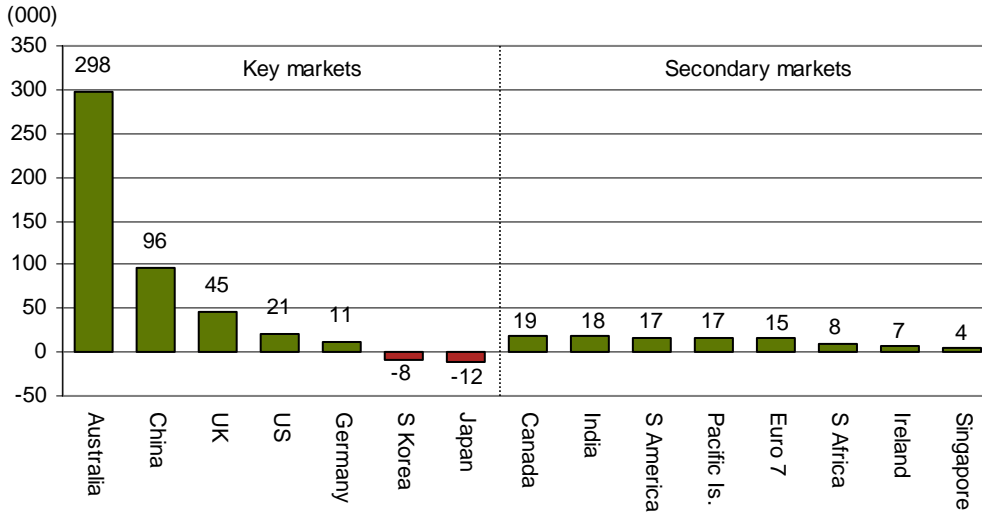


One million visitor arrivals expected from Australia in 2009.

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Of the 628,000 additional visitors in 2014, the largest contributions will come from three key markets - Australia (up 298,000 or 31%), China (up 96,000 or 80%) and the United Kingdom (up 45,000 or 16%) – together they will account for 70% (440,000) of the total increase. Other emerging secondary markets will also make valuable contributions, including Canada and India and South America (refer Figure 3).

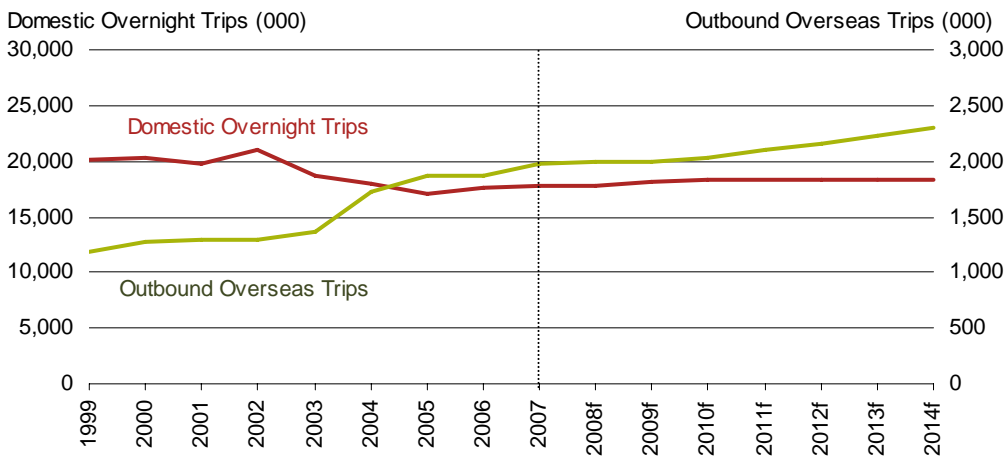
Figure 3: Forecast Visitor Growth by Market, 2008-2014



Australia, China and UK markets are expected to play major roles in tourism growth over the next seven years.

Travel by New Zealand residents is forecast to increase over the next seven years, with outbound overseas trips up by 16.5%, and more modest growth is expected for domestic overnight trips, up by only 4.5%, partly due to higher outbound travel (refer Figure 4).

Figure 4: Forecast Domestic and Outbound Travel by New Zealand Residents, 2008-2014



Domestic overnight travel is expected to be relatively stable over the next seven years.

Further details of these forecasts are available from the Ministry of Tourism’s research website www.tourismresearch.govt.nz/forecasts. The material here includes the report “New Zealand Tourism Forecasts 2008-2014 – Summary Document”, highlight sheets and Excel pivot tables that allow users to examine the detailed information on markets, traveller types etc.