

COMMENTARY

Tourism heading towards peak season expecting demand to match last year

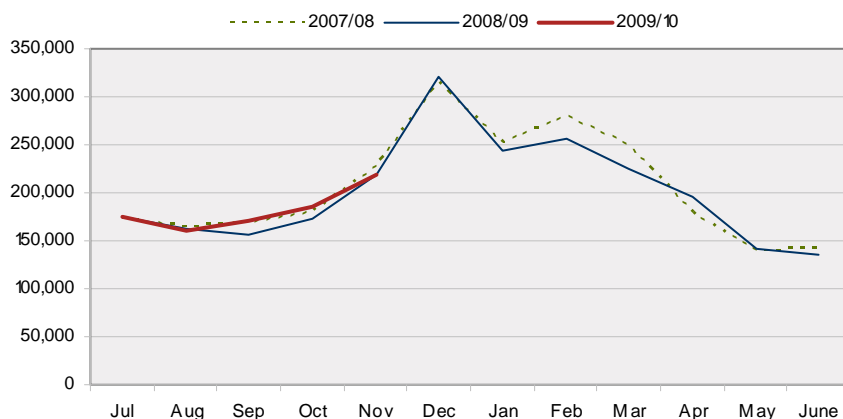
2009 has been a particularly challenging year for the tourism sector. However, as we head towards the peak summer season it is in a reasonably good position and perhaps better than would have been anticipated even a few months ago.

On a year-ended basis, international arrivals have improved from -3.9% for YE March to -0.6% for YE November. International visitor arrivals over the last three months had been tracking above last year's levels (refer Figure 1). The month of November was up slightly by 0.3% on the previous year but below the 2007 year.

December is always New Zealand's peak month for international arrivals. There are many expatriate New Zealanders who come home for Christmas which drives an influx of VFR arrivals. December 2008 was a record month for arrivals despite the economic downturn.

Overseas arrivals in the first week of December 2009 were up by 5% on last year (refer Figure 3), providing a positive signal for the next few weeks and months. This is reinforced by the latest Tourism Industry Monitor which shows that more tourism businesses are expecting better demand over the next three months than those who expect lower demand.

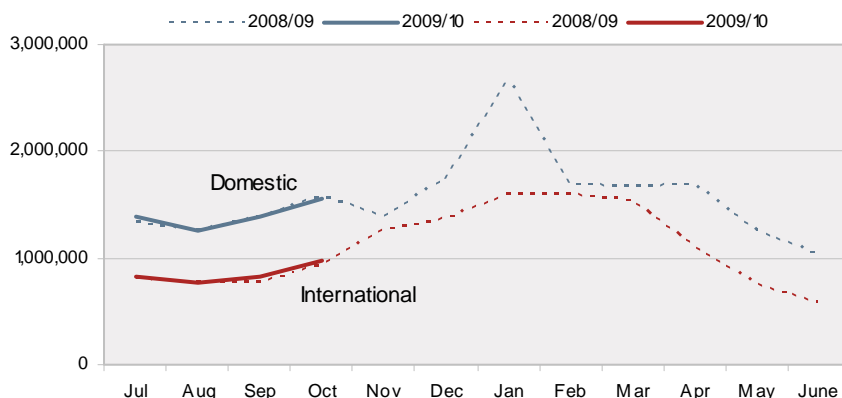
Figure 1: Monthly International Visitor Arrivals, 2007-2009



International visitor arrivals in the summer months are likely to be as popular as last year.

A similar pattern of growth is seen in the demand for commercial accommodation (refer Figure 2) which shows that both international and domestic guest nights over the last four months have been tracking very closely to the levels of the previous year.

Figure 2: Monthly Commercial Accommodation Guest Nights, 2007-2009



International and domestic guest nights are tracking at similar levels to last year.

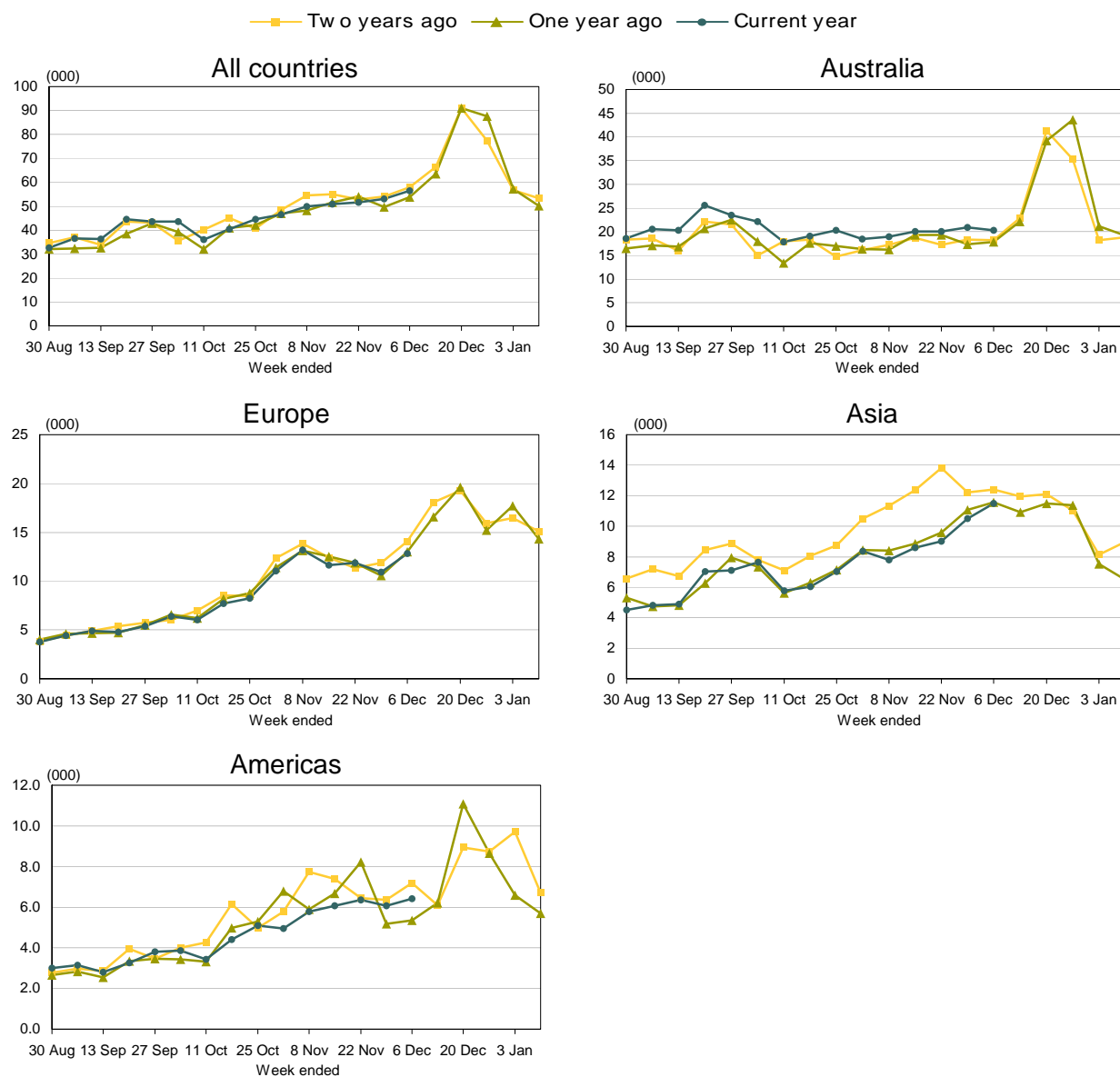
The stability in the patterns of the above graphs reflects the underlying strength of tourism which continues to generate demand even in a difficult operating environment.

The most recent provisional weekly overseas visitor arrival data provides the latest sector tracking information up to the week ended 6 December 2009 (refer Figure 3).

COMMENTARY

These graphs highlight that total international arrivals are tracking slightly above last year by 1.3% for the 4-week period ended 6 December 2009. There are mixed performances in the different markets. The Australian market is up by 10%, well above last year. The European (-1.5%), America (-2.0%) and Asian (-3.7%) markets are below last year. These weekly arrival patterns show the normal seasonal build up to the Christmas and New Year peak period.

Figure 3: Provisional weekly Overseas Visitor Arrivals (up to 6 December 2009)



The Ministry's research website link below has more detailed coverage for the top ten countries. This series will be next updated on 11 January 2010.

We wish readers and tourism businesses a Merry Christmas and a prosperous New Year.

<http://www.tourismresearch.govt.nz/Data-Analysis/Key-Statistics/Weekly-In-and-Outbound-Statistics>