Funded by UK Government

Destination North East England

Quarterly Research Report

Spring 2024

destinationnortheastengland.co.uk info@dnee.co.uk

Contents

1. Executive summary
2. Introduction
3. Volume and value of visitor economy
    I. STEAM.
    II. International Passenger Survey.
4. North East England visitor economy performance
    I. Q1 business survey results and industry roundtables feedback.
    II. Accommodation performance.
    III. Recent investments.
5. Look ahead
6. Latest reports
    I. North East England Accommodation Study.
    II. VisitBritain Domestic Sentiment Tracker.
    III. Latest reports from VisitBritain.
7. Research calendar
8. New awards and accolades

Executive summary

Key takeaways from this edition:

North East England welcomed 69.14 million visitors in 2023, up 5% on 2022.

That included 7.58 million overnight visitors. Overnight visitor numbers have recovered more quickly post-covid than the day visitor market.

Tourism is worth £6.1bn to the regional economy and supports over 63,000 jobs.

Data indicates trip length is growing for international visitors in North East England.

In 2023 the region welcomed 8% more visitors from North America than in 2019.

Serviced accommodation performance data for Jan-Apr 2024 shows the North East to be ahead of the trend seen across the rest of the country.

Newcastle city centre accommodation providers reported softening of the weekend leisure market in Q1 2024, as well as growing midweek bookings from business events visitors.

UK consumers want to take domestic trips, but they may have to take fewer trips and are looking to spend less due to financial pressures.

Introduction

Welcome to the first edition of Destination North East England's quarterly visitor economy insights report.

Drawing from a range of sources, this report provides an overview of the health of the North East's visitor economy, identifying challenges, opportunities, and trends to inform visitor economy stakeholders.

The first edition includes a summary of the latest measures of volume and value of tourism for the North East's economy, the latest international passenger survey data, as well as industry feedback gathered via online surveys and roundtables.

The report then looks ahead to key events, openings, and investments this year, before providing a roundup of the industry's recent publications and reports.

We'd love to hear what you think about the report. Please email research@ngi.org.uk with any comments or suggestions.

Volume and value of visitor economy

Latest results from STEAM revealed North East England welcomed **69.14m visitors** to the region in 2023, which is **a 5% increase from 2022**. In total, 11% of those visitors stayed overnight – meaning the North East received **7.583m overnight visitors** in 2023. In total, tourism is worth **£6,106,320,000** to the regional economy, and supports over **63,000 jobs**.

	Number of visitors 2023 (m)	Total Economic Impact (£)	Employment Supported (FTE)
Newcastle	10.98	£1,431,000,000	13,785
Gateshead	6.852	£756,010,000	7,500
Sunderland	8.73	£596,870,000	5,848
South Tyneside	6.446	£417,580,000	4,066
North Tyneside	5.862	£408,860,000	4,032
Durham	20.15	£1,234,000,000	13,178
Northumberland	10.12	£1,262,000,000	14,655
North East England	69.14	£6,106,320,000	63,064

Tracking post-pandemic recovery

2023 saw regional figures grow for overnight visitors (1.5%), day visitors (5.9%), employment (8%) and direct expenditure (14.1%) compared to 2022. It's encouraging to see this growth but important to compare latest figures to 2019.

	Overnight visitors 2023 (m)	Overnight visitors 2019 (m)	% change	Day visitors 2023 (m)	Day visitors 2019 (m)	% change
Newcastle	1.703	1.599	**6.5%**	9.279	10.17	**-8.7%**
Gateshead	0.661	0.665	**-0.6%**	6.19	6.79	**-8.8%**
Sunderland	0.81	0.776	**4.4%**	7.921	8.72	**-9.2%**
South Tyneside	0.401	0.41	**-2.2%**	6.045	6.69	**-9.6%**
North Tyneside	0.543	0.524	**3.6%**	5.319	5.844	**-9.0%**
Durham	1.611	1.611	**0.0%**	18.54	18.52	**0.1%**
Northumberland	1.855	1.928	**-3.8%**	8.261	8.756	**-5.7%**
North East England	7.584	7.513	**0.9%**	61.557	65.488	**-6.0%**

As the region started to reopen post-pandemic, we may have expected to see day visitors return to 2019 figures quickest, but in most areas of the region, this has not been the case. We see further into this report that financial pressures are forcing consumers to limit the number of day trips they take – so destinations need to provide stronger reasons for consumers to choose to visit for a day out. Find out more about our STEAM data

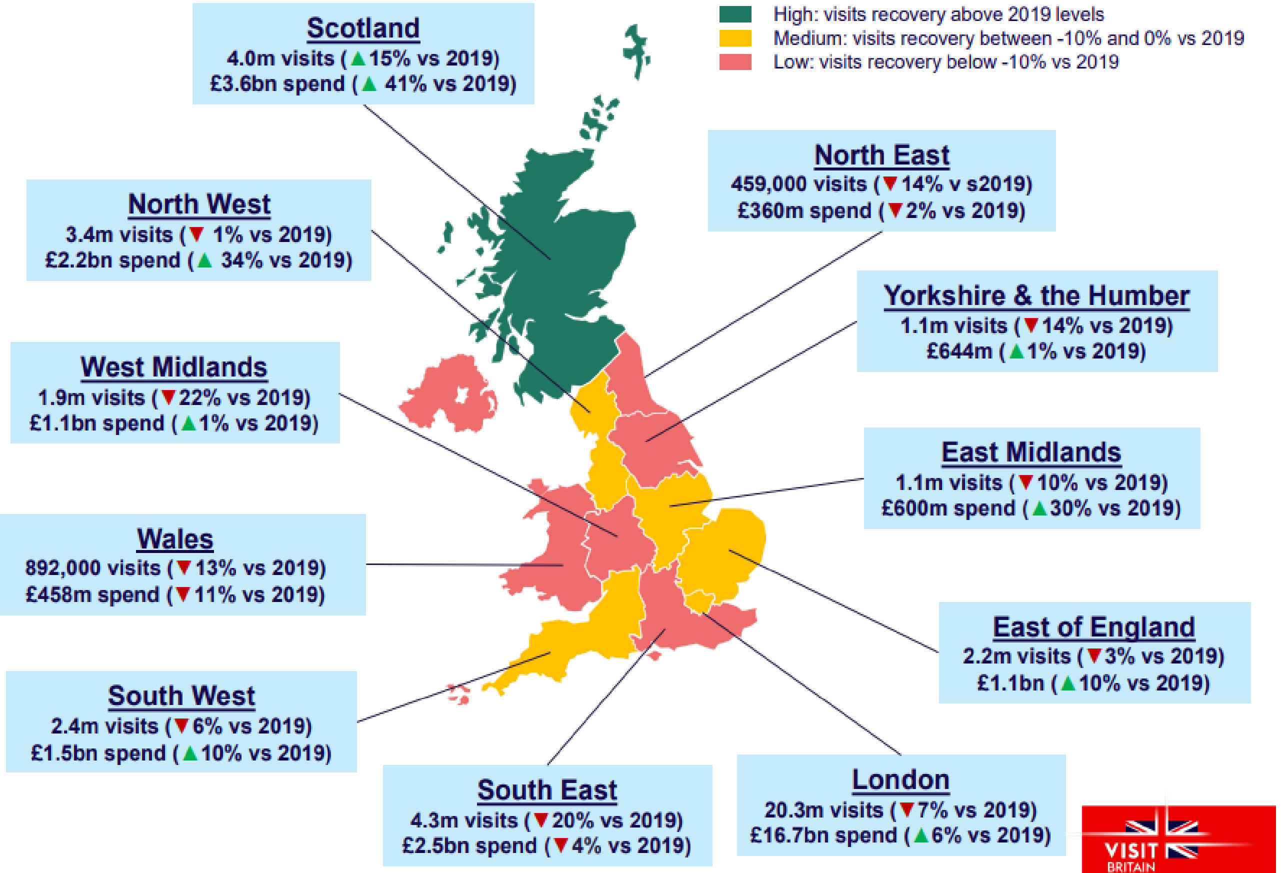
IPS data – international visits and spend

The Office for National Statistics (ONS) released latest figures from the **International Passenger Survey** (IPS) in May 2024.

The number of visits in the North East are down 14% on pre-pandemic figures recorded in 2019 and down 4% on the figures recorded in 2022.

Visitor spend in the North East for 2023 is up 16% on visitor spend in 2022; however, the North East is one of two regions in England yet to recover to pre-pandemic levels for visitor spend.

Historically, the North East is the UK region visited by fewest international visitors and that's one reason why our pioneering Destination Development Partnership is so important. On the next slide we see data which suggests a more coordinated approach to international marketing and travel trade activity may be positively affecting international traveller behaviour.



VISIT BRITAIN

IPS data – positive trends

The North East is the region with the highest levels of **growth in nights spent in the destination** across all key markets, suggesting international visitors are staying for longer and exploring more of the North East.

North East England – nights spent by international market					
Market	**Nights 2019**	**Nights 2022**	**Nights 2023**	**% change 2023 vs 2022**	**% change 2023 vs 2019**
North America	423,000	456,000	786,000	72%	86%
Europe	1,709,000	1,893,000	2,737,000	45%	60%
EU	1,646,000	1,596,000	2,439,000	53%	48%
EU15	1,338,000	1,338,000	1,988,000	49%	49%
EU Other	308,000	258.000	450.000	74%	46%
Other Countries	2,495,000	1,864,000	2,975,000	60%	19%
Total World	4,627,000	4,214,000	6,498,000	54%	40%

Looking further into the IPS data set, another trend we see is the North East welcoming 12% **more visitors from North America** in 2023 than in 2022, 8% more than in 2019.

IPS is one of the information sources which influences our travel trade strategy. Find out more about our work with travel trade: destinationnortheastengland.co.uk/travel-trade

Did you know, US audiences have a very upbeat perception of Britain and have ranked it fourth overall among 60 nations? Find out more about the US market

2024 Q1 (Jan-Mar) performance

On behalf of Destination North East England, NewcastleGateshead Initiative conducts a quarterly visitor economy business survey to gather intelligence and feedback from businesses on their performance, challenges, and concerns.

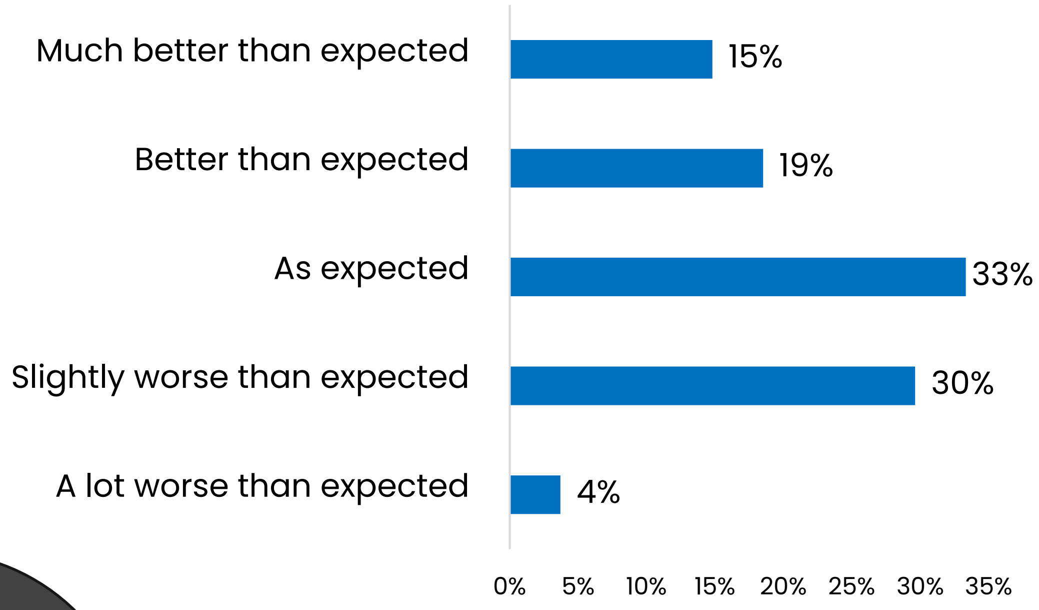
The results of the Q1 survey show that just over a third of North East visitor economy businesses did better than expected in Q1, a third did as expected, and about a third did worse than they expected.

The variation in performance for Q1 is driven by several factors including location, sector, and business type and size. For instance, for many rural and coastal businesses the first quarter of 2024 was challenging not only due to the cost of living and inflation, but also the impact of some poor weather at the start of the Easter holidays, leading to a reduction in footfall and sales from leisure visitors.

City accommodation providers also reported the softening of the weekend leisure market in Q1 2024. However, they have experienced a growing number of midweek visits by conference and business events visitors.

Research shows business visitors spend around 4x more than a domestic leisure visitor per trip.
Read more about why business events is a key focus for Destination North East England

How did your business perform against your forecast for the Jan-March quarter?



Advanced bookings and forecasts

Interestingly, when asked about advanced bookings for Q2, many businesses explained that due to a significant increase in last-minute bookings and walk-ups, currently advanced bookings are not a good indicator of performance or confidence for the future.

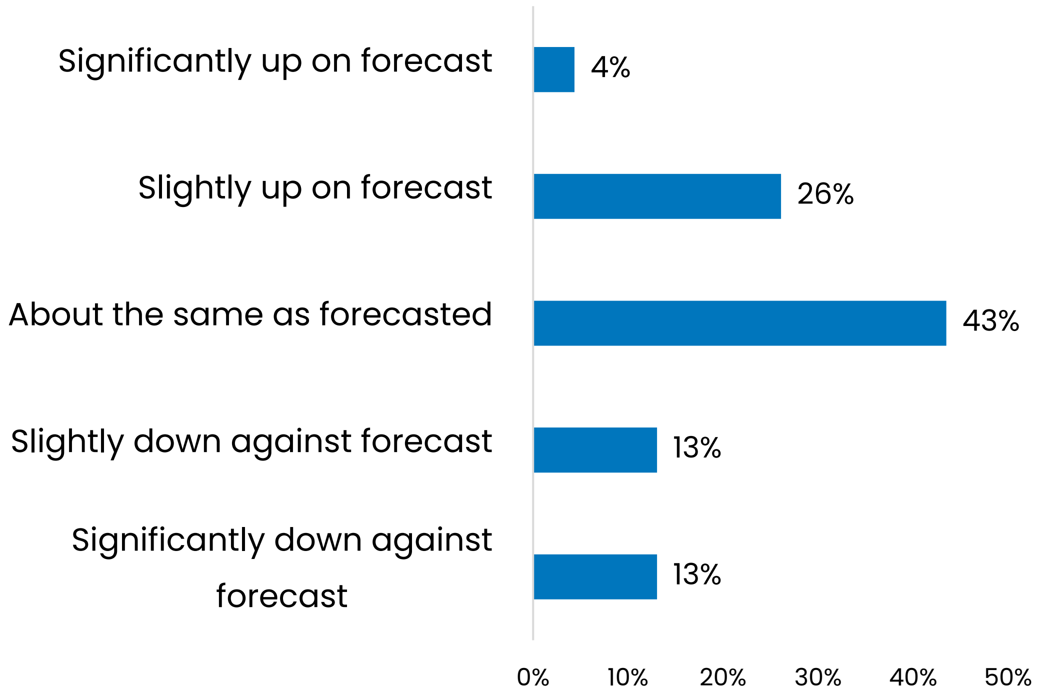
Nonetheless, when asked how advanced bookings for Q2 2024 compare against forecasts, 30% said they were up on forecasts, 43% said about the same, and 26% said slightly down.

To build on this, businesses were asked, based on Q1 and business on the books, how they expect 2024 business performance to compare to 2023:

- 41% expect 2024 to be better than last year.
- 30% expect it to be about the same.
- 22% expect it to be worse (again majority rural and coastal businesses).

There was a mix of reasons for businesses suggesting they will perform worse than last year – one explanation is the lack of headline events in 2024 vs 2023.

How do your advanced bookings for April to June 2024 compare with forecasted advanced bookings?



Employment and recruitment

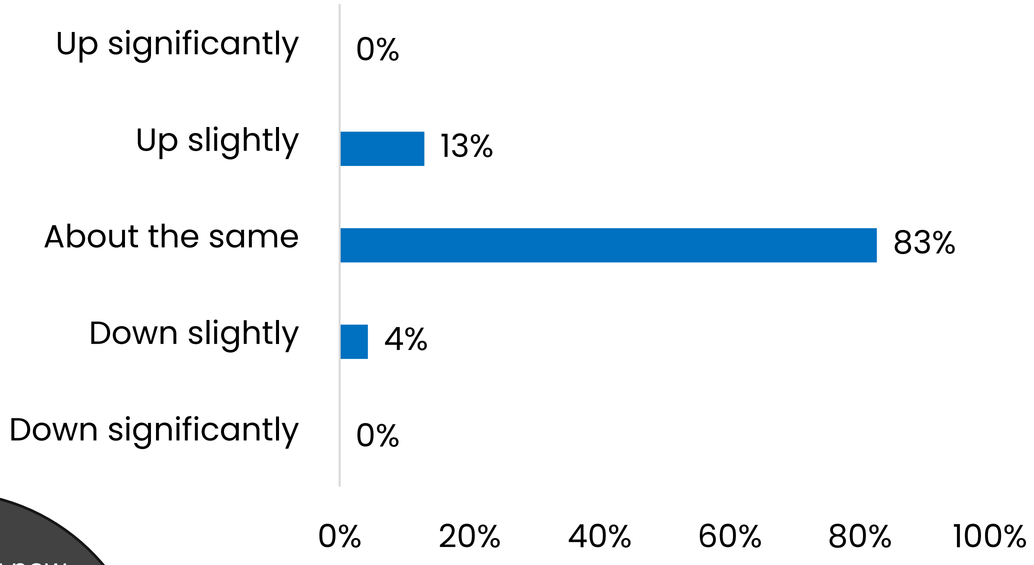
Almost all businesses expect their staff count to remain the same in the coming months.

Most businesses explained they have no plans to take on any new staff, but they also said they do not plan to make any redundancies.

Several businesses mentioned that the increase in national minimum wage has made it difficult for them to take on new staff, and some are offering current employees more hours / different working patterns instead.

Almost all businesses that completed the survey stated they are confident that they will survive the next 6 months.

In a month's time how do you expect your permanent staff count to be, compared to now?



Look out for a new report from Destination North East England coming soon. The Workforce and Skills report will be published in June 2024 and used to inform skills priorities for the DNEE.

Key challenges and business asks

In terms of key challenges, increased operating costs and the cost of living are the major issues – compounded by a lack of highlight events in 2024 compared to the previous year which saw Sam Fender gigs at St James' Park, P!nk gigs at the Stadium of Light, Magic Weekend, and Champions League football.

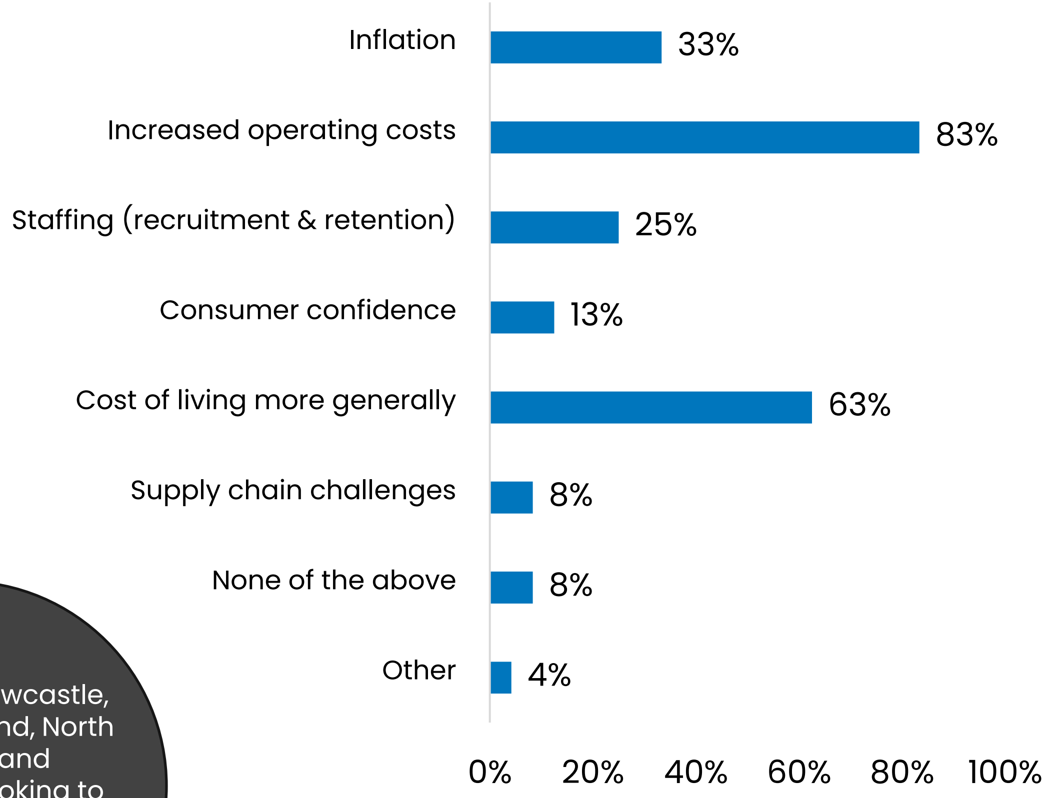
Businesses were asked what policies or business support would benefit them most. The following are common themes / answers:

- A reduction in VAT and business rates for tourism and hospitality businesses.
- Grants for implementing green energy options and other cost-saving interventions for businesses.
- Incentives for large events to take place in the city and region and more investment in the region's Easter and Christmas events schedule.
- More industry collaboration with education providers; training in all aspects of hospitality such as commercial and financial; and training on universally used systems such as reservations, procurement, financial systems etc.

Destination North East England will continue to listen to businesses and use feedback to lobby on behalf of the industry on key issues such as reductions in VAT and business rates, business grants to support the transition to greener more affordable energy, and further investment in the region's events schedule.

For SMEs in Newcastle, Northumberland, North Tyneside and Gateshead looking to save energy and money, BEST provides free energy support. Find out more

What are the biggest challenges your business faces?



Serviced accommodation performance

England

Month	Occupancy	Change on 2023 (percentage points)	ADR	% change on 2023	RevPAR	% change on 2023
January	65%	+1 pp	£99.37	+4%	£64.30	+5%
February	74%	+1 pp	£104.56	+1%	£77.18	+2%
March	74%	-1 pp	£111.00	0%	£82.51	-1%
April	77%	-1 pp	£115.79	-1%	£88.75	-2%

North East

Month	Occupancy	Change on 2023 (percentage points)	ADR	% change on 2023	RevPAR	% change on 2023
January	63%	+2 pp	£64.01	+7%	£40.13	+9%
February	73%	+1 pp	£68.23	+2%	£49.94	+3%
March	74%	+3 pp	£72.66	+5%	£54.08	+7%
April	77%	+2 pp	£71.90	+2%	£55.48	+5%

Encouragingly, as we entered year 3 of the Destination Development Partnership pilot, serviced accommodation performance data was showing the North East to be ahead of the trend seen across the rest of the country.

Occupancy, ADR and RevPar were up for the first 4 months on the year, when compared against the previous year's figures.

(VisitEngland data)

Non-serviced accommodation performance

England

Month	Occupancy	Change on 2023 (percentage points)	% change on 2019 (percentage points)
January	37%	-5pp	-5pp
February	36%	-9pp	-9pp
March	40%	-2pp	-4pp

North East

Month	Occupancy	Change on 2023 (percentage points)	% change on 2019 (percentage points)
January	37%	-7pp	+1pp
February	36%	-13pp	-9pp
March	41%	-4pp	-3pp

Across England and the North East, we've seen a decrease in occupancy rate compared to 2023 and 2019 figures.

In comparing to 2019, it's important to note there are 70% more non-serviced properties in the region than in 2019. In March 2024 there were 179% more nights reserved in the region's non-serviced accommodation than in March 2019.

(VisitEngland data)

Recent investments

The visitor economy in the North East has seen several new and exciting investments in 2024 so far, including:

- Hotel Indigo - a £2m refurbishment project to upgrade guests' experiences and "redefine" the hotel's position within the industry and city centre. Renovations include hotel rooms, reception, lobby, and the connecting restaurant (Social Bird).
- The Rising at Raby Castle - a 24-acre site featuring three heritage buildings, two thoughtful new constructions and a visionary walled garden, opening on 15 June.
- The Story in Durham – featuring five different collections of historic records, documents and objects to reveal fascinating glimpses into the lives of people throughout County Durham's history, opening on 14 June.
- The region continues to build on its excellent food and drink offer, with new openings such as:
    - Sonnet, a new fine dining restaurant in Alnwick, Northumberland.
    - The Botanist and Wild Fire Pizza in Sunderland.
    - Little Lobo in Whitley Bay.
    - Tayu Pan Asian in Gateshead.
    - Two new Mexican inspired bars and restaurants in Newcastle city centre – El Guapo and Motel Mexicana.
    - HWKRLAND on Gateshead Quays.
    - A Hawaiian inspired street food and cocktail bar in Newcastle called Hula Co.

Future investments

In the first few months of 2024, we have also seen some exciting announcements about new visitor economy investments, including:

- Dakota Hotels – a £35m investment at St Anne's Wharf, Newcastle Quayside, bringing 118 new bedrooms and creating 150 jobs.
- The Bailiffgate – a new 48-bed hotel with bedrooms and apartments will open in autumn 2024. The hotel is owned by Northumberland Estates (The Duke of Northumberland) and will be operated by Bespoke Hotels. The investment is valued at £7.9m.
- A major redevelopment at Eldon Square has been given the green light by city council planners. The £65m proposals will bring new leisure, culture and dining facilities to Newcastle city centre. It is hoped the changes will attract new visitors, bring millions into the city's economy and create hundreds of jobs. Work is expected to start on the scheme "immediately".
- Durham Cricket – potential for a new 154-bed hotel as part of ambitious expansion plans to create a "major sporting destination". The £27m project is due to create up to 120 jobs and will support the region's tourism industry by providing a unique matchday and concert venue experience with rooms overlooking the pitch.

Upcoming events

Festivals and events set to bring visitors to the North East this summer.

- Durham Miners' Gala, 13 July - The Big Meeting has been held on the 2nd Saturday of July in Durham City since 1871, with more than 200,000 people marching to celebrate trade union and community values.
- Pete Tong, 19 July - Pete Tong, notable British DJ and electronic dance music producer will play his Ibiza classics at Herrington County Park.
- Pride in the City 2024 Festival, 19-21 July - Returning to Central Park in Newcastle, with a theme of "unapologetically visible", the event aims to bring over 80,000 people to Newcastle. Sunderland, South Tyneside and Gateshead will also be celebrating Pride throughout June, July and August respectively.
- BBC Proms at the Glasshouse International Centre for Music, 26-28 July - BBC Proms comes to Gateshead for a joyful celebration of classical, contemporary and everything in between.
- NOVUM, 8-11 August - Newcastle's newest multi-arts festival experience returns bigger and bolder, with performances, interactive installations, live music and free family activities from local, national and international artists.
- Lindisfarne Festival, 29 August-1 September - The ultimate end-of-summer party festival will be back for its 9th year of music, magic and mayhem on the spectacular Northumberland coast.

North East England Visitor Accommodation Study

In 2023 Destination North East England commissioned a visitor accommodation study to provide a robust evidence base, conclusions and recommendations to support the strategic development of visitor accommodation across North East England's seven local authority areas.

The study includes:

- An audit of current visitor accommodation and analysis of proposed schemes.
- An assessment of accommodation performance at strategic, sub-regional and (where available) local level.
- Benchmarking versus competitor regions, cities, counties and tourism areas.
- Review of key trends in market including accommodation product development trends.
- Summaries of consultation sessions with the region’s local authorities and Local Visitor Economy Partnerships.
- Assessment of destination aspirations as expressed in key policy documents.
- Soft market testing with hotel and visitor accommodation developers, investors and operators.

The work provides a comprehensive understanding of the visitor accommodation landscape, ensuring the region has a clear view of the supply, performance, gaps, and opportunities in our visitor accommodation offer. It will be used to attract investment which aligns with the region’s needs, and to provide guidance to regeneration and planning teams across the North East to allow them to proactively support accommodation investment priorities.

The full study and the executive summary can be found on Destination North East England’s website here:
https://destinationnortheastengland.co.uk/resource-hub/north-east-england-accommodation-study

VisitBritain Domestic Sentiment Tracker

VisitEngland, VisitScotland and Visit Wales have commissioned a Domestic Sentiment Tracker to understand the impact of major events, such as the cost-of-living crisis, on the UK public's intent to take overnight trips, both within the UK and abroad. This includes a survey to a representative sample of over 1,500 adults aged 16+ in the UK.

Key findings from the May 2024 report include:

- 76% of UK adults are intending to take a UK overnight trip at any point in the next 12 months.
- 33% would prefer a UK holiday over overseas in the next 12 months.
- 28% will reduce the number of UK overnight trips due to the cost-of-living crisis.
- 30% will reduce the number of day trips due to the cost-of-living crisis.

Top barriers to taking an overnight UK trip: rising cost of living, the UK weather and personal finances.

Of those that will take a UK overnight trip, consumers are planning ways to save money and cut spending. 23% will spend less on eating out; 23% will choose cheaper accommodation; 22% will look for more 'free things' to do.

Consumers taking day trips are also planning to save money. 21% will spend less on eating out; 21% will look for more 'free things' to do; 21% will take fewer day trips.

The message is clear: UK consumers want to take domestic trips, but they may have to take fewer trips and are looking to spend less. Experiences, attractions, restaurants and accommodation which can demonstrate value, for example in highlighting the wealth of free things to do nearby or multi-night special offers, will boost their appeal to domestic visitors who continue to battle with recent increases in the cost of living.

The full report can be found at: https://www.visitbritain.org/research-insights

Latest reports from VisitBritain

GB and England Domestic Overnight Trips Q4 2023 & 2023

This recent VisitBritain report covers the estimates for the volume and value of domestic overnight tourism trips taken by British residents in Great Britain and in England from October to December 2023 and 2023 overall. The report found that **British residents spent on average £259 per trip** in 2023 and £92 per night on their overnight trips in England in 2023. Their trip lasted on average 2.8 nights. For overnight trips in England, **visiting friends and family accounted for 37% of all overnight trips** in 2023. Holiday trips represented 31% share and business trips 5%.

The report found a significant decline in volume and value for 2023 which has not been supported by other sources, consequently the data and methodology are under review. The full report can be found at:
https://www.visitbritain.org/research-insights/great-britain-domestic-overnight-trips-latest-results

Quarterly and Annual Inbound Update UK's Nations & Regions

This report provides the latest estimates of the number of visits to the UK and total spend by inbound visitors, by UK region, based on the International Passenger Survey (IPS) released by the Office of National Statistics. Some of the data from this report is highlighted above. It should be noted that the North East sample size for this data is often lower than ideal. The report found that total UK inbound visits in 2023 remained below 2019 levels but showed positive growth vs 2022 until a decline in Q4. UK inbound visitors set a new spend record but tracked down in real terms vs 2019 and 2022. The full report can be found at:
https://www.visitbritain.org/research-insights/inbound-visits-and-spend-quarterly-regional

Research calendar 2024

January

NGI 2024 Travel trends blog

March

North East England Visitor Accommodation Study

North East England Visitor Economy Fact File – latest update

April

Great Britain domestic overnight trips 2023 report

May

North East England STEAM data 2023 release

UK inbound volume and value 2023 (IPS) release

DNEE North East England Quarterly Research Report

June

Destination North East England Workforce and Skills Report

July

Annual Attractions Survey 2023 (VisitBritain, 11 July)

August

DNEE North East England Quarterly Research Report

October

North East England Visitor Economy Fact File – latest update

Global Destination Sustainability Index – annual results for Newcastle, Sunderland and Durham

November

DNEE North East England Quarterly Research Report

New awards and accolades

PR coverage helping us all raise the profile of the region's visitor offer.

The Guardian lists Beamish Museum among 12 of the best things to do and see in the UK this year

Pine declared best restaurant outside London by SquareMeal

Northumberland International Dark Sky Park named number 1 stargazing spot in the UK

Newcastle listed in Good Food's 7 best European city breaks by train

VisitEngland Awards for Excellence winners:

- Gold for Serenity Farne Island Boat Tours, Experience of the Year
- Gold for Duncan Wise, Visitor Development & Tourism Officer at Northumberland National Park, Unsung Hero
- Silver for Blackfriars Restaurant, Taste of England
- Bronze for Rockliffe Hall, Large Hotel

Get involved

Our next visitor economy quarterly business survey goes live at the start of July. Look out for the link and please take a few minutes to tell us how things are going and about any concerns you have.

We gather this evidence and data on the current performance and challenges faced by the region's tourism and hospitality businesses, in order to inform our work and our conversations with policy makers at a local, regional, and national level.

We'd love to hear what you think about the report. Please email research@ngi.org.uk with any comments or suggestions.