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Tourism Report CEO Briefing Report

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A PLACE TO LAY THE HEAD...

Each year, West Africa-based W Hospitality Group carries out a survey of international hotel brands' development activities in Africa. **Africa investor** discovers that there is indeed room at the inn

Africa is receiving increasing attention from international hotel chains, which are clearly recognising the need to expand their presence, particularly with above-average growth in the number of travellers to the region, and some of the fastest-growing economies in the world.

Based on information supplied by the hotel chains themselves, this research tracks signed and confirmed deals in the 54 countries of Africa. South Sudan was "in the pipeline" last year, and became the 54th country in 2011 (although there is nothing in the hotel pipeline as yet).

Hotel chains in the survey currently have almost 99,000 rooms operating in Africa, with around 44,300 in North Africa and 54,600 in sub-Saharan Africa. However, considering there are only five countries in North Africa (Morocco,

Algeria, Libya, Tunisia and Egypt), with an average of 8,900 rooms per country, the opportunity in the other 49 countries (average 1,100 rooms) on the continent is obvious.

2012 research findings

At the beginning of 2012, international hotel chains reported a total of 208 hotels, with just over 38,000 rooms, in their development pipelines in Africa. This means signed deals, but not necessarily foundations being laid.

Compared to the contractions in development pipelines in other parts of the world, particularly Europe and the USA, the pipeline has seen a massive increase from last year; 31% more hotels and 21% more rooms.

Historically, North Africa has dominated the development effort, especially in the tourism hotspots of Morocco and Egypt. The Arab Spring led to delays in many development projects there and the cancellation of others. The 2.4% increase in pipeline

Hotel development in Africa 2012 (regional summary)

	2012		2011		2010	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
North Africa	79	17,449	75	17,038	72	16,909
Sub-Saharan Africa	129	20,625	84	14,521	80	15,223
TOTAL	208	38,074	159	31,559	152	32,132

rooms in 2012 is eclipsed by the chains' advances in sub-Saharan Africa where, after a decrease in 2011, this year sees a massive 42% increase in pipeline rooms.

position, with over three quarters of its pipeline actually coming out of the ground. Ibis slips a little, with portfolio deals in North Africa delayed, but sister company Sofitel joins the rankings, with two hotels under construction in Morocco,

number of rooms under construction still exceeds Carlson Rezidor's by around 20%. UAE-based Rotana is in tenth place, with 1,250 rooms in seven planned hotels in Sudan, Morocco, Algeria, Libya and Mauritania, but it is still the global giants who are "under construction". Louvre Hotels (Golden Tulip and Tulip Inn) and Zimbabwe-based African Sun enter the rankings, with 100% of their pipeline on site.

Countries by numbers

Of the total pipeline, 46% are in the five countries of North Africa, and 54% in the 49 countries of sub-Saharan Africa.

All five North African countries feature in the top ten destinations for branded hotel developments, driven either by the well-established tourism industries in Morocco, Tunisia and Egypt, or by the opening up of oil-based economies in Algeria and Libya. Over half of Accor's pipeline is in Morocco and Algeria, underlining their commitment to North Africa. But whilst they have many signed deals, many contributors have listed the opening dates of their planned hotels

Hotel Development in Africa 2012 - Top 10 Brands by Number of Planned Hotels and Rooms						
Rank by Hotels			Rank by Rooms		Change on 2011	
1	Ibis	19	1	Radisson Blu	3,759	13.0%
2	Radisson Blu	15	2	Hilton	3,206	14.2%
3	Onomo	13	3	Ibis	2,632	-23.6%
4	Mövenpick	12	4	Mövenpick	2,182	6.3%
5	Novotel	12	5	Novotel	2,037	4.2%
6	Hilton	9	6	InterContinental	2,010	31.2%
7	Park Inn	9	7	Onomo	1,579	-
8	Azalai	7	8	Park Inn	1,498	56.2%
9	InterContinental	6	9	Kempinski	1,371	37.1%
10	Kempinski	6	10	Marriott	1,250	46.9%

What's in a name?

Whilst Ibis (including Ibis Budget) heads the game in terms of the number of hotels, Radisson Blu has the most rooms in their pipeline, their latest signing being the rebranding of the 330-room Okoume Palace Hotel in Libreville, Gabon. The average size of a new African Ibis is 140 rooms, whilst the Radisson Blus is 250 rooms.

Mövenpick opened in Accra in 2012, and has several hotels and Nile cruisers in their pipeline in Egypt, where they already have a strong presence. Despite their leading position, Ibis' pipeline decreased in 2012 as they opened several hotels in 2011, including two in Equatorial Guinea (where Accor operate four of the five branded hotels in the country), and although they signed new properties in Nigeria and Ghana, there was a net reduction in the pipeline of rooms.

Newcomer Onomo is an interesting entrant to the rankings, coming in at number seven in 2012. Onomo is already operating in Dakar, Senegal, and is under construction in Libreville, Gabon, and in Abidjan, Côte d'Ivoire. They are developing value-for-money hotels in various locations, focusing on the business market and with a strong emphasis on being environmentally sustainable.

Hilton overtakes its rivals to take first

and one in Côte d'Ivoire. Le Meridien and Golden Tulip have 100% of their signed rooms on site – but a relatively

Hotel Development in Africa 2012 - Top 10 Chains by Pipeline Status						
Rank	Company	Hotels	Rooms			Rank All Deals
			Total	Onsite Construction		
1	Accor	36	5,982	3,512	59%	1 ↔
2	Carlson Rezidor	25	5,337	2,919	55%	2 ↔
3	Hilton	11	3,380	2,642	78%	3 ↔
4	Mövenpick	12	2,182	1,802	83%	6 ↑
5	Starwood	6	2,140	1,740	81%	7 ↑
6	Marriott	14	2,512	1,692	67%	5 ↓
7	Louvre Hotels	6	931	931	100%	- ↑
8	Kempinski	6	1,371	764	56%	9 ↑
9	IHG	9	2,885	683	24%	4 ↓
10	African Sun	4	580	580	100%	- ↑

small pipeline (sub-1,000 rooms) compared to the global giants.

Accor has the highest number of brands that they are promoting in Africa, namely Sofitel, Pullman, Novotel, Ibis and Ibis Budget. Accor's five is closely followed by Starwood with four brands; St Regis, Le Meridien, W and Four Points by Sheraton.

All the majors are there, dominated by Accor, which has such a large pipeline that, although only 59% is on-site, the

in North Africa as "not known", facing delays or, in some cases, cancellation because of the uncertainty in the region.

Historically, the focus of the international chains has been on North Africa, but even before the Arab Spring, they were eyeing sub-Saharan Africa, and the results are beginning to show. Finance for projects in North Africa used to be more easily sourced, with foreign investors perceiving less risk there than

Hotel Development in Africa 2012 - Top 10 Countries by Number of Rooms

Rank	Country	Hotels	Rooms
1	Nigeria	43	6,808
2	Egypt	19	5,923
3	Morocco	35	5,809
4	Algeria	14	2,537
5	Tunisia	8	2,096
6	Ghana	11	1,752
7	Gabon	8	1,260
8	Libya	3	1,084
9	South Africa	8	990
10	Côte d'Ivoire	3	858

countries south of the Sahara are seeing much more activity.

Nigeria, Africa's largest country by population, the powerhouse of West Africa – and tipped to overtake South Africa this decade as the largest economy on the continent – has almost 7,000 rooms under contract, up 2,000 on last year's figure, with thousands more in the "nearly" category. New openings recently have included Radisson Blu, Four Points by Sheraton, Ibis and Legacy in Lagos, and many groups have hotels under construction there, including Accor, Hilton, IHG and Protea.

Other groups hoping to enter the vast Nigerian market for the first time, and who have signed deals, include Kempinski, Mantis, Marriott and Wyndham.

Two countries new to the top ten are Gabon and Côte d'Ivoire, both emerging nations with massive resources. As well as the Radisson Blu deal in Libreville, Marriott have signed for a new build Marriott hotel with a Marriott Executive Apartments, to be built by the same developer who is building a Marriott in Cotonou, Benin. In Abidjan, Accor are taking over the Hotel Ivoire, a former InterContinental hotel, and will brand it as a Sofitel.

Hive of activity

As with the analysis of the chains, signed deals is one thing, actual activity is another.

Nigeria and Egypt change places, with most of the Nigerian deals signed only recently, but there are still more rooms under construction in Nigeria than there are in Morocco, which has a far larger tourism industry. Libya drops off the list, as several of the signed deals are unable to proceed. Rwanda and Kenya both join the list; a Radisson Blu and a Marriott are under construction in Kigali,

and Nairobi is seeing more activity than it has for many years, with Best Western, Radisson Blu, Park Inn and Three Cities-branded hotels all under construction, and a 200-room Lansmore Hotel, Lonrho's new brand, on the drawing board.

Equatorial Guinea, one of Africa's smallest countries, had four hotels under construction last year, three by Accor - a Sofitel (their second in the city) and an Ibis in Malabo on Bioko Island, and another Ibis in mainland Bata – and a Hilton close to Malabo airport. All have opened, showing that signed deals do become reality, even in "difficult" places. South Africa, in ninth position (down from seventh last year) in terms of signed deals, drops out of the rankings, partly due to the dominance of domestic chains (who are not included in this survey of international chains), and also because of the building boom that preceded the FIFA World Cup in 2010.

On average, global hotel brands have less than 2% of their total rooms in sub-Saharan Africa, and with rapid expansion of their existing and upcoming hotels in China, India and other developing and developed countries, this percentage could drop further. But the rewards in Africa are high, and with economic growth rates in many countries of 7% and above, it is regarded by many as the most profitable place to do business – just oftentimes slower than "normal". **A**

Hotel Development in Africa 2012 - Top 10 Countries by Pipeline Status

Rank	Country	Hotels	Rooms		Rank All Deals		
			Total	Onsite Construction			
1	Egypt	19	5,923	4,130	73%	2	↑
2	Nigeria	43	6,808	2,644	39%	1	↓
3	Morocco	35	5,809	2,346	40%	3	↔
4	Tunisia	8	2,096	2,096	100%	5	↑
5	Algeria	14	2,537	1,845	73%	4	↓
6	Ghana	11	1,752	1,092	62%	6	↔
7	Gabon	8	1,260	792	63%	7	↔
8	Côte d'Ivoire	3	858	678	79%	10	↑
9	Kenya	5	771	571	74%	-	↑
10	Rwanda	2	498	498	100%	-	↑



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