

## Nairobi's hotels remain resilient with occupancy expected to grow if stability improves

**Nairobi's hotel sector** has demonstrated an impressive resilience and strength in the wake of a turbulent 18 months and is likely to reach its true potential with a period of political and economic stability.

This is the conclusion of a new report on the prospects for Nairobi's hotels by global consultancy HVS, which says a period of calm in the Kenyan city will enable its tourism industry to recover and its hotels sector to improve occupancy and confidence.

Dubbed the safari capital of Africa, Nairobi was a booming tourist hub - the transit point for some 5 million arrivals a year, many heading for safari or beach holidays. However, last month saw bombings in the capital and Mombasa that forced UK holiday companies to cancel flights to the country until the end of October.

In 2013 the main terminal at Nairobi's airport was destroyed by fire and a siege in its Westgate Shopping Mall in September made headline news around the world. These incidents followed a controversial presidential election in March 2013 and added to understandable nervousness amongst potential tourist and business visitors.

Hotel occupancy for the year dropped 6.7% and RevPAR (revenue per available room) fell by 6.8%.

‘Terrorism had a minimal and only an immediate impact on the performance of the market. Of more consequence was the election,’ commented report author Tim Smith, director, HVS.

‘If the authorities can control the threat of attack and improve actual safety and potential visitor's perceived safety, the fundamentals are there for the market to grow.’

Investors and operators have demonstrated confidence in Nairobi's long-term prospects. Over the next 18 months the city will see a high volume of hotel rooms coming on stream as new-build properties open for business. These include the 220-room Golf View Hotel, the 256-room Radisson Blu, and the 196-room Grand Sapphire, all due to open in 2015. Some 1,123 rooms are under construction, with further hotels expected to open at the reconstructed and modernised airport.

‘It will take a number of years for this new supply to be absorbed, but if the economic and population growth forecasts prove accurate the demand will quickly meet supply,’ said Smith.

However, VAT increases, the difficulty tourists face obtaining travel insurance for Kenya, and re-issued travel warnings from countries including the UK and US are further challenges to the city.

‘While visitors must take sensible precautions and heed advice from government and security sources, the tourist attractions of Kenya are well documented, as is the friendly hospitable nature of the Kenyan people. This coupled with forecast GDP growth in excess of 5% per annum in 2014, after below target growth of 5.1% in 2013, gives compelling reasons to visit Nairobi,’ concluded Smith.

You can download a copy of **Nairobi 2013: The Perfect Storm makes way for Nairobi 2014: Keep Your Nerve** by Tim Smith at <http://www.hvs.com/article/6947/nairobi-2013-the-perfect-storm-makes-way-for-nairobi-2014/>

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#### About HVS

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