

## Outlook bright for African hotels as steady growth gets underway

Growth in the African hotel sector has reached a new level of maturity with less reliance on foreign visitors and increased demand from local businesses, according to a new report from global hotel consultancy HVS.

The **2015 African Hotel Valuation Index**, published to coincide with the Africa Hotel Investment Forum\* [Sheraton Addis Ababa, 30 Sept-1 Oct 2015], reports that African hotel brands such as Azalai, City Lodge and Protea are trading well, with a number of hotel investors showing faith in the continent.

Several international hotel brands are viewing Africa for expansion, while Marriott purchased Protea in 2014 and Accor announced plans to open 50 hotels across Angola.

‘These are exciting deals and proof that it is not just operators but also investors that are growing in confidence in Africa,’ commented report co-author Tim Smith, managing partner, HVS Cape Town.

‘Africa’s travel and tourism industry has the potential to generate further growth and development, and the discovery of oil and gas in many African countries will also help economic performance.’

Heading the valuation league tables in the **African HVI** for the second year running were hotels in the luxury resorts of the Seychelles, with values per room of US\$476,000 ? up 2.2% on last year.

Hotel values in the Egyptian resorts of **Cairo** and **Sharm el Sheikh** registered particular growth in this year’s **African HVI**, up 49% and 41% respectively. Tourism in Egypt has made a strong recovery following recent political challenges although hotel values are not back to previous levels and this growth comes from a low base. Further value growth is expected until the country makes a full recovery.

**Cape Town** showed a 4% increase in hotel values in US\$, as **South Africa** starts to show a slow but steady recovery. In local currency the improved performance is more significant, the difference highlighting the weakness of the rand against the US\$.

The biggest percentage fall in hotel values were in the Nigerian cities of **Abuja** and **Lagos** where the impact of the Ebola epidemic is still being felt. This, coupled with a fall in oil prices, has had an impact on hotel RevPar [rooms revenue per available room], which fell by 26% in Lagos in 2014.

‘While hotel investment in Africa carries high risk, it also comes with higher reward, but the change in hotel values in some of these markets show that the reward can be substantial,’ said report co-author Sophie Perret, director, HVS London.

‘With improved airlift, confidence in democracy and economic growth all providing corporate and tourism demand, hotel investment in existing and new markets across the continent should be strong in the medium to long term. There will continue to be short-term challenges, but in the longer term, the future looks bright,’ she said. **[ends]**

You can download a copy of 2015 African Hotel Valuation Index by Tim Smith and Sophie Perret at <http://www.hvs.com/article/7485/2015-african-hotel-valuation-index/>

**\* Tim Smith will be speaking at this week's AHIF and can be contacted there.**

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HVS is the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries. Established in 1980, the company performs 4500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 35 offices and 450 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. [HVS.com](http://HVS.com)

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