



HOSPITALITY CONSULTING

Zanzibar

Hotel Market Update

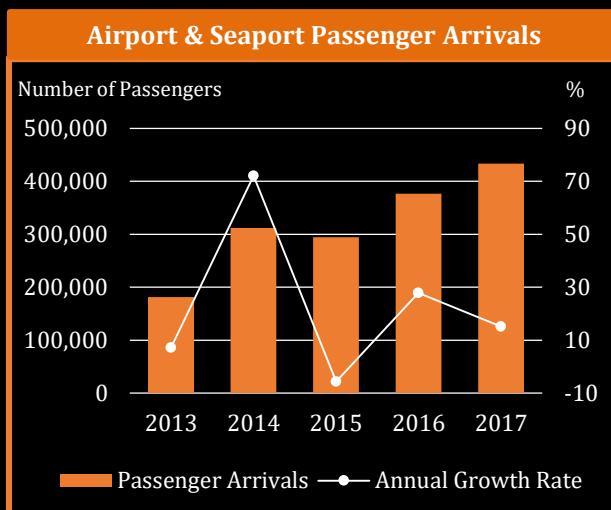
March 2018

Visitors double over 5-year period, as new airlift paves way for broader tourism growth

Government incentives and surging numbers motivating rise in integrated projects

“Zanzibar achieved impressive compound annual growth of 19% in total passenger arrivals by air and sea from 2013 to 2017, stimulated by a rise in direct flights. The destination has also benefited from increased global recognition of its upscale and luxury hotels.

In 2017, the island received 433,474 passenger arrivals, which rose by 15% compared to the previous year. Tourists can access the island via both by the seaport and airport. While the proportion of seaport passenger arrivals slightly declined year-on-year, more visitors arrived via the airport. There is new airlift from Italy and increasing frequency in existing popular routes. In addition, the expansion of Abeid Aman Karume International Airport will see the building of a new terminal that will increase airport capacity to 1.6 million passengers per annum.



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Currently, only 6% of accommodation establishments in Zanzibar are in the upscale and luxury tiers. With rising direct air service and stronger destination presence, more branded hotel developments are being attracted to the market.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Market share of international visitor arrivals from Israel rose from 3% in 2015 to 6% in 2017, and became one of the top five source markets.
- Average length of stay in four- and five-star hotels is between 4 and 5 nights, with a large proportion of guests on full-board packages.
- A flight route from Italy launched since December 2017 on weekly basis. Several airlines have increased flight frequency to the island including FlyDubai and Ethiopian.

Forward Outlook

- Tourism will benefit from the entrance of a new set of integrated projects, as well as the upgrade of transportation infrastructure.
- Currently, there are four large-scale projects under development. Two of these are located in Fumba, focusing on residential properties.
- The new terminal at Abeid Aman Karume International Airport will add an additional 7,800 square meters to the airport complex, and is expected to be completed in 2019.

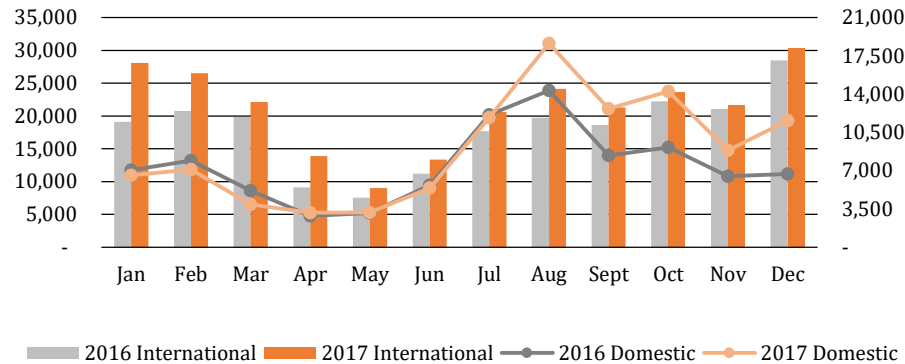
TOURISM

Demand Indicators

Zanzibar recorded a total number of 433,474 passenger arrivals by air and sea in 2017. The airport is the primary getaway whereas arrivals via the seaport accounted for 17% of incoming numbers.

Abeid Amani Karume International Airport Passenger Arrivals

Number of Passengers

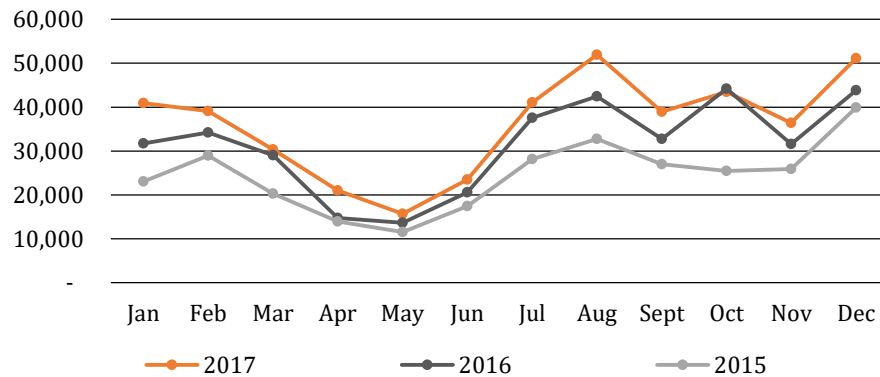


Domestic passenger arrivals grew by 20% y-o-y, compared to international with an 18% uplift

Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Seasonality

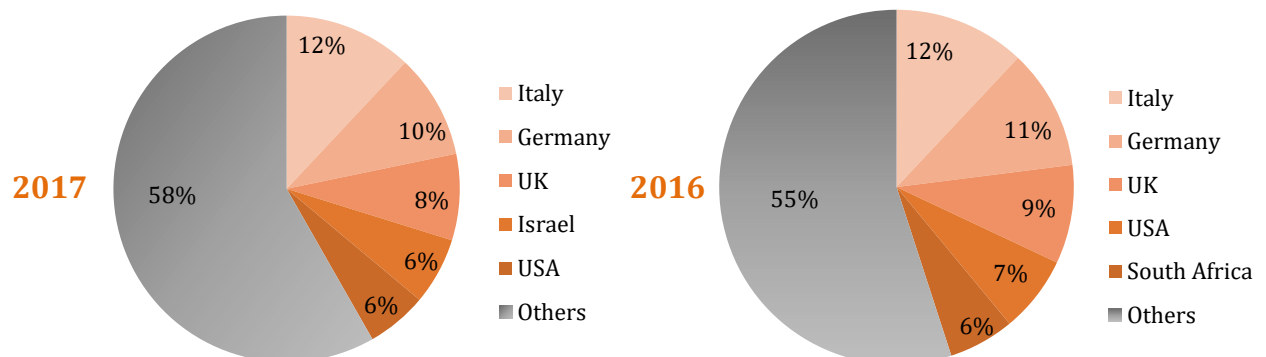
Number of Passengers



Strong tourist numbers during peak months in Aug and Dec 2017 has reinforced seasonality

Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Distribution of Key International Source Markets - 2016 vs. 2017



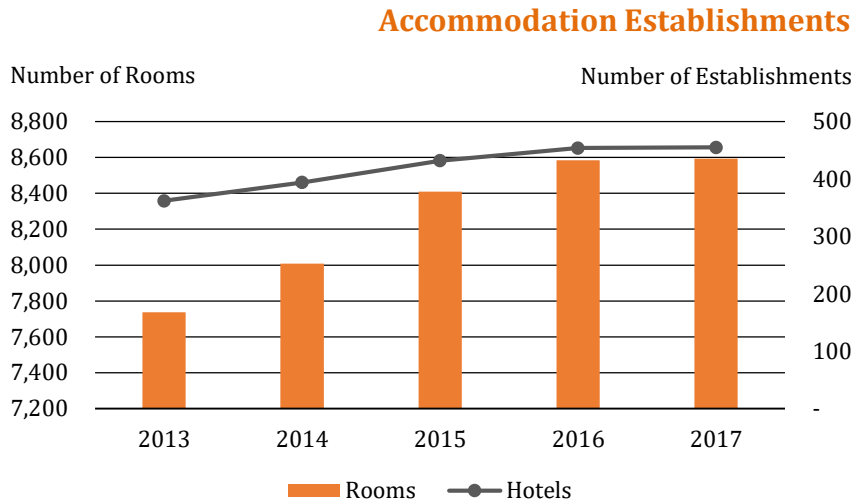
Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

HOTEL MARKET

Hotel Supply

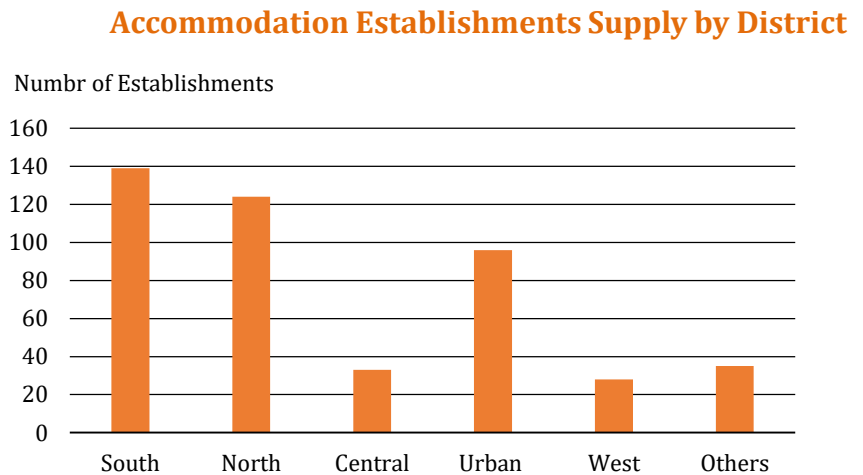
There are 455 registered accommodation establishments in Zanzibar totaling 8,494 keys. While most existing properties are in the midscale segment, pipeline projects are concentrated on the upscale and luxury tiers.

Total number of establishments grew by 5% from the start of 2013 through to the end of 2017



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

31% of the supply is in the South District, with the most popular locations being Jambiani and Paje



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Hotel Pipeline

Hotel Name	Location	Keys	Opening Year
Gold Zanzibar Beach House & Spa*	Nungwi	6	2018
Zuri Zanzibar Hotel & Resort	Kendwa	55	2018
Hotel Verde Zanzibar (former Mtoni Marine Hotel)	Mtoni	106	2018
Anantara Zanzibar Resort	Matemwe	100	2020
The Ritz-Carlton, Zanzibar	Matemwe	90	2021

*Additional keys for existing hotel

Source: C9 Hotelworks Market Research

Zanzibar 2017 Key Domestic & International Scheduled Flights By Region

WESTERN EUROPE

312 Flights

Key Feeder:
Italy

EASTERN EUROPE

156 Flights

Key Feeder:
Turkey

MIDDLE EAST

989 Flights

Key Feeders:
UAE, Qatar, Oman



Africa

1,771 Flights

Key Feeders:
Kenya, Ethiopia

Tanzania

17,780 Flights

Key Feeders:
Dar es Salaam, Arusha,
Kilimanjaro

Source: C9 Hotelworks Market Research.



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