



HOSPITALITY CONSULTING

Zanzibar Tanzania

Tourism Market Review

August 2017

Emerging Zanzibar could be next Mauritius, as mega projects target international marketplace

Government aims to double foreign tourist arrivals by 2020

“Zanzibar is an archipelago, located off the East coast of Africa. The islands are characterized by a unique cultural heritage, numerous beaches and world famous Stone Town as its historical jewel. In 2000, the town was designated as a UNESCO World Heritage Site, which has helped gain international attention for its tourism industry. Last year, the destination recorded a total of 376,242 foreign visitor arrivals, with a y-o-y growth of 28%.

Looking at the historical trend of overseas arrivals, the island achieved a 5-year CAGR of 17%. This is largely attributed to increased airlift from direct international flights. Additionally, the destination has a pronounced seasonality trend, with the high season starting in July running to February. During this period in 2016, Zanzibar hosted more than 30,000 foreigners per month.

International Visitor Arrival Trend



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Currently, there are 454 registered accommodation establishments in Zanzibar, with 79% belonging to economy and midscale properties. However, with upcoming luxury hotel developments underway, the destination is expected to broaden its tourism demand spectrum to target high-spending travelers.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Top five international source markets in 2016 were Italy, Germany, the United Kingdom, United States and South Africa with a combined 45% share of total traffic.
- Average length of stay (ALOS) for foreigners is 7 nights, with tourists typically spending one to two nights in Stone Town and the remaining of their stay by the beach.
- A large proportion of tourists who travel to Zanzibar also go on safari tours, mainly in mainland Tanzania and Kenya.

Forward Outlook

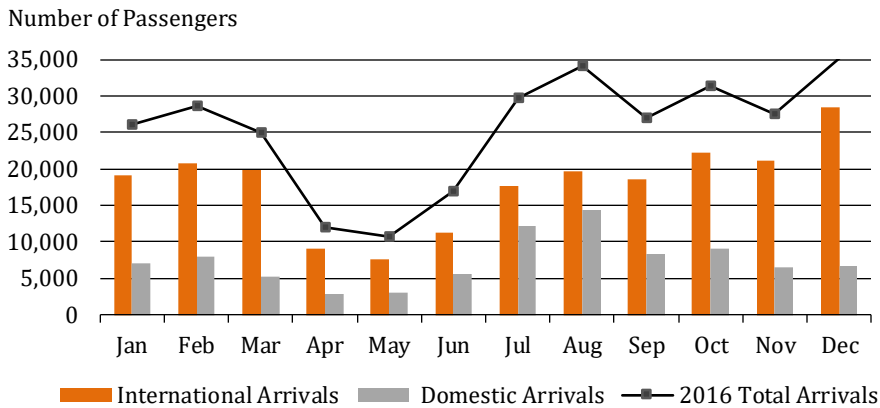
- New direct flight service from Tel Aviv to Zanzibar on El Al Israel Airlines is scheduled to commence in October this year, which will further stimulate tourism numbers.
- Two significant mega projects, Zanzibar Amber Resort and Fumba Town Development are under construction. Amber has announced two hotel projects managed by Ritz-Carlton and Anantara.
- Foreign ownership of landed properties for investment purpose is allowed on a 99-year leasehold term.

TOURISM

Demand Indicators

- In 2016, there were 376,242 international visitors traveling to the island, with 81% arriving via Zanzibar International Airport, and the remaining 19% through the seaport.

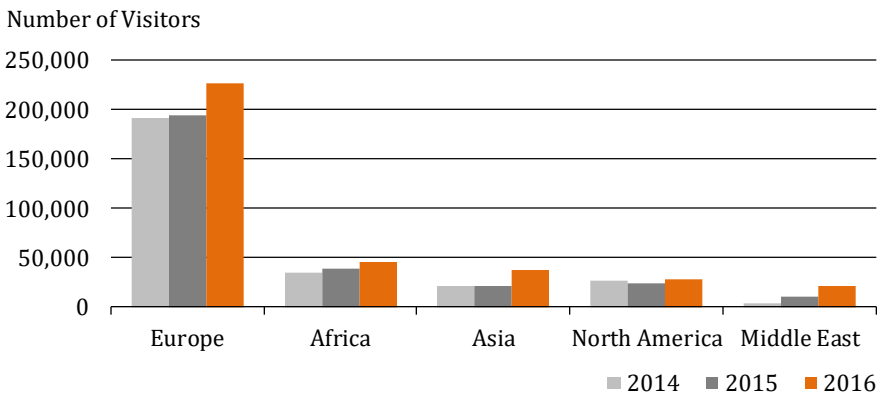
Zanzibar Airport International & Domestic Passenger Arrivals



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Travelers arriving on international flights accounted for 57% of total inbound passengers

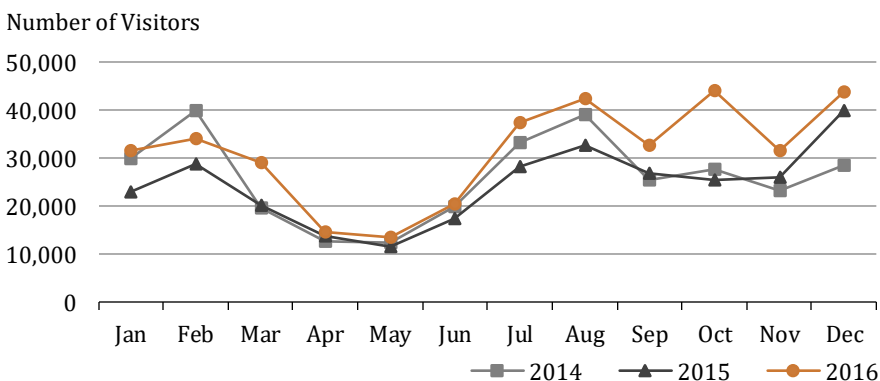
Key International Geographic Source Markets



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Last year, European countries accounted for 61% of total overseas visitors

Seasonality of International Visitors



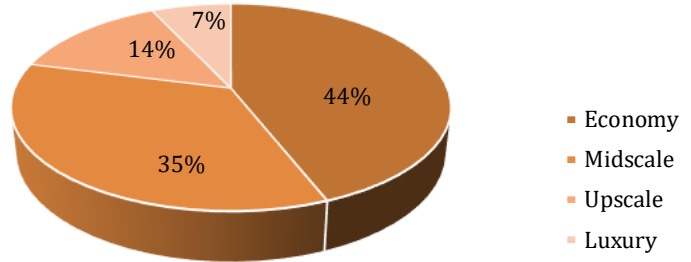
Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

High season in Zanzibar is considerably longer than many beach destinations, lasting 8 months of the year

HOTEL & RESIDENTIAL OVERVIEW

Although existing hotel supply is mainly concentrated in the economy tier, pipeline projects are focused in luxury segment

Hotel Supply by Tier



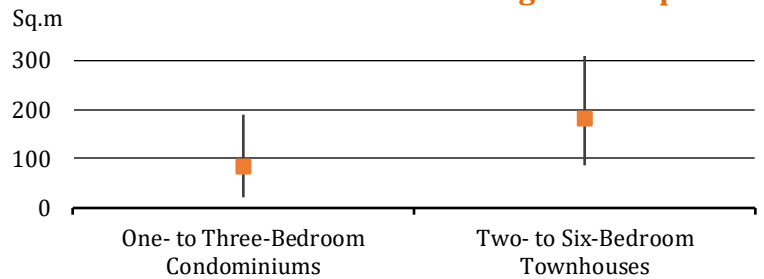
Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Residential Development Characteristics

- Currently there are two notable projects open for sale, namely Fumba Town Development and Turtle Residence Beach Apartments, which total 354 units.

There is currently strong uplift in the property market from overseas investment oriented buyers

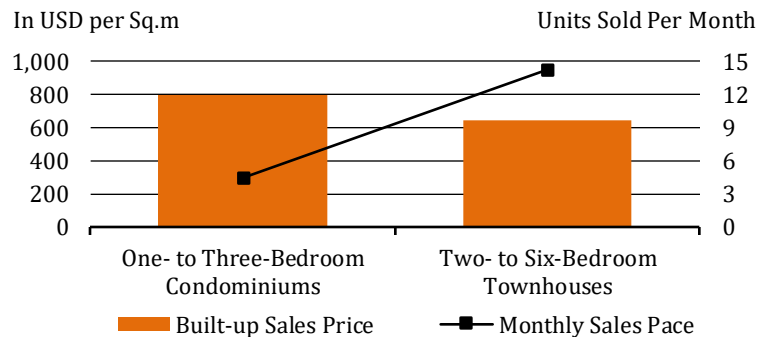
Average Built-up Area



Source: C9 Hotelworks Market Research

Less than 10% of the residential product offerings have an absolute price point above USD150,000

Average Sales Price and Sales Pace



Source: C9 Hotelworks Market Research

Pipeline Projects

- In addition to the pipeline projects listed below, Villas Mbweni located in Mbweni just launched sales in August of this year, which added 8 villas to the market.

Project Name	Location	Units	Estimated Launch
Amber Resort Zanzibar	Matemwe	5,354	Oct-17
Zamani Villas	Kiwengwa	8	Oct-17
Kendwa Condos	Kendwa	69	Dec-17
The Palm Royal	Kiwengwa	98	Jan-18
Fumba Uptown Living	Fumba	500	TBA

Source: C9 Hotelworks Market Research

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- **Hotel and Resort Development**
- **Asset Management / Ownership Representation**
- **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.



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