

# ZANZIBAR

August 2024



C9 HOTELWORKS

## Tourism Moves Past Pre-pandemic Levels, Setting Path to Becoming A Global Destination

### Addition of international hotel brands poised to transform Zanzibar tourism landscape

Zanzibar's tourism industry is experiencing a remarkable resurgence, having successfully surpassed pre-pandemic visitor numbers since 2022. In 2023, the island welcomed over 638,444 visitors from around the globe, marking a significant recovery. Projections for 2024 indicate a further 9% growth, with January to May arrivals reaching 255,408 compared to 234,444 during the same period in 2023.

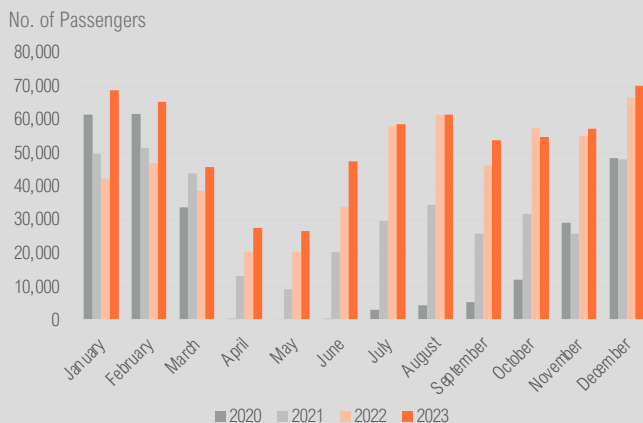
The government's comprehensive development plan for 2021-2026 aims to enhance Zanzibar's infrastructure and economy, bolstering the tourism sector. A key milestone is the opening of the new Terminal 3 at Abeid Amani Karume International Airport, which now has the capacity to accommodate up to 1.3 million passengers annually. This strategic initiative underscores Zanzibar's commitment to becoming a global travel destination.

The majority of visitors to Zanzibar in May 2024 stayed for 8 days, with 94.4% citing holidays as their primary reason for visiting. Hotel demand in Zanzibar varies seasonally, with an average occupancy rate of 62% in 2023. The market is predominantly driven by European travelers, who account for nearly 60% of the total arrivals by sea and plane.

The hotel pipeline indicates improved economic stability, with international hotel chains signing with five new properties including Anantara, Four Seasons, and Canopy by Hilton, primarily in the luxury and upper upscale segments. The number of hotels in the pipeline has doubled this year, signaling a positive outlook for the tourism industry. The introduction of these diverse, high-end properties is poised to attract a broader range of tourists, further enhancing Zanzibar's appeal.

by Bill Barnett, Managing Director, C9 Hotelworks

### Abeid Amani Karume International Airport Passenger Arrivals



Source: C9 Hotelworks Market Research & Office of the Chief Government Statistician (OCGS)

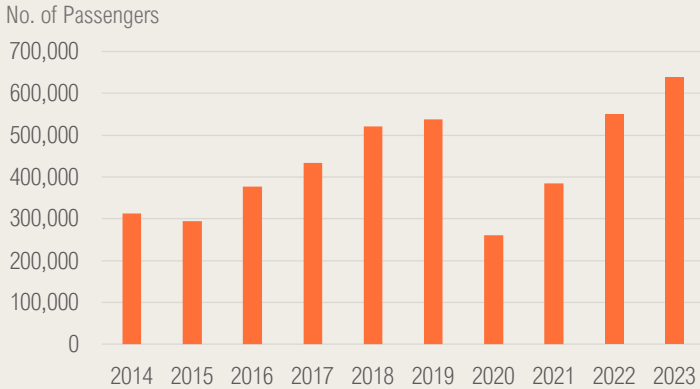
### Market Trends

- In May 2024, visitors from emerging markets such as Poland, India, Russia, China, and Ukraine increased by 23% compared to May 2023.
- The most popular route air route is to Dar Es Salaam, with 945 flights scheduled for the next month, followed by Arusha with 441 flights.
- International tourist arrivals increased from 334,913 in 2019 to 537,745 in 2023, in contrast to domestic tourists, whose numbers dropped from 212,874 pre-COVID to 96,316 in 2023.

# Tourism Market Review

## Tourism Indicators

### International Passenger Arrivals



Over the years, Zanzibar has experienced a steady increase in visitor numbers, reaching 538,264 in 2019. However, the onset of the COVID-19 pandemic caused a significant decline in tourism.

Despite this setback, Zanzibar has shown a robust recovery post-pandemic. In 2022, the number of visitors rebounded to 548,503, surpassing pre-pandemic levels. By 2023, Zanzibar recorded 638,498 tourists, reflecting a 16.4% increase compared to the previous year.

Source: C9 Hotelworks Market Research & OCGS

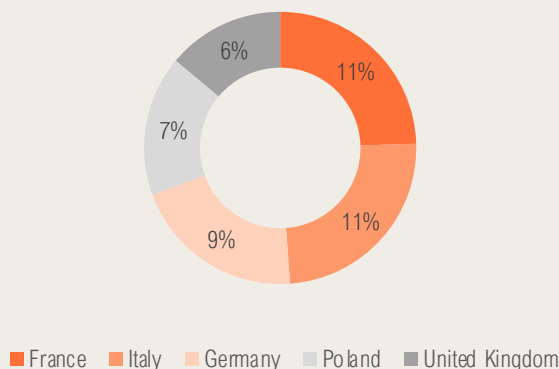
### Passenger Arrivals by Mode of Transportation



Source: C9 Hotelworks Market Research & OCGS

The international tourist market in Zanzibar is significantly stronger than the domestic segment. In 2023, the number of international passengers accounted for 85% whereas domestic passengers made up for 15%. Air travel remains the dominant mode of transportation, with 89% of all travelers arriving via the airport compared to 11% arriving through the seaport. This is a notable increase from 2019, when international passengers made up for only 61% of the total. Compared to pre-COVID levels, the number of international arrivals has increased by 62%, while domestic passenger numbers have declined by 55%.

### Top 5 International Source Markets - 2023



France led the market with 68,079 visitors, representing 11% of total arrivals. This was followed closely by Italy, with 67,584 visitors which was an 83% increase from 2022, and Germany with 57,178 visitors.

American travelers represented 4% of the total arrivals, followed by visitors from South Africa and Kenya.

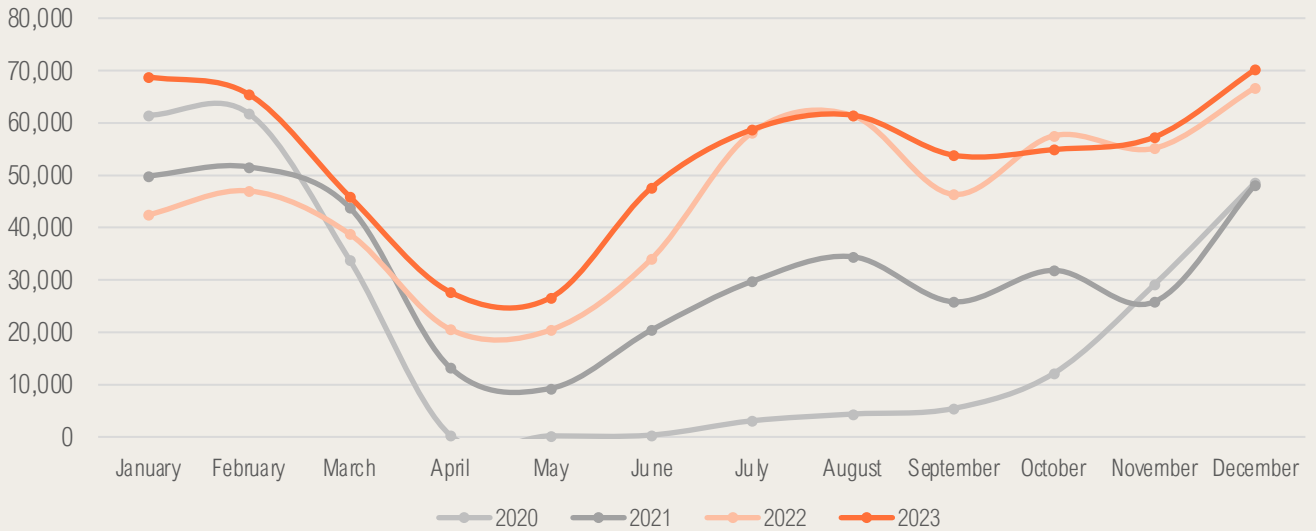
Source: C9 Hotelworks Market Research & OCGS

# Hotel Market Review

## Key Performance Indicators

### Seasonality - Airport Passenger Arrivals

No. of Passengers (In Millions)

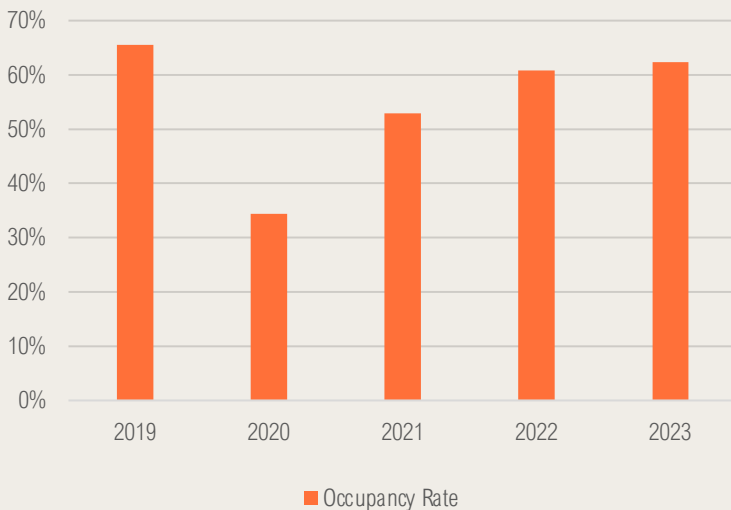


There was a seasonal decline in numbers from March to June, averaging 36,949 passengers per month. In contrast, during the high season, the average number of passengers increased to 61,331 per month. Despite these fluctuations, there has been a 19% growth in the number of passengers since 2019, indicating a robust recovery from the pandemic.

Source: C9 Hotelworks Market Research & OCGS

### Room Occupancy Rate

Occupancy (%)



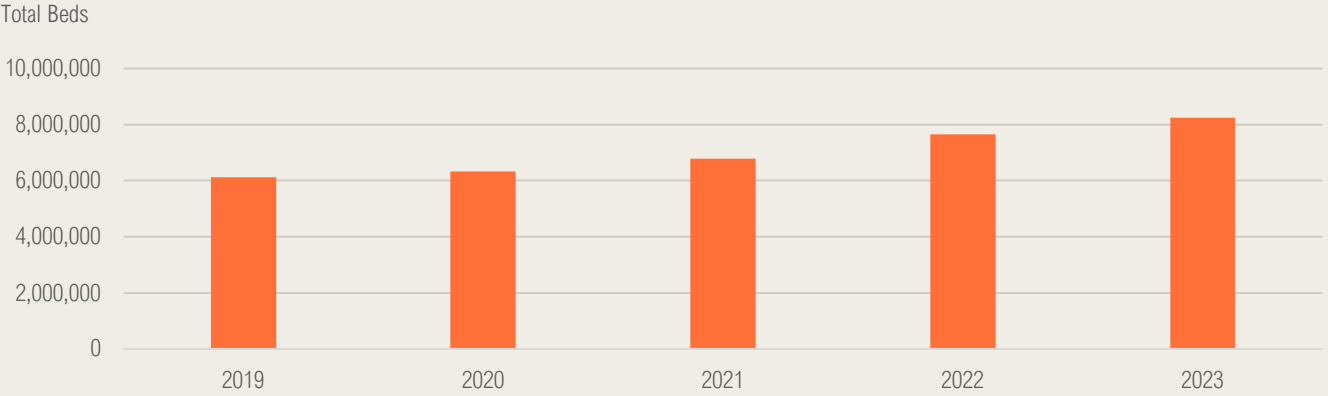
In 2019, the occupancy rate stood at 66%. However, it experienced a significant decline to 34% due to the pandemic's impact.

The market has been gradually recovering, with occupancy rates reaching 62% in 2023. This steady and positive growth indicates resilience and an encouraging trend despite the introduction of new supply in the market.

Source: C9 Hotelworks Market Research & OCGS

# Hotel Market Review

## Accommodation Supply



The Zanzibar government currently measures the hotel supply market using bed spaces as a metric, reflecting the traditional prevalence of all-inclusive hotels on the island. However, as the market shifts toward an increase in chain hotels catering to Free Independent Travelers (FIT), it is anticipated that the government will adopt a room-based measurement approach in the future.

From 2019 to 2023, the availability of bed spaces increased by 34%, indicating a steady rise in market supply. However, this growth was accompanied by a 4% decline in the average occupancy rate, reflecting the market's dynamic balance between supply and demand.

Source: C9 Hotelworks Market Research

## Zanzibar Hotel Pipeline (2024-2028)

Name	Location	Units	Opening Year
Four Seasons Zanzibar	Pongwe	60	TBA
Anantara Zanzibar Resort	Matemwe	225	2027
Le Méridien Zanzibar	-	75	2025
Tribute Zanzibar	Bwejuu	28	TBA
Canopy by Hilton, Zanzibar The Burj	Fumba	162	2027
Total		550	

Currently, there are five branded projects in the pipeline for Zanzibar. Marriott International is expanding its portfolio with two upper upscale properties, adding to its existing three properties on the island. The two new luxury resorts, Anantara and Four Seasons, are expected to elevate Zanzibar's status as a globally-recognized tourism destination. Additionally, Hilton, which currently operates one hotel in Zanzibar, will introduce Canopy by Hilton to cater to the upscale market segment. This influx of high-end accommodations is poised to significantly enhance Zanzibar's appeal to travelers.

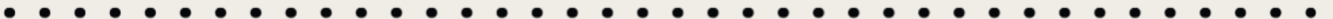
Source: C9 Hotelworks Market Research

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C9 HOTELWORKS

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