

SA tourism market analyses for April 2019

By  [Martin Jansen van Vuuren](#)

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Welcome to the #BizTourismReport for South Africa. This will be the first in a monthly series of articles to provide market intelligence on the tourism industry in South Africa.

The first article provides an overview of 2018 as well as the latest available data. Subsequent articles will only focus on the latest available data. The information included below was the latest available on 8 April 2019.



Image source: Gallo/Getty

Arrivals

The data from Statistics South Africa for January to December 2018 are as follows:

	Current period	Change over same period last year
UK	430 708	-3.8%
Germany	343 229	-1.7%
USA	376 892	1.7%
India	93 428	-4.6%
China (incl Hong Kong)	96 915	-0.2%
Overseas Tourists	2 672 146	-1.5%
African Tourists	7 786 357	3.0%
Total Foreign Tourists	10 472 105	1.8%

Please note that African tourists plus overseas tourists do not add to total foreign tourists due to the exclusion of unspecified tourists which could not be allocated to either African or overseas.

The latest available data from Statistics South Africa for January 2019 highlights the decline in the main source markets for foreign tourist to South Africa during 2018 due to an amalgamation of various factors. In the UK, the impact of Brexit has led to uncertainty for UK tourists who has either cancelled their travel plans, delayed their travel plans or travelled to cheaper destinations closer to the UK. Foreign tourism from the UK declined by 3.8% in 2018 and continued to decline by 4.2% in January 2019 (the latest available data).

	Current period	Change over same period last year
UK	46 633	-4.2%
Germany	31 501	-11.1%
USA	24 193	3.2%
India	6 900	-3.0%
China (incl Hong Kong)	7 962	22.4%
Overseas Tourists	232 872	-4.8%
African Tourists	834 401	-2.8%
Total Foreign Tourists	1 068 190	-3.2%

Please note that African tourists plus overseas tourists do not add to total foreign tourists due to the exclusion of unspecified tourists which could not be allocated to either African or overseas.

This uncertainty was also reflected in the behaviour of German tourists, although slightly tempered, as the German economy struggled in 2018. UK tourists declined by 3.8% in 2018, while German tourists declined by 1.7% in 2018. The impact of the decline in the German GDP in the 3rd and 4th quarter of 2018 could be seen in the decline of 11.1% in German tourists to South Africa in January 2019.

A combination of visa restrictions and limited direct flights has impacted on the ability of the volume of Chinese and Indian tourists to South Africa to grow. The growth of 22.4% in Chinese tourists during January 2019 is from a low base.

Foreign tourists from the USA has shown some growth off the back of a growing USA economy and South Africa being in the spotlight through celebrities such as Trevor Noah.

Hotel statistics

The hotel statistics are supplied by [STR](#), which has analysed and reported on data from 63,000 hotels, representing 8.4 million rooms in 180 countries.

The data from STR for January to December 2018 is as follows:

Current period	Average room occupancy (ARO)	Average room rate (ARR)	Revenue per Available room (RevPAR)
All Hotels in SA	62.2%	1 240	771
All 5-star hotels in SA	64.3%	2 282	1 467
All 4-star hotels in SA	63.0%	1 153	726
All 3-star hotels in SA	61.8%	952	588
Change over same period last year			
All Hotels in SA	-2.8%	1.4%	-1.4%
All 5-star hotels in SA	-1.2%	-0.7%	-1.9%
All 4-star hotels in SA	-2.6%	1.7%	-0.9%
All 3-star hotels in SA	-2.8%	2.0%	-0.9%

Source: [STR Global](#)

The latest available data from STR is for January to February 2019:

Current period	Average room occupancy (ARO)	Average room rate (ARR)	Revenue per Available room (RevPAR)
All Hotels in SA	60.1%	1 400	841
All 5-star hotels in SA	67.0%	2 619	1 754
All 4-star hotels in SA	62.4%	1 282	800
All 3-star hotels in SA	57.2%	998	570
Change over same period last year			
All Hotels in SA	-2.4%	-0.2%	-2.6%
All 5-star hotels in SA	-3.3%	-2.2%	-5.4%
All 4-star hotels in SA	-2.8%	-0.0%	-2.8%
All 3-star hotels in SA	-0.6%	2.0%	1.4%

Source: [STR Global](#)

The latest available data from STR reflects a decline in hotel occupancy during 2018 as foreign tourism declined and the slow South African economy put pressure on domestic tourism. Hotel occupancy declined for all grades of hotels, but 4-star hotels and 3-star hotels were able to grow their rates slightly in 2018. This growth was below inflation and not enough to ensure growth in RevPAR.

The declining trend continued in January and February 2019. The decline is expected to continue in 2019 as the factors impacting on the decline in foreign tourism and stagnation of domestic tourism is not expected to ease in 2019.

Airport arrival data:

The data from ACSA for January to December 2018 is as follows:

Change over same period last year	Passengers arriving on International Flights	Passengers arriving on Regional Flights	Passengers arriving on Domestic Flights
OR Tambo International	0.0%	-1.9%	0.7%
Cape Town International	10.4%	-3.7%	-1.4%
King Shaka International	3.2%	9.5%	6.7%

The latest available data from ACSA is for January to February 2019:

Change over same period last year	Passengers arriving on International Flights	Passengers arriving on Regional Flights	Passengers arriving on Domestic Flights
OR Tambo International	-2.2%	2.4%	2.8%
Cape Town International	0.5%	-10.8%	0.6%
King Shaka International	13.9%	-9.3%	5.7%

Please note that passengers arriving on international flights may be South African's returning from an international trip. Similarly, passengers arriving on a domestic flight might be foreign tourists travelling on a domestic airline between domestic destinations.

Data from ACSA reflects the decline in foreign tourism in the lack of growth in arrivals on international and regional flights to OR Tambo in 2018. The growth in passengers arriving on international flights to Cape Town International Airport can be attributed to the success of the Air Access initiative implemented to attract direct flights to Cape Town.

The stagnation of the domestic tourism industry can be seen in the decline of the number of passengers arriving on domestic flights at Cape Town International and the slow growth of arrivals on domestic flights at OR Tambo. Growth in international, regional and domestic arrivals to King Shaka International has been obtained from a low base and is due to additional capacity being provided by airlines such as Emirates.

Conclusion

The data does not paint a rosy picture of the performance of the tourism industry in 2018 and the bad news continued in the first two months of 2019. In my humble opinion, growth in foreign tourism will be sedated for the next couple of months while Brexit is being sorted and growth in the source market economies slowly recover. Similarly, the growth in domestic tourism is expected to be slow mirroring the slow growth in the South African economy.

The hope is that the South African economy will gather momentum after the elections when a (hopefully) restructured cabinet can address the many restraints on economic growth.

ABOUT MARTIN JANSEN VAN VUUREN

Martin Jansen van Vuuren is co-founder and director of I and MFutureneer Advisors Pty Ltd. He is a number cruncher, provider of market intelligence, strategist, economist, futureneer and advisor.

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