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HOTEL BRAND DEVELOPMENT PIPELINES IN AFRICA, 2010

Each year the West Africa-based W Hospitality Group carries out a survey of the main hotel brands' development activities in Africa. Based on information supplied by the chains themselves, this research tracks signed and confirmed deals for management contracts and other deals (management contracts are by far the majority of agreements signed) in the 53 countries of Africa. We are aware that many other deals are being discussed (and are privileged to be working on many of them!), and we will include them in future surveys just as soon as the ink is dry.

This paper presents our analysis of the data which is provided in the annexes (note that contributors to the survey receive full listings by chain). We are grateful to all of the chains who contributed to this research and trust that the analysis is of use to them, and also to others involved and interested in the development of the hotel industry in Africa.

We estimate that the hotel chains in the survey currently have approximately 87,400 rooms operating with their brands in Africa, with almost exactly the same number in North Africa (43,300) as in sub-Saharan Africa (44,100). But when one considers that there are only five countries in North Africa (Morocco, Algeria, Libya, Tunisia and Egypt), the opportunity in the other 48 countries on the continent is obvious. Africa is receiving increasing attention from the international chains, who see clearly the need to fill the gaps in their coverage, and some, like Rezidor, Accor and Marriott, are now taking the plunge and locating development directors in Africa itself.

Our analysis can only be a snapshot at any one time, and therefore some of the hotels listed may well have opened by the time you read this. Please do let us know if there are any errors or omissions in the data, and any comments on how to improve this important survey would be very welcome. Additional contributors are also very welcome.

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2010 Research Results*

Africa is all about opportunity.

There has been a satisfying 11 per cent growth in the number of rooms in the brands' African development pipelines, at a time when most other regions are seeing contraction:

2010 Hotel Brand Development in Africa Regional Summary				
	2010		2009	
	Hotels	**Rooms**	**Hotels**	**Rooms**
North Africa	72	16,909	58	14,620
Sub-Saharan Africa	80	15,223	86	15,072
TOTAL	**152**	**32,132**	**144**	**29,692**

North Africa still dominates the development effort, especially in the hotspots of Morocco and Egypt. The top brands by number of hotels and rooms in their pipelines are as follows:

2010 Hotel Brand Development in Africa Top 10 Brands by Number of Planned Hotels			
		2010	**2009**
1	Kempinski	17	18
2	Radisson	14	16
3	Ibis	14	11
4	Novotel	9	11
5	Etap	9	-
6	Hilton	8	5
7	Mövenpick	6	7
8	Marriott	6	7
9	Park Inn	5	1
10	InterContinental	5	7

Etap enters the listing for the first time, meriting fifth place by number of hotels and tenth by number of rooms. Other new entrants this year include Best Western, with new openings in Nigeria, Ghana and South Africa, Ramada and Lonrho, the latter working to refurbish the Hotel Karavia, opening in mid-2010 in Lubumbashi, DRC.

Whilst most brands, with the exception of Accor's Ibis and Etap, Rezidor's Park Inn and Hilton, have fewer hotels under contract in 2010 compared to 2009, the number of rooms shows some ups and downs:

* Note: this analysis tracks only brands, and therefore does not capture all hotel projects in Africa. Some companies operate with multiple brands, as well as managing unbranded hotels, but only those deals that are confirmed by the brand owner are included. We are aware of other projects under development, particularly some to be managed under franchise agreements, but for which the brand owner has not yet approved the branding.

2010 Hotel Brand Development in Africa Top 10 Brands by Number of Planned Rooms				
	Brands	**2010**	**2009**	**% Increase**
1	Kempinski	3,870	3,344	15.7
2	Radisson	3,124	3,599	-13.2
3	Hilton	2,469	1,187	108.0
4	Mövenpick	2,227	2,371	-6.1
5	Ibis	2,216	1,656	33.8
6	InterContinental	1,641	2,061	-20.4
7	Novotel	1,539	2,124	-27.5
8	Holiday Inn	1,412	1,182	19.5
9	Marriott	1,315	1,793	-26.7
10	Etap	1,277	-	-

The biggest gainer in terms of rooms is Hilton, with new deals in Egypt and Tunisia. Etap, a brand not featured in 2009, also joins the list, with a multi-unit deal in Morocco, plus a hotel in Algeria. Radisson has fewer rooms in the pipeline, but that is partly because of new openings in South Africa and Senegal.

One thing to be wary about, however, when looking at signed deals, is that not all those rooms are under construction, and therefore their realization, especially in many of the very difficult business environments that typify Africa, cannot be certain. We have analysed the deals reported by the chains as to whether they are on site or not, and the ranking looks quite different.

2010 Hotel Brand Development in Africa Top 10 Brands by Pipeline Status						
Rank	**Brands**	**Hotels**	**Rooms**			**Rank – All Deals**
			Total	**Onsite Construction**		
1	Radisson	14	3,124	1,921	61.5%	**2 ↑**
2	Hilton	8	2,469	1,765	71.5%	**3 ↑**
3	InterContinental	5	1,641	1,641	100%	**6 ↑**
4	Mövenpick	6	2,227	1,433	64.3%	**4 ↔**
5	Ibis	14	2,216	1,381	62.3%	**5 ↔**
6	Le Meridien	3	963	963	100%	**- ↑**
7	Park Inn	5	809	568	70.2%	**- ↑**
8	Holiday Inn	5	1,412	460	33%	**8 ↔**
9	Four Points	3	618	427	69%	**- ↑**
10	Marriott	6	1,315	400	30.4%	**9 ↓**

The leader in terms of rooms signed, Kempinski, drops out of the ranking of rooms actually under construction, with only 17 per cent (666 rooms) of the total on-site. It is replaced by Radisson, with almost 2,000 rooms under construction. Hilton also climbs the rankings, as does InterContinental, with all of its rooms on-site, five large hotels in Lagos, Luanda, Dakar, Marrakech and Tripoli. Le Meridien, Park Inn and Four Points by Sheraton all join the list.

Where is all this activity taking place?

2010 Hotel Brand Development in Africa Top 10 Countries by Number of Rooms			
		Hotels	**Rooms**
1	**Egypt**	19	5,636
2	**Nigeria**	26	5,632
3	**Morocco**	29	5,211
4	**Libya**	8	2,707
5	**Algeria**	11	2,047
6	**South Africa**	11	2,005
7	**Tunisia**	5	1,308
8	**Ghana**	6	1,094
9	**Angola**	4	994
10	**Tanzania**	5	750

All of the five North African countries feature in the top ten destination for branded hotel developments – driven either by the booming tourism industries in the likes of Morocco and Egypt, or by the opening up of the oil-based economies in Algeria and Libya. Nigeria, Africa's largest country by population, has the same number of rooms under contract as Egypt, with thousands more in the "almost" category – it seems that every hotel operator is seeking a presence there.

As before, signed deals is one thing, actual activity is another:

2010 Hotel Brand Development in Africa Top 10 Countries by Pipelines Status						
Rank	**Brands**	**Hotels**	**Rooms**			**Rank – All Deals**
			Total	**Onsite Construction**		
1	**Egypt**	19	5,636	3,063	54%	**1 ↔**
2	**Morocco**	29	5,211	2,752	53%	**3 ↑**
3	**Nigeria**	26	5,632	2,532	45%	**2 ↓**
4	**South Africa**	11	2,005	1,678	84%	**6 ↑**
5	**Tunisia**	5	1,308	1,308	100%	**7 ↑**
6	**Libya**	8	2,707	1,263	47%	**4 ↓**
7	**Algeria**	11	2,047	1,101	54%	**5 ↓**
8	**Ghana**	6	1,094	908	83%	**8 ↔**
9	**Angola**	4	994	627	63%	**9 ↔**
10	**Ethiopia**	3	482	482	100%	**- ↑**

There is little change in the rankings, although South Africa climbs two places, as hotels are rushed forward to be open in time for the FIFA World Cup in June and July 2010.

On average, the global hotel brands have less than 2 per cent of their total rooms in sub-Saharan Africa. Only 20 countries in the region have any branded hotels in the pipeline, and some countries have none existing and none in the pipeline.

The opportunities are as vast as the continent itself.

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HOTEL BRAND DEVELOPMENT PIPELINES IN AFRICA, 2010

SUMMARY BY COUNTRY

COUNTRY	North Africa			Sub-Saharan Africa			Total Africa		PRE-CONSTRUCTION (PLANNING)	ROOMS ON SITE (CONSTRUCTION)
	Countries	Hotels	Rooms	Countries	Hotels	Rooms	Hotels	Rooms		
Algeria		11	2,047				11	2,047	46%	54%
Angola					4	994	4	994	37%	63%
Cameroon					1	150	1	150	0%	100%
Cape Verde					1	268	1	268	100%	0%
DR Congo					1	197	1	197	0%	100%
Egypt		19	5,636				19	5,636	46%	54%
Equitorial Guinea					3	431	3	431	23%	77%
Ethiopia					3	482	3	482	0%	100%
Ghana					6	1,094	6	1,094	26%	74%
Kenya					1	244	1	244	0%	100%
Libya		8	2,707				8	2,707	53%	47%
Madagascar					1	150	1	150	100%	0%
Mauritius					3	466	3	466	43%	57%
Morocco		29	5,211				29	5,211	47%	53%
Mozambique					3	468	3	468	68%	32%
Namibia					2	353	2	353	100%	0%
Nigeria					26	5,632	26	5,632	55%	45%
Rwanda					2	492	2	492	100%	0%
Senegal					3	427	3	427	82%	18%
Seychelles					1	76	1	76	100%	0%
South Africa					11	2,005	11	2,005	16%	84%
Tanzania					5	750	5	750	67%	33%
Tunisia		5	1,308				5	1,308	0%	100%
Uganda					1	272	1	272	0%	100%
Zambia					2	272	2	272	0%	100%
TOTAL ALL		**72**	**16,909**		**80**	**15,223**	**152**	**32,132**	**45%**	**55%**

HOTEL BRAND DEVELOPMENT PIPELINES IN AFRICA, 2010

SUMMARY BY CHAIN AND BRAND

BRAND	North Africa			Sub-Saharan Africa			Total Africa			PRE-CONSTRUCTION (PLANNING)	ROOMS ON SITE (CONSTRUCTION)	TOTAL PIPELINE (% OF EXISTING PORTFOLIO)	"ON SITE" PIPELINE (% OF EXISTING PORTFOLIO)
	Countries	Hotels	Rooms	Countries	Hotels	Rooms	Countries	Hotels	Rooms				
Etap	*2*	*9*	*1,277*				*2*	*9*	*1,277*				
Ibis	*4*	*8*	*1,373*	*4*	*6*	*843*	*8*	*14*	*2,216*				
Novotel	*5*	*6*	*1,120*	*3*	*3*	*419*	*8*	*9*	*1,539*				
Sofitel	*1*	*3*	*508*	*1*	*1*	*92*	*2*	*4*	*600*				
Suitehotel	*1*	*1*	*120*				*1*	*1*	*120*				
Accor	5	27	4,398	7	10	1,354	12	37	5,752	59%	41%	38%	15%
Best Western				2	3	339	2	3	339				
Corinthia		1	200				0	1	200	0%	100%	39%	39%
Four Seasons	1	1	136				1	1	136	0%	100%	15%	15%
Golden Tulip	*1*	*2*	*300*	*2*	*2*	*205*	*3*	*4*	*505*				
Tulip Inn				*1*	*1*	*96*	*1*	*1*	*96*				
Tulip Residences	*1*	*1*	*234*				*1*	*1*	*234*				
Golden Tulip	1	3	534	2	3	301	3	6	835	24%	76%	27%	21%
Hilton	*2*	*3*	*1,282*	*5*	*5*	*1,187*	*7*	*8*	*2,469*				
Doubletree by Hilton				*1*	*2*	*251*	*1*	*2*	*251*				
Total Hilton	2	3	1,282	6	7	1,438	8	10	2,720	26%	74%	30%	23%
Hyatt	1	1	120				1	1	120	100%	0%	5%	0%
Crowne Plaza				*1*	*1*	*275*	*1*	*1*	*275*				
Holiday Inn	*2*	*2*	*652*	*2*	*3*	*760*	*4*	*5*	*1,412*				
Holiday Inn Express				*1*	*1*	*200*	*1*	*1*	*200*				
InterContinental	*2*	*2*	*690*	*3*	*3*	*951*	*5*	*5*	*1,641*				
IHG	3	4	1,342	4	8	2,186	7	12	3,528	27%	73%	43%	31%
Kempinski	2	6	1,504	8	11	2,366	10	17	3,870	83%	17%	396%	68%
Lonrho				1	1	197	1	1	197	0%	100%	8%	8%
Ritz Carlton	*1*	*2*	*487*				*1*	*2*	*487*				
JW Marriott	*1*	*1*	*370*				*1*	*1*	*370*				
Marriott	*3*	*4*	*915*	*2*	*2*	*400*	*5*	*6*	*1,315*				
Courtyard	*3*	*3*	*800*				*3*	*3*	*800*				
Executive Apartments	*2*	*2*	*291*				*2*	*2*	*291*				
Renaissance	*1*	*1*	*237*				*1*	*1*	*237*				
Total Marriott	3	13	3,100	2	2	400	5	15	3,500	60%	40%	102%	41%
Movenpick	3	4	1,713	2	2	514	5	6	2,227	36%	64%	64%	41%
Protea				1	3	398	1	3	398	100%	0%	4%	0%
Ramada				1	1	200	1	1	200	100%	0%	17%	0%
Park Inn				*4*	*5*	*809*	*4*	*5*	*809*				
Radisson	*1*	*3*	*842*	*8*	*11*	*2,282*	*9*	*14*	*3,124*				
Missoni				*1*	*1*	*157*	*1*	*1*	*157*				
Total Rezidor	1	3	842	10	17	3,248	11	20	4,090	35%	65%	91%	59%
Sana				1	2	348	1	2	348	32%			
Southern Sun				2	4	655	2	4	655	0%	100%	6%	6%
Le Meridien	*2*	*2*	*646*	*1*	*1*	*317*	*3*	*3*	*963*				
Four Points	*1*	*1*	*205*	*1*	*2*	*413*	*2*	*3*	*618*				
Sheraton	*1*	*1*	*295*				*1*	*1*	*295*				
St. Regis	*1*	*1*	*292*	*1*	*1*	*174*	*2*	*2*	*466*				
W	*1*	*1*	*300*				*1*	*1*	*300*				
Total Starwood	3	6	1,738	2	4	904	5	10	2,642	7%	93%	29%	27%
Sun International				2	2	375	2	2	375	100%	0%	9%	0%
TOTAL ALL		**72**	**16,909**		**80**	**15,223**		**152**	**32,132**	**44%**	**54%**	**25%**	**13%**