



W HOSPITALITY GROUP
8a Reeve Road
Ikoyi
Lagos, Nigeria
Tel: +234 (0) 1 791 4165
Fax: +234 (0) 1 461 7532
trevor.ward@w-hospitalitygroup.com
www.w-hospitalitygroup.com

HOTEL GROUP DEVELOPMENT PIPELINES IN AFRICA, 2012

Each year the West Africa-based W Hospitality Group carries out a survey of the international hotel brands' development activities in Africa. Based on information supplied by the chains themselves in January and February 2012, this research tracks signed and confirmed deals in the 54 countries of Africa – South Sudan was “in the pipeline” last year, and became the 54th country on 9 July 2011 (but still nothing in the hotel pipeline there!). We are aware that many other deals are being discussed (and we are privileged to be working on many of them!). We will include them in future surveys just as soon as the ink is dry. The research does not include chains with operations in only one country.

We are grateful to all the hotel chains who contributed to this research and trust that the analysis is of use to them, and also to others involved in and interested in the development of the hotel industry in Africa. We are delighted to welcome new contributors such as Onomo and Louvre Hotels to the survey this year, which is based on data from a record 29 regional and international chains.

We estimate that the hotel chains in the survey currently have almost 99,000 rooms operating in Africa, with around 44,300 in North Africa and 54,600 in sub-Saharan Africa. But when one considers that there are only five countries in North Africa (Morocco, Algeria, Libya, Tunisia and Egypt), with an average of 8,900 rooms per country, the opportunity in the other 49 countries (average 1,100 rooms) on the continent is obvious. Africa is receiving increasing attention from the international chains, who clearly see the need to expand their presence, particularly with above-average growth in the number of travellers to the region, and some of the fastest-growing economies in the world.

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 you spot any errors or omissions in the data. Any comments on how to improve this survey would be most welcome. Additional contributors are also very welcome.

Trevor J Ward
Managing Director

Damilola Adepoju
Consultant

Lagos, Nigeria
March 2012

W HOSPITALITY GROUP
Proud Winners of the Ai Tourism Investor Award
“Tourism Investment Advisor of the Year 2011”

2012 Research Findings

At the beginning of 2012, the international hotel chains reported a total of 208 hotels, with just over 38,000 rooms, in their development pipelines in Africa. This means signed deals, but as we show later, not necessarily foundations being laid!

Hotel Development in Africa 2012 Regional Summary						
	2012		2011		2010	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
North Africa	79	17,449	75	17,038	72	16,909
Sub-Saharan Africa	129	20,625	84	14,521	80	15,223
TOTAL	208	38,074	159	31,559	152	32,132

Compared to the contractions in development pipelines in other parts of the world, particularly Europe and the USA, the pipeline has seen a massive increase from last year – 31 per cent more hotels and 21 per cent more rooms. And this is happening at a time when the chains have also been opening new hotels on the continent.

Historically, North Africa has dominated the development effort, especially in the tourism hotspots of Morocco and Egypt. The Arab Spring has led to delays in many development projects there, and the cancellation of others. The 2.4 per cent increase in pipeline rooms in 2012 is eclipsed by the chains' advances in sub-Saharan Africa where, after a reduction in 2011, this year sees a massive 42 per cent increase in pipeline rooms.

The top brands by number of hotels and rooms in their pipelines are as follows:

Hotel Development in Africa 2012 Top 10 Brands by Number of Planned Hotels and Rooms						
Rank by Hotels			Rank by Rooms			Change on 2011
1	Ibis	19	1	Radisson Blu	3,759	13.0%
2	Radisson Blu	15	2	Hilton	3,206	14.2%
3	Onomo	13	3	Ibis	2,632	-23.6%
4=	Mövenpick	12	4	Mövenpick	2,182	6.3%
4=	Novotel	12	5	Novotel	2,037	4.2%
6=	Hilton	9	6	InterContinental	2,010	31.2%
6=	Park Inn	9	7	Onomo	1,579	-
8	Azalai	7	8	Park Inn	1,498	56.2%
9=	InterContinental	6	9	Kempinski	1,371	37.1%
9=	Kempinski	6	10	Marriott	1,250	46.9%

Whilst Ibis (including Ibis Budget) head the game in terms of the number of hotels, Radisson Blu has the most rooms in their pipeline, their latest signing being the rebranding of the 330-room Okoume Palace Hotel in Libreville, Gabon. The average size of a new African Ibis is

140 rooms, whilst the Radisson Blus are 250 rooms. Mövenpick opened in Accra in 2012, and have several hotels and Nile cruisers in their pipeline in Egypt, where they already have a strong presence. Despite their leading position, Ibis' pipeline reduced in 2012 because they opened several hotels in 2011, including two in Equatorial Guinea (where Accor operate four of the five branded hotels in the country), and although they signed new properties in Nigeria and Ghana, there was a net reduction in the pipeline of rooms.

Newcomer Onomo is an interesting entrant to the rankings, coming in at number 7 in 2012. Onomo are already operating in Dakar, Senegal and are under construction in Libreville, Gabon and in Abidjan, Cote d'Ivoire. They are developing value-for-money hotels in various locations, with a target of 100 hotels in 10 years, focusing on the business market and with a strong emphasis on being environmentally sustainable.

One thing to be noted, however, when looking at signed deals, is that not all those rooms are under construction, and therefore their realisation, 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 different.

Hotel Development in Africa 2012 Top 10 Brands by Pipeline Status						
Rank	Brands	Hotels	Rooms			Rank – All Deals
			Total	Onsite Construction		
1	Hilton	9	3,206	2,468	77.0%	2↑
2	Mövenpick	12	2,182	1,802	82.6%	4↑
3	Radisson Blu	15	3,759	1,741	46.3%	1↓
4	Ibis	19	2,632	1,386	52.7%	3↓
5	Novotel	12	2,037	1,198	58.8%	5↔
6	Park Inn	9	1,498	1,178	78.6%	8↑
7	Marriott	6	1,250	1,000	80.0%	10↑
8	Sofitel	4	1,023	928	90.7%	- ↑
9	Golden Tulip	5	852	852	100.0%	- ↑
10	Le Meridien	2	791	791	100.0%	- ↑

Hilton overtakes its rivals to take first position, with over three quarters of its pipeline actually coming out of the ground. Ibis slips a little, with portfolio deals in North Africa delayed, but sister company Sofitel joins the rankings, with two hotels under construction in Morocco, and one in Cote d'Ivoire. Le Meridien and Golden Tulip have 100 per cent of their signed rooms on site – but a relatively small (sub-1,000 rooms) pipeline compared to the global giants.

The above analysis is of brands – many of the hotel companies are multi-brand players, so it is relevant to look at it per group as well. Accor has the highest number of brands that they are promoting in Africa, namely Sofitel, Pullman, Novotel, Ibis and Ibis Budget. Accor's five is closely followed by Starwood, with four brands – St Regis, Le Meridien, W and Four Points by Sheraton.

Hotel Development in Africa 2012 Top 10 Chains by Number of Planned Hotels and Rooms						
Rank by Hotels			Rank by Rooms			Change on 2011
1	Accor	36	1	Accor	5,982	-6%
2	Carlson Rezidor	25	2	Carlson Rezidor	5,337	25%
3	Marriott	14	3	Hilton	3,380	14%
4	Onomo	13	4	IHG	2,885	-30%
5	Mövenpick	12	5	Marriott	2,512	0%
6	Hilton	11	6	Mövenpick	2,182	6%
7=	IHG	9	7	Starwood	2,140	-23%
7=	Protea	9	8	Onomo	1,579	n/a
9	Azalai	7	9	Kempinski	1,371	37%
10	Starwood	6	10	Rotana	1,250	79%

Hotel Development in Africa 2012 Top 10 Chains by Pipeline Status						
Rank	Company	Hotels	Rooms			Rank – All Deals
			Total	Onsite Construction		
1	Accor	36	5,982	3,512	59%	1↔
2	Carlson Rezidor	25	5,337	2,919	55%	2↔
3	Hilton	11	3,380	2,642	78%	3↔
4	Mövenpick	12	2,182	1,802	83%	6↑
5	Starwood	6	2,140	1,740	81%	7↑
6	Marriott	14	2,512	1,692	67%	5↓
7	Louvre Hotels	6	931	931	100%	-↑
8	Kempinski	6	1,371	764	56%	9↑
9	IHG	9	2,885	683	24%	4↓
10	African Sun	4	580	580	100%	-↑

All the majors are there, dominated by Accor, which has such a large pipeline that, although only 59 per cent is on-site, the number of rooms under construction still exceeds Carlson Rezidor's by around 20 per cent. UAE-based Rotana is in 10th place, with 1,250 rooms in 7 planned hotels in Sudan, Morocco, Algeria, Libya and Mauritania, but it is still the global giants who are "under construction". Louvre Hotels (Golden Tulip and Tulip Inn) and Zimbabwe-based African Sun enter the rankings, with 100 per cent of their pipeline on site.

Where is all this activity taking place? Of the total pipeline, 46 per cent are in the five countries of North Africa, and 54 per cent in the 49 countries of sub-Saharan Africa. The table overleaf shows the top ten countries.

Hotel Development in Africa 2012 Top 10 Countries by Number of Rooms			
		Hotels	Rooms
1	Nigeria	43	6,808
2	Egypt	19	5,923
3	Morocco	35	5,809
4	Algeria	14	2,537
5	Tunisia	8	2,096
6	Ghana	11	1,752
7	Gabon	8	1,260
8	Libya	3	1,084
9	South Africa	8	990
10	Cote d'Ivoire	3	858

All of the five North African countries feature in the top ten destinations for branded hotel developments – driven either by the well-established tourism industries in the likes of Morocco, Tunisia and Egypt, or by the opening up of the oil-based economies in Algeria and Libya. Over half of Accor’s pipeline is in Morocco and Algeria, underlining their commitment to North Africa. But whilst they have many signed deals, many contributors have listed the opening dates of their planned hotels in North Africa as “not known”, facing delays or, in some cases, cancellation because of the uncertainty in the region.

Historically, the focus of the international chains has been on North Africa, but even before the Arab Spring, they were eyeing sub-Saharan Africa, and the results are beginning to show. Finance for projects in North Africa used to be more easily sourced, with foreign investors perceiving less risk there than in the more volatile sub-Saharan Africa. But times have definitely changed, and countries south of the Sahara are seeing much more activity.

Nigeria, Africa’s largest country by population, the power house of West Africa – and tipped to overtake South Africa this decade as the largest economy on the continent - has almost 7,000 rooms under contract, up 2,000 on last year’s figure, with thousands more in the “nearly” category. New openings recently have included Radisson Blu, Four Points by Sheraton, Ibis and Legacy in Lagos, and many groups have hotels under construction there, including Accor, Hilton, IHG and Protea, the last named increasing their presence in the country from 10 hotels to 16 hotels in the next three years.

Other groups hoping to enter the vast Nigerian market for the first time, and who have signed deals, include Kempinski, Mantis, Marriott and Wyndham.

Two countries new to the Top 10 are Gabon and Cote d’Ivoire, both emerging nations with massive resources. As well as the Radisson Blu deal in Libreville, Marriott have signed for a new build Marriott hotel with a Marriott Executive Apartments, to be built by the same developer who is building a Marriott in Cotonou, Benin. In Abidjan, Accor are taking over the Hotel Ivoire, a former InterContinental hotel, and will brand it as a Sofitel.

As with the analysis of the chains, signed deals is one thing, actual activity is another:


Hotel Development in Africa 2012 Top 10 Countries by Pipeline Status						
Rank	Company	Hotels	Rooms			Rank – All Deals
			Total	Onsite Construction		
1	Egypt	19	5,923	4,310	73%	2↑
2	Nigeria	43	6,808	2,644	39%	1↓
3	Morocco	35	5,809	2,346	40%	3↔
4	Tunisia	8	2,096	2,096	100%	5↑
5	Algeria	14	2,537	1,845	73%	4↓
6	Ghana	11	1,752	1,092	62%	6↔
7	Gabon	8	1,260	792	63%	7↔
8	Cote d'Ivoire	3	858	678	79%	10↑
9	Kenya	5	771	571	74%	- ↑
10	Rwanda	2	498	498	100%	- ↑


Nigeria and Egypt change places, with most of the Nigerian deals signed only recently, so there is an interval before they can appear on the “under construction” listing. But there are still more rooms under construction in Nigeria than there are in Morocco, which has a far larger tourism industry. Libya drops off the list, as several of the signed deals are unable to proceed. Rwanda and Kenya both join the list; a Radisson Blu and a Marriott are under construction in Kigali, and Nairobi is seeing more activity than it has for many years, with Best Western, Radisson Blu, Park Inn and Three Cities-branded hotels all under construction, and a 200-room Lansmore Hotel, Lonrho’s new brand, on the drawing board.

Equatorial Guinea, one of Africa’s smallest countries, had 4 hotels under construction last year, 3 by Accor - a Sofitel (their second in the city) and an Ibis in Malabo on Bioko Island, and another Ibis in mainland Bata – and a Hilton close to Malabo airport. All have opened, showing that signed deals do become reality, even in “difficult” places. South Africa, in 9th position (down from 7th last year) in terms of signed deals, drops out of the rankings, partly due to the dominance of domestic chains (who are not included in this survey of international chains), and also because of the building boom that preceded the FIFA World Cup in 2010.

On average, the global hotel brands have less than 2 per cent of their total rooms in sub-Saharan Africa, and with rapid expansion of their existing and upcoming hotels in China, India and other developing and developed countries, this percentage could drop further. But the rewards in Africa are high, and with economic growth rates in many countries of 7 per cent and above, it is regarded by many as the most profitable place to do business – just oftentimes slower than “normal”.

For those in the know, the opportunities in Africa are as vast as the continent itself. George Kimble, an early 20th Century geographer, said that “the darkest thing about Africa has always been our ignorance of it”. The activities of the international and regional hotel chains show that, in 2012, they are far from ignorant when it comes to those opportunities!

	TOTAL			PRE-CONSTRUCTION (PLANNING)	ROOMS ON SITE (CONSTRUCTION)
	GROUP	Countries	Hotels		
ACCOR	12	36	5,982	41%	59%
AFRICAN SUN	2	4	580	0%	100%
AZALAI	7	7	1,020	88%	12%
BAGLIONI	1	1	72	0%	100%
BEST WESTERN	4	5	533	12%	88%
CARLSON REZIDOR	15	25	5,337	45%	55%
FOUR SEASONS	2	2	380	0%	100%
HILTON	10	11	3,380	22%	78%
HYATT	2	2	170	29%	71%
IHG	6	9	2,885	76%	24%
JUMEIRAH	2	3	680	100%	0%
KEMPINSKI	5	6	1,371	44%	56%
LEGACY	1	2	550	100%	0%
LONRHO	6	6	755	62%	38%
LOUVRE HOTELS	4	6	931	0%	100%
MANTIS	1	6	232	10%	90%
MARRIOTT	7	14	2,512	33%	67%
MILLENIUM	3	3	770	71%	29%
MOVENPICK	3	12	2,182	17%	83%
OBEROI	1	2	232	65%	35%
ONOMO	12	13	1,579	78%	22%
PESTANA	4	4	430	59%	41%
PROTEA	4	9	867	37%	63%
ROTANA	5	5	1,250	84%	16%
SOUTHERN SUN	3	3	365	79%	21%
STARWOOD	4	6	2,140	19%	81%
SUN INTERNATIONAL	2	2	375	36%	64%
THREE CITIES	2	2	155	40%	60%
WYNDHAM	2	2	359	46%	54%
TOTAL		208	38,074	45%	55%

	North Africa		sub-Saharan Africa		Total Africa		PRE-CONSTRUCTION (PLANNING)	ROOMS ON SITE (CONSTRUCTION)
	COUNTRY	Hotels	Rooms	Hotels	Rooms	Hotels		
Algeria	14	2,537			14	2,537	27%	73%
Angola			3	824	3	824	100%	0%
Benin			3	442	3	442	0%	100%
Botswana			1	157	1	157	0%	100%
Burkina Faso			1	120	1	120	100%	0%
Burundi			1	120	1	120	0%	100%
Cameroun			2	250	2	250	100%	0%
Cape Verde			2	339	2	339	85%	15%
Chad			2	287	2	287	38%	62%
Cote d'Ivoire			3	858	3	858	21%	79%
Egypt	19	5,923			19	5,923	27%	73%
Ethiopia			2	273	2	273	0%	100%
Gabon			8	1,260	8	1,260	37%	63%
Ghana			11	1,752	11	1,752	38%	62%
Guinea Republic			4	779	4	779	68%	32%
Kenya			5	771	5	771	26%	74%
Libya	3	1,084			3	1,084	59%	41%
Mali			2	205	2	205	49%	51%
Mauritania			2	310	2	310	100%	0%
Mauritius			2	252	2	252	32%	68%
Morocco	35	5,809			35	5,809	60%	40%
Mozambique			4	370	4	370	0%	100%
Namibia			1	93	1	93	100%	0%
Niger			1	240	1	240	100%	0%
Nigeria			43	6,808	43	6,808	61%	39%
Rwanda			2	498	2	498	0%	100%
Senegal			4	567	4	567	81%	19%
Sierra Leone			2	371	2	371	54%	46%
South Africa			8	990	8	990	58%	42%
Sudan			2	420	2	420	0%	100%
Tanzania			1	54	1	54	0%	100%
Togo			2	240	2	240	100%	0%
Tunisia	8	2,096			8	2,096	0%	100%
Uganda			3	690	3	690	50%	50%
Zambia			2	285	2	285	49%	51%
TOTAL	79	17,449	129	20,625	208	38,074	45%	55%