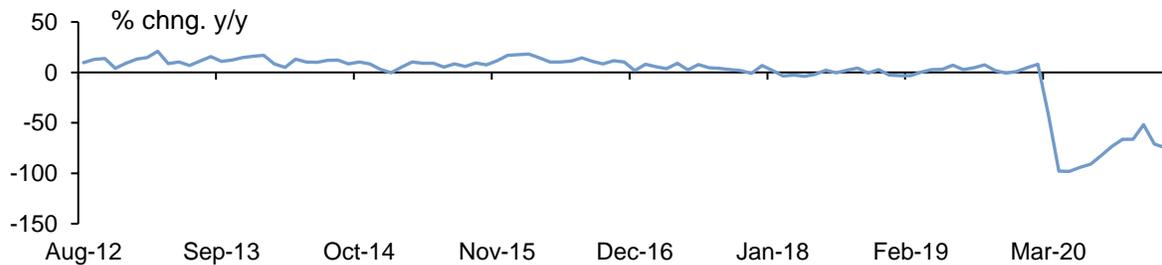




## Tourism update: The contraction in income derived from the tourist accommodation sector accelerated in February to -74.5% y/y

Tuesday 20 April 2021

Figure 1: Income from just the accommodation component (current prices)



Source: Stats SA, Investec

- Consistent with routine data gathered by immigration officers from the Department of Home Affairs (DHA), the number of travellers (both South African residents and foreign travellers) passing through SA's ports of entry/exit in February declined by -87.5% y/y to 385 832 individuals. 34% were SA residents, while the remaining 254 139 were foreign travellers.
- Looking at tourism numbers specifically, the number of foreign overnight visitors (tourists) plunged by a further -88.7% y/y in February, evincing the devastating effects the pandemic continues to have on the local tourism industry, a significant employer with considerable spillover benefits for other industries. Just under 85% or 76 298 of foreign overnight visitors travelled from the SADC regions, with the largest number stemming from Mozambique and Zimbabwe.
- Commercial passenger flights to and from South Africa continue to be largely suspended by many of the international airlines, with SA's highly contagious 501Y.V2 variant a key deterrent. In the near-term, until the vaccine roll-out gains momentum, South Africans are likely to remain relatively isolated, with few foreign travel destinations open to them.
- On the domestic front, leisure travel has subsided, following the pick-up in activity in Q4.20, which was supported by pent-up demand as lockdown restrictions were eased and the country headed into the festive period.
- Specifically, after easing to -51.8% y/y in December 2020, income from accommodation weakened to -74.5% y/y in February 2021, underpinned by a -60.6% y/y decline in the number of stay unit nights sold, coupled with a notable -35.2% y/y slide in the average income per stay unit (this compared to just -17.2% y/y in December).
- All accommodation types experienced marked declines in February, however the hotels category with a weighting of over 60%, was largely responsible for the -74.5% y/y plunge. Specifically, it detracted -53.7% points from the overall reading on the back of a contraction of -78.1% y/y, with occupancy rates still at a significantly depressed level of 17.8% in February, according to Stats SA.
- Players within the tourism industry need to continue finding innovative ways to attract domestic travellers during this still uncertain period. The threat of new, more virulent strains of the virus and a lengthy vaccine rollout remain the key risks to the recovery of this essential economic sector.

Figure 2: Contribution of each accommodation category (%)

	Oct.	Nov.	Dec.	Jan.	Feb.
Hotels	-44.2	-46.9	-35.8	-50.5	-53.7
Caravans, parks and camping sites	-0.2	-0.3	-0.7	-0.4	-0.4
Guest-houses and guest-farms	-1.6	-1.9	-1.7	-2.0	-1.8
Other accommodation	-20.5	-17.0	-13.6	-18.3	-18.7
<b>Total income from accommodation *</b>	<b>-66.4</b>	<b>-66.8</b>	<b>-51.8</b>	<b>-71.2</b>	<b>-74.5</b>

Source: Stats SA

\*Excludes restaurant and bar sales and 'other' income.

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