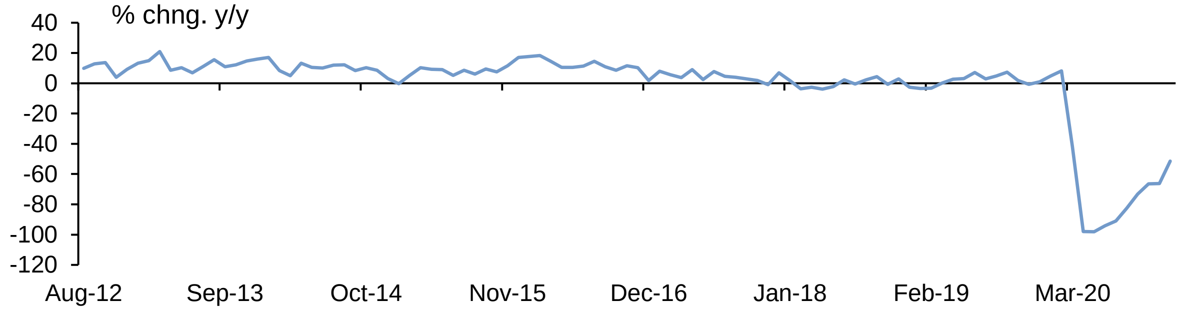
Tourism update: Income derived from the tourist accommodation sector fell at a decelerated rate in December, but remains depressed

Tuesday 23 February 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 increased by 98.7% on a month-on-month basis in December, however when compared to the same period last year numbers were still down by a substantial -79.9% y/y.
- The resumption of international travel on 11th November, following months of inactivity was a welcome development for many players in the domestic tourism and hospitality sector whose businesses rely on the support from overseas leisure travel. While still subdued overnight visitor (tourist) numbers grew by over 90% m/m in December but were still down nearly 80% year-on-year during the usually very busy festive period.
- 2021's numbers thus far are likely to be disappointing as a sharp second wave of infections in South Africa, driven by in part the more contagious 501Y.V2 strain led to many international airlines halting travel to the country.
- Domestic activity picked up in line with the easing of restrictions, with pent-up demand driving an increase in occupancy rates at the different accommodation categories.
- Indeed, a further deceleration from the sharp contractions recorded over particularly the second quarter of the year was evident.
- Specifically, total income from the tourist accommodation industry (incl. restaurants, bar sales and 'other' income), measured in nominal terms, fell by -57.7% y/y in December, following declines of -66.3% y/y and -64.7% y/y in October and November, respectively. Proceeds from the accommodation segment alone eased to -51.5% y/y in December, from -66.2% y/y in November, supported by pick-up in the number of stay units sold.
- We are anticipating a prolonged recovery of this vital sector, despite strong government support. The financial effects of the pandemic on consumers has been unprecedented, with many losing their jobs and while the efficacy and speed of the vaccination rollout remain key, the risk of new variants and further waves of infection poses a substantial threat.

Figure 2: Income from accommodation by accommodation category (current prices) % chng. y/y

	Aug.	Sept.	Oct.	Nov.	Dec.
Hotels	-85.5	-79.0	-70.1	-68.6	-56.7
Caravans, parks and camping sites	-77.9	-38.3	-23.3	-40.9	-41.2
Guest-houses and guest-farms	-83.5	-72.8	-47.0	-52.1	-42.4
Other accommodation	-76.5	-62.2	-62.2	-62.6	-42.7
Total income from accommodation	**-82.5**	**-72.3**	**-66.4**	**-66.2**	**-51.5**

Source: Stats SA

*Excl. restaurants and bar sales and 'other' income

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