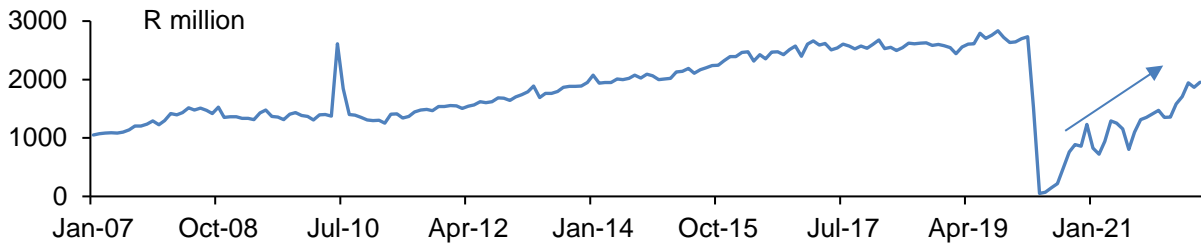




Tourism update: Income from tourist accommodation grew by 140% y/y on low base effects heightened by July 2021's unrest

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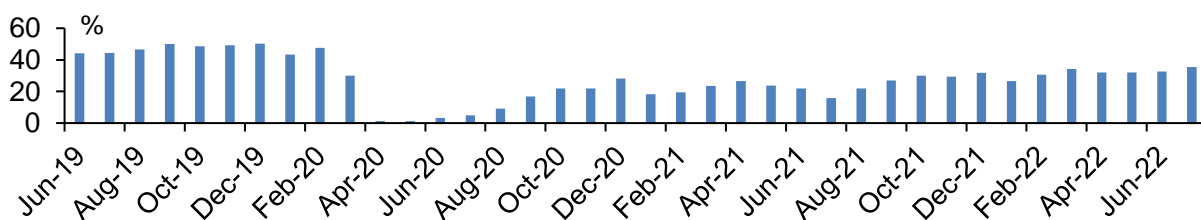
Figure 1: Income from accommodation at current prices (Seasonally adjusted)



Source: Stats SA

- Income derived from the tourist accommodation sector (at current prices) rose sharply year-on-year on base effects, intensified by the riots and unrest that took place during July 2021. Specifically, it climbed by a marked 140.0% y/y in July, following June's 61.4% y/y rise.
- Indeed, the unrest which occurred predominantly in Kwa-Zulu Natal, a popular tourist destination, coupled with the tighter lockdown restrictions imposed during that period (late June – 25th July 2021), prohibiting interprovincial leisure travel to and from Gauteng, weighed heavily on the already battered sector.
- A disaggregation of the headline reading indicates that the hotels segment of the market was largely responsible for the notable uptick, with hotel occupancy rates having picked up significantly (although they remain below pre-COVID levels).
- Indeed, tourist arrival numbers are up notably as indicated by the tourism and migration figures published by Stats SA. Specifically, year-to-date (January – July 2022) the number of 'overseas' tourists entering the country rose by 430.3% when compared to the same period last year.
- Visitors from Europe made up the largest share of overseas travellers, specifically those from the UK, while the number of tourists from North America have also increased notably.
- While domestic travel remains imperative and will continue to support the tourism industry, international tourism spend is vital for many domestic operators.
- South Africa's tourism industry has a way to go before it returns to pre-pandemic levels and continues to face a number of headwinds. Indeed, capacity constraints and heightened costs continue to plague the airline industry. While heightened load shedding and logistical constraints impede local operators.
- Growing South Africa's tourism sector however remains a key priority of Government. It has a "deep and wide value chain" and "by the very nature of its geographic distribution and low barriers to entry, tourism also generates economic activity, SME opportunities and employment for low- and semi-skilled workers in rural and remote areas with the greatest need", the deputy Tourism Minister highlighted in a recent keynote address.

Figure 2: Total Industry Occupancy Rates (NSA)



Source: Stats SA, Investec

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