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Tourism update: Domestic tourism has benefitted from the easing of restrictions, but the sector remains particularly hard hit by the pandemic

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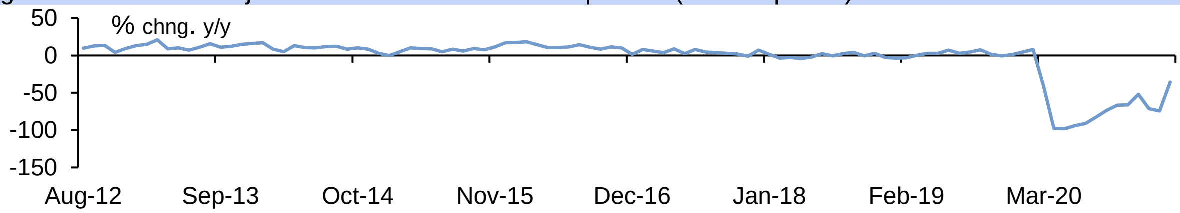
Figure 1: Income from just the accommodation component (current prices)



Source: Stats SA, Investec

- The number of travellers (both South African residents and foreign travellers) passing through SA's ports of entry/exit in March declined by a substantial -73.5% when compared to the same period last year. However, when measured on a month-on-month basis, numbers rose by 64.8%, likely aided by the move back to level 1 at the beginning of March.
- Specifically, the number of foreign overnight visitors (tourists) fell by a marked -70.5% y/y in March, following February's -88.7% y/y decline. The vast majority, over 85% or 136 506 of foreign overnight visitors travelled from the SADC regions, with the largest number stemming from Mozambique, Zimbabwe and Lesotho, with road transport the dominant means of travel.
- Travel from the rest of the world (excl. Africa) continues to be limited, with many commercial passenger flights to and from South Africa, by international carriers still largely suspended.
- Domestic, leisure travel has largely helped keep SA's tourism industry afloat, although a number of businesses have succumbed to the financial effects of the pandemic. According to the latest liquidations data for April, published by Stats SA, there were a further 145 liquidation cases within the trade, catering and accommodation industry since the start of the year. Income from accommodation eased to -35.9% y/y in March 2021, from -74.1% y/y in February underpinned by a -16.5% y/y decline in the number of stay unit nights sold, coupled with -23.2% y/y slide in the average income per stay unit (this compared to just -35.0% y/y in February).
- While March's year-on-year reading comes off March 2020's low base, the monthly lift of 44.0% is positive, although it is down on December's result, which was boosted by pent-up demand during the festive season. Specifically, when assessed on a quarter on quarter seasonally adjusted (qqsa) basis, the measure used to calculate GDP, real income from accommodation was down over -19.0% in Q1.21, versus Q4.20's robust lift, which aided the trade sector's 1.3% point contribution to GDP for the quarter. Hotels with a weighting of over 60%, was largely responsible for the -39.5% y/y plunge. Specifically, it detracted -26.0% points from the overall reading on the back of a contraction of -39.7% y/y, with occupancy rates still at a depressed level of 23.5% in March, according to Stats SA.
- As the third wave persists, further, tighter lockdown restrictions remain a risk to the pace of recovery, although we do not foresee the country moving back to the harsh levels experienced in Q2.20. The second phase of the vaccine rollout is gaining momentum, however SA is still in the early stages and far behind many other nations. A buoyant tourism sector is essential to economic recovery and accordingly government is focused on ways to boost this vital industry. The Tourism sector Recovery Plan is aligned with the priorities of the Economic Reconstruction and Recovery Plan (ERRP).

Figure 2: Contribution of each accommodation category (%)

	Nov.	Dec.	Jan.	Feb.	Mar.
Hotels	-46.9	-35.8	-50.5	-53.5	-26.0
Caravans, parks and camping sites	-0.3	-0.7	-0.4	-0.4	-0.2
Guest-houses and guest-farms	-1.9	-1.7	-2.0	-1.8	--0.7
Other accommodation	-17.0	-13.6	-18.3	-18.5	-8.9
Total income from accommodation *	**-66.8**	**-51.8**	**-71.2**	**-74.1**	**-35.9**

Source: Stats SA

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

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