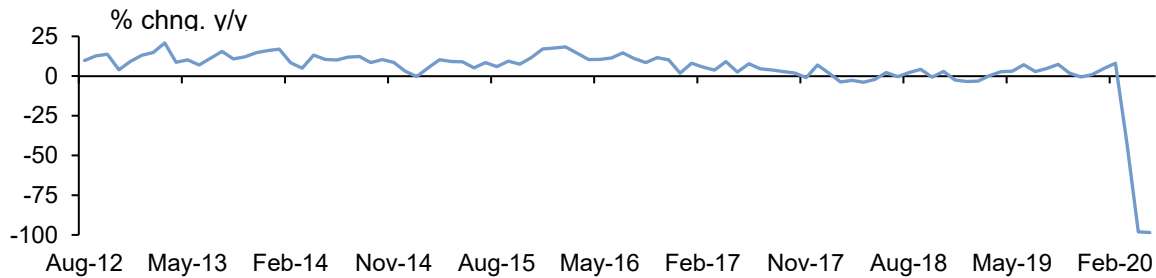




Tourism update: Tourist accommodation numbers for April and May reflect the dire impact of the Covid-19 pandemic on the tourism industry

20th July 2020

Figure 1: Income from accommodation (current prices)



Source: Stats SA, Investec

- The tourism and hospitality sector has been one of the biggest casualties of the Covid-19 pandemic.
- This essential sector of the economy has been largely shut down since the end of March, when government enforced its nationwide lockdown. However, even before South Africa's official lockdown, many countries, including those that are significant tourism markets for SA closed their borders, restricting international travel. This had a marked bearing on March's accommodation figures. Specifically, total income (includes restaurant and bar sales and 'other' income) derived from the tourist accommodation industry, measured in nominal terms fell by 33.6% y/y in March, following February's 6.4% y/y lift.
- April and May's readings are reflective of the marked effects of the industry-wide shut-down, which resulted in an unprecedented plunge in total income from accommodation of 98.7% y/y and 98.0% y/y, respectively. Indeed, all accommodation categories experienced unparalleled declines (see figure 2).
- Many markets globally have started to ease their travel restrictions, subject to strict health protocols. However, in South Africa while some domestic travel, primarily for business purposes has been permitted since 1 June (level 3), leisure travelers staying overnight in accommodation establishments remains prohibited.
- The "(o)utbreak of Coronavirus COVID-19 presents the tourism sector with a major and evolving challenge," according to the World Tourism Organisation. Job losses and salary cuts linked to the economic fallout from the pandemic, have served to intensify the strain many consumers were already under. As such, many households will have to reduce or eliminate their leisure travel budgets. Furthermore, many individuals are likely to remain hesitant to resume many ordinary activities once the economy is fully opened. According to a recent survey on SA tourism (a collaboration between IFC, Department of Tourism, and TBCSA and all its member associations), the "(m)ost significant concern for businesses considering reopening is sufficient demand to break-even."
- Indeed, adverse long term effects on the hospitality, tourism and accommodation industry is envisioned, an important growth area for SA's economy and a vital conduit for employment. Players in this sector will need to re-invent their offerings to adjust to "the new normal," until a viable treatment or widespread vaccine is available.

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

	Feb.	March	April	May
Hotels	5.5	-43.2	-97.9	-98.2
Caravans, parks and camping sites	25.4	-24.6	-100.0	-100.0
Guest-houses and guest-farms	-26.0	-55.3	-98.8	-99.7
Other accommodation	22.4	-35.9	-98.4	-98.8
Total income from accommodation *	8.1	-41.7	-98.1	-98.5

Sources: Stats SA, Investec

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



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