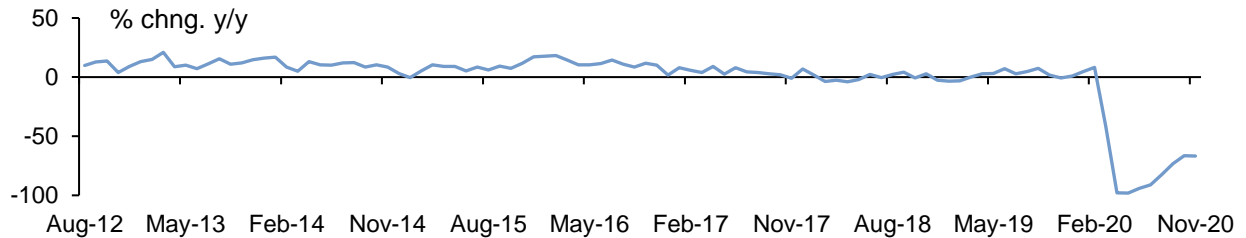




## Tourism update: Tourist accommodation statistics declined at a decelerated rate in November, but remain weak

Monday 18 January 2021

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



Source: Stats SA, Investec

- The domestic tourism sector and its allied industries have been one of the biggest casualties of the pandemic, with the sector largely shut down until the end of July 2020 when intra-provincial leisure travel was permitted. Indeed, the United Nations Conference on Trade and Development (UNCTAD) listed South Africa “as one of the top 15 countries that is being negatively impacted by the near-closure of the international travel industry during the pandemic.”
- According to results from a survey on South Africa’s tourism industry conducted between 22nd October and 12th November by the IFC, the Department of Tourism, TBCSA and all its member associations “the COVID-19 crisis has already significantly devastated the supply side of the tourism sector as a result of the demand collapse in our country.” However, encouragingly, the “(m)itigation measures applied by businesses appear to have shifted from temporary closure, refunds and supporting booking deferment, to more forward-looking strategic interventions that include adjusting marketing strategies and dropping prices.”
- Lifting of restrictions has aided some improvement in activity, with the latest tourist accommodation statistics published by Stats SA, for November, revealing a further deceleration from the sharp contractions recorded over particularly the second quarter of the year. However, total income from the tourist accommodation industry (incl. restaurants, bar sales and ‘other’ income), measured in nominal terms, still fell by a marked -65.5% y/y in November, following a decline of -66.3% y/y in October. Proceeds from the accommodation segment alone fell by -66.8% y/y in November, underpinned by a -52.7% y/y decline in stay units sold, coupled with a -29.7% y/y slide in average income per stay unit night sold.
- An analysis of the data (income from accommodation), suggests that the hotels category with a weighting of over 60%, was largely responsible for November’s decline. Specifically, it detracted 47.6% from the overall reading on the back of a contraction of -69.6% y/y, with occupancy rates still at a depressed level of 23.6% in November, according to Stats SA. The lifting of international travel restrictions and pent up demand is likely to have aided the industry further during December, however, the year-on-year performance is still likely to be notably down as the financial effects of the pandemic on consumers has been unprecedented. As such, many households will likely have had to reduce or eliminate their leisure travel budgets.
- A second, marked spike in infection rates, necessitating a move back to an adjusted level three lockdown and a renewed ban on alcohol sales, will once again likely slow the pace of recovery of the tourism and its allied sectors. A hastened, effective vaccination rollout, coupled with strong support from government, as indicated in its reconstruction and recovery plan, is vital to revive and propel forward this essential sector.

Figure 2: Contribution of each accommodation category (%)

	July	Aug.	Sept.	Oct.	Nov.
Hotels	-57.8	-54.2	-51.3	-44.2	-47.6
Caravans, parks and camping sites	-1.0	-0.8	-0.4	-0.2	-0.3
Guest-houses and guest-farms	-3.3	-2.8	-2.4	-1.6	-2.0
Other accommodation	-28.9	-24.7	-19.0	-20.5	-16.9
<b>Total income from accommodation *</b>	<b>-91.0</b>	<b>-82.5</b>	<b>-72.9</b>	<b>-66.4</b>	<b>-66.8</b>

Source: Stats SA

\*Excl. restaurants and bar sales and ‘other’ income

## Tourism update: Tourist accommodation statistics declined at a decelerated rate in November, but remain weak

Monday 18 January 2021



Important Disclaimer – please read

For the purposes of this disclaimer, Investec shall include Investec Bank Limited, its ultimate holding company, a subsidiary (or a subsidiary of a subsidiary) of that entity, a holding company of that entity or any other subsidiary of that holding company, and any affiliated entity of any such entities. “Investec Affiliates” shall mean any directors, officers, representatives, employees, advisers or agents of any part of Investec.

The information and materials presented in this report are provided to you solely for general information and should not be considered as an offer or solicitation of an offer to sell, buy or subscribe to any securities or any derivative instrument or any other rights pertaining thereto.

The information in this report has been compiled from sources believed to be reliable, but neither Investec nor any Investec Affiliates accept liability for any loss arising from the use hereof or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this report. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or estimates. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance. The information in this report and the report itself is subject to change without notice. This report as well as any other related documents or information may be incomplete, condensed and/or may not contain all material information concerning the subject of the report; its accuracy cannot be guaranteed. There is no obligation of any kind on Investec or any Investec Affiliates to update this report or any of the information, opinions, forecasts or estimates contained herein.

Investec (or its directors, officers or employees) may, to the extent permitted by law, own or have a position or interest in the financial instruments or services referred to herein, and may add to or dispose of any such position or may make a market or act as a principal in any transaction in such financial instruments. Investec (or its directors, officers or employees) may, to the extent permitted by law, act upon or use the information or opinions presented herein, or research or analysis on which they are based prior to the material being published. Investec may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them. The value of any securities or financial instruments mentioned in this report can fall as well as rise. Foreign currency denominated securities and financial instruments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such securities or financial instruments. Certain transactions, including those involving futures, options and other derivative instruments, can give rise to substantial risk and are not suitable for all investors.

This report does not contain advice, except as defined by the Corporations Act 2001 (Australia). Specifically, it does not take into account the objectives, financial situation or needs of any particular person. Investors should not do anything or forebear to do anything on the basis of this report. Before entering into any arrangement or transaction, investors must consider whether it is appropriate to do so based on their personal objectives, financial situation and needs and seek financial advice where needed.

No representation or warranty, express or implied, is or will be made in relation to, and no responsibility or liability is or will be accepted by Investec or any Investec Affiliates as to, or in relation to, the accuracy, reliability, or completeness of the contents of this report and each entity within Investec (for itself and on behalf of all Investec Affiliates) hereby expressly disclaims any and all responsibility or liability for the accuracy, reliability and completeness of such information or this research report generally.

The securities or financial instruments described herein may not have been registered under the US Securities Act of 1933, and may not be offered or sold in the United States of America or to US persons unless they have been registered under such Act, or except in compliance with an exemption from the registration requirements of such Act. US entities that are interested in trading securities listed in this report should contact a US registered broker dealer.

For readers of this report in South Africa: this report is produced by Investec Bank Limited, an authorised financial services provider and a member of the JSE Limited.

For readers of this report in United Kingdom and Europe: this report is produced by Investec Bank Plc (“IBP”) and was prepared by the analyst named in this report. IBP is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This report is not intended for retail clients and may only be issued to professional clients and eligible counterparties, and investment professionals as described in S19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005.

For readers of this report in Ireland: this report is produced by Investec Bank plc (Irish Branch) and was prepared by the analyst named in this report. Investec Bank plc (Irish Branch) is authorised by the Prudential Regulation Authority in the United Kingdom and is regulated by the Central Bank of Ireland for conduct of business rules.

## Tourism update: Tourist accommodation statistics declined at a decelerated rate in November, but remain weak

Monday 18 January 2021



For readers of this report in Australia: this report is issued by Investec Australia Limited, holder of Australian Financial Services License No. 342737 only to 'Wholesale Clients' as defined by S761G of the Corporations Act 2001.

For readers of this report in Hong Kong: this report is distributed in Hong Kong by Investec Capital Asia Limited, a Securities and Futures Commission licensed corporation (Central Entity Number AFT069) and is intended for distribution to professional investors (as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) only. This report is personal to the recipient and any unauthorised use, redistribution, retransmission or reprinting of this report (whether by digital, mechanical or other means) is strictly prohibited.

For readers of this report in India: this report is issued by Investec Capital Services (India) Private Limited which is registered with the Securities and Exchange Board of India.

For readers of this report in Singapore: this report is produced by IBP and issued and distributed in Singapore through Investec Singapore Pte. Ltd. ("ISPL"), an exempt financial adviser which is regulated by the Monetary Authority of Singapore as a capital markets services licence holder. This material is intended only for, and may be issued and distributed in Singapore only to, accredited investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 ("SFA"). This material is not intended to be issued or distributed to any retail or other investors. ISPL may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Singapore recipients of this document should contact ISPL at the above address in respect of any matters arising from, or in connection with, this report.

For readers of this report in Canada: this report is issued by IBP, and may only be issued to persons in Canada who are able to be categorised as a "permitted client" under National Instrument 31-103 Registration Requirements and Exemptions or to any other person to whom this report may be lawfully directed. This report may not be relied upon by any person other than the intended recipient.

The distribution of this document in other jurisdictions may be prohibited by rules, regulations and/or laws of such jurisdiction. Any failure to comply with such restrictions may constitute a violation of United States securities laws or the laws of any such other jurisdiction.

This report may have been issued to you by one entity within Investec in the fulfilment of another Investec entity's agreement to do so. In doing so, the entity providing the research is in no way acting as agent of the entity with whom you have any such agreement and in no way is standing as principal or a party to that arrangement.

This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of an entity within Investec. Securities referred to in this report may not be eligible for sale in those jurisdictions where an entity within Investec is not authorised or permitted by local law to do so. In the event that you contact any representative of Investec in connection with receipt of this report, including any analyst, you should be advised that this disclaimer applies to any conversation or correspondence that occurs as a result, which is also engaged in by Investec and any relevant Investec Affiliate solely for the purposes of providing general information only. Any subsequent business you choose to transact shall be subject to the relevant terms thereof. We may monitor e-mail traffic data and the content of email. Calls may be monitored and recorded. Investec does not allow the redistribution of this report to non-professional investors or persons outside the jurisdictions referred to above and Investec cannot be held responsible in any way for third parties who effect such redistribution or recipients thereof. © 2019