

Hospitality Industry in South Africa - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

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Report description:

The Hospitality Industry in South Africa Market size is estimated at USD 1.36 billion in 2024, and is expected to reach USD 1.68 billion by 2029, growing at a CAGR of 4.43% during the forecast period (2024-2029).

South Africa has been of the top tourist destinations in the African continent. However, the COVID-19 pandemic has had a severe economic impact on South Africa's hotel sector, with several hotels facing bankruptcy and permanent closure. As governments implemented extraordinary measures to contain the virus, such as travel restrictions and physical separation, the hotel industry halted during the pandemic. Job losses, reduced pay, and layoffs have all had a significant impact on employment. Concerns for hotels include cash flow, travel restrictions, guest cancellations, low consumer spending, and the industry's overall economic uncertainty during the COVID-19 pandemic. However, the measures were lifted in April 2022, and the tourism industry has started recovering. As per the Bureau for Economic Research, since all COVID-19 restrictions have been lifted, there has been an increase in the number of patrons from the previous quarter, which caused this growth in the hospitality sector in South Africa in 2022.

The hospitality industry in South Africa is emerging, with a rising number of travelers visiting the country for business and leisure purposes. According to Stats SA, in the ports of entry and exit into and out of South Africa in April 2022, 1,696,851 travelers (arrivals, departures, and transits) passed through South African ports of entry/exit. A comparison of movements in April 2021 and April 2022 shows that the volume of arrivals, departures, and transit travelers increased for South African residents and foreign visitors. Arrivals grew by 145.4% for South African residents (from 117,557 in April 2021 to 288,430 in April 2022). To accommodate rising travelers, the hospitality industry is expanding rapidly in the country and is scoring dynamic key performance indicators. Africa is at around 2.8 million for 2020 and 2.5 million for 2021, far from the 2019 figure of 10.2 million, let alone the projected figures for the two respective years had the pandemic not occurred. Furthermore, the growth of hotel rooms and keys is growing, with an additional 3,500 rooms, which will be added in the coming years. Short-term home rentals like Airbnb have been

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growing rapidly in the region.

Hospitality in South Africa Market Trends

Growth in Tourism Sector in South Africa is Expected to Outpace Hospitality Industry

South Africa has been gaining more significance as the leading convention destination in the continent as Cape Town, which is known as the Events Capital of Africa, was listed as one of the top 50 convention cities across the globe. According to the World Travel & Tourism Council (WTTC), South Africa's travel and tourism GDP is expected to drive the country's economic recovery over the next decade. According to the WTTC's Economic Impact Report (EIR), the South African Travel & Tourism sector is expected to grow at a 7.6% annual rate over the next decade, far outpacing the country's overall economic growth rate of 1.8%. By 2032, the sector's contribution to GDP could reach more than ZAR 554.6 billion (7.4% of the total economy), injecting nearly ZAR 287 billion into the national economy. The sector is also expected to create more than 800,000 jobs over the next decade, to reach more than 1.9 million by 2032.

Advancements of Technologies in the Hospitality Sector is Propelling the Market

Like their global counterparts, South African hotels are accelerating technology adoption to meet customer-driven demand in the hospitality sector. Although, the COVID-19 pandemic hard hit the hospitality industry. However, this allowed business introspection and the acceleration of innovation and technology. With the industry showing signs of an uptrend, there are opportunities to capitalize on prevailing trends through these technologies' continued, enhanced use. Hotels are implementing technology that is transforming the consumer experience. Certain technologies result in major benefits and cost reductions in the hospitality industry. The use of near-field communication (NFC) advanced technologies, infrared technologies, and robots are by far the most important trends in this market. Hotel owners and operators are investing in systems and technologies that automate processes and personalize the guest experience. For instance, in 2021, the Hotel Sky in Johannesburg was the first African hotel to employ robots. It is the first hotel in Africa to use automated attendants. Incorporating technology in the hotel industry is expected to increase the number of visitors in South Africa. This is expected to surge growth in the hospitality industry.

Hospitality in South Africa Industry Overview

The hospitality industry in South Africa is a combination of international hotel brands and domestically grown brands. The country has several individual hotel properties that are spread across the major cities of the country. Key players are focusing on delivering customized and innovative services targeted to gain more customers. The customization is based on factors such as brands of products used, duration of service, and others. Some of the key players operating in the market are Marriott International Inc., Accor SA, Hilton Worldwide Holdings Inc, Radisson Hotels, and Melia Hotels International SA, among others.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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