

Growth in tourist accommodation despite difficult trading conditions

Figures recently released by Statistics South Africa (Stats SA) for Tourism Accommodation in 2016 revealed that the total income for the local tourist accommodation industry increased by 7.1% compared with the previous year.



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However, these figures have been measured in nominal terms, according to Grant Sandham, Premier Hotels & Resorts' sales and marketing manager, and have not been adjusted for inflation. With the average inflation in South Africa being 6.5%, this means that actual growth was only 0.6%.

The publication stated that income from accommodation increased by 8,9% year-on-year due to a 2,0% boost in the number of stay unit nights sold and a 6,8% upsurge in the average income per stay unit night sold. Despite this, Sandham says that in real terms there was only 2% year-on-year growth. The contribution of hotels to the total income, according to the publication, grew by 7,8% year-on-year. Sandham notes that after subtracting inflation, this figure is only 1.3%.

International tourist market

"Although the South African accommodation industry is trading only slightly ahead of inflation, it is growing - particularly in terms of the international tourist market," shares Sandham. "For instance, we are seeing tour groups making and fulfilling their bookings whereas before we would experience a significant level of wash with bookings being made but only a fraction of rooms being occupied."

He attributes this buoyancy of the international market to South Africa's favourable exchange rate as well as to being seen as an alternative to South America which has become somewhat of a no-go zone due to the Zika virus.

Domestic market

In terms of the domestic market, Sandham says people have become increasingly price conscious. In addition to corporate spend on accommodation going backwards, there has been a contraction in government spend due to their efforts to curb expenditure by R1 billion year on year.

“Unfortunately everyone is experiencing difficult trading conditions at the moment, but I believe that there will be continued growth in the accommodation industry. This will be driven largely by the international market, coupled with the domestic market being less likely to travel internationally and instead booking stays locally which will have a positive impact on the sector,” concludes Sandham.

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