

INTERNATIONAL HOTEL CHAINS EXPANDING TO AFRICA



African continent strengthens its position as an attractive destination for the largest international hotel chains, which have decided to multiply their investments in the region. The latest to join is Hyatt Hotels, who recently announced the opening of nine establishments in Kenya, Egypt, Morocco, Algeria, Ethiopia, Senegal, and Tanzania.

With an ever-increasing favorable commercial climate and a major rise in tourist expenditure, Africa and particularly East Africa, are becoming important scenarios for hotel expansion strategies, such as **the recent initiative by Accor Hotels, which launched a 1 billion fund to promote new projects in the African continent.**

According to the World Tourism Organization (UNWTO), the number of international arrivals grew by 5.8% in Sub-Saharan Africa between 2005 and 2017 (well-above the world average, estimated at 4.2% according to the UN agency). Only last year, the number of arrivals reported an overall 8.6% increase throughout the continent.

Moreover, the rise in tourism is far from touching the ceiling. It is expected that domestic travels will grow thanks to an initiative known as Single Market for air travel in Africa, launched at the beginning of the year.

For its part, according to the Report in Economic Development in Africa presented in the United Nations Conference on Trade and Development (UNCTAD), four out of every ten travelers in Africa come from the region.

The rise of large regional centers such as Nairobi, Lagos, Addis Ababa, or Johannesburg, contributes greatly to this type of domestic travelers.

The increase in international long-distance flights to these cities confirms these figures. Only in the case of Nairobi, according to data from the consulting agency Forward Keys, the number of flights grew by 8% in the middle of the Jomo Kenyatta International Airport expansion, as well as the addition of new routes to Amsterdam, Paris, and London, among others destinations.

Hyatt Hotels, the American multinational hospitality company, is one of the hotel chains that have firmly decided to bet on the African continent.

Takuya Aoyama, regional Vice President of Acquisitions & Development for Europe, Africa and the Middle East for Hyatt Hotels Corporation, said that “strengthening our existing hotel presence in the capitals of East Africa has provided Hyatt with a solid foundation to continue expanding our footprint in the rest of the continent.”

Of the nine hotels that Hyatt will open in Africa before 2020, five of these are opening in new markets, specifically Algeria, where plans include the unveiling of the Hyatt Regency Algiers Airport (in the first quarter of 2019); or Ethiopia, with the Hyatt Regency Addis Ababa (last quarter of 2018).

Kenya will start its hotel portfolio with a double entry: the Hyatt Place Nairobi and Hyatt House

Nairobi both slated for 2020. The corporation also has investments in Senegal with the Hyatt Centric Dakar, which is expected to open in the first quarter of 2019.

Additionally, Hyatt Hotels will open new stores in other markets where it already has a presence, including Egypt (Hyatt Regency Cairo West), Morocco (Park Hyatt Marrakech and Hyatt Regency Haghazout), and Tanzania (Hyatt Regency Arusha, which will be its third hospitality establishment in the country).

On top of these large initiatives, the company has also announced that, as part of its long-term expansion plan in Sub-Saharan Africa, it will continue to explore “new opportunities in countries such as Rwanda, Uganda, Mozambique, Namibia, Cameroon, Madagascar, Ghana, and Ivory Coast”.

Hilton is another company that announced plans of expansion in Africa. Recently, the representatives reported that one million dollars (864,500 euros) will go to local hotels to boost the continent’s tourism. According to the group’s statement, the five priority areas, the ‘Big Five’, are youth opportunities, the reduction of water consumption by 50% until 2030, mitigating human trafficking, local hiring through partnerships and protection of wildlife.

“Today we are pleased to take our efforts to the next level with an initial commitment of \$1 million, which will allow us to invest in and scale up initiatives that build skills among young people, mitigate risks in human trafficking, engage local entrepreneurs across our supply chain, improve water efficiencies and promote responsible wildlife-based tourism,” said the Hilton’s president, Chris Nassetta, quoted in the statement.

The well-known hotel chain has 41 hotels in 21 countries on the African continent, including Cape Verde and a hotel planned for Mozambique; the expansion plan mentioned in the statement intends to reach a total of 53 units.

Marriott has also announced expansion plans throughout Africa. The company will consolidate its presence in Ghana, Kenya, Morocco and South Africa and will mark the company's entry into Mozambique. Today, Marriott International is present in 21 African countries.

The acquisition of five new hotels in these countries marks the path marked by the company: in 2023 it aims to increase its portfolio by 50% in Africa, with more than 200 hotels and 38,000 rooms. **An investment that will generate 12,000 new jobs in the continent.**

The company estimates that the five new projects signed will boost an investment of more than 250 million dollars by the owners, which will generate substantial economic activity.

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