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HOTEL yearbook 2013

Scenarios for the year ahead

Puneet Chhatwal, Steigenberger's new CEO, shares his thoughts on the challenges in the year ahead

Dorchester Collection CEO Chris Cowdray on leadership

How will 2013 shape up for the key hotel markets worldwide?
30 exclusive country reports from Horwath HTL

Special section: "Spa 2020"
Leading experts explore the next decade in the spa industry

How is your company visualizing its future business landscape?
Woody Wade on scenario planning in the hotel industry

This excerpt from the Hotel Yearbook 2013 is brought to you by :

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WADE & COMPANY

Wade & Company is a Lausanne-based consultancy that helps senior managers in the hospitality industry better understand how their future “business landscape” could change, affecting their competitiveness and creating new opportunities and challenges. Its scenario planning workshops give management teams a creative yet structured approach for envisaging alternative ways their future operating environment could realistically unfold over the next few years, depending on how current uncertainties develop. With these eye-opening insights, Wade & Company’s clients can maximize the flexibility of their strategic plans and be better prepared for whatever future dies arise. More info is at www.11changes.com.

Horwath HTL

Hotel, Tourism and Leisure

HORWATH HTL

Horwath Hotel, Tourism and Leisure consulting are the world’s number one hospitality consulting organisation, operating since 1915. Horwath HTL are the industry choice; a global network offering complete solutions in markets both local and international. Through involvement in thousands of projects over many years, Horwath HTL have amassed extensive, in-depth knowledge and understanding of the needs of hotel & real estate companies and financial institutions.

Horwath HTL are the world’s largest consulting organisation specialised in the hospitality industry, with 50 offices in 39 countries. They are recognised as the pre-eminent specialist in Hotels, Tourism and Leisure, providing solutions through a combination of international experience and expert local knowledge.

HSYNDICATE

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With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality. With the central idea ‘ONE Industry, ONE Network’, Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate’s specific and context-relevant intelligence delivered to them when they need it and how they need it.

Slow but steady

ROUNDING OUT OUR 2013 ASSESSMENT OF KEY GEOGRAPHIC MARKETS FOR THE HOTEL INDUSTRY IS A LOOK AT SOUTH AFRICA. THE CAPE TOWN OFFICE OF **HORWATH HTL** CONTRIBUTES A LOOK AT PROSPECTS IN ITS OWN BACKYARD, WHILE THE REST OF THE CONTINENT IS REVIEWED BY **W HOSPITALITY** IN NIGERIA. (SEE P.86)

SITUATION REPORT

International tourist arrivals in South Africa are estimated to have increased by approximately 10.5% in the first seven months of the year (Overseas: +16.4%; Africa: +8.5%). Domestic tourism is estimated to account for about 70% of the total visitor market and about 35% of total tourism spend. Yet in spite of a weaker domestic economic outlook and moderating domestic visitor market, the South African hotel market has shown some evidence of a recovery in 2012.

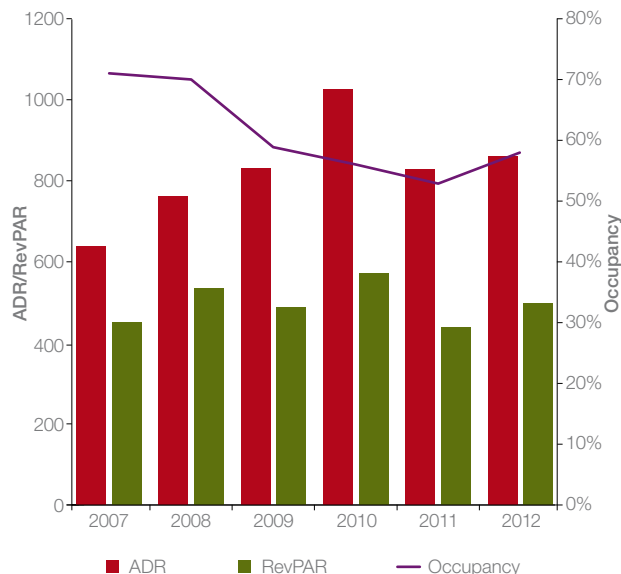
Year-to-date RevPAR has increased by an estimated 13%, in South African Rand terms, to approximately ZAR 497 according to STR Global; this increase in RevPAR can be attributed to growth in both room night demand (+5%) and average room rate (+4%). While RevPAR is comparable with that registered in respect of the same period in 2009, the South African hotel market continues to operate below pre-recession RevPAR performance levels registered in respect of the same period in 2008 (-7%).

South African hoteliers find themselves operating in a high inflation trading environment where input costs (in particular food, labor, utilities, and fuel) continue to escalate at above inflation rates (inflation is estimated at 5.5% whereas GDP growth is estimated at 3.2%). As a result, hotel profitability remains under pressure, in particular those new-builds which entered the market in time for the 2010 FIFA World Cup who are required to service the project's debt funding.

Nevertheless, a pipeline comprised of approximately 13 hotel developments exist which, if they all materialize, will result in an estimated 1,787 additional guest rooms. Amid challenging trading conditions in South Africa, many of the South African hotel management companies are exploring opportunities across the African continent where trading conditions and yields appear more favorable.

OUTLOOK FOR 2013

Looking ahead to 2013, we expect the South African hotel market is likely to maintain the current status quo. Uncertainty in many of the country's key source markets is likely to continue to



Uncertainty in many of the country's key source markets is likely to continue to influence international leisure travel demand

influence international leisure travel demand. In light of the local economic environment, we expect demand from the domestic corporate and government demand segments to remain at current levels. We believe that the return to growth is likely to be slow, with hotel performance largely driven by the return of the international leisure traveller coupled with an improved local economic environment.

| Michèle de Witt ■





Horwath HTL - the global leader in hospitality consulting

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Over the last 20 years, and through involvement in thousands of projects, we have amassed extensive, in-depth knowledge and understanding of the needs of hotel and real estate companies and financial institutions.

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