



HOSPITALITY CONSULTING

Zanzibar

Hotel Market Update

June 2019

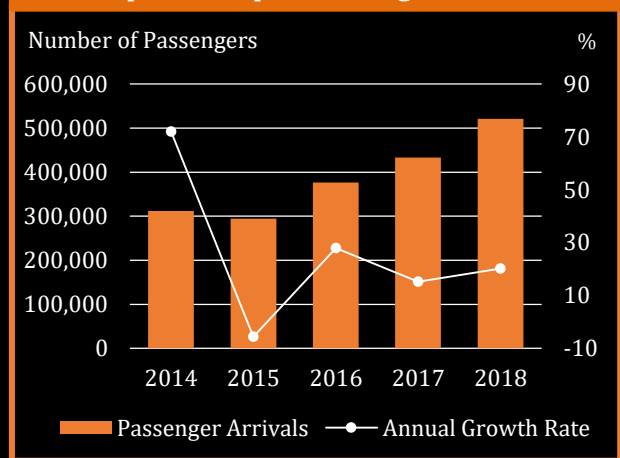
Record-high tourism demand shape a bright future for Zanzibar's tourism sector

Slow development of new supply is limiting broader success

"Looking at Zanzibar's tourism market for the past decade, the number of arrivals expanding by 15% CAGR between 2008 and 2018. Last year, passenger arrivals to Zanzibar achieved more than half a million, indicating over 20% increase compared to the previous year. It is the third consecutive year for the island to reach double-digit growth, followed by 28% in 2016 and 15% in 2017.

Tourists can access Zanzibar either by international/domestic flights or ferries from Dar es Salaam. Through the past three years, airport passenger arrivals are the key indicator to drive the escalating total arrival numbers. Passengers entering by air rose 25% in 2018 compared to 19% in 2017. Domestic flights are a key segment which surged by 36% y-o-y to over 140,000 passengers. In contrast, arrivals through the seaport have declined slightly for two consecutive years since 2016.

Airport & Seaport Passenger Arrivals



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Looking forward, both public infrastructure and the real estate sector is expanding on the island. With more upcoming international branded hotel developments, the destination is forming set to widen its global awareness and recognition.

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Israel dropped out from the top five geographic source market with a sharp decrease of 34% in 2018 compared to the previous year.
- Travelers from Russia, North America, and Australia doubled their volume in 2018 versus 2017, with the major contributor being improved flight connectivity.
- While seasonality has remained consistent, July and September have shifted from shoulder periods into a rising trajectory in the annual demand cycle.

Forward Outlook

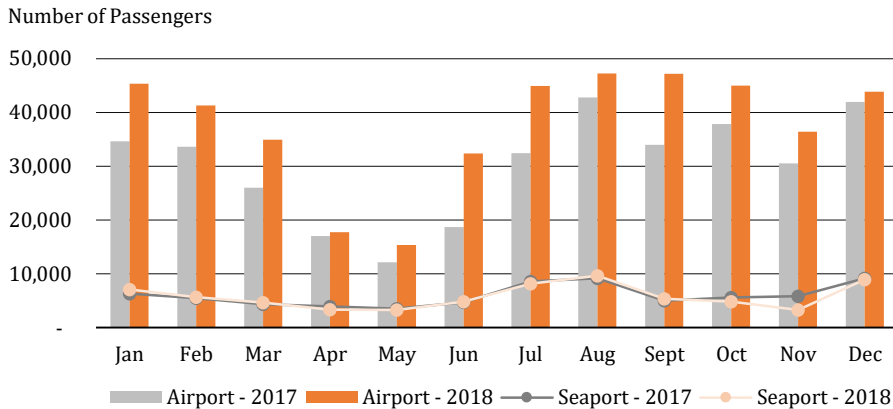
- Most pipeline accommodation establishments are focused in the upscale tier with a number of them having international brand affiliations.
- A second terminal at the gateway Abeid Amani Karume International Airport is ongoing, which is expected to serve up to 1.5 million passengers annually upon completion.
- Over the past five years, tourism demand growth has surpassed supply growth, indicating a positive performance for the hospitality industry.

TOURISM

Demand Indicators

As of 2018, passenger arrivals by air and sea to Zanzibar totaled 520,809 with the airport being the key entry point. This represented 87% of the total arrivals.

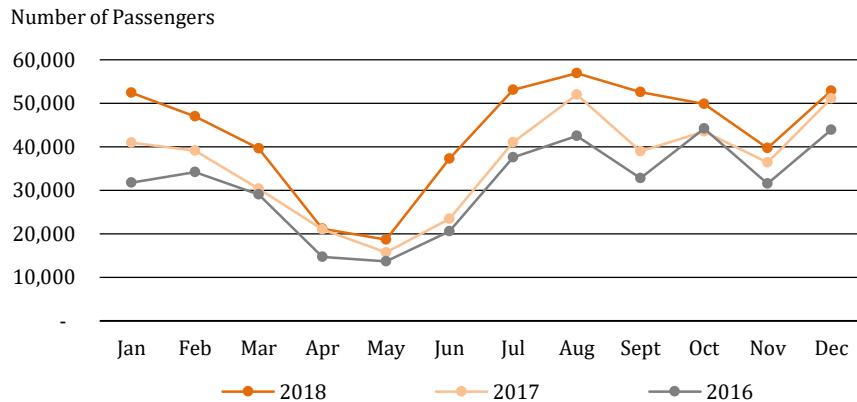
Zanzibar Passenger Arrivals to Airport and Seaport



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Airport arrivals grew 25% y-o-y in 2018, while those by sea declined by 4%

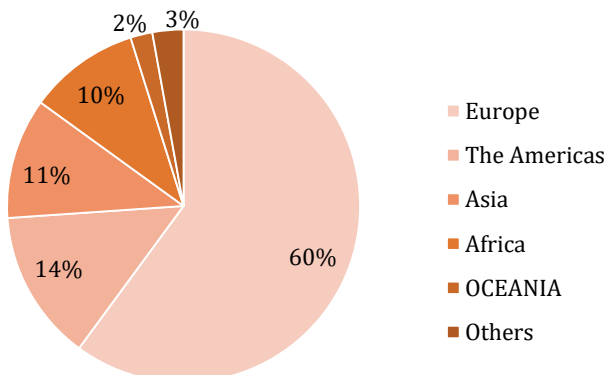
Seasonality



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Seasonal trading continues to be a fact of the market, though shoulder periods are rising

Geographic Source of Business - 2018



Top 5 Source Markets

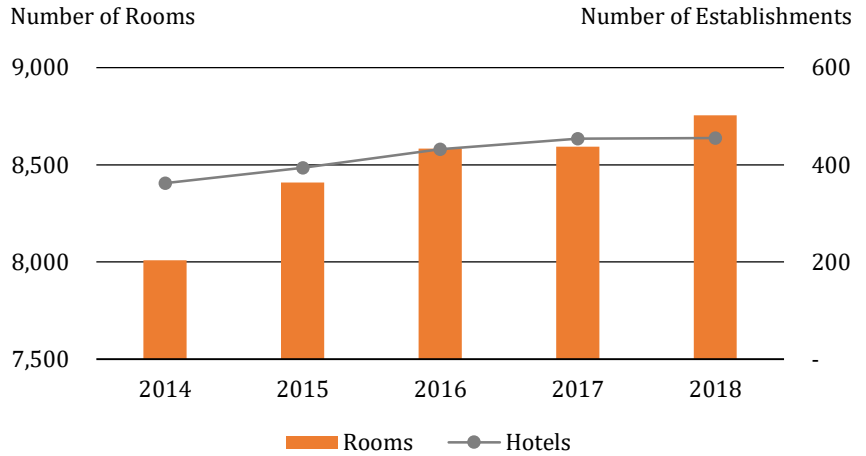
1. Italy	55,755	↑
2. North America	47,896	↑
3. Germany	42,246	→
4. France	30,410	↑
5. UK	30,180	↓

Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

HOTEL MARKET

Hotel Supply

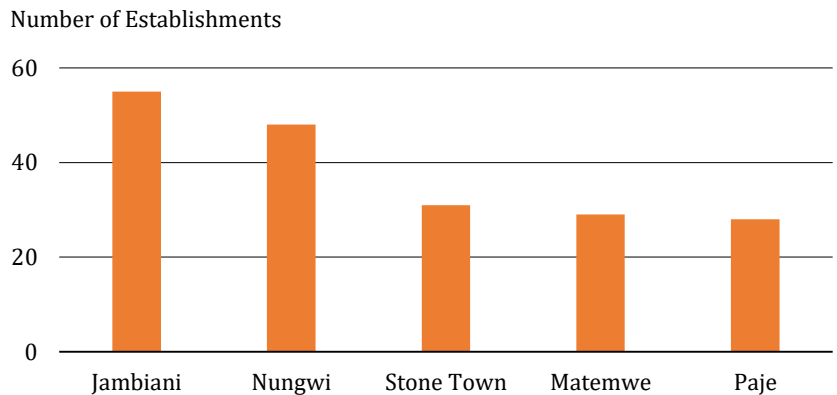
Accommodation Establishments



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Total accommodation establishments is 8,755 keys, representing a 2% increase in 2018 compared to the previous year

Accommodation Establishments in Key Areas



Source: Zanzibar Commission for Tourism and C9 Hotelworks Market Research

Properties are mostly located in beach areas with the south and the north having the highest concentration

Accommodation Mix - Upscale & Luxury Tier



Source: C9 Hotelworks Market Research

Majority of inventory in upscale and luxury properties is guest rooms (63%), while small boutique luxury hotels have villas

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- **Hotel and Resort Development**
- **Asset Management / Ownership Representation**
- **Project Feasibility and Analysis**

Key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.



HOSPITALITY CONSULTING

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