

Number of new African hotel developments surges

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13 Apr 2016

The Africa Rising narrative is holding strong in the continent's hospitality sector, particularly in Nigeria and Angola, despite the contraction in these economies due to the lower oil price.



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Global and domestic hotel chains have ramped up their investment in the sector, with more than 64,000 rooms in the development pipeline this year, according to an industry survey compiled by the Lagos-based W Hospitality Group.

This is 30% higher than development activity last year and more than double the development pipeline in 2009.

"Africa is still on the up," Matthew Weihs, the MD of conference organiser Bench Events, said on Monday, 11 April.

"For business, trade, and capital investment, the continent remains an attractive proposition, leading to continuing demand for accommodation and other hospitality services," Weihs said.

Nigeria has the highest number of hotels in the development pipeline this year, followed by Angola.

Together, the two countries account for almost 30% of the total pipeline.

The high level of hotel investment in the two West African countries comes amid dwindling economic expansion due to plunging government revenues as a result of the weak oil price. SA occupies ninth spot in terms of planned hotel development on the continent, with about 2,058 rooms across 11 hotels in the pipeline.

City Lodge Hotels said it was constructing a 169-room hotel in Nairobi, scheduled to be opened in the second quarter of next year.

Andrew Widegger, financial director of the hotelier, whose primary client is the business traveller, said construction of the group's hotels in Dar es Salaam, Maputo, and Windhoek was expected to begin during this quarter.

Sun International, SA's second- largest listed hotel and gaming group by market value, said it was developing a casino property in Menlyn, Tshwane, to house a 245-room, five-star hotel.

Despite the promising numbers for hotel development, W Hospitality Group MD Trevor Ward cautioned on the number of hotel deals that had been signed but not yet opened.

More than 30% of the hotel deals signed between 2009 and 2013 have still not been opened, mainly due to the lack of finance.

Source: Business Day

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