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AFRICA HOSPITALITY
INVESTMENT FORUM

An Overview of Africa's Growing Opportunities for Hospitality and Tourism Investment

Introduction

Africa's tourism and hospitality industries are experiencing rapid transformation, supported by robust economic growth, a youthful population, and increased intra-regional connectivity. With diverse landscapes, unique cultures, and a burgeoning middle class, Africa is a prime environment for hospitality investments. This whitepaper offers a comprehensive look at hotel trends across the continent, focusing on high-potential markets, key growth drivers, and leaders reshaping Africa's hospitality landscape.

1. Africa's Economic and Tourism Growth

Africa is currently the world's second-fastest-growing tourism market, with travel and tourism contributing \$178.12 billion to GDP in 2022, up 17% from the previous year. The World Bank projects a regional economic growth rate of 3.9% for Sub-Saharan Africa in 2023, driven by sectors such as tourism and hospitality, which have shown resilient demand even amid global challenges.



\$13.42 Billion

Hospitality market in the region by 2027

The hospitality market in the region is expected to grow at a compound annual growth rate (CAGR) of 8.68% through 2027.



Key Regional Markets

West Africa

Economies such as Nigeria and Ghana are seeing rapid urbanisation, with 50% of Nigeria’s population projected to live in cities by 2030. This urban shift is driving demand for new hotel developments in cities like Lagos and Accra, where major international hotel brands are expanding.

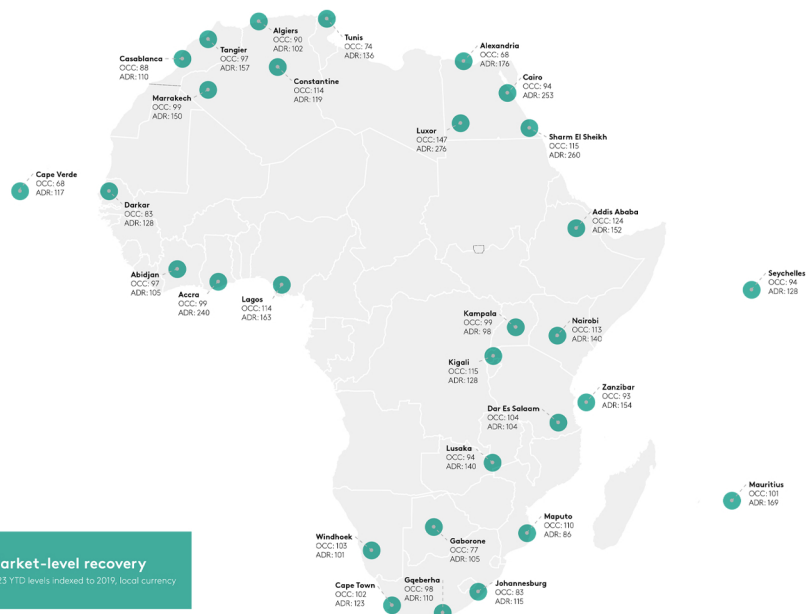
East Africa

In Kenya, tourism accounted for 8.6% of GDP in 2022, and the sector is expected to grow by 10% annually over the next decade. Countries like Kenya and Tanzania lead in safari tourism and urban hospitality expansion. Nairobi’s hotel pipeline is set to grow by 15% by 2025, reinforcing its status as a regional economic hub.

South Africa

South Africa remains the region’s powerhouse, supporting diverse tourism offerings from business and leisure to eco-tourism. The country is expected to attract 21 million international tourists annually by 2025, driven by key destinations like Cape Town and Johannesburg.

21 million
tourists expected in South Africa by 2025



Source: STR’s report on hotel performance and development in Africa

Trevor Ward, a leading hospitality consultant, highlights, “Africa is uniquely positioned with more countries than any other continent, each offering distinct cities and resort destinations. Yet, despite this multitude of locations and thriving economies, Africa remains severely under-hotelled, which presents significant opportunities for investment.”



2. Key Trends Shaping Africa's Hospitality Sector

Expanding "Bleisure" Market

The "bleisure" (business and leisure) market is expanding in Africa, especially in cities like Johannesburg, Nairobi, and Accra, where business travellers are extending stays for leisure. In Nairobi, for example, hotel occupancy reached 62% in 2022, supported by bleisure travellers and increased regional connectivity.

Growth in Luxury and Lifestyle Segments

Luxury tourism is flourishing in Africa. Morocco and Rwanda have emerged as luxury destinations. Morocco's visitor numbers increased by 30% in 2023, driven by cultural tourism and upscale offerings in cities like Marrakech.



Image of a luxury safari lodge in South Africa, Kwazulu Natal
Source: africaworthtravel.co.za

Rwanda has doubled its luxury tourism revenue over the past five years, supported by high-end eco-lodges and premium travel experiences.

Increased Domestic and Intra-African Travel

Domestic and regional travel is on the rise, accounting for nearly 60% of Africa's tourism. The African Continental Free Trade Agreement (AfCFTA) has boosted intra-African travel by 18% since 2021, creating new opportunities for midscale and economy hotels catering to local travellers.



12%

increase in annual domestic travel in Côte d'Ivoire since 2021



6.4%

of luxury travel market projected to grow annually through 2027

3. Technology and Sustainability: Transforming African Hospitality

Africa's hospitality sector is rapidly adopting technology to enhance efficiency, personalisation, and sustainability. According to JLL's 2023 report, nearly 25% of African hotels now use AI-powered solutions for revenue optimisation and guest personalisation.



AI and Data Analytics for Revenue Management

Hotels across the continent, from Cairo to Cape Town, are leveraging AI to improve guest experiences and optimise occupancy. In South Africa, 30% of hotels use AI-powered dynamic pricing, leading to an average revenue increase of 5%. Data analytics allows hotels to forecast demand accurately, enabling better resource allocation and inventory management.

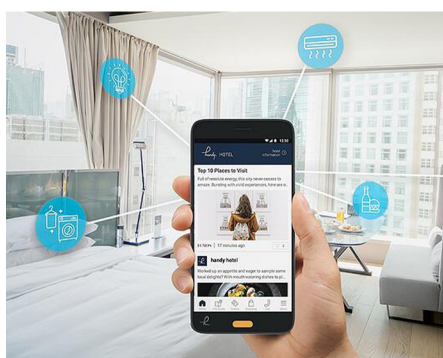


Source: Ross Helen, Envato.com



IoT-Enabled Smart Hotels

The Internet of Things (IoT) is gaining traction in cities like Nairobi, Cape Town, and Accra. Smart hotels use IoT for room automation, energy efficiency, and security. According to a 2022 PwC report, hotels adopting IoT technology report a 10-15% reduction in energy costs.



Source: technology4hotels.com



Commitment to ESG and Sustainable Practices

With 89% of African travellers prioritising eco-friendly accommodations, sustainability is a central focus. Rwanda has led in eco-tourism, with conservation-based lodges like Singita and Wilderness Safaris attracting high-end tourists. Kenya has seen a 20% annual increase in eco friendly hotel developments since 2021.



Wilderness Bisate Lodge, Rwanda
Source: considerbeyond.com

25%

African hotels use AI powered solutions

Key Markets and Leaders in African Hospitality

South Africa

South Africa, which holds over 60% of Southern Africa’s hotel inventory, is a leader in African hospitality. Cape Town and Johannesburg are seeing growth in premium, eco-conscious, and mixed-use hotel spaces. Marriott International, for example, has expanded its footprint in Johannesburg with three new properties, adding over 500 rooms. The country’s occupancy rate hit 57% in 2022.

Kenya

Kenya remains a standout in East Africa’s tourism market, with Nairobi as the primary entry point. Tourism accounts for 9% of Kenya’s GDP, and global brands like Hyatt and Accor are expanding their presence here. Safari lodges and eco-resorts saw a 15% increase in bookings in 2023 alone.

Nigeria

Nigeria’s hospitality sector is growing rapidly, especially in Lagos, where over 200 hotel projects are in the pipeline. With a rising urban population—projected to reach 60% by 2030—demand for midscale hotels is surging, with the sector growing at 7% annually.

57% occupancy rate in South Africa in 2022



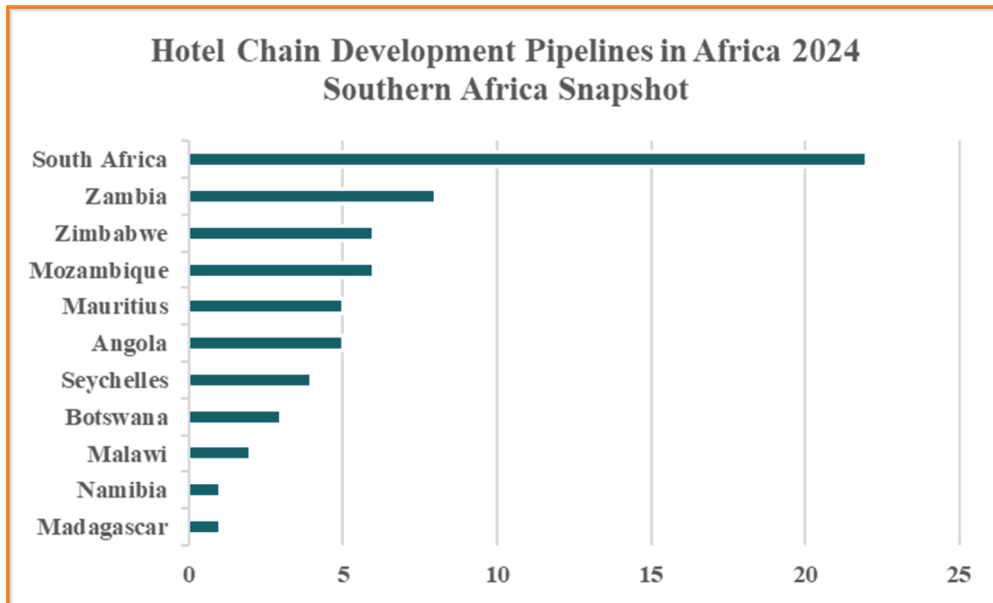
15% increase in eco-resorts bookings in 2023



7% annual growth rate of demand of midscale hotels



Scott Antel, founder of Scott’s FZZ, notes, “Africa’s potential depends not only on its rich cultural diversity but also on developing reliable, affordable infrastructure, including quality lodging at various price points and efficient air connectivity. Showcasing Africa’s diverse offerings—beyond traditional safaris, like its vibrant wine and food culture—can drive interest and visitation.”



Source: Hotel Chain Development Pipelines Report 2024

Morocco

Morocco's tourism market continues to expand, driven by high-end cultural tourism and adventure travel. In 2023, Morocco hosted over 13 million tourists, with Marrakech contributing \$2.07 billion to the economy. Leading brands like Four Seasons and Fairmont are focusing on upscale developments in Casablanca and Rabat.

Rwanda

Rwanda is a pioneer in eco-tourism, attracting luxury travellers with conservation-focused lodges like One&Only's Gorilla's Nest and Bisate Lodge. Tourism grew by 25% in 2022, supported by gorilla trekking and eco-tourism.

\$2.07 Billion

contribution of Marrakech towards Morocco's economy

\$1.95 Billion

projected revenue of Rwanda by 2025

Top Three Trends Driving Growth in African Hospitality

1. Rapid Urbanisation:

Africa's urban population is expected to double by 2040, with 50% of residents in cities like Lagos, Nairobi, and Accra. This shift fuels demand for urban hotels and creates investment opportunities in mixed-use spaces.

2. Rise of Branded Residences:

Branded residences are becoming increasingly popular, with global hotel brands like Marriott and Hilton developing properties that combine luxury living with hotel services. South Africa and Egypt lead this trend.

3. Adventure and Eco-Tourism Boom:

Africa's unique wildlife and landscapes are drawing adventure travellers. Botswana and Uganda saw a 15% rise in eco-tourism in 2022, appealing to environmentally conscious travellers globally.

50% rise in urban population by 2040

15% rise in eco-tourism in Uganda for 2022



Cape Grace Hotel, Cape Town. Image courtesy of Condé Nast Traveler. Source: cntraveler.com



Conclusion

Africa's hospitality market is at a pivotal moment, driven by economic growth, rapid urbanisation, and a focus on sustainable development. With key markets showing resilience, Africa offers unique opportunities for global hospitality investors. This whitepaper highlights the dynamic, fast-growing hospitality sector as a promising investment market. Africa's youthful, urbanising population and expanding middle class present a significant opportunity for those seeking to invest in a vibrant, evolving continent. The future of Africa's hospitality sector is bright, with unparalleled growth and transformative potential for years to come.

