Positive outlook for SA hoteliers

SA's hotel operators are generally more upbeat about the outlook of the local industry after a difficult period characterised by a combination of oversupply and lower demand from leisure and business travellers.

PROTEA HOTELS

The hospitality industry has seen a slowdown in new developments since the 2010 World Cup and this will help to improve overall occupancy rates that fell to just 53% in 2011, compared with the high of 72% in 2007.

Professional services firm PwC expected occupancy rates to pick up from last year and improve to 62% by 2016, helped by a slowdown in room availability growth, an improved economy and gains in tourism and travel.

Protea Hospitality Group chief executive Arthur Gillis said trading conditions were improving. "We think that 2013 is going to be a great year," Gillis said.

Protea Hospitality is adding a new Protea Hotel Fire & Ice! in Menlyn, Pretoria and Gillis said that the group had "a number of hotels planned for SA - but most of them have not been announced as they are in the final throes of negotiations".

Some of these will be newly constructed hotels while others will be refurbished existing properties. Gillis said the improvement in trading conditions was due to an improved business and trade environment as well as a slowdown in the number of hotels being built since 2010. Some of the older and weaker hotels "are disappearing out of the system".

Andrew McLachlan, Rezidor Hotel Group's vice-president of business development for Africa and the Indian Ocean Islands, said trading conditions in the rest of Africa "continue to be strong", while in SA every quarter of last year showed improvement.

"It's difficult to forecast what's going to happen in 2013, but if it continues the way it is now, then the industry is looking positive," McLachlan said.

Tsogo Sun's chief executive Marcel von Aulock said the hospitality industry "continues to reflect recovery from prior periods", saying the group remained "reasonably optimistic in our outlook".

Listed hotel group City Lodge's chief executive Clifford Ross said the outlook for this year "is very difficult to predict considering the political, labour and economic conditions in the country".

Ross said that trading conditions were showing signs of "very gradual improvement".

The group chief executive of Peermont, Anthony Puttergill, said Peermont's forward occupancy forecast had improved over the past year, following "an excellent year with all South African hotels posting increases in occupancies and revenues compared with 2011".

"The generally high occupancy rates that we are experiencing bode well for the new year but it will be very difficult to achieve significant further improvement without adding additional hotel room capacity, which is under consideration," Puttergill said.

Sun International's acting chief executive Garth Collins said the group envisaged "a steady improvement".

"We are happy with the growth in the international business," Collins said.

Listed hotel and resort group Gooderson Leisure is hoping that trading conditions will improve next year.

"But we are not betting our bottom dollar on 2013 - we are anticipating another difficult year but we are anticipating a pickup in 2014," according to Gooderson's sales and marketing general manager, Gail McCann Westphal.

"We are prepared to sit out another year of difficult business," which would require "smart marketing, proving what the business is worth, and living up to our slogan of 'good value, good fun'", she said.

Gooderson was "still spending on existing products" in order to be adequately prepared for a full recovery in the industry, which a lot of companies were not doing, McCann Westphal said.

Statistics SA's figures point to a recovery in revenue in the industry, with total income for the hospitality sector increasing by 12.3% for the three months ended October last year compared with the three months ended October 2011.

Source: *Business Day* via I-Net Bridge