

W.Cape is the hotel-investment hotspot of southern Africa

Cape Town is currently by far the most popular city in southern Africa for new hotel investment. There is a 'pipeline' of 11 hotel projects in Cape Town with an estimated 2,102 rooms in total. Of these 11 projects, eight are well advanced and three are at a feasibility stage. These hotels are scheduled to open within the next four years and if they all proceed it will create a collective investment in excess of R3.5 billion and it will create in excess of 2,000 direct jobs.



Joop Dennes, CEO of Pam Golding Hospitality

Following two years of strong double digit growth, the national 2014 year to date average RevPAR (revenue per available room) growth as at the end of September 2014 is 8.3% compared to the same period last year. The Western Cape has been outperforming every other province and recorded a phenomenal RevPAR growth of 19.2% for the first nine months this year compared to the same period last year. The September year to date average occupancy in the Western Cape has grown by 6.8% and the average rate has grown by 11.6% both compared to the first nine months last year. Cape Town's phenomenal international popularity is finding further traction into the Winelands, the Garden Route and Route 62.

Acquisition

The acquisition of the Protea Hotel Group by Marriott earlier this year has sparked foreign direct hotel investment interest which is predominantly focussed on the Western Cape and Johannesburg with the United States, China and the Middle East leading the surge. The interest and search is for existing underperforming hotels as well as for green-field opportunities.

Pam Golding Lodges and Guesthouses (PGL&G) continues as the market leader in South Africa for the sale of boutique hotels and guesthouses. South African demand for investment in the Western Cape is on the increase due to a strong performing market and a positive outlook for the hospitality industry within the entire province. International demand for investment is increasing due to a favourable exchange rate with Europe as the key market, coupled with a sharp increase in enquiries and investment out of China.

Hospitality partners initiative

The group has thus far facilitated 56 foreign direct investment transactions with a total value of almost half a billion Rand. The company estimates that in excess of 500 people are directly employed as a result of these foreign direct investments. It is to launch the Pam Golding Hospitality Partners initiative which will further enhance the unique integrated 'one stop' service concept that includes legal, accounting, tax, work permit, immigration and insurance advice.

Pam Golding Tourism and Hospitality Consulting (PGTHC) has continued building on its reputation as one of the premium consultancy firms in the hotel industry, and the Sub-Saharan penetration strategy adopted last year has resulted in assignments in Africa now constituting 50% of feasibility and market studies undertaken by the division. The group has performed work in Angola, Botswana, Mozambique and Tanzania over the past year, with potential projects in Tanzania, Mozambique, South Sudan and Ethiopia in the coming year.

The group's strength in the South African market continues to grow with numerous 'blue-chip' engagements in the past year. One of the key strengths of PGTHC is the in-depth understanding of both the hospitality as well as the broader tourism Industries, and strategic consulting services provided to parastatal organisations in particular, has become a very important proportion of the division's operations. Added to this is that it has established itself as a reputable provider of valuation opinions on hospitality and tourism businesses, with valuation opinions being provided both in South Africa and throughout Sub-Saharan Africa.

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