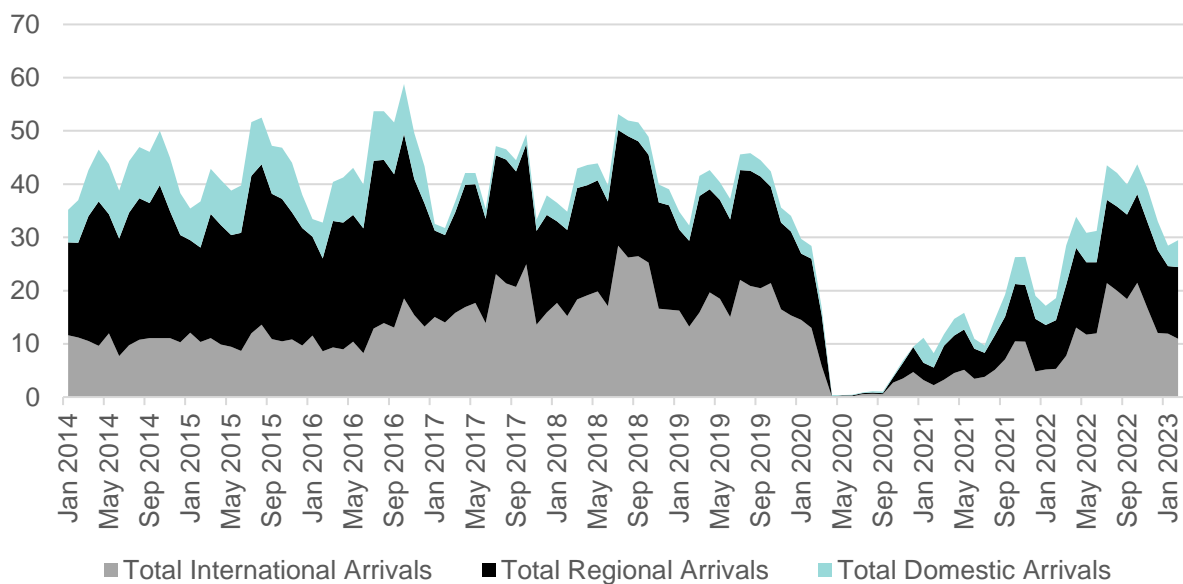


Tourist inflows still look promising and set for further growth in 2023. The number of foreign arrivals averaged 11,431 per month during the first two months of 2023, compared to a monthly average of 5,223 in the first two months of 2022. Foreign arrivals increased by 107% y/y in February 2023. Foreign arrivals in the last 12 months account for about 82% of pre-pandemic levels, implying that most of the recovery has been achieved, whereas regional arrivals have reached about 79% of pre-pandemic levels.

Figure 1: Number of monthly airport arrivals ('000) – January 2014 to February 2023



Source: NAC/SS

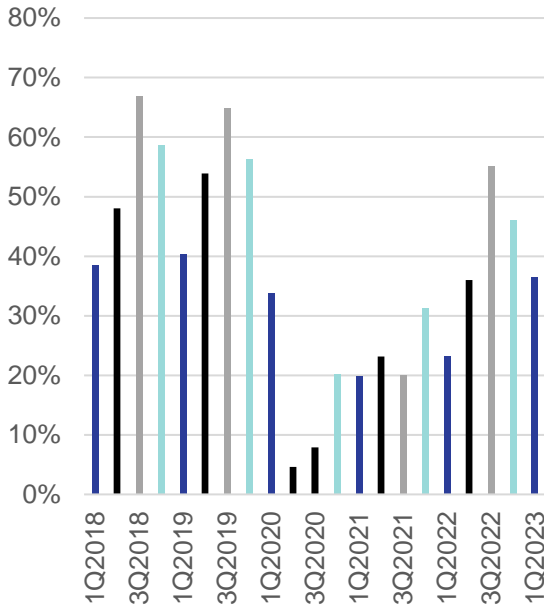
The occupancy rate in March 2023 across nationwide hospitality establishments stood at 40.7%, compared to 31.7% recorded in the prior month and 39.4% in March 2022. The occupancy rate averaged 36.5% in 1Q2023, compared to an average of 46.1% in the previous quarter (*Figure 2*). Nonetheless, this is the best first quarter occupancy rate since the onset of the pandemic and so the local tourism sector is off to a good start in the new year.

Indeed, the governor of Bank of Namibia (BoN) indicated that continued economic improvement is supported by ongoing momentum in various sectors including tourism. With Namibia's peak tourism season starting next month, we expect improved growth in occupancy rates in 2Q2023 and 3Q2023, which are peak seasons, to follow the pre-pandemic trend.

The central area of Namibia recorded the highest occupancy rate in March 2023, at 52.7%, followed by the southern area (41.1%) and the coastal area (39.7%). In contrast, the northern area had the lowest occupancy rate of 34.6%, almost 20 percentage points below the central area (*Figure 3*). However, there has been a substantial increase in occupancy rates across all areas – except the coastal area – when compared to 12 months ago. Quarterly, the most significant contributor to the decline in occupancy rate was the Northern area which recorded a 32.4% q/q decrease. This decline can be attributed to the high base provided by the festive season.

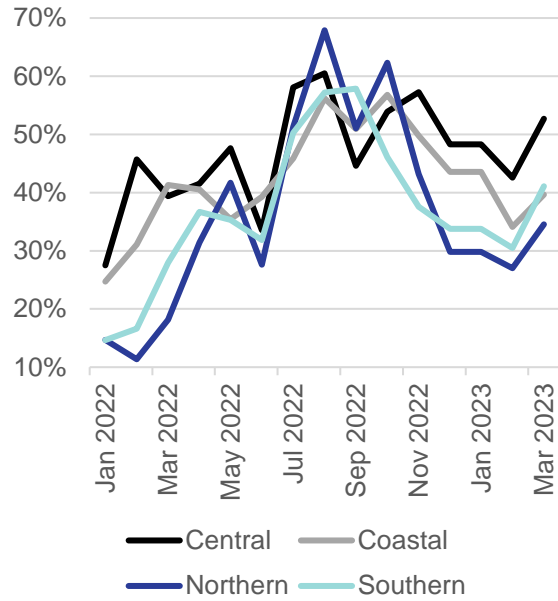


Figure 2: Quarterly average of national occupancy rates – 1Q2018 to 1Q2023



Source: HAN/SS

Figure 3: Monthly occupancy rates per area – January 2022 to March 2023

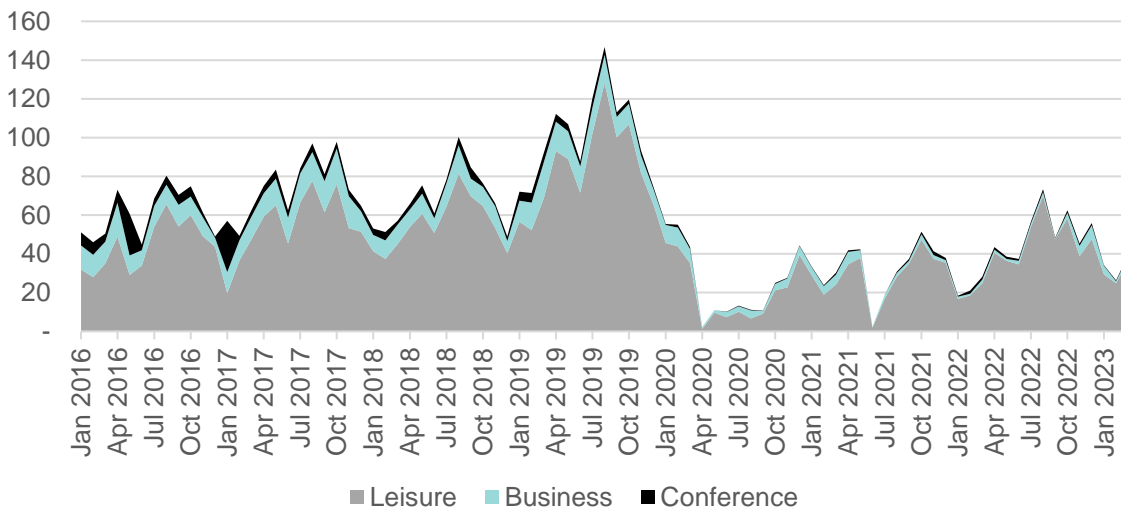


Source: HAN/SS

In March 2023, there was a substantial increase of 32% y/y in the number of rooms sold, from 16,820 to 22,286 rooms. However, despite this growth, the numbers are still below pre-pandemic levels. Similarly, the number of beds sold has risen by 40% y/y, with 39,524 beds sold in March 2023 compared to 28,167 beds sold in March 2022 (Figure 4).

Leisure tourism continues to be the primary driver of tourism, accounting for 91.9% of visitors in March 2023, while business travellers accounted for 6.3% and conference attendees accounted for 1.8% (Figure 4). The majority of visitors during March 2023 came from Germany, Austria, and Switzerland (39%), followed by locals (27%) and South Africans (9%) (Figure 5).

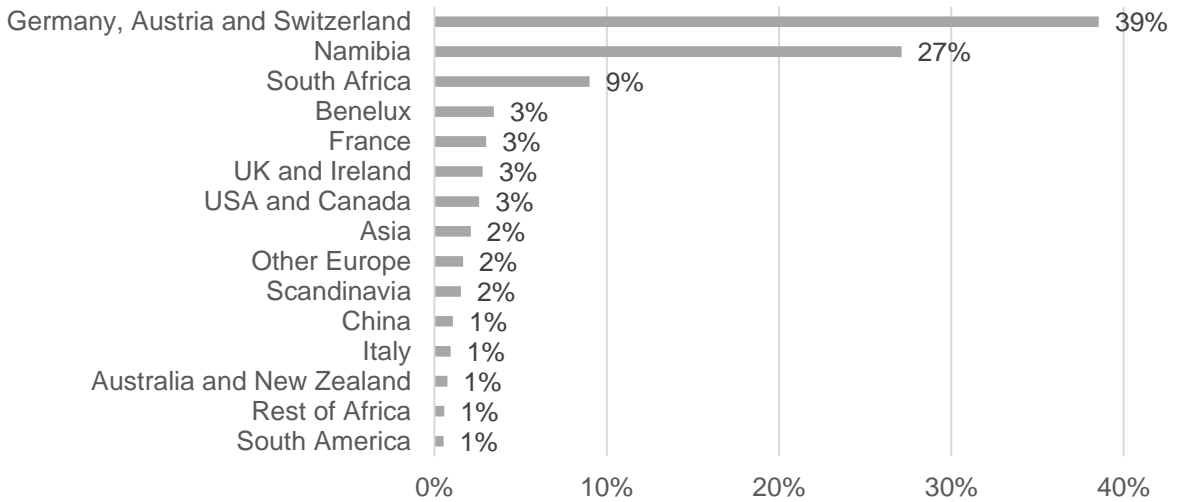
Figure 4: Monthly beds sold by purpose ('000) – January 2016 to March 2023



Source: HAN/SS



Figure 5: Occupancy rates per country (%) – March 2023



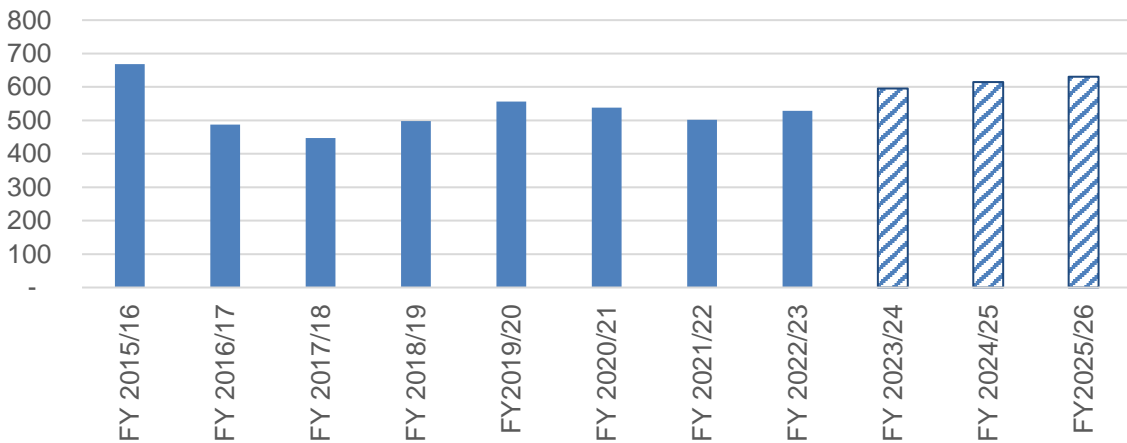
Source: HAN/SS

### SS Thoughts

In the budget statement in March 2023, the Minister of MEFT announced 6 plans that will be executed with the Ministry’s N\$595 million allocation from the National Budget (*Figure 6*). These plans include (1) Tourism Growth Development and Gaming Regulations (N\$23.6 million), (2) Protection and Management of Key Species and Natural Habitats (N\$29.0 million), (3) Infrastructure and Development, Maintenance, Monitoring and Evaluation (N\$61.7 million), (4) Policy Supervision and Support Services (N\$102.0 million), (5) Environment and Natural Resources Protection (N\$154.8 million) (6) Wildlife and Protected Area Management (N\$224.4 million).

These government led initiatives should complement private sector projects and strategies to market Namibia as a safe destination with untouched natural environments. In addition, MEFT announced that they will be conducting research to publish their 6<sup>th</sup> edition Satellite Accounts report which will detail the direct and indirect contribution of the local tourism sector to the Namibian economy. This will be a welcome initiative given that the 5<sup>th</sup> edition was launched in 2015.

Figure 6: Annual budget allocation to MEFT (N\$ million) – FY 2015/16 to FY 2025/26



Source: MoF/SS

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