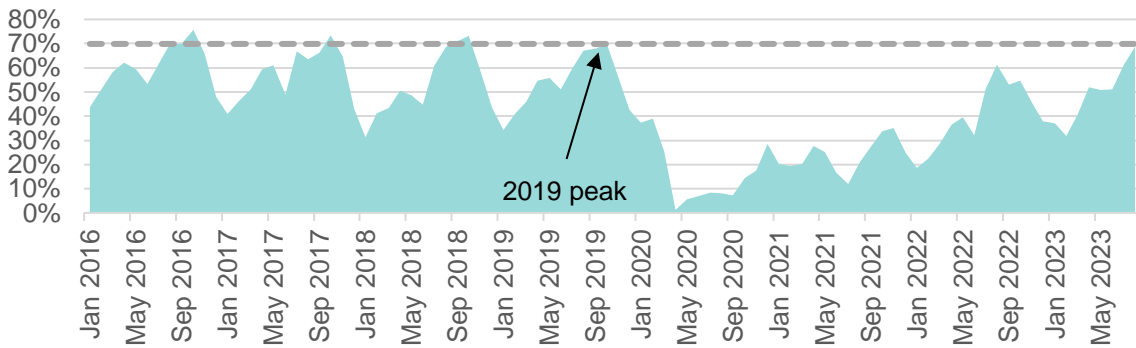


The tourism industry's peak season has rebounded to pre-pandemic levels, with an August 2023 occupancy rate of 68.9%, up from 60.98% in July 2023 (*Figure 1*). This marks a notable 7.6 percentage point increase from the 61.3% rate recorded in August 2022, and it stands as the highest occupancy rate since the last pre-pandemic peak of 69.9%. Given that September typically represents the peak month of the year, we anticipate that this September will surpass pre-pandemic levels.

YTD, the average occupancy rate stands at 49.1%, which is 2.1 percentage points below the 2019 average of 51.2%. Nonetheless, this performance underscores the ongoing and much-needed recovery of the tourism sector. This positively contributes to GDP, as increased tourist activity translates into higher consumer spending in the country, providing vital support to accommodation and tour operator businesses.

Figure 1: Monthly national occupancy rates (%) – January 2016 to August 2023

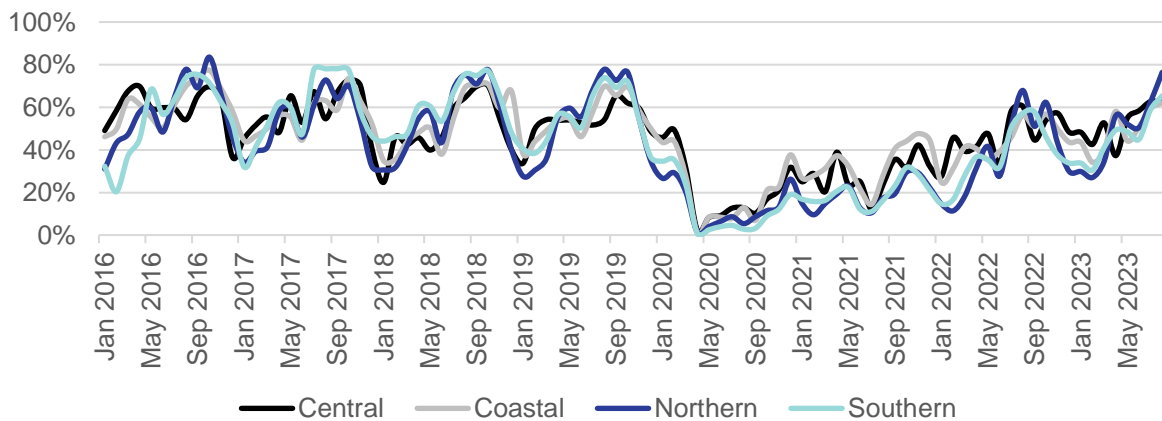


Source: HAN/SS

The northern area made a significant upturn, recording the highest occupancy rate in August 2023 of 76.4%, compared to 62.5% in July 2023 (*Figure 2*). This is the first time since October 2022 that the northern area has the highest occupancy rate. The southern area had the second highest occupancy rate of 65.4%, 6.5 percentage points higher than the prior month, followed by the central area (62.1%) and the coastal area (61.9%).

On average, tourism in the central area has surpassed pre-pandemic levels. YTD, the average occupancy rate for the central area in 2023 (52.4%) has outperformed that of 2019 (50.5%) by 1.8 percentage points, while the other areas are between 2 to 7 percentage points short.

Figure 2: Monthly occupancy rates per area (%) – January 2016 to August 2023

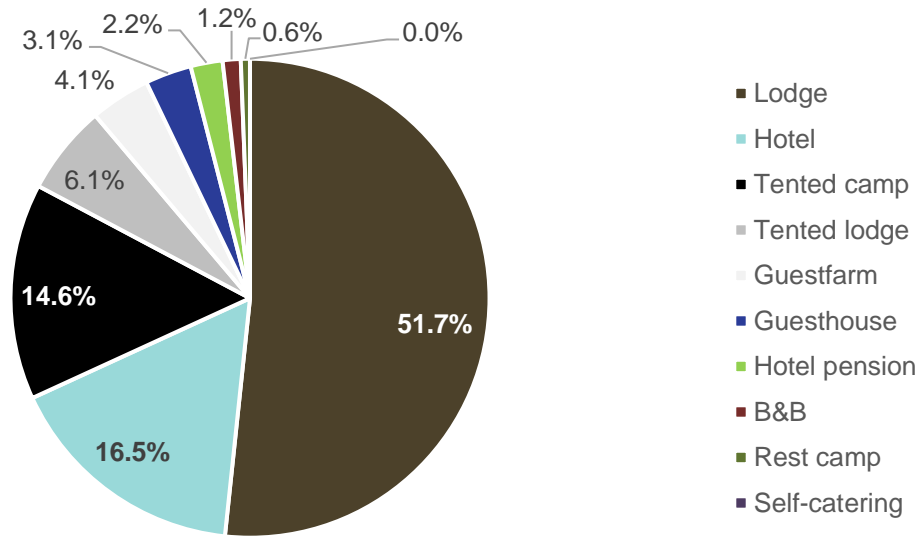


Source: HAN/SS



Majority of tourists, 51.7%, have shown a preference for the lodge experience in Namibia, which offers tourists a luxurious escape to nature (Figure 3). The upswing in hotel occupancy rates in the central area can be attributed to tourists using these facilities as a resting point before embarking, mainly on self-driven journeys, to lodges located in the northern and southern regions, or before departing the country to their next destination. For those seeking a closer connection with nature, tent camps, accounting for 14.6% of visitors, and tented lodges, representing 6.1%, offer an outdoor immersion experience. This indicates that tourists predominantly seek an outdoor, nature-immersive experience, a quality that Namibia readily provides.

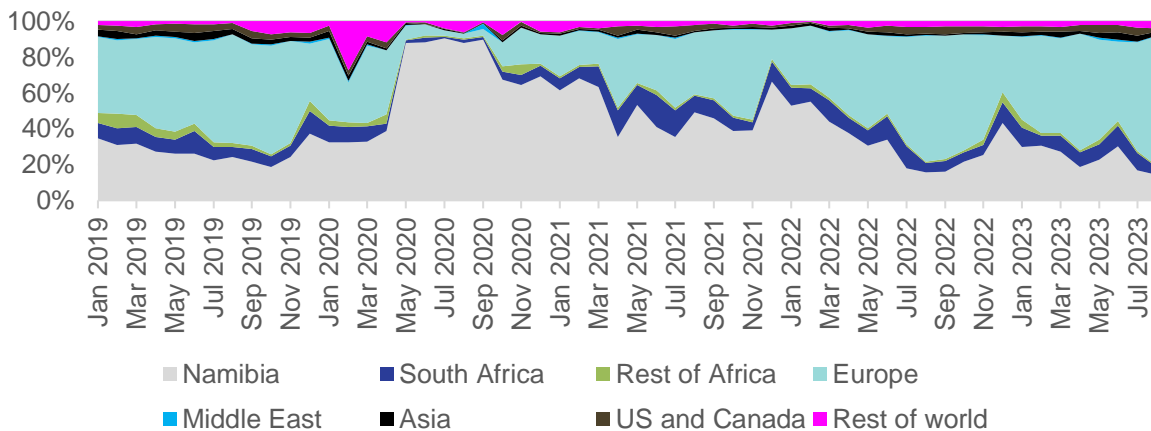
Figure 3: Accommodation type (%) – August 2023



Source: HAN/SS

YTD, Europeans make up a significant portion of our tourist demographic, accounting for 56.5%, a share similar to their representation in 2019, which stood at 49.8% (Figure 4). Concurrently, Namibians constitute a smaller portion of the tourist pool at 23.7%, in contrast to their 65.1% share in 2020. This shift is attributable to the increased number of tourists entering the country, reducing the proportional representation of Namibian tourists. In August 2023, the tourist composition consisted of 72.3% Europeans, 14.2% Namibians, 4.3% South Africans, and 2.2% Asians.

Figure 4: Monthly share of the nationality of tourists – January 2019 to August 2023

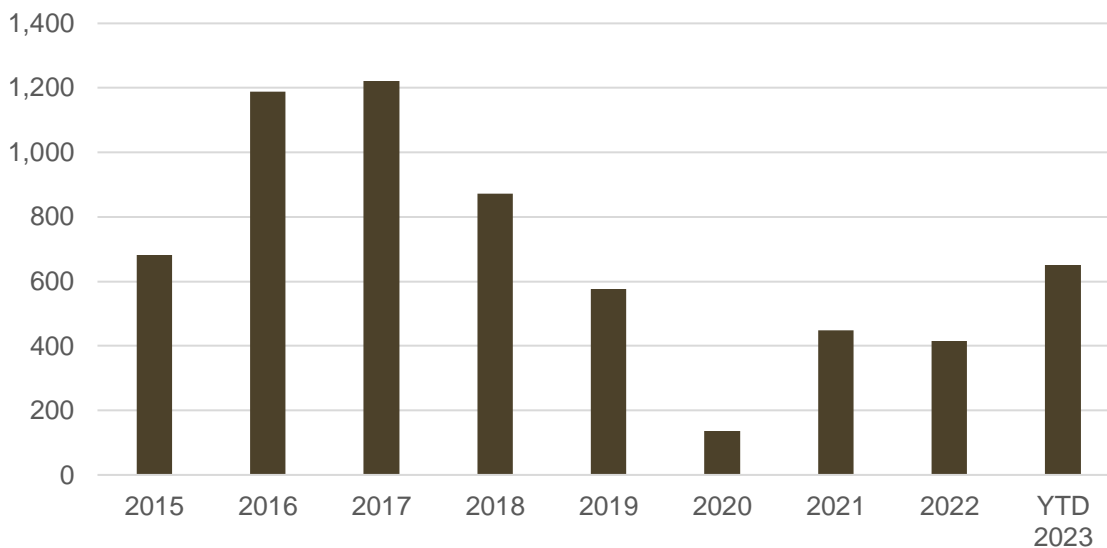


Source: HAN/SS



YTD, the cumulative number of vehicles acquired by rental companies has exceeded the total number of vehicles purchased in 2019 (*Figure 5*). This development serves as another encouraging sign that the tourism sector is poised to make a substantial contribution to the country's GDP in 3Q2023 and for the entire year. The enduring popularity of the self-drive trend remains the preferred choice for numerous tourists visiting Namibia, leading to sustained high demand for rental vehicles equipped with camping gear. Consequently, this trend has bolstered overall vehicle sales, enhanced the profitability of car dealerships, and contributed to increased retail sales.

Figure 5: Annual vehicle purchases by rental companies (units) – 2015 to YTD 2023



Source: NAAMSA/SS

SS Thoughts

Namibia has recently gained attention as Africa's emerging millionaire hub, according to the New World Health, attributable to its favourable fiscal environment characterised by low tax rates and a well-established banking system. Considering this positive international perception of Namibia, the tourism sector stands to reap the benefits of this. As Namibia becomes increasingly appealing to affluent individuals, it is poised to naturally draw a larger number of tourists.

Looking ahead, our outlook remains optimistic for the local tourism sector and its recovering trajectory. According to the European Travel Commission (ETC), Europeans' intent to travel has decreased by 4% in comparison to the previous year. Austrians, Swiss, and Germans exhibit increased hesitancy as holidaymakers, while the French, Belgians, and British display greater enthusiasm for travel in the upcoming months of October and November. The decline in travel intent is ascribed to mounting financial pressures experienced by Europeans, coupled with concerns regarding elevated travel expenditures. This might cause a small dent in Namibian tourism given that Austrians, Swiss and Germans account for 34% of our tourist YTD. However, Namibia sustains its attractiveness as a destination owing to the depreciation of the Rand, which has depreciated by 14.2% y/y against the Euro at the time of this analysis.

In parallel, while the tourism industry remains actively engaged in diverse promotional campaigns spanning Europe, the USA, and the regional arena, it is proactively shaping strategic collaborations with stakeholders and law enforcement authorities. This approach seeks to address the recent surge in criminal incidents targeting tourists, necessitating a unified and concerted endeavour encompassing all facets of Namibian society.

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