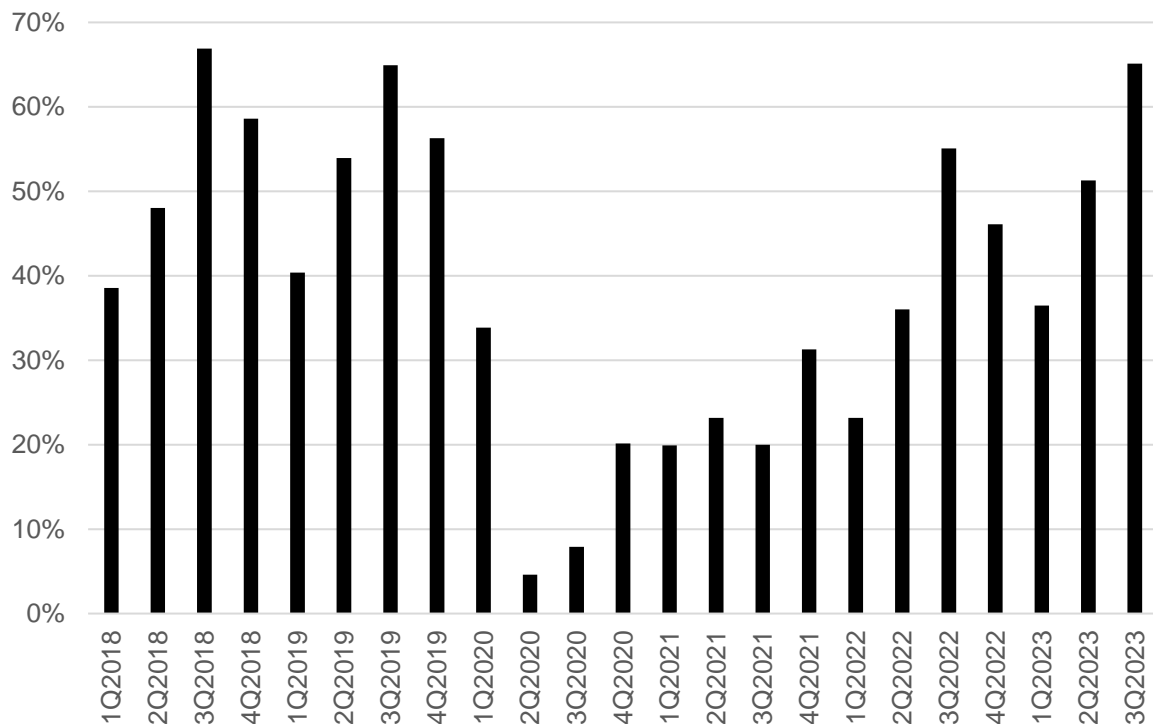




The tourism sector has attained its most robust quarterly occupancy average since 3Q2018. This development is highly encouraging, signifying an upsurge in consumer spending within the nation, chiefly propelled by tourist activity. While domestic monetary circulation remains subdued among citizens, the influx of tourists is effectively bolstering demand for local retailers. The domestic retail landscape will exert positive impact on the overall economic performance, particularly 3Q2023 GDP (*Figure 1*). According to our latest *Quarterly Economic Review of 3Q2023*, tourism is expected to be one of the positive contributors.

The occupancy rate in September 2023 registered at 65.5%, marking a modest decline of 3.4 percentage points from the preceding month, yet still maintaining a favourable trajectory in the broader economic context. According to Hospitality Association of Namibia (HAN), leisure travel continues to maintain a dominant position in driving occupancy rates at accommodation establishments. There are discernible signs indicating a gradual upturn in the demand for business and conference-related packages, as reported by select hotels.

*Figure 1: Quarterly national occupancy rates (%) – 1Q2018 to 3Q2023*



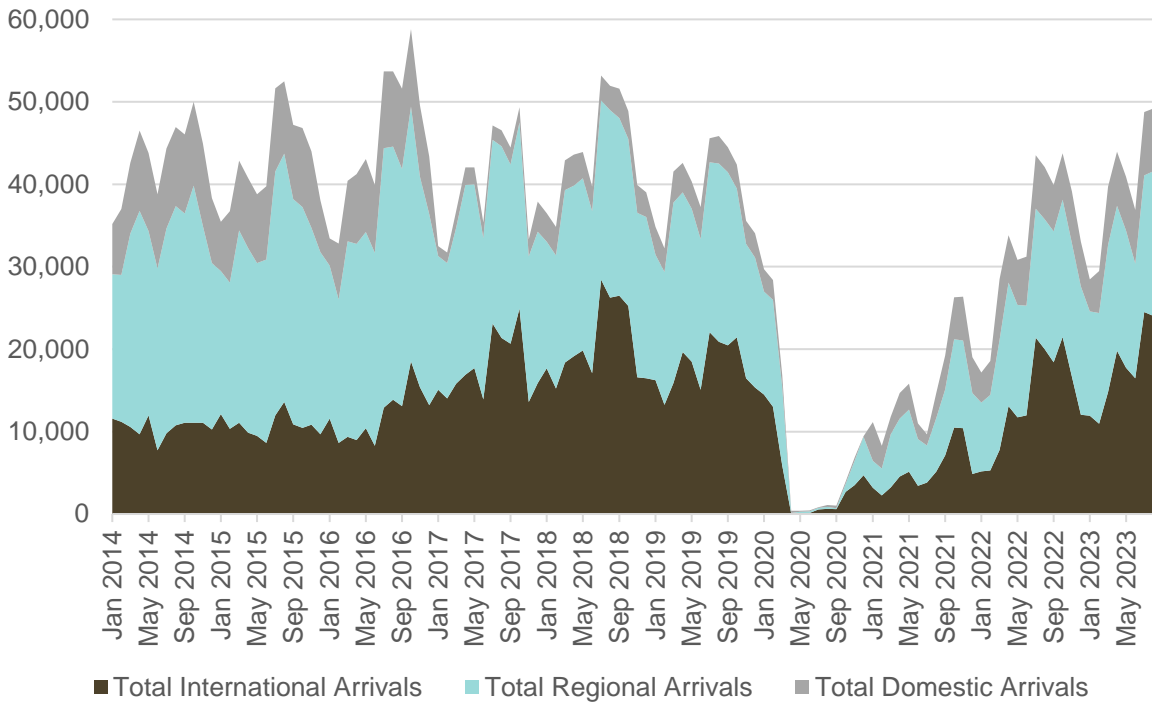
Source: HAN/SS

Tourist arrivals have surged to their highest point in the past five years, with a total of 49,190 arrivals recorded in August 2023, reflecting a robust annual growth rate of 16.8%. The tourism sector stands poised to reap substantial benefits from this pronounced influx of tourists. This upturn is primarily attributable to the increased number of international arrivals, and these international visitors are demonstrating a consistent trend of exploring various destinations within the country. Many of these travellers are drawn to the scenic offerings of southern Africa, leading to an upswing in regional arrivals.

When examining the annual data, we observe a substantial 16.9% increase in arrivals at Namibian airports in August 2023, propelled by noteworthy growth in international arrivals ( $\uparrow 20.1\%$  y/y), regional arrivals ( $\uparrow 11.6\%$  y/y), and domestic arrivals ( $\uparrow 19.8\%$  y/y) (*Figure 2*).



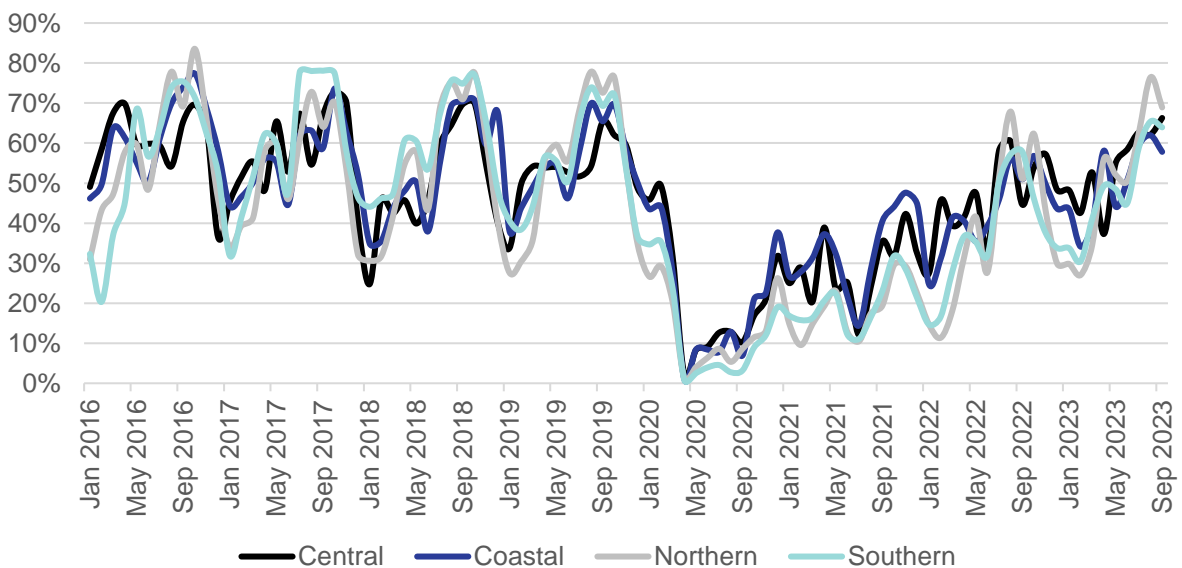
Figure 2: Number of arrivals at Namibian airports – January 2014 to August 2023



Source: NAC/SS

For the second month in a row, the northern region had the highest occupancy rate at 68.9%. The central area followed closely with a rate of 66.3%, and the southern region recorded a rate of 63.9%. Meanwhile, the coastal area had the lowest occupancy rate at 57.8% (Figure 3). These figures illustrate the differences in tourism demand across these regions, with the northern and central areas being the most popular among tourists.

Figure 3: Monthly occupancy rates per area (%) – January 2018 to August 2023

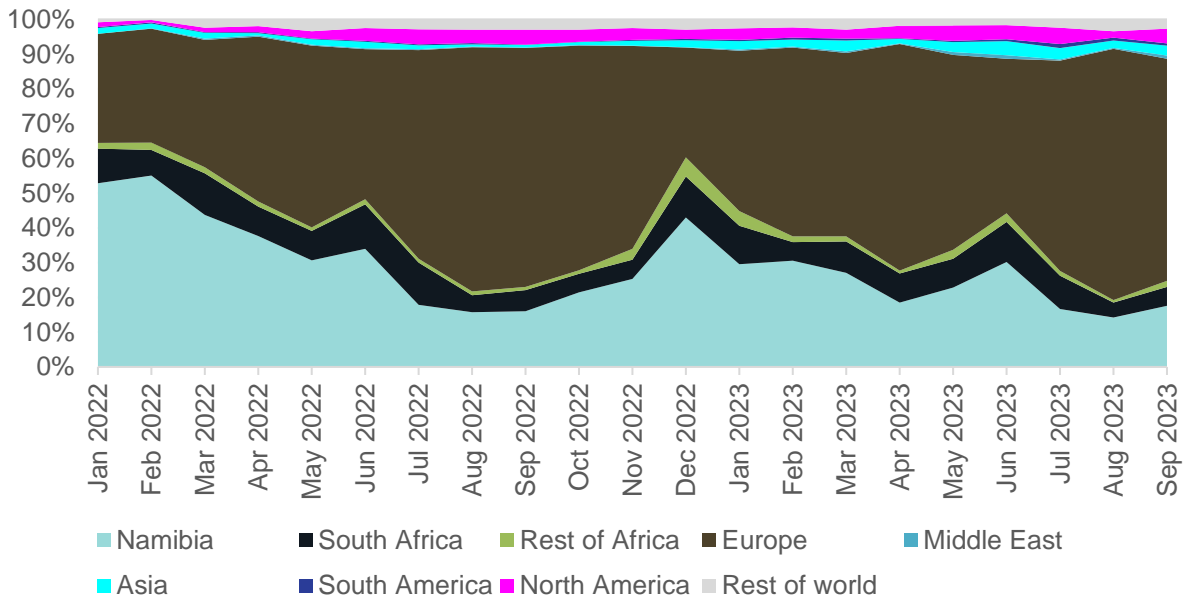


Source: HAN/SS



YTD, Europeans make up a significant portion of our tourist demographic, accounting for 64% of the total tourists in September, compared to 72% in August 2023 (Figure 4). Concurrently, Namibians constitute a smaller portion of the tourist pool at 18%, while South Africans account for 5%.

Figure 4: Monthly share of the nationality of tourists – January 2022 to September 2023



Source: HAN/SS

### SS Thoughts

HAN noted that in conversations within the travel industry in Namibia, an observation has been made regarding accommodation performance indicators surpassing the recovery levels of the more extensive tour operation sector. This observation underscores the resilience and resurgence of the online reservations and self-drive segments within the Namibian tourism market, marking them as the early frontrunners in achieving full recovery and growth.

An initial forecast for 2024 suggests a promising outlook for the group-travel market, with advance bookings in this sector indicating positive prospects.

As Namibia transitions into the tourism shoulder season, it is anticipated that concentrated efforts will be made in terms of robust marketing initiatives targeting international and regional markets. Concurrently, stakeholders, service providers, and property and infrastructure owners are expected to capitalize on this period for maintenance, skills enhancement, and product optimization. These collective efforts are aimed at ensuring that Namibia sustains the momentum of a burgeoning and dynamic tourism industry.

## COMPANY DETAILS

T: +264 (833) 254 194

4 Koch Street - Klein Windhoek - Windhoek

[www.sss.com.na](http://www.sss.com.na)



<b>Managing Director</b>	Bruce Hansen	bh@sss.com.na
<b>Corporate Finance</b>	Heiko Prior	hp@sss.com.na
<b>Research and Dealing Institutional Research Economic Research</b>	Heiko Prior	hp@sss.com.na
	Max Rix	mr@sss.com.na
	Angelique Bock	ab@sss.com.na
	Halleluya Ndimulunde	hn@sss.com.na
<b>Dealing &amp; Sales</b>	Liaan de Kock	lk@sss.com.na
	Itula Shaanika	is@sss.com.na
<b>Wealth Management</b>	Venicha Rencs	vr@sss.com.na
	Fazley van den Heever	fh@sss.com.na
	Jeneveve Visagie	jv@sss.com.na
	Shaneez Fourie	sfo@sss.com.na
	Jo-Marie Westerdale	jw@sss.com.na
	Shamelle Joseph	sjo@sss.com.na
<b>Finance &amp; Administration</b>	Heiko Diehl	hd@sss.com.na
	Benita Windisch	bk@sss.com.na
	Saara Erastus	se@sss.com.na
	Fabiola Gawanas	fg@sss.com.na
	Liseli Mwilima	lm@sss.com.na
	Rhonvin Claasen	reception@sss.com.na

### **Disclaimer**

*The Report is provided by Simonis Storm Securities (Pty) Limited ("SSS") solely for the recipient's information. The user assumes the entire risk of any use made of this information. Its contents are based on information obtained from sources believed to be reliable. SSS makes no representation and accepts no responsibility or liability as to its completeness or accuracy of any information, facts and/or opinions contained in the report.*