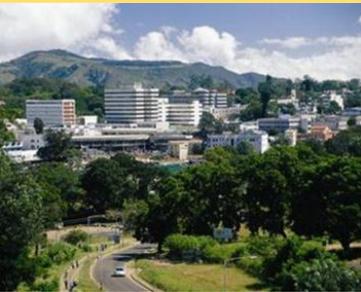




HotelBeat

Destination: BLANTYRE CITY, MALAWI

JULY 2014

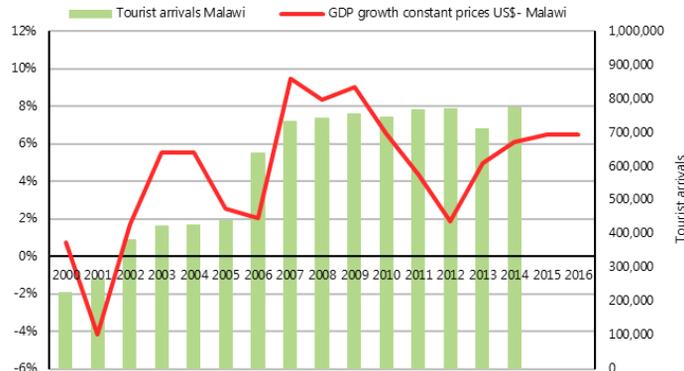


DESTINATION OVERVIEW

Malawi is a long, landlocked country in southeast Africa, measuring 118 sq. km of which one fifth is taken up by Lake Malawi, Africa's third largest lake. Since gaining independence in 1964, the former British colony has been hampered in its development by limited natural resources, poverty and corruption and relies for c.40% of its budget on donor aid. It is hoped that drastic economic reforms and a newly elected President will turn the tide. Malawi has the foundations for a buoyant tourism industry, but historically underperformed in comparison to regional competitors as a result of limited investment in the physical product and weak marketing. An important game changer was the introduction in 2013 of daily flights from Addis Ababa by Ethiopian Airlines, Africa's largest and fastest growing airline. Blantyre's influence waned somewhat when the capital seat was moved from nearby Zomba to Lilongwe in 1975, but Blantyre remains the main commercial hub, with a population of over 800,000, a low-cost English-speaking workforce and good regional transport connections.

ECONOMIC TRENDS

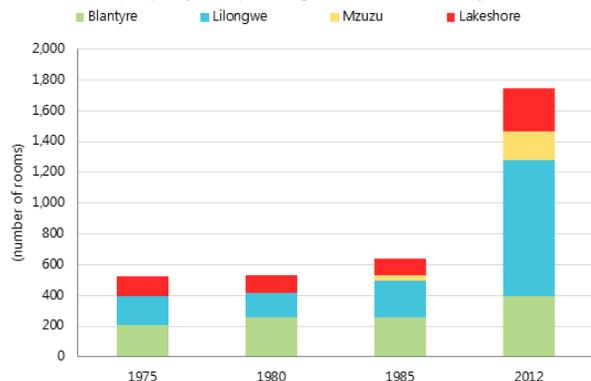
Malawi's economic development over the last few years has been turbulent and affected by droughts, floods, corruption scandals, devaluation and high inflation. However, GDP growth rates mostly stayed positive and are forecast to remain above 6% until 2016. Tourist arrivals to Malawi more than tripled since 2000, largely due to growth from regional markets (accounting for 77% of all arrivals in 2012) and flourishing business tourism (63% of all arrivals). After reaching a record of 770,000 in 2012, arrivals fell during 2013 as a result of the 'cashgate' corruption scandal, but are expected to recover in 2014.



Source: IMF and Euromonitor International

HOTEL SUPPLY

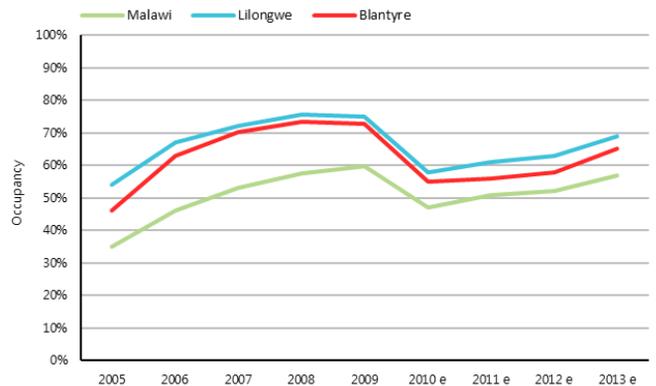
At present, there are over 600 licensed accommodation units in Malawi with most units (55%) found in resthouses. Only 26 properties are classified as hotels and only 58 properties are aimed at the international market. There is only one internationally branded hotel (in Blantyre) and only one five-star hotel (in Lilongwe). Lilongwe has the greatest number of hotel keys, whereas the lakeshore and national parks have a high concentration of lodges/camps. Blantyre currently has four hotels, with the four-star Protea Hotel Ryalls recognised as one of the best in the country. Two more hotels, adding a total of c. 180 rooms, are expected to open in Blantyre by 2015/16 and another property is expanding with another 55 keys.



Source: Malawi Tourism Marketing Consortium and Whitebridge Hospitality Research 2014

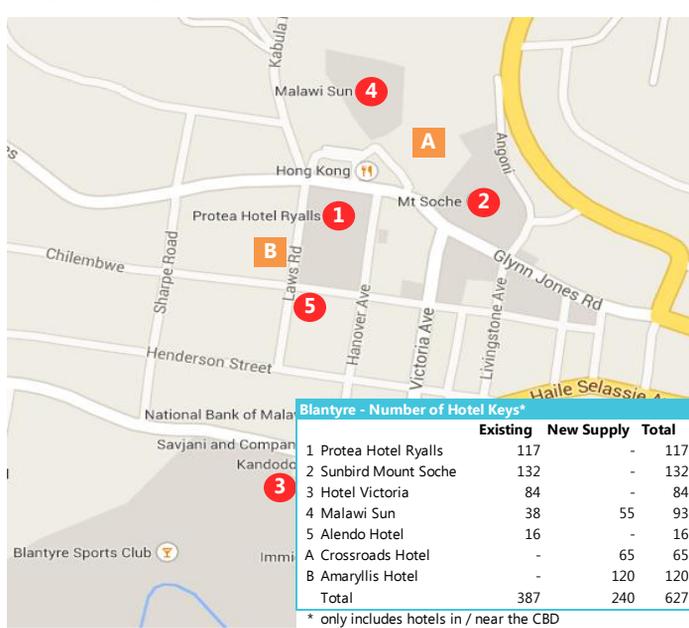
HOTEL PERFORMANCE TRENDS

Blantyre is recognised as a gateway to other places of interest (such as Lake Malawi and nearby national parks), rather than a main tourism base. Occupancy at Blantyre's hotels is stimulated by the promotion of conferences and conventions, but the city also serves as a stop-over destination for leisure tourists. A fuel and foreign currency shortage affected travel significantly with national average occupancy dropping to around 50% in 2010, but after a sluggish period economic reforms have helped to improve this to an est. 57% in 2013, with occupancies in Lilongwe and Blantyre reaching over 65%.



Source: Malawi Ministry of Tourism, Wildlife and Culture

DESTINATION MAP



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