HotelBeat

Destination: SAL, CAPE VERDE

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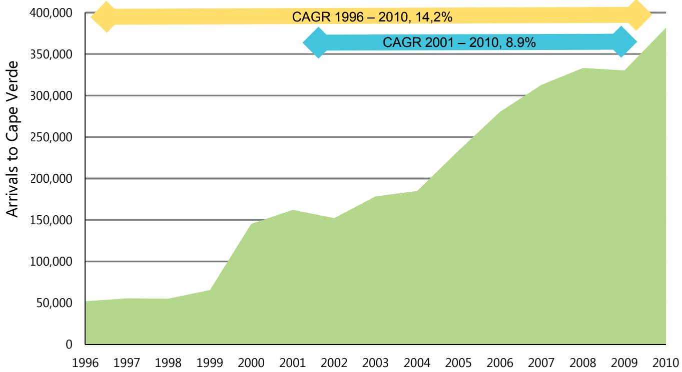
OVERVIEW

The Cape Verde archipelago consists of 10 islands covering 4,000km^2, the largest being Praia, the capital. Tourism is one of the key economic drivers contributing 25% of GDP. Though still in its infancy, tourism has experienced substantial growth (albeit from a small base) since the millennium – an increase in arrivals of some 120%, largely as a result of new airline routes to the archipelago, and investment in tourism promotion and accommodation. Visitor levels in 2010 reached 382,000 with 155,000 tourists visiting Sal (the leading destination), and forecasts for the next 10 years are for average annual growth rates of between 6% and 10% per annum to reach 1.0 million visitors. While this seems aggressive, initial 2011 data suggests it is not unachievable. Indeed, with the Arab Spring and political unrest in traditional north African destinations, Cape Verde has been a preferred alternative for many tour operators. The main motivations to visit Cape Verde include sun, sea, sand and some of the best wind / kite surfing conditions in the region. More recently, a number of private-led developments are seeking to diversify and improve the tourism offering to raise the profile of Cape Verde as a tourism destination.

ECONOMIC TRENDS

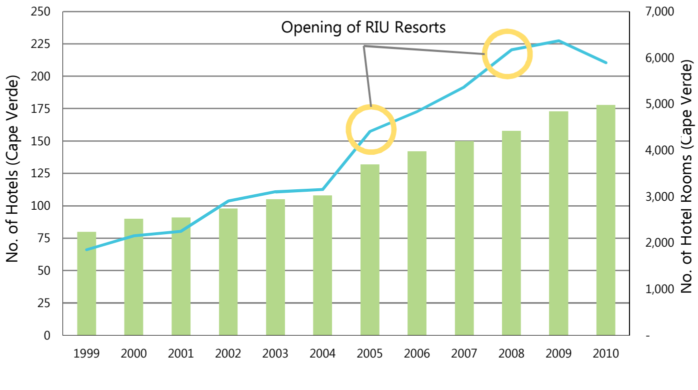
Growth in real income per capita within the archipelago reached more than 5% per annumbetween 2005 and 2008, well above the average for Sub-Saharan Africa. As with other EMEA countries, Cape Verde witnessed a slow down in 2009 (3.6% growth), but major government investment initiatives on infrastructure and construction have boosted growth to 5.3% in 2010, with forecasts for 2011 and 2012 around 6.0%. Growth will be heavily reliant upon the tourism sector, which as shown below, has witnessed significant increases.



Source: Instituto Nacional de Estatistica Cabo Verde

HOTEL SUPPLY TRENDS

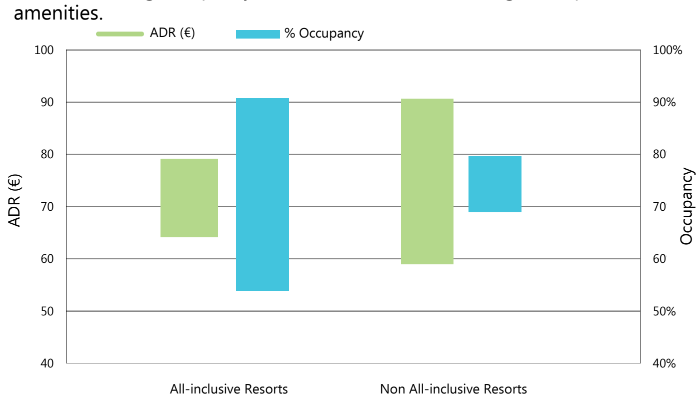
The supply of hotels across Cape Verde has more than doubled between 1999 and 2010, from 80 hotels (1,850 rooms) to 175 hotels (5,891 rooms). Large resort developments such as Riu (on Sal and Boa Vista islands) have had noticeable impacts on room supply levels and strengthened the dominance of all-inclusive operations. Most of the existing supply is of a mid-scale to upper-scale standard, with rates constrained by tour operator discounts. The island of Sal, despite having only 12 registered hotels in 2010, comprised 44% of the room supply of all registered hotels in Cape Verde.



Source: Instituto Nacional de Estatistica Cabo Verde

HOTEL PERFORMANCE TRENDS

Performance trends at the leading hotels on Sal vary greatly. The highest occupancy levels are achieved by all-inclusive resorts (c. 90%) while the highest average rates of approximately €90 are attained at the non all-inclusive hotels. Cape Verde has historically been a price sensitive destination, and rates have been constrained by the presence of all-inclusive operations. This is likely to change as the product offering improves, with the inclusion of higher quality hotels, a more diverse range of operators and amenities.



Source: Individual Hotels & Whitebridge Hospitality

DESTINATION MAP

The map below identifies the location of Cape Verde, and in particular the island of Sal, the leading tourist destination in the archipelago.

Source: National Online Project

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