

Post Covid-19: Why Africa will be at the forefront of future hospitality investment

By [Mark Havercroft](#)

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Currently, the global shutdown in a bid to curb the spread of the pandemic has forced the closure of prominent international hotel brands across the globe - hopefully, only temporarily. What's now essential to pave the way to full recovery, establishments must be ready with short-, medium- and long-term growth plans so they can hit the ground running when the time comes.



Alev Takil via [Unsplash](#)

In an African context, this means understanding the source of future markets. Africa's resilience to tragedy through years of experience and our natural optimism as a Continent, along with our burgeoning population growth, certainly sets the continent apart.

For Africa to flourish, it must itself secure markets for the products it offers across a broad spectrum of industries, products and produce and that includes the hospitality industry as a forerunner, the success of which rests on the ability of African travellers to focus their attention closer to home, towards their own Countries and the Continent's destinations and offerings in respect of both business and leisure needs.

According to a recent [McKinsey & Company report](#), Africa displays robust long-term fundamentals for future economic growth. On a continent that still has abundant resources, and where job creation is expected to outpace growth in the labour force, it is estimated that by 2034 Africa will have a larger working population than either China or India.

It also has the age advantage; in a globally ageing world, Africa has both a young population and, in turn, the fastest global urbanisation rate. It is anticipated that approximately 24 million people will be added to cities on the continent by 2045 – more than for India and China combined.

Market opportunity after global lockdown

As business travel demands increase in Africa, together with the growth of local markets for leisure tourism, these factors combine to make Africa a stand-out investment option that offers enormous potential for a solid above global average ROI in the hospitality arena.

These are factors that have already encouraged many of the hospitality industry's major players to enter the race to capture the continent, long before the arrival of Covid-19. There is no doubt that this competition for market share will resume - and intensify - once the world emerges from lockdown. Not only will challenger brands be focused on recovering business space that has been lost, but also on taking full advantage of that recovering scenario, and the value on offer.

Where the big brands often falter and expose their vulnerability, however, is when it comes to fast and flexible adaptation initiatives to meet the market demand of the moment. In effect, they find themselves unable to leverage only their international dominance in order to adequately protect their hotel owners and investors.

The very challenges that Africa poses are what attracted Minor Hotels to the continent in the first place; to capture the burgeoning and in many ways unique traveller market.

While traditional international thinking has been to focus on catering only for four- and five-star guests, this may not be a fail-safe approach, and Minor Hotels is acutely aware of the need to also invest in alternative options that will accommodate a wider range of leisure and business travellers at lower consumer price points.

Therefore, while we have our luxury brand Anantara in places such as Mauritius, Zambia and Mozambique, and our city and resort 4-star brand Avani in Namibia, Lesotho, Botswana, Mozambique, Seychelles and Zambia, we know we'd be remiss if we ignored the mid-market space, for both business and leisure travellers.

To this end, we're looking increasingly at the serviced apartment/long-stay hospitality market in strategic locations across Africa, introducing it via our Oaks Hotels & Resorts brand.

Certainly, Covid-19 is a gamechanger, perhaps most significantly for the tourism and hospitality industry. As the world emerges from the other end of the pandemic in the future, however, we believe that it will be the game-changer brands, those that are agile and adaptable, that will recover fastest - and restore investor confidence. It is in markets such as those on the African continent, we believe, where the real future potential lies.

ABOUT THE AUTHOR

Mark Havercroft is the Regional Director for Africa of international hotel group Minor Hotels, which has a footprint across Europe, Asia, the Middle East, Australasia, South America, the United States and Africa.

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