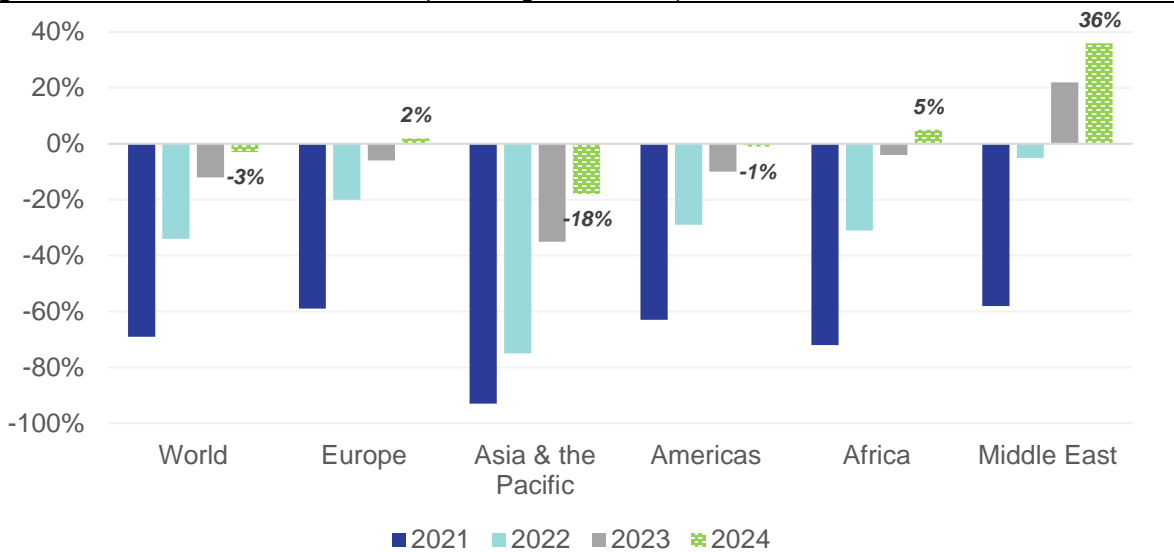


International arrivals in the first quarter of 2024 almost matched 2019 levels, reaching 97% according to the United Nations World Tourism Organization (UNWTO) with around 285 million tourists who traveled internationally during this period, a 20% y/y increase compared to the same time in 2023. This growth was driven by high demand, the reopening of Asian markets, better air connectivity, and easier visa processes.

The Middle East experienced the most significant growth, with arrivals surpassing pre-pandemic levels by 36% (Figure 1). Europe also showed progress, recording a 2% increase over 2019 figures for the first time in any quarter. Africa saw a 5% rise in arrivals compared to the first quarter of 2019. The Americas nearly reached their pre-pandemic numbers at 99%, while Asia and the Pacific improved their recovery to 82% of pre-pandemic levels, up from 65% in 2023.

Furthermore, the UN Tourism Confidence Index suggests a positive outlook for May-August 2024. Nevertheless, economic and geopolitical challenges continue to hinder the full recovery of international tourism and overall confidence levels.

Figure 1: International tourist arrivals (% change over 2019) – 2021 - 1Q2024



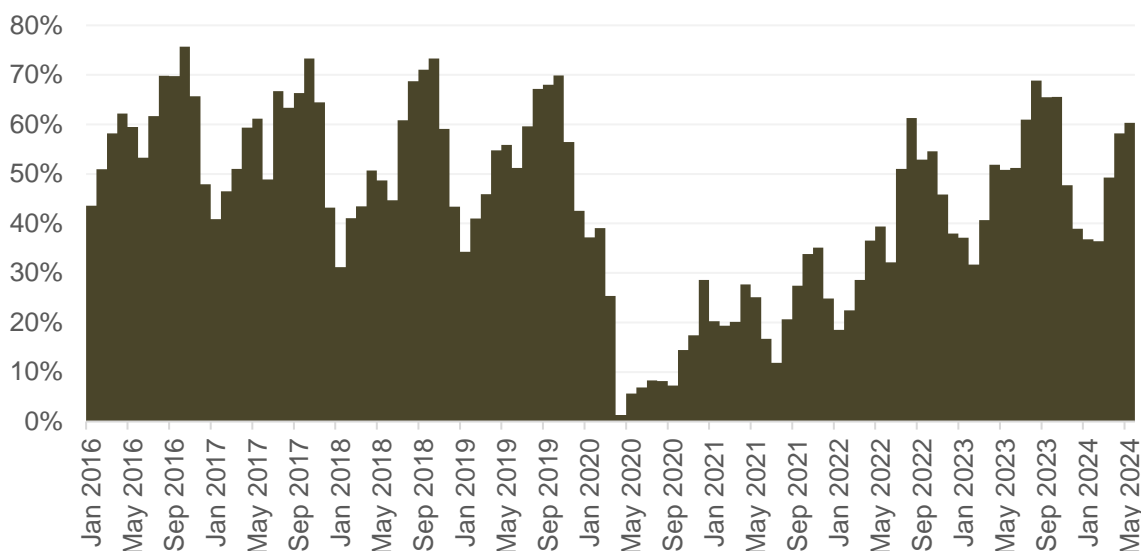
Source: UN Tourism/SS

Tourism inflows continue their positive trajectory, with the national occupancy rate reaching 60.3% in May 2024. This is the highest rate observed this year and the highest since October 2019, when the occupancy rate was 69.9%. This milestone for the tourism industry surpasses the occupancy rates of 55.8% recorded in May 2019 and 50.8% recorded in May 2023 (Figure 2).

During the period under review, northern establishments achieved the highest occupancy rate at 63.0%, also having the highest number of participants in the HAN survey. Coastal areas followed closely with a 62.3% occupancy rate, and southern areas recorded 61.8%. Interestingly, central areas had the lowest occupancy rate at 42.3% in May 2024, a drop from 66.7% reported last month, 54.9% in May 2023, and 53.9% in May 2019. Only eight hospitality establishments in the central areas participated in the HAN survey.



Figure 2: National occupancy rate (%) – January 2016 to May 2024.



Source: HAN/SS

Leisure tourism remains the primary driver of tourist inflows, accounting for 94.8% of arrivals in May 2024. The northern areas were the most preferred destination, while coastal areas were the least favoured. However, coastal areas emerged as the top choice for business travellers, with 29.9% of hospitality establishments occupied in May 2024, a significant increase from 9.0% in April 2024. Despite this, the number of travellers occupying establishments for conference purposes remains below pre-pandemic levels, with only southern area establishments being utilized in May 2024.

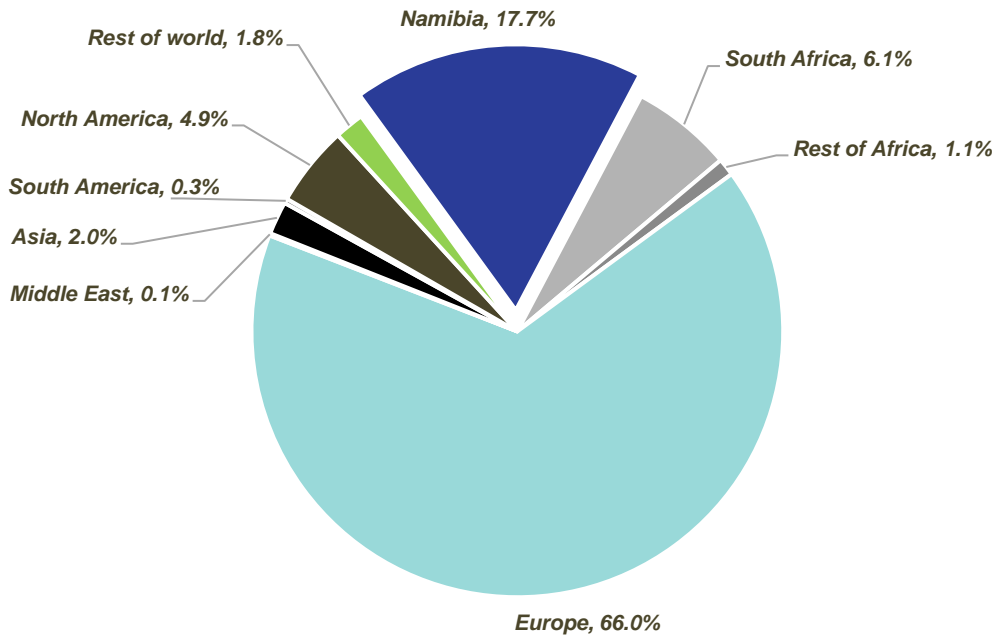
The percentage of Namibians visiting hospitality establishments decreased to 17.7% in May 2024, down from 19.1% in April 2024 and 22.5% in May 2023 (Figure 3). This however remains higher than the occupancy rates of other regions. Visitors from South Africa accounted for 6.1%, while the rest of Africa contributed 1.1%.

Europeans continue to constitute the largest portion of visitors in Namibia's hospitality establishments, making up 66.0% in May 2024. Tourists from Austria, Germany, and Switzerland were the most prominent, followed by visitors from France and Benelux. Other regions contributed smaller shares: North America (4.9%), Asia (2.0%), South America (0.3%), the Middle East (0.14%), and the rest of the world (1.8%).

In a positive development for Namibia's tourism industry, the Namibia Tourism Board recently welcomed the introduction of Discover Airlines' new route from Munich to Windhoek, set to launch in April 2025. This expansion in flight options is expected to enhance connectivity and increase the number of European visitors. The new route aims to make travel to Namibia more convenient for international tourists, further promoting the country's attractions and hospitality sector.



Figure 3: Portions of tourists from each country – May 2024



Source: HAN/SS

SS Thoughts

The recent announcement by the government to implement visa requirements aims to promote fairness from other countries. This policy has both positive and negative aspects. On the positive side, it encourages reciprocity in international relations, prompting other nations to consider visa-free access for Namibian citizens. Additionally, it enhances border monitoring and security measures within Namibia.

On the downside, the policy might lead to a decline in international tourist arrivals, particularly from countries now subjected to visa requirements. This is concerning as tourism is a vital sector of Namibia's economy. For instance, tourists from Germany, Austria, and Switzerland constitute a significant portion of our tourism market, accounting for an average of 38.2% of those occupying hospitality establishments year-to-date. The policy's success will largely depend on our ability to mitigate these impacts and negotiate agreements to sustain tourist inflows.

With AViaDev Africa and the African Hospitality Investment Forum scheduled for this month, we expect an uptick in occupancy rates, especially in central areas during June.

Meanwhile, the Hospitality Association of Namibia (HAN) has highlighted several concerns regarding the new visa reciprocity policy. These include uncertainties surrounding current travel and meeting restrictions, potential for low attendance and event cancellations due to legislative changes, a shortage of professional meeting staff due to redundancies, and inflation driving up overall event production costs. These factors could adversely affect the appeal of Namibia as a destination.

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