newsfeature

Bed capacity to rise 14pc as global hotel chains eye Nairobi

By JAMES WANZALA

Kenya is expected to have 16 new five-star hotels in the next five years, raising the country's hotel rooms by 2,900, says a new report.

Titled, *Hospitality Outlook 2016-2020*, the survey was conducted by PriceWaterHouseCoopers (PwC) says the completion of the new facilities will increase hotel capacity by 14 per cent.

"Kenya's economic growth trend is strong and the planned hotel investment reflects confidence in the country's growth trajectory, rising middle-class, rapid urbanisation, devolution and position as a regional hub for multi-national businesses," says the PwC report.

Occupancy rates in Nairobi and Mombasa remain high and international companies such as Marriott, Sheraton, Ramada, Hilton Garden Inn, Mövenpick Hotel and Four Points by Sheraton are planning new hotels in Kenya in the next five years.

Kenya's tourism sector is still reeling from the effects of the economic slowdown in Western economies, particularly in Europe, the Ebola virus outbreak, terrorist attacks and travel advisories.

However, a number of mitigation measures and incentives have recently contributed to an increase in tourist arrivals between January and April 2016.

In 2015, stay unit nights fell 2.8 per cent, but a 9.1 per cent increase in the average room rate resulted in a 6.1 per cent gain in room revenue. Players say the increase in the average room rate represents a turnaround from recent years. The average room rate fell 3.6 per cent between 2011 and 2014.

Kenya's economic growth has been strong, rising 5.6 per cent in 2015, its largest gain since 2010.

"This increase has spurred domestic tourism and has also stimulated business travel. Chinese companies are now active in Kenya, particularly in the food production, aviation, hotel, motor vehicle and construction industries," says the report.

Kenya's economy is expected to remain strong, growing at a six per cent. Robust economic growth will play a key role in attracting new hotels and business travellers as well as domestic and foreign tourists.

Kenya's booming construction industry, access to the Port of Mombasa, with Standard Gauge Railway(SGR) under construction, skilled workforce and other factors contribute to its position as a preferred destination for investment.

A section of Lamu Island. RIGHT: Hilton Garden Inn Hotel on Mombassa Road under construction. [PHOTOS: WILBERFORCE OKWIRI PHOTO/KELVIN KARANI]

The country has also demonstrated resilience in the face of recent security challenges. A good example is the the reopening of Westgate Mall two years after it was closed following a terror attack that left at least 67 people dead and hundreds more injured.

Although the report predicts a slight economic decline due to the 2017 General Election fever, it says the economy will recover shortly after the elections and grow strong.

"Occupancy rates will decline over the next two years before edging up beginning in 2018. The hotel occupancy rate will average 48.8 per cent in 2020, down from 53 per cent in 2015...," says the report.