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## MARKET FOCUS: IVORY COAST

### General Environment

#### *Economic and political environment*

Ivory Coast has experienced a rapid return to growth since 2011 with particularly encouraging results, under the combined effect of:

- A strategic geographic location in the heart of West Africa with a coastal strip allowing the country to position itself as a regional gateway;
- A stabilization of the political, institutional and security contexts combined with increased investments in politics and regional collaboration (reactivation of the Conseil de l'Entente, ECOWAS presidency from 2012 to 2014, WAEMU presidency since 2016);
- Revitalization of the economic environment through investments (especially of the road infrastructure), the improvement of the business climate and competitiveness, efforts in terms of attractiveness for regional and international investors, etc.

Even with a decade of crisis which economically (49% poverty rate) and socially (national cohesion remains fragile) impacted the country, the country has regained its role as a major regional actor, generating 35% of GDP and 60% of agricultural exports of the WAEMU (West African Economic and Monetary Union composed of the Ivory Coast, Senegal, Guinea-Bissau, Mali, Niger, Burkina Faso, Togo and Benin). In addition, Ivory Coast benefits of GDP growth rates ranging between 8 and 10% since 2012.

The country now aims to reach the status of emerging economy and the Ivorian Government plans to create a resilient economy by promoting regional development and regional integration. The return of many regional headquarters, such as the one of the African Development Bank, attests to the return of Abidjan's economic importance.

In this context, Ivory Coast is a country of interest in the sub-region for international and regional investors who have decided to reconsider the country as the new hub of Francophone Western Africa.

### *Air access*

Côte d'Ivoire has two international airports in Abidjan, which is the main entry point, and Yamoussoukro.

Abidjan's airport traffic has steadily increased since 2011, boosted by the launch of new lines (Asky in 2011, Air Côte d'Ivoire in 2012 and Corsair in 2013, and more generally Turkish Airlines, Emirates, Ethiopian, etc.). Air France has also intensified its flights with the A380 since the inaugural flight in 2014. The airport registered an increase in traffic of 23% between 2012 and 2013, reaching 1.3 million passengers in 2014 and 1.6 million in 2015. This figure represents a record in visitors.

Abidjan airport has obtained the Transportation Security Administration certification in April 2015 which permits the airport to ensure direct liaisons with the United States. At this stage, negotiations are underway with multiple companies, which currently serve the Accra and Dakar airports.

In parallel, Air Côte d'Ivoire is progressively developing internal connections between Abidjan, San Pedro, Bouaké, Korhogo, Man and Odienné.

### *Tourism*

The growth of the sector is mainly supported by business tourism and conferences. Abidjan regained its status of major francophone hub in West Africa and attracts international and regional investors due to the high economic performances. Abidjan has also competitive advantage on the MICE segment in the region, due to quality MICE infrastructures, including the Abidjan Conference Centre (ap. 2,000 sqm of meeting space).

In the mid-term, business tourism could also increase in secondary cities like Bouaké, San Pedro, Korhogo, Odienné, Man, due to growing investments in the agricultural and industrial sectors and better accessibility with domestic flights.

However, the country profits from significant potential for more diversified tourism. Despite 520 kilometres of coastline, eight national parks and six natural reserves, four UNESCO World Heritage sites (one city and three natural sites), strong, diversified and living culture, leisure tourism remains limited by relatively poor accessibility, low development and protection of tourist sites, and a general lack of quality accommodations.

## Hotel Market

Overall the hotel supply in Côte d'Ivoire remains limited despite significant growth since the end of the political crisis. The total supply in the country is currently estimated to more than 2,000 hotels for a total capacity of 38,000 rooms. It mainly concentrates in Abidjan, the economic capital which drives significant business tourism. The rest of the offer is to be found on the coastline and main cities inside the country but remains of poor quality standards.

### *Abidjan hotel market*

Abidjan, the economic capital of the country, concentrates most of Ivory Coast's activities, mainly related to the port and the financial market. Abidjan's major role in West Africa has also been asserted through increasing MICE activity, with the organization of significant international events over the last four years.

The need for quality units has therefore rapidly arisen, since Abidjan's hotel establishments deteriorated during the 2000's and many independent units closed due to a lack of investments and of renovation programs.

The Abidjan hotel supply is experiencing a transitional period through renovation programs and new openings. This explains the government's goal to provide an additional supply of 5,000 new and/or renovated rooms by 2020 in order to maintain Abidjan's attractiveness on regional and international levels.

3,200 rooms provide an acceptable level of comfort, among which 2,300 rooms can be considered as of international standards.

Branded hotels represent 70% of the international rooms supply, with a large domination of Accor Hotels Group:

- The emblematic Sofitel Ivoire, previously managed by Intercontinental, has been renovated and extended over the last six years, bringing the hotel's capacity to 423 rooms. It benefits from the adjacent Abidjan Conference Centre which hosts a range of events. The Novotel has also been fully renovated and an extension brought its total capacity to 258 rooms in 2015, while the two Ibis were renovated in 2012.
- Brand diversification has started in 2012 with the opening of Onomo (118 rooms) close to the airport,

followed by the opening of the Radisson Blu Hotel (261 rooms) across the road in 2016. The new Azalaï Hotel (200 rooms), located along the boulevard VGE, is currently in pre-opening phase.

Historically, the supply has been concentrated in the Plateau business district, but recent openings tend to relocate around new areas of prime interest (international airport, major road axis, secondary business areas).

In 2016, as per market data, the average occupancy of the reference market reached 65%, slightly decreasing compared with 2015, due to the impact of the Radisson Blu opening and low performances reached by hotels in great need of renovation. This slight decrease has mostly benefited to independent quality boutique hotels which represent minor but growing alternative on the market.

ADR are estimated as follows:

- Upscale: 200/220 € exc. taxes
- Midscale: 140/160 € exc. taxes
- Economy: app. 70 € exc. taxes

Hotel demand originates predominantly from Europe (40%) and African travellers (33%), especially from ECOWAS countries. As observed in most of the sub-Saharan Africa's metropolis, demand is driven by business clients. MICE demand represents a significant and growing share in international hotels.

### *At a national scale*

Yamoussoukro represents the second hotel market, driven by the two major hotels managed by the SODERTOUR, Hotel Président (285 rooms), built by former President Félix Houphouët-Boigny, and HP Hotel (300 rooms) opened in 2006 and offered to the city by the Chinese cooperation. The overall performances remain low, demand being driven by punctual large conferences and work sessions.

San Pedro, Bouaké, Man, Korhogo, represent provincial spots, mostly driven by national business demand. However, hotel supply is poorly developed, including small independent units, poorly maintained in general. A few hotels with larger capacity and larger range of services benefit from low competition to capture unsatisfied demand.

In addition, coastal cities such as Assinie, Bassam, Jacqueville and Grand-Béréby position as leisure destinations and represent secondary hotel markets, benefiting from improved access respectively from Abidjan and San Pedro.

### Projects

In Abidjan, in top of the full opening of the Azalaï early 2017, around 400 rooms are due to open in the short term, by 2018, including the two Mangalis hotels, respectively operated under the 3 and 4-star brands Seen (149 rooms) and Noom (257 rooms). In parallel, the Pullman will benefit from a full renovation as from 2017 and is expected to regain its 5-star positioning by 2018. For the medium term, the 5-star Mövenpick hotel is due to open by 2020. In addition, around 1,500 rooms are currently under discussion and could further enter the market in the longer term if projects materialize. More than 80% of this additional supply position on the 5-star segment and is to be located in Plateau and Cocody. In top of that, many international operators are currently under discussion for management agreement.

At a national scale, the most significant project is the Relais Paillote supported by the Government, to be operated by the Ivorian hotel group Iroko (development plan of 10 tourist villages of approximately 20 bungalows in the country, the first being under construction in Jacqueville). In addition, future supply includes independent projects with limited capacity. More significant projects might emerge like the recent reopening of the emblematic hotel Baie des Sirènes in Grand-Béréby, fully renovated and reopened in December 2016.

### Prospects

Even with positive economic indicators for the evolution of Ivory Coast in the mid-term, discontent in the military forces in January 2017 has caused some mistrust and caution from international investors. International observation also increased with the adoption of the new Constitution and recent cabinet reshuffle after legislative elections in December 2016. The long term condition of the country depends therefore on the peaceful turnout of the second part of Alassane Ouattara's mandate and upcoming presidential elections in 2020.

However, military tensions have been contained and have not impacted the regained stability in the country. Growth is expected to maintain at high levels around 8%, supported by strong assets in the agricultural sector (increase in cocoa exports in 2016), dynamic industry and strong service sector (telecom, banking activities and information technology and communication businesses).

The development perspectives of future demand are mainly found in the business and corporate segments. These segments are indeed expected to continue growing under the impact of the following elements:

- The flourishing business environment as the country is confirming its position as a regional economic hub;
- The renovation and opening of new transport axes and systems and of infrastructure which will facilitate access to Abidjan and reduce travel times;
- The development of port activity and the extension of the Autonomous Port with the local authority's goal to transform it into a reference port by 2020;
- The projected increase in major MICE events and the opening of adapted infrastructure.

However, the overall tourism sector will remain limited in the mid-term as long as the country has to face the following challenges:

- Accessibility: despite improvement of road network in Abidjan and around, the rest of the country remains poorly maintained, the coastal road between Abidjan and San Pedro being a major concern;
- The high prices in general (air connections, visa process, accommodations);
- Low standards of quality, maintenance and services.

In this perspective, we are of the opinion that Ivory Coast has potential for hotel development in the mid-term, as following:

- In Abidjan:
  - Upscale hotels in Plateau and Cocody;
  - Economic and midscale hotels in Marcory and Treichville and along the major axis in Cocody/ Bingerville.
- Economy hotels in provincial cities like San Pedro, Bouake, Korhogo, Yamoussoukro.
- Midscale hotels adapted to MICE and leisure activities along the coast, mostly in Bassam, Assinie and Jacqueville.

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