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Special Market Report

GUINEA

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MARKET FOCUS: CONAKRY

Guinea has witnessed a boom in the hotel sector, supported by the mining industry. These hotel developments are mainly concentrated in the capital, Conakry. Guinea was severely hit by the Ebola outbreak in 2014 and experienced a dramatic slowdown in the economy. After two difficult years, the country seems to be gradually recovering.

Over the last 5 years, we have witnessed significant changes in the market, with the opening of renovated hotels and a 4 international hotel. The long-term outlook remains positive and Guinea, despite the crisis, has a significant pipeline of hotel projects.*

Countries Data Profile - 2015

Size (sq km)	245,800
Population (million)	12.6
Demographic growth (%)	2.7
Urban areas > 1 millions	Conakry: 1.6
Last presidential elections	2015
Next presidential election	2020

Source: IMF and World Bank

Economic Data: 2015

	Conakry
GDP growth (%)	0.1
FDI (% GDP)	1.3
Consumer prices (%)	8.2

Source: IMF

Context

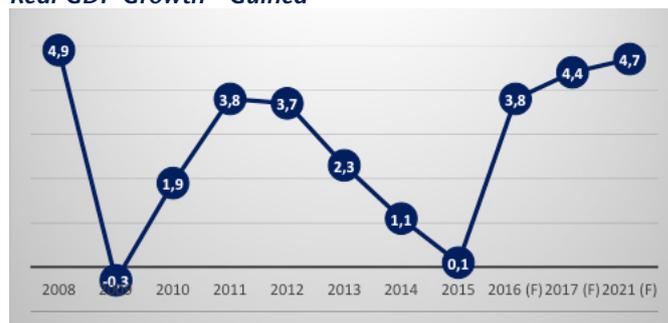
Guinea was marked by almost half a century of military regimes after it became independent in 1958. In 2010, the first democratic elections were held and Alpha Conde became president and was re-elected for a second term in 2015. The political situation is currently stable, although risk of protests and instability persist.

Guinea economy is dominated by the mining sector which accounts for almost 80% of the external trade (United Nations Economic Commission for Africa- 2015 report). It has significant reserves namely of bauxite (over half the world's reserves), gold, iron ore and diamonds, which

remains underexploited, as well as prospective off-shore oil reserves.

In 2014, the country was severely hit by the outbreak of Ebola virus in southern Guinea. As a result, growth dropped down to 1.1% (vs initial projections of 4%) and stagnated at 0.1 % in 2015, compounded by the drop in commodities prices, slowing mining development, and offsetting projects such as Simandou. The country experienced growth again in 2016.

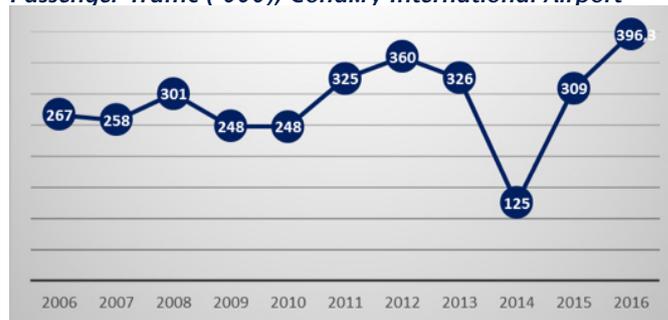
Real GDP Growth - Guinea



Tourism

The Gbessia-Conakry International Airport is the main airport of the country. Traffic had increased steadily from 2009 to 2013. It decreased by 60% during Ebola crisis. However, SOGEAC indicated a return over 300 000 passengers in 2015 and an increase of almost 30% in 2016 (source: Guineeinfos.org), underlying a rebound of the country.

Passenger Traffic ('000), Conakry International Airport



Source: SOGEAC

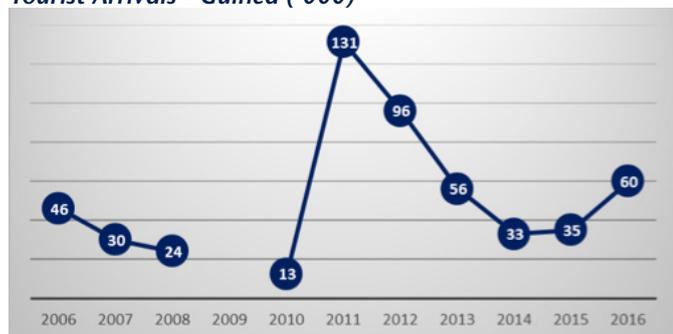
Due to the diversity of its topography, climate and culture, with 4 natural regions, Guinea benefits from a significant tourism potential. The country has several protected areas including The Niokolo Badiar park, the national park of Upper Niger, Sangaréya bay. Guinea could position

favourably for adventure and eco-tourism around natural destinations such as Mount Nimba (world heritage), Fouta Djalon, and also cultural tourism (namely with the slave-trading site of Farinya and the diversity of ethnicities).

Impeded by the political instability and limited investments, the sector has remained underdeveloped. Currently, tourist visits concentrates in the capital which is the country's main entry point and the Loos islands.

Tourist arrival registered a steady decrease from 2011 to 2015, hitting rock bottom in 2014 during Ebola Crisis, with 33 000 arrivals registered, mainly generated by support international organizations and NGO. The country has experienced a slow recovery. The end of the epidemic and the resumption of flights seems to have created a momentum.

Tourist Arrivals - Guinea ('000)



Source : World Bank & Financial Afrik.com for 2016

Individuals and groups coming to Conakry for leisure tourism are still very limited. The business segment mainly generated by the mining activity and related activities represent the majority of the demand, concentrating in hotels and serviced apartments. The meeting and conference market is also very limited due to the lack of adequate facilities.

Hotel Market

Hotel Facts and Figures - 2015

	Conakry
Hotel rooms in country	4500
Relevant hotels in Conakry	11
Rooms in Conakry	1300

Source: Horwath HTL

The hotel supply concentrates in Conakry. With 1.76 million inhabitants¹, the city is the most populated in the country, benefiting from the presence of the port, which handles most of Guinea's trade.

The relevant international supply is estimated to amount to around 10 units and over 1300 rooms, among which only 187 are branded rooms. All hotels classified as 4 and 5* are mainly concentrated in Kaloum (CBD). The rest of the acceptable supply is made of 3*, small-size independent hotels in need of renovation.

Impeded by political instability, for a long time, the market didn't undergo any significant changes. Boosted by the rapid development of the mining industry and the improvement of the business climate, the city which was under-supplied, witnessed a boom of the hotel sector.

Over the last 5 years, the market has witnessed significant changes with the opening of new independent hotels, the withdrawal of Accor (Novotel Independence), the renovation of 2 historical units (Camayenne and Kaloum), and the opening of a 4* international hotel, under the Noom brand.

Six projects of construction, renovation or extension are identified. As Onomo, Sheraton and the newly renovated Niger Hotel (historical state property) are due to open in 2017, some other international groups (Azalai, Radisson) are also considering the market. While Kaloum remains the main cluster, some of the future projects will also develop in the new administrative centre (Ratoma district).

Hence between 600 and 650 rooms should enter the market by 2017 and some 500 additional if the other projects materialize which would represent 70-80% of the current relevant supply.

In parallel, the city has witnessed the development of a significant supply of Aparthotels or residences equipped with kitchenettes, suited for longer stays.

¹: According to the last general Census, Conakry's population decreased from 2,164,282 in 2012 to 1,667,864 in 2014.

Performance

In 2013, hotel occupancy in the capital city was estimated to 60% reaching 70% for the highest performing units. Overall, national hotel performances were estimated to have dropped significantly to reach a level of 10 to 20% in the heart of the crisis. However, international hotels located in Conakry benefited from the presence of NGO and International organizations and maintained high occupancy rate, even during crisis. In 2015, the occupancy rates were slightly below 2013 level and are reported to follow a decreasing trend for 2016.

Development Prospects

In June 2016, WHO declares the end of Ebola virus transmission. Economic growth has increased again in 2016 and should reach 4.4% in 2017, supported by the mining activity, although remaining lower than the sub-region average.

Overall, the long-term outlook remains positive, based on a rather stable context, the reform program and rich natural resources which could allow the country the gain a leading position in the extractive industry, attracting foreign investments. We estimate that business demand should increase at a moderate rate in the mid-term.

Conakry hotel market should gradually improve and structure with the strengthening of the mid-range segment and the arrival of international operators. However, based on the significant pipeline, despite the economic rebound, we expect the market to experience a drop in occupancy until the absorption of the additional unit in the mid-term.

Guinea also offers a great potential for the development of leisure tourism in the mid to long-term. This would have a significant leverage effect on the country's economy and image.

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Béatrice Montagnier graduated from the Institut d'Etudes Politiques (IEP) of Strasbourg and a Master in tourism management at La Sorbonne.

She worked as a research manager for a hospitality consulting company before working as a consultant for a tourism & leisure consulting company for five years. During her career, Béatrice both conducted and participated in numerous feasibility, market, territorial strategy and economic impact studies.

She joined Horwath HTL in 2006 as a senior consultant and then as director. Béatrice specialized in market and programming studies and hotel strategies, especially for urban or resort projects. Her international experience includes Maghreb, the Mediterranean region and more specifically Sub-Saharan Africa, where she has been working since 2008. In charge of Horwath HTL Dakar (Senegal) for 4 years, she is now based in Yaoundé (Cameroon).

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