



Cairo

- Around 1,200 keys are expected to add to Cairo's existing hotel stock of 26,700 keys during the final quarter of the year.
- The third quarter was marked by the strong performance of the coastal Egyptian cities with a high influx of domestic and international travellers.
- The government is driving tourism growth through strategic infrastructure projects, notably the new monorail system, to enhance traveler experiences and urban connectivity.

Egypt's tourism and hospitality sectors demonstrated robust growth in the third quarter, as evidenced by recently released data on tourist arrivals. The country welcomed over 8 million visitors during the first seven months of the year, underscoring the sector's resilience and appeal. In Q3, traditionally, we see strong performance in coastal Egyptian cities, which experienced a significant influx of both domestic and international travelers. Based on these trends, Egypt's projected tourism levels are expected to surpass the 14.9 million visitors recorded in 2023.

As the North Coast experienced its peak season, Cairo's hospitality market recorded a five-percentage point (pp) decline in occupancy in the year to August 2024 compared to the same period in the previous year. Concurrently, the average daily rate (ADR) decreased by approximately 3% year-on-year. Consequently, revenue per available room (RevPAR) fell by roughly 11% on an annual basis. These metrics reflect the shifting dynamics within Egypt's hospitality sector and the impact of regional travel patterns on the capital's hospitality market.

Outlook

Cairo's hospitality sector is poised for significant growth, driven by multiple strategic initiatives. The ongoing infrastructure development and transportation network upgrades, particularly the upcoming monorail system, are expected to revolutionise connectivity between the city's eastern and western regions, enhancing the overall traveler experience.

The government's ambitious target of attracting 25 million annual tourists by 2028 and expanding hotel capacity by around 250,000 keys is supported by progressive reforms. A key initiative is the newly introduced subsidy program, offering financing at a reduced 12% interest rate. This program enables hospitality companies to access loans up to EGP 50 billion for introducing new hotel brands, expanding existing properties, or repurposing buildings into hotels. The impact of these incentives is already evident in the numerous hotel launches across Egypt. These comprehensive measures form the foundation for sustained growth in Egypt's hospitality sector, positioning Cairo to capitalise on increasing tourism demand and solidify its status as a premier destination in the region.

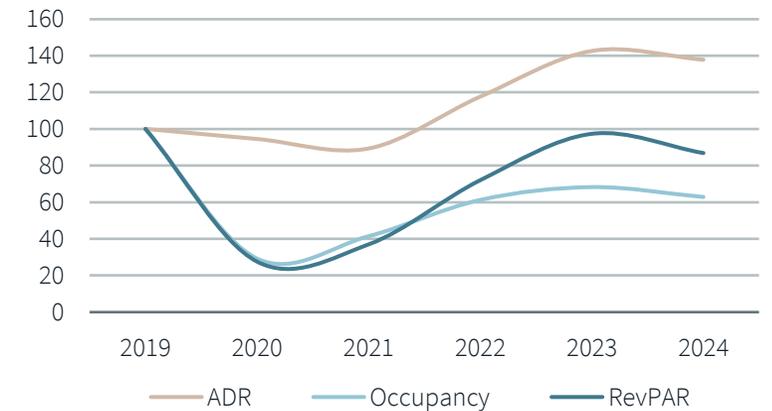
Fundamentals

Total stock	26,700 keys
Future stock	1,200 keys
ADR (YT Aug)	-3%
RevPAR (YT Aug)	-11%
Occupancy (YT Aug)	-5.4pp

Source: STR

Cairo Hospitality Performance

Index 2019=100



Source: STR



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