Issue 1 | 2025



# Tourism Trends

## Key trends and highlights of South Africa's tourism industry

For January to July 2025

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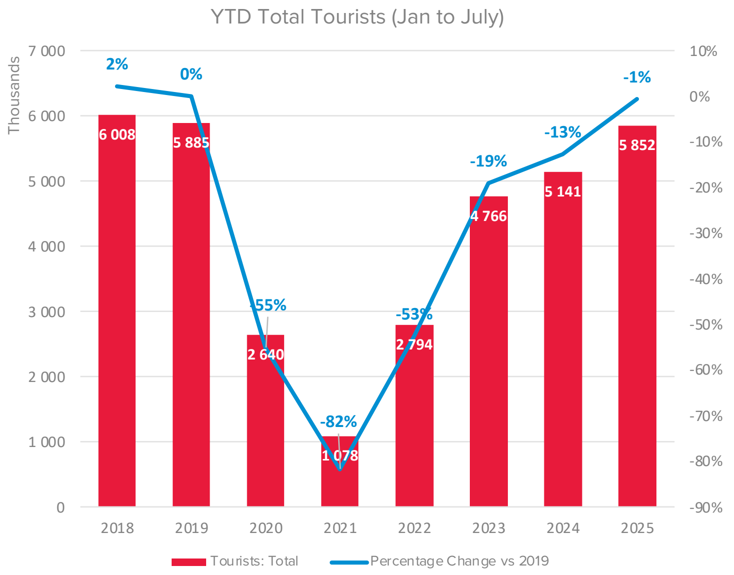
**BDO South Africa**

# A | Synopsis of International Tourism Arrivals to South Africa

## January to July 2025

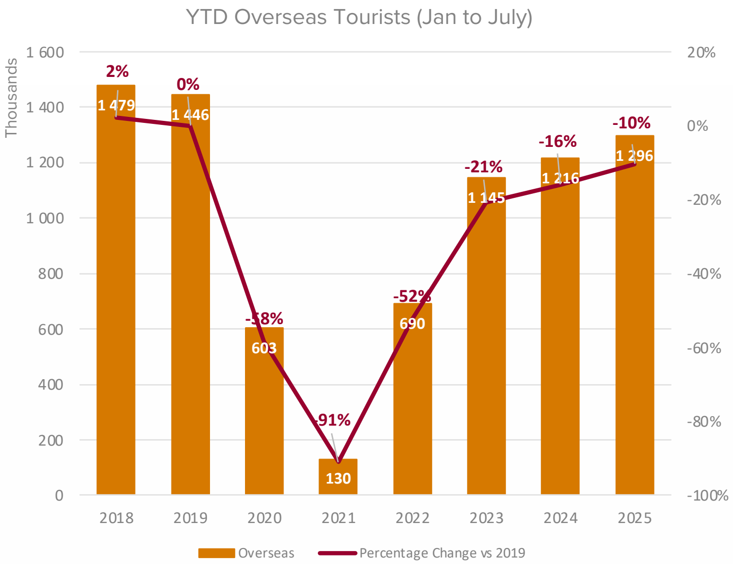
# South Africa experiences slow recovery in the wake of significant rebound for competitors




***Source:*** *StatsSA and BDO analysis*

- 5,85 million international tourists visited South Africa from January to July 2025 (YTD). This is 14% higher than the 5,1 million arrivals recorded in the same period in 2024 and only 33 000 (or 1%) less than the number of tourists recorded in the first 7 months of 2019.
- 2019, often referred to as the “last normal” year, was not our best year in terms of tourism arrivals – 2018 was. Compared to 2018, 2025 YTD international arrivals are 3% behind (156 000 less tourists in 2025 than in 2018 YTD).
- Although the data looks positive, it needs to be viewed in perspective.
  - Globally, in 2024, international tourism arrivals returned to 2019 levels - experiencing over 12% growth.
  - In 2024, South Africa’s international visitor arrivals only grew by 5,1% and was 13% behind 2019 arrivals (8,9 million arrivals compared to 10,2 million in 2019).
  - Kenya returned to 2019 levels in 2023 and Tanzania exceeded 2019 numbers in 2022. In 2024 Tanzania experienced over 18% growth in international arrivals, achieving 1,5 times 2019 numbers.
  - Morocco is Africa’s top tourist destination, with 17,4 million arrivals in 2024, up 20% on 2023. South Africa is only ranked 3rd in Africa in terms of number of arrivals (Tunisia is second with 10,3 million arrivals in 2024). But in 2016, Morocco had 10,3 million arrivals, South Africa 10 million and Tunisia only 5,7 million. This begs the question – why has South Africa’s industry not kept pace with its competitors?
  - However, Australia, long considered to be a rival destination to South Africa, only achieved 87% of 2019 arrivals in 2024, with growth of 15% in 2024. This is largely attributed to the slow return of the Chinese market (expected to rebound by 2027).

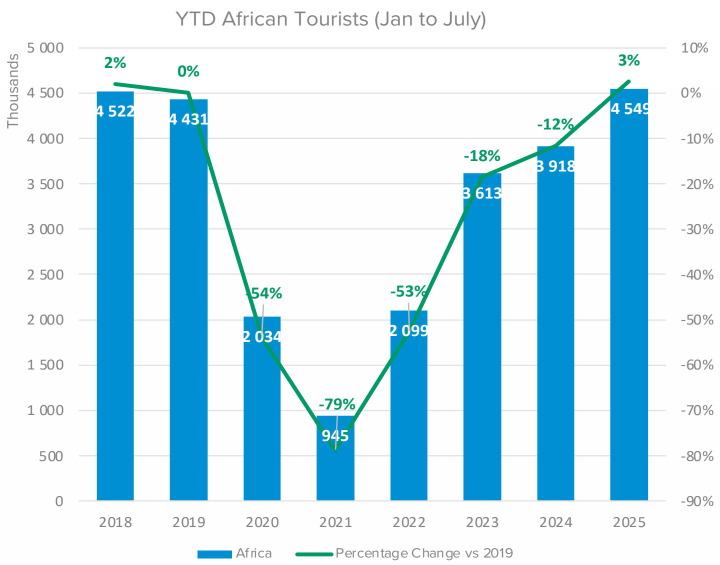
# Overseas tourism arrivals continue to disappoint with a significant negative impact on our economy




***Source:** StatsSA and BDO analysis*

- Unfortunately, overseas tourism, which is the jewel in the crown when it comes to economic impact due to the high average spend per visitor, continues to lag behind 2019 and 2018 numbers.
- With 1,3 million overseas arrivals between January and July 2025 (YTD), the lag behind 2019 overseas arrivals for the same period is at 10% (150 000 less visitors) and 12% (or 183 000 less visitors) behind 2018 numbers.
- YTD overseas arrivals are only 7% up on 2024 overseas arrivals.
- The 183 000 "lost" overseas visitors has resulted in a staggering loss of around R4,3 billion in direct foreign spend in the South African economy for the first 7 months of 2025. And this excludes the impact of the multiplier effect of this direct spend in our economy.
- In 2024, South Africa only received 2,14 million overseas visitors, a 3,7% increase on 2023 but still 20% behind 2018 total overseas arrivals (or 535 000 visitors).
- In 2024, the shortfall in these overseas visitors resulted in a loss of direct spend in our economy of R13,3 billion! Take that in – this is foreign direct expenditure (export earnings) lost to our economy.

# African tourism, an increasingly important market, needs direct air access and an open visa regime to succeed




**Source:** *StatsSA and BDO analysis*

- Theres is good news: The African market has rebounded! For the first 7 months of the 2025, total arrivals exceeded 2019 (and 2018 levels). YTD South Africa welcomed 4,55 million African visitors, which is 27 000 more visitors than in the same period in 2018 and 118 000 more than 2019.
- YTD African arrivals increased by 16% over 2024 and are 3% more than the number of arrivals in the same period in 2019 (and 1% above 2018 numbers).
- For the full year in 2024, South Africa registered 6,77 million African visitors, which was growth of only 5,6% over 2023 and still 13% behind 2018 numbers (and 11% behind 2019).
- The YTD performance from this very broad market is extremely positive, especially when considering the role of high value markets in driving these numbers up, viz:
  - With 431 000 African air arrivals for the first 7 months of 2025, levels are 16% above the same period in 2019.
  - Visitors from Ghana are up 21% (YTD) compared to 2024, and for the full year in 2024, the number of Ghanaians visiting South Africa was twice that recorded in 2019. In 2024, this market spent an average of R24 000 per person per trip. This positive trend highlights the impact of visa openness: in 2023, tourist arrivals from Ghana were still 47% below 2019 levels, but following the mutual removal of visa requirements, arrivals have now exceeded 2019 figures by a significant margin.
  - YTD the number of Kenyan visitors to South Africa is up 17% on 2024. And in 2024, the number of arrivals from this market was already 58% above 2019 levels. Again, this is a fairly high average spend market at R18 500 per person per trip in 2024.
- Key African markets that are significantly behind 2019 YTD levels include, Angola (-40%) and Nigeria (-39%), Egypt (-11%) and Uganda (-9%).
- The African market as a whole holds significant potential for the future of our tourism industry.

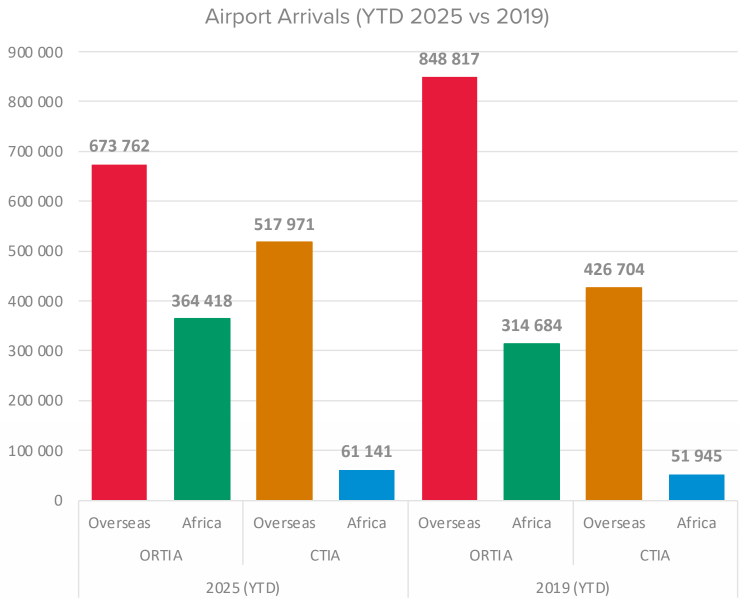
# Lagging overseas markets

- China remains the worst performing overseas market. For the first 7 months of 2025, only 23 600 Chinese tourists landed in South Africa, which is only 44% of 2019 numbers (we had 53 900 Chinese visitors from January to July 2019). Despite the introduction of the Trusted Tour Operator Scheme (TTOS) in February 2025, the number of Chinese visitors is actually 1% below 2024 numbers.
  - Australia, a country that is heavily reliant on the Chinese market, continues to experience a very slow return of this market post the pandemic. This is partly due to the slow reopening of Chinese borders.
  - Given the size of the outbound Chinese market (around 155 million in 2019), even the 93 000 visitors we hosted in 2019 is a drop in the ocean.
  - China remains a largely untapped opportunity for South Africa. But significant growth can't be achieved without products and services that meet the needs of this market.
  - It is still early days to see the results of the TTOS, but so far there has been no noticeable difference. One obstacle preventing this market from visiting South Africa may have been overcome, but clearly a deeper understanding of the key drivers is required to grow demand from China.
- The Indian market, which is also a beneficiary of the TTOS, is YTD still 27% behind 2019 levels. And there has been a 9% decline in the number of visitors this year when compared to the same period in 2024. In 2024, the Indian market only rebounded to 79% of 2019 levels. Alarm bells should be ringing!!!
- Many other Asian markets, although small, are also showing poor recovery when compared to 2019 levels e.g. Taiwan, Indonesia, Republic of Korea, etc.
  - This raises various questions about limited air connectivity to the East as well as whether South Africa is appropriately positioned to appeal to these markets. We need more introspection on what we are and aren't doing and a detailed understanding of the needs of each of these markets.
- In 2023, the Brazilian market was down 67% compared to 2019. In 2024, demand from this market remained 35% below 2019 levels. And in the first 7 months of 2025, this market is still 16% behind 2019 levels (but showed good growth of nearly 18% over 2024). The introduction of the direct air route is going someway to restoring demand from this market, but an air route alone is insufficient to drive demand. We need to understand the needs of this market and tailor our offer to meet these.
- Overall, the European market is still lagging:
  - The French market is a major concern, having only recovered to 79% of YTD 2019 numbers in the first 7 months of 2025. There has been no real growth in this market between 2024 and 2025.
  - The German market is still sluggish, with growth of less than 4% YTD in 2025 compared to 2024, and recovering to only 87% of 2019 levels.
  - The Italian market is creeping back up, with YTD growth of over 8% and reaching 90% of 2019 arrivals.
  - Although still lagging 9% behind 2019 arrivals, the UK market has grown by nearly 11% YTD. The good growth this year brings the UK back on track to being one of our largest source markets (just 3 000 arrivals behind the USA).

# Outperforming overseas markets

- The USA market, which almost reached 2019 arrival numbers in 2024, and is our largest source market (slightly ahead of the UK), is showing signs of growth fatigue – no doubt driven by economic constraints and geo-political tensions. YTD the USA market has only increased by 3% over 2024. Last year South Africa welcomed 372 000 visitors from the USA (compared to the previous high-water mark of 377 000 in 2018).
- Although small markets, South Africa has experienced a significant jump in demand from Saudi Arabia and the UAE.
  - YTD demand from the UAE has grown 48% compared to the same period in 2024. And this market has recovered to over 700% of 2019 levels!
  - Arrivals from Saudi grew by over 16% YTD over 2024 and this market is at more than 250% of 2019 demand.
  - What are we (you) doing to capitalise on these markets?
- The Russian market remains a stellar performer and continues to grow year on year. YTD there has been a 23% increase in the number of Russian visitors received compared to the same period in 2024. With more than 20 000 arrivals YTD, this market is already 125% greater than YTD 2019 numbers.
- Although The Netherlands remains one of the best performing European markets, annual growth has slowed to less than 4% YTD. For the first 7 months of 2025, this market was at 97% of 2019 numbers.
- New Zealand, another small market, has also rebounded fast (YTD 61% up on 2019), and growth this year has been good (up over 17% YTD compared to 2024).
- Australia is another success story. YTD arrivals are 5% higher than the same period in 2019 and year on year growth has exceeded 21%. In 2024, this market grew by over 14% and reached 88% of 2019 levels.

# Cape Town Air Access Strategy reaping rewards for International Air Arrivals to the Western Cape



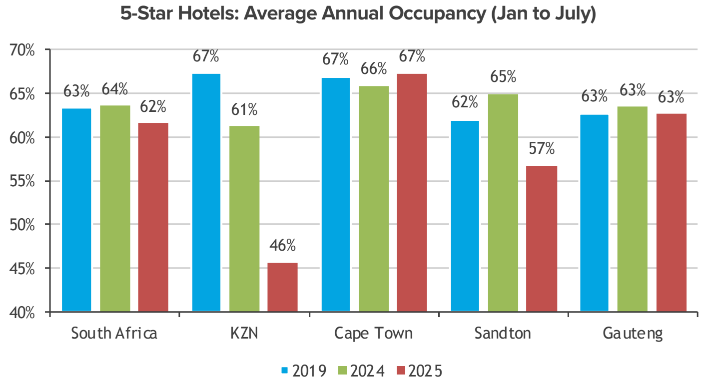

***Source:** StatsSA and BDO analysis*

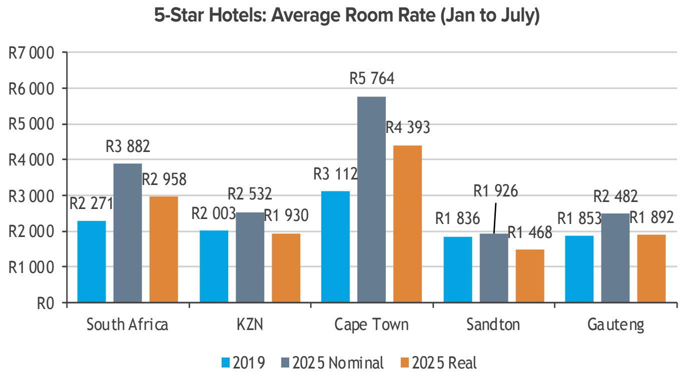
- Looking at international air arrivals by airport, the achievements of the Cape Town Air Access Strategy are clearly evident. But it appears that the strategy has been to the detriment of OR Tambo International Airport (ORTIA) i.e. there hasn't been an increase in the number of international air arrivals to South Africa, just a shift from ORTIA to CTIA (Cape Town International Airport).
- For the full year 2024, ORTIA had only achieved 73% of 2019 overseas arrivals, compared to CTIA which achieved 3% more than 2019 numbers.
- In 2024, both CTIA and ORTIA recorded more African air arrivals than in 2019 (3% and 9% more respectively).
- For the first 7 months of 2025, overseas air arrivals through CTIA were up 21% on the same period in 2019 and 5% up on YTD 2024. Given that for the country as a whole air arrivals for 2025 YTD were 7% behind 2019 numbers, this is an impressive performance.
- By comparison, ORTIA ended the 7-month period some 21% behind 2019 overseas air arrivals and 9% up on the same period in 2024.
- The majority of African air arrivals still enter South Africa through ORTIA. In the first 7 months of 2024, ORTIA handled nearly 6 times the number of African air arrivals than CTIA.
- For ORTIA air arrivals from Africa were up 15% for the first 7 months of 2025 when compared to 2024 and have exceeded 2019 levels by nearly 16%.
- CTIA experienced growth of 8% in African air arrivals from January to July 2025 and arrivals from these countries are 18% above 2019 levels.

# B | Synopsis of Hotel Performance

## January to July 2025

# 5-Star Hotels – remain the best performer

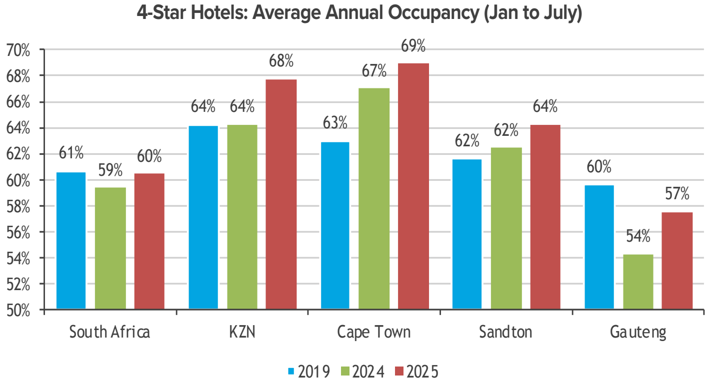


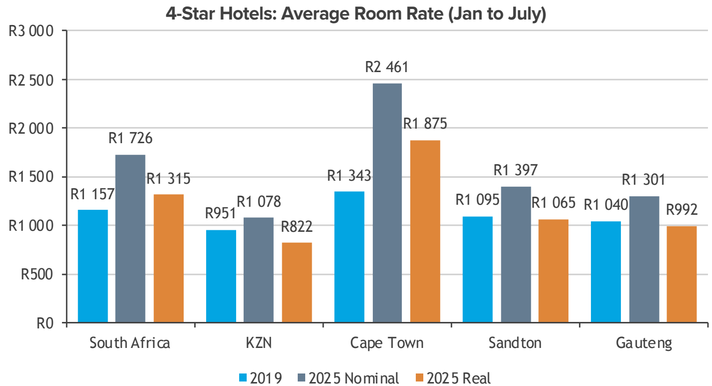




**ARO:** Average Room Occupancy
**ARR:** Average Room Rate
**RevPAR:** Revenue per Available Room
**YTD:** Year to Date

- Although there is a slight drop in demand YTD (from 64% ARO in YTD 2024 to 62% in 2025), 5-Star hotels continue to outperform 4- and 3-Star hotels.
- Whilst Cape Town and Gauteng (outside of Sandton) are driving up average occupancy nationally, a decline in demand for KwaZulu-Natal (KZN) and Sandton 5-star markets drove down the national average.
- KZN 5-Star properties experienced a significant drop in demand between 2024 and 2025 – from 61% ARO in 2024 YTD to a low of 46% in 2025. For the full year 2024, KZN 5-Star hotels achieved an ARO of 59%. The significant drop in 2025 could be due a number of factors, with one being the dramatic increase in the number of participating rooms (>55%), with the additional rooms underperforming relative to the original participating stock. But it is also likely to be due to the economic challenges experienced in the province, which has deterred international and domestic travelers.
- Sandton remains a challenging market. Year-on-year declines of 8 percentage points in ARO is extremely concerning, especially given that there was only a 9% increase in ARR YTD over 2024. And YTD ARR for the Sandton 5-star hotel market is only 5% up on 2019 levels, which means that in real terms the rate is down 20% on 2019. YTD 2025 RevPAR for Sandton hotels was only R1 100.
- 5-Star hotels in Cape Town continue to be the shining star, achieving an ARR for January to July 2025 that is 17% ahead of the same period in 2024. In real terms 5-star hotels in Cape Town were 41% ahead of the same period in 2019. RevPAR for 5-star Cape Town hotels has increased from R2 100 in 2019 (YTD) to R4 000 in 2025 YTD (R3 020 real terms).
- ARR across all 5-Star hotels was close to R3 900 from January to July 2025, this is 30% more than the ARR in the same period in 2019 in real terms and 12% more than the same period last year (nominal).
- In terms of ARR, Sandton 5-Star hotels remain the worst performers, achieving an ARR that is a third of what was achieved in equivalent Cape Town hotels. Clearly, it is a Sandton issue as Gauteng 5-star hotels have managed to return to 2019 ARRs in real terms (despite the average being driven down by the Sandton market).

# 4-Star Hotels – Improving occupancies, but unable to achieve rate growth outside of Cape Town

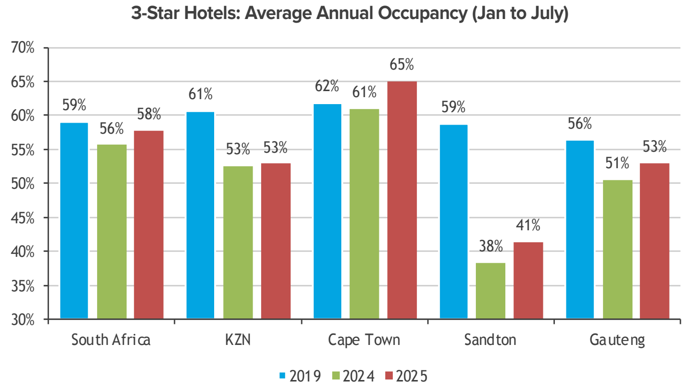


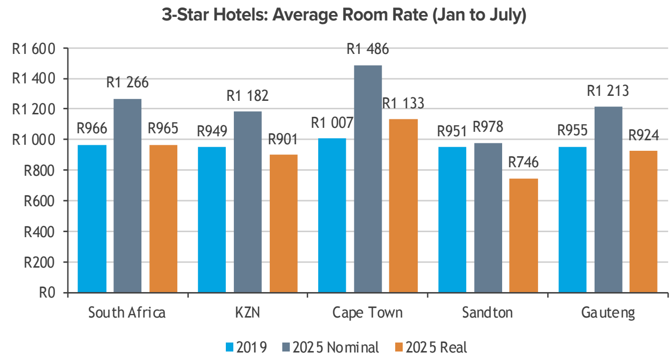




Source: STR/ BDO analysis

- For the first 7 months of 2025, 4-star hotels in Cape Town performed well, achieving an ARO that is 6 percentage points above the same period in 2019 and achieving real growth in ARR of nearly 40% over 2019. YTD ARRs in 4-Star hotels were 43% of 5-Star hotels in the Cape Town market. Coupled with good occupancy, nominal RevPAR for these hotels was R1 750 in 2025 YTD, 52% more than the same period in 2019 in real terms and 24% more than the same period in 2024 (nominal).
- Although occupancies in 4-Star KwaZulu-Natal hotels have exceeded 2019 levels, the same cannot be said for ARR. In real terms, ARRs in 4-Star KZN hotels were down nearly 14% for the first 7 months of 2025 when compared to the same period in 2019. The improved occupancy thus yielded a YTD RevPAR that is 9% down on 2019 levels in real terms. In KZN ARRs in 4-Star hotels were at 43% of 5-Star hotels in the same market.
- Occupancies in 4-Star Sandton hotels have also increased to beyond 2019 levels but ARRs are still very slightly behind 2019 levels in real terms. For the first 7 months of 2024, real RevPAR in 4-star Sandton hotels was on par with the same period in 2019. During this period, ARR in 4-Star Sandton hotels was at 73% of 5-Star Sandton ARRs, which is more an indication of 5-Star weakness, than 4-Star strength. However, ARRs for 4-Star hotels in Sandton (2025 YTD) are at 58% of that achieved in Cape Town 4-star properties.
- 4-Star hotels in the rest of Gauteng are underweight and not performing as well as the Sandton market. 2025 YTD RevPAR is still 8% behind 2019 levels in real terms, driven down by low average occupancies across the Province.
- Although the 4-star market in KZN achieved good occupancies YTD, RevPAR (in real terms) is still 9% behind 2019 levels, driven down by very low ARRs – which only grew at less than 5% in 2025 over the same period in 2024 and are still 14% behind 2019 levels in real terms. In 2025, ARRs in KZN 4-star hotels were at only 44% of equivalent hotels in Cape Town. The biggest challenge for this market lies in bridging the rate gap – with 4-Star hotels in KZN achieving a lower ARR than 3-Star hotels in the same market (R1 078 vs R1 182).

# 3-Star Hotels – Rate and Occupancy remain under strain




Source: STR/ BDO analysis

- The story for 3-Star hotels is similar to that of the 4-star market, with hotels outside of Cape Town still struggling to return to 2019 levels.
- Sandton remains the worst performer, with YTD occupancy tracking 18 percentage points behind the comparable period in 2019, yet showing slight improvement over YTD 2024. ARRs for 3-Star Sandton hotels are slightly ahead of that achieved in 2019, which means a real decline of over -20%. The extremely low occupancy, coupled with low ARRs has resulted in a RevPAR of only R406 (nominal) for the January to July 2025 period – compared to R560 in 2019 (in real terms the decline in RevPAR is -45%!).
- KwaZulu-Natal properties continue to suffer (but not to the same extent as Sandton), with a -5% real decline in ARR in YTD 2025 compared to 2019 and 8 percentage point decline in occupancy, resulting in a real decline in RevPAR of -17% when compared to the first 7 months of 2019.
- 3-Star hotels in Cape Town on the other hand continue to show some improvement, with occupancies 4 percentage points above the January to July period in 2024 but ARR growth is lagging with a below inflationary increase of only 3%. Compared to 2019, the Cape Town 3-star market has achieved real growth in ARR of just over 12%, resulting in real RevPAR growth of nearly 19%.
- The poor performance of both the 4- and 3-star markets (outside of Cape Town) is attributable to a number of factors, such as:
  - Change in travel patterns of domestic business travelers, which continues to be plagued by new business operating models, a weak and underperforming economy, wider choose of accommodation options (outside of traditional hotels) and the shift to online meetings.
  - South African government employees who are not travelling as they did due to budget cuts and significant cut-backs on “superfluous” spending.
  - Missing overseas tourists – our numbers are yet to return to 2019 levels and those that are visiting South Africa tend to be avoid Gauteng and KZN and/or are selecting 5-Star properties (where they can get more “bang for their buck”).

# C | Implications for Tourism in South Africa

# Implications and recommendations

The tourism industry in South Africa has changed quite significantly since the country's heydays in 2018/ 2019. A return to the industry of old is unlikely and that means industry players should be adapting their strategies accordingly. Competition is certainly more aggressive and coming from previously unrecognized countries/ regions and markets are more nuanced and not necessarily defined by country but rather by lifestyle and lifestage. This begs the question – is South Africa appropriately structured to cope with these changes? Based on current performance the answer is clearly "no", except perhaps for select destinations and regions such as Cape Town and upmarket game lodges (which fall outside of the STR data reported in this document).

On a positive note, the initiatives adopted by the Minister of Home Affairs to improve visa facilitation for genuine tourists is appreciated (after years of deadlocked negotiations between the Ministries of Tourism and Home Affairs). This is a welcome change and the implementation of an effective and efficient e-Visa is eagerly awaited. In the meantime, the sector patiently awaits the impact of the Trusted Tour Operator Scheme (TTOS), Meetings, Event, Exhibitions and Tourism Scheme (MEETS) and Screen Talent and Global Entertainment Scheme (STAGES) as these are rolled-out and implemented in relevant markets.

But more still needs to be done:

- We need a national campaign to improve brand South Africa's image on the global stage. This goes beyond tourism! Geo-political challenges have tarnished the country's image, which is a detractor for furthering investment (FDI) and tourism. Let's be louder and more consistent in telling the world about wonderful South Africa.
- Perhaps it is time to consider an air access development fund, with focus on underserviced, high potential regional and overseas connections. This must be an economy and country wide approach as improved air access leads to economic development and not just tourism development.
- The repeated call to tackle crime, grime and decay through meaningful public/ private sector and community structures such as city improvement districts which tackle local government problems. Dereliction of our public spaces will continue to drive both domestic and international tourists away – we need to recreate spaces that we are all proud of and tourists would love to visit.
- Focus on driving economic development and growth: which in turn will drive business tourism from domestic, regional and overseas markets.
- Create a welcoming environment: our naturally welcoming and friendly culture needs to felt across the country. Everyone should recognize and appreciate the value of tourism and "put out the welcome mat" for all tourists. We need to lead from the top, prioritizing tourism across government and this needs to be truly felt by the people of South Africa.
- Ensuring that we have innovative and unique tourism product that offer a diverse range of experiences. And that our products and services are delivered by a brilliant and skilled workforce. Let's widen our product offering – expanding into new experiences and regions across the depth and breadth of the country.
- Finally, the sooner the tourism sector recognises that they are part of a broader economy and that challenges need to be tackled with an economy-wide mindset and the support of other economic sectors, the sooner we can start to overcome these obstacles. Let's ensure that tourism is at the centre of our economy, and that we pave the way for growth so that tourism can do what it does best – **CREATE MUCH NEEDED EMPLOYMENT OPPORTUNITIES.**

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