

EGYPT

TOURISM OUTLOOK

ARABIAN TRAVEL MARKET SERIES



TOURISM CONTRIBUTION TO GDP



Introduction

Tourism is one of Egypt's main economic pillars and is a key employer in the country. The tourism industry went through a difficult period following the Arab spring, yet it has been showing signs of recovery for the past number of years, in particular in 2018. In this paper, we shed light on the main drivers of the tourism industry in Egypt, such as tourism contribution to GDP, tourist arrivals forecasts, source of spending, top source markets and also discuss recent trending developments within the Egyptian tourism industry at present.



Total Tourism Contribution to GDP

Nominal Tourism GDP was recorded at EGP 455.7 bn in 2018, representing 11% of the Country's total GDP. This figure shows a 21% increase versus 2017, indicating strong, healthy growth.

Tourism Contribution to GDP forecast

Tourism GDP is forecasted to remain stable and is expected to continue to grow through 2019 based on the government's efforts toward bolstering the industry.

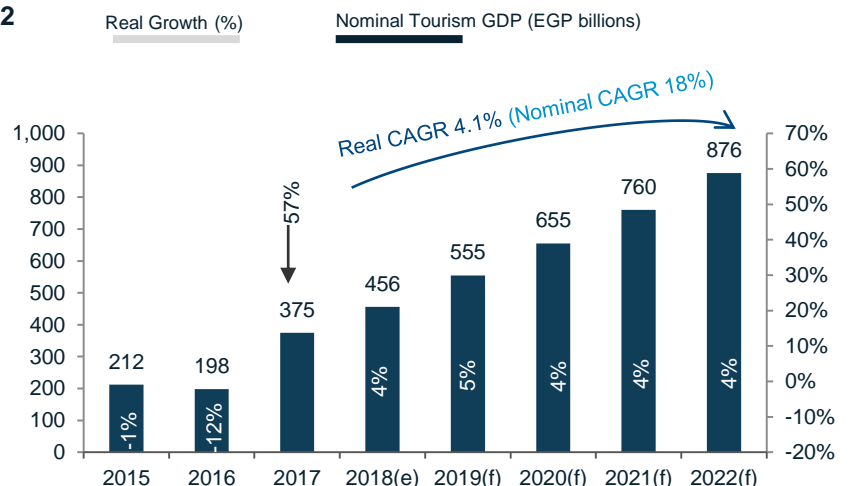
The nominal compound annual growth rate for the period 2018 - 2022 is forecasted at 18%, whilst the real CAGR is forecasted at 4.1%.

Egypt tourism capital investment is estimated to reach EGP 75 bn in 2019 which indicates a 25% increase compared to last year. The same figure is forecasted to grow at nominal compound annual growth rate of 21% for the period 2018 – 2023 and at a real CAGR of 7.3%.

Tourism contribution to GDP is currently EGP 455.7 bn according to 2018 statistics. By 2022, WTTC and IMF forecast it will reach EGP 876 bn.

Source: Colliers, 2019; WTTC 2018; IMF 2018

FIGURE 1: Tourism GDP 2016-2022



Source: Colliers, 2019; WTTC 2018; IMF 2018

TOURISTS ARRIVALS STATISTICS



Egypt Inbound Tourists

Egypt's number of inbound tourists reached 8.3m in 2017 which indicates a 53% increase from 2016 and also reached 9.5m in 2018, showing both healthy and steady growth.

It is worth mentioning that the percentage of inbound tourists in 2018 signifies 41% of the total arrivals to Egypt.

The number of inbound tourists is forecasted to grow at a compound annual growth rate of 7.4% from 2018 - 2022.

Egypt Domestic Tourists

Egypt domestic tourism is a growing source market, marking the biggest market share contribution at 59% in 2018, which resulted in 12.7m tourists.

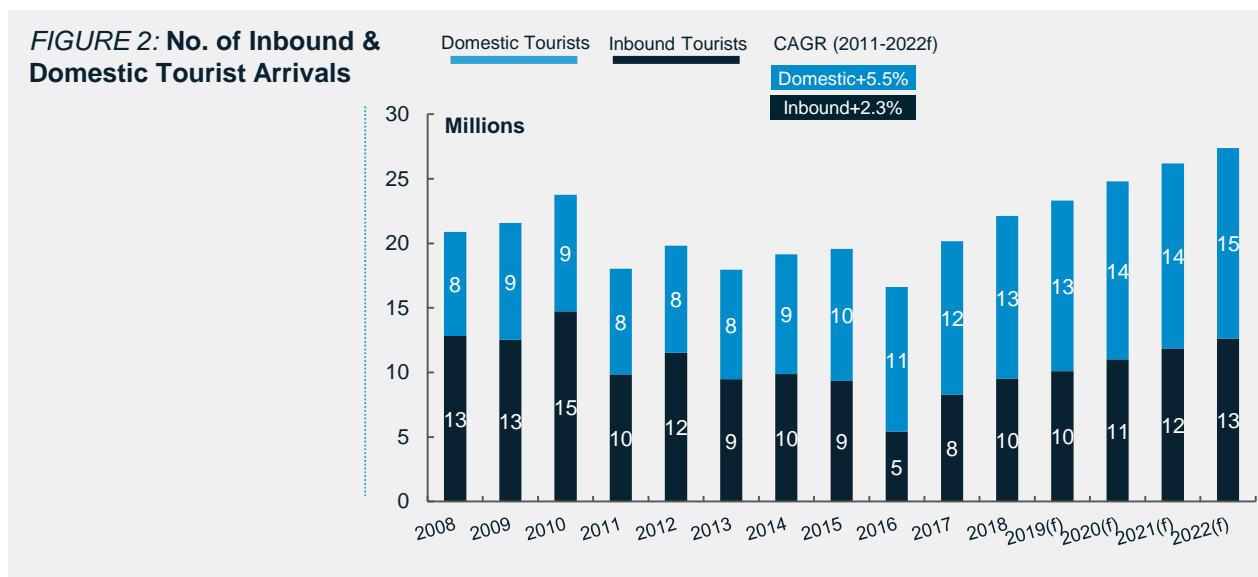
The growth of the domestic market is forecasted to grow at a compound annual growth rate of 4% from 2018 -2022.

The below graph shows the evolution of inbound and domestic tourists arrivals from 2009 – 2022.

Source: Colliers, 2019; Euromonitor International, 2018



The total number of inbound and domestic tourists was recorded at 22.1m in 2018, and is forecasted to reach 27.3m tourists by 2022 according to Euromonitor International.



Source: Euromonitor International, 2018

BUSINESS VERSUS LEISURE SPEND



Egypt's tourism market is showing a strong tendency towards leisure tourism spending, which resulted in outperforming the business and corporate segment. 2017 & 2018 leisure spending figures equated to EGP 239bn and 289bn respectively, whereas business spending was at EGP 33.5bn and 41bn over the same period.

continue within the coming years based on new demand generating projects being initiated by both the government and private sector.

Markets such as Cairo and Alexandria have strong business segments, whereas locations such as Sharm El Sheikh and Hurghada are nearly entirely focused on leisure tourism.



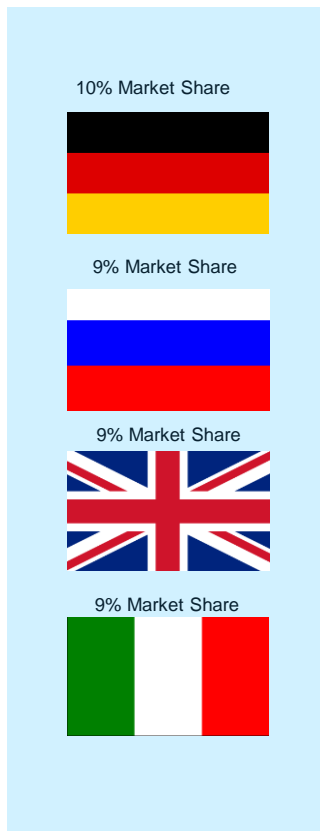
Overall, leisure spending in 2018 represented 87% of the total tourist spending. This growth is expected to

***Full statistics on tourism spending are highlighted in Figure 3 on page 5.**

The total tourism spending from 2018 to 2022 is estimated to grow at a compound annual growth rate (CAGR) of 16.5%



TOP SOURCE MARKETS



Source: Colliers, 2019; BMI 2018

Egypt has a diverse set of source markets, which decreases the risk of being over-reliant on one specific market.



No. of tourists	1. Germany	2. Russia	3. United Kingdom	4. Italy
Figures In 000's				
2018	1,000	971	903	872
2019	1,150	1,000	982	1,000
2022	1,500	1,400	1,100	1,300
CAGR 2018-2022	11%	9%	7%	11%

2018 year on year change % against 2017 revealed that German tourists grew by 29%, Russian visitors increased by 23%, Italians by 29% and British by only 4%. The reason behind low growth amongst British tourists in comparison to other nationalities is the ongoing ban of direct flights from the UK to the Red Sea coast.

On a regional basis, Europe is the largest contributor recording 6.2m tourists in 2018 and is forecasted to reach 9m tourists in 2022. The Middle East accounted for 1m tourists in 2018 and is expected to reach 2m tourists in 2022.

*** Full statistics on international arrivals by country and region are highlighted in Figures 4&5 on Page 5.**

FIGURE 3: Business VS Leisure spend

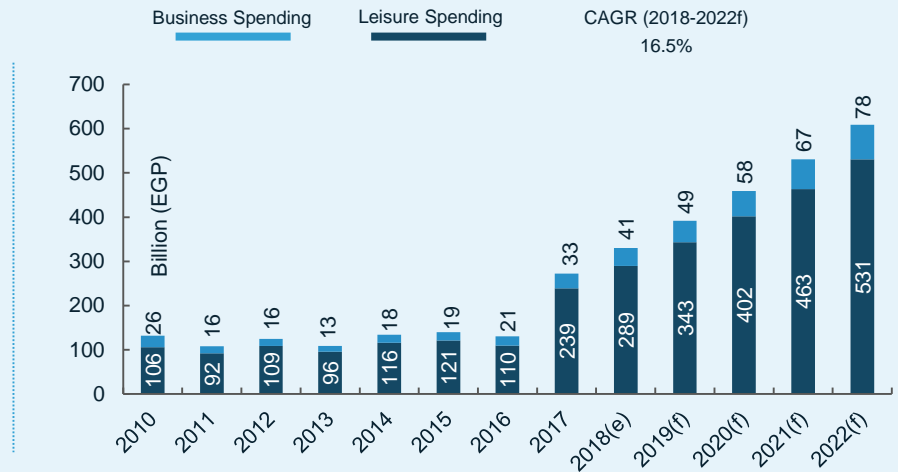


FIGURE 4: International Tourist Arrivals by country 2018

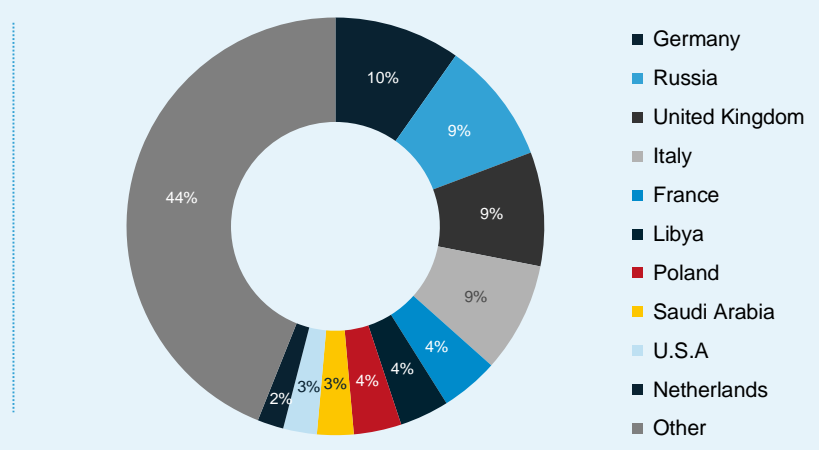
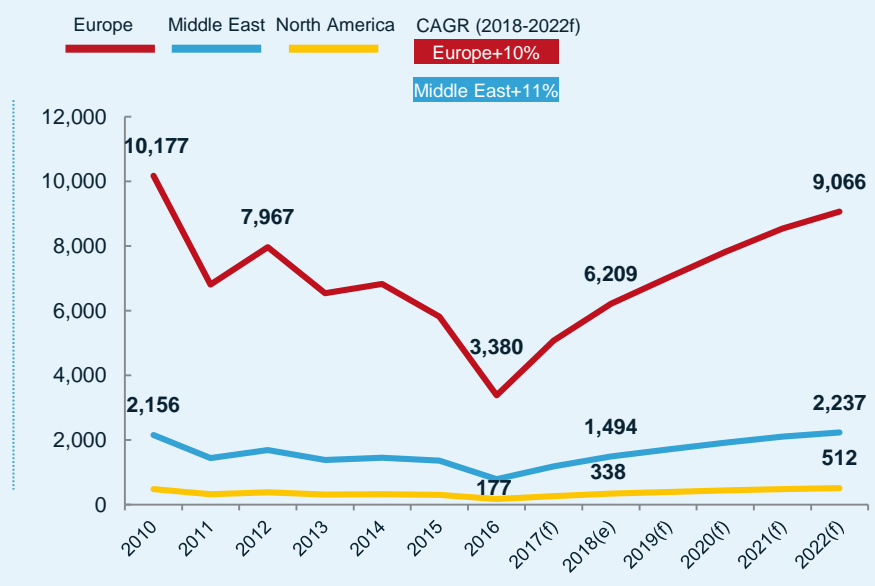


FIGURE 5: International Tourist Arrivals by Region



Sources: Figure 1: Colliers International | Figure 2: Colliers International | Figure 3: Colliers International

HOT TOPICS



Serbian flights have resumed to Sharm El Shiekh after a lengthy 6 year absence. Air Serbia also resumed charter flights to Hurghada last summer and is expected to add more flights within this year,

stimulated by the security enhancements that has been taking place across Egyptian Airports.

The Serbian source market could be a key growth area in the coming years for Egypt.



Colliers foresees the resumption of Serbian charter flights, as an extremely positive indicator towards reviving tourism along the Red Sea coast, and hoping to witness the reopening of Russian and British flights within 2019 to these destinations.



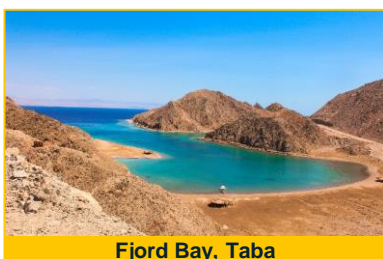
EGYPTIAN TOURISM NEWS & MARKETING



Sharm El Luli, Marsa Alam



Blue Hole, Dahab



Fjord Bay, Taba

- 1 National Geographic Traveller magazine recently revealed its 28 must-see destinations and travel experiences for 2019. Traveller editors and National Geographic Explorers have selected their top destinations to travel to under four categories. Cairo topped the list of the must see culture destinations, while Oman has dominated the Adventure destinations list.
- 2 According to a recent survey, Forbes Middle East has extracted the top 10 beaches across the Arab world, including Jordan, Algeria, Oman, Tunisia, Morocco and Saudi Arabia. Of these top 10, Egypt had 4 beaches nominated, namely:
 - Sharm El Luli, Marsa Alam
 - Blue Hole, Dahab
 - Fjord Bay, Taba
 - Agiba Beach, Marsa Matrouh
- 3 Turkish Airlines will begin daily Moscow – Red Sea flights through Istanbul by Jan – end 2019. This will hopefully see a return of Russian tourists to the area, while direct flights still have not resumed.
- 4 Egypt played host to a number of celebrity visits in 2018, such as the Pop Star, Alicia Keys and actor Will Smith. These visits were seen as important endorsements for Egyptian tourism.
- 5 The Belgian royal family visited Egypt over the Christmas break for a four day trip that involved visiting the Giza Pyramids, Luxor and Aswan. The royal family were escorted by the famous Egyptologist Dr. Zahi Hawass, which again was invaluable publicity for the local tourism market, especially for European travellers.

69 countries

\$2.7

billion in
annual revenue

2.0

billion square feet
under management

15,400

professionals
and staff

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