

Namibia - Where Sand Dunes Embrace the Atlantic

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Namibia's Landscape

A southern African nation known for offering extraordinary encounters with nature, Namibia has been considered historically as a sleeping giant and is now stirring to life in Africa's rising tourism scene.

The country offers a wide variety of destinations and adventures for all. Home to the Namib Desert, the world's oldest desert, and the Sossusvlei region with some of the world's highest sand dunes, Namibia boasts spectacular scenery; some liken parts of the country to the sensation of 'landing on Mars.' The famous **Etosha National Park** in the North is home to numerous luxury safari camps, where wildlife enthusiasts can catch sight of the Big 5, whilst the Skeleton Coast region, where the world's oldest desert meets the Atlantic Ocean, is a dream for surfers and adventure seekers

Travel & Tourism Indicators

In recent years, several African nations have prioritized diversifying their economies and enhancing their travel and tourism industries, recognizing its pivotal role in economic development; Namibia is no exception. The latest available data from the **World Travel & Tourism Council** shows that Namibia's 2023 total direct and indirect travel & tourism contribution to GDP amounts to 13.4%, equivalent to USD 1.7 billion, corresponding to a 16.3% increase from 2022. The overall GDP in Namibia is expected to grow by 3.4% in 2024, with the tourism industry playing a crucial role in achieving this. By the end of 2024, it is estimated a further 6.7% increase in total contribution to the GDP will be witnessed, with the industry bringing in approximately USD 1.8 billion to the country. By 2034, tourism is expected to contribute USD 2.7 billion, 16% of the country's GDP.

Whilst the industry's contribution to GDP has surpassed pre-COVID levels by 5.9%, total visitor arrivals are yet to recover fully from the pandemic-driven slowdown. Part of this trend can be attributed to a 21% rise in domestic visitor expenditures, coupled with a 5% decline in international visitor spending from 2019 to 2023. Destinations in Africa have increasingly been moving towards a high-value yet low-volume strategy in the tourism industry. Although 2023 showed an increase of 11.6% in visitor arrivals from 461,000 to 514,000, numbers are still significantly below the 1.6 million arrivals pre-COVID.

The latest data records a 24% increase in arrivals over the first two months of 2024, in comparison to the same period in 2023. The positive trend is expected to continue this year, with forecasts anticipating a rebound of tourism arrivals to 90% of pre-pandemic levels.

Summary

This article underscores Namibia's potential as a premier tourism destination, driven by its natural beauty, strategic initiatives, and increasing tourism contributions to the economy.

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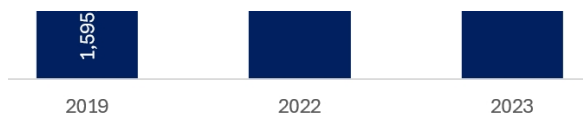
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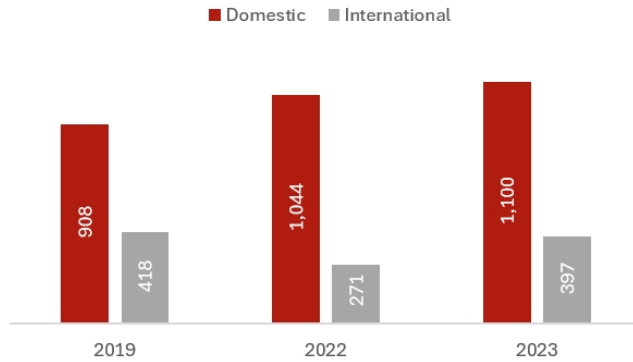
Total Visitor Arrivals - Namibia





Source: Ministry of Environment & Tourism Namibia

Total Visitor Spending - Namibia (Millions USD)

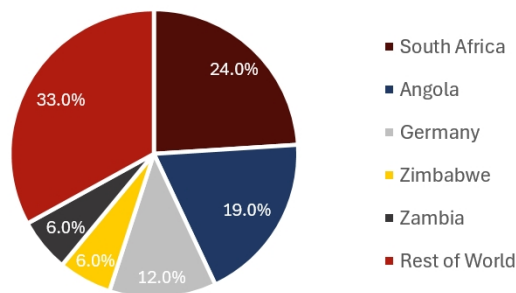


Source: World Travel & Tourism Council

*2020 and 2021 performance has been excluded on the account of the impact of COVID-19

In 2023, Namibia's top 5 source markets included South Africa (24%), Angola (19%), Germany (12%), Zimbabwe (6%) and Zambia (6%). The ease of visa regulations has diversified and increased the contribution of different source markets. Countries outside the top 5 source markets made up only 21% in 2019 compared to 33% in 2023. The growth of other African countries as source markets by 57% from pre-COVID levels indicates a positive shift of African travellers choosing to spend within the continent rather than traditional destinations in Europe, the Middle East, and the USA, as was the trend prior to 2020.

Visitor Source Markets- 2023



Source: Ministry of Environment & Tourism Namibia

Namibia experienced a notable increase in leisure travellers, comprising nearly 90% of total travellers in 2023, compared to 84% in 2019. Conversely, business travellers decreased from 12% in 2019 to 9% in 2023, indicating that the recovery of the business and conference sectors from prominent sectors in the country such as agriculture & mining has not paralleled the growth seen in the leisure market post-pandemic.

Hospitality Overview

The rebound in tourism and growth of domestic tourism has reflected positively on Namibia's hospitality performance. By the end of 2023, marketwide occupancy recorded 46.3%, marginally surpassing pre-COVID levels of 45% in 2019.

The hospitality sector kicked off 2024 on a positive note, with a reported marketwide occupancy rate of 40.3% in Q1, 7% higher than the same period in 2023. This is the highest quarterly occupancy rate since the pandemic,

led by the West Coast region on account of its tourist attractions and domestic travel to the region, followed by the central region which includes the capital, Windhoek. The northern and southern regions have historically recorded the lowest occupancy levels in the country due to its seasonality, with demand stemming mainly from the national parks.

Bright Future

Namibia's future looks promising, not only due to the country's spectacular range of destinations but also due to the number of Government initiatives into growing the industry and diversifying its economy away from agriculture and mining. The country is ready to host the **African Hospitality Investment Forum (AHIF)** and **AVIADEV** in June 2024, which could potentially spur additional investment into the country's travel & tourism industry.

One major hurdle to address is international air connectivity as currently only two major global carriers fly to Windhoek; **Ethiopian Airlines** and **Discover-Lufthansa's** low-cost division. This could challenge accessibility to the country, with higher airfares due to the lack of competition.

As global travel trends lean towards upscale, sustainable experiences, Namibia stands well-positioned to expand its tourism industry further. A politically stable and upper middle-income country, along with strong domestic connectivity, relaxed visa policy, growing infrastructure, and enriching tourism destinations, Namibia has the potential to position itself as a prime tourism destination in the region for years to come.

About **Abhijit B Menon**



Abhijit is an Associate working with HVS's MEA team based in Dubai, UAE. Since joining HVS Dubai in 2023 he has worked on several feasibility studies, development recommendations and valuations across markets in the Middle East & Africa.

Prior to joining HVS, Abhijit worked on the development team of the first Tribute Portfolio by Marriott property in Africa based in Zambia. He also worked in hotel operations and held a managerial position in the Food & Beverage department in Zambia.

Abhijit holds a Master's degree in Global Hospitality Business and a Bachelor's degree in International Hospitality Management, both from EHL Business School in Switzerland

He speaks English, Malayalam & chiNyanja. (Chewa)

Follow Abhijit on [LinkedIn](#).

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