Top and middle: Protea Hotel Ryalls, Malawi
Above: Camps Bay, Cape Town, South Africa

sub-Saharan Africa, with the main hotel brands clamouring to enter into some of the most profitable hotel markets in the world. At a stroke Marriot has become one of the most significant operators in the market."

Danger and delays

The traditional way for operators to enhance their market share is through developments, but in Africa these are particularly fraught with potential dangers, and almost certain delays.

Mark Martinovic head of Hotel Spec, a specialist procurement and project management company based in South Africa, says: "This year the Intercontinental in Lagos, Nigeria, finally opened its doors… seven years late. Such delays are not unusual, indeed we know of many hotel projects that are delayed a similar length of time with quite a few that may never be completed."

Issues relating to land ownership are the leading problem with hotel development in many countries in sub-Saharan Africa, followed by funding difficulties, generally the developer being unable to raise adequate development funding.

Trying to leverage a hotel development based upon a management contract is more difficult than on a lease, as banks and investors will feel less secure in their investment when the returns are subject to operational risk. This is why companies such as Protea and Lonhro have had some success in growing faster than is typical on the continent, as they have traditionally been prepared to offer leases. However the purchase by Marriott is likely to change this willingness to lease properties, as the company is financially penalised for fixed future liabilities.

This change in strategy is likely to have an adverse effect on the number of new hotels that Protea becomes involved with in the next few years, unless a structure with Marriott is agreed that allows it to enter into new leases.

Announcing the deal, Arne Sorenson, president and chief executive officer of Marriott International, said: "Africa has significant untapped potential for travel and tourism. The continent's GDP is anticipated to grow at more than 5% annually in the next few years which we expect will raise more people into the emerging middle class.

"With the Protea Hotels acquisition, our expanded footprint should allow us to become the first choice of Africa's rapidly growing population of young, sophisticated travellers."

While Alex Kyriakidis, president of Marriott International for the Middle East and Africa, added: "The development cycle for opening new hotels in Africa is typically due to the challenges posed by emerging infrastructure, so joining forces with Protea Hotels is the strongest way to jumpstart Marriott's footprint in Africa."

Arthur Gillis chief executive officer of Protea Hospitality Group said: "In Marriott we have found a perfect fit across culture, values and commitment to industry leadership which will ensure that we remain at the forefront of African hospitality."

What happens next in Africa will be interesting to watch. There are now question marks over potential acquisitions or mergers with the other large African chains like Tsogo Sun, City Inn and Serena Hotels, although Marriott has certainly seized the initiative with this deal with the largest operator in the region to its advantage.

With more international hoteliers starting to appreciate local customs and marketplaces, and with more widespread professional consultancy advice being readily available, there is little chance that these potential lucrative markets will remain untapped for much longer.

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