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Mauritius

Country Snapshot

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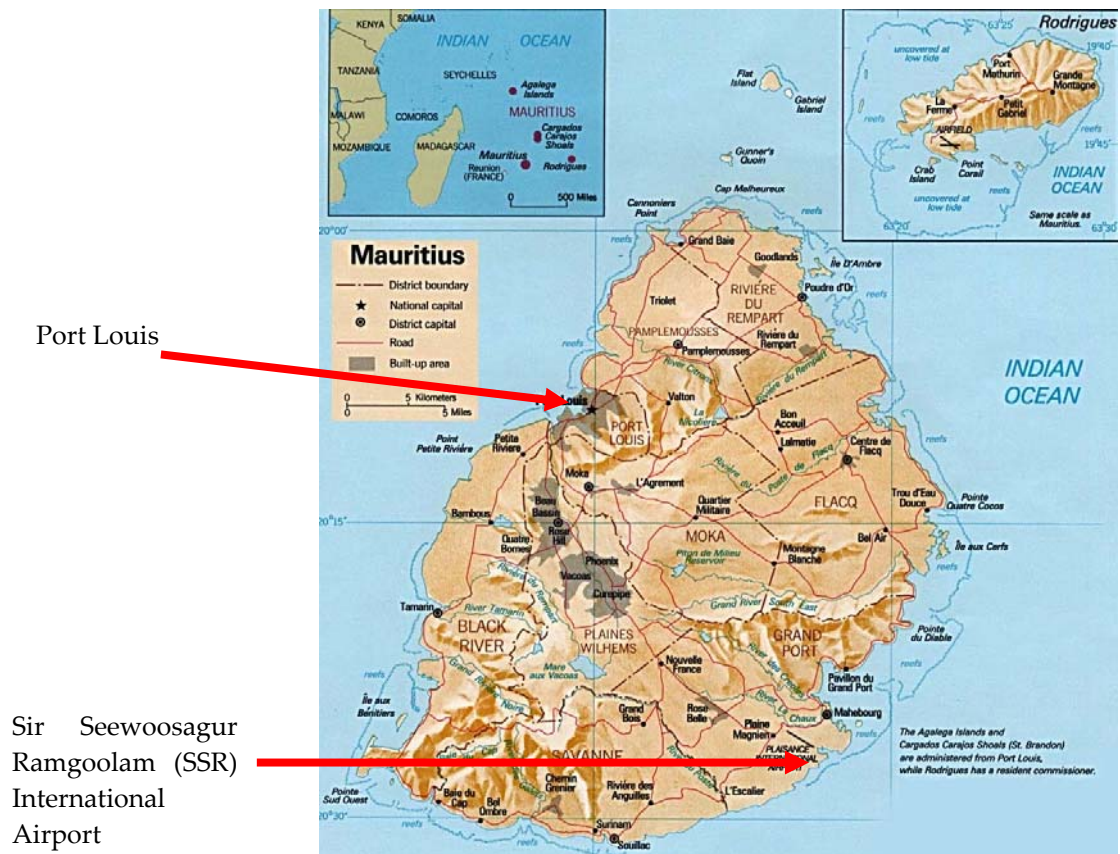


Mauritius – Country Snapshot

Overview

The island of Mauritius, with approximately 1.3 million inhabitants (2009 United Nations estimate), is located in the Indian Ocean some 2,000 km off the southeast coast of Africa (Mozambique), about 800 km east of the island of Madagascar, and some 11,000 km off the west coast of Australia. The entire island complex (four islands, namely Mauritius, Rodrigues, Agalega, and Saint Brandon) covers an area of 2,040 km² while Mauritius itself covers an area of 1,860 km². More than 150 km of white sandy beaches and transparent lagoon are protected from the open sea by the world’s third largest coral reef, which surrounds the island.

Indicative Map of Mauritius and its location in the Indian Ocean





National Economic Review

The Mauritian economy is based on four sectors: textiles, sugar, tourism, and financial services. Economic growth was first driven by sugar, then by textiles and tourism, and more recently by financial services (particularly offshore companies). The information and communications technology (ICT) sector has been emerging as the fifth pillar of the economy, following massive investment by the government in recent years in related infrastructure (such as the Ebene Cyber City, located 15 km south of Port Louis) and training. Mauritius has a long tradition of private entrepreneurship, which has led to a strong and dynamic private sector. Other emerging sectors of the economy are seafood processing and medical tourism.

Table 1 illustrates a summary of Mauritius' economic indicators.

Table 1 Mauritius: Key Economic Indicators

	Actual					Forecast			
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP growth (%)	1.5	3.9	5.4	4.2	1.5	3.6	4.4	4.9	5.0
Consumer price inflation (% period average)	4.9	9.0	8.8	9.7	3.0	4.3	4.2	4.2	4.2
Budget balance (% of GDP)	-5.3	-4.6	-4.0	-3.4	-4.5	-4.5	-3.9	-3.0	-2.2
Current account balance (% of GDP)	-5.2	-9.4	-5.6	-10.4	-8.1	-8.5	-8.0	-7.6	-6.9
Exchange Rate US\$: MUR	29.50	31.70	31.49	29.25	32.94	32.90	33.80	34.50	35.00
Exchange Rate € : MUR	36.89	40.12	43.17	42.81	45.84	44.74	46.98	48.99	50.40

Source: EIU, IMF, OANDA, Fall 2010

Foreign Tourist Visitation

Foreign tourist arrivals to Mauritius from 1990 to 2009 are indicated in Table 2.


Table 2 Mauritius: International Visitation, 1990 - 2009

Year	Foreign Tourist Arrivals	Year-on-Year Growth
1990	291,550	—
1991	300,670	3.1%
1992	335,400	11.6%
1993	374,630	11.7%
1994	400,526	6.9%
1995	422,463	5.5%
1996	486,867	15.2%
1997	536,125	10.1%
1998	558,195	4.1%
1999	578,085	3.6%
2000	656,453	13.6%
2001	660,318	0.6%
2002	681,648	3.2%
2003	702,018	3.0%
2004	718,861	2.4%
2005	761,063	5.9%
2006	788,276	3.6%
2007	906,971	15.1%
2008	930,456	2.6%
2009	871,356	-6.4%

Compound Annual Growth Rate

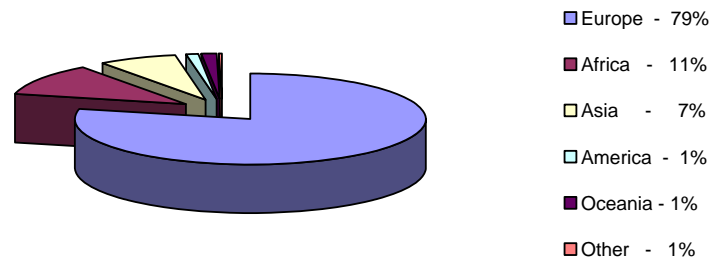
1990 - 2009	5.9%
2000 - 2009	3.2%

Source: Ministry of Tourism and Leisure, HVS Analysis

International tourist arrivals to Mauritius increased by about three times from 1990 to 2009, demonstrating strong growth at a compound annual rate of about 6.0% and an aggregate growth rate of 199%. Slower growth at a compound annual rate of just over 3% was experienced in the last decade, with 2008 being the best year in terms of volume. Chart 3 summarizes the international tourist arrivals to Mauritius by source market for 2009. Europe was the region with the greatest share of foreign tourist arrivals at nearly 79%, followed by Africa at 11% and Asia at 7%.



Chart 3 Mauritius: International Visitation by Source Market, 2009

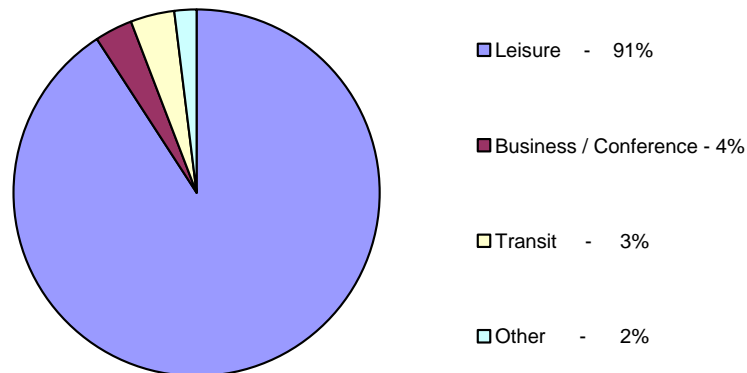


Source: Ministry of Tourism and Leisure, HVS Analysis

Purpose of Visit

On average during the past six years, over 90% of visitors to Mauritius represented leisure travellers. Chart 4 indicates the average visitation by purpose of visit from 2004 to 2009.

Chart 4 Mauritius: Visitation by Purpose of Visit, 2004 - 09



Source: Ministry of Tourism and Leisure, HVS Analysis

Seasonality of Visitation

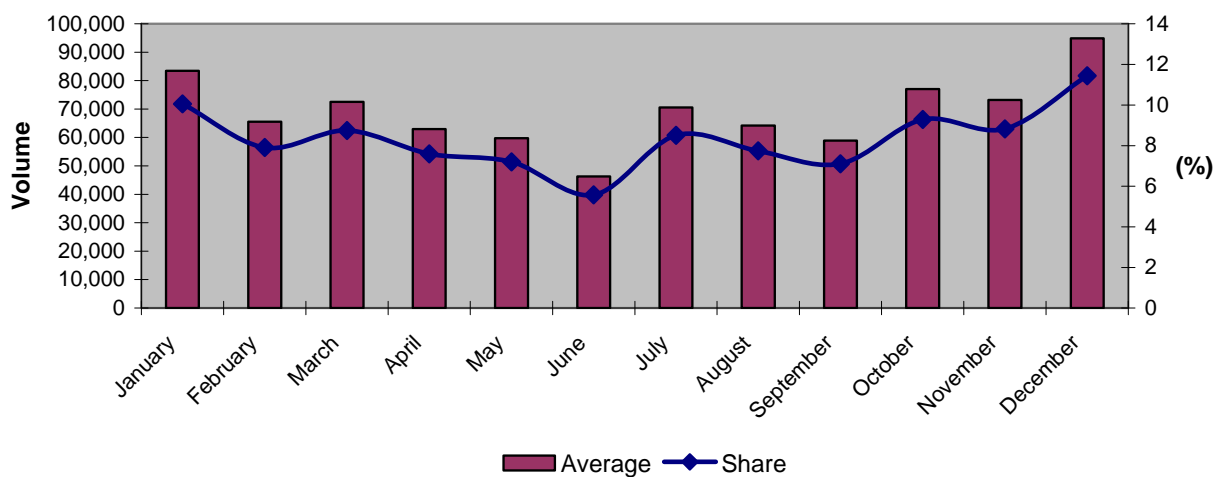
The seasonality of visitation to Mauritius, similar to other Indian Ocean destinations, is somewhat atypical for a leisure destination. This is mainly attributed to the strong penetration of European feeder markets where traditional holiday periods are the European winter and summer months. While temperatures are marginally higher from December to March, rainfall is also at its highest during these months. February is the warmest month but featuring the highest amount of rainfall as well. The cyclone season runs from December to March and the storms, which



come from the northeast, have caused some destruction on the island during past years.

Graph 5 indicates the distribution of foreign tourist arrivals by month over the past six years, illustrating the three different seasons for arrivals in Mauritius. High season includes the months of January, March, July, October, November, and December, whereas June is the only month with a low arrivals volume. Arrivals from Europe are the highest during October, November, December, January, and March.

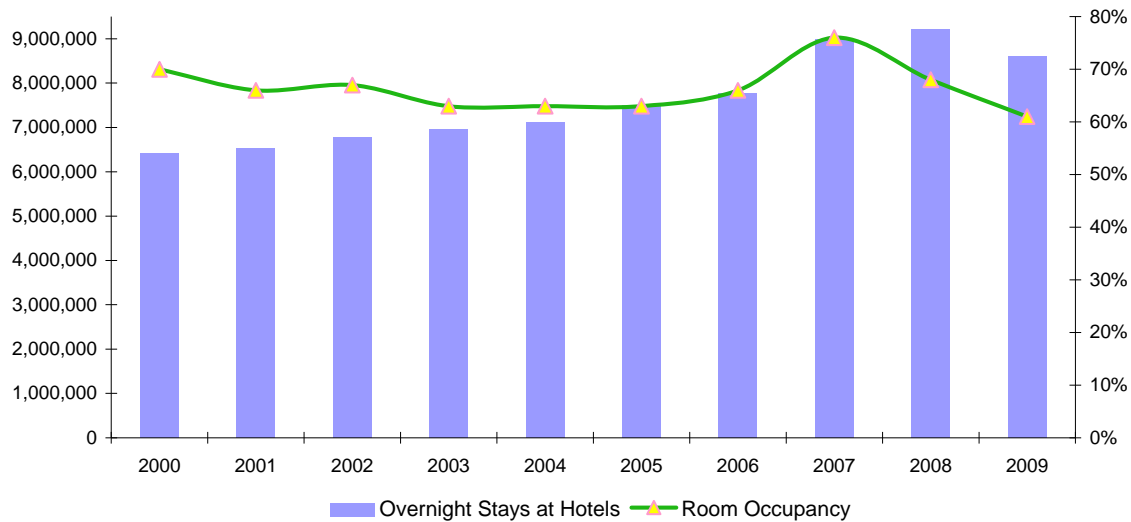
Graph 5 Mauritius: Distribution of Foreign Tourist Arrivals by Month, 2004 - 09



Source: Ministry of Tourism and Leisure, HVS Analysis

Supply of Accommodation Facilities and Recent Performance

Mauritius witnessed a significant increase in its supply of accommodation facilities in 2004 and 2008. The current number of available hotel units stands at 104. Graph 6 summarizes the evolution of hotel overnight stays and the hotel market's annual room occupancy performance for the past decade.


Graph 6 Mauritius: Evolution of Hotel Overnight Stays and Annual Hotel Room Occupancy, 2000 - 09


Source: Ministry of Tourism and Leisure, HVS Analysis

Overview of New Hotel Supply

According to information provided by the Ministry of Tourism and Leisure in a March 2010 report, the Mauritius hotel market is expected to be enhanced by nearly 4,000 new hotel rooms between 2010 and 2012. In general, it is believed that this significant increase in the Mauritian hotel room supply (an estimated total increase over the year-end 2009 registered available rooms of 34%) is expected to put pressure on future hotel room occupancies during these years in the event that overnight stays from key feeder markets demonstrate less than robust anticipated growth, given the pressures experienced by the continuing global economic crisis and the general level of uncertainty regarding the timing and length of the economic recovery.

Tourism Investment Initiatives

To enhance future investment in tourism-related products, the Mauritius Board of Investment in cooperation with the Ministry of Tourism and Leisure developed three new investment schemes, as part of an Investment Promotion Act. These are the Integrated Resort Scheme (IRS), the Real Estate Scheme (RES), and the Invest-Hotel Scheme (IHS). They are briefly described in the following paragraphs.

- IRS represents a program designed to facilitate the acquisition of residential property by foreign citizens in Mauritius through the construction and sale of luxury residential units of international standards. The types of residential properties provided by the IRS are luxury apartments, luxury villas, and penthouses, all with accompanying services and amenities. This scheme was



introduced in Mauritius as a response to the shortage of coastal sites for further development of coastal resorts.

- RES constitutes a program where small land owners are allowed to develop and sell any mix of residences to non-Mauritian citizens. Such a development must include commercial facilities, leisure amenities, and daily management services such as security, maintenance, grounds-keeping, and household.
- IHS refers to a program designed to enable property developers to sell hotel rooms, villas, and suites or any other part of a hotel to individual buyers, creating some form of shared ownership through equity participation. The Invest-Hotel Scheme facilitates the overall financing of new hotel projects while offering individual buyers access to all facilities of a newly-built luxury resort hotel and the promise of rental income.

Conclusion

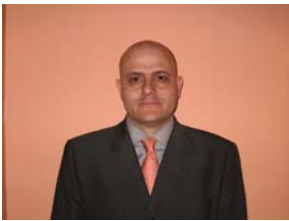
Mauritius has evolved over the years as a holiday destination for beach resort tourists, offering hotel accommodation units in the luxury, upscale, and mid-scale levels, and featuring many well-known international hotel management companies. This fact has significantly increased the visibility of the island nation as a popular tourism destination, especially to the European feeder market. The island nation possesses a wide range of tourism assets, a sub-tropical climate with clear warm sea waters, attractive beaches, and tropical fauna and flora. These are supported by well-designed and internationally-operated hotels, reliable services, friendly people, and good infrastructure network. The tourism industry is expected to maintain its strength as one of the main pillars of the Mauritian economy, despite the effects of the current global economic recession.

The image of Mauritius as a tourism destination is characterised by high quality coastal hotels. However, for the country to maintain its competitiveness as a tourist destination, there needs to be continued momentum in product diversification. The Mauritius product is predominantly sun, sand, and sea and its intrinsic physical attributes mean that it will not be able to compete in niches such as adventure tourism, as there are many other destinations that can offer a more appropriate product for these niches.

The continuous efforts to promote the development of high-end tourism products that provide high-end services at an established quality tourism destination are expected to significantly enhance the efforts of Mauritius towards achieving its goal of attracting 2 million foreign tourists by 2015.



About the Author



Themis Trakas is an Associate Director with the Athens Office of HVS. He joined HVS in 2006 and has eight years' operational experience in the hospitality industry in Greece, Switzerland, and the United States. He holds an MBA in Accounting from Baruch College in New York and a Bachelor of Science in Hotel and Restaurant Administration from Cornell University. Since joining HVS, he has completed numerous feasibility studies, valuations, and market research analyses throughout Greece and in Mauritius, Morocco, Israel, Cyprus, Turkey, Malta, and the Balkans.

No investment decision should be made based on the information in this survey.

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