



CASABLANCA, MOROCCO
Hotel Market Snapshot

The Casablanca Case

May 2015





HIGHLIGHTS

Casablanca is located in the western part of Morocco, on the shore of the Atlantic Ocean, and has the largest population of the country with approximately 3.9 million inhabitants. **46.0% of Morocco's labour force is based in the Greater Casablanca area** which is the beating heart of the Moroccan economy, with 60.0% of the country's total trade, 48.0% of investments and 30.0% of the Moroccan banking network. Moreover, with its art deco architecture, its numerous historical monuments including the church of the Sacred-Heart and the Hassan II Mosque as well as the second largest shopping centre in Africa (Morocco Mall) qualify Casablanca as a destination with great potential for both leisure and business.

We believe it is time to highlight Casablanca's hotel market by providing you a comprehensive insight of this cosmopolitan city.



View of Sofitel, Novotel and Ibis Hotels (Source: © Philipus - depositphotos.com)

WHAT'S NEW? WHAT'S COMING UP IN CASABLANCA?

- With a substantial investment in the regional transportation infrastructure, Casablanca will improve its accessibility in the following years. The high-speed train project (LGV), which should be completed by 2017, will speed up the journey between Casablanca and Tangier while the renovation and extension of Mohammed V Airport will contribute to the diversification of the airport's flight offer. Additionally, the improvement of the transportation infrastructure will also include tramway extension and road networks.
- With a € 3.1 billion development plan to be completed by 2020, the Greater Casablanca aims to become a major financial hub and will expect further significant demand from business clientele.
- The Wessal Casablanca-Port, one of the largest projects under development in the area, will include various hotels and residential buildings as well as a marina and a seaside promenade. The project will contribute to the promotion of Casablanca as a first-class destination for both national and international visitors.
- The Four Seasons Hotel Casablanca is scheduled to open end of 2015. The hotel comprising 178 rooms will be the group's second property in Morocco.

CASABLANCA - Key facts & Figures

Population 2014	3 359 818
GDP 2012 (Greater Casablanca)	€ 15 769 million*
GDP per capita 2012 (Greater Casablanca)	€ 3 990.7*
GDP growth 2012 (Greater Casablanca)	7.9%
Unemployment 2013	10.6%
Tourism arrivals 2013	858 983
Overnight stays 2013	1.8 million
% Domestic tourism 2013	20.8%
% International tourism 2013	79.2%
Number of hotels 2013	88
Number of beds 2013	15 447

Source: Haut-Commissariat au Plan Direction Régionale du Grand Casablanca, Observatory for Tourism Morocco

*Details on GDP were communicated in local currency (MAD), the exchange rate used for conversion was set at € 0.09 (rate recorded on 31 December 2012).

ACCESSIBILITY

Mohammed V International Airport is the busiest air hub of Morocco, accounting for 46.1% of all air traffic to and from the Kingdom in 2014. Located approximately 30.0 km South-East of the city centre, the airport serves 87 destinations including Paris, New York, Dubai, Frankfurt and various African key cities such as Lagos, Dakar and Accra.

Casablanca's airport counted nearly 8.0 million passengers in 2014. This number has increased at a compound annual growth rate (CAGR) of +4.5% over the 2007-2014 period. The increase by +2.0 million passengers between 2007 and 2014 was achieved thanks to the 'open sky' agreement signed in 2006 by the Moroccan Government and the European Union, allowing airline companies to fly without limitation between the two regions.

Accommodating twice as many passengers as the Marrakech-Menara Airport, Mohammed V Airport's current capacity is not sufficient to cope with the constant rise in passenger numbers. In 2015, the Moroccan Airport Authority allocated an investment budget of € 131 million to renovate and enlarge Terminal 1. Upon its completion end of 2016, Mohammed V Airport will increase its maximum capacity from 8.0 million to 23.0 million passengers. The investment plan attempts to position Mohammed V Airport as a major air traffic hub for the African continent.



Casa-Port train station (Source: © RogerCageot - Commons.Wikimedia.org)

In addition to its air and train network, Casablanca offers good connections to all major cities in the country. Furthermore, the city inaugurated the first tramway in the country in 2012. With more than 30 million passengers carried in 2014 the local authority started the construction of a second tramway line which should be fully operational in 2019.

Casablanca is the most popular cruise destination on the Moroccan coast. With approximately 250 000 annual cruise arrivals, one-day tourists represent a major flow of income for the city's tourism.

Mohammed V International Airport – Passenger numbers
2007-2014 (in millions)



Source: Mohammed V International Airport

Casablanca has five railway stations, the recently renovated and enlarged Casa-Port central station, the Casa-Voyageurs, the Oasis station, the Ain Sebaa and the Facultés stations.

While the Oasis, the Ain Sebaa and Facultés stations mainly serve local destinations, the Casa-Voyageurs and the Casa-Port stations predominantly focus on long-distance connections. Besides, **Casa-Voyageurs will serve as a terminus for the new LGV line, which should connect Tangier to Casablanca in 2h10 by 2017.** The Moroccan authorities are planning further development of the national railway system by 2035 with an addition of 1 500 km of high-speed lines which will connect Casablanca to Tripoli.



Casablanca's tramway line (Source: © Philipus - depositphotos.com)

DEMAND

Casablanca welcomed nearly 0.9 million tourists in 2013 generating 1.8 million overnights.

With the exception of 2011, **the level of arrivals and overnight stays has steadily increased from 2007 to 2013 at a CAGR of +5.9% and +5.6% respectively.** Overnight stays rose from 1.3 million in 2007 to 1.8 million in 2013 with a slight reduction in the average length of stay from 2.2 days to 2.1 over the same period. Between 2007 and 2010, Casablanca's tourism industry showed a strong resilience despite the economic downturn thanks to its domestic market.

However, in 2011, overnight stays and arrivals decreased by -4.8% and -7.2% respectively. This underperformance is mainly explained by the European debt crisis, the regional instability and the effect of the terrorist attack that hit Marrakech in April. Since then, Casablanca city recovered better than expected, with increases of +21.9% in arrivals and +21.1% in overnight stays over the 2011-2013 period.

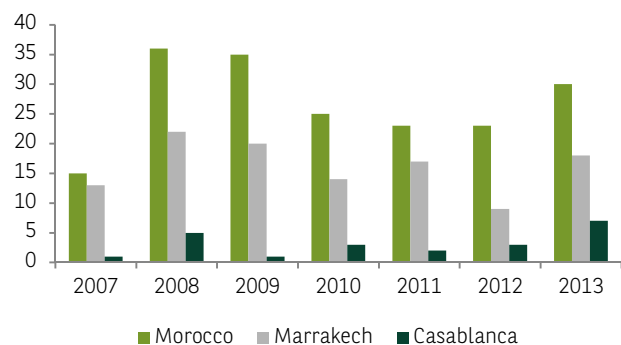
Casablanca's tourism industry is highly dependent on European markets which generated 32.9% of total overnights in 2013. The top five international markets include France, Spain, Italy, Germany and the United Kingdom which accounted together for 31.8% of total overnights.

France remained the most significant international source market with 19.7% of overnights recorded, while 20.8% of total overnight stays were generated by the domestic market. This strong national demand is helped by the 'kounouz biladi' plan launched by the government and aimed at promoting local destinations.

Significant increases in overnight stays were recorded in 2013 for Arab states (+25.5%), Germany (+9.0%) and France (+5.4%) while the United Kingdom recorded a strong decrease (-12.7%).

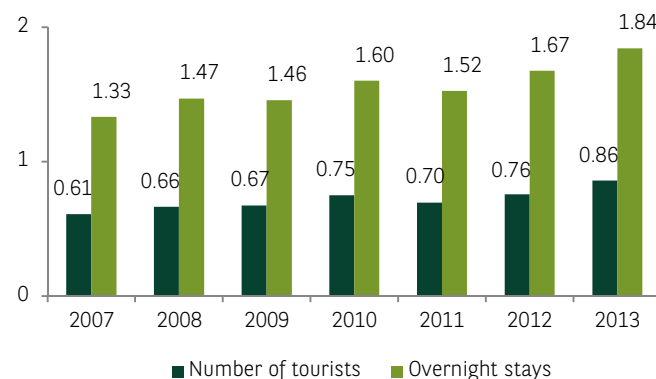
Business Tourism

Number of international meetings 2007-2013



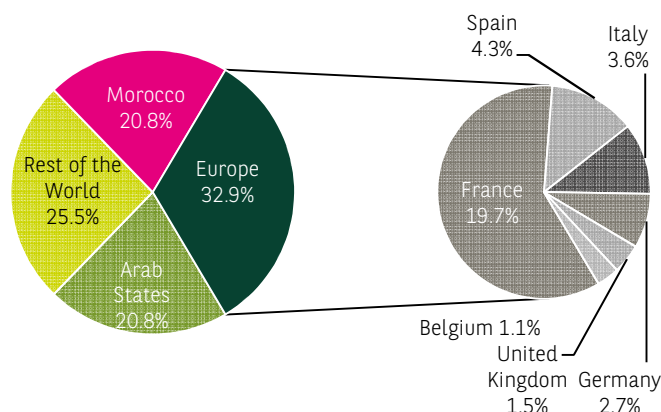
Source: ICCA

Evolution of number of tourists and overnight stays 2007-2013 (in millions)



Source: Morocco's Tourism Observatory

Main feeder markets (Overnights) 2013



Source: Morocco's Tourism Observatory

Despite the large market share of the MICE sector in Casablanca (70.0% of hotel bookings), the numerous international and national headquarters and the city being the economic hub of the country, the city suffers from the lack of a large and diversified offer of meeting and events facilities. According to the Observatory for Tourism, **Casablanca counts only 82 meeting infrastructures, including one congress facility of 20 000 m².** The majority of the meeting facilities are located within hotel properties, such as the Hyatt Regency's Forum Ballroom which remains the city's largest meeting room with a capacity of up to 600 people.

As part of the 'Vision 2020' project, Casablanca's authorities launched several strategic plans to increase the attractiveness of the city. Thus, a 15 000-m² new conference centre is currently under construction and should open by the end of 2017.

In 2013, Casablanca ranked 16th in Africa in the International Congress and Convention Association rankings (ICCA*) with 7 meetings, while Marrakech ranked 4th with 30 meetings. Since 2007, the number of meetings in Casablanca has followed an upward trend, recording a CAGR of +38.3%. The ICCA underlines the fact that the city of Marrakech is more attractive for the MICE market thanks to its larger offer of event infrastructures.

**It should be noted that the ICCA ranking should only be considered as a benchmark tool, as it only includes international meetings which rotate in a minimum of three different countries.*



United Nations Square and view of Hyatt Hotel (Source: © Philipus - depositphotos.com)

Leisure Tourism

Casablanca is renowned for its vibrant nightlife, with a wealth of pubs, nightclubs and restaurants. The city hosts various cultural attractions such as the Hassan II Mosque which is the third largest mosque in the world, the Judaism Museum, the old Medina and many art galleries. In addition, thanks to the AnfaPlace shopping centre and the Morocco Mall (the second largest in Africa), the city is becoming an unavoidable fashion destination on the continent.

As part of the 'Vision 2020' plan, **Casablanca will inaugurate 5 new museums, 1 marina with a capacity of 200 anchorages and 1 cruise ship terminal, 1 theatre (the largest in Africa) and 1 golf course** in the next few years.

The Old Medina will also undergo major remodelling and renovation works to improve its infrastructure. Moreover, the Sindibad theme park, located on the seaside, is currently under renovation and will reopen end of 2015 on a 32-hectare area.



Shopping centre Morocco Mall (Source: © ursula1964 - depositphotos.com)

Main recurrent annual events

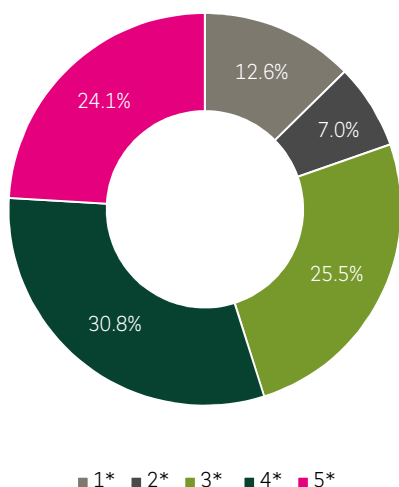
Length and number of participants in 2013



Source: BNP Paribas Real Estate Hotels

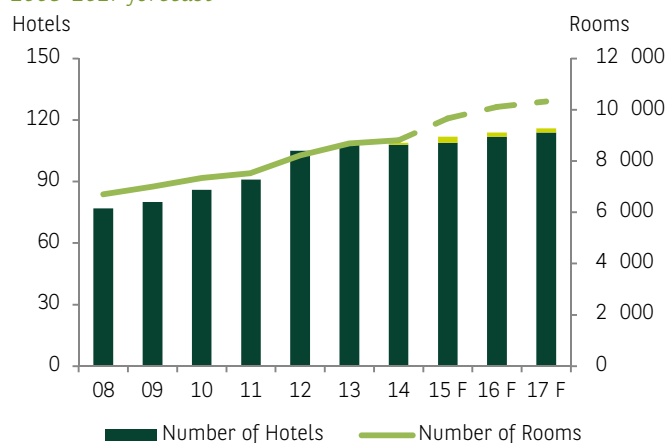
SUPPLY

Casablanca City – Hotel beds per category 2013



Source: Morocco's Tourism Observatory

Greater Casablanca – Hotel supply evolution 2008-2017 forecast



Source: Morocco's Tourism Observatory, BNP Paribas Real Estate Hotels

In 2013, most of the supply – over 7 000 of the 8 693 rooms – were located in Casablanca City although a small minority of hotels was established in Mohammedia City within the Greater Casablanca area.

Given the above-mentioned development projects, future hotel supply will mainly open in the city of Casablanca with approximately 1 340 additional rooms over a total of 1 550 within the Greater Casablanca area.

Casablanca's hotel supply is characterised by a strong international demand and consists predominantly of upscale and luxury properties. Indeed, 54.9% of the city's total bed capacity belongs to the 4 and 5-star segments with a total of 8 474 beds in 2013. The 3-star segment comprises 3 932 beds and ranks 2nd with a share of 25.5%.

While the **number of hotels in Casablanca grew by +17 properties** from 2009 to 2013, the total bed supply increased at a CAGR of +4.0% from 13 360 to 15 447 beds over the same period.

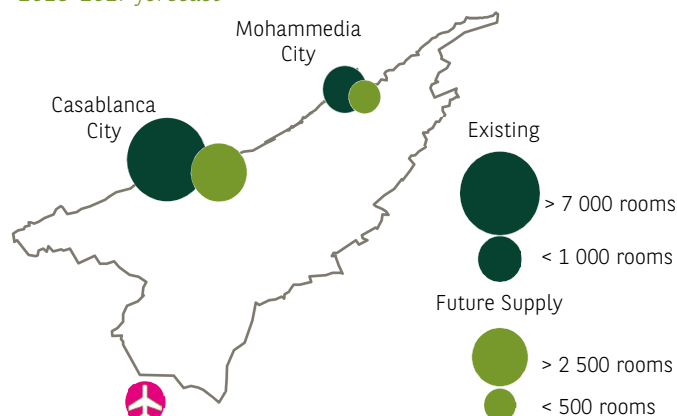
The 1 and 3-star segments showed the strongest increase in terms of bed capacity with a CAGR of +20.4% and +8.3% respectively, while the 2-star segment decreased by -7.9% between 2009 and 2013. The 4-star segment remained stable with a slight increase of +0.8% and the 5-star segment increased by +3.0% over the period.

The city is ranked 3rd in Morocco behind Marrakech and Agadir in terms of bed capacity.

Since 2012, a significant number of rooms has been added to Greater Casablanca to overcome the observed undersupply in the 1 and 3-star segments.

Over the past years, **the city increased its international appeal and attracted more luxury brands**, notably Accor with the Sofitel brand and the Swiss-based Mövenpick Group that took over the 5-star Husa Casablanca Plaza. Moreover, the city's hotel supply has been completed by numerous 5-star properties in recent years. This trend is expected to continue as five additional 5-star hotels, with a total of approximately 850 rooms, are expected to open in the city centre by 2016. Two of the luxury properties currently in development will be operated under the Four Seasons and the JW Marriott brands.

Greater Casablanca – Hotel room supply by geographic area 2015-2017 forecast



Source: Morocco's Tourism Observatory, BNP Paribas Real Estate Hotels

Casablanca City – Recent hotel openings

2009-2014

Year	Category	Hotel	Rooms	District
2009	4*	Novotel Casablanca City Center	281	Casablanca City
2010	5*	Art Palace & Spa	25	Casablanca City
2010	5*	Hotel & Spa Le Doge	16	Casablanca City
2010	4*	Park Suites Hotel	20	Casablanca City
2011	5*	Gray Boutique Hotel	42	Casablanca City
2012	5*	Sofitel Tour Blanche	171	Casablanca City
2013	4*	Imperial Casablanca Hotel & Spa	105	Casablanca City
2013	3*	Pestana Hotel	73	Casablanca City
2014	3*	Ibis Casablanca Nearshore	128	Casablanca City
Total Rooms Recently Opened			861	

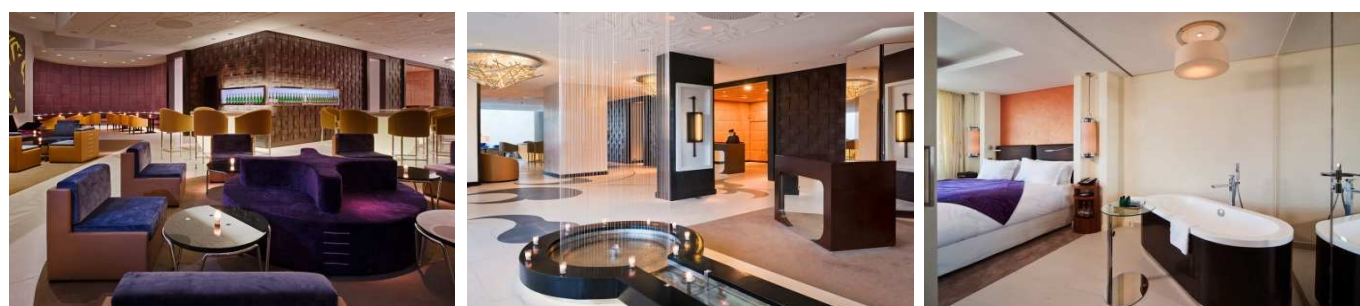
Source: BNP Paribas Real Estate Hotels

Casablanca City – Future hotel openings

2015-2017 forecast

Year	Category	Hotel	Rooms	District
2015	5*	Mogador by Golden Tulip	600-700	Casablanca City
2015	5*	Four Seasons Hotel Casablanca	178	Casablanca City
2015	5*	Roosevelt Hotel	70	Casablanca City
2016	5*	JW Marriott	300	Casablanca City
2016	5*	Oberoi Hotel	150	Casablanca City
2017	4*	Novotel	108	Mohammedia City
2017	TBC	Ibis	98	Mohammedia City
TBC	4*	Marina Port Hotel	180	Casablanca City
TBC	3*	Campanile	189	Casablanca City
TBC	3*	Casa Port Hotel	TBC	Casablanca City
TBC	2*	Premiere Classe	124	Casablanca City
TBC	2*	Casa Port Hotel	TBC	Casablanca City
TBC	TBC	Tulip Inn	98	Casablanca City
Total Rooms in the Pipeline			2 150	

Source: BNP Paribas Real Estate Hotels



Sofitel Tour Blanche, 5* (Source: Hotel)

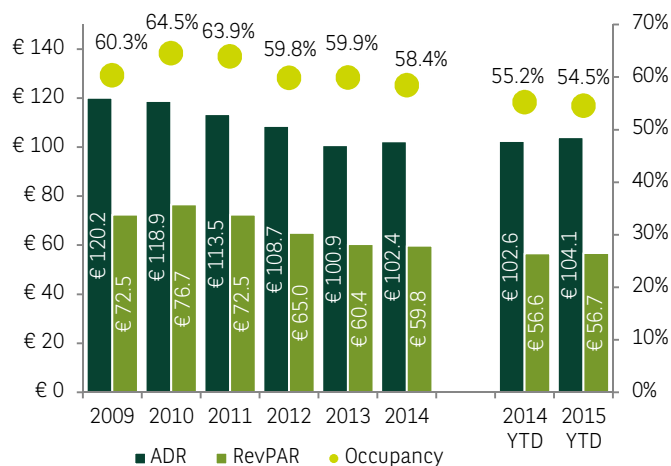
In addition to the recent openings recorded over the past years, one property which has been subject to partial renovation and rebranding is presented below:

Year	Category	Hotel	Rooms	District
2014	5*	Mövenpick Hotel Casablanca	184	Casablanca City
Total Rooms Rebranded			184	

Source: BNP Paribas Real Estate Hotels

HOTEL PERFORMANCES

Casablanca City – Hotel trading performances Upscale market, 2009-YTD 02/2015



Source: STR Database

INVESTMENT MARKET

Hotel transactions in Casablanca remain sporadic in comparison to the number of hotel developments in the city. Indeed, the main reasons are the tax incentive set by the authorities to encourage foreign and domestic investors to invest in early development projects and the lack of transparency in the real estate market, despite an improvement noted in the last few years.

Over the past years, only a few transactions were recorded within the city – amongst them, the sales of the Ryad Salam in 2010 and the Hotel & Spa Le Doge in 2015.

In 2010, H-partners fund bought the Atlas Hospitality company which owned multiple properties in Casablanca for approximately € 109 million, representing **the most significant hotel transaction ever recorded in the country.**

With strategic ventures, public-private partnerships and different investment incentives implemented by the Moroccan government, private investors are attracted to invest in Casablanca's new development projects.

Wessal Capital, the largest investment fund in Africa with € 2.5 billion of shareholders' equity and counting also local investors such as CDG (Caisse des dépôts et de gestion) has outlined a **€ 900 million investment plan in 46 projects** with the aim to strengthen Casablanca's position as a business destination and make it a first-class leisure destination on an international scale by 2020. With a total investment of € 530 million, Wessal Casablanca Ports is one of the largest projects of the investment plan launched in 2014.

The following table illustrates hotel transactions recorded in Casablanca:

Year	Cat.	Hotel	Rooms	Price (€)	Price per room (€)	Seller	Purchaser
2007	3*	Mounia Hotel	88	Not disclosed	Not disclosed	CIH	Not disclosed
2010	4*	Lido Thalasso & Spa	187	Not disclosed	Not disclosed	CIH	CDG Capital
2010	N/A	Atlas Hospitality Portfolio (several properties in Casablanca)	N/A	109 000 000	Not disclosed	Royal Air Maroc	H-partners
2015	5*	Hotel & Spa Le Doge	20	Not disclosed	Not disclosed	Private investor	Private investor

Source: BNP Paribas Real Estate Hotels

Casablanca is rather a business than a leisure destination. Demand is more dynamic from January to February and from September to October, while during the summer months and the end of the year demand is at its lowest point. It should be noted that over the analysed period, Ramadan (fasting period), which slows the pace of the economic activity in Casablanca city, occurred during the summer.

In terms of RevPAR, the upscale market has observed a downward trend from 2010 onwards. Occupancy increased by +4.2 points from 2009 to 2010 and progressively decreased afterwards, reaching its lowest level of 58.4% in 2014. Meanwhile, average daily rates dropped from € 120.2 in 2009 to € 102.4 in 2014, a -14.8% decrease.

In February 2015, occupancy dropped by -1.3 points compared to YTD 2014 results, reaching an average of 54.5%. Nevertheless, this decrease has been compensated by a +1.5% improvement in ADR resulting in a RevPAR of € 56.7, fairly stable compared to February YTD 2014 (+0.2%).



Hotel & Spa Le Doge sold to a private investor in 2015 (Source: Hotel)

OUTLOOK

As previously highlighted, Greater Casablanca has been undergoing a profound development to meet its ambitious objective of **2 million visitors by 2020**. The second phase of the challenging 'Vision 2020' plan launched by the Moroccan government includes several projects to reshape the infrastructures in order to increase the tourist capacity.

Mohammed V Airport's extension and renovation works will permit to triple its current number of passengers, while the high-speed rail line completion will allow the city to become a strong regional hub from 2017 onwards. Additionally, future development of conference facilities, theatres and museums will help to increase MICE and leisure demand. In the long term, **Casablanca is expected to emerge as a hotspot in North Africa thanks to its proximity to Europe, its newly developed infrastructures and its stable image within the region.**

In parallel, to respond to the expected increase in demand, local authorities intend to increase the hotel supply by approximately **+7 200 beds** to reach a total capacity of **22 650 beds by 2020**.

As part of this expected hotel growth, an increasing number of renowned international hotel chains are looking to establish themselves in the city. Casablanca will welcome in the short term brands such as Oberoi, Four Seasons and JW Marriott. We expect these openings to help capture new foreign clients and consequently diversify Casablanca's traditional feeder markets.

Despite great progress over the past years, it is not to be neglected that the city still faces some challenges to gain complete recognition as an international leisure and business destination. With the increasing number of hotel development, the city may face a **skilled labour shortage** which could represent a threat to international operators. Likewise, **scarcity and difficult access to hotel trading performances** can constitute an obstacle for international investors. Furthermore, the distribution of the supply between the different segments should be carefully monitored in the upcoming years in order to conserve a balanced supply and to prevent any margin erosion.

Nevertheless, if it manages to cope with these challenges, Casablanca holds the cards to become North Africa's next popular destination.



Panoramic view of Casablanca (Source: © Masterovoy - Shutterstock.com)



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* 16 under direct ownership and 21 alliances

First Page: Night view of Hassan II Mosque (Source: © Karol Kozłowski - Shutterstock.com)

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