MARKET REPORT

Morocco More Than Meets the Eye

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With its unique culture, landscapes and culinary riches, Morocco is among the world's most enchanting countries. Hala Matar Choufany, president for the Middle East, Africa and South Asia at HVS, describes the hospitality scene in the North African jewel and what makes it such an intriguing tourism destination.

Together with Egypt and South Africa, Morocco is one of the most visited countries in Africa, benefitting from its proximity to Europe, political and economic stability, and robust infrastructure. As an African, Arab, and francophone country, the vast majority of Morocco's citizens are fluent in Arabic and French, with a large percentage also able to communicate in English - a plus when it comes to interacting with Western tourists.

Tourism Contribution to GDP

The tourism industry, a prime source of foreign currency in the country, contributed 18.9 percent to the country's GDP in

2019 and is now bouncing back, with a recovery rate of nearly 80 percent. According to the Department of Studies and Financial Forecasts (DEPF), Morocco's tourism revenues reached MAD 71.1 billion (USD 6.8 billion) at the end of October 2022, an increase of approximately 120 percent when compared to 2019 levels.

Additionally, the country recorded 7.7 million tourist arrivals and 13.3 million overnight stays in registered accommodation facilities during the first nine months of 2022. The numbers represent a 76 percent and 69 percent increase, respectively, compared to pre-pandemic levels.

FIFA World Cup success

Morocco's stellar performance at the FIFA World Cup in Qatar was celebrated by football fans and supporters globally. The team's remarkable run, which saw them reach the semi-finals of the global sporting event, served as a massive marketing campaign, with millions of people sharing posts and stories on social media platforms.

Wider appeal

According to the Minister of Tourism Handicrafts and Social and Solidarity Economy (MOT), Morocco now appeals to far more countries than the traditional source markets, which will undoubtedly have a positive impact on the future of tourism there. Such awareness and rising interest in visiting the country will allow the government and MOT to accelerate many of the planned investments and promotional campaigns that were launched during Covid-19 and continued throughout 2022 to support growth in the sector. In fact, the government allocated MAD 616 million (USD 67 million) to revive its tourism sector in 2022, and data suggests that there was a 15 percent increase in the number of investments in the sector in 2022 when compared to 2019.

Developments

There have also been some notable hotel openings and new project announcements in the last 12 months, as well as a number of government and private collaborations that will naturally support the development of tourism initiatives.

Société Marocaine d'Ingénierie Touristique (SMIT), the body in charge of promoting and facilitating tourism investments in Morocco, has also been active in supporting strategic public-private partnerships, further accelerating the pace of investments and the development cycle. A number of partnerships were signed in 2022, such as SMIT & V Holding Saudi Arabia — with plans to develop a portfolio of 12 hotels by 2025 — and SMIT & TIME, set to manage 35 lodges at an eco-resort in the Atlas Mountains.

Additionally, 737 establishments have benefited from grants (estimated at aroundMAD 1 billion) to upgrade, renovate and expand, thus meeting potential demand increases.

The future development and outlook for tourism in Morocco are positive, and investment opportunities appear promising and attractive. The MOT is focusing on the growth of "local experiences," supporting home-grown brands through the promotion of cultural, natural, and ecological tourism, and facilitating investments through strategic partnerships. Indeed, Morocco has ancient artisan and handcraft industries that date back hundreds of years, and tourists often enjoy

visiting the traditional bazaars to meet the craftspeople and buy traditional products made by hand.

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Domestic Tourism and Beyond

The tourism sector also intends to capitalize further on domestic tourism, which proved to be a strong demand contributor during the pandemic. Transportation infrastructure supports local travel, and the MOT set local tourism as a priority in its growth strategy.

Traditionally, Casablanca, Marrakech, and Rabat have been the more developed and visited cities in Morocco, yet the MoT's current strategy is a holistic one that aims to improve the attractiveness of the country as a whole, especially its three southern regions: on the unspoiled coastal line and the vast inland desert regions characterized by unique cultural heritage. This strategy is supported through SMIT, which provides financial and technical assistance to local authorities in underdeveloped territories to improve their tourism appeal. Interestingly, MAD 1.5 billion (USD 144 million) has been pledged to new programs that are focused on improving outdoor tourism experiences in such areas, including the development of glamping facilities and other desert experiences.

A positive outlook

Morocco is a fine example of a country where tourism is benefiting the economy and enhancing its attractiveness to investors. Tourism's contribution to the economy, which is forecast to reach 20 percent of GDP once the market has fully recovered, could also sustain up to 1.8 million jobs, or roughly 15 percent of total employment.

SMIT's Tourism 2023 action plan focuses on the "consolidation and diversification of the tourist product, technical and financial support of developing regions," along with the inclusion of SMEs in tourism programs. This will be further supported by launching e visas, which will open more doors to new markets.

Given the country's culture, history, and affordability, the outlook for Morocco is bright. Collaboration between the private and public sector, as well as local and international partnerships, will undoubtedly play a significant role in further improving the North African country's overall hospitality offering.

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