HotelCompass

THE HOSPITALITY COMPASS

MARKET INTELLIGENCE

Market Intelligence Briefing

East African Coastal Hospitality · Q1 2026

PREPARED FOR

Institutional Subscribers

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Executive Summary

This briefing covers hospitality performance across the East African coastal markets (Kenya coast, Tanzania coast including Zanzibar, and Mozambique northern coast) for Q1 2026. Data is drawn from STR Global competitive-set reporting, Cushman & Wakefield Africa transaction tracking, and proprietary HotelCompass source-market tracking across 38 identified-comparable properties.

Headline trend: The East African coastal sub-market delivered 9.7% RevPAR growth year-on-year in Q1 2026, outperforming the continent-wide average (+6.4%) and the global leisure-resort average (+5.1%). Growth was led by occupancy gains (+4.2 percentage points) rather than ADR expansion (+2.8%).

Performance Dashboard

The three coastal markets tracked each show double-digit RevPAR growth in the quarter, with source-market recovery from the 2023-2024 Russia-Ukraine-linked soft patch now substantially complete.

Market	Occ.	ADR (USD)	RevPAR	RevPAR YoY
Kenya Coastal (Diani + Vipingo + Mombasa)	66.4%	172	114	+10.8%
Zanzibar (island-wide)	71.8%	218	157	+12.4%
Tanzania Coast (Bagamoyo, Pangani, Kilwa)	58.2%	156	91	+7.6%
Mozambique Northern Coast	54.1%	185	100	+9.1%
Continent-wide avg (28 markets)	62.8%	149	94	+6.4%
Global leisure-resort benchmark	68.2%	218	149	+5.1%

Source-Market Analysis

European source markets contributed 47% of East African coastal stopovers in Q1 2026, led by UK (17.2%), Germany (11.4%), Italy (6.1%), France (4.4%), and Scandinavia combined (3.8%). North American arrivals grew 23% on Q1 2025, now representing 11.8% of coastal stopovers. Asian arrivals grew 31%, with India leading at 5.2% of stopovers (up from 3.8% a year earlier).

Source-market resilience analysis shows high concentration risk in the Kenya coastal market, where the top four source countries account for 58.2% of leisure arrivals. Zanzibar shows materially better source-market diversification (top-four concentration 41.6%), explaining its lower year-on-year volatility across the post-pandemic period.

Development Pipeline

Twelve hotel projects totalling 2,143 keys are actively under construction across the three coastal markets with delivery targeted 2026-2028. A further 31 projects (4,870 keys) are in various planning stages (pre-construction, design-development, feasibility) with reasonably likely delivery in 2028-2030.

Under-construction pipeline is weighted to Zanzibar (48% of keys) and the Kenya coast (37% of keys). Brand affiliation is split: international chains 61%, regional chains 12%, boutique-independent 27%. The under-construction pipeline represents an 8.4% addition to current active coastal supply.

Forward Outlook

The HotelCompass forward-looking view is constructive for the remainder of 2026 and into 2027. Key catalysts: SGR Phase 2B (Kenya coast) commissioning Q3 2027; Zanzibar's e-visa expansion to 67 nationalities (effective Jan 2026); continuing Emirates and Qatar Airways capacity growth into Dar and MBA. Key risks: commodity-price volatility affecting all-inclusive operator margins; currency risk on USD-denominated debt serviced from local-currency operating cash flows.

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