

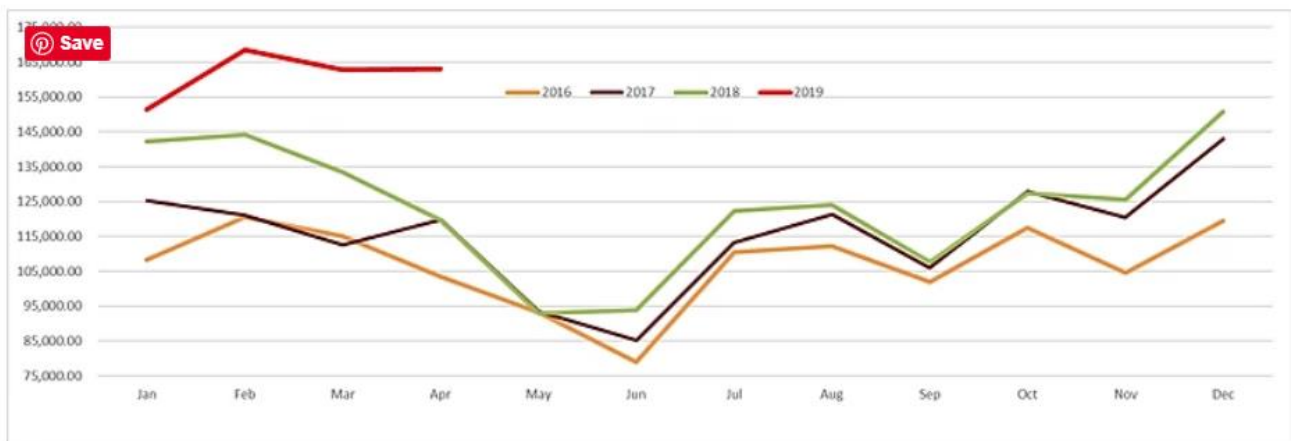
Reason to be cautiously optimistic to break the 2 million mark in tourist arrivals

By Ibrahim Athif Shakoor



There's good reason to be cautiously optimistic about breaking the elusive 2 million mark in tourist arrivals this year. For the period of Jan-Apr, the country has seen an almost 20% increase in arrivals from the same period last year and perhaps more interestingly the trend of the past 5 years, of steep decline from the highs of Jan-Feb to a trough towards June has not been seen in numbers. So Far.

Chart 1. Arrivals by month (2016-2019 apr)



Data Ministry of Tourism, Chart: mer.mv

Since the recovery from the impact of the Boxing Day Tsunami in 2008, the country recorded healthy increases in tourist arrivals averaging 15% until we hit the 1 million mark in 2013. However, since the 1 million mark, the increase has been a tad sluggish and we had found it difficult to improve on numbers. In comparison to the double figure growth in arrival numbers until 2013, increase in arrivals have been at an average of 5.72% during the 5 year period 2014-2018. (Table 1)

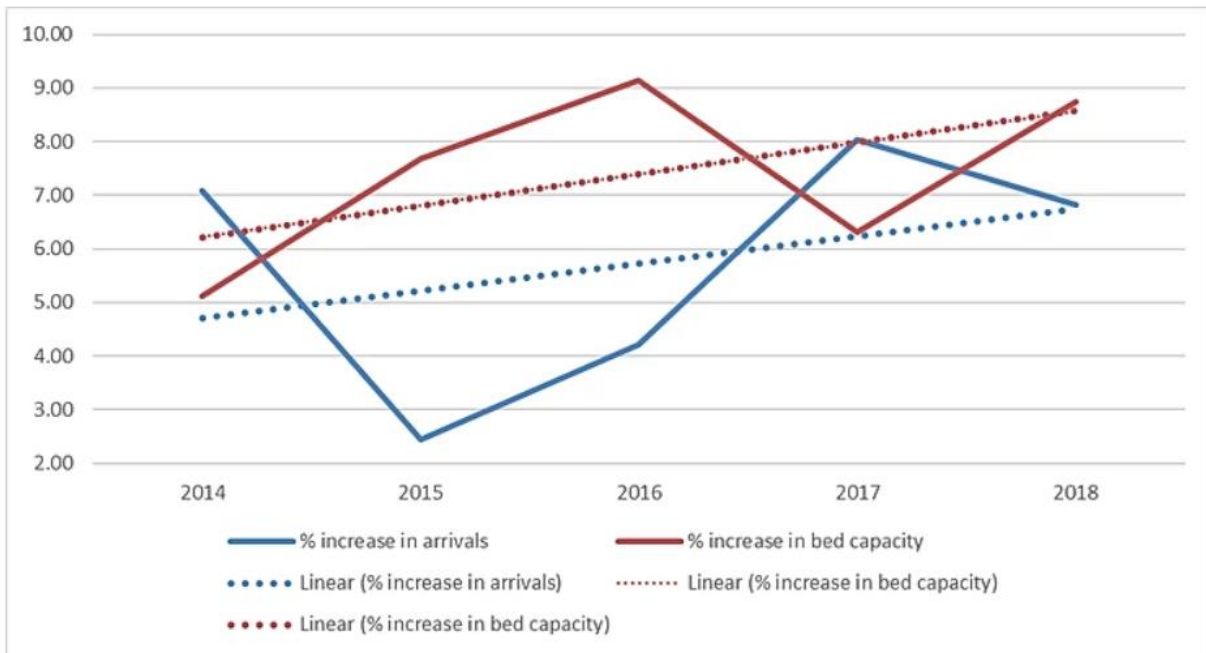
Table 1. % growth in arrivals (2013-2018)

	2013	2014	2015	2016	2017	2018
Arrivals	1,125,202.00	1,204,857.00	1,234,248.00	1,286,135.00	1,389,542.00	1,484,275.00
% growth	17.45	7.08	2.44	4.20	8.04	6.82

Data: Ministry of Tourism

While increases in arrivals have been sluggish, many new properties have been leased for development and have been slowly becoming operational, increasing the number of resorts in operation to 146 today. Increase in beds have, during this period, outperformed the % increase in arrivals (Chart 2). While there are dips and rises in each of the curve, the dotted trend line shows a marked and consistent gap in the % increase in beds against the % increase in arrivals.

Chart 2. % increase in arrivals against % increase in bed capacity (2014-2018)



Data: Ministry of Tourism, Chart: mer.mv

At the same time official statistics reveal that there are 132 resorts, 14 hotels, and 548 guest houses under construction, totaling upwards of 41,735 of new beds to enter the industry. With 47,303 beds in operation today the new beds will, almost double the number of beds in the industry.

Investors have leased new properties and are investing, and more are looking to invest, against the expectation of healthy increase in arrivals. While increase in arrivals have, in the past 5 years, lagged behind expectations and investments, there is real cause for optimism in the arrival figures of 2019.

With over 51% of tourists still originating from Europe and Americas it is perhaps inevitable that tourist arrivals will peak towards the European winter months and therefore will be lowest during the peak of the Western Summer of May and June. In an [article](#) published on March 12th this commentator wrote about the steep decline in tourist arrival starting from around March until around October with the trough in June. More importantly the article cautioned on the fact that the decline was becoming sharper every year and requested stakeholders to take note of this trend. Therefore, it is pleasing to note here that the published numbers for 2019, show real cause for optimism reversing the trend of sharp decline in arrival numbers towards the middle of the year.

Yet, there is work to be done in marketing and improving access to some of our more remote properties, particularly in the guest house segment. With planned and sustained effort, the future looks bright.

While Aristotle was right in cautioning that one swallow does not a summer make, there is real hope for cautious optimism here. Developments here in the region and projections from global trends indicate that we have reason to be optimistic about the prospect of welcoming the 2 millionth swallow to our shores this year and indeed make it a summer to remember.