

Cairo's restaurant sector



Managing partner of Protocol hospitality management and consultancy, **Chadi Chidiac**, explores Cairo's eateries

Cairo is a vibrant, exhilarating, exotic, fascinating and welcoming city. Home to the best Pharaonic, Coptic and Islamic sights in Egypt, this city is where you never know what incredible, half-forgotten monument you might stumble across while wandering. However, according to Reuters, at least one French tour operator has postponed trips to Egypt, while German and Swiss firms halted visits to Cairo as protests erupted following the military overthrow of Islamist President Mohamed Mursi. Yet UK and German operators said it was otherwise business as usual in the country, as tourists were mainly heading for the Red Sea area, miles away from centers of unrest such as Cairo and Alexandria.

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Egypt received 14 million international tourists in 2010, before the revolt that led to the overthrow of President Hosni Mubarak in February 2011. Western Europeans are the largest group, followed by eastern Europeans and tourists from the Middle East. That figure fell to 9.5 million, in 2011, before recovering to 11.2 million, in 2012. In the first five months of 2013, tourist numbers were up 12% year-on-year.

Europe's largest hotel group Accor, which has 18 hotels in Egypt, and Britain's Intercontinental Group, said they were monitoring the situation closely. "The recent unrest in Egypt has not directly affected ... operations in our nine hotels across the country, all of which remain open," said **Pascal Gauvin**, **InterContinental's** chief operating officer for India, the Middle East and Africa.

Market trend

As indeed do the city's restaurants. In the last year or so, the landscape of Cairo's restaurants has been shaped by one thing: burgers. While the Zamalek district is home to

an array of allegedly gourmet burger joints, Butcher's Burger has brought the culinary trend to Mohandiseen Street.

Often compared to their coastal counterparts, and falling short of the mark, Cairo's seafood restaurants just can't catch a break. Although seafood is highly regarded in Egyptian cuisine, it is not always treated with care. But as the country's culinary values continue to evolve at breakneck speed, and other international exotic and classical influences continue to seep in, seafood restaurants are more and more proving themselves as forces to be reckoned with.

Italian restaurants in Cairo are a dime a dozen and even when there is no specialized 'ristorante' around, most regular eateries feature pizza and pasta as a staple on their menu. Despite that, good affordable Italian food remains a bit of a holy grail in the capital, as most medium-priced restaurants attempt to satisfy their customers with uninspired, bland favorites of the Italian cuisine.

Sushi restaurants are plentiful and it is lucky that, more often than not, they deliver quality. In the Korba area of Heliopolis, Sushi Bay has teamed up with Canadian coffee giant, Café Supreme, to create a high-class eating establishment, where diners can grab a coffee-shop snack or hang around a bit longer and sample some fresh fish.

Lebanese restaurants are common, in Cairo, but few truly elevate the cuisine, while Indian restaurants are slowly increasing in frequency, as the city's dining scene evolves.

Available concepts

Restaurant offerings in Cairo are eclectic and diverse, given that out of the 3,980 outlets including in-hotel restaurants, the top three concepts are Mediterranean with a 25% market share, followed by International and Oriental with 12% and 6% shares, respectively. Other available concepts are seafood, pizza, pubs, bakeries, BBQ, coffee shops, sushi, steakhouse, dessert, fusion and ethnic like Thai, Vietnamese, African, American, Caribbean, Chinese, Japanese, Mexican, Middle Eastern, French, European, British, Asian, Greek, Indian, Italian, European.

Dining options include 8% that serve breakfast and brunch, while 2% offer buffets, 28% have outdoor areas and 12% have delivery and takeaway service. Prices vary with 29% of restaurants charging an average check ranging between USD 15 and USD 25 followed by 18% of restaurants with prices ranging between USD 5 and USD 15, then 28% charging between USD 25 and USD 40, and 25% charging over USD 40.

Top-rated brands

Some of Cairo's top-rated restaurants include Floor 10

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located in the Kempinski Nile Hotel, in Cornish El Nil, which offers a very imaginative dinner with sublime gourmet dishes that warrant accolades for their artistic arrangement alone, fine contemporary dining at its best in Cairo, and although no Michelin star has been awarded to any restaurant in Egypt yet, Floor 10 would definitely be a top contender.

Other great restaurants in Cairo include, the Moghul Rooms, which offers some of the best authentic Indian food in the city; La Bodega, one of the tastiest places and great to spot Cairo's elite (reservation obligatory) and About Sid, which has branches in Zamalek, Mohandiseen and Maadi. In international cuisine, great places to visit include Seasons restaurant, Fuze Bar and Jayda Lounge and Bar, the latter offering quality grilled meats, while sitting on the balcony over the Nile. Elsewhere the global chain Rossopomodoro, offers wonderful pizza, as does Sequoia; Aqua specializes in seafood including a sushi and steak buffet and among the many others are Le Steak at Le Pacha, Bellini Cocktail Lounge, Al Bustan Grill Restaurant, Maison Thomas, Indigo Restaurant & Lounge, as well as Charwoods.

Cairo also gathers a number of international restaurant franchises like Applebee's Blue Nile, Starbucks, Paul, Chili's, Wimpy, Macdonald's, Burger King and Roy's Country Kitchen, in addition

to some of the well-recognized Lebanese concepts such as Casper & Gambini amongst others.

In-house versus freestanding

In the capital's restaurant scene, the upscale Zamalek district is the dining hotspot. Conversely, the areas in the downtown area and near Khan al-Khalili are great for cheap and local haunts. In Cairo, alcohol is normally only served at hotel restaurants. There are 136 hotels housing around 10% of the total market supply with 384 restaurants and 52,000 seats. Previously restricted to hotel restaurants, sashimi and cheeseburgers are now prepared by top chefs in trendy venues. Even local food is now getting a facelift to peruse the trendiest restaurants in the city.

Supply and demand

Egypt in general and Cairo in particular rely on inbound tourism for safe-haven currency totaling around USD 60.77 billion, contributing 11.3% of the total gross domestic product of USD 537.8 billion. One of the major money generators in Cairo's tourism sector is the abundant number of restaurants, which totals around 3,980 and offer around 525,600 seats. This is a respectable seating stock, when we consider that visitors to Egypt grew by 17% to 11.5 million, from 2011 to 2012, 55% (or 6.3 million) of whom visited Cairo, an indicator for an undersupplied and unsaturated market, with opportunities for new investments in the sector.

The main prospects are tourists, which constitute around 86% of the potential demand with an average spending of USD 950 per trip, compared to an income per capita for Cairo's residents of USD 533 per year and a USD 100 minimum wage for public sector employees. Around 40%

of Cairo's population lives on less than USD 2 per day, while 3% of the same population enjoys extreme wealth.

Today, Cairo's total investments in the restaurant sector are estimated at USD 1.8 billion. Rental costs vary according to location. In average, a 360 sq. m in-mall unit is rented at USD 120 to USD 180 per sq. m, per year, while a standalone unit would cost half that price.

Cairo's outlook seems promising, a post-turmoil prospectus supported by year-on-year positive figures waiting to enforce investors' confidence and belief in the country as a winning business environment.



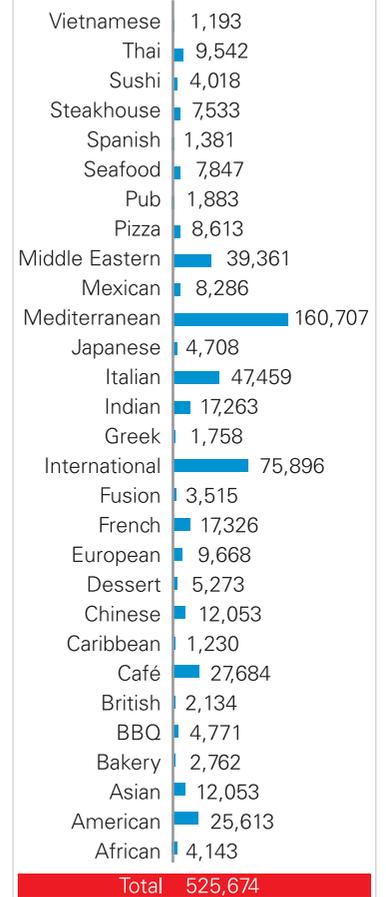
During a recent trip to Cairo, **Reto Wittwer**, CEO and president of **Kempinski Hotels**, one of the top hospitality

operators in the city, with eight food and beverage outlets, said, "Cairo is a city where we have long been interested to establish Kempinski's presence. We are particularly delighted to open in Cairo with such a great property on the banks of the Nile. TMG, the owning company, is a strong partner which shares our vision of strong positioning and market leadership."

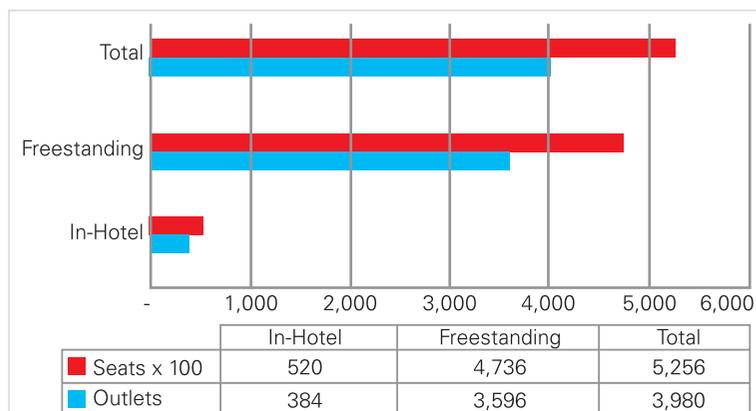
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Seating Stock by Restaurant Type



In-Hotels vs Freestanding Restaurants



Price Grouping by GCA

