

Limassol market insights



Chadi Chidiac, managing partner of PROTOCOL hospitality management and consultancy unravels the confusion that surrounds Limassol's tourism market and all that it entails

Overview

Limassol, a busy port on the south coast of Cyprus, isn't just the island's biggest resort, it's one of the best, too. It can easily match the capital Nicosia for cosmopolitan buzz and can keep pace with Ayia Napa in the nightlife stakes.

Development signs

The Limassol Tourism Board (LTB) is working on the promotion of market segments other than "sun and sea", with special emphasis on conference tourism, cycling tourism, sports tourism, cultural tourism, wellness tourism, educational tourism, accessible tourism, honeymoon tourism, cruises and agro-tourism.

"Drastic changes are needed if Cyprus is to retain its current tourism markets, while also tapping into new, emerging markets such as China and Iraq," the Chairman of the **Limassol Tourism Board, Tony Antoniou** stated.

Speaking last year at the organization's Annual General Meeting of the Limassol Tourism Organization, Antoniou said that the Limassol Tourism Board is working on a number of infrastructure projects that will contribute to enriching the experience of holidaymakers on the island. In Cyprus, there are reports that the plans include an international conference and exhibition center that will play a significant role in extending the tourism season and boost arrivals by attracting high-level visitors. "At this moment, the project has the support of the Ministry of Communications and Works, with whom we are in constant contact, working in the best possible way for such specific development," Antoniou said.

Confusing Figures

Limassol is the second largest city in Cyprus, with 228,000 inhabitants and an urban population exceeding 160,000. The city stretch is 35 km² with a GDP of EURO 5.15 billion (USD 6.97) and a per capita income of EURO 22,800 (USD 30,850). It was struggling within a growth ratio of -5.4 percentage points in 2013 and -4.8 percent expected for 2014, before current predictions showed some positivity with 0.9 percent for 2015.

But two factors are still a major concern. With a gross public debt reaching 112 percent of GDP and a worrisome unemployment rate of around 19 percent, the economic structure, as a whole, is under stress. On the other hand, some tourists may see the nation's financial crisis as a chance to find bargains. Direct revenue from tourism accounts for about 15 percent of the island's gross domestic product, according to government estimates. The industry says the indirect contribution is far larger.

Positive environment

Even when the crisis hit the Cypriot and the Eurozone economy hard, the restaurant business proved strong, supported by the Cypriots' outgoing lifestyle and appetite for leisure and entertainment. This was also leveraged by dynamic inbound tourism to boost the restaurant segment and the pumping of euros (a safe-haven currency) into the tourism stakeholder pool, including restaurants and food and beverage related industries on macro and micro levels – thus contributing to up to 15 percent of the island's gross domestic product GDP.

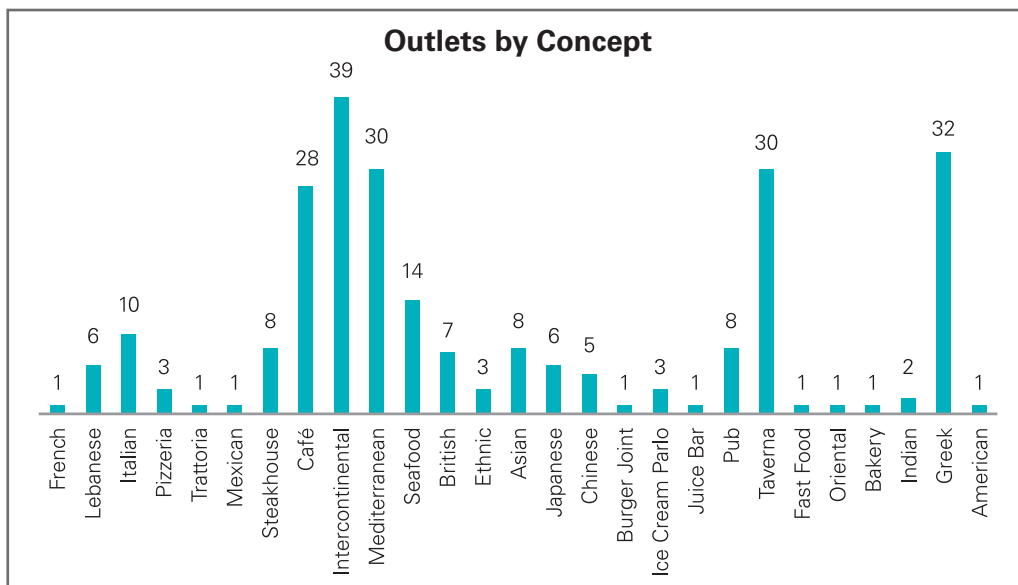


Tony Antoniou

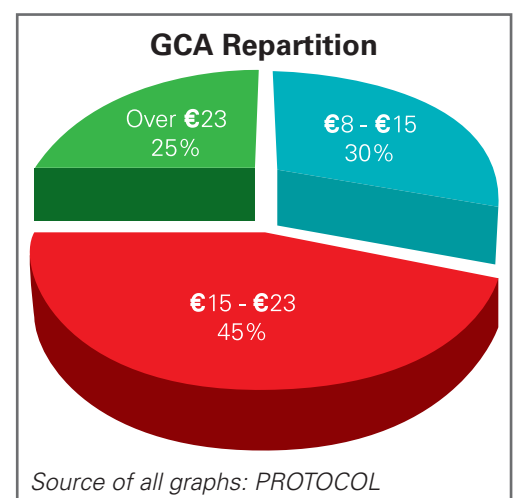
Market insight

According to a recent study executed by PROTOCOL, the market showed that the Cypriot southern coast accounts for around 251 food and beverage outlets out of 27 concepts, yielding around 23,070 seats and 8 outlets with 660 seats per km² as well as 0.1 seat per capita with a potential yearly demand of 2,372,500 inhabitants – in addition to around 13,000 visitors accounting to roughly twice the city's population.

The same study showed that Limassol's food and beverage market is dominated by four major concepts with international menus and 39 units; Greek Tavern and Mediterranean concepts with 30 units each and a seating supply portfolio of 3,470, 2,930, 2,820 and 2,695 respectively, bearing in mind that cafés scored a strong presence as well with 28 outlets and 2,800 seats. Seafood restaurants account for around 1,245 seats while Italian cuisine offers 825 seats. Asian, British and Lebanese restaurants offer 785, 770, and 520 seats respectively. On the other hand fast food joints and trattorias come last with 75 and 65 seats.



Restaurant	Concept	Number of seats
Lisa's Bistro	Bistro	75
Central Surf n' Turf	Seafood	95
Dionysos	Greek	105
Delhi Durbar	Indian	110
Mikri Maria	Ethnic	105
The Golden Sun	International	80
Basil Restaurant	Italian	85
Roundabout fish & ships	Seafood	55
Total		710



The same PROTOCOL's survey scanned Limassol's restaurant average menu price tags. The survey revealed that out of the 251 units scanned, including all concepts and menu offerings, 45 percent of units have a guest check average GCA ranging between 15 and 23 euro (USD 20-30) versus 30 percent of restaurants within the EURO 8 to 15 (USD 10-20) bracket, mainly consisting of street food and fast food joints. While 25 percent of units have scored an average check above the EURO 23 (USD 30) range, the majority of such units exist in 4 plus and 5-star hotels that host elite residents and high spending tourists, who are willing to pay big bucks for quality cuisine and, most importantly, for a good atmosphere.

Major Contributor

Limassol's food and beverage sector offers around 5,500 jobs throughout the year, with around 4,500 jobs on regular low season, rising to 6,500 in the peak of the high season – making this segment more lucrative for the local jobs' market opener among all industries. The food and beverage segment includes all

types of restaurants and eateries, consisting of standalones, food courts or in-hotel restaurants, in addition to those units built in balneal (seasonal baths) and beach resorts.

Crisis Impact

On the other hand the study revealed that the economic crisis has slightly affected the restaurant market scene. Only eight restaurants, which represent around just three percent of the total demand, have closed since the beginning of the turmoil, with 710 seats being withdrawn from the food and beverage market; restaurants such as Lisa's bistro, Central Surf n' Turf, Dionysos, Delhi Durbar, Mikri Maria, The Golden Sun, Basil Restaurant, Roundabout Fish and Chips.

Consensus

Even though Limassol is part of Cyprus, which has encountered and is still in a heavy economic crisis across all sectors, such as real estate and tourism (including food and beverage and hospitality in general), the market is supported by the expectations of

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visiting tourists. The crisis has put pressure on the lowering of supply prices, which transfers into an opportunity for cheaper shopping time and an open window and tourist bargaining power to negotiate better prices.