

MOSCOW. NOVEMBER 2009

Hotel Real Estate Market



Market Situation, Latest Trends and Forecasts

During the months of October and November, key hotel performance indicators in Moscow gradually reached those levels seen during the same months in 2008. For instance, the average occupancy rate in five-star hotels in November was only 7% lower than year ago, while during the summer the difference was around 19-23%.

Since the middle of autumn 2008 the world financial crisis' negative influence on hotel and tourist complexes could be noted. That is why the decrease in the differences between indicators from this year and previous years can be interpreted as a stabilization of the situation, not as the beginning of an upward trend.

Official Announcements, Estimations, and Opinions of Market Players

- Ministry for Sports, Tourism and Youth Policy of the Russian Federation (Andrey Gavrilov):** By the end of 2009 a universal state classification of such tourist industry objects as accommodations, ski and beach resorts will be launched in Russia. Now the government project enactment is amidst coordination within departments. (Hospitality.ru)
- The Moscow City Tourism Committee (Grigory Antufeev):** During 9 months of 2009, about 2.6 mln foreign citizens visited Moscow, while in 2008 there were about 3 mln visitors. We think that during the following half-year, or at least not more than the following full year, we will reach levels that were lost during the crisis, and then our positions will continue to grow from there. By 2020, Moscow will increase its flow of incoming tourists to 10 mln per year. (Hotelstop.ru)
- The Russia Federal Agency for Tourism (Andrey Tutunik):** The average room rate in Russian hotels is about 1,800 rubles per night for one person. According to statistics, the quantity of accommodations in Russia amounts to 11,376. In 2010 this amount will increase 3.6%. It is assumed that by the end of 2009 about 471 new hotels and other accommodations will be placed in operation. (Hospitality.ru)
- Association of Tour Operators of Russia:** From January to August, approximately 300,000 Russians visited Germany, which is about 10% less compared to the same period in 2008. In August, the rate of tourist stream decrease shrank to 6% in terms of quantity of tourists, or to 8% in terms of number of nights. In average, Russians spend about 2.6 nights in Germany. (Travel.ru)
- St. Petersburg Government Committee for Investments and Strategic Projects (Marina Dunaeva):** In 2008, the hotel fund in St. Petersburg increased by 1,300 rooms. We expect that in 2009 and 2010 commissioning rates for hotels will maintain last year's levels. (Hotelstop.ru)
- STR Global (Elizabeth Randall):** In the nearest months, key hotel performance indicators will have to increase against levels, which were seen in the same period one year ago, when the situation was quite hard for hotel industry. The global financial crisis caused revenue per available room (RevPAR) to slump. Nevertheless, during the latest months, dynamics of this indicator behaves more stable. In September, one could have observed the lowest fall rate of this indicator since October 2008. Increase of occupancy rate and decrease of average room rate also contributed to the growth of RevPAR. In almost all European regions the average room rate fell by approximately two times. Only in Western Europe did this indicator decrease by only 6.5%. (Turprom)
- Committee for Commercial Markets of the Administration of Ekaterinburg:** The number of hotels in Ekaterinburg amounts to 56 with a capacity of about 5600 bed-places. In 2008 eight new hotels

opened with 704 bed-places. The largest of them are the Hyatt Regency Ekaterinburg (360 bed-places), "Parus" and "GrandHall" (both have 80 bed-places). (Vedomosti)

- Smith Travel Research (Yan Fraytag):** For the first 8 months of 2009, the occupancy rate of top category hotels (4-5★) in St. Petersburg decreased 25%. At the same time, average room rates fell approximately 30%. Analysis of the situation with 1,400 top category hotels (generally in big Russian cities) showed that prices were at unprecedentedly high levels. (Hotelstop.ru)
- Ministry of Culture and Tourism for Turkey:** The number of foreign tourists visiting Turkey from January to October increased 2% against the levels shown last year during the same period. The quantity of Russian tourists was about 2.5 mln people – which is 10.6% more than a year ago. (Prian.ru)

Hotel Openings

(Hotels officially opened in November 2009)

City	Name of hotel, category / number of rooms
Moscow	"Aquamarine" hotel, 4★ / 159
	"V Express" capsule hotel (Sheremetievo airport), ... / 66
St. Petersburg	Reval Hotel Sonya, 4★ / 173
Tver region (Emmaus village)	Foresta Emmaus Volga Club, 4★ / 76
Tver region (Zubcov)	"Boverly-Hill" hotel complex, ... / 36

Hotel Projects

(Projects mentioned in November 2009)

City	Name of hotel, category / number of rooms	Opening
Moscow	"AZIMUT Hotel Moscow", 3★ / 144	2010
	Hotel, located on: Zemlyanoy Val, bld. 26, ... / 160	-
	Hotel on 1 st Tverskaya-Yakimanskaya, bld. 2 (over "Mayakovskaya" metro station), 4★ / 300	-
Leningrad region (Pushkin)	Hotel on Octyabrsky bulvar, 3★ / 60	2013
Yaroslavl	Park Inn Yaroslavl	2013
Gelendzhik	Hotel on territory of Health Complex "Primorye", 5★ / 74	2010
Krasnodar Territory (Nebug Village)	"Molnia-Yamal" complex, 4★ / 276	2010

Other News

- According to a Hotel.info report, which covers about 210,000 hotels all over the world, the highest average room rate was observed in New York hotels at €151.3 per day. With respect to this indicator, New York leaves Moscow behind, where average room rate equals €149.32 per day. (HotelNews)
- According to the World Travel Awards, "Grand Hotel Europe", the oldest luxury hotel in St. Petersburg, has been declared as the most luxurious hotel in the world. The Wall Street Journal names this award an "Oscar" in hotel industry. (HotelNews)