



Market Situation, Latest Trends and Forecasts

❌ Current level of the average annual occupancy rate* in 4-5★ Moscow hotels is about 58.5% – this is one of the lowest levels of the indicator among European capital cities. For example, in Warsaw occupancy rate amounts to 65.8%, in Paris – 75.4%, in London – 84.7%.

At the same time, in terms of accommodation prices, Moscow remains one of the most expensive cities not only in Europe, but also in the world. Annual average room rate (ARR) in Moscow hotels is approximately \$237, while in Paris it is about \$230, in London – \$216, in Berlin – \$189, in Prague – \$141.

Combination of high prices and moderate occupancy rates at this stage is a prominent feature of the hotel market in Moscow. It testifies to deficiency of qualitative hotel room-fund in the city and the low level of competitiveness between hotel operators. Such strategy ensures quite reasonable level of revenue per available room (RevPAR) in comparison with other European cities and, simultaneously, allows to reduce operational loading on hotel rooms.

❌ The international market of tourism service keeps on giving positive signals, which testify to post-crisis recovery: almost in all regions of the world the growth of occupancy rates and revenue per available room is observed.

❌ According to the results of the first four months of 2010, official representatives of the countries which are traditionally being popular directions of recreational tourism (Turkey, Thailand, Dominican Republic, etc.), mark substantial growth of activity of Russian tourists in comparison with the same period of 2009.

* Based on data for the period from April 2009 to March 2010.

Official Announcements, Estimations and Opinions of Market Players

◆ **Ministry for Sports, Tourism and Youth Politics of the Russian Federation:** In 2009 117 of new hotels and other accommodations were opened in Russia. The total hotel room number in Russia is about 1 million bed places. Average room rate amounts to 1,800 rubles. In winter season of 2009-2010 reduction of out-going tourist flow didn't exceed 5%. In 2010 the ministry predicts growth in number of tourist visits by 4-4.5%. The share of tourism industry in GDP of Russia is 2.5%. In the next 5 years, about 3 billion rubles (\$100 mln) will be allocated for advertising of Russian touristic opportunities in other countries. Such an amount of money is assumed to be provided for realization of the federal program "Development of internal and incoming tourism in the Russian Federation for 2011-2016".

◆ **STR Global:** According to statistical data for March of 2010, the UK has the biggest number of hotel rooms planned for commissioning – 25,498. More over, the UK also has the biggest quantity of rooms under construction – 12,519. The second biggest is Germany (17,912 rooms, which are planned for commissioning, 8,000 rooms under construction). The next country, according to these indicators, is Russia – 15,614 and 7,210 rooms respectively.

As to the city statistics, London heads this list as a capital city with the greatest number of hotels which are planned and which are under construction. The second and third biggest are Berlin and Moscow. (Hotelstop.ru)

◆ **MKG Hospitality:** The recovery of the hotel market in European countries is observed: occupancy rates and accommodation prices change positively. The leaders are Germany, France and the UK. (Arendator.ru)

◆ **STR Global:** Occupancy rates on the markets of the Near East and Africa has increased from 65.7% in March 2009 to 67.6% in the same month of the current year. Average room rate (ARR) and revenue per available room (RevPAR) have increased by 3.6% and 6.6% respectively. (Prian.ru)

◆ **STR Global:** In March, the growth of all key indicators in comparison with the same period of 2009 was also observed on the hotel markets of the Asia-Pacific region. Occupancy rate has increased from 59.6% to 67.6%. Average room rate (ARR) in hotels has grown by 13.5%. Revenue per available room (RevPAR) has increased in average in the region by 29%. (Hotelstop.ru)

◆ **Ministry for Tourism of Dominican Republic:** Quantity of incoming tourist visits to the Republic remained stable during the world economic crisis. The latest data show significant increase of number of incoming tourist visits since autumn of the last year. (RATA news)

◆ **Turkey Embassy in Moscow:** During the first four months of 2010 Turkey was visited by more than 4.9 million foreign tourists (+7%), 224 thousand of which (+ 23.5%) were Russian citizens. (RATA news)

◆ **Moscow Office of Department for Tourism of Thailand:** According to preliminary data, during the first four months of 2010 Thailand was visited by approximately 240 thousand Russian tourists, which is almost 80% greater than in the same period of the previous year. (RATA news)

Hotel Openings

(Projects mentioned in May 2010)

City	Name of hotel, category / number of rooms	Opening
Moscow	Lotte Hotel Moscow, 5★ / 304	June 2010
	Hotel in the cultural and business centre "Hanoj Moskva"	2013
Krasnodar	"Primorye" (new housing), 4★ / 74	June 2010
Murmansk	"Arctica", 3-4★ / ≈ 1000 bed-places	2011
Sochi	Radisson Resort Rosa Khutor, 4★ / 180	Q4 2012
	Park Inn Resort Rosa Khutor, 3★ / 200	Q4 2012

Other News

◆ Europe is becoming a new field for competition of the world's largest hotel chains, which go outside the limits of the supersaturated American hotel market looking for growth opportunities, Bloomberg materials said. Such international hotel chains as Four Seasons Hotels Inc., Starwood Hotels & Resorts Worldwide Inc., and Marriott International Inc., take steps to the expansion on the European market. About 34% of hotels in Europe operate under international hotel brands. At the same time, in USA they control about 70% of hotels. (Hospitality.ru)

◆ EU has developed the "road map" for abolition of the visa regime with Russia, EUobserver said. Transition to a visa-free regime was announced as a long-term goal on summit Russia – EU in May of 2003. Spain has set simplification of the visa regime as a purpose of the chairmanship in EU, which comes to an end in June. Now EU makes three requirements: introduction of biometric passports, acceptance of laws on the data protection and improvement of state border security. (Vedomosti)