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Moscow hotels likely to see growth during World Cup

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STR analysts expect hotels in Moscow, Russia, will see RevPAR growth between 20% and 30% in June and July as the country hosts the FIFA World Cup.

By HNN Newswire

LONDON—Moscow’s hotel industry is projected to see growth in the range of 20% and 30% in revenue per available room (RevPAR) during June and July 2018, according to the latest market forecast from STR and Tourism Economics.

A RevPAR increase in that range would be less than the growth realized in Rio de Janeiro (2014) and Johannesburg (2010), key markets for the previous two FIFA World Cup host countries.

While occupancy is likely to grow between 8% and 10% to absolute levels just under 80% during the World Cup months, Moscow’s average daily rate is projected to increase between 15% and 20%. That trend would be consistent with previous World Cup tournaments as STR analysts note that room rates are more significantly boosted by the event whereas demand remains fairly stable in year-over-year comparisons.

STR analysts note that while demand is helped by such a large event, year-over-year occupancy comparisons are typically hurt due to supply growth as well as other regular hotel business avoiding the market during major event months. Supply growth leading up to such “mega events” creates more room inventory and pressure on occupancy levels.



(Click on the graphic to enlarge.)

In Rio de Janeiro in 2014, occupancy rose by double-digits from the previous June (+12.6% to 81.6%) and July (+18.3% to 80.0%) in the market. At the same time, ADR increased 72.8% and 64.4% during the two months, respectively, driving RevPAR increases of 94.5%.

In Johannesburg in 2010, occupancy jumped from the previous June (+27.7% to 78.5%) and grew to a lesser degree in July (+7.4% to 63.7%). ADR increased 56.3% and 44.5% during the two months, respectively, driving RevPAR increases of 99.6% and 55.1%.

Moscow's room count is substantially higher than Rio and Johannesburg. That also creates less opportunity for substantial uplift in performance in percentage terms from a comparable number of additional visitors travelling for the tournament.

Through the first four months of 2018, Moscow saw occupancy grow 6.7% year over year to an absolute level of 65.8%. Using the same four-month year-over-year comparison, ADR was down 0.8% to RUB5,363.70. Preliminary data for May showed occupancy 74.8% (+11.5%) and ADR RUB5,451.5 (+3.1%).

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