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Hotel Room Prices Fall 8%

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The average room rate in Moscow's world-class hotels decreased by 8 percent to 6,596 rubles ($215) in 2010 because of increased competition and ruble fluctuation, according to a report by Cushman & Wakefield.

Six hotels with a total of 1,730 rooms, representing 6 percent of the total 29,950 rooms available as of Oct. 1, came on line this year. These include the Lotte Hotel Moscow, with 304 rooms, the Renaissance Moscow Monarch Center with 366 rooms, and the Radisson Royal Hotel — formerly known as Hotel Ukraina — with 545 rooms.

The increased competition forced the price drops, which resulted in occupancy rates increasing 8 percent on average to a total of 69.1 percent, the report states.

Market players confirm that prices have gone down because of increased competition and exchange rate differences. Hotel Ukraina reduced prices 30 percent on Nov. 1, a hotel spokesman said. Alexander Gendelsman, director of Azimut Hotels, said room prices fell 15 percent on average compared with 2009, with high-end rooms running at 12,000 rubles per

night and mid-range at 4,000 rubles.

Average rates for hotels in St. Petersburg also dropped by 14 percent, according to Cushman & Wakefield, while occupancy increased by 20 percent and room profitability went up by 3.5 percent.

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