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Sochi and Soccer Drive Hotel Boom

By Rachel Nielsen

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Foreign hotel operators hope to cash in on Sochi's construction boom. **Andrei Makhonin**

With multinational hotel companies gearing up for the 2014 Winter Olympic Games and 2018 FIFA World Cup, as well as trying to cash in on rising domestic business and leisure travel, they face the Olympian task of beating both the clock and the competition to deliver new properties.

In a sign of that pressure, executives from Starwood Hotels and Resorts just announced that they will open a hotel in Sochi ahead of the Olympics in February 2014.

Frits van Paasschen, chief executive of Starwood, said at a news conference in Moscow last week that the company "will have a Sheraton in Sochi" when the Olympics open in the Black Sea resort city.

Anatoly Kondratenko, Starwood's director for acquisitions and development in Russia and the CIS, said he couldn't provide details of the planned Sochi hotel because negotiations weren't finalized.

Most branded hotels are managed by a global chain but developed and owned by local real estate players.

Competitor Hyatt Hotels and Resorts expects to open a luxury-class property in Sochi in 2013. It didn't meet its goals in Vladivostok, however, where it had been trying to launch two hotels in time for the APEC summit that Russia will host in the Far East city early next month.

"We will only be able to welcome our first guests at the end of this year, beginning of next year," Axel Ziegler, general manager of the Hyatt Burny Vladivostok and Hyatt Regency Vladivostok Golden Horn, said Monday by e-mail.

Even one of the most audacious expansion plans has been checked by Russian reality. InterContinental Hotels Group said in September 2011 that it planned "to have 100 hotels open by 2020" in Russia and the CIS — more than a quintupling of properties.

Now, "some of them will be open [while] some of them will be under construction" in 2020, said Aron Libinson, InterContinental's vice president for development in Russia and the CIS.

Many chains could be well-positioned in time for the World Cup, which will be hosted in 2018 by various cities around Russia.

Though the list of host cities hasn't been formalized, it probably will include Sochi, St. Petersburg, Rostov-on-Don, Yekaterinburg, Kazan, Samara and Krasnodar. A number of brands have started hotels in those locations or plan to do so, both to take advantage of the World Cup traffic and domestic business travel.

InterContinental, for instance, already has a Holiday Inn in Samara, and is "discussing a few projects" in both Kazan and Krasnodar, Libinson said on Monday.

Hilton Hotels and Resorts, Rezidor Hotel Group and Accor are also adding hotels throughout the country.

Starwood confirmed Thursday that it will open a hotel in 2013 near Moscow's Sheremetyevo Airport, another in 2014 in the industrial hub of Kaluga south of Moscow, one in Rostov-on-Don in 2014 and another in 2015 in Perm.

In addition to Sochi, Starwood announced three more future hotel locations: St. Petersburg, Kiev and Dushanbe.

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