The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Prices for Moscow Hotels Set to Soar in 2017

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July 19, 2016



Maxim Stulov / Vedomosti

Russian tour operators are predicting soaring prices for hotel rooms across Moscow and St. Petersburg in 2017 as hoteliers respond to a increasing number of bookings.

Research by Russian travel agency Intourist shows that prices could be set to increase by 20 to 50 percent.

A substantial rise in domestic tourism is thought to be behind the boom, as well as increasing numbers of tourists from China, India, and the Middle East.

CEO of the Azimut Hotel Olympic Moscow, Alexei Akindinov, said that the chain would "raise prices appreciably" in 2017. "Demand from tour operators has increased dramatically," said Akindinov. "According to some sources, it has has even exceeded the level of pre-crisis years." The demand for hotels in Moscow had also revived as costs

for Russians vacationing abroad had risen, he said.

The Starwood hotel chain has also confirmed prices for individual guests could increase by up to 20 percent by September. The cost for corporate and tour group clients is set to rise by at least 10 percent, said the company's Senior Development Director in Russia, the CIS, and the Baltic, Anatoly Kondratenko.

The economic instability that has forced many Russian tourists to stay at home has also promoted higher prices.

Valery Ivanov, CEO of the Oktyabrskaya Hotel in St. Petersburg said the weak ruble had forced his hotel to raise prices by 10 percent to 15 percent in order to keep pace with inflation and the rising price of utilities.

"The devaluation of the ruble and the worsening of relations with Europe made it difficult to predict tourism trends during 2015," said Research Department Director for the Colliers International real estate company, Veronika Lezhneva. The uncertainty even caused some hotel operators to drop prices, while only luxury hotels raised their prices, she said.

In order to maintain an operating profit, hoteliers offered special discounts of 30 percent to 40 percent for groups, said Hotel Business Department Director Tatiana Veller for the JLL real estate company. The upcoming price rises are justified, she said.

In the first five months of 2016, the price of a hotel room in Moscow rose by 6.5 percent year on year to reach an average of 7,800 rubles ($124) per night, according to JLL research. In St. Petersburg, prices rose by 18 percent, reaching an average of 2,300 rubles ($37).

Lodging accounts for 25 percent to 30 percent of the tour package costs, said Alexander Maklyarovsky, Inbound Tourism Department Director for the KMP Group. Along with growing prices other tour expenses, such as transportation, museum tickets, and food, the price of a tour package in Russia could grow by 20 percent to 25 percent. The increases are not expected to put a dent in the number of foreign tourists visiting the country, Maklyarovsky said.

A Culture Ministry representative said that although the department was unable to influence the pricing policies of hotels, the cost of a hotel stay during the FIFA World Cup and Confederations Cup would be regulated.

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