



Hotel Survey 2016

*“Control and
compliance
remain the
burning issues
for clients...”*

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Hotel Survey 2016

Control and compliance remain the burning issues for clients looking to achieve the very best value for their hotel spend according to the latest HRG Hotel Survey. By driving compliance, capturing data and benchmarking against city averages, clients will be in a better position to fine tune their policies and get the best results from their hotel programme.

“By driving compliance, capturing data and benchmarking against city averages, clients will be in a better position to fine tune their hotel programme.”

Key findings

- For the 12th year running, Moscow is once again the most expensive city. Average Room rate (ARR) in 2015 was £253.71 up 1.85% from 2014 when ARR was £249.11
- Moscow, Sao Paulo, Rio de Janeiro, Mexico City and Sydney are the top five cities that saw rate increases
- Aberdeen, Rome, Houston, Dubai and Abu Dhabi are the five cities which experienced the greatest decrease in average rate decrease
- 23 cities have seen an increase in average rate compared to 37 last year
- Fewer cities have seen a decrease in average rate this year. Last year saw 42 cities with decreased compared to only 32 this year
- Athens shows an increase in average rate for the first time in several years
- The Americas region has seen a growth in average rates generally

The HRG View: Margaret Bowler, Director Global Hotel Relations

“Once again the findings of the HRG Hotel Survey reveal that there are great advantages to be had by the client who has control and compliance over their hotel programme. The survey shows that many hotel groups simply didn’t achieve the rates or growth that they had been expecting. This is primarily a result of soft demand, decreases in supply and a number of new products and categories of product, together with clients continuing to look for savings.”

“The RFP season this year started earlier and has been longer with some negotiations still ongoing. The savvy client will definitely be able to achieve benefits in the shape of revenue savings but they will need to deliver a tighter controlled programme with compliance to really enjoy those savings.”

“When we look ahead to this year we can expect to enjoy a number of new rooms coming into the market. Brands will continue to diversify, delivering new price points for all travellers. The consolidation of hotel groups may bring both advantages and disadvantages to clients.”



The 2016 HRG Hotel Survey | Survey Results

Top five rate increases in local average rate

City	Local ARR 2015	Local ARR 2014	Local ARR VAR
MOSCOW	RUR 23,695.17	RUR 15,738.45	50.56%
SAO PAULO	BRL 760.81	BRL 580.12	31.15%
RIO DE JANEIRO	BRL 872.55	BRL 718.27	21.48%
MEXICO CITY	MXN 2,662.80	MXN 2,223.42	19.76%
SYDNEY	AUD 348.86	AUD 304.74	14.48%

Moscow remains as the most expensive city for the 12th consecutive year. A slight rise in average rate in GBP was impacted by the large movement in the exchange rate which saw a modest 1.85% rise in GBP translated into a significant 50.56% rise in local currency.

Sao Paulo was more or less flat in GBP average rate movement; however the large growth seen locally was exclusively driven by the large movement in the exchange rate.

Rio De Janeiro is feeling the after effects of both the World Cup and the Earth Summit, seeing a fairly large decline in average rate in GBP due to oversupply and weaker demand. However, again due to the large movement in exchange rate we have seen a big turnaround in local average room rate to show a 21.48% growth.

Mexico City saw a modest growth in average rate in GBP driven by increasing corporate demand; this was turned into a much larger average rate growth locally by the movement of the exchange rate.

Sydney has seen demand outpace supply in the city and with the movement in the exchange this has helped average rate increase by a significant 14.48%

Top five rate decreases in local ARR

City	Local ARR 2015	Local ARR 2014	Local ARR VAR
ABERDEEN	EUR 116.63	EUR 147.11	-20.72%
ROME	EUR 155.10	EUR 191.26	-18.90%
HOUSTON	CHF 212.69	CHF 234.22	-9.19%
DUBAI	EUR 885.58	EUR 957.13	-7.48%
ABU DHABI	EUR 694.53	EUR 746.93	-7.02%

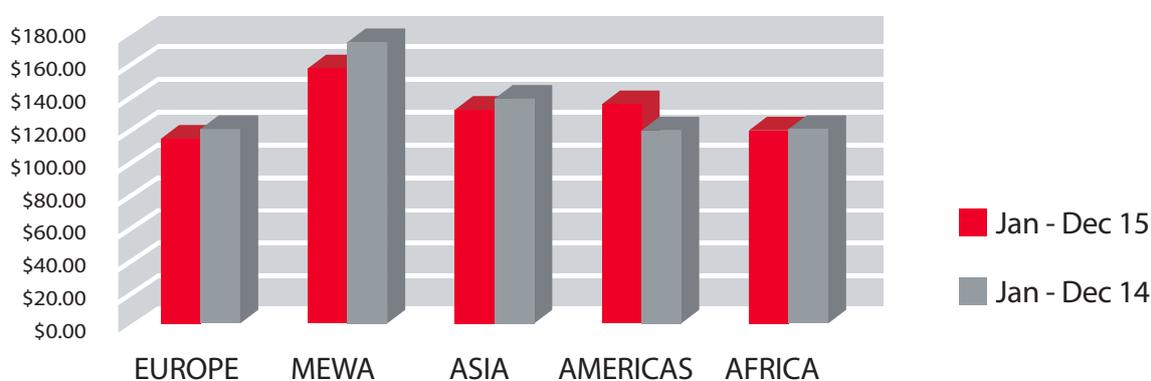
Aberdeen continues to feel the effect of the downturn in the oil industry resulting in less demand. Coupled with several new openings in 2015 this means hotels are fighting to retain a shrinking pool of business.

Rome continues to see lower corporate demand, coupled with a weaker tourist market, however 2016 is a papal jubilee year and so demand is expected to soar during this period with rates reflecting an increase.

Houston saw a modest fall in GBP driven by the down turn in the oil and energy sector magnified by the exchange rate movement to a much larger -7.48% drop in ARR locally.

Both Dubai and Abu Dhabi were more or less flat in terms of ARR growth in GBP, both locally seeing the flat line in GBP turning negative due to the exchange rate movement. Dubai continues to add new hotel stock in preparation for Expo 2020 and so any new demand is being swallowed up by these new rooms. Abu Dhabi is seeing a similar fate with rooms being added to compete with Dubai, now soaking up extra demand.

Regional Performance



Just one region (Americas) has seen overall ARR growth in 2015, compared to two in 2014. Again cities within each region continue to see a large disparity in terms of average rate movement, continuing to support the findings that 'regional' performance is becoming less dominant compared to mega city performance within regions.

Europe Focus

City	Local ARR 2015	Local ARR 2014	Local ARR VAR	Exch Rate VAR
MOSCOW	RUR 23,695.17	RUR 15,738.45	50.56%	47.83%
HAMBURG	EUR 156.30	EUR 156.14	0.10%	11.02%
DUBLIN	EUR 137.10	EUR 125.84	8.95%	11.02%
BERLIN	EUR 153.85	EUR 144.37	6.57%	11.02%
VIENNA	EUR 172.70	EUR 167.40	3.16%	11.02%
MADRID	EUR 154.08	EUR 140.25	9.86%	11.02%
ATHENS	EUR 194.49	EUR 171.44	13.45%	11.02%
PARIS	EUR 237.65	EUR 254.51	-6.62%	11.02%
BARCELONA	EUR 172.89	EUR 167.88	2.99%	11.02%
BRUSSELS	EUR 179.52	EUR 172.80	3.89%	11.02%
GENEVA	CHF 283.53	CHF 300.41	-5.62%	-2.42%
FRANKFURT	EUR 198.83	EUR 178.72	11.25%	11.02%

Moscow remains on the top spot for the 12th consecutive year. A slight rise in average rate in GBP was impacted by the large movement in the exchange rate which saw a modest 1.85% rise in GBP translated into a massive 50.56% rise in local currency.

Dublin was more or less flat in GBP however the local growth of 8.95% was driven entirely due to the exchange rate movement. The years of decline seem to have ended but true growth is yet to appear.

Berlin, Madrid and Frankfurt all saw small movements in average rate in GBP; these were again turned around locally by exchange rate movements to show fairly large growth.

Interestingly Athens has seen a growth for the first time annually for several years; this coupled with the exchange rate movement has translated into a large upwards movement in average rate locally.

UK Focus

City	GBP ARR 2015	GBP ARR 2014	GBP ARR VAR
LONDON	£172.42	£167.26	3.09%
ABERDEEN	£116.63	£147.11	-20.72%
HEATHROW	£98.21	£95.16	3.21%
MANCHESTER	£100.09	£93.97	6.51%
EDINBURGH	£93.54	£94.06	-0.55%
BELFAST	£96.60	£88.93	8.62%
NEWCASTLE	£90.97	£89.29	1.88%
LIVERPOOL	£86.26	£88.32	-2.33%
CARDIFF	£82.28	£78.76	4.47%
GLASGOW	£95.15	£91.82	3.63%

London has seen stronger growth during the full year compared to 2014, although still lower than some hotel groups were predicting.

Aberdeen continues to feel the effect of the downturn in the oil industry resulting in less demand, this coupled with several new openings in 2015 means hotels are fighting to retain a shrinking pool of business driving down the average rate by over 20%.

Manchester saw increased corporate demand and a booming tourist/sports market which saw rate increases even though the city saw close to 800 new rooms open in 2015.

Belfast continues to drive a good base of tourist business with new attractions being added and now a major cruise terminal. This base demand then tops up the traditional corporate demand which is being squeezed in the existing bed stock so helping to drive up the average rate. This may change as new hotels are now underway with approximately 500 new beds being added in the city's waterfront Titanic Quarter.

Cardiff has seen growth due to several factors. The city was host to many major sporting events in 2015 including the Rugby World Cup which helped drive demand, and corporate sector demand also increased.

Middle East Focus

City	Local ARR 2015	Local ARR 2014	Local ARR VAR	Exch Rate VAR
DUBAI	AED 885.58	AED 957.13	-7.48%	-7.24%
ABU DHABI	AED 694.53	AED 746.93	-7.02%	-7.24%
ISTANBUL	TRL 509.44	TRL 495.40	2.83%	15.62%
CAIRO	EGP 1,395.06	EGP 1,218.40	14.50%	1.07%
DOHA	QAR 950.12	QAR 1,029.13	-7.68%	-7.14%
MANAMA	BHD 92.64	BHD 98.47	-5.93%	-7.18%

Both Dubai and Abu Dhabi were more or less flat in terms of rate growth in GBP. Dubai continues to add new hotel stock in preparation for Expo 2020 and so any new demand is being swallowed up by these new rooms. Abu Dhabi is seeing a similar fate with rooms being added to compete with Dubai, now soaking up extra demand.

Istanbul has seen a decline in average rate in GBP as demand continues to soften with political unrest in Turkey and war next door in Syria. However the exchange rate movement turned this into a small increase locally.

Cairo continues to see strong corporate demand, especially in upscale hotels that are seen to offer higher levels of security. While the tourist areas of the country have seen a sharp decline in demand, Cairo continues to drive average room rate with ongoing corporate demand.

Manama saw modest increase in corporate demand helping to raise average rate in GBP, however this was reversed by movement in exchange rate to show a negative average rate of over -7% locally.

North America Focus

City	Local ARR 2015	Local ARR 2014	Local ARR VAR	Exch Rate VAR
SEATTLE	USD 277.84	USD 263.15	5.58%	-7.24%
MIAMI	USD 245.66	USD 220.17	11.58%	-7.24%
PHILADELPHIA	USD 204.85	USD 206.15	-0.63%	-7.24%
WASHINGTON DC	USD 312.12	USD 315.24	-0.99%	-7.24%
SAN FRANCISCO	USD 343.78	USD 330.87	3.90%	-7.24%
OTTAWA	CAD 191.69	CAD 181.86	5.41%	7.43%
ATLANTA	USD 208.48	USD 201.24	3.60%	-7.24%
HOUSTON	USD 212.69	USD 234.22	-9.19%	-7.24%
NEW YORK CITY	USD 373.00	USD 375.17	-0.58%	-7.24%
TORONTO	CAD 249.20	CAD 233.89	6.54%	7.43%
LOS ANGELES	USD 270.40	USD 261.52	3.39%	-7.24%
VANCOUVER	CAD 234.49	CAD 194.95	20.28%	7.43%
MONTREAL	CAD 202.24	CAD 200.30	0.96%	7.43%

Seattle – the city has not seen many new hotel openings and overall, business travel and meetings business has increased which has helped to increase average room rate. This is despite the exchange rate declining.

Miami used to be seen as a seasonal destination. Now with the exchange rate it's a truly all year international city. Demand is up, and although there have been several new hotel openings, the south American markets, European markets and domestic market support high demand growth.

San Francisco once again experiences the issue of no new product in the market and travel trends in both corporate and leisure are high to the market seeing ARR increase.

Ottawa saw a modest fall in ARR in GBP but this was affected by the exchange rate movement to convert into a modest rise locally.

Atlanta has seen strong corporate demand coupled with a busy convention year in 2015 helping to drive up average rate.

Houston saw a modest fall in GBP driven by the down turn in the oil and energy sector magnified by the exchange rate movement to a much larger -7.48% drop in average rate locally.

Travel to NYC has increased, but there have been new hotel openings and the impact of disruptor technologies both of which provide more options for travellers.

Toronto was more or less flat in terms of average rate in GBP, however the movement in exchange rate saw the ARR see a modest rise locally.

Vancouver saw an increase in movie and crew business this year, adding a new base of business where hotels could build their rates, also the movement of the exchange rate magnified the local increase in ARR. On top of all that a strong convention season helped increase demand.

Asia Focus

City	Local ARR 2015	Local ARR 2014	Local ARR VAR	Exch Rate VAR
TOKYO	JPY 31,941.98	JPY 28,022.48	13.99%	6.24%
NEW DELHI	INR 12,610.43	INR 13,037.96	-3.28%	-2.41%
MUMBAI	INR 11,550.43	INR 11,097.31	4.08%	-2.41%
BANGALORE	INR 9,307.10	INR 9,750.39	-4.55%	-2.41%
HYDERABAD	INR 8,440.89	INR 8,471.67	-0.36%	-2.41%
HONG KONG	HKD 2,275.25	HKD 2,405.10	-5.40%	-7.27%
BEIJING	CNY 1,300.82	CNY 1,352.69	-3.83%	-6.12%
SHANGHAI	CNY 1,278.02	CNY 1,281.23	-0.25%	-6.12%
SINGAPORE	SGD 346.39	SGD 363.23	-4.64%	0.68%
SYDNEY	AUD 348.86	AUD 304.74	14.48%	11.41%

Tokyo sees strong corporate demand and relatively few new openings drive up average rate also helped by the movement in exchange rate.

New Delhi has seen the mid market hotel sector expand by 7.2% and as such demand is being eaten away by these new rooms, resulting in a small decrease in average rate.

In Mumbai room supply in the city has not met increasing demand in all three sub markets in the city (North, Central and South). New office stock is being filled and driving corporate demand, while MICE business is also witnessing an increase in the city, all adding to the rise in average rate.

New bed stock in Bangalore had an impact on average rate seeing a small fall in GBP, which with the movement in exchange rate saw a modest fall in rate locally.

Hong Kong actually saw a modest increase in average rate in GBP held up by continuing corporate demand; however the exchange rate movement means that it translates locally into a backwards average rate movement of 5.40%.

Beijing saw reduced corporate demand compared to the previous year, still enough to show a modest increase in average rate in GBP, however once the exchange rate movement has its effect we see a modest 3.8% decline locally.

Singapore has seen a drop in demand combined from the business and tourism sectors; this in turn has seen average rate fall modestly.

Sydney has seen demand outpace supply in the city and with the movement in the exchange this has helped average rate increase by a large 14.48%.

Africa Focus

City	Local ARR 2015	Local ARR 2014	Local ARR VAR	Exch Rate VAR
LAGOS	NGN 55,980.43	NGN 54,832.44	2.09%	11.49%
NAIROBI	KES 21,269.61	KES 20,245.93	5.06%	3.66%
JOHANNESBURG	ZAR 2,266.38	ZAR 2,090.98	8.39%	9.27%
CAPE TOWN	ZAR 2,278.66	ZAR 2,289.55	-0.48%	9.27%

Lagos saw a softening of demand due to the oil and gas industry travelling less, which saw a backward movement in ARR in GBP. This was translated into a small average rate increase locally due to the movement in exchange rate.

Corporate demand was steady in Johannesburg, a city which saw little new product come to market. Despite an 8% rise in ARR when measured in local currency, in GBP Johannesburg ARR were flat.

Cape Town continues to suffer from over supply and less demand which saw nearly a 9% drop in average rate in GBP, but once we apply the exchange rate movement this is turned around into a more or less flat performance locally.

Latin America Focus

City	GBP ARR 2015	GBP ARR 2014	GBP ARR VAR	Local ARR 2015	Local ARR 2014	Local ARR VAR	Exch Rate VAR
SAO PAULO	£149.46	£150.20	-0.49%	BRL 760.81	BRL 580.12	31.15%	31.80%
RIO DE JANEIRO	£171.41	£185.97	-7.83%	BRL 872.55	BRL 718.27	21.48%	31.80%
MEXICO CITY	£109.80	£101.55	8.12%	MXN 2,662.80	MXN 2,223.42	19.76%	10.76%
BUENOS AIRES	£127.24	£128.22	-0.76%	ARS 1,797.24	ARS 1,709.48	5.13%	5.89%

South America as a whole saw massive exchange rate movements last year and as such modest movements in average rate in GBP were all without exception turned into modest or large growth in average rate locally.

Rio De Janeiro is feeling the after effects of both the World Cup and the Earth Summit, seeing a fairly large decline in average rate in GBP due to oversupply and weaker demand. However, again due to the large movement in exchange rate we have seen a big turnaround in local rate to show a 21.48% growth. This year sees the Olympic Games taking place and so a growth in rates is likely over this period.

Mexico City saw a modest growth in average rate in GBP driven by increasing corporate demand and lots of project work, this was turned into a much larger average rate growth locally by the movement of the exchange rate.



Appendix

Top 55 Cities by ARR

City	GBP ARR 2015	GBP ARR 2014	GBP ARR VAR	Local ARR 2015	Local ARR 2014	Local ARR VAR	Exch Rate VAR
MOSCOW	£253.71	£249.11	1.85%	RUR 23,695.17	RUR 15,738.45	50.56%	47.83%
NEW YORK CITY	£244.06	£227.71	7.18%	USD 373.00	USD 375.17	-0.58%	-7.24%
SAN FRANCISCO	£224.94	£200.82	12.01%	USD 343.78	USD 330.87	3.90%	-7.24%
WASHINGTON DC	£204.23	£191.33	6.74%	USD 312.12	USD 315.24	-0.99%	-7.24%
GENEVA	£192.88	£199.42	-3.28%	CHF 283.53	CHF 300.41	-5.62%	-2.42%
HONG KONG	£192.04	£188.25	2.01%	HKD 2,275.25	HKD 2,405.10	-5.40%	-7.27%
ZURICH	£188.96	£197.04	-4.10%	CHF 277.77	CHF 296.82	-6.42%	-2.42%
LAGOS	£186.42	£203.58	-8.43%	NGN 55,980.43	NGN 54,832.44	2.09%	11.49%
TOKYO	£172.65	£160.91	7.30%	JPY 31,941.98	JPY 28,022.48	13.99%	6.24%
PARIS	£172.57	£205.18	-15.89%	EUR 237.65	EUR 254.51	-6.62%	11.02%
LONDON	£172.42	£167.26	3.09%	GBP 172.42	GBP 167.26	3.09%	0.00%
SYDNEY	£171.47	£166.88	2.75%	AUD 348.86	AUD 304.74	14.48%	11.41%
RIO DE JANEIRO	£171.41	£185.97	-7.83%	BRL 872.55	BRL 718.27	21.48%	31.80%
SINGAPORE	£164.93	£174.12	-5.28%	SGD 346.39	SGD 363.23	-4.64%	0.68%
BASEL	£163.63	£161.86	1.09%	CHF 240.54	CHF 243.83	-1.35%	-2.42%
MIAMI	£160.74	£133.63	20.29%	USD 245.66	USD 220.17	11.58%	-7.24%
SEOUL	£160.04	£165.74	-3.44%	KRW 276,469.10	KRW 286,730.20	-3.58%	-0.14%
STOCKHOLM	£159.26	£176.33	-9.68%	SEK 2,051.38	SEK 1,990.20	3.07%	14.12%
DUBAI	£157.79	£158.19	-0.25%	AED 885.58	AED 957.13	-7.48%	-7.24%
COPENHAGEN	£152.19	£156.24	-2.59%	DKK 1,563.27	DKK 1,444.66	8.21%	11.09%
SAO PAULO	£149.46	£150.20	-0.49%	BRL 760.81	BRL 580.12	31.15%	31.80%
MILAN	£148.21	£148.84	-0.42%	EUR 204.10	EUR 184.62	10.55%	11.02%
OSLO	£144.41	£163.16	-11.49%	NOK 1,777.96	NOK 1,691.09	5.14%	18.79%
FRANKFURT	£144.38	£144.08	0.21%	EUR 198.83	EUR 178.72	11.25%	11.02%
NAIROBI	£143.91	£142.00	1.35%	KES 21,269.61	KES 20,245.93	5.06%	3.66%
HOUSTON	£139.17	£142.16	-2.10%	USD 212.69	USD 234.22	-9.19%	-7.24%
BEIJING	£136.90	£133.64	2.44%	CNY 1,300.82	CNY 1,352.69	-3.83%	-6.12%
AMSTERDAM	£136.60	£147.24	-7.23%	EUR 188.11	EUR 182.64	3.00%	11.02%
ATLANTA	£136.41	£122.14	11.68%	USD 208.48	USD 201.24	3.60%	-7.24%
SHANGHAI	£134.50	£126.58	6.26%	CNY 1,278.02	CNY 1,281.23	-0.25%	-6.12%
PHILADELPHIA	£134.04	£125.12	7.13%	USD 204.85	USD 206.15	-0.63%	-7.24%
BRUSSELS	£130.36	£139.31	-6.42%	EUR 179.52	EUR 172.80	3.89%	11.02%

City	GBP ARR 2015	GBP ARR 2014	GBP ARR VAR	Local ARR 2015	Local ARR 2014	Local ARR VAR	Exch Rate VAR
NEW DELHI	£128.84	£130.00	-0.89%	INR 12,610.43	INR 13,037.96	-3.28%	-2.41%
BARCELONA	£125.55	£135.34	-7.23%	EUR 172.89	EUR 167.88	2.99%	11.02%
ABU DHABI	£123.75	£123.45	0.24%	AED 694.53	AED 746.93	-7.02%	-7.24%
ISTANBUL	£122.39	£137.61	-11.06%	TRL 509.44	TRL 495.40	2.83%	15.62%
MUNICH	£119.28	£126.48	-5.69%	EUR 164.26	EUR 156.89	4.70%	11.02%
DUSSELDORF	£118.90	£130.63	-8.98%	EUR 163.74	EUR 162.03	1.05%	11.02%
MUMBAI	£118.01	£110.65	6.65%	INR 11,550.43	INR 11,097.31	4.08%	-2.41%
CAPE TOWN	£116.88	£128.33	-8.92%	ZAR 2,278.66	ZAR 2,289.55	-0.48%	9.27%
ABERDEEN	£116.63	£147.11	-20.72%	GBP 116.63	GBP 147.11	-20.72%	0.00%
JOHANNESBURG	£116.25	£117.20	-0.81%	ZAR 2,266.38	ZAR 2,090.98	8.39%	9.27%
HAMBURG	£113.50	£125.88	-9.83%	EUR 156.30	EUR 156.14	0.10%	11.02%
ROME	£112.63	£154.19	-26.95%	EUR 155.10	EUR 191.26	-18.90%	11.02%
MADRID	£111.89	£113.07	-1.04%	EUR 154.08	EUR 140.25	9.86%	11.02%
BERLIN	£111.72	£116.39	-4.01%	EUR 153.85	EUR 144.37	6.57%	11.02%
MEXICO CITY	£109.80	£101.55	8.12%	MXN 2,662.80	MXN 2,223.42	19.76%	10.76%
MANCHESTER	£100.09	£93.97	6.51%	GBP 100.09	GBP 93.97	6.51%	0.00%
DUBLIN	£99.56	£101.45	-1.86%	EUR 137.10	EUR 125.84	8.95%	11.02%
HEATHROW	£98.21	£95.16	3.21%	GBP 98.21	GBP 95.16	3.21%	0.00%
BELFAST	£96.60	£88.93	8.62%	GBP 96.60	GBP 88.93	8.62%	0.00%
BANGALORE	£95.09	£97.22	-2.19%	INR 9,307.10	INR 9,750.39	-4.55%	-2.41%
EDINBURGH	£93.54	£94.06	-0.55%	GBP 93.54	GBP 94.06	-0.55%	0.00%
HYDERABAD	£86.24	£84.47	2.10%	INR 8,440.89	INR 8,471.67	-0.36%	-2.41%
BUDAPEST	£85.73	£91.83	-6.64%	HUF 36,559.22	HUF 35,130.85	4.07%	11.47%

ENDS



About the HRG Hotel Survey

Now in its 23rd year, HRG's biannual hotel survey looks at hotel room rates for key business destinations across the world to provide a dynamic insight into global business travel behaviours.

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