

IHG continues to dominate booming Russian hotel market

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InterContinental Hotels Group (IHG), the biggest hotel operator in the booming Russian international-branded hotel sector, continues its Russian expansion with the announcement of the signing of a further Moscow property, its 7th Holiday Inn in the city.

- **Further signing announced today brings total Russian portfolio to 16 open or in the development pipeline**
- **2,000 Moscow hotel rooms target by 2010**
- **IHG has hotels under development or open in six of Russia's 13 largest cities**
- **IHG Russian language website launched**

InterContinental Hotels Group (IHG), the biggest hotel operator in the booming Russian international-branded hotel sector, continues its Russian expansion with the announcement of the signing of a further Moscow property, its 7th Holiday Inn in the city.

The new-build 240-room Holiday Inn Moscow Ryazanskiy - developed by SILKTON Ltd and expected to open in mid-2010 - will be the 16th IHG hotel in the rapidly emerging Russian market. Six are already open, the remaining ten are in the development pipeline.

While Moscow dominates Russia commercially, IHG is also capitalising on the growing business and leisure markets across the country. As well as a total of nine hotels in Moscow* and three under construction in St Petersburg, IHG has hotels signed in Samara, Rostov, Chelyabinsk and Novosibirsk.

"There is very strong demand for internationally-branded hotels - the room rates are premium across all brands and we are growing fast," said IHG's VP Strategic Development Russia & CIS, Michael Cooper.

"With approximately 10 per cent of the number of international standard rooms of Paris or London, we believe there is plenty of growth to go for, the market is under-supplied. Our brands are well known and are attracting a growing number of Russian investors keen to invest in the hotel industry."

IHG already has a very good penetration of the Moscow market, with almost 1,400 rooms already open in Moscow rising to more than 2,000 by 2010.

Cooper added: "As well as city-centre hotels, IHG also has signed deals for the Holiday Inn Volomkolamshoye Shosse on the main arterial route into the City, as well as two Holiday Inn hotels in the increasingly important South-East quadrant.

"A buoyant overseas market, increasing domestic business and an emerging domestic leisure market have created great opportunities across the country. Although the high cost of air travel and visa restrictions continue to deter tourism, increasingly Russians across the country are viewing international-branded hotels as their number one choice for business and social events."

As part of its strategy for the Russian market, IHG today also announced it is launching a Russian language website www.IHG.ru which will be fully operational in March 2008.

Of the 16 IHG hotels in Russia, the six already open are:

Crowne Plaza Moscow World Trade Centre

Holiday Inn Moscow Lesnaya

Holiday Inn Moscow Sokolniki

Holiday Inn Moscow Sushevsky

Holiday Inn Moscow Vinogradovo

Holiday Inn Samara

Russian and the hotel market facts:

- Russia is the World's largest country by land size, crossing 11 time zones
- In just one year, foreign direct investment increased 126 per cent from US\$12.8 billion in 2005 to US\$28.7 billion in 2006
- Passenger flow at Moscow international airports is booming, up from 19 million in 2002 to more than 33 million in 2006, planned airport expansion will increase capacity to more than 85 million by 2012

- According to Deloitte and Jones Lang LaSalle Hotels reports, Moscow hotel occupancy, average room rate (ARR) and room yield have dramatically increased in the last few years. In 2001 ARR was US\$136, by halfway through 2007 this was US\$352, for the same period room yield increased from US\$85 to US\$254.

*As well as seven Holiday Inns opened or in the development pipeline, IHG's Moscow presence also includes the 575-room Crowne Plaza Moscow World Trade Centre opened last September - and will include the 205-room new build InterContinental Moscow close to the Kremlin, due to open in 2010.

**According to the Mercer 2007 Cost of Living Survey - which tracks costs for 143 cities across six continents - Moscow came out the world's most expensive city for the second consecutive year.

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