

Beijing Hotel Market's Strong Olympic Performance

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The Beijing hotel market has put in a strong performance for the opening days of the 2008 Beijing Games, seeing off a pre-Olympics lull according to data compiled by STR Global.

During the early days of August, the market was recording average room rates of about RMB 1,500 and occupancy levels below 60 percent. However, as expected, market performance began to recover from 6 August, and recorded a dramatic improvement on the day prior to the Opening Ceremony (7 August) and largely held this performance level of the opening weekend and into the first week of the Games.

Damien Little, Director of Horwath HTL's Beijing office, says that a number of issues had affected the Beijing hotel market in the lead up to the Olympics and that this had exacerbated the traditional pre-Olympic lull typically faced by the host city.

'By 7 August, all seemed well in the host city with average room rates across the market hitting an average of RMB 3,700 and occupancy levels at 76 percent,' Little said. 'These performance levels have largely held since, and room rate performance is higher than we expected to see.'

Little said the improved performance had been driven by the leading hotels in the market with room rates one and a half to two times higher than average. Occupancy performance on the other hand, below 80 percent, is a little lower than what may have been hoped for in the lead up to the Games he says.

Connie Yan, Country Manager China for STR Global says that an analysis of the data identifies that it is really a tale of two cities with some hotels recording clearly outstanding performance levels, while other hotels seem to be missing out.

'Hotels located in the CBD, Downtown and Yansha areas are typically performing strongly,' Yan said.

'The hotels that had worked with BOCOG providing rooms allocations to them are also performing strongly. Some new hotels and those located in secondary locations are not necessarily doing so well.'

STR Global is tracking 79 hotels representing approximately 30,700 rooms in the Beijing market on a daily basis during the Olympic period.

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