

Beijing Hotel Rates, Revenue Spike During 2008 Olympic Games

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A study of daily hotel performance by STR Global shows significant rate and revenue spikes in Beijing during the 2008 Olympic Games as the city posted an occupancy rate of 88.47 percent during the event.

Secondary host cities Hong Kong and Qingdao experienced RevPAR declines.

'Beijing's hoteliers benefited hugely from the Olympic Games, reporting a tripling in average room rates,' said James Chappell, Managing Director of STR Global. 'However, with the increased supply in the city, it will be interesting to see how the legacy of the Games will impact the city in the future.'

STR Global reported declines in occupancy and RevPAR in the months leading up to the Games, and analysts predict lower occupancies after the Games due to increased supply. However, during the Games, spikes in occupancy ranged from 5.22 percent to 36.16 percent as a city-wide average over the same days in 2007. At their peak on 21 August, occupancies reached 90.72 percent.

Hotels increased their average daily rate between 272.40 percent and 384.57 percent over the same days in 2007. The city averaged rates from CNY 2952.93 (US\$430.96) on 20 August to CNY 3134.00 (US\$457.51) on opening night-08 August. For the seventeen-night period, ADR in Beijing was CNY 3056.41 (US\$446.29). High occupancies and tripled rates led to RevPAR growth of 430.31 percent over the same days in 2007-CNY 2703.86 (US\$394.81) over the course of the contests.

STR Global						
2008 Olympics (08 August - 24 August 2008)						
Beijing Hotel Performance (CNY)				Percent Change		
Date	Occ.	AvgRate	RevPAR	Occ.	AvgRate	RevPAR
2008-08-08	86.58%	3134.00	2713.29	22.90%	380.41%	490.40%
2008-08-09	86.43%	3087.40	2668.37	31.23%	272.40%	388.72%
2008-08-10	86.43%	3073.64	2656.48	24.97%	347.72%	459.53%
2008-08-11	86.91%	3089.21	2684.81	14.71%	352.81%	419.40%
2008-08-12	87.24%	3049.54	2660.51	12.19%	333.09%	385.89%
2008-08-13	87.33%	3025.21	2641.81	11.22%	370.69%	423.48%
2008-08-14	87.97%	3035.49	2670.19	14.51%	365.19%	432.67%
2008-08-15	89.08%	3040.33	2708.25	25.60%	384.57%	508.62%
2008-08-16	89.50%	3047.19	2727.34	36.16%	373.65%	544.93%
2008-08-17	88.93%	3029.81	2694.38	34.83%	365.00%	526.98%
2008-08-18	90.30%	3036.05	2741.66	21.81%	338.67%	434.36%
2008-08-19	89.99%	3048.42	2743.29	9.84%	325.89%	367.80%
2008-08-20	90.14%	2952.93	2661.79	5.22%	289.89%	310.25%
2008-08-21	90.72%	3068.78	2784.09	7.23%	325.50%	356.29%
2008-08-22	90.38%	3098.13	2800.25	20.48%	348.98%	440.92%
2008-08-23	89.60%	3089.41	2768.00	27.99%	348.99%	474.68%
2008-08-24	86.50%	3056.70	2643.98	26.49%	353.03%	473.05%
Period	88.47%	3056.41	2703.86	19.67%	343.13%	430.31%

Hong Kong hosted various Olympic equestrian events. The supporting city experienced mixed results. During the Games, occupancy was 81.65 percent, down 9.52 percent from the same period in 2007. Average daily rates increased 4.42 percent to CNY 1113.77 (US\$162.62) for the period. Hong Kong hotels faced a 5.53-percent decline in RevPAR during the Beijing Olympics.

Qingdao played host to several sailing events. Newly constructed hotels in the area dispersed demand and occupancy decreased 41.00 percent for the period. Occupancy during the Olympics was 53.97 percent. Rates, as in the other host cities, were increased by 46.84 percent to CNY 1050.71 (US\$153.39) for the period. Qingdao hotels saw RevPAR fall 13.37 percent during the Olympic Games. 'New supply and lower than expected demand, unfortunately reduced RevPAR for Hong Kong and Qingdao underlying the risk that hoteliers face with such big events,' added Chappell.

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Hotel Performance (CNY)				Percent Change		
Date	Occ.	AvgRate	RevPAR	Occ.	AvgRate	RevPAR
Beijing	88.47%	3056.41	2703.86	19.67%	343.13%	430.31%
Hong Kong	81.65%	1113.77	909.42	-9.52%	4.42%	-5.53%
Qingdao	53.97%	1050.71	567.08	-41.00%	46.84%	-13.37%

Chappell explained that there are lessons to be learned from hosting large sporting events. 'This is the third sporting event after the Athens Olympics and the World Cup in Berlin that has had high expectations dashed as crowds stay away or make day trips,' he said. 'It will be an effort for hotels in London to manage expectations and learn the lessons of these events in preparation for the 2012 Olympics. Those expecting a huge windfall could be in for disappointment if inventory isn't properly managed.'

About STR Global

STR Global provides clients-including hotel operators, developers, financiers and analysts-access to hotel research with regular and custom reports covering over 35,000 hotels. STR Global provides a single source of global hotel performance data, offering concise, accurate and thorough industry research worldwide.

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