

MOSCOW HOSTELS GROWING IN POPULARITY



Moscow's hostel industry, that has been stagnant for a long time compared to the frenzied city markets such as Berlin or London, could see major growth as changing sentiments and a rise in domestic tourism boost demand.

With West-Russia relations at their worst since the Cold War and the sharp devaluation of the Russian ruble, domestic tourism is expected to grow in double-digits this year. **As the frail ruble makes traveling abroad more costly, a new generation of modern, well managed hostels is driving away a cultural revulsion towards communal living that was left over from the Soviet era.**

However, the market is still in its inception and unless more support is given to the local tourism, the growth of Moscow's hostel market may just plateau.

Good Prospects

Most accommodation options in Moscow are either extravagantly priced 5-star luxury facilities such as the Four-Seasons Moscow, where rooms start at 31000 rubles (\$ 550) per night, or Soviet era behemoths that offer cheaper digs but usually with little comfort.

More affordable beds are required for the large number of tourists who are expected to come for a wide array of major upcoming sports events. Russia will be hosting the Ice Hockey World Championship next year, and the 2018 football World Cup.

The Federal Tourism Agency has said that the demand for external tourism is plummeting and the number of outbound tourists from Russia fell by 40% to 1.89 million in the first quarter of this year.

Changing Sentiments

Currently, Moscow's hostel market is still small. According to a report released by JLL (Jones Lang LaSalle) research experts, in the city of more than 12 million people, only 1433 beds were on offer in the first quarter of this year. The hostels that exist hold only 70 to 80 beds, compared with over 900 bed hostels that are available in some of the Western European cities.

Nevertheless, some young entrepreneurs have started to change that, providing comfortable hostels, which, even if they lack the required beds, are operated to attract affluent clientele. But although foreigners may be comfortable living in hostels, most Russians associate the communal living style of hostels with life in Soviet era 'kommunalky', where many families lived in one apartment, driven by drunk neighbors and conflicts for living space.

But the new hostel owners are offering accommodation to a growing number of Russian visitors, as travel abroad, higher-quality hostels, and more pocket friendly prices rehabilitate the market. Better service is also helping drive out the old stereotypes.

Old Challenges

But if the lingering suspicion of communal living is being overcome, the danger of draconian legislation and poor tourism infrastructure may hinder the development of hostels.

Although the Federal Tourism Agency's Korneyev may see hostels as one of the methods of boosting tourism, some people are still not optimistic. In April the Vedomosti newspaper reported that, Galina Khovanskaya, the chairwoman of Russia's parliamentary housing committee, condemned hostel goers for indulging in "hooliganism, drugs and alcohol," and called for the regulation of hostels in apartment buildings.

According to JLL's Jenkins, the greatest problem facing domestic tourism is Russia's enormous, undeveloped territory. Hostels thrive on a traveling culture, and with most top cities in Russia being more than a day's train ride away for the potential visitors, Russia's traveling culture has been stunted. Jenkins also said that there are a lot of things that still must be done to make domestic tourism accessible for everybody.

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