

# HOTEL RATES TO BE HIGHER IN 2019: PRICES WILL RISE WORLDWIDE



Besides the simple law of supply and demand, hotel rates are dependent on many factors and variables. Political stability, local regulations, or economic recovery and commercial activity will be essential when determining the prices fluctuation of hotel accommodations in 2019.

A new report titled “Hotel Monitor 2019”, published by American Express Global Business Travel (GBT) predicts **that hotel rates will grow between 3% and 17% for most European cities; while in regions like the United States or Latin America, growth will be more moderate due to the different geopolitical circumstances.**

The only incongruous territories will be the Middle East, where in some of the main cities prices will drop by 13% due to political instability or the large number of accommodations that has been generated in recent years.

## Europe

Recovery of commercial activity for companies in Europe and the decline in unemployment rates are proving to be of benefit in number of travels from both corporate and leisure point of view, which is slowly strengthening the demand in hotel market. This upward trend is affecting prices for hotel accommodations and is expected to continue in most countries of the region, with only a few exceptions: London, Frankfurt, Berlin and Munich, whose hotel rates will remain intact due to the increase in supply that comes with the opening of new establishments in the sector.

According to the study, the cities with the highest rise will be Istanbul (17%), Ankara (11%), Dublin (7%), and Lisbon and Paris (both by 6%).

Spain will also be affected by this trend. For cities such as Barcelona and Madrid, prices will experience increases of 4 and 3%, respectively.

## United States and Canada

On the other side of the pond, prices will also grow. The United States will continue to reassert its economic growth, although the country will also have to deal with the market uncertainty provoked by Donald Trump's term at the White House. Since the arrival of the new president, the number of international travelers visiting the country has decreased, and the supply of accommodations has dropped by 2.2% for April, compared to the same month of 2017. The data suggests that the market will not sustain a high growth in hotel rates.

However, some of the most visited cities in the country will see how their rates continue to grow, reaching around 5% increases. This is the case of Chicago, Orlando, Boston and Seattle. In Canada, the study highlights the city of Toronto where, according to the report, a 7% increase is forecasted in 2018.

## Latin America

Despite the subtle differences, the report issues a general forecast where the economy of the different Latin American countries continues to improve, showing a 2.5% increase in GDP for 2019, compared to the 1.4% that is expected by the end of 2018.

According to the American Express experts' prediction, Peru will be the country with the greatest economic recovery. However, the highest growth in hotel rates will be experienced by the cities of Buenos Aires (21%), Sao Paulo (6%), and Monterrey (5%).

### **Asia-Pacific**

The economic and tourism growth in Asia-Pacific will continue throughout the entire region. However, China and India will be the most prominent destinations for 2019, when both will compete against countries with a longer history in the tourism sector such as Singapore, Hong Kong, Australia or Japan.

Nevertheless, in this region of the world, the increase in demand will not represent a significant growth in hotel rates since the opening of new establishments will act as counterweight, causing prices to remain unaffected in some cases while favoring a moderate growth in others.

For the latter, the cities that will experience the highest changes in rates will be Auckland (New Zealand), increasing by 8%, and Shenzhen (China) and Manila (Philippines), each one with a 5% increase.

### **Middle East**

The geopolitical unrest will be a constant in the Middle East. In these regions, despite economic growth, hotel demand is expected to focus solely on 'Premium' establishments, triggering a rise in prices for this segment, which are perceived by customers as "the safest" locations.

In the Middle East, the cities that will see the biggest decreases in hotel rates will be Doha (Qatar), decreasing by 13%, and Abu Dhabi (UAE), where prices will drop by 6%.

### **Africa**

**However, in Africa, the report anticipates significant increases in cities such as Lagos (Nigeria), where prices are bound to increase by almost 13%; Accra (Ghana), increasing by 8%; and Cape Town (South Africa), where price per hotel accommodation is set to increase by 7% in 2019.**

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