

# HOTEL REVENUES IN RUSSIA INCREASED BY 32%



trend by the end of 2023.

Domestic tourism and hotel revenues in Russia has grown due to cross-border travel difficulties, resulting in a one-third increase in the income of hotels, guesthouses, and other collective accommodation facilities during the first quarter of this year. Moreover, this figure surpassed hotel revenues even in the pre-pandemic first quarter of 2019. Experts predict a positive market

Revenues from collective accommodation facilities in January-March reached 136.92 billion rubles, an increase of 32% year-on-year, according to Rosstat. **The increase in hotel occupancy has enabled these developments, with a year-on-year growth of 18.5%.** Additionally, this figure is 17.7% higher than the occupancy rate in the first quarter of 2019.

During the first quarter, Russia's three major regions experienced the most remarkable revenue growth in collective accommodation facilities.

According to the data, in Moscow, hotel revenue increased by 40% year-on-year, to 22.5 billion rubles, but was still 26% lower than in 2019; in St. Petersburg the year-on-year growth recorded was 24% (7.8 billion rubles). In the Krasnodar Region, market turnover reached 24.8 billion rubles, 24% more than in the first quarter of 2022, which is 127% more than in 2019. The average hotel occupancy rate of Moscow hotels in the first quarter increased by 5.3% year-on-year, to 63.9%, and in St. Petersburg - by 6.6%, to 49.2%.

Another significant factor contributing to the growth of hotel revenues in Russia is increased prices due to higher demand. The average cost per night in Russia was 4300 rubles during January-March, 16% higher than in the previous year.

In Moscow, hotel accommodation prices rose by 25%, to 3600 rubles; in St. Petersburg - by 12.5%, to 3600 rubles. In the Krasnodar Region - by 17.4%, to 5400 rubles. In the first quarter, revenue per room in Moscow increased by 31% year-on-year, and in St. Petersburg - by 34.8%.

**It is predicted that the domestic tourism industry in Russia will experience a natural growth rate of 4-6% annually,** regardless of any effect on international travel. This number could be even higher when factoring in pandemics or other restrictions.

Due to limited options for short-term cross-border travel, domestic travel within Russia is expected to see a positive impact. Compared to last year, Russians are now less focused on organizing trips abroad and instead opt for domestic travel throughout the country.

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