

Results: 2023

# Hotels

Russia | Saint Petersburg

**Table 1**

Key market indicators

Source: Nikoliers

|  | 2022   | 2023   |
|--|--------|--------|
| <b>Quality room stock</b>  |        |        |
| Classic hotels, rooms<br>(three stars, four stars, five stars)             | 26,310 | 26,507 |
| <b>Operational performance*</b>  |        |        |
| Occupancy rate, %  | 54     | 64     |
| ADR (average daily room price),<br>exclusive of breakfast and VAT, RUB/day | 4,960  | 5,950  |
| RevPAR (revenue per room),<br>RUB/day                                      | 2,760  | 3,830  |

\*Starting in Q4 2022, the analysis of hotel and aparthotel operating performance has been based on Hotel Advisors data and Nikoliers data from partners and clients. Within the said sources, Nikoliers uses its own methodology to analyze market data, which may result in differences from figures independently published by Hotel Advisors or other companies in other sources that may use Hotel Advisors data.

## Main market events and trends

### The exodus of some foreign companies opened more room for local operators and players from friendly nations to develop their business.

Since 2022, the number of rooms managed by foreign operators in St. Petersburg went down by 64% (from 9,900 to 3,400 keys). Several foreign companies left the Russian market (British InterContinental Hotels Group, Finnish S-Group, American Marriott International, German Kempinski Hotels, etc.), but their hotels continued to operate under the management of Russian operators after renaming. The largest transaction in the hotel market was the acquisition by the Russian company Cosmos Hotel Group of the portfolio owned by Wenaas Hotel Russia AS (Park Inn and Radisson hotels, six of which are located in St. Petersburg).

Under the new conditions, operators from friendly nations also got an opportunity for development. For example, in 2023 Italian hotel chain DOMINA added a new facility named DOMINA Pulkovo Apartments to its portfolio, while in Moscow a hotel of the Chinese chain Soluxe, namely Soluxe Hotel Moscow, opened in 2022.

### Saint Petersburg retains one of the leading positions in Russia in terms of tourist flow recovery rates.

The closure and restriction of air services to a number of international and domestic destinations, coupled with the high loyalty of Russians to St. Petersburg, has led to part of the tourist flow being redirected towards the north-western areas of Russia, which gave a boost to the development of hotel infrastructure and recreational facilities in the St. Petersburg agglomeration.

### Gradual rebounding of business and MICE activity

Traditionally, the guests of high-budget hotels in St. Petersburg are tourists from the capital city, as well as business travelers and event participants. According to the Tour Barometer of St. Petersburg, the share of business tourism in the tourist flow came to 13%, or 1.2 million people in 2023. Saint Petersburg harbors significant potential for both business travelers and MICE activities. The growth in attendance at major business events in 2023 averaged 24% versus 2022. The number of visitors to SPIEF increased by 21% while the attendance at St. Petersburg International Law Forum went up by 26%.

### Based on the results for 2023, eight rooms per room within new classic hotels were launched in categorized aparthotels.

Since the beginning of 2023, the quality room stock has increased by 197 rooms in classic hotels and by 1,580 keys in apart-hotels. More and more apartment clusters delivered in the city offer star-classified units, thus constituting full-fledged competition to classic hotels.

In the meantime, the share of buyers who want to manage the property independently is decreasing, and their units replenish the star-classified stock, which showcases the development and growing civilization of the market. Given the current pace of construction on facilities in this format, apart-hotels will be the main driver of St. Petersburg hospitality market with its burgeoning supply in the near future.

## Main results of the tourism industry

According to the Tourism Development Committee, 9.1 million people visited the city of Saint Petersburg in 2023, up 16% versus 2022. The number of guests in 2023 was 90% of the 2019 level (10.5 million people). In 2024, the Committee forecasts the tourist flow figure to reach pre-pandemic levels.

According to the Tour Barometer of St. Petersburg, hotels, hostels, boarding houses and sanatoriums in the city accommodated 39% of the total number of travelers (-3 p.p. versus 2022), which is due to the growing pull of apartments. Most popular were 3-star hotels (12%) as well as 4-star and 5-star hotels (14%).

Sanatoriums and boarding houses accounted for 0.6% of the tourist flow. Accommodation in apartments or rented flats was chosen by 26% of tourists (+ 5 p.p. versus 2022). About 32% of guests stayed with their friends and relatives (-3 p.p. to 2022).

Among Russian tourists, residents of Moscow and the Moscow Region are still the leaders. In 2023, Nizhny Novgorod, Tver and Samara Regions were included for the first time in the top ten regions that delegate most tourists to Saint Petersburg.

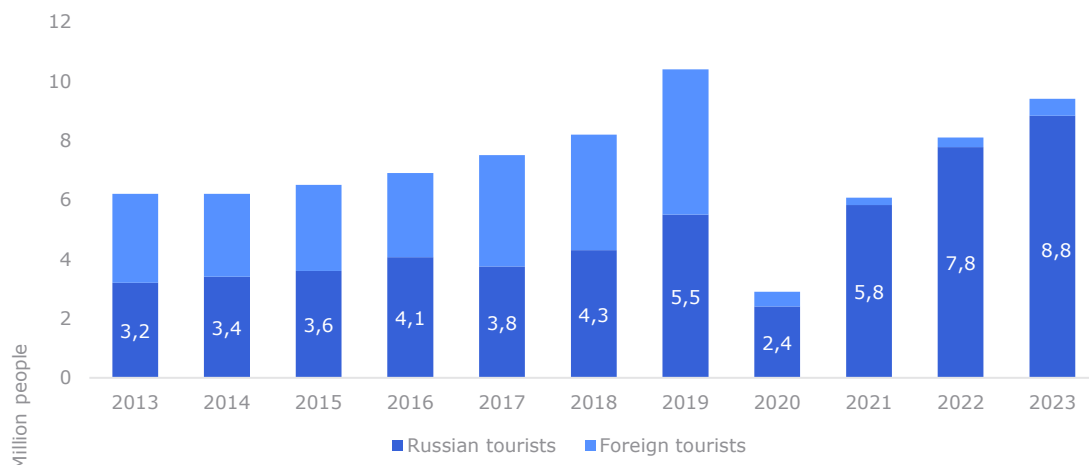
In 2023, there was a trend for a shorter sojourn, but there was a decrease in the length of a trip. Another trend was a shorter duration of an average trip; however, the share of return trips rose to 48%.

For tourists, Saint Petersburg remains both a popular weekend destination (traditionally, the maximum demand is recorded from Thursday to Sunday), and a point of attraction for long-stay travelers and groups with the beginning of the high season in the summer period of "white nights," when various events are held.

### Chart 1

Tourist flow in Saint Petersburg

Source: Committee for Tourism Development in Saint Petersburg, Tour Barometer of Saint Petersburg



The status of the CIS cultural capital in 2023 also increased interest in St. Petersburg among foreign citizens. In 2023, St. Petersburg organized over 20 international field events – exhibitions, conferences, presentations and info tours. They took place in more than 10 countries, including the People's Republic of China, the United Arab Emirates, Iran and others. The promotion of the Northern Capital's tourism opportunities and the introduction of electronic visas for citizens of 55 countries had a significant impact on the increase in foreign tourist traffic. In 2023, it surged from 342,000 to 574,000 travelers. Despite the high growth rates, the share of inbound tourism in the total tourist flow is still small and does not exceed 6.1%.

According to the data published by the Main Directorate of Russia's Ministry of the Interior for

Saint Petersburg and the Leningrad Region, more than half (54%) of foreign tourists are citizens of neighboring countries, the top five being Belarus, Uzbekistan, Kazakhstan, Azerbaijan and Armenia. Most non-CIS guests come to the Northern Capital from China, Iran, Turkey, India and the United Arab Emirates.

Many countries have already shown interest in traveling to Russia, but in order to increase the foreign flow from a number of countries, it is necessary to simplify or abolish visas for organized groups, as well as to make direct flights and familiar payment instruments available for foreign citizens.

Quality room stock

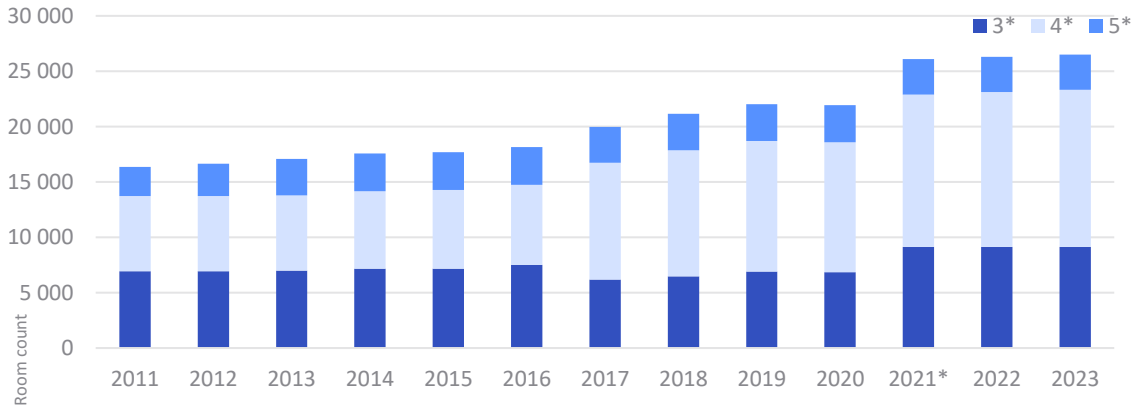
Since the beginning of 2023, the quality room stock of classic hotels in St. Petersburg has increased by 197 rooms in four facilities.

The largest one was the four-star hotel cluster Helen Hotel on Bolshaya Morskaya Street (108 rooms).

The trend for creating hotels via the renovation of historical buildings and cultural heritage facilities (CHF) continues. Quality boutique projects in the historical centre are interesting for investors and

**Chart 2**  
Increase in quality (3\*, 4\* and 5\*) supply of classic hotels

Source: Nikoliers



\*The supply was adjusted in 2021.

Since 2020, the growth of categorized hotel supply is mainly due to apart-hotels, which undergo the star classification procedure and move into the category of star-classified CAFs. These are both small boutique hotels within historical buildings and large (more than 500 apartments) clusters of serviced apartments. Apart-hotels and residential apartments can also be part of larger multi-format developments.

Since the beginning of 2023, the market has been supplemented with 1,580 categorized rooms in

developers: their undeniable advantage is the unique location.

Cosmos Collection 5\* in the building of Mutual Credit Society of St. Petersburg District Council (8A, Italianskaya Street, 24 rooms) is among those announced for opening in the near future.

apartment clusters. At the moment, the serviced apartment market counts roughly 18,900 units. Of these, more than 51% (9,700 units) are categorized, managed by professional management companies and oriented towards tourist accommodation and long-term rent, the remaining 49% being used by owners for accommodation or independent letting.

**Table 2**  
Quality (3\*, 4\* and 5\*) classic hotels and categorized apart-hotels opened in 2023

Source: Nikoliers

| Format     | Name                      | Star category | Address                       | Room stock |
|------------|---------------------------|---------------|-------------------------------|------------|
| Hotel      | Station Premier S12       | 4*            | 10-12, Stolyarny per.         | 54         |
| Hotel      | Station Premier N47       | 4*            | 47, Nevsky Ave.               | 8          |
| Hotel      | Helen Hotel               | 4*            | 28/13 Bolshaya Morskaya str.  | 108        |
| Hotel      | Boutique 59               | 4*            | 59-61 Zhukovsky str.          | 27         |
| Aparthotel | DOMINA Pulkovo Apartments | 4*            | 14 bld. 7, Pulkovskoye shosse | 479        |
| Aparthotel | Putilov AVENIR            | 4*            | 64, Stachek Ave.              | 118        |
| Aparthotel | We&I Ramada               | 4*            | 44a Ordzhonikidze str.        | 480        |
| Aparthotel | VALO Business             | 4*            | 61, Salova str.               | 282        |
| Aparthotel | VALO Network              | 4*            | 61, Salova str.               | 202        |
| Aparthotel | Krestovsky apartments     | 4*            | 10, Vyazovaya str.            | 19         |



Key hotel indicators

The key indicators of hotel facilities are actively recovering in the midst of growing tourist influx.

Based on the results for 2023, the occupancy of quality hotels amounted to 64%, which is 10 p.p. higher than in 2022 (3 stars – 70%, 4 stars – 63%, 5 stars – 61%).

During the “high” summer season, the occupancy rate in quality hotels was at the level of 71-86% depending on the property category. According to Hotel Advisors data, the occupancy rate of quality hotels on the dates of SPIEF was about 81-83%, on the dates of the Scarlet Sails Festival it exceeded 95%.

Due to vibrant promotion of St. Petersburg in the local market and measures aimed at reducing the “seasonality” of demand (including the development of gastronomic and educational tourism), as well as the recovery of business tourism, the occupancy after the end of the summer season remained at the level of 60-70%, depending on the category of facilities, showing

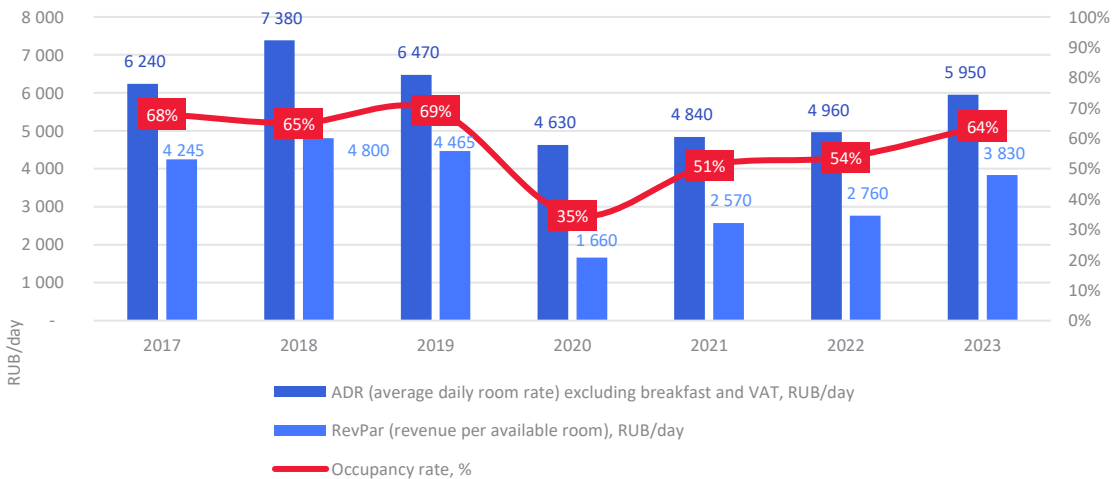
an increase of 6-14 p.p. versus 2022.

The ADR for 2023 demonstrated a positive trend compared to the previous two years: the average rate for 2023 reached RUR 5,950/day (excluding breakfast and VAT), which is 20% higher than for the same period in 2022, but still below the rate for 2019 (RUR 6,470/day excluding breakfast and VAT).

Amid the positive occupancy trend and higher accommodation costs, RevPAR showed a 39% growth versus 2022 – to 3,830 RUB/room/day; yet this figure is still significantly lower than the results for 2019 (4,465 RUB/room/day).

Chart 3  
Dynamics of key indicators for the hotel market

Source: Nikoliers, Hotel Advisors



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## Experts

**Nikolay Kazanskiy FRICS, CCIM**  
Managing Partner  
[nikolay.kazanskiy@nikoliers.ru](mailto:nikolay.kazanskiy@nikoliers.ru)

**Vladimir Sergunin PhD, MSF**  
Partner  
[vladimir.sergunin@nikoliers.ru](mailto:vladimir.sergunin@nikoliers.ru)

**Anna Nikandrova**  
Partner  
[anna.nikandrova@nikoliers.ru](mailto:anna.nikandrova@nikoliers.ru)

**Igor Temnyshev**  
Partner  
[igor.temnyshev@nikoliers.ru](mailto:igor.temnyshev@nikoliers.ru)

**Dmitry Romanov**  
Partner | Regional Director  
Valuation Department  
[dmitry.romanov@nikoliers.ru](mailto:dmitry.romanov@nikoliers.ru)

**Andrey Kosarev**  
Partner, UAE  
[andrey.kosarev@nikoliers.com](mailto:andrey.kosarev@nikoliers.com)

**Olga Bakulina MCIM**  
Business Support Head  
Marketing, PR & Research Department  
[olga.bakulina@nikoliers.ru](mailto:olga.bakulina@nikoliers.ru)

**Irina Pesotskaya**  
Regional operating Director  
[irina.pesotskaya@nikoliers.ru](mailto:irina.pesotskaya@nikoliers.ru)

**Ekaterina Aridova**  
Managing Director | St. Petersburg  
[ekaterina.aridova@nikoliers.ru](mailto:ekaterina.aridova@nikoliers.ru)

**Victor Afanasenko**  
Regional Director  
Warehouse&Industrial Department  
[victor.afanasenko@nikoliers.ru](mailto:victor.afanasenko@nikoliers.ru)

**Kirill Golyshev**  
Regional Director  
Residential and land development Department  
[kirill.golyshev@nikoliers.ru](mailto:kirill.golyshev@nikoliers.ru)

**Vladislav Nikolaev**  
Regional Director  
Strategic consulting Department  
[vladislav.nikolaev@nikoliers.ru](mailto:vladislav.nikolaev@nikoliers.ru)

**Irina Tsarkova**  
Director | Retail Department  
[irina.tsarkova@nikoliers.ru](mailto:irina.tsarkova@nikoliers.ru)

**Victoriya Goryacheva**  
Associate Director | Office Department  
[victoriya.goryacheva@nikoliers.ru](mailto:victoriya.goryacheva@nikoliers.ru)

**Denis Platov**  
Director | Capital Markets  
[denis.platov@nikoliers.ru](mailto:denis.platov@nikoliers.ru)

## Contacts

### Strategic consulting

**Vladislav Nikolaev**  
Regional Director  
Tel. +7 495 258 5151  
[Vladislav.Nikolaev@nikoliers.ru](mailto:Vladislav.Nikolaev@nikoliers.ru)

### Research

**Tatiana Divina**  
Regional Director  
Tel. +7 495 258 5151  
[Tatiana.Divina@nikoliers.ru](mailto:Tatiana.Divina@nikoliers.ru)

### Marketing & PR

**Olga Bakulina, MCIM**  
Regional Director  
Tel. +7 495 258 5151  
[Olga.Bakulina@nikoliers.ru](mailto:Olga.Bakulina@nikoliers.ru)

**Anna Sabinina**  
Director, Saint Petersburg  
Tel. +7 812 718 3618  
[Anna.Sabinina@nikoliers.ru](mailto:Anna.Sabinina@nikoliers.ru)

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123112 Москва  
Пресненская набережная, д. 10  
БЦ «Башня на Набережной», блок С,  
52 этаж  
Тел. +7 495 258 51 51  
[www.nikoliers.ru](http://www.nikoliers.ru)