

31 January 2013

Global room rates show year on year rise, but weak exchange rates disguise price hikes in Latin America

Hotel room rates in Latin America soared in 2012 as capacity failed to keep pace with demand from international business travellers looking to cash in on rapidly emerging economies across the region. The latest annual hotel survey from award-winning international corporate services company **Hogg Robinson Group (HRG)** found weak exchange rates continue to shield the majority of international business travellers from rapidly rising hotel rates in cities like Rio De Janeiro and Buenos Aires.

Across the globe, overall rates increased by 1.4%, compared to 1% the previous year. 32 of 55 cities with top hotel rates showed a year on year increase in local currency rate in 2012, compared with just 23 of 55 cities in 2011.

Key trends include:

- For the ninth consecutive year, Moscow hotels remain the most expensive in the world for business travellers. The city's hotel rates increased by 4% over 2012 and remain significantly higher than all other cities.
- Rates in global financial centres, including London, New York, Hong Kong and Singapore increased over the last year as confidence in the financial sector gradually showed signs of improving. Tokyo continued to rebound as reconstruction and recovery efforts drew more corporate activity.
- Brazil's major metropolitan cities, Rio de Janeiro and Sao Paulo, showed the highest room rate increases, at 19% and 15% respectively in local currency. Latin America is showing strong growth in business travel, and of the top five cities with the highest rate increases, three were from the region. However, the rises were largely cancelled out when viewed in GBP.
- Indian cities Bangalore, Mumbai and New Delhi have all been impacted by the economic slowdown in India. Hyderabad was the exception, with a modest growth during the first half year mainly due to increased demand driven by the IT industry.
- Having seen significant declines in average room rates during 2010 and 2011, rates in Dubai rose 2% and are beginning to return to levels not seen since before the Arab Spring. Elsewhere in the Middle East, cities are experiencing lower rates as business travellers react to ongoing security concerns.
- New hotel openings in Lagos have somewhat eased pressure on capacity, but average rates remain some of the highest in the world. Security remains a major concern for business travellers in Africa, especially in Lagos where most corporate visitors use five-star hotels.
- Europe is showing uneven, patchy room rate variances quarter to quarter. Many cities, such as Barcelona and Athens, recorded high volatility and unpredictable patterns. Cities in Germany fared better, with Frankfurt and Berlin both reporting higher demand leading to increased room rates.
- The US as a whole recorded increased room rates as key cities such as San Francisco and Atlanta hosted strong convention business. The one exception was Washington, D.C., where rates dropped by 14% as corporate demand softened.

- Hotel rates grew significantly in several cities across the UK, including in Belfast where average room rates grew 8% and in London, Aberdeen and Liverpool, where average room rates grew by 5%. The London hotel market demonstrated resilience in the face of global economic turmoil, aided by the Olympics and Jubilee demand. Outside of the Capital, demand is more dependent on the domestic economy.

The HRG View: Stewart Harvey, Group Commercial Director

HRG's Hotel Survey shows that regional trends are becoming less relevant as individual cities become bigger players in an ever-shrinking world. Though the overall pattern seems to be one of rising average room rates, it's interesting to see just how varied the picture is within regions, and even within different countries.

For several years now, we've seen corporates becoming increasingly cost aware and have implemented greater control over travel options. This focus on prudence is expected to continue. At HRG we work with our clients to help them understand how and when they are booking accommodation in order to overcome challenges such as availability and access to the best price.

Top 55 cities by hotel rate in GBP

City	GBP ARR 2012	GBP ARR 2011	GBP ARR VAR	Local ARR 2012	Local ARR 2011	Local ARR VAR
MOSCOW	£261.38	£260.23	1%	RUR 12,831.37	RUR 12,231.75	5%
LAGOS	£227.82	£229.72	-1%	NGN 56,869.21	NGN 56,823.21	0%
NEW YORK CITY	£220.58	£212.98	4%	USD 349.55	USD 341.59	2%
HONG KONG	£211.35	£207.10	2%	HKD 2,598.02	HKD 2,585.46	1%
ZURICH	£207.47	£218.59	-5%	CHF 308.24	CHF 310.67	-1%
GENEVA	£206.24	£221.73	-7%	CHF 306.41	CHF 315.12	-3%
RIO DE JANEIRO	£201.32	£194.71	3%	BRL 622.51	BRL 520.98	19%
PARIS	£196.66	£209.46	-6%	EUR 242.45	EUR 241.34	1%
SYDNEY	£194.96	£192.54	1%	AUD 298.36	AUD 299.01	0%
STOCKHOLM	£193.96	£202.32	-4%	SEK 2,080.52	SEK 2,103.74	-1%
SAN FRANCISCO	£190.82	£171.45	11%	USD 302.39	USD 274.98	10%
TOKYO	£187.08	£166.54	12%	JPY 23,660.15	JPY 21,293.71	11%
OSLO	£181.37	£188.31	-4%	NOK 1,671.22	NOK 1,690.63	-1%
WASHINGTON	£176.11	£201.45	-13%	USD 279.08	USD 323.10	-14%
SINGAPORE	£170.50	£163.54	4%	SGD 337.50	SGD 329.50	2%
FRANKFURT	£165.60	£170.86	-3%	EUR 204.15	EUR 196.87	4%
LONDON	£164.30	£157.07	5%	GBP 164.30	GBP 157.07	5%
COPENHAGEN	£164.06	£166.99	-2%	DKK 1,505.39	DKK 1,433.44	5%
ISTANBUL	£162.50	£190.74	-15%	TRL 463.36	TRL 512.72	-10%
SAO PAULO	£160.55	£160.19	0%	BRL 496.44	BRL 428.62	16%
AMSTERDAM	£159.43	£172.69	-8%	EUR 196.54	EUR 198.97	-1%
ROME	£158.25	£164.03	-4%	EUR 195.09	EUR 189.00	3%
BASEL	£158.13	£163.74	-3%	CHF 234.93	CHF 232.71	1%
SEOUL	£156.53	£144.13	9%	KRW 278,518.72	KRW 255,487.34	9%
MUNICH	£154.86	£164.60	-6%	EUR 190.91	EUR 189.65	1%
DUBAI	£154.18	£149.51	3%	AED 897.26	AED 880.62	2%
MILAN	£152.04	£169.61	-10%	EUR 187.44	EUR 195.43	-4%
ABU DHABI	£147.62	£164.14	-10%	AED 859.08	AED 966.77	-11%
BRUSSELS	£146.29	£154.85	-6%	EUR 180.35	EUR 178.42	1%
NAIROBI	£142.17	£135.31	5%	KES 18,746.04	KES 18,966.90	-1%
DUSSELDORF	£136.07	£138.60	-2%	EUR 167.75	EUR 159.70	5%
NEW DELHI	£135.72	£168.10	-19%	INR 11,498.20	INR 12,619.65	-9%
MUMBAI	£135.55	£155.52	-13%	INR 11,483.67	INR 11,674.94	-2%

PRESS RELEASE

From Hogg Robinson Group



JOHANNESBURG	£133.42	£151.20	-12%	ZAR 1,733.38	ZAR 1,751.81	-1%
BEIJING	£130.86	£122.66	7%	CNY 1,307.18	CNY 1,269.88	3%
SHANGHAI	£129.86	£134.63	-4%	CNY 1,297.17	CNY 1,393.79	-7%
HOUSTON	£128.55	£118.87	8%	USD 203.71	USD 190.65	7%
MIAMI	£127.59	£125.41	2%	USD 202.19	USD 201.15	1%
CAPE TOWN	£126.48	£146.73	-14%	ZAR 1,643.31	ZAR 1,699.93	-3%
PHILADELPHIA	£124.85	£118.86	5%	USD 197.85	USD 190.63	4%
BERLIN	£121.95	£124.69	-2%	EUR 150.34	EUR 143.67	5%
BARCELONA	£120.00	£128.51	-7%	EUR 147.94	EUR 148.07	0%
MADRID	£119.23	£125.39	-5%	EUR 146.99	EUR 144.48	2%
ATLANTA	£117.53	£107.49	9%	USD 186.25	USD 172.40	8%
HAMBURG	£113.73	£126.10	-10%	EUR 140.20	EUR 145.29	-4%
ABERDEEN	£112.29	£107.20	5%	GBP 112.29	GBP 107.20	5%
BANGALORE	£110.11	£141.30	-22%	INR 9,328.97	INR 10,607.77	-12%
HEATHROW	£110.04	£109.77	0%	GBP 110.04	GBP 109.77	0%
MEXICO CITY	£104.09	£99.80	4%	MXN 2,168.17	MXN 1,985.87	9%
BUDAPEST	£99.99	£104.09	-4%	HUF 35,610.01	HUF 33,456.74	6%
DUBLIN	£97.94	£108.79	-10%	EUR 120.74	EUR 125.35	-4%
MANCHESTER	£92.68	£94.22	-2%	GBP 92.68	GBP 94.22	-2%
EDINBURGH	£89.83	£90.73	-1%	GBP 89.83	GBP 90.73	-1%
BELFAST	£87.92	£81.54	8%	GBP 87.92	GBP 81.54	8%
HYDERABAD	£87.89	£102.11	-14%	INR 7,446.13	INR 7,665.44	-3%

Top five highest rate increases

City	Local ARR 2012	Local ARR 2011	Local AAR Variance
RIO DE JANEIRO	BRL 622.51	BRL 520.98	19%
SAO PAULO	BRL 496.44	BRL 428.62	16%
TOKYO	JPY 23,660.15	JPY 21,293.71	11%
SAN FRANCISCO	USD 302.39	USD 274.98	10%
MEXICO CITY	MXN 2,168.17	MXN 1,985.87	9%

Local currency hotel rates in Rio de Janeiro and Sao Paulo rose by 19% and 16% in 2012 respectively and are expected to continue to increase. The Brazilian cities have witnessed a significant upsurge in demand from business travellers in 2012, with a lack of new high-end hotels driving prices up. In Sao Paulo, for example, the last luxury brand hotel to open was ten years ago.

Room rates in Tokyo rose by 11% as the economy continued to recover from a series of devastating natural disasters. Reconstruction and recovery efforts have led to increased corporate activity in the city, a trend HRG believes will continue in 2013.

Hotels in San Francisco and Mexico City recorded increases of 10% and 9% respectively due to strong business demand, underpinned by well-established convention seasons. The lack of new hotel openings in both cities, combined with continued corporate demand, look certain to keep rates high for the foreseeable future.

Top five highest rate decreases

City	ARR 2012	ARR 2011	Local AAR Variance
WASHINGTON	USD 279.08	USD 323.10	-14%
BANGALORE	INR 9,328.97	INR 10,607.77	-12%
ABU DHABI	AED 859.08	AED 966.77	-11%
ISTANBUL	TRL 463.36	TRL 512.72	-10%
NEW DELHI	INR 11,498.20	INR 12,619.65	-9%

Perhaps surprisingly for an election year, hotel rates in Washington, D.C. dropped by nearly 14% as corporate demand softened significantly in anticipation of pending government spending decisions. However, hotel rates in the city were expected to rise considerably for the Presidential inauguration at the start of 2013.

Weak demand for exports drove a slowdown in the Indian economy. This was felt most strongly in once-booming corporate travel destinations Bangalore and New Delhi. Room rates in the cities dropped 12% and 9% respectively. An over-supply of hotels, plus the fact many corporates are now moving to long stay serviced apartments, has further weakened demand for rooms in each city

Room rates in Abu Dhabi decreased by nearly 10%, primarily due to an oversupply of hotel options in the mid-market. Average hotel room rates briefly returned to growth in the third quarter due to increased corporate demand going into higher end properties.

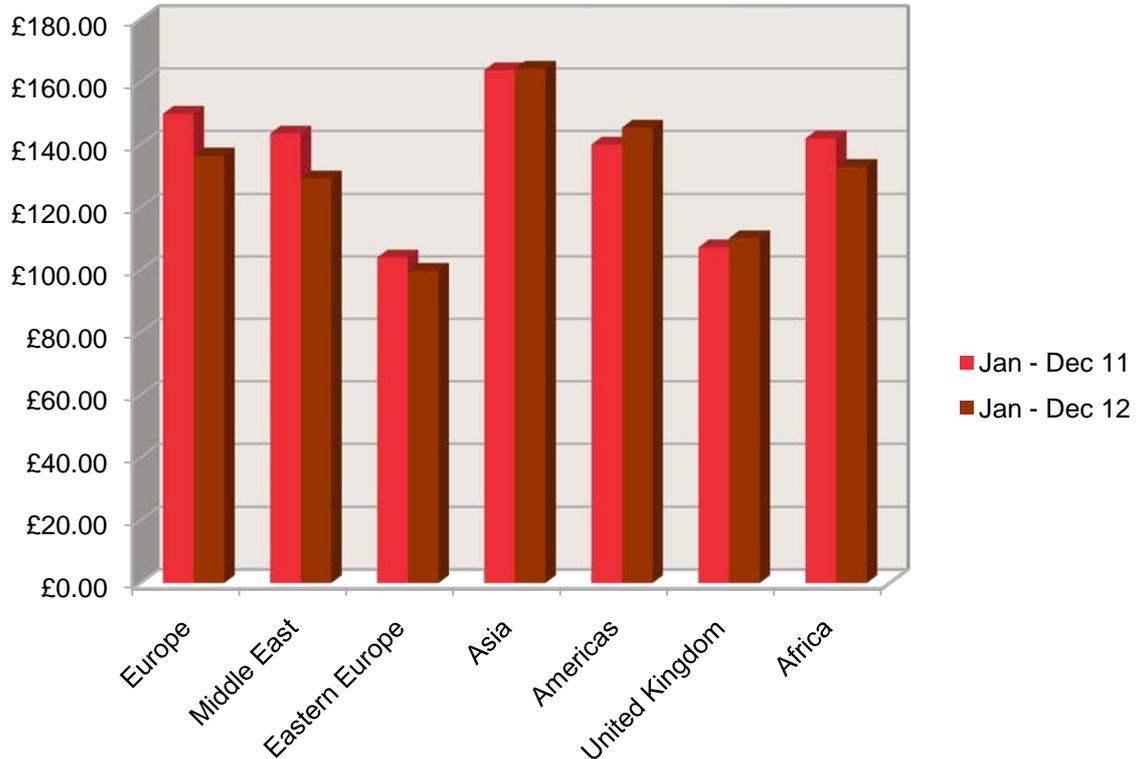
Istanbul has witnessed growing corporate demand thanks to a booming economy, and the city has taken steps to address chronic issues of capacity. Over 1,000 new hotel beds have gone into the city during the last 12 months, leading to a reduction in average room rates of 10%. Security concerns relating to the worsening crisis in neighbouring Syria have also had some impact on room rates, forcing hotels to cut prices in order to remain competitive.

The HRG View:

Hotels across Latin America have shown the strongest percentage rate increase over the past 12 months, as part of a long-term upwards trend that's showing no signs of slowing down. Rio de Janeiro, Sao Paulo and Mexico City are becoming important destinations for business travellers. Local hotels are struggling to address capacity issues, pushing local rates up, but we expect the World Cup and Olympics to bring more development to Brazil

Hotels in several cities in the Middle East and India suffer with over supply. Having invested heavily in corporate travel infrastructure during the boom years, weakening demand means business travellers to these regions are benefitting from very favourable rates.

Regional view



Asia and the Americas recorded overall hotel rate increases over the last year, whereas all other regions – Europe (with the exception of the UK), the Middle East, Eastern Europe and Africa – reported declining rates.

The Americas and the UK both saw hotel rates rise as a result of robust corporate demand. Key growth cities such as Rio De Janeiro and San Francisco were among the chief contributors to an average room rate rise of 4% across the Americas. In the UK, Belfast and London both recorded increased rates, also driven by the Olympics leading to an overall rate rise of 3%.

The sovereign debt crisis and generally patchy economic conditions across the Eurozone led to an overall picture of decline in average room rates across mainland Europe, with rates falling by 9%. Africa as a whole experienced a decline in hotel rates across all four quarters, resulting in average room rates 6% less expensive than in 2011.

The Middle East started the year with a general upswing in rates, but this dropped off rapidly in the second half of the year as the crisis in Syria and conflict in Gaza reduced corporate demand. Overall, the region experienced a 10% decrease in hotel rates.

The HRG View:

With the European economy generally flat, it's no surprise that business travellers are chasing the money. More and more focus is going to emerging markets, with Latin America in particular making impressive strides in terms of attracting business travellers. Having said that we're seeing a real upswing in demand right across the Americas, and there are signs that business travel to the US is bouncing back.

Europe Snapshot

City	GBP ARR 2012	GBP ARR 2011	GBP ARR VAR	Local ARR 2012	Local ARR 2011	Local ARR VAR
MOSCOW	£261.38	£260.23	1%	RUR 12,831.37	RUR 12,231.75	5%
HAMBURG	£113.73	£126.10	-10%	EUR 140.20	EUR 145.29	-4%
GENEVA	£206.24	£221.73	-7%	CHF 306.41	CHF 315.12	-3%
BARCELONA	£120.00	£128.51	-7%	EUR 147.94	EUR 148.07	0%
FRANKFURT	£165.60	£170.86	-3%	EUR 204.15	EUR 196.87	4%
PARIS	£196.66	£209.46	-6%	EUR 242.45	EUR 241.34	1%
BRUSSELS	£146.29	£154.85	-6%	EUR 180.35	EUR 178.42	1%
DUBLIN	£97.94	£108.79	-10%	EUR 120.74	EUR 125.35	-4%
ROME	£158.25	£164.03	-4%	EUR 195.09	EUR 189.00	3%
VIENNA	£133.91	£144.93	-8%	EUR 165.09	EUR 166.99	-1%
ATHENS	£144.24	£166.70	-14%	EUR 177.82	EUR 192.07	-7%
MADRID	£119.23	£125.39	-5%	EUR 146.99	EUR 144.48	2%
BERLIN	£121.95	£124.69	-2%	EUR 150.34	EUR 143.67	5%

The European picture is heavily influenced by the sovereign debt crisis, and as such it remains a tale of two halves.

Cities including Barcelona, Dublin and Athens have all reported hotel rate decreases as their economies remain fragile and susceptible to swings. Hotel room rates in Barcelona were especially volatile, showing a decline of 39% the first quarter of 2012, before 32% growth in quarter four, leading to an overall picture of flat year on year rates.

The resurgent banking and finance sector drove hotel room rates in Frankfurt up by 4% in local currency. Room rates in Berlin were driven up as demand failed to keep pace with the German capital's growing convention market, which included two major international conferences in September. Room rates in Hamburg fell by 4% in local currency as the city dealt with its capacity issues through an investment in over 1,000 new hotel rooms.

Rates in Paris remained largely flat, having suffered a drop-off in convention business at the beginning of 2012. Demand for hotel rooms in the city picked up in the second half of the year, contributing to an overall rise of 1% in average room rates for the year.

The HRG View:

As European economies tackle the lingering effects of the recession, there is a significant disconnect between Northern and Southern markets. More established markets like Frankfurt and Berlin are showing signs of recovery, but cities such as Athens and Dublin are struggling to maintain high rates as there is an oversupply for the current demand.

UK Snapshot

City	GBP ARR 2012	GBP ARR 2011	GBP ARR VAR
LONDON	£164.30	£157	5%
ABERDEEN	£112.29	£107	5%
HEATHROW	£110.04	£110	0%
MANCHESTER	£92.68	£94	-2%
NEWCASTLE	£90.92	£91	0%
EDINBURGH	£89.83	£91	1%
BELFAST	£87.92	£82	8%
LIVERPOOL	£86.34	£83	5%
CARDIFF	£77.97	£80	2%

Five of the UK cities surveyed have seen an increase in average room rates, with Belfast being the most notable at 8%. Average room rates in the city were boosted by the ‘Titanic Effect’ in the first half of the year, which saw events taking place to mark the anniversary of the liner sinking.

Average room rates in London grew steadily in 2012 and saw an overall 5% increase. Unsurprisingly, the largest single spike in average room rates took place during the Olympics, but it was the relative strengths of the banking, finance and corporate sectors, which drove sustained demand for hotel room capacity in the Capital. London’s financial district has seen quite a number of new openings. While they have not driven rates into negative territory they have held back the increases to a more modest level.

In Liverpool, which saw a rise of 5%, the rise in average room rate was due to increased ship yard activity and a major jobs boost for the city’s automotive industry at the beginning of the year.

Aberdeen’s thriving energy and oil sector continues to drive strong demand for hotel rooms in the city. Average room rates rose by 5%.

HRG View:

The Olympics clearly had an effect on hotel rates in London, but this is by no means the only factor which contributed to the 5% rise we saw in 2012. London’s status as a global financial centre has undoubtedly played a role in stimulating demand and driving rates up.

There are some questions over what will happen in 2013 following all the new hotel openings we saw in London last year. Initial signs are that average room rates in the Capital may soften which will benefit many corporate travellers visiting the city.

Middle East Snapshot

City	GBP ARR 2012	GBP ARR 2011	GBP ARR VAR	Local ARR 2012	Local ARR 2011	Local ARR VAR
DUBAI	£154.18	£150	3%	AED 897.26	AED 880.62	2%
ABU DHABI	£147.62	£164	-10%	AED 859.08	AED 966.77	-11%
MANAMA	£156.71	£160	-2%	BHD 92.79	BHD 96.43	-4%
ISTANBUL	£162.50	£191	-15%	TRL 463.36	TRL 512.72	-10%
CAIRO	£111.43	£118	-6%	EGP 1,065.27	EGP 1,124.15	-5%
DOHA	£172.00	£171	1%	QAR 989.42	QAR 994.74	-1%

After several years of decline, room rates in Dubai are increasing as business travellers are now beginning to return. With many high-profile hotel projects effectively moth-balled over the past two years, the lack of new capacity has now begun to squeeze supply. Several new hotel openings in quarter four eased the pressure on existing capacity, but issues of availability are still particularly acute in the long-stay corporate apartment sector.

Abu Dhabi and Istanbul rates have decreased due to increased supply, particularly in the mid-market. In addition to Istanbul's 1,000 new hotel beds, the city is experiencing a decline in demand as the crisis in neighbouring Syria worsens.

At the heart of the Arab Spring, room rates in Cairo fell abruptly in the first three quarters of 2012 as business travellers stayed away. Room rates in the first quarter of 2012 dropped by 12%, but early indications in the Fourth Quarter suggested the corporate community is beginning to return to the region.

The HRG View:

The Middle East is a diverse region, and as such, has different issues impacting business travellers and hotel rates. On the whole the industry is still growing and even Dubai has gaps in the lower category hotel segment being filled by three and four star chains. The future is bright and emerging markets like Libya and Iraq are planning aggressive expansion and growth in the hotel industry with big chains jostling to open properties.

North America Snapshot

City	GBP ARR 2012	GBP ARR 2011	GBP ARR VAR	Local ARR 2012	Local ARR 2011	Local ARR VAR
NEW YORK CITY	£220.58	£213	4%	USD 349.55	USD 341.59	2%
SAN FRANCISCO	£190.82	£171	11%	USD 302.39	USD 274.98	10%
WASHINGTON	£176.11	£201	-13%	USD 279.08	USD 323.10	-14%
MIAMI	£127.59	£125	2%	USD 202.19	USD 201.15	1%
HOUSTON	£128.55	£119	8%	USD 203.71	USD 190.65	7%
PHILADELPHIA	£124.85	£119	5%	USD 197.85	USD 190.63	4%
ATLANTA	£117.53	£107	9%	USD 186.25	USD 172.40	8%
SEATTLE	£132.47	£125	6%	USD 209.93	USD 201.13	4%

With one or two exceptions, the picture from the US suggests an increasingly confident outlook which is driving international business travellers to the region's key cities.

Room rates in New York grew steadily throughout the year. Even Superstorm Sandy did not hold rates back from rising 2% year on year. San Francisco and Atlanta hotel rates rose sharply due to a series of city-wide conventions combined with a lack of new openings.

Houston had a bumpy start to the year when a major global airline moved its headquarters away from the city. The resulting drop in demand meant room rates dropped by 8% in quarter one. Houston's thriving energy and oil business, and a major conference in the second quarter, kept demand high for the remainder of the year and led to an overall rise in room rates of 7%.

In Washington D.C. hotel rates dropped significantly over the year due to decreased corporate demand. Rates were expected to peak at the start of 2013 for the Presidential Inauguration.

The HRG View:

In North America, hotels approached negotiation season with a very bullish attitude, leading to high rate rises. Hotels are also paying more attention to cancellation deadlines, which is placing a further squeeze on rates. With a lack of openings due to the major groups focusing on other parts of the world, the squeeze on rates is likely to continue.

Asia Snapshot

City	GBP ARR 2012	GBP ARR 2011	GBP ARR VAR	Local ARR 2012	Local ARR 2011	Local ARR VAR
HONG KONG	£211.35	£207	2%	HKD 2,598.02	HKD 2,585.46	1%
SINGAPORE	£170.50	£164	4%	SGD 337.50	SGD 329.50	2%
TOKYO	£187.08	£167	12%	JPY 23,660.15	JPY 21,293.71	11%
NEW DELHI	£135.72	£168	-19%	INR 11,498.20	INR 12,619.65	-9%
MUMBAI	£135.55	£156	-13%	INR 11,483.67	INR 11,674.94	-2%
BEIJING	£130.86	£123	7%	CNY 1,307.18	CNY 1,269.88	3%
SHANGHAI	£129.86	£135	-4%	CNY 1,297.17	CNY 1,393.79	-7%
BANGALORE	£110.11	£141	-22%	INR 9,328.97	INR 10,607.77	-12%
HYDERABAD	£87.89	£102	-14%	INR 7,446.13	INR 7,665.44	-3%

Bangalore, Mumbai and New Delhi have all been impacted by the slowdown in the Indian economy. Investment in hotel capacity during the boom years has led to an over-supply of hotels. Many corporates are also moving out of hotels to long-stay serviced apartments in these cities.

Hyderabad was the exception with a fairly strong first half year, due mainly to increased demand driven by the IT and New Technology industries based in the area. From quarter three it started to see a reduction in average room rates due to the economic slowdown and over supply of hotels.

Tokyo continues to rebound after the shocking events of 2011. The city saw a 30% fall in demand in the three quarters following the Tsunami. Reconstruction and recovery efforts have led to even more corporate activity in the city, which will continue to be a springboard for revitalisation in 2013. A gradual upturn in confidence across the banking sector has driven an increase in business travel to the city.

Beijing is now a relatively well-served and mature business travel destination. Hotel rates in the city continue to rise at an above average rate, but not at the levels seen in previous years. Shanghai has seen a marked decline in average room rates from the craziness of 2010 and the World Expo when many new hotels were built. HRG believes it could take several years before demand once again matches supply.

Room rates in Hong Kong were flat, but it remains one of the world's most expensive corporate travel destinations. Rates were held higher due to extra demand seen from corporate relocation from Tokyo following the earthquake and tsunami.

The HRG View:

The hotel market in the Asia Pacific region has displayed resilience over the past months. However, with the uncertainty in the global economy and the slowdown in business, the hotel market in AsPac is slated for a period of slow growth as organisations become more cost-aware. Singapore is the one exception – hotel rates in the city are expected to rise in 2013 as numerous mega-conferences attract an increased number of business travellers.

Africa Snapshot

City	GBP ARR 2012	GBP ARR 2011	GBP ARR VAR	Local ARR 2012	Local ARR 2011	Local ARR VAR
LAGOS	£227.82	£229.72	-1%	NGN 56,869.21	NGN 56,823.21	0%
NAIROBI	£142.17	£135.31	5%	KES 18,746.04	KES 18,966.90	-1%
CAPE TOWN	£126.48	£146.73	-14%	ZAR 1,643.31	ZAR 1,699.93	-3%
JOHANNESBURG	£133.42	£151.20	-12%	ZAR 1,733.38	ZAR 1,751.81	-1%

New hotel openings in Lagos have gone some way to ease pressure on capacity, but average rates remain some of the highest in the world. Security is a significant concern in Lagos, so business travellers are advised only to stay in one of the few, high-end hotels in the oil-rich city.

In Nairobi, hotel rate increases have been arrested by investment in new hotels. More than 1,100 rooms are due to enter the Nairobi market before 2014, but international business travel to the region is becoming more expensive in real terms as the local currency appreciates in value.

In Johannesburg the effects of an oversupply of hotels following the 2010 World Cup is still having an effect, whereas Cape Town's decreased rates are due to a slow convention year and good quality lower-star hotels. Weakness in the local currency means that many business travellers to the region can expect some very good deals.

The HRG View:

The hotel industry has its eyes on Africa and nearly all of the major hotel chains are planning to expand in the region. Nigeria is receiving the most investment, as the oil industry drives heavy business travel to Lagos, pushing up hotel rates. These higher rates also reflect travellers' desire to stay in secure, five-star accommodation to overcome any security concerns.

Latin America Snapshot

City	GBP ARR 2012	GBP ARR 2011	GBP ARR VAR	Local ARR 2012	Local ARR 2011	Local ARR VAR
SAO PAULO	£160.55	£160	0%	BRL 496.44	BRL 428.62	16%
RIO DE JANEIRO	£201.32	£195	3%	BRL 622.51	BRL 520.98	19%
MEXICO CITY	£104.09	£100	4%	MXN 2,168.17	MXN 1,985.87	9%
BUENOS AIRES	£128.56	£129	0%	ARS 924.34	ARS 852.49	8%

Over the last year, hotel room rates in Latin America have increased significantly as business travellers turn their attentions to the lucrative opportunities in the region. While room rates are increasing at double digit rate in local currency, a weak exchange meant international business travellers were largely shielded from any price hikes.

Rates in Rio de Janeiro and Sao Paulo rose by over 19% and nearly 16% respectively, though the comparative weakness of the Brazilian Real means these rises are effectively cancelled out when looked at in GBP. Both of Brazil's largest business centres are experiencing a strong upsurge in demand, but have yet to address issues of capacity. In Sao Paulo, for example, the last luxury brand hotel to open was ten years ago. However, new builds are starting apace due to the forthcoming world cup and Olympic Games and so we may see this starting to impact rates.

Room rates in Mexico City grew by 30% in the first half of 2012, though demand softened considerably in the second half of the year due to the seasonality of convention business in the region.

The 8% rise in room rates reported in Buenos Aires was linked to a strong convention season, with the international motor show 'Automechanika' attracting over 42,000 international delegates to the city in quarter four.

The HRG View:

The Latin American business travel market continues to do well because it has not been impacted by the financial issues that have impaired other parts of the world. Brazil may not be growing as quickly as two years ago, but it remains a priority growth market, whilst Columbia and Peru are certainly markets we will watch closely during 2013. We expect the Latin American hotel sector to remain bullish, particularly as it positions itself as a top large-scale event location.

About HRG's Hotel Survey

Now in its 21st year, HRG's biannual hotel survey looks at hotel room rates for key business destinations across the world to provide a dynamic insight into global business travel behaviours.

Data presented in the 2012 survey is based on a combination of industry intelligence, actual room nights booked and rates paid during January to December 2012 compared to the same period in 2011.

- Ends -

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Notes to Editors:

Hogg Robinson Group plc (HRG) is the award-winning international corporate services company. Established in 1845 and headquartered in Basingstoke, Hampshire, UK, HRG specialises in travel, expense and data management underpinned by proprietary technology. With a worldwide network that comprises over 120 countries, HRG provides unparalleled global expertise and local knowledge in North America, Europe, Asia Pacific, Africa, Latin America and MEWA. [Read the latest HRG news](#) and search our archives.