

Press Release

Expo Breathes Life Back Into Shanghai Hotel Market

Shanghai, 23rd May 2010

After two downcast years, the Shanghai World Expo has lived up to its promise of drawing huge crowds and breathing life back into the Shanghai hotel market.

Performance results just released by STR Global show for the month of May 2010, average room rates reached close to RMB 1,000 – a level not seen since October 2008.

The strong year-on-year room rate growth of 29 percent was aided by a 54 percent increase in occupancy that saw market-wide occupancy hit 72 percent for the month, surprisingly the first time the market has been north of 70 percent since November 2007. Combined, this resulted in very impressive RevPAR numbers of RMB 700 for the market, numbers not seen since November 2007 and a staggering 99 percent increase on May 2009.

Initial doubt existed as to what extent the Expo would benefit the top-tier hotel market in Shanghai, as it was felt it would offer greater support to the mid-tier market. However, performance numbers for the leading hotels in the market paint a similar picture – in fact they paint an ever rosier one.

The 5 star market recorded an occupancy of 79 percent at an average rate of RMB 2,091 for the month of May, resulting in RevPAR growth of 105 percent compared to May 2009. Such RevPAR numbers beyond RMB 1,600 have not been seen since the height of the market in 2006 and are surely bringing smiles to the faces of many a GM and owner alike.

Shanghai hoteliers had expressed a positive outlook for the Shanghai Expo earlier in the year via the Horwath HTL Global Market Sentiment Survey, “although I don’t think many would have hoped for such positive results and strong start to the year” says Zoe Wu, Director of Horwath HTL’s Shanghai office. Let’s hope Shanghai is in for a glorious 2010 and the gloomy times of 2008 and 2009 are well behind us.

About Horwath HTL

Horwath HTL (Hotels Tourism and Leisure) is one of the pre-eminent consulting specialists in the hotel, tourism and leisure industries, providing unequalled experience and expertise for client projects around the world through a combination of detailed local knowledge and



international understanding. Horwath HTL is currently the world's largest consulting organization specialized in the hospitality industry, with 50 offices in 39 countries.

Horwath HTL is a member of Crowe Horwath International, a professional association of accounting and management consulting firms founded in New York in 1915. Crowe Horwath International is currently ranked among the top ten international professional service groups with offices in close to 400 cities in 88 countries.

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