

The Hotel Price Index

Review of 2008 – focus on Q4



Introduction

The hotels.com® Hotel Price Index™ (HPI™) is a regular survey of hotel prices in major city destinations across the world. The HPI is based on bookings made on hotels.com.

- The HPI tracks the real prices paid per room by hotels.com customers around the world using a weighted average based on the number of rooms sold in each of the markets in which hotels.com operates.
- Approximately 68,000 properties in more than 12,500 locations make up the sample set of hotels from which prices are taken.
- The prices shown are those actually paid by customers (rather than advertised rates), in the fourth quarter of 2008.

The international scale of hotels.com (in terms of both customers and destinations) makes the Hotel Price Index one of the most comprehensive benchmarks available, as it incorporates both chain and independent hotels, as well as speciality lodging options such as vacation rentals and bed and breakfast properties.

In Europe, approximately 25 percent of hotel rooms are part of a chain, the remainder being independent. The reverse is true of the U.S., in which approximately 70 percent of hotel rooms booked are in chain properties. In addition to the standard survey, the HPI includes occasional features on new or unusual booking and pricing trends.

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In the HPI report, we focus on two main sources of data:

The first section (chapter 1) shows the global Hotel Price Index for Q4 (October 1- December 31, 2008).

The Index is compiled from all relevant transactions on hotels.com, in local currency, weighted to reflect the size of each market. By representing hotel price movements in an index, hotels.com can illustrate the actual price movements as felt by consumers without foreign exchange fluctuations distorting the picture.

The Index was started in 2004 at 100, and includes all bookings across all star ratings.

The report largely compares prices paid in Q4 2008 with prices paid in the same period in 2007, thereby removing the effect of seasonality. We also take a brief look at the annual hotel price performance.

The second section (chapters 2-7) shows hotel prices across the world as paid by U.S. travelers in US Dollars. This shows the changes in real prices paid by consumers, reflecting both movements in exchange rates and hotel pricing.

1. Global price changes

According to the hotels.com Hotel Price Index, hotel prices around the world fell by 12 percent between October and December 2008 when compared to the same period in 2007 – good news for travelers.

By the end of the year, global prices for hotel rooms had fallen to a level just 1 percent above those in 2004, according to the hotels.com Hotel Price Index.

This was driven by falls across every continent, although North America's hotels experienced the steepest falls during Q4 2008 (down 12 percent versus one year before). Prices in Europe were down by a similar amount – by 10 percent on the same point a year before.

Figure 1 **HPI monthly breakdown January 2004 to December 2008**

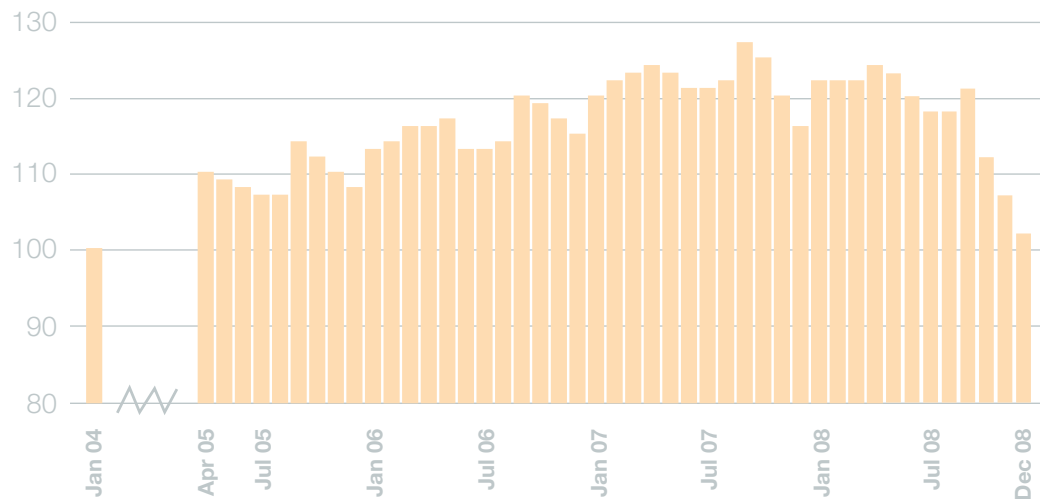
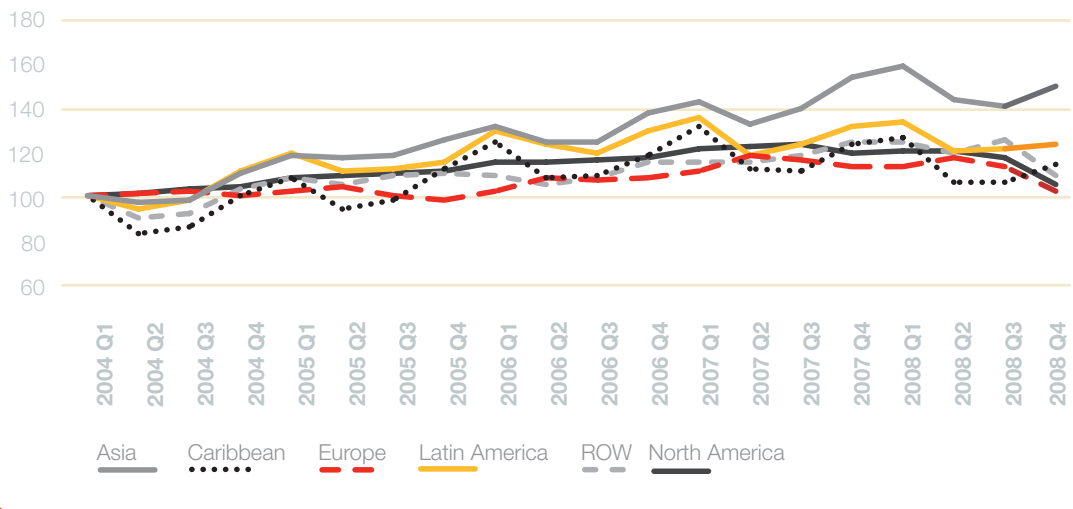


Figure 2 **HPI by quarter, by region, Europe, N. America, Asia, the Rest of the World 2004-Q3 2008**



North America prices continue to fall

- Prices paid by travelers for hotel rooms in North America (the U.S. and Canada) fell 12 percent between Q4 2007 and Q4 2008.
- Prices for hotels in the Caribbean fell by seven percent year-over-year during the same period and by the same amount across Latin America.
- The falls in prices for hotels across the region reflect the impact on U.S. domestic demand and the drop-off of demand from Europeans who have tightened their travel budgets.



Dramatic price cuts across Europe

- Prices paid by travelers for hotel rooms in Europe fell by one-tenth (10 percent) between Q4 2007 and Q4 2008.
- Hoteliers in Europe cut prices dramatically in an effort to maintain occupancy during the final three months of the year.
- The Hotel Price Index for Europe fell to 102 in Q4 2008 – down from 113 in Q3 2008 and a stark illustration of how sharply hoteliers cut prices at the end of the year.

Asian prices follow the trend

- Prices in Asian hotels – which have held up better than those in the U.S. and Europe – fell by 2 percent year-over-year in Q4 2008 when compared to the same period one year earlier.
- The falls are the first quarterly drops in prices recorded in the Asian region since the hotels.com Hotel Price Index first began in January 2004.

2 Top city destinations around the world

Moscow retained its place as the world's most expensive destination for U.S. travelers, despite prices falling by 17 percent between Q4 2007 and 2008, down to \$296 on average from a high of \$357 a year before.

Geneva was Europe's most expensive major destination for U.S. travelers according to the hotels.com Hotel Price Index. Prices in the Swiss city rose 11 percent to \$264 during Q4 2008.

Closer to home, New York was the most expensive domestic city of those tracked in the global list, with prices averaging \$255 during Q4 2008 – a fall of more than one-fifth (22 percent) compared to the same period in 2007. A sharp decline in convention and groups business was one factor contributing to the substantial price drop in this market.

Figure 3 Average hotel prices for Q4 2008, compared to the same period in 2007

City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year	City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Moscow	\$296	\$357	-17%	Munich	\$147	\$162	-9%
Dubai	\$281	\$306	-8%	Casablanca	\$145	\$180	-19%
Geneva	\$264	\$238	11%	Hamburg	\$144	\$194	-26%
New York	\$255	\$328	-22%	Chicago	\$144	\$172	-16%
Rio De Janeiro	\$207	\$184	13%	Istanbul	\$143	\$161	-11%
Cancun	\$207	\$223	-7%	Madrid	\$142	\$182	-22%
Paris	\$196	\$217	-10%	Buenos Aires	\$140	\$155	-10%
London	\$192	\$252	-24%	Helsinki	\$140	\$186	-25%
Venice	\$191	\$243	-21%	San Francisco	\$139	\$160	-13%
Tokyo	\$190	\$203	-6%	Seoul	\$139	\$174	-20%
Zurich	\$186	\$196	-5%	Sydney	\$136	\$174	-22%
Copenhagen	\$186	\$215	-13%	St Petersburg	\$135	\$156	-14%
Mumbai	\$186	\$318	-41%	Los Angeles	\$133	\$142	-7%
Cairo	\$183	\$169	8%	Lisbon	\$132	\$161	-18%
Montego Bay	\$182	\$168	8%	Dublin	\$131	\$165	-21%
Oslo	\$181	\$239	-24%	Berlin	\$130	\$154	-16%
New Delhi	\$181	\$188	-4%	Nice	\$128	\$161	-21%
Johannesburg	\$180	\$205	-12%	Shanghai	\$126	\$124	2%
Osaka	\$174	\$167	4%	Montreal	\$126	\$154	-18%
Rome	\$173	\$201	-14%	Beijing	\$126	\$145	-13%
Frankfurt	\$171	\$175	-2%	Toronto	\$123	\$149	-17%
Milan	\$170	\$183	-7%	Quito	\$123	\$125	-2%
Amsterdam	\$169	\$190	-11%	Cape Town	\$122	\$174	-30%
Singapore	\$169	\$198	-14%	Washington, D.C.	\$120	\$109	10%
Santiago	\$167	\$156	7%	San Diego	\$119	\$132	-10%
Taipei	\$166	\$187	-11%	Budapest	\$117	\$141	-17%
Stockholm	\$166	\$206	-20%	Mexico City	\$117	\$120	-2%
Barcelona	\$166	\$211	-21%	Bangkok	\$117	\$121	-3%
Jerusalem	\$166	\$152	9%	Vancouver	\$116	\$134	-14%
Edinburgh	\$164	\$214	-23%	Warsaw	\$110	\$130	-15%
Hong Kong	\$163	\$178	-8%	Kuala Lumpur	\$109	\$115	-5%
Salzburg	\$163	\$190	-14%	Prague	\$104	\$139	-26%
Panama City	\$159	\$148	7%	Melbourne	\$101	\$131	-23%
Boston	\$158	\$189	-16%	Reykjavik	\$98	\$153	-36%
Vienna	\$156	\$191	-18%	Orlando	\$97	\$108	-10%
Brussels	\$151	\$176	-14%	Queenstown	\$95	\$146	-35%
Sao Paulo	\$151	\$122	23%	Tallinn	\$95	\$107	-12%
Athens	\$150	\$174	-14%	Manila	\$90	\$132	-32%
Lima	\$148	\$144	3%	Las Vegas	\$85	\$122	-31%
Miami	\$148	\$165	-10%	Christchurch	\$84	\$104	-19%

The world's most expensive cities

- The broad trend among the world's most expensive cities was that average prices paid by travelers fell between Q4 2007 and Q4 2008. Eight of the world's ten most expensive cities saw average prices drop during this period.
- Prices fell across many of the most expensive major European destinations, and as a result, U.S. travelers to Paris, London and Venice all spent less on lodging in the final three months of 2008 than they did in the prior year. In London, prices were down by almost a quarter (24 percent) in Q4 2008 compared to the same period a year before.

Figure 4 **The world's most expensive cities in Q4 2008, compared to the same period in 2007**

City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Moscow	\$296	\$357	-17%
Dubai	\$281	\$306	-8%
Geneva	\$264	\$238	11%
New York	\$255	\$328	-22%
Rio De Janeiro	\$207	\$184	13%
Cancun	\$207	\$223	-7%
Paris	\$196	\$217	-10%
London	\$192	\$252	-24%
Venice	\$191	\$243	-21%

The greatest price rises among the world's top cities

- Sao Paulo saw the world's highest price rises, increasing by almost a quarter (23 percent) to average \$151. Rio de Janeiro was another city in which prices rose notably – up 13 percent year-over-year, reflecting Brazil's popularity as a leisure and business destination.
- Within the United States, the city in which prices saw the sharpest increase was Washington D.C., with a 10 percent rise to \$120. Demand for properties in the nation's capital surged as people planned trips for the presidential inauguration.

Figure 5 **The biggest price rises in Q4 2008, compared to the same period in 2007**

City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Sao Paulo	\$151	\$122	23%
Rio De Janeiro	\$207	\$184	13%
Geneva	\$264	\$238	11%
Washington, D.C.	\$120	\$109	10%
Jerusalem	\$166	\$152	9%
Montego Bay	\$182	\$168	8%
Cairo	\$183	\$169	8%
Panama City	\$159	\$148	7%
Santiago	\$167	\$156	7%

The greatest price falls among the world's top cities

- The hotel industry's sensitivity to geopolitical and economic events was evident throughout Q4 2008, and can be noted most significantly in cities in which prices fell most sharply between Q4 2007 and the same period in 2008.
- Prices fell by 41 percent in Mumbai in the wake of a sharp fall in demand for the city's hotels following the terrorist attacks there. Meanwhile, the impact of Iceland's collapsing economy was felt by its hotel trade: prices dropped 36 percent as hoteliers sought to maintain occupancy in the wake of a sharp slump in demand.
- Other cities to experience substantial falls were Queenstown (down 35 percent to \$95). Hotel prices in Manila also slumped by almost a third as the average price paid dropped to \$90 in the final three months of last year (down by 32 percent).
- In the United States, Las Vegas experienced the most dramatic price declines of any city – down 31 percent to average \$85 per night. This destination, like New York City cited earlier in this report, noted a significant weakening in its convention and groups business. As hoteliers struggled to maintain occupancy levels, they reduced rates significantly to attract budget-conscious travelers.

Figure 6 **The biggest price falls in Q4 2008, compared to the same period in 2007**

City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Mumbai	\$186	\$318	-41%
Reykjavik	\$98	\$153	-36%
Queenstown	\$95	\$146	-35%
Manila	\$90	\$132	-32%
Las Vegas	\$85	\$122	-31%
Cape Town	\$122	\$174	-30%
Hamburg	\$144	\$194	-26%
Prague	\$104	\$139	-26%
Helsinki	\$140	\$186	-25%
Oslo	\$181	\$239	-24%

3. Prices across the United States

Driven by New York City's popularity among overseas visitors, travelers spent the most for a night in New York State during Q4 2008. Despite prices falling 22 percent, New York remained the most expensive state as prices averaged \$236.

Prices in Hawaii – second on the list of U.S. states by price – dropped by 14 percent during this time period. While the Hawaiian Islands are often a favorite destination for travelers seeking warm weather, reduced air capacity to the islands negatively impacted travel there in the final quarter of 2008. Many American travelers reined in their spending during this time period and vacationed closer to home.

Figure 7 Average hotel prices for Q4 2008, compared to the same period in 2007 for U.S. states

State	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year	State	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
New York	\$236	\$303	-22%	Indiana	\$101	\$111	-9%
Hawaii	\$152	\$176	-14%	Wyoming	\$101	\$135	-25%
Massachusetts	\$152	\$180	-16%	Maine	\$99	\$100	0%
Illinois	\$135	\$162	-17%	Minnesota	\$99	\$113	-12%
Colorado	\$124	\$124	0%	Missouri	\$95	\$99	-4%
Pennsylvania	\$123	\$134	-8%	West Virginia	\$95	\$97	-2%
Washington	\$123	\$132	-6%	Montana	\$95	\$109	-13%
California	\$122	\$135	-10%	Wisconsin	\$94	\$108	-13%
New Jersey	\$121	\$133	-9%	Michigan	\$94	\$99	-5%
Vermont	\$121	\$129	-6%	Kentucky	\$93	\$99	-6%
Rhode Island	\$121	\$131	-8%	North Carolina	\$92	\$99	-6%
Louisiana	\$117	\$134	-12%	Nebraska	\$91	\$94	-4%
Maryland	\$117	\$121	-3%	Ohio	\$91	\$101	-10%
Connecticut	\$116	\$121	-4%	New Mexico	\$90	\$102	-12%
Florida	\$115	\$127	-9%	Alabama	\$90	\$99	-9%
Texas	\$112	\$111	1%	North Dakota	\$89	\$89	0%
New Hampshire	\$108	\$116	-7%	Arkansas	\$88	\$92	-5%
Virginia	\$107	\$109	-2%	Oklahoma	\$87	\$92	-5%
Utah	\$104	\$112	-7%	South Carolina	\$87	\$94	-7%
Oregon	\$103	\$111	-7%	Mississippi	\$87	\$93	-7%
Georgia	\$103	\$117	-12%	Iowa	\$87	\$97	-11%
Arizona	\$102	\$124	-18%	Kansas	\$85	\$87	-2%
Delaware	\$102	\$107	-5%	Idaho	\$83	\$89	-7%
Alaska	\$102	\$111	-9%	Nevada	\$80	\$115	-31%
Tennessee	\$101	\$108	-7%	South Dakota	\$74	\$79	-6%

Figure 8 **Greatest price falls between Q4 2008, compared to the same period in 2007, across the United States**

State	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Nevada	\$80	\$115	-31%
Wyoming	\$101	\$135	-25%
New York	\$236	\$303	-22%
Arizona	\$102	\$124	-18%
Illinois	\$135	\$162	-17%
Massachusetts	\$152	\$180	-16%
Puerto Rico	\$200	\$233	-14%
Hawaii	\$152	\$176	-14%
Montana	\$95	\$109	-13%
Wisconsin	\$94	\$108	-13%

- Nevada experienced the greatest fall in prices of any state: prices were down by 31 percent year-over-year during Q4 2008.
- The other states to experience substantial falls in prices were Wyoming and New York – where prices fell by 25 percent to \$101 and 22 percent to \$236, respectively.

4. Prices in the top U.S. cities

Due to the huge range of properties and destinations that hotels.com offers across the United States, we cannot include commentary and insight into every U.S. city destination in this report. If you have specific questions about the data reported here, please refer to the contact information on page 21 of this document.

Figure 9 Average prices paid by travelers staying in major U.S. cities between Q4 2008, compared to the same period in 2007

City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year	City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
New York, NY	\$255	\$328	-22%	Boca Raton, FL	\$123	\$152	-19%
Hartford, CO	\$249	\$265	-6%	Laguna Beach, CA	\$123	\$151	-18%
Maui, HI	\$211	\$243	-13%	Baltimore, MD	\$123	\$136	-10%
Key West, FL	\$202	\$220	-8%	Dallas, TX	\$122	\$120	2%
Park City, UT	\$202	\$201	0%	Houston, TX	\$122	\$115	6%
Napa, CA	\$186	\$186	0%	Wilmington, DE	\$122	\$124	-1%
Washington, DC	\$184	\$179	3%	Providence, RI	\$122	\$129	-6%
Kauai, HI	\$179	\$198	-10%	Pittsburgh, PA	\$121	\$135	-11%
Dillon, CO	\$178	\$179	-1%	Clearwater, FL	\$120	\$137	-12%
Cambridge, MA	\$171	\$222	-23%	San Diego, CA	\$119	\$132	-10%
Key Largo, FL	\$166	\$172	-3%	South Lake Tahoe, CA	\$119	\$126	-6%
Newport Beach, CA	\$163	\$169	-4%	Austin, TX	\$118	\$118	0%
Carmel, CA	\$163	\$180	-10%	San Antonio, TX	\$117	\$123	-5%
Boston, MA	\$158	\$189	-16%	Riverside, CA	\$117	\$139	-16%
Hilo, Hawaii	\$155	\$170	-9%	Norwalk, CT	\$117	\$121	-4%
Sedona, AZ	\$150	\$155	-3%	Seaside, OR	\$116	\$101	15%
Santa Barbara, CA	\$148	\$164	-10%	Boulder, CO	\$116	\$121	-4%
Miami, FL	\$148	\$165	-10%	Memphis, TN	\$116	\$116	0%
Philadelphia, PA	\$145	\$154	-6%	San Luis Obispo, CA	\$116	\$126	-8%
Chicago, IL	\$144	\$172	-16%	Portsmouth, NH	\$116	\$123	-6%
San Francisco, CA	\$139	\$160	-13%	Charleston, SC	\$116	\$123	-6%
Riverside, MO	\$138	\$153	-10%	Fort Worth, TX	\$115	\$121	-5%
Palo Alto, CA	\$138	\$159	-13%	San Jose, CA	\$114	\$123	-7%
Annapolis, MD	\$136	\$147	-8%	Baton Rouge, LA	\$114	\$114	0%
Seattle, WA	\$135	\$143	-6%	Elizabeth, NJ	\$113	\$133	-15%
Pismo Beach, CA	\$134	\$146	-8%	Atlanta, GA	\$112	\$128	-12%
Huntington Beach, CA	\$134	\$117	15%	Nashville, TN	\$112	\$122	-8%
Los Angeles, CA	\$133	\$142	-7%	Santa Fe, NM	\$110	\$126	-12%
Honolulu, HI	\$131	\$154	-15%	Scottsdale, AZ	\$110	\$150	-26%
Mystic, CT	\$130	\$136	-5%	Fort Myers, FL	\$110	\$119	-8%
Atlantic City, NJ	\$130	\$137	-5%	Naples, FL	\$110	\$145	-24%
Burlington, MA	\$130	\$146	-11%	Mount Pleasant, MI	\$109	\$108	1%
Garden Grove, CA	\$129	\$142	-9%	Indianapolis, IN	\$109	\$124	-12%
Newark, NJ	\$129	\$142	-9%	Santa Rosa, CA	\$109	\$105	3%
Berkeley, CA	\$129	\$134	-4%	Santa Cruz, CA	\$108	\$114	-4%
Irvine, CA	\$128	\$150	-15%	Portland, OR	\$108	\$116	-7%
Fort Lauderdale, FL	\$127	\$141	-10%	Augusta, GA	\$108	\$98	11%
Monterey, CA	\$126	\$124	2%	Dublin, OH	\$108	\$110	-2%
Grand Canyon, AZ	\$125	\$146	-14%	Seaside, CA	\$108	\$111	-2%
Palm Springs, CA	\$125	\$140	-11%	Oakland, CA	\$107	\$124	-13%
Palm Beach, FL	\$124	\$151	-18%	Hartford, CT	\$107	\$114	-6%
New Orleans, LA	\$124	\$141	-12%	Concord, NC	\$107	\$112	-5%

Figure 9 Average prices paid by travelers staying in major U.S. cities between Q4 2008, compared to the same period in 2007 (cont'd)

City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year	City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Dublin, CA	\$106	\$109	-2%	Mountain View, CA	\$97	\$112	-14%
Santa Clara, CA	\$106	\$114	-7%	Orlando, FL	\$97	\$108	-10%
Newport, OR	\$106	\$113	-6%	Biloxi, MS	\$97	\$97	-1%
Concord, CA	\$106	\$129	-18%	Tempe, AZ	\$97	\$110	-12%
Buffalo, NY	\$106	\$115	-8%	Eugene, OR	\$96	\$106	-9%
Denver, CO	\$105	\$107	-1%	Panama City, FL	\$96	\$96	0%
Portland, ME	\$104	\$119	-13%	Louisville, CO	\$96	\$103	-6%
Tucson, AZ	\$103	\$118	-12%	Syracuse, NY	\$96	\$109	-12%
Sarasota, FL	\$103	\$120	-14%	Salt Lake City, UT	\$95	\$104	-9%
Tampa, FL	\$103	\$115	-10%	Schaumburg, IL	\$93	\$106	-13%
Savannah, GA	\$103	\$117	-12%	Louisville, KY	\$93	\$103	-9%
Minneapolis / St. Paul, MN	\$103	\$119	-14%	Morro Bay, CA	\$92	\$103	-11%
Charlotte, NC	\$103	\$110	-6%	Ocean City, MD	\$91	\$98	-7%
Manchester, NH	\$102	\$112	-9%	Harrisburg, PA	\$91	\$101	-10%
Morrisville, NC	\$102	\$110	-8%	Middletown, NY	\$90	\$116	-22%
Bend, OR	\$102	\$98	4%	Ontario, CA	\$89	\$109	-18%
Cleveland, OH	\$102	\$113	-10%	Oakhurst, CA	\$89	\$85	6%
Anaheim, CA	\$102	\$116	-13%	Williamsburg, VA	\$89	\$92	-3%
Chandler, AZ	\$101	\$107	-6%	Arlington, TX	\$87	\$94	-7%
Orange, CA	\$101	\$128	-21%	Fort Walton Beach, FL	\$86	\$107	-19%
Stateline, NV	\$101	\$139	-27%	Lake Havasu City, AZ	\$86	\$98	-12%
Anchorage, AK	\$101	\$113	-10%	Destin, FL	\$86	\$98	-13%
St Louis, MO	\$100	\$102	-1%	Virginia Beach, VA	\$85	\$89	-4%
Phoenix, AZ	\$100	\$127	-21%	Norwalk, CA	\$85	\$100	-15%
State College, PA	\$100	\$94	7%	Portland, WA	\$85	\$87	-3%
Costa Mesa, CA	\$100	\$107	-6%	Las Vegas, NV	\$85	\$122	-31%
Hyannis, MA	\$100	\$96	5%	Wilmington, NC	\$81	\$96	-16%
Sunnyvale, CA	\$100	\$112	-11%	Mount Pleasant, SC	\$80	\$106	-24%
Cocoa Beach, FL	\$100	\$118	-16%	Providence, MA	\$80	\$97	-17%
South Padre Island, TX	\$100	\$87	15%	Traverse City, MI	\$80	\$86	-7%
Middletown, RI	\$100	\$114	-13%	Hilton Head, SC	\$78	\$88	-11%
Milwaukee, WI	\$99	\$108	-8%	Mesa, AZ	\$78	\$114	-31%
Detroit, MI	\$99	\$107	-8%	Page, AZ	\$77	\$85	-9%
Panama City Beach, FL	\$98	\$131	-25%	Henderson, NV	\$77	\$130	-41%
Green Bay, WI	\$98	\$115	-15%	Myrtle Beach, SC	\$76	\$80	-5%
Daytona Beach, FL	\$98	\$116	-15%	Jackson, MS	\$75	\$75	0%
Birmingham, AL	\$98	\$106	-8%				

Figure 10 **Highest price rises between Q4 2008 and Q4 2007, across major U.S. cities**

City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Huntington Beach, CA	\$134	\$117	15%
Seaside, OR	\$116	\$101	15%
South Padre Island, TX	\$100	\$87	15%
Augusta, GA	\$108	\$98	11%
State College, PA	\$100	\$94	7%
Houston, TX	\$122	\$115	6%
Oakhurst, CA	\$89	\$85	6%
Hyannis, MA	\$100	\$96	5%
Bend, OR	\$102	\$98	4%
Washington, DC	\$184	\$179	3%
Santa Rosa, CA	\$109	\$105	3%
Monterey, CA	\$126	\$124	2%
Dallas, TX	\$122	\$120	2%
Mount Pleasant, MI	\$109	\$108	1%

Figure 11 **Greatest price falls between Q4 2008 and Q4 2007 across major U.S. cities**

City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Henderson, NV	\$77	\$130	-41%
Las Vegas, NV	\$85	\$122	-31%
Mesa, AZ	\$78	\$114	-31%
Stateline, NV	\$101	\$139	-27%
Scottsdale, AZ	\$110	\$150	-26%
Panama City Beach, FL	\$98	\$131	-25%
Naples, FL	\$110	\$145	-24%
Mount Pleasant, SC	\$80	\$106	-24%
Cambridge, MA	\$171	\$222	-23%
New York, NY	\$255	\$328	-22%
Middletown, NY	\$90	\$116	-22%
Orange, CA	\$101	\$128	-21%
Phoenix, AZ	\$100	\$127	-21%
Boca Raton, FL	\$123	\$152	-19%
Fort Walton Beach, FL	\$86	\$107	-19%
Palm Beach, FL	\$124	\$151	-18%
Laguna Beach, CA	\$123	\$151	-18%
Concord, CA	\$106	\$129	-18%
Ontario, CA	\$89	\$109	-18%

5. Caribbean and Latin American destinations

The major Caribbean destinations dominate the table of the most expensive destinations across the region as a whole.

The priciest destinations across the region include locations in the Bahamas, Dominican Republic and U.S. Virgin Islands. These areas all include higher-end hotels and resorts attracting travelers focused on luxury. As these travelers are willing to pay for lavish vacation experiences, the properties are able to maintain high prices.

Average prices for hotels in resort markets in Mexico and Costa Rica are skewed by the growing prevalence of all-inclusive properties. Rates for these properties include accommodation, as well as meals, gratuities and taxes.

Figure 12 Prices across major Caribbean and Latin American destinations Q4 2008, compared to the same period in 2007

City	Country	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Paradise Island	Bahamas	\$442	\$345	28%
Punta Cana	Dominican Republic	\$286	\$278	3%
Charlotte Amalie	U.S. Virgin Islands	\$257	\$313	-18%
Providenciales	Turks And Caicos Islands	\$248	\$330	-25%
Palm Beach	Aruba	\$240	\$311	-23%
Riviera Maya	Mexico	\$237	\$283	-16%
Oyster Pond	Netherlands Antilles	\$229	\$230	0%
St Johns	Antigua & Barbuda	\$220	\$275	-20%
St Thomas	U.S. Virgin Islands	\$213	\$249	-14%
Rio De Janeiro	Brazil	\$207	\$184	13%
Cancun	Mexico	\$207	\$223	-7%
Lucaya	Bahamas	\$207	\$190	9%
Cable Beach	Bahamas	\$204	\$202	1%
Los Cabos	Mexico	\$204	\$282	-28%
Oranjestad	Aruba	\$199	\$274	-27%
Cartagena	Colombia	\$195	\$144	35%
Willemstad	Netherlands Antilles	\$194	\$213	-9%
Montego Bay	Jamaica	\$182	\$168	8%
Ixtapa Zihuatanejo	Mexico	\$176	\$185	-5%
Puerta Vallarta	Mexico	\$173	\$189	-8%
Cozumel	Mexico	\$173	\$178	-3%
Nassau	Bahamas	\$167	\$161	4%
Santiago	Chile	\$167	\$156	7%
Bogota	Colombia	\$160	\$174	-8%
Christ Church	Barbados	\$160	\$195	-18%
Panama City	Panama	\$159	\$148	7%
Ocho Rios	Jamaica	\$157	\$189	-17%
Acapulco	Mexico	\$156	\$170	-8%
Negril	Jamaica	\$156	\$190	-18%
Tamarindo	Costa Rica	\$152	\$160	-5%
Sao Paulo	Brazil	\$151	\$122	23%
Lima	Peru	\$148	\$144	3%
Puerta Plata	Dominican Republic	\$144	\$201	-28%
Buenos Aires	Argentina	\$140	\$155	-10%
Santo Domingo	Dominican Republic	\$125	\$120	4%
Mazatlan	Mexico	\$124	\$125	-1%
Quito	Ecuador	\$123	\$125	-2%
Mexico City	Mexico	\$117	\$120	-2%
San Jose	Costa Rica	\$111	\$102	9%
Guadalajara	Mexico	\$106	\$111	-4%
Monterrey	Mexico	\$98	\$104	-7%

6. European city destinations

Figure 13 **The most expensive European city destinations Q4 2008, compared to the same period in 2007**

City	Average price per room per night Q4 2008	Average price per room per night Q4 2007	% Change year-over-year
Geneva	\$264	\$238	11%
Paris	\$196	\$217	-10%
London	\$192	\$252	-24%
Venice	\$191	\$243	-21%
Zurich	\$186	\$196	-5%
Copenhagen	\$186	\$215	-13%
Oslo	\$181	\$239	-24%
Rome	\$173	\$201	-14%
Frankfurt	\$171	\$175	-2%
Milan	\$170	\$183	-7%

- Posting a price rise of 11 percent, Geneva became Europe's most expensive city destination in Q4 2008. U.S. travelers to the city paid an average \$264 per night.
- Geneva was the only one of the most expensive major European city destinations to post a rise in average prices between Q4 2007 and Q4 2008.
- The most significant falls – of between a fifth and a quarter – were seen in London (down 24 percent), Oslo (down 24 percent) and Venice (down 21 percent). Prices were also down by lesser, but nevertheless significant, margins in Rome (by 14 percent) and Copenhagen (by 13 percent).
- European destinations represented remarkably good value for travelers – there was never a better time to visit European destinations, particularly those in which the dollar remained relatively strong.

7. Travel habits

New York topped American travelers' lists as the most popular domestic city destination according to the hotels.com Hotel Price Index.

Las Vegas was the second favorite destination as U.S. travelers took advantage of the many bargains available in the party city's hotels.

Orlando was the third most popular city. With a room costing travelers \$97 per night on average, the city offered great value, particularly for family leisure trips.

Chicago and Los Angeles made up the remainder of the top five most popular domestic destinations for American travelers.

Figure 14 **Top U.S. destinations for domestic U.S. travelers**

Rank	City
1	New York
2	Las Vegas
3	Orlando
4	Chicago
5	Los Angeles
6	San Francisco
7	Dallas – Fort Worth
8	San Diego
9	Washington, D.C.
10	Miami
11	New Orleans
12	Phoenix
13	Atlanta
14	Houston
15	Philadelphia
16	Boston
17	San Antonio
18	Seattle
19	Fort Lauderdale
20	Denver

Top international destinations for U.S. travelers

When it comes to travel beyond the United States, Toronto was the number-one destination for U.S. travelers in the fourth quarter of 2008, with other Canadian cities dominating the list of top overseas destinations – Vancouver, Montreal and Niagara Falls all feature in the top-five.

London (at number two) is the highest-ranked destination outside North America for U.S. travelers, demonstrating the enduring appeal of the UK capital – as well as the impact of the relatively weak Sterling, which made it even more attractive to visitors.

London and the major Canadian destinations were followed by other major European historical, cultural and leisure cities of Paris and Rome.

Hong Kong was U.S. travelers' top city in Asia – the only major destination in the region to make it into the top-10 (Tokyo made an appearance at number 16).

Figure 15 **Top international destinations for U.S. travelers**

Rank	City	Country
1	Toronto	Canada
2	London	United Kingdom
3	Vancouver	Canada
4	Montreal	Canada
5	Niagara Falls	Canada
6	Paris	France
7	Rome	Italy
8	Edmonton	Canada
9	Hong Kong	China
10	Calgary	Canada
11	Barcelona	Spain
12	Mexico City	Mexico
13	Cancun	Mexico
14	Ottawa	Canada
15	Amsterdam	Netherlands
16	Tokyo	Japan
17	Victoria	Canada
18	Dublin	Ireland
19	Buenos Aires	Argentina
20	Sydney	Australia

Top U.S. destinations for travelers from overseas

The major east and west coast destinations proved to be favorite locations among travelers to the U.S. from overseas, with New York topping the list of most-visited cities.

With hotels offering cut-price deals for travelers, Las Vegas was the second most-popular U.S. destination among travelers to the country.

Florida's tourist cities made a strong show, heading off the west coast cities of San Francisco and Los Angeles (which came in at fifth and sixth in the list) as Miami and Orlando took the third and fourth spots.

Figure 16 **Top U.S. destinations for overseas travelers**

Rank	City
1	New York
2	Las Vegas
3	Miami
4	Orlando
5	San Francisco
6	Los Angeles
7	Chicago
8	Boston
9	San Diego
10	Washington, D.C.
11	Fort Lauderdale
12	Seattle
13	Newark
14	San Antonio
15	Atlanta
16	Honolulu
17	New Orleans
18	Houston
19	Philadelphia
20	Anaheim

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Company History

hotels.com was founded in 1991 as Hotel Reservations Network, which offered a telephone booking service for discounted hotel rooms in major cities. In 1996, the company began offering service via the Internet, and in 2002, the hotels.com website was launched. hotels.com is an operating company of Expedia, Inc. (Nasdaq: EXPE).

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International Operations

The company currently operates 52 sites around the world including 31 sites in 24 languages across EMEA.

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