

The Hotel Price Index

Review of hotel prices in 2009



Hotels.com wake up happy

Introduction

The Hotels.com Hotel Price Index (HPI®) is a regular survey of hotel prices in major destinations across the world. The HPI® is based on bookings made on Hotels.com and prices shown are those actually paid by customers (rather than advertised rates) in 2009.

The HPI® is respected as the definitive report on hotel prices paid around the world and increasingly used as a reference tool by media, analysts, tourism bodies and academics.

- 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 that Hotels.com operates in.
- Approximately 94,000 properties in more than 16,000 locations make up the sample set of hotels from which prices are taken.

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 options such as self-catering and bed and breakfast properties.

In Europe, approximately 25% of hotel rooms are part of a chain, the remainder being independent. The reverse is true of the US, in which approximately 70% 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.

Foreword by David Roche

President of Hotels.com



Step inside the time machine...

Step inside the time machine, turn the dial back to 2003, and compare hotel prices then and now. What's changed? Not much. Our latest Hotel Price Index, covering all of 2009, shows that prices fell globally by 14% on already weak 2008 figures, bringing consumer prices back to levels not seen since 2003. The rate of decline grew less steep over the year – from 16% down in Q1 to 7% down in Q4 – essentially the only silver lining for hoteliers in what was a very bad year for the industry.

Underlying this trend are some basic economics. Supply is still rising – there were 4000 hotel rooms added in Manhattan in just 12 months. Demand is falling, hit by a severe reduction in business travel and weaker consumer spending. The result: unprecedented falls in hotel prices.

Digging deeper into the data, we can see many new trends emerging. Domestic tourism offset the losses for some destinations as travellers decided to explore their home turf. Visitor numbers to New York were down just 3.9% in 2009 instead of the expected 5%-10% as the Big Apple became more affordable and accessible than ever before for domestic American travellers. London drew record numbers of Middle Eastern visitors who enjoyed five star hotels for longer periods. And Monte Carlo became the most expensive destination in the world, outranking heavyweight cities that have previously held the most expensive crown like Moscow, Dubai and New York.

While 2009 turned out to be the year of the deal, some cities did see the actual prices paid by travellers rise. Sometimes explained by currency movements, the rises were also a result of people paying a little more to move up a star rating. The gap in price between 3, 4 and 5 star hotels narrowed in 2009, meaning travellers could trade up and enjoy luxury for less than ever before. Some destinations benefitted from the currency fluctuations, such as London, for example, which saw an influx of visitors taking advantage of the cheaper Pound. Occupancy rates in the British capital stood at a very healthy 82.9% at the end of the year.

2010 looks set to be the year when hotel prices stop falling, but despite some early indications of recovery (in occupancy mainly) in Q4 2009, few hoteliers expect any significant price rises. The traveller is set fair then for another year of extraordinary value. Just climb inside your time machine and see.

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

The first section (chapter 1) shows the global Hotel Price Index up to and including Q4 2009.

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 experienced 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 compares prices paid in the whole of 2009, with prices paid in the same period the year before, thereby removing the effect of seasonality.

The second section (chapters 2-8) shows hotel prices across the world as paid by UK travellers in Pounds Sterling. This shows the changes in real prices paid by consumers, reflecting both movements in exchange rates and hotel pricing. The prices shown are average prices paid by travellers in the whole of 2009.

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1. Global price changes

The average price of a hotel room around the world was 14% cheaper in 2009 than in 2008, according to the Hotels.com Hotel Price Index (HPI®).

In fact, a hotel room was cheaper in 2009 than it was in 2004, when the HPI® began.

Rooms cost 13% less in Europe during 2009 than in 2008, 14% less in the U.S, 16% less in Asia and 21% less in Latin America.

However, towards the end of 2009, the price falls started to level off. The average price of a hotel room fell by just 7% year-on-year in Q4 2009, compared to 14% in Q3, 17% in Q2 and 16% in Q1.

Hoteliers will be heartened that the market was showing signs of stabilising by the end of 2009, however, hotels around the world were still offering great value for travellers.

Figure 1 HPI quarterly breakdown for average annual prices paid 2004 to 2009

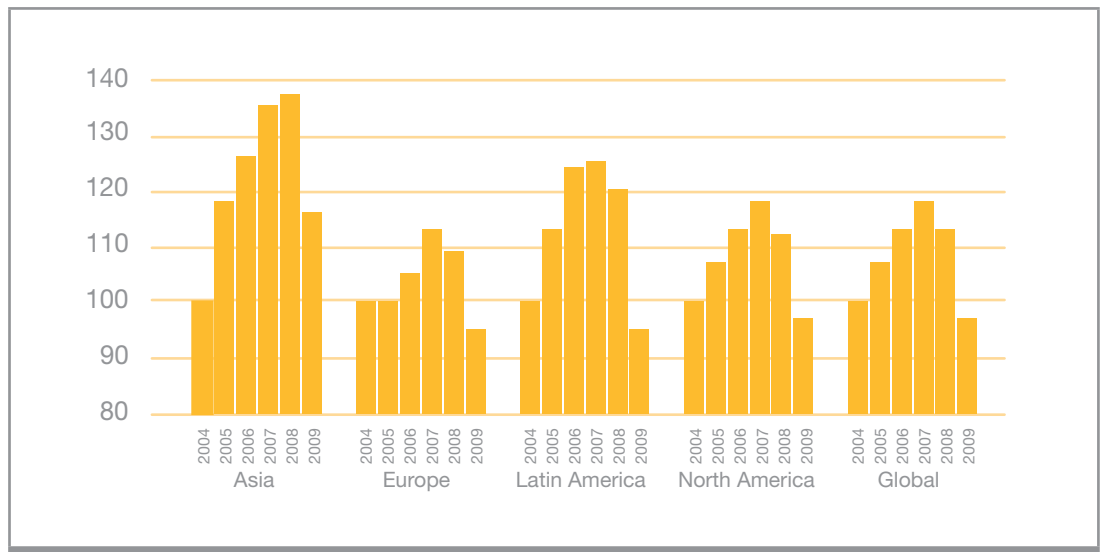
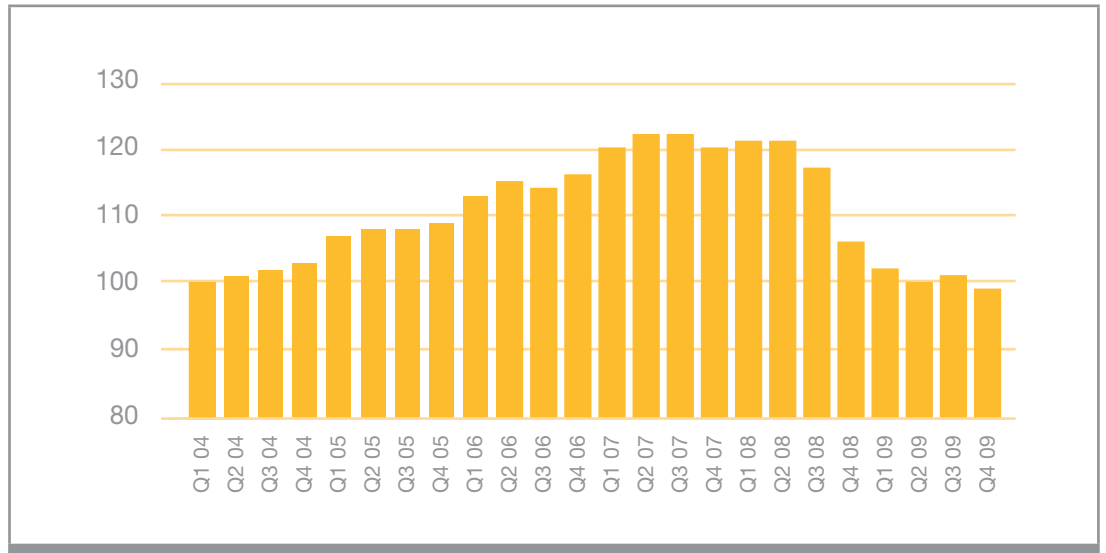


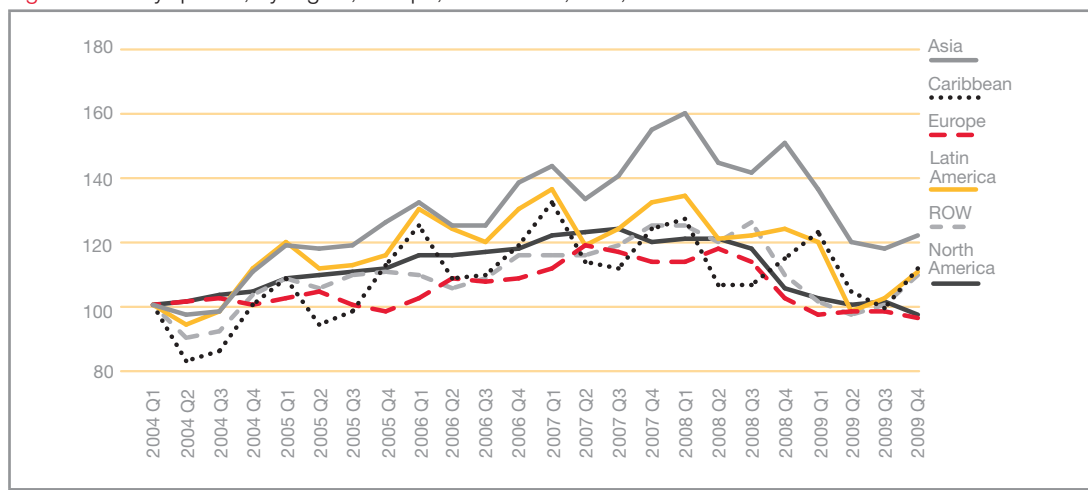
Figure 2 HPI quarterly breakdown Q1 2004 to Q4 2009



European price falls lessen as 2009 progresses

- Prices paid by travellers for hotel rooms in Europe fell by 6% between Q4 2009 and Q4 2008 as hoteliers cut their prices in an effort to stimulate occupancy rates during the winter season and the downturn.
- The rate at which hotel prices fell slowed in Q4, offering some relief to hoteliers. Prices had dropped by 14% year-on-year in Q3, by 16% in Q2 and by 15% in Q1 2009.
- The Hotel Price Index for Europe fell to 96 in Q4 2009 – down from 102 a year before: a stark illustration of how sharply hoteliers had to cut prices to create attractive offers for travellers.
- Hotel rooms are now 4% cheaper across Europe than they were in 2004, when the Hotel Price Index was started.

Figure 3 HPI by quarter, by region, Europe, N. America, Asia, the Rest of the World 2004-Q4 2009



North American prices fall throughout 2009 but is an end in sight for hoteliers?

- Prices paid by travellers for hotel rooms in North America (the U.S. and Canada) fell 7% between Q4 2008 and Q4 2009.
- However, there was a slow down in the rate of price cuts as 2009 progressed. Prices dropped by 16% y-o-y in Q1, 17% y-o-y in Q2 and 13% y-o-y in Q3.
- Falling hotel prices across North America reflect the impact of the economic slowdown and the reduction in demand for hotel rooms this caused. The lower number of overseas tourists to the U.S. plus dampened domestic demand contributed to falling occupancy and hotel prices.

Latin America and the Caribbean

- Prices for hotels in the Caribbean held up relatively well, falling by just 2% year-on-year during Q4 2009.
- Prices across Latin America fell furthest and fastest in the Americas at the end of last year. They slumped by 10% in Q4 2009 when compared to the same period in 2008.

Asia – last into the crisis and last out?

- According to the Hotel Price Index, Asian hotels are still experiencing the effects of the downturn – and remained hard-hit by falling prices in Q4 2009.
- Prices in Asian hotels – which had held up longer than those in the U.S. or Europe – continued to tumble in Q4 2009, falling 19% when compared to the same period one year earlier.
- Unlike other regions, the levels of falls experienced by Asian hotels accelerated in Q4 2009 compared to the previous periods whilst the rate of decline slowed in every other part of the world.
- The 19% drops experienced in Q4 2009 were steeper than the 17% y-o-y falls experienced in the second and third quarters and the 15% y-o-y fall in Q1 2009.

2. Price changes in global city destinations

This section (and those that follow) reflects the real Pound Sterling prices paid by travellers from the UK during the whole of 2009 – compared to prices paid in Pound Sterling a year before.

While weighted prices for hotels worldwide have fallen (across all regions, weighted to remove the impact of currency fluctuation), the story for UK travellers is far less consistent.

Travellers paying in Sterling increasingly looked outside the Eurozone during 2009, where their weak Pounds would go further. As a result of this, some of the major short- and mid-haul destinations outside the Eurozone have seen prices rise – and indeed there were no Eurozone cities in the list of “top risers” in 2009.

Prices in Istanbul (where prices paid by UK travellers were 16% higher in 2009 than in 2008), Tel Aviv (up 15%) and Cairo (up 12%) all rose. This was partly due to weak Sterling but also due to people taking advantage of more affordable five star hotels and paying a little bit extra to trade up from three and four star properties.

The impact of the weak Pound meant that UK travellers did not feel the benefit of the downturn in many of the European city break destinations until the very end of 2009.

As a result, the prices paid by UK travellers in some major cities actually rose – for example in Paris (up 3%) and Rome (up 1%) – while in most Eurozone cities average prices paid by UK travellers between 2008 and 2009 remained flat.

Figure 4 Average hotel prices in 2009, compared to 2008

| City | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year | City | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|----------------|---------------------------------------|---------------------------------------|-----------------------|----------------|---------------------------------------|---------------------------------------|-----------------------|
| Monte Carlo | £172 | £166 | 3% | Cape Town | £93 | £89 | 4% |
| Moscow | £169 | £232 | -27% | Frankfurt | £92 | £103 | -11% |
| Abu Dhabi | £159 | £168 | -5% | San Francisco | £91 | £95 | -4% |
| New York | £149 | £162 | -8% | Palma Mallorca | £90 | £88 | 2% |
| Geneva | £144 | £143 | 1% | Cancun | £90 | £105 | -14% |
| Venice | £131 | £131 | -0% | Brussels | £89 | £90 | -1% |
| Boston | £122 | £123 | -0% | Montreal | £88 | £87 | 1% |
| Washington | £121 | £115 | 5% | Madrid | £88 | £92 | -5% |
| Tel Aviv | £120 | £105 | 15% | Vienna | £87 | £97 | -11% |
| Zurich | £119 | £122 | -2% | Lisbon | £84 | £88 | -4% |
| Dubai | £118 | £132 | -10% | Sydney | £84 | £82 | 2% |
| Rio De Janeiro | £117 | £103 | 13% | Toronto | £83 | £85 | -2% |
| Copenhagen | £113 | £118 | -5% | Hong Kong | £83 | £90 | -8% |
| Paris | £113 | £110 | 3% | Bucharest | £82 | £94 | -13% |
| Tokyo | £111 | £105 | 6% | Buenos Aires | £81 | £88 | -8% |
| Rome | £110 | £108 | 1% | Reykjavik | £79 | £86 | -9% |
| Istanbul | £109 | £93 | 16% | Marrakech | £78 | £92 | -15% |
| Oslo | £108 | £120 | -10% | Lagos | £78 | £76 | 3% |
| Cairo | £106 | £95 | 12% | Melbourne | £77 | £79 | -2% |
| London | £106 | £114 | -7% | Berlin | £77 | £78 | -2% |
| Mumbai | £106 | £126 | -16% | Warsaw | £75 | £79 | -5% |
| Stockholm | £104 | £110 | -5% | Mexico City | £75 | £68 | 10% |
| Chicago | £104 | £110 | -5% | Shanghai | £74 | £71 | 4% |
| Los Angeles | £103 | £97 | 6% | Dublin | £73 | £82 | -11% |
| Miami | £103 | £96 | 8% | Budapest | £71 | £73 | -4% |
| St Petersburg | £102 | £124 | -18% | Beijing | £70 | £79 | -12% |
| Milan | £102 | £106 | -4% | Bangkok | £67 | £62 | 9% |
| Helsinki | £100 | £105 | -5% | Prague | £65 | £71 | -8% |
| Singapore | £100 | £113 | -12% | Krakow | £65 | £69 | -5% |
| Amsterdam | £98 | £106 | -8% | Kuala Lumpur | £65 | £65 | -1% |
| Edinburgh | £95 | £100 | -6% | Las Vegas | £60 | £62 | -4% |
| Munich | £93 | £101 | -8% | Tallinn | £59 | £62 | -3% |
| Athens | £93 | £92 | 1% | Orlando | £57 | £58 | -1% |
| Barcelona | £93 | £103 | -10% | Riga | £55 | £60 | -8% |

Overall most expensive destinations

Figure 5 The world's most expensive cities in 2009, compared to 2008

| City | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|-------------|---------------------------------------|---------------------------------------|-----------------------|
| Monte Carlo | £172 | £166 | 3% |
| Moscow | £169 | £232 | -27% |
| Abu Dhabi | £159 | £168 | -5% |
| New York | £149 | £162 | -8% |
| Geneva | £144 | £143 | 1% |
| Venice | £131 | £131 | -0% |
| Boston | £122 | £123 | -0% |
| Washington | £121 | £115 | 5% |
| Tel Aviv | £120 | £105 | 15% |
| Zurich | £119 | £122 | -2% |

- **Monte Carlo became the world's most expensive city** destination for UK travellers in 2009 as prices paid rose 3% to average £172 per night during the year as a whole.
- Meanwhile, **prices in Moscow fell by more than a quarter** (27%) year-on-year, meaning the average price of a hotel room went from £232 in 2008 to just £169 during 2009.
- Over the course of 2009 as a whole, **prices in Abu Dhabi dropped by 5%** – meaning it lost its world's most expensive city mantle (which it held in the first six months of the year).
- **Prices in New York also fell – down 8% year-on-year** in 2009. The continued fall was due to the deepening economic crisis hitting travel habits in the domestic market, encouraging hoteliers to lower prices to try to maintain occupancy. New York price falls were felt even more keenly by American travellers, where dollar prices were down by 30% year-on-year.

Figure 6 The biggest price rises in 2009, compared to 2008

| City | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|----------------|--|--|-----------------------|
| Istanbul | £109 | £93 | 16% |
| Tel Aviv | £120 | £105 | 15% |
| Rio De Janeiro | £117 | £103 | 13% |
| Cairo | £106 | £95 | 12% |
| Mexico City | £75 | £68 | 10% |
| Bangkok | £67 | £62 | 9% |
| Miami | £103 | £96 | 8% |
| Los Angeles | £103 | £97 | 6% |
| Tokyo | £111 | £105 | 6% |
| Washington | £121 | £115 | 5% |

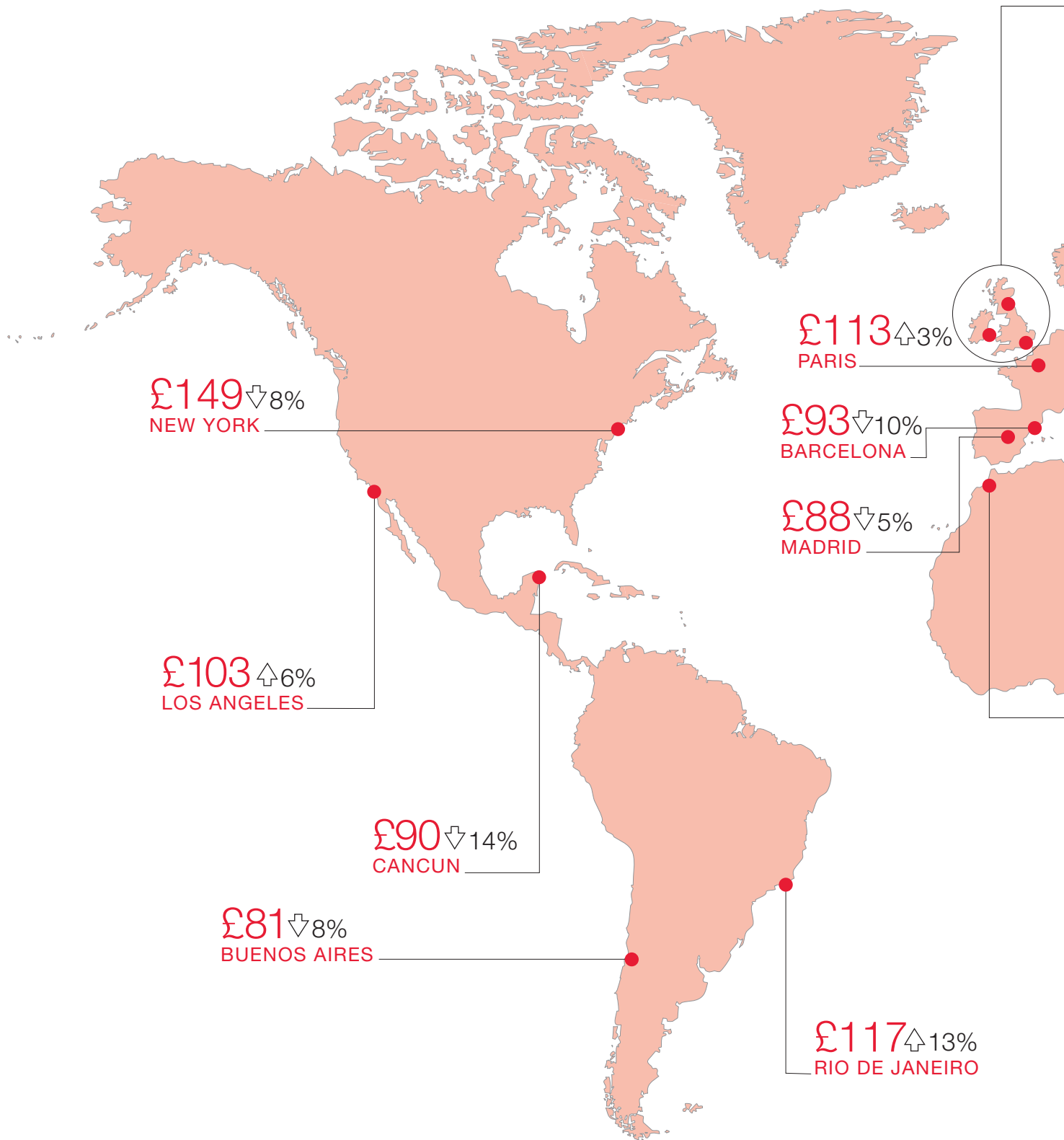
- The sharpest year-on-year hotel price rises for UK travellers came in the non-Euro destinations.
- Not one Eurozone destination features in the list of top ten fastest rises for UK travellers in 2009.
- The steepest price rises for UK travellers were seen in Istanbul and Tel Aviv as holidaymakers avoided the Eurozone and paid a little bit extra to trade up to newly affordable five star hotels.
- Long haul South American cities also fared well in 2009 as prices in the region rose: up 13% year-on-year in Rio de Janeiro and 10% in Mexico City for UK travellers. This was largely due to the weakness of Sterling.
- Several destinations in North America also did well – with Miami (up 8%), Los Angeles (up 6%) and Washington (up 5%) also seeing average prices paid by UK travellers rise during 2009. Again, this was caused by a combination of weak Sterling and UK travellers trading up to a higher star rating, taking advantage of the reduced rates for five star hotels. Room rates in Washington were also boosted by President Obama's inauguration in early 2009.

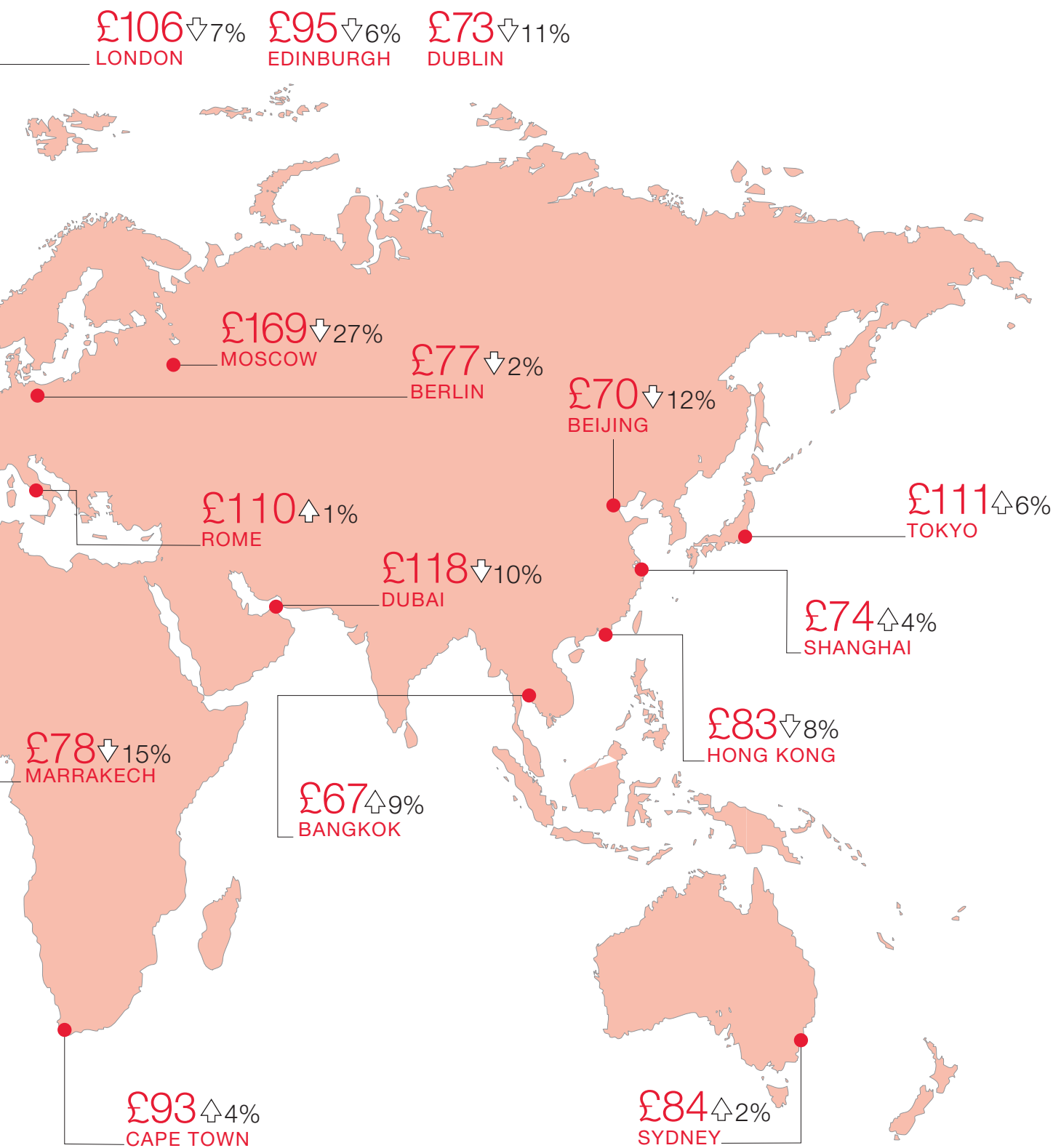
Figure 7 The biggest price falls in 2009, compared to 2008

| City | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|---------------|--|--|-----------------------|
| Moscow | £169 | £232 | -27% |
| St Petersburg | £102 | £124 | -18% |
| Mumbai | £106 | £126 | -16% |
| Marrakech | £78 | £92 | -15% |
| Cancun | £90 | £105 | -14% |
| Bucharest | £82 | £94 | -13% |
| Beijing | £70 | £79 | -12% |
| Singapore | £100 | £113 | -12% |
| Frankfurt | £92 | £103 | -11% |
| Dublin | £73 | £82 | -11% |

- Moscow was the city in which prices paid by UK travellers fell furthest and fastest according to the Hotels.com Hotel Price Index.
- The average price for a room in the Russian capital dropped by 27% to £169 in 2009 – a fall of more than £60 per night in the course of just 12 months.
- St Petersburg also suffered from a slump in prices – they fell by 18% to average £102 in 2009 as the economy suffered in the downturn.
- A fall in business travel and the impact of the global economic turmoil also influenced hotel prices in Mumbai, where average prices fell by 16% in 2009, compared to 2008.
- Coming fifth in the table, the drop in average prices in Cancun was heavily influenced by the outbreak of Swine Flu in Mexico during the latter half of 2009, contributing to a 14% drop in average room rates.

Global hotel prices 2009





Source: Hotels.com

3. City focus sections

Focus on New York

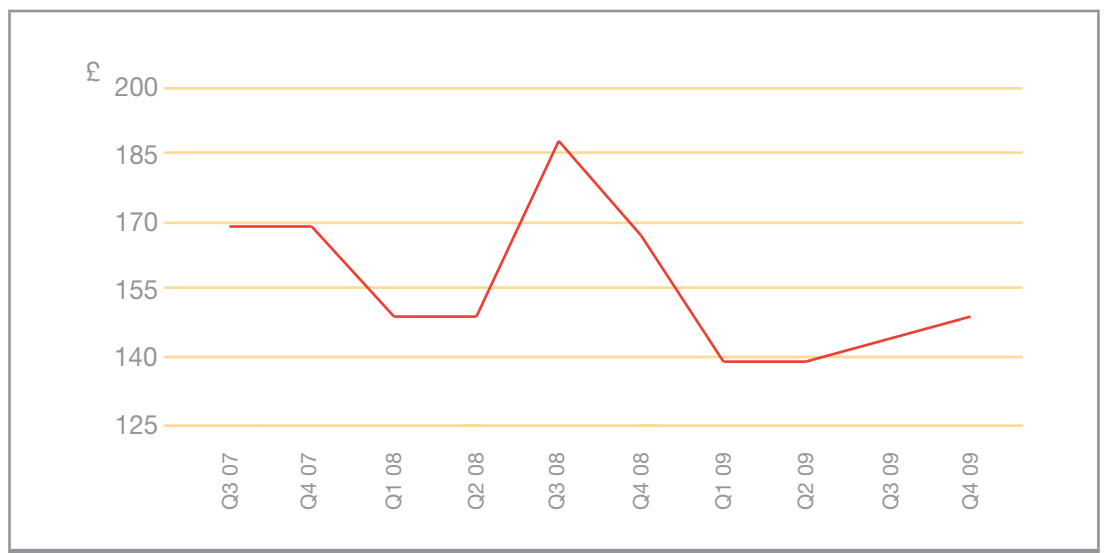
As hotel rates fell in New York in 2009, domestic and foreign visitors alike made the most of the great new promotions. The year began with room rates down sharply, with 4 star hotels leading the way with rate reductions. Soon, other hotels followed suit and from June onwards even five star hotels had great deals for summer travellers such as stay-three-pay-two-night offers.

Corporate travel was squeezed in 2009 meaning more good news for leisure travellers as mid-week rooms became more affordable and available. Tourists soon realised they could afford more for their money, and luxury hotels saw bookings rise accordingly. Travellers traded up but they also stayed longer as they really took advantage of their newfound spending power.

Savvy travellers, particularly from the domestic US market and Asia Pacific, took advantage of late deals and package promotions. Visitor numbers from Europe remained flat.

Plans for new hotel openings came to fruition in 2009 with 4000 rooms added on Manhattan in just 12 months. This meant visitors to the city had even more chance of finding a great value room.

Figure 8 New York Average price per room night (GBP) per quarter



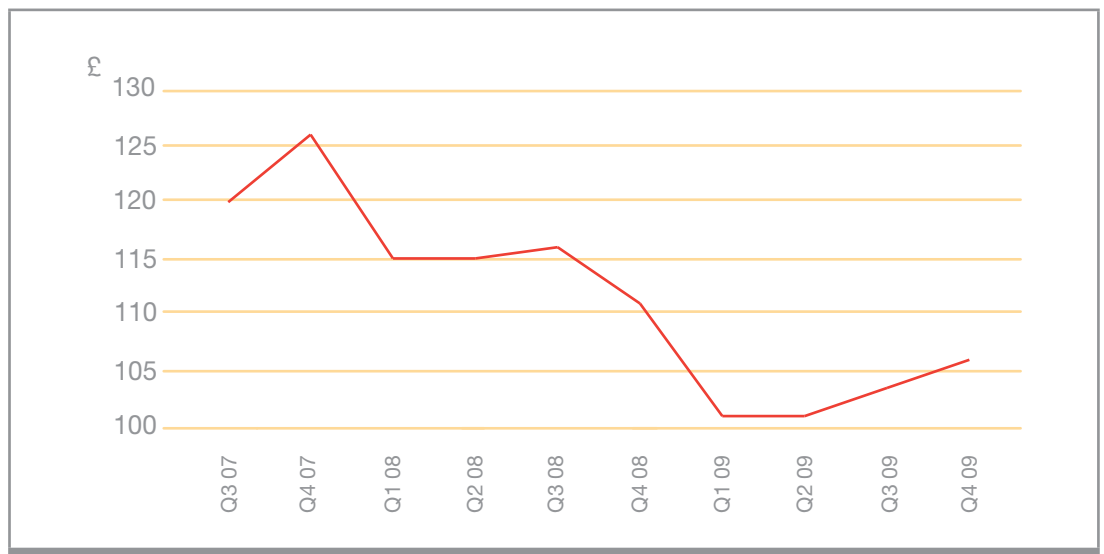
Focus on London

Visitors to London enjoyed a year of great hotel deals in 2009 with rates at their lowest level for five years. Four-star hotels lowered their rates to the level of three-star properties and five star hotels had to offer great incentives to compete. Free entry to most major museums and art galleries in the capital added to the city's appeal.

Although the first six months of 2009 were tough for hoteliers, favourable exchange rates for US and European travellers helped the hotels fill their rooms in the latter part of the year. Visitors flocked from the Middle East and Europe to take advantage of the weakness of the Pound and enjoy the UK capital for less money than ever before. London also received a boost in numbers of domestic UK visitors as they chose to holiday at home where their money went further.

By November 2009, the year-on-year decline in room rates started to tail off, partly due to the fact that prices were already lower in November 2008. London hotel occupancy stood at a very healthy 82.9% by the end of the year, according to Deloitte.

Figure 9 London Average price per room night (GBP) per quarter



Focus on Eastern Europe

Travellers to Eastern Europe enjoyed record low rates in 2009 as hoteliers dropped prices dramatically in a bid to fill their rooms. Cities across Eastern Europe that rely heavily on business travellers suffered most in the downturn as companies cut travel budgets to rein in costs. Holiday destinations fared slightly better, though visitor numbers from the UK, usually a strong market, were down in 2009, as the recession encouraged people to holiday nearer home, the rise of the so-called 'staycation'.

With declining oil prices and the economic slowdown, hoteliers in Moscow lowered their rates from the start of 2009. This decision to lower rates early in the year proved a good one as it meant that they managed to attract a steady number of visitors throughout the year and maintain occupancies.

It was a great year for visitors to Riga as hoteliers lowered prices dramatically to try to fill rooms. The opening of new hotels and the lack of any direct flights into Riga from major European capitals added to the challenge for hoteliers.

Bucharest and Warsaw both saw dramatic price drops in 2009 as their hotels rely heavily on business travellers.

Prices also fell in the holiday destinations of Tallinn, Budapest, Krakow and Prague. Visitor numbers to Prague remained high throughout the year, but a steady flow of new hotel openings meant 5-star hotels in particular had to compete for customers with increasingly attractive promotions. Visitor numbers to Tallinn fell in 2009 as a few major airlines stopped flying to the city. Its proximity to Helsinki though and its relative affordability for Finnish travellers, meant weekend business from Helsinki provided a much needed boost.

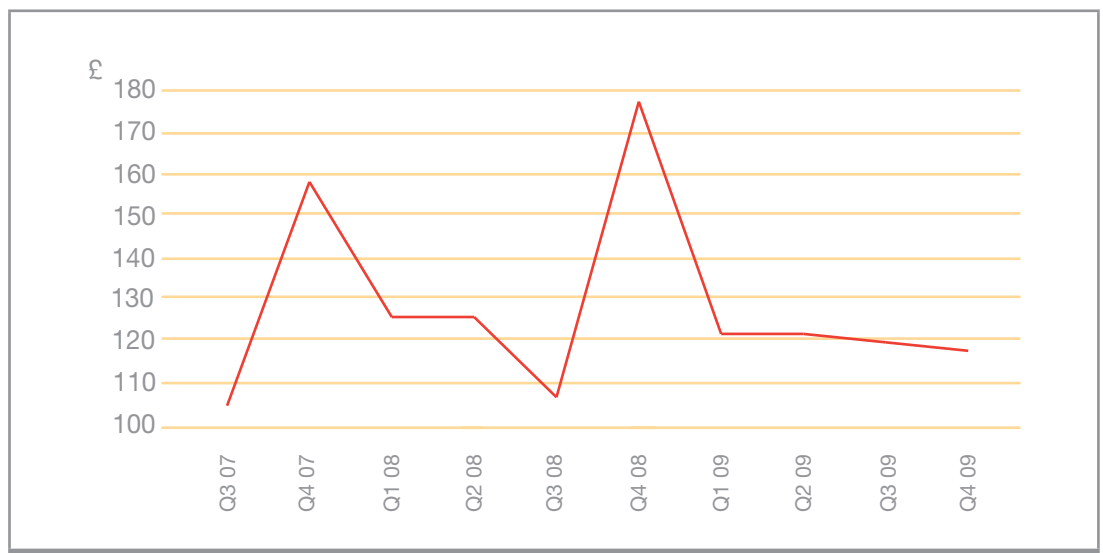
Focus on Dubai

The Emirate city of Dubai lost some of its sparkle in 2009 as the economic slowdown affected the city and hotels were forced to lower their rates. Business travel and the convention industry, two important markets for Dubai hotels, were both affected by the downturn, meaning hoteliers had to look for new ways to fill their rooms. Rate cuts started from January onwards and by the middle of the year hotel prices were at a record low. While hotel construction slowed down, new hotels did continue to open, adding to the challenge of filling rooms.

By the Q3 2009, usually peak conference and exhibitions season, room rates in the city started to recover a little, however the expected post-Ramadan boost in visitor numbers didn't materialise and in November it was further thwarted by negative news coverage surrounding Dubai's economic problems.

The visitor profile to Dubai changed during 2009. While business and convention travel slowed down, the number of leisure travellers increased, taking advantage of the cut price luxury. The number of Italian and Scandinavian visitors grew as a result of direct flights into Dubai, while media promotions in Germany meant it, along with France, remained a strong market. The rate of growth in UK visitor numbers tailed off due to the recession, but domestic visitors from the local Middle Eastern market increased.

Figure 10 Dubai Average price per room night (GBP) per quarter



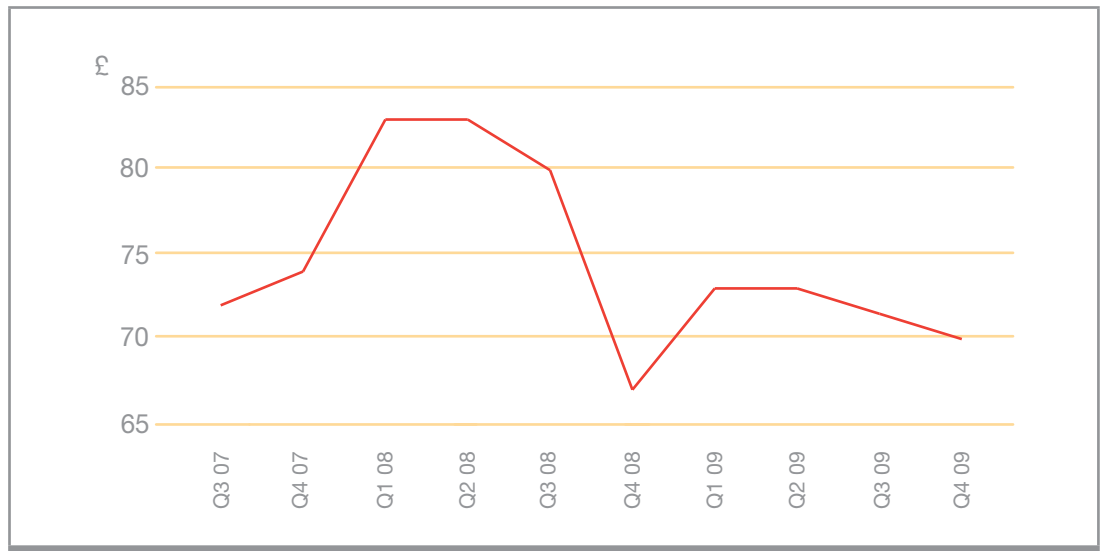
Focus on Beijing

Beijing offered great value for travellers in 2009. Room rates fell steeply by up to half the level they had been in 2008 when the city hosted the Olympics. The economic recession coupled with the tightening of visa restrictions and over-supply of rooms (20,000 new rooms were added in 2009) further fuelled the drop in hotel rates in the city.

The most dramatic falls were in the top end hotels with 4 and 5 star hotels competing for business. This was great news for visitors who could now afford to stay at the city's fabulous hotels they could never before afford.

The low prices proved particularly attractive to travellers from Taiwan. The numbers of Taiwanese visitors to Beijing rose by 40% in the first half of 2009, compared to a year earlier. Mainland China became the first choice in Asia for travellers from Taiwan, trumping Japan and Hong Kong.

Figure 11 Beijing Average price per room night (GBP) per quarter

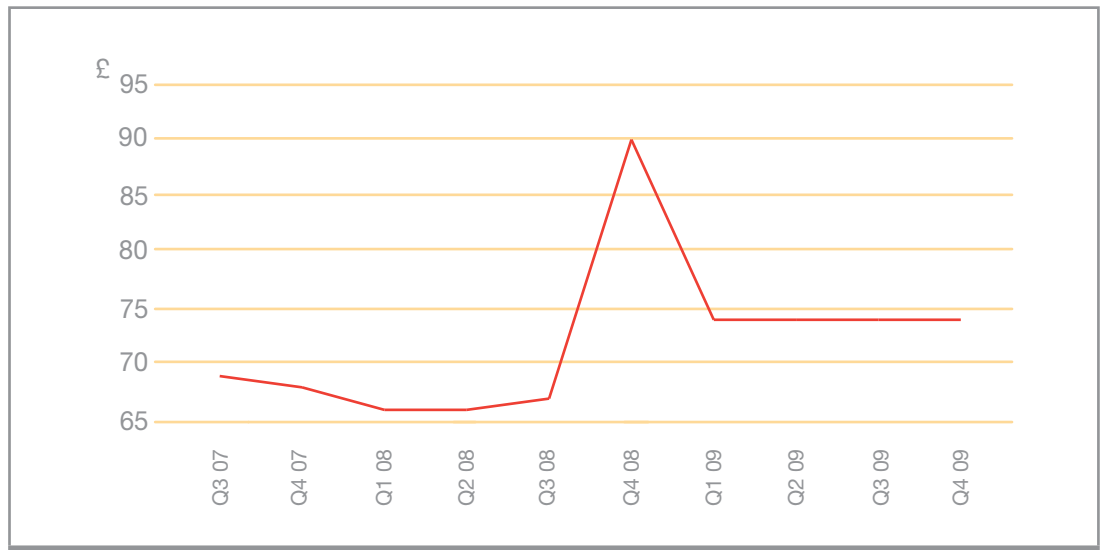


Focus on Shanghai

Hotels in Shanghai, the financial capital of China, fared rather better than in Beijing, with room rates dropping less steeply. This is partly explained by the fact that rates were not as high as Beijing's in 2008, as Shanghai did not host the Olympics.

In April 2009, Shanghai hosted the F1 Chinese Grand Prix which helped boost visitor numbers to the city. In the second half of the year business travel showed signs of recovery and the average occupancy for the year remained a fairly healthy 60-63%.

Figure 12 Shanghai Average price per room night (GBP) per quarter



4. Price changes across Europe

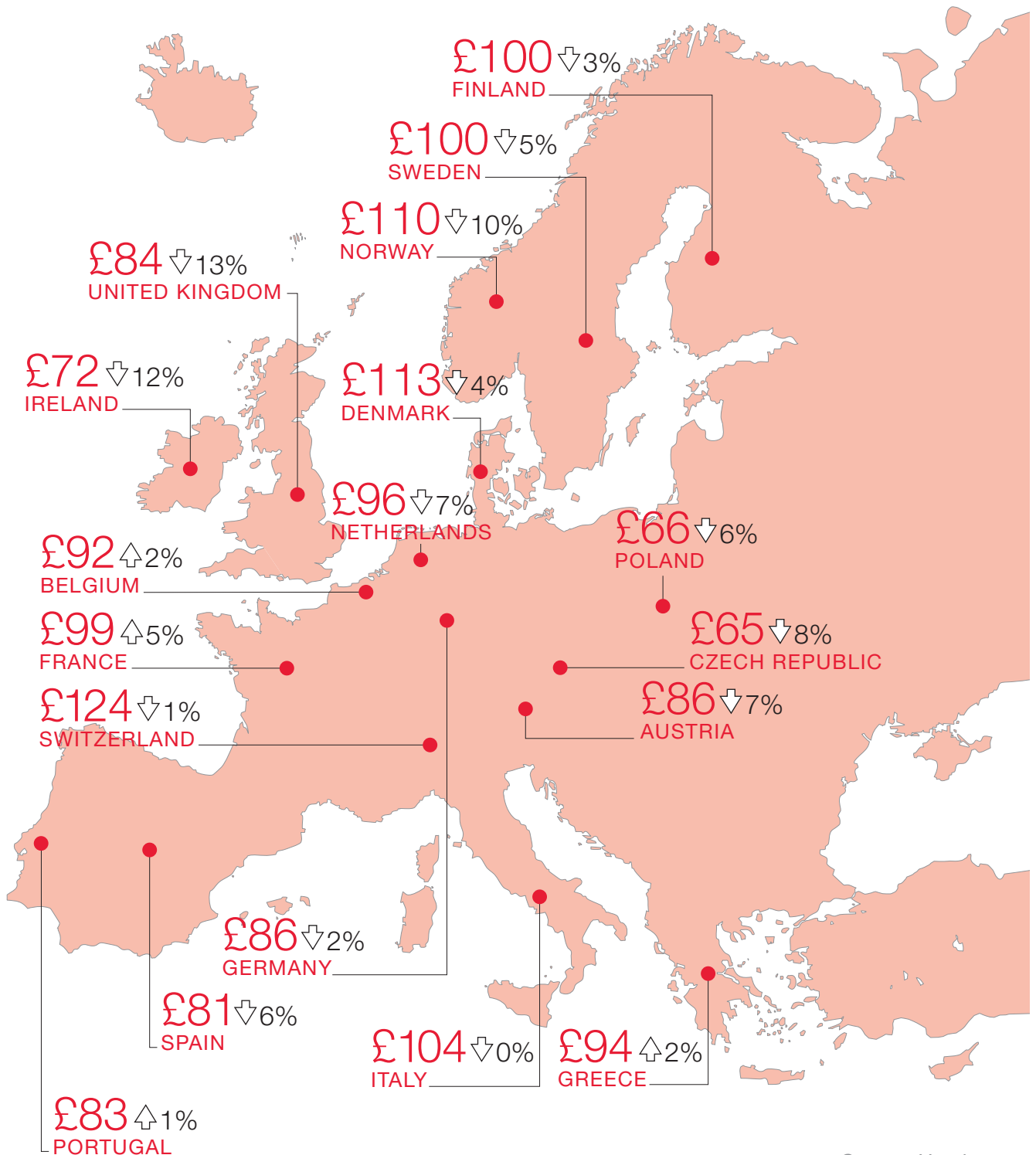
Switzerland became the most expensive country in Europe for UK visitors in 2009, while prices in the UK fell the most of any European country during 2009.

- Across the UK as a whole, hoteliers saw average prices paid drop by 13% between 2008 and 2009.
- The UK dropped from the most expensive country in Europe in 2007 to thirteenth place in the table in 2009 as average room prices plummeted.
- Price falls were fuelled by the economic crisis and lower visitor numbers. Even the rise in domestic visitor numbers of 'staycationers' could not shore up hotel prices.
- Despite falling 1% year on year, the price paid for a Swiss hotel room averaged £124 in 2009, making it the most expensive European destination for UK travellers.
- Prices held up in Switzerland as hoteliers held their nerve and maintained their already fairly high prices, confident of demand for rooms.

Figure 13 Average room prices and changes in 2009 for major European country destinations

| Country | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|----------------|--|--|-----------------------|
| Switzerland | £124 | £126 | -1% |
| Denmark | £113 | £117 | -4% |
| Norway | £110 | £122 | -10% |
| Italy | £104 | £104 | -0% |
| Sweden | £100 | £106 | -5% |
| Finland | £100 | £103 | -3% |
| France | £99 | £94 | 5% |
| Netherlands | £96 | £103 | -7% |
| Greece | £94 | £92 | 2% |
| Belgium | £92 | £90 | 2% |
| Austria | £86 | £92 | -7% |
| Germany | £86 | £88 | -2% |
| UNITED KINGDOM | £84 | £97 | -13% |
| Portugal | £83 | £81 | 1% |
| Spain | £81 | £86 | -6% |
| Ireland | £72 | £82 | -12% |
| Hungary | £71 | £73 | -3% |
| Poland | £66 | £70 | -6% |
| Czech Republic | £65 | £71 | -8% |

Average hotel prices in European countries in 2009, compared to 2008



Source: Hotels.com

Figure 14 Average room prices and changes in 2009 for major country destinations (by price rise)

| Country | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|----------|--|--|-----------------------|
| France | £99 | £94 | 5% |
| Greece | £94 | £92 | 2% |
| Belgium | £92 | £90 | 2% |
| Portugal | £83 | £81 | 1% |

- Just four European countries became more expensive for UK travellers in 2009 compared to the same period 12 months before.
- Average hotel prices in France, Greece, Belgium and Portugal all rose for UK travellers largely due to the weakness of Sterling against the Euro.

Figure 15 Average room prices and changes for 2009 for major country destinations (by price falls)

| Country | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|----------------|--|--|-----------------------|
| UNITED KINGDOM | £84 | £97 | -13% |
| Ireland | £72 | £82 | -12% |
| Norway | £110 | £122 | -10% |
| Czech Republic | £65 | £71 | -8% |
| Austria | £86 | £92 | -7% |
| Netherlands | £96 | £103 | -7% |
| Poland | £66 | £70 | -6% |
| Spain | £81 | £86 | -6% |
| Sweden | £100 | £106 | -5% |
| Denmark | £113 | £117 | -4% |

- The UK was the country of the major European destinations in which prices fell furthest for Britons, down 13% year-on-year in 2009.
- Average prices for Irish hotels also dropped substantially. The Emerald Isle was closely behind the UK in the fastest fallers table with prices dropping 12% between 2008 and 2009 as a whole.
- The fall in Irish hotel prices resulted from the economic situation in the country causing a drop in domestic demand and UK travellers being put off by the strong Euro.

5. Focus on UK cities

Hotel prices fell across the UK in 2009 as hoteliers across the country tried to lower rates to maintain occupancy levels.

On average, prices paid by UK travellers for hotels at home were down 13% year-on-year.

Among the destinations to see the biggest price falls (by a fifth or more in the past 12 months), were Southampton (down 30%), Belfast (down 27%), Aberdeen (down 26%) and Coventry and Sheffield (both down 20%).

Thirteen cities saw prices fall by over 15% in a year when hotel rooms became cheaper in every major UK city analysed in the Hotel Price Index.

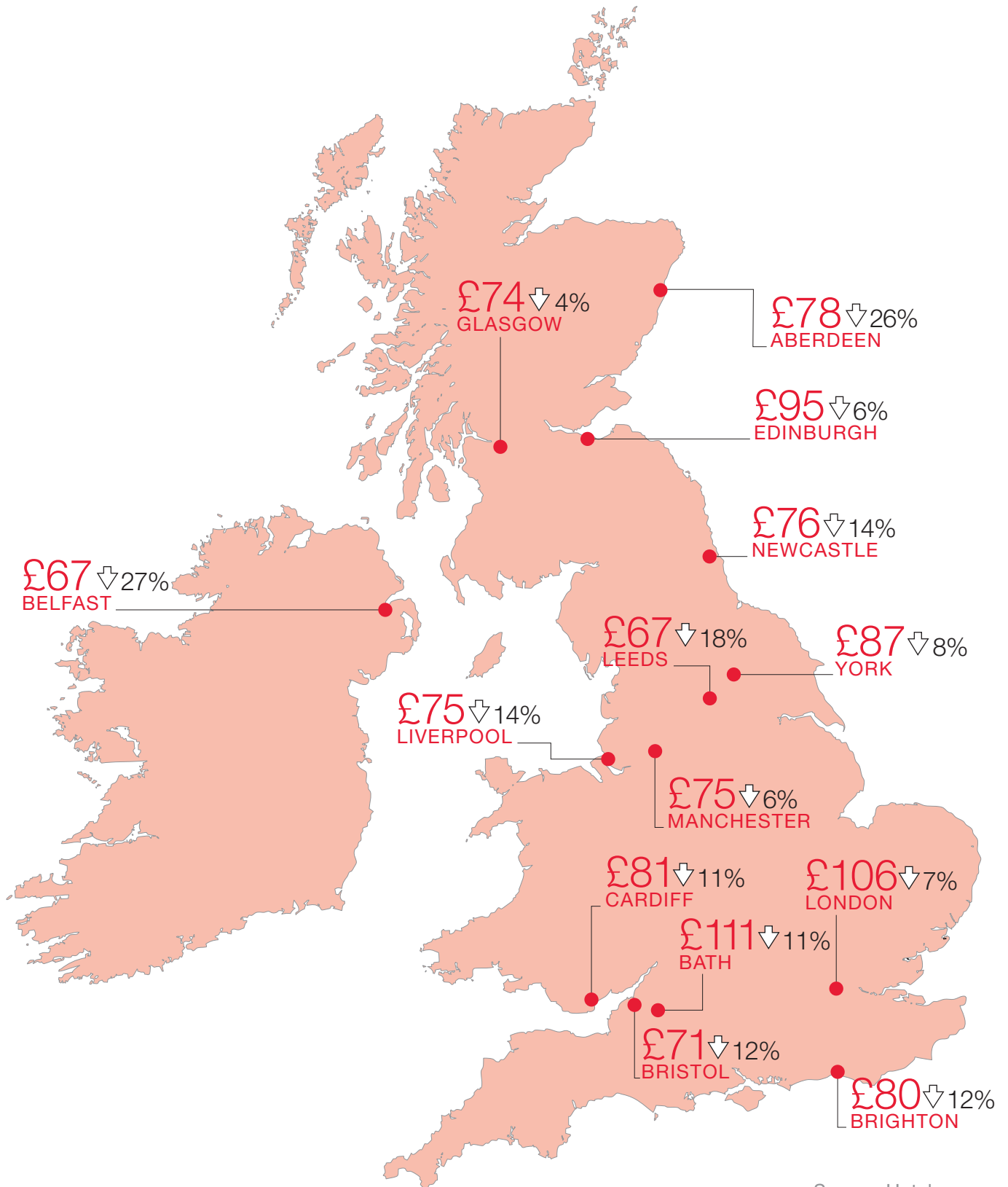
Prices fell – even in Bath

- Despite a year-on-year price fall of 11%, Bath, with its predominance of luxury hotels, remained the UK's most expensive destination with prices averaging £111 per night during 2009.
- Prices in the UK capitals also dropped substantially, down 7% year-on-year in London to £106 per night, by 6% to £95 in Edinburgh, by 11% to £81 in Cardiff and by 27% to £67 in Belfast.
- Newquay and Oxford were the only two places to see prices rise in 2009, perhaps as a result of strong overseas tourism or a rise in domestic travel – the so-called staycation.

Figure 16 Average room prices and changes in 2009: for major UK cities

| City | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|---------------------|--|--|-----------------------|
| Bath | £111 | £124 | -11% |
| London | £106 | £114 | -7% |
| Newquay | £97 | £86 | 13% |
| Edinburgh | £95 | £100 | -6% |
| Jersey | £93 | £113 | -17% |
| Oxford | £91 | £80 | 14% |
| York | £87 | £94 | -8% |
| Stratford Upon Avon | £85 | £92 | -8% |
| UNITED KINGDOM | £84 | £97 | -13% |
| Cardiff | £81 | £91 | -11% |
| Brighton | £80 | £90 | -12% |
| Aberdeen | £78 | £106 | -26% |
| Exeter | £77 | £92 | -17% |
| Newcastle Upon Tyne | £76 | £89 | -14% |
| Manchester | £75 | £80 | -6% |
| Liverpool | £75 | £87 | -14% |
| Glasgow | £74 | £77 | -4% |
| Torquay | £72 | £87 | -18% |
| Inverness | £71 | £85 | -16% |
| Bristol | £71 | £80 | -12% |
| Dundee | £69 | £78 | -11% |
| Bournemouth | £68 | £76 | -10% |
| Leeds | £67 | £81 | -18% |
| Belfast | £67 | £92 | -27% |
| Blackpool | £63 | £75 | -15% |
| Southampton | £61 | £88 | -30% |
| Birmingham | £59 | £69 | -14% |
| Sheffield | £59 | £74 | -20% |
| Plymouth | £58 | £66 | -12% |
| Nottingham | £53 | £66 | -19% |
| Leicester | £50 | £61 | -18% |
| Coventry | £47 | £59 | -20% |

Average hotel prices in UK in 2009, compared to 2008



Source: Hotels.com

Figure 17 Average room prices and changes in 2009: major Scottish cities

| City | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|-----------|---------------------------------------|---------------------------------------|-----------------------|
| Edinburgh | £95 | £100 | -6% |
| Aberdeen | £78 | £106 | -26% |
| Glasgow | £74 | £77 | -4% |
| Inverness | £71 | £85 | -16% |
| Dundee | £69 | £78 | -11% |

- Prices across all of the major Scottish cities fell in 2009 (when compared to 2008).
- Leading the falls was Aberdeen, where prices dropped 26% to average £78 – down from £106 a year before, largely due to the reduced number of North Sea oil related business travellers to the region.
- Aberdeen was followed by Inverness, where prices fell by one fifth (16%) year-on-year. Prices in Dundee meanwhile fell by 11% between 2008 and 2009, making it the cheapest of the Scottish cities analysed in the HPI®.
- Prices in Edinburgh and Glasgow were down by smaller degrees – falling 6% and 4% respectively.

The prices paid for UK hotels by overseas travellers

Although the prices paid for UK hotels by travellers from across the country fell (by 13%), the average prices paid by travellers from Europe and the US for UK hotels fell to an even greater degree, thanks to the relatively weak Pound.

The UK has now become one of the world's most affordable major tourist destinations for overseas travellers, according to the Hotels.com Hotel Price Index.

- Hotels.com found that, on average, travellers from the Eurozone to the UK paid on average 18% less for UK rooms in 2009 than they did one year before. Leading the price falls were Birmingham (down 27%) and Liverpool (down 24%).
- It cost an American traveller 21% less for a UK hotel room in 2009 than it would have done a year before, with the average price of a hotel room dropping from \$218 during 2008 to \$172 in 2009.

Figure 18 Average room prices and changes as paid by Eurozone travellers to the UK in 2009

| City | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|----------------|--|--|-----------------------|
| London | €113 | €133 | -15% |
| Edinburgh | €106 | €126 | -16% |
| UNITED KINGDOM | €104 | €126 | -18% |
| Liverpool | €87 | €114 | -24% |
| Manchester | €83 | €100 | -17% |
| Glasgow | €76 | €90 | -15% |
| Birmingham | €68 | €93 | -27% |

Figure 19 Average room prices and changes as paid by US travellers to the UK in 2009

| City | Average price per room per night 2009 | Average price per room per night 2008 | % Change year-on-year |
|----------------|--|--|-----------------------|
| London | \$185 | \$226 | -18% |
| Edinburgh | \$160 | \$213 | -25% |
| Liverpool | \$126 | \$187 | -32% |
| UNITED KINGDOM | \$172 | \$218 | -21% |
| Glasgow | \$116 | \$147 | -21% |
| Manchester | \$112 | \$152 | -26% |
| Birmingham | \$105 | \$148 | -29% |

6. Prices paid at home and away

In 2009, Irish travellers held the mantle of “Europe’s biggest spenders” when travelling overseas, according to the research by Hotels.com, spending on average £107 per night on hotels when abroad, substantially more than they spent on average when travelling in their own country.

UK travellers, meanwhile, were those who spent least when travelling overseas in 2009, dropping down the table. They spent just £90 per night when travelling overseas – less than any other nation.

Figure 20 Average room prices paid by travellers when travelling within their own countries versus those paid overseas during 2009

| Nationality | Average price paid per room when travelling within own-country | Average price paid per room when travelling abroad |
|----------------|--|---|
| Ireland | £82 | £107 |
| Spain | £78 | £103 |
| Portugal | £77 | £103 |
| Italy | £90 | £103 |
| Austria | £81 | £100 |
| Belgium | £89 | £99 |
| Netherlands | £92 | £96 |
| France | £72 | £96 |
| Norway | £110 | £95 |
| Germany | £79 | £95 |
| Finland | £93 | £92 |
| Denmark | £107 | £92 |
| Sweden | £90 | £91 |
| UNITED KINGDOM | £84 | £90 |

7. Where to go for £100 per night

People with £100 to spend on a hotel room are now spoilt for choice when it comes to finding luxury for less.

In the basket of cities analysed, nine destinations now offer five star hotel rooms for less than £100 per night.

Those searching for a luxury break in Europe can find accommodation at the top of the range in cities including Pisa and Warsaw. Those travelling further afield can find luxury for less in Bangkok, Marrakech, Melbourne or Toronto.

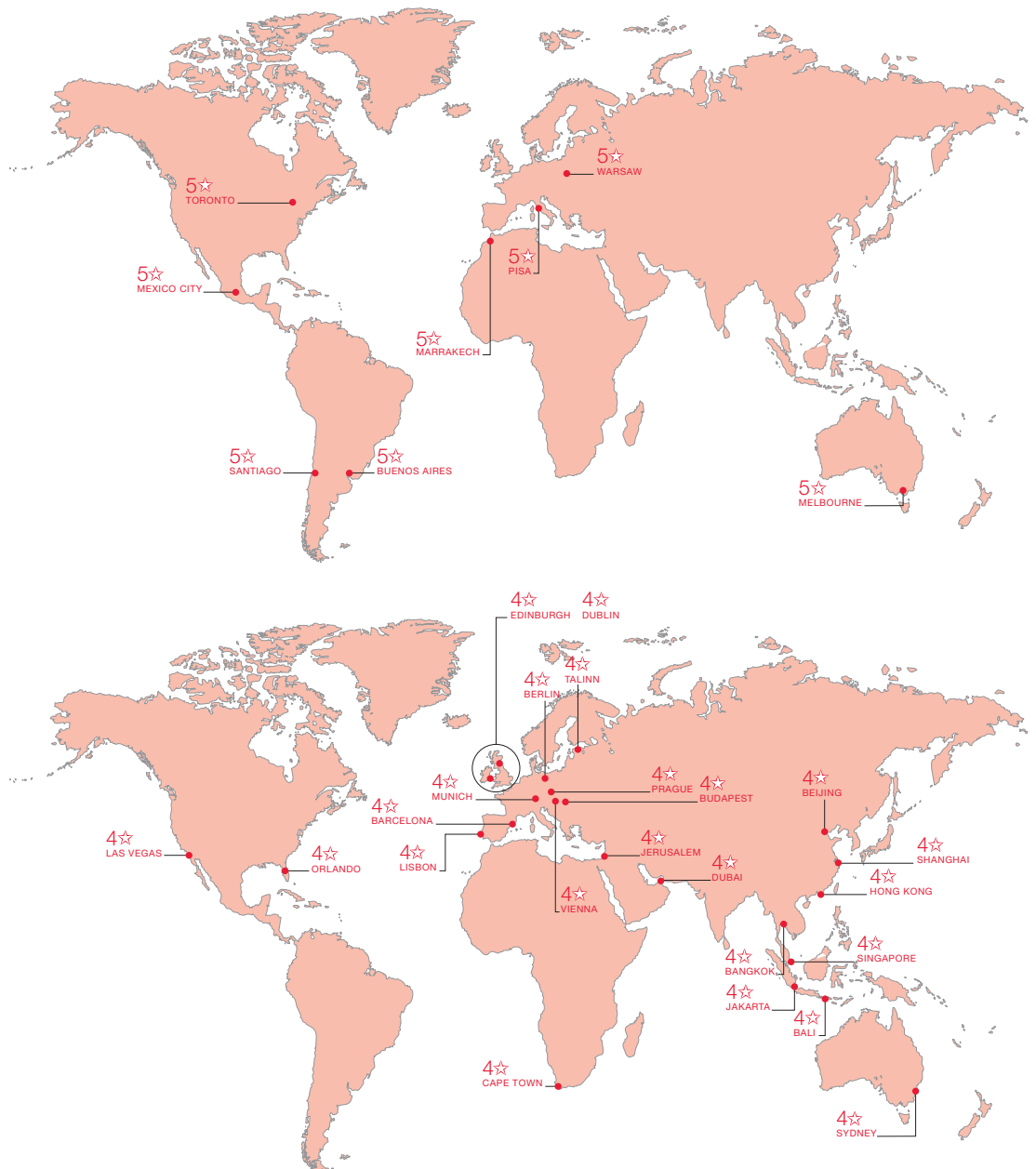


Figure 21 The star rating that can be purchased by travellers spending £100 or £75 per night in the world's top cities

| City | What star rating £100 per night will buy in each city's hotels | What star rating £75 per night will buy in each city's hotels | City | What star rating £100 per night will buy in each city's hotels | What star rating £75 per night will buy in each city's hotels |
|--------------|--|---|----------------|--|---|
| Buenos Aires | 5.0 | 3.2 | Sydney | 4.0 | 3.2 |
| Marrakech | 5.0 | 4.1 | Frankfurt | 3.9 | 3.3 |
| Melbourne | 5.0 | 3.3 | Istanbul | 3.9 | 3.3 |
| Mexico City | 5.0 | 2.9 | Amsterdam | 3.8 | 2.1 |
| Pisa | 5.0 | 3.8 | Seoul | 3.8 | 3.2 |
| Santiago | 5.0 | 2.9 | Stockholm | 3.7 | 2.5 |
| Toronto | 5.0 | 2.8 | Cancun | 3.7 | 2.9 |
| Warsaw | 5.0 | 3.8 | San Francisco | 3.5 | 2.5 |
| Tallinn | 4.8 | 4.4 | Montreal | 3.5 | 2.5 |
| Prague | 4.9 | 4.2 | London | 3.5 | 2.5 |
| Budapest | 4.8 | 4.2 | Vancouver | 3.4 | 2.5 |
| Lisbon | 4.8 | 3.7 | Nice | 3.3 | 2.5 |
| Berlin | 4.6 | 3.9 | Chicago | 3.2 | 2.0 |
| Beijing | 4.6 | 4.1 | Tokyo | 3.2 | 2.4 |
| Bangkok | 4.5 | 3.9 | Rome | 3.2 | 2.2 |
| Dublin | 4.4 | 3.8 | Sao Paulo | 3.2 | 2.8 |
| Shanghai | 4.4 | 3.9 | Los Angeles | 3.1 | 2.4 |
| Vienna | 4.4 | 3.6 | Miami | 3.1 | 2.4 |
| Las Vegas | 4.3 | 3.8 | Geneva | 2.9 | 2.7 |
| Madrid | 4.3 | 2.9 | Oslo | 2.9 | 1.5 |
| Jakarta | 4.3 | 3.9 | Seattle | 2.9 | 2.2 |
| Bali | 4.3 | 3.7 | Paris | 2.8 | 2.0 |
| Cape Town | 4.2 | 3.6 | Copenhagen | 2.8 | 2.0 |
| Dubai | 4.1 | 3.6 | Boston | 2.6 | 1.8 |
| Munich | 4.1 | 2.6 | Rio De Janeiro | 2.6 | 1.8 |
| Barcelona | 4.1 | 2.5 | Venice | 2.4 | 1.9 |
| Hong Kong | 4.1 | 3.5 | Washington | 2.2 | 1.1 |
| Edinburgh | 4.0 | 2.7 | Cairo | 1.9 | 1.7 |
| Jerusalem | 4.0 | 2.9 | Moscow | 1.8 | 1.6 |
| Singapore | 4.0 | 2.9 | New York | 1.8 | 1.2 |
| Orlando | 4.0 | 3.4 | | | |

8. Average room prices by star rating

Hotels.com analysed the average prices paid for hotel rooms across different star ratings in the world's top cities.

The data demonstrates where UK travellers can find the best bargains. It also shows those cities where shopping around for the best deal can yield dividends: in some cases, travellers can end up paying more for a property with a lower star rating.

Figure 22 Average hotel room prices by star rating during 2009

| City | Average price of two star room per night 2009 | Average price of three star room per night 2009 | Average price of four star room per night 2009 | Average price of five star room per night 2009 |
|--------------|---|---|--|--|
| Amsterdam | £71 | £85 | £104 | £143 |
| Bangkok | £30 | £33 | £81 | £119 |
| Barcelona | £66 | £83 | £94 | £148 |
| Beijing | £37 | £41 | £69 | £122 |
| Berlin | £58 | £58 | £78 | £115 |
| Boston | £80 | £111 | £142 | N/A |
| Budapest | £50 | £49 | £64 | £108 |
| Buenos Aires | N/A | £70 | £98 | N/A |
| Cairo | £101 | £34 | N/A | £129 |
| Cancun | £34 | £76 | £110 | N/A |
| Cape Town | £55 | £57 | £90 | £144 |
| Chicago | £75 | £96 | £113 | £183 |
| Copenhagen | £75 | £106 | £120 | £151 |
| Dubai | £47 | £55 | £89 | £172 |
| Dublin | £61 | £64 | £78 | £129 |
| Edinburgh | £61 | £82 | £98 | £136 |
| Frankfurt | £65 | £66 | £101 | £146 |
| Geneva | N/A | £108 | £145 | £278 |
| Hong Kong | £31 | £55 | £93 | £157 |
| Istanbul | £35 | £63 | £102 | £129 |
| Jerusalem | N/A | £81 | £97 | £206 |
| Las Vegas | £26 | £38 | £82 | £138 |
| Lisbon | N/A | £57 | £83 | £105 |
| London | £64 | £86 | £117 | £193 |
| Los Angeles | £63 | £92 | £158 | N/A |
| Madrid | £54 | £77 | £85 | £134 |
| Marrakech | N/A | £51 | £73 | £96 |
| Melbourne | £54 | £69 | £90 | N/A |
| Mexico City | £33 | £76 | £92 | N/A |
| Miami | £62 | £97 | £151 | N/A |

| City | Average price of two star room per night 2009 | Average price of three star room per night 2009 | Average price of four star room per night 2009 | Average price of five star room per night 2009 |
|----------------|---|---|--|--|
| Montreal | £59 | £88 | £114 | N/A |
| Moscow | £131 | £96 | £166 | £251 |
| Munich | £64 | £83 | £92 | £155 |
| New York | £111 | £147 | £204 | £270 |
| Nice | £65 | £86 | £141 | N/A |
| Orlando | £29 | £60 | £99 | N/A |
| Oslo | £83 | £102 | £109 | £140 |
| Paris | £75 | £105 | £163 | £267 |
| Pisa | £75 | £65 | £78 | N/A |
| Prague | £45 | £47 | £66 | £104 |
| Rio De Janeiro | £89 | £107 | £172 | N/A |
| Rome | £69 | £97 | £116 | £223 |
| San Francisco | £65 | £84 | £114 | £262 |
| Seattle | £67 | £106 | £133 | N/A |
| Shanghai | £26 | £49 | £77 | £134 |
| Singapore | £41 | £78 | £98 | £180 |
| Stockholm | £65 | £85 | £105 | £129 |
| Sydney | £52 | £70 | £100 | N/A |
| Tallinn | N/A | £42 | £61 | £102 |
| Tokyo | £68 | £89 | £146 | N/A |
| Toronto | £56 | £79 | £98 | N/A |
| Vancouver | £62 | £89 | £116 | N/A |
| Venice | £85 | £120 | £142 | £272 |
| Vienna | £57 | £67 | £80 | £133 |
| Warsaw | N/A | £61 | £79 | £81 |
| Washington | £97 | £114 | £145 | N/A |

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