



## GHN MARKET REPORT Rio de Janeiro



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Rio de Janeiro City is the most famous Brazilian city in the world, and the second in importance in Brazil, with 6 million inhabitants and its GDP represents 45% of general state GDP, and 67% of city's GDP is related to tourism business.

Tourism and hotel business are strong economic sector in Rio de Janeiro.

As capital of state, services sector is very representative. During the last years Gas and Oil industry has been gaining more share in local economy. Petrobras, the sixth largest company in the world, has headquarters in Rio de Janeiro and in its region is one of the most important in oil overseas exploration.

Even though Rio de Janeiro is known as a leisure destination to tourism worldwide, the economy growth is changing this perception.

### **Tourism figures**

According to the Brazilian Tourism Ministry in 2009, 908.667 tourists visited the city from December 2009 to February 2010. The flow of tourists had an increase of 1,5% regarding the same period last year according to Riotur, the city tourism authority, with a total amount of US\$ 1,88 billion provided by tourism activities.



Rio de Janeiro's hotels occupancy rate in 2010 showed an average of 73,75% according to ABIH – RJ (Brazilian Hotel Industry Association) and the hotel industry showed an average daily rate of R\$ 295,44 and approximately 1,6 million tourists stayed in the hotels.

Brazilians represent 60,62% of its tourists total and international tourists are represented by 39,38% of the city demand. Foreigners are more representative in the luxury hotels, according to ABIH.

Also according to ABIH, Americans are usually most seen on the streets; however, the international tourists came mostly from Europe mainly from England, France, Germany and Italy.

Reasons why people travel to Rio de Janeiro: 39,36% are traveling on businesses purposes, 32,08% leisure purposes and, last but not least, congresses, conventions and fairs are only 11,86% of the market. So, nowadays, leisure segment in Rio de Janeiro is less than 1/3 representative in total flow.

Meetings and Conventions segment has an important impact in the hotel business; in a study developed by the Tourism Ministry in 2008 shows 95,8% of the interviewee when participating in events, stay in a hotel.

The city also counts on two main airports; the domestic is called Santos Dumont and Tom Jobim, so-called Galeão, is the international airport.

As can be seen in the table below, the city international airport has gradually risen the number of travellers showing that it grows roughly 7,34% annually according to Infraero



(Empresa Brasileira de Infra-Estrutura Aeroportuária), the Brazilian Airport Authority.

The number of people who come to Rio de Janeiro is an upward trend felt in the tourism market especially due to its economical importance.

Furthermore the Tourism Ministry expects to sharply grow in 30% the international tourist number in the country by 2016 vis-à-vis the Olympic Games that will take place in Rio de Janeiro.

| <b>Airport flow (Passengers)</b>           |                 |                      |              |
|--|-----------------|----------------------|--------------|
| <i>Galeão International Airport (SBGL)</i> |                 |                      |              |
| <b>Year</b>                                | <b>National</b> | <b>International</b> | <b>Total</b> |
| <b>2005</b>                                | 6.254.196       | 2.402.943            | 8.657.139    |
| <b>2006</b>                                | 6.705.345       | 2.151.182            | 8.856.527    |
| <b>2007</b>                                | 8.174.469       | 2.178.147            | 10.352.616   |
| <b>2008</b>                                | 8.532.489       | 2.222.200            | 10.754.689   |
| <b>2009</b>                                | 9.215.475       | 2.613.181            | 11.828.656   |
| <b>2010</b>                                | 9.210.885       | 3.127.059            | 12.337.944   |
| <b>Annual Average Growth</b>               | <b>8,05%</b>    | <b>5,41%</b>         | <b>7,34%</b> |

Source: Infraero - Brazilian Government Airport Authority.

### ***Hotel Market Overview***

According to the Tourism Annual Statistic report 2010 developed by the Brazilian Tourism Ministry, Rio de Janeiro shows a scenario of 1033 hotels, 50.982 hotels' rooms and a total of 93.756 hotels beds.

The city hosts a wide range of international hotel brands such as Accor, Marriott, Starwood, InterContinental, Posadas, Pestana Hotels and Resorts and Golden Tulip. Also, national hotels chains are offered for the tourists such as Bourbon, Windsor, Othon and Fasano.



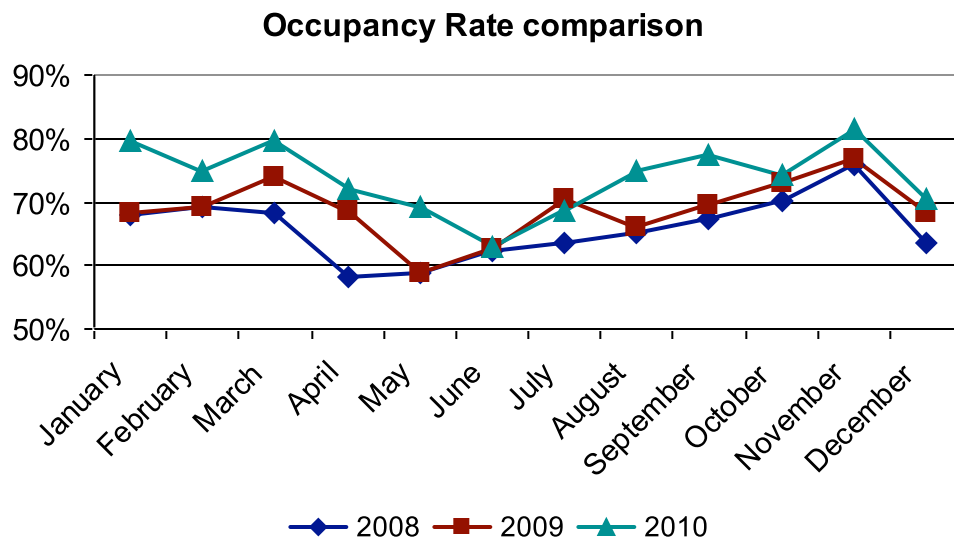
According to Guia Quatro Rodas, a well known Brazilian travel guide, Rio de Janeiro currently offers a total of 113 hotels. The table below shows the hotels separated by their categories:

| Hotels in Rio de Janeiro - Guia 4 Rodas Classification |                  |          |
|--|------------------|----------|
| Classification   | Number of hotels | Meaning  |
| 5 Houses   | 4                | Luxury   |
| 4 Houses   | 6                | Upscale  |
| 3 Houses   | 31               | Midscale |
| 2 Houses   | 41               | Budget   |
| 1 House  | 31               | Simple   |
| <b>Total</b>   | <b>113</b>       |          |

Source: Guia Quatro Rodas – Brazilian Tourism Guide

The hotel industry performance in this city has achieved a very positive outcome and as reported by ABIH – RJ the neighborhoods that show higher occupancy rates are: Copacabana and Barra da Tijuca.

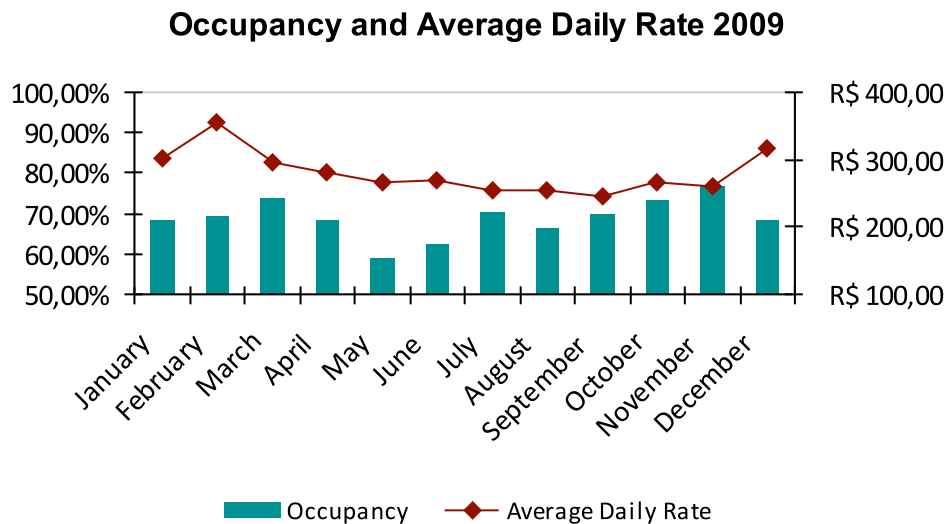
The occupancy rate in the city has experienced an annually growth as can be noted below:





Source: Fecomércio-RJ

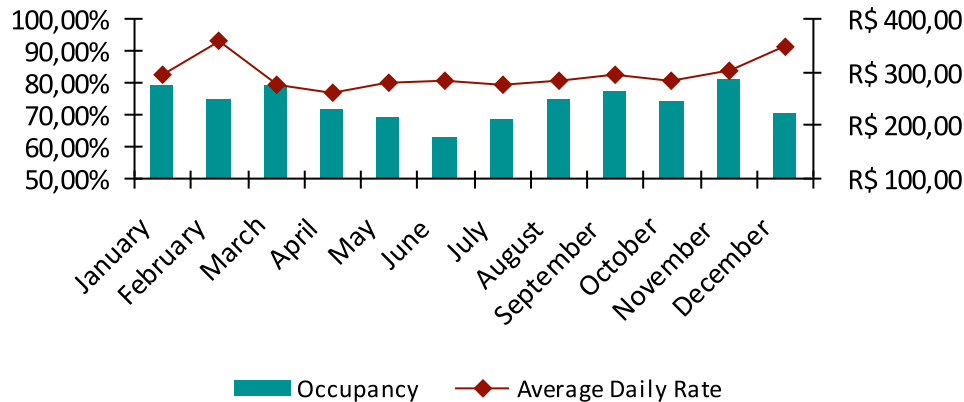
The daily rate charged throughout the city is one of the highest in Brazil and the main reason for it is that it has been attracting big companies to run their business in the city mainly companies that work in the petrol and gas fields. So the average daily rate in Rio de Janeiro increased from 2009 to 2010 as it is demonstrated below



Source: ABIH - RJ



### Occupancy and Average Daily Rate 2010



Source: ABIH - RJ

ABIH shows that the average daily rate grew 1,05% compared to the 2009 results with R\$ 295,44 as well as the occupancy rate that in 2010 hit its highest occupancy rate with 73,75%.

The city Revpar has also increased from 2009 to 2010 in which in 2009 the hotel industry showed a Revpar of R\$ 193,14 and in 2010 it went up to R\$ 218,03.

### ***Investments in Rio de Janeiro***

As Brazil deep-sea oilfields come on stream, Rio de Janeiro is one of the states under the spotlight in the business world as companies have been flourishing.

Rio de Janeiro will be a stage for the World Cup 2014 in which the Federal Government foresees investments of R\$ 5 billion that are in the pipeline. The investments aim to develop buses and metro around the city in order to become it handy for the football stadiums, airports and others.

Rio de Janeiro is estimated to be the city that will receive more hotels among the host cities for the FIFA World Cup 2014, where the city is projected to receive 17 new hotels from 2011 until 2014.



In relation to hotel investments in the city, according to the study developed by BSH International, it is estimated to have R\$ 593.680.000 in hotels' investments and 2969 rooms is planned to be built.

The table below enables a broader comprehension for those who look up for investing in the hotel industry in Rio de Janeiro presented as a map of future hotels in the city with its estimated investments, number of rooms, the hotel operator and the hotel category.

| Hotel Investment in Rio de Janeiro     |                            |                 |                          |                |
|--|----------------------------|-----------------|--------------------------|----------------|
| Properties names                       | Estimated investment (R\$) | Number of rooms | Hotel Operator           | Hotel Category |
| Antela Hotelaria e Turismo             | 24.000.000                 | 192             | N/I                      | Midscale       |
| Comfort Suites Copacabana              | 15.000.000                 | 120             | Atlantica Hotels         | Midscale       |
| Gloria Palace Hotel                    | 200.000.000                | 231             | Independente             | Luxury         |
| Golden Tulip Regente (Enlargement)     | 15.000.000                 | 100             | Brazil Hospitality Group | Upscale        |
| Promenade Verano                       | 62.500.000                 | 500             | Promenade Apart-Hotéis   | Midscale       |
| Windsor Marbella                       | 19.200.000                 | 120             | Windsor Hotéis           | Midscale       |
| Windsor Flórida (Enlargement)          | 10.500.000                 | 88              | Windsor Hotéis           | Midscale       |
| Ibis Rio de Janeiro Botafogo           | 29.400.000                 | 210             | Accor Hospitality        | Budget         |
| Ibis Rio de Janeiro Copacabana         | 19.520.000                 | 122             | Accor Hospitality        | Budget         |
| Ibis Rio de Janeiro Praia da Barra     | 22.500.000                 | 225             | Accor Hospitality        | Budget         |
| Ibis Rio de Janeiro Parque Olímpico    | 25.300.000                 | 253             | Accor Hospitality        | Budget         |
| Mercure Rio de Janeiro Praia da Barra  | 20.400.000                 | 136             | Accor Hospitality        | Midscale       |
| Novotel Rio de Janeiro Barra           | 27.360.000                 | 186             | Accor Hospitality        | Upscale        |
| Novotel Rio de Janeiro Parque Olímpico | 28.000.000                 | 186             | Accor Hospitality        | Upscale        |
| STX Desenvolvimento Imobiliário        | 75.000.000                 | 300             | N/I                      | Luxury         |
| <b>Total</b>                           | <b>593.680.000</b>         | <b>2969</b>     |                          |                |

Source: BSH International – Map of investments 2011

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