

january/february 2012 hospitalitydesign.com

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Presenter of

 Hospitality **DESIGN**
EXPO+Conference
2012

out of the red

By JoAnn Greco

A new affluence and a corresponding explosion of demanding and well-traveled citizens are putting Russia—as well as the breakaway Soviet Union nations collectively referred to as the Commonwealth of Independent States (CIS)—top of mind for a host of hotel developers.

Noteworthy Newcomers

One of the most highly anticipated hotels, now slated for a May opening, is the Four Seasons Lion Palace in St. Petersburg. The group also plans to open a hotel in the happening beachside resort city of Baku in Azerbaijan, and a Moscow property—a rebuild of the historic Hotel Moskva—is scheduled to open in 2014.

“As we continue to see a tremendous amount of outbound business from Russia to areas where we offer hotels and resorts in Europe and Asia, it’s important that this public becomes familiar with the Four Seasons product so that when they travel, they think of us,” says Scott Woroch, executive vice president of worldwide development for the brand.

Just two blocks from the Winter Palace and the Hermitage, the Four Seasons St. Petersburg is an adaptive reuse of an 1820 palace by ReardonSmith Architects. Interiors are the last project by now-retired Cheryl Rowley of Beverly Hills, who says the building’s neoclassic origins were a driving force: “While many of our past projects have been grounded in classic design, none had been quite so literal as was required here.” A light, clear palette, reflective of the city’s renowned sky blue- and yellow-hued buildings, dominates. Reception and concierge desks emulate 19th-century period furniture, while guestrooms feature ivory moldings and cabinetry, offset by gilt and back lacquer accents, and mahogany, walnut, and cherry woods.

The property’s arrival follows another buzzworthy newcomer to the city, Starwood’s W, which debuted in the spring with 137 rooms and suites, a Bliss Spa, an Alain Ducasse restaurant, and a rooftop bar, all designed by Antonio Citterio. It joined five other Starwood properties in the region, followed by the November opening of a Sheraton in Baku. The two hotels signal the start of Starwood’s renewed activity in the region; in the next few years, it plans to unveil a Four Points in Zaporozhye, Ukraine, and a slew of Russian Sheratons in Sochi, Rostov-on-Don, and Perm.

Tricky Business

The activity makes sense, say experts. “For too long, there haven’t been many internationally branded hotels in these areas,” observes Alexander Gospodinov, author of a 2011 market overview, *Please Make Up the Room: Your Guide to Branded Hotel Market in Russia, the CIS and Georgia*, from the London-based consultancy Richard Chancellor Ltd. “As business



develops in and between the countries in the region, there’s a growing need for business travelers to stay in places they understand from their travels around the rest of the world.”

It won’t be an easy transition, though. Russia, in particular, still has a demanding visa process for visitors, and the entire region’s byzantine rules and Soviet-era bureaucracies can present challenges for developers. “The permit process is quite cumbersome,” says Karl Pinault, executive director for design and construction at Fairmont Hotels & Resorts. “There’s not a lot of flexibility. They tend to rely on old formulas and



Opposite page, from top: A rendering of the contemporary lobby of the Radisson Blu Bukovel, opening this year in Ukraine; a rendering of a villa of the Kempinski Chernomoritz Park Spa Hotel in Sochi. *This photo:* A rendering of the InterContinental Moscow Tverskaya's lobby lounge. *Left:* The Atrium Lounge at the Fairmont Grand Hotel Kyiv.

codes." That, and a penchant for cutting construction corners, can interfere with the needs of brands to adhere to the design and safety standards they've developed, adds Gospodinov.

Understanding this very competitive market from within, then, is essential, says London-based designer Alex Kravetz, who handled InterContinental Hotels Group's (IHG) new Moscow Tverskaya hotel. "As time goes by, we are finding many local professionals with whom we can successfully collaborate," he adds. "The [old] approach is giving way to professionalism, and [leading to] an ability to actually work in Russia."

Opened in December, the luxurious Moscow Tverskaya is IHG's initial salvo in an ambitious effort to open 100 properties in the region before 2020. Kravetz calls the design a "bold statement with a boutique feel," a fitting introduction to IHG's longterm plans. "Use of quality and expensive materials—like black onyx glass and a steel grand staircase—are upping the game in the luxury sector in Moscow," he says.

Other significant upcoming projects from the group include bringing Hotel Indigo, its boutique brand, to Moscow and St. Petersburg, as well as the construction of Europe's largest Holiday Inn in Moscow.

Brand Boom

Rezidor Hotel Group, with its Radisson Blu and Park Inn brands, also foresees growth. Currently offering about 50 hotels in Russia and the CIS, the group has about 15 more in the pipeline in Russia alone, such as the recently announced Radisson Blu Resort and Congress Hotel in Sochi, scheduled for 2013. "There are more than fifty cities just in Russia that have populations of more than three hundred thousand," says Arild Hovland, senior vice president of development. "In most of them, there is not a decent hotel of quality."

Other brands with established presences in the area are also continuing their commitment to expansion. Hilton, for example, has named Russia as its largest European growth market, with 21 hotels—across all brands—in the development pipeline over the next four years. The group entered its 31st country with upscale Hiltons in Baku, while a Kiev property, coming this year, will mark the group's entry into Ukraine. The two cities will host significant international events in 2012: Kiev is gearing up for a major soccer tournament, UEFA Euro, that typically draws a half million tourists, while Baku's hotel scene is receiving a major boost as the city prepares for 40,000 expected attendees of the Eurovision song contest.

Meanwhile, Marriott sees most of the growth coming from the Courtyard segment, according to John Litzenberger, vice president of

development for Eastern Europe and Russia. In November, Marriott announced that Courtyard's European properties would now adhere to a new design prototype that emphasizes high style and high-tech touches, like flexible furniture layouts, spa-like bathrooms, and updated public spaces.

Other Marriott projects currently under construction in the region include the group's ninth hotel in Moscow (a Marriott), and a 243-room JW Marriott in Baku that opens this spring. The group will also beef up its presence in Sochi, with several new entries readied in time for the 2014 Olympics.

Although Hyatt maintains a much smaller presence in the region, with just two hotels in Moscow and two in Baku, it recently announced new projects, both in Vladivostok, Russia, that are pegged to the upcoming Asia-Pacific Economic Summit. Additionally, it too has a Sochi property, a Hyatt Regency, in the works.

Lap of Luxury

Several new entries from smaller luxury brands are also forthcoming. Fairmont is scheduled to open two properties in the region in the first quarter of 2012: the Grand Hotel Kyiv and a Baku property, part of a mixed-use development called Flame Towers. It has also acquired the Pekin Hotel in Moscow, but an extensive renovation plan isn't scheduled to get underway until sometime in 2013.

Meanwhile, as with almost every other brand, Kempinski Hotels has set its eye on Sochi because of the Olympics. The Chernomoritz Park Spa Hotel, with 200 guestrooms, plus a variety of villas and apartments (all to be used as hotel rooms during the main event), "set out from day one to be the most significant 5-Star offering for the games," according to designer Jeremy Heyes of the London office of WATG, which is handling architecture, interiors, and landscaping.

The project, while definitely contemporary, takes its design cue from the almost Balkan feel of the setting and the area's history as a late 19th-century spa destination. Heyes says an example is a decorative pattern—to be etched into the main building's signature glass walled exterior—that alludes to Russian Art Nouveau motifs.

Like others, Heyes says that working in the region has not been one of his easiest projects. But, he adds, "Everything is changing so fast and that shows. I've had some of the most interesting and provocative design discussions of my career there. They know the heritage, they take the time to do their homework."