

Construction “home” hotel of Chinese tour operators in the resort area of Saint-Petersburg

Presentation of the project



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Main idea.

Building in the resort area of St. Petersburg hotel-type facilities (3 *) for accommodation of tourists, mainly from China. "Home" hotel of Chinese tour operators - the hotel is the property of Chinese tour operators.

Keywords: development project, the hotel business.

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1. General information

1.1 The project team.

Initiators of the project are includes a group of persons providing services for international scientific activities (organization of scientific events and stay in a hotel in Cyprus) and experts in tourism and construction.

1.2 Location.

Site location 50 km from the center of St. Petersburg in the town Zelenogorsk (Fig.1).

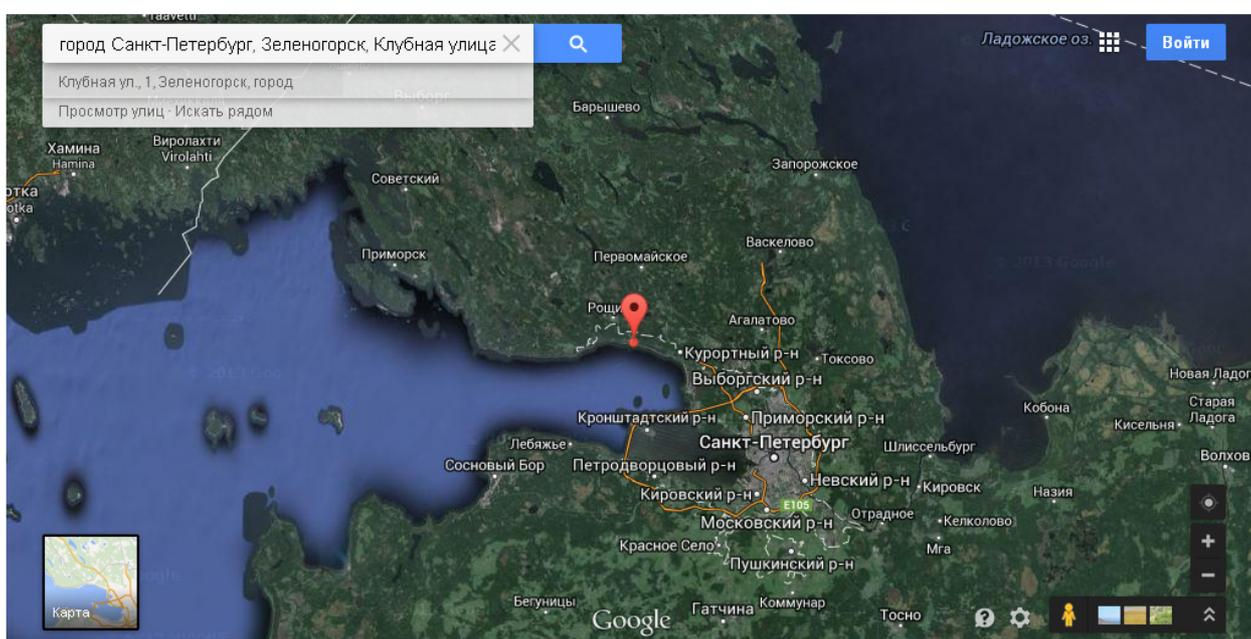


Fig.1 – Big St. Petersburg, Zelenogorsk north-west of the center.

Zelenogorsk is located on the shore of the Gulf of Finland. The coastline is a sandy beach several kilometers, limited curative pine groves (Fig.2).

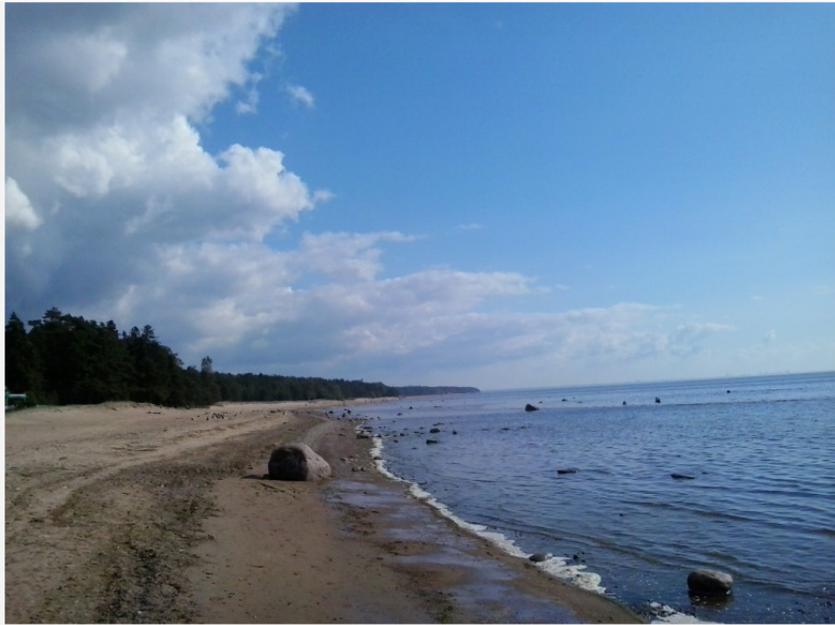
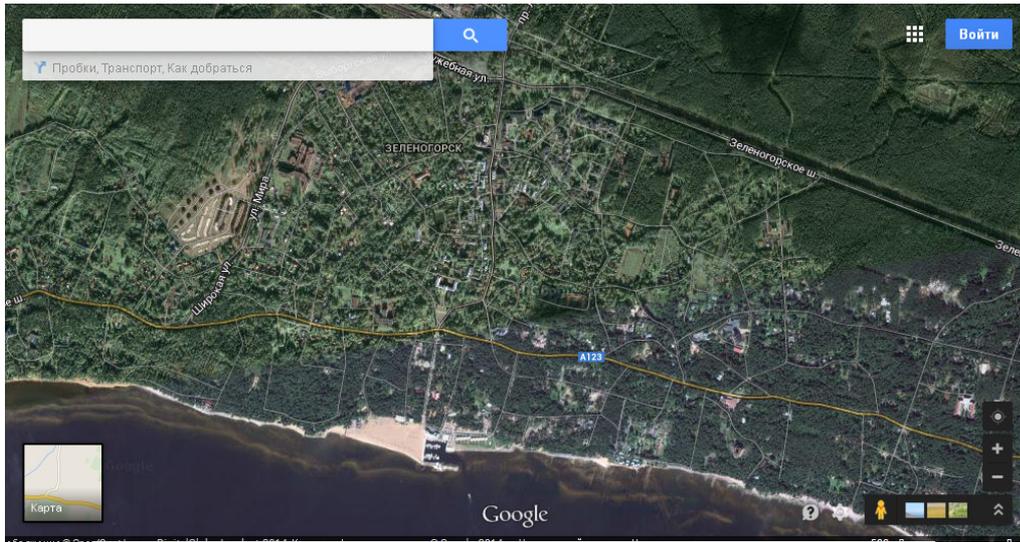


Fig.2 – Beaches near Zelenogorsk.

Before the WW II, the area was Finnish, and had the name Terijoki. In the Finnish period beaches near Terijoki were national Finnish resort.

Zelenogorsk (Fig.3) has several interesting cultural objects: the Finnish Lutheran Church (Fig.4), the museum of retro cars (Fig.5).





Fig.3 – Along the main street of the city.



Fig. 4 - Active Lutheran church - the original lighthouse, around which are grouped Finnish and sympathetic public. It hosts cultural and educational activities with the participation of representatives of the Consulate of Finland in St. Petersburg.



Fig.5 – Museum of vintage cars.

Near the beaches place city park (Fig.6) with mini-golf and other sports facilities, a bandstand for concerts.

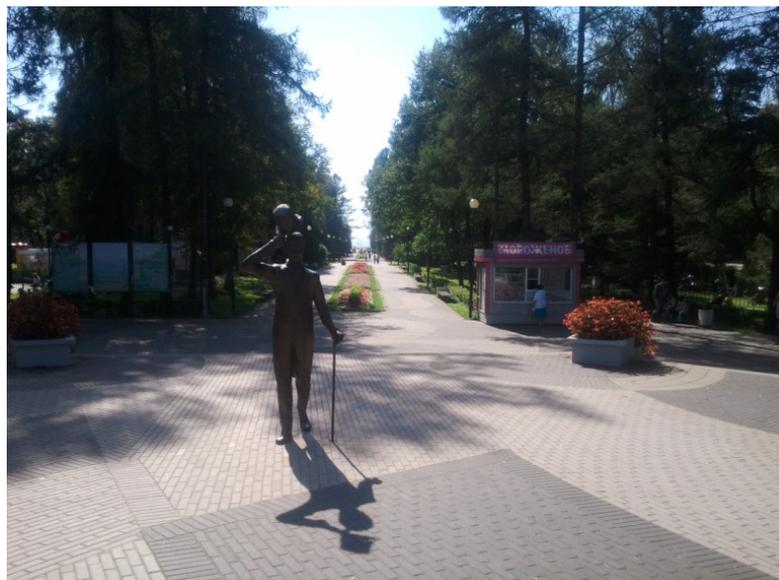




Fig.6 – Central park's walkway.

To the north-east of the city dotted with large and small lakes formed in the Ice Age, and a number of hills, one of which - Puhtolova Mountain (located approximately 5 km from Zelenogorsk) - operates in the winter-equipped ski resort. In summer you hold competitions lovers extreme biking, Orienteering Federation.

In winter, ice Gulf arrange competitions Amateur Snowboard Bouyeri controlled sail or parachute.

Zelenogorsk adjacent to numerous sites suburban development (Fig.7).





Fig.7 – Different variants of development near Zelenogorsk.

The city has a great road and rail links .

From St. Petersburg Zelenogorsk link two highways, one of which runs along the coast of the Gulf (Seaside highway) and abundance of species plots; the second is related to the Western High Speed Diameter - highway , which crosses St. Petersburg from north to south . Both roads have access to the ring road around St. Petersburg. On the other hand, the city is connected with the international highway "Scandinavia" (Helsinki - St Petersburg) and with the road to Primorsk, near which is the largest oil terminal (approximately 80 kilometers north- west of Zelenogorsk) .

On the highway, laid on an interesting waterworks - a protective dam of St. Petersburg - Zelenogorsk associated with religious tourism facilities suburbs of St. Petersburg: Strelna, Peterhof, Oraniembaum, Kronstadt.

Zelenogorsk has direct rail connections to Moscow and Helsinki (train №32 / 33 Moscow-Helsinki every day makes a stop at the railway station of the city) and St. Petersburg (the train on the way to the Finland Station in St. Petersburg 40 min.).

1.3 The marketing strategy of the company.

Currently under development is considered plot, located in the heart of Zelenogorsk. (Fig.10)

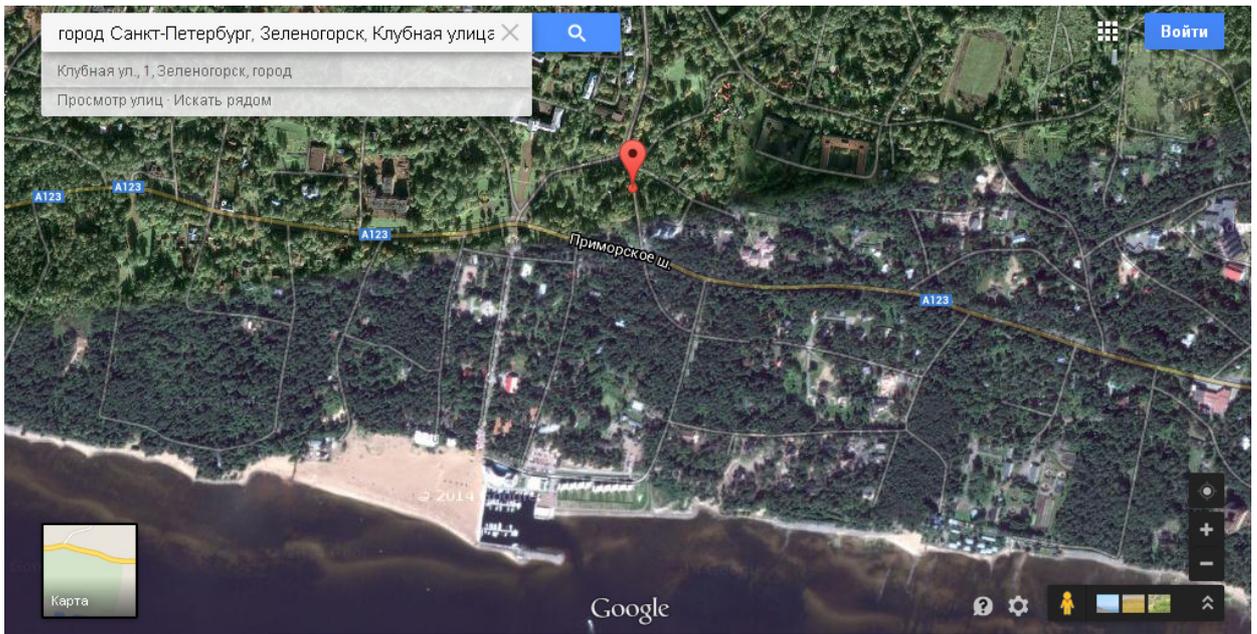


Fig.10– View of the area from different angles.

The plot is bounded to the south Seaside Highway (the road to St. Petersburg), from the west main street, east of Club Street. The plot is located literally across the street from the church (Fig.11).

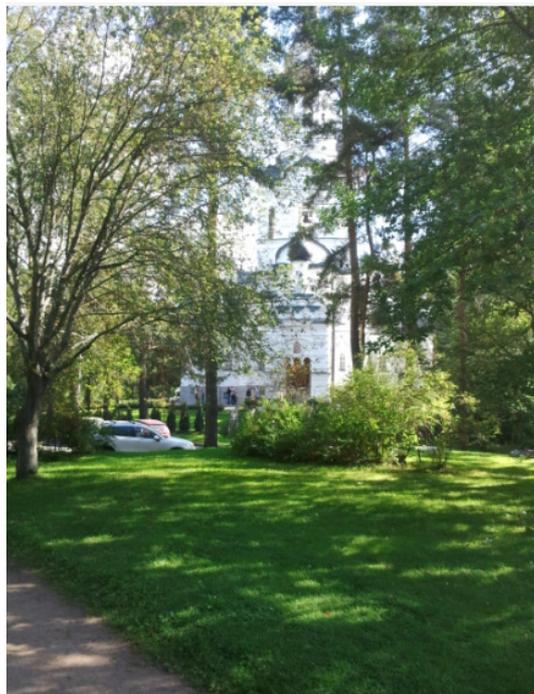


Fig.12 – View of the church from the site.

Lot Size **3644 m²** (or **0.3644 hectares**). The site is inscribed in the recreation area, it has access road and utility connections. Optimal total area of construction - **1350 m²**, and the height of buildings can not exceed **15m** (ie 3 floors of 450 m²). In these dimensions must be entered the hotel at least 30 rooms, 2/3 of which are double, and a conference room for 50 people, which possibly combined with the room for meals.

Small hotels 2-3 *, a priori, are economy class hotel, so bring income due to population density, "the turnover of tourists." In this context, special attention should be paid to the quality of the hotel product (of course, in terms of its price niche), to emphasize the uniqueness of the hotel, use a flexible system of discounts, as much as possible to adapt to each client, creating an atmosphere of "home away from home."

The hotel can be focused solely on how tourists from China and other categories of visitors (Tabl.1).

Table 1 – Possible categories of visitors.

Tourist Destination	A brief description of the option	A) Background and B) the realization
Tourists from China	Tours. groups, mainly from China, (probably, from South-East Asia) aimed at sightseeing of St. Petersburg and its suburbs.	<p>A) The relative shortage in St. Petersburg hotels in the price range of 2-3 *. Excellent communication with the center and museum of St. Petersburg suburbs.</p> <p>Optional: accommodation in the seaside resort area with the attendant capabilities beach holiday.</p> <p>B) Work with specialized tour operators.</p>
Russian domestic tourism	Tours. groups from Russia, aimed at visiting the sights of St. Petersburg and its suburbs.	<p>A) The relative shortage in St. Petersburg hotels in the price range of 2-3 *. Excellent communication with the center and museum of St. Petersburg suburbs.</p> <p>Optional: accommodation in the seaside resort area with the attendant capabilities beach holiday.</p> <p>B) Work with relevant domestic tour operators.</p>

Local and sports tourism	Short family vacation at the seaside resort of walking (optional: Forest lake, park, cultural attractions, sporting events in the winter - ski resort).	<p>A) there is a tourist and cultural infrastructure, the practice of regular sports events, "hyped" the resort among the residents of St. Petersburg and Moscow.</p> <p>B) Advertising Hotel in St. Petersburg and Moscow. The advantage - price niche at * 2-3 (below the nearest competitor).</p>
Border tourism	Group visits of the Finns to their historical homeland.	<p>A) The present practice of visiting Finns Terijoki; Finnish cultural center of life around the church and with the support of the Finnish gene. Consulate.</p> <p>B) Work with the Finnish tour operators.</p>
Maintenance of scientific activity	Giving an object under the carrying out of scientific conferences, etc. activities.	<p>A) Excellent recreational area within the boundaries of a large scientific center - in St. Petersburg.</p> <p>Convenient communication with Moscow, Helsinki (International Airport). Socio-cultural conditions closer to European standards.</p> <p>B) The organization of scientific conferences on the lines of the RFBR. Team, the project initiators have scientists who have influence in the scientific community and are interested in creating</p>

		an object-oriented service science.
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In the future, we can consider the option of building several small hotels in Zelenogorsk, adapted mainly for Chinese tourists.

2. The basic parameters of the project

2.1 Basic costs.

Table 2 - Main project costs.

I Fixed assets		
1. A plot of land	\$ 500 000	"Entry" in a fraction of the land (to attract investors).
2. Construction of the facility, including the cost of design work and approvals.	\$ 1 550 000	The cost of project works approvals valued at \$ 200,000. The construction cost was determined based on the price of \$ 1,000 per square meter (1350 square meters total).
3. Basic production assets	\$ 20 000	Equipment meeting rooms 3D presentation system.
II Others purposes		
Pre-production costs, otherwise.	\$ 30 000	Certification of fire, sanitary and other regulations, licenses to sell alcohol, etc. By the "other" includes costs for the utility connections.

**TOTAL: \$ 2.1 million.
100%**

2.2 The scheme of entering the project.

The company created by the initiators of the project, has a plot of land. Attracts investors / partners in the first phase is proposed to enter into the ownership of the land (buy a piece of land), acquiring, so stake in the company (90%). Price issue \$ 500 000.

Phase investment. The owners of the company undertake further financing of the project in fractions

The project team (project proponents) are prepared to invest in fixed assets (for the construction of the object) \$ 210 000.

The proportion of the initiators of the project investments is - 10%.

Share attracts investors - 90% (\$ 1 890 000)

2.3 Costs attracted investor / partner.

Table 3 - Expenses attracted investor / partner.

I Fixed assets	
1. A plot of land	\$ 500 000

2.1 Project work and coordination	\$ 200 000
2.2 Construction of the facility	\$ 1 140 000
2.3 Basic production assets	\$ 20 000
II Others purposes	
Pre-production costs, otherwise.	\$ 30 000

TOTAL: \$ 1.890 million.

2.4 The calculations (mathematical model).

The initial project cost \$ 2.1 million.

Number of rooms in the hotel - 30.

Competitive daily room rates - \$ 68 (high season)

- \$ 44 (low season)

(Prices are determined from the value of the same number fund - Hotel Polustrovo <
http://www.hotel-

polustrovo.ru/upload/filesmng/141957779332302200.pdf?PHPSESSID=87c0a29a712856c7ad21
051c7e4c0b91> - August 2015).

Price offer (price per room) expressed as a fixed amount to the amount of visitors is added the cost of some additional services (Internet access, long distance and international telephone, air conditioning) and are often found in the pricing of hotels will be added the amount of VAT.

When fully loaded daily income is \$ 2040 (high season) and \$ 1320 (low season).

Part of the income goes to the costs.

The room rate includes the following fixed costs: the maintenance of telecommunication equipment; security; payment of other utilities (hot and cold water, heating, sewerage, gas, ventilation, etc.); s / n staff with charges; depreciation; insurance; land tax; property tax and other taxes.

On repayment of costs accounting for up to 27% of the revenue <http://umhos.ru/statistics/>, thus the maximum daily profit is \$ 1489 (high season) and \$ 964.

During high season (from May to October) the income will be \$ 268 020.

During the low season the income will be \$ 173 520.

The annual profit of the company, thus, can be estimated at \$ 441 540.

Annual investment income (AROI) amount - \$ 441 540 to \$ 2.1 million investment.

Shares of income initiators of the project and attract investors to the respective shares of investment, respectively:

initiators of the project - 10%

attracts investors / partner - 90%.

Consequently, the annual profit:

initiators of the project - **\$ 44 154**

attracted investor / partner - \$ 397 386.

Annual income from investments (AROI) for attracting investor / partner will be - \$ 397 386 to \$ 1 890 000 investment.

The estimated rate of return of 21%.

2.5 The calendar of events.

Calendar of events reflects the terms of investment (Table 4) and estimated payback period (Table 5).

Table 4 - investment period.

	Attracts investors / partner	The initiators of the project
1. The preparatory period (1-10 m)		
1.1 Entry to attract investors in the share of land	\$500 000	
1.2 Project work and coordination *	\$200 000	
2. The main phase of the investment period (10-24 m)		
2.1 Construction of the object **	\$1 140 000	\$210 000
2.2 Equipment meeting rooms 3D presentation system.	\$20 000	
2.3 Other objects *: utility connections; productive assets; advertising; taxes and fees; Operating expenses before the (certification of fire, sanitary and other regulations, licensing of alcohol, etc.)	\$30 000	

* The total cost of 1.2 and 2.3 are \$ 230 000.

Costs for these items are more correlated as follows to take into account the possible bonuses for procedure harmonization. However, the cost for the 1.2 and 2.2 do not exceed \$ 230 000.

** The order of payment of construction work will be regulated in accordance with the work plan (quarterly), according to the estimate.

Thus, the phase of the investment is 24 months.

Table 5 - Estimated payback period.

	12 m (1-12)	12 m (13-24)	12 m (25-36)	12 m (37-48)	10 m (49-58)	Bcero 58 m.
Profit: The initiators of the project	\$41 946*	\$44 154	\$44 154	\$44 154	\$35 592	\$210

Attract s invest ors / partner						000
	\$377 517*	\$397 386	\$397 386	\$397 386	\$320 325	\$1 890 000

* Estimated efficiency hotels in the first year of operation - 95%.

Thus, the payback period is 58 months.

3. Summary Information

3.1 SWOT-analysis.

	Positive aspects Strengths (project properties or collective, giving an advantage over others in the industry)	Negative aspects Weaknesses (properties that weaken the draft)
Factors analysis of the internal environment of the object (ie what the object itself can influence)	<p>1. 98% of the funds are invested in real estate at the time of its decline in value due to the macroeconomic situation. I.e. real estate investments are provided.</p> <p>2. Chinese tour operators will be able to provide its tourists capacity without intermediaries.</p> <p>3. The initiators of the project, for its part, using the status of the residents will be able to effectively ensure the development of this project.</p>	
Environmental Factors (i.e., that may affect the object from outside and is not	1. Prestigious and convenient location.	The presence of zones of urban development restrictions in the territory of the site (by

controlled object)	2. The current decline in property prices. The price of land as a result of the depreciation of the ruble fell by half - from \$ 1 million to \$ 500 000.	altitude, the area of the main water supply).
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3.2 Current state.

Between August 2014 - August 2015 on preparations spent 300 000 rubles.

Marketing Research Consultants - 100 000 rubles.

An extract from the urban plan of the land plot - 200 000 rubles.

It seems that now is an opportune moment to invest in cheapened land in the prestigious area of St. Petersburg, referring to the subsequent construction of the hotel on it. Of course, the Chinese owners may adjust plans filling and return the hotel, based on its own practice of the organization of tourist flows from China to St Petersburg.