Roomex
The Experts in Workforce Travel.

# Forward Pricing Report

Q1 2023

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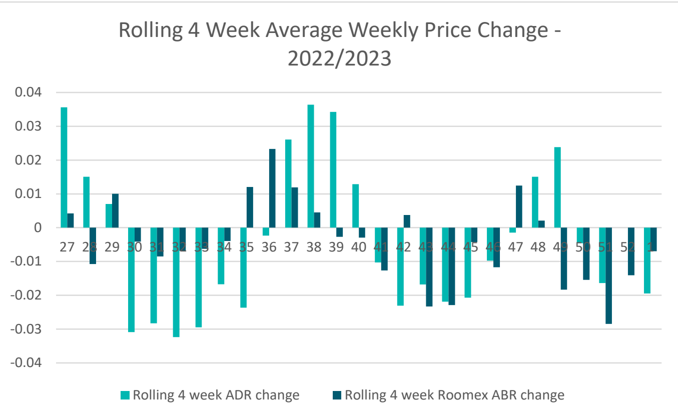
**After a record-breaking year in terms of rate volatility in 2022, the market has seen seasonal price drops that are more in line with pre-covid times but fuelled further by external factors. There is a hesitancy in the air for Q1 2023. The consensus within the hospitality community is a slow start to the year in terms of rate, remaining in line with December 2022. However, hotel chains are still reporting strong business on the books for business travel.**

## Introduction

With inflation still at the forefront of business' minds, spend control and purse strings tightening brings accommodation spend into the spotlight as an area to cut back where possible. It also means hotels will be looking at their overheads and adjusting rates in line with increasing costs. Comparing the last 8 weeks of our Roomex Average Booked Rate (ABR), there was a drop in rates in Week 50, which has been sustained going into Week 1 of 2023.




Looking ahead into Q1 2023, there are minimal rate increases across gateway cities in the first 4-8 weeks - both in inner and outer city locations. From 8-12 weeks, we start to see rates increasing, with inner city increasing at a faster pace than outer city which tends to have more rate stability. This rate stability is good news for Workforce clients who tend to prefer outer city locations rather than inner city, due to parking facilities and easy access to motorways. *As always looking further than 4-5 weeks comes with a health warning that the guidance becomes less accurate.*

In secondary locations, rates are dropping when we look 4-8 weeks out compared with 2 weeks ahead. This could suggest that last minute pick up is more prevalent during the first few weeks of the year and as such hotels are yielding rates last minute while keeping rates more competitive further out. This is a certainty issue that hotels are now very familiar with.

**...In secondary locations, rates are dropping when we look 4-8 weeks out compared with 2 weeks ahead...**

Cities such as Manchester and Liverpool are seeing rate decreases of 6-10% when we look at February and the beginning of March. However by the end of March rates are expected to have started to pick up slowly.

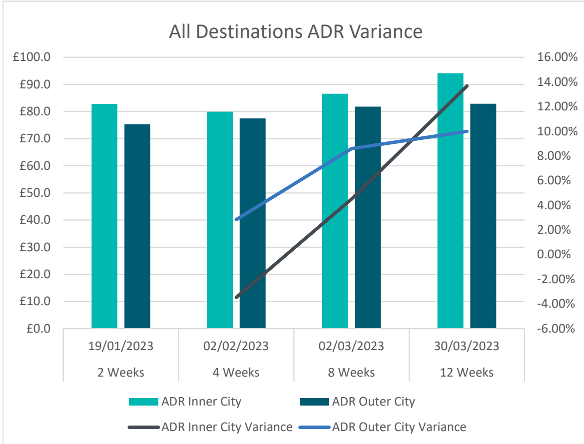
| A look at average prices across secondary destinations in the UK | | | | | |
|---|---|---|---|---|---|
| Destinations | Dates | ADR Inner City | Outer City | Inner City Variance | City Variance |
| 2 Weeks | 19/01/2023 | £73.4 | £70.8 | | |
| 4 Weeks | 02/02/2023 | £68.7 | £73.3 | -6.33% | 3.56% |
| 8 Weeks | 02/03/2023 | £69.1 | £78.7 | -5.83% | 11.16% |
| 12 Weeks | 30/03/2023 | £74.0 | £77.7 | 0.82% | 9.77% |

**Q1 any year has always historically been a quieter period than the rest of the year but overall we are seeing forward corporate business bounce back more than anticipated despite working from home still very much a factor. We expect to see pick up in corporate demand from end of Feb/March onwards and hopefully a strong summer from the leisure market.**

**Jo Radford**
National Sales Manager
*Atlas Hotels*

Regional destinations are also seeing slower rate increases, with outer city location rates increasing and in some cases such as Peterborough and Cambridge inner city rates decreasing by 1-6%, when looking 4-12 weeks out. This is resulting in a rate parity between inner and outer city areas in these regional destinations.

Looking at all destinations across the UK and Ireland, it is a slow start to the year in terms of rate but we are seeing rates increase by 10-13% as we look at mid-end of March.




## Summary

Rates for Q1 2023 are remaining stable when looking up to 8 weeks out. We will likely start to see price increases from end of February onwards. The lower rates of the first few weeks of 2023 are an indication that despite the rate hikes of H1 2022, there is still a seasonality to rates, and revenue managers are yielding rates where possible but keeping a lower rate in place to secure business on the books. Corporate travel and more specifically workforce travel has seen a strong pickup after the festive period but the topic of costs is still at the forefront of business' minds.

## About the Data

Sample set of 960 price points used from UK and Ireland Hotels. All data is from 3 star hotels only to reflect Workforce travel requirements

## Research and Analysis

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Robert Sullivan

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