Roomex
The Experts in Workforce Travel.

Forward Pricing Report

Q1 2024

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Author's Note

In anticipation of the early months of 2024, our forward price data indicates a notable uptrend in hotel prices. Across regions, a robust increase in prices is expected, mirroring trends observed in previous quarters. However, there are distinct variations in the timing and pace of these price escalations.

1. **Regional Price Surge:** Forecasts suggest that travellers will experience a strong rise in hotel prices across regions, particularly evident in the early months of 2024. A large number of trade shows and leisure events in key cities across the UK and Ireland will be expected to contribute to an increase in demand and, as a result, lead to prices climbing at a steady rate.
2. **London's Delayed Increase:** Contrary to the regional trends, London's hotel prices are projected to exhibit a slower pace of growth initially, with indications pointing towards a delayed surge, likely to commence in late February. This delayed response may stem from unique market dynamics within the capital.
3. **Consistency with 2023 Trends:** Analysis indicates that the trajectory of price growth from January to the summer months is anticipated to parallel that of the previous year, reflecting a stable pattern in market behaviour. Such consistency provides valuale insights for stakeholders in the hospitality industry to strategise and adapt accordingly.

In summary, while early 2024 shows promising prospects for hotel price increases, nuances in regional dynamics and the delayed surge in London warrant careful attention. Understanding these trends and their implications can empower stakeholders to make informed decisions and optimise strategies in response to evolving market conditions.

Keith Watson

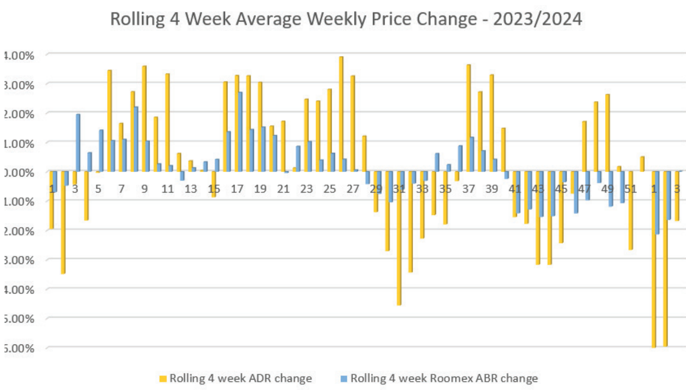
Chief Operating Officer

The UK Consumer Price Index (CPI) rose to 4.2% for the 12 months preceding December 2023. This was an increase on the 3.9% preceding November. It paints a picture that inflation is significantly down compared to the levels seen 6-12 months ago, but a steady decline cannot be taken for granted. Whilst the drivers behind this increase have been pinned on some specific price rises (tobacco and air travel being high among them) input costs for hotels are of course much higher than this time last year. The question is, how the mix of rising costs, demand levels and seasonality will play out and impact hotel procurement in the UK and Ireland.

Introduction

Average daily rate (ADR) has started the year in a fairly muted way. In the first 3 weeks in January, Roomex saw its average booked rate rise 3.9% on the same period in 2023. This is behind the same period in 2022 (+4.6%). Demand being relatively low doesn't give hotels enough traction to increase rates faster but buyers shouldn't take this low rate period as an early indicator for future months.

The below chart shows the rolling 4 week price movement over the full year 2023:

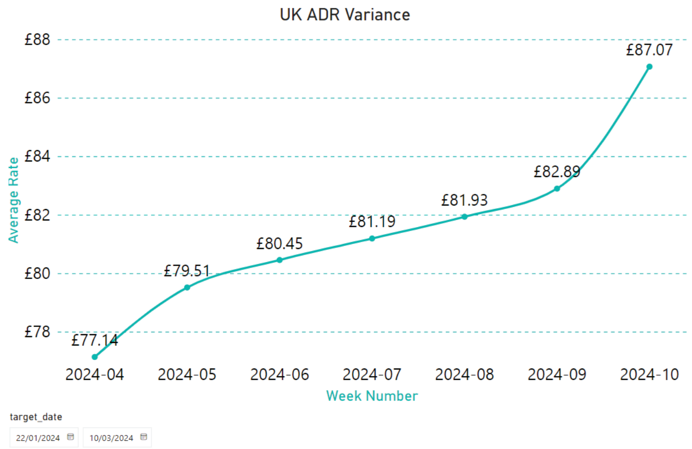


Staying with the 2023 comparison, price development was relatively subdued through to April. Between March and April price development was +7.6%. It's also worth noting that the Roomex platform insulates its customers from wide price fluctuations through the combination of Client Rates and the Roomex Rate programme. Looking at 3rd party market data in the UK, ADR in the first 3 weeks of 2024 was +5.1%; a steeper increase than the Roomex platform and from a higher base. For Roomex customers seasonality became impactful in April last year (+7.6% month-on-month), but the broader market stepped up +11.8% month-on-month and a month earlier.

Taking in the full year, the continuous upward movement through the first half of the year is evident. The drivers being the powerful combination of both inflation and seasonality. Only the summer period and a weak Q4 brought the run to an end.

We also see an enlarged difference between budget hotel brands in periods of low demand. Higher quality brands are able to hold price in weaker periods and trade-off the brand strength they enjoy. Weaker, less well known chains drop prices further.

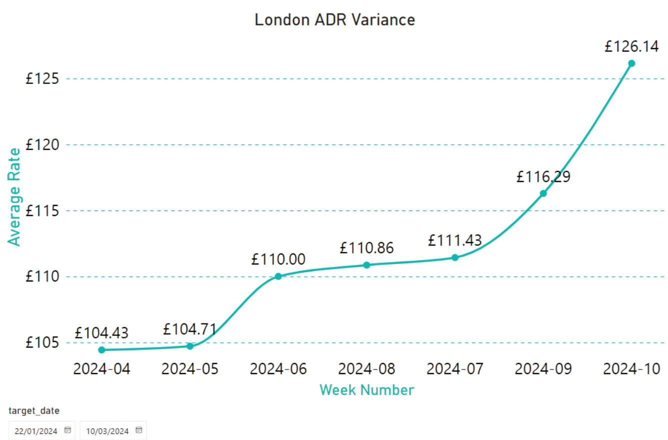
Looking ahead at the forward market data, overall there is a strong and continuous upward trend.



The first 10 weeks of the year forecast an upward trend to the tune of +15.3%. Bear in mind, week 1 is always a low point and forward pricing beyond 6 weeks becomes less reliable.

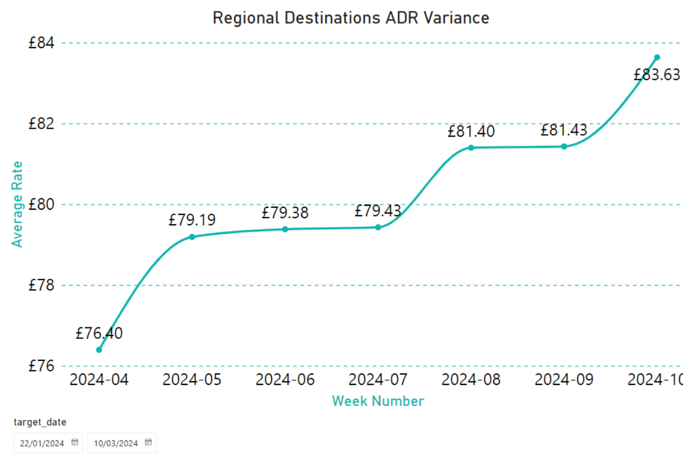
...For Roomex customers, seasonality became impactful in April last year (+7.6% month-on-month), but the broader market stepped up +11.8%...

Breaking this out by regions, London in isolation takes its time for price to get traction - a level of demand is required for hotel systems to yield against.



The first week in March is forecasted to steep increases which is not the case country-wide.

At the other end of the spectrum, Regional destinations, which include locations such as Cambridge, Sheffield, Plymouth, and Northampton, show a much earlier price pick up.



Summary

After 2023 we might have hoped for a more subdued price environment, but the year hasn't started that way and the near future also shows strong price increases.

It's well worn advice that if you book early you will secure better prices. This is often not useful for business travel because of constraints on timing of booking. However, from a budget and planning perspective the trend looks robustly upwards from this point.

At the end of 2023 Roomex purchased an external price forecast for the whole UK market. It showed a January to August trough to peak increase of +42.7% ADR. Our forecast and working assumption at

Roomex is that we can protect customers from most of that and limit that inflation/ seasonality driven rise to +20.8%. We're always happy to advise customers on their specific requirements.

About the Data

Sample set of 50,000 price points used from UK and Ireland Hotels. All data is from 3 star hotels only to reflect Workforce travel requirements

Research and Analysis

Keith Watson
Robert Sullivan

6 Upcoming Events to be Aware of

Over the coming months, a number of events affecting both business and leisure travel will be taking place across the main cities of the UK. This can be expected to contribute to an increase in demand for hotel rooms and, as a result, contribute to an increase in cost per room night. If your business has any essential projects planned that overlap with the events below, it may be worth booking now in order to access the best rates.

6 Nations

Much of the increased demand will fall on days that see minimal workforce travel (Fri-Sun), but bookers should prepare for a possible increase in demand on Thursday & Monday in weeks where fixtures are scheduled.

Dates: 2nd February - 16th March
Affected cities: London, Edinburgh, Cardiff, and Dublin

Smart Retail Tech - ExCel London

Multiple retail trade shows taking place in the ExCel on these dates. Likely to be increased demand for hotels in the area from 26th-29th February; anyone visiting the area during this period is encouraged to book urgently if you haven't already done so.

Dates: 27th February - 28th February
Affected cities: London

Glasgow Film Festival

The UK's fastest growing film festival and third-largest overall is likely to see an increase in demand for hotel rooms in Glasgow throughout early March.

Dates: 28th February - 10th March
Affected cities: Glasgow

Cheltenham Festival

Due to the overlap with the key work-force travel days of Tuesday – Thursday, any business with a need to travel to the Gloucestershire area in the second week of March is strongly encouraged to book as soon as possible.

Dates: 12th March - 15th March
Affected cities: Gloucestershire

The Watercooler & related trade shows - ExCel London

A fast-growing group of tradeshows focusing on employee wellbeing, hotels within walking distance of the ExCel are likely to be in high demand. Avoid waiting to the last minute if your company has any projects in the area in late April.

Dates: 23rd April - 24th April
Affected cities: London

Eras Tour

Whether or not you consider yourself a Swiftie, you may be in for a "Cruel Summer" if your business looks to make a last minute hotel booking in several cities across the UK and Ireland when Taylor Swift & the Eras Tour come to town. Hotels are already selling out on gig nights, so booking early for any necessary stays in June certainly won't go out of "Style." "Don't Blame Me" if you risk waiting to the last minute to finalise any business travel plans taking place in June.

Dates: 7th June - 30th June
Affected cities: London, Liverpool, Cardiff, Edinburgh, and Dublin

What are Roomex Rates?

Roomex Rates provides customers with access to a unique set of rates. They are rates that Roomex negotiates for all of our clients to benefit from. Roomex clients often travel to out of the way places, small towns and rural locations fitting services and repairing infrastructure. For this reason, rather than just being in key locations for corporate travel we source price reductions across a wide range of different locations. And not just in big chain hotels. You will often find discounts in small independent hotels where it's the best option in that area.

645 Cities/Locations

1815 Hotels

11.6% Avg. Discount on BAR

Number UK Roomex Rates: 2000 Number Ireland Roomex Rates: 150

Average Saving Against Industry Average: 11.7% (£10 per Room Night)

December Roomex Rate Sample:

Location	Roomex Rate Avg. Discount	Public Rate	Avg. Savings
London	12.1%	£223.57	£9.07
Birmingham	12.3%	£156.08	£15.74
Dublin	12.2%	£155.28	£14.48
Manchester	13.2%	£152.86	£1.38
Oxford	11.4%	£135.43	£25.89
Cork	11.3%	£159.45	£23.47
Leeds	11.9%	£171.24	£43.64
Daventry	11%	£128.63	£36.85
Liverpool	11.7%	£112.39	£20.51
Kenilworth	15%	£106.09	£23.21
Newcastle upon Tyne	15%	£106.09	£23.21
Reading	9.5%	£151.79	£70.91
Exeter	13.6%	£95.74	£16.49
Cambridge	11.7%	£92.61	£28.22
Newport	10%	£71.90	£4
Northampton	14.5%	£96.47	£15.03
York	11.4%	£142.91	£3.48
Paignton	10%	£116.05	£9.50

Reach out to us now:

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