

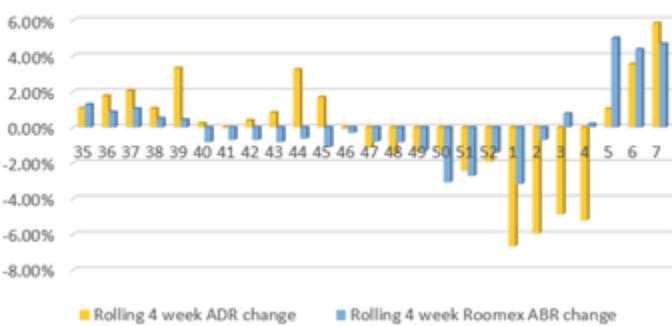
Forward Pricing Report



If we thought the sharp price movements were over in the Autumn, events managed to conspire against us. Whilst the rate volatility seen in the past two years might possibly be behind us, the combination of Omicron and Winter seasonality produced a sharp drop in prices.

As we move out of the Winter season, there has been a steady increase in prices since the festive period. Lockdowns are over for the most part and restrictions are easing across the UK and the rest of the World. As people return to the office and travel becomes the norm again, what will happen to prices?

Rolling 4 Week Average Weekly Price Change (2021/2022)



There has been a sharp reduction in price across the UK in December and early January, but this is proving to be short lived, with prices steadily increasing over the last 5 weeks and this trend looks set to continue.

“There is a notable difference in rate strategy between gateway cities and secondary destinations...”

Gateway cities have been among the most heavily impacted areas in terms of occupancy and ADR, but over the next 2-8 weeks, we will see prices increasing in the inner-city locations by up to 20%.

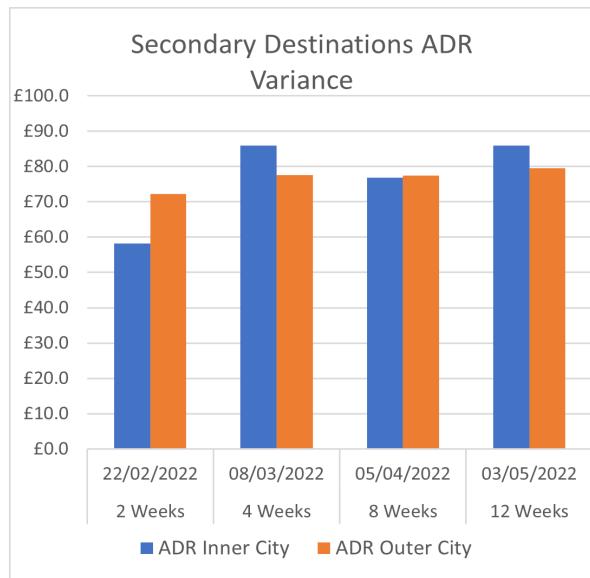
Looking at Dublin and London - with the removal of restrictions, announcement of many concerts/events and returns to the office – prices are climbing steadily with the average inner-city rate in Dublin increasing by 21.19% in the next 8 weeks to €116.10. In previous reports we have noted some false optimism particularly in city centre locations but given the stage of recovery its anticipated most of this will stick.

Gateway Cities	Dates	ADR Inner City	ADR Outer City	ADR Inner City Variance	ADR Outer City Variance
2 Weeks	22/02/2022	£105.0	£85.6		
4 Weeks	08/03/2022	£111.6	£91.3	6.21%	6.66%
8 Weeks	05/04/2022	£122.5	£95.0	16.63%	10.93%
12 Weeks	03/05/2022	£144.6	£103.7	37.68%	21.09%

There is a notable difference in rate strategy between gateway cities and secondary destinations, with prices in secondary destinations to remain consistent throughout March and April. Average prices in outer city areas are to remain at an average of £77 in secondary destinations, only a 7% increase on prices in February. This trend is also seen in regional destinations and in some cases, there is a slight decrease in prices in regional destinations as we come into April, for example looking at Peterborough – the ADR for March is £90.20 but in April is coming in at £83.40. Easter is likely to be having an impact. Manchester, Liverpool, and Birmingham are all showing quite substantial price rises in this time frame.

Overall, outer city locations across the UK are seeing more modest price increases. This is likely because there has been more stable business in these areas throughout the pandemic.

"A large segment of outer city business is workforce travel, who tend to favour staying outside of the city centre where they have ease of access to the motorway and parking available. As the outer city continued to see business from workforce travel throughout the pandemic, there has been less dramatic rate decreases and therefore fewer steep increases to come." **Keith Watson, VP Global Supply, Roomex**



Looking further out to 12 weeks ahead, we are seeing some sharp price increases as we enter May. This is generally a busy month throughout most locations. We are seeing increases as low as 5% in destinations like Liverpool and Manchester, climbing to increases of 47% in Dublin. Prices this far out can vary greatly depending on the hotels rate strategy and how much business on the books is already secured so data this far out should be taken with a high likelihood of variance. In the coming weeks we could still see big fluctuations in price as we get closer to the summer months.

Summary

Prices dipped in December, but not to the depths seen during the low points during the pandemic. The pickup in the first weeks in January have been steady and continuous and prices are now at the same level as mid-Autumn 2021. It remains to be seen what will happen in the late spring summer months.

We have also seen issues with staffing across all departments in hotels, this seems to be easing now and we should see smoother check in/check out experiences and more offerings like a full restaurant menu and dinner inclusive options being offered.

International tourism is likely to be much more open this year which might restrain pricing. That said, there are growing constraints on consumer spending that may well dampen demand for international holidays and keep the pressure on UK hotel prices.

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.



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