PENT UP LEISURE BOOKINGS DRIVING GROWTH

HOTEL DEMAND REPORT - MAY 2021

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With the recovery well underway and the expected confirmation due tonight for England to re-open further next Monday 17th May, this general good vibe is already driving significant bookings growth in leisure locations.

You can read our full report published recently in Boutique Hotelier, but as a summary of current market demand using **SiteMinder's World Hotel Index tool** we update on:

- UK comparison against a broad global trajectory.
- UK International and domestic mix, and the effect on the forecast from border controls.
- Town vs. country & seaside - very differing picture in business recovery compared to leisure.

As a more meaningful target, all current booking trends are compared to 2019 actuals, as we are all too aware 2020 from April was severely damaged by tough lockdown restrictions.

UK BOOKING MOMENTUM COMPARED TO THE REST OF THE WORLD

The table below compares daily booking made as a % of 2019, looking at the UK against the Global consolidated figure.

Observations: we can see that before and immediately after the crash in March 2020 the UK tracked the RoW on daily bookings momentum. Subsequent lockdowns and restrictions led to the UK falling well behind global pace, as far as a 25% gap in February this year (UK 10% of 2019, RoW 35%). The gap is now 8% as of Monday 26th April, albeit still around 50% down on 2019.

Whilst the momentum figure is still low it is being driven largely by domestic leisure stays post the 17th May, the positive for the UK and other countries, 48% on Monday 26th April shows how quickly growth accelerates.

UK BUSINESS MIX, INTERNATIONAL AND DOMESTIC

Forecast of Summer/Autumn 2021 by international and domestic split

Observations: June 2021 forecast is for 6.4% of hotel arrivals from international travellers, which is down from 30% in 2019. This harsh outcome of border control is now reflected in the forecast barely getting above a 10% contribution, against expected growth to over 20% by the autumn in February's data.

So risk remains particularly away from leisure markets after autumn, with business recovery pace uncertain and international travel restrictions set to remain tough in the medium term.

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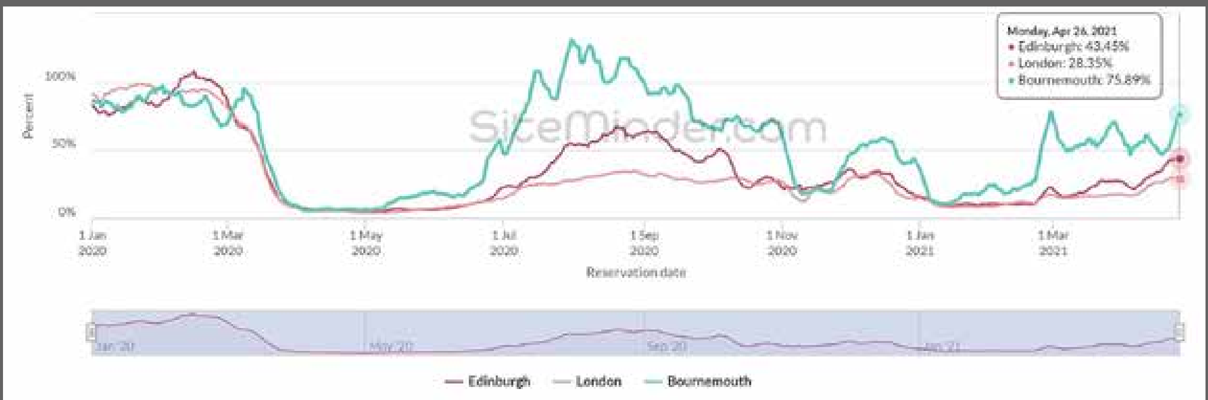
TOWN VS. COUNTRY & SEASIDE

The table below compares daily booking momentum as a % of year prior in destinations with different market dominance – Edinburgh, London & Bournemouth.



Observations: a continuation of the trend seen in 2020, since the roadmap announcement in Feb '21 with Bournemouth as an example now only achieving 75% of 2019 daily bookings; however we believe that the drop in daily leisure location bookings could be an opportunity for the traditionally business dominated towns and cities.

This drop to bookings pace (mirrored in Brighton at 71%) when March was close to 90%, is due to leisure locations getting close to saturation. Therefore business-led cities with something to offer can benefit from an overspill of more short break staycations. Its therefore a question of packaging and pricing to ensure a market share is achieved through the right marketing and distribution channels.

CONTACT US

With our partners and their access to platforms with more granular detail, we can drill down further to establish demand and rate expectations for any UK location. This data will allow management to establish the right offer and price, and to give credibility in forecasting by hitting targets to start to drag back lost value and confidence.

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SUPPORTING STAKEHOLDERS - MEET WITH US ON A NO OBLIGATION BASIS

In direct response to ongoing challenges faced by the hotel & hospitality sector Assured hotels will be offering no obligation meeting time to sector stakeholders.

We will be providing access to our senior team to discuss any challenges. We have made our significant experience and resources available without charge to cover all main disciplines of finance & forecasting, procurement, sales and revenue management, plus funding and government support access. We will endeavour to answer any question raised, so please click below to book a meeting or to email Mathew, or call **0203 205 7239**.

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