



## UK BOOKINGS GROWTH CONTINUING WITH 'UPWARD MOMENTUM' AHEAD OF JULY 19TH

HOTEL DEMAND REPORT - JUNE 2021

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Despite the temporary delay in the road map with step four and the final easing of restrictions now expected to be taken on the 19th of July, the UK hotel sector continues to bounce back with sustained upward momentum. This confidence is shared by [UK Hospitality in this recent article published on Boutique Hotelier](#), suggesting a return to profit is now in our control.

As a follow up to our last report on May's data we summarise current market demand in June using [SiteMinder's World Hotel Index tool](#) and a specific location to update on:

- UK comparison compared to a broad global trajectory and Germany as a similar-sized economy & population.
- Town vs. country & seaside - continued disparity in business growth compared to leisure, although emerging encouragement ahead of the 19th
- Spotlight on Blackpool - some more detailed analysis on a popular seaside destination, with a focus on other routes to market.

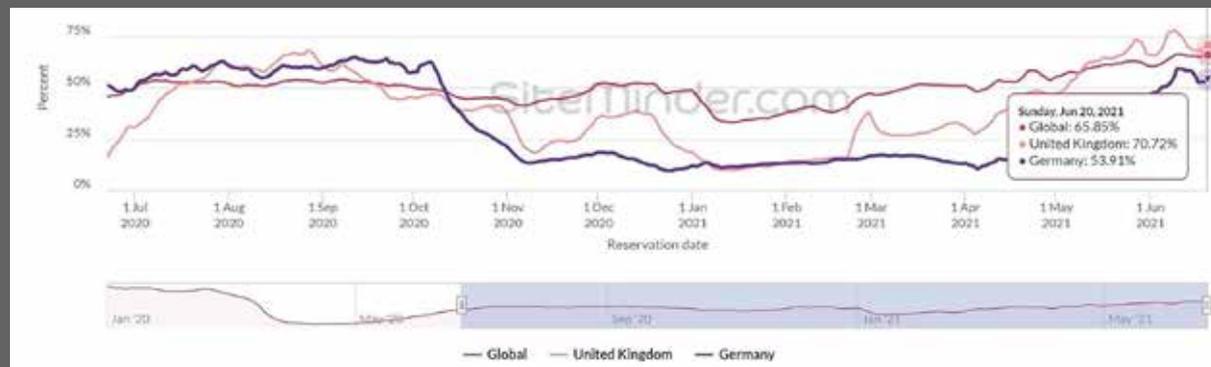
As a more meaningful target for recovery, all current booking trends are compared to 2019 actuals given this is where we aspire to get back to, as we are all too aware 2020 from April was severely damaged by tough lockdown restrictions.

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## 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 and the daily pace in Germany.



**Observations:** with some expected peaks driven by half term in May, growth continues with upwards momentum, with the UK now consistently exceeding 70% daily bookings pace. The UK also sits well ahead of the rest of Europe as illustrated by the German recovery sat at just over 50%.

The headline figure of daily rooms pace is positive when we compare to a Global trend with the UK consistently just ahead, and 20% ahead of a similar-sized population in Germany, which like the UK benefits from a strong domestic hotel market. There are however risks beneath this macro data:

- Growth to end of June buoyed by individual leisure demand.
- Volumes in the main city and airport locations have continued to be hampered by overseas travel restrictions and a “work from home” message.
- Average Daily Rate (ADR) has held up, which is encouraging.

Whilst we cannot expect these controls to just disappear and volumes to roll back to pre-pandemic levels, there is encouragement on the horizon. Firstly the rule changes for vaccinated travellers has **driven instant demand** and at least **60,000 fans confirmed** for the business end matches of Euro 2020 at Wembley. Wembley & Wimbledon crowds form part of the **Events Research Program**, all of which will give much-needed confidence to the economy and if successful along with similar planning over the summer allow us to build on the progress so far towards the autumn.

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## TOWN VS. COUNTRY & SEASIDE

In the table below we see staycation driving better than 2019 volumes into a region like Bournemouth, whereas the cities like London (which mirrors Birmingham, Bristol, Manchester, and the rest) all circling 50%. Edinburgh shows better volumes by reaching 70% from a traditionally strong leisure offering, however missing the top-up from international & business travel.



**Observations:** a continuation of the trend seen since the roadmap announcement in Feb '21 with Bournemouth now consistently achieving better than 2019 daily bookings pace; however, we are now seeing leisure & some corporate activity start to generate volumes in the urban areas.

Whilst the table above is probably as expected there is slow but sure momentum building away from the holiday hotspots, coupled with the longer-term initiatives mentioned with an end to restrictions in sight. So, confidence has started to return ahead of 19th July, and if restrictions lifting brings even half the growth spike to business locations that we saw in leisure locations since April, then that will make a significant difference.

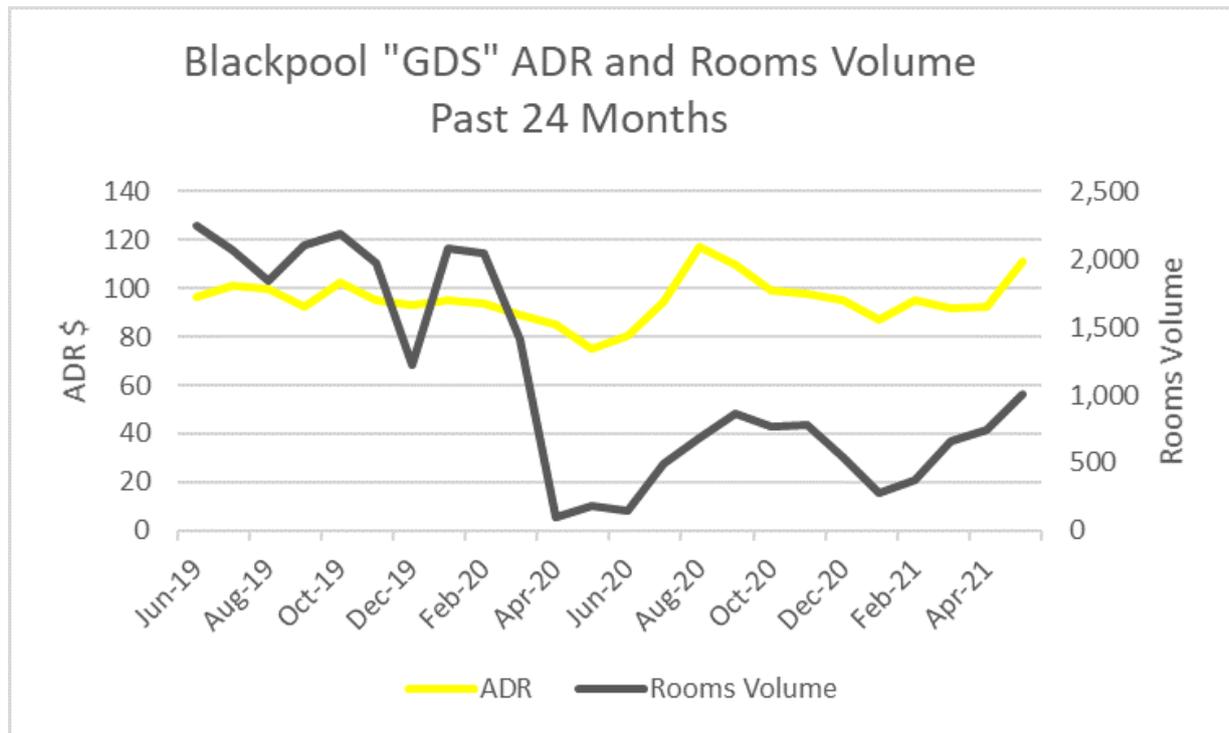
## SPOTLIGHT ON BLACKPOOL, DIFFERENT MARKET SOURCES

To highlight the emerging positivity and to help demonstrate that growth is being generated from markets other than just a one-dimensional and short-lived staycation boom, we have looked at a very traditional seaside destination in Blackpool. It's an easy assumption that volumes in a traditional English seaside town would be achieved solely by holidays and short breaks, however, we have also looked at rooms production over the past 24 months via the Global Distribution Systems (GDS).

Away from the consumer booking direct and through the OTA's, GDS channels are predominantly driven by business users through agents, admittedly with some leisure, allowing the following observations from the table below:

- Rooms sold/ volumes have been steadily increasing since the new year.
- 1000 room nights by the end of May, approaching 50% of pre-pandemic production.
- Average Daily Rate (ADR – in US\$) has remained consistent around the \$100 level.

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This May production equates to £80,000 of rooms revenue into the town via these channels, which will continue to grow towards pre-pandemic levels. This can be sustained now with the vaccine rollout, unlike in autumn 2020 when we lurched back into a 2nd wave of infections, the tiers and then ultimately winter lockdown.

Detailing credible forecasts will become therefore start to get easier. Additionally, the time since the start of April has allowed further analysis of this more granular data to give us some broader and encouraging market trends:

#### GENERAL MARKET TRENDS

- Demand remains predominantly leisure led particularly weekends.
- ADR is mainly holding up as operators resist excessive discounting, & up in many leisure destinations.
- Midweek occupancy now improving with coastal & rural areas performing better than city locations, up to 20% higher occupancy.
- Corporate activity linked to project work and filming.
- Staycations in extended stay facilities will continue to be strong – serviced apartments have so far outperformed hotels/B&B's by up to 30% although this gap is now reducing.
- Cancellations remain high as guests hedge their bets and booking more than one property with the ability to cancel last minute.
- More consumer confidence in chain hotels, who have well communicated/branded cleaning protocols etc...
- Group events - demand returning with private/family events first as restrictions ease.



Hotels can therefore take confidence in these meaningful gains away from leisure markets, and distribution through GDS channels attracts lower costs than the OTA's.

We would be happy to review all connectivity to see if **with our partners** we can achieve improved access to fair market share. It could bring more volume at a lower cost of sale, where we have negotiated preferential monthly fees and waived many set up costs.



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