

Forward Pricing Report

Q3 2025



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Author's Note

The market presents a mixed picture. GDP growth remains flat, but purchasing managers show some cautious optimism.

- **Hotel Pricing Trends:** Roomex customers are seeing less than a 1% year-on-year increase in ADR (Average Daily Rate) by the end of Q2 2025. Rates are currently peaking, but a flatter autumn is expected with reduced midweek price spikes in September.
- **External Cost Pressures:** Although tariff issues were minor in Q2, tax changes and minimum wage hikes are driving real cost increases.
- **Business Travel Focus on Cost Saving:** 2025 appears to be defined by cost-cutting. The current hotel RFP season presents an opportunity for both hotels and businesses to optimise for 2026.
- **Roomex's Value for SMEs and Hotels:** Roomex has added over 1,000 new discounted hotel partners in the UK and Ireland, offering SMEs access to hard-to-find hotel rates.

Q2 Business & Economic Update

- April saw increases to Employer National Insurance, Minimum Wage, and National Living Wage, adding new cost pressures for businesses
- These changes come as economic recovery signals remain mixed, with uncertainty around whether improvements in late 2024 can sustain momentum.
- UK businesses face less impact from tariffs (unlike the US), but ongoing fiscal tightening remains a concern.
- Further tax rises are expected in Autumn 2025, which could create additional headwinds in H2.
- Hotel booking trends show some resilience, but it's difficult to align them directly with broader economic indicators like GDP and PMI.

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Chief Operating Officer



Market Overview: H1 2025

Linking macroeconomic trends to on-the-ground behaviour is never straightforward, especially with data points that vary in timing and perspective. For this report, we focus on UK GDP and the Construction PMI—key indicators for understanding domestic business conditions and workforce travel demand.

The UK Construction PMI showed promising growth in the second half of 2024, peaking at 57—a sign of purchasing managers' confidence. However, that optimism gave way to a sharp drop, though the index has since been climbing steadily and now sits at 47.9, close to neutral. The broader UK Composite PMI, which includes services, is slightly more positive at just under 51.

Meanwhile, UK GDP grew by 0.7% in Q1, while April's estimate sits at -0.3%, pending confirmation. Taken together, the data suggests the UK is not in recession but experiencing sluggish, near-zero growth. Purchasing managers' more optimistic outlook may point to improvement in H2 2025.

This cautious recovery is mirrored in hotel pricing. The Roomex Booked ADR in June was £117.76—just 0.9% higher than the same period last year and below the May inflation rate of 3.4%. Rolling four-week data shows modest weekly gains in H1, consistent with overall market trends, where ADR growth remains negligible and is likely to peak around weeks 26 to 28.

Across the wider market, demand remains uneven. Major cities are maintaining rates over the summer, while secondary cities show less stability beyond short booking windows. According to Dawn Lister of B&B Hotels, corporate and international demand is subdued, leading to softer occupancy and downward pressure on rates, especially outside primary hubs. However, regional projects and steady domestic travel continue to support midweek performance, though weekends are more volatile as discretionary leisure spend tightens.

Brand-level pricing is relatively consistent among major chains, but more variation appears in smaller chains and independent hotels. This

presents procurement opportunities for cost savings, particularly in peripheral locations. Brands like B&B Hotels—an affordable French chain expanding in the UK—are strategically pricing to grow market share, which, while not moving the overall market average, reflects the kind of tactical insight our Hotel Procurement Consultants share with clients.



Ultimately, with June ADR barely above 2024 levels, companies are not facing major cost increases on accommodation, but ongoing rate variability means strategic buying remains essential.

Summary

H2 2025 Outlook – Business Travel & Economic Summary

As we enter the second half of 2025, the business travel and economic landscape remains uncertain but not without opportunity. Key trends to watch include:

- The economic outlook remains mixed, with speculation growing around potential tax increases in Autumn 2025. These could affect businesses either directly or indirectly via consumer behaviour.
- Positive trends in Purchasing Managers' Index (PMI) data hint at potential improvement—provided no major economic shocks emerge.
- September typically brings a rise in hotel prices, followed by an Autumn dip. However, in 2025, both effects are expected to be more muted due to softer business and international demand.

- With the RFP season underway, now is the time for companies to secure favourable 2026 corporate rates. Roomex Rate continues to offer opportunities to optimise travel spend in a low-ADR environment.

About the Data

Insights based on a sample of 50,000 UK hotel price points (3-star only), focused on workforce travel.

Research and Analysis

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