Roomex
The Experts in Workforce Travel.

Forward Pricing Report

Q4 2025

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Author's Note

The macro environment is challenging for both hotel suppliers and on the other side, company buyers. Costs are up, taxes are up, costs of employment are up. People-intensive companies will face this pressure whatever market they are in.

As this report goes out Roomex has completed the first round of RFP – the key annual process of negotiating rates on behalf of our clients. The first round response rate from hotels is the highest we have ever seen. Business travel demand is highly sought after currently.

1. ADR (Average Daily Rate) development: Currently this is struggling to match 2024. After a bullish step up in September the very latest price data would suggest October is likely to close lower than October 2024. This weakness is forecast to continue into January and most notably felt in gateway cities.

2. More challenging external pressures. Tax rises that impact people-intense companies most are filtering through. Hotels are people-intensive, but it will hurt many workforce clients too. Companies need to invest the time now into planning as far as possible their rates and accommodation use for 2026.

3. Independent hotels step up. Unconstrained by corporate policy and able to make more pragmatic decisions, it appears in the early Autumn independent hotels and smaller chains and particularly those offering fitness are taking more share. Buyers have been able to benefit from more services for travellers for the same or reduced price by looking at independent alternatives.

Keith Watson

Chief Operating Officer

Author's Note

As prices get negotiated for the upcoming year, companies are likely to find savings by looking more broadly across the market. They are likely to be able to find better traveller-centric options and improve overall cost of travel, but it will be a more complex picture and from a broader set of supply.

Keith Watson
Chief Operating Officer

As the end of 2025 approaches we are in the grip of budgeting season as companies make plans for the coming year. What will sales look like, how are their customers effected by the economic environment, what will happen to input costs associated with delivering those goods and services? And then, what will their own investment in growth be? Or should they take a more defensive posture?

One trend that does seem to have taken root is a polarising of business growth which is likely to be a product of all of the above and more. Government contracts and funding release in some sectors started to have a positive impact in Q3. The announcement of Sizewell C and more clarity around other infrastructure projects has lead to some unlocking of projects and the associated travel and accommodation. People heavy companies, though are likely to continue to face a difficult environment. The tax rises in April will disproportionately hit industries such as hospitality and construction disproportionately as they try to adapt to higher employment costs.

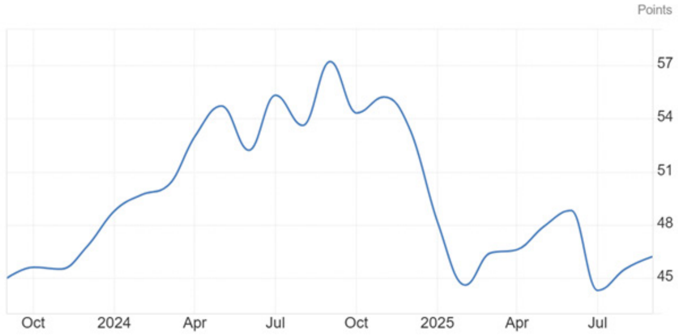
As we run upto the end of 2025 and into 2026 this is all probably most notable to business travel through its pressure on disposable income. Domestic leisure travel is under pressure for all of the above reasons and business travel struggling to fill the gap for hotels. The result being, ADR (Average Daily Rate) has not always been able to hold onto any YoY growth.

Introduction

The Composite Purchasing Managers Index (PMI) which assesses purchasing managers positivity regarding the future has been over 50 for most of 2025 (50+ being positive). This is a fairly broad measure but crucially includes Services such as finance, and healthcare. It registered 50.1 in September down from 53.5 in August.

However, the construction PMI – a better gauge for Workforce Companies and their travel, came in at 46.2 and hasn't been above 50 all year. This is off the back of a fairly positive 2024. What does it mean for Workforce oriented companies – a combination of many macro pressures are combining to make for an increasingly challenging period.

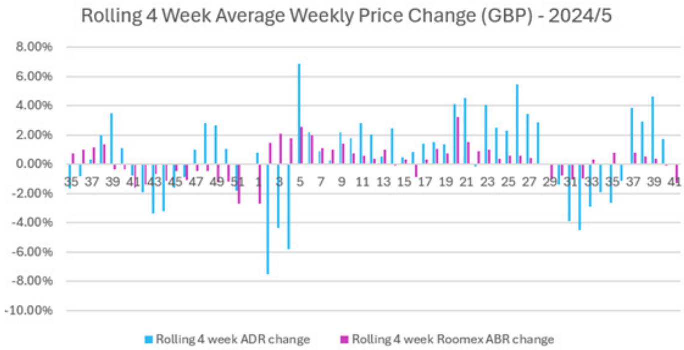
UK Construction Purchasing Managers Index



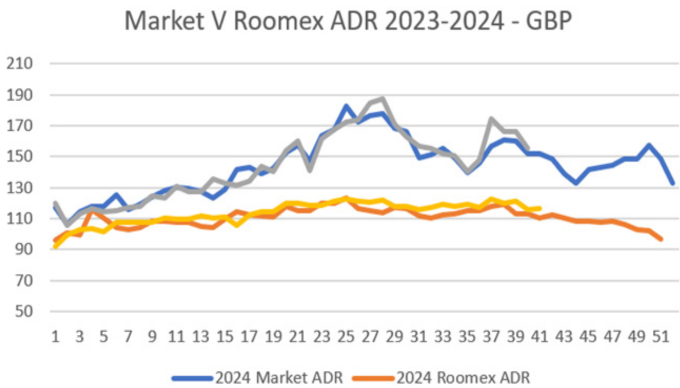
UK GDP for Q2 was 0.3, so positive but half of the Q1 level. It has remained positive but borderline (sub 1%) since the last quarter of 2023 when it dipped negative. The estimate for Q3 is between 0.2-0.3% - essentially flat.

The back drop is weak and there are a combination of forces here that are likely to weight on hoteliers moving through the first half of 2026. Hotels are labour intensive business' and heavily exposed to April's tax rises. They have exposure to consumer disposable income in their leisure segment and depending on location and scale, will be exposed to mid week business travel. This is already playing out in ADR.

The seasonal trend is not changed. Rates through 2025 generally increased through to the summer with a dip in the Spring around Easter, but they started the year negative to the tune of around -3.8% in January. For the month of September this had turned around to a YoY growth of +3.3%. September is seasonally a strong month though and October is showing signs of weakness.

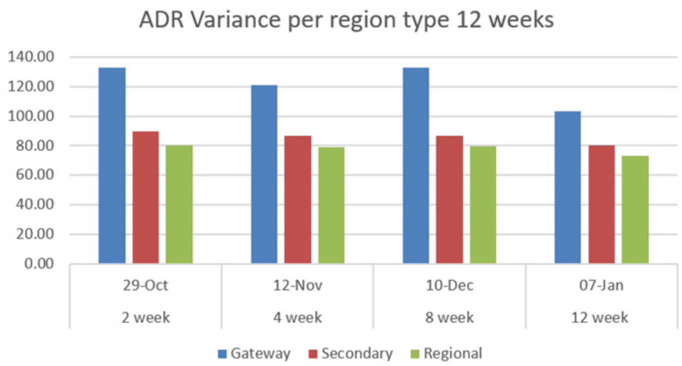


Hotel Revenue Management is a science, but that doesn't make it immune from emotion. Forecasting forward price and demand can be subjective and in the early weeks of September there were notable examples of chain revenue management strategies being too price aggressive for the demand available. Price was taken at the expense of demand. Driving the key hotel metric of RevPAR (Revenue per available room) needs both in harmony. The winners turned out to be Independent hotels.

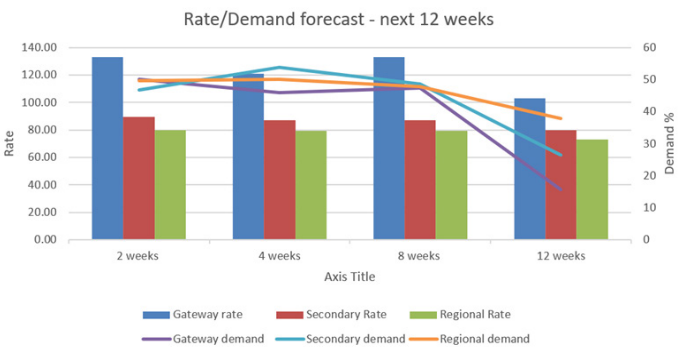


'...We are always concerned about forward prices. Whilst the flow of projects and specifically work orders determines our lead time and gives us little flexibility, we do adjust our brand use by location depending on quality and price. We look across the whole market and independents included to make the best buyer decisions...' Nationwide Fencing Services – Jim Joseph, Purchasing.

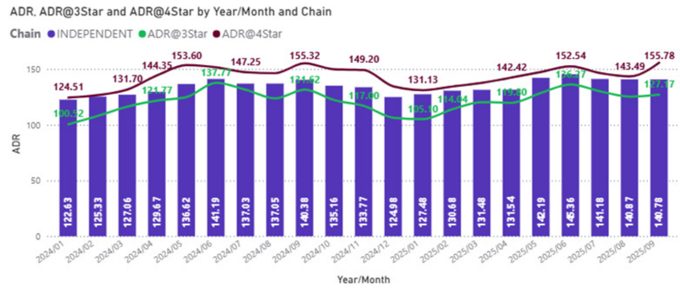
The forward data suggests Gateway locations will suffer hardest going into January. However, the last weeks has shown higher star, independent hotels taking share from chains primarily in regional locations.



> “...Price comparison and ability to see across the whole market; chains, independent hotels and housing has never been more important for us....” Nationwide Fencing Services – Jim Joseph,



Gateway locations tend to be most dependant on international inbound and leisure to drive rate. This will create a pressure for hotel companies as ‘business on the books’ becomes less certain.



Two competing pressures that seem to be coming to the fore are 1. Hotel companies being protective of ADR and 2. Revenue management systems taking a data oriented approach.

Hotels often take the view that in terms of brand positioning its detrimental to chase price down and in addition not least as costs are rising YoY due to the macro environment. Holding ADR may also be justified in terms of protecting RevPAR and overall performance. But for independent hotels that are not as constrained by principles such as ‘brand value’ and can take more pragmatic decisions and bring to bear leisure/ wellness products, we see them starting to take share. Roomex fastest growing ‘chain’ and often due to pricing is currently ‘Independent Hotels’.

Summary

For procurement and business bookers, the outlook for the months ahead is that the pricing environment should become more favourable. There are savings in the market, but they may not be from the places you would normally look to save. Whilst the macro environment might be challenging for their own company, the travel that is being booked should be into a more competitive market.
The RFP season is in full swing and companies with their own negotiated rates are looking for competitive pricing. It's also worth noting though that traveller centricity, especially for very frequent travellers is still a key driver. Increasingly carbon use data is available and gets better making it a default part of rate negotiation.

About the Data

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

Research and Analysis

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