Roomex
The Experts in Workforce Travel.

Forward Pricing Report

Q1 2026

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Author's Note

Moving through January is showing that the price environment for the early part of 2026 at least is likely to see little increase in ADR. The challenges in the macro environment continue on from the last quarter of 2025. Both hotel companies and workforce clients are finding ways to deal with a higher cost world. People-intensive companies will face this pressure whatever market they are in.

1. ADR (Average Daily Rate) development: Currently this is struggling to match 2025 in the first 3 weeks of January. Its early days but is likely to be a precursor at least for the first quarter. Forward price analysis would suggest hotel companies are hoping for ADR gains later in the Spring than materialised during Spring 2025.

2. More challenging external pressures. Tax rises that impact people-intense companies most are filtering through just as we reported last quarter. There is now the possibility of growing political uncertainty that is likely to weight on companies appetite to spend more rather than less on business travel. White collar travel is particularly muted in this short and early part of 2026.

3.Independent hotels step up: The last months of 2025 saw a strong pickup in independent hotel demand. They will be nimble on price and make pragmatic decisions. This will create a dynamic that will suit some buyers.

Keith Watson

President, Roomex

Going into 2026 there is considerable concern in the market regarding costs. 9 months ago the UK Government announced measures that would make the cost of doing business in hospitality significantly higher. Being a ‘people industry’ with a high proportion of lower paid workers increases in minimum wage, national living wage and National Insurance all have an outsized impact on the hotel industry. In January 2026 The Revel Collective, a chain of 60 pubs in the UK went into administration citing rising costs as damaging their business.

The other side of the equation in business travel is the demand side. The raft of cost increases don’t only effect the hospitality trade. Construction and often manufacturing can be people intensive industry and often operate at low margins.

So the question is how the demand in the UK market will match the supply and how will it drive pricing as we move through the year.

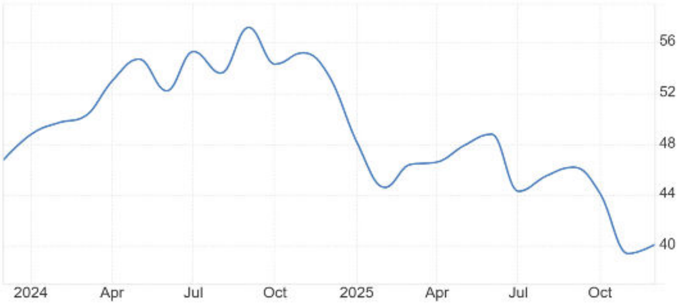
In Q1 2025 Average Daily Rate (ADR) picked up within the first 8 weeks of the year. A slightly different mix of pressures were at play. Inflation was not dissimilar to January 2026, but was closely following a much higher period. Hotel revenue management were keen to ensure ADR had every chance to move upward. This years picture will be shaped by higher costs, a more challenging business travel market and a leisure market being dampened as the ‘cost of living’ continues to take its toll.

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.

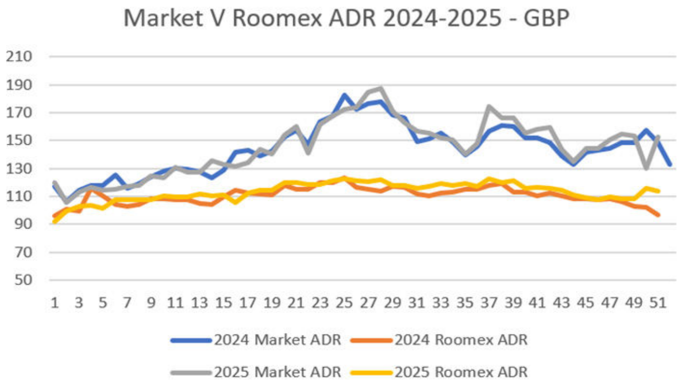
It registered 50.1 in September down from 53.5 in August when we last reported. However this has taken a more positive direction in the subsequent months with the latest figure rising to just short of 54. This is positive. However, the construction PMI – a better gauge for Workforce Companies and their travel, came in at just above 40 in its latest reading, down from 46.2 in our last report, and didn't get above 50 during 2025. The current level is very low.

UK Construction Purchasing Managers Index 2024-26

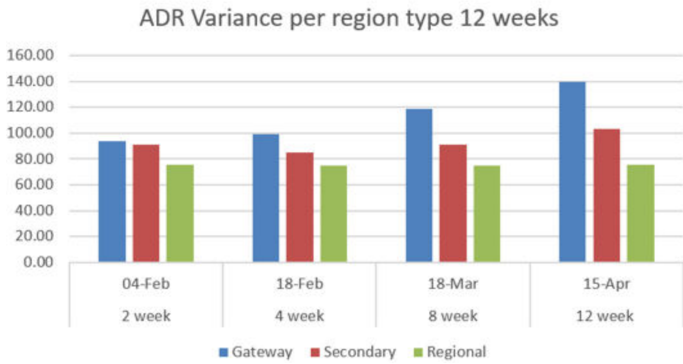


UK GDP for November was +0.3%, which is atleast positive, and the most positive figure since June 2025. However during 2025 it oscillated between a high of 0.4% and a lost of -0.2%. As is well reported, there is a lack of growth in the UK economy.

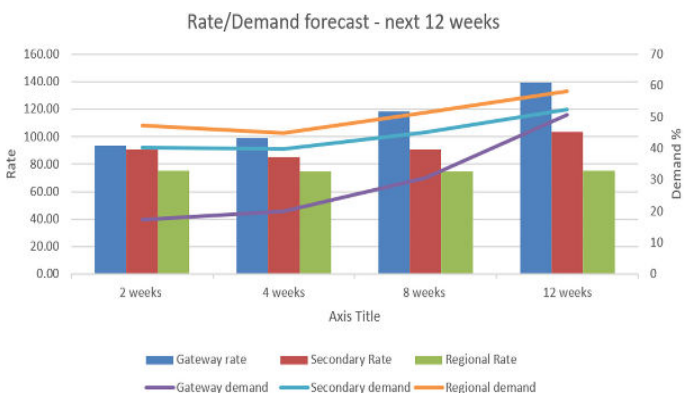
So how will UK&I ADR reflect all of these compounding pressures during the quarter ahead. For price to rise a level of demand is needed in the market. In the first 3 weeks of 2026 total UK hotel demand was marginally down on 2025. Looking forward 12 weeks our own analysis suggests no upward ADR movement until mid March. This is in contrast to 2025 when ADR started to pick up around a month earlier. It's also significant that most of these increases are seen in city centre locations. It's more muted in secondary locations and actually non at all in outlying tertiary destinations.



Forward demand analysis shows City Centres are seeing the growth earliest and strongest, but there is also growth in regional centres.



The white collar aspect of business travel seems to have started the year weak. Whilst workforce travel is predominantly about fulfilling contracts and has its momentum in contracts signed well before, white collar travel can be more subject to the prevailing market.



Summary

There are many headwinds to ADR as we start moving through 2026, and while seasonally demand remains muted these are likely to be the predominate force. However, should seasonality bring a buoyant leisure market and business travel, it could change, but this looks far from certain.

There is also growing political uncertainty. As the economy continues to bump along, the prospect of leadership change could easily bring policy change which we have seen many times before can weigh on demand.

Currently workforce travel buyers should take comfort that the forward outlook for price is likely to be muted with any real ADR increases restricted locationally. On the other side of the transaction, it will be a balance for hotel companies to meet RevPAR goals without throttling demand with nimble suppliers all too keen to take up any slack.

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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