

Global Trends Report – Accommodation & Aviation

Q1 2021

Prepared by FCM Consulting



About the Report

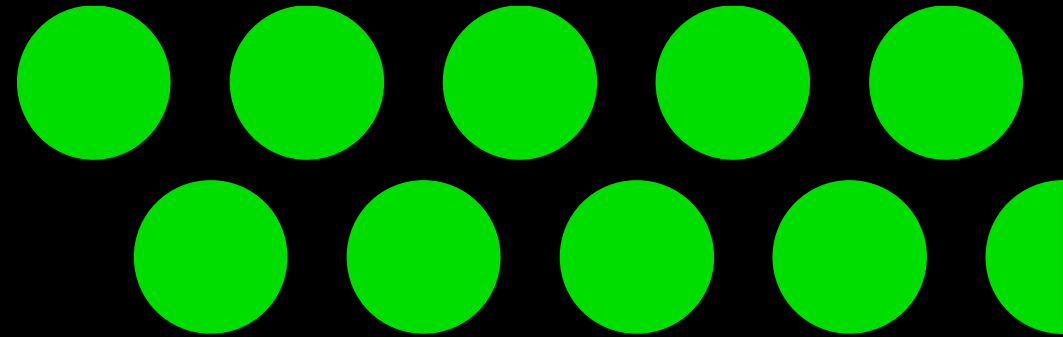
This FCM Consulting quarterly report uses global data sourced from FCM corporate bookings for travel during January to March 2021 (Q1-2021), and Cirium aviation data as at 13 May 2021.

The average room rates (ARR) quoted for accommodation is the average booked rates. Variations in rates booked are a reflection of border restrictions, supply and demand, corporate booking lead times and subtle variations in exchange rates.

Unless otherwise stated US\$ is used.

Q1

Americas Accommodation & Aviation





Accommodation Q1 2021



LOCATION

Within North America, the vaccine efforts are very high, and the number of vaccinated people is growing. Most states within the **United States** are reopening fully, removing the mask mandates and continuing business as normal.

Canada is dealing with a third wave of COVID, adding further restrictions on even intra-provincial travel.

Latin America continues to suffer from the pandemic, with low vaccination numbers and high rates of infection. Many countries are still under high restrictions. At time of publication, **Chile** has the highest % of vaccinations within South America at 37%.



DEMAND

Hotel demand has been up week over week so far in 2021. Top destination cities include **Miami** and **Tampa** (~70% occupancy), which in turn is driving a higher average room rates (ARRs) than alternate cities. Cities with the lowest occupancy are **Boston** and **San Francisco** (~50% occupancy).

The demand volume is driven down to hotels reopening as well as new properties opening. **New York** and **San Francisco** are showing the most movement with properties coming back to operation. Overall occupancy levels are at 56% with average room rates at \$110.

In **Latin America**, Marriott, IHG, Hilton and ACCOR have the largest pipelines for construction of hotels. With over 50K rooms that will be added to the market from the Caribbean, Mexico and Brazil.



CORPORATES

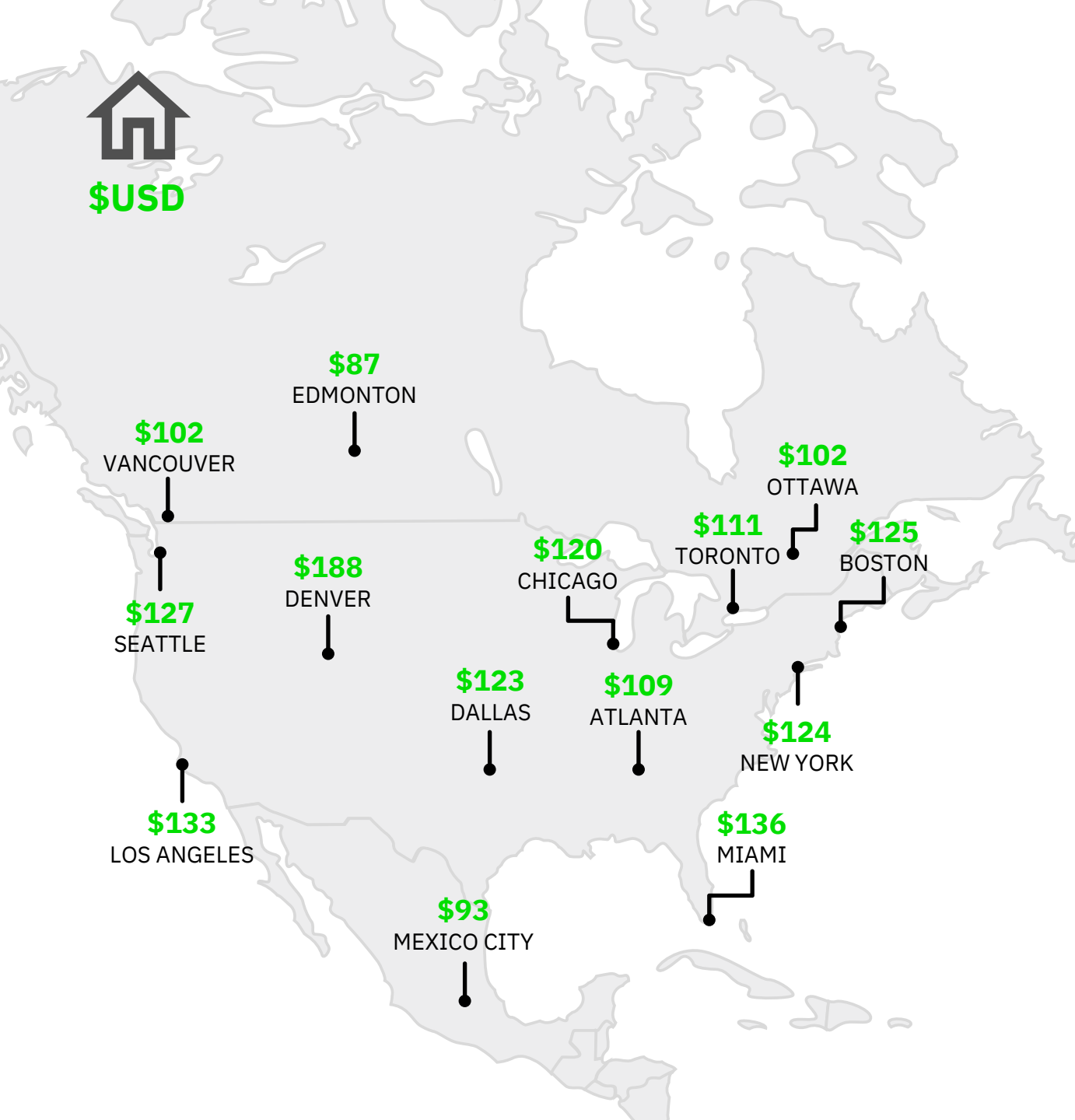
Large cities that are used to seeing high volumes are still seeing a large decline in travel. **New York** and **Boston** have seen a sharp decline in volume and average room rates.

Since 2019 the travel volume dropped by almost 200% between **North America** and **LATAM**, but finally there is a light at the end of the tunnel with Q1 2021 showing a 26% increase in nightly hotel volumes. Projections show a continuously steady return to travel in Q2 2021 and further into the year.

Industries with the most demand right now are **Manufacturing, Technology, and Construction**.



\$USD



North America Accommodation Q1 2021

Regional Corporate Rates

Average Rate Paid %

Q1 2021 vs Q4 2020 ↓ 2.4%

Q1 2021 vs Q1 2019 ↓ 18.0%

Q1-2021
vs Q1-2019

BOSTON ↓ 42.7%

NEW YORK ↓ 73.2%

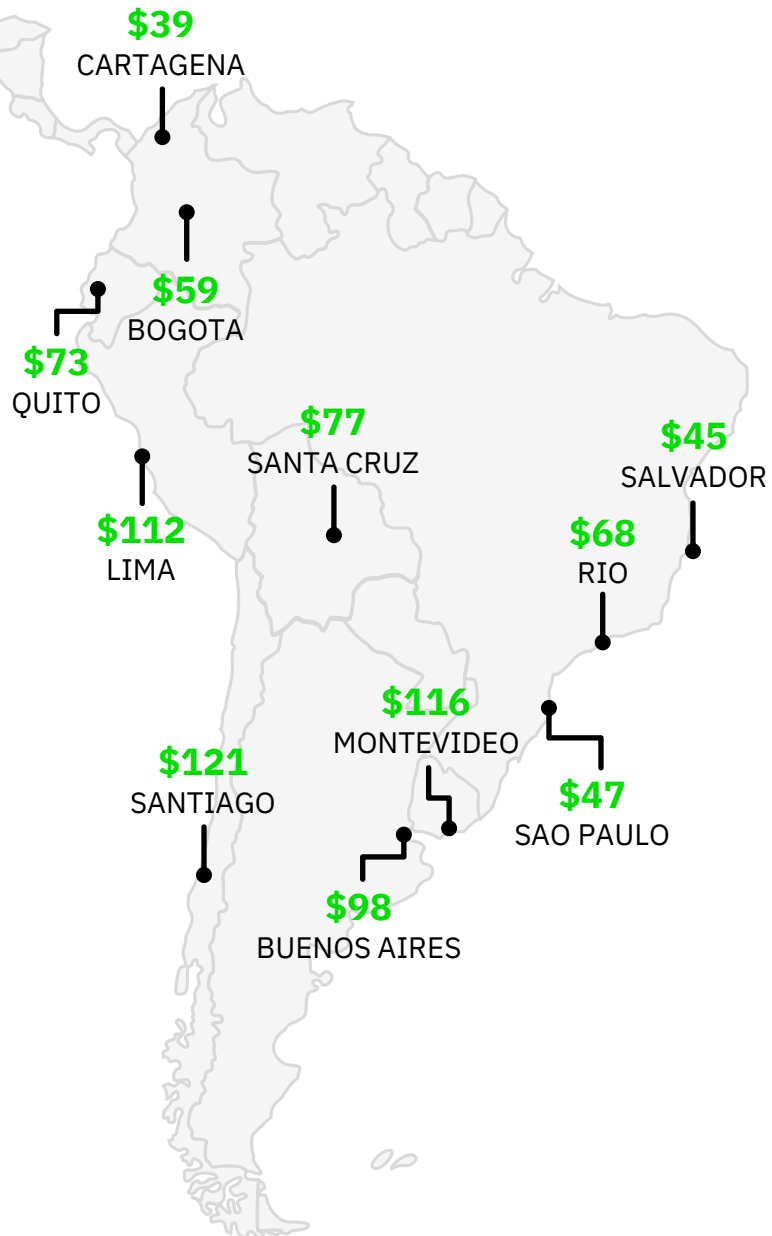
LOS ANGELES ↓ 64.1%

TORONTO ↓ 62.6%

VANCOUVER ↓ 49.1%



\$USD



LATAM Accommodation Q1 2021

Regional Corporate Rates

Average Rate Paid %

Q1 2021 vs Q4 2020 ↑ 2.9%

Q1 2021 vs Q1 2019 ↓ 29.4%

Q1-2021
vs Q1-2019

CARTAGENA ↓ 231.8%

BOGOTA ↓ 72.9%

LIMA ↓ 75.1%

SAO PAULO ↓ 205.8%

BUENOS AIRES ↓ 126.1%



Aviation Q1 2021



LOCATION

The Americas region shows strong signs of recovery from the COVID pandemic. It has more COVID vaccinations administered than the worldwide average, it offers proportionally more seats than other regions in comparison to pre-pandemic levels and higher revenue per kilometres compared to other regions (in % vs pre-pandemic) ³.

Q1-2021 top city pair rankings have re-shuffled in comparison to rankings in 2019 driven by overproportionate leisure demand:

2021	2019	
1=	1	CANCUN, MX-MEXICO CITY, MX
2↑	10	ATLANTA, US-FORT LAUDERDALE, US
3↑	4	GUADALAJARA, MX-MEXICO CITY, MX
4↑	9	ATLANTA, US-ORLANDO, US
5↓	3	MEXICO CITY, MX-MONTERREY, MX



DEMAND

International travel restrictions continue to limit the ability for in- and outbound leisure and business travel across the region, which in turn impact air travel recovery specifically for **Canada, Brazil, Argentina** and **Chile**.

Falling COVID case counts and increasing vaccination levels lead to less governmental travel restrictions and more interest in travel.

North America – Europe travel restrictions are expected to be lifted as of June and with that additional capacity will be added. Demand for travel is high in both directions.

North American airline satisfaction climbs to record high thanks to simplified ticketing process, waiving change fees and recognition of individual passenger needs. ¹



CORPORATES

Global corporate air travel demand remains well below pre-pandemic levels. In general, domestic travel demand is higher than international, SME travel demand is higher than large enterprise, advance purchase happens closer to departure than pre-pandemic.

Two-thirds (65%) of April's GBTA poll respondents feel their employees are "willing" or "very willing" to travel for business in the current environment, an increase of 11 % points from the March 2021 GBTA poll results. ⁴

Corporate demand in the **US** is lagging significantly behind leisure demand and **US** air fares in early May are about 25% below pre-pandemic levels. ²

¹ J.D. Power North America Airline Satisfaction Study

² A4A / ARC

³ IATA

⁴ GBTA Global April 2021 member poll & corporate booking technology report

Americas Aviation Q1 2021

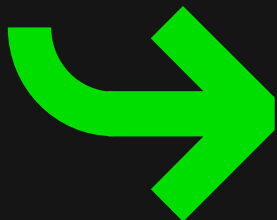


NORTH AMERICA

Seats offered where North America is the destination

Q1 2019 320.9M

Q1 2021 188.2M



Q2 2021
244M
+29.9% on
Q1-2021

LATAM

Seats offered where LATAM is the destination

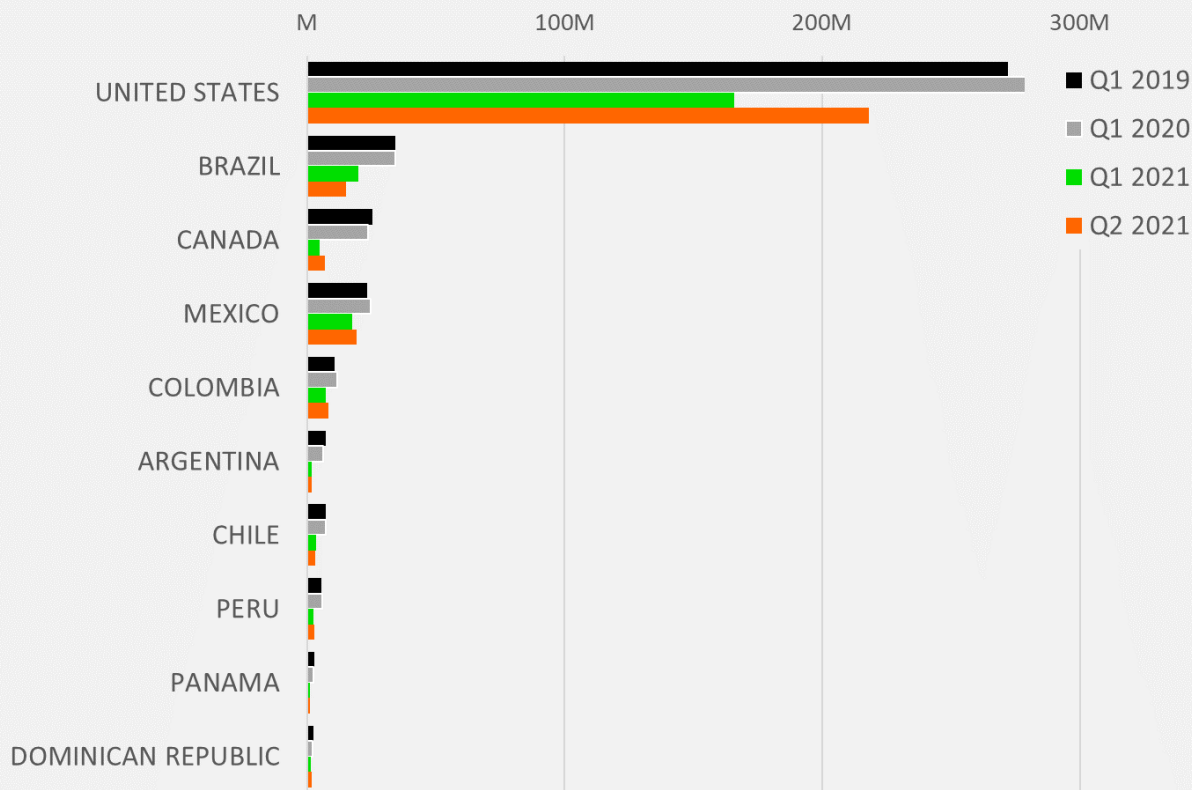
Q1 2019 87.9M

Q1 2021 45.5M



Q2 2021
42M
-7.5% on
Q1-2021

Top Destination Countries in Region by Seats Offered



AMERICAS Aviation Q1 2021



CITY PAIRS ALL RANGE VIEW

Seats offered Intra-Region

The regional Top 10 City Pairs show a mixed return to 2019 volumes (see chart). March 2021 load factors of 70.8% (-10.8%P vs 2019) for LATAM and 62.4% (-23.2%P vs 2019) for North America were reported by IATA.

In Q2, domestic seats offered within the Americas region are back to 77% of pre-pandemic levels, compared to only 43% for international seats.

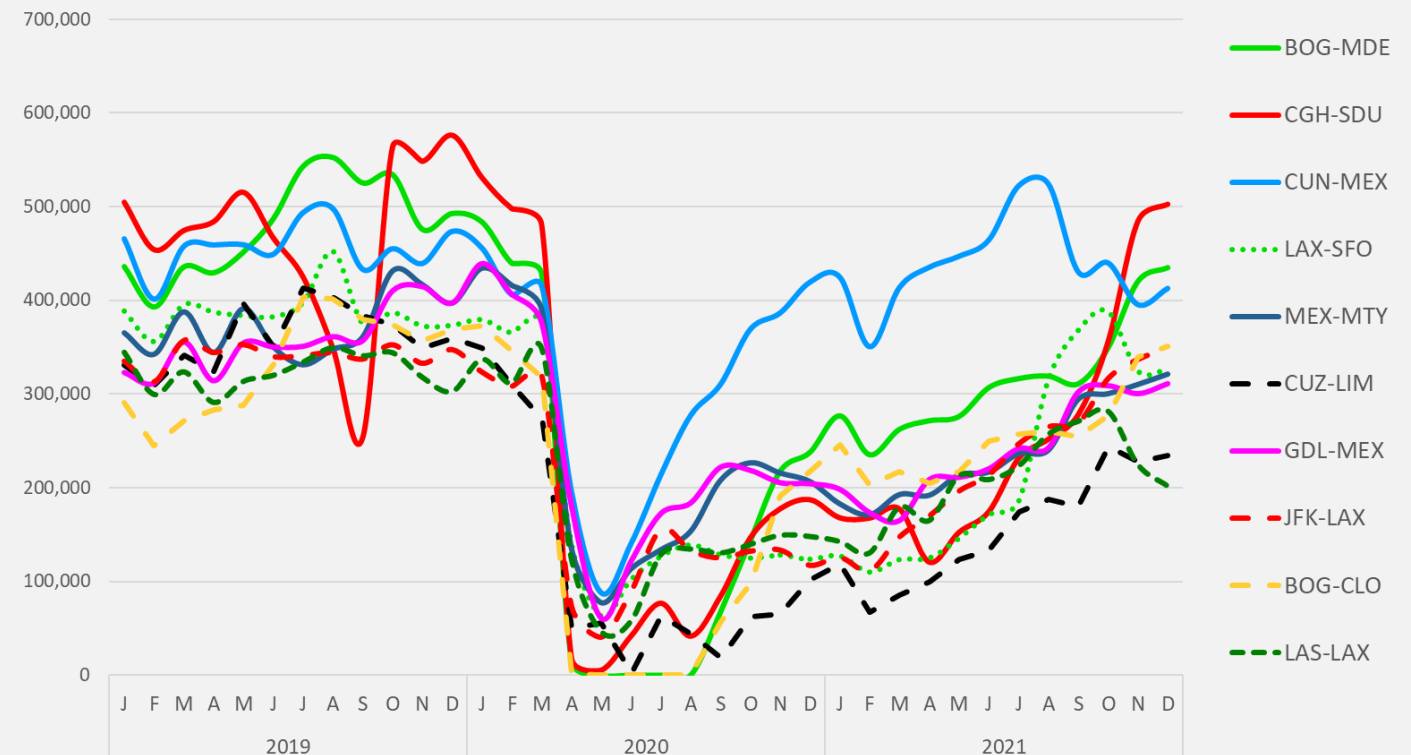
Overproportionate leisure demand created opportunities for airlines to launch new routes. While leisure demand will continue to outpace corporate demand in the short term, we expect additional seat capacity to be published on corporate friendly city pairs come Q4.

+396K

ADDITIONAL
FLIGHTS
IN Q2-2021

Additional flights are being offered in Q2-2021 (+21%), driven by increased frequencies across North America

Top City Pairs in Region by Seats Offered

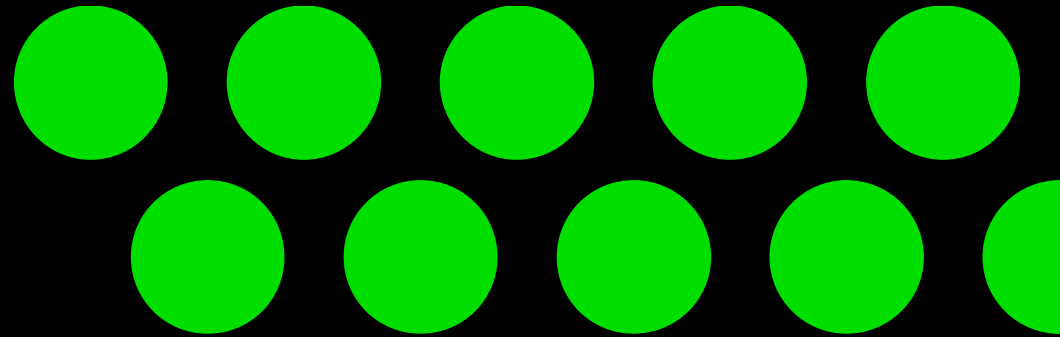


FCM Consulting Analytics

^ Source Data – Cirium as at 13 May 2021. Long range aviation forecasts subject to change

Q1

APAC Accommodation & Aviation





Accommodation Q1 2021



LOCATION

No one market is the same and each country in the region is at varying stages of COVID recovery. **India, Japan and Thailand** are experiencing a second wave of COVID cases, resulting in extremely low accommodation demand nation wide.

In other locations such as **Australia, China and New Zealand**, COVID cases are low and vaccine doses are being administered, so we are seeing domestic travel return and in turn grow accommodation needs. **China** leads the region in hotel market recovery with +70% hotel occupancy for the past quarter. Regional locations in **Australia** have demand greater than supply, causing +\$15 ARR increases over 2019.

Challenged with constricted demand due to border closures, **Singapore and Hong Kong** ARR reductions of -27% and -50% consecutively compared to 2019.



DEMAND

Accommodation occupancy across the region is being led by leisure travel, resulting in **weekend peaks** and **weekday troughs**. Occupancy in the key cities vary significantly; **Sydney** 39%, **Hong Kong** 44%, **Shanghai** 49%, **Auckland** 59%, and **Singapore** 63% (as reported by STR).

International travel restrictions continue to constrict hotel occupancy levels. Therefore, hotels have to pivot their offering to focus on domestic travellers and drive up occupancy levels as observed in **Australia, China, Japan, Korea, New Zealand, Thailand and Vietnam**.

Quarantine hotels across the region have provided an immense government service for returning nationals. This next six months will see hotels move out of quarantine services and undergo deep cleaning before reopening to the general public.



CORPORATES

Domestic corporate travel for Q1-2021 was strong in **China**, and gradually increased in **Australia and New Zealand**. During April-2021 the opening of the Australia-New Zealand travel bubble emerged enabling corporations and clients to connect again.

Industry groups that continue to be the most constant business travellers are **Construction, Manufacturing and Technology**, and it is these travellers who dominate domestic air and car.

Emerging trends, first observed in **China** during H2-2020, show corporations returning to travel by first taking **days trips** and booking 3-5 days in advance of travel. As confidence grows, travellers plan for 1+ days away and gradually create the midweek demand for overnight accommodation. The 'health' of the market being key in traveller confidence.



\$USD

Asia Accommodation Trends Q1 2021

Regional Corporate Rates

Average Rate Paid %

Q1 2021 vs Q4 2020 ↑ 12.3%

Q1 2021 vs Q1 2019 ↓ 13.6%

Q1-2021
vs Q1-2019

BANGKOK ↓ 13.0%

BEIJING ↓ 16.6%

MANILA ↓ 45.2%

SHANGHAI ↓ 30.5%

SINGAPORE ↓ 27.4%

\$136
BEIJING

\$166
SEOUL

\$271
TOKYO

\$123
SHANGHAI

\$186
TAIPEI

\$99
HONG KONG

\$66
HANOI

\$74
MANILA

\$111
GUANGZHOU

\$112
BANGKOK

\$50
KUALA LUMPUR

\$146
SINGAPORE

\$84
JAKARTA

\$55
DELHI

\$68
BANGALORE

\$45
CHENNAI

Australasia Accommodation Trends Q1 2021

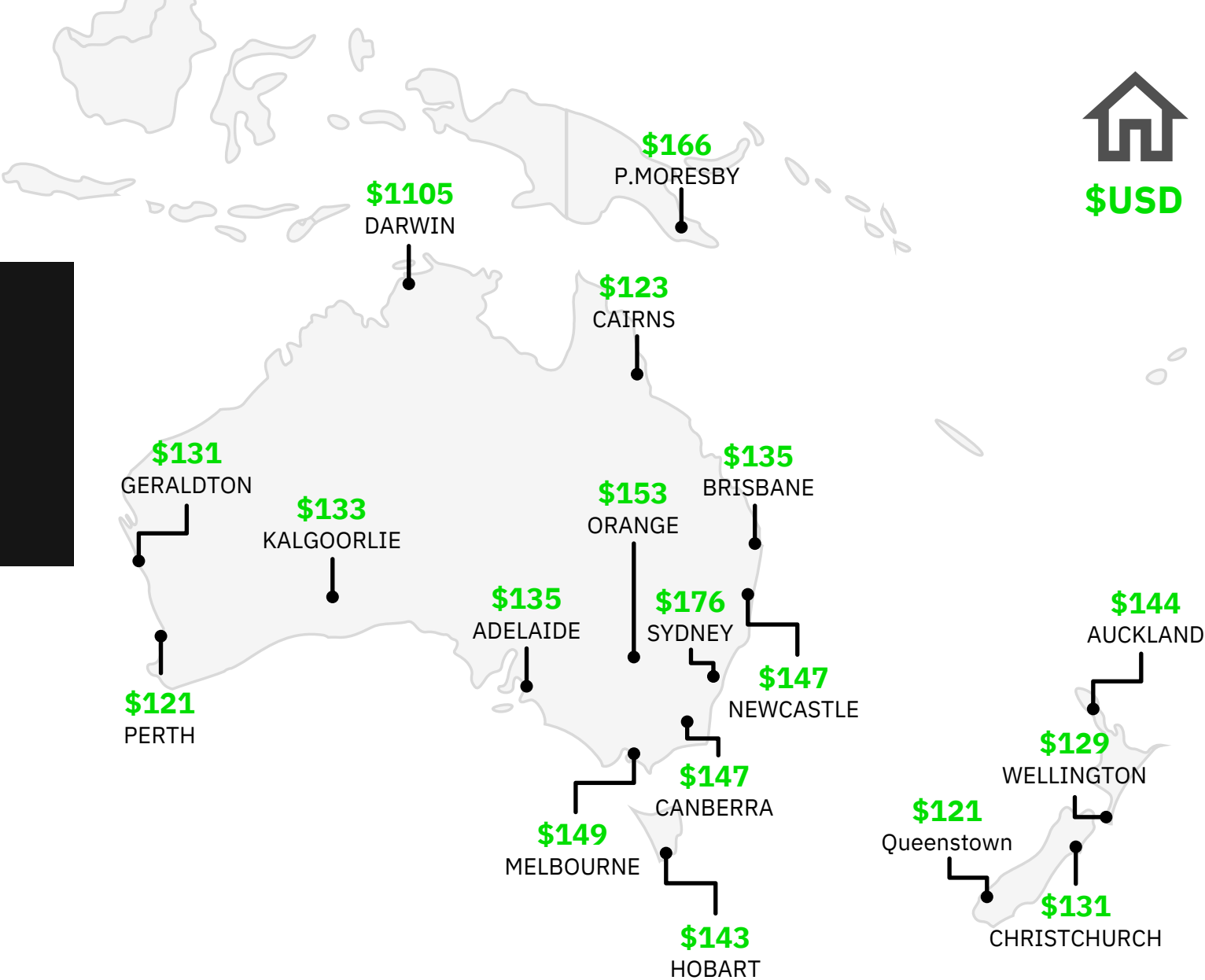
Regional Corporate Rates

Average Rate Paid %

Q1 2021 vs Q4 2020 ↑ 13.0%
Q1 2021 vs Q1 2019 ↓ 6.0%

Q1-2021
vs Q1-2019

AUCKLAND	↓ 13.4%
BRISBANE	↑ 6.7%
CANBERRA	↓ 0.5%
MELBOURNE	↓ 7.8%
SYDNEY	↓ 25.4%
WELLINGTON	↓ 13.6%





Aviation Q1 2021



LOCATION

Asia Pacific continues to dominate the 2021 travel recovery with the top flown airline routes globally remaining within the region.

Q1-2021 top city pair rankings have re-shuffled in comparison to rankings in 2019:

2021	2019	
1=	1	Jeju, KR <-> Seoul-Gimpo, KR
2↑	5	Hanoi, VN <-> Ho Chi Minh City, VN
3=	3	Fukuoka, JP <-> Tokyo-Haneda, JP
4↓	2	Sapporo, JP <-> Tokyo-Haneda, JP
5↑	7	Beijing, CN <-> Shanghai, CN

Travel Bubbles, the 'new era' of international travel commenced between: **Australia – New Zealand** (Oct-2020 one-way & April-2021 two-way) and **Singapore – Hong Kong** (May 2021).



DEMAND

Pent up demand is building across the region. However, in **China** the return to corporate and leisure travel is well established ahead of the northern hemisphere summer. For Q1-2021 the total domestic seats offered in **China** were only -9% on Q1-2019 and Q2-2021 is forecast +9% on Q2-2019.

Total domestic airline seats offered in each market during Q1-2021 trends low and shown as a percentage compared to same period 2019: **Vietnam** (-19%), **India** (-25%), **Indonesia** (-29%), **New Zealand** (-48%), **Japan** (-53%), **Australia** (-56%) and **South Korea** (-62%).

International travel restrictions continue to limit the ability for inbound leisure and business travel across the region, which in turn impact air travel recovery for **Singapore, Hong Kong, Malaysia** and **Taiwan**.



CORPORATES

Globally the return to business travel remains subdued even as lockdowns and some borders have eased. As at publication, there have been over **1.1B vaccine doses** administered in **180 countries**. It is assumed in the next 6-months the vast majority of business travellers in the region will be vaccinated (pending location). This will lead to an expanded use of health passports and further border openings for business to reset and grow.

Airlines are competing to attract business travellers. In **China** fares in Q3 & Q4 2020 were averaging -US\$10 less than 2019, **Australia** airfares in Q1-2021 averaged -US\$5 and forecast to be -US\$12 in Q2-2021. **New Zealand** experienced similar trends during Q3 & Q4-2020 and this is likely to continue across other markets.

APAC Aviation Q1 2021



ASIA

Seats offered where Asia is the destination

Q1 2019 495.6M

Q1 2021 324.5M



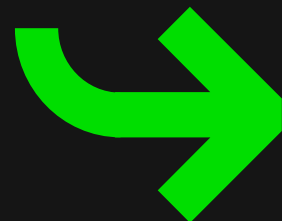
**Q2 2021
378M**
+16.1% on
Q1-2021

AUSTRALASIA

Seats offered where Australasia is the destination

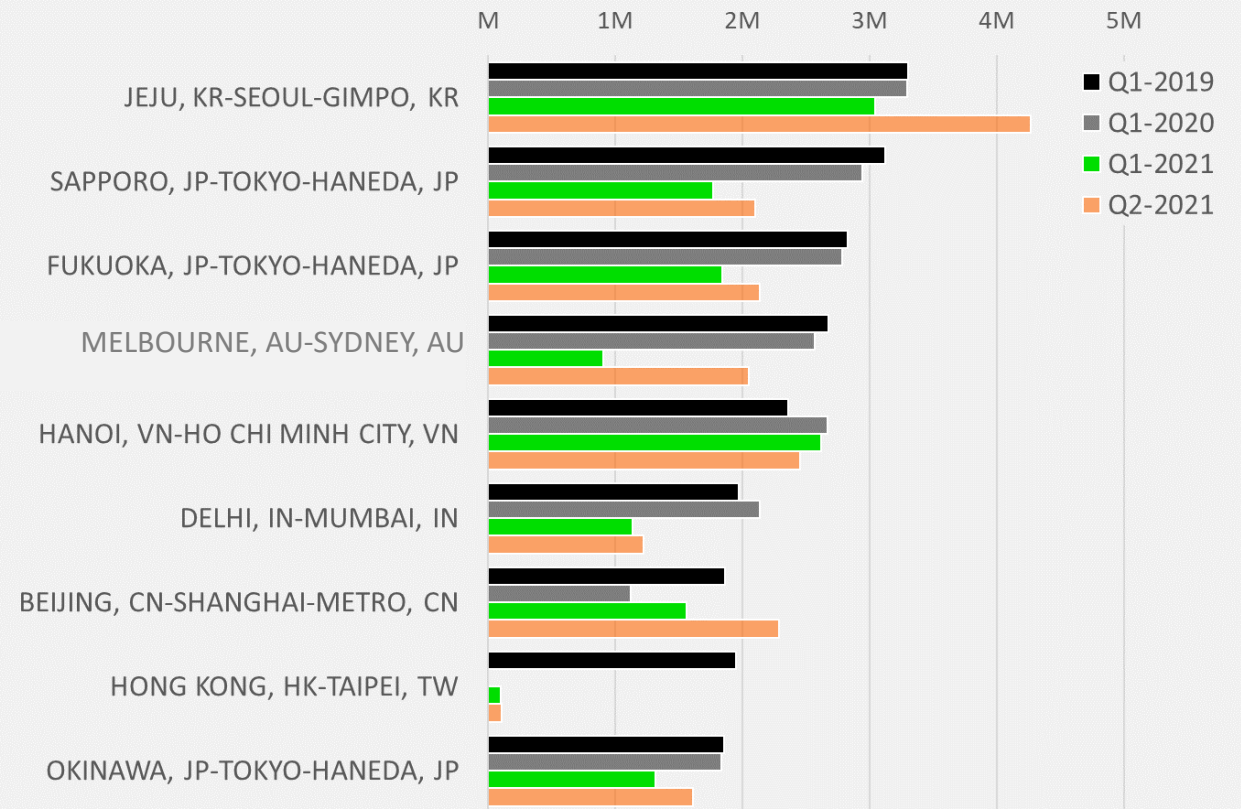
Q1 2019 35.6M

Q1 2021 16.4M



**Q2 2021
23M**
+41.8% on
Q1-2021

Top City Pairs in Region by Seats Offered



FCM Consulting Analytics

^ Source Data – Cirium as at 13 May 2021. Long range aviation forecasts subject to change

APAC Aviation Q1 2021



CITY PAIRS LONG RANGE VIEW

Seats offered Intra-Region

The regional Top 10 City Pairs show a lumpy return to 2019 volumes. Asia international load factors of 23.8% were reported by AAPA in March 2021 and in Australia BITRE reported 59.7% domestic load factors in February 2021.

Multinational corporations view air travel as a necessary commodity and define business essential travel as; enabling business growth, retaining clients and engaging employees.

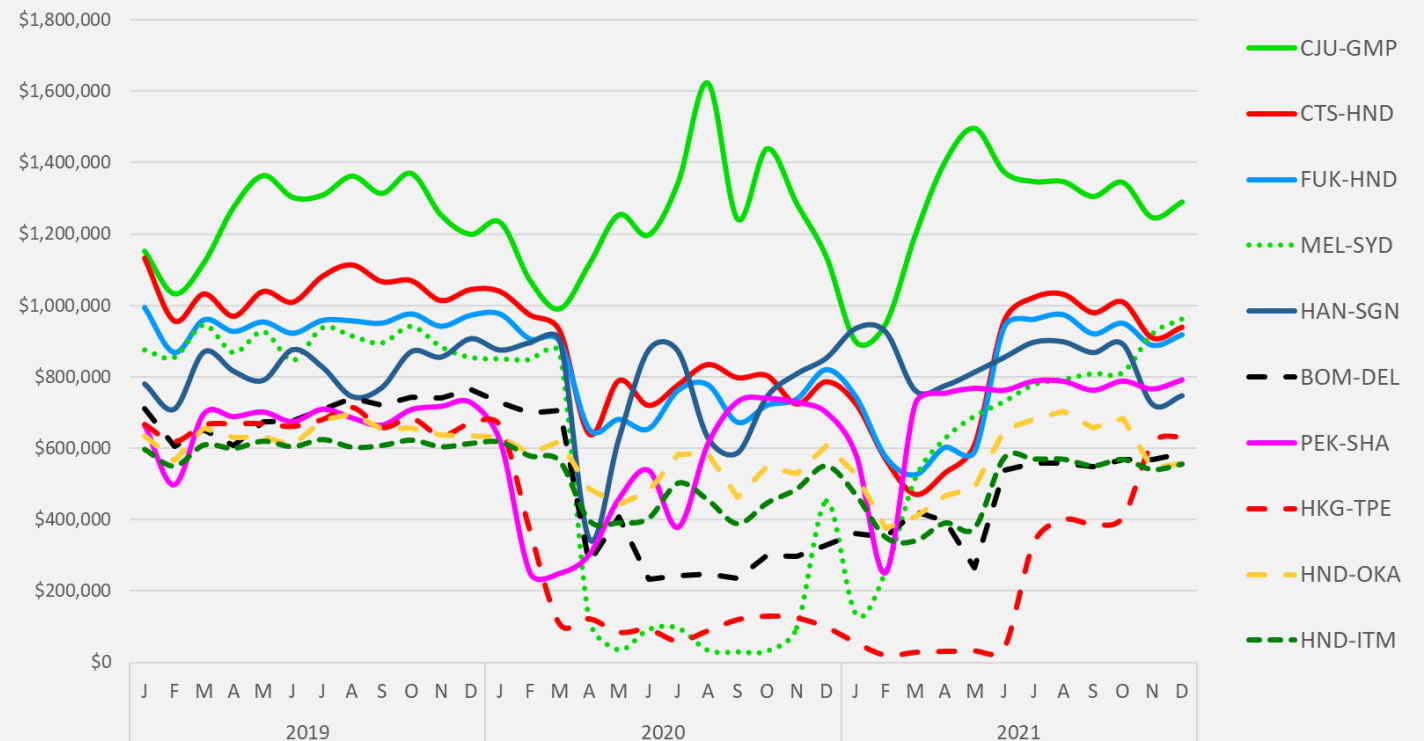
Pre-COVID, the regional Top City Pairs were heavily supported by business travellers, and by the end of 2021 we estimate that globally 50% of corporate travel will have returned.

+347K

ADDITIONAL
FLIGHTS
IN Q2-2021

Additional flights are being offered in Q2-2021 (15.2%) signalling increased frequency on key routes and a growing choice for travellers.

Top City Pairs in Region by Seats Offered



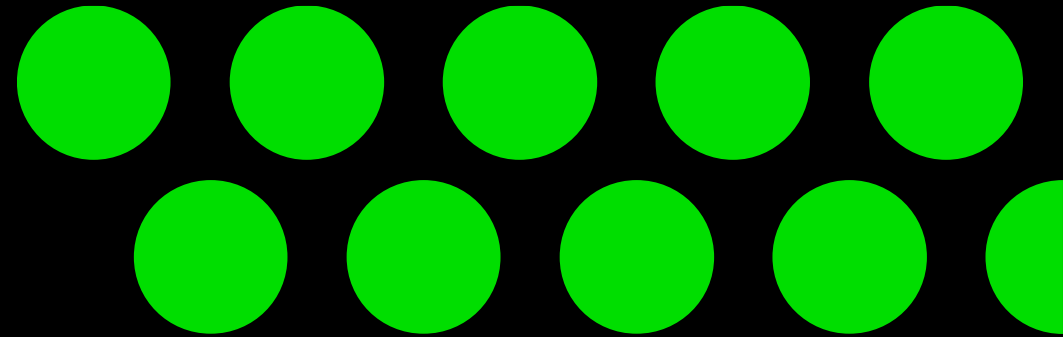
FCM Consulting Analytics

^ Source Data – Cirium as at 13 May 2021. Long range aviation forecasts subject to change

FCM
CONSULTING

Q1

EMEA Accommodation & Aviation





Europe - Accommodation Q1 2021



EUROPE IN LOCKDOWN

Q1-2021 saw many counties in the region introduce lockdowns and/or tightened measures to control COVID as the emergence of new variants caused concern. Travel demand declined and hotel bookings in many locations were down -20% compared to Q4-2020.

In the **UK** leisure travel was banned at the start of Q1-2021, with only essential business travel permitted. Across Europe similar restrictions followed later in the quarter. **France** and **Germany** lockdowns in February resulted in lower than forecast demand in March.

Overseas travel continued to be constricted during the quarter, however, encouraging demand remained for **Trans – Europe, USA – Boston, Chicago** and **UAE – Doha**.



RATES STABILISE

Average daily rates stabilised during the quarter with no significant reduction as seen in 2020. This potentially signals the bottom of rate reductions, with Q2-2021 forecast **+5%** rate increases and occupancy increases. Occupancy levels during the past quarter ranged; **Paris** 9%, **Berlin** 11%, **UK** 13%, **Madrid** 16% and **Moscow** 50% (as reported by STR). Recovery from hotel losses due to COVID, are not expected until 2023 which is consistent with the APAC region.

Q2-2021 will have increased demand across the region from both business and leisure travellers due to the combination of continued vaccine roll out, **green corridors** and general confidence.

Northern hemisphere summer in key leisure markets will see room rates at peak levels since 2020, as demand grows for domestic holidays and business travel returns.



PROJECT TRAVEL

Business travel associated to projects dominated many industries as corporations resumed delayed projects and mobilised travellers over the past quarter.

Project travel has specific requirements high frequency trips, longer stays overnight, etc., combined with health and hygiene protocols, this is influencing how corporate travel policies are focusing on preferred supplier strategies.

Corporations are reviewing suppliers in the region as travellers are more focused on:

- Self-contained serviced apartments
- In-Room exercising in place of the gym
- Work from the room rather than office or public space
- Order and deliver external food services

European Accommodation Trends Q1 2021

Regional Corporate Rates

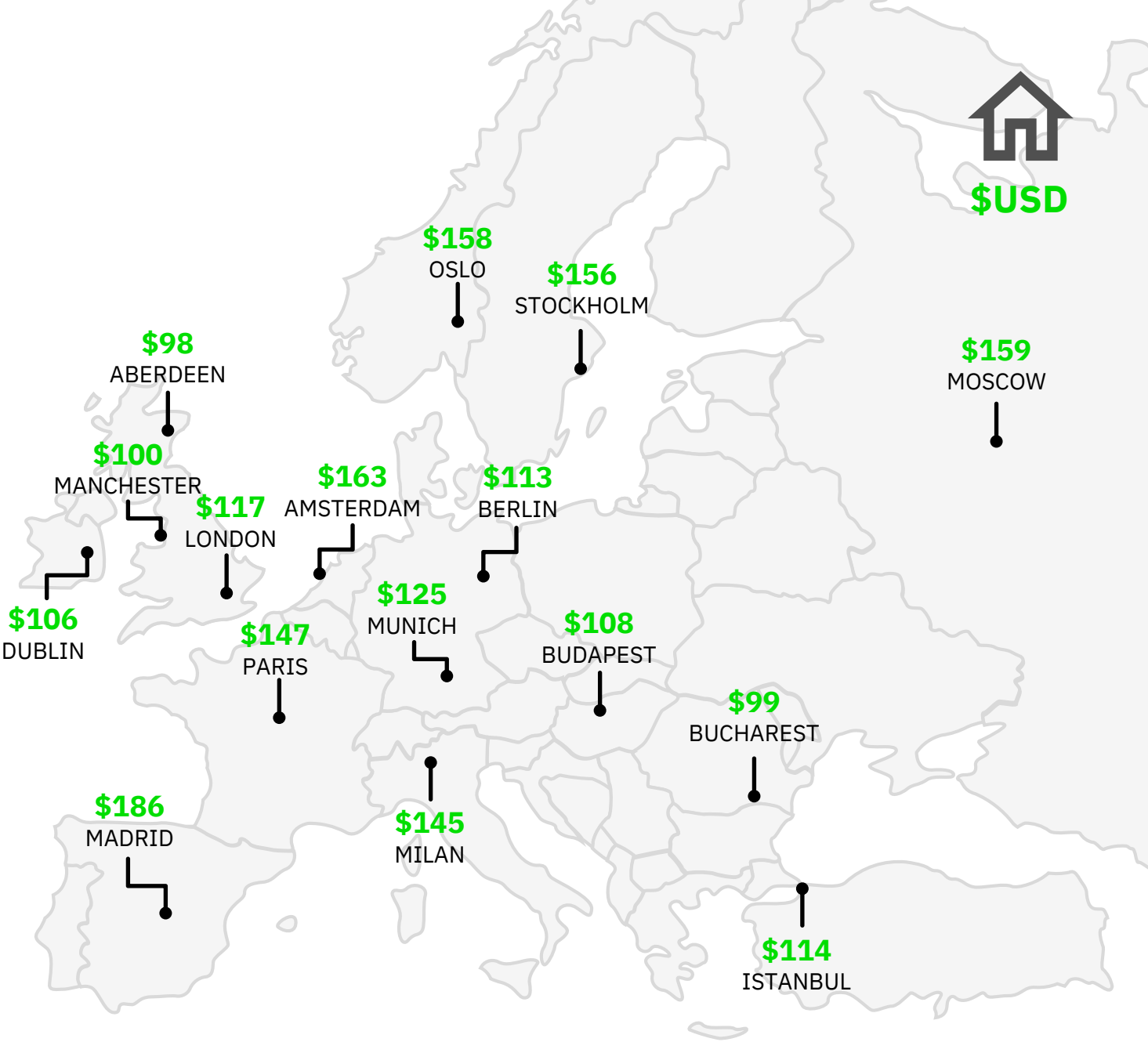
Average Rate Paid %

Q1 2021 vs Q4 2020 ⬇ 2.3%

Q1 2021 vs Q1 2019 ⬇ 22.3%

Q1-2021
vs Q1-2019

- LONDON ⬇ 47.7%
- STOCKHOLM ⬇ 30.1%
- BERLIN ⬇ 61.5%
- PARIS ⬇ 40.1%
- MADRID ⬇ 15.3%
- MOSCOW ⬇ 23.6%





MEA - Accommodation Q1 2021



RISING CASES

COVID cases rose steadily across much of the **Middle East** and **Africa** in Q1-2021 which resulted in further restrictions on domestic travel.

Many countries banned or restricted travel to and from the Middle East and imposed quarantine on returning travellers in response.

Vaccination programmes have been rolled out across key markets and this has resulted in some of the highest percentage levels of populations vaccinated globally – **Israel** 60%.

Current vaccination levels remain low with **South Africa** and **Mozambique** beginning their programmes in February and Namibia in March.



DEMAND

Travel restrictions imposed for international travellers reduced the typical high demand into the region from leisure travellers. The result saw the average room rate growth seen in Q4-2020 stabilise in Q1-2021.

Across the **African** region occupancy levels remained at some of the lowest globally with market averages of 19-43% during the quarter. In the **Middle East** hotel occupancy was strong in **Qatar** 71%, **Dubai** 60% and **Jeddah** 39% (as reported by STR).

Quarantine hotels are offering inbound and transiting passenger services which is helping occupancy levels. However, as a region, the focus will be on domestic travel for the medium term to help grow demand.



CORPORATES

Demand for domestic and regional corporate travel in Southern Africa has increased significantly in Q1-2021 compared to Q4-2020. Bookings have grown 90% fuelled by **Mining, Construction, Government, Pharmaceuticals** and essential industries such as **Food Services Distribution**.

Rate performance is mixed and this is likely a reflection of the loss of overseas demand which will impact some countries more than others. **UAE** has seen rates drop -49% vs Q4-2020 when we saw rate growth above 2019 levels.

Abu Dhabi received a much needed boost in February from the International Defence Exhibition & Conference bringing 62K delegates to the city and +62% occupancy (as reported by STR).

Middle East and Africa Accommodation Q1 2021

Regional Corporate Rates

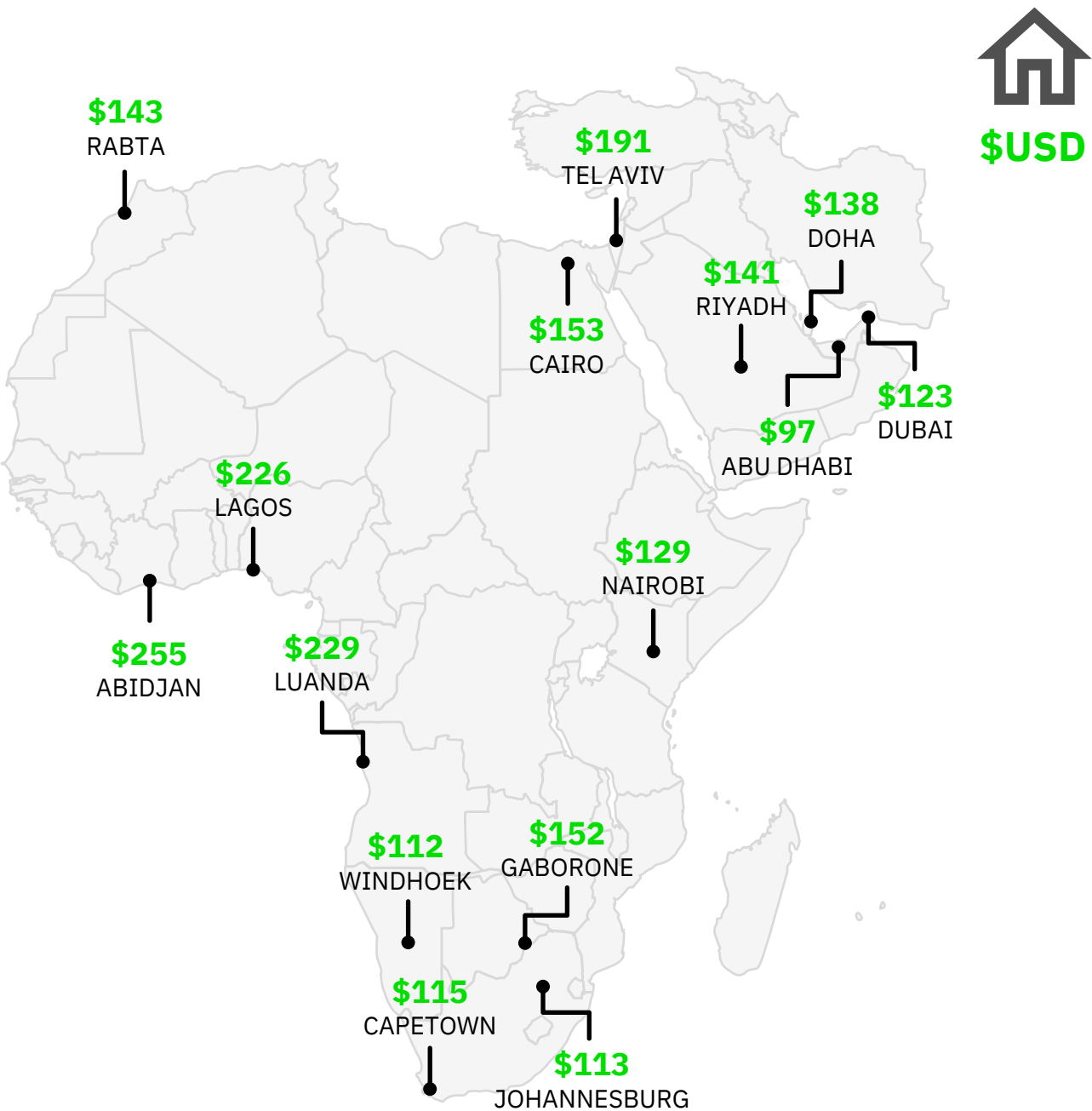
Average Rate Paid %

Q1 2021 vs Q4 2020 ↑ 6.8%

Q1 2021 vs Q1 2019 ↓ 19.7%

Q1-2021
vs Q1-2019

JOHANNESBURG	↓ 9.6%
WINDHOEK	↓ 18.9%
GABORONE	↓ 15.2%
DUBAI	↓ 38%
RIYADH	↓ 48%
TEL AVIV	↓ 15%





Aviation Q1 2021



LOCATION

Q1-2021 top city pair rankings have changed since 2019 :

2021	2019	DOMESTIC
1=	1	Paris-Orly, FR<->Toulouse, FR
2↑	5	Nice, FR<->Paris-Orly, FR
3=	3	Marseille, FR<->Paris-Orly, FR
4↓	2	Lyon, FR<->Nantes, FR
5↑	7	Lyon, FR<->Toulouse, FR
2021	2019	INTERNATIONAL
1=	1	Islamabad, PK<->Manchester, EN, GB
2↑	5	Islamabad, PK<->London-Heathrow, GB
3=	3	London-Heathrow, EN, GB<->Sylhet, BD
4↓	2	Lahore, PK<->London-Heathrow, GB
5↑	7	Paris-De Gaulle, FR<->Dubai, AE



DEMAND

In the **EMEA** region the return to business travel remains subdued. With recent announcements from the **UK** government opening green corridors from end May 2021, some borders will be eased. This will drive up the seats offered and enable leisure and business travellers over the coming six month period to reconnect.

EMEA countries continue to wait for each market to lift their travel bands within the region.

The **EU** is proposing that Member States ease their current restrictions on non-essential travel into the EU to take into account the progress of vaccination campaigns and developments in response to COVID.



CORPORATES

Globally the return to business travel remains subdued even as lockdowns and some borders have eased. As at publication, there have been over **1.1B vaccine doses** administered in **180 countries**. It is assumed in the next 6months the vast majority of business travellers in the region will be vaccinated (pending location). This will lead to an expanded use of health passports and further border openings for business to reset and grow.

Reduced demand saw fare prices slump in the quarter compared to 2019.

AVG Fare Price Change 2019 to 2021

ECONOMY CLASS

↓55.5%

BUSINESS CLASS

↓ 27.5%

EMEA Aviation Q1 2021



EUROPE

Seats offered where Europe is the destination

Q1 2019 277.7M

Q1 2021 85.9M



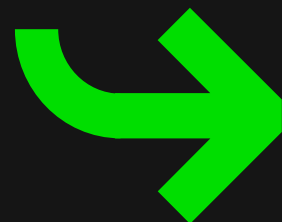
Q2 2021
149M
+74% on
Q1-2021

MIDDLE EAST & AFRICA

Seats offered where MEA is the destination

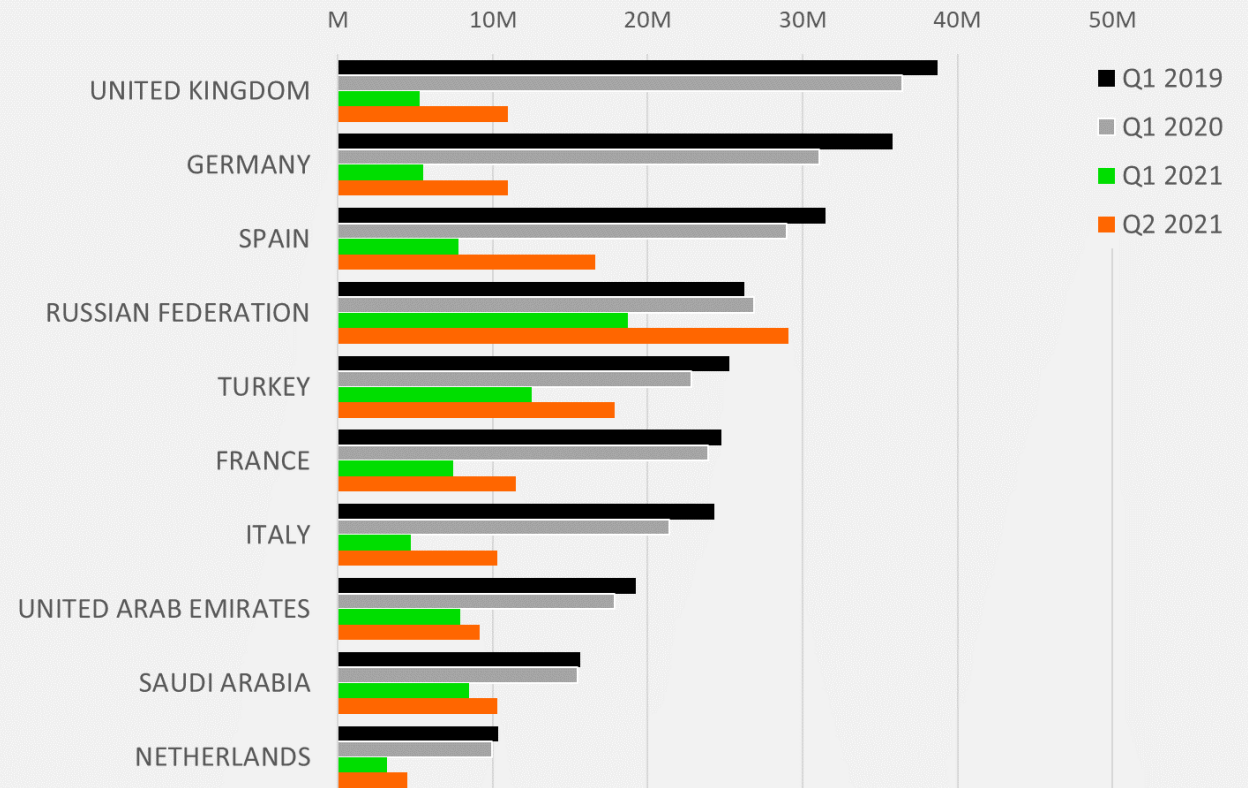
Q1 2019 81.6M

Q1 2021 48.1M



Q2 2021
56M
+17% on
Q1-2021

Country Destination by Seats Offered



EMEA Aviation Q1 2021



CITY PAIRS LONG RANGE VIEW

Seats offered

11.1K flights from the Middle East to India were offered in Q1-2021, the forecast into Q2-2021 sees a 4.3% reduction in flights which may further decline during the quarter due to significant 2nd wave of COVID cases.

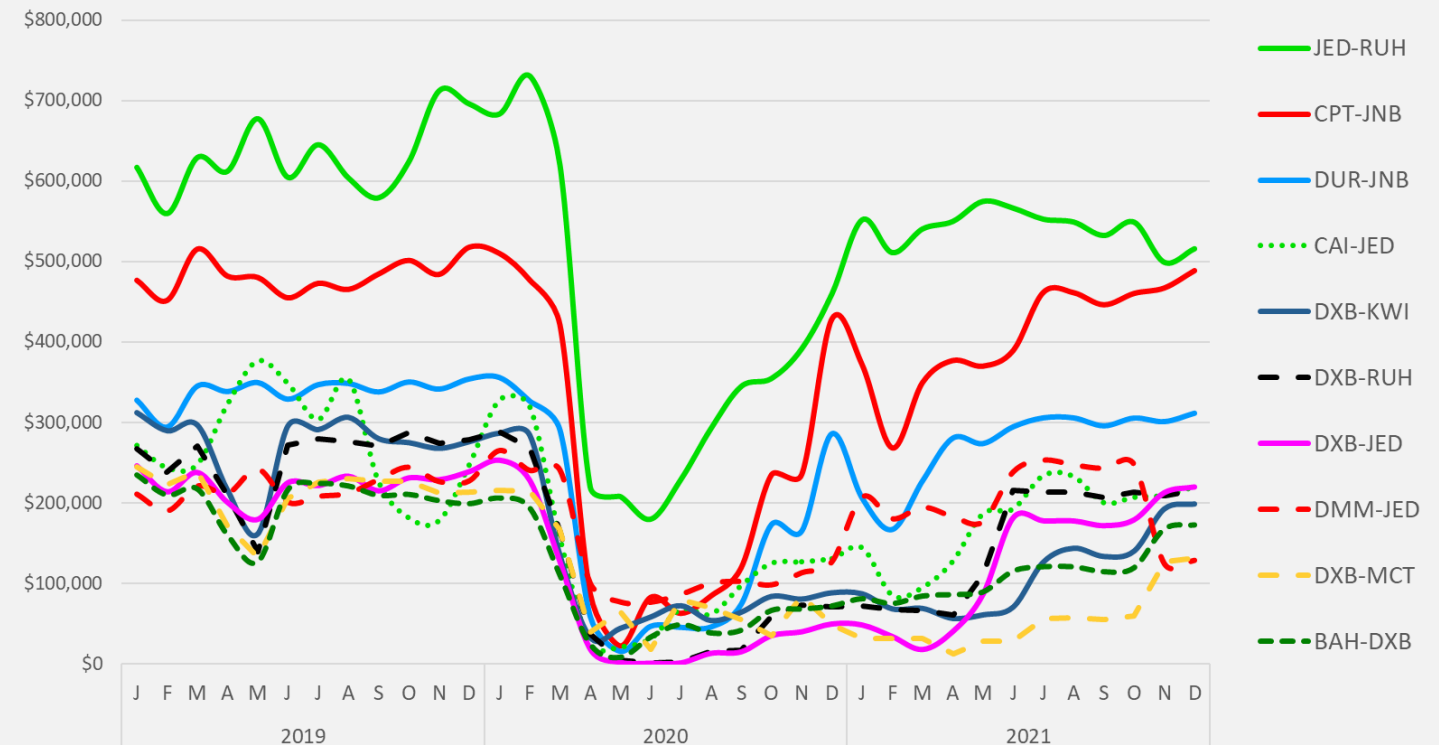
UK travellers top destinations such as Dubai and New York, are seeing +50% seats offered from June 2021 compared to the current monthly averages over the past quarter. Whilst June seats will be subject to change this could be green shoots we have been waiting for.

+422K

ADDITIONAL
FLIGHTS
IN Q2-2021

Additional flights are being offered in Q2-2021 (+46.6%) signalling increased frequency across all key routes for the northern hemisphere summer.

Top City Pairs in Region by Seats Offered



More Information

FCM Consulting

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