



Global

Quarterly Trend Report

Q3-2023

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About the Report

This FCM Consulting quarterly report draws on global data sourced from FCM and Flight Centre Travel Group corporate booking data for travel during July to September 2023 (Q3-2023). The report uses Cirium aviation schedule data as at 23 October 2023. Airfare pricing variations exclude all taxes.

The hotel average room rate (ARR) quoted is the average booked rate using FCM and Flight Centre Travel Group corporate booking data. Variations in rates booked are a reflection of seasonality, supply and demand, booking lead times and variations in exchange rates.

Unless otherwise stated all fares and rates are reported in US dollars. STR hotel data and content quoted as at 26 October 2023 for period ending September 2023.

CORPORATE

Need to Know

Q3-2023 continued the trend from H1-2023, signalling a levelling of the rapid travel growth from late 2021.

This edition of FCM Consulting's Quarterly Trend Report reports on 2023 and forecasts for 2024.

Whilst travel demand is growing and positive, the increases have moderated for a third quarter. Airline tickets, hotel and car hire rates have also levelled.

Corporate travel **programmes** are under the spotlight as 2024 budgets are put to the test. We anticipate increased business travel for 2024 pending economic conditions and **longer-term** outcomes of the current conflict in the Israel/Gaza region.



INFLATION

With global inflation forecast at 5.2% in 2024, we need to consider travel rises.



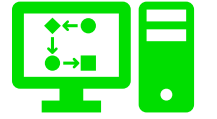
JET FUEL

Q3-2023 barrel prices peaked at over \$130+ in response to the conflict in the Israel/Gaza region.



EMISSIONS REPORT

Markets and regions started to enforce emission reporting.



NDC

170 Companies, including 66 airlines are making progress with airline retailing.



TRAVELLERS

How, when, and where we work has changed, and so too has our engagement.



INTERNATIONAL

Global passenger load factors are strong at 84.6%.

CORPORATE TRAVEL

Key Takeaways Q3-2023

1



INFLATION

As an average indicator of the increases for goods and services, inflation forecasts can be a good way to budget for the year ahead. The estimate by economists for **inflation in 2024 is 5.2%***.

Compared to the global average of **8.7% in 2022** and an estimate average of **6.8% in 2023**, 2024 increases will not be as high as previous years. Nonetheless, corporate travel programmes should budget for moderate increases.

2

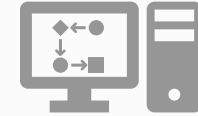


AVIATION FUEL

Q3-2023 jet fuel[^] prices peaked at **\$130+** per barrel in response to the conflict in the Israel/Gaza region and concerns around longer term production. At time of reporting, pricing dropped to **\$121 and \$123 for October**.

An overall easing of demand due to the upcoming northern hemisphere winter and a levelling of demand across Asia has resulted in lower pricing in October.

3



NDC PROGRESS

The **NDC**** journey started over 10 years ago and has been ever evolving. There are now **170 companies**, including **66 airlines** working towards new airline distribution capabilities which are being delivered at differing levels and stages.

To better understand progress, IATA's **Airline Retailing Maturity (ARM)** index allows you visibility into the individual airlines, sellers and system providers on the new retailing and distribution journey.

* IMF reporting July 2023

[^]IATA Fuel Monitor reported the week ending 20 October 2023, reporting in US\$

**NDC = New Distribution Capability

CORPORATE TRAVEL

Key Takeaways Q3-2023

4



PASSENGER LOAD FACTORS

Reported by IATA in August 2023, global Passenger Load Factors (PLF) were **84.6%**.

Global Domestic PLF is 83.5%, with major markets led by **USA 84.5%**, followed by **India 83.9%**, **Brazil 83.1%**, **Japan 82.5%**, **Australia 82.3%** and **China 79.1%**.

Global International PLF: 85.4%, led by **North America 87.7%**, as the highest performing region compared to the lowest, **Africa 76.2%**.

5



ENGAGING TRAVELLERS

Employee engagement has changed due to the when, where and how we can work. As a result FCM Consulting have observed a growing need for corporates to change internal **travel communication methods**[^] to engage travellers to comply. Is it time to adjust policies and messages for your changed workforce and measure the engagement impact?

- **Bleisure** allowed with clear liabilities.
- **Sustainable travel** being second nature.
- **Employee commute** changes considered.

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REPORTING EMISSIONS

High global passenger load factors mean passenger emissions are more efficient. Reporting accurate travel emissions should now be a top priority as mandates rollout. The Europe **CSRD**^{*} is moving closer as framework is **formalised and reporting** criteria are established. Global organisations with **>€150M** revenue in an EU subsidiary are required to adhere to the standards starting 2024. Similarly, California, USA, are hoping for a similar legislation and be the first state to mandate emission reports covering scope 3.

• Corporate Sustainability Reporting Directive (CSRD). For a full interpretation and what this means to your program contact Glenn Thorsen at FCM Consulting: Glenn.thorsen@eu.fcm.travel

[^] For insights into traveller communications contact Eve Smith at FCM Consulting: eve.smith@flightcentre.co.uk

AVIATION

Key Takeaways Q3-2023

1



FAIR FARES

Fuel, cost recovery, sustainability and fleet upgrades will continue to impact airlines. Fare rises of **3-7%** are forecast in 2024. Here are the average international paid fare increases YTD-2023 vs 2019.

YTD-2023 vs 2019	ECONOMY	BUSINESS
ASIA	+ 21%	+ 17%
AUST/NZ	+ 22%	+ 26%
EUROPE	+ 18%	+ 13%
LATAM	+ 25%	+ 10%
NAM	+ 17%	+ 12%

2



INTERNATIONAL SEATS

Over the past 12 months borders have opened and travel confidence has blossomed. **Connecting travellers** from one country to the next can be simple or complex depending on the location, seasonal demand, schedule options, connections and carrier mix.

The forecast for international seats offered in **H1-2024 is -4.2% on 2019**. However, there are variations of recovery for travel in/out of the following markets.

INTERNATIONAL AIR SEATS IN/OUT OF KEY MARKETS	H1-2024 VS 2019
CHINA	- 36%
GERMANY	- 15%
SOUTH AFRICA	- 13%
BRAZIL	- 4%
SINGAPORE	- 4%
UNITED KINGDOM	- 3%
AUSTRALIA	- 2%
FRANCE	- 1%
SPAIN	+ 2%
CANADA	+ 4%
UNITED STATES	+ 5%
UNITED ARAB EMIRATES	+ 7%
INDIA	+ 8%
MEXICO	+23%

AVIATION - GLOBAL

TRAVEL 2024 OUTLOOK

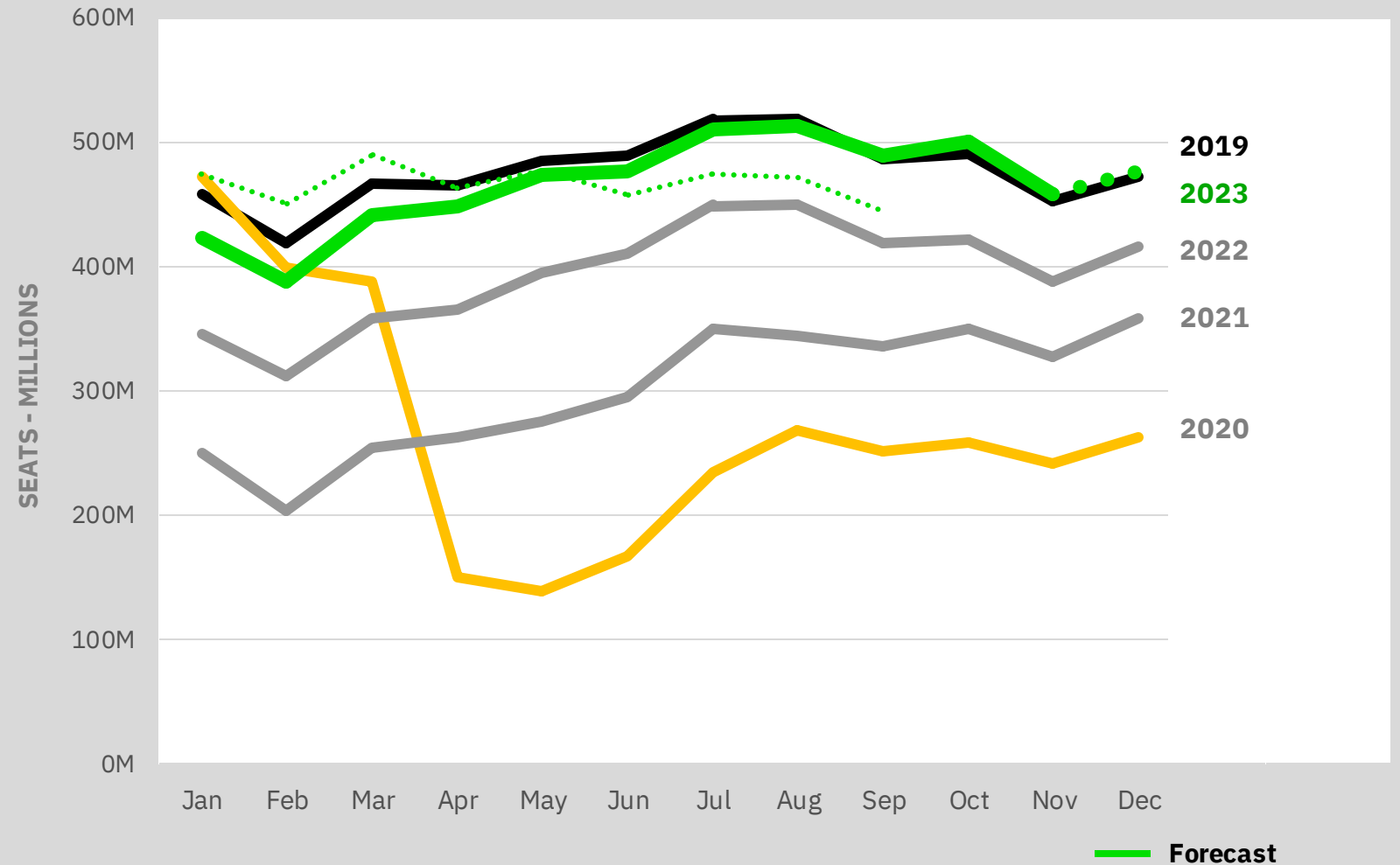
Q1-2024 is forecast to be **+71.8M (+5.3%)** more seats than 2019, same period.

Final 2023 seat capacity forecast to be **-2.2%** on 2019.

Regional seat forecast
Q1-2024 vs Q1-2019

AFRICA	↑ 14%
MIDDLE EAST	↑ 11%
LATAM	↑ 8%
NORTH AMERICA	↑ 8%
ASIA	↑ 7%
AUSTRALASIA	= 0%
EUROPE	↓ 2%

GLOBAL SEATS



Long range aviation forecasts are subject to change.
Therefore, we recommend only observing schedules 4-6 weeks ahead.

AIRLINE SEAT FORECAST

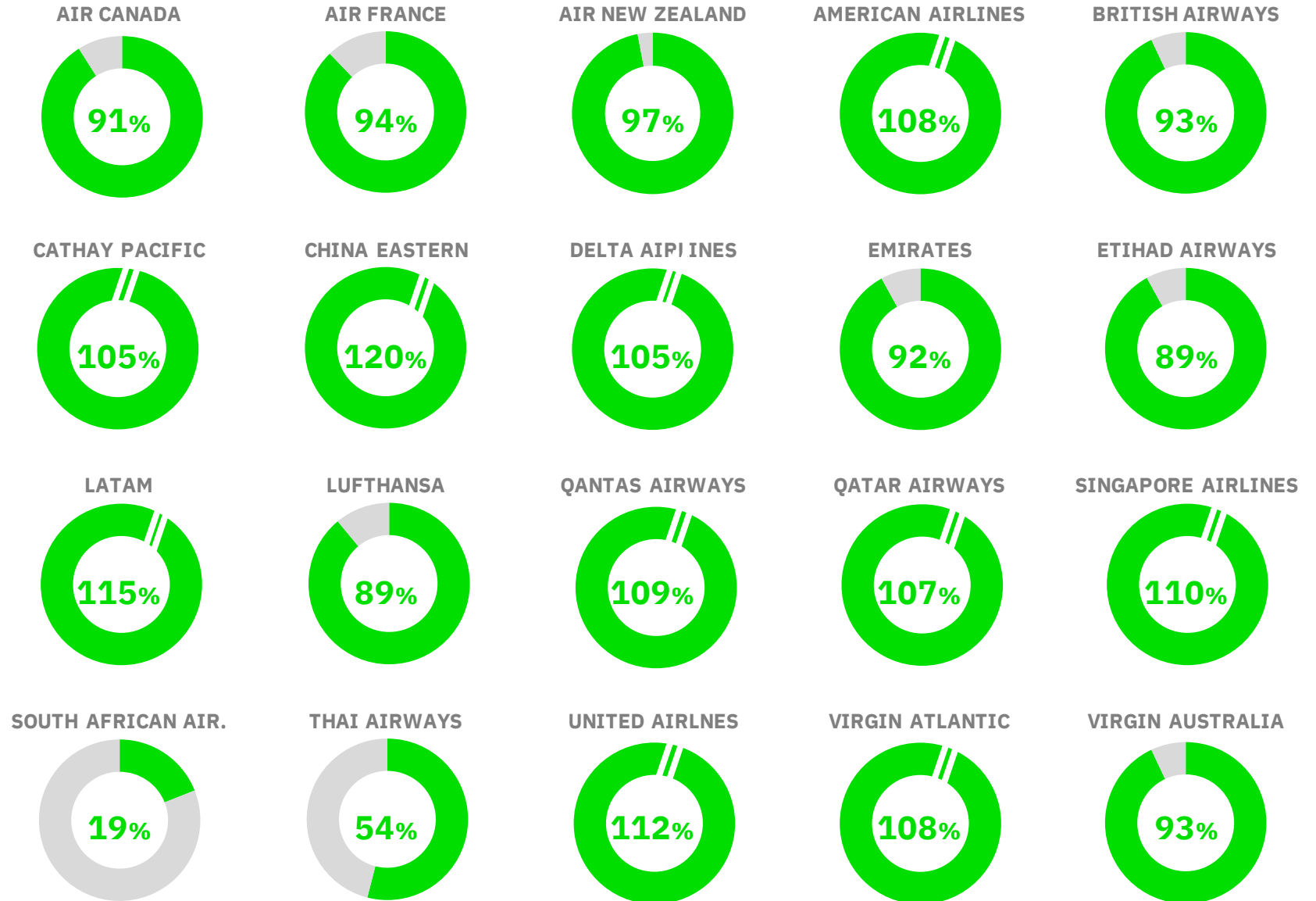
H1-2024 COMPARED TO 2019

Across the top corporate airlines, we forecast seats offered in H1-2024 will be **+3%** above the same period 2019.

50% of these airlines are set to surpass 2019 seats offered. An average **9 percentage points** were increased across the carriers compared to 2023 seats. North American airlines showing aggressive growth for 2024.

European carriers on average increasing only **5-7 percentage points** for H2-2024 from 2023.

Airline seats offered H1 compared to same period 2019.



2023 CITY PAIR AIRFARES REMAIN STRONG AGAINST 2019

Across 380 City Pairs, Economy Airfares up \uparrow \$48 and Business \uparrow \$136

Airfare % change YTD August 2023 vs 2019 same period

NORTH AMERICA

	ECONOMY	BUSINESS
BOS-PVG	\uparrow 17%	\downarrow 4%
EWR-ORD	\downarrow 33%	\downarrow 15%
FRA-JFK	\uparrow 17%	\downarrow 3%
JFK-LAX	\uparrow 40%	\downarrow 2%
JFK-YYC	FLAT	\uparrow 10%

EUROPE

	ECONOMY	BUSINESS
DUB-LHR	\uparrow 26%	\uparrow 56%
FRA-MAD	\uparrow 15%	\downarrow 2%
JFK-LHR	\uparrow 14%	\downarrow 5%
LHR-MAD	\uparrow 22%	\uparrow 8%
LHR-PVG	\uparrow 10%	\uparrow 10%

ASIA

	ECONOMY	BUSINESS
SHA-SIN	\uparrow 10%	\uparrow 24%
BOM-DEL	\uparrow 20%	\uparrow 1%
BOM-LHR	\uparrow 24%	\uparrow 14%
PVG-SIN	\uparrow 10%	\uparrow 20%
LAX-PEK	\uparrow 15%	\uparrow 9%

LATIN AMERICA

	ECONOMY	BUSINESS
CGH-JFK	\uparrow 17%	NA
CGH-LHR	\uparrow 14%	FLAT
EWR-SDU	\uparrow 14%	\downarrow 6%
FRA-SDU	\uparrow 9%	NA
SDU-YYZ	\uparrow 25%	\uparrow 17%

MIDDLE EAST/AFRICA

	ECONOMY	BUSINESS
CPT-DXB	\uparrow 4%	\uparrow 28%
DXB-FRA	\uparrow 17%	\uparrow 27%
DXB-SYD	\uparrow 14%	\uparrow 22%
FRA-JNB	\uparrow 12%	\uparrow 11%
JNB-LHR	\uparrow 15%	\uparrow 9%




AUSTRALIA/NEW ZEALAND

	ECONOMY	BUSINESS
AKL-JFK	\uparrow 18%	\uparrow 29%
AKL-SYD	\uparrow 13%	\downarrow 20%
MEL-SYD	\uparrow 3%	\uparrow 20%
SIN-SYD	\uparrow 13%	\uparrow 19%
LAX-SYD	\uparrow 20%	\uparrow 14%

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* Make sure you include your ALL membership number in your profile or ask your Travel Manager.



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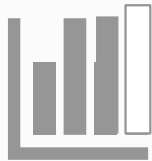
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ACCOMMODATION

Key Takeaways Q3-2023

1



2024 FORECAST PRESSURE

Hotel occupancy levels averaged **68%[^]** per month in 2023. Over the past six months corporate **ARR's have plateaued**, signalling rate stability.

However, hotels are forcing **3-8%** rate rises for 2024. To counter rises, and reduce travel budget impacts, we are making positive programme shifts for clients :

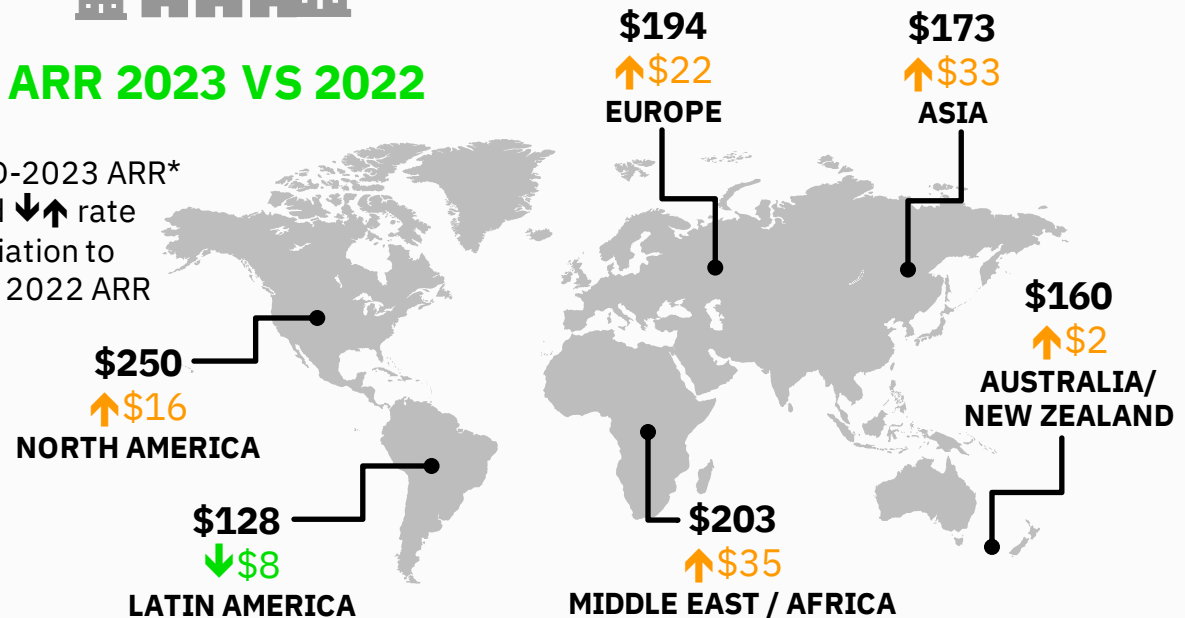
- **Change options to keep within budget**
- **Consolidate suppliers for leverage**
- **Lower 'star rating' expectations without compromising quality**

2



ARR 2023 VS 2022

YTD-2023 ARR* and $\downarrow\uparrow$ rate variation to the 2022 ARR



[^] As reported by Amadeus for the period of January to August 2023.

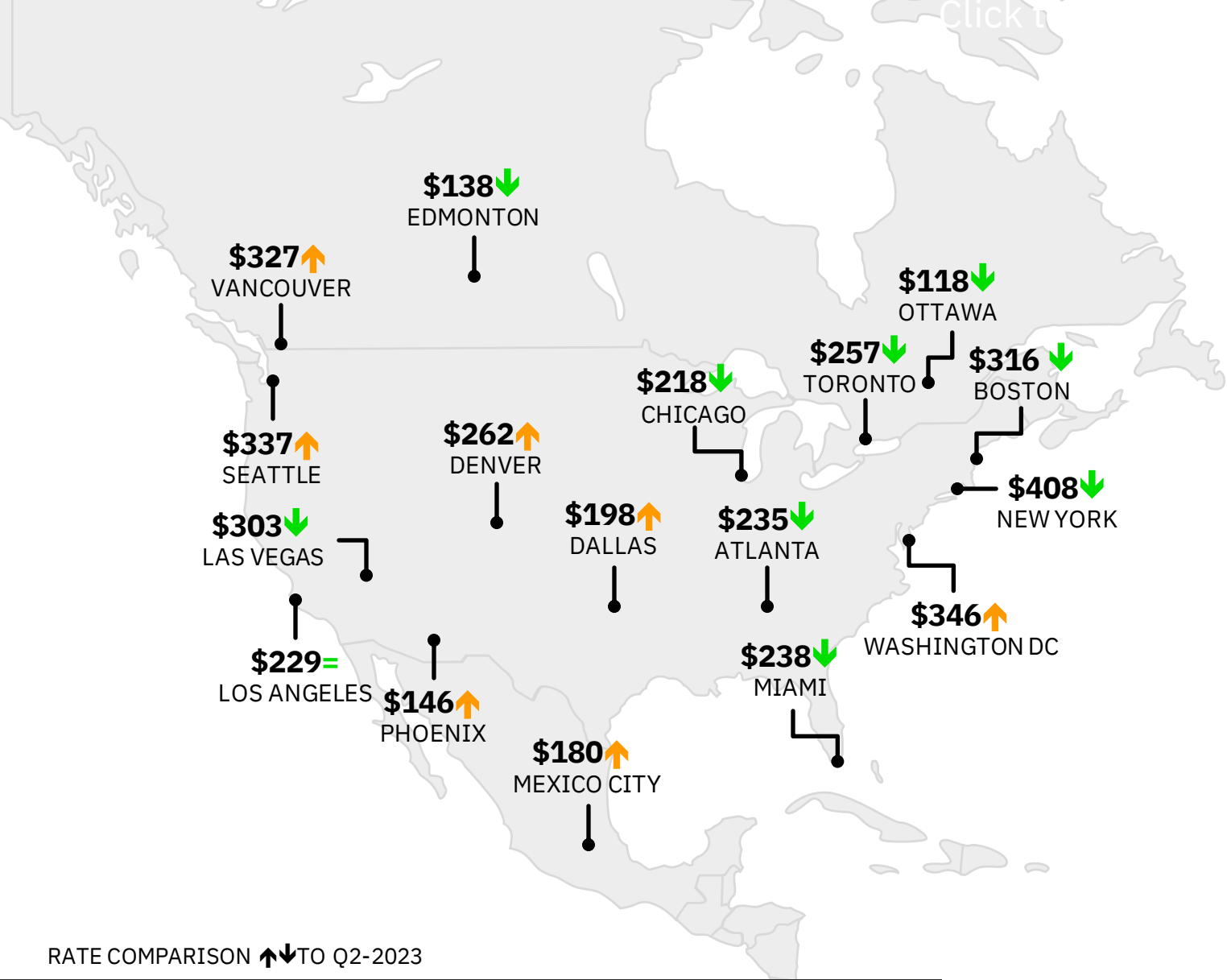
* Average Room Rate booked across key corporate city locations for the period January to September 2023 vs same period 2022

OCCUPANCY GROWTH CLOSE TO 'NORMAL' ACROSS MOST GATEWAY MARKETS

Occupancy, indexed to YTD 2022, September YTD 2023



Data sourcing STR. For more information : apinfo@str.com



RATE COMPARISON ↑↓TO Q2-2023

Corporate Travel
 Average Rate Paid % Var. Q2-2023 ↓ 4%
Q3-2023 vs Q3-2022 ↑ 8%



\$USD

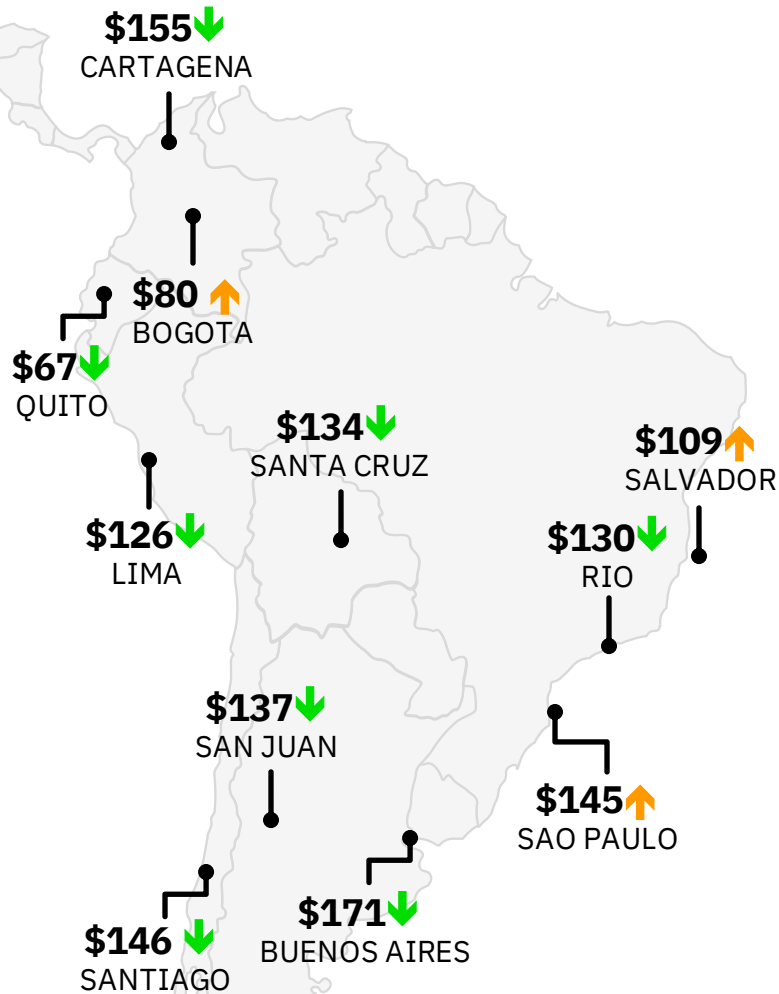
NORTH AMERICA

Accommodation Q3-2023

IN STEP WITH OTHER REGIONS, ARR FELL -\$10 (-4%) FROM Q2 TO Q3-2023.

RATE COMPARISON TO Q2-2023

- CHICAGO ↓ 3%
- LOS ANGELES = FLAT
- NEW YORK ↓ 6%
- MEXICO CITY ↑ 3%
- VANCOUVER ↑ 4%



RATE COMPARISON ↑↓ TO Q2-2023

Corporate Travel
 Average Rate Paid % Var. Q2-2023 ↓ 8%
Q3-2023 vs Q3-2022 = FLAT



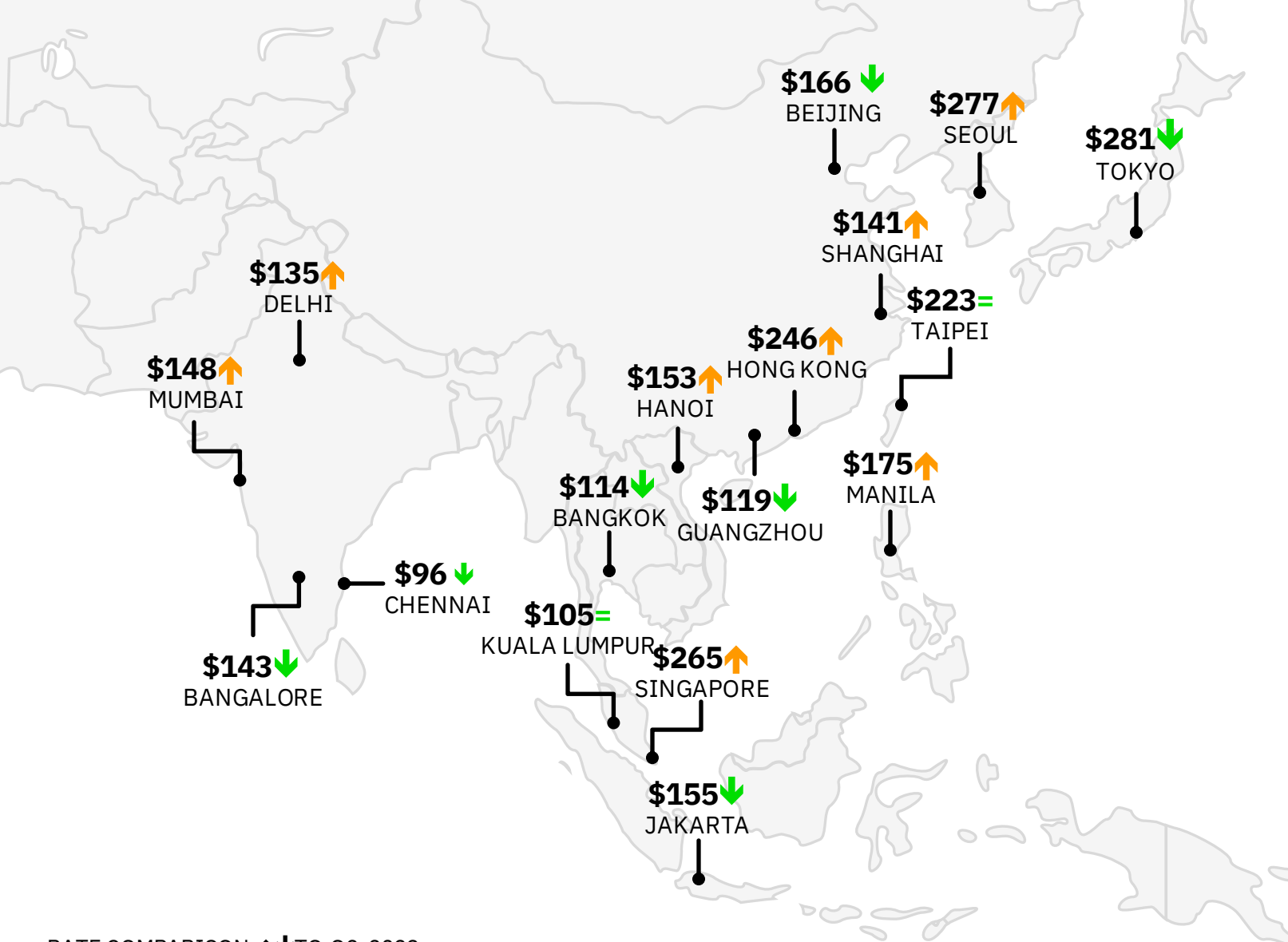
LATIN AMERICA

Accommodation Q3-2023

WITH FEW KEY LOCATIONS SEEING RATE RISES, THE REGIONAL ARR REDUCTION WAS **-\$8 ON Q2-2023.**

RATE COMPARISON TO Q2-2023

- BUENOS AIRES ↓ 6%
- LIMA ↓ 24%
- RIO ↓ 18%
- SANTIAGO ↓ 5%
- SAO PAULO ↑ 38%



RATE COMPARISON ↑↓TO Q2-2023

Corporate Travel
 Average Rate Paid % Var. Q2-2023 ↑ 1%
Q3-2023 vs Q2-2022 ↑ 19%



ASIA

Accommodation Q3-2023

FOR A SECOND QUARTER, THE REGIONAL RATE RISE WAS NOMINAL AT +\$2 ARR FROM Q2-2023.

RATE COMPARISON TO Q2-2023

- CHENNAI ↓ 4%
- JAKARTA ↓ 9%
- MANILA ↑ 4%
- KUALA LUMPUR ↓ 1%
- SHANGHAI ↑ 1%
- SINGAPORE ↑ 2%

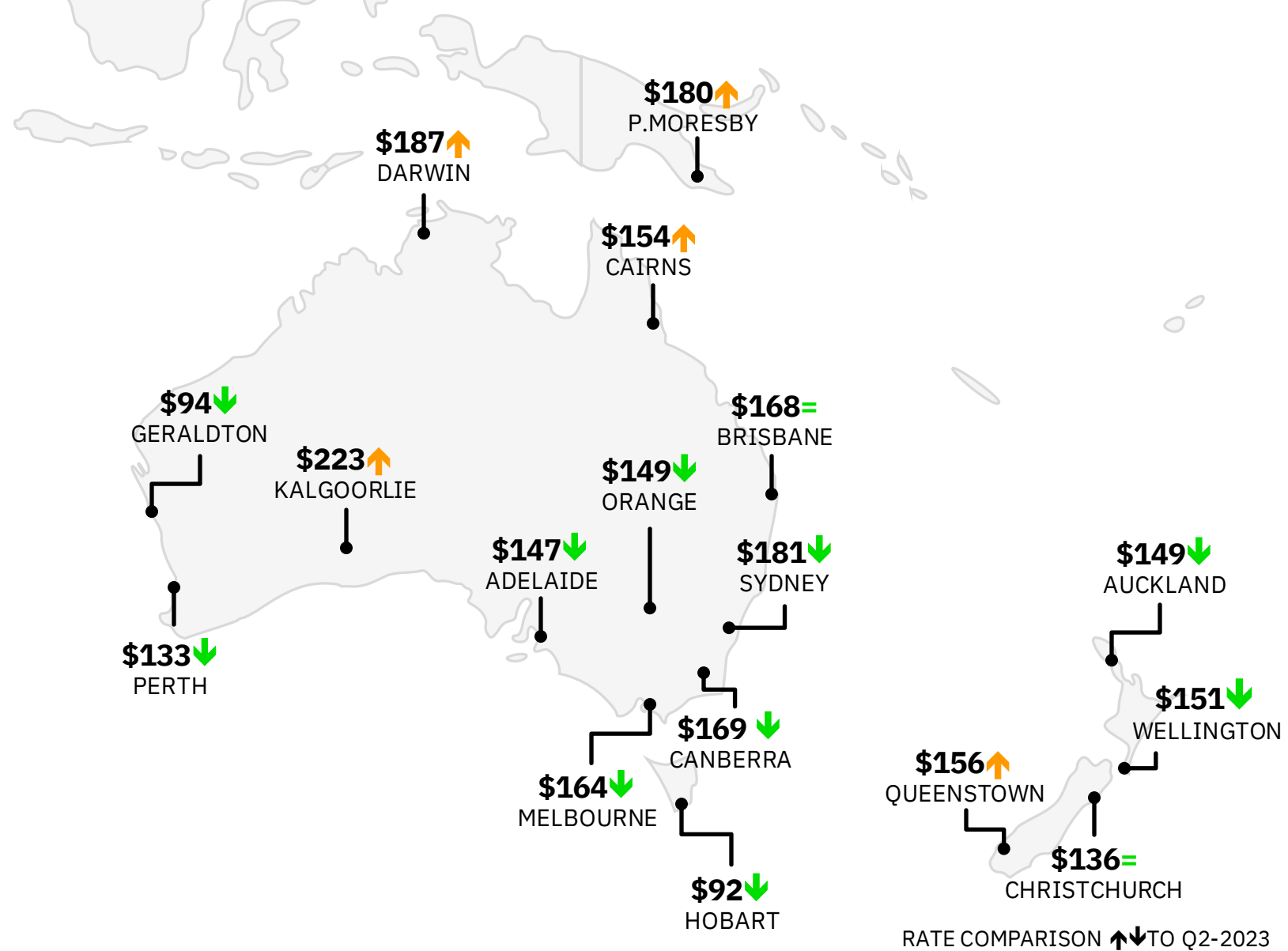
AUSTRALIA & NEW ZEALAND

Accommodation Q3-2023

THE REGIONAL ARR IN THE PAST SIX MONTHS HAS FLATTENED. THE Q3-2023 ARR WAS **-\$8 (-5%) VS Q2.**

RATE COMPARISON TO Q2-2023

- ADELAIDE ↓ 6%
- AUCKLAND ↓ 28%
- MELBOURNE ↓ 10%
- SYDNEY ↓ 3%
- WELLINGTON ↓ 15%



Corporate Travel
Average Rate Paid % Var. Q2-2023 ↓ 5%
Q3-2023 vs Q3-2022 ↓ 6%

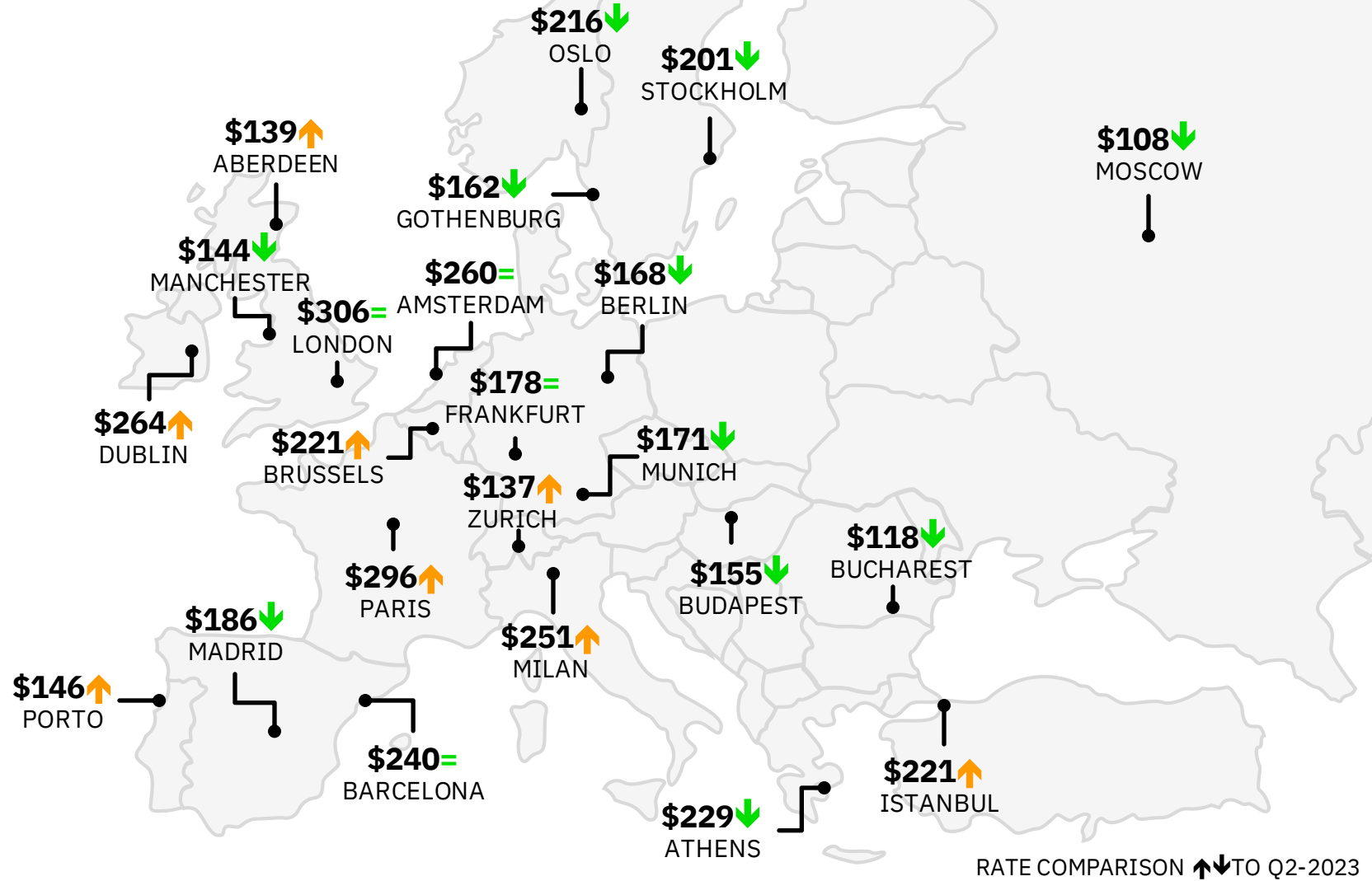
EUROPE

Accommodation Q3-2023

FINAL MONTHS OF SUMMER
SAW THE REGIONAL ARR
DIP -\$4 (-2%) IN Q3-2023.

RATE COMPARISON TO Q2-2023

- AMSTERDAM = FLAT
- BERLIN ↓ 5%
- DUBLIN ↑ 4%
- FRANKFURT = FLAT
- LONDON = FLAT
- MADRID ↓ 2%



Corporate Travel
Average Rate Paid % Var. Q2-2023 ↓ 2%
Q3-2023 vs Q3-2022 ↑ 19%

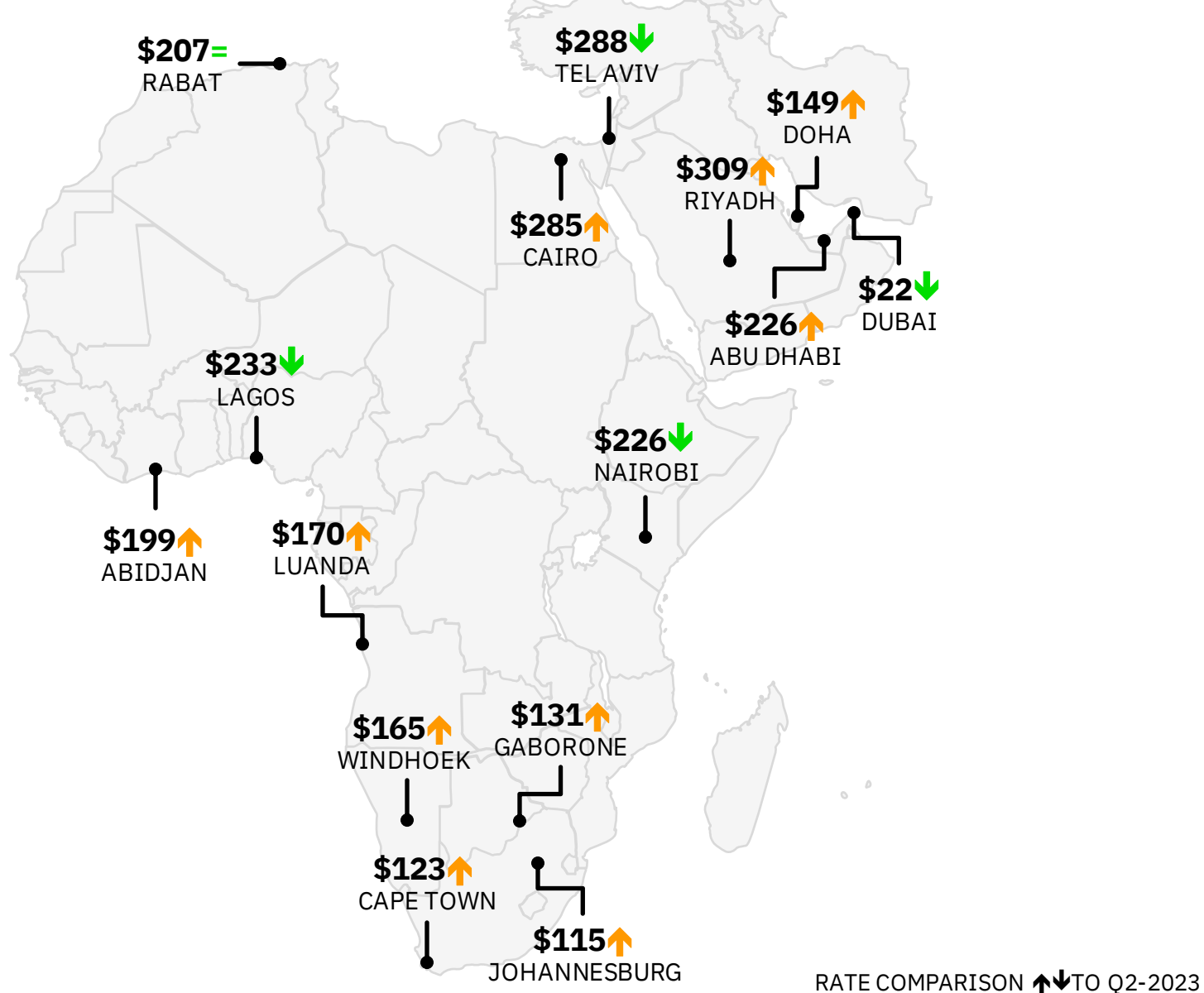
MIDDLE EAST AND AFRICA

Accommodation Q3-2023

OVERALL THE REGION SAW AN UPWARD TICK IN ARR OF +\$13 IN Q3.

RATE COMPARISON TO Q2-2023

- ABU DHABI ↑ 7%
- CAIRO ↑ 65%
- CAPE TOWN ↑ 11%
- DUBAI ↓ 29%
- JOHANNESBURG ↑ 18%
- RIYADH ↓ 8%



Corporate Travel
Average Rate Paid % Var.

Q2-2023	↑	7%
Q3-2023 vs	↑	38%

Mobility

Key Takeaways Q3-2023

1



2024 FORECAST

The overall global ADR[^] has increased **+4% YTD*-2023** compared to 2022. The ADR forecast is rate increases will stabilise to **+2-3%** in 2024.

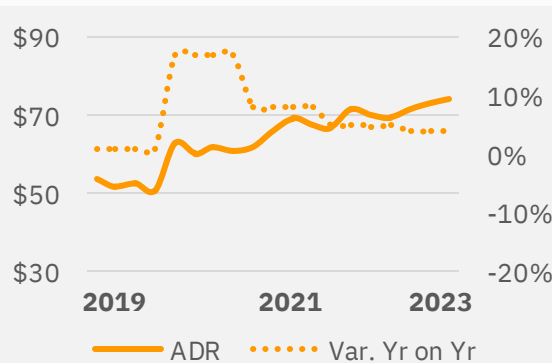
MAJOR MARKETS WITH ADR DECLINES	YTD* 2023 ADR	2023 % Var. to 2022
CANADA	\$55	↓ 3%
UNITED STATES	\$66	↓ 1%
AUSTRALIA	\$65	↓ 1%
NETHERLANDS	\$87	↓ 1%

2



DAILY RATES

Global ADRs have risen **+\$20 (+38%)** from 2019 to YTD-2023.



KEY RENTAL MARKETS

ADR VARIANCE YTD 2023 v 2019

AUSTRALIA	↑ 20%	↑ \$13
BRAZIL	↑ 18%	↑ \$8
CANADA	↑ 19%	↑ \$11
FRANCE	↑ 42%	↑ \$37
GERMANY	↑ 37%	↑ \$31
INDIA	↑ 15%	↑ \$10
IRELAND	↑ 48%	↑ \$46
ITALY	↑ 29%	↑ \$30
MEXICO	↑ 38%	↑ \$26
NETHERLANDS	↑ 30%	↑ \$26
SPAIN	↑ 25%	↑ \$19
UNITED KINGDOM	↑ 34%	↑ \$29
UNITED STATES	↑ 33%	↑ \$22

[^] ADR = Average Daily Rate Booked

* YTD = Year to date for the period January to September 2023

More Information

FCM Consulting

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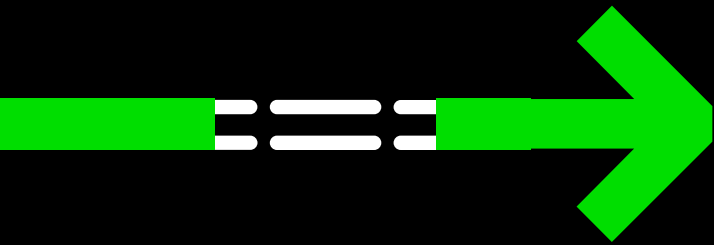
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