



Global

Quarterly Trend Report

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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 of October 23rd, 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 of October 26th, 2023, for period ending September 2023.

CORPORATE

Need to Know

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

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

While travel demand is growing and positive, the increases have moderated for a third quarter. Airline tickets, hotel, and car rental rates have also leveled.

Corporate travel programs 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.



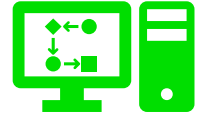
JET FUEL

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.



TRAVELERS

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 programs 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 leveling 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 toward 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 October 20th, 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 TRAVELERS

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 travelers 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.

6



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 **formalized and reporting** criteria are established. Global organizations with **>\$159M** 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 traveler 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 travelers** 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

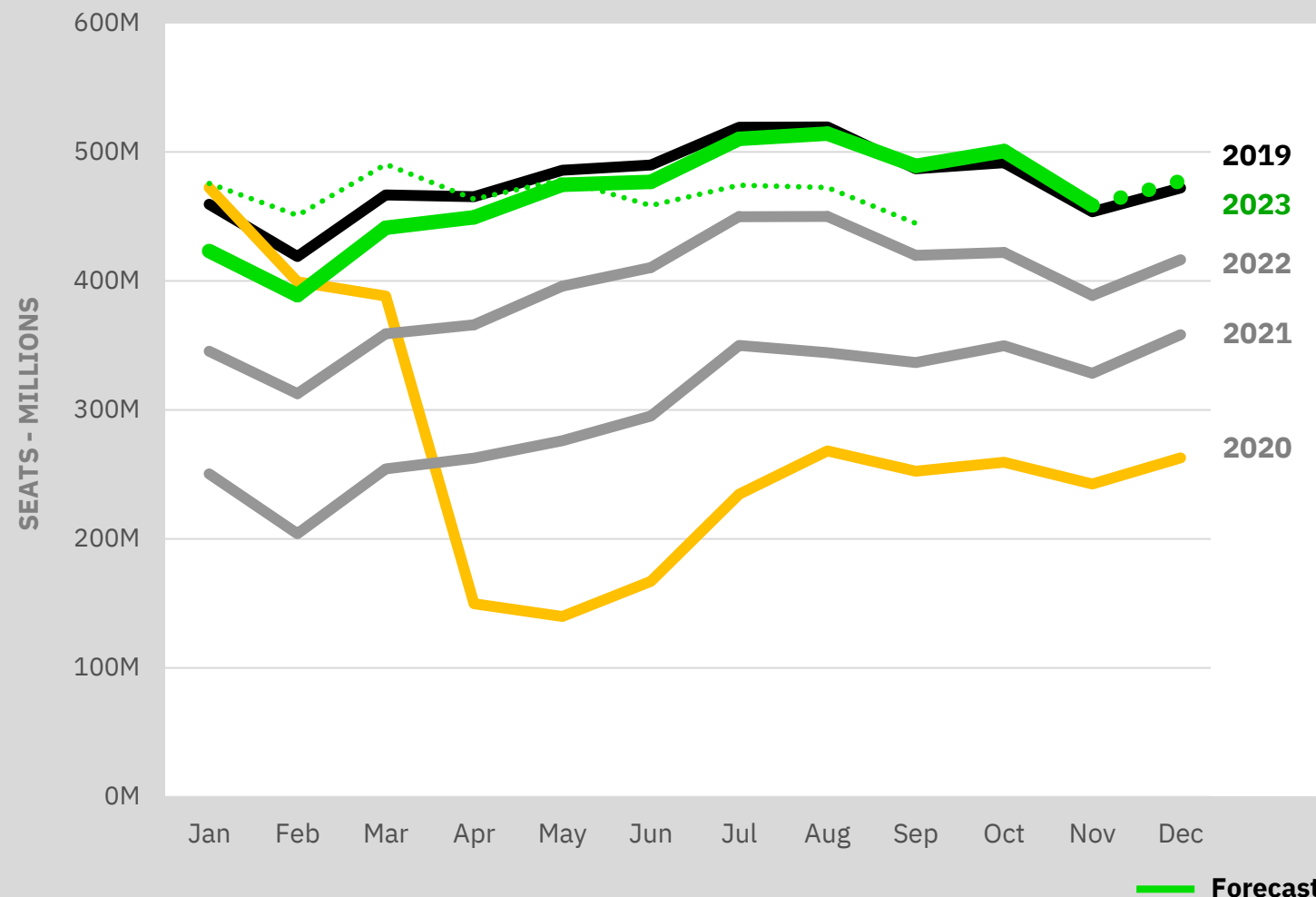
Q1-2024 is forecast to be
+71.8M (+5.3%) more seats
than 2019, same period.

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



AIRLINE SEAT FORECAST

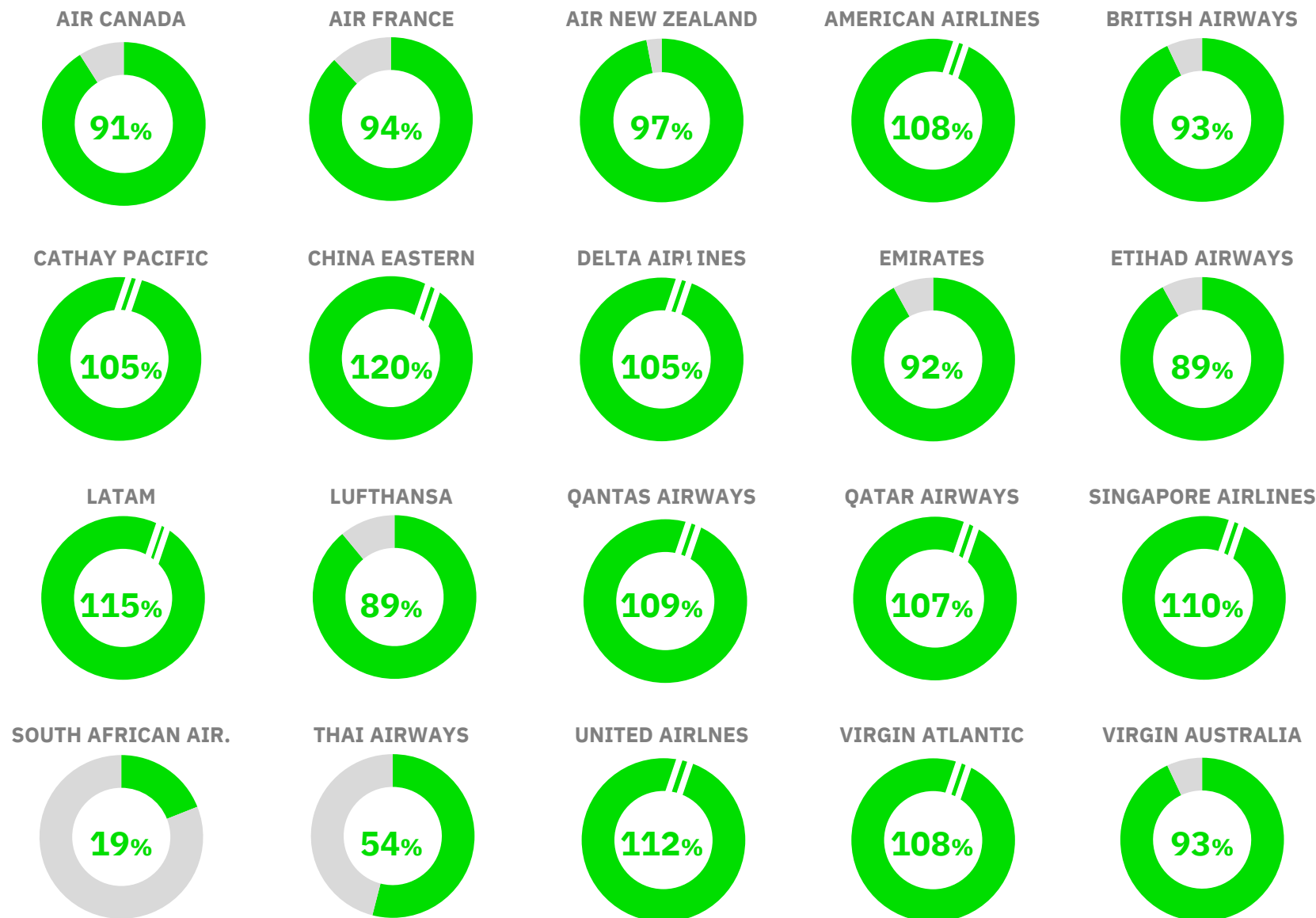
H1-2024 COMPARED TO 2019

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 ↑\$48 and Business ↑\$136

Airfare % change YTD August 2023 vs 2019 same period

NORTH AMERICA

| | ECONOMY | BUSINESS |
|---------|---------|----------|
| BOS-PVG | ↑ 17% | ↓ 4% |
| EWK-ORD | ↓ 33% | ↓ 15% |
| FRA-JFK | ↑ 17% | ↓ 3% |
| JFK-LAX | ↑ 40% | ↓ 2% |
| JFK-YYC | FLAT | ↑ 10% |

LATIN AMERICA

| | ECONOMY | BUSINESS |
|---------|---------|----------|
| CGH-JFK | ↑ 17% | NA |
| CGH-LHR | ↑ 14% | FLAT |
| EWK-SDU | ↑ 14% | ↓ 6% |
| FRA-SDU | ↑ 9% | NA |
| SDU-YYZ | ↑ 25% | ↑ 17% |

EUROPE

| | ECONOMY | BUSINESS |
|---------|---------|----------|
| DUB-LHR | ↑ 26% | ↑ 56% |
| FRA-MAD | ↑ 15% | ↓ 2% |
| JFK-LHR | ↑ 14% | ↓ 5% |
| LHR-MAD | ↑ 22% | ↑ 8% |
| LHR-PVG | ↑ 10% | ↑ 10% |

MIDDLE EAST/AFRICA

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

ASIA

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

AUSTRALIA/NEW ZEALAND

| | ECONOMY | BUSINESS |
|---------|---------|----------|
| AKL-JFK | ↑ 18% | ↑ 29% |
| AKL-SYD | ↑ 13% | ↓ 20% |
| MEL-SYD | ↑ 3% | ↑ 20% |
| SIN-SYD | ↑ 13% | ↑ 19% |
| LAX-SYD | ↑ 20% | ↑ 14% |

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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**, signaling rate stability.

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

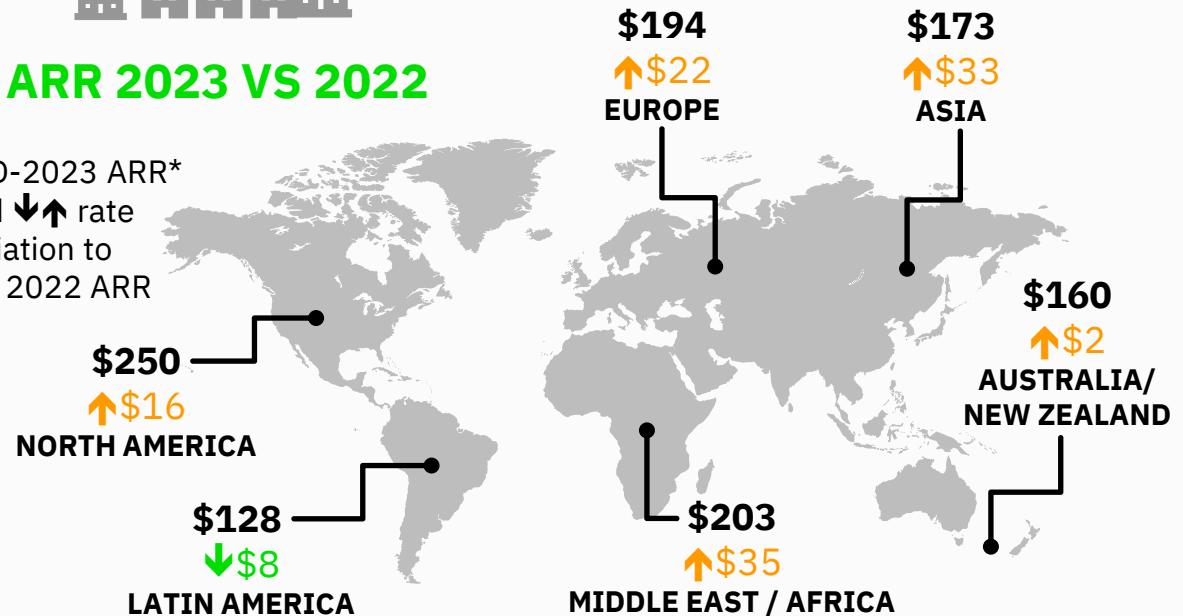
- **Change options to keep within budget**
- **Consolidate suppliers for leverage**
- **Lower “star rating” expectations without compromising quality**

2



ARR 2023 VS 2022

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

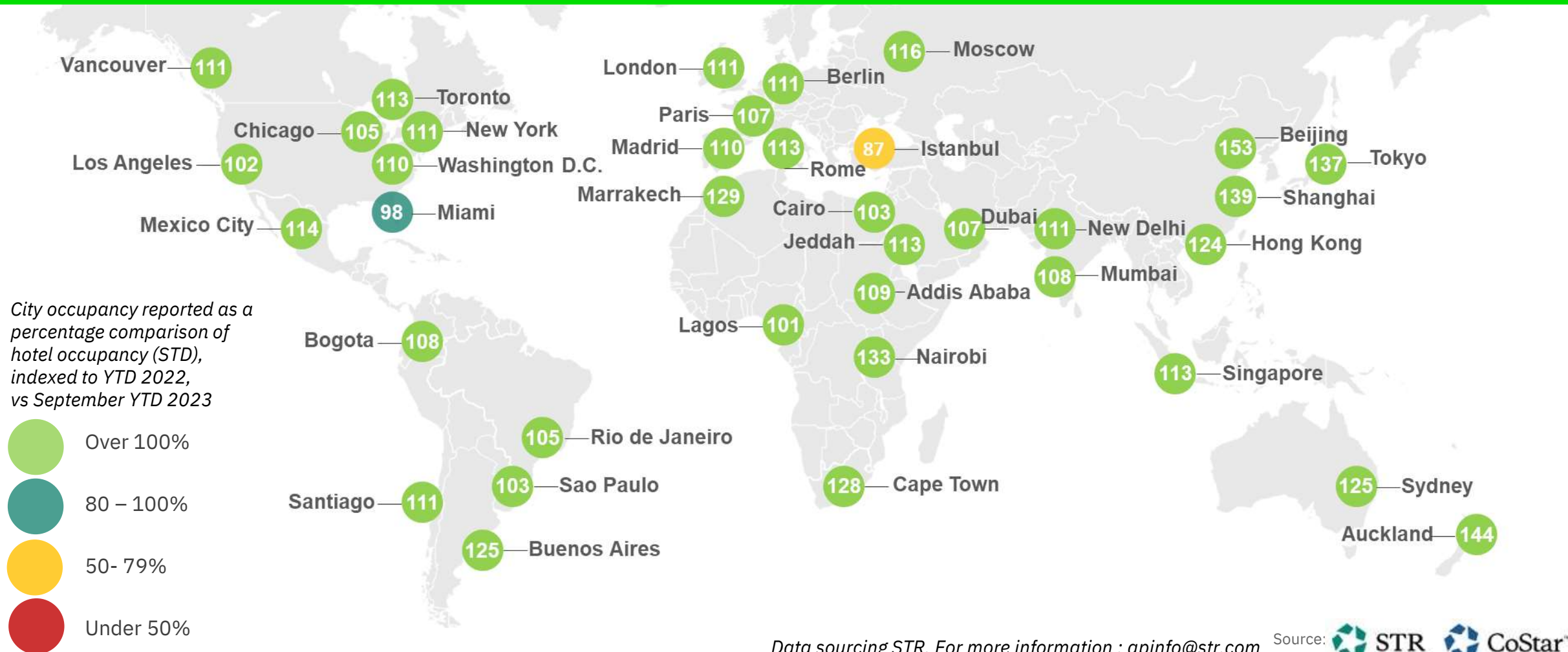


[^] As reported by Amadeus for the period of January to August 2023.

* 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

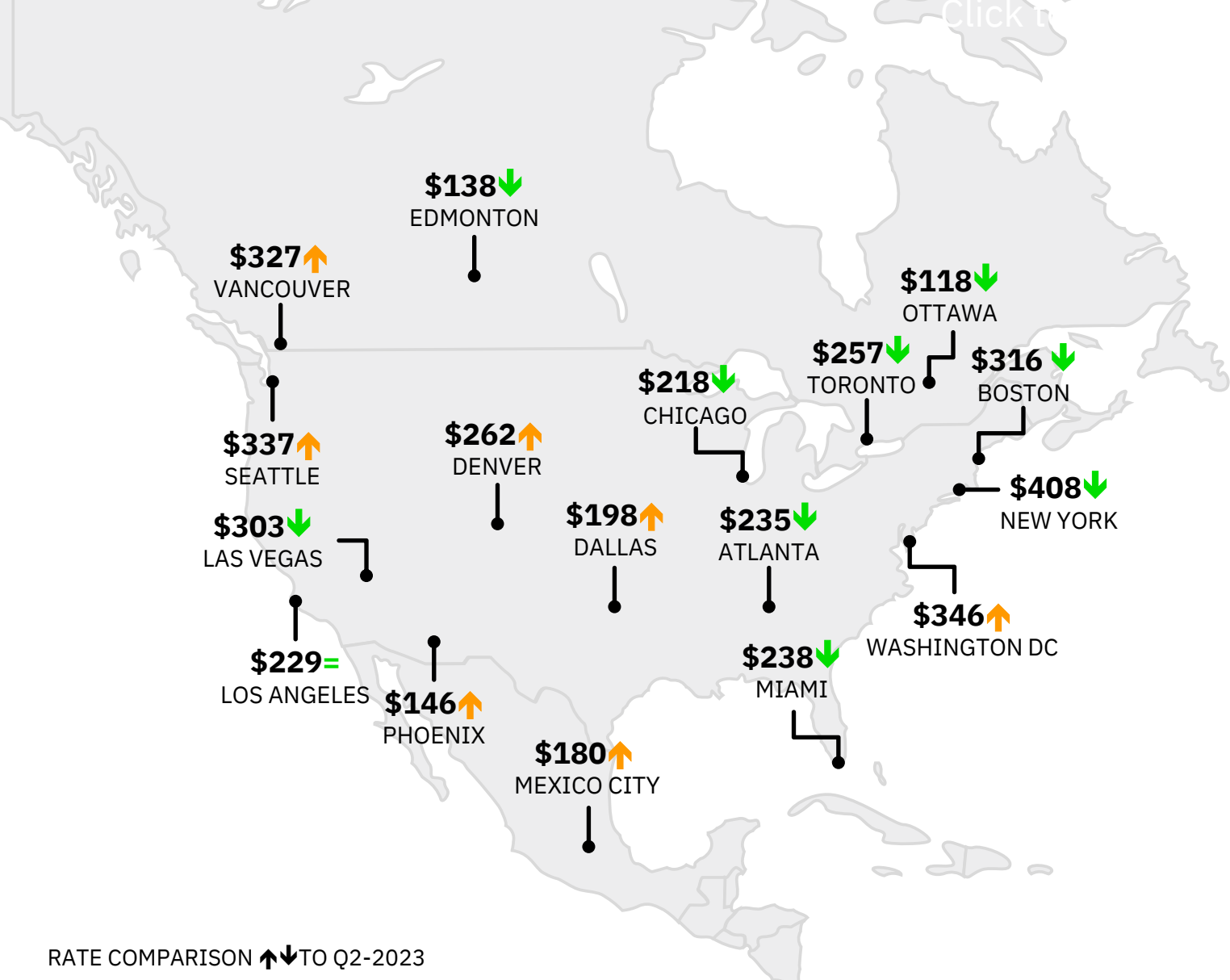
Source:



STR



CoStar™



RATE COMPARISON ↑↓ TO Q2-2023

Corporate Travel
Average Rate Paid % Var.

Q3-2023 vs

Q2-2023 ↓ 4%

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%

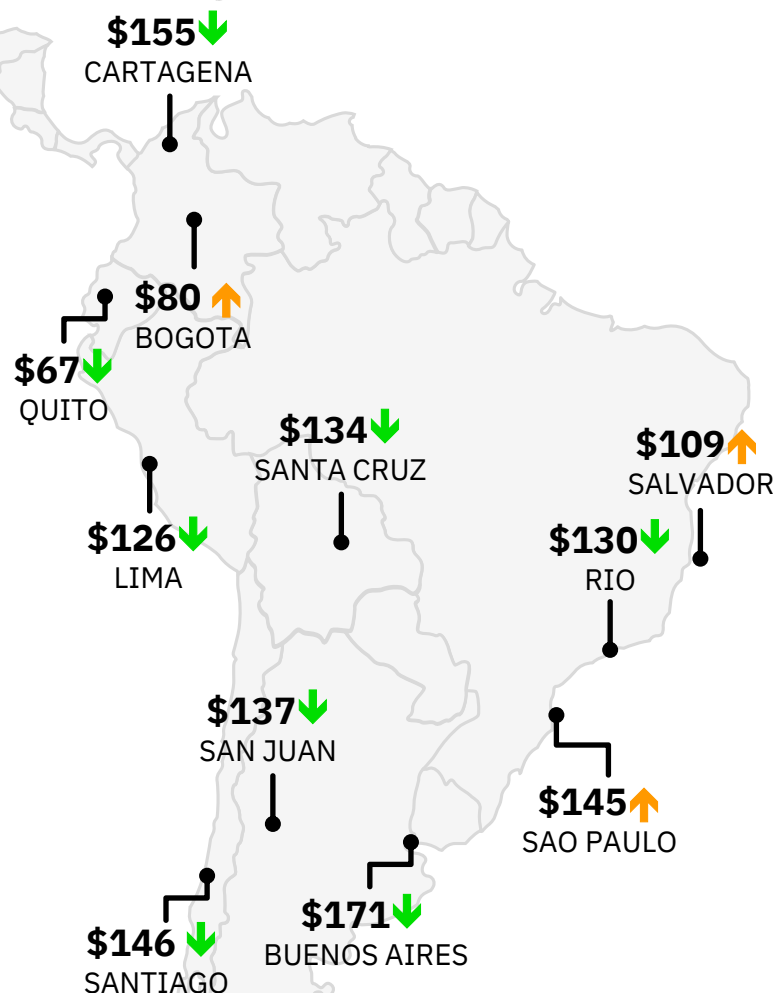
LATIN AMERICA

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%



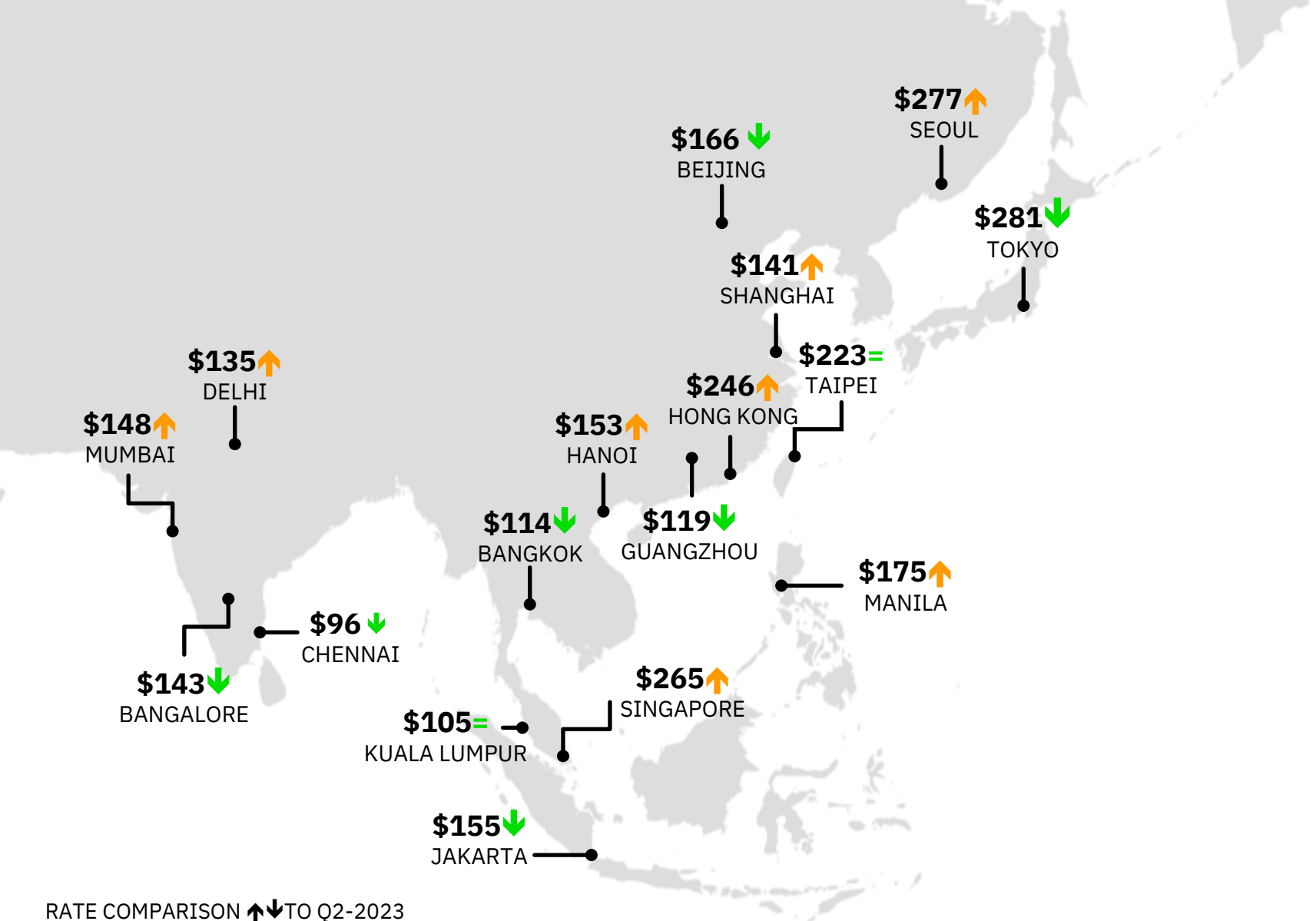
RATE COMPARISON ↑↓ TO Q2-2023

Corporate Travel
Average Rate Paid % Var.

Q3-2023 vs Q2-2022 = FLAT



\$USD



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%

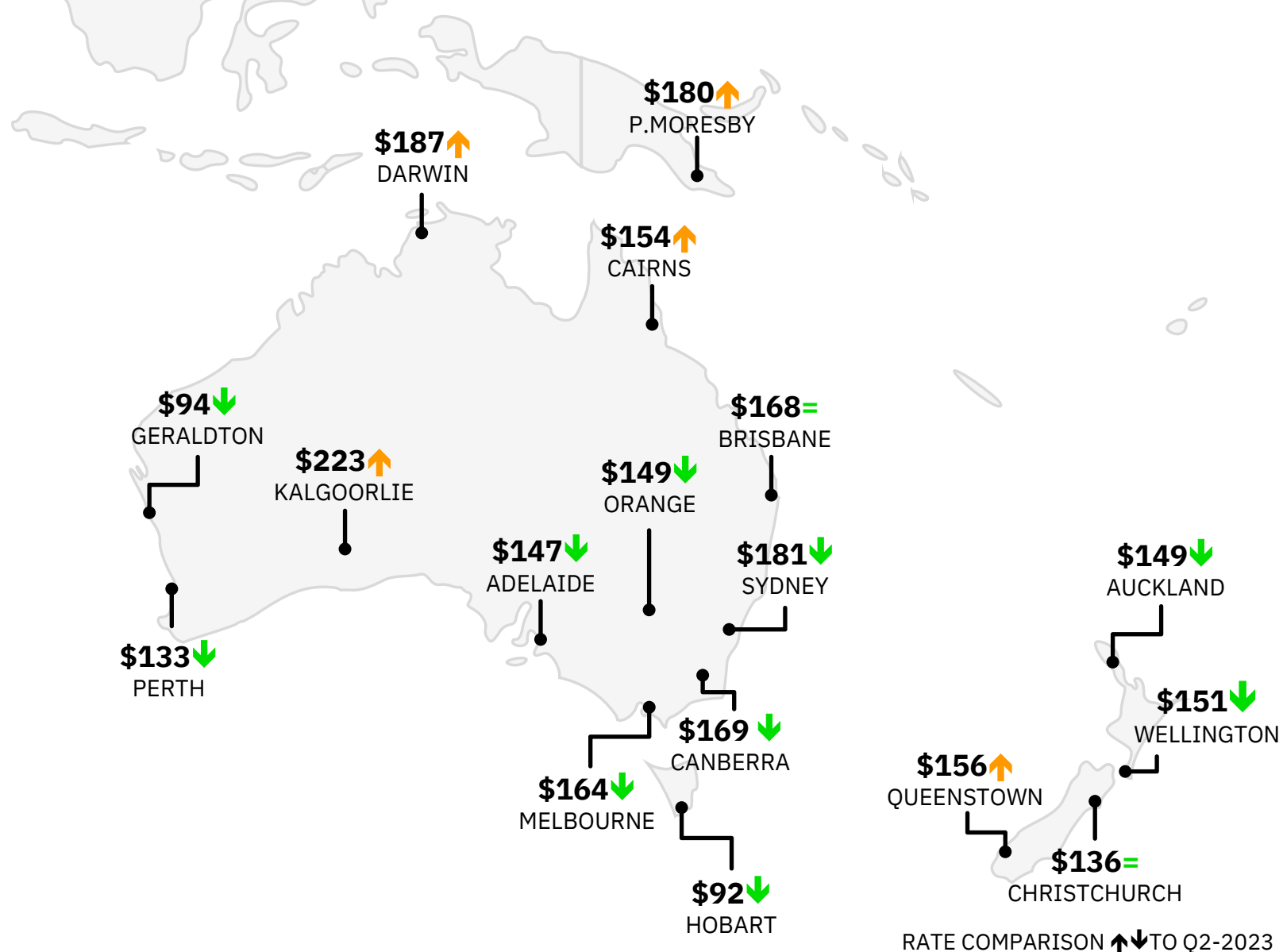
AUSTRALIA & NEW ZEALAND

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.

Q3-2023 vs

Q2-2023 ↓ 5%

Q3-2022 ↓ 6%

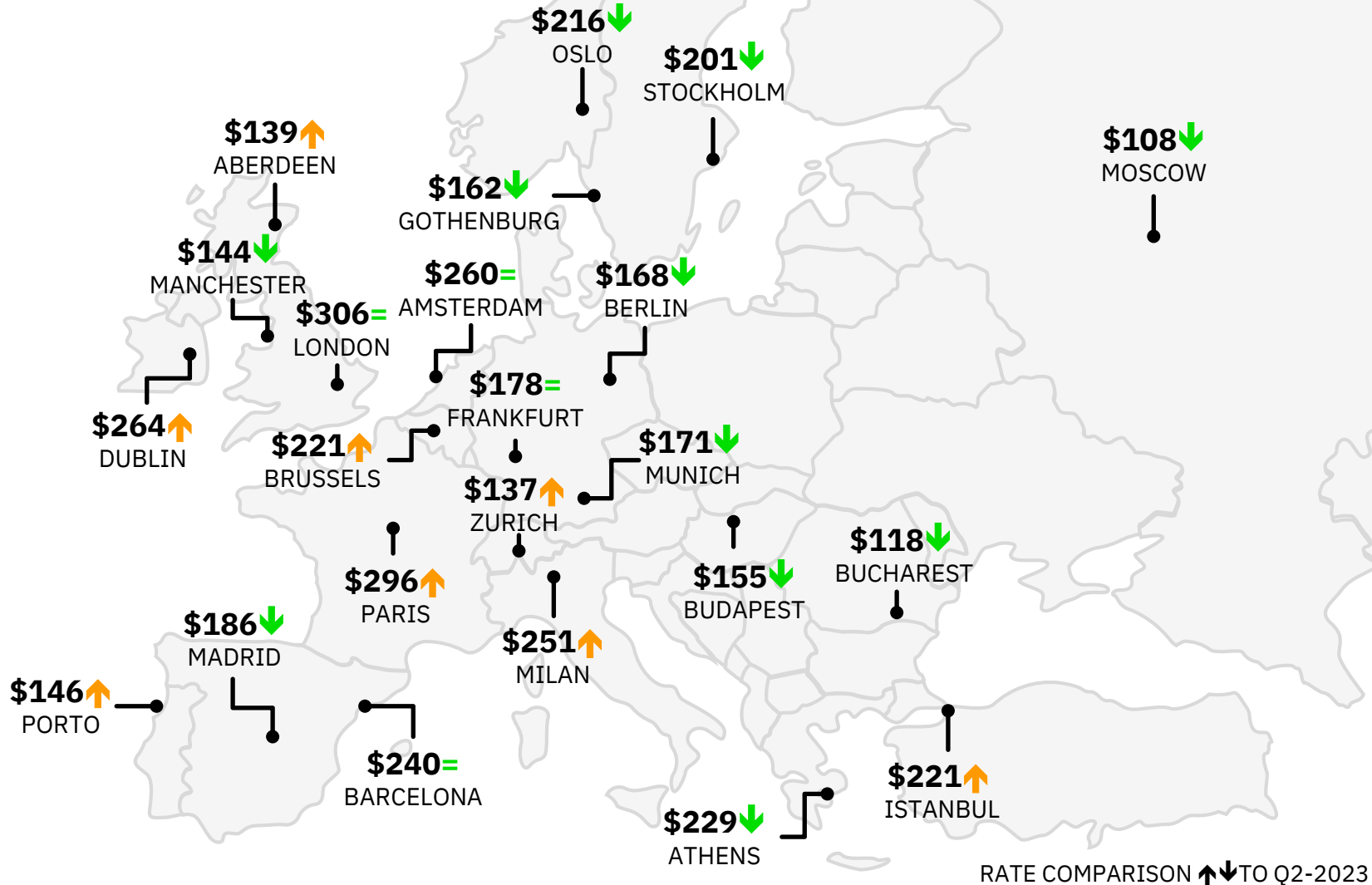
EUROPE

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.

Q3-2023 vs

Q2-2023 ↓ 2%

Q3-2022 ↑ 19%

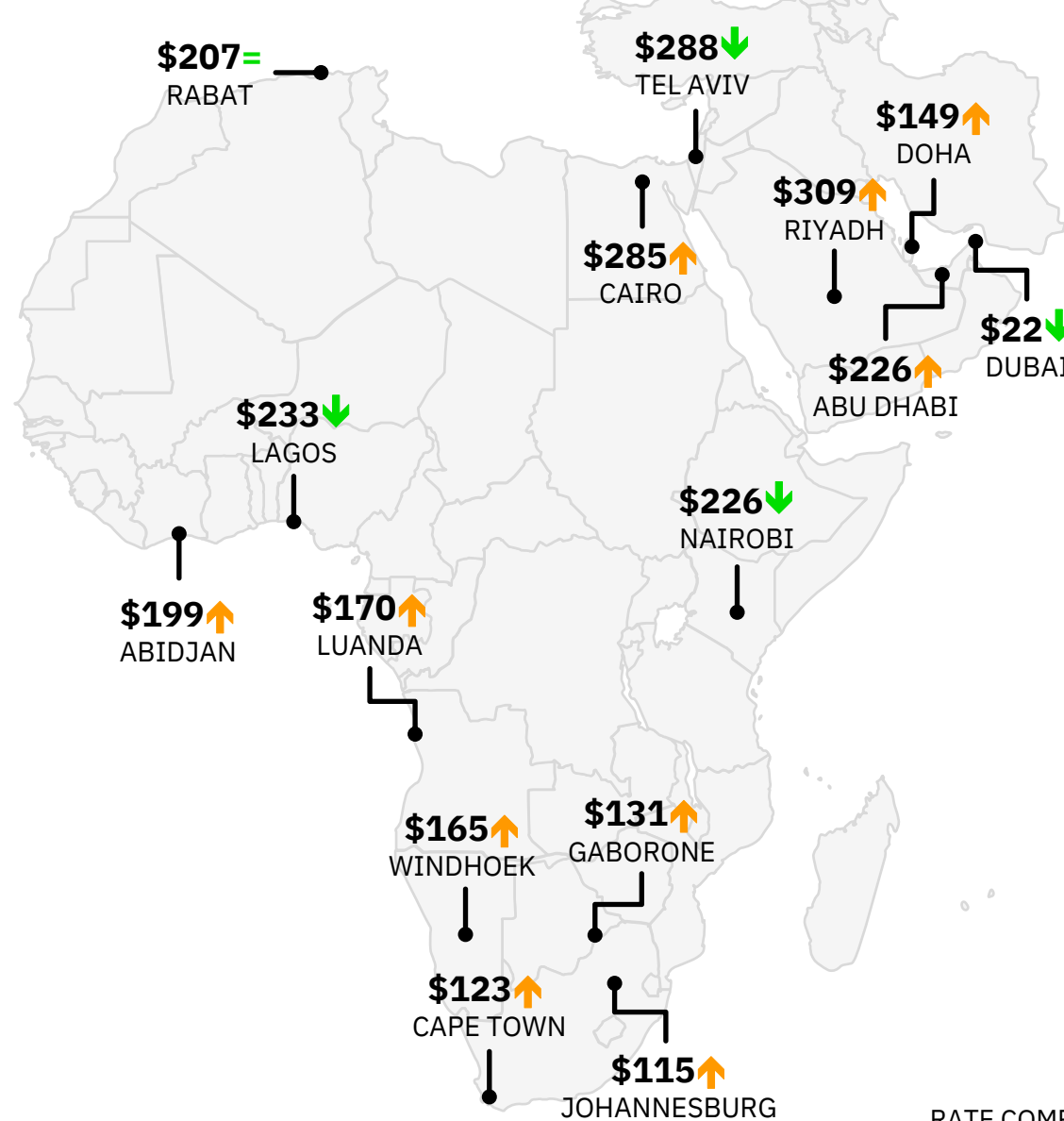
MIDDLE EAST AND AFRICA

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%



RATE COMPARISON ↑↓ TO Q2-2023



Corporate Travel
Average Rate Paid % Var.

Q3-2023 vs Q3-2022 ↑ 7%
↑ 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 stabilize to **+2-3%** in 2024.

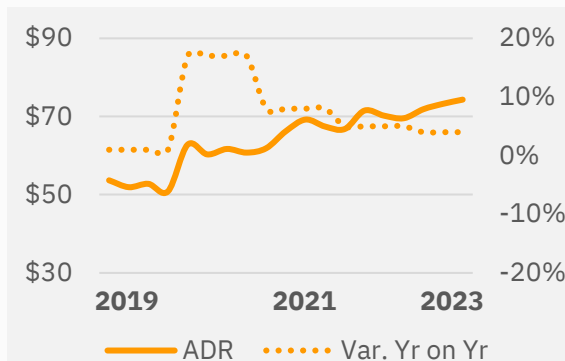
| MAJOR MARKETS WITH ADR DECLINES | YTD* 2023 ADR | 2023 % Var. to 2022 |
|---------------------------------|---------------|---------------------|
| CANADA | \$55 | ↓ 3% |
| UNITED STATES | \$66 | ↓ 1% |
| AUSTRALIA | \$65 | ↓ 1% |
| NETHERLANDS | \$87 | ↓ 1% |

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

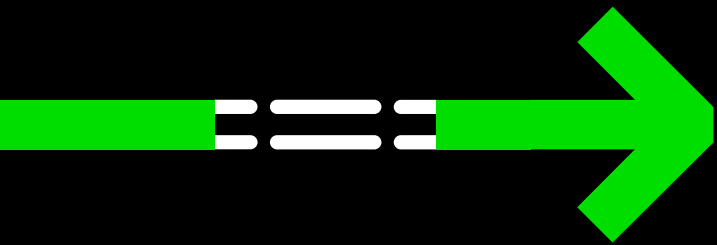
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