

HOTEL PRICES ARE LIKELY TO BE ON THE RISE IN 2024



In 2024, hotel prices will likely continue to rise in most cities worldwide. That's according to new forecasts from the consulting arm of American Express Global Business Travel (Amex GBT), the world's leading business-to-business platform for corporate travel. The "Hotel Monitor 2024" shows that hotel prices in some cities could rise by up to 17.5 percent as tight supply and local conditions drive up average room prices.

Global hotel prices trend

The report predicts trends in hotel prices in more than 80 major cities worldwide. It is based on analyzing millions of hotel transactions and economic data from the International Monetary Fund (IMF). Some hotel rates predictions for key business travel destinations:

Paris, France + 11.0%
London, UK + 9.1%
Chicago, USA + 12.6%
New York, USA + 6.8%
San Francisco, USA + 6.2%
Bengaluru, India + 11.1%
Shanghai, China + 8.4%
Singapore + 7.5%
Sydney, Australia + 4.9

In most cities, hotel prices are expected to increase in line with local inflation after rising sharply in 2022 and 2023 due to catch-up effects on vacation and leisure travel ("revenge tourism"). If the catch-up effects subside, this demand will likely be quickly replaced by the ongoing upswing in business travel, meetings, and events.

Changing travel behavior

Developing a work culture towards more flexible, hybrid and mobile models directly impacts business travel behavior. An increasing increase in business trips over weekends and a shift towards fewer, longer business trips indicate the growing trend of combining business travel with leisure (Bleisure).

Global hotel chains respond to this by expanding their offerings for longer stays. Vacation rental companies report increasing demand for high-speed Wi-Fi and later checkouts to make mobile work easier. This suggests that business travelers are increasingly looking beyond traditional hotel accommodations.

The Impact of Inflation

Even as inflation slows worldwide, it continues to impact room rates as increased costs pressure hotel profit margins. These include personnel costs - in the USA, for example, wages and salaries in the hotel industry reached a record level in 2023.

These rising costs are disrupting the hotel industry's classic supply-demand relationship, and hotel operators are increasingly restricting supply to respond to staffing shortages, reduce overhead costs, and protect prices. In practice, this means that traveling outside of peak season may no longer provide the savings that used to be the case as the automaticity between prices and occupancy becomes weaker.

Challenges in Building Hotel Programs

The expected global changes in leisure travel allow companies to negotiate better deals with hotels in 2024. The significant increases they had to absorb in 2023 have left travel buyers scrambling to manage costs. At the same time, increasing pressure to meet sustainability commitments is becoming a further dimension of business travel programs.

New program priorities and changing travel behavior mean travel buyers should rethink existing agreements and prioritize better pricing in the most visited hotels and cities. Concentrating spending on a smaller number of performers should also allow smaller companies to achieve better prices, conditions, and other benefits.

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