



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.



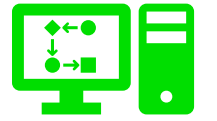
### JET FUEL

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

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### 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.

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### AVIATION FUEL

Q3-2023 jet fuel<sup>^</sup> 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.

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### 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

<sup>^</sup>IATA Fuel Monitor reported the week ending 20 October 2023, reporting in US\$

\*\*NDC = New Distribution Capability

# CORPORATE TRAVEL

## Key Takeaways Q3-2023

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### 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%**.

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### 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**<sup>^</sup> 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**<sup>\*</sup> 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](mailto:Glenn.thorsen@eu.fcm.travel)

<sup>^</sup> For insights into traveller communications contact Eve Smith at FCM Consulting: [eve.smith@flightcentre.co.uk](mailto:eve.smith@flightcentre.co.uk)

# AVIATION

## Key Takeaways Q3-2023

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### 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

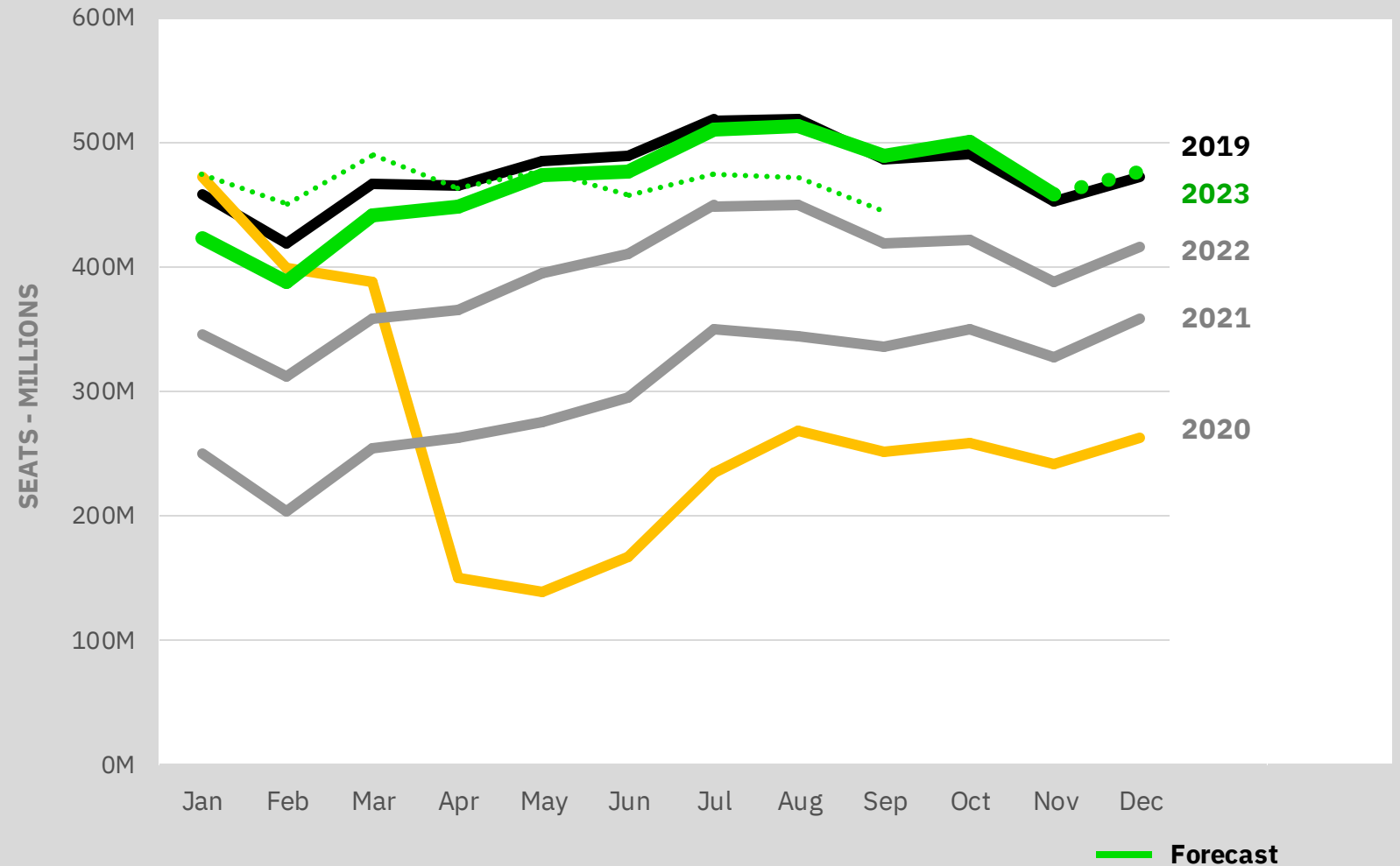
Q1-2024 is forecast to be **+71.8M (+5.3%)** more seats than 2019, same period.

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



# AIRLINE SEAT FORECAST

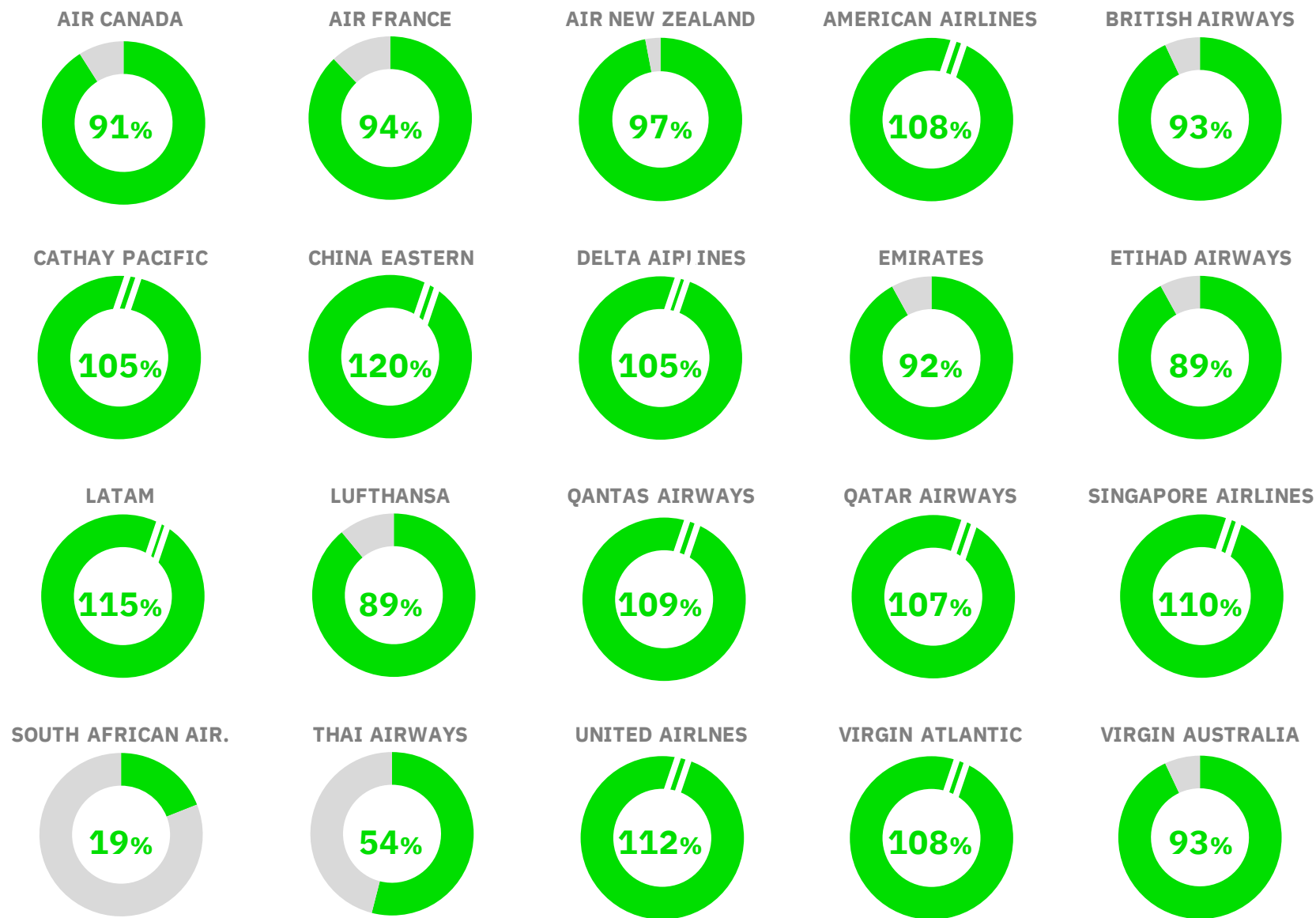
## H1-2024 COMPARED TO 2019

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%

# ACCOMMODATION

## Key Takeaways Q3-2023

1



### 2024 FORECAST PRESSURE

Hotel occupancy levels averaged **68%<sup>^</sup>** 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 :

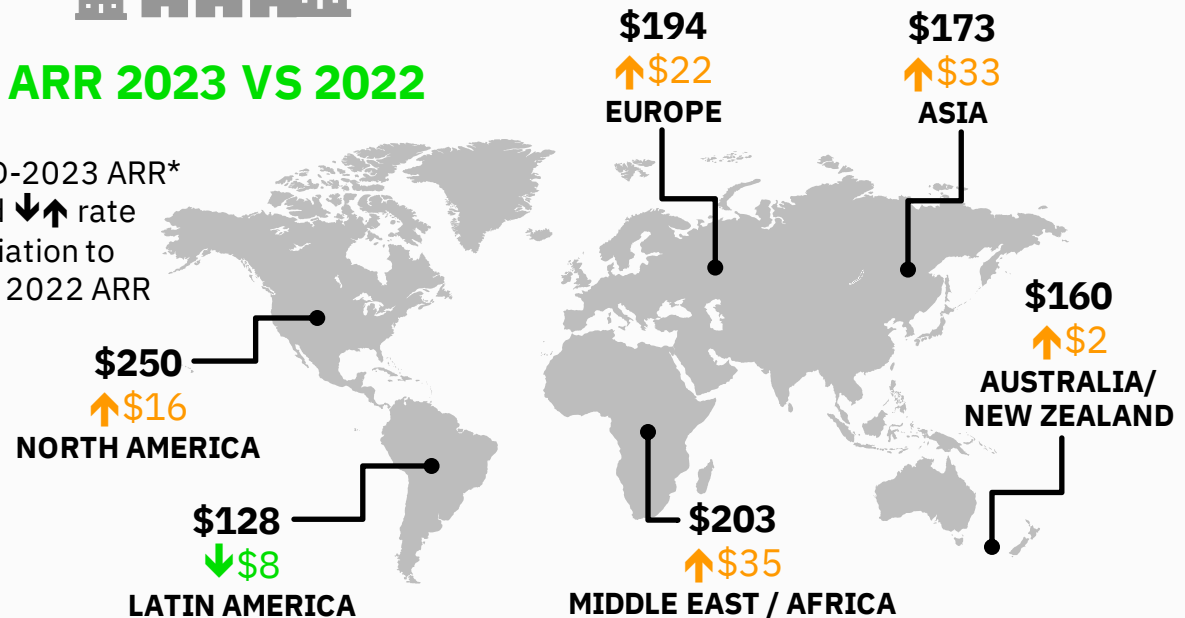
- **Change options to keep within budget**
- **Consolidate suppliers for leverage**
- **Lower 'star rating' expectations without compromising quality**

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### ARR 2023 VS 2022

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



<sup>^</sup> As reported by Amadeus for the period of January to August 2023.

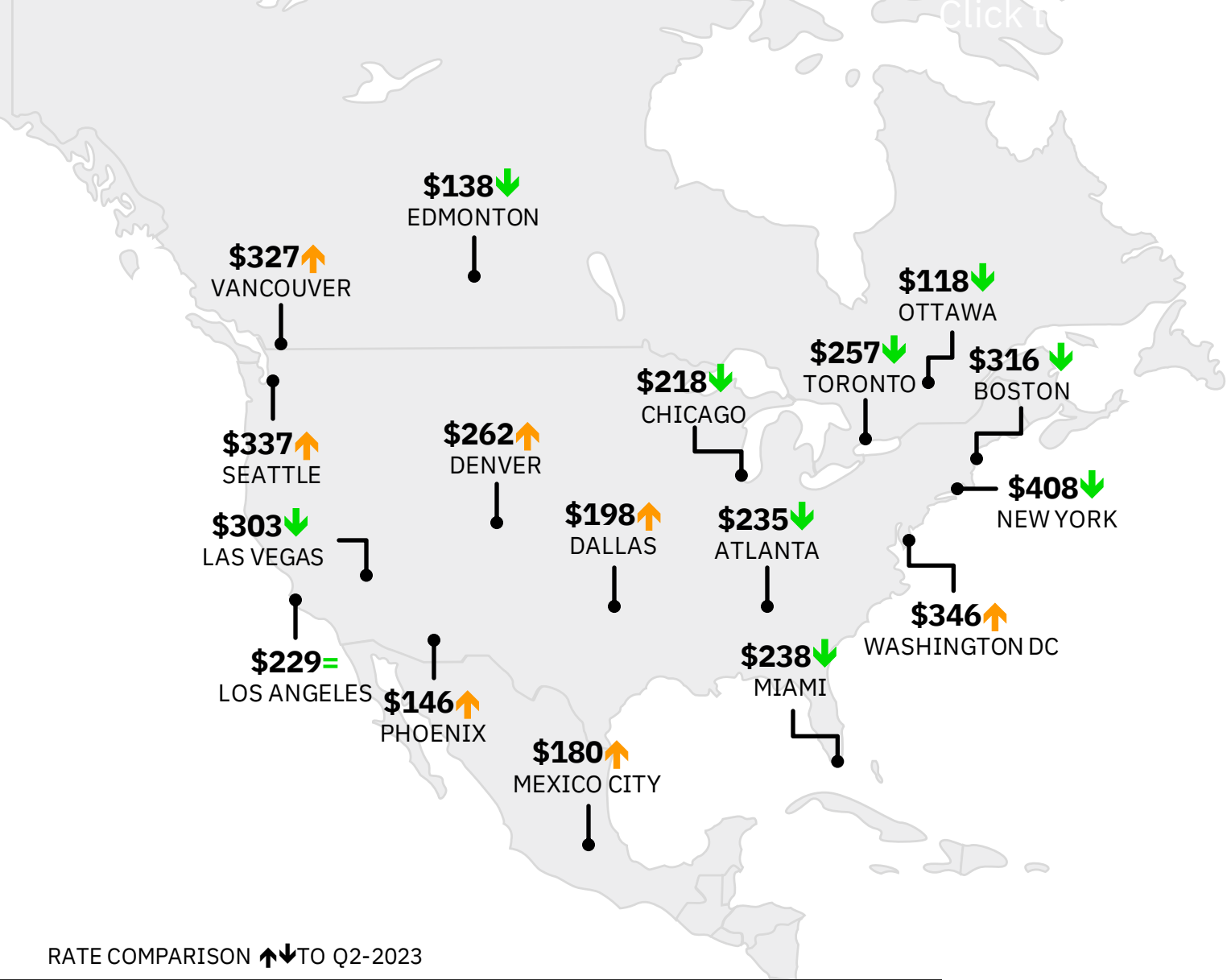
\* Average Room Rate booked across key corporate city locations for the period January to September 2023 vs same period 2022

# 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](mailto: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%

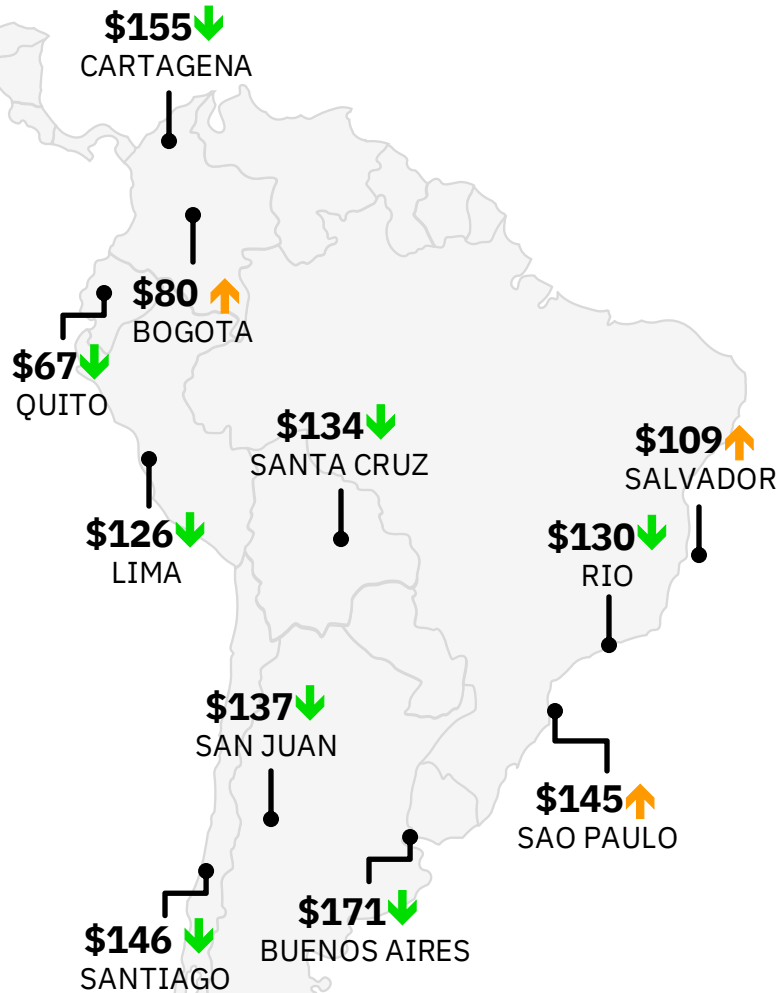
# LATIN AMERICA

## 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.

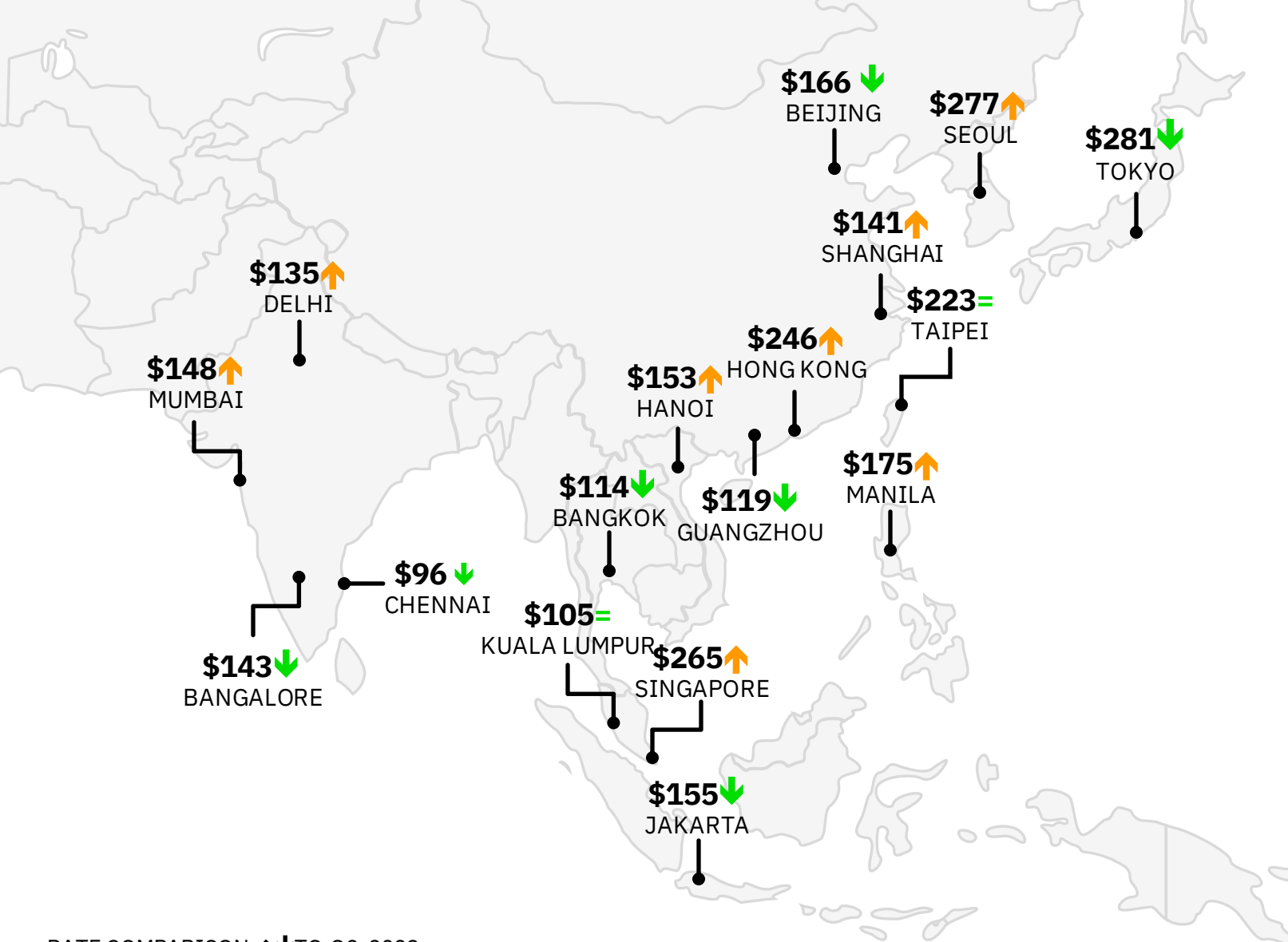
**Q3-2023 vs**

Q2-2023 ↓ 8%

Q3-2022 = **FLAT**



**\$USD**



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%

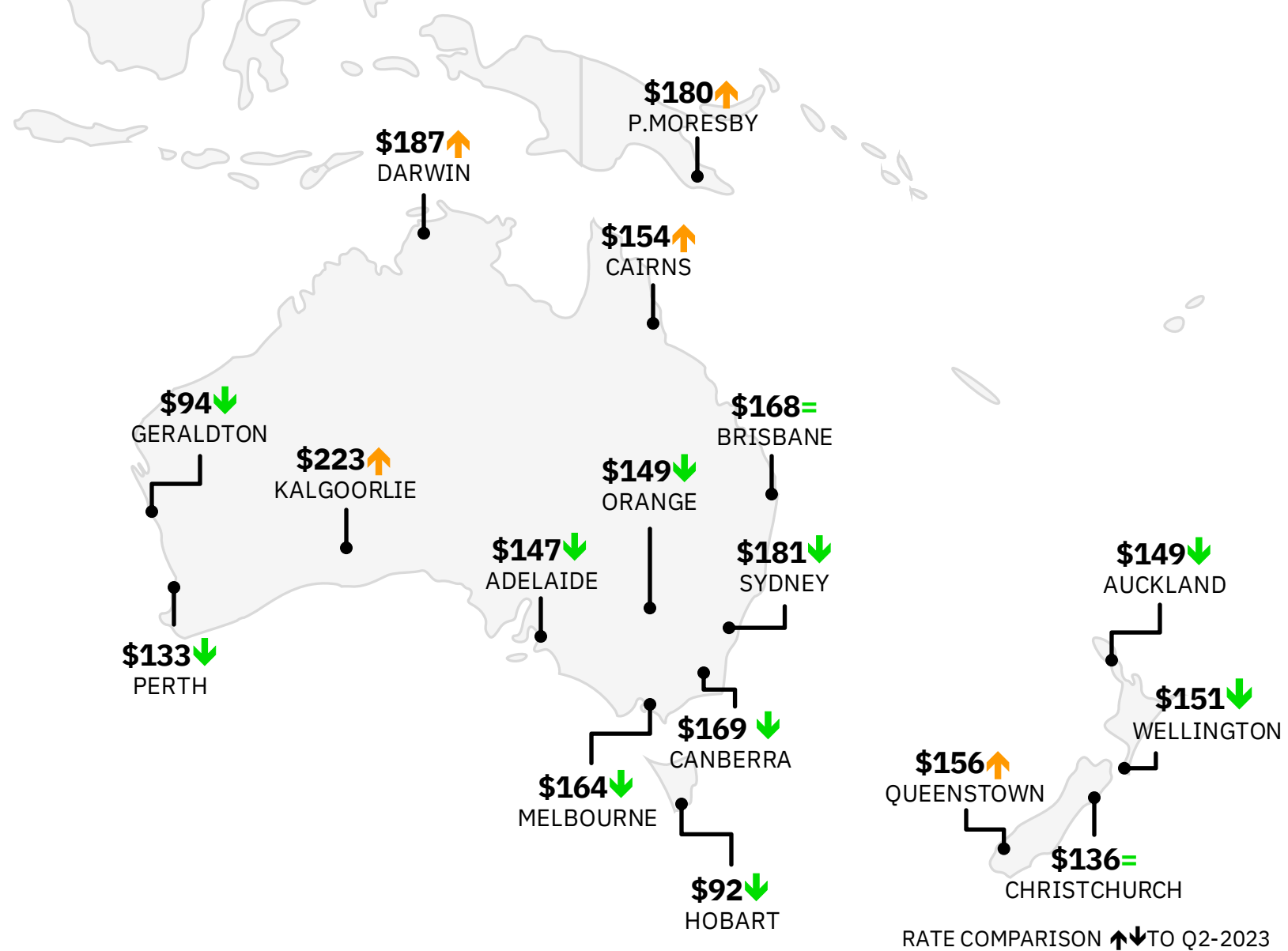
# AUSTRALIA & NEW ZEALAND

## 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%**

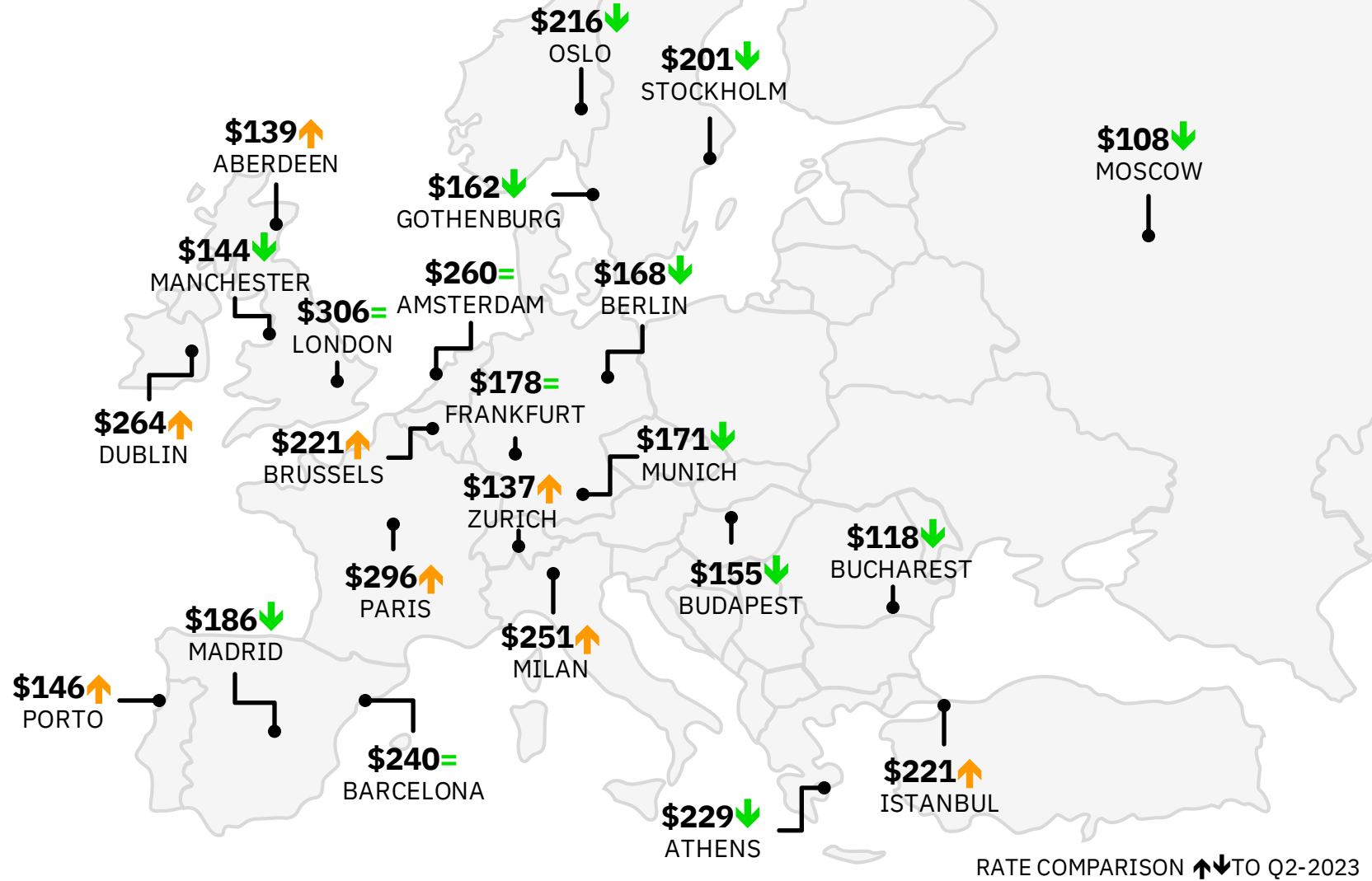
# EUROPE

## 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.

Period	Change	% Var.
Q2-2023	↓	2%
Q3-2023 vs Q3-2022	↑	19%



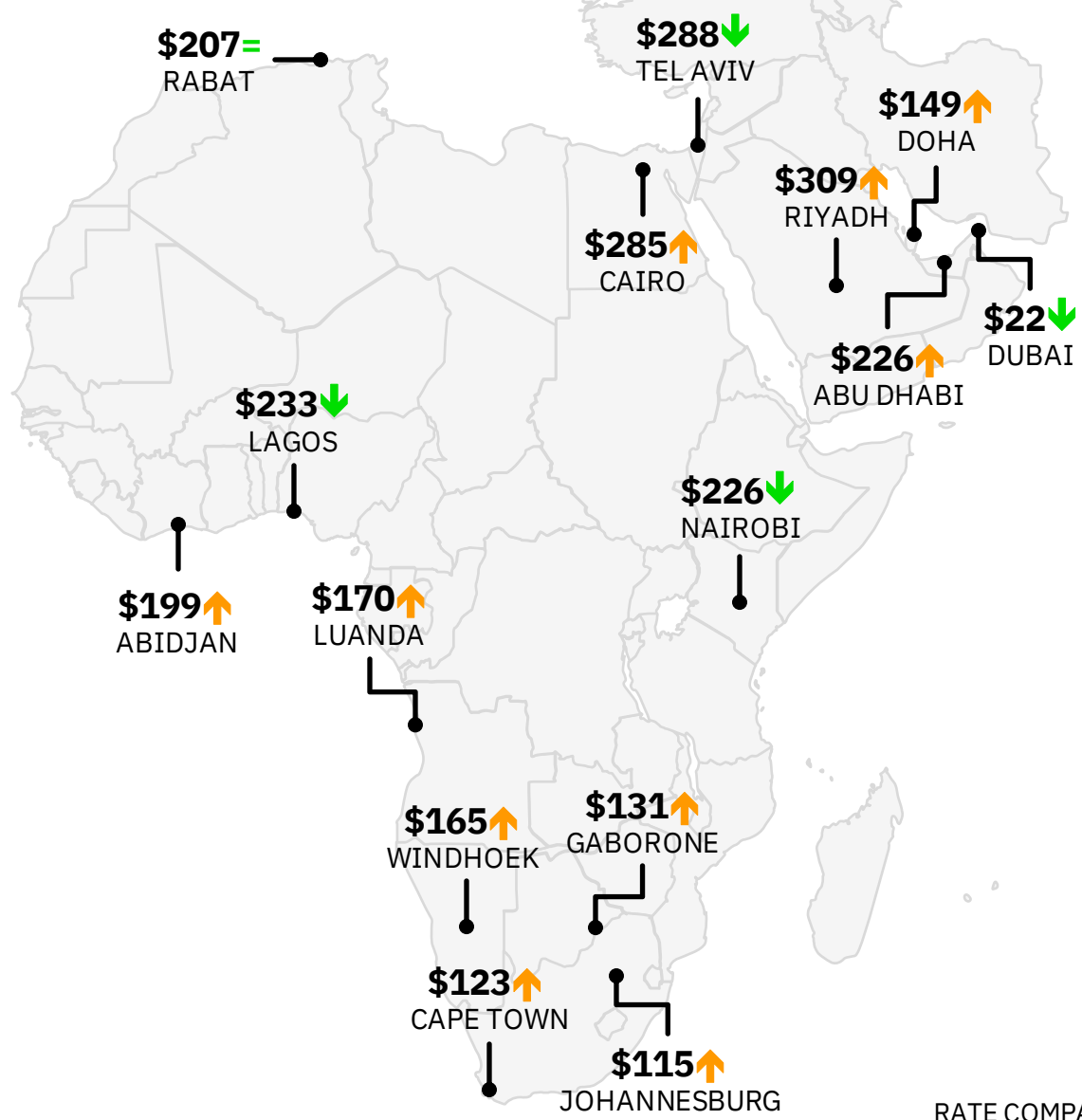
# MIDDLE EAST AND AFRICA

## 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%



RATE COMPARISON ↑↓ TO Q2-2023



Corporate Travel Average Rate Paid % Var.

Q2-2023	<span style="color: orange;">↑</span>	7%
<b>Q3-2023 vs Q3-2022</b>	<span style="color: orange;">↑</span>	<b>38%</b>

# Mobility

## Key Takeaways Q3-2023

1



### 2024 FORECAST

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

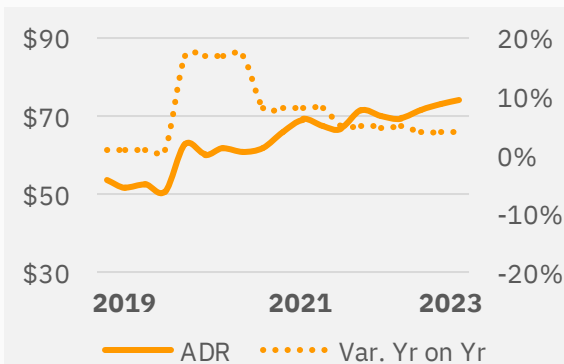
MAJOR MARKETS WITH ADR DECLINES	YTD* 2023 ADR	2023 % Var. to 2022
CANADA	\$55	↓ 3%
UNITED STATES	\$66	↓ 1%
AUSTRALIA	\$65	↓ 1%
NETHERLANDS	\$87	↓ 1%

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

<sup>^</sup> ADR = Average Daily Rate Booked

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

# More Information

## FCM Consulting

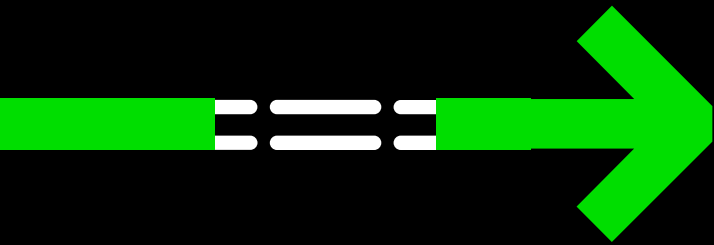
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