The Rise of Staycations: 2021 and Beyond
The industry market forecast

The challenges faced by the hospitality sector during 2020 under the current restrictions have been significant and are not something to be dismissed. The impact of Covid-19 restrictions may resonate within the hospitality industry for years to come with some predicting that complete recovery could take four years to achieve pre-pandemic levels. If we consider societal trends that have arisen from the pandemic, we see a shift from the popularity of city living as many relocated towards more rural areas, yearning for the countryside’s charm. Amidst the intensity of lockdown restrictions, the market sentiment for a romantic escape to the solace of natural scenery has rarely been more in demand. Recent market intelligence certainly indicates a shift from the desirability of city centre corporate hotels towards regional based hotels; most of which stand to benefit significantly from the boom in UK staycations.

Now more than ever is a time to offer value and the chance for guests to escape, relax and enjoy, whether for a drink, meal, event, wellness, personal or business travel in 2021 and beyond.

PWC Hotels Forecast

Forecast for occupancy rates in 2021 is 52.4% for London and 59.2% for the regions, assuming the vaccine roll-out continues at its current pace.

A stronger staycation market will remain a fixture, whilst unpredictable overseas travel, ongoing restrictions and local lockdowns, will further fuel demand for domestic leisure tourism.

The silver lining is that UK regions should benefit from increased staycation demand in 2021 and coast and country properties offer potential.
The Staycation effect and rise in regional hotels

Whilst overall investment in the UK hotel sector has taken a significant dip this year, interest in well-placed regional assets remains high. Could the rise of the staycation provide new long-term opportunities for investors?

It has undoubtedly been a tough time for the UK hotel industry, with businesses being forced to close completely between March and July in 2020 and then again in a third national lockdown which still continues into this year.

However, while investment in UK hotels has suffered as a result, overall interest levels remain robust and there are signs that the appeal of regional locations is on the rise.

Savills has reported a continuing rise in interest levels from private investors in coastal and country UK hotels; it reported “receiving multiple offers above guide price on well-situated regional assets”.

This is due, at least in part, to UK holidaymakers looking at alternative domestic travel options as international travel restrictions, and related isolation measures, remain in place.

Research has suggested that the UK regional hotel market will see increasing popularity in the latter half of 2021.

This, in conjunction with an anticipated increase in availability of distressed hotel assets across the UK, should provide attractive investment opportunities for cash-rich investors looking for long-term real estate investment and/or development opportunities in the UK hotel sector.
UK holidays experienced a boom following the end of the first lockdown. A similar surge is anticipated in the spring and summer of this year as industry insiders warn holidaymakers to book now or risk disappointment.

According to a survey undertaken by YouGov, 44% of Brits said they are keen to take a leisure trip domestically in the next 12 months, and only one in three plan to venture abroad. Across both of these groups, the vast majority of respondents (77%) would opt-in for a short city break as well as to combine relaxation with a sightseeing or activity holiday (64%) again within the UK.

73% of Brits Likely to Travel within UK after Coronavirus

The coronavirus pandemic will have lasting effects on the travel industry, as new research finds that 73% of Brits will choose to holiday within the UK, even after Coronavirus travel restrictions have been lifted.

Just 19% of people said they would be travelling abroad for their first holiday after travel restrictions are eased, indicating that ‘staycations’ will be a more popular choice while the pandemic lingers in the public memory.

As people seek an escape from the boredom of lockdown, here in the UK, experts are predicting a boom in the domestic tourism market, as the staycation becomes a popular and sensible choice.
The increased interest in ‘staycations’ is of note, as it might indicate that people are still keen to use up their annual leave on a vacation whether they can travel abroad or not.

UK staycation boom set to continue in 2021 and beyond - research shows that the Great British staycation is fast becoming the holiday of choice for Brits looking for convenience, safety and the great outdoors, into 2021 and beyond.

New research has found that 83% of British travellers would prefer a UK staycation than travel abroad this year, with this trend set to continue into next year bringing a boost to the country’s hospitality sector.

Majority of travellers (68%) prioritised a British staycation due to fears of being stranded abroad. Just over half (55%) of those surveyed admit to having concerns about quarantine measures with 44% noting self-isolation at their destination as a major concern.

Almost three-quarters (74%) of respondents admit to relaxation being their top priority for a British staycation.

The survey of 1,015 UK adults also highlighted that hotels (39%) and cottages (31%) are the most popular types of accommodation for those holidaying in Britain.

71% are intending to plan a UK holiday in the summer of 2021 and into 2022, suggesting that the Great British staycation is not just a short-term solution to the coronavirus pandemic.

Long-term future of the staycation market UK campsites are already selling out for summer 2021 – as Brits prepare for another staycation season.

In the midst of health concerns and ongoing restrictions, the pent-up demand for a vacation experience continues to build and this is where staycation opportunities will dominate the market. It offers all the facilities and desirable aspects of a vacation whilst also maintaining a conformity with government guidelines.

A number of leading industry voices concluded, during a discussion held in October 2020, “We are confident in the long-term future of the staycation market, with new audiences experiencing the benefits of UK holidays this year and demand for 2021 already looking strong.”

Demand and booking remain high with the holiday seasons extending all the way through into October - we experienced a very busy September with less than 3% availability left and less than 17% availability going into October.”
The hospitality industry has been undergoing tremendous changes and disruptions over the past year. What key trends have been steadily reshaping the industry and where is hospitality heading in the near future?

1. Workcations
A new trend on the rise is the idea of a ‘workcation’. For those essential businesses that have worked from home throughout the various lockdowns the idea of a relocation to change their scenery has taken off, with many seeking new home office spaces in various destinations across the UK to improve their surroundings.

2. Staycations
The sharing economy created by platforms such as Airbnb represent a threat to disruption in the hotel industry, increasing the competitive landscape. Particularly for city corporate hotels, they cannot typically offer the same level of quirky décor, seclusion or natural scenery. The rise in popularity for staycations has created a market shift in favour of lodgings with rural proximity so as to provide the experience of a picturesque getaway.

3. National over international vacations
Many have set their sights on the Great British summer for 2021. With the latest news that inbound tourists or UK residents arriving from Covid hotspots around the globe will be required to isolate in a designated quarantine hotel for 10 days upon arrival. The perfect storm is gathering as many online booking platforms experience an uplift in demand, uncertainty and trepidation towards travelling abroad has caused many to seek solace at various holiday destinations within the UK. From cottages to boutique hotels, and luxury properties to campsites, demand is on the rise. According to Independent Cottages owners, the volume of inquiries has greatly exceeded the first lockdown, by as much as 300%.

4. Importance of flexible and transparent cancellation policies
As experienced this past year, booking ahead during uncertain times can be a significant risk particularly if there is no safety net policy for cancellations. The security of a flexible cancellation policy is essential to providing consumers with the confidence to book and be safe in the knowledge that reimbursement for unforeseen factors is guaranteed.

5. An increased desire for last minute stays
An extension of the previous point, the current climate has made the prospect of a last minute get-away more attractive than ever. With national travel restrictions fluctuating from day to day, the romantic notion of seizing the moment has never been more apt. Instant booking capabilities and facilities to respond speedily to a booking request may be increasingly crucial to the industry moving forward.
References

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