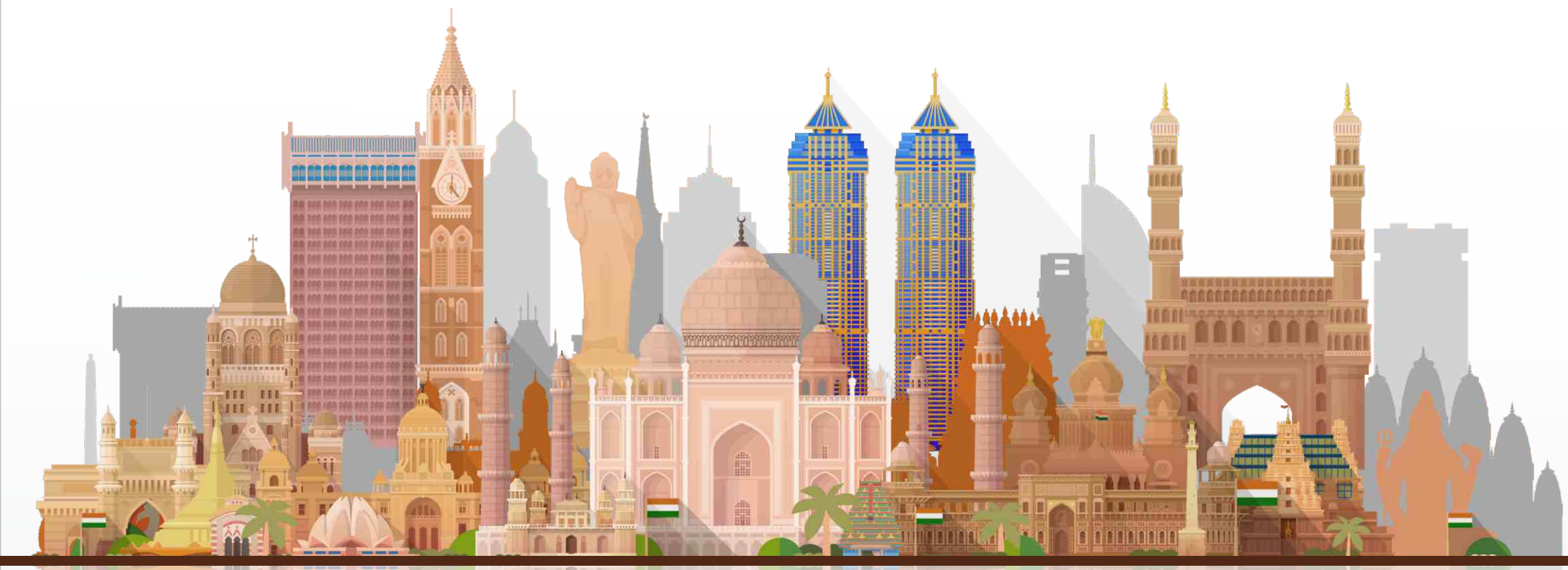

2023 Indian Hospitality

Trends & Opportunities

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HOTELiVATE
ELEVATION THROUGH INNOVATION

The Surfer's Paradise

Businesses across the globe generally operate with an intent to swim through their good years and employ strategies to at least float in the bad ones. However, every once in a while, when a wave large enough to surf in style comes their way, enterprises must relish the opportunity and make the most of it. For the Hospitality Sector in India, 2022/23 was the 70-foot monster wave that is every surfer's dream.

It takes a seasoned wave-watcher to notice the distant curls developing, the brute power of the ocean taking shape beneath the surface. To ride such a wave, you first must be on it; standing steady just as it begins to rise and declare its might. 2021/22 – the recovery year post-COVID-19 –presented our sector with the opportunity to brace itself, recalibrate its meters and point steadily in the direction of growth. As 2022/23 began to unfurl, almost the entire set of hotels, resorts and lodging facilities across India's branded universe were able to make the most of this spectacular opportunity. We all rode the surfer's high!

By the time 2021/22 had wrapped up, the steady recovery of nationwide occupancy from 34.5% (in 2020/21, during the peak of the global pandemic) to 49.9% had already offered both solace and promise to the industry. The ADR, though, had barely recovered, crawling from ₹4,630 to ₹4,951, a mere 7% improvement despite a 25% plus fall in the preceding year. Subsequently, the Indian Hospitality sector had seen a 55% improvement in RevPAR when compared to 2020/21 (which was the worst year in terms of RevPAR over the past 25 years). The prevailing sentiment was one of being "halfway there." Consequently, many budgets prepared for 2022/23 were geared toward regaining the remaining lost ground and aiming to conclude the fiscal year with figures approaching pre-pandemic levels.

In 2022/23, the branded and organised hotel sector in India closed with a nationwide occupancy of 66.1% (the second highest in a decade & short by just 0.1%), with an ADR of ₹6,869 (the highest in 10 years) and a consequent RevPAR of ₹4,537 (again, the highest in a decade). When compared to 2021/22, this represented a 34% growth in occupancy, a 39% increase in ADR and an 82% jump in RevPAR. There is no question - this year was one for the record books.

A varied set of factors contributed to this stellar performance. It's not news that Indian travellers have been discovering India in large numbers. The trend of "revenge travel" has, in fact, established a lasting and sustainable demand foundation for the hospitality sector. Domestic tourism was a key contributor to both the occupancy and ADRs achieved last fiscal. About 7.5% of the total existing supply (of ~ 1,40,000 rooms) achieved an average room rate of more than ₹10,000 in 2018/19. Last year, over 12.4% of the supply was priced over ₹10,000, with an existing base of ~ 1,65,000 rooms. Looked at as absolutes, about 10,000 rooms managed this feat in 2018/19 and over 20,000 rooms did so in 2022/23. While the majority of the nation's inventory still sits below the US$100 threshold, the fact is that there was notable average rate appreciation across all star categories, when compared to 2018/19.

Business travel bounced back too, albeit the inbound corporate movements remained relatively subdued. Domestic commercial room night demand more than made up for it, though. A key factor contributing to business travel across the wider landscape of India has been the growth and proliferation of the manufacturing and allied industries. We hold the view that these industries will only further enhance the need for hotel rooms across the Tier 2 and Tier 3 markets across India in the years ahead. It would also be amiss to not mention the role that sporting events have played in the creation of room night demand across various markets. Hotels across a slew of markets benefitted by hosting the Men's IPL, Women's IPL, Pro Kabaddi League, U-17 Women's FIFA, Hockey League, and so forth last year. As more such events become an annual affair, a whole new segment of demand has taken shape. Finally, the resurgence of both corporate M.I.C.E as well as Big Fat Indian Weddings added a significant quantum of revenue to not just the rooms business but also the food and beverage division of hotels across several major destinations.

Overall, while the reasons described above may have been key contributors to demand growth in the last fiscal and some of them may or may not recur, the broader point is that India is at a point where our markets shall continue to have other similar demand drivers in the years ahead. The behaviour of a maturing economy with a varied set of catalysts that induce demand is a very promising sign.

When markets can go about business all guns blazing, the benefits are reaped aplenty. 2022/23 was a year that most hotel owners and operators closed on a high note. The good news is that the party isn't over just yet. That being said, should we employ some degree of caution in our outlook for the years to come, lest we get carried away in the euphoria that was 2022/23? Do read on…

The Goldilocks Zone

In Astronomy, The Goldilocks Zone describes the conditions for a celestial body to be 'perfectly placed' in the Universe such that it can enable life. An extremely rare and infrequent phenomenon, such an occurrence is almost utopian. The Earth, as we know, inhabits the Goldilocks Zone. Similarly, a Goldilocks Economy describes a stable, sustainable, and ideal state of economic equilibrium. It is witnessed when most economic parameters are pointed towards an environment that is likely to be 'just right'. While growth economies are desirable of course, the long-term quest is to achieve this state of stable, albeit measured growth.

The hospitality business, as we all know, is cyclical. Ups and downs are therefore par for the course. It is not as much the goal to eliminate cyclicity, as it is to minimize its impact. The standard deviation of crests and troughs being reduced is thus the eventual goal for any market. With a sterling year's performance under its belt, it is perhaps natural for the industry to expect this may continue. The recently concluded G20 summit had a strong and meaningful impact on revenue for hotels not just in Delhi NCR, but across several cities in India. Conversely, with national elections scheduled for Q1 2024/25, there may be a softening of travel and consequent room-night demand for a couple of months that build up to the actual event. It also brings the possibility of the IPL moving out of the country. The hotels might lose the IPL business which has become a reliable demand generator during April and May. Moreover, if the elections get scheduled earlier than the planned April-May period, that could eat into the peak winter months. These factors do create a certain level of uncertainty coming in towards the end of 2023/24 and the beginning of 2024/25. Overall, while most metrics do indeed point towards a strong 2023/24 and very possibly an equally promising subsequent couple of years ahead, there are two important factors to keep in mind.

The pandemic had caused various locally negotiated as well as corporate-RFP contracts to be nullified. Those contracts haven't been renewed or renegotiated in many instances; corporate room nights have thus been paying retail rates. This contributed to an increase in ADR across several commercial hotel markets. We do believe that some correction in these ADRs may be witnessed in this current fiscal year, as negotiated rates find their way back into the hotel demand mix. Conversely, the growth of leisure and discretionary travel is very likely to continue. This will support a business case for further enhancement of ADRs. Overall, while average room rates on a nationwide blended basis may therefore continue to improve, it would be fair to expect this growth to be more linear and paced.

With a base of ~1,65,000 branded and organised rooms operating in India, another ~70,000 new rooms were signed and planned as of 31st March 2023. Of these, about 79% are actively under development and are likely to open for business over the next 60 months. That amounts to a 33% increase in supply on the existing base over the next 4-5 years. Two pertinent facts are relevant here. First, given the various positive and promising demand drivers across India, it is likely that this supply will get absorbed with minimal occupancy volatility. Second, a large part of this pipeline is being developed in smaller towns and cities across the country. This too will mitigate supply impact.

It is a fair assumption that while we may not see huge jumps in year-on-year occupancy and ADR as we did in 2022/23, we will likely see a steady absorption of supply, coupled with sustained growth in demand. In our view, the Indian Hotel sector is heading towards 'The Goldilocks Zone'.

> In 2023/24, the nationwide occupancy is expected to range between 68-70% with the nationwide rate likely crossing ₹7,500. With slight supply pressure during 2024/25, the occupancy will decline slightly while the average rates remain relatively stable.

Mementos by ITC Hotels, Ekaaya Udaipur

About The Report

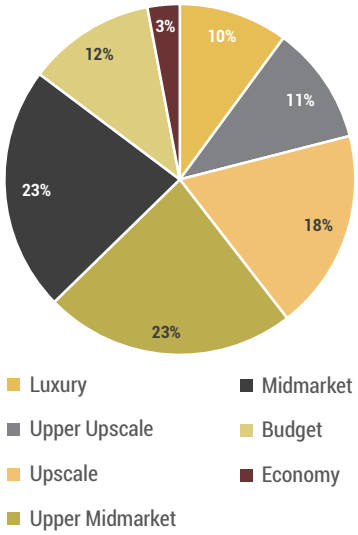
Hotelivate, a comprehensive hospitality consulting firm offering specialised service to clients across Asia Pacific and the Middle East, is proud to present the 2023 Indian Hospitality Trends & Opportunities report. The 26th edition of the report has a participation base of 1,540 hotels representing a total inventory of 1,65,172 rooms. This sample set offers a comprehensive coverage of India's branded hospitality landscape enabling better and more incisive analyses of nationwide trends, performance of major hotel markets, and demand and supply forecasts than any other survey of a similar nature.

The results of our survey and analyses have been presented at an All-India level, by star category, by administrative zones, by city tiers and a focus on the 20 major hotel markets, indicating the best and the worst performers and identifying reasons for the same. Furthermore, a detailed review of the existing and future supply has been conducted at the macro and micro levels to facilitate a better understanding of the growth in the number of branded rooms in the country across positioning. We have also offered additional perspective and insights within various sub-sections of this report for those seeking a deeper analysis of the demand-supply dynamics as well as future trends and opportunities in a rapidly evolving marketplace. The sample set of the survey has been highlighted in Figure 1.

Preceding the results of the survey, we have provided a brief review of the Indian economy and an overview of the tourism sector. In particular, we have focused on details which have a direct bearing on the health of the Indian Hotel Industry.

FIGURE 1: SAMPLE SET OF THE SURVEY

JW Marriott Prestige Golfshire Bengaluru



The Indian Economy: An Overview

The global economy finds itself navigating a complex landscape marked by volatility. This uncertainty arises from a slew of challenges including rising interest rates, monetary policy tightening, financial sector turmoil, supply chain disruptions, elevated inflation, rising crude oil prices and the Russia-Ukraine conflict as well as the aftereffects of the global pandemic. These headwinds have led to a considerable slowdown in the global economy.

Amidst this global uncertainty, **the Indian economy has showcased remarkable resilience, recently becoming the world's fifth-largest economy in terms of nominal GDP and the third-largest in purchasing power parity (PPP).** Notably, India has managed to surpass pre-pandemic levels in both consumption and investment. This surge in growth can be attributed to a concerted effort to stimulate both public and private investments, streamline the tax system, bolster digital infrastructure, modernize physical infrastructure, and boost exports. Infrastructure development, including road and railway networks, dedicated freight corridors, ports, and airports, is a key priority, aimed at reducing logistics costs. **Estimates suggest that the Indian economy will grow at an annual growth rate ranging between 6.5% and 7.0% over the next three years.** In particular, the manufacturing push through the 'Make in India' initiative would augment the economic growth levels considerably. India has already seen organisations such as Foxconn (mobile phones), Boeing (airplanes), Tim Hortons (food and beverage), BYD (automobiles) and Messika (jewellery), among several others set up offices, outlets, and manufacturing units across the country recently.

India's economic potential is further underscored by its demographic advantages, tied to its population. Recent estimates indicate that India has overtaken China to become the world's most populous country, accounting for approximately 18% of the global population. Furthermore, India's share of the working-age population is poised to continue expanding over the next decade. This demographic profile, coupled with a lower old-age dependency ratio, is likely to lead to higher savings and increased investments in the economy.

During 2022/23, there was a depreciation of the Indian rupee by 7.8% against the United States (US) dollar. This was on account of the slowdown of the global economy, along with the rise in crude oil prices. However, with the moderation of global commodity prices, a reduction in the Current Account Deficit (CAD), robust economic growth, an increase of Foreign Exchange Reserves, and declining inflation, the Indian rupee is anticipated to experience a muted currency depreciation going forward. Furthermore, the government's push for local trade settlement in Indian rupees is poised to benefit the currency's strength.

In terms of Foreign Direct Investment (FDI), India witnessed a 16% decline to ₹3.67 trillion in 2022/23 compared to ₹4.37 trillion in the previous fiscal year, largely attributable to the sluggish global economic growth. The United States, Mauritius, the United Kingdom, and Singapore were the principal sources of FDI, jointly accounting for 60% of total inflows. These investments were focused on the states of Maharashtra, Karnataka, Delhi, and Gujarat. **Notably, the value of announced United States and European greenfield investment into India shot up by ~US$65 billion or 400% between 2021 and 2022**, while investment into China dropped to less than US$20 billion in 2022, from a peak of US$120 billion in 2018.

The global headwinds led to elevated levels of inflation during the previous fiscal year. Both retail and consumer inflation indices have hovered around the tolerance band of 6% set by the Reserve Bank of India (RBI). Even though the core inflation has remained sticky, as the global volatility eases, the inflation level is set to moderate and decline slowly. This will be driven by softer commodity prices, stable supply chains and modest depreciation of the Indian currency.

In conclusion, even though India is not immune to uncertainty in the global economy, it has shown considerable economic resilience and growth potential. With a well-conceived strategy that prioritises investment, employment, infrastructure development, and economic reforms, India appears poised to maintain robust economic growth in the years to come. The country's demographic advantage and government policies further bolster its standing as a promising player on the global economic stage, offering stability and potential amidst the prevailing volatility. **India is well on its way to becoming the third-largest economy, overtaking Japan and Germany, by 2027/28.**

Travel & Tourism: Facts and Figures

The travel and tourism industry in India has thrived over the past year. After the downturn faced during the global pandemic, the economic contributions of the sector are inching closer to pre-pandemic levels. The total contribution of the sector to the country's GDP stood at 7.0% (US$217 billion; ₹17.1 lakh crores) during 2019 which has recovered to 5.9% of the nation's GDP (US$200 billion; ₹15.7 lakh crores) in 2022. The sector had a total employment of 40.1 million people in 2019 which has come back up to 37.2 million in 2022. According to the World Economic Forum's Travel and Tourism Index, India continues to rank on top in South Asia and is 54th globally. The forecast in the latest Economic Impact Report (EIR) by the **World Travel and Tourism Council (WTTC) outlines a positive outlook for India with the travel and tourism industry expected to grow at 8.4% over the course of the coming decade, generating 19.4 million new jobs in the process**.

Domestic tourism has sustained strong growth and has allowed the sector to thrive. Domestic travel spending generated 88.4% of the total spending (up from 82.0% of the total spending in 2019) in 2022. Even foreign travel has started to revive; however, it is still lagging behind the pre-pandemic levels. On account of this, international spending has seen a decline to 11.6% of the total spending (down from 18.0% of total spending in 2019) during 2022. Moreover, the rising domestic footfall has allowed leisure spending to have a 95.3% share of the total spending in 2022 (compared to 93.9% in 2019).

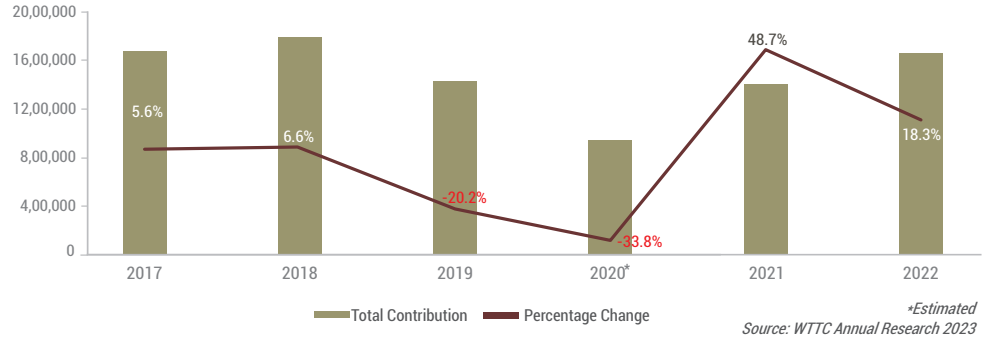
This growing demand has underscored the importance of developing the country's infrastructure and connectivity. India is actively working to boost regional air connectivity through the UDAN scheme. The goal is to increase the number of operational airports from 148 in 2023 to over 200 by 2030. This also includes enhancing the existing capacity of Tier 1 city airports. Notably, landmark projects such as the Jewar Airport in NOIDA and the D.B. Patil International Airport in Navi Mumbai are poised to transform the National Capital Region (NCR) and the Mumbai Metropolitan Region (MMR), respectively.

Furthermore, there has been a surge in the development of large convention centres like Pragati Maidan in New Delhi, Yashobhoomi International Convention Centre in New Delhi, and the Jio World Convention Centre in Mumbai. These facilities will allow India to position itself to compete with global cities like Berlin, Philadelphia, and Singapore for hosting massive corporate events, marking a significant turning point for the country in this arena.

In the Budget for the fiscal year 2023/24, an allocation of ~₹2,400 crores (up from ~₹1,300 crores in 2022/23) has been earmarked for the tourism sector. A majority of funds are directed towards enhancing tourism infrastructure, while the remainder is dedicated to activities such as promotion, branding, and the Swadesh Darshan Scheme. **This financial commitment aligns with the government's vision of catapulting the nation into a US$1 trillion tourism economy with a target of 100 million international visitors by 2047**. This vision is intimately intertwined with the overarching objective of positioning the country as a year-round tourist destination.

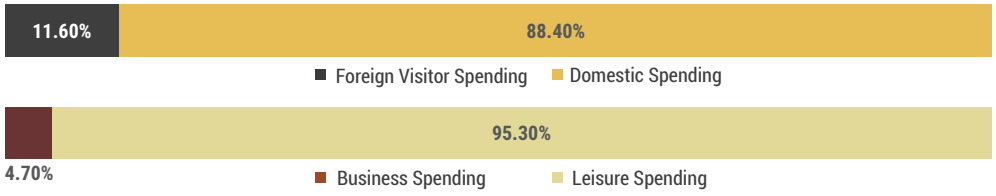
To realise this aspiration, the government has meticulously crafted policies and priorities that encompass economic, social, and environmental aspects, all aimed at strengthening our tourism infrastructure. Simultaneously, there is a concerted effort to diversify and expand tourism offerings, including heritage, religious, medical, film, and wellness tourism, thereby developing niche tourism experiences. **The proposed tourism policy is strategically designed to steer this growth, to elevate India to one of the top five global tourist destinations by 2030.**

FIGURE 2: TRAVEL & TOURISM CONTRIBUTION TO INDIA'S GDP (2017-2022, ₹ CRORE)



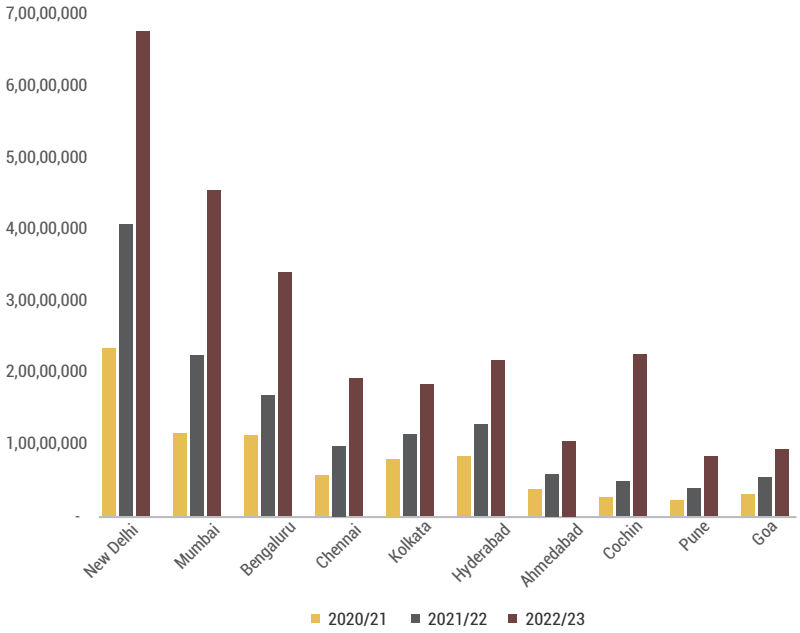
*Estimated
Source: WTTC Annual Research 2023

FIGURE 3: SPENDING PATTERNS - CONTRIBUTION TO INDIA'S DIRECT TRAVEL & TOURISM GDP (2022)



Source: WTTC Annual Research 2023

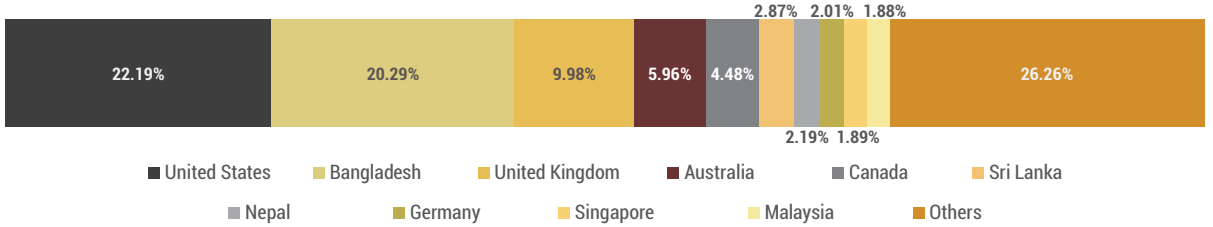
FIGURE 4: TOP 10 BUSIEST AIRPORTS IN INDIA BY PASSENGER TRAFFIC (2020/21 – 2022/23)



Airport	2020/21	2021/22	2022/23
New Delhi (DIAL)	2,26,00,000	3,93,00,000	6,53,00,000
Mumbai (MIAL)	1,11,00,000	2,17,00,000	4,39,00,000
Bengaluru (BIAL)	1,09,00,000	1,63,00,000	3,29,00,000
Chennai	55,00,000	95,00,000	1,86,00,000
Kolkata	77,00,000	1,10,00,000	1,78,00,000
Hyderabad (GHIAL)	80,00,000	1,24,00,000	2,10,00,000
Ahmedabad	36,00,000	57,00,000	1,01,00,000
Cochin (CIAL)	25,00,000	47,00,000	2,18,00,000
Pune	21,00,000	37,00,000	80,00,000
Goa	29,00,000	52,00,000	90,00,000
Total	**7,69,00,000**	**12,95,00,000**	**24,84,00,000**

Source: Airports Authority of India

FIGURE 5: FOREIGN TOURIST ARRIVALS BY SOURCE COUNTRY (2022)



Source: Ministry of Tourism, India Tourism Statistics at a Glance – 2023

FIGURE 6: FOREIGN TOURIST ARRIVALS AND DOMESTIC VISITATION TRENDS (2012 – 2022, LAKH)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022
Foreign Tourist Arrivals	**65.8**	**69.7**	**76.8**	**80.3**	**88.0**	**101.8**	**105.6**	**109.3**	**27.4**	**15.2**	**61.9**
% Change	4.3%	5.9%	10.2%	4.5%	9.7%	15.6%	3.7%	3.5%	-74.9%	-45.0%	307%
Domestic Tourist Visits	**10,450**	**11,425**	**12,828**	**14,320**	**16,136**	**16,525**	**18,000**	**23,220**	**6,102**	**6,776**	**17,310**
% Change	20.9%	9.3%	12.3%	11.6%	12.7%	2.4%	8.9%	29.0%	-74.0%	11.0%	155%

**Estimates*
Source: Ministry of Tourism, India Tourism Statistics at a Glance – 2023

Nationwide Demand, Supply and Performance Levels (1998/99 – 2022/23)

As seen in Figure 7, nationwide supply and demand have seen considerable growth. The available room nights have grown by ~8% and demand has grown by 42% over the previous year albeit on a smaller base. In terms of performance (Figure 8), **India has witnessed its highest average rate (ADR) and RevPAR levels of this past decade while the occupancy levels are the second highest after 2019/20**. These performance indicators were only bettered by the period before the global financial crisis (which includes 2006/07, 2007/08 and 2008/09) when India had a considerably larger percentage of upscale to luxury-positioned hotels.

FIGURE 7: ROOM NIGHT DEMAND VS AVAILABLE ROOM NIGHTS (1998/99 – 2022/23)

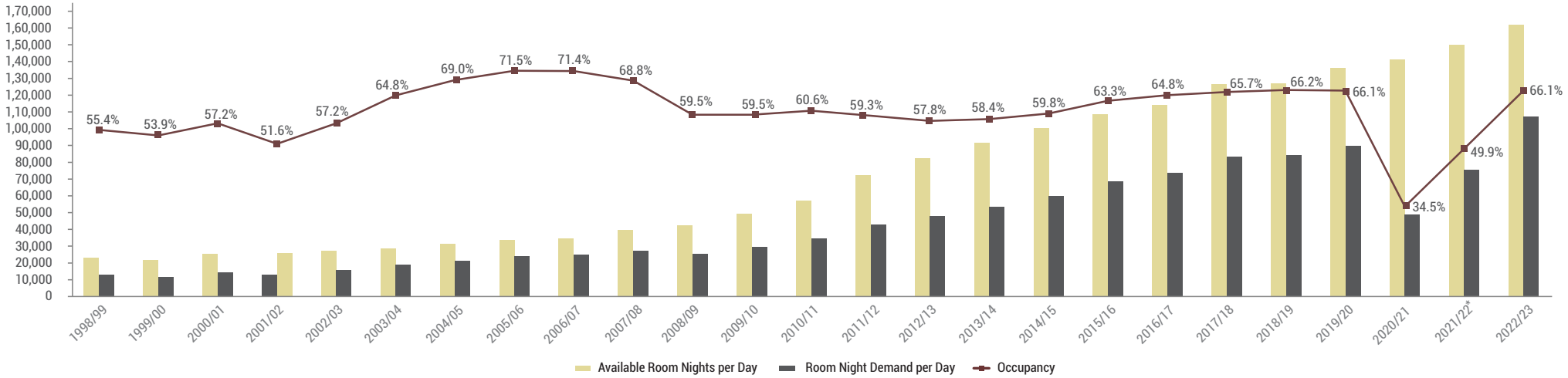
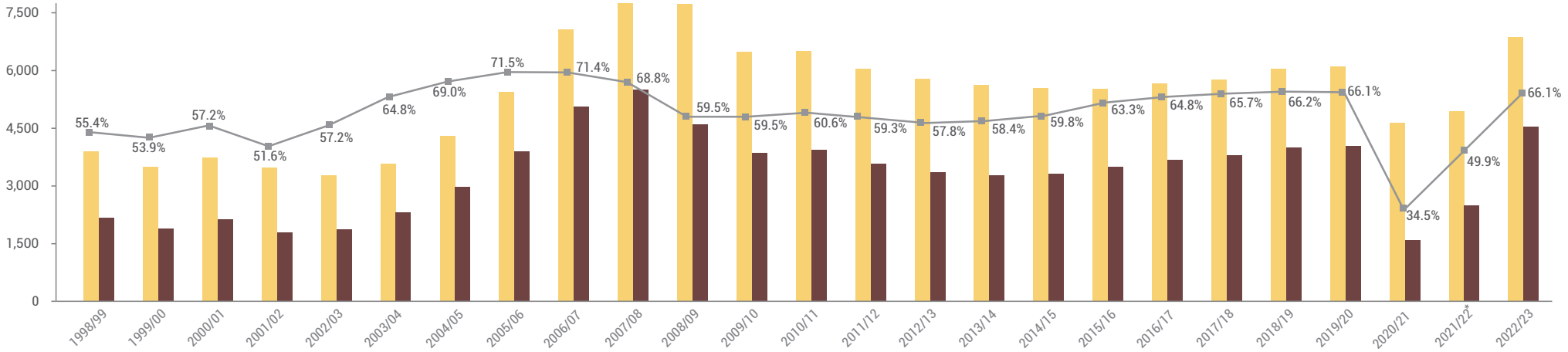


FIGURE 8: NATIONWIDE PERFORMANCE (1998/99 – 2022/23)



**2021/22 performance has been modified based upon the data collated for this survey*

Source: Hotelivate Research

Performance of Existing and New Hotels (2018/19–2022/23)

Looking at the nationwide numbers as a blended outcome does not provide a picture of the true nature of the market. In particular, the stable state assets have stronger occupancy and average rate numbers which tend to get obfuscated while looking at the nationwide averages. Therefore, to better understand the marketwide trends, we have studied the trailing five-year performance of hotels in a more granular fashion.

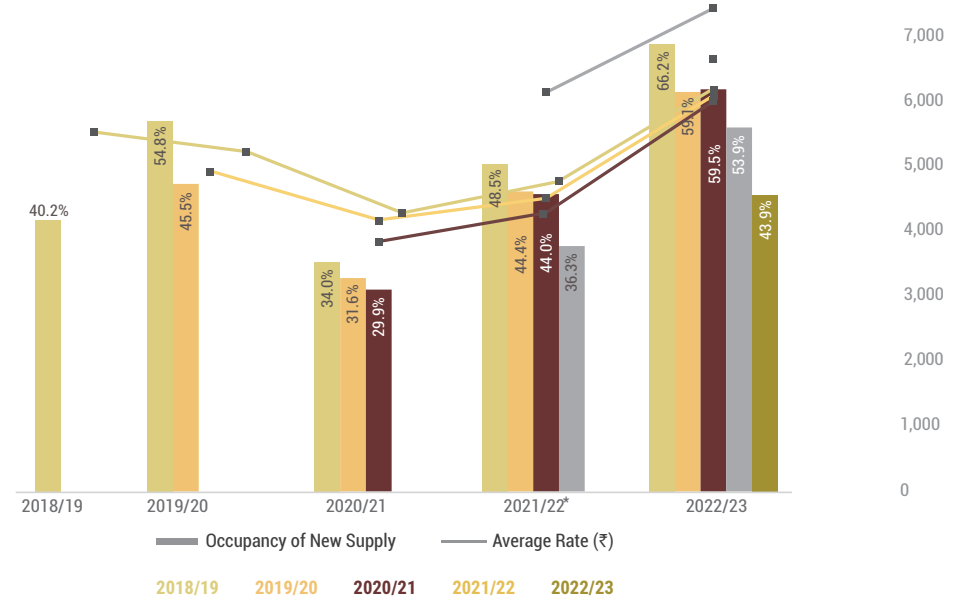
Figure 9 highlights the performance of hotels that have existed before 2018/19 compared to the nationwide averages. This chart indicates the impact of new hotel openings on the nationwide numbers. **The hotels that have existed since before 2018/19 have a 5.3% premium over the RevPAR achieved by the nation**. Overall, they achieved an occupancy of 68.8% compared to the nationwide average of 66.1% and an average rate of ₹6,946 compared to the ₹6,869 attained by the larger sample set.

Figure 10 focuses on the performance of only new hotels from their first year of operations and their increase over a two-year, three-year, and four-year period based on the sample set of interest. This graph clearly shows the typical ramp-up in performance seen by new hotels as they head towards stabilisation. The first-year occupancy tends to range between 40-45%. Even though the pandemic period brought in certain outliers, the 2022/23 occupancy levels of 43.9% indicate a reversion to normal. The first-year average rate, on the other hand, is a function of the location and positioning mix of the new supply. Therefore, recently opened hotels (hotels that opened in 2021/22 and 2022/23) have achieved a higher average rate owing to the larger presence of these hotels in leisure locations.

FIGURE 9: PERFORMANCE OF EXISTING HOTELS (2018/19 – 2022/23)

*2021/22 performance has been modified based upon the data collated for this survey
Source: Hotelivate Research

FIGURE 10: PERFORMANCE OF NEW HOTELS (2018/19 – 2022/23)



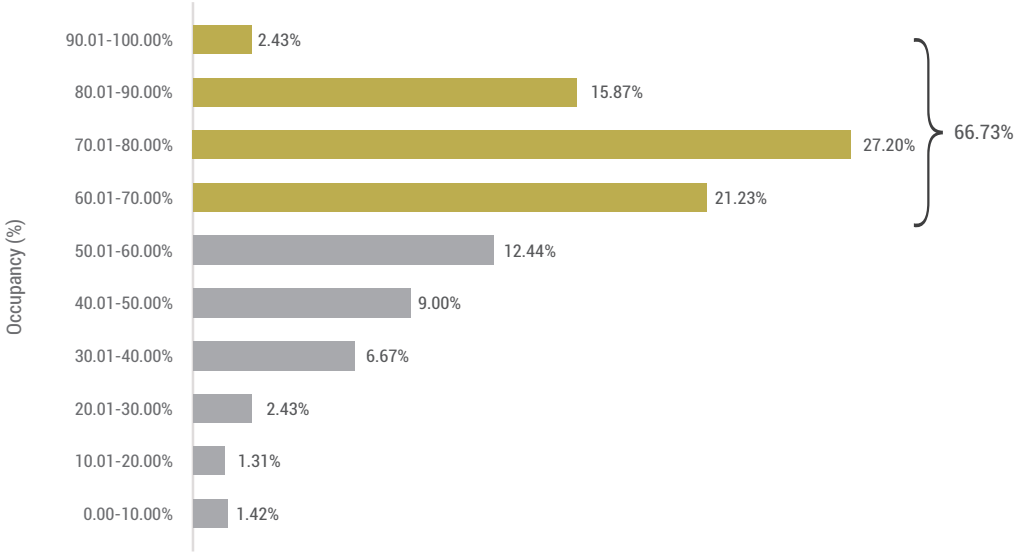
*2021/22 performance has been modified based upon the data collated for this survey
Source: Hotelivate Research

Occupancy Bins

Figures 11, 12 and 13 highlight the clear V-shaped recovery in occupancy for the country. In 2018/19, ~67% of the hotels clocked occupancies of 60% or more. This went down considerably during the pandemic years. During 2021/22, the majority of hotels (~75% of the sample set) clocked occupancies of 30%–70%, with only 25% of the existing supply attaining an occupancy of 60% or more. In 2022/23, the industry has seen robust growth in the business with ~60% of the organised and branded supply back to an occupancy of 60% or more.

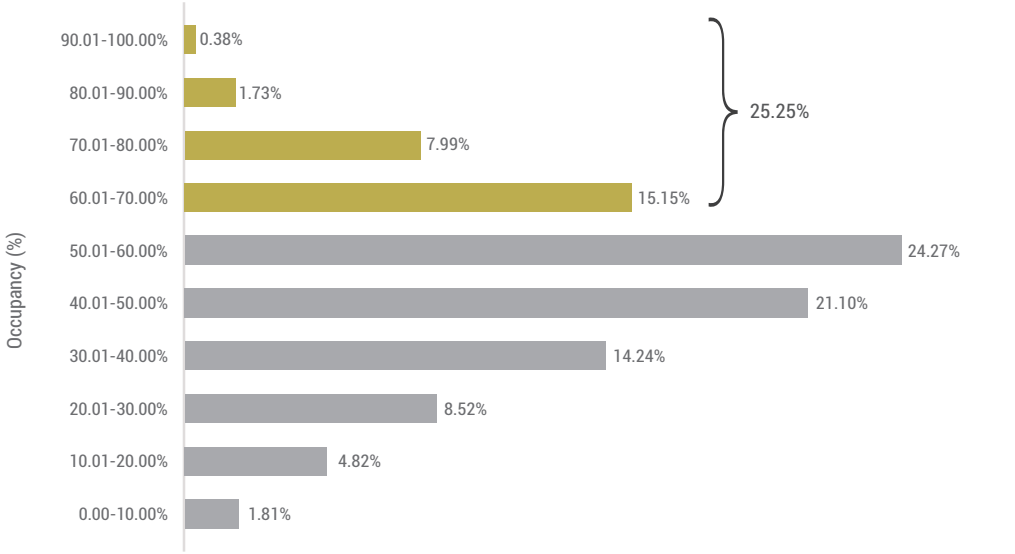
In particular, upscale, or higher-positioned hotels have experienced stronger occupancy growth. Around 66% of these hotels had occupancy rates of 60% or more in 2018/19. This figure decreased to 24% in 2021/22. During 2022/23, ~65% of hotels are already back to having an occupancy of 60% or higher. **Notably, 5-6% of the nationwide supply clocks an occupancy of under 30%.** This lower than average performance is linked to a volatile demand footprint, political uncertainty, poorly maintained hotels, and futuristic projects, among others.

FIGURE 11: NATIONWIDE OCCUPANCY BREAKDOWN BY HOTELS (2018/19)



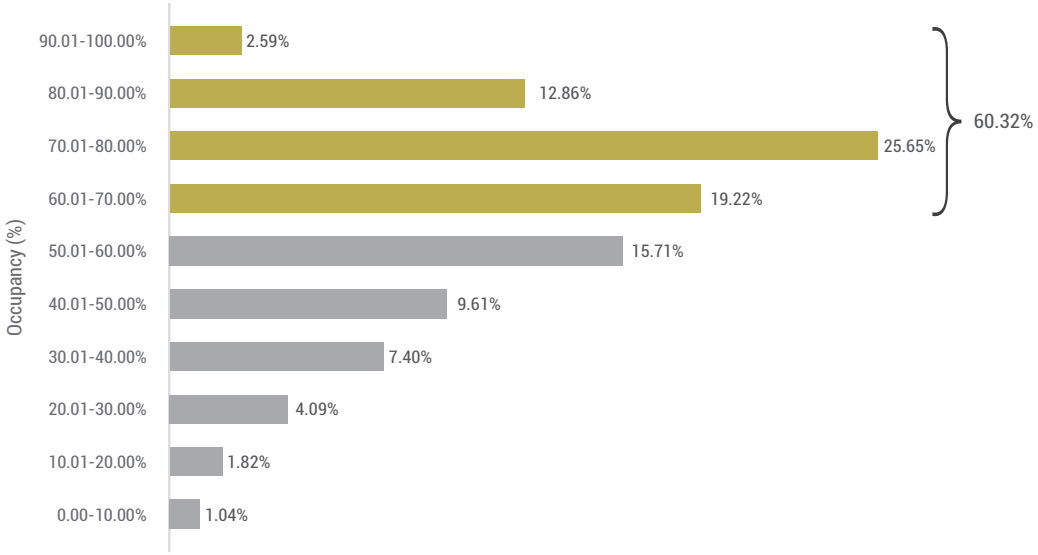
Source: Hotelivate Research

FIGURE 12: NATIONWIDE OCCUPANCY BREAKDOWN BY HOTELS (2021/22)



Source: Hotelivate Research

FIGURE 13: NATIONWIDE OCCUPANCY BREAKDOWN BY HOTELS (2022/23)



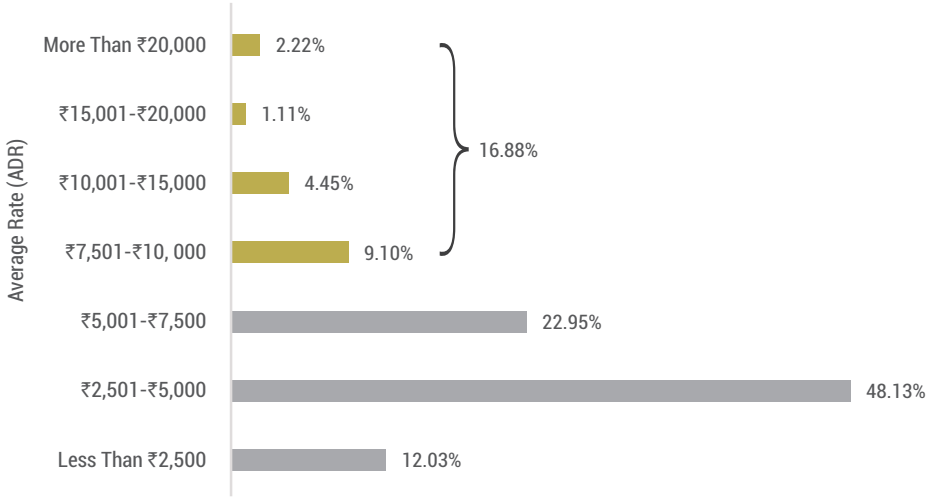
Source: Hotelivate Research

Average Daily Rate (ADR) Bins

Figures 14, 15 and 16 present the split of the average rate achieved by the organised and branded hotels in India during 2018/19, 2021/22 and 2022/23. The past year has seen a substantial rate growth which led to the industry achieving its highest average rate in a decade. One of the major factors for this growth has been the changing consumer behaviour of the Indian traveller. Their domestic footfall has grown manifold and there has been a noticeable increase in discretionary spending, especially for travel and tourism, which has allowed for this development.

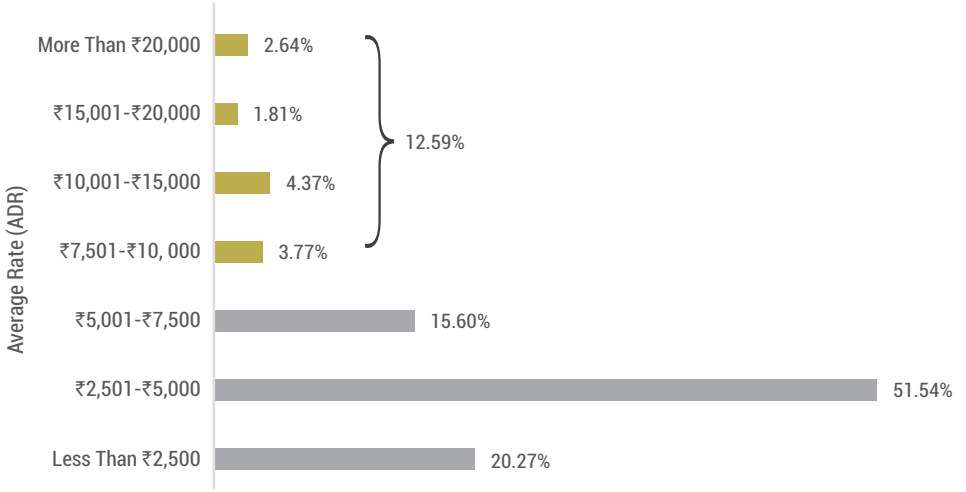
Even though the majority of the nation continues to be in the average rate band of ₹7,500 or less, some interesting trendlines have started to emerge. **17% of the hotels (167 hotels) charged more than ₹7,500 in 2018/19 which has increased to 23% of the sample set (349 hotels) in 2022/23**. Moreover, there has been a sizable increase in the number of hotels charging an average rate of ₹15,000 or more from 34 hotels in 2018/19 to 100 hotels in 2022/23 (~200% rise in the number of hotels). **Another key insight is that the number of hotels charging an average rate of less than ₹2,500 has seen a decline from 166 hotels in 2018/19 to 141 hotels in 2022/23.**

FIGURE 14: NATIONWIDE AVERAGE RATE (ADR) BREAKDOWN BY HOTELS (2018/19)



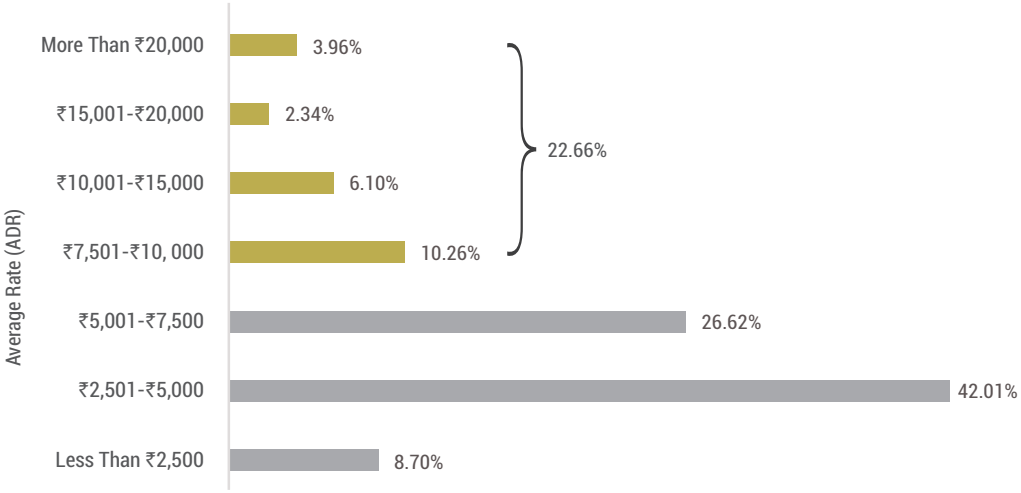
Source: Hotelivate Research

FIGURE 15: NATIONWIDE AVERAGE RATE (ADR) BREAKDOWN BY HOTELS (2021/22)



Source: Hotelivate Research

FIGURE 16: NATIONWIDE AVERAGE RATE (ADR) BREAKDOWN BY HOTELS (2022/23)



Source: Hotelivate Research

The Survey Results

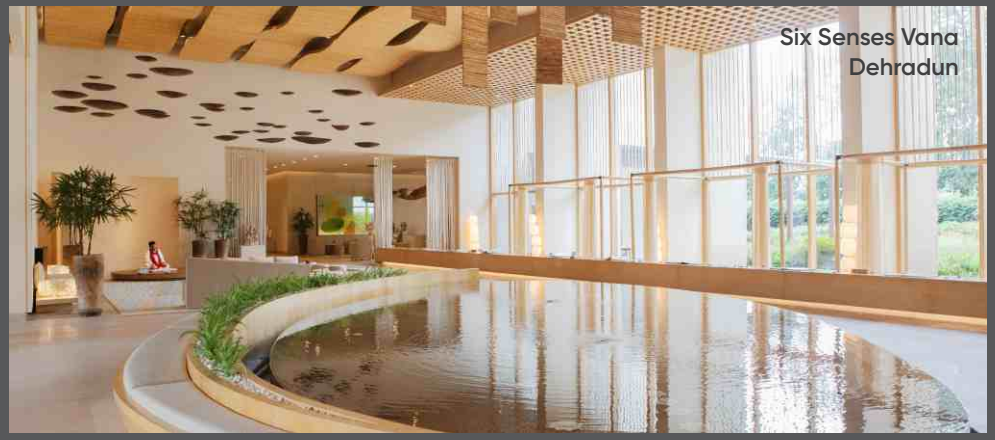
This section presents the results of the 2023 Indian Hospitality Trends & Opportunities survey, analysing the industry performance by star category, city tiers, administrative zones and 20 major hotel markets. The existing and future supply has also been reviewed in depth to estimate the changes in these markets over the next five years. The increase in survey participation over the last two years reflects growth in both Hotelivate's penetration in the market as well as the market size. Furthermore, re-looking at the fresh data gathered for the past two years and the deliberate removal of irrelevant supply by us, have led to the 2021/22 figures undergoing a minor change across all parameters. While the number of rooms represented in this survey is 1,65,172, we have weighted the number of room nights to account for the new supply that was operational only for a partial fiscal to compute the overall occupancy and average rate. The weighted room count for the survey base for 2022/23 is 1,62,023.

Industry Performance by Star Category

The industry continues to be fuelled by domestic demand: while foreign travel has started to return, its recovery is still lagging. Additionally, the corporate and M.I.C.E businesses have buoyed this surge in performance levels. **The average rate has grown by ~39% over the previous year from ₹4,951 in 2021/22 to ₹6,869 in 2022/23 and by ~14% over 2018/19 from ₹6,038.** Moreover, the hotels represented in this survey reached a weighted occupancy of 66.1% which is a 32% growth over the previous year (49.9% occupancy in 2021/22). It is at par with the occupancy achieved in 2018/19 and just 10 basis points lower than the occupancy in 2019/20. Notably, the RevPAR has reached ₹4,540 which is at its decadal high. It is clear that we have comfortably crossed the pre-COVID performance levels.

Independently, all-star categories have witnessed a year-on-year appreciation in their occupancy, average rate, and RevPAR. **Notably, the overall increase in RevPAR is highest for five-star deluxe category hotels followed by five-star category hotels.** This is because two-star and three-star hotels have a lower rate ceiling compared to four-star and five-star hotels which have a larger margin to increase rates which creates this difference. Moreover, these five-star deluxe and five-star hotels have a larger presence in leisure locations which have seen a growth in footfall as well as average rates.

Figure 17 illustrates the hotel occupancy across star categories in India between 2003/04 and 2022/23. Figures 18 and 19 represent the ADR and RevPAR for each star category expressed in Indian rupees, followed by Figures 20 and 21, which present the corresponding data in United States (US) dollars.



Six Senses Vana
Dehradun

The Leela
Ashtamudi

FIGURE 17: KEY OPERATING STATISTICS BY HOTEL CLASSIFICATION – OCCUPANCY

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Overall Average	64.8%	69.0%	71.5%	71.4%	68.8%	59.5%	59.5%	60.6%	59.3%	57.8%	58.4%	59.8%	63.3%	64.8%	65.7%	**66.2%**	**66.1%**	**34.5%**	**49.9%**	**66.1%**	**32.5%**	**91.6%**
Five-star Deluxe	65.0%	71.4%	73.8%	73.0%	71.7%	62.5%	61.6%	60.9%	59.8%	60.1%	59.9%	61.7%	64.3%	65.0%	66.5%	**66.8%**	**66.5%**	**31.9%**	**49.1%**	**67.5%**	**37.5%**	**111.6%**
Five-star	66.8%	71.1%	70.4%	70.2%	67.2%	58.5%	58.6%	61.9%	59.1%	55.4%	55.7%	57.2%	61.2%	64.1%	65.9%	**65.8%**	**67.2%**	**32.5%**	**50.1%**	**67.1%**	**33.9%**	**106.5%**
Four-star	68.7%	71.8%	72.7%	71.7%	68.9%	58.5%	60.3%	60.7%	60.0%	57.9%	59.1%	61.2%	64.2%	66.0%	66.9%	**66.9%**	**66.8%**	**37.7%**	**52.7%**	**66.9%**	**26.9%**	**77.5%**
Three-star	59.6%	56.7%	65.9%	68.9%	64.7%	56.2%	55.5%	58.5%	56.9%	56.8%	57.9%	59.8%	64.8%	65.2%	65.1%	**67.3%**	**64.6%**	**34.7%**	**47.9%**	**63.9%**	**33.4%**	**84.1%**
Two-star									64.8%	59.0%	61.0%	57.7%	60.4%	62.7%	59.1%	**61.5%**	**60.4%**	**38.6%**	**44.5%**	**60.4%**	**35.7%**	**56.5%**

FIGURE 18: KEY OPERATING STATISTICS BY HOTEL CLASSIFICATION - AVERAGE RATE (₹)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Overall Average	3,569	4,299	5,444	7,071	7,989	7,722	6,489	6,513	6,032	5,779	5,611	5,532	5,527	5,671	5,768	**6,038**	**6,104**	**4,630**	**4,951**	**6,869**	**38.7%**	**48.4%**
Five-star Deluxe	4,686	5,606	7,168	9,778	11,200	11,096	9,277	9,350	9,189	8,982	8,727	8,815	8,881	10,099	10,260	**10,660**	**10,679**	**8,293**	**8,914**	**12,923**	**45.0%**	**55.8%**
Five-star	3,372	3,897	4,985	6,506	7,652	7,268	6,410	6,380	6,135	5,881	5,720	5,559	5,484	6,051	6,088	**6,280**	**6,451**	**5,166**	**5,169**	**7,275**	**40.7%**	**40.8%**
Four-star	2,580	3,088	3,847	5,111	5,722	5,745	4,638	4,905	4,905	4,691	4,474	4,361	4,424	4,505	4,635	**4,713**	**4,827**	**3,694**	**4,037**	**5,481**	**35.8%**	**48.4%**
Three-star	1,670	1,830	2,212	3,012	3,488	3,530	3,255	3,348	3,354	3,252	3,083	3,039	3,155	3,016	3,200	**3,371**	**3,474**	**2,703**	**2,920**	**3,885**	**33.0%**	**43.7%**
Two-star									1,714	1,849	2,063	2,063	2,122	2,049	2,245	**2,524**	**2,589**	**2,080**	**2,358**	**3,092**	**31.1%**	**48.7%**

FIGURE 19: KEY OPERATING STATISTICS BY HOTEL CLASSIFICATION - RevPAR (₹)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Overall Average	2,313	2,966	3,892	5,049	5,496	4,598	3,861	3,947	3,575	3,343	3,275	3,310	3,499	3,677	3,791	**4,000**	**4,033**	**1,597**	**2,471**	**4,540**	**83.8%**	**184.2%**
Five-star Deluxe	3,046	4,003	5,290	7,138	8,030	6,933	5,715	5,694	5,491	5,398	5,231	5,438	5,715	6,560	6,825	**7,125**	**7,103**	**2,645**	**4,377**	**8,723**	**99.3%**	**229.7%**
Five-star	2,252	2,771	3,509	4,567	5,142	4,250	3,756	3,949	3,626	3,257	3,185	3,178	3,355	3,876	4,015	**4,132**	**4,334**	**1,679**	**2,590**	**4,882**	**88.5%**	**190.7%**
Four-star	1,772	2,217	2,797	3,665	3,942	3,362	2,797	2,977	2,942	2,718	2,643	2,669	2,840	2,975	3,099	**3,151**	**3,223**	**1,393**	**2,127**	**3,667**	**72.4%**	**163.3%**
Three-star	995	1,038	1,458	2,075	2,257	1,985	1,806	1,959	1,909	1,848	1,786	1,817	2,044	1,965	2,083	**2,268**	**2,245**	**938**	**1,399**	**2,483**	**77.5%**	**164.7%**
Two-star									1,110	1,091	1,258	1,190	1,281	1,285	1,327	**1,553**	**1,563**	**803**	**1,049**	**1,868**	**78.0%**	**132.6%**

FIGURE 20: KEY OPERATING STATISTICS BY HOTEL CLASSIFICATION - AVERAGE RATE (US$)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Overall Average	78	96	122	162	199	168	136	143	126	106	92	90	85	85	89	**90**	**87**	**63**	**66**	**85**	**28.7%**	**35.1%**
Five-star Deluxe	102	125	161	224	278	242	194	205	192	165	144	144	137	151	159	**159**	**151**	**113**	**120**	**161**	**34.5%**	**41.9%**
Five-star	73	87	112	149	190	158	134	140	128	108	94	91	84	90	94	**93**	**92**	**71**	**69**	**91**	**30.5%**	**28.3%**
Four-star	56	69	86	117	142	125	97	108	102	86	74	71	68	67	72	**70**	**68**	**50**	**54**	**68**	**25.9%**	**35.1%**
Three-star	36	41	50	69	87	77	68	73	70	60	51	50	49	45	50	**50**	**49**	**37**	**39**	**48**	**23.4%**	**30.9%**
Two-star									36	34	34	34	33	31	35	**38**	**37**	**28**	**32**	**38**	**21.6%**	**35.4%**
Exchange Rate	46.0	44.9	44.5	43.6	40.2	45.9	47.7	45.6	48.0	54.5	60.7	61.2	65.0	67.1	64.5	**67.2**	**70.5**	**73.2**	**74.5**	**80.4**		

FIGURE 21: KEY OPERATING STATISTICS BY HOTEL CLASSIFICATION - RevPAR (US$)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Overall Average	50	66	87	116	137	100	81	87	75	61	54	54	54	55	59	**60**	**57**	**22**	**33**	**56**	**69.1%**	**158.9%**
Five-star Deluxe	66	89	119	164	200	151	120	125	114	99	87	89	88	98	106	**106**	**101**	**36**	**59**	**109**	**84.5%**	**200.3%**
Five-star	49	62	79	105	128	93	79	87	76	60	53	52	52	58	62	**61**	**61**	**23**	**35**	**61**	**74.8%**	**164.8%**
Four-star	39	49	63	84	98	73	59	65	61	50	43	44	44	44	48	**47**	**46**	**19**	**29**	**46**	**59.8%**	**139.8%**
Three-star	22	23	33	48	56	43	38	43	40	34	29	30	31	29	32	**34**	**32**	**13**	**20**	**31**	**57.7%**	**141.1%**
Two-star									23	20	21	19	20	19	21	**23**	**22**	**11**	**14**	**23**	**62.5%**	**111.9%**
Exchange Rate	46.0	44.9	44.5	43.6	40.2	45.9	47.7	45.6	48.0	54.5	60.7	61.2	65.0	67.1	64.5	**67.2**	**70.5**	**73.2**	**74.5**	**80.4**		

**2021/22 performance has been modified based upon the data collated for this survey*
Source: Hotelivate Research

Industry Performance by Administrative Zone

West India has been the top performer in terms of RevPAR, before (2018/19) and after (2022/23) the global pandemic. Figures 22 and 23 highlight the industry performance by administrative zones in 2018/19 and 2022/23, respectively. All markets have seen strong growth during 2022/23, breaching their pre-pandemic performance in terms of average rate and RevPAR with the occupancy being marginally lower than in 2018/19. In particular, both South India (19% growth in RevPAR) and North India (14% growth in RevPAR) have witnessed a growth of over 10% in RevPAR over 2018/19. Additionally, the difference between the RevPAR of the West Zone and the North Zone (2018/19 compared to 2022/23) has started to shrink on the back of robust rate growth in the Northern Region.

Interestingly, looking at luxury hotels and resorts across administrative zones, the average rate is at least 45% higher and RevPAR is at least 22% higher in North India compared to other administrative zones. This rate and hence, RevPAR growth, has been mainly fuelled by demand in the leisure locations, in particular, Rajasthan, which has pulled up these rates.

FIGURE 22: KEY OPERATING STATISTICS BY ADMINISTRATIVE ZONES (2018/19)*

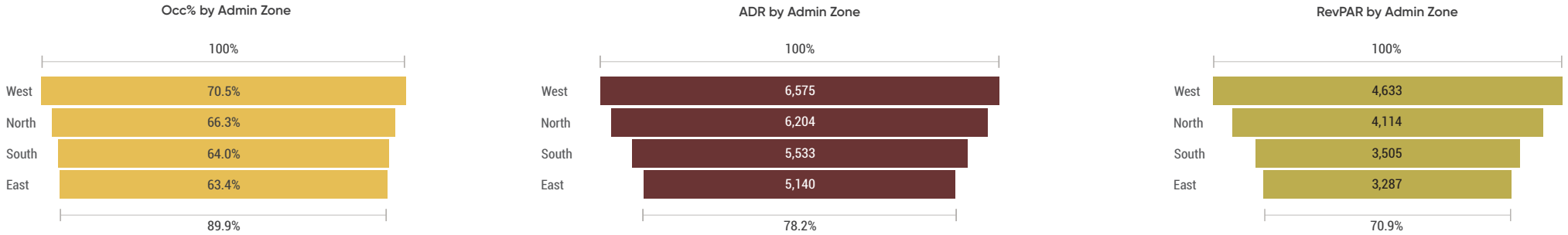
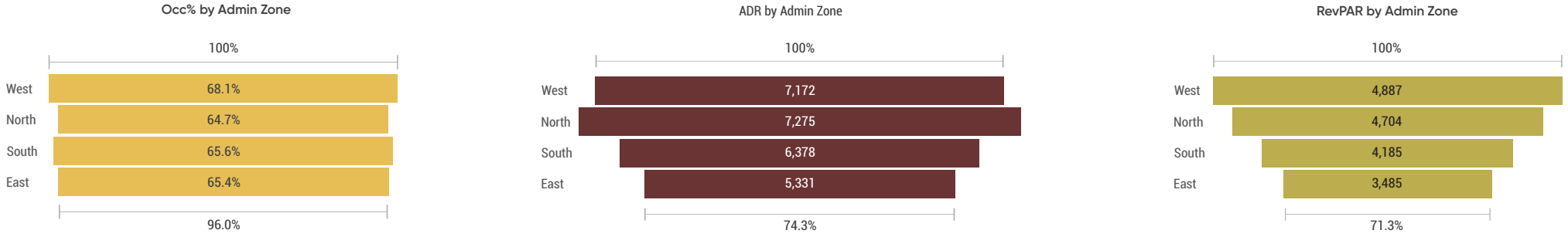


FIGURE 23: KEY OPERATING STATISTICS BY ADMINISTRATIVE ZONES (2022/23)*



**North includes Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, Punjab, Rajasthan, Uttar Pradesh & Uttarakhand*
West includes Daman and Diu, Goa, Gujarat, Madhya Pradesh & Maharashtra
South includes Andaman and Nicobar Islands, Andhra Pradesh, Karnataka, Kerala, Puducherry, Tamil Nadu & Telangana
East includes Assam, Bihar, Chhattisgarh, Jharkhand, Manipur, Nagaland, Odisha, Sikkim, Tripura & West Bengal

Source: Hotelivate Research

Industry Performance by City Tiers

Figures 24 and 25 feature the industry performance based on City Tiers for 2018/19 and 2022/23. Tier 1 cities, both before and after the global pandemic, continue to be the highest-performing cities followed by Tier 2 and Tier 3 markets. This is a function of the sizable demand footprint and minimal seasonality in Tier 1 locations. **Notably, the delta between Tier 2 and Tier 3 markets, in terms of RevPAR, has started to reduce over the last few years.** Before the pandemic, Tier 2 and Tier 3 markets used to have relatively similar average rates with a difference in terms of overall occupancy. However, the rising domestic footprint has allowed the Tier 3 destinations to considerably increase their average rates which has allowed for this reduction in the difference between their RevPAR. Moreover, looking only at luxury hotels, Tier 3 destinations have charged the highest average rate followed by Tier 2 destinations and then Tier 1 destinations. Tier 3 destinations are predominantly leisure locations; therefore, their average rate is higher compared to Tier 1 and Tier 2 locations which have a larger proportion of urban centres.

Typically, the City Tier classification is based on the overall population of the city. However, in the context of the hospitality industry, factors such as economic development, urbanisation, tourism footprint, seasonality, presence of demand generators and tourist attractions are equally relevant. This multi-faceted approach has been used to classify the cities in the dataset. Large metropolitan and commercial hubs have been classified as Tier 1 and economically emerging destinations have been classified as Tier 2. Underdeveloped locations and remote markets have been tagged as Tier 3.

FIGURE 24: KEY OPERATING STATISTICS BY CITY TIERS (2018/19)*

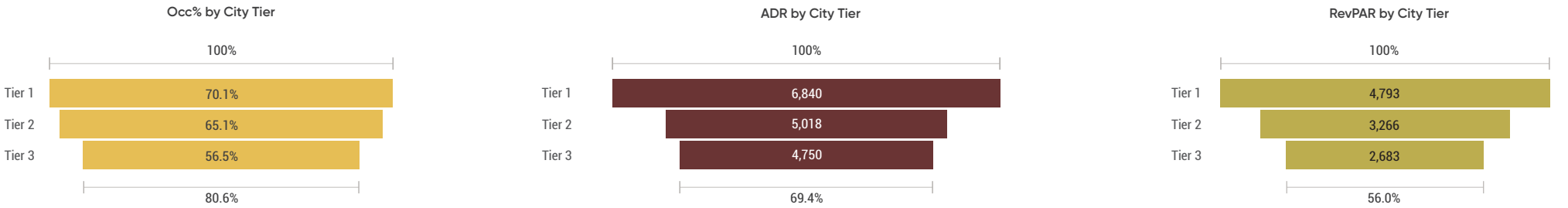
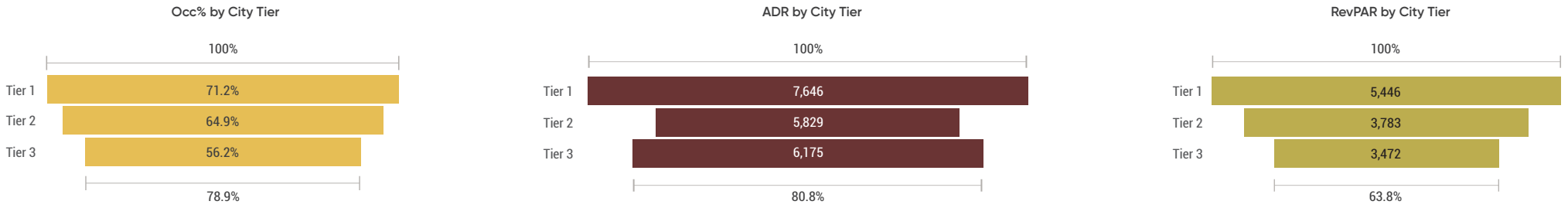


FIGURE 25: KEY OPERATING STATISTICS BY CITY TIERS (2022/23)*



City Tiers have been defined based on level of economic development across various cities.

Source: Hotelivate Research

FIGURE 28: EXISTING SUPPLY ACROSS MAJOR CITIES (2013/14 – 2022/23)

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change
Agra	1,293	1,755	2,036	2,092	2,256	1,864	2,289	2,210	2,213	2,231	0.8%
Ahmedabad	2,777	2,944	3,054	3,117	3,393	3,004	3,326	3,547	3,448	4,350	26.2%
Amritsar	770	766	873	1,108	1,322	1,319	1,566	1,692	1,688	1,808	7.1%
Bengaluru	10,162	11,117	11,539	11,995	12,594	13,366	13,691	13,647	13,806	15,351	11.2%
Chandigarh[a]	765	866	1,275	1,909	1,873	2,116	2,161	2,231	2,574	2,791	8.4%
Chennai	7,105	7,444	7,585	8,332	9,061	9,099	9,657	9,625	9,634	9,761	1.3%
Dehradun		114	114	182	234	325	380	464	584	803	37.5%
Goa	4,703	5,298	5,574	6,400	6,386	5,979	6,772	7,488	7,724	8,805	14.0%
Gurugram	5,190	5,323	5,117	5,263	5,890	5,538	5,589	5,873	6,151	6,662	8.3%
Hyderabad	5,734	5,954	5,992	6,254	6,846	6,672	7,393	7,381	7,450	7,465	0.2%
Jaipur	4,523	4,822	4,931	5,058	5,352	5,285	5,553	5,471	5,488	6,557	19.5%
Kochi	1,190	1,524	1,690	1,686	1,807	2,466	2,521	2,520	2,668	2,677	0.3%
Kolkata	2,243	2,701	2,701	3,199	3,652	3,712	4,579	4,841	4,878	5,028	3.1%
Lucknow	318	3291	483	725	1,495	1,499	1,772	1,820	1,773	1,902	7.3%
Mumbai	12,093	1,997	12,127	12,565	12,595	12,639	13,070	13,245	12,776	13,718	5.4%
Navi Mumbai	929	868	927	929	929	929	1,000	1,000	1,395	1,222	5.4%
New Delhi[b]	12,370	13,193	14,142	14,296	14,450	14,952	15,027	15,024	14,780	14,917	0.9%
NOIDA[c]	1,239	1,322	1,322	1,422	1,515	1,378	1,378	1,423	1,649	1,649	0.0%
Pune	6,159	6,137	6,108	6,445	6,353	6,212	6,712	6,615	6,572	6,789	3.3%
Udaipur	886	1,029	1,096	1,157	1,157	1,317	1,605	1,742	1,866	2,122	13.7%
Other Cities[d]	20,728	22,192	22,914	25,085	27,405	29,730	33,365	36,596	40,605	49,104	19.6%
Total	**1,01,177**	**1,07,695**	**1,11,600**	**1,19,219**	**1,26,565**	**1,29,401**	**1,39,406**	**1,44,455**	**1,49,722**	**1,65,172**	**10.3%**

**The 2021/22 inventory has been modified based on the updated data collated for this survey.*
[a] Chandigarh (includes Panchkula and Zirakpur)
Source: Hotelivate Research

[b] New Delhi (excludes Gurugram, NOIDA and Greater NOIDA) data
[c] NOIDA (includes Greater NOIDA)
[d] Other Cities includes all other hotel markets across India

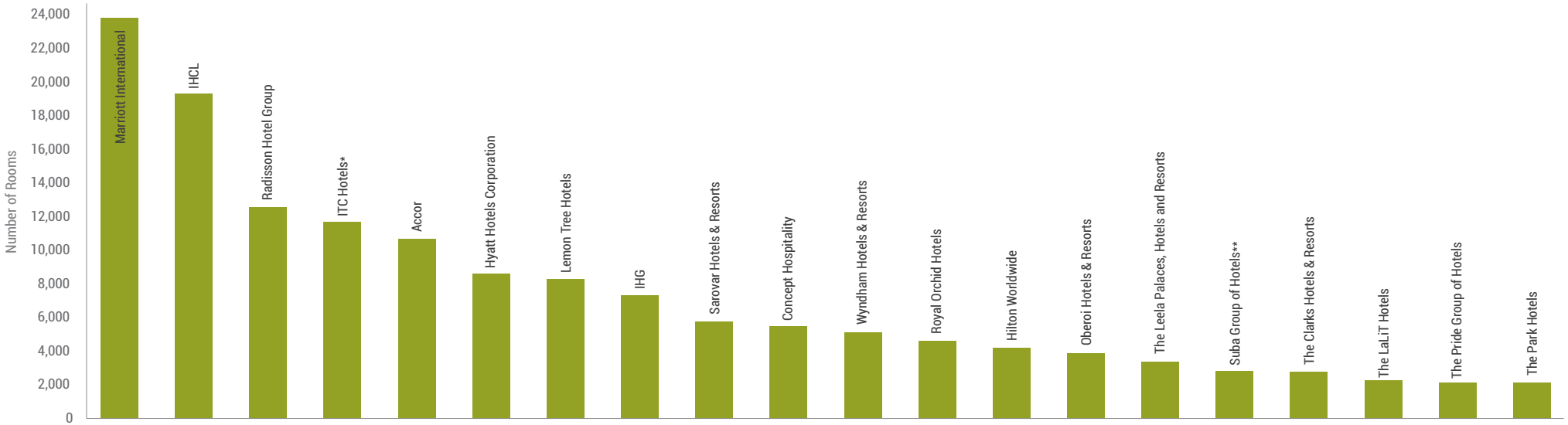
Existing Supply

The existing supply of hotel rooms grew by 10.3% in 2022/23 over the previous fiscal year. The total number of branded rooms has grown to 1,65,172 which is an increase of 15,450 rooms. This growth is significantly higher than the 10-year CAGR of room supply which is at ~5.0%. This is linked to the stronger-than-average growth in the industry performance bringing forth increased interest in hotel development. Additionally, the projects that were pushed out due to the global pandemic have been expedited. Lastly, the increasing pervasion of soft brands has filliped this growth further. It is important to note that the change in the total existing inventory for 2021/22 is attributed to a deliberate filtration by us to display only the relevant branded supply. Figure 28 shows the existing supply for 20 major cities from 2013/14 to 2022/23.

Bengaluru has overtaken New Delhi to become the largest hotel market in India in terms of inventory. Bengaluru witnessed a 11.2% growth (an addition of 1,545 rooms) in its overall inventory. This growth, in particular, is due to the rapid development in the northern part of the city in response to the congestion in the traditional hotel micro-markets such as Whitefield and CBD. The rapid expansion of real estate will fillip the growth in this micro-market further. New Delhi and Mumbai remain the second and third-largest hotel markets, respectively. Going forward, with a larger proposed pipeline and a higher active development ratio, Mumbai is likely to overtake New Delhi to become the second-largest hotel market in India.

Markets such as Dehradun (37.5% growth which translates to 219 room increase), Goa (14.0% growth which is a 1,081 room increase), and Jaipur (19.5% growth is an increase of 1,069 rooms) have witnessed a healthy growth in supply on the back of rising leisure tourism and social M.I.C.E. The strong demand footprint allowed these markets to witness a sizable increase in their average rates which has prompted the developer to accelerate the construction process in these locations. Beyond the leisure locations, Ahmedabad has seen the highest increase in its inventory (902 rooms, which is 26.2%) after Bengaluru. This growth is, to a certain degree, linked to the onset of operations of the Narendra Modi Stadium, development of GIFT city, the ICC Cricket World Cup 2023 along with the G20 summit. Notably, the 'Other Cities' have seen a 19.6% growth (7,959 keys) which is a sign of both organic growth in business and the introduction of branded hotels into nascent markets.

FIGURE 29: TOP 20 HOTEL BRANDS BY EXISTING INVENTORY (AUGUST 2023)

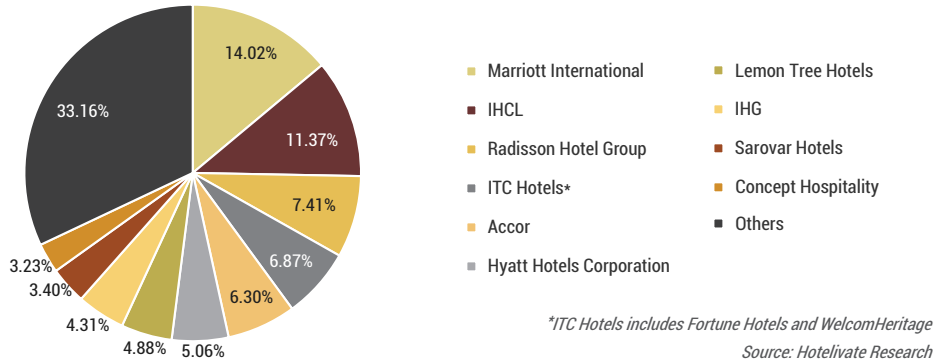


*ITC Hotels includes Fortune Hotels and WelcomHeritage
**Suba Group of Hotels includes Choice Hotels

Source: Hotelivate Research

Figure 29 presents the total operating inventory of the 20 largest hotel companies in the country as of August 2023. Marriott International continues to be the largest hotel company in India based on Inventory followed by IHCL, Radisson Hotel Group, ITC Hotels (including Fortune Hotels and WelcomHeritage) and Accor. Hyatt has overtaken Lemon Tree Hotels to become the sixth-largest hotel company in India. They are followed by Sarovar Hotels and IHG. Lastly, Concept Hospitality has overtaken Wyndham Hotels & Resorts to become the tenth-largest company in India. As seen in Figure 30, the top 10 brands in the country by inventory comprise ~67% of the total existing branded supply.

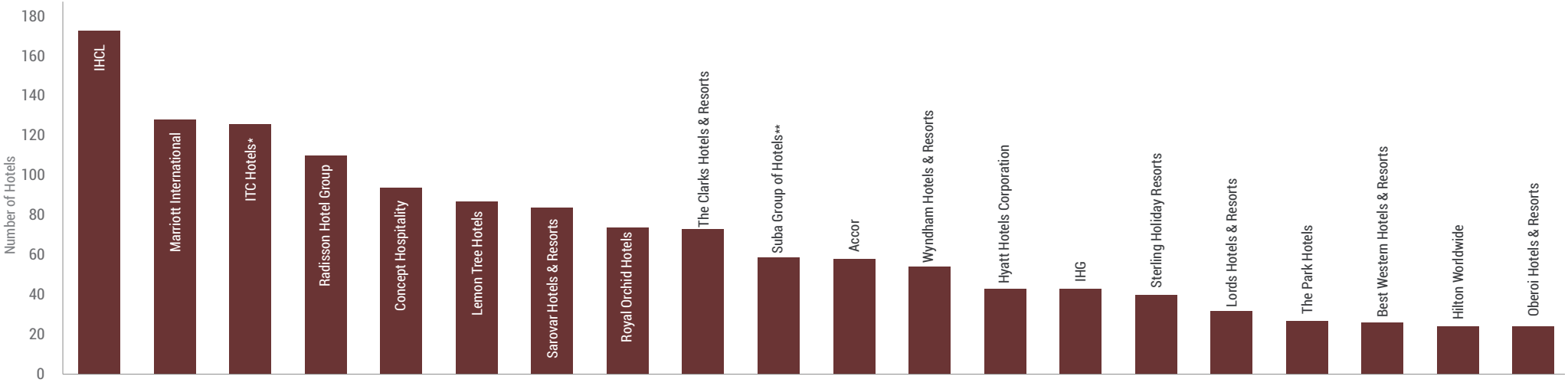
FIGURE 30: TOP 10 HOTELS BRANDS BY PERCENTAGE SHARE OF EXISTING INVENTORY IN INDIA (AUGUST 2023)



*ITC Hotels includes Fortune Hotels and WelcomHeritage

Source: Hotelivate Research

FIGURE 31: TOP 20 HOTEL BRANDS BY NUMBER OF HOTELS (AUGUST 2023)



** ITC Hotels includes Fortune Hotels and WelcomHeritage*
***Suba Group of Hotels includes Choice Hotels*

In terms of the number of operational assets, IHCL continues to be the number one ranked company followed by Marriott International, ITC Hotels (including Fortune Hotels and WelcomHeritage), Radisson Hotel Group and Concept Hospitality (as seen in Figure 31). Interestingly, Indian-origin companies have a larger number of assets compared to their international counterparts. This is because Indian-origin companies have a larger presence in emerging Tier 2 and Tier 3 markets whose demand footprint necessitates a smaller room count per hotel.

Sawai Man Mahal
Jaipur

Radisson Golf Resort
Pahalgam

Top 15 Brands by City Presence

Figure 32 shows the top 15 brands based on their city presence. **Branded hotels have established operations in 268 cities spanning 33 distinct states and union territories. However, this network is not evenly distributed, with only ten cities boasting an inventory of 5,000 rooms or more, collectively accounting for 57% of the country's existing supply.** Indian-origin brands have ventured into 248 different cities, exceeding their international counterparts by a large margin, who have a presence across 121 cities, primarily in well-established markets with a strong demand footprint. Nevertheless, there is an observable shift as international players begin exploring new territories, untapped markets, and the flourishing leisure sector within India.

In terms of hotel brands, IHCL retains its leading position with hotels in 79 different cities, followed by ITC Hotels (comprising Fortune Hotels & WelcomHeritage) and Radisson Hotel Group. In contrast, despite being the largest hotel company in terms of inventory, Marriott International has a presence in only 40 cities. Interestingly, it has 15 hotels in the city of Bengaluru. This is the largest footprint for a single brand in a city

FIGURE 32: TOP 15 BRANDS BY CITY PRESENCE

*ITC Hotels includes Fortune Hotels and WelcomHeritage
**Suba Group of Hotels includes Choice Hotels

Source: Hotelivate Research

Hilton Embassy Manyata Business Park
Bengaluru

ibis Styles Calangute
Goa

Future Supply

In this section, we present a detailed review and analysis of the proposed supply across the country. Based on the responses to our survey, supplemented with the information gathered by our consultants over the course of the year, a masterlist of new supply is collated. Thereafter, each project is unbiasedly reviewed for confirmed operator tie-ups, status of development, planned number of rooms and anticipated date of opening to arrive at the future supply data presented herein.

Figures 33 and 34 highlight the existing and proposed supply in each of the 20 major hotel markets and 'Other Cities' tracked in this report. Typically, the proposed supply witnesses considerable fluctuations linked to market sentiment, investor confidence, and industry performance. As of March 2023, the branded proposed pipeline for the forthcoming five years is 69,836 keys which represents a 42% growth over the existing supply.

We have also indicated an Active Development Ratio for each market based on the number of rooms that have recently opened, are currently under construction or are likely to enter the market within the next five years. Inactive supply as well as recently announced supply which is still in the planning phase has been removed from the five-year horizon. Thereafter, using this ratio, we have estimated the supply of branded rooms across the 20 major markets in 2027/28 as depicted in Figure 36.

The overall active development ratio in 2022/23 was 79% (as compared to 61% in 2019/20-2020/21 and 72% in 2021/22). This is a clear indication of rising investor confidence backed by strong market performance. Notably, this ratio includes recently opened hotels, which may have opened from 1st April 2023 till 31st August 2023, which constitute 7.7% of the total proposed pipeline.

FIGURE 33: PROPOSED BRANDED HOTEL ROOMS ACROSS MAJOR CITIES (2022/23 – 2027/28)

	Existing Supply 2022/23	Proposed Supply*	Increase in Future Supply	Active Development of Supply	Luxury	Upscale	Upper Midmarket	Midmarket	Budget
Agra	2,231	1,256	56%	85%	16.3%.	24.4%	17.9%	31.4%	10.0%
Ahmedabad	4,350	1,437	33%	90%	0.0%	10.6%	7.5%	27.7%	54.1%
Amritsar	1,808	1,987	110%	79%	0.0%	19.1%	38.0%	16.6%	26.3%
Bengaluru	15,351	4,358	28%	76%	1.8%	33.4%	31.8%	18.6%	14.5%
Chandigarh[a]	2,791	290	10%	72%	0.0%	0.0%	20.7%	79.3%	0.0%
Chennai	9,761	730	7%	100%	0.0%	49.0%	31.2%	0.0%	19.7%
Dehradun	803	1,064	133%	83%	13.3%	25.2%	28.8%	13.9%	18.8%
Goa	8,805	3,162	36%	87%	7.0%	15.4%	33.9%	18.8%	25.0%
Gurugram	6,662	1,696	25%	78%	0.0%	37.4%	25.8%	33.8%	2.9%
Hyderabad	7,465	1,206	16%	56%	0.0%	62.4%	31.1%	5.0%	1.5%
Jaipur	6,557	3,341	51%	68%	22.6%	45.4%	11.9%	12.1%	8.0%
Kochi	2,677	503	19%	58%	0.0%	48.5%	0.0%	3.2%	48.3%
Kolkata	5,028	1,288	26%	68%	22.5%	28.7%	7.2%	23.2%	18.3%
Lucknow	1,902	1,624	85%	100%	0.0%	27.4%	25.7%	28.2%	18.7%
Mumbai	13,718	4,666	34%	94%	30.8%	22.7%	14.4%	12.2%	20.0%
Navi Mumbai	1,222	826	68%	69%	0.0%	81.8%	18.2%	0.0%	0.0%
New Delhi[b]	14,917	1,627	11%	52%	20.3%	62.0%	7.7%	4.3%	5.7%
NOIDA[c]	1,649	1,560	95%	50%	0.0%	0.0%	42.9%	30.4%	26.7%
Pune	6,789	728	11%	88%	0.0%	27.5%	46.4%	21.0%	5.1%
Udaipur	2,122	1,506	71%	67%	31.2%	39.2%	0.0%	15.7%	13.8%
Other Cities[d]	49,104	35,751	73%	80%	2.5%	21.4%	30.0%	33.6%	12.6%
Total	**1,65,712**	**70,606**	**43%**	**79%**	**6.8%**	**26.3%**	**26.3%**	**25.8%**	**14.9%**

**Proposed Supply includes 5,397 rooms that have been open for less than six months, and therefore not included in the existing supply.*

[a] Chandigarh (includes Panchkula and Zirakpur) data

[b] New Delhi (excludes Gurugram, NOIDA and Greater NOIDA) data

[c] NOIDA (includes Greater NOIDA) data

[d] Other Cities includes all other hotel markets across India

Source: Hotelivate Research

FIGURE 34: DISTRIBUTION OF EXISTING AND PROPOSED BRANDED HOTEL ROOMS ACROSS MAJOR CITIES (2013/14 – 2022/23)

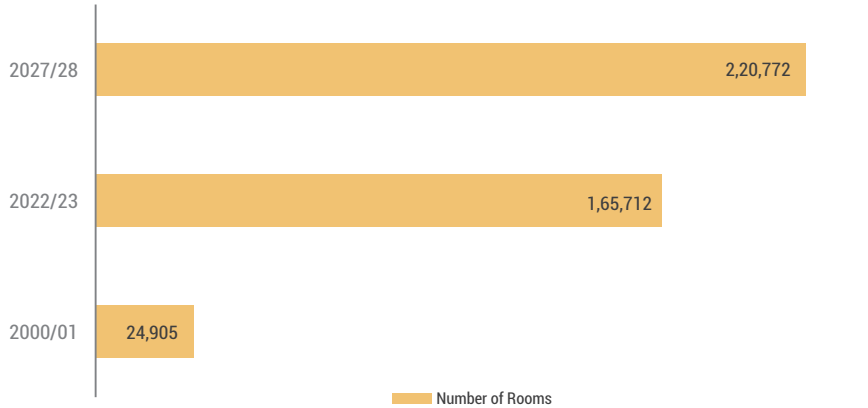
	Existing Supply										Proposed Supply									Active Development of Supply								
	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22*	22/23	13/14	14/15	15/16	16/17	17/18	18/19	19/20-20/21	21/22	22/23	13/14	14/15	15/16	16/17	17/18	18/19	19/20-20/21	21/22	22/23
Agra	1,293	1,755	2,036	2,092	2,256	1,864	2,289	2,210	2,209	2,231	990	503	622	754	428	582	734	495	1,256	82%	43%	28%	34%	72%	46%	31%	85%	85%
Ahmedabad	2,777	2,944	3,054	3,117	3,393	3,004	3,326	3,547	3,586	4,350	1,372	1,026	1,238	1,345	1,343	2,006	997	1,380	1,437	86%	64%	71%	47%	71%	76%	94%	93%	90%
Amritsar	770	766	873	1,108	1,322	1,319	1,566	1,692	1,736	1,808								1,165	1,987								82%	79%
Bengaluru	10,162	11,117	11,539	11,995	12,594	13,366	13,691	13,647	14,022	15,351	6,911	5,317	5,209	4,418	5,698	4,620	6,266	6,802	4,358	66%	52%	67%	72%	78%	65%	64%	67%	76%
Chandigarh[a]	765	866	1,275	1,909	1,873	2,116	2,161	2,231	2,676	2,791								316	290								100%	72%
Chennai	7,105	7,444	7,585	8,332	9,061	9,099	9,657	9,625	9,763	9,761	3,885	3,311	2,312	1,767	978	393	547	841	730	80%	83%	100%	94%	89%	43%	57%	29%	100%
Dehradun	-	114	114	182	234	325	380	464	624	803								1,016	1,064								78%	83%
Goa	4,703	5,298	5,574	6,400	6,386	5,979	6,772	7,488	8,244	8,805	2,291	1,743	2,062	2,870	3,028	2,068	3,223	2,810	3,162	68%	50%	90%	48%	57%	80%	63%	79%	87%
Gurugram	5,190	5,323	5,117	5,263	5,890	5,538	5,589	5,873	6,151	6,662	3,268	2,084	1,959	1,743	1,727	1,808	2,343	2,323	1,696	54%	10%	70%	23%	84%	80%	85%	80%	78%
Hyderabad	5,734	5,954	5,992	6,254	6,846	6,672	7,393	7,381	7,450	7,465	2,893	2,474	2,464	1,475	1,149	728	827	2,979	1,206	78%	61%	32%	89%	77%	68%	49%	11%	56%
Jaipur	4,523	4,822	4,931	5,058	5,352	5,285	5,553	5,471	5,478	6,557	1,706	1,119	960	1,713	1,086	2,601	3,047	3,268	3,341	82%	92%	89%	51%	82%	63%	52%	62%	68%
Kochi	1,190	1,524	1,690	1,686	1,807	2,466	2,521	2,520	2,585	2,677								302	503								67%	58%
Kolkata	2,243	2,701	2,701	3,199	3,652	3,712	4,579	4,841	4,878	5,028	2,584	2,870	3,209	2,194	1,768	1,724	929	853	1,288	72%	70%	64%	64%	77%	81%	55%	65%	68%
Lucknow	318	329	483	725	1,495	1,499	1,772	1,820	1,884	1,902								1,300	1,624								100%	100%
Mumbai	12,093	11,997	12,127	12,565	12,595	12,639	13,070	13,245	13,217	13,718	7,896	5,561	4,166	3,680	4,039	4,816	6,771	5,409	4,666	49%	33%	39%	37%	54%	69%	46%	87%	94%
Navi Mumbai	929	868	927	929	929	929	1,000	1,000	1,395	1,222								642	826								78%	69%
New Delhi[b]	12,370	13,193	14,142	14,296	14,450	14,952	15,027	15,024	15,082	14,917	5,355	2,502	2,792	1,715	1,492	805	836	1,852	1,627	71%	87%	92%	62%	87%	93%	85%	86%	52%
NOIDA[c]	1,239	1,322	1,322	1,422	1,515	1,378	1,378	1,423	1,569	1,649	2,406	1,873	2,561	1,043	1,174	981	1,889	1,268	1,560	70%	13%	9%	18%	41%	43%	60%	66%	50%
Pune	6,159	6,137	6,108	6,445	6,353	6,212	6,712	6,615	6,689	6,789	2,620	2,005	1,965	1,308	894	796	875	506	728	72%	64%	73%	47%	89%	80%	30%	60%	88%
Udaipur	886	1,029	1,096	1,157	1,157	1,317	1,605	1,742	1,953	2,122								1,065	1,506								94%	67%
Other Cities[d]	20,728	22,192	22,914	25,085	27,405	29,730	33,365	35,898	41,754	49,104	23,873	23,882	25,393	21,042	24,576	26,242	30,989	22,646	34,981	71%	70%	71%	75%	73%	77%	62%	73%	80%
Total	**1,01,177**	**1,07,695**	**1,11,600**	**1,19,219**	**1,26,565**	**1,29,401**	**1,39,406**	**1,43,757**	**1,52,945**	**1,65,712**	**68,050**	**56,270**	**56,912**	**47,067**	**49,380**	**50,170**	**60,273**	**59,238**	**69,836**	**69%**	**61%**	**66%**	**64%**	**72%**	**74%**	**61%**	**72%**	**79%**

**The 2021/22 inventory has been modified based on the updated data collated for this survey.*
[a]Chandigarh (includes Panchkula and Zirakpur)
[b]New Delhi (excludes Gurugram, NOIDA and Greater NOIDA) data
[c]NOIDA (includes Greater NOIDA)
[d]Other Cities includes all other hotel markets across India
Source: Hotelivate Research

By 2027/28, we anticipate the addition of about 55,060 rooms (under active development) which will take the total supply to 2,20,772. This represents a growth of 33% in existing supply in the next five years (Figure 35)

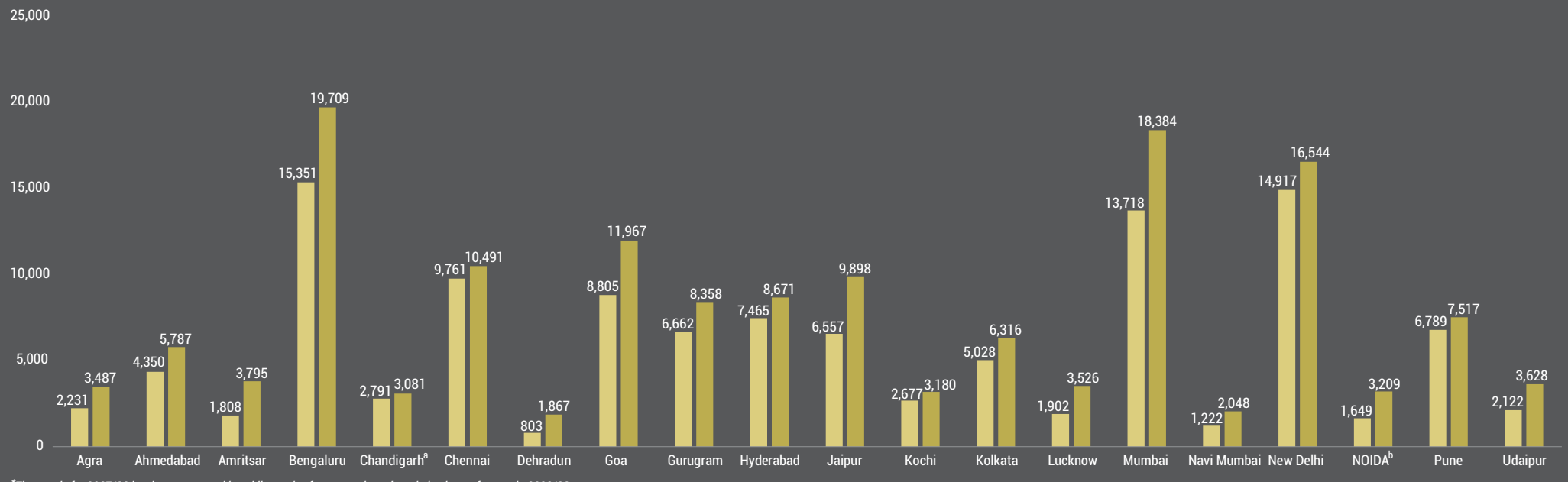
Figure 37 provides some additional slices and dices of the proposed supply. Looking at the proposed supply from the lens of positioning reveals that midmarket and upper midmarket hotels are favoured by investors, representing 52% of the total proposed supply. On the other end, luxury hotels represent the smallest segment (6.8%) of the proposed supply. Interestingly, the proposed supply is largely centred in Tier 3 markets (44%) followed by Tier 2 markets (29%) and Tier 1 markets (27%). This is on account of both owners and operators exploring opportunities to capture unaccommodated demand in emerging and virgin markets. Moreover, the distribution between projects signed by Indian-origin (46%) and International (54%) brands has become considerably equitable compared to the previous fiscal year. Additionally, North India and West India continue to dominate the hospitality industry with a share of 73% of the proposed nationwide projects.

FIGURE 35: GROWTH OF ROOM SUPPLY – INDIA (2000/01 – 2027/28)



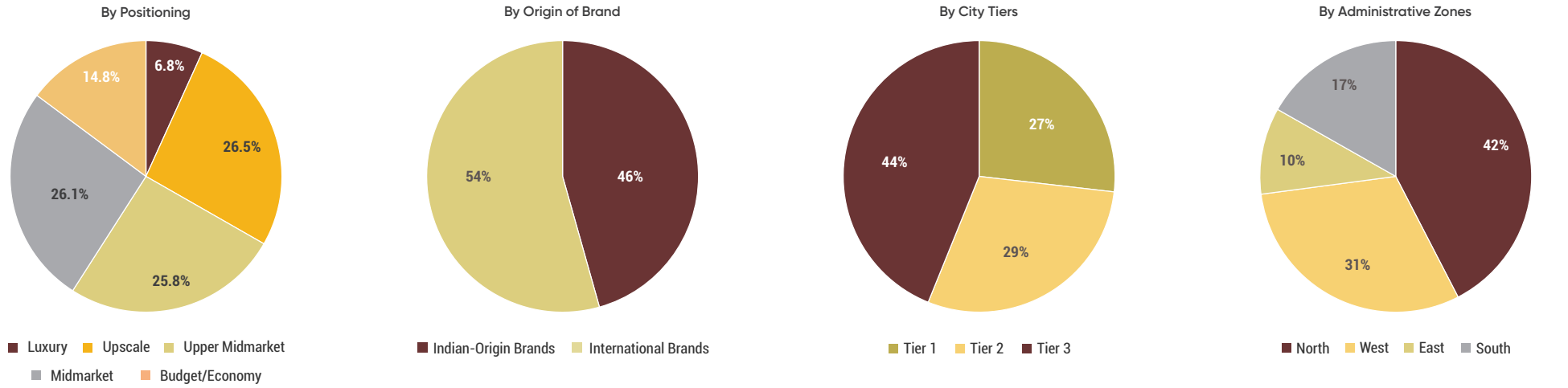
Source: Hotelivate Research

FIGURE 36: GROWTH OF SUPPLY ACROSS MAJOR CITIES (2022/23 – 2027/28*)



*The supply for 2027/28 has been computed by adding active future supply to the existing base of rooms in 2022/23
[a]Chandigarh (includes Panchkula and Zirakpur) data
[b]NOIDA (includes Greater NOIDA) data

FIGURE 37: PROPOSED BRANDED HOTEL ROOMS ACROSS VARIOUS PARAMETERS (2022/23 – 2027/28)



Source: Hotelivate Research

Industry Performance by Major City

Our key takeaways from the survey results pertaining to the industry performance of major cities and subsequent analyses are as follows:

All major markets have witnessed an increase in RevPAR in 2022/23 over 2021/22. Moreover, most markets have seen their highest-ever average rate and RevPAR of the past decade. In particular, urban markets have seen triple-digit growth in RevPAR over the previous year albeit on a smaller base. As mentioned earlier, this growth is on account of the return of corporate travel, increased reliance on retail and best available rates (BAR) for corporates and M.I.C.E. **Notably, Hyderabad has had its highest RevPAR driven by a robust increase in both occupancy and average rate. With limited supply inflow, the market is likely to witness sustained growth in these metrics.**

Mumbai continues to top the occupancy charts with 78.6% closely followed by Navi Mumbai (75.8%) and New Delhi (75.1%). These figures are similar to the cities' pre-pandemic levels of occupancy. Conversely, Udaipur had the lowest occupancy of 58.2% due to its reliance on weddings which tend to be a highly seasonal market dependent on auspicious dates. In terms of average rate, Udaipur clocked the highest ADR of ₹13,642 due to a larger base of upper upscale and luxury hotels. Looking at the urban markets, Mumbai had the highest rate of ₹9,196 due to improved business sentiment and corporate travel.

Figure 38 illustrates the marketwide occupancy of the 20 major cities between 2003/04 and 2022/23. Figures 39 and 40 highlight the ADR and RevPAR for each of these hotel markets expressed in Indian Rupees, respectively, followed by Figures 41 and 42 which illustrate the corresponding data in United States (US) dollars. Figure 43 shows the variation in average rate and occupancy across the major markets in 2022/23.

FIGURE 38: KEY OPERATING STATISTICS BY MAJOR CITY – OCCUPANCY

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Agra	50.0%	57.1%	56.0%	58.9%	58.3%	52.4%	55.9%	60.2%	57.1%	58.9%	60.4%	61.5%	57.7%	59.6%	66.2%	68.3%	66.7%	35.0%	49.2%	64.9%	**31.9%**	**85.4%**
Ahmedabad	63.2%	68.3%	69.1%	67.9%	73.3%	61.2%	58.2%	54.3%	59.9%	53.7%	52.7%	53.9%	55.6%	61.1%	63.8%	63.3%	64.8%	33.1%	57.9%	67.7%	**16.9%**	**104.5%**
Amritsar							34.5%	42.0%	31.7%	42.3%	42.4%	53.1%	58.0%	61.9%	63.0%	65.4%	64.6%	26.0%	49.6%	67.1%	**35.3%**	**158.1%**
Bengaluru	78.5%	81.4%	76.7%	72.5%	65.3%	54.6%	53.2%	58.4%	56.6%	55.6%	57.7%	58.1%	65.7%	65.9%	68.3%	65.1%	67.5%	27.5%	40.5%	65.0%	**60.5%**	**136.4%**
Chandigarh[a]					75.0%	69.0%	67.0%	66.8%	59.4%	48.5%	56.3%	56.2%	54.3%	55.1%	64.4%	69.4%	71.8%	38.4%	56.6%	69.4%	**22.6%**	**80.7%**
Chennai	66.6%	72.9%	78.2%	74.7%	72.8%	63.1%	62.1%	67.2%	65.7%	60.0%	55.4%	58.9%	62.7%	64.8%	63.0%	64.6%	64.5%	36.1%	51.7%	68.7%	**32.9%**	**90.3%**
Dehradun												55.9%	76.0%	66.0%	67.1%	69.1%	72.6%	39.0%	53.2%	65.6%	**23.3%**	**68.2%**
Goa	59.3%	62.5%	67.8%	72.8%	72.2%	61.1%	65.1%	67.7%	68.5%	68.9%	68.7%	69.7%	70.2%	71.3%	70.0%	71.0%	67.7%	37.0%	55.9%	69.3%	**24.0%**	**87.3%**
Gurugram							66.0%	66.5%	62.0%	58.0%	58.8%	61.1%	63.7%	66.3%	67.9%	68.4%	70.2%	31.5%	48.0%	65.9%	**37.3%**	**109.2%**
Hyderabad	75.9%	78.7%	82.0%	72.1%	65.7%	55.8%	53.3%	57.1%	54.0%	49.3%	51.7%	57.1%	59.3%	63.7%	66.3%	69.9%	70.3%	33.7%	51.4%	72.8%	**41.6%**	**116.0%**
Jaipur	58.8%	67.2%	65.7%	65.5%	64.7%	54.1%	57.3%	57.7%	55.2%	54.7%	54.3%	54.5%	60.8%	64.4%	67.6%	68.3%	66.2%	33.9%	49.5%	61.7%	**24.6%**	**82.0%**
Kochi					65.0%	61.4%	50.3%	56.9%	51.3%	53.0%	52.5%	53.0%	53.6%	63.4%	64.1%	53.3%	56.3%	31.1%	37.9%	60.1%	**58.6%**	**93.2%**
Kolkata	62.8%	69.0%	76.4%	75.5%	73.9%	69.5%	67.5%	68.3%	70.0%	71.5%	70.2%	67.8%	69.3%	70.9%	70.2%	69.8%	66.7%	30.2%	50.1%	69.9%	**39.5%**	**131.5%**
Lucknow					59.6%	58.0%	72.9%	73.9%	76.4%	70.5%	71.4%	67.7%	68.5%	58.5%	51.4%	59.6%	64.6%	41.4%	56.3%	69.9%	**24.2%**	**68.8%**
Mumbai[b]	69.7%	72.0%	76.2%	77.9%	74.6%	60.6%	62.5%	62.4%	61.2%	63.7%	67.2%	71.8%	73.0%	74.1%	75.3%	77.0%	76.6%	42.9%	60.4%	78.6%	**30.1%**	**83.2%**
Navi Mumbai									67.6%	60.7%	59.4%	73.9%	81.7%	77.6%	79.1%	79.3%	72.7%	43.0%	53.3%	75.8%	**42.2%**	**76.3%**
New Delhi[c]	73.1%	79.1%	80.8%	76.9%	73.9%	67.3%	68.3%	68.7%	63.8%	61.7%	60.9%	61.7%	66.7%	69.4%	70.5%	72.0%	73.2%	40.8%	57.4%	75.1%	**30.8%**	**84.1%**
NOIDA[d]							74.0%	80.7%	56.2%	44.4%	53.5%	48.0%	51.0%	56.2%	54.9%	60.0%	64.5%	33.1%	52.1%	68.1%	**30.7%**	**105.6%**
Pune	68.9%	86.4%	83.1%	83.4%	69.5%	62.2%	50.9%	46.7%	51.3%	58.2%	57.4%	61.3%	65.6%	64.1%	68.2%	69.3%	66.7%	27.9%	41.3%	67.5%	**63.4%**	**141.9%**
Udaipur									41.7%	47.7%	53.9%	57.5%	64.3%	68.8%	67.9%	72.0%	62.1%	37.2%	51.7%	58.2%	**12.6%**	**56.5%**

FIGURE 39: KEY OPERATING STATISTICS BY MAJOR CITY – AVERAGE RATE (₹)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Agra	2,431	3,012	3,622	4,715	5,262	5,322	5,773	6,243	5,958	6,126	6,338	6,488	6,083	5,508	5,316	5,800	6,204	4,112	4,220	6,302	49.3%	53.3%
Ahmedabad	2,410	2,787	3,111	3,526	4,351	4,754	4,540	4,285	3,917	3,904	3,734	3,753	3,884	3,897	4,158	4,625	4,273	3,399	3,048	4,754	56.0%	39.9%
Amritsar							4,374	4,686	3,166	3,933	3,630	3,491	3,251	3,345	3,946	4,054	4,053	3,452	3,479	4,667	34.1%	35.2%
Bengaluru	4,832	7,470	8,762	10,406	9,827	9,495	6,597	6,776	6,293	5,960	5,379	5,368	5,392	5,598	5,823	6,434	6,707	4,704	4,128	7,048	70.7%	49.8%
Chandigarh[a]					6,385	6,979	6,696	5,135	5,180	4,906	4,433	4,539	4,323	4,281	4,412	4,509	4,636	4,579	5,192	5,999	15.5%	31.0%
Chennai	3,323	3,714	4,357	5,378	6,340	6,677	5,710	5,632	5,524	5,440	5,050	4,825	4,767	4,761	4,863	5,174	5,148	3,597	3,966	5,679	43.2%	57.9%
Dehradun												4,357	4,565	4,567	4,680	4,418	4,421	3,717	4,042	6,094	50.8%	63.9%
Goa	3,086	3,985	4,804	5,801	6,255	6,271	5,613	6,056	6,162	6,513	6,692	6,819	7,020	7,538	7,920	8,207	8,260	7,379	8,507	10,267	20.7%	39.1%
Gurugram							8,247	7,554	7,639	6,831	6,569	6,241	6,253	6,382	6,113	6,455	6,592	5,372	4,705	6,793	44.4%	26.5%
Hyderabad	2,774	3,772	4,870	5,962	6,271	6,297	5,146	5,173	5,026	4,854	4,556	4,535	4,741	4,880	4,924	5,377	5,654	3,979	4,111	6,489	57.8%	63.1%
Jaipur	2,980	3,461	4,407	5,285	5,664	5,982	4,539	4,718	4,727	4,843	4,743	4,743	4,721	4,787	5,051	5,347	5,500	4,277	4,933	6,814	38.1%	59.3%
Kochi					4,690	5,149	4,946	4,985	4,859	4,821	4,847	4,099	4,415	4,401	4,335	4,814	4,881	3,724	3,574	5,420	51.7%	45.5%
Kolkata	3,021	3,240	3,887	5,288	6,575	6,686	6,087	6,408	6,049	6,093	5,739	5,734	5,607	5,814	5,904	5,830	5,934	4,258	4,300	5,663	31.7%	33.0%
Lucknow					3,641	4,065	4,314	4,498	4,223	4,463	4,733	4,760	4,834	5,062	4,274	4,069	4,129	4,626	3,713	4,335	16.8%	-6.3%
Mumbai[b]	4,356	4,822	6,041	8,738	10,932	10,679	8,428	8,194	8,210	7,820	7,355	7,473	7,611	7,942	8,066	8,376	8,487	5,270	5,191	9,196	77.2%	74.5%
Navi Mumbai									4,800	4,474	4,180	3,856	3,960	4,118	4,318	4,671	4,748	3,381	3,068	5,026	63.8%	48.7%
New Delhi[c]	4,269	5,103	6,909	9,192	10,429	9,811	8,834	8,634	8,174	7,387	6,941	6,568	6,211	6,292	6,649	7,063	7,186	4,764	5,246	8,013	52.7%	68.2%
NOIDA[d]							7,496	7,752	7,416	6,724	5,964	5,429	5,281	5,652	5,323	6,109	6,375	4,454	3,776	5,951	57.6%	33.6%
Pune	2,805	3,521	4,915	6,523	7,946	7,493	5,810	4,949	4,163	3,861	3,908	3,846	3,922	4,195	4,484	4,943	5,070	4,179	3,920	5,446	38.9%	30.3%
Udaipur									10,590	10,163	10,270	10,712	10,432	10,511	10,064	10,896	11,298	9,562	12,837	13,642	6.3%	42.7%

FIGURE 40: KEY OPERATING STATISTICS BY MAJOR CITY – RevPAR (₹)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Agra	1,216	1,720	2,028	2,777	3,068	2,790	3,227	3,758	3,400	3,605	3,827	3,988	3,510	3,281	3,517	3,960	4,139	1,439	2,076	4,090	97.0%	184.2%
Ahmedabad	1,523	1,904	2,150	2,394	3,189	2,908	2,642	2,327	2,347	2,098	1,967	2,024	2,159	2,379	2,652	2,926	2,767	1,125	1,765	3,218	82.4%	186.1%
Amritsar							1,509	1,968	1,004	1,664	1,539	1,854	1,886	2,071	2,486	2,651	2,618	898	1,726	3,132	81.5%	248.9%
Bengaluru	3,793	6,081	6,720	7,544	6,417	5,181	3,509	3,957	3,562	3,314	3,104	3,117	3,540	3,688	3,979	4,190	4,527	1,294	1,672	4,581	174.0%	254.1%
Chandigarh[a]					4,789	4,816	4,486	3,430	3,077	2,379	2,496	2,551	2,347	2,359	2,841	3,129	3,329	1,758	2,939	4,163	41.7%	136.8%
Chennai	2,213	2,708	3,407	4,017	4,616	4,210	3,546	3,785	3,629	3,263	2,795	2,844	2,990	3,085	3,066	3,343	3,318	1,299	2,050	3,901	90.3%	200.5%
Dehradun												2,436	3,469	3,014	3,140	3,053	3,210	1,450	2,150	3,998	85.9%	175.8%
Goa	1,830	2,491	3,257	4,223	4,516	3,829	3,654	4,100	4,220	4,488	4,601	4,752	4,928	5,378	5,544	5,823	5,588	2,730	4,755	7,115	49.6%	160.6%
Gurugram							5,443	5,023	4,736	3,958	3,861	3,815	3,986	4,230	4,152	4,414	4,627	1,692	2,258	4,477	98.2%	164.5%
Hyderabad	2,105	2,969	3,993	4,299	4,120	3,515	2,743	2,954	2,714	2,394	2,354	2,589	2,812	3,107	3,264	3,760	3,972	1,341	2,113	4,724	123.6%	252.3%
Jaipur	1,752	2,326	2,895	3,462	3,665	3,234	2,601	2,722	2,609	2,649	2,575	2,586	2,872	3,082	3,414	3,650	3,641	1,450	2,442	4,204	72.2%	190.0%
Kochi					3,049	3,161	2,488	2,836	2,493	2,555	2,545	2,172	2,366	2,790	2,779	2,566	2,748	1,158	1,355	3,257	140.5%	181.3%
Kolkata	1,897	2,236	2,970	3,992	4,859	4,648	4,108	4,377	4,232	4,356	4,031	3,889	3,885	4,121	4,143	4,067	3,957	1,286	2,154	3,958	83.7%	207.8%
Lucknow					2,170	2,358	3,145	3,324	3,226	3,146	3,379	3,223	3,311	2,961	2,197	2,425	2,667	1,915	2,090	3,030	45.0%	58.2%
Mumbai[b]	3,036	3,472	4,603	6,807	8,155	6,473	5,268	5,113	5,025	4,981	4,943	5,366	5,556	5,885	6,074	6,450	6,501	2,261	3,135	7,228	130.5%	219.7%
Navi Mumbai									3,245	2,716	2,483	2,850	3,235	3,196	3,416	3,704	3,452	1,454	1,635	3,810	133.0%	162.0%
New Delhi[c]	3,121	4,036	5,582	7,069	7,707	6,600	6,034	5,932	5,212	4,561	4,225	4,052	4,140	4,367	4,691	5,089	5,259	1,944	3,011	6,018	99.8%	209.6%
NOIDA[d]							5,547	6,256	4,164	2,985	3,193	2,604	2,692	3,175	2,921	3,668	4,114	1,475	1,967	4,053	106.0%	174.7%
Pune	1,933	3,042	4,084	5,440	5,522	4,661	2,957	2,311	2,135	2,248	2,243	2,359	2,573	2,690	3,057	3,426	3,381	1,166	1,619	3,676	127.1%	215.3%
Udaipur									4,416	4,848	5,536	6,159	6,708	7,232	6,833	7,845	7,016	3,557	6,637	7,940	19.6%	123.2%

**The 2021/22 performance has been modified based on the updated data collated for this survey.*
[a] Chandigarh (includes Panchkula and Zirakpur) data
[b] New Delhi (excludes Gurugram, NOIDA and Greater NOIDA) data
[c] NOIDA (includes Greater NOIDA)
[d] Other Cities includes all other hotel markets across India
Source: Hotelivate Research

FIGURE 41: KEY OPERATING STATISTICS BY MAJOR CITY – AVERAGE RATE (US$)

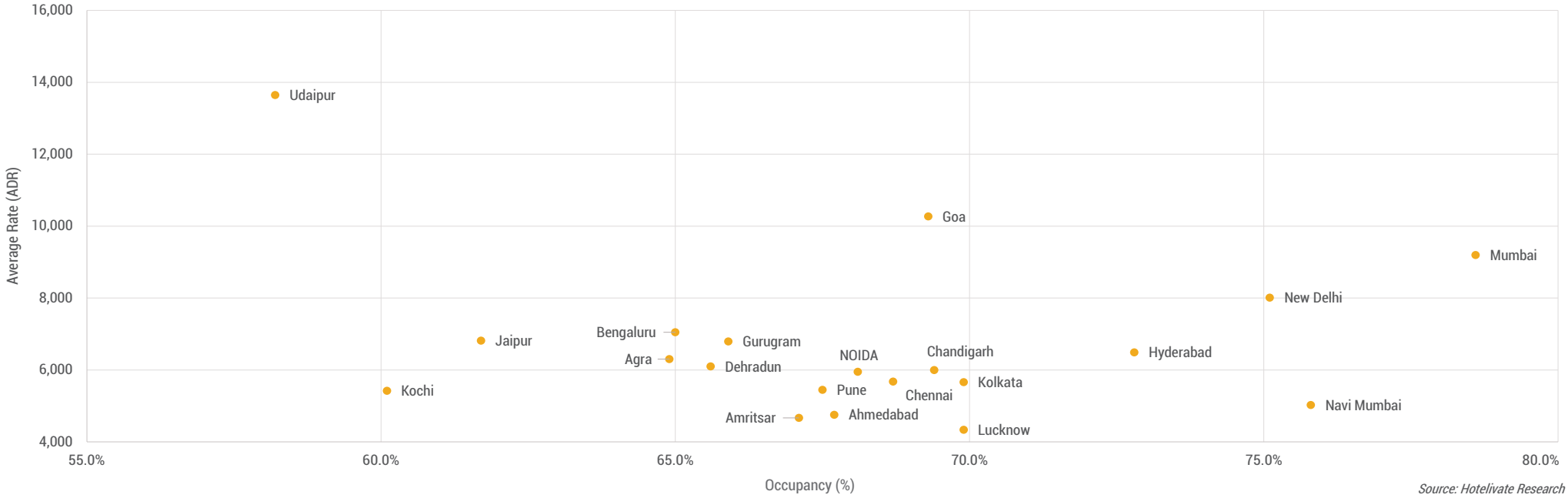
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Agra	53	67	81	108	131	116	121	137	124	112	104	106	94	82	82	86	88	56	57	78	38.5%	39.6%
Ahmedabad	52	62	70	81	108	104	95	94	82	72	62	61	60	58	65	69	61	46	41	59	44.7%	27.4%
Amritsar							92	103	66	72	60	57	50	50	61	60	57	47	47	58	24.4%	23.1%
Bengaluru	105	166	197	239	244	207	138	149	131	109	89	88	83	83	90	96	95	64	55	88	58.3%	36.5%
Chandigarh[a]					159	152	140	113	108	90	73	74	66	64	68	67	66	63	70	75	7.2%	19.3%
Chennai	72	83	98	123	158	145	120	124	115	100	83	79	73	71	75	77	73	49	53	71	32.8%	43.8%
Dehradun												71	70	68	73	66	63	51	54	76	39.8%	49.3%
Goa	67	89	108	133	156	137	118	133	128	120	110	112	108	112	123	122	117	101	114	128	11.9%	26.7%
Gurugram								166	159	125	108	102	96	95	95	96	94	73	63	85	33.9%	15.2%
Hyderabad	60	84	109	137	156	137	108	114	105	89	75	74	73	73	76	80	80	54	55	81	46.4%	48.5%
Jaipur	65	77	99	121	141	130	95	104	99	89	78	78	73	71	78	80	78	58	66	85	28.1%	45.1%
Kochi					117	112	104	109	101	89	80	67	68	66	67	72	69	51	48	67	40.6%	32.6%
Kolkata	66	72	87	121	164	146	128	141	126	112	95	94	86	87	92	87	84	58	58	70	22.1%	21.1%
Lucknow					91	89	90	99	88	82	78	78	74	75	66	61	59	63	50	54	8.3%	-14.6%
Mumbai[b]	95	107	136	200	272	233	177	180	171	144	121	122	117	118	125	125	120	72	70	114	64.3%	58.9%
Navi Mumbai									100	82	69	63	61	61	67	69	67	46	41	63	51.9%	35.4%
New Delhi[c]	93	114	155	211	259	214	185	189	170	136	114	107	96	94	103	105	102	65	70	100	41.7%	53.2%
NOIDA[d]								170	155	123	98	89	81	84	83	91	90	61	51	74	46.2%	21.7%
Pune	61	78	110	150	198	163	122	109	87	71	64	63	60	63	70	74	72	57	53	68	28.8%	18.7%
Udaipur									221	187	169	175	160	157	156	162	160	131	172	170	-1.4%	30.0%
Exchange Rate	46.0	44.9	44.5	43.6	40.2	45.9	47.7	45.6	48.0	54.5	60.7	61.2	65.0	67.1	64.5	67.2	70.5	73.2	74.5	80.4		

FIGURE 42: KEY OPERATING STATISTICS BY MAJOR CITY – RevPAR (US$)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	2022/23	12-Month Change	24-Month Change
Agra	26	38	46	64	76	61	68	82	71	66	63	65	54	49	55	59	59	20	28	51	82.7%	158.9%
Ahmedabad	33	42	48	55	79	63	55	51	49	39	32	33	33	35	41	44	39	15	24	40	69.1%	160.6%
Amritsar							32	43	21	31	25	30	29	31	39	39	37	12	23	39	68.3%	217.8%
Bengaluru	82	135	151	173	160	113	74	87	74	61	51	51	54	55	62	62	64	18	22	57	154.1%	222.6%
Chandigarh[a]					119	105	94	75	64	44	41	42	36	35	44	47	47	24	39	52	31.4%	115.7%
Chennai	48	60	77	92	115	92	74	83	76	60	46	47	46	46	48	50	47	18	28	49	76.5%	173.7%
Dehradun												40	53	45	49	45	46	20	29	50	72.4%	151.2%
Goa	40	55	73	97	112	83	77	90	88	82	76	78	76	80	86	87	79	37	64	89	38.8%	137.4%
Gurugram							114	110	99	73	64	62	61	63	64	66	66	23	30	56	83.8%	141.0%
Hyderabad	46	66	90	99	102	77	58	65	57	44	39	42	43	46	51	56	56	18	28	59	107.3%	220.9%
Jaipur	38	52	65	79	91	70	55	60	54	49	42	42	44	46	53	54	52	20	33	52	59.7%	164.1%
Kochi					76	69	52	62	52	47	42	36	36	42	43	38	39	16	18	41	123.0%	156.2%
Kolkata	41	50	67	92	121	101	86	96	88	80	66	64	60	61	64	61	56	18	29	49	70.4%	180.4%
Lucknow					54	51	66	73	67	58	56	53	51	44	34	36	38	26	28	38	34.4%	44.1%
Mumbai[b]	66	77	103	156	203	141	110	112	105	91	81	88	85	88	94	96	92	31	42	90	113.8%	191.2%
Navi Mumbai									68	50	41	47	50	48	53	55	49	20	22	47	116.1%	138.7%
New Delhi[c]	68	90	125	162	192	144	126	130	109	84	70	66	64	65	73	76	75	27	40	75	85.3%	182.0%
NOIDA[d]							116	137	87	55	53	43	41	47	45	55	58	20	26	50	91.1%	150.2%
Pune	42	68	92	125	137	102	62	51	45	41	37	39	40	40	47	51	48	16	22	46	110.6%	187.2%
Udaipur									92	89	91	101	103	108	106	117	100	49	89	99	11.0%	103.3%
Exchange Rate	46.0	44.9	44.5	43.6	40.2	45.9	47.7	45.6	48.0	54.5	60.7	61.2	65.0	67.1	64.5	67.2	70.5	73.2	74.5	80.4		

**The 2021/22 performance has been modified based on the updated data collated for this survey.*
[a] Chandigarh (includes Panchkula and Zirakpur) data
[b] New Delhi (excludes Gurugram, NOIDA and Greater NOIDA) data
[c] NOIDA (includes Greater NOIDA)
[d] Other Cities includes all other hotel markets across India
Source: Hotelivate Research

FIGURE 43: : OCCUPANCY AND AVERAGE RATE FOR THE 20 MAJOR MARKETS (2022/23)



Source: Hotelivate Research

Demand, Supply and Revenue Growth Rates by Major City (2013/14 – 2022/23)

The following analysis showcases the ten-year compounded annual growth rate (CAGR) for demand, supply, and room revenue for the period of 2013/14–2022/23. Interestingly, barring Goa and Lucknow, all markets have seen demand outpace supply. In terms of room revenue growth, markets such as Ahmedabad, Amritsar, and Hyderabad have outperformed the nationwide averages. Figure 44 showcases the growth rates for the nation and the major markets.

FIGURE 44: DEMAND, SUPPLY AND REVENUE GROWTH (2013/14-2022/23)

	Demand CAGR	Supply CAGR	Revenue CAGR
India	4.97%	4.36%	5.88%
Agra	5.40%	5.10%	4.61%
Ahmedabad	6.86%	5.81%	8.16%
Amritsar	9.59%	6.35%	10.96%
Bengaluru	4.91%	4.39%	6.03%
Chandigarh	6.68%	6.32%	9.35%
Chennai	4.34%	3.10%	4.88%
Dehradun*	11.85%	10.86%	13.95%
Goa	4.96%	5.00%	7.82%
Gurugram	3.87%	3.12%	3.64%
Hyderabad	4.53%	2.62%	6.33%

	Demand CAGR	Supply CAGR	Revenue CAGR
India	4.97%	4.36%	5.88%
Jaipur	4.00%	3.34%	5.74%
Kochi	4.74%	4.10%	5.39%
Kolkata	5.90%	5.86%	5.63%
Lucknow	11.16%	11.34%	10.34%
Mumbai	2.13%	1.23%	3.39%
Navi Mumbai	2.83%	1.45%	3.89%
New Delhi	3.36%	2.20%	3.94%
NOIDA	5.51%	4.20%	4.74%
Pune	3.90%	3.01%	5.58%
Udaipur	5.94%	5.47%	7.14%

Source: Hotelivate Research

Top 15 Markets by RevPAR

Traditionally, the top 15 markets have a mixture of urban and leisure markets as seen in Figure 45. During and after the global pandemic, we have seen a complete change with leisure markets clocking higher RevPAR numbers led by average rate growth. During 2022/23 (Figure 46), Kumarakom has overtaken Rishikesh to become the highest RevPAR market in India. They are closely followed by Kovalam, Srinagar and Udaipur. The only urban markets to feature in the list are the gateway cities of Mumbai and New Delhi. Interestingly, we can see a mixture of leisure markets spread across the country which include religious, getaway, beach, and mountainous destinations.

FIGURE 45: TOP 15 HOTEL MARKETS BY RevPAR – 2018/19*

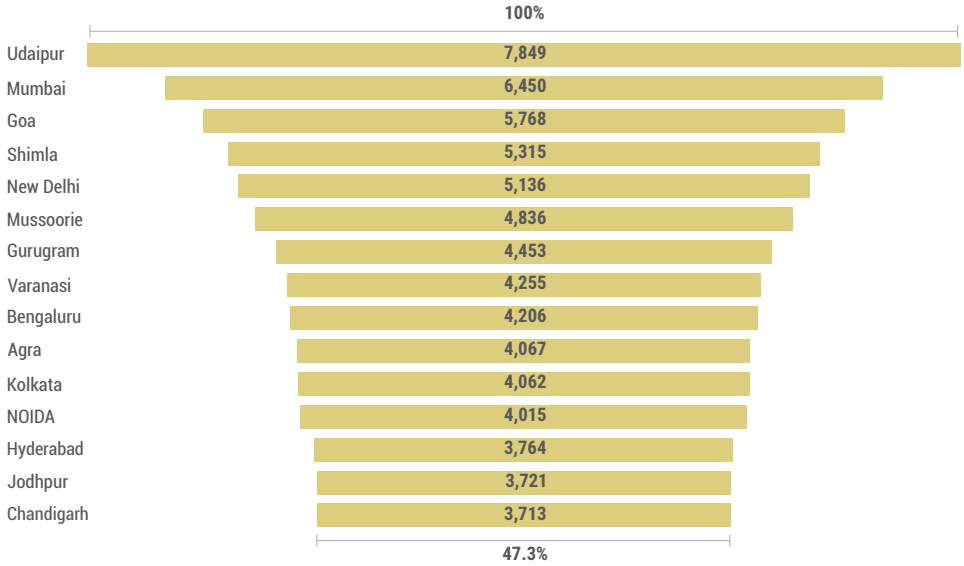
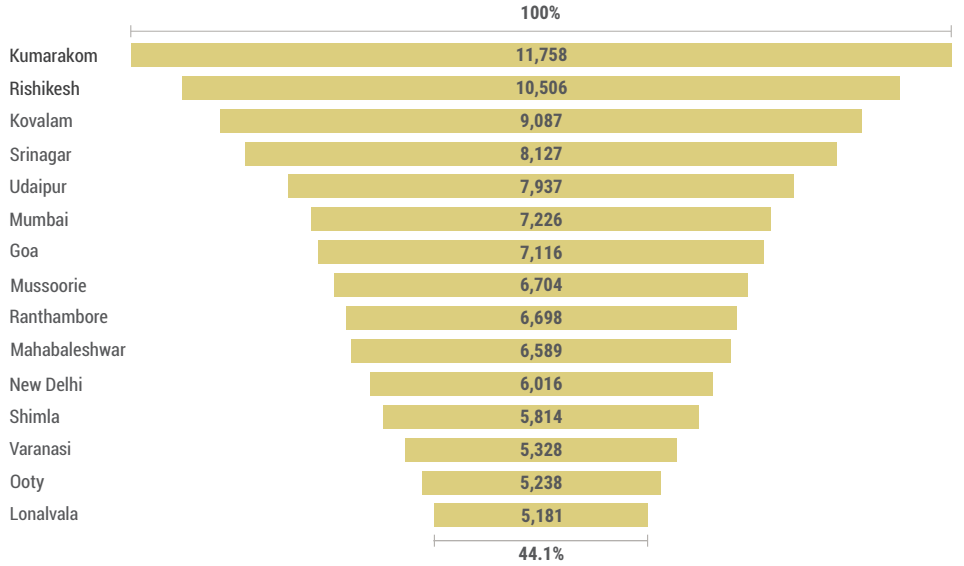


FIGURE 46: TOP 15 HOTEL MARKETS BY RevPAR – 2022/23*



Only cities with more than five hotels have been considered for this analysis.

Source: Hotelivate Research

Lemon Tree Hotel Kalina Mumbai

HRJ Sarovar Portico Indore

Bottom 15 Markets by RevPAR

As seen in Figures 47 and 48, the bottom 15 Markets by RevPAR include locations which were previously considered 'promising' destinations which had bucked the trend as their RevPAR was impacted by an oversupply in many of these markets. **Notably, certain markets such as Ghaziabad, Rajkot, Thiruvananthapuram, and Vadodara have continued to feature on the list over the past few years.** Moreover, multiple markets from Gujarat such as Morbi, Jamnagar, and Bhuj, among others, have featured in these lists owing to the price-sensitive nature of the consumers.

FIGURE 47: BOTTOM 15 HOTEL MARKETS BY RevPAR - 2018/19

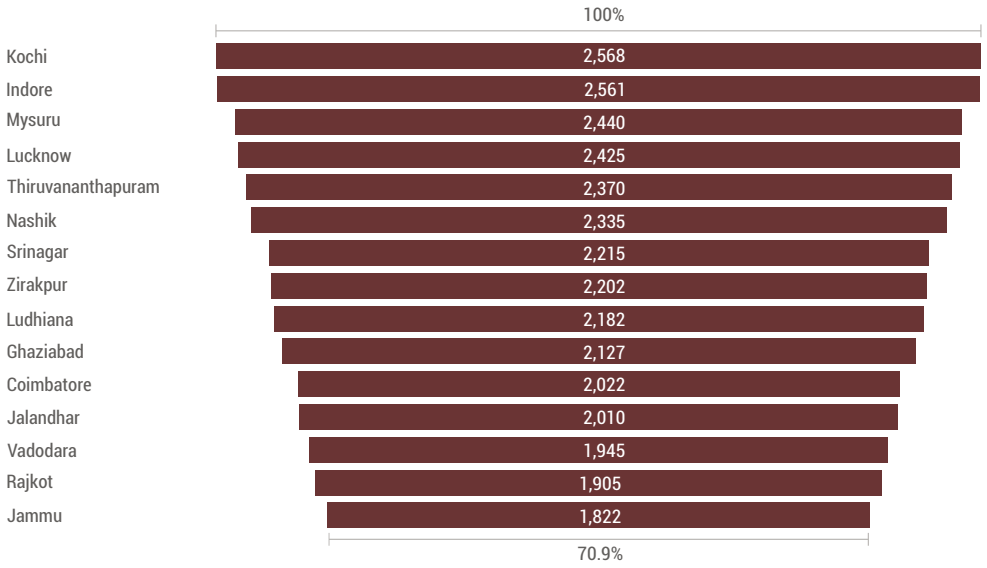
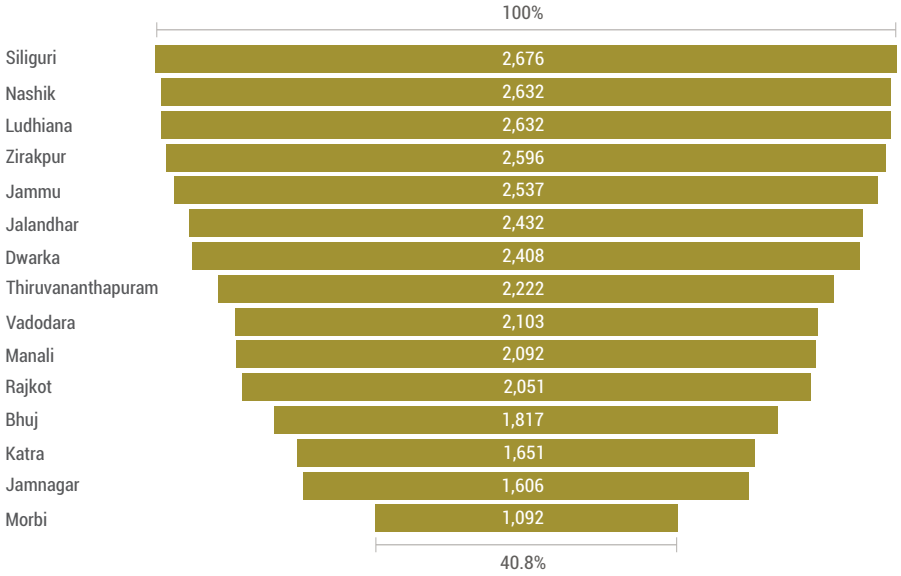


FIGURE 48: BOTTOM 15 HOTEL MARKETS BY RevPAR - 2022/23



*Only cities with more than five hotels have been considered for this analysis.

Source: Hotelivate Research

Top 15 Cities by Room Revenue

Figure 49 looks at the top 15 markets based on room revenue generated. **Mumbai boasts of the highest absolute branded room revenue in the nation. It is followed by New Delhi and then Bengaluru**. Intriguingly, Bengaluru, India's largest hotel market by inventory, lags Mumbai by about 40% in terms of room revenue.

On a per-key basis, Udaipur (~28 lakhs/key) has the highest room revenue followed by Mumbai (~26 lakhs/key) and Goa (~25 lakhs/key). Interestingly, Kolkata, Gurugram and Udaipur have experienced a decline in their room revenue generated per key between 2018/19 and 2022/23. The decline is linked to rapid growth in supply over the past few years in these markets.

In terms of compounded annual growth rate (CAGR) for Room Revenue between 2018/19 and 2022/23, **only New Delhi (4.7%) and Gurugram (4.2%) have clocked sub-inflationary growth (less than 5%).** Goa emerges as a standout performer, with an impressive CAGR of 17.4%, translating to an increase of approximately 1,000 crores in room revenue over 2018/19. This has been led by a strong demand footprint as well as supply growth. On the other hand, for urban markets, Ahmedabad (16.1%) and Chandigarh (16.9%) have exhibited significant growth linked to rapid urbanisation and the development of these locations as urban hubs alongside the organic growth in supply.

FIGURE 49: TOP 15 CITIES BY ROOM REVENUE (2018/19 & 2022/23)*

	2018/19				2022/23					
City	Inventory	RevPAR	Room Revenue**	Room Revenue/Key	Inventory	RevPAR	Room Revenue**	Room Revenue/Key	% Change	CAGR***
Mumbai	12,175	6,470	28,68,00,00,000	23,55,647	13,718	7,226	35,62,00,00,000	25,96,588	10.2%	5.6%
New Delhi	14,449	5,148	27,07,00,00,000	18,73,486	14,917	6,016	32,56,00,00,000	21,82,745	16.5%	4.7%
Bengaluru	12,612	4,240	19,31,00,00,000	15,31,082	15,351	4,584	25,52,00,00,000	16,62,432	8.6%	7.2%
Goa	5,883	5,657	11,60,00,00,000	19,71,783	8,805	7,116	22,00,00,00,000	24,98,580	26.7%	17.4%
Chennai	8,934	3,386	10,90,00,00,000	12,20,058	9,761	3,899	13,86,00,00,000	14,19,936	16.4%	6.2%
Hyderabad	6,568	3,764	8,96,00,00,000	13,64,190	7,465	4,726	12,88,00,00,000	17,25,385	26.5%	9.5%
Gurugram	5,312	4,463	8,65,00,00,000	16,28,389	6,404	4,532	10,19,00,00,000	15,91,193	-2.3%	4.2%
Jaipur	4,995	3,582	6,45,00,00,000	12,91,291	6,557	4,201	9,49,00,00,000	14,47,308	12.1%	10.1%
Pune	5,795	3,511	7,16,00,00,000	12,35,548	6,789	3,678	9,11,00,00,000	13,41,877	8.6%	6.2%
Kolkata	3,620	4,062	5,24,00,00,000	14,47,514	5,028	3,957	7,24,00,00,000	14,39,936	-0.5%	8.4%
Udaipur	1,230	8,305	3,52,00,00,000	28,60,345	2,122	7,937	6,04,00,00,000	28,44,181	-0.6%	14.5%
Ahmedabad	2,499	3,060	2,66,00,00,000	10,65,243	4,350	3,219	4,83,00,00,000	11,10,943	4.3%	16.1%
Agra	1,625	4,067	2,41,00,00,000	14,84,634	2,231	4,093	3,33,00,00,000	14,93,791	0.6%	8.4%
Chandigarh	1,215	3,855	1,71,00,00,000	14,07,205	1,866	4,970	3,19,00,00,000	17,10,011	21.5%	16.9%
Kochi	2,523	2,622	2,25,00,00,000	8,93,480	2,677	3,258	3,18,00,00,000	11,89,079	33.1%	9.0%

**The following analysis looks at only the room revenue generated by the hotels based on their operational inventory, days open and their performance levels.*
***Overall Room Revenue has been rounded to the nearest crore.*
****CAGR has been calculated for the four-year period between 2018/19 and 2022/23.*
Source: Hotelivate Research

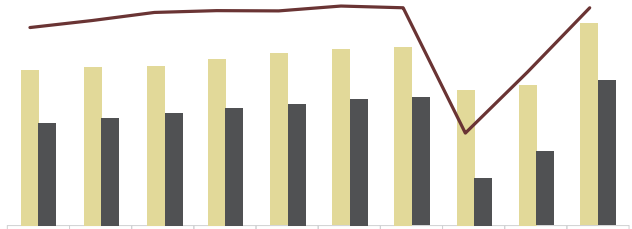
The Hotel Volatility Index 2023

We have often noticed that the performance statistics of a market are skewed due to the opening of new hotels; hotels which are yet to stabilise bring down either the occupancy percentage, the average rate or both. This is especially true for rapidly emerging hotel markets such as India. In order to better understand the performance of stable state assets, we have selected a base of 100 hotels which have been operational since 2012 or earlier, to act as a reliable index for equitable year on year benchmarking for the properties across India. The Hotel Volatility Index (HVI) can provide an accurate gauge of the country's hotel industry.

Figure 50 below illustrates the occupancy, average rate, and RevPAR performance of the 100 hotels between 2013/14 and 2022/23, further categorised by location.

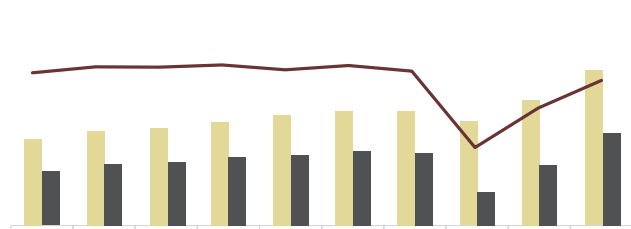
FIGURE 50: HOTEL VOLATILITY INDEX | URBAN AND LEISURE LOCATIONS

Hotel Volatility Index | 100 Hotels



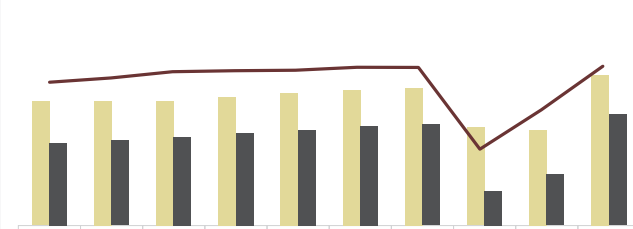
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
7,611	7,754	7,818	8,138	8,408	8,603	8,732	6,632	6,862	9,900
5,002	5,255	5,486	5,752	5,934	6,197	6,247	2,310	3,617	7,080
65.7%	67.8%	70.2%	70.7%	70.6%	72.0%	71.5%	34.8%	52.7%	71.3%

Hotel Volatility Index | 30 Leisure Hotels



2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
9,931	10,855	11,236	11,917	12,730	13,139	13,126	11,954	14,432	17,810
6,212	7,043	7,281	7,826	8,107	8,600	8,295	3,876	6,976	10,591
62.5%	64.9%	64.8%	65.7%	63.7%	65.5%	63.2%	32.4%	48.3%	59.5%

Hotel Volatility Index | 70 Urban Hotels



2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
7,181	7,202	7,209	7,460	7,656	7,854	7,984	5,669	5,507	8,714
4,764	4,920	5,134	5,346	5,507	5,752	5,842	2,002	2,950	6,427
66.3%	68.3%	71.2%	71.7%	71.9	73.2%	73.2%	35.3%	53.6%	73.8%

ADR RevPAR Occupancy

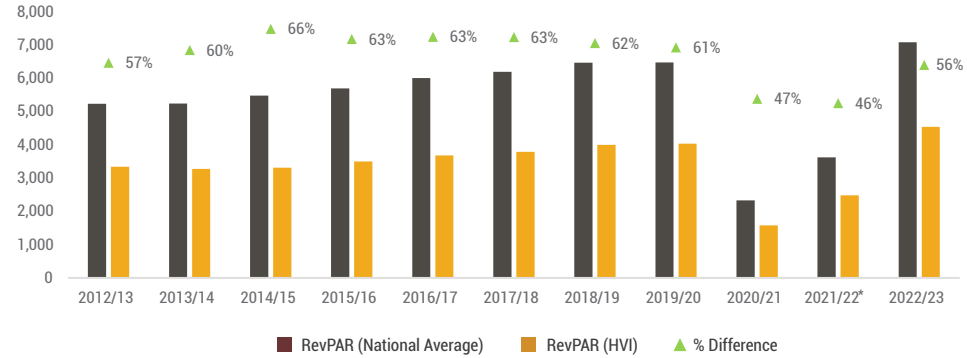
**The table presents ADR followed by RevPAR and Occupancy%.*

Source: Hotelivate Research

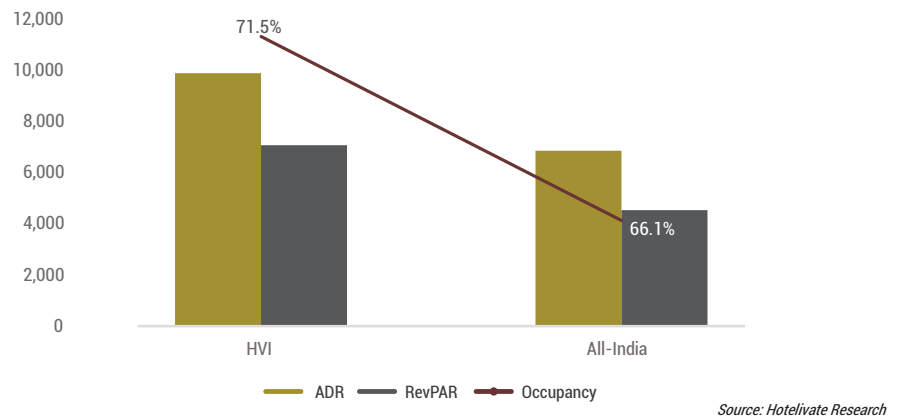
The HVI hotels have significantly outperformed the nationwide hotels with a RevPAR premium of 56% (Figure 51). Drilling down to the occupancy and average rate reveals that these hotels had an occupancy of 71.5% (compared to 66.1% achieved by the larger sample set) and an average rate of ₹9,900 (compared to 6,861 achieved by the larger sample set). Moreover, the HVI hotels have surpassed the RevPAR attained by them in 2018/19 by 14.2%. This points towards a healthy demand situation that is enabling these hotels to retain or marginally increase their occupancy while improving their average rates despite the influx of supply into these markets.

The performance of leisure hotels vis-à-vis the performance of urban hotels (Figure 50) must be carefully studied. The sustained growth in domestic travel coupled with the return of business travel and M.I.C.E has allowed hotels in both urban and leisure locations to pull up their rates considerably. There is, however, a stark difference in the rate growth. The urban locations have increased their rates by 10.9% whereas leisure locations have grown the rates by 35.6% over 2018/19 levels. This remarkable rate growth has widened the difference between leisure and urban hotels in terms of RevPAR.

FIGURE 51: HVI vs NATIONAL AVERAGE | 2022/23



*The 2021/22 performance has been modified based on the updated data collated for this survey.
Source: Hotelivate Research



Source: Hotelivate Research

Looking at the HVI through the lens of City Tiers (Figure 52) and Administrative Zones (Figure 53) reveals certain interesting insights. In terms of RevPAR, the Eastern region is yet to breach their pre-pandemic numbers (0.63% lower than the 2018/19 numbers). Moreover, the Tier 3 cities have seen a sizable increase in their RevPAR (26.3% over 2018/19) which is again linked to the large growth in their average rate, especially in leisure locations.

FIGURE 52: HVI: KEY OPERATING STATISTICS BY CITY TIERS

	Tier 1			Tier 2			Tier 3		
	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR
2011/12	65.8%	8,432	5,546	55.4%	6,928	3,837	54.2%	6,070	3,291
2012/13	66.5%	8,211	5,462	58.7%	6,794	3,985	57.9%	6,057	3,507
2013/14	68.3%	7,899	5,393	60.5%	6,968	4,213	56.3%	6,206	3,493
2014/15	70.0%	7,934	5,550	62.6%	7,503	4,696	61.3%	6,100	3,739
2015/16	72.1%	7,970	5,745	66.1%	7,757	5,129	63.2%	5,997	3,791
2016/17	72.8%	8,292	6,037	65.7%	8,088	5,311	65.4%	6,284	4,107
2017/18	72.6%	8,528	6,187	66.1%	8,436	5,580	64.7%	6,696	4,333
2018/19	74.0%	8,668	6,416	67.6%	8,789	5,941	65.9%	6,898	4,547
2019/20	73.7%	8,818	6,503	66.4%	8,846	5,871	65.9%	7,150	4,713
2020/21	36.5%	6,298	2,300	30.6%	7,793	2,384	31.7%	6,759	2,146
2021/22	55.2%	6,436	3,551	46.5%	8,268	3,846	47.5%	7,365	3,501
2022/23	74.4%	9,840	7,322	65.3%	10,252	6,692	62.0%	9,267	5,743

Source: Hotelivate Research

FIGURE 53: HVI: KEY OPERATING STATISTICS BY ADMINISTRATIVE ZONE

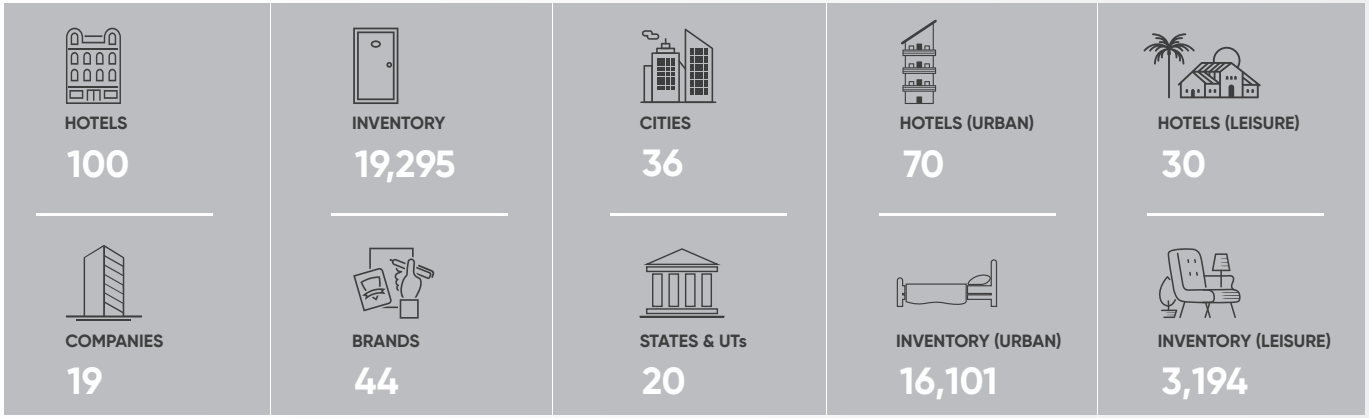
	East			North			South			West		
	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR
2011/12	69.6%	5,777	4,021	62.8%	8,987	5,642	56.3%	7,533	4,244	64.2%	8,057	5,173
2012/13	71.6%	5,906	4,232	63.7%	8,668	5,518	57.2%	7,380	4,219	66.9%	7,791	5,216
2013/14	70.0%	5,629	3,940	66.3%	8,265	5,477	57.9%	7,219	4,178	68.6%	7,740	5,311
2014/15	71.1%	5,867	4,173	67.8%	8,433	5,719	59.2%	7,001	4,148	71.9%	7,989	5,742
2015/16	72.4%	5,752	4,166	68.8%	8,630	5,941	63.9%	6,904	4,413	74.1%	8,091	5,993
2016/17	75.3%	5,826	4,387	69.4%	8,958	6,217	64.2%	7,156	4,592	74.3%	8,523	6,330
2017/18	74.7%	6,081	4,542	69.9%	9,133	6,385	65.6%	7,425	4,872	72.9%	8,877	6,476
2018/19	75.6%	6,187	4,677	71.4%	9,360	6,687	66.4%	7,611	5,057	74.8%	9,077	6,791
2019/20	71.8%	6,131	4,400	71.5%	9,388	6,710	66.9%	7,767	5,199	74.1%	9,273	6,869
2020/21	33.7%	4,402	1,483	35.6%	7,464	2,659	31.1%	5,856	1,819	36.6%	6,823	2,496
2021/22	51.5%	4,864	2,497	54.6%	7,674	4,190	47.9%	5,734	2,749	54.2%	7,207	3,906
2022/23	74.7%	6,218	4,647	71.3%	10,664	7,607	66.9%	8,516	5,697	73.5%	10,834	7,968

Source: Hotelivate Research

FIGURE 54: HVI: KEY OPERATING STATISTICS BY ORIGIN OF BRAND

	Indian-Origin			International		
	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR
2013/14	67.1%	8,524	5,716	64.4%	6,663	4,290
2014/15	67.8%	8,879	6,018	67.8%	6,635	4,496
2015/16	70.6%	8,931	6,301	69.8%	6,702	4,677
2016/17	70.5%	9,361	6,599	70.9%	6,942	4,919
2017/18	69.9%	9,740	6,809	71.2%	7,117	5,070
2018/19	72.0%	10,024	7,219	72.0%	7,139	5,143
2019/20	69.9%	9,992	6,985	73.3%	7,462	5,466
2020/21	35.5%	7,047	2,501	34.2%	6,178	2,110
2021/22	52.6%	8,471	4,453	52.9%	5,160	2,727
2022/23	72.6%	11,831	8,585	70.4%	7,878	5,550

Source: Hotelivate Research



In conclusion, we believe that the HVI provides an accurate gauge of the country's hotel industry performance over time. Stable state assets not only demonstrate resilience but also stand to gain more when the industry is on an upswing. Considering the efficiencies brought in during the pandemic along with the performance upside, these hotels have managed to enhance their profitability levels beyond the pre-pandemic numbers. This is a clear indication that hotel owners need to be patient and allow their assets to ramp up and stabilise to take advantage of the economic resilience coupled with consistent and higher returns. These hotels are likely to continue witnessing measured growth in their rates while holding onto occupancy levels. Prudent revenue management strategies, strategic sales and marketing efforts and talent management would be key areas of focus to sustain performance levels and maximise the benefits during this upcycle.

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Associate, Strategic Advisory, Hotelivate

Ramada by Wyndham, Gangtok

The Fern Alwar

Future Trends & Opportunities

01 Bullish on Boutique

With the growth of the global economy, we are transitioning towards an environment where experiences are becoming the new material good for the consumer. The changing consumer behaviour has allowed the popularity of boutique hotels to dramatically increase. These hotels cater to a discerning clientele seeking more than just a place to sleep. They stand out through their unique individuality, offering guests an immersive atmosphere that reflects local culture and traditions, delivering experiences. This segment is poised to continue growing as tourists prioritize experiences over mere products and services, which are now considered prerequisites rather than distinguishing features. All major hotel companies have added brands to their portfolio, sometimes termed 'soft brands', to cater to this segment of the industry. This includes various brands such as Storii (ITC); SeleQtions (IHCL); Tribute Portfolio and Autograph Collection (Marriott); The Unbound Collection and JdV (Hyatt); Trademark Collection (Wyndham); Canopy (Hilton); The Handwritten Collection (Accor); Vignette Collection (IHG); and Radisson Individuals, among others. These brands are characterised by flexible development guidelines which allow the developer of the property to have a free reign in the design of the hotel which not only allows for the creation of truly unique assets but also provides the developer a higher degree of control on the overall development cost.

02 Lifestyle Brands

Lifestyle brands embody the personality of their target customer. Travel has come to mean something different for each of us: increasingly, consumers are keen on being pampered, seeking authenticity, meaning and emotion. The comfort that comes with a branded hotel is important, but the definition of a memorable experience has evolved. It is no longer just about sprawling properties, grand lobbies, and spacious rooms but instead comfort, character and brands that can deliver an engaging experience through every aspect of the product. With the ability to hold onto the informality and charm of an independent hotel, paired with the quality and reassurance of a respected global brand, lifestyle hotels have seen extraordinary growth in recent years. Lifestyle brands in, many hotel companies' family of brands, have gone from a nascent concept almost 15 years ago to growing explosively the world over. The undeniable champion of the space is the Ennismore bouquet of brands (now part of Accor). Some other examples include W (Marriott); Hyatt Centric; Radisson RED; Tru by Hilton; Aiden (Best Western); and Kimpton (IHG) among others. Hotelivate believes that lifestyle hotels, especially developed as part of the lifestyle portfolio of a larger hotel company, present a unique opportunity in India. While the collection of markets which may allow for such a product are currently limited, this space remains relatively untapped. With millennials increasingly representing the bulk of the income-earning population and consequently the large mass of tourists, lifestyle hotels can offer truly unique experiences and enjoy a competitive advantage. With design, aesthetics, story, and engagement being the priority, development costs can be deployed effectively to create these hotels without any overspending required.

03 All-Inclusive Resorts

As domestic tourism continues to dominate hotel demand within India, an inevitable push for hotel supply in off-beat leisure locations is underway. Our team at Hotelivate has spent the last fiscal as well as the first half of the current fiscal visiting several new leisure markets with recurring demand for feasibility studies and operator searches for projects in tea estates, wildlife hotspots and hill stations. With this newfound confidence of hotel owners and developers, the international focus of hospitality stakeholders, especially hotel brands, on the All-Inclusive model will find impressive synergy in India. Such hotels are designed to be destinations themselves with hotel guests expected to spend most of their time at the property. This model is therefore suitable for scenic but relatively unknown, remote destinations which do not feature much more than a few activities. The nature of the model has minimal focus on tasks, such as order taking, punching and invoice settlement; this allows hotel employees to devote more time and energy to experience curation and guest engagement. Moreover, the key features of the All-Inclusive model, especially a single upfront fee and value for money, can be expected to enjoy significant patronage from the value-hungry, relatively price-sensitive Indian consumer. With no meaningful alteration in development cost, a well-run All-Inclusive hotel also presents a superior opportunity for profit optimization via increased control and predictive power for operating costs. Rixos (Accor); Zoetry and Dream Hotels (Hyatt); Paradisus (Melia) and Iberostar (IHG) are some notable brands in this space. Atmosphere Hotels & Resorts, a brand which exclusively employs the All-Inclusive model, will make its debut in India this year and we can be sure that they are heralding a coming trend.

04 Religious and Spiritual Tourism

India boasts a multitude of revered destinations, including Amritsar, Varanasi, Rishikesh, Katra, Kedarnath, and Tirupati. These spiritual and religious sites have become instrumental in shaping the burgeoning domestic tourism landscape of the country. Post-pandemic, it is evident that travel motivated by spiritual or religious reasons is now a discernible trend among travellers. A survey conducted by ICICI Direct in 2022 underscored this trend, with Varanasi attracting a remarkable 720 lakh tourists, surpassing Goa's 85 lakh visitor count by a factor of eight. The Ministry of Tourism's data further reveals the economic significance of these spiritual hubs, generating nearly ₹1.3 lakh crore in revenue with approximately 1.43 billion visitors in 2022. Contrary to the stereotype of appealing primarily to older generations, this trend transcends generational boundaries. Moreover, it's not confined to mainstream destinations alone; lesser-known cities are experiencing a surge in spiritual and religious tourism, thanks to the government's initiatives. An example is Ayodhya, poised for a tourism revolution with the redevelopment of the Ram Mandir, is aiming at 3 lakh visitors per day. However, despite its immense potential, this sector remains largely unorganised. It is incumbent upon owners and stakeholders to recognise this potential and create superior, distinctive offerings, thereby harnessing the rewards of these rapidly developing spiritual and religious destinations.

05 India's M.I.C.E Phenomenon Unleashed

M.I.C.E tourism, an integral facet of the Indian hospitality industry, has primarily relied on domestic corporate events and the big fat Indian weddings. However, India has struggled to make a mark in the realm of inbound M.I.C.E events compared to its global counterparts. According to the 2019 ICCA report, India ranked 28th out of 158 countries in terms of hosting M.I.C.E events, capturing less than 1% of the global M.I.C.E business. Competition from countries like Singapore, China, Thailand, Malaysia, and the UAE further compounds the challenge. Nonetheless, India has been laying the groundwork to host M.I.C.E events successfully. The nation has made substantial investments in high-quality infrastructure, and improved connectivity, traveller-friendly immigration process, emphasizing safety and the development of world-class convention facilities. In recent years, India has witnessed the emergence of convention centres such as the Yashobhoomi Convention Centre in New Delhi, the Jio World Convention Centre in Mumbai, Pragati Maidan in New Delhi, and the Hyderabad International Convention Centre. Additionally, the Ministry of Tourism has earmarked several cities including New Delhi, Bengaluru, Ahmedabad, Udaipur, and Pune as priority destinations for M.I.C.E development. A milestone was reached during the G20 Summit held from January 2023 to September 2023 when India successfully hosted 215 meetings across 55 locations. This achievement positioned India as an essential and promising destination for the rest of the world, firmly signalling its ascent in the M.I.C.E tourism arena. The coming years are likely to see continued growth for this segment as India starts to establish itself as a sought-after destination on the global M.I.C.E landscape.

06 Wildlife Tourism

The global wildlife tourism market valued at US$156 billion as of 2022. Projections indicate a CAGR of 6.9%, which is expected to propel the market to US$304 billion by the year 2032. While India is renowned for its incredible ecological diversity and the presence of a vast array of wildlife, these hotspots are often nestled in remote corners of the country. Nevertheless, recent advancements in infrastructure development, commitment to wildlife preservation, and the institution of clear-cut regulations have laid the foundation for a burgeoning wildlife tourism industry. In conjunction with increased investments and regulatory enhancements, these wildlife destinations have witnessed a noticeable surge in footfall. In 2022, there were 1,336 branded hotel rooms available in various wildlife locations throughout India. This number is poised to more than double by 2025 to reach an estimated 2,825 rooms. This future supply includes a healthy mix of both Indian-origin and international hotel brands. While well-established destinations like Ranthambore, Jim Corbett, and Sasan Gir, have experienced significant growth, emerging regions such as Bandhavgarh, Kanha, Pench, Tadoba, Jawai, and Kumbhalgarh are also witnessing an uptick in supply. Notably, several wildlife destinations, such as Satpura National Park, Melghat Tiger Reserve, and Kaziranga, are untapped by the branded segment. Over the past year, Hotelivate has conducted feasibility studies for approximately half a dozen projects in wildlife-centric areas, indicating a sustained interest in this segment's growth. Despite representing atypical investments marked by unique challenges, the hospitality sector holds the potential to revolutionise India's wildlife tourism market. This potential stems from the symbiotic relationship between these hotels and the destinations. They contribute to employment generation, nurture entrepreneurial opportunities, and foster sustainable, and inclusive development. As Wildlife Tourism continues to consolidate its presence, it is poised to play a pivotal role in not only boosting the nation's economy but also in safeguarding its natural heritage.

07 Revolutionising Hospitality with Technological Innovation

Consumer behaviour and expectations have seen a sea of changes over the past two years due to the global pandemic. In particular, the rising adoption of digital technology has been at the forefront of this revolution. The hotel industry, too, has introduced newer technologies from contactless features to chatbots. These are steps in the right direction; however, it is worth noting that hospitality tends to lag significantly compared to other sectors in terms of technology adoption*. The current levels of investment by the hotel industry are insufficient to create a long-lasting impact. There are multiple different avenues, from artificial intelligence to virtual reality to grow and expand for the hotel industry. Virtual reality will offer immersive previews of destinations. Artificial intelligence and machine learning will enable hyper-personalisation, efficient customer service, anomaly detection, and data-driven insights. Automation and smart devices will optimize operations and enhance guest experiences. Each of these different verticals offers the opportunity to streamline the guest experience, introduce efficiencies and support the hotel staff. The value-generating potential of these investments must be analysed from the lens of the guests, employees, and revenue generation potential to evaluate the appropriate options to explore. It is essential to note that technology is a facilitator and not a replacement for human interaction. Hospitality will always remain a high-touch industry; technology will help augment the overall guest experience, improve guest satisfaction, and allow the industry to thrive and grow.

**Based on the Industry Digitisation Index published by the McKinsey Global Institute*

08 Growth of Mixed-Use Developments

The earliest example of a mixed-use development with a hotel at its core can be traced back to Chicago in 1889. Globally, these developments have seen considerable growth in markets such as the United States of America, the United Kingdom, and the United Arab Emirates. In the Indian real estate market, these developments are slowly gaining steam, with an increasing presence in Tier 2 and Tier 3 markets. Some key benefits of these projects include their ability to cater to different consumer needs, leverage different asset classes, diversify risks, allow for better utilisation of space, cost optimisation, and create a resilient investment opportunity. The addition of hospitality adds another wrinkle to these projects. The retail, commercial and residential components create baseline demand for these hotel projects while branded hospitality products enhance its value proposition and asset appreciation. Research indicates that the premiums can rise to as high as 30-40% over the existing circle rates.

Critical success factors for these projects include the location, size and scale of the project, demand footprint, financing and the components included in the development. Owing to this complexity and the dynamics involved along with the sizable capital outflow required for these projects, conducting feasibility studies for all components is essential for ensuring prudent investment and sustainable returns. As the country continues its rapid urbanization and economic growth, the demand for well-planned, sustainable, and integrated spaces is on the rise. Mixed-use developments are poised to play a pivotal role in shaping India's real estate landscape.

In Closing

"Many individuals have stated that it is India's decade. I truly assume it is India's century once we have a look at a few of the uncooked components right here."

- Bob Sternfels, Global Managing Partner at McKinsey

We close the 2022/23 Trends & Opportunities Report on an optimistic note. The fundamentals of the industry are looking strong, the demand-supply dynamics are promising, and while the phenomenal performance of this past fiscal year may be a tough act to follow, 2023/24 and 2024/25 are likely to be continued years of growth.

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