



2024 INDIAN HOSPITALITY

Trends & Opportunities

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HOT!!! Handle with Care.

Such a simple, yet effective message displayed on your daily Take-Away Coffee cup, isn't it? It cautions you about the temperature of its contents, while advising you to be watchful of the way you manage them. No confusing, long drawn disclaimers peppered with opinions and caveats. Uncomplicated, straight and clear! **HOT....Handle with Care.** That's it!

The 2023/24 Trends & Opportunities Report for the Indian Hospitality Industry shares the spirit of this very same message. The fiscal year (April 2023 – March 2024) had two clear, yet distinct memos for you. The industry is Fiery HOT! However, this is precisely why what we do from here on must be handled with the utmost care.

Last year's report had a few key takeaways and then some predictions for 2023/24. Let's revisit these points first. The year 2022/23 closed with a nationwide occupancy of 66.4% and ADR of ₹6,931, yielding a decadal high RevPAR of ₹4,537. We had labelled this performance 'The Surfer's Paradise' and even claimed that its results were worthy of being etched in the Indian Hospitality industry's almanac. We did also make note of the fact that while 'the party wasn't over just yet', the sector may have reached 'The Goldilocks Zone', representing relative stability in the demand-supply dynamics playing out as hotels conduct business in the near to medium term.

Goldilocks would have been pleasantly surprised with the treats that awaited her in 2023/24. The branded and organised hotel sector in India closed with a nationwide occupancy of 67.5% (the highest in a decade), with an ADR of ₹8,055 (the highest – EVER) and a consequent RevPAR of ₹5,439 (marginally shy of the lifetime high achieved in 2007/08). As is common knowledge, the percentage of Upscale-to-Luxury hotels made up a larger portion of the existing supply in 2007/08, as compared to this past fiscal, thus making the blended ADR of 2023/24 that much more praise-worthy. That being said, it is perhaps noteworthy that given the Rupee's decline compared to the US Dollar over the past several years, the nationwide ADR is still shy of US\$100 (US\$97 in 2023/24), which is considerably lower than the lifetime high ADR of US\$199 achieved by the sector in 2007/08, when viewed in US Dollar terms.

The nationwide branded inventory breached 1,80,000 rooms last fiscal, with Upscale-to-Luxury representing 39% of operating rooms, while Mid-to-Upper Midscale contributed 45%, and the remaining 16% were Budget & Economy category Hotels. The 5-year-CAGR of available room nights was 6.6%, while compounded growth of occupied

room nights was 7.2% in the same period. Consequently, RevPAR CAGR for the past half-decade stood at 7.8%, reflecting a healthy state of affairs.

The percentage of hotels having achieved higher than 60% occupancy was relatively similar between 2022/23 and 2023/24. However, hotels having clocked an ADR of ₹7,500 or more went up by almost 30% over last year. While the nationwide ADR improved by 16.2% over 2022/23, the highest appreciation was witnessed by Five-star Deluxe and Five-Star Hotels (20.2% and 19.8%, respectively). The two-year growth stands at 62.7% for the sector at large and a whopping 75.6% for the Five-star Deluxe and Five-star Hotels.

Overall, 2023/24 offered most markets the opportunity to break ceilings and cross barriers like never before. However, a few words of caution are warranted. Some of the nation's best known leisure destinations did not receive the much-awaited inbound traffic in measures that were being expected. (We maintain that the Indian government could have done a much better job of marketing India globally. The fact that international inbound travellers did not cross the 2019 level is in itself revealing.) Meanwhile, domestic outbound was robust and many-a-traveller weighed the option of holidaying in Thailand, Sri Lanka, UAE or Turkey as an alternative to Goa, Udaipur, etc. Airfares also remained relatively palatable for these foreign destinations while domestic fares weren't economical. Leisure hotels, having pushed their ADRs on the back of recent performances, witnessed some softening of demand. As we publish this report, 2024/25 has further played witness to Goa taking a beating, for instance. Lest we be left suddenly 'high & dry', it may be prudent to look at demand trends more carefully from here on.

On another note, while business travel related room night demand remained robust in most markets across India, corporate FIT is shying away from RFP negotiated rates. While the initial reaction was that this has allowed hotels to charge higher tariffs, it has also enabled the business traveller to seek 'best available rates' in the open market, moving away from the pre-pandemic philosophy of patronising hotels/brands that had pre-negotiated rates with companies. It would be wise to view this development as a double-edged sword.

The industry continues to perform well. With half of fiscal 2024/25 gone, there is overall growth over a phenomenal 2023/24 already, with the expectedly stronger winter months ahead. However, in most markets, growth has tapered, and in some it has indeed declined.

Yes, the industry is still HOT. However, at the cost of repetition, we strongly urge you to handle recent developments with the utmost care.

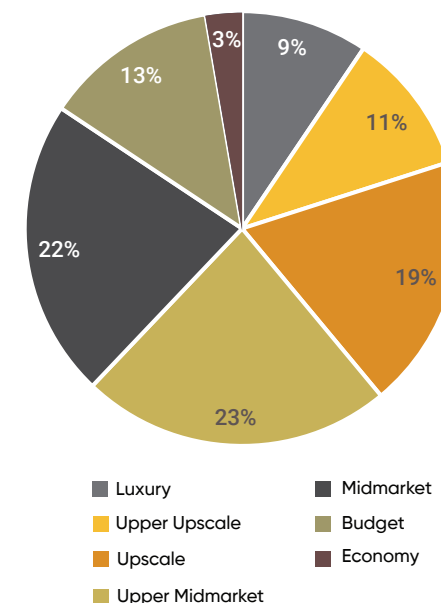
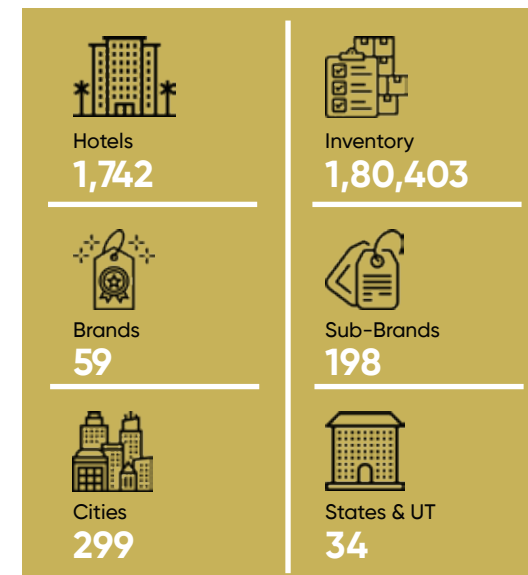
About the Report

Hotelivate, a comprehensive hospitality consulting firm offering specialised services to clients across Asia Pacific and the Middle East, is proud to present the 2024 Indian Hospitality Trends & Opportunities report, our 27th edition. The current participation base of 1,742 hotels with a total inventory of 1,80,403 rooms offers a comprehensive coverage of India's branded hospitality landscape enabling better and more incisive analyses of national 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 with 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 level to facilitate a better understanding of the growth in the number of branded rooms in the country across positioning. We have also offered additional 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.

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



Source: Hotelivate Research

The Indian Economy: An Overview

This year, the global economy shows a mixed outlook. The year was marked by significant challenges, including the lingering effects of the COVID-19 pandemic, geopolitical tensions, particularly the Russia-Ukraine conflict and the Israel-Palestine conflict, and inflationary pressures which were worsened by supply chain disruptions. Global growth slowed as major economies faced rising interest rates aimed at curbing inflation, leading to tighter financial conditions. Emerging markets, while showing resilience, also contended with high debt levels and inflation. Despite these challenges, there were signs of recovery, particularly in sectors like digital services and renewable energy, driven by technological advancements and increased investments.

After the economic slowdown of 2020/21, India witnessed strong economic recovery with an expansion of 9.1% in 2021/22, followed by 6.9% growth in 2022/23. Growing private consumption and government spending has supported this momentum for further growth of 8.1% in 2023/24. Despite global economic uncertainties, India's diverse economy, demographic advantage, and structural reforms are positioning it as one of the fastest-growing major economies in the world. Strong domestic demand, fuelled by rising consumer spending and a rebound in investment, is a key contributor to the economy. The Services sector has shown robust GVA growth in the past two years and continues to be the growth driver for the economy, increasing its sectoral contribution from 60.6% of the GVA in 2021/22 to 63.6% in 2023/24.

The government's ongoing efforts to liberalise Foreign Direct Investment (FDI) regulations in key sectors like manufacturing, technology, and renewable energy are expected to boost investor confidence. Additionally, the Production-Linked Incentive (PLI) schemes, designed to promote domestic manufacturing and export-oriented industries, are likely to play a crucial role in attracting significant foreign investments. FDI remains essential for driving India's economic growth, job creation, and technological advancement, further solidifying the country as a top destination for global investors. Notably, while FDI inflows into India reached a record high of US\$84.83 billion in 2021/22, the last two years have seen a moderation in the FDI inflows with US\$70.94 billion estimated in 2023/24. However, this decrease can be attributed to multiple ongoing global uncertainties. With sustained economic reforms and investor-friendly policies, India is poised to draw even greater FDI in 2024/25.

The Bombay Stock Exchange and the National Stock Exchange experienced an exceptional year. The Nifty 50 index surged by 26.8% in 2023/24, a sharp contrast to the 8.2% decline in 2022/23.

IPO activity also saw significant growth, with the number of new listings rising by 66% in 2023/24, as 272 companies went public compared to 161 in 2022/23. Notably, many of these new listings were SMEs, nearly doubling their count from the previous year. This strong performance is reflected in the MSCI Emerging Markets Index, where India's weighting increased from 13.7% in 2022/23 to 17.7% in 2023/24. **Three hotel companies (SAMHI Hotels, Juniper Hotels & Apeejay Surrendra Park Hotels) successfully listed in 2023/24, which is also reflective of the growing interest displayed by both international and domestic institutional capital in Indian hotel stocks.**

The Rupee has significantly weakened between 2018/19 (₹69.92) and 2022/23 (₹80.36). In 2023/24, the rupee is estimated to hover around ₹83 compared to the US dollar. Even though the country saw record high foreign exchange reserves in recent years, the volatility and decline were on account of an interest rate hike by the US Federal Reserve; the rising crude oil prices due to the war between Ukraine and Russia; high inflation rate; and the on-going current account deficit. Yet, as a silver lining, the Indian Rupee performed better than the currencies of some other emerging market economies and the country's exports became potentially more competitive.

Inflation has risen from under 4.0% to as high as 6.7% in 2022/23. Most global economies, both developed and emerging, are witnessing surging levels of inflation; India remains an outlier as reports suggest that domestic inflation levels have peaked, and the central bank is working to moderate the inflationary pressure. The estimates for 2023/24 indicate an inflation level of 5.4%. The government has launched the National Infrastructure Pipeline (NIP) combined with other initiatives such as 'Make in India' and the production-linked incentives (PLI) scheme to augment the growth of the infrastructure sector. The central government aims to spend US\$1.4 trillion between 2020/21-2025/26 as a part of the National Infrastructure Pipeline. During 2021/22, the cabinet approved the 'PM Gati Shakti National Master Plan' for providing multi-modal connectivity. Moreover, the introduction of the National Civil Aviation Policy (NCAP) in 2016 brought important initiatives to the aviation sector – all aimed at making flying more affordable and convenient for the masses, in addition to improving regional air connectivity to Tier 2 and Tier 3 cities through the UDAN scheme.

Among the emerging economies, the Indian economy has showcased remarkable resilience and cemented itself as the one to watch. Key sectors like agriculture, manufacturing, and services have shown steady growth, while increased infrastructure spending and digital transformation have further bolstered the economy. However, external risks, such as global inflation and potential financial market volatility, could impact future growth.

Travel & Tourism: Facts and Figures

The forecast in the latest Economic Impact Report by WTTC outlines a positive outlook for India. The country experienced rapid recovery from the damage caused during the pandemic. The direct economic contribution of the Travel & Tourism sector in India stood at US\$247 billion in 2022 compared to US\$178 billion in 2021, largely driven by domestic travel expenditure, which accounted for 87% of the tourism spend. Additionally, the industry generated 35 million jobs in 2022/23, exhibiting an 8.3% growth over the previous year, and this figure is projected to increase to 53 million over the next decade. According to the World Economic Forum's Travel and Tourism Index, India continues to rank on top in South Asia and 54th globally.

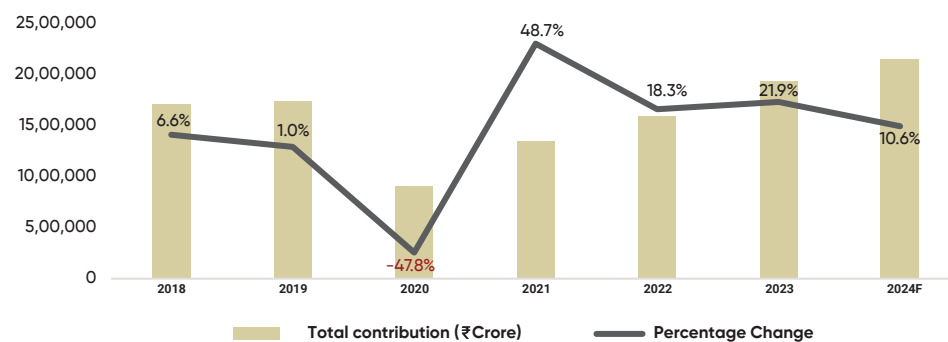
The government has envisaged a new tourism policy which is designed to drive growth and make India one of the top five tourism destinations in the world by 2030. The policy focuses on five key aspects – hospitality skill development; digital tourism; destination management; the development of tourism micro, small and medium enterprises (MSMEs); and green tourism and sustainability. To boost sustainability initiatives, the government is signing a Memorandum of Understanding (MoU) with the United Nations Environment Program (UNEP) and the Responsible Tourism Society of India (RTSOI). Additionally, the Union Budget 2024/25 has earmarked a record ₹2,479 crores for the travel and tourism industry. A large part of this budget has been earmarked for the development of lesser-known destinations, tourism circuits and mega projects as well as medical tourism, spiritual tourism, coastal tourism, cruise tourism, and rural tourism infrastructure projects.

In terms of international tourist arrivals, over 230 million international arrivals were recorded in 2023 in the Asia Pacific region, of which India unfortunately accounted for only 7.2 million. India's top source markets have largely remained the same in the past decade, while the number of tourists has grown in absolute terms. In the last two years, the source markets have reshuffled in favour of countries with a large non-resident Indian diaspora. Both Delhi and Mumbai continue to be the most popular international check posts for foreign visitors. Additionally, Rajasthan, Kerala, and Uttar Pradesh are leisure-driven destinations popular with foreign tourists.

India had seen steady increase in Foreign Exchange Earnings (FEE) from tourists until 2020. In 2019, India earned US\$30 billion in FEE which marked a 5% increase over the previous

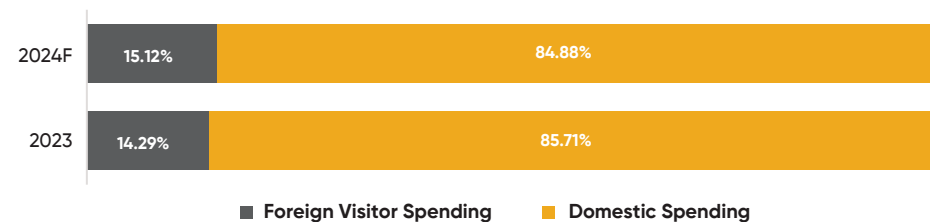
year. In 2023, FEEs were US\$28 billion, which represented an increase of almost 60% over 2022. Notably, 2023 FEEs surpassed 2019 FEEs in rupee terms; however, the depreciation of the rupee means that a recovery in dollar terms is still pending. In 2022, domestic tourist movements in India reached 1.7 billion, representing a 155% increase from the previous year. Overall, domestic tourism has bolstered India's resilience to global uncertainties while also reducing the impact of seasonality on the sector. Currently, a significant portion of domestic tourist visits in the country gravitate towards pilgrimage destinations, notably those in Uttar Pradesh, Tamil Nadu, Karnataka, and Andhra Pradesh. Nevertheless, ongoing efforts to enhance tourism and develop destinations are gradually diversifying domestic tourist footfall towards lesser-known locations as well.

Figure 2: Travel & Tourism Contribution to India's GDP (2018-2024, ₹ Crore)



Source: WTTC India Annual Research 2024

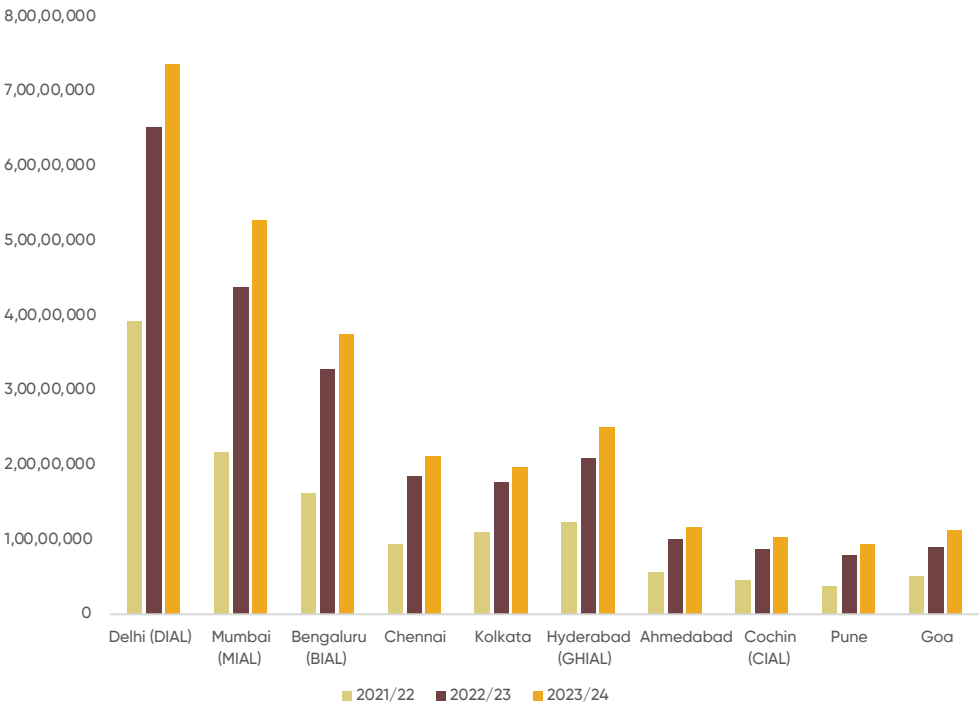
Figure 3: Spending Patterns - Contribution to India's Direct Travel & Tourism GDP (2023/24)



F: Forecast

Source: WTTC India Annual Research 2024

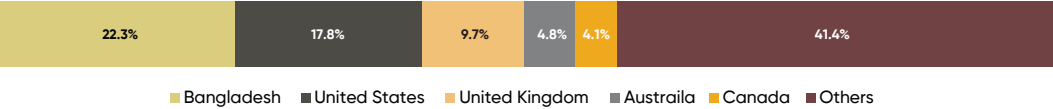
Figure 4: Top 10 Busiest Airports in India by Passenger Traffic (2021/22 - 2023/24)



Airport	2021/22	2022/23	2023/24
Delhi (DIAL)	3,93,00,000	6,53,00,000	7,37,00,000
Mumbai (MIAL)	2,17,00,000	4,39,00,000	5,28,00,000
Bengaluru (BIAL)	1,63,00,000	3,29,00,000	3,75,00,000
Chennai	95,00,000	1,86,00,000	2,12,00,000
Kolkata	1,10,00,000	1,78,00,000	1,98,00,000
Hyderabad (GHIAL)	1,24,00,000	2,10,00,000	2,50,00,000
Ahmedabad	57,00,000	1,01,00,000	1,17,00,000
Cochin (CIAL)	47,00,000	88,00,000	1,04,00,000
Pune	37,00,000	80,00,000	95,00,000
Goa	52,00,000	90,00,000	1,13,00,000
Total	12,95,00,000	23,54,00,000	27,29,00,000
India	18,89,00,000	32,73,00,000	37,64,00,000

*Goa number refers to the combined air traffic from Mopa Airport (opened in January 2023) and Dabolim Airport.
Source: Airports Authority of India

Figure 5: Foreign Tourist Arrivals by Source Country (2023)



Source: Ministry of Tourism, Government of India, Monthly Tourism Statistics - 2023

Figure 6: Foreign Tourist Arrivals and Domestic Visitation Trends (2013-2023, Lakh)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Foreign Tourist Arrivals	69.7	76.8	80.3	88.0	101.8	105.6	109.3	27.4	15.2	61.9	92.4
% Change	5.9%	10.2%	4.5%	9.7%	15.6%	3.7%	3.5%	-74.9%	-44.5%	307.2%	49.3%
Domestic Tourist Arrivals	11,425	12,828	14,320	16,136	16,525	18,000	23,220	6,102	6,776	17,310	-
% Change	9.3%	12.3%	11.6%	12.7%	2.4%	8.9%	29.0%	-73.7%	11.0%	155.5%	-

*Estimates
Source: Ministry of Tourism, Government of India, Monthly Tourism Statistics - 2023



Nationwide Demand, Supply and Performance Levels (1998/99 – 2023/24)

As seen in Figure 7, nationwide demand, supply, and performance levels reflect remarkable growth in the hospitality sector compared to earlier years. In 2023/24, the hospitality sector showed strong performance, marking a significant recovery from the pandemic downturn in 2020/21. The number of available and occupied room nights per day reached their highest levels, showcasing an all-time high in supply and demand balance in 2023/24. **The occupancy rate for 2023/24 stood at 67.5%, one of the highest levels in recent history, reflecting robust recovery, slightly surpassing the pre-pandemic occupancy rate of 66.1% seen in 2019/20.** Additionally, both Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) have shown substantial growth, with the ADR at its peak over the observed period. This resurgence in both demand and occupancy levels signals a return to pre-pandemic dynamics, driven by increased travel and hotel stays across the country.

Figure 7: Room Night Demand vs Available Room Nights (1998/99 - 2023/24)

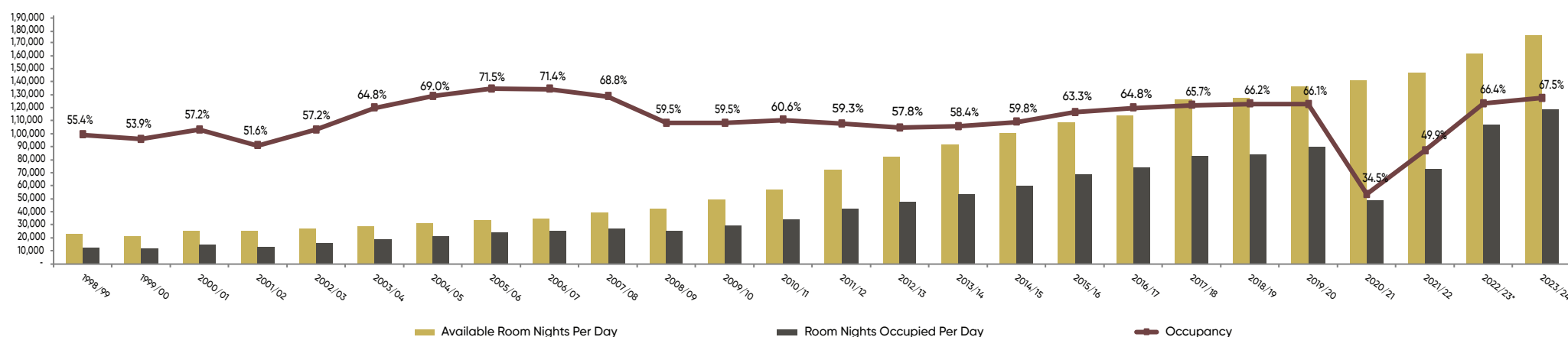
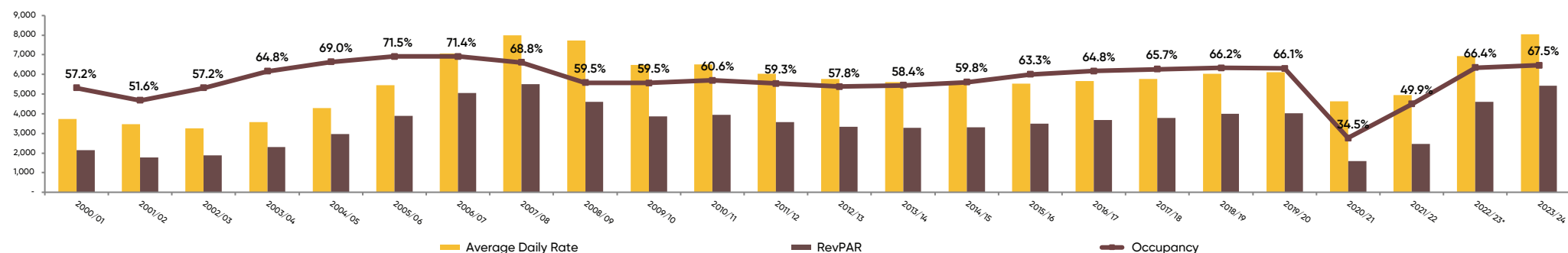


Figure 8: Nationwide Performance (2000/01 - 2023/24)



*2022/23 performance has been modified based on the data collated for this survey

Source: Hotelivate Research

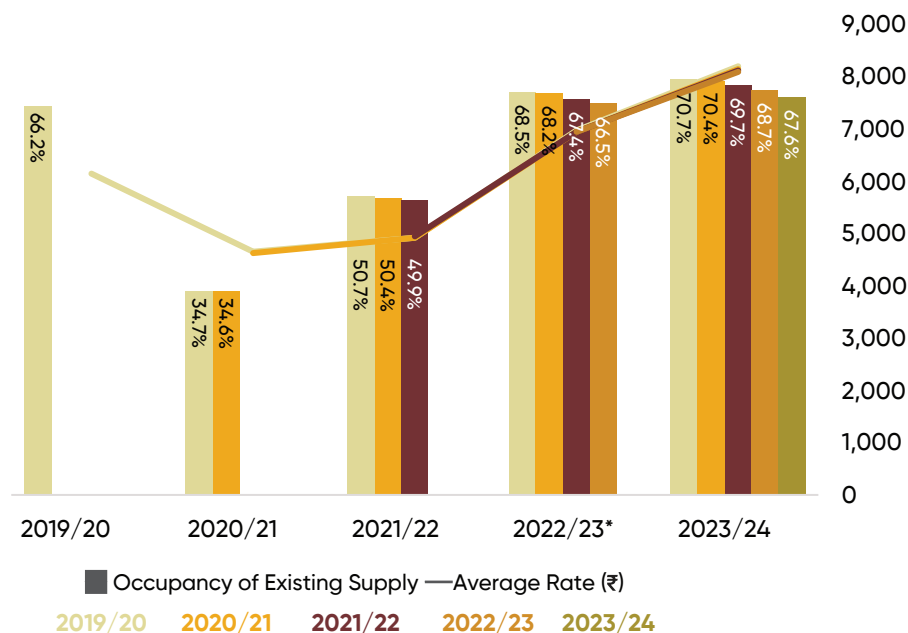
Performance of Existing and New Hotels (2019/20 – 2023/24)

Analysing the nationwide data as a blended average doesn't fully capture the market's true dynamics. In particular, stable state assets often have stronger occupancy and average rate performance, which can be obscured when looking at overall averages. To gain a better understanding of market trends, we conducted a more granular analysis of hotel performance over the past five years.

Figure 9 compares the performance of hotels established before 2019/20 to the nationwide averages. **The hotels which have existed since before 2019/20 have achieved a RevPAR premium of 6.4% compared to the national average.** Overall, they had an occupancy of 70.7% compared to the nationwide average of 67.5%, and an ADR of ₹8,195 compared to the nationwide average of ₹8,055. This clearly demonstrates that stabilised hotels are better positioned to capitalise on industry upcycles.

Figure 9 illustrates the performance of hotels operating since before 2019/20, with each subsequent

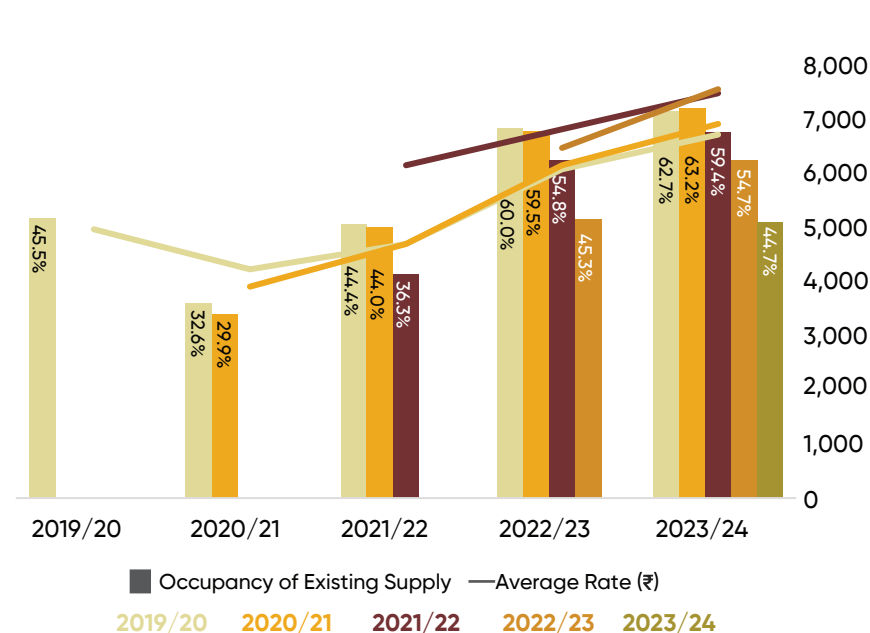
Figure 9: Performance of Existing Hotels (2019/20 - 2023/24)



*2022/23 performance has been modified based on the data collated for this survey
Source: Hotelivate Research

bar highlighting the impact of adding new hotels to the blended average. This graph illustrates the typical ramp-up phase experienced by new hotels as they stabilise. Excluding outliers due to the global pandemic, first-year occupancy averages range from 40% to 45%, which is an increase compared to the previous five-year period (2014/15 to 2018/19) when first-year occupancies ranged between 35% and 40%. The first-year occupancy of hotels opened in 2023/24 (44.7%) was slightly lower than that of hotels opened in 2019/20 just prior to the pandemic (45.5%). Average rates are generally influenced by the location and positioning mix of new hotels. Recently opened hotels (2021/22, 2022/23, and 2023/24) have a higher percentage of upper midmarket or higher positioned hotels, and a greater presence in leisure locations compared to hotels opened in 2019/20 and 2020/21. This has contributed to higher average rates in their first year of operation.

Figure 10: Performance of New Hotels (2019/20 - 2023/24)



*2022/23 performance has been modified based on the data collated for this survey
Source: Hotelivate Research

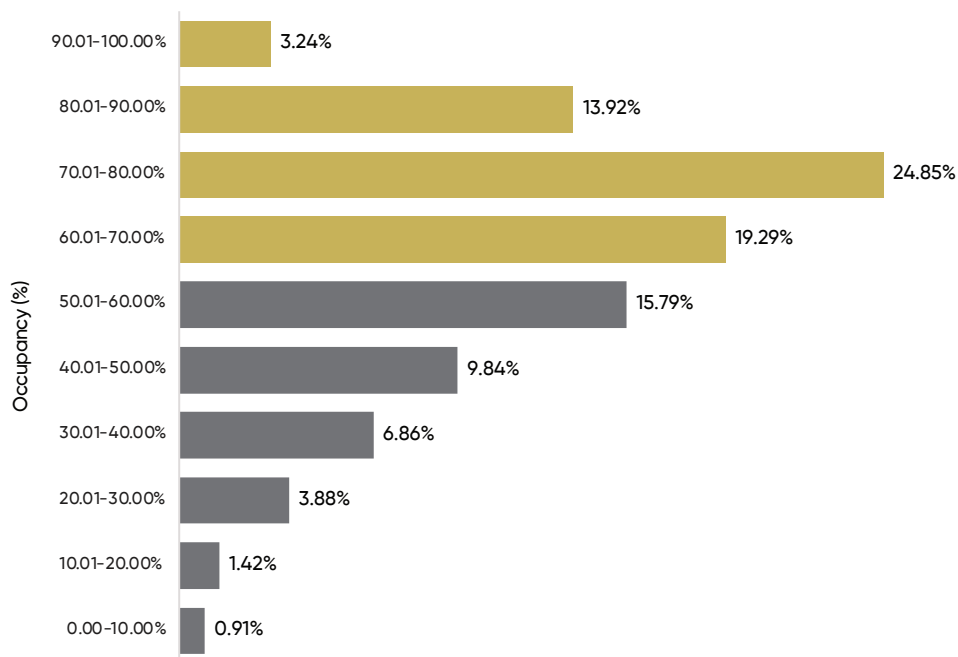
Occupancy Bins

As seen across Figures 11 and 12, with only a marginal growth in the nationwide occupancy (an increase of ~110 basis points), the occupancy trends have more or less stabilised to their typical pattern, with variations influenced by new hotel supply and regional performance differences.

A deeper analysis of the data reveals that in 2023/24, 25% of hotels reported occupancy rates of 50% or lower, a notable increase from the previous year. This rise is primarily due to a surge in new hotel openings, particularly in leisure destinations and emerging markets. The Eastern region, in particular, experienced a considerable increase in hotels with occupancy levels of 50% or lower, while other regions saw more subtle changes. Additionally, sub-100 room hotels (34% of the total) have a higher percentage of properties clocking occupancies of 50% or lower compared to larger hotels (10% of the hotels). This can partially be attributed to their limited capacity for M.I.C.E. and banqueting events.

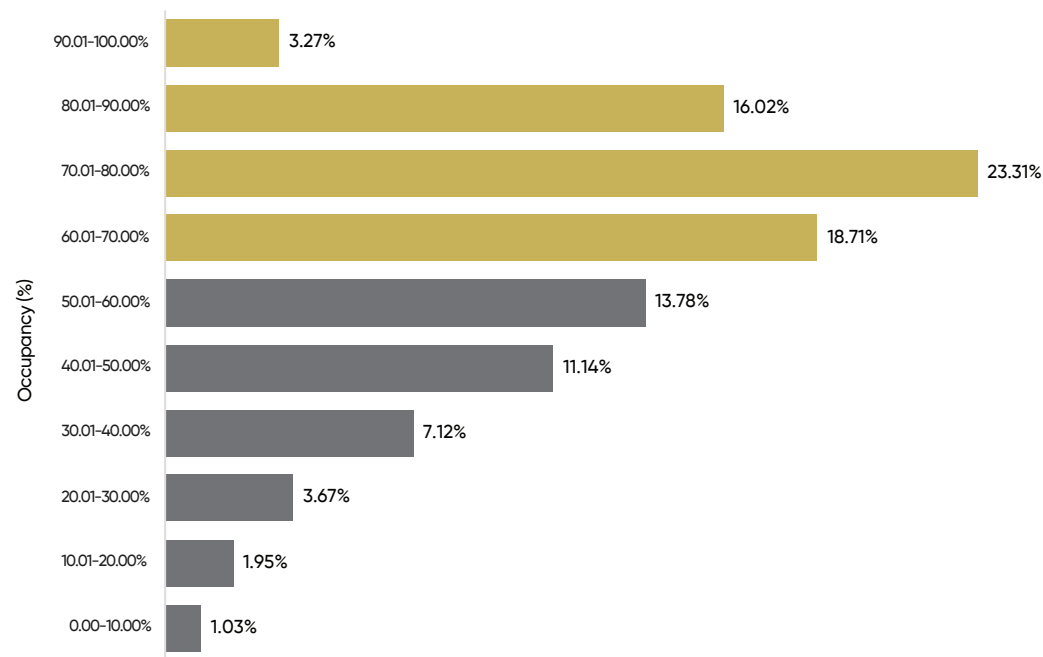
Interestingly, both budget/economy and luxury hotels have seen an increase in the number of hotels with occupancy rates above 60% compared to the previous year, while other segments have experienced marginal declines.

Figure 11: Nationwide Occupancy Breakdown by Hotels (2022/23)



Source: Hotelivate Research

Figure 12: Nationwide Occupancy Breakdown by Hotels (2023/24)

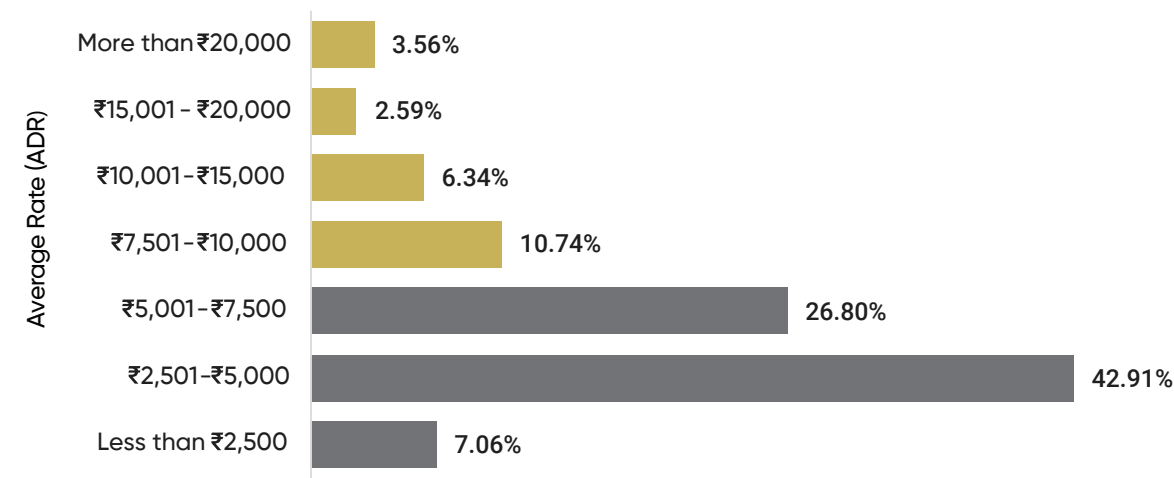


Source: Hotelivate Research

Average Rate Bins

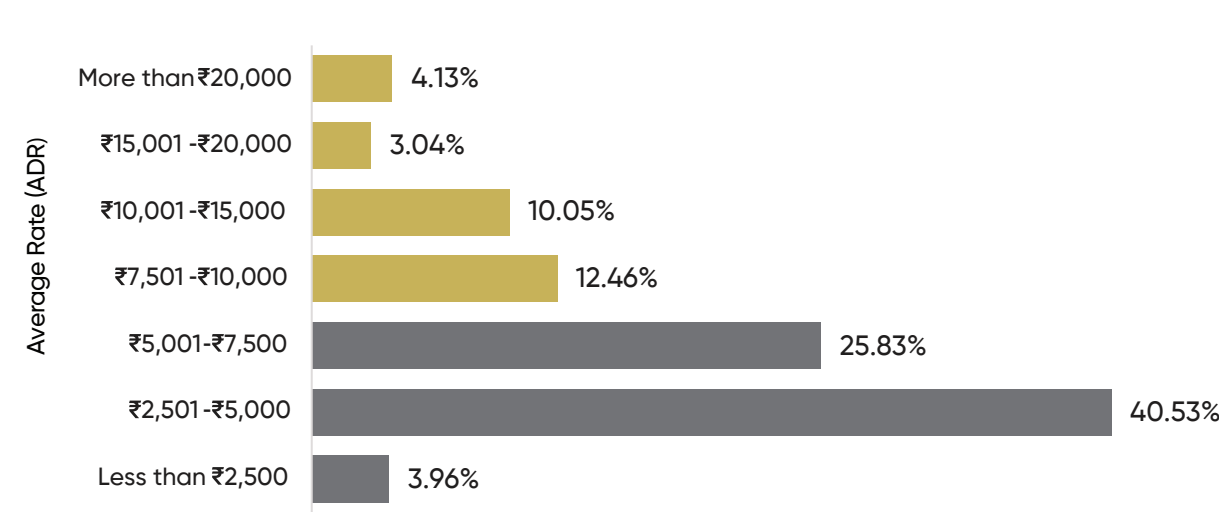
Figures 13 and 14 illustrate the average rates achieved by branded hotels in 2022/23 and 2023/24. Although rate growth has begun to moderate, partly due to the larger base of hotels, the industry's performance has been driven by this increase in average rates. **Notably, hotels charging average rates of ₹7,500 or more have increased from 23% (354 hotels) in 2022/23 to 30% (517 hotels) in 2023/24.** Moreover, there has been a decline in hotels charging rates of ₹2,500 or lower, from 7% (108 hotels) in 2022/23 to 4% (70 hotels) in 2023/24. A closer examination of the data reveals that this growth has been primarily driven by Tier 1 markets, which have seen a significant increase in hotels charging ₹7,500 or more, from 31% (156 hotels) in 2022/23 to 44% (229 hotels) in 2023/24. Additionally, Tier 1 markets have experienced a decline in the number of hotels charging less than ₹2,500, from 35% (176 hotels) in 2022/23 to 28% (149 hotels) in 2023/24. Although Tier 2 and 3 markets have also seen rate increases, they have not been as substantial as those in Tier 1 markets. Furthermore, hotels with sub-100 room inventory have experienced a small increase in the percentage charging ₹7,500 or more, from 20% (179 hotels) in 2022/23 to 23% (245 hotels) in 2023/24. In contrast, hotels with 100 rooms or more have seen a significant increase in the percentage charging rates of ₹7,500 or more, from 29% (180 hotels) in 2022/23 to 40% (272 hotels) in 2023/24. This growth is partly due to the increasing prevalence of M.I.C.E. and banqueting events, which can be better accommodated by larger hotels.

Figure 13: Nationwide Average Rate (ADR) Breakdown by Hotels (2022/23)



Source: Hotelivate Research

Figure 14: Nationwide Average Rate (ADR) Breakdown by Hotels (2023/24)



Source: Hotelivate Research

The Survey Results

This section presents the results of the 2024 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, the fresh data gathered for the past two years and the deliberate removal of irrelevant supply by us, have led to the 2022/23 figures undergoing a minor change across all parameters. While the number of rooms represented in this survey is 1,80,403, 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 2023/24 is 1,75,656.

Industry Performance by Star Category

In 2023/24, the industry performance by star category showed continued growth across all metrics. Five-star Deluxe hotels achieved an occupancy rate of 69.2%, while Five-star hotels reached 68.3%. The average rate for Five-star Deluxe hotels surged to ₹15,655, reflecting a 20.2% increase over the last 12 months. Similarly, Five-star hotels saw a notable 19.8% rise in their average rate, reaching ₹8,756. **The overall RevPAR demonstrated a robust increase, with Five-star Deluxe hotels experiencing a 23.6% rise, and Five-star hotels seeing a 22.1% increase in the same period. Three-star and Two-star hotels also showed positive growth in RevPAR, with 11.2% and 12.0% increases, respectively.**

Notably, Five-star Deluxe hotels stood out with an exceptional 147.4% increase in RevPAR over a 24-month period, the highest among all categories. Five-star hotels followed with a robust 131.0% growth, while Four-star hotels experienced a significant 99.3% rise. This is because expansion of business and leisure travel in domestic markets has contributed to rising average daily rates (ADR) and higher occupancy, resulting in the significant RevPAR growth seen in Five-star Deluxe, Five-star, and Four-star hotels.

Figure 15 illustrates the hotel occupancy across star categories in India between 2004/05 and 2023/24. Figures 16 and 17 represent the ADR and RevPAR for each star category expressed in Indian rupees, followed by Figures 18, 19 and 20 which present the corresponding data in United States (US) dollars.



Figure 15: Key Operating Statistics by Hotel Classification - Occupancy

	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 *	2023/24	12-Month Change	24-Month Change
Overall Average	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%	66.4%	67.5%	1.7%	35.3%
Five-star Deluxe	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%	67.3%	69.2%	2.8%	40.9%
Five-star	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%	67.0%	68.3%	1.9%	36.3%
Four-star	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%	67.4%	67.8%	0.6%	28.7%
Three-star	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%	65.1%	65.9%	1.2%	37.6%
Two-star								64.8%	59.0%	61.0%	57.7%	60.4%	62.7%	59.1%	61.5%	60.4%	38.6%	44.5%	61.3%	63.2%	3.1%	42.0%

Figure 16: Key Operating Statistics by Hotel Classification - Average Rate (₹)

	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 *	2023/24	12-Month Change	24-Month Change
Overall Average	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	6,931	8,055	16.2%	62.7%
Five-star Deluxe	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	13,026	15,655	20.2%	75.6%
Five-star	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	7,308	8,756	19.8%	69.4%
Four-star	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	5,548	6,255	12.7%	54.9%
Three-star	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	4,026	4,417	9.7%	51.3%
Two-star								1,714	1,849	2,063	2,063	2,122	2,049	2,245	2,524	2,589	2,080	2,358	3,149	3,416	8.5%	44.9%

Figure 17: Key Operating Statistics by Hotel Classification - RevPAR (₹)

	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 *	2023/24	12-Month Change	24-Month Change
Overall Average	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	4,604	5,439	18.1%	120.2%
Five-star Deluxe	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	8,762	10,829	23.6%	147.4%
Five-star	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	4,899	5,983	22.1%	131.0%
Four-star	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	3,741	4,241	13.4%	99.3%
Three-star	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	2,619	2,912	11.2%	108.2%
Two-star								1,110	1,091	1,258	1,190	1,281	1,285	1,327	1,553	1,563	803	1,049	1,929	2,160	12.0%	105.8%

Figure 18:Key Operating Statistics by Hotel Classification - Average Rate (US\$)

	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 *	2023/24	12-Month Change	24-Month Change
Overall Average	96	122	162	199	168	136	143	126	106	92	90	85	85	89	90	87	63	66	86	97	12.8%	46.5%
Five-star Deluxe	125	161	224	278	242	194	205	192	165	144	144	137	151	159	159	151	113	120	162	189	16.7%	58.1%
Five-star	87	112	149	190	158	134	140	128	108	94	91	84	90	94	93	92	71	69	91	106	16.3%	52.5%
Four-star	69	86	117	142	125	97	108	102	86	74	71	68	67	72	70	68	50	54	69	76	9.4%	39.5%
Three-star	41	50	69	87	77	68	73	70	60	51	50	49	45	50	50	49	37	39	50	53	6.5%	36.2%
Two-star								36	34	34	34	33	31	35	38	37	28	32	39	41	5.3%	30.4%
Exchange Rate	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	82.8		

Figure 19: Key Operating Statistics by Hotel Classification - RevPAR (US\$)

	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 *	2023/24	12-Month Change	24-Month Change
Overall Average	66	87	116	137	100	81	87	75	61	54	54	54	55	59	60	57	22	33	57	66	14.7%	96.5%
Five-star Deluxe	89	119	164	200	151	120	125	114	99	87	89	88	98	106	106	101	36	59	109	131	19.9%	122.4%
Five-star	62	79	105	128	93	79	87	76	60	53	52	52	58	62	61	61	23	35	61	72	18.6%	107.9%
Four-star	49	63	84	98	73	59	65	61	50	43	44	44	44	48	47	46	19	29	47	51	10.1%	79.4%
Three-star	23	33	48	56	43	38	43	40	34	29	30	31	29	32	34	32	13	20	33	35	7.8%	79.5%
Two-star								23	20	21	19	20	19	21	23	22	11	14	24	26	8.6%	82.3%
Exchange Rate	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	82.8		

*2022/23 performance has been modified based on the data collated for this survey

Source: Hotelivate Research

Industry Performance by Administrative Zone

Figures 20 and 21 highlight the industry performance by administrative zones in 2022/23 and 2023/24, respectively. **West India has been the top performer in terms of RevPAR in the recent past, by maintaining a strong occupancy of 69.5%, while also commanding the highest average Rate at ₹8,268.** This resulted in a RevPAR of ₹5,744. The growth of commercial hubs such as Mumbai, Ahmedabad, Gandhinagar and Pune in the West Admin zone have helped the region retain its place as the highest performing zone in the country. Additionally, new supply in the luxury leisure space, especially in wildlife locations such as Pench, Bandhavgarh and Kanha, have contributed to the RevPAR growth in 2023/24.

While the West has logged the highest performance in absolute terms, the North zone has seen the highest growth in terms of ADR at 19.0% while occupancy increased marginally. The increase in ADR can be largely attributed to the New Delhi hotels which saw a growth of 24.4%. This resulted in a RevPAR growth of 17.6%. The South and East zones also experienced notable gains in RevPAR, reaching ₹5,127 and ₹4,313, respectively, with improved occupancy and rising rates. Overall, the growth in Average Rates has played a critical role in driving revenue across all regions.

Figure 20: Key Operating Statistics by Administrative Zones (2022/23)*

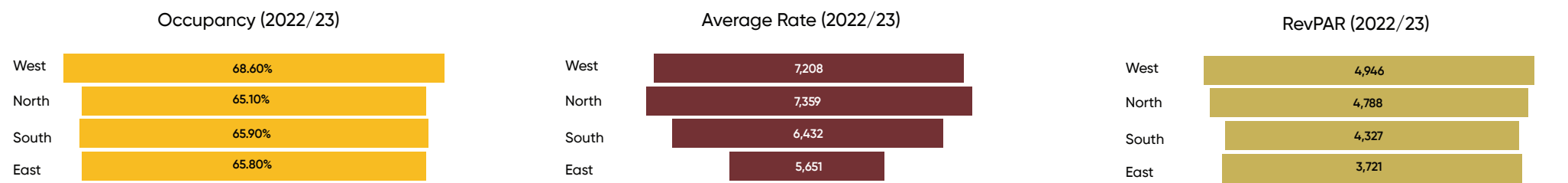
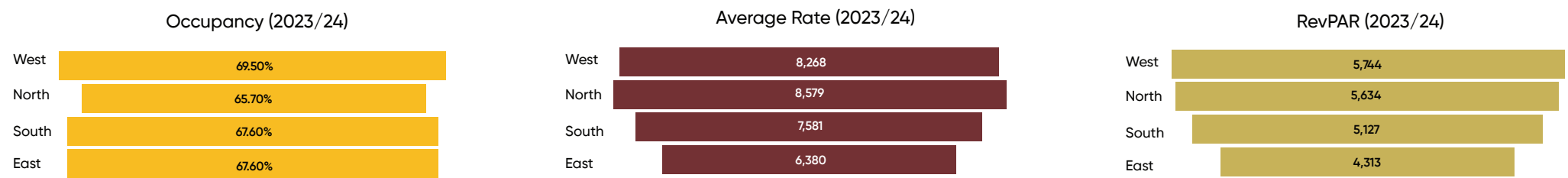


Figure 21: Key Operating Statistics by Administrative Zones (2023/24)



*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

Industry Performance by City Tiers

Figures 22 and 23 feature the industry performance based on City Tiers for 2022/23 and 2023/24. Tier 1 cities have consistently demonstrated superior performance, both prior to and following the global pandemic, outpacing Tier 2 and Tier 3 markets. This trend is attributable to the substantial demand and minimal seasonality inherent in Tier 1 locations. **Remarkably, in 2023/24, Tier 3 cities exceeded Tier 2 cities in average rate, leading to higher RevPAR, despite having marginally lower occupancy rates. The performance of Tier 3 cities can be ascribed to the growing domestic footprint, which has enabled these destinations to significantly elevate their average rates.**

The increase in average rates and RevPAR, despite stable occupancy levels, can be attributed to several factors. In Tier 1 cities, hotels have more pricing power due to higher demand from business and luxury travellers, allowing them to charge premium rates. Supply constraints in high-demand cities may further contribute to the ability of hotels to increase prices rather than relying on higher occupancy.

In Tier 2 cities, the rise in average rates and RevPAR, despite stable occupancy, reflects growing market maturity. Cities like Udaipur, Shimla, and Jaipur are seeing increased tourist activity through growing social M.I.C.E. demand and regional tourism, presenting opportunities for hotels to capitalise on demand. In Tier 3 cities such as Gulmarg, Ranthambore, Rishikesh, and Coorg, rising rates, despite lower occupancy, point to potential for long-term growth. This is supported by ongoing development and improvements in road infrastructure. Recent promotional efforts in these regions could further drive demand in the coming years, helping to boost occupancy, attract a broader audience, and sustain rate growth.

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, presence of demand generators and tourist attractions, among others 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. Economically emerging destinations have been classified as Tier 2. Underdeveloped locations and remote markets have been tagged as Tier 3.

Figure 22: Key Operating Statistics by City Tiers (2022/23)*

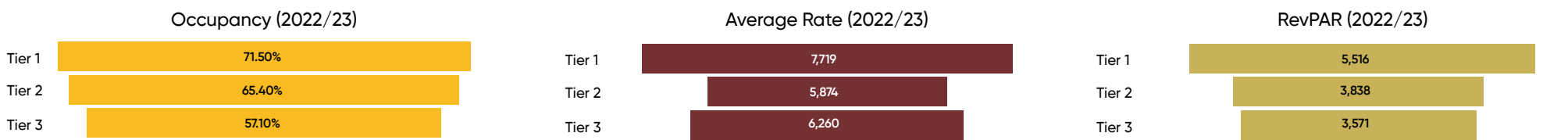
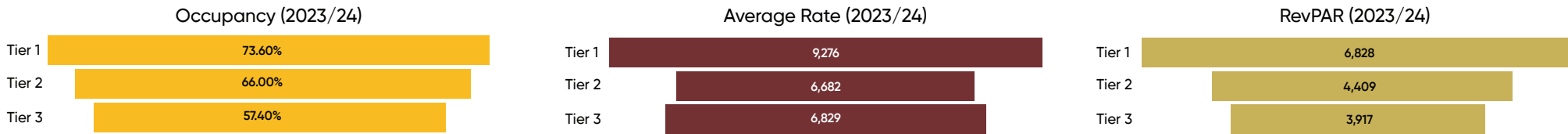


Figure 23: Key Operating Statistics by City Tiers (2023/24)



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

Source: Hotelivate Research

Figure 24: Existing Supply Across Major Cities (2014/15 - 2023/24)

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23*	2023/24	% Change	Change
Agra	1,755	2,036	2,092	2,256	1,864	2,289	2,210	2,213	2,063	2,477	20.1%	414
Ahmedabad	2,944	3,054	3,117	3,393	3,004	3,326	3,547	3,448	4,350	4,693	7.9%	343
Amritsar	766	873	1,108	1,322	1,319	1,566	1,692	1,688	1,791	2,081	16.2%	290
Bengaluru	11,117	11,539	11,995	12,594	13,366	13,691	13,647	13,806	15,364	16,261	5.8%	897
Chandigarh ^a	866	1,275	1,909	1,873	2,116	2,161	2,231	2,574	2,791	2,924	4.8%	133
Chennai	7,444	7,585	8,332	9,061	9,099	9,657	9,625	9,634	9,999	10,001	0.0%	2
Dehradun	114	114	182	234	325	380	464	584	738	1,236	67.5%	498
Goa	5,298	5,574	6,400	6,386	5,979	6,772	7,488	7,724	8,452	9,223	9.1%	771
Gurugram	5,323	5,117	5,263	5,890	5,538	5,589	5,873	6,151	6,440	6,588	2.3%	148
Hyderabad	5,954	5,992	6,254	6,846	6,672	7,393	7,381	7,450	7,370	7,379	0.1%	9
Jaipur	4,822	4,931	5,058	5,352	5,285	5,553	5,471	5,488	6,256	7,388	18.1%	1,132
Kochi	1,524	1,690	1,686	1,807	2,466	2,521	2,520	2,668	2,677	2,780	3.8%	103
Kolkata	2,701	2,701	3,199	3,652	3,712	4,579	4,841	4,878	4,984	5,108	2.5%	124
Lucknow	329	483	725	1,495	1,499	1,772	1,820	1,773	1,902	2,186	14.9%	284
Mumbai	11,997	12,127	12,565	12,595	12,639	13,070	13,245	12,776	13,579	15,234	12.2%	1,655
Navi Mumbai	868	927	929	929	929	1,000	1,000	1,395	1,222	1,642	34.4%	420
New Delhi ^b	13,193	14,142	14,296	14,450	14,952	15,027	15,024	14,780	14,859	15,118	1.7%	259
NOIDA ^c	1,322	1,322	1,422	1,515	1,378	1,378	1,423	1,649	1,688	1,792	6.2%	104
Pune	6,137	6,108	6,445	6,353	6,212	6,712	6,615	6,572	6,789	6,951	2.4%	162
Udaipur	1,029	1,096	1,157	1,157	1,317	1,605	1,742	1,866	2,109	2,462	16.7%	353
Other Cities ^d	22,192	22,914	25,085	27,405	29,730	33,365	36,596	43,828	49,749	56,879	14.3%	7,130
Total	1,07,695	1,11,600	1,19,219	1,26,565	1,29,401	1,39,406	1,44,455	1,52,945	1,65,172	1,80,403	9.2%	15,231

*2022/23 performance has been modified based on the data collated for this survey

a Chandigarh (including Panchkula and Zirakpur)

b New Delhi (excluding Gurugram, NOIDA and Greater NOIDA) data

c NOIDA (including Greater NOIDA)

d Other Cities includes all other hotel markets across India

Existing Supply

In 2023/24, India's hotel inventory grew significantly to 1,80,403 rooms, marking a 9.2% year-on-year increase. This expansion was notable not only in major cities such as Mumbai, Bengaluru, and Delhi, but also in growing markets like Dehradun, Jaipur, and Navi Mumbai.

Bengaluru remains the largest hotel market, with a substantial growth of 13.8% (an addition of 897 rooms) over last year. This and the strong pipeline in other regions suggest a dynamic shift, driven by increased business travel, leisure tourism, and marquee events like the ICC

Cricket World Cup and the G20 summit. **The year saw a broad-based increase across both metro cities and smaller, emerging markets, adding 15,231 new rooms to India's total hotel inventory.** It is important to note that the change in the total existing inventory for 2022/23 is attributed to a deliberate filtration by us to display relevant branded supply. Figure 24 shows the existing supply for the 20 major cities from 2014/15 to 2023/24.

This year Mumbai overtook New Delhi to become the second largest hotel market adding 1,665 rooms to its inventory. New Delhi experienced a slower growth of 1.7%, adding 259 rooms and reaching a total inventory of 15,118 rooms. With a larger development pipeline and active expansion plans, Mumbai is expected to further solidify its position in the coming years. Navi Mumbai recorded a 34.4% increase, adding 420 rooms and bringing its total inventory to 1,642

rooms. Emerging markets also witnessed substantial growth, with Dehradun posting an impressive 67.5% increase by adding 498 rooms, and Jaipur growing by 18.1%, adding 1,132 rooms, largely fuelled by rising leisure tourism and social M.I.C.E. demand. Goa, another popular leisure destination, recorded a 9.1% rise, adding 771 rooms. Ahmedabad, benefiting from major events like the ICC Cricket World Cup and the G20 summit, grew by 7.9%, contributing 343 additional rooms. Agra also saw notable expansion, with a 20.1% increase adding 414 new rooms, bringing its total to 2,477. The 'Other Cities' category, which comprises smaller and emerging destinations, recorded a significant 14.3% growth, contributing 7,130 new rooms. This widespread expansion indicates strong investor confidence and rising demand across multiple segments of India's hotel industry.

Figure 25: Top 20 Hotel Brands by Existing Inventory (August 2024)

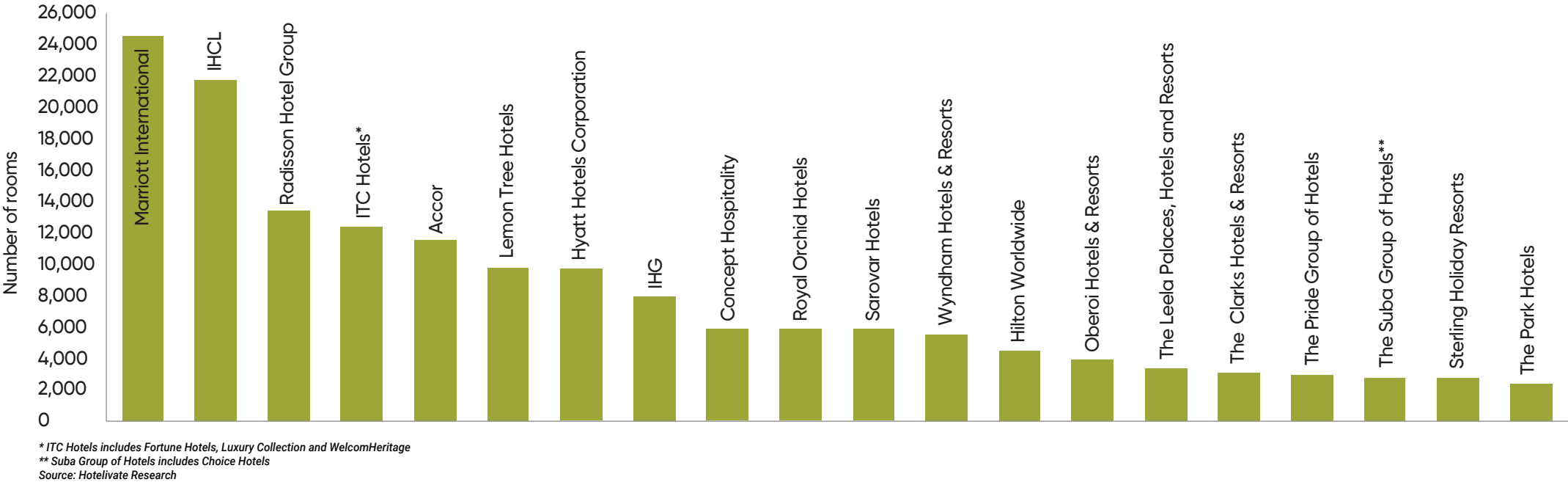


Figure 25 highlights the total operating inventory of the 20 largest hotel companies in India as of August 2024. Marriott International remains the largest, having added 8 new hotels (837 rooms) to its portfolio this year. IHCL, with 15 new hotels (2,145 rooms), is the fastest-growing brand and closely follows Marriott International. Radisson Hotel Group, ITC Hotels (including Fortune Hotels and WelcomHeritage), and Accor also expanded their portfolios, adding 8, 11, and 6 new hotels, respectively. Lemon Tree has surpassed Hyatt Hotels to become the sixth-largest hotel company in India, followed by IHG and Concept Hospitality. Additionally, Royal Orchid has overtaken Sarovar Hotels and Wyndham Hotels & Resorts to secure the position as the tenth-largest company. As depicted in Figure 27, the top 10 hotel brands by inventory account for approximately 68% of the total branded supply in the country.

Figure 26: Top 10 Hotel Brands by Percentage Share of Existing Inventory in India (August 2024)

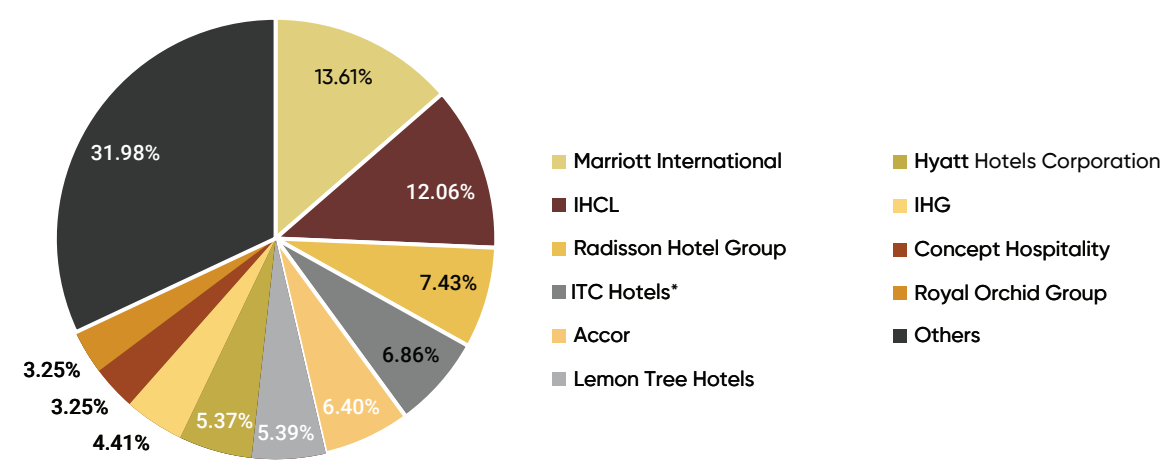
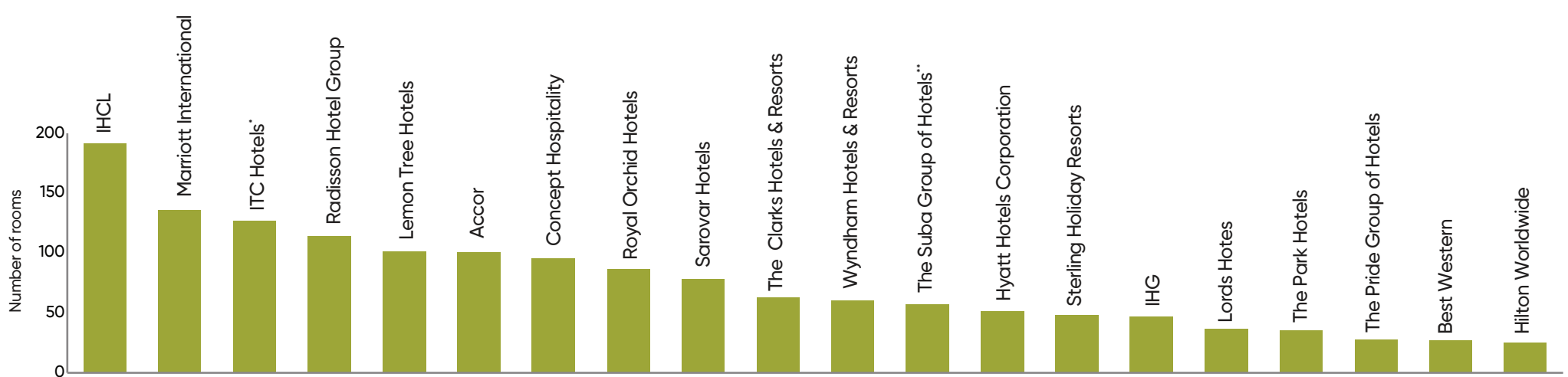


Figure 27: Top 20 Hotel Brands by Number of Hotels (August 2024)



* ITC Hotels includes Fortune Hotels, Luxury Collection and WelcomHeritage
** Suba Group of Hotels includes Choice Hotels

Source: Hotelivate Research

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), and Radisson Hotel Group. **Interestingly, Indian-origin companies have a larger number of assets compared to their international counterparts.** This is because Indian-origin companies, with sub-brands operating in the budget and midmarket space, had a headstart growing in emerging Tier 2 and Tier 3 markets whose demand footprint necessitates a smaller room count per hotel. International brands are now expanding aggressively in emerging markets by adopting more flexible product standards and leveraging conversion brands and soft brands.

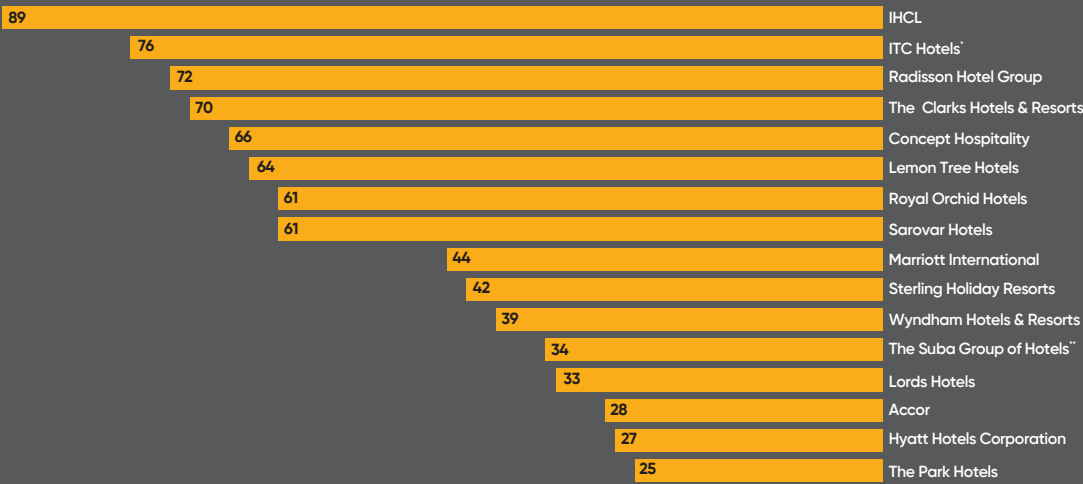
Top 15 Brands by City Presence

Figure 28 shows the top 15 brands based on their city presence. Branded hotels have established operations in 299 cities (31 new markets compared to last year), spanning 34 states and union territories. **However, this network is not evenly distributed, with only ten cities boasting an inventory of 5,000 rooms or more, and collectively accounting for 55% of the country's existing supply.**

In 2023/24, Indian-origin hotel brands continued to outpace international brands in terms of city presence across India. Brands like IHCL, Lemon Tree Hotels, and ITC Hotels dominate the market with a broader geographic footprint, highlighting their deep penetration and strong local market understanding. While international brands like Radisson Hotel Group and Marriott International maintain significant presence, their expansion is more concentrated in premium segments.

IHCL dominates the market with the highest city presence (89 cities), showcasing a significant lead over competitors. Radisson Hotel Group, Lemon Tree Hotels, and Marriott International also experienced noticeable growth, extending their reach to 72, 64, and 44 cities, respectively. Other brands like ITC Hotels and Concept Hospitality maintained strong networks in 76 and 66 cities, respectively.

Figure 28: Top 15 Brands by City Presence



* ITC Hotels includes Fortune Hotels, Luxury Collection and WelcomHeritage
** Suba Group of Hotels includes Choice Hotels

Source: Hotelivate Research



Future Supply

As in previous years, we present a comprehensive review and analysis of the proposed supply within India's hospitality sector. Drawing from survey responses and insights gathered by our consultants throughout the year, we have compiled a master list of new supply. Each project is assessed impartially, focusing on confirmed operator partnerships, development status, planned room counts, and anticipated opening dates, culminating in the future supply data outlined in this report.

Figures 29 and 30 illustrate the existing and proposed supply across 20 major hotel markets, as well as additional cities included in our analysis. India's hospitality sector is poised for significant growth,

with an anticipated, unfiltered 49% increase in hotel room supply. Key markets such as Bengaluru, Mumbai, and Goa are leading this expansion, with 77% of the proposed supply currently in active development. This trend reflects a positive outlook for the industry, fuelled by rising tourism, business travel, and infrastructure improvements. **As of March 2024, the overall branded pipeline for the next five years stands at 88,706 keys, regardless of construction status.**

We have also calculated an Active Development Ratio for each market, based on the number of rooms recently opened, those under construction, and projects expected to launch within the next five years. Projects that are inactive or merely in the planning phase have been excluded from this five-year forecast. Utilising this ratio, we project the supply of branded rooms by 2028/29, as shown in Figure 31.

Figure 29: Proposed Branded Hotel Rooms Across Major Cities (2023/24-2028/29)

	Existing Supply 2023/24	Proposed Supply*	Increase in Future Supply	Active Development of Supply	Luxury	Upscale	Upper Midmarket	Midmarket	Budget
Agra	2,477	875	35%	100%	23.4%	38.6%	25.7%	12.2%	0.0%
Ahmedabad	4,693	1,439	31%	81%	0.0%	14.6%	11.3%	26.9%	47.2%
Amritsar	2,081	2,892	139%	73%	0.0%	23.1%	39.9%	13.4%	23.7%
Bengaluru	16,261	5,569	34%	72%	4.5%	40.4%	33.2%	12.8%	9.1%
Chandigarh ^a	2,924	852	29%	41%	0.0%	35.2%	30.5%	27.0%	7.3%
Chennai	10,001	822	8%	100%	0.0%	43.6%	44.4%	0.0%	12.0%
Dehradun	1,236	1,212	98%	83%	7.1%	34.7%	16.5%	22.7%	19.1%
Goa	9,223	3,674	40%	85%	7.5%	22.6%	25.4%	22.3%	22.2%
Gurugram	6,588	2,518	38%	73%	11.9%	43.0%	17.4%	27.7%	0.0%
Hyderabad	7,379	1,652	22%	100%	0.0%	78.9%	10.6%	9.4%	1.1%
Jaipur	7,388	3,915	53%	73%	29.7%	52.3%	12.8%	3.0%	2.2%
Kochi	2,780	803	29%	66%	0.0%	38.2%	21.3%	19.3%	21.2%
Kolkata	5,108	1,815	36%	67%	0.0%	43.9%	26.1%	17.0%	13.0%
Lucknow	2,186	2,129	97%	100%	0.0%	36.0%	12.5%	35.7%	15.8%
Mumbai	15,234	3,515	23%	81%	36.5%	15.1%	16.6%	16.5%	15.2%
Navi Mumbai	1,642	1,185	72%	20%	0.0%	81.0%	19.0%	0.0%	0.0%
New Delhi ^b	15,118	2,010	13%	88%	9.4%	60.5%	11.6%	9.6%	8.9%
NOIDA ^c	1,792	1,581	88%	60%	0.0%	15.2%	30.0%	35.7%	19.1%
Pune	6,951	735	11%	60%	0.0%	26.5%	34.0%	34.4%	5.0%
Udaipur	2,462	1,612	65%	58%	21.1%	42.4%	6.8%	15.6%	14.1%
Other Cities ^d	56,879	47,901	84%	78%	2.3%	26.0%	28.3%	30.7%	12.7%
Total	1,80,403	88,706	49%	77%	5.9%	31.5%	25.5%	24.4%	12.7%

* Proposed supply includes 7,813 rooms which have been open for less than 6 months, and therefore, not included in the existing supply.

^a Chandigarh (including Panchkula and Zirakpur)

^b New Delhi (excluding Gurugram, NOIDA and Greater NOIDA) data

^c NOIDA (including Greater NOIDA)

^d Other Cities includes all other hotel markets across India
Source: Hotelivate Research

FIGURE 30: DISTRIBUTION OF EXISTING AND PROPOSED BRANDED HOTEL ROOMS ACROSS MAJOR CITIES (2014/15 – 2023/24)

	Existing Supply										Proposed Supply								Active Development of Supply									
	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23 ^a	23/24	14/15	15/16	16/17	17/18	18/19	19/20-20/21	21/22	22/23	23/24	14/15	15/16	16/17	17/18	18/19	19/20-20/21	21/22	22/23	23/24
Agra	1,755	2,036	2,092	2,256	1,864	2,289	2,210	2,209	2,063	2,477	503	622	754	428	582	734	495	1,256	875	43%	28%	34%	72%	46%	31%	85%	85%	100%
Ahmedabad	2,944	3,054	3,117	3,393	3,004	3,326	3,547	3,586	4,350	4,693	1,026	1,238	1,345	1,343	2,006	997	1,380	1,437	1,439	64%	71%	47%	71%	76%	94%	93%	90%	81%
Amritsar	766	873	1,108	1,322	1,319	1,566	1,692	1,736	1,791	2,081							1,165	1,987	2,892							82%	79%	73%
Bengaluru	11,117	11,539	11,995	12,594	13,366	13,691	13,647	14,022	15,364	16,261	5,317	5,209	4,418	5,698	4,620	6,266	6,802	4,358	5,569	52%	67%	72%	78%	65%	64%	67%	76%	72%
Chandigarh ^a	866	1,275	1,909	1,873	2,116	2,161	2,231	2,676	2,791	2,924							316	290	852							100%	72%	41%
Chennai	7,444	7,585	8,332	9,061	9,099	9,657	9,625	9,763	9,999	10,001	3,311	2,312	1,767	978	393	547	841	730	822	83%	100%	94%	89%	43%	57%	29%	100%	100%
Dehradun	114	114	182	234	325	380	464	624	738	1,236							1,016	1,064	1,212							78%	83%	83%
Goa	5,298	5,574	6,400	6,386	5,979	6,772	7,488	8,244	8,452	9,223	1,743	2,062	2,870	3,028	2,068	3,223	2,810	3,162	3,674	50%	90%	48%	57%	80%	63%	79%	87%	85%
Gurugram	5,323	5,117	5,263	5,890	5,538	5,589	5,873	6,151	6,440	6,588	2,084	1,959	1,743	1,727	1,808	2,343	2,323	1,696	2,518	10%	70%	23%	84%	80%	85%	80%	78%	73%
Hyderabad	5,954	5,992	6,254	6,846	6,672	7,393	7,381	7,450	7,370	7,379	2,474	2,464	1,475	1,149	728	827	2,979	1,206	1,652	61%	32%	89%	77%	68%	49%	11%	56%	100%
Jaipur	4,822	4,931	5,058	5,352	5,285	5,553	5,471	5,478	6,256	7,388	1,119	960	1,713	1,086	2,601	3,047	3,268	3,341	3,915	92%	89%	51%	82%	63%	52%	62%	68%	73%
Kochi	1,524	1,690	1,686	1,807	2,466	2,521	2,520	2,585	2,677	2,780							302	503	803							67%	58%	66%
Kolkata	2,701	2,701	3,199	3,652	3,712	4,579	4,841	4,878	4,984	5,108	2,870	3,209	2,194	1,768	1,724	929	853	1,288	1,815	70%	64%	64%	77%	81%	55%	65%	68%	67%
Lucknow	329	483	725	1,495	1,499	1,772	1,820	1,884	1,902	2,186							1,300	1,624	2,129							100%	100%	100%
Mumbai	11,997	12,127	12,565	12,595	12,639	13,070	13,245	13,217	13,579	15,234	5,561	4,166	3,680	4,039	4,816	6,771	5,409	4,666	3,515	33%	39%	37%	54%	69%	46%	87%	94%	81%
Navi Mumbai	868	927	929	929	929	1,000	1,000	1,395	1,222	1,642							642	826	1,185							78%	69%	20%
New Delhi ^b	13,193	14,142	14,296	14,450	14,952	15,027	15,024	15,082	14,859	15,118	2,502	2,792	1,715	1,492	805	836	1,852	1,627	2,010	87%	92%	62%	87%	93%	85%	86%	52%	88%
NOIDA ^c	1,322	1,322	1,422	1,515	1,378	1,378	1,423	1,569	1,688	1,792	1,873	2,561	1,043	1,174	981	1,889	1,268	1,560	1,581	13%	9%	18%	41%	43%	60%	66%	50%	60%
Pune	6,137	6,108	6,445	6,353	6,212	6,712	6,615	6,689	6,789	6,951	2,005	1,965	1,308	894	796	875	506	728	735	64%	73%	47%	89%	80%	30%	60%	88%	60%
Udaipur	1,029	1,096	1,157	1,157	1,317	1,605	1,742	1,953	2,109	2,462							1,065	1,506	1,612							94%	67%	58%
Other Cities ^d	22,192	22,914	25,085	27,405	29,730	33,365	35,898	41,754	49,749	56,879	23,882	25,393	21,042	24,576	26,242	30,989	22,646	34,981	47,901	70%	71%	75%	73%	77%	62%	73%	80%	78%
Total	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	1,80,403	56,270	56,912	47,067	49,380	50,170	60,273	59,238	69,836	88,706	61%	66%	64%	72%	74%	61%	72%	79%	77%

* Proposed Supply includes 7,813 rooms which have been open for less than six months, and therefore, are not included in the existing supply
a Chandigarh (including Panchkula and Zirakpur)
b New Delhi (excluding Gurugram, NOIDA and Greater NOIDA) data

c NOIDA (including Greater NOIDA)
d Other Cities includes all other hotel markets across India
Source: Hotelivate Research

The Active Development Ratio for 2023/24 remains robust at 77%, reflecting sustained investor confidence and ongoing growth, despite a slight decrease from 79% the previous year. This demonstrates the market's resilience and continued momentum in development activities. By 2028/29, we anticipate the addition of approximately 68,291 rooms (under active development), bringing total supply to 2,48,694 rooms. This signifies an actual growth of 38% in existing supply over the next five years.

Figure 29 provides further breakdowns of the proposed supply. A closer examination reveals a notable emphasis on upscale and midmarket categories. While luxury hotels represent only 5.9% of the proposed supply, the upscale and upper upscale segments account for a significant 31.5%. This trend underscores a strategic focus on high-end accommodations aimed at attracting the growing middle and upper-middle-class traveller demographic. Additionally, the upper midmarket and midmarket segments, comprising 25.5% and 24.4%, respectively, highlight an increasing demand for quality yet affordable lodging options. This distribution indicates that the hospitality industry is strategically aligning itself to cater to the diverse needs of both premium and budget-conscious travellers, ensuring comprehensive market coverage.

Figure 31: Growth of room supply - India (2000/01 - 2028/29)

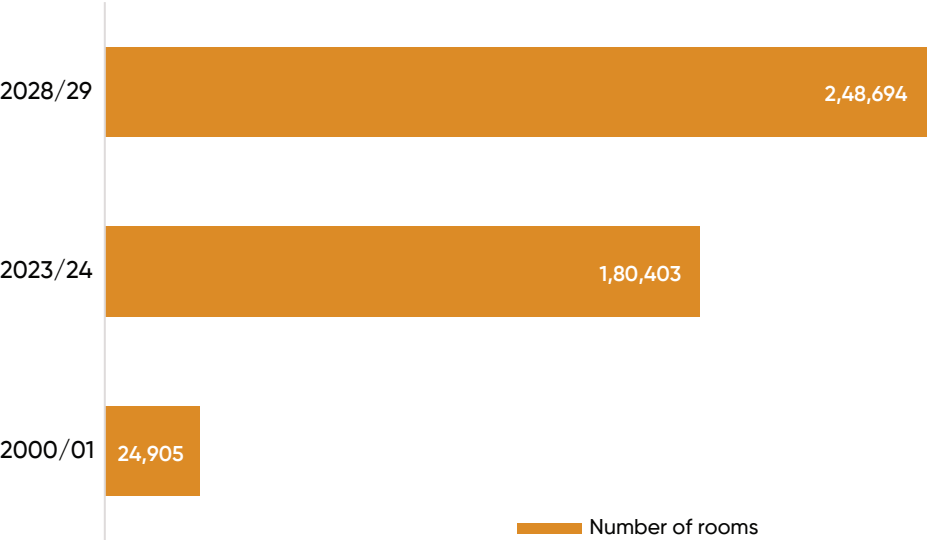


Figure 32: Growth of Supply across Major Cities (2023/24 - 2028/29*)

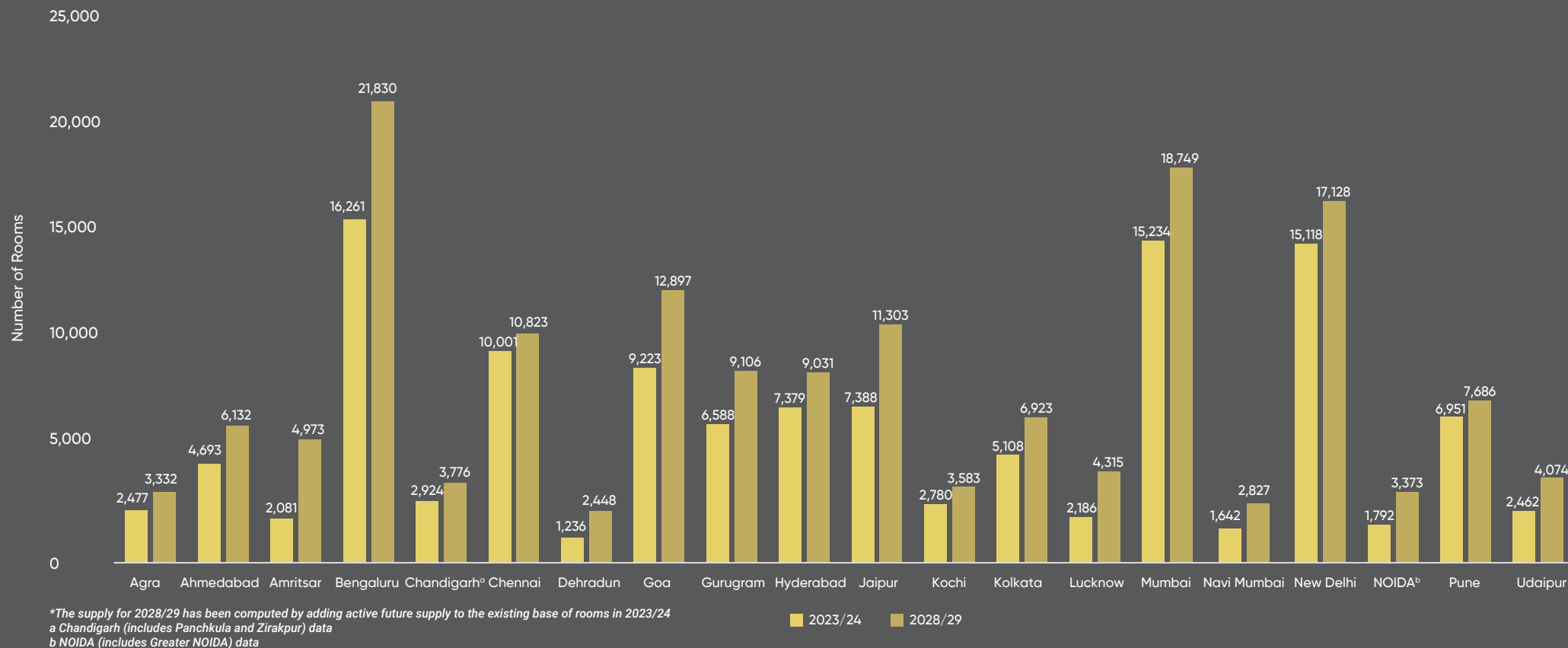
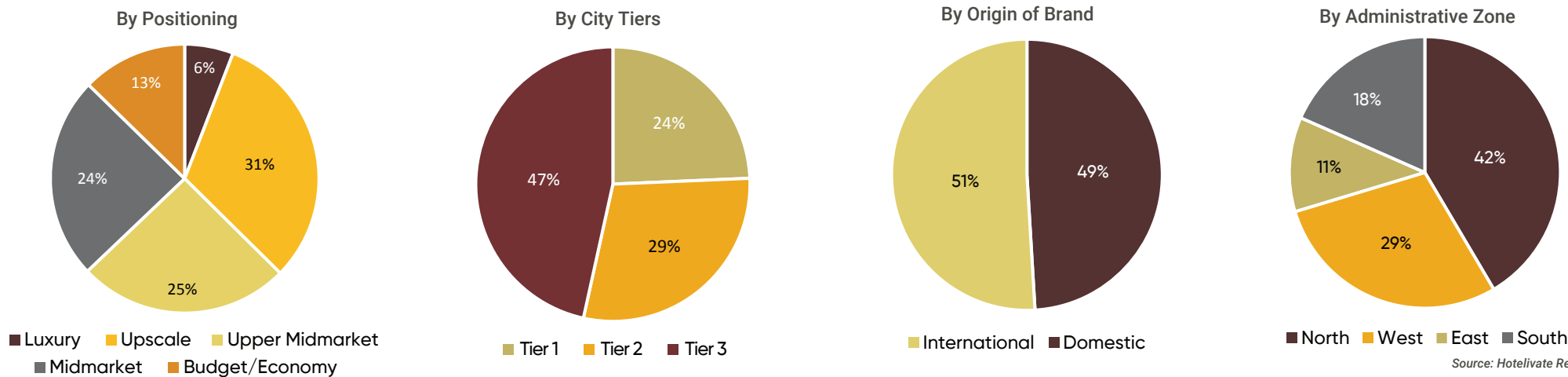


Figure 33: Proposed Branded Hotel Rooms Across Various Parameters (2023/24 - 2028/29)



Industry Performance by Major Cities

In 2023/24, the Indian hospitality industry demonstrated robust growth, with major cities reporting significant improvements across key performance metrics. **Occupancy rates surged, with Mumbai leading at 79.0%, followed closely by New Delhi at 78.7% and Hyderabad at 75.1%, approaching pre-pandemic levels.**

In terms of average daily rate (ADR), Udaipur topped the list with ₹15,093, on account of its strong luxury hotel base. Mumbai followed with an ADR of ₹11,219, driven by a resurgence in corporate travel. Revenue per available room (RevPAR) also saw impressive growth across various cities, with Mumbai again at the forefront, recording a RevPAR of ₹8,866. Notable increases were observed in Bengaluru, Hyderabad, and Kolkata, fuelled by the return of business travel and M.I.C.E. activities.

Overall, the 2023/24 period marked a significant recovery, with several cities achieving their highest-ever average rates and RevPAR, reflecting strong demand in both business and leisure segments. Particularly noteworthy was New Delhi, which experienced a

remarkable 29.9% growth in RevPAR, driven by substantial increases in both occupancy and average rates. **For the second consecutive year, Hyderabad recorded one of the highest RevPAR growths in the country, bolstered by a 26.2% rise in average rates.** Given its limited supply and ongoing development, Hyderabad is poised for continued growth in these metrics.

Figure 34 illustrates marketwide occupancy rates across 20 major cities from 2004/05 to 2023/24. Figures 35 and 36 present the ADR and RevPAR for each of these hotel markets in Indian Rupees.

However, markets such as Navi Mumbai, Dehradun, Noida, and Amritsar faced declines in occupancy over the past year, primarily due to an influx of new room supply. This increase has outpaced demand growth, resulting in a temporary dip in occupancy despite the overall strength of the market.

Figure 37 provides a useful visual representation of Occupancy & ADR performance for these major markets over 2023/24.

Figure 34: Key Operating Statistics By Major City – Occupancy

	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 ^a	2023/24	12-Month Change	24-Month Change	
Agra	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%	63.2%	66.4%	5.1%	35.0%	
Ahmedabad	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%	68.0%	68.3%	0.4%	18.0%	
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%	67.3%	66.5%	-1.2%	34.1%	
Bengaluru	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%	64.8%	65.6%	1.2%	62.0%	
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%	69.2%	-0.3%	22.3%	
Chennai	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%	69.2%	72.4%	4.6%	40.0%
Dehradun											55.9%	76.0%	66.0%	67.1%	69.1%	72.6%	39.0%	53.2%	63.0%	54.8%	-13.0%	3.0%	
Goa	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%	70.5%	71.8%	1.8%	28.4%	
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%	66.7%	71.1%	6.6%	48.1%	
Hyderabad	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%	73.4%	75.1%	2.3%	46.1%	
Jaipur	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%	63.6%	66.1%	3.9%	33.5%	
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%	60.4%	66.5%	10.1%	75.5%	
Kolkata	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%	70.0%	74.6%	6.6%	48.9%	
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%	70.4%	71.0%	0.9%	26.1%	
Mumbai ^b	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%	78.8%	79.0%	0.3%	30.8%	
Navi Mumbai								67.6%	60.7%	59.4%	73.9%	81.7%	77.6%	79.1%	79.3%	72.7%	43.0%	53.3%	75.9%	70.6%	-7.0%	32.5%	
New Delhi ^c	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%	78.7%	4.8%	37.1%	
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%	67.8%	65.1%	-4.0%	25.0%	
Pune	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%	67.6%	67.9%	0.4%	64.4%	
Udaipur								41.7%	47.7%	53.9%	57.5%	64.3%	68.8%	67.9%	72.0%	62.1%	37.2%	51.7%	58.5%	57.4%	-1.9%	11.0%	

Figure 35: Key Operating Statistics By Major City – Average Rate (₹)

	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 *	2023/24	12-Month Change	24-Month Change
Agra	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	6,675	7,919	18.6%	87.7%
Ahmedabad	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	4,804	5,676	18.2%	86.2%
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	4,725	5,225	10.6%	50.2%
Bengaluru	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	7,139	8,561	19.9%	107.4%
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	6,028	6,497	7.8%	25.1%
Chennai	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	5,736	6,800	18.5%	71.5%
Dehradun											4,357	4,565	4,567	4,680	4,418	4,421	3,717	4,042	6,170	7,693	24.7%	90.3%
Goa	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	10,207	11,396	11.6%	34.0%
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	6,846	8,226	20.2%	74.8%
Hyderabad	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	6,564	8,287	26.2%	101.6%
Jaipur	3,461	4,407	5,285	5,664	5,982	4,539	4,718	4,727	4,843	4,743	4,721	4,787	5,051	5,347	5,500	4,277	4,933	6,824	7,937		16.3%	60.9%
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	5,417	6,021	11.2%	68.5%
Kolkata	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	5,735	6,806	18.7%	58.3%
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	4,338	5,075	17.0%	36.7%
Mumbai ^b	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	9,399	11,219	19.4%	116.1%
Navi Mumbai								4,800	4,474	4,180	3,856	3,960	4,118	4,318	4,671	4,748	3,381	3,068	5,139	5,956	15.9%	94.1%
New Delhi ^c	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	8,083	10,020	24.0%	91.0%
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	5,938	7,456	25.6%	97.5%
Pune	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	5,456	6,477	18.7%	65.2%
Udaipur								10,590	10,163	10,270	10,712	10,432	10,511	10,064	10,896	11,298	9,562	12,837	13,672	15,093	10.4%	17.6%

Figure 36: Key Operating Statistics By Major City – RevPAR (₹)

	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 *	2023/24	12-Month Change	24-Month Change
Agra	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	4,219	5,258	24.6%	153.3%
Ahmedabad	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	3,267	3,877	18.7%	119.7%
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	3,180	3,475	9.3%	101.4%
Bengaluru	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	4,626	5,616	21.4%	235.9%
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	4,183	4,496	7.5%	53.0%
Chennai	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	3,969	4,923	24.0%	140.1%
Dehradun											2,436	3,469	3,014	3,140	3,053	3,210	1,450	2,150	3,887	4,216	8.5%	96.1%
Goa	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	7,196	8,182	13.7%	72.1%
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	4,566	5,849	28.1%	159.0%
Hyderabad	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	4,818	6,224	29.2%	194.5%
Jaipur	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	4,340	5,246	20.9%	114.9%
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	3,272	4,004	22.4%	195.6%
Kolkata	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	4,015	5,077	26.5%	135.7%
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	3,054	3,603	18.0%	72.4%
Mumbai ^b	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	7,406	8,863	19.7%	182.7%
Navi Mumbai								3,245	2,716	2,483	2,850	3,235	3,196	3,416	3,704	3,452	1,454	1,635	3,901	4,205	7.8%	157.1%
New Delhi ^c	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	6,070	7,886	29.9%	161.9%
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	4,026	4,854	20.6%	146.7%
Pune	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	3,688	4,398	19.2%	171.6%
Udaipur								4,416	4,848	5,536	6,159	6,708	7,232	6,833	7,845	7,016	3,557	6,637	7,998	8,663	8.3%	30.5%

*2022/23 performance has been modified based on the data collated for this survey

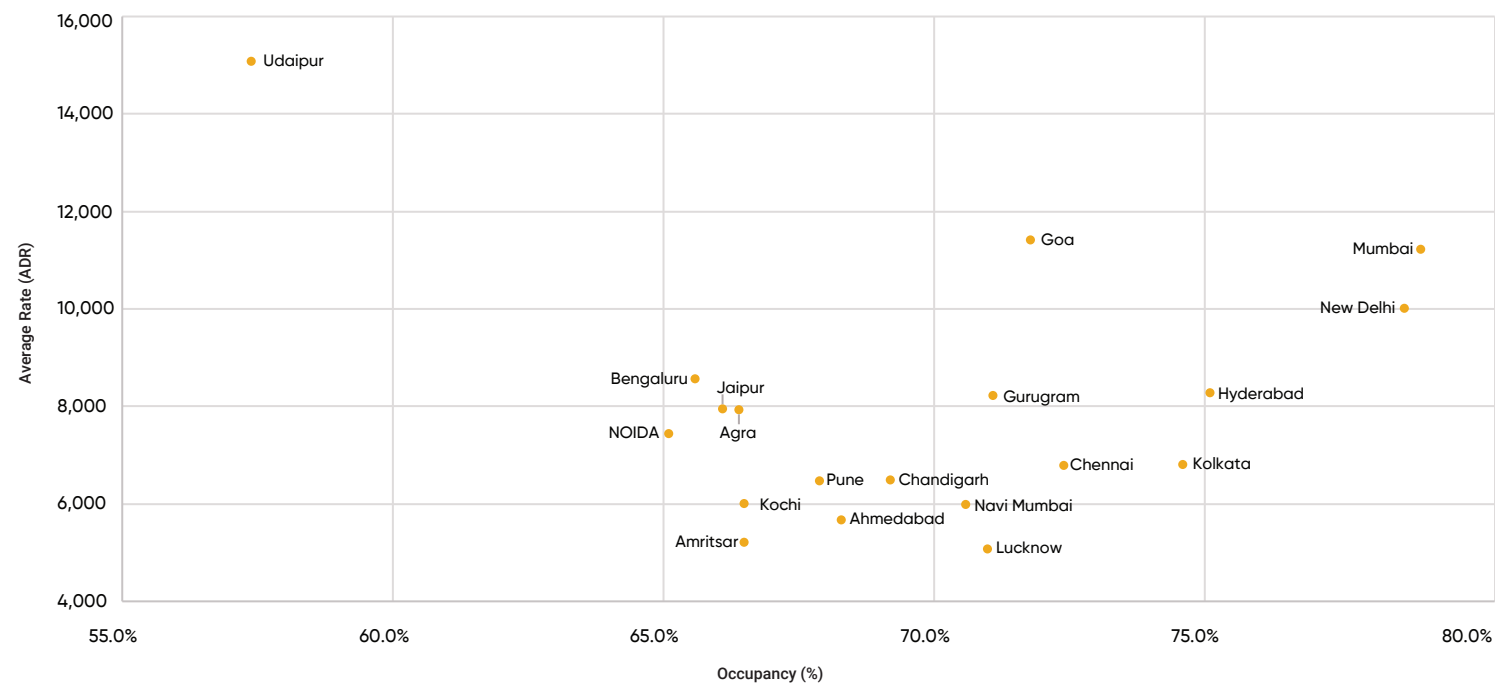
a Chandigarh (including Panchkula and Zirakpur)

b Mumbai data (Shaded Portion) includes Navi Mumbai

c New Delhi data (Shaded Portion) from 2004/05 to 2023/24; New Delhi (excluding Gurugram, NOIDA and Greater NOIDA) data from 2009/10 to 2023/24

d NOIDA (including Greater NOIDA)

Figure 37: Occupancy and Average Rate for the 20 Major Markets (2023/24)



Demand, Supply and Revenue Growth Rates by Major City (2014/15 – 2023/24)

Figure 38 highlights the ten-year compounded annual growth rate (CAGR) for demand, supply, and room revenue from 2014/15 to 2023/24. Demand matched or exceeded supply in 18 of the 20 major markets. **Notably, Tier 2 cities like Ahmedabad, Amritsar, Dehradun, Chandigarh, Lucknow, and Udaipur have outperformed the national averages in all key metrics. Goa was the only major market to also achieve this feat.** Other major markets to display stronger than average compounded room revenue growth included Bengaluru, Hyderabad and Jaipur. The surge in domestic tourism post-COVID has encouraged travellers to explore Tier 1 and Tier 2 cities, attracting heightened interest from investors eager to develop these areas. As a result, emerging destinations are gaining visibility, becoming attractive not only for leisure and business travel but also for investment and development opportunities.

Figure 38: Demand, Supply and Revenue Growth (2014/15-2023/24)

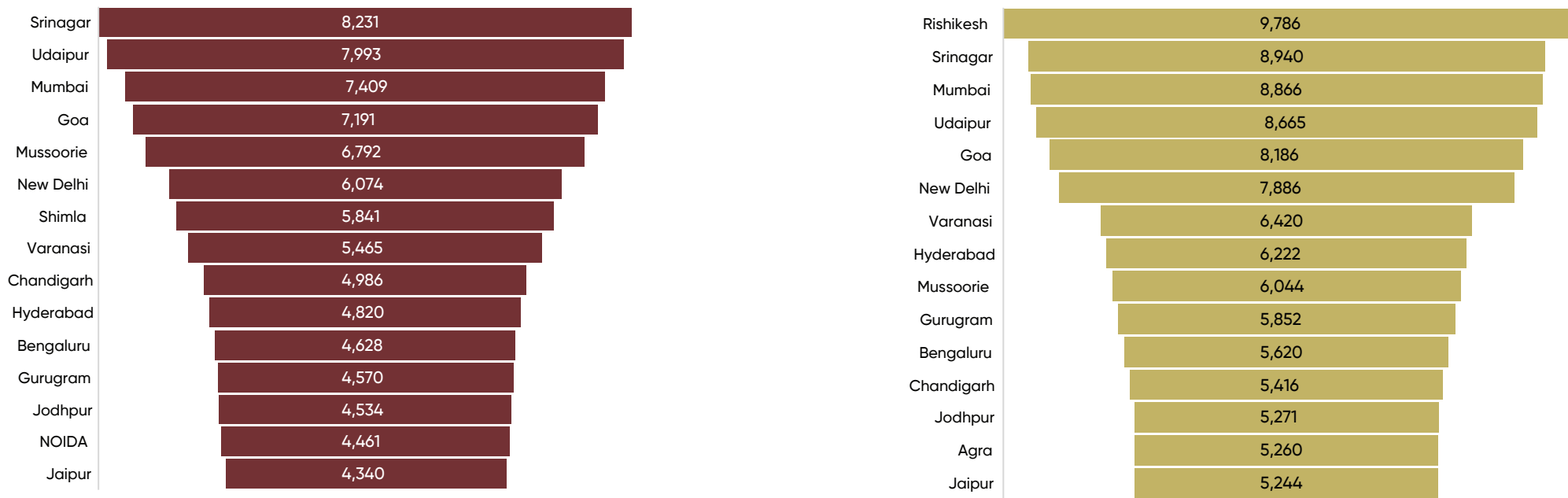
	Demand CAGR	Supply CAGR	Revenue CAGR		Demand CAGR	Supply CAGR	Revenue CAGR
India	10.31%	8.92%	13.80%	India	10.31%	8.92%	13.80%
Agra	10.38%	9.58%	11.42%	Jaipur	9.65%	7.64%	14.71%
Ahmedabad	14.11%	12.02%	18.71%	Kochi	10.07%	7.77%	12.48%
Amritsar	19.09%	12.93%	23.17%	Kolkata	11.70%	8.88%	13.26%
Bengaluru	9.82%	8.79%	14.09%	Lucknow	22.15%	22.33%	22.44%
Chandigarh	16.39%	14.02%	20.92%	Mumbai	4.85%	3.14%	9.30%
Chennai	8.51%	5.69%	11.56%	Navi Mumbai	6.87%	5.04%	10.73%
Dehradun	40.09%	42.78%	52.20%	New Delhi	7.03%	4.29%	10.37%
Goa	10.29%	10.00%	16.92%	NOIDA	10.24%	8.27%	11.30%
Gurugram	8.42%	6.42%	9.98%	Pune	7.45%	5.72%	12.52%
Hyderabad	8.76%	4.93%	14.89%	Udaipur	12.25%	11.51%	15.73%

Source: Hotelivate Research

Top 15 Markets by RevPAR

As a trend that emerged after the global pandemic, leisure destinations, driven by stronger-than-average rate growth, continue to be prominent features on this list alongside gateway urban locations such as Mumbai, New Delhi, and Gurugram (as shown in Figure 39). Interestingly, among these leisure locations, we can find a diverse range of options, including spiritual, beach, mountainous, and palatial destinations. Notably, a large majority of these destinations are in North India (11 in the list out of 15).

Figure 39: Top 15 Hotel Markets by RevPAR – 2022/23 (Left) and 2023/24 (Right)*



*Only Markets with more than 5 hotels and an inventory of over 500 rooms have been considered.

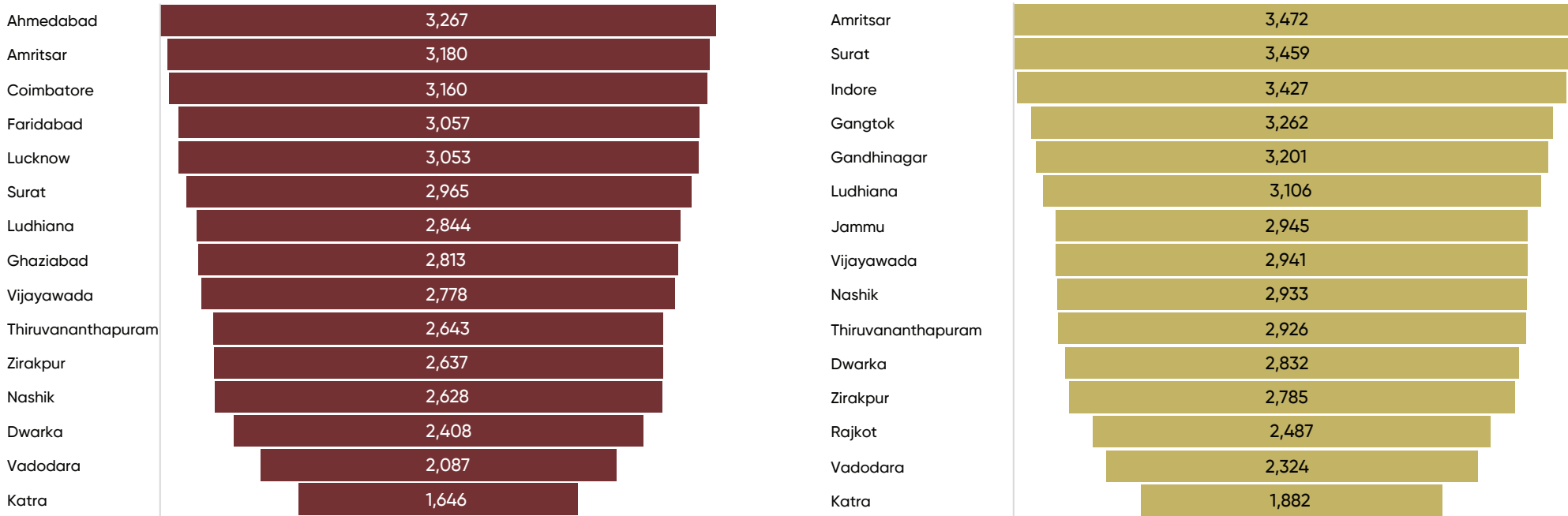
Source: Hotelivate Research



Bottom 15 Markets by RevPAR

As shown in Figure 40, the bottom 15 markets by RevPAR include locations once regarded as ‘promising’ destinations. However, these markets have deviated from expectations, with RevPAR negatively affected by oversupply in many markets. **Notably, certain markets such as Dwarka, Katra, Thiruvananthapuram, Vadodara, and Zirakpur have consistently appeared on this list for the past few years.**

Figure 40: Bottom 15 Hotel Markets by RevPAR – 2022/23 (Left) and 2023/24 (Right)*



*Only Markets with more than 5 hotels and an inventory of over 500 rooms have been considered.

Source: Hotelivate Research



Top 15 Cities by Room Revenue

The hospitality market in India for 2023/24 presents several noteworthy developments. Luxury and leisure destinations continue to be significant revenue drivers. Mumbai, New Delhi, and Bengaluru dominate the landscape, benefiting from a strong mix of M.I.C.E. and corporate travel. These cities show high room revenue per key, indicative of premium pricing and strong occupancy rates. Mumbai saw a substantial increase in room revenue, growing by over 61% year-on-year, solidifying its lead as the top city for room revenue. Despite having the largest hotel inventory, Bengaluru lags behind Mumbai in room revenue by about 30%, primarily due to its lower ADR.

Emerging leisure markets such as Rishikesh, Udaipur, and Ranthambore have posted impressive growth. **Rishikesh, in particular, leads the leisure segment with the highest room revenue per key (₹35.71 lakh), reflecting growing demand for getaway destinations and religious tourism.** Udaipur, with ₹30.51 lakh per key, highlights its position as a destination for luxury travellers, driven by high-end resorts and experiences.

Corporate hubs like Hyderabad and Gurugram have maintained steady growth, driven by strong demand from business travellers. While these cities may not exhibit the highest RevPAR, their substantial room inventories contribute to significant overall room revenue. Gurugram’s room revenue per key (₹21.09 lakh) underscores its growing prominence as a business travel destination.

Tier 2 cities such as Jodhpur, Chandigarh, and Varanasi are also showing potential, with increasing tourism and infrastructure development contributing to steady revenue growth. Jodhpur’s room revenue per key of ₹18.57 lakh positions it as an emerging leisure destination, while Varanasi’s ₹20.24 lakh per key reflects the growing appeal of religious and cultural tourism.

RevPAR figures highlight the strength of niche tourism destinations. Rishikesh (₹9,786) and Srinagar (₹8,940) recorded the highest RevPAR, suggesting that tourists are willing to spend more per available room in these locations, particularly for wellness, adventure, and serene experiences. **Overall, while traditional business hubs like Mumbai, New Delhi, and Bengaluru continue to drive significant room revenue, emerging leisure destinations such as Rishikesh, Udaipur, and Srinagar are showing higher profitability potential through increased room revenue per key.** This highlights a shift towards niche tourism markets—which are proving to be lucrative segments in the post-pandemic growth of the hospitality industry.

Figure 41: Top 15 Cities by Room Revenue (2022/23 & 2023/24) *

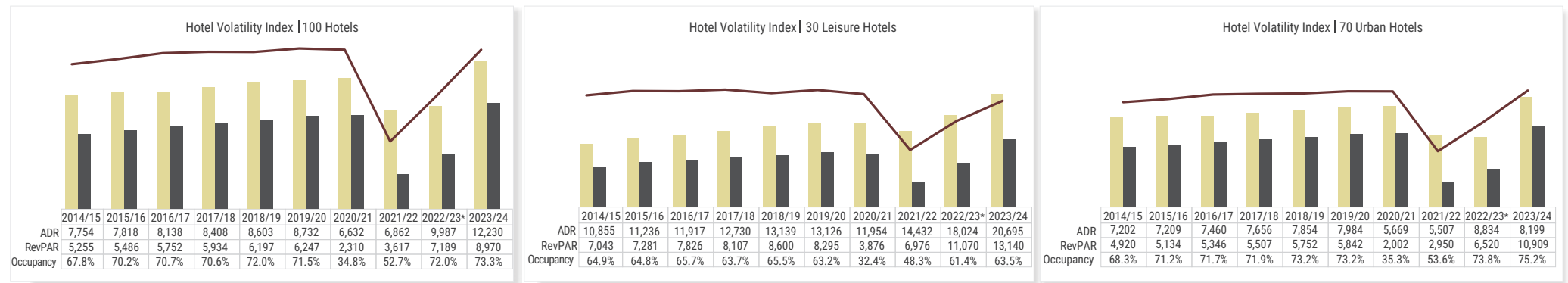
2022/23						2023/24					
City	Hotels	Inventory	RevPAR	Room Revenue	Room Revenue/Key	City	Hotels	Inventory	RevPAR	Room Revenue	Room Revenue/Key
Srinagar	11	590	8,231	1,77,26,00,000	30,04,407	Rishikesh	12	629	9,786	2,24,67,00,000	35,71,860
Udaipur	26	2,109	7,993	6,04,01,00,000	28,63,964	Srinagar	12	619	8,940	2,00,45,00,000	32,38,288
Mumbai	68	13,579	7,409	36,15,43,00,000	26,62,516	Mumbai	74	15,234	8,866	47,20,34,00,000	30,98,556
Goa	81	8,452	7,191	21,30,24,00,000	25,20,398	Udaipur	33	2,462	8,665	7,51,22,00,000	30,51,259
Mussoorie	14	893	6,792	2,21,38,00,000	24,79,059	Ranthambore	11	444	9,354	1,31,02,00,000	29,50,901
New Delhi	70	14,859	6,074	32,74,85,00,000	22,03,950	Goa	90	9,223	8,186	26,91,27,00,000	29,17,998
Shimla	14	782	5,841	1,60,96,00,000	20,58,312	New Delhi	72	15,118	7,886	43,39,73,00,000	28,70,572
Varanasi	10	560	5,465	1,08,90,00,000	19,44,643	Hyderabad	41	7,379	6,222	16,75,87,00,000	22,71,134
Hyderabad	41	7,370	4,820	12,96,48,00,000	17,59,132	Mussoorie	16	994	6,044	2,19,27,00,000	22,05,936
Chandigarh	17	1,866	4,986	3,20,14,00,000	17,15,648	Gurugram	48	6,401	5,852	13,50,15,00,000	21,09,280
Bengaluru	98	15,364	4,628	25,73,39,00,000	16,74,948	Varanasi	11	704	6,420	1,42,51,00,000	20,24,290
Jodhpur	12	810	4,534	1,34,05,00,000	16,54,938	Bengaluru	104	16,261	5,620	32,83,92,00,000	20,19,507
Gurugram	45	6,253	4,570	10,02,62,00,000	16,03,422	Chandigarh	17	1,879	5,416	3,71,42,00,000	19,76,690
Agra	15	2,063	4,216	3,17,48,00,000	15,38,924	Jodhpur	13	903	5,271	1,67,69,00,000	18,57,032
Jaipur	58	6,256	4,340	9,32,70,00,000	14,90,889	Jaipur	65	7,388	5,244	13,70,35,00,000	18,54,832

**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 lakh.*
Source: Hotelivate Research

The Hotel Volatility Index 2024

The performance statistics of a market can often be skewed by the opening of new hotels, which may not have fully stabilised and can lower occupancy, average rate, or both. This is particularly true for rapidly emerging hotel markets like India. To better understand the performance of established assets, we selected a base of 100 hotels that have been operational since 2012 or earlier, serving as a reliable index for equitable year-over-year benchmarking across India. The Hotel Volatility Index (HVI) can provide an accurate measure of the country's hotel industry. Figure 42 below illustrates the occupancy, average rate, and RevPAR performance of the 100 hotels between 2014/15 and 2023/24, further categorised by the type of location.

Figure 42: Hotel Volatility Index | Urban and Leisure Locations

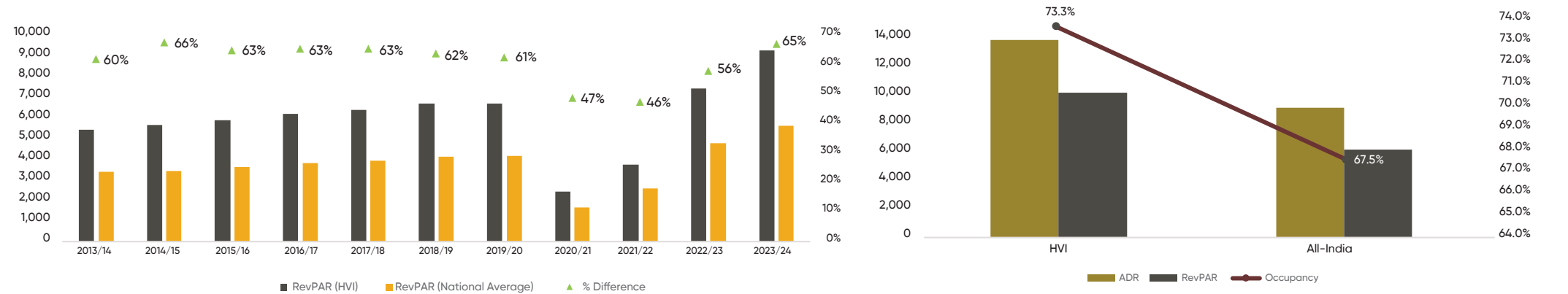


Source: Hotelivate Research

The HVI hotels significantly outperformed the nationwide hotel average, with a RevPAR premium of 65% (Figure 43). A closer analysis of occupancy and average rate reveals that HVI hotels achieved an occupancy of 73.3% (compared to the nationwide average of 67.5%) and an average rate of ₹12,230 (compared to the nationwide average of ₹8,055).

Additionally, comparing the performance of urban hotels to leisure hotels (Figure 42) reveals some interesting insights. Despite having a 16% higher occupancy rate, urban hotels continue to lag behind leisure hotels, which have a RevPAR premium of 60%. This is primarily due to the fact that RevPAR growth between 2022/23 and 2023/24 was predominantly driven by average rate increases. This trend has further widened the performance gap between leisure and urban hotels on a year-over-year basis.

Figure 43: HVI vs National Average | 2013/14 to 2023/24



*2022/23 performance has been modified based on the data collated for this survey

Source: Hotelivate Research

Source: Hotelivate Research

Looking at HVI from the lenses of City Tiers (Figure 44) and Administrative Zones (Figure 45) reveal interesting trends. The highest growth between 2022/23 and 2023/24 was reported by South India (26%) followed by North India (24%) and West India (20%). In terms of RevPAR though, North India saw a sharper increase (28%) followed by South India (26%) and West India (23%). Expectedly, Tier 1 cities continue to witness the sharpest growth in their performance (26%) while Tier 2 and Tier 3 markets see a similar growth (~22%). Moreover, as mentioned earlier, the performance levels of Tier 2 and Tier 3 markets are starting to converge to similar levels.

Figure 44: HVI: Key Operating Statistics by City Tiers (2011/12- 2023/24)

	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	75.0%	9,958	7,473	65.3%	10,273	6,712	62.5%	9,189	5,747
2023/24	76.3%	12,306	9,395	66.8%	12,287	8,207	64.3%	10,962	7,050

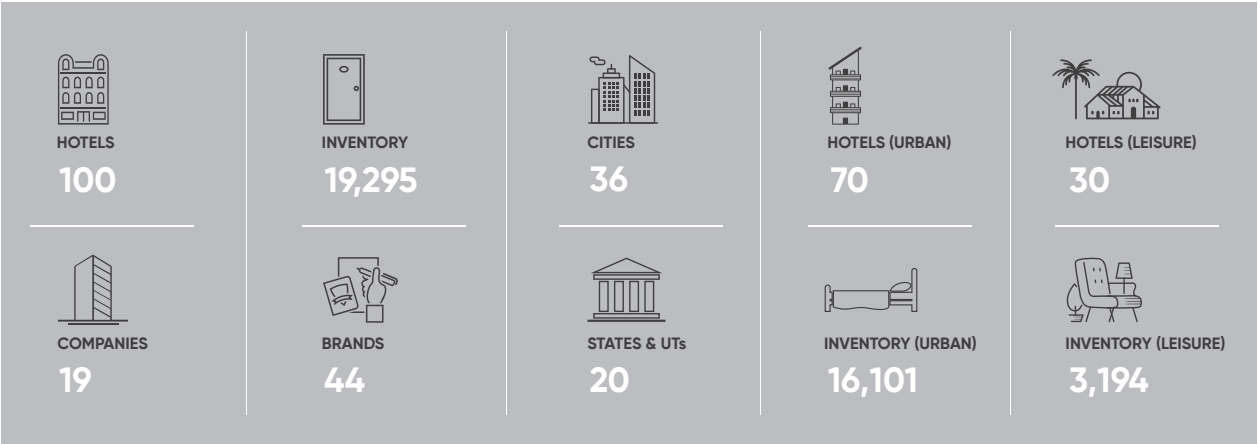
Source: Hotelivate Research

Figure 45: HVI: Key Operating Statistics by Administrative Zones (2011/12- 2023/24)

	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%	4,854	2,497	54.6%	7,674	4,190	47.9%	5,734	2,749	54.2%	7,207	3,906
2022/23	75.1%	6,301	4,731	71.3%	10,707	7,636	67.0%	8,527	5,711	74.7%	11,010	8,223
2023/24	78.1%	7,251	5,659	73.3%	13,307	9,748	66.8%	10,779	7,202	76.1%	13,261	10,089

Figure 46: HVI: Key Operating Statistics by Origin (2013/14- 2023/24)

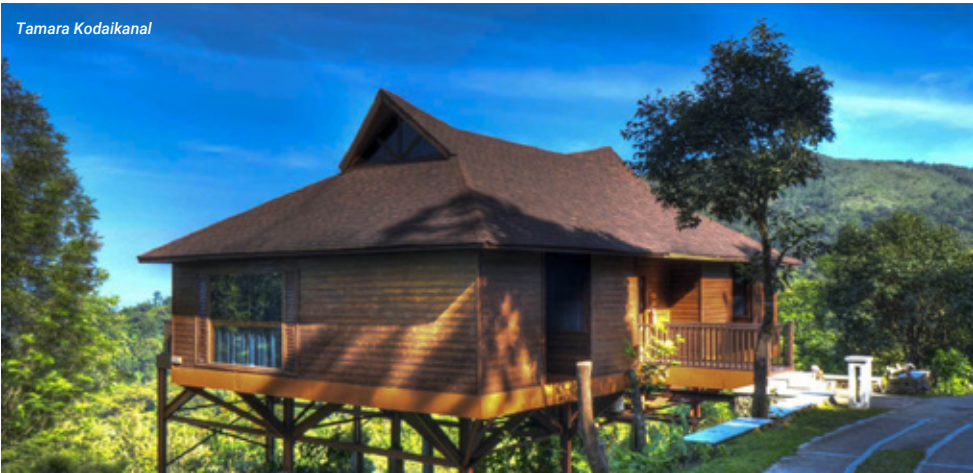
	Indian-Origin			International		
	Occ%	ADR	RevPAR	Occ%	ADR	RevPAR
2013/14	67.10%	8,524	5,716	64.40%	6,663	4,290
2014/15	67.80%	8,879	6,018	67.80%	6,635	4,496
2015/16	70.60%	8,931	6,301	69.80%	6,702	4,677
2016/17	70.50%	9,361	6,599	70.90%	6,942	4,919
2017/18	69.90%	9,740	6,809	71.20%	7,117	5,070
2018/19	72.00%	10,024	7,219	72.00%	7,139	5,143
2019/20	69.90%	9,992	6,985	73.30%	7,462	5,466
2020/21	35.50%	7,047	2,501	34.20%	6,178	2,110
2021/22	52.60%	8,471	4,453	52.90%	5,160	2,727
2022/23	73.95%	11,907	8,805	70.02%	7,967	5,578
2023/24	75.22%	14,033	10,555	71.49%	10,355	7,402



Source: Hotelivate Research

In summary, we believe the Hotel Valuation Index (HVI) offers a reliable evaluation of the hotel industry's performance over time. Stable-state assets not only exhibit resilience but also stand to gain significantly during industry recoveries. By capitalising on the efficiencies gained during the global pandemic and adapting to evolving consumer behaviour, these hotels have achieved record-breaking results. This underscores the importance for hotel owners to exercise patience, allowing their assets to stabilise and leverage economic resilience for consistent, higher returns. Moreover, it is essential for owners to invest in renovations and refurbishments to ensure their properties are well-maintained and continue to deliver superior returns. Hotels within the HVI sample set are likely to experience moderate rate growth while maintaining stable occupancy levels. Effective asset management, strategic sales and marketing, and talent development remain critical areas of focus to sustain performance and maximise returns during this period.

Manav Thadani, MRICS
Founder Chairman, Hotelivate



Markets of Interest

The Trends & Opportunities report primarily focuses on the top 20 hotel markets in India. However, it is important to highlight several additional towns and cities that have captured the attention of hotel developers and operators over the past year. Hotelivate has conducted various studies in the Northeastern states, including key destinations such as Guwahati, Shillong, Gangtok, Siliguri, and Makaibari, along with several pristine tea estates and scenic trails.

Among smaller towns attracting developer interest, Indore, Bhopal, Nagpur, Jodhpur, Chikmagalur, and Thiruvananthapuram had emerged as notable contenders. Unsurprisingly, the cities of Varanasi, Haridwar, and Mathura/Vrindavan have been frequently explored by our firm for various client assignments.

Among state capitals, Srinagar, Bhubaneswar, and Patna have been particularly prominent in our analyses. Furthermore, gateway markets like NOIDA, Bengaluru, and Hyderabad have consistently commanded attention. This section aims to explore the factors contributing to the appeal of some of these promising markets.

Bengaluru

The largest hotel market in India by inventory, Bengaluru finally saw hotel performance recover to pre-pandemic levels in 2023. The city's rebound was aided by numerous events during India's presidency of the G20 summit. The inauguration of the new terminal at Kempegowda International Airport in late 2022-early 2023, positioned the airport as the third largest in India, with a capacity of 52 million passengers per annum which further aided the market's overall recovery. Traditionally one of the strongest corporate markets in the country, 2023/24 saw hotels focus on M.I.C.E. demand in order to diversify segments and reduce reliance on contracted business. However, most hotels decided to push up RFP rates as well, and Bengaluru's overall marketwide ADR grew to ₹8,561 in 2023/24. While GDS bookings are yet to recover fully, the market continues to witness a significant increase in retail bookings.

With ~41 million square feet of Grade A office space planned and under construction, MNCs are also consolidating their presence by moving from multiple small offices to larger spaces. Several new start-ups are also providing room nights to hotels. Development is now moving towards the northern part of the city, towards the airport. The ongoing widening of Bellary Road and construction of flyovers to convert the Hebbal-Devanahalli stretch into a signal-free carriageway (NH-7, connecting the city to the international airport), the proposed 4 km long elevated highway between Hebbal and Yelahanka, a planned high-speed rail link and mono rail to the airport and the planned Peripheral Ring Road are expected to improve

the accessibility to Devanahalli from the different parts of the city in the medium to long term. The peripheral ring road has also initiated its first phase connecting the airport to the Narsapura industrial area. With the city's traffic congestion, increasing development of North Bengaluru seems promising. Going forward, with ~4,000 rooms under active development and expected to open within the next five years, we expect hotel occupancies and ADRs to continue to increase, sustaining Bengaluru's position as one of the strongest commercial markets in the country.

Hyderabad

Hyderabad has rapidly transformed into a major commercial, IT, and biotechnology hub in India, driven by significant investments in infrastructure, corporate developments, and the hospitality industry. With Hyderabad's growing role in the IT sector, biotechnology, medical tourism, and as a centre for multinational corporations, it is experiencing substantial demand for commercial space, hotels, and leisure resorts. The lack of supply in Hyderabad's hospitality and commercial real estate market is a growing concern. As new commercial developments, such as tech parks and corporate hubs in areas like Gachibowli, HITEC City, and Kokapet continue to emerge, the influx of business travellers, extended-stay guests, and international clientele will continue to increase. The limited hotel supply has led to rising

average daily rates as hotels aim to capitalise on the increased demand. This imbalance between demand and supply could persist, especially with upcoming corporate hubs and continued economic growth, leaving opportunities for new hospitality developments to bridge the gap. Hotelivate finds the Hyderabad market to be worthy of a serious look by hotel owners and developers.

Indore

The commercial capital of central India, Indore has seen rapid development in recent years, emerging as a strong industrial hub. Key clusters such as Pithampur and Dewas are attracting significant new investments, spurred by favourable government policies and incentives geared towards industrial growth. As a result, global multinational corporations are increasingly looking to establish their presence in the city. Early movers include IT giants like TCS and Infosys, which have set up their software development campuses along the new Super Corridor. The city's cleanliness initiatives, combined with excellent road connectivity to neighbouring satellite towns, has further fuelled the influx of visitors.

Indore's hotel market is primarily driven by commercial demand from the automobile, manufacturing, and financial sectors. This has led to significant resident and non-resident demand for meetings, conferences, as well as wedding ceremonies (in both unbranded marriage banquet halls and existing hotels). Additionally, Indore's proximity to Hindu pilgrimage sites such as Ujjain and Omkareshwar contribute to leisure demand in the market. While the city hosts several international hotel brands catering to various market segments, the number of accommodated room nights is expected to more than double over the next five years, underscoring Indore's growing importance as a commercial and financial hub in Central India.

Hotelivate has worked on half a dozen feasibility studies in and around Indore in the past 12 months. While we harbour the view that the market offers long term promise, it is very likely to face short-to-medium term supply pressure.

Jaipur

The recent years have seen Jaipur city emerge as an interesting case study in the driving power of specific market segments. Despite a shallow corporate base and low per diems, the demand for hotel business remains healthy. This has led to a predominance of budget to upper midmarket positioned hotels within this area, even among proposed projects. However, palaces and resorts catering to the high-yielding leisure and M.I.C.E. business, especially social M.I.C.E., have boomed in recent years. These resorts have seen a sharp increase in average rates (a considerable premium over pre-pandemic numbers) while maintaining decent occupancy levels. This has generated significant developer interest in developing M.I.C.E. - focused resorts in the Kukas and Sitapura Belts and outskirts of the city. Worthy of note are the biodiversity laws which will affect the plan approvals and construction permits for proposed resorts, potentially delaying a few projects. With supply pressure mounting over the next four to five years, Jaipur's hotel market will need to find ways to reinvent and look beyond the relatively seasonal wedding demand, lest it be left with an oversupply situation. It is therefore critical for resorts, in particular, to capitalise on the positives and diversify by tapping into alternative sources of business, such as leisure from neighbouring states (Punjab, Delhi, and Uttar Pradesh) and inbound business from travel agents, which has been slow to recover post the pandemic.



Future Trends & Opportunities

01

Sports Tourism

Spectator demand has steadily increased in recent years as various sports gain prominence and attract greater interest. According to UN Tourism, sports tourism is projected to grow at a rate of 17.5% between 2023 and 2030. In response to this rising demand, stadiums and sporting venues are enhancing their facilities with hospitality features to accommodate larger crowds.

The ICC Men's Cricket World Cup, held across ten venues in India, has significantly boosted tourism by attracting both domestic and international visitors. This surge in tourism has also resulted in increased spending. India is now home to some of the world's largest stadiums, including the Narendra Modi Stadium in Ahmedabad, which boasts a capacity of 1,00,000 spectators. Furthermore, new sports facilities are being developed or expanded in regions such as Bhubaneswar, Gwalior, Jaipur, New Delhi, Rajgir, Tripura, Vadodara, and Varanasi.

Major sporting events, including the ICC and FIFA World Cups, Summer and Winter Olympics, and the Commonwealth and Asian Games, often act as catalysts for infrastructure and hotel development. A notable example is the FIFA World Cup 2022 in Qatar, which resulted in the construction of seven new stadiums. As sports like tennis, gymnastics, and Formula 1 gain larger global fanbases, they are beginning to challenge the dominance of football and cricket.

The growing enthusiasm for following favourite sports teams presents significant opportunities for the hospitality and tourism sectors to capitalise on this demand. This trend encourages stakeholders to track and anticipate growth in this sector. Moreover, discussions are underway about India potentially hosting the 2036 Summer Olympics. If these government initiatives come to fruition, sports tourism could play a crucial role in shaping our industry in the years to come.

02

Pop Culture Inspired Tourism

Pop culture is having a profound and growing influence on the hospitality and tourism industries, reshaping travel trends, destination appeal, and even the development of infrastructure. The impact of movies, TV shows, and music tours on tourism is becoming increasingly evident. For instance, films and TV shows portraying picturesque locations or prominently featuring destinations such as *The White Lotus* have sparked a surge in travel to the locations where these shows are filmed, showcasing the powerful connection between entertainment and tourism. Global Concert Tours are not just entertainment events but also major economic drivers. Taylor Swift's *The Eras Tour* is a prime example, attracting huge crowds and injecting considerable revenue into local economies. These events also lead to the development of supporting infrastructure, including hotels, restaurants, and transportation services, underscoring the symbiotic relationship between pop culture and hospitality. In addition to specific events and media, entire destinations have been transformed by their association with entertainment franchises. Studios like Disney and Universal, for example, have evolved from theme parks into a comprehensive hospitality ecosystem, demonstrating the vast economic potential of aligning tourism with popular culture. There is significant untapped potential for regions, particularly in India, to leverage their rich entertainment heritage in similar ways. By integrating pop culture into their tourism strategies, these regions can attract a broader audience, capitalise on the growing demand among Millennial and GenZ travellers for unique, entertainment-inspired travel experiences, and boost their local economies.

03

Cruise Tourism

India's cruise tourism industry is experiencing a remarkable surge, with a record-breaking 4,70,000 passengers in the 2023/24 financial year. This growth is fuelled by increasing popularity of domestic itineraries like Mumbai-Goa and Lakshadweep, as well as international cruises to Sri Lanka. Despite its potential, cruise tourism has been a niche segment in India's travel industry. The industry currently faces significant infrastructure challenges. Only 6 out of 229 ports can accommodate large cruise ships, limiting the industry's growth potential. However, the growing interest among Indian consumers and the government's recent initiatives suggest a promising future. The government recognises this potential of this sector, with tax benefits for the cruise sector announced in the budget 2024/25 and an investment of US\$5.4 billion in river cruise tourism. India's relatively untapped market, coupled with its growing affluent population, presents a unique opportunity for growth. A 2023 survey by the Travel and Tourism Research Association (TTRA) reveals that 62% of affluent Indian travellers are interested in cruise vacations, showcasing a great market potential. Key players like Cordelia Cruises and Costa Cruises are already making ripples in the Indian market. By addressing the infrastructure challenges and capitalising on the growing consumer interest, India can position itself as a major player in the global cruise tourism market. With its vast coastline and rich cultural heritage, India has the potential to attract millions of cruise passengers in the coming years, emulating the success of countries like the United States.

04

Non – traditional Hospitality Companies

Non-traditional Hospitality Companies are yet to enter the Indian Hotel industry adding an experiential layer to their existing business profile as they have across many destinations around the world. Hospitality's everchanging landscape necessitates constant innovation: To stay ahead, to stay current and offer their customers that enticing extra.

Luxury brands have understood the importance of creating experiences that resonate with their clientele. Iconic, non-traditional hospitality brands like Bvlgari, Armani, Audemars Piguet, and ELLE Magazine have ventured into the hotel sector, crafting unique, branded concepts to provide an experiential gateway into their brands. From New York, Paris, Milan, Dubai, and Vallée de Joux, these luxury brands have decidedly created a new paradigm of experience for their clientele. However, despite their global success, these brands have yet to explore the vast potential of the Indian market. A market that presents opportunity, scale, buying power and versatility.

The development of hotels, cafés or restaurants in India can provide additional touch points. These touch points can further communicate and develop the aspirational value of the brands, thus helping build loyal client bases willing to integrate the brand further into their identity through wider experiential gateways.

India, with its rich cultural heritage, growing economy, and increasing demand for luxury experiences, presents a ripe opportunity for these brands to establish a new frontier. By developing hotels, cafés, or restaurants in India, luxury brands can create additional touchpoints that deepen their connection with Indian consumers, fortifying their existing brand presence. It is noteworthy that the Indian consumer is versant with these brands with some already with a market presence in a different category.

These establishments would further serve as experiential gateways, allowing customers to integrate the brand into their daily lives in more meaningful ways. As a result, luxury brands could cultivate a loyal clientele in India, further embedding themselves into the fabric of this dynamic market while adding a new chapter to their storied legacies.

05

The Rise of 'Sale and Leaseback' in Hotels

The recent years have seen multiple owners attempting to utilise the sale and leaseback model to finance their hotel projects, especially in Tier 2 and Tier 3 destinations. This model, commonly used in the commercial sector within India and widely popular in the West, involves selling individual hotel rooms / villas or developing hotel-branded residences and then leasing them back into the hotel's inventory. While this offers project promoters the opportunity to minimise finance risks associated with hotel development, it also creates an array of other liabilities that owners need to be aware of. These include contractual arrangements for brand association, sale and leaseback arrangements with prospective owners, perks and benefits for unit owners, RERA compliance, dispute resolution, shared facilities access, unit management services, legal liabilities (especially due to the hybrid nature of the development, acting as residential and hospitality development), and limitations on future sales (as they may require approval from all unit owners and a willing buyer who is willing to assume the current owner's legal liabilities). Therefore, successful implementation and smooth hotel operation require meticulous planning (both legal and financial), risk mitigation, and prudent contractual arrangements among all stakeholders.

06

Travel with Tea

Tea tourism has always been a niche attraction in the Northeastern and Southern parts of India, but recent years have seen a growing interest from developers and operators in transforming tea estates into destinations. This trend reflects a broader shift towards experiential travel, which has evolved from traditional sightseeing to more immersive and engaging experiences. Faced with challenges such as global recessions, competition from neighbouring countries like Nepal, climate change, and rising production costs, the Indian tea industry has been suffering.

In response to these challenges and the need for diversification, states like West Bengal have implemented policies to enable tea estate owners to explore alternative revenue streams. The updated Tea Tourism and Allied Business Policy of 2019 permits tea estates to allocate up to 15% of their land area—limited to 150 acres—for tourism purposes. This policy has unveiled significant, yet largely untapped, potential in tea tourism. In the last few years, the West Bengal Government has received proposals totalling ₹1,400 crore aimed at developing tourism and allied businesses within the region's tea gardens. As a result, the policy has led to the creation of experiential Tea Garden Resorts, offering activities such as trekking through lush gardens, tea tasting sessions, factory tours, and tea leaf plucking. This region has also seen the entry of major hospitality players, including IHCL and ITC Hotels, seeking to unlock the tourism potential of tea tourism. Additionally, the Assam government's recent initiative, 'Promotion and Development of Tea Tourism Infrastructure in Assam' aims to enhance the tourist experience with accommodations in historic bungalows fitted with modern amenities, alongside various activities within the tea gardens.

Given the active involvement of state governments in promoting as well as supporting tea tourism, there is considerable potential for growth in the hospitality industry.

Conclusion

2023/24 shattered records, and 2024/25 is already demonstrating further growth compared to the previous fiscal year, at least on a blended, nationwide basis. The industry continues to promise stability and steady upward movement. However, it is essential to recognise that India is not a singular hotel market; measuring success with a broad-brush approach would be unwise. This year's report highlights that nearly 300 markets—and thousands of micro-markets—constitute India's hospitality landscape. As each market progresses toward varying levels of maturity, numerous variables influence their future success, necessitating a thorough analysis tailored to each market.

At Hotelivate, we are committed to this meticulous approach. While the overall narrative indicates that 2024/25 is showing growth compared to 2023/24 on a national level, it is important to note that this growth has understandably moderated, and some markets are beginning to show signs of negative growth.

The HOT Coffee-Cup analogy at the beginning of our report aimed to illustrate the industry's recent state of affairs. However, it may be prudent for those planning their next (or first) hotel project to consider another adage related to our nation's other favourite hot beverage: Yes, the Indian Hospitality Sector is in an Up-Cycle, but that does NOT mean that every micro-market in India may be "your cup of tea."

2024 INDIAN HOSPITALITY

Trends & Opportunities

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