

# HVS India Hospitality Industry

Overview 2024







Radisson Collection Hotel & Spa, Riverfront Srinagar

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# Foreword



**Mandeep S. Lamba**  
President & CEO (South Asia)  
HVS ANAROCK

Last year at this time when I was writing my Op-Ed piece for 2023, the song that had come to mind was *Love is in the air...* as the sector received much love from all around along with a rare sense of respect and adulation from owners and investors. The lingering question at that time was if the bull run that we were witnessing is likely to continue as we moved into the next financial year or will things slow down. With elections scheduled in India and the US where Trump was seeking re-election after an unsavoury defeat, there were concerns of some impact on domestic demand and a further delay in Foreign Tourist Arrivals recovery. Notwithstanding the concerns above, the Indian hospitality sector continued its upward performance trajectory with a healthy double digit RevPAR growth of just under 11% which translated into an almost one percentage point (pp) increase in Operating Margins with a robust sector GOP of 46.4%.

With fresh institutional capital pouring into the sector through IPOs and a renewed interest from private equity players coupled with the growth appetite and aggression being witnessed from existing players, the Indian hospitality sector is poised to grow exponentially. This is clearly evident from the 62% growth in hotel signings in 2024 with a whopping 47000 rooms added to the pipeline, the highest ever in any calendar year. With a series of stock market debuts planned for 2025, the largest ever in a given year along with the allocation of growth capital by existing players and the market entry into the sector by several real estate and other business conglomerates like the Adani who are making a significant foray into hospitality, we are poised for a record capital infusion on building and acquisition of hotels and hotel platforms with some truly marquee deals currently in the making. It would be interesting to read this piece next year on how these unfolded.

Interestingly, as the sector matures and has more institutional capital, hotel business owners are looking to redefine the business of hotels from its somewhat imbalanced structure which has the owner make all the investment, assume all the business risks while the balance of power clearly tilts towards the Operator. It is my belief that with India moving towards becoming the fastest growing hospitality market in the world given its extremely poor density and penetration for its size and potential, this balance of power is likely to get disrupted. Management Agreements are going to start getting more flexible as the big players flex their muscles while negotiating these agreements.

Clearly, India is transitioning from a nascent hotel market towards a more mature one and it is going to be an exciting time as this transition takes place over the next decade or so. If the sector is to remain attractive and draw in more capital and more leading players, a pressing need is to reduce the time it takes from inception to completion of a hotel which today stands anywhere



Taj Malabar Resort & Spa, Cochin

between 42 to 60 months. This speed of development can become a barrier for the otherwise clear run for the sector to scale up. While infrastructure lending status not granted to our sector as it ideally should be and ease of doing business continue to be a serious contributor to this and need to be addressed, hotel investors must equally focus on global best practices to bring change into the building lifecycle of hotels embracing greater technology inputs, strict fiscal prudence and a disciplined decision-making process. Specifically for the economy & midscale hotel development, the planning and construction period must be significantly reduced through the above measures which would give these investments better RoI and RoCE, often not found attractive by investors, as the segments will need to grow the fastest with over 50% of our fresh domestic demand coming from tier 3 & 4 towns.

As I conclude, I am thinking of a song that best describes the mood for the sector as I had done last year with love is in the air, I find myself humming an old classic from Starship:

*And we can build this dream together  
Standing strong forever  
Nothing's gonna stop us now  
Nothing's gonna stop us now....*

“  
**India is transitioning from a nascent hotel market towards a more mature one and it is going to be an exciting time as this transition takes place over the next decade or so.**  
”





# Executive Summary

The year 2024 unfolded as a powerful reminder of the world's dynamic nature, a blend of geopolitical shifts, climate extremes, and economic recalibrations. Pivotal elections in India, France, the UK, and the US reshaped political narratives. At the same time, global conflicts, from the war in Ukraine to unrest in the Middle East, continued to impact economies and traveler sentiment. Yet, moments of celebration stood tall: the Paris Olympics united nations, the ICC Men's T20 World Cup thrilled cricket fans, and global pop culture events like Taylor Swift's Eras Tour captivated millions.

Amid these global currents, India's economic resilience and domestic vibrancy powered its rise on the global stage. With a projected GDP growth of 6.5% and a steady rise in domestic consumption, India's travel and hospitality industry continued to thrive, even as it navigated evolving market dynamics.

The year began on a high note with the successful launch of IPOs by Juniper Hotels and Apeejay Surrendra Park Hotels, reflecting strong investor confidence in the sector. Domestic tourism remained the backbone during the year, even though

the general elections temporarily slowed corporate travel during the election period.

The second half of 2024 was shaped by big-ticket events that redefined demand cycles. The Ambani family's grand wedding celebrations in Mumbai transformed luxury hotels into high-security, high-revenue zones, setting new benchmarks for destination weddings in India. Simultaneously, the live entertainment wave swept across the country. Concerts by Bryan Adams, Dua Lipa, Diljit Dosanjh, and Arijit Singh, among others, and music festivals such as Lollapalooza India drove travel and hotel bookings in host cities.

While inbound tourism recovery remained slower than expected, the hotel sector performed strongly across all key performance metrics. The sector closed the year with a nationwide occupancy of 63-65%, average room rates (ARR) ranging between ₹7,800-8,000, and revenue per available room (RevPAR) in the range of ₹5,000-5,200, reflecting a 27-29% increase over pre-COVID benchmarks. Encouraged by this growth, hoteliers accelerated development activity, resulting

in a historic high in hotel brand signings, surpassing previous records, with a sharp focus on Tier-2, Tier-3, and emerging leisure markets.

The outlook for India's hospitality sector in 2025 is not just optimistic; it's electric. The year kicked off with momentum as Coldplay's sold-out concerts in Mumbai and Ahmedabad drew fans from across the country and abroad, highlighting India's growing prominence on the global live events circuit. Soon after, the Maha Kumbh Mela in Prayagraj, which welcomed 66 crore visitors over just 45 days, showcased the unmatched scale of India's religious tourism segment, emphasizing the country's capacity to host some of the largest gatherings in the world. This momentum is expected to continue driven by vibrant calendar of cultural and sporting events, and the continued influx of travelers to spiritual destinations such as Ayodhya, Kedarnath, and Varanasi, and the growing appeal of wellness and medical tourism. At the same time, the branded economy hotel segment, which accounts for just 5-7% of total supply, is emerging as a high-potential growth frontier, particularly in Tier-2, 3 and 4 cities, where value-driven travel is on the rise.

“  
The outlook for India's  
hospitality sector  
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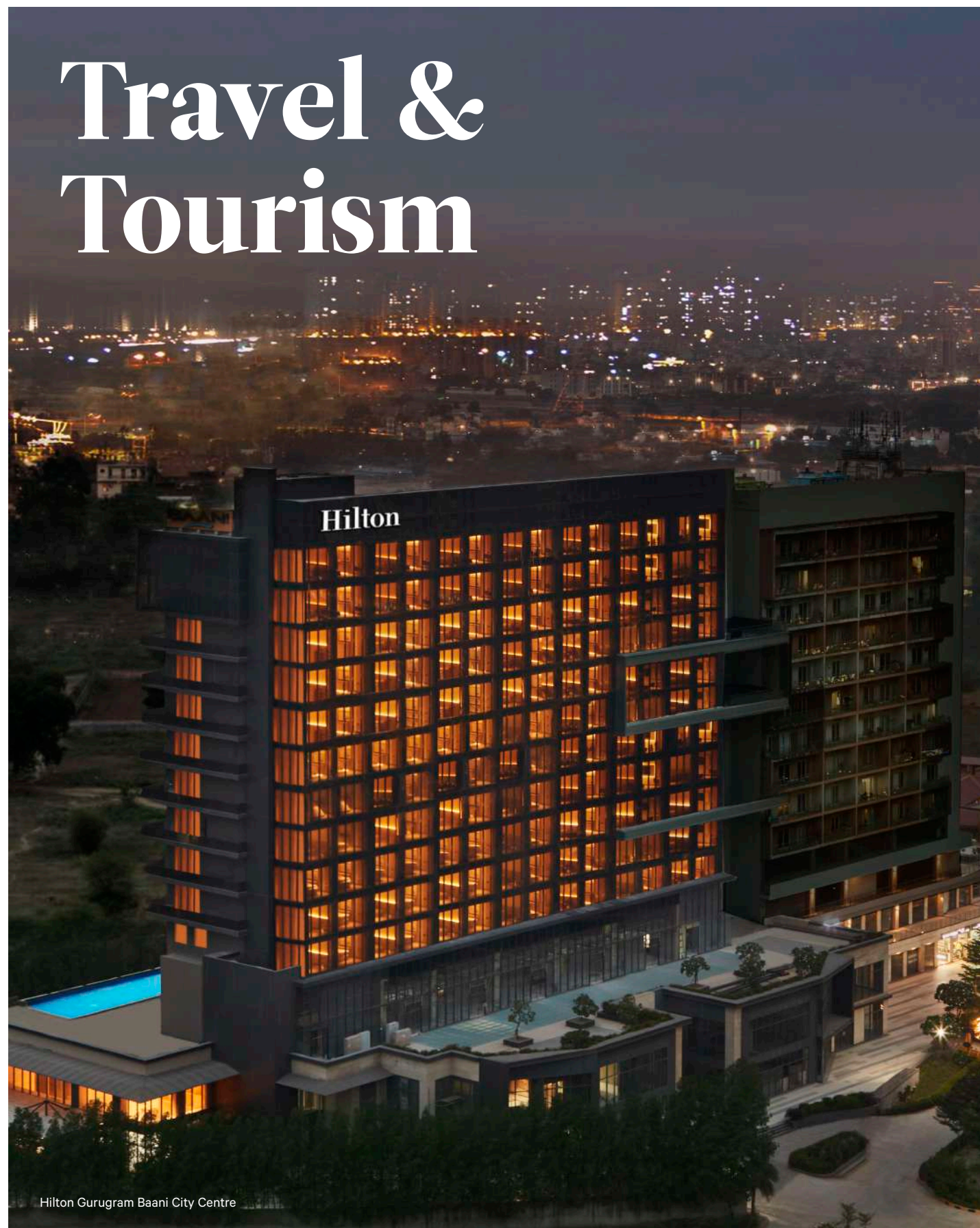
Encouraged by the current momentum, we expect nationwide occupancy to reach 70% and average room rates (ARR) to cross the ₹10,000 mark in 2026.

However, to fully capitalize on this growth trajectory, long-awaited policy reforms must be prioritized. Granting industry and infrastructure lending status to hospitality projects, irrespective of investment size, is crucial to unlocking new development in underserved and emerging markets.

With rising domestic demand, increasing global visibility, and a new era of experiential travel, India's hospitality sector is no longer just growing, it's gearing up to lead the world.



# Travel & Tourism

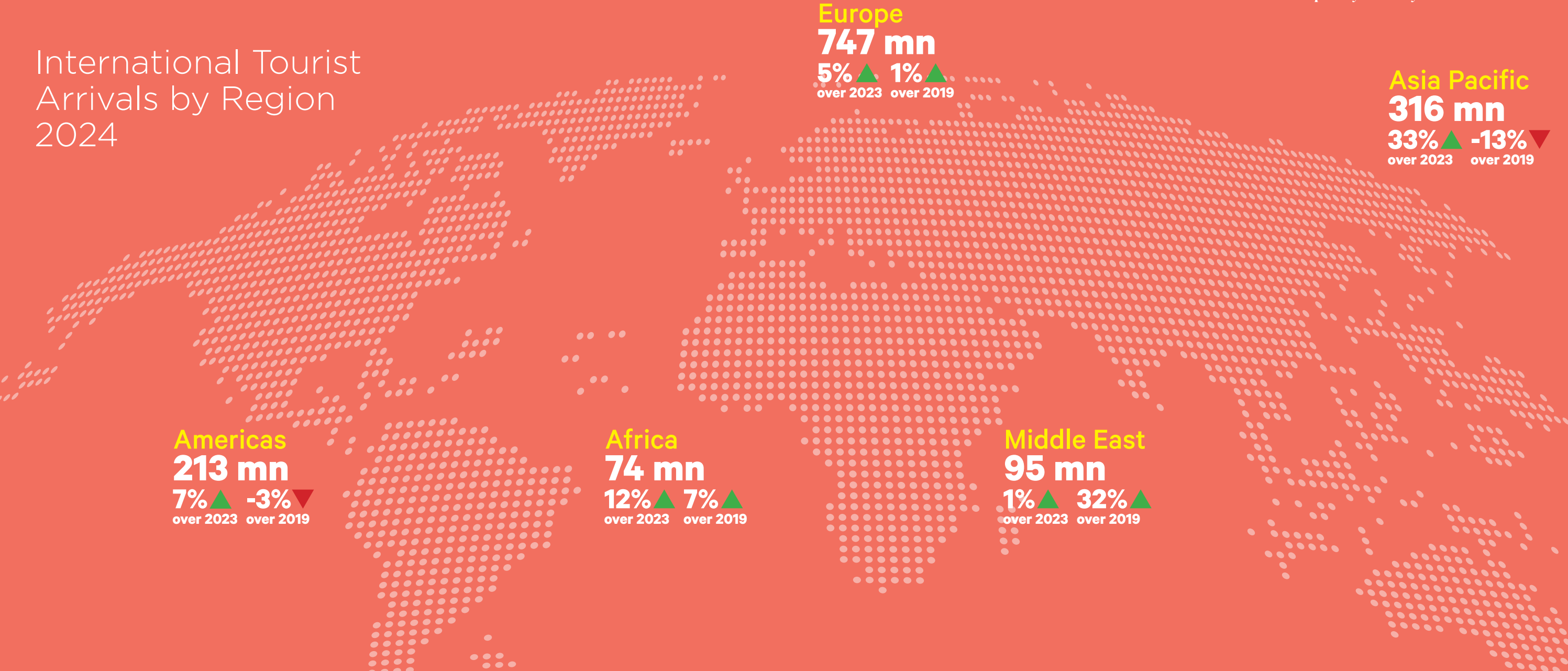


## Global Travel & Tourism

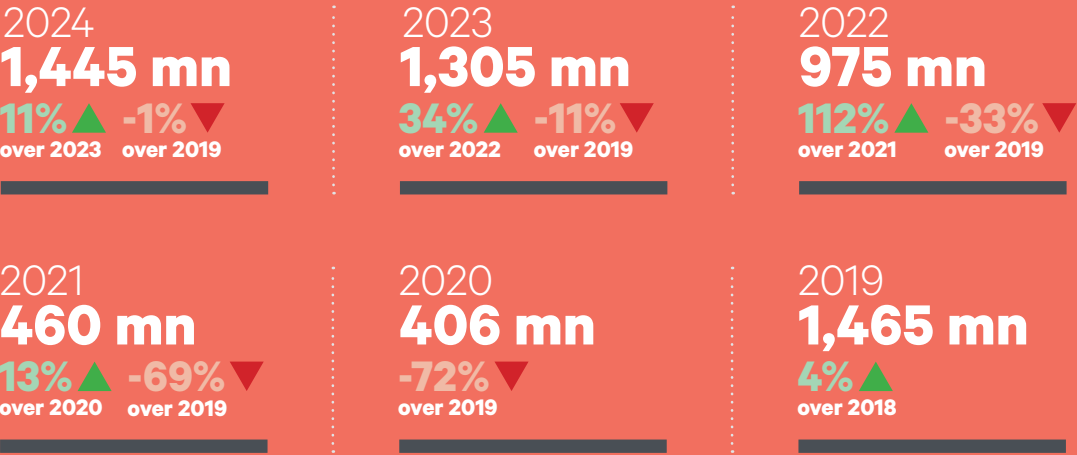
In 2024, the global travel and tourism industry made a near-complete comeback, with international tourist arrivals (ITA) reaching approximately 1.4 billion, just 1% below the pre-pandemic levels recorded in 2019. The industry grew by 11% over 2023, sustaining the momentum built in recent years and showcasing its resilience amid a challenging global backdrop that included widespread elections and heightened geopolitical tensions. This resurgence was fueled by strong travel demand, enhanced air connectivity, and the recovery of Asian markets. Notably, Europe surpassed its pre-pandemic levels by 1% and got back into the spotlight. The Middle East (32%) and Africa (7%) also exceeded their 2019 ITA numbers. On the other hand, the Americas and Asia-Pacific showed notable progress, with varying degrees of recovery.



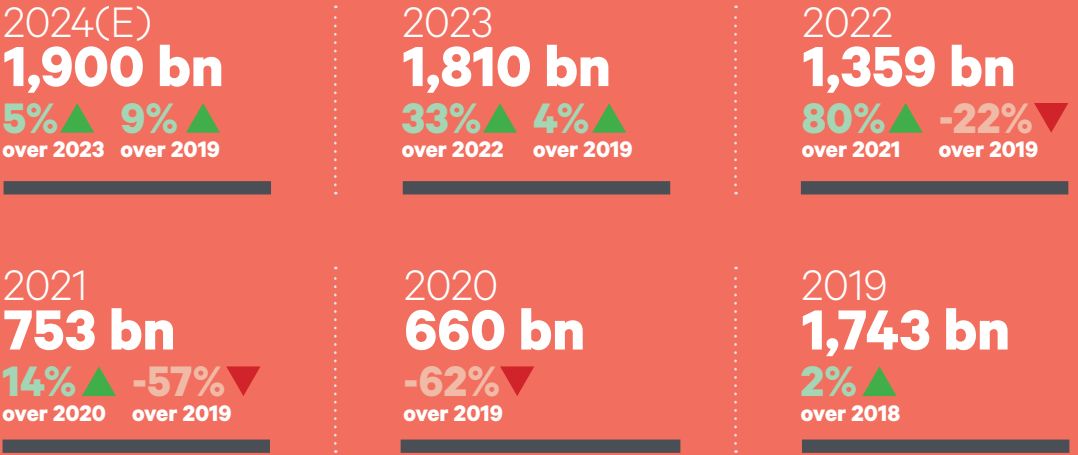
# International Tourist Arrivals by Region 2024



## Global International Tourist Arrivals



## Export Revenue from International Tourism (in US\$ billion)



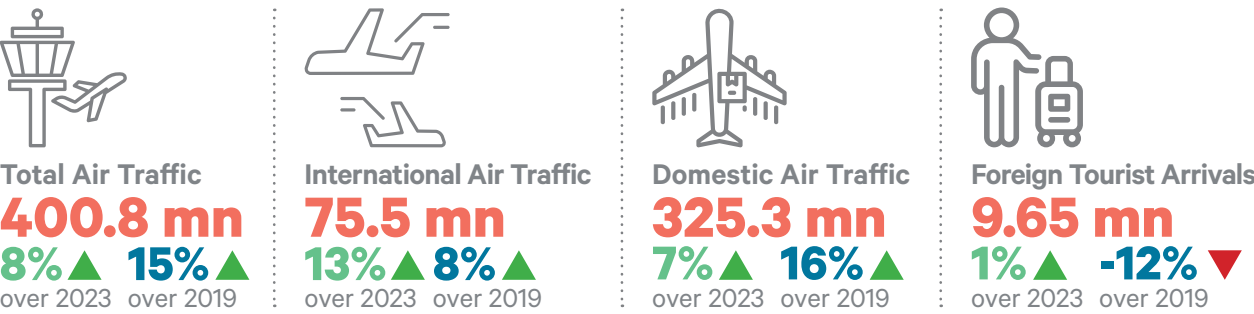
Source: "World Tourism Barometer", United Nation's World Tourism Organization, January 2025; HVS ANAROCK Research



# India Travel and Tourism

India continued its remarkable rise on the global stage in 2024, steadily progressing toward becoming the world’s third-largest economy with a projected GDP growth rate of around 6.5%, driven by favorable demographics, robust domestic demand, and increased investments, while maintaining its position as the most populous nation with over 1.4 billion people. The country also achieved a 39th rank among 119 nations on the World Economic Forum’s Travel and Tourism Development Index (TTDI). Despite global challenges such as the ongoing wars, geopolitical conflicts, recessionary threats, and the general elections in the country, India’s economic resilience remained intact, fueling a steady rise in travel demand.

## Key Highlights 2024



Source: Airports Authority of India; 'India Tourism Compendium Report,' Ministry of Tourism; HVS ANAROCK Research

## Key Trends that Impacted Travel and Tourism in India in 2024



### PILGRIMAGE POWER: INDIA’S SPIRITUAL TOURISM BOOM

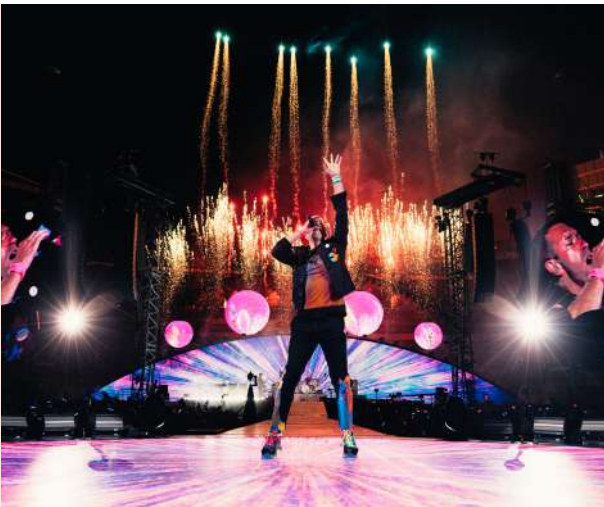
Faith-based tourism in India has seen a remarkable surge, led by the grand inauguration of the Ram Mandir in Ayodhya, which drew 135.5 million domestic visitors—surpassing the Taj Mahal as Uttar Pradesh’s most visited site.

This spiritual revival spans across the country; Varanasi welcomed 62 million domestic and 184,000 international visitors and Mathura hosted 68 million tourists. Meanwhile, Prayagraj’s Kumbh Mela drew 660 million visitors in 45 days, and Tirupati attracted over 25 million devotees during the year.

Sources: Media reports; HVS ANAROCK Research

### DANCING THE NIGHT AWAY AT LIVE EVENTS!

Live events emerged as a major tourism driver in 2024, with a 44% surge in concert-related travel boosting hotel occupancies and local economies. International and domestic artists like Bryan Adams, Dua Lipa, Diljit Dosanjh and Arijit Singh drew massive crowds, fueling demand across cities. Annual spending on concerts and live entertainment was estimated at ₹1,600–2,000 crore, with 25% directed toward hotels and transport—directly benefiting the tourism and hospitality sector.



### INDIA SAYS “I DO” WITH A VIEW!

Wedding tourism in India flourished in 2024, driven by cultural appeal and rising consumption power. High-profile events like the US\$600 million Ambani-Merchant wedding set new benchmarks for luxury celebrations. Destination weddings grew 20–25% annually, with average budgets touching ₹51.1 lakh, as couples increasingly chose scenic locales across Rajasthan, Goa, Kerala, and beyond. This shift toward personalized, experiential weddings reflects evolving social habits and has unlocked expansive opportunities across hospitality, fashion, and tourism. Government initiatives like “Wed in India” and improved infrastructure continue to position India as a global hub for grand, culturally immersive celebrations.

### FROM BOARDROOMS TO BOARDING PASSES

Corporate travel in India saw robust growth in 2024, with spending reaching US\$38.2 billion, an 18.3% increase following 2023’s strong gains. India became the ninth-largest global and fourth-largest APAC market, supported by infrastructure upgrades and initiatives like Make in India. SMEs drove 30% of this growth, fueled by hybrid work and blended travel trends. The MICE segment also thrived, leveraging the G20 legacy and ‘Meet in India’ push.

India’s corporate travel sector is now entering a transformative phase, marked by innovation, agility, and a push toward sustainability. With a resilient economy, evolving work cultures, and renewed focus on in-person engagement, India is poised to become a global leader in business travel, setting new benchmarks on the world stage.



Sources: Media reports; HVS ANAROCK Research



# Performance Analysis

INDIAN HOTEL SECTOR

## 2024 Performance Analysis

The Indian hotel sector maintained a strong growth momentum in 2024 amidst a dynamic economic landscape. Fueled by a sustained surge in both domestic and international tourism, the sector achieved notable improvements in key performance indicators, setting the stage for sustained growth in the years ahead.

In 2024, the Indian hotel sector recorded a nationwide occupancy rate of 63-65%, a marginal increase from the range observed in 2023 but still slightly below 2019 levels (which in our view remains an area of concern, despite sustained increases across modes of travel). ARR climbed to ₹7,800-8,000 in 2024, marking a 7-9% growth over 2023, reflecting stabilization after sharp rate hikes in 2022-2023. RevPAR has trended similarly, steadily increasing throughout 2024, primarily driven by the growth in ARR. The sector closed the year with RevPAR in the range of ₹5,000-5,200, reflecting a year-on-year increase of 10-12%.

## India KPIs: 2024

Occupancy  
**63-65%**  
1-3 pp▲ -1-3 pp▼  
Y-o-Y Change Change vs 2019

Average Rate  
**₹7,800-8,000**  
7-9%▲ 32-34%▲  
Y-o-Y Change Change vs 2019

RevPAR  
**₹5,000-5,200**  
10-12%▲ 27-29%▲  
Y-o-Y Change Change vs 2019

Source: STR, HVS ANAROCK Research; all the data is for the calendar year and represents averages for the Indian hotel sector

Four Points by Sheraton Sonmarg Resort



# 2024 Quarterly Highlights

The Indian hospitality sector began 2024 on a strong note, with nationwide occupancy rising to 67-69%, up 1-3 pp from Q1 2023. Growth was driven by weddings, domestic tourism, and corporate travel. ARR surged past ₹8,500 (up 8-10% vs Q1 2023), while RevPAR rose to ₹5,700-5,900, reflecting a 10-12% year-on-year gain.

Q1  
24

The second quarter was influenced by general elections, which impacted overall demand. Occupancy rates fell to 61%-63%, a decline of 1-3 pp compared to Q2 2023. Despite this, ARR continued to increase during this period, rising to ₹7,000-7,200, marking a year-on-year increase of 2-4% over Q2 2023. The sustained ARR growth helped maintain the RevPAR in the ₹4,300-4,500 range.

Q2  
24

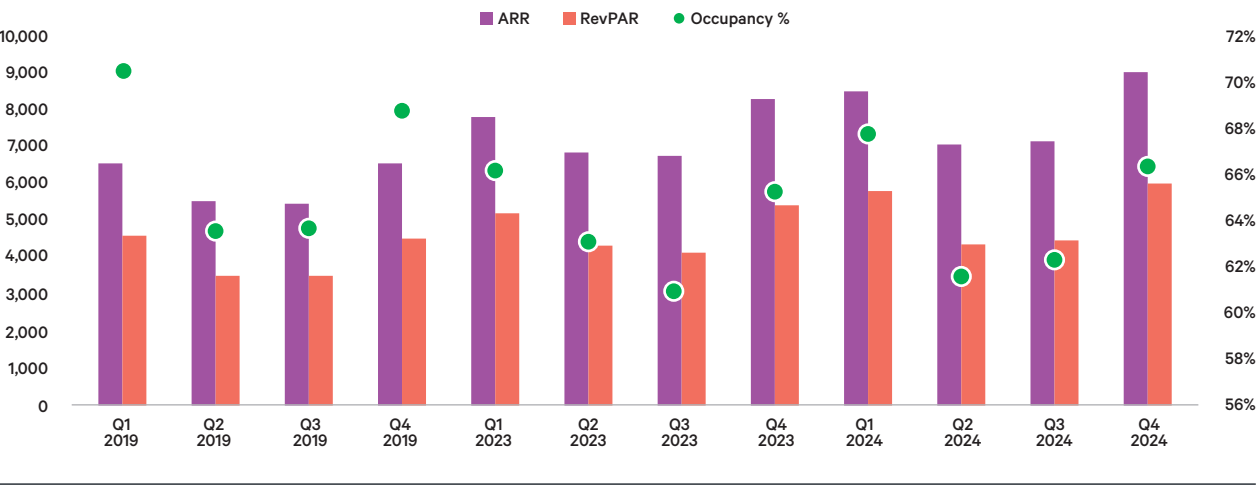
Occupancy held steady at 61-63%, up 1-3 pp from Q3 2023. Growth was fueled by major corporate events and conferences in business hubs like Mumbai and Delhi. ARR remained strong at ₹7,100-7,300, up 5% year-on-year. RevPAR rose to ₹4,400-4,600, reflecting a 7% growth over Q3 2023.

Q3  
24

The final quarter of 2024 witnessed occupancy rates holding steady in the 65-67% range, marking a slight improvement from Q4 2023. ARR surged to an impressive ₹8,900-9,100, reflecting a year-on-year growth of 8-10%. This, in turn, propelled RevPAR to ₹5,900-6,100. High-profile events such as international trade summits, live events & concerts, the festive and wedding season, and a surge in year-end leisure travel were the key drivers. These factors, combined with a strong corporate travel demand in metro cities like Delhi and Mumbai, enabled the hospitality sector to close the year on a high note, setting an optimistic tone for the year ahead.

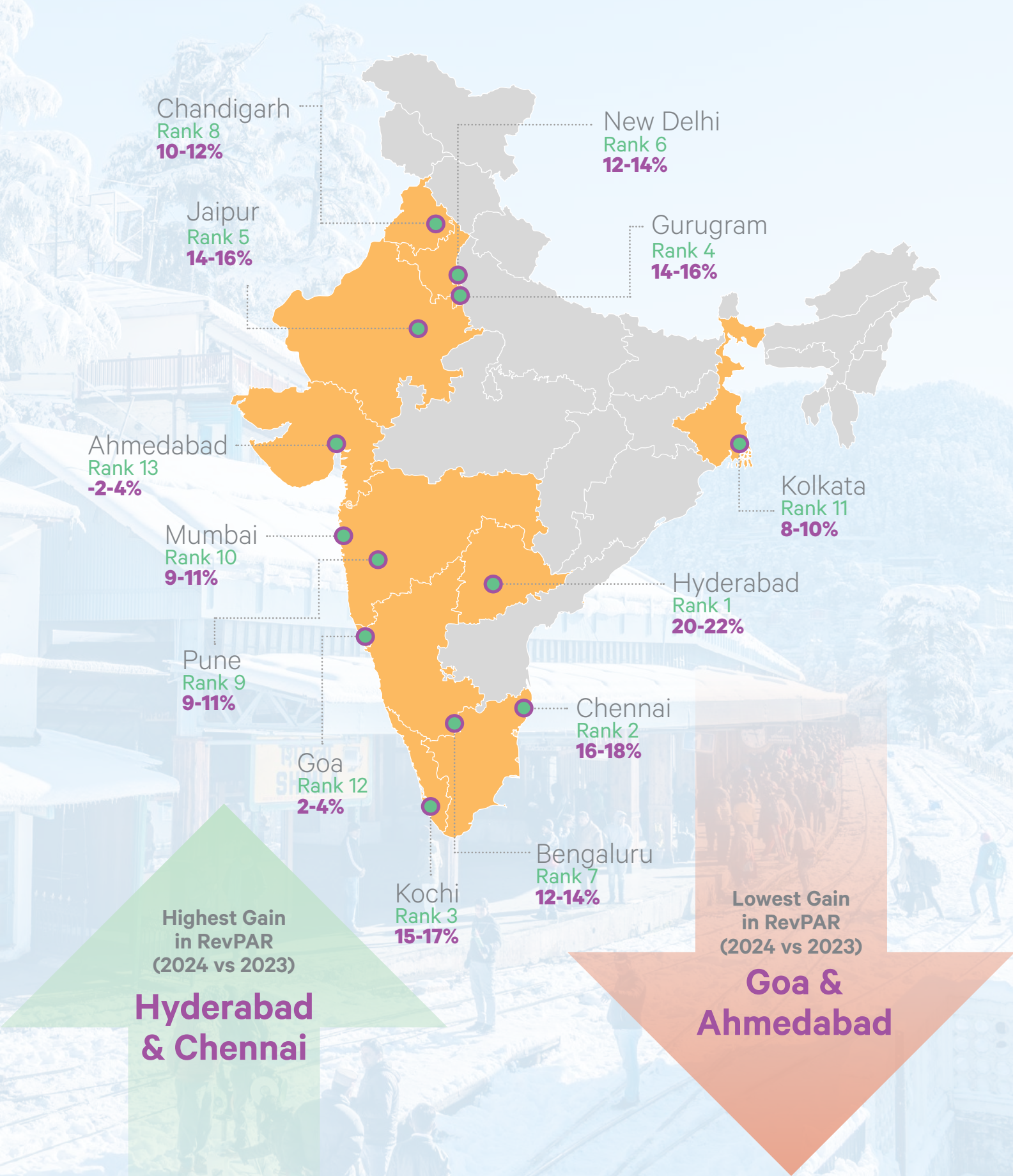
Q4  
24

## Quarterly Performance



Source: STR; HVS ANAROCK Research, all the data is for the calendar year and represents averages for the Indian hotel sector.

# RevPAR Increase Across Key Markets in India (2024 vs 2023)






Key Takeaways

In 2024, **MUMBAI** solidified its position as India's premier hospitality market, achieving the highest occupancy rates and ARR nationwide. This robust performance was propelled by a confluence of factors: sustained corporate travel demand, a surge in high-profile business events like the NVIDIA AI Summit India held at the Jio World Convention Centre, and a vibrant calendar of social and entertainment events, including major concerts and sporting spectacles such as the Indian Premier League (IPL).

A standout contributor to this upswing was the opulent wedding of Anant Ambani and Radhika Merchant in July 2024. The multi-day celebration, hosted at venues like the Jio World Convention Centre, attracted a global roster of dignitaries and celebrities, leading to an unprecedented spike in hotel demand. Luxury accommodations in the Bandra-Kurla Complex (BKC) experienced a dramatic increase in room rates.

The convergence of corporate, social, and entertainment-driven demand underscores Mumbai's dynamic hospitality landscape, highlighting its capacity to cater to diverse segments and its resilience in maintaining market leadership amidst evolving travel trends.



**SOUTHERN MARKETS**—Hyderabad, Chennai, and Kochi—gained strong momentum, reporting robust year-on-year RevPAR growth fueled by a mix of business travel recovery, corporate and social MICE activity, and increased leisure demand. - Hyderabad has emerged as a compelling case of untapped potential. In recent years, the city has garnered recognition for its robust infrastructure and progressive development norms, positioning it as a viable alternative to Bengaluru, the long-standing IT capital of India. With India's ascent as a hub for Global Capability Centers (GCCs), Hyderabad has been at the forefront of this transformation. The surge in demand, coupled with limited new hotel supply, has led to a significant uptick in market performance. This robust performance is expected to continue, as the existing demand-supply gap presents opportunities for new developments to capitalize on the burgeoning market. With strategic investments and timely

expansion, Hyderabad is well-positioned to solidify its status as a premier destination.

- Kochi has made a remarkable resurgence in 2024, driven by a combination of domestic leisure travel, its growing reputation as a wedding destination. Popular venues in Kochi (and even other locations in Kerala such as Kovalam, Kumarakom, and Alappuzha) have been in high demand, attracting couples seeking picturesque backdrops and unique experiences at relatively lower costs compared to other traditionally popular wedding destinations in the country. In parallel, Kochi's prominence in the MICE space has grown, driven by a rise in pharmaceutical, medical, and industry conferences. Events like the Kerala Travel Mart 2024 have further positioned the city as a thriving MICE destination. Together, these developments highlight Kochi's strategic evolution as a dual engine for both leisure and business-driven tourism.



In 2024, **GOA**'s tourism sector experienced a moderation in growth momentum, influenced by several interrelated factors. A significant increase in the supply of alternative accommodations, combined with a surge in international travel among Indian tourists has led to increased competition from emerging leisure markets, with destinations like Thailand and Sri Lanka offering attractive alternatives. Compounding these challenges, the destination faced negative publicity over the past year, including concerns about transport issues, overcrowding, and infrastructure strains, which have collectively affected its appeal to primarily domestic travelers.

However, Goa's overall positioning as India's foremost leisure destination remains undeterred. The opening of MOPA Airport, combined with the Dabolim Airport have substantially improved air capacity to the destination. In 2024, air passenger traffic according to AAI grew by 36% over 2019, and 19% over 2023. This robust connectivity has ensured that Goa continues to receive more than twice the number of airline passengers than Jaipur, India's second-largest leisure-driven hospitality market, reaffirming its status as the nation's premier tourist destination. The destination is expected to continue to receive sustainable growth in hospitality performance in the medium to long term as both airports achieve their full potential.

In 2024, **AHMEDABAD** stood out as the only major Indian hospitality market among the top 13 to experience a year-on-year decline in RevPAR. This downturn was primarily due to a normalization of demand and a significant softening of rates following an exceptional performance in 2023, which was bolstered by high-profile events like the ICC Cricket World Cup and the Vibrant Gujarat Global Summit. The absence of comparable large-scale events in 2024 led to a notable decrease in ARR, with reports indicating a drop of 5-7% compared to the previous year.



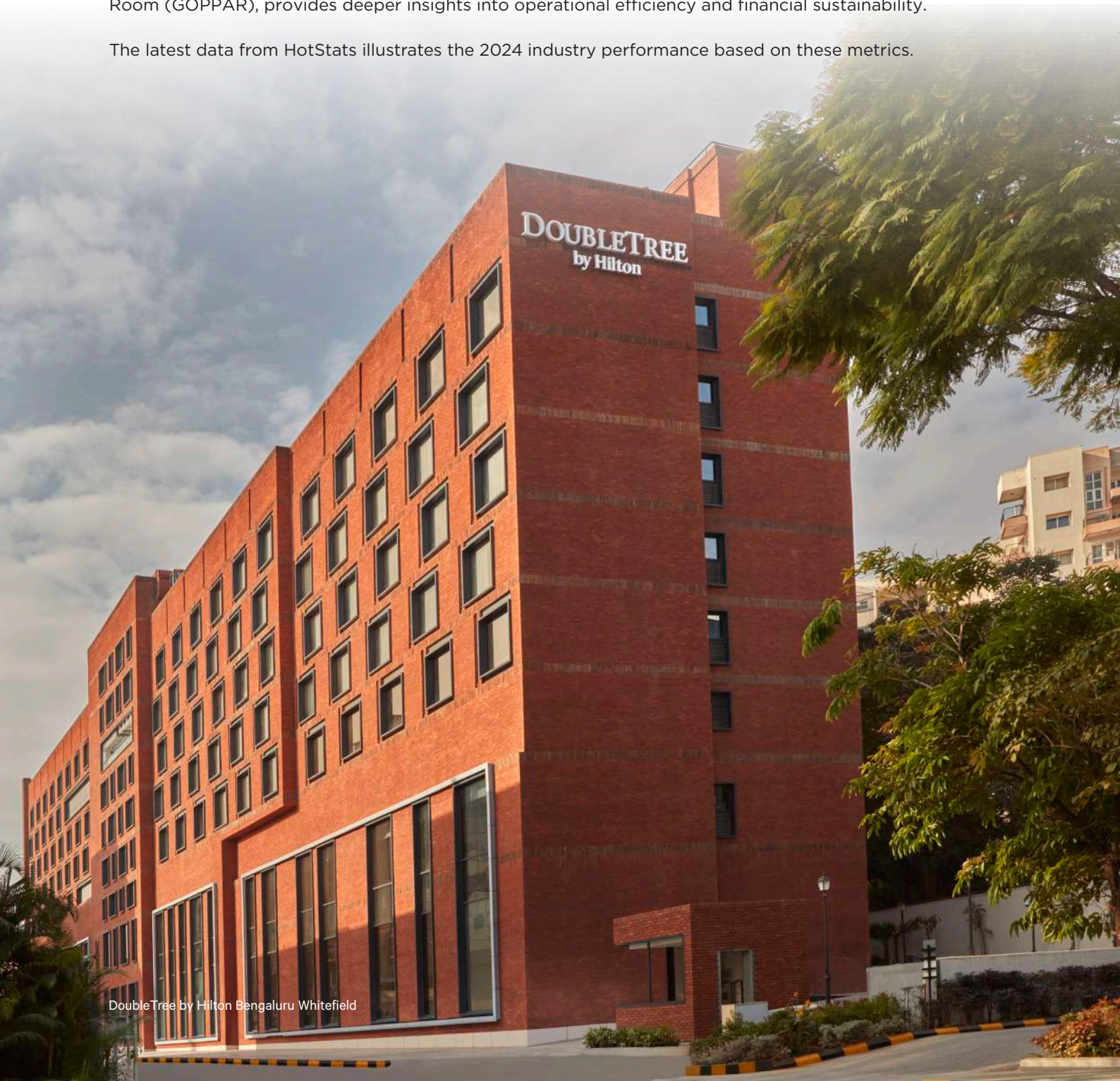


# India: Not Just Keeping Pace, But Setting the Pace for Global Profitability

The global hospitality industry has undergone a profound transformation in recent years, moving beyond conventional metrics like occupancy rates and average room prices. Today’s hotels are no longer just places to sleep, they are multifaceted destinations offering a wide array of experiences, from fine dining and luxury wellness to cutting-edge meeting spaces and immersive entertainment. This evolution is fundamentally reshaping profitability benchmarks.

The hotel industry now utilizes advanced metrics, such as Total Revenue Per Available Room (TRevPAR), which captures the entirety of revenue streams including rooms, food and beverage (F&B), events, and ancillary services. Another critical metric, Gross Operating Profit Per Available Room (GOPPAR), provides deeper insights into operational efficiency and financial sustainability.

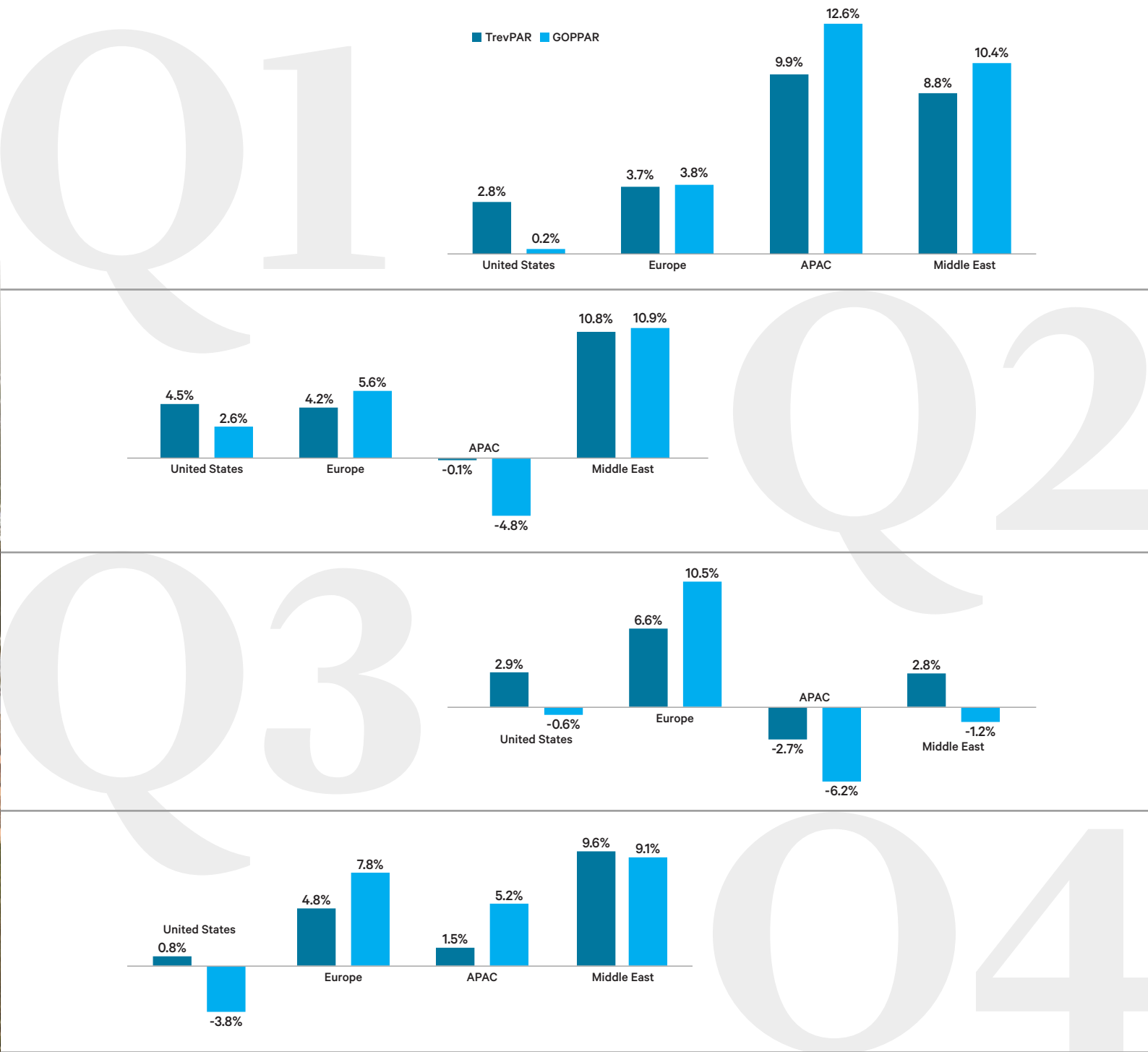
The latest data from HotStats illustrates the 2024 industry performance based on these metrics.



DoubleTree by Hilton Bengaluru Whitefield

## A Story of Quarters

Year on Year – Revenue and Profit Variances



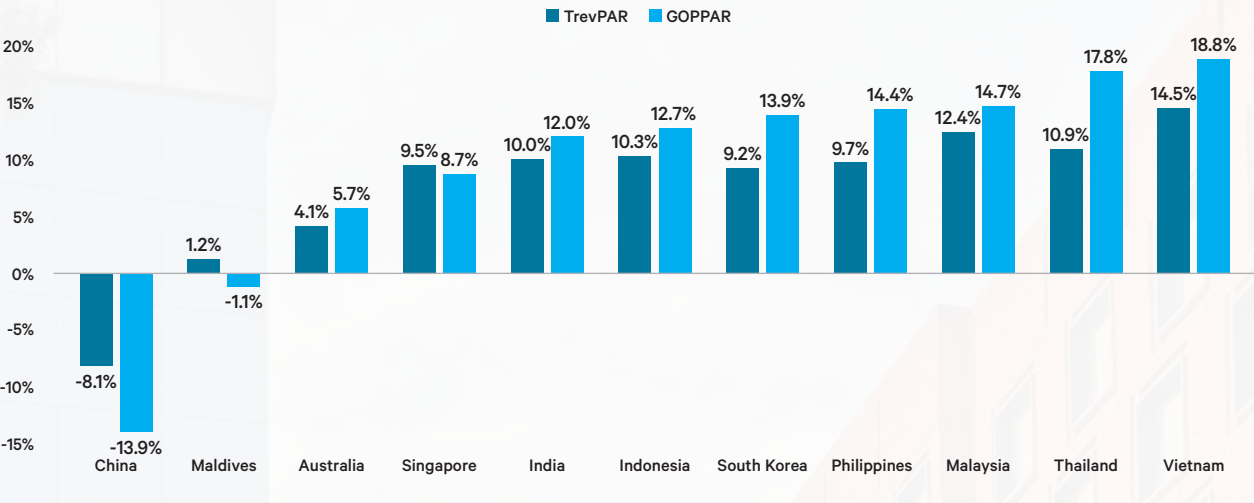
Source: HotStats

Year-on-year changes in TRevPAR and GOPPAR reveal varied regional trends. APAC posted strong Q1 growth (TRevPAR +12.6%, GOPPAR +10.4%) but saw declines in Q2 and Q3, reflecting volatility. The US showed modest but consistent gains, signaling a stable, slower recovery. Europe improved steadily, with Q3 delivering the highest GOPPAR growth (+10.5%). The Middle East stood out as the most resilient, with TRevPAR and GOPPAR both exceeding 9% in Q2 and Q4, driven by sustained business and leisure demand.



# APAC Rising!

Revenue and Profit Variance Year on Year – 2024 vs 2023



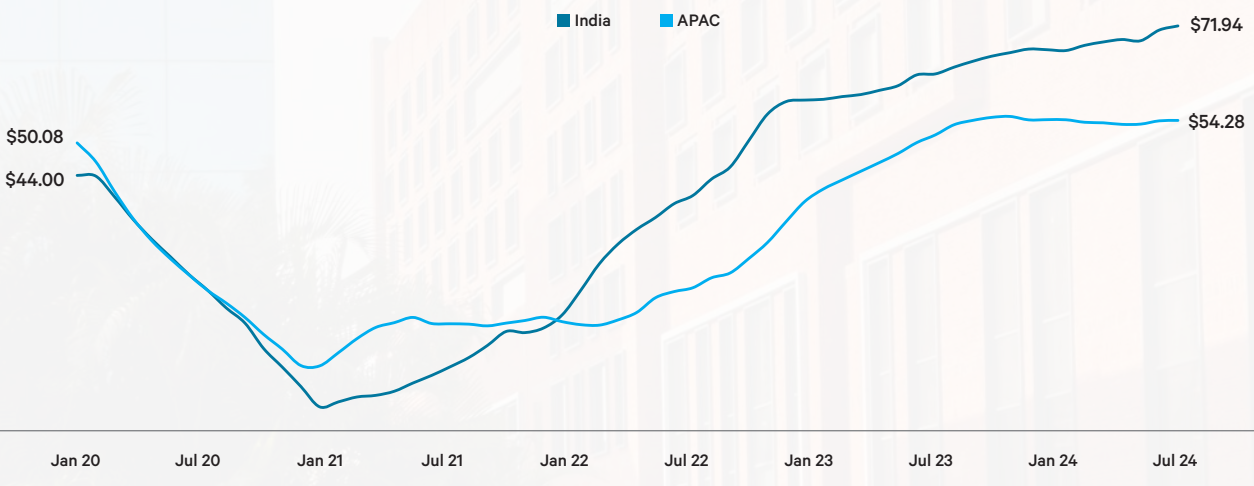
Source: HotStats

Vietnam and Thailand led APAC’s hotel profitability growth in 2024, with GOPPAR rising by 18.8% and 17.8% respectively, driven by strong rebound in tourism. Malaysia and the Philippines also showed robust performance.

India stood out for its balanced and consistent gains; TRevPAR grew by 10.0% and GOPPAR by 12%, highlighting operational efficiency and sustained demand. In contrast, China saw the steepest decline.

# Leading the PAC

GOPPAR India vs APAC (US\$)

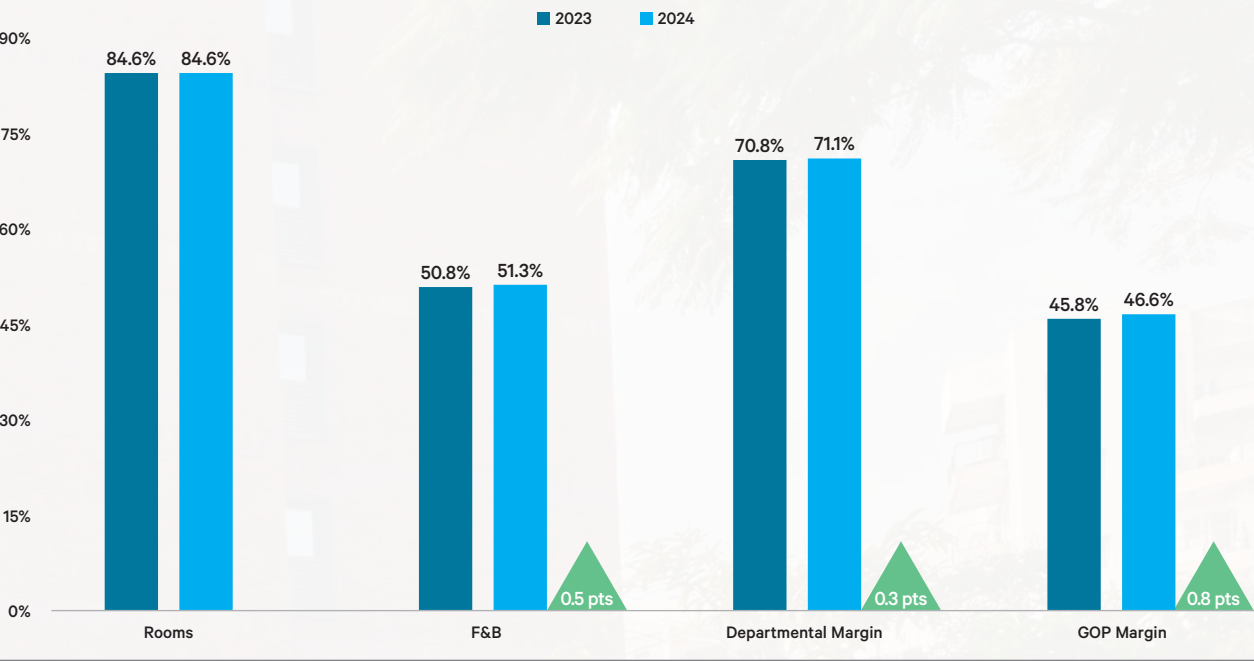


Source: HotStats

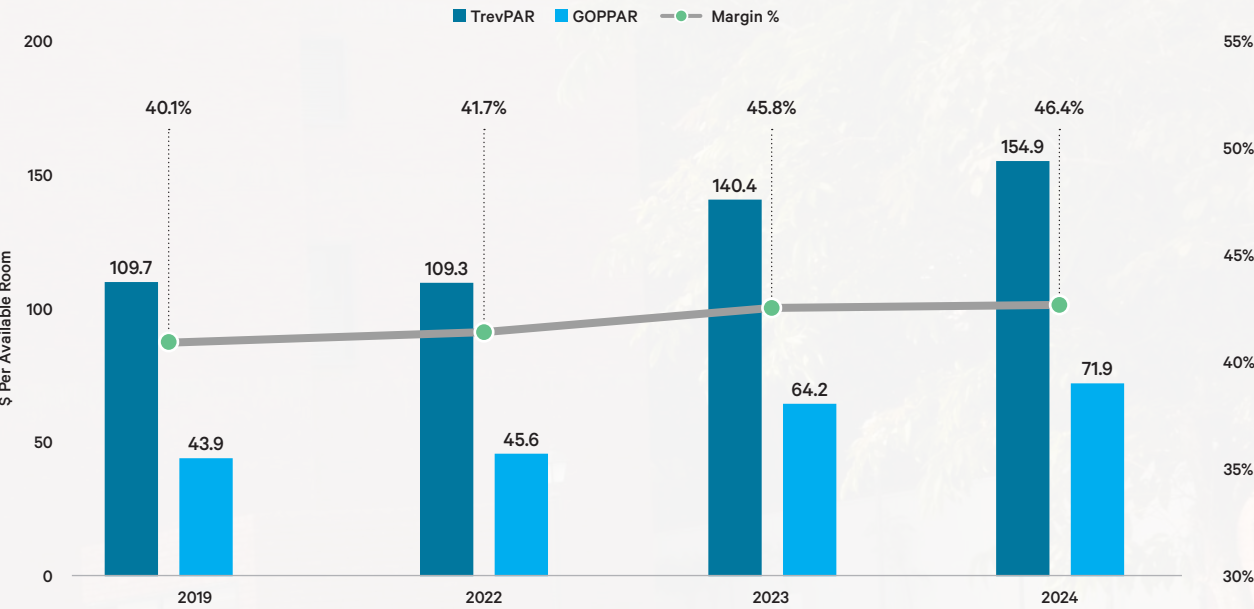
The GOPPAR trend from Jan 2020 to July 2024 highlights India’s commanding lead over the broader APAC region. After a similar decline during the pandemic, India’s recovery accelerated from mid-2021, outpacing APAC significantly. By mid-2024, India’s GOPPAR reached \$71.94, far ahead of APAC’s \$54.28.

# India Thriving

Revenue and Profit Trends Year to Date



Source: HotStats



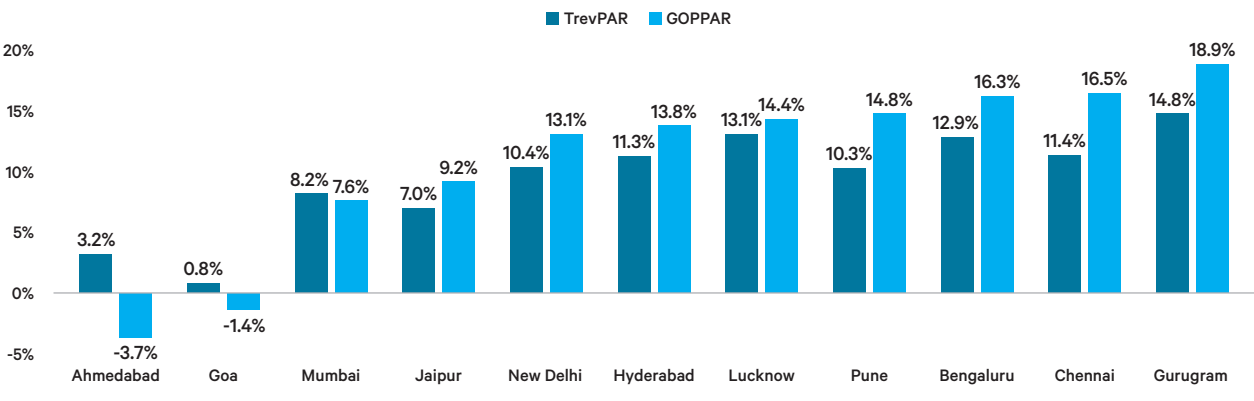
Source: HotStats

India’s hotel sector continued to strengthen in 2024 with GOP margins rising to 46.4%, up 0.8 percentage points from 2023. TRevPAR reached \$154.9, while GOPPAR climbed to \$71.9, marking a significant leap from pre-pandemic levels in 2019.



City-level Profitability

Revenue and Profit Variance Year on Year – 2024 vs 2023

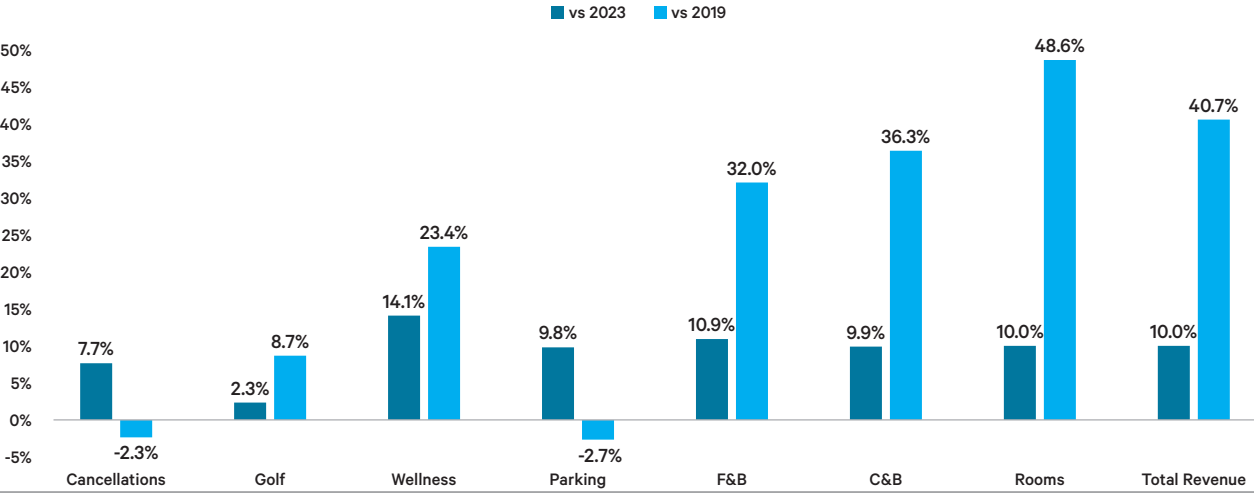


Source: HotStats

Gurugram tops the chart with a remarkable 18.9% GOPPAR growth, followed closely by Bengaluru (+16.3%) and Chennai (16.5%). Tier-1 cities like New Delhi (+13.1%) and Hyderabad (+13.8%) showed healthy gains, while Mumbai (+7.6%) posted more modest growth. On the flip side, Ahmedabad and Goa saw declines in GOPPAR.

Revenue Evolution - India

Revenue per Room Sold 2024 vs 2023 YTD



Source: HotStats

India's total hotel revenue per room sold rose 10% in 2024 vs 2023, with strong contributions from non-room segments. Wellness revenue led the charge with a 14.1% year-on-year jump, followed by F&B and C&B (Conferences & Banquets) at 10.9% and 9.9%, respectively. Compared to pre-pandemic levels (2019), growth is even more striking — F&B up 32%, C&B up 36.3%, and room revenue up 48.6%.

This data signals a broader shift in revenue generation, with Indian hotels increasingly tapping into high-margin ancillary services. India's hospitality sector is evolving into a diversified revenue ecosystem, with wellness, events, and dining playing a bigger role than ever.

Source: HotStats presentation at HVS ANAROCK HOPE 2025

Hotel Investments & Performance of Key Hotel Stocks in 2024

In 2024, the Indian hospitality sector emerged as a powerhouse, with hotel investments and stock performances painting a picture of robust growth and renewed investor trust. The year saw hotel transaction values soar to approximately \$348 million, building on the momentum from 2023.

Chalet Hotels kicked things off in March with its ₹315 crore acquisition of Courtyard by Marriott Aravali. Juniper Group made a big splash in Bengaluru, picking up a 220-room property near the Bengaluru airport for ₹280 crores by October. Other significant transactions included BCM Group's purchase of The Golden Palms Resorts and Spa and SAMHI Hotels' acquisition of Trinity Hotels. These deals highlight a broad range of investors—from real estate giants to dedicated

hospitality firms—eager to capitalize on the sector's upward trajectory.

Geographically, Bengaluru and Mumbai have solidified their positions as the epicenters of hotel investments, accounting for over 60% of the total transaction value in 2024. Beyond these two cities, Goa and Chennai also caught investors' attention.

On the stock market front, India's top listed hotel companies have delivered exceptional performance, with Indian Hotels Company Limited (IHCL) achieving a significant milestone with its market capitalization surpassing ₹1 trillion. This reflects the company's strong financial performance, strategic expansions, and growing investor confidence in India's hospitality sector.





## Indian Listed Companies

Change in Share Price  
(31st Dec 2024 vs 31st Dec 2019)

**504%**  
IHCL

**412%**  
Royal Orchid Hotels

**179%**  
Chalet Hotels

**167%**  
EIH

**139%**  
Lemon Tree Hotels

**136%**  
Mahindra Holidays & Resorts

Source: Yahoo Finance

## US Listed Companies

Change in Share Price  
(31st Dec 2024 vs 31st Dec 2019)

**123%**  
Hilton Worldwide

**84%**  
Marriott International

**82%**  
IHG Hotels & Resorts

**75%**  
Hyatt Hotels

**60%**  
Wyndham Hotels & Resorts

**37%**  
Choice Hotels International

Source: Yahoo Finance

## The IPO Wave in the Indian Hospitality Sector

The IPO momentum in India's hospitality sector surged in 2024, reflecting strong investor confidence and a robust market outlook. The year began with IPOs by Apeejay Surrendra Park Hotels Limited and Juniper Hotels, worth ₹920 crore and ₹1,800 crore, respectively. In March 2024, Chalet Hotels Limited successfully raised ₹1,000 crore through a Qualified Institutional Placement (QIP).

Ventive Hospitality, backed by Blackstone Group and Panchshil Realty, launched its IPO worth ₹1,600 crore in December 2024, garnering strong investor interest and was oversubscribed 9.82 times.

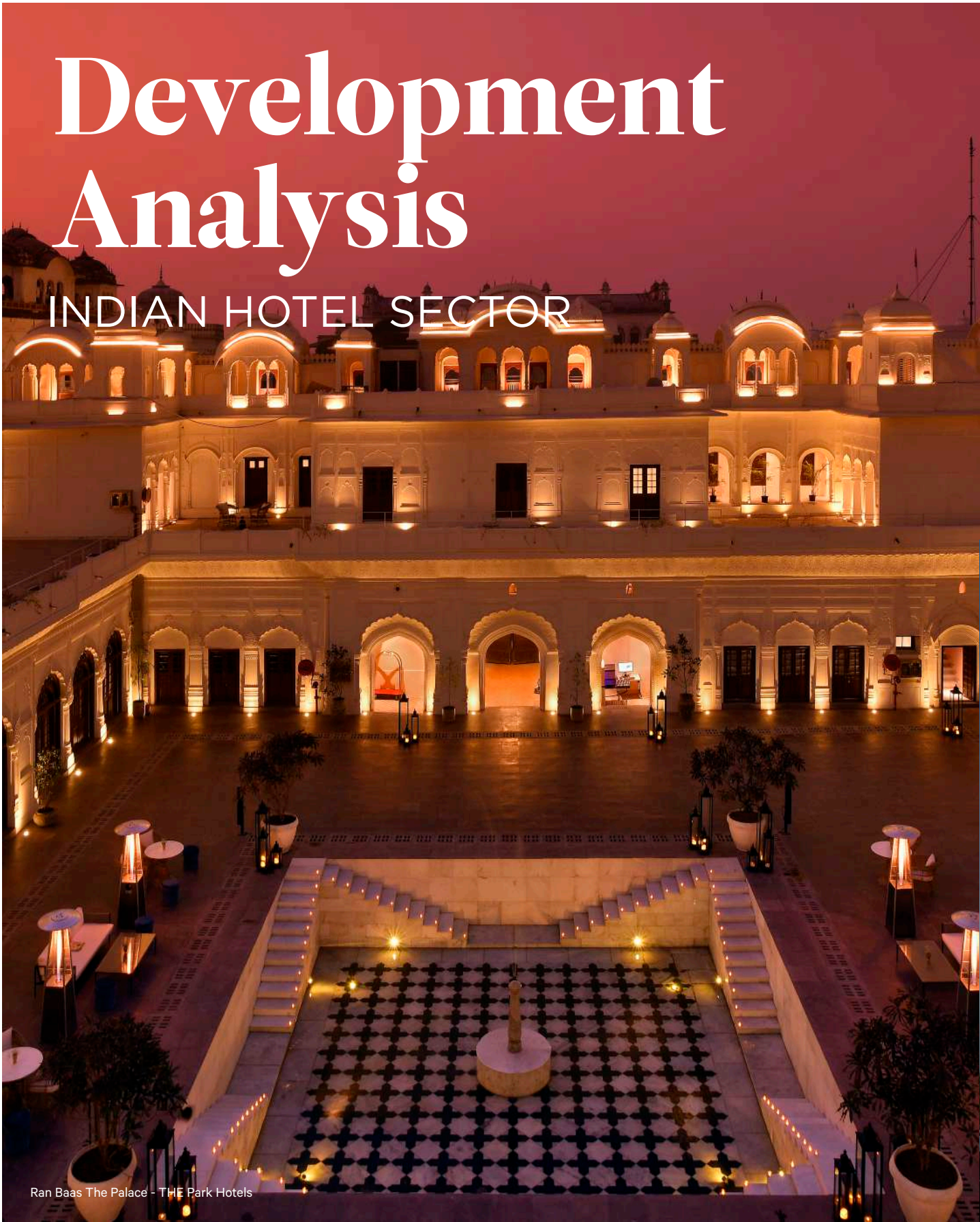
The year concluded with the much-anticipated demerger of ITC Hotels from its parent company, ITC Limited. The demerger became effective on January 1, 2025, with the record date set for January 6, 2025. ITC Hotels debuted on the stock market on January 29, 2025.

Looking ahead, Schloss Bangalore Limited, which operates luxury hotels and resorts under "The Leela" brand, is set to tap into the public market in 2025. The company filed its Draft Red Herring Prospectus (DRHP) in September 2024, proposing a ₹3,000 crore fresh issue of equity shares, along with an ₹2,000 crore Offer for Sale (OFS).

Additionally, Brigade Hotel Ventures Limited, a subsidiary of Brigade Enterprises Limited, has received SEBI approval for its IPO, aiming to raise up to ₹900 crore through a fresh issue of equity shares.

With strong investor participation and an expanding market, more hospitality companies are expected to explore the IPO route for funding expansion, debt reduction, and unlocking shareholder value.





# Development Analysis

## INDIAN HOTEL SECTOR

Ran Baas The Palace - THE Park Hotels

### 2024 Brand Signings\*

#### Brand Signings From 2019 to 2024

The year 2024 marked an extraordinary milestone for hotel brand signings in India, reflecting the robust growth and unyielding momentum in the hospitality sector. Surging travel demand coupled with growing confidence among hotel operators, fueled an unprecedented wave of brand signings, setting new records for the sector. Hotel signings by keys soared to an impressive 47,249 keys in 2024, a remarkable 62% increase from the 29,143 keys recorded in 2023. This growth included the signing of 382 new properties (40,737 keys), the rebranding of 102 hotels (6,437 keys), and the expansion of one property, which added 75 additional keys to its inventory. Another key trend in 2024, was the notable rise in the average room count per property, which rose to 98 rooms, up from 89 keys in 2023. This shift was largely driven by the signing of several large-scale projects.

### Brand Signings from 2019 to 2024

2024	2023	2022	2021	2020	2019
By Keys					
47,249	29,143	20,587	15,467	12,433	20,870
By Properties					
484	328	256	193	135	223
Average Room Count					
98	89	80	80	92	94



Raffles Jaipur

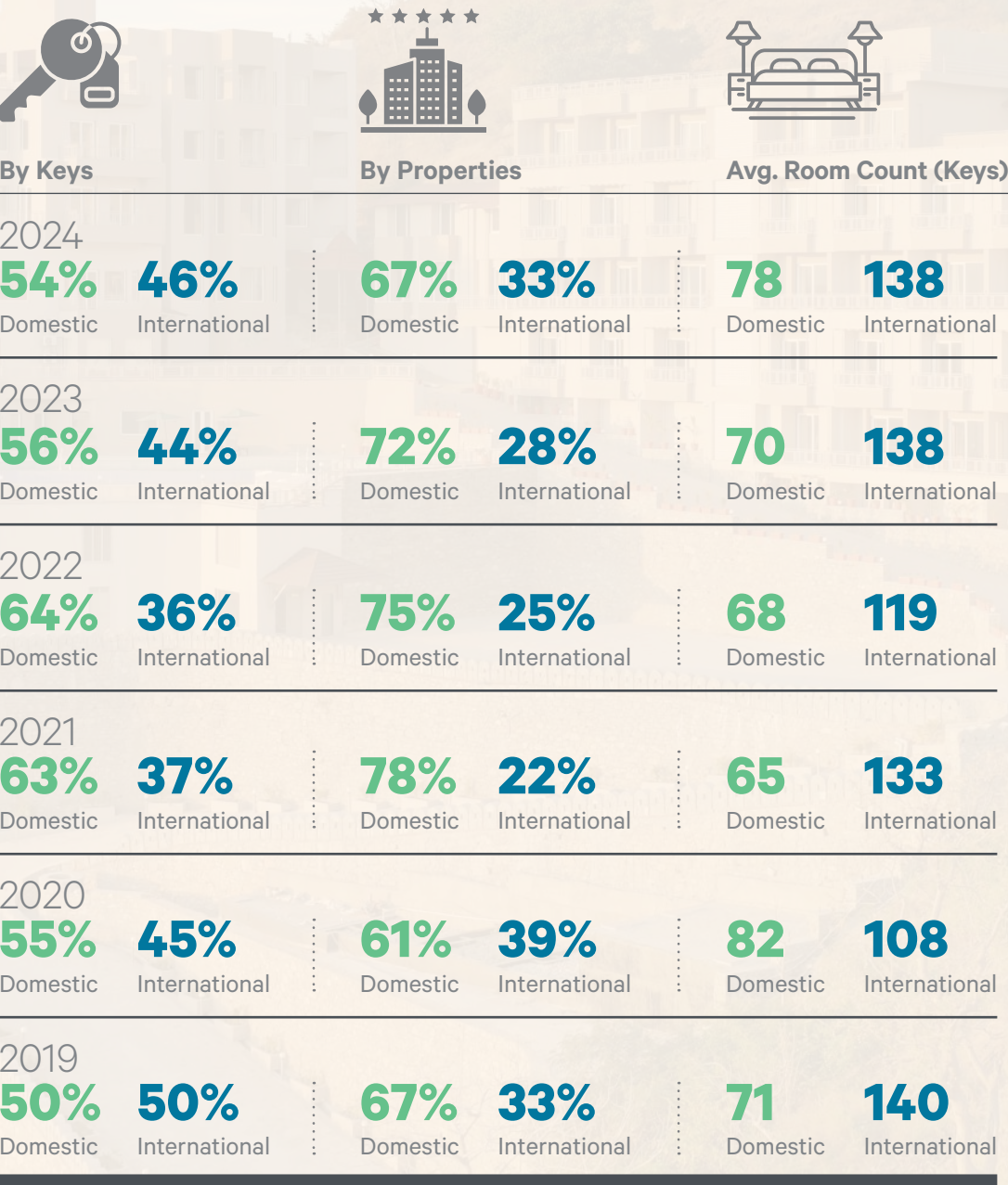
\*Note: One property (75 keys) signed before 2024 is undergoing expansion beyond their original contract specifications. This expansion is not counted within the 2024 Brand Signings by Property, though their keys are included in the 2024 Brand Signings by Keys figures. Data received from 21 hotel operators as of 15th March 2025.  
Source: HVS ANAROCK Research



International vs Domestic Brands

In 2024, hotel brand signings in India reflected a dynamic interplay between domestic and international operators, each adopting distinct strategies to enhance their market presence. Domestic hotel operators continued to dominate in terms of property signings, accounting for 67% of the total signings by property, emphasizing their focus on expanding their footprint through a higher volume of properties. However, their average room count remained relatively modest at 78 keys per property, indicating a preference for smaller-scale developments tailored to diverse regional markets.

On the other hand, international hotel operators adopted a different approach, prioritizing fewer but larger properties, resulting in a higher average room count of 138 keys per hotel. In terms of keys, domestic operators accounted for 54% of the total keys signed during the year, while international operators followed closely with a 46% share, gradually inching back toward pre-pandemic levels.



Source: HVS ANAROCK Research

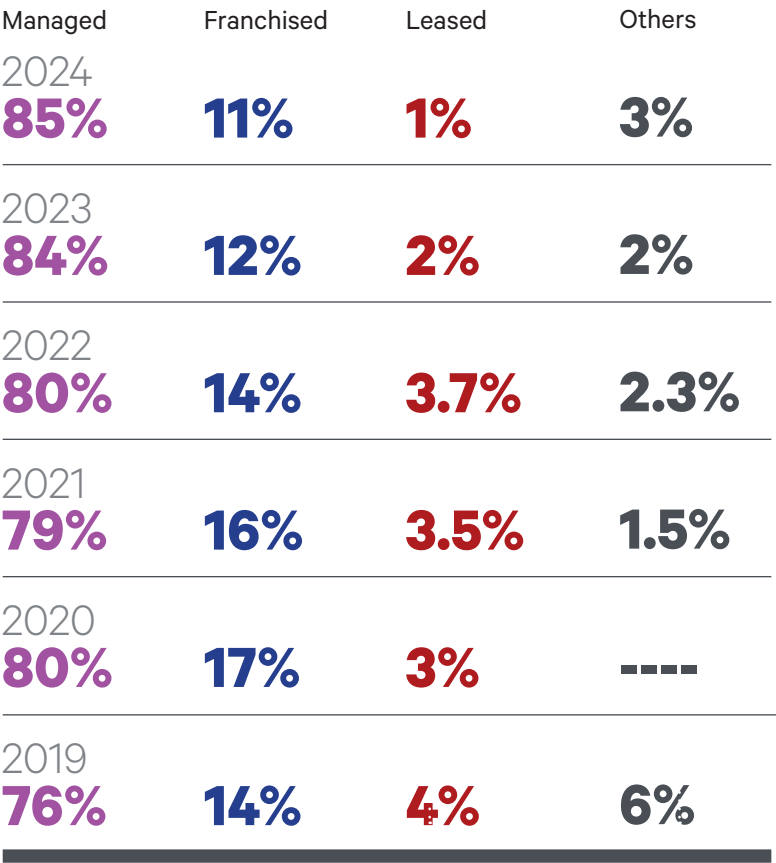
By Contract Type

An astounding 85% of all keys signed in 2024 were under management agreements, which hotel operators in India continued to prefer as the main avenue for growth. Franchising retained its appeal, accounting for 11% of the keys signed, as operators continued to explore other contract models. Leasing remained a limited strategy, representing just 1% of signed keys, though domestic brands are increasingly exploring this option in select markets, hinting the potential for future traction.

A notable shift in 2024 was the growing adoption of other models such as revenue-share and affiliate models, which accounted for 3% of all keys signed, signaling a gradual diversification of contract structures, aligning with changing investor profiles and strategies.



By Keys



Source: HVS ANAROCK Research

Signings 2024 Rankings

BY KEYS

- 
- 1 IHCL
  - 2 Marriott International
  - 3 RHG Radisson Hotel Group
  - 4 Sarovar Hotels
  - 5 Lemon Tree Hotels

BY PROPERTY

- 
- 1 IHCL
  - 2 Lemon Tree Hotels
  - 3 Marriott International
  - 4 Sarovar Hotels
  - 5 RHG Radisson Hotel Group
  - 6 The Clarks Hotels & Resorts



By Development Status

In 2024, hotel operators in India adopted a multi-faceted expansion strategy—aggressively pursuing greenfield projects to enter emerging and untapped markets, while accelerating supply through brownfield developments and conversions. Greenfield projects led the expansion efforts, accounting for over half of the total keys signed, reaffirming their significance in shaping the sector’s long-term growth. Brownfield projects followed closely, representing over 32% of the total signed keys, followed by conversions contributing over 13% of the total keys signed.

From a property signing perspective, brownfield projects led the count, making up nearly 40% of the total signed properties, highlighting their appeal for operators seeking faster development timelines and cost-effective expansion. Greenfield projects closely followed with a 39% share, while conversions accounted for 21% of the total signed properties, offering brands a quick and strategic way to expand by repositioning existing properties.



Moxy Bengaluru Airport Prestige Tech Cloud

By Keys

Greenfield	Brownfield	Conversion	Expansion
2024 53.7%	32.5%	13.6%	0.2%
2023 48%	36.1%	15%	0.9%
2022 36%	36%	28%	— — — —
2021 32%	48%	20%	— — — —
2020 39%	40%	21%	— — — —
2019 53%	25%	22%	— — — —

Source: HVS ANAROCK Research

Ranking By City

Bengaluru and Goa continued to garner the highest interest from hotel operators in 2024. Hotel brands also continued growing their presence in smaller cities.

2024	By Keys		2023
	City	Number	
1	Bengaluru	2,733	2
2	Goa	2,076	1
3	Jaipur	1,942	6
4	Ayodhya	1,622	9
5	Mumbai	1,391	12
6	Chennai	1,288	17
7	Hyderabad	1,287	3
8	Udaipur	1,193	22
9	Pune	974	-
10	Indore	959	7

2024	By Properties		2023
	City	Number	
1	Bengaluru	19	2
2	Goa	14	1
3	Jaipur	13	6
3	Ayodhya	13	4
3	Udaipur	13	21
4	Mumbai	10	6
5	Hyderabad	9	4
5	Lucknow	9	3
6	Chennai	8	20
6	New Delhi	8	30

Source: HVS ANAROCK Research

Ranking By State

In terms of 2024 brand signings, Maharashtra led the scorecard by keys, while Uttar Pradesh was on the leading front by properties signed.

2024	By Keys		2023
	State	Number	
1	Maharashtra	6,187	4
2	Uttar Pradesh	5,726	1
3	Rajasthan	5,681	2
4	Karnataka	4,050	8
5	Gujarat	3,835	6

2024	By Properties		2023
	State	Number	
1	Uttar Pradesh	62	1
2	Rajasthan	52	2
3	Maharashtra	50	5
4	Gujarat	44	3
5	Karnataka	33	8

Source: HVS ANAROCK Research



Grand Mercure Goa Candolim





Hyatt Centric Hebbal Bengaluru



Lemon Tree Hotel, Kasauli

By Tier Classification

In 2024, Tier 3 & 4 cities continued to attract the highest share of hotel signings, accounting for 46% of total keys signed, as hotel operators look at tapping onto the high growth potential, cost efficiencies, and increasing hospitality demand in these markets. Domestic hotel operators accounted for 66% share of keys signed in Tier 3 & 4 markets, while international players, at 34%, are gradually expanding their presence.

Tier 2 cities remained a strong growth avenue, contributing 28% of total keys signed, with a balanced mix of domestic (56%) and international (44%) brands, highlighting increasing competition in these markets. Meanwhile, market saturation is limiting expansion opportunities in Tier 1 cities, which accounted for 26% of keys signed. International brands dominated Tier 1 signings, holding a 70% share of the signed keys.

Year	By Keys		
	Tier 1	Tier 2	Tier 3 & 4
2024	26%	28%	46%
2023	24%	33%	43%
2022	19%	43%	38%
2021	29%	32%	39%
2020	22%	42%	36%
2019	30%	37%	33%

Year	By Properties		
	Tier 1	Tier 2	Tier 3 & 4
2024	19%	27%	54%
2023	18%	30%	52%
2022	14%	39%	47%
2021	18%	31%	51%
2020	16%	38%	46%
2019	22%	34%	44%



By Market Positioning

In 2024, midscale hotels dominated India’s hospitality sector, accounting for the highest share of property signings. Upscale and upper-upscale segments saw strong growth, capturing 34% of properties signed, up from 26% in 2023. Luxury segment also gained momentum, rising to 9% of signed properties, nearly doubling their share from 5% last year.

Meanwhile, economy hotels remained the smallest segment, accounting for just 7% of signings by properties. Domestic brands primarily focused on the midscale segment, which accounted for 58% of their total property signings. Economy hotels also held a notable share among domestic brands, making up 10% of their signed properties. Meanwhile, upscale and upper-upscale hotels comprised 25% of domestic signings, while luxury properties accounted for 6%. In contrast, international operators concentrated their expansion in the premium segments, with 54% of their signed properties in the upper-upscale category and 14% in the luxury space. Midscale properties made up 31% of their signings.

Year	By Keys			
	Economy	Midscale	Upper Upscale & Upscale	Luxury
2024	6%	35%	41%	18%
2023	3%	52%	33%	12%
2022	8%	37%	41%	14%
2021	11%	44%	32%	13%
2020	11%	41%	37%	11%
2019	16%	38%	35%	11%

Year	By Properties			
	Economy	Midscale	Upper Upscale & Upscale	Luxury
2024	7%	50%	34%	9%
2023	3%	66%	26%	5%
2022	11%	48%	34%	7%
2021	11%	55%	25%	8%
2020	13%	49%	31%	7%
2019	20%	51%	23%	6%



By Market Segment

In 2024, hotel signings were relatively balanced between commercial and leisure destinations. Commercial destinations accounted for 49% of total signed keys and 44% of total property signings. Leisure destinations followed closely, contributing 44% of total signed keys and leading in property count (50%), driven by India’s booming tourism industry and rising domestic travel demand.

Year	By Keys		
	Commercial	Leisure	Mixed
2024	49%	44%	7%
2023	54%	36.5%	9.5%
2022	52%	43%	5%
2021	50%	42%	8%
2020	49%	41%	10%
2019	63%	30%	7%





# 2024 BRAND OPENINGS

In 2024, the robust travel demand drove the opening of 13,482 branded hotel rooms across 200 properties, reflecting a 8% increase from 2023, as hotel operators continued to strategically expand their portfolios. However, the surge in property signings has not yet translated into a proportional increase in openings, which remained relatively similar to the previous year, largely due to the inherently longer hotel development cycle. Domestic brands continued to dominate the expansion, accounting for 76% of the new openings by properties, further solidifying their stronghold over international hotel chains in the market.

## Brand openings during 2019 to 2024



## International vs Domestic Brands

Year	By Keys		By Properties	
	International	Domestic	International	Domestic
2024	34%	66%	24%	76%
2023	40%	60%	27%	73%
2022	44%	56%	22%	78%
2021	35%	65%	24%	76%
2020	50%	50%	39%	61%
2019	45%	55%	31%	69%

## Openings 2024 Rankings



## By Top Destinations

Ranking	By Keys		By Properties	
	City	Number	City	Number
1	Goa	1,161	Goa	13
2	Bengaluru	712	Bengaluru	8
3	Jaipur	417	Jaipur	7
4	Ahmedabad	399	Ahmedabad and Udaipur	6
5	Hyderabad	379	Delhi	5

Source: HVS ANAROCK Research



Storii By ITC Hotels Jaisalmer



# Outlook

India's hotel sector is poised for considerable growth in 2025, building upon the strong momentum of the two previous years. This expansion is driven by a thriving domestic tourism market, the rise of niche travel segments, a steady revival in inbound tourism, and significant infrastructure enhancements. With domestic travel continuing its upward trend, increased spending and demand are set to accelerate the sector's development, further solidifying India's standing in the global hospitality industry. Moreover, ongoing infrastructure improvements and substantial investments in developing key tourist destinations are expected to elevate both tourism and hospitality to new heights. In the FY26 Union Budget, the government announced an outlay of ₹2,541.06 crore for tourism initiatives for FY26 and is also planning to establish 50 new tourism destinations within the country.

In parallel, India's commercial office space market is experiencing a notable upswing, contributing significantly to hospitality growth. In 2024, gross leasing reached 89 million sq. ft., with net absorption at 50 million sq. ft. across major cities. The momentum continues into 2025, with leasing activity up 14-16% year-on-year in the top seven cities. Global Capability Centers (GCCs) are emerging as key demand drivers, alongside the continued strength of the IT/ITeS sector and rapid expansion of startups in fintech, healthtech, and e-commerce.

As investor confidence remains high, this commercial boom is fueling a rise in business and MICE travel, spurring demand for quality hospitality infrastructure. Mixed-use developments—integrating Grade-A office spaces with hotels, retail, and lifestyle amenities—are reshaping urban business hubs into vibrant, multi-functional ecosystems, deepening the connection between real estate and hospitality.

That said, the evolving global trade and tariff landscape could influence cross-border travel sentiment and is a factor to monitor in the near term. Sustained collaboration between the government and private sector will be critical to navigating these dynamics and securing India's place as a leading global travel destination.



Gateway Bekal



# General Managers Sentiment Survey 2025 Outlook

With India’s hospitality sector experiencing strong momentum, the HVS ANAROCK Hotel General Managers Survey aims to capture industry leaders’ perspectives on key trends, challenges, and opportunities shaping the sector’s outlook for 2025.

## SURVEY DETAILS

The anonymous online survey, conducted during January 2025, captured responses from nearly 200 Hotel GMs across Branded hotels pan-India covering the following details:



Expected Occupancy in 2025 (CY)



Expected Average Daily Rate (ADR) in 2025 (CY)



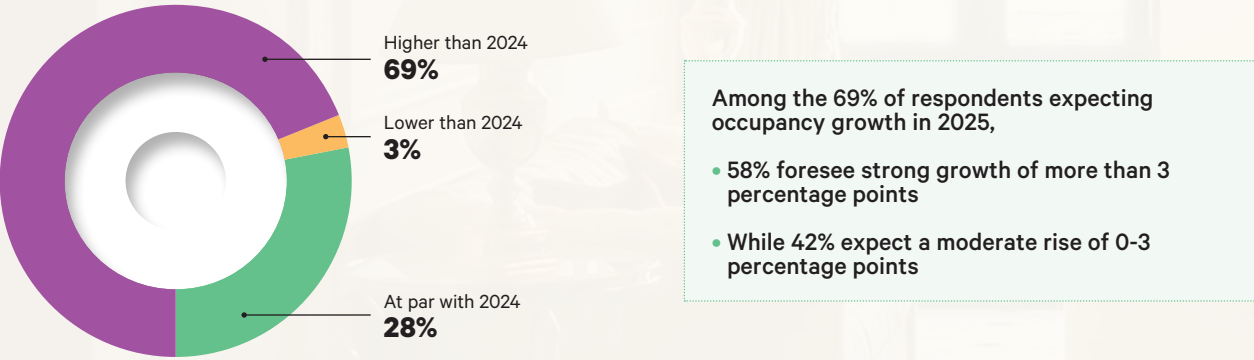
Key Operating Concerns



Customer Segmentation

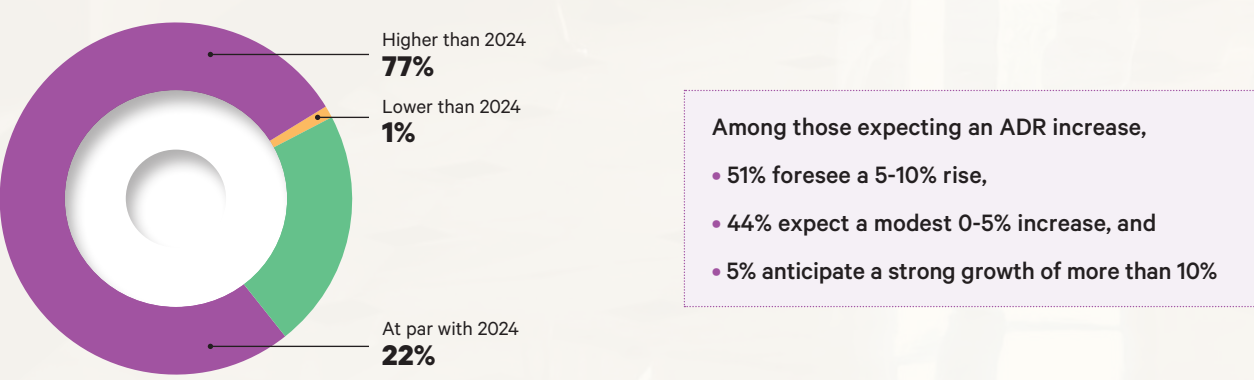
## WHAT IS YOUR OUTLOOK FOR OCCUPANCY IN 2025?

Only 3% of respondents anticipate a decline in occupancy in 2025 compared to the previous year, reaffirming the overall optimism for sustained demand growth.



## WHAT IS YOUR OUTLOOK FOR ADR IN 2025?

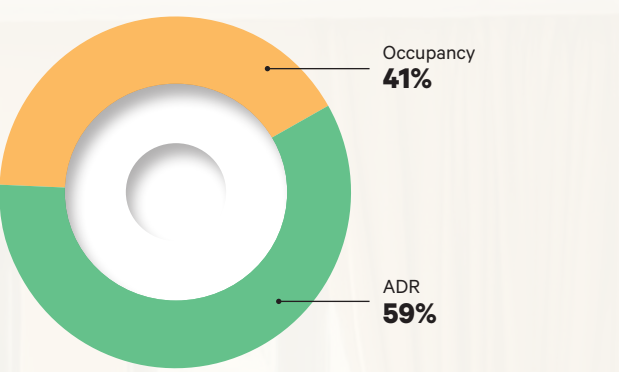
A strong 77% of respondents anticipate an ADR increase in 2025, while 22% expect stability and only 1% foresee a decline.



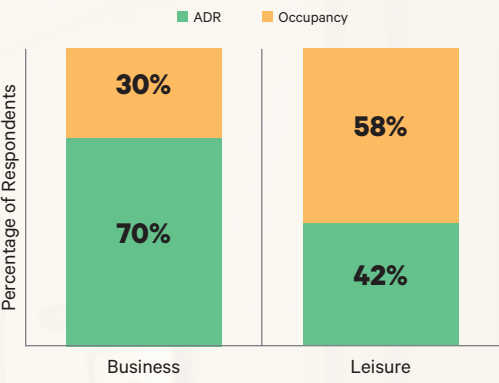
## IN 2025, WILL YOUR PRIME FOCUS BE DRIVING OCCUPANCY OR ADR?

In 2025, ADR remains the top priority, especially for business hotels where 70% plan to focus on ADR growth. In contrast, leisure hotels show a more balanced approach, with 58% prioritizing occupancy.

### Key Focus Area for 2025



### Key Focus area by Type of Property

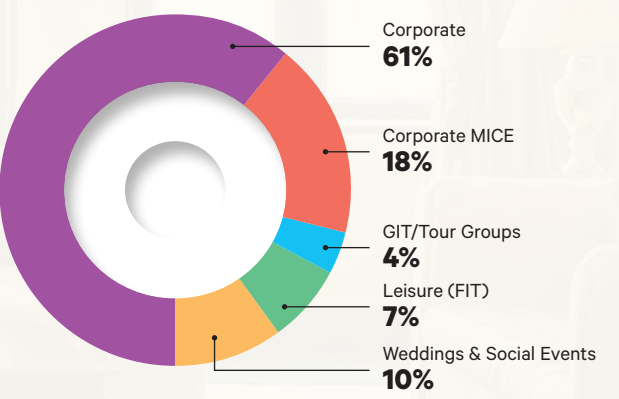


## OUTLOOK ON CUSTOMER SEGMENTS

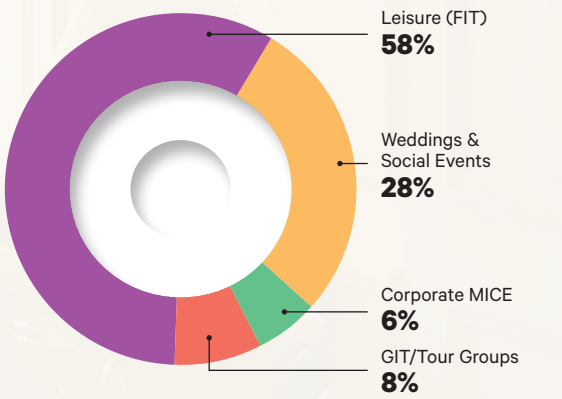
While Business Hotels remain anchored in Corporate Bookings and MICE, and Leisure Hotels prioritize Individual Travelers, Weddings & Social Events are emerging as a significant revenue driver across both segments.

### Which customer segment is expected to be the largest contributor to your revenue in 2025?

#### Customer Segments – Business Hotels



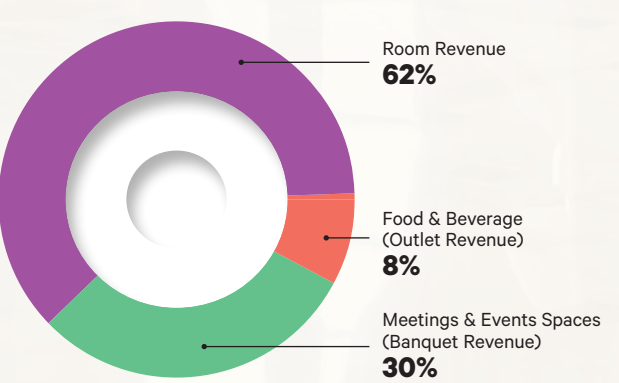
#### Customer Segments – Leisure Hotels



## REVENUE STRATEGY FOR 2025

Room revenue remains the primary growth driver, followed by Meetings & Events Spaces.

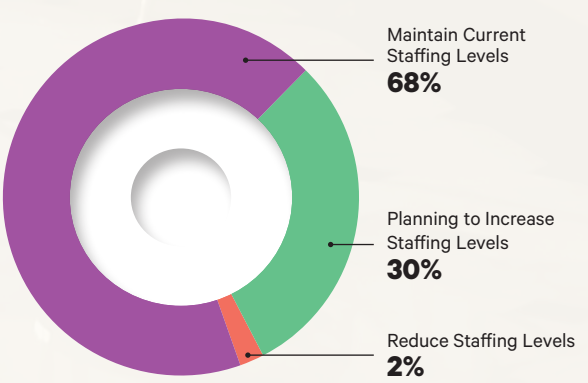
### Which revenue streams do you see growing the fastest in 2025?



## TALENT STRATEGY FOR 2025

General Managers plan to prioritize workforce retention and strategic hiring to align with expected business growth.

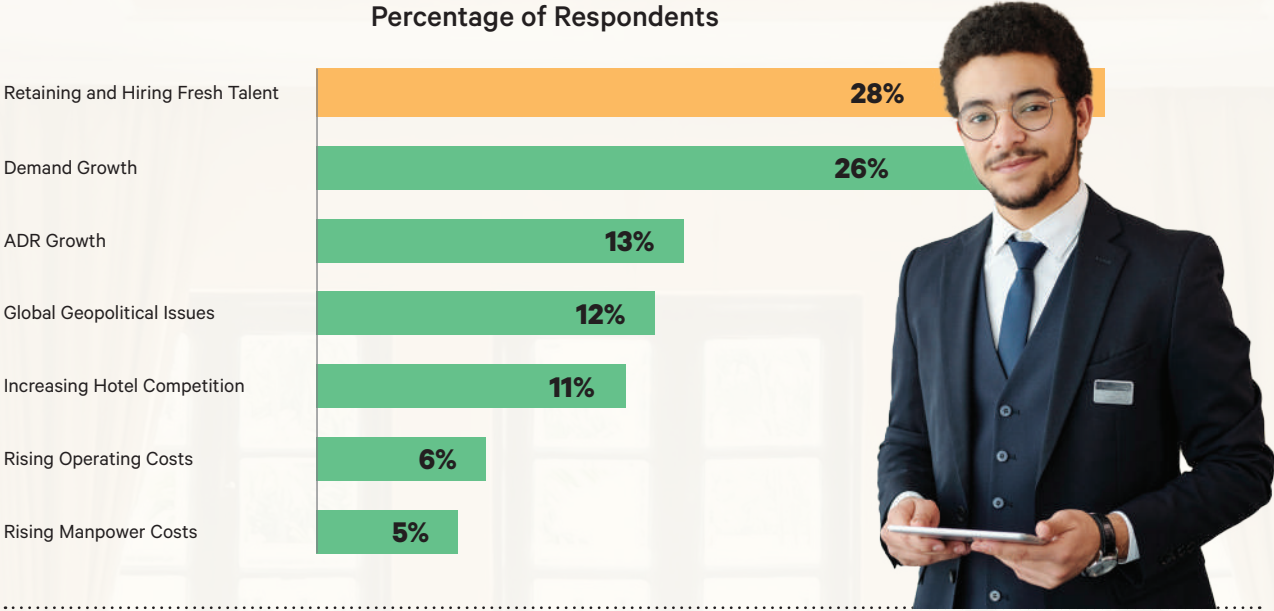
### What is your outlook on staffing levels for 2025?





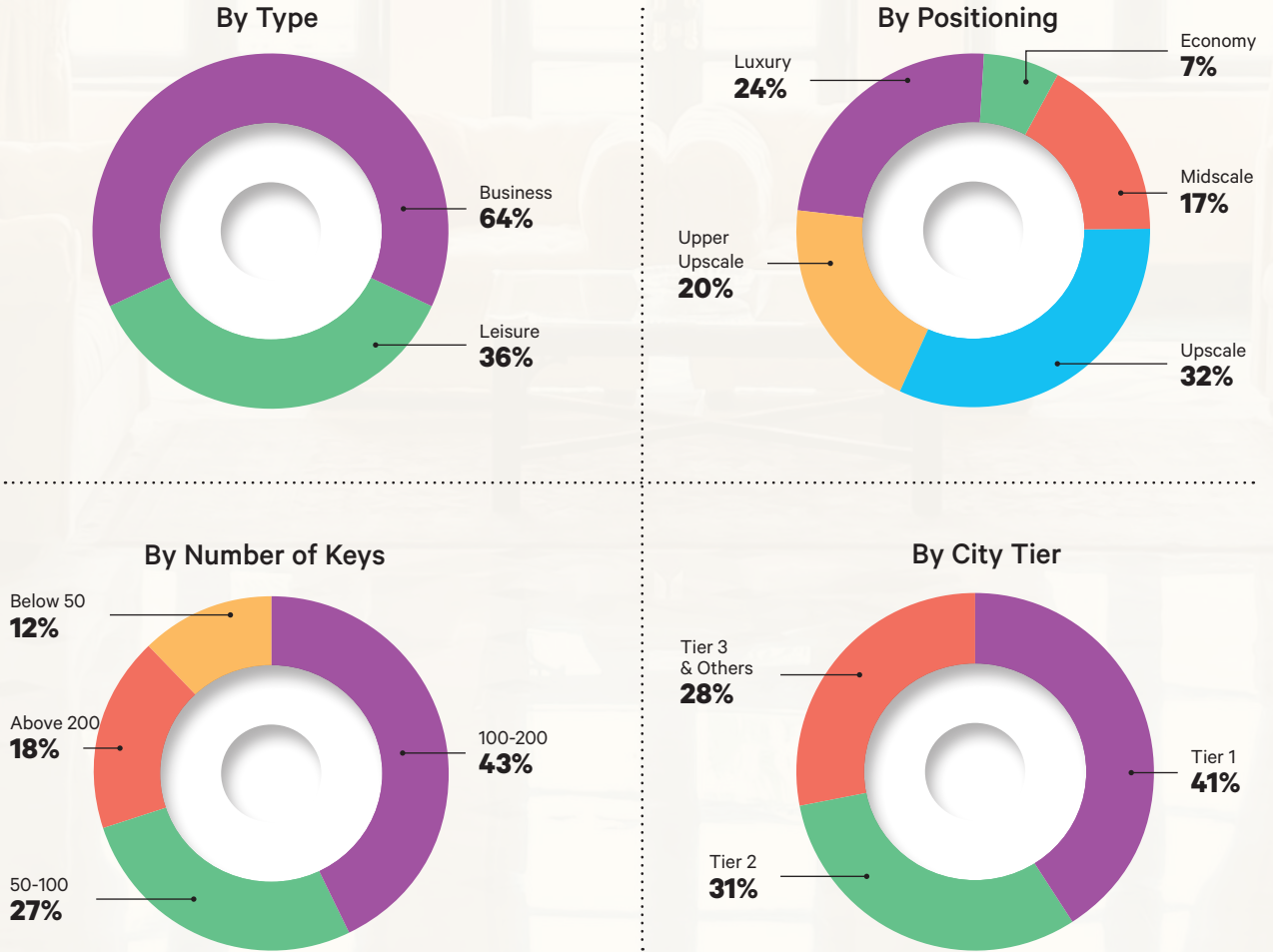
WHAT WILL BE YOUR TOP CONCERN IN 2025?

“Retaining and Hiring Fresh Talent” is the biggest challenge, with 28% of the respondents ranking it as the #1 concern, followed by Demand Growth and ADR Growth.

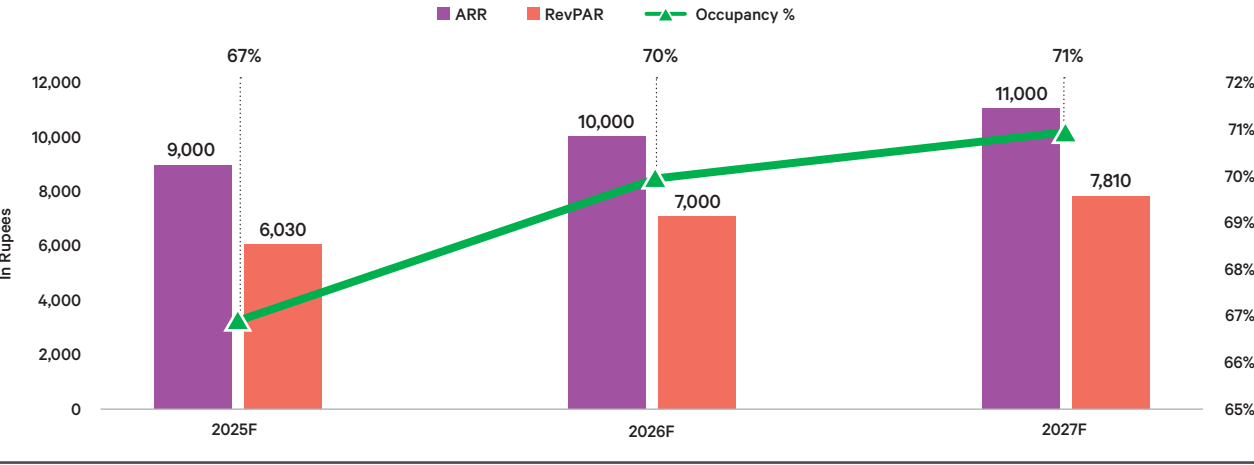


PROFILE OF RESPONDENTS

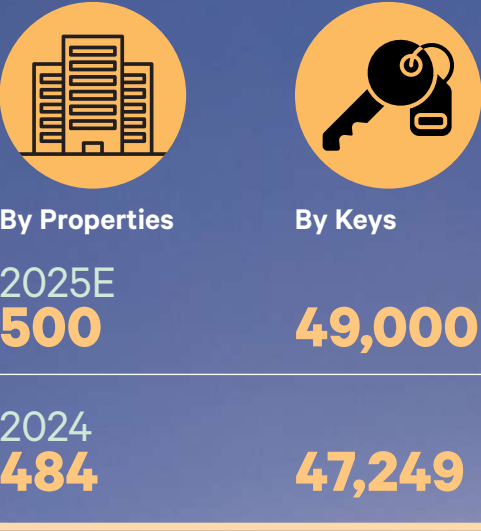
Sample size: Nearly 200 GMs across Branded hotels pan-India



Indian Hotel Sector: Performance Outlook



Brand Signings



Brand Openings





# Key Hospitality Trends in 2025

While the ongoing trends of faith, weddings and sports tourism are expected to be the main drivers of growth, here are some emerging segments and trends to be on the lookout for!

## We Love Our Song And Dance: Live Events to Become an Established Segment

Driven by a growing appetite for experiential travel among younger generations, India’s live events market—valued at ₹88 billion in 2023—is projected to reach ₹143 billion by 2026, growing at a striking 17.6% annually. This surge isn’t just about packed arenas, it’s a windfall for multiple sectors. Hotels are seeing spikes in occupancy, local restaurants are booming, and airlines are benefiting from increased intercity travel, particularly during major event weekends.



Wyndham Garden Sonipat Murthal

The 2025 IIFA Awards in Jaipur, which attracted around 60,000 attendees, underscored the nation’s growing enthusiasm for live entertainment. And the momentum continues, following blockbuster concerts by Coldplay, Dua Lipa, Ed Sheeran, Zedd, and Lollapalooza, India’s event calendar remains star-studded, with acts like Guns N’ Roses and Martin Garrix set to light up stages across the country.

However, this rapid growth has also revealed key structural challenges. Many Tier-2 and Tier-3 cities lack adequate infrastructure, including quality venues, sanitation, and crowd management, resulting in subpar attendee experiences. Ticket scalping has become rampant, most notably during Coldplay’s Mumbai concerts, where resale prices soared to exorbitant levels, sparking legal scrutiny and public outrage. Event

organizers also face a labyrinth of regulatory hurdles, with multiple licenses and approvals required, often causing delays in planning and execution.

To truly capitalize on the growth momentum in this segment, India must address these gaps through strategic investments in infrastructure, streamlined regulations, and robust safety protocols, ensuring the live events boom remains both sustainable and inclusive.

## A feast for the senses: Cultural and Heritage Tourism personifying Travel to India

Cultural and heritage tourism in India is thriving, as both domestic and international travelers seek to immerse themselves in the country’s rich history and vibrant traditions. From the majestic forts that

dot the landscape to ancient temples and palaces, India’s architectural grandeur continues to captivate visitors. With 43 UNESCO World Heritage sites, the country is well on its way to cementing its position as a global leader in heritage tourism. The Archaeological Survey of India (ASI) plays a crucial role in preserving this legacy, overseeing 3,679 nationally significant monuments and sites, further reinforcing the shift toward sustainable tourism.

Adding a flavorful twist to cultural exploration, food tourism is also gaining momentum. Guided food walks are transforming the travel experience, allowing visitors to savor India’s diverse culinary heritage one bite at a time. Cities like Delhi, Mumbai, Kolkata, and Chennai are witnessing a surge in these immersive tours, with



Sarovar Premiere Amritsar



Lemon Tree Wildlife Resort Kanha Kareli

hotspots like Chandni Chowk’s Paranthi Wali Gali, Mumbai’s Marine Drive stalls, and Kolkata’s legendary street food scene becoming must-visit destinations. This appetite for authentic flavors is fueling remarkable growth, with India’s culinary tourism market expected to reach US\$58.6 billion by 2035, growing at an impressive CAGR of 15.6% according to a recent report on India Culinary Tourism Market Trends by Future Market Insights.

## Indians are Conquering the Globe, One Stamp at a Time!

Outbound tourism from India is experiencing significant growth, building on the momentum from previous years. In 2024, the market was valued at over US\$18. billion and is expected to continue rising at a CAGR of 11% between 2024-2034 according to a report by



Future Market Insights. This growth is driven by several factors, including rising disposable incomes, a young and aspirational population, and improved connectivity from Tier 2 cities and beyond, making international travel more accessible than ever before. This surge is also driven by the flood of credit cards and travel points, along with financing options like ‘Travel now, pay later’. At present, approximately 45 countries allow visa-on-arrival for Indian passport holders while many other have eased visa restrictions.

**Meeting, Inspiring, Connecting and Exploring India: MICE Tourism**

MICE (Meetings, Incentives, Conferences, and Events) tourism in India is witnessing a remarkable upswing, fueled by the country’s expanding infrastructure and global appeal as a business hub, with the Indian MICE market projected to grow at an impressive CAGR of 13.1% from 2024 to 2030. A key highlight is the WAVES (World Audio Visual & Entertainment) Summit, set to take place in May 2025 at the Jio world Convention Centre. Building on G20’s legacy,

this summit is expected to draw thousands of international delegates, spotlighting India’s prowess in hosting high-profile events and boosting its MICE reputation. Additionally, numerous other international conferences, covering diverse fields from AI and Robotics to Green Energy, are scheduled throughout the year, further solidifying India’s position as a MICE powerhouse. Cities like Delhi, Mumbai, and Bengaluru are leading the charge, supported by government initiatives such as “Meet in India,” which promote the sector, while new convention centers and star-category hotels cater to the rising demand. This growth is not only enhancing India’s global standing but also stimulating local economies through increased spending on hospitality, transport, and event services.

**The Hand of God: Faith Based Tourism**

Faith-based tourism accounts for over 60% of domestic travel in the country and is witnessing a significant boost. The Maha Kumbh Mela in Prayagraj, which concluded in February this year drew over 66 crore devotees and generated ₹3 lakh crore in economic activity, with 7-8%

spent on hotels and lodging. Prayagraj Airport also saw a surge in traffic, handling over 560,000 passengers and 5,225 flights, including 1,775 charters during the 45-day period.

Spiritual travel has surged across major sites: Vaishno Devi now welcomes 32,000-40,000 daily visitors, Tirupati sees 60,000-80,000 travelers, and Guruvayur draws 6,000-7,000 devotees. The government’s focus on developing pilgrimage circuits, such as the Hindu, Buddhist, Ramayana, and Sufi/Sikh routes, and improved connectivity through projects like Vande Bharat are further fueling growth.

However, many spiritual destinations still lack adequate social and tourism infrastructure, limiting the length and depth of visitor engagement. Pilgrims often make brief visits, focusing

solely on rituals without exploring the cultural richness of these locales. To unlock the full potential of this segment, investments must go beyond religious infrastructure to include accommodation, sanitation, transport, and recreational facilities, enhancing visitor experience and boosting local economies.

Cities like Amritsar and Varanasi exemplify how faith-based destinations can be transformed through cultural integration and better infrastructure. While the Golden Temple anchors Amritsar’s appeal, its culinary scene, heritage sites, and the Wagah Border ceremony add significant depth. Similarly, Varanasi complements its spiritual identity with vibrant festivals, classical music, and culinary experiences, encouraging longer stays and more meaningful tourism.

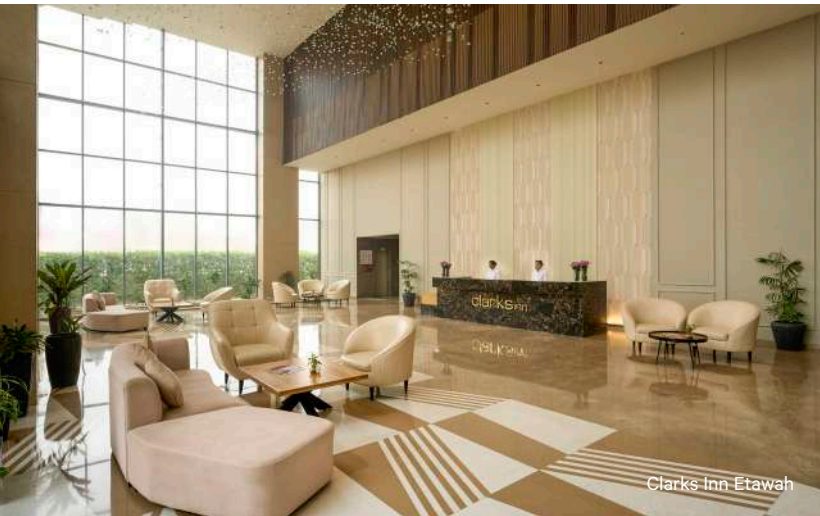
**Unlocking India’s Hospitality Potential: Bridging the Demand-Supply Gap and Seizing the Economy Segment Opportunity**

India’s hospitality sector stands at the cusp of transformative growth, powered by rapidly rising tourism volumes and continuous infrastructure development. With a current supply of approximately 195,000 branded hotel keys, the sector is already supporting an estimated 2.5 billion domestic tourist visits (2023) and 9.65 million foreign tourist arrivals (2024). This equates to just one room for every 13,000 travelers—one of the lowest room-to-traveler ratios globally—and highlights the urgent need for capacity expansion.

By 2047, tourism numbers are projected to reach 15 billion domestic visits and 100 million



Katra Marriott Resort & Spa



Clarks Inn Etawah



India’s Current Branded Hotel Supply  
**195,000**



Domestic Tourist Visits: 2023  
**2.5 bn**



Foreign Tourist Arrivals: 2024  
**9.6 mn**



India’s Tourist Visits by 2047\*  
**15.1 bn**



Branded Supply Needed by 2047\*  
**1.1 mn**  
at the current room density per tourist



Expected Branded Supply by 2047\*  
**745,000**  
at the current growth CAGR of 5.8%

**New formats of organized supply are needed to cater to the gap created by the slow growth of branded keys.**

\*Estimate: Tourist visits includes FTAs and Domestic Tourists





foreign arrivals. At the current room-to-traveler density, India would require over 1.1 million branded hotel rooms to accommodate this demand. However, based on the current supply growth rate of nearly 6% CAGR, the projected supply in 2047 is just 745,000 keys, revealing a supply gap of nearly 430,000 rooms.

This widening gap highlights a critical opportunity for organized and strategic growth in the hotel sector. Bridging it will require accelerated investment, innovative development models, and proactive policy support, unlocking billions in economic value as India prepares for the next phase of tourism-led growth.

Digging deeper into supply segmentation reveals another

structural gap. India's economy is advancing rapidly, and with it, The Indian middle class is expanding at an unprecedented pace—growing at 6.3% annually between 1995 and 2021, currently comprising 31% of the population, and projected to reach 38% by 2031 and 60% by 2047. This emerging demographic represents the next wave of hospitality consumers, seeking quality accommodations at accessible price points.

However, with ARR climbing each year, a large portion of this growing traveler base may increasingly look toward the economy hotel segment. Despite this demand, economy hotels currently make up just 5-7% of India's total branded supply. This glaring mismatch signals a massive growth

opportunity, particularly in Tier-2, Tier-3, and Tier-4 cities, to build capacity and serve the evolving needs of value-conscious travelers.

However, to fully capitalize on this growth trajectory, long-awaited policy reforms must be prioritized. Granting industry and infrastructure lending status to hospitality projects, irrespective of investment size, is crucial to unlocking new development in underserved and emerging markets.

With rising domestic demand, increasing global visibility, and a new era of experiential travel, India's hospitality sector is no longer just growing, it's gearing up to lead the world.

Sources: Media articles; Industry Reports; HVS ANAROCK Research

## Acknowledgment

HVS ANAROCK would like to thank the following participating hotel operators for their invaluable contribution to this year's report:



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