

INDIA HOSPITALITY

BUSINESS INSIGHTS

NAVIGATING THE HOSPITALITY DYNAMICS IN
2024 AND OUTLOOK FOR 2025

A REPORT BY
SKYE HOSPITALITY



FOREWORDS

The Indian hospitality industry is set for an aggressive growth in 2025, as leisure & business travels are rising fast all over the country. Average Indian households now realize the importance of vacation and holidaying. Taking regular breaks to relax and recharge the mental & physical batteries, is becoming integral part of urban Indian lifestyle. Meanwhile, business tourism in the form of corporate tours & retreats, MICE activities, bleisure travel are also growing at accelerated pace.

This is giving big boost to the hospitality industry, marked by rise in occupancy and launch of new projects, both greenfield & brownfield. In 2024, a total of 41 new projects entered the market place in the premium & upscale segment. A total of 4,830 new rooms were added. Most of major hospitality brands such as IHCL, Wyndham, Accor, Marriott, ITC, ROHL, Leela expanded their footprint.

The Indian government is also taking strong initiatives to transform tourism & hospitality as the iron pillar of the economy. GOI aims to develop a one trillion (USD) tourism market by 2047. Strong promotional activities and media campaigns are taken by the tourism ministry to promote India globally. Infrastructure is developed at bottle neck pace in the form of roadways, railway networks, greenfield airports, regional transmit lines, etc. to connect various remote destinations. GOI has initiated programs like Swadesh Darshan and Prasad to further boost tourism & hospitality industry.

In the recent budget as well, a host of initiatives have been taken in this regard. Infrastructure status has been granted to tourism projects in 50 locations. In another major policy overhaul, it has been announced that Mudra loans will be given for homestay segment. Strong underlying demand & conducive business environment coupled with concentrated policy impetus is helping the sector thrive.

Besides mainstream tourism, there is also plenty of scope in other forms of travel such as spiritual, medical, wellness, etc. India is emerging as a hub of spiritual tourism in the world. A rich history and tradition of Yoga & Ayurveda makes it a natural ground for wellness & spiritual retreats.

Similarly, medical tourism is also on a rise with availability of cheaper treatments, improved healthcare infrastructure and policy overhauls to attracts international patients, Hospitality players are also tapping into the segment by offering tailormade amenities such as large size elevators, nutritious food options, health studios, etc.

Another important trend visible in recent times is the foraying of big hospitality brands into less explored destinations. While popular tourist destinations are seeing growth in tourist influx, many less explored scenic destinations are also witnessing growth in tourism activities. The increased demand for immersive experiences in offbeat trails is driving the uptrend. This is resulting in new hotels and resorts projects in picturesque destination of Konkan, Tehri, Ratnagiri, Kalimpong, Alwar, Narendra Nagar, etc.

Overall the year ahead looks very promising for Indian tourism & hospitality industry. While big hotel & resort projects will continue to be developed at great speed, there will be enough headspace for concept hospitality to flourish as well. There will be greater emphasis on vacation villas, serviced apartments, Ayurveda resorts, rental farm stays, branded homes, etc.



Ankit Kansal
MD, SKYE Hospitality

MAJOR HOSPITALITY INDUSTRY TRENDS TO WATCH OUT IN 2025



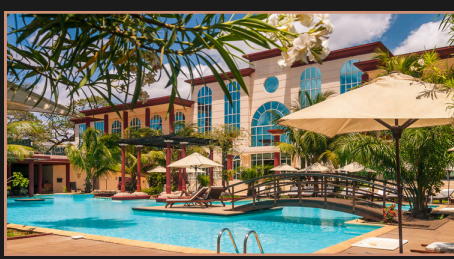
Hospitality industry in India will continue to enjoy high occupancy in the range of 70-75%, inching up from 2024 (68-72%)




As per ICRA report RevPAR (Revenue per average room) will be Inr 5,500- 5,800, rising up from Inr 5000- 5,300 in 2024.




The hospitality industry in India will be backed by rise in domestic leisure & business travel. Besides other factors such as MICE tourism, destination wedding, transient passengers, will also push occupancy.



India's leading hospitality chains are expected to gain a revenue growth of 10-15% in 2025. The numbers also supported by an ICRA study that suggested 7-9% revenue growth for hospitality sector in 2025.

 As India emerges as a spiritual super house, there will be rise in religious tourism. Hospitality sector in sacred sites such as Prayagraj, Ayodhya, Ajmer, Amritsar, Puri, Madurai, etc. will rise fast.


 The requirements of Indian travellers will continue to evolve. Besides accommodation, there will be increased focus on immersive experience, authentic stay and tailor-made facilities.


 Hospitality sector in Tier-2 cities will rise steadily. The growth will be fuelled by religious & cultural events, infrastructure upgrade, and rise in MICE activities.

 Due to limited availability of land parcels, we will see less greenfield hospitality projects in metros. Brands will compensate this with rebranding, strategic partnerships and asset light models.

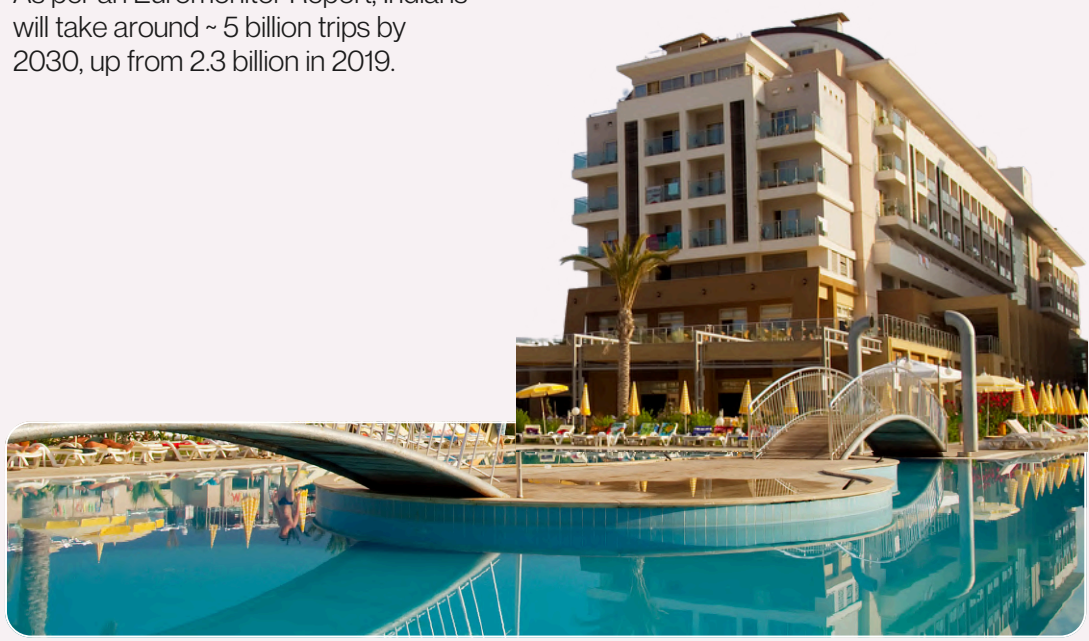
 Sustainable hospitality will become more prevalent in 2025, with increased focus on green energy practices, carbon foot print reduction, recycling, local sourcing and engagement with the indigenous communities.

 Hospitality brands will pivot to advanced technologies such as AI (revenue management, inventory management), analytics (marketing, strategy), IoT (room controls, switches), digital walk throughs (search, discovery, booking).

 The demand for boutique resorts, home stays, rental villas, will pick up in tranquil, off-beat and less crowded natural trails.

 The positive impact of Indian hospitality industry will cascade into other allied segments such as real estate, food & beverage, logistics, aviation, convention, etc.

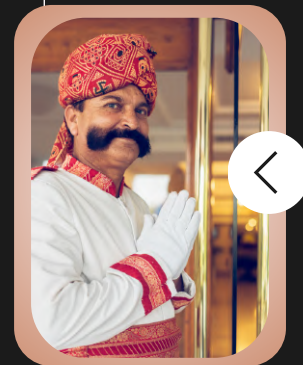
 As per an Euromonitor Report, Indians will take around ~ 5 billion trips by 2030, up from 2.3 billion in 2019.



SWOT ANALYSIS OF INDIAN HOSPITALITY SECTOR

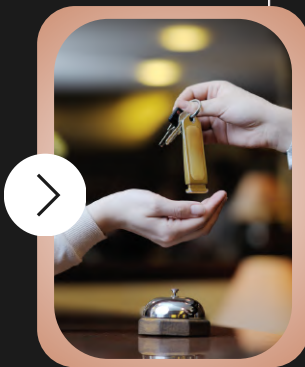
S Strengths

- Rise in tourism, leisure, and MICE activities
- Growth in Indian economy with GDP set to grow at a rate of 6.7% (RBI) and inflation will be contained at 4.2%
- Average households are now understanding the role of travel and rejuvenation.
- Plenty of available picturesque destinations through out the country
- GOI is committed to convert tourism into one of the iron pillars of Indian economy.
- By 2047, the overall tourism industry in India is slated to reach USD 1 trillion.

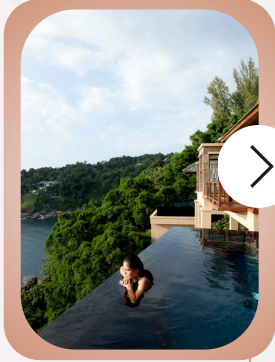


W Weaknesses

- Despite growth in infrastructure development, many parts in India are still marred with poor connectivity & accessibility.
- Close to ~ 80% of the hospitality market in India is still unorganized
- International tourist's inflow is still low in India.



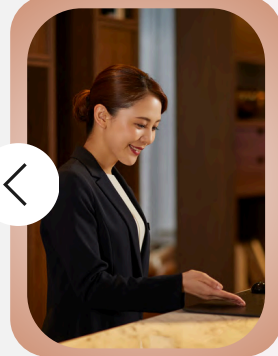
Opportunities



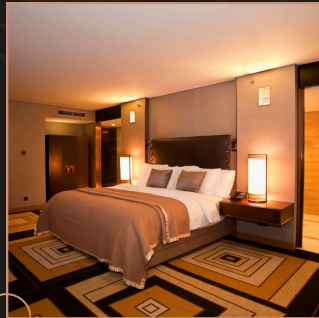
- Plenty of opportunity in wellness, religious and spiritual tourism in India.
- New opportunities emerging in staycations, adventure tourism, food & cultural tourism, etc.
- The rise of social media and influencer culture give new opportunities to hotels and resorts to market themselves and engage better with their TG.

Threats

- Rise in geopolitical tensions & slowdown in world economy
- Growing threat from the rise in popularity of homestays, rental villas, boutique farm stays, etc.
- Shortage of skilled professionals & manpower



MAJOR INVESTMENT DECISIONS BY HOSPITALITY SECTOR



Adani is planning to invest USD 2 billion to develop a large size convention centre, located in Vile Parle, near international airport. The built-up area of the convention centre is ~1.2 million sq. ft.



HSVP is building a new convention centre, in sec-78, Faridabad. The project will be spread across 8.2 acres with a total built up area of 514,000 sq. ft.



As a Sabarmati river front development project, a new business-cum-cultural centre has been proposed with a built-up area of around 430,000 sq. ft.



IHCL has announced to double down on its portfolio and reach 700 projects by 2030. It will focus on increased margins, asset monetization and operational efficiency.





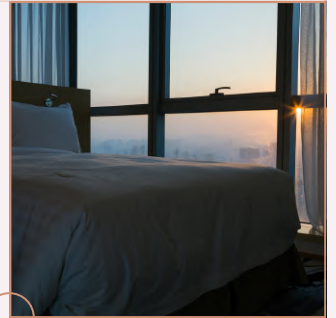
ITC group has announced the demerger of its hospitality division, which will operate as a separate business entity. ITC has also showed interest in expanding to international markets in 2025.



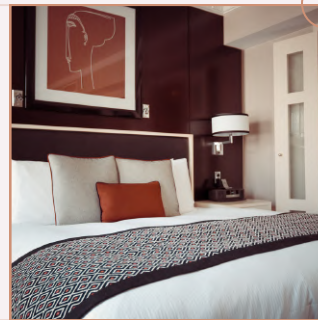
Oberoi group has announced to open 15 new projects in India with over 1000 keys. The expansion will comprise both self-owned as well as managed projects.



Marriott, which currently operates ~ 150 projects is working on 103 new projects. The international brand will expand into numerous tier 2 & 3 cities including Udaipur, Coorg, Surat, Shimla, Jalandhar, etc.



Global brand Hyatt is planning a big expansion in India, which is the 3rd largest market after USA and China. Hyatt is planning to double down its hotel count in India to 100 in next 5/6 years.





Lemon Tree, which has 112 operational hotels is working on 86 new hotel projects with an additional supply of 5900 rooms. Around 40% of the supply lines is self-owned, while others are managed properties.



International hospitality business, Marriott has announced to ink a deal with BeeKay Group to open five new projects in Eastern parts of India (~700 rooms) between 2024-2026. The projects will include Fairfield, Le Meridian and Courtyard brands.




International hospitality company Accor is on an expansion spree in India and is planning to open 30 new hotels across multiple brands such as Mercure, IBIS, Raffles, Novotel, Sofitel. Currently, the company operates 60+ hotels with a cumulative room count of around ~11,000. They will add 5000+ rooms in next few years.





Marriott has also signed an agreement with SAMHI hotels to open 3 new projects across Hyderabad and Bangalore. These projects are slated to open in 2026-28.


MAJOR ANNOUNCEMENTS ABOUT HOSPITALITY INDUSTRY IN BUDGET 2025

 Hotel projects in a selected list of 50 destinations have been granted infrastructure status.

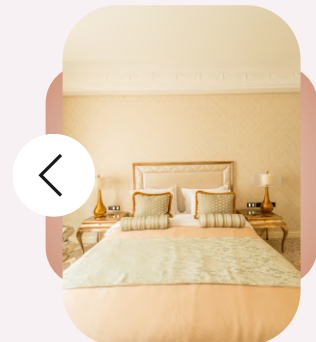
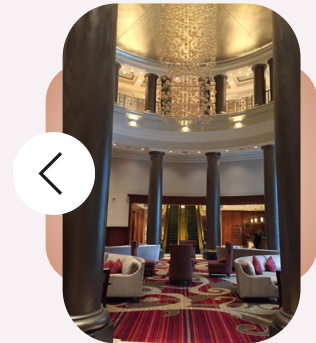
 Streamline the e-visa systems and waiver of visa fees for tourists from selected destinations.

 The provision of Mudra loans for homestay industry to boost and develop alternate hospitality in the country.

 Under the UDAN scheme, 120 new destinations will be added. This will boost regional connectivity drastically.


 Special focus will be given to develop spiritual and medical tourism in the country


 The central government agencies will work in coordination with state development agencies to promote tourism infrastructure. This will include performance linked incentives for destination management, tourist facilities, hygiene management, etc.




RISE IN WELLNESS

TOURISM IN INDIA

 The India's wellness segment is growing fast and the market will amount to USD 70- 75 billion in 2025.

 The traditional boundaries between vacation, tourism and wellness is blurring. There is rising demand for wellness driven vacations such as yoga retreats, spiritual tours, medication and reiki classes amidst picturesque destinations.

 Besides general surge in disposable income, factors such as jump in chronic diseases, and increased demand for introducing positive lifestyle changes are driving the wellness tourism market.

 Rather than adopting fast cure, many people now want to heal the root cause, which is natural translating into increased demand for wellness, alternative healing, stress management techniques.





Many tourists now take long breaks to heal, detoxify, enjoy plant based sattvic diet and adopt healthy lifestyle patterns, etc.



India also has plenty of picturesque destination including sea beaches, hill sides, foothills, offbeat trails, valleys, eco reserves. Ample scenic sites give it enough headspace to develop eco resorts, Ayurveda hotels, naturopathy farm stays, etc.



GOI is also fostering growth in the wellness sector through concentrated policy support and financial impetus. It has introduced a separate ministry in the form of AYUSH to support alternate healing.



INDIA WILL BECOME A KEY HUB FOR AFFORDABLE MEDICAL TREATMENT FOR INTERNATIONAL TOURISTS



India will be a key hub of medical tourism in 2025 backed by affordable treatment cost, improved infrastructure and rise in healthcare service providers.



The overall medical tourism market is set to reach USD 13 billion from USD 1.8 billion in 2015.



There is increased demand for numerous medical tourism services related to oncology, dental care, orthopaedics, surgery, cosmetic care, etc.



Each year, around 2 million patients come to India from 80+ countries for availing quality medical services.





India's average medical cost is around 60-80% cheaper than USA and UK, which will continue to be a major growth driver.



There will be tremendous opportunities for hospitality chains, service apartments, guest houses to tap into the burgeoning market space.



New hotels and service apartments will start near major hospital chains in metros such as Bangalore, Chennai, NCR to further tap into international patients.



Hospitality businesses will introduce custom services such as food & beverages, large elevators, wellness studios to offer better value to medical tourists.



MAJOR INSIGHTS

INTO INDIAN HOSPITALITY INDUSTRY IN 2025

SKS

Premium & Upscale Projects Opened in H1 2024

	Operator	Total keys	Meeting Space (Sq. Ft.)
Taj Malabar Resort, Cochin Kerala	IHCL	93	11,000
Katra Marriott Resort & Spa, J&K	JW Marriott	100	8100
Gorbandh Palace, Jaisalmer	IHCL	83	3000
Taj Vivanta, Jamshedpur	IHCL	95	10,000
Taj Taal Kutir, New Town, Kolkata	IHCL	75	50,000
Ekante Bliss, Tirupati	IHCL	113	NA
The Westin Kolkata, Rajarhat	JW Marriott	314	50,000
Taj Sawai, Ranthambore	IHCL	60	2500
Anantara Jewel Bagh, Jaipur	Minor Hotels	150	NA

	Operator	Total keys	Meeting Space (Sq. Ft.)
Mercure, Chandigarh	Accor	60	5900
Ronil Goa, Calangute beach	Hyatt	135	5500
Mementos, Jaipur	ITC	64	5600
Radisson, Srinagar	Radisson Group	212	2500
The Kaba Retreat, Solan	ITC	28	NA
Fortune Statue of Unity	ITC	144	12,000
JW Marriott Moxy, Bangalore	JW Marriott	128	12,000
The Earth, Amritsar	Wyndham	57	4500
Fairfield by Marriott, New Town Kolkata	Marriott	182	6000
VOCO Hotel, Jim Corbett	IHG	70	4000
Taj Vivanta, Tawang	IHCL	80	9500
Royal Orchid, Surat	ROHL	288	NA
The Lalit Chandigarh	Bharat Hospitality	179	30,000

Source: SKYE Hospitality

P REMIUM & UPSCALE

PROJECTS OPENED IN H2 (2024)

	Operator	Total keys	Meeting Space (Sq. Ft.)
Taj Puri Resort, Odisha	IHCL	90	14,000 sq. ft
Taj Mangalore Resort, Mangalore	IHCL	96	10,0000 sq. ft
Taj Cochin International Airport, Kerala	IHCL	111	5000 sq. ft
Taj City Centre, Patna, Bihar	IHCL	124	8,500 sq. ft
Svelte, Radisson Individuals, NCR	Radisson	108	4300 sq. ft
Hilton Gurugram Bani City Centre	Hilton	223	13,000 sq. ft
Ramada Encore, Bhiwadi	Wyndham	108	12,500 sq. ft
Ramada Encore, Viramgam	Wyndham	60	NA
Raffles, Jaipur	Accor	50	NA

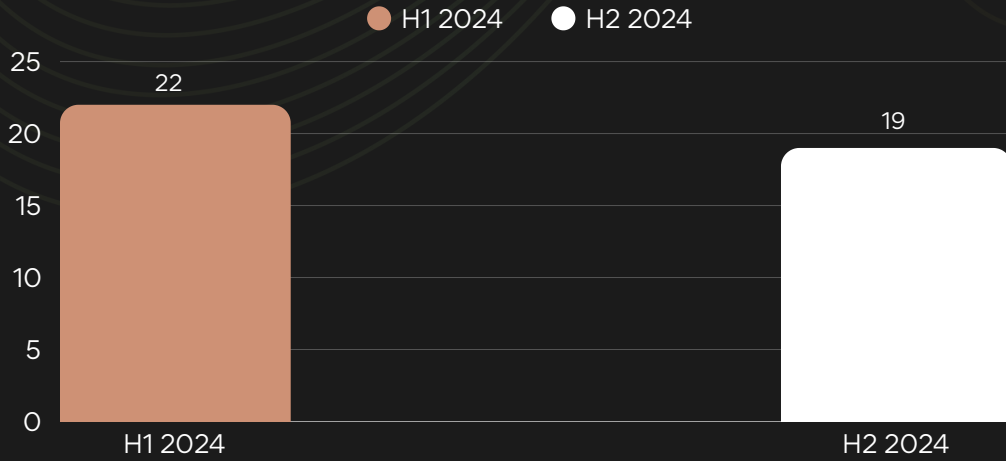
	Operator	Total keys	Meeting Space (Sq. Ft.)
Grand Mercure, Candolim, Goa	Accor	87	5400 sq. ft
IBIS Styles, Mysuru	Accor	130	5000 sq. ft
Novotel, Panjim, Goa	Accor	143	8000 sq. ft
Novotel, City Centre, Delhi	Accor	124	11,000 sq. ft
Novotel, Bhubaneshwar	Accor	98	3300 sq. ft
Holiday Inn Express, Greater Noida	IHG	133	10,000 sq. ft
Regenta Hotel Dalhousie	ROHL	43	4,800 sq. ft
Welcome Hotel, Belagavi	ITC	116	12,500 sq. ft
Welcome Hotel, Jabalpur	ITC	124	15000 sq. ft
The Leela, Banjara Hills, Hyderabad	The Leela	156	7300 sq. ft

Source: SKYE Hospitality



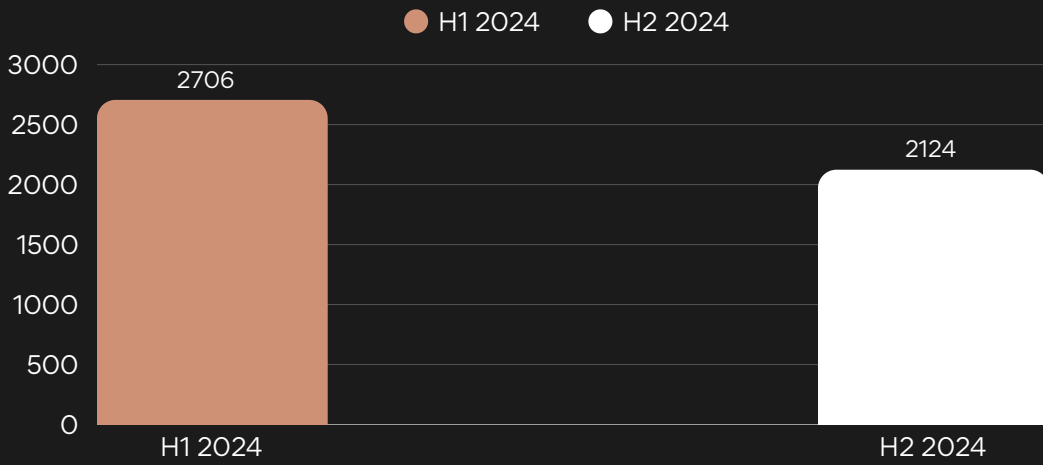
Volume of premium and upscale projects opened

Source: SKYE Hospitality



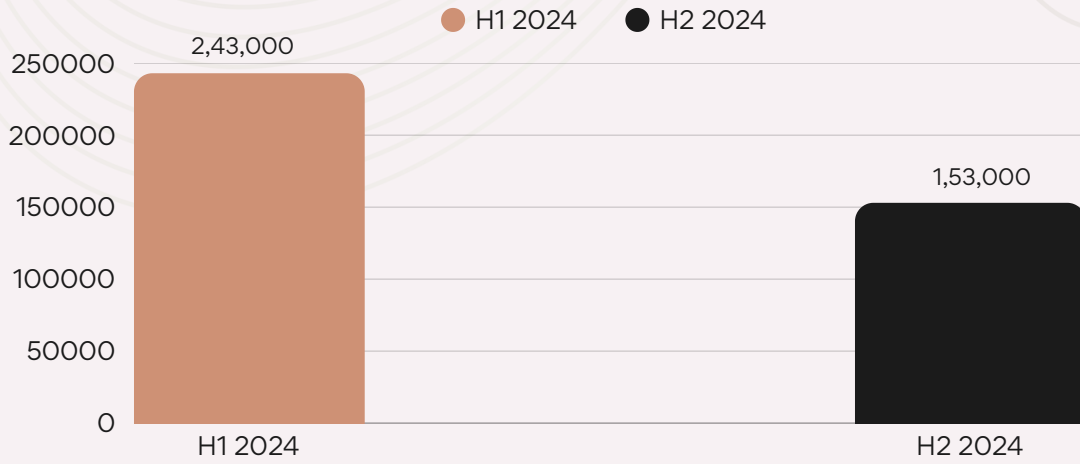
Total rooms entering the market place

Source: SKYE Hospitality



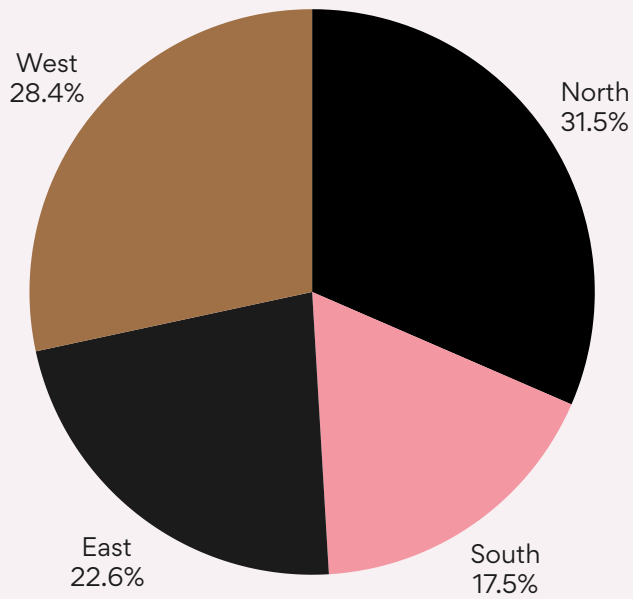
Total Meeting area entering the market place (2024, sq. ft)

Source: SKYE Hospitality



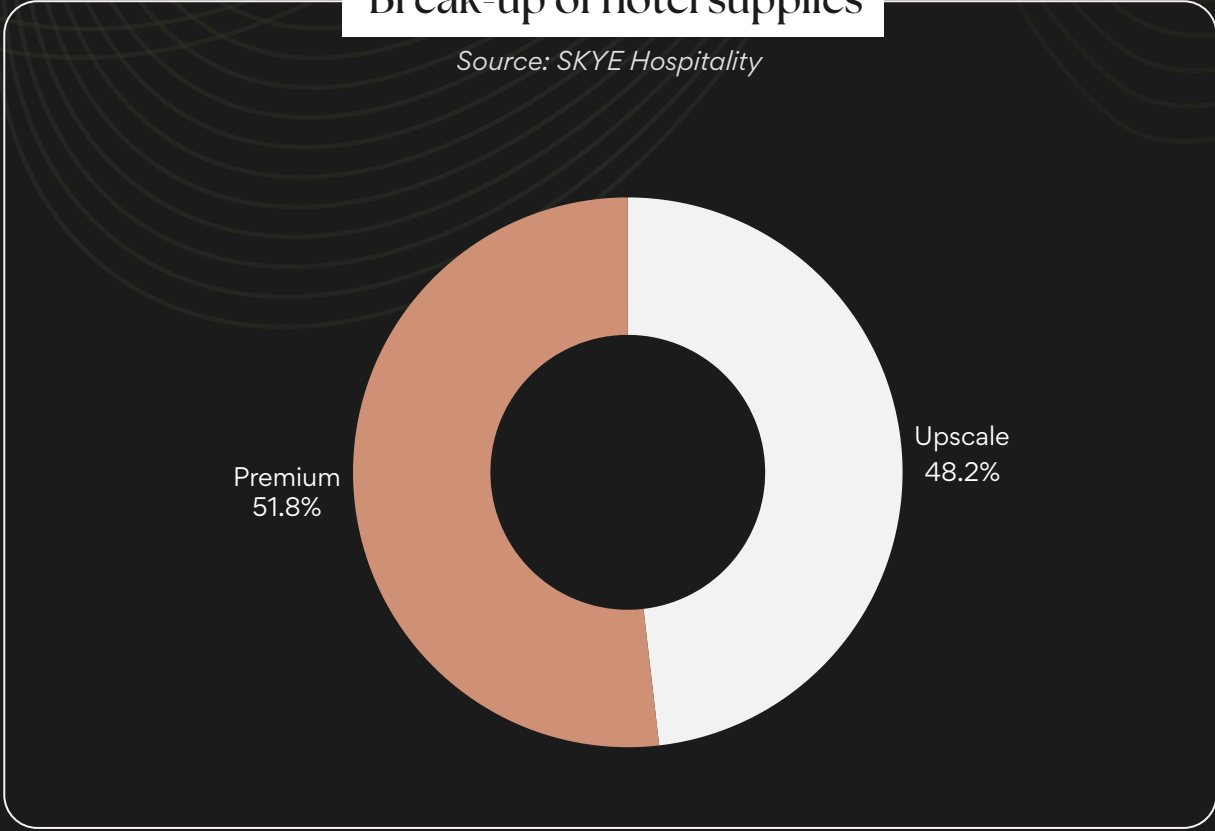
Break-up of room supplies in 2024

Source: SKYE Hospitality




Break-up of hotel supplies


Source: SKYE Hospitality





KEY RESEARCH


FINDINGS


 A total 2124 rooms entered the market space in the premium and upscale segment in India in H2, 2024.

 Total 152,700 sq. ft of hotel-based meeting space and banquet area entered the market in H2 2014.

 In the overall CY 2024, a total of 4,830 rooms entered in the premium, and upscale segment.

 During the calendar year, a total of 396,000 sq. ft of meeting space entered the market.

 31% of the new room supplies are located in North, followed by South (28%)

 The upscale and premium segment is nearly equally split into premium (52%) and upscale (48%)



SOURCE

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AXON
DEVELOPERS



Thanking
You