



**Horwath HTL**

*Hotel, Tourism and Leisure*

# India Hotel Market Review 2022

February 2023

## Foreword

**This year-end report is an analysis of the Indian Hotel market performance for 2022 which is based on data sourced from STR.**

Horwath HTL are leading global hospitality consultants and have performed work in more than 125 markets in India. We help clients make Smart Decisions for Lasting Value.

## Introduction

2022 was a super year. Several records were made and broken; budgets achieved mid financial year. In the context of the last 14 years, and particularly the last 2 years, one could be excused for terming this as a 'dream year'. 65% of respondents to a survey conducted by Horwath HTL (HHTL) say it was their best year ever; another 30% ranked it as among the 3 best years ever for their hotel.

The higher rates earned in 2022 are actually such as should normally be attached to the quality of several of our hotels and resorts. In that sense, we have earned what is our rightful due, a set of returns that we richly deserve.

Leisure has become serious business; weddings even more celebratory; get-togethers and re-unions more urgent in the wake of the mental scars of the pandemic. Sports is the new contributor. Hotels and resorts have responded with enhanced value propositions, better packaging, delivery, and earnings. Importantly, hotels and resorts are no longer apologetic about charging commensurately for the facilities and services they deliver.

Each of these demand generators have long legs, unfortunately often running in competitive tandem rather than in relay. The overlap means that low season gaps are still a concern; on the positive side, the overlap will support more hotels.

And the core of business travel has yet to fully re-ignite post pandemic, with cross-border travel remaining relatively muted and scattered in 2022. IT centric markets (BLR, Chennai, Hyderabad, Gurugram and Pune) were constrained by inconsistent demand numbers and profile.

All India ADR grew nearly 38% over 2021, and crossed Rs. 6,000 after 10 years; however, all India occupancy remained shy of 60%, and 4-6 pts below the occupancy for 2016-2019.

All-India Occ at 59.8% needs clarification. Sourced from STR, the underlying data includes a large supply base from aggregator platform hotels and therefore shows the wider picture across hotel use options, including the numerous independent hotels mainly serving the M-E segment via use of aggregator platforms. As HHTL supply data for chain-affiliated hotels does not include independent hotels on aggregator platforms, HHTL has separately estimated 2022 Occ and ADR for chain-affiliated supply (excluding hotels on aggregator platforms) – such Occ and ADR are estimated at nearly 63% and Rs. 6,229 respectively.

Indicators from achieved performance, provide several insights particularly on aspects with medium and long-term implications.

1. Hotels have achieved re-rating of their products in the eye of the market. The inherent rate willingness of guests is sizeably higher than previously, with the extent of increase dependent upon product, experience, and location. This does not mean that current rate structures will prevail at all times – premiums derived will drop if market conditions are less conducive. However, the allocation of the rate increases between an inherent rate component and a premium charge has changed, with the former having risen materially. The re-rating of this inherent component will stand in good stead for the future.
2. Leisure is now clearly a business, and not a side investment. Leisure destination ADR's are so much higher than the main business cities – Udaipur at Rs. 14k leads the pack, Goa comes second at Rs. 9.8k, with Himachal Pradesh, Mumbai and Uttarakhand taking the next 3 places at between Rs. 8.8k to Rs. 8.2k. RevPAR comparison is unfair because leisure destinations suffer much greater seasonality than business cities. Yet, its Udaipur, Goa and Mumbai as the top three – in that order. In fact, Udaipur RevPAR is higher than the ADR of all metro cities other than Mumbai. Some luxury resort ADR's in Rajasthan are starting to approach the USD 1,000 mark for peak months. The top 10 owners of chain-affiliated hotels, other than hotel chains themselves, have about 20,700 hotel rooms of which only 4.6% (950 rooms) are in leisure destinations; one more independent hotel of about 75 rooms is also a leisure property.

Scattered ownership has led to diverse development and quality, but also growth in multiple destinations – however, scale will be valuable going forward. The only caveat the industry should adopt, as its responsibility, is to not accept hotels that are damaging of the eco-system in any destination.

3. High demand and rates in cities such as Mumbai and Delhi are pushing hotels to seek a reduction in crew rooms. The rate gaps are far too big to sacrifice. Customary thinking would caution against this, as the hedge of secure occupancy is lost; but the present age is not deep on loyalty and an element of rationalisation of crew inventory would definitely be prudent. Growing airline activity would mean a gradual increase in overall crew room needs in the future thereby providing some element of demand in future should crew based core occupancy become advisable.
4. The domestic sector has again delivered substantially and with depth of pocket. As inbound business, leisure and MICE travel returns to a greater extent than in 2022, the portents for 2023 are very positive. This is causing city hotels to be much higher priced than previously. A word of caution here for hotel managers – charge the price you have to, and deny the upgrades that you must but do not be abrasive about it; one hears statements of pride about guests coming on their knees for rooms, forgetting that it was the domestic sector that bailed us out just a few months ago.

On the flip-side are the challenges being seen in the IT sector globally and its impact on the sector's needs for travel and MICE. Besides, the Ukraine war has materially hit the diamond sector which would hurt travel and discretionary spend capacities emanating from that sector. Recession in western countries could also see a slower return to discretionary long-haul travel.

5. Five markets – Mumbai and Delhi among business cities, and Goa, Udaipur and Jaipur – have 26.8% supply share but delivered 37.3% of the room revenue earned in India in 2022. The impact of concentration would have been even greater but for the fact that the 4 other metro cities – Bengaluru (BLR), Chennai, Hyderabad and Kolkata – have 23.4% supply share but delivered a sub-par 21.5% of room revenue. Once these markets get back to a better normal (and some premiums), the all-India numbers would be brighter. These nine markets control half of India's supply.

However, the supply and business concentration is slowly diluting as regional markets expand. Supply share of markets outside the top 15 markets has increased from 27% in 2015 to 31% in 2019 and further to 34% in 2022. The top 15 markets include all metro and primary cities, Goa, Udaipur, Chandigarh and the wider NCR area. Pipeline data shows 57% of new supply through the next 5 years to be outside these top 15 markets.

6. Lack of Scale remains a serious concern. The average size of new supply created in 170 hotels in 2022 was 65 rooms. 93 of these hotels had 50 rooms or less. Just 2 hotels had more than 300 rooms; 2 others with large room count opened with partial inventory but will ultimately fall in the larger inventory category. While some lack of scale is inevitable in new regional markets, we see it to be more widespread than that. Domestic chains are working with these hotels and gaining spread – but how is this going to serve profitability and effective management at unit level and at chain level? Are all these smaller hotels truly brand compliant, even at the mid-positioning brand levels?

Notably, of the 20 largest hotels opened in 2022 (including with partial inventory), just 5 are with domestic chains. Hyatt had 6, IHCL and Marriott had 4 each, Hilton 3, and one each from ITC, Accor and Radisson. The average inventory at these 20 hotels is 210 rooms.



7. Weddings demand and spends rose massively. One cannot call it 'revenge weddings' but there clearly was a pace to make up for time lost in Covid; and there were big celebrations by those who had small / restricted weddings during Covid. City hotels, destination resorts, even modest hotels in semi-destinations did well. One may possibly see the flame of demand and spend slowdown as the backlog clears. However, demand for other social events is growing as well, and greater sections of the community are resorting to destination weddings – the segment will remain a strong revenue generator.
8. Corporate and institutional MICE remained soft through most of the year, although some hotels in Delhi indicated a good re-bound. Overall this segment should grow in 2023, in addition to the G20 related demand.
9. Sport is a segment by itself, and has enormous potential. Cricket, hockey, kabaddi, football are creating sizeable demand, across various price segments. Newer leagues are starting up, including for women. Mumbai benefitted materially from the IPL held mainly in that city in 2022; many cities should gain from IPL 2023. International events being held in India in 2023 (hockey and cricket world cups) will generate demand. ISL is creating hotel demand across many markets, including the north-east. The sports segment, other than men's cricket, is in its infancy and will grow quite quickly – it should be nurtured.
10. Debt-stress appears to have disappeared for the moment, except those hotels that were patently stressed assets or have sought stress through erroneous motivation. However, the wearing down of ECLGS benefits, with the additional loans carrying full interest, will see the burden re-surface except for owners who have acted wisely (hopefully having earned some record numbers in the last year). In the back-drop of current performance trends, it will be impossible to seek special favour (not that we really get it either). So be prepared for some churn, some re-run of the valuation games, and some deals. Owners will do well to look at early stage private deals than let the asset go into bankruptcy resolution, drag, and lose all equity value.
11. Franchising is gaining momentum, as is third party management. Some chains are built on franchising; some others starting in limited or significant pursuit. On the other hand, two large chains have pulled back on it and even reversed some associations due to the aspect of brand detriment. It will be interesting to see how this model works out in a market that is not yet mature, and has soft commitment to quality.
12. Soft brands are also gaining traction, enabling growth and spread through hotel conversions. Conceptual adherence, rather than brand purity, will be key to longer-term success as market opportunities arise. Smaller properties must be 'net earnings contributors' for generating longer term brand value.
13. Airport enhancement and the spread of regional airports is opening up new opportunities for business, and for drawing larger visitation. Mopa is a landmark for Goa. Pushkar and Ajmer have gained from Kishangarh airport; Jaisalmer, Varanasi and the Doon valley have gained from new / expanded airports; Hampi can gain from Hubli airport – these are just some examples. The government expects to have 220 operating airports by 2026, including the major new airports at Jewar and Navi Mumbai.
14. The return of strong business has removed the Covid period financial stresses on our workforce. But the workforce itself is an issue, as the sector faces heavy attrition and lack of attractiveness. This is a prime issue that could stunt growth, particularly as we add many small hotels.
15. Margins could be under some pressure as payroll costs (employee numbers and salaries / benefits), the cost of supplies and of doing business, are rising. Revenue increases will be an off-set but absolute costs will rise. Of 170 hotels surveyed by HHTL, 52% reflected lower growth potential on GOP as compared to growth in Revenue.
16. Hotels will be tempted to push off renovation and major repair efforts so as to encash the good time; it's an understandable call but not always a good call as asset deterioration could become detrimental.

17. The longer term will call for asset and appeal refresh. Hotels should consider strategies to remove the ‘sameness’ element that pervades across hotels in some heritage heavy markets, such as Rajasthan.

**18. Looking Forward:**

- To a continued golden period, with pragmatism on the expectation of year-on-year growth particularly if your reporting period is April to March.
- Newer markets and newer opportunities – Varanasi, Kevadiya, North-East, pilgrim centres, Uttar Pradesh, Navi Mumbai
- Continued revival of manufacturing sector – this will widen the business travel demand base
- Positivity in the IT sector
- Inbound travel, across all purposes
- Solid attention to sector education, training and employment attractiveness.

**Coverage & Classification**

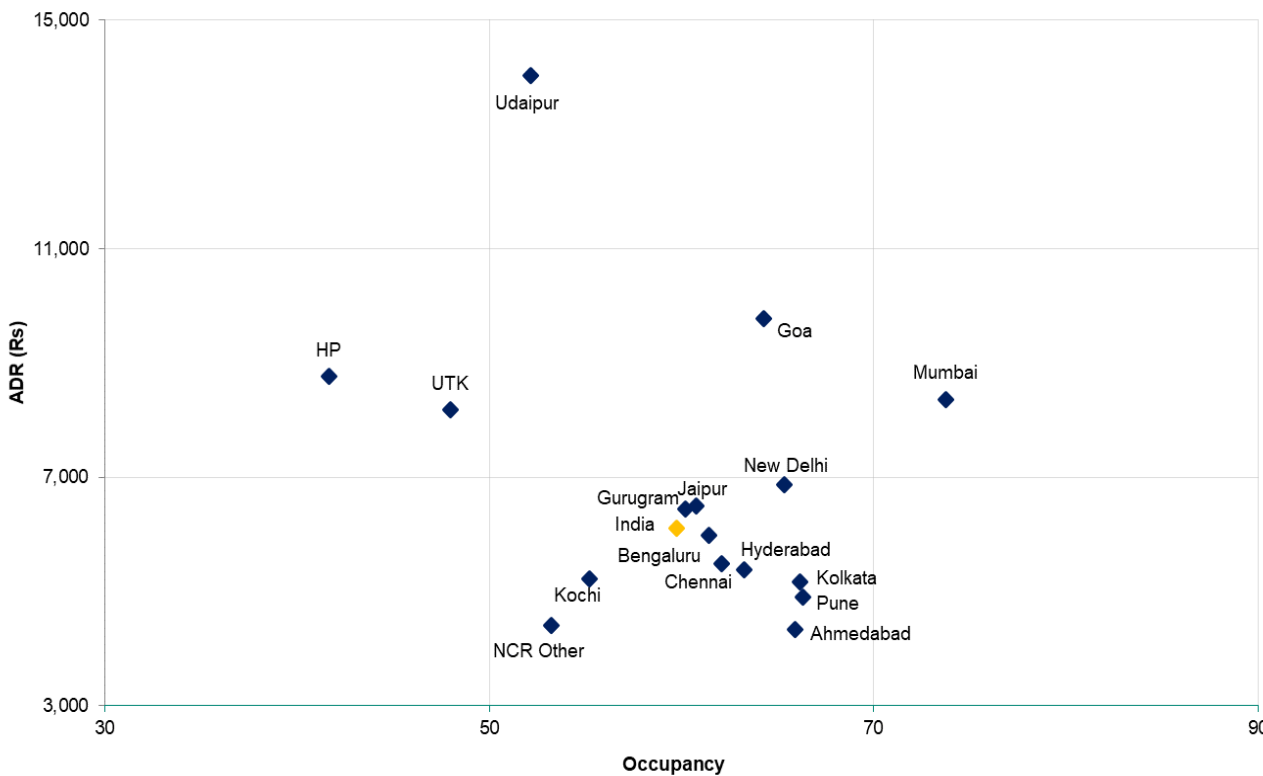
In this report we examine Occupancy (Occ), Average Daily Rate (ADR) and Revenue per Available Room (RevPAR) trends nationally and for several Key markets.

Hotels are classified as Luxury & Upper Upscale (Lux-UpperUp), Upscale & Upper Midscale (Upscale-UpMid) or Midscale & Economy (M-E), consistent with STR classifications.

Our analysis is based on supply, demand and revenue data represented as Occ, ADR and RevPAR reported by hotels to STR and generated per STR guidelines. Inventory and pipeline related data referenced is based on Horwath HTL research. All values are in Indian Rupees. Previous year numbers may have undergone changes as newer participants in STR data contribute current and past data. The data includes aggregator owned hotels and hotels operated on aggregator platforms. Operating data for de-flagged hotels is included to the extent the hotels have continued participation with STR.

We have concentrated upon all-India numbers and 15 key / main markets, which carry about 66% of total chain-owned / managed / affiliated inventory. The performance matrix below reflects the Occ and ADR performance for several markets.

**Overall Performance - India Key Markets**



Source: STR

## Overview of Performance

Despite losing the first 6-8 weeks to the Omicron scare and restrictions, Occ grew 16.3 pts; ADR by Rs. 1,674 and RevPAR by Rs. 1,724.

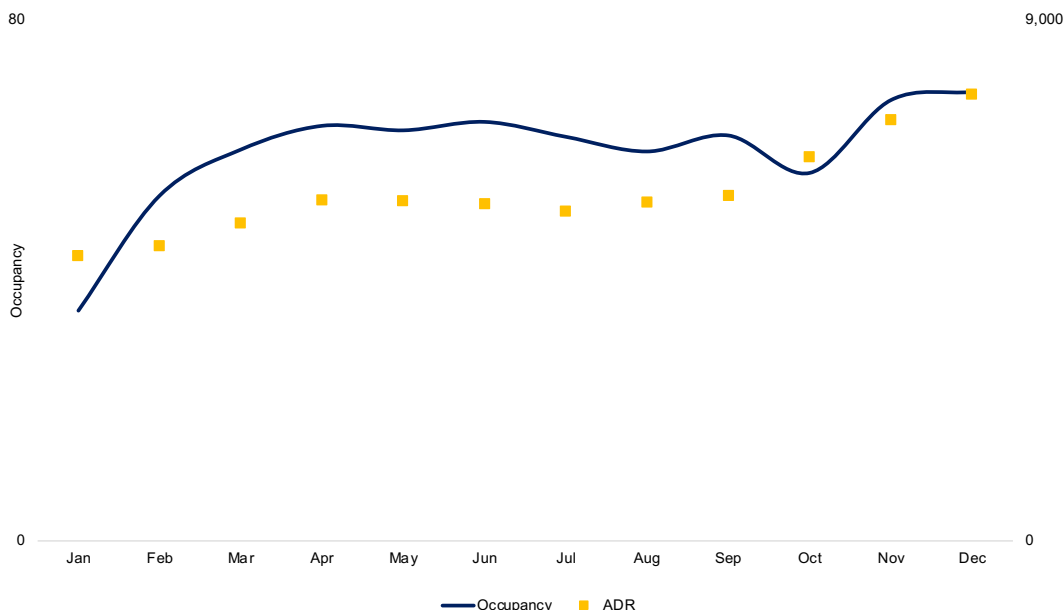
	Occ %	ADR	RevPAR
2022	59.8%	6,103	3,648
2021	43.5%	4,429	1,924
2019	64.5%	5,684	3,664

Source: STR

- Rs. 6k ADR was scaled for the first time after 2012; this is more creditable for the fact that Lux-UpperUp hotels comprised 45% of supply in 2012 and 35% of supply in 2022.
- Udaipur stands alone to the top of the chart, due to its market-wide ADR of Rs. 14k.
- Mumbai is the farthest along the Occ axis, at 73.8%.
- Goa stands apart with a healthy combination of Occ and ADR.
- Himachal Pradesh (HP) and Uttarakhand (UTK) have performed well in ADR (good Lux-UpperUp rates) but seasonality limits the Occ.
- There is a clutter in the middle, with north India markets doing better on ADR relative to other main markets – although all were below par. Delhi, Gurugram and Jaipur were in the mid to high Rs. 6k range; all other main markets went below Rs. 6k, with Ahmedabad and Pune only in the mid to high Rs. 4k levels.

- All key markets, other than Kochi, were above 60% Occ, though important markets such as BLR and Gurugram barely crossed the threshold.
- Sub 60% occupancy is materially an outcome of the constrained operations for Jan and Feb 22. These are typically busy months and normal activity levels in those months would likely have taken full year Occ to 2019 levels and even higher. Further, if aggregator platform hotels are not considered (these had limited data participation in 2019), then HHTL estimates reflect 2022 Occ at nearly 63% and with a smaller gap to 2019 Occ.
- The leisure sector is a significant contributor to revenues, and to the positive sentiment. Rate levels have been strong and in spite of obvious Occ limitations due to seasonality, the leisure sector has about 26% share of total room revenue for 2022. Kerala still lags; southern and eastern coastal markets could better and with more supply; and the east could gain more supply traction as demand will likely follow.
- Monthly Occ and ADR at all India level is shown in the ‘Overall Monthly Performance – India’ chart below. The Occ recovery from Omicron was sharp through April; the summer and monsoons held reasonably. October was low as we had two sets of festival holidays and even leisure travel was slow as people celebrated Dassera and Diwali from home in a big way after 3 years. And then we had a strong November and December.
- From ADR perspective, rates gradually improved through April, held at or around the improved rates through the summer and monsoons and went sun-ways in the last quarter of 2022.

### Overall Monthly Performance - India



Source: STR

### Same Store Story

Business recovery and gains are clearer when we compare 2022 performance with 2019 on ‘same store’ basis, i.e. considering 2022 performance for the hotels that were operating in 2019 and participated in data reporting. On all India basis, the performance index shows up as:

	Occ %	ADR	RevPAR
Q1	80.7%	84.3%	68.0%
Q2	111.3%	114.0%	126.8%
Q3	105.4%	116.3%	122.6%
Q4	101.1%	118.9%	120.1%
Full Year	99.3%	108.3%	107.5%

Source: STR

Same store hotels reported 67.8% Occ, as against the all-India Occ of 59.8%. The difference arises materially on account of occupancy at aggregator hotels which are being considered from December 2019, combined with performance of hotels that opened between 2020 and 2022 (and are likely in ramp up phases) as well as data from new participating hotels. This is also the reason for difference between 2022 ADR for same store hotels (Rs. 6,498) and all India data of Rs. 6,103 for the year.

The steady growth of ADRs is a big positive even as demand growth was strong but not massive. Q4-2019 had been busy with 71% all-India Occ, so that the gain in 2022 was only 1.1 pts. The summer of 2022 was particularly strong fuelled by leisure, weddings, and corporate demand as several senior teams travelled in cross-border after more than 2 years.

Oct 22 was slow with Dassera and Diwali holidays; and people stayed home for larger celebrations after 3 years. At 71.7% Occ for Q4-22, there is clearly potential to gain from business travel demand outside the festival period – yet there is also an indicator of Occ limitation in several markets unless measures are taken to create weekend demand growth.

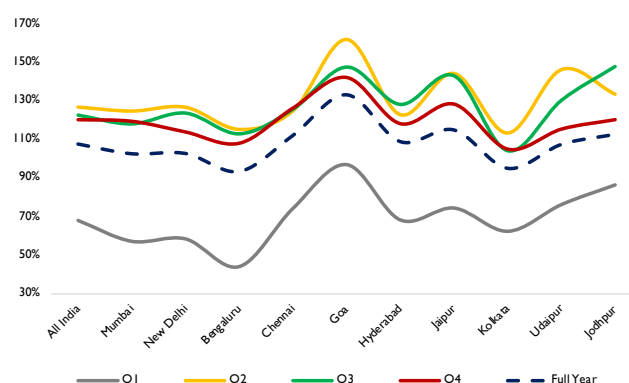
The big 3 metros were all below par in Occ, with BLR lagging by over 5%. Goa and Chennai gained over 4% on Occ, and Kolkata gained 2.8%. Udaipur and Jaipur were short by 8%, with Q1-22 and Q3-22 being below par; the former due to Omicron and the latter due to reduced travel

(possibly an outcome of heavy usage in 2021 and higher rate structures for that time of year). Interesting Jodhpur did markedly better in Q3-22 compared to Q3-19, but lost steam in Q4-22.

All markets, bar BLR and Kolkata, recorded ADR gains in 2022 over 2019. Goa and Jaipur were the biggest gainers with 25%+ ADR jumps; Udaipur and Jodhpur also enjoyed double digit growth. The ADR growth for Jaipur is particularly heartening because that market has suffered from rate stagnation in the upscale and lower segments. In absolute terms, Udaipur gained the highest with same store ADR jump of Rs 2,200; Goa was Rs 100 behind. Jaipur gained nearly Rs, 1,400 while the metro cities that did gain on rate grew by between Rs 300 to Rs 500. Delhi was somewhat disappointing as same store growth of 4.2% seemed soft considering that 2019 ADR was already moderate for that market.

Same store RevPAR growth across the four quarters, and for the full year, is reflected in the chart below.

Same Store RevPAR Recovery – By Quarter

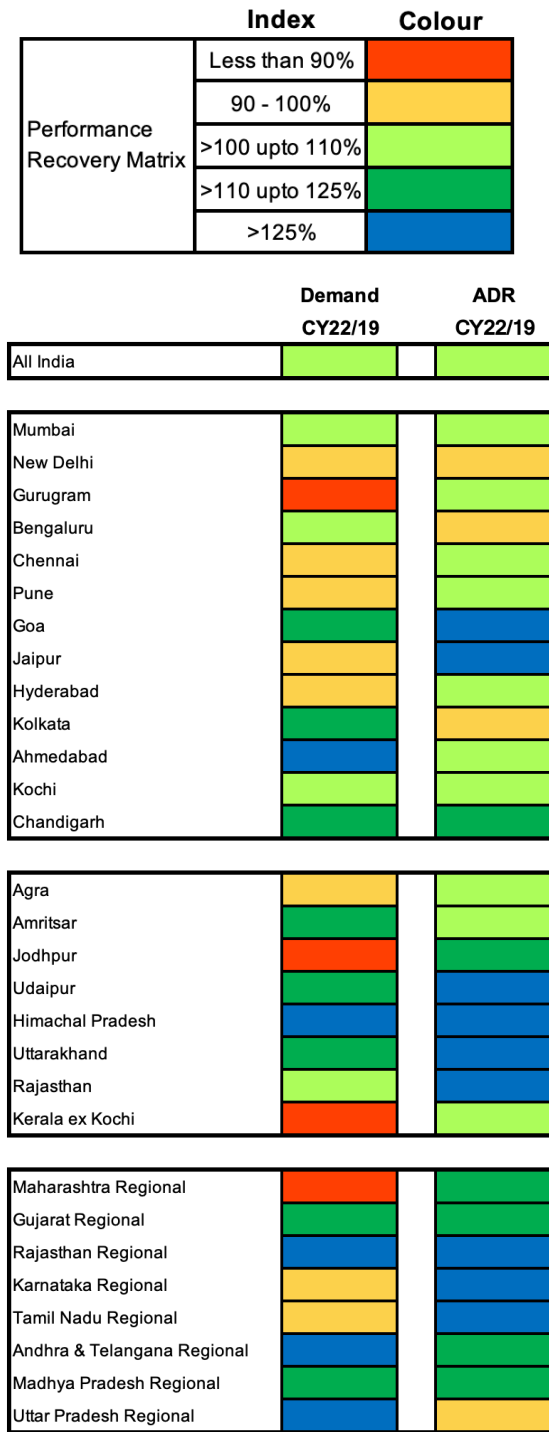


Source: STR

Goa is the biggest gainer, while BLR and Kolkata have seen decline in 2022; neither market has seen very heavy inventory growth in the period 2020-22 such as to materially impact the performance numbers.

### The Recovery and More – full market

The chart below shows 2022 performance, indexed to 2019 performance, reflecting the effective scale of recovery and growth. Demand is based on HHTL calculation of Rooms Per Day (RPD) so that inventory growth impact is neutralised.



Note: Regional markets comprise the specific state excluding large markets of that state which are separately tracked.

### Comparison of 2022 over 2019 shows

- A few reds and several earth colour markets, on the demand side – the IT centric markets have a way to go still; the golden triangle needs its inbound travel. Jodhpur is an oddity.
- Strong rate growth in leisure markets, including regional markets which are largely driven by leisure and weddings.
- Business cities have seen rate growth – although 3 metros are lagging.
- Amritsar has gained materially.

### Supply

Supply data only pertains to chain affiliated hotels and does not include hotels on aggregator platforms or time share inventory.

Aggregate inventory at end December 2022 is 169,039 rooms, with net increase of 9,229 rooms in 2022. Weighted average supply increase in 2022 was about 5,087 rooms.

Supply growth was smaller than forecast by hotel chains or expected under pre-pandemic conditions; this is understandable in the context of implementation slowdowns and funding challenges since March 2020. At the start of 2022, expected addition of rooms during the year was about 15k rooms; in fact only 9.2k rooms were added.

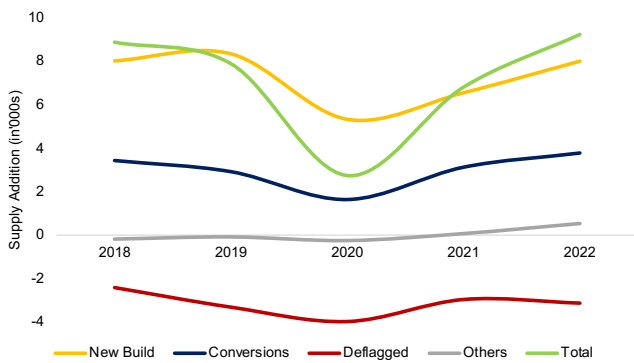
The pace of additions, and composition, over the last 5 years are summarised below:

Year	2018	2019	2020	2021	2022
New Build#	8,015	8,340	5,323	6,546	8,002
Conversions	3,446	2,930	1,638	3,137	3,794
Deflagged	-2,406	-3,304	-3,965	-2,952	-3,119
Others	-181	-79	-251	78	552
<b>Total</b>	<b>8,874</b>	<b>7,887</b>	<b>2,745</b>	<b>6,809</b>	<b>9,229</b>

# includes expansions

Source: Horwath HTL





Source: Horwath HTL

Conversions have added 14,945 rooms in the last 5 years, while hotels with 15,746 rooms were de-flagged. Thus, while conversions may add inventory to some chains, on a whole the chain-affiliated sector has lost inventory in the last 5 years on account of conversions. The extent of initial brand flexibility to win deals may need to be reviewed by the hotel companies; as also the ability to deliver value at smaller sizes and diverse locations.

Regional markets are assuming greater relevance, as supply and business spreads across India. The supply share of regional markets has increased from 21% in 2015 to 26% in 2022.

The 15 key / main markets added only 4,813 rooms in 2022; only 14% of total supply between 2018-22.

Segmental supply addition in 2022 comprised 3,011 rooms at Lux-UpperUp hotels, 2,792 rooms at Up-UpMid hotels and 3,426 rooms in the M-E segment.

### Segmental Performance

All three segments have recorded occupancy gain of between 14.8 to 17.0 pts over 2021. ADR and RevPAR gains have also been substantial, particularly with Up-UpMid and Lux-UpperUp ADR gain of nearly Rs. 1.5k and Rs. 2.6k respectively.

In an absolute sense, the M-E segment continues to be a stark underperformer, pulling down all-India parameters – occupancy at 50% is woefully short for a segment that must thrive on high occupancy. Up-UpMid segment Occ at 65.2% is comparable to 2018 and 2019; ADR levels crossed Rs. 5k for the first time since 2008.

The Lux-UpperUp segment continues to see a resurgence of demand, driving ADR up to past the Rs.

9k level for the first time since 2008 although there is still some distance to the 5-digit ADRs achieved in 2007 and 2008. Before looking at more detailed commentary on segmental performance, it would be useful to see the segmental revenue contribution, albeit in relation to rooms revenue.

	Supply Share	Revenue Share
Lux-UpperUp	35%	55%
Up-UpMid	39%	35%
M-E	26%	11%

Source: Horwath HTL

The M-E segment is clearly punching materially below its weight, and this is an interesting conundrum for a market with the economic structure in India. Does a segmental RevPAR of Rs. 1.5k truly support quality and growth? Segregation of data between midscale and economy will likely point to a more dismal performance for the economy segment, with the midscale hotels actually going into meaningful earnings territory.

An equally important question is the appropriateness of reduced development focus on Lux-UpperUp hotels. These are major revenue generators, and business creators.

### Luxury – Upper Up



Rambagh Palace, Jaipur

The story is more about ADR than Occ; led by leisure destinations, with Mumbai and Gurugram as lead business cities. Of course, demand strength has driven rates. Udaipur and Goa are the star performers – Udaipur crossing Rs. 20k ADR and Goa going above 15k. Both markets crossed Rs. 10k in RevPAR with Goa taking the lead as its higher Occ compensated for the 25% ADR difference.

Numerous leisure markets achieved 5 digit ADRs – besides Udaipur and Goa, Himachal exceeded Rs. 18k; Uttarakhand and all-Rajasthan were almost at Rs. 15k. Among business cities, Mumbai achieved 5 digit ADR while Gurugram was a little short at Rs. 9.7k. All other business cities ranged between Rs. 6.8k to nearly Rs. 9k.

Mumbai led Occ at 74.6%, followed by Goa and Delhi at over 69%. Segmental Occ of 63.7% was supported by above 60% occupancy at most other business destinations although Bengaluru and Pune went below 60%, joining most leisure markets that ranged between the low 40's to mid 50's.

### Upscale – Upper Mid



*Bhanu The Fern Forest Resort & Spa, Jambughoda*

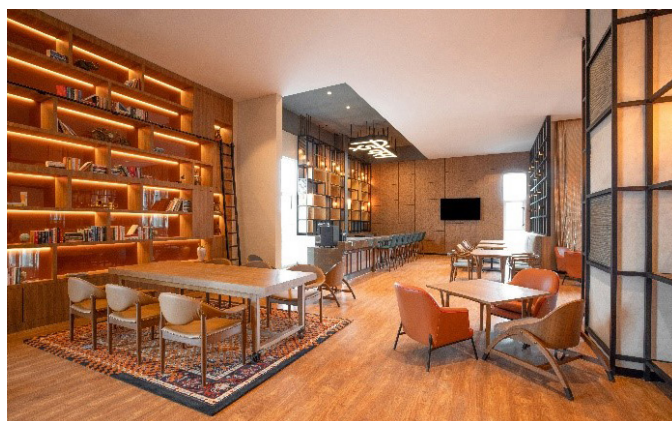
This segment clearly gained on the Occ front, as several business cities rapidly regained lost ground. 65.2% segmental Occ is not the highest for this segment, but when considered in the context of constrained Jan & Feb 22, the results are indeed strong.

Mumbai led at 78.5%, with Delhi and Hyderabad close behind at 75% or higher. Kolkata and Pune also went into the 70's while other business markets got in at the high 60's. Among secondary and leisure markets, Chandigarh did particularly well at 73.5%, while Vizag crossed 70%.

ADR levels were significantly more muted than the Lux-UpperUp segment. All India segmental ADR of Rs. 5,249 was a strong performance in relative terms; yet, the rates have potential to follow stronger Lux-UpperUp rates particularly in business cities – only Mumbai and Delhi went into Rs 6k levels, while Chennai, Kolkata, Ahmedabad, Pune and Jaipur remained below Rs. 5k.

Uttarakhand (above Rs 8k) led the rate chart for the second consecutive year, albeit on below 50% Occ. Goa too did well with ADR of Rs. 6,771, but it came third on the RevPAR chart as Mumbai (with an ADR matching Goa) had materially higher Occ. Delhi too had higher RevPAR than Goa due to superior Occ.

### Midscale – Economy



*Ibis Mumbai Vikhroli*

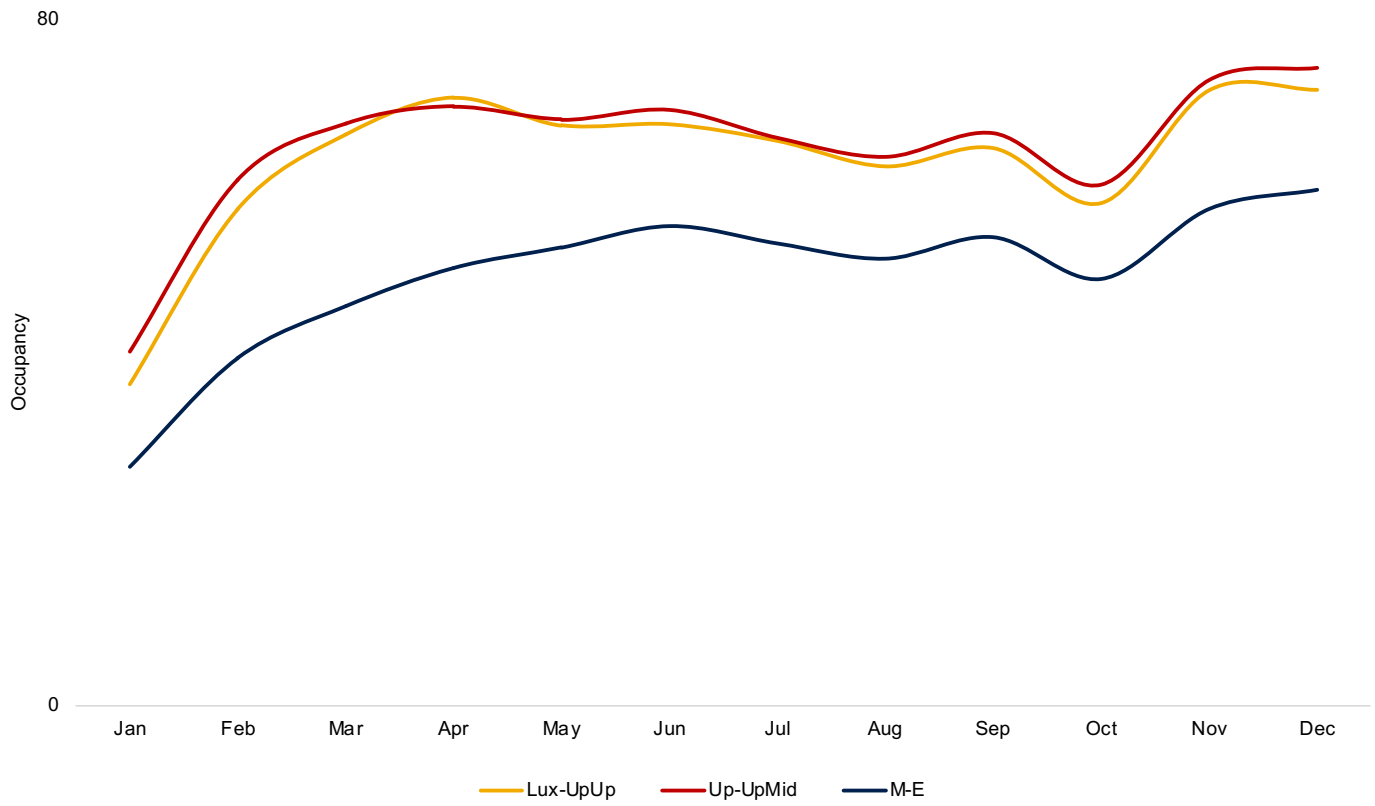
50% increase in percentage occupancy and 1/3rd increase in ADR, over 2021. Yet we are at 50% all-India Occ and ADR just above Rs. 3k, that too in a year which otherwise was so very buoyant.

Pune at 68% had the highest segmental Occ but with below par ADR; Mumbai and Amritsar performed in the mid 60's. Mumbai has the highest ADR at Rs. 4.2k.

The midscale segment has done moderately well, with 61.3% Occ; this segment should thrive on Occ and needs to find ways to fill its rooms through the week – the lack of spaces to support MICE and group business is likely a constraint. On the rate front, the midscale segment achieved Rs. 3.6k ADR which is commensurate with the segment's positioning.

The economy segment, on the other hand, has suffered poor performance resulting in the weak numbers for the overall M-E segment. The reported numbers materially include aggregator hotels which are not part of the HHTL supply consideration for chain affiliated hotels. As such, we have not analysed this further.

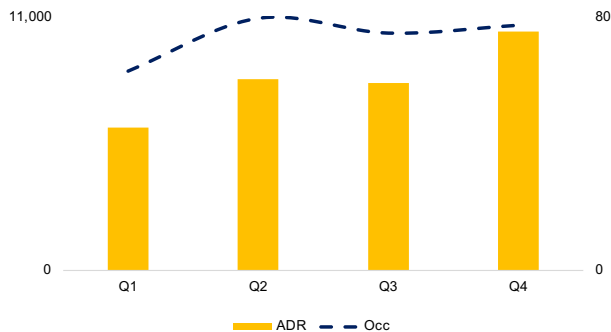
### Segmental Occupancy Performance



Source: STR

## Key Markets

### Mumbai



Source: STR

Mumbai bounced back strongly, with Occ at 73.8% and ADR of Rs. 8,363; this ADR is the best after 2010 and is mainly predicated on Rs. 10k ADR for the Lux-UpperUp segment and Rs. 6.8k ADR for Up-UpMid segment. Occ for these segments varied between the mid to high 70's level, with only M-E hotels at 65%.

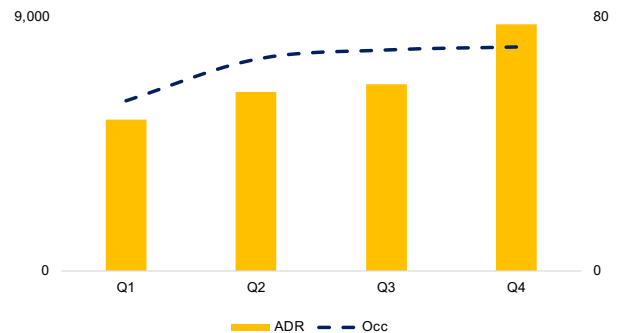
The IPL held in the city over 2 summer months, recovery of business travel and some corporate MICE, weddings, the Jio convention centre, continued closure of a 400 room upper upscale hotel, and lack of new inventory has pushed up business levels and rates. Omicron related restrictions were removed earlier than several other states so that revenue dilution in Jan and Feb was less severe than say Delhi.

Jio convention centre operations will gain penetration, drawing increasing delegates from outside India and Mumbai (domestic demand) leading to increased rooms demand. The coastal road project is fast progressing and already showing beneficial impact on commercial real estate pricing in south Mumbai. The metro rail, trans-harbour link and Navi Mumbai airport (opening 2025) will continue to enable expansion.

Supply expansion is expected gradually, with over 5k rooms to open by 2026; of these about 43% are in the Lux-UpperUp segment and another 37% in the Up-UpMid segment. Mumbai itself has nearly 1/8th of national supply pipeline for Lux-UpperUp hotels, with the city's high ADR and RevPAR supporting this development proposition. Some further announcements are also in the making.

The city can be expected to see demand and Occ growth, but possibly more moderated ADR increases over the next 24 months unless the banking and financial services sector regains full operating cadence.

### Delhi



Source: STR

Slow to start-off in 2022, the capital city displayed late year aggression to gain Rs 2.1k ADR in Q4-22. This helped reflect a decent performance in a year when Delhi numbers seem to be oddly softer than expected.

Rs. 6.9k ADR was second in the pecking order among metro and business cities but trailing Mumbai by a sizeable Rs. 1.5k; combined with Occ gap of 8.5 pts to Mumbai, Delhi RevPAR at Rs. 4,491 was 27% behind Mumbai. The capital city materially lags behind 2019 on the Occ front, while having seen no new supply in the last 4 years.

While several hotels indicated a strong Q2-22, the numbers were softer with 67% Occ at Rs. 6,350. Occ went to 70% for the next 2 quarters, and it was only in Q4-22 than ADR levels rose to Rs. 8.7k. The good aspect of it is that this has helped set a strong stage for 2023.

Lux-UpperUp ADR at Rs. 8.7k surpassed 2019 and is the highest since 2012; Occ at 69.2% is yet to fully recover. The Up-UpMid segment did well with 77% Occ and >6k ADR; the latter was the highest since 2010.

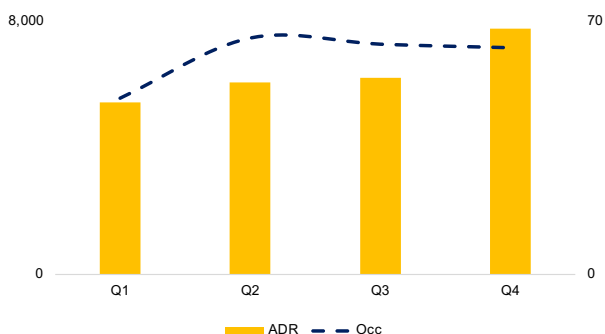
M-E numbers are rather low with Occ at 44.5% and ADR of Rs 3k. This segment must deal with the price competition and quality issues posed by aggregator platform hotels.



Several segments have returned to good business travel levels but weddings and MICE were the mainstay for several months. Resumption of courts, the G20 summits, greater inbound travel, domestic travel, larger corporate MICE and of course weddings will spur revenues in 2023, to the point where hotels are seeking to shut out the crew room channel. The rate impact of insufficient inbound travel would likely correct in 2023, as greater numbers cross through immigration.

Delhi NCR has a supply pipeline of over 4k rooms in the next 4 years and although these will not all be in Delhi, these can have a bearing on different micro-markets. The airport will add a new runway and terminal in due course. Hotel owners and operators should look at means to re-rate their hotels to a higher base; rate push in Delhi has been modest over the last 10 years.

### Gurugram



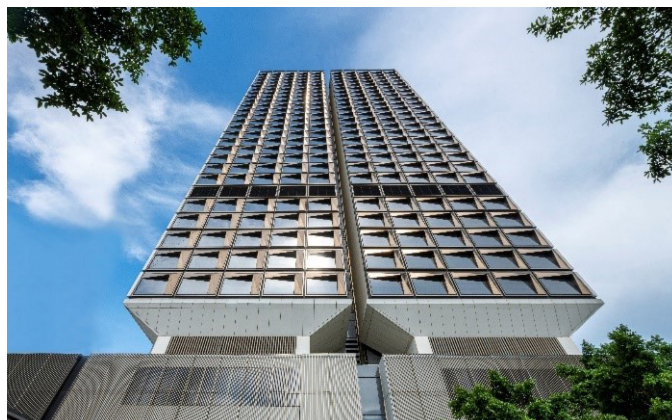
Source: STR

Gurugram has delivered a flattish performance, with Lux-UpperUp ADR at Rs. 9.7k being the only real positive. Occ jumped up by 16 pts in Q2 but then had a marginal decline every quarter. ADR grew Rs 2k over the previous year; but the real growth was only in Q4 when quarterly ADR's rose by Rs. 1.5k to Rs. 7,754. This level must continue materially in 2023 for the market to be positive.

Occ across segments has remained sizeably lower than 2019. 62.4% for Lux-UpperUp hotels, < 70% for Up-UpMid hotels, and well below 50% for M-E hotels shows a market that needs time to re-establish. IT and ITeS centricity is hurting and demand around the finance, knowledge-based sectors and manufacturing is only partly compensatory. Several corporate hotels diluted their rate structures materially to harness varied segments that lack stickiness.

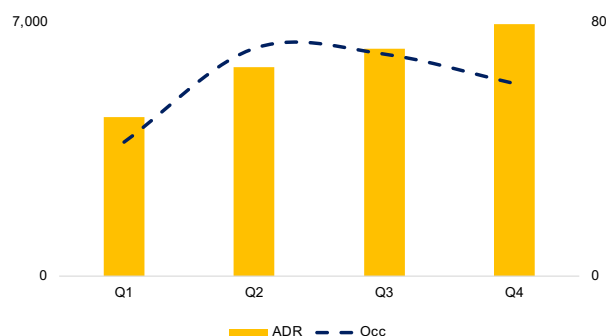
The supply side hasn't grown materially with Grand Hyatt

having only partial inventory under operations. Gurugram needs to widen its attraction quotient to staycations, leisure and to corporate MICE.



Grand Hyatt Gurugram

### Bengaluru



Source: STR

A sharp inversion of Occ curve for Q4-22 must raise eyebrows. BLR has the largest hotel room inventory in India, and the largest commercial space in Asia. That it dropped 10 pts in Occ for Q4 is a concern about the width of its demand reach.

61.4% Occ at Rs. 5,987 places BLR at the second lowest in the Occ ranking among key business cities and materially lower in ADR than Mumbai, Delhi and Gurugram. BLR RevPAR lags Mumbai by over 40%. Undoubtedly, BLR had suffered very severely in the pandemic and had plumbed the depths of vacancy in those months. In that sense, 74% Occ growth and 65% ADR growth are a big positive; however, the lack of full recovery also shows systemic issues of demand composition.



Absolute demand, in terms of RPD, has grown by 5.6% over 2019. But Occ still lags 2019 by 5.3 pts as the city has added nearly 2,200 rooms after 2019; of these 1,300 rooms were opened in 2022 itself.

The impact of aggregator inventory in M-E performance may also be a contributory factor to the city’s lower overall numbers. This possibility is reflected by the fact that Lux-UpperUp ADR for 2022 lags 2019 ADR by Rs. 400 while the overall lag for the city is Rs. 304, with the other two segments having smaller gaps.

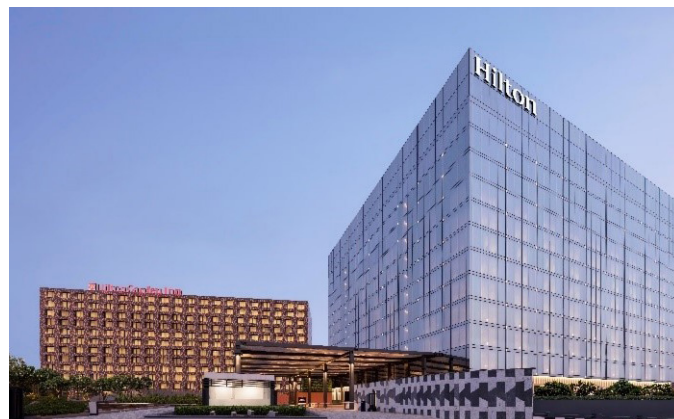
With sizeable inventory growth since 2019, the same store performance gains relevance. RevPAR shortfall is only 6.7% on same store basis, compared to 12.3% on full market basis.

Within the soft overall performance, the year-on-year numbers are impressive. Lux-UpperUp Occ is below 60%; on the positive sides, its ADR at Rs. 8.6k saw a rebound of nearly Rs 3.3k over 2021 – this quantum of segmental rate growth is only bettered by Mumbai (Rs. 4.4k). Up-UpMid Occ grew by 50% over 2021; ADR grew by over 85%. M-E Occ jumped back by 116% and ADR by 61%, over 2021.

The city centre did well with the Lux-UpperUp hotels getting to an ADR of Rs. 9.7k on 67% Occ. Hotels along ORR did very well in patches, with periods when retail rates rose to heady numbers of 2019. North BLR and South BLR struggled, North BLR grappling with material supply growth and South BLR with low and inconsistent demand.

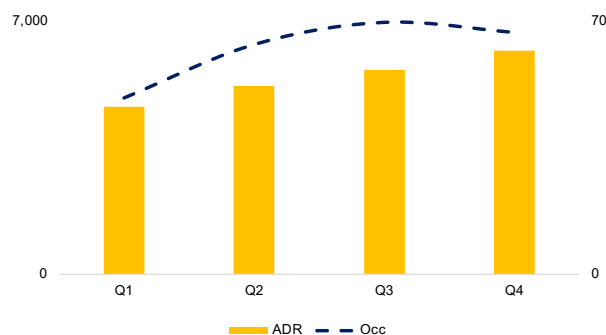
The recovery would have been satisfying if Q4-22 had not suffered a sharp Occ drop to 61%.

Global layoffs in the IT sector could create short / medium term challenges on business sizes and travel. On the other hand, demand strength in the city centre reflects the benefit of deeper corporate activity in the city. And the airport expansion is a big positive. But demand sources and purposes need to be widened with conventions and MICE having stronger facilities and draw.



Hilton & Hilton Garden Inn Bengaluru Embassy Manyata

### Chennai



Source: STR

A range bound performance from a city that has typically been range-bound; in 2022, the performance was largely on positive territory.

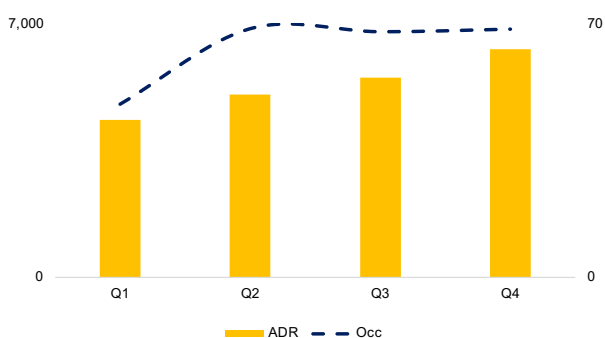
62.1% Occ remains shy of 2019; but ADR and RevPAR have grown over 2019, by 8% and 5.8% respectively. Considering that there has not been any material net inventory change (e.g. limited addition with Taj Wellington Mews; de-flag of former ‘aloft’ hotel and a Sarovar hotel), the variation of same store numbers over city numbers again points to the dilutive impact from aggregator-based hotels. On Same Store basis, demand grew 4.8% and RevPAR by 12%.

ADR levels have grown for all segments. Lux-UpperUp ADR has risen to Rs. 7,646 which is the highest since 2008. This momentum on rates must sustain because the city’s hotels were consistently securing below-par room rates, even by Chennai pricing levels. Up-UpMid Occ at nearly 70% is the highest in a dozen years now.

Oddly, Q2-22 for the city didn't see the same degree of demand gain as was enjoyed by several other markets. 63% for that quarter is below par. Yet, room rates have risen in buckets of about Rs 500 each quarter.

The city needs to maintain its momentum. IT, manufacturing, and corporate activity need to fire together. Non room revenues need an upgrade. In fact, one feels that the city hotels need a sustained blast of fresh air – strategy, appeal, style, rate outlook, demand reach, new F&B etc. Has there been too much of 'sameness'?

### Hyderabad



Source: STR

Relative to the strong country-wide surge in 2022, Hyderabad's performance is quite muted. At 63% Occ, the city has 10% gap to 2019 Occ; city-wide ADR growth of 8.5% to Rs 5.4k is soft when you consider that there is no inventory change since 2019.

IT centricity is a constraint. And the M-E segment was a real drag.

Lux-UpperUp hotels did get to 70% Occ and Rs. 7.5k ADR; yet the ADR lagged Chennai and Pune, while the situation has normally been the reverse. The Up-UpMid segment did very well with 75% Occ and Rs. 5.3k ADR.

Supply composition reflects Lux-UpperUp segment with 45% supply share and Up-UpMid segment with 41% supply share; the city results are materially buoyed or diluted depending on Lux-UpperUp performance and the supporting performance of Up-UpMid hotels.

M-E hotels fortunately have <15% supply share. At 51% and Rs 3k ADR this segment is a severe laggard.

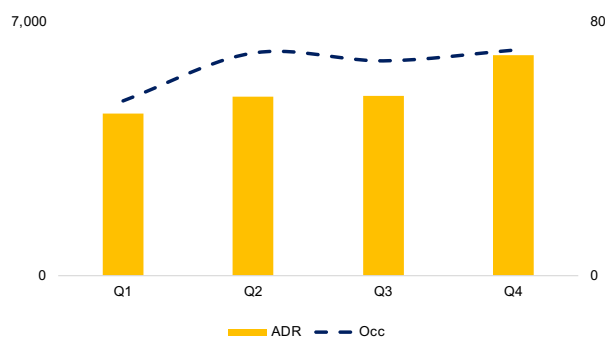
Occ levels have remained very steady from Q2-22 which is a positive; and ADR has grown steadily Q-on-Q, valuably adding Rs. 800 on Q4-22. This augers well for the market and the seeming confidence of its hotel managers to push rates.

The city has limited pipeline of <800 rooms through 2025; this should help shore up performances particularly as commercial real estate appears to see strong demand. The global IT slowdown could however cause concerns and draws focus on the city's need for deeper and steadier corporate activity. The convention centre needs to be a bigger business driver. Hyderabad airport is expanding well and industrial activity on the city outskirts bodes well for that micro-market



Novotel Hyderabad Airport

### Kolkata



Source: STR

Jhalmuri, but no mishti. Good occupancy, but no rates. Occ was back to pre-pandemic levels, and better than several metros – better than Delhi even.

But ADR levels dipped precipitously – weaker than all metros; weaker than Chandigarh, even Kochi.

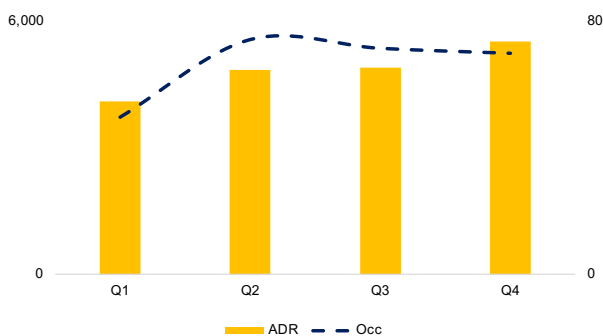
Q2-22 and Q3-22 picked up on Occ, going from 55% for the first quarter to 68-70% for the summer. However, ADR picked up only in the last quarter, with a net increase of Rs 1,600 from the first quarter. Yes its about weddings, but seemingly largely weddings only at the upper tier hotels.

Lux-UpperUp Occ was 67%; Up-UpMid at 70%+, M-E at 54% - so these were fine for the moment. But ADR levels? Rs 6,766 for Lux-UpperUp was the lowest among major markets, and that too by a distance; Up-UpMid at below Rs 4.5k had only Ahmedabad at equivalent level.

And it's isn't as if the city has had major supply growth. Taj New Town opened as a conversion from Swissotel. Raaj Kutir added limited upper tier supply.

It's the lack of corporate demand and the absence of MICE that has hurt severely. The city has added some large and expensive hotels in the last 5-6 years, and the strain will be severe. Although F&B revenue is good in Kolkata, it isn't sufficient to compensate the lack of room rates. The supply pipeline of 829 rooms by 2026 is modest as an absolute number; but that's over 1/6th of the city's current inventory. Demand has to diversify and that is not visible in the medium term.

### Pune



Source: STR

Pune is a sizable market with 7.2k chain affiliated rooms; these are broadly comprised as 35%, 40% and 25% for Lux-UpperUp, Up-UpMid and M-E segments respectively. 66.3% Occ is the second highest among business cities, following Mumbai. ADR at Rs. 4.9k is the highest for Pune since 2009, and based on materially larger inventory. Certain luxury hotels, including the Ritz Carlton which opened in late 2019, have sought to establish a strong rate base and have shown the rate paying potential of several

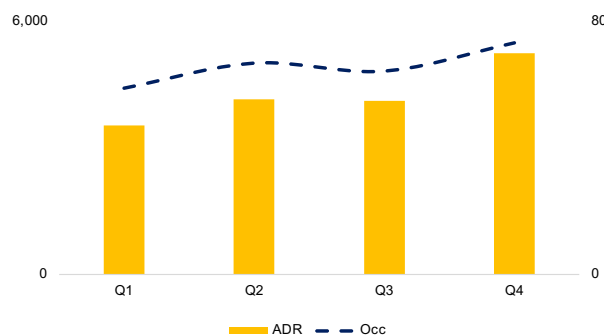
market segments in the city. Thus, while Lux-UpperUp Occ clocked 58.7%, the ADR of Rs. 7,647 was higher than Chennai, Hyderabad and Kolkata and with potential to be higher.

City performance was helped by strong Up-UpMid business, with Occ of 71.4% and ADR at Rs. 4.6k. M-E segment also fared well at 68% occ but its ADR at Rs. 2.9k was slack.

The city has enjoyed consistent Occ of 70-74% from Q2-22 and achieved 20% rate growth for the summer with a further 13% rate growth for Q4-22.

The future supply pipeline is scant with no significant supply for the next 2 years. A good market is there for the taking, for hotels with the strategy and intent to do so.

### Ahmedabad



Source: STR

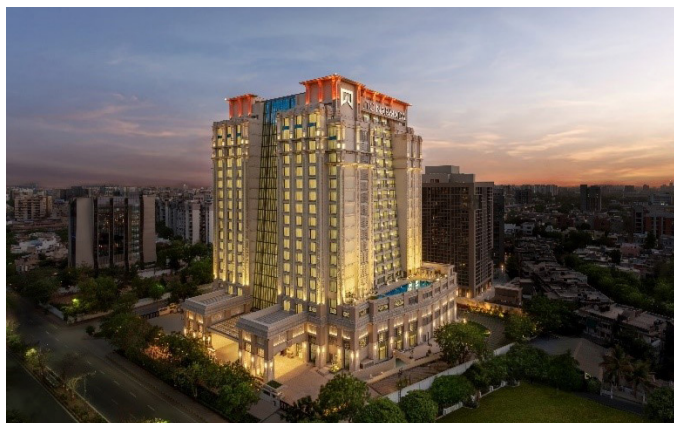
25% y-o-y Occ increase and 50% rate growth over 2021 have helped Ahmedabad post its best ever Occ at 65.9%, with ADR of Rs. 4,338 (less than Rs 100 shy of its best ever ADR). The only dampener is the recognition that the earlier years lacked Lux-UpperUp supply in the city. On the other hand, actual numbers would be higher if Leela Gandhinagar were considered – Gandhinagar hotels are classified by STR under Gujarat Regional.

Ahmedabad is a good example of gain from 'push demand', i.e. initiatives to create demand through MICE and sports, and active efforts for investment attraction. The city's core travel base, or the 'pull demand', can be considered moderate as manufacturing is modest and the services sector even more so. Corporate activity is growing gradually and institutional demand is limited. NRI travel and weddings demand is sizeable.

The city has added 3 top tier hotels (including Leela Gandhinagar) in the last about two years – market response from ADR perspective has been predictably under-whelming, as Ahmedabad is typically a rate sensitive (though not rate elastic) market.

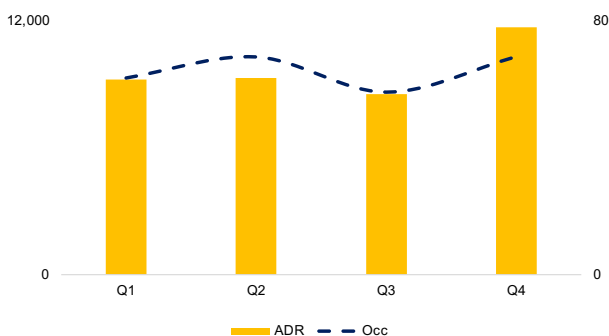
ADR and Occ growth in Q2-22 and Q4-22 were consistent with market conditions; Q3-22 was modest for the city, as it was across most markets, as weddings and sport are missing and NRI travel minimal.

A pipeline of 900 rooms over the next 4 years would lead to nearly 18% growth over current inventory; in absolute terms it is bigger than several metro cities – but a city aiming for Olympics will need to get used to heavy supply growth supported by ‘push demand’.



ITC Narmada, a Luxury Collection Hotel, Ahmedabad

## Goa



Source: STR

2021 was very good; gladly it became a stepping stone for an even better 2022.

Together with Rajasthan, Goa is the torch-bearer of India’s leisure sector surge. ADR’s have gained big momentum, with a combination of strong tail-winds and a conscious

re-rating of resorts by operators and owners. Tail-winds will fall away, and even become head-winds at some stage; however, the re-rating effort can be more lasting and must be held, even in difficult times when they come.

But then why talk of difficult times now; lets enjoy the very good times of the present. Let’s toast to a market-wide ADR of Rs. 9,780 and the highest RevPAR (Rs. 6.3k) among major markets in India. Let’s raise the glass twice for Lux-UpperUp ADR that crossed Rs. 15k, and for Lux-UpperUp RevPAR of Rs. 10,482 which stands materially ahead of every other market in India, including Udaipur. Let’s thump the table to the fact that Goa’s Lux-UpperUp inventory is three times that of Udaipur and that Mumbai trails segmental RevPAR by Rs. 2.7k. Let’s acknowledge with a grunt that several high spenders now use their own or rented private villas rather than come to resorts. Let’s regain the mood to recognise that Up-UpMid ADR of Rs. 6.7k was also in lead position together with Mumbai (actually ahead by Rs 9), and segmental RevPAR was equivalent of the ADR for Ahmedabad, Jaipur and Kolkata. Let’s fill the glasses several times for the fact of Mopa airport having opened (south Goa resort owners are pardoned for being less boisterous on this toast).

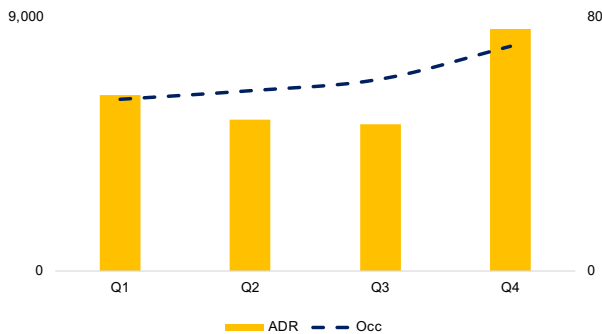
But then, when the mind and vision have cleared, let’s also see if all of this has left Goa to be Goa, or made it clusters of source market character. Project forward and see what Goa will look like 10 years from now. Will that kill the golden goose? Among other things, it will add heft to the top tier resorts because it is only there that one may find the peace and serenity, and waft of Goan winds.



The St. Regis Goa Resort



## Jaipur



Source: STR

The haze of mediocrity, which we had imposed on Jaipur for several years, seems to be clearing. There is only one data point, yet, to show this – Lux-UpperUp ADR of Rs.

11,913. A 5-digit ADR has been achieved for the first time in the last 15 years; that too with sizeable Occ of 61.8%. We had allowed the city to drag for too long, concentrating on the easy element of large weddings at middling rates.

We diluted the leisure quotient with the aim to fill an expanding inventory of hotels below the Luxury space; even some Upper Upscale hotels joined the middling game and frankly hurt the core of Jaipur.

The pandemic brought home the realisation that the domestic market is willing to pay more for quality, and even more for luxury; and the guest was made to realise that there is a price for quality and exclusivity – it doesn't matter which came first, but the end result is positive, and must be held dearly.

It's not that the market has seen huge supply growth – Jaipur added 3,500 rooms between 2008 and 2015; 1,450 rooms since. At 6,400 rooms it's a reasonably sized market for its true capability – but hotel managers needed to think beyond weddings; and if weddings, then at a commensurate price.

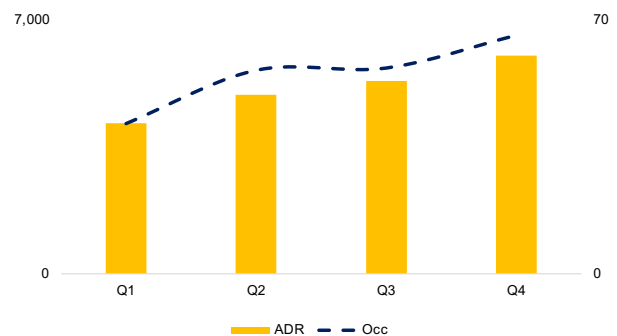
The past be gone. The present shows that city Occ is still 7-8 pts behind capability; the Lux-UpperUp segment maybe 4-5 pts short. Up-UpMid ADR at Rs. 4,463 is significantly better than the past several years (above Rs 4k for the first time); yet, there needs to be a goal of getting closer to Rs. 6k. While the Lux-UpperUp needs to continue to move up and create growth space, the burden of growth cannot be conveniently shifted – upscale hotels

simply need to raise the bar of their value proposition and the value they ascribe to themselves.

The pipeline is large with 2,900 rooms expected in the next 5 years. And the concentration on Kukas is just so heavy – the uninitiated would think it's a city by itself. That battle could be severe, and hopefully ends up as a quality proving fight than a game of rate discounting skill that leads into an abyss. In the meantime, the city core area can recapture the imagination and its value.

Q4-22 showed Occ at 71% with ADR of Rs. 8.6k. Let this not be a flash in the pan; let this be the start of a royal period. And it is good to see that the true luxury hotels are leading the way.

## Kochi



Source: STR

The city is back to mid-50's Occ; 3 of the 8 years pre-Covid were also at that level. However, it has broken out of the Rs. 4.3k to Rs. 4.8k rate range of several years and reported Rs. 5.2k

The recovery is predicated on a mix of business travel, domestic leisure, weddings and social demand. MICE and inbound leisure are yet to pick up.

In the meantime, the city has lost a degree of primacy as good upscale and upper upscale hotels have opened in Thrissur and Trivandrum – these will cause some shift in weddings and social demand, away from Kochi.



## Leisure sector



Taj Wayanad Resort & Spa

One man's leisure is another man's business. It's been a year of joyful giving and taking - greater smiles, joy, and laughter from the pleasure of enjoyment, and from the enjoyment of more earnings.

The leisure sector has contributed about 26% of total room revenue; in reality its even higher because many hotels in business cities drew leisure demand as well. Importantly, the leisure trend is here to stay as the domestic market grows in size and capacity. Leisure has enabled the growth of regional markets that were hitherto limited to small independent hotels and localised demand.

The supply side keeps widening particularly in Goa, Rajasthan, HP, Uttarakhand and to an extent in south India. The east and north-east are in various stages of development and supply creation. Game parks are gaining popularity; not necessarily for safaris and watching game but also serving as new destinations for leisure. Improved roads are creating potential (Uttarakhand and HP are prime examples); improved air connectivity is adding major demand (Varanasi, Dehradun and onwards, Jaisalmer, Pushkar / Ajmer).

Extended stay usage that occurred during the pandemic has largely dropped away. More usual patterns of travel have re-emerged and it will be critical for resorts and destinations to make tweaks in soft factors (access, features, services, wellness even) to cause greater travel outside the previous patterns. Staycations will continue for those city hotels that will treat this as a planned segment.

### Udaipur wins several medals

- highest ADR in India, across segments with a whopping Rs. 14,041 and RevPAR of Rs. 7.3k.
- Udaipur RevPAR is higher than the city-wide ADR for all major business markets, other than Mumbai
- Lux-UpperUp ADR above Rs. 20k, with RevPAR of Rs. 10,199; this comes behind Goa and is about Rs 200 short of the Lux-UpperUp ADR for Mumbai.

However, we would caution with some longer-term concerns

- the supply side will grow by about 85% over the next 5 years; weddings business will remain strong on major days but other demand (including weddings outside the main days) will be competed for
- the leisure segment is often being ignored, possibly unconsciously. Hotels are drawing less than desirable FIT numbers. Evidence is in the fact that annual Occ is only 52.2%, materially trailing the 60% levels previously achieved – and that in a 'dream' year. The summer season was slow; possibly, the Gujarat market used Udaipur as a watering hole extensively in 2021 and went elsewhere in 2022. But this market needs to be nurtured.
- Inbound leisure is important and must be chased, not simply accepted as a reaction to inquiries.



The Oberoi Udaivilas, Udaipur

**Himachal Pradesh (HP)** has 2,640 rooms of chain affiliated inventory, with 900 rooms added since 2019. Overall Occ is 41.7% being clearly impacted by seasonality issues. Thus, while ADR is Rs. 8.8k, RevPAR comes in only at Rs. 3.6k.

Lux-UpperUp Occ remained flat at above 42% but ADR rose to Rs. 18k, making it the second largest destination number. Up-UpMid Occ was below 40% (+7 pts over

2021), with ADR of Rs. 6.8k. Traffic congestion in key markets needs to be resolved if superior demand profile is to be drawn repeatedly; and wedding demand shared between a couple of resorts in order to satisfy inventory needs.

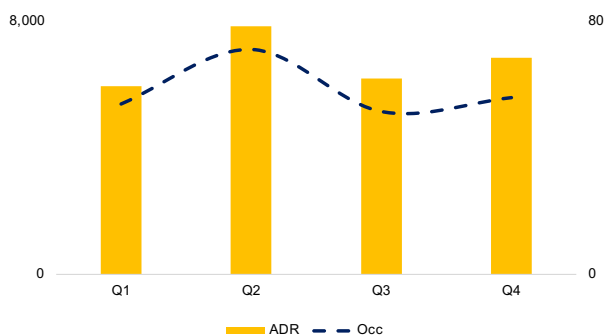


Radisson Blu Resort Dharamshala

**Uttarakhand (UTK)** came in at 48% Occ with ADR at Rs. 8,173. Even if Occ is a little below 2019, UTK has added RPD of nearly 250 rooms. And secured rate growth of nearly Rs. 1.3k, on the back of Rs. 1.4k growth in 2021. Its Lux-UpperUp segment achieved ADR a little short of Rs. 15k, but its Up-UpMid Hotels got upto Rs. 8k which is the highest segmental ADR among all markets. UTK supply pipeline comprises 39 hotels over the next 5 years, with Lux-UpperUp and Up-UpMid supply at 883 and 1,354 rooms respectively.

**Jammu & Kashmir** had a stupendous Q2-22 with 71% Occ at over Rs. 7.8k. The other 3 quarters were also steady so that the market ended with 57.8% Occ at Rs. 6.8k.

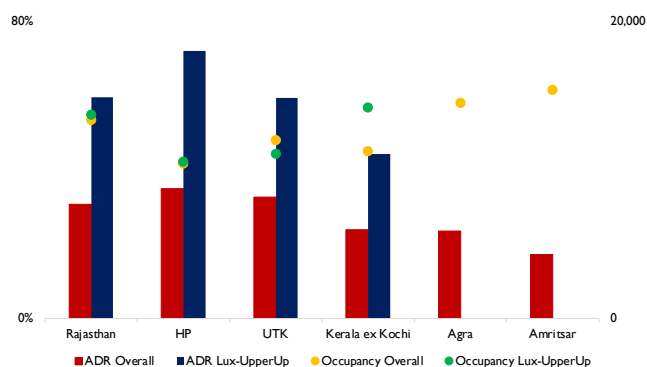
### Jammu & Kashmir



Source: STR



Radisson Golf Resort Pahalgam



Source: STR

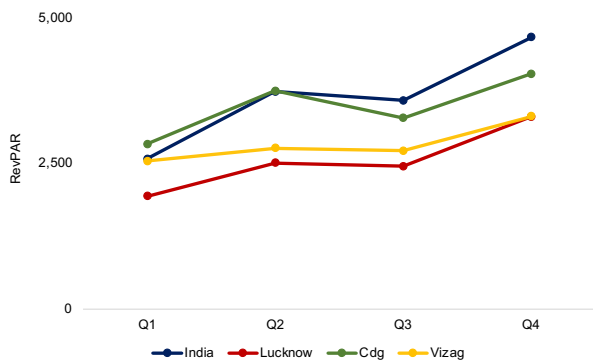
- **Jodhpur** has seen de-flag of about 110 rooms since 2019. At 50% Occ for 2022, its RPD trailed 2019 by 76 rooms. However, the city did grow ADR by Rs. 700 in 2022, getting to Rs. 7.2k. Jodhpur had higher ADR in 2017, with larger inventory. In this context, the market has under-performed in a fundamentally buoyant year.
- **Agra** pushed Occ up by 15.5 pts to 58% and also pushed ADR to nearly Rs. 5.9k. In an absolute sense, the RevPAR nearly doubled over 2021 and is a just a little behind the steady mid 3k RevPAR for several years upto 2019. But relative to the strong leisure sector, the performance is tepid. The destination needs a makeover; some new resorts with their own energy maybe.
- **Varanasi** is having a truly dream run as there is a demand glut, supply is very slow and even more scattered. Weddings, pilgrimage (with leisure), leisure and more have made for an even tastier banarasi paan.
- **Amritsar** has bounced back strongly, getting past 60% Occ and achieving its highest ADR at Rs. 4.3k. RPD has grown by 160 rooms over 2019, gaining from increased inventory of 440 rooms from 2018. It has a heavy pipeline of 1,900 rooms in the next 5 years which



will double its inventory. Does the market have the absorption depth?

- **Kerala** remained generally soft, with just 45% Occ which has a long way to catch up with the high 50's numbers of 2016-18. However, it is noteworthy that Lux-UpperUp Occ went up by 56% to cross Rs. 11k.

### Other Markets



Source: STR

**Chandigarh** has a mix of leisure and business demand, weddings and MICE. Unlike Jaipur, it is less obvious as a leisure market and hence we chose not to include it in that section. 65.1% Occ is yet short of 2018 and 2019; but the ADR is Rs. 1k higher. The market has added 470 rooms since 2019; at Rs. 5.3k its ADR competes with several major business cities but there is a sense of underachievement of potential. Higher end products possibly lack the sharpness to consistently do better rates – is that because the demand is such? Chicken and egg? Both are eaten there, in plenty, but the answer is yet to come.



Holiday Inn Chandigarh Zirakpur

**Lucknow** got to 61.8% Occ at Rs. 4k. The city inventory is 1,930 rooms; with current pipeline, this will rise to 3k rooms by 2026. Good, but one should expect more in coming years given the business push by the state government.



Golden Tulip Lucknow

**Vizag:** Similar Occ as Lucknow, at Rs. 4.6k and with smaller inventory of 1,575 rooms. Did remarkably well in the pandemic; and has retained a growth track with over 30% RevPAR growth from 2021. A limited and scattered pipeline should augur well for a city that will be the future state capital.

**Coimbatore** has staged a good show, with Occ barely short of 60%; Rs 4.1k ADR; and 28% higher RevPAR over 2019. The city has flattered to deceive too often, but should be under watch. We don't see supply space there, although quality is sorely lacking.

**Vadodara** has added nearly 550 rooms in the last 2 years, and yet delivered 59.5% Occ at Rs 3.2k ADR. Good to watch for, and could benefit from the growth of the manufacturing sector, and Kevadia. Quality remains as modest as the rates.

Bhubaneshwar is growing well, as is Indore. Bhopal has gained traction from new hotels in that city. Nagpur needs more inventory, but in the right locations.



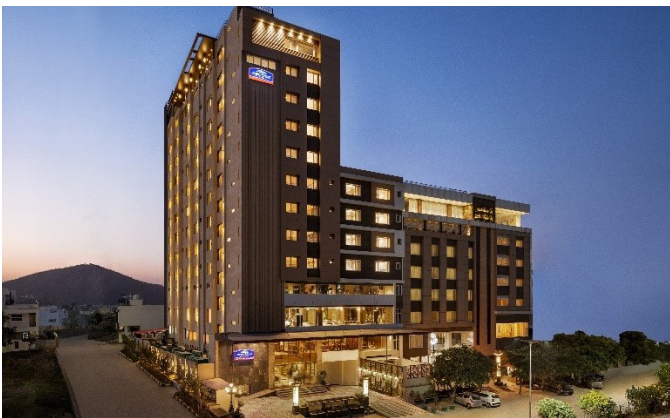
*JW Marriott Bengaluru Prestige Golfshire Resort & Spa*



*ITC Grand Bharat, a Luxury Collection Hotel, Gurugram*



*The Leela Palace Udaipur*



*Howard Johnson by Wyndham, Udaipur*

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*Hotel, Tourism and Leisure*

## About

At Horwath HTL, our focus is one hundred percent on hotel, tourism and leisure consulting. Our services cover every aspect of hotel real estate, tourism and leisure development. Our clients choose us because we have earned a reputation for impartial advice that will often mean the difference between failure and success. Each project we help is different, so we need all of the experience we have gained over our 100-year history. We are a global brand with 52 offices in 38 countries, who have successfully carried out over 40,000 assignments for private and public clients. We are part of the Crowe Global network, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

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## Global Reach

### **Africa**

Rwanda  
South Africa

### **Asia Pacific**

Australia  
China  
Hong Kong  
India  
Indonesia  
Japan  
Malaysia  
New Zealand  
Singapore  
Thailand

### **Europe**

Albania  
Andorra  
Austria  
Croatia  
Cyprus  
Germany  
Hungary  
Ireland  
Italy  
Netherlands  
Norway  
Poland  
Portugal  
Russia  
Serbia  
Spain  
Switzerland  
Turkey  
United Kingdom

### **Latin America**

Argentina  
Brazil  
Chile  
Dominican Republic  
Mexico

### **Middle East**

UAE & Oman

### **North America**

Atlanta  
Denver  
Los Angeles  
Montreal  
New York  
Orlando  
Scottsdale  
Toronto

[www.horwathhtl.com](http://www.horwathhtl.com)