

# INDIA HOSPITALITY OVERVIEW 2022



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# FOREWORD

In the past few years, hospitality businesses needed to take a step back and rethink their plans in order to adapt to the new standard. However, the hotel industry is getting traction. While the hotels are still recuperating from this adversity, the majority of the markets have passed the 2019 levels.

2022 has been a crucial year with unique possibilities and the domestic brands have seized the opportunity with 66% paving the way for hotel signings however the number of keys signed for international brands is 44% of the total. 10,138 keys opened in the year 2022 and an exciting future awaits with a pipeline of 7,163 keys being added from 2023 onwards. The trend of hotels opened, continues to be in favour of domestic brands with only a quarter of the hotels opened to international brands however when it comes to the keys opened, they have been relatively on par.

Multiple markets in India are the major players in terms of attracting investment, such as Mumbai, Delhi, Bangalore and more. However, one key thing about these markets is that they are close to being saturated markets in the near future. And as such, we've decided to also focus on other emerging markets that show great potential in terms of overall growth and attracting investment. These are segregated into 3 categories, Business, Leisure and Religious markets. Business markets include cities such as Noida, Navi Mumbai and Bhopal that have upcoming and already present infrastructures that are primed to cater to major businesses coming into the city. We foresee that the hospitality players in these markets will see a rise in corporate bookings. Then comes the leisure markets such as Chikmagalur, Kevadia





and Pushkar wherein there will be a rise in multiple leisure offerings. Lastly, we discuss the Religious markets which have seen a boom in pilgrim arrivals and infrastructure supporting religious tourism.

The Government of India has taken tremendous steps in promoting tourism in the country by introducing various policies and subsidies. One of which is the 'UDAN' scheme which has made a huge impact. Under this scheme, cheap and affordable air travel facilities will be made available for the citizens of the country. People will be able to travel through air transport at cheaper fares. The government is going to provide subsidies in order to implement this scheme. This scheme is likely to improve the standard of travel and accessibility in the country. Other than that time and efforts will also be saved. This scheme will enhance the domestic aviation market of the country to encourage larger share of travellers which will increase the accessibility and employment opportunities throughout the country.

Founder & CEO  
**NOESIS CAPITAL  
ADVISORS**

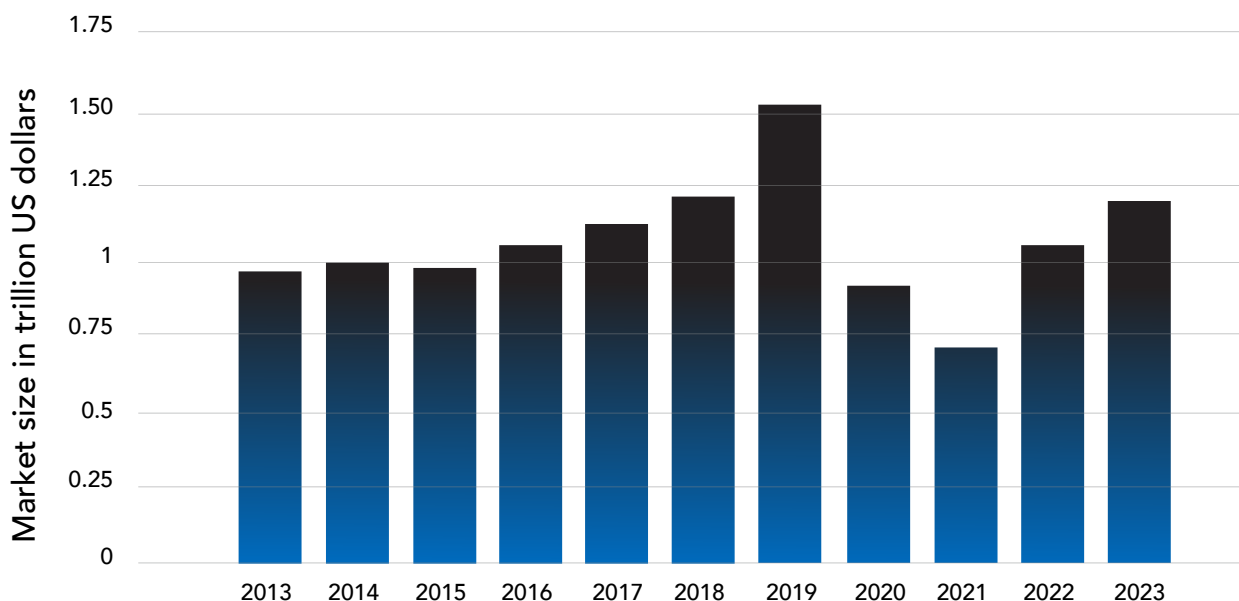


# GLOBAL OVERVIEW

It was anticipated that 2022 would be an uneven and volatile year for hotel recovery. At the beginning of the year, concerns around new virus variants and outbreaks hampered travel demand followed by the Russia-Ukraine war which hit the world at an unexpected time, causing rising inflation in the world's strongest economies, and negatively impacting the hotel industry. However, thanks to the resilience of hoteliers across the country this sector was revived back to its pre-pandemic level. Travel finally made a comeback after most countries lifted their travel restrictions and most people resumed their pre-pandemic way of life. As a result, travel demand increased significantly across the globe with people trying to make up for the lost

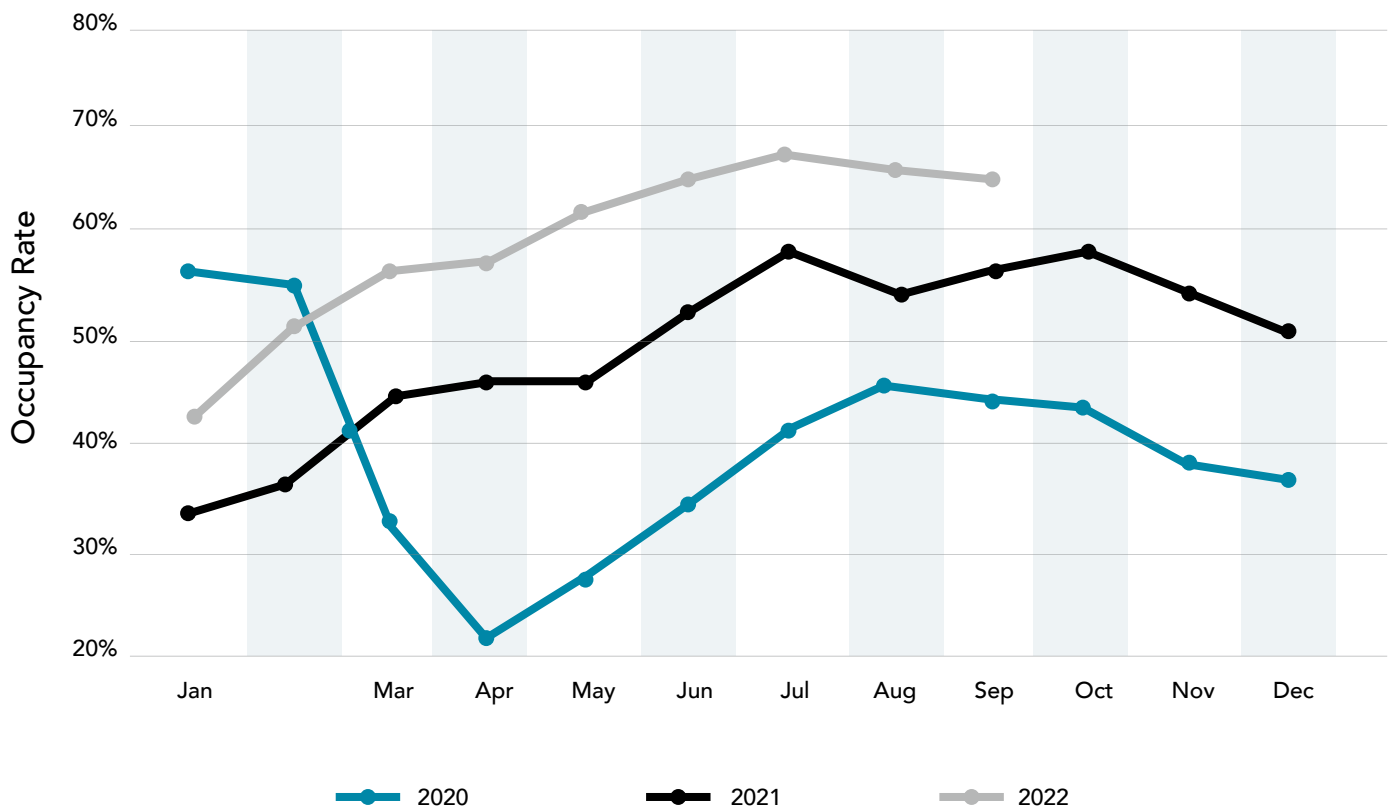
time. The rise of bleisure travellers (a blend of business and leisure) and digital nomads (those who take advantage of remote work policies to explore destinations) represented a significant shift in consumer attitudes and behaviours. Increasing vaccination rates and tremendous amounts of government economic stimulus, coupled with lockdown fatigue, elevated lodging demand to unexpected heights, helping accelerate the industry's recovery.

Moving forward to 2023 Hotels will continue to make significant strides toward recovery. According to noesis research team, hotel demand is projected to surpass 2019 levels while revenue is expected to reach new heights.



Market Size of the Hotel and Resort industry worldwide 2013 to 2023 (Source: Statista)

The year 2019 was a great year for the hospitality industry. This industry touched new heights and broke all records. The size of the global hospitality market was worth around USD 1.52 trillion in the year 2019 reaching an all-time high in 5 years. The year 2020 and 2021 saw market size going down due to the pandemic. As the restrictions were eased and global travel started going back to normal, the year 2022 saw recovery with growth of approximately 47% y-o-y with the market size reaching USD 1.06 trillion. Further, It is expected to grow and is anticipated to reach USD 1.21 trillion by 2023.



Average Monthly Occupancy of Global Hospitality Industry 2020-2022 (Source: Statista)

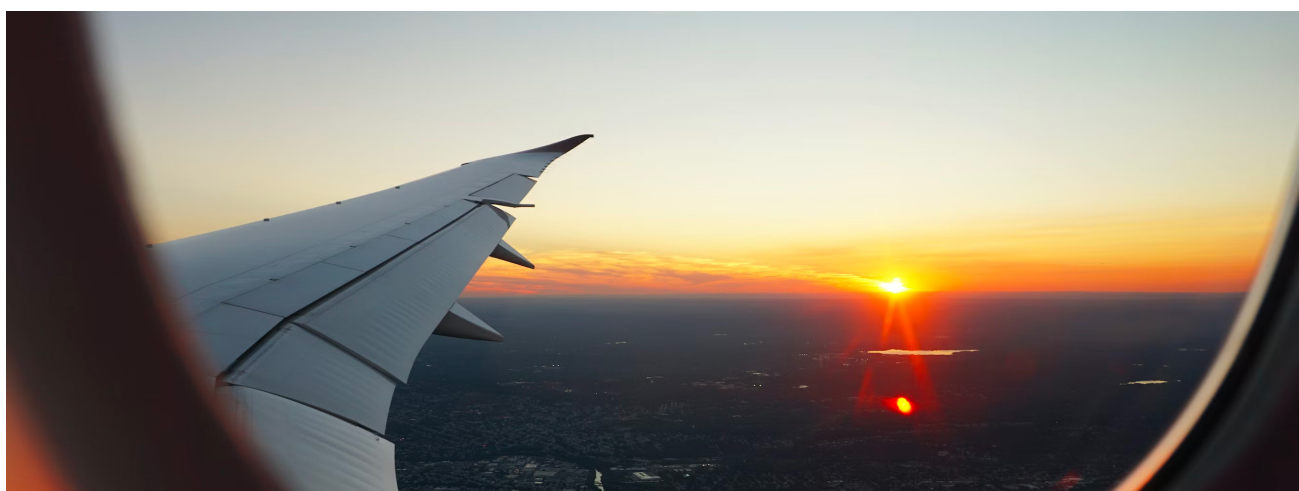
Following the pandemic and economic downturn that ensued, global hotel occupancy fell to almost 20% in April 2020. As restrictions were eased and borders of countries were opened, occupancy rates almost touched 60% in the month of July 2021 approaching 2019 levels. The highest occupancy of nearly 70% was observed in the month of July 2022 as the road to recovery looked positive for the Global hospitality industry. We expect a very positive figure for the year 2023.

# Hotel Outlook India

India has been one of the world's leading international tourism destinations for years. Its climate, world-renowned food scene, endless leisure options, rich culture and heritage, along with the safe, secure setting it offers are just some of the major draws that lure in international tourists.

The year 2022 began on a challenging note for the Indian hospitality sector similar to the global market scenario. The emergence of omicron cases and the reintroduction of travel restrictions across states resulted in weak demand in the first few weeks of the

year. This setback was much briefer than those experienced during previous COVID waves, and travel demand bounced back much faster this time. This quick recovery was facilitated by the reduced severity of omicron because of higher vaccination rates, prompt government action, timely revisions of the restrictions, and the significant pent-up demand for travel. As a result, several markets began outperforming their pre-pandemic occupancy levels, and hotel occupancy in India crossed the 60% threshold in March 2022 - a first since the start of the pandemic.



In 2022, domestic travel remained the industry's main driver of growth. While leisure travel remained popular, commercial markets and well-liked MICE destinations saw their fortunes change as a result of the rise of corporate travel and expensive conferences and events. The start of consistent international flights to India in March 2022 aided in reviving both domestic and foreign travel. The "Big Fat Indian Wedding" also made a comeback after two years of incredibly personalized and intimate weddings, with several hotels sold out during the wedding season. Moreover, due to the difficulties associated with visas and the high cost of international travel, many couples seeking celebrity-style destination weddings in picture-perfect foreign locations turned to luxury and upscale hotels and resorts in India for their wedding ceremonies.

# INDIAN BRANDED HOTEL PERFORMANCE 2022

There has been a long wait for the recovery of the hospitality industry since the pandemic struck and 2023 is forecasted to be the year, Asia is predicted to be the first continent to return to 2019 levels. India is a major player in this revival. The wedding destinations like Jaipur are already leading the charge, with ADR almost double the tariff in 2019, however, the Occupancy levels are still 7% below par. Udaipur on the other hand has shown much more consistency with its ADR already crossed pre-pandemic levels in 2021, it has further increased by 16% and yet around 15% less than its occupancy in 2022. When it comes to the Metropolitan cities, Mumbai has shown resilience and stability on the hospitality front, while the occupancy levels are almost the same as in 2019, ADR is heading upward towards 9k. On the same note Bengaluru and New Delhi have definitely improved their ADR by 46% and 32% respectively compared to 2021

performance, however, projected to cross the 2019 figures in 2023 with a strong start. The leisure market has to include the country's favourite destination, Goa. It had few hurdles in 2021 however the market bounced back strongly in 2022 with an 11% premium on the ADRs along with a steady rise from the 60% occupancy mark, including immense growth with the launch of Mopa Goa International Airport.

The outlook for 2023 looks positive because domestic demand will remain strong and international travel will also pick up, despite growing concerns about the US and Europe entering a recession, rising global geopolitical issues, and an increase in COVID cases in some countries. In addition, the G20 presidency of India and the fact that India is hosting a number of events, including the ICC Men's World Cup, will increase demand for hotels in the host cities like Kanpur, Nagpur, Rajkot and many others.



# Hotel Signings Snapshot 2022

The hotel signings are the properties which were signed by the hotel company and is expected to be operational in the future.

## Brand Signings 2022

BY KEYS



19,250

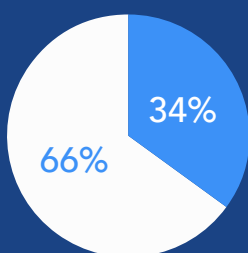
BY PROPERTIES



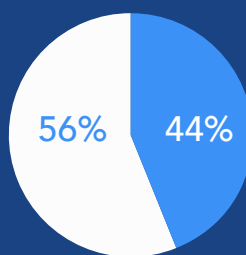
239

## Brand Signing 2022: International v/s Domestic

BY PROPERTIES



BY KEYS



● Domestic  
● International

## Average Key Count

INTERNATIONAL BRANDS



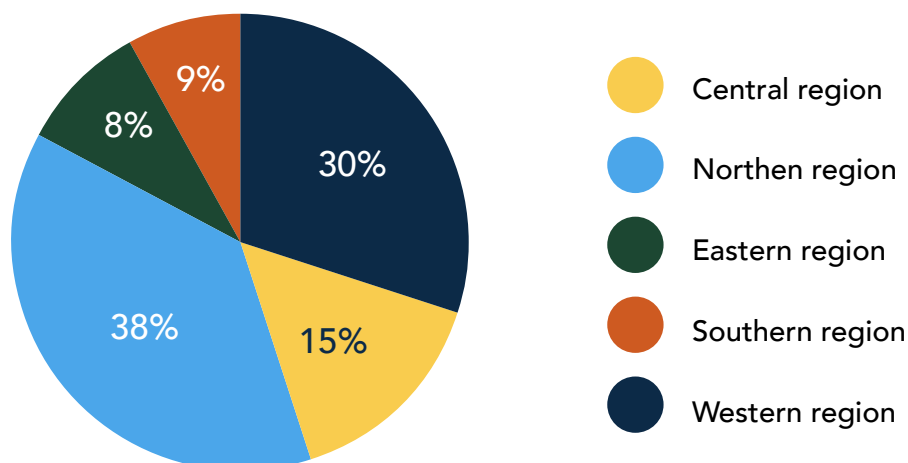
105

DOMESTIC BRANDS



68

## Percentage of hotel signings by the region



The region of North India consists of 38% of all hotel signings in 2022, with the state Himachal Pradesh (8.6%) having maximum signings in this region along with Rajasthan (8.1%). This is followed up by the Western region of India which is mainly led by Gujarat (10.4%) and Maharashtra (9.5%) and the other regions. 46% of the hotel signings have taken place in Tier 2 cities which is then followed by Untapped destinations with 33% of the hotel signings and Tier 1 and Tier 3 cities on par with approximately 10% of the hotel signings each.

### Rankings



Most number of hotels signed by Operators in 2022\*

Most number of keys signed by Operators in 2022\*

1

IHCL (31)

IHCL (3471)

2

Royal Orchid Hotels (29)

Marriott (2324)

3

Fern Hotels &amp; Resorts (24)

Hyatt (1765)

\*As per market research.

# Hotel Openings Snapshot 2022

The hotel openings are the properties which are partially or completely open for guests and ready for occupancy.

## Brand Openings 2022

BY PROPERTIES

138



BY KEYS  
OPENED IN 2022

10138



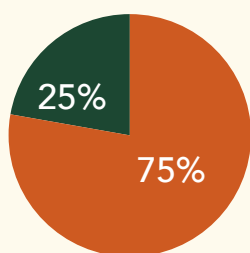
BY KEYS IN THE PIPELINE  
2023 AND ONWARDS

7163

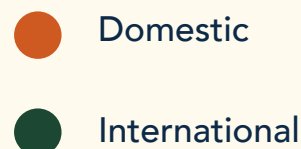
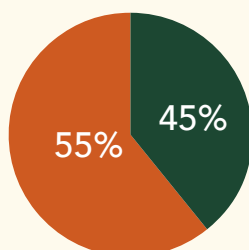


## Brand Openings 2022: International v/s Domestic

BY PROPERTIES



BY KEYS



## Rankings



Most number of hotels  
opened in 2022\*

Most number of keys  
opened in 2022\*

1

IHCL (17)

Marriott (2252)

2

Fern Hotels & Resorts (13)

IHCL (1590)

3

Marriott (11)

Hyatt (1560)

\*As per market research.

# EMERGING MARKETS

## Business Markets

### NOIDA

#### GROWTH DRIVERS

##### Noida-Greater Noida expressway

It offers unparalleled connectivity and makes almost all travel within Noida and Greater Noida less than 30 minutes

##### Upcoming International Airport in Jewar

The upcoming airport in Jewar is expected to be operational with the first phase (one terminal) by September 2024, with the capacity to handle over 12 million passengers annually. The airport will be developed in four phases, after which it will have an annual passenger capacity of 70 million passengers

##### Market Saturation in Gurugram

Standard of living, real estate development and general market saturation in Gurugram is one of the leading factors of growth in Noida

##### Industrial and Manufacturing hub

Has some of the highest Special Economic Zones (SEZs) out of all the other cities in India, and is poised to attract major investments into its multiple sectors

Multiple major corporate players such as TCS, Microsoft, Samsung etc. have already established their R&D and manufacturing facilities here in Noida, further showcasing its viability as an industrial hub



## GROWING/UPCOMING INFRASTRUCTURE

- Jewar International Airport
- Metro Extensions
- FNG (Faridabad Noida Ghaziabad) Expressway and other highway expansion projects

## HOTEL OPENINGS AND SIGNINGS

Noida is expected to increase its hospitality supply from 1,569 keys as of FY2022 to 2,837 keys till FY2027 (addition of 1,268 keys). With a majority of keys being in the midscale and upper midscale segments

# NAVI MUMBAI

## GROWTH DRIVERS

### Jawaharlal Nehru Port Trust Township

Connected to most other major distribution and logistics centres in India

### Proposed Navi Mumbai airport

Panvel and Ulwe are proposed to house the upcoming Navi Mumbai airport, along with a slew of SEZs alongside it

### Dhirubhai Ambani Knowledge City

Developed areas such as Airoli, Rabale, Mahape and Mumbra are predominantly focused on IT and its sister services, and also house the famous Dhirubhai Ambani Knowledge city

### International Info/Tech park

Vashi, Turbhe and Kopar Khairane are areas known for the famous Info/Tech park of Navi Mumbai, along with a residential section as well



## GROWING/UPCOMING INFRASTRUCTURE

- Commercial and Manufacturing hubs – Kharghar and Taloja
- Proposed Navi Mumbai Airport

## HOTEL OPENINGS AND SIGNINGS

- 105 keys Courtyard by Marriott opened in Dec 2022 in the business hub of Navi Mumbai
- 76 keys Fern Residency opened in Jul 2022 in Turbhe, Navi Mumbai
- 146 keys Vivanta by IHCL opened in Mar 2022 in Turbhe, Navi Mumbai

# BHOPAL

## GROWTH DRIVERS

### Film Tourism

Bhopal is one of India's top destinations for many filmmakers planning to shoot in Madhya Pradesh. The Government has also issued a new Film tourism policy to promote sustainable tourism and the availability of facilities for the sector

### Smart City Development

Despite heavy investment in the electrical machinery and transport sector, the city's image is guided by tourism, governance, education and health care, with the presence of ISRO's master control facility, AIIMS and National Law Academy, along with 200 engineering, management and medical institutions

### Industrial Hub

Mandideep industrial hub, located 23 km from Bhopal drives its economy. It houses over 650 industrial units and boasts a total investment of over INR 10,000 crore. New Berasia is another major industrial hub under development

Bharat Heavy Electricals Limited (BHEL) plays a major role in the industrialization of Bhopal, with its state-of-the-art transformer plant, testing and calibration facilities at Bhopal, costing over INR 230 crores

Multiple other industries such as Pharmaceuticals, and Food processing also play a major role, with key players such as ITC planning to invest over INR 700 crores to open a cutting-edge food processing plant in Bhopal

## GROWING/UPCOMING INFRASTRUCTURE

- Bagroda Industrial Area – Phase 2
- The state electronics development corporation has allocated 204 acres and over INR 170 crores into the development of an IT park and Electronic Manufacturing Cluster in the Northeast of Bhopal
- Metro Priority Corridor - expansion of the purple and red lines consisting of a total distance of 28 km
- Global Skill Park – Raisen Road

## HOTEL OPENINGS AND SIGNINGS

- 105 key Novotel Bhopal to open sometime around 2026
- 47 keys Lemon Tree hotel to open in Dec 2023



# Leisure Markets

## PUSHKAR

### GROWTH DRIVERS

#### Religious Tourism

Pushkar has multiple temples dedicated to Hindu pilgrims, such as the famous red-spired Brahma temple, Gayatri Mandir and many more. The ghats around Pushkar lake are famous among pilgrims to bathe in the holy water as well

#### Household industries

On top of holding immense spiritual significance, the city is also household industries and handicrafts which provide a boost to tourism and trade

#### Cultural destination

Pushkar is also famous for its annual camel fair, which is held over seven days in autumn and attracts tourists and locals from all over the neighbouring regions



### HOTEL OPENINGS AND SIGNINGS

- 125 keys Crowne Plaza expected to open in 2026 in Pushkar
- 91 keys Pushkara Resort and Spa opened recently in 2022
- 80 keys JollyWood Resort opened recently

## GROWTH DRIVERS

### Proximity to multiple international borders

It is a fast-growing economic centre due to its unique location at the meeting point of four international borders (India, Bangladesh, Nepal and Bhutan). Its location makes it the most important trade and commercial hub in North Bengal.

### 4 T's - Tea, Tourism, Timber and Transportation

The economy of Siliguri is based on the 4 T's – Tea, Timber, Tourism and Transportation. Siliguri is the headquarters of FOCIN (Federation of Chamber of Commerce and Industry of North Bengal).

### Tourism

Tourism is one of the major drivers of the city's economy acting as a transient destination as well as a developing tourist destination with many local attractions.

## GROWING/UPCOMING INFRASTRUCTURE

- Expansion of Bagdogra Airport Civil Enclave
- Siliguri Expressway Expansion (INR 750 crore)
- The multi-modal logistics park
- Bhorer Alo - Mega tourism hub

### Gateway to multiple destinations

Vashi, Turbhe and Kopar Khairane are areas known for the famous Info/Tech park of Navi Mumbai, along with a residential section. The city is the main entry point for travellers going to Darjeeling, Kalimpong, Gangtok etc. It is also important for many transient travellers to and from Nepal, Bhutan and North East Indian States.

### Land location

Located in the Siliguri Corridor or Chicken's Neck — a very narrow strip of land linking mainland India to its north-eastern states — Siliguri is also the transit point for air, road and rail traffic to the neighbouring countries of Nepal, Bhutan and Bangladesh.



## GROWTH DRIVERS

### Leisure Destination

Relaxing Leisure destination with lots of tourist spots such as the highest peak of Karnataka, Mullaiyanagiri, and the Yagachi reservoir

Perfect climate and environment for staycations and retreats

### Agrotourism

Agrotourism is gaining traction due to multiple experiences being offered with Tea, Wine growers and more

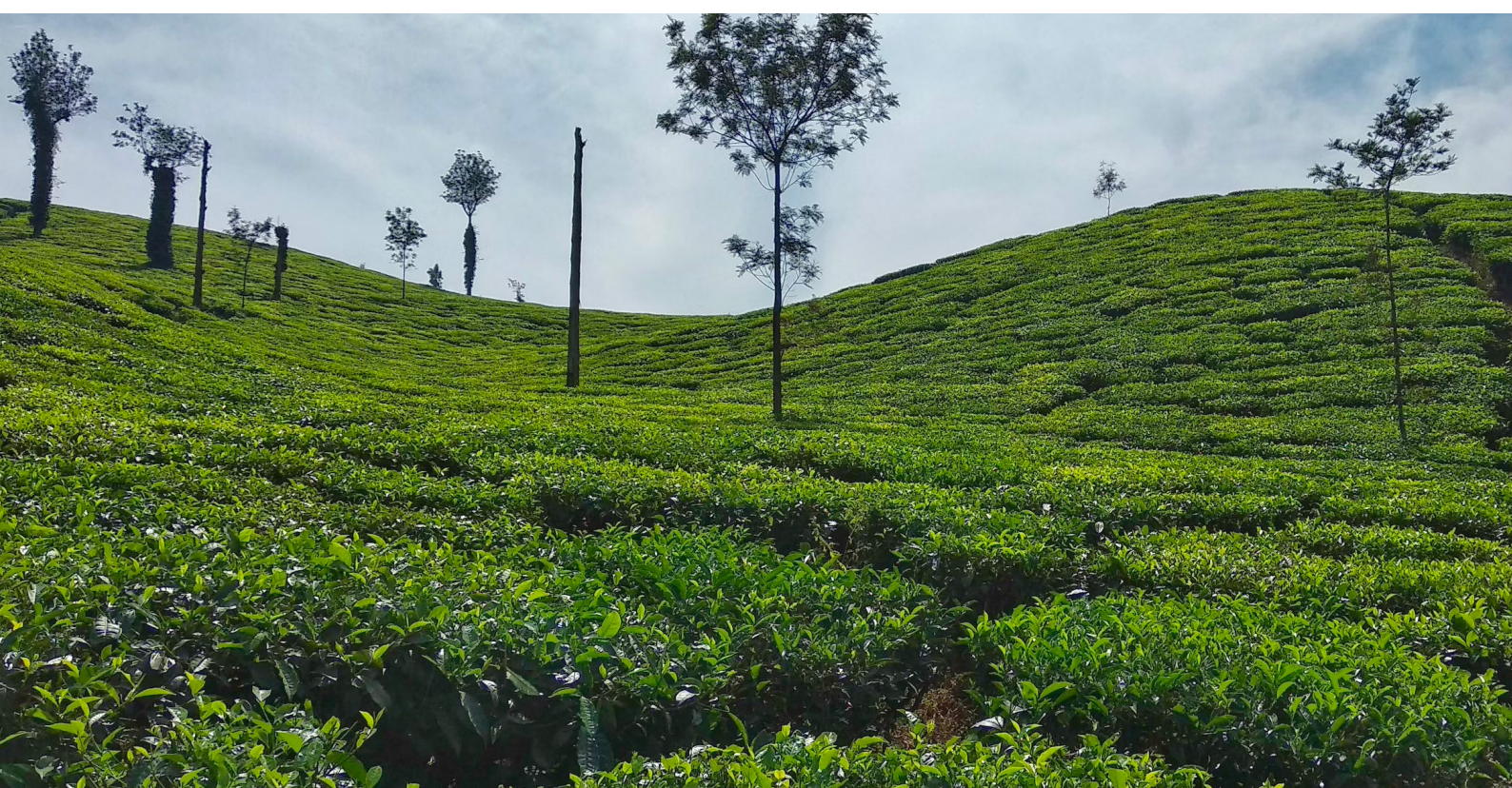
### Infrastructure Development

A big boost in residential development in this city will eventually lead to the development of other hospitality offerings such as F&B outlets, exclusive clubs etc.

The anticipated upscale orientation of multiple international hospitality brands in Chikmagalur is boosting its viability as a great retreat destination offering quality services

## GROWING/UPCOMING INFRASTRUCTURE

- Tender rolled out for Airport development, not yet finalized
- Over 2,000 residential plots have been allotted for sale for residential development by the city's urban development authority



## GROWTH DRIVERS

### Statue of Unity

The statue of unity is the major tourist attraction that drives tourism and domestic travellers into Kevadia all year round

### Other Leisure and tourism drives

Multiple parks, flower gardens, wildlife sanctuaries and more make this city stand out as a leisure and tourism destination

### Cultural and spiritual destination

Kevadia having tribal roots has a lot of cultural and spiritual significance among its locals and this will eventually be part of an overall experience that tourists can enjoy

### Upcoming Dholera Smart city

Primed to be one of the fastest-growing smart cities in the country, offering multiple residential and commercial plots over 500 acres

## GROWING/UPCOMING INFRASTRUCTURE

- The country's first "E-Vehicle only" Area is undergoing development in the city
- Rail connectivity expansion projects are under discussion to connect Kevadia to every major destination in India
- Dholera Smart City - planned to develop multiple projects over an area of 500 acres in 10 phases

## HOTEL OPENINGS AND SIGNINGS

275 keys combined of Vivanta and Ginger brands under IHCL to be opened in 2025



# Religious Destinations

## HARIDWAR

### GROWTH DRIVERS

#### Popular Pilgrimage destination

Home to some of the most popular pilgrimage destinations in India such as Har Ki Pauri, Bharat Mata Mandir, Char Dham Yatra etc., and being very close to the Ganga river has given it another major boost

#### Upcoming Dehradun Economic Corridor

A Mix of Brownfield and Greenfield projects along the Delhi - Saharanpur - Dehradun expressway project is planned to be one of the biggest demand drivers of Haridwar

#### Industrial areas

The presence of multiple industrial and agricultural sectors and areas such as SIDCUL, Mustafabad, Dhanpura, Landhora etc. make it a prime destination for commercial growth

#### Infrastructure development

Multiple infrastructure developments projects such as the Airport terminal expansion (increased capacity by 6) and other road connectivity expansion projects have boosted Haridwar's outlook as an emerging destination

### GROWING/UPCOMING INFRASTRUCTURE

Over 7 National Highway projects worth INR 5,500 crore was laid in 2019, out of which most are already underway

### HOTEL OPENINGS AND SIGNINGS

- Renest hotel opened its 74-room inventory in 2022
- Fortune Park of 40 keys will be opening soon in 2023
- LemonTree has signed up a 50-room hotel in the Jwalapur area of Haridwar
- IHCL has signed a 129-room Vivanta in the SIDCUL area of Haridwar



## GROWTH DRIVERS

### Spiritual destination

One of the oldest and the most important Hindu Pilgrimage destinations in India, as it's located right next to the Ganges river.

Home to some of the country's most famous temples such as the Kashi Vishwanath temple, this place is revered by Hindu pilgrims as the most sacred destination

### Educational and cultural destination

The city has had the historical significance of being an educational and musical centre, that houses many Indian philosophers, poets and musicians

### Household Industry

Silk and carpet weaving form a major household industry in the city, along with other handicrafts that employ a significant part of the population.

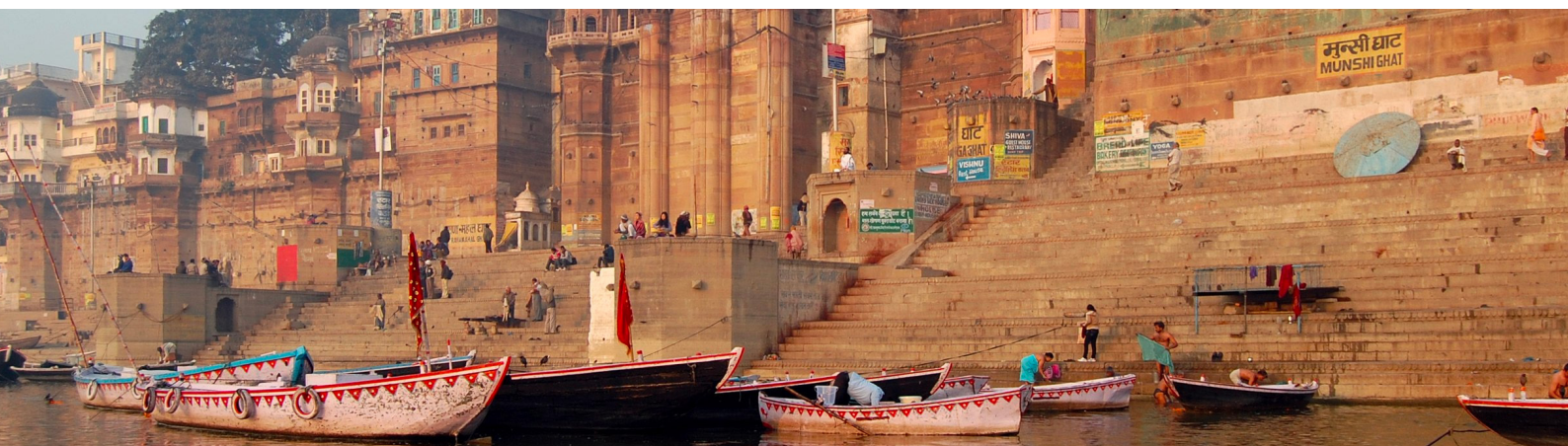
BHEL (Bharat Heavy Electricals Limited) and Banaras Locomotive Works are some of the major industrial players here.

## GROWING/UPCOMING INFRASTRUCTURE

- The city has received multiple infrastructural development projects totalling over INR 1,800 crores, some of which are mentioned below
- Smart city projects - residential, marketplace and urban development
- Road - Multiple road widening projects along with the construction of new highways and roads
- Social - Education institutions, Fire safety mechanisms and sports stadiums

## HOTEL OPENINGS AND SIGNINGS

- Royal orchid opened two properties within a span of 2 months in 2022
- 65-room Ginger property opened in 2022
- 55-room Arcadia hotel opened in Jan 2023



## GROWTH DRIVERS

### Unique Spiritual destination

Udupi is a spiritual centre for pilgrims and tourists alike. The district is acclaimed for its captivating temples, churches, masjids, Jain temples and much more

### Serene tourism and leisure destination

Udupi is a year-round tourist destination with many attractions such as the Bahadurgad fort, Sita river, Someshwara wildlife sanctuary and multiple waterfalls. The district is blessed with over 100 km of beautiful coastline along with multiple serene beaches out of which some are blue-flagged, such as the Padubidri End Point Beach.

### Industrial development

There are 4 major industrial areas namely Manipal, Nandikoor, Belapu and Miyar, and key players in the IT/ITes, Agriculture, Food processing, Banking, Textiles, and even Shipbuilding that makes this district an industrial hub of Karnataka

### Connectivity and Logistics

The district is part of the Konkan rail line, connecting it to all major cities in West India. Its proximity to major ports and airports such as Mangalore, Goa and Mysore provides it with great connectivity

## GROWING/UPCOMING INFRASTRUCTURE

Tourism development in Udupi will be aided by over 15 projects sponsored by the government totalling over INR 2,245 crores, which includes but isn't limited to the development of Pancha Gangoli island, Jain spiritual circuit, Kodi-Kundapur beach, Ferry service, tourism circuit along Udupi-Malpe beach area and many more



## GROWTH DRIVERS

### Historic pilgrimage destination

A pilgrimage destination for both Hindu and Islamic religions due to the presence of the Sharif Dargah, Soniji ki Nasiyan, Khwaja shrine, multiple Jain temples and its close proximity to Pushkar, which is another thriving pilgrimage destination

### Education

Ajmer is regarded as an educational centre, on top of being a cultural centre, with its high literacy rate of 90% for men and 80% for women, along with multiple popular educational institutions like Mayo college, St. Anselm's, Birla school etc.

### Smart City program

Part of the smart city mission started in 2015, which has seen development and modernization work under Highways, roads, stadiums, hospitals, tourist hotspots and multiple other infrastructure projects

### Industrial development

There are also multiple Small and Medium scale industries functioning and driving Ajmer's growth, which are based on Textile, food products, leather and leather products, and wood and construction products. Granite and Mica are plentiful here as well

## GROWING/UPCOMING INFRASTRUCTURE

Upcoming Ring Road project connecting Ajmer - Agra, consisting of 45 km of highways costing around INR 2,800 crores



# GOVERNMENT POLICIES TOWARDS HOSPITALITY

## Top 50 Tourist Destinations

Under the 2023 budget, Honorable Finance Minister have announced that 50 tourist destinations will be selected by the Government through challenge mode to be developed as a whole package for domestic and international tourism.

Initiatives will be taken to set up tourism at border villages. A unity mall will be set up in each state where prominent centres will mark tourist spots, monuments, and spaces for visitors to boost the sector.

A 'one district one product' scheme will be promoted, which will encourage the overall outlook of that district.



## G20 Summit contribution to the hospitality sector

The G20 summit is an event that is held annually under the leadership of a rotating Presidency. The summit focuses on discussing global economic and financial

issues. The Group of Twenty (G20) comprises 19 countries namely Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Türkiye, United Kingdom and the United States and the European Union. The G20 members represent around 85% of the global GDP, over 75% of the global trade, and about two-thirds of the world population.

It was highlighted that over 200 meetings and conferences will be held in about 50 destinations across the country as part of the G20 Summit. This brings great spillover benefits for the tourism and hospitality industry in India. The country will host delegates from the 20 participating countries over the duration of a year. This is expected to pique the interest of tourists to travel to India. Moreover, the history of G20 has shown that whichever country is chosen for the presidency, they have seen a surge in investment in the hospitality sector.

Moving forward to 2023 Hotels will continue to make significant strides toward recovery. According to noesis research team, hotel demand is projected to surpass 2019 levels while revenue is expected to reach new heights.



## Udaan

Ude Desh ka Aam Naagrik, known by its acronym UDAN is a regional airport development program of the Government of India and part of the Regional Connectivity Scheme of upgrading under-serviced air routes and building new airports.

India is the world's third-largest market in the aviation sector. As per a study by the Ministry of Civil Aviation, 65 percent air connectivity and 61 percent traffic is focussed only in the six metros. The objective of the UDAN Scheme is to connect small and medium cities with big cities through air service. It seeks to fulfil the common citizen's dream of air travel. 46 important tourist spots have been selected under the UDAN Scheme to promote tourism. These include famous cities like Udaipur, Varanasi & Goa and also less explored places like Agartala, Aizawl, Shillong and others in the north-east. Out of 46, agreements have been conducted on 23 routes.

Under the UDAN Scheme, approval has been given in four phases so far– UDAN 1, UDAN 2, UDAN 3 and UDAN 4.

- 98 airports, 33 heliports and 12 aerodromes have been selected.
- Air service is being provided on more than 359 routes on 59 airports along with 5 heliports and 2 aerodromes.
- Helicopter and Sea-Plane service is also included in UDAN.
- 70% air traffic load has shifted from 6 metros to small and medium cities.
- Operating cost of airlines has come down by 12-13%.
- Domestic air traffic has seen a 5% increase in passenger numbers from smaller cities.
- 132800 flights completed till 28 June 2021.
- Subsidy worth Rs. 1228 crores given to enable passengers to get tickets at cheaper rates.
- Almost 60 lakh people have air travel at affordable rates under UDAN scheme.

Moving forward, 1000 new routes, 100 new airports, 10 airports at North Eastern States and more than 3300 cities are planned to be connected to each other through air routes. This scheme is expected to make domestic air travel cheaper and likely to connect rural areas to urban parts of the city. Thus increasing domestic demand in the hospitality sector.



# FUTURE OUTLOOK

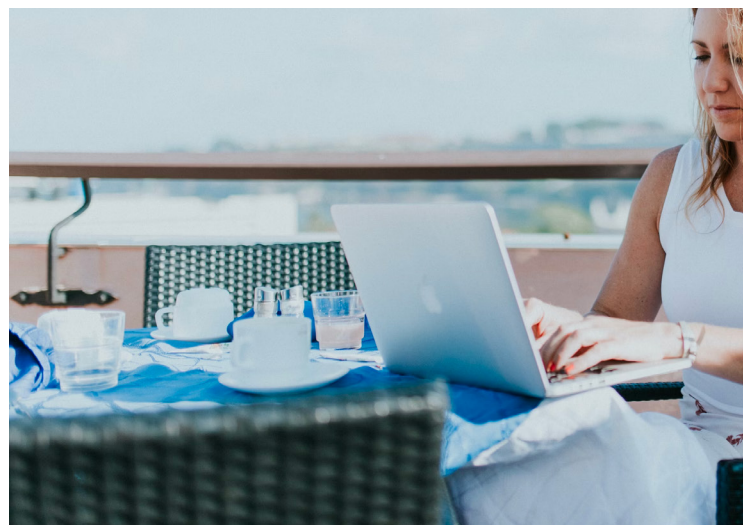
## Staycation and Workation

Staycation is a stay-at-home vacation; it consists of several activities one can do within the comfort of their home. It has also developed as a vacation that one spends in a nearby destination that doesn't involve much travel. For Workations, guests would usually extend their stay an extra weekend or the following week after the business is complete, it could either be in the same location or somewhere nearby.



## Co-working in Hotels

A co-working space is a shared area that can accommodate employees from many companies or a group of independent individuals. It provides a shared infrastructure to several people or organizations at a far lower cost than typical offices.



## Subscription-based service

The current buzzword of the decade is remote working, which has resulted in the introduction of hotel subscription services. Starting as a way for empty hotels to make some extra money and as a respite for those looking for an 'office away from home,' the hotel subscription model has quickly evolved into an endearing 'work-play' hybrid offer for digital nomads or a practical solution for part-time super-commuters and may well be gaining traction as an interesting business model for hotels long after the pandemic has passed.

## Technology

Hotel companies all over the world are quickly adopting technology advances that are creeping into the rapidly changing global hospitality environment. Several well-known hotel businesses have effectively incorporated technology into their everyday operations processes during the previous few decades. The long-term camaraderie has influenced the industry's overall growth. Because of the adept use of technology, service levels at some opulent hotels have increased throughout the years.



## Environment-friendly travel

The preservation of a destination's cultural heritage is essential to tourism and hospitality. Natural resource conservation plays an active part in drawing tourists to a destination while also promising progress in the tourism business.



## Importance of design

Guests nowadays have higher expectations, with a deeper focus on their whole experience, and the ever-changing environment of travellers has brought about a host of changes within the hospitality business. Hotels are now redefining the appearance, feel, and appeal of their buildings, employing external and interior design as a means of creating distinctive experiences.

For in-depth information on the above headers, please refer to our "Hotel in 2032" report.

# UPCOMING HOSPITALITY INVESTMENT DRIVERS

## Jungle Lodges and Forest Resorts

Throughout our team's experience in the hospitality industry, we've started observing an uptick in investment into Forest resorts, especially with the boom in ecotourism.

With the rise in disposable income among multiple social classes in India, the emphasis towards tourism in unique forest and wildlife destinations has increased. However, this leads to multiple factors to be considered such as wildlife conservation, habitat protection and ecotourism, in order to reduce the negative impact of mass tourism on the environment.

Ecotourism is about uniting conservation, communities, and sustainable travel. One of the simplest and most effective forms of ecotourism is forest resorts, wherein the

environment and wildlife are maintained through sustainable practices while offering a wonderful experience with nature to your everyday traveller.

And this unique concept of living inside a unique segregated environment while being able to enjoy what nature has to offer has been on the rise. Karnataka is one of the top leisure destinations that have multiple hospitality offerings in this category and has been performing exceptionally well.

Being present in this category offers multiple ways to create a unique experience for your guests, as long as we're able to maintain a net positive impact on the local community, the wildlife and ultimately the nearby environment.



## Wellness Resorts

The wellness economy in India is worth over US\$ 77 billion in 2020, which is the twelfth highest globally. However, it had the highest annual growth rate of 11.8% from 2015 to 2019. And this trend is expected to continue considering India's rise as a global superpower.

The wellness real estate market forms over 8% of the total wellness economy, which is around US\$ 6.1 billion and includes wellness resorts, spas and other hospitality offerings.

These wellness resorts, similar to forest

resorts, offer a secluded and unique environment and experience to the customer, thereby making them feel special. Travellers in India are also on the lookout for these kinds of experiences as India is already famous for multiple wellness practices such as Yoga, meditation, dietary-based wellness practices and many more

Some of the top Wellness resorts are Ananda in the Himalayas, Jindal Naturecure institute and Soukya holistic healing centre in Bangalore, Ashiyana yoga and spa village in Goa and Atmantan in Pune Maharashtra.



## Religious Destinations

Another category that has been receiving explosive growth is hotels in Religious and pilgrimage destinations. Varanasi, Ayodhya, Pushkar and Ujjain are all pilgrimage destinations in India that have a special spiritual significance. Some of these markets have recently been on the front of the news specifically due to their extremely high occupancy numbers.

Varanasi in December 2022 had higher occupancy numbers than Goa. And this was in spite of travelers of all ages flooding the Goan market due to revenge tourism and bookings. This shows the potential that these destinations hold to attract and cater

to a huge untapped market segment.

People in India have always gone on pilgrimages, irrespective of their income level or social class. However, in recent times, the average disposable income of lower and middle income classes have increased drastically, which only means that they're willing to spend more on quality offerings and stays. With an abundant market segment willing to spend more on good hotel stays even during their pilgrimages, we believe that this trend is only going to continue, and that makes religious destinations a prime location to set up more hospitality ventures



# CONCLUSION

The hospitality industry in 2022 has definitely been an exciting one, while a few markets are already fairing at their all-time highs, at the same time it echoes the guest's revenge travel tendencies. The first quarter of 2022 was also on the slower side due to the new variant of Covid, Omicron. However the future looks bright and we can expect the year 2023 to act as a segue to stabilized market performances which will further gain the confidence of the hospitality owners, institutions and operators leading to the revival of the industry.

In recent years, the Indian Government has recognised tourism's importance in creating jobs and earning foreign exchange. Accordingly, it has taken various measures to boost domestic and international tourism, which has significantly helped the tourism and hospitality sector. The Government of India has taken several measures to promote tourism in the country; this trend is likely to continue in future and help India generate foreign exchange earnings.

2022 has been one of the best years for the Indian hospitality industry, having surpassed pre-covid performance numbers by a huge margin, especially in the last

quarter of the year. This was mainly driven due to revenge tourism and travel. We believe that going forward, revenge tourism is slowly going to fizzle out, however, multiple other factors are showing an upward growth trend in the coming years, such as the government policies and budget towards the overall development of the country, the presence of the G20 summit in India, along with investment into multiple growth sectors in the Indian economy, all of which will directly or indirectly positively affect the hospitality industry.

Based on our team's combined experience and the recent projects being handled, along with the relationship with our clients and stakeholders, we've observed that investment into Forest resorts, Wellness resorts and hotels in religious destinations are picking up and are expected to continue in the coming years. Their growth potential is projected to be exponential, considering the rise in demand for unique experiences that customers are willing to pay a premium for, and also considering the uptick in demand for quality room offerings. Trends such as staycation, workation and tech-friendliness complements the emerging markets as a potential investment in the foreseeable future.



## Our People

Our team works with global network to ensure we are up to date on all market trends and best practice.

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