

UNLOCKING HIDDEN VALUE

EDITION 2





FOREWORD

Hospitality, at its core, is a reflection of how a nation moves.

When people travel more frequently, stay longer, and seek better experiences, it signals something deeper than tourism growth. It reflects rising incomes, expanding confidence, and structural economic momentum. Over the past decade, and especially in the years following the pandemic, India has entered precisely such a phase.

This second edition of *Unlocking Hidden Value of Investments in the Hospitality Sector* has been prepared against that backdrop of transformation. The data presented in this report does not merely show recovery; it demonstrates a durable shift in demand patterns. Domestic travel is expanding beyond metros. Pilgrimage corridors are operating at unprecedented scale. Infrastructure investments across rail, highways, ports, and regional aviation are redrawing India's hospitality map. A young demographic profile continues to fuel aspiration-led consumption.

At the same time, supply has not kept pace with this demand expansion. The imbalance between travel growth and quality hotel inventory remains one of the most compelling structural opportunities in India today. This gap is particularly visible across Tier II and Tier III cities, industrial corridors, emerging airport zones, and infrastructure-linked growth clusters.

At NOESIS Hotel Advisors, we have had the privilege of advising on projects across markets and segments. What we consistently observe is that hospitality success is rarely accidental. It is the result of disciplined feasibility, strategic positioning, calibrated brand alignment, and financial structuring that reflects market realities rather than sentiment. This report is intended to offer that structured perspective.

The comparisons drawn between India and China highlight more than economic divergence. They reveal two hospitality markets at different stages of maturity. India's demographic dividend, infrastructure push, and consumption momentum position it for sustained, multi-decade expansion. The opportunity ahead is not limited to luxury; it extends meaningfully into midscale, affordable, wellness-led, and corridor-driven formats.

Our intention with this edition is not simply to present statistics, but to provide clarity. To help developers, investors, lenders, and operators understand where value lies, how demand is evolving, and why timing matters.

India's hospitality sector stands at an inflection point. The foundations are being laid today for the next cycle of growth. Those who approach this opportunity with patience, prudence, and strategic insight will find that the sector rewards conviction anchored in analysis.

I hope this report serves as a useful guide as you evaluate the evolving landscape and chart your next step within it.



NANDIVARDHAN JAIN

Managing Director & CEO
NOESIS Hotel Advisors



Namaste!

In every nation's history, there comes a moment when aspiration matures into destiny. India stands unmistakably at such a moment.

Across continents, boardrooms, and capital markets, a clear narrative is gaining conviction. India is no longer an emerging possibility. It is an unfolding certainty. Under the leadership of Prime Minister Shri Narendra Modi, the nation has entered an era defined by structural transformation. Policy reform, infrastructure expansion, demographic momentum, and entrepreneurial energy are converging to shape one of the most compelling investment landscapes of the twenty-first century.

The vision of Viksit Bharat 2047, to build a developed India by the centenary of independence and to scale toward a USD 30-40 trillion economy, represents a measurable national ambition rooted in productivity, connectivity, and inclusive growth. This report is positioned within that context to highlight one of the most structurally under-recognised yet essential sectors powering this transformation: hospitality.

Hospitality reflects a nation's mobility and economic vitality. As people travel, commerce deepens and infrastructure follows. Through our dialogue with investors and institutional capital, one question recurs consistently: where should we invest in India today to capture enduring value tomorrow?

This report is our response.

As the second edition of *Unlocking Hidden Value*, it builds on a central insight: India faces a significant under-supply of organised hotel inventory relative to its scale, population of 1.46 billion, and accelerating travel momentum. That imbalance has intensified. Demand across leisure, pilgrimage, business, wellness, and experiential segments is expanding faster than branded supply growth. This divergence is structural, supported by rising incomes, urbanisation, expanding connectivity, and a young population entering peak consumption years.

Globally, tourism has nearly fully recovered. International arrivals have returned to approximately 1.52 billion and tourism receipts exceed USD 1.9 trillion. Yet supply growth in many mature markets remains constrained. Within this environment, India continues to be one of the most underpenetrated large hospitality markets in the world.

Domestically, organised hospitality demonstrates strong fundamentals. Occupancy levels near 68 percent, steady growth in average daily rates, and improving revenue per available room reflect resilient demand. With India's economy now exceeding USD 4.1 trillion and growing among the fastest of major economies, travel intensity continues to compound alongside GDP expansion.

What distinguishes India's opportunity is the diversity of its demand drivers. Pilgrimage tourism operates at unprecedented scale. Heritage and wellness tourism are evolving into high-value segments. Business travel is being reshaped by manufacturing corridors, logistics hubs, and Global Capability Centres extending beyond traditional metros.

Infrastructure remains the principal multiplier. Rail modernisation, expressway expansion, regional aviation under UDAN, port development through Sagarmala, and new airport infrastructure are redrawing India's travel map. Destinations once peripheral are emerging as key nodes of commerce and movement. Investment opportunity follows these connectivity corridors.

India's hospitality market remains at a formative stage relative to its economic and demographic scale. This represents runway, not saturation. With one of the youngest large populations globally, the country holds decades of mobility and consumption growth ahead.

For investors, opportunity spans midscale hotels in emerging cities, airport-adjacent developments, pilgrimage destinations, corridor-linked assets, and experiential formats integrating technology and sustainability.

Our objective is analytical and advisory. This report provides a structured framework for evaluating hospitality investment through the lens of structural economics rather than cyclical sentiment. It clarifies not only why demand is rising, but where capital can be deployed with long-term conviction.

India's transformation is visible across its infrastructure, enterprise, and increasingly mobile population. For investors aligned with durable growth, hospitality offers a rare convergence of demographic strength, economic expansion, and structural opportunity.

With respect and optimism,
Jai Hind!



VIJAY BHANDARI

COO

NOESIS Hotel Advisors

SPECIAL THANKS TO INDUSTRY LEADERS



Mr. Ajay K Bakaya
Chairman of Sarovar
Hotels Private Limited



Mr. Atul Jain
Director & COO of BWH
Hotels India



Mr. Harshvardhan Neotia
Chairman of Ambuja
Neotia Group



Mr. Nikhil Sharma
MD and COO South Asia
of Radisson Hotel Group



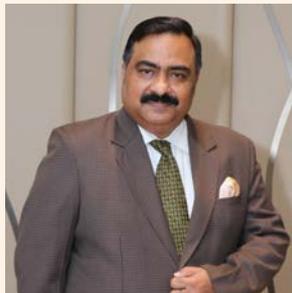
Mr. Puneet Chhatwal
MD and CEO of IHCL



Mr. Sunjae Sharma
MD India and Southwest Asia
of Hyatt Hotels Corporation



Ms. Sonica Malhotra
Joint MD of MBD Group



Mr. Souvagya Mohapatra
MD of Atmosphere Core India



Mr. Vikram Lalvani
MD and CEO of Sterling
Holiday Resorts Limited



Mr. Vishal Kamat
Director of Kamat Hotels

INDEX

1.	Executive Summary	01
2.	Introduction	05
3.	Global Hospitality Overview	09
4.	Navigating the Global Supply–Demand Imbalance in Hospitality	12
6.	Indian Hospitality Overview	15
	Diverse Tourism Segments Driving India’s Hospitality Sector Growth	19
	• Pilgrimage Tourism	20
	• Heritage Tourism	23
	• Wellness and Cultural Tourism	26
7.	Infrastructure-Led Connectivity: The Next Demand Catalyst	29
	• Rail Connectivity: Expanding the Core Travel Network	31
	• Highway Connectivity: Transforming Regional Mobility with Bharatmala	40
	• Maritime and Coastal Connectivity: Sagarmala’s Emerging Impact	56
	• Air Connectivity and Regional Airports: Expanding Reach Through UDAN and Major Airport Infrastructure	75
8.	India vs China: A Comparative Case Study in Demographics and Hospitality Dynamics	81
9.	The Purple Ocean Strategy: High-Potential, Low-Margin Hotels	102

10. Unlocking the Potential Investment Horizon ----- **115**

- The Phoenix Rising: Luxury Boutique Wellness Resorts ----- 117
- The Flying Elephant: Sustainable Smart Hotels ----- 123
- The Unicorn: Business Hotels Near Expanding Global Capability Centres ----- 130
- The Rising Dragon: Co-Living Hotels for Digital India ----- 137
- The Hippogriff Model: Business Hotels Near Manufacturing and Logistics Hubs ----- 147

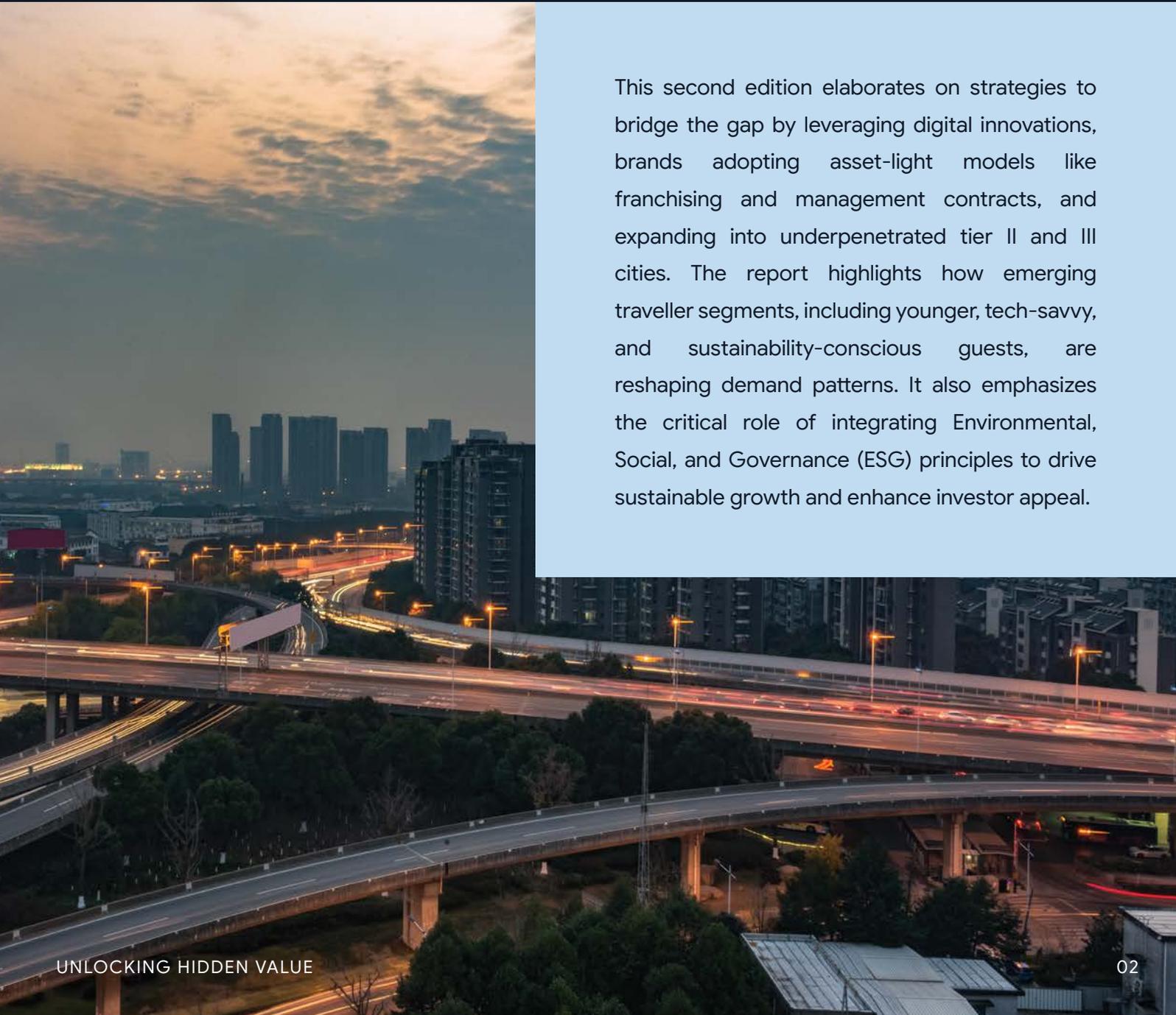
11. Insights from Industry Leaders ----- **161**

- Geographic Strategy and Location Selection ----- 162
- Sustainability and ESG Integration ----- 164
- Technology Integration and Revenue Management ----- 167
- Brand Positioning and Operational Excellence ----- 170
- Financial Structuring and Risk Management ----- 173
- Investment Advisory and Strategic Guidance ----- 176

EXECUTIVE SUMMARY



The report builds on the foundational insights from the first edition to address the significant demand-supply gap in India's hospitality market. Despite robust growth in demand driven by India's large population of 1.46 billion, rising domestic and international travel, and increasing disposable incomes, the supply of hotels remains limited, especially outside Tier 1 cities. This gap presents a compelling opportunity for investors seeking to enter one of the world's fastest-growing hospitality sectors.



This second edition elaborates on strategies to bridge the gap by leveraging digital innovations, brands adopting asset-light models like franchising and management contracts, and expanding into underpenetrated tier II and III cities. The report highlights how emerging traveller segments, including younger, tech-savvy, and sustainability-conscious guests, are reshaping demand patterns. It also emphasizes the critical role of integrating Environmental, Social, and Governance (ESG) principles to drive sustainable growth and enhance investor appeal.

Demand is expected to increase further, propelled by the expansion and improvement of India's connectivity infrastructure. Initiatives such as Bharatmala for highways, the UDAN regional air connectivity scheme, and ongoing modernization of India's extensive rail network are making travel faster and more convenient across the country. These connectivity enhancements have opened new travel corridors and improved access to tier II and III cities, pilgrimage destinations, and leisure hotspots, driving higher tourism volumes and thereby increasing demand for hotel accommodations. This infrastructure-led boost to mobility presents a significant opportunity to bridge the current supply-demand gap, especially in emerging markets.

Alongside analysing market dynamics, the report provides our own focused insights into promising investment opportunities across India's hospitality landscape. It identifies why the sector remains underpenetrated despite growing demand and highlights attractive segments such as affordable hospitality, midscale, budget hotels, luxury boutique wellness resorts, and co-living hotels. The analysis also stresses the pivotal roles of infrastructure improvements and digital transformation as key value drivers for investors willing to take a strategic and patient approach.



We conclude with the report drawing on insights from leading industry executives who provide advice and strategies for new investors entering the market. These leaders share their expertise on overcoming operational challenges, maintaining brand integrity during rapid expansion, and capitalizing on India's evolving hospitality landscape. Their guidance underscores the importance of innovation, strategic location selection, sustainable practices, and customer-centric approaches to unlock latent value in the sector.

NOTE (Assumed for modelling purposes): An exchange rate of USD 1 = INR 91.95 has been used throughout the report



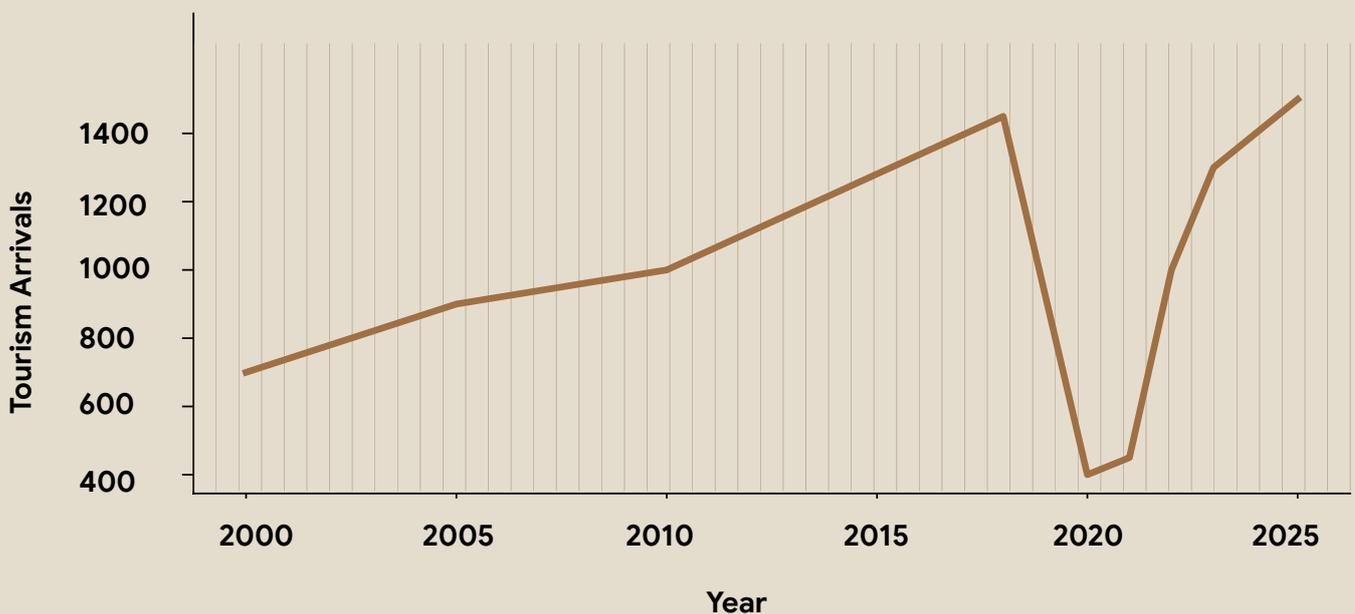
INTRODUCTION



Imagine stepping into a world where travel is not just an occasional escape but a thriving, ever-evolving part of modern life. At no point in history have so many people, from so many walks of life, been so eager to explore the world beyond their borders. In 2025, this deep-seated desire to explore new horizons has grown into a global movement, gaining unprecedented strength in the wake of the COVID-19 pandemic, which left billions yearning for connection, freedom, and discovery. Now, those ambitions are being realized on a scale few could have predicted even a decade ago.

The post-pandemic era has marked an extraordinary resurgence in travel. In the first half of 2025 alone, international tourist arrivals increased by 5% compared to the previous year, reaching levels 4% higher than in 2019 before the pandemic halted movement worldwide. Almost 690 million tourists travelled internationally between January and June 2025, about 33 million more than in the same period of 2024. This remarkable recovery underscores the growing global potential for travel and signals the return of pent-up demand that was constrained during the COVID-19 pandemic.

Global Tourism Arrivals (Millions)



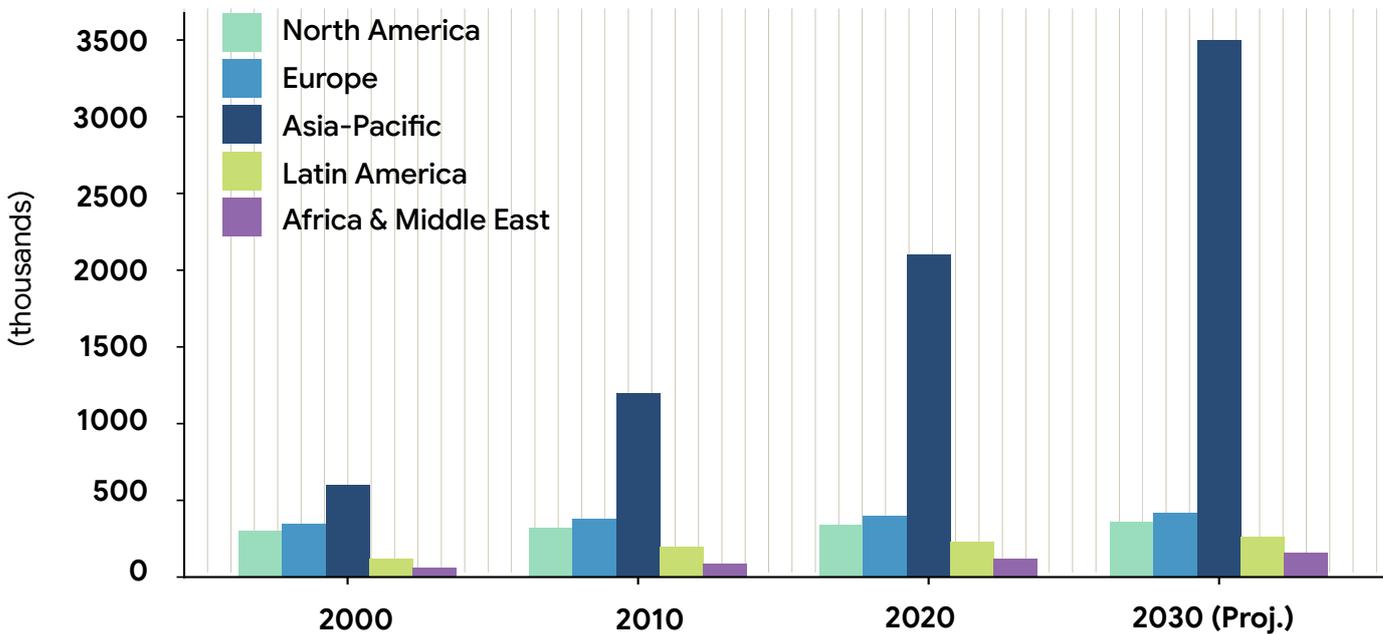
The hospitality sector has undergone significant transformations in recent years, driven by evolving consumer behaviours and rising demand fuelled by increased disposable incomes, an expanding middle class, and shifting traveller preferences. This growth has ushered in a new era where travel is no longer a simple escape but an integrated lifestyle element, spurring the sector to innovate and adapt continually to meet diverse and sophisticated customer expectations.



One of the primary drivers of this demand surge is the growing disposable income of a broader segment of the global population. As economic prosperity rises, particularly in emerging markets, more people have the financial freedom to travel frequently and opt for premium experiences. Alongside this, the demographic shift towards a larger middle class, especially in Asia-Pacific and Latin America, has expanded the customer base for hospitality businesses. The Asia-Pacific region is experiencing the largest middle-class expansion in history, with projections estimating that by 2030 it will be home to approximately 3.5 billion of the world's middle-class consumers. Countries within ASEAN, such as Singapore, Thailand, Vietnam, Malaysia, Indonesia, and the

Philippines, are at various stages of this transition, with some already having a majority middle-class population. Similarly, Latin America, while not growing as rapidly, continues to have one of the largest middle-class populations among emerging markets. This expanding middle class is increasingly connected, entrepreneurial, and digitally enabled, fuelling higher discretionary spending on education, health, recreation, and especially travel and hospitality. The rise of this demographic is reshaping global consumption patterns and creating significant opportunities for the hospitality sector to offer more personalized and immersive experiences that cater to the evolving tastes and wellness preferences of a diverse and growing customer base.

Rising Middle Class Global Population



Technology has become a cornerstone of this sectoral evolution. The integration of artificial intelligence, data analytics, and automation enables hospitality businesses to deliver hyper-personalized guest experiences, streamline operations, and enhance safety through contactless services. The rise of AI-powered dynamic pricing, smart check-ins, and personalized marketing tools allows hotels and resorts to respond agilely to consumer demands while improving operational efficiency. AI's ability to analyse vast guest data enables hotels to tailor services uniquely to individual preferences, which is especially appealing to Gen Z travellers who prioritize personalized, convenient, and seamless experiences.

On top of that, better food and beverage options, such as ghost kitchens and delivery services, along with hotels located in central or unique experiential spots, are making travel easier and more appealing. These innovations are not just adding convenience; they are reshaping how and why people choose to travel today.

GLOBAL HOSPITALITY OVERVIEW





Global tourism has demonstrated a remarkable recovery, with international arrivals reaching approximately 1.52 billion in 2025, which is nearly 102% of pre-pandemic levels and a 4% increase over 2024. This rapid rebound emphasizes tourism's vital role in driving economic growth, generating employment, and fostering cultural exchange worldwide, especially in emerging markets. Global international tourism receipts exceeded USD 1.9 trillion in 2025, reflecting a robust expansion and signalling strong demand across regions. India has notably strengthened its position in the global tourism landscape, contributing approximately 1.5% of total international arrivals and approximately 2.3% of worldwide tourism receipts, ranking 39th in the World Economic Forum's Travel and Tourism Development Index 2024 and excelling in price competitiveness and infrastructure quality. Leading source countries for international tourist arrivals include France, Spain, the United States, Italy, Turkey, Mexico, the United Kingdom, Germany, Greece, and Austria. With international arrivals expected to rise steadily by approximately 4% in 2026, the tourism sector's outlook remains positive, driven by continued recovery in Asia and the Pacific, alongside solid growth in other regions. This resurgence offers significant opportunities for hospitality growth, innovation, and sustainability advancement globally.



As of 2025, France welcomed around 102 million international tourists, Spain approximately 96.8 million and the U.S. about 68 million, maintaining their positions as top global destinations. Countries such as China, the United States, and Germany lead outbound travel expenditure, signalling robust international travel demand across different regions. The Asia-Pacific region, alongside Eastern Europe, the Middle East, and the Americas, continues its steady recovery with growth in tourist arrivals and spending.

Tourism receipts have surged globally, demonstrating the sector's strong economic impact and its contribution to employment and cultural exchange. These positive trends are expected to continue with an estimated 3-5% annual growth in international arrivals through 2025, boosted by rising middle classes and improved connectivity in emerging markets.

NAVIGATING THE GLOBAL SUPPLY-DEMAND IMBALANCE IN HOSPITALITY





Despite the strong global demand and positive trends in tourism recovery, the hospitality sector is grappling with a significant imbalance between soaring demand and limited hotel supply. This supply shortage is particularly acute in key tourist destinations and major urban centres, leading to rising occupancy rates and escalating average room rates. In markets like Europe, cities such as Paris, London, and Rome are struggling with constrained hotel inventory, which has pushed prices up sharply. The United States also faces supply challenges in cities like New York and San Francisco, where high construction costs, zoning restrictions, and labour shortages have slowed new hotel developments.

Asia-Pacific's rapid tourism growth is outpacing hotel infrastructure expansion, with cities like Tokyo and Singapore experiencing similar bottlenecks. Globally, hotel supply growth is forecasted at just around 0.7% annually for the coming years, significantly below pre-pandemic levels, while demand continues to climb. This mismatch intensifies competition for rooms, impacting both pricing and guest experience.



Between FY 2015/16 and FY 2024/25, branded hotel demand in India expanded at a CAGR of 7.9%, outpacing supply growth of 6.6%. This 130+ basis point differential over a near-decade period reflects structurally strengthening market fundamentals rather than short-term cyclical movement.

Sustained demand growth has been driven by rising domestic travel intensity, formalization of corporate travel, infrastructure-led connectivity improvements, and increasing consumer preference for branded accommodation. The consistent demand–supply gap has enabled stronger occupancy compression and pricing power across markets, translating into durable RevPAR expansion.

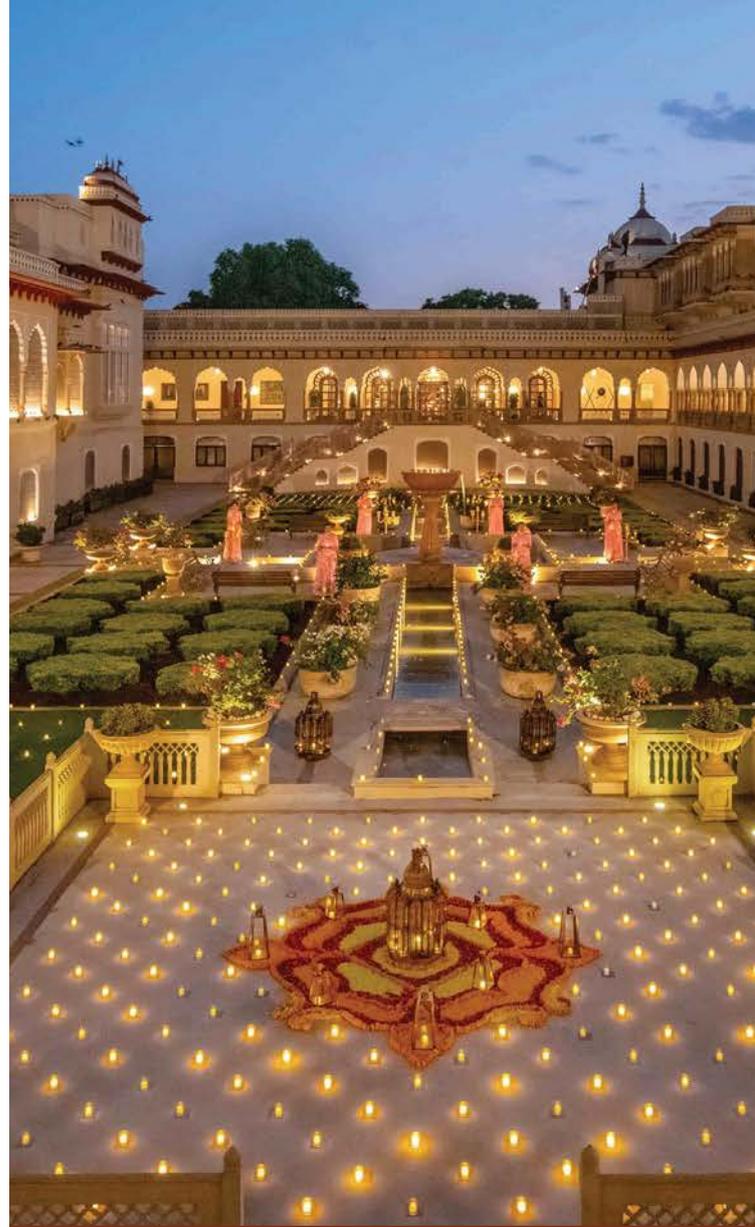
From an investment perspective, this trajectory signals improving operating leverage within the branded segment, enhanced cash flow visibility, and strengthening asset valuations. With branded penetration continuing to deepen across primary and secondary cities, the sector demonstrates scalable growth characteristics supported by long-term demand drivers and disciplined supply expansion.

INDIAN HOSPITALITY OVERVIEW



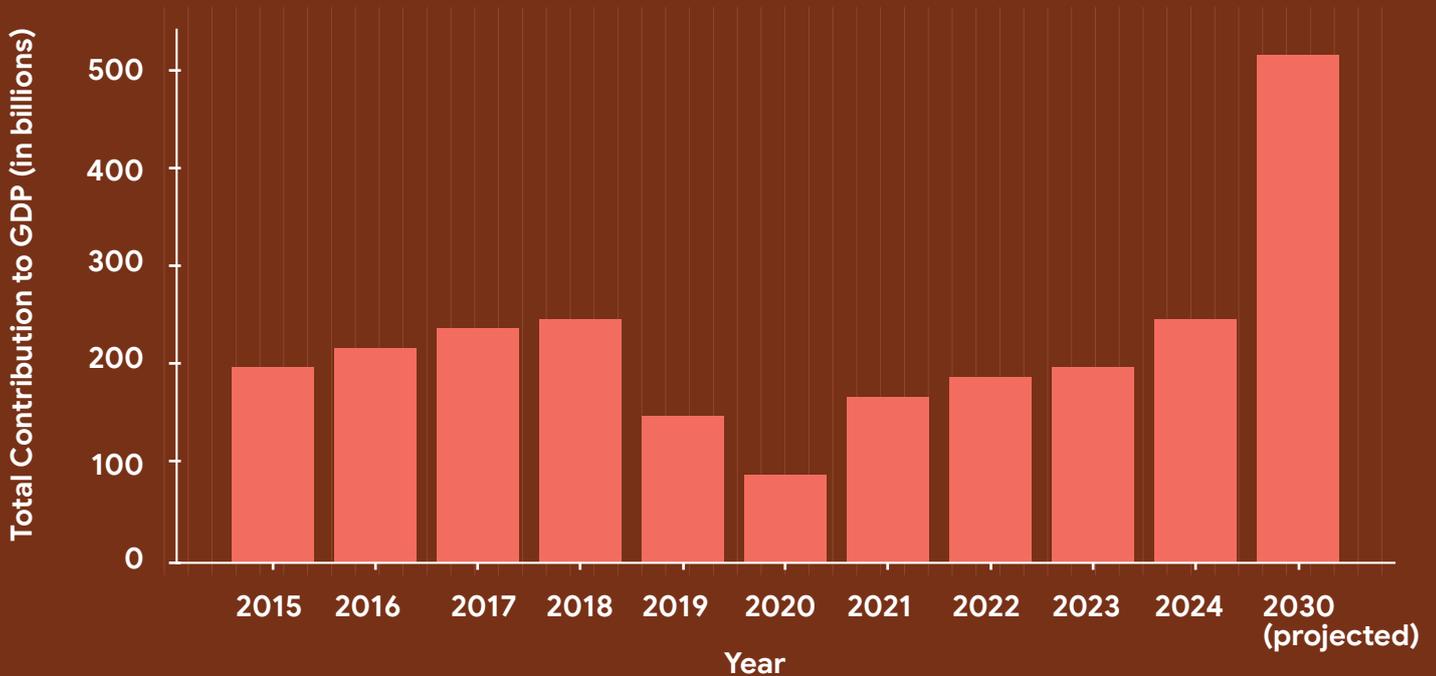
In the evolving landscape of India's economy, the hospitality sector emerges as a critical pillar with untapped potential. The sector is not only a benchmark of economic vitality but also a significant driver of employment and regional development. India's organised brand hospitality sector is estimated at around USD 24.23 billion in 2025 and is projected to reach USD 45.39 billion by 2030, growing at a compound annual growth rate of approximately 13.4 percent.

This growth is propelled by rising disposable incomes, expanding middle-class leisure spending, and increased domestic and international travel. India's branded hotels achieved 68% occupancy with an Average Daily Rate of \$92.4 (₹8,500) and RevPAR of \$62.5 (₹5,750) in FY 2024-25, reflecting robust post-pandemic recovery across 196,464 rooms in 2,008 hotels spanning 337 cities driven by a mix of leisure, corporate, and spiritual tourism. Beyond metropolitan cities, emerging Tier-2 and Tier-3 cities are witnessing significant expansion, supported immensely by government initiatives and infrastructure development. Given these dynamics, the Indian hospitality sector offers a unique and timely investment opportunity. Favourable demographics, strong demand, and supportive policies create an ideal environment. With supply unable to fully meet growing demand, investors entering now can benefit from the sector's sustained growth and evolving market needs. This is the moment to capitalize on India's expanding hospitality landscape.

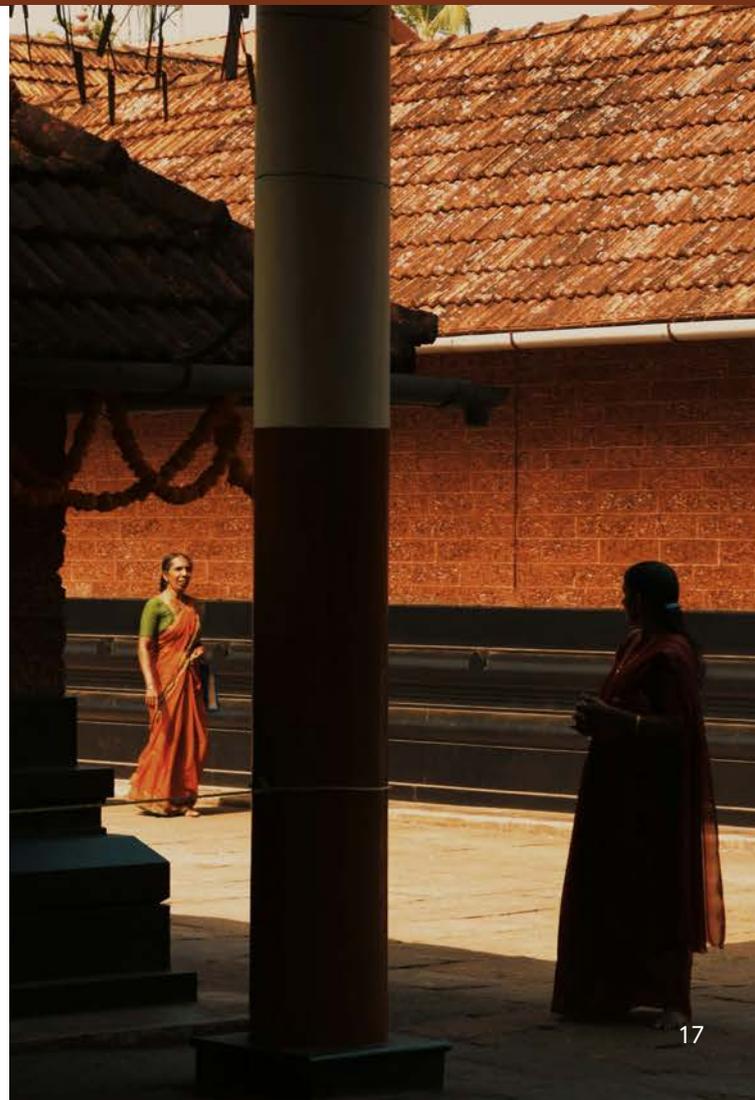


India's hospitality and travel tourism sector has emerged as a vital economic engine, contributing significantly to India's GDP and employment. From 2010 onwards, the sector's contribution to GDP has grown steadily in nominal terms, with a rebound following the Covid-19 pandemic slowdown, and is projected to almost double by 2030, reaching an estimated USD 45.39 billion. This growth is not just in the metro cities but is also powered by emerging Tier-2 and Tier-3 cities, fueled by increased domestic and international travel demand.

Total contribution of India's tourism and hospitality sector to GDP



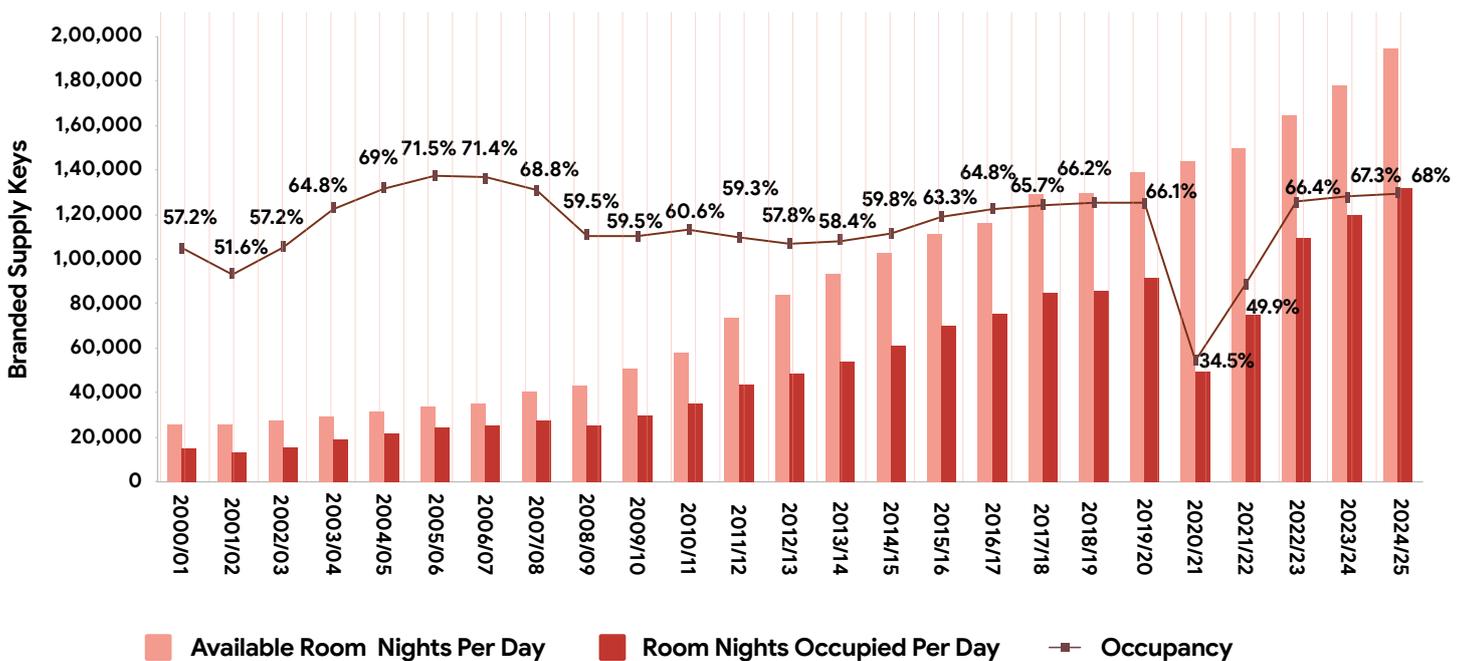
The second graph illustrates the total contribution of India's tourism and hospitality sector to GDP, rising steadily from around USD 170 billion in 2013 to nearly USD 250 billion in 2018. The sector experienced a dip due to the pandemic in 2020 but bounced back strongly by 2023 to over USD 230 billion, illustrating not only the hospitality industry's resilience but also its critical role in economic recovery. This trajectory aligns with government initiatives like Swadesh Darshan 2.0 and PRASHAD, which have significantly enhanced infrastructure and diversified tourism offerings, fuelling steady GDP contributions.



Major markets have been demonstrating strong performance: Mumbai leads with 79% occupancy and ADR of ₹11,219, followed by New Delhi at 78.7% occupancy with ADR of ₹10,273, and Hyderabad at 75.1% occupancy. Udaipur commands the highest ADR at ₹15,093 due to its luxury hotel concentration. These performance benchmarks reflect the sector's robust post-pandemic recovery and positive momentum heading into future years.



Room Night Demand vs Available Room Nights (2000/01 - 2024/25)



Source: Trends and Opportunities 2025 Hotelivate

Looking forward, the industry is expected to see continued upward movement in room occupancies through 2025. This is supported by ongoing recoveries in business, leisure, and MICE travel, as well as steady growth from Tier-2 and Tier-3 cities. The branded supply pipeline projects nearly 38% growth in operational rooms by 2029, pointing to ongoing investment and the expansion of established and new hotel brands.

DRIVING DIVERSE TOURISM SEGMENTS

A key driver behind the robust performance of India's hospitality sector is the remarkable diversity of tourism segments thriving across the country. This diversification has helped the sector navigate challenges such as the pandemic and emerge stronger, contributing significantly to the nation's GDP and employment landscape.



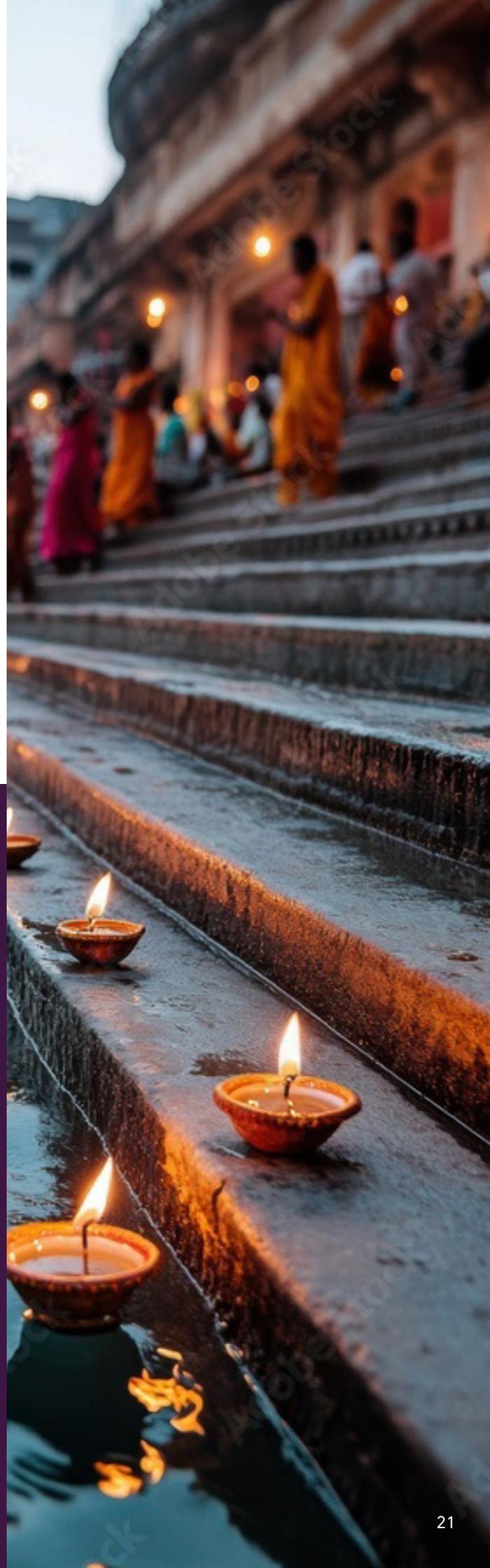


Pilgrimage Tourism:

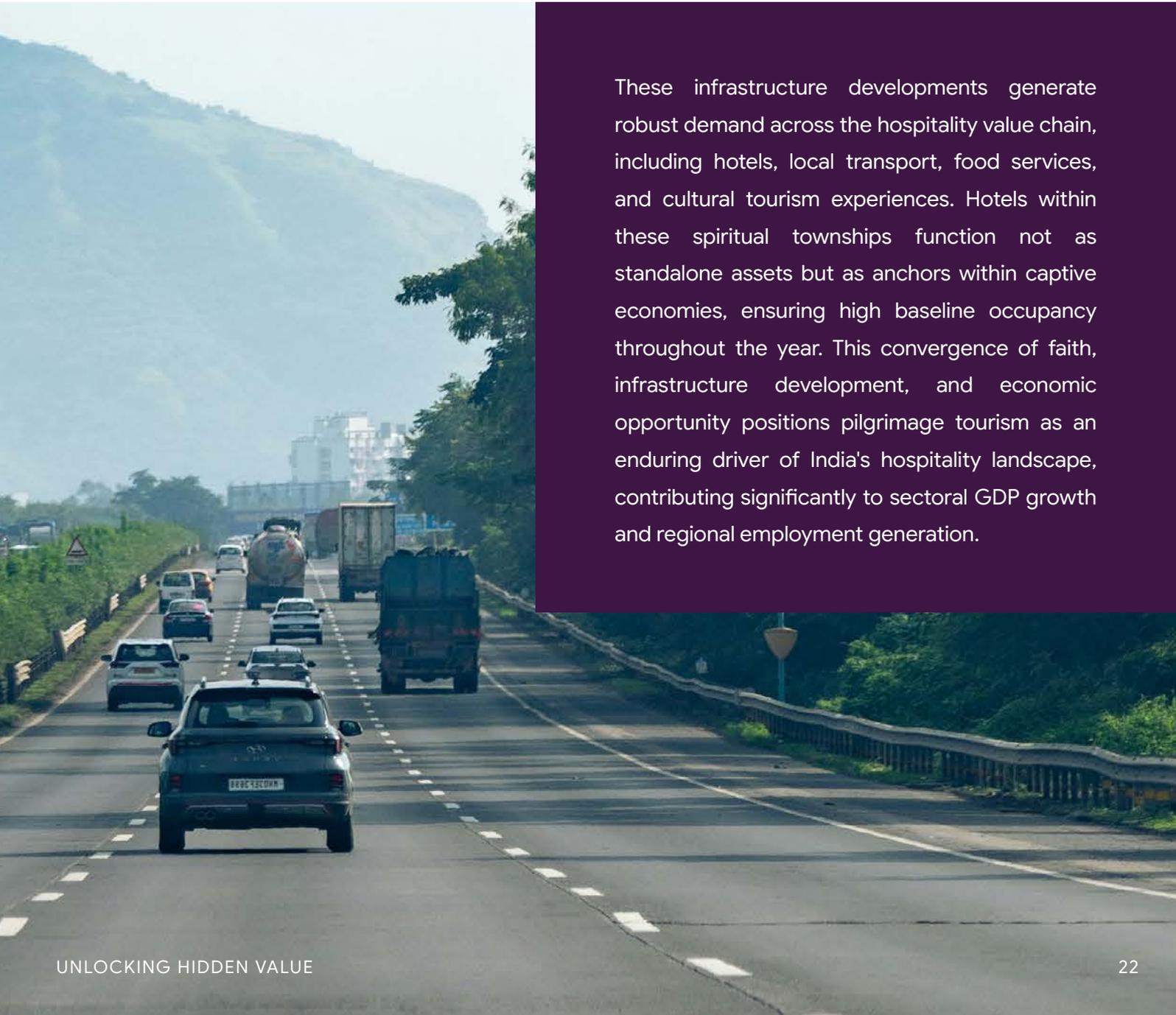
Pilgrimage tourism has established itself as a cornerstone of India's hospitality sector, demonstrating extraordinary resilience and commanding nearly 60% of all domestic tourism activity. Domestic tourist visits surged from 677 million in 2021 to 2.510 billion in 2023 and projected to surge towards 3 billion by 2025, while international arrivals reached 9.66 million in 2024. This sector transcends traditional tourism patterns, creating self-sustaining economic ecosystems around major spiritual destinations.

India's premier pilgrimage sites continue to draw unprecedented visitor volumes. Tirupati recorded over 25.5 million pilgrims in 2024, predominantly from southern metropolitan centers including Hyderabad, Bangalore, Vijayawada, and Chennai. Ayodhya witnessed explosive growth, with visitor numbers surging from 6 million in 2020 to an estimated 164 million recently, catalyzed by the Ram Mandir development and supporting infrastructure. The Golden Temple in Amritsar attracts between 27 and 33 million visitors annually, while Vaishno Devi's daily footfall has more than doubled from pre-pandemic levels of 10,000 to 15,000 pilgrims to current figures of 32,000 to 40,000, totaling approximately 9.5 million annually. Varanasi continues to draw millions seeking spiritual fulfillment along the sacred Ganges.

The sector benefits from substantial government investment through initiatives such as Swadesh Darshan 2.0 and PRASHAD, which have transformed pilgrimage centers into sophisticated tourism economies. Ayodhya exemplifies this evolution through the Navya Ayodhya initiative, a 1,500-acre Vedic eco-city with new airports and state guesthouses, projected to generate a tourism economy of \$2 billion (₹18,395 crore) by 2028. The Mathura-Vrindavan corridor undergoes a \$3.3 billion (₹30,352 crore) modernization, with projections indicating pilgrim visits will rise to approximately 110 million within the next decade. Land values in the region have tripled between 2020 and 2025, with luxury properties recording 95% occupancy during festivals and peak footfall reaching 500,000 per day.



The Himalayan circuit receives transformation through the ₹120 billion Char Dham all-weather highway, part of a broader ₹240 to ₹300 billion infrastructure investment connecting Badrinath, Kedarnath, Gangotri, and Yamunotri. The 889 kilometer network, combined with planned ropeways capable of transporting 5 million pilgrims annually, will fivefold annual visitor numbers, creating sustained demand for accommodation ranging from mid-scale lodges to premium eco-resorts along transit routes.



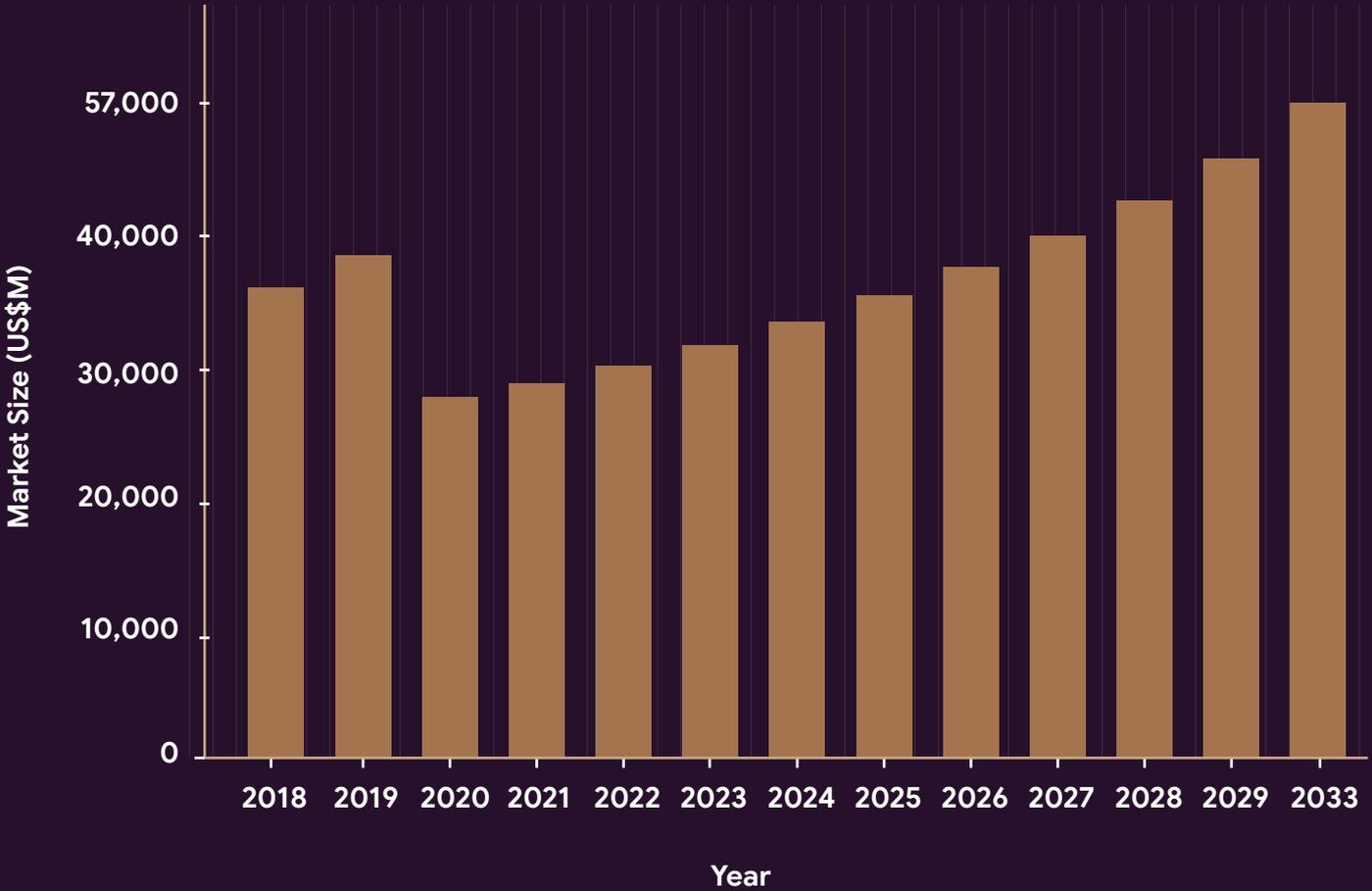
These infrastructure developments generate robust demand across the hospitality value chain, including hotels, local transport, food services, and cultural tourism experiences. Hotels within these spiritual townships function not as standalone assets but as anchors within captive economies, ensuring high baseline occupancy throughout the year. This convergence of faith, infrastructure development, and economic opportunity positions pilgrimage tourism as an enduring driver of India's hospitality landscape, contributing significantly to sectoral GDP growth and regional employment generation.



Heritage Tourism:

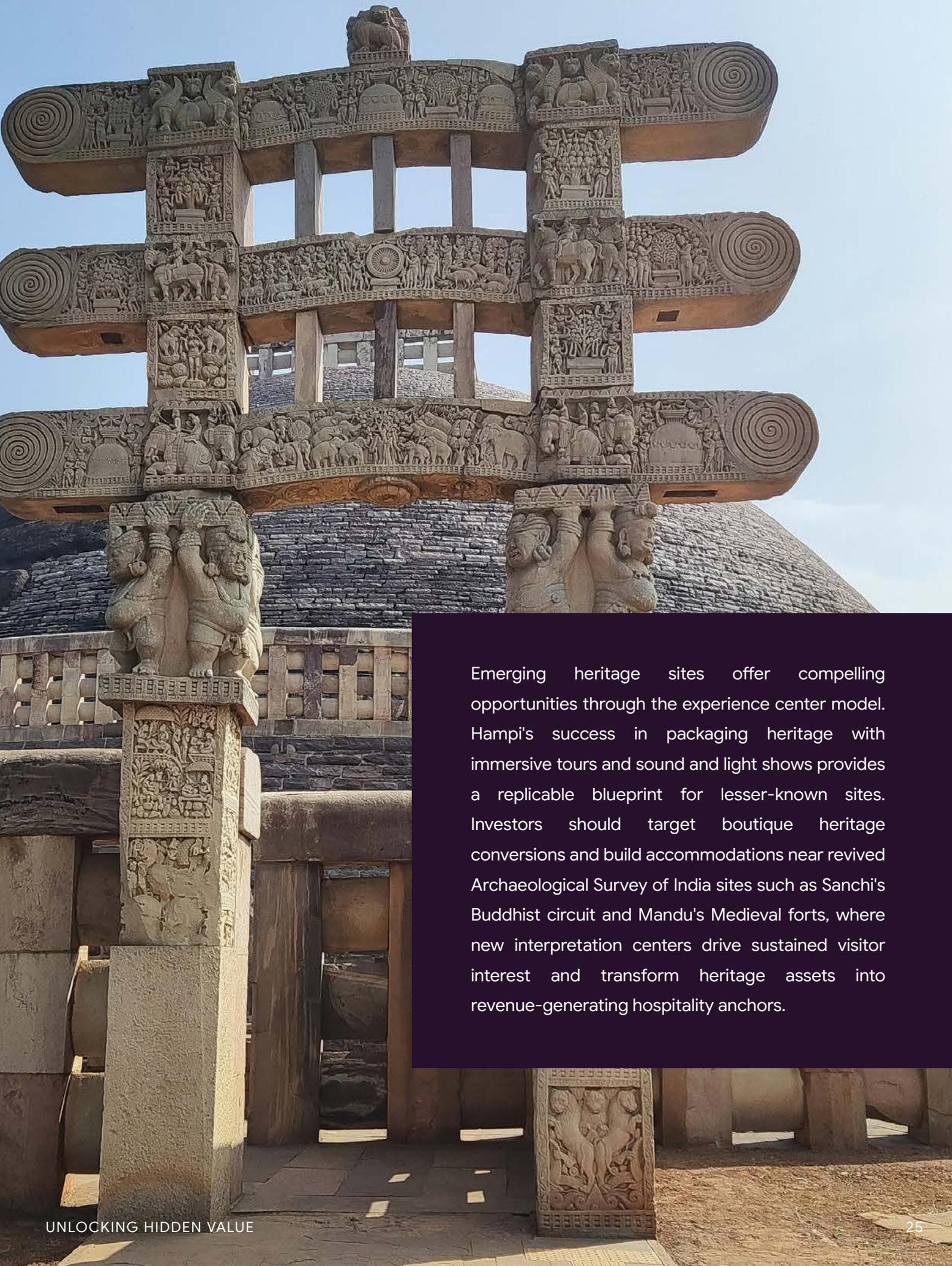
India's heritage tourism sector presents a high-value opportunity within the hospitality landscape. With 44 UNESCO World Heritage sites and over 3,600 Archaeological Survey of India protected monuments, the sector currently contributes 2.5% of tourism GDP and is projected to reach \$57 billion (₹5.25 lakh crore) by 2033. Public-private partnership models are converting historic forts, palaces, and havelis into operational hotels and cultural centers, creating broader tourism ecosystems that increase guest spending and length of stay. A current PPP initiative in Uttar Pradesh is reviving 44 acres of historic property and generating approximately 21,000 jobs.

India heritage tourism market, 2018-2030



Iconic heritage hotels such as Udaipur's Taj Lake Palace, Jaipur's Rambagh Palace, and Jodhpur's Umaid Bhawan Palace command premium rates and consistently achieve high occupancy levels. With hundreds of historic royal properties still privately or trust owned, substantial scope exists for new heritage hotel developments that attract global tourists seeking authentic cultural experiences.





Emerging heritage sites offer compelling opportunities through the experience center model. Hampi's success in packaging heritage with immersive tours and sound and light shows provides a replicable blueprint for lesser-known sites. Investors should target boutique heritage conversions and build accommodations near revived Archaeological Survey of India sites such as Sanchi's Buddhist circuit and Mandu's Medieval forts, where new interpretation centers drive sustained visitor interest and transform heritage assets into revenue-generating hospitality anchors.



Wellness and Cultural Tourism:

India's wellness tourism sector presents exceptional investment potential, with the domestic market forecast to grow from \$30.95 billion (₹2.85 lakh crore) in 2026 to approximately \$30.95 billion by 2030, registering a CAGR of 7.18%. The sector's competitive advantage lies in integrated packages that combine hospital care, spa therapies, yoga, and Ayurveda retreats, attracting high-spending international visitors seeking extended wellness experiences.

The AYUSH Visa, introduced in July 2023, streamlines entry for foreign travelers seeking traditional medicine, yoga, and Ayurveda treatments. This supports the Heal in India initiative and enables hotels to target premium global demographics. Wellness guests typically book seven to 21 day programs for detoxification and rejuvenation cycles, unlike transient leisure guests who average one to two night stays. These extended stays generate superior RevPAR and lower operational volatility through integrated packages bundling room, treatment, and nutrition services.

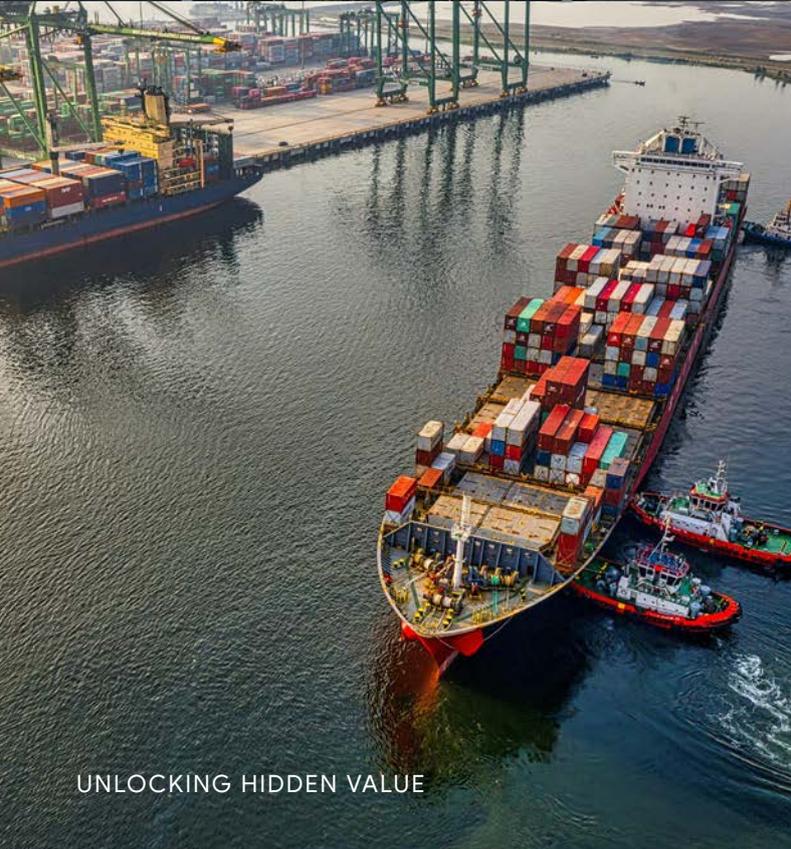
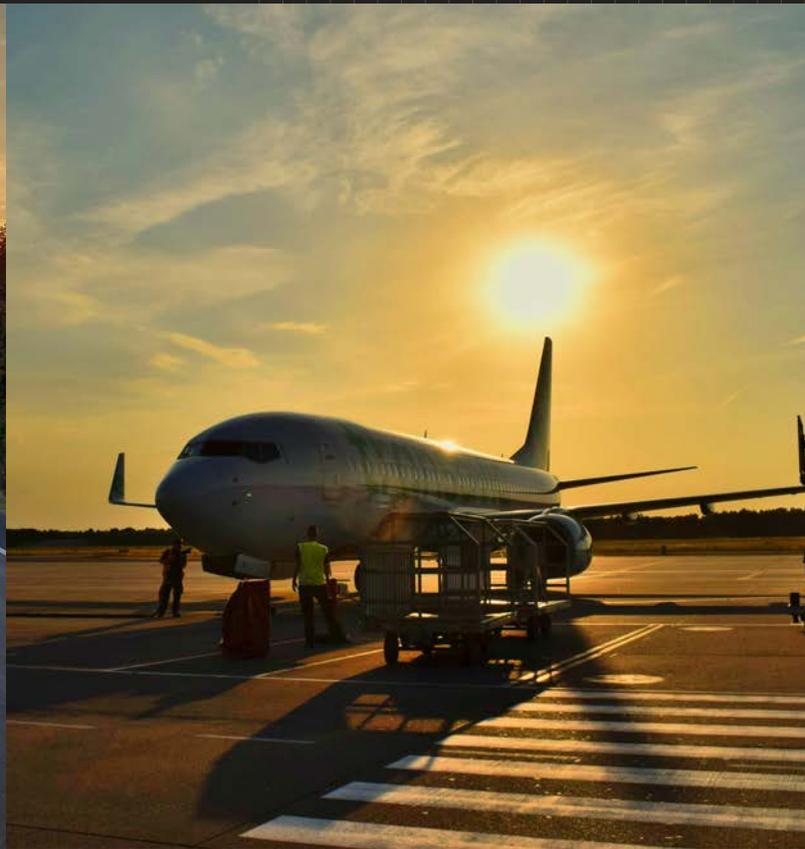


Kerala's Ayurvedic resorts offer Panchakarma treatments combined with backwater tours and nature treks in tropical settings. The Himalayas provides similar opportunities, with properties like Ananda in Rishikesh pairing Ayurveda with mountain views and Himalayan spring water. These resorts attract week-plus guests with high per-diem spending, generating attractive occupancy rates and revenue stability.



Wellness corridors in Kerala, Goa, and Uttarakhand present significant market gaps, particularly for resorts that combine natural settings with accredited Ayurvedic care. AYUSH Visa compliant integrated wellness resorts featuring spa, hospitality, and nutrition centers represent untapped opportunities in the market. Partnerships with certified Ayurveda physicians enable authentic programming that commands premium pricing. These wellness properties capitalize on India's ancient healing traditions while meeting growing global demand for holistic health experiences, functioning as high-margin, long-stay hospitality assets with occupancy patterns that outpace traditional leisure properties.

INFRASTRUCTURE-LED CONNECTIVITY: THE NEXT DEMAND CATALYST



Demand for budget and economy hotel accommodation in India is projected to expand significantly as infrastructure and connectivity advance. This growth is driven by younger, aspirational travellers, rising domestic business travel, and an expanding mobile workforce seeking opportunities across regions.

Latent demand within Tier-2, Tier-3, and emerging urban centres is particularly pronounced, with over 40% of hotel-related online search queries in 2025 originating from these regions. As budget hotel supply expands and multi-modal connectivity deepens through government infrastructure initiatives, demand growth will accelerate proportionately.

Pilgrimage and religious tourism constitute a fundamental pillar of demand for affordable hospitality. India's spiritual landscape attracts millions of visitors annually to sacred destinations including Varanasi, Tirupati, Puri, Amritsar, Shirdi, and Ayodhya. Hotel occupancies at prominent pilgrimage sites frequently exceed 85% during major religious events, contributing a resilient and counter-cyclical demand stream to the budget hospitality segment.



A critical enabler of this demand is the transformative expansion of India's transportation infrastructure consisting of railways, national highways, coastal ports, and regional airports are rapidly enhancing connectivity across the nation.



Rail Connectivity:

Expanding the Core Travel Network

Indian Railways has evolved well beyond its traditional role as a transport utility. It is now a national platform for mobility, urbanisation, and commercial development, fundamentally reshaping travel behaviour, demand concentration, and the performance of hospitality assets. Where mobility converges, hospitality demand follows and railways today represent India's most powerful mobility convergence network.

The outlook for Indian Railways is not only strong but structurally transformative. The network spans over 68,500 route kilometres and supports approximately 7.35 billion passenger journeys annually, making it the second-largest passenger rail system globally, after Japan. This scale underpins its resilience and positions rail as the backbone of India's domestic mobility ecosystem. As of March 2025, Indian Railways operates 7,461 stations nationwide. Under the Amrit Bharat Station Scheme, more than 1,300 stations have been identified for phased redevelopment, with over 100 stations already modernised and inaugurated. These upgrades are repositioning stations as integrated urban and commercial nodes rather than standalone transit points.



Rolling stock modernisation further reinforces this shift. Vande Bharat services, introduced in 2019 with a single trainset, have expanded to 164 operational services within six years, materially compressing travel times across key intercity corridors. In parallel, 30 Amrit Bharat Express services are currently operational, with 13 new routes added in 2025 alone, strengthening mid-distance and regional connectivity.

However, the significance lies not merely in scale, but in the quality and breadth of transformation.



Investment momentum is visible across multiple rail platforms:

- **Semi-high-speed intercity corridors**
- **Suburban rail and Regional Rapid Transit Systems (RRTS)**
- **Large-scale station redevelopment and monetisation**
- **Dedicated Freight Corridors (DFCs)**

Collectively, these initiatives are expanding rail's influence beyond long-distance travel into daily commuting, regional business mobility, and logistics-led urban growth each a critical driver of sustained hotel demand.

From an economic standpoint, freight accounts for nearly 68% of Indian Railways' total revenue, providing long-term financial stability. Strategically, rail continues to remain a national infrastructure priority, supported by consistent public investment and policy alignment. For hospitality, this creates a durable, infrastructure-backed demand engine, particularly around high-traffic, well-connected stations.



The MASHR corridor will robustly transform commerce between Gujarat and the MMR region. Surat exemplifies this dynamic where business professionals in diamond trading and textile manufacturing now visit more frequently to inspect diamonds, negotiate orders, and maintain supplier relationships. These middle to upper income wholesale buyers, quality control specialists, and corporate executives operate on corporate expense budgets that generate consistent accommodation demand aligned with reimbursement standards.

Ahmedabad draws textile merchants, pharmaceutical representatives, and engineering consultants. Mid career professionals and senior executives maintain regular travel schedules tied to projects in Dholera Special Investment Region and surrounding industrial zones. Their stable demand reflects corporate travel policies and the city's commercial prominence generates sustained flows of income from stable business travellers.



Industrial centres including Vadodara, Vapi, Meerut, and Ghaziabad gain strategic advantages from their positioning along major railway corridors. Vadodara and Vapi sit on the Mumbai–Ahmedabad High Speed Rail alignment, directly benefiting from bullet train connectivity that compresses travel times to major commercial hubs and strengthens access to Delhi–Mumbai Industrial Corridor zones. Meerut and Ghaziabad integrate into the Delhi–Ghaziabad–Meerut Namo Bharat rapid transit system, transforming previously lengthy commutes into efficient connections with the National Capital Region. These enhanced rail links to petrochemical, chemical processing, manufacturing, pharmaceutical, auto component, and textile clusters attract middle income technical specialists and business visitors whose regular travel for plant operations and supplier management generates steady accommodation demand aligned with corporate per diem structures.

Pilgrimage destinations including Varanasi and Mathura gain accessibility through dedicated Vande Bharat services and Amrit Bharat station modernisation initiatives. Varanasi connects via Vande Bharat routes including Banaras–Khajuraho, significantly reducing travel times to spiritual centres and improving journey comfort for religious visitors. Mathura benefits from station upgrades under the Amrit Bharat scheme that enhance passenger handling capacity and improve overall arrival experiences for pilgrims. These railway improvements attract high volumes of religious tourism from lower middle to middle income family groups whose movement around religious festivals and temple visits generates substantial aggregate accommodation demand despite individual price sensitivity.



Agra combines heritage tourists with industrial visitors. Tourists span middle to upper middle income brackets supporting moderate accommodation expenditure. Industrial visitors from auto ancillary and handicraft sectors prioritise convenience for short stays. This mix generates diversified demand serving different income levels.

Lucknow attracts government officials and administrative staff whose travel follows official duties and inter departmental coordination. These stable middle income professionals use government allowances with standardised per diem rates. Movement follows administrative calendars, generating steady demand within prescribed rate limits.

Bengaluru draws technology professionals, corporate consultants, and industrial specialists from upper middle to high income brackets. IT professionals, business analysts, and technical experts travel for client engagements and project implementations. Technology sector compensation and corporate travel policies promote higher spending capacity. Weekday movement tied to ongoing projects drives premium demand.

Mysuru attracts middle to upper middle income leisure tourists seeking cultural experiences. Families, young professionals, and retired individuals demonstrate moderate spending flexibility for quality accommodation. Weekend and holiday concentrations generate predictable occupancy cycles from discretionary vacation budgets.

Howrah serves transit passengers and tourists accessing eastern India. The demographic spans middle income domestic tourists and business travellers visiting industrial areas including Durgapur. Transit passengers require overnight accommodation between connections while tourism visitors undertake extended journeys to hill stations. Diverse movement patterns generate year round demand.

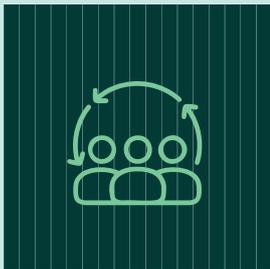
New Jalpaiguri functions as a gateway for tourists accessing Darjeeling and Sikkim. Middle to upper middle income domestic tourists demonstrate reasonable spending flexibility for quality transit accommodation. Seasonal peaks during summer and winter holidays increase occupancy as travellers begin or conclude hill station visits.



Railway connectivity has fundamentally transformed India's hospitality landscape by enabling unprecedented mobility across leisure, corporate, and tourism segments. Faster intercity travel encourages more frequent business trips as professionals can efficiently manage multiple site visits within compressed timeframes. Weekend leisure travel expands as families access cultural and recreational destinations previously considered too distant for short breaks. Religious tourism intensifies as pilgrims undertake journeys with greater comfort and reliability. Corporate relocations increase as improved commuter networks make previously remote industrial zones accessible for daily or weekly travel. This structural shift has created a robust hospitality market where passenger movement translates directly into accommodation demand, with industrial locations generating consistent

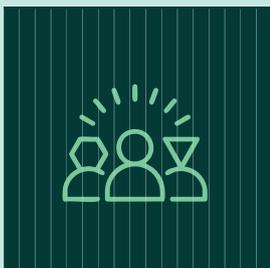
corporate flows, commercial centres attracting higher income business travellers, pilgrimage destinations serving high volume religious tourism, and tourism locations drawing discretionary leisure spending. The infrastructure now exists to support this demand. The locations identified above represent strategic positions where enhanced railway connectivity intersects with established economic activity and visitor traffic. Building hotels in **Surat, Ahmedabad, Vadodara, Vapi, Meerut, Ghaziabad, Varanasi, Mathura, Agra, Lucknow, Bengaluru, Mysuru, Howrah, and New Jalpaiguri** capitalises on this infrastructure driven demand generation, positioning assets to capture passenger flows that railway modernisation has permanently amplified.

Station-led hotel opportunities are typically assessed through a multi-factor lens that links rail infrastructure strength with sustainable hotel demand. The three core evaluation parameters are elaborated below:



Passenger volume and connectivity:

High footfall stations with strong originating, terminating, and transfer traffic provide a consistent base of transient demand.



Demand diversity:

The most resilient station-led hotel markets are supported by multiple, overlapping demand segments rather than a single use case. This typically includes a mix of business travel, leisure, and pilgrimage tourism, transit stays, events or education-linked travel.



Branded hotel supply gap:

Stations located in markets with limited quality, branded accommodation present a clear opportunity for branded hotel development. A gap is typically identified where existing supply is dominated by unbranded, budget, or outdated properties that do not meet corporate travel standards.

Based on these, several cities stand out:

CITY	KEY DEMAND DRIVERS
Surat	Diamond trading ecosystem, textile manufacturing clusters, intra-India and export-linked business travel
Ahmedabad	Pharmaceutical and textile industries, corporate travel, religion, heritage
Vadodara	Industrial engineering base, PSU-linked activity, project consultants
Vapi	Large-scale chemical and pharmaceutical manufacturing, project consultants
Meerut	RRTS-enabled NCR connectivity, commuter-driven demand, business travel
Ghaziabad	NCR spillover demand, industrial estates, warehousing and corporate travel
Varanasi	High-volume pilgrimage traffic, leisure tourism
Mathura	Year-round religious tourism with strong peak-season travel
Agra	Global heritage tourism, domestic leisure demand
Lucknow	State government and administrative travel, MICE demand
Howrah	Major rail transit hub, short-stay and transit-oriented demand

What these cities demonstrate is that railway modernisation is no longer just about improving connectivity. It is redistributing hospitality demand across India. Railways are not just moving people between cities. They are shaping India's urban hospitality landscape.

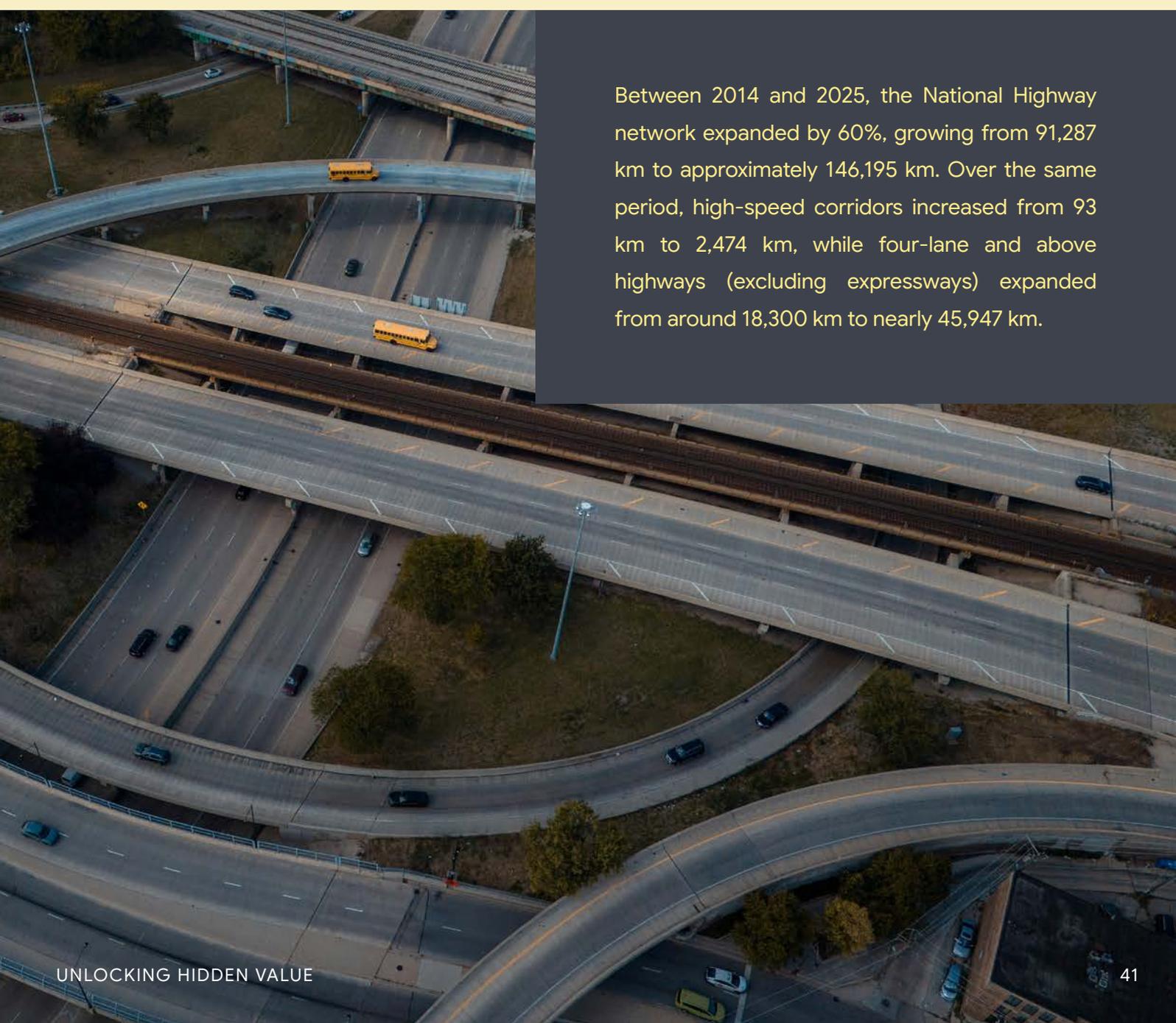


Highway Connectivity:

Transforming Regional Mobility
with Bharatmala

India's Expanding Road Network and Highway Lodging Opportunities

India now has the world's largest road network, spanning approximately 6.62 million km, carrying the vast majority of the country's passenger and freight traffic. Nearly 85% of passenger movement and over 70% of freight movement occurs via roads, underscoring India's deep reliance on highway infrastructure.



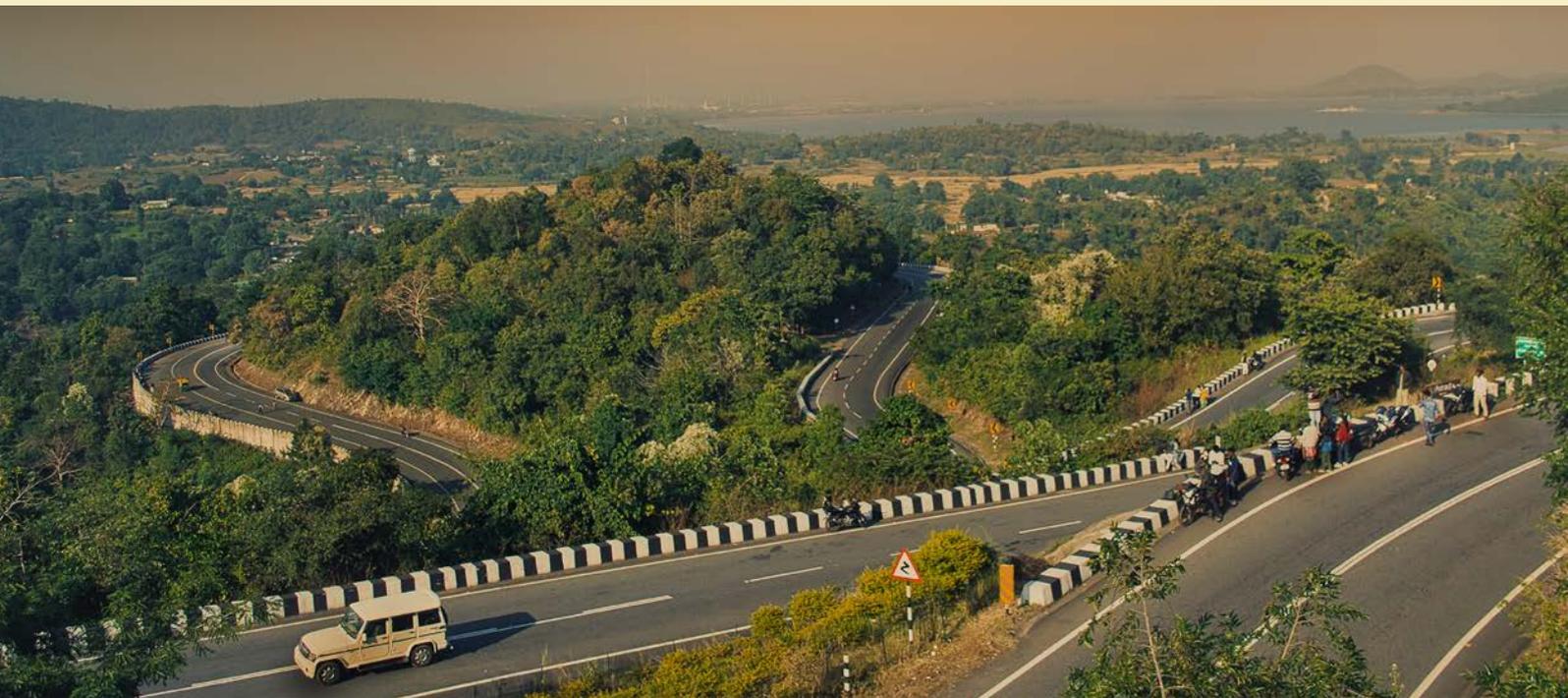
Between 2014 and 2025, the National Highway network expanded by 60%, growing from 91,287 km to approximately 146,195 km. Over the same period, high-speed corridors increased from 93 km to 2,474 km, while four-lane and above highways (excluding expressways) expanded from around 18,300 km to nearly 45,947 km.

Public investment has scaled rapidly to support this expansion. In FY2024-25, the government allocated approximately \$29.59 billion (₹2.72 lakh crore) toward road infrastructure, with the FY2025-26 allocation increasing to nearly \$31.22 billion (₹2.87 lakh crore). Actual highway spending reached a record \$27.19 billion (₹2.50 lakh crore) in FY25. At present, 1,883 major road projects are underway nationwide, including 826 projects structured under PPP models.



Alongside road construction, the government is rolling out more than 700 Wayside Amenities (WSAs) across national highways. Currently, over 500 sites have been awarded, with a growing number already operational. These WSAs, typically spaced every 40–60 km, are designed to include fuel stations, EV charging, food courts and dhabas, clean restrooms, parking facilities, and trucker dormitories or helipads, reflecting a more holistic approach to highway user infrastructure.

Major Upcoming Highway Projects



India's highway development pipeline remains equally ambitious. Under the Bharatmala Pariyojana, 35 Multimodal Logistics Parks (MMLPs) are planned with a combined investment of approximately \$5 billion (₹45,986 crore), designed to handle around 700 million tonnes of cargo annually.

In September 2025, the government announced a further \$120 billion (₹11.04 lakh crore) investment to construct 17,000 km of new high-speed expressways by 2033, with roughly 40% already under construction. In parallel, the Ministry of Road Transport and Highways has identified 27 greenfield expressway corridors, spanning

approximately 9,860 km, aimed at improving long-haul connectivity.

Beyond expressways, plans include upgrading 25,000 km of two-lane highways to four lanes (investment of \$109 billion ~₹10.03 lakh crore) and expanding 16,000 km of four-lane highways to six lanes (investment of \$65 billion ~₹5.98 lakh crore). By mid-2025, projects covering over 20,000 km had already been awarded under Bharatmala alone. Several state-level initiatives further add to this pipeline, indicating that tens of thousands of additional kilometers will be delivered through sustained, multi-year funding.

Flagship Corridors and Infrastructure Highlights

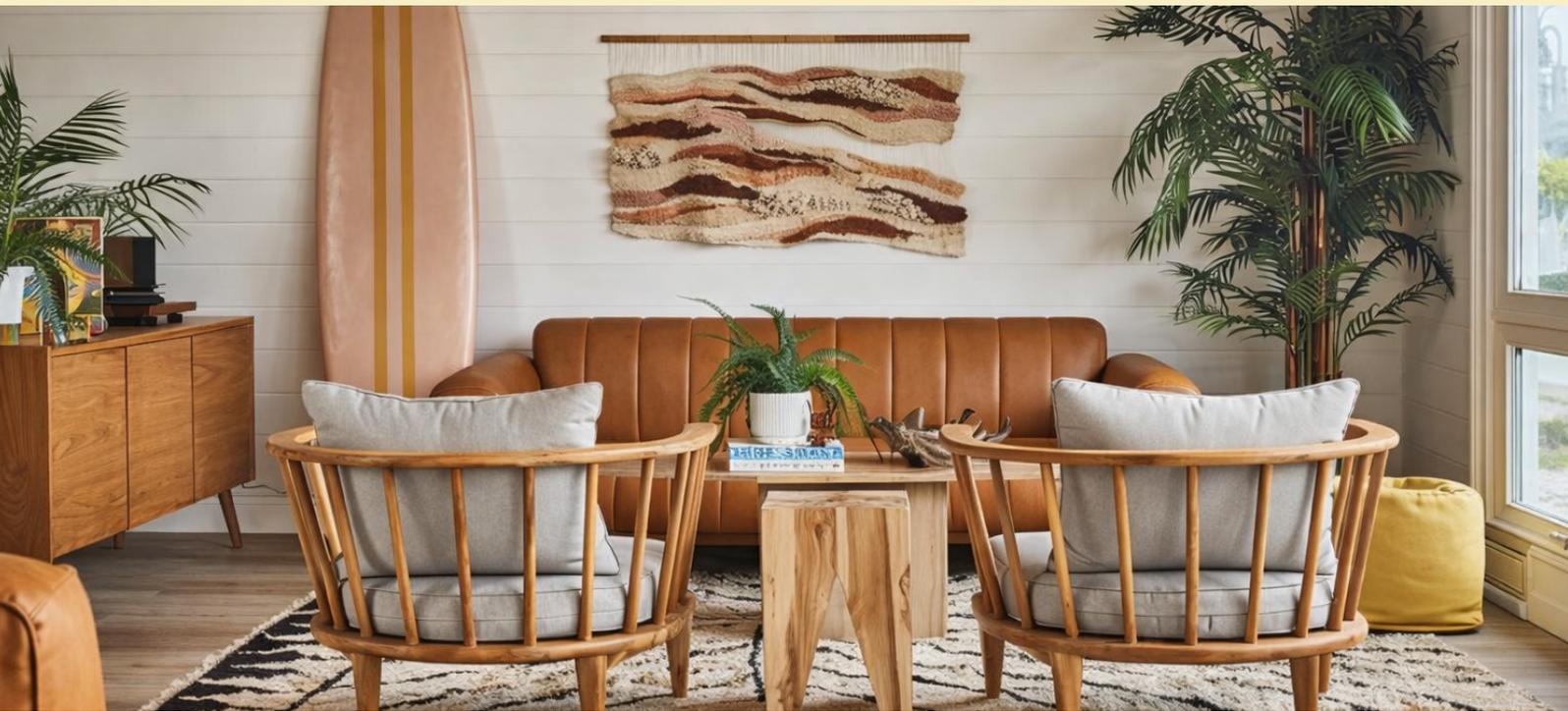


Several large-scale corridors are set to reshape intercity travel patterns. The Delhi–Mumbai Expressway (1,386 km) and the Delhi–Ahmedabad corridor (approximately 845 km) are nearing completion, enabling access-controlled, all-weather connectivity between major economic hubs. The Delhi–Amritsar–Katra Expressway (669 km) is expected to significantly reduce pilgrimage and tourism travel times, while the Bengaluru–Chennai Expressway (262 km) is under active construction.

Numerous additional corridors—such as Bengaluru–Kadapa–Vijayawada and

Varanasi–Ranchi–Kolkata—are in various stages of planning and execution. Many of these highway projects are integrated with logistics parks, port-connectivity roads, and industrial corridors, reinforcing their role as economic enablers. By mid-2025, India had already constructed over 16,000 km of National Highways in the Northeast region alone, alongside approving multiple greenfield expressway clusters totalling nearly 1,000 km. Collectively, these initiatives represent one of the most extensive transport infrastructure build-outs globally.

Lodging Demand: Bridging the Motel Gap



Despite the scale of highway expansion, formal lodging infrastructure along highways remains limited. India has 2008 branded hotels, comprising around 196,464 rooms, largely concentrated in major cities and established tourist destinations. This contrasts sharply with the fact that the overwhelming majority of travel occurs by road.

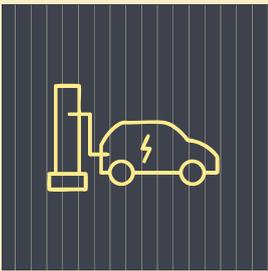
Major corridors such as Delhi–Mumbai (1,428 km) and NH44 (4,112 km from Srinagar to Kanyakumari) often require travelers to drive several hundred kilometers before encountering organised accommodation. In many cases,

highway stops are restricted to fuel stations or dhabas, with very limited purpose-built motel inventory. Only in recent years has the concept of a motel been formally defined within policy frameworks.

This structural gap is widening. Passenger vehicle sales reached approximately 4.3 million units in FY25, driven predominantly by SUVs, which now account for around 65% of passenger vehicle sales. As road travel increasingly shifts toward family and group travel, the need for safe, accessible overnight accommodation along highways becomes more pronounced.

Diversified Highway Motel Use-Cases

Highway motels can perform a broader role than conventional overnight stays.



EV Charging Integration:

As electric mobility gains traction, highways are increasingly equipped with EV charging infrastructure. Motels, with their parking capacity and overnight dwell times, are well positioned to host fast-charging and battery-swapping facilities, complementing existing fuel stations and toll plazas.



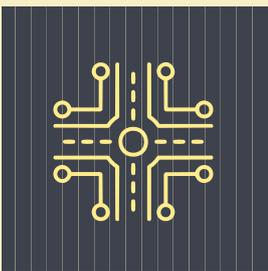
Leisure and Road Tourism:

Post-pandemic travel behaviour has seen a surge in road-based leisure trips. Improved expressways are opening access to heritage destinations, hill stations, and secondary tourist markets. Motels can capitalise on this trend by offering regional food, family dining, recreational spaces, and curated travel experiences, serving as natural stopovers along tourism circuits.



Logistics and Trucking Support:

Freight movement remains continuous along highways, and policy frameworks explicitly recognise the need for trucker dormitories and rest facilities. Motels can integrate with WSAs to provide secure, air-conditioned accommodation for drivers, while also evolving into micro-logistics hubs for last-mile deliveries or cold-chain transfers.



Business Transit and Small Events:

Enhanced road connectivity between Tier I and Tier II cities has increased short-duration business travel. Motels near industrial clusters can offer basic meeting rooms, co-working spaces, and overnight accommodation. Additionally, given the growth in domestic weddings and small-scale events, highway-adjacent motels with banquet facilities can capture overflow demand at competitive price points.

Market Growth and Investment Climate

The highway motel opportunity is supported by favourable demand fundamentals. Road travel volumes continue to rise, SUV penetration remains high, and per-capita car ownership still has room to grow. National hotel occupancy levels have remained healthy at approximately 68%, with steadily improving average room rates in recent years.

At the same time, discretionary travel spending is increasing, supported by growth in luxury consumption and domestic tourism. Capital markets have also remained constructive, with strong IPO activity and renewed investor interest across real estate, infrastructure, and hospitality-linked assets. Against this backdrop, highway-focused lodging represents a differentiated investment theme, positioned at the intersection of infrastructure and consumption growth.



Global Lessons: United States and China

International precedents highlight the potential of highway lodging. In the United States, interstate highways are supported by dense networks of motels, typically spaced every 50–80 km, serving both leisure travelers and long-haul truckers. In China, expressways are characterised by large service plazas offering food and retail, with lodging typically located in nearby towns rather than directly on the highway.

India can draw from both models, adopting the convenience and predictability of US-style motels, while integrating them into state-led service infrastructure similar to China's expressway system. The experience of these markets suggests that highway lodging, when correctly positioned, plays a critical role in enabling mobility, commerce, and tourism.



Unlocking Value at the Intersection of Infrastructure and Hospitality

Highway motels align closely with India's broader infrastructure vision, where programmes such as Bharatmala and Gati Shakti emphasise multimodal connectivity, logistics efficiency, and integrated corridor development. The scale of upcoming expressways, national highway upgrades, and multimodal logistics parks creates natural nodes for lodging development, particularly when motel formats are paired with Wayside Amenities through PPP frameworks. This integration allows motels to function not as standalone hospitality assets, but as embedded components of the national mobility and logistics ecosystem.

As India's highway network now exceeds 146,000 km of National Highways, with an additional 17,000 km of expressways planned, a clear lodging gap has emerged along key corridors. Rising vehicle ownership, increasing preference for road-based travel, accelerating EV adoption, and continuous freight movement collectively reinforce the need for structured, predictable highway accommodation. New tourism circuits such as Delhi - Amritsar - Katra, Delhi - Kolkata, and Bengaluru - Hyderabad - Visakhapatnam are expected to generate sustained corridor traffic, enabling motel chains spaced at regular intervals to serve multi-city travel patterns efficiently.

Bundling lodging with EV charging, food and beverage, sanitation, parking, and

logistics-related services enhances asset utilisation across different times of day and travel segments, while diversifying revenue streams beyond room nights alone. Global experience demonstrates that highway lodging plays a critical role in enabling economic mobility by supporting commerce, tourism, and long-distance travel. Against the backdrop of sustained infrastructure investment, improving travel economics, and supportive capital markets, highway motels emerge as a compelling and scalable asset class in India. As national connectivity continues to deepen, motels are well positioned to evolve into essential nodes along the road economy, offering rest, recharge, commerce, and community, unlocking incremental value with every kilometre of highway delivered.

Market Potential and Capital Scalability

Highway hospitality becomes meaningful only when translated into scale, capital requirements, and execution visibility. Beyond the qualitative demand gap, the opportunity can be measured in terms of deployable capital, room inventory creation, and long-term income generation.



Network-Based Capacity Potential

If organised lodging were introduced systematically along economically active transport corridors spanning approximately 3,25,000 kilometres, the country could support approximately 1,083 structured roadside properties over time.

Assuming an average configuration of 50 rooms per asset, this results in a potential inventory base of 54,200 keys nationally.

To contextualise this number, India's existing branded inventory remains under 2 lakh rooms, largely concentrated in cities and established destinations. A 54,200-room highway layer would represent a meaningful addition to national supply, distributed across transit-driven micro-markets rather than urban cores.

This is not a short-term projection. It reflects the long-term capacity of the network if structured development aligns with traffic flows, freight density, and economic nodes.



Capital Deployment Implications

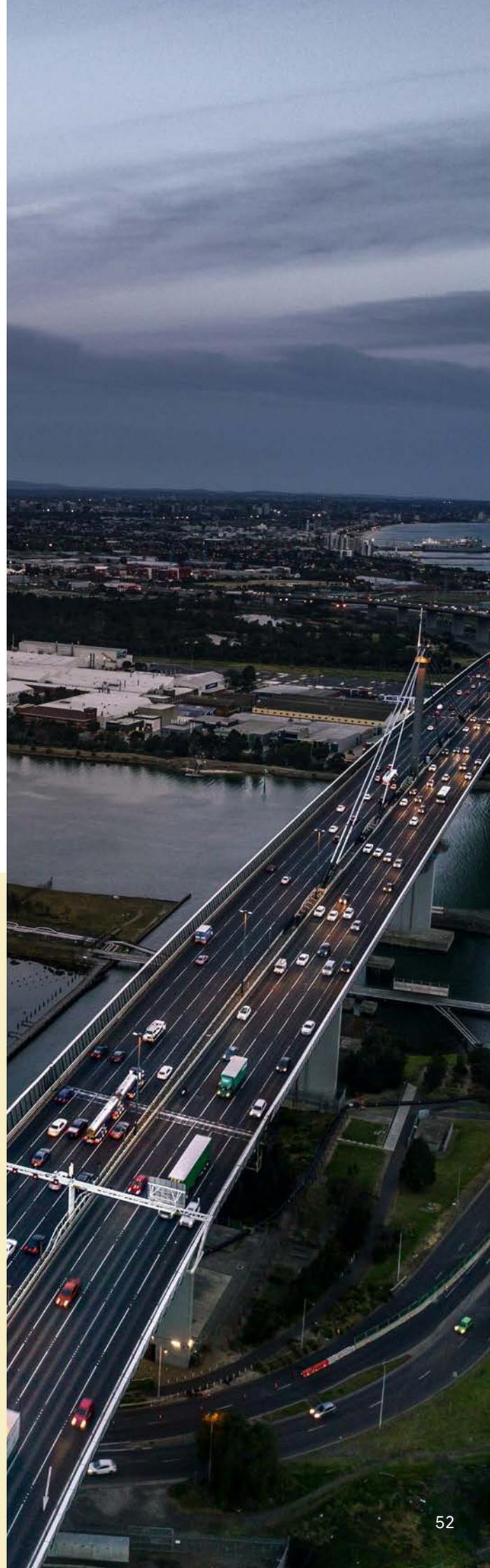
With a disciplined build cost of approximately ₹20 lakh per key, each 50-room property requires approximately ₹10 crore in development capital. The creation of a full 1,083-property network therefore implies a development envelope of approximately:

₹10,830 crore

This number is significant for two reasons:

1. It is large enough to attract institutional capital participation.
2. It remains structured and modular relative to other infrastructure-linked sectors.

Unlike metro hotels, which require high land acquisition costs and complex construction timelines, roadside formats allow phased capital deployment. Projects can be rolled out corridor by corridor, reducing concentration risk while enabling portfolio scalability.



Phased Realisation and Executable Universe



Not every location within the broader capacity universe will be viable simultaneously. Traffic patterns, freight movement, and corridor maturity determine near-term feasibility.

Applying a commercial filter of 55 percent of the total capacity, the realistic Total Obtainable Market equals 596 hotels, representing approximately ₹5,958 crore in development value

Further narrowing to 16 percent of the obtainable universe, representing near-to-medium term execution, results in:

- **95 operational assets (SAM)**
- **₹953 crore in deployed capital**
- **Creation of approximately 4,750 organised rooms**

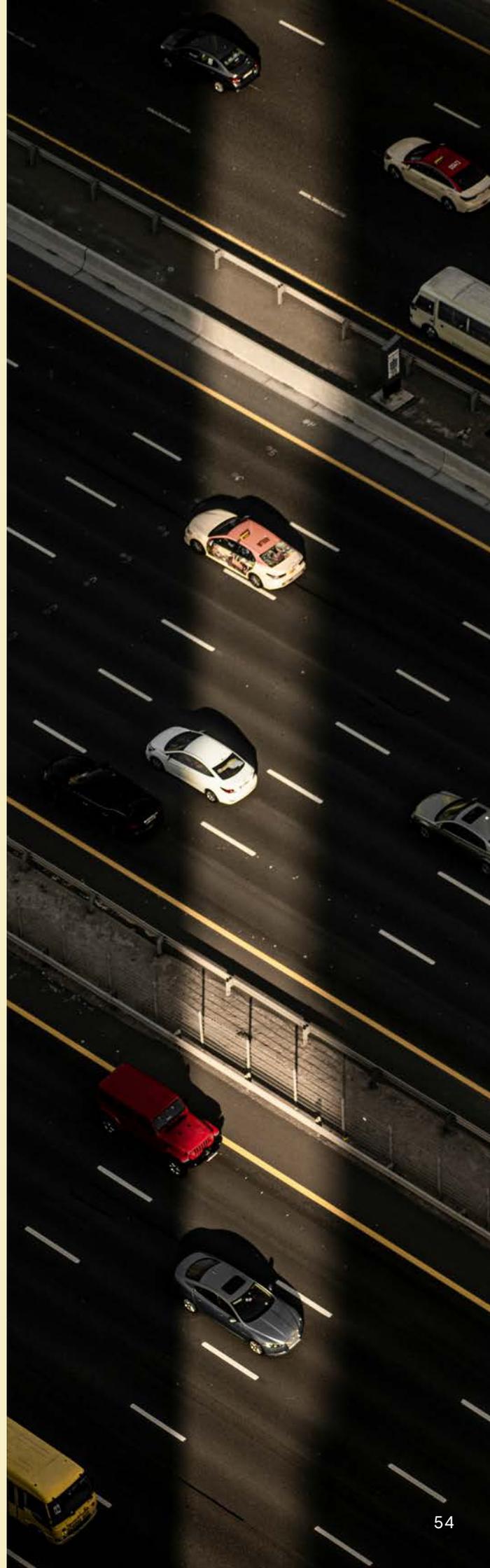
For investors, this indicates that the opportunity is not theoretical. It is scalable in stages and capable of absorbing meaningful capital without oversupply risk in a single geography.

Strategic Timing Advantage

A defining strength of this opportunity is its immediacy. The underlying highway infrastructure is already operational across 3,25,000 kilometres. Traffic flows are established. Freight movement is continuous. Inter-city travel demand is active.

This means development does not need to wait for ecosystem formation or future infrastructure completion. Lodging assets can be built alongside existing corridors and begin capturing movement immediately.

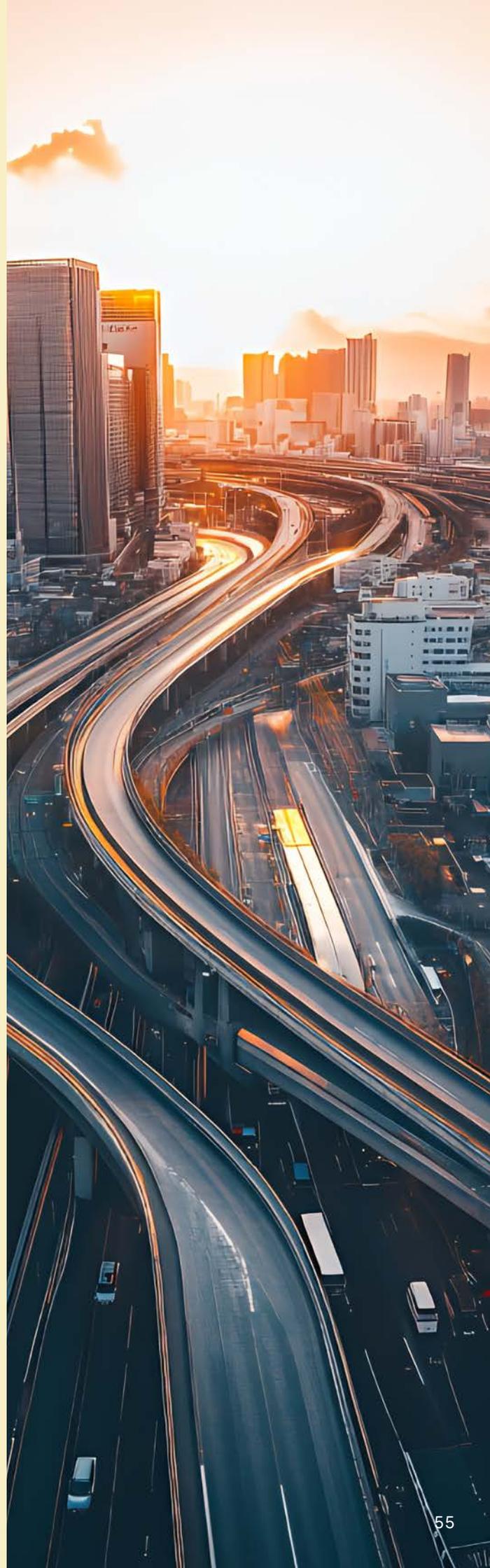
Unlike destination-led investments that depend on future demand creation, highway hospitality aligns with infrastructure that is already functioning. The roads are built. The movement exists. Capital deployment can therefore begin without delay.



Why the Numbers Matter

The sizing exercise highlights three clear implications. The opportunity is nationally scalable, extending across multiple corridors rather than being limited to isolated locations. Capital deployment is structured and replicable, enabling phased rollout with predictable investment benchmarks. Most importantly, revenue visibility is anchored in mobility flows, not seasonal destination cycles, creating steadier utilisation.

Taken together, the modelling indicates that organised highway lodging can evolve into a distributed, income-generating network embedded within the country's transport framework, defined by measurable capacity, defined capital outlay, repeatable operating performance, and the ability to act immediately.





Maritime and Coastal Connectivity:

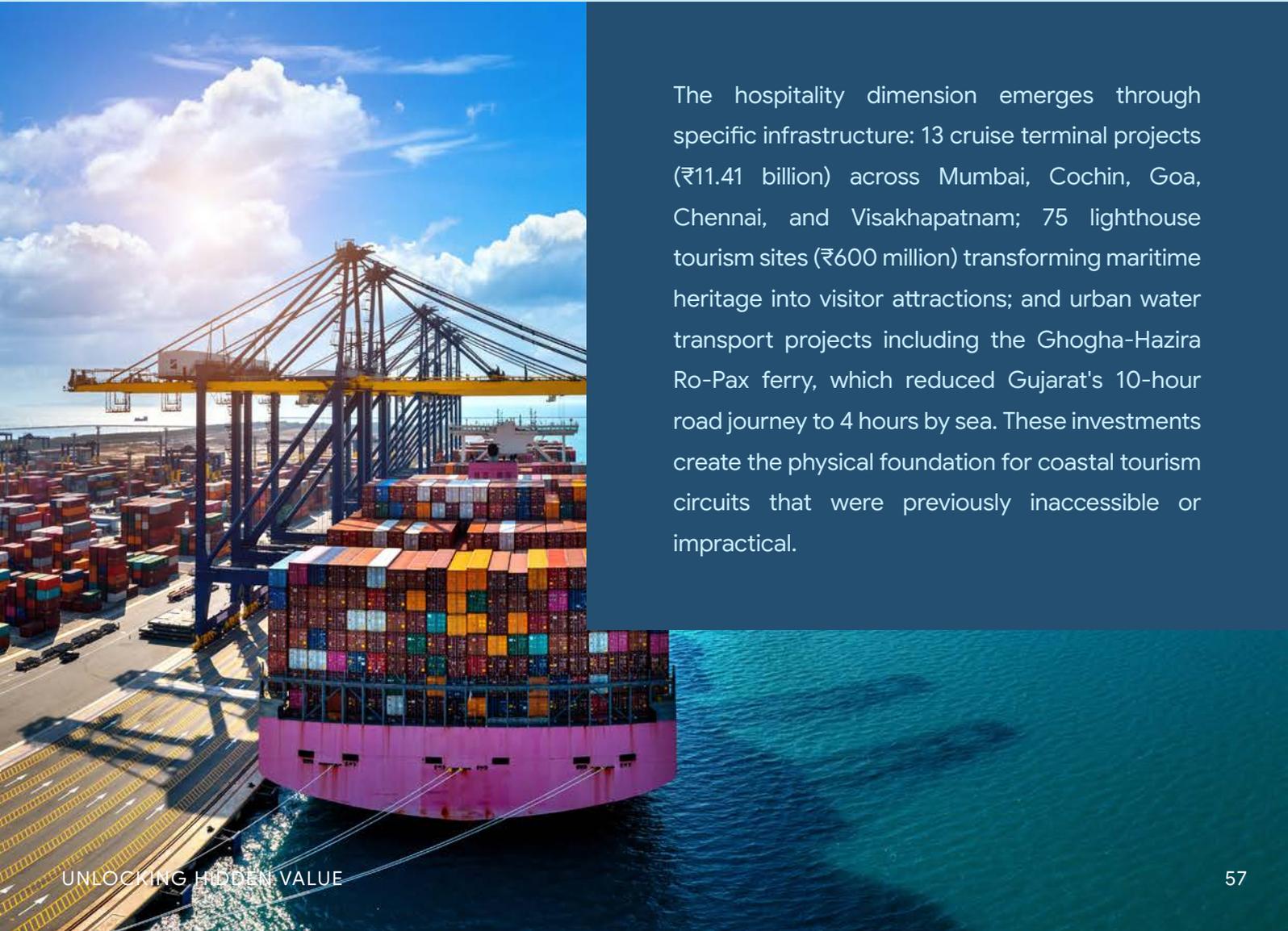
Sagarmala's Emerging Impact

Sagarmala Programme:

India's Maritime Gateway to Hospitality Growth

The Sagarmala Vision

India's 11,098 km coastline and 14,500 km of navigable waterways have historically remained underutilized assets. The Sagarmala Programme, launched in 2015, addresses this through systematic port modernization, connectivity enhancement, and coastal community development. With 839 identified projects requiring \$63 billion (₹5.79 lakh crore) in investment, the initiative targets logistics cost reduction while creating ancillary opportunities across tourism and hospitality sectors. To date, 277 projects worth \$15 billion (₹1.38 lakh crore) have reached completion, demonstrating tangible momentum.

A large container ship is docked at a port, with a gantry crane positioned over it. The ship is filled with colorful shipping containers. The port area is visible in the background, showing other containers and infrastructure. The sky is blue with some clouds.

The hospitality dimension emerges through specific infrastructure: 13 cruise terminal projects (₹11.41 billion) across Mumbai, Cochin, Goa, Chennai, and Visakhapatnam; 75 lighthouse tourism sites (₹600 million) transforming maritime heritage into visitor attractions; and urban water transport projects including the Ghogha-Hazira Ro-Pax ferry, which reduced Gujarat's 10-hour road journey to 4 hours by sea. These investments create the physical foundation for coastal tourism circuits that were previously inaccessible or impractical.

Port Infrastructure and Passenger Volumes

PORT	2023-24 VOLUME	INFRASTRUCTURE	HOSPITALITY STATUS
Mumbai	250,000-300,000 (60% of calls)	200 ships/year capacity terminal	Strong Luxury inventory
Cochin	52,915 (43 ships)	25 foreign, 17 domestic	Heritage-oriented boutique growth
Mormugao (Goa)	47,000	New terminal March 2025	Mature Beach resort infrastructure
Chennai	85,000 (37 ships)	East Coast gateway	Business-focused; leisure gap
New Mangalore	26,000+ (25 calls)	International liner stopover	Emerging Market potential
Visakhapatnam	2000	Newly inaugurated terminal	Significant development gap

NOTE: "call" or "port call" refers to a scheduled stop a cruise ship makes at a specific destination (city or island) during its itinerary



India recorded 470,000 cruise passengers in 2023-24 which has been the highest volume on record. International arrivals reached 98,344 passengers, representing over three-fold growth from the previous year's 29,000. Domestic cruise demand accounted for 370,000 passengers, concentrated on West Coast circuits (Mumbai-Goa-Cochin-Lakshadweep) which capture approximately 70% of total volume. Sea arrivals constitute 1.5% of total foreign visitors, compared to air (79%) and land (19%), indicating substantial headroom for expansion.

Current operators include Cordelia Cruises (year-round homeporting from Mumbai / Chennai /Kochi), Resorts World Cruises (Mumbai seasonal deployment March-June 2025), and international luxury lines serving India as ports of call: Regent Seven Seas, Celebrity Cruises, Silversea, Crystal Cruises, Oceania, and Fred. Olsen. These premium operators schedule arrivals predominantly during October-March, aligning with favourable weather and broader tourism seasonality.

Hospitality Economics and Value Creation



Cruise passenger spending extends across multiple hospitality touchpoints. Pre- and post-cruise accommodation patterns show 60-70% of international passengers booking stays averaging ₹8,000-15,000 per night. Shore excursions generate ₹3,000-8,000 per passenger, while premium segments exceed ₹15,000 when accommodation is included. Waterfront restaurants report 30-40% revenue increases on cruise days; port-adjacent retail markets experience 50-100% sales spikes during ship calls.

Employment generation follows consistent ratios: each cruise passenger supports 0.8-1.2 person-days of work across tour operators, drivers, restaurant staff, retail personnel, and hotel workers. In smaller ports like New Mangalore, cruise arrivals represent 15-20% of monthly tourist volume during peak season, creating concentrated economic impact for local businesses. The projected job creation from Sagarmala is estimated to be 4 million for direct and 6 million for indirect positions.

Singapore: Seamless Integration

Singapore processes 2 million+ annual cruise passengers through Marina Bay Cruise Centre and Singapore Cruise Centre, maintaining 80-82% citywide hotel occupancy. The fly-cruise model converts 70% of cruise passengers into multi-night hotel guests (average stay 3.6-3.8 days). Terminals offer baggage drop and flight check-in facilities, enabling passengers to explore the city luggage-free. Coordination between port authorities and the Singapore Tourism Board aligns ship arrivals with major events, driving premium room rates during Formula 1 and cultural festivals.

Dubai: Destination Infrastructure

Dubai Harbour's 1.2 million passenger capacity integrates luxury hotels directly into port infrastructure. The permanently docked QE2 operates as a 224-room floating hotel and dining destination, demonstrating heritage asset monetization. The Cruise Arabia alliance coordinates regional itineraries linking Dubai with Abu Dhabi and Oman, creating coherent 7-day circuits for European and Indian winter travellers. Port district hotel occupancy exceeds 85% during October-April season.

An aerial photograph of a port area. In the foreground, there is a paved road with a roundabout and a yellow-striped crosswalk. A black car is driving on the road. In the middle ground, there are several boats and a large white ship docked at a pier. In the background, there are several large cranes and industrial buildings. The sky is clear and blue.

Learning from Regional Leaders

Colombo: Strategic Expansion

Colombo Port City's \$15 billion (₹1.38 lakh crore) reclamation project addresses space constraints by creating new luxury hotel inventory on reclaimed land. With 37% tourism growth reaching 2.05 million arrivals (India comprising 18-20%), the development positions entertainment and casino facilities within immediate proximity to cruise terminals. Short-haul circuits connecting Chennai-Colombo-Galle leverage India's geographic proximity to capture regional demand.

India's Strategic Opportunity

The convergence of infrastructure investment, demonstrated passenger growth, and regional benchmarks reveals a clear opportunity for India's hospitality sector. The 300% increase in international cruise arrivals signals accelerating global interest. The 0.37 million domestic passengers validate local market depth. Together, these trends establish India as an emerging force in Asian cruise tourism.

Six strategic priorities emerge from regional analysis:



Connectivity Excellence:

Establish seamless airport-to-port transfers and baggage services. Singapore demonstrates that connectivity directly converts cruise arrivals into extended hotel stays.



Integrated Port Development:

Transform terminals into destination precincts with embedded hospitality. Mumbai's Eastern Waterfront and Chennai's port area present immediate opportunities for mixed-use development incorporating hotels, dining, and retail.



Heritage Monetization:

Convert maritime assets into operational hospitality products. India's decommissioned vessels and historic lighthouses offer unique inventory potential.



Multi-Country Circuit Positioning:

Anchor India within broader regional itineraries linking Maldives, Sri Lanka, and Southeast Asia to justify long-haul international travel.



Immigration Efficiency:

Deploy cruise-specific visa products and automated processing to minimize terminal wait times, maximizing passenger spending windows.



Event-Driven Demand:

Coordinate cruise schedules with cultural festivals, sporting events, and seasonal attractions to drive premium pricing and differentiated experiences.

The economic case is quantifiable. Current international arrivals of 98,344 passengers, if converted to one additional hotel night per passenger at 50% conversion, generate 49,000 incremental room nights annually. At average rates of ₹8,000-10,000, this represents ₹400-500 million in direct hotel revenue. As international volumes scale toward regional competitor levels, Singapore's 2 million passengers or Dubai Harbour's 1.2 million capacity the multiplier effects across tours, dining, retail, and employment expand proportionally.



India possesses structural advantages: unparalleled cultural heritage, geographic diversity spanning tropical beaches to mountain backdrops, competitive pricing relative to Singapore and Dubai, and a rapidly expanding domestic affluent segment. What remains is systematic execution: connecting infrastructure to experience, terminals to hotels, arrivals to economic impact.

Sagarmala has laid the physical foundation and the next phase requires hospitality sector engagement, hotel development in port-adjacent zones, tour product creation targeting cruise demographics, and coordination with port authorities on passenger flow optimization. The 7,517 km coastline represents not merely geographic endowment but economic potential awaiting realization. For investors, operators, and policymakers, the question is no longer whether India will emerge as a cruise destination, but how quickly we can capture the opportunity already taking shape in our waters.

Kandla Port (now Deendayal Port) became operational in the 1950s (specifically declared a major port in 1955). However, the branded hotel supply in the region (centered in the twin city of Gandhidham) did not appear until decades later.



Branded Hotels Near Kandla Port & Opening Years

The branded inventory is primarily located in **Gandhidham** (approx. 10–15 km from the port) and **Anjar**.

HOTEL NAME	BRAND / CHAIN	OPENING YEAR
Radisson Hotel Kandla	Radisson Hotel Group	2012
Ambar Sarovar Portico	Sarovar Hotels & Resorts	2016
Ramada by Wyndham	Wyndham Hotels & Resorts	2019
Renest Gandhidham	Renest Hotels & Resorts	2020
The Fern Royal Farm Resort	Fern Hotels & Resorts (Anjar)	2020
Quality Inn Palms	Choice Hotels	2011*
Gateway Kandla	IHCL (Taj Group)	Signed 2024 (Upcoming)

*Note: Quality Inn Palms (formerly known as The Sharma Resort/Palms) has operated for longer but entered the branded franchise agreement around this period.



Timeline Analysis: The Supply Gap

Port Operational: ~1955

First Major International Brand: 2012 (Radisson)

Time Gap: ~57 Years

Analysis of the Increase:

For nearly six decades after the port opened, the accommodation market was dominated by unorganized guesthouses and standalone, unbranded local hotels. The "Branded" supply only began to increase significantly after 2010, with a rapid acceleration between 2019 and 2024.

Why the sudden increase?

Industrial Maturation:

The region transitioned from just a transit port to a manufacturing hub (timber, textiles, salt, and pipes), creating a steady demand for higher-quality corporate travel.

Corporate Policy:

As global shipping lines and MNCs set up offices in Gandhidham/Kandla, their travel policies required safety-compliant, standardized hotels (fire safety, hygiene, etc.), which local unbranded hotels often lacked.



Occupancy and Market Performance

The Kandla-Gandhidham market is a **high-occupancy, rate-sensitive business market.**

Average Occupancy Rates:

The branded hotels in this region typically command high occupancy rates of **65% to 75%** year-round.

Demand Drivers:

Mon-Fri:

Intense corporate movement related to logistics, shipping, salt, and timber industries.

Weekends:

Social events and transit tourists heading to the Rann of Kutch (Rann Utsav), as Gandhidham acts as the rail/air gateway for the White Desert.

Rate Resilience:

Unlike leisure markets that fluctuate wildly, Kandla's Average Daily Rates (ADR) remain stable because the demand is driven by non-discretionary business travel.

Current Trend:

The market is currently undersupplied for "Quality" rooms, which is why major players like **IHCL (Taj)** signed a new Gateway resort in 2024 to capture the premium segment that Radisson currently dominates.

Mundra Port (operated by Adani Ports & SEZ) commenced commercial operations in 1998.

Similar to Kandla, the branded hotel supply in Mundra lagged behind the port's development. However, Mundra has developed a unique "Container Hotel" trend to cater to its industrial workforce.



Branded Hotels Near Mundra Port & Opening Years

The branded inventory is primarily located in **Gandhidham** (approx. 10–15 km from the port) and **Anjar**.

HOTEL NAME	BRAND / CHAIN	OPENING YEAR	KEY FEATURE
The Fern Residency	Fern Hotels & Resorts	2015	First major 4-star brand in Mundra.
Beetle Smartotels	Hirise Hospitality	2016	Built entirely from recycled shipping containers.
The Shiv Nautica	Independent (Managed)	2015	Large organized local hotel, often competes with brands.
Click Hotel	Suba Group of Hotels	2024	Newest "Smart" sustainable hotel, also using a container concept.
Radisson Hotel	Radisson Hotel Group	N/A	Travelers often stay at the Radisson in Kandla (50km away) and commute.



Timeline Analysis: The Supply Gap

Port Operational: 1998

First Major International Brand: 2015 (The Fern)

Time Gap: ~17 Years

Analysis of the Increase:

Compared to Kandla's 57-year gap, Mundra's gap was much shorter (17 years). The port was privately developed by the Adani Group, which accelerated the creation of the Shantigram Township and associated infrastructure faster than the government-run Kandla port.

Uniquely Mundra Trend: "Container Hotels"

Because Mundra is a hub for shipping containers, it has become a testing ground for Container Hotels.

- Beetle Smartotels (2016) and Click Hotel (2024) are built using repurposed shipping containers.
- Why? It allows for rapid construction (3–6 months) and fits the industrial "Port City" aesthetic, appealing to the transient workforce of engineers and logistics managers.



Occupancy and Market Performance

Mundra is a **captive market**, meaning almost 100% of the demand is driven by the specific industries located there (Adani Port, Adani Power, Tata Power).

Average Occupancy Rates:

Extremely high, typically hovering around **75% to 85%**.

Sold-Out Dates:

It is common for hotels like The Fern and Beetle to be completely sold out on weekdays due to visiting audit teams, vendor inspections, and shutdown/maintenance crews for the power plants.

Rate & RevPAR:

- Average Daily Rates (ADR) are generally lower than Kandla/Gandhidham, averaging **₹3,000 – ₹4,500**.
- Because of the distance from the airport (Bhuj or Kandla), guests tend to stay for longer durations (3–5 nights) rather than single-night stays, providing stable revenue for these hotels.

Call to Action

Greenfield Shipping Terminals for potential investment opportunities.



Vadhavan Port (Maharashtra):

A major, deep-draft port planned as India's 13th major port and first offshore port, designed to handle large vessels (25,000 TEUs) and support the India-Middle East-Europe Economic Corridor (IMEC).



Vizhinjam Port (Kerala):

A deep-water, transshipment port currently under construction, strategically located to handle large container vessels.



Andhra Pradesh Ports:

Several projects are underway, including Mulapeta, Machilipatnam, and Kakinada SEZ, to expand capacity on the east coast.



Tajpur (West Bengal):

Identified as a new port location under the Sagarmala initiative to serve the eastern region.



Paradip Outer Harbour (Odisha):

Being developed as a major green hydrogen hub, integrating with nearby industrial areas for clean energy exports.



Dugarajapatnam (Andhra Pradesh):

A new greenfield port and shipbuilding cluster is planned here, aiming to boost shipbuilding capacity.



Ganeshgule & Vijaydurg (Maharashtra):

The state government is exploring new deep-water greenfield ports in the Konkan region near these locations.



Air Connectivity and Regional Airports:

Expanding Reach Through UDAN and Major Airport Infrastructure

Air travel has emerged as the primary mode of long-distance transportation for India's domestic and international travellers, playing a transformative role in shaping hospitality demand patterns. In the first eight months of 2025, domestic airlines transported over 110 million passengers, reflecting robust year-on-year growth of nearly 5%.

Number of flights from and within India and average number of seats per flight (2014-2024)





India's aviation market is experiencing unprecedented fleet expansion. Over the next three to five years, airlines are projected to add close to 1,000 new aircraft to their operational fleets, significantly increasing daily flight frequencies and enabling numerous new routes connecting Tier-2 and Tier-3 cities with metropolitan hubs. IndiGo maintains a commanding domestic market share approaching 64%, operating approximately 430+ aircraft.

This surge encompasses not only leisure travellers but also a substantial cohort of corporate professionals, management consultants, project contractors, management consultants and project contractors who commute frequently for employment assignments and client meetings. The dual composition of air travellers creates highly diversified lodging demand spanning the full hospitality spectrum.

Proximity to airports has emerged as a pivotal determinant in hotel selection among business travellers, driving sustained demand for

airport-adjacent hotels across varying price segments. The expansion of regional airport infrastructure has substantially broadened air travel accessibility, with transformative projects such as the Noida International Airport (Jewar) and the expanded Ayodhya Airport reshaping regional connectivity.

The Noida International Airport is designed to handle an initial capacity of 12 million passengers annually, with provisions for phased expansion to accommodate up to 100 million passengers. This infrastructure addition will substantially alleviate congestion on Delhi's Indira Gandhi International Airport and broaden connectivity to the National Capital Region.

The Maharishi Valmiki International Airport in Ayodhya has undergone comprehensive expansion, with infrastructure upgrades increasing annual passenger capacity from approximately 160,000 to 6 million passengers. This capacity enhancement is directly accelerating pilgrimage tourism flows and generating substantial year-round hotel demand.

Tracking India's Aviation Sector Growth

Upcoming Airports Across India





The Government's UDAN (Ude Desh ka Aam Naagrik) scheme, launched in 2016, has democratized air travel by enabling the operationalization of new regional airports and establishing viable air connectivity between previously underserved cities. As of 2025, the UDAN scheme has operationalized over 70 underserved airports, connecting more than 400 city pairs with substantially subsidized airfares.

This democratization is systematically unlocking tourism potential in Tier-2 and Tier-3 cities including Agra, Gwalior, Jaipur, Udaipur, Varanasi, Guwahati, Shirdi, and Vijayawada along with other cities mentioned in the table below, stimulating the hospitality sector with geographically diverse demand streams. Accessible air connectivity facilitates more frequent repeat travel, enables weekend tourism, and supports cross-regional business activities, encouraging private sector investments in affordable lodging infrastructure.

Airport	City	Expected Passenger Capacity (in Millions)
Noida International Airport	Jewar	100
Chhatrapati Sambhaji Raje International Airport	Pune	41
Halwara International Airport	Ludhiana	6
Dabra Airport	Gwalior	35
Kota Airport	Kota	2
Dholera International Airport	Dholera	50
Vijayapura Airport	Bijapur	NA
Hassan Airport	Hassan	0.07
Sabarimala International Airport	Sabarimala	8
Karaikal Airport	Puducherry	0.6
Warangal Mamnoor Airport	Mamnoor	18
Dagadarathi Airport	Nellore	1.9
GMR Visakhapatnam International Airport	Bhogapuram	18
Shree Jagannath International Airport	Puri	4.6
Bokaro Airport	Bokaro	NA
Chennai Parandur International Airport	Kanchipuram	35
Silachar Airport	Cachar	4

The rapid expansion of India's commercial airline fleet, increasing flight frequencies, new airport infrastructure, and regional air connectivity initiatives collectively catalyse a broad foundation for sustained hotel demand growth. This encompasses a widening demographic spectrum from premium business travellers to budget-conscious leisure seekers and aspirational middle-class families ensuring that India's hospitality sector can effectively serve multiple income segments.

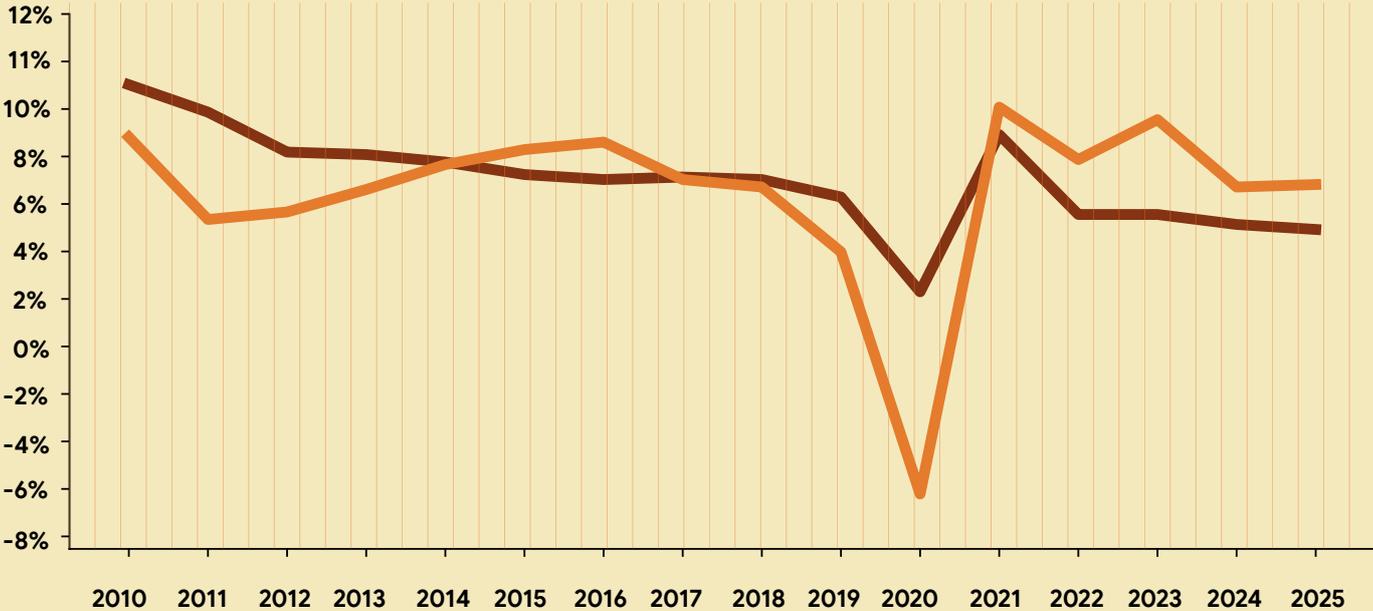
Air travel has evolved beyond being merely one transportation option; it has emerged as the dominant connectivity mode fundamentally shaping where and how hotel demand materializes, particularly within key urban agglomerations and high-growth corridors. This positions India's aviation-driven hospitality ecosystem for sustained growth over the coming decade.

CHINA VS INDIA: A COMPARATIVE CASE STUDY IN DEMOGRAPHICS AND HOSPITALITY DYNAMICS



India and China, which shared similar economic starting points in the 1970s with per capita incomes of approximately USD 1,400, have since charted fundamentally different courses. As China's economy matures and its population ages, India stands at the threshold of a generational demographic dividend extending until 2055. This case study examines how these realities reflect in hospitality, using 'sister city' comparisons to understand how similar urban functions produce different outcomes under distinct national contexts.

China vs India: Economic Growth Rates



China	10.60%	9.50%	7.90%	7.80%	7.50%	7.00%	6.80%	6.90%	6.80%	6.10%	2.30%	8.60%	5.40%	5.40%	5.00%	4.80%
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India	8.50%	5.20%	5.50%	6.40%	7.40%	8.00%	8.30%	6.80%	6.50%	3.90%	-5.80%	9.70%	7.60%	9.20%	6.50%	6.60%
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— China — India

China's economic trajectory from 2010 to 2025 showcases a transition from a high-growth, export-oriented economic miracle to a more moderate, mature new normal.



China's Growth Trajectory

For China, the decade began with double-digit growth 10.6% in 2010, the tail end of China's hyper-expansion phase. From 2012 onwards, the growth rate entered a period of steady, planned deceleration. The government intentionally moved away from a model fueled by low-end manufacturing and heavy infrastructure toward one driven by domestic consumption and high-tech services. Between 2015 and 2018, the growth rate remained remarkably stable, fluctuating only slightly between 6.8% and 7.0%.

The years 2020 and 2021 represent a massive statistical anomaly caused by the global pandemic. The growth rate of 2.3% in 2020 was the lowest growth rate in decades. While most of the world saw a contraction (negative growth), China's "Zero-COVID" policy and a late-year export surge allowed it to remain in positive territory.

China's 8.6% growth in 2021 was primarily a "base effect" recovery and 2020 being a significantly lower number. The year-on-year comparison made 2021 look like a return to high growth, though it was largely a catch-up phase.

The data from 2022 onwards reflects an economy grappling with several structural headwinds. The rates of 5.4% down to 4.8% suggest the economy is converging toward a long-term growth potential of 4–5%. This is typical for a maturing economy where the growth of moving rural workers to factories has already been achieved.



India's Growth Trajectory

India's growth trajectory during the 2010-2025 period is characterized by strong domestic demand, significant structural reforms, and a singular, massive pandemic-induced contraction. The period started with a high of 8.5%, reflecting a strong recovery from the 2008 global financial crisis. Growth moderated initially but then climbed steadily to 8.3% by 2016. This was driven by a booming services sector, which now accounts for roughly half of India's Gross Value Added (GVA).

India experienced its deepest contraction in decades due to one of the world's most stringent lockdowns, which hit private consumption, the backbone of its economy. A dramatic V-shaped recovery occurred, largely due to a surge in pent-up demand.

The economy has settled into a robust 6.5% to 7.6% range. By 2025, India has become the world's fastest-growing major economy, supported by heavy government investment in infrastructure.

While both are emerging giants, their growth models and current trajectories have diverged significantly over the last 15 years.

Strategic Differences

This highlights China's state-controlled resilience versus India's sensitivity to domestic consumption shocks.

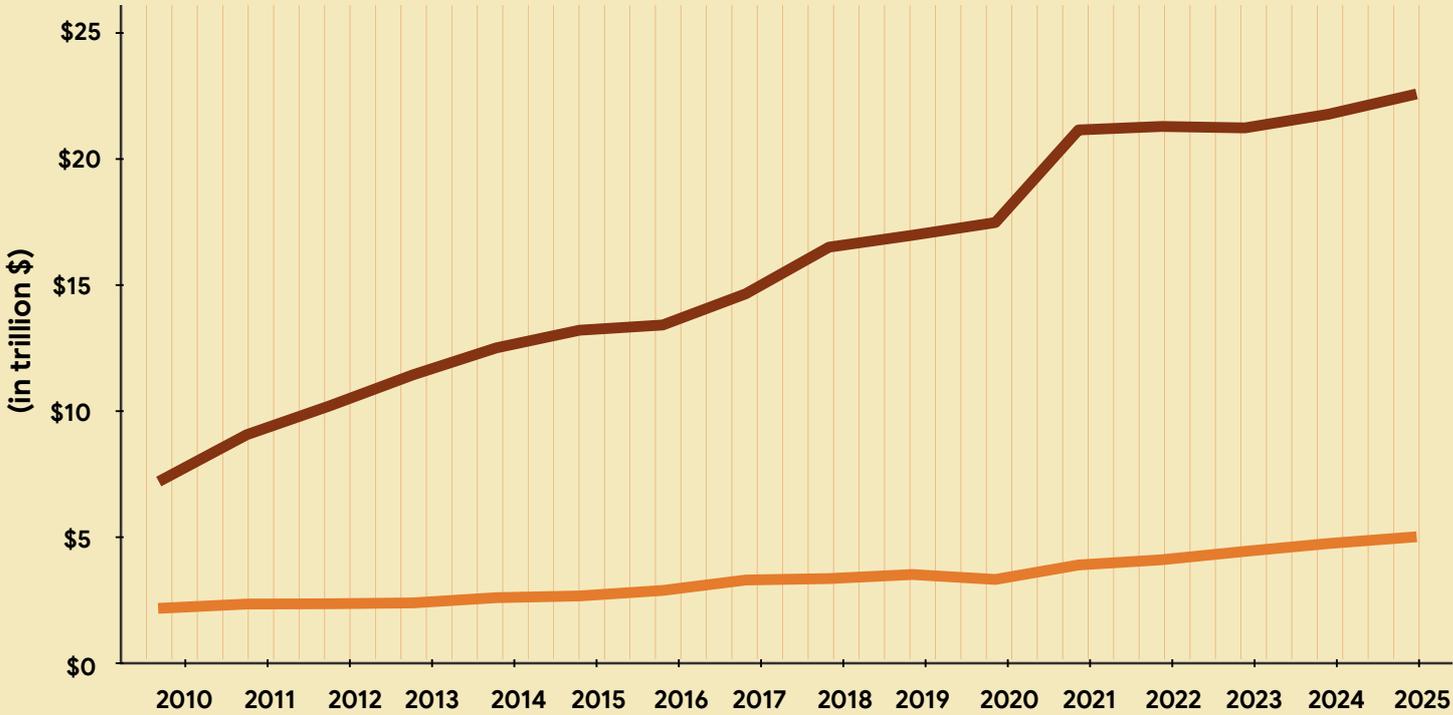
India's population is younger, providing a growing labor force, whereas China is facing an aging population and a shrinking workforce, which naturally slows long-term growth.

By 2025, a historic shift has occurred: India has surpassed China in annual growth rate, a trend expected to continue as China focuses on "high-quality" (slower) growth and India seeks to capitalize on its massive infrastructure push and young workforce.

China is more vulnerable to global trade tensions (e.g., tariffs) due to its export-heavy model. India's inward-looking model acts as a buffer against global shocks.



China vs India: GDPs of Asia's two giants



China	\$6.14	\$7.67	\$8.67	\$9.74	\$10.67	\$11.28	\$11.46	\$12.54	\$14.15	\$14.56	\$15.00	\$18.20	\$18.32	\$18.27	\$18.74	\$19.40
India	\$1.68	\$1.82	\$1.83	\$1.86	\$2.04	\$2.10	\$2.29	\$2.65	\$2.70	\$2.84	\$2.67	\$3.17	\$3.35	\$3.64	\$3.91	\$4.13

— China — India





China's Economic Trend: The Shift to The New Normal

China's economy has transitioned from hyper-growth to a more moderate, sustainable pace.

Starting at \$6.14 trillion in 2010, China's GDP nearly doubled to \$10.67 trillion by 2014. Growth was driven by state-led industrialization and massive fixed investment. Growth stabilized as the government prioritized quality over speed. By 2019, GDP had reached \$15.00 trillion. Despite a 2020 dip, China maintained positive growth. By 2025, its GDP will reach \$19.40 trillion. China's growth as of 2025 is being driven by high-tech manufacturing (EVs, robotics) and a digital economy that contributes nearly 40% of GDP.



India's Economic Trend: Consumption-Led Acceleration

India's trajectory is characterized by rising domestic demand and structural reforms. Starting at \$1.68 trillion in 2010, growth was initially strong but dipped to 5.2% in 2011 before recovering. GDP reached \$2.84 trillion by 2019. The services sector became a core engine, now accounting for roughly half of India's gross value added. After a deep contraction in 2020 (-5.8%), India saw a massive 9.7% rebound in 2021. By 2025, GDP crossed the \$4.13 trillion mark. This momentum is fueled by a "demographic dividend," urbanization, and heavy infrastructure investment.

While both are global powers, their growth engines and scales differ significantly.

Key Differences

Economic Scale:

In 2025, China's economy is approximately 4.7 times larger than India's in nominal terms.

Growth Pathways:

India is currently the world's fastest-growing major economy, outpacing China's moderating rate.

Structural Composition:

India relies heavily on services (55% of GVA), whereas China remains more industrially oriented, though it is rapidly expanding its service and digital sectors.

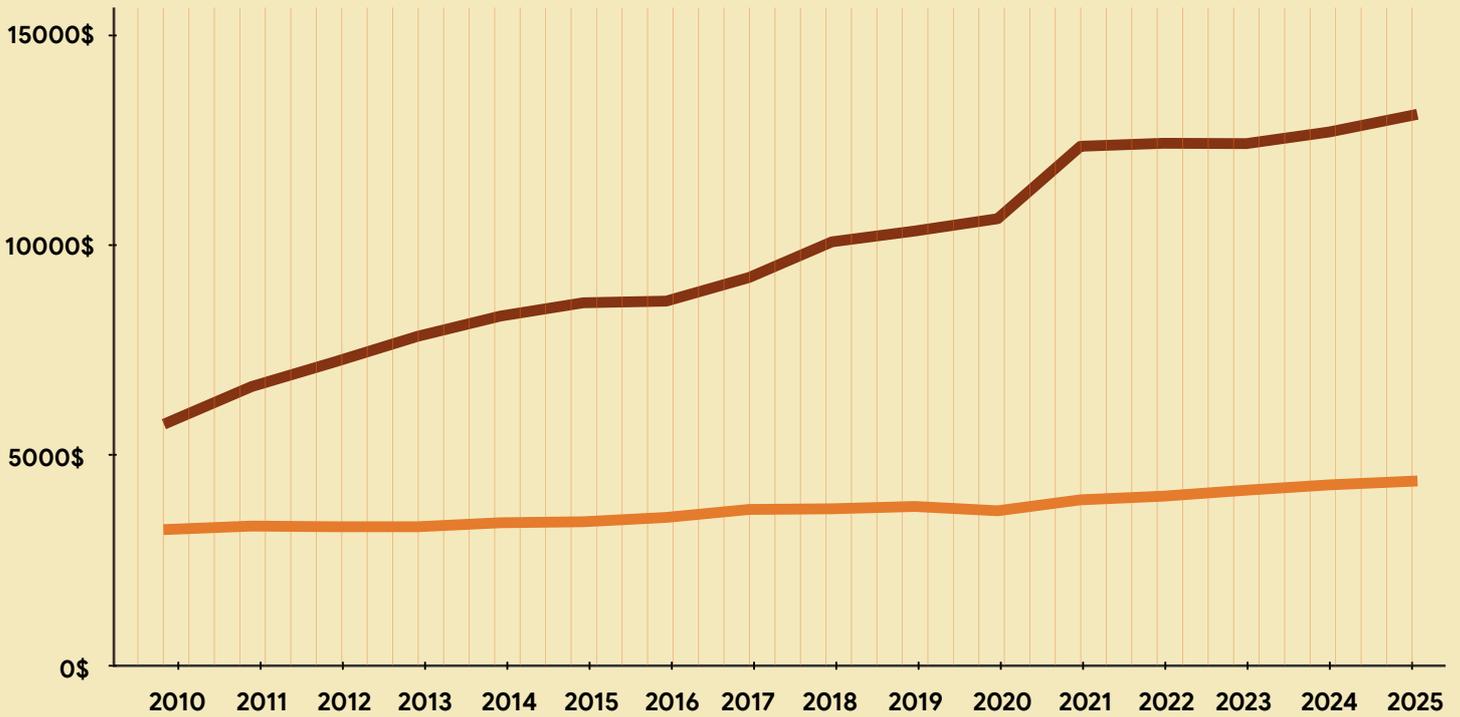
Macroeconomic Buffers:

India's growth is largely "inward-looking," making it more resilient to global trade shocks compared to China's export-sensitive model.

The data from 2010 to 2025 highlights a significant global shift. China has successfully reached a level of high-income maturity, focusing on technological self-reliance and "high-quality" growth. Conversely, India is in a phase of rapid expansion, utilizing its young workforce and domestic market to climb the global rankings. While China remains the larger economic force, India has established itself as the primary engine of global growth speed for the mid-2020s.



China vs India: Per-Capita Income



China	\$4,580	\$5,650	\$6,390	\$7,160	\$7,770	\$8,170	\$8,220	\$8,930	\$10,004	\$10,330	\$10,700	\$12,880	\$12,970	\$12,960	\$13,310	\$13,810
India	\$1,350	\$1,450	\$1,430	\$1,430	\$1,550	\$1,580	\$1,710	\$1,950	\$1,970	\$2,040	\$1,910	\$2,240	\$2,350	\$2,530	\$2,690	\$2,800

— China — India





China: Approaching the High Income Threshold

China's trajectory from 2010 to 2025 demonstrates a transition from a rapidly industrializing economy to a mature, high-value-added power.

China's PCI more than tripled over the period, rising from \$4,580 (₹4.21 lakh) in 2010 to \$13,810 (₹12.70 lakh) by 2025. After 2018, growth began to moderate as the government pivoted toward "high-quality" growth and technological innovation, such as the "Made in China 2025" initiative.

Despite global headwinds and a significant property sector crisis in the early 2020s, China's PCI saw a notable jump from \$10,700 (₹9.84 lakh) in 2020 to over \$12,880 (₹11.85 lakh) in 2021, eventually nearing the threshold of a high-income nation.

As of 2025, China is classified as an upper-middle-income country, with its digital economy and green technologies (EVs, renewables) serving as the primary drivers of income growth.



India: Accelerating Towards Upper-Middle Income Potential

India's path reflects a steady climb fueled by a young workforce and a shift toward discretionary spending.

India's PCI rose from \$1,350 (₹1.24 lakh) in 2010 to \$2,800 (₹2.58 lakh) in 2025, a growth of approximately 107%. 2020 saw the only contraction in this data set, where PCI fell to \$1,910 (₹1.76 lakh). However, the recovery was sharp, jumping to \$2,240 (₹2.06 lakh) by 2022.

As of 2025, India is seeing a move from necessity-led to aspiration-led consumption, with upper-middle-income households projected to reach nearly 24% of the population by 2035. Modern growth is heavily supported by the tertiary sector (services), which now accounts for over 52% of Gross Value Added, along with significant government infrastructure investment.

As of late 2025, the data paints a picture of two giants at different stages of development. China is consolidating its position as a high-income power through technological self-reliance, though its growth speed is naturally cooling. India, meanwhile, has transitioned into a high-growth phase, with its per capita income crossing the crucial \$4,500 (₹4.1 lakh) mark. While China currently enjoys a much higher standard of living, India is the current engine of growth in Asia, with the potential to narrow the income gap significantly by 2045.

Branded Hotel Rooms Supply in China (2015–2024)

China's branded hotel room supply has shown strong and sustained growth over the past decade, nearly tripling between 2015 and 2024. Supply increased from 2.8 million rooms in 2015 to 7.6 million rooms in 2024, reflecting a robust expansion of both domestic and international hotel brands across the country.



Key Trends and Insights:



Over the nine-year period, branded room supply grew at an estimated CAGR of 11–12%, highlighting China as one of the fastest-growing branded hotel markets globally.



Supply rose steadily from 2.8 million to 4.9 million rooms, driven by rapid urbanisation, rising domestic travel, expansion of mid-scale and economy brands, and increased penetration of international operators.



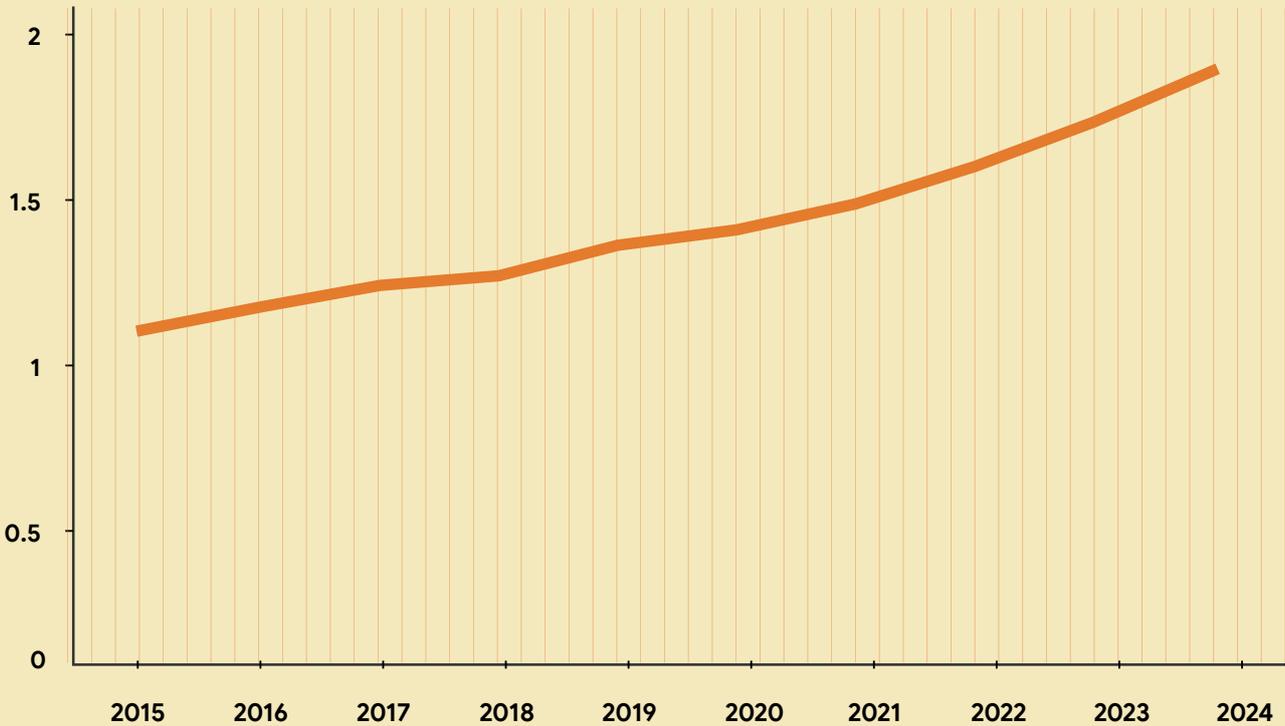
Despite the pandemic, branded room supply continued to grow from 4.9 million in 2019 to 5.6 million in 2021; indicating projects already under development, long-term investor confidence, and strong backing from domestic hotel groups.



Growth gained momentum post-pandemic, with supply increasing from 6.1 million rooms in 2022 to 7.6 million in 2024. This phase reflects renewed travel demand, consolidation of independent hotels into branded networks, and continued rollout of mid-scale and upper-mid-scale products.

China's branded hotel sector demonstrates structural strength, high developer appetite, and long-term confidence, with growth remaining uninterrupted even during global disruptions. The increasing dominance of branded accommodation suggests ongoing formalisation of the hotel market, stronger brand penetration in lower-tier cities, and sustained domestic travel demand.

India Branded Hotel Rooms Supply (Lakhs)



India	1.12	1.19	1.26	1.29	1.39	1.44	1.53	1.65	1.80	1.96
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Branded Hotel Rooms Supply - Comparison (2015-2024)

India's branded hotel room supply has expanded steadily and consistently over the last decade, increasing from 1.12 lakh rooms in 2015 to 1.96 lakh rooms in 2024. This represents a cumulative growth of approximately 75%, underlining the gradual formalisation and branding of India's hotel market.

Key Trends and Insights:

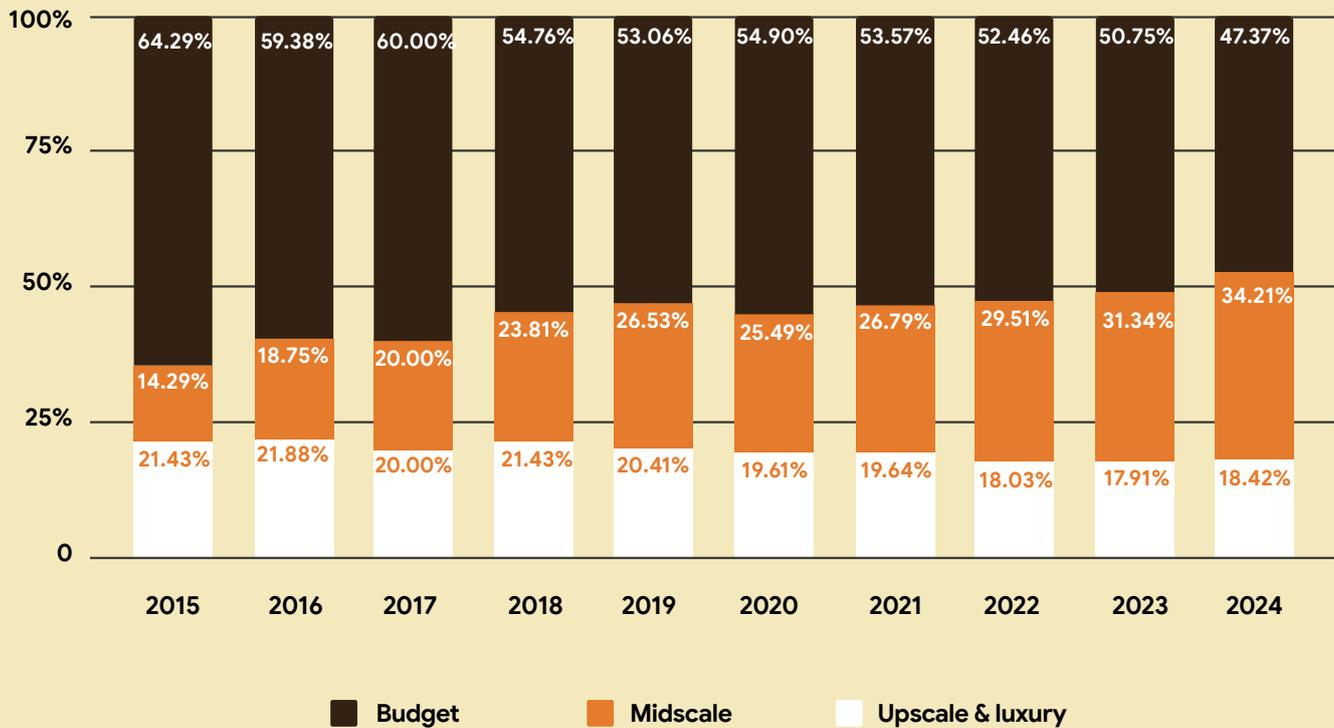
- ① Over the 2015–2024 period, India’s branded hotel supply grew at an estimated CAGR of 6–7%, reflecting measured but sustainable expansion compared to more aggressive markets such as China.
- ① India’s pre-pandemic supply increased from 1.12 lakh to 1.39 lakh rooms, driven by domestic business travel, growth in mid-scale and budget brands, and increasing presence of international hotel operators in metro and tier-1 cities.
- ① Despite the pandemic, China’s branded room supply continued to grow from 4.9 million in 2019 to 5.6 million in 2021; indicating projects already under development, long-term investor confidence, and strong backing from domestic hotel groups.
- ① India’s growth strengthened post-pandemic, with supply expanding from 1.65 lakh rooms in 2022 to 1.96 lakh rooms in 2024. This phase has been supported by robust domestic leisure travel, weddings and MICE demand, and increased brand penetration in tier-2 and tier-3 cities.

India’s branded hotel sector demonstrates resilience, steady investor confidence, and structural under-penetration, particularly when compared to global peers. The consistent rise in branded supply reflects ongoing market formalisation, a shift from independent hotels to branded platforms, and strong domestic demand drivers.

While growth is more moderate than China, India’s branded hotel market offers long-term upside, supported by rising incomes, infrastructure development, and increasing preference for branded accommodation.

Future Prospects

Chinese - Inventory Composition



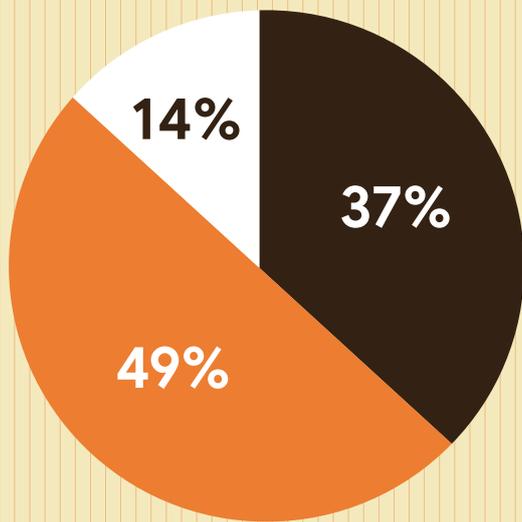
The Chinese inventory supply data tells a story of supply-side structural reform. In 2015, the market was dominated by low-cost, basic lodging (64%). By 2024, nearly 1 in 5 budget hotels has been effectively replaced or upgraded into a midscale or upscale property.

Rising labor and rental costs have made the "low-price" model unsustainable in Tier 1 and Tier 2 cities. This has led to Midscale segment to become the gravitational center of the market, absorbing both budget-conscious travelers who want more comfort and luxury-conscious travelers who are becoming more rational and price-sensitive.

Midscale segment has grown from 14.29% of the supply in 2015 to 34.21% of the supply in 2024; with majority of the growth coming from large hotel groups such as Huazhu, Jin Jiang, BTG Homeinns using asset-light franchise models.

The upscale segment's relative stability (holding 21.43% in 2015 and 18.42% in 2024) indicates it has reached a mature saturation in major cities, where the focus has shifted from building new hotels to rebranding and upgrading existing ones as the premiumization of the industry takes effect.

India - Upcoming Supply



- Upscale & Luxury
- Midscale
- Budget

In terms of India's upcoming supply until 2030; the midscale segment is leading with 49% of the upcoming inventory which suggests a similar trend in India where the market is gravitating towards midscale in terms of volume as the aspirational Indian middle-class pivots towards an upgrade from the budget category.

Upscale & luxury composes 37% of the upcoming supply indicating a healthy appetite in the corporate and leisure locations for premium stay options with world-class amenities and services. Budget composes 14% of the upcoming supply as the branded rooms supply experiences premiumization similar to the recent trends in China's hospitality market and the focus shifts towards largely midscale along with upscale & luxury.



The Demographic Divergence

In April 2023, India surpassed China as the world's most populous nation with 1.46 billion people. This headline obscures a more consequential shift caused due to four decades of China's one-child policy. Due to this China has a median age of 40.2 years as opposed to India's 29.8 years. With 65% population under 35, India is strongly positioned to supply 24.3% of the global workforce in the coming decade.

INDICATOR	CHINA	INDIA
Population (2024)	1.41 Billion	1.46 Billion
Median Age	40.2 years	29.8 years
GDP (Nominal)	USD 19.4T	\$4.13T
GDP Growth (2025)	4.8%	6.6%
Demographic Window	Peaked 2010	Until 2055

Source: World Bank, IMF, UNFPA 2024

These demographics reflect directly in hospitality. India's branded hotel inventory of 196,464 rooms is dwarfed by China's 7.6 million, yet India demonstrates stronger momentum: 9.2 percent supply growth versus China's 4.68 percent. India achieved record ADRs in 2024 (INR 7,951 nationally; Mumbai INR 11,500), while Chinese hotels face deflationary pressure with ADRs declining 2-3 percent year-on-year.

HOSPITALITY METRIC	CHINA	INDIA
Branded Rooms	7.60 Million	0.196 Million
Supply Growth	4.68%	9.2%
ADR Trend (YoY)	-2% to -3%	+8.5%
Occupancy	~61%	67.5%

Source: China Hospitality Association, Hotelivate, STR 2024

Conclusion

China's hospitality development over the past three decades offers India a valuable blueprint; not to replicate blindly, but to learn from strategically. China built 7.60 million branded rooms to serve its urbanising population, but did so during a demographic window that has now closed; oversupply and aging consumers have driven ADRs down 3-6 percent annually. India, with just 196,464 branded rooms and a demographic dividend extending to 2055, has the opportunity to plan supply more wisely.

CITY	HOTEL ROOM SUPPLY
Beijing	44,163
Shanghai	40,316
Guangzhou	19,667
Shenzhen	22,588
Hong Kong	19,766
Macau	21,700
Total Branded Hotel Keys	1,68,200

If India expands its branded inventory to 300,000 rooms by 2030, as projected, doing so in alignment with demonstrated demand patterns rather than ahead of them will preserve the pricing power that Chinese hotels have lost. The opportunity is not simply to build more hotels, but to build the right hotels in the right locations for the right traveller segments and China's experience illuminates precisely where that path leads.

The supply in six of China's top-tier economic centres is almost similar to India's entire branded hotel keys inventory of

195,464 rooms.

PURPLE OCEAN STRATEGY: HIGH POTENTIAL LOW- TARIFF HOTELS



INTRODUCTION

India's accommodation sector presents one of the most significant structural opportunities in the global hospitality industry. The country holds 1.46 billion people, making it the world's most populous nation and accounting for 17.78% of the global population. In mid-2025, India surpassed Japan to become the fourth largest economy, with nominal GDP reaching USD 4.13 trillion.

India Economic Snapshot (2025)

INDICATOR	VALUE
Population	1.46 billion (World's largest)
GDP (Nominal)	USD 4.19 trillion (4th largest)
GDP Growth (FY 2024-25)	6.5% annual; 7.4% Q4
Per Capita Income	Rs. 205,324/year (USD 2,878)
Projected GDP (2030)	USD 7.3 trillion (3rd largest)
Median Age	29.8 years

Source: IMF WEO April 2025; MoSPI; UN Population Division

Despite this economic trajectory, a fundamental misalignment exists between accommodation supply and population needs. Approximately 96% of India's population requires affordable accommodation, while current supply predominantly targets the affluent 4%. This structural inefficiency presents exceptional value creation potential for strategic investors.

The Affordability Gap

India's income distribution reveals why the majority cannot access formal hotel accommodation. The population divides into four distinct income classes based on annual household income.

India's Income Distribution Pyramid

INCOME CLASS	ANNUAL INCOME	POPULATION	SHARE
Rich	> Rs. 30 lakh	56 million	4%
Middle Class	Rs. 5 to 30 lakh	432 million	31%
Aspirers	Rs. 1.25 to 5 lakh	732 million	51%
Destitute	< Rs. 1.25 lakh	196 million	14%
TOTAL		1.416 billion	100%

Source: PRICE ICE 360 Survey (2020-21). Pyramid structure: Rich at top, Destitute at base.

Key Insight

65% of India (928 million people) earn less than Rs. 41,667/month. Only 4% (56 million) can afford current branded hotel rates above Rs. 5,000/night. This leaves 96% of the population underserved.

Current branded hotels, with average daily rates of USD 102 (approximately Rs. 8,500), effectively price out 96% of Indians from formal accommodation. For the Aspirer class earning Rs. 10,417 to Rs. 41,667 monthly, a single night at a branded hotel represents 20% to 82% of their entire monthly income. This makes hotel rooms and travelling unaffordable for 96% of the population creating a significant gap in the market.

Supply Analysis and Room Ratios

India's total lodging capacity stands at approximately 2.48 million rooms across all categories. Branded hotel inventory reached 196,464 rooms distributed across 2,008 hotels in 337 cities as of fiscal year 2024-25. The tables below illustrate the breakdown of room supply by category and the striking ratios of available rooms to population.

Hotel Room Supply Analysis

CATEGORY	ROOMS	SHARE
Branded Hotels	196,464	8%
Aggregators (OYO, etc.)	500,000	20%
Unbranded/Independent	1.78 million	72%
TOTAL	2.48 million	100%

Source: Hotelivate Market Sizing Analysis (June 2024)

Room to Population Ratios

METRIC	RATIO
Total Rooms : Population	1 room per 589 people
Branded Rooms : Population	1 room per 7,432 people
Branded Rooms : Affluent Population (4%)	1 room per 285 people
By 2029 (Projected 300,000 branded rooms)	1 room per 4,867 people

CALCULATION:

Population 1.46 billion ÷
Room count. Affluent
population = 56 million
(4%).

Why 96% Remain Underserved

Several structural factors explain why India's hospitality sector fails to serve the majority population. These factors create a self-reinforcing cycle that perpetuates the shortage.

Structural Barriers to Budget Hotel Development

BARRIER

IMPACT

Real Estate Economics

High urban land costs make budget hotels unviable. A Rs. 2,000/ night hotel cannot generate sufficient returns on expensive land. Developers choose luxury properties generating 10x revenue per square metre.

Financing Constraints

Banks prefer lending for branded luxury properties with predictable cash flows. Budget projects face higher risk perception, expensive or unavailable financing.

Strategic Concentration

Top 10 chains control 65.3% of branded supply. Major operators focus on upper upscale and upscale segments with higher margins.

Unorganised Sector Issues

70% of rooms are unbranded with inconsistent quality and safety standards. Trust deficit drives travellers toward expensive branded options.

The Vicious Cycle of Budget Hotel Undersupply

HIGH LAND & CONSTRUCTION COSTS



HIGH ROOM RATES (Rs. 8,500+ ADR)



ONLY WEALTHY TRAVELLERS
CAN AFFORD (4%)



HOTELS TARGET WEALTHY SEGMENTS



LACK OF INVESTMENT IN BUDGET HOTELS



SHORTAGE PERSISTS → CYCLE REPEATS

MARKET SCALE AND GROWTH

Demand vs Supply Dynamics

METRIC	DEMAND	SUPPLY
Growth Rate (CAGR)	8 to 10%	5 to 6%
Current Occupancy	68%	Constrained
Domestic Tourists (2024)	2.5 billion visits	—
Projected Tourists (2030)	5.2 billion visits	13.4% CAGR growth
Pipeline (5-year)	—	114,000+ rooms

Source: Hotelivate; ICRA. Demand growth outpaces supply by 3 to 5 percentage points annually.

Despite this economic trajectory, a fundamental misalignment exists between accommodation supply and population needs. Approximately 96% of India's population requires affordable accommodation, while current supply predominantly targets the affluent 4%. This structural inefficiency presents exceptional value creation potential for strategic investors.

Median Age Comparison

COUNTRY	MEDIAN AGE
India	29.8
China	37.0
United States	40.0
Japan	49.0

Source: UN Population Division

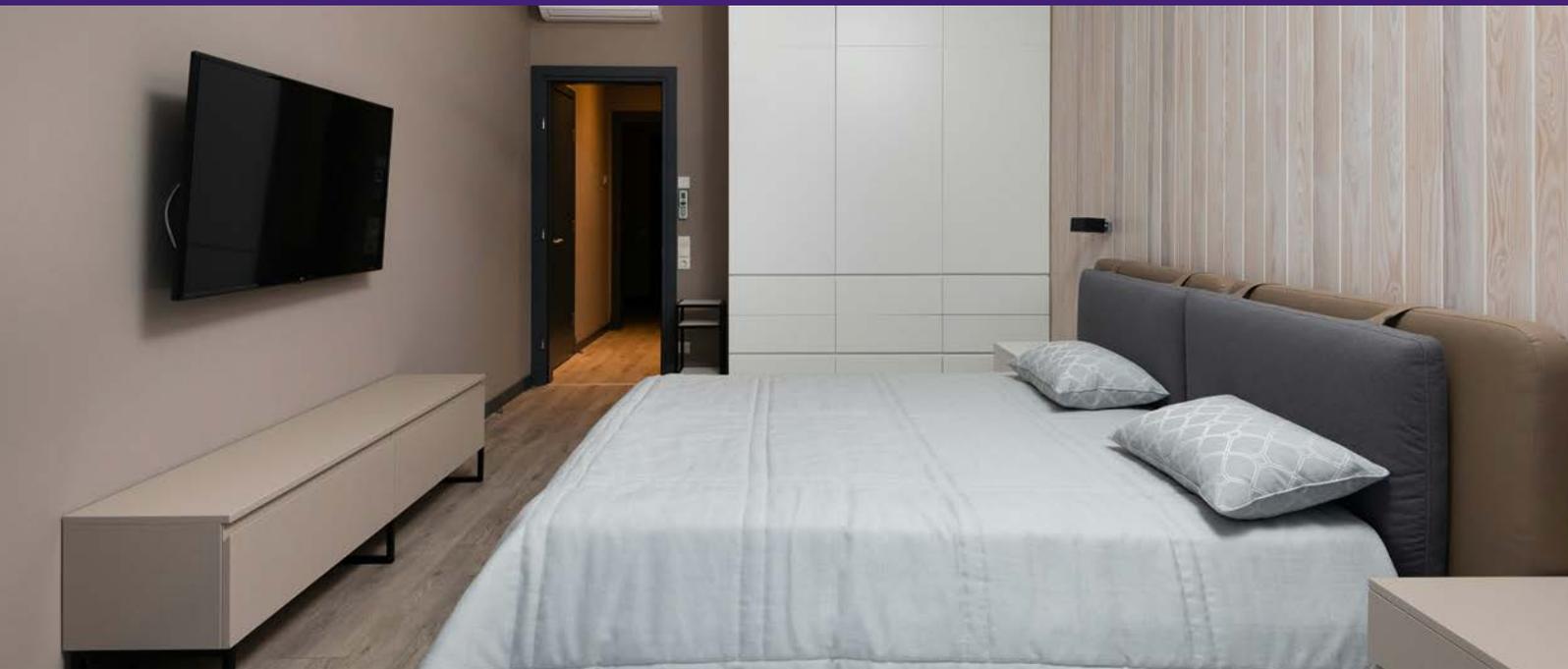
Government Policy Incentives

POLICY/INCENTIVE	BENEFIT
Tourism Budget (FY 2025-26)	Rs. 25.41 billion allocated (3x increase from prior year)
Infrastructure HML Inclusion	Hotels in 50 destinations added; access to ECB and infrastructure financing
Section 35AD Tax Benefit	100% capital expenditure deduction for 2-star+ hotels in year incurred
FDI Policy	100% FDI permitted under automatic route
GST Rate	GST structured at 12% for mid-scale properties

These policy measures collectively transform the investment calculus for budget hospitality. The 100% capital expenditure deduction under Section 35AD allows investors to write off entire project costs in the year incurred, dramatically improving internal rates of return. Access to infrastructure financing through the Harmonised Master List enables developers to secure longer tenure loans at lower interest rates, reducing debt

service burdens during the initial ramp-up phase. The GST reduction from 18% to 12% directly improves operating margins by six percentage points, while the automatic FDI route eliminates bureaucratic delays that previously deterred foreign capital. Together, these incentives lower the effective cost of capital, accelerate payback periods, and signal sustained government commitment to hospitality sector development.

Proven Success: Budget Hotel Models



Several operators have demonstrated that budget and mid-market hospitality can achieve exceptional profitability when value propositions align with target market affordability thresholds. Lemon Tree Hotels, India's largest mid-market chain, operates over 120 hotels across more than 80 cities with 120 additional properties in its pipeline. In the third quarter of fiscal year 2025, the company reported record quarterly revenue of Rs. 3.56 billion with 22% year over year growth, EBITDA margins of 51.9%, and occupancy rates in the high 70s percentage range.

Treebo Hotels has scaled to over 800 properties across 125 cities by focusing on the Rs. 1,500 to Rs. 3,000 per night segment, demonstrating

strong unit economics through standardised operations and technology-driven cost management. FabHotels, now part of the Oyo family, built its brand on consistent quality in the economy segment, achieving rapid expansion through franchise partnerships with independent property owners. Ginger Hotels, a Tata Enterprise subsidiary, pioneered the branded budget segment in India with its lean luxury concept, proving that branded quality can be delivered profitably at accessible price points. These examples confirm that the mid-market and budget segments offer compelling returns when operators commit to operational excellence and customer-centric value delivery.

The Investment Thesis

India's budget hospitality segment represents a multi-billion dollar opportunity defined by structural undersupply rather than cyclical conditions. With large concentration of citizens unable to afford current hotel rates and only one branded room for every 7,432 Indians, demand fundamentally exceeds supply and will continue to do so as domestic tourism doubles to 5.2 billion visits by 2030. The economics favour new entrants: land costs in tier 2 and tier 3 cities remain 60 to 80% lower than metros, construction costs for standardised formats run 40 to 50% below luxury properties, and high occupancy driven by unmet demand compensates for lower average daily rates. Prominent listed mid-scale hotel chain can achieve EBITDA margins exceeding 50% with payback periods of 5 to 7 years, compared to 8 to 12 years for luxury properties in saturated markets.



The timing is optimal as government policy has aligned decisively in favour of hospitality investment through 100% capital expenditure deductions, reduced GST rates, infrastructure financing access, and automatic FDI approval. Major hotel chains remain fixated on premium segments, creating a window for new entrants to establish dominant positions before incumbents' pivot. India's demographic dividend is peaking now, with 65% of the population under 35 and one billion people in their economically productive years requiring affordable accommodation for education, employment, pilgrimage, and leisure travel. Unlike luxury hotels dependent on discretionary spending, budget hotels serve essential travel needs that remain resilient across economic cycles. Investors who commit capital to build scalable, affordable hospitality platforms will capture attractive risk-adjusted returns while addressing one of India's most pressing infrastructure gaps.

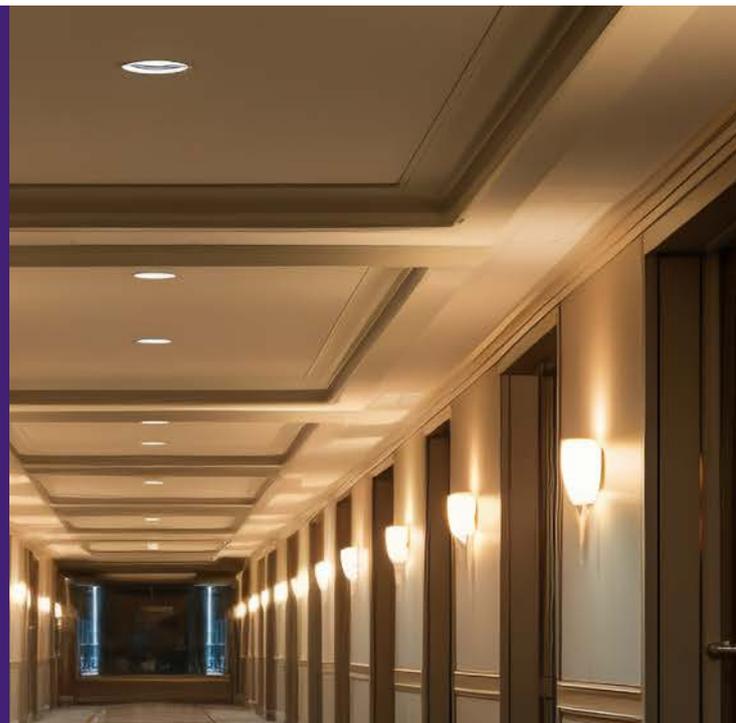
96%

of India's 1.46 billion people lack access to quality affordable accommodation.

Proven operators achieve

50%+ EBITDA

margins in the mid-market segment.



**This is not a gap
in the market.
This is a market
in the gap.**

UNLOCKING POTENTIAL INVESTMENT HORIZON



Having established India's significant supply-demand gap and demographic dividend, we now turn our attention to specific investment opportunities that represent uncharted territory in India's hospitality landscape. These opportunities are similar to mythical creatures: rare, powerful, and capable of delivering extraordinary returns to those bold enough to pursue them. Each represents a segment where structural undersupply meets surging demand, creating conditions for transformative value creation.

The following investment opportunities have been carefully selected based on two critical criteria:

- Demonstrated market gaps supported by data, alignment with India's demographic and infrastructure trends, and proven viability in comparable markets globally.
- While India's hospitality sector has historically concentrated capital in conventional luxury and business hotels, these emerging segments offer first-mover advantages in categories that will define the next decade of Indian hospitality growth.



The Phoenix Rising: Luxury Boutique Wellness Resorts

Market Dynamics and Performance

The strongest demand concentrations exist in states with established leisure and wellness tourism infrastructure. Kerala attracts over 20 million leisure visitors annually, with significant proportions seeking wellness-related experiences. Luxury wellness resorts in Kerala commonly achieve average daily rates exceeding ₹12,000, with occupancy rates between 65-75%. Goa's international traveller base supports average occupancies near 68% with peak-season rates reaching ₹15,000.



Rajasthan's heritage tourism combined with wellness offerings generates stable occupancies around 65% with average daily rates of ₹10,000. Maharashtra's leisure destinations, including Mumbai's outskirts and Lonavala, report occupancies of 66% with ADRs near ₹10,500. Karnataka's emerging wellness hubs around Bengaluru and Coorg demonstrate occupancy levels of 60-65% with average daily rates between ₹9,000-11,000.

Operational Excellence & Technology Integration



Modern boutique wellness resorts increasingly integrate advanced technologies to enhance guest experiences while improving operational efficiency. AI-powered personalization engines analyze guest preferences to customize wellness programs, dietary requirements, and activity schedules. Contactless check-in systems, IoT-enabled room controls for lighting and temperature, and smart energy management systems reduce operational costs while maintaining luxury standards.

These technological efficiencies enable profit margin improvements of 10-15% compared to traditional hotel models. High-value ancillary services including bespoke wellness programs (₹15,000-50,000 per guest per stay), exclusive dining experiences (₹5,000-15,000 per experience), and branded wellness products (contributing 8-12% of total revenue) significantly boost revenue per available room.

Sustainability and ESG Alignment

Boutique wellness resorts naturally align with environmental, social, and governance priorities increasingly important to both guests and investors. These properties typically pursue LEED or IGBC green certifications, utilize renewable energy sources (solar, biomass), emphasize local sourcing for food and materials, and engage meaningfully with local communities.

This sustainability orientation attracts ESG-focused institutional capital and impact investors who view these assets as aligned with responsible investment mandates. Government support through schemes promoting wellness tourism, including Swadesh Darshan 2.0 and PRASHAD, provides infrastructure development assistance and marketing support.



Investment Strategy and Execution



Successful market entry requires strategic focus on locations with demonstrated demand, strong infrastructure, and cultural authenticity. Priority states include Kerala (Ayurveda heritage), Rajasthan (cultural wellness), Goa (international wellness tourism), Karnataka (emerging wellness hubs), and Maharashtra (proximity to affluent urban markets). Site selection should prioritize natural settings such as waterfront, hillside, forest that enhance the wellness experience while maintaining accessibility to major airports within 2-3 hours' drive.

Collaboration with established wellness practitioners, Ayurvedic physicians, yoga masters, and lifestyle brands creates authentic experiences that differentiate properties from competitors. Strategic partnerships with international wellness

brands can accelerate market positioning while maintaining cultural authenticity. Development costs typically range from ₹18-25 million per key depending on location and positioning, with total project costs for a 30-40 key property ranging from ₹0.54-1 billion.

Asset-light expansion through management contracts or franchise agreements enables rapid scaling with controlled capital deployment. This approach allows investors to prove the concept with flagship properties before expanding systematically across target markets. Emphasis on local cultural practices, traditional wellness rituals, indigenous cuisine, and authentic design creates competitive differentiation while supporting community engagement objectives.



Market Timing and First-Mover Advantage

Current market conditions create exceptional entry opportunities. While luxury hotel supply has expanded significantly in urban centres, wellness-focused boutique properties remain chronically undersupplied relative to demand. The convergence of rising domestic affluence, growing health consciousness post-pandemic, international recognition of India's wellness heritage, and supportive government policies creates ideal conditions for market entry.

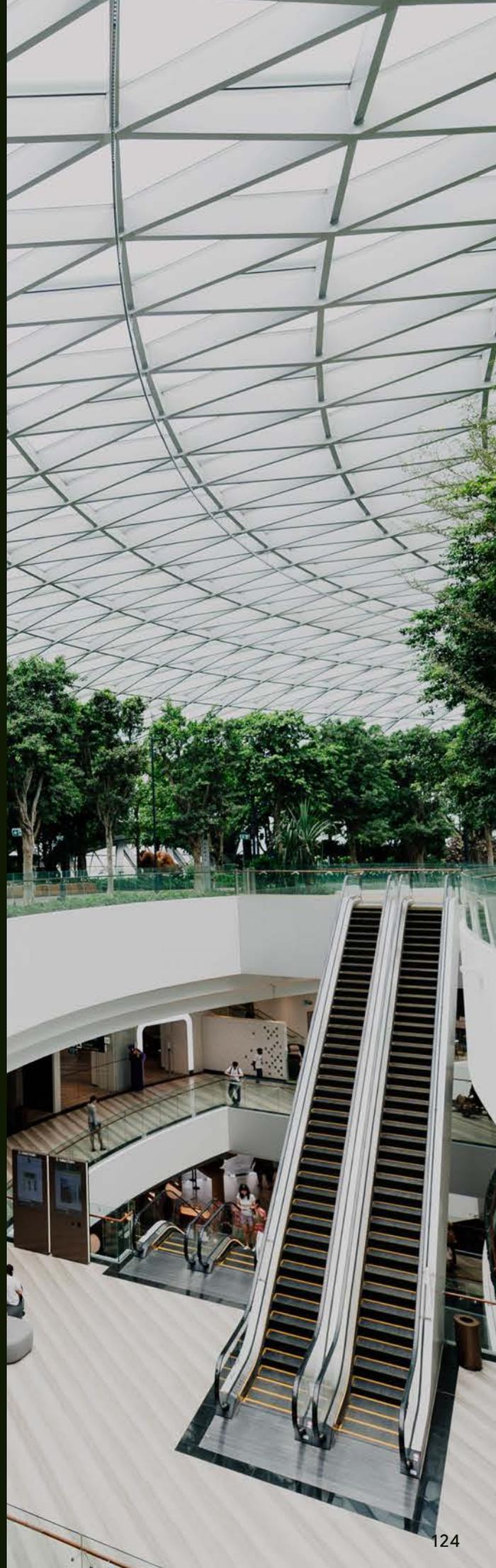


The Flying Elephant: Sustainable Smart Hotels

Investment Thesis and Market Fundamentals

Sustainable smart hotels represent one of the most compelling investment opportunities in Indian hospitality. Over 90% of Indian travelers actively seek sustainable accommodations, yet fewer than 5% of hotel rooms meet internationally recognized green certification standards. This 18:1 demand-to-supply ratio creates a massive structural opportunity. India's \$5 billion (₹45,986 crore) corporate travel market is transforming, with ESG compliance evolving from optional preference to mandatory vendor requirement, effectively creating a protected market for certified properties.

Properties with LEED Gold or Platinum certification command 10 to 15% room rate premiums while delivering 3 to 5 percentage point EBITDA margin improvements, translating to 15 to 20% higher profitability than conventional hotels. The target market encompasses high-value segments: corporate travelers from multinational firms with ESG mandates, affluent millennials and Gen Z travelers prioritizing environmental responsibility, and international tourists from Europe, Australia, and North America. These segments demonstrate exceptional recession resilience and booking consistency.



Investment Strategy and Execution



Sustainable smart hotels deliver quantifiable financial returns from day one. Renewable energy systems generate 40 to 60% of total energy requirements, reducing electricity costs by ₹50 to ₹80 per occupied room night. For a 150-room property at 70% occupancy, this means ₹1.9 to ₹3.1 million in annual savings. AI-driven energy management systems add another 15 to 20% efficiency gain by optimizing HVAC, lighting, and equipment operation based on occupancy patterns and weather forecasts.

Water management systems incorporating IoT monitoring, rainwater harvesting, greywater recycling, and smart irrigation reduce consumption by 30 to 40%, delivering ₹1.2 to ₹1.8 million in annual savings while providing crucial resilience in water-stressed markets like

Bengaluru and Chennai. Waste management featuring segregation, composting, and biogas generation reduces disposal costs by 40 to 50% while generating revenue from recyclables. Smart guest room technologies including mobile check-in, digital keys, voice-activated controls, and personalized climate preferences enhance experiences while reducing labor requirements by 10 to 15%.

Technology costs have declined 40 to 50% over five years. Solar payback periods have compressed from 10 years to 5 to 6 years, making sustainable investments economically superior to conventional alternatives. Properties deployed today benefit from mature technology ecosystems with competitive vendor markets and proven operational protocols.

ITC Hotels' Validated Performance Model

ITC Hotels operates the world's largest chain of LEED Platinum certified hotels spanning twelve properties, eliminating investment uncertainty through proven performance across India's diverse markets. ITC Grand Chola Chennai demonstrates the compelling business case: 72% occupancy versus Chennai's 65 to 68% luxury average, 15 to 20% room rate premiums, net-positive water balance, and 100% renewable electricity. These are sustained operational metrics, not aspirational targets.



ITC's benchmarks are bankable: electricity cost reductions of 40 to 50%, water cost declines of 35 to 45%, waste management savings of 40 to 50%, expanding EBITDA margins by 3 to 5 percentage points. Guest awareness stands at 70% with 62% willing to pay premium rates, demonstrating real pricing power. Development costs run 18 to 25% higher, representing ₹140 to ₹260 million incremental investment for 150-room properties, but payback periods of 4 to 6 years lead to ₹400 to ₹600 million incremental net present value over ten years. Properties command 3 to 9% valuation premiums at disposition. During COVID-19, ITC's sustainable portfolio maintained superior performance as guests prioritized advanced hygiene and air quality, demonstrating tangible crisis resilience.

Regulatory Framework and Government Policy Support

Government policy has evolved to actively support sustainable hotels. The Union Budget 2025-26 allocated ₹25.41 billion for tourism infrastructure with explicit eco-friendly provisions, a 28% year-over-year increase. Green building certifications deliver immediate benefits: expedited permitting reduces time to market by 3 to 6 months, lowering pre-opening costs by ₹20-40 million; property tax abatements reach 20% in select municipalities; priority institutional financing reduces capital costs; and government tourism promotion provides marketing support worth ₹1.5 to ₹2.5 million annually.



State-level policies in Maharashtra, Karnataka, and Kerala offer subsidized land, capital subsidies reaching 30% of renewable energy costs (reducing payback from 6 years to 4 years), and preferential electricity tariffs. These policies reflect India's binding commitments: net-zero by 2070, 45% emissions intensity reduction by 2030, and 500 GW renewable capacity. SEBI's ESG disclosure mandates drive corporate demand as firms must demonstrate environmental responsibility throughout value chains, making sustainable hotels necessary partners. The policy environment has fundamentally shifted to provide significant regulatory advantages.

Strategic Deployment and Market Entry

The deployment strategy prioritizes a flagship 120 to 180 room property in Mumbai or Bengaluru, targeting upper-midscale to luxury segments with ₹8,000 to ₹15,000 average daily rates and LEED Platinum certification. This establishes brand positioning and operational templates during an 18 to 24 month stabilization period, generating the performance data and benchmarks needed to secure corporate contracts and attract institutional co-investors. Portfolio expansion then leverages asset-light models through management contracts and franchise agreements, enabling rapid scaling across primary markets like Mumbai, Bengaluru, Pune, Chennai, and Kochi; secondary markets including Ahmedabad, Jaipur, Indore, and Visakhapatnam; and leisure destinations such as Goa, Rishikesh, Coorg, and Munnar.





Market Timing and Opportunity

The convergence of favorable conditions creates an exceptional investment opportunity. Technology costs have declined 40 to 50% over five years, making sustainable investments cost-competitive. Consumer demand has reached inflection points, while ESG capital targeting Indian hospitality has surged from USD 200 million in 2020 to USD 1.8 billion in 2024. The competitive landscape remains wide open, with established operators pursuing only selective initiatives and international sustainable brands maintaining minimal India presence. This creates substantial first-mover advantages: 10 to 15% rate premiums, 3 to 5 percentage point EBITDA improvements, government policy benefits worth ₹30-60 million per property over ten years, and 3 to 9% valuation premiums at disposition. ITC Hotels' validation across twelve properties demonstrates these advantages translate to 15 to 20% profitability gains over conventional hotels. For institutional investors, the opportunity to establish market-defining positions and capture these advantages is available now, making this an ideal moment to deploy capital and shape India's sustainable hospitality future.



The Unicorn: Business Hotels Near Expanding Global Capability Centres

The GCC Revolution Reshaping Indian Cities



India is experiencing an extraordinary transformation as multinational corporations establish Global Capability Centers (GCCs) across major metropolitan areas. These centers, serving as strategic hubs for technology, research, finance, and operations, represent far more than traditional outsourcing; they are comprehensive innovation ecosystems employing highly skilled professionals in sophisticated roles.

The scale of this transformation is staggering. India now hosts approximately 1,700 Global Capability Centers across the country, employing 1.9 million professionals and generating \$64.6 billion in annual revenue as of FY2024. Bengaluru leads as the largest GCC hub, followed by substantial concentrations in Hyderabad, Chennai, Mumbai, Pune, and Gurugram, collectively spanning technology giants, pharmaceutical companies, financial institutions,

manufacturing firms, and professional services. The sector is expanding rapidly beyond traditional metro centers, with over 215 GCC units now established in tier-2 and tier-3 cities including Ahmedabad, Thiruvananthapuram, and Coimbatore. This concentration of global corporate activity, projected to reach 2,100-2,200 centers by 2030, creates unprecedented demand for business-focused hospitality infrastructure strategically located near these employment centers.

Major corporations including Barclays, Standard Chartered, Citibank, AstraZeneca, Pfizer, Ford, Renault Nissan, Amazon, Uber, Airbnb, Siemens, and United Airlines have all established substantial GCC campuses, with many announcing further expansions. This concentration of global corporate activity creates unprecedented demand for business-focused hospitality infrastructure strategically located near these employment centers.

The Accommodation Gap for Corporate Travelers

The rapid expansion of GCCs has created acute shortages of appropriate business accommodation, particularly in micro-markets surrounding technology parks and business districts. Areas including Bengaluru's Outer Ring Road, Whitefield, Electronic City, Hyderabad's HITEC City, Financial District, Gachibowli, Pune's Hinjewadi IT Park, Mumbai's Andheri-Powai corridor, Chennai's OMR and Siruseri IT corridor, and Gurugram's Cyber City and Golf Course Road consistently demonstrate weekday occupancies exceeding 85% for business hotels.

Traditional hotel supply has not kept pace with employment growth in these micro-markets. While Bengaluru added approximately 125,000 GCC jobs in 2024, only 2,400 new hotel rooms opened in key business districts, creating a ratio

of one new hotel room for every 52 new jobs which is grossly insufficient given business travel patterns. Similar imbalances characterize Hyderabad, Pune, and other GCC hubs.

The corporate traveler profile differs substantially from leisure tourists. Business guests prioritize location convenience (minimizing commute to offices), functional amenities (meeting rooms, business centres, high-speed internet), flexible services (early check-in, late check-out, extended stays), reliable quality (consistent standards, minimal variability), and corporate recognition programs. Current hotel supply, often designed for leisure or mixed-use, inadequately serves these specific requirements.



Financial Performance and Corporate Contracting

Business hotels in GCC-adjacent locations demonstrate exceptionally strong and stable financial performance. Weekday occupancies consistently range from 80-90%, substantially higher than market averages of 65-70%. Average daily rates in these micro-markets command premiums of 15-20% compared to city-wide averages due to corporate willingness to pay for convenience and quality.

Corporate contracting provides unusual revenue stability for hospitality assets. Many GCC-focused hotels secure negotiated corporate rates with volume commitments, essentially providing base-load occupancy guarantees of 40-60% from contracted business before any transient bookings. These arrangements, typically structured as annual contracts with rate escalations, provide predictable cash flows highly valued by institutional investors.

A man in a dark blue suit and a woman in a white sweater and green pants are sitting on a modern, light-colored sofa. They are both looking at a laptop on a round wooden coffee table in front of them. The man is pointing at the screen. The background shows some greenery and a dark wall.

Extended-stay demand from GCC professionals on temporary assignments (3-6 months) creates additional high-margin revenue streams. Properties offering serviced apartment-style accommodations with kitchenettes, separate living areas, and weekly housekeeping generate 25-30% higher revenue per occupied room compared to standard business hotels. This segment is projected to grow at 15-18% CAGR through 2028 as more multinational firms deploy rotating teams to Indian GCCs.

Investment Strategy and Development Approach



Successful entry into this segment requires precise site selection, targeted product development, and strategic corporate partnerships. Priority locations should focus on proven GCC clusters with continued expansion momentum. In Bengaluru, target Outer Ring Road (Bellandur to Sarjapur), Whitefield and ITPL vicinity, Electronic City phases 1-3, and Manyata Tech Park catchment.

Hyderabad opportunities centre onHITEC City and Madhapur, Financial District and Gachibowli, Kokapet and Nanakramguda, and Uppal and Boduppal corridors. Pune development should concentrate on Hinjewadi phases 1-3, Kharadi and

Viman Nagar, Magarpatta City surroundings, and Pimpri-Chinchwad industrial belt.

Optimal property positioning targets mid-scale to upper-midscale segments (₹4,000-7,000 ADR range) with 120-180 keys providing scale efficiency while maintaining service quality. Essential amenities include multiple meeting rooms (6-10 spaces of varying sizes), 24-hour business center with administrative support, fitness center and wellness facilities, complimentary high-speed WiFi throughout, flexible dining options including early breakfast and late dinners, and shuttle services to major corporate campuses.

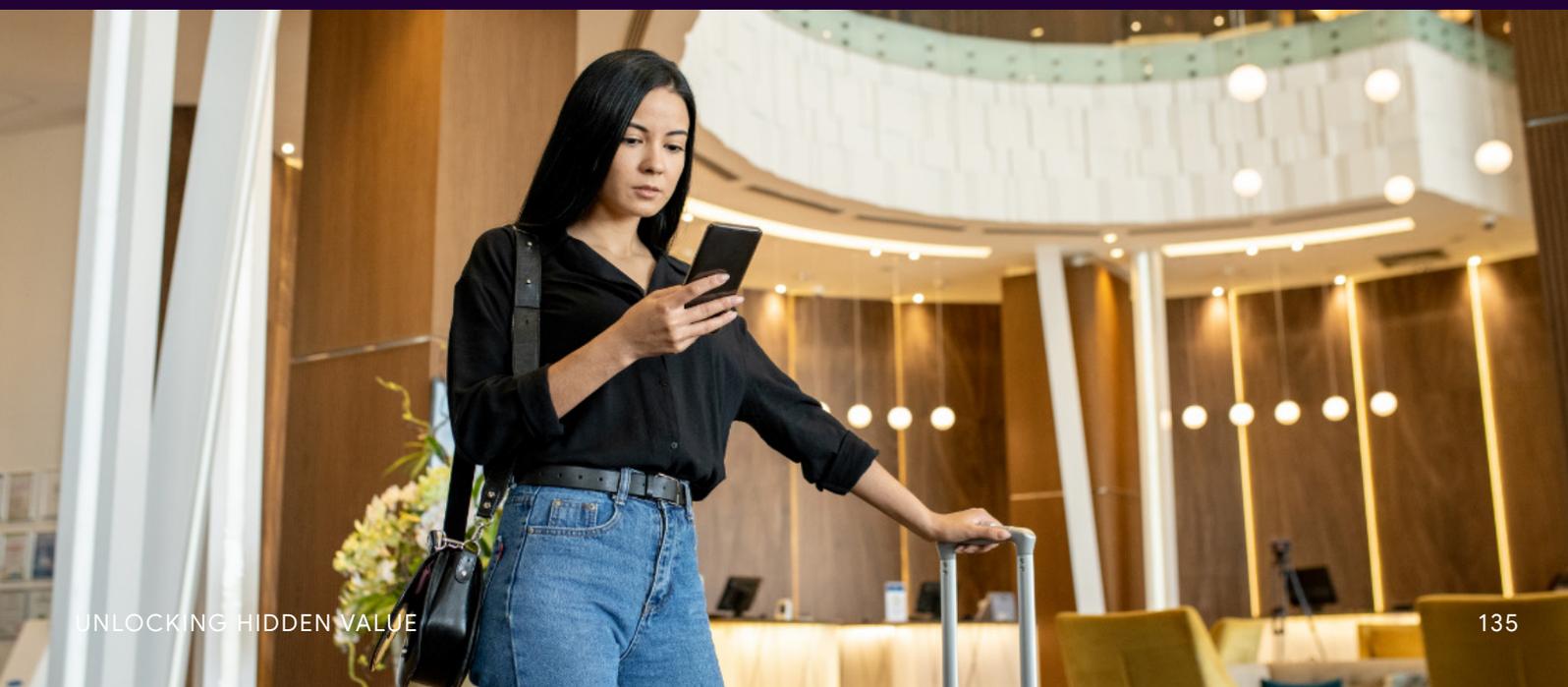
Corporate Partnership and Revenue Management

Building strategic relationships with GCC employers provides competitive advantages and revenue stability. Proactive engagement should begin during project planning, presenting hotel concepts to corporate travel managers and HR heads to secure early commitments. Structured corporate programs offering negotiated rates with volume discounts, guaranteed room blocks during peak periods, priority booking privileges, and customized amenity packages build loyalty and stable occupancy.

Technology integration enhances corporate appeal and operational efficiency. Seamless booking integration with major corporate travel platforms (Concur, TripActions), mobile apps enabling contactless check-in and digital room

keys, smart room controls for personalized experiences, and data analytics tracking corporate usage patterns optimize both guest satisfaction and revenue management.

Revenue management for business hotels differs from leisure properties. Weekday-weekend pricing disparities allow optimization, with weekdays commanding corporate rates and weekends targeted to leisure travelers at promotional rates. Seasonal patterns align with corporate fiscal cycles, with peak demand in Q2 and Q3 of calendar years. Dynamic pricing algorithms accounting for corporate booking patterns, local event calendars, and competitive positioning maximize revenue per available room.



Market Timing and Growth Trajectory

Multiple indicators signal exceptional market timing for business hotel investment near GCCs. Office leasing by GCCs reached a record 29.3 million square feet in 2025, accounting for 33-40% of total market absorption across India's major office markets. This represents substantial expansion momentum, with GCCs consistently driving 35-40% of business district demand annually. The GCC sector's workforce of 1.9 million professionals is projected to grow to 2.5-2.8 million by 2030, representing a net addition of 600,000-900,000 professionals over the next six years across major metros and emerging tier-2 cities. These skilled professionals generate frequent inter-city business travel, temporary deployments, training programs, and client meetings, creating sustained demand for quality business accommodation near major employment centers.

Business travel recovery post-pandemic has been particularly robust, with corporate hotel stays exceeding 2019 levels by 15% in 2024 and projected to grow an additional 12-15% annually through 2027. The shift toward "blended" business trips, where corporate travellers extend stays to include leisure components, increases average length of stay and total revenue per guest.

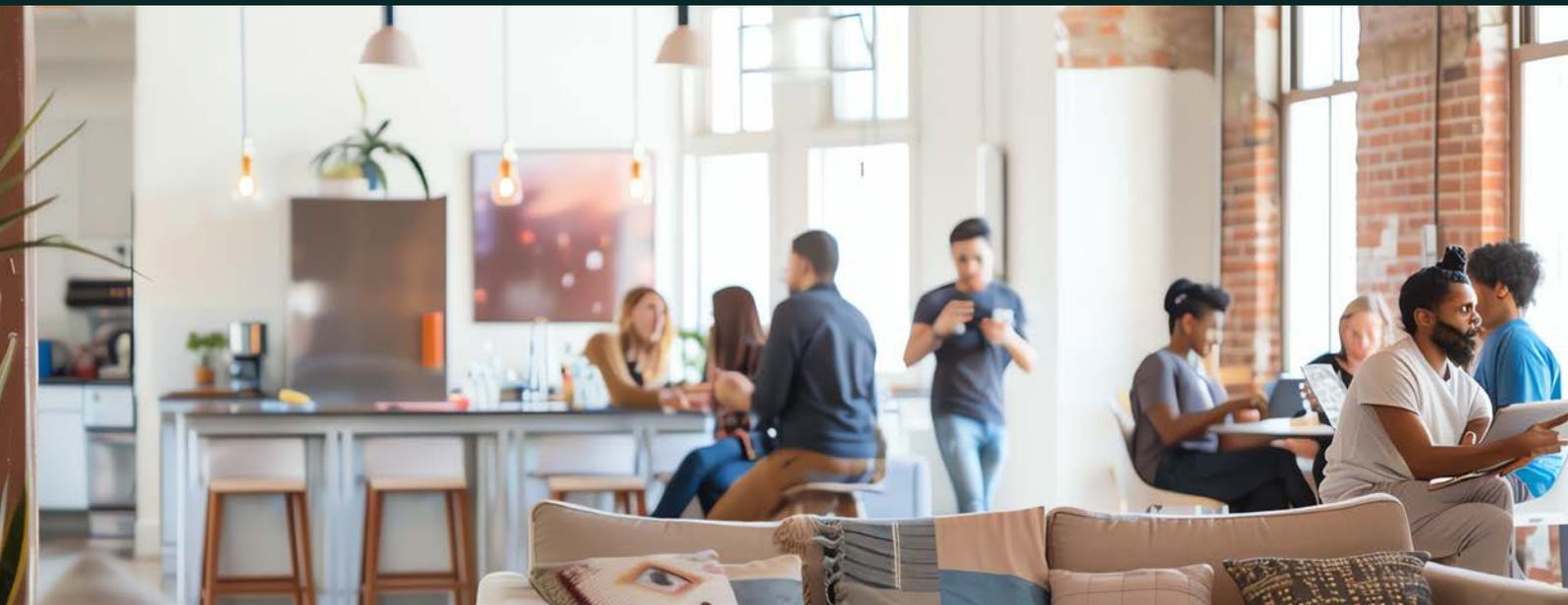


Current supply pipelines inadequately address this demand concentration. While several luxury and lifestyle hotels are planned in major cities, purpose-built business hotels specifically targeting GCC micro-markets remain scarce. This creates first-mover advantages for developers who recognize the opportunity and execute systematically. Business hotels strategically positioned near India's exploding GCC ecosystem offer the rarest of hospitality assets: predictable demand, stable cash flows, corporate revenue visibility, and substantial growth potential. For investors who move decisively, capturing market share in this segment before competition intensifies represents a unique opportunity in India's evolving hospitality landscape.



The Rising Dragon: Co-Living Hotels for Digital India

The Evolution of Urban Living and Working



Co-living hotels represent a specific hospitality model distinct from traditional co-living apartments or PG accommodations. These properties operate under hotel licenses, combining the privacy of fully furnished private rooms with extensive shared amenities including lounges, kitchens, co-working spaces, fitness centers, and social areas. Unlike residential co-living with shared bedrooms or basic PG facilities, co-living hotels deliver premium hospitality standards with flexible stays ranging from one week to 12+ months.

The model specifically targets young professionals, digital nomads, startup employees, and long-stay business travelers seeking flexible, affordable, community-rich accommodation alternatives to traditional apartments or hotels.

India's urban demographic transformation creates exceptional conditions for expansion. Approximately 600 million people will live in Indian cities by 2030, with 70% under age 40. This overwhelmingly young urban population demonstrates distinct preferences: flexibility over ownership, experiences over possessions, community over isolation, and all-inclusive convenience over fragmented services.

The property scale sweet spot typically ranges from 100-200 rooms, balancing operational efficiency with community atmosphere. Smaller properties struggle to offer comprehensive amenities economically, while larger properties risk diluting the community feel essential to the concept's appeal.

Market Opportunity and Target Locations

The strongest co-living demand concentrates in cities with robust technology sectors, thriving startup ecosystems, high student populations, and significant young professional cohorts. Bengaluru, with over 875 GCCs and 12,000+ startups, demonstrates exceptional demand from mobile professionals seeking flexible living arrangements. Pune's combination of IT hubs, educational institutions, and lower living costs compared to Mumbai creates ideal conditions.

Mumbai's chronic housing shortage and prohibitive apartment rentals drive young professionals toward co-living alternatives offering better value and amenities. Hyderabad's rapidly expanding technology sector and

relatively affordable living costs attract workers from across India seeking career opportunities. Gurugram's concentration of multinational firms and startup offices creates consistent demand from mobile professionals.

Secondary cities including Chennai, Ahmedabad, Kolkata, Kochi, and Indore demonstrate emerging interest as technology sectors expand and lifestyle aspirations grow beyond traditional metros. Strategic positioning near employment hubs, educational institutions, metro stations, and entertainment districts maximizes appeal to target demographics.

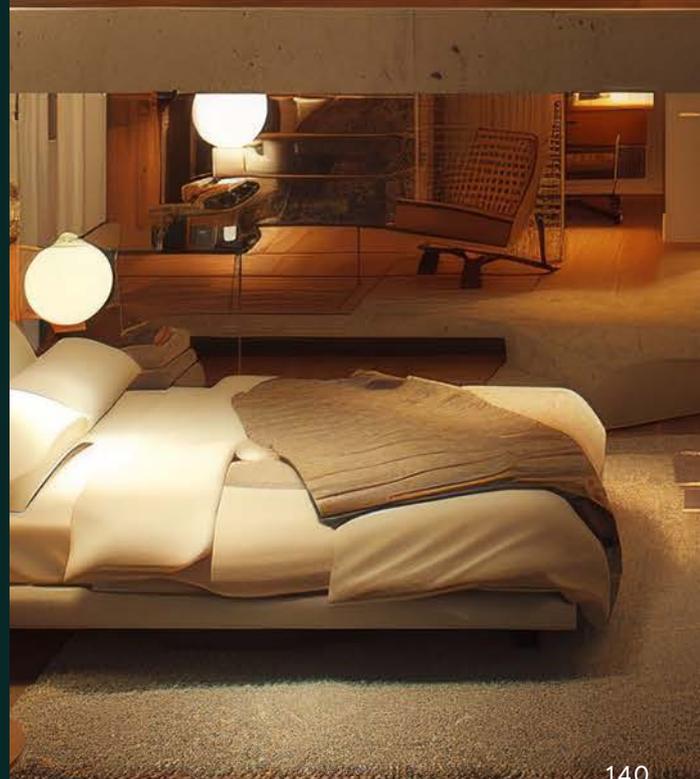
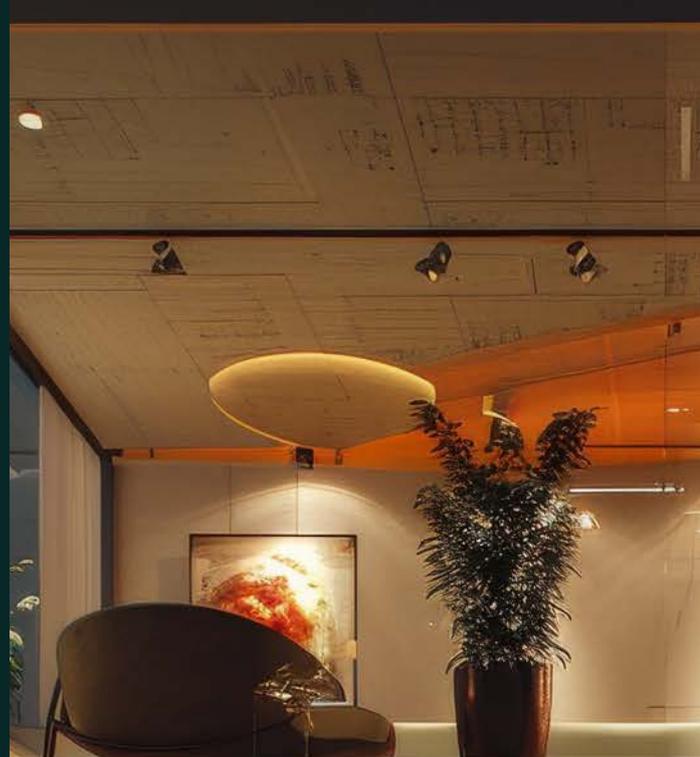


Product Design and Amenity Requirements

Successful co-living hotels balance private and communal spaces thoughtfully. Private accommodations typically include fully furnished studios or one-bedroom units (200-350 sq ft), ensuite bathrooms with premium fixtures, high-speed internet and smart TV, adequate storage and work surfaces, and individual climate controls.

Shared amenities creating community and value include co-working spaces with varied seating (hot desks, private pods, meeting rooms), commercial-grade kitchens with quality appliances and dining areas, fitness centers with modern equipment and group class spaces, lounges and recreational areas (gaming, entertainment, reading), laundry facilities with high-capacity machines, outdoor terraces or gardens, and regular community events and activities.

Technology infrastructure is non-negotiable for success. Digital booking and payment systems, mobile apps for access control and services, smart building systems for energy and security, high-speed WiFi throughout (minimum 100 Mbps), and IoT-enabled room controls enhance experiences while improving operational efficiency.



Financial Performance and Business Model



Co-living hotels demonstrate attractive unit economics when properly executed. Average monthly rates typically range from ₹25,000-40,000 per month depending on location, room type, and inclusions. Premium properties in Bengaluru and Mumbai command rates at the higher end, while Pune, Hyderabad, and secondary cities trend lower but still deliver strong yields.

Occupancy rates consistently exceed traditional hotels, typically ranging from 85-92% due to longer average stays (3-12 months versus 2-3 nights for hotels) and lower seasonal variability. Revenue streams extend beyond accommodation

to include premium room upgrades (20-30% price differential), co-working day passes for non-residents, food and beverage (cafes, meal plans), events and workshops, laundry and other ancillary services, and guest referral commissions. Development costs typically range from ₹350,000-500,000 per unit, depending on location and finishes. For a 150-unit property, total project costs range from ₹525-750 million plus land. Operating expense ratios of 40-45% of revenue (lower than traditional hotels due to reduced daily housekeeping and services) generate EBITDA margins of 30-35% when fully stabilized.

Operational Excellence and Community Building

Success in co-living requires distinct operational capabilities blending hospitality service culture with community management skills. Staff must balance efficient property management with authentic community fostering, creating environments where residents feel both well-served and genuinely connected.

Community programming differentiates strong operators from weak ones. Regular events including weekly social gatherings (game nights, movie screenings), professional networking events and skill-sharing workshops, fitness

classes (yoga, HIIT, sports), cultural celebrations and festivals, and weekend outings and activities create bonds among residents and build brand loyalty.

Safety, security, and inclusivity are non-negotiable priorities. 24/7 security with trained personnel and CCTV systems, controlled access to buildings and floors, verified resident screening processes, clearly communicated community guidelines, zero-tolerance policies for harassment or discrimination, and dedicated grievance redressal mechanisms establish trust essential for success.



Market Evolution and Competitive Landscape



India's co-living market remains nascent despite recent growth. The organized co-living sector accommodates approximately 150,000 residents across all operators and cities, representing less than 0.5% of urban renter populations. For comparison, student housing alone in the United States accommodates over 2 million residents, suggesting massive growth potential as the concept matures.

Current operators include dedicated co-living platforms such as Zolo (20,000+ beds across 10 cities), OYO Life (scaled down but still operational in select markets), and CoHo (premium

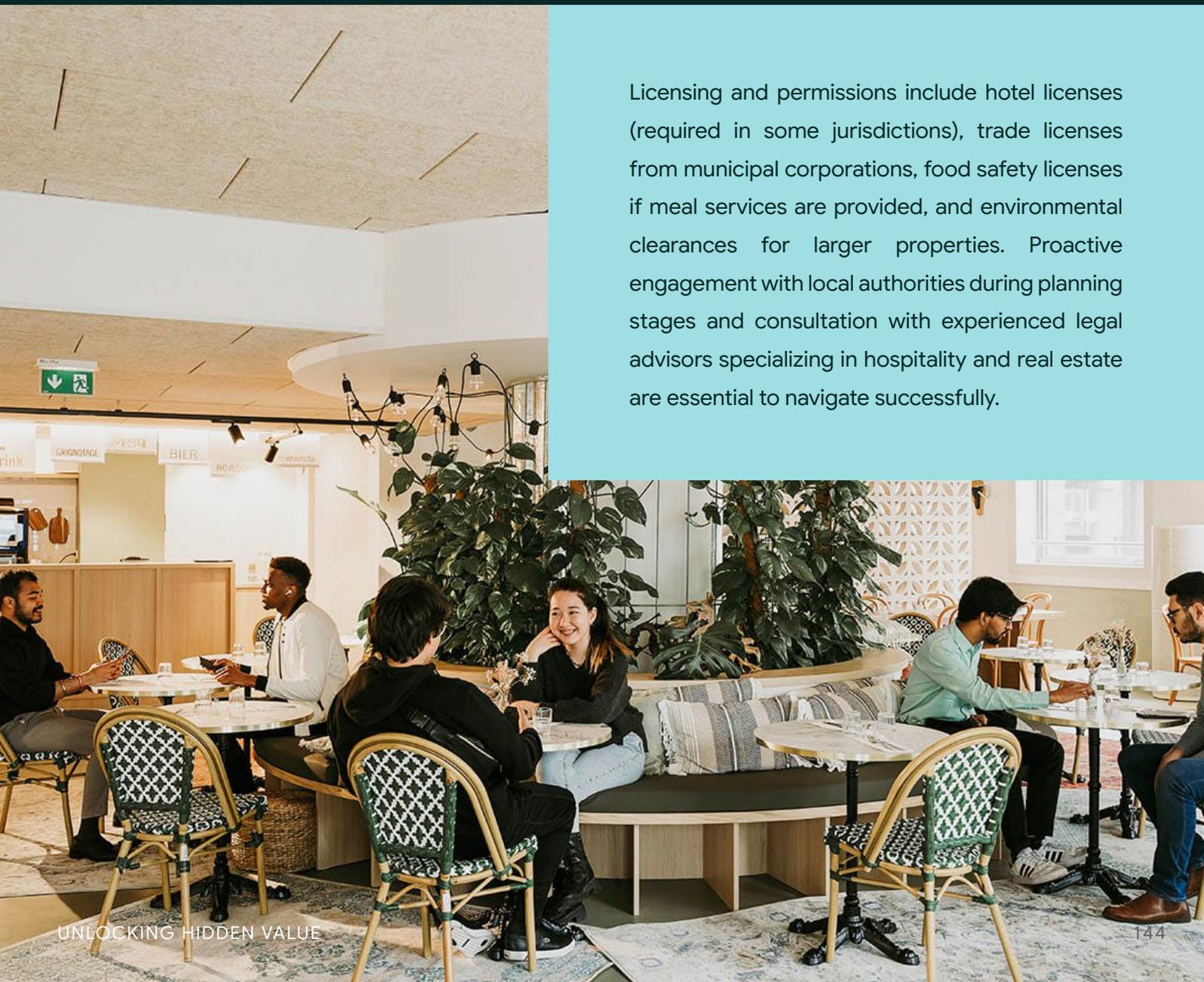
positioning, smaller scale), hospitality-backed initiatives from Lemon Tree Hotels exploring extended-stay formats, and The Hosteller expanding into longer-stay segments.

The competitive landscape remains fragmented with no dominant national brand, creating opportunities for well-capitalized entrants to achieve market leadership through systematic expansion. Property quality and community experience vary significantly across operators, with trust deficits limiting adoption among skeptical consumers hesitant to try new concepts.

Regulatory Considerations and Risk Management

Co-living hotels navigate complex regulatory environments spanning hospitality, residential, and commercial classifications. Zoning regulations vary by city and often lack clear co-living categories, sometimes requiring special permissions or creative interpretations. Fire safety and building codes must meet residential standards including adequate exits and firefighting equipment, while some municipalities impose restrictions on density or occupancy loads that impact unit economics.

Licensing and permissions include hotel licenses (required in some jurisdictions), trade licenses from municipal corporations, food safety licenses if meal services are provided, and environmental clearances for larger properties. Proactive engagement with local authorities during planning stages and consultation with experienced legal advisors specializing in hospitality and real estate are essential to navigate successfully.



Investment Strategy and Market Entry



Systematic market entry should prioritize cities and micro-markets with demonstrated demand. Phase 1 flagship properties should launch in Bengaluru (Koramangala, Indiranagar, Whitefield), Pune (Hinjewadi, Viman Nagar), and Mumbai (Andheri, Powai, Malad) where young professional concentration and living cost pressures create ideal conditions.

Phase 2 expansion can target Hyderabad (HITEC City, Gachibowli), Gurugram (Cyber City, Golf Course Road), Chennai (OMR, Sholinganallur), and Ahmedabad (Satellite, Thaltej), following proven

operational playbooks while adapting to local market nuances. Phase 3 growth into Kochi, Indore, Chandigarh, Jaipur, and Coimbatore positions for long-term national footprint as the market matures.

Partnership structures should leverage real estate developers for site access and construction expertise, hospitality operators for service delivery and brand development, technology providers for digital infrastructure and smart systems, and community management specialists for programming and resident experience.

Timing and Market Readiness

Multiple factors indicate that co-living's moment in India has arrived. The work-from-anywhere culture accelerated by COVID-19 has normalized flexible living arrangements and reduced stigma around non-traditional accommodation. Rising housing costs in major cities, with average apartment rents in prime areas exceeding ₹30,000-50,000 monthly, make co-living's ₹15,000-35,000 all-inclusive pricing attractive to young professionals.

Lifestyle preferences among millennials and Gen Z, prioritizing experiences, community, and

flexibility over ownership and isolation, align perfectly with co-living value propositions. Technology adoption enabling seamless digital experiences, contactless services, and community engagement through apps has made operationally complex models feasible at scale.

Investment capital specifically targeting co-living has grown from negligible amounts in 2020 to over \$272 million (₹2,502 crore) in 2024, with dedicated funds and institutional investors recognizing the category's potential.





The Hippogriff Standard: Business Hotels Near Manufacturing and Logistics Hubs

The Rise of Manufacturing and Logistics



Business hotels located near India's emerging manufacturing and logistics hubs represent a structurally attractive investment opportunity. As India strengthens its position as a global manufacturing base under Make in India, industrial clusters are evolving into integrated centres of production, innovation, and global collaboration. This shift is creating sustained, underserved demand for quality business accommodation—an area where traditional hotel development has remained structurally under-allocated—offering clear first-mover advantages.

These hubs generate permanent, non-discretionary hotel demand driven by project engineers, consultants, auditors, suppliers, logistics managers, expatriates, and senior leadership. Demand is operational in nature and largely insulated from leisure cycles and

short-term economic volatility. Despite this, branded hotel supply remains imbalanced, with quality accommodation concentrated in metros and leisure markets. Industrial corridor cities and logistics nodes remain materially under-penetrated, enabling well-located midscale and select-service hotels to achieve rapid stabilisation and durable occupancies.

This opportunity is underpinned by strong policy and infrastructure alignment. India's manufacturing sector employs over 18.4 million people, growing at over 7% annually, while the PM Gati Shakti National Master Plan is synchronising road, rail, port, and airport connectivity. Under the National Industrial Corridor Development Programme, 11 corridors are under development with aggregate investment commitments exceeding \$150 billion (₹13.8 lakh crore).

To contextualise the scale:

Delhi–Mumbai Industrial Corridor:
Investment vision exceeding \$100 billion
(₹9.2 lakh crore)

Chennai–Bengaluru Industrial Corridor:
Backed by \$15 billion (₹1.38 lakh crore)

Amritsar–Kolkata Industrial Corridor:
Targeting \$2 billion (₹18,395 crore)

In parallel, up to 20 Greenfield Industrial Smart Cities are planned across these corridors to attract global manufacturing, electronics, defence, engineering, and logistics investments. From a hospitality perspective, each corridor creates structural, recurring, and diversified hotel demand, supported further by the parallel development of multimodal logistics hubs. These hubs enable efficient 3PL, warehousing, and freight operations, translating into stable short-stay and rotation-based accommodation demand.



Newly Emerging Industries

India's semiconductor push through the India Semiconductor Mission attracted foundation stones for commercial fabs laid in 2024, facilities that will generate sustained demand from semiconductor equipment engineers installing multi-million-dollar lithography systems, cleanroom certification specialists, and international fab consultants on twelve to 24-month contracts. The pharmaceutical API sector, estimated at \$18.28 billion (₹1.68 lakh crore) and growing at 7.7% CAGR through 2030, drives short and semi-extended stays for FDA compliance auditors, European pharmaceutical

inspectors, and WHO prequalification teams. India's defence manufacturing budget has surged from \$27 billion (₹2.48 lakh crore) to \$74 billion (₹6.81 lakh crore), fueling demand from defence aerospace engineers, avionics testing specialists, and military certification auditors typically travelling in teams of three to five personnel on two to four week assignments. These specialized sectors require properties emphasizing security features, confidential meeting spaces, and amenities meeting international corporate standards, with guests accepting premium rates given project budgets and security requirements.



Opportunities Around Industrial Corridors



Industrial corridors represent a highly compelling opportunity as these are not traditional industrial zones but sophisticated, infrastructure-led developments with integrated connectivity and strategic metropolitan proximity. The Delhi-Mumbai Industrial Corridor exemplifies this model, spanning six states with dedicated multimodal transport. **Dholera Special Investment Region** (Gujarat, 5,560 acres) stands as the flagship project, being a greenfield smart city targeting semiconductors, electronics, and aerospace. Foundation stones for commercial semiconductor fabs and OSAT units were laid in 2024, demonstrating clear market validation. **Tata Electronics** committed over \$11 billion (₹1.01 lakh crore) in investments, while Marriott International partnered to develop Dholera's first upscale branded hotel. Marriott's commitment to this

market represents a significant investment opportunity.

The revenue generated is substantial as these anchor investments will generate multi-week stays for foreign semiconductor engineers, equipment vendors, and technical integration specialists. Budget to mid-scale full-service hotels (120-150 keys) with extended-stay suites positioned within 5 kilometers of major park gates can be considered as optimal positioning. Properties in this prime radius will command ADR premiums of 10-15% as industrial anchors activate, a pattern observed repeatedly in mature manufacturing zones. This translates to predictable, high-margin revenue from corporate clients on extended assignments.

Shendra-Bidkin Industrial Area (Maharashtra, 4,583 acres) and **Greater Noida Integrated Industrial Township** (747.5 acres) present immediate opportunities in mature markets. Shendra-Bidkin offers plug-and-play infrastructure already anchored by AURIC's automotive, engineering, and logistics firms generating consistent hospitality demand from supplier networks conducting multi-day facility audits. Shendra-Bidkin (AURIC) is attracting major investments Ather Energy, Toyota, JSW and Lubrizol committing over \$7.8 billion (₹71,343 crore) and generating 62045 jobs. Greater Noida benefits from the upcoming Jewar Airport, dramatically enhancing connectivity for electronics, IT, food processing, data-centers, and multi-modal logistics players. These zones generate demand for hotels that provide extended-stay services at affordable rates. Additionally, increasing growth of Japanese companies in Aurangabad would demand curated stay and restaurants, leading to higher ADRs and APCs for hotels. Similarly, Greater Noida specifically demands midscale to upper-midscale brands given its proximity to Delhi-NCR and strong corporate contracting potential.



Multimodal logistics hubs offer a distinct value proposition with exceptional occupancy stability. **Nangal Chaudhary** (Haryana, 886 acres) and **Dadri Multi-Modal Transport Hub** (UP, 1,184 acres) serve warehousing, customs clearance, and pan-North India distribution. These facilities would generate steady demand from logistics supervisors and freight managers on predictable 2-4 day rotations. The segment will generate consistent business for budget hotels. Similarly, **Khushkhera-Bhiwadi-Neemrana** (Rajasthan, 1,378 acres) would present an opportunity for premium hotels because of its significant Japanese corporate visitors.

The Chennai-Bengaluru Industrial Corridor connects two of India's most dynamic industrial ecosystems, creating strategic hospitality opportunities across multiple nodes. **Ponneri Node** (Tiruvallur, 13,581 acres) is developing a massive greenfield auto and machinery cluster that will draw project managers and commissioning teams on extended deployments, while **Tumakuru Industrial Area** (Karnataka, 8,484 acres) is expanding its Japanese Industrial Park presence. **Krishnapatnam** (Andhra Pradesh, 11,098 acres) links port operations with manufacturing, attracting port inspectors and trading delegations requiring short-stay accommodation. The Amritsar-Kolkata Industrial Corridor targets eastern manufacturing with substantial government backing, with **Hisar IMC** (Haryana, 2,988 acres) projecting \$3.5 billion (₹32,190 lakh crore) in investment and over 125,000 jobs in aerospace, defence, and food processing. **Agra IMC** (UP, 1,058 acres) has secured anchor investments from Varun Beverages, significantly de-risking market entry, while **Prayagraj and Gaya IMCs** offer lower development costs with substantial upside as industrial activity scales. Hotels positioned early in these markets will capture disproportionate market share while competition remains limited.



Opportunities Around Manufacturing Hubs

Manufacturing hubs offer the most de-risked opportunities with proven demand and immediate cash flow potential. Sriperumbudur in Tamil Nadu hosts Hyundai, BMW, Renault-Nissan, Daimler, and Foxconn alongside over 100 global conglomerates, representing a mature market where existing branded inventory including Fairfield by Marriott, Mercure by Accor, and Sarovar Portico consistently achieve high weekday occupancies. This reflects validated demand rather than projection, yet a significant market gap persists in cost-effective extended-stay options for international automotive engineers on four to eight week factory optimization assignments, electronics assembly specialists, and quality systems auditors who prioritize value and functionality over luxury amenities.

Chakan-Talegaon in Maharashtra demonstrates equally robust market validation. The newly launched Fern Residency in Talegaon has gained significant traction among corporate travellers, while Ginger Hotels is actively developing properties in both Chakan and Bhiwadi. When established operators expand aggressively into a market, they signal strong underlying fundamentals based on thorough due diligence. This hub hosts Mercedes-Benz, Volkswagen, and Bajaj Auto, generating consistent demand from German automotive engineers, component testing specialists, and production supervisors. **Pithampur** in Madhya Pradesh and **Bhiwadi-Neemrana** in Rajasthan show similar patterns with established SEZ infrastructure and impressive factory output growth.



Hotels positioned early in these manufacturing corridors will establish market dominance before competition intensifies, securing prime locations and building corporate loyalty among multinational manufacturers. First-mover advantage proves particularly valuable where industrial demand exists but hospitality supply remains constrained, allowing early entrants to capture premium positioning and negotiate favorable long-term corporate contracts that stabilize revenue streams.



Specialized industrial hubs offer targeted opportunities in high-value sectors with sophisticated accommodation requirements. **Sri City** in Tada, Andhra Pradesh encompasses 7,500 acres housing over 190 global companies including Isuzu, Mondelez, Kobelco, and Foxconn suppliers, driving recurring weekday demand from Japanese automotive technical advisors, FMCG brand managers conducting plant audits, and electronics supply chain coordinators. Current inventory consists primarily of local hotels and corporate guesthouses, creating clear opportunity for branded properties offering consistent service standards and MICE capabilities that will command premium rates in this underserved market.

Kuppam in Andhra Pradesh represents an emerging high-value opportunity. Hindalco's announcement of an aluminium extrusion facility supplying Apple's iPhone chassis ecosystem has catalysed significant interest, positioning early entrants to capture this premium segment before competition enters.

Industrial micro-markets are assessed using three primary filters:

- Industrial or freight corridor access
- Industrial sector depth
- Logistics connectivity

Based on these parameters, select manufacturing and logistics hubs emerge as policy-backed, infrastructure-supported, and economically anchored hospitality investment markets.



Manufacturing Hubs led Hospitality Opportunities

Manufacturing Hub	Sectors	Key Companies	Investment Planned (USD)
Dholera SIR (DMIC), Gujarat	Semiconductors, Aerospace & Defence, Green Energy, Pharma, Biotech	Tata Electronics-PSMC, Tsingshan Holding Group, Vedanta-Foxconn	\$32 billion
Shendra-Bidkin Industrial Area/AURIC (DMIC), Aurangabad	Automobile, Textiles, Food Processing, Aerospace	Ather Energy, JSW, Toyota, Siemens	\$8 billion
IMC Hisar, Haryana (AKIC)	Aerospace & Defence, Food processing, Textiles	Kambota, US Govt	\$3.8 billion
Ponneri Node, Tamil Nadu	Automobiles, Chemicals, Machinery, Electronics	Mahindra, Sumitomo, JICA, DP World	\$3.5 billion
Zaheerabad Industrial Area, Telangana	Automobile, Electrical Equipment, Food Processing, Minerals	Hyundai, Triton, VEM Technologies	\$1.2 billion
Krishnapatnam Industrial Area, Andhra Pradesh	Automobile, Electronics, Pharma, Biotech, Textiles	Tata Power, Adani, Cargill, BPCL	\$1.1 billion
IITGN, Greater Noida	White Goods, Electronics, Biotech	GH Global, NTT, Dixon, Gangnam Street	\$1.1 billion
Tumakuru Industrial Area (CBIC), Karnataka	Automobile, Electronics, Pharma, Biotech	Japanese Industrial Park, Heidelberg Cement, Magellan Aerospace, Wipro	\$760 million

Logistic Hubs led Hospitality Opportunities

Logistics Hub	Operators	Project cost (USD)
Vadhavan Port Area	Adani Ports, Terminal Investment Ltd Sàrl	\$8.3 billion
Multi Modal Logistics Hub, Dadri, Uttar Pradesh (DMIC)	NICDC	\$768 million
Dighi Port Industrial Area, Maharashtra (WFC)	Adani Ports, Motherson	\$594 million
Integrated Multi Modal Logistics Hub, Nangal Chaudhary, Haryana (DMIC)	NICDC	\$112 million

These locations combine industrial production with rail and road freight integration, making them highly suitable for business-focused hotel development. Hotel demand in these locations is driven by commercial and manufacturing fundamentals.

Manufacturing and logistics hubs represent structural, sustained, and repeatable hospitality markets. They benefit from industrial policy support, corridor-based urban development, multimodal transport connectivity, and global supply chain diversification

From an investment standpoint, the opportunity is clear:

“Develop business hotels where footfall is anchored by manufacturing and logistics capital, not where demand depends on discretionary travel. This is where stable occupancy, predictable cash flows, and long-term asset creation converge.”

The Financial Case: Superior Returns with Lower Risk



The financial performance of business hotels located near industrial hubs is relatively stable, compared to that of urban hospitality assets, particularly when evaluated on a risk-adjusted basis. These markets benefit from structurally strong demand that is driven by recurring business travel rather than discretionary leisure, resulting in more stable and predictable operating performance over the cycle.

Budget to midscale hotels in industrial locations are primarily supported by corporate contract stays, where demand is generated by manufacturing companies, logistics operators, project consultants, and supplier ecosystems.

This contracted demand provides a dependable base of weekday occupancy even before accounting for transient business or leisure travel. In addition, industrial hubs increasingly host MICE events, including training programs, vendor conferences, audits, and project coordination meetings, further reinforcing room night generation and ancillary revenues.

Extended-stay requirements are a defining characteristic of these markets, with guests typically staying for project execution, plant commissioning, compliance audits, and operational reviews.

Hotels developed near industrial hubs benefit from comparatively lower land and labour costs compared to urban core locations. These cost advantages allow developers to achieve efficient project economics, while maintaining competitive pricing aligned with corporate travel policies. Lower capital intensity, combined with steady contracted demand, translates into faster stabilisation timelines and stronger cash flow visibility.

Overall, budget to midscale hotels in industrial and infrastructure-led markets represent a compelling investment opportunity. The combination of contracted corporate demand, growing MICE activity, extended-stay utilisation, and structurally lower development and operating costs results in higher returns with lower volatility relative to urban or leisure-led hospitality investments.



Foreign direct investment into Indian manufacturing has surged 119 percent since 2014, reaching \$667.4 billion (₹61.34 lakh crore), while global supply chains actively diversify away from China into India's emerging industrial zones. Production-Linked Incentive schemes are expected to create new manufacturing jobs annually through 2025, with each job generating multiple business trips. Major infrastructure projects including the Western Dedicated Freight Corridor and Bengaluru-Chennai Expressway are dramatically improving regional connectivity. Every data point confirms accelerating industrial development and corresponding accommodation demand, yet traditional hospitality developers remain focused on leisure and urban markets, overlooking where opportunity concentrates.

INSIGHTS FROM INDUSTRY LEADERS



This analysis synthesizes strategic guidance from ten hospitality industry leaders collectively managing over 1,200 properties across India: Mr. Ajay Bakaya - Chairman of Sarovar Hotels, Mr. Atul Jain - Director and COO of Best Western Hotels & Resorts, Mr. Harshavardhan Neotia - Chairman of Ambuja Neotia Group, Mr. Nikhil Sharma - MD and COO South Asia of Radisson Hotel Group, Mr. Puneet Chhatwal - MD and CEO of IHCL, Mr. Sunjae Sharma - MD India and Southwest Asia of Hyatt Hotels Corporation, Ms. Sonica Malhotra - Joint MD of MBD Group, Mr. Souvagya Mohapatra - MD of Atmosphere Core India, Mr. Vikram Lalvani - MD and CEO of Sterling Holiday Resorts Limited, and Mr. Vishal Kamat - Director of Kamat Hotels.

Geographic Strategy and Location Selection

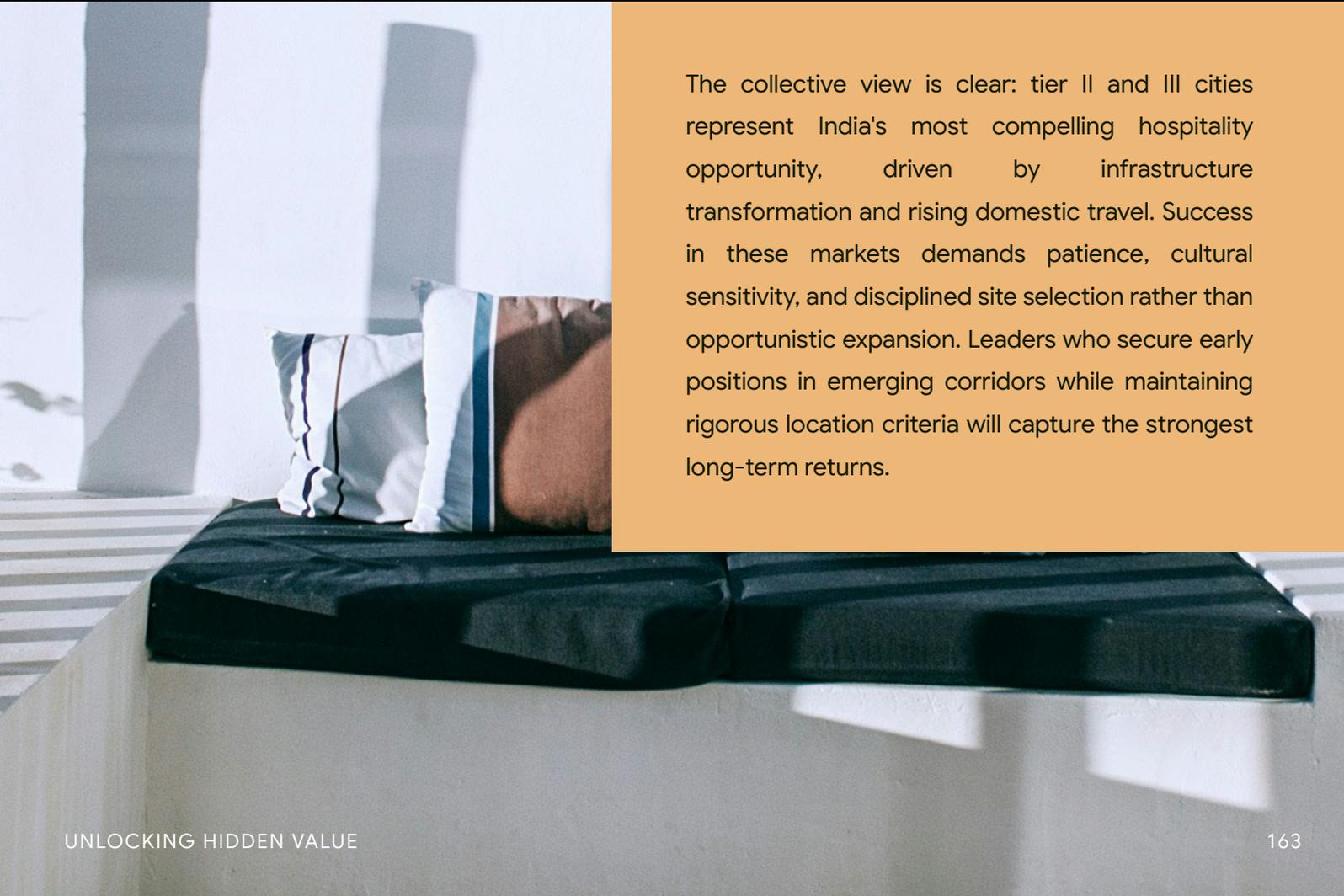


The strongest consensus centres on tier II and tier III cities as India's primary hospitality investment opportunity. Mr. Chhatwal of IHCL articulates that 75% of new additions will concentrate in tier I and tier II cities through Tree of Life, Gateway, and Ginger brands, prioritizing connectivity-enhanced markets where government initiatives including UDAN regional airports, Bharatmala highway expansion, and Amrit Bharat railway modernization have unlocked demand for branded hospitality. Mr. Sharma of Radisson reinforces this with operational evidence: 50% of the portfolio already covers 70+ tier II and tier III destinations, creating powerful four-hour drive network effects. Radisson signed 21 hotels in 2023 and maintained momentum with approximately 25 signings in 2024.

Mr. Sharma of Hyatt confirms this trajectory, noting that tier II and III cities are benefiting from improved connectivity, rising disposable incomes, and expanding domestic travel. Hyatt's ambition to reach 100 hotels in India within five years reflects confidence in these markets. Their 100-200 key strategy for select service brands like Hyatt Place enables efficient development economics, faster build timelines, and stronger operating productivity while commanding price premiums. Mr. Sharma of Hyatt emphasizes that India's most exciting growth is happening across markets once considered secondary, with RevPAR continuing to grow in double digits driven by domestic demand.

Ms. Malhotra of MBD Group brings a distinctive five-layer scrutiny process for location selection. The first layer assesses the owner's taste and long-term vision, recognizing that a hotel represents partnership rather than transaction. The second examines cultural context, studying the soul of a destination. The third evaluates strategic alignment with long-term demand drivers, seeking destinations where MBD can become a defining landmark rather than another entry in a crowded cluster. She articulates being selective, patient, and disciplined, entering markets only when the bar can be raised rather than merely met.

Mr. Neotia offers pioneering perspective on East and Northeast India as untapped luxury frontiers requiring patient 3-5 year capital but offering compelling returns as early movers secure advantaged positions. Mr. Bakaya of Sarovar contributes specialized highway corridor expertise, noting that India's Bharatmala program constructing approximately 34,800 kilometres of new highways has fundamentally altered guest behavior. Mr. Lalvani of Sterling articulates network strategy across 69 resorts in 59 destinations enabling circuit tourism and de-risking seasonality. Mr. Kamat demonstrates pan-India clustering across multiple states with 60% business outside Maharashtra, creating corporate network benefits.

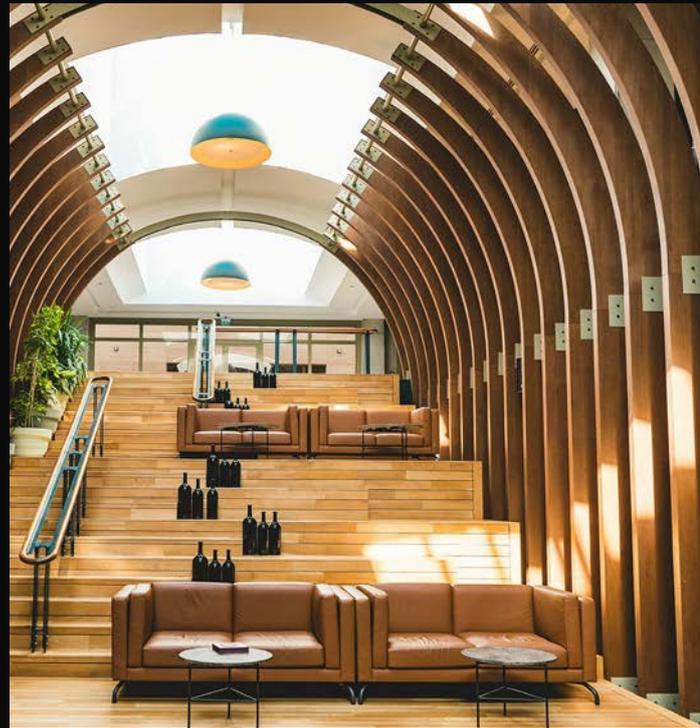


The collective view is clear: tier II and III cities represent India's most compelling hospitality opportunity, driven by infrastructure transformation and rising domestic travel. Success in these markets demands patience, cultural sensitivity, and disciplined site selection rather than opportunistic expansion. Leaders who secure early positions in emerging corridors while maintaining rigorous location criteria will capture the strongest long-term returns.

Z SUSTAINABILITY AND ESG INTEGRATION



Sustainability emerges as strong consensus, with all ten leaders emphasizing ESG as competitive advantage rather than compliance burden. Mr. Chhatwal describes IHCL's Paathya ESG+ framework combined with Tata Group legacy as creating differentiation valued by travellers and investors, generating virtuous cycles where brand reputation drives pricing power. Mr. Neotia articulates that sustainability shapes design, build, and operations from inception, with each project beginning with deep understanding of ecological and cultural context. Mr. Neotia prioritizes low-impact architecture, local materials, and community collaboration.



Ms. Malhotra positions sustainability as integral to MBD's design DNA. She describes building systems that reduce consumption without compromising comfort, integrating low-impact materials, optimizing MEP efficiency, and using data for predictive maintenance. Even in luxury properties, the goal is creating environments where sustainability is seamlessly woven into guest experience rather than displayed as a plaque on the wall. MBD develops initiatives deepening cultural authenticity, recognizing that India's luxury consumer seeks meaning rather than mere indulgence.

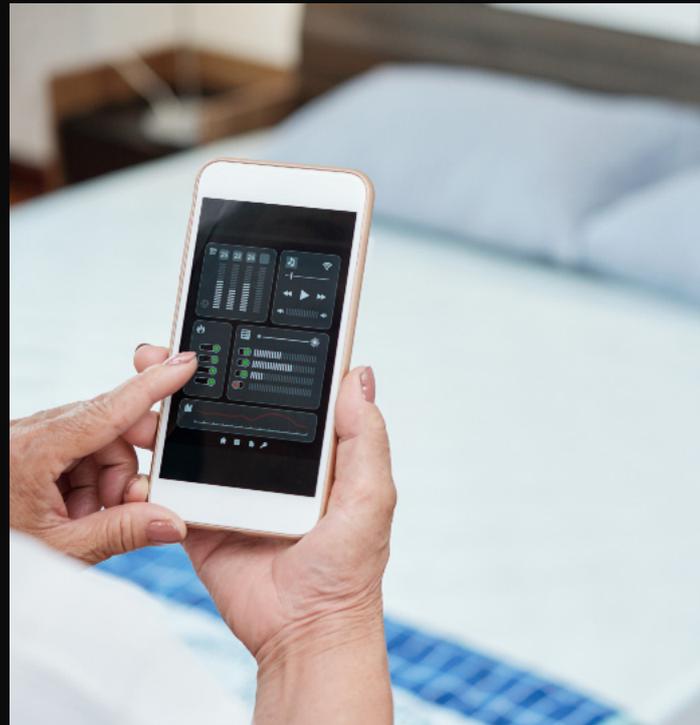
Mr. Mohapatra provides operational metrics: Atmosphere's four-pillar strategy achieved Green Globe Gold certification, installed 8,900+ solar panels, and pursues zero landfill ambitions. Mr. Sharma of Radisson describes Radisson's Net Zero 2050 commitment, highlighting Radisson Blu Bengaluru's LEED Zero Carbon certification. Mr. Kamat's Orchid Mumbai eco-pioneer positioning creates brand equity with conscious segments across their nationwide portfolio. Leaders cite measurable advantages: 15-30% utility cost improvements, 10-15% premium pricing from conscious travellers, enhanced institutional appeal, and millennial loyalty. Properties without genuine ESG integration face competitive disadvantages and stranded asset risks.

Sustainability has evolved from optional differentiator to essential foundation. Leaders agree that authentic ESG integration delivers tangible commercial benefits through cost savings, premium pricing, and enhanced brand loyalty. The distinction between genuine commitment and superficial greenwashing increasingly determines competitive positioning, with properties lacking credible sustainability credentials facing both market disadvantage and stranded asset risk.

Z TECHNOLOGY INTEGRATION AND GUEST EXPERIENCE



Technology emerges as universal priority. Mr. Lalvani demonstrates the most advanced deployment: Sterling's dynamic pricing enabled 20%+ inventory growth while maintaining rates. AI assistant Merlin aids planning while Voice of Customer analytics shape product development. Ms. Malhotra describes MBD's philosophy of German precision tailored for Indian guests. Systems are engineered with German rigour for reliability and data accuracy, but interfaces are crafted for Indian guests: intuitive, human-centred, and demure. This ensures seamless pre-arrival personalisation, adaptive in-room controls, and intelligent service mapping, which makes guests feel understood without overwhelming them.



Mr. Sharma of Hyatt emphasizes that food and beverage has become a powerful differentiator, contributing significantly to non-room revenue and guest preference. Culinary concepts are intentionally designed to attract local communities as well as travellers, creating dining destinations that build repeat business and support premium positioning. This strength directly fuels leadership in weddings and MICE, where curated menus, personalisation, and experiential dining formats are key decision drivers. With staycations and experiential leisure growing, F&B has become central to how guests engage with the brand.

Mr. Kamat leverages AI for targeted problem solving, while Orchid Rewards' 1 million members demonstrate strategic investments delivering measurable value across multi-state presence. The consensus: technology requires 3-5% annual revenue allocation for maintenance and upgrades. Properties lacking modern infrastructure face distribution, revenue management, and guest experience disadvantages. Sophistication must align to positioning: luxury requires personalization, economy prioritizes efficiency. For investors, technology budgets represent essential operational infrastructure, not discretionary capital expenditure.



Technology and experience innovation have become inseparable from hospitality excellence. Leaders demonstrate that intelligent systems drive both operational efficiency and guest satisfaction when deployed thoughtfully. The winning formula combines technical precision with human warmth, ensuring technology enhances rather than replaces the personal connections that define memorable hospitality.

BRAND POSITIONING AND OPERATIONAL EXCELLENCE



Leaders explicitly emphasize precise brand-market alignment as non-negotiable. Mr. Sharma of Radisson states that brand dilution is real if forcing luxury into price-sensitive markets, counselling investors to match positioning to actual demographics. Mr. Jain demonstrates how Best Western's 18-brand architecture enables precise matching across segments. Mr. Sharma of Hyatt notes that India's leisure landscape is undergoing meaningful shift, with travellers seeking culturally rich, design-forward, and emotionally resonant experiences outside traditional metros. Caption by Hyatt offers socially connected spaces and youthful energy appealing to modern domestic travellers, while Destination by Hyatt brings independently spirited, locally rooted hotels into markets where heritage and storytelling drive demand.

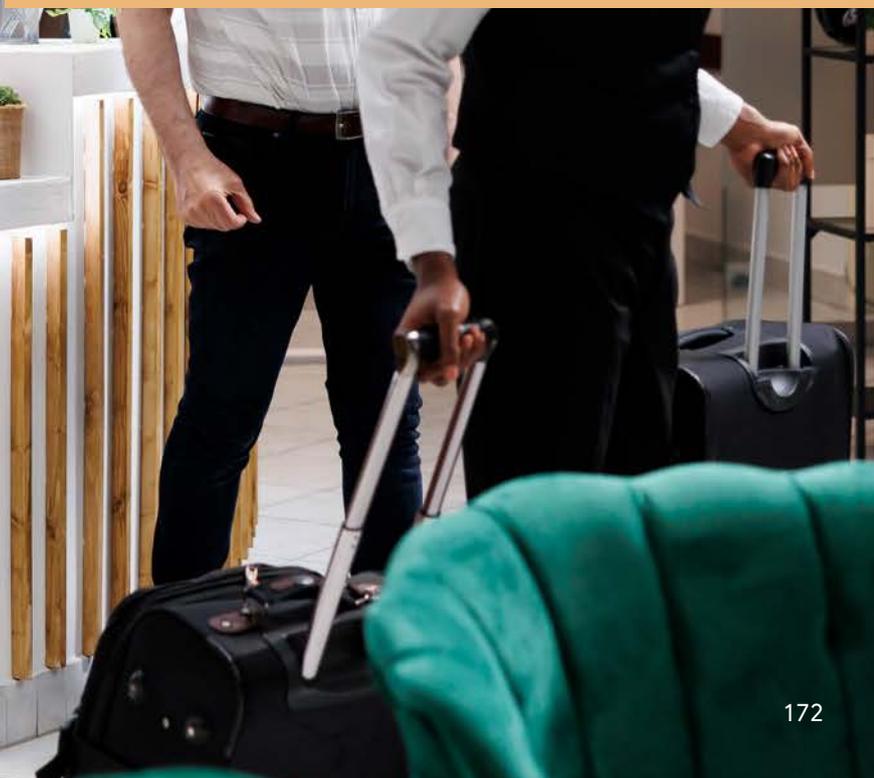


Ms. Malhotra articulates MBD's approach through crafted hospitality. True luxury, she argues, is not theatrical but thoughtful. Teams treat every interaction as opportunity to create something meaningful: a personalised ritual, a culinary memory, a moment of genuine warmth. When experience feels honest and intuitive, it resonates across generations. Her philosophy extends to design intelligence, viewing design as one of the strongest financial levers. A well-planned kitchen, efficient back of house, and room layouts anticipating behaviour rather than just aesthetics can transform operating margins while delivering refined luxury.

Mr. Sharma of Hyatt advises that the most successful projects are built around distinct positioning, thoughtful design, and service identity aligned with modern traveller needs. Hyatt's experience shows that disciplined partner selection, rigorous pre-opening processes, and continuous training are essential to delivering consistent guest experiences across growing portfolios. Mr. Kamat's dual heritage and MICE positioning demonstrates effective portfolio segmentation addressing multiple segments across diverse markets. The hotels that will stand the test of time offer authentic experiences, operational excellence, and emotional relevance to guests.



Brand integrity depends on honest alignment between positioning and market reality. Leaders consistently warn against forcing aspirational concepts into incompatible locations, advocating instead for thoughtful matching of brand promise to local demand. The most resilient portfolios combine operational discipline with authentic guest experiences, recognising that consistency and emotional relevance together build the lasting loyalty that sustains premium pricing.



FINANCIAL STRUCTURING AND RISK MANAGEMENT

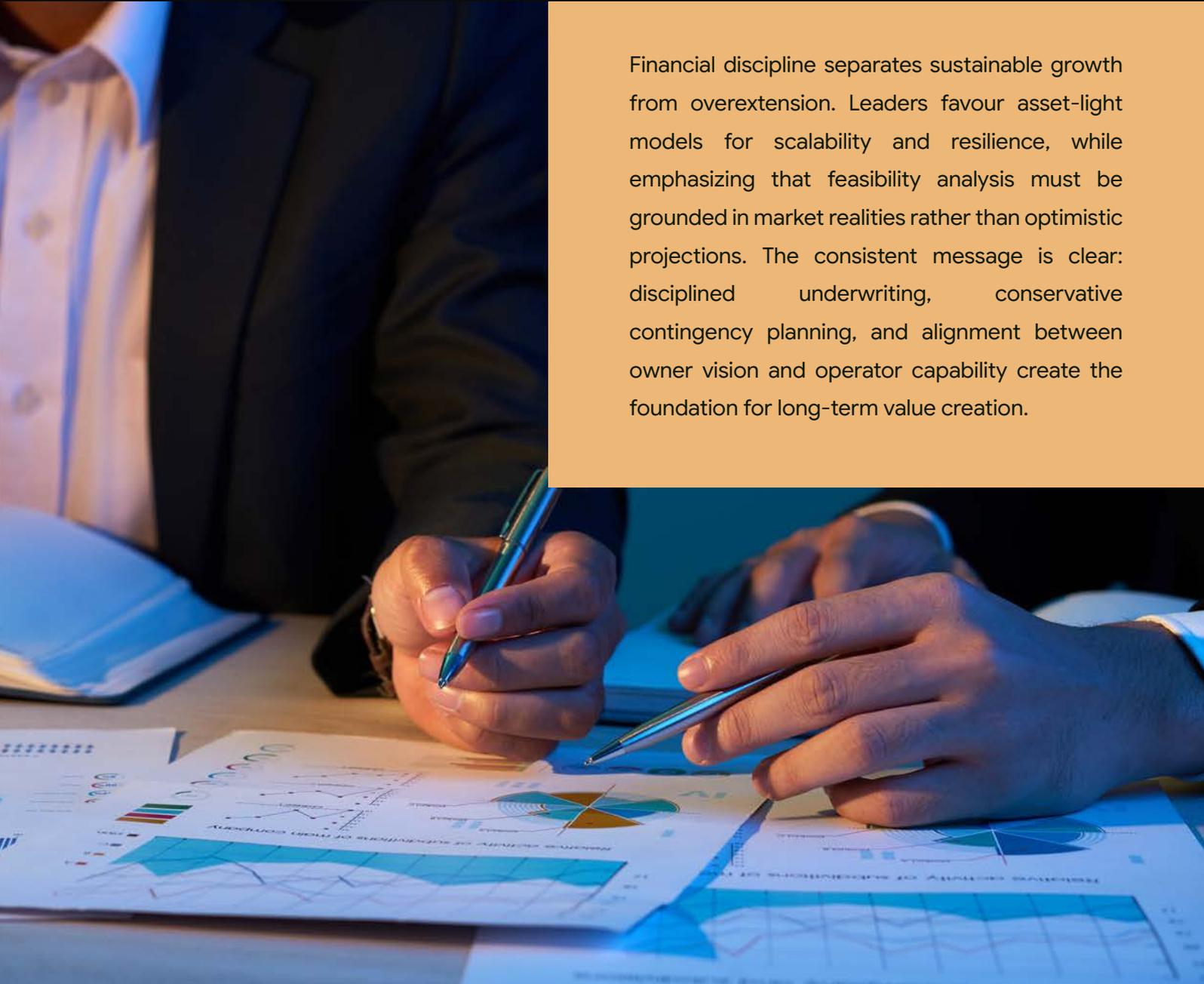


Leaders demonstrate strong asset-light preference though contexts determine structures. Mr. Chhatwal articulates IHCL's framework: management fees exceeding INR 10 billion by 2030, INR 5 billion over five years for properties and expansion. Mr. Sharma confirms Hyatt has consistently followed an asset-light strategy in India, prioritizing management contracts and selective franchising to scale rapidly without long-term capital exposure of owning real estate. This approach allows focus on enhancing guest experience, brand value, and commercial performance. Strong governance, robust pre-opening processes, and disciplined partner selection ensure brand standards are upheld across every property.



Ms. Malhotra describes MBD's rigorous financial feasibility process built on ground realities rather than hopeful assumptions. The approach examines micro-market behavior, pricing power, seasonality, capex discipline, operating efficiencies, and long-term demand cycles. MBD studies land, location, owner vision, and competitive landscape in detail before commitment. Ms. Malhotra emphasizes that financial feasibility forms the backbone of opportunity evaluation, not merely a box to tick. Every owner has a vision, and MBD's role is converting that into commercially sound, future-ready business delivering real returns.

Leaders acknowledge execution challenges pragmatically. Talent availability emerges consistently as tier II and III challenges; Mr. Bakaya and Mr. Kamat identify quality manpower as a key concern, mitigated through local development and systematic training. Infrastructure dependencies include power reliability and connectivity limitations requiring backup systems. Mr. Kamat emphasizes sustainable profitable growth ensuring every property excels in revenue and experience, prioritizing quality over expansion speed. Mitigation guidance: budget 15-20% above baseline for contingencies, extend stabilization 6-12 months in tier II and III, conduct granular catchment analysis, partner with proven operators, and maintain 60-65% maximum LTV.



Financial discipline separates sustainable growth from overextension. Leaders favour asset-light models for scalability and resilience, while emphasizing that feasibility analysis must be grounded in market realities rather than optimistic projections. The consistent message is clear: disciplined underwriting, conservative contingency planning, and alignment between owner vision and operator capability create the foundation for long-term value creation.

INVESTMENT ADVISORY AND STRATEGIC GUIDANCE



Leaders converge on five universal principles. First, location selection remains paramount with no excellence compensating for flawed sites. Second, brand-market alignment is non-negotiable: Mr. Sharma of Hyatt advises investors to prioritise purpose-driven growth backed by genuine demand, strong local insight, and alignment across all stakeholders. Third, sustainability transitioned from optional to essential. Fourth, technology integration is infrastructure necessity. Fifth, partnership quality exceeds brand signage: Ms. Malhotra emphasizes working only with owners who see hospitality as craft rather than commodity.



Segment-specific guidance reflects distinct requirements. Luxury investments require authentic cultural integration, patient 3-5 year capital, and tolerance for 60-70% occupancies offset by premium ADRs. Ms. Malhotra adds that luxury in non-metros is becoming more experiential than architectural, with investors prioritizing experience-led design over ornamental excess seeing stronger returns. Midscale and premium economy segments will become real engines of India's hospitality expansion, though success demands rigour where efficiency is not the opposite of aspiration. Economy segments emphasize occupancy stability through high-volume markets and operational efficiency via standardization.

Geographic guidance varies: tier II cities represent strongest consensus with all brands expanding; tier III and highway acknowledge elevated risks requiring patient capital and niche strategies. Ms. Malhotra observes infrastructure is outpacing hotel supply in many tier II and III cities, with new airports, highways, logistics hubs, and industrial corridors creating pockets of high-value demand still underserved. Mr. Sharma of Hyatt notes that as domestic travellers continue to trade up and seek depth in leisure journeys, there is strong willingness to pay for hotels offering authenticity, curated experiences, and thoughtful design.

The convergent wisdom provides evidence-based guidance grounded in operational reality. Leaders demonstrate mature understanding acknowledging compelling structural opportunities alongside significant execution challenges. Success requires appropriate diligence, long-term orientation, operational excellence commitments, and genuine focus on quality hospitality. Mr. Sharma of Hyatt's guidance resonates: growth with intent rather than scale alone delivers the strongest long-term value, both financially and in brand equity. Ms. Malhotra's concluding insight complements this: India's next decade of growth will be driven by aspiration, not just affluence. Consumers in tier II and III cities want global quality delivered with cultural intelligence and emotional warmth. Brands that get this balance right will not just capture market share; they will build loyalty that lasts generations.



The collective wisdom points to a singular truth: India's hospitality opportunity is abundant, but capturing it requires discipline over speed, quality over quantity, and intent over scale. Investors who approach with patient capital, strong operator partnerships, and unwavering commitment to guest experience will find compelling risk-adjusted returns. The differentiation between success and failure lies not in identifying opportunities, but in executing with the rigour and authenticity that today's discerning traveller demands.

CREDITS

AUTHOR:



Vipra Dhabalia

CO-AUTHORS:



Jay Vadalia:

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Satrajeet Chakraborty:

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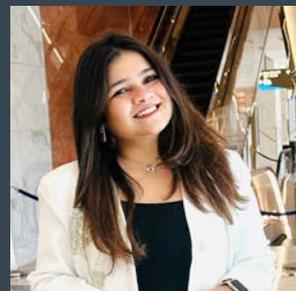
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OUR PEOPLE

Our team collaborates with a global network to stay ahead of the market trends.

NANDIVARDHAN JAIN

Managing Director & CEO

+91 92233 68382

nandivardhan.jain@noesis.co.in

VIJAY BHANDARI

Chief Operating Officer

+91 9910 048637

vijay.bhandari@noesis.co.in

VIKRANT TAMBE

National Head – Transaction Advisory

+91 99206 64006

vikrant.tambe@noesis.co.in

HARSHVARDHAN JAIN

Associate Director - North India Head

+91 98728 99977

harshvardhan.jain@noesis.co.in

PIYUSH VALENDRA

Associate Director - East India Head

+91 979691 95420

piyush.valendra@noesis.co.in

MUMBAI OFFICE

Kaledonia, A Wing, 1st Floor, 19 Sahar Road,
Andheri (E) - 400 053, Mumbai, Maharashtra

Phone: +91 22 6611 7926

DEEP GOPANI

Associate Director - West India Head

+91 80975 82536

deep.goapni@noesis.co.in

GURUGRAM OFFICE

Platina Tower, Ground Floor, MG Road, Near Sikandarpur
Metro Station, Sector 28, Gurugram - 122001

Phone: +91 98728 99977

AARYA BORKAR

Assistant Vice President - South India Head

+91 77000 22404

aarya.borkar@noesis.co.in

BENGALURU OFFICE

1st Floor, Samrah Plaza, St Mark's Rd
Shanthala Nagar, Bengaluru, Karnataka, 560001

Phone: +91 77000 22404

Brand Search & Contract Negotiation | Corporate Finance | Consulting & Valuation | Transaction Advisory