HVS | ANAROCK

India Hospitality Industry

Overview 2025

The Oberoi Rajgarh Palace, Khajuraho

Contents

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Foreword

Tapovana The Fern Sakleshpur, Series by Marriott

The Indian hospitality sector continued its remarkable journey through 2025. If 2023 was the year of recovery and 2024 the year of acceleration, 2025 was the year that proved the momentum was by no means accidental. The steady and resilient performance of the sector, absorbing multiple shocks along the way, has now become structural — instilling confidence among stakeholders in its long-term investment and growth trajectory.

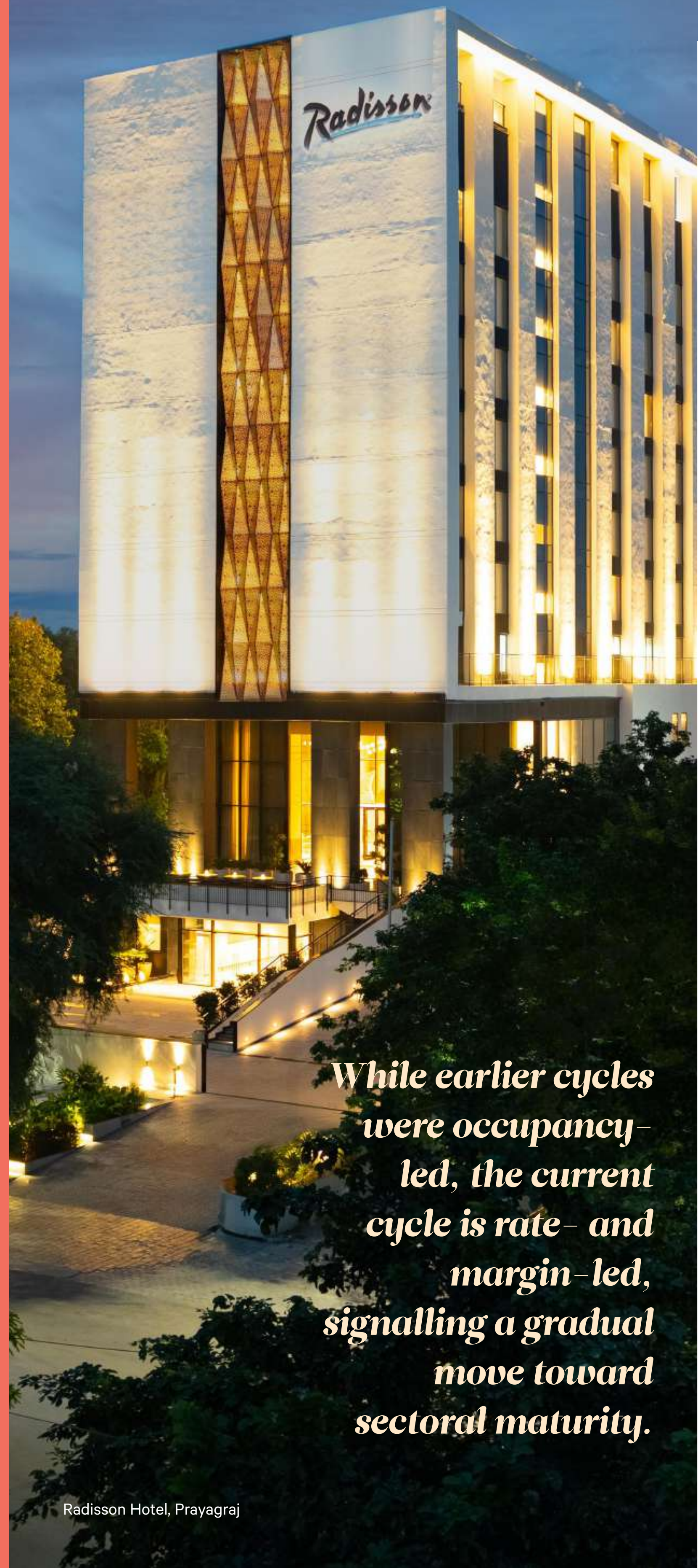
2025 tested this structural strength with disruptions at regular intervals, including unrest in our neighbourhood in Bangladesh, geopolitical tensions in the Middle East, the IndiGo aviation shocker, and an unprecedented and unseasonal severe monsoon in parts of the country. And yet, ARRs grew 8-10% and RevPAR by 10-12%. New hotel signings hit an all-time high at over 64,000 keys — a robust 36% growth over last year — while domestic travel scaled to a staggering 4.5+ billion visits.

While earlier cycles were occupancy-led, the current cycle is rate- and margin-led, signalling a gradual move toward sectoral maturity. The narrative has shifted from survival and recovery to strategy and return calibration. Demand for hotel rooms is being redefined. Traditional corporate and leisure segments continue their upward trajectory, supported by record Grade A office absorption and enhanced connectivity to an expanding basket of leisure destinations with improved quality supply. At the same time, newer demand streams are embedding themselves firmly into the system. Sporting, entertainment, religious and large-scale corporate events are gaining scale with world-class stadiums, arenas and convention centers. Weddings, once a sporadic contributor, have evolved into a predictable, high-yield segment taking centre stage in several leisure markets.

As more State Governments embrace hospitality and tourism with a deeper appreciation of their employment multiplier and ability to attract private investment, the sector is finding more favourable business conditions and expanding into newer destinations. However, it is now imperative for the Government at the Centre — which has consistently acknowledged the sector's contribution to employment and foreign exchange — to act on the industry's reasonable and much-needed demands to catalyze further growth and increase its contribution to national GDP. While several issues merit attention, here are four that, in our view, require urgent action.

- The long-standing demand for infrastructure lending status at capital outlays below the current ₹200 crore qualifying threshold has not found favor. This restricts access to cheaper capital and longer-term debt to a narrow band of projects, whereas India's pressing need is rapid expansion of mid-scale and upscale quality hotels that fall outside this threshold.

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



Radisson Hotel, Prayagraj

While earlier cycles were occupancy-led, the current cycle is rate- and margin-led, signalling a gradual move toward sectoral maturity.

- The restructuring of GST norms — reducing GST from 12% to 5% for hotels charging tariffs below ₹7,500 — has proven counterproductive. While appearing beneficial on the surface, the denial of input tax credit has raised operating costs and compressed margins for smaller hotels. This warrants urgent reconsideration.

- The allocation of a paltry ₹3.5 crores for overseas promotion of India in the Ministry of Tourism's annual budget has left the sector perplexed. As India strengthens its position among the world's leading economies and gains global mindshare, promoting India internationally at this juncture is critical for strong returns. In a world competing intensely for traveler attention, keeping the overseas promotion budget at ₹3.5 crores calls for urgent review and recalibration.

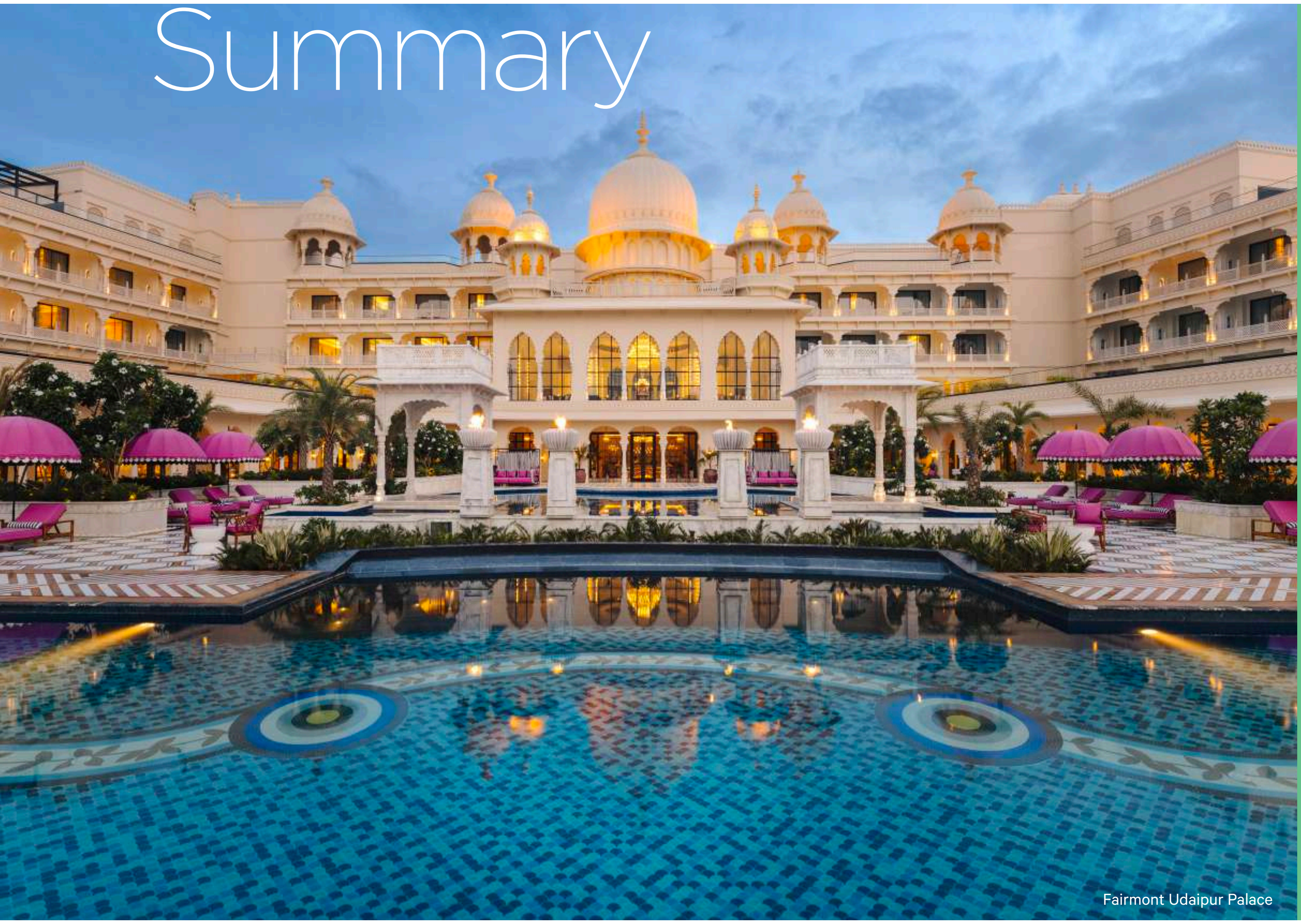
- Our premier hospitality institutions under the National Council of Hotel Management remain constrained by dated infrastructure and limited upgrades. For a country aspiring to global leadership, institutions that fall short of international standards are incongruous. While they continue to produce outstanding leaders year after year, the widening gap between anticipated sector growth and declining enrolments makes urgent investment in hospitality education infrastructure non-negotiable.

As I close my review of the year gone by — and in keeping with the tradition of the last two years — the song that best captures the mood this year is the 1978 classic "Don't Stop Me Now" by Queen.

Don't stop me now
I'm having a good time
I'm a shooting star leaping through the sky
Like a tiger, defying the laws of gravity
I'm a racing car passing by...
I'm gonna go, go, go — there's no stopping me

Until next time... wishing everyone yet another stellar year.

Executive Summary



Fairmont Udaipur Palace

Calendar year 2025 marked an important turning point for global travel and tourism. With international travel volumes moving beyond pre-pandemic benchmarks, the sector has largely transitioned from recovery to growth. Yet, this next phase is proving more complex, shaped by geopolitical disruptions, aviation bottlenecks, inflationary pressures, and increasingly discerning travelers.

Regional momentum remained uneven during the year. Europe continued to benefit from its scale and diversified demand base, while the Middle East and Africa sustained strong traction through focused investment and aviation-led connectivity. Asia Pacific continued its upward climb as lagging markets normalized further. Yet renewed instability in the Middle East has introduced fresh uncertainty into travel patterns. Paradoxically, such disruptions may redirect demand toward stable alternatives, particularly across Asia Pacific and South Asia.

India's Structural Advantage Becomes More Visible

Against this backdrop, India continued to strengthen its position as one of the world's most compelling travel and hospitality growth markets. India's ranking as the world's 8th largest travel and tourism economy, as per WTTC, only hints at the sheer scale of its domestic demand engine.

Total air passenger traffic reached approximately 420 million in 2025, rising around 5% year-on-year, with domestic traffic of 338.9 million passengers continuing to anchor broader sector demand. While inbound tourism growth moderated, with Foreign Tourist Arrivals estimated at approximately 9.02 million, underlying demand trends remained resilient despite temporary weakness in select source markets.

Domestic tourism remains the cornerstone of India's travel economy. Domestic Tourist Visits are estimated at approximately 4,548 million in 2025 and could exceed 9,500 million by 2030 if historical trends are sustained. Rising incomes, improving mobility, and expanding travel aspirations are widening the market beyond traditional seasonality and destination types.

This demand base is also becoming more diversified. Faith-based tourism remains a powerful engine, with the Maha Kumbh attracting over 663 million visitors and underlining the economic scale of religious travel. Weddings continue to generate significant seasonal demand, with destination weddings scaling rapidly across leisure markets.

Hotels largely held firm on pricing despite weather disruptions, geopolitical uncertainty, and aviation-related operational challenges.

Radisson Hotel Phagwara

Live entertainment has also emerged as a measurable hospitality catalyst, with concerts and marquee events driving intercity travel, hotel stays, and local spending. Together, these evolving demand drivers are creating a broader, more resilient travel ecosystem and reinforcing long-term hospitality growth across markets.

Hotel Performance Reflects Pricing Power and Discipline

India's hotel sector closed calendar year 2025 (CY2025) with nationwide occupancy in the range of 63-65%, while Average Room Rate rose to approximately ₹8,500–₹8,700. RevPAR consequently reached ₹5,400–₹5,600, reflecting healthy growth over both the previous year and pre-pandemic benchmarks.

Pricing power remained the defining feature of the year, supported by disciplined supply growth, healthy demand depth, and consumers' increasing willingness to pay for quality experiences. Notably, hotels largely held firm on pricing despite weather disruptions, geopolitical uncertainty, and aviation-related operational challenges during parts of the year.

Development Momentum Moves Beyond the Metros

Hotel development activity remained robust in 2025, with brand signings reaching a new high of approximately 64,118 keys across 586 properties, while new openings totalled approximately 14,199 rooms across 176 properties. The sustained pace of signings reflects continued investor confidence in India's long-term hospitality story and growing conviction around the sector's fundamentals.

Lords Eco Inn Sumerpur

India's hotel sector enters 2026 from a position of structural strength, even as the operating environment grows more complex.

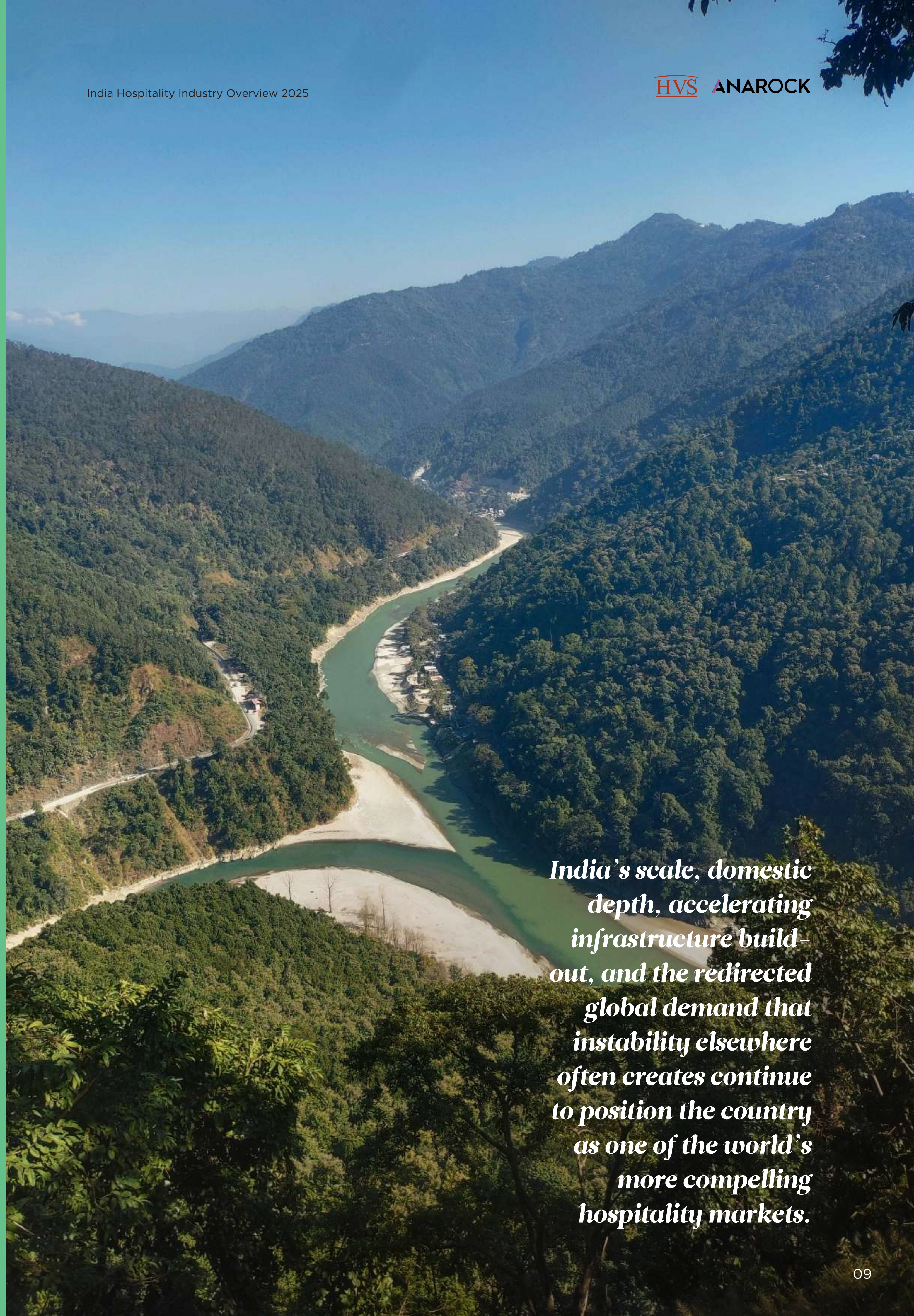
Importantly, expansion is no longer centered only on the major metros. Tier 2, Tier 3, and increasingly Tier 4 markets are becoming central to the next phase of growth, supported by decentralizing economic activity, improving connectivity, rising local demand, and relatively lower development costs. As branded supply expands deeper into these markets, the sector's growth is becoming more broad-based and geographically diverse.

Outlook 2026

India's hotel sector enters 2026 from a position of structural strength, even as the operating environment grows more complex. Domestic travel remains the sector's most dependable demand anchor, while improving infrastructure and a widening tourism base continue to support long-term demand visibility.

The risks are real, but manageable. Geopolitical disruptions, aviation cost pressures driven by rising crude oil prices, and continued volatility across key inbound corridors will require the industry to remain agile. At the same time, India's scale, domestic depth, accelerating infrastructure build-out, and the redirected global demand that instability elsewhere often creates continue to position the country as one of the world's more compelling hospitality markets.

The next phase of growth, however, will require more than favorable demand trends. It will call for a more holistic partnership model, where government drives policy clarity, ease-of-doing-business reforms, destination development, and infrastructure creation, while the private sector continues to invest, innovate, professionalize, and scale responsibly. If both move in alignment, India can unlock the next era of hospitality growth.



India's scale, domestic depth, accelerating infrastructure build-out, and the redirected global demand that instability elsewhere often creates continue to position the country as one of the world's more compelling hospitality markets.

Travel & Tourism

Coral Pearl, Lakshadweep - IHCL SeleQtions

Global Travel & Tourism Overview

The global travel and tourism sector maintained its growth momentum in 2025, with international tourist arrivals (ITA) reaching approximately 1.52 billion, reflecting a 4% increase over 2024. This marks a significant milestone for the industry, as 2025 became the first year to move meaningfully beyond 2019 volumes, signaling not just recovery but a return to structural growth following the disruption of the pandemic years. Growth continued to be supported by resilient travel demand, improving air connectivity, and the continued normalization of travel across key source markets, even as the broader macro environment remained uncertain.

Global International Tourist Arrivals

2025
1,523 mn
4% ▲
Over Previous Year (%)

2024
1,465 mn
11% ▲
Over Previous Year (%)

2023
1,322 mn
35% ▲
Over Previous Year (%)

2022
979.5 mn
112% ▲
Over Previous Year (%)

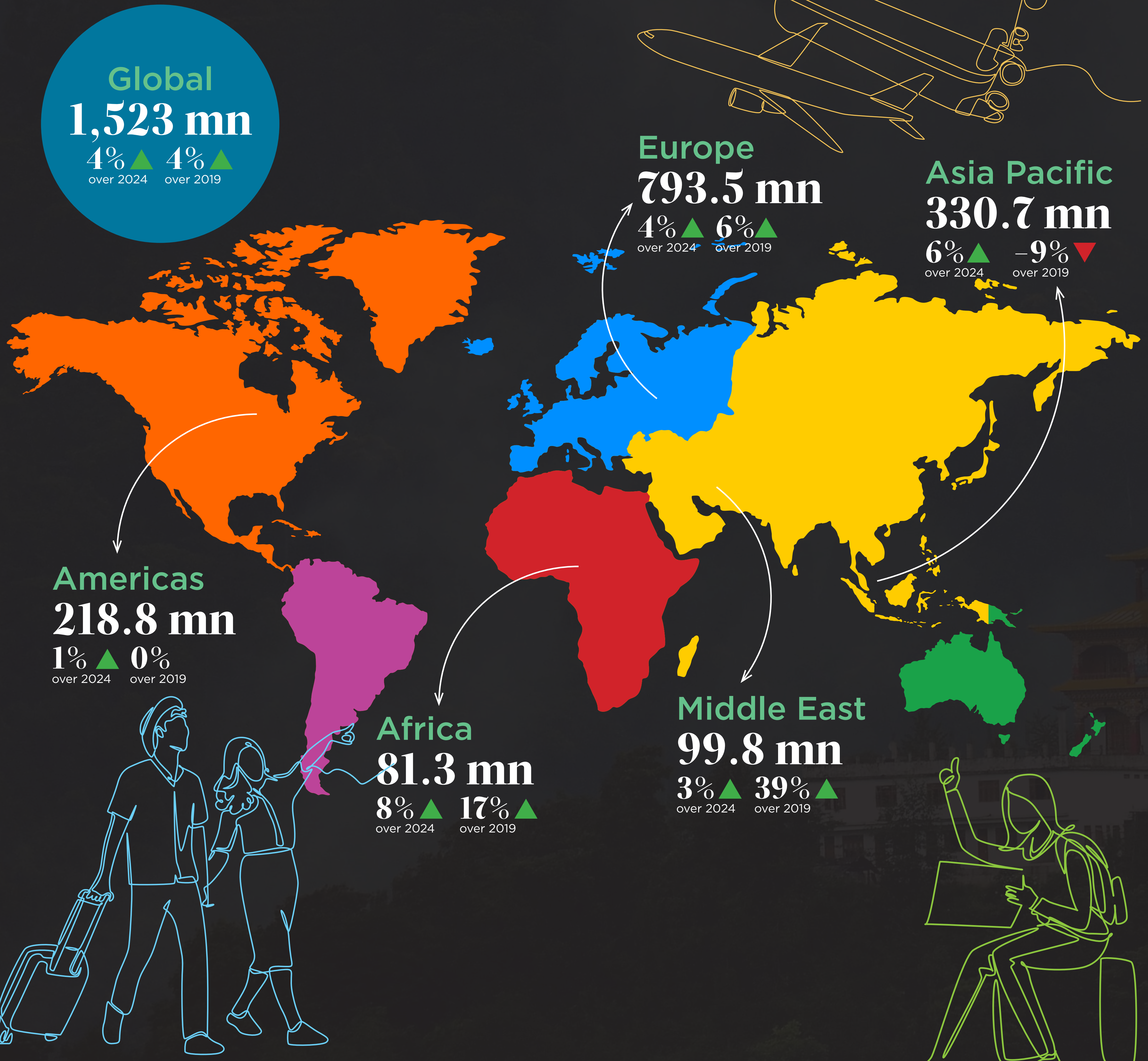
2021
462.1 mn
13% ▲
Over Previous Year (%)

2020
408.8 mn
-72% ▼
Over Previous Year (%)

2019
1,469 mn
4% ▲
Over Previous Year (%)

Source: "World Tourism Barometer, January 2026", UN World Tourism Organization; UN Tourism Data Dashboard, accessed on 24th March 2026; HVS ANAROCK Research

International Tourist Arrivals by Region



World Tourism Export Barometer

2025
$2,200 bn
8.3% ▲ y-o-y change
25.6% ▲ change over 2019

2024
$2,032 bn
12.1% ▲ y-o-y change
16.0% ▲ change over 2019

2023
$1,812 bn
32.8% ▲ y-o-y change
3.5% ▲ change over 2019

2022
$1,364 bn
79.5% ▲ y-o-y change
-22.1% ▼ change over 2019

2021
$759.8 bn
14.9% ▲ y-o-y change
-56.6% ▼ change over 2019

2020
$661.4 bn
-62.2% ▼ y-o-y change
-62.2% ▼ change over 2019

2019
$1,751 bn
2.5% ▲ y-o-y change

Source: "World Tourism Barometer, January 2026", UN World Tourism Organization; UN Tourism Data Dashboard, accessed on 3rd April 2026; HVS ANAROCK Research

Regionally, performance continued to vary. Europe retained its position as the largest tourism market, with approximately 794 million arrivals in 2025, about 6% higher than 2019 levels, reinforcing its depth and stability as a destination. The Middle East and Africa remained among the strongest performing regions, with arrivals 39% and 17% higher than pre-pandemic levels respectively, supported by sustained investment and strong positioning across both leisure and transit travel. The Americas also returned to pre-pandemic levels, recording 218.8 million arrivals in 2025, broadly in line with 2019 volumes. Asia Pacific continued its gradual recovery, with arrivals reaching approximately 331 million in 2025, still about 9% below 2019 levels, reflecting the delayed but now accelerating return of key markets.

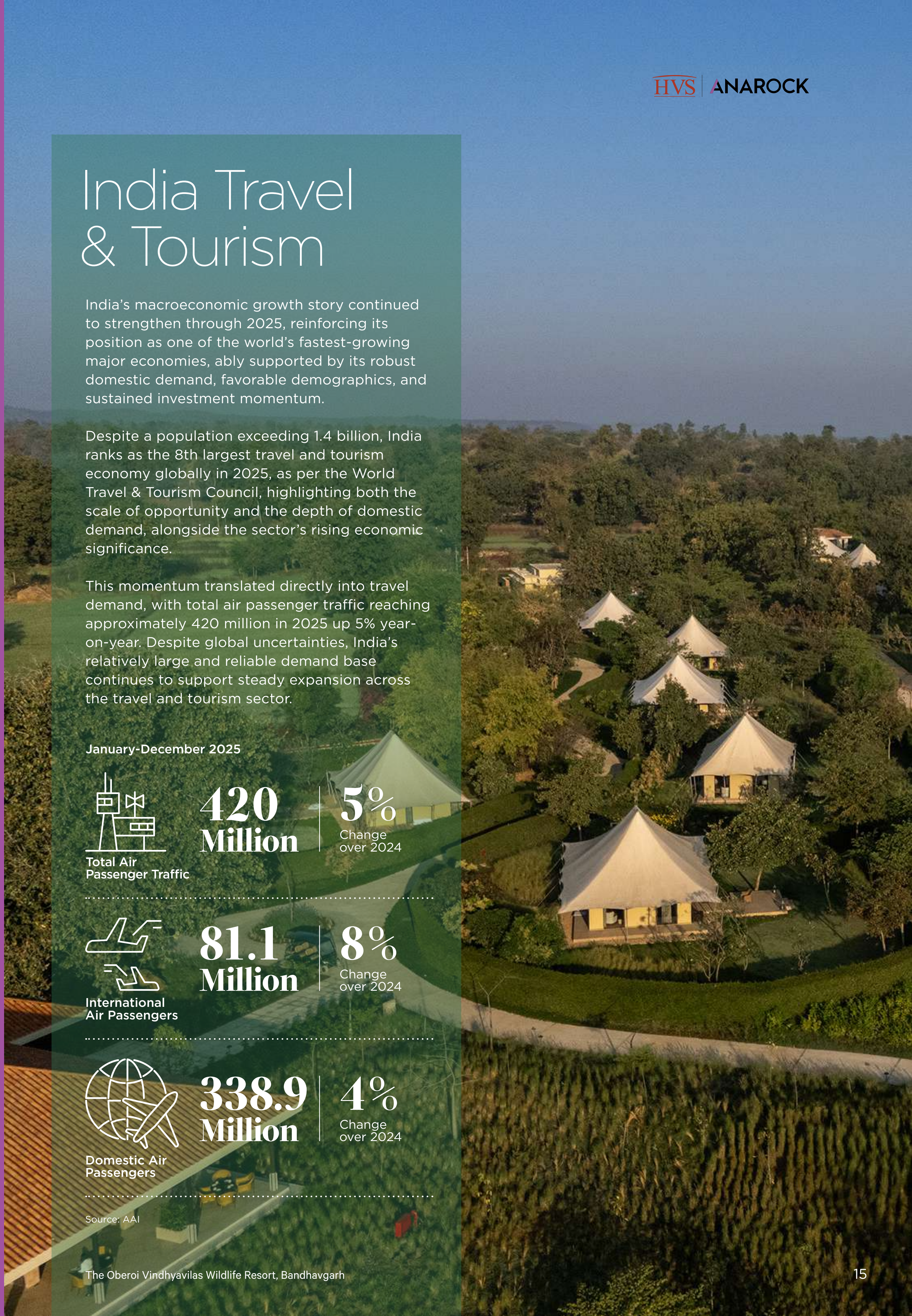

Storii By ITC Hotels Castle Kanota, Jaipur

Asia Pacific continued its gradual recovery, with arrivals reaching approximately 331 million in 2025, still about 9% below 2019 levels, reflecting the delayed but now accelerating return of key markets.

The global travel & tourism outlook, however, is increasingly being shaped by evolving geopolitical risks, particularly the ongoing tensions in the Middle East. The region had been the fastest to recover post-pandemic and one of the few regions to significantly exceed 2019 levels, making it an important contributor to global tourism growth over the last two years. The current situation is expected to have a visible impact on tourism performance in the near term, with the extent of disruption likely to depend on how the situation evolves. A recent report by Oxford Economics estimates that inbound tourism to the Middle East could decline by 11-27% year-on-year in 2026, translating to a potential loss of 23-38 million international visitors and a reduction of $34 billion to $56 billion in tourism spending under different scenarios.

At the same time, this disruption also presents a more structural opportunity for the Asia Pacific region, which is already in a phase of accelerated recovery, and could benefit from redirected international demand as well as stronger intra-regional travel, particularly across Southeast Asia and parts of South Asia that are perceived as stable and accessible alternatives.

While the long-term fundamentals of global tourism remain strong, supported by rising incomes and sustained travel demand, the near-term outlook will remain sensitive to how the geopolitical situation evolves. A shorter disruption could result in a temporary dip followed by a relatively quick recovery, whereas a prolonged conflict could lead to a more sustained rebalancing of travel flows, with regions such as Asia Pacific gaining a larger share of global tourism demand over the medium term.



India Travel & Tourism

India's macroeconomic growth story continued to strengthen through 2025, reinforcing its position as one of the world's fastest-growing major economies, ably supported by its robust domestic demand, favorable demographics, and sustained investment momentum.

Despite a population exceeding 1.4 billion, India ranks as the 8th largest travel and tourism economy globally in 2025, as per the World Travel & Tourism Council, highlighting both the scale of opportunity and the depth of domestic demand, alongside the sector's rising economic significance.

This momentum translated directly into travel demand, with total air passenger traffic reaching approximately 420 million in 2025 up 5% year-on-year. Despite global uncertainties, India's relatively large and reliable demand base continues to support steady expansion across the travel and tourism sector.

January-December 2025

Total Air Passenger Traffic	420 Million	5% Change over 2024
International Air Passengers	81.1 Million	8% Change over 2024
Domestic Air Passengers	338.9 Million	4% Change over 2024

Source: AAI

The Oberoi Vindhyavilas Wildlife Resort, Bandhavgarh

Foreign Tourist Arrivals

Foreign Tourist Arrivals (FTAs) account for less than half a percent of India's total tourists, but their recent long-term growth trajectory has been notable. Between 2011 and 2019, FTAs grew at a CAGR of 7.11%, reaching approximately 10.93 million in 2019. This expansion was supported by sustained improvements in infrastructure, enhanced airport capacity, better air connectivity, and focused government interventions such as the e-visa program and the Incredible India campaign, all of which strengthened India's positioning as an accessible and diverse global destination.

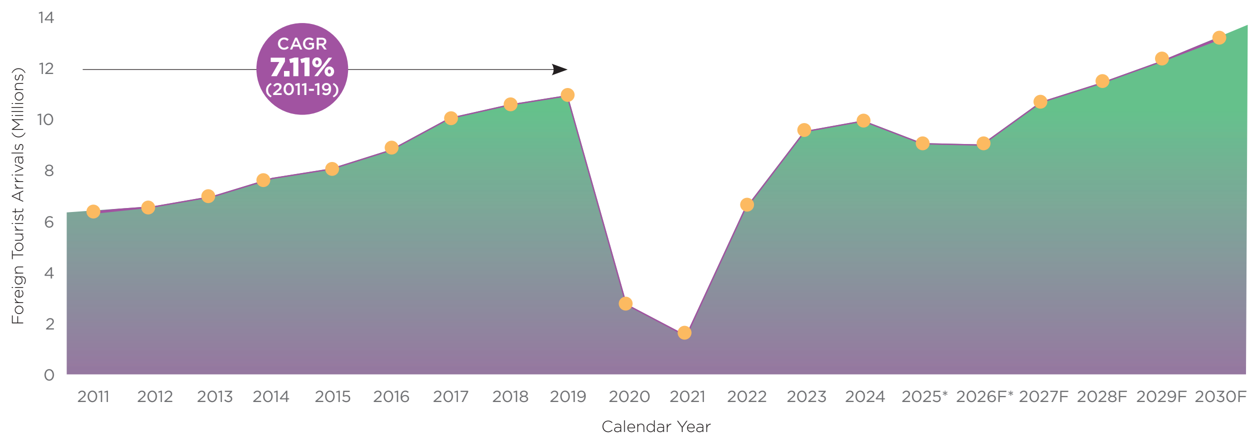
The recovery trajectory since the pandemic has not been entirely linear. In 2025, FTAs estimated to have declined by 9% to approximately 9.02 million, largely due to geopolitical strain with Bangladesh, one of India's largest source markets for inbound travel. When adjusted for Bangladesh, underlying inbound demand grew of roughly 5% over 2024, suggesting that the decline represents an externally driven disruption rather than a weakening of underlying demand. This positive trend is particularly encouraging, as it is driven by expansion in higher-spending source markets, reinforcing the strength and quality of inbound demand. Notably, leisure continues to dominate inbound travel demand, accounting for 39% of FTAs in 2025.

In 2026. The ongoing geopolitical tensions in the Middle East, particularly impacting key source markets such as the United Arab Emirates and Saudi Arabia, are likely to moderate inbound travel flows. As a result, FTAs in 2026 are projected to remain largely flat at around 9 million, reflecting another externally driven anomaly rather than a weakening of India's tourism fundamentals.

Beyond these short-term disruptions, the medium-term outlook remains positive. Based on the historical CAGR between 2011 and 2019, FTAs are projected to recover strongly and reach approximately 13.1 million by 2030, assuming global travel conditions normalize. This growth will continue to be supported by India's diverse cultural offering, expanding tourism circuits, improving infrastructure, and growth in its overall status.

There is a clear need to revive the Incredible India campaign in a stronger, more impactful avatar to help the country accelerate beyond its historical growth trajectory. In particular, a sharper focus on high-value source markets such as the US and other English-speaking countries including the United Kingdom, Australia, and Canada, which together accounted for 43.8% of total FTAs in 2025.

Foreign Tourist Arrivals (in Million)



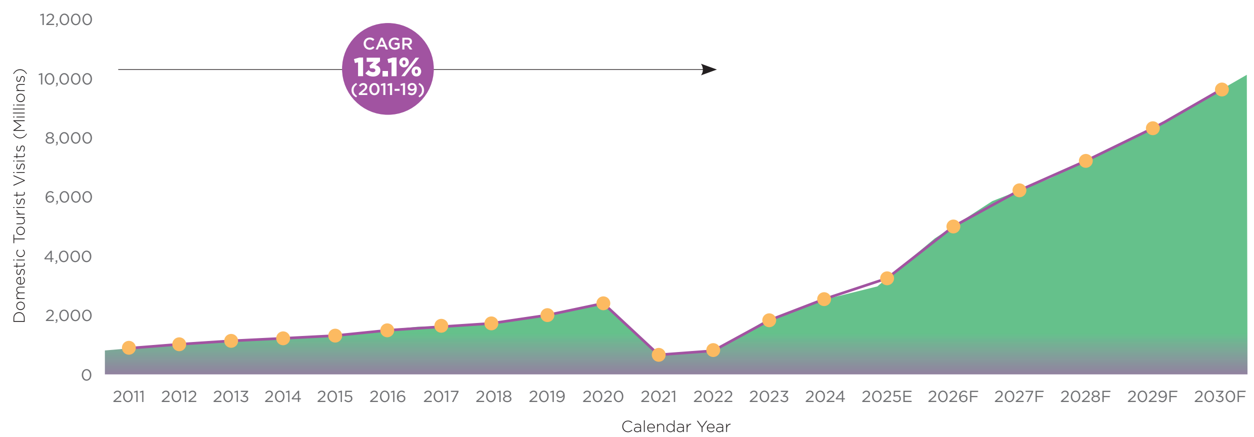
Note: * FTAs for 2025 and 2026 represent anomaly years driven by geopolitical disruptions in key source markets, including Bangladesh and the Middle East. Underlying inbound demand trends remain positive when adjusted for these external factors. Projections from 2027 onwards are based on the historical CAGR observed between 2011 and 2019; F - Forecast
Source: Ministry of Tourism, India Tourism Compendium Report 2025 & HVS ANAROCK Research

Domestic Tourist Visits

Domestic tourism continues to be the primary driver of India's hospitality sector and increasingly acts as a structural cushion during periods of global uncertainty. Domestic Tourist Visits (DTVs) are estimated at approximately 4,548 million in 2025, with the sharp upward revision reflecting stronger-than-anticipated momentum—over 3.03 billion visits were already recorded by August 2025. DTVs are further projected to grow to over 9,542 million by 2030, based on a historical CAGR of 13.1% between 2011 and 2019. This growth has been supported by rising disposable incomes, improved connectivity through air, road and rail infrastructure, government initiatives promoting tourism circuits, and rising interest in segments such as cultural, wellness, wildlife, and MICE travel, which are expanding demand across destinations. While global developments may influence domestic fuel prices – and, in turn, airline costs and travel flows – drive-to destinations are expected to remain relatively resilient.


Fortune Pahalgam - Member ITC Hotels' Group

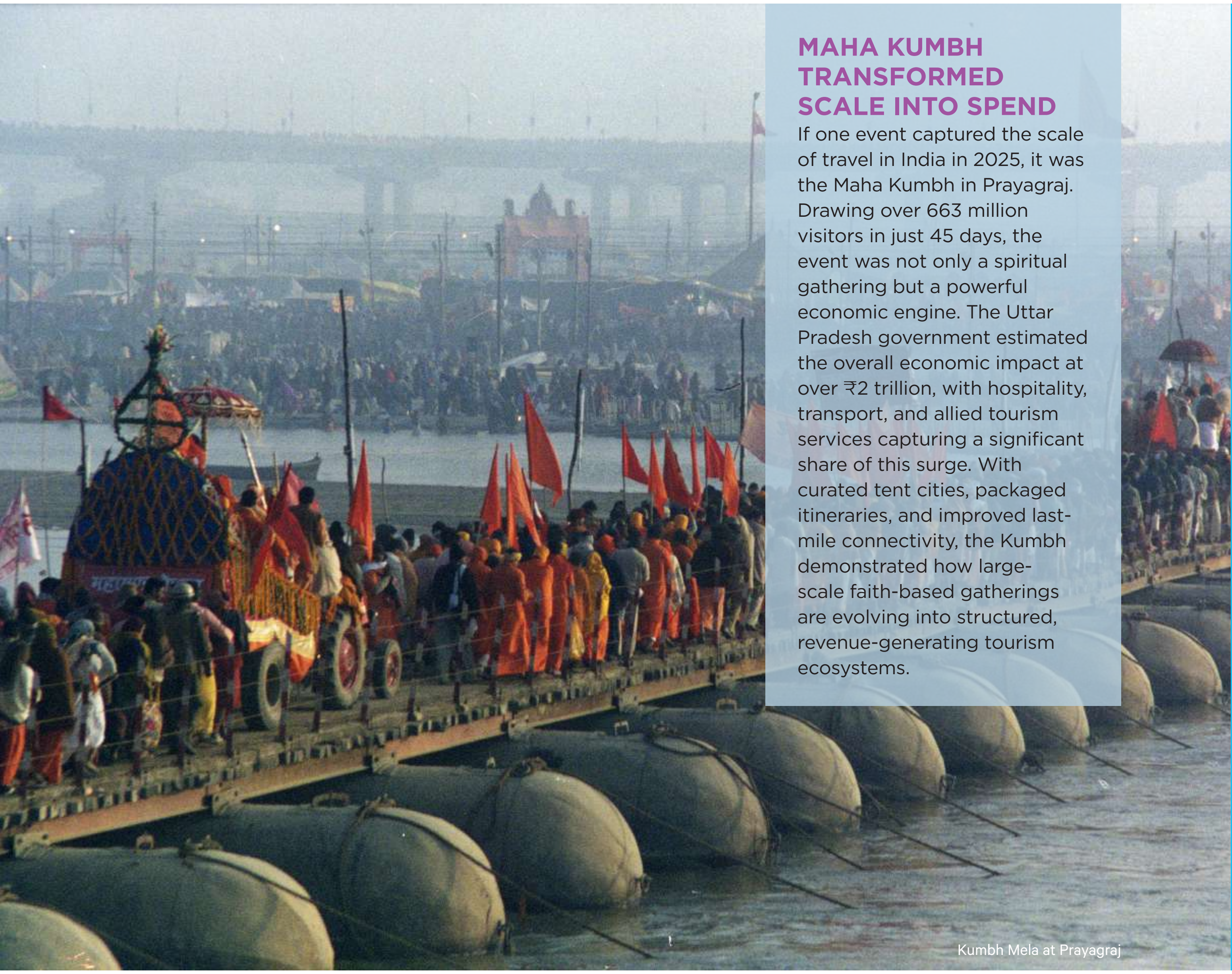
India Domestic Tourist Visits (DTVs, in Million)



Note: E – Estimate; F - Forecast
Source: Ministry of Tourism, India Tourism Compendium Report 2025 & HVS ANAROCK Research

Trends that Impacted Travel and Tourism in India

India's travel and tourism sector continued to evolve in 2025, shaped not only by strong demand but also by changing consumer behavior, new travel formats, and broader economic and technological shifts. The year reflected a sector becoming more diverse, dynamic, and opportunity-rich, with evolving preferences influencing how Indians traveled, where they traveled, and what they increasingly valued from the journey. The following trends capture some of the key forces that shaped travel and tourism in India during the year.



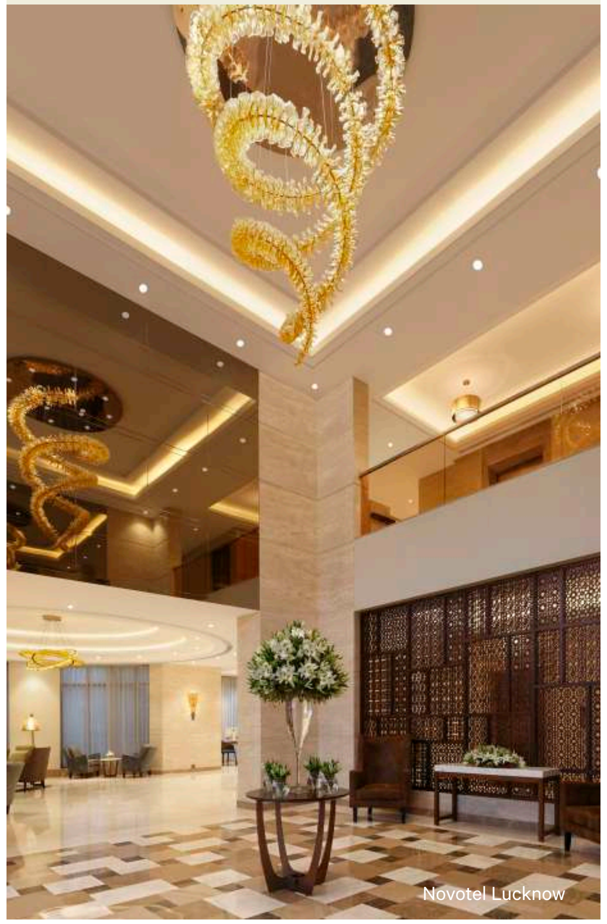
MAHA KUMBH TRANSFORMED SCALE INTO SPEND

If one event captured the scale of travel in India in 2025, it was the Maha Kumbh in Prayagraj. Drawing over 663 million visitors in just 45 days, the event was not only a spiritual gathering but a powerful economic engine. The Uttar Pradesh government estimated the overall economic impact at over ₹2 trillion, with hospitality, transport, and allied tourism services capturing a significant share of this surge. With curated tent cities, packaged itineraries, and improved last-mile connectivity, the Kumbh demonstrated how large-scale faith-based gatherings are evolving into structured, revenue-generating tourism ecosystems.

Kumbh Mela at Prayagraj

WHEN WHERE YOU STAY IS WHY YOU TRAVEL

A defining behavioral shift in 2025 was the growing importance of the stay experience itself in shaping travel decisions. Booking.com's *How India Travels* 2025 report indicates that nearly 80% of Indian travelers now consider accommodation central to their holiday, with many planning to spend a significant portion of their trip within the property, far above global averages. This shift is influencing spending patterns, directly contributing to higher ARRs, longer stays, and stronger performance for resorts and experiential hotels. Travel preferences are also evolving toward curated and experience-led journeys. According to a report by Thomas Cook and SOTC, 84% of Indians planned to increase travel spends by 20-50%, while 60% actively sought unique or experiential holidays. Cruises, self-drive holidays, and scenic rail journeys are also gaining traction, highlighting a gradual shift toward higher-quality and more immersive travel experiences.



Novotel Lucknow

AI Impact Summit 2026, Bharat Mandapam

CONFERENCES, CONVENTIONS, AND THE NEW GEOGRAPHY OF DEMAND

MICE demand in India is no longer metro-bound, and 2025 is the year that became impossible to ignore. What was once concentrated across Delhi, Mumbai, and Bengaluru has begun to fragment into a far more interesting map, with cities like Hyderabad, Jaipur, Kochi, and even Indore steadily building conference credibility. This shift is not theoretical; it is already visible through the scale and diversity of events being hosted beyond traditional hubs. Miss World 2025 was staged across locations, including Hyderabad, bringing global attention to the city's ability to host large-format international events, while IIFA in Jaipur reinforced the growing appeal of leisure-led convention destinations. At the same time, the expansion of purpose-built venues such as Bharat Mandapam, Yashobhoomi (India International Convention and Expo Centre) and Jio World Convention Centre is enabling India to host events at a scale previously constrained by infrastructure. Conferences are traveling further, durations are stretching, and delegate expectations are increasingly aligned with leisure-led experiences, choosing destination as critical as the event itself.

AI, ITINERARIES, AND THE DEATH OF GUESSWORK

Travel planning in India quietly crossed a threshold in 2025, moving from search to AI synthesis. Earlier, a fragmented process of tabs and comparisons is now guided by intelligent systems that combine discovery, decision, and booking into one flow. According to Booking.com's *How India Travels 2025* report, 83% of Indian travelers believe AI makes travel easier, while over 80% use it to avoid overcrowding and discover relevant experiences. AI is being used to generate itineraries, compare destinations, and recommend stays, experiences, and travel periods, reducing effort and uncertainty.

India's AI in tourism market, valued at ~$109 million in 2024, is projected to grow at a 32.6% CAGR from 2025 to ~$595 million by 2030. Growth is driven by adoption across booking platforms, rising digital penetration, and deeper AI integration across discovery, personalization, pricing, and customer service. As voice-led planning expands, travel decisions are becoming faster, personalized, and data-driven.

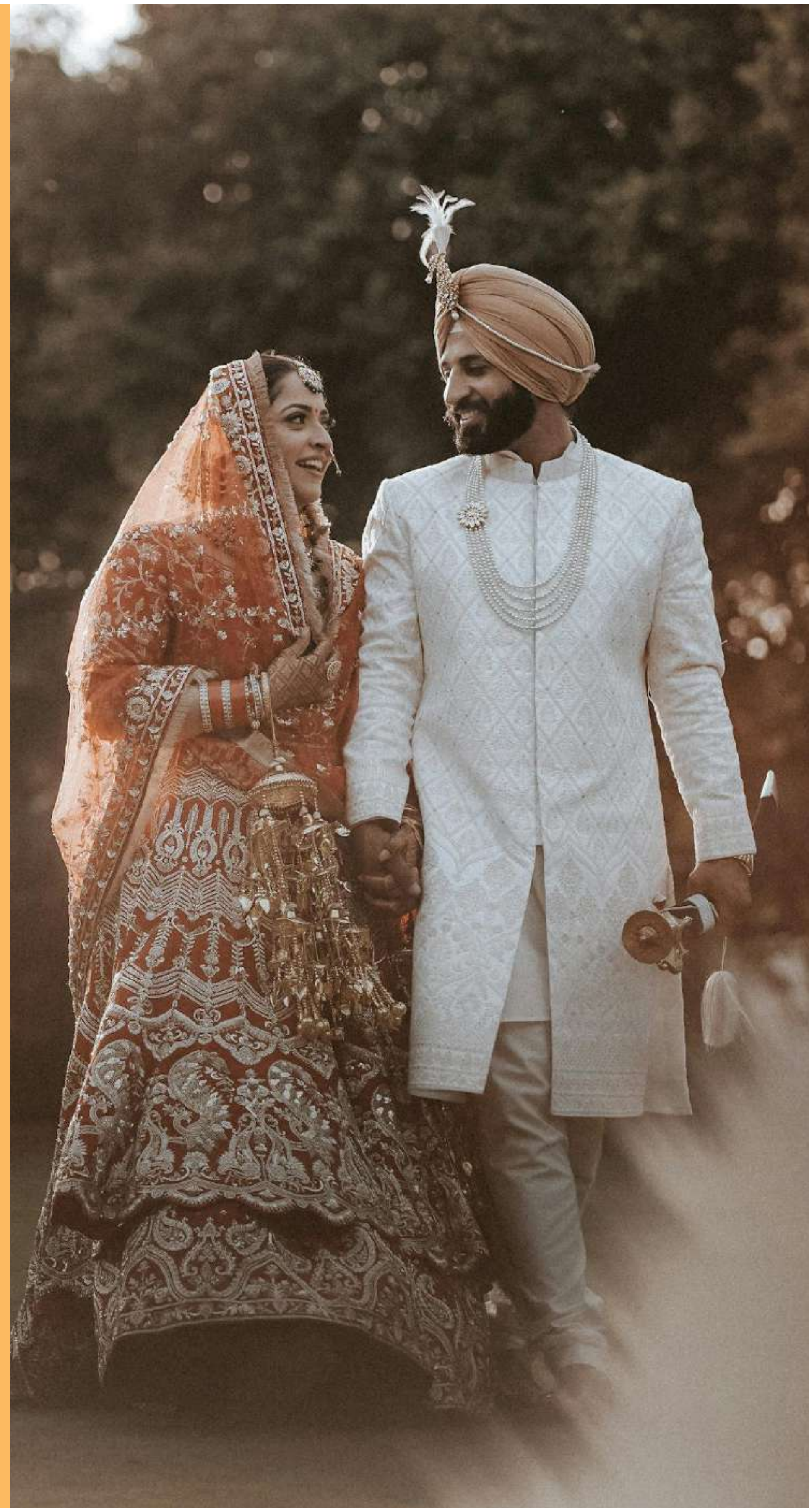
WHEN TRAVEL FOLLOWS THE STAGE

Live events are no longer just cultural moments; but measurable demand generators with direct impact on travel and hospitality. In 2025, over 5.6 lakh Indians traveled intercity to attend concerts, highlighting music-led tourism in India. Large-format events now reshape city-level demand. BookMyShow reported Coldplay's concerts in Ahmedabad drew over 222,000 attendees across two nights, with audiences from over 500 cities. EY estimated ₹641 crore in economic impact, including ~₹392 crore in direct local spending across hotels, transport, and F&B. Similar patterns are visible in sports, with the Indian Premier League driving occupancies above 85% and F&B footfall up 40-50% in host cities. Skift reported India hosted over 34,000 live events in 2025, with attendance growing 17% year-on-year, creating predictable demand cycles the hospitality sector can build around actively today through high-yield windows and repeatable booking periods for operators nationwide.

India Hospitality Industry Overview 2025

WEDDINGS THAT TRAVEL, SPEND THAT MULTIPLIES

India's wedding economy in 2025 is not just large, it is sharply concentrated, high-yielding, and increasingly travel-driven. With 8 to 10 million weddings annually, the sector has evolved into one of the country's most powerful consumption engines, and the scale becomes even clearer in peak periods. According to the Confederation of All India Traders, the November to mid December 2025 wedding window alone generated over ₹6.5 lakh crore (approximately $79 billion) across ~46 lakh weddings, marking ~10% growth over 2024 despite a marginal decline in volumes. Within this, destination weddings have moved from niche to norm at the premium end. As per Grand View Research, the segment, estimated at over $18 billion in 2025, is expanding at a steady double-digit pace, driven by a clear shift toward multi-day, experience-led celebrations. More than 60% of weddings with budgets exceeding ₹1 crore are now destination-based, while average spending has climbed to ~₹58 lakh, signaling both pricing power and evolving consumer priorities. This demand is no longer confined to legacy hubs, it is redistributing across heritage, coastal, and experiential destinations, supported by initiatives such as Wed in India and growing state-level focus. For hospitality, weddings are no longer episodic events; they are structured, repeatable demand cycles that blend travel, culture, and high-value consumption into one of the most reliable drivers of room nights and ancillary revenue.



Performance Analysis

Four Points by Sheraton, Amritsar

2025 Performance Analysis

In calendar year 2025 (CY2025), the Indian hotel sector continued to demonstrate steady growth, supported by resilient domestic demand, sustained pricing power, and the industry's ability to absorb intermittent disruptions through the year. Despite periods of volatility arising from geopolitical developments, weather-related disruptions, and aviation challenges, underlying fundamentals remained firmly intact. The sector closed CY2025 with an occupancy level of 63-65%, up 1-2 percentage points (pp) from the previous year, alongside an average room rate (ARR) in the range of ₹8,500–₹8,700, reflecting a growth of 8-10% year-on-year. As a result, RevPAR reached ₹5,400-₹5,600, marking a growth of 10-12% over the same period last year.

India KPIs: 2025

Occupancy
63–65%
0–2 pp ▲ y-o-y change | -1–3 pp ▼ Change vs 2019

Average Rate
₹8,500–₹8,700
8–10% ▲ y-o-y change | 43–45% ▲ Change vs 2019

RevPAR
₹5,400–₹5,600
10–12% ▲ y-o-y change | 38–40% ▲ Change vs 2019

Q1 CY2025: Strong Start Driven by Events and Corporate Demand

The year opened on a strong footing, with Q1 delivering robust performance across business, MICE, and leisure segments. National occupancy improved marginally by around 1 percentage point year-on-year, while ARR recorded strong double-digit growth of 10-12%, translating into a 11-13% year-on-year increase in RevPAR for the quarter.

Performance was underpinned by heightened corporate movement and a packed calendar of MICE and live events, which strengthened occupancies and enabled aggressive rate realization across key markets. Mumbai emerged as the strongest performer, recording the highest occupancies in the low-to-mid 80% range while commanding average rates exceeding ₹14,000. Bengaluru saw one of the sharpest improvements in occupancy, rising by 4-6 pp year-on-year.

Beyond the major metros, Jaipur, Pune, Chennai, and Ahmedabad registered steady occupancy gains of roughly 1-3 pp, while markets such as Goa, Kolkata, and Hyderabad witnessed a degree of normalization following peak-season highs. ARR growth remained broad-based, with Bengaluru leading year-on-year rate growth, while Mumbai and New Delhi continued to anchor national rate leadership.

Q2 CY2025: War-Led Disruptions Temper Sector Momentum

Performance moderated in Q2 CY2025 as seasonal demand softening and early monsoon impact were compounded by external disruptions, including heightened Indo-Pakistan geopolitical tensions and national incidents such as the Air India crash, which weighed on travel sentiment across key markets. Despite these headwinds, pricing resilience remained evident, with ARR continuing to record healthy year-on-year growth across most major cities, even as occupancy trends remained mixed.

Leisure sector which traditionally has been strong in Q2, was impacted due to increased monsoon intensity in Northern India. Further, the unfortunate incident in Pahalgam gravely impacted the destination, with the destination yet to recover.

At the national level, occupancy saw marginal year-on-year improvement, although performance varied significantly by market. Mumbai and New Delhi remained the strongest-performing cities,

Leisure sector which traditionally has been strong in Q2, was impacted due to increased monsoon intensity in Northern India. Further, the unfortunate incident in Pahalgam gravely impacted the destination, with the destination yet to recover.

consistently recording occupancy levels in the high-60% to mid-70% range. Jaipur emerged as a standout, registering one of the highest year-on-year occupancy increases at approximately 6 pp, while Ahmedabad also posted steady gains. In contrast, Chandigarh saw a sharper decline in occupancy, largely due to the combined impact of geopolitical tensions and seasonal softness.

ARR growth remained robust at 8-10% year-on-year, with several markets posting double-digit growth. Mumbai and New Delhi retained their premium positioning, with average rates consistently exceeding ₹11,000 and ₹9,600, respectively. Jaipur and Hyderabad led the quarter in ARR growth, while Goa was the only major market to record a decline in rates, largely due to seasonality and early monsoon onset impacting leisure demand.

Q3 CY2025: Seasonal Slowdown and Rainfall Weigh on Performance

Momentum softened further in Q3 CY2025, primarily due to the impact of a heavier-than-usual monsoon season, which disrupted travel across several regions. Overall performance dipped slightly on a sequential basis, although year-on-year trends remained relatively stable.

National occupancy remained largely range-bound both sequentially and year-on-year, with July and August affected by weather-related disruptions before stabilizing in September. Ahmedabad emerged as one of the strongest-performing markets, recording the highest year-on-year

Comfort Inn Vindhyan, Vindhyachal

occupancy growth of around 5 pp, supported by a strong calendar of trade shows, sectoral expos, national conferences, and increased corporate activity linked to GIFT City. Chennai also posted steady gains, while several South Indian markets experienced mild occupancy pressure during the peak monsoon period.

ARR growth remained resilient across major markets, although rates moderated slightly on a sequential basis early in the quarter. Bengaluru and Hyderabad recorded the strongest year-on-year ARR growth, with Bengaluru posting growth of approximately 21%, supported by large-scale conferences and events such as NASSCOM Future Forge and Tech Developer Confluence. Hyderabad followed closely, driven by improving corporate and MICE demand. Mumbai continued to uphold its premium positioning, maintaining average rates above ₹10,000 despite registering a slight year-on-year decline relative to other metros. Goa recorded a pronounced decline in rates, reflecting subdued leisure demand during peak monsoon conditions, and a signal of an overheated market ARR seeking correction.


Gir Aatithya Clarks Inn

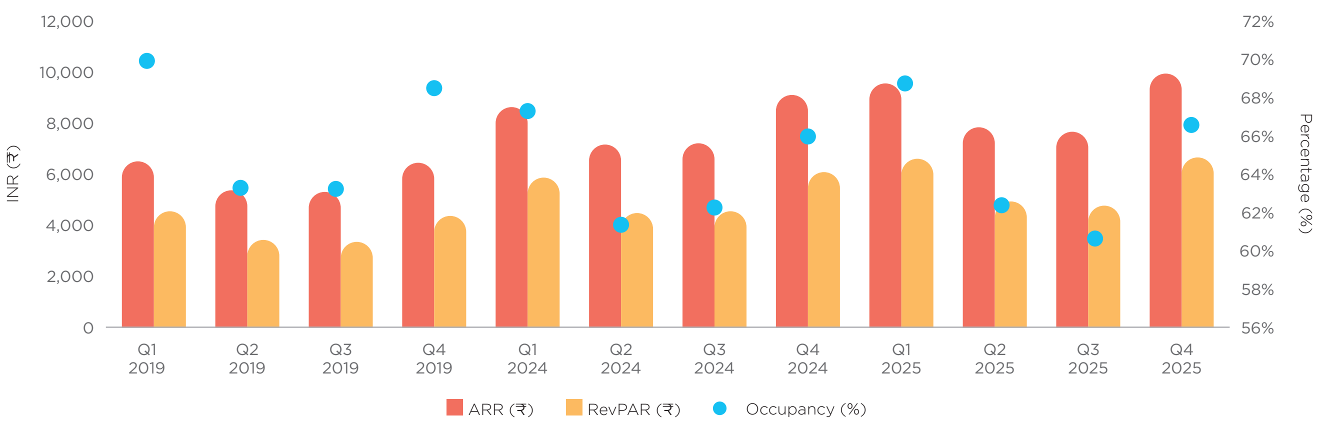
Q4 CY2025: Year Closes Strong, Despite Aviation Disruptions

The sector closed CY2025 on a strong note in Q4, supported by festive-season demand, weddings, year-end travel, and sustained MICE activity. National occupancy improved sequentially during the quarter and remained broadly flat year-on-year, while ARR recorded growth of 8-10% year-on-year, resulting in a 9-11% increase in RevPAR.

Performance was led by key metro and leisure markets. Mumbai continued to anchor national performance despite marginal occupancy softness, while New Delhi and Jaipur benefited from festive and wedding-led demand. South India emerged as the standout region, with Bengaluru, Hyderabad, Chennai, and Kochi recording strong double-digit growth in ARR and RevPAR, supported by robust corporate, event-driven, and healthcare-led demand.

Pricing remained the defining strength of the quarter, with broad-based ARR growth across most markets. However, aviation-related disruptions due to the operational crisis at India's largest airline, IndiGo, toward the end of the year impacted holiday travel and corporate movement during a critical demand window. As a result, year-end performance was slightly softer than earlier expectations, and the sector could have closed the quarter on an even stronger note in the absence of these disruptions. Overall, Q4 reflected strong underlying demand conditions, even as aviation challenges tempered the full potential of the year-end peak.

India Hotel Sector Quarterly Performance



Source: HVS ANAROCK Research

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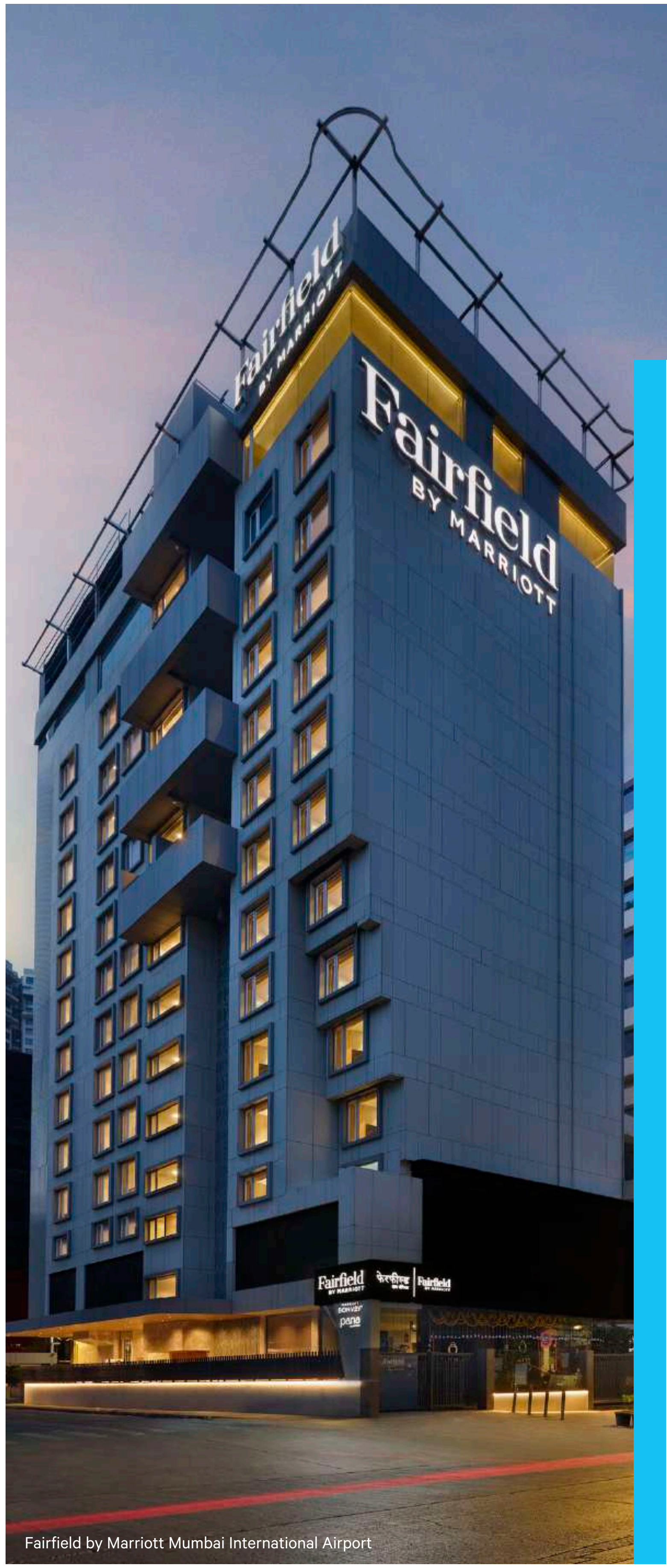


Fairfield by Marriott Mumbai International Airport

Hospitality in the Capital Markets: Divergent Performance Across Global and Indian Hotel Stocks

The performance of listed hotel companies during calendar year 2025 reflected a divergence between global and Indian markets. While several leading international hotel operators delivered positive returns, Indian hospitality stocks had a more mixed year despite healthy sector fundamentals.

India's listed hospitality universe continued to expand in 2025, with additional listings during the year adding further breadth and visibility to the sector. The presence of a larger set of publicly traded hotel companies across ownership, operating, and hybrid business models highlights the growing scale and maturity of India's hospitality sector.

Stock performance during the year, however, was largely marked by correction. Among established listed players, returns ranged from +18% to -27%, with only a few companies ending the year in positive territory. The year also saw fresh listings such as ITC Hotels, Leela Palaces Hotels & Resorts Limited, and Brigade Hotel Ventures, further widening the listed hospitality universe.

The broader BSE Sensex gained 9% during CY2025, while many hotel stocks delivered relatively weaker returns after the strong run seen in recent years.

Share Price Performance

BSE Sensex

	Close on	
	31 Dec 2024	78,139.01
	31 Dec 2025	85,220.60
	Change	9%

Established Listed Players

	Share price 31 Dec 2024	Share price 31 Dec 2025	Change
IHCL	₹876.4	₹738.7	-16%
EIH Limited (A Member of the Oberoi Group)	₹420.2	₹367.9	-12%
Chalet Hotels	₹976.4	₹870.3	-11%
Lemon Tree Hotels	₹152.9	₹159.2	4%
Club Mahindra	₹357.4	₹309.5	-13%
The Park Hotels	₹184.6	₹134.1	-27%
Royal Orchid Resorts	₹354.2	₹417.9	18%
Juniper Hotels	₹350.8	₹255.3	-27%
SAMHI	₹201.1	₹182.8	-9%
Ventive	₹720.3	₹760.6	6%

Newly Listed Hotel Companies

	Listing day closing price 2024	Share price 31 Dec 2025	Change	Listing date
The Leela	₹435.5	₹433.0	-1%	2 June 2025
Brigade Hotel Ventures Limited	₹85.4	₹66.9	-22%	31 July 2025
ITC Hotels Limited	₹178.6	₹197.4	11%	29 Jan 2025

International Players

	Share price 30 Dec 2024	Share price 31 Dec 2025	Change
Marriott International	$280.3	$313.9	12%
Hilton For the Stay	$248.2	$290.4	17%
IHG Hotels & Resorts	$126.0	$141.6	12%
Hyatt	$158.2	$163.6	3%
Wyndham Hotels & Resorts	$100.6	$76.6	-24%

Source: BSE Website; Yahoo Finance; HVS ANAROCK Research

Buying Scale: How India's Hotel Giants Are Growing Without Breaking Ground

Zone Connect by The Park Jaisalmer

India's hotel sector has taken its time to grow. Building a new property from scratch takes years of approvals, construction, and capital, and even then, the market may have moved on by the time the ribbon is cut. Inorganic growth, expanding a portfolio through mergers and acquisitions rather than new builds, has become the sharper tool of choice. The underlying pressure is structural, branded keys demand in India is projected to rise at a CAGR of 10.7% between FY2026 and FY2029, outpacing supply growth expected in the range of 9.5%.

One company that has made this abundantly clear in recent years is IHCL. Rather than simply adding keys by building new properties, the company has been assembling an entire ecosystem of hospitality verticals through targeted acquisitions. Under its Accelerate 2030 strategy, IHCL acquired a controlling stake in Atmantan, an integrated wellness brand, entered into agreements to acquire 51% in Brij, a boutique experiential leisure offering, and scaled its Ginger brand through 51% acquisitions in ANK Hotels and Pride Hospitality. The ANK and Pride deals, estimated at ₹204 crore in cash, bring approximately 135 hotels across 110 locations into the IHCL fold. IHCL also acquired a majority stake in Tree of Life, a boutique leisure brand known for off-beat destinations like Binsar and Udaipurwati, and entered into a brand license agreement for The Claridges in New Delhi. Tata Group announced that the company is targeting 700 hotels with 70,000 rooms by 2030, with an annual investment outlay of approximately ₹15,000 crore.

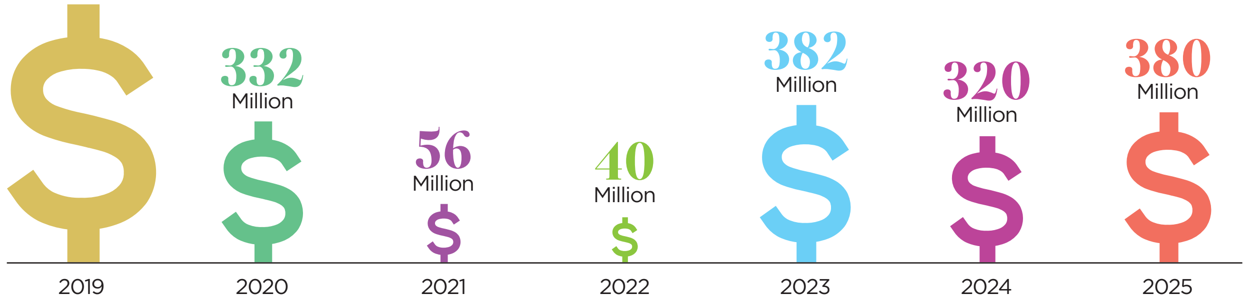
The appetite for inorganic moves extends across segments and ownership structures. Chalet Hotels' acquisition of Ayushi and Poonam Estates, valued at approximately $38 million, and the SUBA Group's majority stake in 1,589 Hotels, adding 35 properties across India and Nepal to its existing portfolio of 15, are indicative of consolidation playing out at every price point. Marriott's equity investment in Fern for the creation of a new brand Series By Marriott is a strong indicator of the foreseen growth in Indias hospitality sector and its road to maturity as it is unprecedented for an international asset-light operator to make an equity investment in an operating Indian portfolio.

Tata Sons has also established a dedicated hotel ownership platform allowing IHCL to acquire hotels through a revenue-sharing model that keeps its balance sheet clean while accelerating growth. At every level of the market, operators are arriving at the same conclusion: demand is running ahead of the industry's capacity to build, and the fastest way to keep up is to buy what already exists.

Given the significant cash available now with listed hospitality entities, along with the increased appetite of institutional investors and private equity players, the sector is expected to witness perhaps its most active period on M&A activities and creatively structured inorganic growth.

690 Million Transactions

Hotel Transactions Value (in US$ mn)



Source: HVS ANAROCK Research

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HVS Anarock Hospitality Valuation Index (HVI)

India's hotel sector has entered a structurally stronger phase in the valuation cycle. This phase is being shaped by sustained pricing power, improving cash flows, and a growing base of institutional interest in hospitality real estate. Unlike previous cycles, where value growth was primarily occupancy-led, the current uptrend is anchored in stronger rates, healthier margins, and improving confidence in medium-term operating performance, marking a meaningful shift in how value is being created and sustained in the sector.

To track this evolution consistently across time and markets, HVS ANAROCK has developed the Hotel Valuation Index (HVI). The index benchmarks market-level hotel asset values using FY14 as the base year. It is designed to reflect valuation movement at a market level rather than hotel-specific performance. This allows comparable tracking of valuation cycles across India and key cities.

The latest reading, as of FY25, indicates that the recovery has translated into measurable value accretion. The medium-term outlook remains optimistic, supported by robust demand drivers and infrastructure-driven improvements in access and connectivity.

India's HVI stands at 2.15x its FY14 base, meaning hotel asset values are now more than double their FY14 levels, reflecting an approximate 8% CAGR in value appreciation over FY14–FY25.

Methodology: How the HVI is Built

HVI has been developed using a top-down projection of hotel operating performance, supported by macroeconomic assessment and market fundamentals. The intent is to capture market-level valuation movement rather than reflect micro-level outperformance of individual hotels.

Historical trends in occupancy and average rate form the baseline. Forecasts are then built by benchmarking demand and pricing expectations against structural demand drivers. New supply additions are incorporated by assessing absorption relative to expected demand growth.

Key forecasting anchors include:

- Demand growth benchmarked to historical relationships with air passenger traffic and office stock expansion, given the economic activity-led nature of demand in India's primary markets.
- New supply assessed in the context of absorption capacity relative to expected demand growth.
- Average rate growth benchmarked against historical pricing patterns and adjusted for projected supply-demand gaps and expected pricing resilience.
- Major infrastructure developments incorporated into forecasts, including airport upgrades, expressways, and urban mobility projects that are expected to improve access and support visitation growth over the medium term.

Since HVI represents market performance, it intentionally excludes hotel-level attributes such as brand positioning, micro-location, service quality, facilities, and asset-specific competitive set performance.

Gateway Coorg

Capitalization Rates: Return-Based Approach (WACC)

Capitalization rates remain a critical input in valuation modelling. However, due to limited availability of consistent and recent market evidence in India's hotel sector, cap rates derived purely from transaction benchmarks can result in conclusions that are difficult to validate and replicate across time.

The HVI, therefore, uses a return-based capitalisation rate derived from the Weighted Average Cost of Capital (WACC). This creates a consistent, defensible and transparent model aligned with investor expectations.
The WACC approach includes:

- Cost of equity, estimated using CAPM and factoring in:
  - long-term risk-free rate
  - market risk premium
  - asset-specific beta benchmarked to listed real estate and hospitality peers
- Cost of debt, reflecting prevailing financing rates applicable to stabilized, income-generating assets
- A notional 50:50 equity-debt structure used to compute the blended discount rate
- A deduction for long-term growth rate to arrive at the final cap rate

The analysis is conducted on a pre-tax basis. Assumptions are grounded in credible public data sources and long-term historical trends. Across the historical and forecast period, the index adopts a cap rate band of 7-8.5%, which aligns with the risk-return profile of hotel real estate in India.

FY25 HVI Snapshot: Stronger Value Base; Mumbai Leads

As of FY25, India's HVI stands at 2.15x its FY14 base, meaning hotel asset values are now more than double their FY14 levels, reflecting an approximate 8% CAGR in value appreciation over FY14–FY25. Unlike previous rebounds that were primarily occupancy-led, the recent phase of value accretion is driven by rate strength and margin expansion, which improves confidence in the stability of cashflows.

Among key markets, Mumbai continues to lead, with an FY25 HVI of 2.55x, firmly reinforcing the city's position as the most valuation-rich market among the tracked cities.

Mumbai's outperformance reflects market characteristics that investors consistently reward:

- deep and diversified demand base
- limited land availability and supply-side constraints
- year-round commercial compression
- stronger pricing power in high-demand periods, supported by resilience in softer periods

These factors typically reduce cashflow volatility relative to other markets. Lower volatility contributes to stronger valuation intensity over time.

Outlook FY26-FY30: Strong compounding expected; Bengaluru Leads the Upside

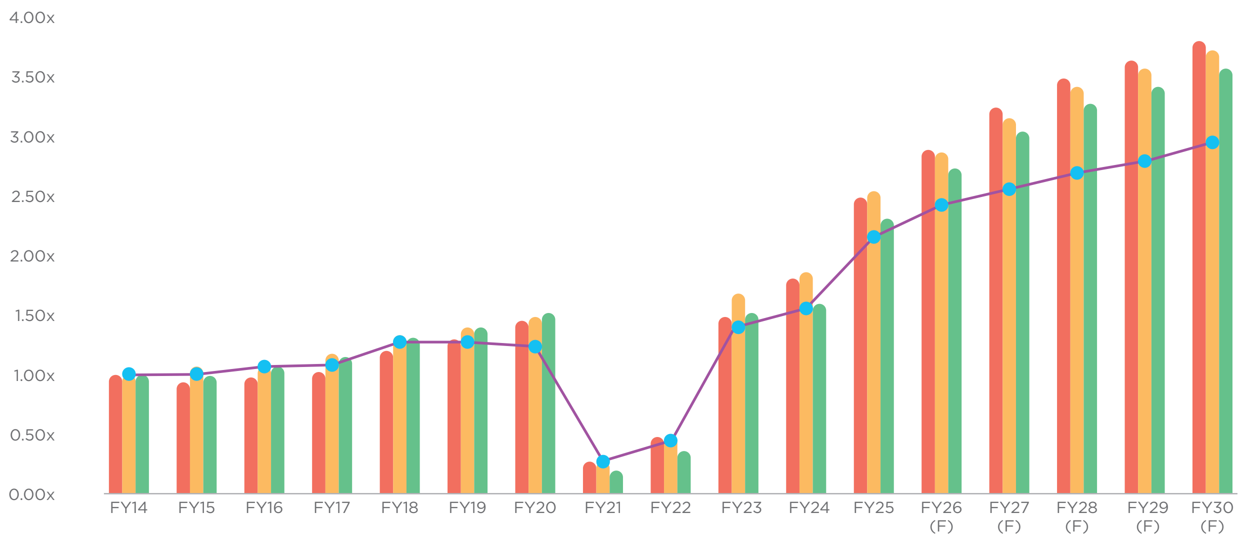
India's HVI is projected to grow at a CAGR of 7.4% over FY2026-FY2030, indicating sustained value compounding. However, the growth will not be uniform across markets. Value accretion is expected to be the strongest where demand continues to expand structurally and where incremental supply remains absorbable without diluting pricing.

Key market projections:

- Bengaluru and Mumbai are expected to reach an HVI of 3.6x and 3.7x by the end of the forecast period.
  - Bengaluru is projected to grow at a CAGR of 8.6%. This reflects structural momentum driven by office stock expansion, corporate travel depth, and the city's continued leadership as India's primary tech and GCC hub.
  - Mumbai is projected to grow at a CAGR of 5.8%. Growth is expected to remain steady, supported by a strong base, entry barriers, and resilient demand.
- New Delhi is forecast to reach an HVI of 3.8x, supported by diversified demand drivers and improving access infrastructure.


Pride Premier Alwar

HVI (INR)



	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 (F)	FY27 (F)	FY28 (F)	FY29 (F)	FY30 (F)
NCR	1.00x	0.94x	0.99x	1.03x	1.21x	1.30x	1.46x	0.28x	0.48x	1.49x	1.81x	2.49x	2.89x	3.24x	3.48x	3.63x	3.80x
MMR	1.00x	1.07x	1.11x	1.18x	1.34x	1.40x	1.49x	0.28x	0.48x	1.69x	1.86x	2.55x	2.86x	3.15x	3.41x	3.57x	3.73x
Bengaluru	1.00x	1.00x	1.10x	1.14x	1.32x	1.40x	1.52x	0.20x	0.36x	1.53x	1.60x	2.31x	2.74x	3.04x	3.27x	3.42x	3.58x
India	1.00x	1.01x	1.07x	1.12x	1.24x	1.26x	1.23x	0.28x	0.47x	1.40x	1.59x	2.15x	2.41x	2.53x	2.68x	2.80x	2.93x

NCR MMR Bengaluru India

Source: HVS ANAROCK Research

HVI (USD)

	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26 (F)	FY27 (F)	FY28 (F)	FY29 (F)	FY30 (F)
NCR	1.00x	0.85x	0.81x	0.83x	1.02x	1.01x	1.11x	0.20x	0.35x	1.00x	1.20x	1.63x	1.82x	1.98x	2.08x	2.11x	2.15x
MMR	1.00x	0.96x	0.91x	0.95x	1.13x	1.08x	1.13x	0.21x	0.35x	1.13x	1.23x	1.67x	1.80x	1.93x	2.04x	2.08x	2.11x
Bengaluru	1.00x	0.90x	0.90x	0.92x	1.11x	1.08x	1.15x	0.15x	0.26x	1.03x	1.06x	1.51x	1.72x	1.86x	1.96x	1.99x	2.03x
India	1.00x	0.91x	0.88x	0.91x	1.04x	0.98x	0.94x	0.20x	0.34x	0.94x	1.05x	1.41x	1.51x	1.55x	1.60x	1.63x	1.66x

NCR MMR Bengaluru India

Source: HVS ANAROCK Research

Year FX Rate (INR|USD)

FY17 ₹67.63	FY20 ₹72.15	FY23 ₹81.62	FY26 ₹87.16	FY29 ₹94.15
FY18 ₹64.94	FY21 ₹74.31	FY24 ₹82.79	FY27 ₹89.40	FY30 ₹96.64
FY19 ₹70.64	FY22 ₹75.45	FY25 ₹83.68	FY28 ₹91.74	

Overall, the forecasts indicate that India's hotel sector is entering a phase of value growth that is more fundamentals-driven than cyclical. This makes market selection, asset positioning, and return calibration even more critical for developers and investors seeking long-term outperformance.

USD vs INR HVI: Why FX Matters in Interpreting Value

For global benchmarking, HVI is often presented in USD terms. However, foreign exchange movements can materially influence how valuation performance appears over long periods. Historically, INR depreciated from approximately $67.63 (FY2016) to $83.68 (FY2025). As a result, even where local values increased meaningfully, the USD index can appear flatter. This occurs because INR depreciation absorbs a portion of the valuation increase when translated into USD.

For the forecast period, the exchange rate has been assumed to be constant. This results in two key implications:

- INR values will show a clearer upward trajectory, driven by operating growth and value compounding.
- USD HVI may appear relatively stable, even though the underlying INR valuation build-up remains strong.

This distinction is important for interpretation. Global comparisons typically rely on USD, while domestic underwriting and INR-denominated investor returns are better represented through the INR index.

Conclusion

The India HVI reflects the sector's evolving value narrative, marking a decisive shift from post-COVID recovery to a phase of sustained structural strength. As the cycle matures, asset selection, pricing discipline, and capital planning will play an increasingly pivotal role in driving long-term outperformance. While sentiment may ignite initial interest, it is strategy that will ultimately unlock value.

Development Analysis

The Leela Kovalam, a Raviz Hotel

2025 Brand Signings

The year 2025 marked another strong year for hotel brand signings in India, reflecting the continued momentum in the hospitality sector. Sustained travel demand, improved operating performance, and growing confidence among hotel operators, developers and investors supported a high level of signing activity during the year.

Brand signings reached 64,118 keys across 586 properties in 2025, representing a 36% increase in keys and nearly 21% growth in properties compared to 2024, making it the highest level of signings recorded in recent years. Notably, the volume of signings (by keys) in 2025 was more than three times the levels recorded in 2019, highlighting the significant acceleration in hotel development activity over the past few years.

Another notable trend during the year was the increase in the average room count per property, which rose to 110 rooms in 2025, compared to 98 rooms in 2024, reflecting the signing of several large-format or big-box hotel projects during the year.

Brand Signings from 2019 to 2025

Year	Number of Keys	Number of Properties	Average Room Count
2025	64,118	586	110
2024	47,249	484	98
2023	29,143	328	89
2022	20,587	256	80
2021	15,467	193	80
2020	12,433	135	92
2019	20,870	223	94

*Note: two properties (94 keys) signed before 2025 are undergoing expansion beyond their original contract specifications. This expansion is not counted within the 2025 Brand Signings by Property, though their keys are included in the 2025 Brand Signings by Keys figures. Data received from 21 hotel operators as of 20th March 2026.
Source: HVS ANAROCK Research

Lemon Tree Hotel, Arpora, Goa

International vs Domestic Brands

In 2025, domestic hotel operators continued to account for a larger share of property signings, leveraging the opportunity to expand to Tier 2+ markets, representing 65% of the total properties signed, reflecting their strategy of expanding through a higher number of developments across multiple markets. International operators accounted for the remaining 35% of properties, maintaining a selective approach focused on larger projects and more familiar markets.

In terms of keys signed, the gap between domestic and international operators narrowed further, building on years of momentum. Domestic operators accounted for 52% of the total keys signed, while international operators represented 48%.

A key differentiating factor remains the average project size. International operators continued to sign significantly larger hotels, with an average of 150 keys per property, compared to 88 keys for domestic operators, reflecting the continued focus of global hotel brands on larger assets.

Oakwood Residence Kapil Hyderaba

Year	By Keys (Domestic)	By Keys (International)	By Properties (Domestic)	By Properties (International)	Average Room Count (Domestic)	Average Room Count (International)
2025	52%	48%	65%	35%	88	150
2024	54%	46%	67%	33%	78	138
2023	56%	44%	72%	28%	70	138
2022	64%	36%	75%	25%	68	119
2021	63%	37%	78%	22%	65	133
2020	55%	45%	61%	39%	82	108
2019	50%	50%	67%	33%	71	140

Source: HVS ANAROCK Research
Domestic International

By Contract Type

Management agreements reaffirmed their status as the dominant growth model, accounting for over 85% of all keys signed in 2025. Franchising remained stable, representing 11% of the keys signed.

Leasing & revenue share accounted for the remaining 4%.


Hilton Garden Inn Jabalpur

By Keys

Year	Managed	Franchised	Leased & Revenue Share
2025	85%	11%	4%
2024	85%	11%	4%
2023	84%	12%	4%
2022	80%	14%	6%
2021	80%	16%	4%
2020	80%	17%	3%
2019	76%	14%	10%

Source: HVS ANAROCK Research

2025 Signings Ranking

By Keys

1. Marriott International
2. IHCL
3. Sarovar Hotels
4. Lemon Tree Hotels
5. Hyatt

By Properties

1. IHCL
2. Sarovar Hotels; Lemon Tree Hotels
3. Marriott International
4. The Clarks Hotels & Resorts
5. IHG Hotels & Resorts

Note: The rankings in this report are based on individual hotel operators and their respective brand portfolios. In cases where strategic partnerships or investments were announced during the year, the concerned operators have been considered separately in the rankings this year to maintain consistency since most such activity took place mid-year and would distort full year data.
Source: HVS ANAROCK Research

HVS | ANAROCK

By Development Status

In 2025, greenfield projects accounted for the largest share of hotel brand signings, representing 59.5% of the total keys signed, followed by brownfield developments at 30.2%. Much of the recent expansion is taking place in new and relatively underpenetrated markets, where hotels need to be developed from the ground up.

Conversions contributed 10.1% of the signed keys, while expansions of existing hotels remained negligible at 0.2%.

By Keys#

Year	Greenfield	Brownfield	Conversion	Expansion
2025	60%	30%	10%	0.2%
2024	54%	33%	14%	0.2%
2023	48%	36%	15%	0.9%
2022	36%	36%	28%	–
2021	32%	48%	20%	–
2020	39%	40%	21%	–
2019	53%	25%	22%	–

#Note: The analysis excludes 2,625 keys for which development status was not disclosed by operators; Figures have been rounded off to the nearest ten; totals may not add up to 100;
Source: HVS ANAROCK Research

IRIS Sarovar Portico

Ranking by City

Hotel development activity was widely dispersed across the country, with signings recorded in over 250 cities in 2025. Bengaluru led hotel brand signings, with 4,510 keys across 27 properties, followed closely by Mumbai with 4,499 keys.

Several destinations, including Ahmedabad, Bhopal, Siliguri, Dehradun, and Lucknow, saw increased signing activity during the year and featured among the top 10 markets by number of keys or properties signed.

Ranking by Keys Signed in 2025

2025 Rank	City	Number of Keys	2024 Rank
Rank 1	Bengaluru	4,510 Keys	Rank 1
Rank 2	Mumbai	4,499 Keys	Rank 5
Rank 3	Jaipur	3,377 Keys	Rank 3
Rank 4	Goa	2,328 Keys	Rank 2
Rank 5	Hyderabad	2,129 Keys	Rank 7
Rank 6	Ayodhya	1,467 Keys	Rank 4
Rank 7	Chennai	1,333 Keys	Rank 6
Rank 8	Lucknow	1,330 Keys	Rank 11
Rank 9	Ahmedabad	1,253 Keys	Rank 39
Rank 10	New Delhi	1,041 Keys	Rank 17

Source: HVS ANAROCK Research

Ranking by Properties Signed in 2025

2025 Rank	City	Number of Properties	2024 Rank
Rank 1	Bengaluru	27 Properties	Rank 1
Rank 2	Jaipur	25 Properties	Rank 3
Rank 3	Mumbai	23 Properties	Rank 4
Rank 4	Goa	17 Properties	Rank 2
Rank 5	Ayodhya	13 Properties	Rank 3
Rank 6	Hyderabad	12 Properties	Rank 5
Rank 7	Dehradun	10 Properties	Rank 11
Rank 8	Lucknow	9 Properties	Rank 5
Rank 8	Siliguri	9 Properties	Rank 34
Rank 9	Chennai	8 Properties	Rank 6
Rank 9	Bhopal	8 Properties	Rank 84

Source: HVS ANAROCK Research

Wyndham Garden Jim Corbett Chhoi

Taj Mussoorie Foothills, Dehradun

Ranking by State

In 2025, Maharashtra led hotel brand signings by keys, with 9,293 keys signed during the year, followed by Uttar Pradesh, Rajasthan, Karnataka, and Gujarat. These states continue to attract significant development activity, supported by a mix of strong commercial centres and established leisure destinations.

In terms of number of properties signed, Uttar Pradesh ranked first with 66 properties, closely followed by Maharashtra (64) and Rajasthan (58).

Ranking by Keys Signed in 2025

2025 Rank	City	Number of Keys	2024 Rank
Rank 1	Maharashtra	9,293 Keys	Rank 1
Rank 2	Uttar Pradesh	7,124 Keys	Rank 2
Rank 3	Rajasthan	6,436 Keys	Rank 3
Rank 4	Karnataka	6,112 Keys	Rank 4
Rank 5	Gujarat	4,805 Keys	Rank 5

Source: HVS ANAROCK Research

Rankings by Properties Signed in 2025

2025 Rank	City	Number of Properties	2024 Rank
Rank 1	Uttar Pradesh	66 Properties	Rank 1
Rank 2	Maharashtra	64 Properties	Rank 3
Rank 3	Rajasthan	58 Properties	Rank 2
Rank 4	Gujarat	55 Properties	Rank 4
Rank 5	Karnataka	47 Properties	Rank 5

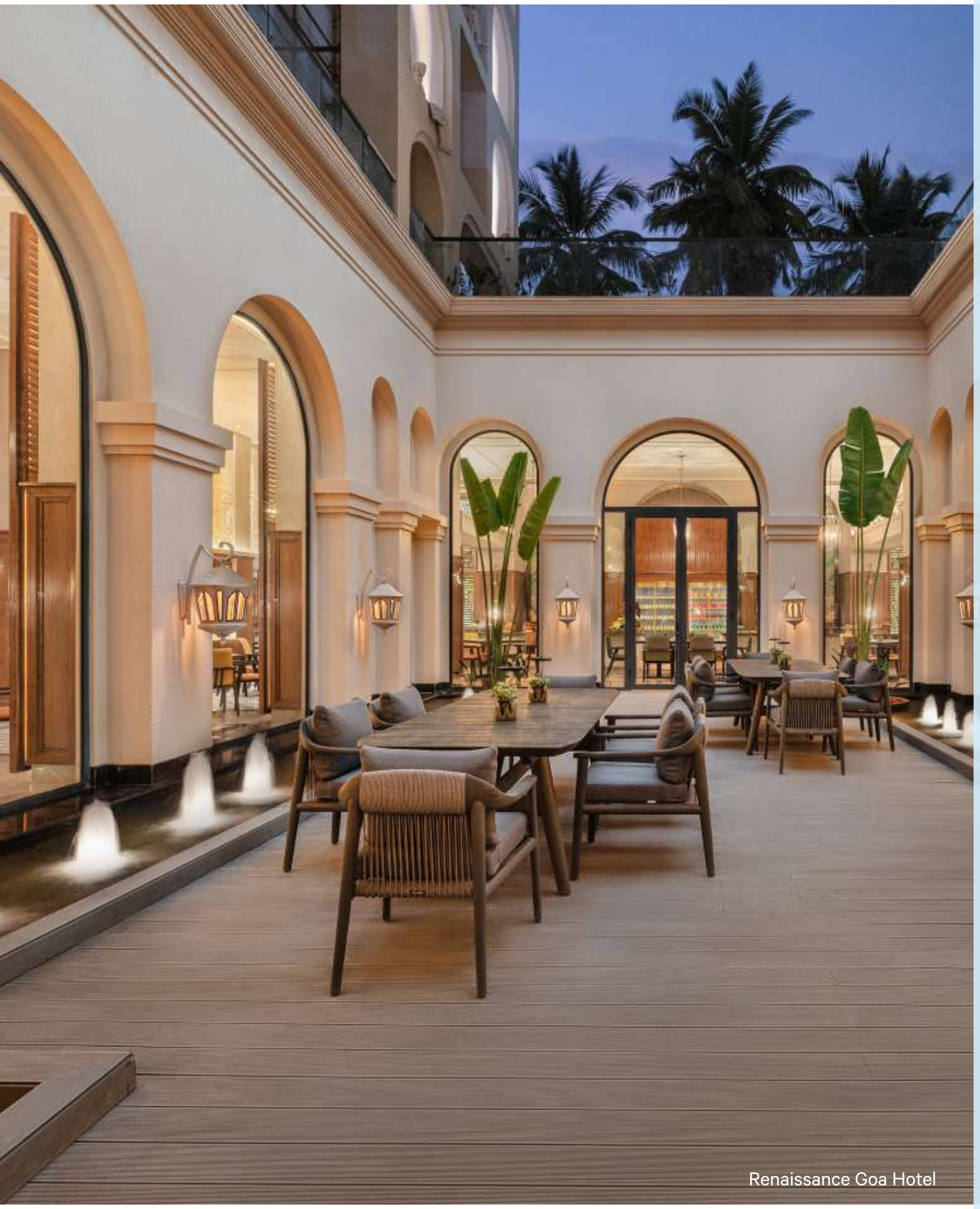
Source: HVS ANAROCK Research

By Tier Classification

In 2025, Tier 3 & 4 cities continued to account for the largest share of hotel brand signings, representing 44% of the total keys signed. These markets remain a key focus for operators as branded hotel supply expands beyond established metropolitan centres.

Tier 1 cities accounted for 32% of the keys signed, reflecting continued development activity in major commercial and gateway markets. Tier 2 cities, meanwhile, contributed 24% of the keys signed.

From a property perspective, the dominance of Tier 3 & 4 markets becomes even more pronounced, accounting for more than half of the properties signed during the year, highlighting the growing geographic spread of branded hotel development across smaller cities and emerging destinations.



Renaissance Goa Hotel

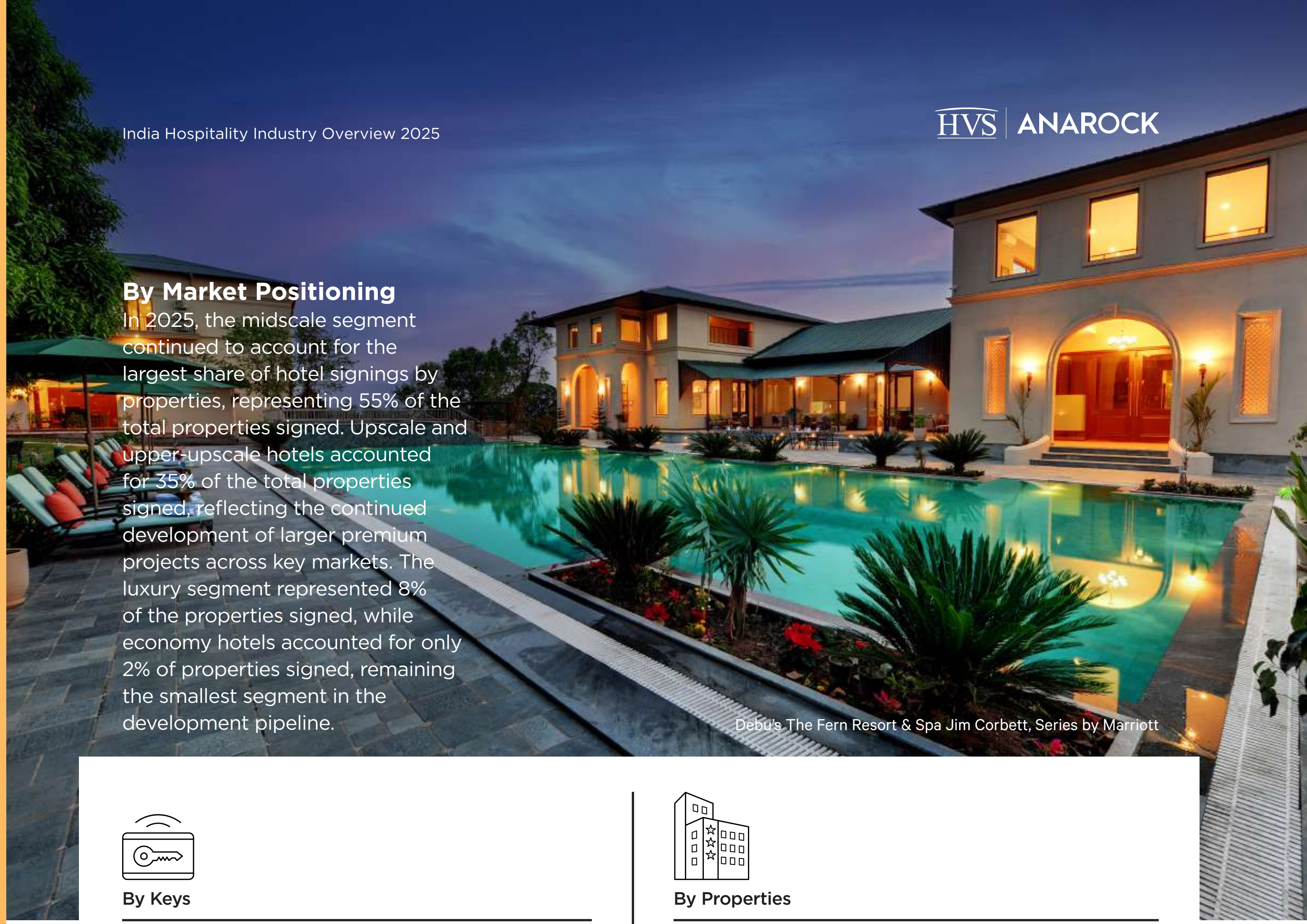
By Keys

Year	Tier 1	Tier 2	Tier 3&4
2025	32%	24%	44%
2024	26%	28%	46%
2023	24%	33%	43%
2022	19%	43%	38%
2021	29%	32%	39%
2020	22%	42%	36%
2019	30%	37%	33%

By Properties

Year	Tier 1	Tier 2	Tier 3&4
2025	22%	23%	55%
2024	19%	27%	54%
2023	18%	30%	52%
2022	14%	39%	47%
2021	18%	31%	51%
2020	16%	38%	46%
2019	22%	34%	44%

Source: HVS ANAROCK Research



By Market Positioning

In 2025, the midscale segment continued to account for the largest share of hotel signings by properties, representing 55% of the total properties signed. Upscale and upper-upscale hotels accounted for 35% of the total properties signed, reflecting the continued development of larger premium projects across key markets. The luxury segment represented 8% of the properties signed, while economy hotels accounted for only 2% of properties signed, remaining the smallest segment in the development pipeline.

Debu's The Fern Resort & Spa Jim Corbett, Series by Marriott

By Keys

Year	Economy	Midscale	Upper Upscale & Upscale	Luxury
2025	2%	42%	42%	14%
2024	6%	35%	41%	18%
2023	3%	52%	33%	12%
2022	8%	37%	41%	14%
2021	11%	44%	32%	13%
2020	11%	41%	37%	11%
2019	16%	38%	35%	11%

Source: HVS ANAROCK Research

By Properties

Year	Economy	Midscale	Upper Upscale & Upscale	Luxury
2025	2%	55%	35%	8%
2024	7%	50%	34%	9%
2023	3%	66%	26%	5%
2022	11%	48%	34%	7%
2021	11%	55%	25%	8%
2020	13%	49%	31%	7%
2019	20%	51%	23%	6%

Source: HVS ANAROCK Research

By Market Segment

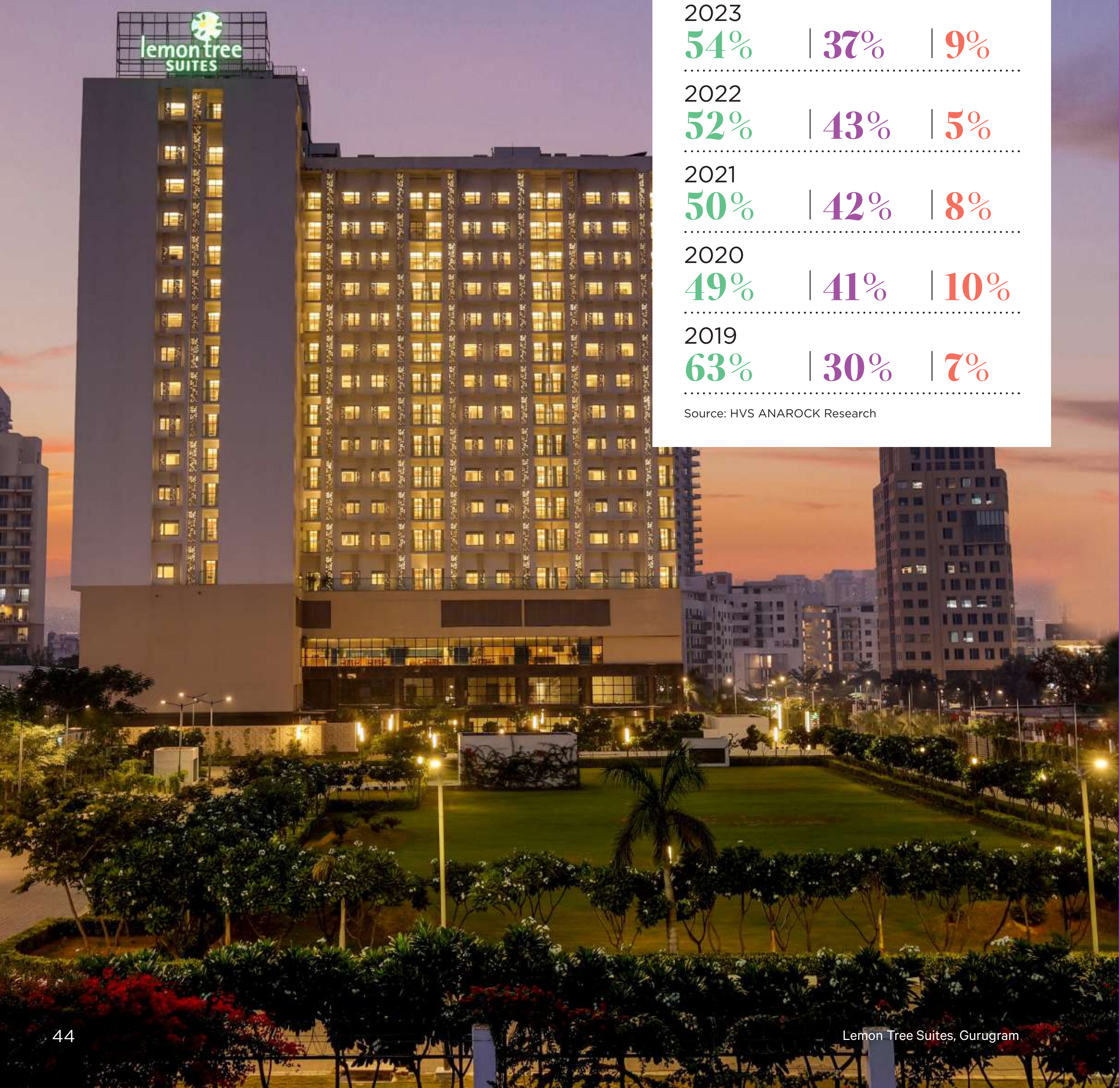
In 2025, commercial destinations accounted for the largest share of hotel signings, representing 56% of the total keys signed, compared to 36% in leisure destinations. Mixed-use markets accounted for the remaining 8% of the signed keys.

The higher share of commercial markets reflects the growing spread of economic activity beyond traditional metropolitan centres, with several emerging business destinations witnessing increased hotel development activity.

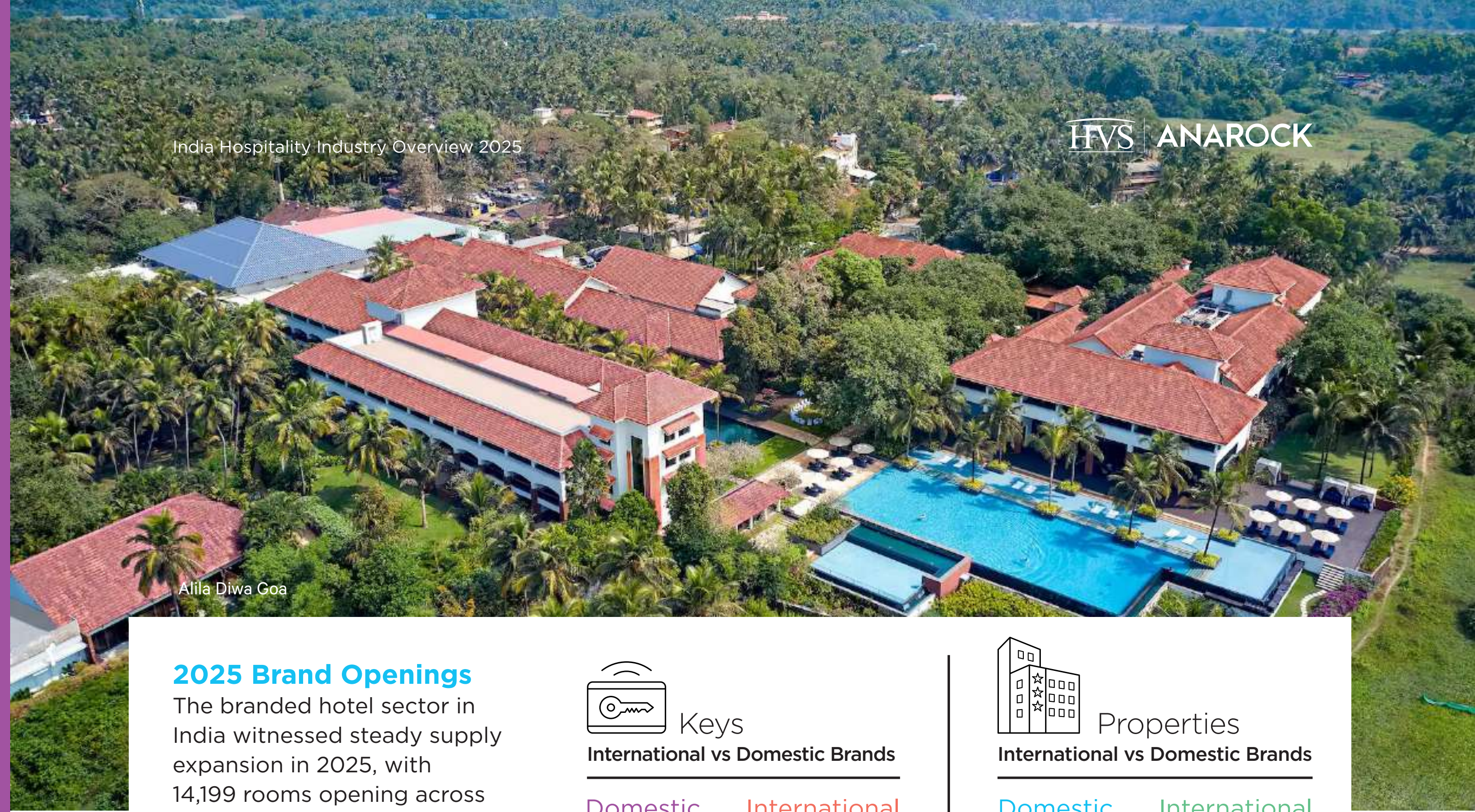
By Keys

Year	Commercial	Leisure	Mixed
2025	56%	36%	8%
2024	49%	44%	7%
2023	54%	37%	9%
2022	52%	43%	5%
2021	50%	42%	8%
2020	49%	41%	10%
2019	63%	30%	7%

Source: HVS ANAROCK Research



Lemon Tree Suites, Gurugram


Alila Diwa Goa

2025 Brand Openings

The branded hotel sector in India witnessed steady supply expansion in 2025, with 14,199 rooms opening across 176 properties, marking an increase of over 5% compared to 2024. Interestingly, while the number of hotels opened declined, the total number of keys added increased, indicating a shift toward larger-format projects coming online during the year. As a result, the average hotel size increased to approximately 81 keys, compared to 67 keys in the previous year.

Domestic brands continued to lead supply expansion in 2025, accounting for 70% of new property openings and 57% of keys added. International operators, however, focussed on larger-format developments, with an average hotel size of 117 keys compared to 65 keys for domestic brands.

Keys
International vs Domestic Brands

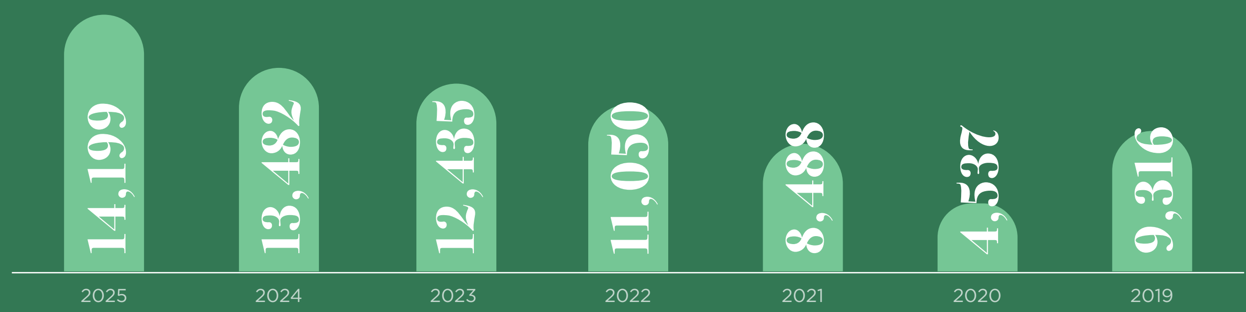
Year	Domestic	International
2025	57%	43%
2024	66%	34%
2023	60%	40%
2022	56%	44%
2021	65%	35%
2020	50%	50%
2019	55%	45%

Source: HVS ANAROCK Research

Properties
International vs Domestic Brands

Year	Domestic	International
2025	70%	30%
2024	76%	24%
2023	73%	27%
2022	78%	22%
2021	76%	24%
2020	61%	39%
2019	69%	31%

Hotel Openings by Keys



Source: HVS ANAROCK Research

India Hospitality Industry Overview 2025
HVS | ANAROCK

Holiday Inn Gurgaon NH8, an IHG hotel

2025 Openings Ranking

By Keys	By Properties
1 IHCL	1 IHCL
2 lemon tree HOTELS	2 lemon tree HOTELS
3 ACCOR	3 THE FERN HOTELS & RESORTS
4 Marriott INTERNATIONAL	4 RHG RADISSON HOTEL GROUP
5 RHG RADISSON HOTEL GROUP	5 SAROVAR HOTELS

(Note: The rankings in this report are based on individual hotel operators and their respective brand portfolios. In cases where strategic partnerships or investments were announced during the year, the concerned operators have been considered separately in the rankings this year to maintain consistency since most such activity took place mid-year and would distort full year data; Source: HVS ANAROCK Research

Top Destinations by Keys

Mumbai	1,237 Keys	Rank 1
Udaipur	964 Keys	Rank 2
Bengaluru	646 Keys	Rank 3
Gurugram	555 Keys	Rank 4
Goa	443 Keys	Rank 5

Top Destinations by Properties

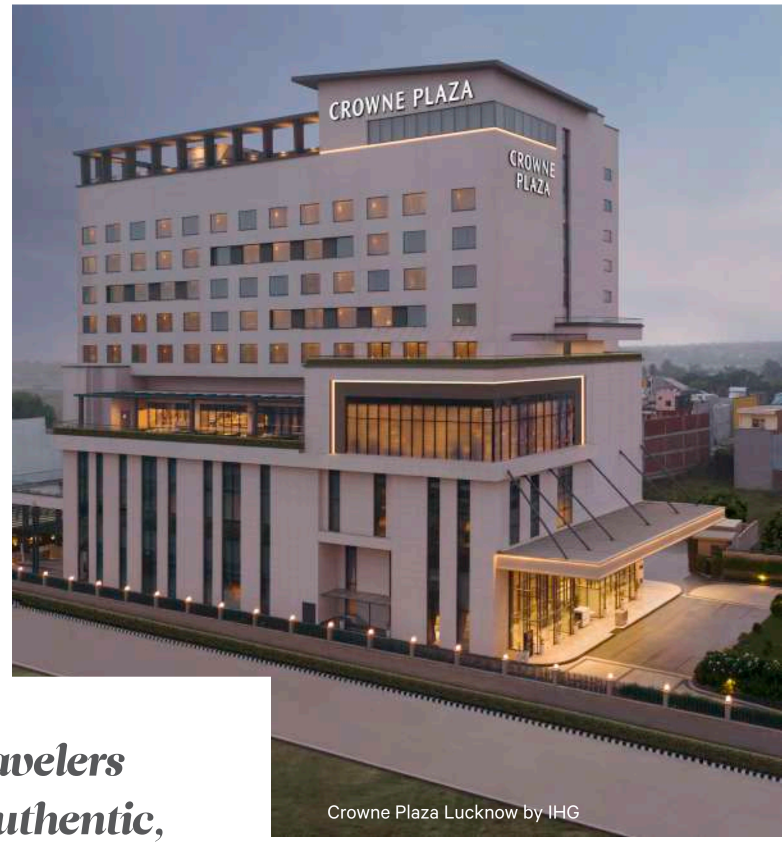
Mumbai	9 Properties	Rank 1
Udaipur	6 Properties	Rank 2
Dehradun	6 Properties	Rank 2
Bengaluru	5 Properties	Rank 3
Goa	5 Properties	Rank 3

Source: HVS ANAROCK Research

Novotel New Delhi City Centre

The Art of Belonging Without Conforming: Why India's Hotel Industry Is Betting on Soft Brands

India's hotel industry is, at its core, a story of independence. The country has always had a vast and largely unorganized inventory of well-run properties sitting outside the orbit of any major chain, and soft brands exist precisely to reach them. Unlike a full brand conversion, which demands that a property is rebuilt to meet rigid development standards, a soft brand integrates an independent hotel into the distribution and loyalty infrastructure of a major chain without stripping it of its individual character. The owner gets access to global reservation systems, loyalty programs, and marketing firepower. The chain gets inventory and fees without putting up capital. It is, frankly, one of the more elegant deals in the industry, and the numbers show it is working: hotel conversions accounted for 10% of total signings in 2025. In India, the segment is now well-populated, with IHCL's SeleQtions, Marriott's Tribute Portfolio, and Radisson Individuals, all operating in this space, each targeting boutique and heritage properties that would not otherwise fit a standardized brand mold.



Crowne Plaza Lucknow by IHG

The rise in travelers looking for authentic, locally rooted experiences has pushed hotel chains to respond by developing distinctly positioned properties...

The demand-side case for soft brands is just as compelling. Indian travelers, particularly the post-pandemic cohort, have developed a marked preference for properties that feel like somewhere rather than anywhere. The rise in travelers looking for authentic, locally rooted experiences has pushed hotel chains to respond by developing distinctly positioned properties rather than replicating the same lobby in Jaipur and Kochi. At the same time, the sheer scale of India's hotel market growth means brands need to move fast. Soft branding, because it relies on converting existing hotels rather than building new ones, is one of the faster routes to capturing that pipeline. India's branded supply currently stands at over 213,000 keys across over 2,370 hotels, but the headroom for growth, especially outside the metros, remains significant.

The geographic logic of soft brands is also shifting. Over half of new hotel signings in recent years have occurred in Tier 2+ cities, as chains move beyond the landmark metros that have historically driven their India story. Investor interest is increasingly shifting towards leisure and experiential destinations, faith based tourism centers, and emerging commercial cities with limited branded inventory, and soft brands are well-suited to these markets precisely because they can absorb properties that already have a local identity and following. Wyndham, for instance, is converting existing independent hotels into soft-branded properties to plug into its global distribution and loyalty platforms, targeting Tier 2 and Tier 3 cities without the complexity of greenfield development. Marriott's Series by Marriott, launched with 26 properties, is targeting primary trade centers, pilgrimage towns, and select Tier 2 cities at price points tailored to local markets. The result is a model that is simultaneously asset-light for the chain, low-disruption for the owner, and, when it works, invisible to the guest, the only real requirement is the FLS standards that Brands need for compliance. Which is precisely the point.

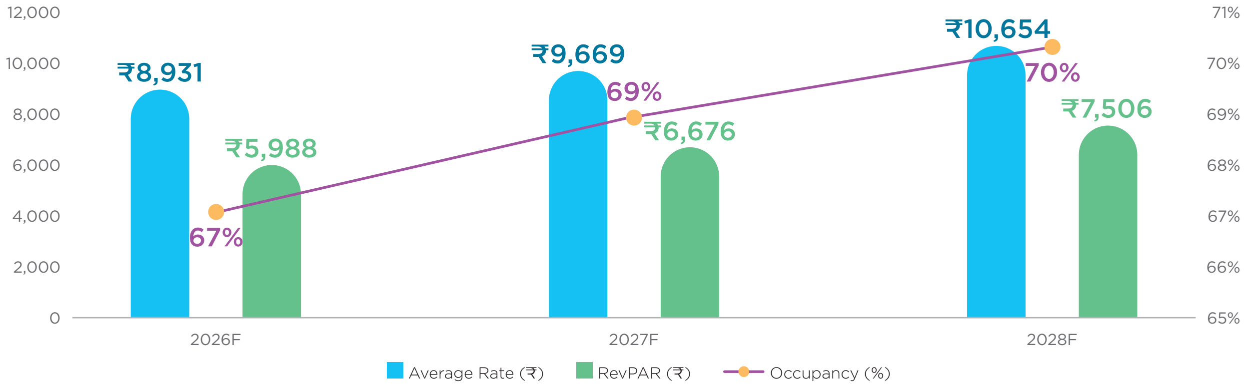
Outlook 2026

Koti Resort Shimla, a member of Radisson Individuals Retreats

The Way Forward

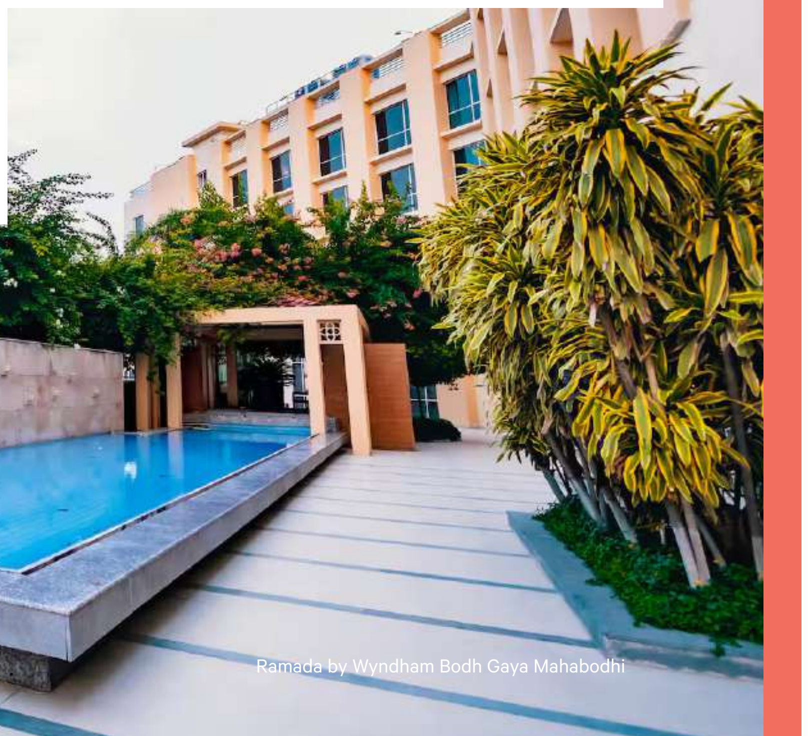
India's hotel sector has entered 2026 on the back of sustained strength, but with a more nuanced operating environment. The structural drivers remain in place, led by a resilient domestic tourism base, continued premiumization of travel, and steady expansion of MICE and wedding demand. At the same time, geopolitical tensions across key international travel corridors are beginning to reshape global travel flows. While this may weigh on inbound recovery in the near term, it is also redirecting demand toward stable, high growth markets such as India, reinforcing the country's position as a compelling destination. Domestically, travel continues to anchor sector performance, supported by rising discretionary spending and experience-led consumption, sustaining occupancies and rate growth.

Indian Hotel Sector: Performance Outlook



Source: HVS ANAROCK Research

On the supply and policy front, momentum remains equally strong. The government's continued focus on tourism development, with Ministry of Tourism's budgetary allocation of ₹2,438 crore for FY2027 and the planned development of 50 new destinations, is expected to further deepen the country's tourism infrastructure. The Union Budget 2026-27 further reinforces this trajectory, positioning tourism as a core economic priority, with a strong emphasis on destination development, multimodal connectivity, and emerging segments such as medical, heritage, and eco-tourism. Investments in high-speed rail corridors, regional destination creation, and skilling initiatives are expected to enhance accessibility, improve travel efficiency, and support higher value tourism experiences. At the same time, the Budget signals a structural shift towards leveraging tourism as a driver of regional development and employment, even as certain longstanding industry concerns such as infrastructure status and GST rationalization remain unaddressed. Improvements in connectivity, alongside the emergence of new destinations and formats, are widening the demand base beyond traditional hubs. As a result, despite near term global uncertainties, India's hospitality sector remains well positioned for continued growth, supported by domestic depth, evolving demand patterns, and increasing investor confidence. However, if the tensions in West Asia persist for a prolonged period of time, it is likely that India too will start seeing a bigger impact on its business cycles.



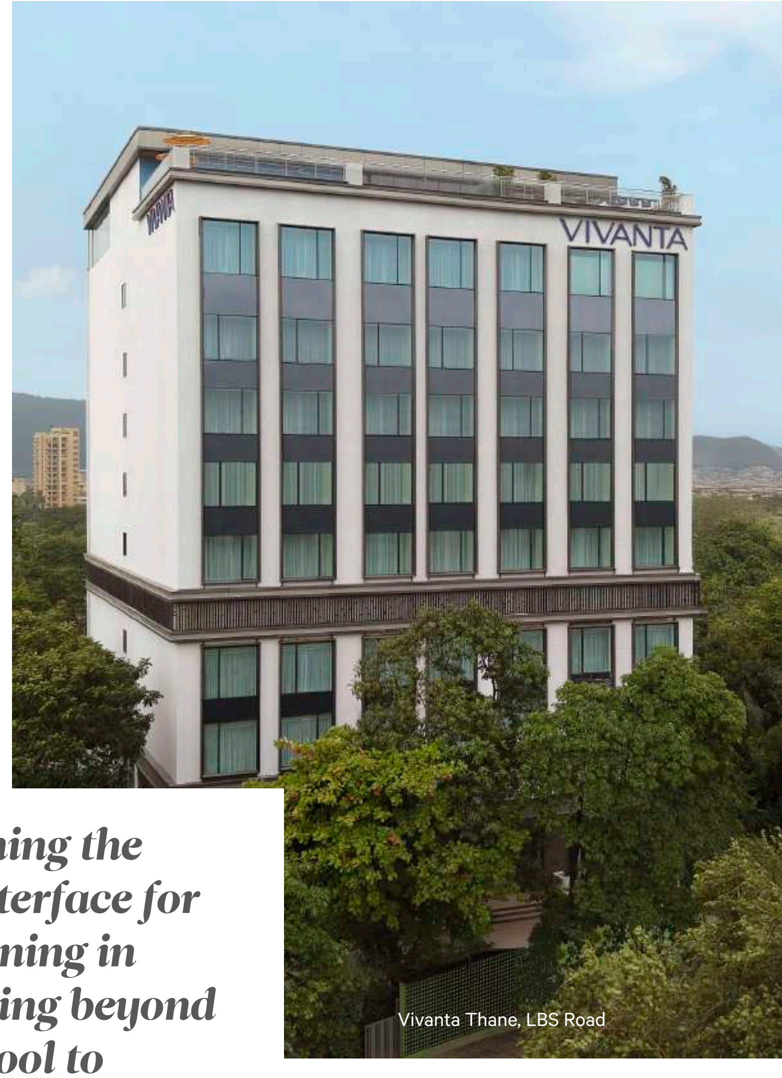
Ramada by Wyndham Bodh Gaya Mahabodhi

KEY HOSPITALITY TRENDS IN 2026

AI Evolves from Tool to Travel Companion

AI is becoming the primary interface for travel planning in India, moving beyond a support tool to actively shaping how travelers discover and plan journeys. With over 80% of Indian travelers already engaging with AI tools for itinerary building and discovery, 2026 is expected to see deeper integration across the journey, from vernacular voice searches to real-time personalization. Travel platforms are already adapting to this shift. Companies such as MakeMyTrip are scaling AI-led recommendations, while Google data continues to highlight a sharp rise in regional language search for travel, indicating that discovery itself is becoming more intuitive and localized. As AI reduces friction in planning and decision-making, the travel journey is becoming faster, more personalized and intent-driven, allowing travelers to move from inspiration to booking with fewer steps.

For the hospitality sector, this shift also means that discovery is becoming algorithm-led, making digital visibility, structured content, and real-time pricing strategies critical for capturing demand in an AI-curated travel ecosystem.



Vivanta Thane, LBS Road

> *AI is becoming the primary interface for travel planning in India, moving beyond a support tool to actively shaping how travelers discover and plan journeys.*

Leisure Leads the Way

Leisure tourism in India is poised for accelerated growth in 2026, supported not only by structural domestic demand drivers but also by shifting global travel dynamics. Geopolitical tensions, aviation disruptions across certain international corridors, currency volatility, and heightened uncertainty in parts of West Asia and Europe are expected to encourage many Indian travelers to reconsider or defer outbound holidays, redirecting discretionary spend toward domestic destinations. This comes at a time when Indian consumers are already traveling more frequently, prioritizing experiences over material purchases, and embracing shorter, more frequent breaks alongside multigenerational family holidays, wellness retreats, wildlife escapes, and celebration-led travel. For affluent households in particular, premium domestic resorts now offer a compelling substitute to outbound leisure, combining convenience with world-class service standards.

India's leisure hospitality ecosystem is also significantly better placed to absorb this incremental demand than in previous cycles. A notable 42% of newly opened hotel properties in CY2025 were located in leisure destinations, reflecting strong operator confidence in the segment. New branded openings have expanded quality supply across wildlife, heritage, hill, and experiential destinations. This deeper branded presence is improving traveler confidence and enabling stronger pricing power during peak demand periods.

Equally important is the emergence of new leisure circuits beyond traditional hubs such as Goa, Jaipur, and Kerala. Destinations including Bandhavgarh, Khajuraho, Lakshadweep, Kufri, Gir, Coorg, Rishikesh, and several Himalayan and coastal markets are benefiting from better connectivity, stronger digital visibility, and growing demand for nature, adventure, wellness, and culturally rooted travel. These circuits are growing thanks to heavy investment in infrastructure by the government, along with schemes like UDAN, which has operationalized 663 routes across 95 airports, heliports, and water aerodromes since its launch, and the Bharatmala Pariyojana, an ₹5.35 lakh crore programme covering 34,800 km of national highways to improve road connectivity across the country. The pace of national highway construction has nearly tripled, rising from 11.6 km per day in 2013-14 to around 34 km per day in 2025, while the rapid rollout of Vande Bharat trains on routes connecting smaller cities and pilgrimage towns is making surface travel faster and more accessible. As a result, India's leisure growth story in 2026 is likely to be broader, more premiumized, and geographically more diverse than ever before.

Shorter Trips, Bigger Stays

Indian travelers are taking more frequent, shorter trips, but spending more deliberately within them. Insights from OTA platforms point towards 7-day or less travel cycles becoming dominant, with a visible shift toward long weekends and quick, high-quality getaways rather than extended, itinerary-heavy vacations. At the same time, accommodation has moved to the center of the travel experience. Industry reports indicate that nearly 80% of Indian travelers now view the stay as central to the experience, rather than just a place to sleep. This behavioral shift is translating directly into stronger rate performance, longer average lengths of stay within a single property, and higher on-property spends across F&B, wellness, and curated experiences. Resorts, boutique hotels, and experiential properties are benefiting the most by designing programming that encourages guests to stay within the ecosystem, from local immersion activities and wellness retreats to chef-led dining and bespoke itineraries.

What is equally notable is how this trend is intersecting with the rise of road trips and nearby leisure markets, allowing travelers to reduce transit time and maximize their stay. Weekend circuits and short-haul destinations are benefiting from this shift, as travelers prioritize ease of access alongside depth of experience. The outcome is a fundamentally different travel model, one where the stay itself becomes the centerpiece of the holiday.

Hilton Hyderabad Genome Valley Resort & Spa

Domestic Travel Reclaims Center Stage

In 2026, domestic travel is once again emerging as the sector's most dependable anchor, not as a fallback, but as a structural strength. With global uncertainties influencing outbound decisions and intermittently impacting inbound flows, India's vast domestic base is stepping in to sustain demand across segments. The country continues to record over 3-4 billion domestic tourist visits annually, and this scale is now being complemented by higher discretionary spending and a clear shift toward experience-led travel. From leisure and weddings to MICE and spiritual tourism, demand is increasingly being driven from within, allowing the sector to maintain occupancies and pricing power even in a volatile global environment. In many ways, domestic travel is no longer cushioning the industry, it is actively driving its growth trajectory.

Rail Travel Finds New Relevance

Rail travel in India is undergoing a steady revival, supported by infrastructure upgrades, improving service standards, and shifting traveler economics. Indian Railways carried over 7.41 billion passengers in FY2026, reaffirming its position as the backbone of mass mobility in the country. This scale is further reinforced by daily volumes of over 20 million passengers. At the same time, the expansion of premium offerings such as the Vande Bharat Express is redefining intercity travel, making rail a faster and more comfortable alternative across key routes.

Rail travel in India is undergoing a steady revival, supported by infrastructure upgrades, improving service standards, and shifting traveler economics. Indian Railways carried over 7.41 billion passengers in FY2026...

Policy direction is now beginning to accelerate this shift. The Union Budget 2026-27 has proposed seven new high-speed rail corridors spanning ~4,000 km with an estimated investment of ₹16 lakh crore, aimed at connecting key tourism, cultural, and economic centers while significantly reducing travel time. This, alongside broader investments in multimodal connectivity, is expected to make multi-destination travel more seamless and accessible. Rising airfares and aviation disruptions are also pushing travelers to reconsider rail for short- to medium-haul journeys, while the operation of over 65,000 special trains in 2025 highlights the system's ability to absorb peak demand. In 2026, rail is no longer just a cost-efficient option. It is increasingly positioned as a reliable, accessible, and in many cases strategic mode of travel, supporting both connectivity and the broader shift toward more deliberate, value-driven journeys.

Cygnett Inn Dibrugarh

Brand Signings estimated at 690 hotels with 76,000 keys

	Signings by Property	Signings by Keys
2026E	690	76,000
2025	586	64,118

Scheduled Openings at ~200 hotels with ~15,620 keys

	Openings by Property	Openings by Keys
2026E	200	15,620
2025	176	14,199

Source: HVS ANAROCK Research

Hilton Garden Inn Mumbai International Airport

Jim Corbett Vandhara Sarovar Premiere Resort & Spa - Patkote

Connecting Destinations, Not Just Promoting Them

The hub-and-spoke model is emerging as a more structured approach to tourism growth in India, aligning evolving travel behavior with infrastructure realities. As demand moves beyond large cities and travel becomes more experience-led and short-break driven, the model allows travelers to base themselves in well-connected hubs and explore surrounding destinations through day trips or short stays. This is particularly relevant in the current context, where infrastructure readiness remains uneven and several emerging destinations either face underdeveloped facilities or premature supply addition. By anchoring accommodation in cities with established connectivity and amenities, while allowing nearby towns to benefit through local experiences, the model enables a more balanced and financially viable expansion of tourism.

India is already seeing early signs of this shift, with cities such as Jaipur, Delhi, and Kochi functioning as bases for surrounding circuits, extending visitor stays and distributing spending across regions. For hospitality, this translates into stronger occupancy stability in hub markets and more sustainable, experience-led growth in smaller destinations through homestays and boutique formats. More importantly, it reflects a shift in how tourism is being planned, from isolated destinations to interconnected circuits, positioning the hub-and-spoke approach as a critical framework for India's next phase of tourism development.

India is already seeing early signs of this shift, with cities such as Jaipur, Delhi, and Kochi functioning as bases for surrounding circuits, extending visitor stays and distributing spending across regions.

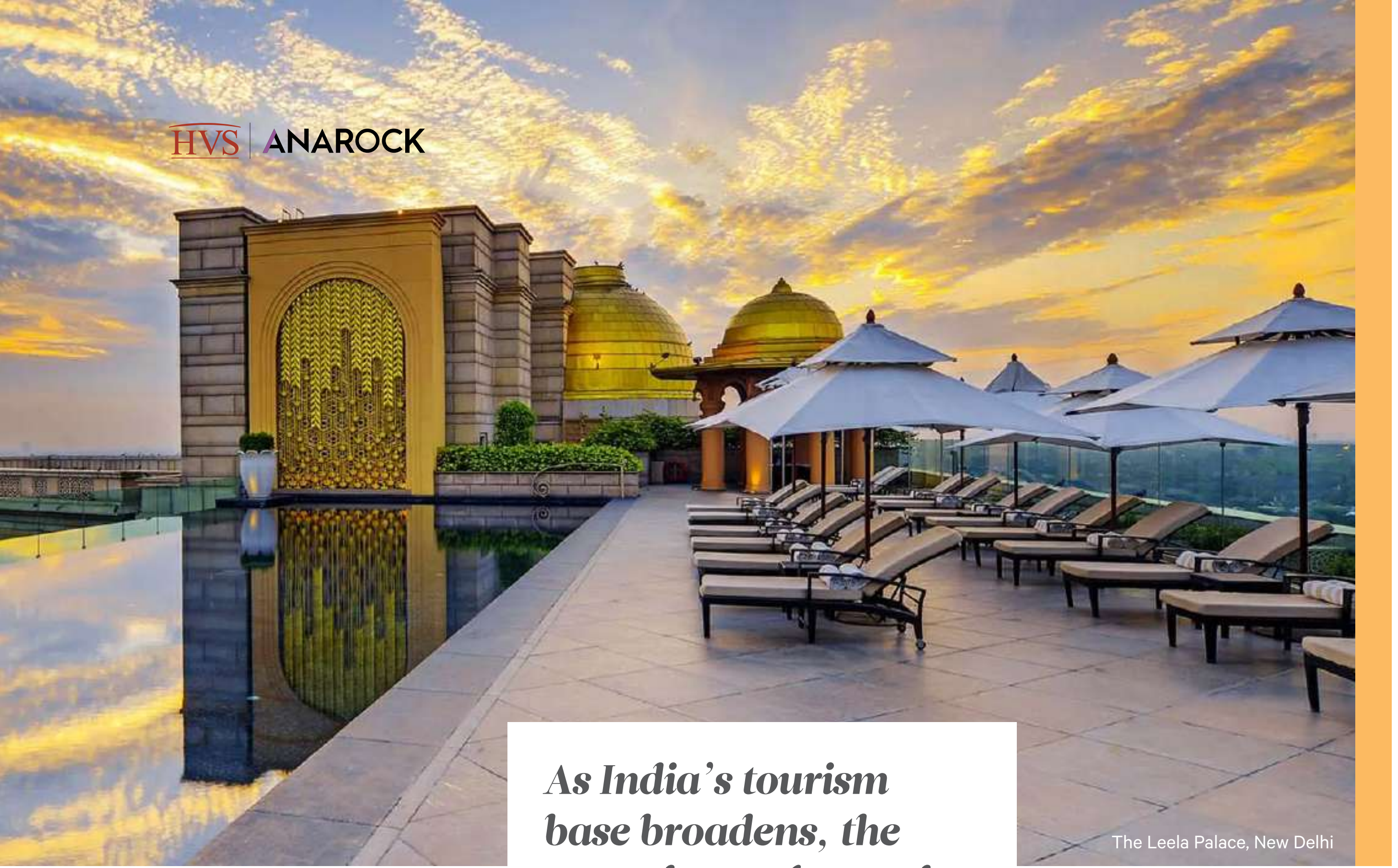
Events are Becoming the New Travel Calendar

Events are no longer episodic spikes in demand, they are becoming planned travel anchors, shaping when and where people move. In 2026, India's live entertainment calendar is scaling both in frequency and in global relevance, with international acts such as Def Leppard, and Black Coffee drawing intercity audiences and driving premium demand windows across host cities. At the same time, large-format festivals like Lollapalooza India and sporting leagues such as IPL continue to anchor travel at scale, creating predictable surges in occupancy and pricing.

This momentum is also expanding the geography of demand, with cities beyond traditional entertainment hubs beginning to host concerts, festivals, and cultural events at scale. For instance, Shillong continues to position itself as India's live music capital, regularly hosting international acts, while Guwahati is emerging as a key stop for touring circuits in the Northeast. At the same time, destinations such as Jaipur and Kochi are reinforcing their global appeal through platforms like the Jaipur Literature Festival and the Kochi-Muziris Biennale, attracting both domestic and international audiences.

Alongside entertainment, business and knowledge-led events are gaining scale. Conferences such as the India AI Impact Summit 2026 in New Delhi, along with global exhibitions, trade fairs, and industry conventions, are reinforcing India's position as a credible MICE destination. Purpose-built venues and improving infrastructure are enabling cities to host larger, more complex events, while also extending delegate stays through blended leisure experiences.

For hospitality, the impact is both immediate and predictable, compression of citywide occupancies, sharp rate premiums, and stronger ancillary spends during event windows. More importantly, events are beginning to create repeatable demand cycles, allowing hotels to anticipate and price around them with greater confidence. Travel, in this context, is progressively being scheduled around moments rather than seasons, with events emerging as one of the most powerful and reliable drivers of movement across the country.


The Leela Palace, New Delhi

> *As India's tourism base broadens, the next phase of growth will depend not only on attracting travelers, but on scaling infrastructure, service standards, and access in step with demand.*

Pain Points as Growth Accelerates

While demand momentum remains strong, India's travel growth story is also exposing structural bottlenecks. In several high-performing leisure destinations, demand continues to outpace quality supply during peak periods, leading to sharp rate spikes and inconsistent guest experiences. Aviation disruptions, rising airfares, and broader fuel-linked cost inflation are increasing the cost of movement, particularly for short-haul leisure travelers. At the same time, many emerging destinations still face gaps in last-mile connectivity, trained manpower, destination management, and civic infrastructure, limiting their ability to fully capitalize on rising interest. For hotels, discovery is increasingly digital and algorithm-led, making investments in technology, dynamic pricing, and online visibility essential. As India's tourism base broadens, the next phase of growth will depend not only on attracting travelers, but on scaling infrastructure, service standards, and access in step with demand.

Geopolitics, Energy, and the Cost of Movement

Travel dynamics in 2026 remain closely tied to global geopolitical developments, particularly the ongoing tensions in the Middle East and Eastern Europe. Disruptions across key global transit hubs have already led to over 40,000 flight cancellations and rerouting, increasing travel time and operational complexity for airlines. At the same time, rising crude oil prices are pushing up the cost of mobility. Brent crude crossing $111 per barrel has significantly increased Aviation Turbine Fuel costs, prompting airlines to introduce surcharges and pass on higher airfares to travelers. This is not just affecting international mobility but also increasing cost pressures across the hospitality value chain, from logistics to energy consumption.

On the demand side, uncertainty is beginning to reshape travel behavior. While India stands to benefit as a relatively safer and more stable alternative, particularly as some long-haul travel patterns shift, this advantage is not absolute. Higher travel costs, disrupted air connectivity, and cautious sentiment across key source markets may temper inbound recovery in the near term, even as domestic travel remains resilient. The result is a more complex operating environment, where India is well positioned to capture redirected demand, but the industry must simultaneously navigate rising costs, shifting global flows, and an overall layer of uncertainty that continues to influence travel decisions.

Acknowledgment

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

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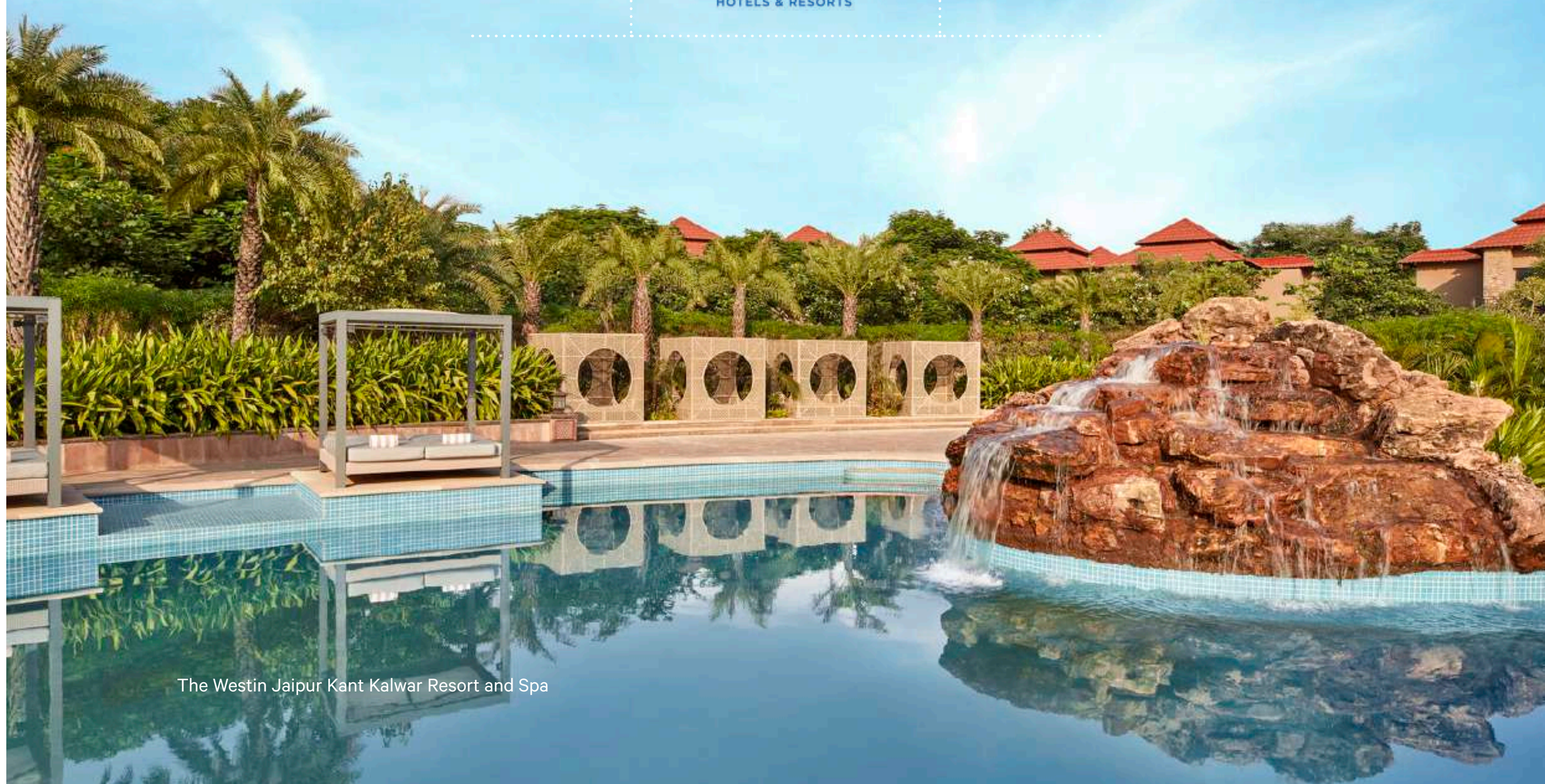
WYNDHAM HOTELS & RESORTS


The Westin Jaipur Kant Kalwar Resort and Spa

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