

INDIA: 52,000 NEW HOTEL ROOMS TO OPEN BY 2017



Cushman and Wakefield, a real estate consulting company, reported that by 2017 the hospitality sector in India is expected to record more than 65 % increase in hotel inventory. This means that about 52,000 new rooms would be added over the five year period from 2013 to 2017.

Though the response is slow, the demand is likely to increase in the coming years because of the improvements being seen in the global economic conditions. The completion of some of the delayed projects during this period will also contribute to the inventory.

During the period, the contribution of the National Capital Region (NCR) to the hotel room inventory is expected to be 33 % or 17,000 keys. **Kolkata is expected to record the highest inventory increase of 105 % with an addition of 3,813 rooms**, while Pune's contribution will be the lowest, 2853 rooms, an increase of 41 % over 6,970 existing rooms.

Cushman and Wakefield's regional director, Akshay Kulkarni, said that India may be attractive in terms of both business and leisure travel, but there has been a delay in the implementation of hospitality projects because of some inherent deficiencies, including regulatory and funding issues. He added that the hospitality sector is seen to be focusing on business destinations in NCR, Mumbai and Bangalore in spite of a significant increase in the number of international and domestic leisure travelers.

He also said that the growth in Pune and Chennai cities will largely be because of the dearth in the availability of branded hotels. This also gives the hoteliers a chance to enhance their presence in these cities. The strong economic fundamentals of the two cities as evidenced by a growth in services and industrial sectors points out that the demand for hotel rooms will rise over the coming years.

The focus is shifting towards regional epicenters as a result of a decline in opportunities for developing Greenfield hotel projects in key hospitality markets such as Delhi, Mangalore and Mumbai. This is because corporate centers are shifting to more lucrative regions.

Out of the 52,000 hotel rooms that are going to be added in the next five years, the midscale hotels segment is likely to make the highest contribution of 18,500 units (36 %). The addition in the luxury segment is estimated to be 10,300 units (20 %). The budget hotels, upscale and upper upscale segments are likely to add 9000, 6800 and 6900 units, respectively. Their contribution to the total number of expected to be added in the next five years will be approximately 44 %.

City-wise Addition of Hotel Rooms from 2013 to 2017

Ahmedabad: 1,800 keys (upper upscale - 39 %, midscale - 25 %, luxury - 14 %, budget and upscale - 11 % each).

Bengaluru: 6,978 keys (budget and midscale - 27 %, upscale - 25 %, upper upscale - 17 % and luxury - 4 %)

Chennai: 3,274 keys (midscale - 51 %, budget - 29%, upper upscale - 11 % and upscale - 9 %)

Hyderabad: 4,057 keys (midscale - 46 %, budget - 23 %, luxury - 13 %, upscale - 12 % and upper upscale - 6 %)

Kolkata: 3,813 keys (midscale - 34 %, luxury - 30 %, upper upscale - 19 %, upscale - 10 % and budget - 7 %)

Mumbai: 12,098 keys (midscale - 35 %, luxury - 22 %, upscale - 17 %, budget - 16 % and upper upscale - 10 %)

NCR: 17,000 keys (Delhi - 31 %, Noida - 27 %, Noida - 22 %, Greater Noida - 12 %, Manesar - 5 % and Faridabad - 3 %)

Pune: 2,853 keys (midscale - 40 %, luxury - 20 %, upper upscale - 18 %, budget - 13 % and upscale - 9 %)

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