

## **HVS releases Hotels in India - Trends and Opportunities, 2009 Edition**

*The New Delhi office of HVS has released the 2009 edition of "Hotels in India - Trends and Opportunities". The report presents market performance across 11 major cities in India and highlights important trends in the Indian hospitality industry.*

Gurgaon, Haryana, October 1, 2009 /[India PRwire](#)/ -- According to the report, in 2008/09 the industry saw an overall decline in occupancy and revenue per available room (RevPAR) in most cities in India. This was expected in view of the global economic contraction. However, the report states that despite a contracting global economy, India recorded 562.9 million domestic travellers in 2008, as compared to only 5.37 million international travellers: domestic travellers being 104 times that of international ones. According to HVS, domestic tourism has never been given its due. Even today, the statistics on foreign travellers attract media attention, while it is the less represented domestic travellers that form the major component of revenue generators for the Indian travel industry. According to Manav Thadani, Managing Director, HVS, "HVS has observed two cycles for the hospitality industry from 1997 till now, both with distinct peaks and troughs. In the downturn of 2001/02, it was the domestic traveller who rescued the tourism industry; and this time around, too, it will be the domestic traveller who will swing the tide for the industry".

The report gives an account of the new supply entering the market in 11 major cities across the country. It states that in a period of 11 years, from 1998/99 to 2008/09, the supply of rooms increased by 109%. The supply is further expected to increase by 94% by 2013/14 from that in 2008/09; therefore, reflecting a faster growth in the coming years.

Table: Growth of Room Supply – India (1998/99-2013/14)

According to HVS, the addition of new supply across the country in each of the hotel categories, particularly in the three and four-star ones, will ensure that hotels charging high rates have a product that can support their rate. Current hotel operators will need to realise that once the consumers have several options, they will settle for the best value proposition and be quick to switch loyalty from hotels that they believe are overcharging them.

With the Commonwealth Games due for October 2010, Delhi-National Capital Region (NCR) remains the focus amongst all cities. Though the city is set to witness a growth of 192% over its existing supply (16,560 rooms), HVS expects only 53% of these rooms to be built over the next five years. According to Manav, "the whole process of auctioned hotel sites was poorly managed between the various government agencies involved and this has led to the current situation of shortage of rooms." More importantly, a large number of the ongoing hotel projects will not get completed before the Games. HVS estimates that only 5,700 rooms will open before the Commonwealth Games. HVS associates have physically verified the development stages for each hospitality project and have reported the numbers based on hotels under construction in Delhi, Gurgaon and Noida. Also, HVS expects the NCR to see a major rate correction in the short term.

### **Notes to Editor**

HVS Global Hospitality Services is a leading consulting firm dedicated to the hotel, tourism and leisure industries. Founded by Steven Rushmore in 1980, HVS currently has 29 strategically located offices around the world and a staff of over 300 highly trained consultants to fulfil a wide range of requirements related to the industry. Manav Thadani is the managing director and partner of the New Delhi office, established in 1997, which oversees activities in India and the Indian subcontinent region. HVS activities in the region include Consultancy & Valuation, Executive Search, Marketing & Communications Services, Web Strategies, and Asset Management & Operational Advisory Services.

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