



## OCCUPANCY LEVELS SEEN AT DECADAL HIGHS IN FY24

# Room for growth: Hotels expect good times to roll on

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THE HOTEL INDUSTRY is back with a bang after what a hotelier calls the "dark days" that lasted nearly two and a half years due to the Covid pandemic. The recovery that began in the second half of FY22 has gathered steam, aided by increasing tourist flows and the numerous G20 meetings.

The cricket fever, the ensuing festive season and the Christmas and New Year holidays will ensure that the good times continue to roll. As a result, the average occupancies in the country are now at about 65% across segments and 70% in key metros.

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### LEAVING BEHIND COVID SETBACK

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average room rates (ARRs) stood at ₹5,900-6,000 in H1 FY24, growing by 10-15% compared to H1 FY23. Some high-end hotels and leisure and gateway destinations had even

higher ARR's," said Vinutaa S, vice president & sector head (corporate ratings) at Icria. Healthy demand, amidst relatively lower supply supported ARR's.

"Some hotels are also undergoing property renovations, refurbishments and upgradation, and these are also likely to support ARR's going forward," she adds.

Icria expects the pan-India premium hotel ARR to be at about ₹6,000-6,200 for FY24, compared to ₹5,800-5,900 in FY23. This is likely to further increase to about ₹6,200-6,300 in FY25. While the occupancy is expected to be at decadal highs in FY24, the revenue per available room (RevPAR) is expected to remain at 20-25% discount to the FY08 peak.

According to Rajiv Kapoor, general manager at Fairmont Jaipur, the metrics of the industry are also on the rise. The hotel has seen an 8% rise in average daily rate (ADR) compared to the previous year. "The industry's margins are on the road to improvement and for us it was 50.5% last year, which increased to

51.6% this year," Kapoor added.

"Post the pandemic, domestic travel, especially revenge travel helped the hotel industry get back its lustre. The recent concluded G-20 Summit was the icing on the cake, then came the Indian Premier League and the cricket World Cup, while the holiday season would provide further fillip," said Pradeep Shetty, president-designate of The Federation of Hotel & Restaurant Associations of India.

"The arrivals of foreign tourists' have risen, while the resorts sector is doing good," Shetty, who is also president of the Hotel and Restaurant Association of Western India (HRAWI), added.