

## **Indian hospitality sector sees USD 401 million investment in FY23, reports JLL**

Hotel investments in India soared to \$401 million in 2023, marking an impressive four-fold surge compared to the preceding year. A notable chunk, constituting 25 percent of the total transaction value, was attributed to under-construction hotels across both business and leisure hubs. The year also witnessed a landmark of 22 hotel transactions, the largest in a decade, with three hotel firms making their debut on the stock market through IPOs.

According to the recent report titled 'Hotel Investment Trends - India 2023' by JLL India, the hospitality sector showcased substantial growth and positive trends, particularly in the first quarter of 2024. The report highlighted an impressive 80 percent year-on-year surge in hotel transaction volumes, totaling \$78 million in Q1FY24.

Since 2023, the sector has been on a steady upward trajectory, witnessing unprecedented hotel signings and openings. In the same year, there were 25,176 key signings and 12,647 key openings, with a notable inclination towards hotel development activities in Tier-2 cities, constituting 54 percent of the total signings.

Jaideep Dang, Managing Director of Hotels and Hospitality Group at JLL India, expressed, "The remarkable performance in hotel investments, new openings, and signings during 2023 laid a robust foundation for 2024. The sector's buoyancy is further fueled by the commendable performance of hotel stocks, enticing more companies to venture into the public market with promising valuations. We anticipate this favorable trend to persist in 2024, driven by diverse growth avenues such as burgeoning commercial markets and infrastructural development."

Key insights from the report include:

- High Net Worth Individuals (HNIs) and Institutional Capital emerged as significant contributors to hotel investments, constituting 3 percent of the total investments.
- Real estate developers accounted for 27 percent of investments, followed by owner-operators at 11 percent.
- The upper upscale segment recorded the highest number of key transactions, followed by upscale, luxury, and midscale segments.
- Five transactions facilitated through the insolvency resolution process under the National Company Law Tribunal (NCLT) represented 33 percent of the total transaction value, amounting to \$133 million.
- Management contracts continued to dominate signings, encompassing 78 percent of total key signings, with an observed rise in lease and revenue share models across different tiers, constituting 4 percent of total keys signed. Tier 1 cities experienced a noteworthy 31 percent increase in key signings compared to 2022, driven by the robust performance of the commercial sector.