

Hospitality Sector Records USD 340 Million in Transactions in 2024, Expands into Tier-II and III Markets

The Indian hospitality sector marked another robust year in 2024, with transaction activity totaling USD 340 million, slightly surpassing the USD 337 million recorded in 2023, according to data by JLL. This growth trajectory underscores the resilience and attractiveness of the sector, driven by a mix of high-value deals in metro cities and a growing interest in tier-II and tier-III markets.

Operational and high-yielding hotels in Mumbai and Bengaluru accounted for a significant portion of the volume, alongside a premium land sale in Goa. These metropolitan markets continue to anchor the industry, offering stable revenue streams and higher growth potential for investors.

Notably, tier-II and tier-III cities contributed approximately 50% of the transaction activity in 2024. Midscale and budget hotels in cities such as Amritsar, Kolhapur, Lonavala, Shirdi, and Tirupati were at the forefront of this expansion. The rising demand in these regions highlights the increasing viability of smaller markets for hospitality investments.

A wide array of investors fueled the sector's growth. High-net-worth individuals (HNIs), family offices, and private hotel owners dominated, accounting for 51% of the transactions. Listed hotel companies followed with a 34% share, while owner-operators and real estate developers contributed 8% and 7%, respectively.

Jaideep Dang, Managing Director of Hotels and Hospitality Group at JLL India, remarked, "We had projected \$436 million in investment activity for 2024, but a few high-ticket deals spilled over into 2025. These discussions remain ongoing."

Dang added that the sector's momentum is supported by stabilized occupancies, stronger room rates, and improved gross operating profit (GOP) margins. The surge in domestic travel demand continues to be a driving force, offering sustained confidence to stakeholders.

The ongoing expansion into tier-II and tier-III cities reflects a long-term strategy to diversify revenue streams while addressing rising demand in non-metro markets. With several high-value transactions anticipated in 2025, the hospitality industry remains on track for another year of growth, buoyed by strong domestic travel trends and evolving investor dynamics.