Indian hotels add 19,000 rooms as ADR rises 8.6 per cent in 2025: Horwath HTL Report

Horwath HTL, in association with CoStar, hosted an exclusive industry evening titled “The Future is Ours – Bhavishyam Asmakam Asti” at The Ballroom, Taj Lands End, Mumbai, marking the official launch of the India Hotel Market Review 2025.

The evening examined India’s evolving hospitality landscape—its growth momentum, structural shifts, and long-term global relevance—bringing together senior leaders from hospitality, finance, investment and media.

A Sector at an Inflection Point

India’s hotel industry entered 2025 at a defining crossroads. After two consecutive years of sharp, post-pandemic acceleration, the sector stepped into the year with renewed confidence, stronger balance sheets and heightened investor interest.

Opening the session, Vijay Thacker, MD, Horwath HTL, and Partner & CEO, Crowe Advisory India LLP, presented “Vigour & Balance”—framing the industry’s central dilemma: how to expand aggressively while preserving strategic equilibrium. His address underscored the importance of disciplined capital deployment, operational resilience and calibrated growth in a year shaped by both volatility and opportunity.

Against this backdrop, hotel performance was no longer merely about topline expansion. It became a deeper test of structural maturity—how effectively the market could absorb record supply additions, sustain rate confidence, and diversify demand beyond traditional corporate and wedding segments.

The HTL India Market Report 2025, based on CoStar data and Horwath HTL analysis, depicts a sector expanding in scale, consolidating in ownership, and increasingly dependent on rate-led value creation.

National Performance Snapshot

At an all-India level in 2025:

- Occupancy: 64% (up 1.1 percentage points YoY)
- ADR: ₹8,624 (up 8.6%)
- RevPAR: ₹5,522 (up 10.8%)
- Daily branded supply: 216,000 rooms (up 7.8%)
- Daily demand: 133,000 rooms (up 9.1%)

Demand growth for the year moderated to 9.6%—slower than 2024—due to external disruptions including Maha Kumbh travel diversion, Op Sindoor-related cancellations, West Asia inbound challenges, weather volatility, and airline operational constraints.

Yet the structural strength is evident: national occupancy now sits just 0.5 percentage points below 2019 levels, despite more than 40% supply growth since then.

Supply Dynamics: Record Openings, Measured Net Gains

2025 witnessed the largest annual supply addition on record, with more than 19,000 rooms opened or converted. However, net inventory growth stood lower at 15,500 rooms, reflecting significant deflagging.

Key trends:

- 10,600 rooms have deflagged over the past three years, largely in the mid-tier segment.
- Net conversion growth in 2025 was only 496 rooms (vs 2,638 in 2023 and 2,028 in 2024).
- Total branded inventory now stands at 216,000 rooms.
- The development pipeline expanded by a net 39,000 rooms to 144,000 rooms.

If fully realised, branded inventory could reach 360,000 rooms by 2030, though a more realistic trajectory suggests approximately 300,000 rooms.

Notably, 43% of new supply in 2025 was outside the Top 30 markets, signalling accelerating geographic diversification.

Segment Performance: Where Value is Created

Luxury – Upper Upscale

- Occupancy: 68.1%
- ADR: ₹13,379 (up 8.7%)
- RevPAR: ₹9,110 (up 8.3%)
- Daily supply: 72,400 rooms (up 5.9%)
- Daily demand: 47,400 rooms (up 6.9%)

Although representing 34% of total supply, this segment generates 56% of total rooms revenue and 36% of total demand—highlighting its disproportionate value contribution.

Upscale – Upper Midscale

- Occupancy: 65.9%
- ADR: ₹6,942 (up 6.5%)
- RevPAR: ₹4,574
- Supply: 81,900 rooms per day (up 6.4%)
- Demand: 52,200 rooms per day (up 5.5%)

With a 38% supply share, this segment remains the volume backbone of branded hospitality.

Midscale – Economy

- Occupancy: 56.7% (up 2.9 points)
- ADR: ₹4,049 (up 10%)
- RevPAR: ₹2,294 (up 15.9%)
- Supply: 61,400 rooms per day (up 11.9%)
- Demand: 32,900 rooms per day (up 17.8%)

This was the fastest-growing demand segment, reflecting deepening domestic travel and price-sensitive mobility.

Market Categories: Metro Strength vs Leisure Volatility

Top 10 Markets

(Mumbai, Delhi NCR, Bengaluru, Chennai, Hyderabad, Kolkata, Ahmedabad, Pune, Goa, Jaipur)

- Occupancy: 69.8% (up 1.3 points)
- ADR: ₹9,711 (up 10.9%)
- RevPAR: ₹6,781 (up 13.1%)
- Daily supply: 120,800 rooms
- Daily demand: 82,200 rooms

Limited supply growth in select metros is creating headroom for continued rate-led expansion.

Key Leisure Markets

- Occupancy: 56.4% (up 0.9 points)

- ADR: ₹9,539 (up 3.5%)
- RevPAR: ₹5,378 (up 5.1%)
- Supply growth: 11%
- Demand growth: 12.8%

However, divergence is visible:

- Goa’s ADR declined ₹481, with Luxury-Upper Upscale ADR slipping below ₹16,000 after two years above that mark.
- Udaipur achieved nearly ₹26,000 ADR in Luxury-Upper Upscale, but occupancy softened to 54% amid 2,400 new rooms added since 2019.

Others

- Occupancy: 59.8%
- ADR: ₹4,819 (up 11.8%)
- RevPAR: ₹2,883 (up 13.9%)
- Demand growth (17.6%) exceeded supply growth (13.1%)

Secondary and emerging markets continue to gain structural relevance.

Demand Mix: The Power of Groups

Group demand plays a critical role in leisure-heavy markets:

- Goa: 29% group share
- Jaipur: 33% group share

In the Luxury segment, group share exceeds 20% in most cities—reaching 45% in Goa and 55% in Jaipur.

Conversely, business-driven markets such as Mumbai and Bengaluru remain predominantly transient-focused.

Consolidation and Capital Markets

Institutional ownership widened materially in 2025:

- 45% of chain-affiliated inventory is now under India-listed company ownership or management.
- 22% is directly owned by listed companies.

Financial indicators:

- FY25 total revenue: ₹272 billion (up from ₹215 billion in FY24)
- EBITDA margins: mid-30% range
- Sector market capitalisation has increased more than tenfold between CY15 and CY25, supported by listings, profit growth and valuation expansion.

Structural Observations

- Only 27 hotels in India exceed 400 rooms; just seven are in the pipeline.
- From 2019–2025:
    - Supply: 151,000 → 216,000 rooms per day
    - Demand: 95,000 → 133,000 rooms per day
- Top 10 markets average 414 rooms per million air passengers (down from 490 in 2019), reflecting improved asset utilisation and strengthened domestic travel.