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G20 on Guest List, Hotels Serve up Tariff Hikes

Events, corporate summits, seminars trigger surge in room rates across key cities

Anumeha Chaturvedi & Prachi Verma Dadhwal

New Delhi: The domestic hotel industry is beginning a 'bull run,' thanks to India's G20 presidency. Meetings and

events linked to G20, as well as corporate summits and seminars, have led to a substantial increase in demand and room rates for hotels in key cities.

"Hotels in India went for a significant rate increase in the quarter beginning October 2022 and rates have hardened

further in the current quarter," said Vikramjit Singh, president of Lemon Tree Hotels. "Delhi-NCR (National Capital Region), Mumbai, Hyderabad and Bengaluru have especially witnessed unprecedented demand, and rates are at an all-time high."

Industry executives expect the rally in room rates to sustain.

"It's a dream run. But we are not back to pre-2007-08 levels. (New) supply rates are in the 2-3% range. This is just the start of a bull run," Singh said. "I think the coming peak season, post-October 2023, will see a further rate hike."

Business opportunities created by India's G20 presidency have added to demand, with increased advance bookings in cities that will host meetings, said Nikhil Sharma, Eurasia regional director at Wyndham Hotels & Resorts. "Recently, one of the key markets, Bengaluru, was sold out; others are witnessing a surge in tariff rates," he said.

Stay It Like It Is

3x surge in tariffs from pre-pandemic levels: Thomas Cook India and SOTC Travel

Rates for five-star hotels in key business cities 20% higher than the last quarter of 2022: JLL

Hotel companies likely to report strong numbers for next two quarters: Colliers India

Previous week's events in Mumbai see premium tariff surge to **₹25,000-35,000**: Thomas Cook India

Mumbai, Bengaluru, Hyderabad and Delhi-NCR seeing unprecedented demand

On Yatra.com, rates and bookings on the rise for Mumbai, Delhi-NCR, Udaipur, Rishikesh, Varanasi, J&K

INDUSTRY INSIDERS EXPECT RATES TO STAY UPWARDLY STABLE

Other Events Also Spurring Demand ▶▶ 12

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Other Events Also Spurring Demand

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1 “The Uttar Pradesh Investment Summit (Lucknow, February 10-12) was a huge success and is paving the way for hospitality in that state. Wyndham was one of the host hotels for the summit and we were sold out during the event,” said Sharma.

The Karnataka capital was the venue for the February 24-25 meeting of G20 finance ministers and central bank governors. The meeting of G20 foreign ministers will be held in New Delhi next week. Other meetings are planned in various cities until the leaders’ summit in September.

Room rates for five-star hotels in key business cities have gone up by about 20% since the last quarter of 2022, said Jaideep Dang, managing director, hotels and hospitality group, India, JLL. “This is on the back of increased business demand, in general,” he said. “Also, G20 delegations and meetings in business cities are contributing to rate and occupancy growth. We believe rates will continue to remain up-

wardly stable in the next couple of months, supported by the upcoming IPL (Indian Premier League) season and other events before summer sets in.”

The men’s IPL will be held during March 31-May 28, while the women’s IPL runs from March 4 to March 26.

Multiple events in Mumbai last week resulted in a demand squeeze, and room tariffs surged to Rs 25,000-35,000 at premium hotels, said Rajeev Kale, president and country head for holidays, MICE (meetings, incentives, conferences and exhibitions) and visas at Thomas Cook India.

The hospitality industry is sensitive to the demand-supply equation.

“The fluctuation in room rates is a reflection of the highly dynamic city environment, buzzing with global and corporate events, exhibitions and weddings,” said Atul Bhalla, area manager for east and west at ITC Hotels.

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