

Published Date:	20 Aug 2022	Publication:	Mint [Mumbai]
Journalist:	Varuni Khosla	Page No:	15
Circulation:	71,000		

Hospitality cos make a beeline for small cities

Rise in domestic tourist destinations, air connectivity triggering demand

Varuni Khosla
varuni.k@livemint.com

Radisson, Marriott Hotels and Resorts, Lemon Tree and Sarovar Hotels are among a growing number of hospitality firms foraying into India's tier-2, 3 and 4 cities to exploit the surge in travel demand and also diversify their operations from the major cities. Some of these companies have signed up properties in locations such as Kumbhalgarh, Kasauli, Banswara, Kharagpur, Ranakpur and Neelkanth.

Delhi-based Naaz Hotel Consultants, a bespoke hospitality consultant, said it has been approached by several hospitality firms to do feasibility studies and connect them with property owners in the smaller cities. "As the cost of land in tier-1 cities is high and there is a limitation in terms of where companies can expand, it has been a good proposition for companies to grow in tier-2, 3 and 4 cities. This doesn't mean the metro cities are not expanding, but in the last two years, we have signed 12 hotels and are working on approximately 10-12 hotels in locations like Kasauli, Agra, Rantambore, Kumbhalgarh, Dalsana, Pahalgam and Ranchi," said Ishaan Koul, the firm's director.

With most global hotel chains having a range of brands to cater to varied customer segments, expansions help them set up their midscale and upscale brands with 90-130 room properties in the smaller cities. Increased air connectivity is also driving their plans.

Radisson Hotels already has over half of its Indian portfolio in smaller locations across India. Zubin Saxena, managing director and vice president of operations, south Asia at Radisson Hotel Group said following the pandemic, India has become a very large domestic travel destination. This has been largely driven by leisure hotels in and around tier 2 and 3 locations.

Royal Orchid Hotels, which recently



Marriott Hotels and Resorts plans to launch new mid-sized properties across Ranchi, Asansol, Maithon and Deoghar. HT

announced plans to run 100 hotels over the next year, up from the current 87, will also look to grow in tier-3 and 4 locations such as Nellore, Gulbarga, and Digha, said chairman and MD Chander Baljee.

Lemon Tree Hotels is opening properties in Bokaro, Chirang, Kharar, Shimla and Sonamarg beyond its tier-1 cities over the next year. Marriott Hotels and Resorts plans to enter new locations such as Ranchi, Asansol, Maithon and Deoghar with its The Le Méridien, Courtyard by Marriott

2-3 cities," said Saxena at Radisson Hotels.

Online travel operators Cleartrip.com said there is sufficient demand for hotels in smaller towns as the number of average domestic holidays have risen sharply since the pandemic.

Ajay Bakaya, managing director, Sarovar Hotels, considers it a pioneer in venturing into locations beyond metros. "We saw the opportunity 15 years ago. There was huge latent demand and a lot of business activity happening in these towns. Land in some of

the locations is also less expensive, so it makes it a very viable proposition for hotel owners and for us to come in and manage," he added.

Since January, Sarovar has started operating hotels in Vaishno Devi, Katra; Rajahmundry, Andhra Pradesh; and

Jalandhar. It plans to open hotels in Manali, Orai, Sonapat, Ayodhya, Panchgani and Sriperumbudur over the next three years.

The Federation of Indian Chambers of Commerce and Industry, in a recent report, said India's travel market is estimated to reach \$125 billion by FY27 from an estimated \$75 billion in FY20.

SMALL TOWNS, BIG STEPS

RADISSON Hotels has over half of its Indian portfolio across smaller cities and towns

LEMON Tree Hotels will open properties in Bokaro, Chirang, Kharar, Shimla over the next year

INDIA'S tourism industry is estimated to reach \$125 bn by FY27 from \$75 bn in 2019-20

and Fairfield by Marriott brands.

"As a company, we were always on the lookout for signing properties that offer a great location and bring a sense of financial viability. When we look at such destinations, we also focus on one or two resort locations, considering the high average room rate that is driving feasibility in tier-

Published Date:	20 Aug 2022	Publication:	Mint [Mumbai]
Journalist:	Varuni Khosla	Page No:	16
Circulation:	71,000		

