Lemon Tree Hotels to add 1,500 rooms in three years

Hospitality chain to spend ₹1,700 cr. on capacity expansion

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Lemon Tree Hotels Ltd. is implementing a ₹1,700-crore capacity expansion programme that will see it add 1,500 rooms, taking the ownership route, over the next three years.

Half of the capital expenditure had been incurred and the balance ₹850 crore would be deployed by FY21, company president Vikramjit Singh said here on Monday.

Lemon Tree Hotels now operates 4,907 rooms in 49 hotels, including managed properties, across 31 cities. By FY21, it plans to operate 78 hotels with 8,152 rooms across 54 cities.

In doing so, the focus would be on building on the asset-light model, one that would see the leading player in the mid-priced hotel segment manage more hotels under its brand. At present, 64% of Lemon Tree rooms are owned while the rest are either leased or managed. In three years, the firm would like to reduce the share of own properties to 50%.

Tariffs may rise
Mr. Singh, speaking at the formal opening of a Lemon Tree Hotel in Banjara Hills here, cited an industry report that projected a mismatch between the demand and supply of hotel rooms. Such a scenario could trigger a rise in room tariffs.

On occupancy, Mr. Singh said while it was more than 65% for the hospitality sector, Lemon Tree had a rate of 76%.