

HVS Monday Musings: Catalysts for Growth – Tech Hubs are Powering the Indian Hotel Industry's Growth

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The Indian technology industry, valued at a staggering **USD 245 billion** as of FY23, is a formidable pillar supporting the country's GDP and overall economic growth. With continuous innovation driving its growth, this industry is poised to reach USD 500 billion by 2030. As one of the primary beneficiaries of the tech industry's influence, the hospitality sector is bound to experience the positive ripple effects of this growth.

Tech hubs have globally been a catalyst for the hospitality sector's expansion, attracting tech professionals, entrepreneurs, and business travelers in droves, which translates into a consistent and robust demand for hotel accommodations. This demand has spurred the growth of hotels, transforming these cities into bustling hospitality hubs. Silicon Valley in the United States, Silicon Roundabout in London, and Shenzhen in China are prime global examples of this trend.

Closer to home, Bengaluru, often hailed as the Silicon Valley of India, is an eloquent example of this phenomenon. As the heart of India's thriving tech industry, the city attracts professionals from across the country and around the globe. The hotel industry in Bengaluru has expanded exponentially, growing from a modest supply of just over 1,400 rooms in the early 2000s to a staggering 18,500 rooms as of August 2023. Today, the city boasts of being the largest hotel market in the country, surpassing even the likes of Delhi and Mumbai. Thanks to the growing demand and hotel sector performance, Bengaluru continues to remain among the most coveted markets for hotel brands, consistently ranking among the top three in terms of hotel signings year-over-year.



Hyderabad, another tech powerhouse in the country, supports nearly 11% of the country's tech exports. Home to corporate giants such as **Infosys**, **Microsoft**, and **HCL**, areas like HITEC city and Gachibowli have transformed into major business hubs, teeming with expansive office spaces and an ever-increasing number of visitors. The city currently has over 9,700 branded hotel keys, a remarkable leap from just over 1,000 in the early 2000s.

These are but a few instances in a vast landscape and new tech hubs are emerging in tandem with the growth of

Summary

Tech hubs have globally been a catalyst for the hospitality sector's expansion. Bengaluru and Hyderabad are prime examples of this trend in India, witnessing unprecedented growth in hotel supply in sync with their booming IT sectors. Read on to know more.

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the tech and IT industry in India. Jaipur, renowned for its **UNESCO** recognition as a "City of Crafts and Folk Art" and a major tourist attraction, is on its way to becoming a tech hub. Companies like **Genpact**, Infosys, and **Wipro** have already established offices in the city and the construction of 'Rajiv Gandhi Knowledge Service and Innovation Hubs' is further propelling Jaipur's tech evolution. This confluence of tourism and technology has led to a remarkable surge in the city's room supply, mushrooming from 2,500 keys in 2010 to an impressive 7,500 keys as of August 2023. Indore mirrors a similar transformation. Supported by outstanding infrastructure, connectivity, and a rich talent pool, the city has attracted the attention of both businesses and government. It now houses IT Parks, offers tax exemptions for IT companies, and more, setting the stage for becoming India's next IT hub.

Fueled by enhanced connectivity and infrastructure, numerous tech firms are expanding their operations to cities like Ahmedabad, Kochi, Mysuru, and more, seeking a rich talent pool and lower operational costs. A recent report from **NASSCOM** has identified 26 potential tech hubs, including Vellore, Warangal, Madurai, Guwahati, Hubballi, and Kanpur. These emerging tech hubs will drive economic growth, attract talent, and generate hotel demand, and it's crucial that hotel companies recognize these opportunities and establish their presence in these markets to strengthen their competitive edge.

About **Mandeep S Lamba**



Mandeep S. Lamba, President – South Asia, oversees the HVS global hospitality practice for South Asia. He has spent over 30 years in the hospitality industry of which the last 19 have been in CEO positions. Having worked with leading International and domestic Hotel Companies such as IHG, Radisson & ITC Hotels, he also set up joint venture companies with Dawmay Day Group UK and Onyx Hospitality, Thailand to own and operate hotels in India giving him a broader exposure to the hospitality business.

An established industry leader, Mandeep has won several awards and recognitions in India and abroad for his accomplishments and contribution to the hospitality industry. He is a Certified Hospitality Administrator from the American Hotels Association (CHA), a member of the Royal Institute of Chartered Surveyors, UK (MRICS) and a member of the Tourism Council of CII (Northern India). His views are often solicited for television and print media as a spokesperson for the hospitality & tourism sector.

Prior to joining HVS in 2018, Mandeep was the Managing Director, Hotels & Hospitality Group for JLL.

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Dhwani Gupta, Associate - Research with HVS South Asia, studied literature for her undergraduate and believes that you can do anything with the right amount of research. After graduating, she pursued a course in Management and Liberal Arts which gave her a wider perspective of the world. As a result, the more difficult a topic is, the more fun she has writing it. Contact Dhwani at [\[email protected\]](#)