

HVS Monday Musings: Indian Hotel Sector – Brand Signings in 2022

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Driven by the strong recovery in demand, hotel companies accelerated their growth plans in 2022, resulting in an over 33% rise in brand signings by keys compared to the previous year. During the year, 166 new hotels with 14,885 rooms were signed, while 90 hotels with 5,702 rooms were rebranded.

Domestic hotel operators signed more properties (75% of the total signings by properties) than their international counterparts, with an average key count of 68 keys during the year. Like domestic chains, international hotel operators have also begun signing smaller properties than they traditionally did, as they continue expanding their footprint in Tier 2, 3 & 4 cities. Consequently, the average number of keys per hotel for international hotel operators decreased from 133 keys in 2021 to 119 keys in 2022.

Management contracts have long dominated signings in the Indian hotel sector, and they continued to do so in 2022, accounting for approx. 80% of the total signings by keys during the year. The Indian hotel sector is warming up to Franchising as a concept, with over 14% of the signings by keys in 2022 being franchised. Leasing and other forms of contracts continued to be less preferred in India, accounting for only 6% of the signings by keys during the year.



Hotel rebranding or conversion has picked up steam post the pandemic and accounted for 27.7% of the keys signed during 2022, up from 20% in 2021. Meanwhile, 35.8% of the keys signed in 2022 were for greenfield projects as opposed to 32% in 2021. As a result, the share of brownfield keys signed declined from 48% in 2021 to 36.5% in 2022.

Contrary to previous years' trends, the Upscale segment has emerged as the most preferred segment in the country, accounting for 41% of the total signings by keys in 2022, followed closely by Midscale (37% of total signings), Luxury (14% of total signings) and Economy (8% of total signings). However, Midscale continued to lead the market in terms of signings by properties, accounting for 48% of signed properties, ahead of Upscale (34%), Economy (11%), and Luxury (7%).

Summary

This article discusses the key trends in hotel brand signings witnessed in the Indian hotel sector in 2022.

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Commercial destinations continued to attract the most signings (53% of total signings by keys), but leisure destinations have garnered their fair share of interest post the pandemic and accounted for 41% of the total hotel signings by keys in 2022. Hoteliers continued to strengthen their portfolio in Tier 3 & 4 cities, having recognized the enormous latent potential in these locations. The Tier 3 & 4 cities accounted for almost 47% of the total signings by properties in 2022, followed by Tier 2 (39% of signed properties) and Tier 1 (14% of signed properties) cities.

Source: HVS Research based on data received from 23 hotel brand companies for Jan-Dec 2022.

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 Dawnay 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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