

HVS Monday Musings: Lonavala: a Thriving Leisure Destination in Maharashtra

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Lonavala, popularly known as the “city of caves” or the “jewel of Sahyadri” is a small town located more than 2,000 feet above sea level in the Sahyadri range in the Indian state of Maharashtra. It is one of the most visited hill stations in the country due to its tropical climate and pleasant weather all year round, as well as its strategic location 60-80 kilometers from key metropolitan cities in the state such as Mumbai and Pune. Moreover, the town is surrounded by dense forests, magnificent waterfalls, tranquil lakes, green valleys boasting spectacular views, caves, and forts, which have made Lonavala a sought-after destination for camping, trekking, sight-seeing, bird watching, and adventure sports.

Even before the pandemic, Lonavala has always been a popular destination for weekend getaways, given its proximity and excellent connectivity by road and rail to Pune and Mumbai. The town is situated at a convenient drive-able distance of a little over an hour from Pune and about 90 minutes from Mumbai, and the travel time between the cities is expected to reduce by 25 minutes once the MSRDC’s “Missing Link” project, an under-construction eight-lane access-controlled highway, is completed by February 2023.



It’s no wonder then that the destination’s appeal increased manifold post the pandemic. As Indians discovered the joys of road trips to escape their ‘COVID blues’, Lonavala saw a surge of visitors once restrictions were eased after the first and second waves of the pandemic. While cities such as Mumbai and Pune suffered due to the restrictions on travel, the hospitality industry in Lonavala thrived, owing to the town’s strategic location, and the growing popularity of the work-from-home concept, as well as staycations, working to its advantage. Lonavala, thus, became one of the most booked destinations in the country during the monsoon of 2021.

Lonavala with its scenic beauty and picturesque views also attracted those wishing for a destination wedding, thus resulting in a colossal surge in social MICE demand once restrictions were eased. Although smaller in size, hotels in Lonavala hosted almost as many wedding events as they did before the pandemic and were mostly sold out during auspicious dates throughout the year. The growing demand and high occupancy have helped hotels drive higher average rates in the last two years, with the market average rate observing an approximate

Summary

The hospitality industry in Lonavala, a popular weekend destination near Pune and Mumbai, has thrived over the last 2 years. Read on to know more.

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20% jump over pre-pandemic rates in FY2022, which is also 20%-25% higher than metropolitan markets such as Mumbai, Pune, and Bengaluru. Going forward, corporate MICE demand is also expected to recover as corporates return to the work-from-office or a hybrid work model.

From homestays and villas to hotels and resorts, Lonavala has something for everyone, offering accommodation across all price points. The town's popularity has also encouraged a vast majority of people to build their second homes. Therefore, those on a budget as well as people looking for a more luxurious getaway have a variety of options to choose from. Hotels in Lonavala also offer varied product offerings, from expansive resorts with villas, to tent-like rooms creating a camping experience, treehouses with views, etc., emphasizing their focus on experiential tourism. Lonavala's terrain is also well suited for adventure activities and hotels have curated an array of activities to attract adventure and wellness enthusiasts. Maharashtra's new Adventure Tourism Policy and infrastructure development are expected to promote Lonavala as an adventure destination going forward.

Traditionally, independently operated hotels have dominated the Lonavala hospitality market, accounting for almost 75% of the total quality hotel supply of 2,060 keys as of December 2021. Realizing the latent potential in the market, several hotel brands such as the Hilton and the Fern have entered the market in the last few years. The Radisson Resort and Spa Lonavala too opened its doors in July 2021. Moreover, an additional branded supply of almost 250 keys is in pipeline in Lonavala over the next couple of years. So far, independently operated hotels have been able to retain their dominance creating significant competition to the branded supply, owing to their long-term presence in the market, established goodwill over the years, and flexibility in accommodating guest requirements. As the Lonavala hotel market continues to grow with the support from the government's tourism policies, infrastructure initiatives, booming demand, and the addition of quality supply, the market dynamics are expected to shift.

About Dipti Mohan



Dipti Mohan, Vice President - Research with HVS South Asia, is a seasoned knowledge professional with extensive experience in research-based content creation. She has authored several 'point of view' documents such as thought leadership reports, expert opinion articles, white papers, and research reports across industries including hospitality, real estate, infrastructure, cement, and construction. Contact Dipti at .