

HVS Monday Musings: The Rise of the Upscale Hotels Segment in India

📅 April 4, 2021 / 👤 By Mandeep S Lamba , Dipti Mohan



The midscale and upscale hotel segments have been driving the growth in the branded Indian hotels sector in the last few years and are the sweet spots for upcoming development in the country. The upscale segment, in fact, has regained the mindshare of hoteliers in the last couple of years due to the significant demand in this segment. As a result, upscale properties accounted for 31% of the total signings by properties in 2020 compared to 15% in 2018, while their share in signings by keys has increased from 27% in 2018 to 37% in

2020.

Rising disposable income, evolving demographics, and increasing business travel have bolstered the growth of the upscale segment in the recent past. Moreover, an increasing number of affluent, experience-seeking, and discerning Indians now do not shy away from spending on upscale properties during their travel. This has been especially true post COVID-19 as traveller & guest preferences have evolved significantly in the last one year. With hygiene, cleanliness, safety, and privacy becoming the top priorities, people have been preferring upscale and upper-upscale properties during their travel, trusting them to be 'safer' and stricter with their safety and sanitization protocols.



The other key demand driver has been the 'big fat Indian wedding' segment, which have become highly personalized and intimate in the post-COVID world. Upscale properties and resorts have been cashing-in on the increasing demand for 'destination wedding' and related social events which are now being hosted at domestic locations instead of international locations due to the COVID-related travel restrictions.

With changing demand dynamics, hoteliers are once again focusing on the upscale segment, especially while increasing their footprint in the leisure segment. Developing an upscale property instead of midscale at leisure destinations is a more attractive investment proposition as the land cost for both remains the same, but the upscale property can demand a higher ADR. Moreover, an upscale property allows the hotel owner to capture higher paying guests as well as cater to demand emanating for associated facilities such as F&B outlets and banqueting, particularly during the off-season. Additionally, upscale resorts have successfully captured the

Summary

With changing demand dynamics, hoteliers are once again focusing on the upscale segment, especially while increasing their footprint in the leisure segment. Read on to know more.

💬 [Comments](#)

FILED UNDER CATEGORIES

Travel & Tourism Resorts
COVID-19 India

growing demand for wellness tourism in the country in the recent past. In the post COVID world, an increasing number of people are likely to seek personalized and exclusive wellness experiences, especially when inbound travel resumes to its full glory.

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.

Contact Mandeep at +91 981 1306 161 or [\[email protected\]](#)

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 [\[email protected\]](#).