

INDIA HOSPITALITY MARKET

Size, Share, Trends and Forecast 2026-2034

Professional Market Report

Source: IMARC Group | Source report updated July 22, 2026

Executive Summary

The India hospitality market is on a sustained growth trajectory, supported by rising domestic tourism, higher disposable incomes, infrastructure development, digital booking adoption and expansion into tier-two and tier-three cities. According to the source report, the market was valued at USD 61,380.89 million in 2025 and is projected to reach USD 116,153.73 million by 2034, representing a compound annual growth rate of 7.34% during 2026-2034.

Indicator	Source Report Figure
Market value, 2025	USD 61,380.89 million
Forecast market value, 2034	USD 116,153.73 million
CAGR, 2026-2034	7.34%
Leading type, 2025	Chain Hotels - 54.1%
Leading segment, 2025	Budget and Economy Hotels - 39.7%
Leading region, 2025	West India - 35.2%

The report highlights chain hotels, budget and economy properties, and West India as the leading categories. Major operators are increasingly using asset-light management and franchise models, while digital platforms, loyalty programmes and technology-enabled service delivery are becoming important competitive differentiators.

1. Market Overview

India's hospitality industry is benefiting from a growing middle class, rising domestic tourism and increased disposable income. Government measures supporting tourism infrastructure and destination marketing are also contributing to sector expansion. Digital booking platforms and improved access to quality accommodation are broadening the customer base beyond traditional metropolitan markets.

The report notes strong investment activity and brand expansion. In 2024, hotel transactions totalled USD 340 million, establishing India as the second-largest hotel investment market in the Asia-Pacific region and indicating continued investor confidence in the sector's long-term potential.

- Domestic tourism remains the primary growth engine, supported by improved air connectivity, highway expansion and digital booking platforms.
- International tourism is recovering, with India attracting 110 million visitors in the first half of 2024 according to the source report.
- Religious and spiritual tourism continues to support traditional business and leisure demand.
- New infrastructure and hotel supply are expected to improve access to both established and emerging destinations.

2. Key Market Takeaways

- Chain hotels held 54.1% of the market in 2025, supported by brand recognition, loyalty programmes, consistent service standards and business-travel demand.
- Budget and economy hotels accounted for 39.7% of the market in 2025, reflecting strong demand from price-conscious domestic travellers, students and millennials.
- West India held 35.2% of the market in 2025, supported by Mumbai's commercial importance, Goa's tourism appeal and established hospitality infrastructure across Maharashtra and Gujarat.
- Leading hospitality groups are expanding through asset-light management contracts and franchising, enabling faster geographic expansion with lower capital intensity.

3. India Hospitality Market Trends

Asset-Light Expansion Models

The ownership and operating model of the industry is shifting toward management contracts and franchising rather than wholly owned hotel portfolios. This allows hotel companies to expand faster, improve capital efficiency and reduce balance-sheet risk. The source cites Indian Hotels Company Limited's October 2024 growth through new signings and openings as an example of the effectiveness of this strategy.

Digital Transformation

Booking systems, guest relationship tools and revenue-management capabilities are becoming central to hospitality operations. Operators are adopting digital platforms and AI-powered customer-service systems to improve guest interactions, tailor recommendations and streamline service requests. Technology is therefore becoming both an operating tool and a competitive differentiator.

Tier-Two and Tier-Three City Expansion

Hotel chains are increasingly expanding beyond established urban centres into smaller cities and previously underserved markets. Growth in trade activity, tourism, regional connectivity and leisure travel is creating new demand centres. The report identifies this expansion as a major strategic opportunity outside traditional metropolitan regions.

4. Market Outlook 2026-2034

The source maintains a positive outlook for India's hospitality sector, supported by sustained economic growth, middle-class expansion and infrastructure investment. Major airport developments in Mumbai and Noida, along with continued business-hub growth in Bengaluru, Delhi and Hyderabad, are expected to support travel demand.

The branded hotel inventory is projected to add more than 100,000 rooms by 2029, although demand growth is expected to continue outpacing supply in several markets. Religious and spiritual tourism, destination weddings, business travel and leisure demand are expected to diversify the industry's revenue base.

5. Market Segmentation

Segment Category	Leading Segment	2025 Market Share
Type	Chain Hotels	54.1%
Segment	Budget and Economy Hotels	39.7%
Region	West India	35.2%

Type Insights

The report divides the market by type into chain hotels and independent hotels. Chain hotels lead because of established brand recognition, loyalty programmes, standardised service delivery and extensive distribution networks. Centralised procurement, advanced revenue-management systems and stronger customer trust support operating efficiency and profitability.

Management contracts and franchise agreements enable chain operators to enter new markets without major capital expenditure. The report also notes that standardised quality, centralised marketing and stronger brand visibility make chain hotels particularly attractive to upwardly mobile domestic travellers.

Segment Insights

The market is segmented into service apartments, budget and economy hotels, mid and upper mid-scale hotels, and luxury hotels. Budget and economy hotels lead with a 39.7% share in 2025. Their growth is supported by domestic tourists, students, millennials and other travellers seeking clean, convenient and affordable accommodation.

The segment is expanding strongly in tier-two, tier-three and tier-four cities where value-oriented tourism and improved connectivity are increasing demand. Religious and pilgrimage destinations are also important growth markets for standardised, reasonably priced accommodation.

6. Regional Insights

The report analyses North, South, East and West India. West India leads with a 35.2% share of the market in 2025. Mumbai's position as a major commercial and financial centre, Goa's established tourism economy and the industrial corridors of Maharashtra and Gujarat create a broad base of business and leisure demand.

Mumbai records strong average daily rates and occupancy levels, while continuing airport infrastructure development and expanding convention facilities are expected to support business, MICE and tourism demand. The region benefits from a relatively balanced mix of luxury, business, mid-market and budget accommodation.

7. Market Growth Drivers

Rising Domestic Tourism and Middle-Class Expansion

Rising incomes and a growing middle class are changing travel patterns across India. More consumers are prioritising leisure experiences and domestic tourism. Affordable air travel, improved road networks and digital booking platforms have made destinations more accessible and broadened the market for organised accommodation.

Government tourism initiatives, destination development and enhanced connectivity are creating new demand centres. Religious and spiritual tourism also represents an important source of visitor volumes and infrastructure investment, particularly in pilgrimage destinations.

Infrastructure Development and Enhanced Connectivity

Transport infrastructure investment is improving accessibility to established and emerging destinations. Airport expansion, highway development and regional air connectivity are helping connect smaller cities with major urban centres. The report views public investment, combined with private-sector participation in destination development, as an important foundation for sustained hospitality-market growth.

8. Market Restraints

Skilled Labour Shortage

The hospitality market faces a shortage of skilled professionals across operational and managerial roles. Demand for trained staff is growing faster than supply, particularly in rapidly expanding markets and emerging tourism destinations. Limited hospitality-training capacity further affects service quality and guest satisfaction.

Seasonality and Demand Volatility

Demand remains seasonal, with peak periods linked to weather, festivals and regional events. Hill destinations may experience strong summer demand but weaker winter occupancy, while coastal destinations can face monsoon-related slowdowns. This creates challenges for staffing, inventory management and financial stability.

Regulatory Complexity and Infrastructure Status

The absence of infrastructure status for hotel projects is identified as a constraint, particularly for mid-scale and regionally focused developments seeking favourable financing. Long gestation periods, land acquisition, licensing requirements and multiple clearances can increase project costs and delay investment in emerging markets.

9. Competitive Landscape

The India hospitality market is moderately fragmented. Major domestic participants include Indian Hotels Company Limited, ITC Hotels and Oberoi Hotels, while international brands such as Marriott, Hilton, Accor and Hyatt also compete across market segments.

Asset-light expansion through management contracts and franchising has become a dominant strategy. Competition is increasingly shaped by brand strength, digital capabilities, loyalty programmes, sustainability initiatives and operating efficiency.

Recent Development

- April 2025: Accor and InterGlobe announced a partnership aimed at creating a major hospitality platform in India, targeting a network of 300 hotels under Accor brands by 2030. The collaboration includes investment in Treebo, with Treebo signing ten new Mercure properties under a master licence agreement.

10. Report Coverage

Report Feature	Coverage
Base year	2025
Forecast period	2026-2034
Units	USD Million
Types covered	Chain Hotels; Independent Hotels
Segments covered	Service Apartments; Budget and Economy Hotels; Mid and Upper Mid-scale Hotels; Luxury Hotels
Regions covered	North India; South India; East India; West India

11. Source & Methodology Note

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