



# THE INDIAN HOSPITALITY INDUSTRY

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**Pan-India RevPAR to improve 6-8%  
YoY in FY2026**

**APRIL 2025**





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*Strong underlying demand, limited supply, and renovation/upscaling of properties to drive RevPAR growth in FY2026*

*RevPAR growth expected to be witnessed across all key markets in FY2026*



- **Buoyed by sustained demand growth, ICRA estimates pan-India premium hotel occupancy to reach ~72-74% in FY2026**, from 70-72% each in FY2024 and FY2025. The average room rates (ARRs) for premium hotels are expected to rise to Rs. 8,200-8,500 for full-year FY2026, from Rs. 8,000-8,200 for FY2025. The spike in ARR in some hotels and specific pockets with higher demand is expected to be higher than average. The revenue per available room (RevPAR) has inched towards the FY2008 peak levels in FY2025 and is anticipated to rise to Rs. 5,900-6,300 in FY2026 (up 6-8% YoY). The industry is expected to maintain its strong footing in FY2026, aided by favourable demand-supply dynamics.



- **Mumbai and the National Capital Region (NCR) are expected to have the highest RevPARs in FY2026.** Mumbai has been a city with strong occupancy and ARR even pre-Covid. While demand has been increasing, supply in premium micro-markets has significantly lagged demand, due to land availability issues. This has resulted in Mumbai's RevPAR increasing significantly over the last few years. ICRA expects it to be close to 40% higher than pre-Covid levels in FY2026. Being a gateway into India, NCR has had large-scale meetings, incentives, conferences and exhibitions (MICE) events in Bharat Mandapam/Pragati Maidan and Yashobhoomi Convention Centre. These kind of large-scale events and associated demand for hotels is likely to continue going forward as well. This apart, corporate/diplomat travel and transient passengers will continue to drive demand in the NCR region.



- Strong offtake of commercial grade A space and expansion of global capability centres (GCCs) indicate healthy prospects for **Bengaluru** (where demand is largely driven by business travel) in the medium to long term. **Chennai and Hyderabad** will also be beneficiaries of corporate travel demand uptick.



- Aided by the sustenance of leisure travel, corporate MICE and destination weddings, ARR in **Goa** are likely to cross the Rs. 10,000 mark in FY2026. The commencement of operations in Mopa airport has also contributed positively to hotel demand in Goa. Over the medium term, favourable demographics, preference for travel / experiences and pick-up in foreign tourist arrivals (FTAs) would support demand growth for the Goa market.



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