

## Steady rise likely in ADRs and occupancy for luxury hotels in 2-3 years: Preferred Hotels & Resorts

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*Preferred Hotels & Resorts is the leading provider of marketing, sales and distribution support to some of the world's finest luxury hotels. The company works with over 650 independent hotels, resorts, residences, and hotel groups across 85 countries. In an interview to ET, Saurabh Rai, executive vice president for Preferred Hotels & Resorts- South Asia, Middle East, Africa, and Australasia spoke about the growth of occupancy rates for luxury hotels in India and the way forward. Edited excerpts:*



Saurabh Rai, executive vice president for Preferred Hotels & Resorts- South Asia, Middle East, Africa, and Australasia spoke about the growth of occupancy rates for luxury hotels in India and the way forward.

**Would you agree with reports that there is an upward trend in the hospitality industry in terms of occupancies, average room rates etc. Have 5-star deluxe properties also witnessed a growth/ rise in occupancies overall?**

Yes, it is encouraging to see an upswing in both occupancy and ADR after so many years. The last solid year for hospitality in India was 2007 - 2008. Since then, it had been sluggish. The 5-star deluxe hotels have witnessed a growth on a country-wide basis, however, the growth is marginal and not enough to offset inflation and the increase in costs of doing business. The ADR in the 5-star deluxe segment in the country is currently at sub-par levels, compared to most other key gateway cities of the world. Progressive and forward-looking government initiatives that would surely yield in the long term, did temporarily slow-down the impact on multiple segments of the industry. Given the demand and supply balance, the next 2 to 3 years should witness a steady rise in both ADR as well as occupancy. This compounded increase over the next 3 years should take the luxury segment to a position where hotel owners and operators can see acceptable profitability.

**How many 5-star deluxe properties does Preferred Hotels & Resorts have in its portfolio currently?**

On a global scale Preferred Hotels & Resorts currently has 70 hotel members in our Legend Collection and 210 LVX hotel members. In India, we currently have 7 Legend, and 4 LVX hotel

members. This is a total of 11 hotels which fall under the 5-star deluxe hotels category. Legend Collection members in India include- The Imperial New Delhi, The Roseate New Delhi, The Leela Palace Bengaluru, The Leela Palace Chennai, The Leela Goa, The Leela Palace New Delhi and The Leela Palace Udaipur. LVX Collection member in India include- The Leela Ambience Convention Hotel, Delhi; The Leela Ambience Gurugram Hotel & Residences; The Leela Mumbai, The Leela Kovalam.

**What is Preferred Hotels & Resorts' perspective on the recent growth trend, rising occupancy levels in 5-star deluxe properties? Any key contributing factors in 2016-17 that would have led to this development?**

A clear and emerging demand and supply balance is the single largest factor. A stable and progressive economy has ensured continual inbound business travel for investment and business development.

**Has Preferred Hotels & Resorts observed or supported any change in strategy/ consumer outreach made by these hotels over the past year?**

Yes indeed. It is part of our partnership responsibility to ensure that we have our ear to the ground, and are able to support our member hotels by optimizing given / merging economic scenarios. To illustrate, we signed on FCM as one of our new TMC partners, to offer more comprehensive support to our hotels with business travel opportunities. We also launched our 'Travel Agent Nett Rate Program' to boost leisure online bookings, and launched our new iPrefer mobile app in partnership with American Express to ensure a real time connection with our end consumer - giving them an opportunity to have quick and easy access to our member hotels, the unique experiences available, booking functionalities and a seamless reward redemption process – all literally at their fingers tips, while on the go.

**What is your future outlook on the luxury segment in India?**

Future outlook is encouraging, with the industry anticipating a steady growth curve, barring any global geo-political scenarios. The signs are all quite positive - ranging from limited new hotel rooms in the pipeline that may dampen the pressure of demand; settling down of GST and its benefits are starting to accrue from this uniform tax system; as well as economic stability leading to increased demand. It would be critical to keep raising the profile of India as a leisure and investment destination. International media has been publishing a fair amount of negative news about the social scenario in the country. Hence, it is key to ensure that these are strategically addressed through official channels in a timely manner.