

Hotel performance remains robust with domestic and intraregional travel to drive growth in 2026



Key Trends

- Record international arrivals and a robust infrastructure pipeline ensured hotel performance in **Vietnam** remains strong despite rising costs. With supply set to remain limited over the medium term, the performance of existing assets should continue to improve. Investors will continue to seek opportunities in both urban and resort markets.
- **Mumbai's** hotel market is performing robustly across all segments, with occupancy levels the highest of any Indian city on the back of a strong domestic and MICE market. Transaction activity has been on an upward trajectory over the past few years, with the new Navi Mumbai airport presenting opportunities for hotel brand repositioning and pre-opening strategies.
- **Goa** has performed well over the peak season, driven by strong occupancy albeit with daily rates moderating somewhat. Overall occupancy remains healthy, with luxury and boutique properties performing particularly well during peak weekends. Current international flight disruption could benefit Goa as any reduction in Indian outbound travel could boost domestic leisure volumes.

“ Investor activity continues to build in Vietnam and India on the back of significant growth in room rates and enhanced liquidity options. ”

Steve Carroll
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Vietnam

Strong tourism inflows and new infrastructure development boost hotel performance

TOURISM

- Following a record year for international arrivals in 2025, Vietnam registered the strongest growth in arrivals of any Asia Pacific market in Q1 2026, supported by mainland Chinese and Korean visitors, visa liberalisation and strong foreign investment.
- Headwinds remain concentrated around cost pressures rather than demand erosion. Inflationary pressure, particularly regarding jet fuel costs linked to the Middle East conflict, are raising operating margins for airlines and, by extension, creating uncertainty for long-haul routes.

TRANSACTION ACTIVITY

- Hotel transaction activity remains thin relative to the size of the economy, with only three meaningful hotel transactions recorded across the country in 2025 (Park Royal HCMC, MGallery HCMC and Fusion portfolio) and one in early 2026 (Flower Garden Hanoi).
- Liquidity constraints stem primarily from land tenure structures, with all assets held on long-term government leases. This deters foreign capital unfamiliar with extension and master plan amendment processes. Deals that do occur are typically in the core urban markets of HCMC and Hanoi.

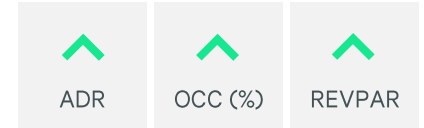
PERFORMANCE

- Performance has been strong across all markets. ADR and RevPAR has grown significantly over the past year, with urban destinations such as HCMC and resort destinations such as Phu Quoc experiencing growth.
- Supply remains constrained due to high financing costs, which is tightening new pipeline delivery. Construction cost inflation, driven by mega-infrastructure projects and sand shortages caused by large-scale land reclamation, is adding further friction to development economics.

OUTLOOK

- Despite the lack of transactions, the pipeline for investment options is expected to improve through 2026–2027 as the fund lifecycle exits the maturation of local platforms seeking IPO liquidity. Infrastructure catalysts, such as Long Thanh International Airport Phase 1, which is ~40km east of HCMC, targeted for Q4 2026, should also help bring more assets to market.

SIX-MONTH OUTLOOK



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Mumbai

Mumbai outperforms other Indian cities thanks to solid corporate, MICE and domestic demand

TOURISM

- Despite strong MICE and domestic tourism demand, the ongoing Middle East conflict poses a near-term headwind as high-spending visitors from the Gulf may reduce travel; a gap that operators must fill through the domestic and alternative international segments.
- With foreign tourist arrivals expected to see a seasonal dip through March to April, stronger domestic demand will be needed to sustain performance.

TRANSACTION ACTIVITY

- Recent major deals include Park Hotels' acquisition of Z Luxury Residences (formerly Oakwood Premier), a 62-key serviced apartment asset in Juhu, signalling solid investor appetite for urban extended-stay hotels.
- In a NCLT (Stress Asset) resolution, a Rare ARC and Naman Group consortium acquired The Chedi Mumbai (erstwhile Radisson Blu, Kanjurmarg), a 316-key property, for approximately US\$59 million, reflecting strong investor confidence in the full-service hotel category.

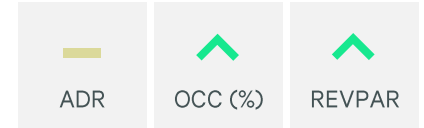
PERFORMANCE

- Mumbai's hotel market is performing robustly across the economy, midscale, and luxury segments, with market-wide occupancy holding above 85%, among the highest of any major Indian city. ADR growth has been the primary RevPAR driver, supported by constrained new supply in established submarkets.

OUTLOOK

- Owners and operators should proactively diversify their demand mix to target domestic high net worth individuals, the staycation segment, and emerging source markets.
- The Navi Mumbai Airport corridor presents a significant opportunity, with owners of assets in the area recommended to commence brand positioning and pre-opening strategies to capture first-mover advantage. With growth visible across all hotel tiers, operators that invest in product quality and distribution efficiency will be able to defend and grow RevPAR.

SIX-MONTH OUTLOOK



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Goa

Hotel pricing moderates despite strong performance throughout peak season

TOURISM

- Foreign and domestic tourist arrivals to Goa typically taper in March to April as the peak season winds down, putting near-term pressure on both occupancy and rates. CBRE advises operators to anticipate this seasonal correction and deploy targeted promotions to sustain revenue through the shoulder season.

TRANSACTION ACTIVITY

- Deal flow has been brisk in recent months, with Ventive Hospitality (a Blackstone and Panchshil Realty joint venture) acquiring a 76% stake in Soham Leisure Ventures, the owner of the 104-key Hilton Goa Resort in Candolim, for around US\$35.1 million, reflecting institutional confidence in Goa's branded hospitality segment.
- Other transactions include Chalet Hotels' acquisition of an 11-acre beachfront land parcel in Varca at a cost of US\$16.3 million, with plans to develop approximately 170 to 190 upper-upscale rooms in South Goa. These two transactions point to accelerating branded hotel penetration and a maturing investment landscape, with both operating assets and greenfield land attracting capital.

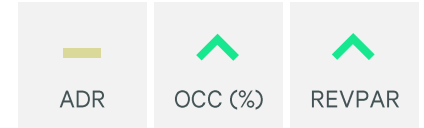
PERFORMANCE

- Overall occupancy has remained healthy this season, with luxury and boutique properties performing particularly well during peak weekends. However, ARR growth has moderated compared to the prior year, suggesting the market may be approaching a near-term rate ceiling in certain segments.

OUTLOOK

- Current international flight disruption could benefit Goa as any reduction in Indian outbound travel could boost domestic leisure volumes.
- Operators should differentiate through unique guest experiences, authentic Goan character, and strong F&B programming to sustain pricing power beyond the core season.
- Owners with undeveloped land should move decisively as branded operators are seeking management agreements and quality land is becoming increasingly scarce.

SIX-MONTH OUTLOOK



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