



# ONLINE COVERAGE

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Hotel Connect

## Rhythm Hospitality planning on more acquisitions and strategic alliances

Vaibhav Jaita, Managing Director, Rhythm Hospitality, has pioneered the ResiTel concept in India. Rhythm ResiTel currently owns and operates resort properties in Lonavala and Kumarakom and is also involved with upcoming projects across Maharashtra, Karnataka, and other parts of India. TTJ caught up with Vaibhav to learn about the ResiTel model, factors driving revenues, challenges and plans, new trends like staycations, and more.

Prashant Nayak

With a long-term goal of revolutionising the hospitality industry in India, Rhythm ResiTel, a diverse conglomerate in the hospitality and real estate industries, pioneered the novel concept of ResiTel. Rhythm ResiTel offers a synthesis of resort ambience and real estate ownership, where individuals can buy resort suite units as a convenient property investment, yielding long-term secured returns and capital appreciation. The ResiTel asset class ensures productive use of the property both for superior income generation purposes and for hassle-free enjoyment.

Rhythm Lonavala, a ResiTel hotel, is built on the land that belongs to Karsandas Mulraj, a freedom fighter. The Jaita family acquired that land for the grandson of Karsandas Mulraj named Jewahar Mulraj. During the property's inception, the Jaita family gave strict instructions to retain and maintain all the trees and continue the legacy of the Mulraj family. The property proudly holds trees that are 80 years old and more. Also, all the artifacts in the property are specially handpicked from around the world.

At Rhythm Hospitality, there has been an uptick in reservation bookings and higher average room rates (ARR) for hotels. Across their portfolio, they are currently doing anywhere between 30 per cent to 40 per cent more business than before the pandemic. However, their offerings are tailored more to the leisure segment. On the other hand, business hotels are still taking some more



▲ Vaibhav Jaita

time to cross pre-pandemic levels. "Room rates and occupancy are a function of demand and supply. While the demand has increased, supply has not been added as no new hotels have come up in the last 3-4 years. For Rhythm, this has translated to an increase in occupancy, reservations as well as ARR," explains Vaibhav.

Due to COVID-19, there has been an increase in attrition in the hospitality industry, adding to the challenges in business. Vaibhav says, "Attrition that used to be around 5-10 per cent is probably now closer to 20 per cent. However, it is up to each group to put in well-balanced SOPs and other HR policies to ensure that there is loyalty within the organisation. We have been fortunate to attract and retain good talent at Rhythm Group."

Some of the other challenges that have been prevalent in the industry for quite a

few years are things like access to capital. Hospitality projects require substantial capital, and in India, access to the right capital to enable the scaling of this sector is limited. The sector is also looking forward to implementing various policies, such as expanding industry benefits to hotels, announced by Maharashtra Tourism in April 2021.

For the next two quarters of this year, at Rhythm on their existing portfolio, they plan to continue increasing profitability while maintaining their guest satisfaction ratio. This is done by ensuring that all their properties score high on the ORM tool, a performance metric tool they use to measure guest satisfaction across their portfolio. "We are also using this time as an opportunity to build our company via inorganic growth. We are planning on more acquisitions and strategic alliances. There are good assets currently on the market at attractive price points. Hence, we are trying to make the most of the opportunity and add more resorts to our portfolio," shares Vaibhav.

"Staycation" was an interesting new trend that developed during the COVID-19 pandemic. It is a trend that is likely to continue in the future as most of us have got accustomed to the 'work from anywhere' lifestyle.

Elaborating more on this trend, Vaibhav says, "I think it developed because many five and four-star hotels in cities kept lowering their rates to attract customers, to fill rooms and get business. For instance, a five-star hotel in Chennai with 700-rooms offered accommodations at a very less price point to attract the local city crowd. However, this is a price-sensitive business. These city hotels would have to keep their prices extremely low or balance them to capture such markets. Due to the low price factor and the COVID-19 safety provided by the hotels, the concept of staycations picked up. However, in due course, once the business starts returning to normal, with corporates and other outbound and inbound businesses back again, the city hotels are bound to increase the tariffs. These will lead to a reduction in staycations. However, for the time being, this concept has been very well accepted, and thus the trend is likely to continue."

