



# FEASIBILITY STUDY OF HOSPITALITY REAL ESTATE DEVELOPMENT IN THE CITY OF NASHIK, INDIA

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## ABSTRACT

*Nashik, located in the state of Maharashtra, is positioned between latitudes 19°54'40" and 20°05'08" North and longitudes 73°41'08" and 73°54'22" East. Renowned as one of the prominent Hindu pilgrimage sites, it hosts the Kumbh Mela every 12 years, drawing visitors to its picturesque landscapes and favourable climate. The city holds profound mythological, historical, social, and cultural significance, contributing to its vibrant presence in industrial, political, and cultural spheres. Situated approximately 190 kilometres north of Mumbai, the state capital, Nashik is often celebrated as the "Wine Capital of India" due to its considerable share of the nation's vineyards and wineries. Developed along the banks of the Godavari River, the city leverages these assets to bolster its tourism appeal. This study examines the prospects for hospitality development in Nashik by analysing demand and supply dynamics through comprehensive primary and secondary research, supported by advanced mathematical and mapping methodologies. The findings underscore a substantial opportunity for hotel development within the region.*

**Keywords:** Market research, Hotel Feasibility study, Catchment area analysis

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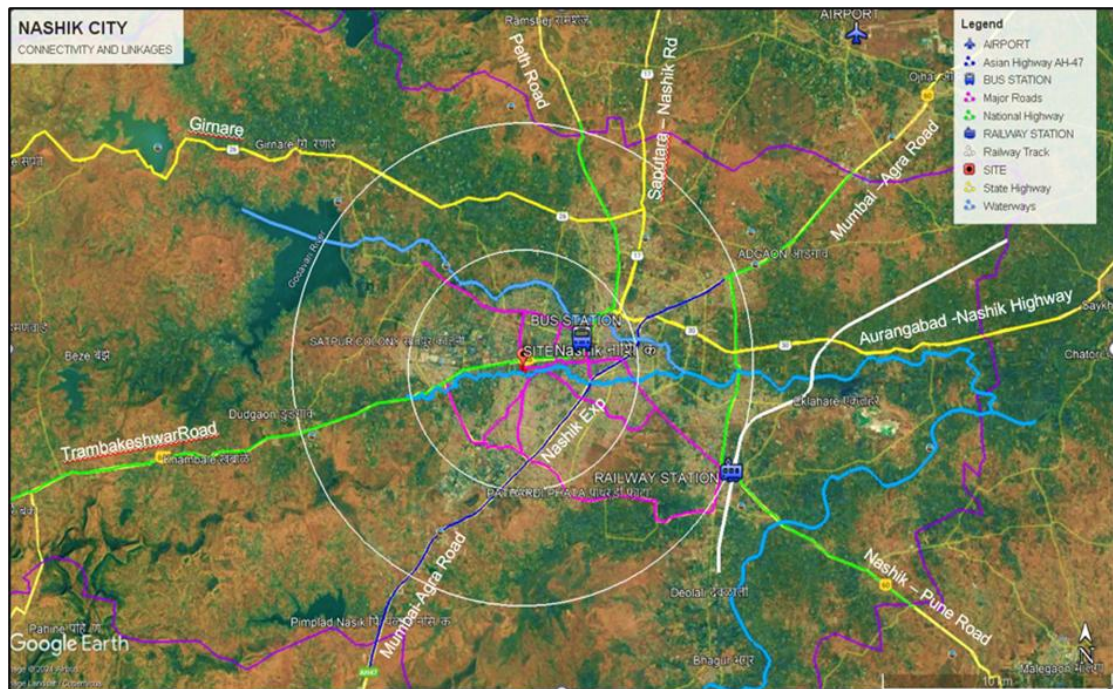
## 1. INTRODUCTION

Nashik is located between latitudes 19°54'40" N and 20°05'08" N and longitudes 73°41'08" E and 73°54'22" E. Strategically positioned, the city is well-connected by road, situated 185 kilometres from Mumbai and 220 kilometres from Pune. Serving as a regional hub, Nashik plays a pivotal role in northern Maharashtra.



**Figure 1: Location map of study city (Source: Tripura State Portal & Made in Google Earth Pro)**

Nashik is a favoured destination for holiday tourists, particularly from nearby regions, with a significant number of visitors originating from cities such as Mumbai, Pune, and the southern parts of India. International tourists predominantly come from countries like South Korea, Germany, and Russia.



**Figure 2: Regional Linkage (Map Source: Made in Google Earth Pro)**

Nashik is categorized as a C-Tier city, relying heavily on nearby urban centres like Mumbai and Pune for economic and infrastructural support. The city's economy is strongly anchored by its industrial and automobile sectors, with key establishments including Mahindra Warehouse, Mahindra R&D, Gabriel India, Bosch, Everest Industries, Polycab, CEAT Tyres, as well as prominent paint and electrical industries. Business travel stemming from manufacturing, tourism, the wine industry, motorbiking, weddings, and defence sectors significantly contributes to the demand for hotel accommodations.

Nashik attracted 3.36 million tourists (2010 Tourism Survey of Maharashtra conducted by the Ministry of Tourism, Government of India), a figure that has likely more than doubled since then. These factors collectively underscore the growing need for enhanced tourist and business infrastructure, particularly hotels, in Nashik.



**Figure 3: Tourism places in and around Nashik city (Source: iijraset Paper)**

## 2. LITERATURE REVIEW

Hospitality real estate development is fundamentally linked to a city's economic vitality, cultural significance, and infrastructural capabilities. The city of Nashik, located in Maharashtra, India, presents a compelling case for hotel development, driven by its strong industrial base, religious tourism, and evolving cultural landscape. Tourism development studies have long recognized the role of pilgrimage centres in sustaining steady travel demand (Ministry of Tourism, Government of India, 2010). Nashik, as one of the four sites for the Kumbh Mela and a major pilgrimage centre housing temples like Trimbakeshwar and Kalaram Mandir, attracts millions of domestic and international tourists annually. The steady influx of visitors, primarily from cities like Mumbai and Pune and countries such as South Korea, Germany, and Russia, underscores the need for quality hospitality infrastructure (Maharashtra Tourism, 2024). Furthermore, Nashik's classification as a C-Tier city and its economic reliance on industrial hubs such as the Maharashtra Industrial Development Corporation (MIDC) and City and Industrial Development Corporation (CIDCO) reflect patterns identified in regional

economic studies, where secondary cities thrive when integrated with larger urban economies (IOSR Journal of Business and Management, 2020).

Industrial activities, including automobile manufacturing, electrical equipment production, and paint industries, foster business travel—a critical demand driver for hotels. As shown in global research, business travellers offer more consistent year-round hotel occupancy compared to seasonal leisure tourists (Gundersen, Heide, & Olsson, 1996). The significance of events and festivals as catalysts for tourism has been consistently emphasized in the literature. Nashik's annual and special events, notably the Sula Vineyard Festival, contribute to short-term spikes in hotel occupancy, a phenomenon well-documented in event tourism research (Getz, 2008). The combination of business travel and leisure tourism creates a hybrid demand profile that enhances investment stability for hospitality developers. Technological shifts have also transformed the hospitality sector. As noted by Buhalis and Law (2008), the rise of Online Travel Agencies (OTAs) has reshaped hotel booking behaviours, especially in emerging markets. The primary research in Nashik reveals significant dependence on OTAs, suggesting that new hotel projects must prioritize digital marketing and distribution strategies to maximize market penetration. Infrastructure, a critical enabler of real estate success, also Favors Nashik's hospitality prospects. Its strategic connectivity—being located just 185 kilometres from Mumbai and 220 kilometres from Pune—positions the city advantageously within regional transportation networks (Tripura State Portal, 2023). Prior studies have affirmed that secondary cities with strong logistical linkages and multi-sector economic bases are increasingly attractive for hospitality investment (Jones Lang LaSalle, 2017). Collectively, existing literature and primary findings from this study reinforce Nashik's strong potential for hospitality real estate development. The convergence of industrial growth, religious and recreational tourism, robust transportation linkages, and digital adoption signals an opportune environment for hotel investments in the region.

## **2.1 Urbanization and Hospitality Demand**

Urbanization has consistently been identified as a major driver for hospitality development. Secondary cities, as pointed out by McNeill (2008), experience a natural hospitality expansion once infrastructural and industrial thresholds are crossed. Nashik's growth trajectory—marked by the development of industrial corridors, transportation hubs, and cultural events—aligns with these patterns. It represents a textbook case of “second-tier urban hospitality emergence,” where hotel projects capitalize on both business and leisure travel markets.



Moreover, the theory of agglomeration economies, where industries cluster together to create mutual benefits, applies well to Nashik's MIDC and CIDCO developments (Porter, 1998). Such clusters not only attract corporate investment but also sustain ongoing business travel, leading to a steady, reliable hotel occupancy base.

## **2.2 Religious and Cultural Tourism**

Tourism studies have long emphasized the impact of pilgrimage destinations on urban hotel demand (Timothy & Olsen, 2006). Nashik's status as a major pilgrimage city, particularly for the Kumbh Mela, creates cyclical surges in accommodation demand. However, unlike seasonal beach or adventure tourism, religious tourism is often less sensitive to external shocks, making it a relatively stable revenue source for hotels (Nolan & Nolan, 1992). This stability is especially valuable for investors evaluating feasibility studies in hospitality real estate.

Additionally, Sula Vineyards' success in promoting wine tourism adds a newer, aspirational layer to Nashik's visitor profile. Research by Hall and Mitchell (2008) underscores that wine tourism destinations often experience an uptick in boutique and midscale hotel demand, catering to niche luxury-seeking travelers.

## **2.3 Hospitality Real Estate Investment in Emerging Economies**

Research into hotel development trends in emerging markets (Deloitte, 2015) identifies certain consistent patterns: rising domestic tourism, infrastructure improvement, and economic diversification act as triggers for hospitality real estate booms. Nashik fits this framework well, with growing infrastructure investment and diversification beyond manufacturing into wine, defense training, and motorbike tourism sectors.

Furthermore, Lohmann and Netto (2017) argue that secondary cities in emerging countries often offer better ROI (Return on Investment) for hotel developments than saturated metropolitan markets. The combination of relatively low land costs, untapped demand, and government incentives (such as tourism promotion policies) increases feasibility. Given that Mumbai's hotel market is comparatively saturated and expensive, Nashik offers an appealing alternative for real estate developers.

## **2.4 Technology and Digital Transformation**

As Buhalis and Law (2008) pointed out, the digitization of travel planning—especially the dominance of OTAs—has revolutionized hotel marketing and revenue management. In Nashik's context, the growing reliance on OTAs revealed by primary surveys suggests that future hotels must strategically invest in digital presence management, including dynamic pricing, reputation management, and targeted digital marketing campaigns to maximize visibility and profit.

Improved regional linkages also reflect the broader findings of UNWTO (2019), which state that "intra-regional" travel is now one of the fastest-growing tourism segments globally. Nashik's accessibility positions it well to capitalize on this trend, particularly from Maharashtra's dense urban corridors.

### **3.OBJECTIVE**

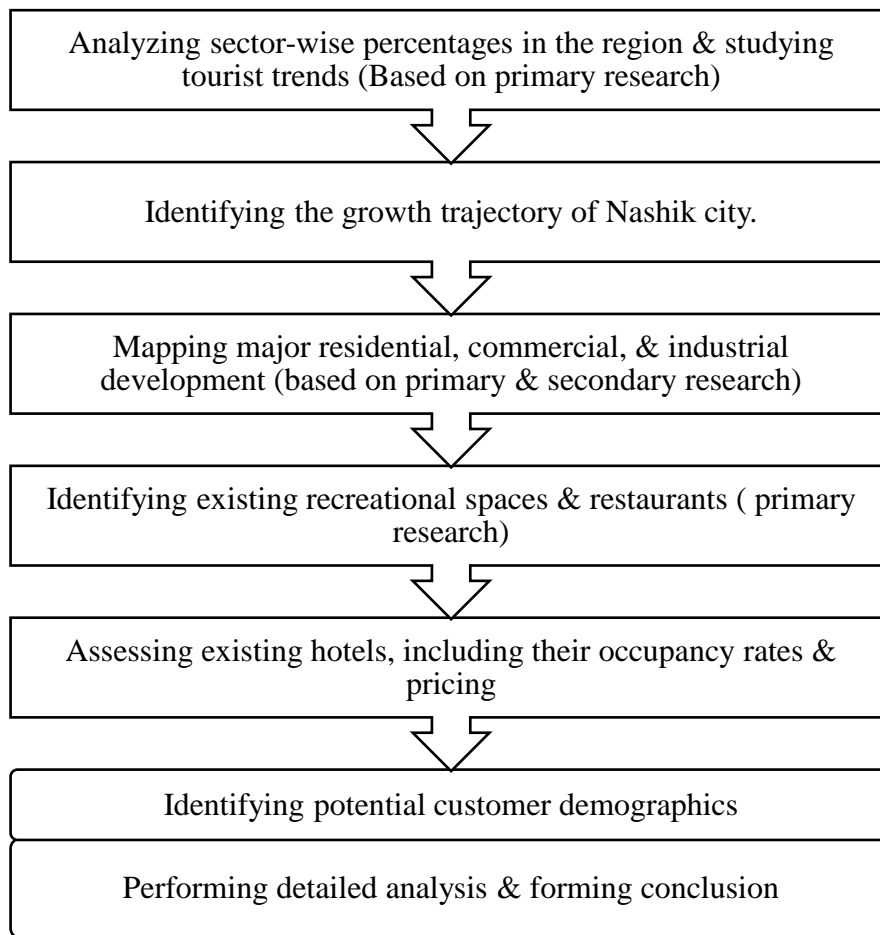
The primary aim of this study is to perform a trade area analysis for hotel development in Nashik and assess the feasibility of establishing a new hotel within the region.

### **4.RESEARCH GAP**

While existing literature extensively highlights the significance of religious tourism, business travel, and event-driven demand in secondary cities like Nashik, there remains a noticeable gap in localized, primary-data-driven studies specifically addressing hospitality real estate potential in Nashik. Most research focuses on broader urban centers or established tourism hubs, often overlooking smaller yet rapidly developing cities that possess unique industrial and cultural attributes. Additionally, the impact of emerging industries such as wine tourism and the growing motorbiking culture on hotel demand has been largely underexplored in existing academic work. Furthermore, while digital transformation via Online Travel Agencies (OTAs) is recognized globally, specific strategies for leveraging these platforms in secondary Indian markets require deeper investigation. Therefore, this study fills a crucial gap by offering primary research insights into Nashik's dynamic hospitality market and assessing its feasibility for future hotel developments.

### **5.METHODOLOGY**

The study employs a comprehensive approach, focusing on conducting a trade area analysis in Nashik and evaluating the feasibility of a hotel project through both primary and secondary research. The following steps were undertaken to analyse the data and derive informed conclusions:

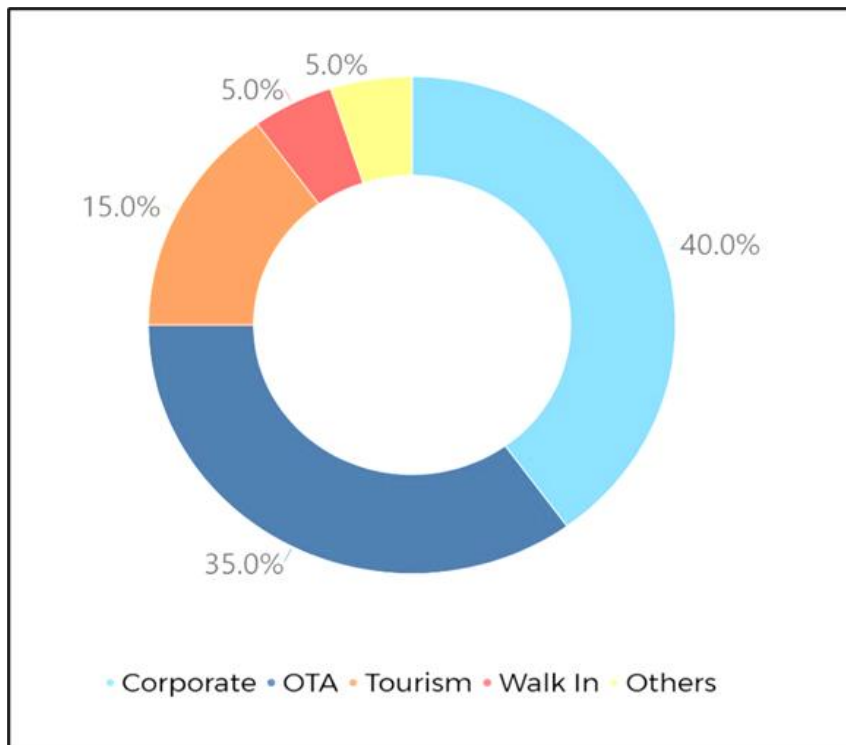


**Table 1: Structure of Methodology**

### 5.1 Sector wise percentage in the region and Tourist Arrivals

- The largest segment consists of corporate travelers, driven by the presence of MIDC and CIDCO industrial zones, along with industries such as electrical manufacturing, paint production, and IT/startup ventures.
- This is followed by travelers from Online Travel Agencies (OTAs) and tourists drawn to prominent attractions, including Trimbakeshwar Temple, Ramkund Temple, Shree Kalaram Mandir, and Sula Vineyards.
- The next segment comprises walk-in guests, with the remainder including MICE (Meetings, Incentives, Conferences, and Exhibitions) activities. These include paint distribution events and visits by organizations such as SBI, Union Bank, and pharmaceutical companies like Mankind, Zydus, and Adbot, as well as defense-related training programs for Nepalese troops.
- Tourist arrivals are predominantly from Mumbai, southern India, and international markets, particularly South Korea, Germany, and Russia.





**Figure 4: Sector – Wise Percentage in Nashik City (Primary Study)**

- **Average Stay Duration by Segment (Based on Primary Study):**

- **Corporate Travelers:**

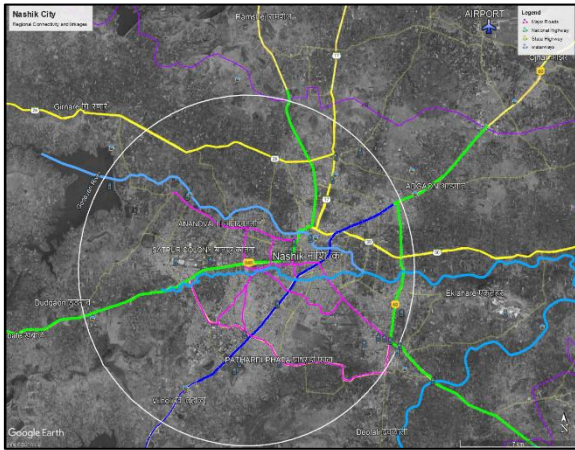
- Regular: Typically, 2-3 days
- Project or Inspection Team: Extended stays of 15 days or more (Example: Team associated with the upcoming Dalmia Cement Poly-plastic Plant)
- Sales and Technical Team: Average stays of 2 to 3 Days.

- **Tourism:**

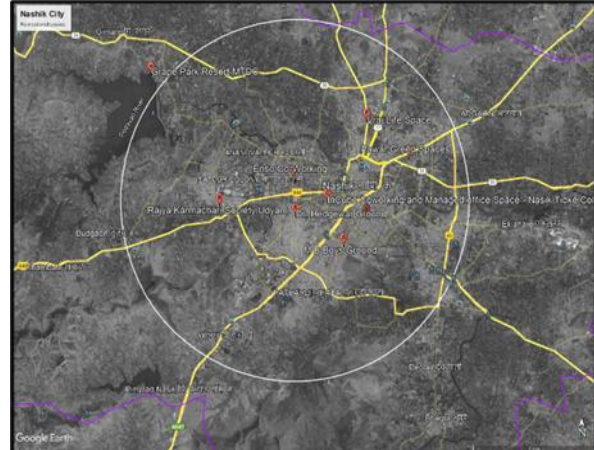
- Tourists generally stay for an average of 2 days.

## **5.2 Primary and Secondary Data Analysis**

The findings from both field research and secondary studies are outlined below, supplemented by maps illustrating existing developments and potential areas for future growth.



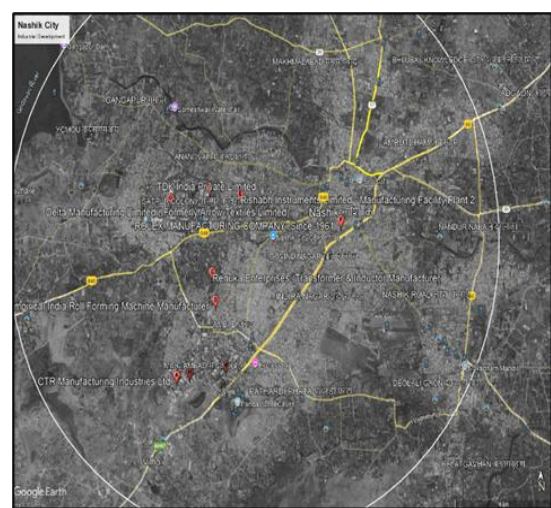
**Figure 5: City linkages and transport nodes**



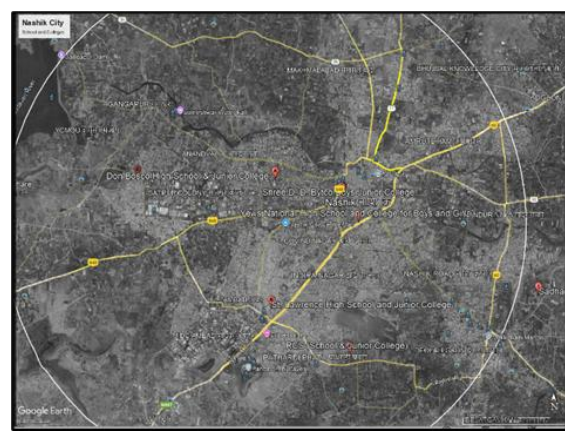
**Figure 6: Recreational spaces**



**Figure 7: Major Residential & Commercial Development**



**Figure 8: Industrial Developments**



### Figure 10: Schools and Colleges

The primary survey revealed key factors driving hotel demand in Nashik, summarized as follows:

The primary survey identified key factors driving hotel demand in Nashik, summarized as follows:

- **Business Travelers:** The primary source of demand stems from business travelers visiting the Maharashtra Industrial Development Corporation (MIDC) and City and Industrial Development Corporation (CIDCO) sectors for activities such as conferences, workshops, training sessions, audits, and other business-related purposes.
- **Pilgrimage Tourism:** A significant share of demand is driven by tourists visiting pilgrimage sites such as Trimbakeshwar Temple, Ramkund Temple, and Shree Kalaram Mandir. However, many opt to stay in Satara due to the relatively higher hotel rates in Nashik.
- **Events and Festivals:** Tourists are further attracted by special events and festivals, such as the renowned Sula Vineyard Festival.
- **Key Demand Drivers:** Hotel occupancy is significantly influenced by business travel related to the manufacturing sector, tourism, the wine industry, motorbiking enthusiasts, and defence-related activities.
- **Social Events:** Weddings, parties, and conferences contribute to steady hotel occupancy throughout the year.

### Room Average Rate of Some Major Hotels

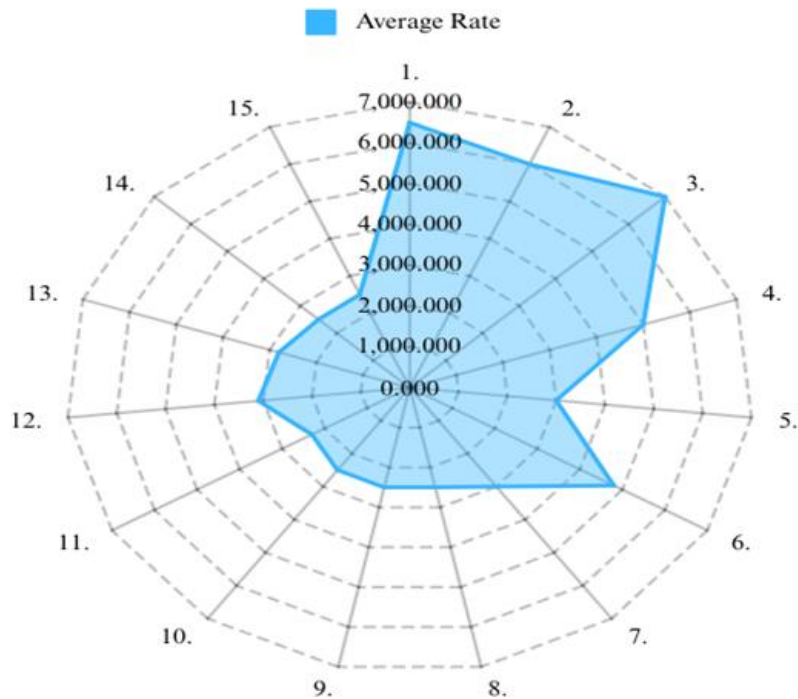


Figure 11: Room Average Rate of Some Major Hotel in Nashik (Primary Study)

### Average Annual Occupancy for hotels in Nashik

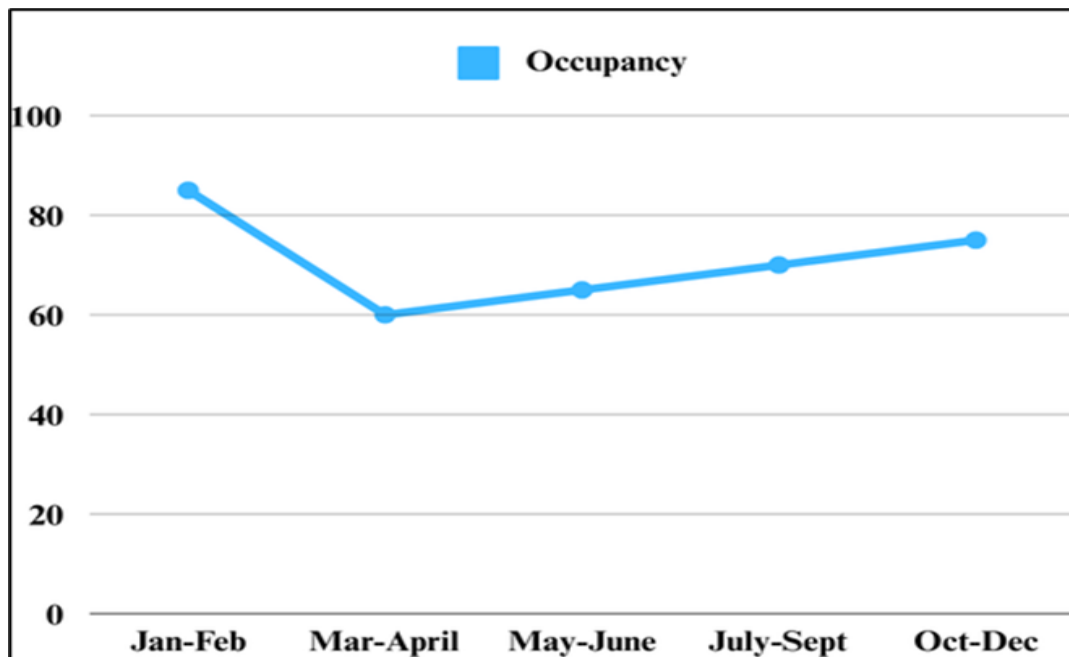


Figure 12: Average Annual Occupancy for hotels in Nashik (Primary Study)

## 6. OBSERVATIONS AND CONCLUSION

- Many tourists and business travellers prefer staying at hotels they have frequented over the years.
- The primary demand for hotel accommodations comes from business professionals visiting the MIDC and CIDCO sectors in Nashik for activities such as conferences, workshops, training sessions, audits, and other corporate functions.
- Corporate employees on routine visits typically stay for 2–3 days, while project or inspection teams, such as those involved with the upcoming Dalmia Cement Polyplastic Plant, often have extended stays of 15 days or more. Sales and technical teams usually stay for 2–3 days.
- Tourists generally plan for an average stay of 2 days.
- Travelers from the wine industry, motorbiking enthusiasts, and defense personnel typically book stays ranging from 2 to 3 days.

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