

Capsule Hotel Market Report by Traveler Type (Solo, Group), Booking Mode (Online Booking, Offline Booking), Age Group (Generation X, Generation Y, Generation Z), Application (Office Workers, Tourists, and Others), and Region 2024-2032

Market Report | 2024-03-02 | 149 pages | IMARC Group

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Report description:

The global capsule hotel market size reached US\$ 107.8 Million in 2023. Looking forward, IMARC Group expects the market to reach US\$ 237.5 Million by 2032, exhibiting a growth rate (CAGR) of 8.9% during 2024-2032. The market is experiencing steady growth driven by the growing number of solo travelers, millennials, and digital nomads seeking unique and cost-effective lodging options, rising importance of affordability in travel choices, and urbanization and high real estate costs.

Capsule Hotel Market Analysis:

Market Growth and Size: The market is witnessing strong growth, which can be attributed to the rising demand for cost-effective accommodation options, especially among budget-conscious travelers and business professionals.

Technological Advancements: Smart features, such as mobile check-ins, automated amenities, and personalized experiences, through apps are becoming prevalent, enhancing the overall guest experience and efficiency of operations.

Industry Applications: Capsule hotels are expanding their reach beyond traditional tourism. They are increasingly used in transit hubs, airports, and as temporary accommodations for healthcare workers during the pandemic.

Geographical Trends: Asia Pacific leads the market, on account of a well-established network of capsule hotels, serving both domestic and international travelers. However, North America is emerging as a fast-growing market, driven by the growing demand for cost-effective alternatives to traditional hotels.

Competitive Landscape: Key players in the market are actively engaged in several strategic initiatives to maintain and expand their presence in the industry. They are innovating their capsule designs, incorporating smart technologies to enhance the guest experience, and implementing sustainable practices to meet growing environmental concerns.

Challenges and Opportunities: While the market faces challenges, such as regulatory hurdles and concerns over guest privacy in compact spaces, it also encounters opportunities in expanding into untapped markets, developing innovative designs, and

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capitalizing on the increasing preference for unique and affordable lodging experiences.

Future Outlook: The future of the capsule hotel market looks promising, with the combination of factors, such as urbanization, increasing travel, and the desire for cost-effective and convenient accommodations. As technology is advancing, we can expect further enhancements in guest experiences and operational efficiency, making capsule hotels a significant player in the hospitality industry.

Capsule Hotel Market Trends:

Changing traveler preferences

Changing demographics and traveler preferences are propelling the growth of the market. With an increasing number of solo travelers, millennials, and digital nomads seeking unique and cost-effective lodging options, capsule hotels are gaining traction. These travelers often prioritize affordability, convenience, and efficiency, which aligns perfectly with what capsule hotels offer. The desire for immersive and Instagram-worthy experiences is leading to the growth of themed capsule hotels, attracting travelers looking for memorable stays. Additionally, the trend towards minimalism and sustainability resonates with the capsule hotel concept, appealing to eco-conscious travelers. The growth of the market is also driven by its ability to cater to the evolving needs and preferences of modern travelers, providing a compact yet comfortable solution for short-term stays.

Urbanization and high real estate costs

As urban areas are becoming more densely populated, costs of land and real estate in city centers are rising. This makes it increasingly challenging for traditional hotels to offer affordable accommodation in prime locations. Capsule hotels, with their compact and space-efficient design, are a practical solution to this problem. They can be established in smaller spaces and still provide comfortable lodging options, often at a fraction of the cost of traditional hotels in the same area. Moreover, these hotels are strategically located near transportation hubs, business districts, and popular tourist attractions, making them convenient choices for travelers who want to stay in the heart of the city. Urbanization trends, coupled with the need for affordable urban accommodations, are driving the expansion of capsule hotels in metropolitan areas worldwide, further impelling the growth of the market.

Economic factors and budget travel

Capsule hotels cater to a wide range of travelers, including budget-conscious individuals and those seeking affordable accommodation options. In an era where travel is becoming more accessible and widespread, many travelers are keen on optimizing their budgets. Capsule hotels offer a cost-effective alternative to traditional hotels, allowing guests to save on accommodation expenses while still enjoying a comfortable and secure place to stay. Moreover, economic downturns are increasing the importance of affordability in travel choices. During these periods, capsule hotels are becoming a preferred choice for travelers looking to minimize expenses without compromising on safety and cleanliness. As economic factors are influencing travel decisions, the capsule hotel market is poised for sustained growth, meeting the demand for budget-friendly lodging options.

Rise of business and solo travelers

The growing trend of business and solo travelers is offering a favorable market outlook. There is an increase in individuals traveling for work, attending conferences, or seeking short-term stays in urban areas. These travelers often require convenient and comfortable accommodations that cater to their specific needs, including easy access to business districts and transportation hubs. Capsule hotels are well-suited for this demographic. They offer compact, efficient, and well-equipped spaces that provide a comfortable environment for solo travelers, whether they are on business trips or exploring new destinations independently. Additionally, the flexibility of capsule hotels, with their typically shorter booking periods and 24/7 check-in or check-out options, aligns with the dynamic schedules of business and solo travelers.

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Capsule Hotel Industry Segmentation:

IMARC Group provides an analysis of the key trends in each segment of the market, along with forecasts at the global, regional, and country levels for 2024-2032. Our report has categorized the market based on traveler type, booking mode, age group and application.

Breakup by Traveler Type:

Solo
Group

Solo accounts for the majority of the market share

The report has provided a detailed breakup and analysis of the market based on the traveler type. This includes solo and group. According to the report, solo represented the largest segment.

Solo travelers, including backpackers, digital nomads, and individuals on business trips, are drawn to capsule hotels due to their affordability, convenience, and suitability for single occupants. These travelers often seek cost-effective lodging options that provide a comfortable and secure place to stay while exploring new destinations or attending work-related events. Capsule hotels cater to the unique needs of solo travelers, offering compact yet well-designed capsules that provide privacy, comfort, and essential amenities.

Group travelers include friends, families, or small tour groups who choose to stay in capsule hotels for various reasons. While capsule hotels are typically associated with individual travelers, some establishments offer group capsules or interconnected capsules to accommodate multiple guests in close proximity.

Breakup by Booking Mode:

Online Booking
Offline Booking

Offline booking holds the largest share in the industry

A detailed breakup and analysis of the market based on the booking mode have also been provided in the report. This includes online booking and offline booking. According to the report, offline booking accounted for the largest market share.

Many travelers, especially those from older generations or individuals with limited access to the internet, still prefer traditional methods of booking accommodations. In this segment, guests make reservations directly at the front desk of the hotel or through telephone bookings. Capsule hotels that rely on walk-in guests or tourists who arrive without prior reservations contribute significantly to this segment. Additionally, some capsule hotels located in busy tourist areas benefit from high foot traffic and attract spontaneous travelers looking for immediate lodging.

The online booking segment in the market has been steadily growing in recent years, fueled by the widespread use of smartphones and increased access to the internet. Travelers now have the convenience of booking their capsule accommodations through various online platforms, including hotel websites, third-party booking websites, and dedicated travel apps. Online booking offers guests the flexibility to research, compare prices, and read reviews before making reservations.

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Breakup by Age Group:

Generation X

Generation Y

Generation Z

Generation Z represents the leading market segment

The report has provided a detailed breakup and analysis of the market based on the age group. This includes generation X, generation Y, and generation Z. According to the report, generation Z represented the largest segment.

Generation Z, often referred to as Gen Z, constitutes the largest segment in the capsule hotel market. Gen Z travelers are known for their tech-savvy nature and desire for unique experiences. They are drawn to capsule hotels due to the innovative and efficient nature of these accommodations, as well as their affordability. They appreciate the minimalist design, modern amenities, and sustainability features often found in capsule hotels. They prioritize convenience, accessibility via mobile apps, and personalized experiences, making them well-suited for the capsule hotel concept.

Generation Y, or millennials, also constitute a significant segment in the capsule hotel market. Millennials are known for their adventurous spirit and desire for authentic travel experiences. Many millennials are embracing the capsule hotel concept as it aligns with their values of sustainability and affordability. They appreciate the flexibility and convenience of capsule accommodations, especially during short getaways or solo trips.

Generation X represents a smaller but notable segment in the market. This demographic often seeks comfort and convenience during their travels, which may lead them to choose capsule hotels for short stays. While they may not be as tech dependent as younger generations, generation X travelers appreciate the simplicity and cost-effectiveness of capsule accommodations, especially when exploring urban area

Breakup by Application:

Office Workers

Tourists

Others

The report has provided a detailed breakup and analysis of the market based on the application. This includes office workers, tourists, and others.

Capsule hotels are gaining traction among office workers as a convenient and efficient lodging solution. This segment primarily consists of professionals who require short-term accommodations for various purposes, such as business meetings, seminars, or extended work hours. Capsule hotels located in or near business districts cater to the needs of these office workers by providing comfortable and cost-effective places to rest and work. Many office workers appreciate the convenience of capsule hotels for their strategic locations, allowing them to minimize commuting time and maximize productivity.

The tourist segment represents a significant portion of the capsule hotel market, with travelers seeking affordable and unique lodging experiences. This diverse group includes domestic and international tourists exploring tourist attractions, leisure travelers on weekend getaways, and backpackers looking for budget-friendly accommodations. Capsule hotels situated in tourist hotspots, city centers, and near transportation hubs are well-positioned to serve this segment.

Breakup by Region:

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North America
United States
Canada
Asia-Pacific
China
Japan
India
South Korea
Australia
Indonesia
Others
Europe
Germany
France
United Kingdom
Italy
Spain
Russia
Others
Latin America
Brazil
Mexico
Others
Middle East and Africa

Asia Pacific leads the market, accounting for the largest capsule hotel market share

The market research report has also provided a comprehensive analysis of all the major regional markets, which include North America (the United States and Canada); Asia Pacific (China, Japan, India, South Korea, Australia, Indonesia, and others); Europe (Germany, France, the United Kingdom, Italy, Spain, Russia, and others); Latin America (Brazil, Mexico, and others); and the Middle East and Africa. According to the report, Asia Pacific accounted for the largest market share as the concept of capsule hotels originated in Japan, and the region remains a hub for these accommodations. Countries like Japan, South Korea, and China have a well-established network of capsule hotels, serving both domestic and international travelers. The Asia Pacific region benefits from high urbanization rates, making capsule hotels a practical solution for travelers seeking affordable and convenient lodging options in densely populated cities.

North America has seen steady growth in the capsule hotel market in recent years. Major metropolitan areas in the United States and Canada are witnessing the emergence of capsule hotels, primarily targeting solo travelers, millennials, and business professionals. These establishments often cater to urban travelers looking for cost-effective alternatives to traditional hotels.

Europe has also embraced the capsule hotel concept, particularly in tourist-heavy cities and transit hubs. Countries like the United Kingdom, Germany, and the Netherlands are experiencing the growth of capsule hotels catering to a diverse range of travelers, including tourists, backpackers, and business travelers. This segment benefits from the well-connected transportation infrastructure, making capsule hotels an attractive option for travelers in transit.

The market in Latin America is still in its nascent stages compared to other regions, but it shows potential for growth. Countries like Brazil, Mexico, and Argentina have started to explore this concept, targeting both domestic and international tourists.

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The Middle East and Africa segment of the capsule hotel market is relatively small but growing. Cities like Dubai and major airports in the region are witnessing the introduction of capsule hotels to serve transit passengers and travelers looking for short stays.

Leading Key Players in the Capsule Hotel Industry:

Key players in the market are actively engaged in several strategic initiatives to maintain and expand their presence in the industry. They are innovating their capsule designs, incorporating smart technologies to enhance the guest experience, and implementing sustainable practices to meet growing environmental concerns. These players also focus on strategic location selection, ensuring proximity to transportation hubs and urban centers to attract both business and leisure travelers. Additionally, they are diversifying their offerings by introducing themed or specialty capsule hotels to cater to niche markets. Collaborations with online booking platforms and travel agencies play a crucial role in marketing and attracting a broader consumer base, while maintaining competitive pricing and providing a high standard of hygiene and safety standards remains a top priority.

The market research report has provided a comprehensive analysis of the competitive landscape. Detailed profiles of all major companies have also been provided. Some of the key players in the market include:

CubeHotelsGroup
De Bedstee Capsules Hotel B.V.
Hippo Pod
inBox Capsule Hotel
Mayu Tokyo Woman
Nadeshiko Hotel
Pangea Pod Hotel
Riccarton Capsule Hotel
St Christopher's Inns
The Bed KLCC
The Capsule Hotel
Urban Pod Pvt Ltd.

(Please note that this is only a partial list of the key players, and the complete list is provided in the report.)

Latest News:

October, 2021: Urban Pod Pvt Ltd. announced its association with IRCTC to introduce Pod concept rooms at Mumbai Central railway station, with 30 classic Pods, seven for ladies only, 10 private Pods and one for differently-abled.

Key Questions Answered in This Report

1. What was the size of the global capsule hotel market in 2023?
2. What is the expected growth rate of the global capsule hotel market during 2024-2032?
3. What are the key factors driving the global capsule hotel market?
4. What has been the impact of COVID-19 on the global capsule hotel market?
5. What is the breakup of the global capsule hotel market based on the traveler type?
6. What is the breakup of the global capsule hotel market based on the booking mode?
7. What is the breakup of the global capsule hotel market based on the age group?
8. What are the key regions in the global capsule hotel market?
9. Who are the key players/companies in the global capsule hotel market?

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