SRI LANKA

C9 HOTELWORKS

Tourist Arrivals Reach Record 2.36 Million in 2025

Tourist arrivals rose 15.1% year-on-year, with India as the largest source market at 22.5%

Sri Lanka is an island country that sits between the Middle East and Southeast Asia, about an hour and a half by air from southern India. Direct flights link Colombo with ten Indian cities, supporting India's position as the largest source market. European travelers mostly connect through Gulf hubs which carried 30% of all tourist arrivals in 2025.

The tourism sector has recovered following the economic challenges of 2022, with tourist arrivals increasing from 0.72 million that year to a record 2.36 million in 2025. Over this period, economic conditions improved, as inflation declined from a peak of nearly 70% in 2022 to 2.2% in March 2026 and GDP grew by approximately 5% in 2025.

Tourist arrivals were 1.86 million in January–October 2026, down 1.5% year-on-year, despite disruption to air connectivity through Middle Eastern hubs. Indian tourist arrivals rose 18.0% Y-O-Y between January and October 2026, offsetting part of the decline from the United Kingdom, Germany and Russia, which made up 23.1% of tourist arrivals in 2025.

Sri Lanka's diverse natural and cultural attractions support tourism across multiple destinations, ranging from coastal beaches to the Central Highlands and the Cultural Triangle. These all lie within the country's total area of 65,610 square kilometers, allowing visitors to combine different experiences in a single trip. In 2025, the average length of stay was 8.3 nights, exceeding 10 nights among European visitors.

Key Market Indicators

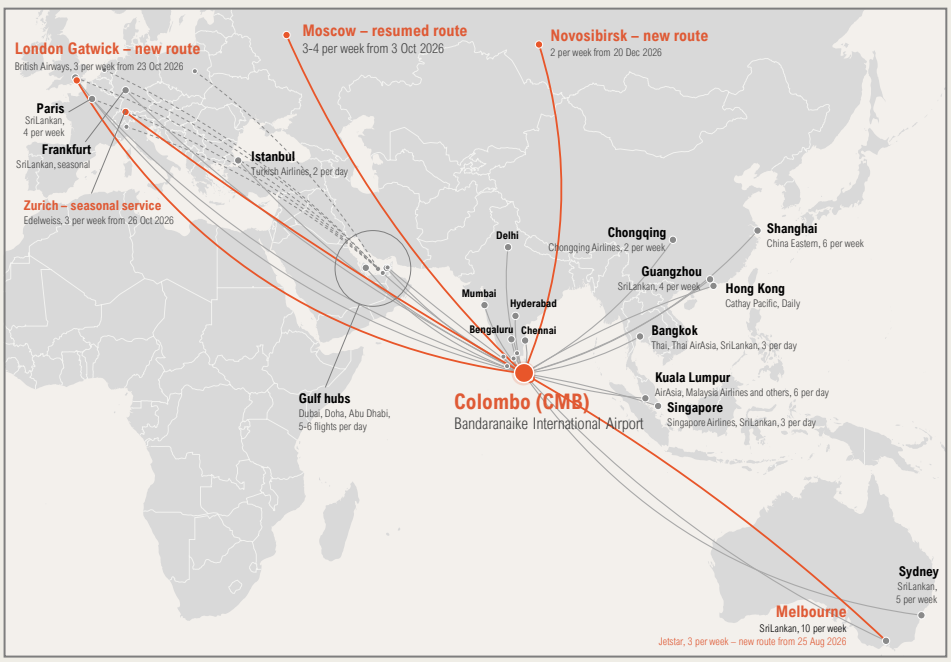
1,862,304
Tourist Arrivals, Jan-Oct 2026
▼ -1.5% Y-O-Y

26.8%
India's Share of Tourist Arrivals, Jan–Oct 2026
▲ +4.4 ppt Y-O-Y

8.3 - night
Average Length of Stay, 2025
Europe: 10.3-night

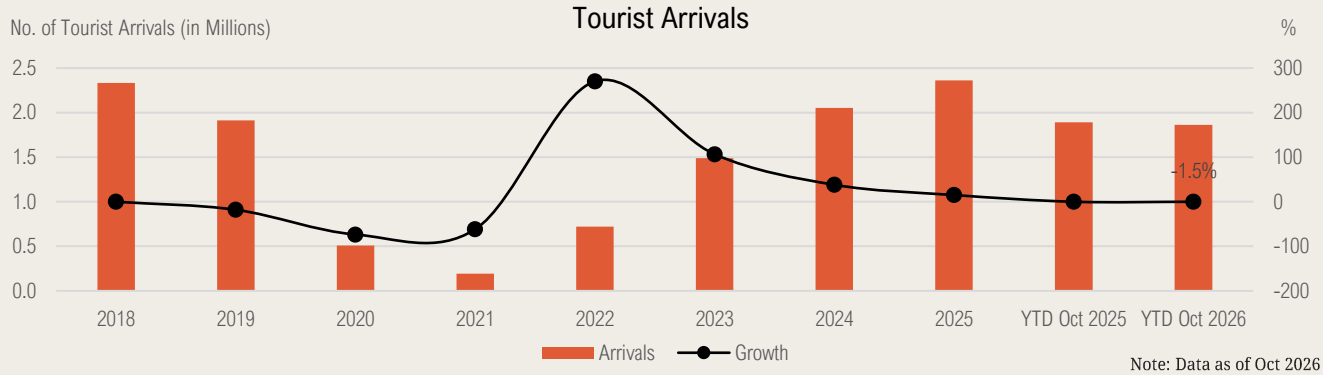
10.2M
International Passenger Movements, 2025
Design capacity: 6M

International Air Connectivity – Bandaranaike International Airport



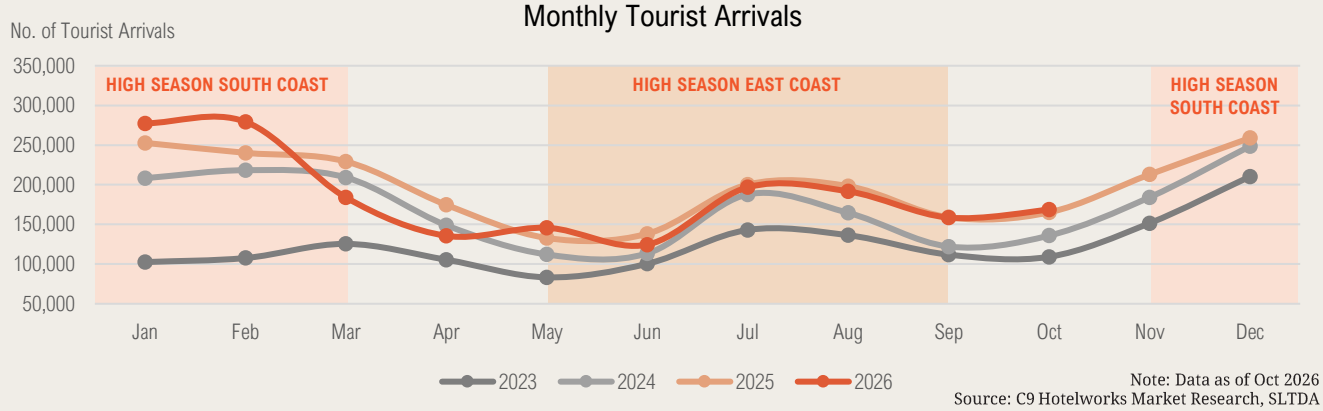
Orange: new route or new seasonal service – Grey: existing services
Data as of November 2026.
Source: C9 Hotelworks Market Research

Tourism Market Review



Note: Data as of Oct 2026
Source: C9 Hotelworks Market Research, SLTDA

In 2025, tourist arrivals rose 15.1% Y-O-Y to a record 2.36 million. Tourism earnings were USD3.22 billion in 2025.



Note: Data as of Oct 2026
Source: C9 Hotelworks Market Research, SLTDA

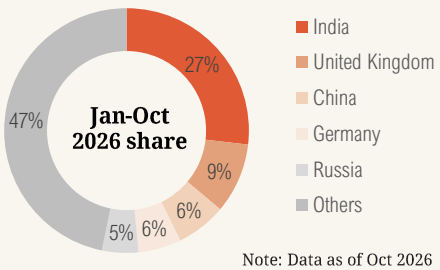
- Tourist arrivals fell 20.9% year-on-year in March and April 2026, when Gulf airspace closures suspended Gulf carrier services to Colombo. Growth in every other month was positive: 12.9% in January and February, 9.7% in May and 2.1% in October.
- November and December accounted for about 20% of 2025 tourist arrivals.

International Source Markets

Top 5 International Source Markets

No. of Tourist Arrivals by Source Market, Jan-Oct 2026

INDIA	UNITED KINGDOM	CHINA	GERMANY	RUSSIA
+18.0%	-1.0%	+10.0%	-9.8%	-32.8%
499,625	173,129	123,740	105,305	89,741



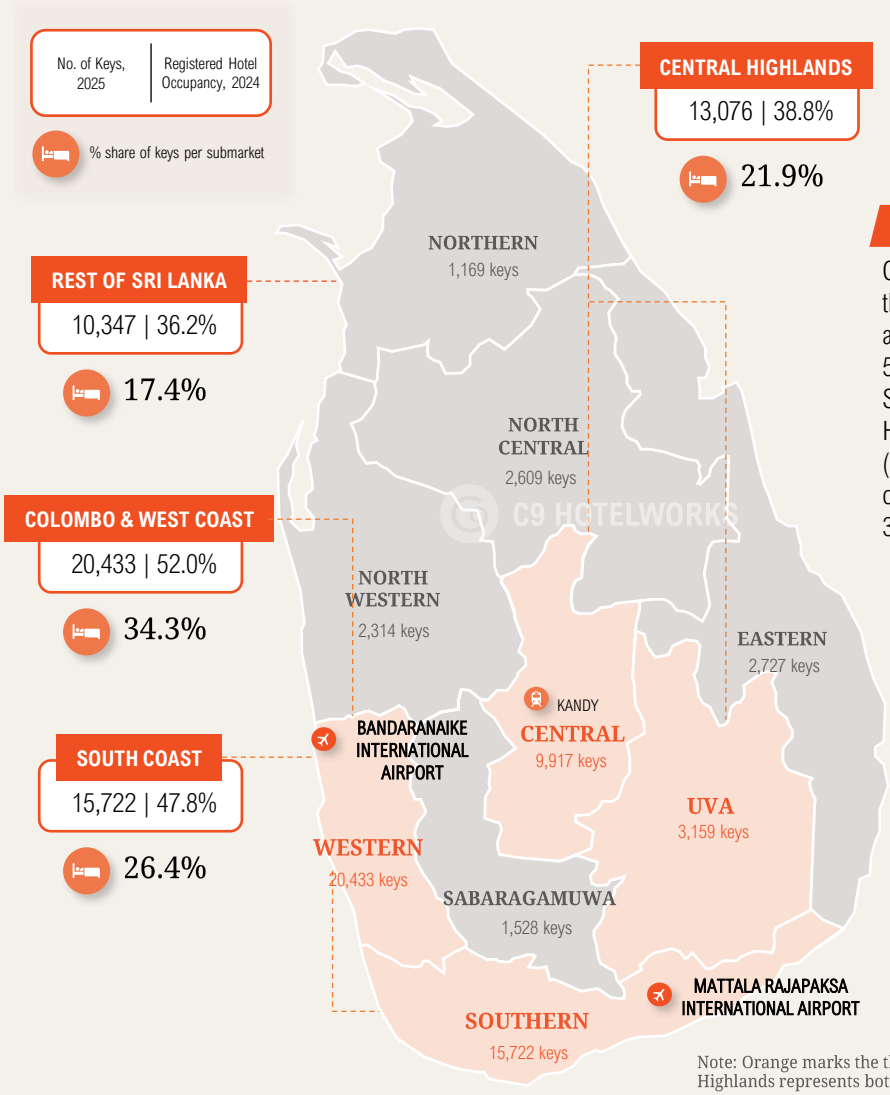
Note: Data as of Oct 2026
Source: C9 Hotelworks Market Research, SLTDA

- India is the largest source market, supported by short flight times, visa exemptions and rising outbound travel. Indian tourists stay about five nights on average, half as long as the main Western European markets (United Kingdom, Germany, France).
- Western European markets are more exposed to air disruptions due to their reliance on Gulf hubs. Russian demand fell after charter capacity reduced in November 2025, with flights to resume in October 2026.
- Chinese tourist arrivals rose 10.0% Y-O-Y, making China the third-largest source market, up from fifth in 2025.

Source: C9 Hotelworks Market Research, SLTDA

Hotel Market Review

Hotel Performance & Supply by Key Markets

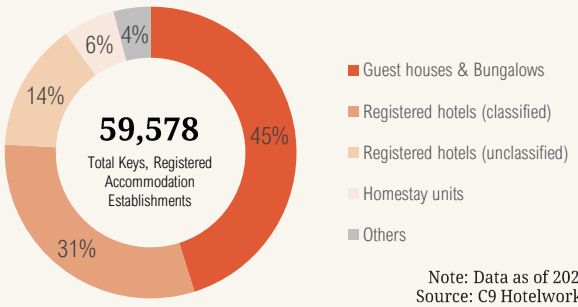


Occupancy vs Supply

Colombo & the West Coast recorded the highest registered hotel occupancy among the key markets in 2024, at 52.0%. Supply grew faster in the South Coast (11.3%) and Central Highlands (10.2%) than in Colombo (3.4%), while both recorded lower occupancy than Colombo (47.8% and 38.8% against 52.0%).

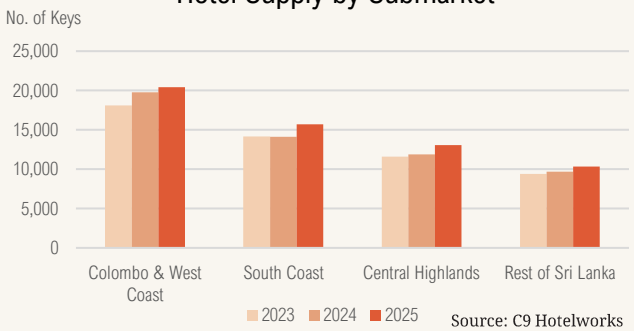
Note: Orange marks the three key destinations covered in this report. Central Highlands represents both Central and Uva. Grey marks the rest of Sri Lanka.
Source: C9 Hotelworks Market Research, SLTDA

Accommodation Types



Note: Data as of 2025
Source: C9 Hotelworks Market Research, SLTDA

Hotel Supply by Submarket

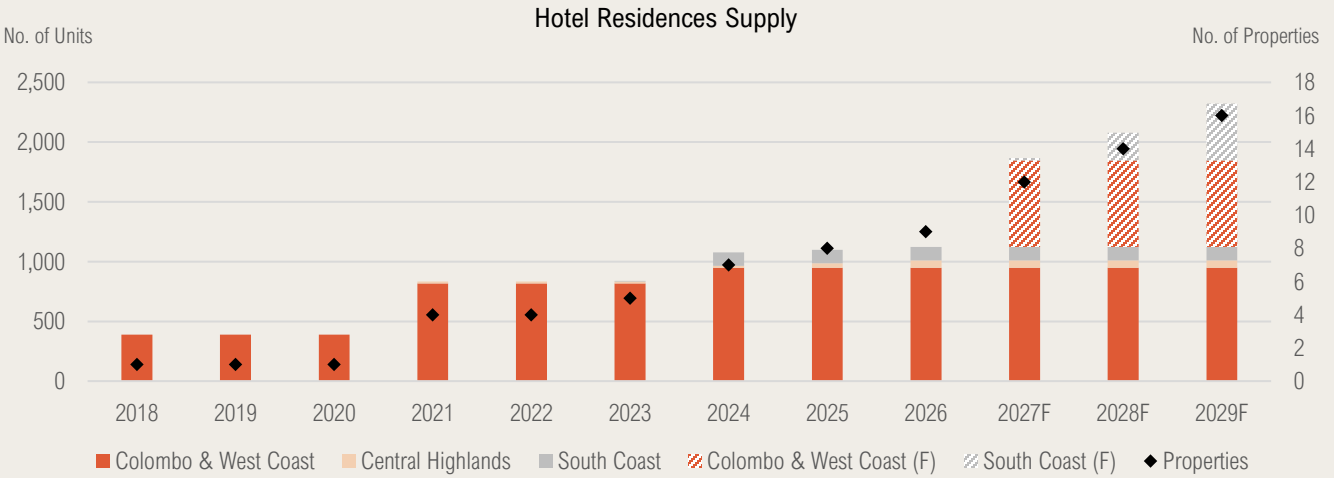


Source: C9 Hotelworks Market Research, SLTDA

Small-scale accommodation drove supply growth in 2025. Guest houses and bungalows added 4,060 keys, 2.7 times the 1,500 keys added by registered hotels. Supply is concentrated along the coastal corridor from Colombo & West Coast to the South Coast, which together hold 60.7% of keys. The Central Highlands (Central and Uva) account for a further 21.9%.

Development Pipeline & Hotel Residences Review

Single houses make up 95.7% of Sri Lanka's 6.03 million occupied housing units (2024 Census), so developer-led projects, including Hotel Residences, make up only a small part of the residential market.



Note: Forecast years are scheduled completions, not C9 forecasts.
Source: C9 Hotelworks Market Research

The hotel pipeline of 1,616 keys is concentrated in Colombo & West Coast (56.2%) and the South Coast (35.6%). International brands account for 94.2% of pipeline keys, with independent hotels making up the remaining 5.8%. Four projects, totaling 1,136 keys or 70.3% of the pipeline, were originally scheduled to open between 2017 and 2022 and now target 2027 to 2031.

Hotel Residences total 1,123 existing units, 84.5% of them in Colombo, in residential towers attached to hotels. The 1,200-unit pipeline is on the West and South Coasts; none of the seven projects has a named international operator.

Hotel & Hotel Residences Pipeline

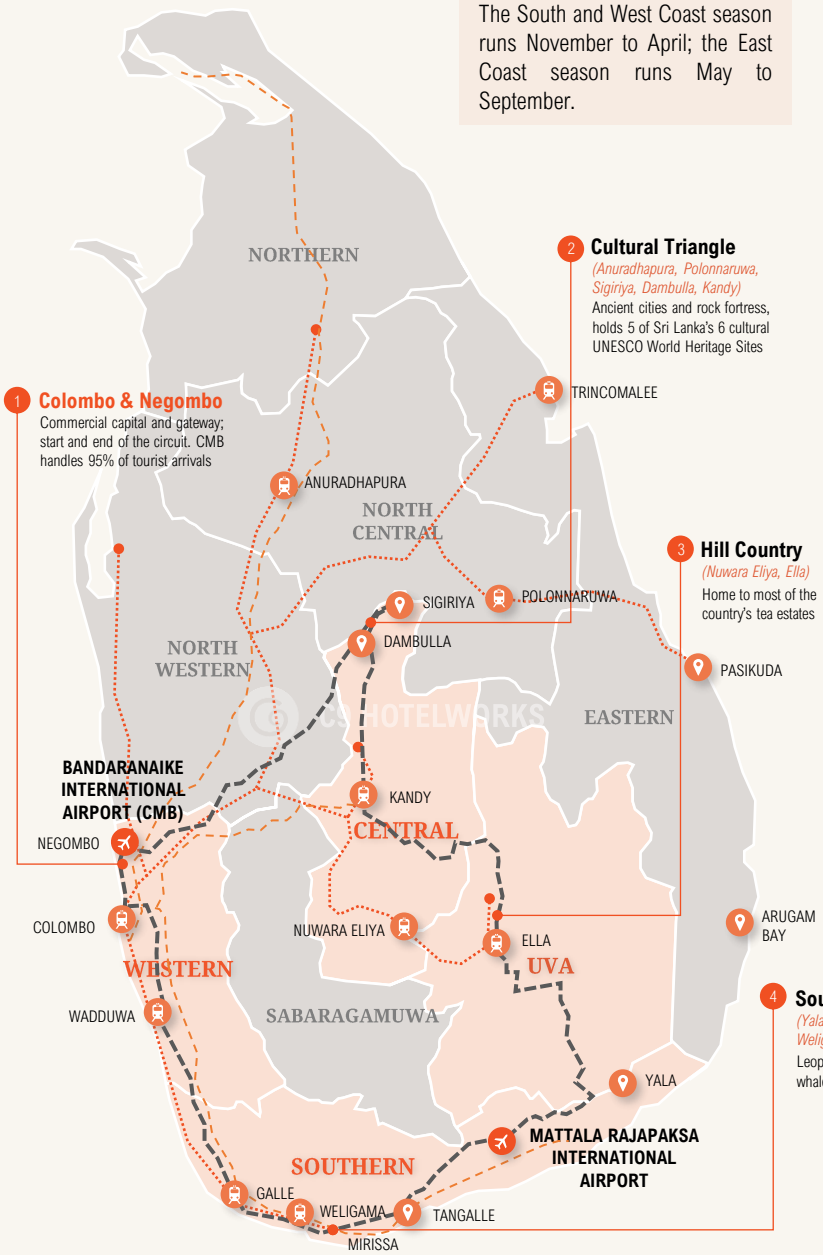
Property	Location	No. of Keys/Units	Developer / Operator	Opening Year
Hotels				
Saraca Mirissa	Mirissa	70	Independent	2026
Moon Hiriketiya	Hiriketiya	24	Independent	2026
Amagi Secret by Atmosphere Tangalle	Tangalle	33	Atmosphere Hotels & Resorts	2026
InterContinental Colombo	Colombo	344	IHG Hotels & Resorts	2027
DoubleTree by Hilton Negombo	Negombo	106	Hilton	2028
Ritz-Carlton Mirissa	Mirissa	228	Marriott International	2028
Granbell Ella	Ella	60	Granbell Hotels & Resorts	2028
Ritz-Carlton Reserve	Pottuvil	73	Marriott International	2030
Grand Hyatt Colombo	Colombo	458	Hyatt	2031
Taj Weligama	Weligama	220	IHCL	TBA
Hotels Total		**1,616**		
Hotel Residences				
Oceana Beach Resort	Wadduwa	401	Home Lands*	2027
Icon Galle	Galle	21	Odiliya Residencies*	2027
Bayfonte Marina Resort	Negombo	321	Home Lands*	2027
Mireka Seascapes	Dodanduwa	168	RMS (Overseas Realty)*	2028
Mira by CPG	Weligama	44	One Group of Hotels*	2028
Icon Mirissa	Mirissa	18	Odiliya Residencies*	2029
Icon V Talpe	Talpe	227	Odiliya Residencies*	2029
Hotel Residences Total		**1,200**		

*No operator is named; Hotel Residences names only developers.
Source: C9 Hotelworks Market Research

Sri Lanka Market Snapshot

Key Destinations & Tourist Circuit

The South and West Coast season runs November to April; the East Coast season runs May to September.



Policy & Infrastructure

Visa-Free Scheme

- Since 25 May 2026, travelers from 40 countries, including India, China, the United Kingdom, Germany and Australia, receive a free 30-day tourist visa.

Destination Marketing

- A LKR1.5 billion (USD5 million) international campaign runs from August 2026 to April 2027, to boost the country's international appeal and recognition.
- A larger LKR5 billion (USD17 million) global campaign was scheduled for March 2027, but its launch has been delayed by around a year.

Airport Expansion

- Bandaranaike International Airport handled 10.2 million international passenger movements in 2025, against a design capacity of 6 million.
- Terminal 2, adding capacity for 15 million passengers, is targeted for 2029.

Note: USD1 = KLR300 as of Nov 2026
Data as of Nov 2026
Source: C9 Hotelworks Market Research, SLTDA, AASL

Market Outlook

- Gulf carriers carried 30% of tourist arrivals in 2025 and remain the main connection for Western Europe; the new London, Zurich and Moscow services each add 3 weekly non-stop flights. The British Airways Gatwick service is seasonal, October 2026 to March 2027.
- New hotel supply is scheduled to arrive mainly between 2027 and 2031. This includes Sri Lanka's first Ritz-Carlton (Mirissa) and Hyatt (Colombo). 70% of pipeline keys are already five or more years behind their original opening dates.
- Hotel Residences completions from 2027 to 2029 are on the West and South Coasts; none has an international brand.
- Sri Lanka's Budget 2027 proposes to abolish the Tourism Development Levy and introduce a 200% capital allowance for tourism investments of USD3 million or more, from April 2027.

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C9 HOTELWORKS

Founded in 2003, C9 Hotelworks is a hospitality consulting group specializing in hotels, branded residences, real estate, and mixed-use developments. Headquartered in Thailand, the firm is recognized for its expertise in market research, feasibility studies, and development strategy for hospitality real estate projects across the Asia Pacific, Indian Ocean, and African regions. C9 Hotelworks has delivered a diverse portfolio of over 1,000 projects in 110 locations, supporting a wide range of clients and partners, from global hotel brands to leading regional and independent developers.

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