



CARIBBEAN TRAVEL FORUM MAY 2023

STATE OF THE INDUSTRY and REGION

**PRESENTED BY
NICOLA MADDEN-GREIG
PRESIDENT**



+36.6%

311,000

2X

Tourism Sector
Contribution to
GDP

Second fastest recovery globally.
Still 36.1% below peak year 2019.

New Jobs in 2021

+15.2% increase from 2020.
Tourism-related jobs represent 13.4%
of region's employment.

GDP and Employment
Growth Over Next Ten
Years

Potential forecast from WTTC
Potential by 2032:
Revenue: US\$96.6 billion
1.34 million new jobs

Potential for GDP and
employment growth tied to
meeting regional
challenges:

- Lack of air connectivity and high cost of air travel
- Greater investments in digital solutions, infrastructure and human capital
- Better crisis preparedness
- Focus on environmental protection
- Collaboration and coordination region-wide by governments and industry

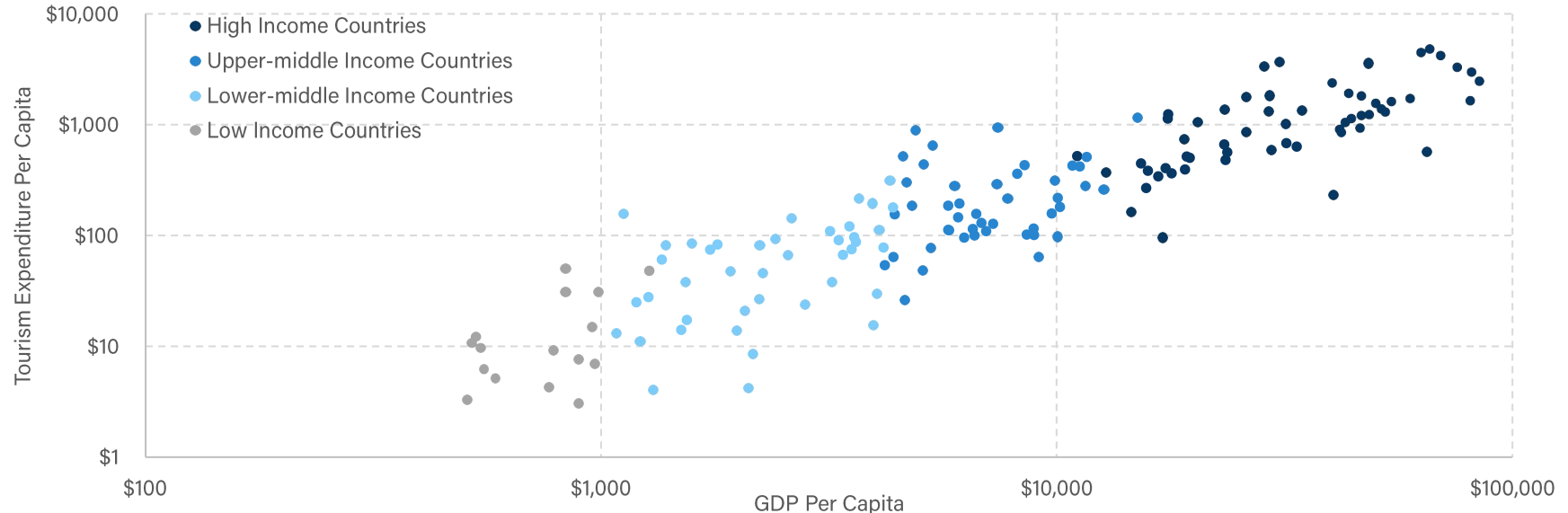


Travel is a Megatrend

There is a strong connection between global incomes and travel. If you believe that the world is getting wealthier, as we do, then you must also believe that travel will grow

Tourism Set to Grow as Global Incomes Rise

(Log Scale)



Source: Skift Research, World Bank, UN World Tourism Organization, International Monetary Fund. All figures in current \$ levels. Data as of 2019, calculated as of December 2022.



Skift Research Forecast for Key Industry Indicators

Current Travel Activity

- Travel Health Index -19% vs. 2019

International Travel

- 1.1B cross-border trips in 2023 (-30% vs. 2019)
- 1.5B cross-border trips by 2025 (-6% vs. 2019)

Online Travel Agencies

- \$59B revenue in 2023 (+13% vs. 2019)
- \$555B OTA gross bookings in 2023 (+6% vs. 2019)

Accommodations

- Hotels: \$838B room revenue in 2023 (-1% vs. 2019)
- Short-Term Rentals: \$145B gross bookings in 2023 (+41% vs. 2019)

Airlines

- \$583B passenger revenue in 2023 (-8% vs. 2019)

Cruise

- \$57B revenue in 2023 (+12% vs. 2019)

A PROMISING START TO THE YEAR



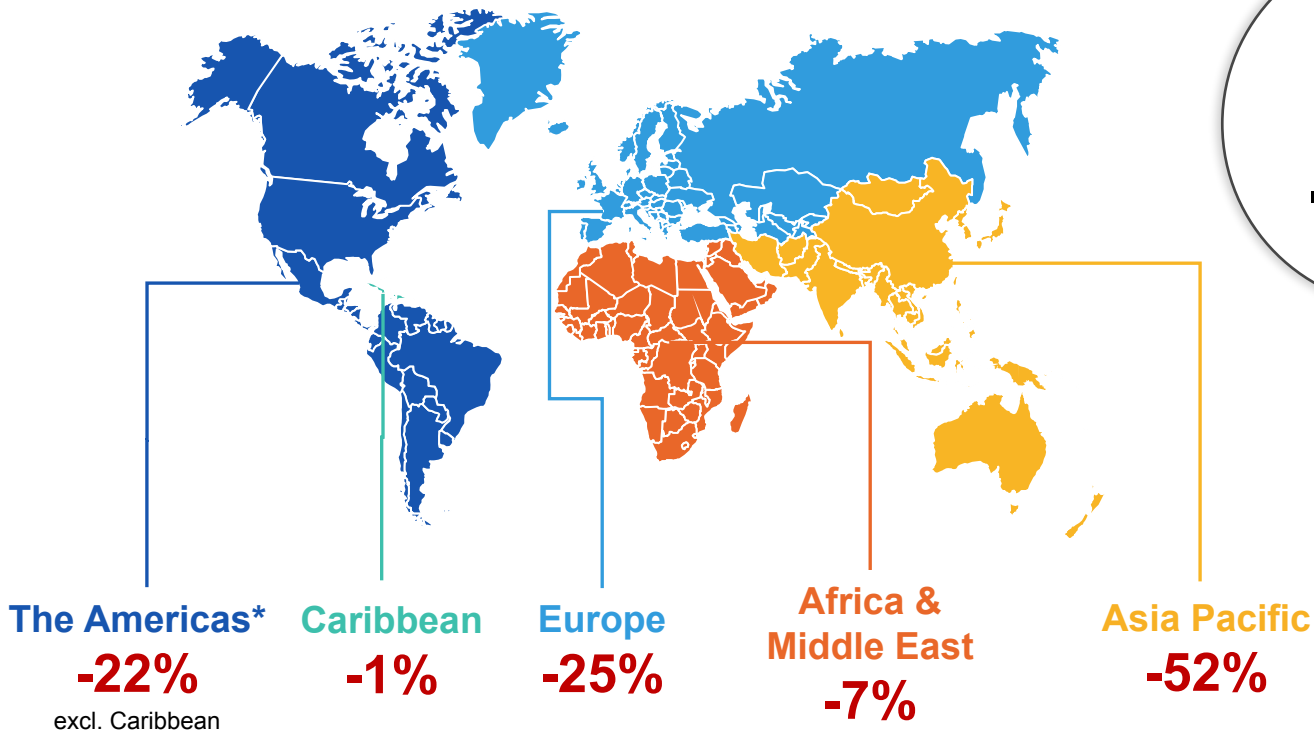
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Q1 2023: The Caribbean is back to prepandemic levels

International worldwide arrivals in Q1 2023; vs 2019 levels

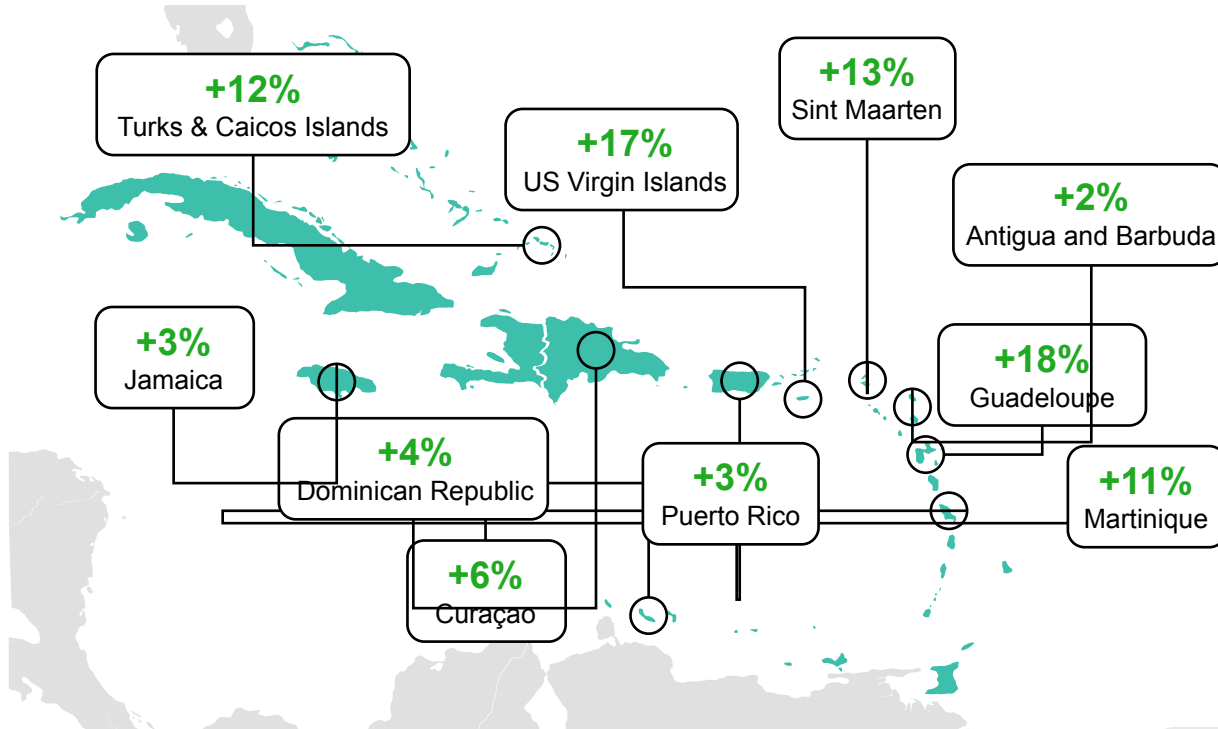


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Source: ForwardKeys Air Tickets Data

Q1 2023: Many destinations in growth mode

Overseas arrivals in Caribbean in Q1 2023; vs 2019 levels



*out of destinations with share >1.0%

 Source: ForwardKeys Air Tickets Data

Q1 2023: Latin American markets turn to growth

Overseas arrivals in Caribbean in Q1 2023; vs 2019 levels



ORIGIN MARKET	Var vs 2019
Latin America	+14%
Colombia	+48%
Peru	+21%
Argentina	+15%
North America (excl. Mexico)	+2%
U.S.A.	+5%
Canada	-13%
Europe	-20%
Netherlands	+8%
France	-7%
Spain	-10%



Source: ForwardKeys Air Tickets Data

Differences in destination preferences among Canadian and US tourists

Arrivals from Canada and the U.S.A. to Caribbean in Q1 2023; vs 2019 levels

Destinations for arrivals from Canada	Var vs 2019
Aruba	+33%
Turks and Caicos Islands	+9%
Barbados	+5%

Destinations for arrivals from the US	Var vs 2019
Jamaica	+23%
Turks and Caicos Islands	+20%
Dominican Republic	+10%

*out of destinations with share >3.0%

Aruba Success Story: Recovery: by the numbers



Airlift: Seat capacity of **79%** was achieved by the end of 2021 compared to 2019. By end of 2022 seat capacity was 103% from the U.S., and 111% from Europe vs 2019.



Visitation: In 2022 Aruba registered a **recovery of 98.4%** of global stayover visitors vs. the 2019 level. By 2023 it is expected the global recovery will be 105% of the 2019 level.



Tourism receipts: the realistic expectation Estimated 2022 tourism receipts show a **recovery of 112%** and a forecasted recovery of 117% in 2023 vs. 2019.



Cruise: the estimated 2022 **recovery will be 63%** vs. 2019. 2023 projections show cruise visitation at 90% vs. 2019.



Source:

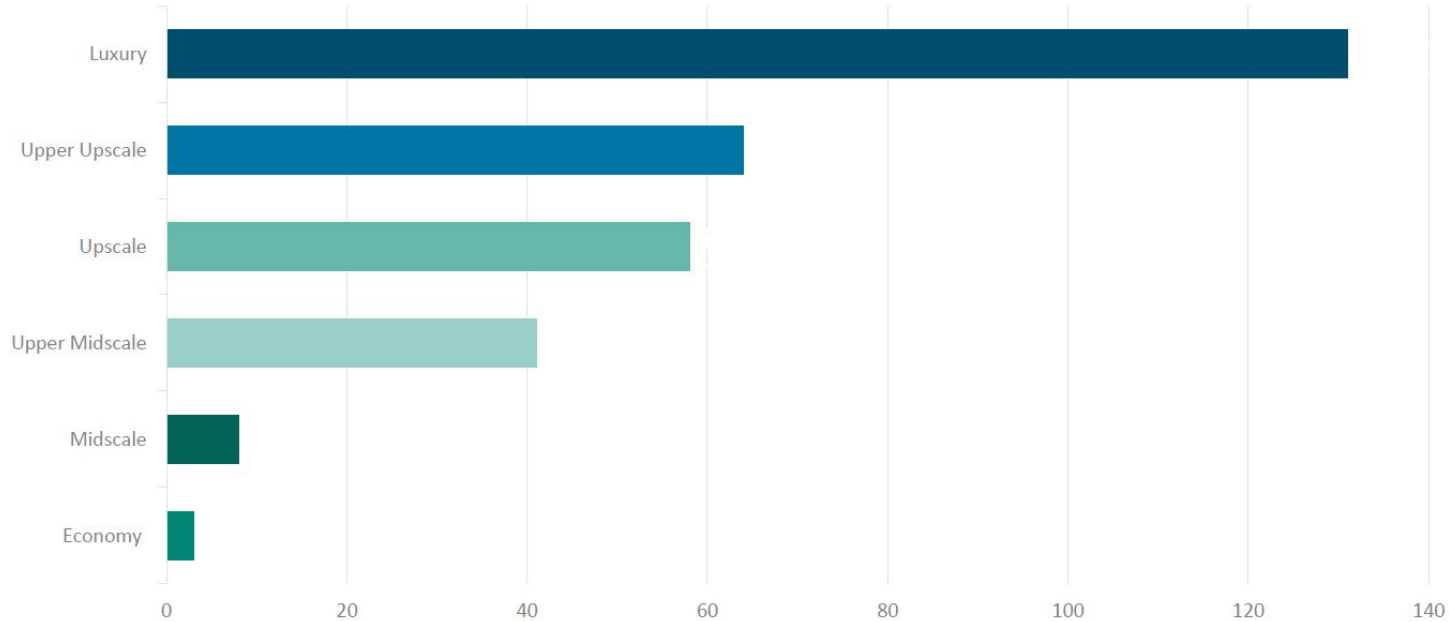




ACCOMMODATION SECTOR PERFORMANCE AT A GLANCE



Current Caribbean Participation by Class



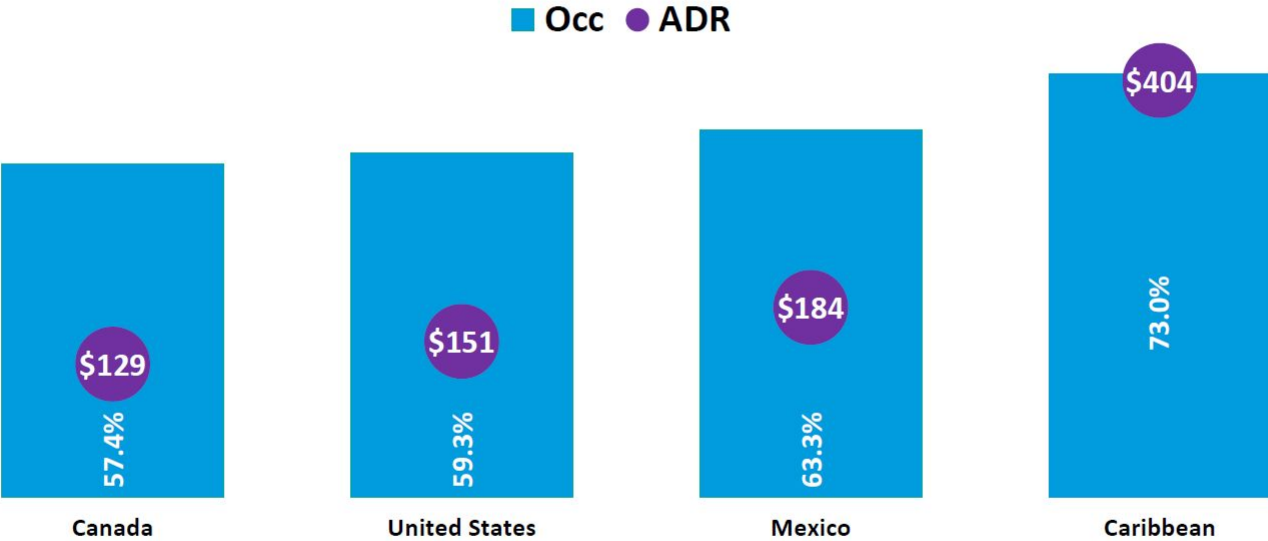
Curacao Market Inventory by Class, July 2022

Source: STR 2020 © CoStar Realty Information, Inc. 26



Caribbean Rates & Occupancy MUCH Stronger than other regions

North America Performance, Year-To-Date



Absolute OCC & ADR (US\$), YTD March 2023.

Source: STR. 2021 © CoStar Realty Information, Inc.



Caribbean Region so close to fully recovered!

Caribbean Region, YTD March 2023



	Actual	2019 Index
Room Supply		103
Room Demand		103
Occupancy	71.6%	98
ADR	\$385.40	144
RevPAR	\$276	144
Room Revenue		148

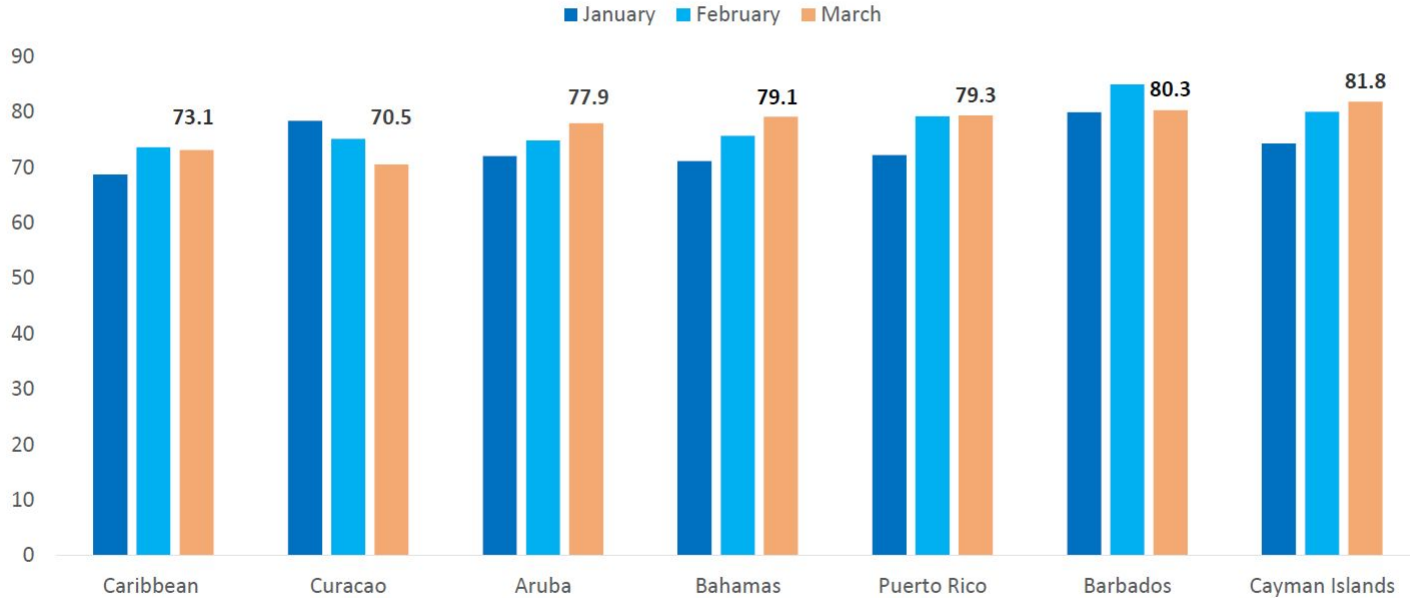


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Source: STR. 2021 © CoStar Realty Information, Inc.

Most markets showing upward Occupancy trend

Select markets Occupancy %, by monthly period in 2023



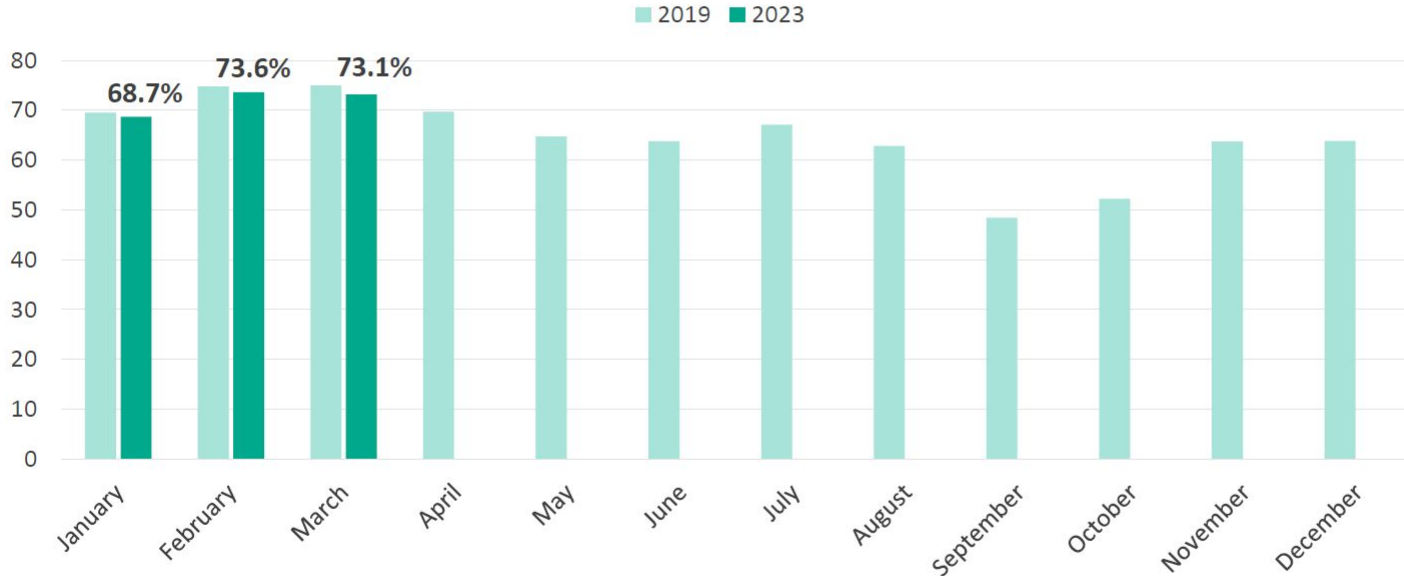
Source: STR. 2021 © CoStar Realty Information, Inc.



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Occupancy for Caribbean coming closer to surpassing 2019!

Caribbean region, monthly occupancy, January – December 2019 & January - March 2023



Source: STR. 2021 © CoStar Realty Information, Inc.

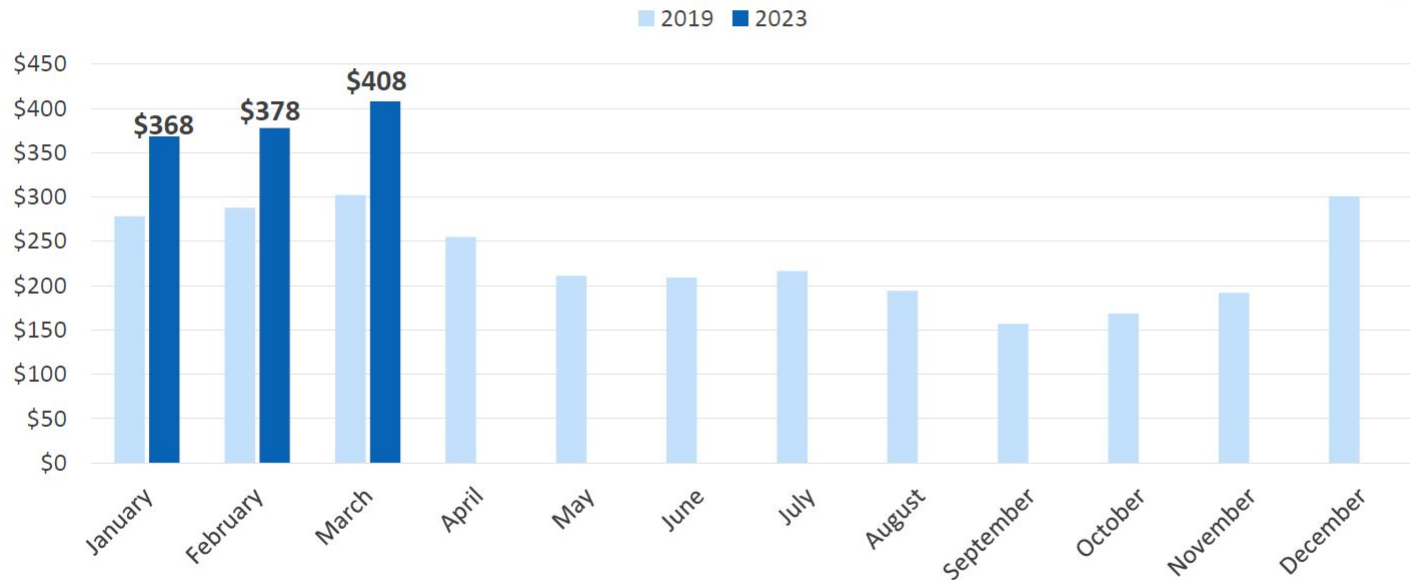


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ADR is Key to recovery

Caribbean region, monthly ADR (USD), January - December 2019 & January - March 2023



Source: STR. 2021 © CoStar Realty Information, Inc.



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GLOBAL AIRLINE PERFORMANCE AT A GLANCE

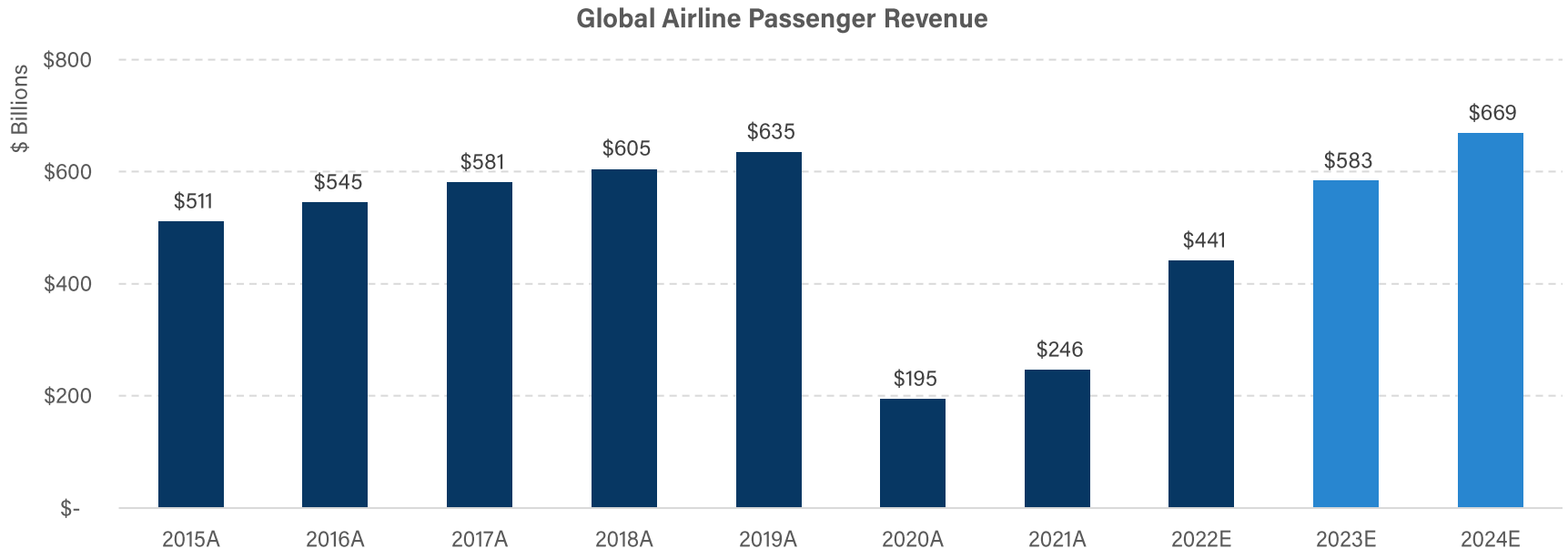
Airline Update



- Global commercial airline passenger revenue is expected to grow by 32% in 2023, reaching ~\$583 billion. This is still 8% below 2019 levels. Cargo has been the saving grace of the industry, going from 28% of airline revenue to 53% in 2021. Inclusive of cargo, airline revenue likely reached \$813 billion this year.
- Demand roared back in 2022, significantly outstripping supply. We likely saw the largest demand-supply differential in modern aviation history. This created a spike in fare prices which have provided a much-needed cushion to the sector. But airlines need to hustle to bring capacity online as the negative effects of running operations too hot and eventual demand destruction will offset any yield benefits.
- Airline capacity is constrained by the “Three Ps,” people, property, and planes. People: Airlines are struggling to hire and train enough pilots and other staff to operate at current demand levels. Property: Airport and Air Traffic Control capacity is fragile. Big weather events and tight schedules have created cascades of delays and cancellations this year. Planes: Boeing and Airbus supply chains are not fully recovered and these aerospace manufacturers are simply unable to deliver the volume of aircraft demanded of them.
- The reopening of Asia will be a major tailwind supporting Airlines. We expect a flurry of ticket sales for transpacific and Euro-Asia flights in 2023 similar to the the transatlantic frenzy the industry saw last year.

Airlines Improved but Remain Hardest Hit Sector

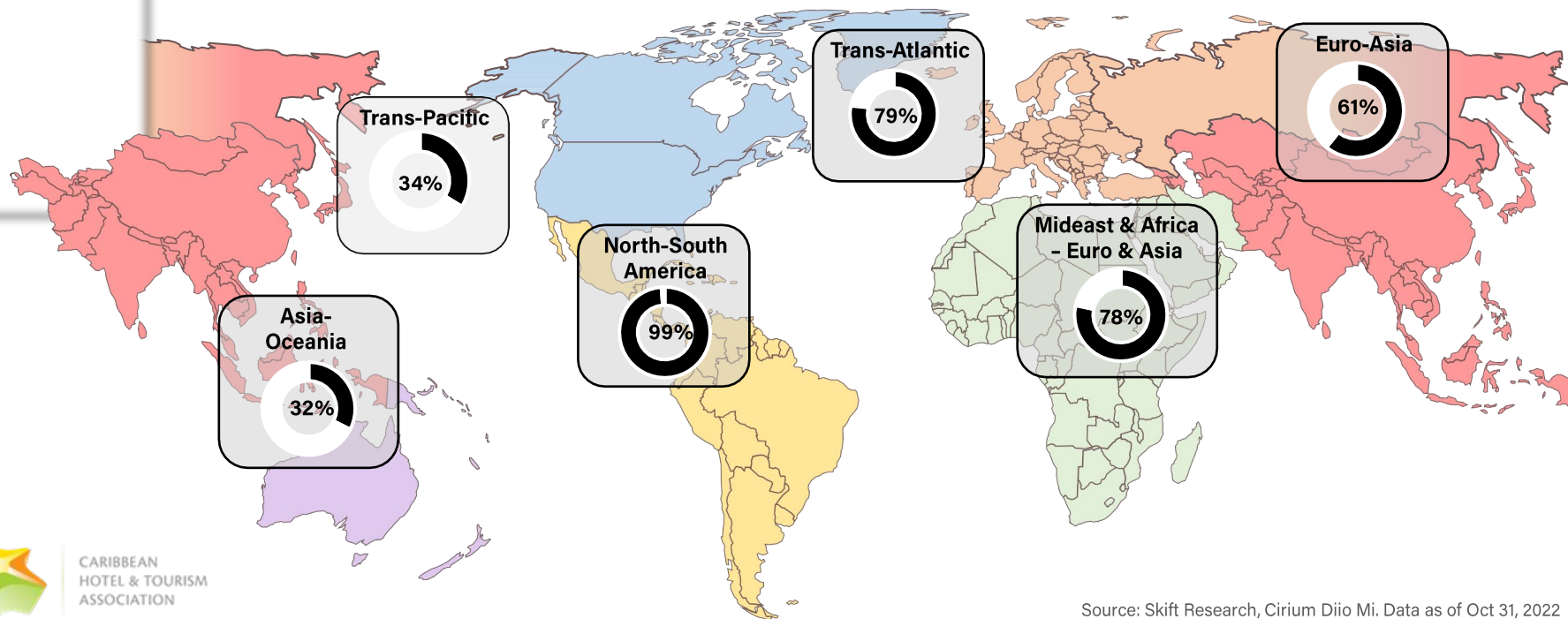
Airlines are struggling to rebuild long-haul capacity, pushing our passenger revenue recovery estimate out to 2024. If you add cargo revenue, a 2023 recovery might be possible



Source: IATA, Skift Research. Data as of December 2022.

Airline Long-Haul Capacity Still not Recovered as Strength in Americas is Offset by Asia Weakness

Seat capacity recovered by region, 12 months ended October '22 vs. same period in 2019

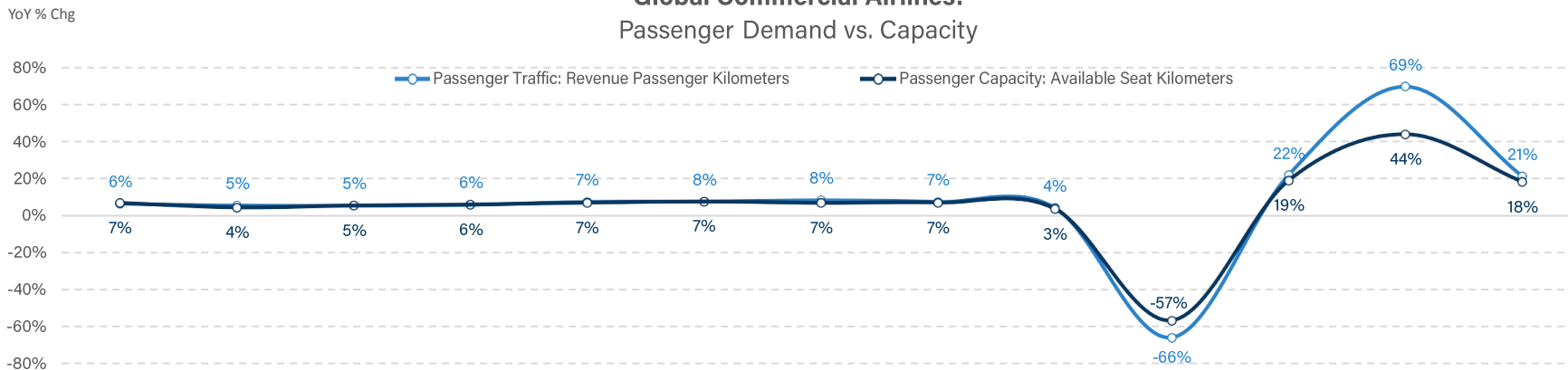




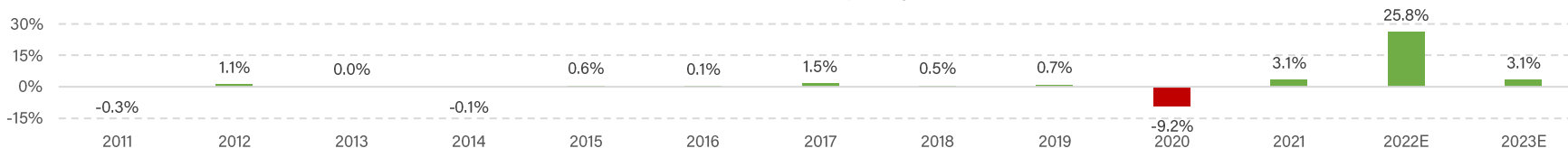
Demand for Flights Outpaces Capacity, Driving Yields

Supply and demand, which had been in equilibrium for years, was dramatically disrupted by COVID. Demand is expected to outpace supply into 2023, supporting airline fare prices

Global Commercial Airlines:
Passenger Demand vs. Capacity



Excess Demand vs. Capacity Growth



Source: IATA, Skift Research. Data as of December 2022.

CARIBBEAN OUTLOOK AIR CONNECTIVITY: A KEY ISSUE IN 2023



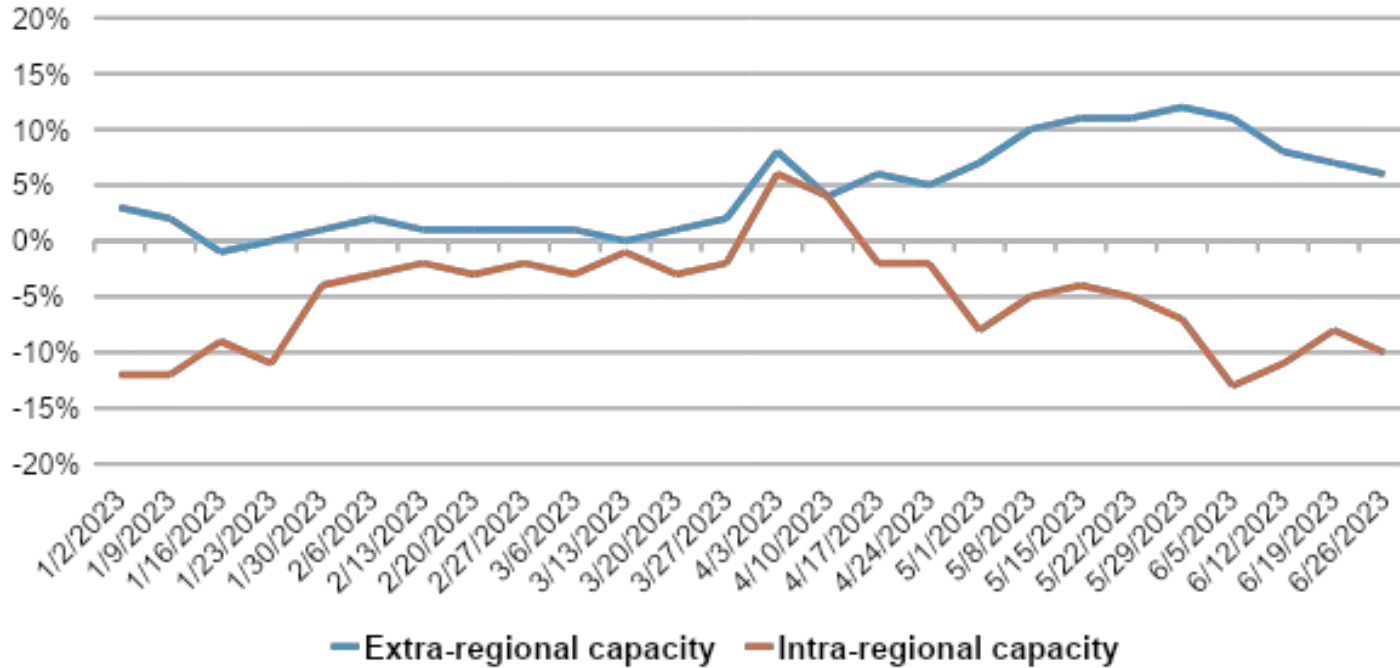
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Intra-Caribbean air connectivity is deteriorating once more

Capacity for international arrivals in Caribbean in H1 2023, as scheduled on 24 April 2023; vs 2019 levels



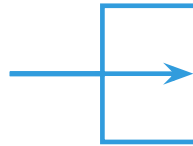
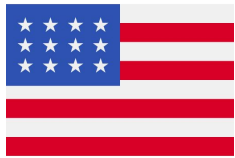
Source: ForwardKeys Seat Capacity Data

Multi-destination trips for US travellers are popular in Europe, but not as much in the Caribbean and Asia Pacific

Arrivals from the U.S. to Europe, Caribbean and Asia Pacific in H1 2023, as of 20 April 2023; vs 2019 levels



Departing from



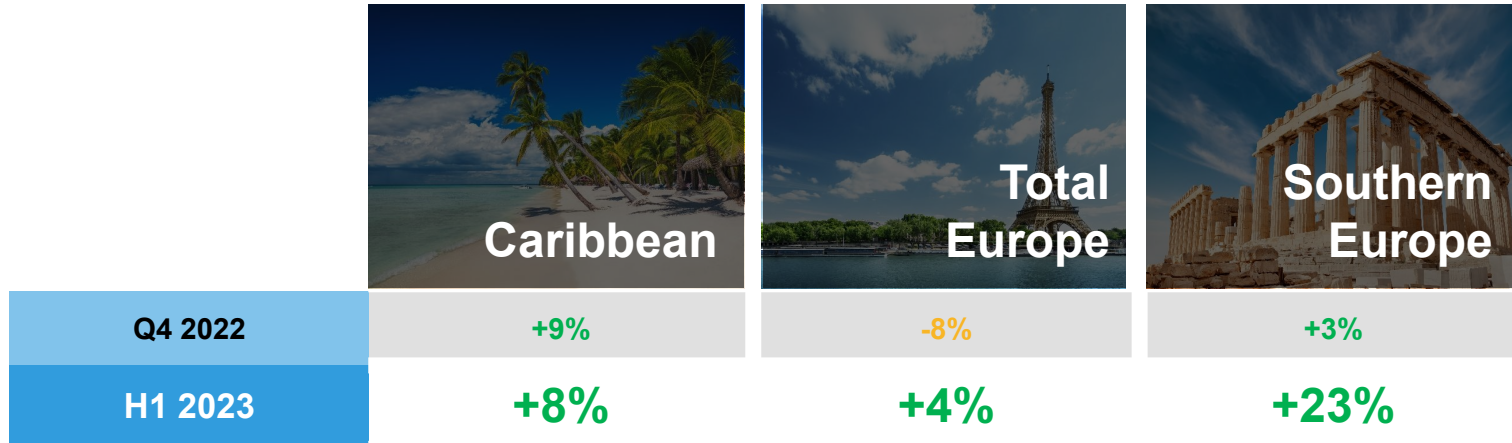
	Visiting only one destination in the region	Visiting multiple destinations in the region
Europe	+14%	+2%
Caribbean	+13%	-15%
Asia Pacific	-20%	-40%

OPPORTUNITY: Our regional carriers need to engage in joint strategies to increase airlift and promote an aggressive strategy for multi-destination packaging working with international carriers. Engaging destinations around special events, regional conferences and other large activations will help to ensure effective yields.

Source: ForwardKeys Air Tickets Data

Southern European destinations gain market share

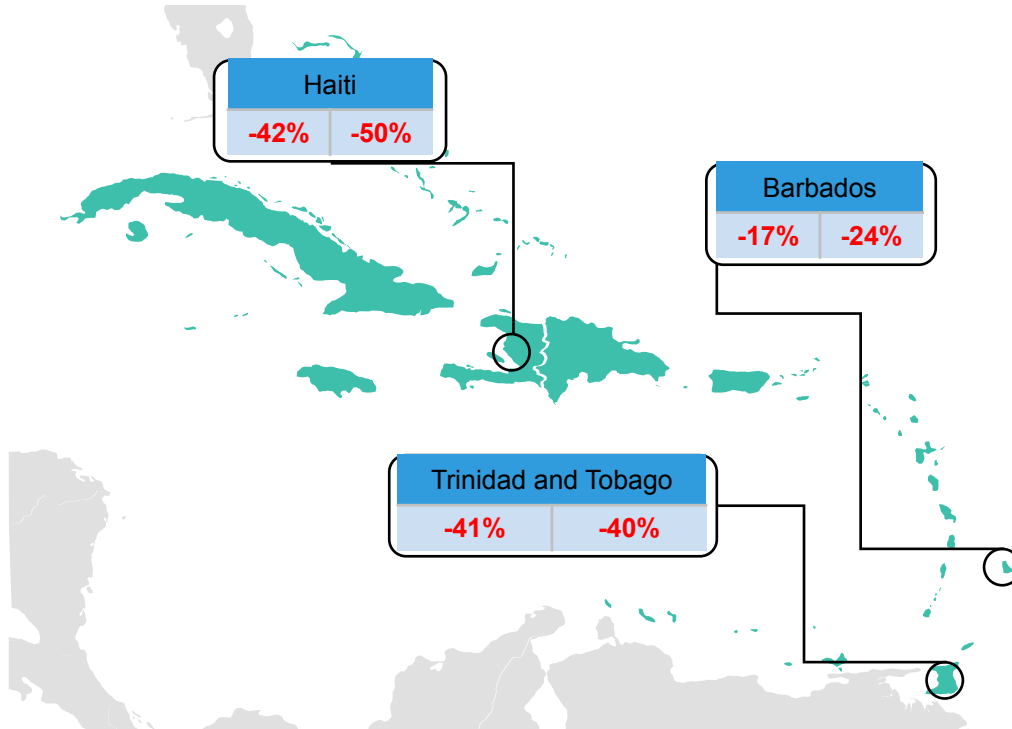
Historical and forward-looking departures from the U.S.A. in Q4 2022 and H1 2023; vs 2019 levels



 Source: ForwardKeys Air Tickets Data

Some destinations still struggle with direct connectivity

Capacity for overseas arrivals in Caribbean in Q1 and Q2 2023, as scheduled on 24 April 2023; vs 2019 levels



TOTAL CARIBBEAN	
Q1	Q2
=0%	+6%

*out of destinations with share >1.0%

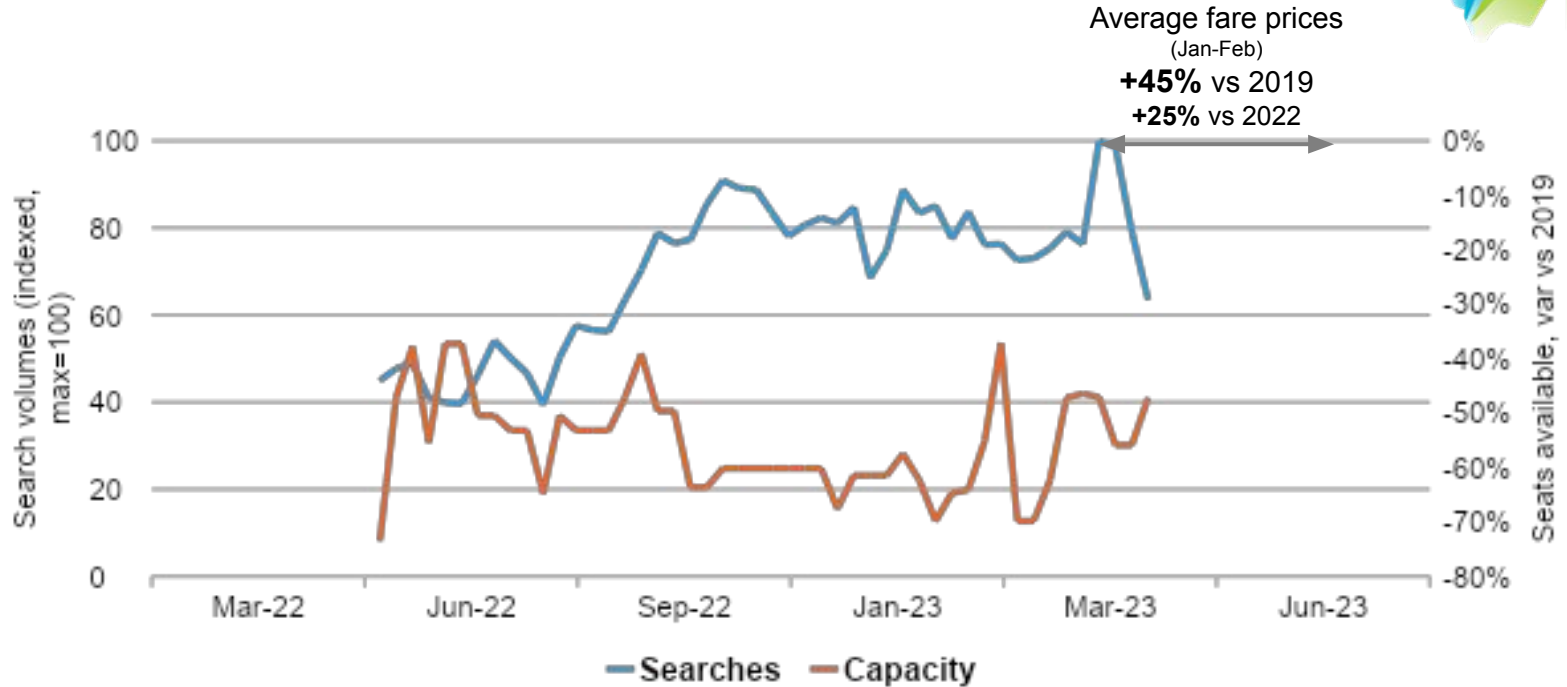
Source: ForwardKeys Seat Capacity Data

Lack of direct connectivity and increasing fare prices impose a threat

Flight searches made and seats available for travel from Canada to **Trinidad and Tobago** between May 2022 and Mar 2023



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Source: ForwardKeys Seat Capacity, Flight Searches and Fares Data

Low Cost Solutions: Frontier

GOWILD! ALL-YOU-CAN-FLY PASS™



The GoWild! program includes unlimited travel now through Sept. 30, with access to 75 destinations in the United States, along with Puerto Rico, St Thomas USVI and a number of destinations in Mexico, the Caribbean and Central America.

Planning multiple visits to the Caribbean this year? Perhaps a few trips to St Thomas? And then some island hopping to Vieques and Culebra through San Juan, with a Cancun vacation squeezed in?

LATAM: OPPORTUNITIES ON THE RISE



Q1 2023: Premium arrivals from LATAM fuel growth in the Caribbean

Arrivals from Latin America to Caribbean in Q1 2023; vs 2019 levels



Arrivals in premium
cabin classes
+87%



Arrivals in economy
cabin classes
+9%

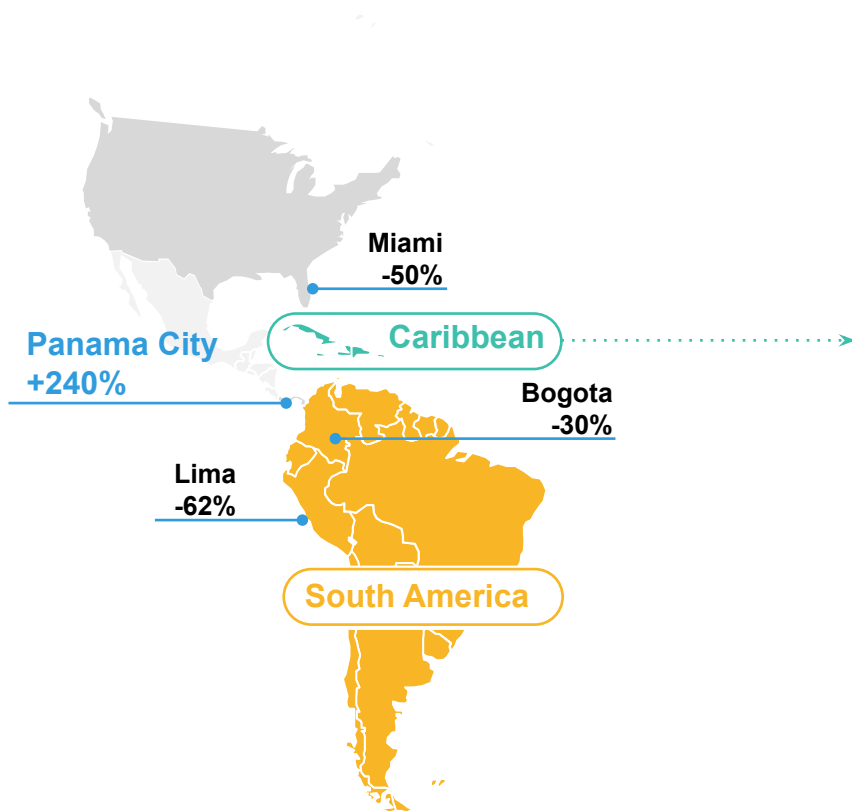
ORIGIN MARKET	Var vs 2019
Ecuador	+432%
Peru	+232%
Colombia	+211%
Mexico	+104%
Argentina	+101%

DESTINATION	Var vs 2019
Curaçao	+110%
Dominican Republic	+95%
Jamaica	+90%
Bahamas	+50%

Source: ForwardKeys Air Tickets Data

Panama City is a growing hub connecting South America with the Caribbean

Arrivals from South America to Caribbean in Q1 2023; vs 2019 levels



Final destination (for transfers via Panama City)	Var vs 2019
Curaçao	+412%
Dominican Republic	+311%
Aruba	+186%

Source: ForwardKeys Air Tickets Data

WHAT DOES THE FUTURE LOOK LIKE?



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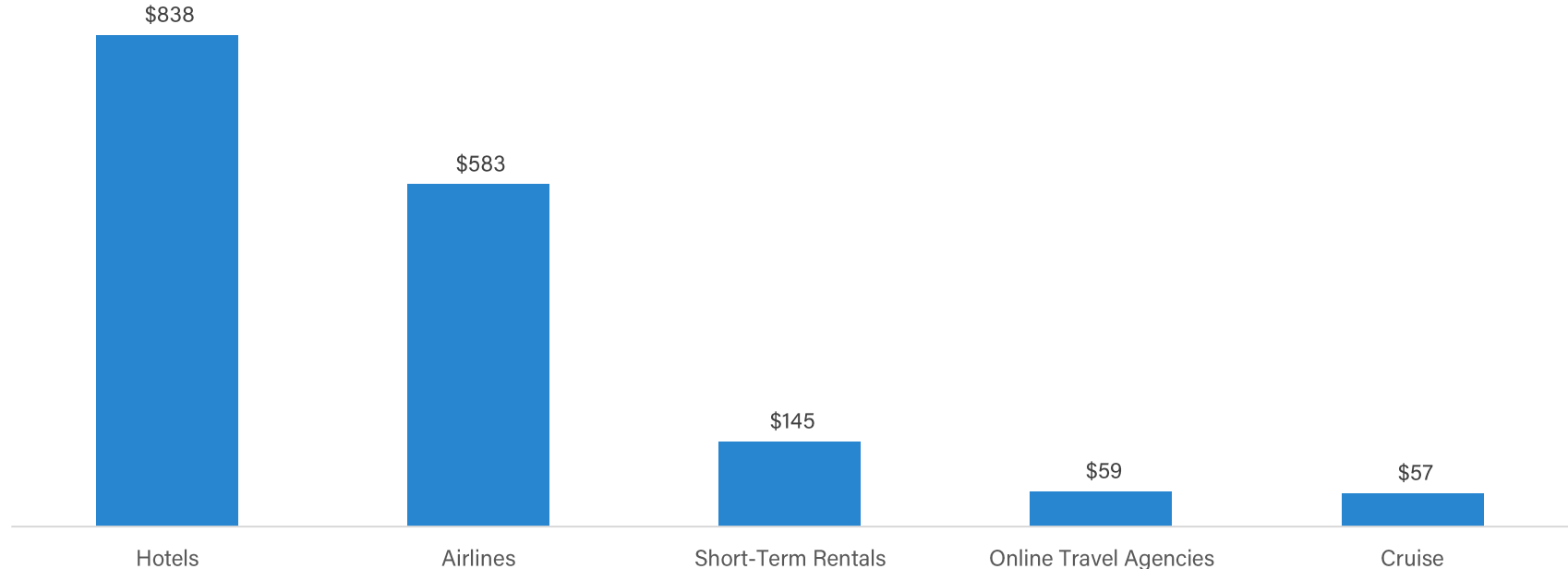
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Skift Research 2023 Revenue Forecast, by Sector

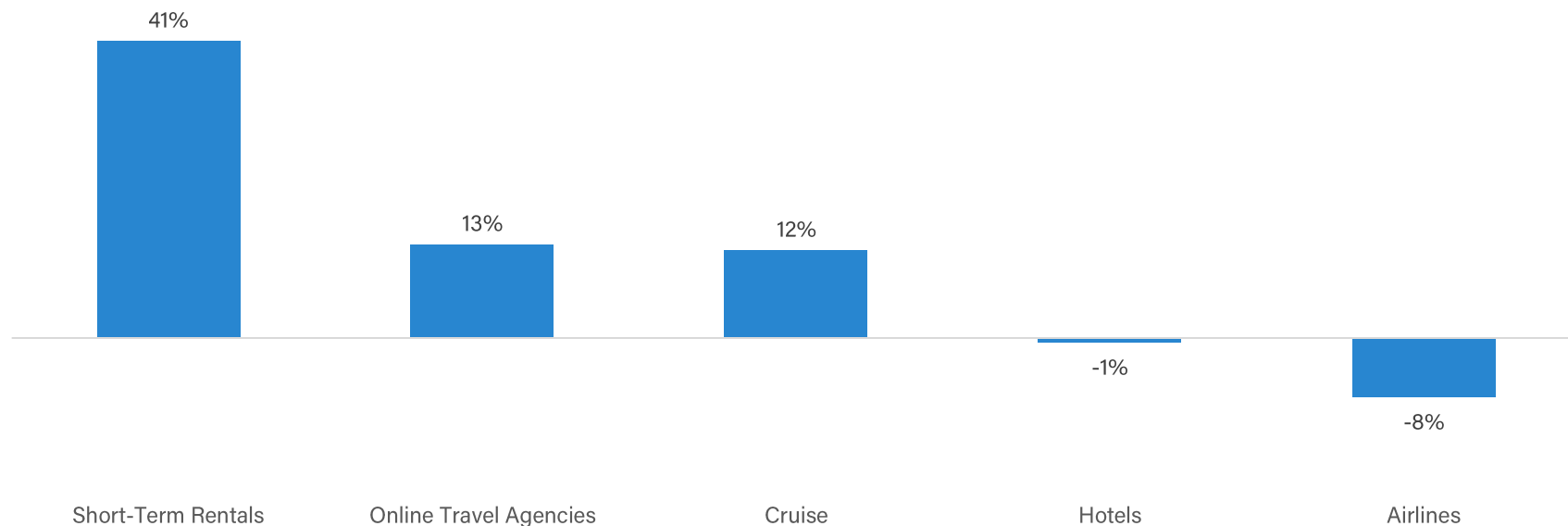
2023 Skift Research Revenue Estimates
(\$ Billions)



GLOBAL

Skift Research 2023 Revenue Recovery Forecast, by Sector (% Change vs. 2019)

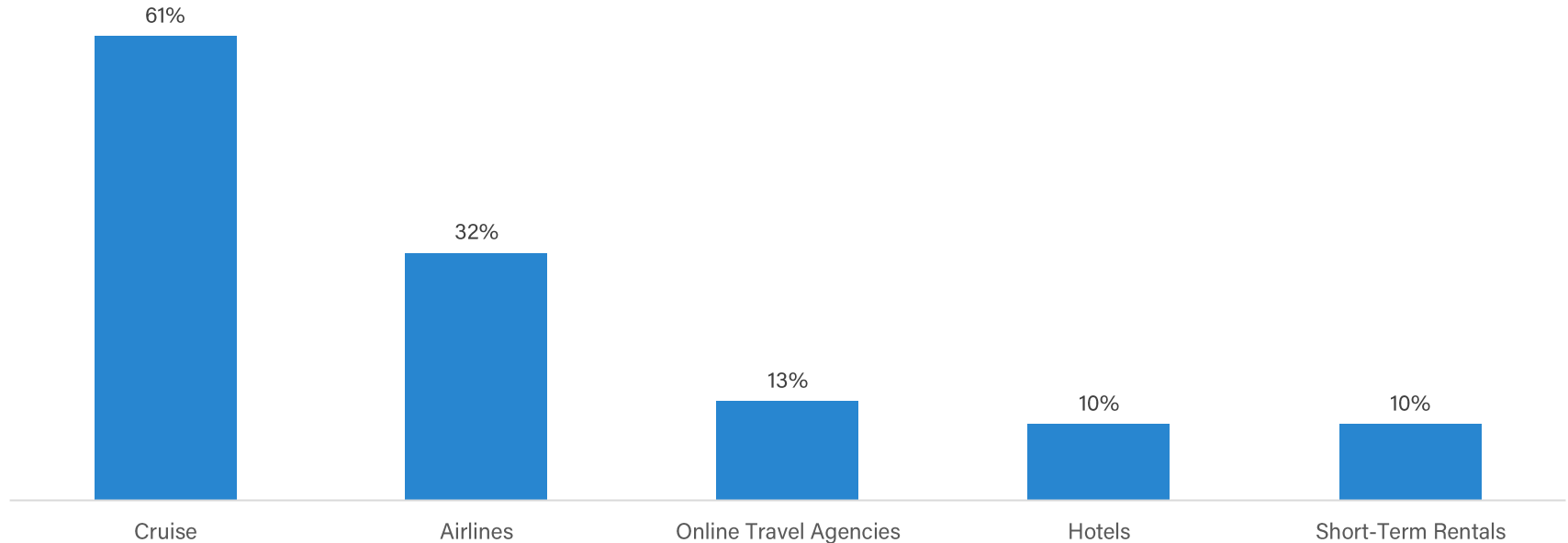
2023 Estimated Revenue vs. 2019



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Skift Research 2023 Revenue Growth Forecast, by Sector (% Change vs. 2022)

2023 Estimated Revenue vs. 2022

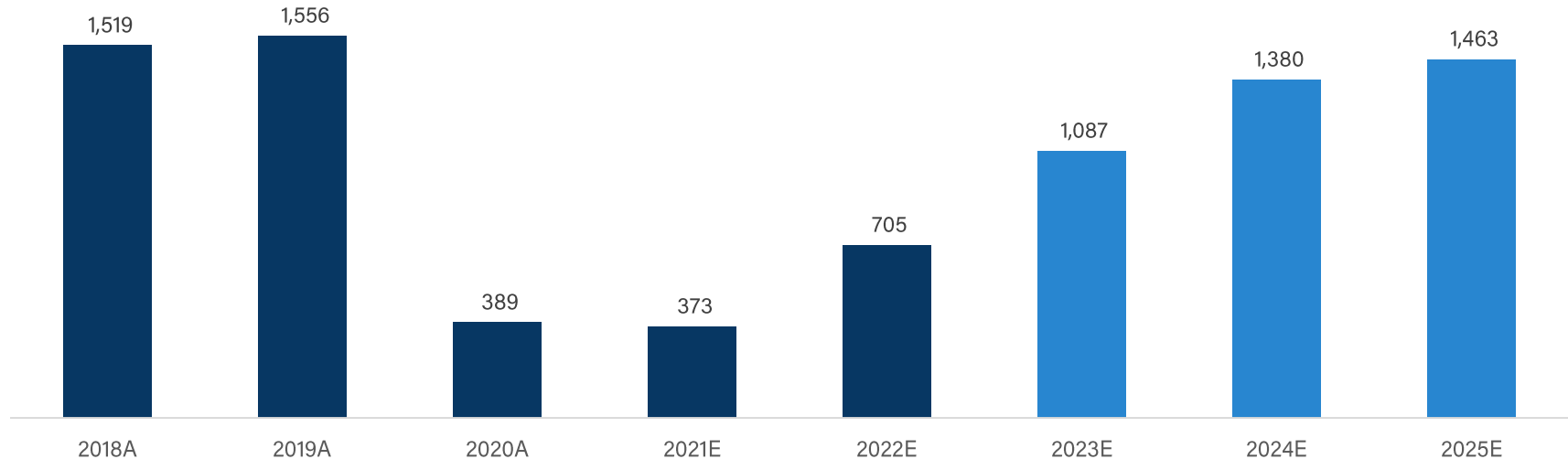


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Cross-Border Travel is Rapidly Returning

International trips are set to grow 50% in 2023 compounding a 90% growth rate in 2022. But with Asia still not truly re-opened a full recovery remains out of reach

Global Cross-Border Trips
(Millions)



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Hotels and Short-Term Rentals

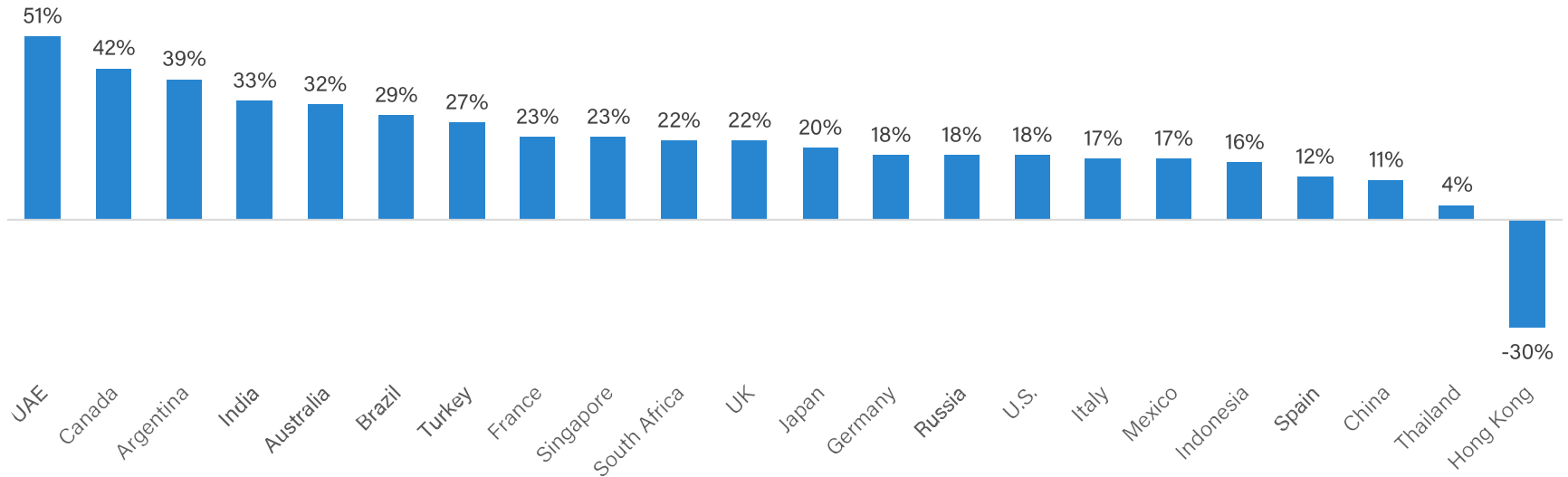
- Skift Research estimates that global hotel industry room revenue grew 35% in 2022 and will continue its upward trajectory with a 9% increase in 2023.
- We estimate hotels to generate \$838 billion of room revenue in 2023 within \$6 billion, less than 1%, of 2019 revenue levels.
- Short-term rentals have performed well during the pandemic and revenues shot past 2019 levels in 2022. While growth will decelerate in 2023 it should still be an impressive 12% gain in 2023. That is 3 percentage points faster than hotels and should bring the sector to \$145 billion of revenue next year.
- Short-term rentals have witnessed growing market penetration over the last few years, from 7% in 2012 up to 15% by 2023.
- Hotel occupancies largely recovered in 2022, with the exception of Asia Pacific. Revenue per Available Room growth was mostly driven by extremely high prices for hotel rooms.

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Hotel Room Rates Extremely High

Due to strong returning demand and high inflation, hotel rates have risen above 2019 levels.

Hotel Published Rates 2022 vs 2019





**US CONSUMER
OUTLOOK**

**OUR MAIN SOURCE
MARKET**

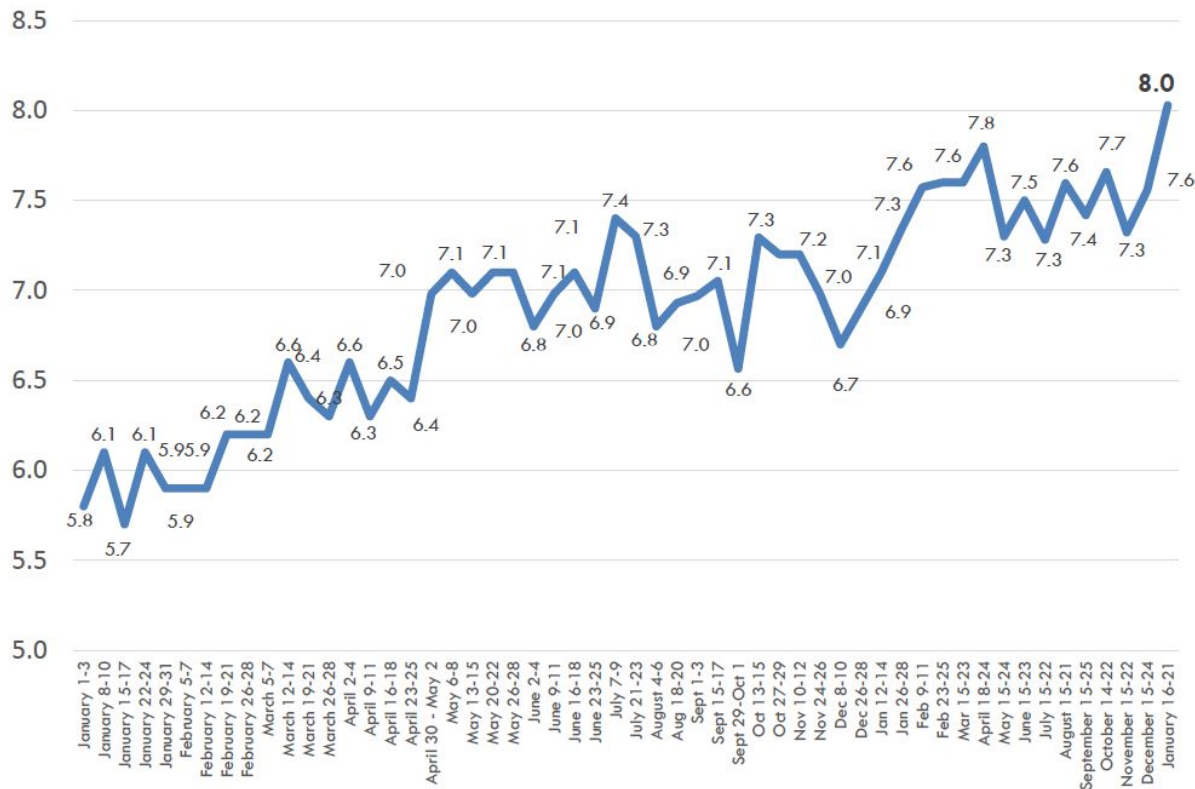
EXCITEMENT FOR LEISURE TRAVEL (NEXT 12 MONTHS)



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Question: Which best describes how excited you are about **LEISURE TRAVEL** in the **NEXT TWELVE (12) MONTHS?** (Please answer using the 11-point scale below)

Mean Score (0 - 10-point scale)



More
Excitement



Less
Excitement

(Base: All respondents, 1,200+ completed surveys each wave in 2020-2021. 4,000+ completed surveys each wave in 2022 and 2023)

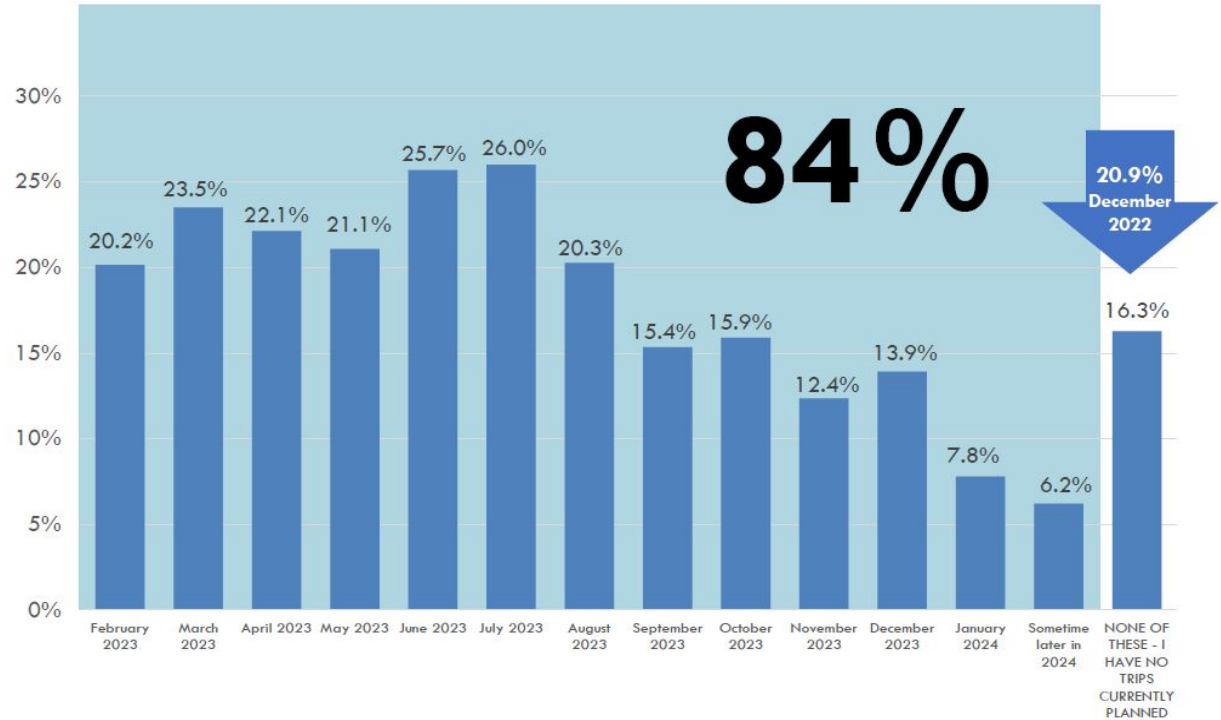
MONTHS OF EXPECTED LEISURE TRIPS IN 2023



Question: In which months do you currently have any leisure trips planned (even if only tentatively)? (Select all that apply)

(Base: All respondents, 4,025 completed surveys.)

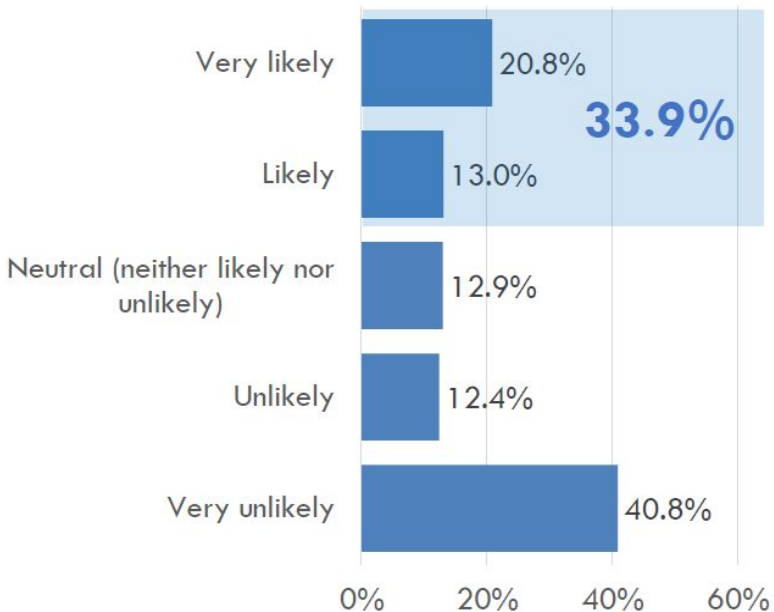
Data collected January 16-21, 2023.)



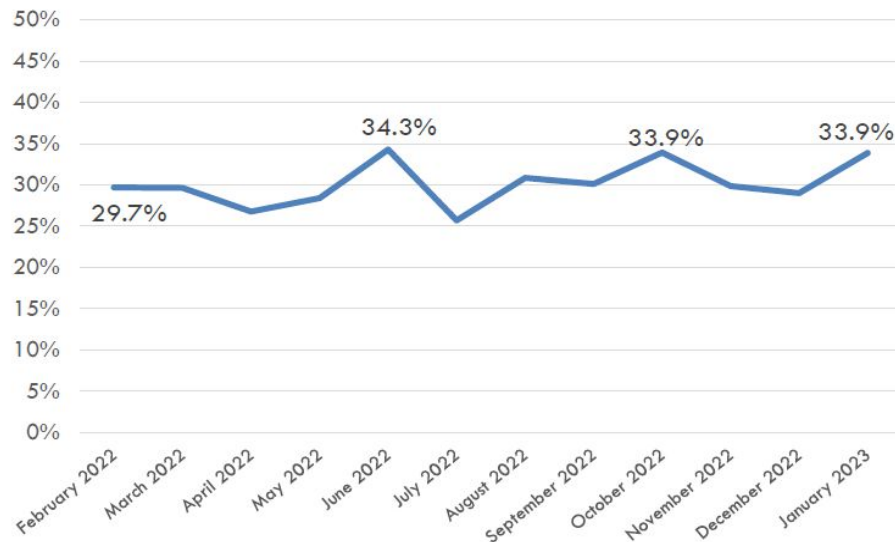
LIKELIHOOD TO TRAVEL ABROAD THIS YEAR

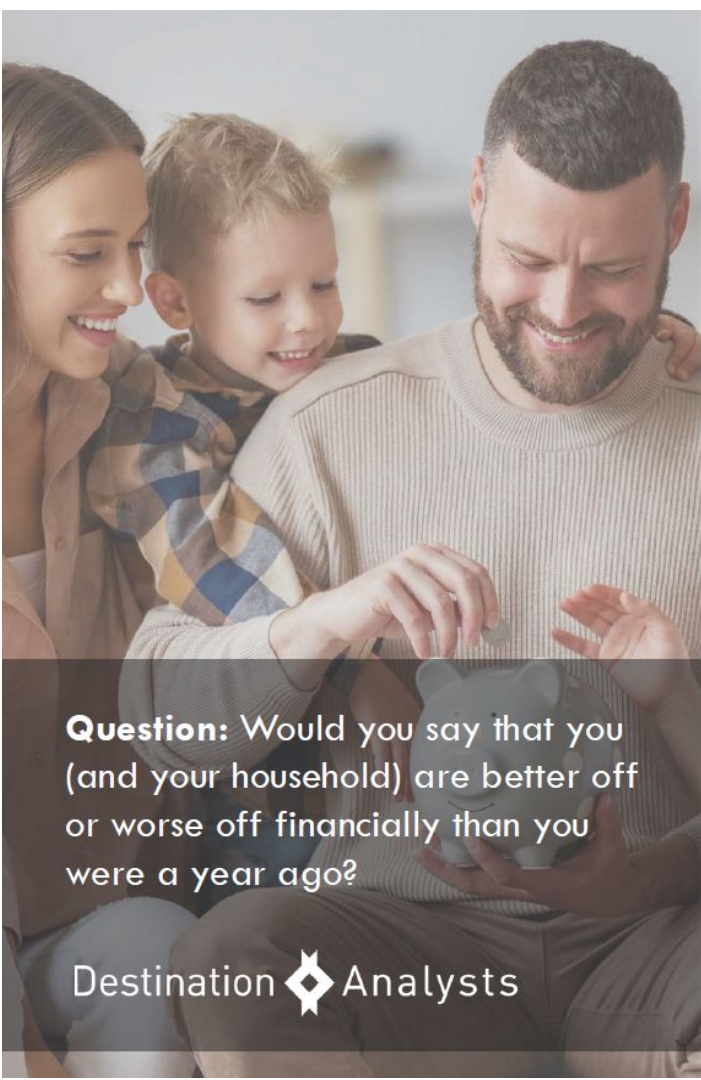


Question: How likely are you to travel outside the United States for leisure in the NEXT TWELVE (12) MONTHS?



Historical data % Top-Two Box



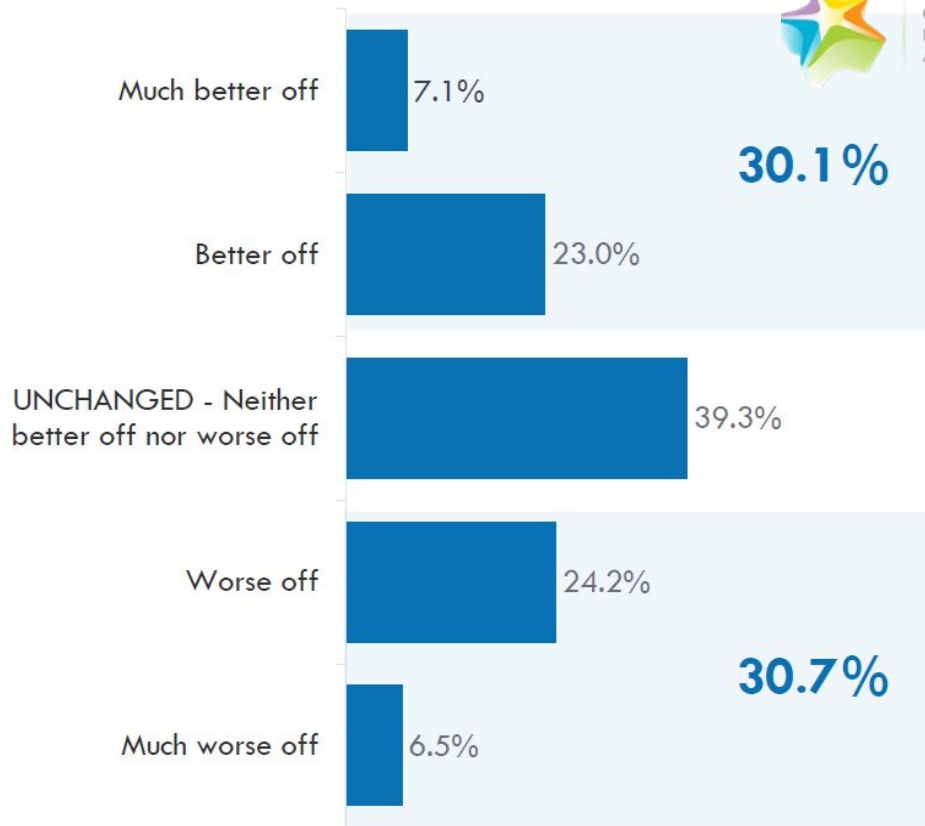


Question: Would you say that you (and your household) are better off or worse off financially than you were a year ago?

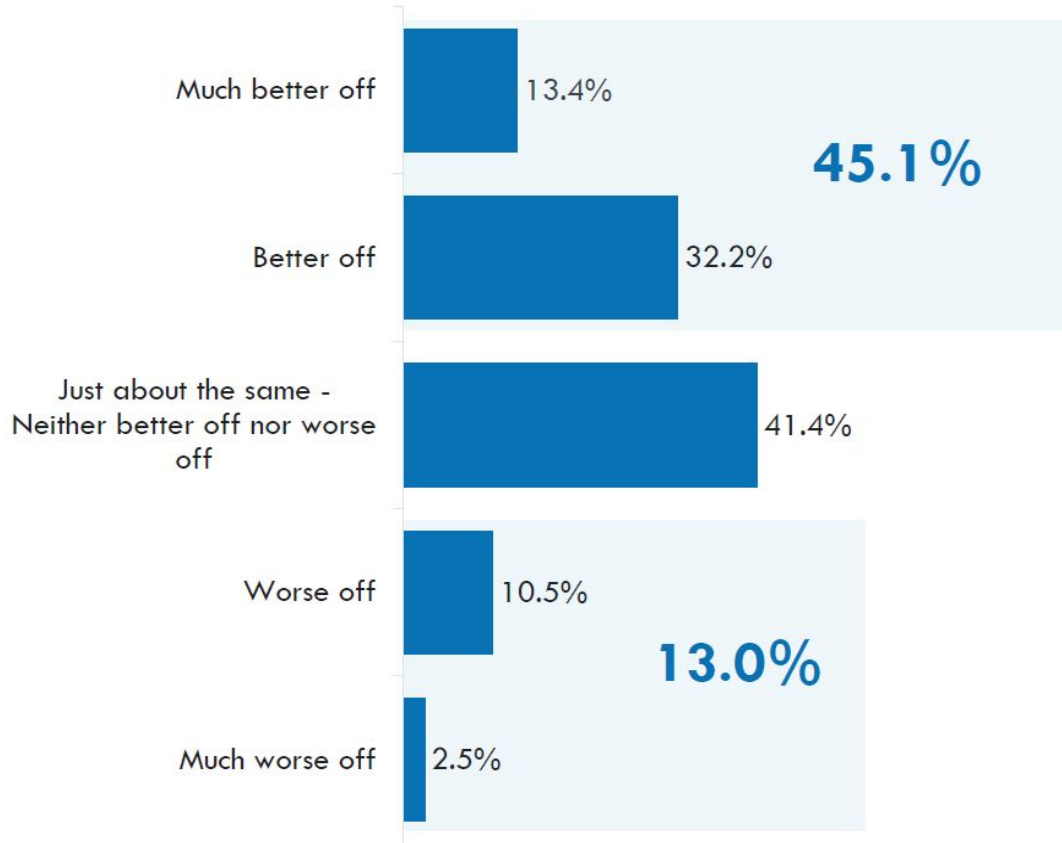
Destination  Analysts



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(Base: All respondents, 4,025 completed surveys. Data collected January 15-22, 2023.)



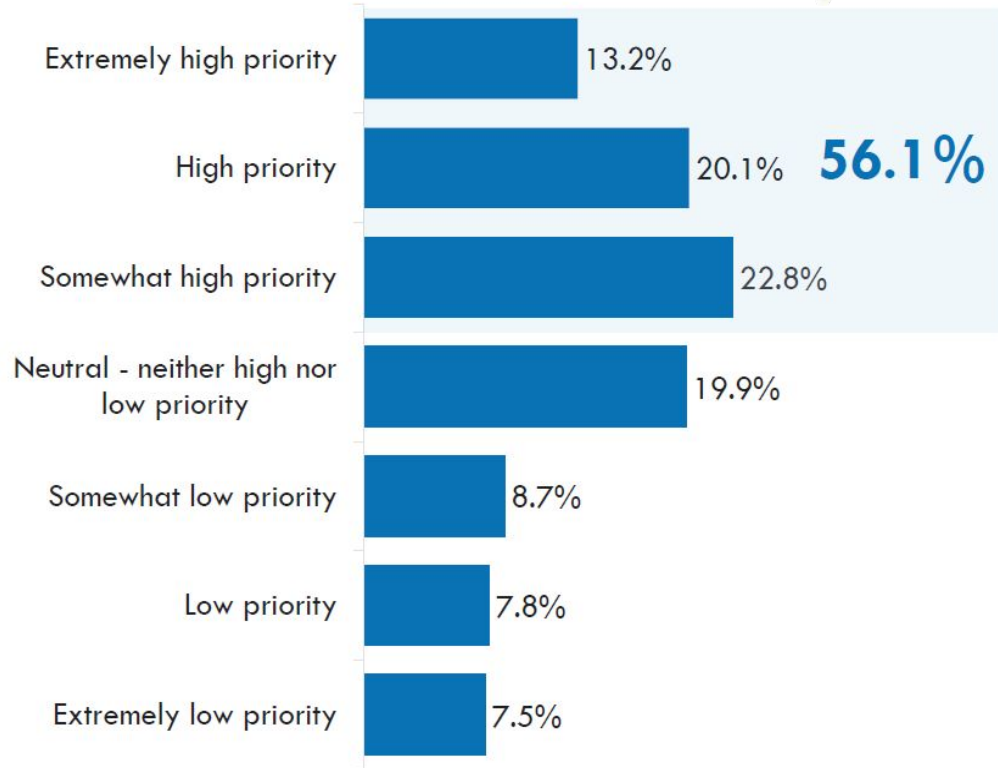
(Base: All respondents, 4,025 completed surveys. Data collected January 15-22, 2023.)



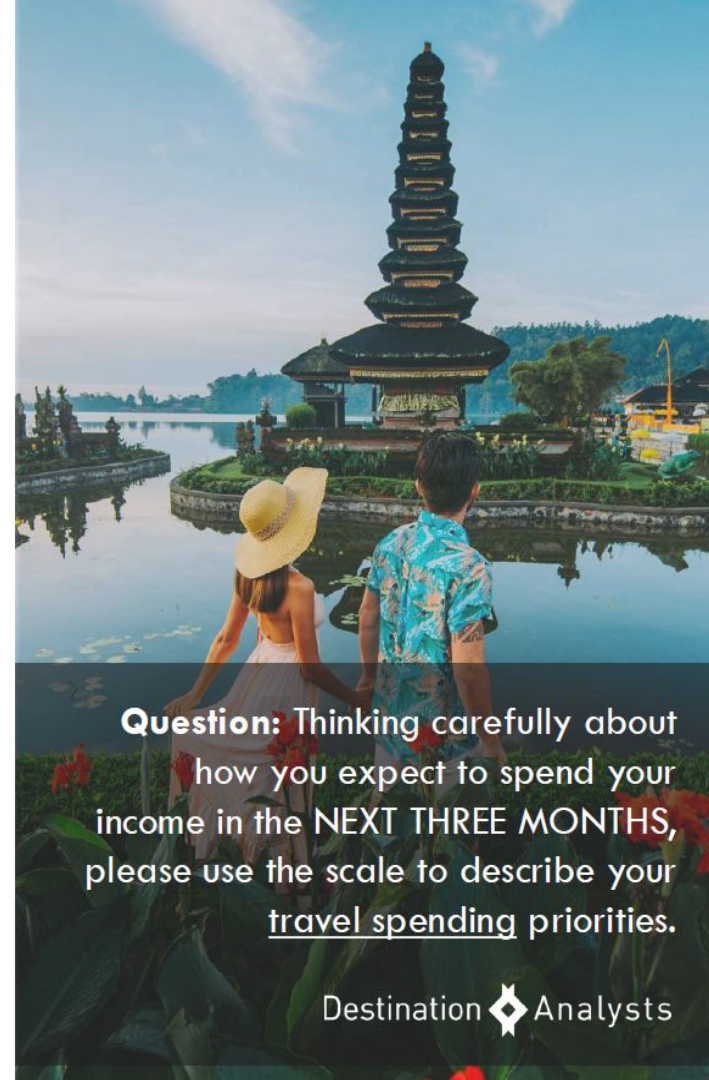
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Question: LOOKING FORWARD -
Do you feel that a year from now,
you (and your household) will be
better off financially, or worse off,
or just about the same as now?

Destination  Analysts



(Base: All respondents, 4,025 completed surveys. Data collected January 15-22, 2023.)



Question: Thinking carefully about how you expect to spend your income in the **NEXT THREE MONTHS**, please use the scale to describe your travel spending priorities.

Question: How much IN TOTAL is the maximum you will spend on leisure travel (including airfare, accommodations and all other trip related spending) during the NEXT 12 MONTHS?

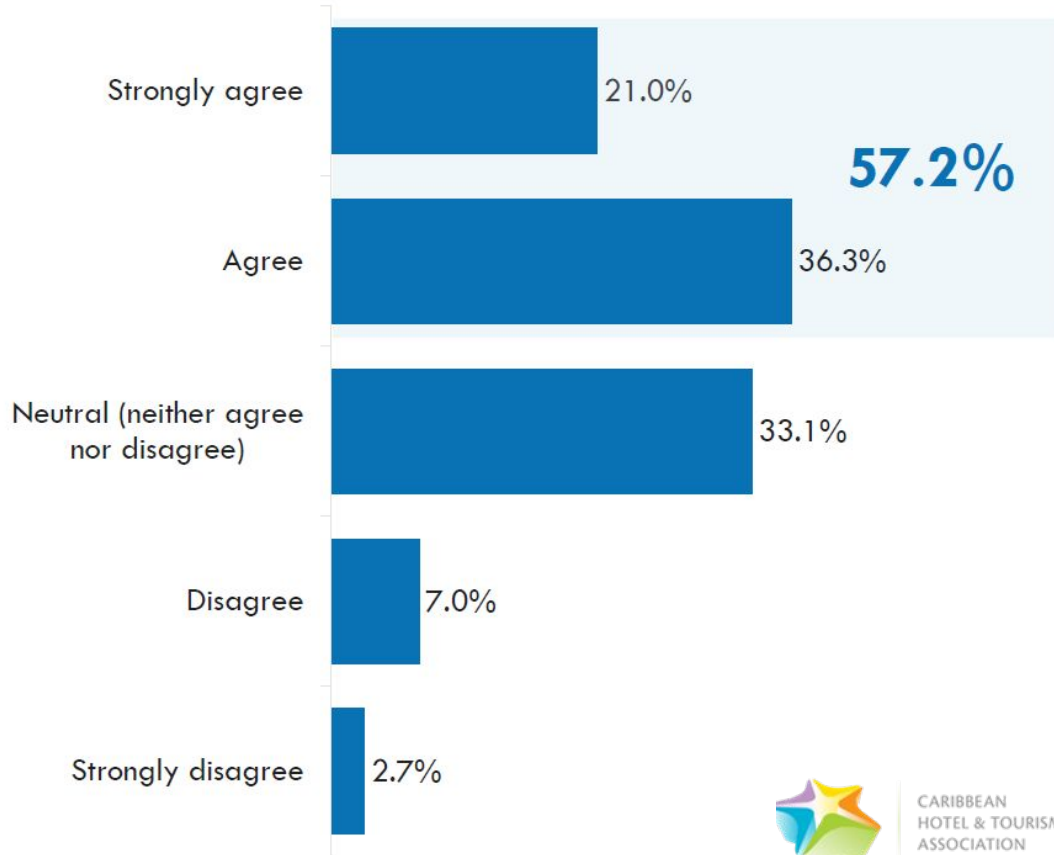
Destination  Analysts

Maximum Expected Annual Travel Expenditure

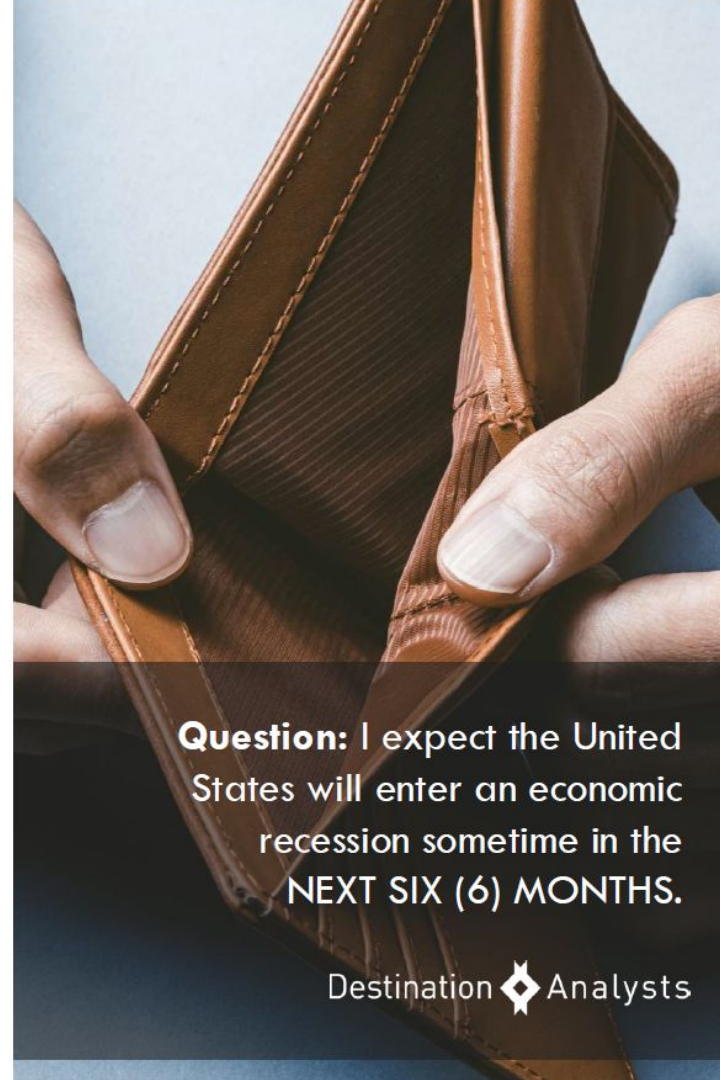


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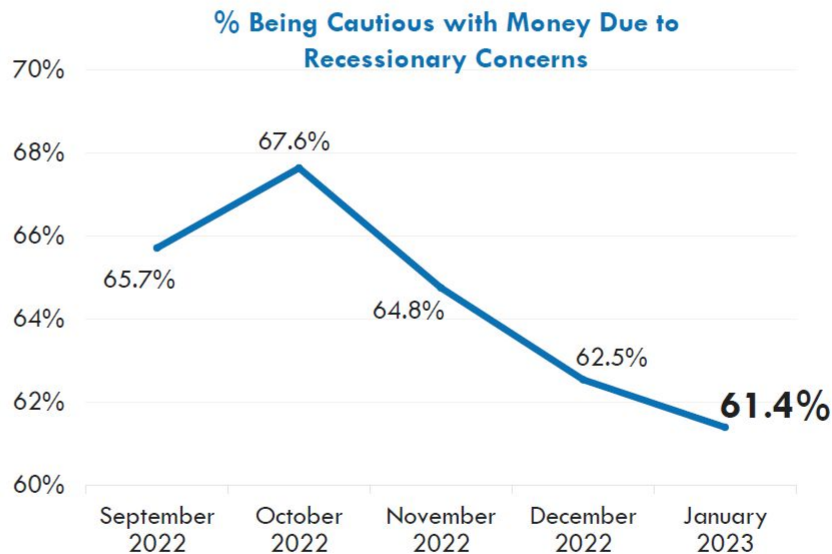
(Base: All respondents, 4,025 completed surveys. Data collected January 15-22, 2023.)



Question: I expect the United States will enter an economic recession sometime in the NEXT SIX (6) MONTHS.

Destination  Analysts

Slightly fewer travelers are exercising spending caution due to concerns about a recession.



(Base: All respondents, 4,025 completed surveys. Data collected January 15-22, 2023.)

Statement: "Right now, I am being careful with my money because I'm concerned about an upcoming recession."

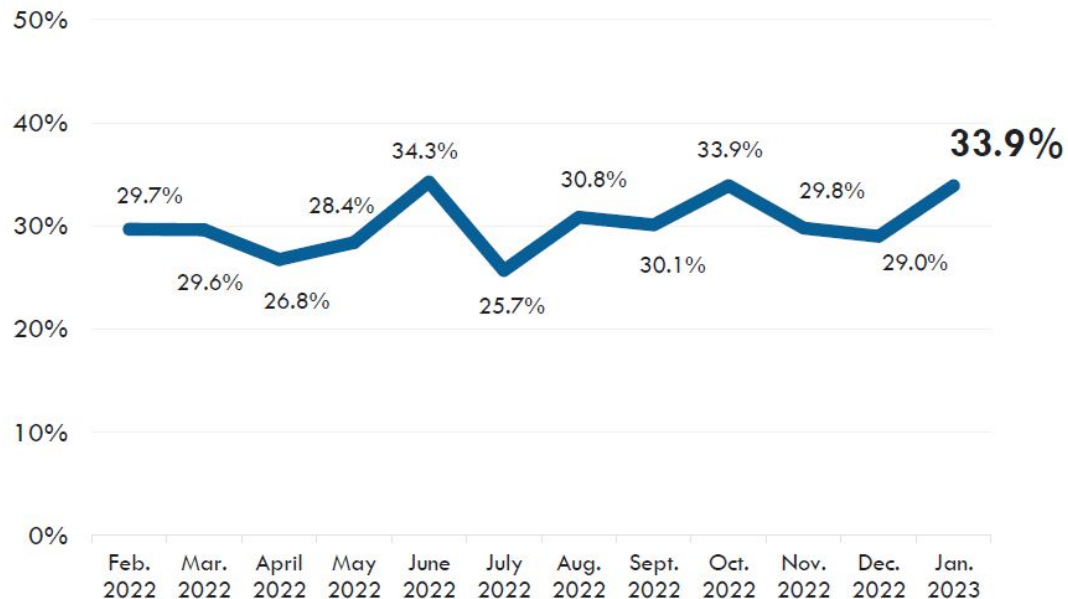
Destination  Analysts



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Expectations for travel outside the United States are up this month.

Likely or Very Likely to Travel Abroad

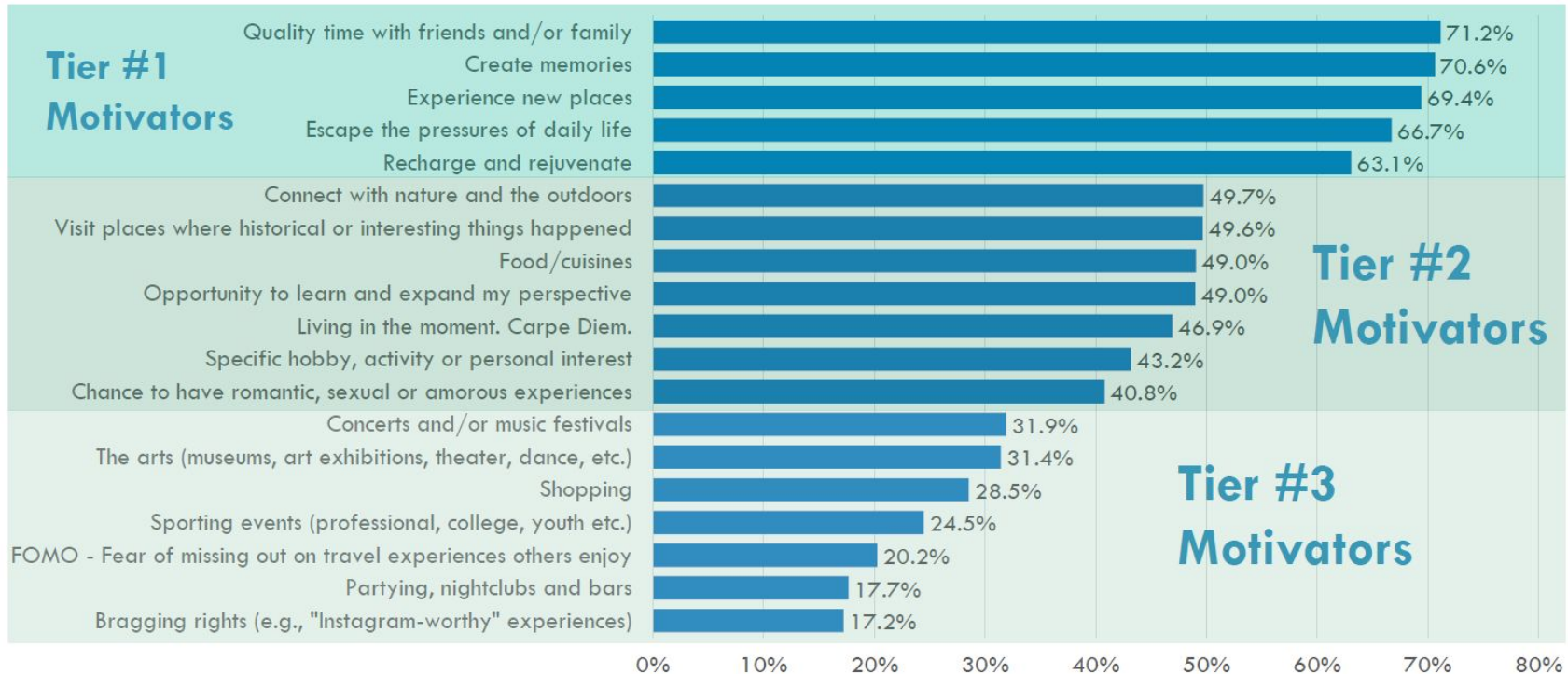


Question: How likely are you to travel outside the United States for leisure in the NEXT TWELVE (12) MONTHS?

Destination  Analysts



Question: Please think deeply about what motivates you to travel. What really fuels your desire to travel now?



Demand for spring and summer is set to keep growing

Overseas arrivals to the Caribbean, as of 6 Apr 2023; vs 2019



■ March – May 2023 vs March – May 2019

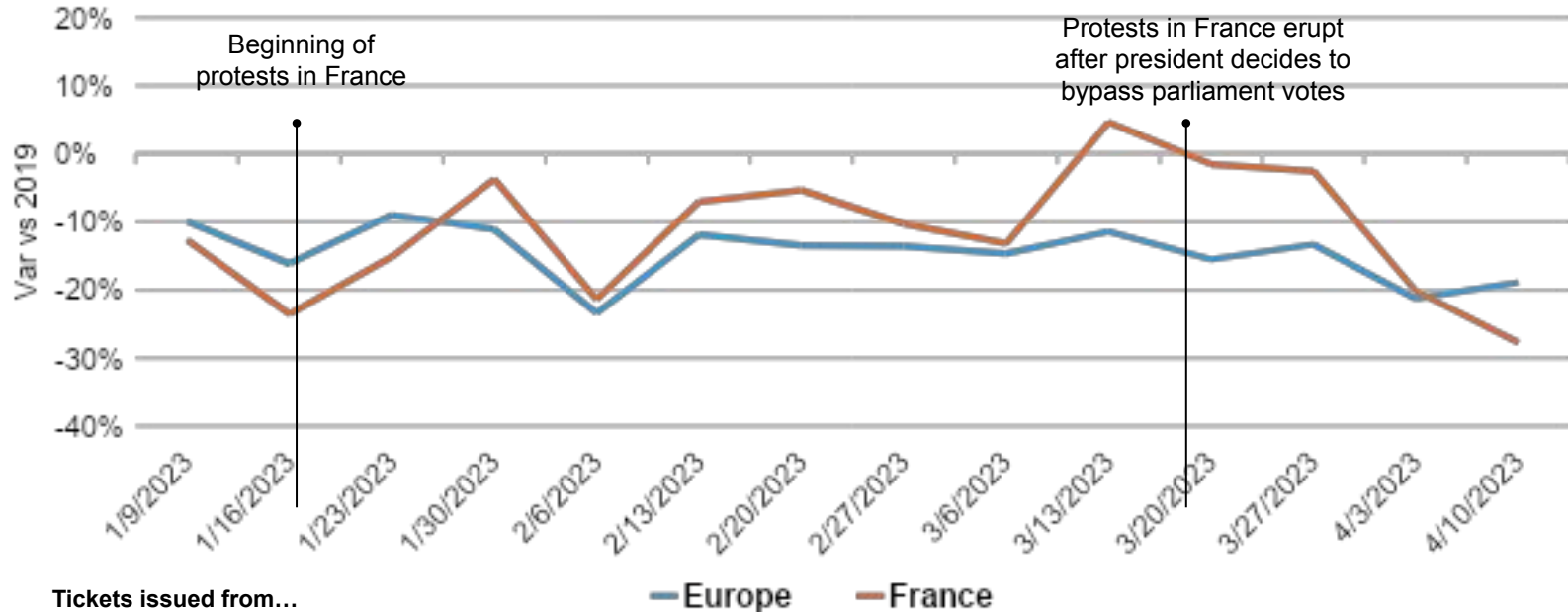


■ June - August 2023 vs June - August 2019

 Source: ForwardKeys Air Tickets Data

Strike actions in Europe are disrupting travel and slowing the demand

Tickets for arrivals from Europe to Caribbean issued between Jan and Apr 2023; vs 2019 levels



Tickets issued from...

— Europe — France

Source: ForwardKeys Air Tickets Data


Average fares for travel to the Caribbean are getting higher

Average fares for international arrivals in Caribbean in Jan - Feb 2023; vs 2019



Source market	Var vs 2019
Amsterdam (NL)	+92%
Miami (US)	+65%
Toronto (CA)	+55%
Frankfurt (DE)	+46%
London (GB)	+46%
Paris (FR)	+40%
New York City (US)	+38%
Atlanta (US)	+33%
Madrid (ES)	+25%
Panama City (PA)	+10%

Destination	Var vs 2019
Aruba	+58%
Barbados	+48%
Bahamas	+47%
Jamaica	+44%
Dominican Republic	+35%
Saint Lucia	+30%
Cayman Islands	+29%
Total Caribbean	+46%

 Source: ForwardKeys Fares Data

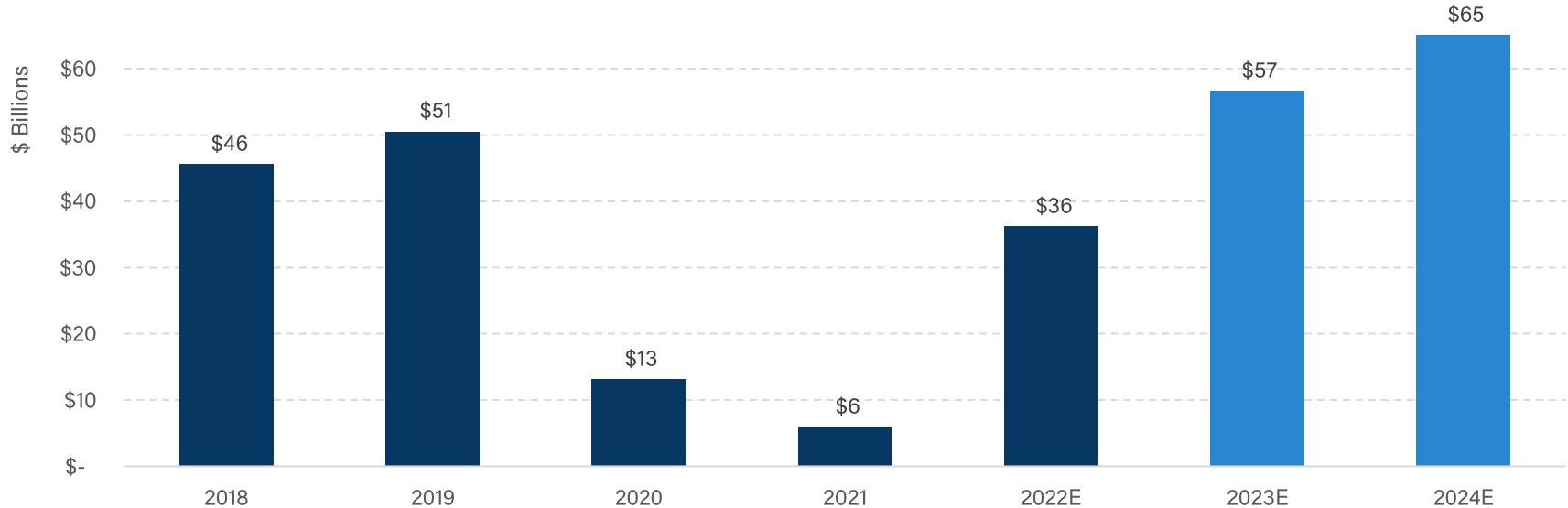
Cruise

- Cruise seems poised for the largest bounce back of any travel segment. Skift Research estimates that the sector will grow by 61% in 2023 to \$57 billion, 12% above 2019 levels.
- The market for cruisers remains fiercely loyal and we expect them to return to their past habits once sailings are available.
- Cruise should be able to ride the strong recovery in the U.S. since 48% of passengers come from North America.
- **Caribbean Performance:** In 2022, the total number of cruise visitors in the region reached 19.2 million - five times more than those in 2021 and this was 63.3% of the record number of cruise visits (30.4 million) set in 2019.
- The Northern Caribbean emerged as the most visited region in 2022, with an estimated 6.5 million cruise visits (six times more than in 2021) and 91.9% of the pre-pandemic arrivals.
- These destinations benefited from their proximity to the main homeports for the cruise lines. Cruise visits to other regions were either four or five times more than in 2021. However, while the Eastern and Western Caribbean recovered 55.0% of their 2019 figures, the Southern Caribbean could only muster 51.3%.
- In 2023, the cruise industry is also anticipated to continue recovering and expanding. As more ships are deployed, the capacity for cruises will rise and demand will stay high. All ports in the region have reopened, and some have started homeporting. In the region, **there should be between 32.0 million and 33.0 million cruise visits overall, which is a 5.0% to 10.0% increase over the pre-covid baseline figure.**

Cruise Line Revenue Estimates

The lifting of COVID restrictions should power a return of cruising, driving the industry back above 2019 levels in the coming year.

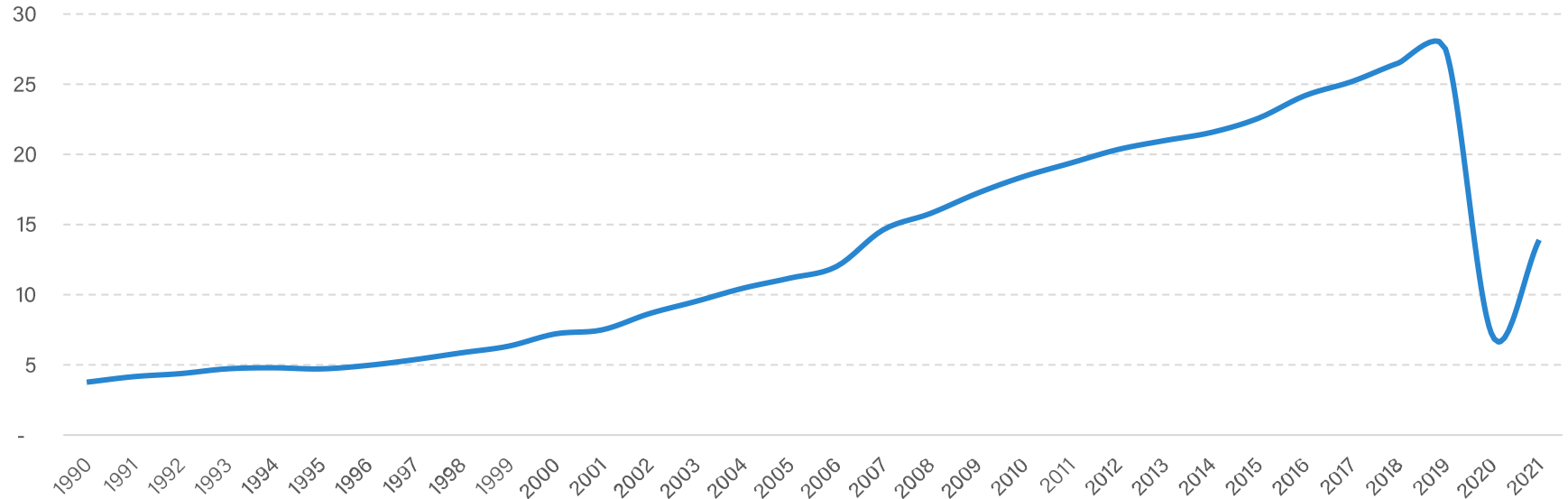
Cruise Line Revenue



Passengers Are Rapidly Returning To Cruising

Cruisers nearly doubled in 2021, the latest available data. We expect a full recovery by 2023.

Millions of Cruise Passengers Carried Worldwide

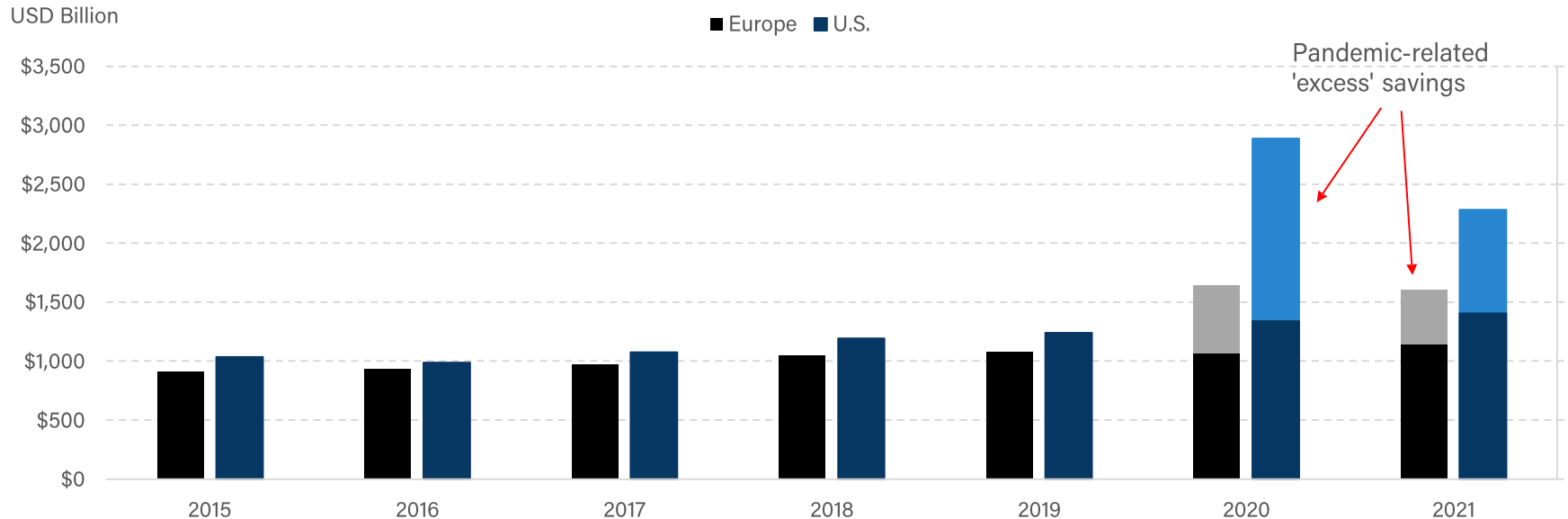


Source: Cruise Market Watch. Data accessed December 2022.

The Good News: Consumers Have Cash, Will Travel

The pandemic created conditions that allowed consumers to build the highest level of savings they ever held. After being cooped up for years, shoppers are flush and eager to travel.

Household Savings: Pent up Demand for Travel?



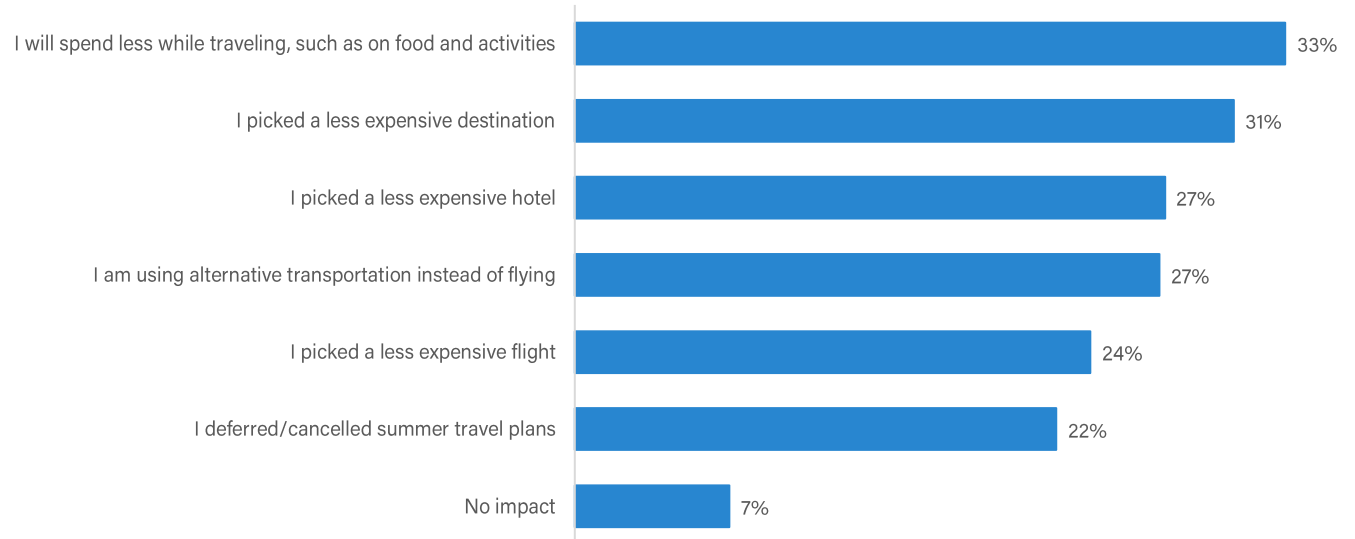
The Bad News: Inflation Impact Can Already be Felt

When faced with rising travel prices, most people spent less in-destination or chose a cheaper destination but a fifth completely cancelled or postponed their travel plans.

68%

of respondents who experienced higher prices said their travel plans had changed

Ways Respondents Changed Their Travel Plans Due to Inflation





A LOOK AT LINKAGES

Exploring Tourist Spending in 3 Caribbean Destinations: Dominican Republic, Jamaica, and Puerto Rico

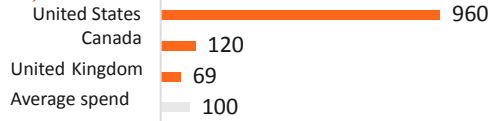
Caribbean Hotel and Tourism
Association

February 2022 – March 2023

US Tourists Reign Supreme in Travel Expenditures, Outspending British and Canadian tourist in all the Destinations

Dominican Republic – Spend Index

Snapshot: Feb. 2022 – Mar. 2023 (index points)



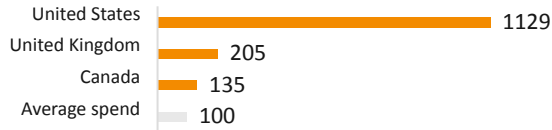
	Avg. Spend Per Card	% Unique Visitors
United States	533 \$	68%
Canada	357 \$	11%
United Kingdom	397 \$	6%

Overall, US Tourists Outspend Canadians by 8x at Destination, thanks to a higher volume of tourists and Higher Card Spending.

Compared to the UK, the US spends almost 14 times more at the destination.

Snapshot: Feb. 2022 – Mar. 2023 (index points)

Jamaica – Spend Index



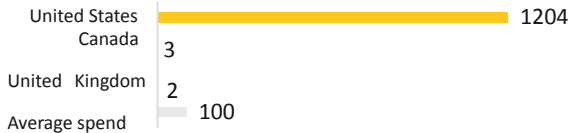
	Avg. Spend Per Card	% Unique Visitors
United States	528 \$	74%
United Kingdom	541 \$	14%
Canada	478 \$	10%

Despite UK Spending 1.5 Times More Than Canada, US Tourists Lead the Pack, Outspending British and Canadian Visitors at Destination by 5.5 and 8.4 Times, Respectively.

Conversely, Canadian and British tourists demonstrate higher card spending in Jamaica compared to Puerto Rico and the Dominican Republic.

Snapshot: Feb. 2022 – Mar. 2023 (index points)

Puerto Rico – Spend Index



	Avg. Spend Per Card	% Unique Visitors
United States	848 \$	99%
Canada	396 \$	0.3%
United Kingdom	289 \$	0.3%

US Tourists Outspend Canadian tourists by 400x at Destination and British by 600x.

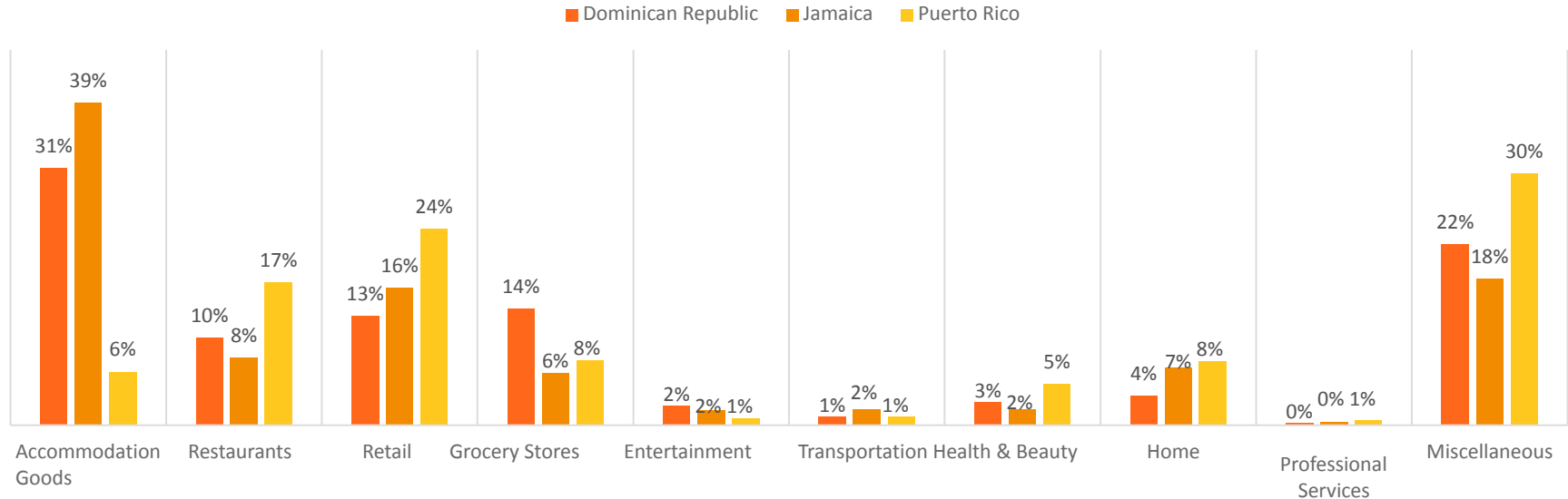
The volume of Tourists and US Expats in Puerto Rico Contribute to the Huge Gap in Destination Expenditure. This results in higher card spending by US tourists compared to other destinations.



Exploring Consumer Spending Patterns in Caribbean Destinations

Merchant Category Spend Share

Snapshot: Feb. 2022 – Mar. 2023



The average spending in Puerto Rico is subject to significant distortion resulting from the high volume of US tourists and the spending patterns of American expatriates and residents on the island. The Dominican Republic and Jamaica spend most of their budget on accommodations while spending of Puerto Rico is residual in this category, allowing them to spend more on Restaurants and Retail.

Meanwhile, tourists visiting the Dominican Republic tend to spend more money on groceries and restaurants compared to those in Jamaica. This could be attributed to the higher number of restaurants and businesses available in the Dominican Republic.



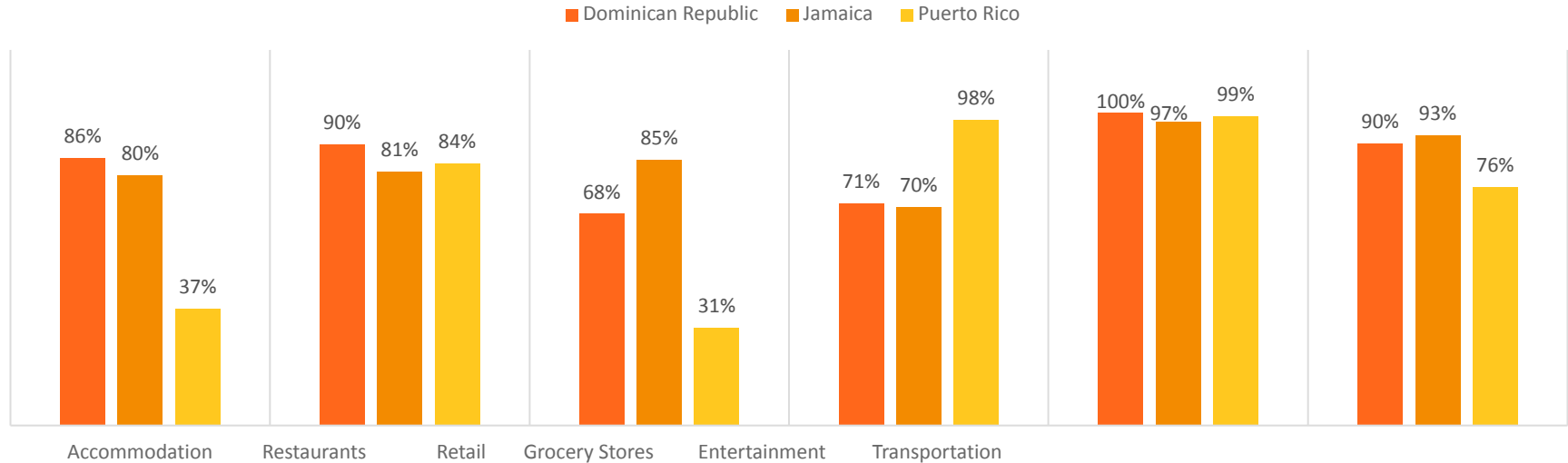
Local Shops Trump International Ones in Tourist Spending, Except in Puerto Rico's Accommodation and Retail

Percentage of Spend on Local Merchants

Snapshot: Feb. 2022 – Mar. 2023



CARIBBEAN
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Tourists tend to allocate a larger portion of their expenditure to local shops across various categories in all the destinations, except for retail and accommodation in Puerto Rico, where international shops are favored.

Spending in local shops serves as a driving force for the growth of the regional economy, this particularly pronounced in Restaurants, Entertainment, and Transportation.



Pipeline heavily focused in Dominican Republic

Caribbean, Pipeline rooms by phase, Mar 2023 and 2022

Phase	2023	2022	% Change
In Construction	68	61	11%
Final Planning	34	31	9.6%
Planning	52	55	-5.4%
Under Contract	154	147	4.8%

IN SUMMARY



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- Global demand for travel is robust
- Tourism industry continues to lead region's recovery while facing formidable challenges
- Recovery and Growth is uneven with some destinations outpacing others
- The Pace of recovery is still threatened by rising operating costs, labor shortages, increasing airfares, global competition, economic uncertainty, and pressures from some governments to increase taxes
- Many companies continue to forgo higher profits, plowing returns into covering debt incurred during pandemic and opting to invest in product improvements as capital expenditures soar
- Consumers keep watch as recessions looms and inflation impacts continue to be felt
- Labor and operating costs continue to rise



- **Cruise continues to rebound amidst labour market challenges**
- **Linkages is a growing opportunity for public-private sector to truly use tourism to drive their economies**
- **New Segments such as Health & Wellness, Sustainable tourism should be pursued. The Caribbean has all the assets to do well**
- **Climate Change and Sustainability: Multi-sector regional and international collaboration will be key to deal with these issues**
- **Despite challenges, industry remains bullish about the future of tourism in the Caribbean**
- **The Pipeline: Numerous accommodation projects are in the pipeline across the region which will bring further pressure on labour market and supply chains. This presents an opportunity for regional collaboration in training and development as well as supplying good and services to the sector.**
- **A Caribbean wide Tourism Demand Study is imperative to fulfill the WTTC projections in a seamless manner**

Thanks for your
continued support!





Nicola Madden-Greig
President



CARIBBEAN
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The Courtleigh Hospitality Group

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