

Webinar

ULI Southeast Florida/Caribbean: State of the Hotel Market

Date: March 16, 2021

00:00:00 --> 00:00:03: How's a Christian?

00:00:03 --> 00:00:06: Good morning so we would love for all you guys

00:00:06 --> 00:00:08: to when you get into the chat rooms to please

00:00:08 --> 00:00:11: turn on your video so you've got a few minutes

00:00:11 --> 00:00:15: now if you need to put something on your hair

00:00:15 --> 00:00:16: or hat or a shirt.

00:00:16 --> 00:00:19: Friendly attire, we would really appreciate it.

00:00:19 --> 00:00:21: So when you go into the chat rooms you look

00:00:21 --> 00:00:23: covid presentable,

00:00:23 --> 00:00:25: whatever that might be and at least that way it's

00:00:25 --> 00:00:28: it's it's fun for everybody to be in the chat

00:00:28 --> 00:00:28: room,

00:00:28 --> 00:00:30: but we want to give all of you guys a

00:00:31 --> 00:00:33: few minutes right now to just be able to network

00:00:33 --> 00:00:35: like you would at any regular event.

00:00:35 --> 00:00:38: The speakers will be kind of acting as moderators and

00:00:38 --> 00:00:41: just asking you guys a few questions and allowing you

00:00:42 --> 00:00:44: guys to meet and hang out and network.

00:00:44 --> 00:00:46: I think one of the great things about you a

00:00:46 --> 00:00:49: lie is that we just have such an amazing group

00:00:49 --> 00:00:50: of members.

00:00:50 --> 00:00:54: Diverse backgrounds, yeah. I see Mark is fixing up his

00:00:54 --> 00:00:54: hair.

00:00:54 --> 00:00:58: Mighty Mighty Cell is is ready to go actor Anne

00:00:58 --> 00:00:59: and there you go.

00:00:59 --> 00:01:02: Staff on everyone's looking good I I love it man.

00:01:02 --> 00:01:06: I love the light there exactly exactly is up.

00:01:06 --> 00:01:08: You guys are looking really elegant.

00:01:08 --> 00:01:10: I usually.

00:01:10 --> 00:01:12: And there's no heavy. How's it going to heavier?

00:01:15 --> 00:01:17: I think you're still on mute there.

00:01:20 --> 00:01:23: Chuck Cobb, I don't see Jack Smith yet.

00:01:23 --> 00:01:25: Colin Adam, can you hear me now?

00:01:25 --> 00:01:28: Yes Sir Joe hello, good morning.

00:01:28 --> 00:01:33: Perfect. Great great so everyone.

00:01:33 --> 00:01:36: Good morning will be going to breakout rooms in uh,

00:01:36 --> 00:01:38: in in about 60 seconds so you know,

00:01:38 --> 00:01:40: please put on your videos.

00:01:40 --> 00:01:43: Dress up nice, look good and just get a chance

00:01:43 --> 00:01:44: to meet your fellow Members.

00:01:44 --> 00:01:47: I think this is really what what it's about is

00:01:47 --> 00:01:50: to network and obviously very soon will be able to

00:01:50 --> 00:01:53: do that again in person after a few minutes of

00:01:53 --> 00:01:57: informal networking will go to the presentation and you know

00:01:57 --> 00:02:00: really honored today to have Alexandra who's going to be

00:02:00 --> 00:02:01: moderating lalos,

00:02:01 --> 00:02:03: will be moderating with us.

00:02:03 --> 00:02:05: Will do about an hour.

00:02:05 --> 00:02:08: With our speakers and get an update on the Caribbean

00:02:08 --> 00:02:09: we are all going to be,

00:02:09 --> 00:02:13: I think, very impressed and interested in what is coming

00:02:13 --> 00:02:16: out of the hospitality market today in the Caribbean.

00:02:16 --> 00:02:20: Unexpected announcements are going to be made so it's

00:02:20 --> 00:02:23: very

00:02:23 --> 00:02:27: very exciting and I think I'm looking forward to hearing

00:02:27 --> 00:02:30: are amazing panel speakers who will introduce themselves

00:02:30 --> 00:02:34: when we

00:02:34 --> 00:02:35: start the conversation. So I think we're at 10:30 and

00:02:35 --> 00:02:36: punctuality is always one of the great trademarks of the

00:02:36 --> 00:02:38: Caribbean.

00:02:38 --> 00:02:40: Um, so let's.

00:02:40 --> 00:02:42: Yeah, I'm glad that got small.

00:17:14 --> 00:17:16: Alright, good good morning everybody.

00:17:19 --> 00:17:21: I hello good morning Madam.

00:17:21 --> 00:17:25: I don't know if you guys enjoyed your little breakout

00:17:25 --> 00:17:27: sessions as much as I did,

00:17:27 --> 00:17:29: but I we had the chance to speak,

00:17:29 --> 00:17:31: you know, four or five of us.

00:17:31 --> 00:17:34: And yeah, I think that some of the comments I

00:17:34 --> 00:17:37: heard was by Tim busiest year to date.

00:17:37 --> 00:17:41: Brian, who is an air quality specialist at TLC Engineering,

00:17:41 --> 00:17:45: said he has not stopped working.

00:17:45 --> 00:17:49: Also, my cell who's in civil engineering and hospitality says

00:17:49 --> 00:17:50: she is very,

00:17:50 --> 00:17:53: very active as well as Tim who's joining us from

00:17:54 --> 00:17:55: the United Kingdom.

00:17:55 --> 00:17:58: It was also mentioning he's a specialty recruiter,

00:17:58 --> 00:18:01: so anybody that is looking to hire or to bring

00:18:01 --> 00:18:05: on new people you can connect with Tim who's calling

00:18:05 --> 00:18:06: in from the UK,

00:18:06 --> 00:18:10: but very exciting sessions. And basically I'm just going to

00:18:11 --> 00:18:15: make a few quick announcements and then we'll hand it

00:18:15 --> 00:18:15: over.

00:18:15 --> 00:18:18: Or moderate Aran are distinguished panel who will speak.

00:18:18 --> 00:18:20: So I guess Max. Do you want to put on

00:18:20 --> 00:18:21: the 1st slide?

00:18:26 --> 00:18:29: This this really could not be possible without your guys

00:18:30 --> 00:18:30: help.

00:18:30 --> 00:18:32: You know, I know we hear it all the time,

00:18:32 --> 00:18:35: but it's really about stepping up to the plate when

00:18:35 --> 00:18:38: it's not easy and these are sponsors who have,

00:18:38 --> 00:18:40: you know, time and time again.

00:18:40 --> 00:18:42: Come on board supported you'll.

00:18:42 --> 00:18:45: I supported our research, supported our teams and really we

00:18:45 --> 00:18:47: are eternally grateful for you guys.

00:18:47 --> 00:18:49: Sticking with us through this covid.

00:18:49 --> 00:18:52: I know it's not the same thing as when we're

00:18:52 --> 00:18:55: all together in person but we really appreciate it and

00:18:55 --> 00:18:56: need it and.

00:18:56 --> 00:18:59: Very excited about this as an organization.

00:18:59 --> 00:19:02: Utilize one of the largest development groups for I've been

00:19:02 --> 00:19:04: a member since college.

00:19:04 --> 00:19:06: I I'm not going to give you the date so

00:19:06 --> 00:19:09: I'm not dated a long long time ago and really

00:19:09 --> 00:19:10: been the way that I've.

00:19:10 --> 00:19:13: When I was younger. Learned from people who are older

00:19:13 --> 00:19:16: now that it maybe I'm a little bit on the

00:19:16 --> 00:19:17: older side.

00:19:17 --> 00:19:18: We love to get back.

00:19:18 --> 00:19:21: We've got a speed mentoring program that's coming up for

00:19:21 --> 00:19:22: everybody.

00:19:22 --> 00:19:26: It's really fun. It's very important for younger people just

00:19:26 --> 00:19:26: kind of.

00:19:26 --> 00:19:29: I always say remember what it was like when you
00:19:29 --> 00:19:31: were first starting and how tough it was to break
00:19:31 --> 00:19:32: in to the industry.
00:19:32 --> 00:19:35: So this is something that we definitely recommend that all
00:19:35 --> 00:19:37: of you guys will have some extra time and would
00:19:37 --> 00:19:38: like to mentor.
00:19:41 --> 00:19:44: We have also some other events coming up on the
00:19:44 --> 00:19:45: 8th of April.
00:19:45 --> 00:19:47: This human experience is the new currency.
00:19:47 --> 00:19:50: I think that one thing that we've all gotten out
00:19:50 --> 00:19:53: of Kovit is that you know it's we're in a
00:19:53 --> 00:19:54: new spiritual place.
00:19:54 --> 00:19:56: Today we have new goals.
00:19:56 --> 00:19:58: We've kind of looked at life differently,
00:19:58 --> 00:20:01: and the way we build and design in the hospitality
00:20:01 --> 00:20:04: industry really needs to reflect this today,
00:20:04 --> 00:20:06: so I think this is kind of a very,
00:20:06 --> 00:20:09: very pertinent webinar that we we invite.
00:20:09 --> 00:20:10: All of you guys to join.
00:20:14 --> 00:20:19: Without a doubt, the Caribbean region is on the front
00:20:19 --> 00:20:23: end and we are the battleground front lines of.
00:20:23 --> 00:20:26: Changing climate resiliency and sustainable development,
00:20:26 --> 00:20:29: and I think that a lot of the expertise that
00:20:29 --> 00:20:32: we have garnered in the Caribbean is relevant to our
00:20:32 --> 00:20:34: major cities in the United States.
00:20:34 --> 00:20:36: In this case, the web and R is going to
00:20:36 --> 00:20:39: be about flooding and how our leadership as you know,
00:20:39 --> 00:20:43: leaders in this industry. We can drive recovery and obviously
00:20:43 --> 00:20:46: Miami has been a leader in resiliency for many decades
00:20:46 --> 00:20:49: and and and I think there should be an excellent
00:20:49 --> 00:20:50: event for everybody.
00:20:55 --> 00:20:58: We are hoping to go live for the first time
00:20:58 --> 00:21:00: this year in September 21 or 22.
00:21:00 --> 00:21:04: This should be really a big event for you.
00:21:04 --> 00:21:07: Well, I members would mark your calendars and as we
00:21:07 --> 00:21:12: get closer you'll get more information about safety protocols,
00:21:12 --> 00:21:15: but we expect this to be a fabulous event in
00:21:15 --> 00:21:16: September.
00:21:20 --> 00:21:24: So I think without further ado.
00:21:24 --> 00:21:25: I would like to.
00:21:28 --> 00:21:31: Welcome all of you guys and present Alexandra Lalos,
00:21:31 --> 00:21:35: who will be our moderate are for the event.

00:21:35 --> 00:21:40: Alexandra is is an extremely insightful and knowledgeable leader when

00:21:40 --> 00:21:41: it comes to hospitality,

00:21:41 --> 00:21:45: so I'm going to hand over the Battuta as they

00:21:45 --> 00:21:49: say in Puerto Rican to Alexandra and please take over.

00:21:55 --> 00:21:59: Thank you, thank you Adam and thank you to the

00:21:59 --> 00:22:03: You Lie group for putting this together and and bring

00:22:03 --> 00:22:07: together a group of of some great leaders in the

00:22:07 --> 00:22:11: industry and I think you'll all be very excited to

00:22:11 --> 00:22:15: hear the insightful things that they have to say today.

00:22:15 --> 00:22:17: So my name is Alex Los.

00:22:17 --> 00:22:20: I'm a director at Hodges Ward Elliott.

00:22:20 --> 00:22:24: Here in Miami. Hodges Ward Elliott is a brokerage and

00:22:24 --> 00:22:25: advisory firm.

00:22:25 --> 00:22:29: Our main focus is. Hospitality we do some commercial work,

00:22:29 --> 00:22:33: but but mainly our business is focused in hospitality across

00:22:33 --> 00:22:34: the country.

00:22:34 --> 00:22:37: My focus here in South Florida is is the state

00:22:37 --> 00:22:39: of Florida and the Caribbean market.

00:22:39 --> 00:22:42: I am a graduate of Cornell Hotel School and I've

00:22:42 --> 00:22:44: been in Miami for about 10 years,

00:22:44 --> 00:22:46: so I really love this market.

00:22:46 --> 00:22:49: I love the people. I love the the projects we

00:22:49 --> 00:22:52: get to work on here so it's it's a great

00:22:52 --> 00:22:55: place to live and work as I'm sure many of

00:22:55 --> 00:22:58: you feel. I have an ice breaker question that I'm.

00:22:58 --> 00:23:01: I'm also going to ask my my panelists to answer,

00:23:01 --> 00:23:03: so I'm going to go first,

00:23:03 --> 00:23:06: and that's going to be to describe the Caribbean tourism

00:23:06 --> 00:23:08: market in three words,

00:23:08 --> 00:23:11: and so my 3 words I'm going to use are.

00:23:11 --> 00:23:13: People.

00:23:13 --> 00:23:16: Service and heart. And so I'm going to pass it

00:23:17 --> 00:23:18: first to Rogerio BA.

00:23:18 --> 00:23:23: So just to give a quick introduction on himself and

00:23:23 --> 00:23:27: to also answer the icebreaker question.

00:23:27 --> 00:23:32: Fantastika welcome everyone. Very happy to be here.

00:23:32 --> 00:23:36: I'm rogerio blossom. The head of tourism for Inter American

00:23:37 --> 00:23:39: Development Bank group IDB.

00:23:39 --> 00:23:43: Invest is the private sector division of the IDB.

00:23:43 --> 00:23:48: We are the largest multilateral Development Bank focused in Latin

00:23:48 --> 00:23:50: American Caribbean.

00:23:50 --> 00:23:54: We do about the \$7 billion of investments across a variety of asset classes.

00:23:54 --> 00:23:57:

00:23:57 --> 00:24:01: And our membership group includes 26 member countries from Mexico.

00:24:01 --> 00:24:06: The way to Chile and six countries in the Caribbean.

00:24:06 --> 00:24:10: Jamaica, Barbados, Trinidad.

00:24:10 --> 00:24:14: Lincoln Republic, Haiti and the Bahamas.

00:24:14 --> 00:24:18: There are projects and be tend to involve initiative to have significant development impact and relative to your icebreaker question,

00:24:18 --> 00:24:23:

00:24:23 --> 00:24:27: I would describe Caribbean as being.

00:24:27 --> 00:24:33: Incredibly resilient. Fantastic natural resources.

00:24:33 --> 00:24:34: And happy people.

00:24:37 --> 00:24:39: That's a great answer.

00:24:39 --> 00:24:43: Next, I'll pass it to a Christian sharp Christian.

00:24:49 --> 00:24:55: Hand it thank you. Alexandra thank you.

00:24:55 --> 00:25:01: And good morning everyone so well answer the question first.

00:25:01 --> 00:25:03: So I would say Hapiness,

00:25:03 --> 00:25:07: sun and beach. So my 3 words for describing the

00:25:08 --> 00:25:10: with the CBR E hotel.

00:25:10 --> 00:25:15: So we are the largest public real estate commercial real estate company.

00:25:15 --> 00:25:16:

00:25:16 --> 00:25:22: And although CBR E does pretty much everything in terms of commercial real estate.

00:25:22 --> 00:25:25:

00:25:25 --> 00:25:28: We are, my group is specialized like Alex in the

00:25:28 --> 00:25:31: hospitality industry and South Florida,

00:25:31 --> 00:25:35: the Caribbean and Latin America is a playground and we

00:25:36 --> 00:25:38: spend a significant amount of time.

00:25:38 --> 00:25:42: More than 50% of our resources are dedicated to the

00:25:42 --> 00:25:43: region.

00:25:43 --> 00:25:47: Being transactional advisory in the region so and I've been

00:25:47 --> 00:25:49: in Florida for 20 years,

00:25:49 --> 00:25:52: twice as long as Alex and I love it.

00:25:52 --> 00:25:55: I'm not moving and I'm staying here.

00:25:58 --> 00:26:00: Next I'll bring in Brad Dean.

00:26:03 --> 00:26:06: Hey good morning, Buenos Dias from Puerto Rico.

00:26:06 --> 00:26:09: Delighted to join you and I guess for me the

00:26:09 --> 00:26:10: the Caribbean is lively,

00:26:10 --> 00:26:13: authentic and it's still paradise.

00:26:13 --> 00:26:16: Having lived in Puerto Rico for the past three years

00:26:16 --> 00:26:19: and started my career in Puerto Rico I guess have

00:26:19 --> 00:26:23: a natural affinity but came back to Puerto Rico via

00:26:23 --> 00:26:27: Miami and Myrtle Beach SC Ilead destination marketing for the

00:26:27 --> 00:26:27: island.

00:26:27 --> 00:26:31: So we are the official destination marketer at discover Puerto

00:26:31 --> 00:26:32: Rico.

00:26:32 --> 00:26:35: We were created in a wave of privatization that began

00:26:35 --> 00:26:36: in 2017.

00:26:36 --> 00:26:39: Push the pause button on that due to Hurricane Maria

00:26:39 --> 00:26:42: and then we eventually opened up in mid 2018.

00:26:42 --> 00:26:46: So we're almost three years old and the sole purpose

00:26:46 --> 00:26:49: for discover Puerto Rico is to create a healthy,

00:26:49 --> 00:26:54: strong and more consistent Brandan promotional presence for the tourism

00:26:54 --> 00:26:55: industry in Puerto Rico.

00:26:55 --> 00:26:59: We believe that the visitor economy has tremendous potential.

00:26:59 --> 00:27:03: It's one of the few places in the United States

00:27:03 --> 00:27:03: where.

00:27:03 --> 00:27:07: You could realistically assemble a very attainable strategy to double

00:27:08 --> 00:27:11: the tourism economy over a relatively short period,

00:27:11 --> 00:27:14: so we're excited about what lies ahead for me coming

00:27:14 --> 00:27:16: to Puerto Rico in 2018,

00:27:16 --> 00:27:19: I I thought that was hired to help them revive

00:27:19 --> 00:27:21: tourism after Hurricane Maria,

00:27:21 --> 00:27:24: and I realized that Hurricane Maria was just a tuna

00:27:24 --> 00:27:27: packed for what we were about to face.

00:27:27 --> 00:27:30: Because Cove, it's really been about the equivalent of four

00:27:30 --> 00:27:33: Hurricane Maria's for the tourism industry,

00:27:33 --> 00:27:36: but that said. The recovery that's underway is real,

00:27:36 --> 00:27:39: and we're excited about what what we're seeing and sensing

00:27:39 --> 00:27:40: in the industry,

00:27:40 --> 00:27:44: both anecdotally and quantitatively, an excited really for the whole

00:27:44 --> 00:27:46: Caribbean as we look forward to the future of travel

00:27:46 --> 00:27:48: and tourism in our region.

00:27:48 --> 00:27:51: So delighted to join you today.

00:27:51 --> 00:27:54: Thanks Brad, and last. I'll bring in one corvino's.

00:27:58 --> 00:28:01: Hey good morning everyone.

00:28:01 --> 00:28:03: Very happy to hear Brazilian,

00:28:03 --> 00:28:08: talented and versatile are my buzzwords for today.

00:28:08 --> 00:28:11: I work in Hilton up in here for 12 years

00:28:11 --> 00:28:12: at Hilton,
00:28:12 --> 00:28:14: eight years in the Caribbean,
00:28:14 --> 00:28:19: Latin America, and I have the privilege of leading the
00:28:19 --> 00:28:24: team that expands Hilton's brands in the Caribbean and Latin
00:28:24 --> 00:28:25: America and.
00:28:25 --> 00:28:28: We're looking forward to seeing what this year has in
00:28:28 --> 00:28:29: store for us.
00:28:31 --> 00:28:34: Thank you one so I think to get our conversation
00:28:34 --> 00:28:37: started and I'm sure a lot of people here are
00:28:37 --> 00:28:40: are just wondering in general what what's going on right
00:28:40 --> 00:28:43: now in the Caribbean. I'm going to pass it over
00:28:43 --> 00:28:46: to Christian Shar who's prepared a couple of slides for
00:28:46 --> 00:28:48: you all just just to give you a sense.
00:28:48 --> 00:28:51: A little macro overview of what's going on in the
00:28:51 --> 00:28:52: Caribbean.
00:28:52 --> 00:28:54: So Christian.
00:28:54 --> 00:28:56: Take it away.
00:28:56 --> 00:28:59: You're on mute Christian.
00:28:59 --> 00:29:02: Thank you honey.
00:29:02 --> 00:29:05: I may be looking at because I have two screens
00:29:05 --> 00:29:08: so I'm gonna be sharing my screen for a second.
00:29:08 --> 00:29:09: Say.
00:29:11 --> 00:29:14: Can everyone see that?
00:29:14 --> 00:29:15: Yes.
00:29:17 --> 00:29:18: There we go. I saw,
00:29:18 --> 00:29:22: um, thank you everyone. I'll go through it quickly.
00:29:22 --> 00:29:25: It's kind of a little bit of an update on
00:29:25 --> 00:29:26: the region.
00:29:26 --> 00:29:30: So as you said, Alex people may have some question.
00:29:30 --> 00:29:33: Where do we stand? Where can we go?
00:29:33 --> 00:29:37: And Halsey the region is performing so with no further
00:29:37 --> 00:29:37: ado,
00:29:37 --> 00:29:40: let's go into it so very quickly.
00:29:40 --> 00:29:44: Here the COVID-19 nothing can compare to what we've been
00:29:44 --> 00:29:47: experiencing with this pandemic.
00:29:47 --> 00:29:51: This slide very quickly shows you the the international tourist
00:29:51 --> 00:29:53: arrival by region.
00:29:53 --> 00:29:55: As you can see across the world,
00:29:55 --> 00:29:59: the impact has been severe more than Siri has been
00:29:59 --> 00:30:03: dramatic and the interesting part here is the Kirby and
00:30:03 --> 00:30:06: of all the region in the world has performed better
00:30:06 --> 00:30:09: and one of the reason for that you may say

00:30:09 --> 00:30:13: is why is Europe as many countries still in lockdown?

00:30:13 --> 00:30:17: Asia Pacific is impossible to travel if you want to

00:30:17 --> 00:30:19: go to Hong Kong today.

00:30:19 --> 00:30:21: You could you have to spend three weeks in a

00:30:22 --> 00:30:23: room and you cannot go out.

00:30:23 --> 00:30:26: Females are there in your room so it's quite quasi

00:30:26 --> 00:30:29: impossible to to reach the region.

00:30:29 --> 00:30:32: And they're doing that in terms of protecting the region.

00:30:32 --> 00:30:36: Asia Pacific. So as you can see the Kirby and

00:30:36 --> 00:30:37: has been performing.

00:30:37 --> 00:30:42: Better than anybody else, but still a dramatic drop that

00:30:42 --> 00:30:44: that has never been seen.

00:30:44 --> 00:30:46: In a very, very long time,

00:30:46 --> 00:30:49: next one, which which Island is open,

00:30:49 --> 00:30:51: 80% of the island of carbon are open.

00:30:51 --> 00:30:53: They do have a protocol.

00:30:53 --> 00:30:58: The majority of them outside of Dominican Republic require negative

00:30:58 --> 00:31:02: covid test between three and five days older before boarding

00:31:02 --> 00:31:05: the plane and going to the island.

00:31:05 --> 00:31:08: So you can see the list here and they say

00:31:08 --> 00:31:12: there's about 6 island which are closed and those are

00:31:12 --> 00:31:15: mostly the French island because the lock down.

00:31:15 --> 00:31:19: In France, has you know carried over legally into the

00:31:19 --> 00:31:21: French islands weather,

00:31:21 --> 00:31:25: Lupe, Mountain EXE and Bob and Saint Martin are full

00:31:25 --> 00:31:28: of the islands you know which are fine and are

00:31:28 --> 00:31:30: still in lockdown.

00:31:30 --> 00:31:35: Cayman Island Asix dinner, planning to reopen once the

00:31:35 --> 00:31:38: population,

00:31:38 --> 00:31:42: the vast majority of the population of 60 and over.

00:31:42 --> 00:31:45: I've been vaccinated and I could happen in the late

00:31:45 --> 00:31:48: spring may be made when the island reopens.

00:31:48 --> 00:31:53: Been more than a year,

00:31:53 --> 00:31:55: the Islanders shutdown next slide shows the arrival so you

00:31:55 --> 00:31:58: know this is January,

00:31:58 --> 00:32:03: February. As you can see,

00:32:03 --> 00:32:03: the Covid arrives in this part of the atmosphere in

00:32:03 --> 00:32:08: March.

00:32:08 --> 00:32:11: Drop off 55%, but imagine the dramatic drop in the

00:32:11 --> 00:32:16: arrival in the Caribbean down 99%

00:32:16 --> 00:32:19: in April, May 98.3 so that the second quarter.

00:32:19 --> 00:32:19: Was absolutely terrible.

00:32:19 --> 00:32:22: It you can see some recovery July,
00:32:22 --> 00:32:27: August and September. Are we seeing some sign of life
00:32:27 --> 00:32:31: and the drop is still dramatic but better an as
00:32:31 --> 00:32:35: we move forward we start to see some life in
00:32:35 --> 00:32:39: the region. You know now December would seem down 65%
00:32:39 --> 00:32:43: but the story is not equal for all island.
00:32:43 --> 00:32:48: This is all the island and what drop they've seen.
00:32:48 --> 00:32:52: The most dramatic one's been in Bermuda down 84%.
00:32:52 --> 00:32:56: And at the other end of the spectrum.
00:32:56 --> 00:32:59: Hello yeah question no. Yes,
00:32:59 --> 00:33:02: I have a question, yes.
00:33:02 --> 00:33:04: Does this number on the slide back?
00:33:04 --> 00:33:08: Does that account for the decline in overnight stays,
00:33:08 --> 00:33:11: or is that simply a result of the shutdown of
00:33:11 --> 00:33:12: the cruise lines?
00:33:12 --> 00:33:17: I don't see any breakdown and whether this represents
00:33:17 --> 00:33:20: overnight
00:33:20 --> 00:33:24: guests or simply day guests from a cruise ship.
00:33:24 --> 00:33:29: No, it's really big difference in when we talk about
00:33:29 --> 00:33:32: development in the infrastructure and whether we're building
00:33:32 --> 00:33:35: condos or
00:33:35 --> 00:33:39: what we're doing and what we're looking at 'cause we.
00:33:39 --> 00:33:41: Our group does a lot of cruise port development.
00:33:41 --> 00:33:44: OK, so the cruise is very simple answer after March
00:33:44 --> 00:33:47: cruise to the Caribbean.
00:33:47 --> 00:33:52: Went to zero. Absolutely not.
00:33:52 --> 00:33:53: So in the first quarter of the at 8.5 million
00:33:53 --> 00:33:56: passenger coming to the Caribbean has starting as of April
00:33:56 --> 00:34:01: absolutely 0.
00:34:01 --> 00:34:04: So this is only the arrival by plane on the
00:34:04 --> 00:34:09: islands so that will translate in overnight stay at hotels.
00:34:09 --> 00:34:11: This may not. For the cruise passengers.
00:34:11 --> 00:34:15: Going on to the next one.
00:34:15 --> 00:34:18: As you can see, it's a tale of two cities.
00:34:18 --> 00:34:21: In some cases Bermuda down 84%.
00:34:21 --> 00:34:23: the US Virgin Islands saw for the year only a
00:34:23 --> 00:34:27: drop of 36.5%,
00:34:27 --> 00:34:29: so you may ask why this combination of two things
00:34:29 --> 00:34:32: very little supply San Tomas,
00:34:32 --> 00:34:37: the largest hotel frenchmans reef,
00:34:37 --> 00:34:39: is closed and has been closed since the Hurricane Maria
00:34:39 --> 00:34:39: and has not reopened and.

00:34:39 --> 00:34:42: The truth will be also in central Mass is closed,
 00:34:42 --> 00:34:45: so you have really there with gold and a few
 00:34:45 --> 00:34:47: small hotel in the Margaritaville,
 00:34:47 --> 00:34:50: the Westin in Sanjan, so very little supply,
 00:34:50 --> 00:34:53: but also because the majority of the true is going
 00:34:53 --> 00:34:54: there American,
 00:34:54 --> 00:34:57: they feel comfortable to travel during the pandemic to the
 00:34:57 --> 00:35:01: island one because everybody boarding a plane you need to
 00:35:01 --> 00:35:04: have a negative covid test to land on the island
 00:35:04 --> 00:35:07: and #2 the biggest fear of international traveler was to
 00:35:07 --> 00:35:09: be stuck in some foreign countries.
 00:35:09 --> 00:35:14: Without restrictive quarantine rules, so no one wanted to take
 00:35:14 --> 00:35:17: the risk to be stocking in any of you know,
 00:35:17 --> 00:35:19: countries outside of the US,
 00:35:19 --> 00:35:22: But the US Virgin Island being less territory,
 00:35:22 --> 00:35:25: they didn't have to worry about that,
 00:35:25 --> 00:35:29: hence why people did travel to the US Virgin Island
 00:35:29 --> 00:35:30: during this.
 00:35:30 --> 00:35:34: Next slide shows the market performance.
 00:35:34 --> 00:35:37: Yeah, in terms of occupancy,
 00:35:37 --> 00:35:40: RevPAR and Red as you can see,
 00:35:40 --> 00:35:43: 2020 occupancy for the region was 30%.
 00:35:43 --> 00:35:47: The interesting part is.
 00:35:47 --> 00:35:49: The rent went up by 2.4%
 00:35:49 --> 00:35:51: to 225 sixty three. As you can see,
 00:35:51 --> 00:35:55: so many people may ask how is it possible during
 00:35:55 --> 00:35:56: a shutdown?
 00:35:56 --> 00:35:58: The red could go out,
 00:35:58 --> 00:36:02: we believe, and there's no data yet to to determine
 00:36:02 --> 00:36:02: that.
 00:36:02 --> 00:36:04: But the fact that the large,
 00:36:04 --> 00:36:08: all inclusive resort will shut down the large hotel,
 00:36:08 --> 00:36:12: which may have a lower rate than the boutique,
 00:36:12 --> 00:36:15: more curated resort leave left open.
 00:36:15 --> 00:36:19: For example, Jenn Mountain in Saint Lucia never closed and
 00:36:19 --> 00:36:22: did quite well at the same time apply.
 00:36:22 --> 00:36:26: Am resort closed. Many hotels in the Dominican Republic,
 00:36:26 --> 00:36:30: so. The change of the supply during the kovid during
 00:36:30 --> 00:36:34: the pandemic has shifted to the higher rated hotels while
 00:36:34 --> 00:36:37: the occupancy was still very much depressed,
 00:36:37 --> 00:36:40: it was we were able to increase the rate because
 00:36:41 --> 00:36:44: of the closure of the large tankers in the region.

00:36:44 --> 00:36:47: The next one shows the same thing,
 00:36:47 --> 00:36:50: occupancy, inching up. We only have the data from ACR
 00:36:50 --> 00:36:51: up to October,
 00:36:51 --> 00:36:54: but as you can see we're coming back,
 00:36:54 --> 00:36:57: but still very much did place in the region.
 00:36:57 --> 00:37:00: In October, we still wear below 30%
 00:37:00 --> 00:37:04: for each of the next one shows major being one
 00:37:04 --> 00:37:07: of the largest operator in the world.
 00:37:07 --> 00:37:10: We wanted to see during this.
 00:37:10 --> 00:37:12: In last 10 years what happened.
 00:37:12 --> 00:37:16: As you can see dramatic drop to Kirby and at
 00:37:16 --> 00:37:17: 26.7%
 00:37:17 --> 00:37:21: with Latin America. But Europe with many shut down kind
 00:37:21 --> 00:37:26: of drop off the map while the North America shows
 00:37:26 --> 00:37:29: approximately the same as the Caribbean.
 00:37:29 --> 00:37:33: The next one I'll show the potential scenarios of the
 00:37:33 --> 00:37:34: losses.
 00:37:34 --> 00:37:38: Still, you know, is still tallying up the number,
 00:37:38 --> 00:37:41: but the impact is absolutely unheard of.
 00:37:41 --> 00:37:45: \$34 billion in lost, half GDP in the region.
 00:37:45 --> 00:37:49: This is the baseline scenario you could go up to
 00:37:49 --> 00:37:53: 44 and the best case scenario \$27 billion in loss
 00:37:53 --> 00:37:56: of GDP because of the shutdown.
 00:37:56 --> 00:38:00: I have two more slide market performance sign of return
 00:38:00 --> 00:38:01: demand.
 00:38:01 --> 00:38:05: This is a question that the Dominican Republic went from
 00:38:05 --> 00:38:06: below 90%
 00:38:06 --> 00:38:08: today being done only 36.3%
 00:38:08 --> 00:38:11: in terms of occupancy. So we see a sign of
 00:38:11 --> 00:38:15: recovery Dominican Republic during the pandemic has been
 the most
 00:38:15 --> 00:38:19: successful or the most are travel to in terms of
 00:38:19 --> 00:38:23: numbers. Guess going there so the PR is recovering at
 00:38:23 --> 00:38:24: a higher rate.
 00:38:24 --> 00:38:28: Pretty extraordinary and but the other island also.
 00:38:28 --> 00:38:30: Compared to the overall 80%
 00:38:30 --> 00:38:32: down in July, now down to 48.9%,
 00:38:32 --> 00:38:36: another twist has been posted now by the CDC.
 00:38:36 --> 00:38:39: If you're going to foreign countries now,
 00:38:39 --> 00:38:43: you have to come back with the negative covid test
 00:38:43 --> 00:38:44: to the US.
 00:38:44 --> 00:38:48: The island hotels have been adapting very very well.

00:38:48 --> 00:38:52: Rapid test test done at the hotel and villas for
 00:38:52 --> 00:38:56: the guest to be able to come back as being
 00:38:56 --> 00:38:58: provided on Island so they.
 00:38:58 --> 00:39:02: Very quickly adapted to the new demand and the good
 00:39:02 --> 00:39:05: news is even though with the GNU CDC rig rules,
 00:39:05 --> 00:39:08: more than 70% of booking are still going on post
 00:39:09 --> 00:39:09: announcement,
 00:39:09 --> 00:39:12: so I mean they still a band of the mental
 00:39:12 --> 00:39:17: international travel which bode well for bodes well for the
 00:39:17 --> 00:39:21: for the region couple data which is actually depending me
 00:39:21 --> 00:39:24: kind of put the world upside down and I'll just
 00:39:24 --> 00:39:26: give some numbers.
 00:39:26 --> 00:39:28: But if you're looking at in the top.
 00:39:28 --> 00:39:33: 10 destination in the world or the 20 most popular
 00:39:33 --> 00:39:40: international destinations you can kovid the Caribbean came
 five came
 00:39:40 --> 00:39:45: in top five and seven top destination at the 20th.
 00:39:45 --> 00:39:50: The interesting part is for example Jackson Typos at the
 00:39:50 --> 00:39:54: time was it was 60th destination in the world in
 00:39:55 --> 00:39:59: 2019 move to number 5 in 2020 and that's a.
 00:39:59 --> 00:40:03: You know many, many US traveler felt comfortable to go
 00:40:03 --> 00:40:06: close to home rather than we going to Europe or
 00:40:06 --> 00:40:08: Asia which was shut down,
 00:40:08 --> 00:40:11: so can over reversal of fortune.
 00:40:11 --> 00:40:14: And even though the numbers are this mayor,
 00:40:14 --> 00:40:19: we saw a change of heart and Jackson Geico's moving
 00:40:19 --> 00:40:20: from 62 five.
 00:40:20 --> 00:40:23: And my final slide is a positive slide.
 00:40:23 --> 00:40:28: This is the latest report from American Express with their
 00:40:28 --> 00:40:31: consumers and I will point out a few increase in
 00:40:32 --> 00:40:32: system,
 00:40:32 --> 00:40:36: more sustainable travel which bode well for the Kirby and
 00:40:36 --> 00:40:37: 68%
 00:40:37 --> 00:40:41: of respondents agreeing on two to be aware and more
 00:40:41 --> 00:40:44: geared toward brand which supports sustainability.
 00:40:44 --> 00:40:49: 56% of respondents. I'll say they're ready to book now,
 00:40:49 --> 00:40:52: even if it means canceling in the future.
 00:40:52 --> 00:40:56: People are at home and willing to travel this summer
 00:40:56 --> 00:41:00: and is his bookings increasing every day as a vaccine
 00:41:00 --> 00:41:01: is being rolled out.
 00:41:01 --> 00:41:05: Safety is a priority so you know the COVID-19 is
 00:41:05 --> 00:41:08: here to stay and I think many of the traveler

00:41:08 --> 00:41:12: will travel if they feel confident and able to be
00:41:12 --> 00:41:15: keeping the family safe.
00:41:15 --> 00:41:18: Induced increase in health and Wellness,
00:41:18 --> 00:41:21: and I think I think it's because of the stress
00:41:21 --> 00:41:22: during 2020.
00:41:22 --> 00:41:24: That's the weather report says.
00:41:24 --> 00:41:26: And everybody on this call can understand.
00:41:26 --> 00:41:29: The good news is making up for missed travel.
00:41:29 --> 00:41:32: A lot of people want to travel because it could
00:41:32 --> 00:41:33: not.
00:41:33 --> 00:41:36: In 2020 couple data here I was talking to Tiffany
00:41:36 --> 00:41:37: in December,
00:41:37 --> 00:41:41: not knowing where Tiffany Tiffany the jewel in the US.
00:41:41 --> 00:41:43: So an increase of 23%
00:41:43 --> 00:41:46: in sales in December and the reason is people were
00:41:47 --> 00:41:49: coming and said I didn't travel.
00:41:49 --> 00:41:52: I cannot go out. I although my money being packed.
00:41:52 --> 00:41:56: So I'm going to splurge for Christmas and do a
00:41:56 --> 00:41:57: little bit more.
00:41:57 --> 00:42:01: So Tiffany in December. So the increase sales in 23%
00:42:01 --> 00:42:03: because people could not travel.
00:42:03 --> 00:42:05: Luxury travel is picking up.
00:42:05 --> 00:42:10: Also, the experience is very important along with the
cleanliness
00:42:10 --> 00:42:11: backing Lookout.
00:42:11 --> 00:42:14: Communities as we spoke earlier,
00:42:14 --> 00:42:17: I think the the fact that supporting the island is
00:42:17 --> 00:42:19: important in the mind of travelers,
00:42:19 --> 00:42:23: and I think that will be part of their choice
00:42:23 --> 00:42:25: in deciding where to go.
00:42:25 --> 00:42:29: And same thing with diversity and inclusion,
00:42:29 --> 00:42:31: so that bodes well for for the,
00:42:31 --> 00:42:35: for the. For the Caribbean I will finish with one
00:42:35 --> 00:42:38: thing which is not on the slide,
00:42:38 --> 00:42:41: which I think is a very positive data in the
00:42:41 --> 00:42:45: last 10 years the saving of the US household has
00:42:45 --> 00:42:49: been over in between 900 billion and 1.3 trillion's in
00:42:49 --> 00:42:53: 2021. This number has more than doubled savings.
00:42:53 --> 00:42:57: Today's standard \$2.3 trillion. In the bank now lot of
00:42:57 --> 00:43:01: people on the you know lost their job and employment
00:43:01 --> 00:43:02: is still an issue,
00:43:02 --> 00:43:06: but I'll leave you with this thought that 2.3 trillion

00:43:06 --> 00:43:08: more than ever is parked in.

00:43:08 --> 00:43:12: Setting accounts has been saved during the kovid and pandemic

00:43:12 --> 00:43:14: and this money 2021-2022.

00:43:14 --> 00:43:17: As soon as the border we open in the vaccine

00:43:17 --> 00:43:20: is being rolled out I think will you know the

00:43:20 --> 00:43:24: whole hospitality Andrews and history will benefit from all the

00:43:24 --> 00:43:28: stress and the fact that they could not travel in

00:43:28 --> 00:43:28: 2020.

00:43:28 --> 00:43:31: So I'm expecting that the end of 2021 and 2022

00:43:31 --> 00:43:34: will be a banner year for the region and a

00:43:34 --> 00:43:36: banner year for the hospitality.

00:43:36 --> 00:43:39: With that, I'll conclude. Thank you very much,

00:43:39 --> 00:43:41: Alex and everyone. Thank you,

00:43:41 --> 00:43:45: Christian. Those those were great slides and I think we

00:43:45 --> 00:43:46: can see that there are.

00:43:46 --> 00:43:50: There are definitely a lot of green shoots to .2

00:43:50 --> 00:43:52: and a lot of reasons to be hopeful.

00:43:52 --> 00:43:55: I thought one slide that was interesting was was the

00:43:56 --> 00:43:58: note you made about about GDP and and.

00:43:58 --> 00:44:02: So I asked Rogerio. You know from your perspective as

00:44:02 --> 00:44:03: a Development Bank,

00:44:03 --> 00:44:06: what's your sort of sense of the state of the

00:44:06 --> 00:44:06: region.

00:44:13 --> 00:44:16: Can you hear me?

00:44:16 --> 00:44:20: Wonderful, so yeah, that's that's a excellent segue.

00:44:20 --> 00:44:24: Very good points, question. I think our general concern is

00:44:24 --> 00:44:28: that there is this lurking dark cloud on top of

00:44:28 --> 00:44:30: Caribbean and Latin America,

00:44:30 --> 00:44:33: and we refer to it as the impact of the

00:44:33 --> 00:44:35: triple sudden stop,

00:44:35 --> 00:44:38: no. What does that mean is that we were affected

00:44:39 --> 00:44:43: by human mobility because we had all of the confinements

00:44:43 --> 00:44:47: that travel restrictions that the lockdowns.

00:44:47 --> 00:44:51: You had the expectation of trade.

00:44:51 --> 00:44:54: General volumes of trade across the world were affected,

00:44:54 --> 00:44:57: and commodity prices significantly came down.

00:44:57 --> 00:44:59: And then you had financial flows.

00:44:59 --> 00:45:04: You'll think about all of the remittances that were coming

00:45:04 --> 00:45:04: from the.

00:45:04 --> 00:45:10: North America and other places back to Caribbean Latin America,

00:45:10 --> 00:45:14: although ceased and portfolio investment also reduced.

00:45:14 --> 00:45:19: I appreciate what Christian said about the savings rate,
00:45:19 --> 00:45:24: but the the investment into into instruments got reduced over
00:45:25 --> 00:45:26: the pandemic.
00:45:26 --> 00:45:31: Mean. Aside from those crazy investors buying GameStop
and AMC
00:45:31 --> 00:45:32: theatres,
00:45:32 --> 00:45:34: there was a lack of,
00:45:34 --> 00:45:37: you know. For one case were reduced and so on.
00:45:37 --> 00:45:39: So what does that mean?
00:45:39 --> 00:45:43: Is that for the region we've created a a twin
00:45:43 --> 00:45:46: crisis of both health and economic proportions,
00:45:46 --> 00:45:50: which has been unfortunate, poorly managed,
00:45:50 --> 00:45:54: and and the issues that our region is the most
00:45:54 --> 00:45:55: affected in the world.
00:45:55 --> 00:45:59: You know, just to give a sense of perspective,
00:45:59 --> 00:46:02: we represent 8% of the total population,
00:46:02 --> 00:46:05: yet we have 18% of all covid cases,
00:46:05 --> 00:46:07: and sadly we have 27%
00:46:07 --> 00:46:10: of all deaths. So our our our region has been
00:46:11 --> 00:46:15: hit the hardest and unfortunately the poorest people are the
00:46:16 --> 00:46:19: ones who are disproportionately affected.
00:46:19 --> 00:46:22: And then when you think about it,
00:46:22 --> 00:46:27: from my unemployment perspective, those people who make
less than
00:46:27 --> 00:46:28: one monthly salary,
00:46:28 --> 00:46:32: like the minimum wage they lost between 60 to 75%
00:46:32 --> 00:46:36: of jobs, whereas those that make more than 15 monthly
00:46:36 --> 00:46:37: salaries,
00:46:37 --> 00:46:39: they lost between 10 to 20%
00:46:39 --> 00:46:42: and women were particularly affected because,
00:46:42 --> 00:46:45: you know they had to be home,
00:46:45 --> 00:46:48: they needed to attend to the family they needed to
00:46:49 --> 00:46:50: attend to kids.
00:46:50 --> 00:46:52: Who could not go back to school?
00:46:52 --> 00:46:54: So when you look at unemployment of women,
00:46:54 --> 00:46:58: that has been substantially higher than than that of men
00:46:58 --> 00:47:00: and then they're all their little nuances,
00:47:00 --> 00:47:03: right? We think about teleworking on,
00:47:03 --> 00:47:06: everyone in this call is very fortunate to be able
00:47:06 --> 00:47:06: to have,
00:47:06 --> 00:47:09: you know, decent Wi-Fi, double monitors,
00:47:09 --> 00:47:12: a place that we can work and and and basically

00:47:12 --> 00:47:13: it has been seamless for.

00:47:13 --> 00:47:16: For most of us. But you know those that make

00:47:16 --> 00:47:19: a less than one monthly salary.

00:47:19 --> 00:47:20: Only about 30 to 45%

00:47:20 --> 00:47:24: in our region have access to to teleworking capabilities,

00:47:24 --> 00:47:28: whereas those that make more than 15 salaries.

00:47:28 --> 00:47:32: It's about 7020%. So again this this goes back to

00:47:32 --> 00:47:36: our issue of those that are the poorest are the

00:47:36 --> 00:47:38: ones that are most affected.

00:47:38 --> 00:47:42: And what this translates to is that we're not going

00:47:42 --> 00:47:47: to see per capita GDP per capita income pre covid

00:47:47 --> 00:47:48: go back until 2025.

00:47:48 --> 00:47:51: It is going to be a very long road for

00:47:51 --> 00:47:55: us to be able to recover that no poverty is

00:47:55 --> 00:47:58: expected to increase about 3 points.

00:47:58 --> 00:48:01: And in Latin America and the Caribbean,

00:48:01 --> 00:48:06: extreme poverty is going to increase by 4 points and

00:48:06 --> 00:48:07: an most graphically,

00:48:07 --> 00:48:10: which affects tourism, is that.

00:48:10 --> 00:48:14: The the middle class is going to be reduced by

00:48:14 --> 00:48:16: about the seven point 7%.

00:48:16 --> 00:48:19: In the years ahead, and these are the folks that

00:48:20 --> 00:48:24: are typically traveling that they are creating a tourism

00:48:24 --> 00:48:25: demand

00:48:25 --> 00:48:29: and so on.

00:48:29 --> 00:48:30: So I I think that's the underlying blackout cloud that

00:48:30 --> 00:48:32: I mentioned.

00:48:32 --> 00:48:37: I think I'm sorry.

00:48:37 --> 00:48:37: Having issues with my camera today.

00:48:37 --> 00:48:37: There we go.

00:48:39 --> 00:48:42: Let me hold it like this.

00:48:42 --> 00:48:47: The other issue is related to the situation of governments

00:48:47 --> 00:48:48: in general.

00:48:48 --> 00:48:51: We were already entering the space with a lot of

00:48:51 --> 00:48:55: fiscal sensitivity across a Caribbean and Latin America,

00:48:55 --> 00:48:59: and with all the expenditures that have had to be

00:48:59 --> 00:49:01: made around covid.

00:49:01 --> 00:49:04: That situation is substantially more precarious.

00:49:04 --> 00:49:08: You know, you think about.

00:49:08 --> 00:49:13: All the deficits that the countries are running an what

00:49:13 --> 00:49:17: is going to be their ability to continue to inject

00:49:17 --> 00:49:19: much needed funds in the region.

00:49:19 --> 00:49:24: You know, the US just passed the \$1.9 trillion.

00:49:24 --> 00:49:29: Stimulus, but the ability of our regional countries to do

00:49:29 --> 00:49:32: so is substantially more limited.

00:49:32 --> 00:49:35: So what is the silver lining now?

00:49:35 --> 00:49:40: Much like Christian said that the beginning tourism is the

00:49:40 --> 00:49:40: answer,

00:49:40 --> 00:49:45: and in the Caribbean where you have countries that where

00:49:45 --> 00:49:48: tourism represents as much as 38%

00:49:48 --> 00:49:52: of the economy pre pandemic and this is a sector

00:49:52 --> 00:49:55: that has been completely decimated.

00:49:55 --> 00:49:59: Still tourism is the answer to be able to re

00:49:59 --> 00:50:03: inject an economic returns and GDP into the region.

00:50:03 --> 00:50:07: What we're thinking is that as you have more vaccinations,

00:50:07 --> 00:50:10: as you see some of the initiatives,

00:50:10 --> 00:50:14: such as the ones that the Dominican Republic is doing

00:50:14 --> 00:50:18: in terms to be able to obtain a significant amount

00:50:18 --> 00:50:22: of vaccines and and get significant portion of the population

00:50:22 --> 00:50:25: vaccinated, there is going to be.

00:50:25 --> 00:50:29: A natural opening of borders and there's going to be

00:50:29 --> 00:50:32: an increase in interest and activity,

00:50:32 --> 00:50:36: and the trickle effect that tourism has in the economy,

00:50:36 --> 00:50:41: not only with employment but working the entire value chain.

00:50:41 --> 00:50:45: You know the ability to generate indirect jobs that is

00:50:45 --> 00:50:46: extremely potent.

00:50:46 --> 00:50:50: So tourism still is the answer for the Caribbean.

00:50:50 --> 00:50:55: In order for us to resurface from this crisis,

00:50:55 --> 00:50:58: I guess the old.

00:50:58 --> 00:50:58: Go ahead.

00:51:03 --> 00:51:05: I'm sorry was there question?

00:51:05 --> 00:51:06: Did we have a question?

00:51:09 --> 00:51:13: The the last the last comment I was going to

00:51:13 --> 00:51:17: make is that where I might differ a little bit

00:51:18 --> 00:51:19: from from Christian.

00:51:19 --> 00:51:24: Or maybe I just misunderstood comment was that I think

00:51:24 --> 00:51:29: the second half of 2021 we're going to start seeing

00:51:29 --> 00:51:31: a robust recovery,

00:51:31 --> 00:51:35: but we're still going to be significantly off our 2019

00:51:35 --> 00:51:40: figures and it's it's going to be a gradual return.

00:51:40 --> 00:51:42: But we will be able to resurface from from the

00:51:42 --> 00:51:43: crisis.

00:51:43 --> 00:51:46: I think that the the biggest concern that will touch

00:51:46 --> 00:51:47: a little bit later is.

00:51:47 --> 00:51:52: At the short term situation of.

00:51:52 --> 00:51:57: All the hospitality sectors know how are they going to

00:51:57 --> 00:52:01: with stand the pain of having lost a high season

00:52:01 --> 00:52:02: in Q1 2020?

00:52:02 --> 00:52:06: One the forbearance is that are going to be illuminated

00:52:06 --> 00:52:11: quite soon and and their financial capacity to withstand the

00:52:12 --> 00:52:15: trepidations of the upcoming recovery.

00:52:15 --> 00:52:19: So with that Alex or I'll close and pass it

00:52:19 --> 00:52:20: back to you.

00:52:20 --> 00:52:23: Thank you Rogerio and an end to the group.

00:52:23 --> 00:52:26: We're going to circle back to a lot of the

00:52:26 --> 00:52:30: things that Rogerio spoke about on the lending and financing

00:52:30 --> 00:52:33: side and will have time at the end for more

00:52:33 --> 00:52:37: questions, but I think Rogerio's point that that tourism is

00:52:37 --> 00:52:41: really the catalyst for for GDP growth in this region

00:52:41 --> 00:52:42: is is important,

00:52:42 --> 00:52:45: and so I'd like to bring in Brad to discuss

00:52:45 --> 00:52:47: a little bit about how.

00:52:47 --> 00:52:50: How is Puerto Rico, what are you doing too?

00:52:50 --> 00:52:54: Not only restore airlift and and physically get people back

00:52:54 --> 00:52:55: to the island,

00:52:55 --> 00:52:59: but what are you doing from marketing standpoint to restore

00:52:59 --> 00:53:03: consumer confidence and and get people back to the island

00:53:03 --> 00:53:06: feeling safe and and excited to travel again?

00:53:06 --> 00:53:07: Sure, thanks Alex and again,

00:53:07 --> 00:53:10: good morning to everyone. You know if I can just

00:53:10 --> 00:53:11: pick up on that.

00:53:11 --> 00:53:14: Last point, Alex, I think those of us who have

00:53:14 --> 00:53:17: spent most of our careers in travel and tourism have

00:53:17 --> 00:53:21: had to rethink and reevaluate our approach to this.

00:53:21 --> 00:53:24: But but one fundamental truth remains an that is that

00:53:24 --> 00:53:27: whether you're in an island where travel and tourism is

00:53:27 --> 00:53:29: the centerpiece of the economy,

00:53:29 --> 00:53:32: 3040, fifty, 60%, or if you're in a place like

00:53:32 --> 00:53:35: Puerto Rico where it's it may not be as large

00:53:35 --> 00:53:36: percentage,

00:53:36 --> 00:53:39: but still important. I always have to be mindful that

00:53:39 --> 00:53:42: travel and tourism is really a first date for economic

00:53:42 --> 00:53:43: development.

00:53:43 --> 00:53:47: Oftentimes it is the way that visitors investors get engaged

00:53:47 --> 00:53:49: and introduced to your destination.

00:53:49 --> 00:53:51: And when you think of it that way,

00:53:51 --> 00:53:55: certainly adds a level of importance to the recovery efforts
00:53:55 --> 00:53:56: that are underway.
00:53:56 --> 00:53:59: But it also puts travel and tourism in a different
00:53:59 --> 00:54:02: perspective and so for us in Puerto Rico we think
00:54:02 --> 00:54:06: Rogerio's comments are absolutely right that this is critical for
00:54:06 --> 00:54:07: our island to come back.
00:54:07 --> 00:54:11: And there aren't many industries that can turn
themselves
00:54:11 --> 00:54:14: on that quickly and generate the kinds of not only
00:54:14 --> 00:54:16: jobs and and economic impact,
00:54:16 --> 00:54:19: but also tax impact which an island like Puerto Rico
00:54:19 --> 00:54:20: desperately needs.
00:54:20 --> 00:54:22: So picking up on your question,
00:54:22 --> 00:54:25: Alex, I think in terms of will start with
00:54:25 --> 00:54:26: the airlift.
00:54:26 --> 00:54:29: There's some really good encouraging signs here.
00:54:29 --> 00:54:31: If you look at enplanements or deplanements,
00:54:31 --> 00:54:34: I should say to Puerto Rico in January.
00:54:34 --> 00:54:37: Of course the the two commercial airports in the outer
00:54:37 --> 00:54:37: areas.
00:54:37 --> 00:54:40: Don't say in Agua Dia were closed,
00:54:40 --> 00:54:42: so the activity was really in San Juan and San
00:54:43 --> 00:54:45: Juan international exclusively.
00:54:45 --> 00:54:48: We had about 400 and 35,000 deplanements in January,
00:54:48 --> 00:54:51: certainly well below what we would expect in the midst
00:54:51 --> 00:54:53: of our high season.
00:54:53 --> 00:54:55: Having said that.
00:54:55 --> 00:54:58: Excuse me, I'm sorry. Was if it was picking up,
00:54:58 --> 00:55:01: we were just at 400 and I think in January
00:55:01 --> 00:55:05: kind of grew to about 435 is what we're expecting
00:55:05 --> 00:55:06: this month.
00:55:06 --> 00:55:08: So 435 thousand deployments in March.
00:55:08 --> 00:55:12: The projection for capacity right now is a 15%
00:55:12 --> 00:55:16: increase in April, 33% increase in May above that March
00:55:16 --> 00:55:17: number and then 36%
00:55:17 --> 00:55:21: in June. Now we all know there's a big difference
00:55:21 --> 00:55:23: between deployments and capacity.
00:55:23 --> 00:55:25: And so we've got to be able to.
00:55:25 --> 00:55:27: Fulfill that capacity with demand,
00:55:27 --> 00:55:31: but if anything it looks like the airlines are bullish
00:55:31 --> 00:55:33: on the recovery of Puerto Rico Ann,
00:55:33 --> 00:55:36: and I suspect that speaks to the Caribbean in general

00:55:36 --> 00:55:39: 'cause there's so much air service that depends on flow
00:55:39 --> 00:55:40: through Puerto Rico.
00:55:40 --> 00:55:44: So to facilitate that and make sure that we're filling
00:55:44 --> 00:55:45: those planes,
00:55:45 --> 00:55:47: there's a few things I think that the play play
00:55:47 --> 00:55:51: heavy into this first and foremost is the island took
00:55:51 --> 00:55:53: the health and safety protocols very,
00:55:53 --> 00:55:56: very seriously and you saw that at our airport.
00:55:56 --> 00:55:59: And throughout the island where to Rico did not waste
00:55:59 --> 00:56:02: anytime or energy and effort in terms of making certain
00:56:02 --> 00:56:06: that we position ourselves as a safe destination and at
00:56:06 --> 00:56:09: at the time what seemed like perhaps an overreach or
00:56:09 --> 00:56:10: an overreaction.
00:56:10 --> 00:56:13: Certainly is paid off in a very proactive effort.
00:56:13 --> 00:56:15: I think we're seeing that play out today.
00:56:15 --> 00:56:20: Second, something that's often overlooked by destination
00:56:20 --> 00:56:23: marketers and others
00:56:23 --> 00:56:26: in that space is the importance of being stream Lee
00:56:26 --> 00:56:29: transparent and timely with communication.
00:56:29 --> 00:56:29: Those marketers alot of things we don't want to talk
00:56:29 --> 00:56:32: about.
00:56:32 --> 00:56:35: The negative. We don't want to accentuate the negative.
00:56:35 --> 00:56:38: We just want to talk about the positives and we
00:56:38 --> 00:56:39: felt like to maintain the confidence and trust of the
00:56:39 --> 00:56:40: consumer.
00:56:40 --> 00:56:44: We had to be transparent,
00:56:44 --> 00:56:46: timely and which sought to establish ourselves as the trusted
00:56:46 --> 00:56:47: source for updated information.
00:56:47 --> 00:56:50: Whether it was the mask,
00:56:50 --> 00:56:54: wearing policy's or the testing you know at the airport
00:56:54 --> 00:56:56: are before the airport are all those myriad of questions
00:56:56 --> 00:56:59: and considerations that travelers had.
00:56:59 --> 00:57:02: We wanted to make sure that we could demonstrate there's
00:57:02 --> 00:57:05: a level of confidence and trust with consumers.
00:57:05 --> 00:57:07: We talk a lot about boosting and maintaining consumer
00:57:07 --> 00:57:10: confidence,
00:57:10 --> 00:57:11: but at the end of the day,
00:57:11 --> 00:57:14: if you have that consumers trust you have their confidence
00:57:14 --> 00:57:17: and then you know,
00:57:17 --> 00:57:19: as you might expect at discover Puerto Rico,
00:57:19 --> 00:57:22: we have been constantly shifting and adapting our marketing
00:57:22 --> 00:57:25: to
00:57:25 --> 00:57:28: the airline schedule.

00:57:19 --> 00:57:22: So where there has been capacity and particular markets where

00:57:22 --> 00:57:25: there was a substantial population of Diaspora who wanted to

00:57:25 --> 00:57:28: get back and forth between the mainland and.

00:57:28 --> 00:57:31: Puerto Rico, but we also knew there was some interest

00:57:31 --> 00:57:34: in visitors trying to get away and maybe experience their

00:57:34 --> 00:57:36: first trip outside of their community.

00:57:36 --> 00:57:38: We thought that was where we need to focus,

00:57:38 --> 00:57:41: so we work very, very closely in aligning with the

00:57:41 --> 00:57:42: airlines.

00:57:42 --> 00:57:43: Second part of your question,

00:57:43 --> 00:57:45: I think, is an interesting one.

00:57:45 --> 00:57:48: When you get into the marketing strategy and and how

00:57:48 --> 00:57:49: that's evolved,

00:57:49 --> 00:57:51: just a kind of a quick background on discover Puerto

00:57:52 --> 00:57:52: Rico.

00:57:52 --> 00:57:54: Part of the reason we were created was to overcome

00:57:55 --> 00:57:58: the the level of inconsistency that taken place for decades

00:57:58 --> 00:57:59: wasn't necessary that.

00:57:59 --> 00:58:01: Federico's marketing was bad, it just was very,

00:58:01 --> 00:58:04: very inconsistent. So even if we had a really good

00:58:04 --> 00:58:05: marketing strategy,

00:58:05 --> 00:58:07: when a new governor would be elected,

00:58:07 --> 00:58:10: they bring in a whole new team in tourism and

00:58:10 --> 00:58:11: then everything would change.

00:58:11 --> 00:58:14: And I don't think we've re elected a governor since

00:58:14 --> 00:58:14: the 90s.

00:58:14 --> 00:58:17: So Needless to say, every two 3-4 years the marketing

00:58:17 --> 00:58:18: strategy was changing,

00:58:18 --> 00:58:21: which really left Puerto Rico with not a negative brand,

00:58:21 --> 00:58:24: not a damaged brand, it was very neutral brand.

00:58:24 --> 00:58:26: So the first thing we did to reposition the brand

00:58:26 --> 00:58:29: was really to focus on what differentiated Puerto Rico.

00:58:29 --> 00:58:33: From other islands in the Caribbean and the really to

00:58:33 --> 00:58:37: upgrade and enhance the marketing and the strategies and

00:58:37 --> 00:58:41: become much more proficient at digital delivery and virtual promotion.

00:58:41 --> 00:58:44: And that has paid off over the past year because

00:58:44 --> 00:58:47: it enabled us to really to shift into a pandemic

00:58:47 --> 00:58:50: mode of promotion that I think allowed us to seed

00:58:50 --> 00:58:53: the market and protect our brand as we try to

00:58:53 --> 00:58:54: emerge from that.

00:58:54 --> 00:58:57: So a couple things. We never pause promotion.

00:58:57 --> 00:59:00: We tried to keep the brand top of mind but

00:59:00 --> 00:59:01: constantly balancing.

00:59:01 --> 00:59:04: Information protocols AP health. With inspiration,

00:59:04 --> 00:59:06: our goal was we wanted you to know what was

00:59:06 --> 00:59:09: happening and what you need to be prepared to expect.

00:59:09 --> 00:59:10: If you came to the island,

00:59:10 --> 00:59:13: but we also wanted to inspire you with what was

00:59:13 --> 00:59:16: awaiting and our thought early on when we didn't know

00:59:16 --> 00:59:19: Pandemic was going to be a month six months a

00:59:19 --> 00:59:21: year. But we knew this the longer it went on,

00:59:21 --> 00:59:24: the more people would be eager to get out travel

00:59:24 --> 00:59:26: and so we want to maintain our brand top of

00:59:26 --> 00:59:26: mind.

00:59:26 --> 00:59:29: Second is we really have shifted to what consumers are

00:59:29 --> 00:59:31: looking for and there's been a.

00:59:31 --> 00:59:34: Robust body of data and research and analysis published by

00:59:34 --> 00:59:37: a number of researchers in our industry telling us what

00:59:38 --> 00:59:39: consumers are looking for.

00:59:39 --> 00:59:41: So small towns, mountains, rivers,

00:59:41 --> 00:59:44: beach access the things that consumers are wanting to get

00:59:44 --> 00:59:44: to.

00:59:44 --> 00:59:47: We began to really position ourselves with that.

00:59:47 --> 00:59:50: We took full advantage of virtual promotions I think were

00:59:50 --> 00:59:53: one of the first destinations to use virtual vacations and

00:59:54 --> 00:59:56: never never something we wanted to win awards at.

00:59:56 --> 01:00:00: But we've been recognized nationally and internationally for

01:00:00 --> 01:00:02: success.

01:00:00 --> 01:00:02: We had in really lifting the brand,

01:00:02 --> 01:00:04: trying to engage people where they were at.

01:00:04 --> 01:00:06: At that space in that time,

01:00:06 --> 01:00:09: in hopes of just preparing for the recovery and then

01:00:09 --> 01:00:12: the last thing is we really leaned heavy into key

01:00:12 --> 01:00:13: relationships.

01:00:13 --> 01:00:16: A lot of lot of marketers in our industry have kind

01:00:16 --> 01:00:19: of pulled back from travel advisors and even some of

01:00:19 --> 01:00:22: the travel consortia and we recognized that consumers are

01:00:22 --> 01:00:24: going

01:00:22 --> 01:00:24: to be looking for those trusted voices.

01:00:24 --> 01:00:27: So we leaned in heavy to those relationships.

01:00:27 --> 01:00:30: I think we've reached an all time record number of

01:00:30 --> 01:00:33: travel advisors today who are actively ready,

01:00:33 --> 01:00:36: an engaged and prepared and certified to sell Puerto Rico
 01:00:36 --> 01:00:36: and.
 01:00:36 --> 01:00:39: The thinking was merely that they are going to be,
 01:00:39 --> 01:00:41: you know, the frontline sales force,
 01:00:41 --> 01:00:43: the island as we build this recovery.
 01:00:43 --> 01:00:44: So with all that said,
 01:00:44 --> 01:00:47: we're encouraged that airline capacity is there.
 01:00:47 --> 01:00:50: We're encouraged that the forward looking looking booking
 trends are
 01:00:50 --> 01:00:52: certainly much more positive,
 01:00:52 --> 01:00:54: and if I look at what's happened over the past
 01:00:55 --> 01:00:57: few weeks and what we're looking ahead for the next
 01:00:57 --> 01:00:58: few weeks,
 01:00:58 --> 01:01:00: we're certainly not where we want to be.
 01:01:00 --> 01:01:02: We're not where we're going to be,
 01:01:02 --> 01:01:04: but we are delighted that we're not where we used
 01:01:05 --> 01:01:05: to be.
 01:01:05 --> 01:01:08: An we're very, very confident and encouraged at this.
 01:01:08 --> 01:01:13: Recovery is definitely underway in Puerto Rico.
 01:01:13 --> 01:01:16: That's great to hear, and it sounds like your group
 01:01:16 --> 01:01:19: is is really doing a great job at moving things
 01:01:19 --> 01:01:21: forward and an on the consumer side.
 01:01:21 --> 01:01:24: You know getting consumers comfortable to come back and
 to
 01:01:24 --> 01:01:25: travel again,
 01:01:25 --> 01:01:28: but I think as we pivot this conversation to to
 01:01:28 --> 01:01:31: talk a little bit more about the real estate side.
 01:01:31 --> 01:01:35: Brad, why? Why should investors be interested in investing in
 01:01:35 --> 01:01:36: Puerto Rico today?
 01:01:36 --> 01:01:39: And I think you've had some conversations with investors
 who
 01:01:39 --> 01:01:42: have started to come back to the island and want
 01:01:42 --> 01:01:43: to be there so.
 01:01:43 --> 01:01:46: You know why should people on this call be be
 01:01:46 --> 01:01:49: considering real estate investment in Puerto Rico?
 01:01:49 --> 01:01:52: I think there's a few things that are relevant to
 01:01:53 --> 01:01:54: the investment side.
 01:01:54 --> 01:01:56: First and foremost, the Governor pillow,
 01:01:56 --> 01:02:00: we see our new governor elected in November has
 assembled
 01:02:00 --> 01:02:00: a very,
 01:02:00 --> 01:02:02: very pro business team. I mean,
 01:02:02 --> 01:02:06: his chief of staff came from the Convention Center district

01:02:06 --> 01:02:09: so she was hands on managing a lot of the
01:02:09 --> 01:02:11: investment in product there.
01:02:11 --> 01:02:14: An established a really close working relationship.
01:02:14 --> 01:02:18: With the business community tide into that particular district
and
01:02:18 --> 01:02:20: now she's cheapest app Manuel Laboy,
01:02:20 --> 01:02:22: who was formerly the Secretary of Commerce,
01:02:22 --> 01:02:25: has now moved into the court three which will guide
01:02:25 --> 01:02:29: a lot of the public funded investment from the federal
01:02:29 --> 01:02:32: government and then add to that the new Secretary of
01:02:32 --> 01:02:34: Commerce, Secretary Manolo See Dre,
01:02:34 --> 01:02:37: who is kind of a legendary businessman in the island.
01:02:37 --> 01:02:40: So I think the Pierluisi administration is clearly a pro
01:02:40 --> 01:02:42: business administration,
01:02:42 --> 01:02:44: and we're excited and frankly eager.
01:02:44 --> 01:02:46: About the direction they're taking,
01:02:46 --> 01:02:50: I think the second thing to be encouraged about is
01:02:50 --> 01:02:53: when you look at where Puerto Rico was at in
01:02:53 --> 01:02:53: 2017 and 19.
01:02:53 --> 01:02:56: So we came out of the Zika and then Hurricane
01:02:56 --> 01:03:00: Maria devastation and set a record pace for recovery.
01:03:00 --> 01:03:03: Visitor demand in 2019 with an all time record high.
01:03:03 --> 01:03:07: Now you wouldn't necessarily know whether that if you were
01:03:07 --> 01:03:11: looking at hotel occupancy because at the same time we
01:03:11 --> 01:03:14: were recovering there was this explosive growth in.
01:03:14 --> 01:03:18: An independent rental. So if you look at you know
01:03:18 --> 01:03:21: back when the island was hit with Zika in the
01:03:21 --> 01:03:25: 2015 sixteen timeframe we had roughly 15,000 hotel rooms
and
01:03:25 --> 01:03:29: about 1000 maybe 1500. Independent rental units coming
out of
01:03:29 --> 01:03:30: Maria.
01:03:30 --> 01:03:34: We were at 26,000 combined hotel independent rental units.
01:03:34 --> 01:03:37: So much, much more inventory an yet we were able
01:03:37 --> 01:03:40: to fulfill a lot of that which led to this
01:03:40 --> 01:03:42: fast pace of recovery.
01:03:42 --> 01:03:45: So why is that important to an investor?
01:03:45 --> 01:03:48: The same reasons that drove that recovery in 2018 are
01:03:48 --> 01:03:49: still very prevalent today.
01:03:49 --> 01:03:52: An when we looked at the data for 2020 as
01:03:52 --> 01:03:53: we entered last year,
01:03:53 --> 01:03:56: Puerto Rico was poised to have the all time record
01:03:56 --> 01:03:57: year in tourism,

01:03:57 --> 01:03:59: and in fact we did for six days.

01:03:59 --> 01:04:02: And then of course a series of earthquakes in January

01:04:02 --> 01:04:06: and the pandemic and large had something to say about

01:04:06 --> 01:04:06: that.

01:04:06 --> 01:04:08: But if you look at why the man was coming

01:04:08 --> 01:04:09: back,

01:04:09 --> 01:04:12: I think those reasons are still prevalent and a big

01:04:12 --> 01:04:15: part of that obviously is the product and we're very,

01:04:15 --> 01:04:18: very encouraged to see. El Distrito T-Mobile,

01:04:18 --> 01:04:22: the new retail entertainment dining district is actually opened.

01:04:22 --> 01:04:25: A couple of restaurants open and they've got a phased

01:04:25 --> 01:04:27: opening over the next few months.

01:04:27 --> 01:04:30: We're seeing some new product on my first they lost

01:04:31 --> 01:04:31: in Ponce,

01:04:31 --> 01:04:36: but also there's I think some interesting boutique product

01:04:36 --> 01:04:38: development.

01:04:36 --> 01:04:38: The most recent one that opened up in Old San

01:04:38 --> 01:04:39: Juan.

01:04:39 --> 01:04:41: The philosophy of provinciale really,

01:04:41 --> 01:04:44: really unique property with a lot of character and so

01:04:45 --> 01:04:47: that diversity of mix in the product sector.

01:04:47 --> 01:04:51: Both in the entertainment side and also in the lodging

01:04:51 --> 01:04:51: side,

01:04:51 --> 01:04:54: I think is encouraging. And then one of the point

01:04:54 --> 01:04:56: that I'll just offer this up as a data point.

01:04:56 --> 01:04:59: Those who forgot more about investment than I know can

01:05:00 --> 01:05:00: take it.

01:05:00 --> 01:05:03: For what it's worth. But when I look at the

01:05:03 --> 01:05:03: luxury segment,

01:05:03 --> 01:05:06: not only the luxury segment in the hotel side that

01:05:06 --> 01:05:08: had emerged post Maria,

01:05:08 --> 01:05:11: and then I look at the independent rental side and

01:05:11 --> 01:05:13: this is a pretty interesting thing.

01:05:13 --> 01:05:15: When you look at what's happening.

01:05:15 --> 01:05:19: Three and four bedroom independent rental units saw the

01:05:19 --> 01:05:23: largest.

01:05:19 --> 01:05:23: Year over year growth in the most recent monthly data

01:05:23 --> 01:05:24: from February.

01:05:24 --> 01:05:27: So 3 bedroom units were growing about 15%.

01:05:27 --> 01:05:31: Four bedroom or 4/4 plus bedrooms were grown about 10%

01:05:31 --> 01:05:34: year over year. In the first couple of in January

01:05:34 --> 01:05:35: and February.

01:05:35 --> 01:05:39: So clearly there is demand for that higher end product
 01:05:39 --> 01:05:42: and whether it's in the hotel side or in the
 01:05:42 --> 01:05:44: independent rental side.
 01:05:44 --> 01:05:48: The four plus bedroom independent rental units.
 01:05:48 --> 01:05:50: We're seeing an APR of over \$550.
 01:05:50 --> 01:05:53: And when you consider that and then the fact that
 01:05:53 --> 01:05:55: a lot of those three and four bedroom units have
 01:05:55 --> 01:05:57: accounted for much of the demand,
 01:05:57 --> 01:05:59: an increasing portion of the demand,
 01:05:59 --> 01:06:01: I think what that tells you is that the mix
 01:06:01 --> 01:06:04: of visitors to Puerto Rico has shifted somewhat,
 01:06:04 --> 01:06:07: and whether that will continue in the independent rental side,
 01:06:07 --> 01:06:10: or whether we'll see more capacity in the hotel side,
 01:06:10 --> 01:06:12: I guess, is probably to be determined by some of
 01:06:12 --> 01:06:13: the people on this call,
 01:06:13 --> 01:06:16: but it's very, very encouraging to me that when you
 01:06:16 --> 01:06:19: think about where the island was 3-4 five years ago,
 01:06:19 --> 01:06:21: after a lot of natural disasters and some.
 01:06:21 --> 01:06:23: Some human challenges as well.
 01:06:23 --> 01:06:26: You know, with the bankruptcy and other things and you
 01:06:26 --> 01:06:30: Fast forward to 2019 record demand now 2021 we're starting
 01:06:30 --> 01:06:33: to see that the market come back and pick up
 01:06:33 --> 01:06:35: on what bridge area said earlier,
 01:06:35 --> 01:06:39: just anecdotally, and in looking at the forward looking
 01:06:39 --> 01:06:40: bookings
 01:06:39 --> 01:06:40: were not suggesting at 2021.
 01:06:40 --> 01:06:43: Second half is going to be a record,
 01:06:43 --> 01:06:45: but we are sensing it's going to be a very
 01:06:45 --> 01:06:48: very strong recovery in a fast recovery.
 01:06:48 --> 01:06:51: An if it's anything like what we saw between 2017
 01:06:51 --> 01:06:51: and 19.
 01:06:51 --> 01:06:54: Put your roller skates on 'cause there's some good things
 01:06:54 --> 01:06:57: happening in the Caribbean and particularly in Puerto Rico.
 01:06:57 --> 01:07:01: Thanks, Brad. That's that's a great segue into more of
 01:07:01 --> 01:07:03: our real estate discussion,
 01:07:03 --> 01:07:06: and I want to bring in Christian and one who
 01:07:06 --> 01:07:10: are both incredible deal makers and and ask them.
 01:07:10 --> 01:07:12: Kind of an upfront question,
 01:07:12 --> 01:07:16: no Christian are our deals getting done in the Caribbean
 01:07:16 --> 01:07:17: today and then.
 01:07:17 --> 01:07:19: What makes a great deal in 2021?
 01:07:21 --> 01:07:25: Up there on mute Christian.

01:07:25 --> 01:07:28: Good question Alex, thank you.

01:07:28 --> 01:07:31: Uh, the beauty is in the eye of the beholder

01:07:31 --> 01:07:34: so but deals are getting done.

01:07:34 --> 01:07:36: Yes, I mean actually very surprising.

01:07:36 --> 01:07:42: During the pandemic the first large just transaction anywhere in

01:07:42 --> 01:07:44: North America was in Jamaica,

01:07:44 --> 01:07:48: where we saw two player property to Jewel all inclusive

01:07:48 --> 01:07:49: resort.

01:07:49 --> 01:07:52: And you know at the end of the year we

01:07:52 --> 01:07:54: also saw the cuisine art,

01:07:54 --> 01:07:57: you know, Wheeler. Fairly large transaction,

01:07:57 --> 01:08:00: so deals are getting done even during a pandemic,

01:08:00 --> 01:08:03: which may be surprising.

01:08:03 --> 01:08:05: I think there is the.

01:08:05 --> 01:08:08: I would say I've been in the region for 20

01:08:08 --> 01:08:11: years and I've never seen in the last five years

01:08:11 --> 01:08:15: so much interest in the region in terms of real

01:08:15 --> 01:08:18: state during the good times and the bad times.

01:08:18 --> 01:08:21: Certainly the pandemic is if you know,

01:08:21 --> 01:08:23: is in the category of data,

01:08:23 --> 01:08:27: but the interest that which is both well bodes well

01:08:27 --> 01:08:31: for four or industry people believed in be recovery people

01:08:32 --> 01:08:33: investor believes that.

01:08:33 --> 01:08:37: The Caribbean is here to stay and will be a

01:08:37 --> 01:08:43: prevalent player in the hospitality industry for the future to

01:08:43 --> 01:08:44: come.

01:08:44 --> 01:08:46: Give you another data point.

01:08:46 --> 01:08:49: I mean, we were in the market in January.

01:08:49 --> 01:08:53: I'm in general, you're more in the fall and December

01:08:53 --> 01:08:57: with French fans with a very large.

01:08:57 --> 01:09:00: You know construction site will call it in in San

01:09:00 --> 01:09:04: Thomas and the number of groups coming to see the

01:09:04 --> 01:09:09: property and building on the property was absolutely

01:09:09 --> 01:09:12: surprising.

01:09:12 --> 01:09:13: Even a client was taken up by by the level

01:09:13 --> 01:09:17: of interest for a.

01:09:17 --> 01:09:22: Basically you know construction site where Diamond,

01:09:22 --> 01:09:24: Macavity spend 160,000,000 and there's another

01:09:24 --> 01:09:28: 160,000,000 to spend to

01:09:28 --> 01:09:28: finish the hotel.

01:09:28 --> 01:09:28: So deals are getting done more the the the question

01:09:28 --> 01:09:28: is.

01:09:28 --> 01:09:32: The Caribbean's reputation and historically,
 01:09:32 --> 01:09:35: has been. There's been a lack of liquidity,
 01:09:35 --> 01:09:38: so financing is very low leverage if it exists at
 01:09:39 --> 01:09:39: all.
 01:09:39 --> 01:09:41: Every island is different. I mean,
 01:09:41 --> 01:09:44: if you buy and transact in the Cayman,
 01:09:44 --> 01:09:49: liquidity exists because it's a fact you know financing center
 01:09:49 --> 01:09:51: and institutional players,
 01:09:51 --> 01:09:53: are they comfortable with that?
 01:09:53 --> 01:09:55: When you go to Jamaica,
 01:09:55 --> 01:09:59: liquidity becomes a big issue and you know up and
 01:09:59 --> 01:09:59: down.
 01:09:59 --> 01:10:02: The cabin you do have an issue when it comes
 01:10:02 --> 01:10:05: to transaction because it takes longer.
 01:10:05 --> 01:10:08: You are playing in different jurisdiction.
 01:10:08 --> 01:10:12: Approval have to come and financing is biggest nugget to
 01:10:12 --> 01:10:14: crack when it comes down to the item.
 01:10:14 --> 01:10:17: But the good news is you have a safe player
 01:10:17 --> 01:10:21: player while willing to go all cash to start and
 01:10:21 --> 01:10:21: to.
 01:10:21 --> 01:10:25: You know take the time to put the financing afterwards
 01:10:25 --> 01:10:27: is where transaction app.
 01:10:27 --> 01:10:29: I mean send ours was all cash.
 01:10:29 --> 01:10:31: Cuisine up was all cash.
 01:10:31 --> 01:10:35: Frenchmans, we've is probably going to be an all cash
 01:10:35 --> 01:10:36: transaction.
 01:10:36 --> 01:10:39: Doesn't mean that financing would not be put later on
 01:10:39 --> 01:10:41: and leverage would exist,
 01:10:41 --> 01:10:45: but many of the interested investors want to quickly take
 01:10:45 --> 01:10:47: over the property,
 01:10:47 --> 01:10:50: make the changes during the pandemic to be able to
 01:10:50 --> 01:10:54: reopen during the next strong season of 2021-2022,
 01:10:54 --> 01:10:57: and we see the and risk level has not faded.
 01:10:57 --> 01:11:00: I mean, we still see a lot of interest in
 01:11:00 --> 01:11:01: the region which.
 01:11:01 --> 01:11:03: In my 20 years when there was,
 01:11:03 --> 01:11:08: when when the Caribbean, the window of opportunity for
 investment
 01:11:08 --> 01:11:09: shut down in the past,
 01:11:09 --> 01:11:12: it was shut down, mean everybody leave the region.
 01:11:12 --> 01:11:16: You couldn't. You couldn't transact today in the last five
 01:11:16 --> 01:11:17: years.

01:11:17 --> 01:11:20: I said regardless of hurricanes and downside or upside,
01:11:20 --> 01:11:24: alot of interest is still very much present in the
01:11:24 --> 01:11:24: vision.
01:11:24 --> 01:11:28: People have become more comfortable with the with the
region.
01:11:28 --> 01:11:31: So yes deals getting done.
01:11:31 --> 01:11:33: I have a quick question,
01:11:33 --> 01:11:34: I'm sorry.
01:11:34 --> 01:11:38: OK, if that's OK so we have heard it mentioned
01:11:38 --> 01:11:43: a lot how there is more investment and the Caribbean
01:11:43 --> 01:11:46: region more specifically in Puerto Rico.
01:11:46 --> 01:11:50: How would act 20 and Act 22 play into all
01:11:50 --> 01:11:50: of this?
01:11:50 --> 01:11:54: I know that's kind of a complicated question,
01:11:54 --> 01:11:59: but I'm just. I'm just wondering is that would that
01:11:59 --> 01:12:03: be part of the pandemic recovery phase or is that
01:12:03 --> 01:12:04: something in it?
01:12:04 --> 01:12:05: Of itself
01:12:07 --> 01:12:11: Brad, you want to take this one Puerto Rico.
01:12:11 --> 01:12:14: Listen, I'm not. I'm not an investment expert,
01:12:14 --> 01:12:16: so I want to be transparent on that.
01:12:16 --> 01:12:19: A couple of things I can speak to you about
01:12:19 --> 01:12:19: 2022.
01:12:19 --> 01:12:22: One obviously depends on the tax position of the investor.
01:12:22 --> 01:12:24: The program itself is alive and well.
01:12:24 --> 01:12:27: I know there was some some noise and chatter last
01:12:27 --> 01:12:29: year about would it continue,
01:12:29 --> 01:12:32: but I think every indication is an the governors made
01:12:32 --> 01:12:35: it pretty clear that they're not backing off of that.
01:12:35 --> 01:12:38: So from the standpoint of looking over the next few
01:12:38 --> 01:12:38: years,
01:12:38 --> 01:12:41: certainly think that we expect and anticipate.
01:12:41 --> 01:12:43: Attack 2022 will continue to grow.
01:12:43 --> 01:12:45: You know, John Paulson referred to it.
01:12:45 --> 01:12:47: I think it's the last great tax haven.
01:12:47 --> 01:12:50: An interesting if you look at what Paulson's group had
01:12:50 --> 01:12:50: done,
01:12:50 --> 01:12:53: they are even more vested in the properties that they
01:12:53 --> 01:12:55: own and interactively manageing today.
01:12:55 --> 01:12:56: So if that's any indication,
01:12:56 --> 01:12:59: I think it's certainly bodes well for the future of
01:12:59 --> 01:12:59: that.

01:12:59 --> 01:13:01: But as far as you know,

01:13:01 --> 01:13:02: will that play a key effort?

01:13:02 --> 01:13:05: I think I'm not. I don't work for the government,

01:13:05 --> 01:13:07: so I certainly don't want to speak for them,

01:13:07 --> 01:13:10: but I believe their approach and their their perspective at

01:13:10 --> 01:13:11: this point.

01:13:11 --> 01:13:13: It is there is a robust body of incentives.

01:13:13 --> 01:13:16: They are going to make deals they are going to

01:13:16 --> 01:13:19: follow through on those deals and that's happening now an

01:13:19 --> 01:13:22: I think wisely so the government is trying to position

01:13:22 --> 01:13:25: Puerto Rico is an attractive investment even if at 2022

01:13:25 --> 01:13:27: doesn't kick into play.

01:13:27 --> 01:13:30: But nobody is backing away from that and I certainly

01:13:30 --> 01:13:33: anticipate that we'll continue to see more and more interest,

01:13:33 --> 01:13:36: especially in those areas like Dorado and others that have

01:13:36 --> 01:13:38: already attracted a lot of investors.

01:13:38 --> 01:13:40: And as you know, better than I do.

01:13:40 --> 01:13:42: Sometimes word of mouth is the best.

01:13:42 --> 01:13:45: Motion in the best community so can't give you any

01:13:45 --> 01:13:48: specifics beyond that 'cause I've done in directly in that

01:13:48 --> 01:13:48: space,

01:13:48 --> 01:13:50: but happy to connect you with those who are.

01:13:50 --> 01:13:53: If I can be of help in that.

01:13:53 --> 01:13:54: Thank you.

01:13:54 --> 01:13:57: I want to bring in one to hear his perspective

01:13:57 --> 01:13:59: on the similar question.

01:13:59 --> 01:14:01: You know our deals getting done an and what sort

01:14:02 --> 01:14:05: of markets are most attractive to investors and developers

01:14:05 --> 01:14:08: today

01:14:08 --> 01:14:12: and then we'll circle back to Rogerio to hear a

01:14:12 --> 01:14:13: little bit more about the challenges on the financing side

01:14:13 --> 01:14:16: that Christian mentioned.

01:14:16 --> 01:14:17: So one, let's hear what what your perspectives are right

01:14:17 --> 01:14:17: now.

01:14:20 --> 01:14:22: Taking some notes on I just,

01:14:22 --> 01:14:25: you know, 11% of Americans are now officially vaccinated.

01:14:25 --> 01:14:30: 100,000,000 plus doses have been inoculated in peoples

01:14:30 --> 01:14:35: arms.

01:14:30 --> 01:14:35: Anybody that was like I was in Miami airport last

01:14:35 --> 01:14:35: week?

01:14:35 --> 01:14:38: Summer tourism is back. People that have been vaccinated,

01:14:38 --> 01:14:42: especially people that are retired or now going because

01:14:38 --> 01:14:42: they've

01:14:42 --> 01:14:45: lost a year and they're traveling to the Caribbean.

01:14:45 --> 01:14:49: I've been traveling throughout the pandemic and I can tell you.

01:14:49 --> 01:14:49: Number one deals are getting done and number two people want to leave their houses they cannot stay anymore in their houses and they're going to Puerto Rico or going to many more public. They're going to those islands that are that allow them so distancing and that allow them to be out in the sun.

01:14:52 --> 01:14:52: They do not want to remain in the main line,

01:14:52 --> 01:14:55: so Miami Airport, Charlotte Airport in any year for the connects with the Caribbean.

01:14:55 --> 01:14:58: If you just stand there in the in the lobby

01:14:58 --> 01:15:01: of arrivals or departures,

01:15:02 --> 01:15:04: you're going to see people with their suitcases and wear their hats on.

01:15:05 --> 01:15:06: And they're going to warmer weather even when spring is happening,

01:15:06 --> 01:15:08: so that recovery has already started.

01:15:08 --> 01:15:11: We're seeing bookings during the second semester.

01:15:11 --> 01:15:13: Starting to, you know, going to upward trajectory.

01:15:13 --> 01:15:15: I'm seeing islands with sold out in January.

01:15:15 --> 01:15:17: Which means people are booking their Christmas vacation.

01:15:17 --> 01:15:20: Yes, it's been a horrible year.

01:15:20 --> 01:15:21: It's been a year to write off,

01:15:21 --> 01:15:25: but the good thing about this year,

01:15:25 --> 01:15:25: and I'm going to respond to your question.

01:15:25 --> 01:15:28: Yes, deals are happening. Is that the lenders understood what

01:15:28 --> 01:15:31: they did in 2008 2009?

01:15:31 --> 01:15:34: They took on. Did decently oh they took they foreclosed banks and lenders have understood that they do not want to be the holders hospitality assets in their balance sheet because they do not understand them.

01:15:34 --> 01:15:38: They you need a developer you need a private company or you need to fund it to manage those assets

01:15:38 --> 01:15:41: and give them their optimum value which means that their forbearance is that have been given have been great for the owners but also they've been helping the banks not having to load them on their onto their balance sheet.

01:15:41 --> 01:15:42: What that means is I think we have a little

01:15:42 --> 01:15:44: bit more of air for this season to kick in.

01:15:44 --> 01:15:46:

01:15:46 --> 01:15:48:

01:15:48 --> 01:15:54:

01:15:54 --> 01:15:56:

01:15:56 --> 01:16:00:

01:16:00 --> 01:16:04:

01:16:04 --> 01:16:07:

01:16:07 --> 01:16:10:

01:16:10 --> 01:16:13:

01:16:13 --> 01:16:15:

01:16:15 --> 01:16:19:

01:16:19 --> 01:16:22:

01:16:22 --> 01:16:25:

01:16:25 --> 01:16:29:

01:16:29 --> 01:16:32:

01:16:32 --> 01:16:35:

01:16:35 --> 01:16:38: No bank wants to take a hotel in the balance
 01:16:38 --> 01:16:38: sheet,
 01:16:38 --> 01:16:40: and if there's a bangle wants to do it.
 01:16:40 --> 01:16:43: I mean, the situation must be very dire,
 01:16:43 --> 01:16:45: but we have an opportunity for recovery.
 01:16:45 --> 01:16:49: We're seeing people traveling. The borders are still not open
 01:16:49 --> 01:16:51: for European influx travelers,
 01:16:51 --> 01:16:55: but countries that have maintained a stable policy towards
 entry
 01:16:55 --> 01:16:57: and exit of other countries,
 01:16:57 --> 01:17:01: namely Dominican Republic. You know they do random
 testing.
 01:17:01 --> 01:17:04: They have insurance given to travelers they're giving cut.
 01:17:04 --> 01:17:08: They're giving people. Confidence Puerto Rico great
 approach right where
 01:17:08 --> 01:17:09: we've seen it,
 01:17:09 --> 01:17:13: there's people wanting to go to Puerto Rico.
 01:17:13 --> 01:17:16: Talking about deals getting done last year.
 01:17:16 --> 01:17:18: For Hilton we grew at 5%
 01:17:18 --> 01:17:22: of our annual of our annual rooms inventory,
 01:17:22 --> 01:17:26: which was, you know, it was industry breaking in the
 01:17:26 --> 01:17:29: in that same year and the reason why is because
 01:17:29 --> 01:17:32: we kept a steady hand of the wheel.
 01:17:32 --> 01:17:36: Um conversions in Caribbean Latin America work 49%
 01:17:36 --> 01:17:39: of the deals we did in the number of rooms
 01:17:39 --> 01:17:42: and we did a record year of signings 9%
 01:17:42 --> 01:17:44: over the year before 2019 versus 2020.
 01:17:44 --> 01:17:48: We sign more deals in 2020 and that's because people
 01:17:48 --> 01:17:52: understood that recovery was going to take some time and
 01:17:52 --> 01:17:55: they needed to come to what I call the warm
 01:17:55 --> 01:17:58: waters away over network in order to come out.
 01:17:58 --> 01:18:04: 'cause the moment where everybody starts marketing
 properties.
 01:18:04 --> 01:18:06: You're gonna be, you're gonna be fighting right?
 01:18:06 --> 01:18:09: So you needed to be in a bigger engine in
 01:18:09 --> 01:18:11: a bigger in a bigger let's call it a bigger
 01:18:12 --> 01:18:14: car in order to drive yourself out of this out
 01:18:14 --> 01:18:16: of the snow or the mud.
 01:18:16 --> 01:18:18: So we saw a big we saw big resurgence and
 01:18:18 --> 01:18:20: you know a big chunk of it.
 01:18:20 --> 01:18:22: It was in the Caribbean an.
 01:18:22 --> 01:18:24: Some of it was in Puerto Rico.
 01:18:24 --> 01:18:26: Some of it was in Grand Cayman.

01:18:26 --> 01:18:30: We saw Dominican Republic. We saw Jamaica and it was
 01:18:30 --> 01:18:30: very,
 01:18:30 --> 01:18:32: very good.
 01:18:32 --> 01:18:35: It was very, very good to to see this despite
 01:18:35 --> 01:18:37: everything that was happening.
 01:18:37 --> 01:18:38: Our team was out there traveling,
 01:18:39 --> 01:18:41: seeing owners, you know, with all of all of the
 01:18:41 --> 01:18:42: things,
 01:18:42 --> 01:18:46: disclaimer, covid protections, etc. But we never stopped
 traveling as
 01:18:46 --> 01:18:48: we believed that this was going to get solved.
 01:18:48 --> 01:18:50: So I want to put it,
 01:18:50 --> 01:18:51: you know, a more positive spin.
 01:18:51 --> 01:18:53: Yes, it was a horrible year.
 01:18:53 --> 01:18:56: Hopefully I'll never see it again in my lifetime,
 01:18:56 --> 01:18:59: but the indicators are the people do not want to
 01:18:59 --> 01:19:01: be in their houses.
 01:19:01 --> 01:19:02: The ones that we are retired,
 01:19:02 --> 01:19:05: they had their nest egg in a record year of
 01:19:05 --> 01:19:06: stock market.
 01:19:06 --> 01:19:09: They are actually sitting pretty pretty and they want to
 01:19:09 --> 01:19:10: travel there.
 01:19:10 --> 01:19:12: Bucket list is not empty so they want to get
 01:19:12 --> 01:19:12: out.
 01:19:12 --> 01:19:15: So I think we're going to stay in the coming
 01:19:15 --> 01:19:15: months.
 01:19:15 --> 01:19:18: I think we're going to see I don't want to
 01:19:18 --> 01:19:19: call it a recovery from 2019,
 01:19:19 --> 01:19:22: but this May 2019 was the peak of the cycle,
 01:19:22 --> 01:19:24: right? And we're in a cyclical business,
 01:19:24 --> 01:19:27: but we're going to have a good second semester of
 01:19:27 --> 01:19:28: the year.
 01:19:28 --> 01:19:30: And, you know, I truly believe it.
 01:19:30 --> 01:19:32: Seeing what's happening out there.
 01:19:32 --> 01:19:34: So that's been my positive spin on it.
 01:19:34 --> 01:19:38: Yes, deals are getting done and investors are still interested
 01:19:38 --> 01:19:42: so we continue working at it and chipping at it.
 01:19:42 --> 01:19:45: Thanks Wanan Ridge area I want to bring you in
 01:19:45 --> 01:19:48: to talk a little bit more about the remaining challenges
 01:19:49 --> 01:19:52: and one may have some perspectives on this as well
 01:19:52 --> 01:19:55: and as far as how do your organizations ensure that
 01:19:55 --> 01:19:59: the right projects continued to get done so Ridge area?

01:19:59 --> 01:20:02: How about how about you jump in first?

01:20:02 --> 01:20:06: Sure, I think these meetings without that little bit of

01:20:06 --> 01:20:07: controversy.

01:20:07 --> 01:20:09: There are no fun, right?

01:20:09 --> 01:20:12: So Christian is is a very good friend,

01:20:12 --> 01:20:16: but maybe I'll disagree with one comment an.

01:20:16 --> 01:20:20: I don't disagree that there are deals getting done,

01:20:20 --> 01:20:23: but I think in general.

01:20:23 --> 01:20:29: They represent very specific outlier.

01:20:29 --> 01:20:35: Situations so if we look at the transactional volume in

01:20:35 --> 01:20:35: 2020,

01:20:35 --> 01:20:39: he was down 60% compared to 2019,

01:20:39 --> 01:20:44: and 50% of all of that transaction volume was done

01:20:44 --> 01:20:50: in the first quarter of 2020 when the pandemic hadn't

01:20:50 --> 01:20:51: really hit.

01:20:51 --> 01:20:55: And afterwards there was just a pause because nobody

01:20:55 --> 01:20:57: really

01:20:57 --> 01:21:01: knew what was going on.

01:20:57 --> 01:21:01: So although I don't disagree that there is some activity

01:21:01 --> 01:21:03: that is happening.

01:21:03 --> 01:21:08: I I think we are significantly off the volumes from

01:21:08 --> 01:21:12: the past and it's still going to take awhile for

01:21:12 --> 01:21:17: transaction accepted to to come back because.

01:21:17 --> 01:21:20: The lending community is not there.

01:21:20 --> 01:21:24: A lot of these deals there happening either.

01:21:24 --> 01:21:31: All cash. Or with significantly low low low levels of

01:21:31 --> 01:21:33: of of debt.

01:21:33 --> 01:21:37: No, not on the comic from from 1.

01:21:37 --> 01:21:41: Maybe what I'll say that I very happy to hear

01:21:41 --> 01:21:44: that the levels of deal signed and was robust.

01:21:44 --> 01:21:46: You know, given the situation,

01:21:46 --> 01:21:50: you also mentioned that there was a significant number of

01:21:50 --> 01:21:51: conversions,

01:21:51 --> 01:21:56: which basically is an existing asset that allows knew Brandon

01:21:56 --> 01:22:00: new position to come into place and that hotel can

01:22:00 --> 01:22:02: be up and running very soon.

01:22:02 --> 01:22:05: But on the on the newbuild side,

01:22:05 --> 01:22:09: you know I would question whether there is a real

01:22:09 --> 01:22:13: ability for these deals to get off the ground.

01:22:13 --> 01:22:17: On the near term, from the point of view that

01:22:17 --> 01:22:21: there's still a lot of hesitation from the lending community

01:22:22 --> 01:22:24: in know what is value today,

01:22:24 --> 01:22:28: you know how do you project cash flows five years
 01:22:28 --> 01:22:32: down the line and assess the repayment capacity of some
 01:22:32 --> 01:22:33: of these assets?
 01:22:33 --> 01:22:37: Know how much leverage do you put on on these
 01:22:37 --> 01:22:37: hotels,
 01:22:37 --> 01:22:42: not understanding where Adrs are going to end up in
 01:22:42 --> 01:22:43: the in the mid term,
 01:22:43 --> 01:22:47: where occupancies are going to end up?
 01:22:47 --> 01:22:51: So I don't disagree that although there could be a
 01:22:51 --> 01:22:54: decent volume of new deals getting signed,
 01:22:54 --> 01:22:58: and I'm not sure that that translates into shovels on
 01:22:58 --> 01:23:01: the ground at the same pace that it did in
 01:23:01 --> 01:23:02: in years back,
 01:23:02 --> 01:23:06: and I think that the there are two reasons for
 01:23:06 --> 01:23:06: that.
 01:23:06 --> 01:23:09: One of one of them is if we were to
 01:23:09 --> 01:23:12: go back to all of the webinars that we did
 01:23:12 --> 01:23:13: back in Q4,
 01:23:13 --> 01:23:16: you know, and and you you pull up any of
 01:23:16 --> 01:23:18: these discussions and.
 01:23:18 --> 01:23:21: And how bullish we were in October November,
 01:23:21 --> 01:23:26: about the recovery of 2021 we were talking about vaccines
 01:23:26 --> 01:23:28: we were talking about.
 01:23:28 --> 01:23:31: The man coming back. And we turn to page,
 01:23:31 --> 01:23:35: January starts and then we have all of these travel
 01:23:35 --> 01:23:37: restrictions in Europe.
 01:23:37 --> 01:23:41: All of these lockdowns that nobody was expecting that they
 01:23:41 --> 01:23:42: were going to happen,
 01:23:42 --> 01:23:45: which translated into a horrible high season,
 01:23:45 --> 01:23:49: four for the Caribbean. So basically what happened is that
 01:23:50 --> 01:23:53: we went back three two months to where we work,
 01:23:53 --> 01:23:55: and that recovery is getting delayed.
 01:23:55 --> 01:23:59: There's no doubt that we are turning the corner and
 01:23:59 --> 01:24:00: every week,
 01:24:00 --> 01:24:04: every month we're having higher demand and higher
 01:24:04 --> 01:24:05: occupancy than
 01:24:05 --> 01:24:08: before,
 01:24:08 --> 01:24:09: but we anticipated that this was going to happen in
 01:24:09 --> 01:24:12: January and we were going to have some sort of
 01:24:12 --> 01:24:15: a decent high season and that didn't happen.
 01:24:15 --> 01:24:19: The result of this is that.
 01:24:19 --> 01:24:22: Hotel owners are in a much more precarious situation to

01:24:23 --> 01:24:26: withstand the rest of the year where even though the

01:24:26 --> 01:24:30: second half is going to be substantially better than the

01:24:30 --> 01:24:33: first half is still not going to be enough as

01:24:33 --> 01:24:36: in years past to be able to satisfy all the

01:24:37 --> 01:24:41: financial needs of a hotel property and what's particularly important

01:24:41 --> 01:24:46: is that. Uh, you know when the crisis hit?

01:24:46 --> 01:24:50: I think one was very accurate in saying that banks

01:24:50 --> 01:24:52: took a different stance.

01:24:52 --> 01:24:56: You know, they they openly dialogue with owners,

01:24:56 --> 01:25:00: provided us forbearance provided flexibility said look,

01:25:00 --> 01:25:04: this is nobody's fault. So let let's give you know,

01:25:04 --> 01:25:10: nine months, 12 months of flexibility on on on payments.

01:25:10 --> 01:25:13: But now that forbearance is expiring and it's not a

01:25:13 --> 01:25:18: matter that banks no longer want to provide that flexibility,

01:25:18 --> 01:25:21: but every single sector has been approaching the bags and

01:25:22 --> 01:25:24: have been asking for similar relief.

01:25:24 --> 01:25:27: So then the banks they already stretched too thin.

01:25:27 --> 01:25:30: You know, we have basil conventions.

01:25:30 --> 01:25:34: We have international conventions that we need to abide by

01:25:34 --> 01:25:34: it.

01:25:34 --> 01:25:37: We need to do our provisioning and the levels of

01:25:38 --> 01:25:41: nonperforming loans have significantly been increasing.

01:25:41 --> 01:25:45: Over the past quarter, so I think that the biggest

01:25:45 --> 01:25:50: concern from the lending sector is that the ability to

01:25:50 --> 01:25:55: continue to provide forbearance going forward is going to be

01:25:55 --> 01:25:59: significantly more reduced. Yet we're not at a point in

01:25:59 --> 01:26:03: which the Met has recovered for those hotels to be

01:26:03 --> 01:26:06: able to to honor that payments,

01:26:06 --> 01:26:09: I agreed that no bank wants to be an owner

01:26:09 --> 01:26:11: of a hospitality asset.

01:26:11 --> 01:26:14: In this environment, but at the same time,

01:26:14 --> 01:26:20: there needs to be solutions to resolving the financial equation

01:26:20 --> 01:26:24: because there are agreements you know there are.

01:26:24 --> 01:26:28: Issues they need to be addressed and the hotels are.

01:26:28 --> 01:26:31: I'm sorry that the land community is much more limited

01:26:31 --> 01:26:36: in its ability to continue to provide flexibility without fresh

01:26:36 --> 01:26:39: equity coming into some of these projects.

01:26:42 --> 01:26:45: I think we need to make up a broader statement

01:26:45 --> 01:26:50: that the lending community after Scotiabank left the

01:26:50 --> 01:26:54: investments in

01:26:50 --> 01:26:54: the Caribbean has been very very small in the Caribbean

01:26:54 --> 01:26:58: right? So projects finance in the Caribbean by banks so
 01:26:58 --> 01:27:01: we can count with you know hands and hands and
 01:27:01 --> 01:27:02: toes right?
 01:27:02 --> 01:27:05: It is been always a market that has been reliant
 01:27:05 --> 01:27:06: on equity,
 01:27:06 --> 01:27:11: condo sales, different different friends and family schemes
 right?
 01:27:11 --> 01:27:14: I agree the banks are sitting on a lot of.
 01:27:14 --> 01:27:18: Convention issues, but they're also flush with cash,
 01:27:18 --> 01:27:21: right? All of if you look at the destination of
 01:27:21 --> 01:27:25: the of the stimulus alot of it has been back
 01:27:25 --> 01:27:27: to repaying credit card loans,
 01:27:27 --> 01:27:32: student loans, mortgages. So while some of the functions of
 01:27:32 --> 01:27:36: the bank have deteriorated in terms of number forming loans,
 01:27:36 --> 01:27:40: they've also covered on other other segments.
 01:27:40 --> 01:27:44: So whilst I empathize with the banks because there are
 01:27:44 --> 01:27:45: partners.
 01:27:45 --> 01:27:49: There's been a transfer wealth during this this recession,
 01:27:49 --> 01:27:52: and whilst there's been some movement around it,
 01:27:52 --> 01:27:54: I think the banks should.
 01:27:54 --> 01:27:57: Shouldn't this is not this is not,
 01:27:57 --> 01:28:01: it's just an observation should continue to support the
 hospitality
 01:28:01 --> 01:28:05: because that there the value that hospitality derives in any
 01:28:05 --> 01:28:08: community is far better and bigger than that.
 01:28:08 --> 01:28:11: Only commercial commercial real estate and our office,
 01:28:11 --> 01:28:14: right? Well, we call it what it in Hilton we
 01:28:14 --> 01:28:16: called the Hilton effect is,
 01:28:16 --> 01:28:20: once you put a hotel and a community it doesn't
 01:28:20 --> 01:28:20: create.
 01:28:20 --> 01:28:25: Um? Wealth immediately it generates wealth over the course
 of
 01:28:25 --> 01:28:26: the asset.
 01:28:26 --> 01:28:28: We're talking about 30-40 years,
 01:28:28 --> 01:28:31: so we cannot look at this as a short term
 01:28:31 --> 01:28:32: investment.
 01:28:32 --> 01:28:35: I agree with the conventions and I agree with Bussaglia
 01:28:35 --> 01:28:36: 123 right?
 01:28:36 --> 01:28:39: We agree with everything that has to be done,
 01:28:39 --> 01:28:42: but this is a 30 year investment that generates wealth
 01:28:42 --> 01:28:44: at a much deeper level,
 01:28:44 --> 01:28:47: rooted level than it is of any other investment,
 01:28:47 --> 01:28:50: specially for the Caribbean where production is limited,

01:28:50 --> 01:28:53: right? So if we're talking about supporting.

01:28:53 --> 01:28:57: Heart. Fellow nations, you know what I'm talking about NATO,

01:28:57 --> 01:29:00: and at any other alliance in which of the Caribbean

01:29:00 --> 01:29:01: is part of,

01:29:01 --> 01:29:04: we need to look at tourism as their number one

01:29:04 --> 01:29:05: or two income sources.

01:29:05 --> 01:29:07: So when you when you think about it,

01:29:07 --> 01:29:11: hospitality sector and everything that it derives from it,

01:29:11 --> 01:29:13: the banks need and must take a a longer term

01:29:13 --> 01:29:14: stands.

01:29:14 --> 01:29:17: And I believe that that everybody is going to act

01:29:17 --> 01:29:19: in this way because it is the way that we

01:29:19 --> 01:29:21: can get out of this so well.

01:29:21 --> 01:29:24: As we understand all that we need to put into

01:29:24 --> 01:29:25: perspective with that.

01:29:25 --> 01:29:28: William has been very, very deprived of awful at traditional

01:29:29 --> 01:29:29: lending,

01:29:29 --> 01:29:32: and we anticipated there will continue that way.

01:29:32 --> 01:29:35: Exhibit A transactions in cash for assets that are worth

01:29:35 --> 01:29:37: a number of number of millions of dollars.

01:29:37 --> 01:29:39: Hundreds of millions of dollars,

01:29:39 --> 01:29:42: and then the transfer of wealth that has happened in

01:29:42 --> 01:29:45: the banks has also allowed them to free up a

01:29:45 --> 01:29:48: little bit of resources in order to meet their confidence.

01:29:48 --> 01:29:52: So hopefully everybody will work together towards getting this this.

01:29:52 --> 01:29:55: Uh, this engine started and as I said,

01:29:55 --> 01:29:58: it has already started. We're seeing in an airlift.

01:29:58 --> 01:30:00: We're seeing it in bookings 2020.

01:30:00 --> 01:30:01: The year we will forget.

01:30:01 --> 01:30:05: But the long term investment view from the banks needs

01:30:05 --> 01:30:07: to be in line with that of the investors.

01:30:07 --> 01:30:11: Yeah, the only the only part that I would differ

01:30:11 --> 01:30:12: is appalling.

01:30:12 --> 01:30:15: I agree with what you're saying,

01:30:15 --> 01:30:19: but we're trying to get governments.

01:30:19 --> 01:30:22: To step up because it is not the role of

01:30:22 --> 01:30:24: the private sector.

01:30:24 --> 01:30:28: To fulfill the gap that has been created by a

01:30:28 --> 01:30:31: crisis that was not generated by them.

01:30:31 --> 01:30:36: So our dialogue with government is is one that goes

01:30:36 --> 01:30:40: along those lines and tourism is one of the most
01:30:40 --> 01:30:41: important.
01:30:41 --> 01:30:43: Sectors in in your economy.
01:30:43 --> 01:30:47: You have tremendous ripple effect as you are describing
fund.
01:30:47 --> 01:30:50: So you need to step up to the plate and
01:30:50 --> 01:30:55: you need to provide sector specific support sector specific
stimulus.
01:30:55 --> 01:30:59: So that would get banks to continue to lend and
01:30:59 --> 01:31:00: inject that fuel.
01:31:00 --> 01:31:03: That will get the the the industry going.
01:31:03 --> 01:31:08: So the discussions typically have been involved.
01:31:08 --> 01:31:12: Talking to governments so that they would provide some sort
01:31:13 --> 01:31:17: of first loss tranche to these are hospitality facilities,
01:31:17 --> 01:31:21: you know, thereby improving the ratings of this transaction,
01:31:21 --> 01:31:25: thereby opening up the balance sheets of banks for them
01:31:26 --> 01:31:28: to do a little bit more landing.
01:31:28 --> 01:31:32: We have also been talking to banks so that we.
01:31:32 --> 01:31:36: And help them take some of their portfolio.
01:31:36 --> 01:31:40: Repackage it and then sell it into the into the
01:31:40 --> 01:31:41: markets.
01:31:41 --> 01:31:43: You know with a decent rating,
01:31:43 --> 01:31:49: again supported by stimulus from from federal government
and and
01:31:49 --> 01:31:50: that way you get.
01:31:50 --> 01:31:54: More funds reinjected into hospitality projects.
01:31:54 --> 01:31:55: So I agree with you,
01:31:55 --> 01:32:00: found that it needs to be a concerted effort.
01:32:00 --> 01:32:03: But the private sector alone cannot do it.
01:32:03 --> 01:32:08: We need to continue to motivate and induce governments to
01:32:08 --> 01:32:10: provide industry specific support.
01:32:14 --> 01:32:15: Hey Brad, this is Mark line.
01:32:15 --> 01:32:16: Can I interject a comment or two?
01:32:19 --> 01:32:21: Go ahead, mark.
01:32:21 --> 01:32:23: Just for everyone here I I had been the chair
01:32:23 --> 01:32:27: of the Recreational Development Committee nationally have
been unbanned with
01:32:27 --> 01:32:29: you alive for probably two decades,
01:32:29 --> 01:32:33: and recently led Ernst and Young's Hospitality consulting
division focused
01:32:33 --> 01:32:35: on the region every tired and hung out my own
01:32:36 --> 01:32:36: shingle,
01:32:36 --> 01:32:38: so to speak. But I did want to just flush

01:32:38 --> 01:32:40: out a couple of comments,
01:32:40 --> 01:32:41: and I apologize. I have to run,
01:32:41 --> 01:32:44: but I did want to share this with the group.
01:32:44 --> 01:32:46: We are seeing family office,
01:32:46 --> 01:32:50: sovereign wealth and private equity which typically always
leave before
01:32:50 --> 01:32:55: traditional lenders will get comfortable stepping in and seeing
what
01:32:55 --> 01:32:58: we see is an unprecedented opportunity to address what
pawn
01:32:58 --> 01:33:02: head reference being repositioning to the extent you have a
01:33:02 --> 01:33:04: resort that has developable land,
01:33:04 --> 01:33:07: you know the smart money right now is focused on
01:33:07 --> 01:33:12: building residential branded residential or expanding saleable
property on their
01:33:12 --> 01:33:15: on their resort because folks want a safe haven.
01:33:15 --> 01:33:18: This is really. Been a shot in the arm for
01:33:18 --> 01:33:21: the vacation home sector of the resort business.
01:33:21 --> 01:33:25: One factor kind of underscoring what Rogerio had
referenced,
01:33:25 --> 01:33:28: being a bit more conservative and I haven't heard of
01:33:28 --> 01:33:31: being talked about is that family travel was one of
01:33:31 --> 01:33:34: the leading trends going into the crisis.
01:33:34 --> 01:33:38: Multi generational you'll. I would always say a family is
01:33:38 --> 01:33:42: the new Golf and unfortunately children testing for the
vaccine
01:33:42 --> 01:33:44: won't even probably start until 2022,
01:33:44 --> 01:33:48: and so you know we are expecting drive to destinations
01:33:48 --> 01:33:49: to still be.
01:33:49 --> 01:33:52: You know fairly is front and center because most folks
01:33:52 --> 01:33:55: are not going to put their children in danger.
01:33:55 --> 01:33:58: Get him on planes, get him in foreign destinations until
01:33:58 --> 01:33:59: they're also vaccinated.
01:33:59 --> 01:34:02: So those are just two things I want to think
01:34:02 --> 01:34:02: about together,
01:34:02 --> 01:34:06: and I appreciate you give me a minute thing.
01:34:06 --> 01:34:10: Thank you. So I think at this point I know
01:34:10 --> 01:34:13: we're up against our time limit here.
01:34:13 --> 01:34:15: I want to let the UI team chime in.
01:34:15 --> 01:34:18: I think the plan was was to wrap this panel
01:34:18 --> 01:34:22: and then hop back into the breakout rooms for anyone
01:34:22 --> 01:34:26: who still had some time left and we could answer
01:34:26 --> 01:34:29: any lingering questions within those breakout rooms.

01:34:32 --> 01:34:34: Um? Go ahead Adam. Yeah,
 01:34:34 --> 01:34:37: first of all, I just wanted to thank all the
 01:34:37 --> 01:34:41: panelists and everybody that's been here today that this is.
 01:34:41 --> 01:34:45: A few of my takeaways are pretty incredible.
 01:34:45 --> 01:34:48: I think I think that the Caribbean region with out
 01:34:48 --> 01:34:51: of the top 20 world destinations seven of them are
 01:34:51 --> 01:34:53: in the Caribbean region,
 01:34:53 --> 01:34:55: that's 35%. I mean that just says it all right
 01:34:55 --> 01:34:56: there.
 01:34:56 --> 01:34:59: That statistic that Christian shared with us was amazing and
 01:34:59 --> 01:35:01: then like and then likewise,
 01:35:01 --> 01:35:04: you know that there's this 2.3 million in savings.
 01:35:04 --> 01:35:06: We know it's going to get spent on things that
 01:35:06 --> 01:35:08: people have been denied,
 01:35:08 --> 01:35:11: so I think that's coming down the pipeline for me,
 01:35:11 --> 01:35:14: the Rohit Rogerio. I know that on the lending side
 01:35:14 --> 01:35:17: you have to look at things a little bit more
 01:35:17 --> 01:35:18: critically and.
 01:35:18 --> 01:35:21: And I'll take your silver lining that tourism is the
 01:35:21 --> 01:35:22: answer and that 38%
 01:35:22 --> 01:35:25: of the economies are relying on tourism,
 01:35:25 --> 01:35:27: so I think that's kind of where we as a
 01:35:27 --> 01:35:29: group can help to push things forward.
 01:35:29 --> 01:35:32: And some of the statements you know Brad made about
 01:35:32 --> 01:35:36: focusing on what consumers are really looking for today,
 01:35:36 --> 01:35:38: I think is what our challenges is.
 01:35:38 --> 01:35:42: Builders, developers, investors. I mean we've had this world
 01:35:42 --> 01:35:45: traumatic
 01:35:45 --> 01:35:49: experience and now it's our job to kind of give
 01:35:49 --> 01:35:51: consumers really what they're looking for on Hilton's record
 01:35:51 --> 01:35:53: year
 01:35:53 --> 01:35:55: at least year equivalent to 2019.
 01:35:55 --> 01:35:57: In signings that that just says at all,
 01:35:57 --> 01:36:00: I mean we are moving all of us back to
 01:36:00 --> 01:36:02: hospitality in a big way.
 01:36:02 --> 01:36:05: And even though that that transaction volume is low,
 01:36:05 --> 01:36:08: I think the opportunities on our for lending,
 01:36:08 --> 01:36:09: right? So how is lending in to come back and
 01:36:09 --> 01:36:11: fill those gaps that are needed so those are kind
 01:36:11 --> 01:36:14: of my takeaways.
 01:36:14 --> 01:36:16: Again, I just wanted to thank all of you.
 01:36:16 --> 01:36:18: This is really been again a very special time and
 01:36:18 --> 01:36:20: I just want to remind everybody.

01:36:16 --> 01:36:18: Leave your videos on if you're going to be in
01:36:18 --> 01:36:19: the breakout rooms.
01:36:19 --> 01:36:21: It makes it a little more.
01:36:21 --> 01:36:23: Fun and less creepy, and it's just good for everybody
01:36:23 --> 01:36:24: that works.
01:36:24 --> 01:36:27: So again, thank you very very much.
01:36:27 --> 01:36:30: Thank you everyone. Thank you very much.
01:36:30 --> 01:36:31: Good job Alex.

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