



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
very
00:02:20 --> 00:02:23: very exciting and I think I'm looking forward to hearing
00:02:23 --> 00:02:27: are amazing panel speakers who will introduce themselves
when we
00:02:27 --> 00:02:30: start the conversation. So I think we're at 10:30 and
00:02:30 --> 00:02:34: punctuality is always one of the great trademarks of the
00:02:34 --> 00:02:35: Caribbean.
00:02:35 --> 00:02:36: Um, so let's.
00:02:38 --> 00:02:40: 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 Lalos.

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

00:23:54 --> 00:23:57: variety of asset classes.

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

00:24:18 --> 00:24:23: have significant development impact and relative to your icebreaker question,

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

00:25:15 --> 00:25:16: estate company.

00:25:16 --> 00:25:22: And although CBR E does pretty much everything in terms

00:25:22 --> 00:25:25: of commercial real estate.

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
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
00:26:54 --> 00:26:55: industry in Puerto Rico.
00:26:55 --> 00:26:59: We believe that the visitor economy has tremendous
00:26:59 --> 00:27:03: 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
00:27:08 --> 00:27:11: double
00:27:11 --> 00:27:14: the tourism economy over a relatively short period,
00:27:14 --> 00:27:16: so we're excited about what lies ahead for me coming
00:27:16 --> 00:27:19: to Puerto Rico in 2018,
00:27:19 --> 00:27:21: I I thought that was hired to help them revive
00:27:21 --> 00:27:24: tourism after Hurricane Maria,
00:27:24 --> 00:27:27: and I realized that Hurricane Maria was just a tuna
00:27:27 --> 00:27:30: packed for what we were about to face.
00:27:30 --> 00:27:33: Because Cove, it's really been about the equivalent of four
00:27:33 --> 00:27:36: Hurricane Maria's for the tourism industry,
00:27:36 --> 00:27:39: but that said. The recovery that's underway is real,
00:27:39 --> 00:27:40: and we're excited about what what we're seeing and sensing
00:27:40 --> 00:27:44: in the industry,
00:27:44 --> 00:27:46: both anecdotally and quantitatively, an excited really for the
00:27:46 --> 00:27:48: whole
00:27:48 --> 00:27:51: Caribbean as we look forward to the future of travel
00:27:51 --> 00:27:54: and tourism in our region.
00:27:54 --> 00:27:58: So delighted to join you today.
00:27:58 --> 00:28:01: Thanks Brad, and last. I'll bring in one corvino's.
00:28:01 --> 00:28:03: Hey good morning everyone.
00:28:03 --> 00:28:08: Very happy to hear Brazilian,
00:28:08 --> 00:28:11: talented and versatile are my buzzwords for today.
00:28:11 --> 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
population,
00:31:35 --> 00:31:38: the vast majority of the population of 60 and over.
00:31:38 --> 00:31:42: I've been vaccinated and I could happen in the late
00:31:42 --> 00:31:45: spring may be made when the island reopens.
00:31:45 --> 00:31:48: Been more than a year,
00:31:48 --> 00:31:53: the Islanders shutdown next slide shows the arrival so you
00:31:53 --> 00:31:55: know this is January,
00:31:55 --> 00:31:58: February. As you can see,
00:31:58 --> 00:32:03: the Covid arrives in this part of the atmosphere in
00:32:03 --> 00:32:03: March.
00:32:03 --> 00:32:08: Drop off 55%, but imagine the dramatic drop in the
00:32:08 --> 00:32:11: arrival in the Caribbean down 99%
00:32:11 --> 00:32:16: in April, May 98.3 so that the second quarter.
00:32:16 --> 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
overnight
00:33:17 --> 00:33:20: guests or simply day guests from a cruise ship.
00:33:20 --> 00:33:24: No, it's really big difference in when we talk about
00:33:24 --> 00:33:29: development in the infrastructure and whether we're building
condos or
00:33:29 --> 00:33:32: what we're doing and what we're looking at 'cause we.
00:33:32 --> 00:33:35: Our group does a lot of cruise port development.
00:33:35 --> 00:33:39: OK, so the cruise is very simple answer after March
00:33:39 --> 00:33:41: cruise to the Caribbean.
00:33:41 --> 00:33:44: Went to zero. Absolutely not.
00:33:44 --> 00:33:47: So in the first quarter of the at 8.5 million
00:33:47 --> 00:33:52: passenger coming to the Caribbean has starting as of April
00:33:52 --> 00:33:53: absolutely 0.
00:33:53 --> 00:33:56: So this is only the arrival by plane on the
00:33:56 --> 00:34:01: islands so that will translate in overnight stay at hotels.
00:34:01 --> 00:34:04: This may not. For the cruise passengers.
00:34:09 --> 00:34:11: Going on to the next one.
00:34:11 --> 00:34:15: As you can see, it's a tale of two cities.
00:34:15 --> 00:34:18: In some cases Bermuda down 84%.
00:34:18 --> 00:34:21: the US Virgin Islands saw for the year only a
00:34:22 --> 00:34:23: drop of 36.5%,
00:34:23 --> 00:34:27: so you may ask why this combination of two things
00:34:27 --> 00:34:29: very little supply San Tomas,
00:34:29 --> 00:34:32: the largest hotel frenchmans reef,
00:34:32 --> 00:34:37: is closed and has been closed since the Hurricane Maria
00:34:37 --> 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 confortable 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

00:45:10 --> 00:45:14: 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

00:48:24 --> 00:48:25: and so on.

00:48:25 --> 00:48:29: So I I think that's the underlying blackout cloud that

00:48:29 --> 00:48:30: I mentioned.

00:48:30 --> 00:48:32: I think I'm sorry.

00:48:32 --> 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 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 your question,
00:54:22 --> 00:54:25: Alex, I think in terms of 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
marketers and others
00:56:20 --> 00:56:23: in that space is the importance of being stream Lee
00:56:23 --> 00:56:26: transparent and timely with communication.
00:56:26 --> 00:56:29: Those marketers alot of things we don't want to talk
00:56:29 --> 00:56:29: about.
00:56:29 --> 00:56:32: The negative. We don't want to accentuate the negative.
00:56:32 --> 00:56:35: We just want to talk about the positives and we
00:56:35 --> 00:56:38: felt like to maintain the confidence and trust of the
00:56:38 --> 00:56:39: consumer.
00:56:39 --> 00:56:40: We had to be transparent,
00:56:40 --> 00:56:44: timely and which sought to establish ourselves as the trusted
00:56:44 --> 00:56:46: source for updated information.
00:56:46 --> 00:56:47: Whether it was the mask,
00:56:47 --> 00:56:50: wearing policy's or the testing you know at the airport
00:56:50 --> 00:56:54: are before the airport are all those myriad of questions
00:56:54 --> 00:56:56: and considerations that travelers had.
00:56:56 --> 00:56:59: We wanted to make sure that we could demonstrate there's
00:56:59 --> 00:57:02: a level of confidence and trust with consumers.
00:57:02 --> 00:57:05: We talk a lot about boosting and maintaining consumer
confidence,
00:57:05 --> 00:57:07: but at the end of the day,
00:57:07 --> 00:57:10: if you have that consumers trust you have their confidence
00:57:10 --> 00:57:11: and then you know,
00:57:11 --> 00:57:14: as you might expect at discover Puerto Rico,
00:57:14 --> 00:57:17: we have been constantly shifting and adapting our marketing
to
00:57:17 --> 00:57:19: 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

00:58:37 --> 00:58:41: 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
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
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
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
surprising.
01:09:09 --> 01:09:12: Even a client was taken up by by the level
01:09:12 --> 01:09:13: of interest for a.
01:09:13 --> 01:09:17: Basically you know construction site where Diamond,
01:09:17 --> 01:09:22: Macavity spend 160,000,000 and there's another
160,000,000 to spend to
01:09:22 --> 01:09:24: finish the hotel.
01:09:24 --> 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
today
01:14:05 --> 01:14:08: and then we'll circle back to Rogerio to hear a
01:14:08 --> 01:14:12: little bit more about the challenges on the financing side
01:14:12 --> 01:14:13: that Christian mentioned.
01:14:13 --> 01:14:16: 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
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
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
01:14:49 --> 01:14:49: you.
01:14:49 --> 01:14:52: Number one deals are getting done and number two people
01:14:52 --> 01:14:55: want to leave their houses they cannot stay anymore in
01:14:55 --> 01:14:58: their houses and they're going to Puerto Rico or going
01:14:58 --> 01:15:01: to many more public. They're going to those islands that
01:15:02 --> 01:15:04: are that allow them so distancing and that allow them
01:15:05 --> 01:15:06: to be out in the sun.
01:15:06 --> 01:15:08: They do not want to remain in the main line,
01:15:08 --> 01:15:11: so Miami Airport, Charlotte Airport in any year for the
01:15:11 --> 01:15:13: connects with the Caribbean.
01:15:13 --> 01:15:15: If you just stand there in the in the lobby
01:15:15 --> 01:15:17: of arrivals or departures,
01:15:17 --> 01:15:20: you're going to see people with their suitcases and wear
01:15:20 --> 01:15:21: their hats on.
01:15:21 --> 01:15:25: And they're going to warmer weather even when spring is
01:15:25 --> 01:15:25: happening,
01:15:25 --> 01:15:28: so that recovery has already started.
01:15:28 --> 01:15:31: We're seeing bookings during the second semester.
01:15:31 --> 01:15:34: Starting to, you know, going to upward trajectory.
01:15:34 --> 01:15:38: I'm seeing islands with sold out in January.
01:15:38 --> 01:15:41: Which means people are booking their Christmas vacation.
01:15:41 --> 01:15:42: Yes, it's been a horrible year.
01:15:42 --> 01:15:44: It's been a year to write off,
01:15:44 --> 01:15:46: but the good thing about this year,
01:15:46 --> 01:15:48: and I'm going to respond to your question.
01:15:48 --> 01:15:54: Yes, deals are happening. Is that the lenders understood
01:15:54 --> 01:15:56: what
01:15:56 --> 01:16:00: they did in 2008 2009?
01:16:00 --> 01:16:04: They took on. Did decently oh they took they foreclosed
01:16:04 --> 01:16:07: banks and lenders have understood that they do not want
01:16:07 --> 01:16:10: to be the holders hospitality assets in their balance sheet
01:16:10 --> 01:16:13: because they do not understand them.
01:16:10 --> 01:16:13: They you need a developer you need a private company
01:16:13 --> 01:16:15: or you need to fund it to manage those assets
01:16:15 --> 01:16:19: and give them their optimum value which means that their
01:16:19 --> 01:16:22: forbearance is that have been given have been great for
01:16:22 --> 01:16:25: the owners but also they've been helping the banks not
01:16:25 --> 01:16:29: having to load them on their onto their balance sheet.
01:16:29 --> 01:16:32: What that means is I think we have a little
01:16:32 --> 01:16:35: bit more of air for this season to kick in.

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
really
01:20:55 --> 01:20:57: 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 --> 01:24:08: 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
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
traumatic
01:35:42 --> 01:35:45: experience and now it's our job to kind of give
01:35:45 --> 01:35:49: consumers really what they're looking for on Hilton's record
year
01:35:49 --> 01:35:51: at least year equivalent to 2019.
01:35:51 --> 01:35:53: In signings that that just says at all,
01:35:53 --> 01:35:55: I mean we are moving all of us back to
01:35:55 --> 01:35:57: hospitality in a big way.
01:35:57 --> 01:36:00: And even though that that transaction volume is low,
01:36:00 --> 01:36:02: I think the opportunities on our for lending,
01:36:02 --> 01:36:05: right? So how is lending in to come back and
01:36:05 --> 01:36:08: fill those gaps that are needed so those are kind
01:36:08 --> 01:36:09: of my takeaways.
01:36:09 --> 01:36:11: Again, I just wanted to thank all of you.
01:36:11 --> 01:36:14: This is really been again a very special time and
01:36:14 --> 01:36:16: 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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