



# 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  
00:33:17 --> 00:33:20: 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  
00:33:29 --> 00:33:32: 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 turn  
00:54:11 --> 00:54:14: 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 will start with  
00:54:25 --> 00:54:26: the airlift.  
00:54:26 --> 00:54:29: There's some really good encouraging signs here.  
00:54:29 --> 00:54:31: If you look at enplanements or deplanements,  
00:54:31 --> 00:54:34: I should say to Puerto Rico in January.  
00:54:34 --> 00:54:37: Of course the the two commercial airports in the outer  
00:54:37 --> 00:54:37: areas.  
00:54:37 --> 00:54:40: Don't say in Agua Dia were closed,  
00:54:40 --> 00:54:42: so the activity was really in San Juan and San  
00:54:43 --> 00:54:45: Juan international exclusively.  
00:54:45 --> 00:54:48: We had about 400 and 35,000 deplanements in January,  
00:54:48 --> 00:54:51: certainly well below what we would expect in the midst  
00:54:51 --> 00:54:53: of our high season.  
00:54:53 --> 00:54:55: Having said that.  
00:54:55 --> 00:54:58: Excuse me, I'm sorry. Was if it was picking up,  
00:54:58 --> 00:55:01: we were just at 400 and I think in January  
00:55:01 --> 00:55:05: kind of grew to about 435 is what we're expecting  
00:55:05 --> 00:55:06: this month.  
00:55:06 --> 00:55:08: So 435 thousand deployments in March.  
00:55:08 --> 00:55:12: The projection for capacity right now is a 15%  
00:55:12 --> 00:55:16: increase in April, 33% increase in May above that March  
00:55:16 --> 00:55:17: number and then 36%  
00:55:17 --> 00:55:21: in June. Now we all know there's a big difference  
00:55:21 --> 00:55:23: between deployments and capacity.  
00:55:23 --> 00:55:25: And so we've got to be able to.  
00:55:25 --> 00:55:27: Fulfill that capacity with demand,  
00:55:27 --> 00:55:31: but if anything it looks like the airlines are bullish  
00:55:31 --> 00:55:33: on the recovery of Puerto Rico Ann,  
00:55:33 --> 00:55:36: and I suspect that speaks to the Caribbean in general

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

00:58:37 --> 00:58:41: become

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.

---

*This video transcript has been machine-generated, so it may not be accurate. It is for personal use only. Reproduction or use without written permission is prohibited. If you have a correction or for permission inquiries, please contact [\[email protected\]](#).*