

LATIN AMERICA & CARIBBEAN HOTELS MONITOR

MAY 2020

ISSUE 9





WHITE
BRIDGE

Whitebridge Hospitality is a specialist advisor to investors, developers and operators in the hospitality industry around the globe. We provide investment, operational and planning advice, and guidance in respect of the entire hospitality spectrum, including: hotels, mixed-use resorts, leisure facilities, casinos, visitor attractions and sporting venues. Our uniquely qualified team can provide services throughout an asset's life cycle.



Rider
Levett
Bucknall

Rider Levett Bucknall is an independent construction, property and management consultant, providing advice focused on the cost, quality and sustainability of the built environment. Worldwide the firm has over 3,600 staff operating from more than 120 offices. Its international reach ensures that it provides services in line with the latest innovations and examples of best practice, supporting expertise across all sectors of the built environment. Achievements are renowned: from the early days of pioneering quantity surveying, to landmark projects such as the Sydney Opera House, HSBC Headquarters Building in Hong Kong, the 2012 London Olympic Games and CityCenter in Las Vegas.



STR provides clients with access to hotel research with regular and custom reports covering over 69,000 hotels globally. They provide a single source of global hotel performance data, offering concise, accurate and thorough industry research worldwide and they track a variety of Profitability, Pipeline, Forecast and Census data covering all aspects of the industry.

LAC HOTELS MONITOR

MAY 2020

Introduction

For the first time in this series for the LAC region, we have amended the reporting period for the performance statistics, and all because the data does not love Covid-19. The shock of the global pandemic has been without parallel, both in its extensive bear-hug around the globe and in its impact across all sectors of the global economy - and none more so than on our beloved hotel sector. Performance levels have been devastated in 2020 and so the data for this edition is a comparison of the full year 2019 versus 2018.

As at the time of publication, the effects of Covid-19 on development costs around the region were only just beginning to be understood, with significantly volatility expected in the coming months as projects are delayed and productivity slows due to social distancing.

The region had another quiet 12 months in terms of transactions, with the highlights being Marriott's acquisition of Elegant Hotels (based in Barbados and comprising seven hotels) and Gencom's buying spree of two high profile resorts across the region. Where changes of ownership may have been rare, development and refurbishment have been much more common place, with a large number of projects underway and opening in 2019/20.

Performance levels have been devastated in 2020.

For our final page feature, STR has shared some hot-off-the-press data on the impact of Covid-19 on markets around Latin America, and highlights positive signs of recovery already underway in China, giving the rest of the world hope for the future and light at the end of the pandemic tunnel.

Philip Camble

Director, Whitebridge Hospitality
Editor, LAC Hotels Monitor

Performance Trends

Jan-Dec City	2019			2018	
	ADR	Occ	RevPAR	ADR	Occ
	USD	%	USD	USD	%
Aruba	340.2	75.1	255.5	317.9	75.2
Barbados	281.1	69.0	194.0	280.4	66.2
Dominican Republic	136.2	67.8	92.4	141.1	73.6
Puerto Rico	212.4	65.7	139.5	199.3	68.8
San Jose	100.4	67.5	67.8	97.1	69.3
San Salvador	97.0	69.9	67.8	95.8	70.1
Panama City	91.8	47.3	43.4	89.8	50.1
Mexico City	180.1	67.8	122.2	200.2	71.2
Cancun	114.7	66.1	75.8	118.4	67.9
Buenos Aires	116.9	67.1	78.5	125.1	69.7
Rio de Janeiro	99.6	60.0	59.8	99.8	51.7
Sao Paulo	97.0	64.5	62.6	94.7	63.1
Santiago	115.8	62.1	71.9	124.9	67.9
Bogota	82.1	57.9	47.5	87.5	57.7
Lima	124.9	61.0	76.2	131.9	65.0

Note: Period of analysis refers to total years 2019 and 2018

Source: STR

- Please note that the data above is reported in USD and will be subject to fluctuating exchange rates. All data displayed is also available in local currencies, please contact STR for more information.
- Rate performance was mixed throughout the region, driven by currency inflations and devaluations that affected Venezuela and Argentina, most notably.
- Demand continues to outpace supply in South America. When analysing average daily rate (ADR) performance on a subcontinent level, both Central and South America (excluding Venezuela) reported ADR growth in 2019, increasing by 5.3% and 8.7%, respectively.
- At the end of 2019, the projected pipeline for Central and South America reported the strongest rooms supply in the under contract pipeline for Brazil, Peru, Colombia, and Chile.
- Rio de Janeiro recorded a RevPAR increase that exceeded 15%, mainly due to a significant increase in occupancy.

RevPAR	ADR		Growth		RevPAR	
	Abs (USD)	%	Abs %	%	Abs (USD)	%
239.1	22.3	7.0%	-0.1	-0.1%	16.4	6.9%
185.6	0.7	0.2%	2.8	4.2%	8.3	4.5%
103.8	-4.8	-3.4%	-5.8	-7.8%	-11.4	-11.0%
137.2	13.1	6.6%	-3.1	-4.5%	2.3	1.7%
67.3	3.3	3.4%	-1.8	-2.6%	0.4	0.7%
67.2	1.2	1.2%	-0.2	-0.4%	0.6	0.9%
45.0	2.0	2.2%	-2.9	-5.7%	-1.6	-3.6%
142.6	-20.1	-10.0%	-3.4	-4.7%	-20.4	-14.3%
80.3	-3.7	-3.1%	-1.8	-2.6%	-4.5	-5.6%
87.3	-8.2	-6.6%	-2.6	-3.8%	-8.8	-10.1%
51.6	-0.2	-0.2%	8.3	16.0%	8.1	15.8%
59.7	2.4	2.5%	1.5	2.3%	2.9	4.9%
84.9	-9.1	-7.3%	-5.8	-8.6%	-12.9	-15.3%
50.5	-5.3	-6.1%	0.2	0.3%	-2.9	-5.8%
85.7	-7.1	-5.3%	-4.0	-6.1%	-9.5	-11.1%

- While occupancy only grew slightly, the absolute level was the highest for any year in Bogotá since 2013. In July, the market's performance was boosted by AgroExpo (11-21 July). In October, however, monthly occupancy dropped after five consecutive months of growth, and the steepest decline came the day before the market hosted local and regional elections for the first time since 2016 (26 October).
- In 2019, Lima reported an 11.1% drop in RevPAR levels and its fourth consecutive year of decline, driven by both occupancy (-6.1%) and ADR (-5.4%). While demand is growing in the market, it is being outpaced by supply growth, and this is driving occupancy decline.

Hotel Construction Costs

Country	Mid market – low
	USD per sqm
Anguilla	2150 - 3230
Antigua and Barbuda	2560 - 3130
Bahamas	1530 - 4890
Barbados	1730 - 2700
Bermuda	3000 - 3620
British Virgin Islands	3070 - 4310
Brazil	1150 - 1400
Cayman Islands	2530 - 3530
Cuba	2310 - 3230
Dominica	2170 - 2700
Dominican Republic	1240 - 2490
Grenada	2550 - 3200
Guadeloupe	2650 - 3230
Haiti	1010 - 1650
Jamaica	1660 - 2210
Martinique	2670 - 3280
Montserrat	2200 - 3060
Netherlands Antilles	1570 - 2480
Puerto Rico	2480 - 3100
St Kitts and Nevis	2520 - 3190
St Lucia	2230 - 3010
St Vincent and the Grenadines	2010 - 2520
Trinidad and Tobago	2150 - 3260
Turks and Caicos Islands	1940 - 2910
US Virgin Islands	3770 - 4520

Source: Rider Levett Bucknall

- The impact of COVID-19 is expected to play through to tender prices beyond the publication date of this report. Short term significant volatility in tender pricing is expected.
- Immediate impacts for projects in construction are productivity restrictions resulting from lockdowns and social distancing guidelines.
- With hotel and leisure markets particularly severely impacted, construction costs will be impacted as a result.

Mid market – high

Luxury

USD per sqm	USD per sqm
2420 - 3740	3010 - 4840
2700 - 4160	3130 - 5710
2370 - 4460	2720 - 7070
1970 - 3290	2590 - 4330
3160 - 4100	3620 - 4810
3380 - 5570	4910 - 6570
1270 - 1900	1300 - 2900
2780 - 3430	3060 - 3980
2540 - 3550	2900 - 4520
2300 - 3030	2700 - 3520
1550 - 2600	1860 - 3720
2710 - 3210	2810 - 3820
2800 - 4050	3530 - 4830
1170 - 2250	1890 - 2800
1800 - 3070	2540 - 3860
2820 - 4080	3560 - 4870
2420 - 3790	3060 - 4890
1800 - 3380	2410 - 4840
2640 - 4400	4030 - 4950
2690 - 4100	3410 - 5130
2430 - 4040	3280 - 5190
2140 - 3380	2520 - 4680
2430 - 4040	3280 - 5190
2180 - 3610	2960 - 4580
3960 - 6030	5380 - 7000

These costs have been prepared from a survey of Rider Levett Bucknall offices. Costs are expressed per square metre of gross internal floor area. The costs include FF&E, but exclude operator's stock and equipment. Fees, land costs and local taxes (VAT or similar) are also excluded. Costs are generally based on constructing international hotels to international specifications. Data is prepared to highlight key cost trends and differences between markets. Users should verify the suitability of general cost data to their specific circumstances. Exchange rates and inflation can distort generic data, for specific project guidance please contact Rider Levett Bucknall.

- As ever, exchange rate fluctuations will impact construction costs, as well as supply chain disruption, resulting from the virus.
- Procurement and contract strategies are likely to evolve in response to the virus resulting in changes in risk allocation and tender prices as a result.

Transaction Tracker

Region	Hotel
--------	-------

Portfolio Transactions

Caribbean	7x Elegant Hotels ¹
-----------	--------------------------------

Single Asset Transactions

Puerto Rico	Gran Melia Puerto Rico Hotel ²
-------------	---

Colombia	W Hotel Bogota
----------	----------------

Region	Hotel	Opening
--------	-------	---------

Selected Development Projects

Uruguay	Cipriani Ocean Resort ³	2021
Argentina	W Hotel ⁴	2024
Dom Rep & Mexico	5x Marriott resorts	2022
Jamaica	Couples Sans Souci ⁵	2020
Jamaica	Ocean Coral Spring	2019
US Virgin Islands	The Ritz-Carlton ⁵	2019
St Martin (France)	St Martin Resort & Spa	2020
US Virgin Islands	Frenchman's Reef Resort & Noni Beach	2020
Guadeloupe	Club Med La Caravelle ⁶	2022
Dominican Republic	Margaritaville Island Reserve	2021
Curacao	Curacao Marriott Beach Resort ⁵	2019
Mexico	Riu Palace Riviera Maya ⁵	2019

Source:
Whitebridge Hospitality

¹ comprising: Colony Club, Tamarind, The House, Crystal Cove, Turtle Beach, Waves Hotel & Spa, Treasure Beach

² rebranded to Hyatt Regency Coco Beach Resort

- Miami-based Gencom turned up to the heat with two deals: acquired Hacienda AltaGracia in San Isidro Valley, Costa Rica (where is also owns the stunning Papagayo resort); acquired Fairmont Southampton.
- Other deal: Green Family of Bermuda (via their Misland Capital vehicle) acquired the iconic Sugar Beach Resort on St Lucia.

Prices have been rounded where appropriate. We do not warrant the accuracy of this data which was obtained from publicly available sources and reported in industry journals. Conversions to USD were made according to the exchange rate at the time of the announcement.

Location	No. of Keys	Total Price	Per Key
		USD	USD
Barbados	588	130,000,000	221,000

Coco Beach	486	120,000,000	247,000
Bogota	168	40,000,000	238,000

Location	No. of Keys	Total Price	Per Key
		USD	USD
Punta del Este	164	450,000,000	2,744,000
Buenos Aires	150	100,000,000	667,000
Punta Cana & Mexico	2,090	800,000,000	383,000
Ocho Rios	150	7,000,000	47,000
Trelawny	513	250,000,000	487,000
St Thomas	180	100,000,000	556,000
Anse Marcel	258	20,000,000	78,000
St Thomas	478	200,000,000	418,000
Sainte Anne	130	44,000,000	338,000
Cap Cana	228	150,000,000	658,000
	336	40,000,000	119,000
	460	40,000,000	87,000

³ redevelopment of San Rafael Hotel (including residences and casino)

⁴ keys sold after sale of whole resort

⁵ refurbishment only

⁶ extension

COVID-19 IMPACT: AN UPDATE ON LATIN AMERICA AND BEYOND

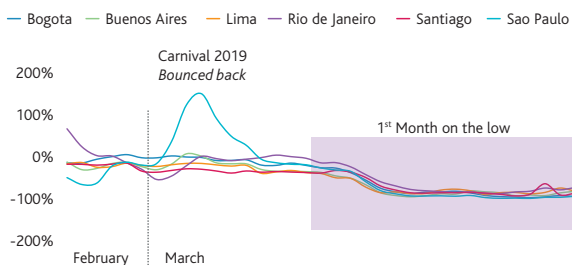
14 APRIL 2020

Latin America: one month of occupancy declines

Hotel performance in all Latin America countries has been affected by COVID-19, especially those markets highly dependent on international demand. Likewise, decreases in occupancy are greater as virus containment measures have intensified throughout the region. However, Brazil showed high growth during the first week of March due to the rebound effect of Carnival celebrations.

South America gateway cities: first month of declines

Occupancy rolling 7 days % change, 24 February to 5 April 2020



Source: STR 2020 © CoStart Realty Information, Inc.

Peru occupancy reflects government measures to combat the spread of COVID-19

Peru was one of the first countries in the region to implement measures to combat the spread of COVID-19. The country's year-over-year occupancy declines eased slightly during the final week of March due to an influx of medical workers and first responders in the market.

Brazil: all hotel classes affected by COVID-19, while São Paulo's impact is notable

All hotel classes in Brazil saw similar occupancy declines during March. Midscale and Economy Class hotels in Brazil posted a 41.5% decline when compared with the same week last year. On a market level, São Paulo has been among the most affected by COVID-19 and presented decreases in occupancy as severe as 93% (9 April). Likewise, occupancy in Rio de Janeiro decreased by 72% that same day.

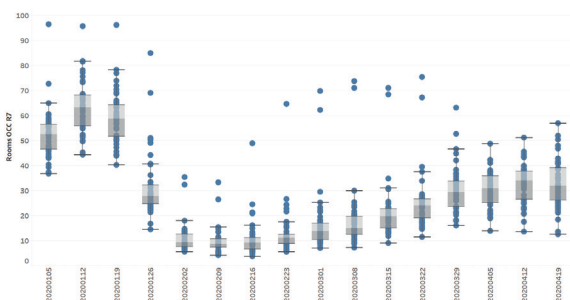
Green shoots in China and insights into global regions

Given that it's roughly two months ahead of the rest of the world, China's potential recovery has been a common point of discussion. Daily performance from February onwards shows China occupancy falling to around 10% before its rise to 32% on 11 April. Conversely, the U.S. and Europe have seen occupancy decline from above-60% levels at the start of March, to just 21% and 8%, respectively, on 11 April.

More than 85% of China hotels are once again open (based on STR participation) and are welcoming some corporate demand, business from quarantined travellers returning to China, and those returning to cities for work.

Markets in China have seen a steady increase in occupancy

Weekly Occupancy rolling 7 days by market, up to 19 April 2020



Source: STR 2020 © CoStart Realty Information, Inc.

Understandably, Wuhan's performance has received particular interest. Occupancy in the city fell to as low as 7.5% on 23 January, reached a high of 72.7% on 7 March amid an influx of hotel demand from medical workers, and has since trended downward to 62.4% on 28 March as the situation became more stable.



WHITE
BRIDGE

Telephone: +44 (0)20 7195 1480
philip.camble@whitebridgeh.com
www.whitebridgehospitality.com

RLB | Rider Levett Bucknall

Telephone: +1 758 452 2125
david.piper@lc.rlb.com
paul.beeston@uk.rlb.com
www.rlb.com



For hotel data in Mexico and Caribbean contact:

Emile Gourieux
egourieux@str.com
Telephone: +1 (615) 824 8664 x 3221
www.str.com

For hotel data in Latin America contact:

Patricia Boo
latam@str.com
Telephone: +57 1 508 8964
www.strglobal.com

