

LATIN AMERICA & CARIBBEAN HOTELS MONITOR

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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 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 4,000 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.



HotStats provides a unique monthly profit and loss data benchmarking service to hoteliers from across the globe that enables monthly comparison of hotels' performance against competitors. It is distinguished by the fact that it maintains in excess of 500 key performance metrics covering revenue, cost, profit and other statistics, providing far deeper insight into the hotel operation than any other tool. The HotStats database totals millions of hotel rooms worldwide.

LAC HOTELS MONITOR MAY 2021

Introduction

This glorious region of the world has been perhaps the worst hit of all by the dreadful side effects of Covid-19 (C19). Based on data recently published by www.voxeu.org, the LAC region has only 8% of the global population and yet accounts for over 25% of global deaths. It also lost an estimated 7.0% of GDP, the largest loss in a single year on record.

Hotel performance data across the region reflects the macro-economic trends, with all markets assessed having declined in every metric. The only market to record a profit in the period was Miraflores (Peru). In Brazil, the worst affected nation in the region (accounting for around half of all cases in LAC, according to www.statista.com in April 2021), hotel performance levels have fallen, but is not the worse affected. The largest decline in RevPAR was recorded in Bogota (-92%) and the largest decline in GOPPAR was recorded in Santiago (-197%).

C19 induced disruptions to supply lines across the region have had an impact on construction costs and perhaps more importantly on the programming of projects - after all, time is money.

Deals have been few and far between, but a number of refurbishments and new developments have allowed us to present an interesting transactions table. Most of the listings are refurbishments, but recent announcements (without pricing data) would suggest that new developments are still being launched across the LAC region.

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For our final page feature, RLB have prepared a briefing note on environmental, social and corporate governance (ESG) and its applicability to the hotel industry.

Philip Camble

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Performance Trends

Apr-Mar City	2020/21				2019/20				Growth			
	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR	ADR	Occ	RevPAR	GOPPAR
	€	%	€	€	€	%	€	€	%	%	%	%
Bogota	94.54	6.8	6.47	-13.95	162.20	46.7	75.76	42.59	-41.7	-85.4	-91.5	-132.7
Buenos Aires	107.89	6.8	7.34	-20.46	117.35	66.3	77.76	42.04	-8.1	-89.7	-90.6	-148.7
Cartagena	103.46	18.8	19.46	-6.58	121.66	66.9	81.38	39.56	-15.0	-71.9	-76.1	-116.6
Los Cabos	315.74	17.8	56.15	-0.68	191.44	52.8	101.02	52.63	64.9	-66.3	-44.4	-101.3
Mexico City	137.94	10.6	14.58	-22.37	206.02	66.2	136.37	88.63	-33.0	-84.0	-89.3	-125.2
Miraflores	62.40	39.3	24.52	6.20	148.93	60.4	90.02	51.70	-58.1	-35.0	-72.8	-88.0
Aruba	332.98	17.6	58.56	-13.47	367.96	78.8	290.00	185.78	-9.5	-77.7	-79.8	-107.2
Panama	94.36	16.2	15.28	-5.67	111.34	59.8	66.61	24.12	-15.3	-72.9	-77.1	-123.5
Rio de Janeiro	79.41	22.3	17.69	-6.06	102.57	60.5	62.03	26.21	-22.6	-63.2	-71.5	-123.1
Santiago	155.71	6.1	9.47	-25.49	172.64	46.9	81.02	26.36	-9.8	-87.0	-88.3	-196.7
Sao Paulo	88.20	12.5	10.98	-10.13	111.52	61.7	68.82	37.97	-20.9	-79.8	-84.0	-126.7
Total Caribbean	281.15	17.5	49.28	-22.65	333.32	65.0	216.67	120.25	-15.7	-73.0	-77.3	-118.8

Source: HotStats

- Like the rest of the global hotel community, Latin America suffered mightily from the impact of the C19 pandemic. Depressed occupancy and average room rate led to large drops in RevPAR, which resulted in huge YOY profit declines.
- On the whole, resort markets fared better than city centre locations and should continue to, with the expectation of pent-up leisure travel this summer, especially as restrictions loosen up.
- Of the data set, Miraflores, an affluent neighbourhood of Lima, Peru's capital, was the most resilient destination, pushing out a positive GOPPAR amid the pandemic.
- Latin America supply growth should surge in 2021, putting strain on an already fragile operational environment.

Hotel Construction Costs

Country	Mid market – low	Mid market – high	Luxury
	USD per sqm	USD per sqm	USD per sqm
Anguilla	2,260 - 3,440	2,560 - 4,070	3,120 - 5,490
Antigua and Barbuda	2,640 - 3,390	2,830 - 4,290	3,230 - 5,870
Aruba & Barbuda	1,510 - 2,580	1,780 - 3,300	2,480 - 4,520
Bahamas	1,940 - 5,010	2,710 - 4,650	2,910 - 7,270
Barbados	1,790 - 2,800	2,040 - 3,390	2,670 - 4,460
Bermuda	3,070 - 3,660	3,220 - 4,150	3,660 - 4,890
British Virgin Islands	3,120 - 4,360	3,430 - 5,590	4,900 - 6,620
Cayman Islands	2,580 - 3,660	2,850 - 3,750	3,230 - 4,520
Cuba	2,370 - 3,340	2,610 - 3,630	2,960 - 4,630
Dominica	2,260 - 2,800	2,400 - 3,320	2,800 - 4,090
Dominican Republic	1,290 - 2,580	1,610 - 2,640	1,880 - 3,770
Grenada	2,580 - 3,230	2,740 - 3,430	2,910 - 4,200
Guadeloupe	2,740 - 3,340	2,890 - 4,240	3,660 - 5,110
Guyana	1,400 - 2,580	1,700 - 2,750	2,150 - 4,950
Haiti	1,020 - 1,700	1,190 - 2,320	1,940 - 2,880
Jamaica	1,670 - 2,260	1,820 - 3,360	2,580 - 4,520
Martinique	2,740 - 3,340	2,890 - 4,180	3,660 - 4,950
Montserrat	2,260 - 3,120	2,480 - 3,890	3,120 - 5,040
Panama	2,050 - 2,850	2,250 - 3,360	2,800 - 4,200
Puerto Rico	2,550 - 3,200	2,710 - 4,520	4,140 - 5,100
Sint Maarten	1,610 - 3,040	1,970 - 4,010	3,240 - 5,170
St Kitts and Nevis	2,580 - 3,280	2,760 - 4,220	3,520 - 5,270
St Lucia	2,260 - 3,010	2,450 - 4,110	3,340 - 5,270
St Vincent & the Grenadines	2,050 - 2,580	2,180 - 3,490	2,600 - 4,820
Trinidad & Tobago	2,220 - 3,360	2,510 - 4,160	3,380 - 5,340
Turks & Caicos Islands	1,990 - 2,990	2,240 - 3,830	3,070 - 4,970
US Virgin Islands	3,820 - 4,570	4,010 - 6,040	5,380 - 7,020

Source: Rider Levett Bucknall

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.

- GDP across the islands has been impacted by the pandemic and the severe restrictions on tourist visitors.
- Construction material availability as a result of fewer and disrupted imports has caused time and cost pressures to existing projects.
- Construction costs are impacted by the pipeline construction and material supply challenges.
- As ever, exchange rate fluctuations will impact construction costs, as well as supply chain disruption, resulting from the virus.

Transaction Tracker

Region	Hotel	Location	No. of Keys	Total Price	Per Key
Portfolio Transactions				USD	USD
Jamaica	Jewel Dunn's River Beach Resort & Spa Jewel Runaway Bay Beach Resort & Waterpark	Ocho Rios	518	60,000,000	221,000

Single Asset Transactions

Mexico	Capri Resort	Riviera Maya	291	55,000,000	247,000
	Dreams Puerto Aventuras	Puerto Aventuras	305	34,500,000	238,000

Region	Hotel	Opening	Location	No. of Keys	Total Price	Per Key
Selected Development Projects				USD	USD	
Barbados	The South Gap Hotel	2020	St Lawrence Gap	34	3,000,000	88,000
Curacao	Dreams Curacao Resort, Spa & Casino ¹	2020		197	15,000,000	76,000
Dominican Republic	Secrets Royal Beach Resort ¹	2020	Punta Cana	639	36,000,000	56,000
Mexico	Radisson Tapatio Guadalajara ¹	2020	Jalisco	127	2,000,000	16,000
Mexico	Bahia Principe Grand Tulum ¹	2020	Tulum	978	40,000,000	41,000
Puerto Rico	El San Juan by Fairmont ¹	2020	San Juan	388	65,000,000	168,000
Puerto Rico	The Ivy Hotel ¹	2020	San Juan	26	1,000,000	38,000
Mexico	Dreams Estrella de Mar	2021	Mazatlan	350	70,000,000	200,000
Puerto Rico	El Conquistador Resort ¹	2021	Fajardo	750	175,000,000	233,000
Barbados	Hyatt Ziva	2022	Carlisle Bay	380	175,000,000	460,000
Grenada	Mount Cinnamon/Port Louis project ²	2024+	Grand Anse Beach	500	350,000,000	700,000

Source: Whitebridge Hospitality

¹ refurbishment only

² large mixed use, multi-phase development

- One other deal, but limited data: Richard Schulze's Olympus Ventures acquired The Resorts & Residences by CuisinArt on Anguilla (including CuisinArt Golf Reosrt & Spa and The Reef by CuisinArt).
- New developments: despite C19 devastating the global tourism industry, the development of new hotels in the LAC region continues, with lots of new projects having been announced in the last 12 months.
- Data on project costs are scarce in these announcements, but we will continue to monitor and to provide you with data in future LAC Monitors.

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.

ESG STANDARDS AND ACCREDITATIONS

Across the sector there has been a significant focus on Environmental, Social and Corporate Governance in both the development and investment fields.

Every investor, operator and developer seem to have their own nuanced version of ESG criteria. In many cases these are supported by external benchmarks and certification schemes. Here we look at some of the frequently used frameworks and accreditations for reporting.



UNITED NATIONS

The United Nations Sustainable Development Goals provide a framework from which many companies will develop their

own ESG policies. The 17 goals were adopted in 2015 by the United Nations and provide a blueprint for peace and prosperity for people and planet. They include goals such as Climate Action and Reduced Inequalities.



G R E S B

GRESB

GRESB (formerly the Global Real Estate Sustainability Benchmark) provides an Assessment Methodology aligned to various

GRI, Paris Climate Change and other standards. It is often used at a portfolio level to benchmark performance of assets against each other and wider industry.



LEED

LEED is promoted by the US Green Building Council. It provides a scoring system (Certified/Silver/Gold/Platinum)

for green buildings demonstrating Leadership in Energy and Environmental Design. Recent evolution of the rating system has seen an increased focus on environmental quality for occupant comfort.



ADVANCING
NET ZERO

NET ZERO CARBON BUILDINGS COMMITMENT

The World Green Building Council is the global umbrella organisation of various national Green Building Councils. The Advancing Net Zero (Carbon) project aims to decarbonise the sector by 2050. The Net Zero Carbon Buildings Commitment challenges businesses to reach net zero for assets under their control by 2030.



GLOBAL REPORTING INITIATIVE

The GRI provides reporting standards by which organisations can report on Sustainability initiatives against global common standards. The standards cover a wide spectrum of ESG criteria including biodiversity, water quality, tax and occupational health and safety.



INTERNATIONAL
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WELL STANDARD

The Well Building Standard aims to improve the indoor environment by placing health and wellbeing at the centre of design and construction decisions by emphasising the importance of certain targets. Projects are awarded a Silver, Gold or Platinum certification. The standard covers both new and existing buildings and both fit out and shell and core projects.

SUMMARY

With a plethora of accreditations available to those in the property sector, the selection of the appropriate criteria to seek (if any) should be about more than chasing the award itself.

The ESG credentials of a hotel property will begin to have an impact on value and some criteria may be noticed and demanded by discerning guests. Whilst accreditations by themselves provide a benchmark and means to assess objectively, developers, design teams and operators should not lose sight of the corporate ESG objectives that ought to inform decision making.



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