



# TOURISM INVESTMENT IN PUERTO RICO

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# TOURISM INVESTMENT IN PUERTO RICO

**Objective: GDP: 6% → 8% by June 2017**

- 53,558 jobs
  - 13,492 jobs in hotel industry
- 28% increase in hotel registrations in ten years
- 74% increase in visitors' expenditures in ten years
  - From \$569/person to \$991.80/person



# TOURISM INVESTMENT IN PUERTO RICO

**Tourism at a Glance:** 14,747 endorsed rooms.

- 329 new hotel rooms in operation since January 2013
  - 175 new hotel rooms to open in 2014
- 739 under construction
- Over 60 lodging projects in various stages of development (design, permitting, financing, construction): 7,976 potential new rooms







# TOURISM INVESTMENT IN PUERTO RICO

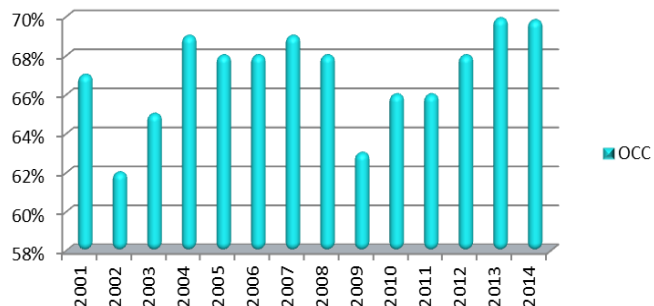
## Projections (January 2013 – June 2017)

- Jobs
  - Construction: 11,241
  - Operation: 4,822
- Hotels: 212
  - 42 hotels
  - Among them:
    - JW Marriott (Old Cerromar)
    - Hyatt House at Convention Center: October 2014
    - Condado Vanderbilt: November 2014
    - Mall of San Juan
    - Marriott Courtyard at PR Convention Center
    - Marriott Residence Inn
    - Hyatt Place Convention Center: 2015
    - Normandie Hotel
    - Ponce Intercontinental
    - Hyatt Regency: October 2015

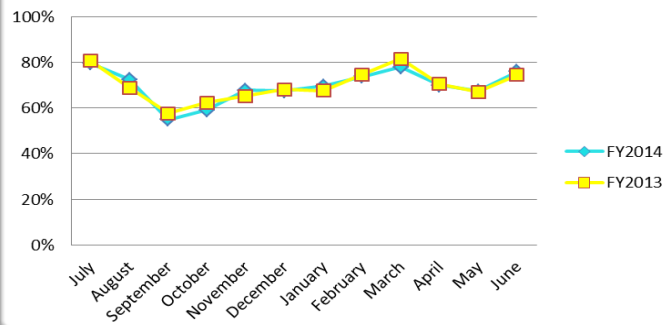


# TOURISM INVESTMENT IN PUERTO RICO

**Occupancy Rate**  
FY2001 - FY2014



**Occupancy Rate**  
FY2014 vs FY2013

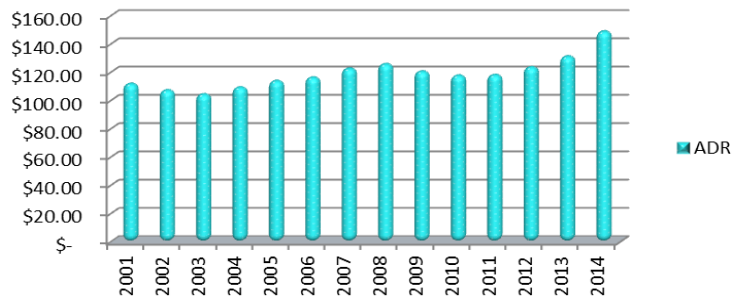


## Tourism at a Glance - Occupancy:

- Average Occupancy Rate FY 2012: **68%**
- Average Occupancy Rate FY2013: **69.9%**
  - **73%** luxury hotels
- Average Occupancy Rate FY 2014: **69.8%**
  - **72%** luxury hotels

# TOURISM INVESTMENT IN PUERTO RICO

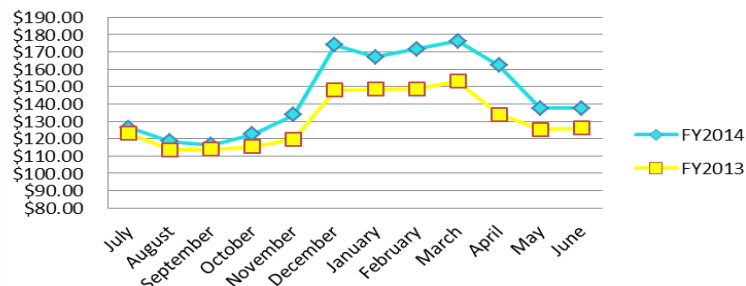
**ADR**  
FY2001 - FY2014



## Tourism at a Glance - ADR:

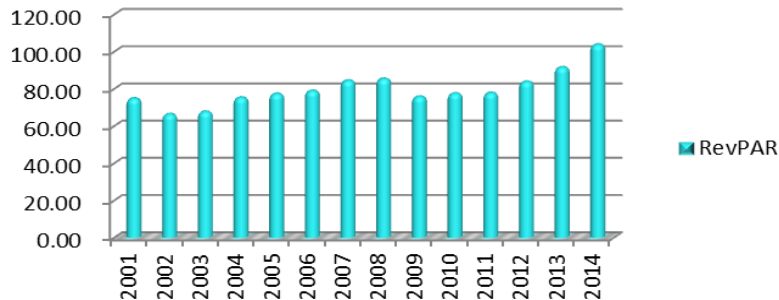
- Average Room Rate FY2012: **\$123.46**
- Average Room Rate FY2013: **\$131.15**
  - **\$374.44** luxury hotels
- Average Room Rate FY2014: **\$148.83**
  - **\$607.87** luxury hotels

**ADR**  
FY2014 vs FY2013



# TOURISM INVESTMENT IN PUERTO RICO

**Revenue Per Available Room**  
FY2001 - FY2014



**Revenue Per Available Room**  
FY2014 vs FY2013



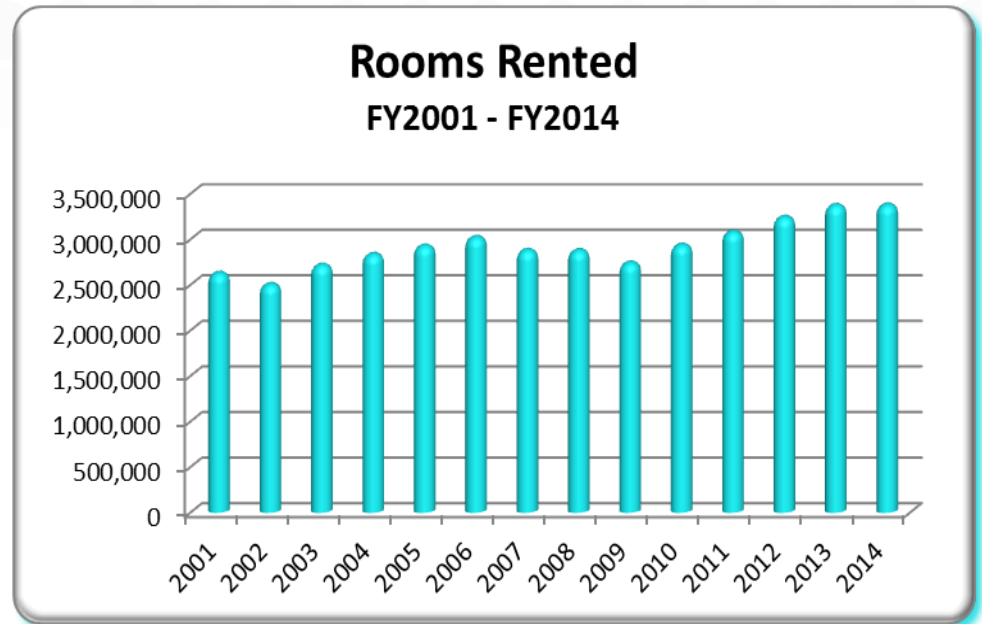
## Tourism at a Glance - RevPar:

- Revenue Per Average Room  
FY2012: **\$83.88**
- Revenue Per Average Room  
FY2013: **\$91.91**
  - **\$377.40** luxury hotels
- Revenue Per Average Room  
FY2014: **\$106.26**
  - **\$607.87** luxury hotels

# TOURISM INVESTMENT IN PUERTO RICO

## Tourism at a Glance - Room Nights:

- Room Nights FY 2012:  
**3,242,423**
- Room Nights FY 2013:  
**3,373,414**
- Room Nights FY 2014:  
**3,378,122**





# TOURISM INVESTMENT IN PUERTO RICO

## Tourism at a Glance - Visitor Expenditure:

- Visitor Expenditure 2011-12:  
**\$3.19B**
- Visitor Expenditure 2012-13:  
**\$3.25B**
- Visitor Expenditure 2013-14:  
**\$3.33B**



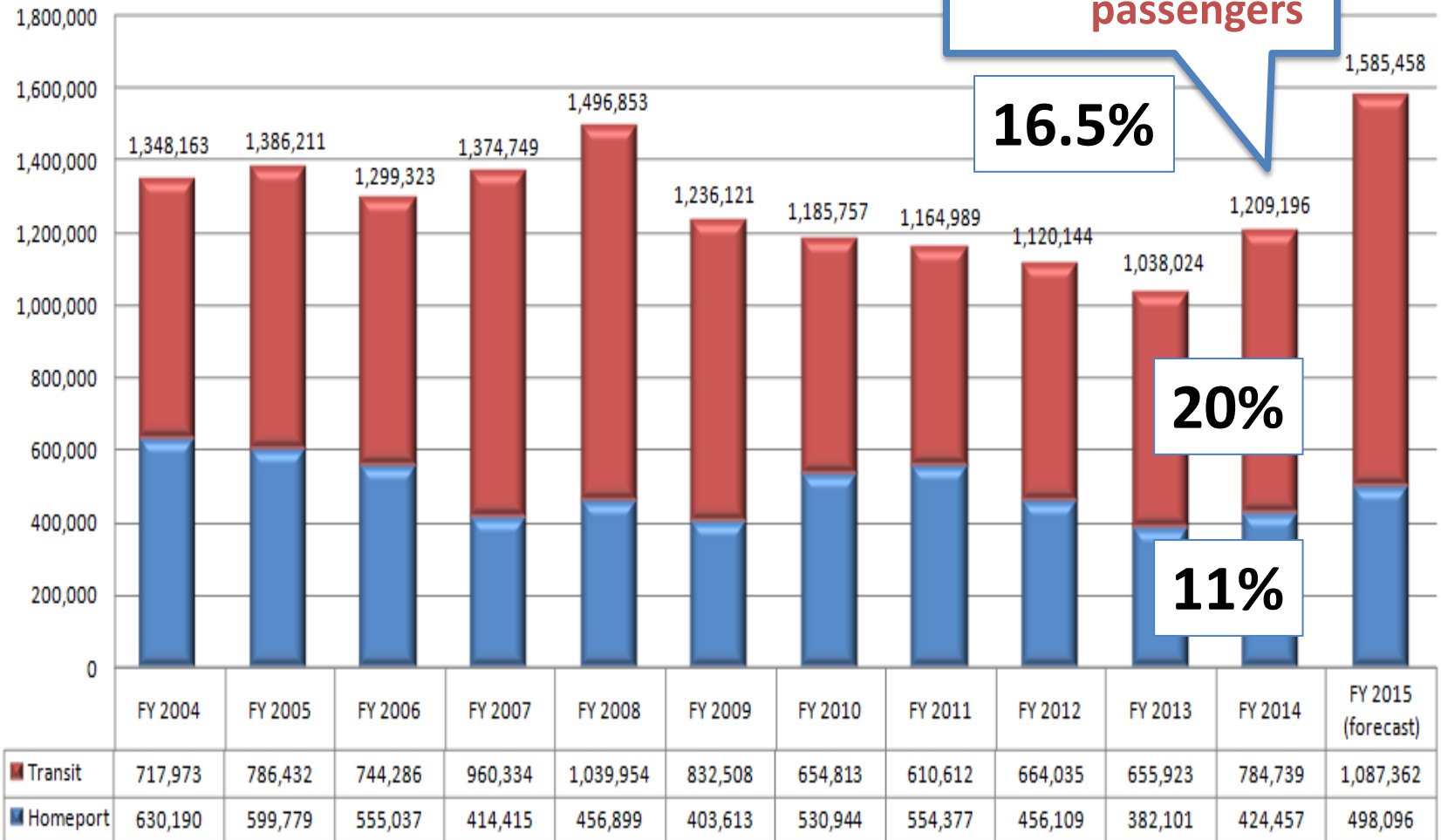
## Cruise Passengers

**1.2 million**  
**passengers**

**16.5%**

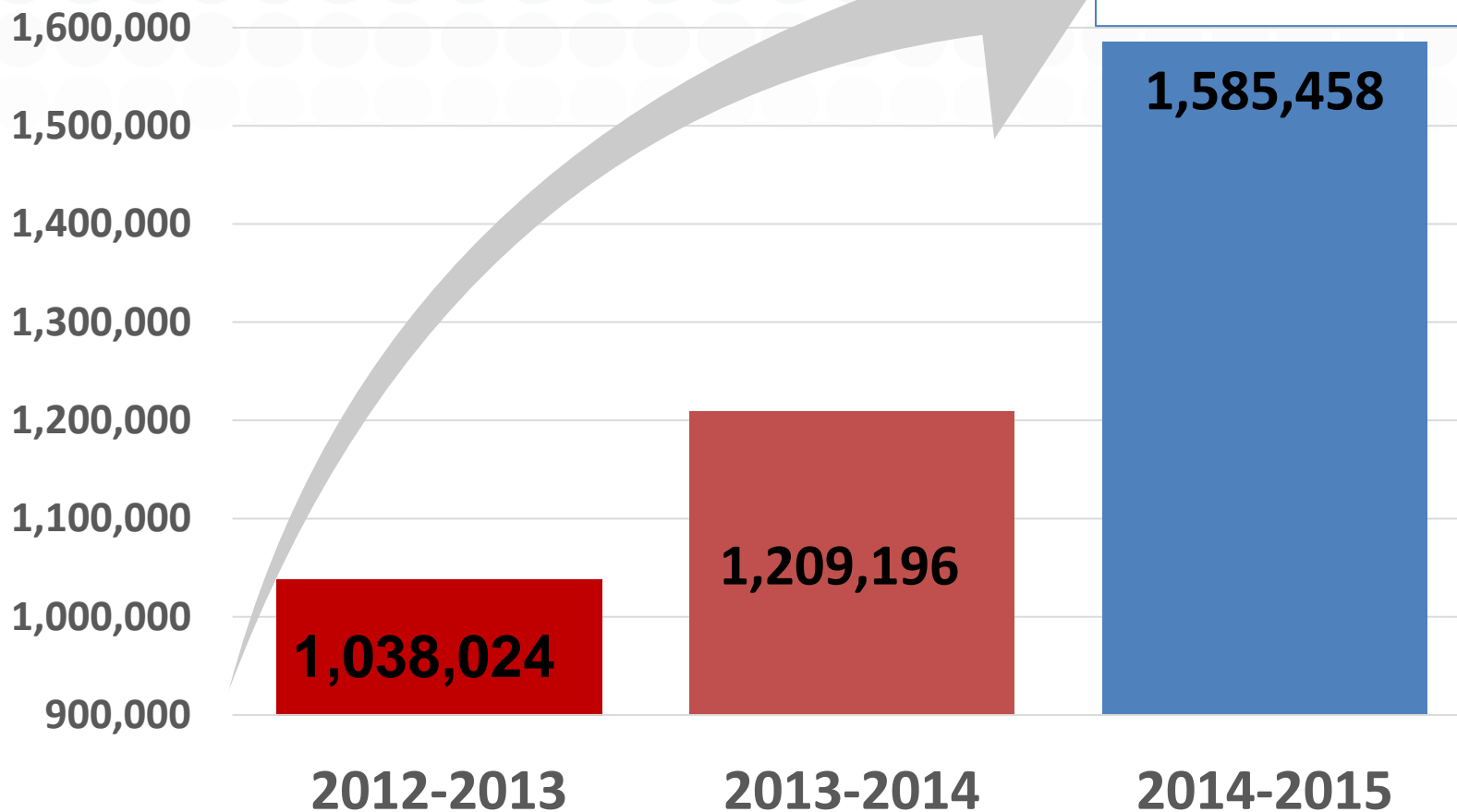
**20%**

**11%**



# Cruise Passengers

## Visitors





# How?

**Air & Maritime Access** ➤ **Marketing Campaign** ➤ **Hotel Offer & Development** ➤ **Niche Markets** ➤ **Quality**



# Air Access

# 1,600 weekly flights

## 8.5 MM yearly passengers



# TOURISM INVESTMENT IN PUERTO RICO

Synergy



# TOURISM INVESTMENT IN PUERTO RICO

## Financial Incentives

- Government Assisted Financing
  - Hotel Development Corporation (HDC)
    - A subsidiary of the PR Tourism Company
    - Participation as a junior lender or preferred investor
  - Economic Development Bank for Puerto Rico (EDB)
    - Puerto Rico's small business bank
    - Up to \$7MM for hospitality projects
    - Guaranty or co-participation from the Hotel Development Corporation
    - Under SBA 504 Program total financing could increase up to \$15MM
- EB5 Program eligibility



# TOURISM INVESTMENT IN PUERTO RICO



## Financial Incentives

### Tourism Development Act

- Tax Credits
  - 10% total project cost, or
  - 50% eligible cash investment
- Tax Exemptions
  - 90% income tax exemption
    - Covers dividends and ROI
  - 90% property tax exemption
  - 90% interest yield to financing institutions
  - 100% municipal license, excise and construction tax
  - 100% sales tax for goods and articles related to the construction and operation of the tourism activity

# TOURISM INVESTMENT IN PUERTO RICO



## **Financial Incentives Tourism Development Act**

- Eligible Tourism Activities
  - Hotel
  - Guest Houses
  - Condohotel
  - Timeshares
  - Theme Parks
  - Nautical Tourism
  - Marinas
  - Golf Courses



# TOURISM INVESTMENT IN PUERTO RICO

- Special tax considerations for export services
  - Tax benefits to eligible services for foreign markets or promotion services, such as advertising and public relations, consulting services, professional services, centralized managerial services, investment banking and other financial services.
- Benefits
  - 4% income tax rate
  - 100% exempt distributions
  - 90% exemption from Real and Property Taxes
  - No federal taxes apply





# TOURISM INVESTMENT IN PUERTO RICO

- Special tax considerations for individuals relocating to Puerto Rico
  - To attract new residents to Puerto Rico by providing a total exemption from Puerto Rico income taxes on all passive income
  - After complying with the requirements, such individual will be 100% exempted on income from interest, dividends and long term capital gain.
  - 100% exemption from federal taxes due to Puerto Rico's relationship as a commonwealth of the United States.
  - Duration of benefits: until 2036.







# Niche Markets

**Destination  
Wedding  
& Luxury**



**Wedding Planners  
Inventory-PR**



***Registro  
Demográfico***



**NY  
Showcase**



**New  
Landing  
Page**

# TOURISM INVESTMENT IN PUERTO RICO

## Certifications:

- Travel Agents
- Nautical Tourism
- Tourist Guides
- Tourist Transportation
- Promotional Endorsement
- Quality Endorsement
- Green Lodging Facilities

## Products:

- Bed and Breakfast
- Posadas
- Paradores
- Mesones







# Partners