

FEATURED TOURISM/TRANSPORTATION

P.R. pursues expansion of hotel development pipeline at Caribbean Hospitality Summit

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From left: Fernando Fernández, of The Apple Leisure Group, Emilio Colón-Zavala, and William Pitts, from WG Pitts during one of the panels.

Business leaders and government officials representing Puerto Rico, Dominica and St. Maarten spoke about their respective recovery and resiliency strategies during the Bisnow Caribbean Hospitality and Tourism Summit held Aug. 1, 2019 in Miami.

The event sponsored by the Puerto Rico Builders Association drew more than 200 investors, developers, hotel operators and other industry professionals.

“We’re proud to say that our island just closed fiscal 2019 with a positive GDP in more than 11 years. Conservative estimates project this 2% growth to double next year with tourism as a major catalyst for economic growth,” said Emilio Colón-Zavala, President of the Builders Association.

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The Puerto Rico panel moderated by Adam Greenfader of AG&T sought to set the record straight that the island's recent political events have not stopped investment and most said they believed it would lead to more transparency and federal funding.

Puerto Rico Tourism Company Executive Director Carla Campos and Brad Dean, CEO of Discover Puerto Rico, shed light on Puerto Rico's unique position to double its tourism offering across a horizontal platform and boost the GDP of the tourism sector, which sits at less than 7%.

"Puerto Rico is open for business and welcoming hospitality investors who are becoming aware of the unique set of competitive advantages which the island boasts and that were previously unavailable," said Campos.

"Aggressive government reforms, unmatched tax incentives, island-wide eligibility for Opportunity Zone funds, and an economy on the rise, position Puerto Rico on a path to become the next hot ticket in hotel development," said Campos.

"The Island's tourism economy has evidenced an aggressive recovery and is now experiencing growth. The government of Puerto Rico is pursuing the expansion its hotel development pipeline and is committed to supporting the investment community in the process," she added.

During the panel, Dean said, "The time is now to invest in the island as airlift has recovered, cruise lines are hitting record breaking numbers, and the government more than ever is open for business."

The session concluded with a rundown of highlights about Puerto Rico, offered by Francisco Luis of Kevane Grant Thornton, including the continued growth of the Act 20/22 with more than 500 participants this year.

The Tourism Tax credit that provides developers up to 40% back on invested capital to build or renovate hotels and other tourism offerings will be the "principal driver in doubling the island's hotel inventory in 10 years," said Patricia Georges, of the McConnell Valdés law firm.

Cole Shephard, the CFO of LifeAfar, a recently created Opportunity Zone Fund closed last month on a hotel redevelopment in Old San Juan and believes the numbers "speak for themselves."

"If you compare prices in the old cities of Panama, Cartagena and San Juan, the winner is clear. Values in Puerto Rico are 60% of the other locations and then you get to add 20% Historic Tax Credits, 40% local tourism incentives and now Opportunity Zones capital gains benefits," Shephard said.

Unique to this year's event, was the Caribbean Project Showcase, in which investors had the opportunity to evaluate new hotel development opportunities.

Projects from Puerto Rico, Bahamas, Dominica and Sint Maarten were presented by some of the Caribbean's top architectural and land planning companies such as Borges and Associates, Winstanley Architects, Land Design, and OBMI.

Resiliency and sustainable design is a top of mind consideration for project owners.

QUOTE OF THE WEEK

"The credit union industry continues to perform very well and figures for the financial stability index show a stable behavior."



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— Leslie Adames, director, Estudios Técnicos Economic Analysis and Policy Division.

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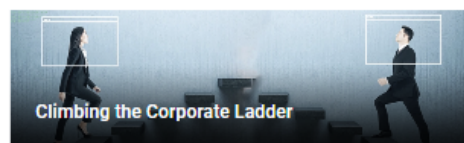
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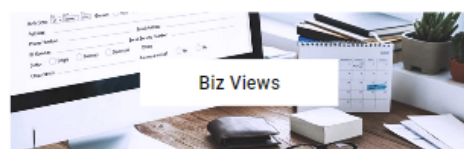
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