



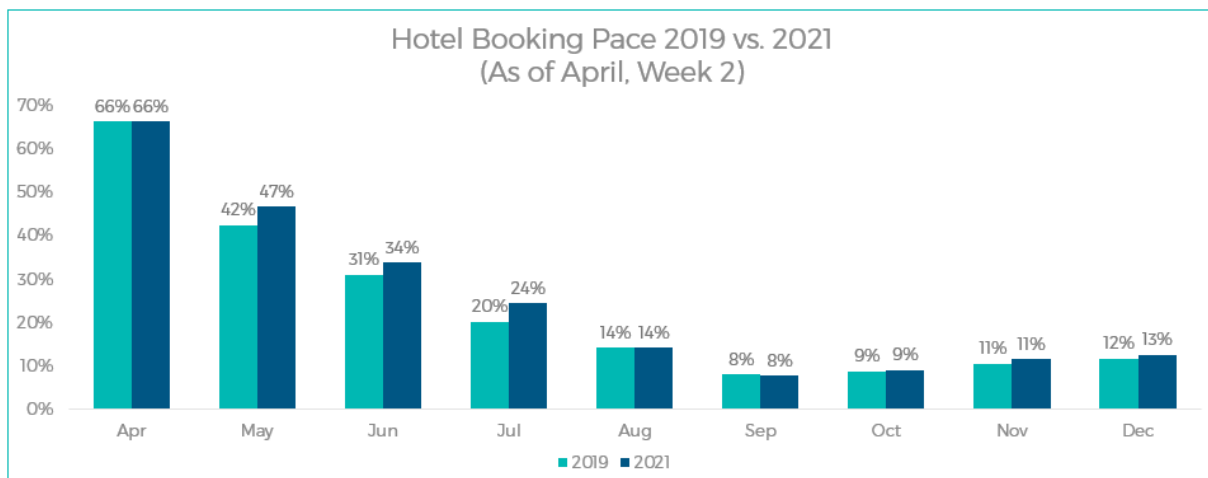
Research Update- April 20,2021

A significant increase in both hotel and rental occupancy in March puts the year-to-date lodging demand only 13% off the record-setting pace of 2019. Throughout 2020, the total lodging demand was 38% off the 2019 high. This sharp increase in the return of travel to Puerto Rico looks to continue throughout the calendar year.

The current hotel booking pace for every month except September is above where bookings stood at the same time in 2019. That is to say, there are more hotel reservations on the books currently than there were at the same point in time in 2019.

HOTELS BOOKINGS ABOVE 2019 PACE More demand than record-setting visitation year

TravelClick
an amadeus company



At the same time hotels are booking faster than the year with record visitor arrivals, independent rentals continue to make up a greater share of total lodging demand. In the

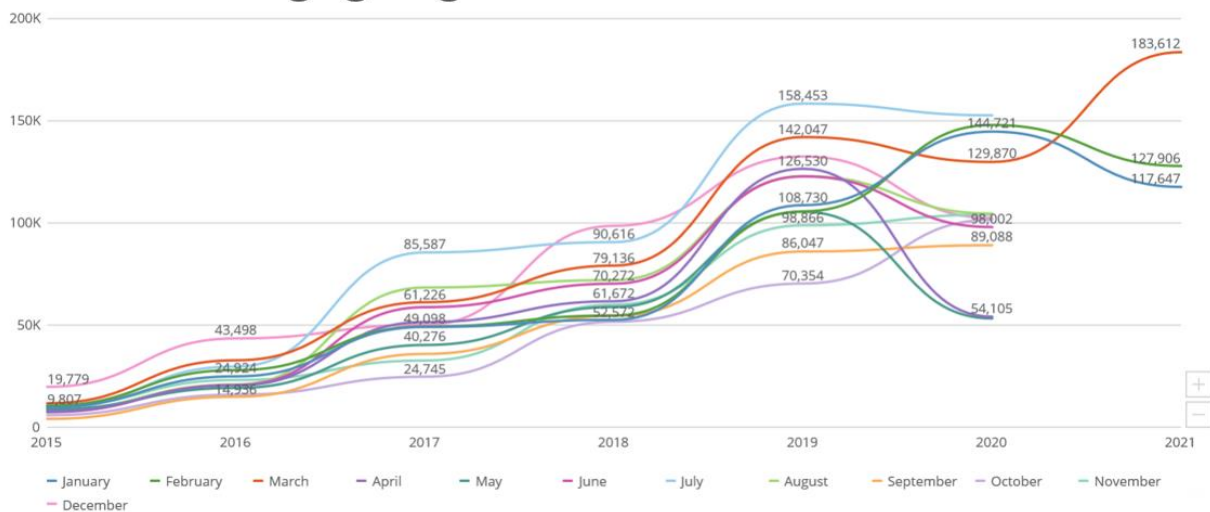
first three months of 2019, rentals made up 29% of demand. For the first three months of 2021, rentals made up 41% of demand.

Throughout the pandemic, rentals outperformed hotels worldwide. In Puerto Rico, though hotel demand for the year was down 50%, rentals only had a 5% drop in bookings. However, last month, there was a record-setting number of rental bookings in Puerto Rico, with 16% more rentals booked in March 2021 than the previous high in July 2019.

RECORD-SETTING RENTAL DEMAND

Alternative lodging surges in March

AIRDNA



Given a faster hotel booking pace and record-setting rental usage in March, there is the potential for more visitors in 2021 than even 2019. The current U.S. Travel Forecast does not have domestic visitor volume returning to 2019 levels until 2023, putting Puerto Rico on a faster recovery than other destinations.

This recovery is possible even before it is clear what the return of the cruise and meetings segment will look like. It is unlikely, however, that the international market will return in 2021 given current restrictions. However, international visitors make up less than 10% of Puerto Rico's visitors in a typical year.

An evaluation of the air passengers into Puerto Rico show a record number of arrivals both from the U.S. mainland and from international markets in 2019. But even in that record-setting year, international passengers made up just 8% of visitor arrivals.

RECORD VISITOR VOLUME IN 2019

More arrivals from mainland and international markets



The weekly passenger arrivals into Luis Muñoz Marín International Airport in San Juan points to the week of February 7, 2021 as a turning point in both arrivals and hotel occupancy. There is a direct correlation between incoming passenger arrivals to increased hotel occupancy.

Overlaying the air arrivals with hotel occupancy also makes it clear that passenger activity during December and early January was mostly VFR (visiting friends and relatives.) . Given we are now seeing corresponding increases in hotel occupancy, it is safe to say the majority of arrivals are attributed to tourists.

PASSENGER ARRIVALS DRIVING OCCUPANCY

Direct correlation in airport activity & hotel demand



Steady air arrivals and hotel occupancy even after traditional Spring Break periods correspond to improving consumer sentiment. In Destination Analysts’ weekly Coronavirus Travel Sentiment Index Research, nearly 72% of consumers are now “ready to travel,” a pandemic-era high and up 20 points since the beginning of the year.

The study finds “Two-thirds of American travelers still say they have or plan to get a COVID-19 vaccine. Of those who report receiving a vaccine, over 70% say they are now fully vaccinated. This combined with optimism about the future (47.6% feel that the pandemic situation will improve in the next month) have contributed to another week of record setting in travel readiness and safety.”

READINESS TO TRAVEL

A pandemic-era high 72% are ready to travel

