



### Research Update- June 22, 2021

In their release of passenger arrivals into Luis Muñoz Marín International Airport, Aerostar Airport Holdings said May's activity was the highest the San Juan International Airport has ever recorded for the month. But not only was it the biggest May for the airport; it was the seventh highest month they've ever had.

With an 89% correlation between arrivals and occupancy, these increasing arrivals are driving rising occupancy. Hotel occupancy rates began to rise in mid-February as air passenger activity started to climb. Tracking data from Adara shows that the booking window for consumers exposed to Discover Puerto Rico marketing in January was 35.4 days. Since because Discover Puerto Rico was able to start placing media with CARES Act dollars in January, those exposed consumers began arriving in February.

In addition, data from the Puerto Rico Tourism Company shows that the percentage of hotel registrations coming from the local market has been shrinking since its high in January. That month, nearly 35% of hotel registrations in properties the PRTC endorses were from the local market; this fell to 27% by March.

# ARRIVALS CORRELATED TO OCCUPANCY

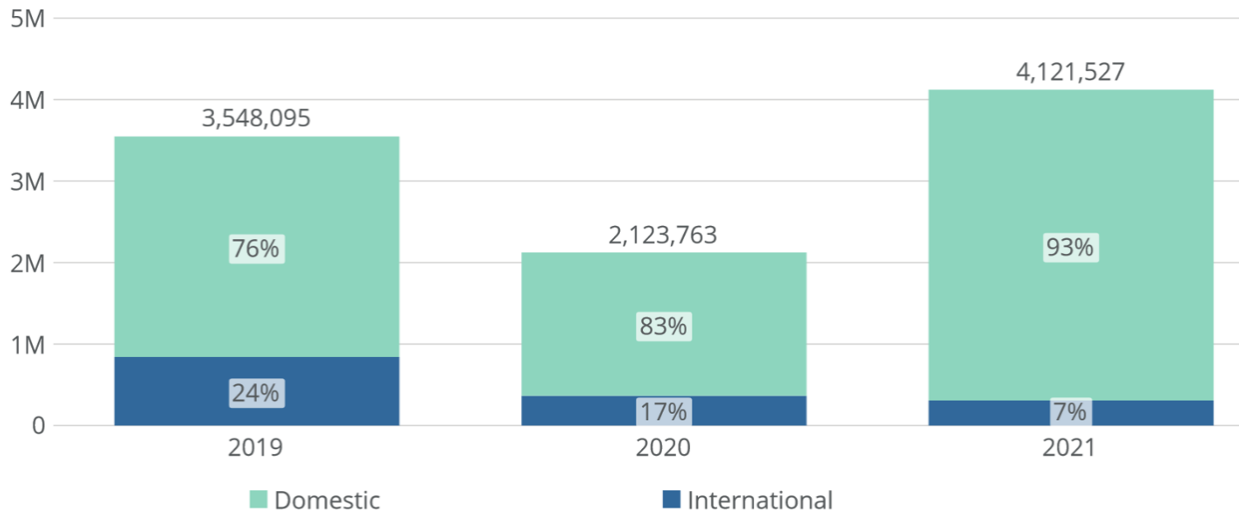
## Off-island visitors driving demand



Increasing arrivals from the U.S. market are validated in the additional capacity air carriers have added through the remainder of the calendar year. For June through December, capacity from U.S. markets is up 40% from 2019, a record year for arrivals to Puerto Rico. But given continued restrictions on international travel as well as slower vaccine rollout world-wide than in the U.S., international seats have declined 63%. But given the dominance of the domestic market, the total seats available through the rest of the calendar year continue to be 16% higher than two years ago.

# MORE AIR CAPACITY THAN 2019

Through calendar year, domestic seats are up 40%



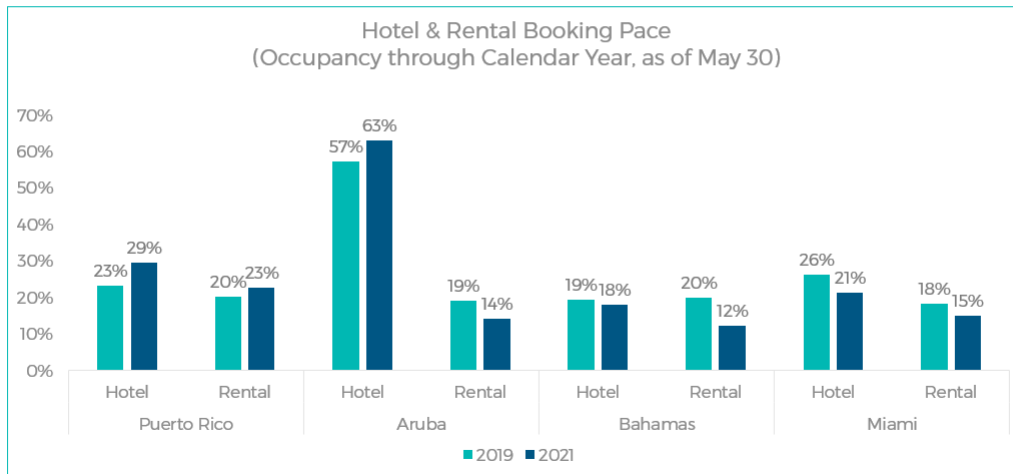
Lodging demand for the last three months has been 20% higher than two years ago. Hotels have had a 3% increase in demand, with independent rentals growing 58%. This growth in both segments of the lodging industry is unique among Puerto Rico’s competitors.

Through the remainder of the calendar year, Puerto Rico is the only competitor that is seeing increases in the booking pace for both hotels and independent rentals. Evaluating the lodging that was already booked at the end of May against the same timeframe two years ago, hotels in Puerto Rico are booking six points higher.

And while independent rental occupancy is only 3 points higher than two years ago, the available supply has increased by nearly a third. With this, independent rental demand is up nearly 50% from two years ago given reservations already on the books.

# UNIQUE BOOKING POSITION CONTINUES

## Both hotels and rentals outpacing 2019



That Puerto Rico is seeing gains in occupancy over 2019 when other destinations are not is a function of Discover Puerto Rico’s sustained presence in paid and earned media throughout the pandemic. Adara, Discover Puerto Rico’s data partner that tracks consumer’s online search and booking behavior after exposure to digital marketing, shows that there have been more than \$460 million in hotel bookings in 2021 after exposure to paid media.

The Destination Analysts’ Coronavirus Travel Sentiment Index Report from June 15, 2021 shows that there was a significant increase in consumers’ receptiveness to travel marketing at the beginning of January. Because of federal funds from the CARES Act, Discover Puerto Rico was able to make placements when consumers were receptive.

This receptiveness has continued to grow as vaccination rates have increased and restrictions have been loosened. While excitement to learn about travel destinations is at a pandemic high, it comes as federal funds for marketing promotion are set to expire.

# OPENNESS TO TRAVEL INSPIRATION

Consumers are ready to hear about new destinations

