



Puerto Rico's lodging demand increased by 12% in the first seven months of 2023

The industry is well-positioned to meet the travel industry headwinds expected by the end of 2023 and the beginning of 2024

Carolina, Puerto Rico, August 30, 2023 – The Puerto Rican tourism industry growth continued in the first seven months of the year, driven by a demand that was 12% above 2022, a record year in areas like lodging income, tax collections, visitor spending and employment in leisure and hospitality, among others.

This increase in demand manifests itself differently in the sectors. For example, the increase for hotels was 9%, and for short-term rentals it was 17%. This enabled the industry to capture more lodging income in the first six months of the year than in 2019.

"These 2023 results validate the Destination Marketing Organization model as a promoter of economic development and show what can be achieved when the industry joins efforts. It also puts us in a strong position to address the challenges that lie ahead for the travel industry. This is why it's important to have marketing strategies guided by data and free of considerations outside the best interests of the whole industry. That is essential for the prosperity of business, but, more importantly, for the creation of more and better jobs for all Puerto Ricans," said Brad Dean, Chief Executive Officer of Discover Puerto Rico, during the Update for Industry report held at the Carolina Campus of the Ana G. Méndez University (UAGM).

During the event, Erik Evjen, Executive Vice President of Tourism Economics, showed projections summarizing the expected economic slowdown of the US economy, where about 90% of Puerto Rico's visitors come from.

Evjen explained that high inflationary levels reduce travelers' disposable income, which can decrease travel throughout the United States. The impact of this can be alleviated, however, by the high levels of savings that consumers achieved, especially during the COVID-19 pandemic. Tourism Economics anticipates that the U.S. economy will contract in the last quarter of 2023 and the first quarter of 2024, then rebound in the second quarter. Even if travel slows down, some sectors, such as group travel, business, and remote work travelers, show resilience. Evjen showed that the demand for accommodations and the passenger movement specific to Puerto Rico are well above pre-pandemic levels and are in a privileged position compared to other jurisdictions.

The current demand of visitors from abroad, driven by Discover Puerto Rico's marketing efforts and industry initiatives, is one of the main factors driving passengers not only to the Luis Muñoz



Marín airport but also to the Rafael Hernández airports in Aguadilla and Mercedita in Ponce. Between January and June 2023, there was a 19.5% combined increase in arrivals compared to last year.

Even with the economic headwinds, flight reservations to Puerto Rico recorded before August 20 for the third and fourth quarters of 2023 show increases of 26% and 15% (respectively) compared to last year. Short-term rental reservations are also up by 40% and 49%. Hotels are shaping up with a 5% increase in the third quarter and a 10% decrease for the fourth. This is due, in part, to a series of events and conventions that took place in 2022 and will not repeat this year.

The convention, group travel, and business market contributed to the last fiscal year with 419 events that generated 186,504 nights of stays and \$173,500 million for the Puerto Rican economy. These events are expected to continue this year with equal or greater intensity. Among the large conventions that will take place on the island in the coming months is the American Society of Travel Writers (SATW) meeting between September 7 and 11 and the world convention of the LGBTQ+ Travel Association (IGLTA) between October 4 and 7.

Discover Puerto Rico adopts space at UAGM

During the event, executives from Discover Puerto Rico and the José A. Tony Santana International School of Hospitality and Culinary Arts of Ana G. Méndez University inaugurated a new space for students on campus inspired by Discover Puerto Rico's marketing and Puerto Rican culture.

Discover Puerto Rico's graphic artist, Christian Ortiz, oversaw the space's design. It integrated Puerto Rican prints such as the *bomba* dance, the *piraguas*, and the beautiful Puerto Rican sunsets.

This space was adopted as part of a collaborative agreement signed by the UAGM and Discover Puerto Rico in February of this year. It establishes additional collaborations in academic areas and industrial data exchange, among other topics.

"We are delighted with this collaboration with the academy associated with the tourism industry that allows us to enhance Puerto Rican pride, help the development of the new generation of tourism professionals, establish close ties with the faculty, and integrate the different components of the industry," said Edward Zayas, Chief Strategy Officer of Discover Puerto Rico.

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