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U.S. Hotel Brands in the Caribbean:

Over-Supplied or Under-Represented?

LA BAIK, *Vice President*

PARRIS JORDAN, *Managing Director*



HVS BAHAMAS

Unit #13, Caves Professional Centre,

Caves Village, P.O. Box SP 61487

Nassau, New Providence, Bahamas

Tel: +242 327-6913

E-mail: lbaik@hvs.com

pjordan@hvs.com

The various islands of the Caribbean region offer warm sunshine, beautiful beaches, and other natural attractions along with unique cultural experiences. As a popular leisure destination, the islands have undergone development in response to the increasing influx of tourists and now offer a diversified portfolio of hotels. The range in class, size, and brand of the hotel inventory varies from island to island, primarily due to the differences in the source and type of visitation, a result of the islands' distinct territorial and cultural histories. As tourism in the region continues its long-term growth trend, the development of hotels as a primary tourism infrastructure should continue to evolve to accommodate the changes in the nature and pattern of demand.

Given its relative proximity and ease of access, the U.S. has been a major source market for tourism—and thus hotel demand—in the Caribbean region. The following table summarizes the segmentation of the total tourist visitation by four source market categories for the different Caribbean islands. We note that the segmentations are based on the number of tourist arrivals for each of the islands through various year-to-date periods in 2008 and 2009 or through year-end 2008 and 2009, depending on the availability of the data.

Table 1 Percentage of Tourist Arrivals by Source Markets

	2008 Percentage				2009 Percentage			
	<i>United States</i>	<i>Canada</i>	<i>Europe</i>	<i>Other</i>	<i>United States</i>	<i>Canada</i>	<i>Europe</i>	<i>Other</i>
Anguilla	59 %	3 %	13 %	25 %	63 %	4 %	13 %	20 %
Antigua & Barbuda	32	5	41	22	35	5	40	20
Aruba	65	4	9	22	66	4	9	21
Bahamas	80	8	6	5	81	7	6	5
Barbados	23	10	44	22	24	12	43	22
Bermuda	72	10	13	5	73	11	11	4
Bonaire	43	3	41	12	39	3	44	14
British Virgin Islands								
Cayman Islands	79	6	7	7	79	6	7	8
Cuba	0	35	39	26	0	39	34	27
Curacao	13	2	37	48	9	1	40	49
Dominica					27	4	16	52
Dominican Republic	27	16	34	23	29	16	31	24
Grenada	17	5	35	43	19	5	30	45
Guadeloupe								
Haiti								
Jamaica	65	13	16	5	64	16	15	5
Martinique								
Montserrat	26	5	32	37	25	6	30	39
Puerto Rico	90	1	2	7	91	1	2	6
Saba	37	6	47	10	34	8	49	9
St Kitts/ Nevis	59	6	9	26				
St Lucia	37	9	33	22	36	10	31	23
St Vincent & the Grenadines	29	8	27	37	26	9	25	40
St. Martin/St. Maarten	54	7	22	17	55	7	22	16
Trinidad & Tobago	43	12	15	30	47	12	15	26
Turks & Caicos								
US Virgin Islands	92	1	2	5	92	1	2	5

Source: Caribbean Hotel & Tourism Association

According to the data provided by the Caribbean Hotel & Tourism Association, as a percentage of total tourist arrivals for each island, the U.S. ranked first, mostly by a considerable margin, for 13 Caribbean islands in 2008 and 11 islands in 2009, confirming the country's stance as the number one source market for tourism and hotel demand in the region.

The following table lists the islands, ranked from the highest to the lowest in terms U.S. representation in 2009.

Table 2 U.S. as a Source Market – 2009

	Islands	US as % of Total Arrivals	Point Change from 2008
1	US Virgin Islands	92 %	0.1
2	Puerto Rico	91	0.9
3	Bahamas	81	0.9
4	Cayman Islands	79	(0.3)
5	Bermuda	73	1.2
6	Aruba	66	0.8
7	Jamaica	64	(1.1)
8	Anguilla	63	4.5
9	St. Martin/St. Maarten	55	1.2
10	Trinidad & Tobago	47	3.9
11	Bonaire	39	(4.1)
12	St Lucia	36	(1.1)
13	Antigua & Barbuda	35	3.4
14	Saba	34	(2.8)
15	Dominican Republic	29	1.3
16	Dominica	27	N/A
17	St Vincent & the Grenadines	26	(2.5)
18	Montserrat	25	(0.6)
19	Barbados	24	0.4
20	Grenada	19	1.6
21	Curacao	9	(3.8)
22	Cuba	0	—

Islands with year-over-year increase in U.S. arrivals
 Islands with U.S. as the primary source market

By virtue of the status of the U.S. Virgin Islands and Puerto Rico as U.S. territories, their representation of the U.S. as a source market was the most significant among the Caribbean islands shown. The U.S. Virgin Islands, Jamaica, and Trinidad & Tobago all recorded the U.S. as their primary source markets and exhibited year-over-year increases in the number of U.S. tourist arrivals, suggesting the continued growth of these islands as destinations for U.S. tourists.

The following table estimates the total number of U.S. tourist arrivals on each of the islands for the full calendar year 2008, based on the source market segmentation data presented previously in Table 1. We note the total tourist arrivals in 2008 for Curacao and Trinidad & Tobago were calculated based on year-to-date trends due to the unavailability of full-year data.

Table 3 Estimated U.S. Tourist Arrivals – 2008

	2008 Total Tourist Arrivals	2008 US Segmentation	2008 Estimated US Tourist Arrivals
Anguilla	68,282	59 %	40,202
Antigua & Barbuda	265,661	32	83,975
Aruba	826,774	65	537,860
Bahamas	1,462,404	80	1,176,683
Barbados	567,667	23	131,795
Bermuda	265,800	72	190,959
Bonaire	74,150	43	32,184
British Virgin Islands	345,930	N/A	N/A
Cayman Islands	302,879	79	240,462
Cuba	2,348,340	0	0
Curacao	356,164 *	13	46,860
Dominica	N/A	N/A	N/A
Dominican Republic	3,979,672	27	1,092,240
Grenada	123,770	17	21,479
Guadeloupe	N/A	N/A	N/A
Haiti	N/A	N/A	N/A
Jamaica	1,767,271	65	1,150,942
Martinique	479,933	N/A	N/A
Montserrat	7,360	26	1,922
Puerto Rico	1,323,044	90	1,186,860
Saba	11,834	37	4,379
St Kitts/ Nevis	106,408	59	62,769
St Lucia	295,761	37	108,596
St Vincent & the Grenadines	84,101	29	24,042
St. Martin/St. Maarten	475,410	54	257,912
Trinidad & Tobago	435,727 *	43	187,652
Turks & Caicos	N/A	N/A	N/A
US Virgin Islands	678,904	92	624,490

Source: Caribbean Hotel & Tourism Association

In terms of pure volume, Puerto Rico is estimated to have received the most American tourists in 2008 with 1,186,860 arrivals, followed by the Bahamas with 1,176,683. We note that the estimated number of U.S. tourists also exceeded the one million mark in Jamaica and the Dominican Republic.

From the preceding findings, we can conclude that many of the Caribbean islands, especially the U.S. Virgin Islands, Puerto Rico, Jamaica, Trinidad & Tobago, the Bahamas, and the Dominican Republic, have a defined need for U.S.-branded hotels to accommodate the significant volume of U.S. visitors. In response to this conclusion, we have reviewed the current and future supply of hotels in the Caribbean islands to gauge whether the need for U.S.-branded hotels is being met.

The following table summarizes the current hotel supply in the Caribbean by the different hotel brands. Choice, Hilton, Hyatt, InterContinental (IHG), Marriott, Starwood, and Wyndham each represent their own category as a major U.S. brand. The “Other (U.S.-Recognized)” brand category includes brands such as Carlson, Fairmont, Best Western, Mandarin Oriental, and Rosewood, as well as the all-inclusive brands such as Sandals, SuperClubs, and Club Med. The “Other” hotel brand category includes branded hotels that are recognized in other parts of the world, such as Riu, Iberostar, Melia, and Barcelo.

According to our research, there are approximately 2,268 hotels in the Caribbean. Of the total supply of hotels, only 92 hotels, or 4.1%, are affiliated with a major U.S. brand, and only 141 hotels, or 6.2%, are affiliated with recognized U.S. brands. Among the major U.S. brands, Marriott has the highest number of hotels in the region, followed by Wyndham and Hilton.

We note that though U.S. brands are relatively well-represented in the shared-ownership market in the Caribbean, which is a significant portion of lodging supply in the region, our research, analysis, and opinion presented in this article are specific to the hotel market.

The following table presents the brands' market share of the total supply in terms of the number of hotel rooms available on each of the islands.

Table 5 Market Share of U.S. Brands in Terms of Available Hotel Rooms

	<i>Choice</i>	<i>Hilton</i>	<i>Hyatt</i>	<i>IHG</i>	<i>Marriott</i>	<i>Starwood</i>	<i>Wyndham</i>	<i>Other US</i>	<i>Other</i>	<i>Independent</i>	<i>Total US Brand</i>
Anguilla	-	-	-	-	-	-	-	4.4 %	59.0 %	36.7 %	4.4 %
Antigua & Barbuda	-	-	-	-	-	-	-	5.2	-	94.8	5.2
Aruba	-	-	5.9 %	9.8 %	18.8 %	7.8 %	-	5.8	-	52.0	48.0
Bahamas	1.9 %	1.7 %	-	-	-	4.2	5.1 %	11.6	3.0	72.5	24.5
Barbados	-	5.7	-	-	-	-	-	1.2	13.9	79.2	7.0
Bermuda	-	-	-	-	-	-	-	48.5	3.4	48.1	48.5
Bonaire	-	-	-	-	-	-	-	-	-	100.0	-
British Virgin Islands	-	-	-	-	-	-	-	8.7	4.8	86.5	8.7
Cayman Islands	2.3	-	-	-	13.8	7.2	1.9	-	-	74.8	25.2
Cuba	-	-	-	-	-	-	-	1.3	41.2	57.5	1.3
Curacao	2.3	5.4	-	-	11.4	-	2.1	8.0	-	70.8	29.2
Dominica	-	-	-	-	-	-	-	-	-	100.0	-
Dominican Republic	0.5	0.5	-	0.5	0.7	-	2.6	0.8	40.5	53.9	5.6
Grenada	-	-	-	-	-	-	-	-	-	100.0	-
Guadeloupe	-	-	-	-	-	-	-	5.2	5.3	89.5	5.2
Haiti	-	-	-	-	-	-	-	-	-	100.0	-
Jamaica	-	3.2	-	2.1	1.7	-	-	11.8	17.7	63.5	18.8
Martinique	-	-	-	-	-	-	-	5.2	4.9	89.9	5.2
Montserrat	-	-	-	-	-	-	-	-	-	100.0	-
Puerto Rico	1.8	24.0	-	5.0	11.2	6.3	6.8	3.2	4.4	37.2	58.4
Saba	-	-	-	-	-	-	-	-	24.0	76.0	-
St Kitts/Nevis	-	-	-	-	24.6	-	-	-	-	75.4	24.6
St Lucia	-	-	-	-	-	-	-	17.4	1.0	81.6	17.4
St Vincent & the Grenadines	-	-	-	-	-	-	-	8.6	-	91.4	8.6
St. Martin/St. Maarten	-	-	-	-	-	8.0	4.3	-	18.9	68.8	12.3
Trinidad & Tobago	-	10.0	10.4	7.9	2.9	-	-	-	1.5	67.5	31.1
Turks & Caicos	3.2	-	-	-	-	-	-	29.0	3.0	64.8	32.2
US Virgin Islands	-	-	-	-	11.6	3.1	5.2	5.4	-	74.8	25.2
Overall Caribbean	0.5 %	2.5 %	0.3 %	1.1 %	2.6 %	1.3 %	1.8 %	4.9 %	21.8 %	63.3 %	14.9 %

According to the preceding table, the recognized U.S. brands represent only about 14.9% of the total available rooms in the overall Caribbean region. The “Other (U.S.-Recognized)” brand had the highest representation at 21.8%, followed by Marriott at 2.5% and Hilton at 2.5% of total available rooms in the Caribbean. The recognized U.S. brands have the largest presence in Puerto Rico, Bermuda, and Aruba. Of all the islands that we previously determined to have a defined need for U.S.-branded hotels, only Puerto Rico has the majority of its existing hotel supply carrying U.S.-recognized brands. The U.S. Virgin Islands has the highest mismatch between the demand for and supply of U.S.-branded hotels; while 92% of the island’s demand is from U.S. travelers, only 25% of its existing hotel supply is U.S.-branded.

In addition to the existing supply, we have analyzed the supply pipeline for the different Caribbean islands to determine any potential changes to the U.S.-branded hotels' representation in the region.

Table 6 Supply Pipeline in the Caribbean

Project	Brand	Location	Country/Island	Type	No. of Rooms	Anticipated Opening	Developer	Development Stage	Notes	Source	Date Updated
Temenos			Anguilla	Luxury	97	N/A		Construction On Hold	Includes condominiums and single-family homes	HVS	Feb-10
Fairmont	Fairmont	Blowing Point	Anguilla	Luxury	140	N/A		Deferred		STR	Jan-10
Comfort Suites	Choice	Eagle Beach	Aruba	Limited-Service	203	Summer 2012		Early Planning		STR	Jan-10
Quality Suites	Choice	Noord	Aruba	Limited-Service	107	Summer 2012		Early Planning		STR	Oct-09
Ritz-Carlton Aruba	Marriott	Palm Beach	Aruba	Luxury	320	Late 2012		Early Planning	Will feature a number of restaurants, a spa, two swimming pools and a 24-hour casino	Ritz-Carlton	Feb-10
Secrets	AMResorts		Aruba		N/A	2011		Early Planning		Hotel Business	7/10/2009
Cotton Bay	Independent	Eleuthera	Bahamas	Luxury	72	N/A		Under Construction	Overall plans for development expected to include condominium hotel and estate lots; was planned as a Luxury Collection originally	HVS	Jan-10
Langham Place, Resort & Spa	Langham	Port St. George, Exuma	Bahamas	Five-Star	224	Summer 2013	P.S.G. Limited	Early Planning	The property will be a part of a 1,000-acre development which will include a 640-berth marina, a world class Robert Trent Jones II Golf Course, plus 1217 residential units and mixed use, commercial and retail space. Facilities will include a spa, a lounge, a wedding chapel and extensive meetings and banquet space	Bahamas Hotel Association	9/23/2009
Rock Resorts Rum Cay Resort Marina	Rock Resorts	Rum Cay	Bahamas	Luxury	100	2012		Early Planning	870-acre resort to include 80 residences, spa, dining, fitness facilities, a marina, and water sports.	RockResorts	Mar-10
Montage Royal Island	Montage	Royal Island	Bahamas	Luxury	84	Jun 2011		Final Planning	Part of a master-planned community to include luxury residences, beach club, golf, yacht harbor, and tennis courts. Hotel to include 58 rooms and 26 suites.	STR	Oct-09
Ritz-Carlton Rose Island	Marriott	Rose Island	Bahamas	Luxury	190	N/A		On Hold		STR	Jan-10
St. Regis Baha Mar	Starwood	New Providence	Bahamas	Luxury	185	2016	Baha Mar	On Hold		STR	Feb-10
W Baha Mar	Starwood	New Providence	Bahamas	Luxury	279	2016	Baha Mar	On Hold		STR	Jan-10
Westin Baha Mar	Starwood	New Providence	Bahamas	Upper-Upscale	710	2016	Baha Mar	On Hold		STR	Feb-10
Conrad Bimini	Hilton	Bimini	Bahamas	Luxury	250	N/A		Planning	Expected to include condominiums and single-family homes	STR	Jan-10
Four Seasons	Four Seasons	Bridgetown	Barbados	Luxury	106	2013	Cinnamon 88	On Hold	Construction may resume Q1, 2010, following govt guarantee of a \$60 million construction loan.	WSJ	Jan-10
Courtyard	Marriott	Bridgetown	Barbados	Upscale	120	Dec 2010		Under Construction		STR	Jan-10
Le Meridien	Starwood	Bridgetown	Barbados	Upper-Upscale	101	2011	Pierhead Project Investors, Inc	Under Construction		STR	Feb-10
Park Hyatt	Hyatt	St. George	Bermuda	Luxury	110	Summer 2012		Early Planning	Development pending on the site of the former Club Med; includes 110 rooms, 111 residences, 30 timeshares	STR	Jan-10
St. Regis	Starwood	Hamilton	Bermuda	Luxury	137	2013	Par La Ville Hotel and Residences, Ltd.	Early Planning	Development by a partnership between VA-based Unified Resorts, Ltd. and NY-based Sagewood Investments, LLC. The hotel will be the first new luxury hotel to open in Hamilton in more than 50 years and will feature 80 residences, a signature restaurant, a wine bar, and a rooftop conservatory	Hotel Business	6/30/2009
Sonesta Southampton Beach Resort	Sonesta	Southampton	Bermuda	Upscale	150	2011		Planning	Development pending on the site of the former Wyndham	STR	Jan-10
Taj Exotica Resort Virgin Gorda	Taj	Virgin Gorda	British Virgin Islands	Luxury	100	N/A		Early Planning	Expected to include hotel rooms, spa suites, hotel villas, townhouses, & residential villas on the site of a former sugar plantation	STR	Jan-10
Raffles Tortola	Raffles	Tortola	British Virgin Islands	Luxury	100	2011		Planning		Raffles	Mar-10
Scrub Island Resort	Independent	Scrub Island	British Virgin Islands		70	April 2010		Under Construction	Expected to offer 26 ocean view guest rooms, 26 one bedroom suites, along with two bedroom suites and hillside villas. The resort features a marina, a spa and fitness center, retail shops and gourmet restaurants	Daily Lodging Report	7/8/2009
Wyndham Grand Bay Waterford	Wyndham	Grand Cayman	Cayman Islands	Upscale	130	Fall 2011	GKF Group	Broke Ground	Will include a 5,000-SF spa and restaurant	Daily Lodging Report	7/20/2009
Mandarin Oriental	Mandarin Oriental	Grand Cayman	Cayman Islands	Luxury	114	N/A		Deferred		HVS	
Cayman Diving Lodge & Residence	Independent	East End	Cayman Islands		12	Summer 2010		Planning		STR	Jan-10
The Island Resort & Residences	Independent	Queens Highway, Colliers	Cayman Islands		89	Fall 2010	Caribbean Island Developments, Ltd.	Under Construction	89-unit condo-hotel; the resort will offer pools, al fresco dining, and a beach club	STR	Feb-10
Hemingway Hotel	Hemingway	Havana	Cuba		600	N/A		Final Planning	A developer in China is partnering with the Cuban government to build a hotel catering to American tourists.	STR	Oct-09
Gran Paraiso	Independent	Cayo Largo	Cuba	Five-Star	450	2012		Planning	\$70 million development in Havana area	STR	Feb-10
Comfort Inn & Suites Melville Hall	Choice	Roseau	Dominica	Limited-Service	50	Aug 2015		Early Planning		STR	Jan-10
Eco-Lodge Resort & Conference Center	Independent	Concord	Dominica	Luxury	100			Final Planning	Approved by government; will feature 3,000 SF of meeting space	STR	Feb-10

Table 6 Supply Pipeline in the Caribbean (continued)

Project	Brand	Location	Country/Island	Type	No. of Rooms	Anticipated Opening	Developer	Development Stage	Notes	Source	Date Updated
Four Seasons Casa De Campo	Four Seasons	Casa de Campo	Dominican Republic	Luxury	200	2011		Deferred		HVS	Jan-10
The Ritz-Carlton	Marriott	Cap Cana	Dominican Republic	Luxury	204	2010		Deferred	Resort was to feature a 16,000 square-foot spa, private beach club, five restaurants and lounges, and three Jack Nicklaus Signature golf courses	HVS	Jan-10
NH Cap Cana	NH	Cap Cana	Dominican Republic	Upscale	200	Summer 2012		Early Planning		STR	Jan-10
Trump	Trump	Cap Cana	Dominican Republic	Luxury	300	N/A		Early Planning	Part of a master-planned development	STR	Jan-10
Cliffs Ocean Resort	Independent	Puerto Plata	Dominican Republic	Full-service	102	Mid-2011		Planning	Desires Hotels has been named to manage; the 25-acre oceanside resort will feature championship golf and a full-service spa.	Hotel Business	1/27/2010
Fairmont Hotel Roco Ki	Fairmont	Punta Cana	Dominican Republic	Luxury	255	Mid-2012		Planning	Part of the Roco Ki luxury development; will include residences - condominiums, villas and estate homes - as well as a private residence club. The resort will also feature restaurants and bars, 17,500 square feet of meeting space, a 15,000-square-foot spa and fitness area and pool and beach facilities. Guests will have access to a Nick Faldo-designed 18-hole championship golf course	Fairmont	Mar-10
Quality Inn Higüey	Choice	Higüey	Dominican Republic	Limited-Service	80	Aug 2011		Planning		STR	Jan-10
Zoetry Pearl Sands Cap Cana	AMResorts	Punta Cana	Dominican Republic		N/A	Late 2010		Planning		AMResorts	Jul-09
Pure Secrets Cap Cana	AMResorts	Punta Cana	Dominican Republic		N/A	Late 2010		Planning		AMResorts	Jul-09
Hard Rock Hotel & Casino	Hard Rock	Punta Cana	Dominican Republic	Luxury	1,800	Spring 2010		Under Construction	121-acre property on Macao Beach next to Moon Palace Resort. This all-inclusive hotel is expected to include an authentic music memorabilia, 48,000 SF of gaming space with 457 slots and 40 tables; 6500 SF of meeting space; 11 pools four swim-up bars, a dedicated kids pool and a lazy river; a 15,000 square-foot fitness center, a rock climbing wall, two tennis courts, mini-golf, billiards, ping pong and various other table games; kids club; access to an 18-hole Jack Nicklaus-designed golf course; retail outlets; a 1,200-seat amphitheater and a 60,000 SF spa facility	Hard Rock Hotels & Casino	Mar-10
Rock Resorts -Balcones Del Atlantico Resort	Rock Resorts	Las Terrenas	Dominican Republic	Luxury	86	May 2010	Bisono Group	Under Construction	Expected to feature a full-service spa and a destination restaurant.	RockResorts	Mar-10
Westin Roco Ki Beach & Golf Resort	Starwood	Punta Cana	Dominican Republic	Upper-Upscale	337	Jul 1905		Under Construction		Starwood	Mar-10
Holiday Inn Express	Intercontinental	San Veneto, San Salvador	El Salvador	Limited-Service	151	Sep 2011	Hoteles E Servicios Turisticos	Planning	Thirteen-story hotel	IHG	Mar-10
Four Seasons	Four Seasons	St. Georges	Grenada	Luxury	125	N/A		Early Planning	Expected to include Villas	STR	Jan-10
The Point	Independent	Grand Anse, St. Georges	Grenada		15	Fall 2010		Under Construction		STR	Jan-10
Ascend Collection Hotel	Choice	Jacmel	Haiti	Luxury	120		SIMACT	On Hold - Early Planning	The newly built luxury Ascend Collection member hotel is planned as part of the area's new Belle Rive development project.	Daily Lodging Report	1/6/2010
Comfort Inn	Choice	Jacmel	Haiti	Midscale	32	2010	SIMACT	On Hold - Early Planning		Daily Lodging Report	1/6/2010
Celebration Jamaica	Independent	Montego Bay	Jamaica	Upscale	1,500	N/A		Early Planning	Plans include 75,000 sf casino, meeting space disco, restaurants, bars, health club, and spa	STR	Jan-10
Secrets St. James Montego Bay	AMResorts	Montego Bay	Jamaica		350	Mar 2010		Under Construction	all-suites resort; eight dining options, seven bars and lounges, large free-form swimming pools and beachfront Jacuzzi, and world-class spas and Beach Club. A main plaza y located between the two resorts will offer guests activity and entertainment options, including a game room, boutiques, cafés and movies	Secrets	Dec-09
Secrets Wild Orchid Montego Bay	AMResorts	Montego Bay	Jamaica		350	Mar 2010		Under Construction	all-suites resort; eight dining options, seven bars and lounges, large free-form swimming pools and beachfront Jacuzzi, and world-class spas and Beach Club. A main plaza y located between the two resorts will offer guests activity and entertainment options, including a game room, boutiques, cafés and movies	Secrets	Dec-09
Solis The Palmyra Resort & Spa	Independent	Montego Bay	Jamaica		N/A	Mar 2010		Under Construction		STR	Jan-10
JW Marriott	Marriott	Gibbs Bay, St. Maarten	Netherlands Antilles	Upper-Upscale	404			Abandoned		STR	Jan-10
Hilton St. Maarten	Hilton	St. Maarten	Netherlands Antilles	Upper-Upscale	200	N/A		Deferred		STR	Jan-10
Hilton Bonaire Resort & Spa	Hilton	Bonaire	Netherlands Antilles	Full-service	125	Apr 2011	Azul Management Bonaire, Inc	On Hold - Planning	Has faced several delays	STR	Oct-09

Table 6 Supply Pipeline in the Caribbean (continued)

Project	Brand	Location	Country/Island	Type	No. of Rooms	Anticipated Opening	Developer	Development Stage	Notes	Source	Date Updated
The Cliffs Ocean Resort	Independent	Rio San Juan	Puerto Rico		102	Jul 2011		Final Planning	The resort will feature a spa, pools, fitness center, and a helipad	STR	Feb-10
Fairmont Cerramar	Fairmont		Puerto Rico	Luxury	N/A			On Hold	Expected to include condominiums and beach villas	Pinnacle	May-09
Mandarin Oriental Palmas del Mar	Mandarin Oriental		Puerto Rico	Luxury	209			On Hold	Expected to include condominiums and estate villas	Pinnacle	May-09
Coco Beach	Independent		Puerto Rico		170			On Hold - Pending Financing	Expected to include Trump-branded condominiums, villas	Pinnacle	May-09
Dorado Beach Ritz-Carlton Reserve	Marriott		Puerto Rico		130			On Hold - Pending Financing	Expected to include condominiums and beach villas	Pinnacle	May-09
Regent Palmas del Mar			Puerto Rico		150			On Hold - Pending Financing	Condo-Hotel, includes condominiums	Pinnacle	May-09
Crowne Plaza San Juan	Intercontinental	San Juan	Puerto Rico	Full-service	264	Mar 2011	New Century Development	Planning	Located at the intersection of Hwy 17 & 8, construction is expected to begin in 2011	HG	Mar-10
St. Regis Bahia Mar	Starwood	Rio Grande	Puerto Rico	Luxury	139	Oct 2010		Under Construction	Includes a spa, a golf course, a Jean-George's restaurant, lounge, pool areas, and expansive meeting space	Starwood	Mar-10
St. Regis Resort & Residences	Starwood	Bahia Beach	Puerto Rico	Luxury	139	Oct 2010		Under Construction	Includes 25 residences	Starwood	Mar-10
W Retreat and Spa	Starwood	Vieques Island	Puerto Rico	Luxury	157	Mar 2010		Under Construction		Starwood	Mar-10
Mandarin Oriental	Mandarin Oriental	St. Kitts	St. Kitts & Nevis	Luxury	125	N/A		On Hold	Expected to include villas, condominiums, and residential lots	Mandarin Oriental	Mar-10
Park Hyatt	Hyatt	St. Kitts	St. Kitts & Nevis	Five-Star	125	Jan 2013	St. Michael's Foundation, Ltd	Pre-Planning	To also include 100 townhomes, condos, and 86 villas.	STR	Oct-09
Angsana Resort & Spa St Lucia	Angsana	Castries	St. Lucia	Luxury	62			Abandoned		STR	Jan-10
Raffles	Raffles		St. Lucia	Luxury	200			Abandoned	Included villas, condominiums, and lots	Pinnacle	May-09
Ritz-Carlton St. Lucia	Marriott	Laborie	St. Lucia	Luxury	266			On Hold		HVS	Jan-10
Westin Le Paradis	Starwood		St. Lucia	Upper-Upscale	300	2012		Construction On Hold	Part of a master-planned community development; facilities include a spa, restaurants, pool areas, a golf course, a marina, retail shops, and extensive meeting space	HVS	Dec-09
Tides Sugar Beach	Kor	Souferie	St. Lucia	Luxury	112	2010	Roger Myers	Under Construction	UK restaurateur Roger Myers has selected Kor Hotel Group to reposition and manage the Jalousie Plantation in St. Lucia. The resort will undergo a \$100-million redesign to open as The Tides Sugar Beach in 2010.	Daily Lodging Report	2008
The Ritz-Carlton Molasses Reef	Marriott		Turks & Caicos	Luxury	125	N/A		On Hold	Includes 75 villas	HVS	Jan-10
Hampton Inn & Suites Providenciales	Hilton	Providenciales	Turks & Caicos	Limited-Service	106	N/A		Deferred		STR	Jan-10
Third Turtle Club & Spa	Rock Resorts	Providenciales	Turks & Caicos	Luxury	N/A	2013		Early Planning	Facilities will include a spa, pools, restaurants, a fitness center, tennis courts, and a marina	RockResorts	Mar-10
Mandarin Oriental Delis Cay	Mandarin Oriental		Turks & Caicos	Luxury	197	Mid-2010 (phase1)	O Property Collection	On Hold	The multi-million dollar Delis Cay development project has been placed on hold while the development company attempts a restructuring plan with investors. Sun TCI newspaper reported that construction has been stopped. Part of the 560 acre island was purchased from the local government in 2005 for the development of the hotel, as well as a spa, tennis center, jogging trail and diving options. Along with the hotel, Mandarin Oriental was to manage everything including residential units and 17 stand alone villas.	Daily Lodging Report	10/18/2009
Royal Reef Resorts	Independent	Sandy Point, North Caicos	Turks & Caicos	Five-Star	N/A	N/A		On Hold	On sale for \$37 million. The resort is located on a 17 acre piece of real estate and the development is said to be worth in excess of \$160 million when completed	Daily Lodging Report	7/28/2009
CAYA	Independent	Providenciales	Turks & Caicos		150	Mar 2012	Grace Bay Club	Pre-Planning	A new resort will be built next to the existing Grace Bay Club.	STR	Oct-09
Veranda Resort & Residences	Grace Bay Resorts	Providenciales	Turks & Caicos	Five-Star	168	Feb 2010	Faez, Ltd	Recently Open	10-acre resort at Grace Bay Beach, comprising 168 rooms (8 private beachfront villas and 123 appointed residential units). Faez Limited purchased the partially developed resort in April 2008 and has since invested more than \$40 million in the completion of the project.	Daily Lodging Report	1/14/2010
The Tanai Richmond House	Independent	Providenciales	Turks & Caicos		70	Summer 2010	Caicos Resorts Investment, Ltd	Under Construction	Facilities and amenities include Tom Fazio golf course and the largest infinity pool in the Caribbean. Also includes 80 residences	STR	Oct-09
Wyndham St Croix Golf Resort & Casino	Wyndham	Christiansted, St. Croix	U.S. Virgin Islands	Upscale	400	N/A		Deferred		STR	Jan-10

Our research reveals that only about 20% of the preceding projects are actually under construction and progressing in their development process given the current conditions in the global economy and the financial markets. Of the islands previously mentioned to have a defined need, only Puerto Rico and the Dominican Republic have U.S.-branded hotels under construction in its supply pipeline.

Based on our research and analysis, it is in our opinion that U.S.-branded hotels are, overall, under-represented in the Caribbean, and that there are opportunities for conversions or new developments of U.S.-branded hotels in the region. As the U.S., the Caribbean, and the rest of the world emerge from the current down market, we believe that developers, owners, and investors who have been pursuing such opportunities in the Caribbean should be well poised to benefit from the upside of the cycle.

About the Authors

La H. Baik
Vice President



Joining HVS in June 2007, La Baik worked in the New York office prior to transitioning to Nassau to open up HVS Bahamas in September 2009. La works closely with Parris Jordan, the managing director of the office in providing various consulting services in the Caribbean, as well as North and Central Americas. So far in her career with HVS, she has worked on over 50 consulting and valuation assignments, including the following:

- Proposed Luxury Hotel, Eleuthera, Bahamas
- Proposed Full-Service Hotel, St. Maarten, Netherlands Antilles
- Proposed Full-Service Hotel, Panama City, Panama
- Proposed Full-Service Hotel, Port of Spain, Trinidad
- Caneel Bay, St. John, USVI
- Nassau Palm Hotel, New Providence, Bahamas
- Paradise Island Harbour Resort, Paradise Island, Bahamas
- Proposed Westin, St. Lucia
- One&Only Palmilla, San Jose del Cabo, Mexico
- Proposed Hotel, Castries, St. Lucia
- Proposed Hotel, Bocas del Toro, Panama

La has hospitality operations and management experience from The Ritz-Carlton Hotels of New York, The New York Palace Hotel, Union Square Café and Nobu New York. She holds a Bachelor's Degree in Hospitality and Tourism

Management from New York University's Preston Robert Tisch Center for Hospitality, Tourism and Sports Management, with a concentration on lodging development.

Parris E. Jordan
Managing Director



Parris Jordan is the managing director of HVS Caribbean joining HVS in December of 2003. Parris provides various services to hotel developers, governments, lenders, operators and other interested parties and specializes in conducting market studies for proposed hotels and performing appraisals of luxury, upscale and mid-scale hotels. Parris worked out of the HVS New York for seven years (2003-2009) and relocated to Nassau Bahamas in September 2009 to establish HVS Caribbean. He has worked on over 200 consulting and valuation assignments throughout the United States and the Caribbean. Parris is very familiar with the Caribbean hotel market and has worked approximately 50 consulting assignments throughout the majority of the Caribbean islands. Prior to joining HVS, Mr. Jordan worked at New York State Division of Tourism, and the Hilton and Chaconia Hotels, in Trinidad and Tobago.

Parris holds a Masters Degree in Hospitality Management from New York University and is an adjunct professor at the Preston Robert Tisch Center for Hospitality, Tourism and Sports Management, New York University where he lectures on lodging development.

Contact Information

La H. Baik
HVS Bahamas
Tel: +242 327-6913 ext. 201
Email: lbaik@hvs.com

Parris E. Jordan
HVS Bahamas
Tel: +242 327-6913 ext. 203
Email: pjordan@hvs.com

Unit #13, Caves Professional Centre
Caves Village, P.O. Box SP 61487
Nassau, New Providence, Bahamas



About HVS

HVS is the world's leading consulting and services organization focused on the hotel, restaurant, shared ownership, gaming, and leisure industries. Established in 1980 by President and CEO Steve Rushmore, MAI, FRICS, CHA, the company offers a comprehensive scope of services and specialized industry expertise to help you enhance the economic returns and value of your hospitality assets.

Steve began his career in the 1970s as a consultant in the hospitality division of a prominent New York City real estate firm. Through that experience, Rushmore noted the limited body of knowledge available to assess the value of hotels and motels, taking into consideration both the business and real estate components. Rushmore's first book, *The Valuation of Hotels and Motels*, quickly became the definitive work on the subject, and soon after, HVS was born. The HVS method of providing an economic study and appraisal for hotels and motels immediately became, and continues to be, the industry standard.

Over the past three decades, HVS has expanded both its range of services and its geographical boundaries. The company's global reach, through a network of 30 offices staffed by 400 seasoned industry professionals, gives you access to an unparalleled range of complementary services for the hospitality industry:

Consulting & Valuation
Investment Banking
Asset Management & Advisory
Hotel Management
Hotel Parking Consulting
Executive Search
Food & Beverage Services
Gaming Services

Convention, Sports & Entertainment Facilities
Interior Design
Sales & Marketing Services
Shared Ownership Services
Golf Services
Eco Services
Risk Management

Our clients include prominent hotel owners, lending institutions, international hotel companies, management entities, governmental agencies, and law and accounting firms from North America, Europe, Asia, Latin America, and the Caribbean. Our principals literally 'wrote the book' on hospitality consulting, authoring numerous authoritative texts and hundreds of articles. HVS principals are regarded as the leading professionals in their respective regions of the globe. We are



client driven, entrepreneurial, and dedicated to providing the best advice and services in a timely and cost-efficient manner. HVS employees continue to be industry leaders, consistently generating a wide variety of articles, studies, and publications on all aspects of the hospitality industry.

HVS is the industry's primary source of hotel ownership data. Our 2,000+ assignments each year keep us at the forefront of trends and knowledge regarding information on financial operating results, management contracts, franchise agreements, compensation programs, financing structures, and transactions. With access to our industry intelligence and data, you will have the most timely information and the best tools available to make critical decisions about your hospitality assets.

For further information regarding our expertise and specifics about our services, please visit www.hvs.com.