

Uptick in Caribbean Tourism is Good News for CRE



The past few years have been tough ones for the Caribbean tourism and hospitality industry. Early in the pandemic, the Caribbean suffered a heavy hit to its collective GDP, which dropped over ten percent as tourism slowed to a crawl. In 2021, despite tourist numbers steadily increasing, the industry was still stalling as many countries struggled to reclaim their pre-pandemic tourism highs.

According to a recent article from commercial real estate analysts CoStar, however, that struggle now seems to be firmly behind them.

Bouncing Back

The source of that optimism is a recent report for the region by the World Travel and Tourism Council which forecasted “potential revenue of \$96.6 billion and the creation of 1.34 million new jobs by 2032.”

This extends a trend of recovery we started seeing in 2022 and suggests that the region is on track to hit new highs in the coming years.

Quoted in the CoStar article, President of the Caribbean Hotel and Tourism Association, Nicola Madden-Greig noted: “This is major in terms of the potential for Caribbean tourism.” Madden-Greig added that some Caribbean destinations, including the US Virgin Islands, St. Martin, and Martinique, are seeing “double-digit growth.”

Hotels Also Making a Comeback

Naturally, the boost in tourism also translates into a healthy hospitality sector. Recent data from STR shows that Caribbean hospitality started making its comeback in 2022, with full-year occupancy trailing 2019’s figures by just 3.2%.

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The region's ADR (Average Daily Rate) and RevPAR – two key metrics of hotel performance – also saw a strong uptick over the period. STR notes that the two metrics were “up 27.4% and 31.6%, respectively, in nominal terms,” adding that the increases “were actually the largest among the STR-defined Americas subcontinents.”

The Caribbean region's hotels got off to a similarly strong start in 2023, with higher occupancy in January (69.8%) than in the same month for 2022 (53.6%) and 2019 (69.5%).

New Resorts Incoming

The increasing appetite for hospitality offerings in the Caribbean is also piquing interest from investors and developers, especially when it comes to lavish all-inclusive hotels and resorts.

Some of the biggest projects in the works include the Bight Hotel in Turks and Caicos, slated to open in the next couple of years and Larimar City in the Dominican Republic.

STR states that, in total, there are around 14,300 rooms in construction, with 9,035 of those set to deliver in 2023.

Back in the Sun

As these figures show, the outlook for this region is certainly “sunny” and there are bound to be many interesting opportunities for CRE investors and professionals alike over the next few years.

As always, our top advice for anyone interested in investing in Caribbean CRE, however, is to seek out local expertise before diving into the market.

Interested in real estate in the Caribbean? Contact one of our local offices at NAI Island Commercial or NAI Bahamas.

