



**Horwath HTL**

*Hotel, Tourism and Leisure*

MARKET REPORT

# Caribbean Resorts

*Responding to Covid-19*

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## The Caribbean Resort Product – Responding to Covid-19

Shifts in demographic and economic environments influence consumer behavior patterns. The 2007-2008 financial crisis and the maturing of the Millennials and the Baby Boomers have increased consumer preferences for value-based purchasing, travel experiences that highlight local customs, and wellness programs.

How the Caribbean hospitality product responds to evolving customer demands is covered in the report [“The 2019 Caribbean Resort Product: Staying ahead of today’s customer preferences.”](#)

Over the last year, the COVID-19 pandemic has brought about significant disturbances to our lives, leading to another wave of behavioral changes. And while the crisis is not over, this article highlights how it is already shaping hospitality development in the Caribbean.

## Mixed-use and Extended Stays: Catering to Part-Time Residents

Throughout the pandemic, leisure demand has proven to be resilient. In the U.S., visitors from drive-to markets seeking relief from quarantine life allowed many properties to stay open. In the Caribbean, the tourism industry is mainly dependent on international travelers. Closed borders often equate to closed hotels.

While islands shut-down for several months in spring, many reopened their airports in summer. However, opening borders to international travel did not lead to the upturn in occupancy hoteliers had hoped. The government-imposed testing and quarantine requirements for each island were often confusing and challenging for visitors.

While “traditional tourists” opted for holiday destinations with more straightforward access (often staying local), visitors that consider themselves partial residents to the islands were less deterred. Visitors to friends and family (VFR), second-home, and timeshare owners often braved travel as soon as borders reopened. In many islands, timeshare properties, condo-hotels, and short-term residences performed better over the last year than traditional hotels.

A few nations recognized early-on in the pandemic that, with the ability to work from home, the regions’ best opportunity was to promote temporary residency.

Inviting visitors to increase their length of stay favorably rebalances the perceived travel risk-to-reward ratio. Also, extended-stay guests have the opportunity to develop more robust ties to the island, likely leading to repeat visitation in the future.



Source: Body Holiday St. Lucia

Barbados was the first island to target Digital Nomads offering a new one-year visa program in July 2020. Since then, Anguilla, Antigua & Barbuda, Bermuda, and the Cayman Islands have all implemented similar temporary visas.

Developers have become acutely aware that mixed-used developments that include a timeshare or a for-sale real estate component are a sound strategy for resilience. Hoteliers are also responding to the growing trend in extend-stay travel with flexible rate structures and product upgrades that include self-service amenities and workspaces. Detached villa products have gained popularity as consumers value space and the ability to control their immediate environment.

## Wellness: Nurture by Nature and Family Programming

The rise in demand for wellness products is occurring across many industries, including travel. While we expect resorts to expand their spa and wellness programs, two wellness trends are particularly well suited for development in the Caribbean: nature immersion and family wellness.

### Nature Immersion and Remedies

As we learned that the virus' spread was less likely in the open air, our "safe space" shifted from inside our homes to the outdoors. Nature has become a space to exercise, socialize, and reconnect with our most basic being.

While the Caribbean wellness offer is typically focused on rest and relaxation, we expect to see a rising interest in



Turtle conservation, Bahía de las Águilas, Dominican Republic

programming that enables guests to experience a deeper connection with jungle and marine wildlife. Resorts at the forefront of this trend involve guests in reef restoration or turtle conservation activities or simply encourage educational nature excursions. The luxury resort Bucuti and Tara in Aruba promotes a five-to-six-hour birdwatching hike to discover the island's 270 different bird species.

The pandemic has also increased our awareness of the positive impact natural food and the environment has on health and immunity. While less known by travelers, popular belief amongst Caribbean nationals is that most remedies should include a concoction of herbal teas and seawater soaks. We expect that resorts will further promote the health benefits of each island's natural habitat.

### Family Wellness Programs

Wellness programs require a focus on the self, and children are typically thought of as a distraction. However, throughout the lockdown, households have had to learn to live in confined spaces. Deprived of the ability to work-out alone, family exercise and wellness activities have become increasingly popular.

Typically, wellness properties offer few options for children, and when they do, they are often limited to kids' clubs. Body Holiday in St. Lucia is one of the few properties that offers an integrated family (with teens and tweens) and wellness vacation. Because the Caribbean is already well-positioned as a family destination, family-wellness will likely represent a growing opportunity.



Coral reef conservation

## Regenerative Travel: Realizing Visitor's Intentions for Good

The health crisis has raised the consciousness of our impact on the environment and social inequities.

“Regenerative travel” is a growing movement that goes beyond care for the environment to improving conditions in the host country. While the “travel for good” trend is not new and has been embraced by boutique hotels in the region, it is gaining wider acceptance and being formalized through classification and marketing systems. Luxury resorts are embracing this trend, which allows brands to connect with their guests' values by providing a sense of purpose and accomplishment.

The Rockhouse Hotel in Negril operates with a commitment to sustainable tourism and playing an active, positive role in the community. The hotel, which is Green Globe Certified, encourages guests' interaction with the social community and operates a local foundation to help child education.



Source: Rockhouse Hotel, Negril, Jamaica

## Conclusion

While tourism operators in the Caribbean still face many challenges, including adjusting to new traveler testing requirements by the U.S., U.K., and Canada, the industry will recover. As the vaccination campaign continues, the barriers to travel will ease, and operators who have adapted their offer to changing consumer lifestyle patterns and preferences will be the first to thrive.

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Agnès Pierre-Louis is an independent consultant with over fifteen years of international experience in the tourism and leisure industries through operational, development, and consultancy roles. Agnès focuses on predevelopment strategy, concept evaluation, and business planning for hotels, residential real estate, and master-planned communities in the United States, Mexico, and the Caribbean. With strong analytical skills and a thorough understanding of the industry, Agnès helps her clients develop successful strategies that maximize value for all project stakeholders.

Agnès holds a bachelor's degree in Hotel and Tourism Management from Ecole Hôtelière de Lausanne, a Certificate in Hotel Real Estate Investment and Asset Management from Cornell University, and an MBA from Kellogg School of Management. Agnès is fluent in English, French, Spanish, and Haitian Creole.



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Andrew is the Managing Director for Horwath HTL Miami primarily serving the Sunbelt States and the Caribbean Basin, based in Miami. A seasoned hospitality professional with extensive real estate, marketing and account management skills in North America and Latin America, Andrew has consulted for projects with leading branded management companies such as Canyon Ranch, Six Senses, Montage, Auberge and Alila.

## Horwath HTL

Horwath HTL, Miami serves the sunbelt region of the United States, Central America, Mexico and the Caribbean Basin, assisting hotel investors and developers from around the globe with strategic planning and advisory. Specialty areas include eco-friendly hotels, health and wellness practices for hotels, spas and resorts, sustainability and connection with community, trophy resorts properties and destination hotels among others. Horwath HTL Miami has consulted for leading branded management companies such as Canyon Ranch, Six Senses, Montage, Solage and Bulgari.

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We are a global Brand with 45 offices, who have successfully carried out over 20,000 assignments for private and public clients. We are part of Crowe Global, a top 10 accounting and financial services network. We are the number one choice for companies and financial institutions looking to invest and develop in the industry.

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