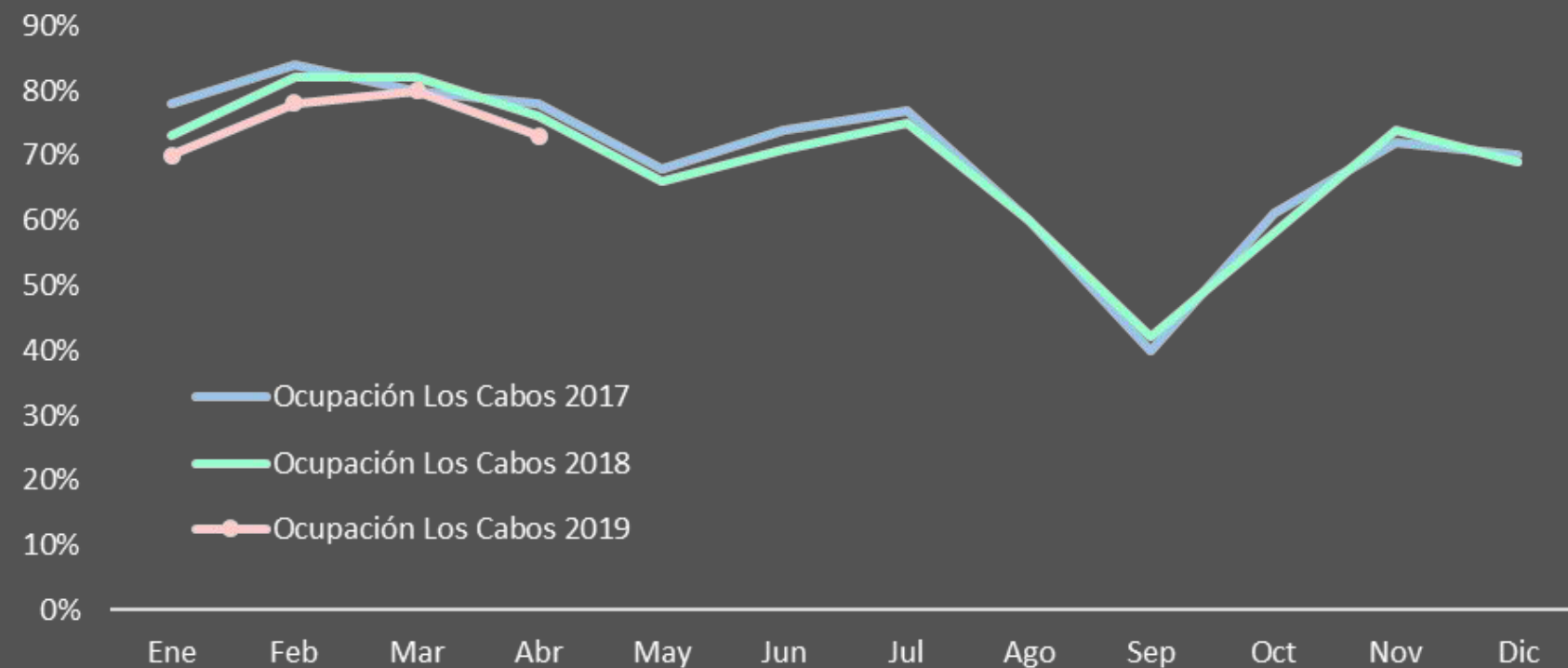


TOURISM OBSERVATORY IN LOS CABOS

JUNE 2019

Main indicators

Hotel activity Summary



Source: ASOCIACION DE HOTELES DE LOS CABOS

Available Rooms
(Apr-2019):
16,895
-1.2%
(Vs Apr-2018)

Source: DATATUR

Occupancy
(Mar-2019):
80%
-2pp
(Vs Mar-2018)

Source: ASOC. DE
HOTELES DE LOS
CABOS

Rooms Per Night
(Apr-2019):
877,308
+3.3%
(Vs Apr-2018)

Source: DATATUR

Arrival of passengers by air

Total passengers
(May-2019, in thousands):
230.4
+9.5%
(Vs May-2018)

Domestic Passengers
(May-2019, in thousands):
80.4
+13.8%
(Vs May-2018)

International passengers
(May-2019, in thousands):
150
+7.3%
(Vs May-2018)

Source: GAP

Total of Group Business
RFPs (Mar-2019):
31
+17 RFPs
(Vs Mar-2018)

Surveys from Tourists
Tourist Satisfaction (more
than expected, May-2019):
34.5%
-2.8pp
(Vs Apr-2018)

Passengers on a cruise
ship
(Apr-2019):
77,174
+66%
(Vs Apr-2018)

Participants in congresses
and conventions (Apr-
2019):
0.5% of the total
-2.5pp
(Vs Apr-2018)
Source: Survey to Tourists

Origin of Tourists
(Apr-2019):
74% Foreigners
+1.4pp
(Vs Apr-2018)
Source: Survey to Tourists

Cruise ships
(Apr-2019):
26
+37%
(Vs Apr-2018)
Source: DATATUR



TOURISM OBSERVATORY IN LOS CABOS

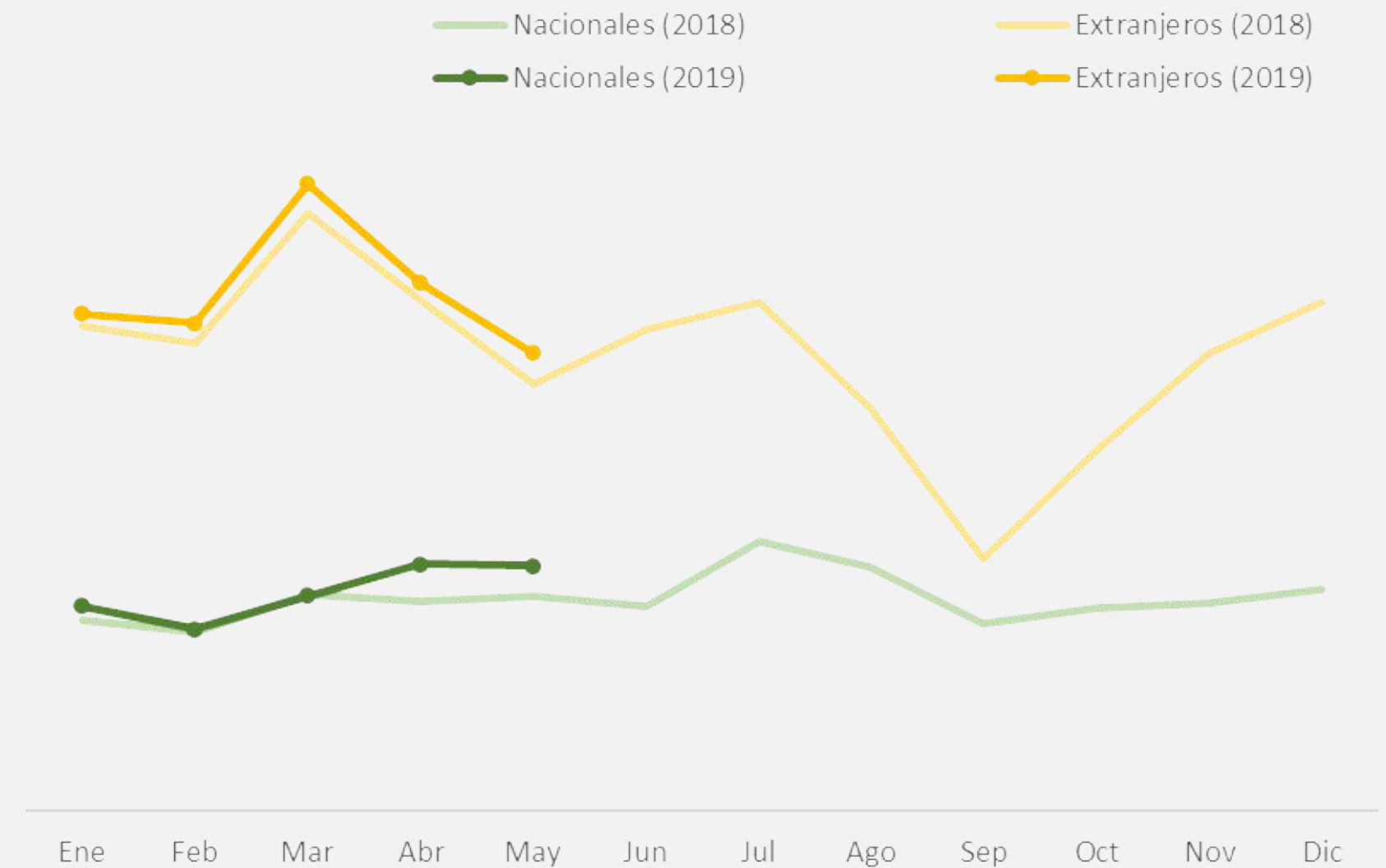
DEMAND INDICATORS
PASSENGERS AND TOURISTS

Arrival of passengers at the airport in Los Cabos, 2018-2019

- May-2019 registered the arrival of 230.4 thousand passengers to the airport of Los Cabos, which means an increase of 9.5% compared to the same period in 2018. When comparing the accumulated Jan-May-2019 vs the previous year, an increment of 5.5% is observed.
 - Passengers on domestic flights (80.4 thousand) represent 35% of total arrivals and had an increase of 13.8% regarding May-2018.
 - Passengers on international flights (150 thousand) represent 65% and had an increase of 7.3%.
- The occupancy factor had an increase of 5.pp to move from 82% in May-2018 to 86.5% in May-2019.
- This is directly related to the decrease in the offer of available seats.

Source: GAP

Passenger Arrival to the airport of San Jose del Cabo, Monthly (2018-2019)



Source: GAP

Arrival of foreign tourists by air

By origin (residence), 2018-2019

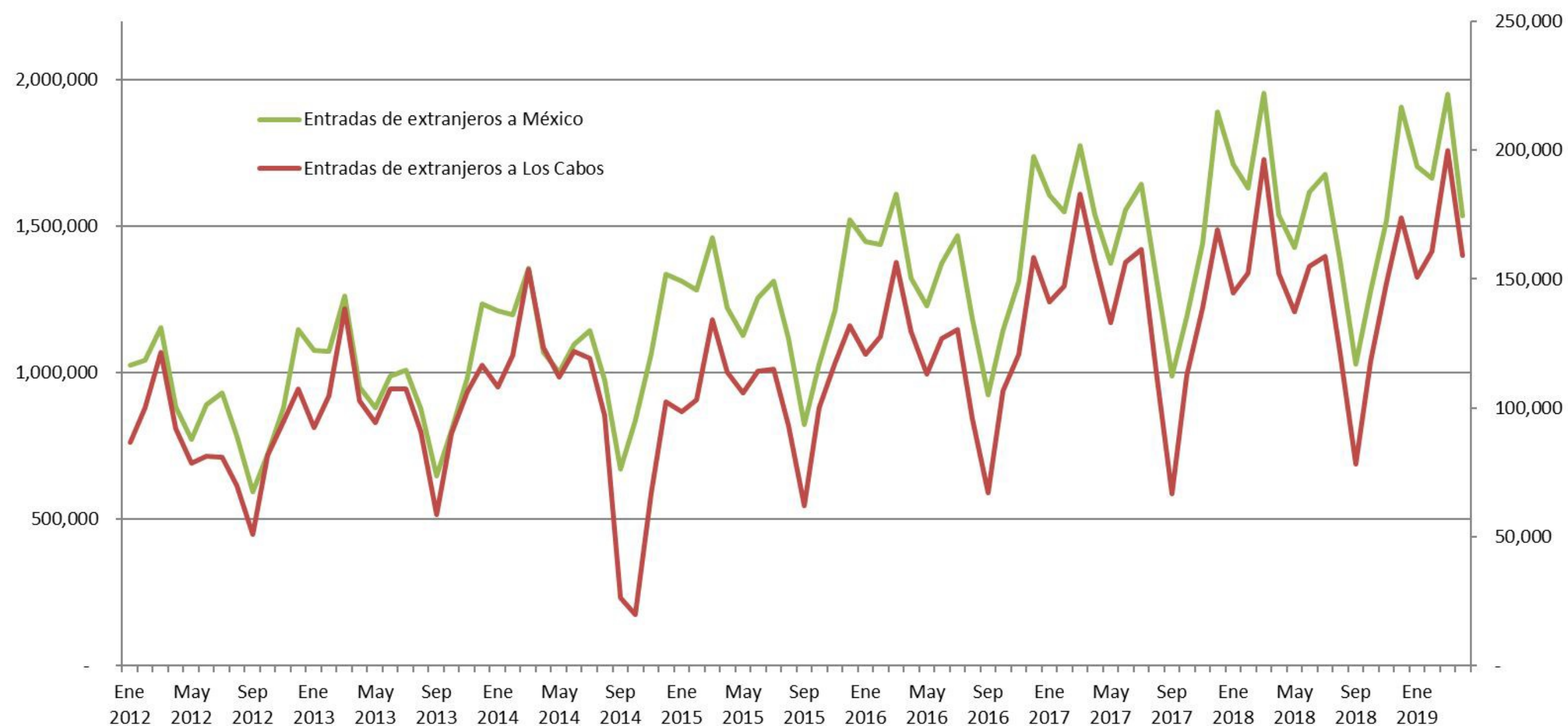
Regiones	Apr-2018	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	Δ Abr-19 / Abr-18	Δ Ene-Abr-19 / Ene-Abr-18
EE.UU.	136,162	129,317	148,990	152,331	114,299	72,390	107,692	129,090	147,461	122,358	133,400	173,759	140,159	2.9%	2.2%
Canadá	13,231	5,399	3,391	3,568	4,039	3,205	6,887	16,041	21,866	24,304	22,218	24,065	16,499	24.7%	15.1%
Europa	483	464	360	608	1,138	441	535	713	1,060	841	1,097	921	1,198	148.0%	61.0%
Centro y Sudamérica	177	206	180	255	177	148	165	144	228	295	168	185	286	61.6%	11.2%
Resto del Mundo	758	652	715	840	751	682	668	654	1,303	1,053	699	1,161	1,030	35.9%	40.2%
Gran total	150,811	136,038	153,636	157,602	120,404	76,866	115,947	146,642	171,918	148,851	157,582	200,091	159,172	5.5%	4.1%

Mercados clave	Apr-2018	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	Δ Abr-19 / Abr-18	Δ Ene-Abr-19 / Ene-Abr-18
Reino Unido	205	114	91	178	280	118	140	218	326	236	259	272	336	63.9%	26.3%
España	22	29	28	51	107	53	51	36	61	34	38	45	38	72.7%	50.5%
Australia	360	272	282	391	288	269	302	189	461	488	177	274	388	7.8%	21.3%
Total mercados clave	587	415	401	620	675	440	493	443	848	758	474	591	762	29.8%	24.9%

Source: INM- SIOM

Monthly evolution of the arrival of foreign tourists by air

The international airport of SJD and at domestic level, 2012-2019



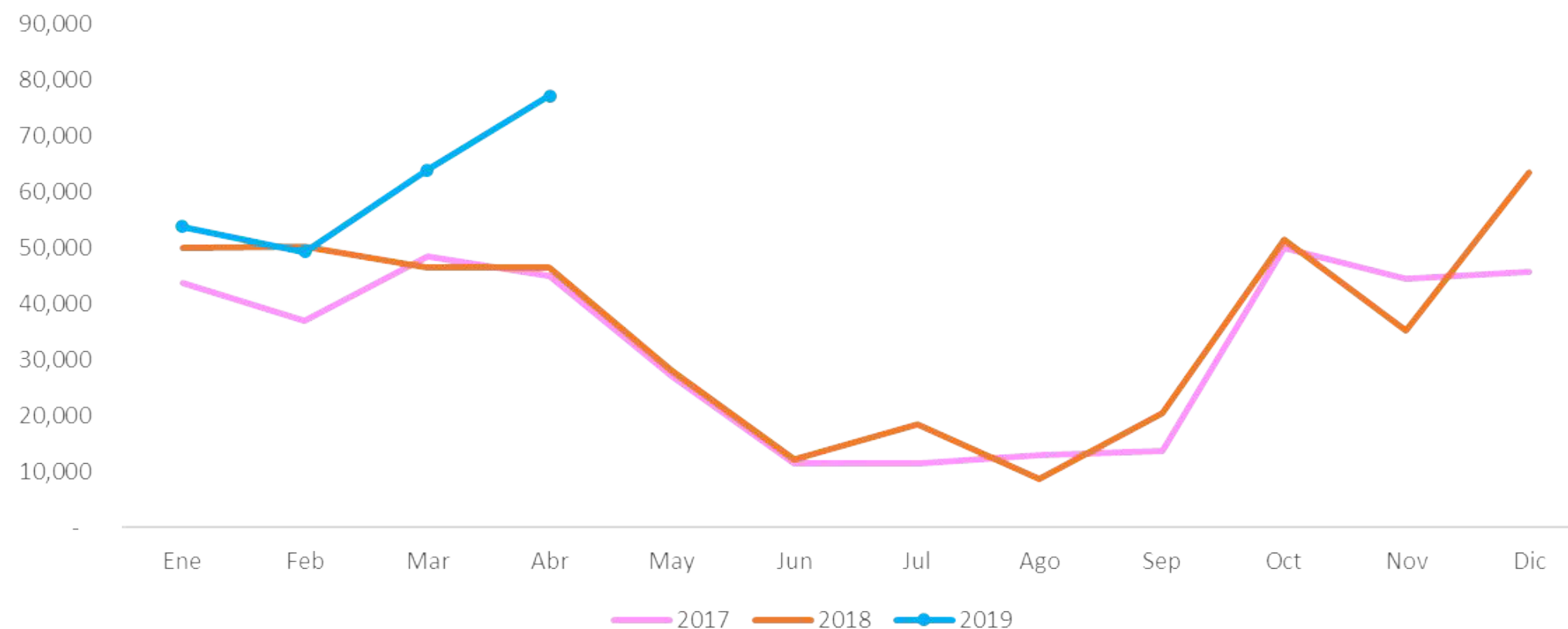
Source: INM- SIOM

- When comparing Apr-2019 versus Apr-2018, at domestic level there was an increase in the arrival of tourists 3% while to Los Cabos, the number was 5.5%.
- At domestic level, the American market grew 1% while the Canadian market grew by 3.9%. Other markets had an important growth, as the Spanish (15%) and Colombian (13%).
 - At the airport of Los Cabos, the U.S. market increased 2.9% and the Canadian 24.7% when comparing Apr-2019 with Apr-2018.
- The accumulated Jan-Apr confirms the negative trend in the US market (1.3%), so it is expected a low or no growth at the end of 2019. At the same time, it maintains a growth of the Canadian market (+6.6%) in this current year.

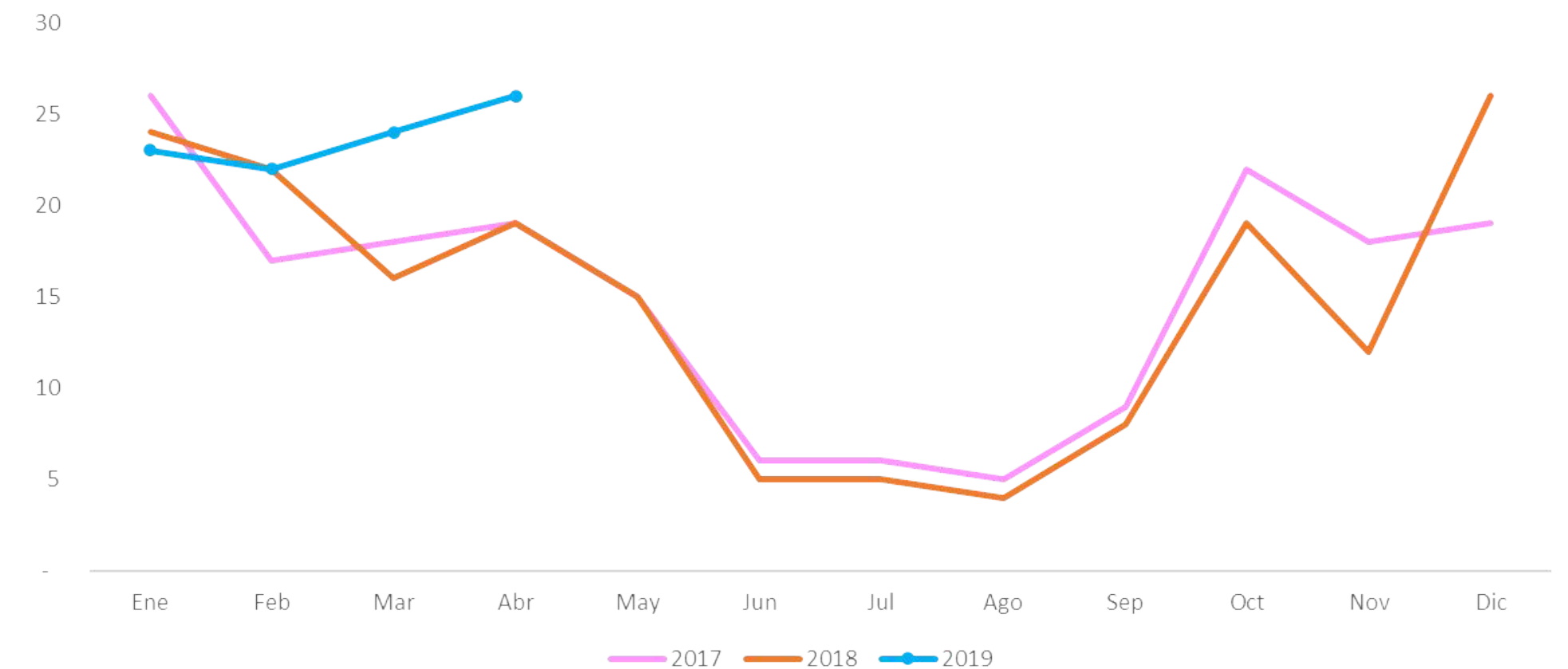
Arrival of passengers on cruise ships and vessels (2017-2019)

- Apr-2019 recorded the arrival of 77,174 passengers in cruise to Los Cabos port.
 - It means an increase of 66% in the volume of passengers in comparison with Apr-2018.
 - The arrival of 26 cruise ships were registered: 7 more cruises (+37%) than last year.
 - Translates into an average of 2,968 passengers per ship.

Pasajeros arribando en crucero al puerto de Cabo San Lucas, mensual (2017-2019)



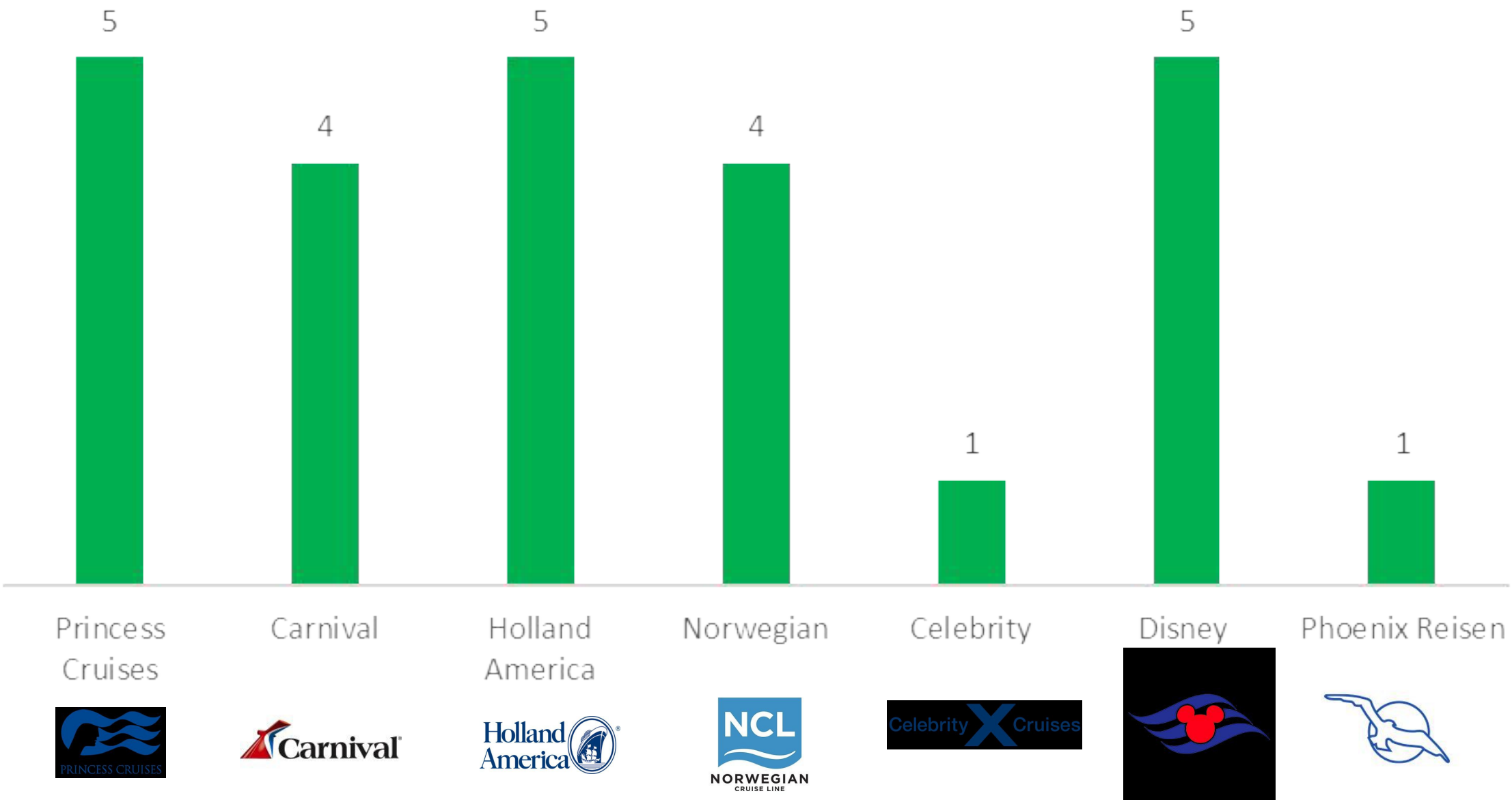
Embarcaciones de cruceros arribando al puerto de Cabo San Lucas, mensual (2017-2019)



Source: DATATUR - SCT

Arrival of the vessels to the Port of Cabo San Lucas, Apr-2019

Fecha	Embarcación	Línea Naviera	Capacidad max.
1-Apr-19	Carnival Splendor	Carnival	3,710
1-Apr-19	Norwegian Star	NCL	2,800
1-Apr-19	Royal Princess	Princess Cruises	3,600
2-Apr-19	ms Nieuw Amsterdam	Holland America	2,104
2-Apr-19	Amadea	Phoenix Reisen	604
5-Apr-19	Disney Wonder	Disney Cruise Line	2,400
6-Apr-19	Celebrity Eclipse	Celebrity Cruises	2,850
8-Apr-19	Carnival Splendor	Carnival	3,710
8-Apr-19	ms Eurodam	Holland America	2,104
8-Apr-19	Royal Princess	Princess Cruises	3,600
9-Apr-19	Disney Wonder	Disney Cruise Line	2,400
9-Apr-19	ms Nieuw Amsterdam	Holland America	2,104
12-Apr-19	Norwegian Bliss	NCL	4,002
15-Apr-19	Carnival Splendor	Carnival	3,710
15-Apr-19	Royal Princess	Princess Cruises	3,600
16-Apr-19	Disney Wonder	Disney Cruise Line	2,400
16-Apr-19	ms Nieuw Amsterdam	Holland America	2,104
19-Apr-19	Norwegian Bliss	NCL	4,002
22-Apr-19	Carnival Splendor	Carnival	3,710
22-Apr-19	Royal Princess	Princess Cruises	3,600
23-Apr-19	Disney Wonder	Disney Cruise Line	2,400
23-Apr-19	ms Nieuw Amsterdam	Holland America	2,104
26-Apr-19	Norwegian Bliss	NCL	4,002
29-Apr-19	Royal Princess	Princess Cruises	3,600
30-Apr-19	Disney Wonder	Disney Cruise Line	2,400



The 26 cruise ships that arrived to the Port of Cabo San Lucas in Apr-2019 were operated by 7 shipping lines, Disney Cruise Line, Princess and Holland America, being the main this month. Holland America had a maximum capacity of 18,000 passengers, equivalent to 23% of the total number of cruise passengers arriving at Cabo San Lucas in Apr-2019.

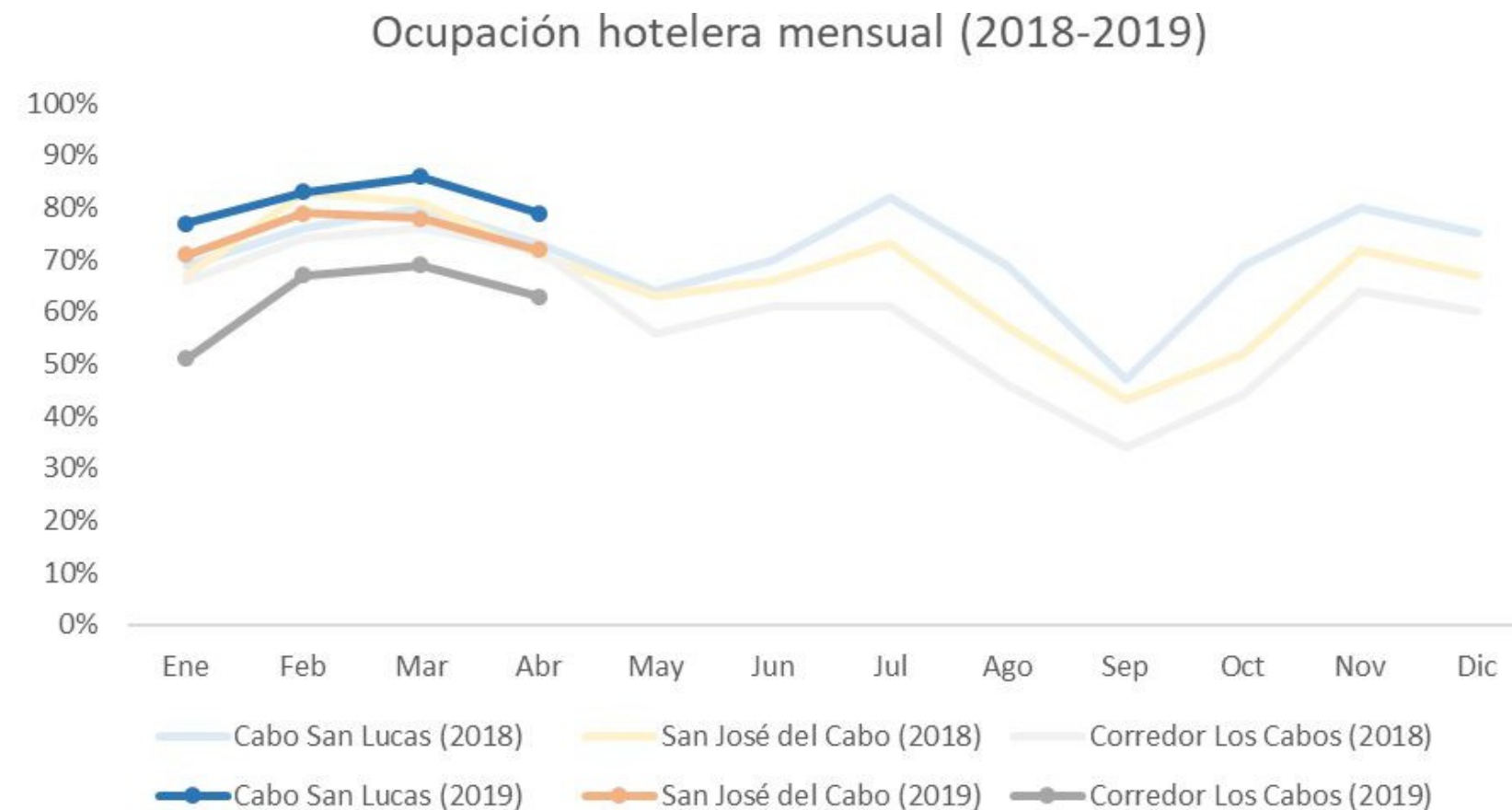
Source: CREW-CENTER.COM

An aerial photograph of a tropical coastline. The water is a vibrant turquoise color, transitioning to a deeper blue further out. A large, light-colored rock is visible in the water. Two small, white boats are floating near the shore. The land is visible in the background, showing a mix of green and brown. The image is partially obscured by a large, white, curved shape on the right side.

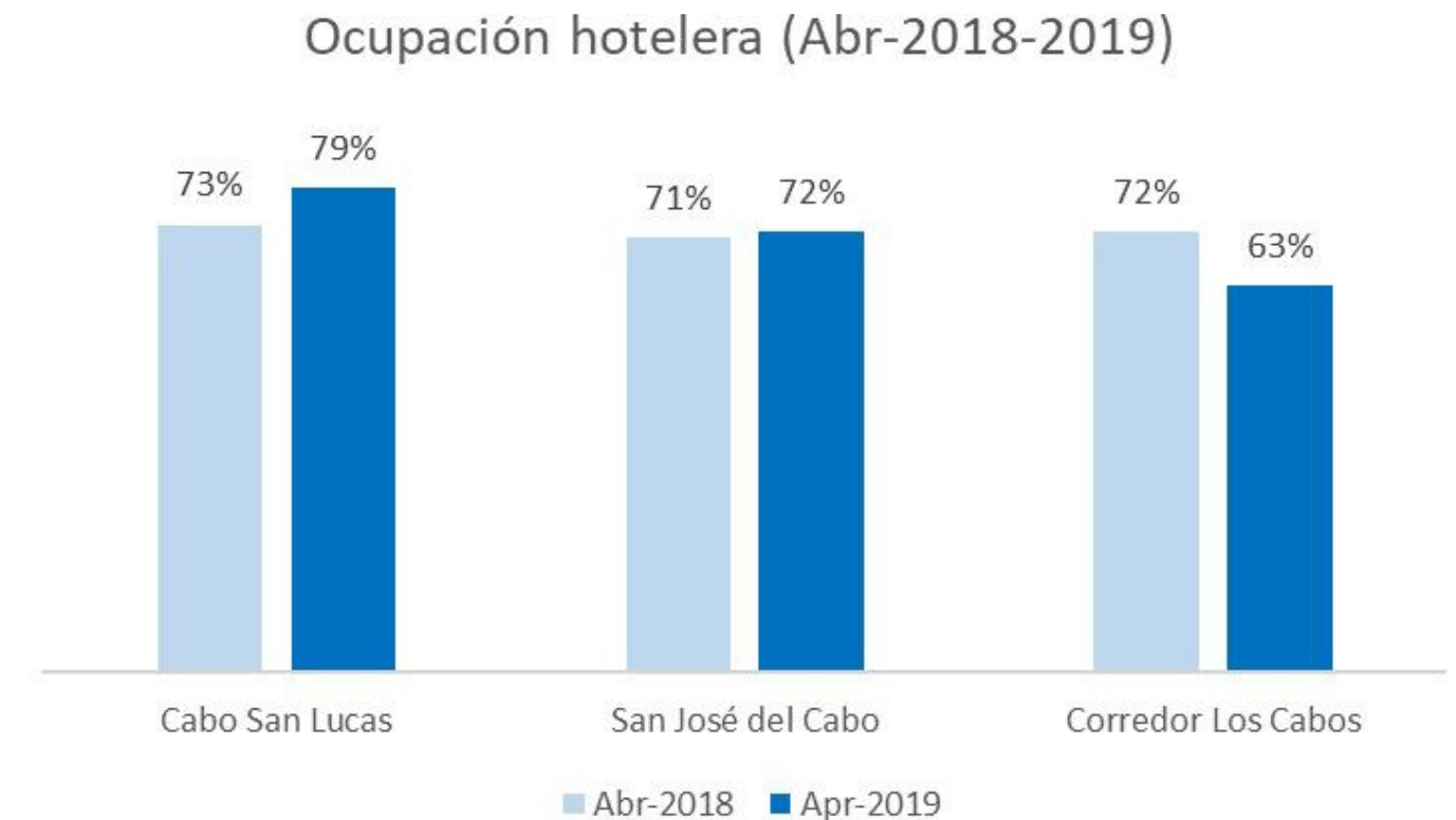
TOURISM OBSERVATORY IN LOS CABOS

SUPPLY INDICATORS

Evolution of hotel offer for Los Cabos and Sub-Destinations



Source: ASOCIACION DE HOTELES DE LOS CABOS



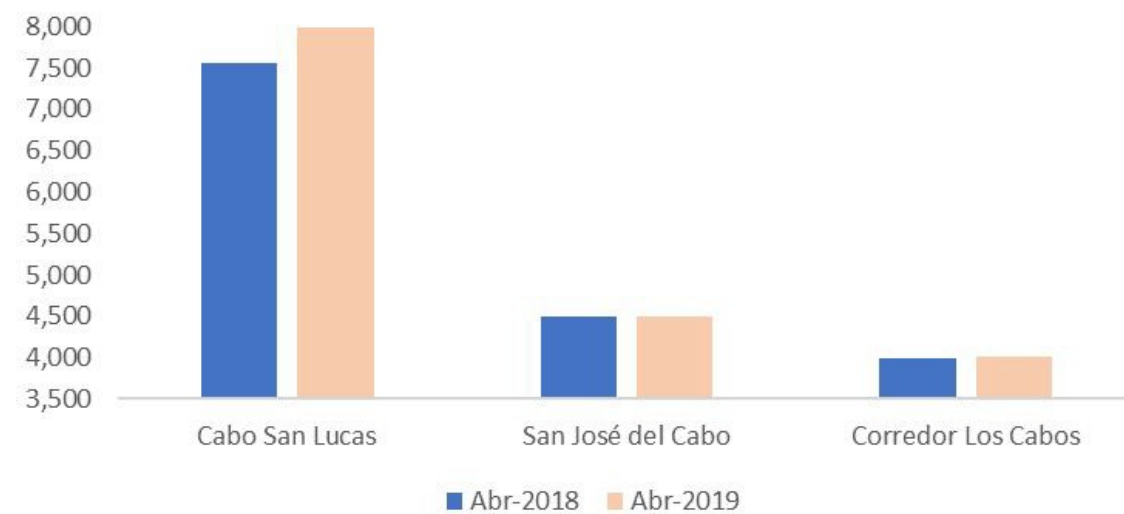
Source: ASOCIACION DE HOTELES DE LOS CABOS

- According to the Asociación de Hoteles de Los Cabos, hotel occupancy in Los Cabos registered 73%, and decreased 3pp in comparison to Apr-2018 with Apr-2019. At sub-destination level, Cabo San Lucas continues to increase its occupation, and in Apr-2019 6pp increases compared with the previous year. However, San Jose del Cabo lost 1pp and Los Cabos Corridor 9pp.
- The arrival of tourists to Hotels to Los Cabos in Apr-2019 registered 174,713, decreasing 1.2% compared with Apr-2018 and the average stay increased 22. nights (4.8 to 5.02; based on DATATUR).
 - International tourism fell 17.5% in this period, however domestic tourism increased 74.9%.
 - In Apr-2019, international tourism accounted for 69% of the total, while the domestic tourism did in 31%. The previous year, a participation of 82% and 17%, respectively was registered.

Hotel Offer

Evolution of hotel offer for Los Cabos and Sub-destinations

Cuartos disponibles
(Abr-2018 vs Abr-2019)

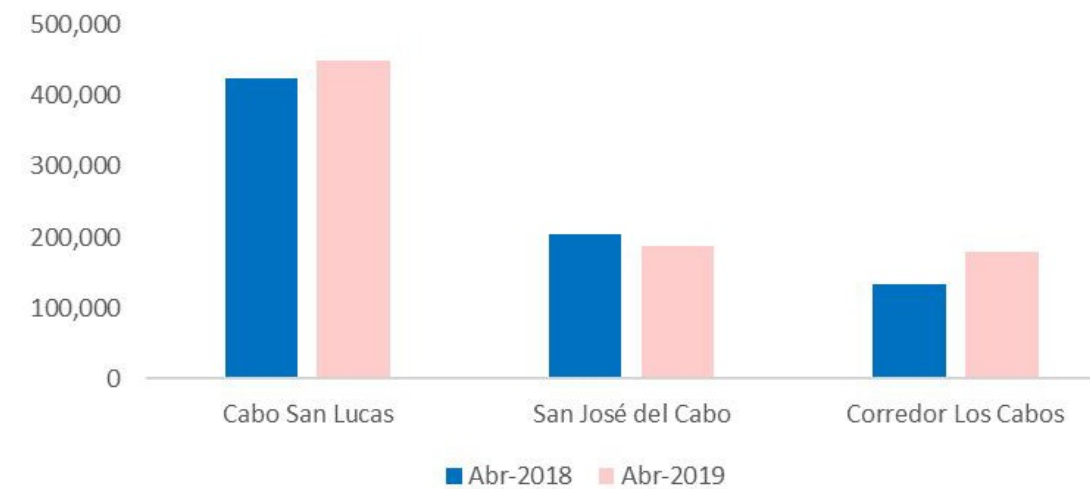


Source: DATATUR

CABO SAN LUCAS

- According to the Asoc. de Hoteles, the highest occupancy rate of Apr-2019 vs Apr-2018) of all subdestinations: 79% with increase of 6pp.
- Increase in the supply: From Apr-2018 to Apr-2019 the hotel offer increased 5.5% increasing from 7.5 to 8 thousand (DATATUR).
- The room nights grew 6.3% between Apr-2018 and Apr-2019 (DATATUR).

Habitaciones noche
(Abr-2018 vs Abr-2019)

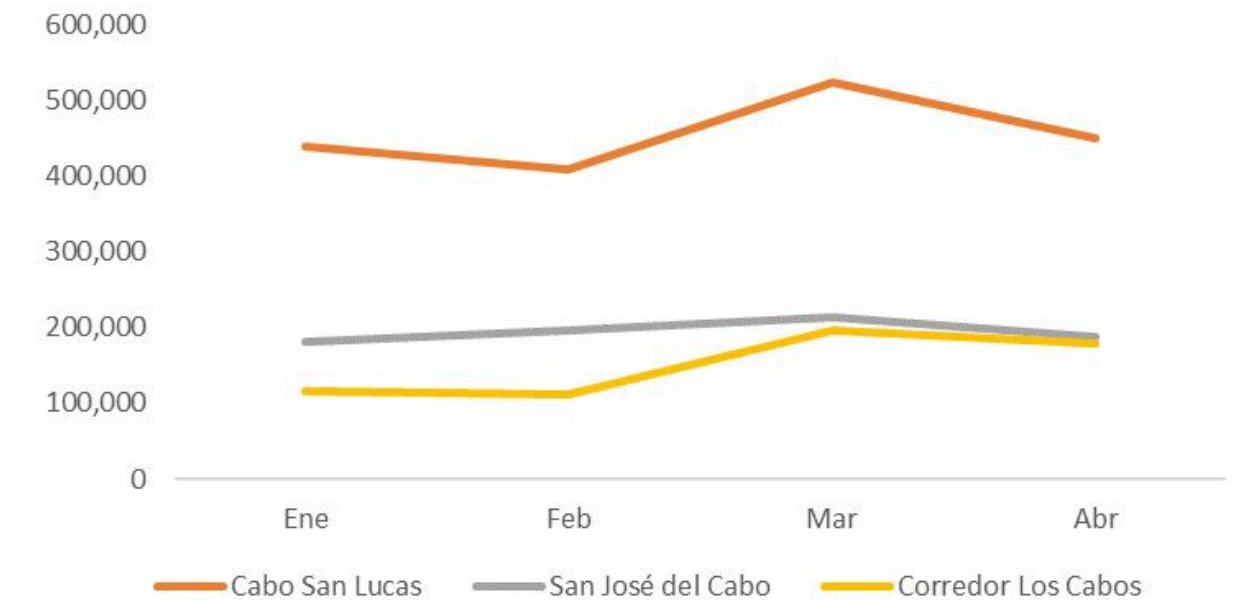


Source: DATATUR

SAN JOSE DEL CABO

- Increment of 1pp in the occupation in comparison to Apr-2018 and Apr-2019 (Asoc. de Hoteles): 71% to 72%.
- Between Apr-2018 and Apr-2019 the hotel supply has remained unchanged: 4.5 thousand (DATATUR).
- Had a decrease of 8.7% Room Nights: Between Apr-2018 and Apr-2019 (DATATUR).

Habitaciones noche ocupadas (mensual 2019)



Source: DATATUR

Los Cabos Corridor

- Greater fall in the occupation between Apr-2018 and Apr-2019: -9pp from 72% to 63% (Asoc. de Hoteles).
- Between Apr-2018 and Apr-2019 the hotel supply has remained unchanged: 4 thousand (DATATUR).
- The room nights had the largest increase of all sub-destinies: 33.5% between Apr-2018 and Apr-2019.

Hotel Offer

Evolution of the average rate and RevPAR of Los Cabos and sub-destinations

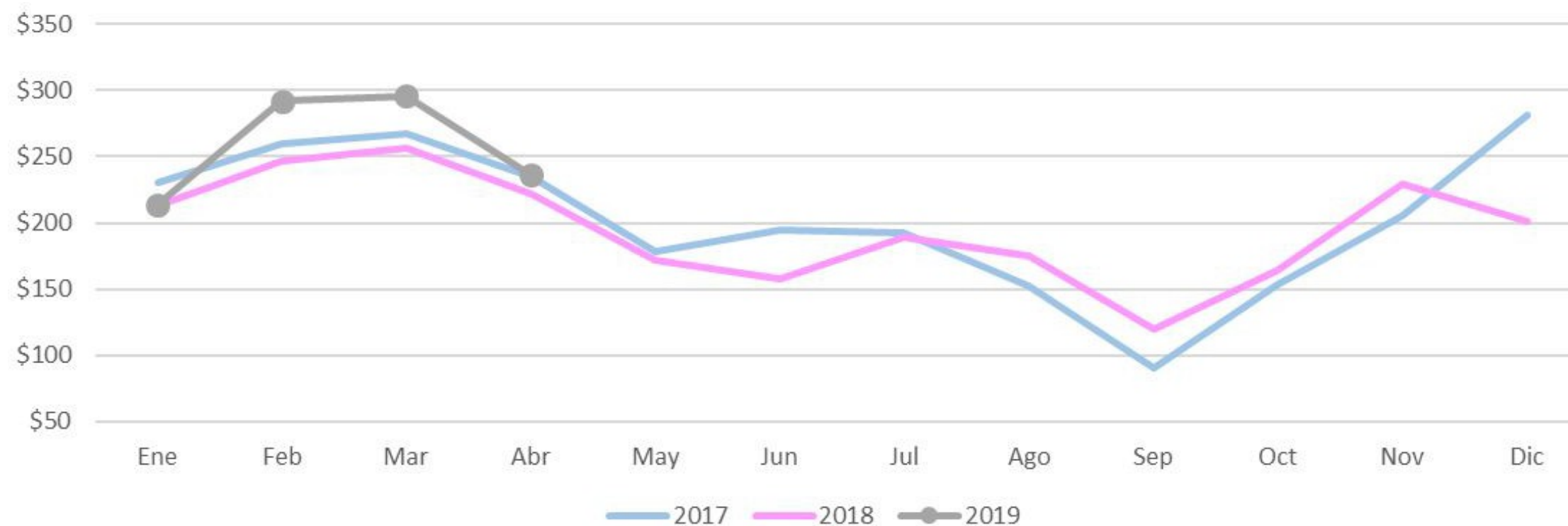
- The average rate in Los Cabos in Apr-2019 was \$323 USD; \$26 above the average for last 12 months; and 31 dollars above that in Apr-2018 (or an increase of 10.1%). The RevPar was \$236 USD; 32 above average of last 12 months (14 dollars above Apr-2018).
- The Corridor of Los Cabos had the highest rate, located at \$494 USD, and an increment of 58 USD above the rate in Apr-2018 (+13%).
- San Jose del Cabo, was the sub-destination with a greater increment (continuing a trend from Aug-2018, growing in an average rate at \$91 dollars (+58%) to be located at \$249.
- Cabo San Lucas reduced its average rate by \$27 USD (-11%) to be located at \$277 dollars.

Average Rate Los Cabos (USD, 2018 - 2019)

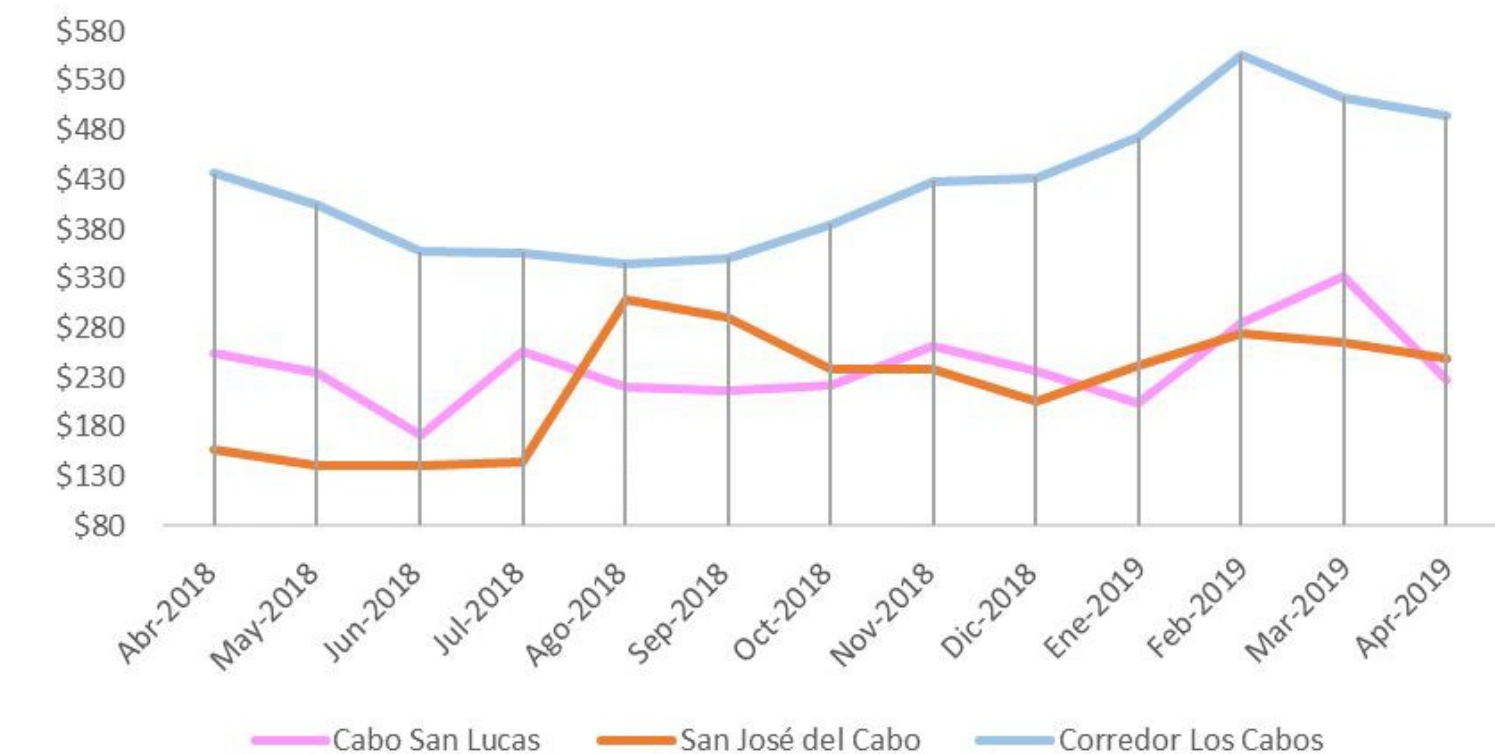


RevPAR Los Cabos (USD, 2018 - 2019)

Source: ASOCIACION DE HOTELES DE LOS CABOS



Average Rate sub-destinations (USD, monthly, last 12 months)



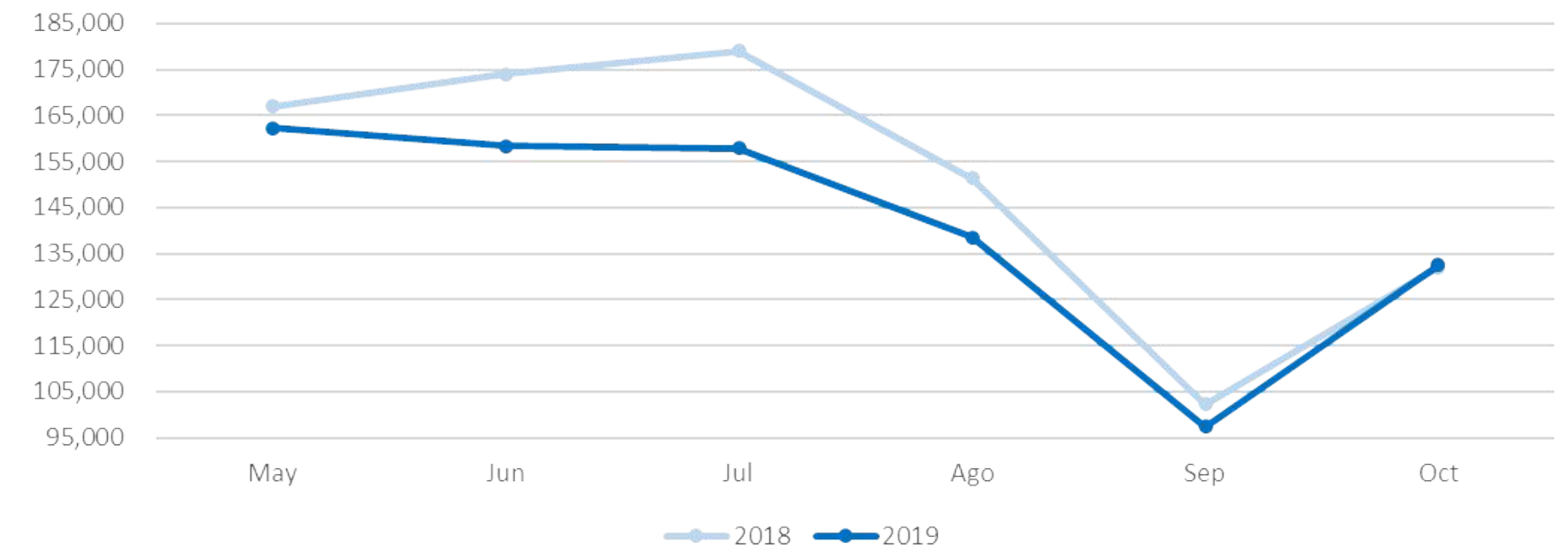
International air connectivity

Sources: OAG

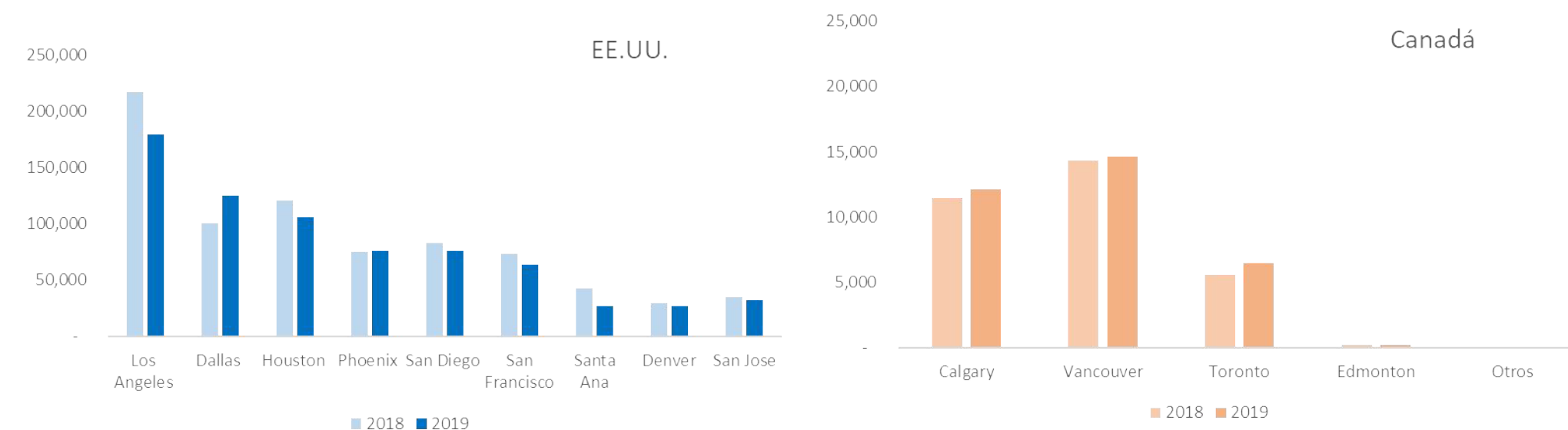
Seats are SCHEDULED FOR MAY-OCT, 2019

- For May-2019 there are 2.7% less scheduled seats available than in the same period in 2018 and for May-Oct 2019 there are 6.5% less than for the same period of 2018.
 - Most of the airports of origin in the U.S. presented decrements except Dallas, who has scheduled 25% more seats in these 6 months, and Phoenix which remains unchanged.
 - The main decrement is recorded in Los Angeles, which shows a decrement of 17.5% in these 6 months. San Francisco decreases 17.2, Houston decreases 12.8%, San Diego 8.4%.
- The main market in the US is Los Angeles (22%), followed by Dallas (15%), and Houston (13%). All of California as a whole represents 46% of the seats available from U.S. to SJD in this period.
 - The participation of LAX in the international market will decrease 3pp however the DFW will increase 4pp. American, Alaska Airlines, Delta, United and Southwest are the most important (concentrating 91% as a whole).
- For Canada, the main markets are Calgary (36%) Vancouver (44%), Toronto (19%) and Edmonton (1%); through the WestJet Airlines (61%), Sunwing (37%) and Air Canada (1%).
 - The Seats scheduled from Canada as a whole will grow by 5.8%.
- The factors of occupation of the international airlines for Mar-2019 were: American 77%, Alaska 86%, Delta 67%, United 83%, Southwest 81%; AirCanada 82%, Sunwing 89%, WestJet 81%.
 - When comparing with Mar-2018, there are similar factors, except in the case of Air Southwest which increased 4pp (USA market) and Air Canada who lost 7pp (Canada market).

Programación de asientos hacia San José del Cabo (May-Oct-2019)



Seats are scheduled by origin (May-Oct, 2018-2019)





TOURISM OBSERVATORY IN LOS CABOS

PUBLIC RELATIONS

Public Relations, notes, and scope (Apr-2019)

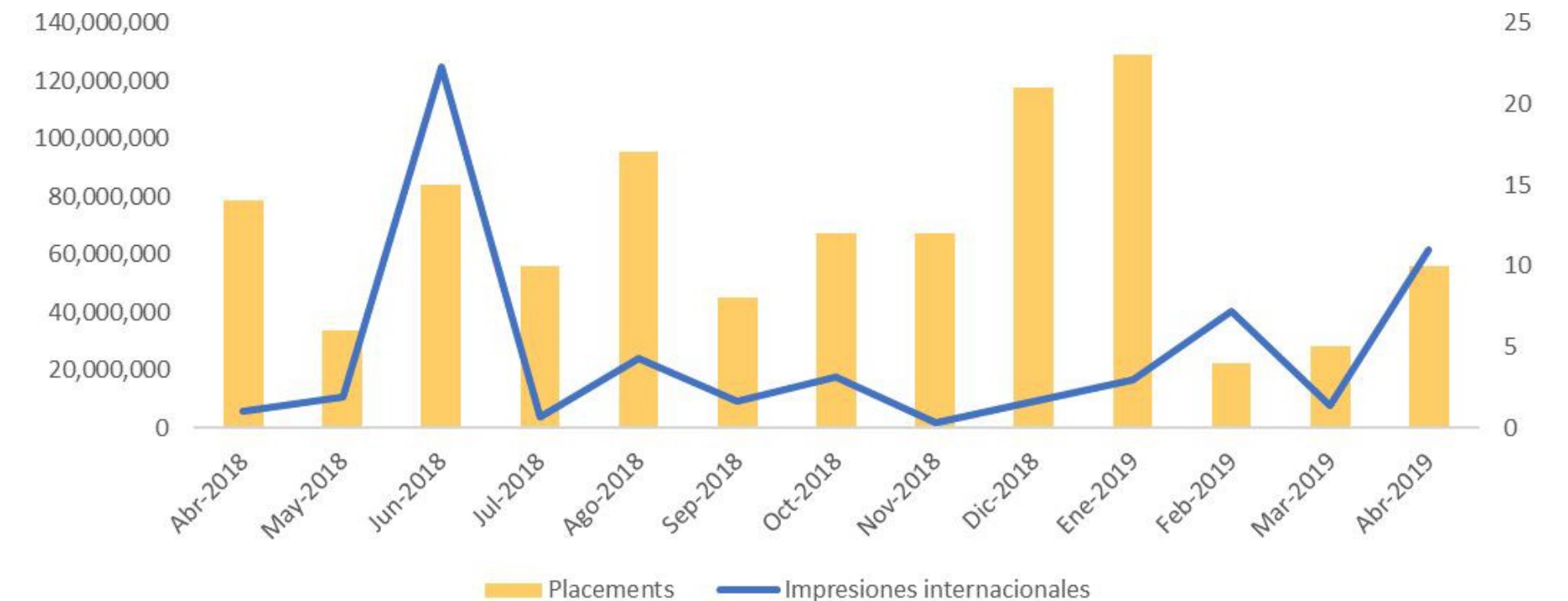
- In the domestic market:
 - In the period May-2018 Apr-2019 (last 12 months) there were 2,939 insertions in national press (245 per month on average), generating a range of 975 million impacts (81 million per month on average). During Apr-2019, 1,006 inserts were paid achieving 94 million impacts.
- In the international market:
 - In the period from May-2018 to Apr-2019 there were 169 insertions in the international press (12 per month on average), generating a range of 340 million impacts (27 million per month on average). During Apr-2019, 10 insertions were published thus, achieving 61 million impacts.

TOTAL OF DOMESTIC NOTES AND SCOPE (MAR-2019)



Source: GAUDELLI (Feb-18 to Jan-19), Llorente AND CUENCA (Feb-Mar-19)

TOTAL OF INTERNATIONAL NOTES AND SCOPE (MAR-2019)



Source: NJF (Feb-18 to Jan-19), OGILVY (Feb-Mar -19)

Definitions

- **Congress.** Meetings are not very business oriented in which takes place the encounter of large groups of individuals, usually to discuss and exchange views on a topic of interest. (Professional, cultural, sporting, religious, social, government or academia, among others) usually have a duration of several days and with concurrent sessions, as well as a multi-annual frequency or predefined.
- **Convention.** Trade or business meetings usually sponsored by a corporation, in which the participants represent the same company, corporate group or relations of customer or supplier. Sometimes the participation is mandatory, so, travel expenses are borne by the corporation. Includes those general meetings and formal of a legislative body, social or economic, in order to give information, deliberate or establish consensus or deal with policies on the part of the participants, as well as treat trade issues around a market, product or brand. Can contain a secondary component of exposure.
- **Rooms available.** Is the number of rooms or rooms that are in service. Does not account for the rooms by repair or some other cause are out of service
- **A tourist destination.** The main target of a tourist trip is the place visited which is essential for the decision to travel. See also main reason for a tourist trip.
- **Seasonality.** Means that the flows or tourist flows tend to concentrate around certain times of the year, repeating this process annually
- **Stay.** Results from dividing the total number of tourists night between the number of tourist arrivals per month. The result expresses the number of days of stay of the tourist.
- **Events or incentive trips.** The incentive trip is a modern strategy focused on management to recognize people that met or exceeded objectives commonly related to sales or productivity, addressed to the participants that demonstrate a better performance in their work with a extraordinary travel experience.
- **Rooms per night.** Is obtained from the daily record number of tourists that occupy the rooms of the establishment, for their time of stay, (number of nights spent in the establishment) and is classified according to their place of origin, in residents or non-residents.
- **Inflation.** Continuous and generalized increase in the price of goods and services offered in an economy. It is the average rate of growth from one period to another of the prices of a goods and services basket.
- **Underlying inflation.** The rise in the prices of a subset of the CPI (Consumer Price Index), which contains generic ones with quotes less volatile. Measures the tendency of inflation in the medium term. The 283 generic concepts that make up the basket of goods and services in the CPI are sorted or grouped into subsets that respond to particular needs of analysis, between the classifications are the best known of by object of expenditure, which refers to the origin of the goods and services and the durability of the assets and underlying inflation.
- **Arrival of passengers.** Passengers transported by aircraft of airlines with established routes and itineraries
- **Arrival of tourists.** The number of tourists correspond to those recorded by the establishment during the month.

Definitions

- **Nationality of a visitor.** The country that grants the passport or identity document, although habitually resident in another country.
- **Non-resident.** Is the person whose usual environment is outside of the Mexican territory and that visit this last for a shorter period to 12 months for any reason (business, vacation, and others). Excludes if a remuneration is received for the activities developed in the place visited
- **Occupancy.** The rate of occupation of the lodgings is a concept based on the offer. It is an important indicator to numerous effects. Provides information about the differences of use between the various types of lodging establishments and if it occurs in monthly data also indicates the seasonal pattern of the use of tourist accommodations.
- **RevPAR.** The RevPAR It is the most important gauge used in the hospitality industry to assess the financial performance of an establishment or a chain. It is an abbreviation of the English Revenue Per Available Room, Income per available room. Always refers to a specific period (weekly, monthly, yearly, etc.). A way to calculate the RevPAR It is through the formula: $RevPAR = It / \Sigma Ht$, Where it is equal to the total revenue of the rooms in a period t. ΣHt It is equal to the total number of available rooms in a period t. That is to say, the rooms of the establishment or chain multiplied by the number of nights of period t least the rooms are not available.
- **A resident.** Individual whose usual environment is located on the territory of the United Mexican States
- **Residence.** Is the place/country in which the traveler has remained during the greater part of the previous year (12 months), or has remained for a shorter period and intends to return within 12 months to live in that country.
- **Average daily rate.** The average daily rate (commonly known as ADR - for its acronym in English Average Daily Rate) Is a statistical unit that represents the average income per occupied room, paid in a given period of time. ADR along with occupation of the property are the bases for the financial performance of the property. The ADR is calculated by dividing the income of the rooms, including the number of rooms sold, should be excluded from the guest rooms of the house (known as "House use") and rooms free of charge (known as Complimentary) Of the denominator.
- **Tourist.** Any person who travels outside of their usual location for a period of less than 12 months and for any reason, except persons who engage in activities that will generate income in the travel destination; refugees or migrant workers; diplomats; seasonal workers or border crossings, or employees of travel.
- **Visitor.** Any person who travels outside of their usual location for a period of less than 12 months for any reason, with the exception of persons who participate in activities that will generate income at the travel destination: refugees or migrant workers, diplomats, frontier workers or seasonal, employees, or persons seeking to establish a new residence or employment.

TOURISM OBSERVATORY IN LOS CABOS

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