

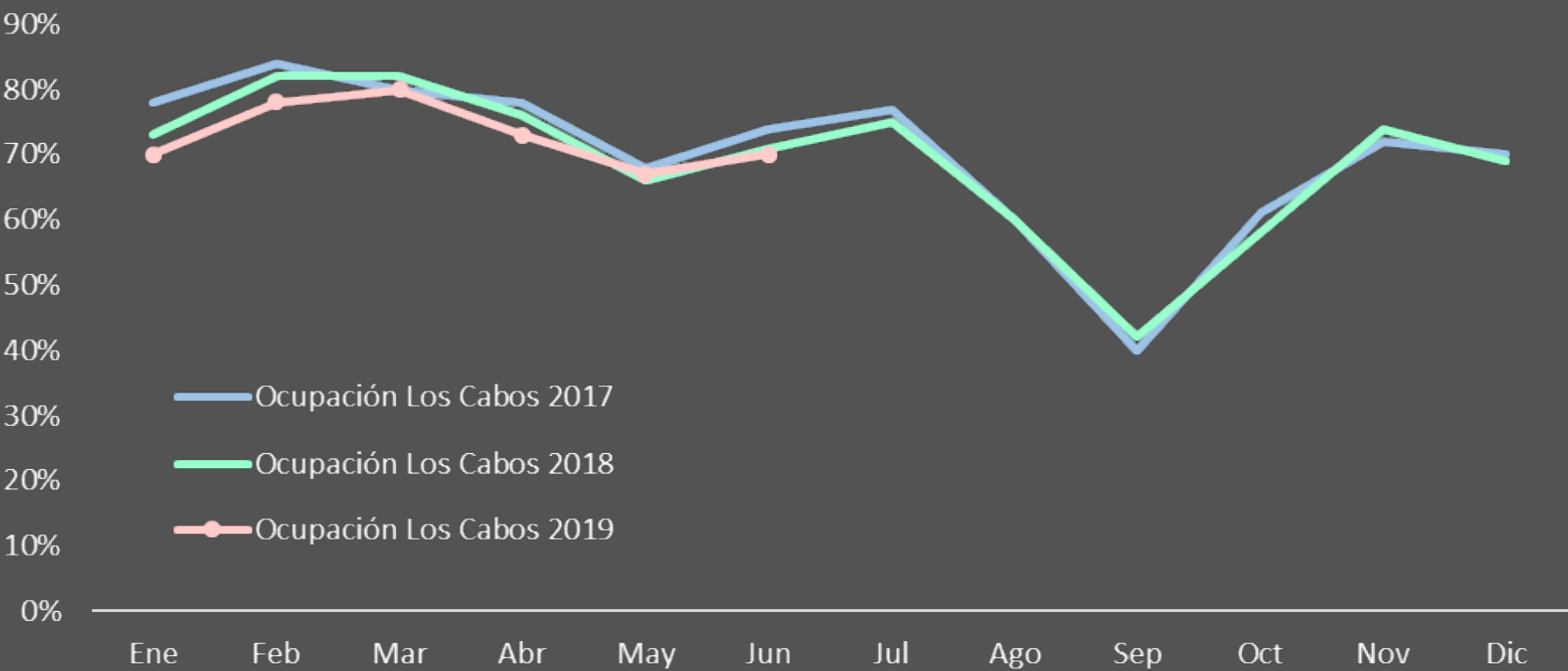


TOURISM OBSERVATORY IN LOS CABOS

August 2019

Main indicators - Summary

Hotel activity



Source: ASSOCIATION OF HOTELS OF LOS CABOS

Available Rooms
(Jun-2019):
20,826
+0.4%
(Vs Jun-2018)

Source: DATATUR

Occupancy
(Jun-2019):
70%
-1pp
(Vs Jun-2018)

Source: ASOC. DE
HOTELES DE LOS
CABOS

Rooms Per Night
(Jun-2019):
1,107,410
+5.4%
(Vs Jun-2018)

Source: DATATUR

Arrival of passengers by air

Total passengers
(Jul-2019, in
thousands):
266.7
+4.6%
(Vs Jul-2018)

Domestic Passengers
(Jul-2019, in thousands):
108.6
+23.3%
(Vs Jul-2018)

International passengers
(Jul-2019, in thousands):
158.1
-5.2%
(Vs Jul-2018)

Source: GAP

Total of Business Group
RFPs (Jul-2019):
34
+15 RFPs
(Vs Jul-2018)

Surveys to Tourists
Tourist Satisfaction (more
than expected, Jun-
2019):
38.6%
+1.4pp
(Vs Jun-2018)

Passengers on a cruise
ship
(Jun-2019):
16.066
+32.8%
(Vs Jun-2018)

Participants in
congresses and
conventions (Jun-2019):
2.1% of the
total

+1.8pp
(Vs Jun-2018)

Source: Tourists Surveys

Origin of Tourists
(Jun-2019):
75.7% Foreigners
+2.7Pp
(Vs Jun-2018)

Source: Tourists Surveys

Cruise ships
(Jun-2019):
5
+0%
(Vs Jun-2018)

Source: DATATUR



TOURISM OBSERVATORY IN LOS CABOS

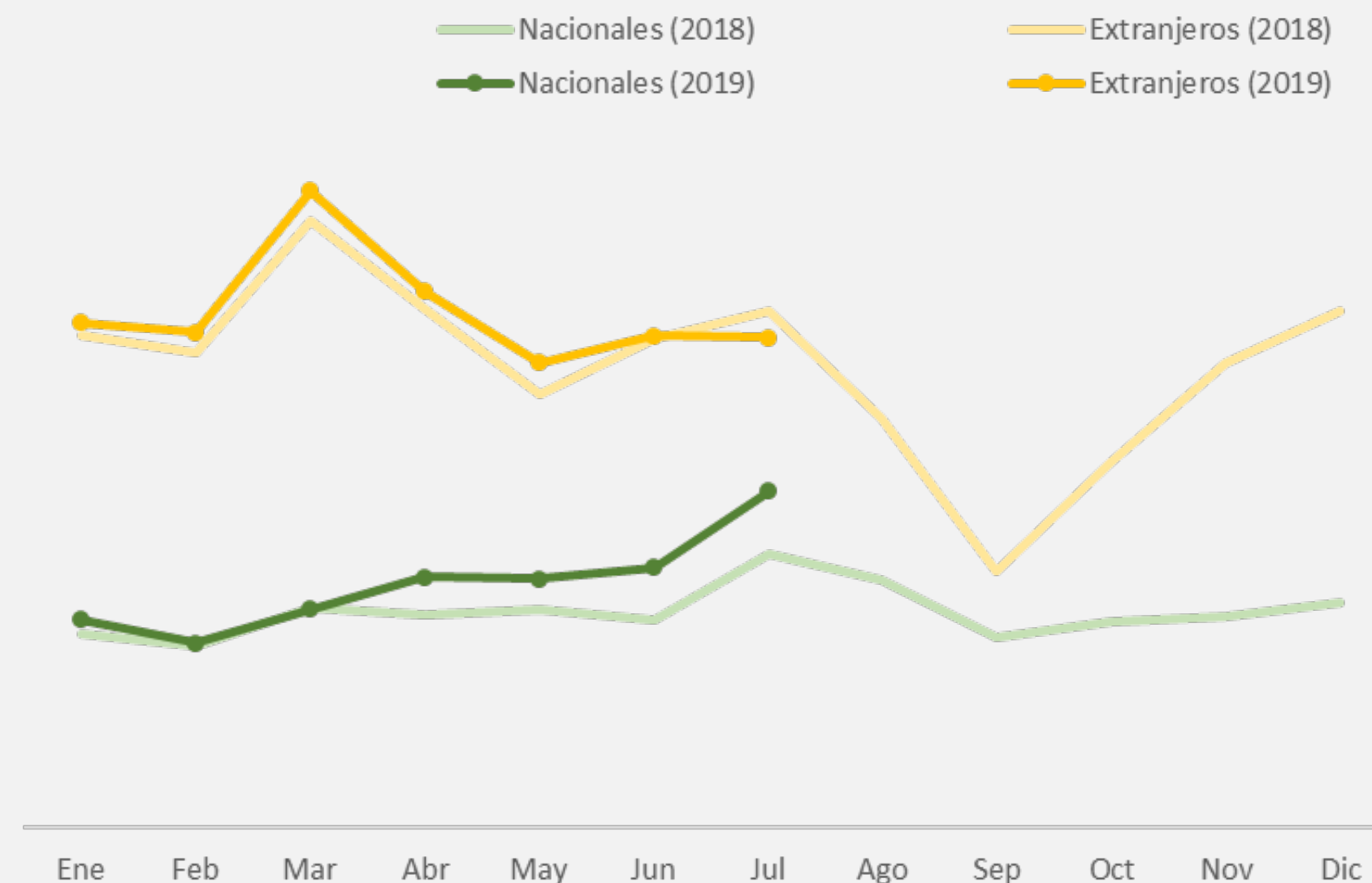
DEMAND INDICATORS
PASSENGERS AND TOURISTS

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

- **Jul-2019** registered the arrival of 266.7 thousand passengers to the airport of Los Cabos, which means an increase of 4.6% compared to the same period in 2018. When comparing the accumulated Jan-June-2019 vs previous year there is an increase of 5.7%.
 - Passengers on domestic flights (108.6 thousand) represent 40.7% of total arrivals and had an increase of 23.3% regarding Jul-2018.
 - Passengers on international flights (158.1 thousand) represent 59.3% and had a decrease of 5.2% (first month in the year with decrement).

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

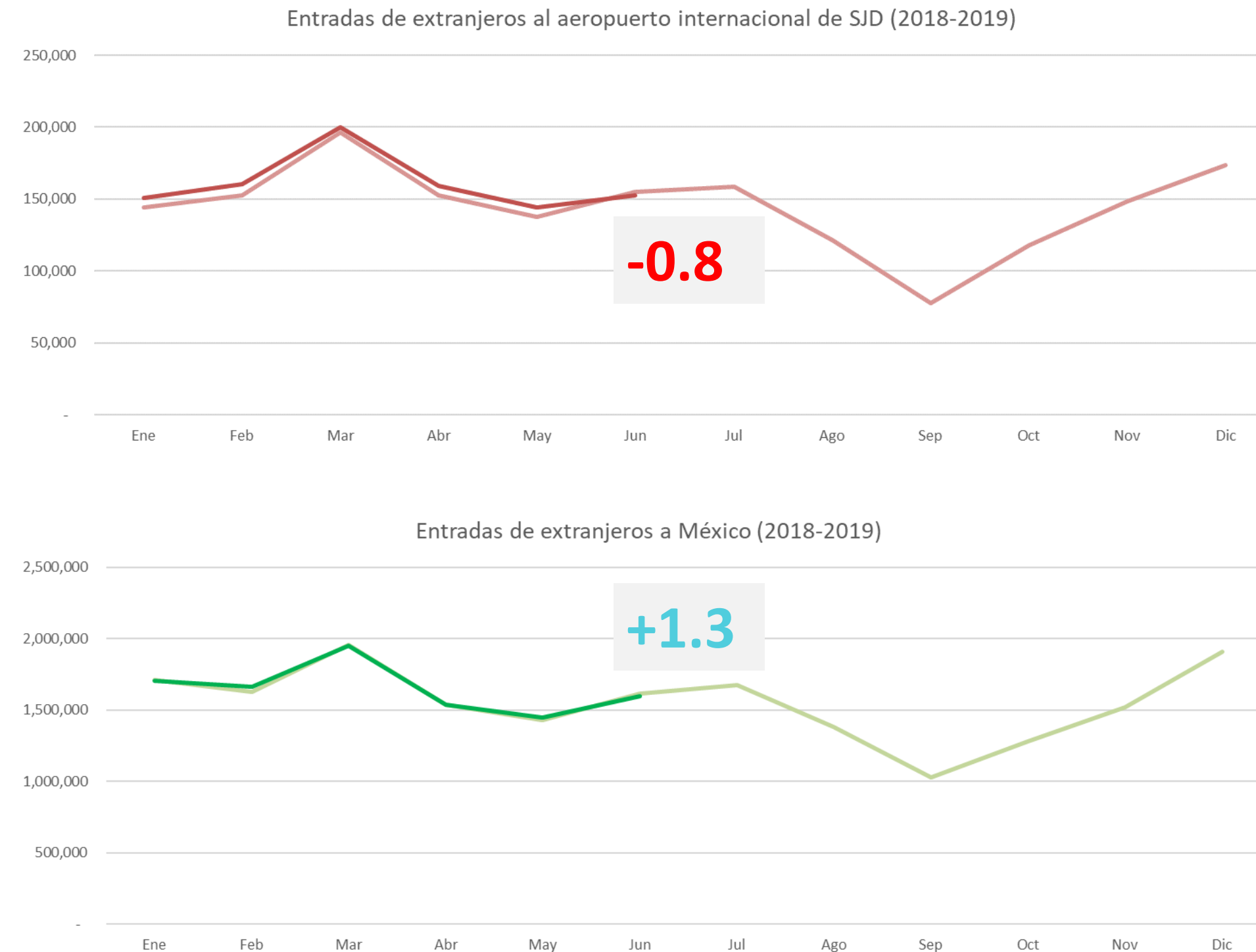
Regiones	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Δ Jun-19 / Jun-18	Δ Ene-Jun-19 / Ene-Jun-18
EE.UU.	148,990	152,331	114,299	72,390	107,692	129,090	147,461	122,358	133,400	173,759	140,159	135,239	146,487	-1.7%	1.8%
Canadá	3,391	3,568	4,039	3,205	6,887	16,041	21,866	24,304	22,218	24,065	16,499	6,852	4,225	24.6%	16.2%
Europa	360	608	1,138	441	535	713	1,060	841	1,097	921	1,198	1,011	782	117.2%	74.9%
Centro y Sudamérica	180	255	177	148	165	144	228	295	168	185	286	232	134	-25.6%	6.0%
Resto del Mundo	715	840	751	682	668	654	1,303	1,053	699	1,161	1,030	955	765	7.0%	35.5%
Gran total	153,636	157,602	120,404	76,866	115,947	146,642	171,918	148,851	157,582	200,091	159,172	144,289	152,393	-0.8%	3.6%

Mercados clave	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Δ Jun-19 / Jun-18	Δ Ene-Jun-19 / Ene-Jun-18
Reino Unido	91	178	280	118	140	218	326	236	259	272	336	131	94	3.3%	23.2%
España	28	51	107	53	51	36	61	34	38	45	38	24	16	-42.9%	21.9%
Australia	282	391	288	269	302	189	461	488	177	274	388	352	347	23.0%	22.9%
Corea del Sur	115	105	94	107	102	115	159	103	132	140	123	95	72	-37.4%	59.9%
Total mercados clave	516	725	769	547	595	558	1,007	861	606	731	885	602	529	32.6%	27.6%

Source: INM- SIOM

Monthly evolution of the arrival of foreign tourists by air

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



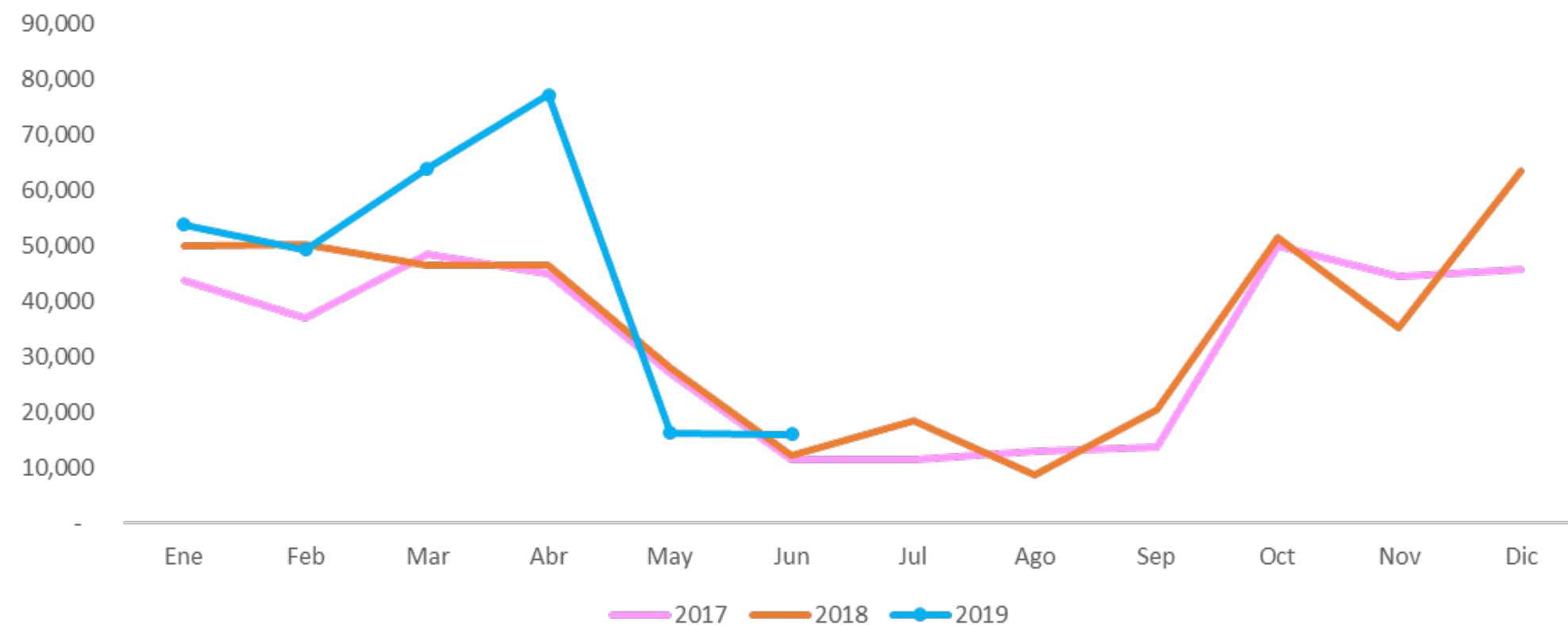
- When comparing June-2019 versus June-2018, at domestic level there is an increase in the arrival of tourists by 1.3% while to Los Cabos decreased 0.8%.
- At the domestic level, the American market decreased by 0.5% while the Canadian market grew by 2.9%. Other markets had important growth, like the Colombian (6.8%), Brazilian (9.2%) and Ecuadorian (126.8%).
- At the airport of Los Cabos, the U.S. market dropped 1.7% and the Canadian increased 24.6% when comparing Jun-2019 with Jun-2018.
- The accumulated Jan-Jun continues with the negative trend at the domestic level in the US market (a drop of 0.4%), hence a low or no growth is expected at the end of 2019. At the same time, the Canadian market maintains its growth (+6.8%) so far this year.

Source: INM- SIOM

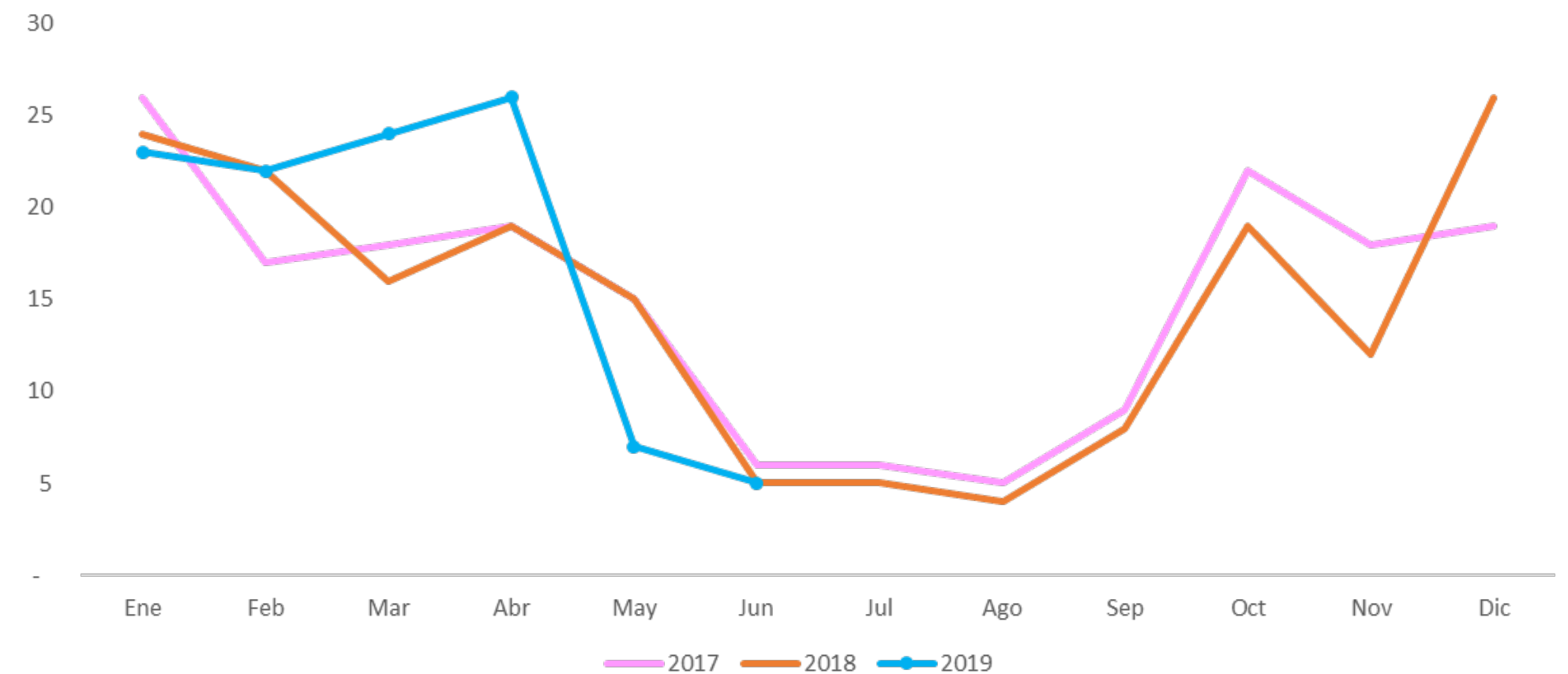
Arrival of passengers on cruise ships and vessels (2017-2019)

- **June-2019** recorded the arrival of **16,066** passengers on cruise ships to the Port of Cabo San Lucas.
 - It means an increase of **32.8%** in the volume of passengers in comparison with June-2018.
 - The arrival of **5** cruise ships was registered: volume equal to the previous year.
 - Translates into an average of **3,213** passengers per boat.

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



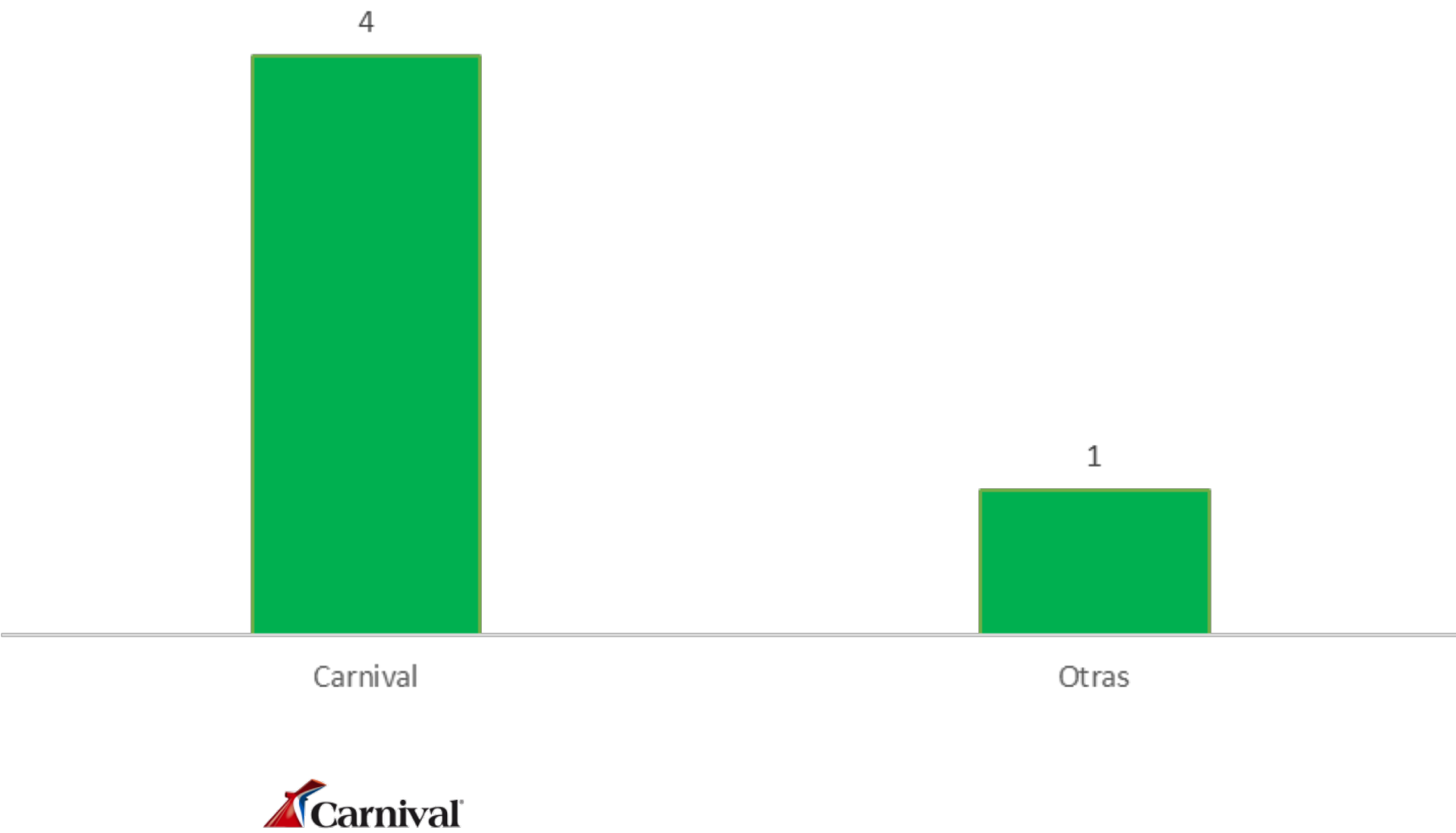
Embarcaciones de cruceros arribando al puerto de Cabo San Lucas, mensual (2017-2019)



Source: DATATUR - SCT

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

Fecha	Embarcación	Línea Naviera	Capacidad max.
03-Jun-19	Carnival Splendor	Carnival	3,710
10-Jun-19	Carnival Splendor	Carnival	3,710
17-Jun-19	Carnival Splendor	Carnival	3,710
24-Jun-19	Carnival Splendor	Carnival	3,710



The 5 cruise ships that arrived to the Port of Cabo San Lucas in June-2019 were operated only by 1 shipping line: Carnival, With a maximum capacity of 14,840 passengers.

Source: CREW-CENTER.COM

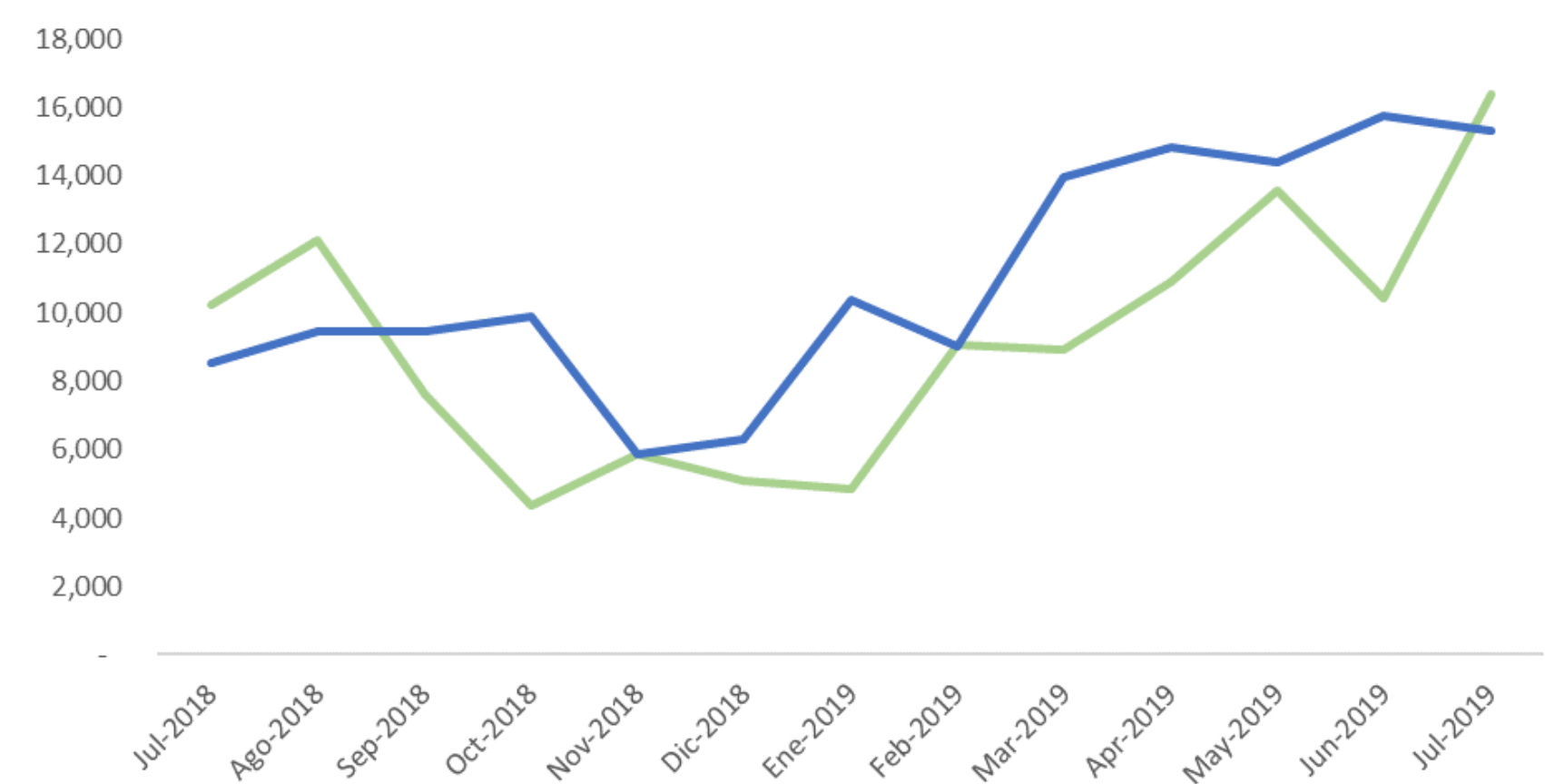


TOURISM OBSERVATORY IN LOS CABOS

DEMAND INDICATORS
SURVEYS OF TOURISTS AND GROUP
BUSINESS

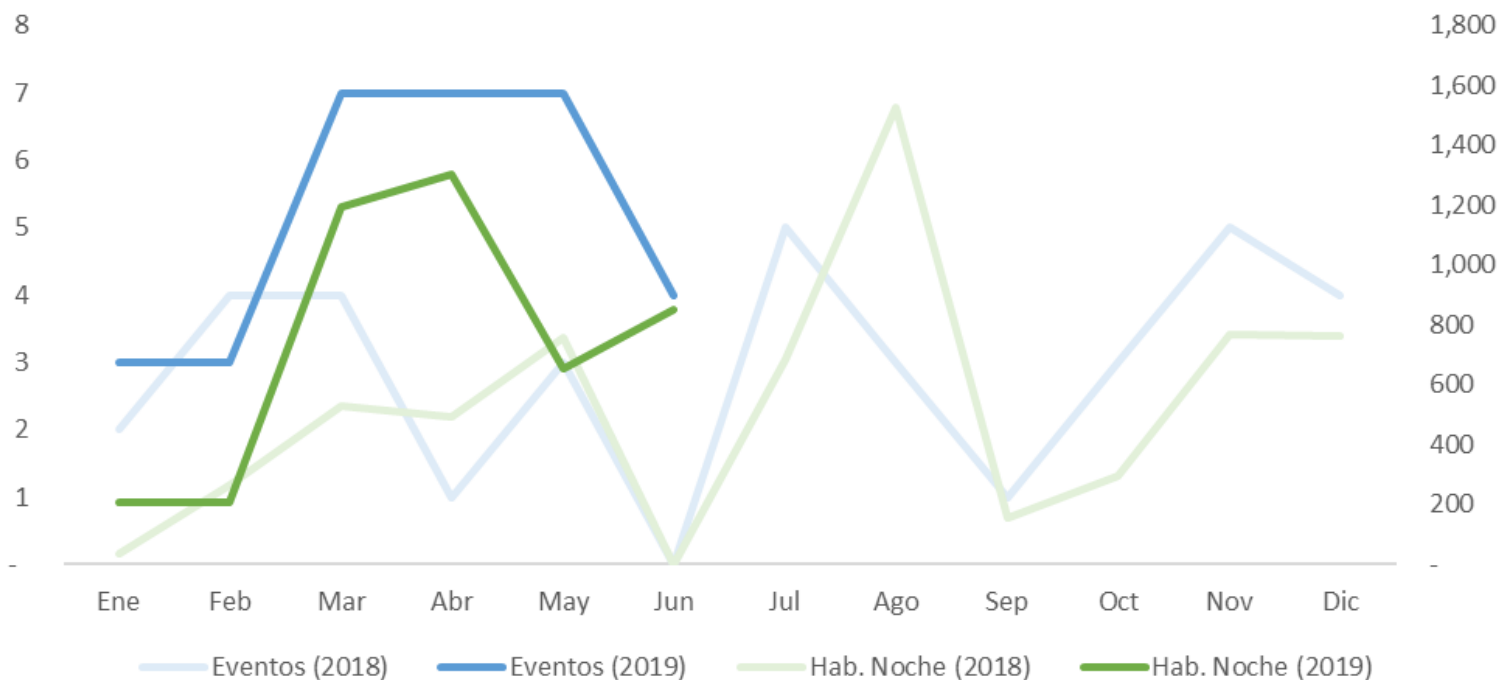
Demand Indicators: Group Business

RFPs de eventos y habitaciones noche de reuniones y grupos, últimos 12 meses (CVENT)



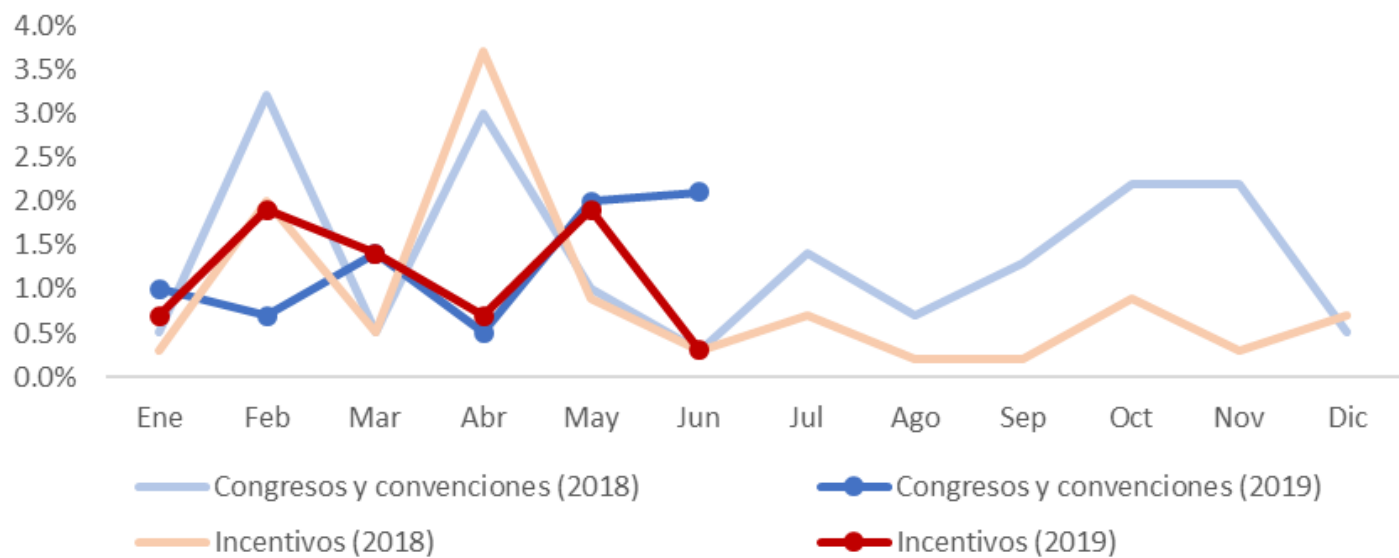
Source: CVENT

Eventos y habitaciones noche confirmadas de reuniones y grupos (Helms Briscoe)



Source: Helms Briscoe

Asistentes a congresos, convenciones y viajes de incentivo (% del total de turistas)



Source: SURVEY OF TOURISTS

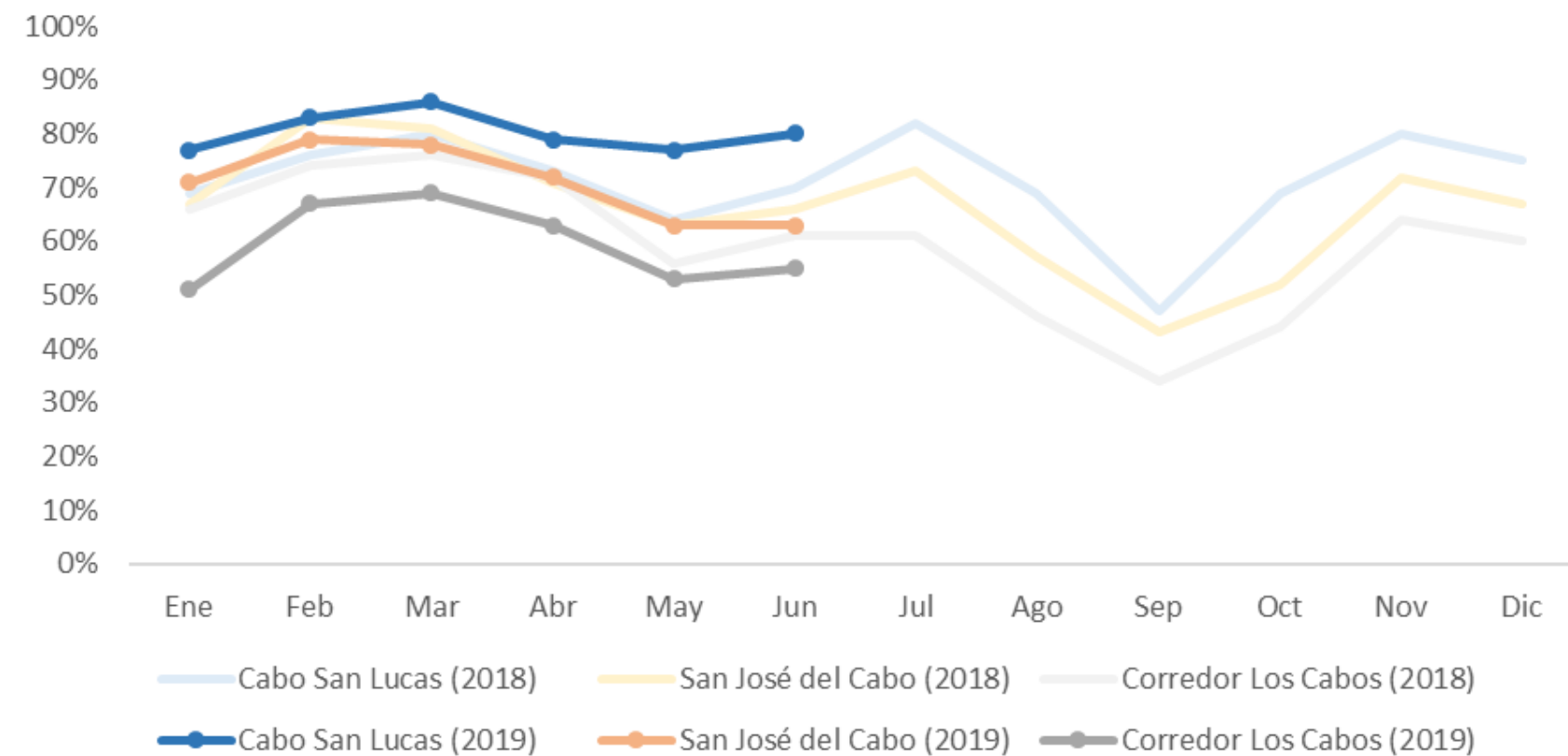
An aerial photograph of a clear, turquoise ocean. In the center, there is a large, light-colored rock. Below the rock, two small kayakers are visible, paddling in the water. The image is partially obscured by a large, curved white shape on the right side, which contains the text.

TOURISM OBSERVATORY IN LOS CABOS

SUPPLY INDICATORS

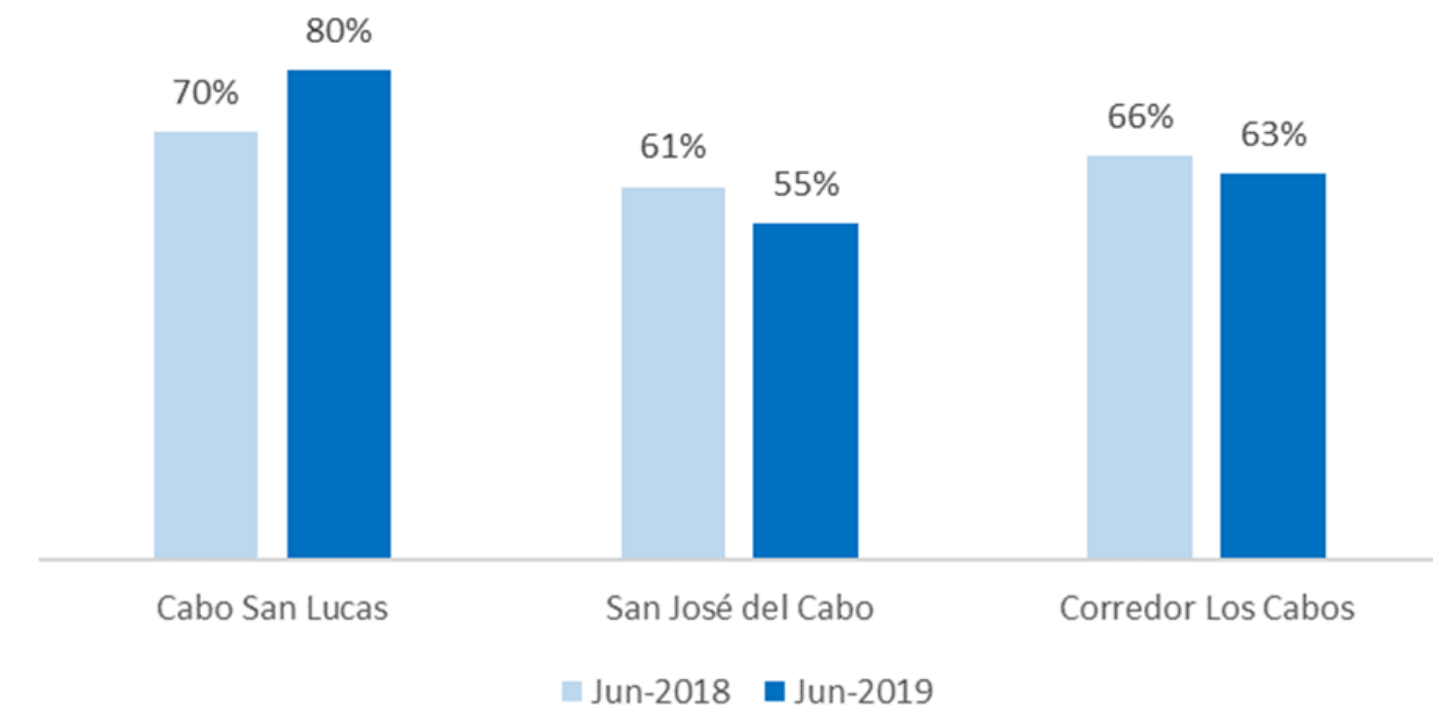
Evolution of the hotel offer for Los Cabos and Sub-destinations

Ocupación hotelera mensual (2018-2019)



Source: ASSOCIATION OF HOTELS OF LOS CABOS

Ocupación hotelera (Jun-2018-2019)



Source: ASSOCIATION OF HOTELS OF LOS CABOS

- According to the Asociación de Hoteles de Los Cabos, hotel occupancy in Los Cabos registered 70%, and decreased 1pp when comparing June-2018 with June-2019. At sub-destination level, Cabo San Lucas continues to increase its occupation, and in Jun-2019 increased 10pp compared with the previous year. While San Jose del Cabo lost 6pp and reached 55% and Los Cabos Corridor lost 3pp, registering 63%.
- The arrival of tourists to Hotels to Los Cabos in Jun-2019 registered 222,833, increasing 5.5% compared with Jun-2018 (+11.5 thousand) and the average stay remained the same (4.97; based on DATATUR). However, the stay of domestic tourists had an increase of 1.18 nights, registering 4.13.
 - International tourism in hotels dropped 6.7% in this period, while domestic tourism increased 52.2%.
 - In Jun-2019, international tourism accounted for 72.1% of the total, while the domestic did in 27.9%. The previous year, there was a participation of 80.7% and 19.3%, respectively.

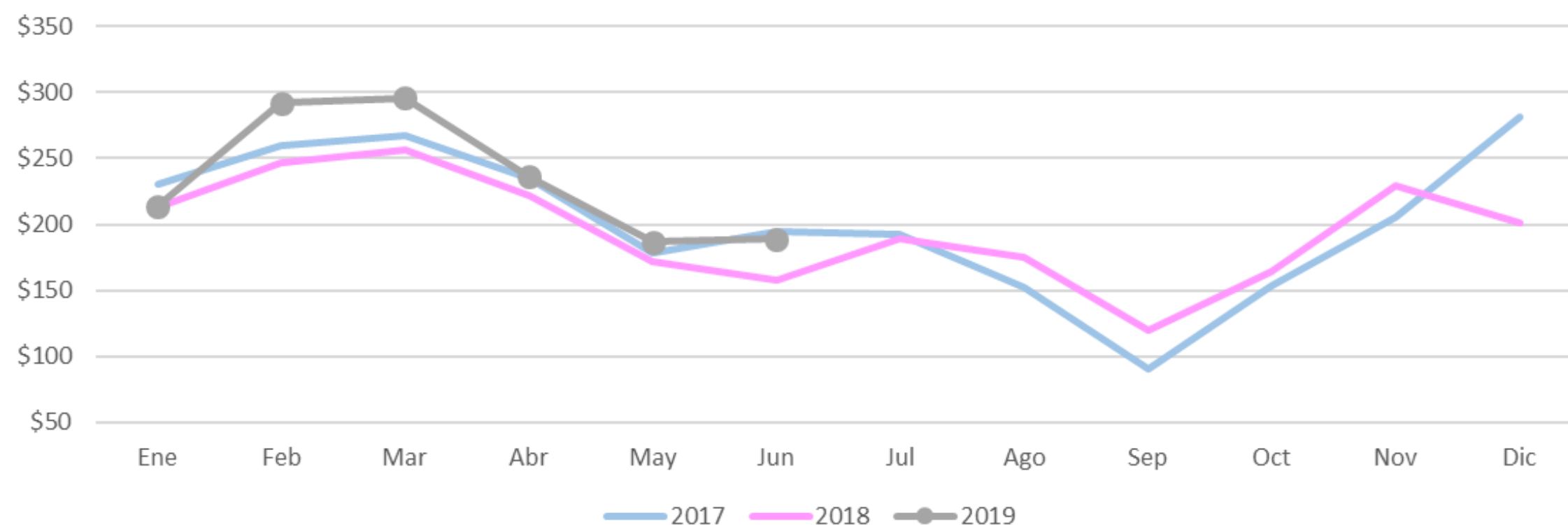
Hotel Offer

Evolution of the average rate and RevPAR Of Los Cabos and Sub-destinations

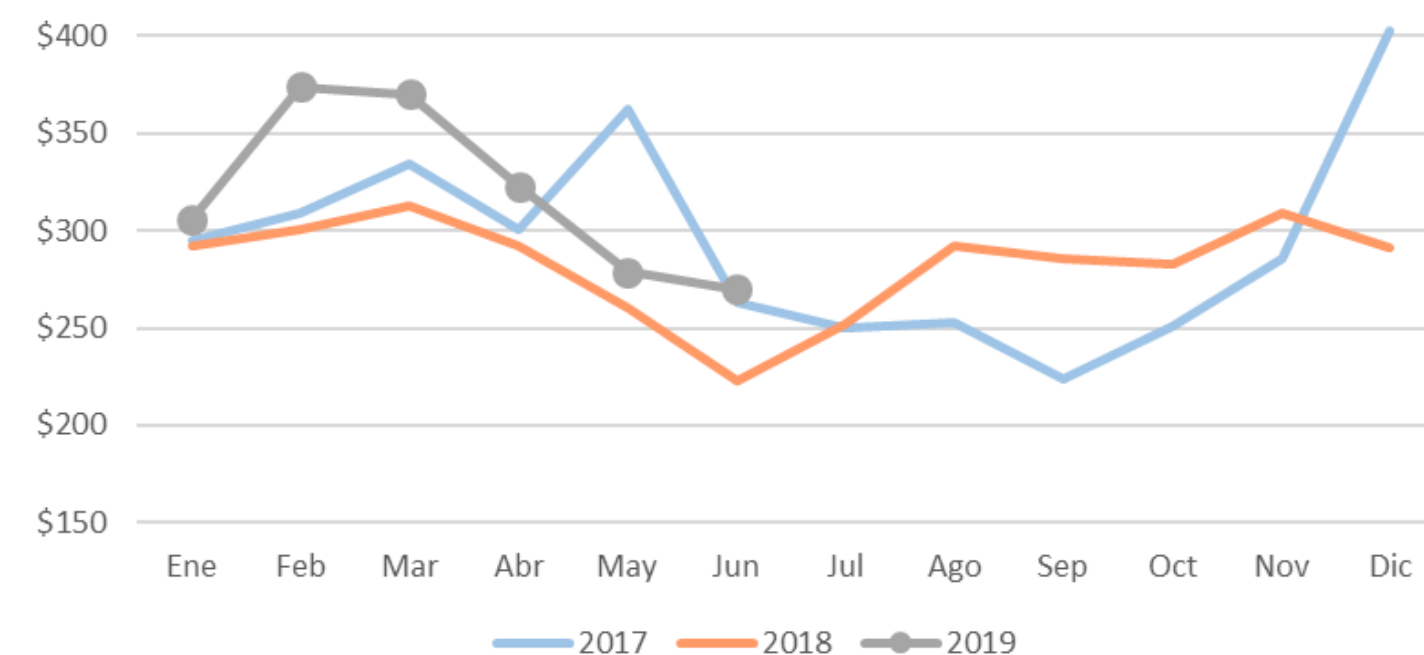
- The average rate in Los Cabos in June-2019 was \$270 USD; \$33 below average in the last 12 months; and \$47 greater than in June-2018 (or an increase of 21%). The RevPar was \$189 USD; 16 below average last 12 months (31 dollars above June-2018).
- The Corridor of Los Cabos had the highest rate, located at \$346 USD, and a decrease of 11 USD comparing with June-2018 (-3%).
- San Jose del Cabo, continues to be the Sub-destination with greater increase, growing its average rate at \$72 dollars (+58%) to \$223.
- Cabo San Lucas increased its average rate \$69 USD (40%), to \$241 dollars.

Source: ASOCIACION DE HOTELES DE LOS CABOS

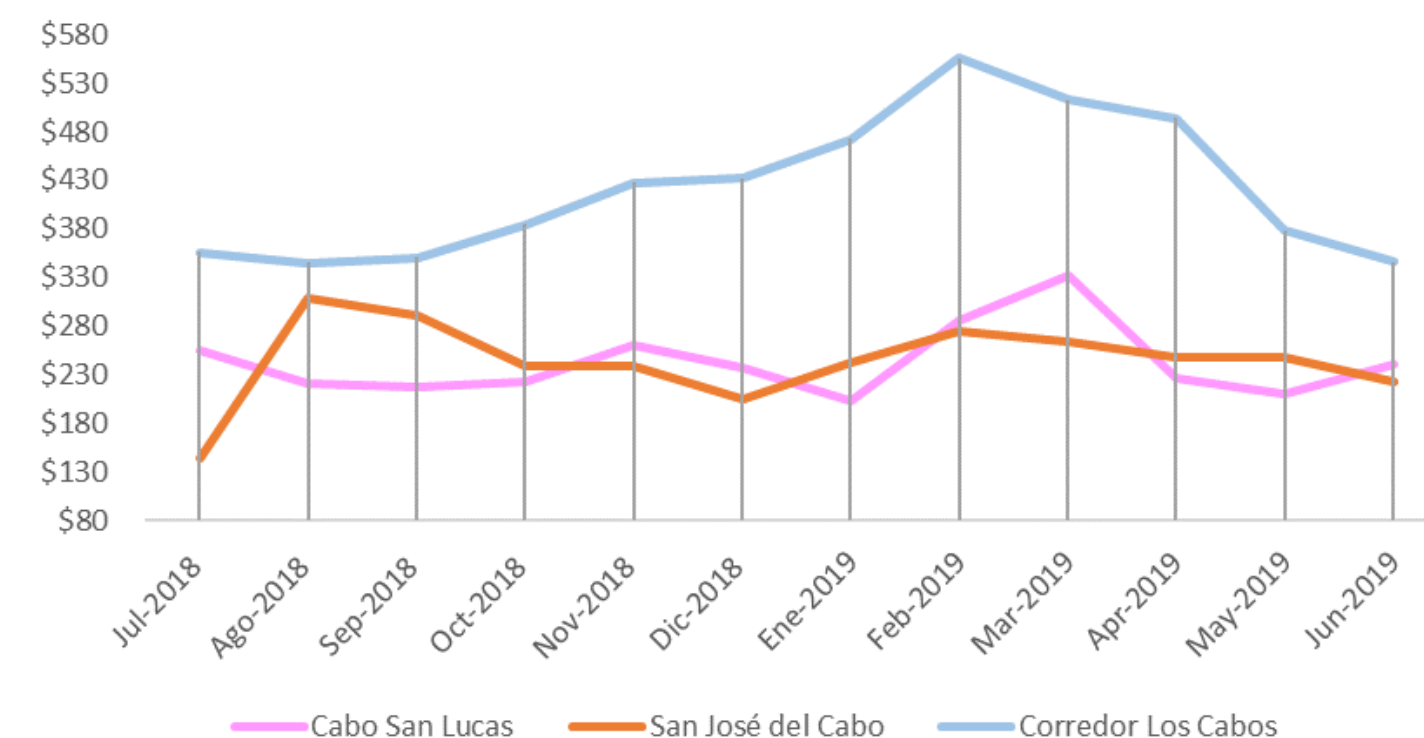
RevPAR Los Cabos (USD, 2018 - 2019)



Average Rate Los Cabos (USD, 2018 - 2019)



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



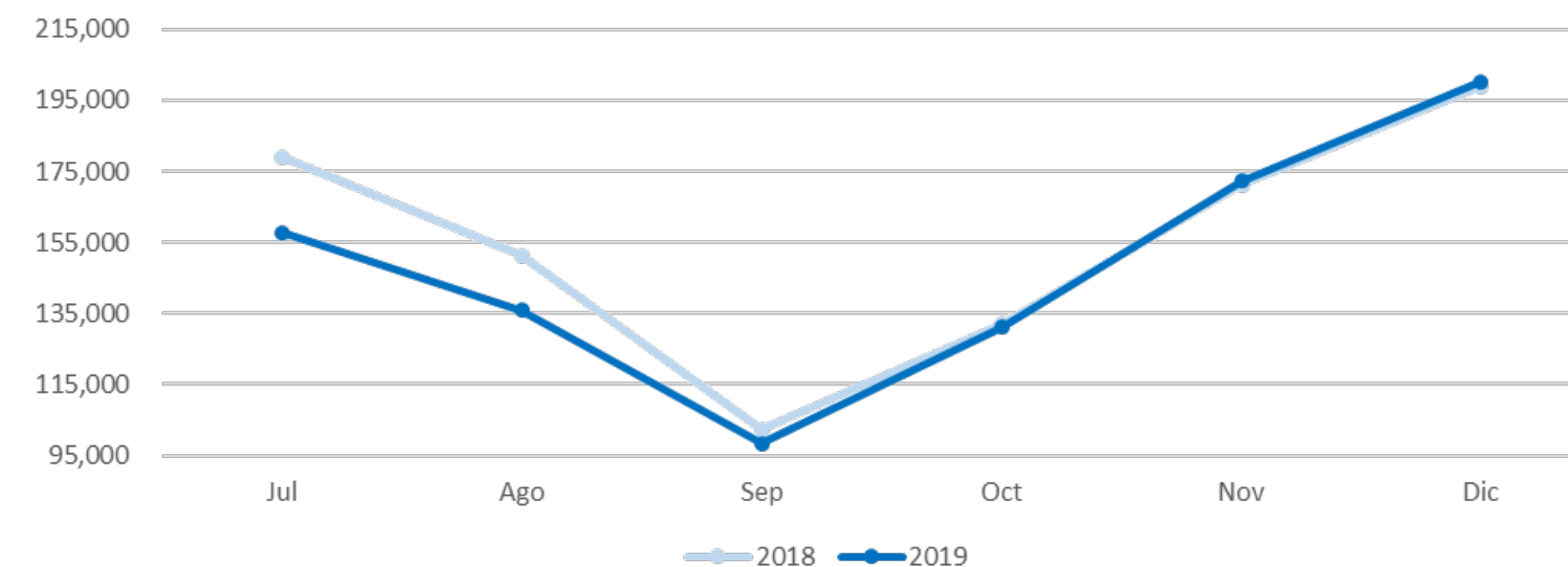
INTERNATIONAL AIR CONNECTIVITY

Sources: OAG

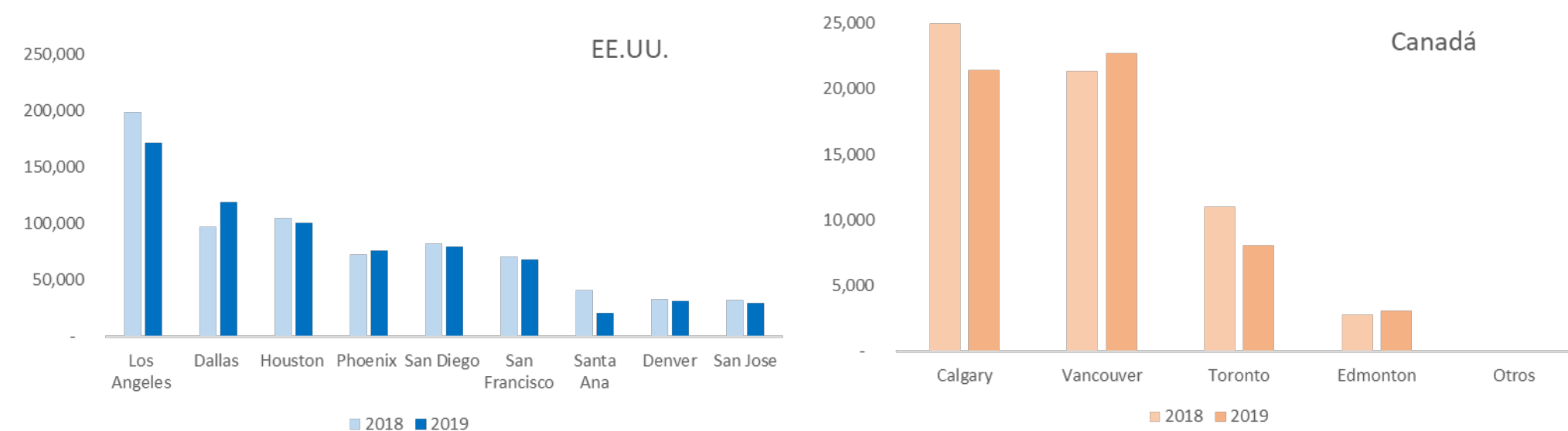
SEATS SCHEDULED FOR NOV-DEC 2019

- For Jul-2019 there are 11.8% less scheduled seats available than in the same period in 2018 and for Jul-Dec-2019 there are 4.2% less than for the same period of 2018.
 - From July to September there is a drop of 9.4%, however from October to December, the volume already presents an increase of 0.3%
 - Most of the airports of origin in the U.S. presented drops except Dallas, that 22% schedules more seats in these 6 months; and Phoenix with 5.5%.
 - The main decrease is registered in Los Angeles, which shows a drop of 16% in these 6 months. Houston drops 3.8%, San Francisco drops 3.8%, San Diego 2.6%.
- The main market in the US is Los Angeles (20%), followed by Dallas (14%), and Houston (12%). All of California as a whole represents the 44% of the seats available from U.S. to SJD in this period.
 - The participation of LAX in the international market will decrease 3pp however DFW will increase in the same proportion. American, Alaska Airlines, Delta, United And Southwest the most important (concentrating 95% as a whole).
- For Canada, the main markets are Calgary (39%) Vancouver (41%), Toronto (15%) and Edmonton (6%); through the airlines WestJet (72%), Sunwing (13%) and Air Canada (17%). Recently opened routes from Edmonton to SJC operated by the airline Swoop, which reports 3,400 seats in this period, corresponding to 6% of the market.
 - The Seats scheduled from Canada as a whole are forecast to decrease 10%. It should be noted, however, that this data is undervalued because the Official Airline Guide Still does not report the airline seats Sunwing to the system of the OAG.
- The factors of occupation of the international airlines for May-2019 were: American 78%, Alaska 87%, Delta 71%, United 84%, Southwest 83%; Ari Canada 89%, Sunwing 89%, and WestJet 82%.
 - When comparing with May-2018, there are similar factors, except in the case of Westjet that dropped 4pp.

Programación de asientos hacia San José del Cabo (Jul-Dic-2019)



Seats are programd by origin (Jul-dec, 2018-2019)





TOURISM OBSERVATORY IN LOS CABOS

PUBLIC RELATIONS

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

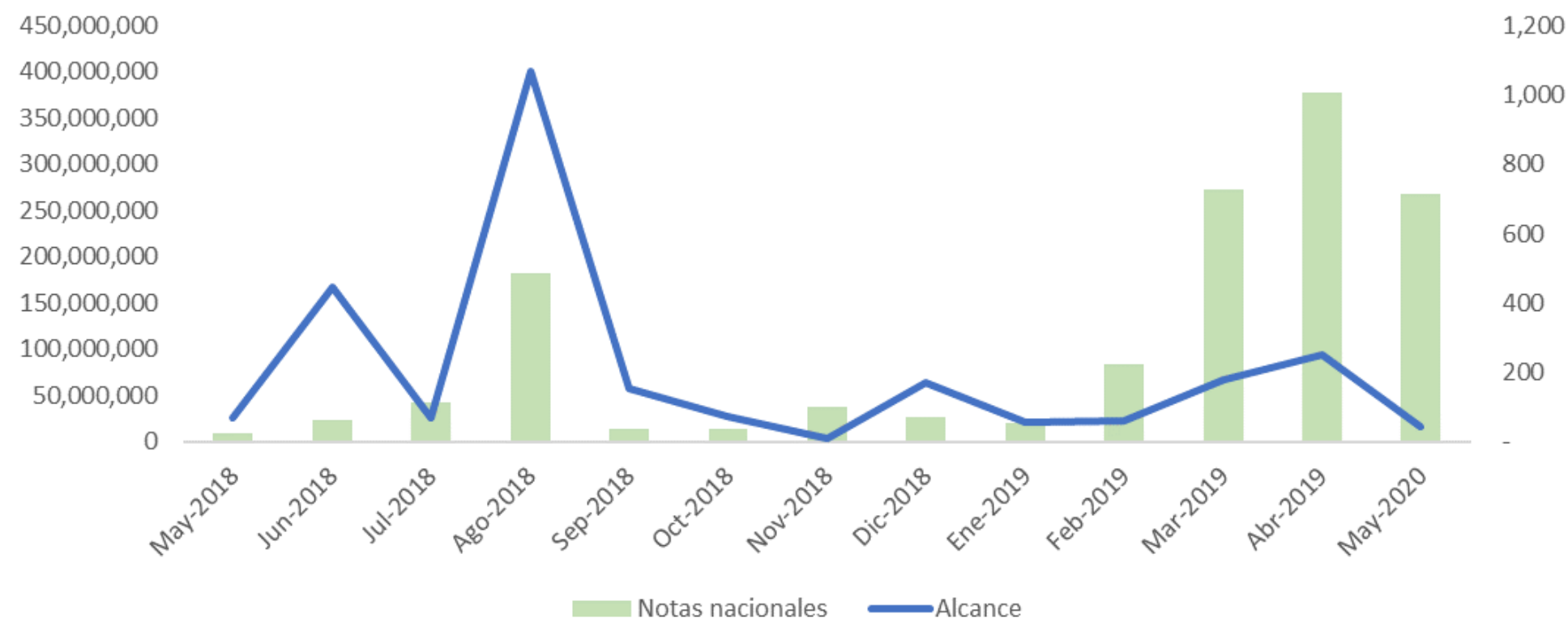
- In the domestic market:

- During the period Jun-2018 to May-2019 (last 12 months) there were 3,630 insertions in national press (303 per month on average), generating a range of 966 million impacts (80 million per month on average). During May-2019 715 insertions were published, thus achieving 16 million impacts.

- In the international market:

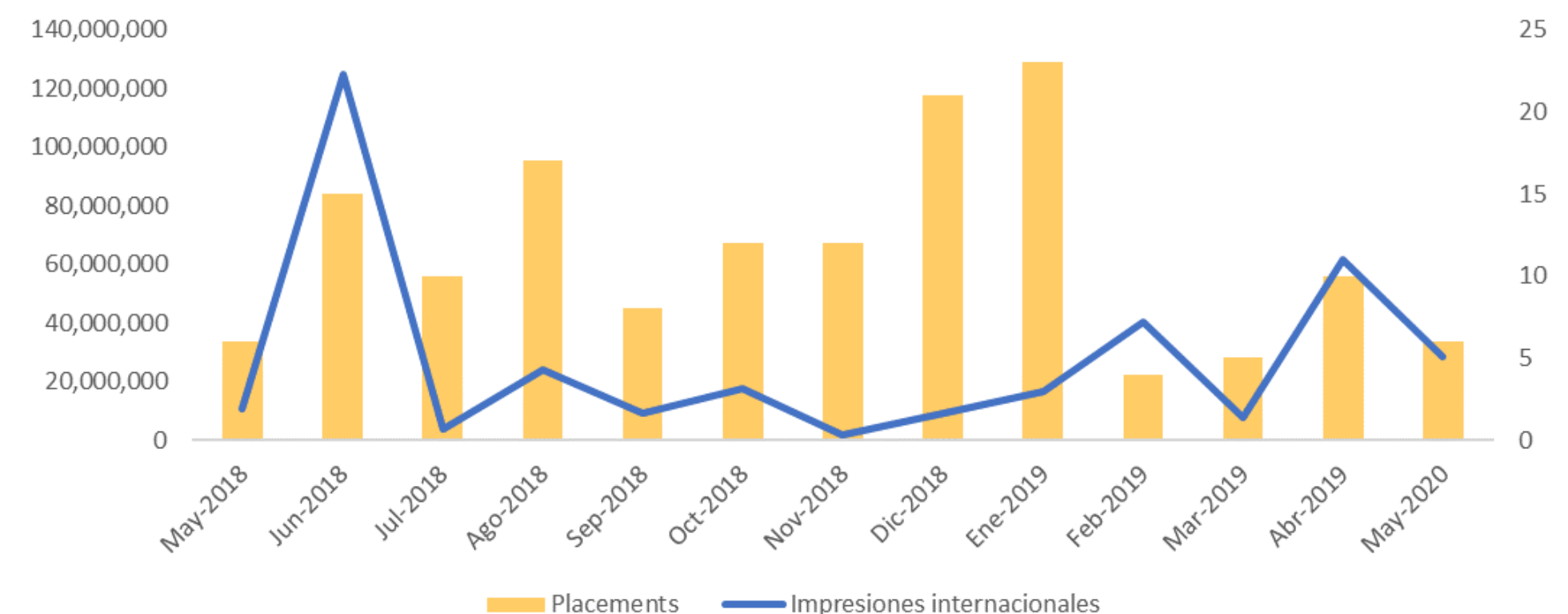
- During the period Jun-2018 to May-2019 there were 143 insertions in the international press (12 per month on average), generating a range of 345 million impacts (29 million per month on average). During May-2019 6 insertions were published, thus achieving 29 million impacts.

TOTAL OF NATIONAL NOTES AND SCOPE (MAY-2019)



Source: GAUDELLI (Feb-18 to Jan-19), LLORENTE Y CUENCA (Feb-May-19)

TOTAL OF INTERNATIONAL NOTES AND SCOPE (SEP-2019)



Source: NJF (Feb-18 to Jan-19), OGILVY (Feb-May -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 an 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.** Continued growth and widespread use of the prices of goods and services that are expended in an economy. It is the average rate of growth from one period to another of the prices of a basket of goods and services.
- **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 on 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 consideration is received for the activities developed in the place visited
- **Hotel 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 string. 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.
- **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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