

LOS  CABOS

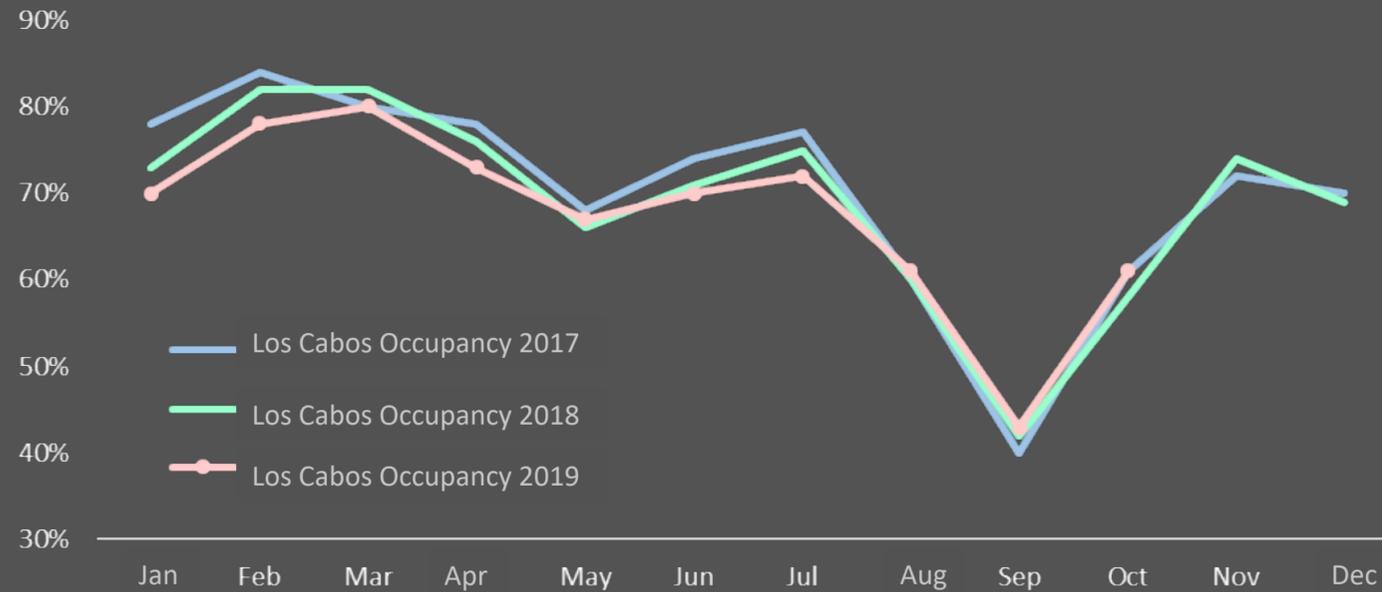
LOS CABOS TOURISM OBSERVATORY

KEY PERFORMANCE INDICATORS

DECEMBER 2019

Leading Indicators - Summary

Hotel Performance



SOURCE: ASOCIACIÓN DE HOTELES DE LOS CABOS

Available Rooms (Oct-2019):
17,374
+1.04%
 (vs. Dec-2018)

SOURCE: AHLC

Hotel Occupancy (Oct-2019):
61%
+3pp
 (vs. Oct-2018)

SOURCE: AHLC

Room Nights (Oct-2019):
940,403
+6.3%
 (vs. Oct-2018)

SOURCE: DATATUR

Passenger Arrivals by Air

Total Passengers (Nov-2019, thousands):
236.6
+8.6%
 (vs. Nov-2018)

Domestic Passengers (Nov-2019, thousands):
76.1
+11.5%
 (vs. Nov-2018)

International Passengers (Nov-2019, thousands):
160.6
7.3%
 (vs. Nov-2018)

SOURCE: GAP

Total Group Business RFPs (Jul-2019):
34
+15 RFPs
 (vs. Jul-2018)

Tourist Surveys Tourist satisfaction (more than expected, Oct-2019):
37.9%
+1pp
 (vs. Oct-2018)

Cruise Passengers (Oct-2019):
71,538
+39%
 (vs. Oct-2018)

Congresses and Conventions Attendees (Oct-2019):
1.5% of the total
-0.7pp
 (vs. Oct-2018)

SOURCE: TOURIST SURVEYS

Tourist Origin (Oct-2019):
74.8% foreigners
+4.8pp
 (vs. Oct-2018)

SOURCE: TOURIST SURVEYS

Cruise Ships (Oct-2019):
31
+12 vessels
 (vs. Oct-2018)

SOURCE: DATATUR



LOS CABOS TOURISM OBSERVATORY

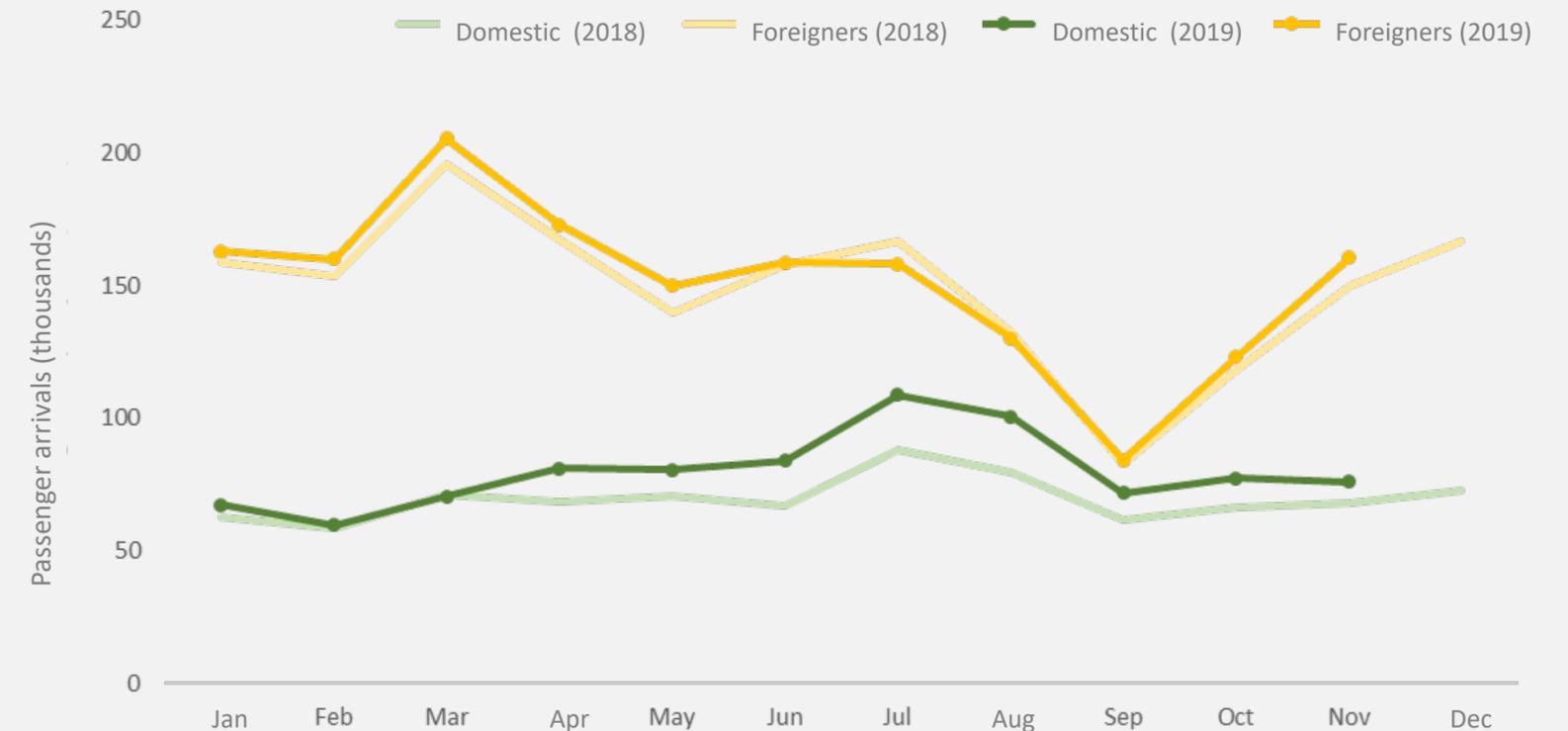
DEMAND INDICATORS
PASSENGERS AND TOURISTS

Passenger arrivals at Los Cabos Airport, 2018-2019

- In Nov-2019, the arrival of 236,600 passengers was registered at Los Cabos Airport, which shows an increase of 8.6% over the same period in 2018. Compared to the aggregate Jan-Nov-2019 vs. the previous year, an increase of 6.6% is observed.
 - Passengers on domestic flights (76,100) represent 32% of the total arrivals with an increase of 11.5% compared to Nov-2018.
 - In the aggregate Jan-Nov-2019, there is an increase of 14.9%, from 763,300 in 2018 to 877,200 passengers this year.
 - Passengers on international flights (160,600) represent 68% and showed a 7.3% increase.
 - In the aggregate Jan-Nov-2019, there is an increase of 2.7%, from 1,621.7 in 2018 to 1,665.8 passengers this year.

SOURCE: GAP

Passenger arrivals at San Jose del Cabo Airport, by month (2018-2019)



SOURCE: GAP

Foreign tourist arrivals by air

By origin (residence), 2018-2019

Regions	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Δ Oct-19 / Oct-18	Δ Ene-Oct-19 / Ene-Oct-18
USA	107,692	129,090	147,461	122,358	133,400	173,759	140,159	135,239	146,487	142,111	111,494	73,431	113,947	5.8%	0.8%
Canada	6,887	16,041	21,866	24,304	22,218	24,065	16,499	6,852	4,225	4,373	4,425	3,261	7,350	6.7%	15.1%
Europe	535	713	1,060	841	1,097	921	1,198	1,011	782	897	756	303	447	-16.4%	36.1%
Central & South America	165	144	228	295	168	185	286	232	134	239	200	124	102	-38.2%	-0.3%
Rest of the World	668	654	1,303	1,053	699	1,161	1,030	955	765	852	774	604	784	17.4%	21.9%
Grand Total	115,947	146,642	171,918	148,851	157,582	200,091	159,172	144,289	152,393	148,472	117,649	77,723	122,630	5.8%	2.1%

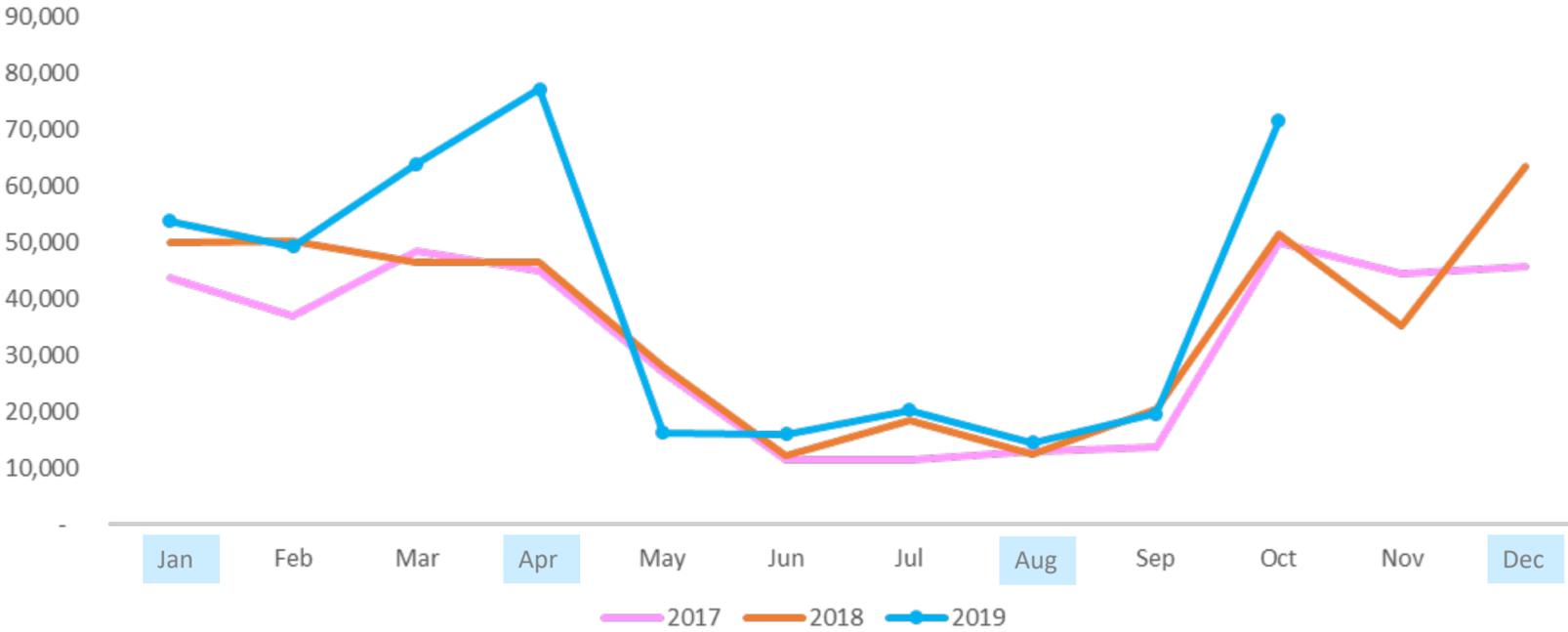
Key markets	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Δ Oct-19 / Oct-18	Δ Ene-Oct-19 / Ene-Oct-18
United Kingdom	140	218	326	236	259	272	336	131	94	184	219	73	155	10.7%	9.2%
Spain	51	36	61	34	38	45	38	24	16	29	76	44	35	-31.4%	-10.2%
Australia	302	189	461	488	177	274	388	352	347	336	256	201	346	14.6%	9.2%
South Korea	102	115	159	103	132	140	123	95	72	87	83	111	179	75.5%	36.5%
Total key markets	595	558	1,007	861	606	731	885	602	529	636	634	429	715	20.2%	11.3%

SOURCE: INM- SIOM

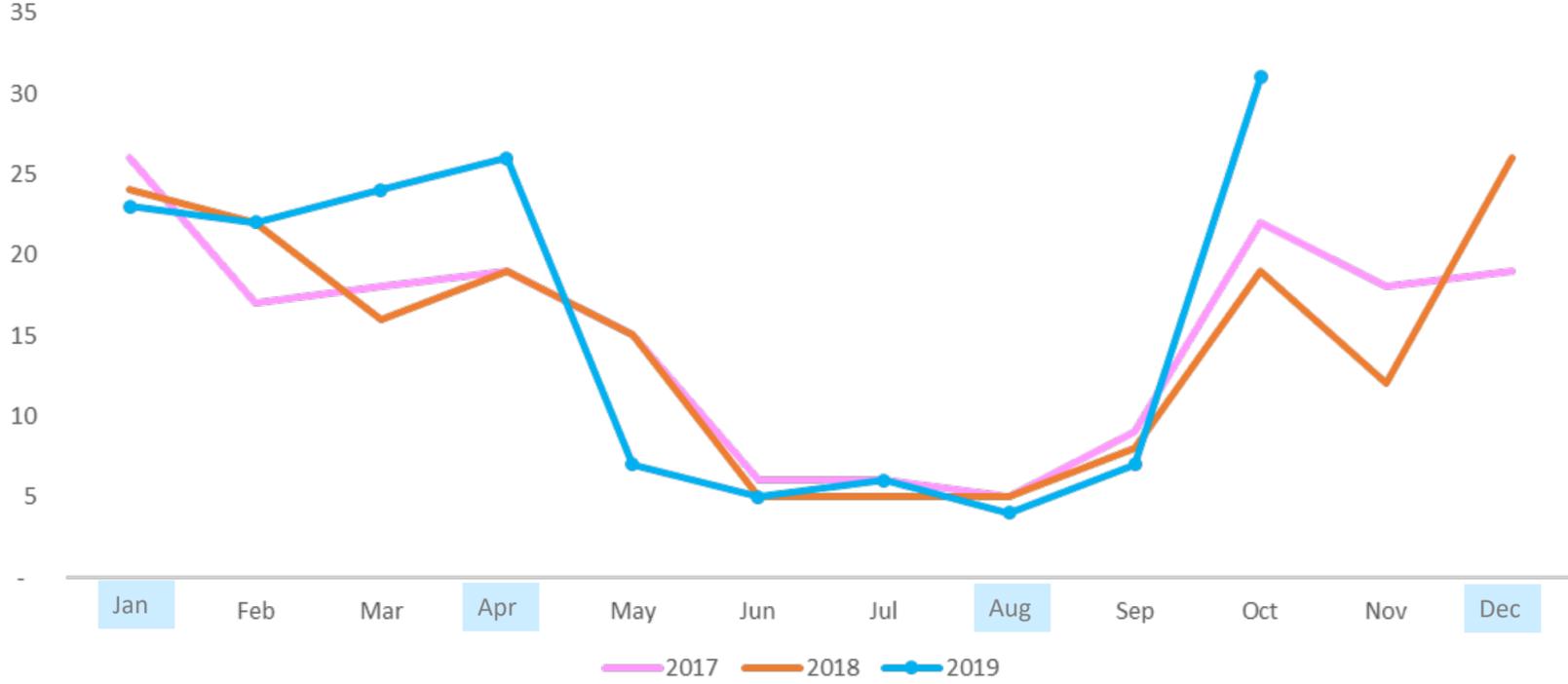
Cruise ship and vessel passenger arrivals (2017-2019)

- In Oct-2019, 71,538 cruise passenger arrivals were registered at the Cabo San Lucas Port.
 - It shows a 39% passenger volume increase compared to Oct-2018.
 - Additionally, 31 cruise ship arrivals were registered: 12 more than the previous year.
 - Consisting of 2,307 average passengers per vessel.

Cruise passengers arriving at the Cabo San Lucas Port, monthly (2017-2019)



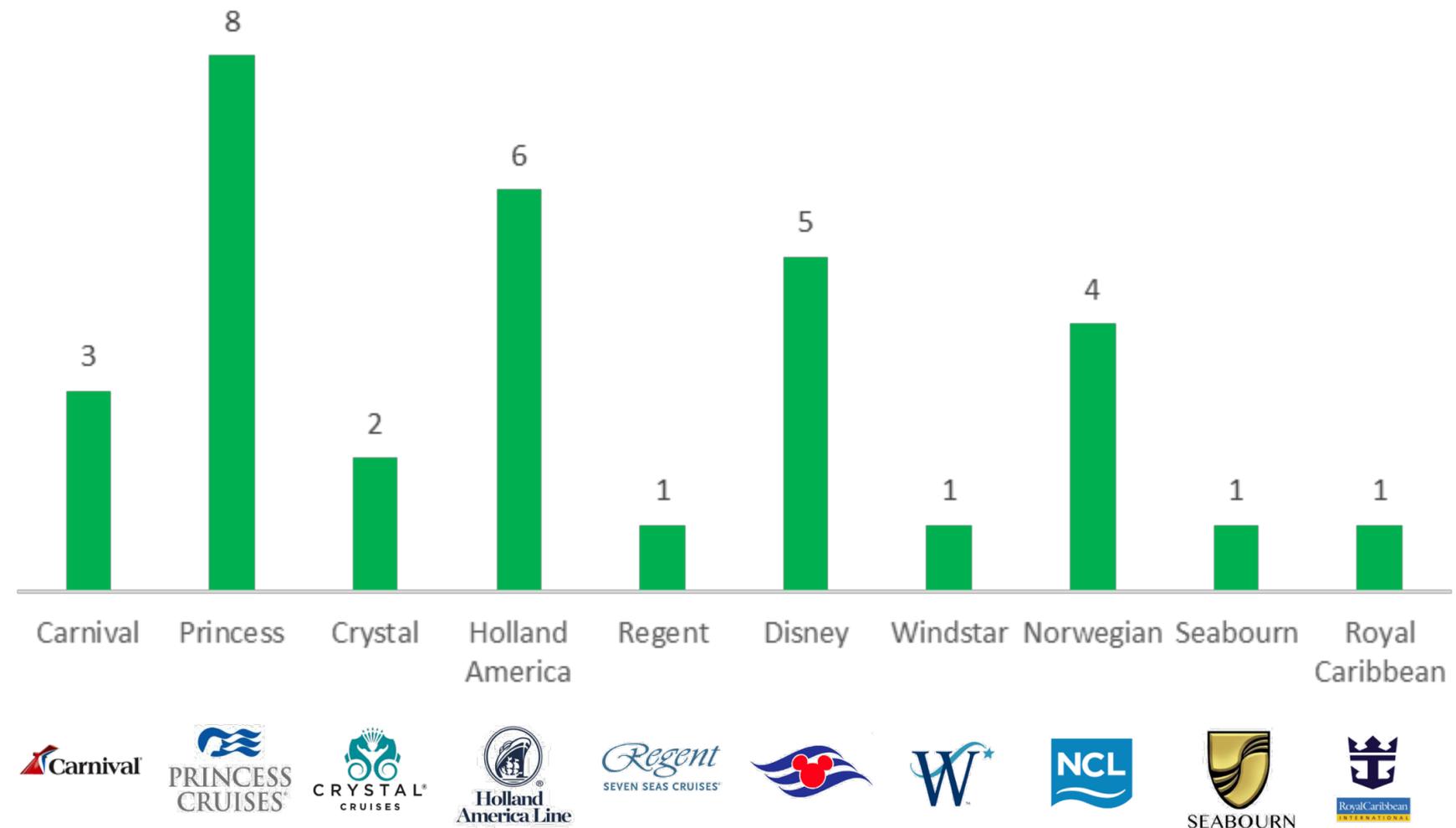
Cruise ships arriving at the Cabo San Lucas Port, monthly (2017-2019)



SOURCE: DATATUR - SCT

Cruise ship arrivals at Cabo San Lucas Port, Sep-2019

Date	Cruise Ship	Shipping Line	Max. Capacity
01-Oct-19	Crystal Symphony	Crystal Cruises	848
01-Oct-19	Royal Princess	Princess Cruises	3,600
02-Oct-19	Crystal Symphony	Crystal Cruises	848
02-Oct-19	ms Amsterdam	Holland America	1,653
02-Oct-19	Royal Princess	Princess Cruises	3,600
03-Oct-19	ms Veendam	Holland America	1,627
03-Oct-19	Seven Seas Mariner	Regent Seven Seas	752
06-Oct-19	Disney Wonder	Disney Cruise Line	2,400
06-Oct-19	Royal Princess	Princess Cruises	3,600
07-Oct-19	Royal Princess	Princess Cruises	3,600
07-Oct-19	Star Legend	Windstar Cruises	212
08-Oct-19	ms Oosterdam	Holland America	2,250
10-Oct-19	Carnival Miracle	Carnival	2,680
10-Oct-19	Grand Princess	Princess Cruises	2,400
11-Oct-19	Disney Wonder	Disney Cruise Line	2,400
11-Oct-19	Norwegian Bliss	NCL	5,200
13-Oct-19	Norwegian Joy	NCL	4,400
14-Oct-19	Carnival Legend	Carnival	2,680
15-Oct-19	ms Oosterdam	Holland America	2,250
16-Oct-19	Disney Wonder	Disney Cruise Line	2,400
16-Oct-19	Royal Princess	Princess Cruises	3,600
17-Oct-19	Carnival Miracle	Carnival	2,680
17-Oct-19	Royal Princess	Princess Cruises	3,600
18-Oct-19	Norwegian Bliss	NCL	5,200
19-Oct-19	Seabourn Sojourn	Seabourn	450
21-Oct-19	ms Eurodam	Holland America	2,250
22-Oct-19	Disney Wonder	Disney Cruise Line	2,400
25-Oct-19	Norwegian Bliss	NCL	5,200
27-Oct-19	Vision Of The Seas	Royal Caribbean	2,514
28-Oct-19	ms Eurodam	Holland America	2,250
28-Oct-19	Royal Princess	Princess Cruises	3,600
29-Oct-19	Disney Wonder	Disney Cruise Line	2,400



The 31 cruise ship arrivals at Cabo San Lucas Port in Oct-2019 were operated by 10 main lines: Princess (8 vessels), Holland America (6), and Disney (5) representing a maximum capacity of 85,544 passengers.

SOURCE: CREW-CENTER.COM

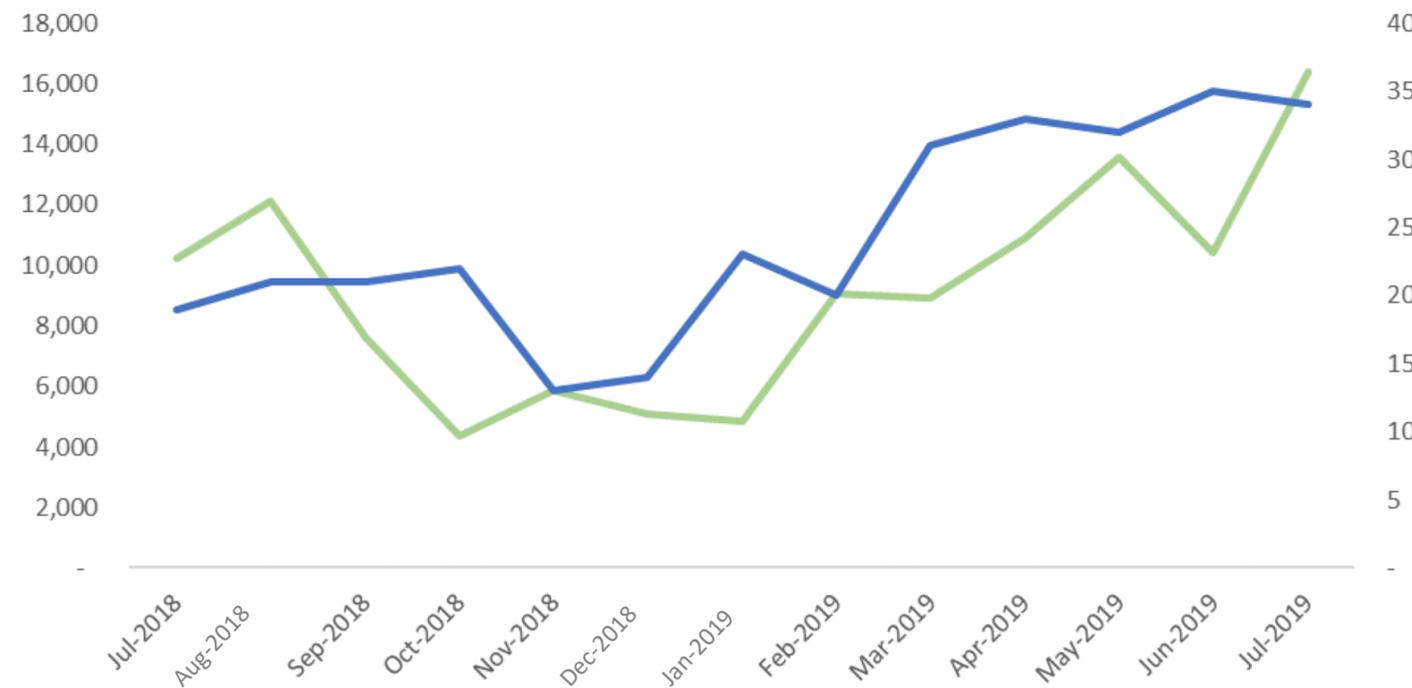


LOS CABOS TOURISM OBSERVATORY

DEMAND INDICATORS
TOURIST SURVEYS AND GROUP BUSINESS

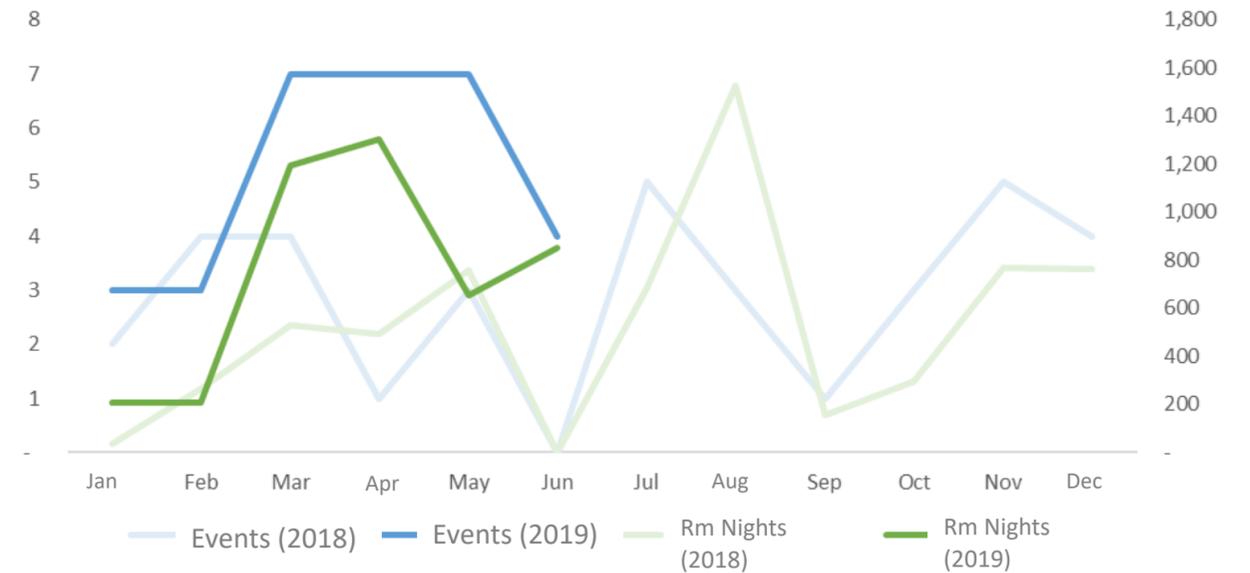
Demand indicators: Group business

Event RFPs and meetings and groups room nights, last 12 months (CVENT)



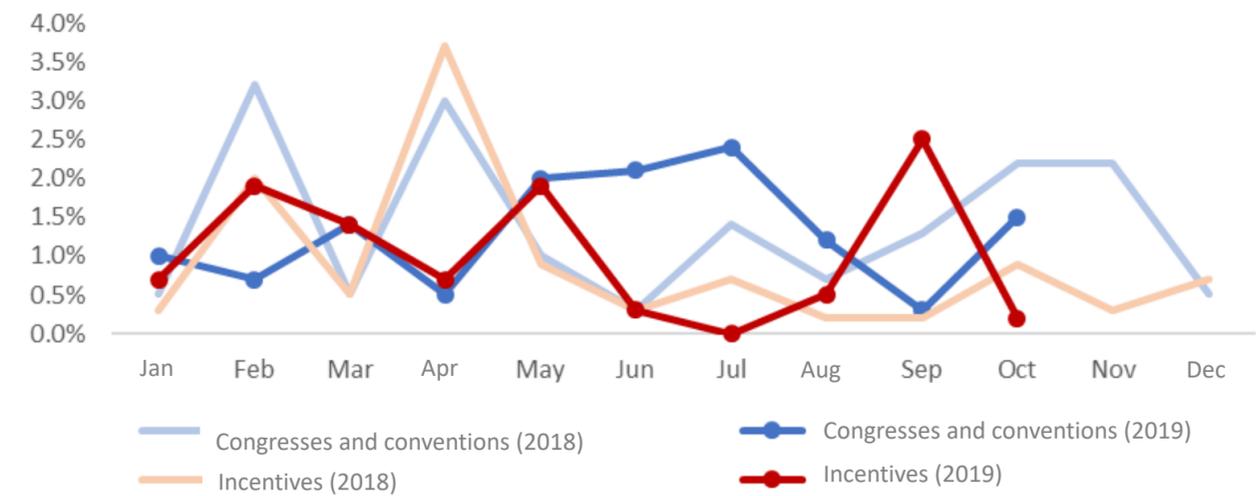
SOURCE: CVENT

Meetings and groups' confirmed events and room nights (Helms Briscoe)



SOURCE: Helms Briscoe

Congresses, conventions and incentive attendees (% of total tourists)



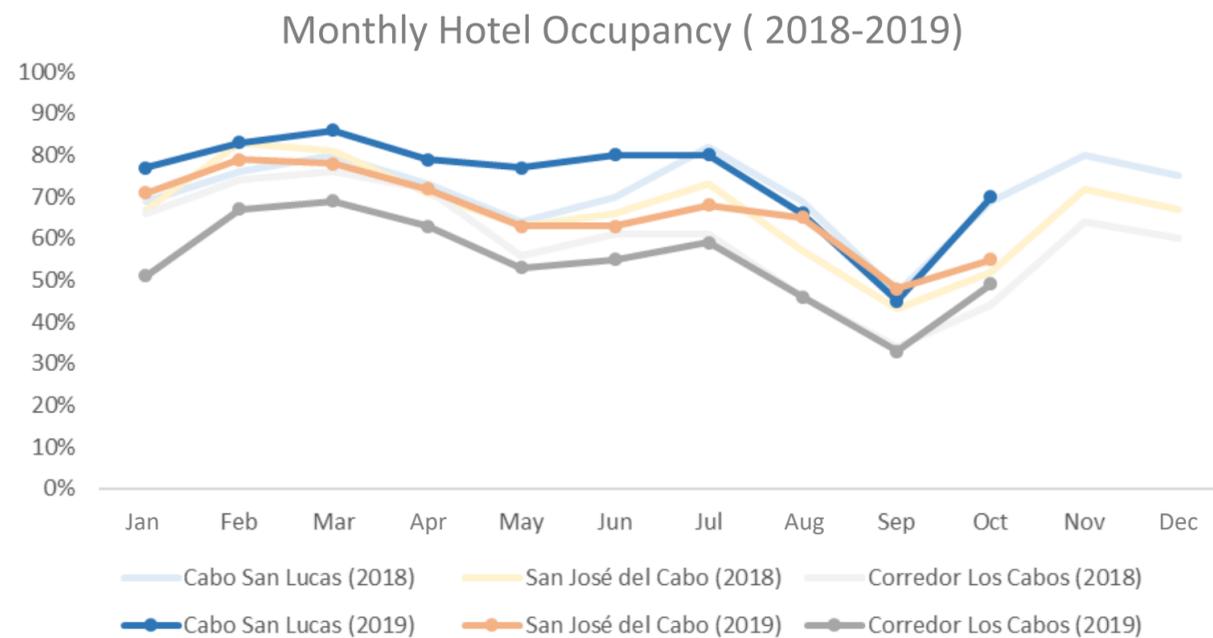
SOURCE: TOURIST SURVEYS



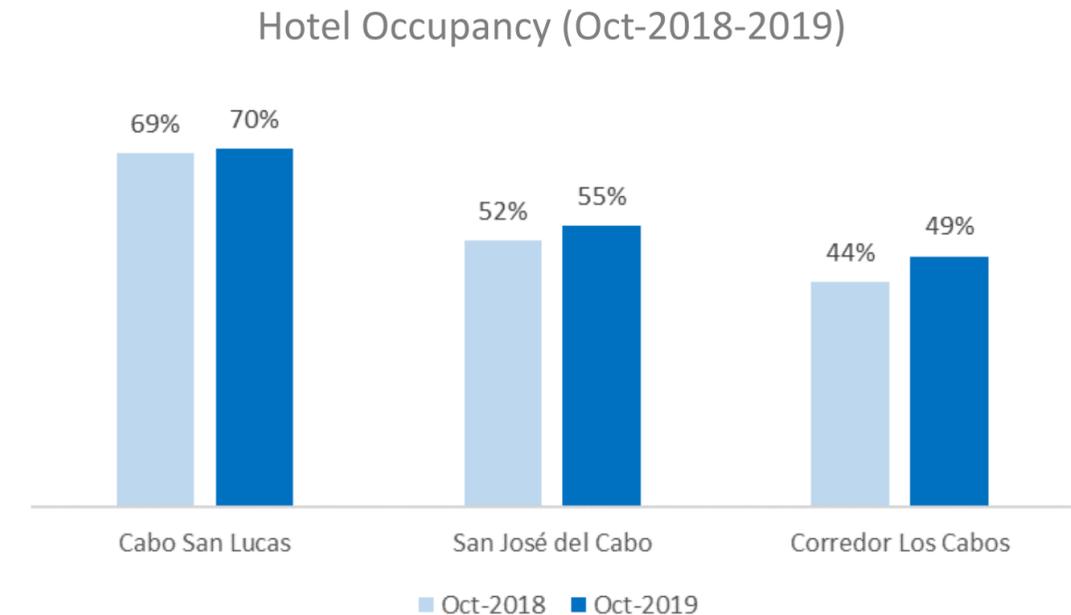
LOS CABOS TOURISM OBSERVATORY

SUPPLY INDICATORS

Hotel supply evolution in Los Cabos and sub destinations



SOURCE: AHLC



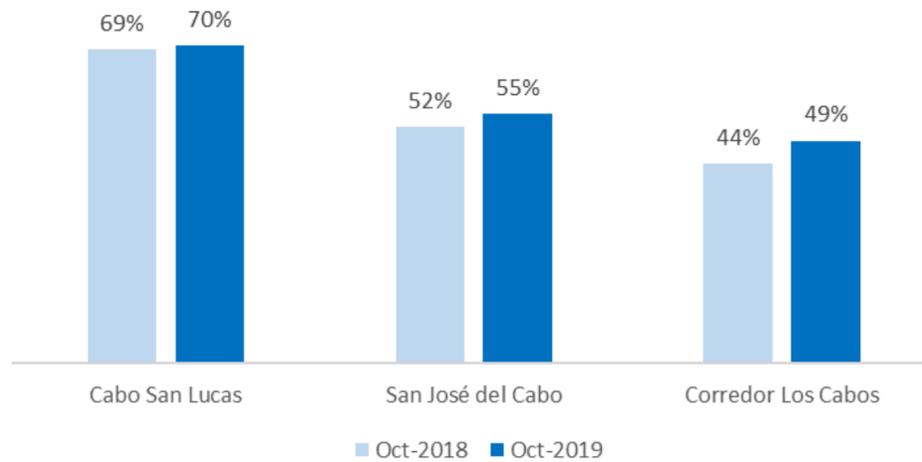
SOURCE: AHLC

- According to the Hotel Association of Los Cabos, hotel occupancy recorded 61% in Los Cabos, and increased 3pp comparing Oct-2018 with Oct-2019. At sub destination level, Cabo San Lucas had a 70% occupancy, increasing 1pp compared to the previous year. While San Jose del Cabo gained 3pp standing at 55% and Corredor Los Cabos increased 5pp, registering 49%.
- In Oct-2019 tourists arriving at hotels in Los Cabos registered 189,500, decreasing 5.3% when compared to Oct-2018 (-10,500), and the average stay increased by 0.5 nights (from 4.4 in Oct-2018 to 4.9 in Oct-2019; based on DATATUR). However, domestic tourist's stay had a greater increase by 1 nights (+32%), registering 4.27.
 - International tourism in hotels dropped 10.1% in this period, while domestic tourism increased 11.1%.
 - In Oct-2019, international tourism represented 66% from the total, while domestic tourism represented 28.7%. On the previous year, a similar share of 25.3% (+3.4pp) was registered.

HOTEL SUPPLY

Hotel supply evolution in Los Cabos and sub destinations

Hotel occupancy (Oct-2018-2019)

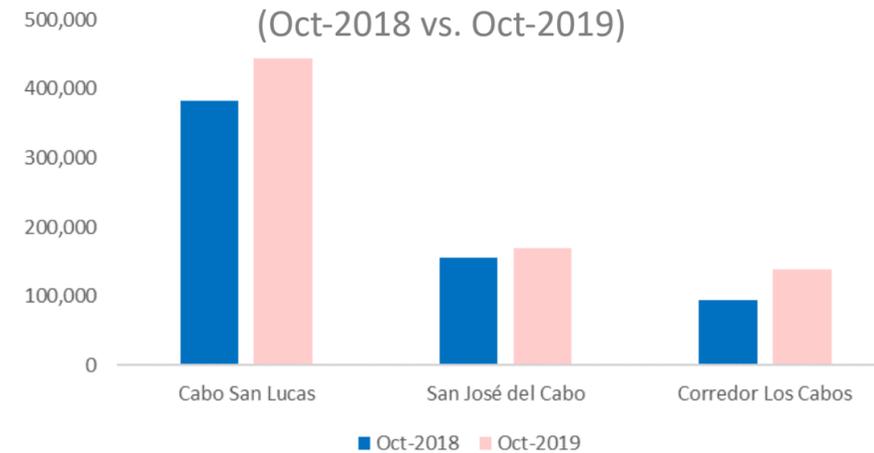


SOURCE: AHLC.

CABO SAN LUCAS

- Occupancy registers at 70%, which demonstrates an increase of 1pp (Oct-2019 vs. Oct-2018; AHLC).
- Supply increase: Hotel supply increased 8.7% from Dec-2018 to Oct-2019, going from 8,000 to 8,700 (AHLC).
- Room nights increased 15.7% between Oct-2018 and Oct-2019 (DATATUR).

Room nights (Oct-2018 vs. Oct-2019)

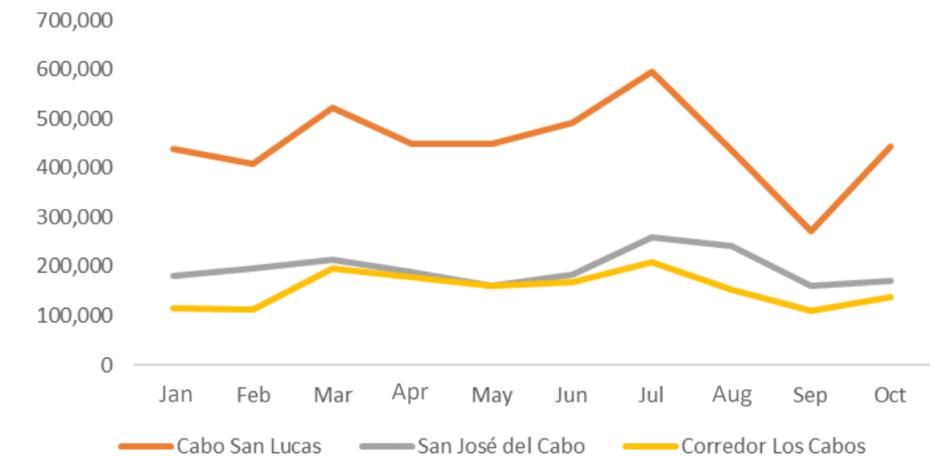


SOURCE: DATATUR

SAN JOSE DEL CABO

- Occupancy increased 3pp when comparing Oct-2018 with Oct-2019 (AHLC): 55%
- Hotel supply increased 1.7% between Dec-2018 and Oct-2019, registering 4,300 rooms (AHLC).
- Room nights increased 8% between Oct-2018 and Oct-2019 (DATATUR).

Occupied room nights (monthly 2019)



SOURCE: DATATUR

CORREDOR LOS CABOS

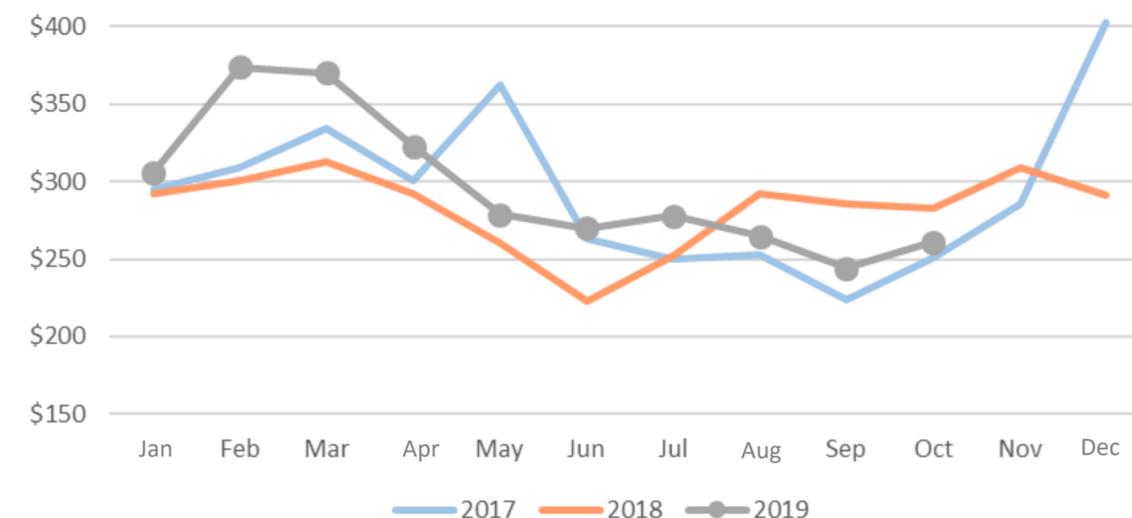
- Highest occupancy growth of all sub destinations between Oct-2018 and Oct-2019: +5pp, going from 44% to 49% (AHLC).
- Hotel supply decreased 2.4% between Dec-2018 and Oct-2019, registering 4,100 rooms (AHLC).
- It has the highest room night increase of all the sub destinations: 47% between Oct-2018 and Oct-2019 (DATATUR).

HOTEL SUPPLY

Average Rate and RevPAR evolution in Los Cabos and sub destinations

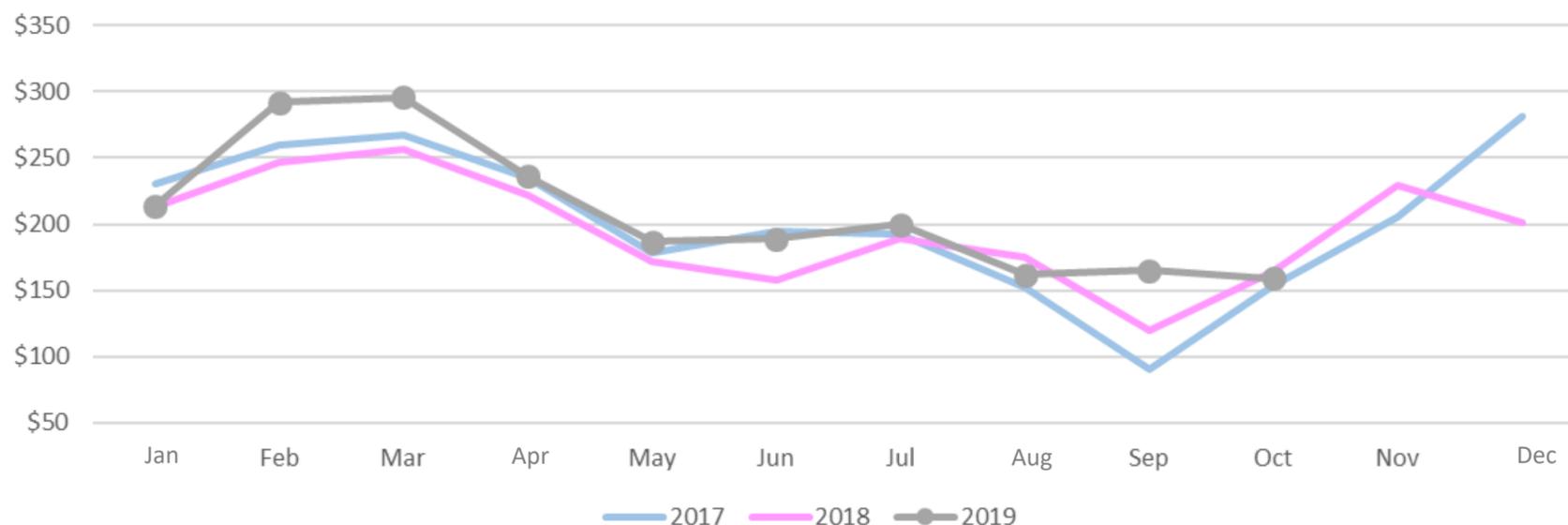
- Los Cabos average rate in Oct-2019 was \$261 USD; 55 dollars below the last 12 months' average; and 22 dollars below Oct-2018. RevPar was of \$159 USD; 52 below the last 12 months' average (5 dollars below Oct-2018).
- Corredor Los Cabos had the highest rate, standing at \$372 USD, and a 13 USD decrease compared to Oct-2018 (-3%).
- For the second time in a year San Jose del Cabo presents decreases compared to the previous year, breaking a constant growth trend, and reducing its average rate by \$14 dollars (-6%), settling at \$225.
- Cabo San Lucas increased its average rate by \$2 USD (0.9%), settling also at \$225 dollars.

Los Cabos Average Rate (USD, 2018 - 2019)

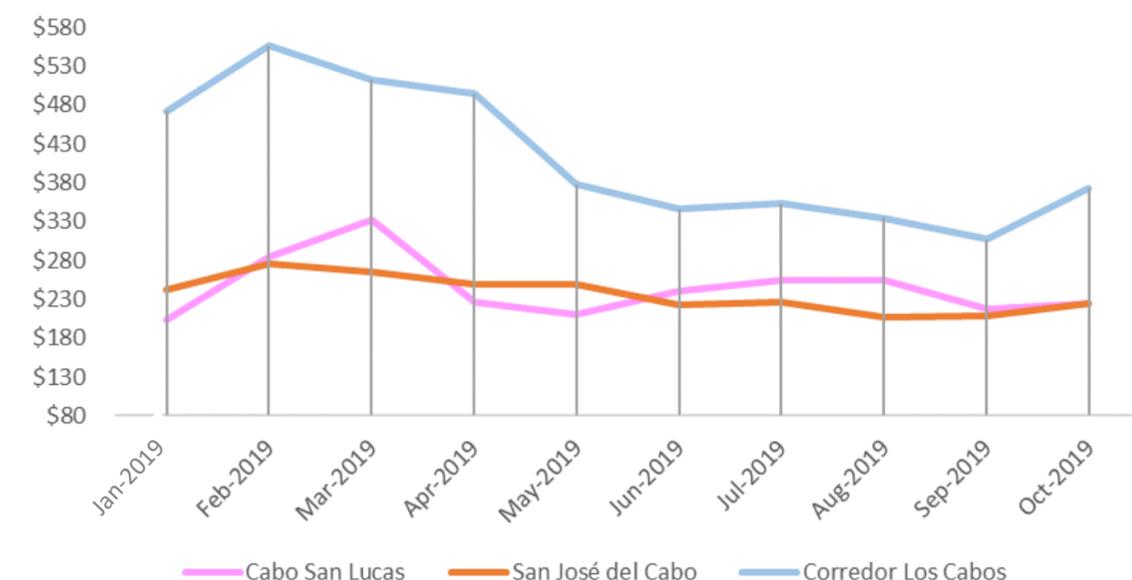


Los Cabos RevPAR (USD, 2018 - 2019)

SOURCE: AHLIC



Sub Destination Average Rate (USD, monthly, last 12 months)



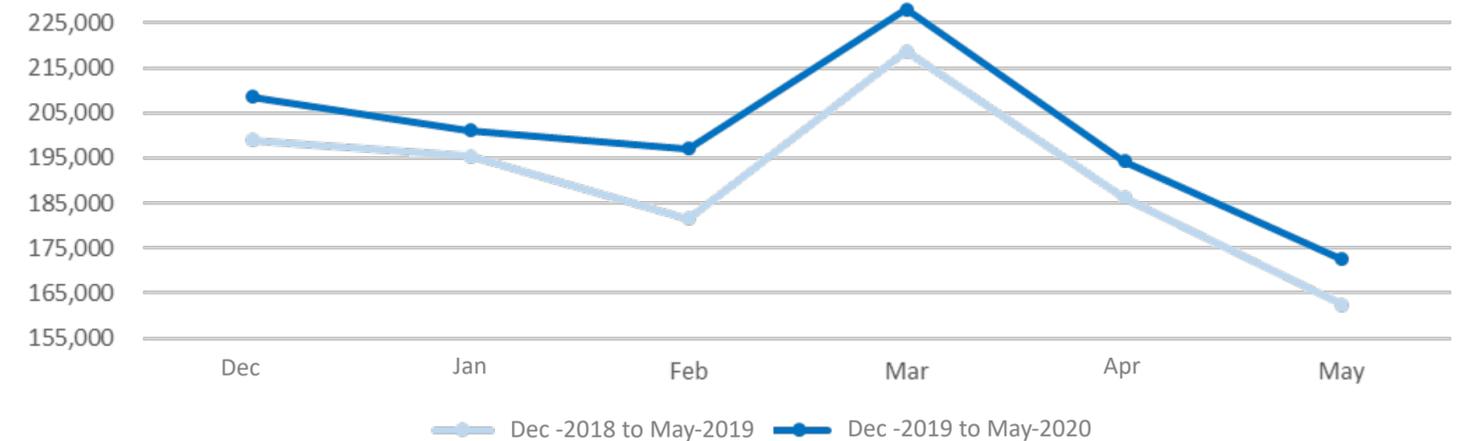
INTERNATIONAL AIR CONNECTIVITY

SOURCES: OAG

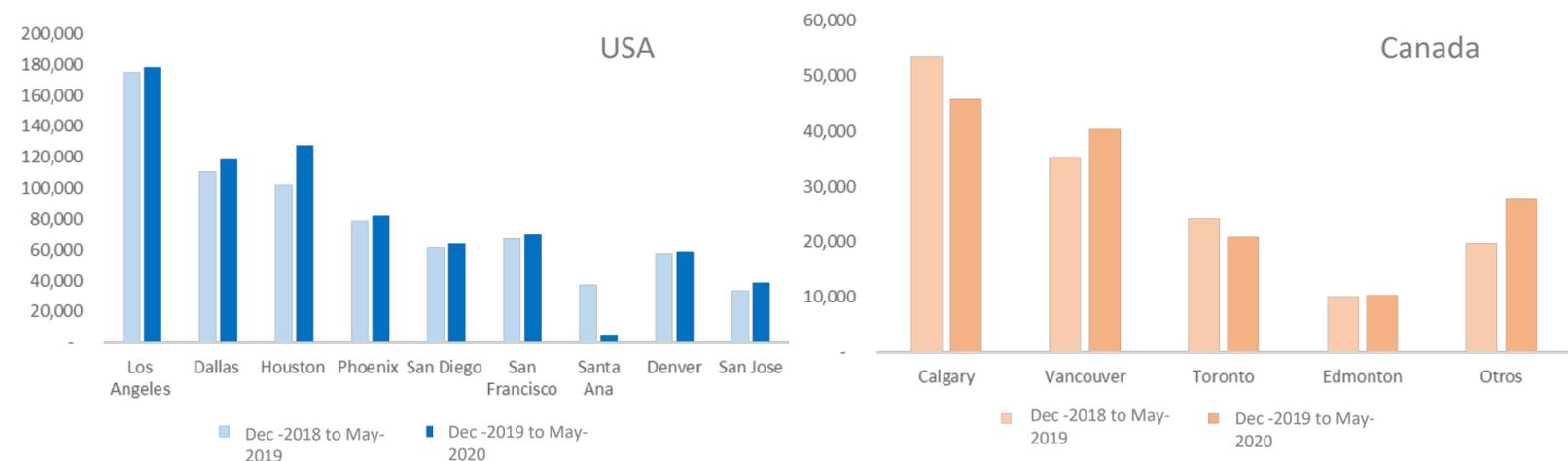
SCHEDULED SEATS FOR DEC-2019 - MAY-2020

- For the US, in Dec-2019 there are 4% more scheduled seats than in the same period last year, and for the next 6 months there are 4.8% more scheduled seats than the same period in 2018.
 - The biggest increases are presented in Dallas (+7.6%), Houston (+24.7%), and Phoenix (4%). LAX presents (+1.8%) growth for the first time in the year.
- The main issuing market in the US is Los Angeles (17%), followed by Houston (12%), and Dallas (11%). California represents 37% of seats available from USA to SJD in this period.
 - LAX's and DFW's participation in the international market remains unchanged and HOU will increase 2pp. The most important airlines are American, Alaska, Delta, United, and Southwest (concentrating 85% as a whole).
- For Canada, in Dec-2019 there are 3.4% more scheduled seats than in the same period last year, and for the next 6 months there are 1.5% more scheduled seats than the same period in 2018. However, at the date of elaboration of this document, there is no updated Sunwing schedule at the OAG system.
- The main issuing markets are Calgary (32%), Vancouver (28%), Toronto (14%) and Edmonton (7%); through WestJet (50%), Sunwing (24%), and Air Canada (18%).
- Load factors of international airlines for Sep-2019 were: American 84%, Alaska 90%, Delta 81%, United 84%, Southwest 89%; Air Canada 87% (up to Apr-2019), Sunwing 91%, and WestJet 93%.
 - When compared with Sep-2018, it is observed that most airlines decreased their occupancy. From the US: AA (-5pp), UA (-6pp), AS (-3pp), DA (-4pp), while from Canada: AC (-3pp) and WS (-5pp).

Seat scheduling to San Jose del Cabo (Dec-2019-May-2020)



Scheduled seats by origin (Dec-2019-May-2020)





LOS CABOS TOURISM OBSERVATORY

PUBLIC RELATIONS

Public relations, articles, and reach (Nov-2019)

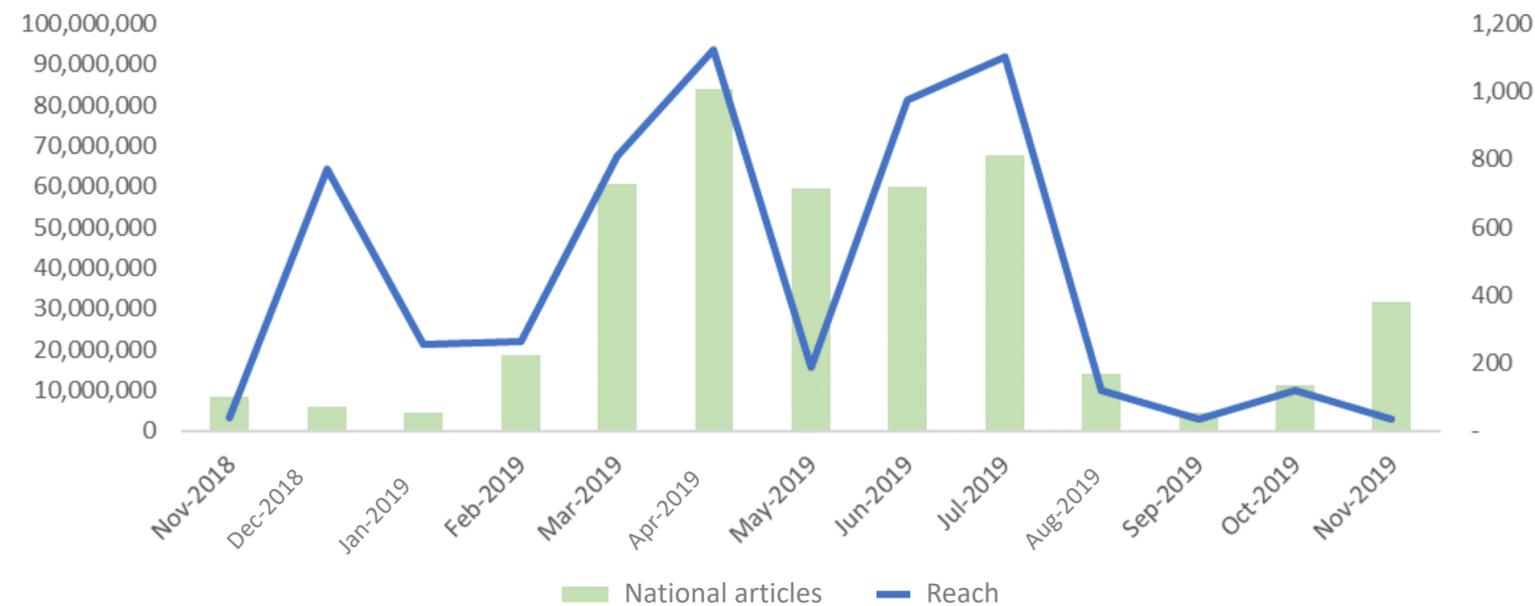
- **In the domestic market:**

- **In the period from Dec-2018 to Nov-2019 (the last 12 months) there were 4,683 articles in the national press (on average 426 per month), generating a reach of 483 million impressions (on average 40 million per month). During Nov-2019, 380 inserts were published, achieving 2.8 million impressions.**

- **In the international market:**

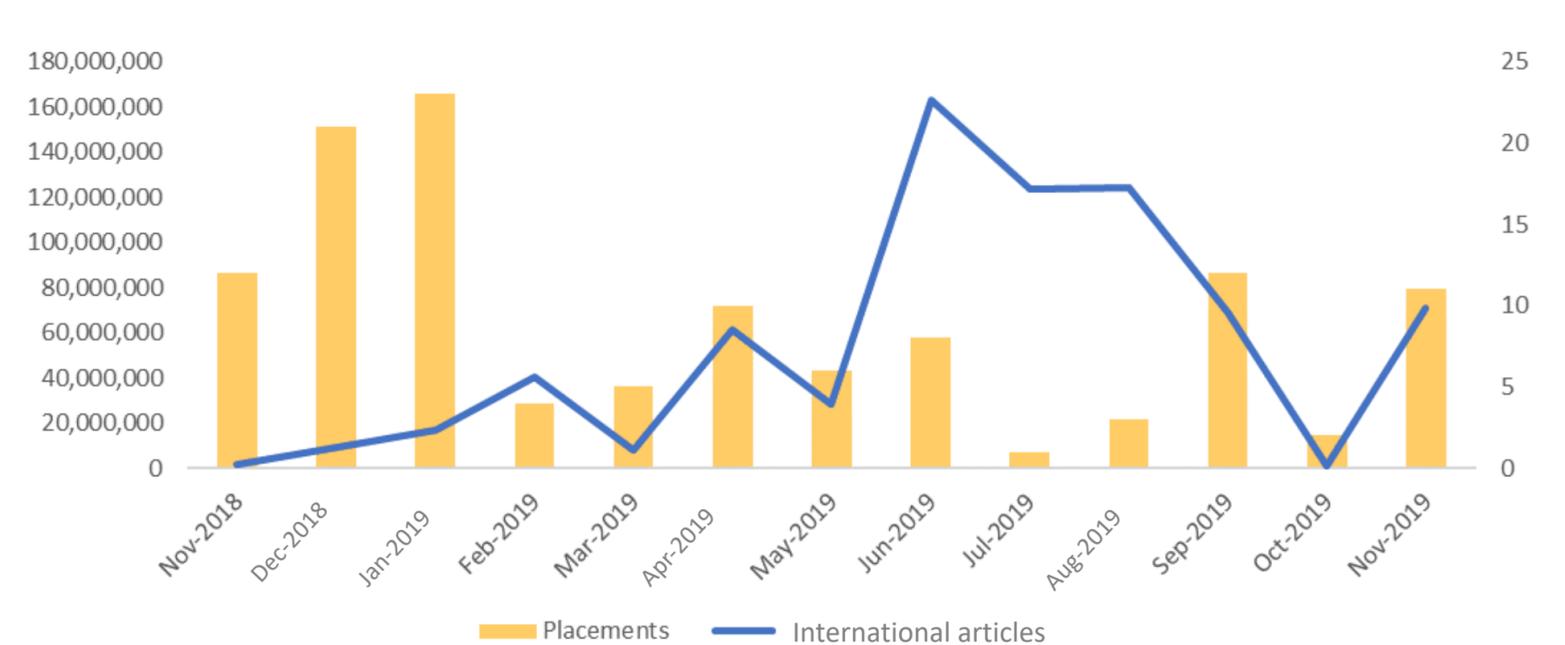
- **In the period from Dec-2018 to Nov-2019 there were 106 placements in international press (on average 9 per month), generating a reach of 716 million impressions (on average 60 million per month). During Nov-2019, 11 articles were published, achieving 71 million impressions.**

TOTAL NATIONAL ARTICLES AND REACH (NOV-2019)



SOURCE: GAUDELLI (Feb-18 to Jan-19), LLORENTE Y CUENCA (Feb-Nov-19)

TOTAL INTERNATIONAL ARTICLES AND REACH (NOV-2019)



SOURCE: NJF (Feb-18 to Jan-19), OGILVY (Feb-Nov-19)

DEFINITIONS

- **Congress.** Non-business-oriented meetings in which large groups of individuals gather, generally to discuss and exchange points of view about a topic of interest (professional, cultural, religious, social, sports, governmental or academic, among others). They usually last several days with simultaneous sessions, as well as a predetermined multiannual or annual frequency.
- **Convention.** Guild or business meetings normally sponsored by a corporation, in which the participants represent the same company, corporate group or customer or supplier relationship. Sometimes participation is mandatory, thus, travel expenses are borne by the corporation. It includes general and formal meetings of a legislative, social or economic body, in order to give information, deliberate or establish consensus or discuss policies by the participants, as well as discuss business issues around a market, product or brand. They may contain a secondary component of exposure.
- **Available rooms.** It is the number of rooms that are in service. It doesn't count the rooms that are out of service due to repair or some other reason
- **Tourist destination.** The main destination of a tourist trip is the place to be visited which is essential for the decision to make the trip. See also main reason for a tourist trip.
- **Seasonality.** It means that tourist's flows or currents tend to concentrate around certain times of the year, repeating this process annually
- **Stay.** It results from dividing the total tourist nights by the number of tourist arrivals per month. The result obtained expresses the number of days of stay of the tourist.
- **Events or incentive trips.** An incentive trip is a modern management strategy focused on recognizing people who reached or exceeded objectives commonly related to sales or productivity, aimed at participants who demonstrate better performance in their work with an extraordinary travelling experience.
- **Room Nights.** It is obtained from the daily registry with the number of tourists occupying rooms at an establishment, by their length of stay (number of nights they spend at the establishment) and is classified according to their place of origin, by residents and non-residents.
- **Inflation.** Continuous and generalized growth in the prices of goods and services that are sold in an economy. It is the average growth from one period to another of the prices of a basket of goods and services.
- **Underlying inflation.** It is the increase of prices of a subset of the NCPI (National Consumer Price Index), which contains generics with less volatile quotes. It measures the inflation trend in the medium term. The 283 generic concepts that integrate the basket of goods and services of the NCPI are classified or grouped into subsets that respond to particular analysis needs, amongst the most well-known classifications are those of object of expenditure, which refers to the sector of origin of the goods and services and of durability of the goods and underlying inflation.
- **Passenger arrivals.** Passengers transported in airline aircrafts with established routes and itineraries
- **Tourist arrivals.** Corresponds to the number of tourists registered by the lodging establishment during the month.

DEFINITIONS

- **Visitor's nationality.** That of the country which grants a passport or another identity document to the visitor, even if they usually reside in another country.
- **Non-resident.** A person whose habitual environment is outside the Mexican territory and who visits the latter for a period of less than twelve months for any reason (businesses, vacations, and other). Excludes received remuneration for activities carried out in the visited place
- **Hotel occupancy.** The occupancy rate of accommodation is a concept based on the supply. It is an important indicator for many purposes. It provides information on the differences in use between the different types of lodging establishments and if presented in monthly data it also indicates the seasonal pattern of the use of tourist accommodations.
- **RevPAR.** The RevPAR is the most important metric used in the hotel industry to assess the financial performance of an establishment or chain. It is an abbreviation of Revenue Per Available Room, income per available room. It always refers to a certain period (weekly, monthly, annual, etc.). One way to calculate the RevPAR is through the formula: $RevPAR = It / \Sigma Ht$, where It is equal to the total income generated by the rooms in a period t . and ΣHt is equal to the total number of rooms available in a period t . That is, the rooms of the establishment or chain multiplied by the number of nights of period t minus rooms not available.
- **Resident.** Individual whose habitual environment is in the territory of the Mexican United States.
- **Residence.** It is the place/country in which the traveler has remained during most of the previous year (12 months) or has stayed for a shorter period and expects to return within the 12 months to live in that country.
- **Average daily rate.** The average daily rate (commonly known as ADR) is a statistical unit that represents the average income per occupied room, paid in a given period of time. The ADR along with the occupancy of the property are the basis for the financial performance of the property. The ADR is calculated by dividing the income of the rooms, by the number of rooms sold. Rooms of house guests (known as "House use") and free rooms (known as complimentary) must be excluded from the denominator.
- **Tourist.** Any person who travels outside of their usual location for a period of less than 12 months for any reason, except for people who engage in activities that will generate income at the travel destination; refugees or migrant workers; diplomats; seasonal or border workers, or travel employees.
- **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 people who participate in activities that will generate them income at the travel destination; refugees or migrant workers; diplomats; seasonal or border workers, or tourism employees, or people searching for a job or to establish new residence.

LOS  CABOS

LOS CABOS TOURISM OBSERVATORY

Reserved rights. Total or partial reproduction prohibited.



Prepared by STA Consultores S.C.
www.staconsultores.com
info@staconsultores.com