

**Tourism: An Economic Pillar for the Region;  
Economic Opportunities for its People**

**CHICOS Welcome Address**

**The Hon. E. David Burt, JP MP  
Premier of Bermuda**

**November 9, 2017**

Good Morning.

It's my pleasure to welcome you to Bermuda. We're delighted to have you here for the seventh Caribbean Hotel Investment Conference and Operations Summit, presented by HVS. I'm told the most recent convening of CHICOS was in Puerto Rico last year. As we all know, our Caribbean brothers and sisters there in Puerto Rico are still in desperate recovery mode following Hurricane Maria which made landfall more than six weeks ago now.

Not only Puerto Rico, but Barbuda, BVI, Turks and Caicos, US Virgin Islands – those countries and many others took hits this hurricane season. All are still clawing their way back to normalcy – and our thoughts and prayers are with them.

Thirty of our Bermuda Regiment soldiers and some of our utility workers travelled deep into the Caribbean to help restore lives and reinstate hope following the storms. It makes sense to me that post-storm tourism reinvestment in the Caribbean will be among the things you discuss over the next two days during this summit.

With that on your plate and the rest of the conference agenda that was already on the books, you'll be busy.

Here in the next few minutes you'll be briefed on global and regional hotel performance from STR, an industry leader in hotel intelligence.

Other industry leaders will address you as well – Marriott/Starwood and Wyndham are a couple of the brands even those outside of the industry will easily recognize. I'm glad to see them represented at CHICOS along with many other influential names in the global tourism arena.

All of these industry leaders are coordinated under the expertise of HVS which is a true authority in the space. You'll be hearing from Parris Jordan shortly, as we get started here this morning.

This is an important gathering for the Caribbean region because tourism is such an important economic pillar for our respective countries and our respective people. Speaking of which, I imagine in an audience of delegates as august as this, there will be some deal making happening here at the Hamilton Princess... probably between dark and stormies at the Crown and Anchor Lounge. Don't worry, it's not only allowable – out here it's encouraged!

It is on that point – deal making, not rum drinking – that I want to take a moment to tell you a little about what’s been happening here in Bermuda on the tourism front, and where it is I believe we’re heading as a country.

Just this week the Bermuda Tourism Authority released the latest figures:

- 20 of the last 21 months have brought growth in vacation air arrivals. Storm ravaged September 2017 being the only exception. That’s a remarkable result that all of us here in Bermuda are proud of
- We’ve experienced seven consecutive quarters of air vacationer spending growth, the 2017 year-to-date spending increases have grown by double-digit percentages
- Hotel occupancy is up 9 percent through the first nine months of the year, with ADR and RevPar up strongly as well
- And just as importantly, the average age of the Bermuda visitor is trending younger, almost all the growth happening in visitor arrivals right now are from travellers under 45 years-old – mostly between the ages of 25 and 34.

That last data point is important to the sustainability, viability and longevity of our tourism industry resurgence. And I imagine it’s especially crucial to a hotel investor’s decision making matrix.

More than half of our air visitors, the ones staying in our hotels, arrive from New York and Boston. They’re just 90 minutes and two hours away respectively – a short flight and they’re here. I suspect many of you just made that same trip.

Young visitors from major US cities, who have a willingness to spend more than we’ve traditionally seen, are also speaking of Bermuda favourably for a return visit when they answer our exit surveys.

Put all these bits and pieces together, along with the high number of first-time visitors we’re attracting, you will logically conclude that Bermuda’s recent growth is sustainable.

That’s the apparent view of the commercial airlines as they’ve added more airlines seats from New York’s JFK and from Boston’s Logan Airport in the past 24 months.

As you know, Bermuda is a small volume destination with 42 hotels and 2,400 hotel rooms. That’s half the inventory we had in 1990. Half!! While I think it would be foolhardy to project a return to 80-plus hotels in the foreseeable future, Bermuda is on pace to add 1,500 hotel rooms over the next ten years.

There are several things unfolding in the Bermuda tourism marketplace that make me optimistic about the pace we’re on for hotel construction.

Our Economic Development and Tourism Minister, the Honourable Jamahl Simmons just ushered a Bill through Parliament that became the Tourism Investment Act. To incentivise hotel development, the law provides up to ten years of relief on a variety of taxes. A developer could be rewarded with a 100% waiver on the payment of Customs duty, hotel occupancy tax, land tax and payroll tax for a prolonged period.

These incentives are designed to spur employment for Bermudians as much as they're designed to stimulate hotel development. That's why the developer must show proof of Bermudian employment and training programmes to realise the full benefit of the incentives on offer.

Similar rules apply for hotel refurbishment projects, restaurant projects and projects for tourism attractions. And some of these incentives have a sunset date, which will help motivate developers to act in the short term.

Some are already getting to it. I'll name just a few:

- The Azura, a boutique hotel, is currently under construction on the south shore – a rebuild on the former Surf Side property. 46 hotel rooms. 18 villa residences. The first phase of the project is slated for completion in a matter of months.
- A Ritz-Carlton Reserve is under construction at Caroline Bay. Phase I, which will include an ultra-luxury hotel component and residences, is due to open by April 2019. A superyacht marina on this site has already been completed.
- St. Regis Resort in the east end has broken ground on the way to 122 hotel rooms and 28 luxury condominiums. Due in 2020.

In the meantime, the Bermuda Tourism Authority is working to grow Bermuda into a truly year-round destination, another important factor toward hotel profitability. Progress is being made there, particularly with sports events and business meetings between November and April – not unlike this event, which is bringing volume to Hamilton Princess at a time when vacationer demand typically softens. I understand that last night, this hotel was sold out... not a room left. Another major conference from Canada will be here in a couple of weeks, bringing 800 delegates.

The Caribbean Tourism Organisation projects air arrival growth for the region between two-and-a-half and three-and-a-half percentage points this year. Here in Bermuda, we've hoping for 2017 growth even more robust than that. Globally, tourism is expected to be up as well, according to United Nations World Tourism Organisation.

All of this means there is fierce competition for new tourism investment everywhere tourism exists, perhaps more so in the wake of the 2017 hurricane season.

Every tourism authority wants to see growth and investment, every government's leader wants to create greater opportunity for his or her people.

In Bermuda hotel development means economic opportunity for Bermudians – beyond just jobs. In many ways, Bermuda is the anti-all-inclusive destination. It's easy to get around here, we're safe and our people are exceedingly friendly, which blends perfectly with the experiential hotel guests we attract. Those visitors are motivated to visit our neighbourhoods, explore our trails and sample our way life. And when they do, small business owners up and down the country reap the benefits – putting food on the tables of

their families, creating wealth for their children. This was, and continues to be, the end result we are striving for with policies like the Tourism Investment Act.

I hope over the next two days a strong case is made for tourism infrastructure investment here in Bermuda and in the countries of our Caribbean brothers and sisters to the south. History and culture has aligned us well – we know the same diaspora, we have overcome similar struggles. Now, partly as a result of this gathering, let us together share in the opportunities afforded us through tourism over the next decade.

Once again, welcome to our country. Enjoy CHICOS. Enjoy Bermuda. We're glad you're here.

Thank you.