



## SOSÚA BEACH – TOURISM IN DOMINICAN REPUBLIC

### **Leisure Resort Development Opportunity in Dominican Republic**

A large scale tourism development opportunity is available in Sosúa Bay on the north coast of The Dominican Republic. Located less than ten minutes away from Puerto Plata’s Gregorio Luperón International Airport and less than twenty minutes away from the popular tourist spots of Cabarete and Puerto Plata, the golden sands, pristine waters and mountainous backdrop provide a picturesque location with considerable potential.

The site, owned by Sosúa, S.A.S., consists of two parcels of land totalling 300,000 square meters (74 acres). The first parcel is a waterfront property extending along the entirety of the one kilometre-long, Sosúa Beach. The property is over 85,000 square meters (21 acres) in area and is permitted to site buildings of up to four stories and 150 rooms per hectare. The second parcel of land is set on the hillside offering stunning views of the ocean, beaches and mountains. It is over 200,000 square meters (50 acres) in area and can site buildings of up to three stories high and 125 rooms per hectare.

A masterplan has been developed by Sosúa, S.A.S. in conjunction with renowned architects, Perkins Eastman, to transform the property into the Caribbean’s next top destination. The company is currently

seeking a strategic partner to develop the master plan or a different residential proposal on this high potential property.

## Competitive Development and Operating Costs

### **Development Costs**

- ❖ Construction costs in the Dominican Republic are among the most competitive in the Caribbean. Construction costs for five star hotels range from US\$173 - 346 per sq ft and US\$115 - 321 for three star accommodation.<sup>1</sup>

### **Operating Costs and Infrastructure**

- ❖ The Dominican Republic is among the lowest cost Caribbean nations for electricity, water charges and telephone costs.<sup>2</sup>
- ❖ Wage costs in the country are highly competitive: The annual salary of an experienced hospitality employee is approximately US\$3,438 per annum. With 188,000 people directly employed in the country's tourism sector, there is a large and experienced talent pool to support tourism developments.

## Dominican Republic's Growing Tourism Market

- ❖ Surrounded by the Atlantic Ocean on the north and the Caribbean Sea on the south, the tropical island of the Dominican Republic boasts nearly 1,000 miles of coastline and 250 miles of the world's top beaches. Its wide variety of sports, recreation and entertainment activities and magnificent national parks, mountain ranges, rivers and beaches have resulted in growing visitor numbers each year.
- ❖ The Dominican Republic is the largest tourist destination in the Caribbean. International tourist numbers increased by 9.6% in 2014 to reach 5.14 million. The USA was the largest source country accounting for 1.78 million visitors. Visitor numbers are expected to reach 10 million by 2023.<sup>3</sup>



<sup>1</sup> Based on a Rider Levett Bucknall Survey. The costs include FF&E, but exclude operator's stock and equipment, fees, land costs and local taxes

<sup>2</sup> fDi Benchmark from the Financial Times Ltd 2015

<sup>3</sup> Caribbean Tourism Organization

- ❖ The tourism market has experienced rapid year-on-year growth since 2009, with international visitor numbers increasing by 29% between 2009 and 2014.
- ❖ International tourist receipts exceeded US\$5 billion in 2013, with consistent year-on-year increases since 2009.<sup>4</sup>
- ❖ Overseas visitors were responsible for 76% of total tourism expenditure in 2014.
- ❖ The leisure segment accounts for 94.6% of the tourism market value, while business travel accounts for the remainder.
- ❖ The contribution of the tourist industry to The Dominican Republic economy is forecast to increase by 2.8% per annum between 2015 and 2025.<sup>5</sup>

### **Regional Industry**

- ❖ In 2012 approximately 26.3 million people travelled to the Caribbean.
- ❖ Increases are attributed in part to improvements at airports around the region, the opening of new hotel chains, and an increase in direct flights and airline seat capacity.
- ❖ Tourists overall spent more than \$29 billion in the Caribbean in 2014, an increase of more than \$1 billion over the previous year.

## **Investor Testimonials**

*“Given the area’s established a hugely successful tourist industry, high rental returns are far more achievable than many other more obscure international destinations, which, although they are billed as investment hot spots, suffer from an acute lack of infrastructure and basic services... with the American market demanding more short haul holidays, a much greater demand for Caribbean rentals is being experienced, and international tour operators are fighting to secure rental property. This bodes well for investors looking for consistently high returns.”*

Pat Lyons, Managing Director of Lyons Properties, developer of the Punta Pearl Resort, The Dominican Republic

<sup>4</sup> World Bank World Development Indicators

<sup>5</sup> WTTC Travel & Tourism Economic Impact 2015

## Incentives

Investments in the tourism sector are supported by the Tourism Incentive Act 158-01. The act offers a range of incentives during pre-approval and post approval of development projects. The incentives for provisional approval include:

- ❖ Exemption from the requirement to legally establish the company
- ❖ Increases in share capital
- ❖ Property transfer tax (3 percent of the value of the property)

After the project has been approved the following incentives will be applicable:

- ❖ Exemption from income tax for ten years
- ❖ Exemption from national and municipal taxes
- ❖ Exemption from taxes on construction and planning
- ❖ Exemption from taxes on the payment of loan interest
- ❖ Exemption from equipment import taxes (exempt from customs taxes, taxes on transfer of industrial goods and services)
- ❖ Exemption from taxes on luxury housing

## Contact Dominican Republic

Department for Investment Promotion and Development

Av. Cayetano Germosén

Esquina Av. Gregorio Luperón

Santo Domingo

Dominican Republic

Phone: 809-221-4660

[invest@godominicanrepublic.com](mailto:invest@godominicanrepublic.com)

[www.godominicanrepublic.com](http://www.godominicanrepublic.com)

[www.sectur.gov.do](http://www.sectur.gov.do)

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