



TOURISM — TOURISM DEVELOPMENT OPPORTUNITIES IN JAMAICA

Tourism Development Opportunities in Jamaica

JAMPRO (the export and investment promotion agency for Jamaica) is currently operating the Shovel Ready Investment Programme (SRIP). This tourism development initiative has been set up to have tourism development opportunities ready for potential investors. There will be 15 properties, with varying levels of approval for development, within the programme. These properties are primarily on the north coast and south coast with at least one on the east coast of the island.

Three properties are currently available for investment. The first is for a hotel development in St Ann on Jamaica's north coast. This property consists of 29.7 acres of land bordered by a beautiful stretch of white sand beach in Mammee Bay, 10 minutes from Ocho Rios. Approval is in place for a resort of up to 354 resort hotel rooms. The property is located 90 minutes away from Sangsters International Airport, Montego Bay and is in close proximity to Craft and Duty Free shops.

The second property is Green Island, Hanover in the north west of the island. It is located approximately 1 hour and 15 minutes from the Sangsters International Airport in Montego Bay and is close access to Negril's famed seven-mile white sand beach. The property has a total of 500 acres in two parcels of land. The first is 175 acres of beachfront property and has been earmarked for small to medium sized

subdivisions of 5 to 30 acres ideal for high-end condominiums and tourism developments, respectively. The remaining 350 acres is suitable for housing and community development projects.

The third property is in Westmoreland. This 2,000 acre site has been earmarked for mixed development.

Competitive Development and Operating Costs

Development Costs

- ❖ Construction costs in the Jamaica are highly competitive for both tourism accommodation and retail developments. Construction costs for five star hotels range from US\$231 - 352 per Sq ft and US\$151 - 201 for three star accommodation. Strip retail development ranges from US\$151 - 231 per Sq ft.¹

Operating Costs and Infrastructure

- ❖ Wage costs in the country are highly competitive: The annual salary of an experienced hospitality employee is approximately US\$3,681 per annum. With 82,500 directly employed in the tourism industry there is a large labour pool to support tourism developments.

Jamaica's Thriving Tourism Market

- ❖ Jamaica is the third largest island in the Caribbean archipelago and its reputation and influence is recognised globally. Despite increasing competition and a challenging global economic climate, the country's tourism industry has continued to experience growth.

- ❖ Visitors flying into the country are well served by three modern international airports, and four ports of call for cruise ships. Some of the world's premier cruise lines such



as Carnival, Princess Cruises and Royal Caribbean from North America, Aida Cruises from Germany and Sun Cruises from Britain visit Jamaica each year. In recent years, the accommodation segment of Jamaica's tourism industry has attracted a high level of foreign direct investment (FDI). Market leaders such as Sandals, Gran Bahia Principe, AM Properties and RIU have significant presence on the island.

¹ 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

- ❖ Jamaica is the third largest tourist destination in the Caribbean. International tourist numbers increased by 3.6% in 2014 to reach 2,080,181. The USA was the largest source country accounting for 1.29 million visitors. Visitor numbers are expected to reach 10 million by 2023.²
- ❖ Despite increased hotel capacity, hotel occupancy rates grew in 2014 to reach 68.1% on the Island. Occupancy rates in key tourist areas such as Montego Bay and Ocho Rios exceeded this.
- ❖ The tourism market has experienced rapid year-on-year growth since 2009, with international visitor numbers increasing by 13.6% between 2009 and 2014.
- ❖ International tourist receipts exceeded US\$2 billion in 2013, with consistent year-on-year increases since 2009.³
- ❖ Overseas visitors were responsible for 78.3% of total tourism expenditure in 2014.
- ❖ The leisure segment accounts for 88% of the tourism market value, while business travel accounts for the remainder.
- ❖ The contribution of the tourist industry to the Jamaican economy is forecast to increase by 4.6% per annum between 2015 and 2025.⁴

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

“The three fastest-growing destinations in the Caribbean are Cancun, Dominican Republic, and Jamaica. People view these destinations as very safe. Jamaica already enjoys a good reputation and the demand is there... We are extremely excited to continue working and growing alongside the people of Jamaica, and we remain committed to further enhancing the already great tourism industry here.”

Ruben Becerra, vice-president of corporate affairs and business development, Karisma Hotels and Resorts

² Jamaica Tourist Board Annual Travel Statistics 2014

³ World Bank World Development Indicators

⁴ WTTC Travel & Tourism Economic Impact 2015

Incentives

Investments in the tourism sector are primarily supported by the Omnibus Tax Incentives Act, 2013. Provisions of the act include:

- ❖ The Fiscal Incentives Act: This is targeted at small and medium size businesses and provides for the reduction of the effective corporate income tax rate by applying: An Employment Tax Credit (ETC) at a maximum value of 30%, and a Capital Allowance applicable to a broadened definition of industrial buildings
- ❖ The Income Tax Relief (Large-Scale Projects and Pioneer Industries) Act: This is targeted at large-scale projects and/or pioneering projects and provides for an improved and more attractive rate for the Employers' Tax Credit (ETC). Projects to be designated either as large-scale or pioneer will be based on the decision of Parliament having been informed by an Economic Impact Assessment.
- ❖ Revised Customs Tariff: This is targeted at the productive sectors and provides for the 0% duty on capital equipment and raw material. Persons in Manufacturing, Tourism and Creative industries stand to benefit from duty free importation of industry-related consumer goods.
- ❖ Revised Stamp Duty Act: This is targeted at the manufacturing sector and provides exemption from additional stamp duty on raw materials and non-consumer goods.

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