

5.8 SOCIO-ECONOMIC STUDY

5.8.1 Socio-Economic Environment

In this section we looked at the baseline socio-economic environment of the study area defined for the proposed project. Based on the assessment of the socio-economic conditions of the urban settlements identified within the study area, the EIA study is focusing on prediction and evaluation about the future impacts of the project on the local people, their physical and psychological health and well-being, economic facilities, heritage and culture, lifestyle and other value systems. The issues under focus are demographic structure, economic activity; employment, housing conditions and infrastructure facilities. The assessment and evaluation of potential socio-economic impacts will thereby assist in the formulation of necessary guidelines for impact mitigation and management of the human environment. The data was collected from primary sources using social surveys over a two-day period in the following urban settlements;

- Nelson Street,
- Wellington Street
- Bay Street
- Bayville Housing Area
- Jemmotts Lane
- Browne's beach
- Vine Street
- Spruce Street
- London Bourne Towers.
- River Road
- Bay Street

The information was supplemented and compared with secondary sources using the 2010 Population and Housing Census from the Barbados Statistical Services. (BSS)

5.8.2 Social- Economic Profile

Given the negative press, the scale and nature of the proposed project, a study area of 2 km around the project site has been defined for profiling of socio-economic environment of nearby villages.

A questionnaire was administered in all residential districts in a 2km radius and a total of 137 respondents were interviewed over a two day period, the 24th and 25th of April, 2019. The respondents were made up of the following;

- 93 households
- 19 Commercial entities
- Community workers
- Other, which included beach goers and persons visiting the area for entertainment.

Table 5.8.1: Surveys conducted in Study Area

Respondent	Number	Percentage
Resident	93	67.9
Commercial interest	19	13.9
Community worker	9	6.5
Other	16	11.7

5.8.3 Demographic Profile

The total population of the households surveyed was 325 persons or 3.5 persons a household. The Population and Housing Census (2010) the number of persons in the St. Michael area shows a rate of 2.7 persons per household while the rate for the island stands slightly higher at 2.9 persons per household. The population surveyed in the study area represents 0.5% of the total population in the St. Michael parish.

5.8.1.1 Age Structure of the Population

Of the total population 20% are 14 years and younger, 10.2% are between the ages 15-19, the age range between 20 – 35 represents 26.5%, 12.3 % represents the ages between 36-45, 15.6% are in the age range 46-55 and the over 56 years represent 15.4%. The ratio of Females to Males is 1:1.2 or a female population of 54.8% to the males 45.2%.

5.8.1.2 Employment

Of the 325 persons living in the area 85 or 26.2 % are unemployed. This is high compared to national average of 10.4%. The rate was almost evenly distributed with males accounting for 50.3 % of the unemployed and females 49.7%.

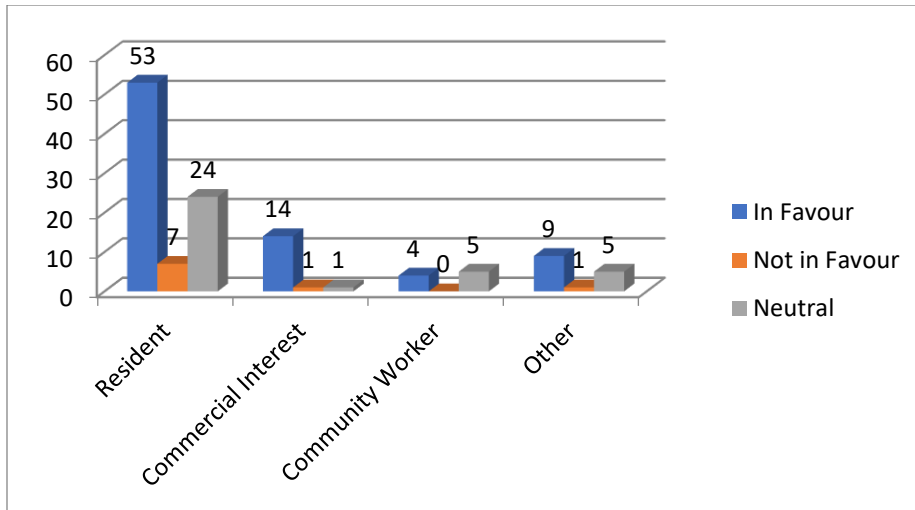
5.8.4 Public Awareness of Development

Table 5.8.1: Public Awareness of Development

Respondent	Aware of Project	Unaware of Project	In Favour	Not in Favour	Neutral
Resident	84	9	53	7	24
Commercial Interest	16	3	14	1	1
Community Worker	9	0	4	0	5
Other	15	1	9	1	5
	124	13	80	9	35

Of the 137 respondents, 124 or 90.5% were aware of the project. Of those aware, 80 or 64.5% were in favour, persons or 7.3% were not in favour, while the remaining 28.2 % were either for or against.

Figure 5.8.2: Respondents acceptability of Project



5.8.5 Socioeconomic Infrastructure

The project site is located in an area in the city where there is adequate social infrastructure. There are several educational facilities, medical, retail stores and adequate road and communication networks.

Educational Facilities:

The secondary schools in the area are the Government owned Harrison College, St Michael School and several Privately owned such as St Gabriel's and the Ursula's Convent. Pre- school and primary schools, both public and private, also adequately service the area.

Health Facilities:

The two hospitals on the island are situated with 2km of the site. There are the Queen Elizabeth Hospital and the Bay View Hospital as well as several health care facilities both public and privately owned.

Roads and Communication:

A public highway adequately service the site. All the villages have access to running water and electricity, Light, landlines, cellular phones and paved roads. There is a very active bus system along the Bay Street road.

Housing

Of the 93 households interviewed, 65 were timber structures or 70%, 4 houses were a mixture of wood and wall. Only 3 houses or 3% were without electricity and 4 houses were without water. Thirty-six per cent (36.6 %) of the households were rented units and a further 4 or 4% were squatters. A further 5 houses or 5.4 % were listed as rent -free. Four (4) households had pit toilets.

General Comments

In conducting the social surveys most respondents in relation to the question, do you look forward to the development? Responded as follows;

- Yes, Will bring future business, tourist and good for tourism
- Waiting to see how it goes, hopefully to get employment; good for local business
- Yes, creates employment
- Yes, to improve the community and Bridgetown area
- Yes, attract more tourist
- Yes, it will make the area better .It will bring life to Bridgetown

In relation to the question of, what impacts do you think the proposed development will have on your community? Most respondents mention employment opportunities. One respondent felt that it would have a negative impact on traffic, noise, dust and water and a positive impact on jobs and tourism. Others felt it was good for the community as a result of increase tourist arrivals. **A copy of a sample questionnaire is included in the appendices.**

5.9 ECONOMIC IMPACT STUDY

ECONOMIC IMPACT ASSESSMENT (JOBS & GDP)

OF THE PROPOSED VISIONS DEVELOPMENT/HYATT HOTEL INVESTMENT PROJECT 2020

Vision Developments Inc. (Vision), a company incorporated under the laws of Barbados, is desirous of constructing and operating a world class 5 star hotel in Bridgetown, the capital city of Barbados. Barbados, which is the most easterly of all Caribbean islands, is considered to be not only a leading tourism destination among its peers in the region, but a significant global player in the tourism and hospitality sector. As such, the country has become renowned for its outstanding tourism product offerings, value for money propositions and world-class accommodation across a range of tourist consumer options.

In an effort to maintain and ultimately surpass these high standards in an extremely competitive global sector, the Government of Barbados has been encouraging both foreign and domestic investors to conceptualize and develop plans to aid in the expansion, upgrade, and diversification of the local tourism product offerings. One critical area in which especial focus is being placed is that of the accommodation sector on island. While Barbados can be said to have a good mix of property offerings which stretch from the exclusive hotels and villas, primarily found on the island's west coast, to the very special boutique properties that reflect the quiet elegance of the country, one area in which Barbados has lost some ground is in the mid-range brand name property types that attract a very critical segment of the international tourist travel market.

In recent years, through the pro-active recruitment of eligible investors and an aggressive incentive regime, the Government of Barbados has intervened directly in the market place to attract investments in the mid-range segment of the market to help re-establish Barbados as a premium destination of choice for the middle class and business traveller. These efforts have begun to bear some fruits with Marriott, Hilton, Sandals, and Wyndam properties all re-establishing or seeking to establish a presence in Barbados in the last 10 years.

Following this lead, and earmarking a specific niche presence for its highly successful global brand in the Barbados market, Hyatt Hotels is partnering with local developers Vision Developments Inc. to establish its brand in Barbados as a leading player and competitor in the tourism sector. In this regard, Hyatt/Vision have opted to take the bold step of differentiating the hotel from the vast majority of other hotel investments on the Island in the past 25 years, by proposing to construct and operate a branded world-class hotel in the heart of Bridgetown. In doing this it will be the first new major green-field hotel erected and/or operated in the capital city in over 50 years.¹

As could be expected, the insertion of a new accommodation product operating under a highly recognizable and successful brand such as Hyatt is bound to create substantial economic and financial value added impact for Barbados' tourism sector specifically and the Island's economy as a whole.

The Investment Context:

In order to appreciate the extent and level of economic and/or financial impact the proposed investment in the Hyatt Hotel is likely to have, it is important to have a brief appreciation of the context within which the said investment is being undertaken. In this regard we will briefly sketch

¹With the exception of the Hilton Hotel which sits just between the southern coast of the island and the greater Bridgetown area. The original Hotel that was constructed in the mid-1960s was torn down and replaced with the new structure which opened its doors in 2006.

the most recent developments in both the Barbados economy and tourism sector as a critical contributor to growth and development in the country.

The Economy:

Following several years of steady economic expansion in the period 2000 to 2008, Barbados' economy like many tourism dependent economies in the Caribbean region experienced severe external shocks from the global economic recession of 2008-2009. The global financial crisis, which was a prominent feature of that global downturn, led to a prolonged recession in Barbados characterized by very low growth, fiscal and external imbalances and developmental paralysis for the better part of a decade. The International Monetary Fund (IMF) estimates that "In 2008, central government debt (including guaranteed debt, and debt held by the National Insurance Scheme (NIS)) amounted to 70 per cent of GDP, and international reserves covered 4 months of imports, at around US\$700 million. By end-May, international reserves dwindled to about US\$220 million, or 5-6 weeks of import coverage, while public debt-to-GDP reached an eye-popping 157 per cent of GDP"² (see table 1)

Table 1 – Economic Indicators

²Please see IMF assessment of economic conditions in Barbados as per Staff Report on the BERT programme submitted to the Executive Board of the International Monetary Fund on

	2014	2015	2016	2017 ^(p)	2018 ^(e)	Sept 2016	Sept 2017	Sept 2018 ^(p)	Sept 2019 ^(e)
Nominal GDP (\$ Million) ¹	9,392.7	9,430.0	9,660.0	9,956.3	10,173.4	7,224.2	7,479.0	7,504.1	7,814.3
Real Growth (%)	0.0	2.4	2.6	0.6	(0.4)	2.3	1.0	0.3	(0.2)
Inflation (%) ²	1.8	(1.1)	1.5	4.5	3.7	0.0	3.6	5.2	2.5
Avg. Unemployment (%) ³	12.3	11.3	9.7	10.0	10.1	10.0	10.2	9.2	10.8
Gross International Reserves (\$ Million)	942.6	878.0	639.8	411.3	999.3	864.5	516.1	525.6	1,225.6
Gross International Reserves Cover, Weeks	11.6	11.2	8.2	5.3	12.9	11.1	6.6	6.7	15.6
BoP Current Account (% of GDP)	(9.2)	(6.0)	(4.2)	(3.9)	(3.4)	(3.8)	(3.2)	(3.1)	(1.4)
Total Imports of Goods (% of GDP)	35.4	32.1	31.1	30.8	29.3	31.1	30.2	28.9	28.1
Travel Credits (% of GDP)	19.0	19.8	21.0	21.9	22.3	21.7	22.6	22.4	24.6
Financial Account (\$ Millions)	745.6	442.3	84.2	86.4	887.6	238.4	129.6	287.1	361.4
Gross Public Sector Debt ⁴ (% of GDP)	137.0	144.2	151.2	148.4	126.3	150.6	150.0	145.9	120.9
External Debt Service to Curr. Acct. Cred.	6.7	9.5	8.0	7.2	4.2	11.0	11.9	8.5	2.4
Treasury-Bill Rate	2.6	1.8	3.1	3.2	0.5	3.1	3.1	2.9	0.5
Average Deposit Rate	2.5	0.4	0.3	0.2	0.2	0.3	0.2	0.2	0.2
Average Loan Rate	7.1	6.8	6.6	6.1	6.1	6.7	6.6	6.7	6.4
Excess Cash Ratio	6.7	10.6	14.5	14.0	15.2	15.5	14.9	16.3	18.5
Private Sector Credit Growth (%) ⁵	(1.0)	1.6	1.5	3.2	0.3	0.4	2.4	0.4	(0.9)
Private Sector Credit (% of GDP) ⁵	81.5	82.5	81.7	81.9	80.4	80.9	81.2	80.4	74.1
Domestic Currency Deposits (% of GDP) ⁵	110.2	113.8	114.9	112.7	111.7	113.3	111.9	110.6	104.9
Fiscal Year	2014/15	2015/16	2016/17	2017/18^(p)	2018/19^(e)	Apr-Sep 2016	Apr-Sep 2017	Apr-Sep 2018	Apr-Sep 2019
Fiscal Deficit (% of GDP)	(7.6)	(9.0)	(5.3)	(4.6)	(0.3)	(4.1)	(2.8)	0.2	2.8
Primary Balance (% of GDP)	(0.5)	(2.0)	2.2	3.2	3.5	(0.5)	1.0	2.8	4.0
Interest (% of GDP)	7.0	7.0	7.5	7.8	3.8	3.6	3.8	2.6	1.2
Fiscal Current Account (% of GDP)	(5.5)	(6.6)	(3.0)	(2.8)	1.6	(3.0)	(2.0)	0.5	3.2
Revenue (% of GDP)	25.8	25.7	27.8	28.8	29.3	11.3	12.8	13.0	13.8
Expenditure (% of GDP)	33.4	34.7	33.1	33.4	29.6	15.4	15.7	12.8	11.0
<i>Non-interest Expenditure (% of GDP)</i>	26.4	27.7	25.6	25.7	25.8	11.8	11.9	10.2	9.8
<i>Capital Expenditure (% of GDP)</i>	2.1	2.5	2.3	1.7	1.9	1.1	0.8	0.3	0.4
Gov't Interest Payments (% of Revenue)	27.2	27.4	26.9	26.9	12.9	31.7	29.5	20.2	8.4

^(p) - Provisional

^(e) - Estimate

¹ - Central Bank of Barbados and Barbados Statistical Service

² - Twelve Month Moving Average

³ - Four Quarter Moving Average

⁴ - Gross Public Sector Debt = Gross Central Government Debt + Other Public Sector Debt,

⁵ - Based on consolidated data for deposit-taking institutions (Commercial Banks, Finance & Trust Companies and Credit Unions)

n.a. - Not Available

Source: Barbados Statistical Service and Central Bank of Barbados

Equally, the country's fiscal position fared no better as persistently high budget imbalances led to a highly unstable and unsustainable financial position for government. Indeed even as government was able to witness some decline in the fiscal deficit in the years immediately preceding FY2017/20 that was insufficient to effectively stem the overall decline in the country's capacity to finance is re-current and longer term expenditures without heavy short term borrowings. (see table 2)

Table 2 – Summary of Government Operations
(BDS \$Millions)

	2014/15	2015/16	2016/17	2017/18(p)	2018/19(e)	Apr-Sep 2016	Apr-Sep 2017	Apr-Sep 2018	Apr-Sep 2019
Total Revenue	2,407.3	2,458.4	2,754.0	2,845.4	2,993.6	1,123.2	1,267.0	1,333.4	1,454.4
Tax Revenue	2,182.8	2,266.3	2,494.5	2,656.3	2,812.4	1,062.3	1,211.4	1,247.4	1,370.4
i) Direct Taxes	901.0	875.6	970.5	968.9	1,126.9	370.6	405.4	472.6	583.0
Personal	412.5	396.8	488.3	462.6	482.1	227.4	236.9	227.7	241.7
Corporate	156.1	215.2	248.2	275.1	355.5	74.3	110.7	161.7	124.1
Property	164.4	132.8	135.4	137.6	161.3	15.0	13.1	28.4	171.5
Municipal Solid Waste	32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Institutions Asset Tax	26.9	29.0	32.6	48.7	44.6	18.7	22.4	26.6	17.2
Other	81.0	65.5	62.7	44.9	83.4	32.1	22.3	28.3	28.4
ii) Indirect Taxes	1,281.8	1,390.7	1,524.0	1,687.4	1,685.6	691.7	806.0	774.7	787.4
a) Consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stamp	11.0	10.1	9.4	10.5	10.9	4.5	4.6	5.0	6.3
VAT	806.2	861.4	890.3	887.3	940.9	417.4	451.1	442.9	471.3
Excises	135.9	169.0	225.6	303.1	271.2	82.8	125.0	114.5	114.8
Import Duties	223.6	231.6	245.2	218.6	213.8	120.6	106.8	99.1	102.8
Hotel & Restaurant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Responsibility Levy	0.0	0.0	29.3	152.0	49.4	1.9	55.7	49.3	0.1
Other	105.1	118.6	124.3	115.9	199.4	64.4	62.8	64.0	92.2
Non Tax Revenue & Grants	224.5	192.1	259.5	189.1	181.2	60.9	55.6	86.0	83.9
Non Tax Revenue	147.7	147.5	228.4	149.0	161.5	49.6	48.9	80.1	73.9
Grants	57.5	18.1	9.8	22.0	0.1	0.0	0.0	0.0	10.0
Post Office - Revenue	19.3	26.4	21.3	18.1	19.6	11.3	6.7	5.9	0.0
Current Expenditure	2,918.7	3,085.5	3,053.0	3,123.8	2,826.4	1,419.3	1,461.5	1,280.0	1,119.1
Wages & Salaries	803.7	787.2	784.4	782.3	811.9	387.4	386.4	382.3	399.0
Goods & Services	341.5	441.3	385.4	364.3	356.3	158.7	159.0	140.1	145.0
Interest	653.7	672.5	741.7	764.7	384.9	356.3	373.5	269.5	122.6
External	165.3	163.7	168.0	168.0	48.0	73.2	73.7	19.6	31.9
Domestic	488.4	508.8	573.7	596.7	336.9	283.1	299.8	249.9	90.7
Transfers & Subsidies	1,119.8	1,184.5	1,141.5	1,212.5	1,273.3	516.9	542.6	488.1	452.5
Grants to Individuals	338.5	342.1	327.3	358.3	362.8	141.0	156.6	142.3	180.8
Grants to Public Institutions	682.9	729.6	714.4	761.2	814.8	327.7	350.2	314.3	235.5
Non-Profit Agencies	29.6	32.3	32.7	19.0	18.3	15.9	8.7	7.3	7.5
Capital Expenditure & Net Lending	193.5	236.3	225.1	171.8	197.8	108.1	83.7	34.2	39.5
Capital Expenditure	173.1	216.6	205.4	149.1	184.9	100.6	76.2	25.8	36.5
Net Lending	20.4	19.7	19.7	22.7	12.9	7.5	7.5	8.4	3.0
Fiscal Balance	(704.9)	(863.4)	(524.1)	(450.2)	(30.5)	(404.2)	(278.2)	19.2	295.7
Primary Balance	(51.2)	(190.8)	217.6	314.5	354.3	(47.9)	95.3	288.7	418.3
Fiscal Balance to GDP (%)	(7.6)	(9.0)	(5.3)	(4.6)	(0.3)				

^(p) Provisional

^(e) Estimate

Sources: Accountant General, Ministry of Finance and Central Bank of Barbados

The downside of these prolonged declines in key macro-economic variables naturally spawned to the country's capacity to create positive economic growth and therefore resulted in not only a decade of very low growth in the national economy but a consistently weakening external position viz a viz the foreign reserves (see chart 1 below)

Chart 1



Source: Central Bank of Barbados

The newly elected administration under the leadership of Prime Minister and Minister of Finance, Economic Affairs and Investment, Hon. Mia Amor Mottley³, has begun a process to stabilization and transformation of the Barbados economy. This process is being implemented through the Barbados Economic and Transformation Programme (BERT) with the assistance of the IMF under an Extended Fund Facility Initiative that began from the last quarter of 2018.⁴

These interventions plus several others connected to them are expected to support a gradual but stronger return to economic growth which both government and the IMF anticipate will begin marginally in 2020 and accelerate in the following years by around 2 ½ %.

³The Barbados Labour Party won a massive landslide victory at the polls winning all 30 seats in the House of Assembly of Barbados on May 24th 2018

⁴On October 1, 2018, the Executive Board of the International Monetary Fund (IMF) approved a four-year Extended Arrangement under the Extended Fund Facility (EFF) for Barbados for an amount equivalent to SDR 208 million

Recent reports from both the IMF and the Central Bank of Barbados confirm positive future developments for the country’s economy as the first few quarters of implementation of BERT appear to have stabilized the country’s finances, stopped the slide in the foreign exchange reserves, and initiated a financial and economic reform programme that is bringing the country’s debt to GDP ratio down towards its eventual target.

Tourism – A beacon of Resilience

As could be expected, these overall economic developments had, and in some respects continue to have, a downside effect on the country’s real economy sectors of which tourism is arguably the most critical. In the years immediately following the 2008-2009 global recession the local tourism sector experienced moderate declines in output as several of its key source market countries including the UK, USA, Continental Europe and the Caribbean region fell into economic recession as well. Nonetheless, as table 3 (below) demonstrates, the tourism sector has proven to be particularly resilient even in the face of these challenges, and by 2014 appreciable growth had returned to the sector with increases in visitor numbers leading the way, while tourism spend recovered more slowly. Between 2014 and 2018 the country witnessed steady growth in numbers, which have passed previous records even as tourism spend has once again topped the US billion dollar mark in 2017, the first time in the years following the global recession in 2008-2009.

Table 3: Long Stay Arrivals by Source Market (‘000)

	January - September				
	2015	2016	2017	2018 ^(p)	2019 ^(e)
U.S.A.	111.8	123.8	141.6	153.7	168.3
Canada	55.6	56.2	62.2	64.1	61.8
U.K.	150.7	154.9	154.8	157.7	171.1
Germany	8.4	8.0	7.3	6.9	7.3
Other Europe	19.6	19.5	20.3	19.8	17.2
Trinidad & Tobago	22.5	26.6	28.4	25.5	24.9
CARICOM	44.3	49.0	50.9	53.1	51.1
Other Countries	19.8	19.7	20.5	19.4	19.3
TOTAL LONG-STAY	432.8	457.7	486.0	500.4	520.9

Source: Barbados Statistical Service and Central Bank of Barbados

These figures are further supported by the Central Bank of Barbados recent figures which indicate that travel receipts increased from \$1.773.6 billion in 2014 to \$2.280.9 billion at end 2018.⁵

⁵Please refer to Table 3 “Balance of Payments” in the CBB Quarterly Economic Review of the Barbados Economy January – September 2019 at www.centralbank.org.bb

Recent Trends:

It is clear from the foregoing that the tourism sector in Barbados continues to strengthen its position among regional and global peers while showing potential for expanding its footprint in a very competitive global market place. In this regard, the World Travel and Tourism Council (WTTC) in its most recent data fact sheet analysis for the sector in Barbados anticipates that tourism sector growth will continue at a reasonably good rate to 2029 in both visitors calls and tourism spend. This they conclude (as shown in the data sheet below) will be consistent with their expectations for global tourism expansion over a similar period. Further advances in Barbados' efforts at stabilizing its economy, return of investor confidence in the coming months and a relatively stable global environment among its key trading partners, demonstrate the future for the islands tourism sector prospects appear to be good.

BARBADOS

2019 ANNUAL RESEARCH: KEY HIGHLIGHTS¹

GLOBAL DATA 2018



While the global economy grew by 3.2%, Travel & Tourism grew significantly more at 3.9%



1 in 5 new jobs were created by Travel & Tourism over the last five years



Global GDP impact by sector (2016 data). Share of total economy GDP



BARBADOS 2018 KEY DATA



CONTRIBUTION OF TRAVEL & TOURISM TO GDP

34.9% OF TOTAL ECONOMY

Total T&T GDP = BBD3,233.4MN (USD1,616.7MN)

+1.4%

2018 Travel & Tourism GDP growth



CONTRIBUTION OF TRAVEL & TOURISM TO EMPLOYMENT

45.7 JOBS (000's)

(34.9% of total employment)

58.8 JOBS (000's)

Expected in 2029



INTERNATIONAL VISITOR IMPACT

BBD2,173.8 MN

USD1,086.9MN in visitor spend
(56.8% of total exports)

697.8 (000's)

Expected international arrivals for 2019

INBOUND ARRIVALS



- 1. UNITED KINGDOM 34%
- 2. UNITED STATES 27%
- 3. CANADA 13%
- 4. TRINIDAD AND TOBAGO 5%
- 5. GERMANY 2%
- REST OF WORLD 19%

OUTBOUND DEPARTURES



- 1. UNITED STATES 43%
- 2. CANADA 10%
- 3. TRINIDAD AND TOBAGO 9%
- 4. FRANCE 7%
- 5. ST LUCIA 5%
- REST OF WORLD 27%

Note: Data are average shares over the 2015-2017 period
Source: Oxford Economics, national sources and UNWTO

SECTOR CHARACTERISTICS (2018)



¹All values are in constant 2018 prices & exchange rates
All forecasts WTTC and Oxford Economics

ECONOMIC IMPACT

Investment Matrix:

Project Specific:

1. Total level of financial investment for the project in **US\$175 million/BDS\$350 million**
2. Level of foreign investment (in actual dollar terms as a proportion of total expenditure for the project period). **All investment will be in US.**
3. Total level of taxes expected to be paid if any (outside of the waivers granted to government). **US\$10 Million (mainly salaries for temporary and permanent staff)**
4. Number of sub-contractors expected to be employed on the project (**during the construction phase**) Total employment across subs and direct employees is estimated at **2500.**
5. Transport costs/expenditure directly related to the project provided by external sources **US\$4m.**
6. Social capital investments (outside main project frame) Upgrade and beautification of surrounding areas **USD\$2m.**

Hotel Operations Specific:

1. No. of Rooms: Rooms 388, condos 38 (426 keys).
2. Condo price per unit in US dollars **US\$1.8m**
3. Average projected daily occupancy rate of the hotel: **Years1 to 4 - 70% and thereafter to 85% per year.**
4. Number of hotel guests on average per year : **100,000.**

5. Room rate is US\$400/per night; average projected length of stay 1 and half weeks.
6. Principal target markets: USA, UK, CANADA, Continental Europe, Caribbean, South and Central America.
7. Number of Employees (full time staff) 1,500 + (75 different independent service providers).
8. Total level of taxes expected to be paid if any (outside of the waivers granted to government through income taxes, room level etc) **US\$10m per annum**
9. Utility expenditure (electricity, water, telecommunications) **US\$5m per annum.**

Direct and Indirect Jobs

Overview

In order to calculate the economic impact of the Hyatt Barbados on jobs, we were able to calculate a multiplier using information on the direct, indirect, and induced economic contributions from tourism in Barbados from the World Travel & Tourism Council. By calculating a multiplier, which the WTTC created exclusively for Barbados, we could then compute an estimate of the total direct, indirect and induced impact the Hyatt Barbados would have on the economy of the country.

Impact on Job Creation

Impact on Job Creation 2020	
Total Impact	Multiplier
Direct	1
Indirect + Induced	2.18

Direct job Distribution

Direct job contribution accounts for all jobs directly associated with the operations and services associated by the direct recipient of “internal” tourism expenditure. In this report, the Hyatt

Barbados functions as the direct recipient of its guest's spending, i.e. tourism expenditure. Direct jobs associated with the Hyatt Barbados include staff employed by the hotel, restaurants, gift shops, and spa. Direct jobs do not include those employees in services relating to the sale and management of the residential portion of the project. Note that since this report focuses exclusively on the hotel's operations of the resort, no employment resulting from the residential component of the project has been included.

According to projections provided by the developers, Hyatt Barbados will result in the creation of 1,500 new jobs in Barbados.

Hyatt Barbados = 1,500 Direct jobs

Indirect Job Distribution

Indirect job contribution accounts for the jobs associated with supplied inputs that serve the goods and services purchased by guests on the property, so long as that job is produced within the state. Supplied inputs can include raw materials, energy, and resale goods. An example of an indirect job would be a cashier at the local market who supplies the hotel with all of the eggs used in its Sunday Brunch or an electrical technician that works for the company supplying energy throughout the property.

Induced Job Distribution

Induced job contribution is domestic jobs created as a result of spending by those individuals who have either directly or indirectly received income from the purchase of goods and services by guests in the property. This process is similar to a cycle in which the spending of one household's disposable income becomes the income of another household, so on and so forth. This process, however, is dampened by imports, which is not domestic income, and thus lowers the impact originally created by guest spending.

WTTC's research showed that for every one direct job created by tourism, 2.18 total indirect or induced jobs would be created. By using the multiplier, it is deduced that the Hyatt Barbados will result in a total of 3,720 total indirect and induced jobs for the country of Barbados.

$1,500 \text{ Direct Jobs} \times 2.18 \approx 3,270 \text{ Total Indirect \& Induced Jobs}$

GDP Contribution

Overview

A similar process was used to determine the potential contribution the Hyatt Barbados would make on GDP. It is important to note, however, due to the ambiguity of the property's procurement contracts, we have been limited to using specific line items in the project's financial

statements that will most likely contribute to the Barbados GDP. Such items include direct payroll, undistributed operating expenses, and percentage of the cost of sales. These items are more than likely to result in income that would primarily be used on domestic goods or services.

Impact on GDP 2020	
Total Impact	Multiplier
Direct	1
Indirect Induced	+ 2.31

Impact on GDP

Direct GDP Contribution

Direct GDP contribution was calculated using specific items in the Hyatt Barbados financial statement, that we estimate would directly contribute to the country’s GDP including:

- **Direct Payroll** – includes direct payments made to employees in rooms, F&B, spa, and other operated departments (\$21,000,000)
- **Undistributed Operating Expenses** – includes payroll and related expenses, and other expenses, such as utility costs (\$30,000,000).
- **Cost of Sales (40%)** – includes 40% of the expenses allocated to the cost of sales (\$20,000,000)

Using the line items provided by the developers, the Hyatt Barbados will result in the creation of BDS \$71 million to the GDP in Barbados in 2022.

Hyatt Barbados = \$71M Direct GDP Contribution

Indirect GDP Contribution

Indirect GDP contribution accounts for the domestic income associated with supplied inputs that serve the goods and services purchased by guests on the property. Referring back to our previous example, indirect GDP would be the cashier’s income after the local market has supplied the hotel with all of the eggs used in its Sunday Brunch.

Induced GDP Contribution

Induced GDP contribution is cyclical income created as a result of spending by those individuals who have either directly or indirectly received income from the purchase of goods and services by guests in the property. Again, this total number is eventually dampened by imports, which lowers the impact originally created by guest spending.

The research showed that for every dollar created by tourism, \$2.31 was created in total indirect or induced GDP. By using the multiplier, it is deduced that the Hyatt Barbados will result in a total of US \$164.24 M total indirect and induced GDP for the country of Barbados.

$\$71.1 \text{ M Direct GDP} \times 2.31 = \$164.24 \text{ M Total Indirect \& Induced GDP}$

Table 4 – Hyatt Pro Forma (5 Years)

	2022	2023	2024	2025	2026
Available Hotel Rooms	388	388	388	388	388
Available Room Nights	141,620	141,620	142,008	141,620	141,620
Occupied Room Nights	106,215	113,296	113,606	113,296	113,296
Occupancy	75%	80%	80%	80%	80%
Average Daily Rate	\$800	\$800	\$800	\$800	\$800
RevPAR	\$600	\$640	\$640	\$640	\$640
Days Open	365	365	366	365	365

Table 5 – Hyatt’s Revenue/Expenditure (5 years)

	2022	2023	2024	2025	2026
Revenues					
Rooms	\$ 84,972,000	\$ 90,636,800	\$ 90,885,120	\$ 90,636,800	\$ 90,636,800
Foods & Beverages	\$ 12,745,800	\$ 13,595,520	\$ 13,632,768	\$ 13,595,520	\$ 13,595,520
Spa	\$ 1,699,440	\$ 1,812,736	\$ 1,817,702	\$ 1,812,736	\$ 1,812,736

Other Revenues	\$ 4,248,600	\$ 4,531,840	\$ 4,544,256	\$ 4,531,840	\$ 4,531,840
Total Revenues	\$ 103,665,840	\$ 110,576,896	\$ 110,879,846	\$ 110,576,896	\$ 110,576,896
Departmental Expenses					
Rooms Expenses	\$ 21,243,000	\$ 22,659,200	\$ 22,721,280	\$ 22,659,200	\$ 22,659,200
Foods & Beverages	\$ 6,372,900	\$ 6,797,760	\$ 6,816,384	\$ 6,797,760	\$ 6,797,760
Spa	\$ 509,832	\$ 543,821	\$ 545,311	\$ 543,821	\$ 543,821
Other Revenues	\$ 2,549,160	\$ 2,719,104	\$ 2,726,554	\$ 2,719,104	\$ 2,719,104
Total Departmental Expenses	\$ 30,674,892	\$ 32,719,885	\$ 32,809,528	\$ 32,719,885	\$ 32,719,885
Other Operating Expenses					
General & Admin Expenses	\$ 15,549,876	\$ 16,586,534	\$ 16,631,977	\$ 16,586,534	\$ 16,586,534
Sales & Marketing	\$ 8,293,267	\$ 8,846,152	\$ 8,870,388	\$ 8,846,152	\$ 8,846,152
Property Operations & Maintenance	\$ 5,183,292	\$ 5,528,845	\$ 5,543,992	\$ 5,528,845	\$ 5,528,845
Utilities	\$ 4,146,634	\$ 4,423,076	\$ 4,435,194	\$ 4,423,076	\$ 4,423,076
Total	\$ 33,173,069	\$ 35,384,607	\$ 35,481,551	\$ 35,384,607	\$ 35,384,607
Gross Operating Profit	\$ 39,817,879	\$ 42,472,404	\$ 42,588,767	\$ 42,472,404	\$ 42,472,404
Management fee	\$ 3,109,975	\$ 3,317,307	\$ 3,326,395	\$ 3,317,307	\$ 3,317,307
Income Before Fixed Charges	\$ 36,707,904	\$ 39,155,098	\$ 39,262,372	\$ 39,155,098	\$ 39,155,098

Fixed Charges					
Insurance & Taxes	\$ 4,146,634	\$ 4,423,076	\$ 4,435,194	\$ 4,423,076	\$ 4,423,076
Incentive Management fee	\$ 2,073,317	\$ 2,211,538	\$ 2,217,597	\$ 2,211,538	\$ 2,211,538
Total Fixed Charges	\$ 6,219,950	\$ 6,634,614	\$ 6,652,791	\$ 6,634,614	\$ 6,634,614
EBITDA	\$ 30,487,954	\$ 32,520,484	\$ 32,609,581	\$ 32,520,484	\$ 32,520,484
Furniture & Fixtures Replacement	\$ 2,073,317	\$ 2,211,538	\$ 2,217,597	\$ 2,211,538	\$ 2,211,538
Net Operating Income	\$ 28,414,637	\$ 30,308,946	\$ 30,391,984	\$ 30,308,946	\$ 30,308,946

Vision/Hyatt's Basic Investment Facts Sheet

		2022	2023	2024	2025	2026
Construction costs	\$350m					
Condos	38					
Condo Prices	\$3.6m					
Available Hotel Rooms		388	388	388	388	388
Available Room Nights		141,620	141,620	142,008	141,620	141,620
Occupied Room Nights		106,215	113,296	113,606	113,296	113,296
Occupancy		75%	80%	80%	80%	80%
Average Daily Rate		\$800	\$800	\$800	\$800	\$800
RevPAR		\$600	\$640	\$640	\$640	\$640
Days Open		365	365	366	365	365

Foods & Beverages Revenues	WTTC Benchmarks
Spa	WTTC Benchmarks
Other Revenues	WTTC Benchmarks
Rooms Expenses	WTTC Benchmarks
Foods & Beverages	WTTC Benchmarks
Spa	WTTC Benchmarks
Other Revenues	WTTC Benchmarks
General & Admin Expenses	WTTC Benchmarks
Sales & Marketing	WTTC Benchmarks
Property Operations & Maintenance	WTTC Benchmarks
Utilities	WTTC Benchmarks
Gross Operating Profit	WTTC Benchmarks
Management fee	WTTC Benchmarks
Income Before Fixed Charges	WTTC Benchmarks
Insurance & Taxes	WTTC Benchmarks
Incentive Management fee	WTTC Benchmarks
EBITDA	WTTC Benchmarks
Furniture & Fixtures Replacement	WTTC Benchmarks

Conclusion:

On the basis of the above analysis it is clear that over the next 5 to 10 years the Hyatt Barbados will have a significant economic impact on Barbados' economic, tourism and leisure sectors in particular. These estimates are by no means aggressive, indeed they are deliberately conservative and as noted above do not include the full impact of the residential component of the investment.

There are several other spin-off impacts which a project of this nature is likely to have viz a viz foreign exchange earnings, overall tax revenues for government, and additional marketing capacity and reach which the Hyatt brand will bring with it. These along with others when taken together with what we have demonstrated above makes this investment one of the more significant economic and financial projects the country has attracted in the last three decades in the domestic tourism and hospitality sector.