Caribbean Hospitality Financing Survey

2026

Now, for tomorrow

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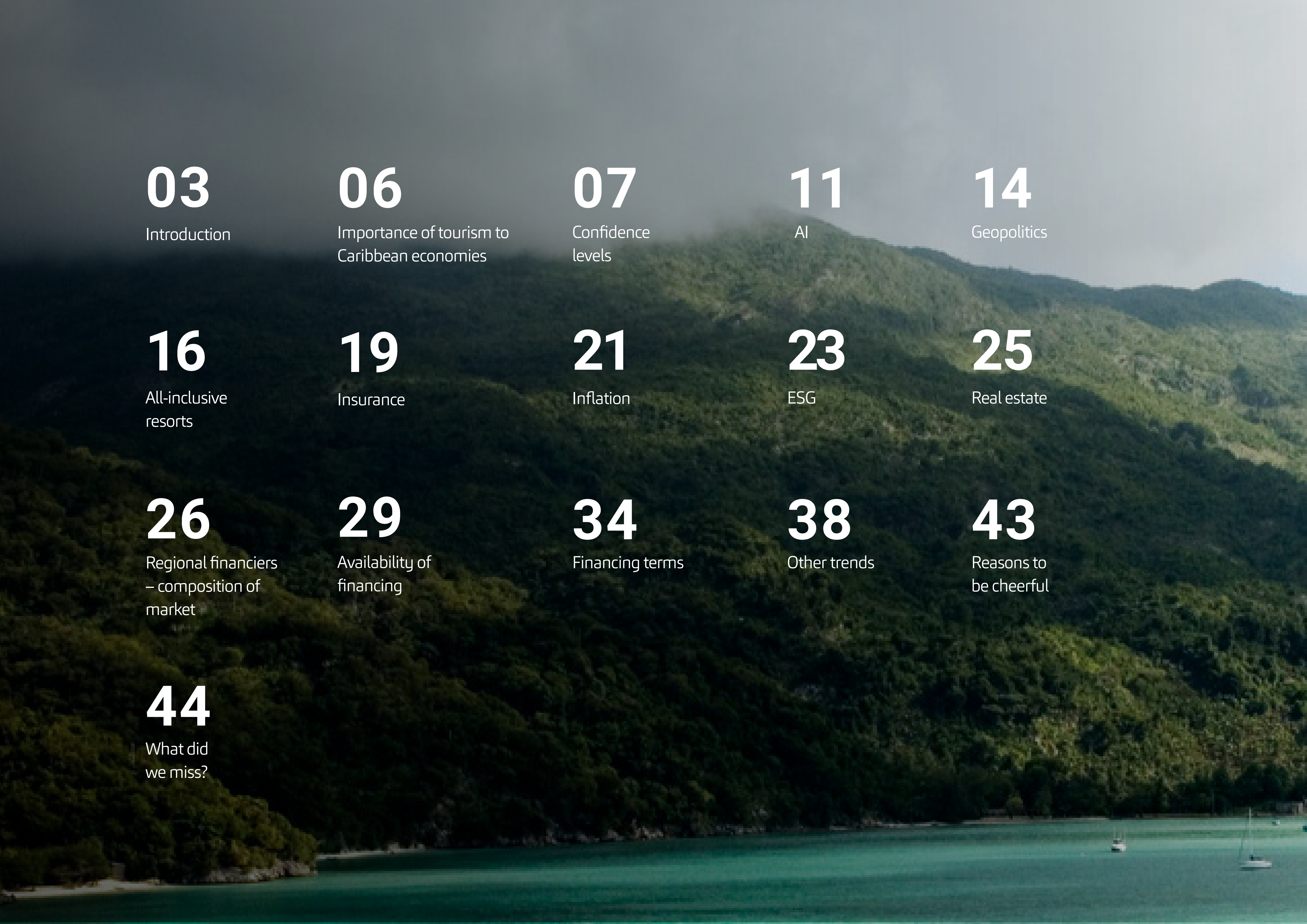


Introduction

Over the last 20+ years of producing this survey on the Caribbean tourism industry it has certainly never been dull.

Disruptive events such as the 2008 economic crisis, COVID 19 and numerous catastrophic hurricanes were all headline grabbers. Then, just after our survey closed last year, the US government announced sweeping tariffs on a wide range of goods imported into the US, which led us to caution readers that this may have influenced respondents' views on issues such as inflation had they known of the tariffs beforehand.

Surely no new disruptive event could happen this year?

Yet, just as our survey was closing, a major conflict in the Middle East raised fresh concerns over global energy supplies, potential travel disruption and increasingly gloomy economic forecasts. Another important reminder that geopolitical events can and do influence survey respondents' views, particularly on issues such as inflation.

Nonetheless, there is substantial value in capturing the underlying sentiment of respondents prior to these disruptions because these sentiments tend to prevail, with headline, knee-jerk reactions to disruptive events often being short lived.

Whilst not wishing to diminish the impact of the aforementioned tariffs, the reality is that compromises have been made and agreements reached.

Interestingly, this year there was no material difference between responses received before and after the outbreak of the Middle East conflict as outlined further in the inflation section of this report.

Geopolitics

Notwithstanding the above, the reality is that the Caribbean tourism industry is clearly not immune to the effects of global events, and accordingly geopolitics now has its own section in this year's survey.

For many years, the Caribbean has been considered a safe haven during times of global turmoil and that sentiment largely remains true today. Most survey respondents report that whilst they believe some tourists will be nervous about geopolitical events and will decide not to travel, the overall impact will be small.

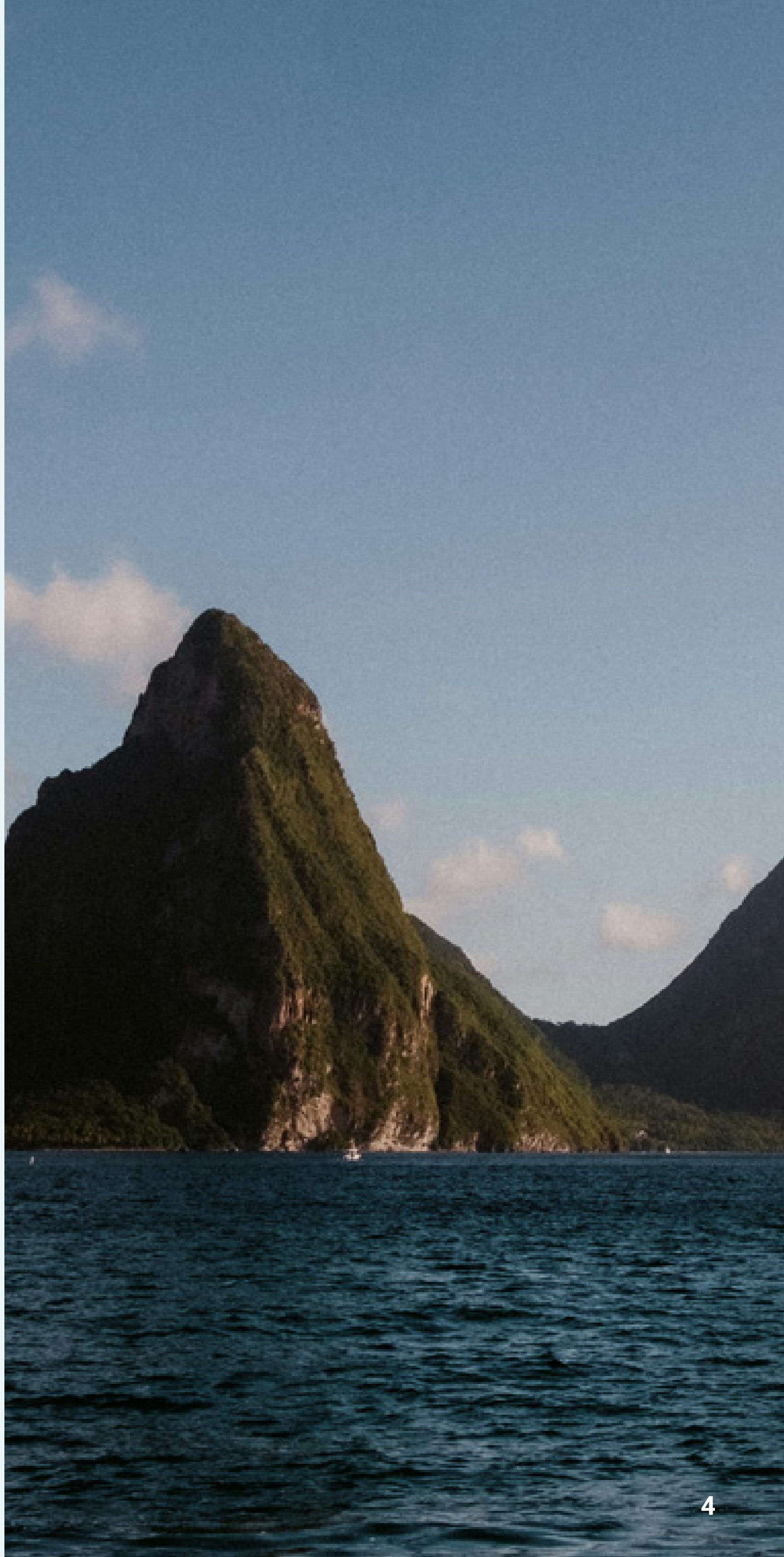
The events of January 2026, when US military operations in Venezuela resulted in multiple flight cancellations, were a reality check for many in the region, illustrating the potential impact of geopolitical events so close to home.

Artificial Intelligence

Another new section we have introduced this year relates to Artificial Intelligence (AI).

AI is dramatically changing the world as we know it and at great pace. The effects of AI on the Caribbean tourism industry started in areas like flight scheduling and assisting travelers with flight and accommodation choices. Its effects are now expanding rapidly. For example, who would have thought AI could impact the pricing and availability of insurance coverage for Caribbean tourism development projects? The insurance section of our report describes how an AI predictive model proved to be the most accurate forecasting model of the 2025 hurricane season, outperforming long established physics-based models and expert forecasters. This feels like a teenage sports prodigy breaking through, winning Olympic gold or a major tennis or golf title against far more established competitors. The difference, however, is that AI models are far more likely to 'win' again in 2026 by becoming more accurate and reliable, improve further in 2027, and every year thereafter.

The pace of change can be frightening for some. However, reassurance regarding the critical importance of the human element in this most human of industries can be found in the responses of our survey participants and in the opinions of esteemed tourism institutions and established tourism experts. More details are available in the new section of our report dedicated to AI, which we believe is here to stay and will record many important developments in the future.



Confidence levels

A major feature of our annual survey is our Confidence Barometer. This year confidence levels across the financing community can best be described as conservative. Banks are slightly more confident this year than last, whilst non-banks, defined as private equity (PE), family offices and developers, are a little less confident. Confidence levels of both communities are generally hovering around their 10-year averages.

As has consistently been the case for nearly every year of this survey, non-banks are more confident than banks, reflecting their less conservative nature.

The confidence level comments are consistent with responses regarding transaction level activity, which is less than last year, and pipelines of new business, which are similar to last year.

Key Performance Indicators

It is reassuring that the Key Performance Indicators (KPIs) of banks are getting stronger or staying the same as last year.

All-inclusives

All-inclusives continue to play a critical role in the development of the Caribbean tourism industry. It has been fascinating to observe the big brands' adoption of the all-inclusive business model, initially by acquisition and more recently through the conversion of independent resorts.

A record number of banks indicate their increased engagement in transactions involving all-inclusives.

Whilst some respondents expressed concerns regarding economic leakage from all-inclusive resorts and a belief that there is a negative impact on the all-inclusive brand caused by some resorts being incorrectly classified as such, the overall feedback on all-inclusives is nonetheless positive and reflects the pivotal role of the business model in the development of the region's number one industry.

Ability to conduct business

This year, feedback from non-bank respondents suggests that it is becoming more difficult to conduct business in the Caribbean, particularly in areas like timeline, bureaucracy and the general role of government in assisting inward investment. We will continue to monitor this closely as it has the real potential to make the Caribbean less competitive in an increasingly competitive global marketplace.

Conclusion

In conclusion, our survey respondents are expressing uncertainty particularly around the impact of geopolitics, the implementation of AI and the response of regional governments to change, and as such are taking a slightly more conservative approach to financing and investing.

However, as we have pointed out many times previously, the tourism industry is a remarkably resilient industry, having survived health pandemics, economic crashes and catastrophic hurricanes. Stakeholders in the Caribbean tourism industry do not get too carried away with disruptive events. There is real and substantial value in understanding the underlying sentiments of financiers and investors at these times and we believe that this report continues to make a positive contribution in this regard.

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Importance of tourism to Caribbean economies

The Caribbean remains the most tourism dependent region in the world.

Tourism is the most *critical industry* for most Caribbean economies. Its share of the Caribbean economy is the highest of any regional economy globally.

Every year, the World Travel & Tourism Council (WTTC) surveys 184 countries and 22 regions around the world to determine the importance of tourism to a particular economy. WTTC summarizes its survey findings in league tables that show the most tourism dependent countries in the world.

This year, **7 of the 10** most tourism-dependent countries globally in terms of tourism's contribution to GDP are Caribbean countries.

The Caribbean region, as a whole, is the most tourism-dependent region in the world in terms of tourism's total contribution to employment.

It is clear from the WTTC survey results that the majority of Caribbean nations' economies and employment depend on the tourism industry, a dependency which is expected to continue for the foreseeable future. WTTC predicts that for the period to 2035, tourism's contribution to Caribbean GDP will grow 2.6% annually, reaching US$111.5 billion by 2035 (2024: US$81.4 billion), by which time tourism will support c.3.6 million Caribbean jobs (up from 2.9 million jobs in 2024).

Total contribution to GDP, share of whole economy GDP, %

Rank	Country	2024
1	**Antigua and Barbuda**	**81.4**
2	Macau, SAR	78.6
3	**Aruba**	**68.4**
4	**Grenada**	**67.8**
5	Maldives	61.0
6	**St Lucia**	**59.8**
7	**US Virgin Islands**	**59.7**
8	Seychelles	51.5
9	**Bahamas**	**44.7**
10	**Anguilla**	**41.0**

Total contribution to employment, share of whole economy employment, %

Rank	Country	2024
1	**Caribbean**	**15.7**
2	South East Asia	13.5
3	North America	12.3
4	European Union	11.5
5	Oceania	10.6
6	North East Asia	10.5
7	North Africa	9.2
8	Middle East	8.7
9	South Asia	8.6
10	Central and South America	8.0

Caribbean nations

Source: WTTC

(1) **WTTC: Travel & Tourism Economic Impact 2025 Global Trends**

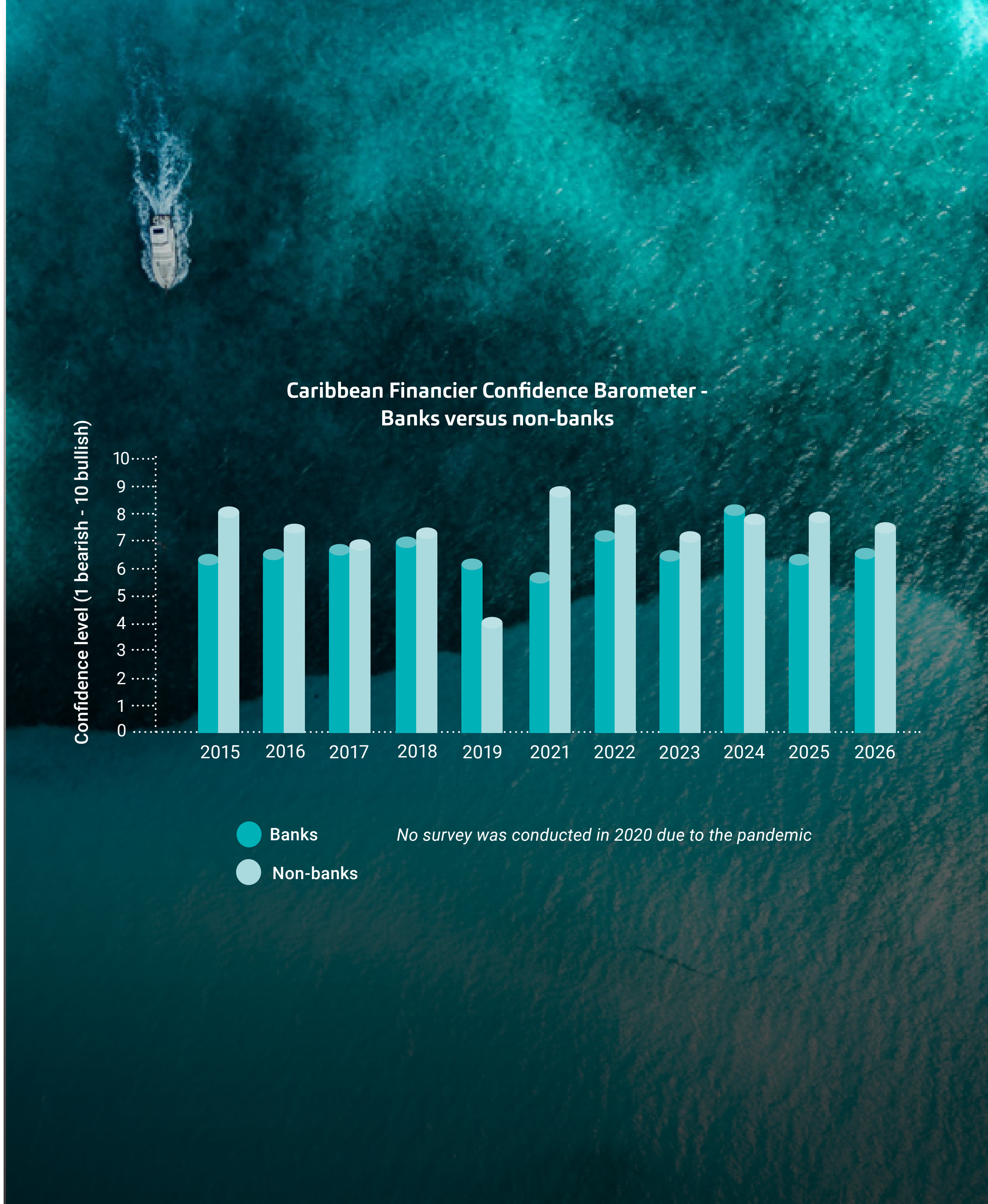
Confidence levels

By popular demand, our Confidence Barometer remains a key feature of our annual survey. It records the financing community's confidence levels in the Caribbean tourism industry based on how bullish financiers feel regarding the prospect of Caribbean tourism over the next 12 months on a scale of 1 (bearish) to 10 (bullish).

Banks

This year, we are seeing a slight increase in banks' confidence, up from 6.60 out of 10 last year to 6.71 this.

Comparing this confidence level of 6.71 to the 10-year average of 6.83 indicates that whilst bank respondents' opinions have been generally consistent, apart from particularly bullish feedback in 2024, their confidence levels in 2026 regarding the short-term prospects for Caribbean tourism are slightly below average.



Some reasons provided by bank respondents include:

> *"Overdevelopment in several markets is starting to cause active popular resistance"*
>
> *"Geopolitical risk [is] reducing demand"*

Other bank respondents reflect a more optimistic view:

> *"Luxury destinations will continue to outperform"*
>
> *"I see a great deal of new projects coming in the pipeline"*
>
> *"Outlook is constructive, but normalizing"*

Non-banks

As has consistently been the case for nearly every year we have conducted our survey, non-banks exhibit higher confidence levels than banks, with a 10-year average of 7.45 out of 10. This year, non-banks' confidence levels were slightly higher than average at 7.54, although down from 8.10 last year.

The less conservative nature of non-banks compared to banks is reflected in some of their responses:

> *"[The] Caribbean is always seen as a neutral territory within the geopolitical dynamics and a safe region to live, work and vacation"*
>
> *"Cautiously optimistic that turmoil in the Middle East will cause US customers to avoid Europe and stay closer to home in the Caribbean"*
>
> *"Close to USA and trouble abroad means travelers will stay closer to home"*
>
> *"Migration of wealth to the eastern coast of the USA, which is now "discovering" the Caribbean. The Canadian market is becoming more selective in its investment in the USA and is now drifting towards the Caribbean"*
>
> *"Stable political region, with the exception [of] what will happen in Cuba"*

However, more cautionary comments explaining the fall in confidence levels from last year include:

> *"Land and existing hotel prices are rising due to the pace of residential developments in these locations making it harder for hotels to be seen as the chosen investment especially given rising costs and local banking capacity restrictions"*
>
> *"There is too much uncertainty in the US (which has an effect globally)"*
>
> *"A possible slowdown in economy activity in the US could lead to reduced demand for Caribbean visitation. We need to monitor the economic health of the US closely"*

Transaction activity

The view of banks on the level of transaction activity is consistent with the opinions expressed in the Confidence Barometer.

43% of banks have seen less transaction activity over the last 12 months, whilst 57% have seen the same level or more transaction activity.

KPIs

In terms of client KPIs, 86% of banks note that they saw either a slight improvement (43%) or a 'flatlined' (43%) performance in their resort clients' KPIs (ADR, RevPAR, occupancy) in 2025 versus 2024.

The majority of banks (71%) believe that their clients' KPI performance will experience a 'flatlined' performance in 2026. Only 14% expect to see a slight improvement (compared to 86% last year).

This year's results are consistent with the confidence level of banks reflected in the Confidence Barometer.

Current approach to lending or investing

Banks' average lending to Caribbean projects as a percentage of their total lending is 38%, up 7 percentage points from last year (2025: 31%). The average investing/lending of non-banks to Caribbean projects as a percentage of their total investing/lending increased by 5 percentage points to 68% (2025: 63%). It is encouraging that tourism projects comprise a higher percentage of financiers loan and investment portfolios.

However, banks' comments on their current deal flow and pipeline are more conservative, with 42% of bank respondents noting that their deal flow/pipeline was at similar levels to last year (2025: 29%) and close to a third (29%) stating that it was weaker than last year (2025:14%). The remaining banks (29%) stated that their pipeline was stronger than last year, a percentage which is significantly lower than last year (2025: 57%).

When asked what best describes their current approach to lending to projects in the Caribbean tourism industry, the dominant response of both banks and non-banks was *"business as usual"* with 72% of bank respondents and 46% of non-banks selecting this option. 31% of non-banks were *"bullish and think it's a great time to invest"*, (compared to 14% of banks), and 23% (compared to 14% of banks) noted that they were *"cautious and "keeping my powder dry" until we have a better idea of current economic trends"*.

Last year, 92% of non-banks anticipated making new investments in Caribbean tourism projects over the next 12 months. This year, 77% stated that they had indeed made new investments in Caribbean tourism projects over the last year, demonstrating that most of their anticipated new investments took place. Again, this year, 92% of non-banks anticipate making new investments over the next 12 months, showing the Caribbean tourism market remains active, at least for non-bank financiers. Hopefully, there is an equally high conversion rate of anticipated new investments this year as there was last.

AI

AI applications and capabilities are changing our world dramatically, and at a bewildering pace.

This year, we felt it was time we had a dedicated section on AI in our report, and we asked our survey participants how they envisage the impact of AI on the Caribbean tourism industry.

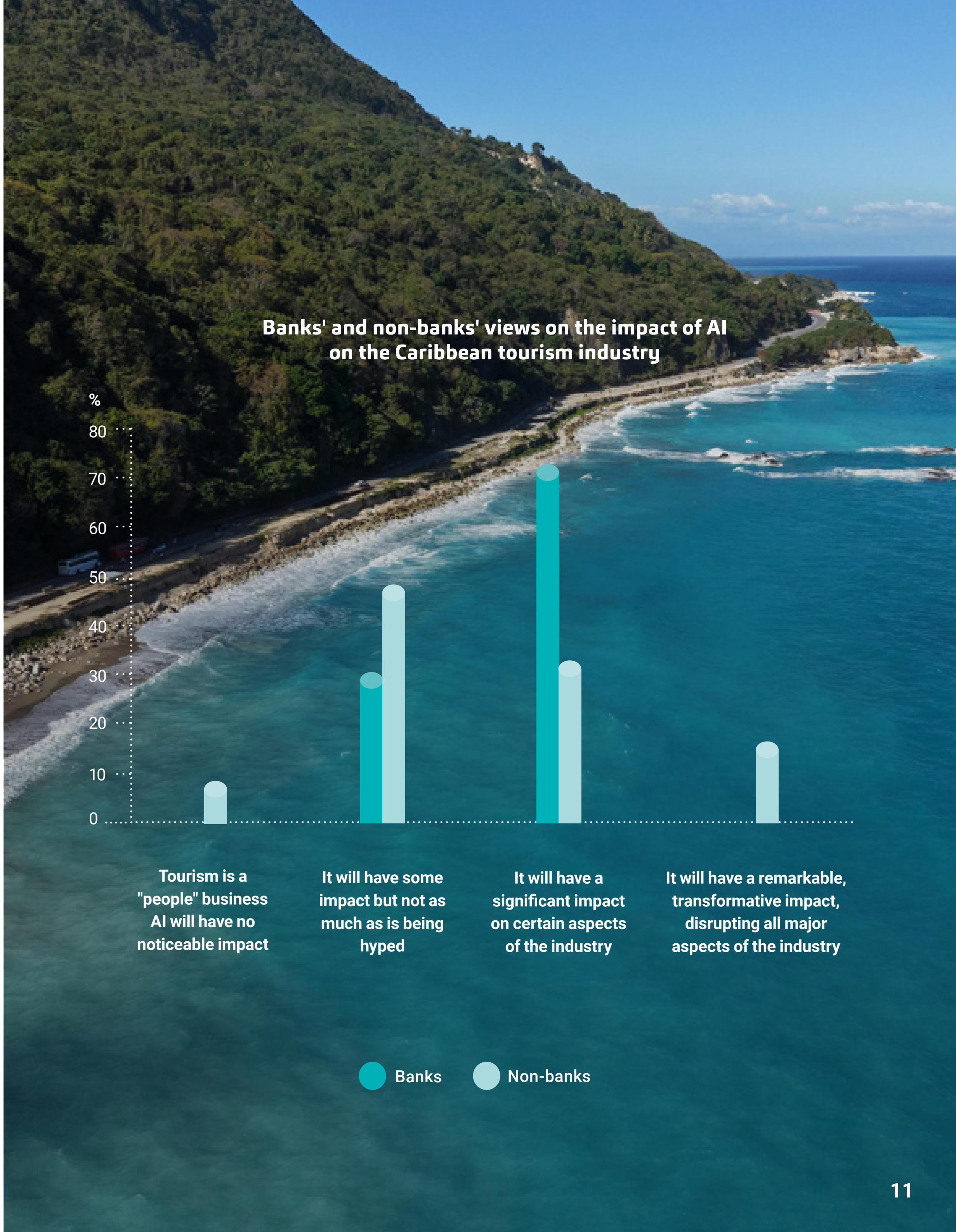
Most banks (71%) stated that they think AI *"will have a significant impact on certain aspects of the industry"*. Somewhat surprisingly, only 31% of non-banks shared this sentiment, although 15% felt that AI *"will have a remarkable, transformative impact, disrupting all major aspects of the industry"* (banks: 0%).

The majority of non-banks (46%) believe that AI *"will have some impact but not as much as is being hyped"* (banks: 29%), stating:

> *"AI, if thoughtfully deployed, can level the playing field between independent hotels and global brands. Given that independents comprise much of the Caribbean's lodging supply, AI-driven tools in revenue management, marketing, and operations could help close capability gaps and restore competitiveness in an increasingly professionalized and technology-driven sector"*

> *"Not a big impact 'yet' on service-related services and business"*

> *"AI will not change why people travel to the Caribbean, but [it] will change how tourism businesses operate, compete, price, etc."*



When asked in which areas of the Caribbean tourism industry AI will have the greatest impact, 86% of bank respondents stated *"Marketing and business development. AI will change how resort and operators market to tourists".* The remaining 14% of banks believe *"AI will impact all areas".*

46% of non-bank respondents also stated that they believe AI will have the greatest impact on marketing and business development and a further 15% stated *"Finance. AI will change how resorts and operators critique Key Performance Indicators and report financial performance".* 31% of non-banks stated that they believed AI *"will impact all areas",* whilst 8% stated that *"AI will have very little to no impact".*

Whilst banks and non-banks do have a similar perspective on the key areas that AI will impact the most, non-bank's perspectives are broader.

The following comments were shared by non-bank participants shedding further light on where they expect to see the impact of AI:

"[AI will impact how businesses] respond to guest queries"

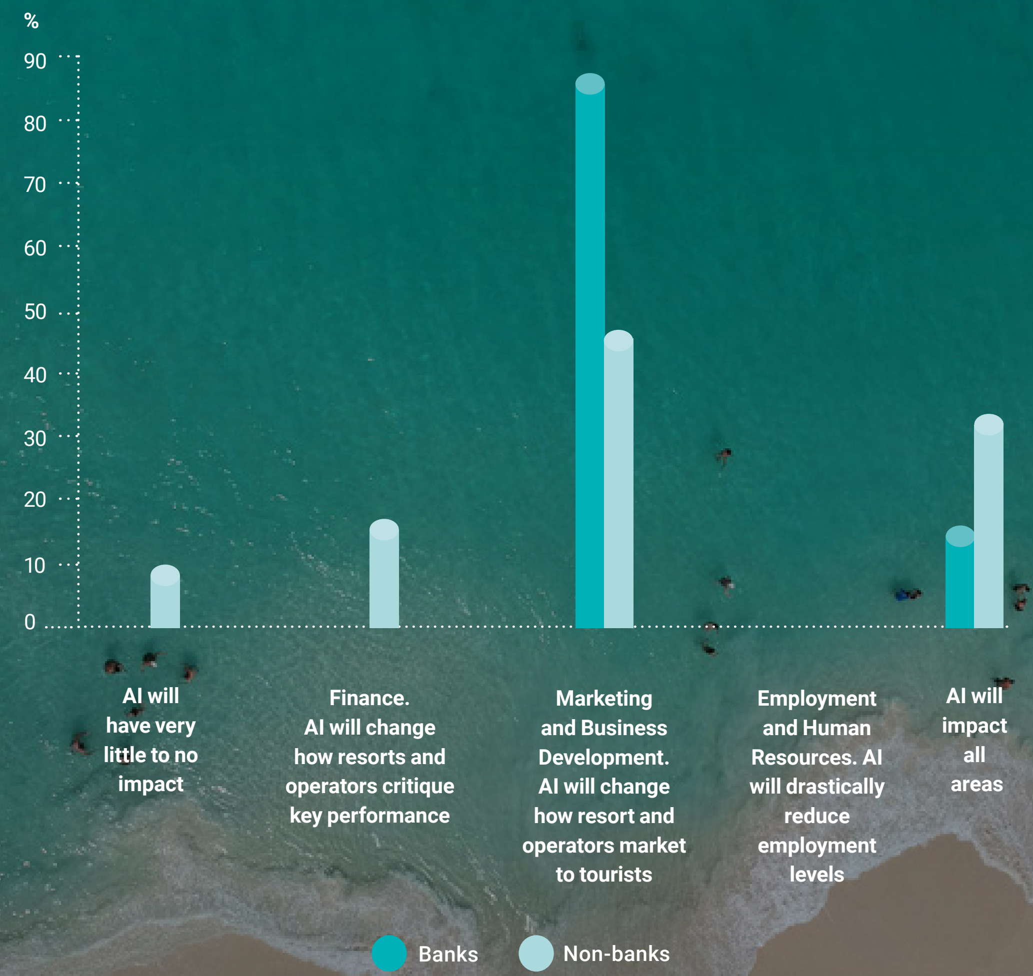
"I see AI impacting operations and guest experience, revenue and marketing, ESG AI monitoring coral reefs, marina protected areas. Risk of displacing lower skills work force"

"I think AI will continue to impact sales strategies and help to optimize RevPAR by guiding ADR over time"

"Caribbean tourism is part of a global industry. All regions will be touched the same way"

"We will not adopt [AI] fast enough and it will hurt our ability to stay competitive which is already under pressure due to the lack of economies of scale in small markets and rising inflation"

Banks' and non-banks' perception on the areas that AI will have the most impact



How do these sentiments compare with the findings of entities such as WTTC?

WTTC states AI has been transforming the travel and tourism industry for several years, starting with flight scheduling, airport resource management and the handling of passenger disruptions.

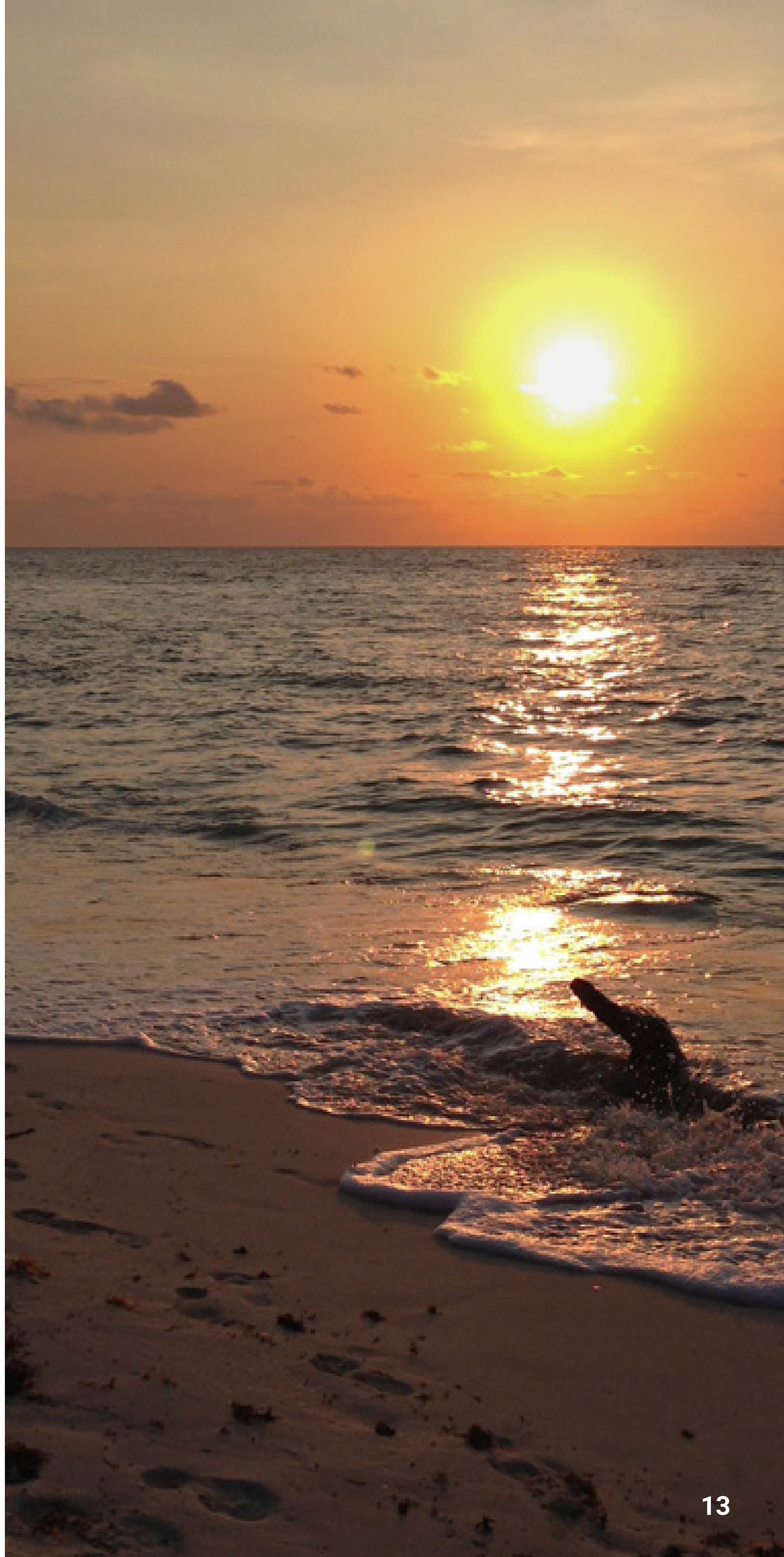
More recently, chatbots and similar tools driven by generative AI (GenAI) have started to play a key role in the traveler experience, helping find flights and hotels that meet individual's needs. GenAI is also helping resorts build business intelligence data in a time and cost-efficient manner leading to more accurate forecasts.

Agentic AI, which combines automation, personalization and data to independently execute tasks, has also played a role in improving the efficiency of travel planning, particularly in the corporate travel and event planning space.

WTTC suggests participants in the tourism industry should view AI adoption strategically, investing not only in tools but also in the talent that will enable successful adoption.

The pace of AI implementation can be frightening to some and lead to uncertainty. However, the tourism industry retains a strong, irreplaceable human component. There is reassurance in the responses from our survey participants, none of whom believe that AI will dramatically reduce employment. Furthermore, esteemed tourism institutions like WTTC consistently recognize the ongoing critical importance of human talent. Experienced professionals in the private sector such as the Oceantenashi Group, also provide reassurance about the critical human element of the tourism industry. Oceantenashi considers where the algorithms stop and the human experience begins. It views the combination of AI and human connections as something akin to a joint venture, a hybrid, where AI is considered ideal for 'the back end' and logistics, saving resources that can then be invested in front line staff leading to wins in the marketplace. Oceantenashi believe that whilst algorithms can be copied, they can never replicate the human component and culture of empathy.

A fascinating, fast-moving subject for sure, and we certainly envisage AI becoming a regular feature of our survey. We will continue to closely monitor the views of survey participants on AI and its impact on financing tourism projects in the Caribbean.



Geopolitics

The Caribbean is not immune to the impacts of major, disruptive global events. However, the region has always been seen as a safe haven in such times.

2025 was clearly a year of dramatic geopolitical events; many continue in 2026, including events close to home. For example, in January 2026, regional airspace restrictions and US military operations in Venezuela caused multiple flight cancellations across the Eastern Caribbean and required cruise operators and airlines to re-route or suspend their travel at the last minute. For tourists, this resulted in longer travel times, higher costs and general disruptions to their vacation – all within the peak season for the Caribbean tourism industry.

We asked our survey respondents for their views on the potential impact of geopolitical events generally on tourism in the Caribbean over the next 12 months.

Last year, 55% of participants stated that they did not expect geopolitical events to have an impact on tourism in the Caribbean. This year, only 20% say the same although the majority of survey participants (75%) believe that *"some tourists will be nervous about these geopolitical events and will decide not to travel, but the overall impact will be small"*. The remaining 5% believe that "*recent geopolitical events will have a significant impact*" on tourism in the Caribbean. Although this represents only a small number of respondents, these are sentiments that we are not used to seeing and should not be underestimated.

In summary, whilst the Caribbean's reputation as a safe haven in troubled times certainly remains true, there is a recognition that it will not be entirely immune from the effects of disruptive geopolitical events.

Reassuringly, the long-term prospects for the region's industry remain positive. According to WTTC, the Caribbean region had 30.1 million overnight international visitors in 2024, up 5.2% from 2023. By 2035, international tourist arrivals are forecasted to reach 39.6 million, showing long term optimism in the strength of tourism in the Caribbean.

All-inclusive resorts

All-inclusives remain at the forefront of much of the activity in the Caribbean tourism market.

It has been fascinating to watch as the big brands have moved into the all-inclusive space, initially through acquisitions and more recently, via the conversion of independent resorts.

This year, 71% (2025: 29%) of banks stated that they are increasingly engaged in transactions involving all-inclusives, a record high and consistent with the growth seen since 2023, although 2025 responses appear to be an anomaly. Somewhat surprisingly, a record low of 8% (2025: 23%) of non-banks were increasingly engaged in all-inclusive transactions. This is likely to be because of the greater involvement in the industry of big brands which have established banking relationships and tend to use traditional commercial banks.

43% of bank respondents and 54% of non-banks gave positive feedback on the direction of all-inclusives, but with a cautionary note by indicating the following response option as being most reflective of their views:

> *"Some properties converting to all-inclusive should not be doing so. The race to brand assets all-inclusive resorts damages the reputation of the all inclusive business model"*

A further 14% of banks (non-banks: 15%) had the following view:

> *"The all-inclusive market will become saturated and there are not enough existing assets and new builds to satisfy the big brands growth demand"*

The remaining 43% of banks (non-banks: 31%) selected the following unqualified positive response option:

> *"The big brands move into the all-inclusive space is a great development and is critically important for growth"*

When asked whether they had any further comments to add to the all-inclusive formal questions, respondents raised some additional concerns regarding economic leakage associated with all-inclusives and with respect to what will be the future direction of travel for the all-inclusive business model:

> *"We need to be watchful of third-party operators that are coming into [the] all-inclusive [space]. This will be good for the professionalization of the industry"*

> *"The most compelling opportunity in the all-inclusive space lies in building scalable third-party management platforms that are vertically integrated and capable of capturing more of the guest journey – airlift co-ordination, tours and on-the-ground experiences. Several major operators are moving quickly to establish first-mover advantage, but it remains early to determine who will ultimately execute this model successfully"*

> *"There is concern on the level of tourism receipts actually in the jurisdictions vs receipts offshore from all-inclusive tourism"*

> *"Leadership needs to take a hard look on the lack of impact on the local economy due to the money staying in the resort and not circulating in the wider economy"*

> *"As a luxury market, we are finding more of a trend towards health and wellness. I'm not sure an all-inclusive model works here"*

It is encouraging to note that 100% of banks and 62% of non-banks believe there is still a future for independent resorts in the all-inclusive space.

It is clear that all-inclusives play a leading role in the development of the Caribbean tourism industry and we will continue to closely monitor the ongoing evolution of this business model.

Insurance

High insurance prices and difficulties securing adequate insurance coverage at any price have featured heavily in our recent surveys.

These challenges have been driven by widespread concerns about climate change and record-breaking hurricane seasons. Without sufficient insurance coverage at affordable prices, some developers have struggled to secure financing, and banks have, on occasion, had to compromise their usual mandates on insurance coverage.

It is likely that insurance coverage challenges will continue. Last year's major hurricane, Hurricane Melissa, was one of the strongest Atlantic basin hurricanes on record, reaching land in Jamaica at 185mph and bringing with it catastrophic wind and storm surge impacts. Hurricane Melissa was particularly devastating due to its unusual and highly unpredictable slow movement which produced heavy rainfall and catastrophic flooding to Jamaica and neighboring islands. According to the World Bank, the estimated physical damage to Jamaica alone was US$8.8 billion, equivalent to 41% of the nation's GDP.

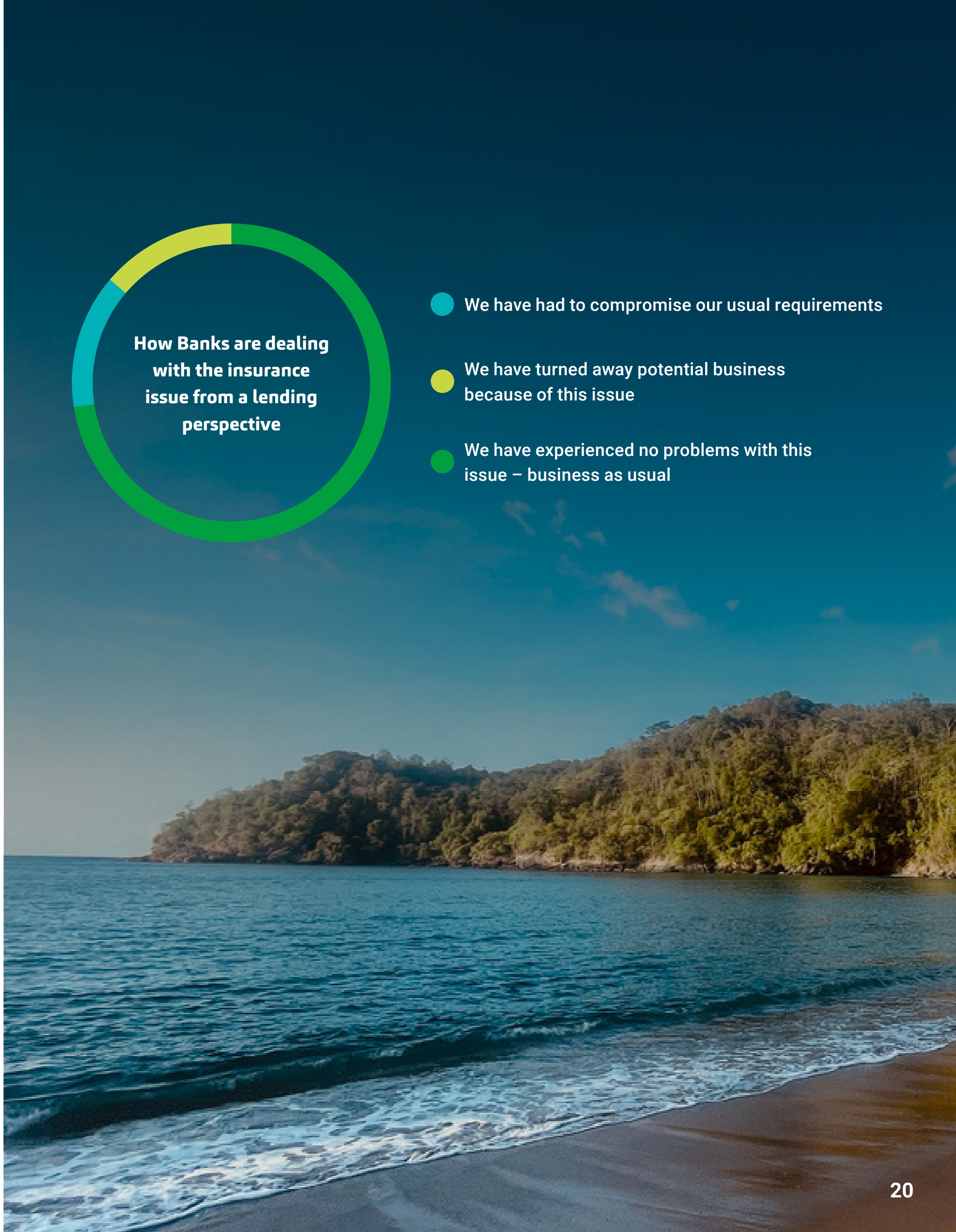
Last year, the majority of banks (86%) stated that the ability, or lack thereof, of potential borrowers to evidence adequate insurance was a challenge when lending, but this was only one of many challenges. The same response rate (86%) was received this year. The remaining 14% of banks (2025:15%) believe this is a really big issue.

Like banks, the majority of non-banks (70%) stated that the ability to evidence adequate insurance was a challenge when investing, but again, only one of many challenges. The views of the remaining non-banks (30%) were evenly split, with 15% stating that this was a *"really big issue"* whilst the other 15% stated that access to insurance was *"not a major issue"*.

Interestingly, the percentage of bank respondents who said they have had to turn away potential business due to insurance pricing and capacity challenges has declined from 42% last year to 14% this year. This suggests that banks and developers may have found ways to overcome this challenge, perhaps by bank mandates becoming more flexible in this area. The majority of banks (72%) stated that they have *"experienced no problems with this issue – business as usual"* which appears to corroborate the view that stakeholders are finding ways to resolve this challenge.

As stated in the AI section of our report, AI is having an increasing impact on a wide range of tourism-related topics. It may be surprising to many readers that insurance pricing and coverage is one such area.

In the week leading up to Hurricane Melissa making landfall, there was little agreement amongst the forecast models. However, the AI forecasting model developed by Google DeepMind proved to be the most accurate, as it did generally throughout the hurricane season. Whilst AI models are not expected to replace the long-standing physics-based models or judgment of expert forecasters, it is widely agreed that they will become increasingly important, bringing greater certainty and predictability at a time when hurricane seasons are becoming more active and less predictable. AI modelling cannot of course change the paths of hurricanes but, to the extent they prove to be more accurate and reliable, they could potentially accelerate preparations and in so doing, reduce the impact of hurricanes thus reducing insurance losses and hopefully helping to stabilize insurance pricing and coverage. We will continue to monitor this issue over the forthcoming hurricane seasons.



Inflation

As luck would have it, major global events occurred both this year and last around the time of our survey closing that may have impacted survey participants' predictions of inflation, depending on when they completed the survey.

Last year, our survey was open from 30 January 2025 through to mid-March 2025 i.e. just before the 2 April announcement of substantial new tariffs on US imports and the international reaction thereto.

If we had asked our respondents to share their thoughts on inflation shortly after the announcement, then their responses would probably have been different.

This year, our survey was completed by respondents from 13 February 2026 through to 15 April 2026. The conflict between the US and Iran broke out on 28 February 2026 during the response period. Again, if we had asked those respondents who completed the survey before 28 February 2026 to share their thoughts on inflation after the start of the conflict, then their responses may have changed. Interestingly, however, there was no discernible difference this year between those responses on inflation which we received before the outbreak of the Middle East conflict and those received after the outbreak.

These disruptive events and the frequency and severity of their occurrence are covered in more detail in the Geopolitics section of this report.

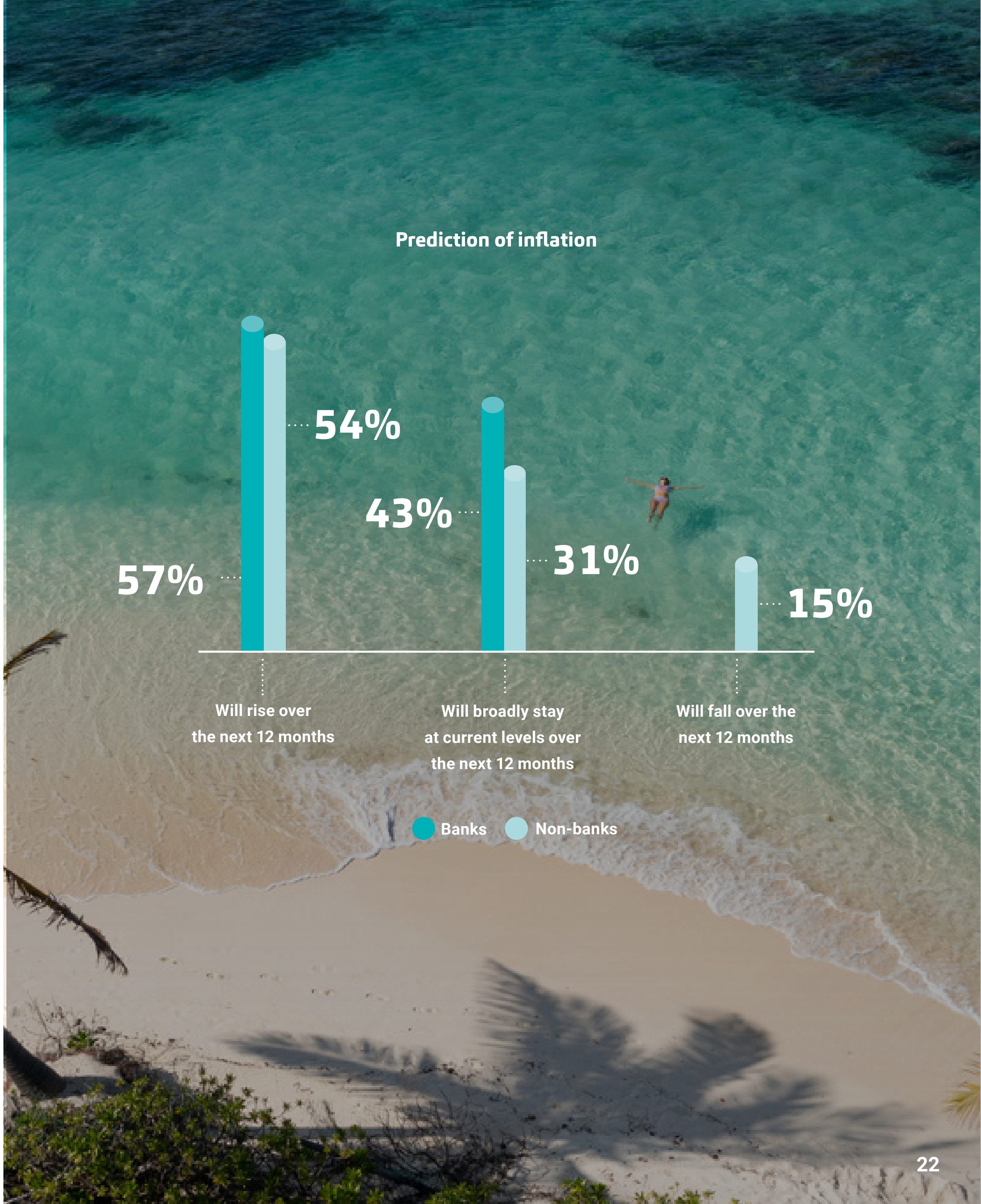
Notwithstanding the above, we do believe there is substantial benefit in understanding the market's underlying sentiments on inflation particularly during times of global uncertainty. The sustainability and duration of some of these disruptive issues is difficult to predict and so when events 'settle down", the underlying sentiments expressed by our respondents, all of which were completed before the disruptive events of tariffs last year and approximately half of which were completed before the Middle Eastern conflict started this year, will prove to be particularly relevant and insightful. Impulsive reactions to disruptive events are often short lived.

This year, 57% of banks and 54% of non-banks said that they think inflation *"will rise over the next 12 months"*, a significant change from 2025 when the majority of banks (71%) and non-banks (54%) thought inflation would *"broadly stay at current levels over the next 12 months"*, a view supported by 43% of banks and 31% of non-banks this year.

As stated above, interestingly, the responses about inflation received before the Middle East conflict began compared to those received after did not differ greatly, especially for banks:

Banks: 50% of banks who completed the survey before 28 February believed inflation would stay at current levels over the next 12 months; the other 50% stated that they thought it would rise over the next 12 months. 40% of banks and 60% of banks who completed the survey on or after February 28 stated the same respectively.

Non-banks: 50% of non-banks who responded to the survey before 28 February believed inflation would stay at current levels over the next 12 months; the other 50% stated that they thought it would rise over the next 12 months. 14% of non-banks and 57% of non-banks who completed the survey on or after 28 February stated the same respectively, with the remaining 29% stating that they think inflation will fall.



ESG

The subject of environmental, social, governance (ESG) initiatives and how they are being addressed by developers is an important issue for many financiers.

According to UN Tourism, a United Nations specialized agency for responsible, sustainable and universally accessible tourism, ESG affects *"everything from customer loyalty and biodiversity protection to risk management, sustainable financing and investor relations"* within the tourism industry. ESG initiatives can have far reaching implications for investment decisions.

We asked our survey respondents which best reflects their position on ESG. 71% of banks (2025: 29%) and 31% of non-banks (2025: 46%) indicated that *"ESG requirements should be seen as a positive development for the Caribbean"* but 29% of banks (2025: 71%) and 46% of non-banks (2025: 38%) believe that *"the Caribbean is "lagging behind" in terms of implementing ESG and we need to catch up"*. This year, like last year, no bank respondents believe that "*ESG requirements are restricting the level of investment in the region*" or that "*ESG requirements are the way of the future, but the Caribbean is not ready to implement yet*" (2025: 8%).

Like banks, no non-bank respondents believe ESG requirements are restricting investment levels, but a higher percentage (23%) do believe ESG is the way of the future although the Caribbean is not yet ready to implement.

How should we interpret these results? Whilst banks in particular are jumping between the *"we need to catch up"* response and the *"ESG is a positive development for the Caribbean"* response, it is clear these are the two dominant sentiments of the financing community.

When asked to what extent they were seeing climate considerations specifically, and ESG in general, having an impact on development projects they are presented with, the majority of banks (57%) (2025: 71%) stated that it was *"starting to have an impact"* with some banks (29%) indicating that its impact was *"much more than in the past"* (2025: 14%). The remaining 14% believed ESG was *"not really a factor as of yet"* (2025: 14%).

Real estate

Respondents continue to remain optimistic about the future of the real estate market in the Caribbean.

No bank respondents believe that *"the real estate bubble has already burst, or will burst within the next 12 months"*, which was also the case last year. Non-banks take the same view this year, down from 8% last year.

The most popular view of total respondents this year was that *"real estate prices will stay steady for the next 12 months"* with 62% of non-banks taking this view (2025: 54%) along with 43% of banks (2025: 14%).

In terms of growth, 43% of banks believe that the real estate market will continue to grow for *"at least the next 12 months"*.

Non-banks are slightly less optimistic, with 23% selecting this option.

14% of banks (2025: 19%) and 15% of non-banks (2025: 8%) chose the most bullish option of *"growth in the real estate market will continue for considerably more than the next 12 months"*.

In our survey last year, we stated that *"real estate booms and bursts have come and gone in the past but it is most unusual for a boom to last this long and to be so strong"*. Results from our survey this year suggest that the strength of the current real estate market continues. There has been a movement towards the opinion that prices will be maintained rather than continued growth particularly amongst banks, but 57% of banks (2025: 86%) and 38% of non-banks (2025: 39%) still expect continued growth.

The results support our previously stated view that the change in the tourism landscape post-COVID, with tourism developments increasingly having real estate components, is sustainable and has effectively now become the norm.

Regional financiers – composition of market

Once again, the majority of banks (71%) are not seeing new lenders in the Caribbean marketplace. The 29% of banks (2025: 57%) that are seeing new lenders indicated that the new entrants were headquartered in either the Caribbean or North America.

Regional risk profile

Each year, we ask our survey respondents to consider whether the risk profile of the Caribbean tourism financing opportunities is improving sufficiently to attract new institutional investors. This year, 86% of banks indicated they believe this to be the case, up from 71% in 2025. 62% of non-banks also believe that the risk profile is improving, down from 85% last year.

Family offices

Post COVID, we saw an initial burst of activity from family offices reflecting, at least in part, the lifestyle attraction of the Caribbean in a post-pandemic world along with the ability to spend more time working remotely and representing something akin to an insurance policy in the event of another outbreak. We debated whether family office activity in tourism projects in the Caribbean was a sustainable trend or whether the interest of family offices had peaked.

Last year, there was a decline in the percentage of banks who were seeing increased activity of family offices in the Caribbean marketplace (29% in 2025 down from 67% in 2024) which suggested that the post COVID interest of family offices in the region may have been on the decline. However, this year's results are more promising, with 43% of banks seeing an increase in activity of family offices in the Caribbean marketplace. We will continue to closely monitor family office activity within the Caribbean.

Syndications

In previous years, our survey has reflected growth in the number of syndicated transactions in the Caribbean tourism industry. This year, however, when asked again whether they were seeing an increase in syndicated transactions in the Caribbean marketplace, the majority of banks (71%) stated that they weren't. This is a significant change from previous years when a majority of banks saw more syndications (2025: 71%).

The minority of banks (29%) who this year stated that they were seeing an increase in syndicated transactions gave the following reasons:

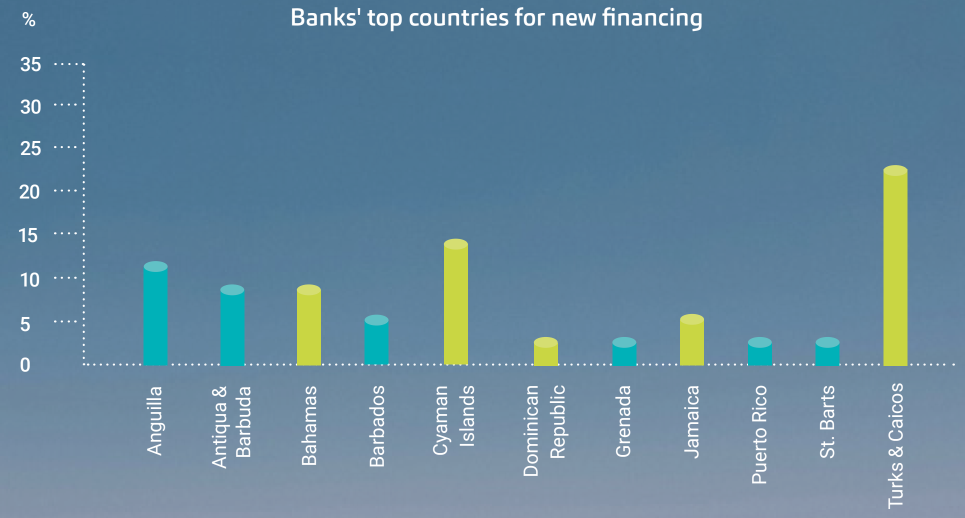
> *"I believe that some banks are reaching maximum exposures with strategic clients and need to syndicate"*

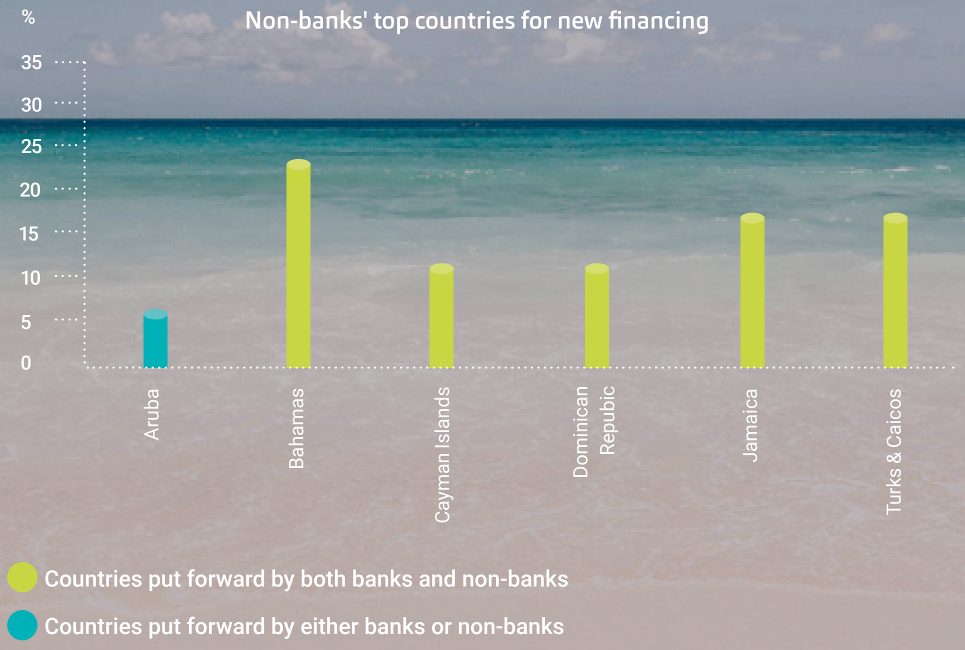
> *"Quite a few new developments which require a syndicate to spread the risk"*

71% of banks this year also indicated that their syndication partners were established in the region, rather than new entrants, which is consistent with last year's results.

Availability of financing

Every year we ask our survey respondents to share which countries in the Caribbean they feel most bullish about in terms of their willingness to fund projects. This year, 12 countries were put forward, five of which were nominated by both banks and non-banks.





Reasons cited by respondents as attractive financing features in the countries nominated include:

“DR, Jamaica, Bahamas – growing economies and growing demand”

“Cayman, Bahamas, Jamaica due to stability, airlift and proximity to key source markets”

“Turks and Caicos / Cayman / Bahamas. Still serious demand”

“TCI, Cayman, Anguilla. British dependent territories. Strong land registry”

“Cayman Islands. We know the jurisdiction and we have seen the performance. Anguilla – we believe government infrastructure investments will help the industry”

"1. Turks & Caicos - mature luxury market with strong global investor appeal supported by acceptable modern infrastructure; 2. Bahamas - political and monetary stable economy. Mature tourism industry and great real estate development opportunities; 3. Jamaica - Mature tourism economy and great opportunities emerging due to the government massive investment in all island road infrastructure etc. which now opens up new real estate deals“

“Turks & Caicos, Bahamas, Barbados. Proximity to the US, direct flights, no currency exchange”

Nature of financing over last 12 months

This year, the majority of bank respondents' (57%) primary financing over the last 12 months has been on restructuring existing financing agreements. This is a change from previous years, where the majority of banks stated that their primary financing had been on greenfield projects (2025: 57%).

The remaining 43% of banks stated that their primary financing activity had been either bridge loan type facilities, financing of renovations or greenfield financing.

77% of non-banks noted that they had made new investments in Caribbean tourism projects over the last 12 months.

Focus for the next 12 months

When asked what their appetite was for financing various tourism-related projects in the Caribbean, 71% of banks (2025:71%) and 69% (2025:71%) of non-banks indicate that they have a strong appetite for financing existing resorts be it refinancing, expansion or renovation.

Interestingly, 57% (2025: 43%) of banks and 54% of non-banks (2025: 38%) also noted a strong appetite for financing the acquisition of resorts, which is up from previous years

The appetite for financing greenfield tourism projects appears to be similar to last year – 43% of banks (2025: 43%) and 31% of non-banks (2025: 25%).

When asked where their focus would likely be over the next 12 months in terms of asset types and locations, we received the following responses from our respondents:

“High-end luxury real estate”

“Opportunistic opportunities in luxury markets. Ancillary services in more established islands, as infrastructure catches up with recent supply growth”

“Villas and small townhome developments”

“Hotel, residences, marina”

"Luxury greenfield with branded residential"

“Focus on reinvestment and renovation of properties. Continued development of F&B opportunities”

“Residential”

“DR, Jamaica, Bahamas – repositioning, greening of portfolios, new destinations”

"Upper upscale – luxury in markets with sustained airlift”

Scale

A concern that has been raised previously when considering investing in the Caribbean is whether deals are too small and of insufficient scale to make the investment worthwhile. As in prior years, the majority of respondents expressed the view that this was not the case.

In terms of size, respondents' minimum amount continues to vary, from as little as US$200 thousand to US$100 million.

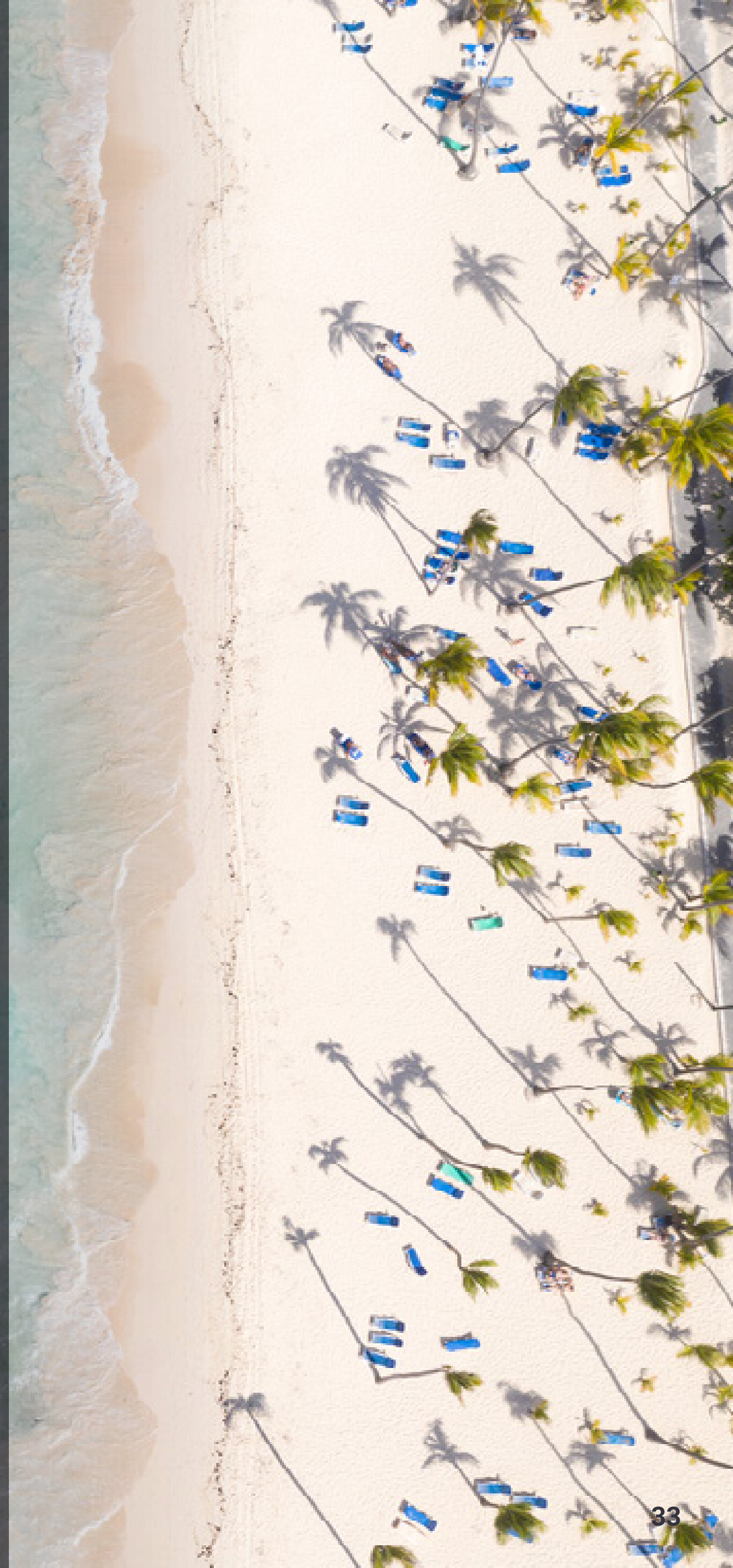
Encouragingly, these responses suggest that no deal is too small and projects of any size should have financing opportunities provided they satisfy certain criteria.

"I disagree. It depends on how you define a project. If it is an investment to an existing, owned property, there isn't' really a minimum investment. If we define as acquisition of a property, or a new build, again, I don' think we would set a minimum"

"Don't agree. We operate in the independent space. Minimum would be US$20m"

"Definitely share this sentiment, particularly in the Eastern and Southern Caribbean"

"I do not. We are a small lender; our minimum loan is typically US$200k"



Financing terms

Terms continue to remain conservative with little material change in recent years. Where there have been changes, they are slight and are generally reflective of a more conservative approach to lending for reasons explained elsewhere in this report.

No survey was conducted in 2020 due to the pandemic.
No equivalent data collected in 2021 and 2022.

Banks' target terms and conditions

Banks' **target interest rate margins** have remained largely unchanged in recent years, remaining consistently within the 251 – 500 bpts above SOFR range since 2023. The average this year was 460 bpts above SOFR. The minimum and maximum target interest rate margins have increased slightly compared to last year.

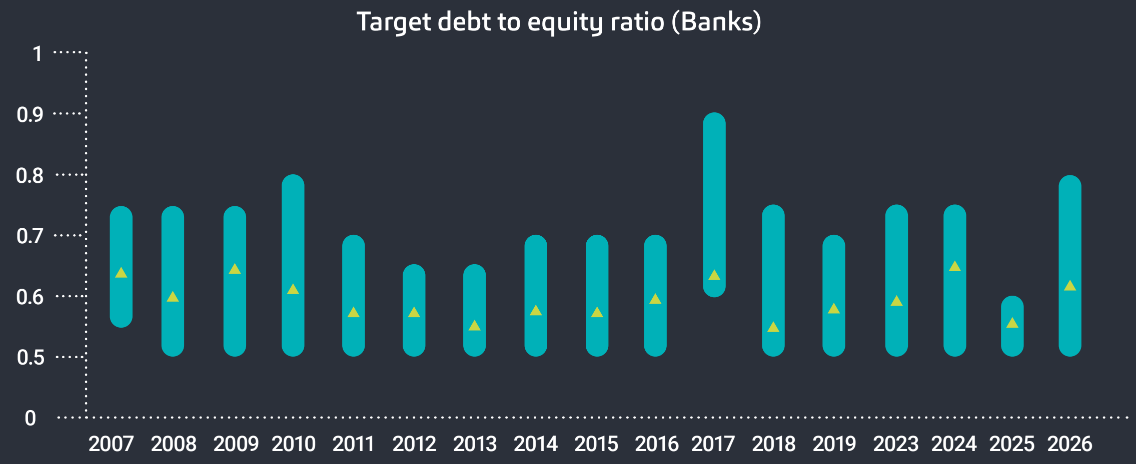
The most common **target debt to equity ratio** for banks remains 60:40.

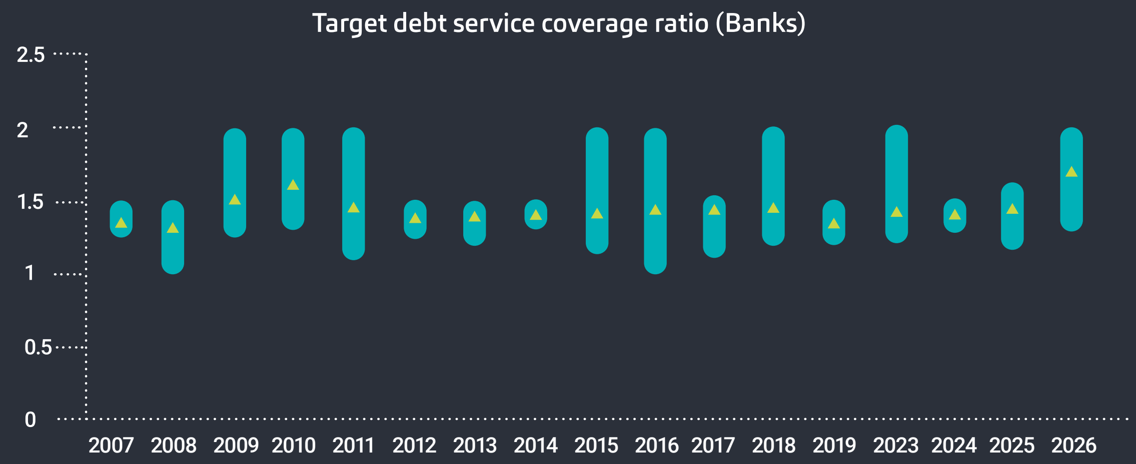
Bank's average **target debt service coverage ratio** this year is just above the typical range in recent years, ranging from 1.30 to 2.00.

The average **target debt service reserve** of banks has increased to 9 months from 6 months, indicating a more conservative approach taken by banks this year compared to 2025.

The **target tenor/term** of banks remains consistent with last year's results. This year, the average tenor term is 10 years, and the range is 8.5 years to 15 years.

Banks' **target debt to EBITDA** multiple this year ranged from 4x to 7.5x. This is a slight increase over last year, when banks indicated that their target debt to EBITDA multiple ranged from 3x to 6x.





No survey was conducted in 2020 due to the pandemic.
No equivalent data collected in 2021 and 2022.

▲ **Average**

Non-banks' target terms and conditions

The average **target IRR of non-banks** is 21%, slightly higher than last year.

This year, the average **target hold period of non-banks** is 8.9 years, which is reflective of the Caribbean which typically has longer hold periods than in more developed economies.

The vast majority of non-banks this year (85%) have a **target debt to equity ratio** of 50:50 or less. This has increased from last year (58%). The highest target debt to equity ratio this year was 70:30.

The average **target debt service coverage ratio** this year was 1.62, which is slightly higher than last year.

The range of **target debt service reserve** remains wide this year, from 3 months to 12 months. The average is 8 months across all non-bank respondents who provide debt financing.

Non-banks' **target debt to EBITDA multiple** continued to be 8x or less, averaging 5x which is consistent with last year's results. The minimum target debt to EBITDA multiple increased to 3x from 2x last year.

The maximum **target interest rate margin** this year for non-banks increased to 1,100 bpts above SOFR which reflects the fact that non-bank financing is typically more expensive than bank financing.

Covenants

This year, when asked to identify their two most critical covenant requirements, we received the following responses from banks. Respondents appear to be placing more importance on DSCR:

"DSCR, ICR"

"Varies DSC, dividends"

"DSCR and leverage"

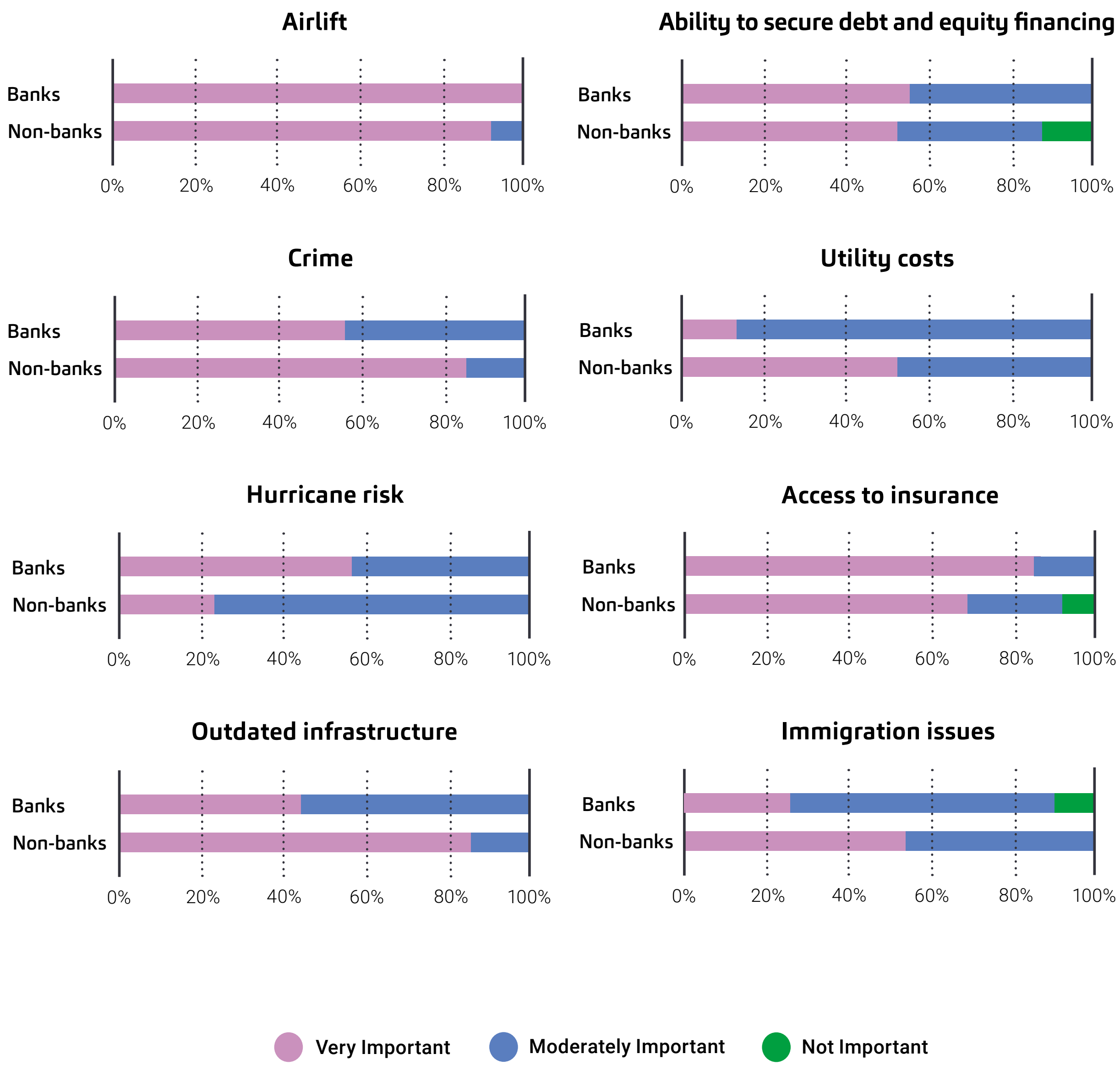
"DSCR and LTV"

"Dividend policy acceptable"

Other trends

Each year we ask survey participants to state how important a list of identified critical issues are to financing activity in the region.

Airlift continues to be the most critical issue for both banks (100%) and non-banks (92%). For non-banks, crime (85%) and outdated infrastructure (85%) were considered joint second most important. For banks, access to insurance was second (86%).



Suggestions from respondents on how concerns may be mitigated include:

- *"There is no one-size-fits-all solution, differs from island to island"*
- *"Updated rules and legislations, new providers"*
- *"More predictable government policies, government's willing to work with external groups to facilitate infrastructure development"*
- *"Developer/Investor early and proactive engagements with all relevant stakeholders"*
- *"Governments need better planning and to hire a real consultant to help them navigate these issues"*
- *"There needs to be a whole of Caribbean approach to managing rising costs, healthcare improvement as well as hurricane risk and cost of insurance. This is very difficult considering the varying political situations and our track record in coming together to address these and similar issues"*
- *"Proactively working with third parties, especially government. Airlift incentives and immigration can all be directly impacted by government, along with working directly with airlines to improve airlift"*
- *"Having a good overall product for travelers/ investors"*
- *"More active lender participation; new financial instruments; more active institutional investors"*
- *"Most are in the hands of the Government(s), but different hotel and tourism associations might help to work together with Government(s)"*

Difficulty in conducting business in the Caribbean region

Since 2022, we have been closely monitoring a somewhat concerning trend from respondents indicating increased difficulty conducting business in the Caribbean region.

Last year we saw what appeared to be the start of stablization across the region in terms of the level of difficulty of conducting business, with the majority of banks (86%) and non-banks (62%) suggesting that the level had remained the same compared to prior years. This followed a record year in 2024 when 56% of non-banks had indicated that it had become more difficult to conduct business in the Caribbean.

This year, non-banks appear to be increasingly concerned, with 62% noting that it is becoming more difficult to conduct business in the Caribbean.

When asked for the reasons behind their responses, non-bank respondents stated the following:

“It is increasingly hard to secure new work permits and even more difficult to gain approval for permit changes for promotions”

“Compliance in the banking sector, government protectionism, costs”

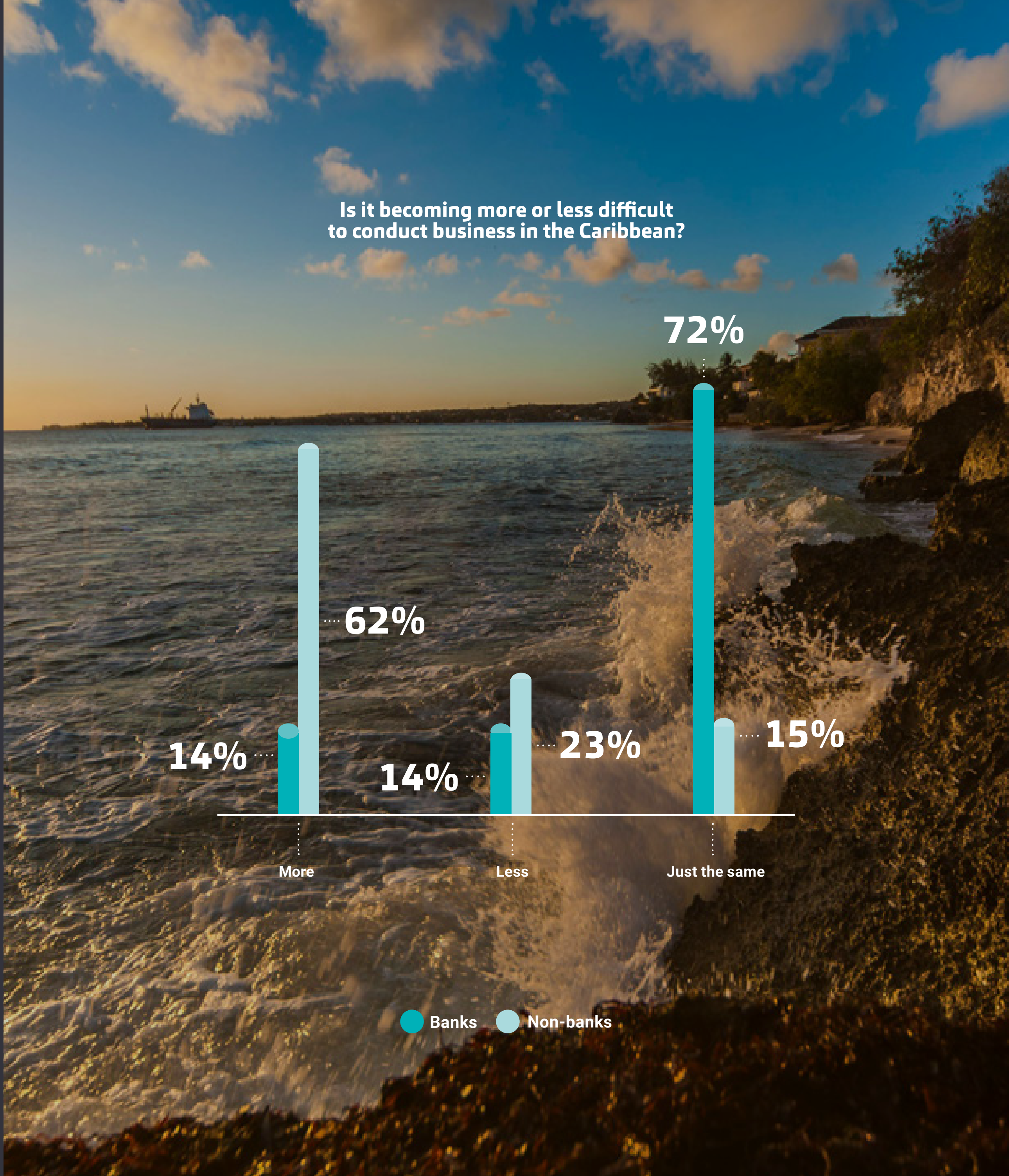
“More active transaction market and participation by regional lenders”

“Nothing changes, a lot of talking“

“Governments keep making it very difficult at the tactical level, with time to delivery (and uncertainty of delivery) of work permits, business licenses, etc.”

“Change to government business license”

“Local governments are realizing that missed opportunities are never lost but instead someone else finds them”



The majority of banks, on the other hand, believe that the difficulty of conducting business in the Caribbean has remained the same. Only 14% (2025: 14%) believe that it is becoming more difficult to conduct business.

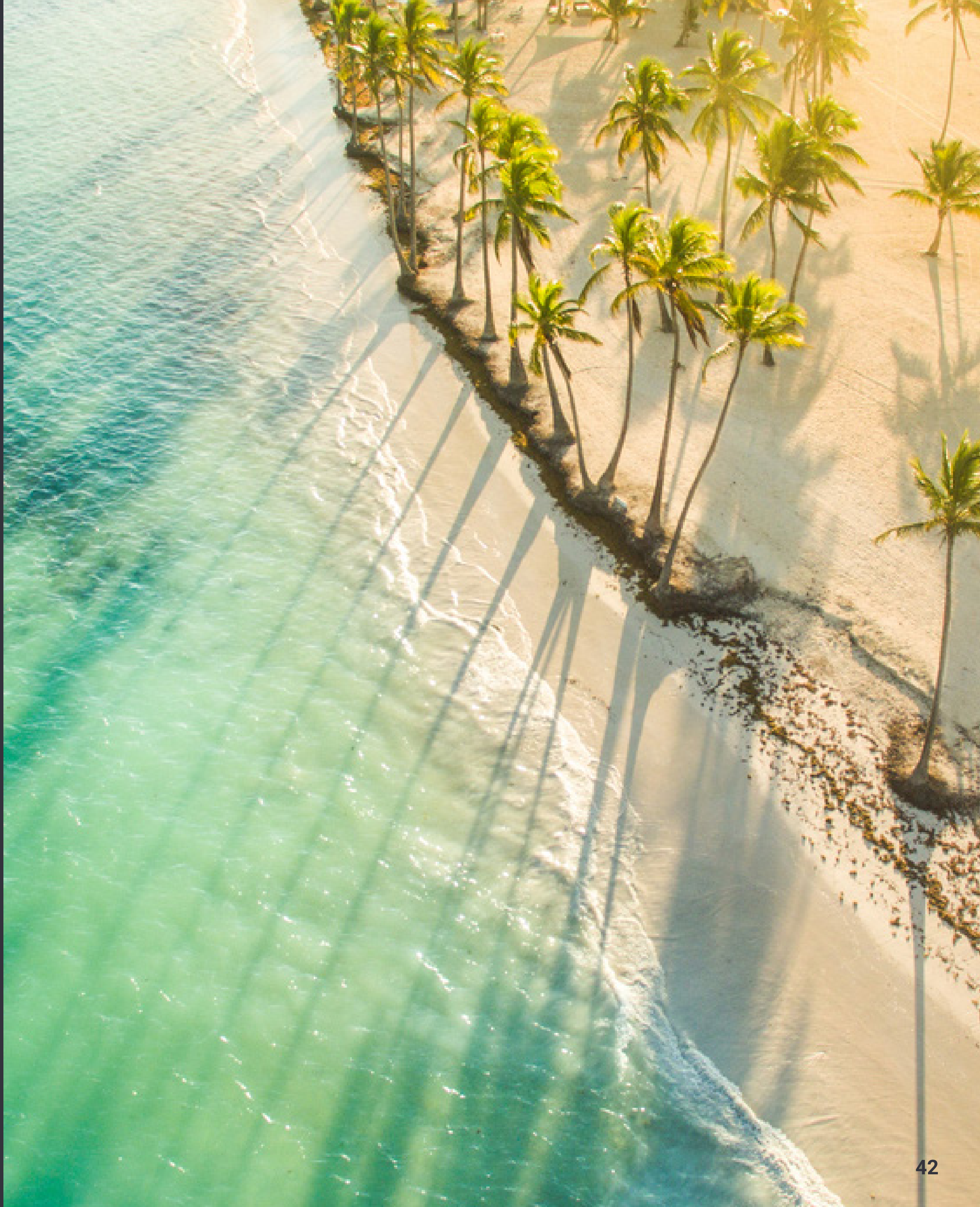
Banks volunteered the following reasons which reflect their fewer concerns regarding the difficulty of conducting business in the Caribbean:

“More difficult operationally, but more investable strategically”

“We have not seen any impact on our business during the last 12 months. Actually, business is growing”

“There are new entrants coming to the market. There is a new development. There are opportunities to reposition certain assets”

The more positive views of banks on ease of doing business in the Caribbean may be reflective of them typically having longer established physical operations in the region and perhaps more leverage with governments given their size, and in most cases, strategic relationships with governments.



Reasons to be cheerful

Each year, we ask our respondents what single, new opportunity excites them the most and fills them with optimism about the future of the tourism industry in the Caribbean.

Here are some of their responses this year:

“Jamaica planned logistic hub in Kingston and the opportunity to participate in the rebuilding of western Jamaica post Hurricane Melissa”

“Airport expansion in Anguilla”

“Expansion to TCI out islands”

“Even though Belize is not really considered Caribbean for many, that’s one country with the most potential. The government is looking hard into how to make fundamental changes to their financial system and tourism to attract capital”

“Branded residences”

“Related to Turks and Caicos, building out infrastructure with main priority [being] the airport”

“There is significant “old” inventory that could be improved with greening initiatives that would make the asset/portfolios more efficient”

What did we miss?

Each year, we ask respondents whether our survey missed any critical issues impacting their decision to finance tourism projects in the Caribbean.

Here are some of their responses this year:

“Access to debt or banks willing to syndicate is the critical issue in the Caribbean”

“Discussion on available instruments: blended finance, sustainability-linked bonds, corporate bonds, guarantees”

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