

2023 CARIBBEAN TOURISM PERFORMANCE

In 2023, approximately 1 billion international tourists were recorded globally, representing a 33.9% increase over 2022. All destination regions saw a stable increase in tourist activity. Asia and the Pacific Islands (154.2%) are the strongest performers in global tourist arrivals, followed by Africa (41.2%), the Middle East (28.3%), the Americas (27.4%), Europe (16.4%), and the Caribbean (14.3%).

The Caribbean experienced a 14.3% growth in visitor arrivals in 2023, compared to a 51.7% increase in 2022. In 2023, the Caribbean had an estimated 32.2 million International tourist arrivals (overnight visitors).

Key drivers of this growth included strong demand from the United States, the ongoing recovery of the Canadian market, and enhanced air connectivity, as airlines expanded routes and increased flight frequency. Additionally, targeted tourism initiatives, improved visitor experiences, and strengthened the industry.

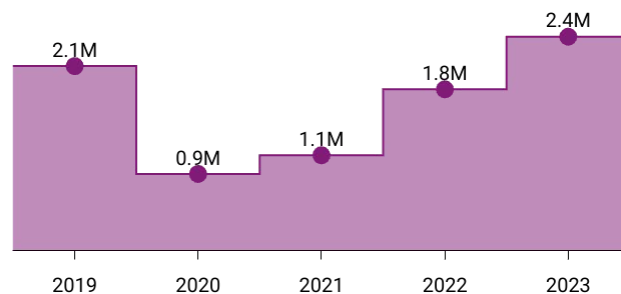


U.S. VIRGIN ISLANDS BUREAU OF ECONOMIC RESEARCH USVI 2023 TOURISM REPORT

U.S. Virgin Islands Visitor Arrivals 2023

In calendar year 2023, the U.S. Virgin Islands (USVI) experienced a resurgence in tourism after a significant post-pandemic surge. The number of visitors rose by 32.2% to a total of **2.4 million**, compared to 1.8 million in 2022. This growth indicates that visitor arrivals have surpassed pre-pandemic levels, as the U.S. Virgin Islands recorded 2.1 million visitors in 2019. Factors contributing to this resurgence include an increase in the frequency of direct flights and the introduction of larger cruise ships. This positive trend follows a significant decline in traveler arrivals observed in 2020.

Figure 1: Total Visitor Arrivals 2019-2023
Source: Bureau of Economic Research



USVI Air Visitor Arrivals

In 2023, the number of air visitor arrivals experienced a modest decrease of 1.3%, resulting in 9,990 fewer passengers. Despite this decrease, the total number of air arrivals for the year still reached an impressive **780,661** from January to December. December 2023 was the peak month for air visitor arrivals, with 88,521 visitors, while September recorded the lowest number, with just 31,287 visitors.

Major Carrier Direct Flights to the USVI

In 2023, the average seating capacity for Major Carrier Direct Flights was **19,112**, increasing from 17,097 seats in 2022. Some routes include Frontier's service from St. Thomas to Orlando, Miami, and San Juan, as well as JetBlue's connection from St. Thomas to Boston. Additionally, American Airlines offers direct flights from Miami, New York, Boston, and San Juan. Additionally, Spirit Airlines offers direct flights to Miami, while United Airlines has expanded its offerings from Chicago, Dulles, and Newark. As for St. Croix, travelers can take advantage of direct flights from Atlanta with Delta, and destinations in Florida are also served by Spirit Airlines, Frontier, and American. The number of direct airline routes is constantly growing, significantly increasing U.S. Virgin Islands connectivity.

USVI Cruise Visitor Arrivals

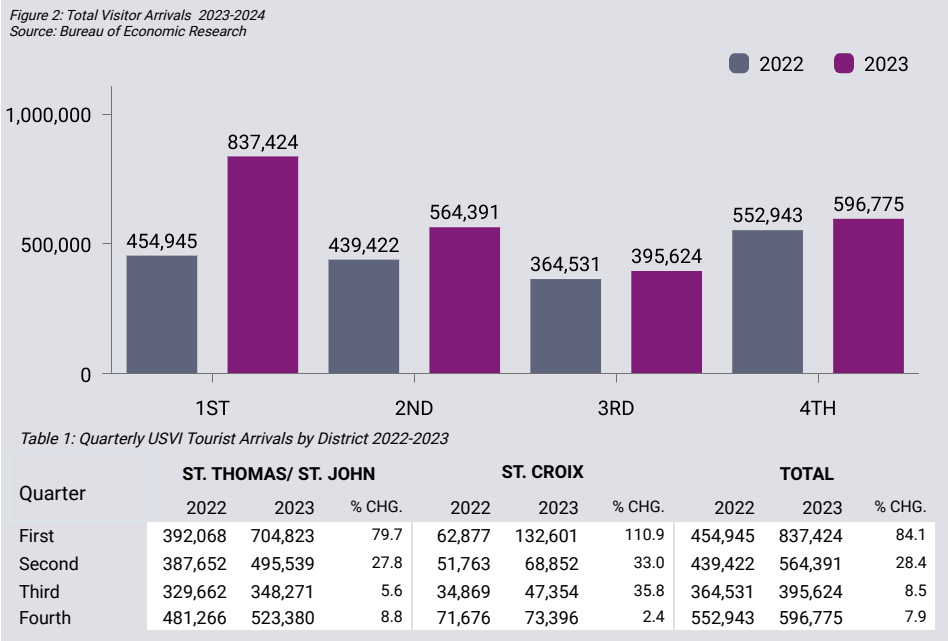
In 2022, there was a notable surge in cruise ship passenger arrivals, with a total of 1,021,182 visitors, representing a substantial increase from 2021. This positive momentum carried over into 2023, when cruise passenger arrivals rose to **1,613,554**. In 2022, the number of cruise ship calls reached 414, nearly double the figures from the previous year. The upward trend continued in 2023, with a 19.6% increase, bringing the total to **495** cruise ship calls. It's important to note that this trend in cruise tourism is expected to keep growing, thanks to the larger capacities of modern cruise lines.

Major Cruise Lines Calls to the USVI

In 2023, the average number of passengers on cruise vessels visiting the U.S. Virgin Islands was **134,463** monthly, with the peak season occurring from November to April. The Major Cruise Lines mentioned represent the largest vessels within their respective fleets that make cruise calls to the territory, if operating at maximum capacity. Major cruise lines include Royal Caribbean, with the ****Wonder of the Seas**** accommodating 7,084 passengers, and the ****Icon of the Seas****, the world's largest ship, set to begin docking in January 2024 with a capacity of 7,600 passengers. Carnival Cruise Lines operates the ****Carnival Celebration**** and ****Carnival Mardi Gras****, each capable of carrying 6,630 passengers. The Princess Cruise Line has the ****Sun Princess**** for 4,300 passengers. Celebrity Cruise Line features the ****Celebrity Ascent**** (3,260 passengers) and ****Celebrity Eclipse**** (2,850 passengers). In comparison, Norwegian Cruise Line offers the ****Escape**** (4,426 passengers), ****Encore**** (3,998 passengers) and the ****Norwegian Jade or Ubersoca Cruise****, a newer addition to USVI cruise calls that began in 2023 with one visit annually and carries 2,500 passengers. The Disney Fantasy can accommodate 4,000 passengers; several other cruise lines make regular visits to the Territory.

USVI Visitor Arrivals Quarterly Comparison 2022-2023

In 2023, the U.S. Virgin Islands saw a significant increase in visitor arrivals. The first quarter recorded impressive growth of 84.1%, bringing the total number of visitors to 837,424, compared to 454,945 in the same quarter of 2022. This strong beginning set a positive tone for the year. The second quarter also showed favorable trends, with visitor numbers rising by 28.4%, reaching 564,391. This indicates a stable and encouraging growth pattern for the months ahead. In the third quarter, the increase was more moderate, with 396,624 visitors, representing an 8.5% rise compared to the same quarter in the previous year. The upward trend continued into the fourth quarter, with visitor arrivals totaling 596,775, representing a 7.9% increase or an addition of 43,833 visitors compared to the same quarter of the prior year.



Economic Impact Of Visitor Arrivals 2022

According to the Bureau of Economic Analysis (BEA), in the Gross Domestic Product (GDP) release for the U.S. Virgin Islands (USVI), the services-producing industries experienced a 10.9 percent growth in 2022. The Accommodation and Food Services sector contributed most to this growth, which benefited from increased visitor spending. Furthermore, the 9.3% rise in export services was primarily attributed to this enhanced expenditure by visitors. This figure includes about \$849.5 million from stay-over tourists and \$827.8 million spent by excursionists. Unfortunately, it is difficult to determine how much of this spending remains within the local economy.

USVI exports account for \$3.6 million of U.S. exports, comprising \$3.2 million in goods and \$1 million in services. This represents an 18.9% decrease compared to the 2021 estimates, primarily due to a decline in visitor spending.

The direct impact of tourism can be attributed to the new primary carrier's direct flights to the territory. The economic benefits are distributed across various sectors, including hotels, other accommodations, restaurants, grocery stores, retail shops, entertainment and recreation, tours, and transportation. It is essential to note that the economic benefits from tourism can fluctuate significantly due to external factors, such as travel restrictions or natural disasters.

The Leisure & Hospitality sector in 2023 has seen an 8.8% decrease in the number of employees to 6,129 compared to 6,718 in 2022.

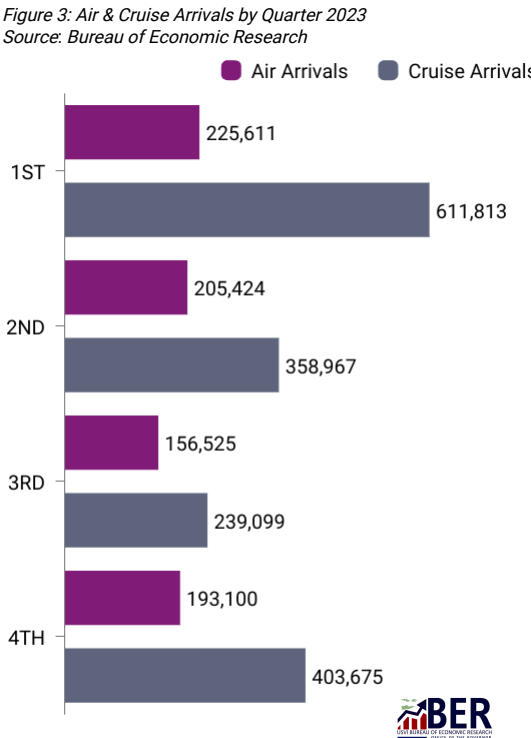
USVI Air & Cruise Arrivals Quarterly Comparison 2022-2023

USVI air arrivals decreased by 1.3% overall in 2023. In the first quarter (Q1) of 2023, air visitor arrivals totaled **225,611**, reflecting performance levels consistent with the first quarter of 2022. Q2 recorded the largest decline in visitor arrivals, at 11.3%, with **205,424** visitors. The Q3 also saw a decrease, with **156,525** visitors, representing a 5.3% decline compared to the same quarter in 2022. Conversely, the Q4 saw a significant 14.9% increase in visitor arrivals compared to the prior year, with **193,100** visitors.

The recent decline in air arrivals should not be interpreted as a downturn in tourism; instead, it reflects the reopening of local cruise ports and other nearby Caribbean ports, which may have contributed to the moderation of air visitor arrivals.

In Q1 2023, cruise arrivals reached **611,813**, the highest for the year, marking a 167.1% increase from the previous year. Each quarter showed growth, with increases of 72.2% in Q2, 20% in Q3, and 4.9% in Q4. Overall, cruise arrivals rose by 58%, with a 19.6% increase in cruise calls.

Most growth was observed in St. Croix, with a 56.1% increase in cruise calls (from **64**) and a 91.3% rise in visitor activity. The St. Thomas-St. John District also saw a 55.0% increase in cruise activity, with 431 total calls, up 17.4%.





2023 USVI ACCOMMODATIONS REPORT

What Is a Room? A room is a private space accessible to guests using a key. A two-bay suite is considered one room if it has a single lockable entrance, whereas a multi-bay suite comprises multiple units, each with its own key. "Room" usually refers to hotel accommodations, and "units" are associated with condominiums.

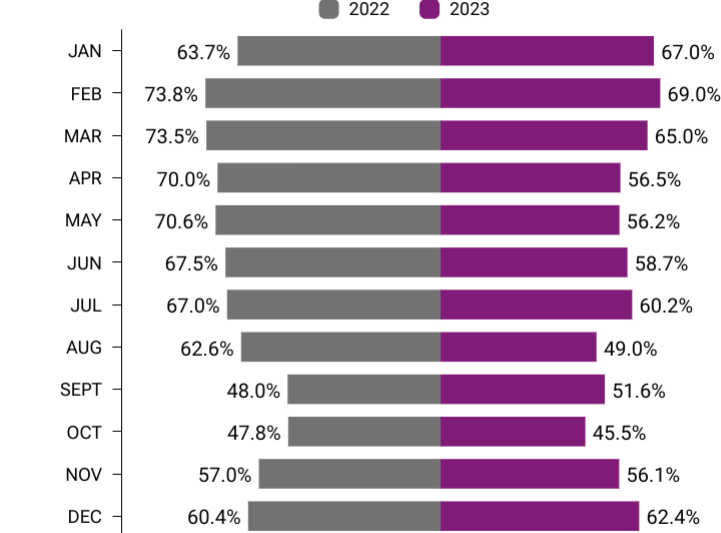
2022-2023 USVI Hotel Occupancy Rates

In 2023, the U.S. Virgin Islands reported a hotel occupancy rate of **58.2%**, a decline of 5.0 percentage points from 63.2% in 2022. Large hotels averaged **59.5%** occupancy, down from 66.9%, while smaller hotels saw a more significant drop to **50.7%** from 64.1%. In contrast, condominiums and other properties increased occupancy to **56.3%**, up from 49.7% the previous year. This decline in hotel occupancy can be attributed to a decrease in overnight stays and increased competition from Airbnb and other short-term rental services during the transitional period when hotels were under construction and reopening.

All four quarters of 2023 experienced decreased occupancy rates, with the second quarter facing the most significant drop of 12.3%. The last quarter was the least affected, with a decrease of just 0.4%. In contrast, the second quarter saw the most significant drop at 12.3%. The third quarter experienced a 5.6% decrease, while the overall decline in the first quarter was 3.4%.

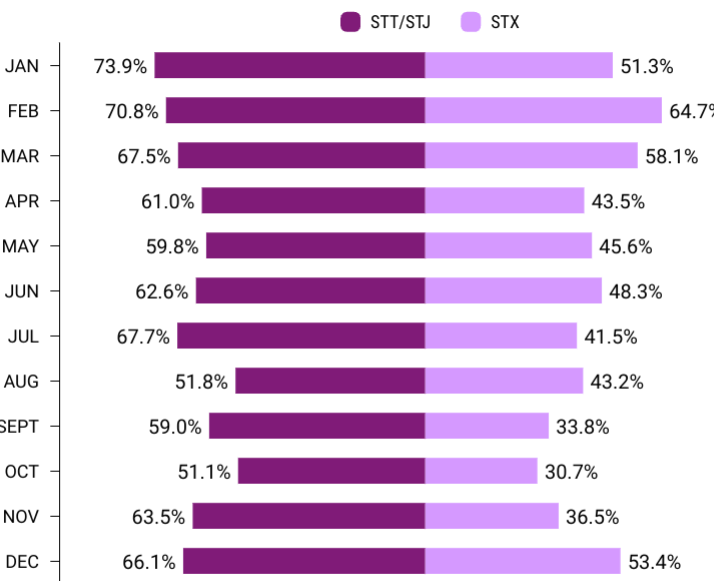
Despite a 4.9% increase in available room nights, from 1.1 million in 2022 to 1.2 million in 2023, the average stay duration decreased by 10.5%, from 3.8 nights to 3.4 nights. In 2023, the total number of room nights occupied across the territory reached 718,539, representing a 3.4% decrease compared to the 743,752 room nights occupied in 2022. For additional context, the volume of room nights occupied in 2021 was 674,391. This trend of shorter stays has been apparent since 2021, when the average length was recorded at 3.7 nights, representing a 21.3% decrease from the 4.8 nights noted in 2020.

Figure 4: USVI Monthly Hotel Occupancy Rates 2022 and 2023
Source: Bureau of Economic Research



2022-2023 USVI Hotel Rates by Districts

Figure 5: USVI Monthly Hotel Occupancy by District 2023
Source: Bureau of Economic Research



In 2023, the St. Thomas/St. John District's performance within the territory achieved an occupancy rate of **63.0%**. This represents a 6.9% decrease from the 2022 occupancy rate of 69.9%. Large hotels in St. Thomas had an occupancy rate of **64.0%**, down from 72.7% in the previous year. Additionally, small hotels in St. Thomas saw a significant decline, with an occupancy rate of **49.9%**, compared to 79.8% for smaller accommodations in 2022. This drop in occupancy rates for small hotels appears to be a major factor in the overall decrease for the district. Condominiums and other accommodations had an occupancy rate of **58.2%** in 2023, up from 50.9% in 2022.

St. Croix reported a stable occupancy rate of **46.1%**, showing a 1.1% decrease compared to the previous year's rate of 47.2%. Large hotels in St. Croix maintained an occupancy rate of **41.9%**, down from 46.6% in 2022. In contrast, small hotels in St. Croix continued to perform well in 2023, with occupancy rates reaching **51.0%**, up from 48.1% in 2022. Additionally, the condominium and other accommodations in the St. Croix District also performed well, achieving an occupancy rate of **54.0%**, compared to 46.8% in 2022.

2023 USVI Hotel Guest Registrations

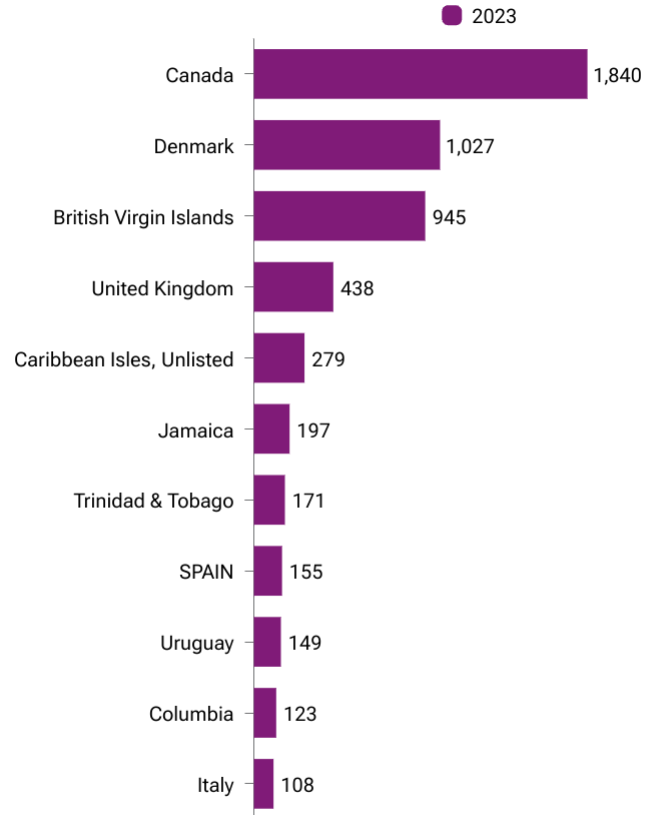
Accommodation establishments reported **588,296** guests residing in the territory in 2023, representing a 1% increase, or 5,723 fewer guests, compared to the 594,019 guests recorded in 2022. However, the average length of stay within the Territory declined by 10.5% in 2023, from 3.8 days in 2022 to 3.4 days in 2023.

In the St. Thomas/St. John District, the average duration of stay decreased from 3.8 nights in 2022 to **3.3** nights in 2023. In contrast, the average length of stay in St. Croix remained unchanged, staying consistent at **3.9** nights for both 2022 and 2023.

In 2023, a significant majority (82.5%) of visitors to the territory's accommodations from the U.S. mainland totaled **485,428**. USVI residents accounted for 12.3% of the visitors, totaling 72,304. Additionally, foreign nationals represented 3.4% of the visitors (19,938), while neighboring Puerto Rico contributed 1.8% (10,626) to the total number of visitors during the same period.

In 2023, the majority of foreign visitors to the territory came from Canada, with 1,840 guests staying in visitor establishments. The British Virgin Islands ranked third with 997 guests, followed by the United Kingdom with 438 guests. Additionally, there were 197 visitors from Jamaica and 171 from Trinidad & Tobago. Notably, Denmark, which typically ranks among the top destinations for foreign visitors due to its monthly direct flights, had 1,027 registered guests in 2023, a significant increase from 687 guests in 2022.

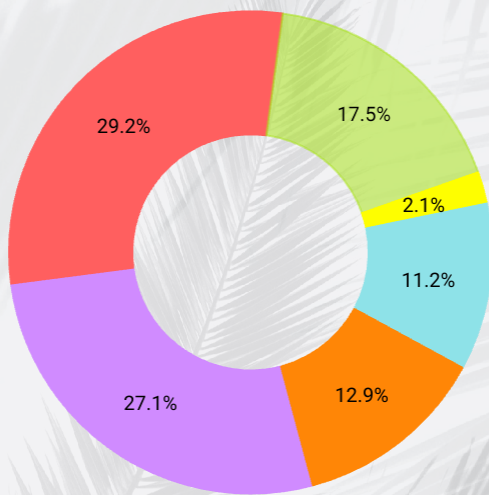
Figure 6: USVI Top Ten Foreign Hotel Guest Registrations 2023
Source: Bureau of Economic Research



What is the U.S. Virgin Islands Tourism Sales Region?

Figure 7: Estimated Hotel Guests by Sales Region 2020-2023
Source: Bureau of Economic Research

■ Miami ■ New York ■ Washington, D.C. ■ San Juan, P.R.
■ Chicago ■ Los Angeles



The Tourism Sales Region is a marketing area of the U.S. designated by the U.S. Virgin Islands Department of Tourism. The Chicago region represents the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. The Los Angeles region represents the states of Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming. The Miami region represents the states of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, Tennessee, and Texas. The New York City region represents the states of Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The Washington, D.C. region represents the states of Delaware, Kentucky, Maryland, North Carolina, South Carolina, Virginia, West Virginia, and the District of Columbia. The San Juan region represents the commonwealth of Puerto Rico.

The distribution of U.S. mainland hotel guests in 2023 across different sales regions is as follows: New York sales region accounts for 29.2%, followed by the Miami sales region at 27.1%, the Washington D.C. sales region at 17.5%, the Chicago sales region at 11.2%, and the Los Angeles sales region at 12.9%. The primary states of origin for guests are Florida (46,905), New York (35,210), Texas (29,433), California (23,796), Pennsylvania (23,582), Massachusetts (20,712), and Washington (18,262), collectively representing over 45.3% of all U.S. Virgin Islands guests.

USVI Hotel Room Revenues 2022-2023

The Tourism Revolving Fund is financed by a hotel occupant tax of 12.5% levied on all accommodation establishments that engage in short-term rentals as defined by the *V.I. Code tit. 33, § 54 (2019)*. The hotel room revenue fund is crucial for developing and implementing promotional and marketing initiatives to attract visitors to the Territory. Additionally, this fund has provided significant support for events such as the U.S. Virgin Islands Carnival, the Crucian Christmas Festival, and the St. John 4th of July Festival.

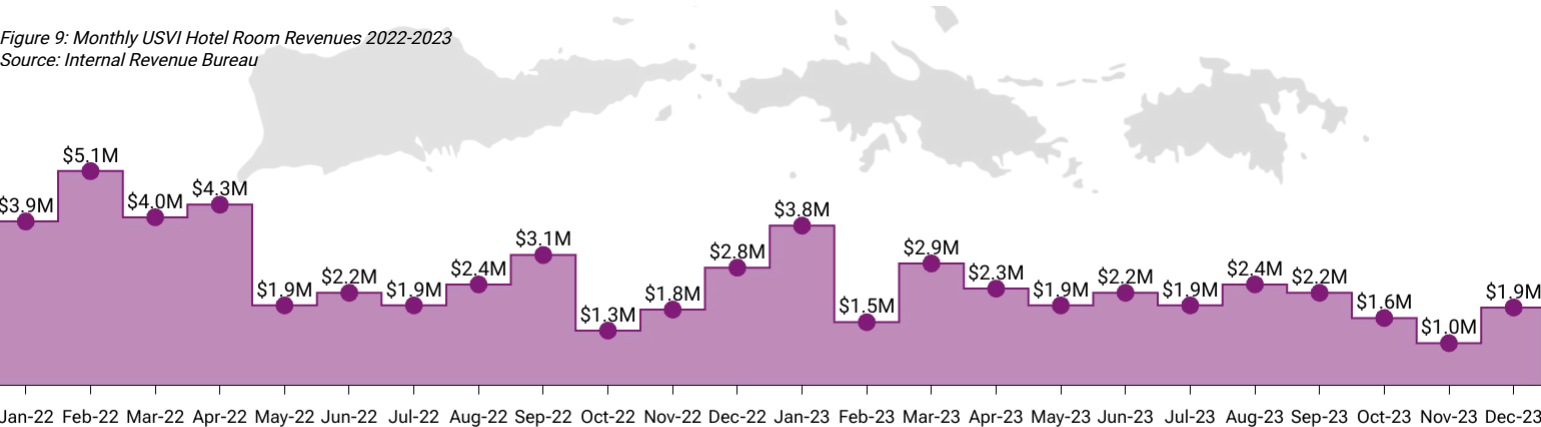
In 2023, there was a 17.4% increase in the number of rooms, averaging 3,803 per month compared to 3,238 rooms in 2022.

In the calendar year 2023, hotel room revenues totaled **\$25.4 million**, representing a decrease of \$9 million compared to the 2022 revenues of \$34.4 million.

Figure 8: USVI Hotel Room Revenues by Island 2022 to 2023
Source: Internal Revenue Bureau



Figure 9: Monthly USVI Hotel Room Revenues 2022-2023
Source: Internal Revenue Bureau

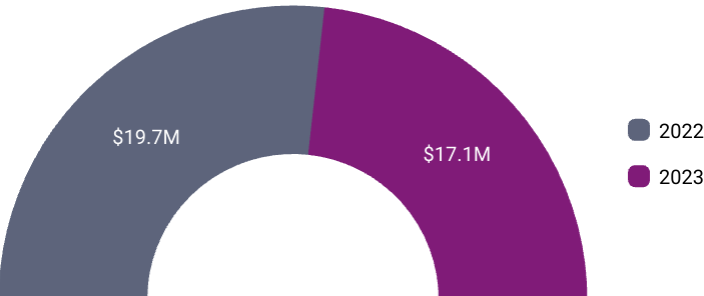


USVI Non-Hotel Room Revenues 2022-2023

The non-hotel rooms are taxed at the same 12.5% rate as defined by V.I. Code tit. 33, § 54 (2019). A "Non-hotel" room tax applies to homes that rent or lease rooms to short-term renters and can be considered a business, especially if a profit is made each year. If a landlord rents a room as an individual, a tenant in common, or through an LLC or partnership, you may qualify for this helpful tax deduction.

In 2023, non-hotel room taxes generated **\$17.1 million**, representing a 13.1% decrease from the \$ 19.7 million recorded in 2022. The data shows that the period from October to December tends to be slow for non-hotel room tax collections. Notably, November recorded the lowest revenue, with collections amounting to only \$332,463. This decline trend can be attributed to seasonal behavior. In contrast, May saw the highest collections, reaching \$3.2 million.

Figure 10: USVI Non-Hotel Room Revenues 2022-2023
Source: Internal Revenue Bureau



USVI Short-Term Rental Licenses 2022-2023

A short-term rental provides accommodations for less than 90 days, including private homes, condos, and villas (not hotels). There are two license types: "Short Term Rental A" for five or more guests, which costs \$260 per year, and "Short Term Rental B" for up to four guests, which costs \$195 per year. Guests in USVI rentals must pay a hotel room tax of 12.5% on the gross room rate, including any additional fees.

In 2023, based on data compiled by the Department of Licensing & Consumer Affairs (*DLCA*), a total of 185 new licenses for short-term rentals were issued in the territory: St. Thomas had 61, St. John had 65, St. Croix had 58, and Water Island had 1. Additionally, there were 279 renewals of short-term rental licenses: St. Thomas renewed 114, St. John renewed 149, and St. Croix renewed 16. This brings the total number of licensed short-term rentals in 2023 to **464**. These rentals generated \$106,405 in license fees revenues and have a minimum estimated capacity to accommodate 194,880 overnight guests annually.

Figure 11: USVI Short-Term Rental Licenses 2022-2023
Source: Department of Licensing & Consumer Affairs

