



2022 Economic Forecast Small Business Seminar

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- Where We Were
- What We have Endured 2020 & 2021
- Outlook For 2022 and Beyond
 - Destination Safety
 - Airlift and Source Markets
 - Recovery Issues and Concerns



Where we were

Arrivals



Source: Guam Customs Declaration Forms. Processed by the Guam Visitors Bureau.
Note: FYTD 2021 Arrivals are as of September 30, 2021

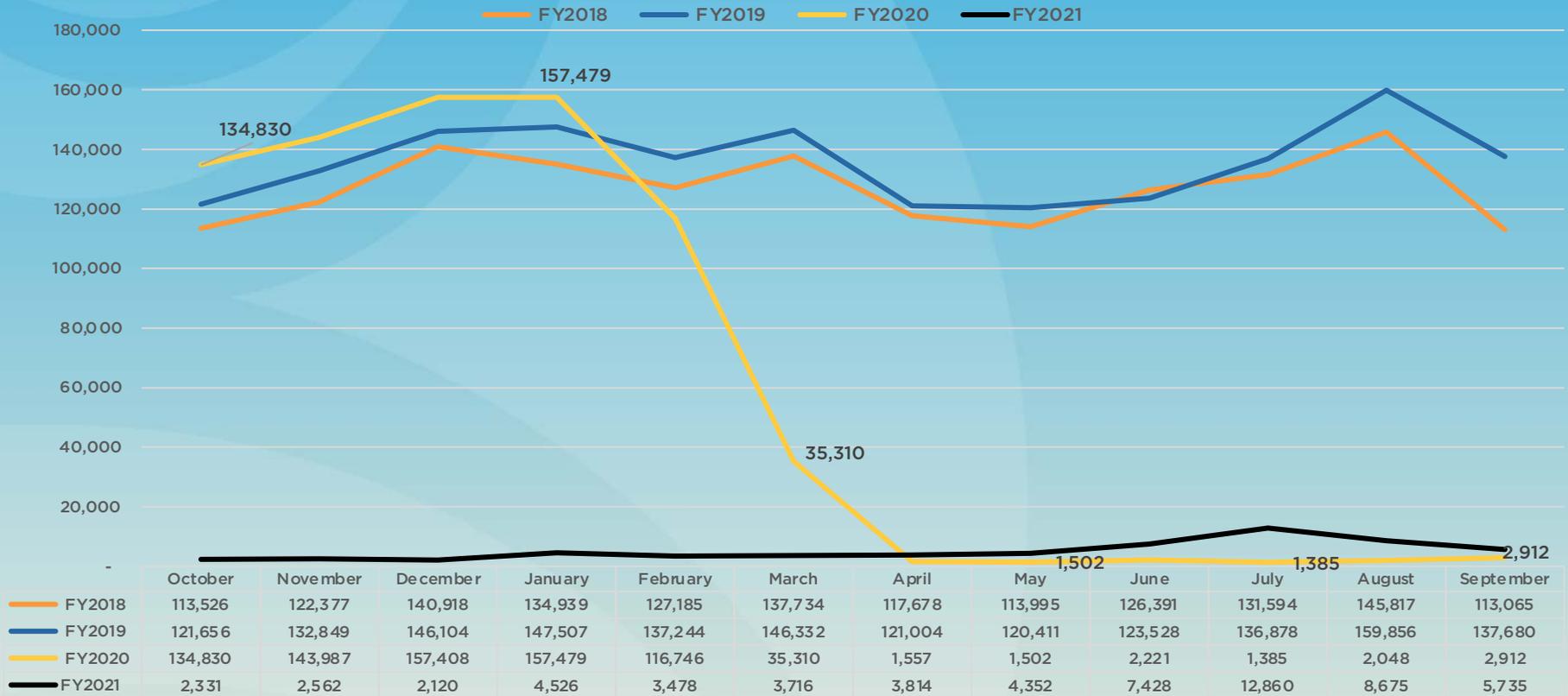
Travel Restrictions



Start of COVID-19 in source markets

- Restricted entry into source markets
- 14+ days of quarantine at a government mandated facility at own expense
- Painful testing requirements

Arrivals Impact



Average YOY Growth / (Decline)

Pre-COVID: +6.9%

COVID Era: -53.6%



What we have endured (and continue to endure?)

Tourism Businesses



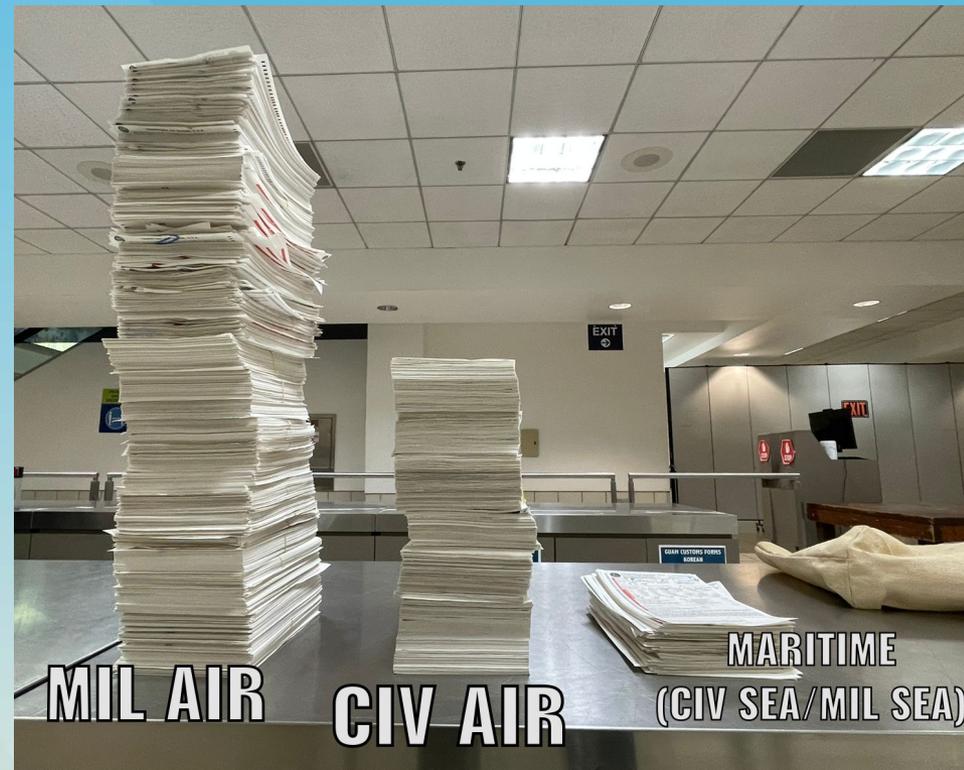
- 85% of Attractions/Activities Sold In Japan Market Shuttered Since March 20, 2020 - 5 Permanently
- Companies have lost up to 80% of its revenue in 2020 compared to 2019, and 100% of income in 2021.
- Approximately 3,000 to 4,000 people have lost their jobs in this sector alone

Taiwan and Military Markets

Tourism
works!



- Arrival numbers aided by military exercises or R&R visits
- Taiwan charters from July - Aug 2021 for Air V&V



Impediments of the Air V&V program



- Lack of regular air service
- Returning protocols (14-day self paid quarantine period were required of all markets)
- Limited issuance of U. S. Visas due to COVID

Tourism Business Environment



- Regional and global expectations for pre-covid levels not before 2023/24 PATA, IATA “or later” among 41% of UNWTO respondents surveyed
- Travel recovery impacted by disparate factors on virus controls, vaccination up-take, travel protocols, and consumer sentiments, persistency in variants Delta, Omicron, etc.
- Lingering concerns on slow pandemic containment and weak consumer confidence in rising unemployment, job security concerns and fear of covid

Visitor Projections and Budget



- Hazardous at Best in COVID Environment
- Many differing opinions, data points and perspectives
- Attempted to balance spending plan among competing priorities
- Vetting in committees respected and most recommendations accepted
- Careful review of in-country information and feedback from marketing reps and travel agent partners

Crystal Ball

FY2021 Forecast



- GVB original FY2021 forecasts: **201,150**
 - (+227% vs actual)
- Industry/Board: **251,437**
 - (+308% vs actual)
- Legislative (P.L. 35-36): **400,000**
 - (+549% vs actual)
- GVB Adjusted: **82,148**
 - (+33% vs actual)

**FY2021
Visitor Arrivals
61,607**

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Outlook for 2022 and beyond

Guam's health posture



- Guam a safe destination
 - 91.7% of the eligible population vaccinated
 - Robust COVID contact tracing and health care system in place
 - Hygiene safety protocols in island businesses and public facilities



Guam Vaccination



As of Dec 1, JIC Release No. 876

13 Hospitalized for COVID-19

CENSUS as of 5 p.m.	GMH	GRMC	USNH	TOTAL
COVID-19 Admission	7	6	0	13
Pediatric Admissions	0	-	-	0
ICU	0	0	0	0
Ventilator	0	0	0	0

VACCINE STATUS	VACCINATED	UNVACCINATED	INELIGIBLE (0-4 years old)
Hospitalized	7	6	0
Total in Population*	125,464	16,143	12,229
Rate per 100,000 Population	6	37	0

- The risk of being hospitalized for COVID-19 is about 6 times higher for the unvaccinated as compared to the vaccinated.

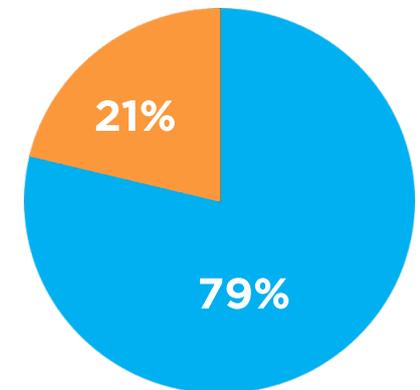
125,464 Guam's eligible population fully vaccinated

81.6% of Guam total population vaccinated
 2,947 5-11 yrs old received first dose of Pfizer | 28 completed 2-dose series

GUAM

21% of fully vaccinated received booster

- Have yet to receive
- Received booster

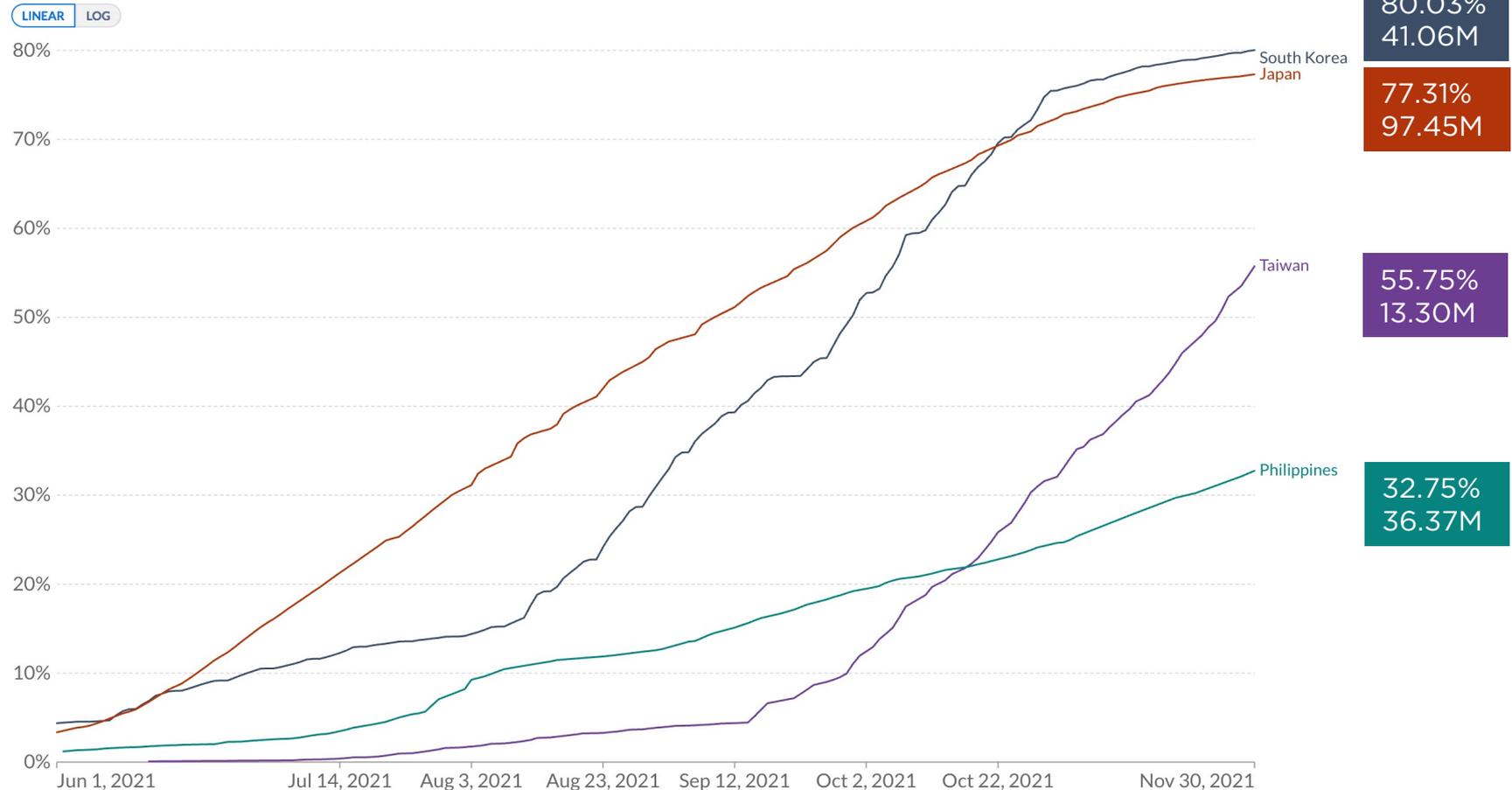


Vaccination by Market (11/30/21)



Share of the population fully vaccinated against COVID-19

Total number of people who received all doses prescribed by the vaccination protocol, divided by the total population of the country.



Guam Source Markets In-Country Survey

June 2021 vs September 2021



- Consumers surveyed indicating they will not travel outside the country for vacation until pandemic ends
 - **June 2021**
 - Japan 73% Taiwan 52% Korea 43%
 - **Sept 2021**
 - Japan 70% Taiwan 51% Korea 38%
 - **June 2021**
 - Only 19% surveyed plan to travel in next 1-2 years
 - **Sept 2021**
 - Japan 10% Taiwan 15% Korea 27%
- of consumers surveyed plan to travel in 6 - 12 months

FY22 Visitor Arrivals



October - November 30, 2021

Total: 13,356 (+263.9%)

% Market Mix	Origin	2021	2022	% to LY
4.4%	Japan	132	587	344.7%
29.2%	Korea	76	3,902	5034.2%
0.5%	Taiwan	58	63	8.6%
0.1%	China	7	20	185.7%
49.9%	US/Hawaii	2,549	6,667	161.6%
4.5%	Philippines	302	607	101.0%
0.0%	Hong Kong	8	4	-50.0%
0.1%	Russia	9	11	22.2%

FY 2022 Arrivals Forecast (9/30/21)



- GVB conservative estimate 85,000
- GVB optimistic estimate 130,000
- Industry feedback estimate 201,783

NOTE: GVB management sentiment closer to 115,000

FY2022 Forecast



Month	GVB Conservative	GVB Optimistic	Industry Feedback
October	3,898	59,62	5,124
November	4,316	6,586	9,729
December	5,197	7,949	10,269
January	5,841	8,933	13,489
February	5,473	8,371	14,605
March	5,956	9,109	18,911
April	8,216	12,565	19,558
May	8,069	12,340	20,195
June	8,424	12,884	19,614
July	9,788	14,970	21,540
August	10,652	16,291	25,003
September	9,180	14,040	23,745
TOTAL	85,000	130,000	201,783

Since then...



- Six carriers from Korea have or will start service soon - including the return of Asiana
- FAM Tours (Media, TAs, Influencers) a success
 - Will have another in January
- With these additions expectations on earlier forecasts likely to increase
- Guam Golf Winter FAM Tour (Korea -45pax)

Airlines and Gateways

Tourism
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- Positive feedback from all carriers that previously serviced Guam
- New carriers (Starlux and Eva Air) reaching out or scheduling to start
- Anticipate new developments for Japan



Korea Airline Seat Capacity



- IF airlines able to maintain announced schedule
- FY2022 seat capacity to be +400K with the ramp up coming in Q3 (Mar-May)
- Still a long way from 2019 numbers but positive development

Update



- Omicron variant impact
 - Changes in arrival protocols for Korea (mandatory 10-day quarantine)
- Group incentive bookings canceled (500 pax)
- Air service schedule still holding for Q1/Q2 (as of 12/2/21)
 - Total Seats: 307,192 Total Carriers: 9

Update



- Korean and Japanese arrivals for the first two months of Fiscal Year 2022 increased from 208 to 4,500 visitors year on year and U.S. visitors increased 162% to 6,670 visitors.
- These encouraging trends, however, have run into what may be a temporary setback pending further clarification on the severity and international travel restrictions recently imposed. Although highly transmissible, we are encouraged to read media reports that this variant has not been as deadly, nor as grave as the Delta variant, among afflicted individuals at its geographic source.

Concerns for Recovery



- Industry in atrophy (2 years)
 - Different scale in volume, economies of scale pricing structure
 - Ramp up uneven across value chain
- Inflation rate & pricing structure impact
- Indicators - fuel, food, wages (local and federal)
- Important for community to drive yield, avoid commoditizing island destination
- New paradigm, new pricing structure
 - Post COVID product lineup and departure from density dependent pricing strategy

Next Steps



- True Cost of Doing Business Analysis
- Market price alignment, financial viability of destination value chain
- GVB Exploring inclusion in tourism satellite account study
- Recommending value driven (not discounted) pricing strategy

Si Yu'os Ma'ãse'

