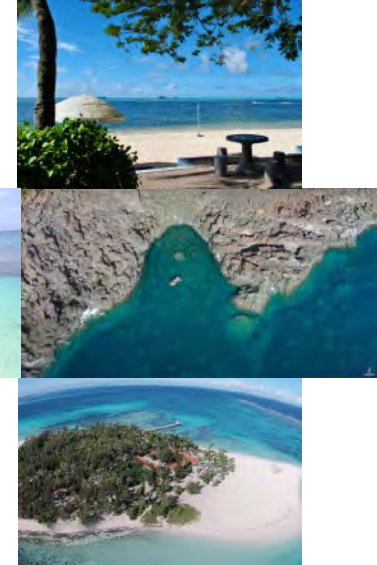




SUSTAINABLE DEVELOPMENT OF THE **MARIANAS INTO A **MULTI ISLAND DESTINATION****

JULY 2021



FOREWORD

One of the biggest advantages the Marianas has over many competing destinations is the availability of 14 unique islands that could host a variety of different but complementary experiences.

While development in the past has been focused predominantly on Saipan, prime opportunities to truly elevate the Marianas and transform it into a multi-island destination that appeals to upmarket guests lie within the lesser developed gems of Tinian, Rota and the Northern Islands.

The natural beauty and heritage of the Marianas offer a strong foundation for sustainable tourism growth. With the right developments, the Marianas has the potential to be transformed into a destination more in line with world class, multi-island wonders supported by comparable natural merits, like the Maldives, Fiji, and French Polynesia.

Offering a location closer to key Asian markets, the Marianas enjoys additional opportunities in becoming a destination centered around sustainable and responsible tourism, which could help distinguish it from the many overdeveloped islands in the Asia Pacific region.

With nature and the fun of discovery at the core of its offerings, the revitalized Marianas, as a multi-island destination, is envisioned to offer a variety of experiences that complement each other, as follows:

- *Quality beach holidays for leisure travelers and incentive groups on Saipan.*
- *Fun, unique day-trip attractions and festive events on Tinian.*
- *Niche, rustic luxury retreats for top-tier guests looking for special occasion experiences on Rota.*
- *Adventure and discovery for the true explorers on the Northern Islands.*

In transforming the Marianas into a multi-island destination, the ultimate goal is to reestablish its competitiveness, regain air access, and in the post-COVID travel era, bring in higher tourism revenue while actively preserving the environment and prioritizing the quality of life for its residents.

Darlana Zhai
July 2021

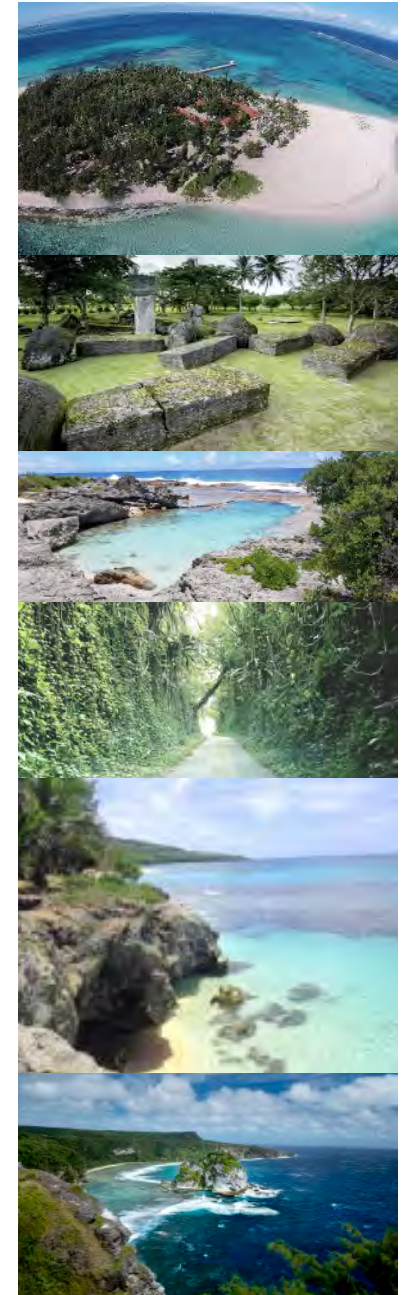


TABLE OF CONTENTS

ANALYSIS OF THE NORTHERN MARIANA ISLANDS

Saipan	5
Tinian	12
Rota	16
The Northern Islands	21

TOURISM RECOMMENDATIONS FOR EACH ISLAND

Saipan - The Improved Hub	24
Tinian - The Ideal Day-Trip Getaway	39
Rota - The Niche and Beautiful	49
The Northern Islands - The Ultimate Discovery of Travel	62

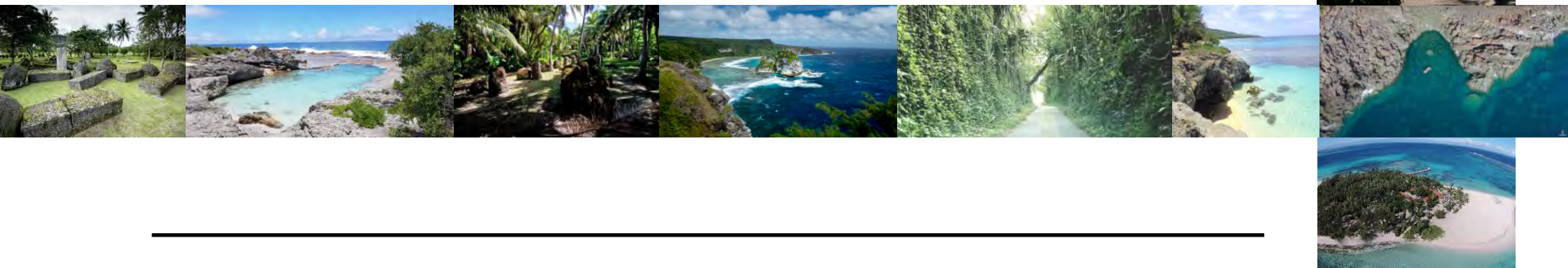
DEVELOPMENT ISSUES FOR EACH ISLAND

Access Requirements	69
Development Timeline	71
Branding & Target Rate Positioning	72
Community Initiatives	73

SUSTAINABLE DEVELOPMENT TARGET FOR THE MARIANAS

Overall Vision & Positioning	75
Target Visitor Arrival Level	75
Sustainable Development Issues	78
Synergies & Destination Marketing	80
Potential Itineraries for the Revitalized, Sustainable, Multi Island Destination	81





1. THE NORTHERN MARIANA ISLANDS

- ✓ Demographics
- ✓ Access & Infrastructure
- ✓ Natural and Cultural Resources
- ✓ Strengths, Weaknesses, Opportunities & Threats

SAIPAN

THE MOST DEVELOPED ISLAND

Around 12 miles long and 5.5 miles wide, Saipan is, by far, the most developed of the 14 islands that make up the Marianas.

During the most recent tourism boom, the Marianas welcomed over 650,000 visitor arrivals in 2017; this dropped to 424,838 for 2019, impacted by Typhoon Yutu in late October 2018. The majority of these travelers visited only Saipan.

ACCESS

Saipan is the point of entry for all international arrivals to the Marianas. While it has taken great efforts to maintain overall air access, the composition of air seats to the Saipan International Airport has changed drastically over the years, directly impacting the destination's market mix.

One of the most significant changes is that scheduled, daytime flights on flag carriers from Japan have been lost, and replaced by redeye flights and chartered routes from Korea and China.

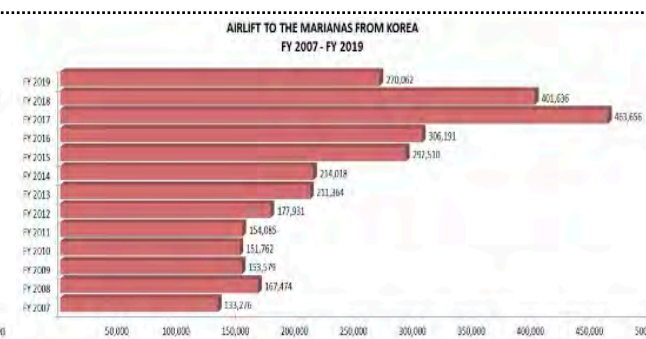
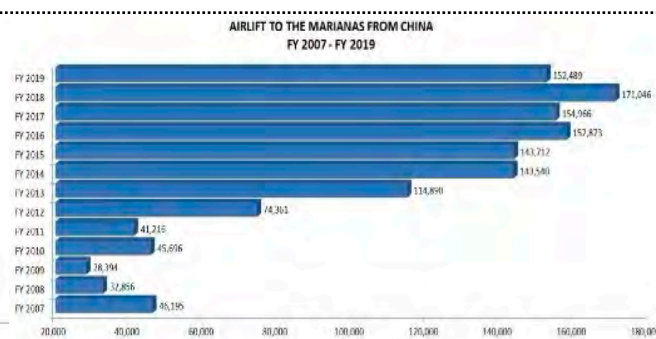
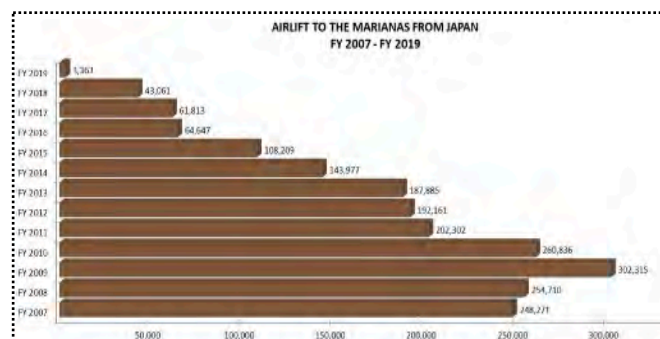
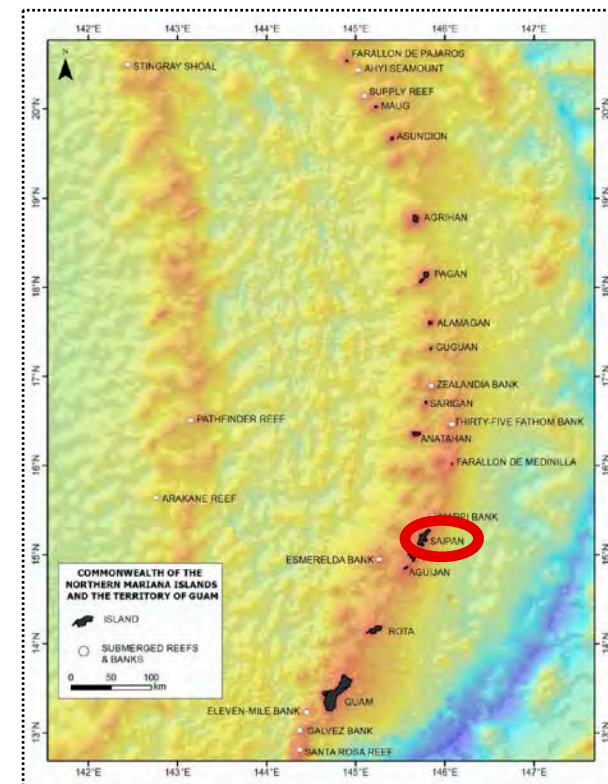
47 square miles in total area.

49,820 residents (as of 2016).

607,593 visitors for Fiscal Year 2018.

11,913 hectares total land inventory.

54 miles of coastline.



While by no means the only factor influencing a destination's total visitor arrivals, air access is certainly a key factor.

1990-1997: Initial Boom

Looking at historical arrivals to the Marianas, tourism first took off in the 1990s, with arrivals reaching 400,000 in 1990 and growing at a compound annual growth rate of more than 10 percent to surpass 700,000 in 1996 and 1997.

1998-2003: Reasonable Access, but Market Downturn

Subsequently, the destination entered a soft period of six years, as a result of external factors impacting the entire region and globally.

This included the Asia Financial Crisis, the turbulent global environment set off by 911 in 2001, and SARS in 2003. During this period, while air access remained somewhat stable, demand was weak.

2006-2015: Struggle with Air Access

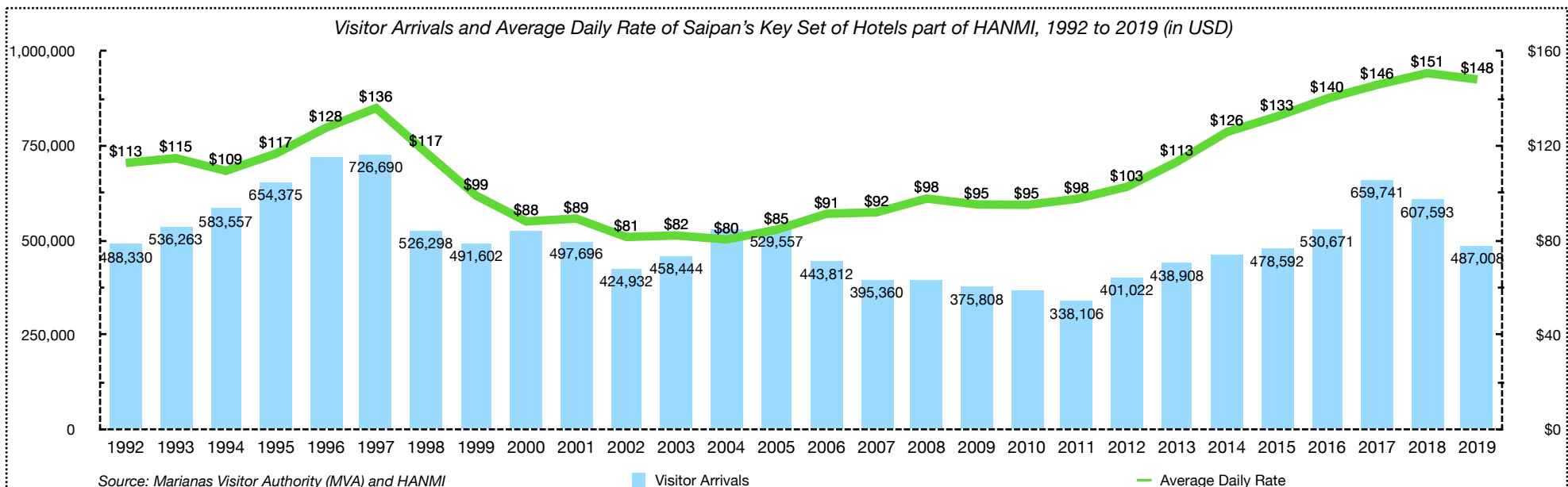
Towards 2004 and 2005, arrivals to the Marianas showed reasonable signs of recovery. This was, however, terminated by the drastic loss in air seats starting in late 2005.

After the previous downturn in the global travel market, airlines were faced with immense pressure to regain profitability. This, coupled with the rise of competing destinations in the region with newly developed, branded properties as well as amenities targeting the fast-growing Free Independent Traveler (FIT) segment, led to drastic reductions in air access for the Marianas.

The loss of JAL's day time, scheduled flight service from Japan as well as other routes such as Taiwan and Hong Kong on Continental Airlines marked the beginning of a grim period for the Marianas. Although Japan routes continued to be serviced by Delta through to 2011, the frequency was continually reduced. This coincided with the period when U.S. legacy carriers went through major restructuring and had to demonstrate clear measures to improve profitability.

2016-2018: Strong Recovery

Beginning in 2012, with efforts to replace the significant drop in air seats, chartered flights from China and flights on low-cost-carriers from Korea brought the destination the much needed demand. With this began a period of speedy recovery, leading to the market's most recent boom between 2016 and late 2018, when Super Typhoon Yutu took place.



INFRASTRUCTURE & LAND USE PLANS

Saipan enjoys relatively good infrastructure in terms of roads and public utilities.

With that said, it is a small island with limited resources, particularly natural resources and labor. Its infrastructural facilities have also received limited upgrade and is fairly dated.

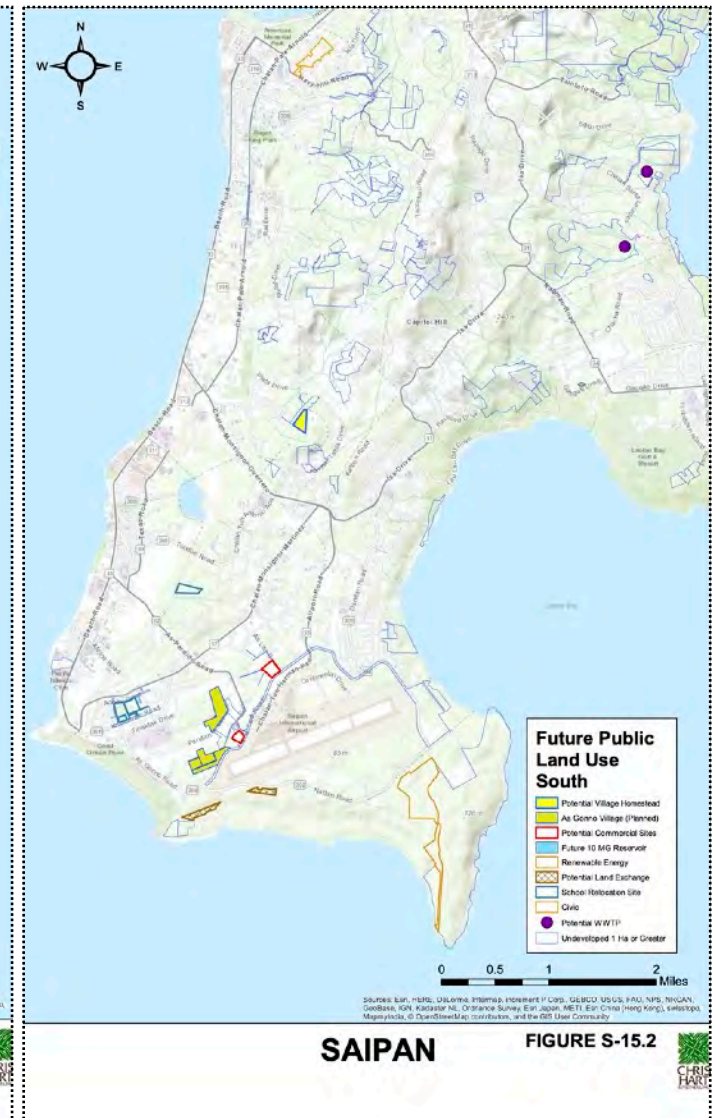
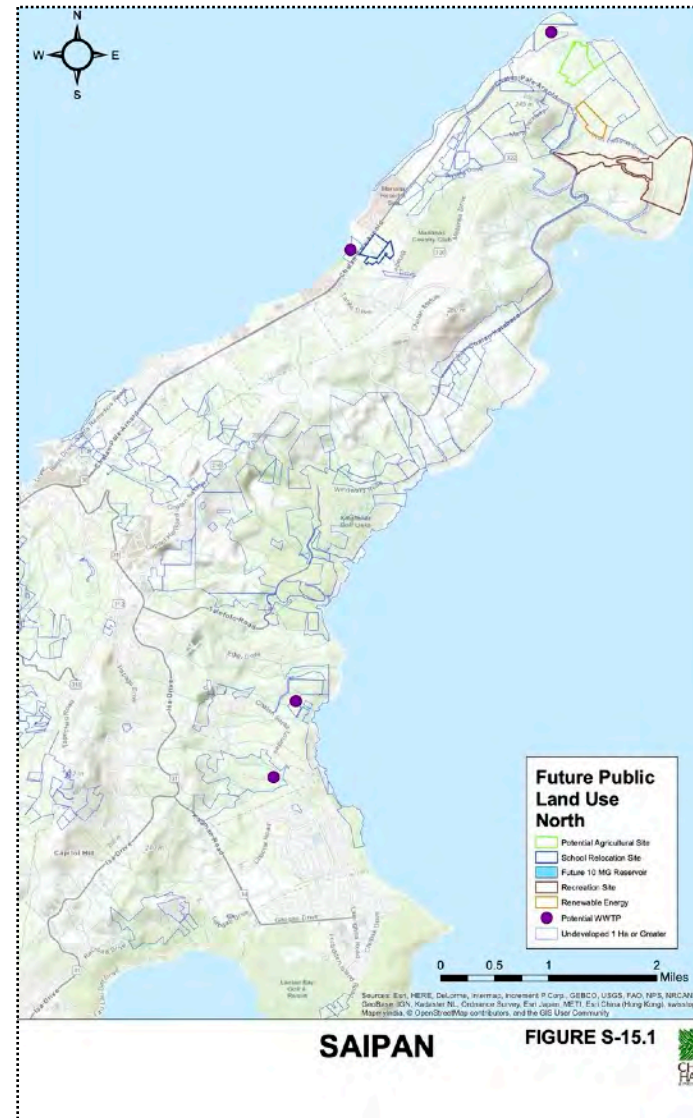
During its peak utilization, the island supported a population of just over 60,000 (in 2000) and annual visitor arrivals of nearly 730,000 (in 1997).

Future Public Land Uses

Being the most developed island, Saipan's public lands suitable for development are in limited supply.

Based on the CNMI Comprehensive Public Land Use Plan Update March 2019, future uses on public land over the next five to ten years consist largely of infrastructural facilities that address freshwater, wastewater and renewable energy needs, school sites, homestead and civic uses.

This coincides well with the recommendations of this study on Saipan's future tourism development. As part of the Marianas multi-island destination, the focus for Saipan should ideally be on upgrading, and achieving best-use utilization of its existing tourism facilities.



OVERALL TOURISM OFFERINGS

Regardless of changes and fluctuations in air access, the overall tourism offering of the Marianas, including its hotels as well as attractions and amenities, have never truly moved into the FIT segment, away from over dependence on the traditional tour model.

This is highly impacted by its aging facilities. First developed in the 1970s and 1980s, many of the market's key resorts have undergone limited upgrade and are not competitive with the gamut of much newer, branded resorts available at value-for-money prices in South East Asia.

This, coupled with the decline of the group travel model, characterized by lower-yielding demand and less sophisticated travelers, are major factors contributing to the destination's age old struggle with air access.

HANMI's Set of Hotels, the Marianas (Ranked by Room Count)

	Room Count	Status / Plans / Notes
Grandvrio Resort Saipan	435	Large property with a big range in its rooms product in terms of quality positioning
Fiesta Saipan	417	To be refurbished and rebranded as a Crowne Plaza Resort in 2022
Hyatt Regency Saipan	326	Undetermined (end of 2021 lease expiry)
Kensington Hotel Saipan	318	Newest property with the most modern facilities
Pacific Islands Club Saipan	308	Extensive renovations completed end of 2019
Saipan World Resort	265	No major renovation plans announced
Kanoa Saipan	224	In the process of securing a global brand
Aqua Resort Club	91	Inland property
Aquarius Beach Tower	63	Shoreline property with limited non-room facilities
Laolao Bay Golf and Resort	54	No change announced
Century Hotel	33	Inland property
Total	2,534	

HOTELS

As shown in the table below to the left, a total of nine shoreline and two inland properties are part of the Hotel Association of Northern Mariana Islands (HANMI), with a total inventory of just over 2,500 rooms.

Additionally, there are around just under 1,200 hotel rooms which are not included in the HANMI inventory. These are almost exclusively non-shoreline, smaller, budget to mid-market properties. Out of the 35 properties that make up the 1,160 rooms, only seven offer more than 50 rooms.

Moreover, it is important to recognize the inventory of currently non-operational properties occupying prime shoreline locations. These properties should ideally be utilized from the perspective of achieving best-use of the island's prime real estate. Between the projects listed below, there is an estimated potential inventory of just over 1,000 rooms. To arrive at this figure, the room count for any redevelopment on the previous Marianas Resort has been estimated based on fully utilizing its site and Saipan's market conditions.

Currently Non-Operational Key Shoreline Inventory, the Marianas

	Room Count	Status / Plans / Notes
Coral Ocean Point	100	Closed for renovation after Typhoon Yutu
Marianas Resort	300	Closed - RFP for new lease holder issued
Imperial Pacific	350	Construction has stopped - hotel structure remain at the exterior stage
Honest Profit	312	Hotel structure incomplete, permit requires for completion by end of April, 2022
Total	1,062	

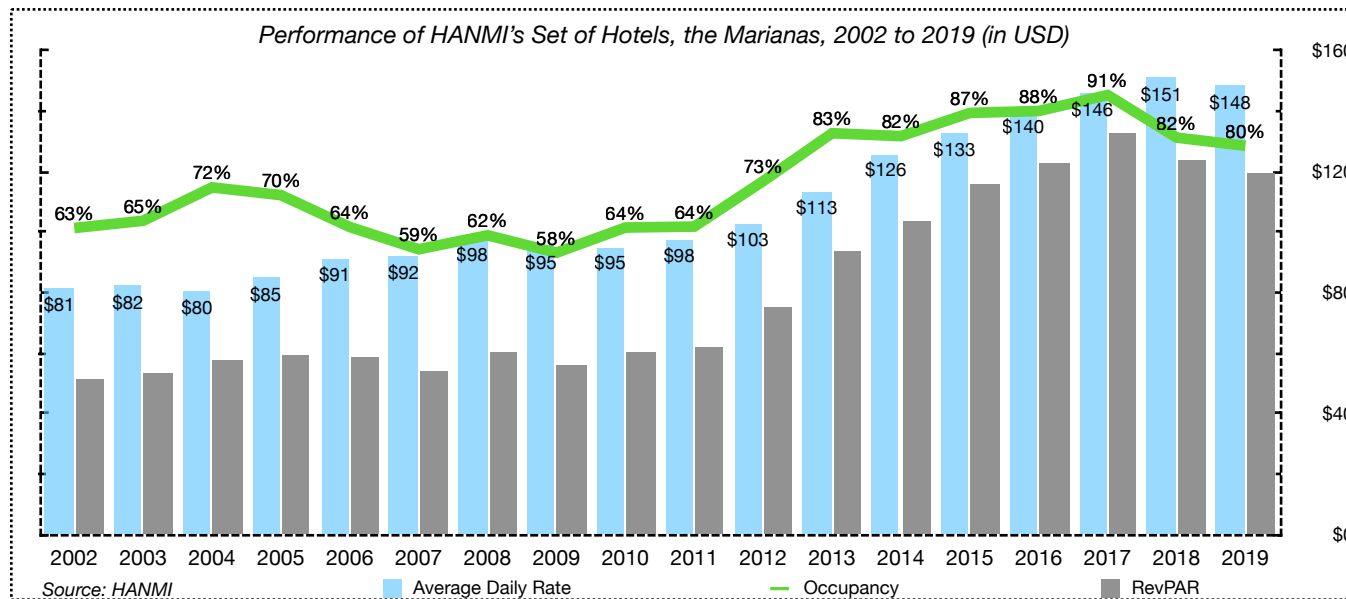


High Occupancy

Evident from the graph below, the performance of Saipan's key hotels improved considerably and quickly, especially between 2013 to 2019, owing to the destination's growing visitor volumes.

With occupancy averaging in the mid 80s for an extended period of seven years, the hotels were able to increase Average Daily Rate (ADR) at a compound average annual rate of 4.6 percent, to reach an apparent ceiling of around USD 150 in 2018.

Although by no means insignificant, the market's ADR growth during its peak boom years is not particularly remarkable especially considering the lower base of just over USD 100 in 2012 and the sustained near-capacity occupancy levels.



Limited Average Daily Rate

More specifically, the market's occupancy-reliant performance highlights resistance in rate from the demand side, reflecting the highly price-driven nature of the market's two key segments, Korean and Chinese guests traveling under the all-inclusive and traditional tour group models respectively.

Unbranded, Outdated Facilities

Although Saipan's beaches and natural scenery are comparable to destinations like Guam and Hawaii, its rate performance, even during the peak years, lagged significantly behind.

This is largely a result of its outdated tourism facilities and accommodation products.

In addition to its older facilities, the market also lacks branded properties, and the global booking channels, management expertise, and loyalty programs with hundreds of millions of upmarket guests globally that come with them.

Comparison to Other Resort Destinations, Ranked by RevPAR, 2019 (in USD)

	Destination	ADR	Occupancy	RevPAR
1	French Polynesia	\$566	69%	\$393
2	Maldives	\$542	66%	\$356
3	Maui	\$399	78%	\$310
4	Aruba	\$340	75%	\$255
5	Kauai	\$283	76%	\$216
6	Hawaii Island	\$267	77%	\$205
7	Oahu	\$241	84%	\$203
8	Guam	\$213	90%	\$192
9	Cabo San Lucas	\$354	51%	\$181
10	Puerto Rico	\$212	66%	\$140
11	Cancun	\$182	68%	\$124
12	Saipan	\$148	80%	\$118
13	Costa Rica	\$176	67%	\$117
14	Fiji	\$174	56%	\$97
15	Phuket	\$123	71%	\$87
16	Bali	\$109	70%	\$76

Source: Hawaii Tourism Authority, STR Global

ATTRACTIONS

Being the most developed island of the Marianas, Saipan offers many activities for visitors. The following are some highlights of its key offerings:

- **Managaha Island**, a highly popular half- to full-day attraction just a 10-minute boat ride away from Micro Beach featuring white sandy beaches, snorkeling and other water sports options.
- **North Island Tours**, another must visit area that is typically offered as a half-day tour featuring snorkeling at the Grotto, and stops at Bird Island, Suicide Cliff and Banzai Cliff.
- **Snorkel and dive tours** to sites on (e.g.: Laolao Beach, Obyan Beach) and around Saipan (e.g.: Eagle Ray City, Maritime Heritage Trail).
- **Adventure ATV tours** through jungles.



TOURISM AMENITIES

In addition to nature-based activities, Saipan also offers many standalone restaurants, cafes, bars, karaoke lounges, massage salons, and many independent retail stores, largely concentrated in the central area of Garapan.

There are also shopping options for luxury items at the DFS Galleria (closed since COVID), five beautiful golf courses, several locally-organized markets and events throughout the year.



SWOT ANALYSIS

An analysis on the Strengths, Weaknesses, Opportunities and Threats (SWOT) for Saipan is presented on the next page.

All islands of the Marianas face similar challenges, such as limited resources, difficulty in importing labor, and obstacles with air access. They also enjoy similar strengths, such as pristine scenery, natural beauty and rich historical heritage.

As such, the content presented in the SWOT analysis for each island are specific to that island and are meant to highlight what is additionally unique to each island, relativity to the rest of the Marianas.



SWOT ANALYSIS ON SAIPAN

Strengths

- Ongoing promotional efforts have ensured that Saipan is well known in the regional market, especially in the wholesale segment.
- Saipan already has a good inventory of sizable properties on great shoreline sites.
- There are many existing tourism amenities. Although brand presence could be improved across all product offerings, Saipan already has a good base to build upon.
- Despite the older facilities, Saipan's key attractions and resorts achieved noteworthy reviews. The beach, the ocean, beautiful views, and good service were amongst the top rated aspects.

Weaknesses

- Dated accommodation products that are in crucial need of revamping and rejuvenation.
- There is a considerable number of developments located on prime sites which are currently non-operational.
- Lack of a strong destination identity. The cultural aspect and its community have had limited integration with the tourism offerings.
- Lack of internationally established brands that offer confidence and assurance to upmarket travelers and visitors new to the destination.
- Limited local work force.

Opportunities

- Given the market's historical dominance by group and wholesale demand, there are significant opportunities with the FIT market.
- Similarly, there are a number of untapped submarkets within the Asia Pacific region, the expatriate community for instance. However, Saipan needs to offer regionally competitive, internationally branded products to attract these guests.
- The upcoming lease renewals of many of Saipan's key shoreline inventory present ideal opportunities to introduce global brands, to improve the destination's product and also room rate potential.
- New job opportunities as the tourism market grows that could encourage retention of the younger generation.

Threats

- Without significant upgrade, it is going to be very challenging for Saipan to compete in the long term as a resort destination, particularly with regards to moving away from the price-driven, wholesaler dominated market.
- Compared to the number of condo-tel projects under planning, there is a somewhat disproportionate amount of development in support facilities and projects that benefit both tourists and the local community.
- If new developments do not adhere to the island's overall positioning and are not sustainable from a long term perspective, undesirable establishments could negatively impact the destination as well as the quality of life for its residents.

TINIAN

THE QUICK GETAWAY

About five nautical miles from Saipan, the island of Tinian is 10.5 miles by 5 miles and geographically just a hop (six-minute flight) away from Saipan.

The launch location for the two atomic bombs that brought World War II to an end, Tinian is home to many historical relics.

Based on extrapolation from data for the fourth quarter of 2019, Tinian received around less than 2,000 annual overnight visitors. This is a drastic drop from historical levels. During 2009 to 2014, Tinian had more than 41,000 annual visitors (including day and overnight visitors) on average.

ACCESS

While the six-minute flight on a seven-seater propeller air taxi itself appears highly convenient, long waiting periods and delays (up to a couple of hours) caused by the first-come-first-served on demand nature of the service and visual flying model subject to frequent weather interruptions make access to Tinian challenging.



39 square miles in total area.

3,160 residents (as of 2016).

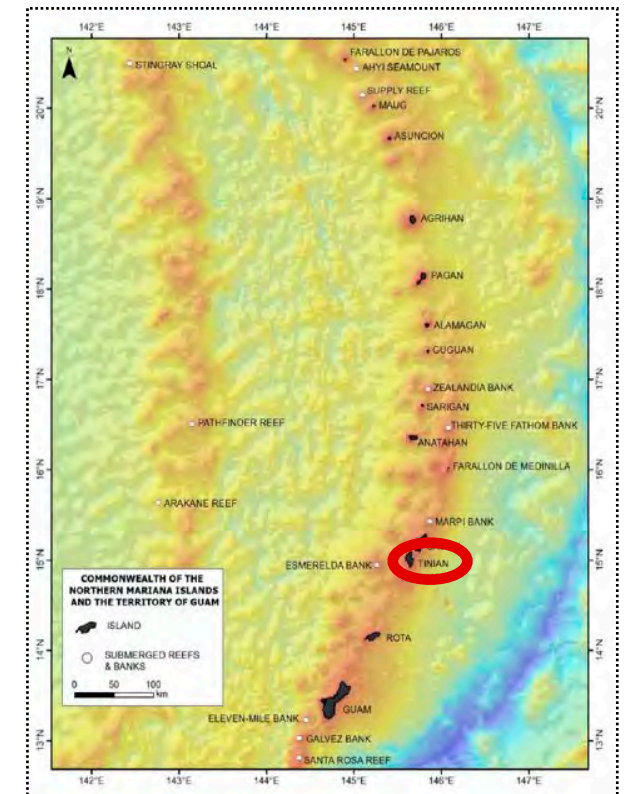
438 overnight visitors for Q4 2019.

10,177 hectares total land inventory.

38 miles of coastline.

Prior to 2009, for more than a decade, a ferry service between Saipan and Tinian, which took around 45 minutes, was offered by the Tinian Dynasty Hotel & Casino.

This made a drastic difference for tourists and residents, allowing for easier travel as well as the transport of supplies and equipment. High cost of maintenance was cited as the key reason for the cancellation of this service in 2009.



INFRASTRUCTURE

Tinian is equipped with good road access and public utilities. The majority of the island's developments, commercial activity, and recreational attractions are concentrated on southern tip, around San Jose Village.

Given that around two thirds of Tinian's land is under a long term lease with the U.S. military, it is understood that any future developments and / or hosting of tourism activities would need to be limited to the southern portion of the island.

EXISTING TOURISM FACILITIES

The following summarizes Tinian's limited tourism facilities, the key ones of which have closed several years ago:

- Opened in 1998, the largest tourism operations on Tinian were run by the 440-room Tinian Dynasty Hotel & Casino, which closed in 2015 after being fined USD 75 million for money-laundering by U.S. federal law enforcement. As mentioned, access to Tinian in the past mainly served the Tinian Dynasty Hotel & Casino and has dropped significantly since its closure.
- While there have been a few locally-operated smaller hotels, many of them closed due to the drastic drop in arrivals.
- There are a handful of small restaurants, karaoke bars, and shops, in addition to a few water sports operators.
- While Tinian has several important historical relics, they lack active management as tourism sites and receive limited visitation.



FUTURE DEVELOPMENT

MILITARY

As shown, around two thirds of the island is under a long-term lease by the U.S. military.

With regards to military activities on Tinian, it is critical that their impacts on the environment be limited as much as possible such that the basis for any touristic activities on Tinian - its natural beauty, be preserved.

Recommendations provided in this study are based on the premise of Tinian's natural environment being preserved and improved upon over time.

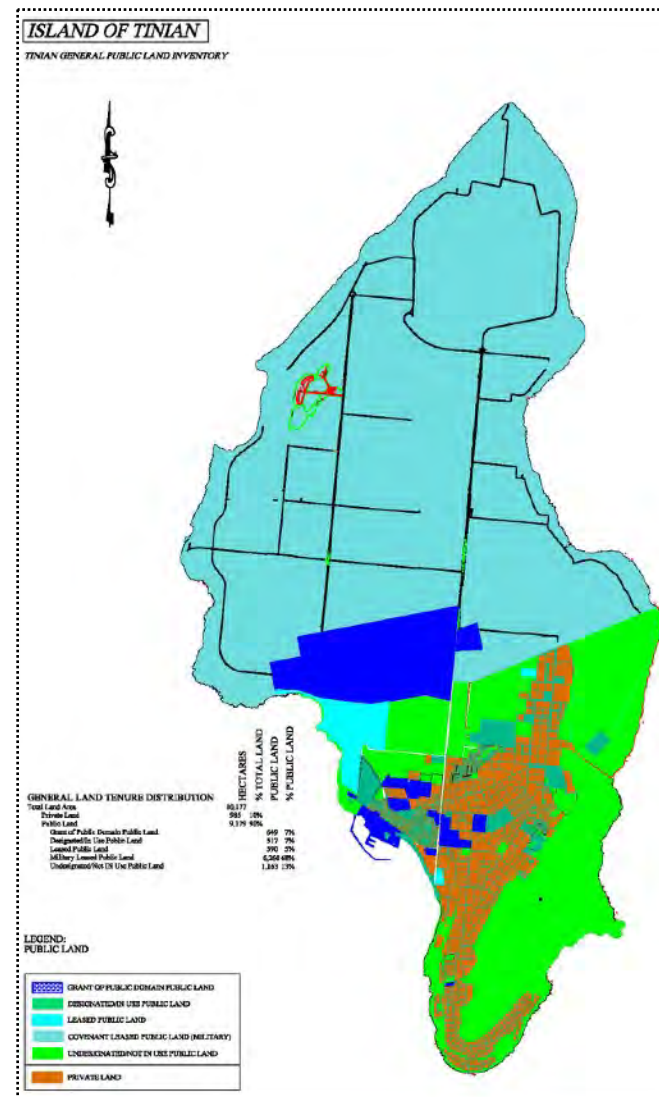
TOURISM / CASINO

Based on an updated list of approved projects, there is a potential future inventory of 550 additional rooms on Tinian, amongst three planned hotel projects.

Two of the projects appear to be condo-tel developments with inland locations with the third being a proposed casino to be operated from the former ferry terminal building.



As for existing properties that are currently non-operational, the Dynasty could be redeveloped if sold upon settlement of the outstanding fine.



NATURAL & CULTURAL RESOURCES



Tinian has all the natural beauty that the Marianas is known for, including:

- several **picturesque, highly swimmable beaches** (Taga Beach, Tachogna Beach, and Jones Beach);
- numerous **snorkel and dive sites** on and around the island; and
- many **hiking opportunities** at Punta Carolinas and Marpo Point.

More than its natural beauty, Tinian is most well known for its role in the Second World War and has many war-related historical relics.

NORTH FIELD

With that said, most of them are located on the portion of the island under military lease, including the world-famous North Field. At one point in 1945, Tinian used to be the busiest military air base in the world, with six working runways and lines of military aircraft.



In addition to four runways, North Field, which is a designated National Historic Landmark, is also home to the two atomic bomb loading pits, air raid shelters, and old communication buildings. Nearby, there are a number of war memorials and other relics include the Seabees monument.

HOUSE OF TAGA

A large twelve-stone latte house, the House of Taga is part of an extensive Latte Period village site built around 1000 A.D.

TINIAN PIKA FESTIVAL

The highlight of Tinian's modern day cultural asset, the annual hot pepper festival is a fun-filled family tradition and attracts crowds of regional residents taking part in the various competitions, pageants, games and entertainment.

SWOT ANALYSIS ON TINIAN

Strengths

- Geographical vicinity to Saipan, allowing for easy access with air and ferry options.
- Natural beauty and resources ideal for tourism.
- Historical significance during World War II and relics that could be highly attractive to visitors interested in history.
- The annual Tinian Pika Festival, an established event for the Marianas.
- Past tourism activities have triggered the development of some tourism amenities such as small restaurants and shops.

Weaknesses

- Two thirds of the island has been leased for military use. This could detract from the island's potential attractiveness to the average tourist and the viability of traditional accommodation products.
- Only one third of the island is available for visitors to enjoy, which is somewhat limited, especially in the context of supporting longer stays.
- Limited availability of labor.
- Limitations in infrastructure such as port facilities that negatively impact its attractiveness for larger developments.

Opportunities

- Improvements to access are relatively easy to implement given the presence of demand. An example of this is ferry services arranged for the Pika Festival.
- With appropriate levels of access, Tinian has natural and cultural resources suited to the development of attractions ideal for day-visitors.
- This could help add greatly to the availability of activities in the Marianas overall.

Threats

- Potential impact of the military component is highly dependent on the ultimate use.
- The need to successfully find a niche given challenges that could negatively impact Tinian's perceived attractiveness as a traditional tourism destination.
- The need to avoid developments that are excessively sized relative to the island's resources and / or are subject to high volatility and market risks. For instance, tourism products focused on gaming-related demand from China, which has been shown to be a volatile segment and has decreased drastically for markets worldwide.

ROTA

NATURE'S TREASURE ISLAND

Around 10.5 miles long and 3 miles wide, Rota is even less developed than Tinian and is viewed by many as the most beautiful of the larger islands of the Marianas.

While Rota remains an undiscovered gem to the rest of the world, it is known within the regional community as “The World’s Friendly Island” and “Nature’s Treasure Island”.

ACCESS

- ▶ Rota could be accessed by a short flight, under 30 minutes, from either Guam or Saipan.
- ▶ Although the flight itself is simple, the infrequent schedule is the most significant limiting factor when it comes to visiting Rota.
- ▶ Arrivals to Rota varied considerably over the years, determined largely by the availability of flights.
- ▶ Since 2012, flight frequency to Rota dropped considerably, accounting for a corresponding decrease in arrivals, down to around 2,300 visitors per year from Guam.
- ▶ Inter-island visitors from within the Marianas have not been accounted for in this figure but is understood to be small in volume given Rota’s challenging access.

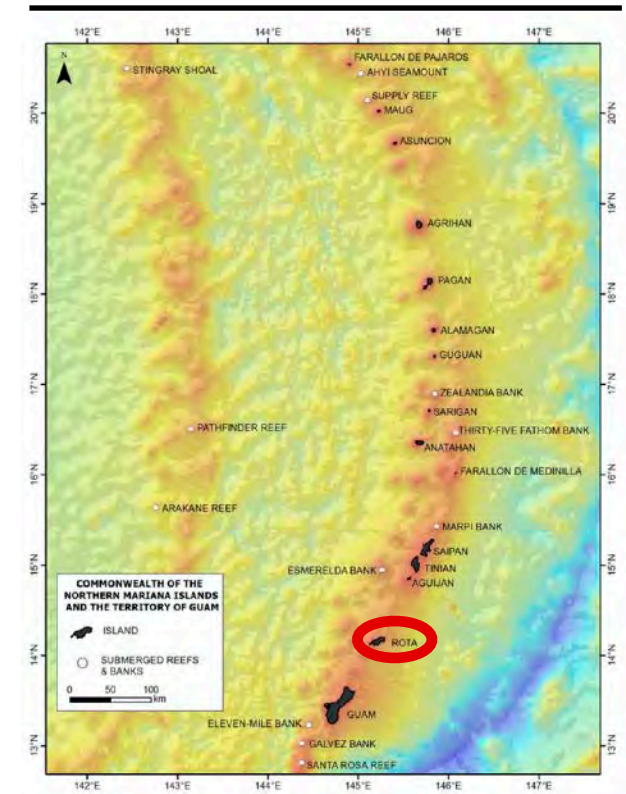
33 square miles in total area.

2,720 residents (as of 2016).

2,332 visitors for Fiscal Year 2018.

8,693 hectares total land inventory.

38 miles of coastline.



INFRASTRUCTURE

Most of Rota has good road access although sections near the coast and forests are unpaved. The majority of the residents live in Sinapalo, followed by Songsong village. Public utilities are in place.

EXISTING TOURISM FACILITIES

The following summarizes Rota's limited existing tourism facilities:

- Rota Resort and Country Club with 57 suite units and an 18-hole golf course.
- A few restaurants and shops in Songsong Village.

- Valentino Hotel and Coral Garden Hotel, Rota's few remaining accommodation options with good locations.

While Songsong Village has the quaint vibe of very small towns, there are many empty / disused buildings and abandoned facilities including a waterfront park with beautiful natural surroundings but structures that require major overhaul.

With maintenance efforts already underway through the GCEA's Public Private Partnership, it is critical that Rota's disused and abandoned facilities be cleaned up and / or redeveloped to support future tourism undertakings of upmarket nature on the island.

FUTURE INVENTORY

According to DPL's CNMI Land Use Plan Update 2019, although there is a Gaming Commission in place on the island, there are no current plans or likely prospects for casino development.



NATURAL RESOURCES

Nature is where Rota really shines. Its crystal clear water, white sandy beaches, and lush green hills make Rota the perfect tropical paradise often envisioned when people imagine the Pacific Islands.

The following are some highlights of Rota's natural resources. With that said, given its small area, relatively untouched state and the variety of sights throughout, the whole island teems with natural beauty.

DIVE SITES

- ▶ A dream destination for divers, there is a wide variety of dive sites on and around Rota featuring wall dives, underwater wrecks and beautiful coral formations.



BEACHES

- ▶ Teteto Beach, known as the best in the region, won First Place Reader's Choice for the Best Overseas Beach three years in a row at the Dive and Travel Awards in Tokyo in 2020.
- ▶ The Rota Swimming Hole is raved about by everyone who has ever been.

FORESTS & HILLS

- ▶ Pona Point Fishing Cliff is famous for its volcanic rocks, freshwater streams and is a popular cliff fishing location.
- ▶ Most of Rota has lush forests, including on Mt. Tapingot, known as Wedding Cake Mountain for its distinctive terraces.



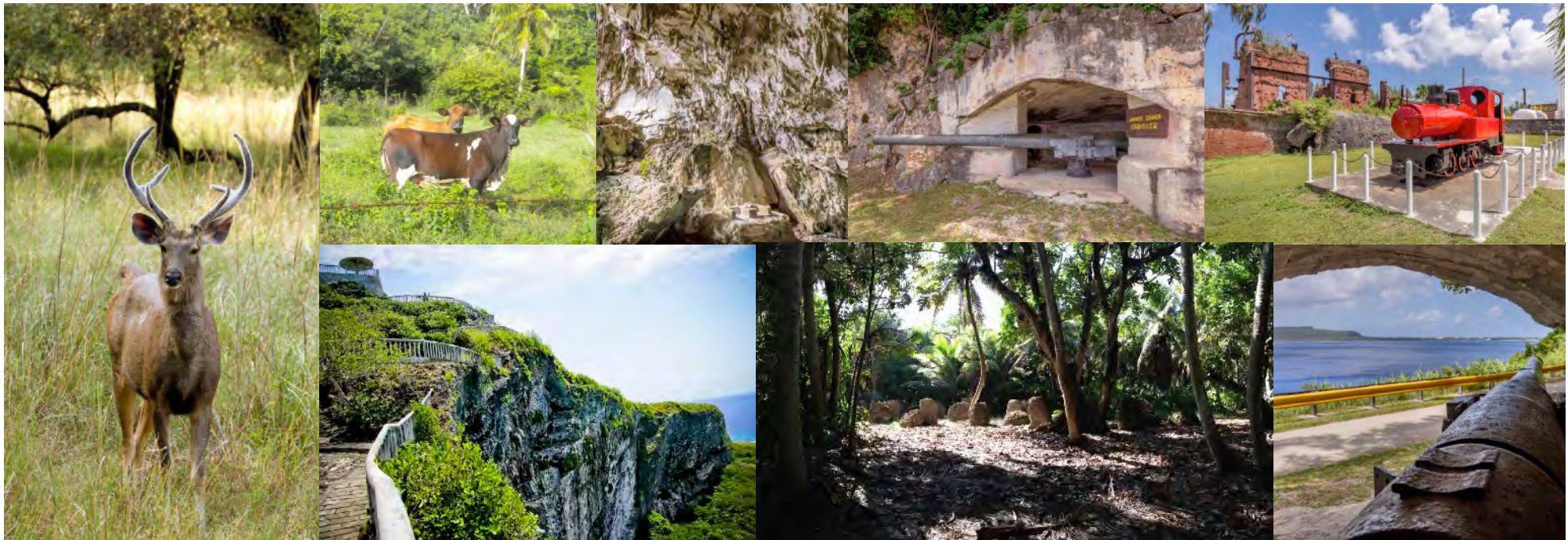
WILDLIFE

- Set in a pristine limestone forest that has never been disturbed, Rota's Chechun Bird Sanctuary is the nesting home to hundreds of sea birds. The lookout area atop limestone cliffs offer spectacular views over the sanctuary and the coast.
- Given its relatively untouched state, Rota is home to many species of wildlife that roam freely. Amongst them are the Sambar Deer, listed as a vulnerable species on the IUCN Red List since 2008.

CULTURAL RESOURCES

Apart from its many natural sights, Rota is also a perfect mosaic showcasing relics from all cultures that has had significant influences in shaping the unique heritage of the Marianas.

- Historic latte villages that show remnants of latte stones unique to the **ancient Chamorro** culture, used to build settlements that started 3,000 years ago. Rota's Machong Latte village is the largest in the Marianas.
- A **German** chapel, constructed in 1912, that is the only remaining structure on Rota from the German Period.
- Songsong Conbento, a convent constructed in the early 1890s, is the only architectural feature still standing in the Marianas from the **Spanish** Period.
- From the **Japanese** Period, portions of the once extensive Nanyo Kohatsu Kaisha Sugar Mill with a narrow-gauge railroad system, East Harbor (now primarily used as a small boat launching spot), and a 140mm pedestal mounted naval gun with a range of 17,000 meters. Built by the Japanese military in 1941, the defense rifle was listed on the National Register of Historic Places in 1984.



SWOT ANALYSIS ON ROTA

Strengths

- Unparalleled natural beauty in its pristine and mostly untouched state.
- Small island rich in history with relics showing all aspects of the destination's heritage.
- Past development have been mostly limited to a small area concentrated in Songsong Village. This leaves the rest of the island relatively pristine and means that a full cleanup would be a much smaller undertaking in comparison to Saipan.
- Some existing infrastructure.
- Small community that is known for its friendliness.

Weaknesses

- Lack of convenient access, for visitors, residents and supplies. Smooth access (particularly in the ease of travel) is essentially a basic premise for tourism at the premium end of the market.
- The availability of local talent, particularly given its small population currently.
- Limited infrastructure in the context of the ability to host larger developments.

Opportunities

- For small, unique properties developed around nature and is self-sustainable, not adding pressure to Rota's already limited infrastructural and natural resources.
- Generating revenue and employment opportunities for the betterment of the lives of residents.
- Successful accommodation projects could bring momentum to other tourism related businesses. This allows residents to pursue entrepreneurial opportunities in restaurants, shops etc.
- Generating revenue that could be put towards community development, education, and the much-needed maintenance and upkeep of public facilities on Rota.

Threats

- Negative impacts on the environment and potential degradation of precious natural resources if developments are not critically assessed and managed relative to environmental impacts.
- Potential negative impacts on the small community from inappropriate types of developments (ie. those that are not in harmony with Rota's natural charm) and projects with scales that surpass what is realistic and feasible for Rota.

THE NORTHERN ISLANDS

DISCOVERIES AWAIT

Essentially untouched by civilization or tourism, the Northern Islands consists of ten islands, most of which are relatively small, active volcanos.

Under the CNMI Comprehensive Public Land Use Plan Update March 2019, four of the Northern Islands, Agrigan, Pagan, Alamagan, and Anatahan have been identified as intended for habitation within the masterplan horizon. As such, discussions on the Northern Islands within this study also refer to these four islands.



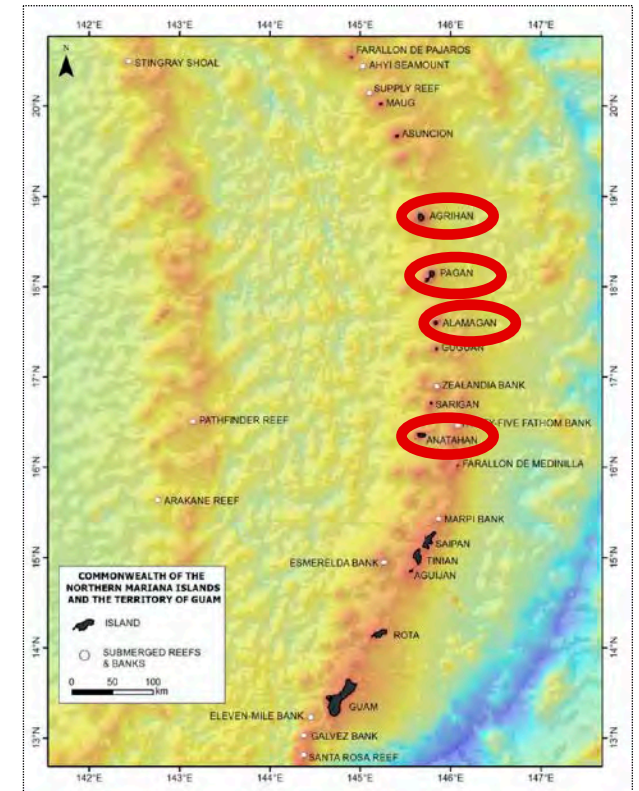
55 square miles total area of 10 islands.
13,307 hectares* total land inventory.

** Between the four Northern Islands under study.*

While there is a landing strip on Pagan, the other islands could be reached by yachts and boats with some areas identified as safe for docking. There are no freshwater supply or any other infrastructure on any of the Northern Islands currently.

As of 2018, there were reportedly 13 people in total living on the islands of Agrigan, Pagan, and Alamagan.

With that said, there are approximately 400 individuals identified as displaced residents of the Northern Islands currently residing in the Marianas.



SWOT ANALYSIS ON THE NORTHERN ISLANDS

Strengths

- Completely untouched, beautiful islands.
- Given that all the Northern Islands are volcanic islands, they have very majestic and rustic looks which are distinctly different from the typical tropical islands most visitors are used to seeing in South East Asia, the Maldives and most areas of the Pacific.
- Their jutting and powerful landscape evoke a sense of true adventure.
- They offer a large variety of sights and potential to host activities, including the beautiful cliffs and beaches on Alamagan, the lake and black sand beach on Pagan, endless hiking opportunities, as well as snorkeling and diving areas surrounding the islands.

Weaknesses

- Given that the Northern Islands are essentially uninhabited with no infrastructure, the potential to host any permanent tourism facilities in the medium term is limited.

Opportunities

- Supported by the appropriate form of access, the opportunity to introduce the Northern Islands to guests looking for true adventures.
- Such unique experiences could help put the Northern Islands on the travel map for niche, top-tier products, leading to further opportunities as the islands develop over time.

Threats

- Given the volatile geology of the northern region and the volcanic nature of the islands, risks from volcanic eruption and other natural disasters.
- The U.S. military has been assessing the potential of conducting new live-fire training on Pagan. This could deter any touristic activity around Pagan, and in the longer term, cause drastic changes to the currently pristine environment, and significantly limit the future potential for habitation and economic activities in many sectors like tourism and agriculture.



2. TOURISM RECOMMENDATIONS FOR EACH ISLAND

- ✓ Development Rationale
- ✓ Market Positioning & Target Guests
- ✓ Accommodation Products
- ✓ Tourism Activities & Attractions



SAIPAN

THE IMPROVED HUB OF THE MARIANAS

REVITALIZE TO ACHIEVE VIBRANCY AND QUALITY

Guiding Rationale: To transform Saipan into a high quality, lively resort destination with upgraded facilities, amenities and a natural charm lost to many overdeveloped islands.

In order to do so, the following need to take place:

1. First and foremost, the upgrading, branding, refurbishment, and maintenance of existing facilities, including hotels (especially key shoreline properties), attractions, shops, roads, walkways, and public facilities.
2. The removal and / or redevelopment of dilapidated buildings and compromised structures, including previous hotels, shopping malls, and unfinished projects, beginning with the larger, more obtrusive ones in prime, shoreline locations.
3. Ensure that any new development is completely in line with the island's overall positioning, achieves best-use of site, and adds value to the destination by introducing globally established brands / operators.



POSITIONING LEVEL

Considering Saipan's scale, resources, existing facilities, and historical source markets, it has the potential to move beyond the tour group, price-driven model of the past and reposition itself as a more upmarket destination, offering high value experiences.

TARGET GUESTS

Experienced leisure travelers and incentive groups from the Asia Pacific region looking for competitively priced beach destinations but who also value quality and are willing to pay for the right product.

Compared to its historical market mix, Saipan has the potential to achieve a higher percentage of FITs and incentive meeting groups with improved products and the introduction of more globally established brands.

Ultimately, the goal is to increase Saipan's tourism revenue by increasing the spending per visitors rather than just focusing on the volume of visitors.

EXAMPLE DESTINATION: KAUAI, HAWAII

Known as “the Garden Island” of Hawaii, Kauai is the oldest and northernmost island in the Hawaiian chain. All air visitors to Kauai arrive via Inter-island flights (transiting in Honolulu, Kahului or Kona for international flights) or direct flights from the U.S. mainland.

GROWTH THROUGH QUALITY

While arrivals to Kauai experienced declines during the global financial crisis and took nearly a decade to return to the historical peak of 1.3 million annual visitors, between 2009 and 2019, tourism spending grew at a compound average annual rate of 6.5 percent.

Even taking into account inflation, this could still suggest that **Kauai was able to attract higher yielding guests by not aggressively pursuing growth in visitor volume alone.**

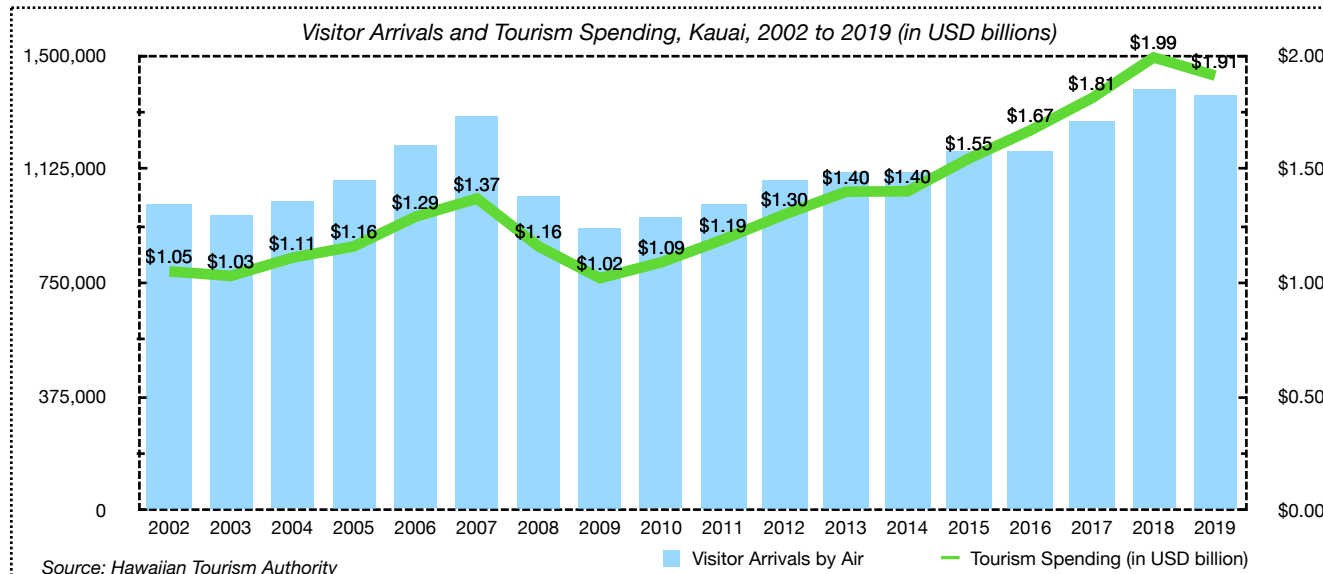
PERFORMANCE SUPPORTED BY BRANDS

As shown in the table below, Kauai is home to many resort properties with globally established brands.

Supported by quality, branded properties and a strategy not overly focused on driving occupancy, the market's ADR grew from USD 150 in 2002 to nearly USD 300 by 2018, while maintaining strong occupancy levels in the mid 70s.

Even though like destinations worldwide, the Kauai hotel market's performance experienced considerable declines in both occupancy and ADR during the financial crisis, supported by the presence of strong brands, their loyalty programs and global reservation networks, it only took two years for the market to recover and begin a decade of strong growth.

KEY FIGURES - KAUAI 2019



Select Branded Shoreline Inventory, Kauai

	Room Count	Location
Grand Hyatt Kauai Resort	604	Poipu
Kauai Marriott Resort *	356 / 232	Lihue
Sheraton Kauai Resort	389	Poipu
The Westin Princeville Ocean Resort	346	Princeville
Kiahuna Plantation Resort Kauai by Outrigger	333	Poipu
Koloa Landing Resort at Poipu, A Marriott Autograph Collection	306	Poipu
St Regis Princeville Resort (future 1 Hotel Hanalei Bay)	252	Princeville
Hilton Garden Inn Kauai Wailua Bay	216	Lydgate

* Room count consists of 356 hotel rooms and 232 beach club villas.

REMAINING COMPETITIVE BY UPGRADING

Over various development cycles of a destination, the upgrading and redevelopment of the market's substantial properties help ensure that prime sites are utilized to their full potential.

Like Saipan, most of Kauai's resort properties have been developed during the tourism boom of the late 1970s and 1980s.

Globally, and particularly in Asia Pacific, the quality of products has improved significantly over the last several decades, leaving Hawaii somewhat behind, initially. As a result, in order to attract higher spending visitors, properties have had to upgrade.

Under these conditions, a key factor supporting Kauai's continued growth is that many of its properties, especially those with prime shoreline locations, have undergone numerous upgrades to better capitalize on the growing tourism market and maximize the value of limited, prime, beachfront real estate.



Sheraton Kauai Resort

One example of this is the Sheraton Kauai Coconut Beach Resort. Built in 1978, the property has gone through numerous renovations and operated under various global brands, from Holiday Inn, to Courtyard, but always in the upper-mid-market segment.

In 2017, when KSL Capital acquired the property, then branded as a Courtyard, it saw the **opportunity to fulfill growing demand for a higher end, full-service resort missing in that area at the time**, by fully upgrading the property to offer a solid four- to 4.5-star product.

As part of the **rebranding to a Sheraton**, KSL launched a **USD 30 million redevelopment that completely transformed the property for guests** (by doubling the size of the pools for instance) **and addressed critical operational issues** (by installing an improved drainage system that minimizes disruption from tropical rains).

St. Regis Princeville Resort

Another recent example is the redevelopment of the iconic Princeville Resort. **First opened as a Sheraton in 1986, the property was rebranded under the luxury St. Regis flag in 2009, after a USD 60 million renovation.**

In 2018, Starwood Capital acquired the property for USD 225 million, with ambitious plans to invest an additional USD 100 million to redevelop the property into a luxury lifestyle resort, reopening in November 2021 as 1 Hotel Hanalei Bay, the flagship property of its own wellness brand, 1 Hotels.

Barry Sternlicht, founder of Starwood Hotels (now part of Marriott), and CEO of Starwood Capital, saw immense potential in the site, situated on a hillside overlooking the stunning Hanalei Bay and the cliffs of the Na Pali coast, and opportunities to redesign the property for a completely different product centered around wellness.



EXAMPLE MARKET: DENARAU, FIJI

In the context of Saipan being one part of a multi-island destination that is the Northern Marianas, another market that could be reviewed as a reference is Denarau, Fiji.

Originally developed in the 1970s, Denarau's first hotel opened in 1975, followed by the 18-hole golf course, a marina and several other hotels after the original swamp land was raised with two and a half million tons of soil brought in from Nadi by the Japanese group, EIE Corporation.

After EIE's bankruptcy in 1995, Fiji's key development was taken over by a consortium, including Air Pacific Group (the majority owner of which is the Fijian government), ITT Sheraton, the then operator of two key resorts at Denarau, and Tabua Investments, which took the development of Denarau to new heights.

Today, Denarau is established as an integrated resort with:

- ▶ seven resorts under various globally established brands in addition to two self-contained apartment resorts ;
- ▶ a commercial complex with cafes, restaurants, shops, and tour operators that offer day trips to outlying islands;
- ▶ a golf course with resort residential; and
- ▶ a marina.



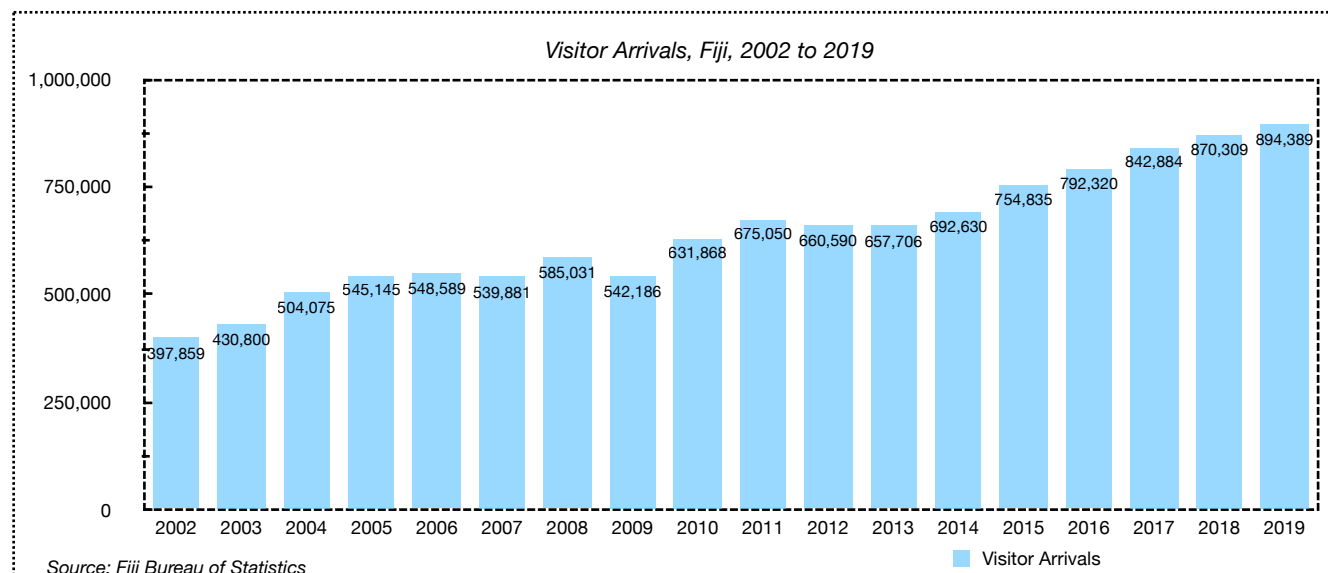
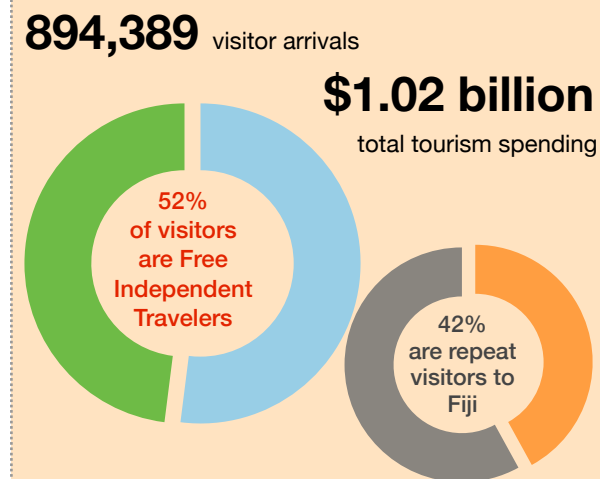
Although much smaller, Denarau shares many similar characteristics to Saipan in the context of Saipan being part of a larger, multi-island destination. These characteristics are as follows:

- Being the earliest developed, most mature, concentrated tourism area in a multi-island destination.
- Is the most convenient, upmarket tourism cluster from Nadi International Airport, which, like Saipan International Airport, is the point of entry for all visitors.
- Has all the amenities concentrated within a small area, similar to the case of Garapan, resorts on Micro Beach, and Smiling Cove marina where boats to Managaha and other dive sites depart.

TOURISM DEVELOPMENT IN FIJI

- Impacted by political volatility including a coup in 2006 and a constitutional crisis in 2009, tourism growth in Fiji has been stagnant until around ten years ago.
- Between 2010 and 2019, arrivals grew at a stable compound annual average rate of four percent, reaching just over 890,000 in 2019.
- With that said, through its more quality-driven strategy, Fiji was able to capture more than 50 percent of its demand from FITs, with a high repeat patronage of 42 percent.
- The multi-island destination had stable demand growth from its traditional source markets of Australia (41 percent of total arrivals) and New Zealand (23 percent) and strong growth from the supplementary / emerging / recovering markets of North America (13 percent), China (5 percent), Europe (6 percent) and Japan (2 percent).

KEY FIGURES - FIJI 2019



Resort Supply, Denarau, Fiji (Ranked by Room Count)

Room Count	
Hilton Beach Resort & Spa	330
Sheraton Denarau Resort	299
Sofitel Fiji Resort & Spa	296
Radisson Blu Resort Denarau	270
The Westin Denarau Island Resort & Spa	246
Wyndham Resort Denarau	201
Sheraton Denarau Villas	82
The Palms	37
The Terraces Denarau Island	30

AGING FACILITIES IMPACTING ADR

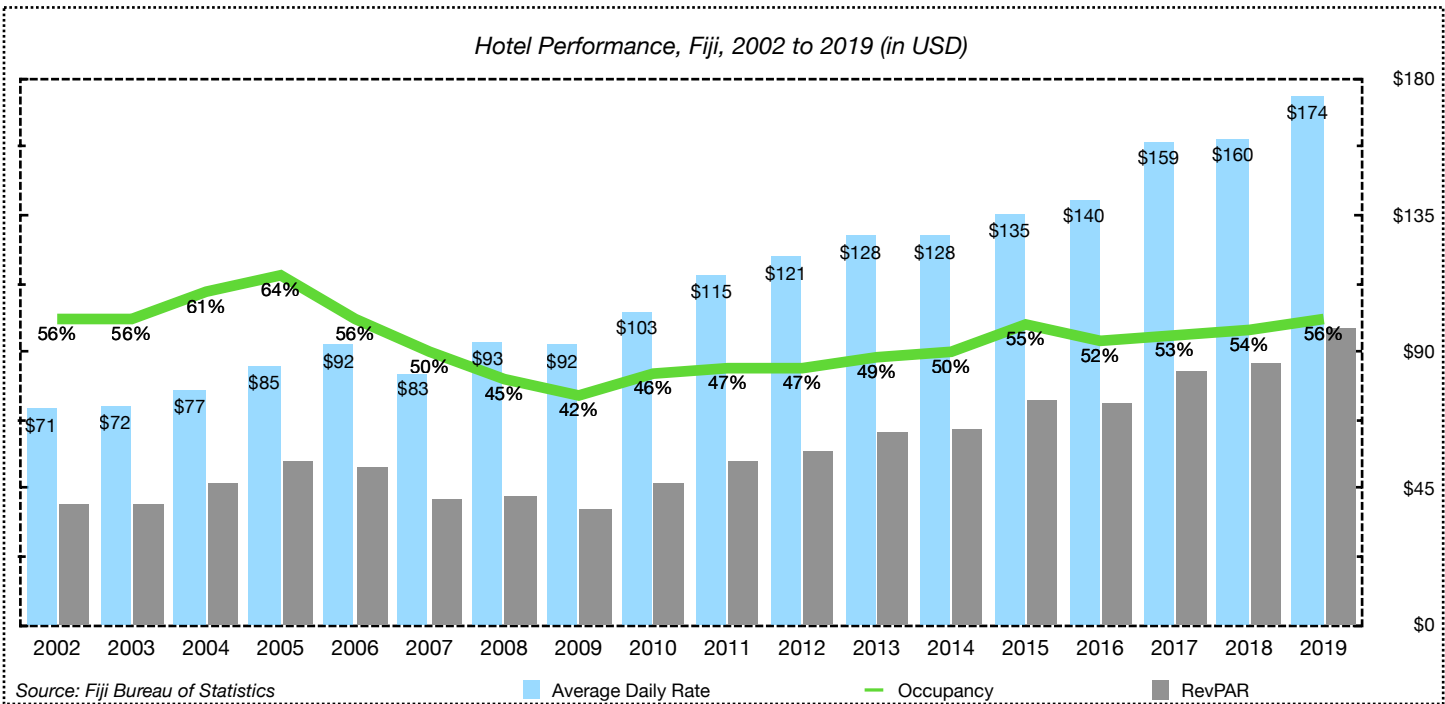
As shown in the graph below, country wide market occupancy for all of Fiji (as recorded by its bureau of statistics) has always been low, dropping to the mid 40s during stagnant years and only reaching mid 50s during the last few years of strong arrival growth. This is mainly a result of country’s large total inventory, with over 10,000 registered rooms.

With that said, branded properties in well developed, mature areas like Denarau has consistently out-performed the country wide average by a significant amount, achieving occupancies in the high 70s to mid 80s.

For the Denarau properties, ADR has been more of a challenge historically. With manmade beaches nowhere near comparable to others Fiji has to offer, Denarau targets families and value-oriented travelers. Even for this market, its older facilities significantly hindered rate growth.

However, this is set to change as Denarau’s key properties, including the Sofitel, the Sheraton, and the Westin have all undergone substantial renovations. All three properties are owned by the Fiji National Provident Fund (FNPf).

For instance, the Sofitel’s 30-million dollar renovation that began in 2019 included the expansion of its popular Waitui Beach Club, a new “Adolescent Zone”, a new beach bar, Denarau’s first nightclub, as well as renovation of three guest room wings in the family section of the resort.



In 2018, FNPF acquired the Sheraton and the Westin from Marriott International (who will remain the operator of the assets) and also carried out substantial renovations.

While Fiji offers a wide variety of products including many world famous luxury resorts on remote islands under successful Fijian brands, the majority of the destination's supply are larger properties on the mainland, with Denarau being the most high-profile area. Recognizing its importance to the destination, FNPF, as a key investor, actively spearheaded the revitalization of the area.

CYCLE OF HIGH QUALITY DEVELOPMENTS

As shown in the graph on hotel performance, Fiji's country-wide room rate increased considerably in the last several years, from USD 140 in 2016 to USD 174 in 2019.

This growth is supported by Fiji's efforts to upgrade existing resorts and ensure that new developments are of high quality and meaningfully add to the destination.

In 2009, the 266-room InterContinental Fiji Natadola Bay opened on one of the best beaches on Fiji's mainland. Owned by FNPF, the iconic property successfully introduced guests to a new part of Fiji's mainland.

In 2017, the 250-key Fiji Marriott Resort Momi Bay (also owned by FNPF) opened as the only resort on Fiji's mainland with over-the-water bungalows. With 114 Bure Villas and 136 standard rooms, also in a new area, the property brought the mainland's offerings to a new height.

In 2018, Fiji welcomed the Six Senses brand to a 48-hectare site, its first remote island property with a niche global brand.

In 2020, FNPF announced that the previous Grand Pacific Hotel Suva, one of the country's most iconic properties built in 1914, is going to be rebranded as the InterContinental in 2022, following an extensive refurbishment. This will be a significant upgrade to Suva's offerings, which, as one of the two key areas on Fiji's mainland, has always been perceived to lag behind Nadi in terms of its tourism facilities.



Fiji Marriott Resort Momi Bay



Six Senses Fiji



InterContinental Fiji Natadola Bay



InterContinental Grand Pacific Hotel Suva

RECOMMENDATIONS FOR SAIPAN: **ACCOMMODATION**

As the Marianas's most developed island, Saipan already has a sizable existing inventory of shoreline resort developments.

With that said, the majority of the Saipan's key properties under operation are outdated, unbranded, and have undergone heavy wear and tear, operating at occupancy levels in the mid to high 80s for an extended period of seven years, followed by disastrous impacts from Super Typhoon Yutu.

In addition, several properties with large sites and prime beachfront locations are either not being operated (for instance, the Marianas Resort and Coral Ocean Point), or have yet to be completed (like the Imperial Pacific Resort, amongst others).

Given the general condition of Saipan's existing inventory already occupying the most prime sites, and the island's limited capacity for new developments, particularly with land and labor (for construction as well as operations), improvement efforts for Saipan's accommodation product should focus on the upgrading and utilization of existing inventory.

More specifically, the following four key issues should be addressed:

1. The upgrade and branding of existing shoreline resorts and other key properties.
2. The best-use utilization of currently non-operational properties with prime locations such as the Imperial Pacific, the Marianas Resort, Coral Ocean Point and any other relevant ones.
3. Ensuring that any new developments are of high quality, undertaken by legitimate investors, and have globally established brands attached.
4. Avoid unrealistic, unbranded projects focused on short-term returns rather than the long-term interest of the Marianas as destination.

IMPORTANCE OF UPGRADING

As seen in the case studies of Kauai and Fiji, overall tourism as well as hotel market performance improve as a destination continues to upgrade in order to remain competitive.

In the post COVID-19 environment, with the ever improving products worldwide and growing traveler sophistication, it is imperative that the Marianas upgrades to compete.

One of the most effective and obtainable ways to do this is through the introduction of globally established hotel brands to the market.

Given that many of Saipan's key shoreline hotels are located on public land subject to lease approvals, this could be achieved through mandatory branding requirements in awarding tenders.



In mutually beneficial manners, the introduction of more globally established hotel brands will bring about upside to both investors and the Marianas as a destination in the following ways:

- Improve the overall accommodation offering.
- Achieve higher hotel revenue and tax revenue.
- Attract higher-yielding visitors.
- Reach a global customer base.
- Gain access to worldwide reservation systems and loyalty programs.
- Diversify the nationality mix and reduce market-specific risks.
- Attract higher caliber developers and avoid less credible ones.
- Manage risks associated with competing destinations.
- Ensure optimal utilization of prime, shoreline real estate.
- Increase the long term value of hotel assets.

The benefit of upgrading is already evident in the Saipan market itself. The island's newest quality product, the Kensington Resort, is able to achieve better rate performances despite its weaker location in comparison to shoreline properties in the center of Garapan.

With management under globally established brands and proper refurbishment, average room rate for Saipan's key shoreline properties post redevelopment could have the potential to reach a new tier of USD 170 to USD 200.

On the flip side, the market's ADR is expected to decline over time if significant measures are not taken to upgrade the aging properties.

This is not only detrimental to hotel revenue and room occupancy tax, it could also make it increasingly difficult for the Marianas to improve its air access and grow as a destination, leading to a downward cycle.

ONLY HIGH QUALITY NEW DEVELOPMENTS

With regards to new projects, the risks of unmanaged development are high with a market such as Saipan given its limited natural, physical and human resources.

Given that much of the destination's prime sites are public land, the Marianas is in an ideal position to manage development and create a win-win situation for investors and the local community.

With limited land available for future development, not just for tourism but also for infrastructural and community uses, it is critical to ensure that any new development on Saipan is:

- of high quality, shown through branding under leading hotel groups that offer expertise, brand value, and experience to vet the legitimacy of investors;
- realistic to execute in terms of scale, market demand potential and labor requirements; and
- sustainably and meaningfully adds to the destination's tourism offerings in the long run.



OVERALL INVENTORY

According to DPL's CNMI Land Use Plan Update 2019, there are four hotels or condo-tels under construction on Saipan, and five additional ones with permits under review, yielding a future potential inventory of up to around 2,200 additional rooms. From an updated list of February 2021, the adjusted number appears to be around 1,400 rooms amongst four projects.

As shown in the previous analysis, Saipan has an existing inventory of around 2,500 rooms amongst nine shoreline and two inland properties that are part of HANMI, effectively representing the island's supply of quality.



Additionally, there are 35 properties that make up just under 1,200 hotel rooms which are not included in the HANMI inventory. These are almost exclusively non-shoreline, smaller (only seven with more than 50 rooms), budget to mid-market properties.

Lastly, as shown previously, it is **important to recognize the inventory of currently non-operational properties occupying prime shoreline locations, accounting for potentially another 1,000 rooms.**

Together, if only half of the existing non-HANMI inventory is considered as effective quality supply, that supply would total around 4,100 rooms for Saipan.

Looking at the ratio of total room night demand generated for the Saipan market's quality supply (represented by HANMI's set of properties) to visitor arrivals, there appears to be a downward trend, from 1.67 in 2011, to 1.4 in 2016, to 1.3 in 2018.

This could be due to the proliferation of smaller properties and unregistered accommodation outside of this set.

Looking at the future, even if a generous 30 percent increase is applied to the upmarket room night demand to visitor arrival ratio for 2018, to achieve an 75 percent average occupancy for Saipan's future upmarket inventory of around 4,100 rooms, a minimum of 700,000 arrivals would be required. Such a level is close to the peak of what the destination accommodated for in the past.

Moreover, meaningful growth in upmarket room night demand generated per visitor arrival essentially could only come from:

- longer average length of stay resulting from improvements to Saipan and the success of establishing a multi-island destination; and
- limiting the increase in supply outside of the upmarket set.

On the contrary, a much larger future room inventory could lead to:

- the need for significantly more visitors, putting strain on the environment and the community; and / or
- lower occupancy performance.

RECOMMENDATIONS: TOURISM ATTRACTIONS

The following are key considerations suggested for the evaluation of developments related to tourism attractions on Saipan:

- Developments should sustainably utilize Saipan's unique resources to create **hard-to-replicate, nature- and culture-based tourism attractions with strong identities**.
- Given that Saipan is expected to host the majority of visitors to the Marianas, the attractions should ideally be able to **accommodate for hundreds of visitors per day**.
- Saipan is home to the majority of residents in the Marianas. As such, while its attractions cater to tourists, It is critical that they **also benefit the community and help improve the quality of life for residents**.
- Attractions that are **less labor- (particularly imported worker) intensive should be prioritized**. For instance, largely man-made attractions which require intensive labor for construction are less ideal than ones that mainly utilize what nature already has to offer.
- **Sustainability is key**. It is critical to ensure that visitation levels are managed and that measures are in place to influence visitor behavior such that impact on the environment is kept to an acceptable level that allows future generations of the community as well as tourists to continue to enjoy Saipan's gifts from nature.

BEACHES, SNORKEL / DIVE SITES

Aside from Managaha, Saipan is home to many other beautiful beaches, snorkel and dive sites that are also frequented by tourists. It is critical to ensure that these sites are also actively managed and maintained to preserve the island's marine ecosystem and beautiful environment.

In addition, given that Saipan is expected to host the majority of visitors to the Marianas, in numbers more than tenfold the local population, it is important to have **a few professionally developed, signature tourism attractions that are key revenue generators for the island and at the same time, keep other areas more resident-centric**.

In this regard, there could be potential to explore having **additional actively managed snorkel / dive sites and / or beaches**. This gives tourists more to experience than Managaha and Micro Beach.

At the same time, given that tourists are already visiting these areas, it could also mean **better management and maintenance, and additional revenue that could be put towards these efforts**.



SIGNATURE ATTRACTION: MARPI INTEGRATED AREA

In the past, the tourist sites in Marpi, including Banzai Cliff, Suicide Cliff, the Grotto and Bird Island, have had limited upkeep and oversight.

With proper development and management through a Public Private Initiative, Marpi could have the potential to be transformed into an integrated attraction that could help raise the overall level of tourism offerings for the Marianas as a destination. In addition, revenue from the establishment of a fee structure for the integrated attraction could be utilized for the much-needed maintenance and upkeep of the area and its natural resources, which are integral parts of the Marianas's heritage.

Based on the criteria of showcasing the destination's natural and cultural assets while managing potential impacts on the sensitive ecosystem and ensuring that the touristic activities are sustainable in the long run, the re-defined Marpi Integrated Area is recommended to offer the following key components:

- A centralized arrival area and internalized route within Marpi.
- A Visitor Center that promotes the appreciation and preservation of Marpi's natural and cultural resources.
- Better managed diving and snorkeling experiences at the Grotto.
- An improved way to experience Bird Island, leading to more memorable experiences for visitors while actively managing and minimizing the impact on the protected sanctuary.

- A one-of-a-kind trail between Suicide Cliff and Banzai Cliff focused on the treasuring of peace to honor the history of the sites and as a unique attraction.
- A network of raised walkways through a small section of the forest in Marpi to offer visitors a new chance to learn from nature while keeping activities in the protected area low impact.

Developed successfully, the Marpi Integrated Area is envisioned to not only become a renewed jewel of the Marianas that the community could be proud of, helping to raise its profile in the global tourism arena, but also a financially viable venture that ensures revenue generated from Marpi's precious natural and cultural resources are put back into the maintenance and sustainable preservation of the area.



RECOMMENDATIONS: LIFESTYLE AMENITIES

As mentioned earlier, relative to the number of hotel, or condo-tel, projects under planning, there is a somewhat disproportionate amount of development in support facilities and projects that benefit both tourists and the local community.

Recognizing the need to improve the quality of life for residents, while the following recommended facilities are tourism amenities, they are also envisioned to benefit the local community.

AMENITIES

- Quality coffee shops, restaurants, bars, spas etc. Ideally, they should have some local flair, particularly with regards to the design, fit-out and the use of ingredients / products.
- This is critical since Saipan would be the place in the Marianas to offer visitors these comforts and conveniences while the other islands are expected to host a more rustic experience.

- In recent years, there has been much effort to improve lifestyle amenities for both visitors and residents. The hosting of weekly markets and the introduction of new annual events like the Marianas Beer & BBQ Festival for instance as well as the opening of stores like the Garapan Public Market.

SHOPPING

- While the myriad of shops in Garapan offer a large amount of merchandise, mainly tropical clothing, cosmetics and souvenirs, there are somewhat limited branded options apart from luxury retail at the DFS Galleria (closed since COVID).
- Going forward, demand for luxury goods at resort destinations may not remain as strong since prices for luxury brands have become increasingly more competitive across city markets, consumers are generally more well-traveled, and there are many destinations where shopping are significantly more developed.

- What the Saipan market is lacking are high street brands and established discount retailers that could be highly popular not only with tourists but also with residents.
- With the right development, space and rental terms, there is potential to introduce such brands, which already have a presence in Guam, and therefore the merchandising infrastructure necessary to service Saipan.



ACTION PLAN

To improve Saipan's lifestyle amenities, the following two items are critical:

- Revitalization of the central Garapan area, including improvements to the quality of retail, restaurant and entertainment offerings.
- Expand beyond Garapan to encourage visitation to other areas and spread out visitors during peak periods.

GETTING AROUND

Introduce two new transportation that could significantly improve Saipan's infrastructure and make it easier for residents and visitors alike to get around.

This is critical especially to facilitate future increases in visitor arrivals while maintaining traffic conditions on the island.

- Bike route along Beach Road as a start with self-serve racks and pay-as-you-go bikes and ebikes.

- Shuttle buses that cover key touristic areas making it easier for FITs to explore beyond Garapan without the need to rent cars.

GARAPAN FISHING BASE

The planned development of the Garapan Fishing Base is expected to offer new and exciting amenities to residents and tourists alike and help encourage visitation south of Garapan, hopefully bringing about revitalization for the less frequented sections of Beach Road.

As a vibrant, international quality waterfront development, the project is in an ideal position to address some of the missing components to Saipan's offerings mentioned previously.

The following are some key components that could add greatly to Saipan as a destination:

- Prime waterfront al fresco dining options.

- Off-price and high street retail shops featuring popular international brands.
- Community boat launch yard.
- Waterfront promenade featuring prime sunset views.
- Great picnic lawn with performance stage for festivals and concerts.
- Multi-functional hardscape plaza for markets, fairs, and town events.





TINIAN

IDEAL DAY-TRIP GETAWAY OF THE MARIANAS

IDEAL DAY-TRIP GETAWAY OF THE MARIANAS

Guiding Rationale: Return to fundamentals. Make the best use of Tinian's existing natural and cultural features to develop an ideal day-trip getaways for the large base of guests staying on Saipan.

The following are the three key considerations that have led to the recommended positioning regarding tourism development on Tinian:

1. Given the planned military component, which could take up to two thirds of the island, Tinian is **not ideally suited for traditional tourism development**.
2. With that said, the island's beautiful scenery and vicinity to Saipan, which hosts the largest proportion of travelers to the Marianas, **allow for opportunities to develop day-trip attractions**.
3. These attractions could be ideal to add to the activities component of the Marianas and greatly improve the offerings for the majority of guests staying on Saipan.



ACCESS REQUIREMENTS

In order for Tinian to be successfully established as a day-trip getaway, it is critical that the following access requirements are achieved:

1. **Daily ferry service with Saipan**, with frequent and dependable schedules ideal to facilitate convenient day-trips.
2. **Maintain existing flight service with Saipan**.

As the main form of transport critical to achieving scale, the ferry service needs to be priced competitively to make the day-trip model attractive. Another critical aspect is the dependability of the service, particularly during the ramp up period as demand gradually builds up. Subsidies may be necessary during periods of lower demand to enable Tinian to be established as a reliable day-trip option.

Other supplementary options could include helicopter experiences and seasonal fishing excursions between Saipan and Tinian.

RECOMMENDATIONS: SIGNATURE ATTRACTIONS

As the core component of Tinian, the ideal day-trip island of the Marianas, offer three signature attractions based around the island's most iconic natural and cultural assets.

1. **Exploration Trails at Punta Carolinas**, an adventure that showcases the island's beauty and allows guests to connect with nature.
2. A redesigned, **interactive experience at the House of Taga**, the best place to admire the latte stones unique to the Marianas.
3. **Transform Taga Beach** into a must-visit spot and a postcard sunset experience for the Marianas.

All three of the signature attractions revolve around making the best use of what Tinian already offers in terms of natural and cultural resources.

They also feature a balanced offering of physical activity, interactive experience, and relaxation, with a range of prime photo opportunities.

A potential core itinerary on Tinian could:

- **begin with a hike through forests**, caves, offering beautiful, commanding views;
- followed by an interactive visit to the House of Taga, **learning about the unique Chamorro heritage**;
- onto a **refreshing dip in the crystal clear waters of Taga Beach**; and
- finish beautifully with **relaxing drinks at the Taga Beach Cafe while admiring the famous Marianas sunset**.

1. EXPLORATION TRAILS

Provide a series of **hiking and biking trails throughout Punta Carolinas** with interesting information on the area's natural and cultural features presented along the way.

Possible points of interest to highlight along the exploration trails could include the following:

- **Limestone caves**, which often provide great story opportunities, particularly with regards to information on their formation, type, and relation to a historic period.
- Feature vegetation, including **large banyan trees** and Tinian's famous **wild chili peppers**.
- **The Tinian Shrine**, revitalized but preserving its original rustic charm.



SIGNATURE ATTRACTION TWO: HOUSE OF TAGA

Develop the House of Taga into a signature attraction that provides a more interactive experience and a well-defined story / identity.

REDEFINE THE EXPERIENCE

- Provide a small visitor center that presents information on the latte stones, the history of the ancient period and the ways of life of the Chamorro ancestors.
- Information should be presented in interactive and interesting ways.

- If possible, establish and present a collection of artifacts from that period to enhance the story-telling component of the attraction.
- Consider recreating a small village showcasing the ways of life of the ancient Chamorro ancestors.
- Have residents on site to talk to visitors and take on the roles of community ambassadors.

EMPHASIZE HERITAGE

- The successful development of the House of Taga could greatly enhance the experience not only for tourists but also residents, particularly for children in learning about their heritage.
- Utilize the transformed House of Taga to promote the Chamorro heritage and strengthen the identity of the destination and its community.
- Work with schools in the region to organize seasonal events and tours.



REFERENCE ATTRACTION: **STONEHENGE, ENGLAND**

A UNESCO World Heritage Site, the stones are believed to have been raised more than 4,500 years ago by prehistoric people.

In the past, a visit to Stonehenge involved driving up an unattractive access road, disembarking in an old parking lot, and simply looking at the stones.

Its transformation in 2013 completely changed the experience and is a good reference to consider for the revitalization of the House of Tega into a signature attraction for Tinian.

SAME STONES, GREATER EXPERIENCE

- The new Stonehenge experience begins at the visitor center located a mile and a half from the archeological site and hidden from view.

- Here, visitors learn about the historical significance of Stonehenge and marvel at how difficult it must have been for prehistoric people to build the monument, *prior to* seeing the stones.
- The new arrival flow significantly improved the attraction's "wow" factor and shows that, similarly for the House of Tega, various measures that help to tell a story could greatly add to the inherent impressiveness of a historical relic.

MAKING IT MORE THAN JUST THE STONES

- The visitor center has a well designed exhibition that showcases not only the suspected origin of the stones but also the period during which they were built.

- It also has a reconstructed wooden roller system which is theorized by archeologists as to have been used to transport the stones from South Wales, 240 miles away. This display, showing the sheer size of each stone and the rudimentary transport scheme, helps visitors visualize how difficult the endeavor must have been.
- The visitor center also offers an outdoor Neolithic Village reconstructed based on remains found at Durrington Walls. There are often re-enactments and demonstrations by volunteers inside these houses and being able to play in the houses Neolithic man lived in is particularly popular with children. They help reconnect the ancient stones with the people that lived and worked in the landscape.



SIGNATURE ATTRACTION THREE: TAGA BEACH

With its beautiful sandy beach and crystal clear water, Taga Beach offers one of the most perfect swimming spots in the Marianas.

The picturesque rock outcrops that frame the beach also offer panoramic views of the turquoise water and the famous Marianas sunset.

MUST-VISIT BEACH

- Transform Taga Beach into a must-visit beach for the Marianas.
- Maintain its natural pristine state.
- Revitalize existing facilities such as the steps.

- Provide modern bathroom and changing facilities.
- Create a number of ideal picture spots to become the “face of Taga Beach” on social media.

TAGA BEACH CAFE

- Develop a signature beach cafe, ideally on a waterfront portion of the rock outcrop featuring stunning views.
- This food and beverage outlet is envisioned to serve beverages and snacks throughout the day, offer some lounge areas, photo spots, and be the ideal final stop on a Tinian getaway, ending the day with an iconic sunset experience.

- A good example of such a venue with a similar setting to Taga Beach is Rick’s Cafe in Jamaica.
- Often on the list of the World’s Top 10 Bars and Top 100 Places to Visit, Rick’s Cafe offers casual food and drinks, Jamaica’s famous reggae music, and stunning views of sunset.
- Although intrinsic attributes of the venue are average, its atmosphere and stunning views have made the experience a must-visit for all guests in Jamaica.
- Featuring comparable views and a height even more ideal for getting to the water, a signature beach cafe at Taga Beach could become a postcard venue not only for Tinian but for the Marianas, to be enjoyed by tourists and locals alike.



RECOMMENDATIONS: ADDITIONAL ATTRACTIONS

REMEMBERING THE PAST

While the sites in North Field make up a vital part of the destination's history and is a National Historic Landmark, there has been limited development in the past. These sites have significant unrealized potential.

Access permitting, develop the North Field sites and nearby memorials into an attraction focused on peace, honoring Tinian's past, but just as importantly, shedding light on the more universal topic of the preciousness of peace.

Developed well, the North Field sites could create meaningful experiences reflecting on the topic of peace, tying in strongly with other sites in Marpi on Saipan, providing a well-rounded and integrated product for the Marianas.

PEACE TOURISM

Peace tourism, or visitation to historic sites related to war, has been gaining popularity and is expected to continue to do so, particularly with the younger generation of travelers who are often looking for meaningful experiences.

Many of these sites worldwide are based around events that took place but they also provide information on the historic period, often highlighting the preciousness of peace.

The following are some example sites:

- National September 11 Memorial Park and Museum in New York City.
- Memorial sites and museums in Warsaw, Poland.
- Anne Frank House in Amsterdam, Netherlands.

EXPLORING AGUIGAN

In the longer term, with attractions on Tinian having gained popularity, consider exploring opportunities with developing additional attractions on Aguigan.

Also known as Goat Island, Aguigan is completely untouched and offers opportunities to host nature exploration and adventure based activities.



RECOMMENDATIONS: MAKING TINIAN THE FESTIVAL ISLAND

One of Tinian's key strengths is its success with the Pika Festival. Building upon this strength, Tinian could be developed into The Festival Island of the Marianas, with the following potential initiatives:

- ▶ Expand the Pika Festival.
- ▶ Host additional festivals, aiming for one every few months.
- ▶ Become *the* place to visit for local cuisine.
- ▶ Explore opportunities in sports tourism.

In addition to encouraging visitation to Tinian, festivals and events could also become great opportunities to bring the whole Marianas together to strengthen bonds between the different island communities as it becomes a true multi-island destination.

FESTIVALS

Given the popularity of the Tinian Pika Festival, explore the potential of expanding this highlight of an event by providing more activities and / or potentially making it longer.

Apart from its current offerings of great food, performances, pageant, sporting activities and competitions, explore opportunities to introduce even more activities and children-oriented programs.

Koloa Plantation Days, held on Kauai's south shore every July is a good example of a festival that has grown significantly over time. Now a ten-day event, it originated from Hawaii's sugar industry but has become the time where different communities of Kauai come together.



34th Annual Koloa Plantation Days 2019 *Year of the Paniolo*



July 19 - July 28, 2019

Island Culture & Plantation History • Local Foods & Shopping • Sports & Outdoor Recreation • Keiki & Family Activities • Celebration Events with Live Entertainment

PRE-FESTIVAL EVENTS

Tree Tunnel Cleanup of Makaha Road. Saturday, July 13th, with lunch provided. Meet at Kōloa Ballpark. 6am-1pm. 651-3200

FRIDAY – July 19
Friday Night Rodeo Bash & Music in the Country, at CJM Stables. High dollar roping, bulls, food & music. \$10 entry, 18 & under Free. 4:30pm-10pm. 742-6096

SATURDAY – July 20
St. Raphael's Church Coffee Hour. At the start of Hapa Trail, come early for coffee and treats, at this 175-year-old church. 8am. 742-1953
Historic Hapa Trail Walk from St. Raphael's Church, by Koloa Community Assn. Round Trip Walk followed by refreshments. 9am. 651-1332
20th Annual Plantation Days Rodeo at CJM Stables. Hawai'i-only events, food booths and a tribute to the paniolo heritage. \$10 entry, 18 & under free. 11am-3pm. Gates open 10:30am. 742-6096
* **Keiki Fishing at Waia** by Kauai's ATV. 1pm-4pm. 742-2734
Festival Opening & Sunset Ho'olalea Poipu Beach Athletic Club. Food trucks, free games & live music featuring John Cruz, Bear Lake & more. 5pm-8:30pm. 742-2111

SUNDAY – July 21
Miniature Golf Tournament, ages 13 & under, Lave's Beach Resort. 9:30am registration, 10am start. 240-5179
20th Annual Plantation Days Rodeo Final events & celebrate the winners plus keiki fun at CJM Stables. \$10 entry, 18 & under free. 11am-3:00pm. 742-6096
* **"Happy Kōloa Plantation Days" Free Live Music** at Old Koloa Town Courtyard, with Nyan Fernandes. 5pm-7pm. 651-9324

MONDAY – July 22
View Kāneloumā (at the Po'ipū Beach Park turnoff), 9am. 332-5682
Plantation-Style Living: Historic Smith Memorial Parsonage Open House, hosted by Kōloa Union Church at 3201 Waiānana Rd. 4pm-6pm. 742-6622
Plantation Days Exhibit Opening with Kauai's Historical Society, The Shops at Kūka'i'ūle, 6pm. Photographs & artifacts from plantation life. Open daily through Friday 7/26. View website for hours. 742-9545 or 245-8893
Plantation Days Storytelling, at The Shops at Kūka'i'ūle. Following Exhibit opening, hear entertaining stories of plantation life in Plain Court. 6:30pm - 8:30pm. 742-9545

TUESDAY – July 23

Koloa Plantation Days Heritage Craft Fair, Grand Hyatt Kauai, 9am-2pm. 240-6452
* **Historic Tour of McBryde Garden and Talk Story**, National Tropical Botanical Garden. Free plantation-themed tour departs from NTBG Visitors Center. 9am-6:30 p.m. 742-2623
Polyesian Revue & Fire Dancer, Po'ipū Shopping Village. 7:30pm-8:30pm. 742-2831

WEDNESDAY – July 24
Coastal Ride by Milama Māhū'ulepu. Meet at CJM Stables. 9:30am-12pm. 651-9951
Traditional Hawaiian Games, Kaloana Plantation Resort Kauai's by Daringer, 10am-12pm. 742-6411
Plantation Cooking at Kauai's Culinary Market, The Shops at Kūka'i'ūle, 3:30pm-6pm. Cooking demos at 5pm. 742-9545
* **Growing up in Hawaii with Storyteller Dann Seki**, Presented by Friends of Kōloa Library, for the whole family. 6:30pm, 742-8455.

THURSDAY – July 25
* **Look Back Through the Sugar Era**, Old Kōloa Mill, by Grove Farm. 9am-11am. 245-3678 x 2542
Plantation Days Putting Contest, Po'ipū Bay Resort Golf Club, 2pm-4pm. 742-8711
* **Membership Event and Paniolo Saddle Contest**, at Garden Island Federal Credit Union Kōloa, Refreshments provided. Located at 3417 Po'ipū Rd, Kōloa, HI 96756. 8am-5pm. 742-6733.

FRIDAY – July 26
* **Māhū'ulepu Watercolor Class**, by Milama Māhū'ulepu. Fee for supplies or bring your own. Sun Noon. 651-9951
* **Koloa Town: The Living Legacy of Seneke Store, Talk Story**, at Kōloa Library. Meet the Senekees, hear stories of growing up in Kōloa. 4:30pm. 742-8455.
Old Koloa Town Historical Walk, departing from Kōloa station. 5:30pm. 332-5201
Flavors of Kūka'i'ūle, at The Shops at Kūka'i'ūle. Upscale street food & live music with Wally Rika & Los Kaniwases. 5:30pm-8:30pm. 742-9545

SATURDAY – July 27, 34th Annual Parade & Park Celebration
HISTORIC PARADE – 10am, Kōloa Town. Roads close at 9am. Riding units, floats, marching band & classic cars. A Kōloa tradition!
PARK CELEBRATION – 9am-4pm, Anna Kūhane (Kōloa) Park. All day Entertainment, Featuring HAPA, Jerry Santos & Kamela Kimoko, Mike Keole and moreEthnic Foods, Craft Fair, Keiki rides! \$5 admission, 12 & under free.

SUNDAY – July 28
Family Fun Run/Walk, by Kūka'i'ūle Canoe Club. Race Fees apply. 6am-9:30am. 635-0165

46

RECOMMENDATIONS: MAKING TINIAN THE FESTIVAL ISLAND

Businesses in the present-day area of Koloa and Poipu, including the many resorts, come together to provide locations for events such as guided walks, fishing, coastal hikes, craft fair, career fair, story hour, traditional games night, live music, celebrations, golfing, tennis etc. Most events are outdoors and free.

In addition to the Pika Festival, introduce other festivals centered around great food, fun activities and nature, aiming for one every two to three months.

These festivals are envisioned to be enjoyed by residents and tourists alike. Evident in successful resort destinations with strong identities like Hawaii, many tourists are highly interested in the local happenings, and signature events have become demand generators in their own right, particularly for repeat visitors.

FOOD OF THE MARIANAS

Tinian is known for its great food, including locally-grown beef and the famous Tinian hot pepper paste.

Food is a key aspect when it comes to the identity of a destination, particularly in the eyes of travelers from dining-centric cultures in Asia.

Along with becoming the Festival Island, establishing Tinian as the place to experience great local cuisine could help add to the destination and offer some much-needed differentiation from the variety of touristic dining options on Saipan featuring international cuisine.

SPORTING EVENTS

Since COVID, there has been significant uptake in more active lifestyles globally and it is a trend to stay. Outdoor activities such as running, hiking, and biking have become increasingly popular and consumers value the option of continuing their healthy lifestyle habits on holidays.

Even prior to the pandemic, resort and city destinations alike have targeted tourism related to sporting events, with the hosting of marathons being one of the more common ways to do so.

With Tinian's beautiful landscape and easy access from Saipan, opportunities in hosting sporting events with high requirements on the natural setting could be explored.

As an example, Niseko, a popular Japanese ski resort, has established a strong market for the summer months for adventure sports, including mountain biking and, in recent years, trail running.



IMMEDIATE TERM: DAY-TRIP MODEL

Overall, given limitation related to the military component, but just as importantly, Tinian's availability of natural and cultural sites, its vicinity to Saipan, and the need to have more high quality activities for the Marianas, there are prime opportunities to explore a day-trip business model in the immediate term.

Under this model, a **day-trip package to Tinian could be offered, including roundtrip ferry from Saipan, and access to all three signature attractions.**

In addition to its core package, Tinian is also envisioned to:

- host an exciting array of events throughout the year and become the Festival Island of the Marianas;
- offer options to visit North Field (access permitting); and
- Goat Island Adventures in the longer term.

With well-developed attractions, and most importantly, convenient and reasonably priced transport, Tinian is envisioned to become a must-visit for guests to the Marianas, particularly those staying on Saipan, much like is the case with Managaha and Marpi.



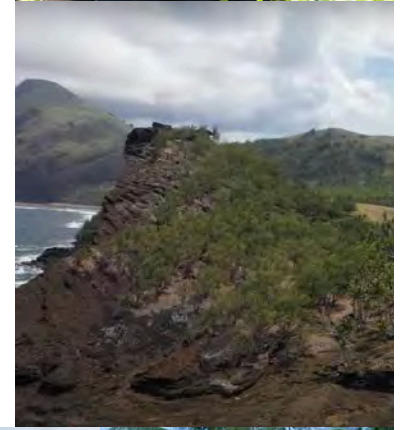
LONGER TERM: OVERNIGHT DEMAND

As quality attractions make Tinian a popular day-trip option, many guests may wish to stay on Tinian.

Over time, as sufficient demand builds up for overnight accommodation, development of smaller, owner-operated facilities could take place, further leading to opportunities with sizable, branded resort projects.

For such developments, resorts positioned in the upper mid-tier segment, with a beachfront site and globally established brand attached could be most suited to the Tinian market.





ROTA

THE NICHE AND BEAUTIFUL

NATURE, COMMUNITY, GUESTS - IN FULL HARMONY

Guiding Rationale: Preserving the pristine environment and charms of the small community while improving Rota's economy and the lives of residents by hosting sustainable, responsible, and community-based tourism.

The following are key principles that would be ideal to consider relative to any developments on Rota:

- It is critical to ensure that Rota's untouched **natural beauty remains pristine to highlight and sustain its uniqueness** relative to Saipan and Tinian.
- Rota has the perfect setting to offer a **"return to nature"**, niche experience more easily accessible than the Northern Islands.
- **Community-based tourism**, the core of which is the harmonious relationship between the residents and the visitor experience ties in perfectly with Rota being known as the "Friendly Island" and "Nature's Treasure Island".
- It is centered around offering visitors **more meaningful experiences** by enriching their trips with the chance to learn and participate.
- Rota offers pieces of untouched tropical paradise and friendly locals. Programs could be developed to **share knowledge on marine preservation, responsible fishing, sustainable agriculture** and generally ways to live off of the land and in harmony with nature.



POSITIONING LEVEL

Rota is envisioned to be positioned at a more premium level relative to Saipan and Tinian, offering:

- a more tailor-made, exclusive experience;
- niche attractions and activities; and
- smaller, one-of-a-kind accommodation options.

TARGET GUESTS

Upmarket travelers in the Asia Pacific region looking for more exclusive resort destinations than Phuket and Bali, but also for more meaningful experiences than that offered by the likes of Koh Samui known for its luxury resorts.

This could be supplemented by a small portion of day-trippers drawn to Rota's unique attractions, subject to ease of access.



ACCESS REQUIREMENTS

In order to capture the aforementioned target guests, it is critical that the following access requirements are achieved for Rota:

1. **Scheduled flights from Saipan**, ideally daily but at least most days of the week.
2. **Scheduled flights from Guam**, also ideally daily but at least several times per week.

Scheduled flights between Saipan and Rota would allow Saipan to benefit from **top-tier guests potentially staying in Saipan on their way in and / or out.**

Given the distance between Saipan and Rota, high speed ferry could take around two hours, making it less ideal than a 30-minute flight and also less financially feasible unless there are large volumes of guests.

With the **right schedules that allow for easy flight connections**, a 30-minute inter-island flight is well within the acceptable range in term of ease of travel for unique destinations and experiences.

Flights from Saipan should also be supplemented by scheduled flights from Guam, which **offers air links with a larger number of markets.**

In the past, there have been direct, chartered flights from Japan. While this successfully brought in many guests to Rota, they arrived in larger groups, dictating that the island operate beyond its capacity, resulting in the need to scramble for additional resources and staff. It also **deviated from the essence of the Rota experience, which is quaint and ideal for individual exploration.**

Any future access improvements to Rota should help ensure that the destination could function outside of the group travel model.



REFERENCE DESTINATION: **KOH YAO, THAILAND**

Around 30 miles northeast of Phuket, Koh Yao is an archipelago of around 57 square miles, consisting of two main islands, Koh Yao Noi (Little Long Island) and Koh Yao Yai (Big Long Island).

With a population of about 18,000, ninety percent of whom are Muslims, Koh Yao is completely different from its more well-known neighbors, Phuket and Krabi, and remains beautifully tranquil, boasting a handful of quality resorts, lush forests, farms, and picturesque bays.

Koh Yao is accessible by scheduled ferry service (taking around 90 minutes) as well as scheduled speed boats (taking around 30 minutes) and long-tailed boats (taking around 50 minutes) from Phuket and Krabi.

KOH YAO NOI

Koh Yao's laid-back vibe is largely driven by its residents who treasure the traditional ways of living. The islands are home to many fishing villages, rice, coconut and rubber plantations in addition to forests, beaches and mangroves.

The more developed Koh Yao Noi welcomed its first sizable and also most iconic accommodation, the Six Senses, in 2007.

With 56 rooms spread over 10 hectares of beautiful hillside landscape, the fully self-sufficient property is featured on countless lists of "must-visit resorts", achieves luxury level ADR's of more than USD 600, but most impressively, is loved by the community at the same time.

The property has invested in medical facilities, education, environmental projects, conservation programs and actively maintains strong bonds with the local community, a key factor to its success.



The success of the Six Senses Yao Noi led to many entrepreneurial ventures, with the opening of small, nature-based properties on the island.

Many of these properties offer less than 10 rooms, with some of the more sizable ones shown in the table to the right.

These properties have generally been very well received by the market with online ratings of more than 9 out of 10.

Select Properties, Koh Yao Noi (Ranked by Room Count)

	Room Count	Opening Year
Paradise Koh Yao	69	2004
Six Senses Yao Noi	56	2007
Cape Kudu Hotel	55	2016
TreeHouse Villas	31	2017
Koyao Island Resort	26	1999
The Simple Koh Yao Noi	11	2018
9 Hornbills Tented Camp	7	2017

Given the small and owner-operated nature of many of these properties, personalized service has often been cited as the key strength.

In terms of rate positioning, many of the properties fall in the USD 100 range with the villa-only products targeting rates of USD 250 to USD 300.



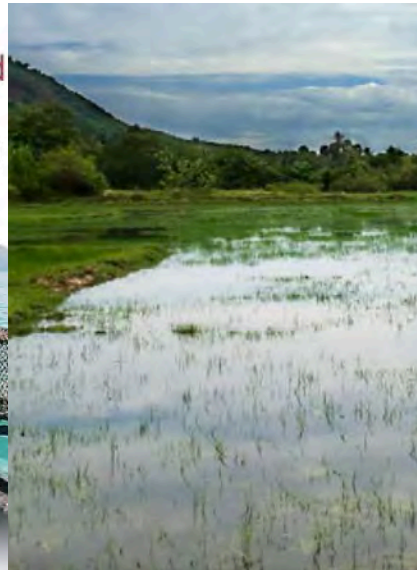
KOH YAO YAI

Koh Yao Yai is focused on launching community-based tourism, which revolves around encouraging visitors to explore and help conserve its pristine nature while having some level of engagement with the community.

The initiative started in 2017, with the collaboration of the local community and the guidance of the Thai Union in partnership with the International Union for Conservation of Nature (IUCN).

Guests could participate in activities such as:

- visiting fish farms, rice plantations and rubber plantations;
- going on educational tours highlighting coastal ecosystem preservation; and
- staying with local families.



Rockhouse Hotel Jamaica

RECOMMENDATIONS FOR ROTA: **ACCOMMODATION**

KEY FEATURES

To successfully attract upmarket, sophisticated travelers while preserving the Rota's pristine natural environment, friendly community, and limited resources, accommodation facilities with the following criteria are recommended:

- **Small scale (for instance, under 50 rooms).**
- **Harmonious with nature in design and operations.**
- **Unique in concept / design / product offering.**

TYPES OF PROPERTY

With the three general criteria in mind, there is much room for creativity, variety and uniqueness when it comes to concepts for properties suited to Rota.

In fact, these small, generally owner-operated properties are often known for their uniqueness, one-of-a-kind designs, and customized service offerings.

They are generally developed organically, in phases and over time as investment is recuperated, by highly passionate owners who are typically also quite involved in the operations.

FACILITY HIGHLIGHTS

Keeping in mind the often one-of-a-kind nature of these properties, the following are suggestions on key facilities based on the characteristics of Rota and its target market:

- Standalone, simple bungalow style rooms.
- Small restaurant sourcing local produce and seafood as much as possible.
- Offer a large variety of activities, either on-site or in and around Rota.
- Theming and design based around natural features of the site - cliffside, sunset and / or sunrise views, major plants etc.
- Incorporate the use of outdoor areas as much as is appropriate taking into account typhoon risks.

- For instance, consider features like being able to enter the ocean right from one's terrace.

Given the small, entrepreneurial nature of these properties, it is critical to control development cost to a level commensurate with the potential rate positioning.

For instance, furnishings and fixtures could be kept more natural, with greater emphasis placed on designing to integrate with nature, personalized service and soft programming.

With a well-executed concept, high quality facilities that are both functional and stunningly integrated with nature, the type of property recommended is expected to target an ADR of around USD 200 to USD 300.

OVERALL INVENTORY

- Total top-tier inventory of around 100 to 200 rooms.
- This is likely to be supplemented by even smaller, family-run properties as is the case with Koh Yao.
- For the top-tier inventory, two to three niche, owner-operated properties with the potential to introduce specialized brands in the long run as the destination matures and access is well established.
- As a check on reasonableness, for a top-tier market of 150 rooms to achieve an average occupancy of 70 percent, Rota would need an annual visitor arrival of around 22,000, assuming an average length of stay of 3.5 nights at a double occupancy factor of two. This translates into a daily arrival of around 60 visitors.



Museflower Retreat & Spa Chiang Rai Thailand



Rockhouse Hotel Jamaica

REFERENCE PROPERTIES

THE ROCKHOUSE HOTEL, NEGRIL, JAMAICA

- First opened to the public in 1973 with only 13 thatch roof bungalow style rooms, the property changed ownership in 1994 and underwent a major renovation that saw the addition of the front office, boutique, pool and restaurant with a commercial kitchen.
- Over the next 25 years, the original 3 acre, 15 staff and 13 room property was expanded to 8 acres, 185 staff, 40 rooms, 3 restaurants and a spa whilst staying true to its original organic vibe and commitment to the neighboring community.
- With rustic looking Bure rooms built from timber, stone, and thatch materials, the resort's "return-to-nature" type of design and facilities created a very impressive product both visually and functionally, winning numerous awards.
- Over the years, it has carved out a strong niche market in a destination dominated by larger, chain operated all-inclusive resorts with 400 / 500 rooms.
- The property is also well-known for its Rockhouse Foundation, which, established in 2004, has invested over USD 5 million in the modernizing of seven local schools, with a clear goal to improve the Negril area's learning infrastructure.



MUSEFLOWER RETREAT & SPA, CHIANGRAI, THAILAND

- A very unique wellness retreat with around 20 guest rooms, a wide range of facilities and an even wider range of programs / activities.
- The Museflower Retreat and Spa was developed over a period of more than 10 years by a highly dedicated owner-operator who is very passionate about wellness and wishes to share her passion.
- With the core of its concept being wellness and tranquility a stay at the property offers guests, the resort opened with humble facilities but expanded over time.
- Features like its salt water pool, meditation pavilion, outdoor fire pit, and floating yoga deck have taken time to be perfected over the years but have also become guest favorites.
- With day programs, short getaways and longer retreats, the property offers guests a wide range of personalized choices and enjoys a high percentage of loyal, repeat guests, many of whom are regional residents.



SIX SENSES YAO NOI, THAILAND

While the Six Senses Yao Noi is one of the highest yielding resorts in South East Asia and offers beautiful facilities that are featured on most of the “world’s must visit resorts” lists, its success comes from far more aspects.

As one of the earliest resorts to open on Yao Noi and certainly its most famous, the property maintains strong bonds with the community through outreach programs such as the following:

- Clean Water Project, which has installed drinking water filtration systems in 32 community locations.

- Trash Hero Koh Yao Noi, which hosts weekly community beach clean ups.
- Educational funding which supports 700 local students.

In addition, the property is completely self-sufficient and is an industry pioneer in terms of implementing sustainable measures in its daily operations. Since its opening, the resort has been producing drinking water on-site, completely eliminating bottled water.

From the guest experience perspective, it offers many “return-to-nature” facilities and activities that

have been very popular with its top-tier guests paying luxury rates. Some examples are:

- Guests could collect eggs from the resort’s very own chicken farm to bring to breakfast.
- Onsite mushroom hut and herb gardens.
- Children’s activity where they learn how to build “hornbill villas”, or special nesting habitats for hornbills, from reclaimed timber.
- Community outreach programs arranged through the resort including volunteering opportunities and island cleanups.



ATTRactions

The following are key criteria / considerations behind the recommendations for the development of tourism attractions on Rota:

- Realistic to develop / implement in the near future considering the potential investment involved and resources likely to be required.
- Prioritizes the conservation and preservation of Rota's natural and cultural resources.
- Is in alignment with Rota's positioning as a more premium, niche destination.
- Is sustainable in the long run in terms of demand potential.

The guiding rationale is to develop natural, niche attractions that are targeted towards sophisticated FITs looking for meaningful experiences beyond what is offered in traditional tropical destinations to mass market tourists.

The aim is to transform what is already on offer in Rota into unique, high quality attractions mainly through the use of soft programming and community involvement.



ENTIRE ISLAND AS A RESERVE

Given the relatively compact size of Rota, the high concentration of scenic spots throughout the island relative to its size, its small community and target premium positioning, there is potential for the whole island of Rota to be made welcoming for guests to explore, at their own pace.

The idea is to present the **entire island as a nature reserve and park that appeals to the premium market** and is centered around **preservation, showcasing a harmonious relationship with nature and encouraging responsible tourism.**

The general public's interest in sustainability and responsible tourism has been growing notably in recent years and is certainly the direction going forward.

The natural beauty of Rota makes it the perfect tropical paradise often envisioned when people imagine the Pacific Islands.

Marketing the entire island as a nature reserve and park geared towards upmarket individual travelers, the starting point is to:

- provide information throughout the island;
- at lookouts, historical relics and in sections of forests;
- highlighting knowledge on the island's heritage, interesting information on the environment, wildlife and fun facts about nature.

This is so that the **entire island is made welcoming for guests to explore on their own, a luxury not available at typical resort destinations.**



The following are some possible activities, amongst many others, that Rota could offer as an integrated nature reserve and park.

LIVING FORESTS: EDUCATION & PRESERVATION

- With the majority of Rota still being in its untouched state, there are many plant species and wildlife including sea birds at the Chechun Bird Sanctuary and Sambar deers that roam the woods.
- Mark sections of the forest / hills that are best suited for hiking trails with information presented along the way on the ecosystem, plant and wildlife species, interesting facts on preservation etc. so that guests enjoy an interactive learning experience during their explorations.

BEACHES: UNDERSTANDING OUR OCEAN

- Rota's beautiful beaches could also be the perfect backdrops for the sharing of knowledge about the marine ecosystem and conservation.
- Activities could include guided coastal walks and beach maintenance.

LIVING IN HARMONY WITH NATURE

- Where possible, provide opportunities to learn about sustainable fishing practices and experiential visits to small family-run farms.

POTENTIAL BUSINESS MODEL

- Introduce a fee payable by all non-resident visitors to Rota which enter into a fund that maintains the island and supports community enhancement projects.
- Provide a small visitor center that facilitates the booking of activities and hiring of local nature guides recognizing that the majority of information will need to be provided at the various points of interest.
- Given Rota's relatively untouched state compared to the other larger islands of the Marianas, it may present the best opportunity for preservation for future generations.
- Facilitate education by providing school tours with knowledge on the wildlife, plants and flora of the Marianas.



HERITAGE BIKING TRAIL

In addition to the hiking trails, beach walks and other activities, develop a heritage bike trail around Rota that connects most of the iconic lookout areas, cultural sites, historical relics and scenic spots.

For instance, the trail should reach areas like the Bird Sanctuary, Machong Village, the Sugar Mill, Songsong Village, Okgok Water Falls, and the Pictograph Caves amongst others.

The option to experience all that a destination has to offer at one's own pace while biking around in nature is expected to be a great draw, particularly for sophisticated travelers searching for niche experiences not easily found at the more traditional tropical destinations.

Encouraging guests to experience Rota this way could also mean longer lengths of stay as they truly explore what the island has to offer in a leisurely manner.

MACHONG VILLAGE

Similar to the case with the House of Taga, provide information on the history of the stones, the heritage of the ancient Chamorro people, and have residents available on site to talk to visitors.

Where possible, add to the existing experience by presenting artifacts / relics / stories that help bring the ancient period more to life for visitors.





THE NORTHERN ISLANDS DISCOVERY FOR THE TRUE EXPLORERS



DISCOVER THE ULTIMATE ADVENTURE OF TRAVEL

Guiding Rationale: Offer a live-onboard product where guests could explore the Northern Islands on sea vessels. With their unique rugged landscape, the Northern Islands could be the perfect hidden treasures to discover for adventurous guests.



Given that the Northern Islands are uninhabited, have no infrastructure, and are prone to risks arising from natural disasters, the potential to host sizable permanent facilities for tourism is low in the next five years.

However, their rugged landscapes and majestic beauty are very unique compared to the gamut of tropical atolls in the Maldives, for instance, where luxury liveaboard products are popular.

Developed well, this addition to the Marianas's offerings could be a signature showcasing the true uniqueness of the destination.

POSITIONING LEVEL

Positioned at the top end of the market, envisioned to be the best way to explore the hidden treasures of the Marianas.

TARGET GUESTS

Adventurous travelers after truly unique experiences - the luxury to be able to explore a region rarely ever visited.

Also, for special-occasion guests / small groups looking for something completely different from the usual luxury experience.

ACCESS REQUIREMENTS

- **Mid-scale liveboard yacht** in the 30 meter range offering a capacity of around 8 to 10 comfortable cabins.
- The ability for the **vessel to safely dock** on some of the Northern Islands suitable for exploration.
- Given the **much rougher conditions** expected in the Northern Marianas, the vessel may need to be customized to not only ensure safety but potentially offer more comfort if possible to guests.



REFERENCE PRODUCT: LIVEABOARD MALDIVES

Around six percent of accommodation in the Maldives are on liveboard yachts, which are classified as safari vessels.

Originated from dive boats, although the liveboard product is still utilized by divers, they have also become popular with non-divers, particularly younger generation Asian guests and small executive retreat groups.

Typically, each yacht accommodates around 20 to 30 guests in double occupancy cabins. The guests stay onboard the yacht for the entire trip of 6 to 7 nights.

The vessels sail during the night and the day to take guests to different atolls and snorkel / dive spots.

Guests could snorkel / dive, enjoy sandbars / beaches, visit resorts for meals / activities, or just relax on the yacht. The majority of their meals are enjoyed onboard and service for their entire trip is provided by the yacht's crew usually consisting of 5 to 10 staff.



RECOMMENDATION FOR THE NORTHERN ISLANDS: **LIVEABOARD**

- **Mid-scale liveaboard yacht** in the 30 meter range offering a capacity of around 8 to 10 comfortable cabins.
- Each cabin should be air-conditioned, offer its own en-suite and have spacious external windows. Furnishings and fixtures should be built-in and do not need to be luxurious.
- Indoor common area with dining facilities, a well-equipped kitchen and a wet bar.
- Several deck areas fitted out with built-in sitting areas, sturdy tables and lounge chairs. Given the likely rough sea conditions, built-in seating (shown on the bottom right photo) is preferable.
- Staff quarters sufficient and comfortable for the crew.
- Sufficient storage for snorkeling / diving equipment, food items, beverages as well as cooking equipment / setup materials for picnics and barbecues on land.



DINING

While breakfast and the majority of dinners will need to be served aboard, the aim should be to provide as many unique dining experiences as possible throughout the trip.

Options on beaches and other scenic spots on land could include:

- Picnic lunches.
- Sunset drinks.
- Barbecue dinners.

While the majority of food items will be stocked for the entire trip, guests could also enjoy freshly caught seafood as a highlight for the experience.



GLAMPING & TENTED CAMPS

Glamping, or upmarket camping, on the beach could be explored as an option for one night, as another highlight of the experience, given appropriate sites and conditions.

Self-contained trailers with stylish fit-outs that do not require significant infrastructure and offer more comfort than traditional tents could also be considered.



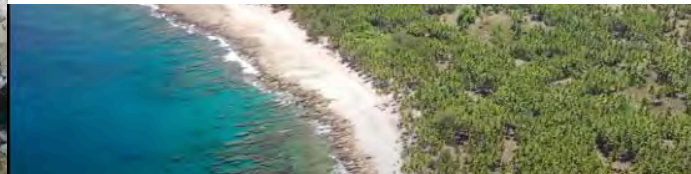
In the longer term, as the liveaboard product gains popularity and sufficient scale is achieved, the potential of setting up small scale, top-tier, tented camp type of facilities at the lake on Pagan could be explored.



TOURISM ACTIVITIES

SNORKELING & DIVING

The liveaboard vessel should be equipped to allow guests to snorkel and dive throughout their trip. This is one of the highlights of the experience and is what attracts many top-tier guests. Dive masters should also be part of the crew for groups that will be diving.



EXPLORING THE ISLANDS

The Northern Islands offer endless opportunities to explore nature for the adventurous guests.

Other than snorkeling and diving, additional potential activities could include the following:

- Exploring the many different types of beaches, including the mysterious black sand beach on Pagan.
- Hiking through completely untouched forests.
- Wildlife observation.
- Volcano viewing.





3. DEVELOPMENT ISSUES FOR EACH ISLAND

- ✓ Access Requirements
- ✓ Development Timeline
- ✓ Branding
- ✓ Target Rate Positioning
- ✓ Community Initiatives

This section discusses development issues related to each island, in the overall context of the Marianas as a sustainable, integrated, multi-island destination.

Key issues covered include:

- access requirement;
- development timeline;
- branding;
- target rate positioning; and
- community initiatives.



ACCESS REQUIREMENT

Access Requirement by Island, the Marianas

	Saipan	Tinian	Rota	The Northern Islands
Day Time Scheduled Flights to Key Cities in Asia	✓			
Daily Scheduled Flight(s) with Guam	✓		✓	
Daily Scheduled Flight(s) with Saipan			✓	
Scheduled Ferry Service with Saipan		✓		
Propeller Air Taxi Flight on Demand		✓	✓	
Docking of Yacht / Vessel on Demand	✓	✓	✓	✓

INTER-ISLAND CONNECTIONS

Naturally, the success of the tourism products recommended for the islands of the Marianas are highly conditional on access, and the ease for visitors to reach the islands.

In this regard, the following inter-island connections are the most critical to establish and maintain:

- Daily flights for Rota to and from Saipan and Guam, scheduled to allow for the perfect connection times with key international flight arrivals and departures.
- For Tinian, scheduled ferry service and flights with Saipan.

INTERNATIONAL AIR ACCESS

For international air access to the Marianas via Saipan, the following are the most critical to establish and maintain:

- Day time, scheduled flights on flag carriers and / or well established LLCs from the region's key hubs of Japan, Korea, Mainland China, Hong Kong, and Taiwan.
- **Avoid having flights arrive at the same time** to shorten the lengthy waiting time at immigration.
- For guests staying on Saipan, avoid arrivals at wee hours in the morning and having to wait around hotel lobbies until past midnight on departure days.
- Day time arrival and departure times are also critical to facilitate convenient connections for premium guests traveling to Rota and the Northern Islands.

HISTORICAL CHALLENGES

Air access has been the greatest challenge for the Marianas historically and is the case for most island destinations worldwide.

While the age old debate on the chicken or egg remains, it is important to recognize that the Marianas did enjoy good air access in the 1990s, with connectivity to many destinations, multiple times per day.

In the 1990s, when the tour group model was prevalent, with relatively well-equipped properties and unbeatable natural beauty, the Marianas was a competitive destination.

However, this has changed as travel trends evolved and many destinations with much newer facilities, branded properties and modern amenities have emerged.

The destination's location, limited cargo revenue, and seasonality make it challenging to achieve consistent load factors year round. However, these issues are not new and are not unique to the Marianas.

The destination needs to upgrade to attract a greater percentage of higher-yielding FITs, rather than group travelers on low-cost package fares, in order to become more profitable as a route for airlines.



DESTINATION SUCCESS STORIES

While quality products, branded properties, and a strong market are all factors that help attract flag carriers and reputable LLCs, many destinations that are not on the usual flight map have nonetheless had to supplement with their own carriers.

Some successful examples include:

- **Fiji Airways**, owned by the Fijian government (52 percent stake), Qantas (46 percent) and a few small Pacific Island countries also served by the airline; and
- **Air Tahiti Nui**, owned by the Government of French Polynesia (84 percent) and some local investors.

Given that the airline industry is highly volatile, subject to many high risk, non-controllable factors such as fuel cost and travel interruption, the two airlines mentioned, even as success stories, have not always been successful.

Both have undergone numerous rounds of restructuring and received significant financial assistance from public and private sectors. For instance, Air Tahiti Nui survived four years of near bankruptcy, between 2011 and 2015, with the help of a rescue fund with voluntary contributions from all eligible workers in the region.



Air Pacific, which endured years of deficit, finally returned to its original name, Fiji Airways, in 2012 after a successful turnaround.

In both cases, the national carriers play critical roles in maintaining tourist access as well as basic logistics for the remote destinations, which offer strong products that attract upmarket guests.

Both national carriers also have their domestic counterparts which operate readily available inter-island flights that are critical to any tourism activity on their hundreds of remote islands.

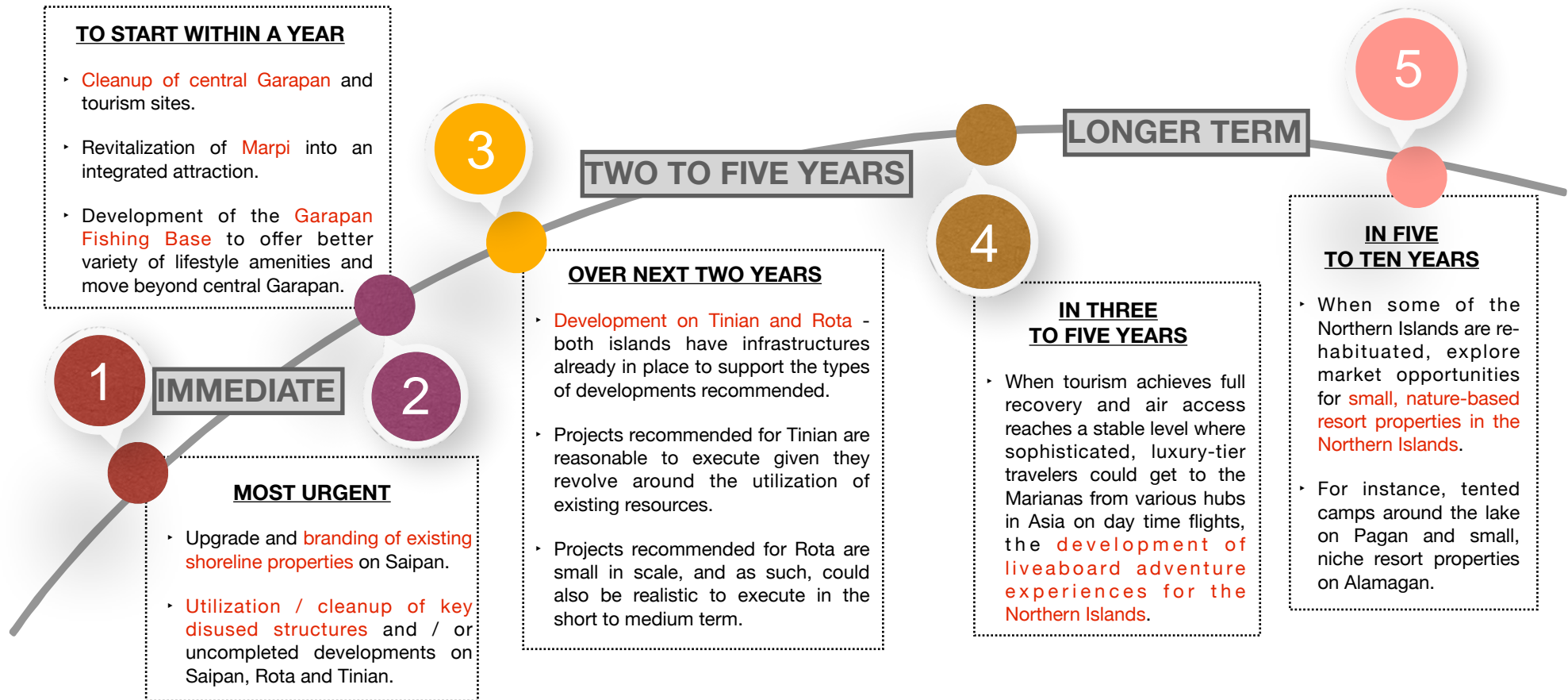
LESS IDEAL SOLUTIONS

On the contrary, Palau is an example of a destination that has had much less influence over its air connectivity, and a result, little control over the types of visitors to the country.

In 2014 to 2017, the surge in chartered flights from China brought in masses of travelers that doubled Palau's visitor arrivals. It also led to the closure of ecologically sensitive sites such as the Jelly Fish Lake, the mushrooming of restaurants sometimes serving vulnerable marine species, and the displacement / loss of traditional markets like Japan and Taiwan.

As another example, for Thailand's second largest island, Koh Samui, although it has stable air access offered by Bangkok Airways, the monopoly has kept fares high and has led to the island's occupancy performance being completely reliant on the capacity constraints of one airline.

DEVELOPMENT **TIMELINE & PRIORITIES** FOR THE MARIANAS



BRANDING FOR KEY ACCOMMODATION

Necessity for Branding for Key Accommodation by Island, the Marianas

	Saipan	Tinian	Rota	The Northern Islands
Management under Globally Established Hotel Brand	CRITICAL	CRITICAL	-	-
Management under Niche Brand	-	-	BENEFICIAL	-
Association with Marketing Platform	-	-	BENEFICIAL	BENEFICIAL

SAIPAN & TINIAN

For key existing shoreline properties as well as any new developments on Saipan and Tinian, it is critical that they are managed by leading hotel groups, under globally well-known brands.

The need for branding is driven by the following key factors:

- Critical to making the destination more competitive with respect to securing air routes and establishing day time flights.
- Key in helping to raise the profile of the destination, making it more attractive to upmarket travelers.
- Brands are often a pre-requisite for attracting meetings and incentive travel demand given the power of the loyalty programs.
- Given the larger scale of developments on Saipan, it is in the interest of the destination to introduce branding as a mandatory requirement to ensure that its prime land are optimally utilized.

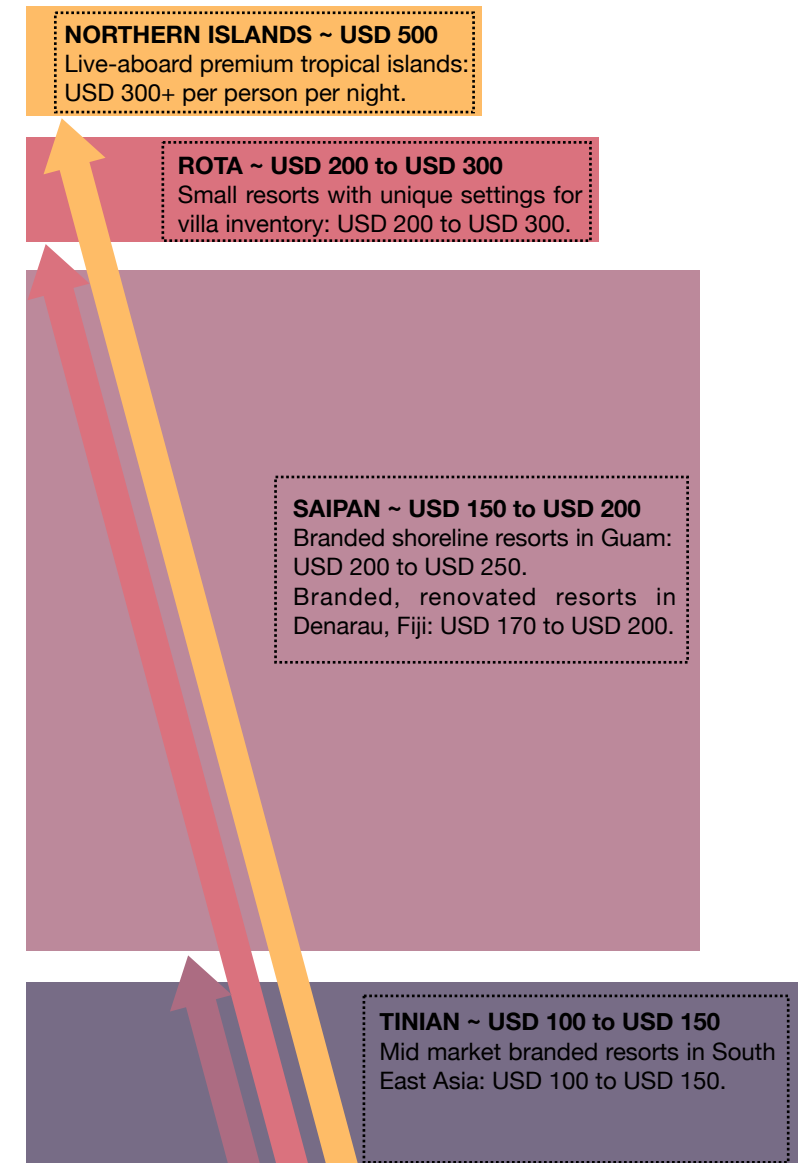
ROTA

- Given the small scale and positioning recommended for Rota's accommodation products, future properties are likely to be suited niche brands and / or be owner-operated.
- For these properties, association with marketing platforms which are well-established in the top-tier market, such as Leading Hotels of the World and Small Luxury Hotels, could be beneficial, especially in a developing market.
- As access improves and Rota gain more recognition, there is potential to attract niche resort brands.

THE NORTHERN ISLANDS

- Association with booking platforms for liveaboard and yacht holidays.
- Ideally operated in partnership with or by existing key players in the Marianas to achieve a level of comfort for guests particularly as a new, adventure product.

TARGET RATE POSITIONING



COMMUNITY INITIATIVES

SAIPAN

Under an inclusive approach, tourism developments on Saipan should aim to bring about the following benefits to the local community:

1. **Generating employment** opportunities for locals.
2. **Providing more amenities** for residents to enjoy, including making attractions like Marpi free for residents, the provision of more quality event spaces, as well as better roads and transport options.
3. **Sale of locally produced products** to tourists at shops and farmer's markets.
4. Hotels and restaurants should **source locally** (e.g.: produce, seafood) as much as possible.
5. **Working with schools** to organize seasonal events and educational tours.
6. **Development of more educational and training programs** for the local population.
7. **Host community events** to encourage connection and communication. This could include beach cleanups, fundraisers, sporting events etc.
8. Encouraging the community to be involved in programs at the key attractions and act as **community ambassadors**.

TINIAN & ROTA

Given that Tinian and Rota have much smaller communities, significantly less developed public facilities and infrastructure, tourism investors should ideally take on more significant roles to better the islands for the residents.

The goal is to create a mutually beneficial situation where the islands' key operators get full support from the local communities who also play significant roles in shaping the overall experience for visitors.

The following are some suggestions on additional community initiatives for developments on Tinian and Rota:

- **All developments should be completely self-sufficient** given the already limited infrastructure on the smaller islands.
- Investment in efforts to **improve public facilities**.
- Investment in the **training of local talent**.
- Superior benefits and incentives should be explored to **attract local staff** given differences in lifestyle compared to Saipan.
- Encouraging community-based tourism, particularly for Rota, by allowing tourists to **experience more the local ways of life**.
- Greater involvement and more **active roles in conservation efforts**.

THE NORTHERN ISLANDS

Although only the liveaboard concept has been recommended, as interest in the Northern Islands grow with increased visitation by adventure-seeking, top-paying guests, there could be potential to introduce small scale, nature-based tourism at the top end of the market.

Apart from being completely self-sustainable, any tourism undertaking on the Northern Islands should also have to invest in similar infrastructure for at least its staff facilities and ideally part of the community where applicable with the **goal of encouraging re-population of the Northern Islands**.





4. SUSTAINABLE DEVELOPMENT TARGET FOR THE MARIANAS

- ✓ Target Visitor Arrival Level
- ✓ Sustainable Development Issues
- ✓ Synergies between the Islands
- ✓ Potential Itineraries for the Revitalized, Sustainable, Multi-Island Destination

TARGET VISITOR ARRIVAL LEVEL

It is critical for all stakeholders as well as the community to be on the same page with regards to clearly-defined tourism goals for the Marianas.

Some of the most accountable and universal measures are:

- annual visitor arrivals; and
- tourism spending per visitor.

The following section presents analysis to suggest a reasonable target for visitor arrivals in the medium (five to ten years) term.

The analysis takes into consideration the following key influential factors:

- The destination’s limitations in resources, particularly natural resources, and labor.
- The need to preserve the delicate natural environment.

- The importance of ensuring quality of life for the residents, by actively managing and preventing negative impacts from excessive development.
- The benefits of attracting higher spending visitors and ensuring that the experience is optimized for them.
- Historical arrival levels for the Marianas as an estimate of reasonable capacity for its existing infrastructure.

The overriding strategy is to bring in higher tourism revenue for the Marianas while balancing the impact of tourism on the environment and prioritizing the quality of life for its residents.

OVERALL VISION FOR THE MARIANAS

Sustainable, Multi-Island Destination offering Fun, Quality Getaways to Responsible Travelers looking to Discover and Enjoy Nature.

Visitor Arrivals, Population, Land Area and Tourism Spending Comparison (Based on 2019 Visitor Arrival Levels)

	The Marianas	Guam	Maldives	Kauai	Fiji	Palau	French Polynesia	Koh Samui	Bali	Phuket	Boracay
Visitor Arrivals	487,008	1,666,665	1,702,887	1,370,029	894,389	94,051	~ 300,000	~ 1,300,000	16,100,000	9,109,487	2,034,599
Estimated Population	56,000	167,000	530,000	72,000	890,000	18,000	280,000	65,000	4,362,000	420,000	35,000
Approximate Land Area (square miles)	119	212	115	562	7,100	177	1,600	77	2,230	210	4
Estimated Tourism Spending per Visitor (USD)	\$850 *	\$1,167	\$1,862	\$1,394	\$1,144	\$1,308	\$3,245	-	-	-	\$601

* Estimated based on expenditure data by source market from MVA’s survey in 2011, adjusted to 2019 values and applying 2019’s source market mix.

COMPARISON ANALYSIS

The table below compares the Marianas to ten other island destinations in terms of visitor arrivals (including foreign and domestic visitors, which are particularly applicable to the four South East Asian destinations), tourism spending, population and land area.

Although there is no scientific correlation, looking at the ratio of visitor arrivals to land area relative to the general perceived quality of the destinations shown below, there is a definite trend between the level of tourism impact and how pristine the environment is.

THE PRISTINE

- For instance, destinations that fall into the pristine category are Palau, Fiji, and French Polynesia, with around 100 to 500 visitors per square mile.

- Kauai is another destination that has strongly emphasized quality over quantity when it comes to tourism growth. Back in 2017, it identified 1.3 million visitor arrivals to be the limit under which resident and tourist experiences remain reasonable.
- In 2019, Kauai's visitor arrivals to land ratio was 2,500, significantly lower than that of Guam and the Maldives.
- Destinations in the pristine category also generally achieved higher tourism spending per visitor.



AGGRESSIVE GROWTH

- Prior to the possibility of having guesthouses on local islands in 2008, the Maldives remained a strictly luxury destination with resorts only on tourist islands. Back then, visitor arrivals grew gradually, reaching just under 676,000 in 2007.
- Arrivals grew more aggressively afterwards, reaching 1.1 million in a short period of four years post the Global Financial Crisis, and surpassing 1.7 million by 2019.
- However, occupancy at luxury properties in the Maldives experienced some levels of decline, down to the low 60s. This was due to new supply, with more than 15 resorts having opened in 2019 alone, but is also possibly impacted by the destination's deviation from its original one-island-one-resort luxury positioning.



- With 30 percent of its area leased for military uses, Guam's remaining land of around 140 square miles welcomed nearly 1.7 million visitors in 2019.

SUFFERING FROM OVERTOURISM

- Although official data is not available on estimated tourism spending for most of the South East Asian destinations included in the analysis, given the market data on hotels presented earlier, it is clear that the average spending per visitor is on the lower end.
- An even more alarming issue is the amount of visitors. Although the economies of Boracay, Phuket and Bali have benefited, the destinations themselves have gone through drastic changes from the impact of tourism.



TARGET VOLUME FOR THE MARIANAS

- During its tourism boom in the late 90s, visitor arrivals reached nearly 730,000.
- More than 20 years later, with aging infrastructure and facilities that have undergone limited maintenance and heavy usage, a smaller population, limited availability of foreign labor, and less non-renewable natural resources, it is highly uncertain if the destination could sustainably host visitor volumes surpassing the previous peak.
- Unless there is significant, destination-wide overhaul to the current infrastructure, it is assumed that a visitor arrival target considerably surpassing the previous peak is not realistic or desirable in the long-term, sustainable interest of the destination.

- Given that premise, it is much more realistic and beneficial to focus on growing tourism spending by turning the Marianas into a competitive multi-island destination.
- As seen from the average tourism expenditure per visitor figures presented, there is significant room for growth for the Marianas. The estimated figure for the Marianas lags behind that of the next highest destination (Guam) by nearly 40 percent.
- This is influenced by the rates accommodation and tourism facilities are able to command based on their competitiveness, but also by the average length of stay.
- For instance, the average length of stay for Fiji was 9.6 nights according to its 2019 visitor survey and that for the Maldives was around 6 nights.

CHECK ON CAPACITY

- The following table summarizes the target visitor arrival levels suggested for Saipan, Tinian, and Rota in the medium term (next five to ten years).
- Average length of stay by island, double occupancy assumptions and target occupancy levels have also been applied to arrive at an estimated room count for upmarket inventory.
- For the Northern Islands, guests are accommodated for on liveaboard vessels. The numbers below assumes a vessel with 10 cabins, sailing only half of the year (accounting for demand and ocean conditions) at an average occupancy of 90 percent.
- Together, the estimates below puts the Marianas at an annual visitor arrival target of under 750,000 with an overall average length of stay of five to seven nights.



Target Overnight Visitor Arrivals and Corresponding Inventory Scale by Island, the Marianas

	Saipan	Tinian	Rota	Northern Islands
Target Overnight Visitor Arrivals	700,000	25,000 *	22,000	< 1,000
Target Average Length of Stay	4		3.5	4.5
Double Occupancy Factor	2.5		2	2
Target Average Occupancy	75%		70%	90%
Corresponding Supply (Rooms)	~ 4,000		~ 150	10
Estimated Land Area (miles ²)	47	39	33	55
Population	~ 50,000	~ 3,200	~ 2,700	13

* A mix of day and overnight visitors.

SUSTAINABLE DEVELOPMENT ISSUES

1. Importance of Preservation

- For tourist island destinations in particular, the proper maintenance and management of finite natural resources is critical. This helps to ensure that future generations of the community could continue to enjoy their beautiful home.
- Successful sustainable tourism based on preservation could help market the Marianas through potential accreditations with organizations such as UNESCO and IUCN as well as platforms dedicated to responsible travel.
- Many global studies indicate that consumers wish to travel more sustainably and reduce their impact on the environment, indicating that responsible tourism is going to be the way forward.
- As a destination whose single largest asset is nature, if left unmanaged, environmental impacts from tourism could make the Marianas less attractive to visitors.

2. Overtourism

Over the last several years, overdevelopment and overtourism have become key issues of concern for many destinations whose economies are closely linked to tourism.

While these challenges are global, South East Asia has received significant attention as a region suffering some of the more severe damages.

SEVERE DEPLETION OF NATURE

As seen from the visitor arrival levels presented earlier, many destinations are hosting drastically more visitors than their dedicate, small ecosystems could handle.

For instance, the once pristine and other worldly cove, Maya Bay in Thailand's Krabi province, suffered severe damages from unmanaged visitation of upwards of 5,000 tourists daily.

In 2018, the government closed the small cove until further notice in efforts to revive its marine ecosystem, which, reportedly had nearly 90 percent of its reefs die off over a period of several years.

Many other destinations have suffered similarly, such as Boracay in the Philippines, a four square-mile island that received two million annual visitors.

IMPACTS ON THE COMMUNITY

Many of the once-small and charming communities have lost their indigenous customs and traditional ways of living, becoming overly dependent on tourism which may or may not be sustainable in the long run.



DECLINE IN PERFORMANCE

As presented earlier, many of these destinations, such as Phuket and Bali, also suffer from oversupply in their hotel markets, leading to either:

- declining or weak rate performance in efforts to maintain occupancy; and / or
- lower occupancy performance.

3. Quality of Developments

- Since prime, beachfront land is a scarce asset, and if well utilized could contribute greatly to a destination's profile and offerings, it is critical that any new development / redevelopment in the Marianas are of high quality.
- In this regard, introducing branding as a mandatory requirement for any new development and redevelopment project could help to ensure their quality as well as legitimacy.
- Globally established hotel groups have stringent requirements and exhaustive checklists of items that they vet developers with as well as encyclopedic brand standards for a hotel's facilities and quality.
- Requiring branding is an obtainable way to introduce an effective filter to help the Marianas avoid undesirable projects that do not sustainably contribute to the destination in the long run.

4. Future-Proofing

As a destination that has relied heavily on a reactive, rather than proactive model in the past, there is critical need for the Marianas to take proactive measures to ready the destination for competition on a broader scale.

This need is made greater in the post COVID-19 era. With airlines having incurred millions in losses, when travel demand returns, they are likely to be more demanding than previously on route profitability. A destination driven by tour operators and group fares is likely to be at a significant disadvantage under such a climate.

In addition, geopolitical risks are also issues to consider, particularly with markets that are more prone to collective behavior.

For instance, while many markets worldwide have benefited considerably from the outbound China tourism trend in recent years, destinations that have not neglected other markets have fared noticeably better than those that have let one booming segment dominate, only to find that displaced demand from other segments are difficult to recapture as the surge from the booming market inevitably flattens.

Furthermore, in the post COVID-19 travel era, as the procedures of travel become more time consuming and costly, generally all consumers are likely to become more selective in their vacation choices.

Under this changing climate, although the Marianas has enjoyed strong surges in demand in the past, backed by the natural beauty of the destination, such growth is likely to be difficult to sustain in the long term without significant improvements.



SYNERGIES & DESTINATION MARKETING

1. Variety of Offerings

With nature and the fun of discovery at the core of its offerings, the revitalized Marianas, as a multi-island destination, is expected to offer a variety of experiences that complement each other as follows:

- ▶ Quality beach holidays for leisure travelers and incentive groups on Saipan.
- ▶ Fun, unique and cultural day-trip attractions and festive events on Tinian.
- ▶ Niche, rustic luxury retreats for top-tier guests looking for special occasion experiences on Rota.
- ▶ Adventure and discovery for the true explorers on the Northern Islands.

2. One Clear Identity

In order to successfully market itself as a multi-island destination, the Marianas needs to, first and foremost, establish a **unified identity for the entire destination**, one that is **clear, simple, and memorable**.

Fiji is a prime example of a multi-island destination offering a wide range of products that has successfully done so. With accommodations that range from surf camps under USD 50, to full-service branded resorts, to private island retreats at USD 1,000 per night, Fiji attracts just as wide a range of travelers, from families that holiday at the same resort each year, to special occasion guests, to adventure seekers.

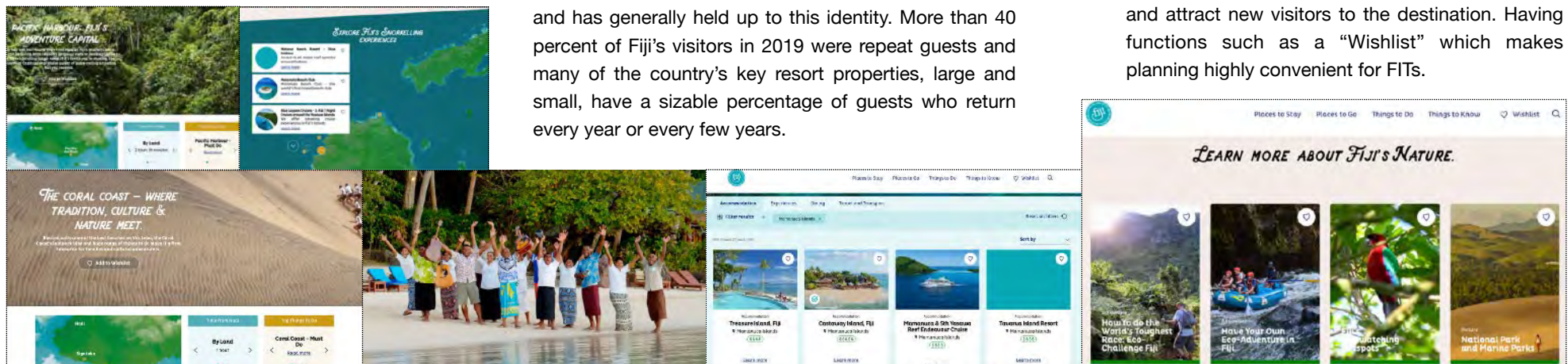
To tie all these different experiences together, Fiji has chosen its Bula Spirit and Happiness as the identity.

Regardless of the location or the tier of accommodation, Fiji promises to be the place to feel happy for all guests and has generally held up to this identity. More than 40 percent of Fiji's visitors in 2019 were repeat guests and many of the country's key resort properties, large and small, have a sizable percentage of guests who return every year or every few years.

3. Website: One-Stop-Shop

With regards to destination marketing, an official travel website is the most critical item for the Marianas. This website should ideally serve the following purposes and / or have the following functionalities:

- ▶ Be a “one-stop-shop” that lists all of the destination's offerings in the categories of accommodation, attractions, activities, itineraries, and travel tips.
- ▶ Be easy to navigate - for instance, categorizing attractions and activities by interest, such as adventure, romance, family etc. rather than by island to encourage visitation of multiple islands.
- ▶ For each hotel / attraction / activity operator / service provider, make sure that a standardized list of key information is presented in a uniform way, with a booking option that takes the viewer seamlessly to the operator's website.
- ▶ Become the best planning tool that could inspire and attract new visitors to the destination. Having functions such as a “Wishlist” which makes planning highly convenient for FITs.



ITINERARIES FOR THE MARIANAS AS A MULTI-ISLAND DESTINATION

SAIPAN ONLY 4 OR 5 NIGHTS

- DAY 1 Arrival & Sunset Drinks at Hotel
- DAY 2 Managaha Island
- DAY 3 Marpi Integrated Attraction
- DAY 4 Day trip to Tinian
- DAY 5 Morning or Afternoon Departure

- DAY 5 Explore beaches on Saipan & Shopping
- DAY 6 Morning or Afternoon Departure

SAIPAN 4 NIGHTS + ROTA 2 NIGHTS

- DAY 1 Arrival & Sunset Drinks at Hotel
- DAY 2 Managaha Island
- DAY 3 Marpi Integrated Attraction
- DAY 4 Day Trip Tinian and / or Explore Saipan

- DAY 5 Flight to Rota & Bike around Rota
- DAY 6 Continue Exploring Rota
- DAY 7 Flight to Saipan & Connect to Next Flight

SAIPAN 4 NIGHTS + TINIAN 1 NIGHT

- DAY 1 Arrival & Sunset Drinks at Hotel
- DAY 2 Managaha Island
- DAY 3 Marpi Integrated Attraction

- DAY 4 Ferry to Tinian & Explore Tinian
- DAY 5 Ferry back to Saipan
- DAY 6 Morning or Afternoon Departure

ROTA 4 NIGHTS + SAIPAN 1 NIGHT

- DAY 1 Arrival to Rota via Saipan or Guam & Sunset Drinks at Rota Hotel
- DAY 2 Bike around Rota
- DAY 3 Enjoy the Resort
- DAY 4 Day out on Boat

- DAY 5 Flight to Saipan & Enjoy Saipan
- DAY 6 Morning or Afternoon Departure

NORTHERN ISLANDS 5 NIGHTS + SAIPAN 2 NIGHTS

- DAY 1 Arrival Welcome at Pier & Get onto Yacht
Overnight Sail to Anatahan
- DAY 2 Explore Anatahan & Surroundings
Overnight Sail to Alamagan
- DAY 3 Explore Alamagan & Surroundings
Overnight Sail to Pagan
- DAY 4 Explore Pagan & Surroundings
Overnight Glamping on Pagan if Ideal
- DAY 5 Day & Overnight Sail to Saipan

- DAY 6 Arrive & Enjoy Saipan
- DAY 7 Marpi Integrated Attraction
- DAY 8 Morning or Afternoon Departure

NORTHERN ISLANDS 4 NIGHTS + ROTA 3 NIGHTS

- DAY 1 Arrival Welcome at Pier & Get onto Yacht
Overnight Sail to Anatahan
- DAY 2 Explore Anatahan & Surroundings
Overnight Sail to Alamagan
- DAY 3 Explore Alamagan & Surroundings
Overnight Sail to Pagan
- DAY 4 Explore Pagan & Surroundings
Overnight Sail towards Rota
- DAY 5 Daytime Sail, Arrive at Rota & Sunset Drinks at Rota Hotel
- DAY 6 Enjoy the Resort & Explore Rota
- DAY 7 Bike around Rota
- DAY 8 Flight to Saipan & Connect to Next Flight

ABOUT THE AUTHOR

Darlana Zhai

Since graduating from the Cornell Hotel School in 2007, Ms. Darlena Zhai has been involved in over 300 tourism and hospitality projects, in over 75 key markets across Asia, the Pacific Islands, the Caribbean, and Africa. A Director at the Hong Kong office of Horwath HTL until 2018, Ms. Zhai has extensive experience in destination tourism planning, sustainable development, feasibility and market studies for hotel and tourism developments, hotel management contract negotiations, and asset management. Ms. Zhai was the main author for the Sustainable Tourism Development Study prepared for the Marianas Visitor Authority in 2017. Ms. Zhai's experience in the Pacific Islands also cover more than 15 other studies in markets in the Marianas, Guam, Palau and Fiji.