

Sector guide **Tourism**



GOBIERNO DE
EL SALVADOR

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Surf City Beaches



Fairfield by Marriot Hotel



Atami Escape Resort

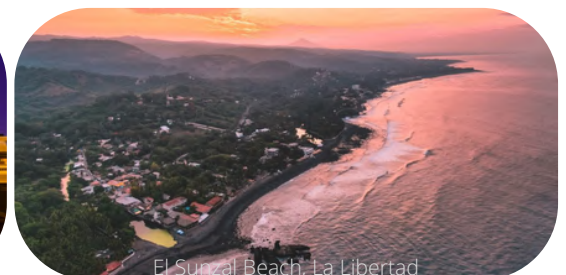
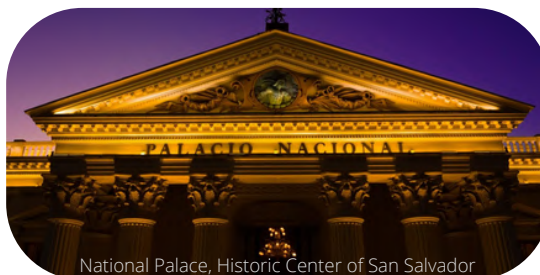
Introduction and overview

El Salvador, a place surrounded by beaches and many riches to discover in the heart of Central America. In its landscapes, the majesty of its mountains and volcanoes coexist with the serenity of its beaches bathed by the Pacific Ocean, while its ancestral history is intertwined with the vitality of its contemporary culture.

In this country, nature and culture are interlaced in a unique setting. However, El Salvador is more than a tourist destination, it is a palpable investment possibility in a booming sector. The perfect waves for surfing are not only a magnet for travelers in search of unique experiences, but also great opportunities for visionary investors. With a tourism market in constant growth and a government committed to sustainable development, the doors are open for those who wish to be part of this transformation.

The combination of investor-friendly policies, magnificent natural and cultural attractions, as well as an environment conducive to the development of innovative tourism projects make El Salvador an unmatched investment destination.

Be part of this story! Invest in a country that eagerly welcomes you and promises a return not only financial, but also social and human.



Location and characterization of El Salvador

El Salvador is located in the Central American region, bordering Honduras to the north and east, Guatemala to the west, and the Pacific Ocean to the south. Its strategic location makes it a bridge between North and South America.

In demographic terms, the country has a diverse population of 6.3 million inhabitants and an Economically Active Population of approximately 3 million, of which 54% are under the age of 40. The capital, San Salvador, is the cultural and economic center of the country.

From a geographical point of view, El Salvador is known for its contrasts, from tropical beaches along its 321 kilometers of coastline, being one of the most recognized destinations worldwide for surfing, to picturesque mountains and volcanoes. . Volcanic activity has shaped its landscape, providing unique opportunities in terms of tourism. Thus, the geographical diversity of El Salvador makes it an attractive destination for nature and adventure lovers.

Salvadoran culture is rich in traditions, with a strong indigenous influence and a mix of ancestral customs and contemporary elements. The hospitality and warmth of its people are outstanding aspects of Salvadoran society, which consequently provides an ideal human resource for activities related to services.

Delimitation of the sector

To analyze the commercial evolution of the sector, data referring to exports of travel services are considered, which include goods and services acquired in the country by non-resident travelers for business purposes and for personal use (for a period of less than one year). The data source used by the Central Reserve Bank (BCR) for this purpose is the special travel survey carried out by the Salvadoran Tourism Corporation (CORSATUR).

This survey carries out a sample survey in the main ports of entry of the country, determining type of traveler, tastes, preferences, total expenditure and average stay, both for outbound and inbound tourism.

Regarding employment data, information of the ISIC codes¹linked to the sector was used, which are those used by CORSATUR for the publication of employment statistics of the tourism industry, which for the purposes of this sectoral profile, have been grouped into the following categories:

ACTIVITY	ISIC	DESCRIPTION
Accommodation Services	5510 5590	Short term accommodation activities Other accommodation activities
Food services	5610 5621 5629 5630	Restaurant and mobile food service activities Event catering Other food service activities Beverage serving activities
Transport	4911 4922 5012 5110 5120 5221 5224 5229 7710	Passenger rail transport, interurban Other passenger land transportation Sea and coastal freight water transport Passenger transportation by air Freight air transport Service activities incidental to land transportation Cargo handling Other transportation support activities Renting and leasing of motor vehicles
Real estate developments	6810 6820 8130	Real estate activities with own or leased property Real estate activities on a fee or contract basis Landscaping activities and related maintenance services

¹ International Standard Industrial Classification of all economic activities

ACTIVITY	ISIC	DESCRIPTION
Travel agencies and tour operators	7911 7912	Travel agency activities Tour operator activities
Recreational activities	5310 5914 9000 9102 9103 9200 9311 9319 9321 9329	Postal activities Motion picture projection activities Creative, artistic and entertainment activities Museum activities and conservation of historical places and buildings Activities of botanical and zoological gardens and nature reserves Gambling and betting activities Management of sports facilities Other sports activities Activities of amusement parks and theme parks Other amusement and recreation activities n.e.c.



Tourism market in El Salvador

Sunset Park, La Libertad, El Salvador

Main performance indicators 2023

El Salvador has historically had a solid and growing tourist demand. The tourism sector is one of the most important for the Salvadoran economy. During 2023, the country received 3.4 million visitors, generating an average of more than 67 thousand direct jobs in the first quarter of 2023. Likewise, the sector represents around 12.3% of GDP (estimate for the 2nd quarter of 2023 from World Travel & Tourism Council).

Below are key indicators of the sector's performance in El Salvador:



3.4 million international visitors in 2023



Visitor growth 2023 vs 2022

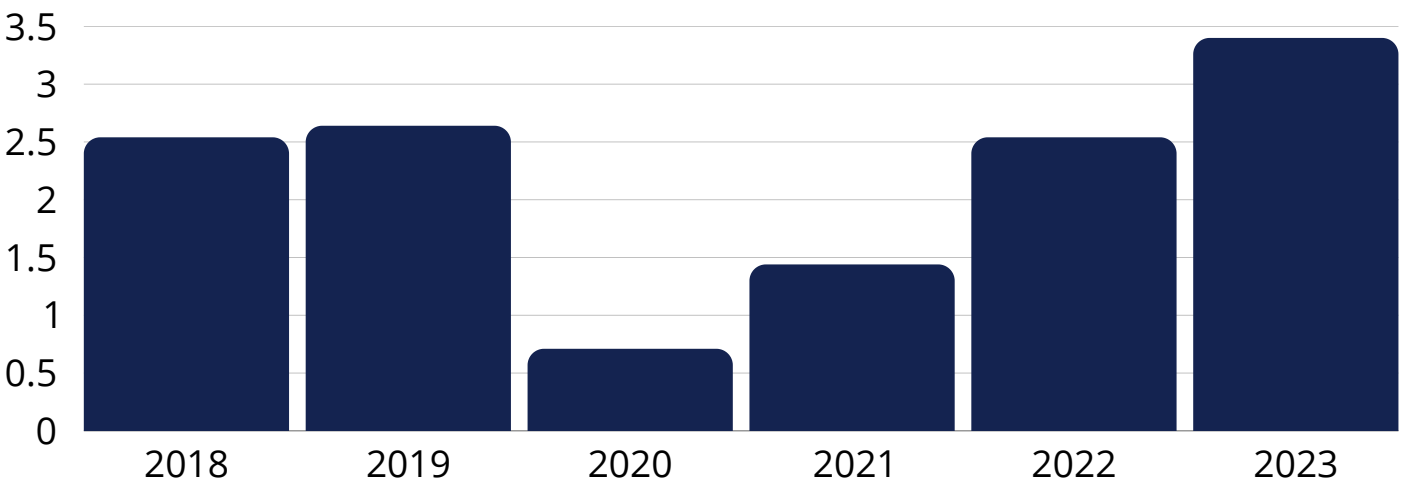


Average spending per person



Medium stay

El Salvador, number of visitors 2018 - 2023 (Millions)



In recent years, the country has undergone a profound transformation. According to an international survey by CID Gallup, El Salvador is the Latin American country with the lowest perception of an increase in crime (September 2023), denoting that it has become one of the safest on the continent.

The above has directly affected the growth of the tourism sector, which, during 2023, reported a growth rate of 33% compared to the previous year. According to the Ministry of Tourism, of the 3.4 million visitors that were received by the country, 73% were tourists (2.4 million) and 27% were excursionist (1 million).

International tourism income



Income from tourism in El Salvador reached USD \$3,793 million during 2023, which meant a growth of 115% compared to 2019, reaching a daily expense per person of more than USD \$1,280 for an average stay of 11 nights. Likewise, the sector has marked a milestone, going from representing 5% of GDP to 11% in 2023 according to estimates by the Ministry of Tourism with data from the Central Reserve Bank.



² **Source:** BCR; The travel category covers expenses on goods and services made by non-residents in the country. Year 2023 figures accumulated until the 3rd quarter.

Origin of international visitors

43% United States



23% Guatemala



15% Honduras



19% rest of the world



It can be highlighted that more than 40% of tourists who enter the country come from the United States, which is also a population group with greater purchasing power. Then, more than 35% come from the immediate neighboring countries, Guatemala and Honduras and 19% come from the rest of the world. 56% of visitors arrive in the country by air and 44% do so by land.



Source: Profile and expenditure of international visitors - CORSATUR, SPSS SA de CV and Migration and Immigration Data.

Present and projections of the Tourism sector

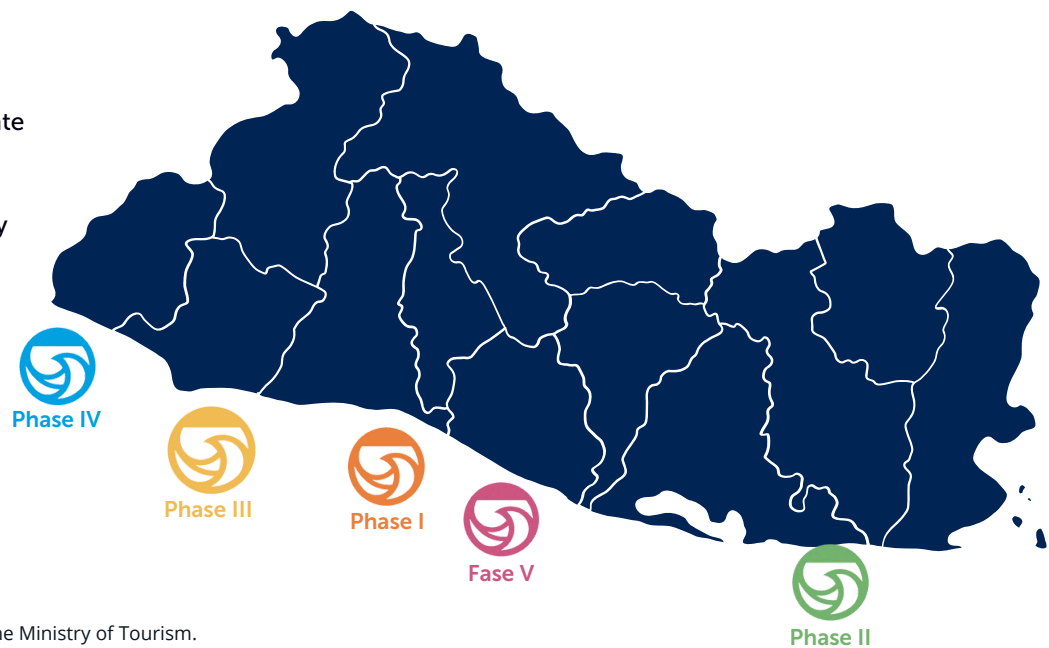
The year 2023 marked an extraordinary milestone for tourism in El Salvador, with an outstanding growth of 33% compared to the previous year, generating more than \$3,793 million in foreign currency. This notable expansion is attributed to the successful execution of the governmental strategy, which included large-scale events such as:

- 6 international surf tournaments that resulted in more than 18,000 international visitors and more than USD\$21 million in revenue
- XXIV Central American and Caribbean Games that attracted more than 12,000 international visitors and generated USD\$16 million in income
- Miss Universe 72nd edition that had 65,000 visitors, which translated into USD\$ 177 million in income

Currently, El Salvador stands out for its offer specialized in sun and beach tourism along its 321 kilometers of coastline. In 2023, Lonely Planet magazine included El Salvador on the **Best in Travel** list, highlighting its idyllic beaches that attract both surfing professionals and aspiring surfers from around the world. Likewise, The New York Times has included El Salvador in its list **52 Places to Go in 2024**, thus consolidating the interest of investors and visitors to explore the wonders of the country.

Phases of the Surf City strategy

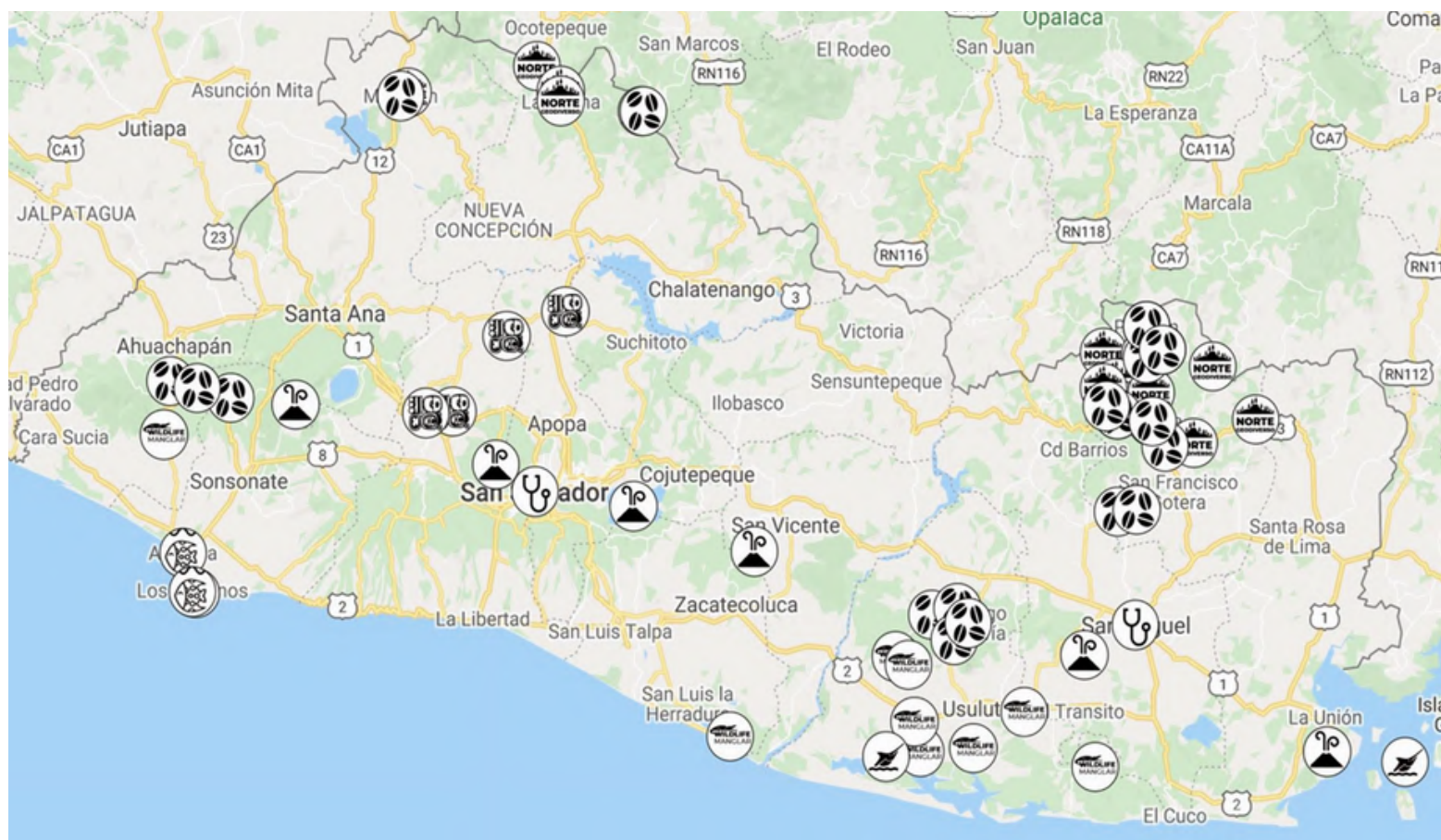
- Phase I**
From the beaches of La Libertad to El Zonte
- Phase II**
Beaches in the eastern area of the country
- Phase III**
La Libertad - Sonsonate
- Phase IV**
Ahuachapán - Sonsonate
- Fase V**
La Libertad - La Paz



Source: Invest in El Salvador with information from the Ministry of Tourism.

Thanks to improvements in security and tourist positioning, the cruise season from October 2022 to April 2023 attracted 17,000 tourists and generated approximately \$1.4 million in foreign currency, according to CEPA.³ The gastronomic and cultural diversity, along with the picturesque beauty of the towns, make El Salvador an ideal destination for rural tourism. Standing out in ecotourism, it offers a wide variety of natural parks and activities such as trekking, canoping, kayaking, rapids and climbing. Its more than 170 volcanoes, 14 of them active, add a unique attraction to the tourist experience.⁴

Natural tourist attractions El Salvador



Source: CORSATUR

³ Source: Autonomous Port Executive Commission (CEPA).

⁴ Source: National Geographic.

The future of the sector

Regarding the outlook for 2024, the Salvadoran Tourism Institute (ISTU) projects that more than 3.8 million international tourists will visit the country, representing an increase of 11.7%. It is anticipated that the holding of outstanding events, both in sports, culture and business, will continue to consolidate El Salvador as a key destination. This privileged position has already been recognized by the New York Times in its list "52 Places to Go in 2024", consolidating the appeal of investors and visitors to discover the wonders of the country.

The sustained development in the tourism sector has created ideal conditions for investors. Thus, demand has exceeded supply, which means that future tourism-related business will have a rapid return on investment.

52 Places to Go in 2024, New York Times

"...El Salvador's security situation has drastically improved, opening up large areas of the country. Long-ignored hotels and restaurants are experiencing renewed interest along the Ruta de las Flores, a 20-mile string of rural villages in the western highlands that are surrounded by coffee fincas and pine forests, culminating in the ever-expanding night market in Nahuizalco, home of the Nahua, an Indigenous group.

In San Salvador, the capital, the dining scene is charging beyond fast-food chains, led by the fine-dining hot spot El Xolo, which champions local varieties of corn in its restaurant inside the Museo Nacional de Antropología. Coffee shops like Carajo and Crafters promote small farms growing native varieties like pacamara.

Along the coast, government initiatives like the new pier and seafood market at Puerto de la Libertad receive the most attention, but more deserving are the riverbed oyster bar Chepe Aleta, in the town of El Zonte, and the beach camps and eco-lodges outside the Playa El Tunco surf bubble.

—Nicholas Gill for the New York Times

Eramón hill, Chalatenango, El Salvador

Infrastructure and Development

La Libertad Bypass, El Salvador

El Salvador has a privileged location in the heart of the Americas with developed infrastructure. According to the latest World Economic Forum Global Competitiveness Index available for 2019, the country ranks 1st in Road connectivity index and 2nd in Infrastructure. In terms of air connections, it has 2 international airports that connect to more than 34 routes and 14 countries in America, the Caribbean and Europe.

The El Salvador International Airport is strategically located just 40 minutes from the capital and in 2023 it moved more than 4.5 million passengers in arrivals, departures and connections, this is an increase of 32% compared to 2022. Due to the size of its territory and the concentration of tourist attractions, El Salvador offers great competitiveness for international tourists, allowing them to visit a large number of destinations in a very short time, the majority being less than 2 hours from the capital or the international airport.

The country uses the same time zone as the central zone of the United States of America, which enables it as a hub for the provision of international and commercial services to one of the largest markets in the world. In terms of tourism, this combination of advantages in terms of location and infrastructure allows the arrival of a significant number of international visitors by land and air.

Recent tourism development works

Some of the public investments made in recent years to strengthen and improve the attractiveness of the country's tourism sector are the following:

- Modernization of the International Airport of El Salvador, AIES-SOARG:

The expansion of the passenger terminal has increased the capacity to receive more than 5 million passengers, consolidating it as one of the most modern airports in the region. This improvement included the construction of a new building, waiting rooms, boarding bridges, shops and modern immigration control areas with X-ray equipment.

- Cerro Verde Mountain Hotel:
Rehabilitation of the hotel facilities in 20 rooms, gardens, lounge bar, cafeteria, kitchen, reception, administrative offices, service infrastructure, among others.
- Sunset Park:
Inauguration of the first amusement park in the country, complementing the tourist attraction of Surf City both nationally and internationally.
- Remodeling of the La Puerta del Diablo Recreational Park:
Reconditioning of facilities integrated with nature: parking lots, pergolas, kiosks, plazas, green areas, etc., benefiting more than 900,000 annual visitors.
- Improvement of the Physical Infrastructure of El Boquerón National Park:
Construction of 3 new viewpoints and improvement works on the access road, planting vegetation, new signage, among others, benefiting approximately 100,000 visitors annually.



Sunset Park, Amusement Park

- Construction of the National Library of El Salvador (BINAES):
This space will not only house the country's bibliographic heritage, but will also be a comprehensive cultural center for youth, built with funds donated by the People's Republic of China.

Future development projects

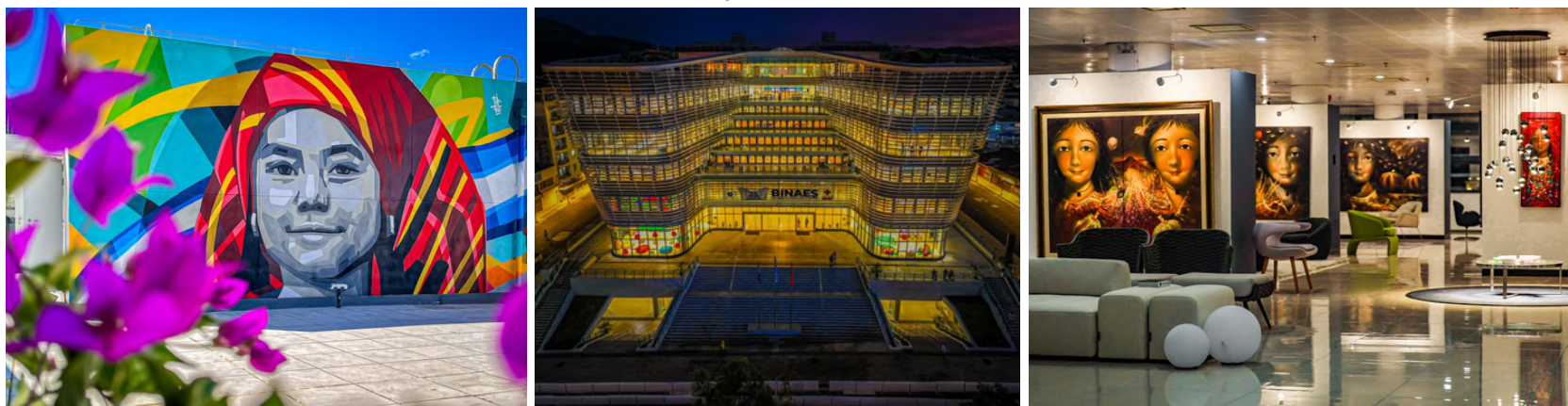
The Pacific’s Airport (Aeropuerto del Pacífico) is part of the Government's strategic projects to turn the east of the country into a development pole and a world-class tourist destination. Likewise, a variety of large-scale projects such as the Pacific’s Train (Tren del Pacífico), the shipyard in the Port of La Unión, and Bitcoin City, among others, are currently in the process of evaluation and/or execution.

Currently, El Salvador has a pipeline of 35 projects identified in the tourism sector, in different stages of development, which translates into:

Project Type	Estimated investment amount	Number of projects
Accommodation	\$920,250,000	16
Business and commerce	\$98,380,000	19

Source: own elaboration, data from Invest in El Salvador.

National Library of El Salvador (BINAES)



Opportunities, advantages and incentives to invest in El Salvador

Investment opportunities in tourism infrastructure

- Hotels/Boutiques
- Beach hotels
- Mountain hotels
- Convention centers
- Thematic parks
- Spas and wellness centers
- Medical tourism
- Gastronomic establishments
- Port projects / Marinas



Advantages of investing in El Salvador

- Solid and growing tourist demand. Annually, El Salvador receives approximately 3 million visitors.
- Dollarized economy.
- Air traffic hub with more than 812 weekly arrivals and departures.
- Service-oriented workforce.
- Differentiating value of waves for surf tourism.



Law of Creation of the Planning Authority of the Historic Center of San Salvador

Due to the government's strategy to modernize and reactivate the historic center, the Historic Center Planning Authority (APLAN) was created, which grants attractive tax incentives for those who want to develop tourism projects in the delimited area.

Tax incentives

Income Tax (IT/ISR) Exemption: Exemption from IT for a period of ten years for investments in construction, remodeling, improvement, expansion, recovery and conservation of properties for an amount of USD \$1,000 per m² in properties that have a minimum of 25 m². Those properties with a smaller area, where the minimum investment generated is USD \$25,000, will also be subject to this incentive.

IT deductible expenses: 100% is recognized as a deductible expense of said tax, (according to valuation), by any natural or legal person, the donation of real estate, or in the construction, reconstruction, restoration, maintenance, lighting or improvement of parks, green areas, churches or any other site of public use and purposes that are within the delimited area, provided that it is done in congruity with the requirements related to cultural heritage in accordance with the applicable laws.

Exemption from municipal taxes: the right to enjoy an exemption from municipal taxes, equivalent to 100% of the total and for a maximum period of ten years, is recognized and established for any investment authorized by APLAN.

Benefits

Investments in commercial and tourist activities such as:

- Food services
- Accommodation
- Recreation
- Real estate and housing development
- Information and transportation
- Parking development
- Cultural activities
- Activities that aim at the rehabilitation, conservation and recovery of properties found within the delimited area of the Historic Center of San Salvador

A scenic landscape photograph of Coatepeque Lake in Santa Ana, El Salvador. The lake is a deep blue, nestled between lush green mountains. In the foreground, a dark, leafy tree branch hangs from the top left corner. The sky is filled with soft, white clouds. The overall tone is peaceful and natural.

Success stories and support for investors

Coatepeque Lake, Santa Ana



Hyatt Centric Hotel

Hyatt Centric is the first Lifestyle Hotel in El Salvador, it combines local culture and art with the comfort of a 5-star hotel. Hyatt Centric San Salvador is operated by GHL, the largest hotel chain in Latin America.

It has 138 rooms inspired by surfing, Salvadoran art and warm colors, 5 versatile and modern event rooms, restaurants with menus inspired by the flavor of the sea and authentic Salvadoran food and a Stayfit Gym open 24 hours a day.

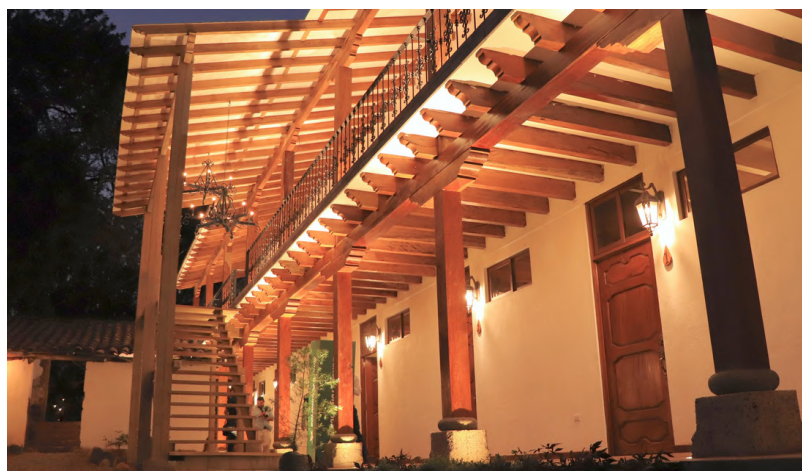




Casa 1800

Being an investment by Salvadorean Tours, Casa 1800 has managed to position itself as a tourist center in the Suchitoto area, which in addition to generating jobs, has allowed the growth of the local economy through the use of products made by local artisans.

As part of its social responsibility projects and sustainable tourism development, Casa 1800 is a zero-plastic operation and recycles the drinking water used in the restaurant to water the plants there. Casa 1800 recently expanded to create a unique concept in the country and become the first luxury colonial hotel in El Salvador. The project was designed preserving and respecting the adobe structure of the original construction of the property with the objective of enhancing the country's culture. Each hotel room has a design and concept inspired by relevant aspects of the history of El Salvador.





Grupo Campestre

The renowned Salvadoran group will expand the facilities of its property, Mar & Sol hotel and restaurant, during 2024 to turn it into a luxury tourist complex; to make it the largest in the eastern part of the country. The Group's project director, Oswaldo Romero, said that expanding the Mar & Sol facilities is an effort resulting from the Government's openness to investments in El Salvador.

"The new security conditions that our country is experiencing allow us to move, we feel safe... and I congratulate the President for the project he is executing throughout the country. The results are great and we can see it in the territories. This generates confidence to invest," said Oswaldo Romero.



Investor Support Services



Personalized assistance

We provide a service tailored to your needs with the aim of delivering valuable solutions



Strategic information

Updated information on the investment climate, sectors of interest and opportunities



Contact facilitation

Network of contacts with government representatives, local companies, chambers of commerce and business associations



Advisory

Technical advice and evaluations of investment cases



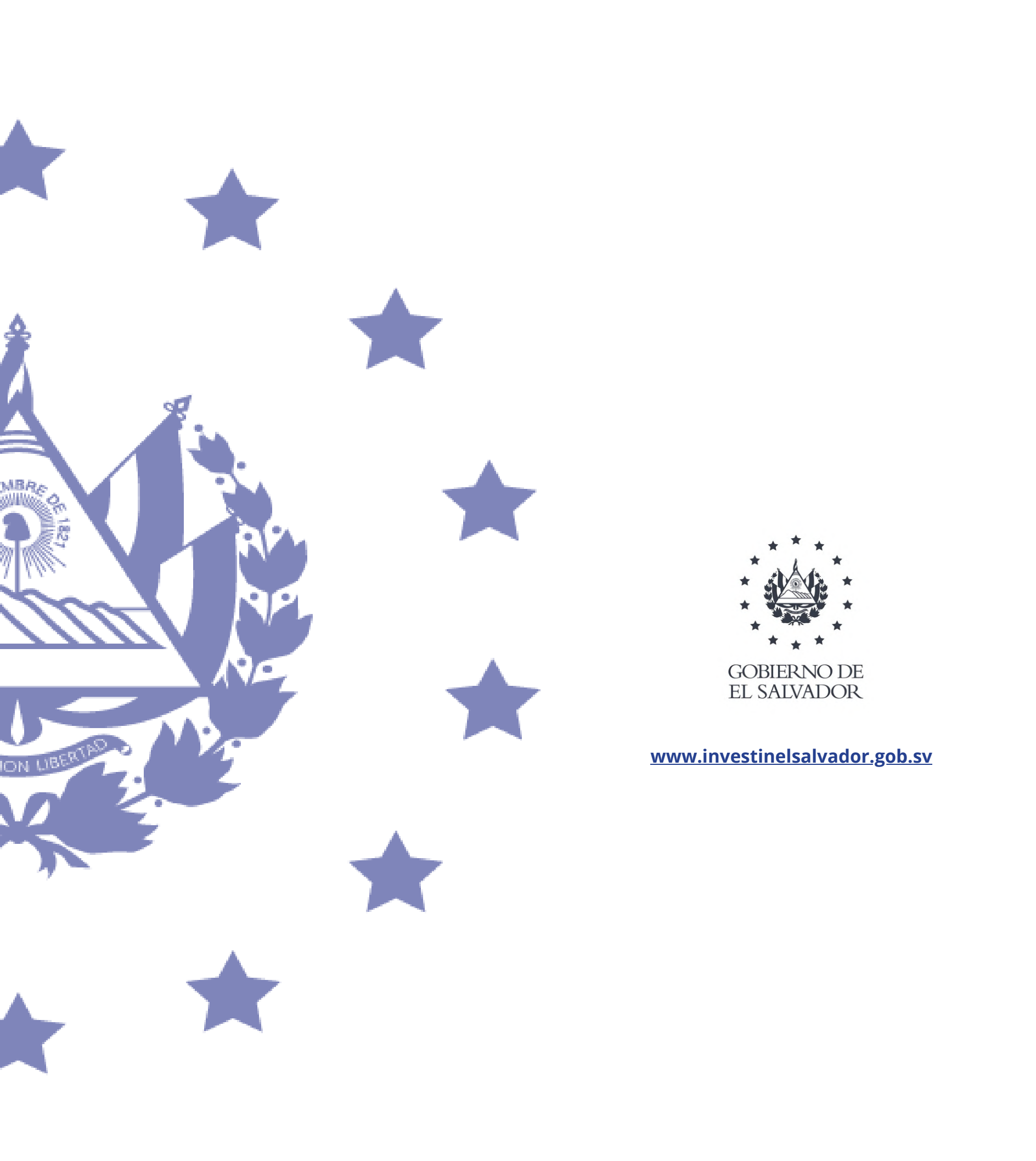
Customized agendas

We offer you a program of meetings and appointments carefully selected and adapted to your objectives.

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