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SPREDD
Southern Puerto Rico
Economic Development District

AN UPDATED PLAN FOR SUSTAINABLE, DIVERSIFIED AND TRANSFORMATIVE DEVELOPMENT

2026-2031 Comprehensive Economic Development Strategy for the Southern Puerto Rico Economic Development District

2026-2031



ABEXUS

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Introduction



01

This document provides an updated radiography of the Southern Puerto Rico Economic Development District's (SPREDD) current economic situation and crafts a profile of the region's capacity to ensure sustainable economic prosperity and resilience of its residents, businesses and communities.

The goal of this analysis is to identify the main structural gaps that are preventing the region from reaching its full economic development potential, which will set the basis to determine focus priorities to address these gaps in the next stages of the strategic design process. In doing so, it builds upon existing strategies to adopt and refine previously set goals based on the new reality of the region. Thus, it constitutes a fundamental step in the process of elaborating an updated Comprehensive Economic Development Strategy for the SPREDD region that covers the 2026-2031 period.

The analysis begins by summarizing Puerto Rico's recent economic trends to provide essential context into the region's current position. Building on this baseline, it then presents a detailed view of the region's latest demographic and socioeconomic trends to evaluate how persistent population shifts and defining economic characteristics translate into present day population needs and vulnerabilities. This is followed by a review of the profile of the workforce to assess the structural capacity, opportunities and gaps within the region's talent creation, attraction, and retention pipeline, identifying how demographic factors influence such gaps.

The section then proceeds to analyze the overall industry and business ecosystem to identify concrete competitive advantages within existing sectors and pinpoint catalysts that can drive sustainable economic development across a broad base. Finally, it analyzes the current state of the region's hard infrastructure to assess whether existing physical assets have the structural capacity to support both current economic activity and future multi-sector development.

Overview of Puerto Rico's Economy



02

2.1 Puerto Rico Economic Trends: From Fiscal Crisis to Uncertain Stabilization

Puerto Rico and the six (6) municipalities comprising SPREDD stand as a model of economic resilience in the face of constant, compounding adversity. Over the last decade, Puerto Rico's economy has confronted a multitude of fiscal, economic, and natural events that severely disrupted economic stability and generated significant uncertainty in the local economic climate.

The start of this series of crises dates back to 2006, when the phase-out of Section 936 federal tax incentives resulted in the loss of over 30,000 jobs in manufacturing and a cumulative decline of 15% in economic output from 2006 to 2014. The Commonwealth government declared in July 2015 that its $73 billion debt was unpayable. This led the US Congress to extend Puerto Rico a mechanism to restructure its debt in federal court through the enactment of PROMESA[1] in June 2016.

The process to restructure the Commonwealth's debt began in May 2017 under Title III of PROMESA.

Just four months after the beginning of the Commonwealth's debt restructuring process, Puerto Rico was struck by two consecutive Category 5 hurricanes, Irma and María. The latter struck Puerto Rico directly and was the strongest hurricane on record in over 90 years, causing significant, widespread damage to private property and public infrastructure[2].

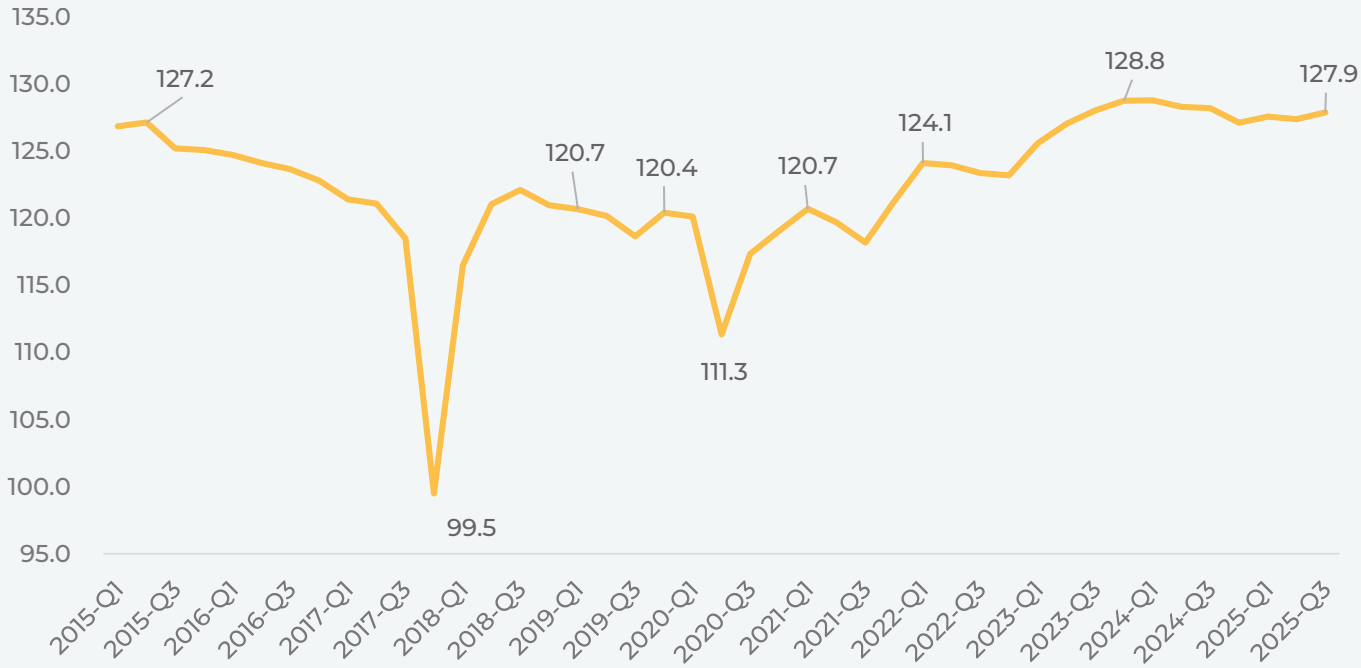
Among the effects of María stands out the substantial damaging of the electrical grid, which left most households without electricity for multiple months and forced commercial and industrial facilities to rely on generators to continue their operations, as well as essential service providers (such as hospitals). To this day, this environmental catastrophe continues to have lingering effects on the reliability of the electricity service.

Following the passage of the hurricanes, the federal government issued a major disaster declaration for Puerto Rico, resulting in the obligation of over $80 billion in federal emergency funds for reconstruction purposes. The disbursement process of these funds began in late 2017 and has continued, although at a slow pace. As Figure 1 shows Puerto Rico's economic activity index recovered and surpassed its pre-hurricane levels by the second quarter of 2018. Economic activity remained at moderate levels during 2018 and 2019 despite ongoing unreliability of the electrical grid and political instability that resulted in the resignation of the governor in summer 2019.

1 The Puerto Rico Oversight, Management and Economic Stability Act is a federal law enacted in 2016 by the US Congress to provide a pathway for Puerto Rico to access federal bankruptcy protection and achieve fiscal responsibility. The law provided a moratorium on debt payments until plan of adjustments for all instrumentalities of the government were certified by the federal bankruptcy court, and created the Puerto Rico Financial Oversight and Management Board as an entity within the Puerto Rico government to help it achieve fiscal responsibility and renew access to capital markets through certification of fiscal plans and implementation of fiscal reforms.

2 https://www.weather.gov/media/sju/events/Maria/HurricaneMaria.pdf

Figure 1: Economic Activity Index for Puerto Rico (2016 Q1 - 2025 Q4)



Source: Puerto Rico Department of Economic Development & Commerce

Economic and social pressures continued in 2020 as the year started with a series of earthquakes that reached magnitude 6.4 in the Ritcher scale. The epicenters of these earthquakes were registered in the southern part of the Island, disproportionately affecting the municipalities that comprise SPREDD and other southern municipalities. Preliminary estimates placed the damages and losses caused by the earthquakes at over $700 million[3].

One month after the onset of the earthquakes, Puerto Rico and the rest of the world faced the spread of the COVID-19 pandemic, which forced the Puerto Rico government to enact strict lockdown measures. Such measures resulted in the closure of almost the entirety of the economy, causing an unprecedented spike in unemployment that elevated claims for unemployment insurance from 17,000 per week to over 200,000 in less than one month[4].

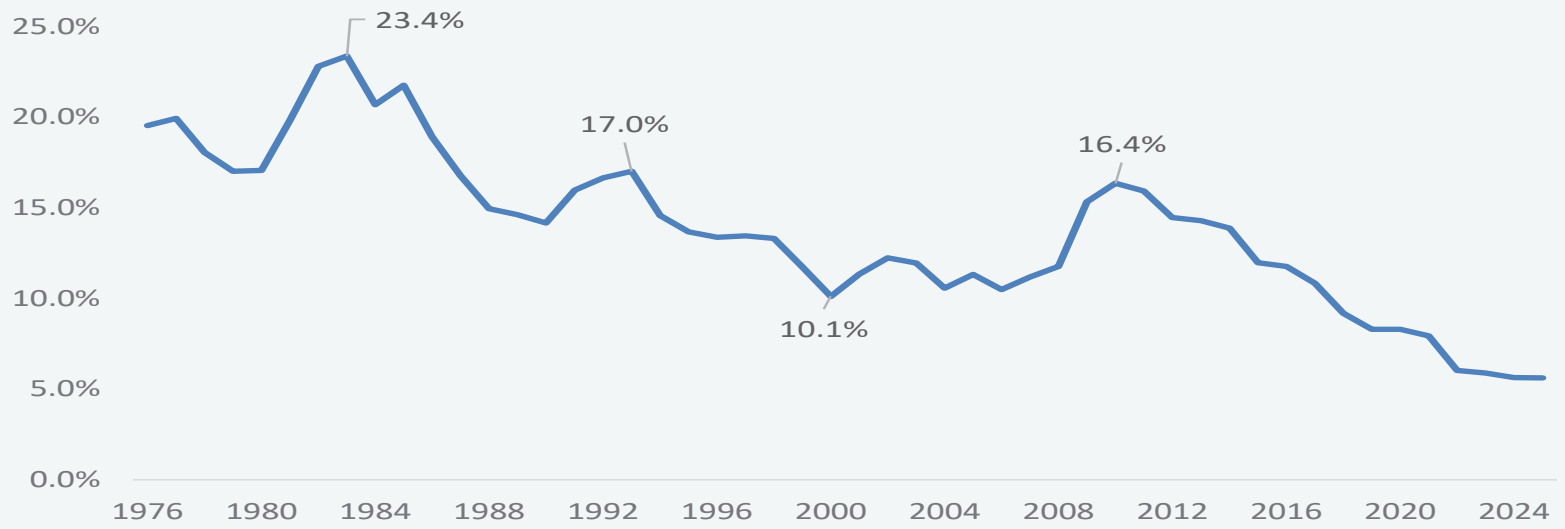
3 Source: Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF)

4 Source: Continued Claims for Unemployment Insurance, United States Department of Labor Employment & Training Administration.

As a result of federal legislation to mitigate the pandemic-induced economic contraction, Puerto Rico residents benefitted from a considerable influx of stimulus funds in 2021 and 2022. This led to a significant economic recovery fueled by a combination of stimulus and reconstruction funds.

Moreover, on March 15, 2022, the US District Court for Puerto Rico certified a plan of adjustment for the Commonwealth government that settled $27 billion in bondholder claims, reducing the total public debt burden from $64 billion to $37 billion[5]. By the end of 2024, economic activity was 6.6% higher than pre-hurricane levels and 6.4% higher than pre-pandemic levels, and the unemployment rate had reached its lowest level on record (see Figure 2).

Figure 2: Unemployment Rate (1977 - 2025)



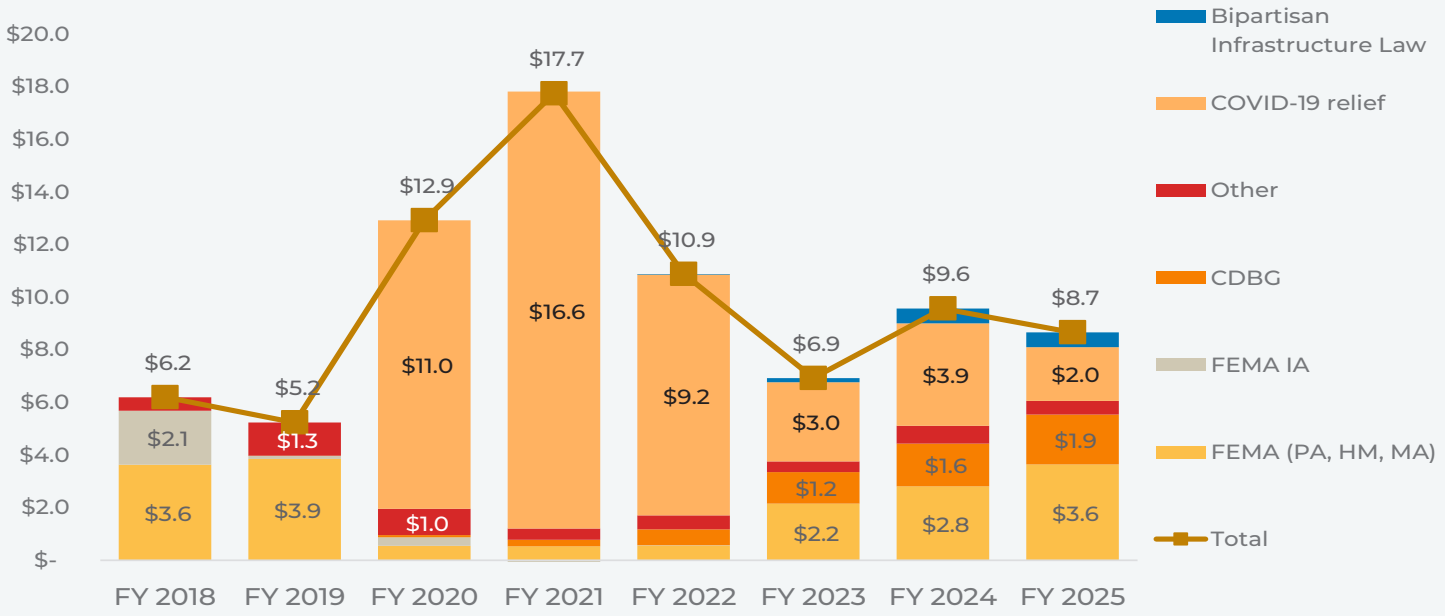
Source: Local Area Unemployment Statistics, US Bureau of Labor Statistics

5 An initial $23 billion owed by the Government Development Bank and COFINA had been settled in 2018, which lowered this amount to $15 billion. This in turn lowered the total debt from $71 billion to $64 billion prior to the Commonwealth's plan of adjustment certification.

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Most of the economic growth experienced since 2021 can be attributed to the disbursement of pandemic stimulus and reconstruction-related federal funds. Figure 3 shows the evolution of federal fund disbursements since FY 2018 by type of fund. As shown in the chart, federal stimulus funds began to phase out in 2023. Meanwhile, the disbursement of reconstruction funds from the Federal Emergency Management Agency (FEMA) has occurred at a very modest pace. This has ignited discussions in Puerto Rico around the need to adopt other strategies that can guarantee sustainable growth going forward.

Figure 3: Federal Funds Disbursed by Type of Fund



Source: FOMB Commonwealth Fiscal Plan 2025

While these cascading crises have severely tested the economy's capacity to maintain sustained growth in the short and medium term, the remarkable endurance of Puerto Rico under the harshest circumstances is proof that the economy can transition from profound resilience to sustainable, long-term prosperity when the right tools and strategies are in place.

2.1 .1 Economic Development Planning in Puerto Rico: Historical Overview

The history of development planning in Puerto Rico dates back to the 1940's, which set the stage for the rapid evolution of Puerto Rico's economy from an agrarian society to a modern industrialized economy. This began with the enactment of the Industrial Incentives Act of 1947 by the local government, which formed the basis for an industrialization by invitation strategy. The goal of such a strategy was the attraction of US manufacturing enterprises focused on the production of goods that would later be exported. This strategy transformed into an intensive industrial development program that would later be known as "Operation Bootstrap".

The combination of tax benefits coupled with the financial, regulatory and other advantages of operating in a US jurisdiction paved the way for a great number of manufacturing enterprises to establish in Puerto Rico and the SPREDD region from 1950 up to the 1990's.

The tax exemption to US corporations deriving income from territories that provided a competitive advantage to the local government evolved into Section 936 of the US Internal Revenue Code in 1976. This provision was later eliminated by the US Congress in 1996 after the Congressional Budget Office estimated that the 936 incentives represented significant revenue losses for the US Treasury. Upon the elimination of Section 936, a phase-out period for the incentives was extended until 2005, coinciding with the start of the structural economic recession in 2006.

The rapid industrialization process resulted in significant economic growth and the expansion of high wage sectors tied to advanced manufacturing, particularly of chemical products. Nonetheless, the industrial expansion did not generate significant employment, as pointed out by various studies that find a lack of correlation between the incentives provided and employment creation[6]. In fact, the unemployment rate remained close to or above 15% during much of the 1980's and early 1990's, when many new manufacturing enterprises established operations to take advantage of the 936 incentives.

Perhaps more importantly, the development strategy adopted over the last 75 years did not prioritize the growth of local capital and generated insufficient economic linkages with local industries. This resulted in limited technology transfer and little multiplier effects on the local economy. Moreover, it exposed the economy to be overly dependent on factors outside of its control and contingent upon decisions made at the federal level.

These unmitigated risks were exacerbated by the loss of competitiveness experienced during the 1990's as a result of globalization and free trade agreements such as the North American Free Trade Agreement (NAFTA). Such treaties worsened the fragile situation of the local manufacturing

6 These include studies conducted by Economic Commission for Latin America and the Caribbean (CEPAL, by its Spanish acronym), Brookings Institutions, Center for the New Economy and Peat Marwick.

sector by increasing the relative competitive advantage of other countries with similar manufacturing capacity.

Furthermore, the industrialization by invitation strategy induced a growth process that was heavily dependent on a small number of capital-intensive manufacturing sectors, resulting in a lack of balanced economic growth that propelled all sectors. This is particularly relevant, as the literature has emphasized that economies with more diverse industry structures tend to be better at sustaining economic growth in the long run[7].

Going forward, achieving economic development goals requires a multi-sector approach that not only ensures growth potential is maximized across the entire economy, but that it also can be sustained in the future. Given the uncertain and constantly evolving global economic landscape, this implies that economic development planning for Puerto Rico and the SPREDD region must emphasize exploiting competitive advantages across all sectors through a forward-looking assessment of current and future opportunities, constraints and risks.

While the 2021-2026 Comprehensive Economic Development Strategy (CEDS) for the SPREDD region[8] highlighted the importance of strategies focused on growing industries able to flourish without incentives, the 2026-2031 strategy must adopt a multi-sector and time-evolving perspective. This framework will establish SPREDD's capacity to achieve balanced, diversified economic development that remains sustainable in the face of both present and future global shifts in technology, trade, and general economic conditions.

The next section provides a profile of current economic conditions in the municipalities comprising SPREDD[9], contrasting these against general trends at the Puerto Rico level. This will set the foundation to identify preliminary gaps in the capacity of the region to steer economic development across all sectors in a sustainable manner, as well as preliminary potential strategies to close such gaps.



7 Jiang, X., Caraballo-Cueto, J., & Nguyen, C. (2020). Balanced versus unbalanced growth: Revisiting the forgotten debate with new empirics. *Review of Development Economics*, *24*(4), 1430-1446.

8 https://spredd.net/wp-content/uploads/2024/10/final_ceds_spredd-min.pdf

9 The six municipalities comprising the SPREDD region are Guánica, Guayanilla, Yauco, Penuelas, Ponce and Juana Diaz.

Preliminary Analysis of Demographic and Socioeconomic Trends – SPREDD and Puerto Rico

03



Achieving a detailed understanding of the structural realities of the SPREDD region is essential for designing effective, forward-looking economic strategies that create conditions for economic development that can be sustained in the future. This chapter provides a detailed assessment of demographic and socioeconomic conditions in the region, contextualizing local performance against broader Puerto Rico trends.

By establishing this baseline understanding of conditions in the region, the chapter clarifies how factors such as age distribution, population movement, socioeconomic health, industry structure and infrastructure capacity directly impact the region's ability to support broad-based, sustainable economic development.

3.1 Demographic Trends - SPREDD and Puerto Rico

Ongoing shifts in population characteristics directly translate into present-day workforce availability and consumer market density, directly influencing the capacity of SPREDD municipalities to sustain broad-based development across all sectors. They also shed light on the particular needs and vulnerabilities of their residents and how these are likely to evolve over time.

Table 1 presents the population totals for the SPREDD region and Puerto Rico for 2019 and 2024. As shown in the table, 5 out of the 6 municipalities in SPREDD have experienced population loss in the 5-year period studied.

Overall, the SPREDD region has experienced a decline of 5.3% in its population from 2019 to 2024, which is more than double the 2.5% rate of decline of the population of Puerto Rico. With the exception of Guayanilla, all SPREDD municipalities have experienced larger population contractions than Puerto Rico as a whole.

It is worth noticing that some municipalities have had much larger relative population losses than others, some of which can be considered extreme or severe. For example, Guánica has lost 21.1% of its population in 5 years, equivalent to a loss of 1 out of every 5 residents. Other municipalities such as Yauco and Juana Diaz have experienced population losses of over 6%, which is almost three times the rate of decline at the Puerto Rico level.

These trends signal a decline in the region’s population that is stronger than that observed for Puerto Rico in the period studied. In turn, this points to a relatively more marked effect of changes in population components (births, deaths or migration) in the region. This topic will be examined further down in this section by looking at shifts in specific age groups within the population and migration trends.

Table 1: Total Population in the Six Municipalities Comprising SPREDD, the SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	16,293	12,855	-21.1%
Guayanilla	46,152	46,156	0.0%
Yauco	18,514	17,141	-7.4%
Peñuelas	20,383	19,853	-2.6%
Ponce	139,671	132,760	-4.9%
Juana Díaz	35,428	32,993	-6.9%
SPREDD	**276,441**	**261,758**	**-5.3%**
Puerto Rico	**3,318,447**	**3,234,309**	**-2.5%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

More than examining population shifts in terms of their size, it is also essential to understand how the population structure has evolved and the groups that are driving such a shift.

Table 2 shows the age-dependency ratio of the population in the SPREDD region and Puerto Rico. This ratio is defined as the number of residents in groups considered as age-dependent (those under 18 years of age and over 65 years of age), relative to residents that are usually in working-age groups (18 to 64 years). As presented in the table, 4 out of 6 SPREDD municipalities have experienced increases in the relative number of residents that are in age-dependent groups.

Furthermore, the SPREDD region as a whole has experienced a 3.1% increase in its age-dependent population relative to groups in working ages, which is more than double the growth rate seen for Puerto Rico (1.4%). While 4 municipalities experienced smaller increases, the rise in the relative age-dependent population in Ponce and Yauco is over three times that seen at the Puerto Rico level. This indicates that the increase in age-dependency has concentrated in these municipalities.

Since residents in age-dependent groups tend to rely more on public services and are excluded from the workforce, a higher age-dependency ratio translates to a lower growth of working-age residents that contribute to local economic activity and generate income to support public services relative to the group that consumes these services (such as education in the case of younger groups, and elderly care and health services in the case of older age groups).

Given that the age-dependency ratio was already higher for the SPREDD region in 2019, this signals that the region not only has more age-dependent residents, but that this population group is increasing faster than others. This in turn implies a more marked and increasing dependence profile for the region when compared to Puerto Rico.

Table 2: Age-Dependency Ratio in the SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	76.8	78.2	1.8%
Guayanilla	69.1	68.8	-0.4%
Yauco	67.6	70.7	4.6%
Peñuelas	63.6	63.9	0.5%
Ponce	69.6	73.4	5.5%
Juana Díaz	63.6	63.0	-0.9%
SPREDD	**68.2**	**70.3**	**3.1%**
Puerto Rico	**64.6**	**65.5**	**1.4%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

To better understand the groups that are not only driving population declines, but also the increases in the age-dependency profile of the region relative to Puerto Rico, it is essential to examine trends in the population size of specific age groups.

Table 3 presents the percentage of residents that are 65 years or older for the SPREDD region and Puerto Rico. All SPREDD municipalities have experienced increases in the relative size of their older populations. The municipalities with the largest increases were Ponce and Yauco, where the population aged 65 or older grew at a higher rate than that observed for Puerto Rico (3.7%).

The SPREDD region experienced a 4.1 percentage point increase in the share of its population aged 65 years or older during the period analyzed, exceeding the growth for this age group across Puerto Rico. This shows an accelerated aging process within the region. Given that the older adult population has represented a relatively larger share of the region's demographic structure, the recent increase further reinforces the region's comparatively older population profile and suggests that population aging is occurring at a faster pace than in Puerto Rico.

The higher increases in the region's older population can also explain the larger relative increases in age-dependency, suggesting that the dependent population is increasingly comprised of older relative to younger residents.

Table 3: Percentage of the Population Aged 65 Years or Older in SPREDD and Puerto Rico

Municipality	2019	2024	% Change
Guánica	23.1%	26.8%	3.7%
Guayanilla	20.0%	23.7%	3.7%
Yauco	21.3%	25.7%	4.4%
Peñuelas	16.0%	20.0%	4.0%
Ponce	20.9%	25.2%	4.3%
Juana Díaz	17.1%	20.8%	3.7%
SPREDD	**20.0%**	**24.1%**	**4.1%**
Puerto Rico	**19.7%**	**23.4%**	**3.7%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

Taking a look at the relative size of younger population groups and its evolution can provide additional insight into the drivers of population size and aging dependency, as well as the potential for future growth of the working-age population in the region. Table 4 shows the percentage of the population that is 18 years or younger in SPREDD and Puerto Rico. As can be seen, all municipalities have experienced losses in their younger populations during the 2019 -2024 period, and 3 out of 6 municipalities have experienced larger declines relative to that observed at the Puerto Rico level.

Nonetheless, the SPREDD region has had a slightly higher portion of its residents that are in younger age groups, and the decline has been on par with the decline seen for Puerto Rico. This suggests that the aging trend is driven mostly by increases in older population age groups and not as much by declines in the younger population. Moreover, this serves as additional evidence that the age-dependent population in the region is increasingly comprised of older residents relative to that of Puerto Rico.

Despite a slower reduction of the younger population in the region compared to Puerto Rico, such a decline points to a lower potential for growth of the region's resident population in the future.

Table 4: Percentage of the Population Aged 18 Years or Younger in SPREDD and Puerto Rico

Municipality	2019	2024	% Change
Guánica	20.3%	17.1%	-3.2%
Guayanilla	20.9%	17.1%	-3.8%
Yauco	19.1%	15.7%	-3.4%
Peñuelas	22.9%	19.0%	-3.9%
Ponce	20.1%	17.1%	-3.0%
Juana Díaz	21.8%	17.9%	-3.9%
SPREDD	**20.5%**	**17.2%**	**-3.3%**
Puerto Rico	**19.5%**	**16.1%**	**-3.4%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

Migration patterns constitute another important driver of population size and structure. These are critical to shed light on how attractive the region is as a place to live or to relocate, providing insight into the region's capacity to attract and retain residents.

Table 5 presents the percentage of the population that moved to the United States in the last year in the SPREDD region and Puerto Rico. It can be seen that 3 out of 6 municipalities experienced increases in the share of their population that has out-migrated to the United States. This pattern has been stronger for the municipalities of Guánica and Peñuelas, signaling that residents in these municipalities move to the United States at a higher rate compared to other municipalities in the region and Puerto Rico.

Meanwhile, Guayanilla, Juana Díaz, and Ponce have experienced reductions in outmigration to the United States, suggesting a strengthening capacity to retain residents relative to mainland migration patterns.

The SPREDD region as a whole has experienced a decline of 0.4 percentage points in the fraction of its population that chooses to move to the United States. While positive, this decline is smaller than the reduction at the Puerto Rico level (-1.5%). Moreover, the fraction of the region's residents that out-migrate to the US has surpassed that of Puerto Rico as of 2024. This implies that residents in the region tend to move to the US at higher rates, and despite slight improvements, the region still struggles to retain more of its residents relative to Puerto Rico.

Table 5 : Percentage of the Population 1 Year Ago that Moved to the United States - SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	1.9%	5.6%	3.7%
Guayanilla	2.1%	0.9%	-1.2%
Yauco	1.6%	2.0%	0.4%
Peñuelas	0.6%	4.0%	3.4%
Ponce	2.9%	2.0%	-0.9%
Juana Díaz	2.3%	0.6%	-1.7%
SPREDD	**2.4%**	**2.0%**	**-0.4%**
Puerto Rico	**2.9%**	**1.4%**	**-1.5%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

While outmigration trends provide insight into the region's ability to retain residents, immigration trends can shed light on its capacity to attract previous or new residents. Table 6 presents the percentage of the total population that have migrated from the United States to the SPREDD region and Puerto Rico.

As presented in the table, most municipalities in the region have experienced increases in their immigration rates. This trend has been particularly strong for municipalities such as Guánica and Yauco, suggesting that these municipalities have gained attractiveness for new or prior residents that were living in the U.S.

Nonetheless, the overall trend for the region has been driven by decreases in migration into larger municipalities, such as Ponce, resulting in lower total migration into the region. Compared to a migration rate of 0.8% from the United States to Puerto Rico, the migration rate from the US to the SPREDD region stands at 0.7%, and this rate has declined while that of Puerto Rico has increased. This points to a slightly lower and decreasing attractiveness of the region as a place to live for potential new or prior residents.



Table 6 : Percentage of the Population[10] that have Moved from the United States to the SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	0.4%	2.8%	2.4%
Guayanilla	0.1%	0.3%	0.2%
Yauco	0.3%	1.2%	0.9%
Peñuelas	0.7%	0.7%	0.0%
Ponce	0.7%	0.6%	-0.1%
Juana Díaz	1.8%	0.4%	-1.4%
SPREDD	**0.8%**	**0.7%**	**-0.1%**
Puerto Rico	**0.7%**	**0.8%**	**0.1%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

These trends in population size and structure point to a demographic profile that is mired by a decreasing ability of the SPREDD to sustain population levels and growth over time. This is intensified by an accelerated aging of the population and a higher portion of residents in age-dependent groups. At the same time, the region presents lower levels of retention and attraction of current and new residents, as evidenced by higher outmigration and lower migration into the region relative to Puerto Rico.

These trends are not uniform across all SPREDD municipalities, as some municipalities exhibit lower rates of population aging and higher abilities to attract and retain residents.

Moving forward, the analysis presented underscores the need to design strategies that secure the necessary infrastructure to attract new residents, repatriate former ones, and retain the current population. Since literature consistently identifies the lack of economic opportunity as the primary driver of migration, the region must focus on creating diverse economic pathways that are also adapted to the specific service demands of an increasingly older population. This is particularly vital given the previously identified existing strength in its health services infrastructure[11], which can be leveraged as a pillar for both specialized employment and high-quality care.

Furthermore, recent positive trends in municipalities like Guánica, which has demonstrated an increased attractiveness for migrants from the U.S, should be studied to identify replicable drivers. Finally, foundational pull factors such as a robust housing infrastructure must be prioritized to stabilize the working-age population and rebalance the region's dependency profile, thereby reducing the structural vulnerabilities of its most age-dependent groups.

10 Population aged 1 year or older.

11 One of the strengths identified in the CEDS plan for the 2021-2026 period is that the SPREDD region has "tremendous healthcare and healthcare education assets".

To set the stage for identifying push factors acting as barriers for the attraction and retention of residents, it is essential to craft a detailed socioeconomic and workforce profile of the region. The next section provides detail on these trends, which will set the foundation to identify structural gaps that can be addressed in order to strengthen the region's attractiveness as a place to live.

3.2 Socioeconomic Trends - SPREDD and Puerto Rico

Understanding the everyday economic reality of residents and households is essential for identifying potential stressors in the region and where the gaps in economic development are reflected the most. This in turn is fundamental to examine how population trends correlate with economic outcomes and identify vulnerability points that represent obstacles for multi-sector development. To craft a detailed profile of this day-to-day economic reality, this section provides detail on key socioeconomic indicators such as incomes, poverty and general labor market conditions.

Table 7 shows the evolution of median household incomes for the SPREDD region and Puerto Rico from 2019 to 2024. As shown in the table, all SPREDD municipalities have experienced increases in their median income levels. For some municipalities, the increases in income levels have been substantial; the median household income in Yauco has increased by 64.5% or almost $10,000 from a base of $14,743, while median incomes in municipalities such as Guánica, Guayanilla and Penuelas have increased by over 30%, exceeding the increase of 28% at the Puerto Rico level.

For the SPREDD region, the increase in the median household income stands at 38%, exceeding the growth observed in Puerto Rico by 10 percentage points. Given that overall price levels have increased by 16% during the period studied[12], this implies a substantial increase in the real purchasing power of residents in the region.

The higher relative increase in median incomes for some municipalities and the region could be attributed to factors such as the adjustments in the state minimum wage[13]. Since the median income in SPREDD was closer to minimum wage levels before these adjustments were implemented, they could have resulted in higher relative increases in wages in the region[14].

12 Cumulative inflation from January 2019 to December 2024 based on the Puerto Rico consumer price index published by the Puerto Rico Department of Labor and Human Resources.

13 Minimum Wage Analysis for Puerto Rico: Final Report. ABEXUS Analytics. https://www.trabajo.pr.gov/docs/Avisos/General%20Minimum%20Wage%20Report.pdf

14 In Yauco, for instance, the median annual income was $14,743, which is less than the previous $15,280 annual minimum wage (based on an hourly minimum wage of $7.25 and 2,080 working hours per year).

Table 7 : Median Household Income in the SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	$ 12,995	$ 17,633	35.7%
Guayanilla	$ 17,379	$ 23,915	37.6%
Yauco	$ 14,743	$ 24,255	64.5%
Peñuelas	$ 16,718	$ 22,697	35.8%
Ponce	$ 17,069	$ 19,877	16.5%
Juana Díaz	$ 20,657	$ 24,852	20.3%
SPREDD	**$ 16,894**	**$ 23,306**	**38.0%**
Puerto Rico	**$ 20,539**	**$ 26,297**	**28.0%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

Table 8 : Percentage of the Population Whose Income is Below the Federal Poverty Line in the SPREDD Region[15] and Puerto Rico

Municipality	2019	2024	% Change
Guánica	63.4%	63.6%	0.2%
Guayanilla	54.8%	46.4%	-8.4%
Yauco	49.0%	41.9%	-7.1%
Peñuelas	57.4%	52.3%	-5.1%
Ponce	51.4%	49.7%	-1.7%
Juana Díaz	46.7%	44.1%	-2.6%
SPREDD	**53.8%**	**49.7%**	**-4.1%**
Puerto Rico	**44.1%**	**40.5%**	**-3.6%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

A fundamental indicator to identify economic vulnerabilities in the region is the fraction of the population with incomes below the federal poverty level. This indicator is crucial to determine the degree to which residents are having trouble in covering basic necessities given their income levels. Table 8 shows the percentage of the population whose income is below the federal poverty line for the SPREDD region and Puerto Rico.

As can be seen, 5 out of 6 SPREDD municipalities have experienced declines in their poverty levels in the period studied. Some of these declines have exceeded the -3.6% decline in the poverty rate at the Puerto Rico level, such as the declines of -8.4%, -7.1% and -5.1% observed for Guayanilla, Yauco and Penuelas, respectively. This is also true for the region, which recorded a decline of -4.1% in its poverty rate.

However, the percentage of the population living below the federal poverty line in the region stood at an estimated 49.7% in 2024, exceeding the baseline poverty level for Puerto Rico (40.5%) by 8.3 percentage points. Thus, the region as a whole

15 SPREDD region poverty rate is estimated as the average poverty rate across municipalities weighted by the total population of each municipality.

continued to have higher rates of poverty than Puerto Rico during 2024, pointing to a gap in the fraction of the population with just enough income to cover basic necessities. This evidences a structural gap in economic outcomes for the region's population relative to Puerto Rico, particularly in terms of income generation and affordability of basic necessities.

Such a high rate of poverty could be correlated with population loss and age-dependency. In Guánica and Ponce, poverty rates did not decline as fast relative to Puerto Rico, and both municipalities have experienced substantial population loss, with Ponce experiencing lower rates of migration to the municipality and the highest increase in population age-dependency.

To better understand the drivers of income and poverty, it is key to examine general labor market conditions. These determine the capacity of the region to ensure opportunities for residents to increase their income potential, as well as the residents' pre-disposition to do so by participating in the labor market.

Table 9 presents the labor force participation rate for the SPREDD region and Puerto Rico. It can be seen that 4 out 6 SPREDD municipalities have experienced increases in the fraction of their population that participate in the labor force, and their participation gains have exceeded the gains for Puerto Rico as a whole (1.9%).

In the SPREDD region, labor force participation increased by 2.9 percentage points, exceeding the gains seen in Puerto Rico labor force participation by 1 percentage point. Despite the higher relative increase from 2019 to 2024, labor force participation in the region still stands below participation levels for Puerto Rico by 4 percentage points as of 2024. This implies a gap in workforce availability and pre-disposition of residents to participate in the labor market.

Table 9: Labor Force Participation Rate: SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	34.7%	42.5%	7.8%
Guayanilla	40.4%	40.1%	-0.3%
Yauco	36.1%	43.2%	7.1%
Peñuelas	40.5%	43.1%	2.6%
Ponce	37.4%	40.9%	3.5%
Juana Díaz	49.3%	46.5%	-2.8%
SPREDD	**39.5%**	**42.4%**	**2.9%**
Puerto Rico	**44.5%**	**46.4%**	**1.9%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

While labor force participation provides insight on the availability and disposition of residents to participate in the workforce, it is also essential to examine the ability of those participating in the labor force to secure job opportunities. This is determined by the level of demand from employers in the region and can be measured by the level of unemployment. Table 10 shows the unemployment rates for the SPREDD region and Puerto Rico.

As shown in the table, all municipalities have experienced decreases in their unemployment rates, with Ponce being a notable exception. The 5 municipalities with declines in their unemployment rates experienced larger relative declines than Puerto Rico. Nonetheless, given the large share of the region's unemployed that reside in Ponce, the increase in Ponce's unemployment rate resulted in a lower drop in the region's unemployment rate compared to Puerto Rico. This despite all other municipalities having declines of larger magnitude.

While most municipalities experienced larger reductions relative to the decline in Puerto Rico, the SPREDD region continued to have a structurally higher level of unemployment as of 2024 compared to Puerto Rico. In some municipalities, the unemployment rate can be considered as noticeably high, such as in Guánica and Guayanilla, where unemployment rates stand at 22.9% and 17.3%, respectively. The rest of the SPREDD municipalities also have a higher rate of unemployment compared to Puerto Rico.

The higher relative levels of unemployment in the region imply a structural gap in the region's capacity to ensure that job opportunities are available for those seeking to find work.

Table 10: Unemployment Rates in the SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	29.6%	22.9%	-6.7%
Guayanilla	21.7%	17.3%	-4.4%
Yauco	20.2%	11.9%	-8.3%
Peñuelas	22.0%	11.2%	-10.8%
Ponce	12.4%	15.1%	2.7%
Juana Díaz	21.6%	16.1%	-5.5%
SPREDD	**17.4%**	**15.0%**	**-2.4%**
Puerto Rico	**16.1%**	**10.7%**	**-5.4%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

The trends presented above suggest a mixed picture for the socioeconomic profile of the SPREDD region. This mixed picture is characterized by overall progress in advancing certain positive economic outcomes, while the region still lags behind Puerto Rico in key measures related to economic self-sufficiency and security of households.

The positive trends in terms of income increases, poverty decreases, as well as improvements in labor force participation and unemployment reductions, show that the region has a remarkable ability to remain economically resilient during the period studied. This becomes evident when one considers the events that have disproportionately impacted the region relative to other areas of Puerto Rico, such as the 2020 earthquakes.

Notwithstanding the economic resiliency shown by the region, the trends presented provide evidence of structural gaps that should be addressed to improve the region's capacity to ensure sustainable development across all sectors.

Importantly, the higher levels of unemployment and lower participation in the labor market relative to Puerto Rico point to a lower baseline availability of employment opportunities and incentives to labor force participation of residents. This ultimately translates into lower levels of economic prosperity and security for the population, as reflected by the lower incomes and higher poverty rates in the region relative to Puerto Rico.

In order to improve the region's capacity to ensure positive economic outcomes and achieve economic development goals, a focus must be placed on strategies that result in the creation of high-quality employment opportunities, and which improve the readiness and pre-disposition of residents able to participate in the labor market.

This could include strategies to resolve potential skill mismatches in the labor market so that current and future labor force participants have the present and future skills demanded by the market. This is particularly relevant, as CEDS guidelines emphasize the critical role that workforce development must have on development strategic planning[16].

The strategic planning and design process should also consider placing focus on sectors intensive in labor demand aligned to the educational and occupational profile of the region's workforce, especially in sectors for which the region has a proven history of being attractive. Nonetheless, it should also look to tackle or resolve potential areas of opportunity that make it unattractive to other industries, for which workforce training and infrastructure readiness can prove to be beneficial.

Moreover, an important emphasis must also be placed on devising strategies to remove barriers and provide incentives for labor force participation. Given the high age-dependency ratio, a possible strategy that can prove valuable could be improving care services of children and the elderly. Strategies should also be evaluated to provide a pathway to labor force participation for working-age residents dependent on federal and local aid to which they could lose access upon obtaining employment.

To set the stage for devising strategies that result in the creation of quality employment and higher inclusion of residents in the local labor market, it becomes particularly relevant to examine the profile of the region's current workforce, which is the subject of the next section.

16 Comprehensive Economic Development Strategy (CEDS) Content Guidelines: Recommendations for Creating an Impactful CEDS, Page 24.

3.3 Workforce Trends - SPREDD and Puerto Rico

Understanding the profile of the current workforce is critical for identifying whether the region possesses the human capital necessary to support high-growth sectors and provide residents with pathways to upward economic mobility. This in turn is key to identifying strengths in the existing workforce that serve as employer retainers and attractors, as well as areas of opportunity in terms of mismatches with industry demands that can be mitigated via workforce development.

This section establishes a baseline profile of the region's labor force by providing detail on levels of education, occupational specialization and the industry distribution of the workforce. These characteristics ultimately determine the level of alignment between current workforce skills and present and future industry demands. They also determine the readiness of the workforce to occupy the jobs of the present and the future, as well as its exposure to shifts in technology and other global trends.

Table 11 shows the percentage of the population aged 25 years or older possessing a bachelor's degree or higher in the SPREDD region and Puerto Rico. As presented in the table, 5 out 6 municipalities have experienced increases in the fractions of their population with a bachelor's degree or higher, pointing to an increasingly educated population in most SPREDD municipalities.

Nonetheless, most municipalities still have a lower portion of their populations possessing at least a bachelor's degree compared to the fraction in Puerto Rico (29.8%). For instance, only 16% of residents 25 years or older in Guánica have at least a bachelor's degree.

Overall, SPREDD experienced an increase of 2.5% in its population educated with at least a bachelor's degree. However, this increase was smaller relative to the growth of 3.9% for Puerto Rico. Furthermore, the portion of those with at least a bachelor's degree in the region, standing at 27.9%, has remained lower than the 29.8% level in Puerto Rico as of 2024. This implies a structural gap in terms of educational attainment of the region's population, which can translate into a lower readiness of the workforce to attain jobs in high-paying sectors that are schooling intensive.

If the industries that are based in the region require talent with skills that are acquired through university education, this can imply a mismatch between skills demanded by employers and those supplied by the region's workforce relative to Puerto Rico. Moreover, this can also imply that industries attracted to the region could face greater issues finding talent if these firms are intensive in educated labor. This in turn can create uncertainty around their long-term retention in the region.

Table 11: Percentage of the Population 25 Years and Over with a Bachelor's Degree or Higher in the SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	15.5%	15.8%	0.3%
Guayanilla	24.7%	24.1%	-0.6%
Yauco	24.6%	28.4%	3.8%
Peñuelas	21.9%	25.1%	3.2%
Ponce	27.5%	29.6%	2.1%
Juana Díaz	25.0%	28.5%	3.5%
SPREDD	**25.4%**	**27.9%**	**2.5%**
Puerto Rico	**25.9%**	**29.8%**	**3.9%**

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

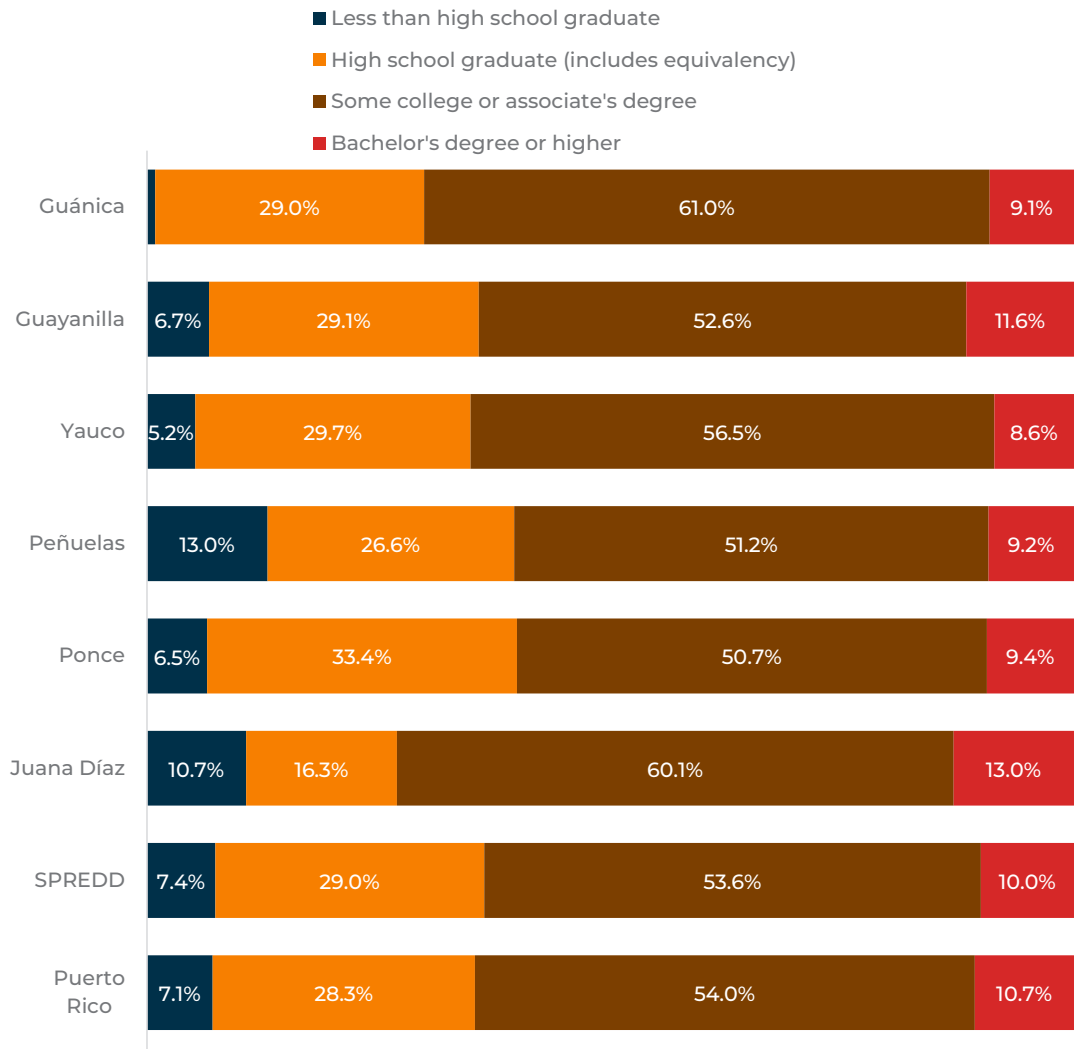
More than examining the educational profile of the population 25 years or older, which is likely to be already in the labor force, it is also essential to examine the educational profile of younger groups that will potentially make up the workforce of the future. This is fundamental to determine the level of readiness and skill that younger residents and workforce participants will rely on to satisfy present and future industry demands.

Figure 4 shows the distribution of residents aged 18 to 24 years by educational attainment. As can be observed, SPREDD municipalities tend to have a lower portion of their younger populations that have completed some college education or a bachelor's degree, with two notable exceptions: Juana Diaz and Guánica.

In both of these municipalities, there is a higher share of 18- to 24-year-old residents that have completed some college education or that have already attained four-year degrees relative to Puerto Rico. Given the high educational attainment levels of their younger residents, these municipalities have the potential to be direct feeders of the region's future skilled talent pool if the region is able to retain them.

As for the SPREDD region, the portion of the younger population that has completed some college or has already earned a bachelor's degree stands at 53.6% and 10.0%, respectively, compared to 54% and 10.7% for Puerto Rico. Thus, the educational readiness of the region's younger population is closely in line with that of Puerto Rico, although slightly lower. Improving this slight gap could turn the educational profile of the region's younger population into a potential area of strength for SPREDD to secure a robust talent pool for the industries of the future.

Figure 4: Percentage of the Population 18 to 14 Years Old by Educational Attainment Level (2024)



Source: American Community Survey 5-Year Estimates 2024

Aside from the level of education, the occupational distribution of employment is key to determine technical skill levels and the areas of expertise of the region's current wokforce. This will set the basis to determine the potential to attract and retain industries requiring particular talent profiles to the region, and to identify vulnerabilities and exposure of the region's workforce to current and future shifts in technology and other trends at the global level.

Figure 5 shows the distribution of the current workforce in each municipality by the occupational category into which they fall. As shown, the percentage of the region's workforce that is concentrated in management, business, science and arts occupations stands at 30%, slightly below the percentage of Puerto Rico as a whole (33%). This implies that the region's workforce has a lower level of specialization profile in occupations that tend to require higher educational attainment levels and are more technical in nature ("white-collar").

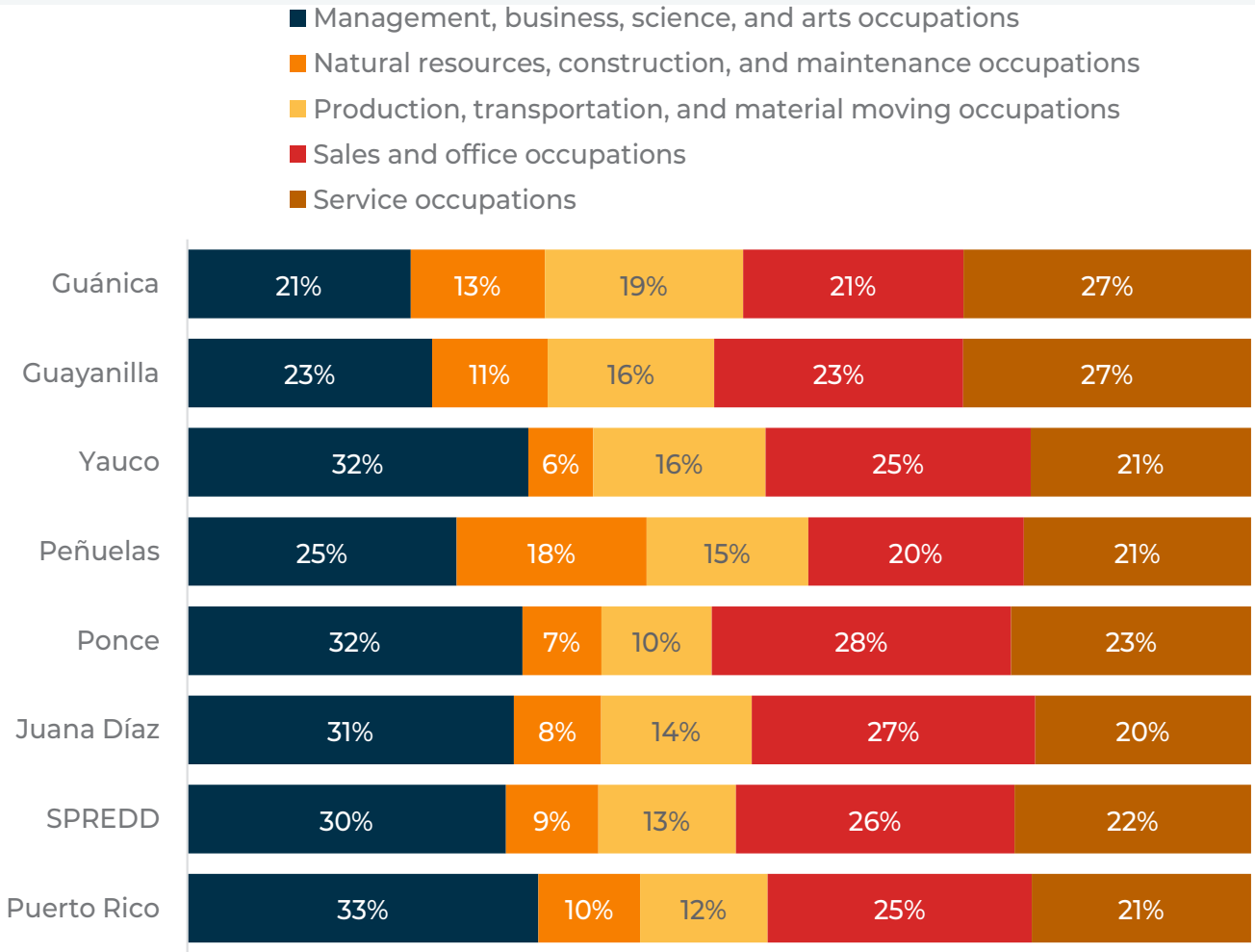
Moreover, some patterns stand out across specific municipalities. For instance, the Yauco workforce is employed in "white-collar" occupations at a higher rate compared to the rest of the region, signaling a higher concentration of the workforce with technical skills in this municipality. Moreover, Peñuelas has a higher portion of its workforce employed in the natural resources, construction and maintenance occupations. This shows a high concentration of talent in that municipality for essential industries such as construction and utilities.

On the other hand, the fraction of the workforce employed in sales and office occupations stands at 26%, which points to a slightly higher concentration of workers in sales and office occupations in the region compared to that of Puerto Rico (25%). This includes sales and related occupations, as well as office and administrative support.

One important pattern to note is that the region presents a high share of workers employed in production, transportation and material-moving occupations. Despite the lack of high specialization in more technical occupations, the higher share of workers experienced in these areas represents a foundational strength to enable multi-sector development, as these occupations constitute the backbone of logistics across a wide range of industries, such as manufacturing, construction, retail and wholesale trade, and others such as healthcare and accommodation.



Figure 5: Distribution of Employment by Major Occupational Group in the SPREDD Region and Puerto Rico (2024)



To gain a deeper understanding of the economic sectors driving labor demand in the regional economy and how the workforce profile impacts economic activity, it is essential to examine the industry structure of employment in the region.

Table 12 shows the distribution of employment by industry in the SPREDD region from 2019 Q1 to 2025 Q2, and the corresponding percentage changes for SPREDD and Puerto Rico. As presented in the table, several sectors have experienced substantial increases in their levels of employment, signaling strong labor demand by firms operating in these industries.

Overall, total employment in the region has increased from 65,554 employees in 2019 Q1 to 68,087 employees in 2025 Q2, a 3.9% increase during this period. The industries that drove the growth in employment during the period are educational services (increase of 152.3%), public administration (70.7%), construction (41.4%), accommodation and food services (38.7%), and real estate and rental and leasing (29.5%).

This points to an increase in labor demand in sectors in which the region has specialized historically, as identified in previous assessments of regional strength. For instance, the substantial increase in employment in educational services runs contrary to patterns seen in this sector at the Puerto Rico level, which saw a reduction of -7.3% in employment. Moreover, the healthcare services sector has increased its employment by 27.0%, outpacing the increase for this sector in Puerto Rico by 14.5 percentage points.

Since these sectors tend to rely on an educated talent pool with greater levels of educational attainment and technical skill, their ability to increase employment could stem from a higher availability of workers traveling to work in the region but living outside of it, as well as those living in municipalities with higher baseline levels of education, such as Ponce, Juana Díaz, and Yauco.

Moreover, the accommodation and food services sector has increased employment by 38.7%, 10.7 percentage points higher compared to the growth of 28.0% of employment in Puerto Rico. This could signal a higher relative level of demand for tourism and food services in the region.

Perhaps more importantly, the manufacturing sector has increased its employment levels by 12.5%, which is higher than the increase of 8.9% seen in Puerto Rico. This points to evidence of stronger relative labor demand from this sector and signals a robust and continuous ability to capitalize on a sector that has always been economically important for the southern region.

A special emphasis must be placed on the construction sector, which experienced a robust growth of 41.4% in regional employment, expanding from 1,778 employees to 2,515 employees. This upward trajectory aligns closely with island-wide trends, where construction has served as a primary driver of macroeconomic expansion. Since 2017, an unprecedented amount of federal funds has been obligated to Puerto Rico by the federal government for the purposes of long-term reconstruction, deployed through FEMA Individual Assistance, Public Assistance, Hazard Mitigation, and HUD programs. The expansion of construction employment in the region is entirely consistent with the execution of these heavily funded recovery projects.

SPREDD's construction growth rate slightly trails the overall Puerto Rico growth rate of 51.1%. This minor discrepancy could signal a slower localized pace of federal fund disbursements, a lower administrative capacity within the region to execute large-scale infrastructure projects concurrently, or a lower local availability of skilled labor due to intense competition from major projects elsewhere on the island.

Despite the lower growth of construction employment compared to Puerto Rico growth rates, the expanded construction workforce presents a vital regional catalyst to directly mitigate the lack of housing availability, one of the core structural weaknesses and threats identified in the region's economic development situation assessment.

SPREDD must actively capitalize on its expanded pool of skilled construction labor by exploring deliberate institutional pathways to systematically transition this experienced workforce from reconstruction work into new residential housing projects as federally funded infrastructure projects approach completion. These strategies include matching regional construction firms whose federal infrastructure contracts are winding down with PRHFA-approved housing projects and leveraging programs such as the CDBG-DR City Revitalization Program where local construction firms can be contracted to blighted structures with single- or multi-family housing.

Nonetheless, the increase in employment has not been distributed equally, and there are sectors that have shown weakness in maintaining their levels of employment. For instance, the agriculture, forestry, fishing, and hunting sector has experienced a sharp decline of 54.8% in employment, which outpaces the contraction of -22.9% seen for Puerto Rico as a whole. Furthermore, administrative and support and waste management and remediation services decreased by 15.0% regionally, contrasting with the minor growth of 0.4% observed at the island level.



Table 12: Distribution of Employment and Percentage Change by Industry in the SPREDD Region and Puerto Rico (2019 Q1 – 2025 Q2)

Industry	2019 Q1	2025 Q2	% Change SPREDD	% Change PR
Accommodation and Food Services	4,594	6,371	38.7%	28.0%
Administrative and Support and Waste Management and Remediation Services	3,694	3,139	-15.0%	0.4%
Agriculture, Forestry, Fishing and Hunting	1,319	597	-54.8%	-22.9%
Arts, Entertainment, and Recreation	178	219	23.3%	63.6%
Construction	1,778	2,515	41.4%	51.1%
Educational Services	2,961	7,472	152.3%	-7.3%
Finance and Insurance	899	1,121	24.7%	18.9%
Health Care and Social Assistance	6,280	7,976	27.0%	12.5%
Information	600	457	-23.8%	-22.4%
Management of Companies and Enterprises	387	396	2.3%	23.0%
Manufacturing	6,400	7,203	12.5%	8.9%
Mining, Quarrying, and Oil and Gas Extraction	114	-	-100.0%	23.7%
Other Services (except Public Administration)	803	924	15.1%	13.1%
Professional, Scientific, and Technical Services	1,214	1,507	24.1%	26.1%
Public Administration	5,418	9,250	70.7%	2.3%
Real Estate and Rental and Leasing	1,310	1,696	29.5%	19.1%
Retail Trade	10,996	10,782	-2.0%	5.1%
Transportation and Warehousing	1,057	1,054	-0.3%	16.4%
Utilities	-	483	0.0%	-6.5%
Wholesale Trade	267	295	10.2%	12.1%
Unidentified Industries	15,286	4,631	-69.7%	-100.0%
Grand Total	**65,554**	**68,087**	**3.9%**	**8.9%**

Source: Quarterly Census of Employment and Wages, ABEXUS Analytics estimates for the SPREDD region

Overall, these trends suggest a lower level of educational attainment and overall lower specialization of the region's workforce in occupations requiring higher levels of technical knowledge.

Nonetheless, labor demand trends at the industry level signal strong hiring in sectors requiring high levels of education and technical skills. This suggests that the lower levels of educated and high-skill labor supply relative to Puerto Rico are not constraining employment growth in specialized sectors. Moreover, labor supply for these sectors could be stemming from newly educated workers in the region, as evidenced by moderate but material increases in educational attainment, as well as possible hiring of educated workers living outside the region.

These trends also have implications for the creation of future employment opportunities and industry retention and attraction. The lower baseline levels of education and specialization of the workforce in technical occupations can result in a mismatch between occupational experience of workers and the profile demanded by present and future firms. This will determine whether the trend of strong hiring in specialized sectors can be sustained into the future and whether other sectors experiencing weakness can recover.

Despite strong growth in regional employment relative to Puerto Rico, the increasing levels of labor force participation and persistently high levels of unemployment evidenced in the previous section point to a high portion of the workforce that still struggles to find employment opportunities. This could potentially signal a structural mismatch of skills demanded by employers and the skill profile of a high portion of the workforce. It can also reflect relatively low levels of demand and activity in certain sectors, such as construction. These factors could risk the future sustainability of strong employment growth trends.

An important aspect to note is that the lower portion of the population in technical, "white-collar" occupations implies that a lower share of workers in the region is exposed to advancements in Artificial Intelligence (AI)[17]. Nonetheless, there is a slightly higher share of workers concentrated in sales and office occupations, which is the second most exposed group exposed to AI, and possibly has a lower adaptive capacity to learn and apply these new technologies[18]. This presents a risk of future worker displacement, particularly in office and administrative support occupations.

Moreover, recent advancements in robotics and other breakthrough technologies can potentially expand the reach of future technological advancement to other occupations[19]. This could result in the exposure of a higher portion of the workforce to risk of displacement in the absence of up-skilling and re-skilling strategies.

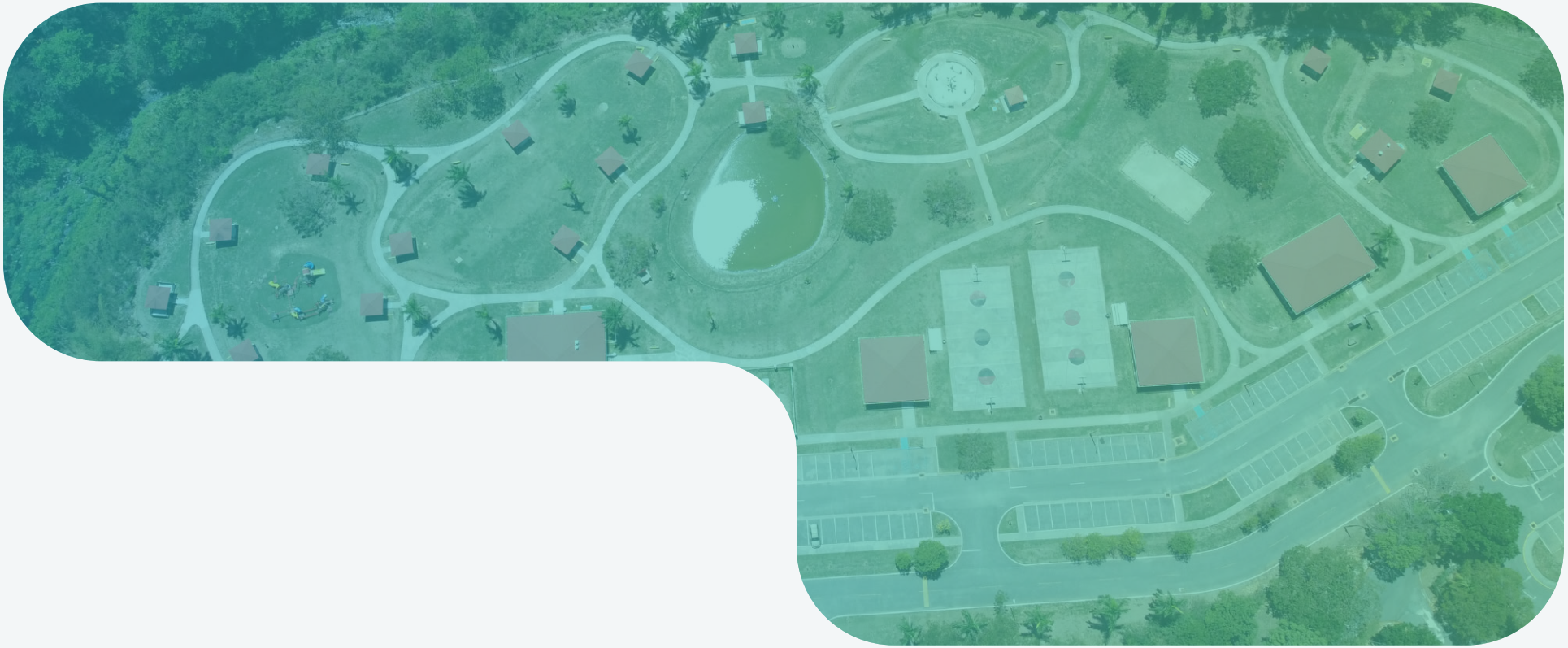
These trends highlight the importance of incorporating workforce development as a priority area of the strategic planning process for the 2026-2031 period, in line with modern CEDS guidelines. Such strategies should plan for forward-looking workforce training that engages employers to understand their present and future talent needs, as well

17 Management, business, science and arts occupations have been estimated to be the occupational group most exposed to AI language models, followed by sales and office occupations (EW Felten, et. al., 2023).

18 Manning, S. J., & Aguirre, T. (2026). *How Adaptable Are American Workers to AI-Induced Job Displacement?* (No. w34705). National Bureau of Economic Research.

19 According to the World Economic Forum's 2025 Future of Jobs Report, 58% of employers expect robots and autonomous systems to impact their operations by 2030.

as academia to ensure curriculums are aligned to present and future skills demanded, especially in the face of rapid technological advancement. This is particularly relevant given that the region's education infrastructure has already been identified as a significant strength.



The next section will place these trends into better context by providing detail on the concentration of overall economic activity by industry. This will set the foundation to better understand potential mismatches between industry demands and current workforce skills, as well as identifying economic sectors in which the region specializes and can act as sources of higher economic activity and employment opportunities.

3.4 Industry Ecosystem- SPREDD and Puerto Rico

Examining the current structure of economic activity at the industry level is key to identifying areas of economic specialization within the region. This is also essential to pinpoint sectors that necessitate the establishment of supportive foundational conditions to reach their growth potential.

Furthermore, the evolution of this structure over time can provide insight into sectors experiencing growth momentum and others undergoing difficulties due to changes in market conditions at the local and international level. This sets the stage for determining strengths and weaknesses for multi-sector development in a dynamic rather than static manner.

To provide a detailed overview of the sectors driving economic activity in recent years and for which the region stands as an attractive place to establish operations, this section analyzes the concentration and evolution of business establishments by industry. It also goes into detail regarding trends in specific sectors such as manufacturing, tourism and agriculture. A detailed analysis of these sectors is particularly relevant given their large fluctuations in employment presented in the previous section.

3.4.1. Concentration of Business Establishments in the SPREDD Region

An important element in the development strategic planning process is the identification of strengths and opportunities within the existing economic landscape. These can often be observed in the form of sectors for which the region is attractive as a place to establish operations, pointing to specific areas of specialization at the region level. At the same time, this is reflected in a high concentration of businesses relative to the average concentration at the national level.

Table 13 presents the location quotients for establishments in each industry for the SPREDD region and Puerto Rico during 2025 Q2[20]. As can be seen in the table, 11 out of 20 industries have higher location quotients in the region than the quotients for Puerto Rico. This implies that these industries have a higher concentration in the SPREDD region.

The industries with a higher concentration in the region relative to their concentration in Puerto Rico are Utilities (location quotient of 512.3), Transportation and Warehousing (quotient of 19.5), Agriculture, Forestry and Fishing (quotient of 7.2), Educational Services (quotient of 4.4), Mining, Quarrying, Oil and Gas extraction (quotient of 1.6), Construction (quotient of 0.9), Retail Trade (quotient of 2.4), Manufacturing (quotient

20 The establishment location quotient is defined as the average concentration of establishments in a particular area relative to the average concentration of establishments at the national level.

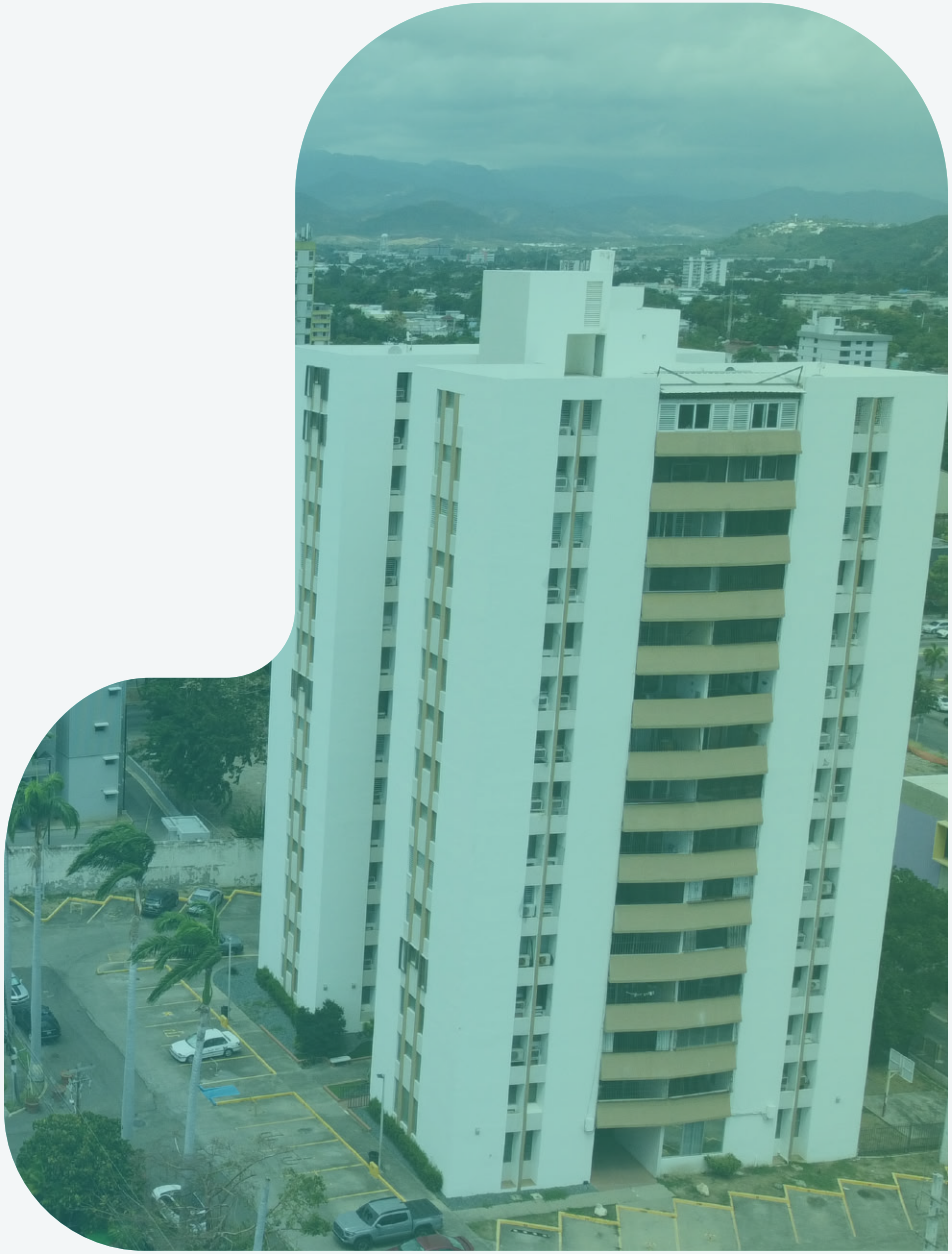
of 1.7), Health Care and Social Assistance (quotient of 1.2), and Accommodation and Food Services (quotient of 1.7).

The high establishment LQ's in Utilities, Transportation and Warehousing, Agriculture and Educational Services reflect the level of specialization that the region has always maintained in this sector. It is well known that most of the energy consumed in the Island is generated in the South and distributed to the rest of the Island via the electrical grid, which explains the high LQ of the region in Utilities.

The high LQ's in Transportation and Warehousing can reflect the presence of significant infrastructure assets in the region, such as Mercedita airport and the Port of Ponce. Since November 1996, the Port of Ponce is the central location for Foreign Trade Zone 163, and it has since converted into a logistics and warehousing hub[21].

Moreover, the municipalities of Guánica, Guayanilla, Yauco and Juana Diaz drive the high establishment LQ in Agriculture. According to the USDA Census of Agriculture for 2022, these municipalities accounted for 91.6% of all agricultural crop sales in the region and 9% of total crop sales in Puerto Rico.

Furthermore, other industries that have been highlighted in the past for their contributions to economic activity in the region show high LQ's, evidence of the continuous specialization of the region in such sectors. These include Educational Services, Manufacturing and Health Care and Social Assistance.



21 Zona Libre del Sur

Table 13: Location Quotient by Industry: SPREDD Region and Puerto Rico (2025 Q2)

Industry	Loc. Quotient - SPREDD	Loc. Quotient - Puerto Rico
Accommodation and Food Services	1.7	1.5
Administrative and Support and Waste Management and Remediation Services	0.5	1.0
Agriculture, Forestry, Fishing and Hunting	7.2	3.2
Arts, Entertainment, and Recreation	0.5	1.1
Construction	0.9	0.3
Educational Services	4.4	2.5
Finance and Insurance	0.5	1.9
Health Care and Social Assistance	1.2	0.8
Information	0.3	0.9
Management of Companies and Enterprises	0.3	0.4
Manufacturing	1.7	1.3
Mining, Quarrying, and Oil and Gas	1.6	0.3
Other Services (except Public	0.8	1.0
Professional, Scientific, and Technical	0.4	0.9
Public Administration	4.6	1.9
Real Estate and Rental and Leasing	0.8	12.7
Retail Trade	2.4	1.8
Transportation and Warehousing	19.5	2.4
Utilities	512.3	141.0
Wholesale Trade	0.5	0.9

Source: Quarterly Census of Employment and Wages, ABEXUS Analytics estimates for the SPREDD region

While location quotients provide a profile of the region's historical specialization at the industry level, the next subsection examines the evolution of activity in these sectors and provides details on emerging strengths and weaknesses in the economic structure and specialization profile of the region. This can aid in determining if these areas of specialization continue to be strong sources of economic activity and employment, and their capacity to contribute to economic development in the long term.

3.4.2. Evolution of Business Establishment Activity in the SPREDD Region – 2019 to 2025

Table 14 presents the number of business establishments for the SPREDD region and Puerto Rico from 2019 Q1 to 2025 Q2.

As presented in the table, all municipalities have experienced growth in the number of establishments during 2019 and 2024, but most have experienced lower growth compared to the 13.2% growth rate for Puerto Rico. One notable exception is the municipality of Juana Diaz, where the number of establishments has grown by 20.2%. On the other hand, the decrease in establishments in Guánica coincides with a substantial fall in its population, potentially signaling a correspondence between population levels and business activity.

As for the SPREDD region, the number of establishments has increased by 8.3%, which implies a lower growth rate of business establishments in the region compared to Puerto Rico. The lower growth rate in establishment counts can suggest that business activity in the SPREDD region has remained below the growth at the Puerto Rico level since 2019.

Table 14: Number of Establishments for the SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	112	110	-1.8%
Guayanilla	125	139	11.2%
Yauco	424	480	13.2%
Peñuelas	172	187	8.7%
Ponce	2,232	2,364	5.9%
Juana Díaz	321	386	20.2%
SPREDD	**3,386**	**3,666**	**8.3%**
Puerto Rico	**46,174**	**52,367**	**13.4%**

Source: Quarterly Census of Employment and Wages, ABEXUS Analytics estimates for the SPREDD region

Table 15 presents the evolution of business establishments at the industry level from 2019 Q1 to 2025 Q2, as well as the growth rate by industry for the SPREDD region and how it compares to Puerto Rico. As shown in the table, the lower increase in the number of establishments in the region (9.1%) relative to Puerto Rico (14.5%) is driven by a combination of lower growth rates in several industries along with a higher number of industries experiencing declines.

The industries leading the growth in establishment activity during the period are arts, entertainment and recreation (growth of 47.6%), accommodation and food services (26.6%), construction (24.5%), and professional, scientific and technical services (19.0%).

Meanwhile, the industries with the largest decline in their number of establishments have been mining, quarrying, and oil and gas extraction (-14.3%), public administration (-8.7%), educational services (-6.9%), and agriculture, forestry, fishing and hunting (-5.8%).



Table 15: Number of Establishments by Industry for the SPREDD Region and Puerto Rico (2019 Q1 - 2025 Q2)

Industry	2019 Q1	2025 Q2	% Change SPREDD	% Change P.R.
Accommodation and Food Services	323	409	26.6%	31.2%
Administrative and Support and Waste Management and Remediation Services	125	127	1.6%	3.4%
Agriculture, Forestry, Fishing and Hunting	138	130	-5.8%	-9.5%
Arts, Entertainment, and Recreation	21	31	47.6%	32.2%
Construction	155	193	24.5%	33.1%
Educational Services	51	48	-6.9%	6.6%
Finance and Insurance	100	98	-2.5%	18.3%
Health Care and Social Assistance	701	741	5.7%	10.2%
Information	32	34	6.3%	10.4%
Management of Companies and Enterprises	7	7	0.0%	-6.5%
Manufacturing	165	173	4.8%	15.2%
Mining, Quarrying, and Oil and Gas Extraction	7	6	-14.3%	-7.5%
Other Services (except Public Administration)	250	269	7.4%	10.6%
Professional, Scientific, and Technical Services	232	276	19.0%	38.9%
Public Administration	103	94	-8.7%	-9.6%
Real Estate and Rental and Leasing	105	122	16.2%	15.7%
Retail Trade	656	725	10.5%	9.3%
Transportation and Warehousing	97	100	3.1%	9.9%
Utilities	14	14	0.0%	14.4%
Wholesale Trade	87	97	11.5%	10.5%
Unidentified Industries	17	0	-100.0%	-97.9%
Grand Total	**3,386**	**3,693**	9.1%	14.5%

Source: Quarterly Census of Employment and Wages, ABEXUS Analytics estimates for the SPREDD region

The decline in establishments in the educational services industry points to a potential ongoing consolidation of activity in this sector. This is important to note given the historical importance and strength that the sector has shown in supporting activity in the region. While the educational services sector has driven the growth of regional employment in recent years, this consolidation in establishments could point to a lower growth potential in the long term, which could be intensified by an increasingly aging population.

Sectors such as agriculture and mining have experienced both a decline in the number of establishments and employment. These trends signal a shrinking growth potential of these sectors at the regional level despite the historical specialization of the region as a hub of agriculture production.

It is important to note that there are some sectors where high establishment growth tends to translate into corresponding higher levels of employment, suggesting that these sectors are strong sources of employment when their operations are expanded. For instance, the strong growth in establishment counts in accommodation and food services has been accompanied by corresponding increases in industry employment. This evidences not only the strong demand for tourism activity in the region, but also the sector's role as an important source of employment with a potentially high multiplier of economic activity.

This is true for the manufacturing sector as well, where establishments have grown by 4.8% and employment has grown by 12.5%. While the number of establishments in the industry has grown faster in Puerto Rico (15.2%), industry employment has grown faster in the region (12.5% compared to 8.9%). This suggests that manufacturing activity has been driven by strong growth prospects in demand for products from existing manufacturers in the region, not necessarily from new ones.

Furthermore, the professional, scientific, and technical services industry emerges as a prominent potential source of future regional strength, having demonstrated robust expansion in both its establishment count (19.0%) and regional employment levels (24.1%). The parallel growth in both business infrastructure and high-skill headcount underscores an expanding footprint of high-value, knowledge-based operations within the SPREDD region. The ongoing expansion of this sector, as well as other regional pillars like healthcare and educational services that rely heavily on a highly sophisticated workforce, is intrinsically linked to the region's strong higher education assets.

While the region has already experienced a positive trend in its educational baseline, notably through an increase in its share of the population with a bachelor's degree, it is critical that local stakeholders work to maintain or accelerate the pace of new university graduates. Ensuring an active, specialized talent pipeline will be the definitive factor in anchoring these high-paying firms and sustaining the continuous growth and expansion of the region's broader knowledge economy.

Other sectors have experienced high rates of growth in their number of establishments without corresponding increases in employment, signaling that these industries have not been strong sources of employment and activity in the region in recent years. These sectors are the arts, entertainment and recreation sector, as well as retail trade. In these industries, business establishment growth has outpaced growth in Puerto Rico establishments, but employment has lagged Puerto Rico's employment growth by a significant amount. This is particularly true for retail trade, where establishments have increased by 10.5% but employment has experienced a contraction of 2.0%, failing to mirror the 5.1% growth seen across Puerto Rico.

3.4.3. Industry Trends – General Remarks

Despite a historical specialization of the SPREDD region in sectors like Utilities, Agriculture, and Transportation, the revised industry profile reveals that the highest capacity for sustained expansion and employment creation currently lies in Educational Services, Healthcare, Manufacturing, Professional, Scientific, and Technical Services, and a robust Construction sector. To capitalize on these trends, several strategies must be deployed to leverage these clear regional strengths and decisively overcome identified structural weaknesses.

An important area of focus must be the cultivation of academic partnerships and the optimization of higher education assets to attract and retain younger residents in these advanced, knowledge-based industries. This requires providing specialized training and actively keeping up or increasing the pace of new university graduates to ensure a continuous, highly skilled talent pipeline, a critical necessity given the region's accelerated aging and smaller baseline pool of young residents.

By leveraging the region's established higher education assets and the presence of population pockets with higher baseline levels of education in municipalities like Ponce, Juana Díaz, and Yauco, SPREDD can cultivate the specialized workforce required to support technical-skill-intensive sectors such as Healthcare and Professional, Scientific, and Technical Services. This approach can position the region as a hub for premier talent, simultaneously providing essential healthcare and professional services for an increasingly older population while offering high-value, sustainable career paths for younger population cohorts.

Parallel to initiatives to develop advanced knowledge-sector skills, the region must bridge this focus with the deep-rooted experience of a higher portion of its workforce in production, transportation, and material moving occupations. These roles form the essential logistics and operational backbone for multi-sector growth. This is particularly true for the manufacturing sector, where regional employment growth has outpaced island-wide trends, driven by strong demand from existing manufacturers. Every highly engineered product designed or manufactured in the region requires a sophisticated supply chain and movement process, and SPREDD's significant share of workers in these technical roles

provides a distinct competitive advantage to support such operations.

Furthermore, the high concentration of service occupations in the region serves as a vital talent pool for the thriving accommodation and food services sector, which has demonstrated a robust ability to outpace island-wide growth in both headcount and establishment expansion. By integrating these diverse occupational strengths, ranging from service and logistics to production and management, the region can transition toward a diversified economic ecosystem that can sustain growth in the long term.

Crucially, the long-term viability of this economic ecosystem depends on proactively mitigating identified structural threats, most notably the lack of regional housing availability. The region's expanded construction workforce, which experienced robust 41.4% growth driven by the influx of unprecedented federal reconstruction funds, presents a vital regional catalyst to solve this bottleneck. SPREDD must pursue deliberate institutional pathways to systematically transition this experienced labor pool from public infrastructure work into new residential housing projects as federally funded recovery contracts approach completion.

By strategically matching local construction firms whose infrastructure pipelines are winding down with PRHFA-approved housing developments and utilizing federal programs to replace blighted urban structures, the region can successfully transition its construction workforce to build new housing, keeping crews localized while expanding housing inventory.

While the integration of these human capital strengths and targeted workforce transition strategies sets the foundation for diversified development, the sustainability of this growth remains inextricably linked to the quality of the region's broader physical assets. Even the most productive industries, expanding housing initiatives, and highly skilled talent pools cannot reach their full potential without a reliable physical infrastructure capacity that supports modern operations and high-density economic activity.



The following section provides a deep dive into these infrastructure capacities. Identifying the structural Barriers and planned improvements in these areas will shape the region's ability to attract new investment, support its aging population, and ensure that its physical environment can catch up to its economic and human capital aspirations.

3.5 Infrastructure Capacity

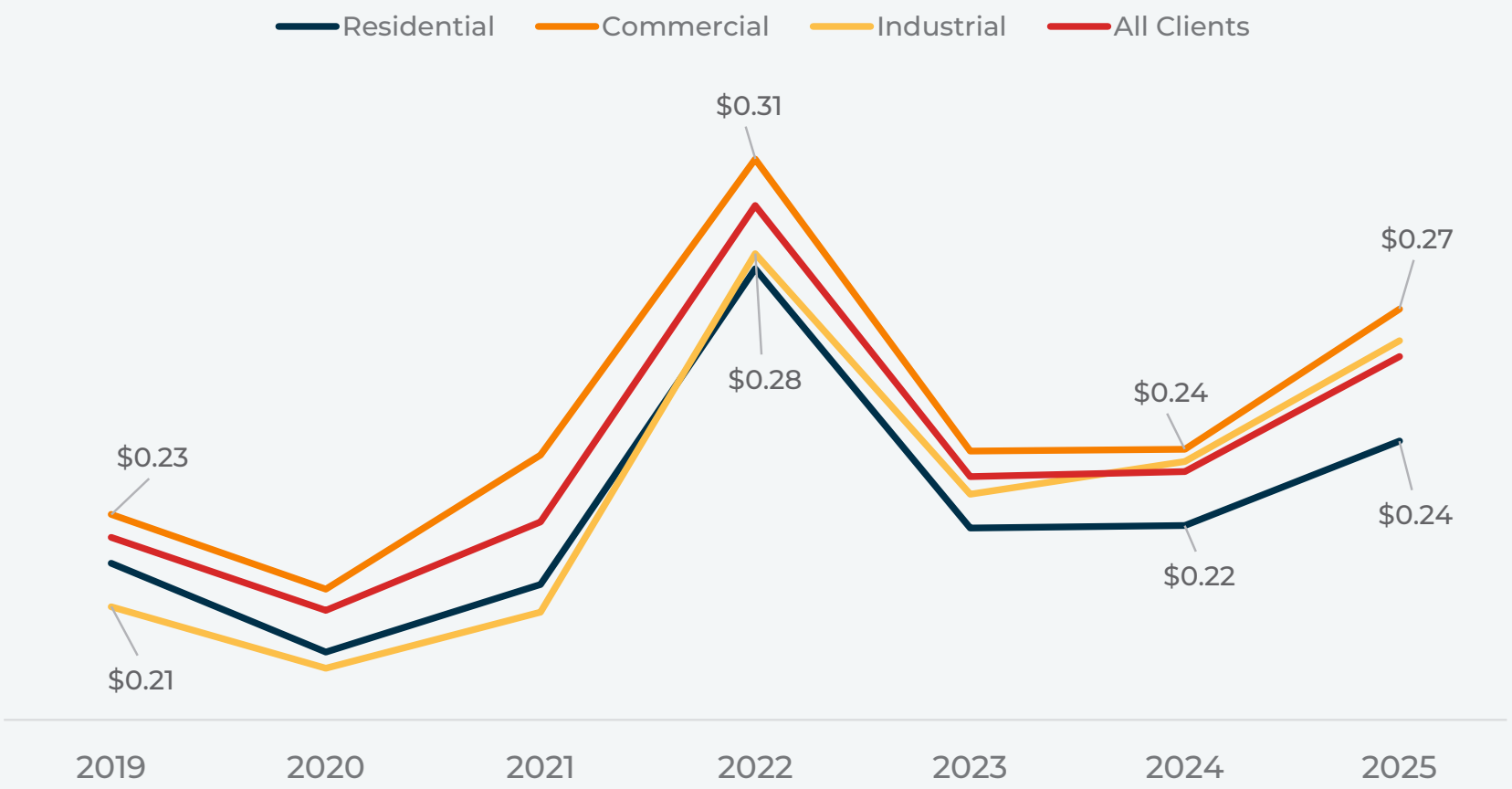
The region's capacity to ensure conditions conducive to growth is contingent upon the existence of infrastructure assets that support the operations of industry and businesses, the mobility of goods and services, but also the quality of life of residents. These assets are essential to not only retain and attract businesses and investment in the region, but also to ensure the retention of working-age residents. To examine the infrastructure capacity of the region, this final section provides detail on the region's energy cost and reliability, airport capacity and broadband accessibility.

Figure 6 shows the average energy cost per kilowatt in Puerto Rico by type of client and year. As shown in the table, average energy costs have increased from the baseline levels in 2024. While costs for residential consumers have remained relatively stable, energy costs for commercial and industrial clients have increased and remained above 2024 levels.

In late 2025, the Puerto Rico Energy Bureau approved the addition of two new charges to the total cost, one related to the financing of retiree pensions and an additional provisional charge. Moreover, the Plan of Adjustment (POA) to restructure the debt of the Puerto Rico Electric Power Authority has not been certified yet, which could result in additional charges that increase the base energy cost to even higher levels. This could imply additional operational costs for businesses, representing a challenge to attract and retain commercial and industrial firms.



Figure 6: Average Energy Cost per kWh by Class of Client

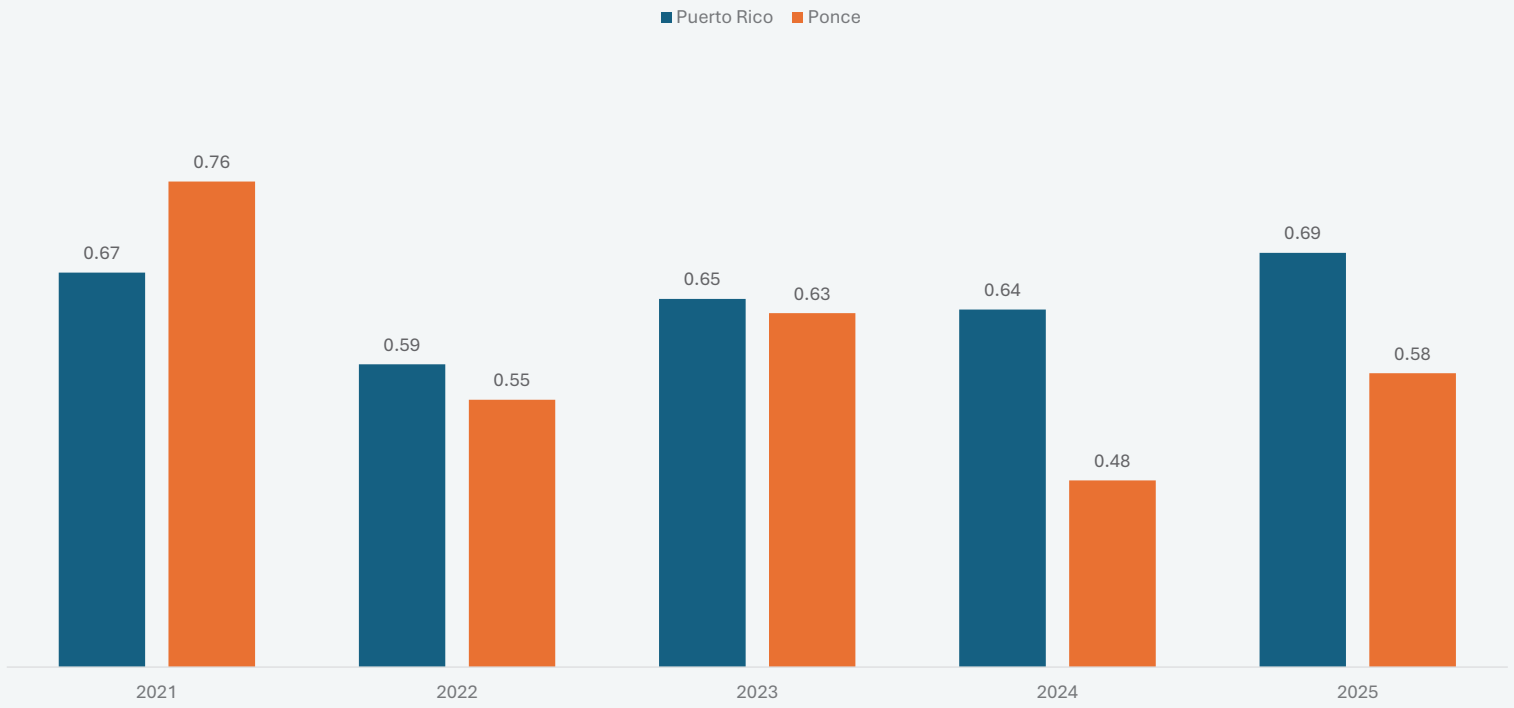


Source: Puerto Rico Electric Power Authority

Ensuring an effective and reliable electricity service is essential to ensure the smoothness and predictability of operations of firms, as well as the quality of life of residents. Thus, examining metrics such as SAIFI indices is important to assess the stability and reliability of the electricity service.

Figure 7 presents the SAIFI index published by LUMA Energy for Ponce and Puerto Rico[22]. This index measures the average number of service interruptions per client in a given month. As shown, the SAIFI index for Ponce fluctuated between 0.59 and 0.76 between 2021 and 2023, standing above the level observed for Puerto Rico during this period. The index has shown a notable improvement since 2024, staying consistently below Puerto Rico levels.

Figure 7: Energy SAIFI Index



Source: LUMA Energy

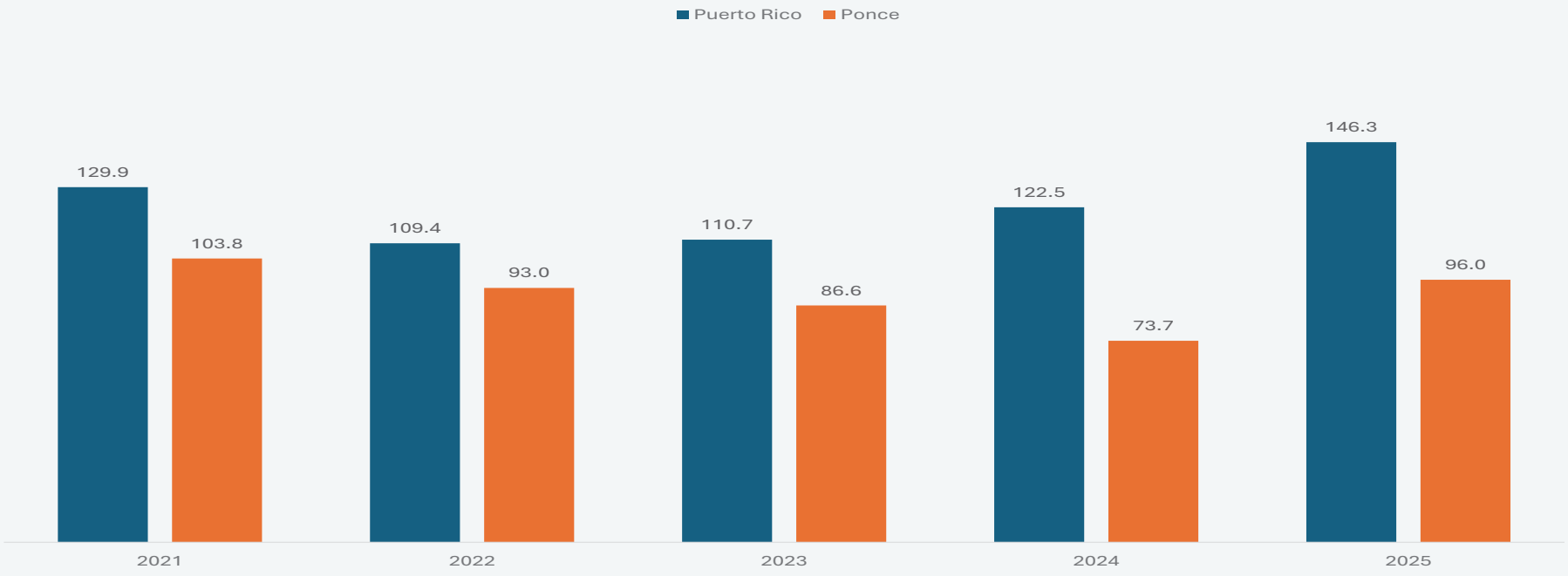
22 The SAIFI and SAIDI measures are analyzed for the Ponce region, and are meant to be interpreted as a proxy for reliability of the service in the SPREDD region, as they are not available for all municipalities.

Aside from the number of interruptions in a given month, another important measure of service reliability is the duration of each individual interruption. This can be assessed using the SAIDI index, which measures the average duration (in minutes) of each interruption per client in a given month.

Figure 8 presents the evolution SAIDI index for Ponce and Puerto Rico. As presented in the table, Ponce has also shown notable improvements in reliability as measured by the SAIDI in recent years relative to Puerto Rico. While the average duration of each interruption lasted 146 minutes in San Juan in 2025 (over 2 hours), the average duration of each interruption in Ponce lasted 96 minutes.

This shows that the electricity service in the Ponce area tends to be more reliable in terms of frequency and duration of service interruptions, which constitutes a strong competitive advantage for the region relative to Puerto Rico.

Figure 8: Energy SAIDI Index

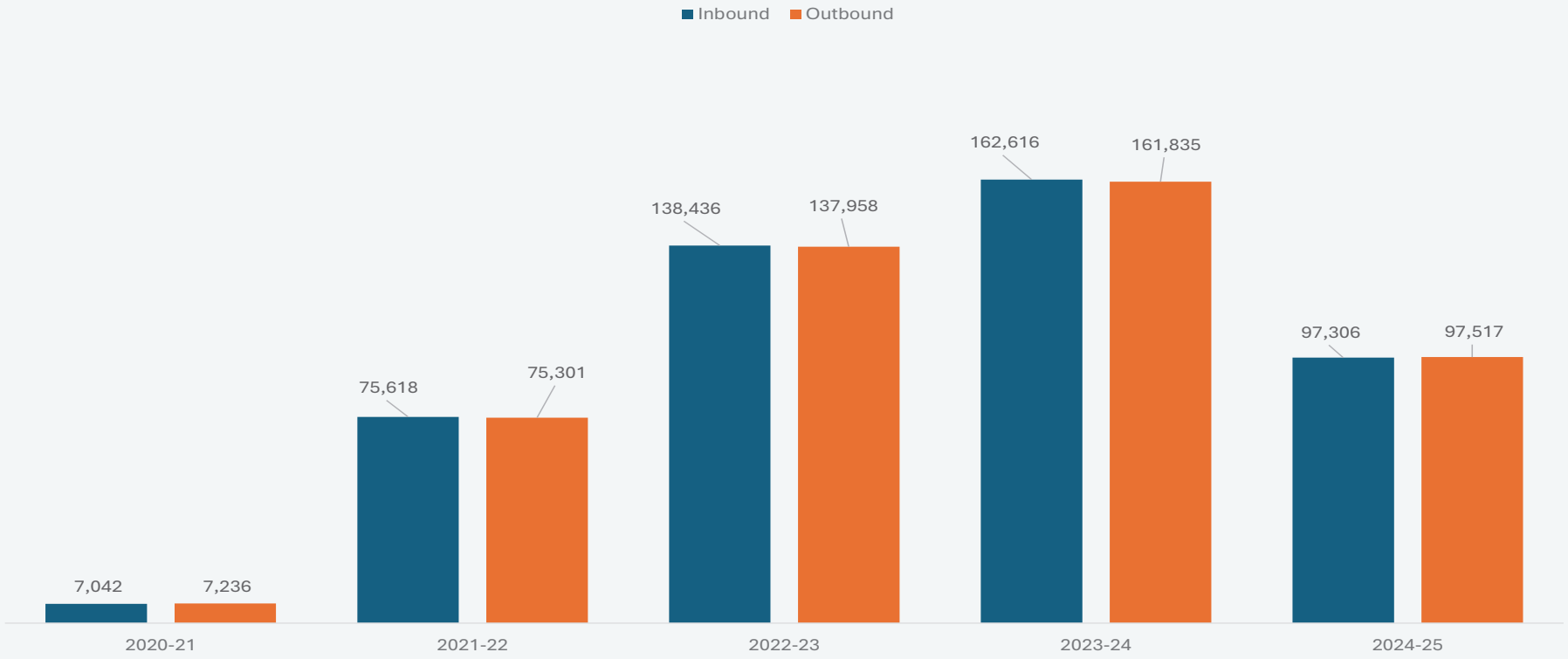


Source: LUMA Energy

Another important infrastructure aspect to examine is the capacity of the region's main airport, Mercedita International Airport, as an enabler of passenger traffic to the region, as well as of cargo and logistics. The presence of this physical asset expands the region's potential for economic development by augmenting and increasing the productive capacity of the region's industries and their export potential by reducing transportation costs, increasing warehousing capacity and attracting tourists to the region.

Figure 9 presents the number of passengers traveling through Mercedita airport from fiscal years 2020 to 2025. As can be seen, the airport has experienced an increase in passenger traffic since fiscal year 2021, reaching a high of 162,616 inbound passengers and 161,835 outbound passengers in fiscal year 2024. Nonetheless, it experienced a decrease of close to half the same number of passengers in the following fiscal year, suggesting that passenger traffic in Mercedita can fluctuate heavily in a year-over-year basis.

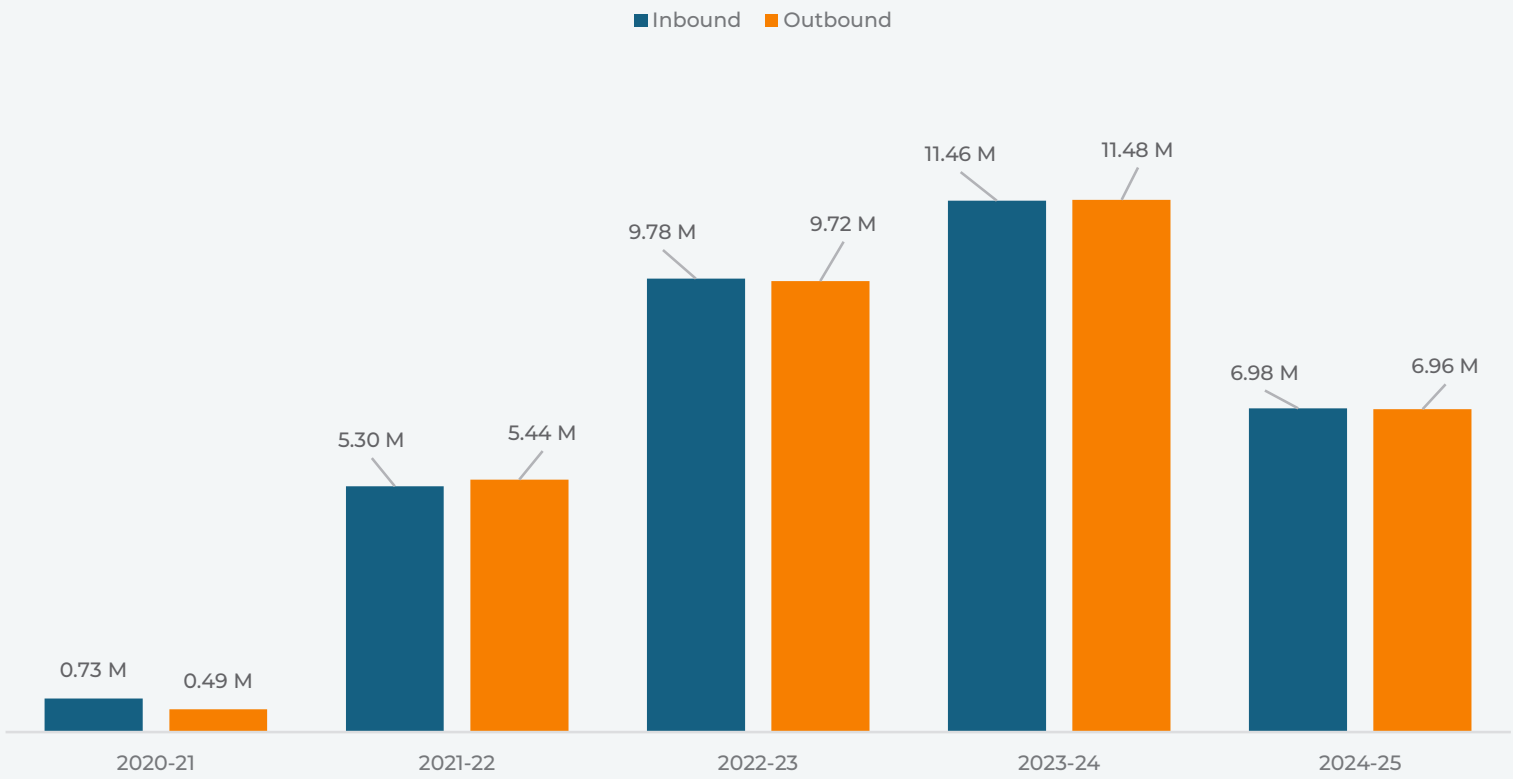
Figure 9: Inbound and Outbound Passenger Traffic at Mercedita Airport (FY 2021 – FY 2025)



Source: Puerto Rico Ports Authority

Another important aspect to examine is the capacity of the airport to serve as a cargo hub for imports and exports, thereby increasing the export capacity of the region and reducing import costs. Figure 10 shows the amount of cargo (in pounds) that has passed through Mercedita from FY 2021 to FY 2025.

Figure 10: Inbound and Outbound Cargo (In Pounds) at Mercedita Airport (FY 2021 - FY 2025)



As can be seen in the chart, the airport has also demonstrated an increased ability to handle cargo operations in recent years, with inbound and outbound cargo reaching 11.46 million pounds and 11.48 million pounds in FY 2024, respectively. It is important to note that cargo operations are also subject to considerable year-over-year fluctuations, as evidenced by the significant decrease in FY 2025.

The last infrastructure capacity aspect that should be examined is the accessibility of the region's households to internet service. This is particularly important in the case of SPREDD given the importance of workforce development in CEDS strategic planning. The success of modern workforce development and training initiatives often relies on workers having access to internet. This facilitates learning and is a critical component of upskilling and reskilling, especially in the age of AI and other advances in technology.

Table 16 shows the percentage of households in the SPREDD region and Puerto Rico with access to an internet subscription. As shown in the table, all municipalities in SPREDD have increased the fraction of the households that have access to an internet subscription. In some municipalities, this share exceeds that of Puerto Rico (81.3%) by over 5 percentage points. In Juana Diaz, for instance, the share of households with an internet subscription reached 91.5% in 2024.

Moreover, residents in the SPREDD region have access to internet subscriptions at a higher rate than Puerto Rico residents. This constitutes a significant competitive advantage for the region, as this implies that a higher portion of households can potentially access services and training programs, which can enhance the efficiency, impact and reach of workforce development initiatives.

Table 16: Percentage of Households with an Internet Subscription in the SPREDD Region and Puerto Rico

Municipality	2019	2024	% Change
Guánica	46.4%	73.7%	27.4%
Guayanilla	67.4%	80.4%	13.0%
Yauco	52.3%	81.2%	28.9%
Peñuelas	66.8%	85.0%	18.3%
Ponce	58.8%	86.4%	27.6%
Juana Díaz	73.6%	91.5%	17.9%
Total - SPREDD	61.1%	85.4%	24.3%
Puerto Rico	61.3%	81.3%	20.0%

Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

The trends presented above show that the SPREDD region distinguishes itself through a robust infrastructure profile that provides a competitive edge for industrial and residential development.

Despite high energy costs at the island-wide level, Ponce has shown superior electrical reliability compared to Puerto Rico, with relatively fewer and shorter service interruptions. This represents a competitive advantage for the region given the high levels of activity that are concentrated in Ponce. Nevertheless, development strategic design must consider potential future changes in federal funding to modernize the electrical grid and how this might affect service reliability.

This stability is complemented by high-capacity logistics assets, including an airport capable of managing over 300,000 passengers and 11 million pounds of cargo annually, as well as superior internet connectivity that enhances the reach and efficiency of workforce development initiatives. Together, these foundational assets solidify the region's capacity to support advanced industrial operations and a modern, connected workforce.

These technical strengths represent significant competitive advantages that must be central to the region's business attraction and retention strategies. By leveraging these advantages, the SPREDD can position itself as a low-risk destination for a wide range of energy and logistics-sensitive industries, while utilizing the airport's high cargo capacity to lower transportation costs and boost the export potential of local manufacturers and other producers.

Furthermore, the region's higher internet access rates provide a unique opportunity to scale digital workforce development programs, ensuring that talent in even the most remote municipalities can access the training necessary for the present and future economy. Capitalizing on this "hard" infrastructure profile not only mitigates the island-wide challenge of high energy costs but also creates the necessary environment to transform the region's industrial aspirations into a sustainable economic reality.



Concluding Remarks



04

The diagnostic assessment of the SPREDD region reveals a resilient but structurally challenged economy that must pivot toward a multi-sectoral and forward-looking development strategy to achieve long-term, sustainable economic development. The region's core strengths consist of its proven specialization and growth momentum in sectors such as Educational Services, Healthcare, Manufacturing, Professional, Scientific, and Technical Services, and a robust Construction sector, as well as its high-capacity physical infrastructure, characterized by high reliability of electrical service in its main city, robust logistics assets like the Port of Ponce and Mercedita Airport, and a high rate of resident internet access.

However, these strengths are counterbalanced by significant demographic and socioeconomic fragilities, including an accelerated aging process, a shrinking pool of young residents, high unemployment, lower labor force participation compared to Puerto Rico levels, and a critical lack of regional housing availability. To reach its full development potential, the region must move away from a historical dependence on financial incentives and pivot towards a model that relies on non-financial incentives such as its human and physical capital, integrating these to achieve a more balanced and diversified economic structure.

This transition aligns with goals established in the 2021-2026 CEDS by focusing on industries capable of flourishing without traditional incentives, while establishing a foundation for balanced, diversified growth that can withstand changes in technology and market conditions at the global level.

To capitalize on these existing strengths and mitigate structural vulnerabilities, future strategies must prioritize the alignment of the region's diverse workforce with present and future technical demands of high-growth sectors. This requires leveraging SPREDD's strong higher education and healthcare assets through university-industry partnerships to re-skill and up-skill the existing workforce, while actively maintaining or increasing the pace of new university graduates.

Ensuring an active, specialized talent pipeline will be the definitive factor in anchoring knowledge-based firms and sustaining the continuous growth of high-skill sectors like advanced manufacturing, professional and technical services, and specialized health services tailored to meet the future needs of its aging population.

Simultaneously, the strategy must capitalize on the deep-rooted experience of the regional workforce in production, transportation, and material moving occupations, which serve as the essential logistics backbone for a multi-sector ecosystem, along with its strong infrastructure capacity.

Furthermore, the region must strategically harness its expanded construction workforce, which has experienced robust growth driven by the influx of unprecedented federal reconstruction funds, as a vital catalyst to directly mitigate regional housing scarcity. Establishing institutional mechanisms to transition this experienced workforce from winding-down public infrastructure contracts into new residential housing projects will be paramount to transforming temporary recovery momentum into permanent regional stability.

By integrating these operational strengths with technical skill development in management, professional, and science roles, and securing foundational "pull factors" like expanded housing

inventory and digital training, this approach will ensure the attraction and retention of human capital. Ultimately, these synchronized efforts will transform the region's historical specializations into a sustainable, modern economic ecosystem capable of adapting to global shifts in technology, trade, and overall market conditions.



Methodology for SWOT Analysis



05

The development of the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis for this Comprehensive Economic Development Strategy (CEDS) was conducted through a multi-phased methodology that integrates both quantitative and qualitative data. Consistent with the U.S. Economic Development Administration (EDA) Content Guidelines, the analytical framework was designed to capture the perspectives of diverse stakeholders while validating their perceptions through empirical evidence. The methodology encompassed three phases: (1) a review of the previous CEDS framework, (2) a structured stakeholder engagement process, and (3) a targeted survey administered to CumbreSur Summit attendees.

5.1 Phase I- 1.1 Review of the Previous CEDS Framework (2021-2026)

The Southern Puerto Rico Economic Development District (SPREDD) conducted a comprehensive retrospective evaluation of the 2021-2026 CEDS. This evaluation had the purpose of assessing the relevance of previously identified socioeconomic factors in the region, and to inform the strategic direction of the current CEDS framework.

SWOT Matrix Analysis

The retrospective review was conducted through a structured matrix analysis of the previous CEDS SWOT framework. In this matrix, every strength, weakness, opportunity, and threat was catalogued. Every element was cross-referenced with the initiatives of the Strategic Direction of the prior CEDS. Furthermore, online research was applied to each of the strategic initiatives documented. The objective was to identify publicly available updates or news regarding the accomplishments of the initiatives. It is important to note that there is a limitation in this process: the absence of publicly available updates does not constitute evidence that the initiative was not pursued or achieved.

Action Plan Timeline Review

Along with the SWOT matrix analysis, a chronological review of the Action Plan established under the previous CEDS was also developed. This had the purpose of identifying possible areas of improvement when establishing deadlines for this CEDS, particularly with respect to timeframe calibration, sequencing of priorities, and identification of initiatives that may benefit from continuation or reformulation.

5.2 Phase II: Primary Stakeholder Engagement

Broad-based stakeholder participation is key to effective CEDS. As described in EDA's Content Guidelines, a CEDS emerges from a continuing planning process developed with broad based and diverse stakeholder participation that addresses the economic problems and potential of a region (EDA, 2025). In alignment with this principle, SPREDD's annual CumbreSur Summit served as the primary platform for stakeholder engagement throughout the SWOT development process.

Overview of the CumbreSur Summit

CumbreSur has the objective of gathering stakeholders from across the six municipalities of the SPREDD region. The summit serves to collect input and understand the shared vision for economic development for the SPREDD region. Participants represent a cross-section of the regional economy, including elected officials and municipal representatives, members of the business and private sector, academic and research institutions, and leaders from the healthcare, housing, and tourism industries. These annual events serve as a primary data source for SWOT analysis.

The event included three thematic conferences, three sector-focused panels, as well as a plenary session. The summit opened with a keynote lecture on the current socioeconomic diagnosis of the SPREDD region, which served as a foundation for the stakeholders' input. The event proceeded with a panel composed of the region's mayors or their designated representatives, where municipal perspectives about challenges and opportunities of the region were discussed. With a second panel focused on the business sector, attendees were able to gather information about the current state of this sector, as well as opportunities for economic and commercial development.

The event followed with two thematic conferences discussing the vision for the region, the challenges and commitments. The last panel was focused on current strategic projects in the areas of healthcare, housing, and tourism. Finally, the summit concluded with a plenary session featuring academic perspectives, where participants from higher education institutions contributed strategies and proposed solutions for regional economic development.

Data Collection and Documentation

A systematic approach to data collection was implemented throughout the Summit to ensure that stakeholder input was captured comprehensively. Through the event, notes were taken, supplemented by audios recordings that were transcribed for analytical review. To facilitate efficient documentation, a stakeholder profile table was developed. This enabled the process of contextualizing stakeholder input.

5.3 Phase III: Stakeholder Survey Instrument

To complement the qualitative data gathered during the Summit and to enable a more systematic validation of key SWOT findings, a survey instrument was administered to Summit attendees.

Survey Design and Structure

This survey was designed with deliberate attention to accessibility and respondent experience. Considering that the event had a strict agenda, it was needed to ensure that the survey was concise and user-friendly. To maximize response rates while maintaining data quality, the survey included only close-ended questions.

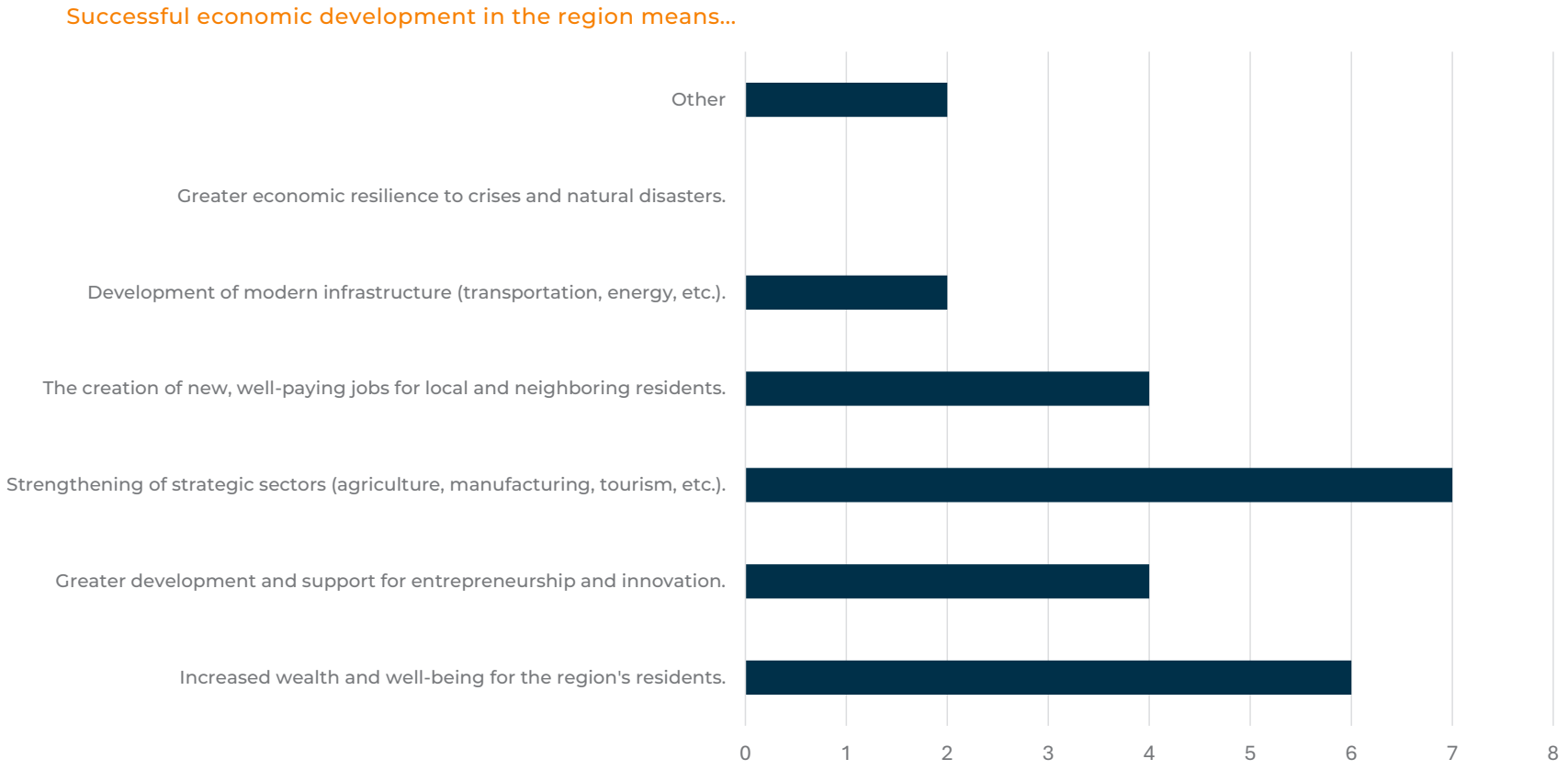
The purpose of this survey was to validate which strengths, weaknesses, opportunities, and threats were still in effect from the previous CEDS. The survey also served as a validation of the progress of past initiatives. The survey questions were informed by the empirical data presented by ABEXUS Analytics report, *An Overview of SPREDD's Economy*[23] and the previous CEDS SWOT analysis.

First, the survey sought to capture the perception of stakeholders about the meaning of economic development. Second, it evaluated perceptions regarding the primary Strengths and Weaknesses currently characterizing the SPREDD region, enabling a cross-validation with the empirical data and the views of regional stakeholders. Third, the survey examined stakeholder perceptions of emerging trends and disruptive forces, with dedicated questions on the impact of technological advancements, including artificial intelligence, on the region's economic trajectory.



23 ABEXUS Analytics. (2026a). *An overview of SPREDD's economy*. https://spredd.net/wp-content/uploads/2026/03/SPREDD_Presentation.pdf

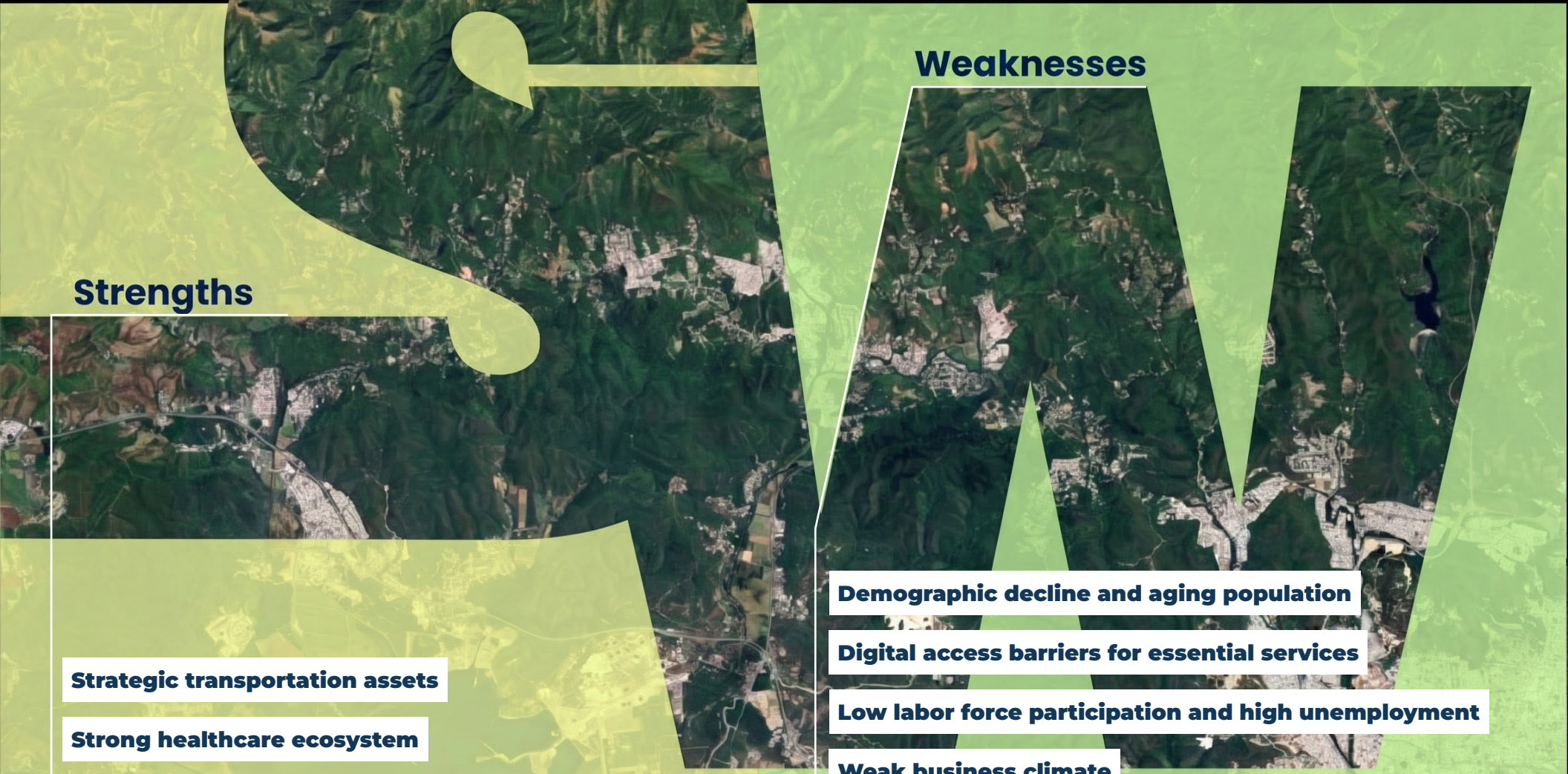
Figure 11: Results from the survey (ABEXUS Analytics)





SWOT Analysis

06



Strengths

- Strategic transportation assets
- Strong healthcare ecosystem
- Regional anchor role of Ponce
- Tourism assets and ongoing investments
- Presence of educational institutions
- Access to Internet and quality of digital connectivity
- Intermunicipal collaboration

Weaknesses

- Demographic decline and aging population
- Digital access barriers for essential services
- Low labor force participation and high unemployment
- Weak business climate
- Limited access to capital
- Skill gaps and education-labor mismatch
- Housing shortage
- Limited access to drinking water
- Shortage of medical professionals
- High cost of electricity



Opportunities

- Agriculture and fishing development
- Airport and ports activity expansion
- Potential to lead energetic transformation in the island
- Use of vacant properties
- Integration of small businesses into value chains
- Expansion of financing mechanisms
- Collaborating with academia to address skill gaps

Threats

- Susceptibility of the region to natural disasters
- Adaptability to emerging technologies
- Continuation of historical economic patterns
- Continued outmigration and demographic imbalance
- Competition from other regions within Puerto Rico

SWOT Analysis

During CumbreSur 2026, held on March 26, 2026, stakeholders from across different sectors -nonprofit, businesses, academia, and government- discussed the Southern Puerto Rico Economic Development District's current economic conditions, existing assets and major development constraints. Geographically, this district encompasses a contiguous coalition of six southern municipalities: Guánica, Yauco, Guayanilla, Peñuelas, Ponce, and Juana Díaz. Across panels and a plenary session, stakeholders shared their perspectives on their ongoing projects and offered possible solutions and strategies addressing both the region's short-and-long-term needs. Overall, the discussions emphasized that economic development should be addressed at a regional, rather than municipal level.

Along with the summit, a stakeholder survey validated the previous SWOT framework (2021-2026) and captured perspectives on existing initiatives and their progress. This survey, completed by 25 regional stakeholders, also evaluated the perception of the strengths and weaknesses of the region[24]. Given the limited sample, this instrument was used as a complementary source of validation and not as a standalone analytical instrument. The survey's findings are interpreted alongside the discussions held at the summit, which were analyzed through the notes and transcribed recordings. These sources helped identify recurring themes, validate emerging findings, and ensure that the perspectives captured in the survey were consistent with the broader discussions held at the event. Overall, the survey results were consistent with the topics addressed in CumbreSur 2026.

The SWOT analysis below draws from the event discussions, the survey results, and empirical data, primarily based on ABEXUS Analytics' reports: *An Overview of SPREDD's Economy*[25] and *An Updated Plan for Sustainable, Diversified and Transformative Development*.[26]

24 For future occasions, it is recommended to expand the stakeholder survey sample to strengthen the representativeness of the findings. Strategies such as making the survey available prior to the event through social media could allow for a broader response window. This survey could directly be sent to registered participants of the event but also be available to the general public of the region.

25 ABEXUS Analytics. (2026a). *An overview of SPREDD's economy*. https://spredd.net/wp-content/uploads/2026/03/SPREDD_Presentation.pdf

26 ABEXUS Analytics. (2026b). *An updated plan for sustainable, diversified and transformative development*. https://spredd.net/wp-content/uploads/2026/03/SPREDD_3-26-26.pdf

6.1 Strengths

Strategic transportation assets

The SPREDD region benefits from **key transportation assets**, such as the Mercedita International Airport and the Port of Ponce. These assets are crucial to attract tourism and investment in the region, while also supporting cargo movement. Their value is not limited to the municipality they are in; they can positively impact on the rest of the region if linked effectively to other economic development strategies and initiatives.

Strong healthcare ecosystem

The region benefits from a well-established **health ecosystem, which represents one of its strongest assets**. With six hospitals across the region, five of them located in Ponce, the SPREDD region has a strong base of medical services and facilities. This concentration of hospitals and healthcare services provides a solid foundation to expand employment, attract and retain specialized professionals, and enhance overall quality of life. A strong healthcare ecosystem also creates the foundation for further growth in health-related industries and professional services.

Regional anchor role of Ponce

The municipality of **Ponce acts as the epicenter for economic development** in the region. It was described by stakeholders as the main node for tourism, health services, education, and transportation. These assets give the region a focal point for investment, but it is important to further develop these assets to connect them to what the rest of the region offers.

Tourism assets and ongoing investments

The SPREDD region benefits from strong and diverse tourism assets that include beaches, ecological sites, cultural attractions, and new hospitality investments. Currently, there are ongoing tourism projects, including the construction of 5 new hotels and a commercial district with 35 stores in the Ponce area. These projects and assets support the expansion of employment opportunities, increased business activity, and higher visitor spending.

Presence of educational institutions

Universities and educational institutions are key contributors to the region's labor supply, attracting students and population from across different parts of the island. There are currently 9 primary university campuses and higher-education centers. This concentration of academic institutions strengthens the region's human capital base and supports workforce development across multiple sectors, while also strengthening the region's long-term productive capacity.

Access to Internet and quality of digital connectivity

As of 2024, 85.4% of the SPREDD region households had an Internet subscription[27]. This **reliable internet access** supports business activities, remote work, and access to services. Digital connectivity also enhances the region's economic resilience by allowing activity to continue during disruptions.

Intermunicipal collaboration

Local leadership within the SPREDD region has demonstrated a strong **commitment to collaboration among its six municipalities**. This was evidenced by the coordinated efforts surrounding the arrival of the cruise ship *Icon of the Seas* in May and June of 2025, during which the municipalities jointly developed and implemented a plan to receive thousands of visitors. These efforts reflect a growing regional approach to coordination and signal continued interest in expanding collaborative initiatives.

6.2 Weaknesses

Demographic decline and aging population

Population ageing represents a significant weakness in the SPREDD region, as evidenced by the increase in age-dependent population relative to groups in working ages, growing at a rate more than double the overall population decline observed in Puerto Rico[28]. This trend, alongside the **reduction of the younger population** in the region, is contributing to a shrinking labor force group, and placing constraints on the region's economic growth. Together, these dynamics create a structural challenge, requiring the region to both retain younger residents and adapt to an increasingly older population profile.

Digital access barriers for essential services

The ageing trend significantly exacerbates the issue of digital access barriers. For instance, stakeholders noted that, in many cases, **older adults face challenges when applying for incentives and federal aid**, as the application processes are primarily available through electronic platforms. This becomes a greater challenge when considering that 20.8% of the population is aged 65 years or older (as of 2024)[29], highlighting the necessary adaptation to ensure the region's dominant demographic is not cut off from critical support.

Low labor force participation and high unemployment

As of 2024**, the SPREDD region's labor force participation rate stood at 42.4%**, trailing the overall rate for Puerto Rico by four percentage points. The region continues to experience **higher unemployment levels that the island average,** with the municipalities of Guánica and Guayanilla recording the highest rates.[30]

27 American Community Survey 5-Year Estimates for 2024, ABEXUS Analytics estimates for the SPREDD region.

28 *Id.*

29 *Id.*

30 *Id.*

Weak business climate

Long and difficult permitting process, regulatory delays, and bureaucracy were factors repeatedly identified by stakeholders, fostering a weak business climate. For instance, a stakeholder cited a case where a project's loan or grant approval was stalled over a requirement to measure the site's cardinal points, ultimately requiring flying in an archaeologist from the United States to fulfill the compliance mandate. This type of friction directly affects business formation, project execution, investor confidence, and increases transaction costs.

Limited access to capital

Another barrier to business growth is **limited access to capital and financing**, which is particularly difficult for micro and small businesses. Stakeholders also highlighted a reduction in banking presence, further constraining business creation and expansion. If the region seeks endogenous growth, limited capital access is a major structural weakness.

Skill gaps and education-labor mismatch

Stakeholders identified **gaps in both technical and soft skills**, as well as insufficient alignment between educational programs and labor market needs. This dynamic reduces productivity and makes it harder for employers to find workers with the required skill sets. This mismatch accentuates the need for training, upskilling and mentorship opportunities, as well as for rethinking educational programs to fit the needs of the labor market.

Housing shortage

One of the main weaknesses of the region is **limited access to housing**, with only 154 new housing units constructed as of 2024[9]. Stakeholders identified a clear link between the retention of young residents and inadequate supply of affordable housing. This shortage also affects the perception of the region as an attractive place for investment and for professionals to settle. In this sense, housing limits both labor retention and business development, making it a binding constraint on regional growth.

This challenge also extends to the **limited availability of student housing**, reducing the attractiveness of the SPREDD region for young people from other areas to study and live in the region. This results in hindering the region's ability to cultivate and retain a diverse and skilled workforce.

Limited access to drinking water

Participants noted inadequate access to potable water as a direct barrier for housing development, which in turn hinders the efforts to attract and retain population. This creates a cascading effect, where infrastructure limitations constrain labor availability, investment, and overall regional growth.

9 *Id.*

Shortage of medical professionals

The region faces disproportionately large gaps in access to specialized healthcare services, including but not limited to gastroenterologists, endocrinologists, and orthopedists, as evidenced by 2024 data[31]. More broadly, these shortages reflect systemic challenges in attracting and retaining healthcare professionals across multiple disciplines. This limits timely access to healthcare services, increases the need for out-of-region services, and contributes to the underutilization of existing healthcare infrastructure. In turn, these constraints weaken the region's ability to support population retention, meet the needs of an aging demographic, and sustain a competitive healthcare ecosystem. This shortage is partly driven by structural factors, including the lack of adequate housing, as previously discussed.

High cost of electricity

The SPREDD region has experienced an **increase in energy costs** since 2024, especially for commercial and industrial clients, evidence showing an increase in the average energy cost per kWh of $0.03 to commercial clients (as of 2025)[32]. These increases are consistent with the approval, in 2025, of two new charges to the total cost of electricity. High utility costs create uncertainty for potential investors and increase the cost of living for households, reinforcing outmigration and reducing firm's competitiveness.

31 FTI Consulting and IMPACTIVO, *Puerto Rico Healthcare Workforce Study 2025*, Pages 31-33.

32 Source: Puerto Rico Electric Power Authority

6.3 Opportunities

Agriculture and fishing development

Stakeholders identified agriculture and fishing as areas with unrealized potential. These sectors could support local supply chains, enhance food security, and foster entrepreneurship while reducing overdependence on a narrow set of economic activities. Additionally, they present opportunities to strengthen linkages with tourism, gastronomy, and small business development.

Airport and ports activity expansion

The airport and port are not only key existing assets, but also present significant opportunities for future growth. According to local leadership, passenger volume is projected to double, or potentially triple, by 2027. This expansion could strengthen tourism, cargo logistics, regional competitiveness, and could position the region as a gateway to the hospitality industry.

Potential to lead energetic transformation in the island

Some stakeholders noted that the **SPREDD region has the potential to lead Puerto Rico's energy transition**. They argue that initiatives such as the transportation of electrical transformers through the Port of Ponce in 2024 and 2025 represent only the beginning of the region's broader potential to drive this transformation. A successful transition could

improve reliability, reduce structural constraints, and position the region strategically within the island's future growth model.

Use of vacant properties

There are various abandoned and vacant properties that could be repurposed for incubators, commercial activity, or housing. According to the American Community Survey 5-Year Estimates in 2024, over 20% of the house units of the region are vacant, with significantly higher observed in municipalities such as Guánica, where approximately one in three units is vacant[33]. This presents an opportunity to address housing challenges while also supporting business development in the SPREDD region.

Integration of small businesses into value chains

Stakeholders highlighted **the potential for the creation and development of small businesses that supply larger firms operating in or near the region**. This could support the growth of smaller businesses by ensuring that their goods and services align with the existing market demand, while deepening the region's productive base.

Expansion of financing mechanisms

Stakeholders noted the **potential of consortium models, cooperatives, and a municipal bank**. These initiatives would improve multisectoral collaboration and improve capital access, supporting endogenous growth rather than reliance on external financing.

Collaborating with academia to address skill gaps

The sector of academia is a useful asset to address the problem of skill gaps and mismatch between educational programs and the labor market. **Universities and other educational institutions can work alongside stakeholders to create internship programs, training programs, and make changes to the curriculum that fits the needs of the labor market.**



33 American Community Survey 5-Year Estimates for 2024

6.4 Threats

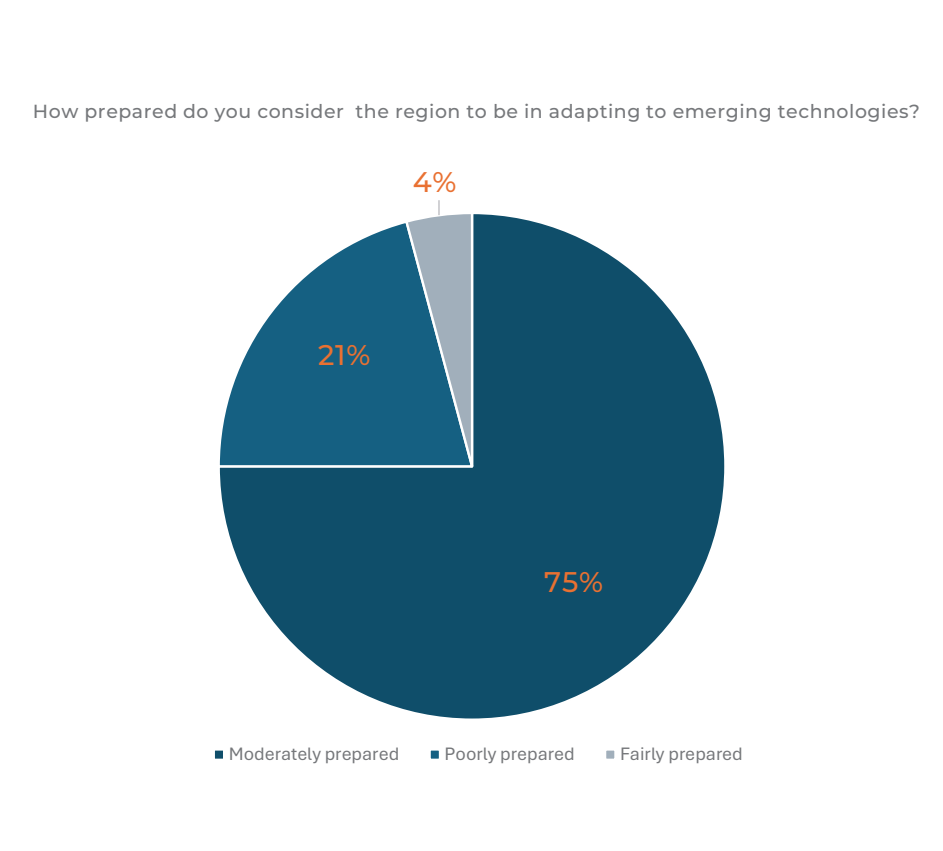
Susceptibility of the region to natural disasters

The SPREDD region remains vulnerable to natural disasters such as earthquakes, hurricanes, and droughts, as illustrated by events such as Hurricane Maria and the 2020 earthquakes, which continue to have lasting impacts on the region. Such vulnerability threatens physical assets and economic continuity, especially in sectors such as tourism, housing, and commercial activities.

Adaptability to emerging technologies

The survey showed that most of the respondents had the perception that **the region is moderately or poorly prepared to adapt to emerging technologies, such as artificial intelligence** (*see Figure 12*)**.** Without adequate adaptation, the region risks falling behind in productivity and competitiveness. This emphasizes the need to strengthen workforce upskilling and training in digital and technological skills, as identified by respondents.

Figure 12: Survey Results (ABEXUS Analytics)



Continuation of historical economic patterns

Stakeholders warned against repeating older patterns of external funding dependance, fragmentation, low structural transformation, and lack of strategic planning. In 2024, more than half of households in the region relied on federal food

assistance[34], underscoring the region's vulnerability to external resource dependence. This threat implies that the region could continue to grow in a fragile way unless its development model changes to one that is self-sustainable.

Continued outmigration and demographic imbalance

Persistent population loss, especially of young and productive-age people, threatens the region's long-term economic sustainability and resilience. This persistent loss leads to lack of labor supply, weakens local demand, and limits business expansion and innovation.

Competition from other regions within Puerto Rico

Stakeholders expressed a perception of **unequal treatment toward the region**, highlighting the need for greater decentralization. This perception is reinforced by the concentration of investment, visitor flows, and economic activity in other areas. For example, only 11% of visitors born in other countries visited the Southern area of the island in 2024[35]. The concentration of economic activity in other parts of the island creates a competitive disadvantage for the SPREDD region. Addressing the region's needs and allocating resources in alignment with its assets is essential to avoid continued marginalization in terms of investment and policy attention.

6.5 Strategic Interpretation

The SWOT analysis suggests that the region's main challenges do not stem from lack of resources or assets, but rather the presence of binding constraints, especially in housing, infrastructure, and business permitting. These factors prevent the assets from translating into sustainable and resilient economic development.

The SPREDD region possesses strong and key assets, including a developed healthcare infrastructure, transportation assets, and a growing tourism industry. Albeit, this is not translating into sustained economic growth, as shown by data and stakeholders' perspective.

Housing emerges as a central constraint, impacting not only the people that already live in the region, but those who are potential investors, people in the diaspora, and young people that want to study in the area. For instance, the region's ability to attract medical professionals is partly due to the housing shortage. Similarly, permitting processes are repeatedly brought up as a challenge to business activities and investment attraction, especially affecting small and emerging businesses. This demonstrates how a single weakness can affect multiple sectors simultaneously.

Strategies and initiatives to address the elements discussed in this SWOT must be aimed at treating the structural inefficiencies that limit the existing capacities.

34 American Community Survey 5-Year Estimates for 2024, US Census Bureau

35 Puerto Rico Visitor Profile for 2024, Institute of Statistics

Stategic Direction & Action Plan



07

7.1 Strategic Direction & Action Plan

Background: The SPREDD Strategic Direction and Action Plan translates the findings of the SWOT Analysis into a comprehensive set of goals, objectives, and strategic actions designed to guide the region towards a sustainable, strong, and resilient economic development. Encompassing a five-year horizon, this plan addresses the structural challenges and opportunities previously identified in the SWOT analysis and stakeholder engagement.

Each goal is oriented to be broad and long-term, while the objectives serve as the primarily short-term strategies that the region will adopt to accomplish them. For each goal, the plan identifies objectives, strategies, potential stakeholders, a timeframe, and key performance indicators, reflecting the region's commitment to building an economy that is both growing and sustainable.

Vision: Our Vision is to position the Southern Puerto Rico Economic Development District as a model of collaborative regional economic development, recognized for the strength of its municipalities, the competitiveness of its businesses, the capacity of its institutions, and the effective implementation of strategic initiatives that generate long-term prosperity and improve the quality of life of its residents.

Mission: Our mission is to strengthen the capacity for sustainable and resilient economic development within the Southern Puerto Rico Economic Development District through regional leadership, the cultivation of partnerships, collaboration among the public, private, academic, and community sectors, and the development and implementation of strategic initiatives that enhance regional competitiveness, attract investment, foster innovation, support business growth, and improve the quality of life for the residents of Guánica, Guayanilla, Juana Díaz, Peñuelas, Ponce, and Yauco.

How to Use this Strategic Direction/Action Plan

This plan is organized around eight strategic goals. Each goal section includes:

1. Goal Statement- A long-term intention that builds upon SPREDD's vision.
2. Why this goal matters - Explains why this goal is a priority for the SPREDD region.
3. Objectives- Details the specific objectives, key strategies, potential lead stakeholders, and a timeframe.
4. Evaluation Metrics - Serve as quantifiable measures of progress on each of the objectives.

Goals Overview: SPREDD has eight goals in alignment with the mission for the region. Each of these goals will be further explained in the following sections.

1. Build economic capacity within the region.
2. Strengthen the business climate and support entrepreneurship.
3. Expand housing availability and affordability.
4. Stabilize population and strengthen regional talent retention.
5. Build an adaptable and skilled workforce.
6. Leverage Transportation and Tourism assets for economic diversification.
7. Strengthening the region's long-term infrastructure and energy resilience.
8. Advance business recruitment and investment attraction.



Goal #1: Build economic capacity within the region

Why this goal matters:

The strategies detailed in this Action Plan can only be implemented if the institutions responsible for executing them have sufficient capacity. This goal addresses the organizational and technical infrastructure needed to make all other goals possible.

Objective 1:

Develop and implement economic development capacity workshops for municipal governments across the SPREDD region.

Actions / Strategies:

1. This will ensure regional capacity building. These workshops will be administered by SPREDD, focusing on aspects such as tools for project management, economic data use, investment attraction, and incentive strategies.

Timeframe: Year 1-2

Evaluation Metric:

Since 2024, SPREDD has initiated efforts to coordinate certified training on economic development to 3 municipal officers per municipality, in collaboration with the Interamerican University of Puerto Rico, Metro Campus. To measure the progress of this objective, SPREDD will expand training, tracking the number of certified municipal officers per municipality each year. SPREDD must increase the number of topics included in the workshops and the inscription of municipal officers to the certified training.

Objective 2:

Support and partner with business development organizations (e.g., Southern Puerto Rico Chamber of Commerce (CCSPR) (CCSPR), Small Business and Technology Development Center (SBTDC), Asociación de Pequeña y Mediana Empresas (ASOPYMES) to build capacity.

Actions / Strategies:

1. The Southern Puerto Rico Chamber of Commerce (CCSPR) will support SPREDD's efforts to strengthen the business climate. Representing the business community, this partnership will ensure the success of strategies directed at business development.

Timeframe: Year 1 (ongoing)

Evaluation Metric:

SPREDD has already established an alliance with the Puerto Rico South Chamber of Commerce, key actor in the success of the past CEDS cycle (2021-2026). SPREDD must increase and record the number of joint initiatives, events, and programs in collaboration with this organization.

Objective 3:

Support the Existing Third Sector Capacity Building Lab F3S Initiative. LabF3S is an initiative of the Titín Foundation, supported by the EDA Economic Recovery Support Function, designed to increase capacity of the nonprofit sector. The initiative focuses on ensuring nonprofits obtain 501c3 or 1101 designation from the PR Treasury and-or IRS for grant eligibility, providing information on philanthropic and federal grant opportunities, and training in grant application, administration, and post award management.

Timeframe: Year 1 (ongoing)

Evaluation Metric:

SPREDD will track the number of nonprofit organizations in the region that obtain 501(c)(3) or 1101 designation and become eligible for federal grants.

Objective 4:

Strengthening of dedicated economic development organizations and offices within municipalities.

Actions / Strategies:

1. Provide model organizational frameworks and facilitate collaboration between organizations regionally.

2. Emphasize the importance of including dedicated economic development positions within their job classification plans, with clearly defined salary scales. These positions may include roles such as Economic Development Specialist and Economic Development Coordinator, among others, to strengthen local capacity for planning, project implementation, and business engagement.

Timeframe: Year 1-3

Evaluation Metric:

SPREDD will measure the number of municipalities with a dedicated economic development position in their job classification plan. Each municipality must have more than one economic development position.

Objective 5:

Strengthening SPREDD's own institutional capacity to coordinate CEDS implementation, manage stakeholder relationships, and monitor and report on progress.

Actions / Strategies:

1. Prioritize stakeholder engagement by establishing a regional economic dashboard that is publicly available and regularly updated showing key indicators for the SPREDD region.

2. Implement other strategies for stakeholder engagement such as a Stakeholder Newsletter or Progress Reports that serve as quarterly or biannual communication. In these reports, allow feedback from stakeholders.

3. Maintain an active social media presence to disseminate economic development updates, highlight implementation progress and share relevant news and opportunities with stakeholders and the general public.

4. Adapt the Stakeholder Survey as an annual validation instrument. This will enable SPREDD to evaluate the perception on the progress of the goals established, new areas to address, and will allow SPREDD to build a foundation for future CEDS cycles.

Timeframe: Year 1 (ongoing)

Evaluation Framework:

Monitor the number of active stakeholder communication channels maintained (dashboard, newsletter, social media), frequency of updates, number of followers/subscribers, and stakeholder feedback through the survey.

Goal #2: Strengthen the business climate and support entrepreneurship

Why this goal matters:

This goal aligns with the findings from the SWOT analysis that describes the region as one with a weak business climate, limited access to capital, and complexities with permitting processes. Albeit the findings also reflect opportunities in integration of small businesses into value chains and expansion of financing mechanisms. Without addressing these barriers and opportunities, the SPREDD region risks continued underperformance relative to its potential.

Objective 1

Support a Regional Business Concierge service that provides technical assistance to help businesses navigate the permitting and regulatory process. Assess existing services (SBDC, municipal economic development offices, P11) to build on rather than duplicate and consider a shared-services model across municipalities.

Actions / Strategies

1. This concierge will serve as the primary point of contact for businesses seeking guidance, referrals, and support services.
2. Emphasize a proactive, data-informed approach to business outreach and targeting. This should include collecting and analyzing data from P11 and other support organizations to identify the characteristics of businesses that most frequently require assistance.

Timeframe: Year 1-2

Evaluation Metric:

No formal regional business concierge currently exists. SPREDD must track the number of businesses assisted through the Regional Business Concierge.

Objective 2

Develop and maintain a regional capital sources database compiling available grants, incentives, and business support resources.

Actions / Strategies:

1. Develop a model to identify potential clients in need of support by municipality and industry and use this information to guide targeted outreach and marketing efforts

2. Create a dedicated “Businesses” section on the SPREDD website. This section should include the capital sources database, along with information on organizations that offer technical assistance, financing, and other business support services. In addition to helping businesses and organizations, this section will serve as a tool for data collection for SPREDD. Through this strategy, SPREDD could track which businesses access the platform, the types of services they seek, and the organizations they engage with most frequently. SPREDD can generate insights to inform future services and strategic initiatives.

3. Partner with cooperatives to raise awareness of the financing, membership, and business development opportunities they offer for entrepreneurs and small businesses. Include these opportunities in the “Businesses” section.

4. Implement a marketing and outreach campaign on social media, newspaper, emails, and any other platform, to promote this “Businesses” section.

5. Integrate municipal business license (“patente municipal”) data with information on the characteristics of businesses that usually seek services. Use this analysis to develop email marketing and outreach campaigns.

Timeframe: Year 1 (ongoing)

Evaluation Metric:

Track the engagement levels on social media and the website and the amount of funding opportunities listed in the capital sources database. Measure the number of businesses that access the platform per month.

Objective 3

Partner with chambers of commerce and business development organizations to deliver structured training services for small businesses. This includes financial management, marketing, operations, and permitting compliance.

Actions / Strategies:

1. Develop a regional training calendar covering financial management, marketing, digital tools, and permitting compliance. Offer sessions both in-person and online to maximize accessibility across the six municipalities. Promote these sessions on SPREDD’s social media and other platforms.

Timeframe: Year 2 (ongoing)

Evaluation Metric:

No regional training program for small businesses currently exists under SPREDD coordination. SPREDD will monitor the number of small businesses trained per year and the number of training sessions delivered per year.

Timeframe: Year 2-3

Evaluation Metric:

Regional business establishment count grew 8.3% from 2019 to 2025 (3,386 to 3,666), below Puerto Rico's 13.4% growth rate. SPREDD must track the number of businesses assisted through the entrepreneurship programs per year.

Objective 4

Support entrepreneurship programs with integrated capital access strategies that help businesses, using P11 and similar models as reference.

Actions / Strategies:

1. Focus support on programs that help small businesses enter regional value chains by connecting entrepreneurs with businesses and procurement opportunities in the region.

Goal #3: Expand housing availability and affordability

Why this goal matters:

This goal directly responds to the SWOT's identification of housing shortages, limited availability of student housing, and, indirectly, to the shortage of medical professionals. The SPREDD region, as previously mentioned in the SWOT analysis, faces a worrying deceleration in housing construction. As a result, multiple sectors face a binding constraint that affects business investment and workforce attraction.

Objective 1

Conduct a regional vacant lot and property inventory, including infrastructure readiness assessments. Coordinate across all six municipalities to produce a GIS-based regional housing opportunity map. (Key Stakeholders: SPREDD, CRH)

Actions / Strategies:

1. Compile data from the U.S. Census Bureau using the Table DP04 for Puerto Rico and the Census Data Map, to assess the total volume and geographic distribution of vacant housing units across the region.

Timeframe: Years 2-3 (ongoing)

Evaluation Metric:

As previously highlighted by ABEXUS Analytics in their report, An Overview of SPREDD's Economy, over 20% of housing units in the SPREDD region are vacant and only 154 new housing units were constructed between 2020 and 2024. SPREDD must track the number of vacant properties catalogued in the GIS-based regional housing opportunity map and the percentage of municipalities covered.

Objective 2

Conduct a comprehensive, data-driven assessment to identify specific housing demands of the SPREDD Region, ensuring that housing development aligns with the demographic profile, incomes, and structural preferences of the residents.

Actions/Strategies

1. Analyze regional population data to identify age brackets facing housing shortages, assessing the need for accessible housing for the elderly population or starter homes for young professionals and families.

2. Use income data to establish realistic, affordable housing price ranges to ensure new developments do not financially overburden the residents.

3. Conduct focus groups and surveys across the six municipalities to gather insights directly from residents regarding their current housing struggles and future needs.

Timeframe: Years 1-2

Evaluation Metric:

Data shows the median household income for the SPREDD Region is $23,306 and the regional vacancy rate is exceeding 20% SPREDD must monitor the completion of a regional housing needs assessment that establishes the estimated number of housing units needed by income, the share of cost-burdened households, the proportion of units needed for each demographic profile, and the structural preferences identified through focus groups and surveys.

Objective 3

Support regional and federal funding and incentives for housing in collaboration with CONSUR.

Actions / Strategies:

1. Have available on the SPREDD website all the funding and incentives available, as well as how to contact CONSUR for orientation and services.

Timeframe: Years 1-2 (ongoing)

Evaluation Metric:

As of 2026, SPREDD does not have a centralized regional funding tracking mechanism. SPREDD must measure the number of housing funding applications submitted in collaboration with CONSUR per year.

Objective 4

Evaluate housing expansion in communities associated with planned industrial, hospitality, and development projects in order to ensure adequate workforce housing supply.

Actions / Strategies:

1. Support municipalities in coordinating RFPs for affordable and workforce housing.

2. Conduct marketing and outreach campaigns to attract qualified developers.

Timeframe: Years 2-4

Evaluation Metric:

As of 2026, 5 new hotels are under construction in Ponce area plus a 35-store commercial district. Workforce housing demand for these projects has not been formally quantified. SPREDD must monitor the number of municipalities with active RFPs for affordable or workforce housing and the number of developer proposals received per year.

Objective 5

Facilitate connections between construction firms whose federal infrastructure contracts are winding down and PRHA-approved Low-income Housing Tax Credit (LIHTC) housing developers, supporting the continuous employment of the construction workforce and the delivery of affordable housing projects.

Actions / Strategies:

1. Identify, through project-level federal fund disbursement data, the projects in charge of regional construction firms that are currently close to concluding federal infrastructure and reconstruction contracts.

2. Coordinate with PRHFA to understand the pipeline of LIHTC and CDBG-DR projects approved or under review for the SPREDD region. Share this information with regional contractors and developers concluding federal reconstruction projects.

3. Facilitate introductions between construction firms and housing developers through convenings, working sessions, and referrals. This positions SPREDD as a regional connector that reduces information barriers between project owners and available local workforce capacity.

Timeframe: Years 1-2 (ongoing)

Evaluation Metric:

SPREDD must track the number of regional construction firms that transition from infrastructure and reconstruction contracts to PRHFA-approved housing projects per quarter; and the number of LIHTC or CDBG-DR housing units in the region where a regionally based contractor is engaged.

Objective 6

Support municipalities in leveraging the CDBG-DR City Revitalization Program and facilitate connections between local construction firms and CDBG-DR-funded projects to revitalize abandoned properties (estorbos públicos).

Actions / Strategies:

1. Work with organizations such as CONSUR and Centro para la Reconstrucción del Hábitat (CRH), and municipal governments to identify abandoned properties eligible under the CDBG-DR City Revitalization Program across the six municipalities. Compile a regional inventory of eligible properties and share it with the housing opportunity map developed under Objective 1.

2. Support the continuation and regional expansion of the land banking initiative already underway in Yauco in partnership with CRH[36]. Facilitate coordination between CRH and other municipalities interested in replicating the model, connecting them to CRH's technical expertise and the available CDBG-DR mechanisms that support this approach.

3. Spread information to municipal governments about the City Revitalization Program's requirements, eligible uses, and application processes. When requested, connect municipalities with technical assistance providers to strengthen their applications.

4. Coordinate workshops for local contractors on the structure needed to participate in federally-funded projects.

5. Facilitate connections between regional construction firms and the Federal Contracting to support joint venture formation between local firms and larger, federally qualified contractors. Joint ventures allow smaller regional firms to meet capacity requirements for CDBG-DR funded projects that they could not access independently, while keeping construction work and economic benefits within the region. SPREDD, when requested, will facilitate introductions between local firms and potential partners.

Timeframe: Year 1–3

Evaluation Metric:

Track the number of municipalities with active CDBG-DR City Revitalization applications or approved projects and the number of projects with a construction contractor assigned and already in progress. Monitor the number of abandoned properties catalogued in the regional inventory and the number of municipalities engaged with CRH's land banking model. SPREDD will also monitor the number of vacant units rehabilitated or adaptively reused per year.

36 The municipality of Yauco has already established municipal ordinances with the purpose of creating a land bank at the municipal level, in collaboration with CRH. Land banks allow municipalities to rehabilitate and lease public nuisance/abandoned properties with the goal of selling them.

Goal #4: Stabilize population and strengthen regional talent retention

Why this goal matters:

This goal responds to the identification of a demographic decline in the region. The SPREDD region faces accelerating population aging and outmigration of young residents. Consequently, the region will face increasing labor shortages that constraints economic growth. Objectives and strategies must be aimed at retaining and attracting population, while also adapting the region's services to its current demographic profile. It is important to highlight that the success of this goal is closely tied to the region's ability to address the housing shortage. SPREDD must prioritize housing availability and affordability in order to accomplish the objectives here presented. For this reason, this goal should be read in conjunction with Goal #3: Expand Housing Availability and Affordability, which addresses this foundational constraint.

Objective 1

Position the SPREDD region as a remote work destination by leveraging existing broadband infrastructure and promoting the region's quality of life amenities.

Actions / Strategies:

1. Identify diaspora workforce currently residing in the United States who previously lived in the SPREDD region. Collect and analyze data on their state of residence, occupations, age, and income levels in order to better understand potential target populations.

2. Develop targeted marketing and outreach campaigns at these workers by state and occupations. Campaigns should consider the economic and lifestyle conditions of each target market in order to position the region as a viable and attractive location for remote workers. Messaging should highlight the region's quality of life and entertainment amenities, while also promoting the region's economic opportunities and broader development potential.

Timeframe: Year 3-4

Evaluation Metric:

Data shows that, as of 2024, 85.4% of the SPREDD Region's households had an Internet Subscription.[37] This allows the region to explore the possibility of attracting remote workers to the area. SPREDD will measure the number of remote workers or diaspora individuals who relocate to the region per year, and the number of outreach campaigns launched annually.

Objective 2

Expand digital literacy and device access programs for older adults to reduce barriers to government services, healthcare access, and electronic incentives applications.

Actions / Strategies:

1. Conduct a regional assessment of digital access barriers among older adults. Identify gaps in device ownership, internet access, and digital skills across the six municipalities.
2. Partner with community organizations, libraries, schools, and nonprofits to deliver digital literacy workshops for older adults.

Timeframe: Year 1-2

Evaluation Metric:

As of 2024, 24.1% of the SPREDD region is aged 65 years or older. SPREDD will track the number of older adults (65+) participating in digital literacy and device access programs per year across the region.

Objective 3

Support the development of a regional older care economy by expanding healthcare and long-term care services tailored to the needs of the growing older adult population.

Actions / Strategies:

1. Identify high-demand healthcare and support services associated with the region's aging population, including home-based care, dementia care, and care coordination.

37 Source: American Community Survey 5-Year Estimates, ABEXUS Analytics estimates for the SPREDD region

2. Partner with hospitals, universities, and training providers to develop workforce opportunities in geriatrics and community health services. This includes certifications in geriatric support, trainings on care coordination, and employment in areas such as telehealth navigation and dementia support.

3. Implement marketing campaigns to promote the growth of age-related healthcare services as a source of job creation, business development, and long-term economic resilience.

Timeframe: Year 2-4

Evaluation Metric:

Health Care and Social Assistance employment has been growing during the last years, data showing an increase of 27% from 2019 to 2025. A formal regional older care economy strategy does not currently exist. SPREDD must track the number of new jobs created in the geriatric population, home-based care, and related health services per year.

Objective 3

Expand access to affordable and reliable childcare across the SPREDD region to improve young talent attraction and retention.

Actions / Strategies:

1. Conduct a regional childcare needs and supply assessment, where it is identified the existing childcare providers, hours of operation, and affordability. Evaluate the geographic distribution of childcare centers across the six municipalities to consider the accessibility of people from all over the region.

2. Partner with municipalities, nonprofit organizations, and private providers to support the expansion of childcare capacity.

3. Identify and promote federal and municipal funding opportunities that can help the expansion of childcare services. This could include marketing the opportunities for funding and services available through SPREDD's social media and website.

Timeframe: Year 3-4

Evaluation Metric:

A regional childcare supply and demand is not formally mapped, although this sector is key to addressing the population decline of 5.3% from 2019 to 2024. SPREDD will monitor the number of new childcare spaces per year and the number of municipalities with expanded childcare capacity.

Goal #5: Build an adaptable and skilled workforce

Why this goal matters:

Human capital is a critical factor for long-term regional competitiveness and economic growth. As previously identified in the SWOT analysis, there exists a mismatch between the education programs and the labor market, along with gaps in technical and soft skills that highlight the need for workforce modernization.

Objective 1

Support regional internship and training programs that connect students with employers in the area to build the regional talent pipeline.

Actions / Strategies:

1. Conduct employer outreach to identify industry labor needs.

2. Coordinate workforce training programs that include registered apprenticeships and customized training according to the labor demand.

Timeframe: Year 1-3

Evaluation Metric:

No formal regional internship placement program supported by SPREDD currently exists. The number of students placed in internships or apprenticeships per year will be measured, as well as the percentage of interns and apprentices that were later moved to a full-time position.

Objective 2

Revaluate academic curriculum in partnership with universities and education institutions to incorporate AI literacy, digital skills, and soft skills aligned with labor market demands. Engage employers as co-designers of program content.

Actions / Strategies:

1. Facilitate a structured dialogue between education institutions and employers to identify misalignments between current academic programs and labor market needs. Use findings from the Regional Workforce Council as primary evidence.

Timeframe: Year 3-4

Evaluation Metric:

According to the Stakeholder Survey, 96% of stakeholders consider the region moderately or poorly prepared for emerging technologies. SPREDD must measure the number of academic programs updated to incorporate AI literacy, digital skills, and employer co-designed content per year.

Objective 3

Implement upskilling and reskilling programs for the existing workforce, incorporating diaspora mentorship and knowledge transfer.

Actions / Strategies:

1. Identify priority sector undergoing technological changes.

2. Develop short-term, sector-specific upskilling and reskilling programs. These programs should focus on aspects such as digital skills, AI literacy, data management, and process automation.

3. Engage workers of the diaspora with relevant skills and experience to provide mentorship, technical knowledge transfer, especially in areas where the region is facing skill gaps or limited experience.

Timeframe: Year 2-3

Evaluation Metric:

Currently, there are no reskilling programs coordinated by SPREDD. SPREDD will track the number of workers enrolled in upskilling and reskilling programs per year and the number of diaspora mentors engaged.

Objective 4

Support a Center of Innovation to link University research with business and industry. (Key Stakeholders: Universities in the region)

Actions/Strategies:

1. Establish a Regional Workforce Advisory Council to conduct labor market assessments every three to five years comparing employer demand with current academic offerings.

2. Identify an anchor education institution to host the Center of Innovation. Define a governance model that ensures participation of all regional universities and businesses in key sectors.

Timeframe: Year 3-5

Evaluation Metric:

SPREDD will monitor the number of research or applied projects initiated through the Center and the number of university-industry partnerships established.

Objective 5

Design a marketing and outreach campaign to promote job openings, internship opportunities, training programs, and certifications.

Actions / Strategies:

1. Create a “Citizens” section in the SPREDD’s website, where people can be oriented and access these opportunities.

Timeframe: Year 1-2

Evaluation Metric:

No “Citizens” section currently exists on the SPREDD website. SPREDD will monitor the engagement, specifically the amount of unique users accessing the section per month. The number of job openings and training opportunities listed will also be considered as part of the evaluation metric.

Goal #6: Leverage Transportation and Tourism assets for economic diversification

Why this goal matters:

The SPREDD region has key transportation and tourism assets that are currently underutilized. Economic diversification creates more equitable opportunities across the region's municipalities. Reducing the historical pattern of economic fragmentation and lack of strategic planning is key to further developing strategies for this goal.

Objective 1

Pursue additional passenger and air cargo flights/routes for Mercedita Airport. This will support the increase of regional accessibility, tourism inflows, and trade capacity.

Actions / Strategies:

1. Explore opportunities for regional air cargo and passenger flights using smaller or/and commuter jets such as Boeing 757 and Bomberdier CRJ series , as drafted in the white paper by ERSF contract support and FEMA ERSF mission support.

Timeframe: Year 2-5

Evaluation Metric:

Although Mercedita Airport reached a record high in 2024 for passenger traffic, it represented less than 3% of total passengers arriving and departing from SJU Airport. SPREDD must track the number of passengers and cargo routed secured at Mercedita Airport per year, as well as the annual passenger volume.

Objective 2

Identify and develop container transshipment and trade expansion opportunities through the Port of Ponce's Foreign Trade Zone designation.

Actions / Strategies:

1. Starting with the Port of Ponce and working with both Port administration and the Puerto Rico Ports Authority, thoroughly investigate potential transshipment opportunities, starting in the Caribbean, then in order, Central America, South America, Europe, Africa, the Middle East, and Asia.

2. Develop and distribute research on advantages of the Foreign Trade Zone, the Port of Ponce, and southern Puerto Rico while concurrently identifying and seeking funding via grants and/or public private partnerships to meet facility and equipment needs for robust transshipment operations.

Timeframe: Year 2-4

Evaluation Metric:

Monitor the volume of cargo transshipped through the Port of Ponce per year and the number of new businesses operating under the FTZ designation.

Objective 3

Expand the visitor economy through targeted marketing campaigns, improving connectivity infrastructure, and regional itinerary development.

Actions / Strategies:

1. Partner with tourism organizations such as Discover PR to develop a regional Tourism Master Plan that maps connectivity between the assets of all six municipalities and establishes standardized visitor experience frameworks.

2. Support the development of coordinated visitor transportation services that facilitate travel across the SPREDD region and expand access to tourism.

3. Implement a marketing campaign that promotes all the tourism assets of the region and includes an itinerary for visitors.

Timeframe: Year 1-2 (ongoing)

Evaluation Metric:

As previously mentioned, only 11% of international visitors to the island also visited the Southern region in 2024[17]. In order to track the progress of this objective, SPREDD will evaluate the percentage of international visitors to Puerto Rico.

Objective 4

Support a multi-institutional regional initiative centered on blue economy, leveraging the region's coastal and marine resources for fishing, tourism, and recreational industries.

Actions / Strategies:

1. Assemble a comprehensive inventory of the region's coastal assets across the SPREDD Region, cataloguing beaches, bays, fishing grounds, aquaculture sites, marine recreation areas, nautical tourism, and coastal industrial infrastructure. Categorize assets by current use, development potential, and regulatory status.

2. Explore funding for federal blue economy initiatives by leveraging SPREDD's status as a designated federal Economic Development District under the EDA. Engage with NOAA's Regional Coastal Resilience Grants, the U.S. Department of

17 Puerto Rico Visitor Profile for 2024, Institute of Statistics

Commerce's Sea Grant program at the University of Puerto Rico, and EDA's Economic Adjustment Assistance program.

3. Align the blue economy inventory with the regional assets inventory and the Regional Tourism Master Plan to ensure that marine and coastal assets are integrated into visitor itineraries.

Timeframe: Year 2-4

Evaluation Metric:

Monitor the number of coastal assets inventoried, the number of blue economy businesses supported, and the jobs created in the sector.

Objective 5

Develop an inventory of existing and emerging assets of the region. Partner with municipalities, nonprofit organizations, and private sector stakeholders to ensure broad coverage across all six municipalities.

Actions / Strategies:

1. Identify and categorize regional assets by type and economic relevance. The inventory should include both existing assets and assets currently under development.

2. Establish a regional partnership structure to maintain and update the inventory.

Timeframe: Year 1-2

Evaluation Metric:

No comprehensive regional asset inventory currently exists across all six municipalities. SPREDD will track the number of regional assets catalogued, percentage of municipalities represented in the inventory, and the frequency of inventory updates.

Goal #7: Strengthening the region's long-term infrastructure and energy resilience

Why this goal matters:

The region is vulnerable to natural disasters, as shown by past hurricanes and earthquakes. Without reliable energy sources, infrastructure, water, and other services, the SPREDD region cannot sustain investments, retain population, or recover effectively from natural disasters.

Objective 1

Support a coordinated regional approach to the Municipal Recovery Plans by developing a shared Plan of Execution that gives individual recovery plans a unified regional scope and strategy. (Key Stakeholders: Departamento de Vivienda, COR3)

Actions / Strategies:

1. Identify overlapping priorities across Municipal Recovery Plans.

2. Align recovery planning with economic development objectives. Ensure that recovery planning supports the vision and goals of the SPREDD region.

3. Strengthen intermunicipal coordination and communication.

Timeframe: Year 1-2

Evaluation Metric:

In 2024, SPREDD coordinated a meeting with the local government sector to discuss the commonalities and distinctions between the CEDS and Municipal Resiliency Plans. To further advance the progress of this objective, SPREDD will evaluate the overlapping recovery priorities formally aligned across Municipal Recovery Plans and the number of joint infrastructure projects identified.

Objective 2

Develop a regional strategy for universal business broadband access and utilization, including digital adoption support and cybersecurity training for small and medium enterprises

Actions / Strategies:

Support the increase of broadband access through federal funding and public private partnerships. Partner with capacity building organizations.

Timeframe: Year 1-3

Evaluation Metric:

SPREDD will monitor the percentage of businesses with reliable broadband access.

Objective 3

Advance regional energy resilience for critical economic and community assets.

Actions / Strategies:

1. Identify critical facilities and businesses with high energy vulnerability.

2. Coordinate with utilities, municipalities, and private sector partners to address and find solutions to strengthen their energy efficiency.

Timeframe: Year 2-4

Evaluation Metric:

Commercial energy costs increased by $0.03/kWh to approximately $0.27/kWh as of 2025[38]. SAIFI index for Ponce improved to 0.58 in 2025, below Puerto Rico average. Showing a similar trend, the SAIDI index for Ponce was 96 minutes per interruption (as of 2025), while the index was 146 minutes for Puerto Rico. This highlights the need to address energy reliability. SPREDD will measure the average energy cost per kWh for commercial clients annually.



38 Source: Puerto Rico Electric Power Authority

Goal #8: Advance business recruitment and investment attraction

Why this goal matters:

The SWOT identifies competition from other Puerto Rico regions and significant untapped assets. A proactive investment attraction strategy is needed to bring new businesses, industries, and capital into the region. Similar to Goal #4: Stabilize population and strengthen regional talent retention, the success of the expansion of housing availability and affordability is a prerequisite to accomplish the advancement of business recruitment and investment attraction; without it, the region loses its appeal to investors and businesses seeking to relocate or expand operations. For this reason, this goal should be read in conjunction with Goal #3: Expand Housing Availability and Affordability.

Objective 1

Develop a regional marketing strategy that articulates the SPREDD region's assets, competitive advantages, incentives, and investment opportunities. Promote the region as a place to invest and develop successful businesses. (Key Stakeholder: Invest PR)

Actions / Strategies:

1. Define target sector and investor profiles that best align with the SPREDD region's assets. Use these investor profiles to guide outreach and messaging.

2. Establish a coordinated regional branding and promotion effort. Partner with municipalities, business organizations, and economic development specialists to promote the region as an integrated investment destination.

Timeframe: Year 1-2 (ongoing)

Evaluation Metric:

Measure the number of investment inquiries or site visits generated by regional marketing efforts per year and the number of new businesses attracted to the region.

Objective 2

Support the creation of an inventory of pre-qualified sites for business and industrial investment, with zoning, water, electricity, and permitting pre-cleared.

Actions / Strategies:

1. Consolidate data from municipalities, PRIDCO, and private stakeholders to identify site characteristics and update site readiness information regularly.

Timeframe: Year 1-3

Evaluation Metric:

Track the number of prequalified sites in the inventory and the frequency of updates of the site readiness information.

Objective 3

Explore the possibility of an emissions-pricing model targeting utility-scale fossil fuel generation.

Actions / Strategies:

1. Ensure strict exemptions or rate caps for Energy-Intensive, Trade-Exposed (EITE) industries to prevent capital flight and protect major regional employers. Use the generated revenue to subsidize transition into renewable energy.

Timeframe: Year 3-5

Evaluation Metric:

SPREDD will monitor the completion of the feasibility study.

Objective 4

Advocate for equitable distribution of tourism promotion resources and position the SPREDD region as a distinct and competitive investment destination within Puerto Rico.

Actions/Strategies

1. Considering that majority of visitors in Puerto Rico do not visit the Southern part of the island, establish formal negotiations with Discover Puerto Rico and the central government to advocate for promotional investment toward the SPREDD region.

2. Develop a Southern Puerto Rico value proposition built on a tourism experience rooted in genuine

cultural heritage, local gastronomy, and unspoiled natural assets, distinct from heavily commercialized regions of the island. The proposition should highlight the diverse and accessible beaches, bays, and marine environments available year-round, as well as the potential of the Port of Ponce.

3. Partner with Invest PR to develop sector-specific investment attraction materials that differentiate the SPREDD region from competing Puerto Rico markets, targeting energy, healthcare, logistics, and tourism investors who seek authentic, strategically located, and infrastructure-capable destinations. Advocate for specific funding to promote the SPREDD Region to increase international visitors in the area.

4. Develop a regional factor endowments brief that documents the SPREDD region's core infrastructure assets as a foundation for investment attraction and tourism promotion materials. The brief should highlight the Port of Ponce; Mercedita Airport's air cargo capacity of 11.46 million pounds of inbound freight (FY 2024) and its passenger connectivity; the region's healthcare infrastructure, anchored by six hospitals providing specialized services that are rare in other parts of Puerto Rico; and the broader infrastructure network, including Route 2 as a main road that connects San Juan and Ponce. This will serve as a foundation for promotional strategies with Discover Puerto Rico and Invest PR.

Timeframe: Year 2–3 (ongoing)

Evaluation Metric:

Track the number of international visitors to the SPREDD Region per year and the number of investment inquiries generated through the regional value proposition.

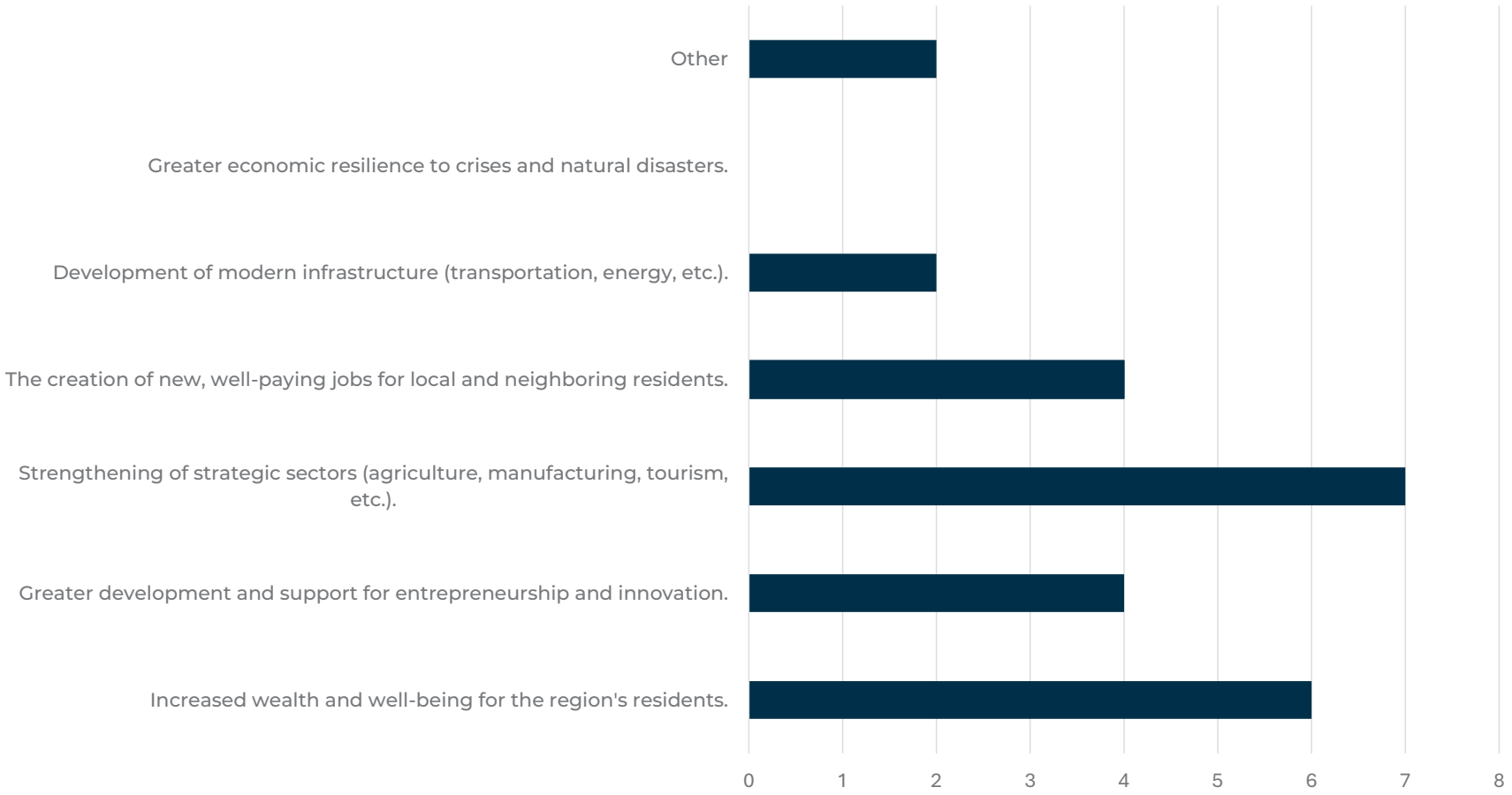
Appendix:

Survey Results, CEDS Action Plan Coding and Progress Matrix

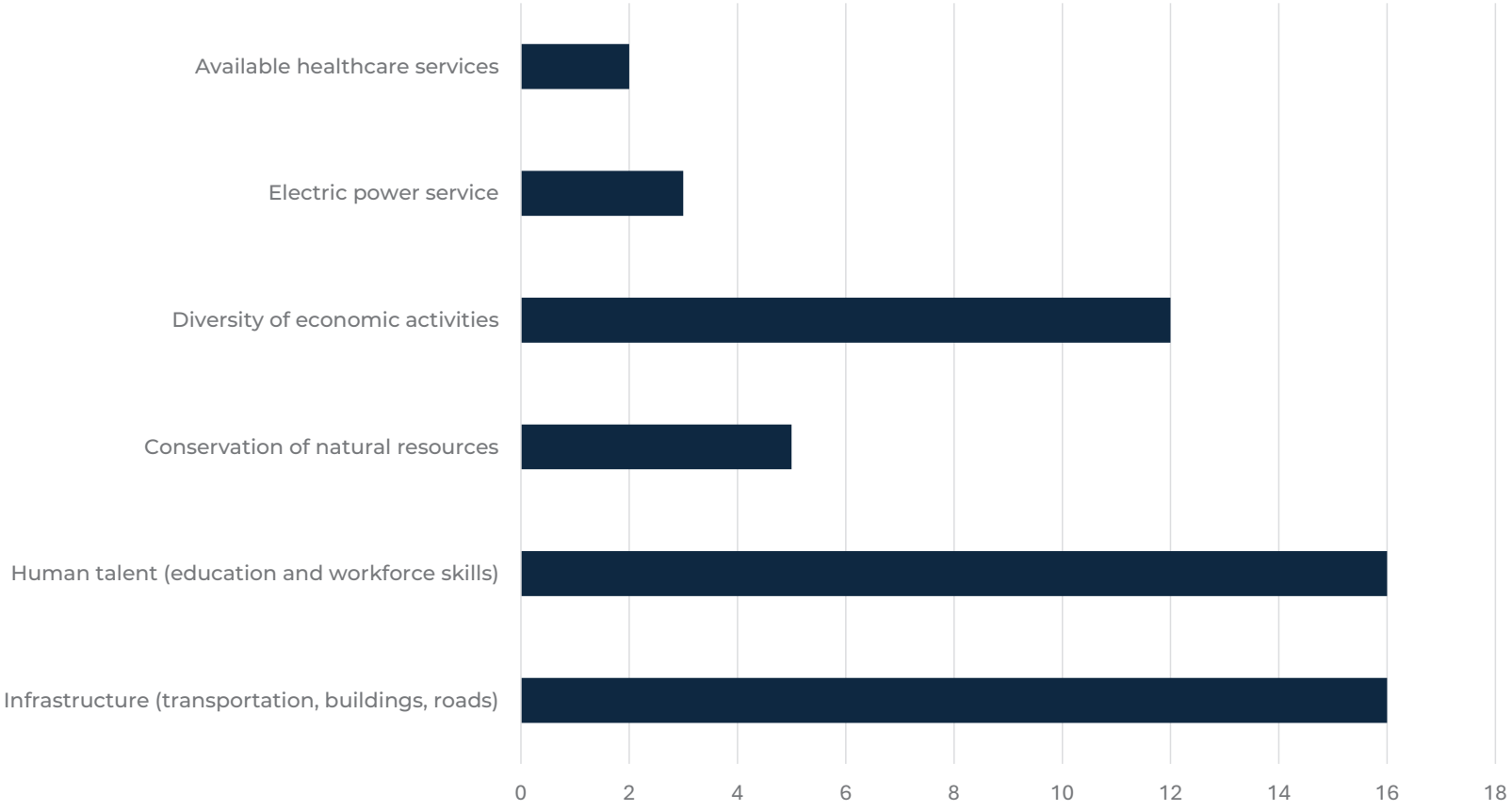


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8.1 Survey Results

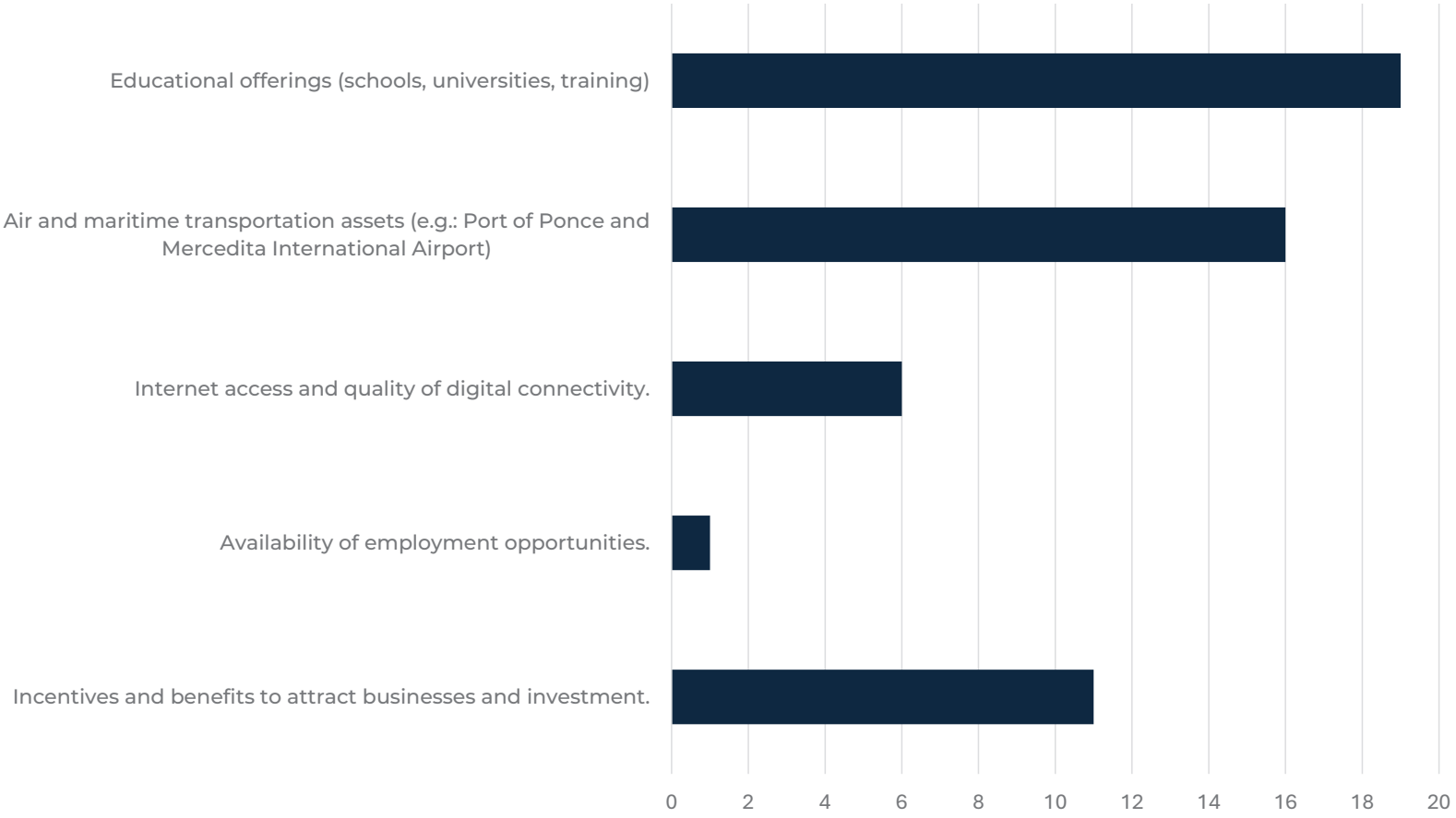


Question 2: Select which of the following aspects you consider to be the main strengths of the region (Select up to 3):

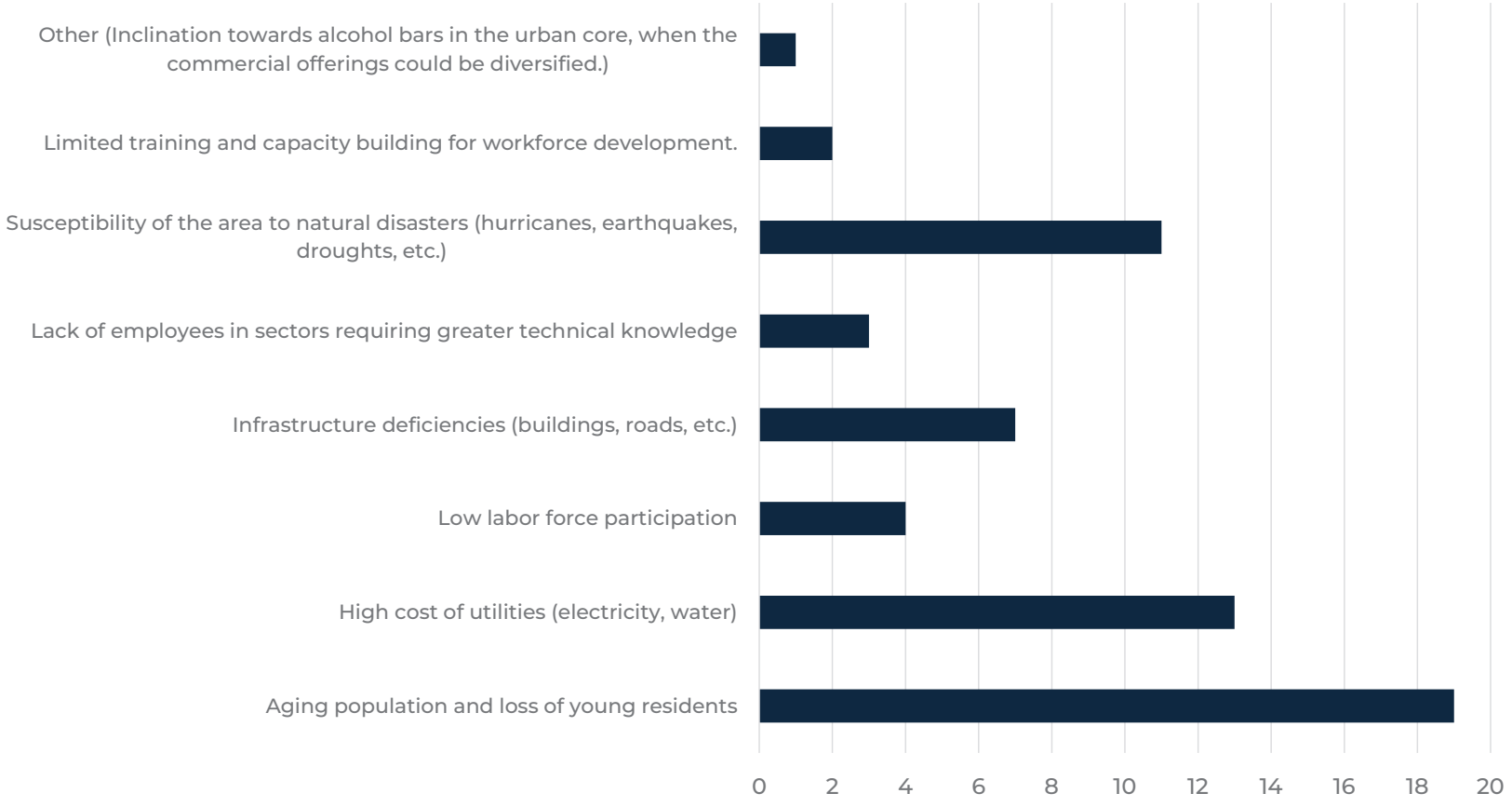


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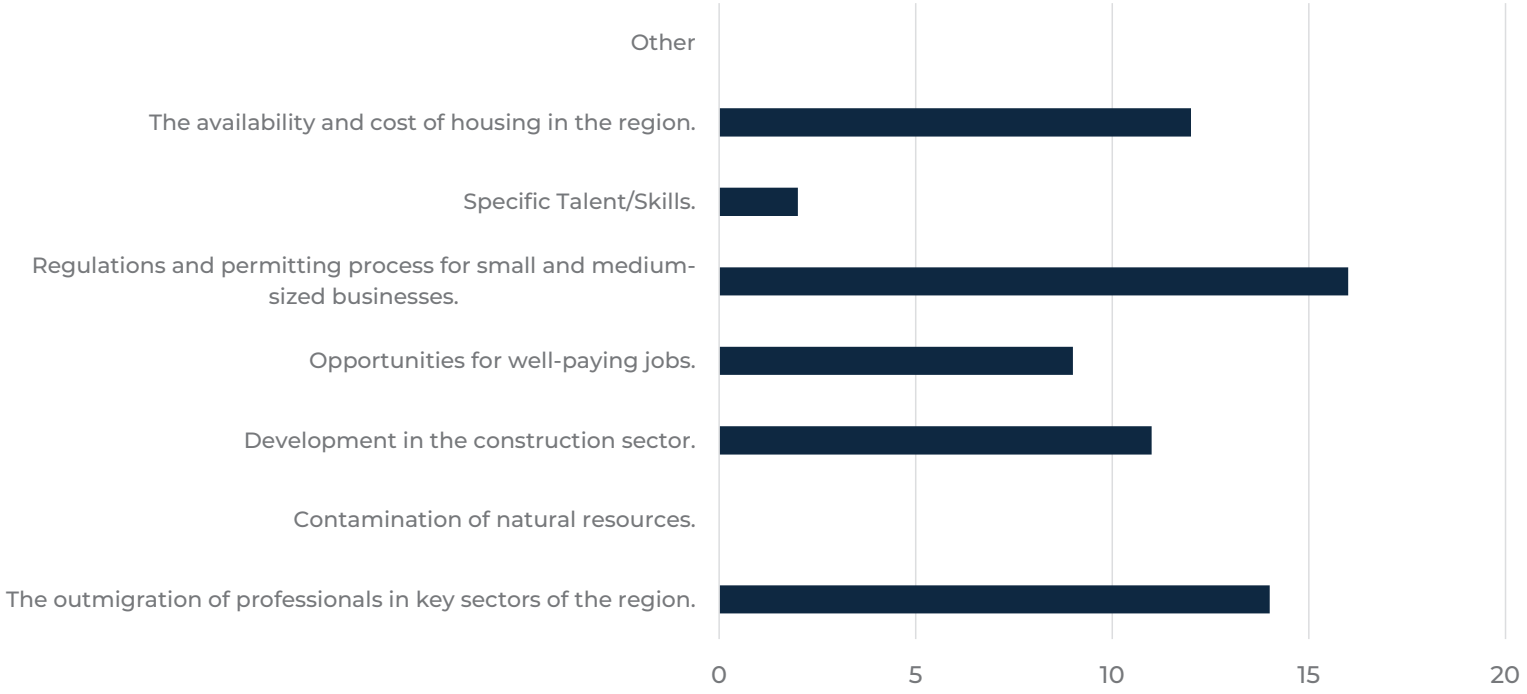
Question 3: In which areas do you consider the region to be performing well? (Select up to 3)



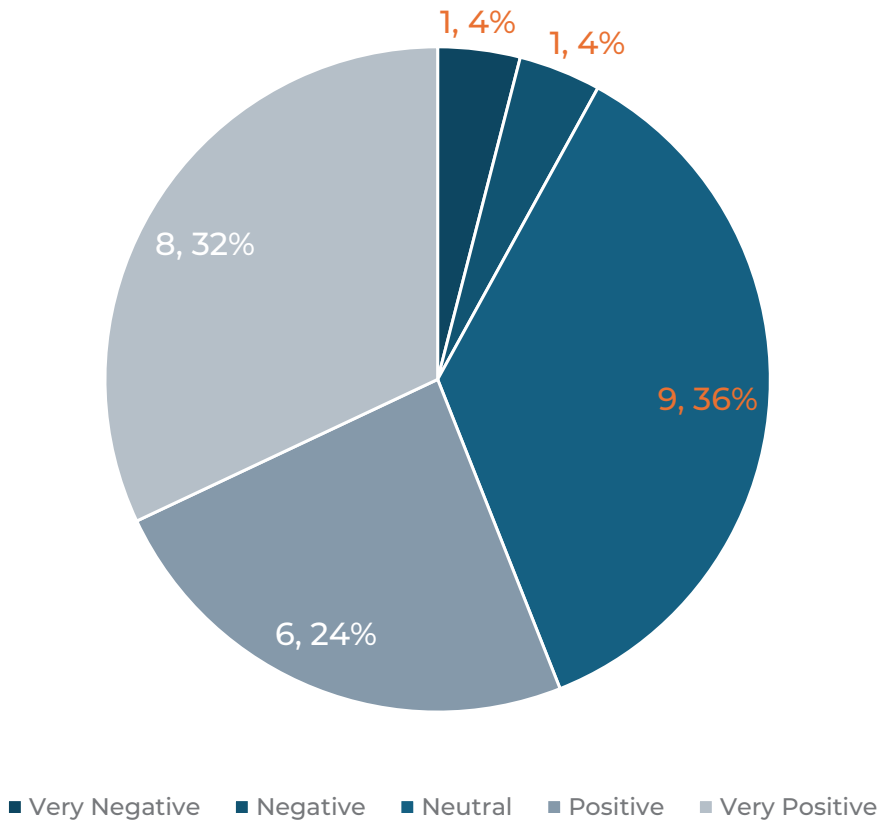
Question 4: Select which of the following topics you consider to be the main weaknesses of the region (Select up to three)



Question 5: In which of the following aspects does the region present the greatest challenges? (Select up to 3).

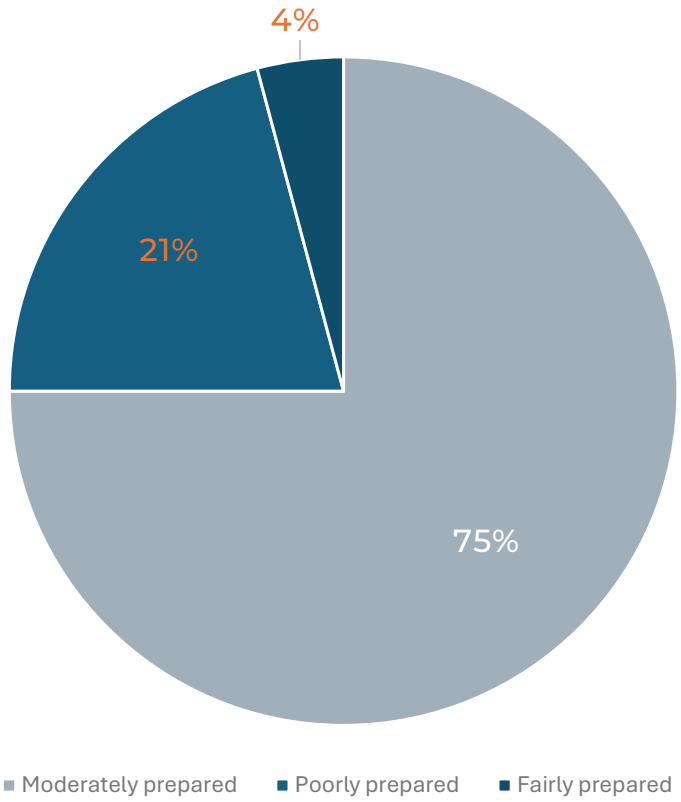


Question 6: In your opinion, what impact will technological advancements, such as artificial intelligence, have on the region's economy?

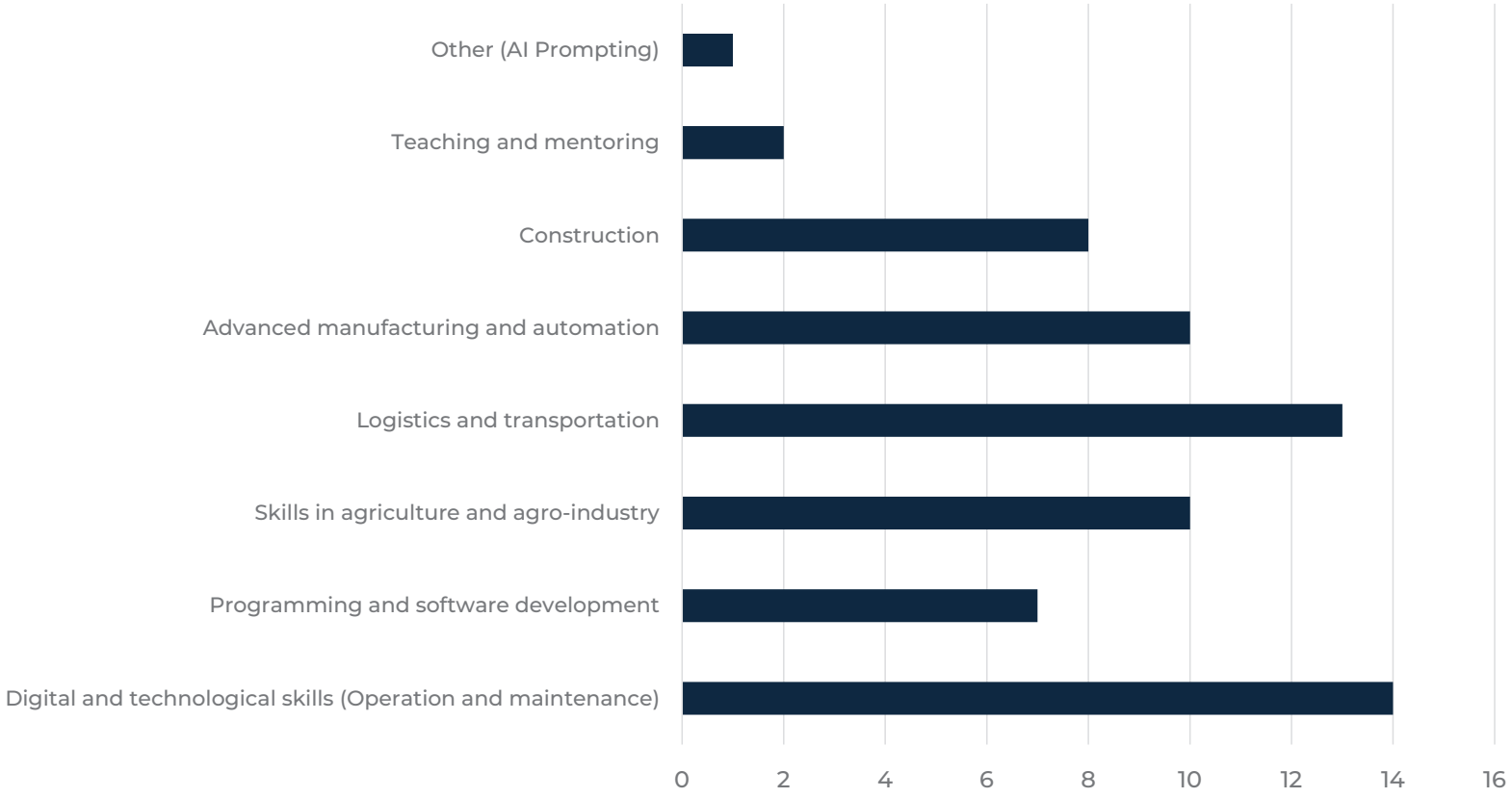


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Question 7: How prepared do you consider the region to be in adapting to emerging technologies?

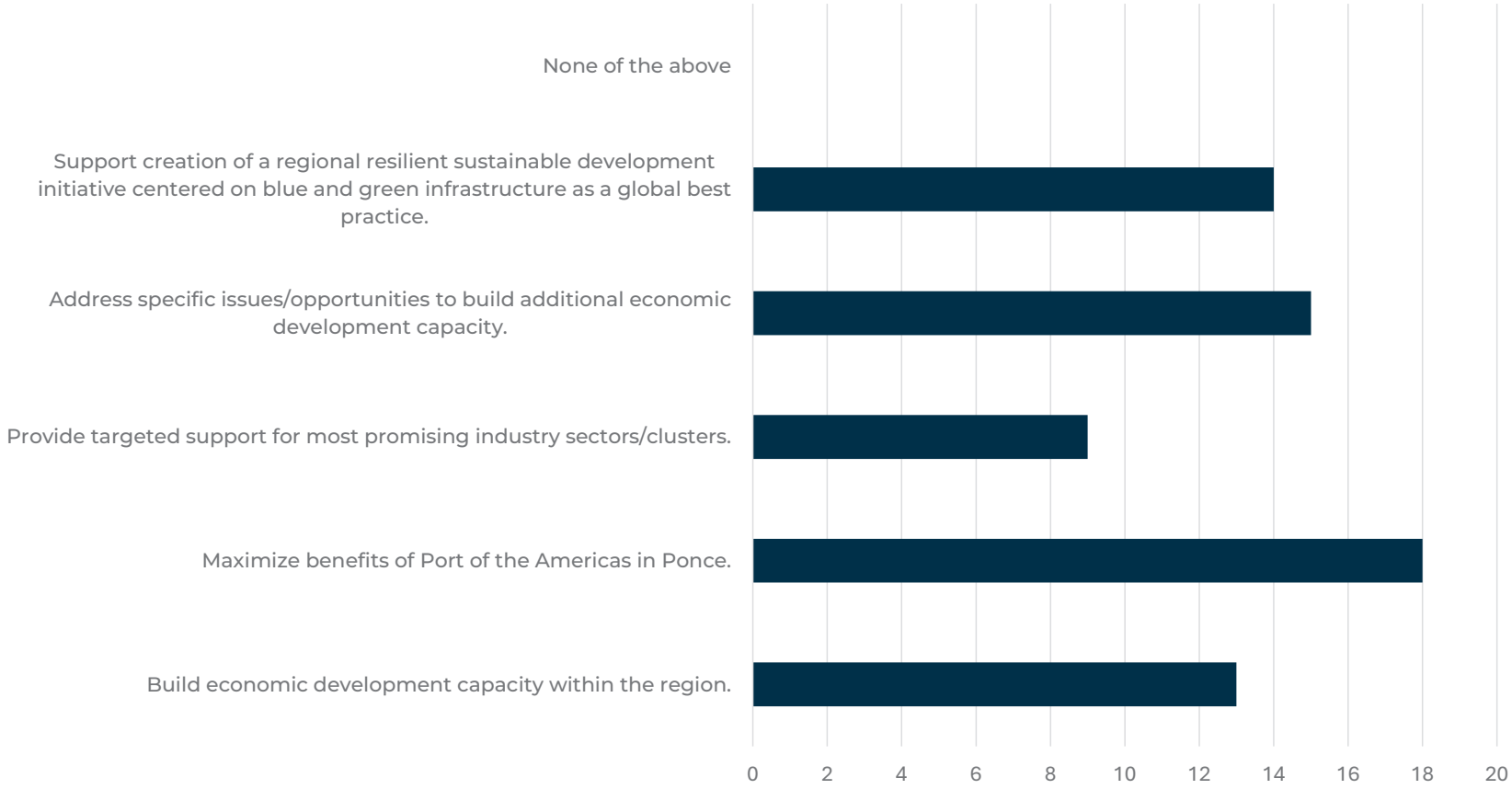


Question 8: What technical skills do you believe will be most useful or necessary in the region over the next 5 years? (Select up to 3)

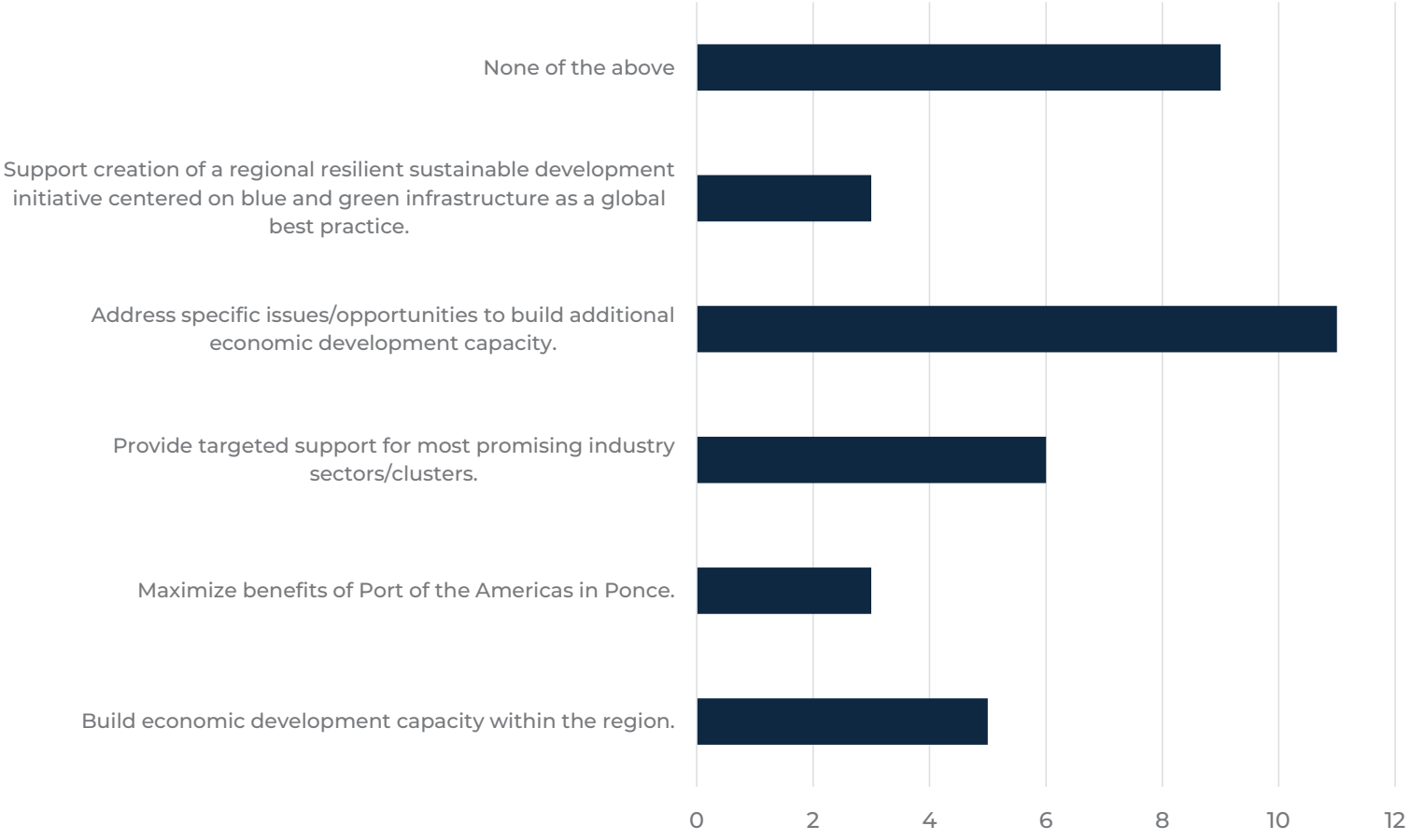


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Question 9: Select all the initiatives that you consider remain the most relevant for the region. (Select up to 3).

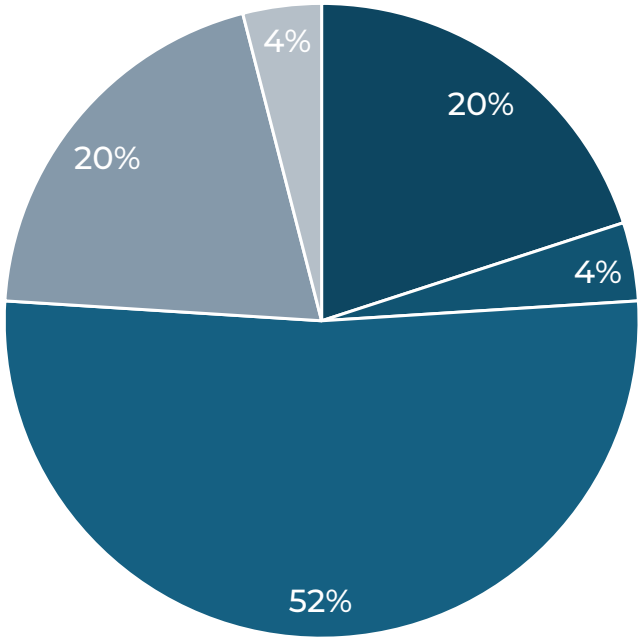


Question 10: Select all the initiatives that you consider have been successfully completed.

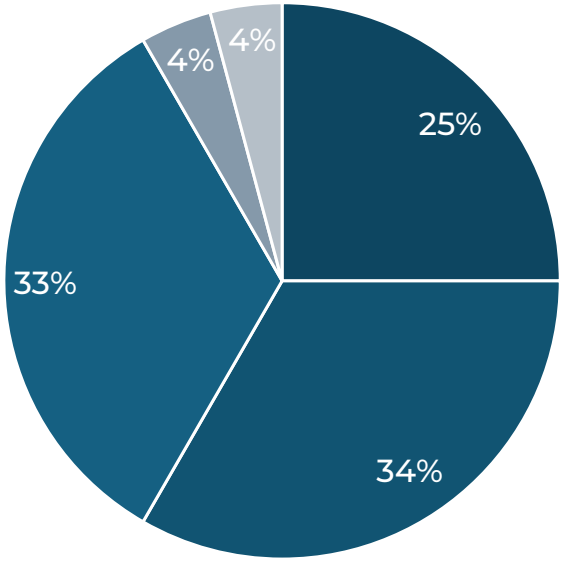


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Question 11: Which of the following best describes your primary role in the region?

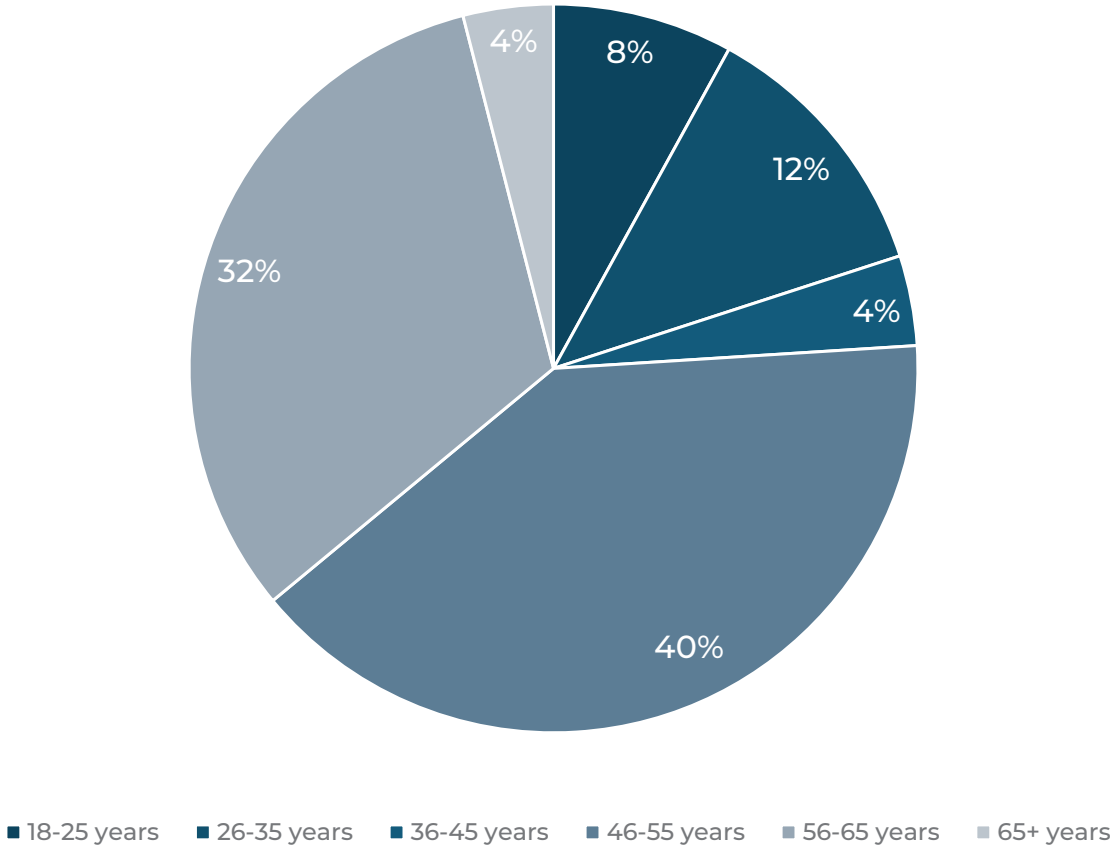


Question 12: What is your relationship with the region? (You may select all options that apply)



- I work in one of the municipalities in the region.
- I live in one of the municipalities in the region.
- I own a business/organization in one (or several) of the municipalities in the region
- All of the above.
- I work as a vendor/salesperson in all the municipalities.

Question 13: What is your age range?



8.2 CEDS Action Plan Coding and Progress Matrix

The Southern Puerto Rico Economic Development District is committed to ensuring the progress of the initiatives established. Using this system, SPREDD can ensure accountability for each of the initiatives established in the CEDS plan.

CEDS Coding Guide	
System Element	**Definition / Use**
Official Coding Structure	G#-O#.#-A#.#.#
Example	G1-O1.2-A1.2.1 = Goal 1, Objective 2, Action 1
Goal Code	G1, G2, etc. identifies the strategic goal.
Objective Code	O1.2 means Objective 2 under Goal 1.
Action Code	A1.2.1 means Action 1 under Objective 2 of Goal 1.
Full Code	Combines all three segments: G1-O1.2-A1.2.1.

In order to facilitate tracking of progress, SPREDD has created a codification system that will help identify and single out each of the goals, objectives, and action items. This structured approach ensures that every action can be traced back to its objective and strategic goal. The coding format follows the structure outlined in the guide below.

Additionally, a progress system was developed using the codification system. This matrix serves as a tracking tool for SPREDD and its partners to monitor real-time implementation. The table below includes the code for the initiative, the timeframe, status (not started, in progress, delayed, completed, ongoing), progress, and next steps.

Code	Action Description	Timeframe	Status	Progress	Next Steps / Notes
G1-O1.1-A1.1.1	This will ensure regional capacity building. These workshops will be administered by SPREDD, focusing on tools for project management, economic data use, investment attraction, and incentive strategies.	Year 1-2	Not Started	0%	
G1-O1.2-A1.2.1	The Southern Puerto Rico Chamber of Commerce (CCSPR) will support SPREDD's efforts to strengthen the business climate. Representing the business community, this partnership will ensure the success of strategies directed at business development.	Year 1 (ongoing)	Not Started	0%	
G1-O1.3-A1.3.1	Support the Existing Third Sector Capacity Building Lab F3S Initiative. LabF3S is an initiative of the Titín Foundation, supported by the EDA Economic Recovery Support Function, designed to increase capacity of the nonprofit sector. The initiative focuses on ensuring nonprofits obtain 501c3 or 1101 designation from the PR Treasury and-or IRS for grant eligibility, providing information on philanthropic and federal grant opportunities, and training in grant application, administration, and post award management.	Year 1 (ongoing)	Not Started	0%	
G1-O1.4-A1.4.1	Provide model organizational frameworks and facilitate collaboration between organizations regionally.	Year 1-3	Not Started	0%	
G1-O1.4-A1.4.2	Emphasize the importance of including dedicated economic development positions within their job classification plans, with clearly defined salary scales.	Year 1-3	Not Started	0%	
G1-O1.5-A1.5.1	Prioritize stakeholder engagement by establishing a regional economic dashboard that is publicly available and regularly updated showing key indicators for the SPREDD region.	Year 1 (ongoing)	Not Started	0%	
G1-O1.5-A1.5.2	Implement other strategies for stakeholder engagement such as a Stakeholder Newsletter or Progress Reports that serve as quarterly or biannual communication. In these reports, allow feedback from stakeholders.	Year 1 (ongoing)	Not Started	0%	
G1-O1.5-A1.5.3	Maintain an active social media presence to disseminate economic development updates, highlight implementation progress and share relevant news and opportunities with stakeholders and the general public.	Year 1 (ongoing)	Not Started	0%	
G1-O1.5-A1.5.4	Adapt the Stakeholder Survey as an annual validation instrument. This will enable SPREDD to evaluate the perception on the progress of the goals established, new areas to address, and will allow SPREDD to build a foundation for future CEDS cycles.	Year 1 (ongoing)	Not Started	0%	
G2-O2.1-A2.1.1	This concierge will serve as the primary point of contact for businesses seeking guidance, referrals, and support services.	Year 1-2	Not Started	0%	
G2-O2.1-A2.1.2	Emphasize a proactive, data-informed approach to business outreach and targeting. This should include collecting and analyzing data from P11 and other support organizations to identify the characteristics of businesses that most frequently require assistance.	Year 1-2	Not Started	0%	
G2-O2.2-A2.2.1	Develop a model to identify potential clients in need of support by municipality and industry and use this information to guide targeted outreach and marketing efforts	Year 1 (ongoing)	Not Started	0%	
G2-O2.2-A2.2.2	Create a dedicated "Businesses" section on the SPREDD website. This section should include the capital sources database, along with information on organizations that offer technical assistance, financing, and other business support services. In addition to helping businesses and organizations, this section will serve as a tool for data collection for SPREDD. Through this strategy, SPREDD could track which businesses access the platform, the types of services they seek, and the organizations they engage with most frequently. SPREDD can generate insights to inform future services and strategic initiatives.	Year 1 (ongoing)	Not Started		
G2-O2.2-A2.2.3	Partner with cooperatives to raise awareness of the financing, membership, and business development opportunities they offer for entrepreneurs and small businesses. Include these opportunities in the "Businesses" section.	Year 1 (ongoing)	Not Started	0%	
G2-O2.2-A2.2.4	Implement a marketing and outreach campaign on social media, newspaper, emails, and any other platform, to promote this "Businesses" section.	Year 1 (ongoing)	Not Started	0%	

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Southern Puerto Rico
Economic Development District

AN UPDATED PLAN FOR SUSTAINABLE, DIVERSIFIED AND TRANSFORMATIVE DEVELOPMENT

2026-2031 Comprehensive Economic Development Strategy for the Southern Puerto Rico Economic Development District

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