

Significant Highlights: August 2006

Property Manager Survey

Occupancy Rates

- **The average occupancy rate of Palm Beach County (PBC) hotels surveyed in August 2006 was 57.0%, a 5.0 percentage point decrease compared to August 2005 (62.0%).**
 - **An average of 258,547 room nights** were occupied in August 2006, 26,543 fewer than in August 2005 (285,090).**
- **Properties in the Central region of PBC reported the highest average occupancy rate in August 2006 (61.7%), while properties in the Southern region reported the lowest average occupancy rate (51.9%). The average occupancy rate among properties in the Northern region was 57.2%.**
 - All three regions experienced decreases in occupancy rates in August 2006 compared to August 2005.
 - Compared to August of last year, properties in the Central region saw the highest decrease in average occupancy rate among the three regions (from 68.2% in 2005 to 61.7% in 2006, a 6.5 percentage point decrease).
- **The average occupancy rate decreased among both smaller and larger properties. Smaller properties (50-100 rooms) reported a considerable decrease of 11.8 percentage points (from 62.0% to 50.2%), while larger properties (101+ rooms) saw a decrease of 4.5 percentage points (from 62.3% to 57.8%).**
- The percentage of international hotel guests staying at Palm Beach County hotels in August 2006, based on the hotels that responded, was 3.0%.
 - The percentage of international guests in smaller (50-100 rooms) and larger properties (101+ rooms) was 3.7% and 2.8%, respectively.
 - Based on the hotels that responded, hotels from the Southern region reported the highest percentage of international guests among the three regions (6.2%). Hotels from the Central and Northern regions reported that 1.9% and 1.0% of their guests, respectively, came from countries other than the US.
- **In August 2006, business travelers represented 39.0% of surveyed hotels' occupancy, while vacationers composed 36.6% of occupied room nights at Palm Beach County hotels. The remaining 24.4% of room nights were occupied by convention/group travelers.**
 - Compared to the same time last year, there was a slight increase in the percentage of vacationers (by 2.1 percentage points, from 34.5% to 36.6%). The percentages of business travelers and convention/group travelers were comparable to August 2005 (40.1%, business and 25.4%, convention/group).
- The percentage of room nights occupied by convention/group visitors in designated convention hotels in August 2006 (28.6%) is comparable to the same time last year (29.2%)

** Properties well below 50 rooms are only included in room count and total inventory.

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Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) for participating Palm Beach County hotels in August 2006 was \$100.37, representing a decrease of 2.7% compared to August 2005 (\$103.20).**
 - Both smaller properties (50-100 rooms) and larger properties (101+ rooms) reported decreases in ADR in August 2006 compared to August 2005. The highest decrease is seen in smaller properties (from \$100.81 to \$88.89, an 11.8% decrease). Larger properties reported a decrease of 1.9% compared to the prior year (from \$103.82 to \$101.85).
 - Among larger properties, hotels with 101-219 rooms saw a decrease of 7.0% in ADR (from \$89.43 in August 2005 to \$83.14 in August 2006), while hotels with 220-500 rooms reported a decrease in ADR of 5.2% compared to August 2005 (from \$105.83 to \$100.35). (Note: hotels with 500+ rooms reported an increase in ADR of 12.7%).
- Nearly eight-in-ten property managers reported that in August 2006 the ADR was based on retail plus wholesale rates (79.4%).

Bookings via Third Party Websites

- **In August 2006, property managers reported that 18.3% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.), a 4.2 percentage point increase compared to the prior year (14.1% in August 2005).**
 - Smaller properties (50-100 rooms) reported considerably more hotel rooms being booked via a third party website (32.0%, an 11.8 percentage point increase from August 2005) than larger properties (101+ rooms) (13.1%, comparable with last year).

Future Business Outlook

- **Over one-half of participating property managers anticipated a decrease in room revenues for September 2006 and October 2006 compared to the same time last year (51.5%). Another 29.5% expected an increase and 18.9% believed there would be no change.**
 - Property managers who expected an increase in room revenues compared to September and October 2005 predicted an average increase of 11.5%.
 - Property managers who expected a decrease in room revenues compared to September and October of 2005 anticipated an average decrease of 11.7%.

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Hotel Visitor Study

Characteristics of Stay

- **In August 2006, the average party size* of surveyed guests visiting Palm Beach County (PBC) was 2.0. The average number of nights stayed in Palm Beach County hotels was 3.2, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **Just over two-thirds of surveyed hotel guests claimed to be in Palm Beach County on a business trip (67.5%, conference/convention/business meeting), while one-quarter claimed to be vacationers (25.3%).**
 - Compared to August 2005, there was a large increase in the percentage of business travelers (from 48.7% to 67.5%, up 18.8 percentage points) and a large decrease in the percentage of vacationers (from 44.6% to 25.3%, down 19.3 percentage points).
- **Aligning with the increase in business travelers, August 2006 surveyed visitors were more likely to report that their employer made the decision about their trip to PBC (66.0%) than August 2005 surveyed visitors (42.8%, a 23.2 percentage point increase)**
- **Also in line with the increase in business travelers, most surveyed visitors chose Palm Beach County over other destinations because of a 'work related trip' (63.9%). This represents an increase of 15.2 percentage points compared to one year ago (48.7%).**
 - Other frequently cited reasons for selection PBC over other destinations included: visit friends/relatives (18.8%), a previous visit (15.5%) and convenient flights (7.9%).
- Most surveyed guests planned their trip to PBC just one month or less in advance (69.4%, a 14.1 percentage point increase compared to August 2005, 55.3%).
- The vast majority of surveyed visitors cited Palm Beach County as their primary destination (92.3%), with 30.7% being first time visitors.

Booking a Trip to Palm Beach County

- **Twenty six point nine percent of surveyed visitors booked their trip with a Travel Agency; 48.3% used the Internet to book at least part of their trip to PBC.**

* Starting in January 2002, if 'party size' is greater than 8 or if 'number of rooms occupied' is greater than 3, then data within 'party size' and 'number of rooms occupied' is excluded from analysis, reflective of meetings/conferences rather than individual travel parties.

Hotel Visitor Study (continued)

Significant Highlights: August 2006

Booking a Trip to Palm Beach County (continued)

- Most visitors who used the Internet used it to book hotel accommodations (73.6%) and/or airfare (58.2%). Just over one-third (36.3%) used the Internet to reserve a rental car.
- Compared to August 2005, the percentage of surveyed guests who used the Internet to book air travel and rental cars decreased by 15.0 and 8.1 percentage points, respectively (from 73.2% to 58.2% for air travel and from 44.4% to 36.3% for car rentals). Conversely, online hotel bookings increased by 4.1 percentage points (from 69.5% to 73.6%).
- Among those who used the Internet to book hotel rooms, one-third booked their rooms directly at hotel websites (33.4%).
- August 2006 surveyed visitors were less likely to report that their trip was part of a package that may have included airfare, lodging, meal, rental car, etc (8.6%) than August 2005 surveyed visitors (15.7%, a 7.1 percentage point decrease).

Visitor Expenditures

- **During August 2006, visitors spent, on average, \$1,046 per party – \$193 (15.6%) less than visitors surveyed in August 2005 (\$1,239).**
 - Compared to August 2005, decreases were seen in all spending categories. The largest decreases were seen in local travel expenditures (from \$152 to \$106 – a 30.3% decrease) and Gift/Shopping expenditures (from \$118 to \$83 – a 29.7% decrease).
 - August 2006 hotel guests spent an average of \$523 per person and \$164 per person/day.
- **Even though leisure travelers spent considerably more per party (\$1,572) than business travelers (\$858), business travelers per party expenditures increased, as compared to August 2005, by 7.9%, while leisure travelers expenditures decreased by 13.1%.**

Characteristics of Visitors

- Most visitors to PBC were White/Caucasian (86.1%) and between the ages of 35 and 54 (57.9%).
- Over six-in-ten surveyed visitors had professional/managerial jobs (64.0%). This represents a 12.5 percentage point increase compared to August 2005 (51.5%).
- Just over one-half of surveyed guests (51.2%) claimed to have an annual household income of \$100,000 or greater.
- Seven-in-ten surveyed visitors (70.7%) traveled by airplane to come to PBC. This is comparable to August 2005 (70.6%).
- Over nine-in-ten visitors were traveling domestically (92.3%).

* Starting in October 2005, 'Side Trips' were excluded from computation of visitors' expenditures (no longer asked on survey).

Hotel Visitor Study (continued)

Significant Highlights: August 2006

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **The aspects of Palm Beach County that August 2006 surveyed visitors likely the most were 'Climate/weather' (20.5%), 'Beaches/Ocean' (19.2%) and 'Beautiful Area' (11.4%).**
- **When asked what they liked least, August 2006 surveyed visitors mentioned most often the humidity/poor weather in Palm Beach County (29.2%) and the traffic (27.6%).**
- **Surveyed visitors also felt that a longer stay (26.2%), better weather (10.0%) and less business/more free time (9.8%) would make their next trip to PBC better.**

Characteristics of the Visit

- **The most popular activity enjoyed by surveyed guests while in Palm Beach County in August 2006 was eating at area restaurants (92.7%). Other popular activities included shopping (26.8%) and going to the beach (26.4%).**
 - Although among the top three most popular activities, compared to one year ago, mention of 'going to the beach' and 'shopping' decreased noticeably by 14.6 and 12.6 percentage points, respectively.
- **The majority of surveyed visitors have plans to return to PBC for a future visit (82.2%), comparable with August 2005 (81.1%).**
 - Over two-thirds of surveyed visitors plan to return to PBC within the next year (67.3%); 38.3% plan on returning within the next three months.
 - Four surveyed hotel guests reported that they do not plan to return to PBC but only three provided reasons for such. The reasons provided were 'no fun', 'job hunting' and 'no business in the area'.
- In August 2006, 37.5% of surveyed visitors were traveling alone, 32.6% were traveling with adult family members/friends and 27.8% traveled with business associates. Only 6.3% were traveling with children under 12 years or age and nobody was traveling with grandchildren under 12 years of age.
- As seen in past months, over one-half of surveyed guests (55.2%) believe that increasing transportation costs, due to rising fuel costs, would have no impact on their decision to travel to Palm Beach County (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). Thirteen point two percent would change their plans (rated 4 or 5).
- Generally increasing costs of travel would not affect the decision to come to PBC of 54.4% of interviewed hotel guests (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). One-in-ten reported that higher travel costs would affect their travel plans (10.8% rated 4 or 5).