Significant Highlights: January 2006

Property Manager Survey

<u>Occupancy Rates</u>

- **In January 2006, the average occupancy rate of participating Palm Beach County (PBC) hotels according to surveyed property managers was 79.7%. This represents a 4.3 percentage point decrease compared to January 2005 (84.0%).**

  - An average of 371,569 room nights** were occupied in January 2006 – 10,672 fewer than the average number of room nights occupied in January 2005 (382,241).

- **Properties in the Southern Region of Palm Beach County reported the highest occupancy rate (82.1%) of the three regions (Central, 76.9% and North, 80.3%).**

  - Properties in the Central region reported a decrease in occupancy rate of 9.3 percentage points compared to January 2005 (from 86.2% to 76.9%).

- **Smaller (50-100 rooms) properties reported occupancy rates comparable to occupancy rates reported in January 2005 (81.5% in 2005 and 83.4% in 2006), while larger properties (100+ rooms) reported a decrease in occupancy rates of 5.3 percentage points (from 84.3% in January 2005 to 79.0% in January 2006).**

  - Among larger properties, occupancy rates decreased at properties with 101-219 rooms (from 86.0% in January 2005 to 78.7% in January 2006) as well as at properties with 220-500 rooms (from 80.2% in January 2005 to 76.9% in January 2006).

- According to hotel managers who responded, international visitors made up 5.2% of hotel guests in January 2006. Smaller hotels reported a higher percentage of international guests (15.4%) than larger properties (2.7%)**.**
  - Among larger properties who responded, those with 101-219 rooms reported that 3.7% of their guests were from international destinations while those with 220-500 rooms claimed that 1.7% of their guests were from countries other than the US.
  - Based on the hotels that responded, hotels from the Central region reported the highest percentage of international guests, at 6.7% in January 2006.

- **Hotel property managers reported that in January 2006 the percentage of rooms occupied by leisure travelers (36.1%) was comparable to those occupied by business travelers (35.3%). The remaing 28.6% were occupied by convention/group visitors. These results are comparable to January 2005 (37.7% leisure, 34.0% business and 28.3% Convention/Group)**

- Properties designated as Convention Hotels reported that 34.8% of their bookings were made by conference/convention travelers. This is also at parity with January 2005 (35.6%).

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

Significant Highlights: January 2006

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **In January 2006, surveyed hotel managers reported an average daily room rate (ADR) of $185.46 – this is comparable to the ADR reported in January 2005 ($185.14).**

    - The ADR was at parity with last year's at smaller properties (50-100 rooms, $146.86 in January 2005 and $149.56 in January 2006) as well as at larger properties (101+ rooms, $191.01 in January 2005 and $192.61 in January 2006).

    - Among larger properties, hotels with 101-219 rooms reported a decrease in ADR of 11.6% (from $150.02 in 2005 to $132.60 in 2006) while hotels with 220-500 rooms reported an increase in ADR of 9.0% compared to January 2005 (from $186.10 in 2005 to $202.83 in 2006).

- **Most participating property managers (82.0%) reported that the ADR in January 2006 was based on retail plus wholesale rates, while 18.0% claimed that the ADR was based on retail rates only.**

Bookings via Third Party Websites

- **The percentage of hotel rooms booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) in January 2006 (11.6%) was at parity with January 2005 (10.5%).**

    - Smaller properties (50-100 rooms) claimed more hotel rooms having been booked via a third party website (14.4%) than larger properties (101+ rooms) (8.3%).

Future Business Outlook

- **Six-in-ten surveyed property managers (62.0%) predicted an increase in room revenues for February 2006 and March 2006 compared to February 2005 and March 2005. Approximately one-in-five predicted no change (21.7%), and 16.4% expected decrease in room revenues compared to last year.**

    - Property managers who expect an increase in room revenues compared to February and March of 2005, predicted an average increase of 6.3%.

    - Property managers who expect a decrease in room revenues compared to February and March of 2005 predicted an average decrease of 9.2%.

+ ADR is based on hotels that responded to the survey in both December 2004 and December 2005
**Caution: response rate for hotels with 101-219 rooms was low (35.4%).

Significant Highlights: January 2006

Hotel Visitor Study

<u>Characteristics of Stay</u>

- **The average party size* of hotel guests visiting Palm Beach County (PBC) during January 2006 was 2.2, the average number of nights stayed in Palm Beach County hotels was 4.0 (1 night less than in January 2005 when visitors stayed an average of 5.0 nights), and the average number of rooms occupied per night* was 1.3.**

<u>Planning the Trip to Palm Beach County</u>

- **One-half (50.8%) of guests surveyed at Palm Beach County hotels affirmed that a business trip (conference/convention/business meeting) was the main reason for coming to PBC, while 42.0% were visiting PBC on a vacation/leisure trip.**

  - The percentages of business travelers and leisure travelers visiting PBC in January 2006 are comparable to those observed in January 2005 (51.3% business and 40.2% leisure).

- As seen in past months, visitors' employers are still the most frequent decision makers. Hotel guests were more likely to claim that an employer made the decision to come to Palm Beach County in January 2006 (51.2%) than in January 2005 (44.0%) – a 7.2 percentage point increase.

- A 'work related trip' was the most frequently mentioned reason for selecting PBC over other destinations (52.7%). Other frequently mention reasons were 'visit friends/relatives' (21.3%), a 'previous visit' (13.2%) and 'weather' (9.9%).

  - Compared to last year, large decreases are noted among January 2006 hotel guests mentioning 'Friends/Relatives recommendation' (down 10.3 percentage points) 'visit friends/relatives' (down 5.9 percentage points) and 'previous visit' (down 5.7 percentage points) as reasons for selecting PBC over other destinations.

- Surveyed visitors most often planned their trip to Palm Beach County one month or less in advance (50.7%). This is at parity with January 2005 (49.0%).

- Nine-in-ten respondents (90.2%) stated that Palm Beach County was their main destination. This is comparable with January 2005 (90.4%).

- Just over one-quarter of surveyed guests (26.4%) were first time visitors to PBC in January 2006 – an increase of 3.7 percentage points compared to January of last year (22.7%).

<u>Booking a Trip to Palm Beach County</u>

- **When booking their trip to Palm Beach County, January 2006 hotel guests made less usage of travel agency services (21.2%, comparable with January 2005, 23.1%) and more usage of the Internet (45.8%, a 2.8 percentage point increase compared to January 2005).**

  - Among hotel guests who used the Internet when planning their trip to PBC, 80.1% used it to book airfare, 51.2% to book hotel accommodations, and 38.7% used it to book a rental car.

* 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.

Significant Highlights: January 2006

Hotel Visitor Study (continued)

<u>Booking a Trip to Palm Beach County (continued)</u>

- Decreases in Internet usage were seen among those who used the Internet to rent a car (from 45.4% in January 2005 to 38.7% in January 2006, a 6.7 percentage point decrease) and to book accommodations (from 55.6% in 2005 to 51.2% in 2006, a 4.4 percentage point decline).

- Visitors most often used hotel websites to book reservations online (26.9%). This is comparable with one year ago (27.8%).

- Only 11.0% of surveyed guests reported that their trip was part of a package (that may have included airfare, lodging, meal, rental car, etc) – a 2.3 percentage point increase compared to January 2005 (8.7%).

<u>Visitor Expenditures</u>

- **Surveyed hotel guests reported spending an average of $2,332* per party while visiting Palm Beach County – $184 (7.3%) less than visitors surveyed in January 2005 ($2,516).**

  - Most spending categories experienced decreases compared to the prior year, except for lodging (increased $286 or 27.2%, from $1,050 to $1,336) and Entertainment/ Recreation (which reamined at parity with 2005).
  - Visitors' per person expenditures ($1,060) were at parity with last year ($1,048). In term of per person/day expeditures, hotel guests spent 26.2% more in January 2006 ($265) than in January 2005 ($210).

- **Leisure travelers spent more per party ($2,815, for an average party of 2.6 people over a period of 4.7 nights, on average) than business travelers ($1,802, for an average party of 1.7 people, over a period of 3.2 nights, on average). However, business travelers spent more per person/day ($331) than leisure travelers ($230).**

<u>Characteristics of Visitors</u>

- Almost all visitors to PBC were White/Caucasian (94.5%) and 49.2% were between the ages of 35 and 54 (a decrease of 5.3 percentage points compared to last year, 54.5%).

- Approximately two-in-three surveyed visitors had professional/managerial jobs (65.5%, an increase of 15.7% percentage points compared to 2005) and 67.9% claimed to have an household income of $100,000 or more.

- Most visitors (78.8%) traveled by airplane to arrive in Palm Beach County and most were domestic travelers (92.6%).

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

Significant Highlights: January 2006

Hotel Visitor Study (continued)

<u>Attitudes toward Palm Beach County – Likes/Dislikes About Trip</u>

- **In January 2006, visitors reported that what they liked best about PBC was the weather (42.2%), the beautiful area (6.8%) and the relaxing atmosphere (5.8%).**

    - Visitors surveyed in January 2006 were less likely to mention 'climate/weather' (42.2%) than visitors surveyed in January 2005 (55.5%).

- **Traffic/bad drivers (37.7%, at parity with January 2005) and humidity/poor weather (18.1%, a 2.4 percentage point decrease from January 2005) were the most frequently mentioned aspects visitors liked least about their trip to Palm Beach County.**

- Similar to last month, surveyed visitors reported that better weather (23.2%), a longer stay (17.0%), and traffic improvements/finish construction on I-95 (14.0%) would make their next trip to PBC better.

    - Other frequently mentioned suggestions were better hotel, cheaper hotel room, and to come during vacation time (3.0% each).

<u>Characteristics of the Visit</u>

- **When visiting PBC, surveyed visitors most frequently ate at area restaurants (92.0%), went shopping (38.0%), went to the beach (24.8%) and played golf/tennis (23.1%).**

    - Compared to January 2005, activity participation decreased dramatically for 'shopping' (from 50.4% to 38.0%) and 'going to the beach' (from 38.9% to 24.8%). A large increase occurred in the percentage of guests mentioning 'going to bar/night clubs' (from 10.6% to 17.7%).

- **Eight-in-ten (81.0%) surveyed visitors stated that they plan to return to Palm Beach County for a future visit.**

    - Among those visitors who plan to return to PBC, 62.4% plan to come back within the next year; 27.9% plan on returning within the next three months.

- Approximately one-half of respondents were traveling with adult family members/friends (47.5%, an 8.5 percentage point decrease compared to January 2005, 56.0%), 29.3% were traveling alone and 22.8% were traveling with business associates.

- Six-in-ten visitors reported that transportation costs would not change their decision to visit 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). Sixteen percent indicated that fuel costs do influence travel plans (rated 4 or 5 on a 5-point scale).

* December 2004 data represents combined data from the old closed-end answers: 'boating/fishing/diving' and 'other water activities'.