

Significant Highlights: July 2006

Property Manager Survey

Occupancy Rates

- **In July 2006, the average occupancy rate reported by participating Palm Beach County (PBC) hotels was 62.1%, a 2.5 percentage point decrease compared to July 2005 (64.6%).**
 - **An average of 287,148 room nights** were occupied in July 2006, 9,898 fewer than in July 2005 (297,046).**
- **Hotels in the Central region of Palm Beach County reported the highest average occupancy rate of the three regions at 67.5%.**
 - Although reporting the highest occupancy rate in July 2006, the Central region also saw the highest decrease in average occupancy rate among the three regions compared to last year (from 72.5% in 2005 to 67.5% in 2006, a 5.0 percentage point decrease).
 - Properties in the Northern Region of Palm Beach County reported an increase in average occupancy rate of 2.0 percentage points compared to July 2005 (from 62.0% to 64.0%), while properties in the Southern Region reported an average occupancy rate comparable with July 2005 (58.1% in 2005 and 56.6% in 2006).
- **Compared to July 2005, the average occupancy rate decreased among both smaller and larger properties. Smaller properties (50-100 rooms) reported a decrease of 3.3 percentage points (from 65.7% to 62.4%), while larger properties (101+ rooms) saw a decrease of 2.5 percentage points (from 64.6% to 62.1%).**
- According to the hotel managers who responded, the percentage of international hotel guests was 2.6%.
 - Smaller (50-100 rooms) and larger (101+ rooms) hotels reported similar percentages of international guests (2.7% among smaller hotels and 2.6% among larger hotels).
 - Hotels from the Southern region that responded claimed that 3.2% of their occupancy was composed of international guests. Hotels from the Central and Northern regions reported that 2.5% and 1.3% of their guests, respectively, came from foreign countries.
- **According to surveyed property managers, in July 2006 more PBC room nights were occupied by vacationers (43.3%) than business travelers (31.0%). Convention/group travelers made up for 25.7% of PBC room nights.**
 - Compared to the same time last year, there was an increase in the percentage of vacationers (up 3.4 percentage points) and a decrease in the percentage of business travelers (down 3.3 percentage points). The percentage of convention/group travelers remained comparable to July 2005.
- Convention hotel managers reported that 31.5% of room nights were occupied by convention/group travelers, a 2.5 percentage point increase from to July 2005 (29.0%).

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

Significant Highlights: July 2006

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **In July 2006, the average daily room rate (ADR) reported by surveyed Palm Beach County hotel property managers was \$107.91 – 2.5% higher than in July 2005 (\$105.31).**
 - Compared to July 2005, larger properties (101+ rooms) had an increase in ADR of 4.3% (from \$104.46 to \$108.94), while smaller properties reported a decrease in ADR of 8.2% (from \$110.80 to \$101.72).
 - Among larger properties, hotels with 101-219 rooms reported an ADR comparable with July 2005 (\$85.45 in 2005 and \$86.81 in 2006). Hotels with 220-500 rooms reported an increase in ADR of 10.1% compared to July 2005 (from \$108.32 to \$119.23).
- Most property managers reported that in July 2006 the ADR was based on retail plus wholesale rates (76.8%).

Bookings via Third Party Websites

- **According to participating property managers, in July 2006, 10.0% of their rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) – this is comparable with the same month last year (11.7%).**
 - The percentage of hotel rooms booked via third party websites among smaller properties (50-100 rooms) was 9.7% (comparable with July 2005, 10.8%). Larger properties reported 9.0% of bookings sold this way (a 2.9 percentage point decrease compared to July 2005, 11.9%).

Future Business Outlook

- **Forty eight percent of participating property managers predicted a decrease in room revenues for August 2006 and September 2006 compared to the same time last year. Another 41.5% expected an increase and only 10.6% predicted no change.**
 - Property managers who expected an increase in room revenues compared to August and September 2005 predicted an average increase of 9.6%.
 - Property managers who expected a decrease in room revenues compared to August and September of 2005 anticipated an average decrease of 13.0%.

Significant Highlights: July 2006

Hotel Visitor Study

Characteristics of Stay

- **During the month of July, the average party size* of surveyed guests visiting Palm Beach County (PBC) was 2.2. The average number of nights stayed in Palm Beach County hotels was 3.7, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **In July 2006, 58.3% of surveyed hotel guests claimed to be in Palm Beach County as business travelers (conference/convention/business meeting), usually in town for a business meeting (51.7%). Vacationers comprised 29.3% of surveyed guests.**
 - Compared to one year ago, the percentage of business travelers increased by 6.5 percentage points (from 51.8% to 58.3%), while the percentage of vacationers decreased by 10.9 percentage points (from 40.2% to 29.3%).
- **According to 52.5% of surveyed visitors, their employer was the decision maker with regard to their trip to Palm Beach County. This represents a 7.0 percentage point increase compared to July 2005 (45.5%).**
- **More than one half of surveyed visitors selected Palm Beach County over other destinations because of a 'work related trip' (56.0%).**
 - Visitors also frequently mentioned selecting PBC over other destinations because they were visiting friends/relatives (17.1%) and/or because of a special event (7.6%).
 - Compared to the same time last year, large decreases occurred in the percentage of visitors who mentioned 'friends/relatives recommendation' (down 18.5 percentage points), 'visit friends/relatives' (down 8.5 percentage points) and 'previous visit' (down 8.3 percentage points).
- Almost two-thirds of surveyed guests (63.8%) were short-term planners (planned their trip to PBC one month or less in advance).
- Over nine-in-ten surveyed guests (92.7%) reported that Palm Beach County was their main destination, with 30.7% being first time visitors.

Booking a Trip to Palm Beach County

- **In July 2006, use of a Travel Agent to book a trip to PBC has decreased by 4.5 percentage points compared to July 2005 (from 21.5% to 17.0%)**
- **Use of the Internet as a trip-planning tool was comparable to last year (45.7% in July 2005 and 46.5% in July 2006).**

* 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: July 2006

Hotel Visitor Study (continued)

Booking a Trip to Palm Beach County (Continued)

- As seen in previous months, those who used the Internet when planning their trip to PBC tended to do so primarily to reserve airfare (74.7%), hotel rooms (66.6%) and car rentals (42.5%).
 - Compared to July 2005, there were increases in the percentage of hotel guests who used the Internet to book air travel (by 7.9 percentage points) and hotel accommodations (by 2.8 percentage points).
 - Among those who used the Internet to book hotel rooms, almost one-third booked their rooms directly at hotels' websites (32.1%, a decrease of 4.4 percentage points compared to July 2005).
- Only 6.0% of surveyed guests reported their trip was part of a package that may have included airfare, lodging, meal, rental car, etc. This represents a 5.8 percentage point decrease from July 2005 (11.8%).

Visitor Expenditures

- **Visitors per party average expenditure in July 2006 was \$1,254 – \$119 (8.7%) less than visitors surveyed in July 2005 (\$1,373).**
 - Compared to July 2005, an increase was seen only in Lodging expenditures (up 17.9%), while decreases were seen in 'Restaurant/Bar' (down 34.1%), 'Entertainment/Recreation' (down 69.0%) and Local Travel (down 16.9%). 'Gift/Shopping' expenditures were comparable with July 2005 (\$172 in July 2005 and \$174 in July 2006).
 - Hotel guests spent an average of \$570 per person (8.7% decrease from July 2005, \$624) and \$154 per person/day (3.4% increase compared to July 2005, \$149).
- **Leisure travelers spent, on average, \$1,611 per party (a 15.8% increase from July 2005, \$1,391), while business travelers reported spending, on average, \$1,040 per party (a 20.5% decrease from July 2005, \$1,308).**

Characteristics of Visitors

- Visitors to PBC were most often White/Caucasian (91.0%) and between the ages of 35 and 54 (62.8%, an increase of 12.1 percentage points compared to one year ago, 50.7%).
- Compared to July 2005, there was an increase of 12.0 percentage points in the percentage of surveyed visitors who have professional/managerial jobs (from 51.4% to 63.4%).
- Six-in-ten surveyed guests (61.7%) claimed to have an annual household income of \$100,000 or greater.
- The most popular type of transportation used by visitors to come to PBC was the airplane (68.5%, a 6.7 percentage point increase compared to last year, 61.8%).
- Over nine-in-ten visitors were traveling domestically (91.6%).

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

Significant Highlights: July 2006

Hotel Visitor Study (continued)

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **July 2006 surveyed visitors most often mentioned ‘Climate/weather’ (22.6%), and ‘Beaches/Ocean’ (19.8%) as the aspects of their visit to PBC that they liked best.**
- **‘Traffic/bad drivers’ (34.8%) and ‘humidity/poor weather’ (24.5%) were the aspects of the county that visitors liked least**
 - Compared to last year, the percentage of those who mentioned ‘traffic/bad drivers’ and ‘humidity/poor weather’ increased substantially, by 12.8 and 10.6 percentage points, respectively.
- **Among the suggestions for a better trip next time visitors come to PBC, the most frequently mentioned were a longer stay (38.9%), better weather (11.2%) and to come during vacation time/time off work.**

Characteristics of the Visit

- **While visiting Palm Beach County, surveyed visitors most often visited area restaurants (91.4%), went shopping (31.6%), and went to the beach (24.3%).**
 - Overall, there was a decrease in activity participation in July 2006 compared to July 2005.
 - Among the most popular activities, the greatest decreases occurred in the percentage of hotel guests who mentioned going to the beach (from 42.6% to 24.3%, an 18.3 percentage point decrease) and going shopping (from 41.6% to 31.6%, a 10.0 percentage point decrease).
- **Eight-in-ten surveyed visitors (83.0%) plan to return to Palm Beach County for a future visit. This is the same as in July 2005 (83.3%).**
 - Most visitors reported that they plan to come back to PBC within the next year (67.5%); 36.2% plan on returning within the next three months.
 - According to visitors who do not plan to return to PBC, the most frequent reason for such is that they have no business in the area (18.5%).
- Most of the time, July 2006 surveyed visitors were traveling with adult family members/friends (40.8%, a decrease of 4.6 percentage points from July 2005, 45.4%) or alone (37.7%, a 5.8 percentage point increase from July 2005, 31.9%).
- More than one-half of surveyed guests (56.5%) feel that the rising cost of transportation would not affect their decision to come 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). Only 13.7% reported that they would change their plans (rated 4 or 5).
- Most visitors also reported that the general increase in travel costs would not influence their decision whether or not to visit Palm Beach County (55.1%, rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). The percentage of those who would change their plans due to higher travel costs was 14.9% (rated 4 or 5).