

Significant Highlights: June 2006

Property Manager Survey

Occupancy Rates

- **According to participating Palm Beach County (PBC) hotel property managers, the average occupancy rate for PBC hotels in June 2006 was 68.9%. This is comparable with June 2005 (70.0%).**
 - The average number of room nights** occupied in June 2006 was 308,314 – 4,397 fewer than the average number of room nights occupied in June 2005 (312,711).
- **The highest average occupancy rate was reported by properties in the Northern (71.0%) and Central (70.5%) regions of Palm Beach County and the lowest by properties in the Southern region (66.6%).**
 - While properties in the Southern and Northern regions reported average occupancy rates comparable with June 2005 (71.7% Northern, 65.4% Southern), properties in the Central region reported a decrease in the average occupancy rate of 3.1 percentage points as compared to the same time last year (73.6% in June 2005 and 70.5% in June 2006).
- **Smaller properties (50-100 rooms) reported an occupancy rate of 63.6% - this is comparable to last year (64.1%). The occupancy rate for larger properties (100+ rooms) was 69.8% (also comparable to last year, 71.1%).**
 - Among larger properties, hotels with 220-500 rooms had an increase of 4.3 percentage points in occupancy rate (from 70.3% in June 2005 to 74.6% in June 2006), while hotels with 101-219 rooms reported a decrease of 2.2 percentage points in the average occupancy compared to June 2005 (from 69.2% in June 2005 to 67.0% June 2006).
- Based on the hotel managers who responded, on average, international guests made up 3.0% of hotels' occupancy. In terms of hotel size, the percentage of foreign guests was 3.6% among smaller properties (50-100 rooms) and 3.0% among larger properties (101+ rooms).
 - According to the hotels that responded, hotels in the Southern region continued to report the highest percentage of international guests (4.7%), followed by hotels in the Central region (2.4%). Hotels in the Northern region reported that 1.0% of their guests were from countries other than the US.
- **Surveyed property managers claimed that in June 2006, PBC room nights were occupied by more leisure visitors (39.0%) than convention/group (30.4%) or business visitors (30.6%).**
 - Compared to June 2006, the percentage of leisure visitors increased by 5.7 percentage points (from 33.3% to 39.0%); the percentage of business travelers decreased by 4.2 percentage points (from 34.8% to 30.6%); and the percentage of convention/group travelers was comparable to the same time last year (31.9% in 2005 and 30.4% in 2006).
- In properties designated as convention hotels, the percentage of room nights occupied by convention/group travelers was at parity with June 2005 (39.7% in June 2005 and 38.1% in June 2006).

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

Significant Highlights: June 2006

Property Manager Survey (Continued)

Average Daily Room Rate (ADR)

- **In June 2006, surveyed property managers reported an average daily room rate (ADR) of \$115.79 – a 4.3% increase compared to June 2005 (\$111.03).**
 - Both smaller (50-100 rooms) and larger properties (101+ rooms) reported an increase in ADR compared to June 2006. Smaller properties reported an increase of 7.4% (from \$92.42 to \$99.29), while larger properties had an increase of 4.0% in ADR (from \$113.86 to \$118.39).
 - Among larger properties, hotels with 101-219 rooms reported an ADR of \$88.80 (a 2.3% increase compared to June 2005, \$86.79), while those with 220-500 rooms reported an ADR of \$121.18 (comparable with June 2005, \$119.93).
- **Over eight-in-ten property managers (81.9%) claimed that the ADR reported in June 2006 was based on retail plus wholesale rates, while 18.1% affirmed that the ADR was based on retail rates only.**

Bookings via Third Party Websites

- **When asked what percentage of bookings were sold via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.), surveyed PBC property managers reported that 15.9% of June 2006 bookings were sold this way. This is comparable with June 2005 (14.3%).**
 - Compared to June 2005, there was a large decrease in the percentage of rooms sold via third party websites among smaller properties (50-100 rooms, from 23.0% to 15.1%). Among larger properties (101+ rooms), the percentage of rooms sold via third party websites was comparable with June 2005 (11.6% in 2005 and 13.2% in 2006).

Future Business Outlook

- **In June 2006, 40.3% of participating property managers anticipated a decrease in room revenues for July 2006 and August 2006 compared to the same time last year. Thirty point one percent expected no change and another 29.6% predicted an increase.**
 - Property managers who expected an increase in room revenues compared to July and August 2005 predicted an average increase of 11.1%.
 - Property managers who expected a decrease in room revenues compared to July and August of 2005 anticipated an average decrease of 9.3%.

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Hotel Visitor Study

Characteristics of Stay

- **In June 2006, the average party size* of Palm Beach County (PBC) surveyed hotel guests was 2.1. The average number of nights stayed in Palm Beach County hotels was 2.9, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **Most surveyed hotel guests were in Palm Beach County on a business trip (conference/convention/business meeting, 71.3%). Vacationers made up 22.0% of surveyed guests.**
 - **Compared to June 2005, the percentage of business travelers increased by 10.3 percentage points (from 61.0% to 71.3%).**
- As expected due to the increase in the percentage of business travelers, the percentage of those who cited their employers as the decision makers regarding the trip to PBC also increased in June 2006 as compared to June 2005 (by 14.3 percentage points from 53.4% to 67.7%).
- When asked about the reasons for selecting PBC over other destinations, most visitors cited a 'work related trip' (65.0%).
 - Other frequently mentioned reasons were 'visit friends/relatives' (14%) and 'special event' (9.9%),
 - As compared to June 2005, there were noticeable decreases in the percentage of visitors who mentioned 'previous visit' (from 12.5% in 2005 to 2.2% in 2006) and 'friends/relatives recommendation' (from 10.8% to 2.4%).
- Just over one-half of surveyed guests (55.5%) reported that they planned their trip to PBC one month or less in advance. This is comparable with June 2005 (53.8%).
- Palm Beach County was the main destination of 93.7% of hotel guests surveyed in June 2006. Twenty-nine point seven percent were first time visitors (an increase of 4.7 percentage points compared to June 2005).

Booking a Trip to Palm Beach County

- **June 2006 hotel guests were more likely to use a travel agent to book their trip to Palm Beach County (24.8%) than June 2005 hotel guests (16.1%). Use of the Internet as a trip-planning tool remained the same compared to one year ago (41.0% in June 2005 and 40.8% in June 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: June 2006

Hotel Visitor Study (Continued)

Booking a Trip to Palm Beach County (Continued)

- Among those surveyed guests who used the Internet to book any part of their trip, most used it to book airfare (71.6%), hotel rooms (61.6%), and/or car rental (31.6%).
- Although the Internet was frequently used to book part of visitors' trips to PBC, there were decreases in the percentage of those who used it to book their flights (down 3.6 percentage points), hotel accommodations (down 3.8 percentage points) and car rentals (down 17.8 percentage points).
- Hotel websites were most frequently used to book rooms online, mentioned by 26.2% of surveyed visitors who booked hotel rooms online.
- In June 2006, 10.6% of surveyed visitors reported that their trip was part of a package (that may have included airfare, lodging, meal, rental car, etc). This is about the same as in June 2005 (10.4%).

Visitor Expenditures

- **PBC visitors reported spending an average of \$998 per party in June 2006 – \$165 (14.2%) less than visitors surveyed in June 2005 (\$1,163).**
 - Decreases are seen in all spending categories with the exception of 'Lodging' (increased by \$128, 28.3%, per party). The greatest decline was in 'Gift/Shopping', which decreased by \$136 (70.1%) compared to June 2005 (from \$194 to \$58).
 - Hotel guests claimed to have spent \$475 per person, on average, representing a \$54 (10.2%) decrease from June 2005 (\$529).
- **While leisure travelers spent, on average, \$1,144 per party, business travelers reported spending, on average, \$974 per party.**
 - Leisure travelers' per party expenditures decreased by 25.4% compared to June 2005 (\$1,533), while business travelers per party expenditures were comparable with expenditures in June 2005 (\$951 in 2005 and \$974 in 2006).

Characteristics of Visitors

- The majority of visitors to PBC were White/Caucasian (91.3%) and between the ages of 35 and 54 (57.8%).
 - Over one-half of June 2006 surveyed visitors have professional/managerial jobs (54.3%) and 62.8% claimed to have an annual household income of \$100,000 or greater.
 - The percentage of visitors traveling by airplane to come to PBC in June 2006 increased by 8.5 percentage points as compared to June 2005 (from 67.8% to 76.3%).
 - The majority were domestic travelers (90.9%).
- Starting in October 2005, 'Side Trips' were excluded from computation of visitors' expenditures (no longer asked on survey).

Significant Highlights: June 2006

Hotel Visitor Study (Continued)

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **Among the aspects that visitors liked best about PBC, the most frequently mentioned were 'Climate/weather' (27.9%), 'Beaches/Ocean' (13.5%) and 'Hotel' (11.4%).**
 - Compared to one year ago, a considerable increase occurred in the percentage of guests who mentioned 'hotel' (from 4.0% to 11.4%), while a large decrease occurred in the percentage of those who mentioned 'beautiful area' (from 9.1% to 3.1%).
- **Visitors to PBC during June 2006 most often mentioned 'traffic/bad drivers' (31.5%) and 'humidity/poor weather' (27.4%) as the aspects they liked least about the county.**
 - Compared to June 2005, the percentage of those who mentioned 'humidity/poor weather' decreased by 8.8 percentage points (from 36.2% to 27.4%), while the percentage of those who mentioned 'traffic/bad drivers' increased by 7.4 percentage points (from 24.1% to 31.5%).
- In June 2006, surveyed visitors reported that a longer stay (23.2%), traffic improvements (12.0%), more free time and/or lower prices (8.4% each) would make their next trip to PBC better.

Characteristics of the Visit

- **The most popular activities enjoyed by surveyed visitors while in Palm Beach County were visiting area restaurants (94.9%), shopping (27.7%), going to the beach (24.8%) and swimming (17.3%).**
 - Among the most frequently mentioned activities enjoyed by surveyed hotel guests, the greatest decrease in participation compared to June 2005 occurred in the percentage of hotel guests who mentioned going to the beach (from 32.1% to 24.8%, a 7.3 percentage point decrease).
- **The vast majority of surveyed visitors (82.5%) plan to return to Palm Beach County for a future visit.**
 - Among those visitors who plan to return to PBC, 58.0% plan to come back within the next year; 25.8% plan on returning within the next three months.
 - Among those who said that they will not return to PBC (3.3%), the reasons provided for not coming back were: 'no business in the area' (32.4%), 'going to other places/I like changing destinations' (20.2%), and 'had unpleasant business experience' (12.2%). About one-third (35.2%) do not cite a reason.
- June 2006 visitors were usually traveling alone (37.2%) or with business associates (33.2%, a 10.1 percentage increase from June 2005). A decrease of 14.5 percentage points occurred in the percentage of those traveling with family members (from 43.9% in 2005 to 29.4% in 2006).
- According to 55.5% of surveyed guests, the rising cost of transportation would not affect 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). Twelve point three percent would change their plans (rated 4 or 5).
- In terms of the general increase in travel costs, 53.9% of surveyed visitors reported that it would not affect their decision to come to PBC (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 consider not coming was 11.5% (rated 4 or 5).