

# Significant Highlights: May 2006

## Property Manager Survey

### Occupancy Rates

- **In May 2006, the average occupancy rate of participating Palm Beach County hotels was 70.8%, a 2.3 percentage point increase compared to May 2005 (68.5%).**
  - An average of 327,376 room nights\*\* were occupied in May 2006 – 17,430 more than the average number of room nights occupied in May 2005 (309,946).
  - **Properties in the Southern region of Palm Beach County reported the highest average occupancy rate of the three regions with 71.6%. Properties in the Northern region reported an occupancy rate of 69.6%, and those in the Central region reported an occupancy rate of 70.5%.**
    - Compared to May 2005, the occupancy rate increased among properties in the Northern and Southern regions (from 63.4% to 69.6% in the Northern Region and from 67.7% to 71.6% in the Southern Region) and decreased by 1.9 percentage points among properties in the Central Region (from 72.4% to 70.5%).
  - **In terms of hotel size, smaller properties (50-100 rooms) reported an increase in occupancy rate of 7.7 percentage points (from 64.0% to 71.7%), while larger properties (101+ rooms) reported an average occupancy rate comparable with the occupancy rate reported in May 2005 (69.3% in 2005 and 70.6% in 2006).**
    - Among larger properties, hotels with 220-500 rooms had an increase of 8.3 percentage points in occupancy rate (from 68.5% in May 2005 to 76.8% in May 2006), while hotels with 101-219 rooms reported an average occupancy rate comparable with May 2005 (69.0% in May 2005 and 67.8% May 2006).
  - According to hotel managers who responded, 3.1% of hotel guests were from foreign countries. Smaller hotels reported that 3.9% of their guests were international visitors, while larger properties reported that 2.7% of their guests were from countries other than the U.S.
    - As seen last month, based on the hotels that responded, hotels from the Southern region reported the highest percentage of international guests (4.3%), followed by hotels in the Central region (3.0%). Hotels in the Northern region reported that 1.5% of their guests were traveling internationally.
  - **Hotel property managers reported that in May 2006 hotel rooms were almost equally occupied by leisure travelers (35.1%), business travelers (33.1%) and convention/group travelers (31.8%). This is comparable with May 2005.**
    - The percentage of room nights occupied by convention/group visitors in designated convention hotels in May 2006 (36.5%) is comparable to the same time last year (37.8%) - only a 1.3 percentage point increase.

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

# Significant Highlights: May 2006

## Property Manager Survey (Continued)

### Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) in May 2006, as reported by Palm Beach County surveyed hotel managers was \$135.32 – at parity with May 2005 (\$133.26).**
  - As compared to May 2006, smaller hotels (50-100 rooms) reported no considerable change in ADR (\$122.00 in May 2005 and \$120.91 in May 2006). Larger properties (101+ rooms) reported a slight increase of 1.9% compared to May 2005 (from \$135.18 to \$137.78).
  - Among larger properties, hotels with 101-219 rooms cited a decrease of 5.9% in ADR compared to May 2005 (from \$99.17 in May 2005 to \$93.28 in May 2006). Larger hotels, those with 220-500 rooms, reported an increase in ADR of 15.2% compared to May 2005 (from \$138.85 to \$159.89 in May 2006).
- **The majority of participating property managers (73.7%) reported that the ADR in May 2006 was based on retail plus wholesale rates, while 26.3% affirmed that the ADR was based on retail rates only.**

### Bookings via Third Party Websites

- **According to participating property managers, in May 2006, 13.3% of their bookings were made via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.). This is at parity with May 2005 (12.8%).**
  - Smaller properties (50-100 rooms) reported that 10.7% of their May 2006 reservations were made through third party websites, while larger properties (101+ rooms) reported that 13.5% of their May 2006 bookings were reserved this way.
  - Compared to May 2005, the percentage of rooms booked via a third party website among smaller properties decreased by 5.8 percentage points (from 16.5% to 10.7%).

### Future Business Outlook

- **In May 2006, the percentage of managers who expected an increase in room revenue for June 2006 and July 2006 as compared to June 2005 and July 2005 was comparable to the percentage of managers who predicted a decrease (36.8% decrease, 37.1% increase). The percentage of managers who anticipated no change was 26.1%**
  - Property managers who predicted an increase in room revenues compared to June and July of last year expected an average increase of 8.8%.
  - Property managers who predicted a decrease in room revenues compared to June and July of last year expected an average decrease of 8.4%.

# Significant Highlights: May 2006

## Hotel Visitor Study

### Characteristics of Stay

- **The average party size\* of Palm Beach County (PBC) hotel guests surveyed in May 2006 was 2.1. The average number of nights stayed in Palm Beach County hotels was 3.5, and the average number of rooms occupied per night\* was 1.4.**

### Planning the Trip to Palm Beach County

- **Just over six-in-ten surveyed hotel guests (62.4%) claimed that they were in Palm Beach County on a business trip (conference/convention/business meeting). Those in PBC on a leisure trip made up 33.2% of surveyed guests.**
  - **Compared to May 2005, the percentage of business travelers decreased by 6.8 percentage points (from 69.2% to 62.4%), while the percentage of vacationers increased by 6.4 percentage points (from 26.8% to 33.2%).**
- Surveyed visitors most often indicated that their employers made the decision regarding their trip to Palm Beach County (64.0%).
- The most frequently mentioned reasons for selecting PBC over other destinations were: a 'work related trip' (63.1%), 'visit friends/relatives' (18.7%), 'previous visit' (10.8%) and 'weather' (10.8%).
  - Surveyed visitors were less likely to cite 'work related trip' in May 2006 (63.1%) than they were in May 2005 (71.6%). Conversely, the percentage of those who selected PBC because of weather increased by 7.0 percentage points compared to May 2005 (from 3.8% to 10.8%).
- May 2006 surveyed hotel guests were mostly short-term planners (planned their trip one month or less in advance – 55.0%), however, the percentage of those who planned their trips 2 to 3 months in advance increased by 7.8 percentage points (from 20.1% to 27.9%).
- Over nine-in-ten surveyed hotel guests reported that Palm Beach County was their main destination (92.6%). This is at parity with May 2005 (92.2%).
- During May 2006, 29.4% of surveyed respondents affirmed that they were first time visitors to Palm Beach County, which represents an increase of 4.6 percentage points compared to the same time last year (24.8%).

### Booking a Trip to Palm Beach County

- **In May 2006, 27.0% of surveyed guests claimed to have used a Travel Agent to book their trip to PBC, while 45.6% used the Internet as a trip planning tool.**
  - Compared to May 2005, both use of a Travel Agent and the Internet have increased in May 2006 (by 3.7 percentage points for Travel Agency and by 2.3 percentage points for the Internet).

\* 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: May 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 (67.9%), hotel rooms (59.6%), and/or car rental (34.9%).
  - Even though frequently used, compared to May 2005, decreases occurred in the percentage of those who used the Internet to book airfares (down 10.7 percentage points), accommodations (down 2.1 percentage points) and car rentals (down 6.2 percentage points).
  - Usage of hotel websites directly to book rooms online also decreased compared to May 2005 (from 28.3% to 23.9%, a 4.4 percentage point decrease), although it continues to be the most frequently used online resource for booking hotel rooms.
- The majority of May 2006 visitors reported that their trip was not part of a package (92.2%) – at parity with May 2005 (91.5%)

### Visitor Expenditures

- May 2006 surveyed hotel guests spent an average of \$1,438 per party. This represents an increase of 19.7% compared to May 2005 (\$1,201).
  - Compared to one year ago, there were increases expenditures (per party) in lodging (up 43.1%), restaurant/bar (up 12.3%) and gifts/shopping (up 13.6%). Decreases occurred in entertainment/recreation (down 45.8%) and local travel (down 22.9%).
  - Hotel guests' per person expenditures (\$683) decreased by 8.1% compared to May 2005 (\$632), while per person/day expenditures (\$195) increased by 5.4% compared to last year (\$185).
- Leisure travelers reported spending, on average, \$1,892 per party. Business travelers reported spending considerably less, \$1,135 per party.
  - Both leisure travelers and business travelers expenditures increased in May 2006 as compared to May 2005 (15.5%, leisure and 11.9%, business).

### Characteristics of Visitors

- Most surveyed hotel guests visiting Palm Beach County in May 2006 described themselves as White/Non-Hispanic (91.3%) and between the ages of 35 and 64 (74.0%).
- Sixty-one percent of May 2006 surveyed visitors reported having professional/managerial occupations. The majority reported having an annual household income of \$100,000 or greater (64.8%).
- International visitors made up 10.1% of May 2006 surveyed hotel guests.
- Eight-in-ten visitors traveled by airplane to come to PBC (80.6%).

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

# Significant Highlights: May 2006

## Hotel Visitor Study (continued)

### Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **May 2006 surveyed guests most often mentioned 'Climate/weather' (31.1%), 'Beaches' (12.6%) and 'Beautiful Area' (8.4%) as the aspects they most liked on their trip to Palm Beach County.**
  - As compared to May 2005 surveyed visitors, May 2006 surveyed guests were less likely to mention 'Climate/weather' (down 5.6 percentage points) and 'Beautiful Area' (down 6.7 percentage points) as the aspects of PBC that they liked the most.
- **The two most frequently mentioned aspects of PBC that visitors disliked were 'Traffic/bad drivers' (37.4%) and by 'Humidity/poor weather' (14.6%).**
- To have a better trip next time visitors come to Palm Beach County, they most often suggested a longer stay (19.8%), less business/more free time (14.0%) and better weather (12.8%).

### Characteristics of the Visit

- **Nine-in-ten surveyed visitors reported visiting PBC area restaurants during their trip in May 2006 (91.0%). Over one-third (37.1%) went shopping, another 33.0% went to the beach and one-in-four went swimming (25.8%).**
  - Among the four most popular activities enjoyed by surveyed hotel guests, the greatest increase in participation compared to one year ago occurred in the percentage of hotel guests who mentioned swimming (from 13.8%\* in May 2005 to 25.8% in May 2006 – up 12.0 percentage points).
- **When asked if they plan to return to Palm Beach County, 82.2% of respondents plan to do so - the majority within the next year (68.4%). This is comparable with May 2005 (80.6% planned to return, 68.3% within one year).**
  - Among those who don't have plans to return to PBC (4.9%), the most prevalent reasons provided for not returning were: 'going to other places/I like changing destinations' (25.0%), 'no business in the area' (16.7%) and 'family moving away' (8.3%).
- During May 2006, visitors were usually traveling with adult family members/friends (41.5%, a 4.6 percentage point increase compared to May 2005, 36.9%) or alone (32.6%).
- Most May 2006 surveyed visitors reported that the rising cost of transportation would not affect their decision to visit Palm Beach County (57.5%, rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all).
- When asked if the generally increasing cost of travel would affect their decision to come to PBC, one-half of surveyed guests claimed that it would not affect their decision (50.5%, rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). About one-in-ten (10.7%) would change their plans (rated 4 or 5 on a 5-point scale) and 27.8% reported that they are not the decision makers.

\* May 2005 data represents combined data from the old closed-end answers: 'boating/fishing/diving' and 'other water activities'.