

# Significant Highlights: October 2006

## Property Manager Survey

### Occupancy Rates

- **The average occupancy rate reported by participating Palm Beach County (PBC) hotel property managers in October 2006 was 62.0%, comparable with October 2005 (61.2%).**
  - **An average of 277,921 room nights\*\* were occupied during October 2006, 12,091 more than in October 2005 (265,830).**
- **Properties in the Central and Southern regions of PBC reported occupancy rates in October 2006 comparable to each other (Central – 62.7% and Southern – 63.7%), while properties in the Northern region reported a lower average occupancy rate (57.1%).**
  - Compared to October 2005, the average occupancy rate increased among properties in the Central region of PBC (by 3.1 percentage points, from 59.6% to 62.7%) and decreased among properties in the Northern region (by 7.0 percentage points, from 64.1% to 57.1%). Properties in the Southern region of PBC reported an average occupancy rate comparable with last year ( 62.2% in 2005 and 63.7% in 2006),
- **In terms of hotel size, smaller properties (50-100 rooms) reported a decrease in occupancy rates of 6.7 percentage points (from 64.6% to 57.9%), while larger properties (101+ rooms) reported an increase in average occupancy rate of 2.0 percentage points compared to October 2005 (from 60.6% to 62.6%).**
  - According to hotel managers who responded, 2.6% of hotel guests were from foreign countries. Smaller hotels reported that 4.3% of their guests were international visitors, while larger properties reported that 2.4% of their guests were from countries other than the U.S.
  - In October 2006, hotel managers from the Southern region continued to report the highest percentage of international guests (4.7%). Hotels in the Northern and Central regions reported that 2.1% and 1.9% of their guests, respectively, were traveling internationally.
- **Surveyed property managers reported that in October 2006 more PBC room nights were occupied by business travelers (39.2%) than vacationers (34.1%); Convention/group travelers made up for 26.7% of PBC room nights.**
  - Compared to the same time last year, there were decreases in the percentage of vacationers (from 35.9% to 34.1%, down 1.8 percentage points) and Convention/group travelers (from 37.7% to 26.7%, down 11.0 percentage points), while the percentage of business travelers increased by 12.8 percentage points (from 26.4% to 39.2%).
- Convention hotel managers reported that 33.8% of room nights were occupied by convention/group travelers, a 10.5 percentage point decrease from October 2005 (44.3%).

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

# Significant Highlights: October 2006

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **In October 2006, the average daily room rate (ADR) reported by surveyed Palm Beach County hotel property managers was \$122.04 – 1.7% lower than in October 2005 (\$124.19).**
  - Compared to October 2005, smaller properties (50-100 rooms) had an increase in ADR of 8.2% (from \$104.47 to \$113.02), while larger properties (101 + rooms) reported a decrease in ADR of 3.1% (from \$127.50 to \$123.49).
  - Among larger properties, hotels with 101-219 rooms reported a decrease of 5.3% (\$5.09) in ADR (from \$96.36 in 2005 to \$91.27 in 2006), while hotels with 220-500 rooms reported a 5.7% (\$7.55) decrease in ADR compared to October 2005 (from \$132.35 to \$124.80).
- Most property managers reported that in October 2006 the ADR was based on retail plus wholesale rates (75.1%).

### Bookings via Third Party Websites

- **According to participating property managers, in October 2006, 14.0% of their bookings were made via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.). This is about the same as in October 2005 (14.1%).**
  - Smaller properties (50-100 rooms) reported that 23.3% of their October 2006 reservations were made through third party websites, while larger properties (101+ rooms) reported that 10.5% of their October 2006 bookings were reserved this way.

### Future Business Outlook

- **In October 2006, the percentage of participating property managers who predicted a decrease (43.6%) in room revenues for October 2006 and November 2006 compared to the same months last year was comparable with the percentage of managers who predicted an increase (42.7%). Only thirteen point seven percent expect no change.**
- Property managers who expected an increase in room revenues compared to November and December 2005 predicted an average increase of 8.1%.
  - Property managers who expected a decrease in room revenues compared to November and December 2005 anticipated an average decrease of 12.5%.

# Significant Highlights: October 2006

## Hotel Visitor Study

### Characteristics of Stay

- **In October 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 3.1, and the average number of rooms occupied per night\* was 1.3.**

### Planning the Trip to Palm Beach County

- **In October 2006, the majority of surveyed hotel guests were in Palm Beach County on a business trip (conference/convention/business meeting) (75.6%). Leisure travelers represented 17.6% of hotel guests surveyed in October 2006.**
  - Compared to October 2005, the percentage of business travelers increased by 16.5 percentage points (from 59.1% in 2005 to 75.6% in 2006), while the percentage of vacationers decreased by 17.3 percentage points (from 34.9% to 17.6%).
- Surveyed visitors most often indicated that their employers made the decision regarding their trip to Palm Beach County (67.7%, a 6.9 percentage point increase from October 2005, 60.8%).
- **In line with the percentage of business travelers, 72.4% of surveyed guests reported that a work related trip was the reason for choosing Palm Beach County over other destinations (a 15.0 percentage point increase compared to last year, 57.4%).**
  - Also, visitors to PBC in October 2006 frequently mentioned 'visit friends/relatives' (10.5%) and a previous visit (6.7%) as reasons for selecting PBC over other destinations.
- The percentage of short-tem planners (those who planned the trip to PBC one month or less in advance) increased notably from 47.2% to 63.6%, a 16.4 percentage point increase.
- Most surveyed visitors reported that Palm Beach County was their main destination (90.9%), with 30.1% being first time visitors (an increase of 9.3 percentage points compared to October 2005, 20.8%).

### Booking a Trip to Palm Beach County

- **While use of a travel agent to book the trip to PBC increased compared to October 2005 (by 11.2 percentage points, from 17.9% to 29.1%), use of the Internet as a trip planning tool decreased (by 14.5 percentage points, from 52.5% to 38.0%).**
  - Those who used the Internet to plan their trip to PBC used it mainly to reserve airfare (70.2%), hotel rooms (68.0%) and/or car rentals (41.6%).

\* 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: October 2006

## Hotel Visitor Study (continued)

### Booking a Trip to Palm Beach County (Continued)

- Even though frequently used, compared to October 2005, decreases occurred in the percentage of those who used the Internet to book airfares (down 7.7 percentage points) and car rentals (down 3.0 percentage points). The percentage of online hotel bookings, however, increased noticeably from 51.4% to 68.0% (a 16.6 percentage point increase).
- Hotel websites were most frequently used to book rooms online, mentioned by 33.0% of surveyed visitors who booked hotel rooms online (a 10.6 percentage point increase compared to October of last year, 22.4%).
- October 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 (5.0%) than October 2005 surveyed visitors (10.5%, a 5.5 percentage point decrease).

### Visitor Expenditures

- **Visitors per party average expenditure in October 2006 was \$1,054 – \$255 (19.5%) less than visitors surveyed in October 2005 (\$1,309)\*\*.**
  - In October 2006, decreases are seen in all spending categories compared to October 2005. The greatest declines were in 'Gift/Shopping', which decreased 40.4% (from \$141 to \$84) and Entertainment/Recreation, which decreased 28.6% compared to the same time last year (from \$35 to \$25). Also, average cost of lodging decreased by 20.5% (from \$730 in October 2005 to \$580 in October 2006).
  - Hotel guests claimed to have spent \$527 per person, on average, representing a 15.4% (\$96) decrease from October 2005 (\$623).
- **Compared to October 2005, leisure travelers per party expenditures increased by 13.7% (from \$1,275 to \$1,450), while business travelers per party expenditures decreased 29.9% (from \$1,336 to \$937).**

### Characteristics of Visitors

- Most visitors to PBC were White/Caucasian (92.1%), between the ages of 35 and 54 (53.3%) and in professional/managerial occupations (65.2%).
  - More than six-in-ten surveyed guests (63.2%) claimed to have an annual household income of \$100,000 or greater.
    - Most visitors (72.7%) traveled by airplane to arrive in Palm Beach County (a 5.4 percentage point decrease from October 2005, 78.1%) and nearly all were domestic travelers (95.9%, a 2.2 percentage point increase from October 2005, 93.7%).

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

- **October 2006 surveyed visitors most often mentioned 'Climate/weather' (40.7%) and 'Beaches/Ocean' (12.6%) as the aspects that they liked best about the visit to PBC.**
  - October 2006 surveyed visitors were more likely to mention 'Climate/Weather' as the aspect they liked best about the trip to PBC (40.7%) than October 2005 surveyed visitors (30.8%, a 9.9 percentage point increase).

- Starting in October 2005, 'Side Trips' were excluded from computation of visitors' expenditures (no longer asked on survey).
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\*\* Results may not be directly comparable to same month, prior year, due to availability of specific hotels at which interviewing was conducted.

# Significant Highlights: October 2006

## Hotel Visitor Study (continued)

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

- **Visitors to PBC during October 2006 most often mentioned ‘traffic/bad drivers’ (44.8%) as the aspects they liked least about the county, a 14.0 percentage point increase compared to October 2005. ‘Humidity/Poor Weather’ was the second most frequently mentioned negative aspect (13.9%).**
- **Among the suggestions for a better trip next time surveyed guests visit Palm Beach County, the most frequently mentioned were ‘Less business, more partying/more free time’ (19.9%), a ‘longer stay’ (13.9%), and ‘Improve traffic/finish construction on I-95’ (13.8%).**
  - **Compared to October 2005, the percentage of surveyed visitors who mentioned ‘Less business, more partying/more free time’ increased notably from 1.4% to 19.9%, an 18.5 percentage point increase.**

### Characteristics of the Visit

- **Almost all surveyed guests reported eating at area restaurants while visiting Palm Beach County in October 2006 (94.7%). Visitors also frequently mentioned ‘shopping’ (19.5%), ‘going to the beach’ (17.4%) and ‘swimming’ (10.6%).**
- **More than eight-in-ten (83.9%) 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, 62.8% plan to come back within the next year; 40.1% plan on returning within the next three months (a 10.1 percentage point increase compared to October 2005, 30.0%).
  - Eight surveyed hotels guests reported that they do not have plans to return to PBC. Those who provided reasons for not returning mentioned “too expensive”, “too far”, “job hunting” and “too many cops”.
- During October 2006, visitors were usually traveling alone (39.1%, a 7.3 percentage point increase compared to October 2005, 31.8%) or with business associates (33.9%, a 7.7 percentage point increase compared to October 2005, 26.2%). The percentage of those traveling with family members or friends decreased by 15.0 percentage points compared to last year (from 42.0% to 27.0%).
- Three-in-five surveyed guests reported that the rising cost of transportation, due to rising fuel costs, would not affect their decision to visit Palm Beach County (60.8% rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). Eight point two percent would change their plans (rated 4 or 5).
- When asked if generally increasing travel costs would affect their decision to come to PBC, 58.3% of surveyed guests claimed that it would not affect their decision (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). Eight point seven percent would change their plans (rated 4 or 5 on a 5-point scale).