

Significant Highlights: September 2006

Property Manager Survey

Occupancy Rates

- **In September 2006, the average occupancy rate of Palm Beach County (PBC) participating hotels was 51.2%, a decrease of 11.7 percentage points compared to September 2005 (62.9%).**
 - **An average of 223,934 room nights** were occupied, 55,965 fewer than in September 2005 (279,899).**
- **Properties in the Central region of PBC reported the highest average occupancy rate in September 2006 (54.4%), while properties in the Northern region reported the lowest average occupancy rate (46.1%). The average occupancy rate among properties in the Southern region was 51.8%.**
 - As seen last month, all three regions continued to see decreases in occupancy rates compared to the same time last year.
 - Properties in the Northern region of Palm Beach County reported the highest decrease in average occupancy rate among the three regions, from 62.0% in September 2005 to 46.1% in September 2006 (a 15.9 percentage point decrease).
- **The average occupancy rate decreased among smaller as well as larger properties. Among smaller properties (50-100 rooms) there was a 17.4 percentage point decrease (from 63.1% to 45.7%), while among larger properties (101+ rooms) there was a decrease of 10.5 percentage points (from 62.9% to 52.4%).**
- According to hotel managers who responded, international visitors made up 2.7% of hotel guests in September 2006.
 - The percentage of international guests among larger properties was 2.4% (based on the few hotel managers who responded).
 - Based on the property managers who responded, hotels from the Southern region reported the highest percentage of international guests among the three regions at 3.2%.
- **According to surveyed hotel managers, vacationers made up 39.2% of hotel occupancy, while business travelers comprised 36.6% of occupied room nights at Palm Beach County hotels. The remaining 24.2% of room nights were occupied by convention/group travelers.**
 - Compared to September 2005, the percentage of vacationers and business travelers increased by 5.0 and 4.6 percentage points, respectively (from 34.2% to 39.2%, vacationers and from 32.0% to 36.6%, business travelers), while the percentage of convention group travelers decreased by 9.7 percentage points (from 33.9% to 24.2%).
- The percentage of room nights occupied by convention/group visitors in designated convention hotels in September 2006 was 31.0%, an 11.6 percentage point decrease from September 2005 (42.6%).

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

Significant Highlights: September 2006

Property Manager Survey (Continued)

Average Daily Room Rate (ADR)

- **In September 2006, surveyed hotel managers reported an average daily room rate (ADR) of \$104.98 – a 20.1% (\$26.36) decrease compared to September 2005 (\$131.34).**
 - Decreases in the average daily room rate were seen among both smaller (50-100 rooms) and larger properties (101+ rooms) compared to the same time last year. Smaller properties reported a 4.9% (\$4.77) decrease (from \$97.17 to \$92.40), while larger properties reported a 21.9% (\$29.87) decrease (from \$136.68 to \$106.81).
 - Among larger properties, hotels with 101-219 rooms reported a decrease of 14.8% (\$14.91) in ADR (from \$100.80 in September 2005 to \$85.89 in September 2006), while hotels with 220-500 rooms reported a 2.0% (\$2.18) decrease in ADR compared to September 2005 (from \$108.73 to \$106.55).
- Approximately seven-in-ten property managers reported that the ADR in September 2006 was based on retail plus wholesale rates (69.9%), while 30.1% 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 September 2006 increased by 5.8 percentage points compared to September 2005 (from 12.2% to 18.0%).**
 - Smaller properties (50-100 rooms) claimed having had more hotel rooms booked via third party websites (20.2%) than larger properties (101+ rooms) (16.5%).
 - The percentage of hotel rooms booked via third party website among larger properties increased by 7.7 percentage points from September 2005 (8.8%)

Future Business Outlook

- **Three-in-five participating property managers predicted a decrease in room revenues for October 2006 and November 2006 compared to October and November 2005 (60.4%). One-quarter expect an increase (25.2%) and the remaining 14.4% anticipated no change.**
 - Property managers who expected an increase in room revenues compared to October and November 2005 predicted an average increase of 13.8%.
 - Property managers who expected a decrease in room revenues compared to October and November 2005 anticipated an average decrease of 11.2%.

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Hotel Visitor Study

Characteristics of Stay

- **The average party size* of Palm Beach County hotel guests surveyed in September 2006 was 1.8. The average number of nights visitors stayed in Palm Beach County hotels was 2.6, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **Most hotel guests surveyed in September 2006 claimed to be business travelers (conference/convention/business meeting) (71.1%), primarily in town for a business meeting (66.3%). Vacationers comprised 20.7% of surveyed hotel guests.**
 - Compared to September of last year, there was a large increase in the percentage of business travelers from 54.4% to 71.1% (a 16.7 percentage point increase). As such, the percentage of vacationers decreased considerably from 37.2% in September 2005 to 20.7% in September 2006 (a 16.5 percentage point decrease).
- **Coinciding with the increase in business travelers in September 2006 there was also an increase in the percentage of surveyed visitors reporting that their employer made the decision regarding the trip to PBC. This percentage increased by 15.6 percentage points (from 50.3% in 2005 to 65.9% in 2006)**
- **A work related trip was the reason most surveyed visitors chose Palm Beach County over other destinations (67.7%). Claims of this reason increased by 13.9 percentage points compared to September 2005 (53.8%).**
 - Visitors to PBC in September 2006 also frequently mentioned 'visit friends/relatives' (16.8%) and a previous visit (11.8%) as reasons for selecting PBC over other destinations.
- In terms of advanced planning, most surveyed guests were short-term planners (planned their trip to PBC one month or less in advance, 76.0%). This represents an increase of 22.4 percentage points compared to September 2005 (53.6%).
- Palm Beach County was the primary destination of 93.2% of surveyed guests, with only 18.8% being first time visitors (a decrease of 5.7 percentage points compared to September 2005, 24.5%)

Booking a Trip to Palm Beach County

- **In September 2006, use of a travel agent to book a trip to PBC increased by 7.1 percentage points compared to September 2005 (from 22.6% to 29.7%).**
- **Use of the Internet as a trip planning tool increased by 2.4 percentage points compared to the same time last year (from 49.3% to 51.7%).**

* 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: September 2006

Hotel Visitor Study (Continued)

Booking a Trip to Palm Beach County (Continued)

- When using the Internet to book any part of the trip to PBC, most used it to book hotel accommodations (74.3%), air travel (61.7%) and/or a rental car (47.2%).
 - September 2006 is the second consecutive month that the percentage of online hotel room bookings (74.3%) has surpassed the percentage of online airfare bookings (61.7%).
 - As seen last month, compared to the same time last year, the percentage of surveyed guests who used the Internet to book air travel and rental cars decreased by 15.7 and 4.0 percentage points, respectively (from 77.4% to 61.7% for air travel and from 51.2% to 47.2% for car rentals). The percentage of online hotel bookings, on the other hand, saw a notable increase from 63.7% to 74.3% (up 10.6 percentage points).
 - Among those who used the Internet to book hotel rooms, doing so through the hotel website directly was most common (39.5%), which represents an increase of 16.9 percentage points compared to September 2005 (22.6%).
- Only 3.1% of surveyed hotel guests reported that their trip to PBC was part of a package that may have included airfare, lodging, meal, rental car, etc. This represents a decrease of 6.4 percentage points compared to September 2005 (9.5%).

Visitor Expenditures

- **While visiting Palm Beach County in September 2006, visitors spent, on average, \$835 per party – \$419 (33.4%) less than visitors surveyed in September 2005 (\$1,254).**
 - Compared to September 2005, decreases occurred in all spending categories. The largest decreases were seen in Entertainment/Recreation (from \$93 to \$21 – a 77.4% decrease) and Gift/Shopping expenditures (from \$85 to \$49 – a 42.4% decrease).
 - The average per person/day expenditure reported by hotel guests in September 2006 was \$178 – a \$17 increase (10.6%) from September 2005 (\$161).
- **Both leisure and business traveler per party expenditures decreased compared to the same time last year. Leisure travelers' per party expenditures decreased by 15.7% (from \$1,224 to \$1,032), and business travelers' per party expenditures decreased by 43.0% (from \$1,272 to \$725).**

Characteristics of Visitors

- Nearly all surveyed hotels guests described themselves as White/Caucasian (94.3%); more than one-half were between the ages of 35 and 54 (55.7%, a 7.3 percentage point decline from September 2005).
- In terms of occupation, most surveyed visitors claimed to have professional/managerial jobs (61.7%).
- More than one-half of surveyed guests (55.8%) reported having an annual household income of \$100,000 or greater.
- Most surveyed visitors (72.5%) traveled by airplane to come to PBC.
- International travelers made up 8.0% of September 2006 surveyed guests.

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

** Results may not be directly comparable to same month, prior year, due to availability of specific hotels at which interviewing was conducted.

Significant Highlights: September 2006

Hotel Visitor Study (Continued)

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- As seen in previous months, the aspects of Palm Beach County surveyed hotel guests liked most when visiting PBC were 'Climate/weather' (33.6%), 'Beaches/Ocean' (17.5%) and 'Beautiful Area' (7.0%).
- September 2006 surveyed visitors most frequently mentioned 'humidity/poor weather' (32.2%) and 'Traffic/Bad drivers' (29.0%) as the aspects of Palm Beach County they liked least.
- When asked what would make their next trip to PBC better, surveyed hotel guests most often mentioned a 'longer stay' (20.5%), 'better weather' (15.7%), 'traffic improvements/finish construction on I-95' (8.5%), and 'less business, more partying/more free time' (8.3%).

Characteristics of the Visit

- The most popular activity enjoyed by surveyed guests while in Palm Beach County continued to be eating at area restaurants (93.0%). Surveyed visitors also frequently cited shopping (26.5%), going to the beach (22.1%) and swimming (12.5%).
- Eighty six point two percent of surveyed visitors plan to visit PBC again in the future. This represents a 4.8 percentage point increase compared to September 2005 (81.4%).
 - The majority of surveyed visitors plan to visit PBC again within the next year (76.3%); one-half plan on returning within the next three months (51.2%).
 - Only three surveyed hotels guests reported that they do not have plans to return to PBC. The reason provided by two of them was 'no business in the area'; the other did not cite a particular reason.
- Compared to September of last year, there was a noticeable increase in the percentage of surveyed visitors traveling alone during their visit to PBC (by 14.1 percentage points, from 30.6% in 2005 to 44.7% in 2006).
- In September 2006, most surveyed visitors claimed that increasing transportation costs, due to rising fuel costs, would not affect their decision to visit Palm Beach County (46.9% rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). Nearly one-in-ten would consider not traveling (9.8%, rated 4 or 5) and approximately one-third reported that they don't make that decision (32.3%).
- Forty-five point five percent of surveyed hotel guests claimed that generally increasing travel costs would not influence 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). Almost one-in-ten claimed that higher travel costs would affect their travel plans (9.2% rated 4 or 5).