

Significant Highlights: February 2007

Property Manager Survey

Occupancy Rates

- **In February 2007, the average occupancy rate reported by surveyed Palm Beach County (PBC) hotels was 82.8%, a 3.5 percentage point decrease compared to February 2006 (86.3%).**
 - **An average of 339,530 room nights** were occupied in February 2007, 23,752 fewer than in February 2006 (363,282).**
- **In terms of geographic area, the average occupancy rate was 84.7% among properties in Central region, 83.5% among properties in the Southern region and 78.7% among hotels in the Northern region.**
 - Properties in Southern region reported the largest decrease in average occupancy rate compared to February 2006 (from 87.8% in 2006 to 83.5% in 2007, a 4.3 percentage point decrease).
- **In February 2007, occupancy rates decreased among smaller and larger properties compared to February 2006. Smaller properties (50-100 rooms) reported a decrease of 9.9 percentage points (from 93.0% in 2006 to 83.1% in 2007), while larger properties (101+ rooms) reported a decrease in occupancy rates of 2.5 percentage points (from 85.2% in 2006 to 82.7% in 2007).**
- Based on hotel managers who responded, the percentage of international guests in February 2007 was 3.6%. Smaller hotels reported that 7.1% of their guests were international, while larger properties reported that international guests made up 2.8% of their occupancy.
 - According to the hotel managers who responded, hotels from the Southern region reported the highest percentage of international guests in February 2007 (5.1%).
 - Hotels from the Central and Northern* regions reported that 3.2% and 1.2% of their guests, respectively, came from foreign countries.
- **Surveyed property managers claimed that more PBC room nights were occupied by leisure travelers (44.5%) than business travelers (31.2%) in February 2007. Convention/group travelers made up 24.3% of PBC room nights.**
- Properties designated as convention hotels had 27.8% of their rooms occupied by convention/group travelers. This is at parity with February 2006 (27.5%).

* Caution: Low base

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

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Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) for participating Palm Beach County hotels in February 2007 was \$213.29, representing a decrease of 4.3% compared to February 2006 (\$222.86).**
 - As seen last month, smaller properties (50-100 rooms) continued to report an increase in ADR (from \$177.37 in February 2006 to \$205.72 in February 2007, a 16.0% increase). Larger properties (101+ rooms) reported a decrease in ADR of 7.1% compared to the same month in the prior year (from \$230.72 in February 2006 to \$214.41 in February 2007).
 - Among larger properties, hotels with 101-219 rooms reported a decrease in ADR of 16.6% (from \$180.28 in 2006 to \$150.30 in 2007), while hotels with 220-500 rooms reported a decrease in ADR of 11.0% (from \$229.09 in 2006 to \$203.96 in 2007).
 - Two-thirds of participating property managers (66.1%) reported that February 2007 ADR was based on retail plus wholesale rates, while the remaining third stated that the ADR was based on retail rates only (33.9%).

Bookings via Third Party Websites

- **The percentage of hotel rooms booked via third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) in February 2007 was 9.6%. This is at parity with February 2006 (11.4%).**
 - Smaller properties (50-100 rooms) reported that 24.7% of their February 2007 reservations were made through a third party website (an increase of 4.8 percentage points compared to February 2006, 19.9%), while larger properties (101+ rooms) reported that 6.8% of their February 2007 bookings were sold this way (this is comparable with February 2006, 7.9%).

Future Business Outlook

- **In February 2007, 46.3% of participating property managers foresee an increase in room revenues for March 2007 and April 2007 compared to the same time last year. Approximately one-third expect a decrease (34.2%) and 19.6% don't expect any changes.**
 - Property managers who expect an increase in room revenues compared to March and April of last year, predict an average increase of 6.4%.
 - Property managers who expect a decrease in room revenues compared to March and April of last year, predict an average decrease of 7.6%.

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Hotel Visitor Study

Characteristics of Stay

- **In February 2007, the average party size* of surveyed hotel guests was 2.1, the average number of nights stayed in Palm Beach County (PBC) hotels was 3.7, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **When asked about the reason for the trip to Palm Beach County, 57.9% of surveyed guests reported being on a business trip (conference/convention/business meeting), while 30.9% were on a leisure trip.**
- **Compared to February 2006, the percentage of business travelers decreased by 6.1 percentage points (from 64.0% in 2006 to 57.9% in 2007), mostly attributed to a decrease in those coming for a conference or convention (down 6.6 percentage points), while the percentage of vacationers was at parity with the previous year (31.2% in 2006 and 30.9% in 2007).**
- Employers were cited as the decision makers regarding the trip to PBC by 55.8% of surveyed guests. This represents a decrease of 7.5 percentage points compared to February 2006 (63.3%).
- The most frequently mentioned reason for selecting PBC over other destinations was a 'work related trip' (57.1%)
 - Surveyed visitors were less likely to cite 'work related trip' in February 2007 (57.1%) than they were in February 2006 (64.0%).
 - Other frequently mentioned reasons for selecting PBC over other destinations were 'visit friends/relatives' (17.8%) and/or 'previous visit' (15.8%).
- Surveyed visitors most often planned their trip to Palm Beach County one month or less in advance (57.4%, a 5.2 percentage point increase from February 2006, 52.2%).

Booking a Trip to Palm Beach County

- **While usage of a Travel Agent to book a trip to PBC in February 2007 (23.6%) decreased compared to February 2006 (30.8%, a 7.2 percentage point decrease), usage of the Internet as a trip planning tool has increased by 3.9 percentage points (from 40.6% in 2006 to 44.5% in 2007).**
 - Among those surveyed guests who used the Internet to book any part of their trip, most used it to book airfare (78.0%), hotel rooms (63.1%), and/or car rental (39.7%).
 - Compared to February 2006, increases occurred in the percentage of those who used the Internet to book accommodations (up 5.0 percentage points, from 58.1% in 2006 to 63.1% in 2007) and car rentals (up 4.2 percentage points, from 35.5% in 2006 to 39.7% in 2007).
 - Usage of hotel websites directly to book rooms online decreased considerably compared to February 2006 (from 37.6% to 23.1%, a 14.5 percentage point decrease), although it continues to be the most frequently used online resource for booking hotel rooms.
- Only 5.9% of February 2007 surveyed visitors reported that their trip was part of a package – a 3.2 percentage point decrease compared to February 2006 (9.1%).

* 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: February 2007

Hotel Visitor Study (continued)

Visitor Expenditures

- **Visitors per party average expenditure in February 2007 was \$1,968, \$443 (18.4%) less than visitors surveyed in February 2006 (\$2,411).**
 - Compared to February 2006, decreases occurred in all spending categories (lodging – by 15.9%, Restaurant/Bar – by 21.6%, Gifts/Shopping – by 21.8%, Entertainment/Recreation – by 41.7%, and local travel – by 10.0%).
 - Hotel guests spent an average of \$937 per person (an 18.4% decrease from February 2006, \$1,148) and \$253 per person/day (a 9.6% decrease compared to February 2006, \$280)**.
- **Leisure travelers continue to spend noticeably more per party (\$2,705) than business travelers (\$1,660).**
 - Leisure travelers' per party expenditures decreased 23.7% compared to February 2006 (\$3,546), while business travelers' per party expenditures decreased 10.0% compared to the same time last year (\$1,845).

Characteristics of Visitors

- Most surveyed hotel guests visiting Palm Beach County in February 2007 described themselves as White/Caucasian (92.3%) and between the ages of 35 and 64 (73.9%).
- Three-in-five surveyed visitors reported having professional/managerial occupations (60.0%) and more than two-thirds reported having an annual household income of \$100,000 or greater (68.0%).
- In February 2007, 39.0% of surveyed guests were traveling with adult family members/friends, 30.9% were traveling alone, 28.6% with business associates and the remaining 10.2% were traveling with children and/or grandchildren under 12 years of age.

Travel Details

- The vast majority of surveyed hotel guests reported that Palm Beach County was their main destination (89.2%).
- In February 2007, the percentage of first time visitors to Palm Beach County (19.7%) decreased by 9.0 percentage points compared to February 2006 (28.7%).
- Eighty four point four percent of surveyed visitors traveled by airplane to come to PBC.
- Almost nine-in-ten surveyed visitors were traveling domestically (88.3%).

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **February 2007 surveyed guests most often mentioned 'Climate/weather' (46.7%) as the aspect they liked most about their trip to Palm Beach County.**

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

Significant Highlights: February 2007

Hotel Visitor Study (continued)

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

- **In terms of dislikes, February 2007 surveyed guests indicated that ‘Traffic/bad drivers’ (41.5%) followed by ‘Humidity/poor weather’ (12.8%) were the aspects of their trip to PBC that they liked least.**
- In February 2007, surveyed visitors most frequently mentioned that a longer stay (21.7%), better weather (19.5%) and coming during vacation time/time off work (9.2%) would make their next trip to Palm Beach County better.

Activity Participation

- **Almost all surveyed visitors reported eating at area restaurants during their visit to PBC in January 2007 (93.4%). Other popular activities enjoyed by hotel guests were shopping (31.8%), going to the beach (21.9%) and going to bars/nightclubs (16.1%).**
 - Compared to February 2006, a noticeable decrease in participation occurred among those who mentioned visiting Mizner Park – Boca Raton (from 10.1% in 2006 to 2.4% in 2007, a 7.7 percentage point decrease).

Return Visits

- **When asked if they plan to return to Palm Beach County, 84.4% of surveyed guests plan to do so (a 7.3 percentage point increase from February 2006, (77.1%) - the majority within the next year (73.1%, a 10.1 percentage point increase from February 2006, 63.0%).**
 - Only 2.7% of surveyed hotels guests reported that they have no plans to return to Palm Beach County.

Influence of Rising Costs

- The percentage of those who reported that the rising cost of transportation, due to rising fuel costs, would not affect their decision to visit Palm Beach County decreased compared to February 2006 by 12.1 percentage points (from 65.8% in February 2007 to 53.7% in February 2006). However, the percentage of those who would change their plans (rated 5 or 4 on a 5-point scale) was at parity with last year (9.5% in 2006 and 9.2% in 2007). The percentage of those who claimed that they don't make the decision increased by 12.1 percentage points (from 14.7% to 26.8%).
- Just over one-half of surveyed visitors reported that the general increase in travel costs would not influence their decision whether or not to visit Palm Beach County (52.0%, 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 10.4% (rated 4 or 5).