

# Significant Highlights: August 2007

## Property Manager Survey

### Occupancy Rates

- According to participating Palm Beach County (PBC) hotel property managers, the average occupancy rate for PBC hotels in August 2007 was 58.4%. This is comparable with August 2006 (57.0%).
  - An average of 267,903 room nights\* were occupied in August 2007, 9,356 more than in August 2006 (258,547).
- The highest average occupancy rate was reported by properties in the Central Region of Palm Beach County (62.6%) and the lowest by properties in the Southern region (54.7%). The average occupancy rate among properties in the Northern region was 57.8%.
  - While properties in the Northern and Central regions reported average occupancy rates comparable with August 2006 (57.2% Northern, 61.7% Central), properties in the Southern region reported an increase of 2.8 percentage points in the average occupancy rate as compared to the same time last year (from 51.9% in 2006 to 54.7% in 2007).
- Smaller properties (50-100 rooms) reported an occupancy rate of 50.4%; this is about the same as last year (50.2%). The average occupancy rate for larger properties (101+ rooms) was 59.8%, a 2.0 percentage point increase from last year, 57.8%.
  - Among larger properties, hotels with 220-500 rooms had an increase of 2.9 percentage points in the average occupancy rate (from 59.3% in August 2006 to 62.2% in August 2007), while hotels with 101-219 rooms reported an average occupancy rate at parity with August 2006 (58.3% in 2006 and 59.7% in 2007).
- Based on the hotel managers who responded, on average, international guests made up 5.8% of hotel occupancy. In terms of hotel size, the percentage of foreign guests was 14.4% among smaller properties (50-100 rooms) and 4.4% among larger properties (101+ rooms).
  - According to the hotel managers who responded, hotels in the Southern region reported the highest percentage of international guests (10.0%).
- According to surveyed hotel managers, in August 2007, on average, 45.4% of PBC room nights were occupied by leisure visitors, 30.6% were occupied by business travelers and 24.1% were occupied by convention/group travelers.
  - Compared to August 2006, the percentage of leisure visitors increased by 8.8 percentage points (from 36.6% to 45.4%), while the percentage of business travelers decreased by 8.4 percentage points (from 39.0% to 30.6%). The percentage of convention/group travelers remained about the same as in August 2006 (24.4%).
- Properties designated as convention hotels had 26.7% of their rooms occupied by convention/group travelers.

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

# Significant Highlights: August 2007

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **In August 2007, surveyed property managers reported an average daily room rate (ADR) of \$110.25 – a 9.8% increase compared to August 2006 (\$100.37).**
  - Both smaller (50-100 rooms) and larger properties (101+ rooms) reported an increase in ADR compared to August 2006. Smaller properties reported an increase of 5.5% (from \$88.89 to \$93.81), while larger properties had an increase of 10.8% in ADR (from \$101.85 to \$112.84).
  - Among larger properties, hotels with 101-219 rooms reported an ADR of \$85.99 (a 3.4% increase compared to August 2006, \$83.14), while those with 220-500 rooms reported an ADR of \$130.31 (an increase of 29.9% from August 2006, \$100.35).
- Approximately seven-in-ten (69.1%) property managers reported that the August 2007 ADR was based on retail plus wholesale rates.

### Bookings via Third Party Websites

- **Participating property managers reported that in August 2007 an average of 14.5% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.). This represents a 3.8 percentage point decrease compared to August 2006 (18.3%).**
  - Both smaller (50-100 rooms) and larger properties (101+ rooms) reported a decrease in the percentage of hotel rooms booked via a third party website in August 2007 compared to August 2006. Among smaller hotels the percentage of rooms booked via third party websites decrease by 7.6 percentage points (from 32.0% in 2006 to 24.4% in 2007), while among larger properties it decreased by 2.2 percentage points (from 13.1% in 2006 to 10.9% in 2007).

### Future Business Outlook

- **In August 2007, 40.8% of participating property managers anticipate an increase in room revenues for September 2007 and October 2007 compared to the same months last year (33.4% - Group/Individual Business, 9.4% Individual Vacation). Thirty point three percent expect no change (33.8% - Group/Individual Business, 63.9% Individual Vacation) and 28.9% expect a decrease (32.8% - Group/Individual Business, 26.7% Individual Vacation).**
  - Property managers who expect an increase in room revenues compared to September and October of last year, predict an average increase of 8.6% (11.0% - Group/Individual Business, 9.4% Individual Vacation).
  - Property managers who expect a decrease in room revenues compared to September and October of last year, predict an average decrease of 17.7% (14.8% - Group/Individual Business, 14.3% Individual Vacation).

# Significant Highlights: August 2007

## Property Manager Survey (continued)

### Future Business Outlook (Continued)

- **When asked about their predictions for November 2007 and December 2007 compared to last year, almost one-half of surveyed managers anticipate an increase in total room revenue (48.3%; 44.6% - Group/Individual Business, 24.8% Individual Vacation). Nearly one-third of hotel managers expect no change (31.8%; 34.2% - Group/Individual Business, 53.7% Individual Vacation) and 19.9% predict a decrease (21.3% - Group/Individual Business, 21.5% Individual Vacation).**
  - Property managers who expect an increase in room revenues compared to November and December of last year, predict an average increase of 9.5% (8.0% - Group/Individual Business, 5.8% Individual Vacation).
  - Property managers who expect a decrease in room revenues compared to November and December of last year, predict an average decrease of 19.8% (15.8% - Group/Individual Business, 14.2% Individual Vacation).

### Market Focus

- **In August 2007, surveyed hotel managers continued to report that in terms of marketing, advertising and promotion, their primary focus is on the Florida Drive Market, both leisure (87.9%) and business (74.8%).**
- **When asked about market areas in need of assistance from the CVB, there was no consistency in terms of response (full list can be found on page 19 of this report).**
- **Regarding support from the Sports Commission, assistance with sporting events (general, local, off season and weekends) was mentioned by three hotel managers**

# Significant Highlights: August 2007

## Hotel Visitor Study

### Characteristics of Stay

- In August 2007, the average party size\* of Palm Beach County (PBC) surveyed hotel guests was 2.2. The average number of nights stayed in Palm Beach County hotels was 3.1, and the average number of rooms occupied per night\* was 1.2.

### Planning the Trip to Palm Beach County

- When asked about the reason for the trip to Palm Beach County, 47.6% of surveyed guests reported being on a business trip (conference/convention/business meeting), while 40.8% were on a leisure trip.
  - As seen last month, more leisure travelers and fewer business travelers visited Palm Beach County during the current month as compared to one year ago (business travelers – from 67.5% in August 2006 to 47.6% in August 2007, leisure travelers – from 25.3% in August 2006 to 40.8% in August 2007).
- In terms of the decision to come to Palm Beach County, visitors most often claimed that this decision was made by their employers (45.8%) or the head of the household/other adult (39.8%).
  - Hotel guests were less likely to claim that an employer made the decision to come to Palm Beach County in August 2007 (45.8%) than in August 2006 (66.0%, a 20.2 percentage point decrease). Mention of 'Head of household/other adult' however, increased by 13.6 percentage points compared to August 2006 (from 26.2% to 39.8%).
- Almost one-half of surveyed visitors mentioned a 'work related trip' as the reason for selecting Palm Beach County over other destinations (48.8%). This represents a decrease of 15.1 percentage points compared to the previous year (63.9% in August 2006).
  - Visitors also frequently mentioned 'Visit friends/relatives' (21.3%) and a 'previous visit' (15.1%).
- Most hotel guests surveyed in August 2007 were short term planners (planned the trip one month or less in advance, 57.5%). Twenty-one point seven percent planned their trip 2 to 3 months in advance, and 20.8% planned their trip more than 3 months in advance.

\* 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: August 2007

## Hotel Visitor Study (continued)

### Booking a Trip to Palm Beach County

- **In August 2007, use of a Travel Agent to book a trip to PBC declined by 5.8 percentage points compared to August 2006 (from 26.9% to 21.1%), while use of the Internet as a trip-planning tool increased by 8.2 percentage points (from 48.3% to 56.5%).**
  - As seen in previous months, those who used the Internet when planning their trip to PBC tended to do so primarily to reserve hotel rooms (75.7%), airfare (65.8%) and car rentals (34.0%).
  - Use of the Internet to book airfares increased noticeably in August 2007 (65.8%) compared to August 2006 (58.2%, a 7.6 percentage point increase).
  - Among those who used the Internet to book hotel rooms, 39.4% booked their rooms directly at hotel websites (a 6.0 percentage point increase from August 2006, 33.4%).
  - The vast majority of surveyed hotel visitors reported that their trip was not part of a package (that may have included airfare, lodging, meal, rental car, etc., 96.0%).

### Visitor Expenditures

- **Visitors per party average expenditure in August 2007 was \$1,094, \$48 (4.6%) more than visitors surveyed in August 2006 (\$1,046)\*\*.**
  - Compared to August 2006, increases were seen in all spending categories with the exception of 'Entertainment/Recreation' (decreased 46.9% per party). The greatest increase was in 'Gifts/Shopping', which increased 31.3% (\$26) compared to August 2006 (from \$83 to \$109).
  - Lodging expenditures increased 6.1% from \$544, per party, in August 2006 to \$577 in August 2007.
  - Hotel guests spent an average of \$497 per person (a 5.0% decrease from August 2006, \$523) and \$160 per person/day (a 2.4% decrease compared to August 2006, \$164).\*\*
- **Leisure travelers' per party expenditures decreased 30.0% compared to August 2006 (from \$1,572 to \$1,101), while business travelers per party expenditures increased 30.0% compared to the same month last year (from \$858 to \$1,115).**

### Characteristics of Visitors

- Nearly all surveyed visitors were White/Caucasian (95.2%) and more than one-half were between the ages of 35 and 54 (53.2%).
- Fifty seven point one percent of August 2007 surveyed visitors reported having professional/managerial occupations and 57.8% reported having an annual household income of \$100,000 or greater.
- Most leisure travelers were accompanied by adult family members or friends (82.2%), while business travelers were usually traveling alone (58.7%).

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

# Significant Highlights: August 2007

## Hotel Visitor Study (continued)

### Travel Details

- Palm Beach County was the main destination of nine-in-ten surveyed visitors (89.7%), and just over one quarter were visiting PBC for the first time (26.0%).
- Continuing with the trend observed in recent months, air travel to PBC in August 2007 decreased compared to the same month last year (from 70.7% in August 2006 to 62.0% in August 2007, an 8.7 percentage point decrease), while the percentage of those traveling by car increased (from 31.1% to 40.7%, a 9.6 percentage point increase).
- Domestic travelers comprised 91.2% hotel visitors surveyed during August 2007.

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

- **August 2007 surveyed visitors most often mentioned ‘Climate/weather’ (27.3%), ‘Beaches/Ocean’ (19.7%) and ‘Beautiful Area’ (10.8%) as the aspects of the visit to PBC that they liked best.**
- **‘Traffic/bad drivers’ (26.8%), ‘humidity/poor weather’ (20.9%) and ‘Expensive’ (11.5%) were the aspects of the county that visitors liked least.**
  - Poor weather seems to be less of an issue this year than last, yet rising costs are more problematic in 2007 than in 2006. Compared to August 2006, citing of ‘Expensive’ increased by 9.0 percentage points (from 2.5% in August 2006 to 11.5% in August 2007), while citing of ‘humidity/poor weather’ decreased by 8.3 percentage points (from 29.2% to 20.9%).
- Visitors most often reported that a longer stay (21.7%), and better weather (14.5%) would make their next trip to PBC better.

### Activity Participation

- **In addition to eating at area restaurants (enjoyed by 93.5% of survey respondents), August 2007 surveyed visitors most frequently mentioned going to the beach (32.7%), shopping (28.6%) and swimming (22.2%).**

### Return Visits

- **Almost nine-in-ten surveyed guests plan to return to Palm Beach County for a future visit (87.9%).**
  - According to most of those who plan to return to PBC, their next trip will be within the next year (71.2%).
  - Only 1.7% of surveyed visitors have no plans to return to PBC.