

Significant Highlights: July 2007

Property Manager Survey

Occupancy Rates

- **The average occupancy rate reported by participating Palm Beach County (PBC) hotels in July 2007 was 59.8%, a 2.3 percentage point decrease compared to the same month last year (62.1%).**
 - **An average of 274,325 room nights** were occupied in July 2007, 12,823 fewer than in July 2006 (287,148).**
- **In terms of geographic area, the average occupancy rate was 61.6% among properties in Central region, 61.2% among properties in the Northern region and 57.4% among hotels in the Southern region.**
 - Properties in the Northern and Central regions reported decreases in average occupancy rate compared to July 2006 (Northern - from 64.0% in July 2006 to 61.2% in July 2007, a 2.8 percentage point decline and Central – from 67.5% to 61.6%, a 5.9 percentage point decrease).
 - The average occupancy rate reported by properties in the Southern region of PBC in July 2007 (57.4%) was comparable with the average occupancy rate reported in July 2006 (56.6%).
- **Smaller properties (50-100 rooms) reported an occupancy rate of 54.3% - this represents a decrease of 8.1 percentage point compared to July 2006 (62.4%). The occupancy rate for larger properties (101+ rooms) was 60.6% - comparable to July of last year (62.1%).**
 - Among larger properties, the occupancy rate in hotels with 220-500 rooms increased (by 5.3 percentage points, from 60.9% in July 2006 to 66.2% in July 2007), whereas the average occupancy rate in properties with 101-219 rooms decreased (by 4.8 percentage points, from 63.4% in July 2006 to 58.6% in July 2007).
- According to the hotel managers who responded, the average percentage of international guests staying at PBC hotels in July 2007 was 6.8%.
 - Among smaller hotels (50-100 rooms), the percentage of international guests, based on the hotel managers who responded, was 16.8%, while among larger properties (101+ rooms) it was 5.4%.
 - Based on the hotel managers who responded, hotels from the Southern region reported the highest percentage of international guests in July 2007 (12.5%).
- **Surveyed property managers claimed that in July 2007, PBC room nights were occupied by more leisure visitors (42.2%) than business (32.1%) and convention/group travelers (25.7%). This is comparable with July 2006.**
- Properties designated as convention hotels had 28.7% of their rooms occupied by convention/group travelers, a slight decrease of 2.8 percentage points compared to July 2006 (31.5%).

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

Significant Highlights: July 2007

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) for participating Palm Beach County hotels in July 2007 was \$107.90, about the same as the occupancy reported in July 2006 (\$107.91).**
 - Compared to July 2006, smaller properties (50-100 rooms) had a decrease in ADR of 7.8% (from \$101.72 to \$93.76). The ADR among larger properties (101+ rooms) in July 2007 (\$110.61) was comparable with the ADR reported by larger properties in July 2006 (\$108.94).
 - Among larger properties, both hotels with 101-219 rooms (\$85.59) and hotels with 220-500 rooms (\$121.27) reported ADR in July 2007 comparable to the ADR reported in July 2006 (\$86.81 – hotels with 101-219 rooms and \$119.23 hotels with 220-500 rooms).
- More than seven-in-ten (74.4%) property managers reported that the ADR in July 2007 was based on retail plus wholesale rates.

Bookings via Third Party Websites

- **According to participating property managers, an average of 13.7% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) in July 2007, a 3.7 percentage point increase compared to the prior year (10.0% in July 2006).**
 - As seen last month, smaller properties (50-100 rooms) reported considerably more hotel rooms being booked via a third party website (30.5%, a 20.8 percentage point increase from July 2006, 9.7%) than larger properties (101+ rooms) (7.6%, comparable with July 2006, 9.0%).

Future Business Outlook

- **Forty six point two percent of participating property managers predict a decrease in room revenues for August 2007 and September 2007 compared to the same months last year (36.3% - Group/Individual Business, 45.1% Individual Vacation). One-quarter (25.8%) of surveyed managers expect no change (24.9% - Group/Individual Business, 44.1% Individual Vacation) and 28.0% expect an increase (38.8% - Group/Individual Business, 10.8% Individual Vacation).**
 - Property managers who expect an increase in room revenues compared to August and September of last year, predict an average increase of 5.0% (4.9% - Group/Individual Business, 7.3% Individual Vacation).
 - Property managers who expect a decrease in room revenues compared to August and September of last year, predict an average decrease of 12.1% (10.0% - Group/Individual Business, 8.8% Individual Vacation).

Significant Highlights: July 2007

Property Manager Survey (continued)

Future Business Outlook (Continued)

- **For October 2007 and November 2007, the percentage of surveyed managers who foresee a decrease in total room revenue (31.4%; 28.6% - Group/Individual Business, 39.4% Individual Vacation) is comparable with the percentage of those who foresee an increase (31.8%; 37.1% - Group/Individual Business, 15.2% Individual Vacation). Those who expect no change comprise 36.9% of surveyed managers (34.3% - Group/Individual Business, 45.5% Individual Vacation).**
 - Property managers who expect an increase in room revenues compared to October and November of last year, predict an average increase of 5.3% (5.4% - Group/Individual Business, 6.4% Individual Vacation).
 - Property managers who expect a decrease in room revenues compared to October and November of last year, predict an average decrease of 14.2% (10.3% - Group/Individual Business, 9.4% Individual Vacation).

Market Focus

- **In terms of summer marketing, advertising and promotion, surveyed hotel managers are focusing primarily on the Florida Drive Market, both leisure (86.0%) and business (62.6%). This is true regardless of hotel size.**
- **Regarding market areas in need of assistance from the CVB and the Sports Commission, there was no consistency in terms of response; in other words, participating property managers all cited different needs. Full list can be found on page 19.**

Significant Highlights: July 2007

Hotel Visitor Study

Characteristics of Stay

- **The average party size* of Palm Beach County (PBC) surveyed hotel guests in July 2007 was 2.3. The average number of nights stayed in Palm Beach County hotels was 3.5, and the average number of rooms occupied per night* was 1.2.**

Planning the Trip to Palm Beach County

- **Compared to July 2006, there were fewer business travelers (conference/convention/business meeting) and more leisure travelers visiting Palm Beach County during July 2007 (business travelers – from 58.3% to 51.7%, leisure travelers – from 29.3% to 35.0%).**
- When asked who made the decision about the trip to Palm Beach County, surveyed hotel guests most frequently stated that their employer made the decision (45.7%) followed by head of the household/other adult (38.7%).
 - Mention of “Employer” as the decision maker regarding the trip to Palm Beach County decreased by 6.8 percentage points compared to July 2006 (52.5%), while mention of “Family living in PBC” increased by 10.3 percentage points (from 4.0% in July 2006 to 14.3% in July 2007).
- **A ‘work related trip’ was cited most often as the reason surveyed visitors selected Palm Beach County over other destinations (46.9%). This represents a decrease of 9.1 percentage points compared to the previous year (56.0% in July 2006).**
 - Other frequently cited reasons for selecting PBC over other destinations included: visit friends/relatives (17.8%) and a special event (10.7%).
- Six-in-ten surveyed visitors planned their trip to Palm Beach County one month or less in advance (60.4%).

Booking a Trip to Palm Beach County

- **Seventeen point one percent of surveyed visitors booked their trip to Palm Beach County with a Travel Agency; 52.2% used the Internet to book at least part of their trip to PBC (a 5.7 percentage point increase from July 2006, 46.5%).**
 - Most visitors who used the Internet used it to book hotel accommodations (75.4%) and/or airfare (61.8%). Twenty nine point one percent used the Internet to reserve a rental car.
 - Use of the Internet to book hotel rooms increased by 8.8 percentage points compared to the same month last year (from 66.6% to 75.4%), while use of the Internet to book airfare and car rentals decreased by 12.9 and 13.4 percentage points, respectively (airfare – from 74.7% in 2006 to 61.8% in 2007, car rental – from 42.5% in 2006 to 29.1% in 2007).
 - Among those who used the Internet to book hotel rooms, 43.4% booked their rooms directly at hotel websites (an 11.3 percentage point increase from July 2006, 32.1%).
 - Only 2.6% of surveyed guests reported that their trip was part of a package that included airfare, lodging, meal, rental car, etc.

* 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: July 2007

Hotel Visitor Study (continued)

Visitor Expenditures

- **During July 2007, visitors spent, on average, \$1,267 per party – this is comparable with July 2006 (\$1,254)**.**
 - Compared to July 2006, decreases were seen in 'Gift/Shopping' expenditures (down 49.4%) and 'Local Travel' (down 7.5%), while increases were seen in 'Restaurant/Bar' (up 39.9%), and 'Entertainment/Recreation' (up 34.6%). Lodging expenditures in July 2007 (\$655) were comparable with lodging expenditures in July 2006 (\$659).
 - Hotel guests spent an average of \$551 per person (3.3% decrease from July 2006, \$570) and \$157 per person/day (comparable with July 2006, \$154).
- **Even though leisure travelers spent more per party (\$1,380) than business travelers (\$1,129), business travelers per party expenditures increased as compared to July 2006 by 8.6%, while leisure travelers expenditures decreased by 14.3%.**

Characteristics of Visitors

- Nine-in-ten visitors to PBC were White/Caucasian (91.2%) and more than one-half were between the ages of 35 and 54 (55.1%).
- Just over two-thirds had professional/managerial jobs (67.9%).
- Six-in-ten surveyed guests (61.0%) claimed to have an annual household income of \$100,000 or greater.
- Most leisure visitors were traveling with adult family members or friends (85.7%), while business travelers were usually traveling alone (51.6%) or with business associates (30.9%).

Travel Details

- The vast majority of surveyed visitors cited Palm Beach County as their primary destination (90.0%), with 27.4% being first time visitors.
- As seen last month, in July 2007, air travel to PBC continued to decrease compared to the same month last year (from 68.5% in July 2006 to 61.1% in July 2007, a 7.4 percentage point decrease), while the percentage of those traveling by car increased (from 38.0% to 43.4%, a 5.4 percentage point increase).
- Just over nine-in-ten surveyed visitors were domestic travelers (91.3%).

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

Significant Highlights: July 2007

Hotel Visitor Study

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **The aspects of Palm Beach County that July 2007 surveyed visitors likely the most were ‘Climate/weather’ (22.1%), ‘Beaches/Ocean’ (18.1%) and ‘Beautiful Area’ (12.1%).**
- **When asked what they liked least, July 2007 surveyed visitors most often mentioned the humidity/poor weather in Palm Beach County (32.7%) and the traffic (22.6%).**
 - Compared to July 2006, citing of humidity/poor weather increased by 8.2 percentage points (from 24.5% in July 2006 to 32.7% in July 2007), while citing of ‘traffic/bad drivers’ decreased by 12.2 percentage points (from 34.8% to 22.6%).
- **Surveyed visitors also felt that a longer stay (22.1%), better weather (11.3%) and traffic improvements (8.8%) would make their next trip to PBC better.**
 - Hotel guests surveyed in July 2007 were less likely to mention ‘longer stay’ (22.1%) than those surveyed in July 2006 (38.9%, a 16.8 percentage points decline).

Activity Participation

- **The most popular activity enjoyed by surveyed guests while in Palm Beach County in July 2007 was eating at area restaurants (91.4%). Other popular activities included shopping (37.2%), going to the beach (28.9%) and swimming (17.7%).**

Return Visits

- **The majority of surveyed visitors have plans to return to PBC for a future visit (83.1%), comparable with July 2006 (83.0%).**
 - Among those visitors who plan to return to PBC, seven-in-ten plan to come back within the next year (69.8%); 32.6% plan on returning within the next three months.
 - Only one surveyed visitor claimed having no plans to return to PBC (0.4%). The reason provided was ‘Not enough to do’.

Influence of Rising Costs

- In July 2007, more than two-thirds of surveyed guests (67.2%) claimed that increasing transportation costs, due to rising fuel costs, would have no impact on their decision to travel to Palm Beach County (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). This represents an increase of 10.7 percentage points compared to July 2006 (56.5%). In line with the increase in the percentage of those who would not feel affected by increases in transportation costs, the percentage of those who would change their plans (rated 4 or 5 on a 5-point scale) decreased by 6.5 percentage points (from 13.7% in July 2006 to 7.2% in July 2007).
- Generally increasing costs of travel would not affect the decision to come to PBC of 65.4% of interviewed hotel guests (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all), a 10.3 percentage point increase from July 2006, 55.1%. Only 6.5% of surveyed guests reported that higher travel costs would affect their travel plans (rated 4 or 5, an 8.4 percentage point decrease from July 2006, 14.9%).