

Significant Highlights: June 2007

Property Manager Survey

Occupancy Rates

- **In June 2007, participating Palm Beach County (PBC) hotel managers reported an average occupancy rate of 65.6%, a 3.3 percentage point decrease compared to June 2006 (68.9%).**
- **The average occupancy rates for weekends and weekdays within the month of June were comparable (64.0% and 64.2%, respectively, based on the hotel managers who answered*).**
 - **An average of 291,185 room nights** were occupied in June 2007, 17,129 fewer than in June 2006 (308,314).**
- **As seen last month, in June 2007, properties in the Northern and Central regions of PBC reported occupancy rates comparable to each other (Northern – 69.2% and Central – 68.9%), while properties in the Southern region reported a lower average occupancy rate (61.6%).**
 - Compared to the same month last year, the average occupancy rate for hotels in the Southern region decreased by 5.0 percentage points, from 66.6% in June 2006 to 61.6% in June 2007. Hotels in the Northern and Central Regions reported average occupancy rates in June 2007 comparable to those reported in June 2006 (Northern – 71.0% and Central 70.5%).
- **In June 2007, occupancy rates decreased among both smaller (50-100 rooms) and larger properties (100+ rooms) compared to one year ago (from 63.6% in June 2006 to 60.4% in June 2007 among smaller properties and from 69.8% in June 2006 to 66.5% in June 2007 among larger properties).**
 - Among larger properties, hotels with 101-219 rooms reported an average occupancy rate of 65.3% (comparable with June 2006, 67.0%), while hotels with 220-500 rooms reported an average occupancy rate of 69.2% (a 5.4 percentage point decline from June 2006, 74.6%).
- The percentage of international guests staying at PBC hotels in June 2007, based on the hotel managers who responded, was 3.2%. Among smaller properties, 4.5% of the guests were international, while among larger properties 2.5% of the guests came from abroad.
 - Hotels in the Southern region of Palm Beach County reported the highest percentage of international guests in June 2007 (5.1%).
- **According to hotel property managers, during June 2007 hotel rooms were occupied almost equally by leisure travelers (34.3%), business travelers (33.4%) and convention/group travelers (32.3%).**
- The percentage of room nights occupied by convention/group visitors in designated convention hotels in June 2007 (36.1%) decreased slightly compared to the same time last year (38.1%, a 2.0 percentage point decline).

* Caution: only 23 Property Managers answered this question.

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

Significant Highlights: June 2007

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **According to Palm Beach County surveyed property managers the average daily room rate (ADR) in June 2007 was \$119.67 – 3.4% higher than in June 2006 (\$115.79).**
 - Compared to June 2006, smaller properties (50-100 rooms) had an increase in ADR of 5.4% (from \$99.29 to \$104.70), and larger properties (101+ rooms) had an increase in ADR of 3.0% (from \$118.39 to \$121.98).
 - Among larger properties, hotels with 101-219 rooms reported an ADR in June 2007 (\$87.60) comparable to the ADR reported in June 2006 (\$88.80), while hotels with 220-500 rooms reported an increase in ADR of 15.3% compared to June 2006 (from \$121.18 in 2006 to \$139.70 in 2007).
- Almost eight-in-ten property managers reported that in June 2007 the ADR was based on retail plus wholesale rates (77.8%).

Bookings via Third Party Websites

- **In June 2007, surveyed property managers stated that 12.6% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.), a 3.3 percentage point decrease compared to the prior year (15.9% in June 2006).**
 - Smaller properties (50-100 rooms) reported considerably more hotel rooms being booked via a third party website (24.6%, a 9.5 percentage point increase from June 2006, 15.1%) than larger properties (101+ rooms) (8.5%, a 4.7 percentage point decrease from June 2006, 13.2%).

Future Business Outlook

- **In June 2007, surveyed managers had no consensus in terms of their predictions for future business in the next two months, as 36.3% of participating property managers predict a decrease in total room revenues, 32.6% predict no change, and 31.1% predict an increase for July 2007 and August 2007 compared to the same months last year.**
 - Property managers who expect an increase in room revenues compared to July and August of last year, predict an average increase of 5.9%.
 - Property managers who expect a decrease in room revenues compared to July and August of last year, predict an average decrease of 6.2%.
- **For September 2007 and October 2007, managers most often stated that they expect an increase in total room revenue (37.3%) compared to September 2006 and October 2006. The percentage of managers who expect no change was 34.0% and the percentage of those who expect a decrease was 28.7%.**
 - Property managers who expect an increase in room revenues compared to September and October of last year, predict an average increase of 6.1%.
 - Property managers who expect a decrease in room revenues compared to September and October of last year, predict an average decrease of 8.0%.

Significant Highlights: June 2007

Hotel Visitor Study

Characteristics of Stay

- **During the month of June, the average party size* of surveyed guests visiting Palm Beach County (PBC) was 2.1. The average number of nights stayed in Palm Beach County hotels was 2.7, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **In June 2007, 54.1% of surveyed hotel guests claimed to be in Palm Beach County as business travelers (conference/convention/business meeting), usually in town for a business meeting (45.3%). Vacationers comprised 37.3% of surveyed guests.**
 - Compared to one year ago, the percentage of business travelers decreased sizably by 17.2 percentage points (from 71.3% in June 2006 to 54.1% in June 2007), while the percentage of vacationers increased by 15.3 percentage points (from 22.0% in June 2006 to 37.3% in June 2007).
- Although visitors' employers are still the most frequent decision makers, in June 2007, the percentage of hotel guests who claimed that an employer made the decision about the trip to Palm Beach County (47.0%) decreased by 20.7 percentage points compared to June 2006 (67.7%).
- **One-half of surveyed visitors selected Palm Beach County over other destinations because of a 'work related trip' (49.8%).**
 - Other frequently mentioned reasons for selecting PBC over other destinations included visiting friends/relatives (22.6%), a previous visit (10.3%) and/or a special event (9.4%).
 - In line with the decrease in the percentage of business travelers, the percentage of those who reported visiting PBC due to a 'work-related trip' also decreased considerably from 65.0% in June 2006 to 49.8% in June 2007 (a 15.2 percentage point decline).
 - Conversely, the percentage of those who mentioned 'visit friends/relatives' and 'previous visit' increased by 8.6 and 8.1 percentage points, respectively.
- Surveyed visitors most often planned their trip to Palm Beach County one month or less in advance (53.4%).

Booking a Trip to Palm Beach County

- **When booking a trip to Palm Beach County, only 18.3% of surveyed guests used a Travel Agent in June 2007. This represents a 6.5 percentage point decrease compared to June 2006 (24.8%).**
- **Use of the Internet as a trip planning tool, however, increased by 8.4 percentage points (from 40.8% in 2006 to 49.2% in 2007).**
 - Among hotel guests who used the Internet when planning their trip to PBC, 72.2% used it to book hotel rooms, 58.5% to book airfare, and 34.4% used it to book a rental car.
 - The percentage of those who used the Internet to book hotel rooms increase compared to the same month last year (from 61.6% to 72.2%, a 10.6 percentage point increase), while the percentage of those who used it to book airfare decreased from 71.6% to 58.5% (a 13.1 percentage point decrease).

Significant Highlights: June 2007

Hotel Visitor Study (continued)

Booking a Trip to Palm Beach County (Continued)

- Hotel websites continue to be the most frequently used resource to book rooms online, mentioned by 34.3% of surveyed visitors who booked hotel rooms online (an 8.1 percentage point increase from June 2006, 26.2%).
- Seven point eight percent of surveyed guests reported that their trip was part of a package that included airfare, lodging, meal, rental car, etc.

Visitor Expenditures

- **Visitors per party average expenditure in June 2007 was \$975 – \$23 (2.3%) less than visitors surveyed in June 2006 (\$998)**.**
 - Compared to June 2006, a decrease was seen only in Lodging expenditures (down 8.3%), while increases were seen in 'Restaurant/Bar' (up 6.1%), 'Gift/Shopping' (up 6.9%) and 'Entertainment/Recreation' (up 35.0%). Local Travel expenditures were comparable with June 2006 (\$93 in June 2006 and \$92 in June 2007).
 - Hotel guests spent an average of \$464 per person (2.3% decrease from June 2006, \$475) and \$172 per person/day (4.9% increase compared to June 2006, \$164).
- **Leisure travelers spent, on average, \$1,141 per party (comparable with June 2006, \$1,144), while business travelers reported spending, on average, \$859 per party (an 11.8% decrease from June 2006, \$974).**

Characteristics of Visitors

- Most visitors to PBC were White/Caucasian (88.5%) and between the ages of 35 and 54 (54.9%).
- Compared to June 2006, there was an increase of 9.1 percentage points in terms of surveyed visitors who have professional/managerial jobs (from 54.3% to 63.4%).
- Almost six-in-ten surveyed guests (57.1%) claimed to have an annual household income of \$100,000 or greater
- The majority of leisure visitors were traveling with adult family members or friends (85.6%), while business travelers were usually traveling alone (47.6%) or with business associates (42.0%).

Travel Details

- June 2007 surveyed guests were less likely to report that Palm Beach County was their main destination (85.8%) than their June 2006 counterparts (93.7%, a 7.9 percentage point decrease). More than one quarter (26.6%) were first time visitors.
- In June 2007, air travel to PBC decreased by 10.4 percentage points compared to June 2006 (from 76.3% in June 2006 to 65.9% in June 2007), while the percentage of those traveling by car increased by 12.4 percentage points (from 27.8% to 40.2%).
- Just over nine-in-ten surveyed visitors were domestic travelers (91.3%).

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

Significant Highlights: June 2007

Hotel Visitor Study (continued)

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **June 2007 surveyed visitors most often mentioned ‘Climate/weather’ (26.4%), and ‘Beaches/Ocean’ (16.5%) as the aspects of the visit to PBC that they liked best.**
- **‘Humidity/poor weather’ (27.1%) and ‘Traffic/bad drivers’ (23.8%) were the aspects of the county that visitors liked least.**
 - Compared to June 2006, the percentage of those who mentioned ‘traffic/bad drivers’ decreased by 7.7 percentage points (from 31.5% to 23.8%).
- **Among the suggestions for a better trip next time visitors come to PBC, the most frequently mentioned were a longer stay (20.9%) and better weather (14.3%).**
 - Compared to June 2006, the percentage of those who mentioned ‘better weather’ increased by 11.3 percentage points (from 3.0% to 14.3%), while the percentage of those who mentioned ‘improve traffic/finish construction on I-95’ decreased by 7.2 percentage points (from 12.0% to 4.8%).

Activity Participation

- **While visiting Palm Beach County, surveyed visitors most often visited area restaurants (92.3%), went shopping (29.8%), went to the beach (27.5%) and went swimming (20.1%).**

Return Visits

- **More than eight-in-ten surveyed visitors (85.1%) plan to return to Palm Beach County for a future visit.**
 - Among those visitors who plan to return to PBC, most plan to come back within the next year (75.8%); 35.0% plan on returning within the next three months.
 - Those who do not plan to return to PBC (0.8%) did not provide a reason for not coming back.

Influence of Rising Costs

- One-half of surveyed guests (49.2%) feel that the rising cost of transportation would not affect their decision to come 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 a decrease of 6.3 percentage points compared to June 2006 (55.5%). Approximately one-in-ten surveyed guests would change their plans (11.0% rated 4 or 5, at parity with last year, 12.3%) and 30.3% don’t make the decision (up 6.4% compared to June 2006, 23.9%).
- The percentage of those who reported that the general increase in travel costs, would not affect their decision to visit Palm Beach County decreased compared to June 2006 by 7.9 percentage points (from 53.9% in June 2006 to 46.0% in June 2007). The percentage of those who would change their plans (rated 5 or 4 on a 5-point scale) was at parity with last year (11.5% in 2006 and 10.0% in 2007) and the percentage of those who claimed that they don’t make the decision increased by 8.1 percentage points (from 24.4% in 2006 to 32.5% in 2007).