

Significant Highlights: September 2007

Property Manager Survey

Occupancy Rates

- **In September 2007 participating Palm Beach County (PBC) hotels reported an average occupancy rate of 49.9%; comparable with the same month last year (51.2%).**
 - **An average of 221,376 room nights** were occupied in September 2007, 2,558 fewer than in September 2006 (223,934).**
- **Properties in the Central region of PBC reported the highest average occupancy rate in September 2007 (55.0%), while properties in the Southern region reported the lowest average occupancy rate (45.9%). The average occupancy rate among properties in the Northern region was 47.8%.**
 - Properties in the Southern region reported a decrease in average occupancy rate of 5.9 percentage points compared to September 2006 (from 51.8% in 2006 to 45.9% in 2007).
 - Average occupancy rates reported by properties in the Northern (47.8%) and Central (55.0%) regions of PBC in September 2007 were comparable to average occupancy rates reported in September 2006 (Northern – 46.1%, Central - 54.4%).
- **Compared to September 2006, the average occupancy rate increased among smaller properties and decreased among larger properties. Smaller properties (50-100 rooms) reported an increase of 3.7 percentage points (from 45.7% in September 2006 to 49.4% in September 2007), while larger properties (101+ rooms) reported a decrease of 2.4 percentage points (from 52.4% in 2006 to 50.0% in 2007).**
 - Among larger properties, the average occupancy rate in hotels with 220-500 rooms in September 2007 (53.2%) was comparable to September 2006 (52.9%), whereas the average occupancy rate in properties with 101-219 rooms decreased by 2.1 percentage points (from 52.7% in September 2006 to 50.6% in September 2007).
- The percentage of international hotel guests staying in Palm Beach County hotels in September 2007, based on the hotels that responded, was 7.2%.
 - The percentage of international guests in smaller (50-100 rooms) and larger properties (101+ rooms) was 24.1%* and 5.3%, respectively.
 - Based on the hotel managers who responded, hotels from the Southern region continued to report the highest percentage of international guests, 14.6% in September 2007 (compared to 0.7% in the Northern region and 5.2% in the Central region).
- **In September 2007, vacationers represented 40.8% of surveyed hotels' occupancy, while business travelers composed 36.5% of occupied room nights at Palm Beach County hotels. The remaining 22.7% of room nights were occupied by convention/group travelers. This is at parity with September 2006 (39.2% leisure, 36.6% business and 24.2% convention/group).**
- The percentage of room nights occupied by convention/group visitors in designated convention hotels decreased by 7.1 percentage points in September 2007 (23.9%) compared to September 2006 (31.0%).

*One hotel in the 50-100 rooms category reported 75% of occupancy by international guests.

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

Significant Highlights: September 2007

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **According to surveyed hotel managers, the average daily room rate (ADR) in September 2007 was \$114.53, a 9.1% increase compared to September 2006 (\$104.98).**
 - Both smaller (50-100 rooms) and larger properties (101+ rooms) reported increases in ADR in September 2007 compared to September 2006. Smaller properties reported an increase of 18.3% (from \$92.40 to \$109.34) and larger properties reported an increase of 8.2% compared to the prior year (from \$106.81 to \$115.61).
 - Among larger properties, both hotels with 101-219 rooms (\$88.59) and hotels with 220-500 rooms (\$130.07) reported a higher ADR in September 2007 than reported in September 2006 (\$85.89 – hotels with 101-219 rooms, a 3.1% increase and \$106.55 - hotels with 220-500 rooms, a 22.1% increase).
- Most hotel property managers reported that the ADR in September 2007 was based on retail plus wholesale rates (70.6%).

Bookings via Third Party Websites

- **When asked what percentage of bookings were sold via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.), surveyed PBC property managers stated that, on average, 11.2% of September 2007 bookings were sold this way. This represents a 6.8 percentage point decrease compared to September 2006 (18.0%).**
 - Compared to one year ago, there was a sizeable decrease in the percentage of rooms sold via third party websites among larger properties (101+ rooms, from 16.5% to 9.6%, a 6.9 percentage point decrease). Among smaller properties (50-100 rooms), the percentage of rooms sold via third party websites was comparable with September 2006 (20.2% in 2006 and 18.8% in 2007).

Future Business Outlook

- **Almost one-half of participating property managers predict an increase in room revenues for October 2007 and November 2007 compared to the same months last year (47.5%; 40.5% - Group/Individual Business, 17.2% Individual Vacation). Forty-two percent of surveyed managers expect a decrease (34.3% - Group/Individual Business, 43.5% Individual Vacation) and 10.6% expect no change (25.2% - Group/Individual Business, 39.3% Individual Vacation).***
 - Property managers who expect an increase in room revenues compared to October and November of last year, predict an average increase of 8.0% (7.1% - Group/Individual Business, 4.1% Individual Vacation).*
 - Property managers who expect a decrease in room revenues compared to October and November of last year, predict an average decrease of 10.5% (8.2% - Group/Individual Business, 6.6% Individual Vacation).*

* Based on those responding for each (total, group/individual business, individual vacation)

Significant Highlights: September 2007

Property Manager Survey (continued)

Future Business Outlook (Continued)

- **When asked about their predictions for December 2007 and January 2008, again approximately one-half of surveyed managers foresee an increase in total room revenue (49.0%; 47.3% - Group/Individual Business, 28.4% Individual Vacation). Those who expect a decrease made up 36.4% of surveyed hotel managers (22.9% - Group/Individual Business, 38.2% Individual Vacation) while those expecting no change represented 14.6% of surveyed managers (29.9% - Group/Individual Business, 33.4% Individual Vacation).**
 - Property managers who expect an increase in room revenues compared to December of last year and January of 2007, predict an average increase of 7.3% (5.2% - Group/Individual Business, 5.9% Individual Vacation).
 - Property managers who expect a decrease in room revenues compared to December 2006 and January 2007, expect an average decrease of 11.3% (9.4% - Group/Individual Business, 6.6% Individual Vacation).

Market Focus

- **In terms of marketing, advertising and promotion, overall, in September 2007 surveyed hotel managers stated that they are focusing primarily on the Florida Leisure Drive Market (71.9%) and Amateur Sports Events (66.8%).**
 - Properties in the Northern region, however, have their main focus on the Florida Leisure Drive Market first (100.0%) and on the Florida Business Drive Market second (83.3%).
 - In terms of hotel size, all hotel managers from properties with 220-500 rooms who responded to this question, reported that their primary focus is on the Florida Association Market (100%)*. Eighty percent reported that they are also focusing on the Florida Leisure Drive Market and Amateur Sports Events (80% each).
- **September 2007 surveyed managers each cited different needs regarding market areas that could receive support from the CVB and the Sports Commission. Full list can be found on page 19.**

* Caution: Low base

Significant Highlights: September 2007

Hotel Visitor Study

Characteristics of Stay

- **The average party size* of Palm Beach County (PBC) hotel guests surveyed during September 2007 was 1.9. The average number of nights stayed in Palm Beach County hotels was 3.5 (a 0.9 increase from September 2006), and the average number of rooms occupied per night* was 1.2.**

Planning the Trip to Palm Beach County

- **In September 2007, just over one-half of surveyed visitors were in Palm Beach County on a business trip (55.5%, conference/convention/business meeting). This represents a decrease of 15.6 percentage points compared to September 2006 (71.1%).**
- **The presence of leisure travelers, on the other hand, increased in September 2007 compared to September 2006, from 20.7% to 38.0%, a 17.3 percentage point increase.**
- **According to 48.1% of surveyed visitors, employers were the decision makers with regard to trips to Palm Beach County. This represents a decrease of 17.8 percentage points compared to September 2006 (65.9%).**
 - As seen last month, 'Head of household/other adult' as the decision maker has increased compared to the same month last year (from 29.7% in September 2006 to 42.2% in September 2007, a 12.5 percentage point increase).
- **A 'work related trip' was the reason most surveyed hotel visitors selected Palm Beach County over other destinations (59.5%). Other frequently mentioned reasons included 'Visit friends/relatives' (24.5%), 'Beaches' (9.5%) and 'Weather' (8.1%).**
 - Compared to September 2006, 'Visit Friends/Relatives', 'Beaches' and 'Weather' as reasons for selecting PBC increased noticeably (by 7.7, 8.0 and 5.1 percentage points, respectively).
 - In line with the decrease of business travelers, 'work related trip' has also decreased as a reason for selecting PBC compared to September 2006 (from 67.7% to 59.5%, an 8.2 percentage point decline).
- **Two-thirds of surveyed hotel guests claimed that they planned their trip to Palm Beach County one month or less in advance (66.9%); a decrease of 9.1 percentage points compared to September 2006 (76.0%).**

* 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 2007

Hotel Visitor Study (continued)

Booking a Trip to Palm Beach County

- **In September 2007, 29.0% of surveyed guests reported using a Travel Agent to book their trip to PBC. This is comparable with September 2006 (29.7%).**
- **Usage of the Internet in planning visitors' trips to PBC in September 2007 (44.9%) decreased compared with usage of the Internet in September 2006 (51.7%, down 6.8 percentage points).**
 - Most visitors who used the Internet when planning their trip to PBC used it to reserve hotel rooms (77.9%) and airfare (75.6%); 45.0% used the Internet to book rental cars.
 - Use of the Internet to book airfare increased noticeably in September 2007 (75.6%) compared to September 2006 (61.7%, a 13.9 percentage point increase).
 - Among those who booked hotel rooms online, one-third used hotel websites (32.7%, a decrease of 6.8 percentage points compared to September 2006, 39.5%).
 - Overall, 4.7% of surveyed visitors claimed that their trip to PBC was part of a package (that may have included airfare, lodging, meal, rental car, etc).

Visitor Expenditures

- **Palm Beach County visitors reported spending an average of \$1,243 per party in September 2007, \$408 (48.9%) more than their counterparts in September 2006 (\$835)**.**
 - Compared to September 2006, increases were seen in all spending categories. Expenditures for 'Gifts/Shopping' and 'Entertainment/Recreation' showed the greatest increase (up 114% and 119%, respectively).
 - September 2007 hotel guests claimed to have spent \$654 per person (\$187 per person/day, on average) representing a 40.9% increase in terms of per person expenditure, from September 2006 (\$464 per person; \$178 per person/day).
 - The relatively low increase in average expenditure per person/day (from \$178 in September 2006 to \$187 in September 2007) indicates that the large increase in visitors' per party expenditure is likely due to the increase in the number of days spent in Palm Beach County hotels (from 2.6 days in September 2006 to 3.5 days in September 2007) and not necessarily due to a large increase in individual daily spending.
- **The average per party expenditures increased among both leisure and business travelers in September 2007 compared to the same month last year. Among leisure visitors per party expenditures increased by 26.6% (from \$1,032 to \$1,307), while among business travelers expenditures increased by 58.3% (from \$725 to \$1,148).**

** 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 2007

Hotel Visitor Study (continued)

Characteristics of Visitors

- The majority of surveyed visitors in Palm Beach County in September 2007 were White/Caucasian (92.4%) and between the ages of 35 and 54 (60.9%).
- Two-thirds have professional/managerial jobs (66.4%) and 60.8% claimed to have household incomes of \$100,000 or more.
- Most leisure visitors were traveling with adult family members or friends (80.3%), while most business travelers were traveling alone (52.2%).

Travel Details

- The vast majority of surveyed hotel guests reported that Palm Beach County was their main destination (94.1%). More than one-quarter were visiting PBC for the first time (27.6%).
- Three-quarters of surveyed visitors traveled by airplane to come to PBC in September 2007 (75.3%); more than nine-in-ten were domestic travelers (93.5%).

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **'Climate/weather' continued to be the aspect of the trip to PBC that visitors liked best (29.4%), followed by 'beaches/ocean' (13.5%) and 'Beautiful area' (9.6%).**
- **When asked what they liked least about their trip to PBC, September 2007 surveyed visitors most often mentioned 'traffic/bad drivers' (29.5%), followed by 'humidity/poor weather' (18.4%) and 'expensive' (10.6%).**
 - As seen in August 2007, citing of 'Expensive' increased again in September 2007 compared to the same month last year (by 8.9 percentage points, from 1.7% in 2006 to 10.6% in 2007), while citing of 'humidity/poor weather' decreased (by 13.8 percentage points, from 32.2% to 18.4%).
- In September 2007, surveyed visitors most frequently mentioned that a longer stay (22.7%), 'playing golf' (10.7%) and 'coming during vacation time/time off work' (10.1%) would make their next trip to Palm Beach County better.

Activity Participation

- **While visiting Palm Beach County the vast majority of surveyed visitors ate at area restaurants (94.2%). Other popular activities enjoyed by surveyed visitors were shopping (31.6%), going to the beach (29.5%), swimming (17.5%) and going to bars/nightclubs (16.0%).**

Return Visits

- **Approximately nine-in-ten surveyed guests plan to visit Palm Beach County again (88.9%), most plan to do so within the next year (60.6%).**
 - Only 1.5% of surveyed visitors have no plans to return to PBC and the reasons provided for such were 'don't like it here', 'no business in the area' and 'I am going to other places/like changing destinations'.