

Significant Highlights: December 2008

Property Manager Survey

Occupancy Rates

- **In December 2008, the average occupancy rate for responding Palm Beach County (PBC) hotels was 60.8%, a 2.3 percentage point decrease from December 2007 (63.1%).**
 - An average of 277,411 room nights** were occupied in December 2008, which reflects a 2.8 percentage point decline compared to December 2007 (285,324).
- **At 62.2%, properties in the Central and Southern regions of Palm Beach County experienced the highest average occupancy rates, while properties in the Northern region had a lower average occupancy rate of 54.5%.**
 - In December 2008, PBC property managers in the Southern geographic region reported a decrease in their average occupancy rate compared to December 2007 (down 5.0 percentage points, from 67.2% to 62.2%).
 - Northern and Central region average occupancy rates in December 2008 were comparable to those reported in December 2007 (Northern – 54.6% in December 2007 and 54.5% in December 2008, Central – 63.1% in December 2007 and 62.2% in December 2008).
- **In December 2008, smaller properties (50-100 rooms) experienced a 6.8 percentage point decrease in their average occupancy rate relative to this same month last year (from 60.9% in December 2007 to 54.1%* in December 2008). However, the average occupancy rate of larger properties (101+) remained at parity compared to December 2007 (63.4% in December 2007 and 62.0% in December 2008).**
 - Among larger properties, the average occupancy rate of hotels with 101-219 rooms decreased by 3.4 percentage points (from 63.0% in December 2007 to 59.6% in December 2008). On the other hand, hotels with 220-500 rooms experienced a 3.4 percentage point increase in their average occupancy rate relative to the same month last year (from 62.9% in December 2007 to 66.3% in December 2008).
- **According to responding hotel managers, the average percentage of international guests staying at PBC hotels in December 2008 was 3.9%.**
 - Managers of larger hotels cited a greater percentage of international hotel guests than smaller hotels; managers of larger hotels (101+ rooms) claimed that 4.3% of their guests were international travelers (4.3% among those with 101-219 rooms, 3.9% among those with 220-500 rooms), whereas managers of smaller properties (50-100 rooms) stated that only 1.7% of their guests traveled from outside of the United States.
 - Central region hotels hosted the largest percentage of international guests, at 5.0% (compared to 1.5% among hotels in the Northern region and 3.0% among hotels in the Southern region).
- **In December 2008, leisure travelers occupied the greatest percentage of room nights in Palm Beach County (46.2%). Business travelers and convention/group travelers occupied 31.0% and 22.8% of December hotel room nights, respectively.**
 - The occupancy rate in December 2008 from leisure and convention/group travelers remained at parity with the same month last year (leisure – 47.5% in December 2007 and 46.2% in December 2008, convention/group – 21.5% in December 2007 and 22.8% in December 2008), while the occupancy rate among business travelers was the same in December 2007 as in December 2008 (both 31.0%).
- **In December 2008, the percentage of room nights occupied by convention/group visitors in designated convention hotels (23.7%) remained at parity compared to the same month last year (22.8%).**

* Caution: Low response rate among properties with 50-100 rooms (31.5%)

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

Significant Highlights: December 2008

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **In December 2008, the average daily room rate (ADR) among responding Palm Beach County hotels was \$168.85, which was 2.0 percentage points lower (\$3.38) than the same month last year (\$172.23).**
 - Managers at smaller hotels (1-100 rooms) reported an increase of 2.7 percentage points (\$4.30) compared to December 2007 (from \$160.72 in December 2007 to \$165.02 in December 2008), while managers of larger properties (101+ rooms) cited that their average daily room rate decreased by 2.7 percentage points (\$4.77) relative to this same month last year (from \$174.26 in December 2007 to \$169.49 in December 2008).
 - Amid smaller hotels, responding managers at hotels with <50 rooms stated that their ADR was 22.9 percentage points (\$18.52) lower than December 2007 (from \$80.75 in December 2007 to \$62.23 in December 2008), while hotel managers with 50-100 rooms* claimed a 3.2 percentage point increase in their ADR compared to the same month last year (from \$167.13 in December 2007 to \$172.56 in December 2008).
 - Among larger hotels, participating managers at hotels with 101-219 rooms reported their ADR to be 13.5 percentage points (\$14.62) higher than December 2007 (from \$108.52 in December 2007 to \$123.14 in December 2008), while hotel managers with 220+ rooms cited decreases in their ADR (220-500 rooms – down by 21.7 percentage points (\$40.71), from \$187.58 in December 2007 to \$146.87 in December 2008, 500+ rooms – down by 3.2 percentage points (\$13.69), from \$428.05 to \$414.36).
- More than three-quarters of responding hotel managers cited that their hotel's ADR was calculated based on retail plus wholesale rates (76.3%) in December 2008.

Bookings via Third Party Websites

- **In December 2008, more than one-in-ten hotel rooms were booked through third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) according to participating hotel managers (13.9%); this represents a 4.0 percentage point decrease relative to December 2007 (17.9%).**
 - In December 2008, the percentage of hotel rooms at smaller properties (1-100 rooms) booked via third party websites decreased by 15.6 percentage points compared to the same month last year (from 31.0% to 15.4%). Larger properties (101+ rooms) remained at parity relative to December 2007 (12.7% and 13.2%).

Future Business Outlook

- **Approximately seventy percent of participating property managers foresee a decrease in total room revenues for January and February 2009 (69.5%; 73.6% Group/Individual Business, 84.6% Individual Vacation) relative to January and February 2008. Six point eight percent of surveyed managers anticipate an increase (5.0% Group/Individual Business, 1.8% Individual Vacation), while those who predict no change represent the remaining 23.7% of surveyed hotel managers (20.7% Group/Individual Business, 13.6% Individual Vacation).****
 - Property managers who predict an increase in room revenues relative to January and February of the prior year expect an average increase of 4.3% (5.7% Group/Individual Business).**
 - Property managers who anticipate a decrease in room revenues in relation to January and February of last year estimate an average decrease of 16.9% (19.7% Group/Individual Business, 14.7% Individual Vacation).**

* Caution: Low response rate among properties with 50-100 rooms (31.5%)

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

Significant Highlights: December 2008

Property Manager Survey (continued)

Future Business Outlook (Continued)

- **When predictions were requested concerning the months of March and April 2009, approximately seven-in-ten surveyed managers projected a decrease in total room revenue compared to the same months in 2008 (70.6%; 71.4% Group/Individual Business, 79.9% Individual Vacation). An increase is expected among only 3.8% of surveyed hotel managers (2.9% Group/Individual Business, 3.5% Individual Vacation) and no change is anticipated among the remaining quarter (25.7%) of surveyed hotel managers (25.7% Group/Individual Business, 16.5% Individual Vacation).****
 - Property managers who foresee an increase in room revenues compared to March and April 2008 expect an average increase of 8.3% (5.0% Group/Individual Business, 9.9% Individual Vacation).**
 - Property managers who anticipate a decrease in room revenues relative to March and April 2008 predict an average decrease of 13.5% (17.2% Group/Individual Business, 14.1% Individual Vacation).**

Market Focus

- **In December 2008, approximately seven-in-ten surveyed property managers (70.3%) cited that their primary focus was on the Florida Leisure Drive Market in terms of marketing, advertising and promotion.**
 - More than six-in-ten responding hotel managers in the Southern region claim to be focusing primarily on the Florida Leisure Drive Market (61.5%). More than three-quarters of responding hotel managers in the Central region are concentrating on the Florida Leisure and Business Drive Markets (both 76.2%). Nearly nine-in-ten participating property managers in the Northern region cited Weddings and Amateur Sports Events as their primary focus (both 87.5%).
 - Nearly seven-in-ten participating hotel managers from smaller properties (50-100 rooms) are primarily concentrating on the Florida Leisure Drive Market and Weddings (both 69.2%). Approximately seven-in-ten responding hotel managers from larger properties (101+ rooms) cited that Amateur Sports Events is their main focus in terms of marketing, advertising, and promotion (70.4%).
- **When hotel managers were asked about their greatest challenges for 2009, responses related to the economy were most often reported. The comprehensive list of challenges can be found on page 20.**

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

Significant Highlights: December 2008

Hotel Visitor Study

Characteristics of Stay

- **In December 2008, the average party size* of surveyed hotel guests staying in Palm Beach County (PBC) was 2.0 as was the case in December 2007. The mean number of nights visitors stayed in hotels in PBC was 3.4. The average number of rooms occupied per night* was 1.2.**

Planning the Trip to Palm Beach County

- **Nearly six-in-ten responding hotel guests (58.3%) claimed they were traveling for business (conference/convention/business meeting), predominately in PBC for a business meeting (51.0%). Vacation/pleasure was stated as the reason for the trip to PBC by nearly four-in-ten (38.6%) surveyed hotel guests.**
 - In December 2008, the percentage of those traveling to PBC for business increased by 3.0 percentage points relative to the same month last year (from 55.3% in December 2007 to 58.3% in December 2008). As such, the percentage of those claiming that vacation/pleasure was the primary reason for the trip to PBC decreased by 3.8 percentage points (from 42.4% to 38.6%).
- **More than one-half of surveyed hotel visitors in December 2008 (55.1%) mentioned 'Employer' when asked who made the decision to travel to Palm Beach County; approximately forty percent (39.7%) cited 'Head of Household/Other Adult'.**
 - Aligning with the increase in business related travel, citing of 'Employer' as the decision maker increased by 3.2 percentage points (from 51.9% in December 2007 to 55.1% in December 2008). Mentions of 'Head of household/Other adult' also increased, by 3.5 percentage points compared to one year ago (from 36.2% in December 2007 to 39.7% in December 2008).
- **'Work-Related Trip' was cited by nearly sixty percent of surveyed hotel visitors as their primary reason for visiting Palm Beach County over destinations (58.9%).**
 - 'Visit Friends/Relatives' (24.9%) followed as the next most frequently mentioned response when hotel guests were asked their reasons for selecting Palm Beach County as opposed to other* locations.
 - In December 2008, 'Work Related Trip' as a reason for choosing PBC increased by 8.7 percentage points relative to the same month last year (from 50.2% in December 2007 to 58.9% in December 2008).
- **More than one-half of responding hotel guests stated they planned the trip to PBC one month or less in advance (55.8%), which was a decrease of 2.2 percentage points compared to December 2007 (58.0%).**

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: December 2008

Hotel Visitor Study (continued)

Booking a Trip to Palm Beach County

- **In December 2008, use of a Travel Agent by surveyed visitors to organize the trip to PBC increased by 4.6 percentage points compared to December 2007 (from 18.6% in December 2007 to 23.2% in December 2008). However, utilization of the Internet to plan the trip decreased by 11.0 percentage points over this same time period (from 54.8% in December 2007 to 43.8% in December 2008).**
 - Among those who utilized the Internet to book their trip to PBC, three-quarters (75.6%) reserved hotel rooms, approximately seven-in-ten (69.9%) booked airfare and more than three-in-ten (31.4%) reserved a rental car via the Internet.
 - Aligning with the overall decrease in Internet utilization for trip planning, in December 2008, use of the Internet to make hotel, airfare and rental car reservations decreased compared to the same month last year (hotel – down 4.2 percentage points, from 79.8% to 75.6%; airfare - down 5.2 percentage points, from 75.1% to 69.9%; car rental - down 9.2 percentage points, from 40.6% to 31.4%).
 - Four point seven percent of surveyed visitors in December 2008 claimed their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc), which was at parity with the same month last year (4.2%).

Visitor Expenditures

- **In December 2008, an average of \$1,292 was spent by surveyed visitors' parties - \$749 (36.7%) less than visitors surveyed during the same month last year (\$2,041)**.**
 - Relative to December 2007, decreases were seen in all spending categories except 'Entertainment/Recreation' which increased by 120.6 percentage points (from \$34 to \$75). 'Gifts/Shopping' and 'Local Travel' were the spending categories that experienced the largest percentage point decreases relative to December 2007 ('Gifts/Shopping' - down 73.7%, from \$361 to \$95, 'Local Travel' - down 44.1%, from \$213 to \$119).
 - Surveyed hotel guests spent an average of \$646 per person per day in December 2008, representing a \$374 (36.7%) decrease from December 2007 (\$1,020).
- **In December 2008, leisure travelers' per party average expenditures decreased by 24.7 percentage points (from \$2,468 in December 2007 to \$1,858 in December 2008) and business travelers' per party average expenditure decreased by 43.1 percentage points (from \$1,722 in December 2007 to \$980 in December 2008).**

Characteristics of Visitors

- More than ninety percent of visitors answering in December 2008 categorized themselves as White/Caucasian (94.5%).
- Approximately one-half of responding hotel guests stated an age between 35 and 54 (50.9%).
- Among responding PBC visitors, more than sixty percent claimed to be working in professional/managerial jobs (64.7%).
- Seven-in-ten answering hotel guests mentioned having an annual household income of \$100,000 or more (70.1%).
- More than three-quarters of those visitors traveling for leisure vacationed with adult family members or friends (76.9%), while approximately two-thirds of business travelers traveled alone (66.3%).

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

Significant Highlights: December 2008

Hotel Visitor Study (continued)

Travel Details

- PBC was the main destination for 90.0% of surveyed hotel guests in December 2008, which was at parity compared to December 2007 (91.6%).
- In December 2008, approximately one-quarter of surveyed hotel guests claimed this was their first trip to Palm Beach County (24.4%), comparable with the same month last year (23.5%).
- As seen in previous months, air travel was the leading means of transportation to PBC, at parity compared to this same month last year (77.4% in December 2007 and 76.2% in December 2008).
- Nearly nine-in-ten December 2008 surveyed visitors traveled from within the United States to PBC (86.4%); this represents a 3.7 percentage point increase relative to December 2007 (82.7%).

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **In December 2008, 'Climate/Weather' was the top mentioned response, given by nearly one-half (47.2%) of responding hotel guests, when asked what they liked best about their trip to Palm Beach County. 'Beaches/Ocean' (11.1%) followed as the next most frequently mentioned response.**
 - The top mentioned answer, 'Climate/Weather', remained at parity relative to December 2007 (46.3% in December 2007 and 47.2% in December 2008).
 - In December 2008, mentions of 'Beaches/Ocean' increased by 2.8 percentage points relative to the same month last year (from 8.3% to 11.1%).
- **Approximately four-in-ten responding hotel visitors in December 2008 stated 'Traffic/Bad Drivers' as the characteristic they most disliked about PBC (39.2%).**
 - In December 2008, mentions of 'Traffic/Bad Drivers' remained at parity compared to December 2007 (37.9% in December 2007 and 39.2% in December 2008).

Activity Participation

- Similar to December 2007, nearly all surveyed visitors ate at area restaurants while staying in Palm Beach County (97.0%). Shopping (30.0%), Going to the beach (24.1%), Visiting downtown West Palm Beach Attractions/City Place (10.3%), Swimming (10.3%), and/or Visiting downtown Delray Beach Attractions (9.7%) were among other activities guests enjoyed during visitors' time in PBC.
- The top mentioned activities in which hotel visitors participated in during a recent trip which they wished they could have done in Palm Beach County were going to the beach (19.4%) and golfing (16.1%) (both of which are available in PBC currently).

Significant Highlights: December 2008

Hotel Visitor Study (continued)

Return Visits

- **In December 2008, nearly ninety percent of surveyed hotel guests plan to visit PBC again (87.6%). Approximately seventy percent plan to do so within the next year (69.3%).**
 - Three of eight respondents who do not plan to return to PBC did not provide any reason as to why they will not visit PBC again. Among those who did provide reasons for their disinterest in returning, 'No business in the area' was cited by two respondents, while 'Too expensive', 'Prefer other destinations' and 'No direct flights' were each stated by one respondent.

Vacation/Leisure Visitors

- In December 2008, more than six-in-ten surveyed leisure visitors stated they traveled within the United States for their last vacation (61.5%). Locations in Florida (26.0%) and the Far West (20.0%) were the top mentioned domestic destinations.
- Nearly four-in-ten surveyed hotel visitors claimed to have traveled internationally for their last vacation (38.5%); countries in Latin America/Caribbean (18.9%) and Europe (11.8%) were visited most often.
- Approximately one-half of responding leisure visitors declared another locale in Florida as part of their consideration set when planning their visit to PBC (50.8%), while more than forty-percent did not consider any other destinations (41.7%).
- PBC was seen as similar to other vacation destinations. At least one-half of responding leisure visitors claimed that PBC was about the same as their most recent vacation destination in terms of the following:
 - Being appreciated as a tourist or visitor (66.7%)
 - Being able to always find a new place to see or a new thing to do (65.6%)
 - Being a good value (63.8%)
 - Being great for discovering nature-based activities/ecotourism (62.5%)
 - Being a great place to go again and again (57.3%)
 - Being great for museums and other cultural activities (56.5%)
 - Being great for historical sights and places (53.3%)