

# Significant Highlights: November 2008

## Property Manager Survey

### Occupancy Rates

- **In November 2008, the average occupancy rate for responding Palm Beach County (PBC) hotels was 57.9%, a 7.7 percentage point decrease from November 2007 (65.6%).**
  - An average of 255,599 room nights\*\* were occupied in November 2008, a 10.7 percentage point decrease relative to November 2007 (286,244).
- **Properties in the Central region of Palm Beach County experienced the highest average occupancy rate (62.1%) among the three regions (Northern – 53.0% and Southern – 55.7%).**
  - In November 2008, PBC property managers in all three geographic regions reported decreases in their average occupancy rates compared to November 2007 (North – down 11.4 percentage points, from 64.4% to 53.0%, South - down 10.7 percentage points, from 66.4% to 55.7% and Central with the least decline – down 3.1 percentage points, from 65.2% to 62.1%).
- **In November 2008, decreases in average occupancy rates relative to the same month last year were reported regardless of hotel size (50-100 rooms – down by 11.5 percentage points from 60.9% to 49.4%; 101+ rooms – down by 6.6 percentage points from 66.2% to 59.6%).**
  - The average occupancy rate decrease among larger hotels compared to the same month last year is evident among hotels with 101-219 rooms (down by 6.8 percentage points, from 65.7% in November 2007 to 58.9% in November 2008) and those with 220-500 rooms (down by 5.1 percentage points, from 67.9% in November 2007 to 62.8% in November 2008).
- **According to responding hotel managers, the average percentage of international guests staying at PBC hotels in November 2008 was 5.0%.**
  - Managers of larger hotels cited a greater percentage of international hotel guests than those from smaller hotels; managers of larger hotels (101+ rooms) cited that 5.2% of their guests were international travelers (4.5% among those with 101-219 rooms, 6.3% among those with 220-500 rooms), whereas managers of smaller properties (50-100 rooms) stated that 3.1% of their guests traveled from outside of the United States.
  - Central region hotels hosted the largest percentage of international guests, at 6.1% (compared to 4.9% among hotels in the Northern region and 3.3% among hotels in the Southern region).
- **In November 2008, leisure travelers occupied the greatest percentage of room nights in Palm Beach County (38.7%) followed closely by business travelers (35.8%). Convention/group travelers occupied 25.5% of November hotel room nights.**
  - The percentage of room nights occupied by business travelers increased by 6.2 percentage points (from 29.6% in November 2007 to 35.8% in November 2008). Concurrently, the percentage of room nights occupied by leisure and convention/group travelers decreased (leisure travelers - down by 2.2 percentage points from 40.9% in November 2007 to 38.7% in November 2008, convention/group travelers – down by 4.0 percentage points from 29.5% in November 2007 to 25.5% in November 2008).
- **In November 2008, the percentage of room nights occupied by convention/group visitors in designated convention hotels (29.0%) decreased by 6.0 percentage points relative to the same month last year (35.0%).**

\* Caution: Low response rate among properties with 50-100 rooms (29.0%)

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

# Significant Highlights: November 2008

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **In November 2008, the average daily room rate (ADR) among participating Palm Beach County hotels was \$148.18, which is at parity with the same month last year (\$146.15).**
  - Managers at smaller hotels (50-100 rooms)\* reported an increase of 4.3 percentage points (\$5.75) compared to November 2007 (from \$133.36 in November 2007 to \$139.11 in November 2008), while managers of larger properties (101+ rooms) claimed that their average daily room rate remained at parity with this same month last year (\$148.28 in November 2007 and \$150.52 in November 2008, an increase of \$2.24).
  - Among the larger hotels, participating managers of hotels with 101-219 rooms cited an increase in ADR of 7.3% (\$7.00) (from \$95.85 in November 2007 to \$102.85 in November 2008) and hotels with 220-500 rooms reported an increase in ADR of 2.9% (\$4.87) (from \$168.43 in November 2007 to \$173.30 in November 2008).
- More than three-quarters of responding hotel managers reported their hotel's ADR was calculated based on retail plus wholesale rates (77.4%) in November 2008.

### Bookings via Third Party Websites

- **In November 2008, according to participating hotel managers, 15% of hotel rooms were booked through third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) (14.5%), a 2.7 percentage point increase relative to November 2007 (11.8%).**
  - In November 2008, the percentage of hotel rooms at smaller properties (50-100 rooms) booked via third party websites remained at parity compared to November of the prior year (12.7% and 13.8%). However, larger properties (101+ rooms) experienced a 3.4 percentage point increase relative to November 2007 (from 11.0% to 14.4%).
  - Among larger properties, hotels with 101-219 rooms indicated an increase of 5.4 percentage points in terms of percentage of bookings made via third party websites (from 8.9% in November 2007 to 14.3% in November 2008), while hotels with 220-500 rooms saw a decrease of 8.8 percentage points (from 27.5% in November 2007 to 18.7% in November 2008).

### Future Business Outlook

- **Approximately three-quarters of participating property managers foresee a decrease in total room revenues for December 2008 and January 2009 (75.9%; 60.9% Group/Individual Business, 64.7% Individual Vacation) relative to December 2007 and January 2008. Eight point six percent of surveyed managers anticipate an increase (16.6% Group/Individual Business, 7.0% Individual Vacation), while those who predict no change represent the remaining 15.5% of surveyed hotel managers (22.6% Group/Individual Business, 28.3% Individual Vacation).\*\***
  - Property managers who predict an increase in room revenues relative to December and January of the prior year expect an average increase of 7.4% (5.6% Group/Individual Business, 6.4% Individual Vacation).\*\*
  - Property managers who anticipate a decrease in room revenues in relation to December and January of last year estimate an average decrease of 13.8% (14.3% Group/Individual Business, 13.7% Individual Vacation).\*\*

\* Caution: Low response rate among properties with 50-100 rooms (29.0%)

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

# Significant Highlights: November 2008

## Property Manager Survey (continued)

### Future Business Outlook (Continued)

- **When predictions were requested concerning the months of February and March 2009, three-quarters of surveyed managers projected a decrease in total room revenue compared to the same months in 2008 (75.2%; 60.9% Group/Individual Business, 61.9% Individual Vacation). An increase is expected among only 6.8% of surveyed hotel managers (13.8% Group/Individual Business, 7.0% Individual Vacation) and no change is anticipated among 18.0% of surveyed hotel managers (25.3% Group/Individual Business, 31.2% Individual Vacation).\*\***
  - Property managers who foresee an increase in room revenues compared to February and March 2008 expect an average increase of 8.6% (6.8% Group/Individual Business, 6.4% Individual Vacation).\*\*
  - Property managers who anticipate a decrease in room revenues relative to February and March 2008 predict an average decrease of 11.9% (12.0% Group/Individual Business, 13.1% Individual Vacation).\*\*

### Market Focus

- **In November 2008, eight-in-ten surveyed property managers (80.3%) cited that their main focus, in terms of marketing, advertising and promotion, was on the Florida Leisure Drive Market.**
  - More than nine-in-ten responding hotel managers in the Southern region claim to be focusing primarily on the Florida Leisure Drive Market (91.7%). More than two-thirds of responding hotel managers in the Central region are concentrating on the Florida Leisure and Business Drive Markets (both 68.2%). All participating property managers in the Northern region cited the Florida Leisure Drive Market and Weddings as their primary focus of attention (both 100.0%).
  - More than eight-in-ten participating hotel managers from smaller properties (50-100 rooms) and more than three-quarters of responding hotel managers from larger properties (101+ rooms) are focusing their attention on the Florida Leisure Drive Market (50-100 rooms – 83.3%, 101+ rooms – 78.6%).
- **When hotel managers were asked about their greatest challenges for 2009, responses pertaining to the economy were most often reported. The comprehensive list of challenges can be found on page 20.**

# Significant Highlights: November 2008

## Hotel Visitor Study

### Characteristics of Stay

- **In November 2008, the average party size\* of surveyed hotel guests staying in Palm Beach County (PBC) was 1.9. The mean number of nights visitors stayed in hotels in PBC was 3.9, up from 3.1 in November 2007. 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 (58.8%) claimed to be traveling for business (conference/convention/business meeting), primarily in PBC for a business meeting (53.2%). Vacation/pleasure was stated as the reason for the trip to PBC by one-third (33.2%) of surveyed hotel guests.**
  - In November 2008, the percentage of those traveling to PBC for business decreased by 9.7 percentage points relative to the same month last year (from 68.5% in November 2007 to 58.8% in November 2008). As such, the percentage of those claiming that vacation/pleasure was the primary reason for the trip to PBC increased by 6.4 percentage points (from 26.8% to 33.2%).
- **Nearly sixty-percent of surveyed hotel visitors in November 2008 (56.6%) mentioned 'Employer' when asked who made the decision to travel to Palm Beach County; approximately forty percent (39.4%) cited 'Head of Household/Other Adult'.**
  - Aligning with the decrease in business related travel, citing of 'Employer' as the decision maker decreased by 5.1 percentage points (from 61.7% in November 2007 to 56.6% in November 2008), while mentions of 'Head of household/Other adult' increased by 6.4 percentage points (from 33.0% in November 2007 to 39.4% in November 2008).
- **More than one-half of surveyed hotel visitors cited 'Work-Related Trip' as their primary reason for visiting Palm Beach instead of another destination (55.6%).**
  - 'Visit Friends/Relatives' (20.7%), 'Previous Visit' (10.8%) and 'Special Event' (10.8%) were other frequently mentioned responses when visitors were asked their reasons for selecting Palm Beach County as opposed to other locations.
  - In November 2008, 'Work Related Trip' as a reason for selecting PBC decreased by 13.0 percentage points relative to the same month last year (from 68.6% in November 2007 to 55.6% in November 2008); 'Visit Friends/Relatives', 'Previous visit' and 'Special Event' increased compared to the same month last year ('Visit Friends/Relatives' – up 2.1 percentage points, from 18.6% to 20.7%, 'Previous visit' – up 3.4 percentage points, from 7.4% to 10.8% and 'Special Event' – up 3.3 percentage points, from 7.5% to 10.8%).
- **Nearly six-in-ten surveyed guests planned the trip to PBC one month or less in advance (57.5%), at parity with November 2007 (58.3%).**

\* 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: November 2008

## Hotel Visitor Study (continued)

### Booking a Trip to Palm Beach County

- **In November 2008, use of a Travel Agent by surveyed visitors to arrange the trip to PBC decreased by 7.1 percentage points compared to November 2007 (from 32.7% in November 2007 to 25.6% in November 2008). However, use of the Internet to plan the trip increased by 4.9 percentage points (from 48.6% in November 2007 to 53.5% in November 2008).**
  - Among those who utilized the Internet to organize their trip to PBC, nearly ninety-percent (86.2%) used it to book hotel rooms, two-thirds (65.9%) reserved airfare and more than one-third (34.1%) used it to secure a rental car.
  - In November 2008, use of the Internet to make hotel reservations increased by 8.8 percentage points compared to the same month last year (from 77.4% in November 2007 to 86.2% in November 2008), while use of the Internet to book airfare and/or a rental car decreased (airfare - down 4.2 percentage points, from 70.1% to 65.9%, car rental - down 4.5 percentage points, from 38.6% to 34.1%).
  - Four point three percent of surveyed visitors in November 2008 claimed their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc), which is at parity with the same month last year (3.4%).

### Visitor Expenditures

- **In November 2008, an average of \$1,463 was spent by surveyed visitors' parties - \$155 (11.9%) more than visitors surveyed the same month last year (\$1,308)\*\*.**
  - Relative to November 2007, increases were seen in all spending categories except 'Gifts/Shopping' which decreased by 7.9 percentage points (from \$140 to \$129). 'Local Travel' and 'Lodging' were the spending categories that experienced the largest percentage point increases relative to November 2007 ('Local Travel' - up 43.1%, from \$109 to \$156, 'Lodging' - up 15.8%, from \$691 to \$800).
  - Surveyed hotel guests spent an average of \$770 per person per day in November 2008, representing a \$43 (5.9%) increase from November 2007 (\$727).
- **In November 2008, leisure travelers' per party average expenditures decreased by \$231 (12.9 percentage points, from \$1,795 in November 2007 to \$1,564 in November 2008), while business travelers' per party average expenditure increased by \$335 (30.5 percentage points, from \$1,100 in November 2007 to \$1,435 in November 2008).**

### Characteristics of Visitors

- More than nine-in-ten surveyed visitors in November 2008 described themselves as White/Caucasian (94.4%).
- More than one-half of surveyed hotel visitors stated that they were between 35 and 54 years of age (54.5%).
- Among answering PBC visitors, more than sixty-percent claimed to be working in professional/managerial jobs (62.7%) and having an annual household income of \$100,000 or more (67.3%).
- More than three-quarters of those visitors traveling for leisure vacationed with adult family members or friends (78.6%), while most business travelers traveled solo (51.4%).

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

# Significant Highlights: November 2008

## Hotel Visitor Study (continued)

### Travel Details

- PBC was the main destination for 87.9% of surveyed hotel guests in November 2008, which is a 3.9 percentage point decrease compared to November 2007 (91.8%).
- There are more first time visitors to PBC this year than last; in November 2008, more than thirty-percent of surveyed hotel guests claimed this was their first trip to Palm Beach County (31.4%), an increase of 3.8 percentage points compared to the same month last year (27.6%).
- As seen in the past, air travel is the predominant means of transportation to PBC (77.2%); however, less so this year than last (down 3.6 percentage points, from 80.8% in November 2007).
- More than eight-in-ten November 2008 surveyed visitors traveled from within the United States to PBC (83.1%); however, this represents a 6.8 percentage point decrease relative to November 2007 (89.9%).

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

- **In November 2008, ‘Climate/Weather’ was the top mentioned response given by nearly one-half (47.6%) of surveyed hotel guests when asked what they liked best about their trip to Palm Beach County.**
  - The top mentioned answer, ‘Climate/Weather’, remained at parity relative to November 2007 (47.9% in November 2007 and 47.6% in November 2008).
- **More than one-third of responding hotel visitors, in November 2008, stated ‘Traffic/Bad Drivers’ as the feature they most disliked about PBC (37.0%).**
  - In November 2008, mentions of ‘Traffic/Bad Drivers’ decreased by 2.8 percentage points compared to this same month last year (from 39.8% to 37.0%).

### Activity Participation

- Similar to November 2007, more than nine-in-ten surveyed visitors ate at area restaurants while staying in Palm Beach County (94.6%). Shopping (34.0%), Going to the beach (33.6%), Swimming (17.0%) and/or visiting Bars/Nightclubs (11.2%) were among other popular activities in which guests participated while visiting PBC.
- The top mentioned activities in which hotel visitors participated during a recent trip which they wished they could have done in Palm Beach County were go to the beach (17.6%) and golf (7.4%) (both of which are available in PBC currently).

# Significant Highlights: November 2008

## Hotel Visitor Study (continued)

### Return Visits

- **In November 2008, three-quarters of surveyed hotel guests plan to visit PBC again (74.8%). Nearly seven-in-ten plan to do so within the next year (69.7%).**
  - Three of ten 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' and 'Too hot/Don't like hot climate/weather' were each cited by two respondents while 'Going to other places/I like changing destinations', 'Usually go to the west coast of Florida' and 'Relocation of meeting' were each stated by one respondent.

### Vacation/Leisure Visitors

- In November 2008, approximately one-half of surveyed leisure visitors claimed to have traveled within the United States for their last vacation (50.8%). Locations in the Far West (19.0%) and Florida (12.7%) were the top mentioned domestic destinations.
- Nearly one-half of surveyed hotel visitors claimed to have traveled internationally for their last vacation (49.2%); countries in Latin America/Caribbean (23.8%) and Europe (17.5%) were visited most frequently.
- Six-in-ten responding leisure visitors declared another locale in Florida as part of their consideration set when planning their visit to PBC, while forty-percent did not consider any other destinations.
- PBC is seen as similar to other vacation destinations. At least one-half of responding leisure visitors claimed that PBC is about the same as their most recent vacation destination in terms of the following:
  - Being appreciated as a tourist or visitor (65.1%)
  - Being a great place to go again and again (61.9%)
  - Being great for historical sights and places (60.0%)
  - Being able to always find a new place to see or a new thing to do (59.5%)
  - Being great for discovering nature-based activities/ecotourism (51.4%)
  - Being a good value (51.2%)
- Compared to their most recent vacation destination, slightly fewer than one-half of leisure visitors answering claimed that PBC is about the same in terms of being great for museums and other cultural activities (48.5%).