

Significant Highlights: January 2009

Property Manager Survey

Occupancy Rates

- **In January 2009, the average occupancy rate for participating Palm Beach County (PBC) hotels was 67.2%, which was a decrease of 5.8 percentage points from January 2008 (73.0%).**
 - An average of 307,405 room nights** were occupied in January 2009, which was a 6.9 percentage point decline compared to January 2008 (330,149).
- **Property managers in the Central region of Palm Beach County saw the highest average occupancy rate (71.5%) among the three regions (Northern – 61.9% and Southern – 65.5%).**
 - In January 2009, PBC property managers in all three geographic regions reported decreases in their average occupancy rates relative to January 2008 (North – down 14.4 percentage points, from 76.3% to 61.9%, Central - down 4.5 percentage points, from 76.0% to 71.5% and South – down 2.6 percentage points, from 68.1% to 65.5%).
- **The average occupancy rate decreased among smaller as well as larger properties compared to this same month last year. Among smaller properties (50-100 rooms)* the average occupancy rate decreased by 6.6 percentage points (from 69.0% in January 2008 to 62.4% in January 2009) and among larger properties (101+ rooms) the average occupancy rate decreased by 5.0 percentage points (from 73.2% in January 2008 to 68.2% in January 2009).**
 - Among the larger properties, the average occupancy rate from hotels with 101-219 rooms decreased by 4.7 percentage points (from 72.8% in January 2008 to 68.1% in January 2009), whereas the average occupancy rate among properties with 220-500 rooms in January 2009 was 73.5%, which is comparable to January 2008 (74.3%).
- **According to responding hotel managers, the average percentage of international guests staying in PBC hotels in January 2009 was 5.6%.**
 - Managers of larger hotels stated a greater percentage of international hotel guests than smaller hotels; managers of larger hotels (101+ rooms) claimed that 6.0% of their guests were international travelers (7.4% among those with 101-219 rooms, 3.4% among those with 220-500 rooms), whereas managers of smaller properties (50-100 rooms) claimed that 1.7% of their guests traveled from outside of the United States.
 - At 2.2%, Northern region hotels hosted the lowest percentage of international guests (compared to 6.2% among Central region hotels and 5.3% among Southern region hotels).
- **In January 2009, leisure travelers occupied the greatest percentage of room nights in Palm Beach County (39.8%). Business travelers occupied a comparable percentage of room nights (37.0%), while convention/group travelers comprised the remaining 23.2% of January room nights.**
 - The occupancy rates in January 2009 from leisure and convention/group travelers decreased compared to the same month last year (leisure – down 2.4 percentage points, from 42.2% in January 2008 to 39.8% in January 2009, convention/group – down 9.2 percentage points, from 32.4% in January 2008 to 23.2% in January 2009), while the occupancy rate among business travelers increased by 11.6 percentage points in January 2009 relative to January 2008 (from 25.4% to 37.0%).
- **In January 2009, the percentage of room nights occupied by convention/group visitors in designated convention hotels (25.1%) decreased by 11.9 percentage points relative to the same month last year (37.0%).**

* Caution: Low response rate among properties with 50-100 rooms (36.4%)

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

Significant Highlights: January 2009

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) among participating Palm Beach County hotels in January 2009 was \$177.00, which was a decrease of 20.4 percentage points compared to the same month last year (\$222.37).**
 - In January 2009, managers at smaller (50-100 rooms)* and larger (101+ rooms) hotels reported decreases in their ADR compared to January 2008 (50-100 rooms - down 20.3 percentage points, from \$214.39 in January 2008 to \$170.88 in January 2009, 101+ rooms – down 20.7 percentage points, from \$224.97 in January 2008 to \$178.50 in January 2009).
 - Among larger hotels, participating managers at hotels with 101-219 rooms reported their ADR to be 20.0 percentage points (\$33.09) lower than January 2008 (from \$165.55 in January 2008 to \$132.46 in January 2009) and hotel managers with 220-500 rooms cited a decrease in ADR of 25.4 percentage points (\$60.57) (from \$238.40 in January 2008 to \$177.83 in January 2009). Property managers with 500+ rooms stated their ADR was at parity relative to the same month last year (\$454.44 in 2008 and \$451.31 in 2009).
- More than seventy percent of hotel managers reported their hotel's ADR was calculated based on retail plus wholesale rates (71.6%) in January 2009.

Bookings via Third Party Websites

- **According to participating hotel managers in January 2009, 15.7% of hotel rooms were booked through third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.), at parity relative to January 2008 (14.2%).**
 - In January 2009, the percentage of hotel rooms at smaller properties (1-100 rooms) booked via third party websites decreased by 3.7 percentage points compared to January of the prior year (from 22.0% to 18.3%). Larger properties (101+ rooms) experienced a 4.7 percentage point increase relative to January 2008 (from 9.5% to 14.2%).

Future Business Outlook

- **More than eighty percent of participating property managers foresee a decrease in total room revenues for February and March 2009 (85.0%; 73.0% Group/Individual Business, 76.8% Individual Vacation) relative to February and March 2008. Those who predict no change represent 15.0% of surveyed hotel managers (21.0% Group/Individual Business, 14.5% Individual Vacation). No surveyed managers anticipate an increase in total room revenues (however, a 6.0% increase is expected for group/individual business room revenues and an 8.7% increase is projected for individual vacation room revenues).****
 - Property managers who predict an increase in group/individual business revenue relative to February and March of the prior year expect an average increase of 16.9% and those who expect an increase regarding individual vacation room revenues expect an average increase of 15.2%.**
 - Property managers who foresee a decrease in total room revenues in relation to February and March of last year estimate an average decrease of 18.5% (18.3% Group/Individual Business, 16.3% Individual Vacation).**

* Caution: Low response rate among properties with 50-100 rooms (36.4%).

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

Significant Highlights: January 2009

Property Manager Survey (continued)

Future Business Outlook (Continued)

- **When predictions were requested concerning the months of April and May 2009, more than eight-in-ten surveyed managers project a decrease in total room revenue compared to the same months in 2008 (81.0%; 74.4% Group/Individual Business, 70.5% Individual Vacation). No change is anticipated among 16.7% of surveyed hotel managers (25.6% Group/Individual Business, 23.2% Individual Vacation), while one manager expects an increase in total room revenue, however none expect an increase in terms of Group/Individual Business revenue, while 3 anticipate an increase in terms of Individual Vacation revenue.****
 - The property manager who foresees an increase in total room revenues compared to April and May 2008 expects an increase of 3.0% (an average increase of 9.4% is expected among those who expect an increase in Individual Vacation revenue).**
 - Property managers who anticipate a decrease in total room revenues relative to April and May 2008 predict an average decrease of 15.7% (17.0% Group/Individual Business, 16.0% Individual Vacation).**

Market Focus

- **In January 2009, more than three-quarters of surveyed property managers (77.3%) reported that their primary focus was on the Florida Leisure Drive Market in terms of marketing, advertising and promotion.**
 - More than three-quarters of responding hotel managers in the Southern region claim to be focusing primarily on the Florida Leisure Drive Market (78.6%). More than eight-in-ten responding hotel managers in the Central region are concentrating equally on the Florida Leisure and Business Drive Markets (both 81.0%). Two-thirds of participating property managers in the Northern region cited the Florida Leisure Drive Market, Florida Business Drive Market, Weddings and Amateur Sports Events as their primary focus of attention (all 66.7%).
 - More than seven-in-ten participating hotel managers from smaller properties (50-100 rooms) are primarily concentrating on the Florida Leisure and Business Drive Markets (both 72.7%). More than three-quarters of responding hotel managers from larger properties (101+ rooms) cited that the Florida Leisure Drive Market was their main focus in terms of marketing, advertising, and promotion (77.4%).
- **When hotel managers were asked about their greatest challenges for 2009, responses related to the economy were most often mentioned. The complete list of challenges can be found on page 20.**

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

Significant Highlights: January 2009

Hotel Visitor Study

Characteristics of Stay

- In January 2009, 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 (an increase compared to this same month last year (3.1)). The average number of rooms occupied per night* was 1.3.

Planning the Trip to Palm Beach County

- **More than one-half of those guests surveyed at Palm Beach County hotels (53.9%) cited they were traveling for business (conference/convention/business meeting), mainly going to PBC for a business meeting (49.8%). Vacation/pleasure was cited as the reason for the trip to PBC by nearly four-in-ten (38.4%) surveyed hotel guests.**
 - In January 2009, the percentage of those traveling to PBC for business decreased by 21.1 percentage points relative to the same month last year (from 75.0% in January 2008 to 53.9% in January 2009), while the percentage of those claiming that vacation/pleasure was the primary reason for the trip to PBC increased by 14.2 percentage points (from 24.2% to 38.4%).
- **In January 2009, nearly one-half of surveyed hotel guests mentioned 'Head of Household/Other Adult' and/or 'Employer' when asked who made the decision to travel to Palm Beach County (49.7% and 47.2%, respectively).**
 - Aligning with the shift from more business related travel to more leisure, mentions of 'Head of household/Other adult' increased by 26.4 percentage points (from 23.3% in January 2008 to 49.7% in January 2009), while citing of 'Employer' as the decision maker decreased by 23.8 percentage points (from 71.0% in January 2008 to 47.2% in January 2009).
- **'Work-Related Trip' was cited by nearly one-half of surveyed hotel visitors as their primary reason for traveling to Palm Beach instead of going to another destination (49.1%).**
 - 'Visit Friends/Relatives' (27.7%), 'Previous Visit' (19.8%), and/or 'Weather' (10.9%) followed as other frequently mentioned responses when hotel guests were asked their reasons for selecting Palm Beach County as opposed to other locations.
 - As would be expected based on the decrease in business travel, in January 2009, 'Work Related Trip' as a reason for choosing PBC decreased by 22.0 percentage points relative to the same month last year (from 71.1% in January 2008 to 49.1% in January 2009). Simultaneously, 'Visit Friends/Relatives', 'Previous Visit' and/or 'Weather' as reasons increased compared to January 2008 ('Visit Friends/Relatives' - up 11.4 percentage points from 16.3% to 27.7%, 'Previous Visit' - up 10.0 percentage points from 9.8% to 19.8%, 'Weather' - up 4.3 percentage points from 6.6% to 10.9%).
- **More than one-half of participating hotel guests claimed that they arranged the trip to PBC one month or less in advance (56.2%), which is comparable to January 2008 (54.1%).**

* 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: January 2009

Hotel Visitor Study (continued)

Booking a Trip to Palm Beach County

- **In January 2009, use of a Travel Agent by surveyed visitors to book the trip to PBC decreased by 7.3 percentage points relative to January 2008 (from 24.9% in January 2008 to 17.6% in January 2009). However, utilization of the Internet to plan the trip increased by 9.7 percentage points (from 43.3% in January 2008 to 53.0% in January 2009).**
 - Among those surveyed hotel guests who utilized the Internet to book their trip to PBC, approximately three-quarters reserved airfare and/or hotel rooms (76.4% and 74.4%, respectively) and nearly four-in-ten (38.1%) reserved a rental car.
 - Utilization of the Internet to make airfare, hotel and rental car reservations increased in January 2009 compared to January 2008 (airfare – up 14.9 percentage points, from 61.5% to 76.4%, hotel - up 18.6 percentage points, from 55.8% to 74.4%, car rental - up 5.3 percentage points, from 32.8% to 38.1%).
 - In January 2009, only five percent of responding visitors claimed that 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 (3.6%).

Visitor Expenditures

- **In January 2009, an average of \$1,825 was spent by surveyed visitors' parties - \$197 (12.1%) more than visitors surveyed the same month last year (\$1,628)**.**
 - Relative to January 2008, increases were seen in all spending categories except 'Gifts/Shopping', which decreased by 10.4 percentage points (from \$96 to \$86). 'Entertainment/Recreation' experienced the largest percentage point increase relative to January 2008 (up 448%, from \$25 to \$137).
 - Surveyed hotel guests spent an average of \$961 per person per day in January 2009, representing a \$57 (6.3%) increase compared to January 2008 (\$904).
- **In January 2009, leisure travelers' per party average expenditures increased by 32.4 percentage points (from \$1,806 in January 2008 to \$2,392 in January 2009) and business travelers' per party average expenditure decreased by 15.2 percentage points (from \$1,607 in January 2008 to \$1,363 in January 2009).**

Characteristics of Visitors

- More than ninety percent of surveyed visitors in January 2009 classified themselves as White/Caucasian (96.6%).
- More than forty-percent of responding hotel guests stated an age between 35 and 54 (42.2%).
- Among answering PBC visitors, nearly sixty percent held a professional/managerial job (58.2%).
- Three-quarters of surveyed hotel guests cited an annual household income of \$100,000 or more (75.1%).
- Among those visitors traveling for leisure, three-quarters vacationed with adult family members or friends (76.6%), while more than one-half of business travelers traveled alone (54.4%).

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

Significant Highlights: January 2009

Hotel Visitor Study (continued)

Travel Details

- Nearly nine-in-ten surveyed hotel guests (88.8%) stated PBC was their main destination in January 2009, at parity compared to January 2008 (89.8%).
- In January 2009, fewer than one-quarter of surveyed hotel guests claimed this was their first trip to Palm Beach County (22.8%), a 6.5 percentage point decrease relative to January 2008 (29.3%).
- At 71.7%, air travel was the principal mode of transportation to PBC; however, this was 16.9 percentage points lower than the same month last year (88.6%).
- Nearly nine-in-ten January 2009 surveyed visitors traveled from within the United States to PBC (88.8%), at parity relative to January 2008 (90.5%).

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **In January 2009, 'Climate/Weather' was the top mentioned response, provided by approximately one-half (49.8%) of surveyed hotel guests, when asked what they liked best about their trip to Palm Beach County. 'Beautiful Area' (10.2%) followed as the next most frequently mentioned response.**
 - The top mentioned answer, 'Climate/Weather', decreased by 3.2 percentage points relative to January 2008 (from 53.0% in January 2008 to 49.8% in January 2009).
 - In January 2009, the mention of 'Beautiful Area' increased by 4.8 percentage points compared to the same month last year (from 5.4% to 10.2%).
- **The most disliked features of PBC among surveyed hotel visitors in January 2009, as in prior months, were 'Traffic/Bad Drivers' (32.1%) and 'Humidity/Poor Weather' (11.0%).**
 - In January 2009, mentions of 'Traffic/Bad Drivers' decreased by 9.2 percentage points compared to this same month last year (from 41.3% to 32.1%), while the response 'Humidity/Poor Weather' remained at parity relative to January 2008 (8.8% and 11.0%).

Activity Participation

- Similar to January 2008, nearly all surveyed visitors ate at area restaurants while staying in Palm Beach County (96.6%). Shopping (38.1%), Going to the beach (28.6%), Swimming (14.9%), Bars/Nightclubs (11.5%), and/or Golf/Tennis (9.8%) were among other activities guests enjoyed during their 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 golfing (19.8%) and going to the beach (9.0%) (both of which are available in PBC currently).

Significant Highlights: January 2009

Hotel Visitor Study (continued)

Return Visits

- **In January 2009, more than eight-in-ten surveyed hotel guests plan to return to PBC again (85.9%). More than seventy percent plan to do so within the next year (72.0%).**
 - One respondent who did not plan to return to PBC provided no reason as to why he/she would not visit PBC again. Among those who did provide reasons for their disinterest in returning, 'Too hot/Don't like the hot climate/Weather', 'No friends in the area anymore', 'Too expensive', and 'Too far' were each stated by one respondent.

Vacation/Leisure Visitors

- In January 2009, more than six-in-ten surveyed leisure visitors claimed they traveled domestically for their last vacation (62.8%). Locations in Florida (25.3%) and the Far West (17.6%) were the top mentioned domestic destinations.
- More than one-third of responding vacationing hotel visitors claimed to have traveled internationally for their last vacation (35.1%); countries in Europe (15.0%) and Latin America/Caribbean (11.7%) were most often visited.
- More than six-in-ten responding leisure travelers declared another locale in Florida as part of their consideration set when planning their visit to PBC (61.7%), while more than one-third considered no other destinations (35.5%).
- 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 a good value (65.2%)
 - Being able to always find a new place to see or a new thing to do (61.6%)
 - Being a great place to go again and again (57.0%)
 - Being appreciated as a tourist or visitor (51.8%)
 - Being great for historical sights and places (51.5%)
 - Being great for discovering nature-based activities/ecotourism (50.5%)
- Compared to their most recent vacation destination, slightly fewer than one-half of leisure visitors answering claimed that PBC was about the same in terms of being great for museums and other cultural activities (48.3%), while the remainder were equally split between perceiving PBC as much better and much worse (25.8% each).