

Significant Highlights July 2009

Property Manager Survey

Occupancy Rates

- **During July 2009, the average occupancy rate for responding Palm Beach County hotels was 53.7%, a decrease of 6.6 percentage points from the same quarter last year (60.3%).**
 - In July 2009, the average occupancy rate was higher among larger (101+ rooms) properties (57.0%) than among smaller (50-100 rooms) properties (36.4%)*.
 - Among smaller hotels (50-100 rooms), the average occupancy rate decreased by 9.6 percentage points compared with last year, from July 2008 (46.0%) to July 2009 (36.4%).
 - Among larger hotels (101+ rooms), the average occupancy rate decreased by 5.9 percentage points compared with last year, from July 2008 (62.9%) to July 2009 (57.0%).
- **Properties in the Northern region experienced the highest average occupancy rate (55.7%) in Palm Beach County (Central – 53.8% and Southern – 53.0%).**
 - Hotels in all regions experienced decreases in average occupancy relative to last year (Southern – down 8.0 percentage points from 61.0%; Northern – down 6.0 percentage points from 61.7%; Central – down 5.2 percentage points from 59.0%).
- **During July 2009 the approximate number of hotel room nights occupied** was 249,580 – a decrease of 25,250 (9.2%) room nights relative to last year (274,830).**
- **According to hotel managers surveyed in July 2009, 7.2% of hotel guests traveled internationally.**
 - Property managers from smaller hotels (50-100 rooms)* stated that, on average, 23.4% of their guests traveled from outside of the United States, while managers from larger properties (101+ rooms) claimed that, on average, 5.4% of their guests were international travelers.
- **During July 2009, leisure travelers occupied the greatest percentage of room nights in Palm Beach County (43.8%), which represents a 9.7 percentage point increase from last year (34.1%). Business travelers occupied 31.1% of room nights, which is a 7.7 percentage point decrease from last year (38.8%). Convention/group travelers occupied 25.1% of July 2009 hotel room nights, which represents a 2.1 percentage point decrease from July 2008 (27.2%).**
- **Hotel managers specifically from convention hotels related that 30.6% of their reservations were made by convention/group traveler, which is at parity with last year (31.2%).**

* Please note that the response rate for hotels with 50-100 rooms was low in July (25.0%).

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

Significant Highlights July 2009

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **As reported by participating Palm Beach County property managers, the ADR for PBC properties in July 2009 was \$100.70 – this represents a 22.4% (\$29.04) decrease compared to last year (\$129.74).**
 - In July 2009, the decrease in ADR was consistent among both smaller properties (50-100 rooms)^ and larger properties (101+ rooms) (smaller properties, a decrease of 22.8 percentage points, from 2008 (\$114.23) to 2009 (\$88.13); larger properties, a decrease of 22.5 percentage points, from 2008 (\$132.56) to 2009 (\$102.74).
 - Among the larger properties, managers at hotels with 101-219 rooms reported an ADR of \$71.58, a decrease of 23.7 percentage points from 2008 (\$93.80); hotel managers at hotels with 220-500 rooms cited an ADR of \$112.51, a decrease of 30.4 percentage points from 2008 (\$161.76).
- In July 2009, six-in-ten hotel managers stated that the ADR was calculated based on retail plus wholesale rates (59.2%).

Future Business Outlook

- **Regarding the business outlook for the next two months as relative to the same months last year, most responding property managers foresee a decrease in Total Room Revenue (75.4%), Group/Individual Room Revenue (80.2%) and Individual Vacation Room Revenue (75.1%) for August and September 2009. Those who expect no change in Total Room Revenue comprise 12.9% of surveyed managers (17.7% Group/Individual Business, 15.5% Individual Vacation). Hotel managers who foresee an increase in Total Room Revenue comprise 11.7% of surveyed managers (2.1% Group/Individual Business Room Revenue, 9.3% Individual Vacation Room Revenue).+**
 - Property managers who anticipate an increase in room revenues relative to August and September of the prior year expect an average increase of 13.6% in Total Room Revenue, an average increase of 5.0% in Group/Individual Business Room Revenue and an average increase of 14.2% in Individual Vacation Room Revenue.+
 - Property managers who expect a decrease in room revenues in relation to August and September of last year estimate an average decrease of 22.2% in Total Room Revenue, an average decrease of 21.0% in Group/Individual Business Room Revenue, and an average decrease of 24.0% in Individual Vacation Room Revenue.+

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

^ Please note that the response rate for hotels with 50-100 rooms was low in July (25.0%).

Significant Highlights July 2009

Property Manager Survey (continued)

Future Business Outlook (cont.'d)

- **When predicting changes in room revenue three and four months ahead, compared to the same months last year, most responding hotel managers are expecting a decrease in Total Room Revenue (72.8%), Group/Individual Business Room Revenue (78.1%), and Individual Vacation Room Revenue (73.0%). Some surveyed hotel managers anticipate an increase in Total Room Revenue (10.3%), an increase in Group/Individual Business Room Revenue (6.4%) and an increase in Individual Vacation Room Revenue (9.9%). The remaining hotel managers predict no change for October and November 2009 (16.9% Total Room Revenue, 15.5% Group/Individual Business Revenue, 17.6% Individual Vacation Revenue).+**
 - Among hotel managers who anticipate an increase in room revenue relative to the previous year, the average increase forecast is 15.1% in Total Revenue, 15.1% in Group/Individual Business Revenue, and 9.9% in Individual Vacation Revenue.+
 - Among hotel managers who expect a decrease in room revenue compared to the prior year, the average decrease predicted is 22.4% in Total Revenue, 21.9% in Group/Individual Business Revenue, and 24.7% in Individual Vacation Revenue.+

Bookings Via Third Party Websites

- **According to hotel managers, an average of 14.6% of Palm Beach County hotel bookings were made through third party websites (such as Orbitz, Travelocity, Expedia, hotels.com, etc.) in July 2009; this represents a slight decrease from last year (17.0%).**
 - In July 2009, there were more third party bookings at larger hotels (101+ rooms; 13.5%) than at smaller hotels (50-100 rooms; 9.8%).

Market Focus

- **As in prior quarters, the major focus for hotel managers, in terms of marketing, advertising and promotion, was on the Florida Leisure Drive Market (81.8%).**
- **When asked about the greatest challenges for the remainder of 2009, responding hotel managers most often cited problems maintaining their rates, the economy in general, and occupancy. A full, detailed list can be found on page 20.**

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

Significant Highlights July 2009

Hotel Visitor Survey

Characteristics of Stay

- During July 2009, the average party size of PBC visitors was 2.2* and the median party size was 2.0*, both at parity with the prior year.
- PBC visitors spent 2.9 nights on average in a hotel during July 2009, which was a decrease compared with last year (3.2 nights). Surveyed hotel guests occupied an average of 1.3 rooms per night* in July 2009, comparable with July 2008.

Planning the Trip to Palm Beach County

- **More than one-half (59.1%) of hotel guests surveyed cited a business trip (conference/convention/business meeting) as their reason for visiting PBC, while almost three-in-ten cited vacation/pleasure (29.1%).**
 - The proportion of surveyed hotel guests reporting to be visiting PBC for business increased significantly compared to last year (from 49.9% in 2008 to 59.1 in 2009). Accordingly, the percentage of guests traveling for vacation/pleasure decreased significantly (from 43.8% in 2008 to 29.1% in 2009).
- **Corresponding to the high proportion of business travelers, more than one-half of surveyed hotel visitors cited 'Work Related Trip' as the reason they selected Palm Beach County instead of another destination (55.7%). 'Visit Friends/Relatives' (20.7%) and/or 'Previous Visit' (13.4%) were other responses frequently cited by guests.**
 - The percentage of surveyed visitors citing 'Work Related Trip' as a reason for selecting PBC over other destinations increased compared to last year (49.9%). The citing of 'Visit Friends/Relatives' as a reason decreased compared to last year (24.2%).
- **Slightly fewer than one-half of participating July 2009 hotel guests cited 'Head of Household/Other Adult' as the decision maker regarding the trip to Palm Beach County (47.7%). Forty six point five of surveyed visitors cited 'Employer' as the decision maker.**
 - Despite the higher proportion of business travelers in July 2009, the percentage of visitors citing 'Employer' as the decision maker (46.5%) remained at parity with the same month last year (47.3%). It should be noted that in July 2009, significantly more business travelers cited 'Head of Household/Other Adult' as the decision maker when compared to last year (from 3.8% in 2008 to 28.7% in 2009).
- **Nearly two-thirds of surveyed hotel guests planned their trip to Palm Beach County one month or less in advance (63.6%), a slight decrease compared to last year (67.2%).**

* 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 July 2009

Hotel Visitor Survey (continued)

Booking a Trip to Palm Beach County

- **Nearly one-quarter of participating hotel guests utilized a travel agent (22.1%) to book their trip to PBC, a slight decrease compared to last year (25.3%).**
- **The percentage of hotel visitors reporting to have booked at least part of their trip to PBC on the Internet increased slightly compared to 2008 (from 50.7% to 53.8%).**
 - Eight-in-ten surveyed hotel guests who utilized the Internet to book any part of their trip to PBC did so to book hotel rooms (80.2%), six-in-ten reserved airfare (59.1%), and approximately four-in-ten used the Internet to book a rental car (42.8%).
 - There was a slight decrease in the reservation of hotel rooms via the Internet in July 2009 (80.2%) compared to last year (83.4%; a 3.2 percentage point decrease); however, airfare and car rental reservations made via the Internet (59.1% airfare, 42.8% car rental) were at parity with last year (59.9% airfare, 42.9% car rental).
 - The percentage of hotel guests who reserved their hotel rooms via specific hotel websites increased significantly compared to last year (from July 2008, 30.2% to July 2009, 42.7%, an increase of 12.5 percentage points).
 - Nine point three percent of hotel guests surveyed during July 2009 stated that their trip to Palm Beach County was part of a package (that may have included airfare, lodging, meals, rental car, etc), which is a notable increase compared to last year (3.9%).

Visitor Expenditures

- **During July 2009, the average per party expenditure in Palm Beach County was \$1,204, \$100 (9.1%) more than the average per party expenditure last year (\$1,104).**
 - The spending category that experienced the largest increase compared to July 2008 was 'Entertainment/Recreation' (from \$35 to \$55, a 57.1 percentage point increase).
 - 'Lodging' was the only spending category to decrease compared to last year (from \$547 to \$516, a 5.7 percentage point decrease).
 - During July 2009, the average per person expenditure was \$547, an increase of 9.0 percentage points compared with 2008 (\$502).
- **On average, surveyed guests coming to PBC for pleasure spent \$1,541 per party in July 2009, while those traveling for business spent an average of \$986.**
 - Leisure travelers' per party expenditures increased significantly relative to last year (from \$1,202 to \$1,541; a 28.2 percentage point increase). Business travelers' per party expenditures in July 2009 remained at parity with 2008 (both \$986).

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Significant Highlights July 2009

Hotel Visitor Survey (continued)

Characteristics of Visitors

- Most PBC visitors continued to categorize themselves as “White/Caucasian” (92.3%) in July 2009.
- More than half of surveyed visitors to PBC fell between the ages of 35 and 54, an increase compared to last year (from 52.1% in July 2008 to 58.8% in July 2009); at the same time visitors age 65 or older decreased (from 9.4% in 2008 to 4.3% in 2009).
- Most PBC visitors in July 2009 reported being occupied in professional/managerial occupations (66.2%), an increase of 5.2 percentage points compared to last year (61.0%).
- In 2009, nearly three-quarters of surveyed hotel guests reported an annual household income of \$100,000 or more (71.9%), an increase of 8.4 percentage points from last year (63.5%).
- In July 2009, PBC visitors traveling for pleasure typically traveled to PBC with adult family members/friends (84.6%), while business travelers traveled with business associates (45.4%) or by themselves (41.0%) most often.

Travel Details

- The vast majority (89.0%) of surveyed visitors cited Palm Beach County as the main destination for their trip, which is at parity with the same month last year (89.0%).
- Slightly fewer than a quarter of surveyed hotel guests were first time visitors to PBC in July 2009 (23.2%), which is at parity with the same month last year (21.9%).
- Nearly seven-in-ten surveyed hotel guests traveled by airplane to Palm Beach County in July 2009 (68.6%), which is at parity with the same month last year (67.4%).
- More than three-in-ten hotel guests traveled to PBC by car in July 2009 (37.9%), which is also at parity with the same month last year (37.4%).
- Domestic travelers continued to comprise the majority of PBC visitors in July 2009 (88.3%).

Attitudes toward Palm Beach County

- At 21.8%, ‘Climate/Weather’ continued to have been cited most frequently by surveyed hotel visitors during 2009 as the aspect they liked the best about PBC.
- ‘Humidity/Poor Weather’ (27.8%) and ‘Traffic/Bad Drivers’ (12.1%) were the top mentioned dislikes about Palm Beach County in July 2009. The percentage of hotel guests mentioning ‘Traffic/Bad Drivers’ as the aspect of PBC they liked the least declined significantly compared to last year, from 23.0% in July 2008 to 12.1% in July 2009.

Activity Participation

- In July 2009, dining in area restaurants continued to be mentioned most frequently as an activity in which PBC visitors participated (95.8%). Shopping (36.7%), Going to the beach (34.0%), and swimming (23.1%) were other popular activities guests enjoyed during their stay in PBC. The percentage of visitors going to bars/nightclubs increased significantly from last year (from 6.9% to 19.0%)
 - Going to the beach (10.3%) and golfing (9.6%) and were the two most frequently mentioned activities that surveyed visitors did on a recent trip that they wished they could do in PBC (both of which are currently available in PBC).

Significant Highlights July 2009

Hotel Visitor Survey (continued)

Return Visits

- **Nearly ninety-percent (88.5%) of hotel guests surveyed in July 2009 stated that they plan to return to PBC in the future. Only 1.2% claimed they will not return, and the remainder (10.3%) were not sure if they will come back to PBC in the future or not.**
 - Three-quarters of those who plan to visit Palm Beach County again plan on returning in the next year (76.8%), and over one-third (37.0%) plan to return to PBC within the next three months.
 - Among those who do not plan to return to PBC, the reasons cited in July 2009 were 'too expensive' and 'no interest' (one mention each).

Vacation/Leisure Visitors

- Most leisure visitors surveyed in July 2009 reported that their last vacation destination was within the U.S. (79.2%), which represents a significant increase from July 2008 (68.9%). Locations in Florida (39.1%) and the Southeast (16.5%) were the top domestic destinations mentioned.
- Two-in-ten of participating leisure hotel guests vacationed in a country abroad on their last trip (20.8%); countries in Latin America/Caribbean (8.6%) and Europe (8.3%) were visited most often.
- More than two-thirds of responding leisure visitors considered other domestic destinations when planning their vacation (70.6%), and every domestic location considered was in Florida (70.6%). This represents a notable increase compared to July 2008 (24.7%).
- Throughout July 2009, PBC was typically seen as comparable to other recent vacation destinations. Responding leisure visitors claimed that PBC was about the same or better than their most recent vacation destination in terms of the following:
 - Being appreciated as a tourist or visitor (100.0%)
 - Being great for museums and other cultural activities (94.0%)
 - Being a good value (93.9%)
 - Being great for discovering nature-based activities/ecotourism (90.2%)
 - Being great for historical sights and places (87.9%)
 - Being a great place to go again and again (87.1%)
 - Being able to always find a new place to see or a new thing to do (81.3%)