

# Significant Highlights: March 2009

## Property Manager Survey

### Occupancy Rates

- **In March 2009, the average occupancy rate according to participating Palm Beach County (PBC) hotel managers was 68.3%; 13.5 percentage points lower than in March 2008 (81.8%).**
    - **313,602 room nights\* were occupied in March 2009, 59,161 fewer than in March 2008 (372,763).**
  - **The highest average occupancy rate was reported by properties in the Central region of Palm Beach County (75.4%) and the lowest by properties in the Southern region (59.7%). The average occupancy rate among properties in the Northern region was 72.1%.**
    - In March 2009, properties in all three regions of PBC experienced a decrease in average occupancy rates compared to March 2008 (Northern - by 9.4 percentage points, from 81.5% to 72.1%; Southern – by 17.5 percentage points, from 77.2% to 59.7%; Central – by 11.6 percentage points, from 87.0% to 75.4%),
  - **Both smaller (50-100 rooms) and larger properties (101+ rooms) reported decreases in average occupancy rates compared to this time last year. Among smaller properties the average occupancy rate decreased by 15.2 percentage points (from 76.2% to 61.0%), while among larger properties it decreased by 12.9 percentage points (from 82.8% to 69.9%).**
    - Among larger properties, hotels with 220-500 rooms experienced a decrease of 6.7 percentage points in the average occupancy rate (from 85.1% in March 2008 to 78.4% in March 2009). Hotels with 101-219 rooms claimed a decrease in the average occupancy rate of 12.4 percentage points relative to the same month last year (from 81.3% to 68.9%).
  - **Overall, international guests comprised 5.4% of PBC hotels' occupancy in March 2009, based on hotel managers who responded.**
    - Smaller hotels (50-100 rooms) reported that 3.5% of their guests were international travelers, while larger properties (101+ rooms) stated that 5.2% of their guests came from abroad.
    - According to hotel managers who responded in March 2009, hotels in the Central region received the highest percentage of international guests at 6.3% (compared to 4.9% among hotels in the Northern region and 4.3% among hotels in the Southern region).
  - **Similar to March 2008, in March 2009, vacationers occupied the largest percentage of room nights in Palm Beach County (39.9%). Business travelers and convention/group travelers occupied 33.1% and 27.0% of March hotel room nights, respectively.**
  - Properties considered convention hotels had, on average, 25.5% of their room nights occupied by convention/group visitors, which is 2.8 percentage points lower than March 2008 (28.3%).
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- \* Caution: Low response rate among properties with 50-100 rooms (35.7%)
  - \*\* Properties well below 50 rooms are only included in room count and total inventory.

# Significant Highlights: March 2009

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) for participating Palm Beach County hotels in March 2009 was \$190.16 - a 21.2% decrease from March 2008 (\$241.20).**
  - According to surveyed managers, the ADR decreased among both smaller (50-100 rooms)\* and larger properties (101+ rooms) in March 2009 when compared to March 2008. Smaller properties saw a decrease of 29.5% (from \$254.10 to \$179.24) and larger properties saw a decrease of 19.8% compared to the prior year (from \$240.53 to \$192.91).
  - Among larger hotels, properties with 101-219 rooms reported a decrease in ADR of 24.0% (from \$175.04 in March 2008 to \$132.99 in March 2009) and hotels with 220-500 rooms reported a decrease in ADR of 21.1% (from \$256.84 in March 2008 to \$202.76 in March 2009).
- Three-quarters of hotel managers stated that the ADR reported in March 2009 was calculated based on retail plus wholesale rates (75.4%).

### Bookings via Third Party Websites

- **In March 2009, the percentage of hotel rooms sold via third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.;13.7%) was comparable to that reported in March 2008 (14.7%).**
  - The percentage of hotel rooms in smaller properties (50-100 rooms) booked via third party website in March 2009 decreased by 15.4 percentage points when compared to March of last year (from 24.3% in 2008 to 8.9% in 2009). The percentage of hotel rooms booked via a third party website increased by 6.3 percentage points among larger properties (101+ rooms) (from 8.7% in 2008 to 15.0% in 2009).

### Future Business Outlook

- **Most responding property managers surveyed in March 2009 foresee a decrease in room revenues for April and May 2009 (89.7%; 83.2% Group/Individual Business, 81.6% Individual Vacation) as compared to April and May 2008. No property managers foresee an increase in total revenue for April and May 2009 as compared to April and May 2008, while 10.3% expect no change (8.7% Group/Individual Business, 14.4% Individual Vacation).\*\***
  - Property managers who expect an increase in room revenues compared to April and May of last year predict an average increase of 44.6%\*\*\* among Group/Individual Business and 46.8%\*\*\* among Individual Vacation).\*\*
  - Property managers who predict a decrease in room revenues compared to April and May of last year predict an average decrease of 18.5% (19.7% Group/Individual Business, 18.3% Individual Vacation).\*\*

\* Caution: Low response rate among properties with 50-100 rooms (35.7%).

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

\*\*\*Caution: Extremely low response rate among property managers foreseeing an increase

# Significant Highlights: March 2009

## Property Manager Survey (continued)

### Future Business Outlook (Continued)

- **When asked about their predictions for June and July 2009 compared to the same months in the previous year, 80.4% of surveyed managers stated that they expect a decrease in room revenue (74.4% Group/Individual Business, 81.6% Individual Vacation), while 7.6% foresee an increase (10.6% Group/Individual Business, 6.2% Individual Vacation). Approximately one-in-ten predict no change in total room revenue (12.0%, 15.0% Group/Individual Business, 12.2% Individual Vacation).**
  - Property managers who expect an increase in room revenues compared to June and July 2008 predict an average increase of 12.0% (32.7% Group/Individual Business, 21.7% Individual Vacation).
  - Property managers who expect a decrease in room revenues compared to June and July 2008 expect an average decrease of 17.2% (20.1% Group/Individual Business, 17.7% Individual Vacation).

### Market Focus

- **In March 2009, most (75.6%) surveyed property managers stated that they are focusing primarily on the Florida Leisure Drive Market in terms of marketing, advertising and promotion.**
  - Properties in the Northern region however, have stated that their main focus is on Amateur Sports Events (stated by 100.0% of surveyed managers in that region).
  - More than three-quarters of responding hotel managers from larger properties (101+ rooms) cited that the Florida Leisure Drive Market is their main focus in terms of marketing, advertising, and promotion (82.8%).
  - **When hotel managers were asked about their greatest challenges for 2009, responses related to the economy were most often reported. The full, detailed list of challenges can be found on page 20.**

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

# Significant Highlights: March 2009

## Hotel Visitor Study

### Characteristics of Stay

- In March 2009, the average party size\* of surveyed hotel guests traveling to Palm Beach County (PBC) was 2.0. The mean number of nights visitors stayed in hotels in PBC was 4.0. The average number of rooms occupied per night\* was 1.2.

### Planning the Trip to Palm Beach County

- **Nearly one-half of guests surveyed at Palm Beach County hotels (47.2%) claimed that they were traveling for business (conference / convention / business meeting), mainly for a business meeting (41.2%). Vacation / pleasure was cited by nearly forty percent (38.6%) of surveyed guests as the reason for the trip to PBC.**
  - The number of guests traveling for business decreased by 9.5 percentage points (from 56.7% in March 2008 to 47.2% in March 2009). The percentage of visitors traveling for vacation/pleasure increased by 2.8 percentage points compared to last year (from 35.8% in March 2008 to 38.6% in March 2009).
- **Among surveyed hotel visitors, nearly fifty percent (47.0%) stated that the 'Head of Household/Other Adult' made the decision to travel to Palm Beach County. A slightly lower percentage (46.6%) cited their 'Employer' as the one who made the decision.**
  - Mentions of 'Head of Household/Other Adult' increased by 7.2 percentage points (from 39.8% in March 2008 to 47.0% in March 2009) while mentions of 'Employer' decreased by 4.7 percentage points (from 51.3% in March 2008 to 46.6% in March 2009).
- **In March 2009, approximately one-half of surveyed hotel visitors chose Palm Beach County over other destinations primarily because of a 'Work Related Trip' (45.3%).**
  - The response of 'Work Related Trip' decreased by 7.1 percentage points compared to last year, from 52.4% in March 2008 to 45.3% in March 2009. Other popular reasons include: 'Visit Friends/Relatives' (24.1%), 'Previous Visit' (18.6%), and 'Special Event' (10.1%).
- **Approximately one-half of participating hotel guests planned their trip to PBC one month or less in advance (49.0%), which was at parity with March 2008 (47.1%).**

\* Starting in February 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: March 2009

## Hotel Visitor Study (continued)

### Booking a Trip to Palm Beach County

- **In March 2009, more surveyed travelers booked trips with a travel agent than did so in the same month last year (an increase of 4.4 percentage points from 18.9% in March 2008 to 23.3% in March 2009). Surveyed travelers who used the Internet to book a trip to PBC decreased by 6.6 percentage points when compared to the same month last year (from 49.5% in March 2008 to 42.9% in March 2009).**
  - Among surveyed visitors who used the Internet to book all or a part of their trip, over eighty percent (84.1%) used it to make hotel reservations, approximately two-thirds (65.7%) booked airfare and more than one-third (34.6%) made car rental reservations.
  - In March 2009, the percentage of those booking their hotel rooms online was up 16.3 percentage points (from 67.8% in March 2008 to 84.1% in March 2009). Online car reservations remained parallel to last year (34.0% in March 2008 and 34.6% in March 2009). Usage of the Internet to reserve airfare decreased by 11.7 percentage points (from 77.4% in March 2008 to 65.7% in March 2009). Of note, the percentage of guests listing 'Airplane' as their mode of transportation is down 9.5 percentage points when compared to the same month last year, from 80.9% in March 2008 to 71.4% in March 2009.
  - Among guests who used the Internet to make hotel reservations, hotel websites were used most frequently (40.4%). This was 6.4 percentage points higher than in March 2008 (34.0%). Compared to March 2008, Expedia.com had the largest percentage point increase in terms of usage by surveyed guests booking hotel rooms online (up 8.3 percentage points from 0.9% in March 2008 to 9.2% in March 2009.)
  - Only a small percentage of responding visitors in March 2009 (2.7%) claimed that their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc). This represents a decrease of 3.2 percentage points when compared to the same month last year (5.9%).

### Visitor Expenditures

- **In March 2009, an average of \$1,756 was spent by surveyed visitors' parties, which was \$130 less (6.9%) when compared to visitors surveyed in the same month last year (\$1,886)\*\*.**
  - Relative to March 2008, spending in all categories decreased except for 'Local Travel', which increased by \$22 (13.9%) from \$158 in 2008 to \$180 in 2009. 'Gifts/Shopping' had the largest percentage point decrease relative to March 2008, down \$38 (30.2%) from \$126 in 2008 to \$88 in 2009.
  - The total expenditures of surveyed hotel guests per person per day decreased by \$20 (2.2%), from \$898 in March 2008 to \$878 in March 2009.
- **In March 2009, the average per party expenditures by business travelers increased by 17.8% (\$231), from \$1,299 in March 2008 to \$1,530 in March 2009. The average per party expenditures within the leisure sector decreased by 25.7% (\$695), from \$2,707 in March 2008 to \$2,012 in March 2009.**

### Characteristics of Visitors

- More than ninety percent of surveyed visitors in March 2009 classified themselves as White/Caucasian (91.1%).
- More than one-half of responding hotel guests claimed to be between the ages of 35 and 54 (52.1%).
- Among responding PBC visitors, more than sixty percent held a professional/managerial job (61.2%).
- More than seven-in-ten surveyed hotel guests claimed an annual household income of \$100,000 or more (73.1%).
- Among those visitors traveling for pleasure, more than three-quarters traveled with an adult friend or family member (76.9%). This represents a decrease of 12.9 percentage when compared to the same month last year (89.8%). Nearly two-thirds of business travelers traveled alone (65.4%), which is an increase of 21.0 percentage points relative to March 2008 (44.4%).

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

# Significant Highlights: March 2009

## Hotel Visitor Study (continued)

### Travel Details

- Nine-in-ten (90.4%) surveyed hotel guests stated that their main destination was Palm Beach County.
- In March 2009, approximately one-quarter (24.4%) of surveyed visitors were on their first trip to PBC, which was a decrease of 4.5 percentage points relative to the same month last year (28.9%).
- In March 2009, 71.4% of all surveyed visitors traveled by air, which was 9.5 percentage points lower than in March 2008 (80.9%).
- As in prior months, approximately nine-in-ten surveyed hotel guests traveled from within the United States to PBC in March 2009.

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

- **In March 2009, 'Climate/Weather' was quoted by 44.0% of surveyed guests as being Palm Beach County's greatest quality.**
  - During March 2009, fewer surveyed hotel guests claimed that 'Climate/Weather' was their favorite aspect of PBC compared to the same month last year (a decrease of 6.9 percentage points, from 50.9% in March 2008 to 44.0% in March 2009).
- **As in prior months, the most disliked feature of PBC was 'Traffic/Bad Drivers' (34.2%). 'Humidity/Poor weather' followed as the next popular response (11.2%).**
  - In March 2009, there were fewer hotel guests naming 'Expensive' and 'Road Construction' as their most disliked feature of PBC. The response 'Expensive' dropped by 5.9 percentage points, from 9.5% in March 2008 to 3.6% in March 2009. The response 'Road Construction' decreased by 5.4 percentage points, from 5.4% in March 2008 to not being mentioned at all in March 2009.

### Activity Participation

- Nearly all surveyed visitors ate at local restaurants while in Palm Beach County (98.2%). 'Going to the beach' (28.6%), 'Shopping' (28.0%), 'Swimming' (18.9%), and 'Golf/Tennis' (12.7%) were among other activities guests participated in during their stay in PBC. More guests in March 2009 went swimming than did so in March 2008 (from 11.1% in March 2008 to 18.9% in March 2009).
- The top activities in which hotel visitors participated during a recent trip and which they wished they could have done in Palm Beach County were 'Golfing' (9.8%) and 'Going to the beach' (9.5%), both of which are currently available in PBC.