

Significant Highlights: September 2009

Property Manager Survey

Occupancy Rates

- **During September 2009, the average occupancy rate for responding Palm Beach County hotels was 45.3%, which is at parity with September 2008 (46.2%).**
 - In September 2009, the average occupancy rate was higher among larger (101+ rooms) properties (47.2%) than among smaller (50-100 rooms) properties (36.1%)*.
 - Among both smaller hotels (50-100 rooms) and larger hotels (101+ rooms), the average occupancy rate remained consistent with the same time last year (smaller properties, from 36.0% to 36.1%; larger properties, from 48.2% to 47.2%).
- **Across geographic regions, properties in the Central region of Palm Beach County experienced the highest average occupancy rate (47.3%) (Northern – 45.5% and Southern – 44.1%).**
 - Hotels in the Central region experienced a slight increase in average occupancy relative to last year (1.3 percentage points, from 46.0% to 47.3%), properties in the Northern region remained at parity with September 2008 (from 44.8% to 45.5%), and hotels in the Southern region had a slight decrease when compared to the same month last year (2.9 percentage points, from 47.0% to 44.1%).
- **During September 2009 the approximate number of hotel room nights occupied** was 203,408 – at parity with September 2008 (203,837).**
- **According to hotel managers surveyed in September 2009, 6.7% of hotel guests traveled internationally.**
 - Property managers from smaller hotels (50-100 rooms)* stated that, on average, 16.2% of their guests traveled from outside of the United States, while managers from larger properties (101+ rooms) stated that, on average, 4.8% of their guests were international travelers.
- **During September 2009, leisure travelers occupied the greatest percentage of room nights in Palm Beach County (45.6%), which represents a 9.3 percentage point increase from last year (36.3%). Business travelers occupied 34.2% of room nights, which is a 1.8 percentage point decrease from last year (36.0%). Convention/group travelers occupied 20.2% of September 2009 hotel room nights, which represents a 7.5 percentage point decrease from last year (27.7%).**
- **Hotel managers specifically from convention hotels stated that 22.0% of their reservations were made by convention/group travelers, which is a decrease of 11.3 percentage points from September 2008 (33.3%).**

* Caution: Low response rate among properties with 50-100 rooms (27.5%)

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

Significant Highlights: September 2009

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **In September 2009, property managers in PBC reported an ADR of \$101.80 – this represents a 6.9% decrease compared to last year (\$109.30).**
 - Managers from larger properties (101+ rooms) reported an ADR of \$103.49, a decrease of 5.2% when compared to September 2008 (\$109.21). Managers at smaller properties (50-100 rooms)* reported an ADR of \$93.29, which represents a decrease of 17.7% when compared to last year (\$113.40).
 - Managers at hotels with 220-500 rooms experienced an increase in ADR of \$9.93 (from \$113.76 to \$123.69), this represents an 8.7 percentage point increase when compared to last year, and is the only increase in ADR in September 2009 among all hotel sizes.
 - In September 2009, three-quarters of hotel managers stated that the ADR was calculated based on retail plus wholesale rates (76.9%).

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 (88.9%), as well as in Group/Individual Room Revenue (83.4%) and Individual Vacation Room Revenue (90.6%) for October and November 2009.+**
 - Property managers who expect a decrease in room revenues in relation to October and November of last year estimate an average decrease of 18.7% in Total Room Revenue, an average decrease of 19.6% in Group/Individual Business Room Revenue, and an average decrease of 17.1% in Individual Vacation Room Revenue.+
- **No hotel managers foresee an increase in Total Room Revenue or Group/Individual Business Revenue for October and November 2009 when compared to the same months in the previous year; 3.3% foresee an increase in Individual Vacation Room Revenue.+**
 - Property managers who anticipate an increase in Individual Vacation Room Revenues relative to October and November of the prior year expect an average increase of 3.6%.+
+
- **Those who expect no change in Total Room Revenue for the next two months comprise 11.1% of surveyed managers (16.6% see no change in Group/Individual Business Revenue and 6.0% see no change in Individual Vacation Revenue).+**

* Caution: Low response rate among properties with 50-100 rooms (27.5%)

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

Significant Highlights: September 2009

Property Manager Survey (continued)

Future Business Outlook (continued)

- **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 (87.6%), as well as a decrease in Group/Individual Business Room Revenue (80.5%) and Individual Vacation Room Revenue (84.8%).+**
 - Among hotel managers who expect a decrease in room revenue compared to the prior year, the average decrease predicted is 18.1% in Total Revenue, 20.6% in Group/Individual Business Revenue, and 18.2% in Individual Vacation Revenue.+
- **Few surveyed hotel managers (1.7%) anticipate an increase in Group/Individual Business Room Revenue for December 2009 and January 2010 when compared to the same months in the previous year, however, a greater percentage foresee an increase in Total Room Revenue (6.1%) and Individual Vacation Room Revenue (9.2%).+**
 - Among hotel managers who anticipate an increase in room revenue relative to the previous year, the average increase forecast is 5.0% in Total Revenue, 8.8% in Group/Individual Business Revenue, and 7.0% in Individual Vacation Revenue.+
- **The remaining hotel managers predict no change for December 2009 and January 2010 (6.3% see no change in Total Room Revenue, 17.9% see no change in Group/Individual Business Revenue, and 6.0% see no change in Individual Vacation Revenue).+**

Bookings Via Third Party Websites

- **According to hotel managers, an average of 16.9% of Palm Beach County hotel bookings were made through third party websites (such as Orbitz, Travelocity, Expedia, hotels.com, etc.) in September 2009; this represents a decrease of 4.5 percentage points from last year (21.4%).**
 - In September 2009, there were more third party bookings at larger hotels (101+ rooms; 19.7%) than at smaller hotels (50-100 rooms; 12.4%).

Market Focus

- **In September 2009, the major focus for hotel managers, in terms of marketing, advertising and promotion, was on the Florida Association Market (95.2%).**
- **When asked about the greatest challenges for the remainder of 2009, responding hotel managers most often cited problems maintaining their rates, price wars with competitors, maintaining group business, and the economy in general. A full, detailed list can be found on page 20.**

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

Significant Highlights: September 2009

Hotel Visitor Study**

Characteristics of Stay

- **In September 2009, the average party size* among surveyed hotel guests visiting Palm Beach County was 1.9, which is at parity with September 2009 (also 1.9). Surveyed visitors occupied an average of 3.0 nights in PBC hotels, a decrease of 0.4 nights compared to last year (3.4). The average number of rooms occupied per night* was 1.2.**

Planning the Trip to Palm Beach County

- **More than one-half of surveyed hotel guests (53.0%) were business travelers, mainly in town for a business meeting (43.5%) or a conference/convention (9.4%). Vacation/pleasure was the reason for the trip to PBC for 39.6% of surveyed hotel guests.**
 - In September 2009, the proportion of business travelers decreased significantly when compared to September 2008, while the proportion of vacation travelers increased accordingly. The percentage of business travelers decreased by 17.8 percentage points (from 70.8% to 53.0%), while the percentage of visitors traveling for pleasure increased by 16.2 percentage points (from 23.4% to 39.6%).
- **In September 2009, visitors whose employer was the primary decision maker when planning the trip to Palm Beach County accounted for nearly one-half of those surveyed (47.2%). The head of household/other adult made the decision for 43.9% of surveyed visitors.**
 - In accordance with the shift in the proportion of business to vacation travelers, employers as decision maker decreased significantly when compared to last year (from 69.0% to 47.2%), while head of household/other adult as such increased significantly (from 26.5% to 43.9%).
- **When asked what their reasons were for selecting PBC over other destinations, surveyed visitors most frequently stated that the trip was work related (49.6%). Visiting friends/relatives (27.3%) and previous visit (19.6%) were other popular responses.**
 - In September 2009, consistent with the decrease in the proportion of business travelers, work related trips among surveyed visitors decreased significantly when compared to the same time last year (from 70.8% to 49.6%). The percentage of visitors coming to PBC to visit friends/relatives experienced the largest increase (16.4 percentage points, from 10.9% to 27.3%).
- **In September 2009, fewer surveyed guests arranged their trip to Palm Beach County more than three months in advance (12.8%) when compared to September 2008 (18.7%). Accordingly, a greater percentage of guests planned their trip two to three months in advance (18.2%) when compared to last year (13.0%). As in prior months, most planned their trip one month or less in advance (69.1%).**

* 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.

**Of note: Since losing their Hilton flag, check-outs at the Double Tree Boca Raton have decreased significantly.

Significant Highlights: September 2009

Hotel Visitor Study** (continued)

Planning the Trip to Palm Beach County (Continued)

- **In September 2009, the percentage of visitors who utilized the services of a Travel Agent (20.0%) remained at relative parity with last year (21.4%).**
- **Use of the Internet to organize any part of their trip increased significantly among surveyed visitors when compared with the same month last year (from 42.1% to 58.1%).**
 - Among those who utilized the Internet to arrange their trip to PBC, more than eight-in-ten (84.0%) used it to book hotel rooms, nearly half (46.8%) reserved airfare, and nearly one-quarter (22.1%) used it to reserve a rental car.
 - Compared to last year, use of the Internet to book airline reservations decreased significantly (from 66.3% to 46.8%), as did use of the Internet to make rental car reservations (from 40.0% to 22.1%). This may be due in part to the fact that the percentage of surveyed visitors stating that they traveled by airplane to PBC decreased as well (by 8.8 percentage points, from 70.2% to 61.4%).
 - Among those who used the Internet to book any part of their trip, the percentage of guests who booked their hotel room on the Internet (84.0%) remained at relative parity with last year (82.0%). Use of hotel websites decreased by 6.6 percentage points (from 47.7% to 41.1%) but still remains the top choice for guests booking hotel rooms online.
 - In September 2009, 6.2% of surveyed visitors claimed their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc). This is at parity with September 2008 (6.8%).

Visitor Expenditures

- **An average of \$999 per party was spent by visitors in September 2009 - \$164 (14.1%) less than visitors surveyed in September 2008 (\$1,163)*.**
 - Relative to the same month last year, in September 2009 the largest per party decrease among individual spending categories related to 'Lodging', which decreased by 31.7% (from \$615 to \$420). The average spending per visit increased in relation to 'Entertainment/Recreation' (from \$17 to \$39) and 'Restaurant/Bar' (from \$292 to \$321).
- **Leisure travelers' per party average expenditure decreased from \$1,751 in September 2008 to \$1,400 in September 2009, a decrease of 20.0% (\$351), while business travelers' per party average expenditure decreased from \$998 last year to \$700 in September 2009, a decrease of 29.9% (\$298).**

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

Significant Highlights: September 2009

Hotel Visitor Study** (continued)

Characteristics of Visitors

- Nearly nine-in-ten hotel visitors characterized themselves as White/Caucasian (87.2%) and one-in-ten characterized themselves as African-American/Black (10.0%).
- In September 2009, nearly six-in-ten of all surveyed hotel visitors were between the ages of 35 and 54 (56.1%), at parity with last year (55.1%). The percentage of visitors under 35 increased slightly (from 17.3% to 21.2%), as the percentage of visitors between the ages of 55 to 64 decreased slightly (from 21.6% to 17.7%).
- Most surveyed hotel visitors cited working in professional/managerial jobs (59.9%).
- In September 2009, the percentage of visitors claiming a household income of \$100,000 or more decreased by 9.9 percentage points (from 68.4% to 58.5%), while the percentage claiming a household income of under \$100,000 increased accordingly (from 31.7% to 41.5%).
- Most leisure visitors traveled with adult family members or friends (73.9%), although the percentage of leisure visitors traveling alone increased from 13.3% to 23.3%. Most business guests traveled by themselves (54.6%), although the percentage of business guests traveling with adult family members or friends increased from 15.0% to 21.2%.

Travel Details

- Nearly every surveyed visitor reported Palm Beach County as their main destination in September 2009 (94.6%), at parity with the same month last year (93.0%).
- First time visitation to PBC in September 2009 (24.7%) was consistent with September 2008 (24.4%).
- In September 2009, air travel to PBC decreased compared to last year (by 8.8 percentage points, from 70.2% to 61.4%). Accordingly, the percentage of visitors traveling by car increased from 34.4% to 39.4%.
- Nearly all surveyed visitors in August 2009 were domestic travelers (95.6%), an increase of 6.3 percentage points compared to last year.

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- As in previous months, 'Climate/Weather' (28.4%) and 'Beaches/Ocean' (14.8%) were cited most often by surveyed guests when asked what they liked best about their trip to PBC.
- In September 2009, when asked what they liked least about their trip to PBC, surveyed visitors most frequently mentioned 'Traffic/Bad drivers' (33.0%), an increase of 6.5 percentage points compared to September 2008 (26.5%).
- Going to the beach (11.5%) was the most frequently mentioned activity that surveyed visitors did on a recent trip that they wished they could do in PBC.

Significant Highlights: September 2009

Hotel Visitor Study** (continued)

Activity Participation

- In September 2009, surveyed guests enjoyed activities such as dining in restaurants (94.8%), going to the beach (30.5%), swimming (29.4%), and shopping (28.2%). When compared to last year, activities that saw significant increases included swimming (from 20.6% to 29.4%) and visiting downtown Delray Beach attractions (from 4.9% to 9.6%).

Return Visits

- **In September 2009, more than nine-in-ten surveyed hotel guests said they plan to visit PBC again (91.5%). Only 1.0% claim they do not plan to come back to Palm Beach County.**
 - Those who provided a reason for not planning to return mentioned not liking it here and preferring to go somewhere else (one mention each).

Vacation/Leisure Visitors

- When asked about their last vacation destination, nearly three-quarters (72.8%) of leisure travelers traveled domestically for their last vacation; locations in Florida (32.8%) and the Far West (13.7%) were the most visited.
- More than one-quarter (27.2%) of surveyed leisure visitors stated they traveled internationally for their previous vacation. Locations in Latin America/Caribbean (16.7%) and Europe (7.5%) were the top cited international destinations.
- When planning their trip, six-in-ten responding leisure travelers (59.4%) considered travelling to other locations within the United States, and most considered other locations in Florida (56.1%). Four-in-ten responding leisure travelers (40.6%) didn't consider any other destination.
- At least three-quarters of responding leisure visitors claimed that PBC was about the same or better than their most recent vacation destination in terms of:
 - Being a good value (91.4%)
 - Being a great place to go again and again (86.5%)
 - Being appreciated as a tourist or visitor (85.1%)
 - Being great for museums and other cultural activities (82.4%)
 - Being able to always find a new place to see or a new thing to do (80.3%)
 - Being great for discovering nature-based activities/ecotourism (77.0%)
 - Being great for historical sights and places (76.9%)