

Significant Highlights: February 2006

Property Manager Survey

Occupancy Rates

- The average occupancy rate of participating Palm Beach County (PBC) hotels in February 2006 was 86.3%, a 4.8 percentage point decline compared to February 2005 (91.1%).
 - An average of 363,282 room nights** were occupied in February 2006 – 14,816 fewer than the average number of room nights occupied in February 2005 (378,098).
- The highest occupancy rate was reported by properties in the Central Region of Palm Beach County (88.3%), while the lowest was reported by properties in the Northern region (80.4%).
 - Compared to February 2005, all regions reported decreases in occupancy rates; the largest decrease being among properties in the Northern region (from 88.0% in February 2005 to 80.4% in February 2006, a 7.6 percentage point decrease).
 - Properties in the Southern region reported an average occupancy rate of 87.8%, a 3.0 percentage point decrease compared to February 2005 (90.8%).
- Smaller properties (50-100 rooms) reported an occupancy rate of 93.0% - this is comparable to the same time last year (92.3%). The occupancy rate for larger properties (100+ rooms) was 85.2%, a 5.7 percentage point decrease compared to February 2005 (90.9%).
 - Among larger properties, both hotels with 101-219 rooms and hotels with 220-500 rooms reported decreases in occupancy rates. Hotels with 101-219 room (85.6%) reported a decrease of 7.4 percentage points compared to February 2005 (93.0%) and hotels with 220-500 rooms (82.9%) reported a decrease of 4.8 percentage points compared to February 2005 (87.7%).
- The percentage of hotel guests from international destinations, according to the hotel managers who responded, was 4.7%. Smaller hotels reported receiving a higher percentage of international guests (14.3%) than larger hotels (3.3%).
 - Among larger properties who responded, those with 101-219 rooms reported that 4.4% of their guests were international, while those with 220-500 rooms reported that 1.4% of their guests were from countries other than the US.
 - Based on the hotels that responded, hotels from the Southern region continued to report the highest percentage of international guests (6.5%) in February 2006.
- Hotel property managers reported that in February 2006 more PBC room nights were occupied by leisure travelers (44.4%) than by business travelers (33.0%) and convention/group visitors (22.6%).
 - Compared to February 2005, the percentage of leisure travelers did not change (44.4%). The percentage of business travelers increased by 3.1 percentage points (from 29.9% to 33.0%), while the percentage of convention group visitors decreased by 3.1 percentage points (from 25.7% to 22.6%).
- Properties designated as Convention Hotels reported a 3.1 percentage point decrease in conference/convention bookings compared to the prior year (from 30.6% in 2005, down to 27.5% in 2006).

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

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Property Manager Survey (Continued)

Average Daily Room Rate (ADR)

- The average daily room rate (ADR) for participating Palm Beach County hotels in February 2006 was \$222.86 – an increase of 3.2% compared to February 2005 (\$216.02).
 - Compared to February 2005, larger properties (101+ rooms) had an increase in ADR of 4.1% (from \$221.56 to \$230.72). The ADR among smaller properties (50-100 rooms) in February 2006 (\$177.37) was comparable with the ADR reported by smaller properties in February 2005 (\$180.28).
 - Among larger properties, hotels with 101-219 rooms reported an increase in ADR of 4.3% (from \$172.83 in 2005 to \$180.28 in 2006), while hotels with 220-500 rooms reported an ADR comparable with the ADR reported in February 2005 (\$227.68 in February 2005 and \$229.09 in February 2006).
- Sixty-nine point nine percent of property managers reported that in February 2006 the ADR was based on retail plus wholesale rates.

Bookings via Third Party Websites

- The percentage of hotel rooms booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) in February 2006 (11.4%) was comparable with February 2005 (13.3%).
 - Compared to the prior year, smaller properties reported an increase of 3.4 percentage points in the percentage of rooms booked via a third party website (from 16.5% to 19.9%), while larger properties reported a decrease of 4.9 percentage points in the percentage of rooms booked this way (from 12.8% to 7.9%).

Future Business Outlook

- Just over one-half of property managers (55.1%) expected an increase in room revenues for March 2006 and April 2006 compared to March 2005 and April 2005. About one-in-five (21.8%) property managers expected no change and 23.1% expected a decrease in room revenues compared to the prior year.
 - Property managers who predicted an increase in room revenues compared to March and April of last year, predicted an average increase of 10.7%.
 - Property managers who predicted a decrease in room revenues compared to March and April of last year predicted an average decrease of 9.8%.

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Hotel Visitor Study

Characteristics of Stay

- During February 2006, the average party size* of surveyed hotel guests was 2.1, the average number of nights stayed in Palm Beach County (PBC) hotels was 4.1, and the average number of rooms occupied per night* was 1.3.

Planning the Trip to Palm Beach County

- Almost two-thirds of surveyed guests (64.0%) were in Palm Beach County on a business trip (conference/convention/business meeting) while 31.2% were visiting PBC on a vacation/leisure trip.
 - The percentage of business travelers in Palm Beach County during February 2006 (64.0%) increased by 18.0 percentage points compared to February of last year (46.0%) while the percentage of leisure travelers decreased by 14.4 percentage points compared to the same time last year (45.6%).
- According to 63.3% of surveyed visitors, their employer was the decision maker with regard to their trip to Palm Beach County. This represents an 18.5 percentage point increase compared to February 2005 (44.8%).
- Consistent with the percentage of business travelers, visitors most often reported that they selected Palm Beach County over other destinations because of a work-related trip (64.0%). Other reasons for selecting PBC over other destinations were to visit friends/relatives (15.5%), because of a previous visit (10.0%) and/or because of the weather (10.0%).
 - Large decreases occurred in hotel guests mentioning 'Friends/Relatives recommendation' (down 14.1 percentage points), 'Visit friends/Relatives' (down 13.7 percentage points), 'previous visit' (down 6.4 percentage points) and 'special event' (down 5.0 percentage points).
 - The largest increase occurred in hotel guests mentioning 'work related trip' (up 13.3 percentage points, from 50.7% in February 2005 to 64.0% in February 2006).
- Just over one-half of surveyed visitors (52.2%) planned their trip one month or less in advance. One-quarter planned their trip 2 to 3 months in advance (24.9%), and 22.9% planned their trip more than 3 months in advance.
- Palm Beach County was the main destination of 91.7% of surveyed guests in February 2006 - a 4.0 percentage point increase compared to one year ago (87.7%).
- First time visitors made up 28.7% of surveyed hotel guests (a slight decrease of 2.3 percentage points compared to February 2005, 31.0%).

* 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.

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Hotel Visitor Study

Booking a Trip to Palm Beach County

- Compared to February 2005 (24.0%), usage of a travel agent to book visitors' trip to PBC has increased by 6.8 percentage points (30.8%). Usage of the Internet in planning visitors' trips slightly increased, by 2.2 percentage points (from 38.4% in 2005 to 40.6% in 2006).
 - Among hotel guests who used the Internet when planning their trip to PBC, most used it to book airfare (79.6%), hotel accommodations (58.1%), and/or car rental (35.5%).
 - In February 2006, visitors who used the Internet were more likely to have done so to book hotel rooms (58.1%) than they were in February 2005 (50.7%, a 7.4 percentage point increase)¹.
 - Hotel websites were the most popular sites used to book accommodation in February 2006 (37.6%, a 15.6 percentage point increase compared to February 2005, 22.0%)¹.
 - Fewer than one-in-ten (9.1%) surveyed visitors reported that their trip was part of a package (that may have included airfare, lodging, meal, rental car, etc) – a 4.6 percentage point decrease compared to February 2005 (13.7%).

Visitor Expenditures

- During February 2006, surveyed hotel guests reported spending an average of \$2,411* per party – \$65 (2.8%) more than visitors surveyed in February 2005 (\$2,346).
 - Increases in spending were seen in Lodging (up 41.4%) and Entertainment/Recreation (up 54.4%) while decreases were seen in 'Restaurant/Bar' (down 5.8%), 'Gift/Shopping' (down 62.8%) and Local Travel (down 37.2%).
 - Hotel guests spent an average of \$1,148 per person (2.8% increase from February 2005, \$1,117) and \$280 per person/day (12.9% increase compared to February 2005, \$248).
- As seen in February 2005, leisure travelers spent considerably more per party (\$3,546) than business travelers (\$1,845). However, business travelers spent more per person/day (\$313) than leisure travelers (\$257).

Characteristics of Visitors

- Over nine-in-ten (94.1%) visitors to PBC described themselves as White/Caucasian and just over one-half are between the ages of 35 and 54 (52.4%).
- The percentage of surveyed guests with professional/managerial jobs (58.3%) increased by 7.8 percentage points compared to February 2006 (50.5%). Two-thirds (66.5%) claimed to have household incomes of \$100,000 or more.
- Eighty-three point one percent of visitors used airplanes to travel to Palm Beach County - an increase of 2.6 percentage points compared to last year (80.5%). The vast majority were domestic travelers (89.8%).

¹ Among those who used the Internet when planning their trip to PBC.

* Starting in October 2005, 'Side Trips' were excluded from computation of visitors expenditures (no longer asked on survey).

Significant Highlights: February 2006

Hotel Visitor Study

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- One-half of surveyed hotel guests reported that the aspect of their visit to PBC that they liked best was the ‘climate/weather’ (51.7%) followed by ‘beaches/ocean’ (11.8%) and ‘nice people’ (5.9%).
- When asked what they liked least about their trip to PBC, February 2006 hotel guests continued to mention ‘traffic/bad drivers’ (38.8%) and ‘humidity/poor weather’ (9.1%).
 - The largest increase occurred in the percentage of visitors who mentioned ‘Cost of hotel’ - from 0.0% in February 2005 to 5.8% in February 2006 (a 5.8 percentage point increase).
 - Among the suggestions for a better trip next time visitors come to PBC, the most frequently mentioned were better weather (26.4%), a longer stay (16.1%), to come during vacation time/time off work and better hotel (8.0% each).

Characteristics of the Visit

- The most popular activities enjoyed by visitors to PBC were eating at area restaurants (94.1%), shopping (32.8%) and going to the beach (22.7%).
 - Compared to February 2005, activity participation decreased dramatically for ‘shopping’ (down 12.3 percentage points, from 45.1% to 32.8%) and ‘going to the beach’ (down 15.2 percentage points, from 37.9% to 22.7%).
- Even though most visitors stated that they plan to return to Palm Beach County for a future visit (77.1%), they were less likely to do so in February 2006 than their counterparts in February 2005 (85.0%, a 7.9 percentage point decrease).
 - Among visitors who plan to return to Palm Beach County, 63.0% plan to come back within the next year; 28.6% plan on returning within the next three months.
- Traveling parties were most often composed of adult family members/friends (41.7%). However, compared to February 2005, the percentage of those traveling with family members/friends decreased by 10.8 percentage points (from 52.5% to 41.7%), while the percentage of those traveling with business associates increased by 9.3 percentage points (from 20.5% to 29.8%).
- The rising cost of transportation would not affect the decision to travel to PBC among 65.8% of surveyed guests (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). One-in-ten (9.5%) would consider changing their plans (rated 4 or 5 on a 5-point scale).

* December 2004 data represents combined data from the old closed-end answers: ‘boating/fishing/diving’ and ‘other water activities’.