

Significant Highlights: December 2007

Property Manager Survey

Occupancy Rates

- **In December 2007, participating Palm Beach County (PBC) hotels reported an average occupancy rate of 63.1%, which was at parity with December 2006 (62.7%).**
 - **An average of 285,324 room nights** were occupied In December 2007, 4,265 more than December 2006 (281,059).**
- **In terms of geographic location, the average occupancy rate was 67.2% among hotels in the Southern region, 63.1% among properties in the Central region and 54.6% among properties in the Northern region.**
 - Compared to December 2006, only the Northern region reported a decrease in occupancy rates (from 56.6% to 54.6%, a 2.0 percentage point decrease in December 2007). The Southern region reported a 1.8 percentage point increase (from 65.4% in December 2006 to 67.2% in December 2007) and the Central region was at parity with December 2006 (from 62.8% in December 2006 to 63.1% in December 2007).
- **Among smaller properties (50-100 rooms), in December 2007, the average occupancy rate increased by 4.2 percentage points (from 56.7% in 2006 to 60.9% in 2007) compared to December 2006. However, among larger properties (101+ rooms) the average occupancy rate was at parity with the same month of last year (63.6% in 2006 vs. 63.4% in 2007).**
 - In December 2007, the average occupancy rate among properties with 101-219 rooms was comparable with December 2006 (63.9% in December 2006 vs. 63.0% in December 2007). In December 2007, the largest properties, hotels with 220-500 rooms, had an occupancy rate of 62.9% which was 2.3 percentage points less than December 2006 (65.2%).
- **Based on the responding hotel managers in December 2007, the percentage of international hotel guests staying in Palm Beach County hotels was 6.8%.**
 - Smaller hotels reported that international guests comprised 10.0% of their occupancy, while larger properties reported that 6.1% of their occupancy were guests traveling internationally.
 - Responding hotel managers from the Southern and Central regions cited 7.5% and 6.7% of their guests, respectively, were traveling internationally. Hotels from the Northern region reported that 3.2% of their guests traveled from foreign countries.
- **In December 2007, leisure travelers occupied the most PBC room nights (47.5%). Business travelers and Convention/group travelers occupied fewer PBC room nights in December 2007, as reported by surveyed property managers (31.0% and 21.5%, respectively).**
 - Compared to December 2006, there were increases in the percentage of vacationers and convention/group travelers (vacationers - from 44.9% to 47.5%, up 2.6 percentage points and convention/group travelers - from 20.6% to 21.5%, up 0.9 percentage points) resulting in a decrease in the percentage of business travelers (from 34.5% to 31.0%, down 3.5 percentage points).
- **In December 2007, properties designated as convention hotels reported a 2.9 percentage point decrease in rooms occupied, compared to December 2006 (from 25.7% in 2006 down to 22.8% in 2007).**

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

Significant Highlights: December 2007

Property Manager Survey (Continued)

Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) in December 2007 for those Palm Beach County hotels that responded was \$172.23, representing an increase of 15.2% compared to December 2006 (\$149.45).**
 - Both smaller (50-100 rooms) and larger properties (101+ rooms) reported increases in ADR in December 2007 compared to December 2006. Smaller properties reported an increase of 24.1% (from \$134.69 to \$167.13) and larger properties reported an increase of 15.2% compared to the prior year (from \$151.30 to \$174.26).
 - Larger hotels (101-219 rooms) reported an increase in ADR of 14.1% (from \$95.13 in 2006 to \$108.52 in 2007) and hotels with 220-500 rooms reported an increase in ADR of 27.4% (from \$147.25 in December 2006 to \$187.58 in December 2007).
- **More than three-fourths (78.8%) of hotel property managers reported that the ADR in December 2007 was based on retail plus wholesale rates.**

Bookings via Third Party Websites

- **Seventeen point nine percent of hotel rooms were booked via third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) according to participating property managers in December 2007 - a 2.4 percentage point increase compared to December 2006 (15.5%).**
 - Relative to December 2006, there was an increase in the percentage of rooms sold via third party websites among smaller properties in December 2007 (50-100 rooms, from 18.5% to 31.2%, a 12.7 percentage point increase). Among larger properties (101+ rooms), the percentage of rooms sold via third party websites was 1.5 percentage points lower than this same month last year (14.2% in 2006 and 12.7% in 2007).

Future Business Outlook

- **More than one-half of participating property managers in December 2007 foresee an increase in room revenues for January 2008 and February 2008 (52.9%; 52.8% Group/Individual Business, 32.8% Individual Vacation) as compared to January 2007 and February 2007. Almost one-third (32.9%) of surveyed managers expect a decrease (25.7% Group/Individual Business, 42.9% Individual Vacation) and 14.2% expect no change (21.6% Group/Individual Business, 24.2% Individual Vacation).***
 - Property managers who expect an increase in room revenues compared to January and February of last year predict an average increase of 6.8% (8.3% Group/Individual Business, 3.8% Individual Vacation).*
 - Property managers who expect a decrease in room revenues compared to January and February of last year predict an average decrease of 13.1% (10.1% Group/Individual Business, 8.6% Individual Vacation).*

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

Significant Highlights: December 2007

Property Manager Survey (Continued)

Future Business Outlook (Continued)

- **More than four-in-ten (44.3%) surveyed managers foresee an increase in total room revenue when asked about their predictions for March and April 2008 as compared to these same months in 2007, (45.0% Group/Individual Business, 30.0% Individual Vacation). A decrease is expected among 33.7% of surveyed hotel managers (25.1% Group/Individual Business, 41.9% Individual Vacation) and no change is expected among 22.0% of surveyed managers (29.8% Group/Individual Business, 28.1% Individual Vacation).***
 - Property managers who expect an increase in room revenues compared to March and April of last year predict an average increase of 7.1% (6.4% Group/Individual Business, 5.1% Individual Vacation).*
 - Property managers who expect a decrease in room revenues compared to March and April of last year expect an average decrease of 8.1% (7.6% Group/Individual Business, 7.2% Individual Vacation).*

Market Focus

- **Overall, when it comes to marketing, advertising and promotion, surveyed hotel property managers in December 2007 are focusing primarily on the Florida Leisure Drive Market (67.8%), the Florida Business Drive Market (57.0%) and Amateur Sports Events (52.4%).**
 - Both Southern and Northern hotel region properties focused primarily on the Florida Leisure Drive Market (66.7% and 83.3%, respectively). Hotels located in the Central part of the region placed their primary focus equally on the Florida Leisure Drive Market and the Florida Business Drive Market (both 62.5%).
 - In terms of hotel size, the Florida Leisure Drive Market, Florida Association Market and Weddings were of primary focus (all 80%) among hotel managers from properties with 220-500 rooms who responded to this question.
- **In December 2007, sports, education and film were the most frequently cited market areas that need assistance from the CVB. 'Have more city wide events' was the only response stated by multiple responding hotel managers regarding market areas in need of assistance from the Sports Commission. The full list of responses can be found on page 19.**

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

Significant Highlights: December 2007

Hotel Visitor Study

Characteristics of Stay

- **The average party size* of surveyed hotel guests visiting Palm Beach County (PBC) in December 2007 was 2.0, the average number of nights stayed in PBC hotels was 3.8, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **Most surveyed hotel guests in December 2007 claimed to be business travelers (conference/convention/business meeting, 55.3%), primarily in town for a business meeting (50.9%). Vacationers comprised 42.4% of surveyed hotel guests.**
 - Palm Beach County received fewer business travelers and more leisure travelers during the current month compared to one year ago (business travelers – decreased by 8.5 percentage points from 63.8% in December 2006 to 55.3% in December 2007, leisure travelers increased by 11.6 percentage points from 30.8% in December 2006 to 42.4% in December 2007).
- **When asked who the decision maker was regarding the trip to Palm Beach County more than one-half of surveyed visitors (51.9%) cited 'Employer' in December 2007. The next most frequently mentioned response was 'Head of Household/Other Adult' (36.2%).**
 - Compared to December 2006, 'Head of household/other adult' as the decision maker has increased by 9.7 percentage points (from 26.5% to 36.2%), while 'Employer' decreased by 10.4 percentage points (from 62.3% to 51.9%).
- **The main reason for selecting Palm Beach County as opposed to other destinations was 'work-related trip' (50.2%) as cited by PBC visitors in December 2007. 'Visit friends/relatives' (25.9%) garnered the second most responses.**
 - As a result of the decrease in business travel, 'work related trip' as a reason for selecting PBC decreased compared to December 2006 by 9.7 percentage points (from 59.9% to 50.2%).
- **More than one-half of December 2007 surveyed hotel guests (58.0%) could be regarded as short term planners since they planned the trip to PBC one month or less in advance. This is down 3.1 percentage points from the same month last year (54.9%).**

* 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: December 2007

Hotel Visitor Study (continued)

Booking a Trip to Palm Beach County

- **In December 2007, fewer visitors decided to use a Travel Agent to book any part of their trip to PBC compared to December 2006 (from 28.3% to 18.6%, a decrease of 9.7 percentage points). However, compared to this same month last year more visitors decided to use the Internet to book any part of their trip to PBC (from 43.5% to 54.8%, up 11.3 percentage points).**
 - Among those who utilized the Internet to plan their trip to PBC, 79.8% used it to book hotel rooms, 75.1% reserved airfare, and 40.6% used it to make rental car reservations.
 - In December 2007, the use of the Internet to book hotel rooms (79.8%) increased noticeably compared to this same month last year (55.5%, a 24.3 percentage point increase).
 - Only 4.2% of December 2007 surveyed visitors stated that their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc). This was a 3.2 percentage point decrease from December 2006 (7.4%).

Visitor Expenditures

- **Visitors spent an average of \$2,041 per party, in December 2007 - \$566 (38.4%) more than visitors surveyed in December 2006 (\$1,475)**.**
 - Compared to December 2006, increases occurred in all spending categories except 'Entertainment/Recreation' (down 71.4% from \$119 to \$34). 'Gifts/Shopping' and 'Local travel' garnered the largest increases compared to the same month last year (180.0% and 83.6%, respectively).
 - Surveyed hotel guests spent an average of \$1,020 per person in December 2007, representing a 45.3% (\$318) increase from December 2006 (\$702).
- **In December 2007, both Leisure and Business travelers' per party average expenditures increased (18.5% and 43.0%, respectively). Leisure traveler per party average expenditures increased from \$2,083 in December 2006 to \$2,468 in December 2007 and business traveler per party average expenditures increased from \$1,204 in December 2006 to \$1,722 in December 2007.**

Characteristics of Visitors

- The majority of visitors during December 2007 described themselves as White/Caucasian (95.2%) and between the ages of 35 and 64 (70.9%).
- Two-thirds of hotel visitors surveyed stated they held professional/managerial jobs (66.3%) and seven-in-ten reported a household income of \$100,000 or more (70.0%).
- Most leisure visitors traveled with adult family members or friends (83.0%). More than half of business travelers traveled alone (59.6%).

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

Significant Highlights: December 2007

Hotel Visitor Study

Travel Details

- More than ninety percent of visitors reported that Palm Beach County was their main destination in December 2007 (91.6%); 23.5% cited they were first time visitors.
- An airplane continued to be the most frequent mode of transportation by surveyed visitors who visited PBC in December 2007 (77.4%); more than eighty percent were domestic travelers (82.7%, a 5.8 percentage point decrease from December 2006, 88.5%).

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- 'Climate/weather' continued to be the most frequently mentioned (46.3%), followed by 'Beaches/ocean' (8.3%) and 'Relaxing atmosphere' (5.8%) as a few of the many aspects visitors liked regarding Palm Beach County in December 2007.
- In December 2007, the two most frequently mentioned aspects disliked by Palm Beach County visitors were the 'Traffic/bad drivers' (37.9%) and 'Humidity/poor weather' (7.0%).
- Surveyed visitors in December 2007 most frequently mentioned that 'Longer stay' (25.3%), 'Less business, more partying/more free time/more down time' (10.4%) and 'Improve traffic/Finish construction on I-95' (9.7%) would improve their next visit to Palm Beach County.

Activity Participation

- As in December 2006, nearly all surveyed guests visiting Palm Beach County during December 2007 ate at area restaurants (93.4%). Other activities enjoyed by Palm Beach County guests included shopping (39.1%), going to the beach (24.7%), swimming (14.6%) and going to bars/nightclubs (12.2%).

Return Visits

- **More than eight-in-ten guests plan to visit Palm Beach County again (87.9%), which is an increase of 3.9 percentage points from December 2006 (84.0%).**
 - Three percent of Palm Beach County guests claimed they will not return to Palm Beach County for reasons which include no business commitments in the area (two respondents out of eight), too far and no fun (both mentioned by 1 respondent out of 8).