

Significant Highlights: December 2006

Property Manager Survey

Occupancy Rates

- **The average occupancy rate of Palm Beach County (PBC) hotels surveyed in December 2006 was 62.7%, an 11.1 percentage point decrease compared to December 2005 (73.8%).**
 - **An average of 281,059 room nights** were occupied during December 2006, 55,362 fewer than in December 2005 (336,421).**
- **The highest occupancy rate was reported by properties in the Southern region of Palm Beach County (65.4%), while the lowest was reported by properties in the Northern region (56.6%). Properties in the Central region reported an average occupancy rate of 62.8%.**
 - In December 2006, properties in all three regions of PBC reported a decrease in average occupancy rates compared to December 2005 (Northern - by 13.2 percentage points, from 69.8% to 56.6%; Central – by 14.3 percentage points, from 77.1% to 62.8%; Southern – by 7.2 percentage points, from 72.6% to 65.4%),
- **Decreases in average occupancy rates were seen among smaller and larger properties alike. Smaller properties (50-100 rooms) reported a decrease of 19.8 percentage points (from 76.5% to 56.7%), while larger properties (101+ rooms) reported a decrease of 9.6 percentage points (from 73.2% to 63.6%).**
 - Among larger properties, both hotels with 101-219 rooms and hotels with 220-500 rooms reported decreases in occupancy rates. Hotels with 101-219 rooms reported a decrease of 12.9 percentage points (63.9%) compared to December 2005 (76.8%) and hotels with 220-500 rooms reported a decrease of 4.2 percentage points (65.2%) compared to December 2005 (69.4%).
- The percentage of international hotel guests, according to hotel managers who responded, was 2.7%. Smaller hotels claimed that 3.4% of guests were international while among larger hotels, this population represented 2.7% of December guests.
 - Based on the hotel managers who responded, hotels from the Northern region reported the highest percentage of international guests (6.4%) in December 2006.*
- **According to hotel property managers, during December 2006, more PBC room nights were occupied by leisure travelers (44.9%) than by business travelers (34.5%) and convention/group visitors (20.6%).**
 - Compared to the same month last year, there was an increase in the percentage of vacationers (by 4.3 percentage points, from 40.6% to 44.9%) and a decrease in the percentage of Convention/group travelers (by 4.2 percentage points, from 24.8% to 20.6%). The percentage of business travelers was at parity with December 2005 (34.6% in 2005 and 34.5% in 2006).
- Properties designated as Convention Hotels reported a 3.7 percentage point decrease in conference/convention bookings compared to the prior year (from 29.4% in 2005, down to 25.7% in 2006).

* Caution: Low Base

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

Significant Highlights: December 2006

Property Manager Survey (Continued)

Average Daily Room Rate (ADR)

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- **The average daily room rate (ADR) for participating Palm Beach County hotels in December 2006 was \$149.45. This is comparable with the ADR reported in December 2005 (\$148.11)*.**
 - Compared to December 2005, smaller properties (50-100 rooms) had a decrease in ADR of 4.3% (from \$140.76 to \$134.69). The ADR among larger properties (100+ rooms) in December 2006 (\$151.30) was comparable with the ADR reported by larger properties in December 2005 (\$149.77).
 - Among larger properties, hotels with 101-219 rooms reported a decrease in ADR of 5.8% (from \$101.04 in 2005 to \$95.13 in 2006), while hotels with 220-500 rooms reported a decrease in ADR of 8.4% (from \$160.80 in December 2005 to \$147.25 in December 2006). Note: Hotels with more than 500 rooms reported an increase in ADR of 17.3%.
- Approximately seven-in-ten (68.5%) property managers reported that December 2006 ADR was based on retail plus wholesale rates.

Bookings via Third Party Websites

- **In December 2006, property managers reported that 15.5% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.), a 7.5 percentage point increase compared to December 2005 (8.0%).**
 - Both smaller and larger properties reported increases in the percentage of rooms sold via third party websites in December 2006 compared to December 2005. Smaller properties (50-100 rooms) reported a 14.3 percentage point increase (from 4.2% in 2005 to 18.5% in 2006) and larger properties (101+ rooms) reported a 5.0 percentage point increase (from 9.2% in 2005 to 14.2% in 2006).

Future Business Outlook

- **Fifty-eight point five percent of property managers expect an increase in room revenues for January 2007 and February 2007 compared to January 2006 and February 2006. One-quarter (24.7%) expect decreases and 16.8% predict no change in room revenues compared to the prior year.**
 - Property managers who predict an increase in room revenues compared to January and February of last year, predict an average increase of 12.0%.
 - Property managers who predict a decrease in room revenues compared to January and February of last year, predict an average decrease of 11.4%.

* ADR in December 2005 was based on hotels that responded to the survey in both December 2004 and December 2005

Significant Highlights: December 2006

Hotel Visitor Study

Characteristics of Stay

- In December 2006, the average party size* of Palm Beach County (PBC) hotel guests was 2.1, the average number of nights stayed in Palm Beach County hotels was 3.3, and the average number of rooms occupied per night* was 1.4.

Planning the Trip to Palm Beach County

- Compared to December 2005, the percentage of business travelers (conference/convention/business meeting) visiting Palm Beach County increased by 10.6 percentage points (from 53.2% to 63.8%) while the percentage of leisure travelers decreased by 10.4 percentage points (from 41.2% to 30.8%).
- Most surveyed guests (62.3%) indicated that their employer was the decision maker concerning their trip to Palm Beach County – a 13.8 percentage point increase compared to December 2005 (48.5%).
- Three-in-five surveyed visitors (59.9%) reported that they selected Palm Beach County over other destinations because of a work related trip (an 8.0 percentage point increase compared to December 2005, 51.9%).
 - Other frequently mentioned reasons for selecting PBC over other destinations were 'visit friends/relatives' (22.3%, a 7.8 percentage point decrease from December 2005, 30.1%) and/or a 'previous visit' (12.2%, same as last year).
- More than one-half (54.9%) of December 2006 surveyed hotel guests reported that they planned their trip to PBC one month or less in advance – a 2.0 percentage point increase compared to December 2005 (52.9%).
- Palm Beach County was the main destination for almost all surveyed visitors (92.4%, a 6.4 percentage point increase from December 2005, 86.0%); with 23.3% claiming to be first time visitors.

Booking a Trip to Palm Beach County

- While the percentage of those who used a Travel Agency to book their trip to PBC increased by 3.9 percentage points in December 2006 (28.3%) compared to December 2005 (24.4%), the percentage of those who used the Internet to book any part of the trip to PBC decreased by 13.6 percentage points (from 57.1% to 43.5%).
 - Those who used the Internet to plan the trip to PBC usually used it to reserve airfare (75.1%), hotel rooms (55.5%), and/or car rentals (37.1%).
 - Among those who booked hotel rooms online, 27.5% used hotel websites, a decrease of 5.9 percentage points compared to December 2005 (33.4%).

* 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 2006

Hotel Visitor Study (continued)

Booking a Trip to Palm Beach County (Continued)

- Overall, 7.4% of surveyed visitors claimed that their trip to PBC was part of a package (that may have included airfare, lodging, meal, rental car, etc) – an 8.0 percentage point decrease from December 2005 (15.4%).

Visitor Expenditures

- Palm Beach County visitors reported spending an average of \$1,475 per party in December 2006 – this is comparable with December 2005 (\$1,486)**.
 - Compared to December 2005, decreases were seen in 'Lodging' (5.0%, from \$813 to \$772), 'Gifts/Shopping' (10.4%, from \$144 to \$129) and 'Local Travel' (30.5%, from \$167 to \$116).
 - During December 2006, hotel guests claimed to have spent \$213 per person/per day, on average, representing a \$27 (14.5%) increase from December 2005 (\$186).
- Leisure travelers' per party expenditures increased by 28.3% compared to December 2005 (from \$1,624 to \$2,083), while business travelers per party expenditures decreased 12.9% compared to the same month last year (from \$1,382 to \$1,204).

Characteristics of Visitors

- The majority of visitors to Palm Beach County in December 2006 were White/Caucasian (89.7%) and between the ages of 35 and 54 (51.3%).
- Most surveyed visitors have professional/managerial jobs (64.0%) and claimed to have household incomes of \$100,000 or more (67.1%).
 - Most visitors traveled by airplane to come to PBC (79.0%, a 6.5 percentage point decrease from December 2005, 85.5%).
 - Eighty-eight point five percent of surveyed visitors were traveling domestically.

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- 'Climate/weather' continued to be the aspect of the trip to PBC that visitors liked best (40.7%, a 6.7 percentage point decrease compared to December 2005, 47.4%).
- When asked what they liked least about their trip to PBC, December 2006 surveyed visitors most often mentioned 'traffic/bad drivers' (23.7%), followed by 'humidity/poor weather' (18.4%).
 - Compared to December 2005, the percentage of surveyed visitors who mentioned 'traffic/bad drivers' decreased by 11.3 percentage points (from 35.0% to 23.7%), while the percentage of those who mentioned 'humidity/poor weather' increased by 7.1 percentage points (from 11.3% in 2005 to 18.4% in 2006).

** 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 2006

Hotel Visitor Study (continued)

Attitudes toward Palm Beach County – Likes/Dislikes About Trip (continued)

- Visitors most often reported that coming during vacation time (12.7%), a longer stay (12.6%), and better weather (12.3%) would make their next trip to PBC better.

Characteristics of the Visit

- In December 2006, almost all surveyed visitors enjoyed eating at area restaurants (92.8%). Other frequently mentioned activities were shopping (34.4%), going to the beach (16.4%) and visiting downtown West Palm Beach/City Place (13.5%).
 - Compared to December 2005, considerable decreases occurred in the percentage of surveyed visitors who mentioned 'going to the beach (from 24.8% to 16.4%, an 8.4 percentage point decrease) and 'visiting downtown Delray Beach attractions (from 10.1% to 2.5%, a 7.6 percentage point decrease).
- More than eight-in-ten surveyed guests (84.0%) stated that they plan to return to PBC in the future. This is about the same as in December 2005 (83.7%).
 - Among those visitors who plan to visit Palm Beach County again in the future, 75.0% plan to do so within the next year; 37.0% plan on returning within the next three months.
 - Only three percent of surveyed hotels guests (seven surveyed guests) reported that they do not plan to return to PBC. The reasons for such were 'family is moving away', 'no business in the area', "too far", "I am not a golfer", and 'no transportation'.
- In December 2006, 34.3% of surveyed visitors claimed to be traveling with adult family members/friends (down 11.2 percentage point compared to December 2005, 45.5%), 33.6% were traveling alone (up 7.6 percentage from December 2005, 26.0%) and 30.7% were traveling with business associates (up 3.0 percentage points from December 2005, 27.7%). Six point five percent were traveling with children and/or grandchildren under 12 years of age.
- When asked if the rising cost of transportation would affect their decision to come to Palm Beach County, one-half of surveyed guests reported that they would not consider changing their plans based on higher fuel costs (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). This represents a 6.9 percentage point decrease compared to December 2005 (56.9%). Eight point seven percent might consider changing their plans (rated 4 or 5 on a 5-point scale), while 12.3% were in the middle (rated 3 on a 5-point scale).
- In terms of the general increase in travel costs, 45.7% of surveyed visitors reported that it would not affect their decision to come to PBC (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). The percentage of those who would consider not coming to PBC was 8.8% (rated 4 or 5).