

Significant Highlights: March 2006

Property Manager Survey

Occupancy Rates

- **The average occupancy rate reported by participating Palm Beach County (PBC) hotels in March 2006 was 87.1%, a 2.8 percentage point decrease compared to the same month last year (89.9%).**
 - An average of 403,584 room nights** were occupied in March 2006 – 9,936 fewer than the average number of room nights occupied in March 2005 (413,520).
- **In March 2006, properties in the Northern region of PBC reported a higher occupancy rate (89.4%) than properties in the Central (87.2%) and Southern (85.8%) regions.**
 - All three regions reported decreases in occupancy rates compared to March 2005 (by 3.5 percentage points among properties in the Northern and Central regions and by 2.2 percentage points among properties in the Southern region).
- **Occupancy rates among smaller properties (50-100 rooms) in March 2006 (88.3%) are comparable to those in March 2005 (88.2%). Occupancy rates among larger properties (101+ rooms) in March 2006 (87.0%) decreased by 3.3 percentage points compared to the previous year (90.3%).**
 - Among larger properties, occupancy rates decreased among properties with 101-219 rooms (from 90.9% in March 2005 to 87.0% in March 2006) as well as among properties with 220-500 rooms (from 91.3% in March 2005 to 87.7% in March 2006).
- The percentage of international guests staying at PBC hotels in March 2006 was 3.4% (according to property managers who reported the percentage of international guests). Smaller properties reported that 3.9% of their guests were international while larger properties reported that 3.1% of their guests came from countries other than the United States.
 - Hotels from the Southern region that responded claimed that 4.5% of their occupancy was composed of international guests. Hotels from the Central and Northern regions claimed that 3.2% and 1.5% of their guests, respectively, came from foreign countries.
- **According to surveyed property managers, in March 2006, 39.3% of PBC room nights were occupied by leisure travelers, 35.1% were occupied by business travelers and 25.6% were occupied by convention/group visitors.**
- - The percentage of room nights occupied by leisure travelers decreased compared to the previous year (by 4.6 percentage points, from 43.9% in March 2005 to 39.3% in March 2006), while the percentage of business travelers increased (by 3.6 percentage points, from 31.5% to 35.1%). The percentage of convention/group visitors (25.6%) is at parity with March 2005 (24.6%)
- The percentage of room nights occupied by convention/group travelers in properties designated as convention hotels (30.5%) is comparable to March 2005 (29.0%).

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

Significant Highlights: March 2006

Property Manager Survey (Continued)

Average Daily Room Rate (ADR)

- **In March 2006, the average daily room rate (ADR) for participating Palm Beach County hotels was \$199.94 – a decrease of 8.5% compared to March 2005 (\$218.58).**
 - Both smaller (50-100 rooms) and larger properties (101+ rooms) reported a decrease in ADR compared to March 2005. Smaller properties reported a decrease of 18.8% (from \$206.48 in March 2005 to \$167.60 in March 2006) and larger properties reported a decrease of 7.4% (from \$221.04 in 2005 to \$204.77 in 2006).
 - Among larger properties, hotels with 101-219 rooms reported a decrease in ADR of 18.0% (from \$168.36 in 2005 to \$138.00 in 2006), while hotels with 220-500 rooms reported a slight increase in ADR of 2.5% compared to March 2005 (from \$224.20 in 2005 to \$229.83 in 2006).
- Three-in-four participating property managers reported that in March 2006 the ADR was based on retail plus wholesale rates (75.2%), while the remaining quarter (24.8%) reported that the ADR was based on retail rates only.

Bookings via Third Party Websites

- **According to participating property managers, an average of 10.3% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) in March 2006.**
 - There was a substantial decrease in the percentage of rooms booked via a third party website among smaller properties (from 21.0% in March 2005 to 11.8% in March 2006, down 9.2 percentage points).

Future Business Outlook

- **In March 2006, 38% of surveyed property managers expect a decrease in room revenues in April and May 2006 as compared to April and May 2005. Another 35.4% anticipate an increase, while 26.6% expect room revenues in April and May 2006 to be comparable to those in April and May 2005.**
 - Property managers who predicted an increase in room revenues compared to April and May of last year predicted an average increase of 7.8%.
 - Property managers who predicted a decrease in room revenues compared to April and May of last year predicted an average decrease of 13.1%.

Significant Highlights: March 2006

Hotel Visitor Study

Characteristics of Stay

- **The average party size* of surveyed Palm Beach County (PBC) hotel guests during March 2006 was 2.0, the average number of nights stayed in Palm Beach County hotels was 5.1, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **Most surveyed guests (51.6%) were in Palm Beach County on a business trip (conference/convention/business meeting); this represents a 10.4 percentage point increase compared to March 2005 (41.2%). Leisure travelers made up 36.0% of visitors surveyed in March 2006 (down 10.1 percentage points compared to last year, 46.1%).**
- One-half of surveyed visitors reported that the decision to come to Palm Beach County in March 2006 was made by their employers (50.4%, a 10.0 percentage point increase from March 2005, 40.4%). Another 44.6% stated that this decision was made by the head of the household/other adult (a 12.9 percentage point decrease compared to March 2005, 57.5%).
- A 'work related trip' was the most frequently mentioned reason for selecting Palm Beach County over other destinations (51.1%), up 10.3 percentage points from last year (40.8%), followed by 'visit friends/relatives' (26.2%), 'previous visit' and/or the 'weather' (9.4% each).
 - Compared to March 2005, there were large decreases in the percentage of hotel guests reporting visiting PBC because of a 'Previous visit' (from 23.0% to 9.4%, a 13.6 percentage point decrease), 'Friends/Relatives recommendation' (from 15.0% to 3.0%, a 12.0 percentage point decrease) and because of a 'Special Event' (from 10.4% to 2.1% an 8.3 percentage point decline).
- Almost one-half of hotel guests planned their trip one month or less in advance (49.0%). One-quarter planned their trip 2 to 3 months in advance (25.1%) and the remaining 25.9% were long term planners (planned their trip more than 3 months in advance).
- Palm Beach County was the main destination for 89.8% of surveyed March 2006 hotel guests – this represents a 2.9 percentage point decrease compared to the previous year (92.7%).
- The percentage of first time visitors to PBC in March 2006 (24.9%) was at parity with March 2005 (24.2%).

Booking a Trip to Palm Beach County

- **Usage of a Travel Agent to book visitors' trip to PBC in March 2006 (26.1%) is comparable with usage of a Travel Agent in March 2005 (25.6%). Usage of the Internet in planning visitors' trip has increased by 4.0 percentage points (from 41.6% in 2005 to 45.6% in 2006).**

* 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: March 2006

Hotel Visitor Study(Continued)

Booking a Trip to Palm Beach County (Continued)

- Among hotel guests who used the Internet when planning their trip to PBC, most used it to book airfare (77.9%), hotel accommodations (56.7%), and/or car rental (41.3%).
- As seen in prior months, large decreases in Internet usage have occurred in terms of those who have used it to rent a car (from 52.0% in March 2005 to 41.3% in March 2006, a 10.7 percentage point decrease).
- Visitors most often used hotel websites directly to book reservations online (31.7%, at parity with the same time last year, 30.7%).
- In March 2006, about one-in-ten (10.9%) surveyed visitors reported that their trip was part of a package (that may have included airfare, lodging, meal, rental car, etc) – a 2.5 percentage point increase compared to March 2005 (8.4%).

Visitor Expenditures

- **Palm Beach County hotel visitors reported spending an average of \$2,581* per party in March 2006 – \$170 (6.2%) less than visitors claimed to have spent in March 2005 (\$2,751).**
 - Compared to March 2005, lodging expenditures (per party) increased by 23.3% (from \$1,290 to \$1,591). Expenditures for restaurants/bars remained about the same, while visitors' expenditures for other categories decreased (gift/shopping down 62.2%, entertainment/ recreation down 60.2%, and local travel down 25.6%).
 - Hotel guests spent an average of \$1,290 per person and \$253 per person per day, representing \$94 (7.9%) and \$19 (8.1%) increases, respectively, compared to March 2005.
- **In March 2006, leisure travelers spent considerably more per party (\$3,521) than business travelers (\$1,670).**
 - **Even though leisure visitors spent more than business travelers, leisure travelers per party expenditures decreased by 18.4% compared to March 2005 (from \$4,315 to \$3,521), while business travelers per party expenditures increased by 46.0% compared to the same time last year (from \$1,144 to \$1,670).**

Characteristics of Visitors

- Most visitors to PBC continue to describe themselves as White/Caucasian (94.4%) and between the ages of 35 and 64 (68.2%).
- Compared to March 2005, the percentage of visitors with Professional/Managerial jobs has increased by 7.6 percentage points (from 51.1% to 58.7%) and the percentage of those with household incomes of \$100,000 or more has increased by 8.6 percentage points (from 65.1% to 73.7%).
- Over eight-in-ten surveyed visitors reported traveling by airplane to arrive in PBC (83.2%), a 3.1 percentage point increase compared to one year ago (80.1%). The vast majority of surveyed guests were traveling domestically (93.9%).

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

Significant Highlights: March 2006

Hotel Visitor Study (Continued)

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **March 2006 visitors to Palm Beach County most often cited 'Climate/weather' (54.0%) as the aspect of Palm Beach County that they liked the most.**
- **'Traffic/bad drivers' continues to be the most frequently mentioned aspect of PBC that visitors disliked (43.4%). This represents an increase of 7.6 percentage points compared to March 2005 (35.8%).**
 - Noticeable decreases occurred in term of visitors mentioning 'too crowded' (from 7.7% to 2.3%, a 5.4 percentage point decline) and the hotel itself (from 6.8% to 1.6%, a 5.2 percentage point decline) as weaknesses of their visit to PBC.
- March 2006 surveyed visitors most often reported that a longer stay (21.7%), traffic improvements (10.9%) and cheaper hotel rooms (7.6%) would make their next trip to PBC better.

Characteristics of the Visit

- **Visiting area restaurants continued to be the most popular activity enjoyed by hotel guests in March 2006 (91.3%). Other popular activities included shopping (45.4%), going to the beach (30.8%) and playing golf/tennis (20.0%).**
 - Compared to March 2005, the greatest decline in activity participation occurred in hotel guests going to the beach (from 41.9% in March 2005 to 30.8% in March 2006 – an 11.1 percentage point decline).
- **March 2006 surveyed visitors were less likely to plan on returning to PBC (76.5%) than March 2005 surveyed guests (81.7%) – a 5.2 percentage point decline.**
 - Among those who plan to return to PBC, the majority plan to do so within the next year (68.2%), 22.2% within the next three months.
- Over one-half (52.5%) of March 2006 surveyed visitors were traveling with adult family members or friends, another 28.2% were traveling alone and 18.9% were traveling with business associates.
- When asked about the influence of the rising cost of transportation on visitors' decision to come to PBC, 62.4% of surveyed guests affirmed that it would not affect their decision to come (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all), while 10.1% reported that they would consider the increased cost when determining their travel 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'.