

Significant Highlights: March 2007

Property Manager Survey

Occupancy Rates

- **The average occupancy rate reported by participating Palm Beach County (PBC) hotels in March 2007 was 85.6%. This is comparable with the occupancy rate reported by surveyed properties in March 2006 (87.1%).**
 - **An average of 396,156 room nights** were occupied in March 2007, 7,428 fewer than in March 2006 (403,584).**
- **Properties in the Northern and Central Regions of Palm Beach County reported occupancy rates comparable to each other (Northern – 88.5% and Central – 88.4%), while properties in the Southern region reported a lower average occupancy rate (81.6%).**
 - Compared to March 2006, properties in the Southern region reported a decrease in average occupancy of 4.2 percentage points (from 85.8% in 2006 to 81.6% in 2007), while average occupancy rates among properties in the Northern and Central Regions were at parity with March of last year (Northern – 89.4% and Central – 87.2%).
- **Smaller (50-100 rooms) properties reported slight decreases in the average occupancy rate, down 2.2 percentage points compared to March 2006 (from 88.3% to 86.1%), while larger properties (100+ rooms) reported occupancy rates comparable to those reported in March 2006 (87.0% in 2006 and 85.5% in 2007).**
- According to the hotel managers who responded, in March 2007, the percentage of international hotel guests was 2.8%.
 - Smaller hotels claimed that 4.2% of guests were international while among larger hotels, this population represented 2.3% of March 2007 guests.
 - As seen last month, hotels from the Southern region continued to report the highest percentage of international guests in March 2007 (4.5%).
- **In March 2007, surveyed property managers reported that 41.1% of PBC room nights were occupied by leisure travelers, 32.3% by business travelers and 26.6% were occupied by convention/group travelers.**
- Convention hotel managers reported that 27.2% of room nights were occupied by convention/group travelers, a 3.3 percentage point decrease from to March 2006 (30.5%).

* Caution: Low base

** 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)

- **In March 2007, the average daily room rate (ADR) reported by surveyed Palm Beach County hotel property managers was \$211.85 – 6.0% higher than in March 2006 (\$199.94).**
 - Both smaller (50-100 rooms) and larger properties (101+ rooms) reported an increase in ADR compared to March 2006. Smaller properties reported an increase of 10.1% (from \$167.60 to \$184.45), while larger properties had an increase of 5.6% in ADR (from \$204.77 to \$216.26).
 - Among larger properties, hotels with 101-219 rooms reported an ADR of \$151.79 (a 10.0% increase compared to March 2006, \$138.00), while those with 220-500 rooms reported an ADR of \$236.50 (a 2.9% increase compared to March 2006, \$229.83).
- Most property managers reported that in March 2007 the ADR was based on retail plus wholesale rates (74.4%).

Bookings via Third Party Websites

- **According to participating property managers, in March 2007, 12.5% of their rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.). This represents a slight increase of 2.2 percentage points compared to March 2006 (10.3%).**
 - The percentage of hotel rooms booked via third party websites among smaller properties (50-100 rooms) was 23.8% (a 12.0 percentage point increase compared to March 2006, 11.8%). Larger properties reported 8.2% of bookings were sold this way (comparable with March 2006, 9.9%).

Future Business Outlook

- **More than one-half of participating property managers predict an increase in room revenues for April 2007 and May 2007 compared to the same time last year (54.0%). Almost one-quarter (24.0%) expect a decrease and 22.0% predict no change.**
 - Property managers who expect an increase in room revenues compared to April and May of last year, predict an average increase of 8.8%.
 - Property managers who expect a decrease in room revenues compared to April and May of last year, predict an average decrease of 7.7%.
- **For June and July 2007, 48.3% of surveyed managers expect an increase in room revenues compared to June and July 2006. One-quarter (25.0%) expect decreases and 26.7% predict no change in room revenues compared to the prior year.**
 - Property managers who expect an increase in room revenues compared to June and July of last year, predict an average increase of 8.4%.
 - Property managers who expect a decrease in room revenues compared to June and July of last year, predict an average decrease of 12.5%.

Significant Highlights: March 2007

Hotel Visitor Study

Characteristics of Stay

- **In March 2007, the average party size* of surveyed guests visiting Palm Beach County (PBC) was 2.1. The average number of nights stayed in Palm Beach County hotels was 3.1 (a decrease of 2.0 days compared to March 2006), and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

Almost one-half of surveyed hotel guests (48.7%) claimed to be in Palm Beach County as business travelers (conference/convention/business meeting), usually in town for a business meeting (40.7%). Vacationers comprised 39.3% of surveyed guests.

According to 52.3% of surveyed visitors, their employers were the decision makers with regard to their trips to Palm Beach County. This is comparable with March 2006 (50.4%).

In line with the percentage of business travelers, 49.4% of surveyed guests reported that a work related trip was the reason for choosing Palm Beach County over other destinations.

Visitors also frequently mentioned selecting PBC over other destinations because they were visiting friends/relatives (22.4%), because of a previous visit (12.4%) and/or because of the weather (11.4%).

Compared to March 2006, the percentage of those who mentioned coming to PBC to attend a special event increased noticeably from 2.1% to 9.9% (a 7.8 percentage point increase).

Forty three point two percent of hotel guests planned their trip one month or less in advance. More than one-quarter planned their trip 2 to 3 months in advance (26.3%) and the remaining 30.5% were long term planners (planned their trip more than 3 months in advance).

Booking a Trip to Palm Beach County

- **In March 2007, 21.2% of surveyed guests reported using a Travel Agent to book their trip to PBC (a 4.9 percentage point decrease compared to March 2006, 26.1%).**
- **Usage of the Internet in planning visitors' trips to PBC in March 2007 (45.1%) is comparable with usage of the Internet in March 2006 (45.6%).**
 - Those who used the Internet when planning their trip to PBC tended to do so primarily to reserve airfare (72.7%), hotel rooms (72.0%) and car rentals (37.9%).
 - Compared to March 2006, a considerable increase occurred in the percentage of those who used the Internet to book accommodations (up 15.3 percentage points, from 56.7% in 2006 to 72.0% in 2007).
 - Only 10% of March 2007 surveyed visitors reported that their trip was part of a package. This is comparable with March 2006 (10.9%).

* 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: March 2007

Hotel Visitor Study (Continued)

Visitor Expenditures

- **Palm Beach County surveyed visitors reported spending an average of \$1,727 per party in March 2007, \$854 (33.1%) less than visitors surveyed in March 2006 (\$2,581).**
 - Compared to March 2006, decreases were seen in all spending categories with the exception of 'Entertainment/Recreation' (increased 15.7% ((\$8)) per party). The greatest decline was in 'Local Travel', which decreased 45.0% (\$94) compared to March 2006 (from \$209 to \$115).
 - Lodging expenditures decreased 31.6% from \$1,591, per party, in March 2006 to \$1,088 in March 2007.
 - Hotel guests spent an average of \$822 per person (a 36.3% decrease from March 2006, \$1,290) and \$265 per person/day (a 4.7% increase compared to March 2006, \$253)**.
 - The increase in average expenditure per person/day indicates that the decrease in visitors' per party expenditure is likely due to the decrease in the number of days stayed in Palm Beach County Hotels (from 5.1 days in March 2006 to 3.1 In March 2007) and not necessarily due to a decrease in individual daily spending.
- **While leisure travelers spent, on average, \$2,077 per party, business travelers reported spending, on average, \$1,401 per party.**
 - Leisure travelers' per party expenditures (\$2,077) decreased by 41.0% compared to March 2006 (\$3,521), while business travelers per party expenditures decreased by 16.1% (from \$1,670 in 2006 to \$1,401 in 2007).

Characteristics of Visitors

- Nine-in-ten visitors to Palm Beach County in March 2007 were White/Caucasian (91.1%) and more than one-half were between the ages of 35 and 54 (54.2%).
- Two-thirds of surveyed visitors reported having professional/managerial occupations (66.3%) and 60.7% reported having an annual household income of \$100,000 or greater.
- Most of the time, March 2007 surveyed visitors were traveling with adult family members/friends (45.0%, a decrease of 7.5 percentage points from March 2006, 52.5%).

Travel Details

- Nine-in-ten surveyed guests (89.5%) reported that Palm Beach County was their main destination, with 19.1% being first time visitors (a 5.8 percentage point decrease from March 2006 24.9%).
- The most popular type of transportation used by visitors to come to PBC was airplane (76.9%, a 6.3 percentage point decrease compared to last year, 83.2%).
- Nearly all surveyed guests were domestic travelers (96.6%).

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

Significant Highlights: March 2007

Hotel Visitor Study (Continued)

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 (45.6%, an 8.4 percentage point decrease compared to March 2006, 54.0%).**
- **When asked what they liked least about their trip to PBC, surveyed visitors most often mentioned 'traffic/bad drivers' (41.0%).**
- **Among the suggestions for a better trip next time surveyed guests visit Palm Beach County, the most frequently mentioned were a 'longer stay' (27.2%) and 'cheaper hotel room' (8.6%)**

Activity Participation

- **While visiting Palm Beach County, surveyed visitors most often visited area restaurants (91.6%), went shopping (34.2%), and went to the beach (33.3%).**
 - Compared to March 2006, large decreases occurred in the percentage of guests who mentioned shopping (from 45.4% to 34.2%, an 11.2 percentage point decrease) and playing golf/tennis (from 20.0% to 11.8%, an 8.2 percentage point decrease).

Return Visits

- **Eight-in-ten surveyed guests plan to return to Palm Beach County for a future visit (80.7%), 67.5% within the next year.**
 - Only 2.3% of surveyed hotels guests claimed that they have no plans to return to Palm Beach County.

Influence of Rising Costs

- As seen last month, in March 2007 the percentage of those who reported that the rising cost of transportation, due to rising fuel costs, would not affect their decision to visit Palm Beach County (rate 1 or 2 on a 5-point scale) decreased compared to March 2006 by 20.8 percentage points (from 62.4% to 41.6%). The percentage of those who claim that they don't make the decision increased by 17.0 percentage points (from 17.3% in March 2006 to 34.3% in March 2007). Those who would change their plans (rated 4 or 5 on a 5-point scale) comprised 12.6% of surveyed visitors.
- When asked if generally increasing travel costs would affect their decision to come to PBC, 40.1% of surveyed guests claimed that it would not affect their decision (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). Nine point four percent would change their plans (rated 4 or 5 on a 5-point scale) and 35.9% claimed that they don't make the decision.