

Significant Highlights: May 2007

Property Manager Survey

Occupancy Rates

- The average occupancy rate of surveyed Palm Beach County (PBC) hotels in May 2007 was 65.7%, a 5.1 percentage point decline compared to May 2006 (70.8%).
- In May 2007, the average occupancy rate was 65.0% for both weekends and weekdays within the month (based on the hotel managers who answered*).
 - An average of 308,010 room nights** were occupied in May 2007, 19,366 fewer than in May 2006 (327,376).
- Properties in the Northern and Central regions of PBC reported occupancy rates comparable to each other in May 2007 (Northern – 67.6% and Central – 67.1%), while properties in the Southern region reported a lower average occupancy rate (62.9%).
 - Compared to May 2007, all regions reported decreases in occupancy rates; the largest decrease being among properties in the Southern region (from 71.6% in May 2006 to 62.9% in May 2007, an 8.7 percentage point decrease).
- **Both smaller (50-100 rooms) and larger properties (100+ rooms) reported decreases in average occupancy rates compared to May 2006 (from 71.7% in May 2006 to 60.8% in May 2007 among smaller properties and, from 70.6% in May 2006 to 66.5% in May 2007 among larger properties).**
 - Among larger properties, hotels with 101-219 rooms had a slight decrease in average occupancy rate of 2.1 percentage points (from 67.8% in May 2006 to 65.7% in May 2007), while hotels with 220-500 rooms reported a decrease in the average occupancy rate of 8.8 percentage points (from 76.8% in May 2006 to 68.0% in May 2007).
- Based on the hotel managers who responded, in May 2007 2.9% of hotel guests were from countries other than the United States. Smaller hotels reported that 4.8% of their guests were international while larger properties reported that 2.5% of their guests were from foreign locations.
 - Among larger properties who responded, those with 101-219 rooms reported that 2.1% of their guests were from international locations; those with 220-500 rooms claimed that 1.9% of their guests were from countries other than the US.
 - Based on the hotels that responded, hotels from the Northern region reported the highest percentage of international guests, 4.5% in May 2007***.
- **According to hotel property managers, in May 2007, hotel rooms were occupied almost equally by leisure travelers (36.1%), business travelers (31.5%) and convention/group travelers (32.4%). This is comparable with the May of last year.**
- Properties designated as Convention Hotels reported that 36.0% of their bookings were made by conference/convention travelers. This is also at parity with May 2006 (36.5%).

Caution: only 22 Property Managers answered this question.

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

*** Caution: only 5 Property Managers from the Northern region answered this question.

Significant Highlights: May 2007

Property Manager Survey (Continued)

Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) in May 2007, as reported by Palm Beach County surveyed hotel managers was \$134.96 – at parity with May 2006 (\$135.32).**
 - The ADR decreased by 10.8% among smaller properties (50-100 rooms, from \$120.91 in May 2006 to \$107.88 in May 2007) and was at parity with last year among larger properties (101+ rooms, \$137.78 in May 2006 vs. \$138.90 in May 2007).
 - Among larger properties, hotels with 101-219 rooms reported a slight increase in ADR of 2.5% (from \$93.28 in 2006 to \$95.57 in 2007), while hotels with 220-500 rooms reported a comparable decrease in ADR (2.5%) compared to May 2006 (from \$159.89 in 2006 to \$155.91 in 2007).
- **As seen last month, three-quarters of participating hotel property managers (74.6%) claimed that the ADR reported in May 2007 was based on retail plus wholesale rates while the remaining quarter stated that the ADR was based on retail rates only (25.4%).**

Bookings via Third Party Websites

- **May 2007 surveyed property managers reported that 16.9% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.). This represents an increase of 3.6 percentage points compared to May 2006 (13.3%).**
 - Smaller properties (50-100 rooms) reported that 32.2% of their May 2007 reservations were made through a third party website (a sizeable increase of 21.5 percentage points compared to May 2006, 10.7%) while larger properties (101+ rooms) reported that 13.0% of their May 2007 bookings were sold this way (this is comparable with last year, 13.5%).

Future Business Outlook

- **In May 2007, 45.9% of surveyed property managers predict an increase in room revenues for June and July 2007 compared to June and July 2006, while 41.6% expect a decrease. The remaining 12.5% expect no change.**
 - Property managers who expect an increase in room revenues compared to June and July of last year, predict an average increase of 8.6%.
 - Property managers who expect a decrease in room revenues compared to June and July of last year, predict an average decrease of 10.8%.
- **In terms of future business outlook for August and September 2007 as compared to August and September 2006, managers most often predicted no change in room revenue (39.2%). The percentage of managers who expect an increase is comparable to the percentage of those who predict a decrease (30.9% decrease, 29.9% increase).**
 - Property managers who expect an increase in room revenues compared to August and September of last year, predict an average increase of 9.5%.
 - Property managers who expect a decrease in room revenues compared to August and September of last year, predict an average decrease of 9.6%.

Significant Highlights: May 2007

Hotel Visitor Study

Characteristics of Stay

- **In May 2007, the average party size* of surveyed hotel guests was 2.0, the average number of nights stayed in Palm Beach County (PBC) hotels was 2.9, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **When asked about the reason for the trip to Palm Beach County, 60.8% of surveyed guests reported being on a business trip (conference/convention/business meeting), while 35.2% were on a leisure trip.**
- **According to 55.1% of surveyed visitors, their employer was the decision maker with regard to the trip to Palm Beach County. This represents an 8.9 percentage point decrease compared to May 2006 (64.0%).**
- In May 2007, a 'work-related trip' was the reason most frequently mentioned by surveyed visitors for selecting Palm Beach County over other destinations (57.7%).
- Visitors also frequently mentioned selecting PBC over other destinations because they were visiting friends/relatives (23.5%) and/or because of a previous visit (11.1%).
 - Compared to May 2006, the percentage of those mentioning 'work related trip' decreased from 63.1% to 57.7% (a 5.4 percentage point decrease), while 'visiting friends/relatives' increased from 18.7% to 23.5% (a 4.8 percentage point increase)
 - 'Weather' and 'Beaches' also experienced considerable declines in terms of being driving factors to visiting PBC (5.4 and 4.8 percentage points, respectively).
- Almost six in ten surveyed hotel guests reported that they planned their trip to PBC one month or less in advance (58.3%) – a 3.3 percentage point increase compared to May 2006 (55.0%).

Booking a Trip to Palm Beach County

- **In May 2007, use of a Travel Agent to book a trip to PBC (26.7%) and use of the Internet as a trip planning tool (47.0%) remained at parity with May 2006 (27% - Travel Agent, 45.6% - Internet)**
 - Those who used the Internet when planning their trip to PBC tended to do so primarily to reserve hotel rooms (73.6%), airfare (61.8%) and to make rental car arrangements (40.8%).
 - As seen last month, compared to the same time last year, the percentage of those who used the Internet to book hotel rooms continued to increase considerably reaching 73.6% (among those who used the internet) (from 59.6% in May 2006, a 14.0 percentage point increase).
 - Hotel websites were most frequently used to book rooms online, mentioned by 38.6% of surveyed visitors who booked hotel rooms online

Significant Highlights: May 2007

* 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. (a 14.7 percentage point increase from May 2006, 23.9%).

Hotel Visitor Study (Continued)

Booking a Trip to Palm Beach County (Continued)

- Only 7.3% of surveyed guests reported that their trip was part of a package that may have included airfare, lodging, meal, rental car, etc. This is comparable with May 2006 (7.8%).

Visitor Expenditures

- **PBC visitors reported spending an average of \$1,204 per party in May 2007 – \$234 (16.3%) less than visitors surveyed in May 2006 (\$1,438)**.**

Compared to May 2006, decreases were seen in 'Lodging' (21.7%, from \$793 to \$621) and 'Gifts/Shopping' (50.0%, from \$150 to \$75), while increases were seen in Entertainment/ Recreation (46.1%, from \$26 to \$38). Expenditures for restaurants/bars did not change (\$348) and for Local Travel remained about the same (\$121 in 2006 and \$122 in 2007).

Hotel guests claimed to have spent \$602 per person, on average, representing an \$81 (11.9%) decrease from May 2006 (\$683).

- **While leisure travelers spent, on average, \$1,373 per party, business travelers reported spending, on average, \$1,087 per party.**
 - Leisure travelers' per party expenditures decreased 27.4% compared to May 2006 (\$1,892), while business travelers' per party expenditures decreased 4.2% (from \$1,135 in 2006 to \$1,087 in 2007).

Characteristics of Visitors

- The majority of visitors to PBC were White/Caucasian (92.0%) and between the ages of 35 and 54 (57.1%).
- Two-thirds of May 2007 surveyed visitors have professional/managerial jobs (65.3%) and an annual household income of \$100,000 or greater (67.0%).
- In terms of traveling party, most leisure visitors were traveling with adult family members or friends (81.9%), while business travelers were usually traveling alone (50.7%).

Travel Details

- Nine-in-ten surveyed guests (89.1%) reported that Palm Beach County was their main destination, one quarter being first time visitors (25.7%).
- While the percentage of visitors traveling by airplane to come to PBC decreased by 5.7 percentage points in May 2007 (from 80.6% in May 2006 to 74.9% in May 2007), the percentage of those traveling by car increased by 11.2 percentage points (from 21.1.% to 32.3%).
- More than nine-in-ten surveyed visitors were domestic travelers (91.7%).

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

Significant Highlights: May 2007

Hotel Visitor Study (Continued)

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **Among the aspects that visitors liked best about PBC, the most frequently mentioned were 'Climate/weather' (38.6%) and 'Beaches/Ocean' (14.5%).**
 - Compared to May 2006, the percentage of those who mentioned 'climate/weather' increased by 7.5 percentage points (from 31.1% to 38.6%).
- **Visitors to PBC during May 2007 most often mentioned 'traffic/bad drivers' (41.7%) and 'humidity/poor weather' (13.8%) as the aspects they liked least about the county.**
- When asked what could make their next trip to PBC better, visitors most often mentioned 'less business more partying/more free time' (19.7%), 'longer stay' (13.3%), 'Improve traffic/finish construction on I-95' (12.6%), and 'better weather' (12.2%).

Activity Participation

- **The most popular activities enjoyed by visitors to PBC were eating at area restaurants (94.5%), going to the beach (30.0%), shopping (29.7%) and swimming (15.2%).**
 - Compared to May 2006, activity participation decreased substantially for 'swimming' (down 10.6 percentage points, from 25.8% to 15.2%), 'Visiting downtown Delray Beach attractions' (down 9.7 percentage points, from 10.9% to 1.2%) and 'shopping' (down 7.4 percentage points, from 37.1% to 29.7%).

Return Visits

- **The vast majority of surveyed visitors (82.1%) plan to return to Palm Beach County for a future visit.**
 - Among those visitors who plan to return to PBC, 68.3% plan to come back within the next year; 35.4% plan on returning within the next three months.
 - Among those who said that they will not return to PBC (2.9%), the reasons provided for not coming back were: 'no business in the area' (2 respondents), 'no interest' (1 respondent), and 'too expensive' (1 respondent). Three respondents did not cite a reason.

Influence of Rising Costs

- **According to more than half of surveyed guests (55.0%), the rising cost of transportation would not affect their decision to visit Palm Beach County (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 slight decrease of 2.5 percentage points compared to May 2006 (57.5%) One-in-ten surveyed guests percent would change their plans (rated 4 or 5).**
- **In terms of the general increase in travel costs, 55.9% 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), a 5.4 percentage point increase**

Significant Highlights: May 2007

from May 2006 (50.5%). The percentage of those who would consider not coming was 12.4% (rated 4 or 5).