

# Significant Highlights: August 2008

## Property Manager Survey

### Occupancy Rates

- **In August 2008, the average occupancy rate among responding Palm Beach County (PBC) hotels was 54.6%, 3.8 percentage points lower than August 2007 (58.4%).**
  - An average of 248,869 room nights\*\* were occupied during August 2008, which is 7.1 percentage points lower than August 2007 (267,903).
- **Property managers in all three geographic regions reported comparable occupancy rates in August 2008 (55.3% - North and Central, 53.3% - South).**
  - In August 2008, PBC properties in all three geographic regions saw decreases in their average occupancy rates compared to August 2007 (Central - down 7.3 percentage points, from 62.6% to 55.3%, North – down 2.5 percentage points, from 57.8% to 55.3%, South – down 1.4 percentage points, from 54.7% to 53.3%).
- **Compared to August 2007, managers of smaller properties (50-100 rooms) as well as larger properties (101+ rooms) cited decreases in their average occupancy rates (smaller properties – down 8.3 percentage points from 50.4% to 42.1%\*, larger properties – down 2.9 percentage points from 59.8% to 56.9%).**
  - Among larger properties, the average occupancy rate of hotels with 101-219 rooms decreased by 5.2 percentage points (from 59.7% in August 2007 to 54.5% in August 2008). On the other hand, hotels with 220-500 rooms experienced a 2.2 percentage point increase in their average occupancy rate relative to the same month last year (from 62.2% in August 2007 to 64.4% in August 2008).
- **According to the hotel managers who responded, the average percentage of international guests staying at PBC hotels in August 2008 was 10.1%.**
  - Smaller hotels reported a greater percentage of international hotel guests than larger hotels; property managers of smaller hotels (50-100 rooms) cited that 26.6% of their guests were international travelers while managers of larger properties (101+ rooms) stated that only 7.5% of their guests traveled from outside of the United States (7.3% among those with 101-219 rooms, 6.5% among those with 220-500 rooms).
  - Southern region hotels received the largest percentage of international guests, at 17.6% (compared to 4.1% among hotels in the Northern region and 8.4% among hotels in the Central region).
- **Surveyed property managers claimed that in August 2008, PBC room nights were occupied by more leisure visitors (39.7%) than business travelers (35.7%) and convention/group travelers (24.6%).**
  - The occupancy rate from leisure travelers decreased by 5.7 percentage points (from 45.4% in August 2007 to 39.7% in August 2008), business travelers' occupancy rate increased by 5.1 percentage points (from 30.6% in August 2007 to 35.7% in August 2008), and the room nights occupied by convention/group travelers remained at parity (24.1% in August 2007 and 24.6% in August 2008).
- In August 2008, the percentage of room nights occupied by convention/group visitors in designated convention hotels (27.1%) remained at parity with the same month last year (26.7%).

\* Caution: Low response rate among properties with 50-100 rooms (27.9%)

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

# Significant Highlights: August 2008

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **In August 2008, the average daily room rate (ADR) among participating Palm Beach County hotels was \$122.63 - an 11.2 percentage point increase from August 2007 (\$110.25).**
  - Smaller properties (50-100 rooms)\* experienced an increase of 15.2 percentage points (from \$93.81 to \$108.10) and larger properties (101+ rooms) saw an increase of 11.1 percentage points (from \$112.84 to \$125.33) relative to this same month last year.
  - Among the larger hotels, participating managers of hotels with 101-219 rooms cited an increase in ADR of 11.4% (from \$85.99 in August 2007 to \$95.79 in August 2008) and hotels with 220-500 rooms reported an increase in ADR of 13.8% (from \$130.31 in August 2007 to \$148.24 in August 2008).
- Approximately three-quarters of hotel managers reported that their hotel's ADR was calculated based on retail plus wholesale rates (74.0%) in August 2008.

### Bookings via Third Party Websites

- **Responding hotel property managers reported that an average of 16.8% of their hotel rooms were booked through third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) in August 2008, a 2.3 percentage point increase relative to August 2007 (14.5%).**
  - In August 2008, the percentage of hotel rooms booked via third party websites among smaller properties (50-100 rooms) decreased by 3.6 percentage points compared to August of the prior year (from 24.4% to 20.8%), while larger properties (101+ rooms) experienced a 4.1 percentage point increase relative to August 2007 (from 10.9% to 15.0%).

### Future Business Outlook

- **Two-thirds of responding property managers foresee a decrease in total room revenues for September and October 2008 (66.7%; 57.8% Group/Individual Business, 66.2% Individual Vacation) relative to September and October 2007. Sixteen point one percent of surveyed managers expect an increase (22.3% Group/Individual Business, 16.2% Individual Vacation), while those who predict no change represent 17.2% of surveyed hotel managers (19.9% Group/Individual Business, 17.6% Individual Vacation).\*\***
  - Property managers who anticipate an increase in room revenues relative to September and October of the prior year expect an average increase of 16.2% (11.9% Group/Individual Business, 13.3% Individual Vacation).\*\*
  - Property managers who expect a decrease in room revenues in relation to September and October of last year estimate an average decrease of 12.4% (14.4% Group/Individual Business, 14.6% Individual Vacation).\*\*

\* Caution: Low response rate among properties with 50-100 rooms (27.9%)

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

# Significant Highlights: August 2008

## Property Manager Survey (continued)

### Future Business Outlook (Continued)

- **When asked about their predictions regarding the months of November and December 2008, more than one-half of surveyed managers predict a decrease in total room revenue compared to these same months in 2007, (51.4%; 52.9% Group/Individual Business, 62.1% Individual Vacation). An increase is anticipated among 26.9% of surveyed hotel managers (22.3% Group/Individual Business, 21.1% Individual Vacation) and no change is expected among 21.7% of surveyed hotel managers (24.8% Group/Individual Business, 16.7% Individual Vacation).\*\***
  - Property managers who anticipate an increase in room revenues compared to November and December 2007 expect an average increase of 12.2% (16.8% Group/Individual Business, 12.6% Individual Vacation).\*\*
  - Property managers who foresee a decrease in room revenues relative to November and December 2007 expect an average decrease of 13.9% (14.9% Group/Individual Business, 14.0% Individual Vacation).\*\*

### Market Focus

- **In August 2008, approximately seventy-percent of surveyed property managers (68.9%), reported focusing primarily on the Florida Leisure Drive Market in terms of marketing, advertising and promotion.**
  - When it comes to geographic region, more than eighty-percent of participating hotel managers in the Southern region are focusing on Amateur Sports Events (84.6%). More than two-thirds of responding hotel managers in the Central region are concentrating on the Florida Business Drive Market (68.4%). More than three-quarters of responding Northern region property managers cite a primary focus on the Florida Association Market, Weddings, and Amateur Sports Events (all 77.8%).
  - More than eight-in-ten participating hotel managers from smaller properties (50-100 rooms) are placing primary focus on the Florida Leisure Drive Market and Florida Business Drive Market (both 81.8%). However, more than seven-in-ten responding hotel managers from larger properties (101+ rooms) claimed that the Amateur Sports Events market is the primary focus in terms of marketing, advertising, and promotion (71.4%).
- **The economy in general and increased occupancy were the responses most often cited by hotel managers in terms of the greatest challenges for the remainder of 2008. A full, detailed list can be found on page 20.**

# Significant Highlights: August 2008

## Hotel Visitor Study

### Characteristics of Stay

- **The average party size\* of surveyed hotel guests visiting Palm Beach County (PBC) in August 2008 was 2.3. The mean number of nights visitors spent in PBC hotels was 3.8. The average number of rooms occupied per night\* was 1.3.**

### Planning the Trip to Palm Beach County

- **More than four-in-ten August 2008 surveyed hotel guests (46.4%) expressed that they were business travelers (conference/convention/business meeting), mainly in town for a business meeting (40.5%). Vacation/pleasure was cited as the reason for the trip to PBC by 40.3% of surveyed hotel guests.**
  - Relative to August 2007, the percentage of those traveling to Palm Beach County for business and leisure remained at parity with August 2008 (business travelers – 47.6% in August 2007 and 46.4% in August 2008, leisure travelers – 40.8% in August 2007 and 40.3% in August 2008).
- **In August 2008, more than one-half of surveyed hotel visitors (54.2%) mentioned 'Head of Household/Other Adult' when asked who made the decision to travel to Palm Beach County. 'Employer' followed as the next most frequently mentioned response (38.6%).**
  - Mentions of 'Head of household/other adult' as decision maker increased by 14.4 percentage points (from 39.8% to 54.2%), while citing of 'Employer' decreased by 7.2 percentage points (from 45.8% to 38.6%) compared to August 2007.
- **More than one-in-four surveyed hotel visitors stated 'Work-Related Trip' as their primary reason for visiting Palm Beach versus other destinations (44.3%).**
  - 'Visit Friends/Relatives' (21.2%) and 'Previous Visit' (17.1%) were other frequently cited responses when asked the reasons for selecting Palm Beach County rather than other destinations.
  - In August 2008, the response 'Work Related Trip' decreased by 4.5 percentage points compared to August 2007 (from 48.8% in 2007 to 44.3% in 2008), while 'Visit Friends/Relatives' remained at parity with the same month last year (21.3% in August 2007 and 21.2% in August 2008), and 'Previous Visit' increased by 2.0 percentage points (from 15.1% in August 2007 to 17.1% in August 2008).
- **Visitors appear to be doing less advance planning when it comes to trips to PBC. Approximately two-thirds of surveyed guests arranged the trip to PBC one month or less in advance (66.1%), an 8.6 percentage point increase from August 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.

# Significant Highlights: August 2008

## Hotel Visitor Study (continued)

### Booking a Trip to Palm Beach County

- **In August 2008, the number of surveyed visitors who utilized the services of a Travel Agent remained at parity compared to August 2007 (21.1% in 2007 and 22.8% in 2008). However, use of the Internet to organize the trip decreased in August 2008 relative to August 2007 (by 5.6 percentage points, from 56.5% in 2007 to 50.9% in 2008).**
  - Among those who utilized the Internet to organize their trip to PBC, more than eighty-percent (82.4%) used it to book hotel rooms, sixty-percent (60.7%) reserved airfare, and about one-third (32.5%) used it to reserve a rental car.
  - In August 2008, use of the Internet to make hotel reservations increased by 6.7 percentage points relative to August 2007 (from 75.7% to 82.4%), while use of the Internet to book airfare decreased by 5.1 percentage points (from 65.8% in August 2007 to 60.7% in August 2008). Utilizing the Internet for car rental reservations in August 2008 remained consistent with the same month last year (34.0% in 2007 and 32.5% in 2008).
  - Eight point four percent of surveyed visitors in August 2008 claimed their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc), which was 4.4 percentage points greater than August 2007 (4.0%).

### Visitor Expenditures

- **In August 2008, an average of \$1,653 per party was spent by visitors - \$559 (51.1%) more than visitors surveyed in August 2007 (\$1,094)\*\*.**
  - Compared to August 2007, increases were seen in all spending categories. 'Gifts/Shopping' and 'Entertainment/Recreation' were the spending categories that experienced the largest percentage point increases relative to August 2007 ('Gifts/Shopping' - up 206.4%, from \$109 to \$334, 'Entertainment/Recreation' - up 123.5%, from \$34 to \$76).
  - Surveyed hotel guests spent an average of \$719 per person per day in August 2008, representing a \$222 (44.7%) increase from August 2007 (\$497).
- **In August 2008, leisure and business travelers' per party average expenditures increased by 83.5% and 16.9%, respectively. Leisure travelers' per party average expenditure increased from \$1,101 in August 2007 to \$2,020 in August 2008 and business travelers' per party average expenditure increased from \$1,115 in August 2007 to \$1,303 in August 2008.**

### Characteristics of Visitors

- In August 2008, more than eighty-percent of visitors described themselves as White/Caucasian (87.6%).
- Approximately one-half of hotel visitors surveyed claimed to be between 35 and 54 years of age (51.1%).
- Fifty-six point seven percent of visitors responding claimed to be working in professional/managerial jobs.
- Among answering PBC visitors, more than six-in-ten reported an annual household income of \$100,000 or more (64.0%).
- More than eighty-percent of leisure visitors vacationed with adult family members or friends (81.6%), while more than one-half of those traveling for business came alone (58.4%).

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

# Significant Highlights: August 2008

## Hotel Visitor Study (continued)

### Travel Details

- PBC was the main destination for 90.5% of surveyed hotel guests in August 2008, which was at parity with August 2007 (89.7%).
- More surveyed hotel guests traveled to Palm Beach County for the first time in August 2008 (28.2%) than did so in August 2007 (26.0%), a 2.2 percentage point increase.
- The most popular mode of transportation used by visitors to get to PBC continued to be airplanes (70.2%, an 8.2 percentage point increase compared to this same month last year, 62.0%).
- More than eighty-percent of August 2008 surveyed visitors were domestic travelers (82.2%), which is a 9.0 percentage point decrease relative to August 2007 (91.2%).

### Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **In August 2008, ‘Beaches/Ocean’ and ‘Climate/Weather’ (20.6% each) were the top responses provided by surveyed hotel guests when asked what they liked best about their trip to Palm Beach County.**
  - Citing of ‘Beaches/Ocean’ remained at parity with August 2007 (19.7% in 2007 and 20.6% in 2008), while ‘Climate/Weather’ decreased relative to August 2007 (by 6.7 percentage points, from 27.3% in August 2007 to 20.6% in August 2008).
- **The most disliked features of PBC among surveyed hotel visitors in August 2008 were ‘Humidity/Poor Weather’ (30.8%) and ‘Traffic/Bad Drivers’ (19.4%).**
  - In August 2008, mentions of ‘Humidity/Poor Weather’ increased by 9.9 percentage points relative to August 2007 (from 20.9% in 2007 to 30.8% in 2008), while the citing of ‘Traffic/Bad Drivers’ decreased by 7.4 percentage points compared to this same month last year (from 26.8% in 2007 to 19.4% in 2008).

### Activity Participation

- In August 2008, nearly all surveyed visitors ate at area restaurants while staying in Palm Beach County (96.5%). Shopping (36.0%), Going to the beach (29.8%), and/or swimming (23.9%) were among other popular activities guests enjoyed while in PBC.
- The top mentioned activities in which hotel visitors claimed to have participated in on a recent trip that they wished they could have done in Palm Beach included golf (14.9%) and fishing/deep sea fishing (11.9%) (among those activities currently available in PBC) and hiking (4.4%) and gambling (3.0%) (among those activities not currently available in PBC).

### Return Visits

- **More than eighty-percent of surveyed hotel guests in August 2008 plan to visit PBC again (85.4%). Only 1.2% report they do not plan to return to Palm Beach County.**
  - Two of three respondents did not provide a reason as to why they will not visit PBC again. ‘Terminated from work’ was cited by one respondent as the reason for not planning to return to PBC.

# Significant Highlights: August 2008

## Hotel Visitor Study (continued)

### Vacation/Leisure Visitor Questions

- In August 2008, more than sixty-percent of surveyed leisure visitors stated that they traveled domestically for their last vacation (63.4%). Cities in Florida (25.0%), the Far West (11.9%), and the Southeast (excluding Florida) (9.2%) were the top domestic destinations.
- Among surveyed hotel visitors who traveled internationally for their last vacation, two-in-ten mentioned somewhere in Latin America or the Caribbean (20.2%) and 12.1% named a country in Europe.
- More than four-in-ten responding leisure visitors mentioned another city in Florida as part of their consideration set when arranging their visit to PBC (41.2%).
- On most dimensions, PBC appears to be comparable with other vacation destinations. At least sixty-percent of responding leisure visitors claimed that PBC is about the same as their most recent vacation destination in terms of the following:
  - Being great for museums and other cultural activities (67.3%)
  - Being able to always find a new place to see or a new thing to do (66.2%)
  - Being great for historical sights and places (65.4%)
  - Being great for discovering nature-based activities/ecotourism (64.9%)
  - Being appreciated as a tourist or visitor (62.5%)
  - Being a great place to go again and again (60.0%)
- Compared to their most recent vacation destination, approximately one-half of leisure visitors answering claimed that PBC is about the same in terms of being a good value (49.8%).