

# Significant Highlights: February 2008

## Property Manager Survey

### Occupancy Rates

- **The average occupancy rate reported by participating Palm Beach County (PBC) hotels in February 2008 was 81.8%. This is comparable to February 2007 (82.8%).**
  - According to surveyed property managers, an average of 347,693 room nights\*\* were occupied in February 2008 over 29 days. For 28 day comparisons, the average number of occupied room nights in February 2008 would have been 335,704 – 3,826 fewer room nights than in February 2007 (339,530).
- **Properties in the Central region of Palm Beach County reported the highest average occupancy rate (87.2%) among the three regions (Northern – 78.2% and Southern – 78.7%).**
  - Compared to February of last year, the average occupancy rate increased among properties in the Central region (by 2.5 percentage points, from 84.7% to 87.2%), decreased among hotels located in the Southern region (by 4.8 percentage points, from 83.5% to 78.7%) and remained about the same among properties in the Northern region (78.7% in 2007 and 78.2% in 2008).
- **As seen in the prior month, property managers from smaller properties (50-100 rooms) reported a decrease in the average occupancy rate (by 4.0 percentage points, from 83.1% in February 2007 to 79.1% in February 2008), while managers from larger properties (101+ rooms) reported that the average occupancy rate remained about the same in February 2008 compared to February 2007. (82.7% in 2007 and 82.3% in 2008).**
  - Among larger properties, hotels with 101-219 rooms reported an average occupancy rate of 82.3% (at parity with February 2007, 82.5%), while hotels with 220-500 rooms reported an average occupancy rate of 81.3% (a decrease of 2.2 percentage points from February 2007, 83.5%).
- **Based on hotel managers who responded in February 2008, the percentage of international hotel guests staying in Palm Beach County hotels was 5.5%.**
  - Responding hotel managers from smaller hotels (50-100 rooms) reported that international guests represented 6.1% of their occupancy. Larger hotels (101+ rooms) claimed that 5.1% of their guests were traveling internationally.
  - According to hotel managers from the Southern region who responded, 7.0% of their guests were traveling internationally. Hotel managers from the Central and Northern region stated that 5.3% and 3.2% of their guests, respectively, came from countries other than the United States.
- **During February 2008, surveyed hotel managers stated that leisure travelers occupied most room nights in Palm Beach County (38.6%), business travelers and convention/group travelers occupied 32.7% and 28.6% of February hotel room nights, respectively.**
- At designated convention hotels, the percentage of room nights occupied by convention/group visitors increased by 2.4 percentage points (from 27.8% in February 2007 to 30.2% in February 2008).

++ Because February 2008 has 29 days, numbers for room nights occupied are reported for the full 29 days, and calculations have been conducted to adjust to 28 days for comparison purposes.

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

# Significant Highlights: February 2008

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) in February 2008 according to those Palm Beach County hotels that responded was \$232.92, representing an increase of 9.2% compared to February 2007 (\$213.29).**
  - Both smaller (50-100 rooms)\* and larger properties (101+ rooms) reported increases in ADR in February 2008 compared to February 2007. Smaller properties reported an increase of 45.0% (from \$205.72 to \$298.20) and larger properties reported an increase of 3.9% compared to the prior year (from \$214.41 to \$222.79).
  - Among larger hotels, properties with 101-219 rooms reported a decrease in ADR of 5.3% (from \$150.30 in 2007 to \$142.32 in 2008), while hotels with 220-500 rooms reported an increase in ADR of 22.8% (from \$203.96 in February 2007 to \$250.53 in February 2008).
- Approximately three-in-four property managers reported that in February 2008 the ADR was based on retail plus wholesale rates (76.1%).

### Bookings via Third Party Websites

- **February 2008 surveyed property managers cited that 13.5% of hotel rooms were sold via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.), a 3.9 percentage point increase compared to the prior year (9.6% in February 2007).**
  - Compared to February 2007, there was a decrease in the percentage of rooms sold via third party websites among smaller properties in February 2008 (50-100 rooms, from 24.7% to 16.0%, an 8.7 percentage point decrease). Among larger properties (101+ rooms), the percentage of rooms sold via third party websites increased by 4.3 percentage points compared to the same month last year (from 6.8% in 2007 to 11.1% in 2008).

### Future Business Outlook

- **One-half of surveyed property managers in February 2008 expect a decrease in room revenues for March 2008 and April 2008 (50.7%; 44.6% Group/Individual Business, 57.3% Individual Vacation) as compared to March 2007 and April 2007. About a third of participating managers predict an increase (30.8%; 28.0% Group/Individual Business, 13.7% Individual Vacation) and 18.5% foresee no change (27.3% Group/Individual Business, 28.9% Individual Vacation).\***
  - Property managers who expect an increase in room revenues compared to March and April of last year predict an average increase of 12.5% (6.0% Group/Individual Business, 25.9% Individual Vacation).\*\*
  - Property managers who expect a decrease in room revenues compared to March and April of last year predict an average decrease of 7.2% (7.2% Group/Individual Business, 9.6% Individual Vacation).\*\*

\* Please note that the response rate for hotels with 50-100 rooms was low in March (31.0%); the hotels that replied are more upscale with higher rates (i.e. Chesterfield, Colony and Brazilian Court Hotels in Palm Beach).

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

# Significant Highlights: February 2008

## Property Manager Survey (continued)

### Future Business Outlook (Continued)

- **Regarding May and June 2008, almost one-half of participating hotel managers predict an increase in room revenue compared to the same months last year (47.3%, 33.1% Group/Individual Business, 22.3% Individual Vacation). One-third (33.1%) expect a decrease (34.2% Group/Individual Business, 47.7% Individual Vacation) and no change is expected by 19.6% of surveyed managers (32.7% Group/Individual Business, 30.0% Individual Vacation).**
  - Property managers who expect an increase in room revenues compared to May and June of last year predict an average increase of 7.5% (5.0% Group/Individual Business, 16.7% Individual Vacation).
  - Property managers who expect a decrease in room revenues compared to May and June of last year expect an average decrease of 6.0% (8.6% Group/Individual Business, 7.9% Individual Vacation).

### Market Focus

- **Regarding hotels' marketing, advertising and promotion, participating property managers are concentrating mainly on the Florida Business and Leisure Drive Markets (88.6% and 87.8%, respectively).**
  - Hotels in the Northern region of Palm Beach County have their primary focus equally on the Florida Leisure Drive Market, Florida Association Market, Weddings and Amateur Sports Events (all 87.5%).
  - In terms of hotel size, all responding managers from smaller properties (50-100 rooms) have directed their attention towards the Florida Business Drive Market and Weddings (both 100%). All responding property managers from hotels with 220+ rooms claim that their market focus is on the Florida Association market and amateur sports events (both 100%)
- **In February 2008, surveyed managers cited various needs when it comes to market areas that could receive support from the CVB and Sports Commission. A full list can be found on page 19.**

# Significant Highlights: February 2008

## Hotel Visitor Study

### Characteristics of Stay

The average party size\* of surveyed hotel guests in February 2008 was 2.1, the average number of nights stayed in Palm Beach County (PBC) hotels was 3.7, and the average number of rooms occupied per night\* was 1.3.

### Planning the Trip to Palm Beach County

- **In February 2008, more than one-half of surveyed hotel guests claimed to be in Palm Beach County on a business trip (conference/convention/business meeting, 54.7%). Vacationers comprised 38.8% of surveyed guests.**
  - **Compared to the same month last year, more leisure travelers and fewer business travelers visited Palm Beach County during February 2008 (business travelers – down 3.2 percentage points from 57.9% to 54.7%, leisure travelers – up 7.9 percentage points, from 30.9% to 38.8%).**
- The decision to come to Palm Beach County was most often made by surveyed guests' employers (50.5%). However, February 2008 guests were less likely to claim so than February 2007 guests (55.8% – a 5.3 percentage point decrease) which aligns with the decrease in Business travelers.
  - 'Head of the household/Other adult' was the second most frequently mentioned decision maker (40.4%).
- **In line with the percentage of business travelers, 55.1% of surveyed guests reported that a 'Work-related trip' was the main reason for selecting Palm Beach instead of another destination. Almost one-quarter reported that visiting friends/relatives was the reason for choosing Palm Beach County (22.8%).**
  - Mention of 'Visit friends/relatives' increased by 5.0 percentage points in February 2008 compared to February 2007 (from 17.8% to 22.8%).
- Most hotel guests surveyed in February 2008 planned the trip to PBC one month or less in advance (56.7%, at parity with February 2007, 57.4%).

### Booking a Trip to Palm Beach County

**In February 2008, 20.4% of surveyed hotel guests claimed to have used a travel agent to book the trip to Palm Beach County. This represents a 3.2 percentage point decrease compared to February 2007 (23.6%).**

\* 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: February 2008

## Hotel Visitor Study (continued)

### Booking a Trip to Palm Beach County (Continued)

- **Those who used the Internet to plan the trip to Palm Beach County comprised 42.1% of surveyed guests (a 2.4 percentage point decrease compared to February 2007, 44.5%).**
  - Among those who used the Internet when planning the trip to PBC, 73.2% used it to book flights, 69.6% reserved hotel rooms, and 46.6% used it to reserve a rental car.
  - Compared to the same month in the previous year, use of the Internet to book airfare decreased by 4.8 percentage points, (from 78.0% in February 2007 to 73.2% in February 2008). Use of the Internet to reserve hotel rooms and rental cars, on the other hand, increased by 6.5 and 6.9 percentage points, respectively (hotel – from 63.1% to 69.6%, rental car – from 39.7% to 46.6%).
  - Only 1.9% of surveyed hotel guests reported that their February 2008 visit was part of a package that may have included airfare, lodging, meals, rental car, etc. – a 4.0 percentage point decrease compared to one year ago (5.9%).

### Visitor Expenditures

- **February 2008 surveyed visitors spent an average of \$2,009 per party - \$41 (2.1%) more than visitors surveyed in February 2007 (\$1,968)\*\*.**
  - Compared to February 2007, decreases were seen in 'Entertainment/Recreation' (down 35.8%) and 'Local Travel' (down 14.4%), while increases were seen in 'Restaurant/Bar' spending (up 23.7%), and 'Gifts/Shopping' expenditures (up 7.5%). Lodging expenditures in February 2008 (\$1,217) were comparable with lodging expenditures in February 2007 (\$1,221).
  - Hotel guests spent an average of \$957 per person (a 2.1% increase from February 2007, \$937) and \$259 per person/day (a 2.4% increase from February 2007, \$253).
- **Leisure travelers' per party average expenditure increased by 3.1% (from \$2,705 in February 2007 to \$2,789 in February 2008) with the biggest increase noted for 'Restaurant/Bar' spending (up 32.4%), while Business travelers' per party average expenditures decreased by 13.3% (from \$1,660 in February 2007 to \$1,439 in February 2008), most notably in terms of 'Entertainment/Recreation (down 75.4%)', 'lodging' (down 12.8%) and 'Local travel' (down 24.8%).**

### Characteristics of Visitors

Nearly all hotel visitors surveyed in February 2008 described themselves as White/Caucasian (98.1%, a 5.8 percentage points increase from February 2007, 92.3%). More than one-half were between the ages of 35 and 54 (55.1%, up 5.0 percentage points from February 2007, 50.1%).

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

# Significant Highlights: February 2008

## Hotel Visitor Study (continued)

### Characteristics of Visitors (Continued)

- More than six-in-ten surveyed hotel visitors have professional/managerial jobs (62.8%) and almost eight-in-ten stated a household income of \$100,000 or more (78.3%).
- The majority of leisure visitors traveled with adult family members or friends (86.3%), while most business travelers traveled alone (59.1%).

### Travel Details

- The vast majority of surveyed hotel guests reported that Palm Beach County was their main destination (94.0%). Approximately twenty percent were visiting PBC for the first time (19.8%).
- More than three-quarters of surveyed visitors traveled by airplane to come to PBC in February 2008 (78.9%). Nine-in-ten were domestic travelers (90.9%).

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

- **Among the things visitors liked best about the trip to Palm Beach County, 'Climate/weather' was mentioned most often (54.0%), followed by 'Beautiful area' (5.8%) and 'Beaches/ocean' (5.6%).**
- **In terms of characteristics surveyed visitors liked least about the trip to PBC in February 2008, the most frequently cited were 'Traffic/bad drivers' (35.6%), 'Humidity/poor weather' (11.9%) and the fact that it was 'Expensive' (8.1%).**
- When asked what would make their next trip to Palm Beach County better, visitors most often cited 'Longer stay' (27.0%), 'Better hotel' (9.4%), 'Better weather' (9.1%) and 'Improve traffic/Finish construction on I-95' (9.1%).

### Activity Participation

- The vast majority of hotel visitors surveyed in February 2008 ate at restaurants during their trip to Palm Beach County (95.1%). Other popular activities enjoyed by surveyed visitors included shopping (30.4%), going to the beach (24.5%), golf/ tennis (14.0%) and swimming (13.8%).
  - Surveyed visitors were less likely to mention going to Bars/Nightclubs in February 2008 (5.5%) than their counterparts in February 2007 (16.1%, a 10.6 percentage point decrease).

### Return Visits

- **As in February 2007, more than eighty percent of guests plan to return to Palm Beach County for another visit (84.4% in 2007 and 85.2% in 2008).**
  - Two point five percent of respondents claimed they will not return to Palm Beach County. The reasons provided included 'no business in the area' (two respondents out of six), 'too far' (one respondent out of six) and 'too expensive' (1 respondent out of six).