

# Significant Highlights: June 2008

## Property Manager Survey

### Occupancy Rates

- **In June 2008, the average occupancy rate according to participating Palm Beach County (PBC) hotels was 62.1%, 3.5 percentage points lower than June 2007 (65.6%).**
    - **An average of 274,381 room nights\*\* were occupied throughout June 2008, 16,804 (5.8%) fewer than in June 2007 (291,185).**
  - **Geographically, properties in all three regions reported comparable occupancy rates in June 2008 (62.4% - North, 62.2% - Central, 61.6% - South).**
    - In June 2008, properties in the Northern and Central regions of PBC experienced decreases in average occupancy rates compared to June 2007 (Northern - by 6.8 percentage points, from 69.2% to 62.4% and Central – by 6.7 percentage points, from 68.9% to 62.2%).
    - Southern region properties in PBC experienced the same occupancy rate in June 2008 and in June 2007 (61.6%).
  - **Compared to June 2007, smaller properties (50-100 rooms) experienced a decrease in their average occupancy rate by 17.0 percentage points (from 60.4% to 43.4%)\*. The average occupancy rate among larger properties (101+ rooms) remained at parity with June 2007 (66.5% in June 2007 and 65.3% in June 2008).**
    - Among larger properties, hotels with 101-219 rooms had a decrease of 4.1 percentage points in their average occupancy rate (from 65.3% in June 2007 to 61.2% in June 2008). On the other hand, hotels with 220-500 rooms remained at parity compared to the same month last year (69.2% in June 2007 and 70.0% in June 2008).
  - **Based on those hotel managers who responded, 3.6% of hotel guests in June 2008 were international.**
    - Larger hotels reported a larger percentage of international hotel guests than smaller hotels; property managers of smaller hotels (50-100 rooms) cited that 2.3% of their guests were international travelers while managers of larger properties (101+ rooms) reported that 3.8% of their guests traveled from abroad (4.1% among those with 101-219 rooms, 4.5% among those with 220-500 rooms).
    - According to hotel managers who responded in June 2008, hotels in the Central region accommodated the highest percentage of international guests, at 5.2% (compared to 2.2% among hotels in the Northern region and 1.4% among hotels in the Southern region).
  - **Comparable to June 2007 (34.3%), in June 2008, leisure travelers occupied the greatest percentage of room nights in Palm Beach County (36.1%). Business travelers and convention/group travelers occupied 30.5% and 33.4% of June hotel room nights, respectively.**
  - Properties considered convention hotels had, on average, 37.0% of their room nights occupied by convention/group visitors, which is comparable to June 2007 (36.1%).
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- \* Caution: Low response rate among properties with 50-100 rooms (26.9%)
  - \*\* Properties well below 50 rooms are only included in room count and total inventory.

# Significant Highlights: June 2008

## Property Manager Survey (Continued)

### Average Daily Room Rate (ADR)

- **In June 2008, the average daily room rate (ADR) for contributing Palm Beach County hotels was \$131.21 - a 9.6% increase from June 2007 (\$119.67).**
  - Responding property managers in June 2008 reported increases in their ADR among both smaller (50-100 rooms)\* and larger properties (101+ rooms) compared to June 2007. Smaller properties experienced an increase of 19.6% (from \$104.70 to \$125.27) and larger properties experienced an increase of 8.6% (from \$121.98 to \$132.47) relative to the past year.
  - Among the larger hotels, participating managers of hotels with 101-219 rooms reported an increase in ADR of 14.9% (from \$87.60 in June 2007 to \$100.67 in June 2008), while those from hotels with 220-500 rooms reported an ADR at parity with the same month last year (\$139.70 in 2007 and \$141.40 in 2008).
- In June 2008, three-quarters of hotel managers stated that the ADR was calculated based on retail plus wholesale rates (75.9%).

### Bookings via Third Party Websites

- **Responding property managers cited an average of 14.7% of hotel rooms booked via third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) in June 2008, a 2.1 percentage point increase relative to June 2007 (12.6%).**
  - In June 2008, among smaller properties (50-100 rooms), the percentage of hotel rooms booked via a third party website decreased by 3.1 percentage points compared to June of the prior year (from 24.6% to 21.5%), while larger properties (101+ rooms) saw a 3.6 percentage point increase relative to June 2007 (from 8.5% to 12.1%).

### Future Business Outlook

- **The majority of responding property managers foresee a decrease in total room revenues for July and August 2008 (74.7%; 68.6% Group/Individual Business, 71.6% Individual Vacation) relative to July and August 2007. Eighteen point five percent of surveyed managers expect an increase (15.5% Group/Individual Business, 5.9% Individual Vacation), while those who predict no change comprise 6.8% of surveyed hotel managers (16.0% Group/Individual Business, 22.5% Individual Vacation).\*\***
  - Property managers who anticipate an increase in room revenues compared to July and August of the prior year expect an average increase of 4.0% (8.8% Group/Individual Business, 12.0% Individual Vacation).\*\*
  - Property managers who expect a decrease in room revenues as compared to July and August of last year estimate an average decrease of 8.4% (7.5% Group/Individual Business, 10.8% Individual Vacation).\*\*

\* Caution: Low response rate among properties with 50-100 rooms (26.9%)

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

# Significant Highlights: June 2008

## Property Manager Survey (Continued)

### Future Business Outlook (Continued)

- **When asked about their predictions regarding the months of September and October 2008, more than seven-in-ten surveyed managers predict a decrease in total room revenue compared to these same months in 2007, (72.2%, 60.8% Group/Individual Business, 63.8% Individual Vacation). An increase is anticipated among 7.7% of surveyed hotel managers (13.1% Group/Individual Business, 5.9% Individual Vacation) and no change is expected among 20.1% of surveyed hotel managers (26.1% Group/Individual Business, 30.3% Individual Vacation).\*\***
  - Property managers who anticipate an increase in room revenues compared to September and October 2007 calculate an average increase of 3.2% (7.7% Group/Individual Business, 15.0% Individual Vacation).\*\*
  - Property managers who foresee a decrease in room revenues relative to September and October 2007 expect an average decrease of 7.9% (7.8% Group/Individual Business, 9.3% Individual Vacation).\*\*

### Market Focus

- **In June 2008, more than nine-in-ten surveyed property managers (93.6%), reported focusing primarily on the Florida Leisure Drive Market in terms of marketing, advertising and promotion.**
  - When it comes to geographic region, all participating hotel managers in the Southern region are focusing on the Florida Leisure Drive Market (100.0%). More than nine-in-ten responding hotel managers in the Central region are concentrating on the Florida Leisure Drive Market (95.5%). Northern region property managers tend to focus more on Weddings and Amateur Sports Events (both 100.0%).
  - All participating hotel managers from smaller properties (50-100 rooms) are focusing on the Florida Leisure Drive Market (100.0%). Likewise, nearly all of the responding hotel managers from larger properties (101+ rooms) claimed that the Florida Leisure Drive Market is the market on which they are currently concentrating most in terms of marketing, advertising, and promotion (92.3%).
- **When asked about the greatest challenges for the remainder of 2008, responding hotel managers most often mentioned the economy in general and gasoline prices. A full, detailed list can be found on page 19.**

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

# Significant Highlights: June 2008

## Hotel Visitor Study

### Characteristics of Stay

- **The average party size\* of surveyed hotel guests visiting Palm Beach County (PBC) in June 2008 was 1.9. The average number of nights occupied in PBC hotels was 3.1. The mean number of rooms in use per night\* was 1.3.**

### Planning the Trip to Palm Beach County

- **In June 2008, more than one-half of surveyed hotel guests (57.7%) were in Palm Beach County as business travelers (conference/convention/business meeting), mostly in town for business meetings (49.3%). Vacationers comprised 34.8% of surveyed guests.**
  - More business travelers and fewer vacationers traveled to Palm Beach County during the current month compared to this same month last year (business travelers – increased by 3.6 percentage points from 54.1% in June 2007 to 57.7% in June 2008, vacationers – decreased by 2.5 percentage points from 37.3% in June 2007 to 34.8% in June 2008).
- **More than one-half of surveyed visitors (56.8%) mentioned ‘Employer’ in June 2008 when asked who the decision maker was when planning the trip to Palm Beach County. ‘Head of Household/Other Adult’ followed as the next most frequently mentioned response (33.3%).**
  - The percentage of hotel guests citing ‘Employer’ as the decision maker increased by 9.8 percentage points compared to June 2007 (from 47.0% to 56.8%), while citing ‘Head of Household/Other adult’ decreased by 7.0 percentage points (from 40.3% to 33.3%) compared to June of last year.
  - **More than one-half of surveyed visitors cited ‘Work-Related Trip’ as the primary reason for visiting Palm Beach County versus other destinations (59.3%).**
  - ‘Visit Friends/Relatives’ (17.8%), ‘Special Event’ (15.0%) and ‘Previous Visit’ (12.1%) were also frequently mentioned reasons for visiting Palm Beach County versus other destinations.
  - Aligned with the increase in business travel, the percentage of hotel guests mentioning ‘Work Related Trip’ as a reason for selecting PBC increased compared to June of last year (by 9.5 percentage points, from 49.8% to 59.3%).
- **More than one-half of surveyed guests planned the trip to PBC one month or less in advance (57.3%), a 3.9 percentage point increase from June 2007 (53.4%).**

\* 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: June 2008

## Hotel Visitor Study (Continued)

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

- **Utilization of a travel agent (22.8% in June 2008) increased by 4.5 percentage points compared to June 2007 (18.3%). However, use of the Internet to organize the trip decreased in June 2008 relative to June 2007 (by 4.1 percentage points, from 49.2% in 2007 to 45.1% in 2008).**
  - Among those who utilized the Internet to plan their trip to PBC, 79.4% booked hotel rooms, 66.3% reserved airfare, and 45.6% made rental car reservations via the Internet.
  - Use of the Internet to make rental car reservations (45.6%) has considerably increased compared to this same month last year (34.4%, an 11.2 percentage point increase).
  - Similar to last year, 6.7% of surveyed visitors in June 2008 cited their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc) (7.8% in June 2007).

### Visitor Expenditures

- **Surveyed PBC visitors reported an average per party expenditure of \$1,231 in June 2008, \$256 (26.3%) more than visitors reported in June 2007 (\$975)\*\*.**
  - 'Local Travel' and 'Gifts/Shopping' were the spending categories that witnessed the largest percentage point increases relative to June 2007 (68.5% and 64.5%, respectively).
  - In June 2008, surveyed hotel guests spent an average of \$648 per person in PBC, representing a 39.7% (\$184) increase from June 2007 (\$464).
- **Leisure travelers spent, on average, \$1,495 per party, while business travelers reported spending, on average, \$1,053 per party in PBC.**
  - Leisure travelers' per party expenditures increased from \$1,141 in June 2007 to \$1,495 in June 2008 (up 31.0%). Business travelers' per party expenditures increased from \$859 to \$1,053 (up 22.6%).

### Characteristics of Visitors

- In June 2008, the majority of visitors described themselves as White/Caucasian (94.1%) and between the ages of 35 and 54 (53.6%).
- More than one-half of surveyed hotel visitors cited working in professional/managerial jobs (54.0%).
- Six-in-ten surveyed PBC visitors claimed a household income of \$100,000 or more (60.0%).
- More than seventy-percent of leisure visitors traveled with adult family members or friends (73.9%), while more than sixty-percent of business travelers traveled alone (61.1%).

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

# Significant Highlights: June 2008

## Hotel Visitor Study (Continued)

### Travel Details

- Palm Beach County was the main destination for 90.6% of surveyed hotel guests in June 2008. This represents a 4.8 percentage point increase compared to this same month last year (85.8%).
- Approximately one-quarter of surveyed hotel guests in June 2008 were visiting PBC for the first time (25.9%), which was at parity with this same month last year (26.6%).
- The most popular mode of transportation used by visitors to come to PBC was airplane (75.8%, a 9.9 percentage point increase compared to last year, 65.9%).
- Ninety percent of surveyed visitors in June 2008 were domestic travelers, at parity with June 2007 (91.3%).

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

- **‘Climate/Weather’ (24.2%) and ‘Beaches/Ocean’ (21.0%) were cited most often in June 2008 when surveyed hotel guests were asked what they liked best about their trip to Palm Beach County.**
- **‘Humidity/Poor Weather’ (31.9%) and ‘Traffic/Bad Drivers’ (26.8%) were the most frequently mentioned disliked aspects among Palm Beach County visitors.**
  - Mentions of ‘Humidity/Poor Weather’ and ‘Traffic/Bad Drivers’ increased compared to the same month last year (‘Humidity/Poor Weather’ - up 4.8 percentage points, from 27.1% in June 2007 to 31.9% in June 2008 and ‘Traffic/Bad Drivers’ – up 3.0 percentage points, from 23.8% in June 2007 to 26.8% in June 2008).
- Visitors most often reported that a ‘Longer Stay’ would make their trip to PBC better next time (23.8%).

### Activity Participation

- More than nine-in-ten June 2008 surveyed visitors dined at area restaurants while they were visiting Palm Beach County (91.5%). Going to the beach (32.9%), shopping (27.0%), and/or swimming (21.2%) were other popular activities guests enjoyed while staying in Palm Beach County.

### Return Visits

- **Most visitors surveyed in June 2008 (81.2%) plan to visit PBC again in the future, which is a decrease of 3.9 percentage points from June 2007 (85.1%).**
  - Only 1.1% of hotel guests (3 respondents) reported that they will not return to Palm Beach County. Two respondents did not provide a reason as to why they will not visit PBC again. ‘Going to Other Places/I Like Changing Destinations’ was mentioned by one respondent as a reason for not returning to Palm Beach County.