

# Significant Highlights: March 2008

## Property Manager Survey

### Occupancy Rates

- In March 2008, the average occupancy rate according to participating Palm Beach County (PBC) hotels was 81.8%; 3.8 percentage points lower than in March 2007 (85.6%).
  - An average of 372,763 room nights\* were occupied in March 2008, 23,393 fewer than in March 2007 (396,156).
- The highest average occupancy rate was reported by properties in the Central region of Palm Beach County (87.0%) and the lowest by properties in the Southern region (77.2%). The average occupancy rate among properties in the Northern region was 81.5%.
  - In March 2008, properties in all three regions of PBC reported a decrease in average occupancy rates compared to March 2007 (Northern - by 7.0 percentage points, from 88.5% to 81.5%; Southern – by 4.4 percentage points, from 81.6% to 77.2%; Central – by 1.4 percentage points, from 88.4% to 87.0%),
- Both smaller (50-100 rooms) and larger properties (101+ rooms) reported a decrease in average occupancy rates. Among smaller properties the average occupancy rate decreased by 9.9 percentage points (from 86.1% to 76.2%), while among larger properties it decreased by 2.7 percentage points (from 85.5% to 82.8%).
  - Among larger properties, hotels with 220-500 rooms reported an increase of 2.1 percentage points in the average occupancy rate (from 83.0% in March 2007 to 85.1% in March 2008), while hotels with 101-219 rooms reported a decrease in the average occupancy rate of 6.1 percentage points relative to the same month last year (from 87.4% to 81.3%).
- Overall, international guests comprised 5.4% of PBC hotels' occupancy in March 2008, based on hotel managers who responded.
  - Smaller hotels (50-100 rooms) reported that 10.6% of their guests were international travelers, while larger properties (101+ rooms) claimed that 4.7% of their guests came from abroad.
  - According to hotel managers who responded in March 2008, hotels in the Southern region received the highest percentage of international guests at 7.7% (compared to 4.3% among hotels in the Central region and 2.2% among hotels in the Northern region).
- Similar to March 2007 (41.1%), in March 2008, vacationers occupied most room nights in Palm Beach County (42.0%). Business travelers and convention/group travelers occupied 29.2% and 28.8% of March hotel room nights, respectively.
- Properties considered convention hotels had, on average, 28.3% of their room nights occupied by convention/group visitors, which is comparable to March 2007

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

# Significant Highlights: March 2008

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) for participating Palm Beach County hotels in March 2008 was \$241.20 - a 13.9% increase from March 2007 (\$211.85).**
  - The ADR increased among both smaller (50-100 rooms)\* and larger properties (101+ rooms) in March 2008 compared to March 2007, as reported by surveyed managers. Smaller properties reported an increase of 37.8% (from \$184.45 to \$254.10) and larger properties reported an increase of 11.2% compared to the prior year (from \$216.26 to \$240.53).
  - Among larger hotels, properties with 101-219 rooms reported an increase in ADR of 15.3% (from \$151.79 in 2007 to \$175.04 in 2008) and hotels with 220-500 rooms reported an increase in ADR of 8.6% (from \$236.50 in March 2007 to \$256.84 in March 2008).
- Nearly nine-in-ten hotel managers stated that the ADR reported in March 2008 was calculated based on retail plus wholesale rates (87.8%).

### Bookings via Third Party Websites

- **The percentage of hotel rooms sold via third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) increased by 2.2 percentage points in March 2008 compared to March of last year (from 12.5% to 14.7%).**
  - The percentage of hotel rooms booked via a third party website in March 2008 was at parity with March of last year among both smaller (50-100 rooms) and larger properties (101+ rooms) (smaller properties - 23.8% in 2007 and 24.3% in 2008; larger properties – 8.2% in 2007 and 8.7% in 2008).

### Future Business Outlook

- **Most property managers surveyed in March 2008 foresee a decrease in room revenues for April and May 2008 (52.5%; 44.1% Group/Individual Business, 60.4% Individual Vacation) as compared to April and May 2007. An increase is expected among 27.1% of surveyed managers (37.8% Group/Individual Business, 22.9% Individual Vacation), while 20.4% expect no change (18.0% Group/Individual Business, 16.7% Individual Vacation).\*\***
  - Property managers who expect an increase in room revenues compared to April and May of last year predict an average increase of 7.5% (7.8% Group/Individual Business, 8.2% Individual Vacation).\*\*
  - Property managers who predict a decrease in room revenues compared to April and May of last year predict an average decrease of 8.3% (11.9% Group/Individual Business, 12.2% \* Please note that the response rate for hotels with 50-100 rooms was low in March (33.8%); the hotels that replied are more upscale with higher rates (i.e. Colony and Brazilian Court Hotels in Palm Beach).

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

# Significant Highlights: March 2008

## Property Manager Survey (continued)

### Future Business Outlook (continued)

- When asked about their predictions for June and July 2008 compared to the same months in the previous year, 44.2% of surveyed managers stated that they expect a decrease in room revenue (48.2% Group/Individual Business, 62.0% Individual Vacation), while 30.4% foresee an increase (37.3% Group/Individual Business, 19.8% Individual Vacation). One quarter of surveyed managers predict no change in total room revenue (25.4%, 14.5% Group/Individual Business, 18.2% Individual Vacation).
  - Property managers who expect an increase in room revenues compared to June and July 2007 predict an average increase of 8.4% (13.1% Group/Individual Business, 9.7% Individual Vacation).
  - Property managers who expect a decrease in room revenues compared to June and July 2007 expect an average decrease of 11.4% (12.4% Group/Individual Business, 10.5% Individual Vacation).

### Market Focus

- In March 2008, most surveyed property managers, regardless of hotel size, stated that they are focusing primarily on the Florida Leisure Drive Market in terms of marketing, advertising and promotion.
  - Properties in the Northern region however, have their main focus equally on the Florida Leisure Drive Market, Weddings and Amateur Sports Events (each stated by 100.0% of surveyed managers in that region).
- Regarding market areas in need of assistance from the CVB and the Sports Commission, surveyed managers all cited different needs. A full list can be found on page 19.

# Significant Highlights: March 2008

## Hotel Visitor Study

### Characteristics of Stay

- **In March 2008, the average party size\* of surveyed hotel guests was 2.1, the average number of nights stayed in Palm Beach County (PBC) hotels was 3.6, and the average number of rooms occupied per night\* was 1.3.**

### Planning the Trip to Palm Beach County

- **More than one-half of surveyed hotel guests (56.7%) were in Palm Beach County as business travelers (conference/convention/business meeting), usually in town for a business meeting (44.4%). Vacationers comprised 35.8% 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 8.0 percentage points from 48.7% in March 2007 to 56.7% in March 2008, vacationers – decreased by 3.5 percentage points from 39.3% in March 2007 to 35.8% in March 2008).
- 'Employer' was cited most often by surveyed guests (51.3%) as the person who made the decision regarding the trip to Palm Beach County. This is at parity with March 2007 (52.3%).
- **More than one-half of surveyed visitors stated that a 'Work-related trip' was the primary reason for visiting Palm Beach instead of another destination (52.4%).**
  - Other frequently mentioned reasons for selecting PBC over other destinations were 'Visit friends/relatives' (19.5%) and/or 'previous visit' (17.1%).
  - Mentions of 'Beaches' as a reason for choosing Palm Beach County decreased noticeably from in March 2008 compared to March 2007 (from 10.7% to 3.7%, down 7.0 percentage points).
- Nearly one-half of surveyed guests planned the trip to PBC one month or less in advance (47.1%), a 3.9 percentage point increase from March 2007 (43.2%).

\* 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 2008

## Hotel Visitor Study (continued)

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

- **When booking the trip to Palm Beach County, 18.9% of surveyed guests used a travel agency and one-half used the Internet (49.5%).**
  - While use of the Internet increased by 4.4 percentage points compared to March 2007 (from 45.1% to 49.5%), use of a travel agency decreased by 2.3 percentage points (from 21.2% to 18.9%).
  - Those who used the Internet to plan the trip to PBC primarily used it to book flights (77.4%), reserve hotel rooms (67.8%), and to rent a car (34.0%).
  - March 2008 surveyed visitors were less likely to report that their visit was part of a package (that may have included airfare, lodging, meals, rental car, etc.) than their March 2007 counterparts - a 4.1 percentage point decrease (from 10.0% to 5.9%).

### Visitor Expenditures

- **Visitors per party average expenditure in March 2008 was \$1,886, \$159 (9.2%) more than visitors surveyed in March 2007 (\$1,727)\*\*.**
  - With the exception of 'Entertainment/Recreation (decreased by 32.2%), increases were seen in all expending categories compared to March 2007. The greatest increase was in 'Local Travel', which went up 37.4% (from \$115 in March 2007 to \$158 in March 2008).
  - Hotel guests spent an average of \$898 per person (a 9.2% increase from March 2007, \$822) and \$250 per person/day (a 5.7% decrease from March 2007, \$265).
- **Leisure travelers spent, on average, \$2,707 per party, while business travelers reported spending, on average, \$1,299 per party.**
  - Leisure travelers' per party expenditures increased from \$2,077 in March 2007 to \$2,707 in March 2008 (up 30.3%). Business travelers per party expenditures decreased from \$1,401 to \$1,299 (a 7.3% decline).

### Characteristics of Visitors

- More than nine-in-ten surveyed hotel visitors were White/Caucasian (92.0%) and more than one-half were between the ages of 35 and 54 (56.4%).
- More than six-in-ten surveyed hotel visitors have professional/managerial jobs (62.8%) and more than seven-in-ten stated a household income of \$100,000 or more (72.4%).
- Nine-in-ten vacationers were traveling with adult family members or friends (89.8%), while business travelers were usually traveling alone (44.4%) or with business associates (36.3%).

\*\* 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 2008

## Hotel Visitor Study (continued)

### Travel Details

- Palm Beach County was the main destination for 93.2% of surveyed hotel guests. Nearly three-in-ten (28.9%) were visiting PBC for the first time.
- The most popular mode of transportation used by visitors to come to PBC was the airplane (80.9%, a 4.0 percentage point increase compared to last year, 76.9%).

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

- **One-half of surveyed guests stated that Palm Beach County's 'Climate/Weather' was the aspect they liked best about their trip (50.9%).**
- **March 2008 respondents most often reported that 'Traffic/bad drivers' (30.0%), and 'Humidity/poor weather' (10.2%) were the aspects they liked least about the trip to Palm Beach County.**
  - 'Traffic/bad drivers' seems to be less of an issue this year than last, yet rising costs and poor weather are more problematic in 2008 than in 2007. Compared to March 2007, citing of 'Traffic/bad drivers' decreased by 11.0 percentage points (from 41.0% to 30.0%), while mentions of 'Expensive' and 'Humidity/poor weather' increased by 6.9 and 5.4 percentage points, respectively.
- Visitors most often reported that a 'longer stay' (21.1%), 'better weather' (12.3%), and 'lower prices' (9.1%) would make their next trip to PBC better.

### Activity Participation

- Nearly all surveyed visitors ate at restaurants during their trip to Palm Beach County in March 2008 (96.2%). Surveyed visitors also frequently mentioned shopping (30.5%), going to the beach (28.5%), swimming (11.1%) and visiting downtown West Palm Beach attractions/CityPlace (10.3%).

### Return Visits

- **Eight-in-ten surveyed guests plan to visit Palm Beach County again (80.2%), which is about the same as in March 2007 (80.7%).**
  - Two point one percent of hotel guests reported they will not return to Palm Beach County for reasons which include 'no business in the area', 'too expensive' and 'have not been invited to come back'.