

# Significant Highlights: May 2008

## Property Manager Survey

### Occupancy Rates

- **The average occupancy rate as reported by participating Palm Beach County (PBC) hotels in May 2008 was 64.6%. This is at parity with May 2007 (65.7%).**
  - **An average of 295,003 room nights\*\* were occupied during May 2008, 13,007 (4.2%) fewer than in May 2007 (308,010).**
- **Properties in the Central and Northern regions had comparable occupancy rates during May 2008 (65.8% and 66.0%, respectively), while properties in the Southern region had a lower average occupancy rate of 62.3%.**
  - Property managers in all three regions of PBC stated that occupancy rates in May 2008 were comparable to occupancy rates observed in May 2007 (Southern – down 0.6 percentage points; Northern – down 1.6 percentage points; Central – down 1.3 percentage points).
- **Compared to May 2007, the average occupancy rate decreased among smaller properties (50-100 rooms, by 7.3 percentage points, from 60.8% to 53.5%)\* and remained unchanged among larger properties (101+ rooms, 66.5% in May 2007 and May 2008).**
  - Among larger properties, hotels with 101-219 rooms saw a decrease of 4.0 percentage points in the average occupancy rate (from 65.7% in May 2007 to 61.7% in May 2008). Hotels with 220-500 rooms, on the other hand, experienced an increase of 4.9 percentage points in the average occupancy rate compared to the same month last year (from 68.0% to 72.9%).
- **According to the hotel managers who responded, the percentage of international hotel guests in May 2008 was 6.3%.**
  - Smaller hotels (50-100 rooms)\* reported that 13.9% of their guests were international visitors, while larger properties (101+ rooms) reported that 5.3% of their guests were from countries other than the U.S.
  - Hotel managers from the Southern region who responded claimed that 10.9% of their guests were traveling internationally. Hotel managers from the Central and Northern regions reported that 5.0% and 2.2% of their guests, respectively, were international travelers.
- **In May 2008, vacationers occupied more than one-third of the room nights in Palm Beach County (35.1%), which is comparable to May 2007 (36.1%). Business travelers and Convention/group travelers represented 34.4% and 30.6% of occupied room nights in PBC hotels during May 2008, respectively (also at parity with May 2007).**

The percentage of room nights occupied by Convention/group travelers in convention hotels in May 2008 (35.8%) was comparable to May 2007 (36.0%).

\* Caution: Low response rate among properties with 50-100 rooms (28.0%)

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

# Significant Highlights: May 2008

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) for participating Palm Beach County hotels in May 2008 was \$145.63, representing an increase of 7.9% compared to May 2007 (\$134.96).**
- - Property managers from smaller hotels (50-100 rooms)\* reported an ADR in May 2008 (\$109.01) comparable to the ADR reported in May 2007 (\$107.88), while managers from larger properties (101+ rooms) claimed an increase in ADR of 9.0% compared to May 2007 (from \$138.90 in 2007 to \$151.35 in 2008).
  - Participating managers of hotels with 101-219 rooms reported an increase in ADR of 16.5% (from \$95.57 in 2007 to \$111.32 in 2008), while those from larger hotels (with 220-500 rooms) claimed the ADR was at parity with the same month last year (\$155.91 in 2007 and \$158.04 in 2008). This trend was also observed last month.
- In May 2008, more than two-thirds of hotel managers stated that the ADR was calculated based on retail plus wholesale rates (68.4%).

### Bookings via Third Party Websites

- **Responding property managers claimed that an average of 13.7% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) in May 2008, a 3.2 percentage point decrease relative to May 2007 (16.9%).**
- In May 2008, the percentage of hotel rooms booked through a third party website declined among both smaller (50-100 rooms)\* and larger hotels (101+ rooms) compared to May of the prior year, although far more notable a difference is observed among smaller hotels (smaller hotels – a 14.0 percentage point decline, from 32.2% to 18.2%; larger hotels – a 2.0 percentage point decrease, from 13.0% to 11.0%).

### Future Business Outlook

- **More than seven-in-ten responding property managers foresee a decrease in total room revenues for June and July 2008 (71.7%; 53.6% Group/Individual Business, 81.4% Individual Vacation) relative to June and July 2007. Those who expect an increase comprise 18.3% of surveyed managers (23.4% Group/Individual Business, 1.6% Individual Vacation), while those who predict no change make up 10.0% of surveyed hotel managers (23.0% Group/Individual Business, 17.1% Individual Vacation).\*\***
- Property managers who anticipate an increase in room revenues relative to June and July of the prior year expect an average increase of 5.2% (18.3% Group/Individual Business).\*\*
- Property managers who expect a decrease in room revenues in relation to June and July of last year estimate an average decrease of 11.4% (10.7% Group/Individual Business, 11.7% Individual Vacation).\*\*

\* Caution: Low response rate among properties with 50-100 rooms (28.0%)

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

# Significant Highlights: May 2008

## Property Manager Survey (continued)

### Future Business Outlook (continued)

- **Regarding the months of August and September 2008, six-in-ten surveyed managers predict a decrease in total room revenue compared to these same months in 2007, (59.7%, 50.9% Group/Individual Business, 75.7% Individual Vacation). An increase is anticipated among 20.3% of surveyed hotel managers (21.9% Group/Individual Business) and no change is expected among 20.0% of surveyed hotel managers (27.2% Group/Individual Business, 24.3% Individual Vacation).\*\***
  - Property managers who anticipate an increase in room revenues compared to August and September 2007 calculate an average increase of 10.0% (10.9% Group/Individual Business).\*\*
  - Property managers who foresee a decrease in room revenues relative to August and September 2007 expect an average decrease of 10.8% (11.3% Group/Individual Business, 11.8% Individual Vacation).\*\*

### Market Focus

- **Nearly all property managers who responded in May 2008 stated they are primarily focusing on the Florida Leisure Drive Market in terms of marketing, advertising and promotion (97.2%).**
  - When it comes to geographic region, all hotel managers in the Southern region are focusing on the Florida Leisure Drive Market (100.0%). More than nine-in-ten hotel managers in the Central region are concentrating on both the Florida Leisure and Business Drive Markets (both 94.7%). Northern region property managers are claiming equal focus on the Florida Leisure Drive Market, Florida Association Market, Weddings and Amateur Sports Events (all 100.0%).
  - All participating hotel managers from smaller properties (50-100 rooms) are focusing on the Florida Drive Market, both Leisure and Business (100.0% each), while most surveyed hotel managers from larger properties (101+rooms) claimed that the Florida Leisure Drive Market is the market they are mainly focusing on at this time (96.3%).

**When asked about the greatest challenges for the remainder of 2008, responding hotel managers most often cited the effects of fuel prices on traveling, the economy in general, and the competition. A full, detailed list can be found on page 19.**

# Significant Highlights: May 2008

## Hotel Visitor Study

### Characteristics of Stay

- **In May 2008 the average party size\* of surveyed hotel guests visiting Palm Beach County (PBC) was 1.9. An average of 3.6 nights were occupied by surveyed visitors in PBC hotels. The average number of rooms inhabited per night\* was 1.3.**

### Planning the Trip to Palm Beach County

- **More than six-in-ten May 2008 surveyed hotel guests (63.5%) expressed that they were business travelers (conference/convention/business meeting), mainly in town for a business meeting (52.9%). Vacation/pleasure was cited as the reason for the trip to PBC by 32.4% of surveyed hotel guests.**
  - There were more business travelers and fewer vacationers traveling to Palm Beach County in May 2008 compared to May 2007 (business travelers – increased by 2.7 percentage points from 60.8% in May 2007 to 63.5% in May 2008, vacationers – decreased by 2.8 percentage points from 35.2% in May 2007 to 32.4% in May 2008).
- **More than one-half of surveyed visitors (58.7%) cited ‘Employer’ in May 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 (31.7%).**
  - Employers as decision makers increased by 3.6 percentage points (from 55.1% to 58.7%), while head of household/other adult as such decreased by 4.6 percentage points (from 36.3% to 31.7%) compared to May 2007.
- **The primary reason for choosing Palm Beach County over other destinations as mentioned by PBC visitors surveyed in May 2008 was ‘work-related trip’ (59.2%). ‘Visit friends/relatives’ (19.8%) and ‘Previous visit’ (10.8%) were also frequently mentioned responses.**
  - As business travel increased, ‘work related trip’ as a reason for selecting PBC also increased compared to May 2007 (by 1.5 percentage points, from 57.7% to 59.2%).
- **While still the most likely scenario, fewer surveyed guests arranged their trip to Palm Beach County one month or less in advance compared to May 2007 (a 5.3 percentage point decrease, from 58.3% to 53.0%).**

\* 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: May 2008

## Hotel Visitor Study (continued)

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

- **In May 2008, fewer surveyed visitors utilized the services of a Travel Agent compared to May 2007 (a decrease of 6.2 percentage points, from 26.7% to 20.5%).**
- **Use of the Internet to organize the trip also decreased in May 2008 relative to May 2007 (by 1.6 percentage points, from 47.0% in 2007 to 45.4% in 2008).**
  - Among those who utilized the Internet to arrange their trip to PBC, more than three-quarters (76.9%) used it to book hotel rooms, two-thirds (67.6%) reserved airfare, and about three-in-ten (29.3%) used it to reserve a rental car.
  - In May 2008, use of the Internet to make rental car reservations (29.3%) decreased compared to this same month last year (40.8%, an 11.5 percentage point decrease).
  - Seven point five percent of May 2008 surveyed visitors claimed their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc). This was at parity with May 2007 (7.3%).

### Visitor Expenditures

- **An average of \$1,408 per party was spent by visitors in May 2008 - \$199 (16.5%) more than visitors questioned in May 2007 (\$1,209)\*\*.**
  - 'Gifts/Shopping' and 'Restaurant/Bar' were the spending categories that underwent the largest percentage point increases relative to May 2007 (34.7% and 26.1%, respectively).
  - Although the actual dollar amount is rather low, it is important to note that expenditures relating to entertainment/recreation decreased significantly compared to this time last year (by 52.6%. from \$38 in May 2007 to \$18 in May 2008).
  - In May 2008 surveyed hotel guests spent an average of \$741 per person, representing a 22.5% (\$136) increase from May 2007 (\$605).
- **Leisure and Business travelers' per party average expenditures increased in May 2008 by 6.9% and 24.0%, respectively. Leisure travelers' per party average expenditure increased from \$1,379 in May 2007 to \$1,474 in May 2008 and business travelers' per party average expenditure increased from \$1,092 in May 2007 to \$1,354 in May 2008.**

### Characteristics of Visitors

- Ninety percent of hotel visitors surveyed characterized themselves as White/Caucasian (90.5%).
- More than three-quarters of surveyed hotel visitors were between the ages of 35 and 64 (76.9%).
- Nearly two-thirds of surveyed hotel visitors cited working in professional/managerial jobs (64.5%).
- More than two-thirds of those PBC visitors who were surveyed claimed a household income of \$100,000 or more (68.2%).
- More than three-quarters of leisure visitors traveled with adult family members or friends (78.7%), while more than one-half of business travelers traveled solo (53.7%).

\*\* 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 2008

## Hotel Visitor Study (continued)

### Travel Details

- Nine-in-ten visitors reported Palm Beach County as their main destination in May 2008 (90.2%), comparable to this same month last year (89.1%).
- More surveyed hotel guests visited Palm Beach County for the first time in May 2008 (29.3%) than did so in May 2007 (25.7%), a 3.6 percentage point increase.
- Airplanes remain the most popular means of transportation to PBC among surveyed hotel visitors in May 2008 (70.9%).
- While more than eight-in-ten surveyed visitors were domestic travelers (84.1%) this represents a 7.6 percentage point decrease from May 2007 (91.7%).

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

- **'Climate/Weather' continued to be cited most often by surveyed hotel guests in May 2008 when asked what they liked best about their trip to Palm Beach County (33.7%). 'Beaches/ocean' (14.3%) followed by 'Beautiful/Nice area' (11.4%) were other positive aspects often mentioned by surveyed hotel guests.**
- **'Traffic/bad drivers' remains the most frequently mentioned disliked facet among Palm Beach County visitors (25.9%), followed by 'Humidity/poor weather' (25.3%).**
  - Mentions of 'Traffic/bad drivers' declined considerably compared to the same month last year (from 41.7% in May 2007 to 25.9% in May 2008, down 15.8 percentage points).
- A 'longer stay' was the most popular response among responding visitors in terms of what would make their trip to PBC better next time (24.5%).

### Activity Participation

- In May 2008, more than ninety percent of surveyed visitors dined at area restaurants while they were visiting Palm Beach County (91.3%). Shopping (29.6%), going to the beach (26.3%) and/or swimming (14.9%) were among other popular activities guests enjoyed while staying in Palm Beach County.

### Return Visits

- **More than eighty percent of May 2008 surveyed hotel guests plan to visit PBC again (82.4%). Only 3.1% claim they do not plan to come back to Palm Beach County.**
  - The majority of respondents who stated that they do not intend to visit PBC again did not give a specific reason (4 out of 7 respondents). Those who provided a reason for not planning to return mentioned 'no business in the area', 'Not enough to do' and 'long flight' (1 respondent each).