

Significant Highlights: October 2008

Property Manager Survey

Occupancy Rates

- **In October 2008, the average occupancy rate for participating Palm Beach County (PBC) hotels was 54.9%, a 4.7 percentage point decrease from October 2007 (59.6%).**
 - An average of 250,402 room nights** were occupied in October 2008, which reflects an 8.4 percentage point decline compared to October 2007 (273,342).
- **Properties in the Central region of Palm Beach County experienced the highest average occupancy rate (59.3%) among the three regions (Northern – 47.5% and Southern – 54.0%).**
 - In October 2008, PBC property managers in all three geographic regions reported decreases in their average occupancy rates relative to October 2007 (South – down 6.8 percentage points, from 60.8% to 54.0%, North - down 4.7 percentage points, from 52.2% to 47.5% and Central – down 3.8 percentage points, from 63.1% to 59.3%).
- **In October 2008, smaller properties (50-100 rooms) experienced an average occupancy rate at parity with this same month last year (49.7% in October 2007 and 49.6%* in October 2008). However, larger properties saw a decline of 5.3 percentage points relative to October 2007 (from 61.3% to 56.0%).**
 - Among larger properties, the average occupancy rate decreased compared to the same month last year (101-219 rooms - down by 6.5 percentage points, from 60.8% in October 2007 to 54.3% in October 2008, 220-500 rooms - down by 6.0 percentage points, from 63.7% in October 2007 to 57.7% in October 2008).
- **According to participating hotel managers, the average percentage of international guests staying at PBC hotels in October 2008 was 7.3%.**
 - Managers of smaller hotels cited a greater percentage of international hotel guests than larger hotels; managers of smaller hotels (50-100 rooms) claimed that 9.7% of their guests were international travelers, whereas managers of larger properties (101+ rooms) stated that 6.7% of their guests traveled from outside of the United States (6.6% among those with 101-219 rooms, 6.3% among those with 220-500 rooms).
 - At 2.6%, Northern region hotels hosted the lowest percentage of international guests (compared to 8.5% among Central region hotels and 7.6% among Southern region hotels).
- **In October 2008, business travelers occupied the greatest percentage of room nights in Palm Beach County (36.8%). Leisure travelers and convention/group travelers occupied 28.9% and 34.4% of October hotel room nights, respectively.**
 - The percentage of leisure travelers decreased by 5.9 percentage points (from 34.8% in October 2007 to 28.9% in October 2008), the percentage of room nights occupied by business travelers increased by 4.1 percentage points (from 32.7% in October 2007 to 36.8% in October 2008) and the percentage of convention/group travelers remained at parity relative to the same month last year (32.5% in October 2007 and 34.4% in October 2008).
- **In October 2008, the percentage of room nights occupied by convention/group visitors in designated convention hotels (35.8%) decreased by 2.1 percentage points relative to the same month last year (37.9%).**

* Caution: Low response rate among properties with 50-100 rooms (29.7%)

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

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Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **In October 2008, the average daily room rate (ADR) among participating Palm Beach County hotels was \$132.08, which is at parity with the same month last year (\$132.74).**
 - Managers at smaller hotels (50-100 rooms)* reported a decrease of 6.9 percentage points compared to October 2007 (from \$118.24 in October 2007 to \$110.08 in October 2008), while managers of larger properties (101+ rooms) claimed that their average daily room rate remained at parity with this same month last year (\$135.52 in October 2007 and \$136.37 in October 2008).
 - Among larger hotels, participating managers at hotels with 101-219 rooms reported their ADR to be 3.0 percentage points (\$2.79) higher than October 2007 (from \$91.65 in October 2007 to \$94.44 in October 2008), while hotel managers with 220-500 rooms cited a decrease in ADR of 2.8 percentage points (\$4.32) (from \$155.01 in October 2007 to \$150.69 in October 2008).
- Nearly eighty percent of hotel managers reported their hotel's ADR was calculated based on retail plus wholesale rates (78.8%) in October 2008.

Bookings via Third Party Websites

- **In October 2008, nearly two-in-ten hotel rooms were booked through third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) according to participating hotel managers (19.3%), a 4.9 percentage point increase relative to October 2007 (14.4%).**
 - In October 2008, the percentage of hotel rooms at smaller properties (50-100 rooms) booked via third party websites increased by 3.4 percentage points compared to October of the prior year (from 24.3% to 27.7%). Larger properties (101+ rooms) experienced a 3.5 percentage point increase relative to October 2007 (from 9.8% to 13.3%), most evident among hotels with 220-500 rooms (from 5.2% in October 2007 to 13.7% in October 2008, an 8.5 percentage point increase).

Future Business Outlook

- **More than seventy percent of participating property managers foresee a decrease in total room revenues for November and December 2008 (71.4%; 71.8% Group/Individual Business, 69.2% Individual Vacation) relative to November and December 2007. Eleven point six percent of surveyed managers anticipate an increase (16.0% Group/Individual Business, 7.0% Individual Vacation), while those who predict no change represent the remaining 17.0% of surveyed hotel managers (12.3% Group/Individual Business, 23.7% Individual Vacation).****
 - Property managers who predict an increase in room revenues relative to November and December of the prior year expect an average increase of 15.0% (15.4% Group/Individual Business, 9.2% Individual Vacation).**
 - Property managers who anticipate a decrease in room revenues in relation to November and December of last year estimate an average decrease of 13.1% (12.4% Group/Individual Business, 15.5% Individual Vacation).**

* Caution: Low response rate among properties with 50-100 rooms (29.7%)

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

Significant Highlights: October 2008

Property Manager Survey (continued)

Future Business Outlook (Continued)

- **When predictions were requested concerning the months of January and February 2009, more than seven-in-ten surveyed managers projected a decrease in total room revenue compared to the same months in 2008 (71.4%; 71.1% Group/Individual Business, 69.2% Individual Vacation). An increase is expected among 11.6% of surveyed hotel managers (11.7% Group/Individual Business, 7.0% Individual Vacation) and no change is anticipated among 17.0% of surveyed hotel managers (17.2% Group/Individual Business, 23.7% Individual Vacation).****
 - Property managers who foresee an increase in room revenues compared to January and February 2008 expect an average increase of 13.5% (7.6% Group/Individual Business, 9.2% Individual Vacation).**
 - Property managers who anticipate a decrease in room revenues relative to January and February 2008 predict an average decrease of 14.4% (15.1% Group/Individual Business, 16.1% Individual Vacation).**

Market Focus

- **In October 2008, nearly nine-in-ten surveyed property managers (86.6%) reported that their primary focus was on the Florida Leisure Drive Market in terms of marketing, advertising and promotion.**
 - All responding hotel managers in the Southern region claim to be focusing primarily on the Florida Leisure Drive Market (100.0%). More than seventy percent of responding hotel managers in the Central region are concentrating on the Florida Leisure and Business Drive Markets (both 73.7%). All participating property managers in the Northern region cited the Florida Leisure Drive Market, the Florida Association Market and Weddings as their primary focus (all 100.0%).
 - More than eight-in-ten participating hotel managers from smaller (50-100 rooms) as well as larger (101+ rooms) properties are primarily concentrating on the Florida Leisure Drive Market (smaller properties - 83.3%, larger properties - 88.0%).
- **When hotel managers were asked about their greatest challenges for the remainder of 2008, 'Economic hardships/Keeping busy with a bad economy' was the response most often reported. The comprehensive list of challenges can be found on page 20.**

Significant Highlights: October 2008

Hotel Visitor Study

Characteristics of Stay

- **Comparable with October 2007, in October 2008, the average party size* of surveyed hotel guests staying in Palm Beach County (PBC) was 1.8. The mean number of nights visitors stayed in hotels in PBC was 3.7, reflecting an increase of almost one night (up from 2.8 nights). The average number of rooms occupied per night* was 1.2.**

Planning the Trip to Palm Beach County

- **Nearly two-thirds of surveyed hotel guests (64.2%) stated that they were traveling for business (conference/convention/business meeting), primarily in PBC for a business meeting (50.3%). Vacation/pleasure was cited as the reason for the trip to PBC by 28.4% of surveyed hotel guests.**
 - Compared to October 2007, the percentage of those traveling to PBC for business remained at parity with October 2008 (62.9% in October 2007 and 64.2% in October 2008). There has been a slight decline in the percentage of those claiming that vacation/pleasure was the primary reason for the trip to PBC (down 2.4 percentage points, from 30.8% to 28.4%).
- **In October 2008, approximately sixty-percent of surveyed hotel visitors (60.9%) mentioned 'Employer' when asked who made the decision to travel to Palm Beach County; just over one-third (34.5%) cited 'Head of Household/Other Adult'.**
 - Relative to October 2007, citing of 'Employer' and/or 'Head of household/Other adult' as the decision maker for planning the trip to Palm Beach County remained at parity with October 2008 ('Employer' – 59.8% in October 2007 and 60.9% in October 2008, 'Head of household/Other adult' – 34.2% in October 2007 and 34.5% in October 2008).
- **More than six-in-ten surveyed hotel visitors cited 'Work-Related Trip' as their main reason for visiting Palm Beach instead of another destination (62.0%).**
 - 'Visit Friends/Relatives' (14.6%) and 'Previous Visit' (11.5%) were other frequently mentioned answers when visitors were asked their reasons for selecting Palm Beach County as opposed to other destinations.
 - In October 2008, 'Work Related Trip' and/or 'Previous Visit' as the reasons for selecting PBC remained at parity with the same month last year ('Work Related Trip' - 60.8% in October 2007 and 62.0% in October 2008, 'Previous Visit' – 10.0% in October 2007 and 11.5% in October 2008), while 'Visit Friends/Relatives' decreased by 7.1 percentage points (from 21.7% in October 2007 to 14.6% in October 2008).
- **More than one-half of surveyed guests planned the trip to PBC one month or less in advance (55.7%), 6.3 percentage points fewer than October 2007 (62.0%).**

* 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: October 2008

Hotel Visitor Study (continued)

Booking a Trip to Palm Beach County

- **In October 2008, use of a Travel Agent by surveyed visitors to organize the trip to PBC increased by 4.8 percentage points compared to October 2007 (from 24.2% in October 2007 to 29.0% in October 2008). However, use of the Internet to plan the trip decreased by 9.6 percentage points (from 49.9% in October 2007 to 40.3% in October 2008).**
 - Among those who utilized the Internet to organize their trip to PBC, nearly eighty-percent (78.0%) used it to book hotel rooms, more than sixty-percent (63.7%) reserved airfare, and nearly thirty-percent (28.4%) used it to secure a rental car.
 - In October 2008, use of the Internet to make hotel reservations increased by 2.3 percentage points relative to October 2007 (from 75.7% in October 2007 to 78.0% in October 2008), use of the Internet to book airfare remained at parity compared to the same month last year (64.0% and 63.7%), and use of the Internet to reserve a rental car decreased by 12.0 percentage points (from 40.4% to 28.4%).
 - More surveyed visitors in October 2008 claimed that their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc) relative to the same month last year (up 2.0 percentage points, from 4.7% in 2007 to 6.7% in 2008).

Visitor Expenditures

- **On average, \$1,410 was spent by surveyed visitors' parties - \$433 (44.3%) more than visitors surveyed in October 2007 (\$977)**.**
 - Relative to October 2007, increases were seen in all spending categories. 'Lodging' and 'Gifts/Shopping' were the spending categories that experienced the largest percentage point increases relative to October 2007 ('Lodging' - up 37.8%, from \$521 to \$718, 'Gifts/Shopping' - up 330.0%, from \$50 to \$215).
 - Surveyed hotel guests spent an average of \$783 per person per day in October 2008, representing a \$208 (36.2%) increase from October 2007 (\$575).
- **In October 2008, leisure travelers' per party average expenditures increased by 31.2 percentage points (from \$1,114 in October 2007 to \$1,462 in October 2008) and business travelers' per party average expenditure increased by 48.4 percentage points (from \$927 in October 2007 to \$1,376 in October 2008).**

Characteristics of Visitors

- Approximately ninety-percent of visitors in October 2008 described themselves as White/Caucasian (90.8%).
- Nearly sixty-percent of surveyed hotel visitors stated an age between 35 and 54 (58.1%).
- Among answering PBC visitors, approximately two-thirds claimed to be working in professional/managerial jobs (65.3%) and having an annual household income of \$100,000 or more (66.9%).
- Approximately two-thirds of those visitors traveling for leisure vacationed with adult family members or friends (67.7%), while most business travelers came alone (61.8%).

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

Significant Highlights: October 2008

Hotel Visitor Study (continued)

Travel Details

- PBC was the main destination for 92.8% of surveyed hotel guests in October 2008, which was at parity with October 2007 (91.9%).
- There are more first time visitors to PBC this year than last; in October 2008, approximately one-third of surveyed hotel guests claimed this was their first trip to Palm Beach County (33.6%), an increase of 5.9 percentage points compared to October 2007 (27.7%).
- As seen in the past, air travel is the predominant means of transportation to PBC (79.2%), even more so this year than last (up 9.3 percentage points, from 69.9% in October 2007).
- More than eight-in-ten October 2008 surveyed visitors traveled from within the United States to PBC (82.8%); however, this represents an 8.7 percentage point decrease relative to October 2007 (91.5%).

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **In October 2008, the top mentioned response given by surveyed hotel guests when asked what they liked best about their trip to Palm Beach County was ‘Climate/Weather’ (32.1%). ‘Beautiful Area’ (10.3%) and ‘Beaches/Ocean’ (9.2%) followed as the next most frequently mentioned responses.**
 - The top mentioned answer, ‘Climate/Weather’, remained at parity relative to October 2007 (33.3% in October 2007 and 32.1% in October 2008).
 - The response ‘Beautiful Area’ increased by 5.5 percentage points compared to October 2007 (from 4.8% to 10.3%).
 - In October 2008, the mention of ‘Beaches/Ocean’ decreased by 6.4 percentage points relative to the same month last year (from 15.6% to 9.2%).
- **The most disliked features of PBC among surveyed hotel visitors in October 2008 continued to be ‘Humidity/Poor Weather’ (31.0%) and ‘Traffic/Bad Drivers’ (19.6%).**
 - In October 2008, mentions of ‘Humidity/Poor Weather’ increased by 6.2 percentage points relative to October 2007 (from 24.8% in 2007 to 31.0% in 2008), while citations of ‘Traffic/Bad Drivers’ decreased by 7.0 percentage points compared to this same month last year (from 26.6% to 19.6%).

Activity Participation

- As was the case this same month last year, more than nine-in-ten surveyed visitors ate at area restaurants while staying in Palm Beach County (95.6%). Shopping (33.4%), Going to the beach (20.2%), Swimming (14.9%), Golf/Tennis (13.1%), and/or Visiting downtown West Palm Beach Attractions/City Place (12.2%) were among other activities in which guests participated while visiting PBC.
- The top mentioned activities in which hotel visitors claimed to have participated during a recent trip which they wished they could have done in Palm Beach County were going to the beach (32.4%) and golfing (12.4%) (both of which are available in PBC currently).

Significant Highlights: October 2008

Hotel Visitor Study (continued)

Return Visits

- **In October 2008, more than eight-in-ten surveyed hotel guests plan to visit PBC again (84.5%).**
 - Three of six respondents who do not plan to return to PBC did not provide any reason as to why they will not visit PBC again. Among those who did provide reasons for their disinterest in returning, 'No business in the area' was cited by two respondents and 'Don't like it here' was stated by one respondent.

Vacation/Leisure Visitors

- In October 2008, seventy-percent of surveyed leisure visitors stated that they traveled within the United States for their last vacation (70.1%). Cities in the Far West (21.9%), Florida (19.7%) and the Southeast (excluding Florida) (13.1%) were the top domestic destinations mentioned.
- Approximately three-in-ten surveyed hotel visitors traveled internationally for their last vacation (29.9%), countries in Latin America/Caribbean (12.4%) and Europe (10.0%) were most prevalent.
- Nearly one-half of responding leisure visitors declared another locale in Florida as part of their consideration set when planning their visit to PBC (46.8%), while 14.6% considered traveling internationally. Nearly forty-percent considered no other destinations (38.5%).
- PBC is perceived to be similar to other vacation destinations. Most responding leisure visitors claimed that PBC is about the same as their most recent vacation destination in terms of the following:
 - Being a great place to go again and again (63.2%)
 - Being appreciated as a tourist or visitor (59.4%)
 - Being great for discovering nature-based activities/ecotourism (58.3%)
 - Being great for historical sights and places (54.8%)
 - Being great for museums and other cultural activities (53.5%)
 - Being able to always find a new place to see or a new thing to do (51.6%)
- Relative to their most recent vacation destination, a comparable percentage of leisure visitors claimed that PBC is much better (46.1%) or is about the same (45.5%) in terms of being a good value.