

# Significant Highlights: September 2008

## Property Manager Survey

### Occupancy Rates

- **The average occupancy rate, in September 2008, for responding Palm Beach County (PBC) hotels was 46.2%, a 3.7 percentage point decrease from September 2007 (49.9%).**
  - In September 2008, an average of 203,837 room nights\*\* were occupied, which is 7.9 percentage points lower than September 2007 (221,376).
- **Properties in all three geographic regions experienced comparable occupancy rates in September 2008 (44.8% - North, 46.0% – Central and 47.0% - South).**
  - In September 2008, PBC property managers in the Northern and Central regions reported decreases in their average occupancy rates relative to September 2007 (North - down 3.0 percentage points, from 47.8% to 44.8% and Central – down 9.0 percentage points, from 55.0% to 46.0%).
  - Southern region property managers in PBC cited a 1.1 percentage point increase in their average occupancy rate in September 2008 compared to September 2007 (from 45.9% to 47.0%).
- **Relative to September 2007, managers of smaller properties (50-100 rooms) reported a decrease in average occupancy rate (down 13.4 percentage points from 49.4% to 36.0%\*). Managers from larger properties also reported a decline, but to a much smaller degree (down 1.8 percentage points from 50.0% to 48.2%).**
  - Hotels with 101-500 rooms saw a decrease of approximately 3% (101-219 rooms – 2.6%, 220-500 – 2.8%), while those with 500 rooms or more experienced an increase of 3.1%.
- **According to participating hotel managers, the average percentage of international guests staying at PBC hotels in September 2008 was 7.1%.**
  - Managers of smaller hotels cited a greater percentage of international hotel guests than larger hotels; managers of smaller hotels (50-100 rooms) claimed that 14.4% of their guests were international travelers, whereas managers of larger properties (101+ rooms) stated that 5.7% of their guests traveled from outside of the United States (7.7% among those with 101-219 rooms, 4.1% among those with 220-500 rooms).
  - At 10.3%, Southern region hotels hosted the largest percentage of international guests (compared to 5.0% among Northern region hotels and 5.3% among Central region hotels).
- **In September 2008, PBC room nights were occupied by comparable percentages of leisure visitors and business travelers according to responding property managers (36.3% - leisure visitors and 36.0% business travelers). More than one-quarter of occupied rooms in PBC were occupied by convention/group travelers during September 2008 (27.7%).**
  - The percentage of leisure travelers decreased by 4.5 percentage points (from 40.8% in September 2007 to 36.3% in September 2008), the percentage of business travelers' remained at parity (36.5% in September 2007 and 36.0% in September 2008), and the percentage of room nights occupied by convention/group travelers increased by 5.0 percentage points (from 22.7% in September 2007 to 27.7% in September 2008).
- **In September 2008, the percentage of room nights occupied by convention/group visitors in designated convention hotels (33.3%) increased by 9.4 percentage points relative to the same month last year (23.9%).**

\* Caution: Low response rate among properties with 50-100 rooms (38.0%)

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

# Significant Highlights: September 2008

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **In September 2008, the average daily room rate (ADR) among participating Palm Beach County hotels was \$109.30 - a 4.6 percentage point decrease from September 2007 (\$114.53).**
  - Managers at smaller hotels (50-100 rooms)\* reported an increase of 3.7 percentage points (from \$109.34 to \$113.40) and managers at larger properties (101+ rooms) cited a decrease of 5.5 percentage points (from \$115.61 to \$109.21) compared to September 2007.
  - Among larger hotels, participating managers at hotels with 101-219 rooms reported their ADR to be at parity with September 2007 (\$88.59 in September 2007 and \$87.72 in September 2008), while hotel managers with 220-500 rooms cited a decrease in ADR of 12.5 percentage points (from \$130.07 in September 2007 to \$113.76 in September 2008).
- More than eighty percent of hotel managers claimed their hotel's ADR was calculated based on retail plus wholesale rates (82.0%) in September 2008.

### Bookings via Third Party Websites

- **In September 2008, more than twenty percent of hotel rooms were booked through third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) according to participating hotel managers (21.4%); this is almost double that which was reported in September 2007 (11.2%).**
  - The most notable increase is evident among smaller hotels. In September 2008, the percentage of hotel rooms at smaller properties (50-100 rooms) booked via third party websites increased by 14.1 percentage points compared to September of the prior year (from 18.8% to 32.9%), while larger properties (101+ rooms) experienced a 5.4 percentage point increase relative to September 2007 (from 9.6% to 15.0%).

### Future Business Outlook

- **More than two-thirds of participating property managers foresee a decrease in total room revenues for October and November 2008 (67.5%; 61.0% Group/Individual Business, 63.9% Individual Vacation) relative to October and November 2007. Nine point two percent of surveyed managers anticipate an increase (18.8% Group/Individual Business, 9.2% Individual Vacation), while those who predict no change represent the remaining 23.3% of surveyed hotel managers (20.2% Group/Individual Business, 26.9% Individual Vacation).\*\***
  - Property managers who predict an increase in room revenues relative to October and November of the prior year expect an average increase of 24.0% (14.4% Group/Individual Business, 19.0% Individual Vacation).\*\*
  - Property managers who anticipate a decrease in room revenues in relation to October and November of last year estimate an average decrease of 12.1% (12.0% Group/Individual Business, 14.2% Individual Vacation).\*\*

\* Caution: Low response rate among properties with 50-100 rooms (38.0%)

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

# Significant Highlights: September 2008

## Property Manager Survey (continued)

### Future Business Outlook (Continued)

- **When predictions were requested concerning the months of December 2008 and January 2009, more than six-in-ten surveyed managers projected a decrease in total room revenue compared to the same months in 2007, (62.0%; 58.1% Group/Individual Business, 60.0% Individual Vacation). An increase is expected among 9.5% of surveyed hotel managers (15.9% Group/Individual Business, 11.0% Individual Vacation) and no change is anticipated among 28.5% of surveyed hotel managers (25.9% Group/Individual Business, 29.0% Individual Vacation).\*\***
  - Property managers who foresee an increase in room revenues compared to December 2007 and January 2008 expect an average increase of 32.5% (10.2% Group/Individual Business, 20.4% Individual Vacation).\*\*
  - Property managers who anticipate a decrease in room revenues relative to December 2007 and January 2008 predict an average decrease of 12.2% (14.3% Group/Individual Business, 14.6% Individual Vacation).\*\*

### Market Focus

- **In September 2008, more than seventy-percent of surveyed property managers (72.2%) reported their primary focus was on the Florida Leisure Drive Market in terms of marketing, advertising and promotion.**
  - According to the different geographic regions, more than eighty-percent of participating hotel managers in the Southern region claim to be focusing on the Florida Leisure Drive Market (86.7%). More than two-thirds of responding hotel managers in the Central region are concentrating on the Florida Association Market (69.6%). All responding Northern region property managers cited Weddings as their main focus (100.0%).
  - More than eight-in-ten participating hotel managers from smaller properties (50-100 rooms) are primarily concentrating on the Florida Association Market (84.6%). While, approximately three-quarters of responding hotel managers from larger properties (101+ rooms) cited that the Florida Leisure Drive Market is their main focus in terms of marketing, advertising, and promotion (74.2%).
- **When hotel managers were asked their greatest challenges for the remainder of 2008, the 'Poor economy/Global crisis now looming over the current economy' was the response most often reported. The comprehensive list can be found on page 20.**

# Significant Highlights: September 2008

## Hotel Visitor Study

### Characteristics of Stay

- **Comparable with September 2007, in September 2008, the average party size\* of surveyed hotel guests staying in Palm Beach County (PBC) was 1.9. The mean number of nights visitors spent in hotels in PBC was 3.4. The average number of rooms occupied per night\* was 1.3.**

### Planning the Trip to Palm Beach County

- **Approximately seventy-percent of surveyed hotel guests (70.8%) claimed to be traveling for business (conference/convention/business meeting), primarily in PBC for a business meeting (57.1%). Vacation/pleasure was cited as the reason for the trip to PBC by 23.4% of surveyed hotel guests.**
  - Compared to September 2007, those traveling to PBC for business increased by 15.3 percentage points (from 55.5% in September 2007 to 70.8% in September 2008) while the percentage of leisure travelers decreased by 14.6 percentage points (from 38.0% in September 2007 to 23.4% September 2008).
- **In September 2008, approximately seventy-percent of surveyed hotel visitors (69.0%) mentioned 'Employer' when asked who made the decision to travel to Palm Beach County; just over one-quarter (26.5%) cited 'Head of Household/Other Adult'.**
  - Aligning with the increase in business related travel, citing of 'Employer' as the decision maker increased by 20.9 percentage points (from 48.1% in September 2007 to 69.0% in September 2008), while mentions of 'Head of household/Other adult' decreased by 15.7 percentage points (from 42.2% in September 2007 to 26.5% in September 2008).
- **Approximately seven-in-ten surveyed hotel visitors claimed 'Work-Related Trip' as their main reason for visiting Palm Beach over other destinations (70.8%).**
  - 'Previous Visit' (13.7%) and 'Visit Friends/Relatives' (10.9%) were other frequently mentioned answers when visitors were asked their reasons for selecting Palm Beach County as opposed to other destinations.
  - In September 2008, 'Work Related Trip' as the reason for selecting PBC increased by 11.3 percentage points (from 59.5% in September 2007 to 70.8% in September 2008), 'Previous Visit' increased by 6.4 percentage points (from 7.3% in September 2007 to 13.7% in September 2008), while 'Visit Friends/Relatives' decreased by 13.6 percentage points (from 24.5% in September 2007 to 10.9% in September 2008).
- **More than two-thirds of surveyed guests planned the trip to PBC one month or less in advance (68.2%), at parity with September 2007 (66.9%).**

\* 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: September 2008

## Hotel Visitor Study (continued)

### Booking a Trip to Palm Beach County

- **In September 2008, use of a Travel Agent and the Internet by surveyed visitors to organize the trip decreased compared to September 2007 (Travel Agent – down 7.6 percentage points from 29.0% in 2007 and 21.4% in 2008, Internet - down 2.8 percentage points, from 44.9% in 2007 to 42.1% in 2008).**
  - Among those who utilized the Internet to organize their trip to PBC, eighty-percent (82.0%) used it to book hotel rooms, two-thirds (66.3%) reserved airfare, and forty-percent (40.0%) used it to secure a rental car.
  - In September 2008, use of the Internet to make hotel reservations increased by 4.1 percentage points relative to September 2007 (from 77.9% to 82.0%), while use of the Internet to book airfare and car rental reservations decreased compared to the same month last year (airfare - down 9.3 percentage points, from 75.6% in September 2007 to 66.3% in September 2008, car rental – down 5.0 percentage points from 45.0% in September 2007 to 40.0% in September 2008).
  - More surveyed visitors in September 2008 claimed 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 2.1 percentage points, from 4.7% in 2007 to 6.8% in 2008).

### Visitor Expenditures

- **On average \$1,163 per party was spent by visitors - \$80 (6.4%) less than visitors surveyed in September 2007 (\$1,243)\*\*.**
  - Compared to September 2007, increases were seen in 'Lodging' and 'Gifts/Shopping' ('Lodging' - up 1.0%, from \$609 to \$615, 'Gifts/Shopping' - up 6.7%, from \$105 to \$112).
  - 'Entertainment/Recreation' was the spending category that experienced the largest percentage point decrease relative to September 2007 (down 63.0%, from \$46 to \$17).
  - Surveyed hotel guests spent an average of \$612 per person per day in September 2008, representing a \$42 (6.4%) decrease from September 2007 (\$654).
- **In September 2008, leisure travelers' per party average expenditures increased by 34.0 percentage points (from \$1,307 in September 2007 to \$1,751 in September 2008), while business travelers' per party average expenditure decreased by 13.1 percentage points (from \$1,148 in September 2007 to \$998 in September 2008).**

### Characteristics of Visitors

- Approximately ninety-percent of visitors in September 2008 described themselves as White/Caucasian (89.8%).
- More than one-half of surveyed hotel visitors stated an age between 35 and 54 (55.1%) and claimed to be working in professional/managerial jobs (57.2%).
- Among answering PBC visitors, more than two-thirds reported an annual household income of \$100,000 or more (68.4%).
- Approximately eighty-percent of those visitors traveling for leisure vacationed with adult family members or friends (80.7%). More than one-half of business travelers came alone (53.4%).

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

# Significant Highlights: September 2008

## Hotel Visitor Study (continued)

### Travel Details

- PBC was the main destination for 93.0% of surveyed hotel guests in September 2008, which was at parity with September 2007 (94.1%).
  - In September 2008, approximately two-thirds of surveyed hotel guests claimed to have traveled to Palm Beach County previously (75.6%), which is fewer than September 2007 (72.4%).
  - Even though during September 2008 fewer hotel guests traveled via airplane to PBC this continued to be the most popular mode of transportation (70.2%, a 5.1 percentage point decrease compared to this same month last year, 75.3%).
  - Approximately ninety-percent of September 2008 surveyed visitors traveled from within the United States (89.3%), which represents a 4.2 percentage point decrease relative to September 2007 (93.5%).

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

- **In September 2008, the top mentioned response provided by surveyed hotel guests when asked what they liked best about their trip to Palm Beach County was ‘Climate/Weather’ (34.4%). ‘Beaches/Ocean’ (13.1%), ‘Beautiful Area’ (8.6%) and ‘Nice People’ (7.4%) followed as the next most frequently mentioned responses.**
  - Claims of ‘Climate/Weather’ as the aspect most liked about PBC increased relative to September 2007 (by 5.0 percentage points, from 29.4% in September 2007 to 34.4% in September 2008).
  - The responses ‘Beaches/Ocean’ and ‘Beautiful Area’ remained at parity with September 2007 (‘Beaches/Ocean’ – 13.5% in 2007 and 13.1% in 2008, ‘Beautiful Area’ – 9.6% in 2007 and 8.6% in 2008).
  - In September 2008, citing of ‘Nice People’ increased by 3.0 percentage points compared to September 2007 (from 4.4% to 7.4%).
- **The most disliked features of PBC among surveyed hotel visitors in September 2008 continued to be ‘Humidity/Poor Weather’ (28.3%) and ‘Traffic/Bad Drivers’ (26.5%).**
  - In September 2008, mentions of ‘Humidity/Poor Weather’ increased by 9.9 percentage points relative to September 2007 (from 18.4% in 2007 to 28.3% in 2008), while citing of ‘Traffic/Bad Drivers’ decreased by 3.0 percentage points compared to this same month last year (from 29.5% in 2007 to 26.5% in 2008).

### 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 (95.8%). Shopping (29.2%), Going to the beach (26.3%), Swimming (20.6%) and/or Going to bars/nightclubs (11.7%) 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 golf (16.5%) and going to the beach (8.8%), both of which are available in PBC currently.

# Significant Highlights: September 2008

## Hotel Visitor Study (continued)

### Return Visits

- **In September 2008, nearly nine-in-ten surveyed hotel guests plan to visit PBC again (85.7%). Nearly four percent state they do not plan to return to Palm Beach County (3.9%).**
  - Six of ten respondents 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, 'Don't like it here' was cited by three respondents and 'No business in the area' was stated by one respondent.

### Vacation/Leisure Visitors

- In September 2008, approximately sixty-percent of surveyed leisure visitors stated that they traveled within the United States for their last vacation (58.0%). Cities in Florida (23.0%) and the Southeast (excluding Florida) (14.2%) were the top domestic destinations mentioned.
- Approximately one-third of surveyed hotel visitors traveled internationally for their last vacation (32.9%), of which more than ten percent mentioned a country in Europe (16.1%) or in Latin America/Caribbean (14.7%).
- Approximately two-thirds of responding leisure visitors declared another locale in Florida as part of their consideration set when planning their visit to PBC (67.5%), while 18.3% considered traveling internationally.
- PBC is perceived to be similar to other vacation destinations. More than one-half of responding leisure visitors claimed that PBC is about the same as their most recent vacation destination in terms of the following:
  - Being great for discovering nature-based activities/ecotourism (78.5%)
  - Being a good value (76.5%)
  - Being great for museums and other cultural activities (77.4%)
  - Being great for historical sights and places (77.4%)
  - Being able to always find a new place to see or a new thing to do (66.2%)
  - Being appreciated as a tourist or visitor (60.5%)
  - Being a great place to go again and again (55.4%)