

Significant Highlights: August 2009

Property Manager Survey

Occupancy Rates

- **During August 2009, the average occupancy rate for responding Palm Beach County hotels was 55.2%, which is at parity with August 2008 (54.6%). It may be noted that August is the first month of 2009 in which the average occupancy rate did not decrease when compared to the same month of the year before (see chart on pg. 13).**
 - In August 2009, the average occupancy rate was higher among larger (101+ rooms) properties (58.9%) than among smaller (50-100 rooms) properties (36.6%)*.
 - Among smaller hotels (50-100 rooms), the average occupancy rate decreased by 5.5 percentage points compared with last year, from 42.1% to 36.6%. Among larger hotels (101+ rooms), the average occupancy rate increased by 2.0 percentage points compared with last year, from 56.9% to 58.9%.
- **Properties in the Northern region of Palm Beach County experienced the highest average occupancy rate (57.5%) in August 2009 (Central – 56.1% and Southern – 53.9%).**
 - Hotels in all regions experienced increases in average occupancy relative to last year (Northern – up 2.2 percentage points from 55.3% to 57.5%; Central – up 0.8 percentage points from 55.3% to 56.1%; Southern – up 0.6 percentage points from 53.3% to 53.9%).
- **During August 2009 the approximate number of hotel room nights occupied** was 255,988 – an increase of 7,119 (2.9%) room nights relative to last year (248,869).**
- **According to hotel managers surveyed in August 2009, 7.2% of hotel guests traveled internationally.**
 - Property managers from smaller hotels (50-100 rooms)* stated that, on average, 8.9% of their guests traveled from outside of the United States, while managers from larger properties (101+ rooms) stated that, on average, 6.8% of their guests were international travelers.
- **During August 2009, leisure travelers occupied the greatest percentage of room nights in Palm Beach County (43.1%), which represents a 3.4 percentage point increase from last year (39.7%). Business travelers occupied 27.5% of room nights, which is an 8.2 percentage point decrease from last year (35.7%). Convention/group travelers occupied 29.3% of August 2009 hotel room nights, which represents a 4.7 percentage point increase from last year (24.6%).**
- **Hotel managers specifically from convention hotels related that 34.9% of their reservations were made by convention/group travelers, which is an increase of 7.8 percentage points from August 2008 (27.1%).**

* Caution: Low response rate among properties with 50-100 rooms (26.2%)

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

Significant Highlights: August 2009

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **While recent trends may suggest the average occupancy rate was at parity with last year, average daily room rates were well below August 2008 numbers. As reported by participating Palm Beach County property managers, the ADR for PBC properties in August 2009 was \$95.03 – this represents a 22.5% (\$27.60) decrease compared to last year (\$122.63).**
 - In August 2009, managers from larger properties (101+ rooms) reported a larger decrease in ADR than managers at smaller properties (50-100 rooms)*; among smaller properties the ADR decreased by 13.0 percentage points, from \$108.10 to \$94.07; while among larger properties the ADR decreased by 23.8 percentage points, from \$125.33 to \$95.48.
 - Among the larger properties, managers at hotels with 101-219 rooms reported an ADR of \$69.02, a decrease of 27.9 percentage points from 2008 (\$95.79); hotel managers at hotels with 220-500 rooms cited an ADR of \$104.41, a decrease of 29.6 percentage points from 2008 (\$148.24).
 - In August 2009, nearly two-thirds of hotel managers stated that the ADR was calculated based on retail plus wholesale rates (63.0%).

Future Business Outlook

- **Regarding the business outlook for the next two months as relative to the same months last year, most responding property managers foresee a decrease in Total Room Revenue (83.2%), as well as in Group/Individual Room Revenue (82.7%) and Individual Vacation Room Revenue (76.7%) for September and October 2009.+**
 - Property managers who expect a decrease in room revenues in relation to September and October of last year estimate an average decrease of 22.0% in Total Room Revenue, an average decrease of 23.7% in Group/Individual Business Room Revenue, and an average decrease of 22.9% in Individual Vacation Room Revenue.+
- **Only 12.4% of Hotel managers foresee an increase in Total Room Revenue for September and October 2009 when compared to the same months in the previous year; 12.9% foresee an increase in Group/Individual Business Room Revenue, and 15.9% foresee an increase in Individual Vacation Room Revenue.+**
 - Property managers who anticipate an increase in room revenues relative to September and October of the prior year expect an average increase of 25.6%** in Total Room Revenue, an average increase of 26.5%** in Group/Individual Business Room Revenue, and an average increase of 8.9% in Individual Vacation Room Revenue.+
- **Those who expect no change in Total Room Revenue for the next two months comprise 4.4% of surveyed managers (4.4% see no change in Group/Individual Business Revenue and 7.4% see no change in Individual Vacation Revenue).+**

* Caution: Low response rate among properties with 50-100 rooms (26.2%)

** Caution: Low response among managers who foresee an increase in revenue.

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

Significant Highlights: August 2009

Property Manager Survey (continued)

Future Business Outlook (continued)

- **When predicting changes in room revenue three and four months ahead, compared to the same months last year, most responding hotel managers are expecting a decrease in Total Room Revenue (82.7%), as well as a decrease in Group/Individual Business Room Revenue (69.6%) and Individual Vacation Room Revenue (69.4%).+**
 - Among hotel managers who expect a decrease in room revenue compared to the prior year, the average decrease predicted is 19.1% in Total Revenue, 22.3% in Group/Individual Business Revenue, and 22.1% in Individual Vacation Revenue.+
- **Few surveyed hotel managers (3.1%) anticipate an increase in Total Room Revenue for November and December 2009 when compared to the same months in the previous year, although slightly more see an increase in Group/Individual Business Room Revenue (12.3%) and in Individual Vacation Room Revenue (9.3%).+**
 - Among hotel managers who anticipate an increase in room revenue relative to the previous year, the average increase forecast is 5.0% in Total Revenue, 12.4% in Group/Individual Business Revenue, and 7.3% in Individual Vacation Revenue.+
- **The remaining hotel managers predict no change for November and December 2009 (14.2% see no change in Total Room Revenue, 18.1% see no change in Group/Individual Business Revenue, and 21.3% see no change in Individual Vacation Revenue).+**

Bookings Via Third Party Websites

- **According to hotel managers, an average of 12.9% of Palm Beach County hotel bookings were made through third party websites (such as Orbitz, Travelocity, Expedia, hotels.com, etc.) in August 2009; this represents a decrease of 3.9 percentage points from last year (16.8%).**
 - In August 2009, there were more third party bookings at larger hotels (101+ rooms; 15.9%) than at smaller hotels (50-100 rooms; 8.3%).

Market Focus

- **As in prior quarters, the major focus for hotel managers, in terms of marketing, advertising and promotion, was on the Florida Leisure Drive Market (96.2%).**
- **When asked about the greatest challenges for the remainder of 2009, responding hotel managers most often cited problems maintaining their rates, the economy in general, and occupancy. A full, detailed list can be found on page 20.**

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

Significant Highlights: August 2009

Hotel Visitor Study**

Characteristics of Stay

- **In August 2009, the average party size* among surveyed hotel guests visiting Palm Beach County was 2.3. Surveyed visitors occupied an average of 2.7 nights in PBC hotels, a decrease of 1.1 nights compared to last year (3.8). The average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **Slightly more than one-half of surveyed hotel guests (50.4%) were business travelers, mainly in town for a business meeting (40.8%) or a conference/convention (9.6%). Vacation/pleasure was the reason for the trip to PBC for 32.1% of surveyed hotel guests.**
 - In regards to whether visitors to PBC were traveling for business or for pleasure, August 2009 saw a higher proportion of business travelers when compared to the same month last year. The percentage of business travelers increased from 46.4% to 50.4%, while the percentage of visitors traveling for pleasure decreased from 40.3% to 32.1%.
- **In August 2009, the head of household/other adult was the primary decision maker when planning the trip to Palm Beach County for more than one-half of surveyed visitors (58.4%). Employers (36.4%) were also frequently mentioned as such.**
 - Compared to last year, employers as decision makers actually decreased slightly (from 38.6% to 36.4%) despite a higher proportion of guests traveling for business, while head of household/other adult increased (from 54.2% to 58.4%). It should be noted that in August 2009, a considerably greater percentage of business travelers had their trips planned by the head of household/other adult (37.1%) than did so in August 2008 (18.7%).
- **In August 2009, 'work-related trip' was the primary reason, as mentioned by visitors, for choosing Palm Beach County over other destinations (46.6%). 'Visit friends/relatives' (20.5%) and 'special event' (13.4%) were also frequently mentioned.**
 - Consistent with the increase in the proportion of business travelers, 'work related trip' as a reason for selecting PBC increased slightly when compared to August 2008 (by 2.3 percentage points, from 44.3% to 46.6%). The percentage of visitors coming to PBC because of a special event experienced the largest increase (by 7.9 percentage points, from 5.5% to 13.4%).
- **In August 2009, a greater percentage of surveyed guests arranged their trip to Palm Beach County two or three months in advance (23.4%) when compared to August 2008 (14.9%). Fewer guests planned their trip one month or less in advance (59.3%) when compared to last year (66.1%).**
 - * 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.
 - **Of note: Since losing their Hilton flag, check-outs at the Double Tree Boca Raton have decreased significantly.

Significant Highlights: August 2009

Hotel Visitor Study**(continued)

Planning the Trip to Palm Beach County (Continued)

- **In August 2009, the percentage of visitors who utilized the services of a Travel Agent (21.3%) remained at relative parity with August 2008 (22.8%).**
- **The percentage of surveyed visitors who used the Internet to organize any part of their trip remained at parity with last year (50.9% in 2008 and 52.0% in 2009).**
 - Among those who utilized the Internet to arrange their trip to PBC, nearly nine-in-ten (86.3%) used it to book hotel rooms, four-in-ten (40.1%) reserved airfare, and nearly one-quarter (24.8%) used it to reserve a rental car.
 - Compared to last year, use of the Internet to make rental car reservations decreased by 7.7 percentage points (from 32.5% to 24.8%). Use of the Internet to make airline reservations decreased significantly (by 20.6 percentage points; from 60.7% to 40.1%). It should be noted that the percentage of surveyed visitors stating that they traveled by airplane to PBC decreased as well (by 11.7 percentage points, from 70.2% to 58.5%).
 - Among those who used the Internet to book any part of their trip, the percentage of guests who booked their hotel room on the Internet increased slightly when compared to last year (from 82.4% to 86.3%). Among specific websites, hotel websites experienced the greatest increase (10.0 percentage points, from 36.8% to 46.8%) and remains the top choice for guests booking hotel rooms online.
 - In August 2009, only 3.9% of surveyed visitors claimed their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc). This is a decrease of 4.5 percentage points in relation to August 2008 (8.4%).

Visitor Expenditures

- **An average of \$1,007 per party was spent by visitors in August 2009 - \$646 (39.1%) less than visitors surveyed in August 2008 (\$1,653)*.**
 - Relative to the same month last year, in August 2009 the average spending per visit decreased in each individual spending category. The largest decrease among individual spending categories was in 'Gifts/Shopping', which decreased by 71.6% (from \$334 to \$95).
 - The decrease in per party spending may be due in part to leisure travelers reporting shorter stays in PBC hotels in August 2009 (an average of 2.9 nights) when compared to August 2008 (an average of 4.0 nights). Further evidence for this theory is seen in that, while the average spending *per party* decreased by 39.1 percentage points (from \$1,653 to \$1,007), the average spending *per person per day* decreased by a considerably smaller margin (14.3 percentage points, from \$189 to \$162).
 - **Leisure travelers' per party average expenditure decreased from \$2,020 in August 2008 to \$1,142 in August 2009, a decrease of 43.5% (\$878), while business travelers' per party average expenditure decreased from \$1,303 last year to \$850 in August 2009, a decrease of 34.8% (\$453).**

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

Significant Highlights: August 2009

Hotel Visitor Study**(continued)

Visitor Expenditures (Continued)

- In August 2009, both leisure and business travelers' per party expenditure decreased in nearly every spending category; however, average spending *per person per day* decreased significantly only among leisure travelers (a decrease of 21.1 percentage points, from \$185 to \$146), while among business travelers the average spending *per person per day* remained consistent with last year (a decrease of only one percentage point, from \$202 to \$200).

Characteristics of Visitors

- Nearly nine-in-ten hotel visitors characterized themselves as White/Caucasian (88.1%) and nearly one-in-ten characterized themselves as African-American/Black (7.8%).
- Nearly six-in-ten of all surveyed hotel visitors were between the ages of 35 and 54 (58.0%), an increase of 6.9 percentage points compared to last year (51.1%). The percentage of visitors under 35 decreased (from 20.5% to 15.5%), as did the percentage of visitors 65 or older (from 9.1% to 5.1%).
- Most surveyed hotel visitors cited working in professional/managerial jobs (59.9%).
- In August 2009, the percentage of visitors claiming a household income of under \$65,000 increased by 11.3 percentage points (from 10.8% to 22.1%), while the percentage claiming a household income of \$65,000 or more decreased accordingly.
- Most leisure visitors traveled with adult family members or friends (83.0%), which is at parity with last year (81.6%), while most business travelers traveled by themselves (54.9%), a slight decrease from last year (58.4%).

Travel Details

- Nearly every surveyed visitor reported Palm Beach County as their main destination in August 2009 (94.8%), a slight increase compared to the same month last year (90.5%).
- First time visitation to PBC is declining, with the percentage of hotel guests visiting Palm Beach County for the first time in August 2009 (21.1%) having decreased by 7.1 percentage points when compared to August 2008 (28.2%).
- In August 2009, air travel to PBC decreased significantly compared to last year (by 11.7 percentage points, from 70.2% to 58.5%). Accordingly, the percentage of visitors traveling by car increased from 34.7% to 41.4%.
- Nearly all surveyed visitors in August 2009 were domestic travelers (95.8%), an increase of 13.6 percentage points compared to last year.

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- As in previous months, 'Climate/Weather' (22.4%) and 'Beaches/Ocean' (19.3%) were cited most often by surveyed guests when asked what they liked best about their trip to PBC.

Significant Highlights: August 2009

Hotel Visitor Study**(continued)

Attitudes toward Palm Beach County – Likes/Dislikes About Trip (Continued)

- When asked what they liked least about their trip to PBC, surveyed visitors most frequently mentioned 'Humidity/Poor weather' (36.4%), followed by 'Traffic/Bad drivers' (22.6%).
- Going to the beach (13.8%) was the most frequently mentioned activity that surveyed visitors did on a recent trip that they wished they could do in PBC.

Activity Participation

- In August 2009, surveyed guests enjoyed activities such as dining in restaurants (94.8%), swimming (34.6%), going to the beach (33.9%), and shopping (32.7%). When compared to last year, activities that saw significant increases included swimming (from 23.9% to 34.6%), going to bars/nightclubs (from 7.7% to 16.9%), and visiting downtown West Palm Beach/City Place (from 10.7% to 17.9%).

Return Visits

- Nine-in-ten August 2009 surveyed hotel guests plan to visit PBC again (90.0%). Only 2.4% claim they do not plan to come back to Palm Beach County.
 - Those who provided a reason for not planning to return mentioned 'No interest' (two mentions), 'Family moving away', and 'Too hot' (one mention each).

Vacation/Leisure Visitors

- When asked about their last vacation destination, more than three-quarters (77.7%) of leisure travelers traveled domestically for their last vacation; locations in Florida (26.1%) and the Far West (19.7%) were the most visited.
- Nearly one-quarter (22.3%) of surveyed leisure visitors stated they traveled internationally for their previous vacation. Locations in Latin America/Caribbean (14.6%) and Europe (7.7%) were the top cited international destinations.
- When planning their trip, nine-in-ten responding leisure travelers (90.6%) considered travelling to other locations within the United States, and most considered other locations in Florida (84.4%).
- At least three-quarters of responding leisure visitors claimed that PBC was about the same or better than their most recent vacation destination in terms of:
 - Being a great place to go again and again (91.2%)
 - Being a good value (90.3%)
 - Being great for museums and other cultural activities (88.8%)
 - Being appreciated as a tourist or visitor (87.9%)
 - Being able to always find a new place to see or a new thing to do (86.8%)
 - Being great for discovering nature-based activities/ecotourism (79.8%)
 - Being great for historical sights and places (78.0%)