

Significant Highlights: June 2009

Property Manager Survey

Occupancy Rates

- **The average occupancy rate as reported by participating Palm Beach County (PBC) hotels in June 2009 was 53.2%. This is a decrease of 8.9 percentage points compared with June 2008 (62.1%).**
 - **An average of 239,145 room nights** were occupied during June 2009 which is 35,236 (12.8%) fewer than in June 2008 (274,381).**
- **Properties in the Central region had the highest average occupancy rate with 56.7%; properties in the Northern region had an average occupancy rate of 55.4% and properties in the Southern region had an average occupancy rate of 49.9%.**
 - Property managers in all three regions of PBC stated that occupancy rates in June 2009 decreased when compared to occupancy rates in June 2008 (Southern – decreased by 11.7 percentage points; Northern – decreased by 7.0 percentage points; Central – decreased by 5.5 percentage points).
- **Compared to June 2008, the average occupancy rate decreased by 1.0 percentage point among smaller properties (50-100 rooms)* from June 2008 (43.4%) to June 2009 (42.4%), and decreased among larger properties by 10.1 percentage points from June 2008 (65.3%) to June 2009 (55.2%).**
 - Among larger properties, hotels with 101-209 rooms experienced a decrease of 8.5 percentage points in their average occupancy rate compared to the same month last year (from 61.2% to 52.7%). Hotels with 220-500 rooms saw a decrease of 5.3 percentage points in their average occupancy rate (from 70.0% in June 2008 to 64.7% in June 2009).
- **According to the hotel managers who responded, the percentage of international hotel guests in June 2009 was 7.1%.**
 - Larger properties (101+ rooms) reported that 5.8% of their guests were international, while smaller hotels (50-100 rooms)* reported that 12.9% of their guests were international visitors.
 - Hotel managers from the Central region stated that 4.7% of their guests were traveling internationally. Hotel managers from the Southern and Northern regions reported that 9.9% and 9.0% of their guests, respectively, were international travelers.
- **In June 2009, vacationers occupied 42.6% of the room nights in Palm Beach County, which is an increase of 6.5 percentage points compared to June 2008 (36.1%). Business travelers represented 33.4% of occupied room nights, which is at relative parity with June 2008 (30.5%). Convention/group travelers represented 24.0% of occupied room nights, which is a decrease of 9.4 percentage points when compared to June 2008 (33.4%).**

* Caution: Low response rate among properties with 50-100 rooms (25.3%)

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

Significant Highlights: June 2009

Property Manager Survey (continued)

Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) for participating Palm Beach County hotels in June 2009 was \$105.17, representing a decrease of 19.8% compared to June 2008 (\$131.21).**
 - The most significant decrease in ADR was among smaller hotels (50-100 rooms)* which reported a decrease of 31.0% (\$38.83) from June 2008 (\$125.27) to June 2009 (\$86.44). Managers from larger properties (101+ rooms) cited a decrease in ADR of 18.1% (\$23.96), from June 2008 (\$132.47) to June 2009 (\$108.51).
 - Managers of hotels with 101-219 rooms reported a decrease in ADR of 14.9% (\$15.03), from June 2008 (\$100.67) to June 2009 (\$85.64). Those from larger hotels (with 220-500 rooms) reported a decrease in ADR of 20.1% (\$28.39), from June 2008 (\$141.40) to June 2009 (\$113.01).
 - In May 2009, two-thirds of hotel managers stated that the ADR was calculated based on retail plus wholesale rates (67.9%).

Bookings via Third Party Websites

- **Responding property managers stated that an average of 10.5% of hotel rooms were booked via third party websites (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.). This represents a slight decrease (4.2 percentage points) relative to June 2008 (14.7%).**
 - Only larger hotels (220-500 rooms) reported an increase in the percentage of hotel rooms booked through third party websites when compared to June of the prior year (a 7.7 percentage point increase, from 6.8% to 14.5%). The largest decrease in third party bookings is observed among smaller hotels (50-100 rooms)* which reported a decrease of 14.2 percentage points from June 2008 (21.5%) to June 2009 (7.3%).

Future Business Outlook

- **Most responding property managers foresee a decrease in Total Room Revenue (85.6%), Group/Individual Room Revenue (79.5%) and Individual Vacation Room Revenue (80.7%) for July and August 2009 relative to the same months last year. Those who expect no change in Total Room Revenue comprise 14.4% of surveyed managers (18.1% Group/Individual Business, 9.4% Individual Vacation). No hotel managers foresee an increase in Total Room Revenue, but 2.4% foresee an increase in Group/Individual Business Room Revenue and 9.9% foresee an increase in Individual Vacation Room Revenue.+**
 - Property managers who anticipate an increase in room revenues relative to July and August of the prior year expect an average increase of 10.0% in Group/Individual Business Room Revenue and an average increase of 14.5% in Individual Vacation Room Revenue.+
 - Property managers who expect a decrease in room revenues in relation to July and August of last year estimate an average decrease of 25.6% in Total Room Revenue, an average decrease of 28.3% in Group/Individual Business Room Revenue, and an average decrease of 24.1% in Individual Vacation Room Revenue.+

* Caution: Low response rate among properties with 50-100 rooms (25.3%)

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

Significant Highlights: June 2009

Property Manager Survey (continued)

Future Business Outlook (Continued)

- **Regarding the months of September and August 2009, most surveyed managers predict a decrease in Total Room Revenue (90.1%), Group/Individual Business Room Revenue (83.8%), and Individual Vacation Room Revenue (82.2%) when compared to these same months last year. While no managers anticipate an increase in Total Room Revenue, an increase in Individual Vacation Room Revenue is anticipated among 8.3% of surveyed hotel managers and an increase in Group/Individual Business Room Revenue is anticipated by 2.4% of hotel managers.+**
 - Property managers who anticipate an increase in room revenues compared to September and August 2008 calculate an average increase of 10.0% in Group/Individual Business Room Revenue and 11.4% in Individual Vacation Room Revenue.+
 - Property managers who foresee a decrease in room revenues relative to September and August 2008 expect an average decrease of 24.9% in Total Room Revenue (27.9% Group/Individual Business, 22.3% Individual Vacation).+

Market Focus

- **Seven-in-ten property managers who responded in June 2009 stated they are primarily focusing on the Florida Leisure Drive Market in terms of marketing, advertising and promotion (71.9%).**
 - When it comes to geographic region, the primary focus of hotel managers in the Southern region is Weddings (71.4%). Managers in the Central region are concentrating on both the Florida Leisure and Amateur Sports Events (83.3% and 81.8%, respectively), while Northern region property managers are focusing equally on the Florida Leisure Drive Market, Florida Business Drive Market and Amateur Sports Events (all 80.0%).
 - All participating hotel managers from smaller properties (50-100 rooms)* are focusing on the Florida Leisure and Business Drive Markets, the Florida Association Market, Weddings, and Amateur Sports Events (all 100.0%). Surveyed hotel managers from larger properties (101+ rooms) stated that Amateur Sports Events (75.0%) and the Florida Leisure Drive Market (73.9%) are the markets they are mainly focusing on at this time.
- **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.**

* Caution: Low response rate among properties with 50-100 rooms (25.3%)

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

Significant Highlights: June 2009

Hotel Visitor Study** Characteristics of Stay

- In June 2009, the average party size* among surveyed hotel guests visiting Palm Beach County was 2.1. Surveyed visitors occupied an average of 4.9 nights in PBC hotels, an increase of 1.8 nights compared to last year (3.1). The average number of rooms occupied per night* was 1.2.

Planning the Trip to Palm Beach County

- More than half of surveyed hotel guests (52.9%) expressed that they were business travelers (conference/convention/business meeting), mainly in town for a business meeting (39.7%). Vacation/pleasure was cited as the reason for the trip to PBC by 34.0% of surveyed hotel guests.
 - In regards to whether visitors to PBC were traveling for business or for pleasure, June 2009 remained fairly consistent with June 2008. The percentage of business travelers decreased by 4.8 percentage points, from 57.7% in June 2008 to 52.9% in June 2009 while the proportion of visitors traveling for pleasure in June 2009 (34.0%) remained at parity with June 2008 (34.8%).
- More than one-half of surveyed visitors (56.4%) cited 'Employer' in June 2009 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 (35.7%).
 - Employers being cited as decision makers remained at parity with June 2008 (from 56.8% to 56.4%), while head of household/other adult as such increased slightly (2.4 percentage points; from 33.3% in 2008 to 35.7% in 2009).
- In June 2009, 'work-related trip' was the primary reason, as mentioned by visitors, for choosing Palm Beach County over other destinations (51.3%). 'Previous visit' (24.3%) and 'visit friends/relatives' (19.6%) were also frequently mentioned.
 - Consistent with the decrease in the proportion of business travelers, 'work related trip' as a reason for selecting PBC also decreased when compared to June 2008 (by 8.0 percentage points, from 59.3% to 51.3%). The percentage of visitors coming to PBC because of a previous visit experienced the largest increase (by 12.2 percentage points, from 12.1% to 24.3%).
- In June 2009, a greater percentage of surveyed guests arranged their trip to Palm Beach County more than three months in advance when compared to June 2008 (a 6.1 percentage point increase, from 16.0% to 22.1%). Fewer guests planned their trip two or three months in advance, a 9.8 percentage point decrease (from 26.6% in June 2008 to 16.8% in June 2009).

* 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: June 2009

Hotel Visitor Study

Booking a Trip to Palm Beach County (Continued)

- **The percentage of visitors who utilized the services of a Travel Agent decreased slightly in June 2009 when compared to June 2008 (a decrease of 4.0 percentage points, from 22.8% to 18.8%).**
- **Use of the Internet to organize the trip remained at parity with June 2008 (45.1% in 2008 and 44.2% in 2009).**
 - Among those who utilized the Internet to arrange their trip to PBC, nearly nine-in-ten (87.5%) used it to book hotel rooms, nearly two-thirds (62.2%) reserved airfare, and more than one-third (37.1%) used it to reserve a rental car.
 - Use of the Internet to make rental car reservations decreased by 8.5 percentage points from June 2008 (45.6%) to June 2009 (37.1%). Use of the Internet to make airline reservations decreased by 4.1 percentage points from June 2008 (66.3%) to June 2009 (62.2%).
 - The percentage of guests who booked their hotel room on the Internet increased by 8.1 percentage points in June 2009 (from 79.4% in June 2008 to 87.5%). Priceline.com experienced the greatest increase among specific websites, increasing from 0.0% in June 2008 to 7.3% in June 2009. The use of hotel websites remained at parity with June 2008 (from 36.9% to 38.1%) and is the top choice for guests booking hotel rooms online.
 - In June 2009, 7.0% of surveyed visitors claimed their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc). This is consistent with June 2008 (6.7%).

Visitor Expenditures

- **An average of \$1,691 per party was spent by visitors in June 2009 - \$460 (37.4%) more than visitors questioned in June 2008 (\$1,231)**.**
 - 'Gifts/Shopping', 'Restaurant/Bar' and 'Lodging' were spending categories that saw large increases relative to June 2008. 'Gifts/Shopping' increased by \$187 (183.3%, from \$102 to \$289), 'Restaurant/Bar' increased by \$125 (38.3%, from \$326 to \$451), and 'Lodging' increased by \$163 (26.7%, from \$611 to \$774).
 - While the average amount spent per party increased in June 2009, the average amount spent per person per day decreased by \$44 (21.1%) from June 2008 (\$209) to June 2009 (\$165).
- **Leisure travelers' per party average expenditure increased by \$1,472 (98.5%), from \$1,495 in June 2008 to \$2,967 in June 2009, while business travelers' per party average expenditure decreased by \$186 (17.7%), from \$1,053 in June 2008 to \$867 in May 2009.**
 - Leisure travelers' per party expenditure increased in nearly every spending category. This may be due in part to leisure travelers reporting considerably longer stays in PBC hotels in June 2009 (an average of 7.4 nights) when compared to June 2008 (an average of 3.5 nights). Evidence supporting this theory is seen in leisure travelers' per person per day spending, where averages decreased in nearly every category.

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

Significant Highlights: June 2009

Hotel Visitor Study (Continued)

Characteristics of Visitors

- Nine-in-ten hotel visitors characterized themselves as White/Caucasian (92.7%) and seven percent characterized themselves as African-American/Black (6.7%).
- Nearly one-half of all surveyed hotel visitors were between the ages of 35 and 54 (48.1%), which is consistent with previous months. The percentage of visitors 65 or older increased by 6.5 percentage points from June 2008 (7.0%) to June 2009 (13.5%).
- Most surveyed hotel visitors cited working in professional/managerial jobs (62.4%).
- Two-thirds of surveyed visitors claimed a household income of \$100,000 or more (62.9%), which is at parity with June 2008 (60.0%). The percentage of visitors claiming a household income of under \$45,000 increased by 6.2 percentage points (from 4.0% to 10.2%).
- More than three-quarters of leisure visitors traveled with adult family members or friends (79.4%), while more than one-half of business travelers traveled by themselves (56.0%). More business guests are traveling with adult family members or friends, an increase of 8.9 percentage points from June 2008 (11.5%) to June 2009 (20.4%).

Travel Details

- Nearly every surveyed visitor reported Palm Beach County as their main destination in June 2009 (97.1%), an increase of 6.5 percentage points compared to the same month last year (90.6%).
- The percentage of hotel guests visiting Palm Beach County for the first time in June 2009 (25.8%) remains at parity with June 2008 (25.9%).
- In June 2009, 61.2% of all surveyed visitors traveled by air, which is a decrease of 14.6 percentage points compared to June 2008 (75.8%). Accordingly, visitors traveling by car increased by 11.7 percentage points from June 2008 (31.0%) to June 2009 (42.7%).
- Nine-in-ten surveyed visitors were domestic travelers (88.5%) and one-in-ten were international travelers (11.5%), which is at parity with June 2008 (90.2% and 9.8% respectively).

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **In June 2009, 'Climate/Weather' continued to be cited most often by surveyed hotel guests when asked what they liked best about their trip to Palm Beach County (22.4%). 'Beaches/Ocean' (11.8%) and 'Beautiful area' (8.7%) were other positive aspects often mentioned by surveyed hotel guests.**
- **The most frequently mentioned disliked facet among Palm Beach County visitors was 'Humidity/Poor weather' (23.3%) followed by 'Traffic/Bad drivers' (18.2%).**
- **"Golfing" and "Going to the beach"**

Significant Highlights: June 2009

Hotel Visitor Study (continued)

Activity Participation

- In June 2009, nearly all surveyed visitors dined at area restaurants while they were visiting Palm Beach County (96.8%). Shopping (29.4%) and swimming (23.9%) were among other popular activities guests enjoyed while staying in Palm Beach County.

Return Visits

- **Nine-in-ten of June 2009 surveyed hotel guests plan to visit PBC again (91.6%). Only 2.8% claim they do not plan to come back to Palm Beach County.**
 - Those who provided a reason for not planning to return mentioned 'Going other places', 'Poor service' (two respondents each), and 'No business in the area' (one respondent).

Vacation/Leisure Visitors

- When asked about their last vacation destination, 51.4% of surveyed leisure visitors stated they traveled internationally for their previous vacation. Locations in Europe (20.3%) and Latin America/Caribbean (12.8%) were the top cited international destinations.
- 47.5% of hotel visitors who were traveling for leisure traveled domestically for their last vacation; locations in Florida (22.3%) and the far West (8.5%) were the most visited.
- When planning their trip, two-thirds of responding leisure travelers (67.2%) considered a destination within the United States and 6.4% considered traveling internationally. The remaining visitors considered no other destination (28.2%).
- At least two-thirds of responding leisure visitors claimed that PBC was about the same or better than their most recent vacation destination in terms of:
 - Being great for discovering nature-based activities/ecotourism (94.5%)
 - Being a good value (90.6%)
 - Being a great place to go again and again (90.5%)
 - Being able to always find a new place to see or a new thing to do (89.8%)
 - Being appreciated as a tourist or visitor (81.5%)
 - Being great for museums and other cultural activities (75.4%)
 - Being great for historical sights and places (67.2%)