

# Significant Highlights: May 2009

## Property Manager Survey

### Occupancy Rates

- **The average occupancy rate as reported by participating Palm Beach County (PBC) hotels in May 2009 was 57.0%. This is a decrease of 7.6 percentage points compared with May 2008 (64.6%).**
  - **An average of 264,179 room nights\*\* were occupied during May 2009, 30,824 (10.4%) fewer than in May 2008 (295,003).**
- **Properties in the Northern regions had an average occupancy rate of 60.0%; properties in the Central region had an average occupancy rate of 57.2%, properties in the Southern region had an average occupancy rate of 54.9%.**
  - Property managers in all three regions of PBC stated that occupancy rates in May 2009 decreased when compared to occupancy rates in May 2008 (Central – decreased 8.6 percentage points; Southern – decreased 7.4 percentage points; Northern – decreased 6.0 percentage points).
- **Compared to May 2008, the average occupancy rate decreased among smaller properties (50-100 rooms, by 3.8 percentage points, from 53.5% to 49.7%)\* and among larger properties (101+ rooms, by 8.3 percentage points, from 66.5% to 58.2%).**
  - Among larger properties, hotels with 220-500 rooms saw a decrease of 9.5 percentage points in their average occupancy rate (from 72.9% in May 2008 to 63.4% in May 2009). Hotels with 101-209 rooms experienced a decrease of 5.1 percentage points in their average occupancy rate compared to the same month last year (from 61.7% to 56.6%).
- **According to the hotel managers who responded, the percentage of international hotel guests in May 2009 was 5.0%.**
  - Larger properties (101+ rooms) reported that 5.1% of their guests were international, while smaller hotels (50-100 rooms) reported that 2.7% of their guests were international visitors.
  - Hotel managers from the Central region who responded stated that 6.8% of their guests were traveling internationally. Hotel managers from the Southern and Northern regions reported that 3.7% and 2.2% of their guests, respectively, were international travelers.
- **In May 2009, vacationers occupied 40.5% of the room nights in Palm Beach County, which is an increase of 5.4 percentage points compared to May 2008 (35.1%). Business travelers represented 32.4% of occupied room nights, which is at parity with May 2008 (34.4%). Convention/group travelers represented 27.1% of occupied room nights, which is a decrease of 3.5 percentage points when compared to May 2008 (30.6%).**

\* Caution: Low response rate among properties with 50-100 rooms (23.4%)

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

# Significant Highlights: May 2009

## Property Manager Survey (continued)

### Average Daily Room Rate (ADR)

- **The average daily room rate (ADR) for participating Palm Beach County hotels in May 2009 was \$121.45, representing a decrease of 16.6% compared to May 2008 (\$145.63).**
  - Property managers from smaller hotels (50-100 rooms)\* reported a decrease in ADR of 11.3% (\$12.32), from \$109.01 in May 2008 to \$96.69 in May 2009. Managers from larger properties (101+ rooms) cited a decrease in ADR of 16.7% (\$25.25), from \$151.35 in May 2008 to \$126.10 in May 2009.
  - Managers of hotels with 101-219 rooms reported a decrease in ADR of 11.8% (\$13.15), from \$111.32 in 2008 to \$98.17 in 2009, while those from larger hotels (with 220-500 rooms) reported a decrease in ADR of 25.4% (\$40.14), from \$158.04 in 2008 to \$117.90 in 2009.
- In May 2009, nearly three-quarters of hotel managers stated that the ADR was calculated based on retail plus wholesale rates (74.4%).
- Bookings via Third Party Websites
- **Responding property managers stated that an average of 19.1% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.) in May 2009, a 5.4 percentage point increase relative to May 2008 (13.7%).**
  - Only smaller hotels (50-100 rooms)\* reported a decrease in the percentage of hotel rooms booked through a third party website compared to May of the prior year (a 6.2 percentage point decrease, from 18.2% to 12.0%). The largest increase in third party bookings is observed among larger hotels (220-500 rooms) which reported an increased of 21.5 percentage points (from 9.0% in 2008 to 30.5% in May 2009).

### Future Business Outlook

- **More than eight-in-ten responding property managers foresee a decrease in total room revenues for June and July 2009 (81.8%; 84.5% Group/Individual Business, 74.5% Individual Vacation) relative to June and July 2008. Those who expect no change in total room revenue comprise 18.2% of surveyed managers (15.5% Group/Individual Business, 17.9% Individual Vacation), and there are no hotel managers who foresee an in total room revenue (0.0% Group/Individual Business, 7.6% Individual Vacation).+**
  - Property managers who anticipate an increase in room revenues relative to June and July of the prior year expect an increase only in Individual Vacation Room Revenue (an average increase of 29.5%\*+).
  - Property managers who expect a decrease in room revenues in relation to June and July of last year estimate an average decrease of 17.3% (20.1% Group/Individual Business, 15.1% Individual Vacation).+

\* Caution: Low response rate among properties with 50-100 rooms (23.4%) and property managers who foresee an increase in Individual Vacation Room Revenue (7.6%)

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

# Significant Highlights: May 2009

## Future Business Outlook (Continued)

- **Regarding the months of August and September 2009, eight-in-ten surveyed managers predict a decrease in total room revenue compared to these same months in 2008, (80.2%, 77.9% Group/Individual Business, 74.5% Individual Vacation). An increase is anticipated among 1.5% of surveyed hotel managers (7.6% Group/Individual Vacation) and no change is expected among 18.2% of surveyed hotel managers (22.1% Group/Individual Business, 17.9% Individual Vacation).+**
  - Property managers who anticipate an increase in room revenues compared to August and September 2008 calculate an average increase of 29.0% (0.0% Group/Individual Business, 37.7%\* Individual Vacation).+
  - Property managers who foresee a decrease in room revenues relative to August and September 2008 expect an average decrease of 16.2% (19.5% Group/Individual Business, 15.3% Individual Vacation).+

## Market Focus

- **Seven-in-ten property managers who responded in May 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, 80.0% of hotel managers in the Southern region are focusing on the Florida Leisure Drive Market and Weddings. Approximately two-thirds of hotel managers in the Central region are concentrating on both the Florida Leisure and Business Drive Markets (68.8% and 64.7% respectively). Northern region property managers are claiming equal focus on the Florida Leisure Drive Market, Florida Business Drive Market and Amateur Sports Events (all 66.7%).
  - All participating hotel managers from smaller properties (50-100 rooms) are focusing on the Weddings (100.0%), while surveyed hotel managers from larger properties (101+ rooms) stated that the Florida Leisure Drive Market is the market they are mainly focusing on at this time (80.8%).
- **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: Extremely low base among hotel managers foreseeing an increase in Individual Vacation Room Revenue  
+ Based on those responding for each (total, group/individual business, individual vacation)

# Significant Highlights: May 2009

## Hotel Visitor Study

### Characteristics of Stay

- **In May 2009, the average party size\* of surveyed hotel guests visiting Palm Beach County was 2.0. Surveyed visitors occupied an average of 3.5 nights in PBC hotels. 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 (53.8%) expressed that they were business travelers (conference/convention/business meeting), mainly in town for a business meeting (35.5%). Vacation/pleasure was cited as the reason for the trip to PBC by 39.1% of surveyed hotel guests.**
  - May 2009 had more vacationers and fewer business travelers visiting PBC when compared to May 2008 (vacationers increased by 6.7 percentage points, from 32.4% to 39.1%; business travelers decreased by 9.7 percentage points, from 63.5% to 53.8%).
- **More than one-half of surveyed visitors (52.7%) cited 'Employer' in May 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 (40.0%).**
  - Employers as decision makers decreased by 6.0 percentage points (from 58.7% to 52.7%), while head of household/other adult as such increased by 8.3 percentage points (from 31.7% to 40.0%) compared to May 2008.
- **In May 2009, the primary reason for choosing Palm Beach County over other destinations as mentioned by PBC visitors was 'work-related trip' (53.0%). 'Previous visit' (20.2%) and 'visit friends/relatives' (16.3%) were also frequently mentioned responses.**
  - As business travel decreased, 'work related trip' as a reason for selecting PBC also decreased compared to May 2008 (by 6.2 percentage points, from 59.2% to 53.0%) and 'previous visit' increased (by 9.4 percentage points, from 10.8% to 20.2%).
- **More surveyed guests arranged their trip to Palm Beach County one month or less in advance compared to May 2008 (a 6.5 percentage point increase, from 53.0% to 59.5%). Fewer guests planned their trip more than three months in advance, a 10.2 percentage points decrease (from 25.1% in May 2008 to 14.9% in May 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.

# Significant Highlights: May 2009

## Hotel Visitor Study (continued)

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

- **In May 2009, more surveyed visitors utilized the services of a Travel Agent compared to May 2008 (an increase of 4.0 percentage points, from 20.5% to 24.5%).**
- **Use of the Internet to organize the trip also increased in May 2009 relative to May 2008 (by 9.2 percentage points, from 45.4% in 2008 to 54.6% in 2008).**
  - Among those who utilized the Internet to arrange their trip to PBC, nearly eight-in-ten (78.1%) used it to book hotel rooms, one-half (54.8%) reserved airfare, and two-in-ten (18.4%) used it to reserve a rental car.
  - In May 2009, use of the Internet to make rental car reservations (18.4%) decreased compared to this same month last year (29.3%, a 10.9 percentage point decrease).
  - Among guests who booked their hotel room on the Internet, usage of hotel websites increased by 7.3 percentage points (from 37.2% in May 2008 to 44.5% in May 2009).
  - Airline reservations via the Internet dropped by 12.8 percentage points, from 67.6% in May 2008 to 54.8% in May 2009.
  - In May 2009, 2.7% of surveyed visitors claimed their trip was part of a package (that may have included airfare, lodging, meals, rental car, etc). This was a decrease of 4.8 percentage points from May 2008 (7.5%).

### Visitor Expenditures

- **An average of \$1,237 per party was spent by visitors in May 2009 - \$171 (12.1%) less than visitors questioned in May 2008 (\$1,408)\*\*.**
  - 'Gifts/Shopping' and 'Lodging' were the spending categories that underwent the largest percentage point decreases relative to May 2008 (49.5% and 16.7%, respectively).
  - In May 2009, surveyed hotel guests spent an average of \$635 per person, representing a 14.3% (\$106) decrease from May 2008 (\$741).
- **Leisure travelers' per party average expenditure decreased by \$103 (7.0%), from \$1,474 in May 2008 to \$1,371 in May 2009, and business travelers' per party average expenditure decreased by \$206 (15.2%), from \$1,354 in May 2008 to \$1,148 in May 2009.**

\*\* 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 2009

## Hotel Visitor Study (continued)

### Characteristics of Visitors

- Ninety percent of hotel visitors surveyed characterized themselves as White/Caucasian (88.3%). Nearly ten percent characterized themselves as African-American/Black (8.9%) and two percent as Asian (2.0%).
- Nearly half of all surveyed hotel visitors were between the ages of 35 and 54 (46.6%). This represents an 11.4 percentage point decrease from May 2008 (58.0%) in this age category.
- Most surveyed hotel visitors cited working in professional/managerial jobs (55.9%).
- Surveyed visitors who claimed a household income of \$100,000 or more decreased by 12.2 percentage points, from 68.2% in May 2008 to 56.0% in May 2009, but is still the largest segment of surveyed visitors.
- 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 (59.0%).

### ▪ Travel Details

- More than nine-in-ten visitors reported Palm Beach County as their main destination in May 2009 (96.7%), an increase of 6.5 percentage points compared to the same month last year (90.2%).
- More surveyed hotel guests visited Palm Beach County for the first time in May 2009 (32.1%) than did so in May 2008 (29.3%), a 2.8 percentage point increase.
- In May 2009, 67.0% of all surveyed visitors traveled by air, which was at parity with May 2008 (70.9%).
- Nine-in-ten surveyed visitors were domestic travelers (91.4%). This represents a 7.3 percentage point increase from May 2008 (84.1%).

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

- **In May 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 (29.9%). ‘Beaches/ocean’ (18.0%) followed by ‘Beautiful/Nice area’ (14.1%) 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’ (23.6%) followed by ‘Traffic/Bad drivers’ (22.0%).**
- ‘Golfing’ and ‘Going to the beach’ were the most popular responses among responding visitors in terms of what would make their trip to PBC better next time (15.6% and 14.1% respectively), both of which are activities currently available in PBC.