

Significant Highlights: December 2005

Property Manager Survey

Occupancy Rates

- **Participating Palm Beach County (PBC) hotel property managers reported an average occupancy rate of 73.8% in December 2005. This is at parity with December 2004 (74.0%).**
 - An average of 336,421 room nights** were occupied in December 2005 – 1,726 more than the average number of room nights occupied in December 2004 (334,695).
- **The highest occupancy rate was reported by properties in the Central Region of Palm Beach County (77.1%).**
 - Although, the Central region reported the highest occupancy rate, it was the only region that reported a decrease in occupancy rate compared to December 2004 (from 81.1% to 77.1%, a decrease of 4.0 percentage points).
 - Properties in the Northern region reported an occupancy rate of 69.8% (a 4.4 percentage point increase compared to December 2004, 65.4%) while properties in the Southern region reported an occupancy rate of 72.6% in December 2005 (at parity with December 2004, 71.6%).
- **Both smaller (50-100 rooms) and larger properties (100+ rooms) reported occupancy rates comparable to occupancy rates reported in December 2004 (75.0% in 2004 and 76.5% in 2005 among smaller properties and, 73.9% in 2004 and 73.2% in 2005 among larger properties).**
 - Among larger properties, occupancy rates were at parity with last year's at properties with 101-219 rooms (77.4% in December 2004 and 76.8% in December 2005) as well as at properties with 220-500 rooms (70.1% in December 2004 and 69.4% in December 2005).
- According to the hotel managers who responded, in December, 3.3% of hotel guests were from countries other than the United States. Smaller hotels reported that 4.7% of their guests were international while larger properties reported that 3.2% of their guests were from foreign destinations.
 - Among larger properties who responded, those with 101-219 rooms claimed that 3.2% of their guests were from foreign countries while those with 220-500 rooms reported that 1.0% of their guests were international.
 - Based on the hotels that responded, hotels from the Southern region reported the highest percentage of international guests (4.1%) in December 2005.
- **Surveyed property managers claimed more PBC room nights occupied by leisure travelers (40.6%) than business travelers (34.6%) in December 2005. Convention/group travelers made up 24.8% of PBC room nights.**
 - Compared to December 2004, the percentage of business travelers decreased by 5.0 percentage points (from 39.6% to 34.6%) while the percentage of convention group visitors increased by 6.8 percentage points (from 18.0% to 24.8%). The percentage of vacationers remained about the same (42.4% in 2004 and 40.6% in 2005).
- The percentage of room nights occupied by convention/group travelers in properties designated as convention hotels increased by 6.1 percentage points compared to 2004 (from 23.3% in December 2004 to 29.4% in December 2005).

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

Significant Highlights: December 2005

Property Manager Survey (Continued)

Average Daily Room Rate (ADR)

- **According to property managers who responded in December 2004 and December 2005, the average daily room rate (ADR) for participating Palm Beach County hotels in December 2005 was \$148.11 – an increase of 3.3% compared to December 2004 (\$143.42).+**
 - Smaller properties (50-100 rooms) reported a 9.6% (\$14.96) decrease in ADR in December 2005 (\$140.76) compared to December 2004 (\$155.72). Larger properties (101+ rooms) reported an increase in ADR of 5.5% (\$7.84) compared to 2004 (from \$141.93 in December 2004 to \$149.77 in December 2005).+
 - Among larger properties, hotels with 101-219 rooms reported an increase** in ADR of 9.5% (from \$92.31 in 2004 to \$101.04 in 2005) while hotels with 220-500 rooms reported an increase in ADR of 8.8% compared to December 2004 (from \$147.73 in 2004 to \$160.80 in 2005).+
- **Just over one-third (36.3%) of surveyed property managers reported that the ADR in December 2005 is based on retail rates only, while 63.7% claimed that the ADR is based on retail plus wholesale rates.**

Bookings via Third Party Websites

- **In December 2005, property managers reported that 8.0% of hotel rooms were booked via a third party website (such as Travelocity, hotels.com, Orbitz, Expedia, Hotwire, etc.). This represents a decrease of 6.0 percentage points compared to December 2004 (14.0%).**
 - Smaller properties (50-100 rooms) reported that 4.2% of their December 2005 reservations were made through a third party website (a decrease of 11.7 percentage points compared to December 2004, 15.9%) while larger properties (101+ rooms) reported that 9.2% of their December 2005 bookings were sold this way (a 3.6 percentage point decline compared to December 2004, 12.8%).

Future Business Outlook

- **The majority of surveyed property managers (77.4%) predicted an increase in room revenues for January 2006 and February 2006 compared to January 2005 and February 2005. Only 8.7% of property managers expected a decrease, and 14.0% expected no change in room revenues compared to the prior year.**
 - Property managers who predicted an increase in room revenues compared to January and February of last year, predicted an average increase of 9.2%.
 - Property managers who predicted a decrease in room revenues compared to January and February of last year predicted an average decrease of 15.0%.

+ ADR is based on hotels that responded to the survey in both December 2004 and December 2005

**Caution: response rate for hotels with 101-219 rooms was low (35.4%).

Significant Highlights: December 2005

Hotel Visitor Study

Characteristics of Stay

- **In December 2005, the average party size* of hotel guests visiting Palm Beach County (PBC) was 2.1, the average number of nights stayed in Palm Beach County hotels was 3.8, and the average number of rooms occupied per night* was 1.3.**

Planning the Trip to Palm Beach County

- **Just over one-half of surveyed guests (53.2%) were in Palm Beach County on a business trip (conference/convention/business meeting) while 41.2% were visiting PBC on a vacation/leisure trip.**
 - Compared to December 2004, the percentage of business travelers decreased by 5.9 percentage points (from 59.1% to 53.2%) while the percentage of leisure travelers increased by 9.6 percentage points (from 31.6% to 41.2%).
- The decision to come to Palm Beach County in December 2005 was most often made by visitors' employers (48.5%), a 7.4 percentage point decrease compared to December 2004 (55.9%). Conversely, the decision being made by the head of household/other adult has increased by 3.4 percentage points (from 41.2% in December 2004 to 44.6% in December 2005).
- Visitors most frequently selected Palm Beach County over other destinations because of a work-related trip (51.9%), to visit friends/relatives (30.1%), because of convenient flights (12.5%) and/or because of a previous visit (12.2%).
 - Compared to one year ago, the percentage of hotel guests claiming they visited PBC because of 'Friends/Relatives recommendation' and/or because of a business trip declined by 11.2 and 6.7 percentage points, respectively (from 14.4% to 3.2% for 'Friends/Relatives recommendation' and from 58.6% to 51.9% for 'Work related trip').
 - Large increases occurred in hotel guests mentioning 'Visit friends/Relatives' (from 19.4% in 2004 to 30.1% in 2005), 'Convenient flights' (from 3.3% in 2004 to 12.5% in 2005) and 'Weather' (from 4.6% to 8.9%).
- The majority (52.9%) of hotel guests surveyed in December 2005 were short term planners (one month or less prior to the trip). Twenty two point five percent planned their trip 2 to 3 months in advance, and 24.6% planned their trip more than 3 months in advance.
- December 2005 visitors were less likely to claim that Palm Beach County was their main destination (86.0%) than December 2004 surveyed visitors (93.4%) - a 7.4 percentage point decrease.
- Compared to December 2004, the percentage of first time visitors to PBC in December 2005 increased by 10.1 percentage points, going from 14.0% to 24.1%.

* 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.

Significant Highlights: December 2005

Hotel Visitor Study (Continued)

Booking a Trip to Palm Beach County

- **Usage of a travel agent to book visitors' trip to PBC in December 2005 (24.4%) has remained about the same compared to December 2004 (24.6%). However, usage of the Internet in planning visitors' trip has increased by 18.0 percentage points (from 39.1% in 2004 to 57.1% in 2005).**
 - Among hotel guests who used the Internet when planning their trip to PBC, most used it to book airfare (76.4%), hotel accommodations (55.8%), and/or car rental (36.2%).
 - Large decreases in Internet usage were seen among those who used the Internet to rent a car (from 47.7% in December 2004 to 36.2% in December 2005, an 11.5 percentage point decrease) and to book hotel rooms (from 62.8% in 2004 to 55.8% in 2005, a 7.0 percentage point decline).
 - Thirty three point four percent of visitors used hotel websites to book reservations on line, a decrease of 6.5 percentage points compared to 2004 (39.9%).
 - In December 2005, 15.4% of surveyed visitors reported that their trip was part of a package (that may have included airfare, lodging, meal, rental car, etc) – a 12.5 percentage point increase from 2004 (2.9%).

Visitor Expenditures

- **In December 2005, surveyed hotel guests reported spending an average of \$1,486* per party – \$116 (8.5%) more than visitors surveyed in December 2004 (\$1,370).**
 - Compared to December 2004, decreases in spending were seen in 'Restaurant/Bar' (down 2.7%) and 'Gift Shopping' (down 42.9%).
 - Hotel guests spent an average of \$708 per person, representing a \$23 (3.4%) increase from December 2004 (\$685).
- **As seen in November 2005, leisure travelers spent more per party (\$1,624) than business travelers (\$1,382). However, business travelers spent more per person (\$813) than leisure travelers (\$649).**

Characteristics of Visitors

- The majority of visitors to PBC were White/Caucasian (93.4%) and between the ages of 35 and 54 (56.5%).
- Approximately two-in-three surveyed visitors had professional/managerial jobs (65.5%, an increase of 13.8 percentage points compared to 2004) and 67.7% claimed to have household incomes of \$100,000 or more.
- The percentage of visitors flying to PBC increased by 9.8 percentage points compared to one year ago (from 75.7% to 85.5%).
- Domestic travelers represented 86.5% of surveyed guests while international travelers made up 13.5% of surveyed guests (a 4.3 percentage point increase compared to December 2004).

* Starting in October 2005, 'Side Trips' were excluded from computation of visitors expenditures (no longer asked on survey).

Significant Highlights: December 2005

Hotel Visitor Study (Continued)

Attitudes toward Palm Beach County – Likes/Dislikes About Trip

- **Among the aspects that visitors liked best about PBC, the most frequently mentioned were ‘Climate/weather’ (47.4%), ‘Beaches/Ocean’ (6.5%) and ‘Beautiful area’ (6.2%).**
- - Despite being the most frequently mentioned aspect, visitors were less likely to mention ‘climate/weather’ in 2005 than they were in 2004 (from 47.4% to 53.1%, which represents a decrease of 5.7 percentage points).
 - The largest increase was seen in visitors mentioning ‘hotel’ as the thing liked best about the trip (from 0.0% in 2004 to 4.1% in 2005).
- **Visitors to PBC during December 2005 often mentioned ‘traffic/bad drivers’ (35.0%) and ‘humidity/poor weather’ (11.3%) as the aspects they liked least about the county.**
- - In December 2005, the percentage of visitors mentioning ‘Traffic/Bad drivers’(35.0%), ‘Too crowded’ (3.3%) and ‘Road Construction’ (1.8%) decreased substantially compared to December 2004, by 12.5, 5.8 and 6.2 percentage points, respectively.
 - The largest increase occurred in the percentage of visitors who mentioned ‘humidity/poor weather’ from 7.1% in December 2004 to 11.3% in December 2005 (a 4.2 percentage point increase).
- In December 2005, surveyed visitors reported that a longer stay (25.1%), better weather (12.3%) and traffic improvements (12.3%) would make their next trip to PBC better.

Characteristics of the Visit

- **While visiting PBC, surveyed visitors most frequently ate at area restaurants (88.1%), went shopping (39.9%) and went to the beach (24.8%).**
- - Compared to the same time last year, activity participation increased noticeably for ‘bars/nightclubs’ (from 9.2% to 17.3%), ‘swimming*’ (from 3.4% to 12.1%), ‘visited downtown West Palm Beach/City Place’ (from 5.4% to 11.5%) and ‘visited Delray Beach attractions’ (from 4.2% to 10.1%).
- **The vast majority of surveyed visitors (83.7%) plan to return to Palm Beach County for a future visit.**
- - Among those visitors who plan to return to PBC, two-in-three (66.0%) plan to come back within the next year; 36.0% plan on returning within the next three months.
- In December 2005, most traveling parties were composed of adult family members/friends (45.5%). The percentage of those traveling with business associates increased by 7.9 percentage points (from 19.8% in 2004 to 27.7% in 2005), while the percentage of those traveling alone decreased by 9.4 percentage points (from 35.4% to 26.0%).
- More than one-half of surveyed guests (56.9%) affirmed that the rising cost of transportation would not affect their decision to come to Palm Beach County (rated 1 or 2 on a 5-point scale where 5 indicated a strong consideration and 1 indicated no consideration at all). One-in-ten (9.9%) might change their plans (rated 4 or 5 on a 5-point scale).

* December 2004 data represents combined data from the old closed-end answers: ‘boating/fishing/diving’ and ‘other water activities’.