

Where Do Visitors Stay?

Each year, more and more people choose to make Philadelphia the destination for their vacation, getaway weekend or special event. While planning their trips, they have many top-quality accommodations from which to choose—marquee hotels, boutique properties, pocketbook-friendly chains, eco-friendly options or bed and breakfasts—in order to make their stays in Philadelphia comfortable and enjoyable. Visitors also have hundreds of special packages to consider—many of which GPTMC has developed in partnership with the regional hotel community and popular attractions, seasonal events and blockbuster exhibitions.

2009 Hotel Overview

2009 was a difficult year for the hospitality industry, with challenging economic conditions contributing to declining occupancy and falling hotel rates.

- Occupancy in Philadelphia held up better than the national average, falling 5% regionally and 3% in Center City compared to 9% nationwide.
- Rates in Philadelphia dropped a bit more than the national average, falling 12% regionally and 11% in Center City compared to 9% nationwide. Rates in Greater Philadelphia remain well above the national average.

Philadelphia and National Hotel Performance, 2008-2009

	Occupancy			Average Daily Rate (ADR)			Revenue Per Available Room (RevPAR)		
	2009	2008	% Change	2009	2008	% Change	2009	2008	% Change
National	55%	60%	-9%	\$98	\$107	-9%	\$54	\$64	-17%
Five-County Region	63%	66%	-5%	\$119	\$134	-11%	\$74	\$88	-15%
Center City	68%	71%	-3%	\$152	\$174	-13%	\$104	\$123	-15%

Smith Travel Research, PKF Consulting (Center City)



Greater Philadelphia Hotel Association Representatives

From left to right: Ed Grose, executive director; Rick Staub, second vice president; Allan Darnel, treasurer; Julie Coker, first vice president; A.J. Williams, secretary; Jim Gratton, president



Dear Philadelphia,
 What I love most about you is how you've taken care of our men and women in uniform. From the *Army-Navy Game* to the discounts at hotels and restaurants for our brave soldiers, you have provided smiles and fond memories to many.

With Love,

Joe Brooks, president and COO, USO of Pennsylvania and Southern New Jersey

XOXO

Hotel Market Mix

While the total number of occupied rooms fell 1.5% in Center City in 2009, the leisure segment continued to grow. Individual and group leisure travelers combined to fill more than one million hotel rooms in 2009, accounting for 40% of total demand. In 2009:

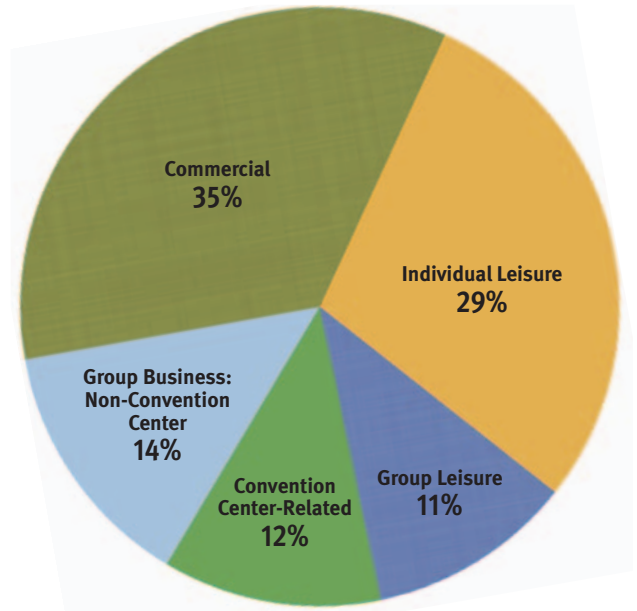
- Individual leisure travelers filled 735,000 room nights, an increase of 3% from 2008.
- Group leisure, including social events like weddings, family reunions and graduation parties, held steady, filling 284,000 room nights.

Center City Philadelphia Hotel Market Mix, 2008-2009

Segment	2009	2008	% Change
Commercial	887,000	883,000	0.5%
Individual Leisure	735,000	714,000	2.9%
Group Leisure	284,000	283,000	0.4%
Convention Center-Related	303,000	316,000	-4.1%
Group Business: Non-Convention Center	348,000	400,000	-13.0%
Total Demand	2,557,000	2,595,000	-1.5%

PKF Consulting

Center City Hotel Market Mix, 2009



Source: PKF Consulting

Long-Term Growth

Despite a difficult year in 2009, the Center City hotel market has shown above-average growth over the past two decades.

- Room supply and room demand have grown nearly **twice as fast as the national average**.
- Rates have gone up nearly 3% a year—in line with the national average.

20-Year Average Annual Hotel Growth, National and Center City Philadelphia

	Supply	Demand	Occupancy	ADR	RevPAR
National	2.0%	1.4%	-0.7%	2.8%	2.1%
Center City	3.6%	3.5%	-0.1%	2.7%	2.6%

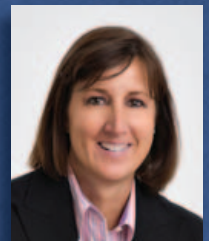
Smith Travel Research, PKF Consulting (Center City)

Dear Philadelphia,
 What I love most about you is that you have something for everyone in the family—great shopping (tax free!), sports, excellent food, museums and history. And the best part: We can do it all without getting in a car.

With Love,

Peggy Trott, general manager, Hotel Palomar Philadelphia

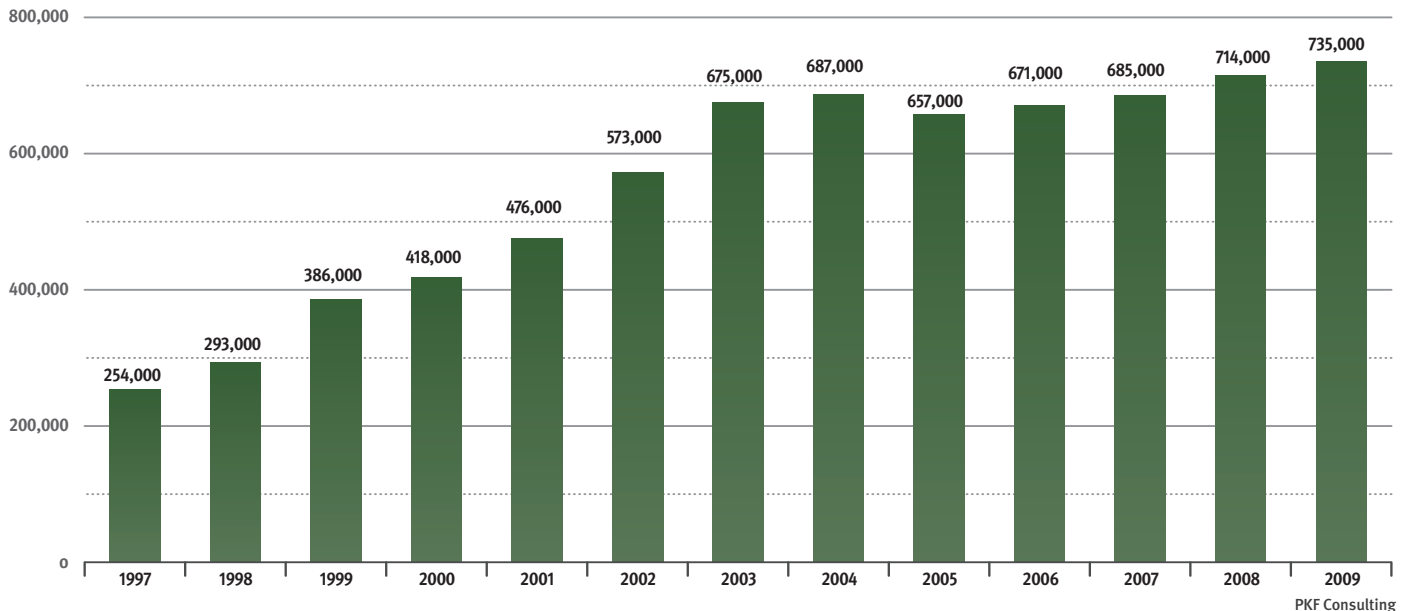
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Our Big Stories: Leisure Prevails

Over the past 13 years, leisure hotel room nights in Center City have increased 189%, from 254,000 in 1997 when GPTMC began advertising to 735,000 in 2009.

Individual Leisure Hotel Room Nights in Center City, 1997-2009



There are many factors contributing to the continued growth of the leisure segment in Center City:

- 1. There's more to do in Philadelphia than ever before.** New and exciting attractions, restaurants and shops are opening up each year. A decade ago, visitors felt they could do Philadelphia in a few hours; now even a whole weekend isn't enough time.
- 2. Philadelphia has what visitors are looking for—especially in difficult times.** Through both the terrorism crisis of 2001-2002 and the economic crisis of 2008-2010, leisure room nights in Philadelphia have continued to grow. The region is authentic, historic, accessible, fun and discoverable—attributes that will always be appealing to visitors.
- 3. New technology has made it easier for savvy consumers to find low rates.** Third-party and opaque booking engines (sites that require users to pay for their room before revealing the property) give hotels more outlets to sell rooms, and both new and returning guests are using all the tools at their disposal to find the best deal—even if that means booking at the last minute.
- 4. With GPTMC, Philadelphia has an organization dedicated to getting the word out about all the great reasons to visit 365 days a year.** Our major brand-building campaigns like **With Love, Philadelphia XO XO™** give visitors and residents alike reasons to feel good about Philadelphia and put it at the top of their travel lists. Plus, we continue to embrace new and effective ways to tell and sell the Philadelphia story, with a new Web site, numerous social media properties and a communications team that embraces Philadelphia's presence in pop culture.
- 5. Our partners are now more adaptable than ever before.** Hotels are selling rooms differently, attractions are working together to package their offerings and many stakeholders are adapting our popular and effective **With Love** campaign for their own marketing purposes. In these not-so-rosy times, Philadelphia's tourism industry is working together to make sure the region's appeal as a vacation destination continues to grow.

Our Big Stories: Saturday Night Success

For the sixth straight year, Saturday night was the busiest night of the week for Center City hotels, with occupancy at 81%. In each of those six years, Saturday night occupancy in downtown Philadelphia outpaced downtown Boston, Washington, DC and Baltimore.

Downtown Saturday Night Hotel Occupancy, 2004-2009

Year	Philadelphia	Boston	Washington, DC	Baltimore
2004	81%	80%	71%	75%
2005	81%	79%	71%	79%
2006	81%	80%	67%	73%
2007	81%	79%	71%	74%
2008	79%	77%	71%	67%
2009	81%	77%	71%	68%
Average	81%	79%	70%	72%

Smith Travel Research

While special events and meetings help Saturday night occupancy at our Center City hotels, it takes more to keep them filled every weekend. It takes consistent visitation from leisure tourists who come to enjoy everything in the destination, week after week and year after year.

On some Saturday nights, hotels fill up so fast that there aren't even enough rooms for all the leisure tourists who want to stay in Center City. Nearly half of the Saturday nights in 2009 (25 of 52) had an occupancy over 90%, meaning many hotels were sold out.



Top 10 Reasons Visitors Choose to Make the Trip

1. Culture, Anyone?: Visitors get their culture fill everywhere, from concerts at classic and new music venues all over town to *Art After 5* at the Philadelphia Museum of Art and everywhere in between.

2. Wine and Dine: More than 200 outdoor cafes line the city's sidewalks, helping to make Philadelphia the thriving "foodopolis" it is today.

3. Only in Philadelphia: People love events and festivals unique to the region, such as *Wawa Welcome America!* and Kennett Square's *Mushroom Festival*.

4. Style Central: With *Philagrafika*, *DesignPhiladelphia*, *Philadelphia Fashion Week* and indie boutiques galore, Philly's creative side is booming.

5. The Tried and True: People will always want to stand where our nation was founded, run up the Art Museum steps and engage in the Pat's vs. Geno's cheesesteak debate.

6. Phanatical Philly: Philly keeps us cheering with eight professional sports teams, iconic venues and longstanding traditions like the *Army-Navy Game*.

7. The Great Outdoors: William Penn's "greene countrie towne" is thriving. Hikers, bikers and boaters find so much to love about Philadelphia's parks and trails.

8. Get a Room: Visitors can choose from AAA Five Diamond Award® winners, elegant retreats, B&Bs, boutique hotels, family-friendly lodgings and LEED-certified hotels.

9. Keep on Moving: Tour-goers get around town on Segway scooters, purple trolleys, double-decker buses, amphibious vehicles—or on foot.

10. The Real Deal: While wandering our neighborhoods and main streets, visitors get the sense that Philadelphia is really a collection of small towns in a big city.