As many reports have indicated, the international vacation ownership market, much like the U.S. market, is starting to rebound and is showing signs of recovery since the financial difficulties of 2009. Consider these statistics:

• More than 70 percent of Interval and RCI’s new affiliates are international properties.

• Annual sales in South America have grown at a rate of more than 50 percent per year during the last two years, according to RCI South America.

• In some countries, demand for vacation ownership products is outpacing the supply of large developers.

• The value of exchange is appealing to international travelers who typically travel outside their home countries to vacation.

• Developers look to low market penetration among targeted consumers in emerging markets as an opportunity to demonstrate the affordability and flexibility of the products.

As the U.S. vacation ownership industry continues to explore international opportunities and learn about business cultures abroad, we will provide insight from our international associates and partners to share with ARDA members.

We recently sat down with businessmen Guillermo Corral (GC) of Brazil and José Carlos Azcárraga (JCA) of Mexico to learn more about how vacation ownership is evolving in these leading Latin American countries.

**Why do you think Latin American countries will be a top destination for timeshare travelers?**

**GC:** South American countries are becoming an important international destination for timeshare developers. Our countries offer a wealth of natural resources and terrain for vacation resorts, from mountains to beaches, as well as a ready consumer base. While macro-economic cycles in South America are traditionally short, our economies are growing—gross domestic product (GDP) in most South American countries has increased an average of five percent in the last few years, and the middle class population is growing.

**JCA:** Yes, in fact, the vacation ownership industry has grown much more much in Mexico than the rest of the world; we have now become the second largest market in the world. More than 70 percent of intervals sold in Mexico are sold to U.S. nationals, although the domestic market is becoming more important.

**What does the current vacation ownership market look like in Mexico?**

**JCA:** The perception of timeshare in Mexico is good and getting better. We have two major markets: (1) the domestic one, representing about 30 percent of buyers,
and (2) those from the U.S. and Canadian markets. The international buyers see resorts in Mexico as world-class. We saw annual double digit growth until 2009, when timeshare sales shrank by 2.1 percent. However, sales to the Mexican customers saw an increase of 28 percent in this same year, and this trend is expected to continue. The 2011 forecast shows growth between 6 and 8 percent from 2010, with sales of $2.9 billion, and an annual growth of 10 percent for the next three years.

What do you think distinguishes Mexico from other destinations?
JCA: Mexico’s strongest competitive advantages include proximity to the U.S. market, good weather conditions year-round, and lower land and production costs. During the next three years, experts estimate an average annual growth of 10 percent, which will represent $3.2 billion in industry sales.

Tell us about the current timeshare market in Brazil.
GC: In Brazil, there is currently only one 260-unit hotel dedicated to timeshare: Rio Quente Resorts. The CEO of this resort, Francisco Costa Neto, predicts that the Brazilian timeshare market will grow from the current $180 million to $1 billion in less than 10 years. In addition, there is a fractional property now underway with 160, one- and two-bedroom units. This is owned by Marina Construction Company and is called “Marina Flat & Náutica.” The property is located on the shores of the Corumbá Lake, and it is specifically designed for relaxation and nautical sports. It is expected to open in December 2012.

What is the opportunity for timeshare development in Brazil?
GC: There will be a great deal of international attention on Brazil in the coming years (2014 FIFA World Cup and 2016 Summer Olympic Games), and there is a large development underway at the Port of Rio that will draw opportunities for retail, hotel, and entertainment to the area and travelers for years to come. This project—along with a very positive public image of timeshare, both from consumers and legislators—offers good opportunities for the travel and vacation industry. I would encourage any developers looking at Brazil to look at Barra da Tijuca in Rio de Janeiro, as well as the many beach destinations along the Brazilian coast, especially in the northeast region.

Do travelers to Mexico prefer to stay in a resort affiliated with a U.S. brand, or do they prefer a Mexican brand?
JCA: Timeshare customers are typically very experienced travelers. When it comes to choosing a resort to stay in or a membership to buy, brands are important to them. In Posadas’ experience, we only manage properties within our brands. We created Fiesta Americana almost 40 years ago, and we have been using it in our vacation ownership business for over a decade. Our brand has the highest “top of mind” in the domestic market and, although is not as well known in the U.S. market, it is easy for us to explain to our potential customer who we are and what are our brand attributes. We have also found that foreign customers are interested in a high-quality product with all the international standards but enough of a local component to make it different than what they find at home. This has made us very successful but it’s not necessarily the only business model that can succeed.

What business recommendations do you have for American timeshare developers looking to expand in your country?
GC: Be aware that in order to do business in Brazil, you will need a partner that is a native Brazilian or a legal resident of Brazil. This is true in most South American countries. Once you have a partner, the process is quite simple. A foreign company or individual investor is required to send its money through the Central Bank of Brazil and strictly follow their processes and guidelines. Brazil is a fabulous place to live and vacation—we welcome you!

JCA: I would make the following recommendations:

• Know your market and your environment, Mexico is a very big and diverse country. It is not the same developing a project in Cancun, Acapulco, or Los Cabos, and it is not the same selling to the foreign or domestic customers.

• Get to know the “other” Mexico. Mexico is much more than great weather and great beaches—it’s about experiences. It’s about Mexican culture, colonial towns, urban areas, history, gastronomy, and the friendliness and hospitality of the people.

• Mexico tourism potential is enormous, so get involved now but do it right.