



Industry Timeline: Timeshare Milestones at a Glance

In 1963, a developer named Hapimag built a 13-unit resort in Graubunden, Switzerland. This modest venture marked the inception of the vacation ownership industry. Today, timeshare stands as a \$10.6 billion hospitality giant. The industry's nearly half-century evolution includes a number of benchmarks and milestones.

(Industry Trends, courtesy copyright of RCI University)

1963 – The first timeshare resort is built in Switzerland—Hapimag's Sut Baselgia Resort, with 13 units

1968 – Interstate Land Sales Full Disclosure Act passed in Congress

1969 – The American Land Development Association (ALDA) is established

1960s

Trends: *In the '70's*

- Geographic expansion
- Exchange companies are formed
- Industry is unregulated
- Secondary lenders begin to finance receivables
- Tax-ruling in U.S. stalls right-to-use concept
- Emphasis on sales, not vacation experience
- Industry consists of small regional developers
- In spite of difficulties, industry continues to grow—number of resorts jumps from 45 to 350, timeshare owners go from 10,000 to 200,000

1970 – The industry's first national "land conference" takes place

1974 – RCI, the world's first exchange company, opens for business; the first U.S. points-based program, Vacation Internationale, Ltd., is established; the first national timeshare-specific conference is launched

1976 – ALDA creates the Resort Timesharing Council which becomes known as the National Timesharing Council; Interval International opens for business

1978 – Richard Ragatz publishes *U.S. Resort Timeshare Purchasers: Who They Are, Why They Buy*; *Developments* magazine is launched

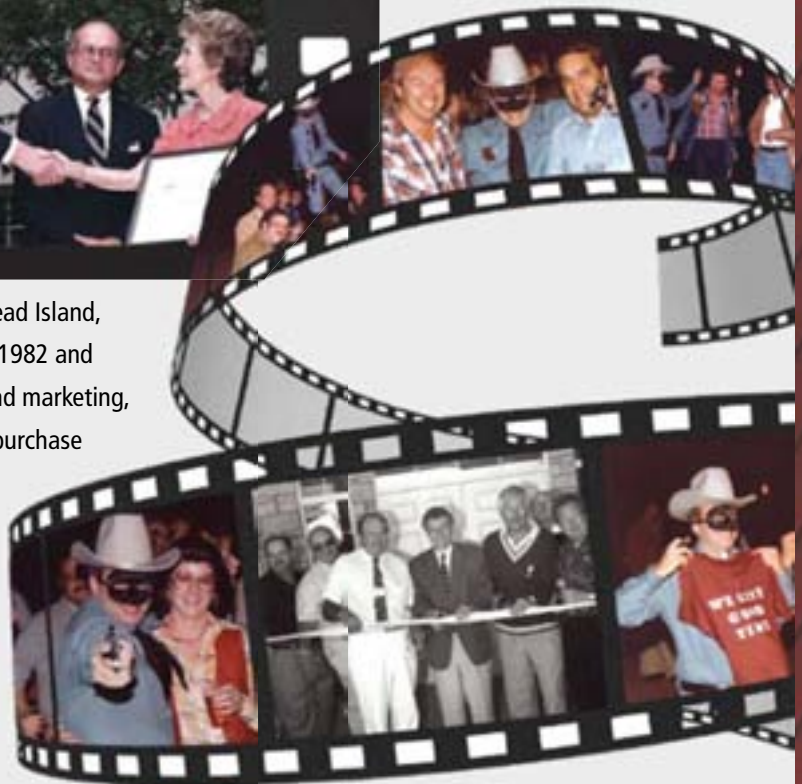
1970s



In 1983, Marriott Corporation was attracted to the timesharing business by American Resorts Corporation and its Monarch at Sea Pines



Resort development at Sea Pines Plantation, Hilton Head Island, SC. Monarch Resort had won four national awards in 1982 and 1983 for excellence in design, hospitality, and sales and marketing, which attracted Marriott's attention and led them to purchase American Resorts. [Photo: Monarch at Sea Pines receiving the National Nurserymen's Award presented by Nancy Reagan in the Rose Garden at the White House. Receiving the award are founders of American Resorts: Bob Miller, senior vice president and chief financial officer (left), and Ed McMullen, Sr., president.



1981 – Floating-time concept is introduced; regulators establish rescission, disclosure, and escrow requirements

1982/83 – First purpose-built timeshare, American Resorts

1982 – International Foundation for Timeshare begin

1983 – The Model Timeshare Act is adopted; ARDA-Florida begins to form

1984 – Marriott becomes the first hospitality brand to enter the vacation ownership industry; fractional sales are introduced

1985 – ALDA becomes American Resort & Residential Development Association (ARRDA); ARRDA helps organize new association, AMDETUR, for resort developers in Mexico; \$1.0 billion in U.S. sales

1987 – First research study on fractionals is published

1988 – ARRDA Education Institute (AEI) is created, offering qualification and exam to award professional designations; United States has approximately 1050 resorts, Europe has 450

1989 – ARRDA becomes American Resort Development Association (ARDA); Resales Model Act passed

Trends: *In the '80's*

- Conversion of hundreds of wholly owned condominiums
- Rise in purpose-built resorts
- ARDA-Florida is formed
- Fallout due to recession/ image suffers
- First urban timeshares – New Orleans, San Francisco, London
- Regulators require consumer protection
- "Floating time" offers new flexibility
- First major hotelier entrant: Marriott
- Fractionals emerge and first fractional research studies published
- Industry surpasses one million owners
- Average size of resorts increases, scope of amenities increases
- Number of timeshare resorts increases 400%
- Number of timeshare owners increases 300%
- Sales volume increases 500%

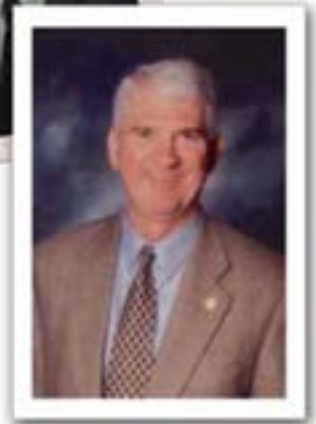
Familiar Faces:



Craig M. Nash
Chairman/CEO
Interval Leisure Group



Deborah L. Linden, RPP
President/CEO
Island One Resorts



Harry E. McCoy II, RRP
Senior Counsel
Ballard Spahr Andrews &
Ingersoll, LLP

Trends: *In the '90's*

- Most major hoteliers enter or consider entry to the industry
- Image begins to improve; marketing and sales techniques improve
- ARDA actively forming state and regional groups to foster grassroots action in legislative arena (ARDA-Arizona, ARDA-California, ARDA-Carolinas, ARDA-Hawaii, ARDA-New England, ARDA-Rocky Mtns, ARDA-Wisconsin)
- Product standards focus on vacation experience
- Increased use of clubs and points
- Major geographic growth
- Europe attempts to introduce self-regulation, E.U. Directive
- South America experiences tremendous growth

1990 – The timeshare industry is growing at a rate of 15 percent annually; \$1.2 billion in U.S. sales; International Foundation for Timesharing publishes first research study on the international resort timesharing industry

1994 – The Model Vacation Club Act is adopted

1995 – The Vacation Club Model Act of 1995 is enacted; \$1.9 billion in U.S. sales



Then & Now



J.P. Ottino III, RRP
Vice President, Corporate Development
The Berkley Group



John M. Burlingame, RRP
Senior Vice President
Hyatt Vacation Ownership, Inc.



2000 – \$4.1 billion in U.S. sales; RCI launches its global points-based exchange system

2001 – Organization for Timeshare in Europe releases first study of timeshare in Europe

2005 – \$8.6 billion in U.S. sales

2007 – \$10.6 billion in U.S. sales; there are 1,641 timeshare resorts in the United States with 6.5 million intervals owned by 4.7 million owner households

2009 – ARDA celebrates its 40th Anniversary!



Trends: *In the 2000s*

- Worldwide: over 6,000 timeshare resorts now exist and approximately 6.2 million timeshare owners
- Consolidation and diminishing growth of entrepreneurial small developers; many developers looking toward international expansion
- Impact of September 11th
- Growth of high-end fractional product
- Continued growth of points and clubs
- Last of the top major hoteliers (IHG) creates marketing alliance with timeshare company

2000s

Did You Know

- ☞ In 1963, the first vacation ownership resort was built in Switzerland.
- ☞ ARDA's first national conference took place in 1970, under the American Land Development Association (ALDA) name.
- ☞ New Orleans hosted one of the first urban timeshare resorts in the United States.
- ☞ *Developments* magazine was launched in 1978.
- ☞ The 2008 Annual Convention attracted nearly 4,000 attendees.
- ☞ From 2001 through 2008, the ARDA International Foundation has invested over \$3 million in industry research.
- ☞ Close to one quarter of all U.S. timeshare resorts are located in Florida.
- ☞ Ninety-nine percent of timeshare resorts in the United States are affiliated with Interval International or Group RCI.
- ☞ There are more than 1,600 timeshare resorts in the United States.
- ☞ ARDA has close to 1,000 corporate members.
- ☞ There are 4.7 million owner households in the United States.
- ☞ There are 6.5 million timeshare intervals owned in the United States.
- ☞ It is estimated that 8,000 new timeshare units were built in 2008.
- ☞ More than half a million timeshare intervals were sold in 2007.
- ☞ The average sales price of an interval unit in 2007 was \$19,216.
- ☞ The industry is running at an 80-percent occupancy rate.

Exchange Company Contributions

- 1976** – RCI goes international, opening an office in Mexico
- 1977** – Interval has 60 affiliated resorts and 10,000 members; RCI automates exchange
- 1980** – Interval has 80,000 members and 250 resorts; Interval installs an IBM computer; both Interval and RCI install toll-free lines
- 1982** – RCI confirms more than 54,000 exchanges and has 682 resort affiliates
- 1984** – Interval hits the 500-member mark
- 1985** – RCI has 1,000 resort affiliates
- 1987** – RCI confirms 300,000 exchanges
- 1989** – Interval goes international opening offices in Europe, Asia and Latin America; RCI has one million member families
- 1994** – More than 1.6 million timeshare exchanges are recorded; RCI celebrates 20 years of exchange
- 1995** – RCI has two million member families
- 1996** – Interval celebrates its 20th anniversary and services a membership approaching 700,000
- 1999** – Interval welcomes its one-millionth member
- 2000** – RCI launches its global points-based exchange system
- 2002** – Approximately 851,500 timeshare intervals sold; RCI reaches the three-million member mark
- 2003** – More than 3.3 million timeshare exchanges are recorded
- 2005** – IAC/InterActiveCorp acquires Interval International
- 2006** – At its 30th anniversary mark, Interval has a membership base of 1.8 million; Group RCI becomes part of Wyndham Worldwide
- 2007** – RCI membership reaches nearly 3.7 million with 4,000 resorts in 160 countries
- 2009** – RCI celebrates its 35th Anniversary