State of the Vacation Timeshare Industry

2016

UNITED STATES STUDY

2016 EDITION
PREPARED BY EY

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State of the Vacation Timeshare Industry

UNITED STATES STUDY

2016 EDITION
PREPARED BY EY

EXECUTIVE SUMMARY

The State of the Vacation Timeshare Industry: United States Study 2016 Edition provides an overview of important summary information on the U.S. timeshare industry for the year 2015.

The primary data source for results contained in this report is a survey of timeshare resorts, developers and management companies. This survey was commissioned by the ARDA International Foundation (AIF) and conducted by Ernst & Young LLP (EY). EY also reviewed current and previous AIF research to conduct this analysis. The study focuses on timeshare resorts that sell and maintain interval and points-based vacation lodging products. It excludes fractional resorts and private residence or destination clubs. For a full discussion of the methodology used, please see Appendix C of the report.

The 2015 U.S. timeshare industry consisted of 1,547 timeshare resorts with approximately 200,720 timeshare units — an average of 130 units per resort. Resorts sell each of these timeshare units to consumers in parts or ownership pieces corresponding to varying amounts of time. Typically these parts are either weekly intervals (7 nights worth of vacation time) or points. Points represent a currency for the use of units in nightly or weekly increments — respondents converted their points into weekly equivalent intervals for this study. As of December 31, 2015 there were approximately 9.2 million timeshare weekly intervals or equivalents owned in the United States.

Figure ES.1 compares key timeshare industry metrics for 2015 to those from 2014, showing that the U.S. timeshare industry enjoyed strong growth in 2015. In particular, sales volume[1] increased by nearly 9% from $7.9 billion in 2014 to $8.6 billion in 2015 — this is the 2nd largest increase, percentagewise, since the recession. Rental revenue decreased by approximately 5%, falling from $1.9 billion in 2014 to $1.8 billion in 2015.

Operating performance metrics for the industry were also encouraging in 2015. Average occupancy rose to nearly 80% — by comparison, hotel occupancy was 65.6%[2] in 2015, according to Smith Travel Research. The weighted average maintenance fee charged per weekly interval was $920, up by approximately 5% from 2014's $880 per interval. At the same time, maintenance fee delinquencies increased to approximately 8.8% in 2015.

Respondents reported building 619 units in 2015, down from the 1,312 they built in 2014. However, there is an increase in planned construction for the coming years. Respondents plan to add 2,115 units in 2016 — up 54% from the 1,374 planned at this time last year. Note that this includes units at existing resorts and units at planned new resorts. In addition, respondents plan to add 2,397 units in 2017 and beyond — up 13% from the 2,121 planned at this time last year. Finally, respondents report plans for 11 new resorts in 2016 and 9 in 2017 and beyond, compared to plans for 9 total at this time last year.

1 *All sales discussed in the report are first generation or developer sales, unless otherwise noted.*

2 STR Monthly Hotel Review: December 2015, *Smith Travel Research.*

FIGURE ES.1

KEY TIMESHARE INDUSTRY METRICS 2014 AND 2015

GROWTH	2014	2015	Percent change
Sales volume ($B)	$7.9	$8.6	9%
Rental revenue ($B)	$1.9	$1.8	-5%
PERFORMANCE			
Occupancy	78.3%	79.9%	2%
Average maintenance fees	$880	$920	5%
Maintenance fee delinquencies	8.2%	8.8%	7%
OUTLOOK			
Units built	1,312	619	-53%
Units planned – in the coming year	1,374	2,115	54%
Units planned – more than one year out	2,121	2,397	13%
Resorts planned – in the coming year	3	11	267%
Resorts planned – more than one year out	6	9	50%

Numbers may not add due to rounding

Figure ES.2 shows 2015 industry sales price metrics. There were approximately 389,010 intervals sold in 2015 at an average price of $22,240. For the first time in this study, we asked respondents to report their total number of timeshare transactions and used that to calculate an average transaction price. In recent years, the increased transition to points based products has made the traditional timeshare week less meaningful to data providers and users of research alike. There were approximately 411,880 timeshare transactions in 2015 at an average price per transaction of $21,000. Note that the ratio of weekly intervals sold to the number of transactions is 0.94 — that is the typical transaction is the equivalent of just under one "week" of time. It may be interesting to track how this metric changes over time in response to the manner in which consumers are purchasing timeshare products.

FIGURE ES.2

2015 SALES PRICE METRICS

Growth	2015
Average sales price	$22,240
Number of intervals or equivalents sold	389,010
Number of timeshare transactions	411,880
Sales price per transaction	$21,000

This year's study reflects a change in the way we asked respondents to report their number of intervals sold and corresponding average sales price. In the past, we asked respondents to report this information at the resort level. Because of shifts in the industry, this manner of reporting has become more difficult for respondents, as the increased use of points-based products has made tying sales to a particular resort more difficult. For this reason, we simplified our survey questionnaire for multi-site respondents so that they reported the number of intervals sold across their portfolio of resorts. This change increased the response rate for this question — the corresponding shift in the respondent pool makes comparisons to last year's results problematic. However, we did compare the number of intervals sold and average sales price for respondents who answered these questions in both 2014 and 2015. For these data providers, the number of intervals sold increased by 6% in 2015 and the average sales price increased by 2%.

2015 Industry Overview

CHAPTER ONE

This chapter presents a timeshare industry overview for 2015 — examining its size and structure. It presents information on the number and size of resorts, unit types/sizes and intervals and ownership structures.

The AIF's timeshare database lists 1,547[3] timeshare resorts in the United States[4]. Please see Appendix B for a full discussion of how the AIF tracks U.S. timeshare resorts. As seen in Figure 1.1, these 1,547 resorts represent approximately 200,720 physical timeshare units — 130 units per resort on average. Counting lock-offs[5] as separate units adds approximately 76,490 units, for a total of approximately 277,210.

Size

Resorts sell each of these timeshare units to consumers in parts or ownership pieces corresponding to varying amounts of time. Typically these parts are weekly intervals (7 nights worth of vacation time), biennials[6] or points. Points represent a currency for the use of units in nightly or weekly increments — respondents converted their points into weekly equivalent intervals for this study. As of December 31, 2015, the total number of weekly equivalent intervals owned in timeshare units was approximately 9.2 million.

FIGURE 1.1

INDUSTRY SIZE

	2015
Resorts	1,547
Units	200,720
Average Resort Size	130 units
Intervals owned	9.2 million
Total units – including lockoffs	277,210

In addition to the timeshare resorts and units figures noted in Figure 1.1, there is inventory used by timeshare owners that is not counted here. For example, the two major exchange companies (Interval International and RCI) also make non-timeshare accommodations available to their members. The alternatives include vacation homes, fractional units or hotel rooms. They also provide members the opportunity to trade their resort accommodations or home unit for options, such as, cruise, golf and spa vacations — as do some developers.

3 ARDA International Foundation. Please see Appendix B for more information about the methodology for identifying timeshare resorts. .

4 The United States is defined as the continental US plus Alaska and Hawaii in this study.

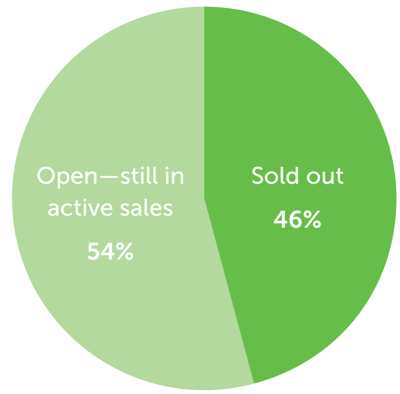
5 The term "lock-off" refers to a type of vacation ownership unit consisting of multiple living and sleeping quarters, designed so they can function as two discrete units for purposes of occupancy and exchange.

6 Biennials are vacation ownership products that provide a week's worth (or points equivalent) of timeshare interest every other year.

Resorts

Figure 1.2 shows a distribution of responding resorts by development stage, illustrating the two key industry components. The sold-out component consists mainly of resorts that either operate independently or are associated under a management company. In general, they are not engaged in significant sales activity, and rely mainly on revenues derived from maintenance fees and rentals for operations. The active sales component includes new resorts and resorts operating under the management of a company that continues to develop and sell timeshare inventory ("developers"). Respondents answered this question at the resort level, but the proliferation of points-based products makes the notion of a sold-out[7] resort less concrete. Owners increasingly purchase time that can be used at a variety of developer properties — even at resorts that may have "sold out" of weekly intervals.

FIGURE 1.2
RESORTS BY DEVELOPMENT STAGE



Percent of 588 respondents — percentages may not add due to rounding

Figure 1.3 shows the distribution of timeshare resorts by the year that each opened. Approximately 22% of responding resorts opened in 2006 or later; another 24% opened in 1985 or before. The majority of responding resorts (55%) opened between 1986 and 2005.

FIGURE 1.3
YEAR RESORTS OPENED

	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
1985 or before	24%	7%	61%
1986-1995	19%	18%	21%
1996-2005	36%	46%	13%
2006+	22%	29%	5%

Percent of 367 respondents — percentages may not add due to rounding

Figure 1.3 also compares the results for active sales versus sold-out resorts. More than 61% of sold-out resorts opened in 1985 or before, compared to only 7% of resorts that are still in active sales. Only 5% of sold-out resorts opened in 2006 or later, compared to 29% of resorts that are in active sales.

7 The survey questionnaire defined "sold-out" resorts as those having sold less than 100 intervals in 2015.

This year, we asked respondents to report two new pieces of information about the buildings that house their timeshare resorts. We asked whether the facility was purpose built as a timeshare property, or converted into a timeshare resort from some other type of property. Figure 1.4 shows that most resorts were purpose-built as timeshare resorts. This percentage is higher for active sales resorts than for sold-out resorts.

FIGURE 1.4
TYPE OF CONSTRUCTION

	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Purpose-built	81%	86%	76%
Conversion	19%	14%	24%

Percent of 291 respondents — percentages may not add due to rounding

We also asked if the facility is a stand-alone timeshare property, or if it is also used for other purposes such as a hotel or other facility. Again, as shown in Figure 1.5, the majority of timeshare properties are stand-alone properties. More sold-out resorts report mixed-use facilities than do resorts still in active sales.

FIGURE 1.5
TYPE OF TIMESHARE PROPERTY

	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Stand-alone	82%	92%	74%
Mixed use	18%	8%	26%

Percent of 309 respondents — percentages may not add due to rounding

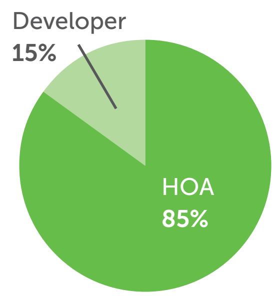
Resorts also vary in the types of management and control structures in place. Control and management of the resort are two separate issues — for example, the HOA may control the resort while a separate company manages its day-to-day operations. Figure 1.6 shows the most common management and control structures reported. Most often a company affiliated with the resort developer manages a resort's day to day operations, while the vast majority of responding resorts reported that they are controlled by the Homeowner's Association (HOA). The median percentage of sell-out at which the HOA gained control of the resort is 75%.

FIGURE 1.6
RESORT MANAGEMENT AND CONTROL STRUCTURES

Resorts managed by	Percent
Company affiliated with the resort developer	72%
Third-party management company	19%
Self-managed by HOA(s)	7%
Other	2%

Percent of 517 respondents — percentages may not add due to rounding

RESORTS CONTROLLED BY



As shown in Figure 1.7, resort management fees are generally set as a fixed amount when applicable. The median reported management fee was just over $240,700; the median percentage of budget/operating expenses that was allocated to management fees was 10%[8]. The median management fee was $51,000 for small resorts (less than 50 units), $297,300 for mid-sized resorts (50 to 100 units) and $974,600 for large resorts (more than 100 units).

Finally, Figure 1.8 shows which entity employs the resort's staff. The vast majority of resorts report that a separate management company handles this responsibility. Approximately 15% of resorts report that the developer still employs the resort staff and 9% report that is the HOA.

FIGURE 1.7
DETERMINATION OF MANAGEMENT FEES

Method	Percent
Fixed amount	12%
As a percentage of the annual budget/operating expenses, etc.	76%
Not applicable	5%
Other	7%

Percent of 294 respondents — percentages may not add due to rounding

FIGURE 1.8
ENTITY WHICH EMPLOYS RESORT STAFF

Entity	Percent
Management company	75%
Resort developer	15%
Resort HOA(s)	9%
Other	2%

Percent of 473 respondents — percentages may not add due to rounding

Units

Next we move from a discussion of resort-level data to results concerning individual units within resorts. Figure 1.9 shows the mix of units by the number of bedrooms. The two-bedroom unit is the most common configuration, with 64% of units, followed by one-bedroom units with 22%. Seven percent of units have three or more bedrooms; another 7% are studios.

Respondents also reported their average unit size, in square feet: Figure 1.10 summarizes the results. Average sizes ranged from approximately 410 square feet for a studio unit to 1,660 square feet for units with three or more bedrooms. Larger, condo-style units are a major selling point for the timeshare industry. Some unit configurations allow larger parties to participate in the vacation, and provide a "home away from home" feel. Some also allow timeshare owners to "lock-off" a portion of units to rent or exchange while retaining a portion for personal use.

FIGURE 1.9
MIX OF UNITS BY NUMBER OF BEDROOMS

Unit type	Count	Percent
Studio	13,320	7%
1 bedroom	43,720	22%
2 bedrooms	129,200	64%
3 bedrooms or more	14,480	7%
Total	**200,720**	**100%**

Percent of 614 respondents — percentages may not add due to rounding

FIGURE 1.10
AVERAGE UNIT SIZES IN SQUARE FEET

Unit type	Square feet
Studio	410
1 bedroom	700
2 bedrooms	1,180
3 bedrooms or more	1,660
Weighted average	**1,060**

Weighted average based on 593 total resorts
There were 254 respondents for studio units, 443 for one BR, 536 for two BR and 277 for three+ BR.

8 Median management fee based on 198 responses; median percent of budget allocated to management fees based on 147 responses

In addition to varying sizes of the units, resorts also offer a number of amenities to make the vacation experience more attractive to owners. Figures 1.11 and 1.12 list the most common amenities offered at resorts and within timeshare units, respectively. At resorts, the most common amenities offered include swimming pools, whirlpools/hot tubs, exercise facilities and a concierge. Within units, the most commonly offered features are DVD players, Wi-Fi and laundry. Twelve percent of resorts reported offering a mobile app to resort owners — up from just 4% last year. The most common features were accessing a virtual tour and facilitating check-in.

FIGURE 1.11

RESORT AMENITIES OFFERED

Type	Complimentary	Fee	Complimentary and/or Fee
Swimming pool	93%	0%	93%
Whirlpool/Hot tub	76%	0%	76%
Exercise room	64%	3%	65%
Concierge	62%	1%	63%
Front desk service	46%	0%	46%
Business room	38%	16%	43%
Guest computer	37%	4%	38%
Game room	35%	9%	37%
Movie rental	33%	47%	45%
Playground	30%	0%	30%
Basketball courts	26%	0%	26%
Covered parking	21%	13%	24%
Tennis courts	20%	3%	21%
Health spa	14%	30%	21%
Live entertainment	13%	5%	15%
Miniature golf	13%	14%	16%
Sauna	13%	5%	14%
Other courts	12%	1%	12%
Racquet courts	7%	1%	7%
Ice skating	1%	2%	1%
Other	7%	3%	8%

Percent of 442 respondents — multiple responses allowed

FIGURE 1.12

RESORT AMENITIES OFFERED — IN UNITS

Type	Complimentary	Fee	Complimentary and/or Fee
DVD player	94%	1%	94%
Wi-Fi	84%	12%	87%
Laundry	66%	33%	73%
Flat screen TV	57%	0%	56%
Radio	46%	0%	46%
Wired internet	41%	2%	41%
Fireplace	31%	0%	30%
Video game	29%	0%	29%
In room movie	12%	59%	24%
DVR	20%	1%	20%
Other	1%	0%	1%

Percent of 436 respondents — multiple responses allowed

Intervals

Finally, we conclude with a discussion of intervals — interval owners, types and legal structures in place.

Figure 1.13 displays the number of intervals owned by different types of owners. Not surprisingly, most intervals are owned by timeshare consumers, referred to as resort owners in the industry. Approximately 7% are still owned by a resort developer and approximately 4% of intervals are owned by an HOA.

FIGURE 1.13

INTERVALS OR INTERVAL EQUIVALENTS OWNED BY TYPE OF OWNER

	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Intervals owned by owners	89%	87%	95%
Intervals owned by developers	7%	9%	3%
Intervals owned by HOA	4%	5%	2%
Total	**100%**	**100%**	**100%**

Percent of 447 respondents — percentages may not add due to rounding

Again, we compare the results for resorts in active sales to those for sold-out resorts and see that intervals or interval equivalents are more likely to be owned by the developer at active sales resorts.

Figure 1.14 breaks out the 89% of intervals owned by individual resort owners. Consumers owning one week or a one week equivalent own approximately 65% of intervals. Those who own two to three weeks or the equivalent account for 29% of intervals owned and those who own four or more weeks or the equivalent own approximately 5% of intervals. Timeshare clubs account for approximately 1% of intervals.

FIGURE 1.14

RESORT OWNERS[9] OTHER THAN HOA OR DEVELOPER

	Percent
Individuals who own 1 week	65%
Individuals who own 2-3 weeks	29%
Individuals who own 4-6 weeks	4%
Individuals who own 7+ weeks	<1%
Timeshare clubs[10]	1%
Other	<1%

Percent of 235 respondents — percentages may not add due to rounding

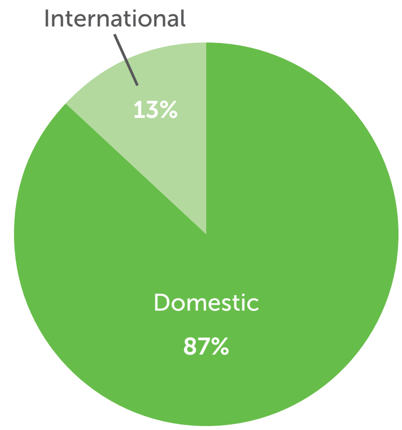
9 These are unique owners from the perspective of the responding resorts/development companies, but they may own intervals across multiple resorts.

10 Includes clubs not affiliated with the resort developer or management company

This year, we asked respondents to report the percentage of their owners who reside in the United States and the percentage who reside in some other country. Figure 1.15 shows that respondents reported that 87% of their owners reside in the United States, compared to 13% of owners who reside in some other country.

Figure 1.16 shows the distribution of interval types by resort. Approximately 78% of respondents have intervals of the traditional weekly variety, while 69% have some form of points-based products and 44% of respondents have biennials. Active sales resorts are more likely to have points-based products than sold-out resorts — in fact points-based products are more common in those resorts than weeks-based products. The percentage with biennials is also higher among active sales resorts — the majority of these resorts have biennials. Sold-out resorts are more likely to have weeks products and less likely to have points or biennials.

FIGURE 1.15
COUNTRY OF RESIDENCE FOR TIMESHARE OWNERS



Percent of 152 respondents

FIGURE 1.16
TYPES OF INTERVALS

Interval type	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Weeks	78%	71%	86%
Points	69%	77%	58%
Biennials	44%	62%	20%

Percent of 601 respondents — multiple responses allowed

Finally, respondents reported information about the legal structures for products at their resorts. Figure 1.17 shows that deeded or fee-simple real estate is the dominant structure in place for timeshare ownership. As shown in Figure 1.18, most respondents reported that the length of any contract, membership license or leasehold is for the owner's lifetime.

As the timeshare industry continues to mature, weeks may be effectively converted into points based inventory. This may be accomplished by dedicating weeks to established points based trusts or by simply "overlaying" a points usage scheme on top of weekly ownership. This process may result in a gradual shift from week based inventory to points based inventory within the same static pool of inventory over time.

FIGURE 1.17
LEGAL STRUCTURES OF PRODUCTS SOLD

	Percent of resorts responding
Deeded or fee-simple real estate	74%
Interest in a trust	29%
Right to use contractual interest that expires	9%
Other	1%

Percent of 531 respondents – multiple responses allowed

FIGURE 1.18
LENGTH OF CONTRACT, MEMBERSHIP LICENSE OR LEASEHOLD

	Percent of resorts responding
Lifetime	82%
20+ years	17%
Less than 20 years	<1%

Percent of 363 respondents – numbers may not add due to rounding

Industry Health

CHAPTER TWO

While chapter 1 provides an overview of industry size, understanding the health of the industry involves reviewing additional key indicators such as interval sales prices, occupancy rates and maintenance fees.

This chapter addresses these metrics, presenting a current picture of important indications of industry performance. Throughout the chapter, we compare the performance metrics of active sales resorts to sold-out resorts.

Overall

Figure 2.1 summarizes the timeshare industry's key 2015 performance metrics. Resorts sold approximately 389,010 intervals or interval equivalents at an average price of $22,240 per interval, yielding a total sales volume of approximately $8.6 billion. Total sales volume increased by nearly 9% from the previous year — the 2nd largest increase, percentage-wise, since the recession.

FIGURE 2.1

KEY PERFORMANCE METRICS 2015

Metric	2015
Sales volume	$8.6 billion
Number of timeshare intervals or interval equivalents sold	389,010
Sales price per interval or interval equivalent	$22,240
Number of timeshare transactions	411,880
Sales price per transaction	$21,000
Rental revenue	$1.8 billion
Occupancy	79.9%
Average maintenance fee per interval or interval equivalent	$920

This year's study reflects a change in the way we asked respondents to report their number of intervals sold and corresponding average sales price. In the past, we asked respondents to report this information at the resort level. Because of shifts in the industry, this manner of reporting has become more difficult for respondents, as the increased use of points-based products has made tying sales to a particular resort more difficult. For this reason, we simplified our survey questionnaire for multi-site respondents so that they reported the number of intervals sold across their portfolio of resorts. This change increased the response rate for this question — the corresponding shift in the respondent pool makes comparisons to last year's results problematic. However, we did compare the number of intervals sold and average sales price for respondents who answered these questions in both 2014 and 2015. For these data providers, the number of intervals sold increased by 6% in 2015 and the average sales price increased by 2%. Please see chapter 5 for additional detail.

This year we also asked respondents to report the number of transactions and used this to calculate the average sales price per transaction[11]. Note that for a given transaction, a consumer may purchase more or less time than a traditional timeshare week. There were approximately 411,880 US timeshare transactions in 2015, and the average sales price per transaction was $21,000. The ratio of weekly intervals sold to number of transactions was 0.94, suggesting that the average timeshare transactions was for just under one week of time.

Figure 2.1 also shows that resort occupancy was just under 80% and the average maintenance fee billed was $920 per interval. Average occupancy increased by 1.6 percentage points in 2015, while maintenance fees increased by almost 5%. Rentals accounted for another $1.8 billion in industry revenue, which was a 5% decrease from 2014.

11 Transactions included points sales, week sales, multiple-week sales, EOY sales, upgrades and reloads.

The $8.6 billion in sales volume does not include sales for resorts that primarily sell fractional and private residence clubs (PRC) products. Fractional resorts include ownership interest that is either a shared equity or club interest representing a time period not fewer than two weeks but usually three weeks or more. Fractional ownership typically offers additional services, amenities, and flexibility relative to timeshare, so that a bundle of timeshare weeks would not be considered a fractional interest. PRC products are high-end fractionals. North American sales for fractional and PRC resorts were $505 million for 2015 as reported in *The Shared-Ownership Resort Real Estate Industry in North America – 2016 Edition*, produced by Ragatz Associates.

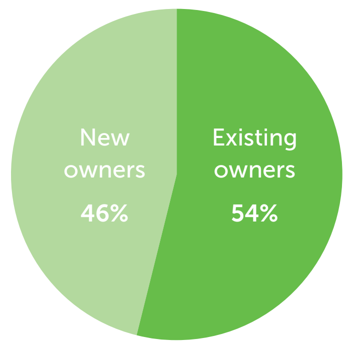
One practice that has become a staple in the industry is "fee for service." In general, developers provide sales and marketing support, including branding, to timeshare resorts they have not developed. The fee-for-service provider leverages its existing sales infrastructure and brand to improve cash flow, without the capital risks of developing its own property. Sales related to fee for service arrangements in 2015 among responding companies was approximately $757 million[12]. Respondents reported more than 39,000 fee for service transactions, so that an average fee for service transaction was approximately $19,300.

Figure 2.2 shows a distribution of the percentage of sales to new owners — 43% of resorts have at least half of their sales from new owners[13]. The pie chart shows that, on average, 46% of timeshare sales are from new owners. Sales to existing owners can take place via upgrades[14] or purchasing additional weeks or points. These sales point to high satisfaction with the product among existing owners. Marketing costs associated with repeat sales are typically lower than for first-time buyers.

This year we asked respondents to describe the types of sales channels they use — Figure 2.3 shows the results. While all respondents reported using in person sales vehicles (tours) and telemarketing, 24% reported the use of online sales of timeshare vacations.

FIGURE 2.2
SALES FROM NEW OWNERS

Sales from New Owners	Percent of resorts responding
<50%	57%
51–70%	31%
71–90%	12%
91% or more	<1%



Percent of 193 respondents — percentages may not add due to rounding

FIGURE 2.3
SALES CHANNELS

	2015
In-person sales presentations (tours)	100%
Telemarketing	100%
Online	24%

Percent of 443 respondents, weighted by units – multiple responses allowed

12 Note that this number reflects fee for service transactions for survey respondents only, and is not a projection to the full US industry

13 "New owners" are owners that are new to the responding resorts/development companies, but not necessarily new to the timeshare industry.

14 An upgrade sale is a transaction whereby a customer relinquishes the right to a currently held timeshare interval and obtains a higher-priced timeshare interval from the same seller.

Average annual timeshare resort occupancy was approximately 80%. By comparison, occupancy at U.S. hotels was 65.6% in 2015[15]. Figure 2.4 shows a more detailed view of occupancy. Resorts reported their average physical occupancy in each of these categories, meaning that actual guest check-in occurred. Resort owners, their guests, and exchange participants accounted for approximately 61% of available intervals. Renters accounted for another 14%, while marketing guests contributed another 5%. Approximately 61% of resorts were at least eighty percent occupied, including 23% with occupancy of at least ninety percent. Approximately 9% of resorts were less than sixty percent occupied. Occupancy for sold-out resorts was approximately 6 percentage points lower than that of active sales resorts.

FIGURE 2.4

OCCUPANCY BREAKOUTS

Type	Percent of time available
Owner/Owner's guest	45%
Exchange guest	16%
Renter	14%
Marketing guest	5%
Vacant	20%

Occupancy level (%)	Percent of resorts responding
Less than 60	9%
60–69	9%
70–79	20%
80–89	38%
90 or more	23%

Percent of 498 respondents, weighted by units – percentages may not add due to rounding

	Active sales resorts	Sold-out resorts
Owner/Owner's guest	46%	44%
Exchange guest	14%	21%
Renter	16%	8%
Marketing guest	6%	3%
Vacant	18%	24%

Percent of 308 active sales resorts, 190 sold-out resorts

15 *STR Monthly Hotel Review: December 2015*, Smith Travel Research.

FIGURE 2.5

MAINTENANCE FEE BREAKOUTS

Unit type	Maintenance fee
Studio	$560
1BR	$710
2BR	$960
3BR+	$1,270
Weighted average	**$920**

Unit type	Active sales resorts	Sold-out resorts
Studio	$570	$540
1BR	$710	$690
2BR	$960	$940
3BR+	$1,260	$1,340
Weighted average	**$960**	**$870**

Percent of 273 active sales resorts, 163 sold-out resorts

Average maintenance fee	Percent of resorts responding
Less than $500	10%
$500 to $599	15%
$600 to $699	17%
$700 to $799	11%
$800 to $899	6%
$900 to $999	8%
$1000+	33%

Percent of 436 respondents – percentages may not add due to rounding

The average annual maintenance fee[16] billed was $920 per interval. Figure 2.5 shows the average maintenance fees charged by unit type, and the distribution of maintenance fees by dollar amount. Studio units averaged $560 annually in maintenance fees, one-bedroom units averaged $710, two-bedroom units averaged $960 and 3BR+ units averaged $1,270 annually. Approximately 10% of resorts have maintenance fees averaging less than $500, while another 33% have maintenance fees averaging $1,000 or more. Maintenance fees for active sales resorts average about 10% more than those for sold-out resorts.

Figure 2.6 shows that approximately 91% of maintenance fee accounts were current in 2015, slightly down from 92% the previous year. Nearly 60% of resorts report that at least 90% of their accounts are current. Delinquencies for sold-out resorts are 5 percentage points higher than for active sales resorts.

FIGURE 2.6

MAINTENANCE FEE DELINQUENCIES

Account delinquency status	Percent of accounts
Current (<31 days delinquent)	91.2%
31-60 days delinquent	0.6%
61-90 days delinquent	0.2%
91-120 days delinquent	0.3%
More than 120 days delinquent	7.7%

	Percent of respondents
All accounts current	3%
95% to 99% of accounts current	43%
90% to 94% of accounts current	12%
85% to 89% of accounts current	13%
80% to 84% of accounts current	12%
Less than 80% of accounts current	18%

Percent of 265 respondents — percentages may not add due to rounding

	Active sales resorts	Sold-out resorts
Current (<31 days delinquent)	92.5%	87.0%
31-60 days delinquent	0.1%	2.3%
61-90 days delinquent	0.1%	0.6%
91-120 days delinquent	0.1%	0.9%
More than 120 days delinquent	7.2%	9.2%

Percent of 146 active sales resorts, 119 sold-out resorts

As noted in Figure 2.4, renters occupied 14% of timeshare intervals in 2015. Eighty-seven percent of resorts reported offering some form of rental program. Figure 2.7 shows the types of rental programs offered. Nearly all (97%) resorts with a rental program offer daily rentals and most offer weekly rentals (68%). These rental programs generally have rates that vary by season (90%). Approximately 61% offer rental programs for their marketing guests. Some “other” types of rental programs reported include half-price rentals for timeshare owners, friends and family programs, weekend programs, and two to three night minimum programs.

16 This is the average maintenance fee billed to owners annually including contributions to reserves but excluding taxes and special assessments.

FIGURE 2.7
TYPES OF RENTAL PROGRAM OFFERED

Rental type	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Daily rentals	97%	99%	95%
Weekly rentals	68%	69%	66%
Monthly rentals	28%	28%	29%
Rental rates that vary based on season	90%	88%	94%
Rental programs for marketing guests	61%	76%	39%

Percent of 463 respondents – multiple responses allowed

Figure 2.7 also compares the offerings between resorts that are in active sales to those that are not. Programs for marketing guests are more prevalent among resorts that are still in active sales.

Figure 2.8 details rental program revenue. Approximately 10.4 million nights were rented in 2015 at an average price of $172 per night. This yielded nearly $1.8 billion in timeshare rental revenue for 2015.

FIGURE 2.8
RENTAL REVENUE

Metric	2015
Total rental revenue	$1.8 billion
Total nights rented	10.4 million
Average rental price per night	$172

Figure 2.9 lists methods used by resorts for publicizing the availability of rentals at the property. The most commonly reported are the resort's website and social media. Active sales resorts are more likely to use resort's website and social media to publicize rentals — they are also more likely to use external rental websites such as Redweek.com or SellMyTimeshareNOW.com. Other methods used include the Central Visitors Bureau (CVB) and area publications.

FIGURE 2.9
PUBLICIZING RENTALS

Method	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Resort website	87%	96%	76%
Social media (Facebook, Twitter, etc.)	40%	45%	33%
Physical bulletin boards at resort	32%	32%	30%
External rental websites (Redweek.com, SellMyTimeshareNOW.com, etc.)	29%	35%	20%
Radio	11%	12%	9%
Television	10%	8%	13%
Newspaper	2%	1%	3%
Timeshare broker and/or broker website	2%	1%	3%
Other	33%	40%	23%

Based on 529 respondents - multiple responses allowed

Seventy-six percent of responding resorts report maintaining a program to help rent inventory that is owned by owners. Almost all of these respondents report a commission-based arrangement for these programs, and the median commission charged is 35%. As shown in Figure 2.10, this program is most often managed by a management company followed by the developer — in 20% of cases it is a combination of the two.

This year we also asked respondents about alternative programs they may have in place to manage inventory. Figure 2.11 shows that most resorts use such programs, including 90% who report using Vacation Rentals by Owner (VRBO). Most respondents also report using either lease/buying opportunities at a hotel, Airbnb or similar services.

Finally, rental revenue is just one type of operating revenue collected by timeshare resorts. Figure 2.12 shows the percentage of operating revenues collected by resorts across a number of categories. The predominant source of operating revenues for resorts is maintenance fees, followed by rentals. In 2015, sold-out resorts derived a higher percentage of revenues from rentals than did active sales resorts.

FIGURE 2.10
RENTAL PROGRAM MANAGEMENT AND COMMISSIONS

Entity managing rental program	Rental
Management company	42%
Developer	28%
Developer/Management company	20%
HOA	8%
Other	3%
Median commission rate charged	**35%**

Based on 356 respondents – percentages may not add due to rounding

FIGURE 2.11
ALTERNATIVE PROGRAMS TO HELP MANAGE INVENTORY

Entity	Rental
VRBO	90%
Leasing or buying in hotel	82%
Airbnb or other web driven services	69%
Other	6%

Percent of 280 respondents – multiple responses allowed

FIGURE 2.12
OPERATING REVENUE

Category	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Maintenance fees	77%	81%	68%
Rentals	15%	11%	22%
Housekeeping	2%	3%	1%
Developer subsidy	1%	2%	<1%
Special assessments and other revenue sources	1%	1%	2%
Food & beverage	1%	1%	<1%
Other	2%	1%	5%

Percent based on 581 respondents – percentages may not add due to rounding

Industry Segments

CHAPTER THREE

This chapter uses some of the performance metrics reported in the previous chapter to compare specific industry segments. To do so, we segment resorts using the following characteristics:

- Average resort size — as measured by the number of units
- Sales activity
- Resort type
- Geographic region

For each segment within these classifications, we compare the following metrics:

- Percent of resorts
- Resort size, as measured by the average number of units
- Occupancy
- Average maintenance fee billed

Overall averages and totals are also provided for comparison purposes. For some segments, not all of the respondents provided information that would allow them to be classified. For example, not all respondents reported a resort type. Accordingly, in some cases the overall totals and averages may be inconsistent with the totals and averages for the subgroups.

Resort Size

The first segmented analysis is resort size, using five categories: less than 50 units, 51-100 units, 101 to 150 units, 151 to 200 units and more than 200 units. While the average resort size is 130 units, 38% of resorts have less than 50 units, and 26% have more than 150 units. Figure 3.1 shows that maintenance fees and occupancy both increased with resort size in 2015 — this likely reflects the fact that larger resorts tend to be newer and have more amenities.

FIGURE 3.1

PERFORMANCE BY RESORT SIZE

Number of units	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Less than 50	38%	29	79.8%	$770
51–100	25%	72	80.7%	$820
101–150	11%	125	81.3%	$880
151–200	8%	174	81.9%	$880
More than 200	18%	401	82.5%	$1,060
Overall	**100%**	**130**	**79.9%**	**$920**

Percent of 622 respondents – numbers may not add due to rounding.

Sales Activity

Figure 3.2 compares the performance of groups based on sales activity. This table summarizes prior analysis comparing sold-out resorts with active sales resorts and adding information on resort size. The average number of units, average billed maintenance fee and average occupancy are all lower for sold-out resorts. Active sales resorts tend to be newer and resorts have gotten larger over time, as we show in the next chapter. Newer resorts also tend to have more amenities and correspondingly higher maintenance fees.

FIGURE 3.2

PERFORMANCE BY SALES ACTIVITY

Sales activity	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Sold-out resorts	46%	83	75.6%	$870
Active sales resorts	54%	166	82.0%	$960
Overall	**100%**	**130**	**79.9%**	**$920**

Percent of 657 respondents — numbers may not add due to rounding

Resort Type

Respondents reported the vacation experience(s) offered at their resort and/or nearby. They also shared which characteristic best describes their resort. Figure 3.3 shows the results.

FIGURE 3.3

DISTRIBUTION BY RESORT TYPE

Type	*What vacation experience does this resort offer?* Onsite	Nearby	Nearby and/or onsite	Which one characteristic best describes this resort?
Beach	47%	31%	52%	29%
Country/Lakes	21%	25%	33%	14%
Ski	6%	26%	28%	12%
Golf	18%	73%	78%	8%
Theme park	2%	27%	26%	6%
Island	15%	15%	21%	6%
Rural/Coastal	32%	20%	35%	6%
Urban	18%	14%	23%	6%
Desert	5%	16%	17%	5%
Gaming	0%	21%	20%	2%
Other	3%	5%	6%	5%

Percent of 602 respondents – percentages may not add due to rounding.
For onsite and nearby, multiple responses allowed.

Beach resorts are the most common primary resort type; golf is most often available nearby and/or onsite. Resorts reported just over three of these vacation experiences available per resort on average. Other vacation experiences noted include national and state parks, historic sites, and vineyards/wineries.

Figure 3.4 compares the performance for the most common resort types[17]. Theme park resorts tend to be the largest and have the highest occupancy; ski resorts tend to be the smallest and have the lowest occupancy, perhaps owing to seasonality. Island resorts had the highest average maintenance fees, and country/lakes resorts had the lowest.

FIGURE 3.4

PERFORMANCE BY RESORT TYPE

Type	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Beach	29%	100	86.0%	$770
Country/Lakes	14%	115	74.1%	$750
Ski	12%	90	70.4%	$810
Golf	8%	200	79.7%	$870
Theme Park	6%	275	86.4%	$790
Island	6%	120	78.0%	$1,170
Urban	6%	125	85.5%	$870
Other	19%	130	77.9%	$750
Overall	**100%**	**130**	**79.9%**	**$920**

Percent of 530 respondents. Note: "Other" Includes Rural/Coastal, Gaming, Desert, and Other from above – numbers may not add due to rounding

17 There was insufficient data to report on the other resort types.

Geographic Region

The final segment is geographical region of the country. Florida, California, South Carolina, Hawaii, and Nevada are the five states with the highest number of timeshare resorts. The remaining states are grouped in regions, based on the U.S. Census Bureau's list of geographic regions. Figure 3.5 shows a list of states represented by each region, and Figure 3.6 compares the performance by region.

FIGURE 3.5

GEOGRAPHIC REGIONS

Region	States
Florida	FL
California	CA
South Carolina	SC
Hawaii	HI
Nevada	NV
Mountain/Pacific	CO, UT, MT, AZ, WY, ID, NM, AK, OR, WA
Northeast	CT, ME, MA, NH, RI, VT, NJ, NY, PA
South Central	AL, KY, MS, TN, TX, LA, AR, OK
Midwest	IL, IN, MI, OH, WI, IA, KS, MN, MO, NE, ND, SD
South Atlantic	DE, DC, GA, VA, WV, NC, MD

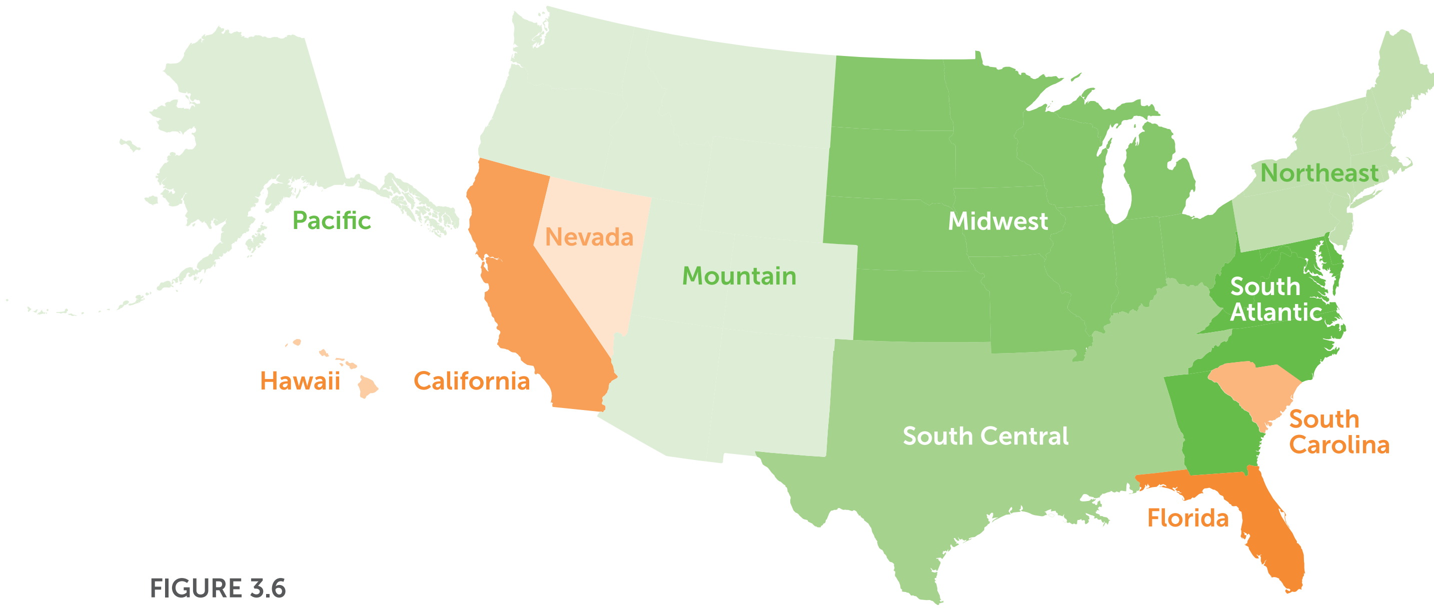


FIGURE 3.6

PERFORMANCE BY GEOGRAPHIC REGION

Region	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Florida	24%	160	86.4%	$940
California	8%	125	83.2%	$840
S. Carolina	7%	130	81.5%	$850
Hawaii	5%	175	86.7%	$1,230
Nevada	4%	230	83.1%	$780
Mountain/Pacific	16%	85	80.0%	$810
Northeast	11%	100	66.1%	$690
South Atlantic	9%	100	73.6%	$740
South Central	8%	105	75.1%	$720
Midwest	8%	100	74.6%	$690
Overall	**100%**	**130**	**79.9%**	**$920**

Percent of 1,547 resorts – numbers may not add due to rounding

Florida has the most resorts, while Hawaii has the highest average occupancy and maintenance fees. Nevada has the largest resorts and the Mountain/Pacific has the smallest. The Northeast has the lowest occupancy and the lowest average maintenance fees.

A Brief History of the U.S. Timeshare Industry

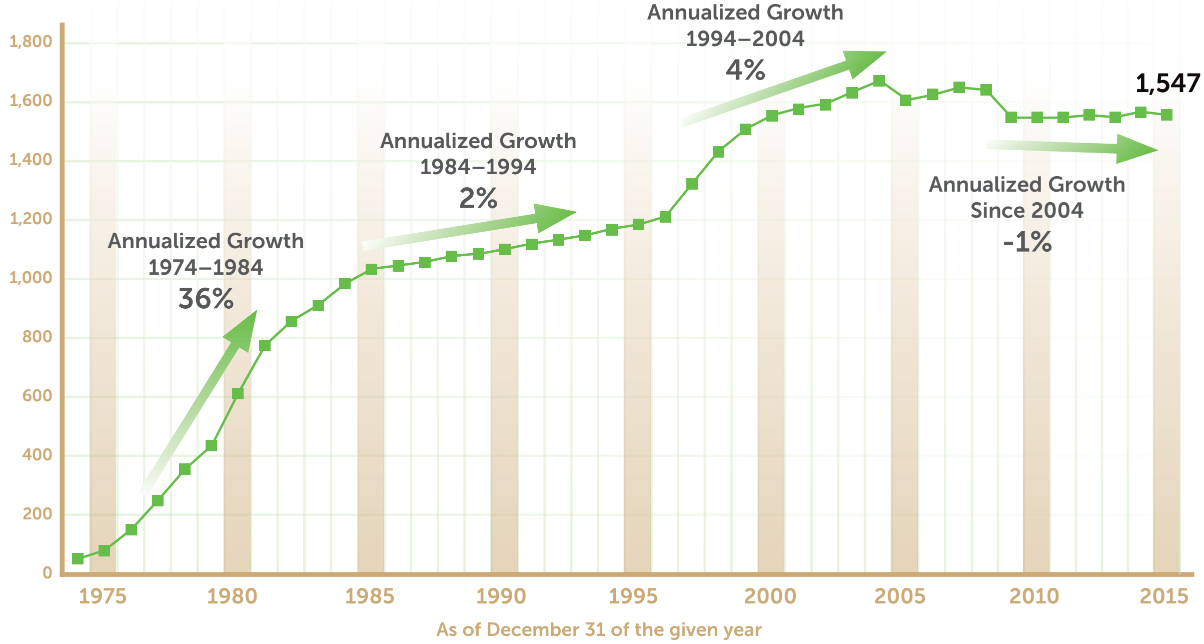
CHAPTER FOUR

To help put the 2015 performance results in perspective, this chapter traces the growth of several key metrics over time since the industry's inception in 1974. This also will help understand the outlook for the industry as presented in the next chapter.

Figure 4.1 traces the growth of U.S. timeshare resorts since 1974. It paints a picture of an industry with generally steady growth, punctuated by two major growth spurts. The first occurred at the industry's outset in the United States — the number of resorts grew by an average of 105 resorts per year from 1974 to 1981. The next was from 1996 to 2000, when the number of resorts grew by an average of 87 per year. In between, growth averaged 25 to 30 resorts per year. In recent years, growth in the number of resorts has moderated and the number of resorts reported in this study has decreased slightly since 2005 (see explanation below).

FIGURE 4.1

TIMESHARE RESORTS SINCE 1974



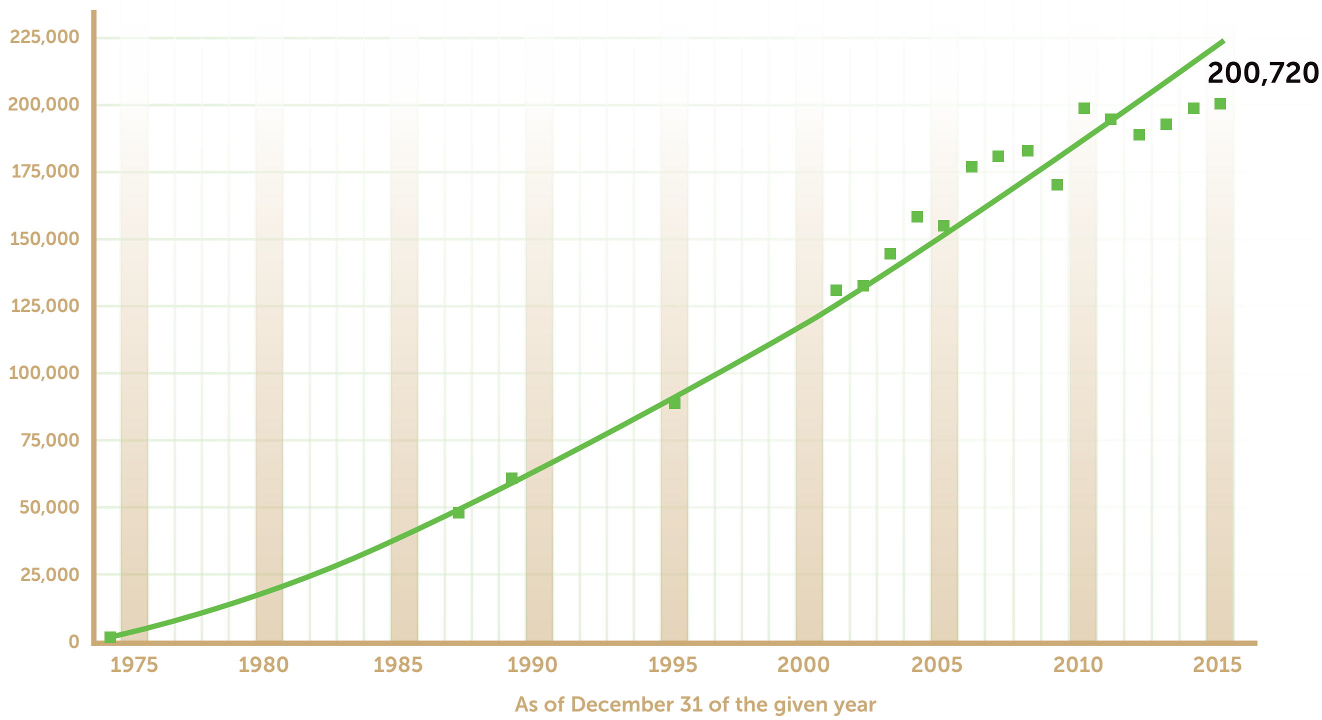
Source: Ragatz Associates, American Economics Group and the AIF

A change in the definition of the study population accounts for the drop in the number of resorts from 2004 to 2005. This change focused the analysis on traditional timeshares, including weekly intervals and points while removing such non-comparable entities as fractionals, non-equity clubs, private residence clubs, and vacation clubs. The AIF stepped up its confirmation efforts again in late 2009 and early 2011 to verify the status of all identified timeshare resorts in its database, removing condo hotels and resorts with only contractual agreements to be used as timeshare. Improved rigor and scrutiny of resort count by the AIF led to a drop in the total timeshare resort count for the year 2009 and again in 2015.

The response rate for this report has increased from 28% in 2005 to 43% this year. While a higher response rate helps improve the accuracy of estimates, it can make comparisons to the results of previous years problematic. For example, if new respondents report relatively low unit counts for their resort or resorts, this will drive the reported average resort size lower — even though the industry may not have lost any units.

Figure 4.2 shows the historical trend of unit growth through the available data points. Unlike timeshare resorts, the number of timeshare units has not been tracked each year.

FIGURE 4.2
TIMESHARE UNITS SINCE 1974



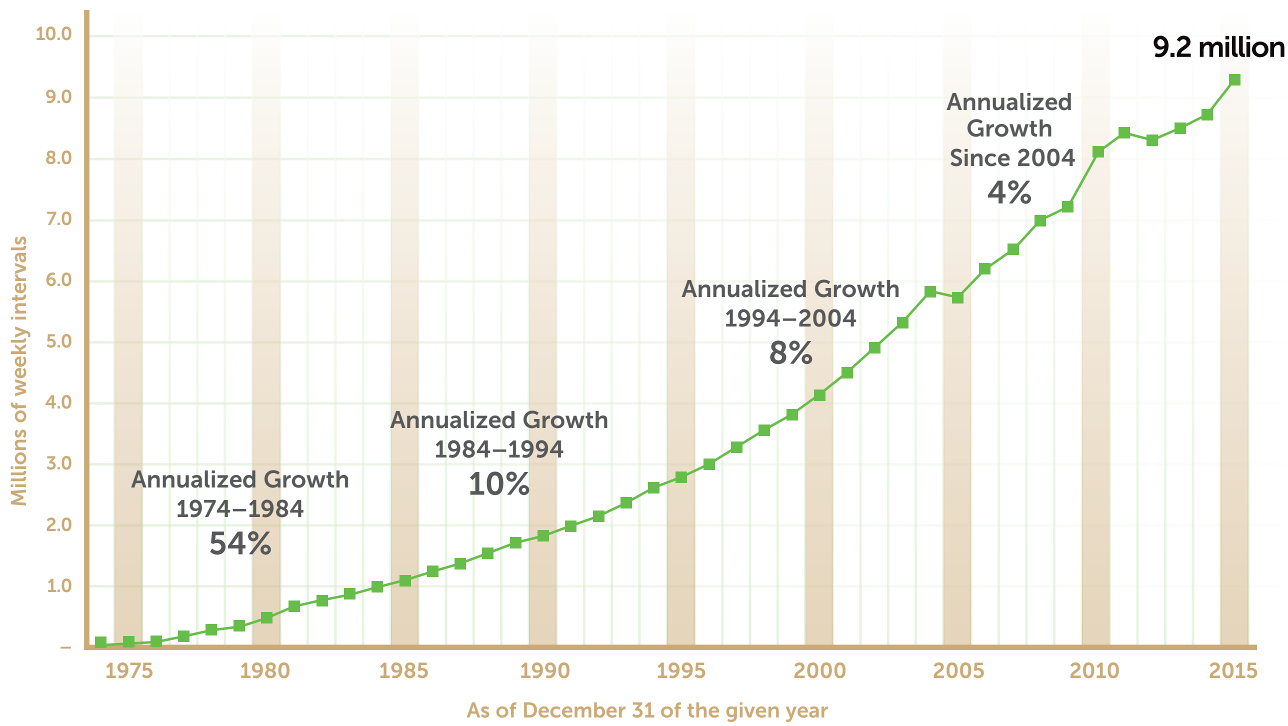
Source: Ragatz Associates, American Economics Group and AIF

Developers have built larger, purpose-built resorts as the industry has matured and larger, branded timeshare companies have entered the market. In 1974, the average resort had approximately 27 units. By 1989 that number had more than doubled to 56; in 2015 that number has again more than doubled to 130 units per resort.

Figure 4.3 shows the number of timeshare equivalent intervals owned since 1974. The previously noted change in study population that excluded fractional and PRC resorts accounts for the apparent decrease in 2005. The higher average resort size accounts for the increase in the estimate for 2011. In the industry's first ten years, growth in intervals owned was significant, averaging 54% annually. From 1984 to 2004 interval growth averaged between 8% and 10% annually. Since 2004 that rate of increase has slowed to approximately 4% annually.

FIGURE 4.3

INTERVALS OWNED SINCE 1974

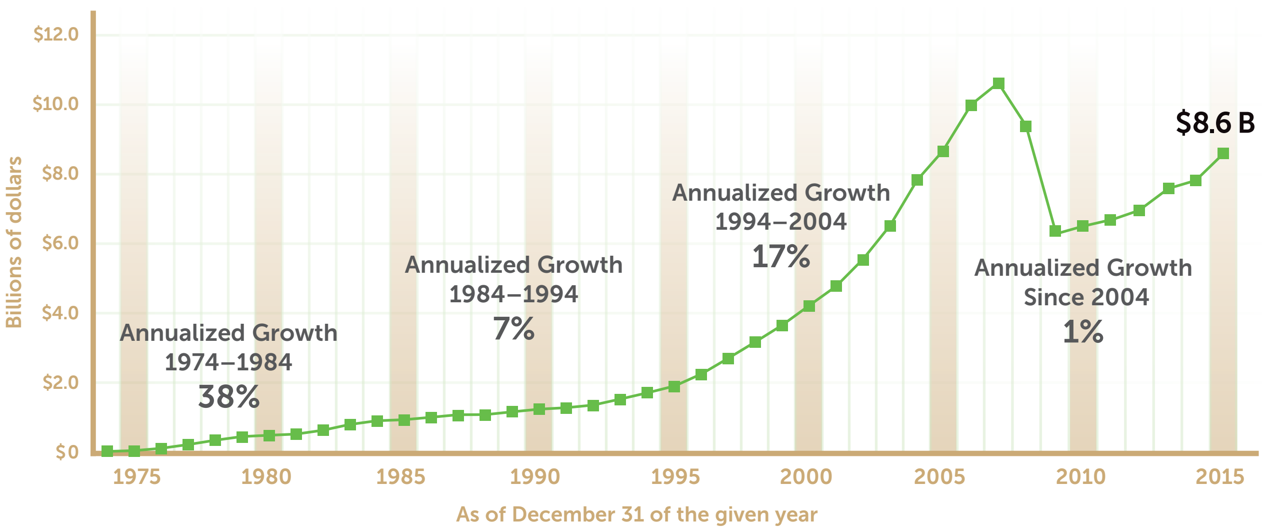


Source: Ragatz Associates, American Economics Group and the AIF

Figure 4.4 shows the historical sales[18] trend from 1974 through 2015. In keeping with the pattern of resort and unit growth, sales volume grew tremendously over the first 10 years (38% annualized growth), moderated in the middle 10 years (7%) and picked up again from 1994 to 2004 (17%). In 2004 a four-year sales boom began, with sales volume peaking in 2007 at $10.6 billion. Sales fell significantly in the next two years due to the recession; however, 2015 marks the sixth straight year of increases in sales volume and the 2nd highest percentage-wise since the recession.

FIGURE 4.4

TIMESHARE SALES SINCE 1974



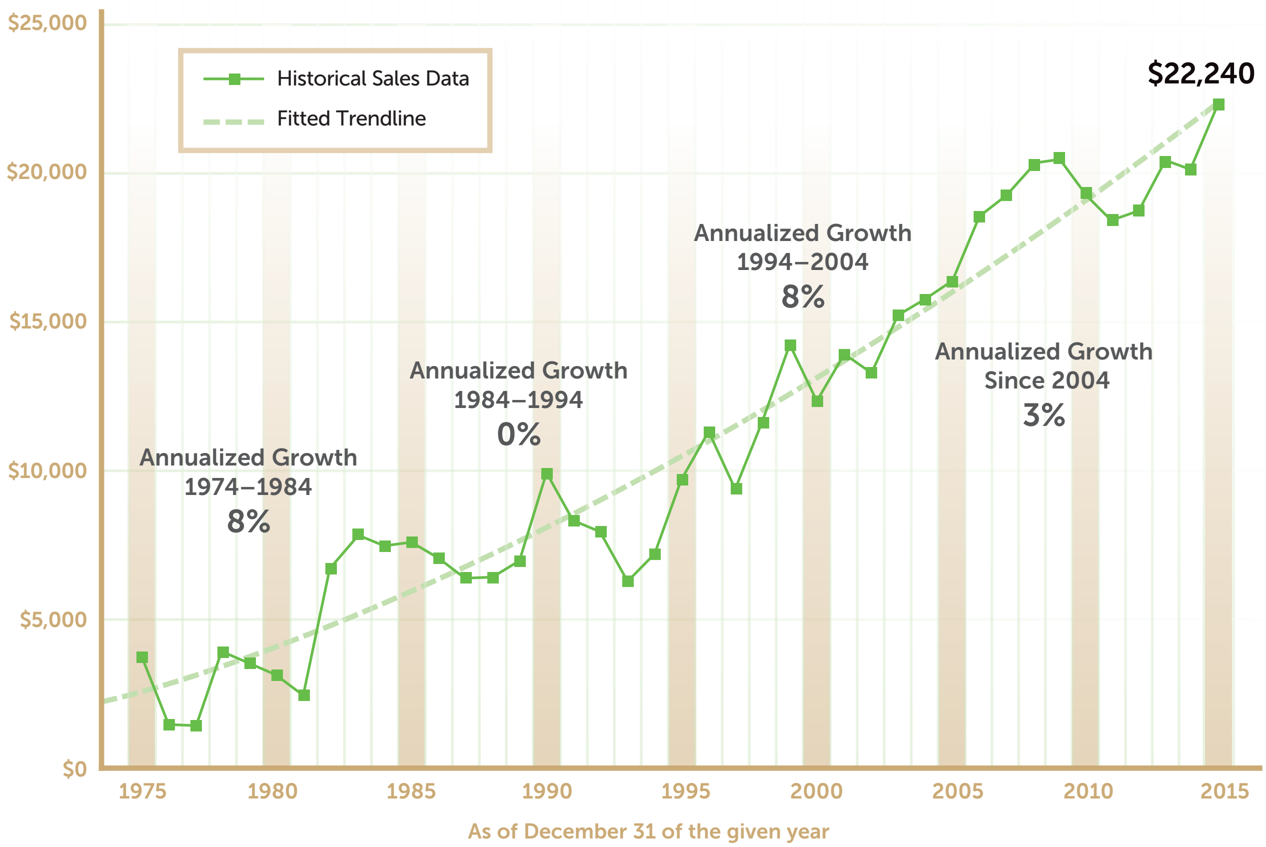
Source: Ragatz Associates, American Economics Group and AIF

18 The sales volume collected is commonly referred to as contract or originated sales and does not further separate all of the accounting metrics under the Financial Accounting Standards ASC 978 Real Estate — Timesharing Activities. This sales volume represents first generation or developer sales and does not include interests that were once owned and later resold on the secondary market.

Figure 4.5 tracks the trend in interval or interval equivalent sales prices from 1974 to 2015. The average sales price equals total industry sales volume, less sales upgrades[19] where no incremental time is purchased, divided by the total number of intervals or interval equivalents sold. The growth in price has been more uneven than the growth in other measures. This may be due to the type, unit configuration, location or developer brand of properties making up the majority of sales in a given year.

FIGURE 4.5

TIMESHARE AVERAGE SALES PRICES SINCE 1974



Source: Ragatz Associates, American Economics Group and the AIF

As noted previously, the industry has added various methods for timeshare purchases. Instead of selling one week per year, most now also offer increased flexibility by offering "points" that owners can use to customize their vacation needs. Consumers can break up or extend vacation weeks, travel during various times of the year and/or stay in various unit types at a range of locations. Some also offer biennial products that allow owners to use intervals every other year, instead of each year.

19 An upgrade sale is a transaction whereby a customer relinquishes the right to a currently held timeshare interval and obtains a higher-priced timeshare interval from the same seller.

Industry Outlook

CHAPTER FIVE

Finally, in this chapter we examine the near term industry outlook by observing recent performance trends and expected construction.

FIGURE 5.1
RECENT PERFORMANCE TRENDS

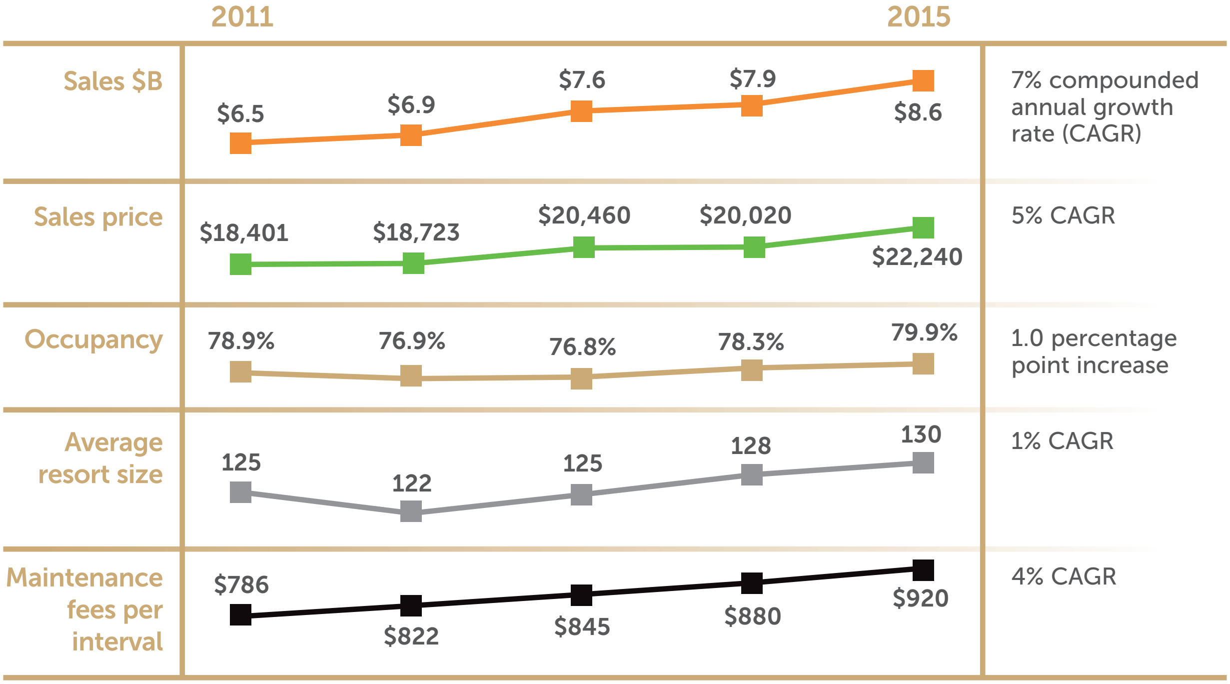


Figure 5.1 displays trends for the industry's five key performance measures over the past five years. Sales volume has increased by more than 33% since 2011 — an average of 7% annually. The average sales price has grown by 21% since 2011 — an average of 5% annually. After falling in 2012 and 2013, occupancy has increased over the past two years and now stands a full percentage point higher than it was in 2011. The average resort size has increased slightly since 2011 and maintenance fees have increased by about 4% annually since 2011.

Figure 5.2 shows the change over the past year in key metrics for respondents having multiple resorts and reporting data in both years. The purpose of this table is to assess changes without respect to differences in the respondent pool.

In 2014, these respondents represented 615 resorts and 75,837 units, for an average resort size of approximately 123 units. In 2015, the number of resorts increased to 620 and the number of units increased to 76,867, for an average resort size of 124 units. The increase in the number of resorts does not just indicate resort construction on the part of these respondents — it also reflects acquisition and consolidation in the industry.

Total sales volume increased by about 8% for these 2015 respondents — about the same as the nearly 9% growth in estimated sales industry-wide. Changes in occupancy were also in line with overall industry estimates. Increases in the average billed maintenance fee were somewhat higher for this group than for overall industry estimates. The average sales price per interval or interval equivalent increased by just over 2% for these respondents, while the number of intervals sold increased by just under 6%. Again, because the respondent pool for this analysis was held static, these estimates of growth in price and the number of intervals sold are a better representation for year over year changes in the industry.

FIGURE 5.2
CHANGES FOR RESPONDENTS PROVIDING DATA IN 2014 AND 2015

	2014	2015	Change	Percent change
Number of resorts	615	620	5	0.8%
Number of units	75,837	76,867	1,030	1.4%
Average units	123	124	1	0.8%
Total sales ($B)	$5.1	$5.5	$0.4	8.1%
Sales price	$21,926	$22,387	$461	2.1%
Number of timeshare intervals (or equivalents) sold[20]	232,600	245,700	13,100	5.6%
Occupancy	75.9%	77.4%	1.5%	2.0%
Maintenance fees	$911	$988	$77	8.4%

Note: Numbers may not add due to rounding

Figure 5.3 summarizes construction of new timeshare units and resorts. It shows that respondents reported building 619 units in 2015, down from the 1,312 they reported building in 2014. However, there is an increase in planned construction for the coming year. Respondents plan to add 2,115 units in 2016 — this includes units at existing resorts and units at planned new resorts. This is up 54% from the 1,374 planned at this time last year. In addition, respondents plan to add 2,397 units in 2017 and beyond — up 13% from the 2,121 planned at this time last year. Finally, respondents report plans for 11 new resorts in 2016 and 9 in 2017 and beyond, compared to plans for 9 total at this time last year.

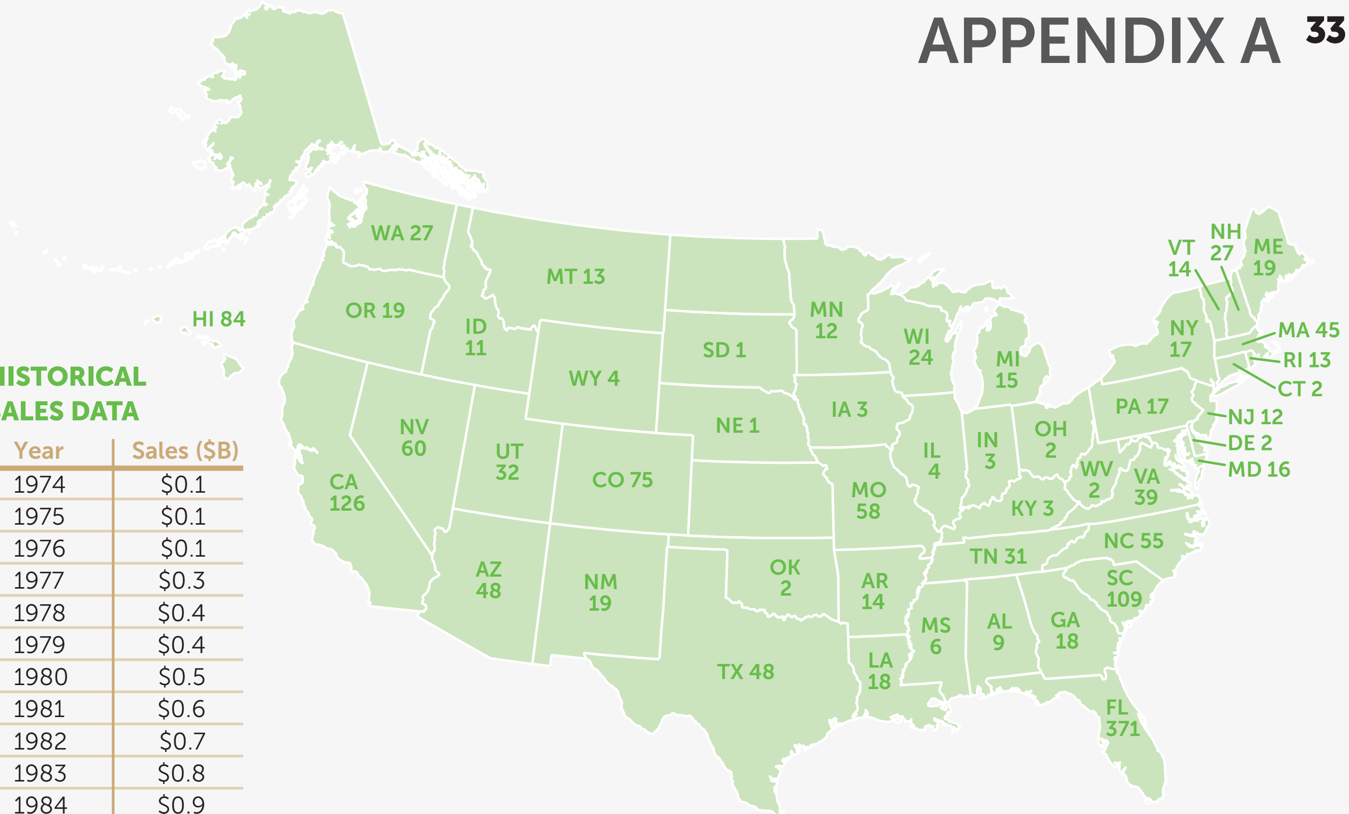
FIGURE 5.3
RESORT AND UNIT CONSTRUCTION

	2014	2015
Units built	1,312	619
Units planned – in the coming year	1,374	2,115
Units planned – more than one year out	2,121	2,397
Resorts planned – in the coming year	3	11
Resorts planned – more than one year out	6	9

Construction results reported for respondents only — not industry-wide estimates

20 Since the pool of respondents reporting total sales volume in 2014 was different than those reporting the number of intervals sold, this answer is estimated using the average sales price for those respondents.

In general, there were a number of positive developments in the timeshare industry in 2015. Sales volume saw the 2nd largest percentage increase since the recession. Occupancy increased 1.6 percentage points and billed maintenance fees increased by 5%. And though construction was down in 2015, the construction outlook continues to improve.



HISTORICAL SALES DATA

Year	Sales ($B)
1974	$0.1
1975	$0.1
1976	$0.1
1977	$0.3
1978	$0.4
1979	$0.4
1980	$0.5
1981	$0.6
1982	$0.7
1983	$0.8
1984	$0.9
1985	$1.0
1986	$1.0
1987	$1.0
1988	$1.1
1989	$1.2
1990	$1.2
1991	$1.3
1992	$1.4
1993	$1.5
1994	$1.7
1995	$1.9
1996	$2.2
1997	$2.7
1998	$3.1
1999	$3.6
2000	$4.1
2001	$4.8
2002	$5.5
2003	$6.5
2004	$7.9
2005	$8.6
2006	$10.0
2007	$10.6
2008	$9.7
2009	$6.3
2010	$6.4
2011	$6.5
2012	$6.9
2013	$7.6
2014	$7.9
2015	$8.6

Source: Ragatz Associates, American Economics Group and AIF

RESORTS BY STATE

State	Resorts	State	Resorts
FL	371	MD	16
CA	126	AR	14
SC	109	MI	15
HI	84	MT	13
CO	75	VT	14
NV	60	MN	12
TX	48	NJ	12
AZ	48	RI	13
MO	55	ID	11
NC	55	AL	9
MA	45	MS	6
VA	39	IL	4
UT	32	WY	4
TN	31	IA	3
NH	27	IN	3
WA	27	KY	3
WI	24	CT	2
OR	19	DE	2
NM	19	OH	2
LA	18	OK	2
GA	18	WV	2
ME	19	NE	1
PA	17	SD	1
NY	17		

PERCENTAGE OF UNITS BY STATE

State	% of units
FL	32%
HI	10%
CA	10%
NV	9%
SC	7%
AZ	4%
VA	3%
TN	3%
CO	2%
MO	2%
All others	17%

Note: There was not sufficient response to report the number of units at the state level for each state

APPENDIX B

Timeshare Resort Tracking

The study universe in the State of the Vacation Timeshare Industry consists of the latest list of timeshare resorts in the United States. While there is not a single, mandated registration database of timeshare properties developed in the U.S., the ARDA International Foundation established an extensive process to identify existing and planned unique timeshare resorts.

Timeshare resorts are identified through a variety of primary and secondary research, including:

- Company press releases, earnings reports, and websites
- Exchange company directories
- Crittenden Resort Report
- Industry media searches
- General media searches
- Primary survey research which includes a Confirmation Survey and the State of the Vacation Timeshare Industry survey

Extensive verification is conducted to identify unique timeshare resort properties. The resort count does not include:

- Emerging vacation ownership product segments — fractional, Private Residence clubs, destination clubs, non-equity clubs, whole-ownership, or condo-hotel resorts
- Club entities that own partial inventory or partial intervals at a physical timeshare resort
- Vacation exchange rental property at non-timeshare resorts

Methodology

EY designed, built and distributed a password-secured, web-based survey questionnaire for data collection at the resort level. Data providers with multiple resorts received a corresponding version in Microsoft Excel. Individual responses to all questions were kept completely confidential. Only EY professionals responsible for the survey had access to individual survey responses. EY used the survey responses to produce most of the estimates detailed in this study — other sources are cited as appropriate. This study contains estimates of key metrics that provide an overview of the vacation timeshare industry in the United States. It is not a comment on any individual company, whose performance may vary from the information included in this study.

All identified timeshare resorts[21] in the United States were sent a survey questionnaire. Of the 1,547 identified timeshare resorts, 661 responded — a 43% response rate. Of these 661 responding resorts, 566 belong to a family of ten or more resorts, while 95 belong to a family of less than ten resorts. Of these 95, 63 were single site developers. In general, the information in this report includes estimates of industry-wide metrics. The lone exception is the estimate of construction activity, which is reported only for those responding to the survey and not extrapolated to the universe of timeshare resorts.

How good are the estimates in this report? There are two primary sources of survey error: sampling and non-sampling error. Since the entire universe of identified resorts received a survey there is no sampling error and terms such as precision and confidence are not appropriate. Non-sampling error includes survey question bias, coverage and measurement error, and non-response. Non-sampling errors are present in every survey, but can be reduced with proper planning, good execution, and appropriate analysis.

For this survey, EY took the following steps to help reduce non-sampling errors at various stages of the survey process:

- The AIF annually updates its database of timeshare resorts to help reach all known timeshare resorts.
- EY conducted a questionnaire review session with experienced survey professionals and data providers to help clarify the meaning of key terms and new data points.
- The electronic survey questionnaires contain data edit checks designed to catch questionable responses at the point of data entry. For example, reported maintenance fees that appear too high based on previous response, or intervals owned per unit that seem implausible.
- Survey participants receive complimentary copies of the report as an incentive to respond.
- The AIF and EY conducted calling campaigns and sent electronic reminders to encourage response.
- EY followed up with respondents on confusing or inconsistent responses.
- Further cross examination of the data was conducted to identify and question discrepancies within the data gathered, historical data, and expected trends.

21 *List of timeshare resorts are maintained and provided by AIF. Please see Appendix B for more information about the methodology for identifying timeshare resorts.*

APPENDIX C

This year, we made some changes in the way respondents report information pertaining to sales. The primary change was that we no longer ask respondents to report sales volume, price, number of intervals sold, etc. at the resort level. Based on feedback from respondents, sales are increasingly not tied to a particular resort, but are attributable to the overall portfolio of a developer's resorts. This is related to the proliferation of points based sales. We also asked them to break out their sales between points and weeks based products and to report the number of timeshare transactions.

The overall response rate is the most widely used measure of non-sampling error. The response rate has increased from 28% in 2005 (the year before EY began conducting the study) to 43% in 2015 and is well above the current typical response rate for surveys of this type. Our 95% response rate among large developers (those with ten or more resorts) is very good, and suggests that industry health estimates, such as sales, are very reliable, since these respondents generate a majority of the industry's sales. The higher response rates of multi-site respondents could affect some of the results of this study if not addressed. Where appropriate, statistical weighting was used to help offset this potential bias in the study respondents. A comparison of the distribution of responding resorts to the distribution of the universe by state and did not reveal any systematic differences.

In general, a higher response rate helps improve the accuracy of estimates, but at the same time the higher rate can make comparisons to the results of previous years problematic. For example, if new respondents report relatively low unit counts for their resorts, this will drive the reported average resort size lower even though the industry may not have lost any units.

Special thanks are due to the timeshare industry professionals who dedicated their time and expertise to the development of the survey instrument employed to collect data for this report. Also the efforts of resort staff who committed their time and energy to complete the survey questionnaires are truly appreciated.

Thank you for participating in the 2016 ARDA International Foundation (AIF) Survey!

The following survey is about timeshare resorts. If you have questions regarding the survey or this website, please call Joe Callender at 202.327.5692 or email joe.callender@ey.com.

Note: Please refer to the glossary for the definition of any underlined terms.

I. Resort Identification

1. Is this resort part of a multiple resort family?

☐ Yes – *Please contact Joe Callender at 202-327-5692 or Joe.Callender@ey.com if interested in providing the information below via an Excel spreadsheet for all your resorts.*

☐ No

2. Resort identifying information

Resort Name ____

Address ____

City____________________________ State _______ Zip Code ______________

Website ____

3. Contact person *(General information for individual completing survey)*

First Name ____

Last Name ____

Title ____

Company Name ____

Telephone Number ____

4. Resort management information *(Complete only if applicable)*

Name of Development Company ____

Name of Management Company ____

RCI Identification Number ____

Interval Identification Number ____

Home Owners Association(s) *If multiple HOAs please use a comma to separate*

____

Name of Marketing Company ____

II. Resort Characteristics

1. At which development stage is this resort currently? *(Select one)*

Note: Active sales resorts are defined as resorts that sold 100 or more new weekly intervals or points equivalent sales during 2015, excluding re-sales. All other resorts are considered not in active sales. If the resort is being built in phases, and a construction phase is complete, the resort should be considered open, even if a new phase is still under construction.

☐ Planned
☐ Under Construction - not in Active Sales
☐ Under Construction - in Active Sales
☐ Open - Still in Active Sales (answer Q1a)
☐ Sold Out - Resort may have some resale activity (answer Q1a)
☐ Closed (answer Q1b & Q1c)

1a. **Please select the year this resort opened for sales.**
(Only answer if development stage equals Open or Sold Out) ____

1b. **Please select the year this resort closed.**
(Only answer if development stage equals Closed) ____

1c. **Please specify a reason why this resort closed.**
(Only answer if development stage equals Closed) ____

II. Resort Characteristics — *continued*

2. What type of construction is this timeshare property?

☐ Purpose built ☐ Converstion

3. Is this timeshare property stand-alone or mixed use?

☐ Stand-alone ☐ Mixed use

4. Who is the resort controlled by:

☐ HOA (s)/POA(s)/COA(s) ☐ Developer (Go to Q5)

Note: For the purposes of this study Condominium Owners Associations (COAs), Property Owners Associations (POAs) and Home Owners Associations (HOAs) are synonymous. If you have a POA or a COA please answer the questions regarding HOAs as if they were one and the same.

4a. [If HOA selected] **At approximately what percentage of sell out did the HOA(s) gain control of the resort?**
____

5. Who manages the timeshare resort's day to day operation?

☐ Self-managed by HOA(s)
☐ Managed by a management company that is affiliated with the resort developer
☐ Managed by a third party management company
☐ Other, specify ________________

6. How are management fees determined?

☐ Not applicable
☐ Fixed amount
☐ As a percentage of the annual budget/operating expenses etc. (Go to Q6a)
☐ Other, specify________________

6a. **What was the percentage of budget/operating expenses that was allocated to management fees in 2015?**
____

7. What was the total amount of management fees paid in 2015? ______________________

Note: Please enter an actual dollar amount — do not use units such as thousands or millions.

8. Who employs your resort's employees?

☐ Resort developer
☐ Resort HOA(s)
☐ Management company
☐ Other, specify____________________

9. How many timeshare units does this resort have by size?
If you don't have a given type of unit, please fill in '0'.

NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.).

Total Units as of December 31, 2015

Count Lock-offs as one unit	Count Lock-offs as separate units
_____ Studio	_____ Studio
_____ 1BR	_____ 1BR
_____ 2BR	_____ 2BR
_____ 3+BR	_____ 3+BR
_____ **Total**	_____ **Total**

10. What is the average size of a unit at this resort in square feet? If you don't have a given type of unit, please fill in "0."

NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

Unit size	Square feet
Studio	_____
1BR	_____
2BR	_____
3+BR	_____
Total	_____

II. Resort Characteristics — *continued*

11. Which of the following types of intervals does this resort currently have? *(Check all that apply)*

- ☐ Timeshare points

One or more of the following types of weekly intervals

- ☐ Traditional interval weeks
- ☐ Interval weeks with the ability to use through a timeshare points system

12. Which of the following special types of intervals does this resort currently have? *(Check all that apply)*

- ☐ Biennials
- ☐ Triennials
- ☐ Other, please specify _____________________

13. Please provide the following information on weekly equivalent intervals* at your resorts:

	Weeks: As of December 31, 2015	Points: As of December 31, 2015
What is the total number of weekly equivalent intervals owned at your resort as of December 31, 2015 by **owners other than the developer or HOA**? Please include any intervals sold since the resort's inception, unless they have been reacquired by the developer or are owned by the HOA.	________	________
What is the total number of weekly equivalent intervals at your resort that are **owned by the HOA** as of December 31, 2015?	________	________
What is the total number of weekly equivalent intervals at your resort that **are owned by the developer** as of December 31, 2015? Please include any intervals that have never been sold and intervals that have been reacquired by the developer.	________	________
Total	________	________

**Points-based developers may calculate weeks owned on an implied interval week conversion factor based on internal measures. For example, one approach may be to divide the number of points redeemed during the year by the number of unit weeks occupied; or, developers that assign values to unit inventory may calculate the implied interval week conversion factor for the system overall.*

14. What was the origin distribution of your shared vacation ownership occupants in 2015?

	%
Domestic	________
International	________
Total	100%

15. Excluding intervals owned by the HOA or developer, how many intervals are owned by each of the following entities?

**Points-based developers may calculate weeks owned on an implied interval week conversion factor based on internal measures. For example, one approach may be to divide the number of points redeemed during the year by the number of unit weeks occupied; or, developers that assign values to unit inventory may calculate the implied interval week conversion factor for the system overall.*

	Number of Intervals Owned
Individuals who own one weekly interval	______________
Individuals who own two or three weekly intervals	______________
Individuals who own four to six weekly intervals	______________
Individuals who own seven or more weekly intervals	______________
Timeshare Clubs - not affiliated with the resort developer or management company	______________
Travel clubs (provide members with services, discounts or other benefits on services related to travel).	______________
Transfer companies (i.e. rescue, relief, postcard type companies that offer to transfer ownership of timeshare interests to the company or another person)	______________
Other, please specify ____	______________
Total (Should equal first line of the table in Q13)	______________

II. Resort Characteristics *— continued*

16. Please list the number of different companies of each of the following types that own intervals at this resort

	Number of Different Companies
Timeshare clubs	______________
Travel clubs	______________
Transfer companies - rescue, relief, postcard type companies	______________

17. What is the legal structure of the shared vacation ownership products that are currently sold at your property?

- ☐ Right to use contractual interest that expires at some future date (sometimes called a membership or vacation license)
- ☐ Deeded or fee-simple real estate (you usually receive a mortgage, title insurance and a recorded deed)
- ☐ Interest in a trust (your shared vacation ownership use rights or deed is placed in an independent trust for your protection and you may receive a certificate or other document showing your interest in the trust that establishes your shared vacation ownership)
- ☐ Other, please specify ____________________

18. How long is the contract, membership license or leasehold, if applicable?

- ☐ Lifetime
- ☐ 20+ years
- ☐ 10–19 years
- ☐ 5 to 9 years
- ☐ Less than five years
- ☐ N/A

19. What vacation experience does this resort offer? *(Choose all that apply.)*

Vacation Experience	On site	Nearby	Vacation Experience	On site	Nearby
Beach	☐	☐	Rural/coastal	☐	☐
Country/lakes	☐	☐	Ski	☐	☐
Desert	☐	☐	Theme Park	☐	☐
Gaming	☐	☐	Urban	☐	☐
Golf	☐	☐	Other, specify:		
Island	☐	☐	__________________	☐	☐

20. Which ONE characteristic best describes this resort? *(Please select only one)*

- ☐ Beach
- ☐ Country/lakes
- ☐ Desert
- ☐ Gaming
- ☐ Golf
- ☐ Island
- ☐ Rural/coastal
- ☐ Ski
- ☐ Theme Park
- ☐ Urban
- ☐ Other, specify: ______________________

21. Which of the following amenities are provided at this resort?

Amenity	Complimentary	For additional fee	Amenity	Complimentary	For additional fee
24-hour front desk service	☐	☐	Miniature golf course	☐	☐
Basketball courts	☐	☐	Movie rental	☐	☐
Business resource room	☐	☐	Other sports courts	☐	☐
Concierge	☐	☐	Playground	☐	☐
Covered parking	☐	☐	Racquetball or squash courts	☐	☐
Exercise room	☐	☐	Sauna	☐	☐
Game room	☐	☐	Swimming pool	☐	☐
Guest-use computer	☐	☐	Tennis courts	☐	☐
Health spa	☐	☐	Whirlpool/hot tub	☐	☐
Ice skating	☐	☐	Other, specify:_________	☐	☐
Live entertainment	☐	☐			

II. Resort Characteristics — *continued*

22. Which of the following amenities are provided <u>in units</u> at this resort?

	Complimentary	For additional fee
Flat screen TV(s)	☐	☐
Radio	☐	☐
DVR player or recorder	☐	☐
In-room movie rental	☐	☐
Video game equipment or capabilities	☐	☐
Wi-Fi	☐	☐
Wired broadband Internet service	☐	☐
Laundry/washer/dryer	☐	☐
DVD player	☐	☐
Fireplace	☐	☐
Other, specify ___________	☐	☐

23. Do you offer a mobile application to owners and guests to enhance their experience?

☐ Yes ☐ No (Skip to Q24)

23a. Which of the following features are offered via the mobile application to your guests?

- ☐ Check in
- ☐ Access to units
- ☐ Virtual tour
- ☐ Mobile payment
- ☐ Other, specify: _______________

24. Which of the following programs do you have in place to manage your inventory?

Program	In Place
Developing partnerships or rental relationships with Airbnb or other web driven 'sharing' entity in order to push inventory	☐
Leasing or buying rooms in branded or unbranded hotel as a way to extend destinations	☐
VRBO or other web rental services	☐
Other, please specify ___________________	☐

III. Occupancy and Fees

Please answer the following questions for your <u>timeshare units</u> only.

1. **What was your timeshare occupancy mix by type?** *Report based on physical occupancy, meaning actual guest check-in occurred. Calculate percentages using weekly equivalent timeshare intervals available as the denominator. This corresponds to all units with certificates of occupancy, whether intervals are sold or unsold.*

	In 2015
Owner or owner's guest	__________
Exchange guest	__________
Renter	__________
Marketing guest	__________
Vacant	__________
Total	100%

2. **What were your maintenance fees billed per unit per interval in 2015, *including contributions to reserves but excluding special assessments and property taxes?*** NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

Maintenance fees billed *per unit per interval*

Studio __________ 1BR __________ 2BR __________ 3+BR __________

** Points-based developers may calculate weeks on an implied interval week conversion factor based on internal measures. For example, one approach may be to divide the number of points redeemed during the year by the number of unit weeks occupied; or, developers that assign values to unit inventory may calculate the implied interval week conversion factor for the system overall.*

III. Occupancy and Fees — *continued*

3. **What is the total amount of revenue you collected in 2015 over all intervals at this resort for each of the following categories?** *Please include amounts paid by the developer, for example, on unsold intervals held in inventory, and/or subsidies and guarantees.*

	In 2015
Maintenance fees	__________
Special assessments and other revenue sources	__________
Rentals	__________
Resales	__________
Recreational use fees (bike rentals, videos, etc.)	__________
Food & beverage	__________
Housekeeping	__________
Telecommunication (telephone, Internet etc.)	__________
Developer subsidy	__________
Laundry	__________
Other, please specify: ___________________	__________
Other, please specify: ___________________	__________
Total Revenue	__________

4. **As of December 31, 2015, what percent of your total billed maintenance fees were in each of the following categories?** *Please do not include maintenance fees billed for 2016.*

	In 2015
Current (Fewer than 30 days delinquent)	__________
31–60 days delinquent	__________
61–90 days delinquent	__________
91–120 days delinquent	__________
121+ days delinquent	__________
Total (should be 100%)	**100%**

IV. Timeshare Operating Expenses

Note: Ernst & Young is using an expenditure-based approach to quantify the economic impact of the timeshare industry. In this approach, Ernst & Young will estimate the typical level of expenditures generated by sales operations, resort management operations (including the operation of timeshare-related amenities), corporate offices and call centers. Therefore, in completing survey forms it is important that each employee or dollar of expenditures made by a particular company be reported in only one category. For mixed-use projects (e.g. timeshare resort and on-site hotel), allocate a portion of total resort employment and expenditures to the timeshare operation. This expense information will be used to derive economic multipliers that reflect the additional economic activity that will occur when timeshare properties purchase goods and services produced by suppliers located in the United States.

Resort Management Operations

1. **Please provide the following information for your resort employees only.** Include full-time, part-time, temporary and contract employees. (Please do not include people in sales operations as these employees are reported in Question 2 below).

	In 2015
Annual average number of employees for 2015. Calculate using the average between the number of employees on January 1, 2015 and the number of employees on December 31, 2015.	__________
Total employee compensation in dollars. Include wages and salaries; commissions; the cost of benefits such as health and life insurance; retirement payments; employer and employee shares of FICA taxes (social security and Medicare); federal, state and local income tax withholding; and non-cash compensation. Figures reported should be the annual total, and should correspond to the employees reported above. Cash and stock bonuses should be reported in the year in which they are paid to employees.	__________

2. **Please provide your non-labor operating expenses at your resort in dollars.** Includes costs such as food and beverage, supplies, repair and maintenance, general & administrative, utility and telecom, financial services, etc.

$__________________________

IV. Timeshare Operating Expenses — *continued*

Sales Operations (both on-site and off-site)

3. **Please provide the following information for your sales operations only.** Include full-time, part-time, temporary and contract employees.

	In 2015
Annual average number of employees for 2015. Calculate using the average of the number of employees on January 1 and the number on December 31.	__________
Total employee compensation in dollars. Include wages and salaries; commissions; the cost of benefits such as health and life insurance; retirement payments; employer and employee shares of FICA taxes (social security and Medicare); federal, state and local income tax withholding; and non-cash compensation. Figures reported should be the annual total, and should correspond to the employees reported above. Cash and stock bonuses should be reported in the year in which they are paid to employees.	__________

4. **Please provide your 2015 non-labor operating expenses for your sales operations in dollars.** Includes costs such as food and beverage, supplies, repair and maintenance, general & administrative, utility and telecom, financial services, etc.

   $____________________________

Corporate, Regional or Call Center Operations Expenses

5. **Please provide the following information for your corporate, regional office and call center operations only.** Include full-time, part-time, temporary and contract employees. Exclude resort development costs such as payroll costs and non-compensation expenditures that are related to resort design and construction and will be reported under resort construction and improvement.

	In 2015
Annual average number of employees for 2015. Calculate using the average of the number of employees on January 1 and the number on December 31.	__________
Total employee compensation in dollars. Include wages and salaries; commissions; the cost of benefits such as health and life insurance; retirement payments; employer and employee shares of FICA taxes (social security and Medicare); federal, state and local income tax withholding; and non-cash compensation. Figures reported should be the annual total, and should correspond to the employees reported above. Cash and stock bonuses should be reported in the year in which they are paid to employees.	__________

6. **Please provide your 2015 non-labor operating expenses at your corporate, regional office and call center operations in dollars.** Includes costs such as food and beverage, supplies, repair and maintenance, general & administrative, utility and telecom, financial services, etc.

   $____________________________

V. Timeshare Taxes

Note: The goal of this question is to collect information on the full level of property and occupancy taxes paid, regardless of the individual or entity that actually makes payment to the local government entity. For example, include taxes that are paid by the HOA or management entity. If owners are responsible for paying property taxes directly, please include an estimate of the taxes paid by owners. If it is not possible to include an estimate of such taxes, please notify us. Property taxes include taxes on real estate and personal property.

1. **Please provide the total amount of property taxes paid during 2015, in dollars.** Include information on the full level of property taxes paid, regardless of the individual or entity that actually makes payment to the local government entity.

	In 2015
On resort property	__________
At sales centers, both on-site and off-site	__________
For regional office, corporate office and/or call center operations	__________

V. Timeshare Taxes — *continued*

2. **Please provide the total amount of occupancy taxes paid during 2015, in dollars.** IInclude any accommodation taxes paid by occupants of timeshare units, such as sales tax on room charges, room tax, transient occupancy tax and nightly taxes on owners. Include the full amount paid to state and local governments by occupants or resort. Enter a zero if no occupancy taxes were paid. Enter "N/A" if information on the amount of occupancy tax paid is not available.

	In 2015
State Occupancy Taxes	__________
Local Occupancy Taxes	__________

3. **Please provide the total amount of corporate income taxes paid by your organization for 2015, in dollars.**

	In 2015
State and Local Income Tax Paid	__________
Federal Income Tax Paid	__________
Total	__________

VI. Resort Timeshare Sales

1. **Do you offer new timeshare inventory for sale in 2015 on a weekly interval and/or points basis?** New inventory is considered "first generation" or "developer sales".
   - ☐ Yes – weekly interval (go to Q2)
   - ☐ Yes – points (go to Q9)
   - ☐ No (skip to next section)

Please answer the following questions in the context of new sales on a weekly interval basis for your timeshare units only.

Timeshare Sales ($):

2. **What was your total sales volume net of rescissions for 2015, in dollars.** Include interval weeks sales and upgrade/reload sales. Exclude Fee for service and sales of trial memberships and sample programs.
   $____________________________

3. **Of your total net sales volume above, what is the amount sold for upgrades/reloads?**
   $____________________________

4. **What was your 2015 sales volume...**

	Sales Volume ($)
...for weekly based intervals (Excluding biennials and triennials)?	____________________
...for biennials?	____________________
...for other products?	____________________

Weekly Intervals Sold:

5. **How many weekly equivalent timeshare intevals were sold in 2015 for your weekly intervals?** Exclude sales for trial memberships and sampler programs.
   $____________________________

6. **What was the number of intervals sold in the following categories.**

	Number of Intervals Sold
...for weekly based intervals (Excluding biennials and triennials)?	____________________
...for biennials?	____________________
...for other products?	____________________

VI. Resort Timeshare Sales — *continued*

Number of Weeks Based Sales Transactions:

7. **What was the total number of weekly interval sales transactions in 2015 at your resort (exclude rescissions).** **Transactions should include:** week sales, EOY sales, multiple-week sales, upgrades (that count as zero weeks), reloads (which should be part of all categories above, except upgrades). **Transactions should not include:** Fee for service transactions or sales of trial membership programs.

   ____

Timeshare Inventory:

8. **How many weekly intervals were available for sale at your resort?** Include all intervals available as of Dec. 31, 2014 and any that were made available during calendar year 2015.

   ____

Please answer the following questions in the context of new sales on a points basis for your timeshare units only.

Timeshare Sales ($):

9. **What was your total sales volume net of rescissions for 2015, in dollars.** Include points sales and reload sales. Exclude Fee for service and sales of trial memberships and sample programs.
   $____________________________

10. **Of your total net sales volume above, what is the amount sold for reloads?**
    $____________________________

Points and Weekly Intervals Sold:

11. **How many weekly equivalent timeshare intervals were sold in 2015 for your points based products?** Exclude sales for trial memberships and sampler programs.
    $____________________________

Number of Points Based Sales Transactions:

12. **Number of points sales transactions (exclude rescissions).** **Transactions should include**: points sales and reloads. **Transactions should not include:** Fee for service transactions or sales of trial membership programs.).
    $____________________________

Please answer the following questions if you offer new timeshare inventory for sale in 2015 on a weekly interval and/or points basis.

New Timeshare Inventory:

13. **What was your 2015 net sales volume associated with trial membership/sampler programs net of rescissions, in dollars?** This value should not have been included in your response earlier in this section.
    $____________________________

14. **Of your total 2015 net sales volume as listed earlier in this section, indicate the approximate percentage sold to**

	Percent
New owners *(including owners who purchased as a result of participation in a trial membership program)*	____________
Existing owners	____________
Total	100%

VI. Resort Timeshare Sales — *continued*

15. Does this resort offer any of the following for sale (Check all that apply)**?**

- ☐ Fractional Sales
- ☐ Whole ownership
- ☐ Private Residence Clubs
- ☐ Other, please specify __________________

16. Please describe the types of sales channels you use for your resorts.

- ☐ In-person Sales Presentations (Tours)
- ☐ Telemarketing
- ☐ Online
- ☐ Other, please specify ____________

17. Do you have any fee for service arrangements with other timeshare developers by which those developers are selling timeshare inventory for your resort? Fee for service refers to an arrangement by which a company receives a fee in exchange for providing sales and marketing support in the sale of timeshare inventory belonging to another company. These sales should be included in the sales of your own inventory noted in the previous questions of this section.

☐ Yes ☐ No

VII. Resort Improvement and Construction

1. How many timeshare units are recently built and planned at this resort.
If you don't have a given type of units, please fill in '0'.

	Number of Units
# Timeshare Units Built in 2015	___________
# Timeshare Units Planned for 2016	___________
# Timeshare Units Planned for 2017 or beyond (w/firm commitments)	___________

2. Please provide the dollar amounts spent for capital improvements in 2015. Only include capital improvements related to existing timeshare units and related amenities, exclude capital improvements related to the construction of new timeshare units. At mixed-use projects, allocate a portion of expenditures to the timeshare operation.

	In Dollars
Renovation, refurbishment	___________
Furniture, fixtures, equipment	___________
Other capital expenditures	___________

3. How many new resorts does your company plan to build, and what is the associated number of units?

	Number of Resorts
New Resorts Planned for Completion in 2016	___________
Associated Number of Units in 2016	___________
New Resorts Planned for Completion in 2017 and beyond	___________
Associated Number of Units in 2017 and beyond	___________

4. Please provide your total capital expenditures related to new resort/unit construction in 2015.
Other costs include soft costs such as planning, architectural, engineering, and product registration fees (exclude maintenance fees on unsold inventory).

	In Dollars
Land	___________
Construction (buildings and site work)	___________
Furniture, fixtures, equipment	___________
Other costs (soft costs, permits, consultants' fees, etc.)	___________

5. Please provide your 2015 non-resort capital expenditures in the following categories.

	Related to sales offices	Related to regional office, corporate office and/or call center facilities only
New construction	___________	___________
Renovation, refurbishment	___________	___________
Other capital expenditures	___________	___________

VIII. Timeshare Rental and Resales Programs

1. **Does your resort offer a rental program to help rent weeks that are owned by either of the following?**
   Check all that apply.
   ☐ Owners ☐ HOA(s) ☐ None of the above (go to END)

   1a. **How are rental fees paid by owners determined?**
   Please select all that apply
   ☐ As a fixed amount (go to Q1b)
   ☐ As a commission based percentage (go to Q1c)
   ☐ Other, specify__________________

   1b. **What is the average flat fee charged to owners as part of this program?** (go to Q2) _______________

   1c. **What commission percentage is paid by owners to rent out their intervals?** _______________%

2. **Who manages the rental programs?**
   ☐ Developer ☐ Management company ☐ Other, specify______________________

3. **What types of rental programs do you offer?** *(Check all that apply)*
   ☐ Daily rentals
   ☐ Weekly rentals
   ☐ Monthly rentals
   ☐ Rental rates that vary based on season
   ☐ Rental programs for marketing guests
   ☐ Other, specify __________________

4. **Which of the following do you use to publicize the availability of rentals at this resort?** *(Check all that apply)*
   ☐ Resort website
   ☐ External rental websites (e.g., Redweek.com or SellMyTimeshareNOW.com)
   ☐ OTAs (Priceline, Hotels.com, Expedia etc.)
   ☐ Timeshare broker and/or broker website
   ☐ Physical bulletin boards at resort
   ☐ Newspaper
   ☐ Radio
   ☐ Television
   ☐ Social media (Facebook, Twitter, etc.)
   ☐ Blog
   ☐ Other, specify __________________

5. **What is the total number of nights rented and the associated rental income for 2015?**
   Total number of nights rented _____________________
   Associated rental revenue ($) _____________________

6. **Please list the total amount paid in 2015 related to lodging taxes or other taxes related to rental programs only.** These taxes are separate from the occupancy taxes in the "Resort Timeshare Taxes" section.

   ____

GLOSSARY OF TERMS

Available for sale

Unsold inventory of completed units ready for intended use, including reacquired and unsold product. Include intervals for a finished unit that were not sold as of December 31, 2015. Also include intervals for any unit where construction was completed and the unit made available for sale in calendar year 2015. Units that are ready for intended use but do not yet have a certificate of occupancy should be included as completed inventory. Also include unsold inventory of incomplete units available in phases that are in pre-sales.

Biennials

Vacation ownership product that provides a week's worth (or points equivalent) of timeshare interest every other year.

Estimated total reserve funding

The amount that would be necessary to completely replace all items contained in your reserve study to the extent an amount or portion thereof should have been set aside for the item as of a certain date, for example — if your reserve study stated the roof would cost $50,000 to replace and it was at 1/2 its estimated useful life, your reserve should contain 50% of the costs of roof replacement, $25,000 at the certain date.

Fractional

Ownership interest that is either a shared equity or club interest representing a time period not fewer than two weeks but usually three weeks or more. Fractional ownership typically offers additional services, amenities, and flexibility relative to timeshare, so that a bundle of timeshare weeks would not be considered a fractional interest. Fractional sales and financed notes should be excluded from totals and averages reported in this survey.

Geographical Areas

Classify states (other than Florida, California, Hawaii, Nevada and South Carolina) as follows:

Northeast:	CT, MA, ME, NH, NJ, NY, PA, RI, VT
Midwest:	IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI
South Atlantic:	DC, DE, GA, MD, NC, VA, WV
South Central:	AL, AR, KY, LA, MS, OK, TN, TX
Mountain:	AZ, CO, ID, MT, NM, UT, WY
Pacific:	AK, OR, WA

Interval weeks with the ability to use through a timeshare points system

Refers to a points system or vacation club backed by an interval week interest. The legal structure of the consumer's purchase is supported by a deeded week or week-based ownership interest, but the consumer has the ability to use the interest at its "home resort" or directly through a timeshare points-based system.

Multiple resort family

A company that owns more than one timeshare resort.

New sales

First generation or developer sales; does not include interests that were once owned and later resold on the secondary market. Exclude temporary sales such as trial memberships, exit programs and sample programs. Include the incremental dollar value of upgrade sales and reloads, regardless whether the sale represents incremental ownership of time. For example, include the dollar value of upgrades from a biennial to an annual interval, as well as an upgrade from a shoulder season to peak season or an upgrade from a one-bedroom to a two-bedroom.

Planned timeshare resorts

Resorts to be constructed for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

Planned timeshare units

Units to be constructed for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

Private Residence Club

High-end fractional products with an average sales price of $59,000 per week. Members usually pay maintenance and membership fees for privileged access to amenities and lodging.

Reload

A transaction whereby a customer obtains a second interval from the same seller but does not relinquish the right to the first, for example, obtaining an additional unit, an additional interval, or additional points.

Rescue, relief, postcard type companies

Companies that, for an up-front fee, offer to transfer ownership of one or more timeshare interests from a current owner to that company or another person.

Sales upgrade

A transaction where an owner has relinquished their rights to a previous purchase in order to have rights to a different timeshare interest such as a larger unit, longer time increment, or from a fixed-week to points program.

Recissions

Sales contracts that are executed and for which the timeshare company has received valid funds in accordance with the sales contracts, but which do not close escrow within 30 days. Contracts that fail to have adequate funds should be viewed as pending contracts and should not be recognized as either gross sales or rescissions. Deeds in lieu of foreclosure and/or contracts obtained by the developer through foreclosure proceedings should not be reflected in the rescission amounts. Depositary rescissions, which are situations in which the buyer has made a deposit but hasn't yet provided the down payment necessary to qualify the transaction as a contract sale, are not counted as part of gross sales, and therefore are not counted as rescissions.

Reserve study

Comprehensive plan that predicts when various capital items are expected to wear out and estimates the funds set aside for replacement.

Sales volume

Net originated sales for the given year, which equals gross sales minus rescissions. Sales value should approximate the amount at which a timeshare interest would be sold in an all-cash sale, without financing or incentives. Determined by adjusting the stated sales price to the present value of the receivable, adding fees paid by the buyer that are unrelated to financing, and subtracting the value of incentives and services provided to the buyer (to the extent the fair value of the incentives or services exceeds the amount the buyer pays for the incentives or services).

Sampler or trial membership program

A marketing program under which a timeshare developer offers a customer, who has previously toured one of the developer's projects, a stay at one of the projects at a reduced rate. In exchange, the customer agrees to take another, subsequent tour of the project selected under the sampler program during the customer's stay at the project. If the subsequent tour results in a sale, the developer may allow the customer to apply some or the entire amount paid for the sampler toward the purchase of a timeshare, as a part of the down payment.

State of residence

The state where timeshare owners own their primary residence.

Timeshare occupancy rate

The percent of units occupied by a timeshare guest.

Timeshare

Vacation ownership interests that are usually sold in one-week increments but in some instances up to but less than 3-week increments (or points equivalent). It does not include the fractional interest product type.

Timeshare points

Refers to pure points systems. The consumer has purchased points or credits backed by a usage right to a club's internal network of resorts.

Traditional interval weeks

Refers to ownership of traditional interval weeks. The consumer has purchased a specific type of week at a specific resort. This week may then be exchanged through internal or external exchange systems, either for an interval week-based vacation or in some cases transferred for points, such as in a hotel brand frequent guest program.

Travel clubs

Provide members with services, discounts or other benefits, usually for three years or less, on the use or purchase of transportation, accommodations (that may include timeshare units) or other services related to travel. Generally, such clubs do not actually own any accommodations but may lease them on a short-term or as needed basis.

Vacant intervals

Intervals not used by anyone during the given year. Include all intervals which are not used by an owner, exchange guest, renter, or marketing plan participant, including rooms provided on a complimentary basis for purposes other than marketing. Do not include weeks set aside for maintenance.

Weekly intervals

Refers to ownership of traditional interval weeks or interval weeks with the ability to use through a timeshare points system.

Whole ownership

Vacation product in which each unit has one owner. Whole ownership sales and financed notes should be excluded from totals and averages reported in this survey.

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