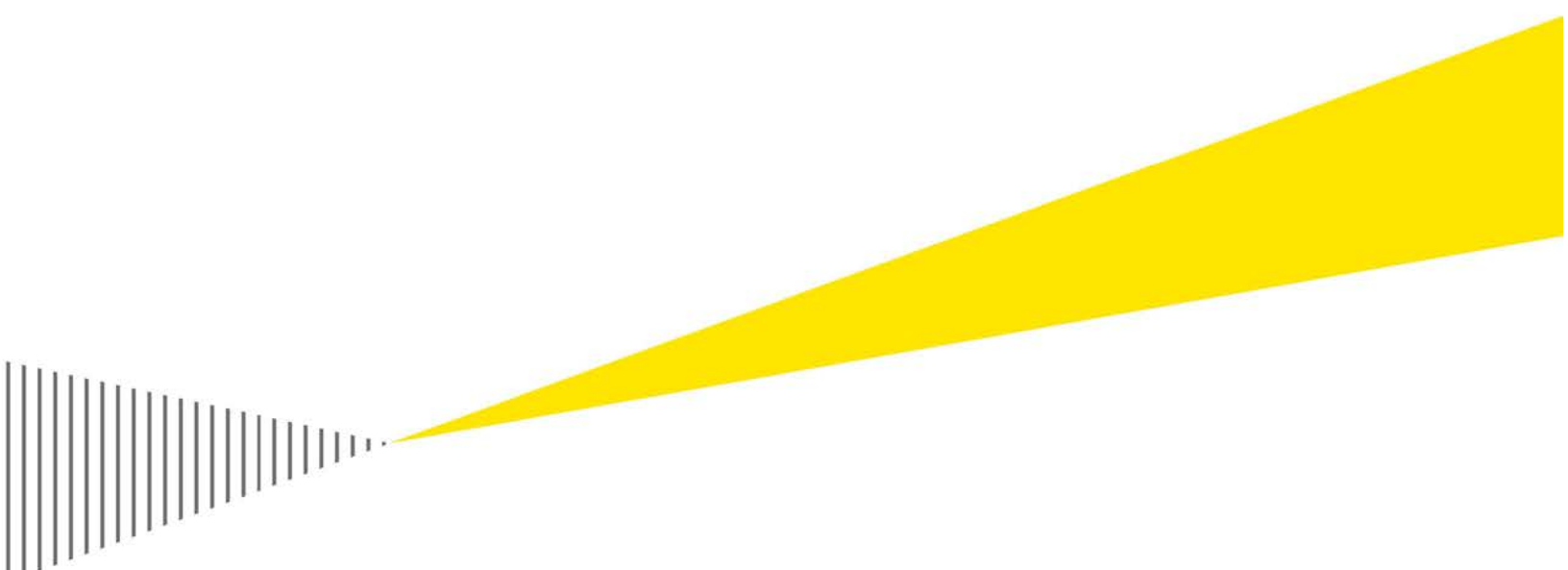


# Economic and Fiscal Impacts of the Hawaii Timeshare Industry

Prepared for the ARDA International Foundation

August 2017



Building a better  
working world



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## Executive Summary

The Hawaii timeshare industry extends beyond the timeshare resorts with which customers are most familiar. The total economic contribution of the industry also includes the economic impacts of sales and marketing offices, corporate operations, construction of new resorts and the renovation of existing resorts, and the significant impact of expenditures of vacationers during timeshare stays in the state. This document presents estimates of the economic and state and local tax benefits generated by the timeshare industry in the state of Hawaii.

As shown in Tables ES-1 and ES-2 below, the timeshare industry in Hawaii accounted for 31,727 jobs, \$5.3 billion of output, \$1.8 billion in labor income, and \$263 million in state and local tax revenue.

**Table ES-1. Economic Impacts of the Timeshare Industry, 2016**  
Millions of dollars; Number of part- and full-time jobs

<b>Impact</b>	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>2016 Total</b>
Employment	17,785	13,943	31,727
Labor Income	\$1,145	\$662	\$1,806
Output	\$3,187	\$2,106	\$5,293
State & Local Taxes	\$194	\$69	\$263

Note: Includes impacts related to resort operations, corporate office operations, sales office operations, consumer expenditures, and capital expenditures in 2016. Source: 2017 ARDA Hawaii Economic Impact Survey and EY analysis using the IMPLAN input-output model.

**Table ES-2. Summary of Fiscal Impacts of the Hawaii Timeshare Industry, 2016**  
Millions of dollars

	<b>State Taxes</b>	<b>Local Taxes</b>	<b>Total Taxes</b>
Resorts	\$140	\$17	\$157
Corporate	\$1	\$0	\$1
Sales & Marketing	\$28	\$3	\$32
Vacation Expenditures	\$56	\$6	\$63
Capital Expenditures	\$9	\$2	\$11
<b>Total</b>	<b>\$235</b>	<b>\$29</b>	<b>\$263</b>

Source: 2017 ARDA Hawaii Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

## Survey Results

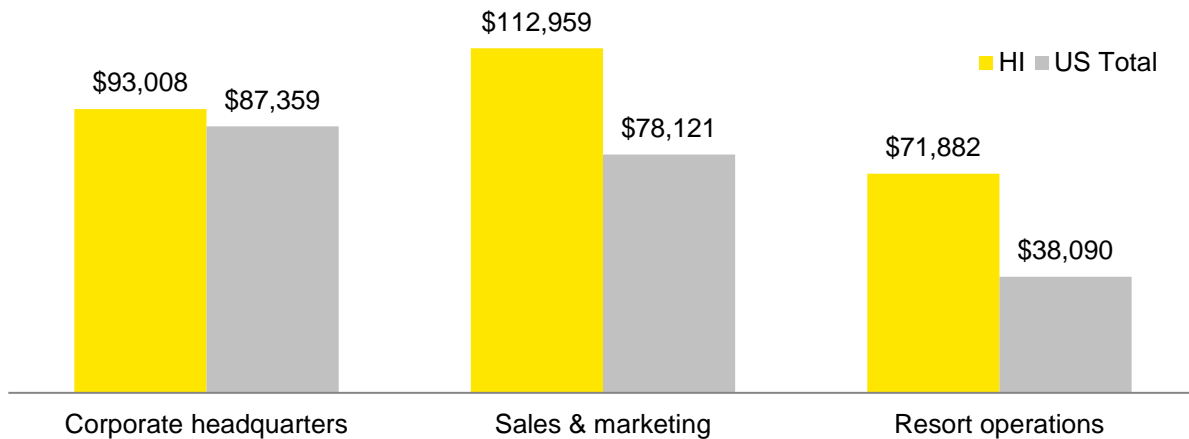
The primary data source for the economic and fiscal impacts is a survey of timeshare resorts, developers, and management companies in Hawaii. This survey was conducted by EY for the ARDA International Foundation (AIF) in summer 2017. The survey data is extrapolated to reflect the timeshare industry in Hawaii, excluding fractional resorts, Private Residence Clubs, and Destination Clubs. The identified timeshare resorts in Hawaii were sent a survey questionnaire. It is estimated that the 95 resorts have 15,356 units.

**Table 1. Direct Industry Operations Survey Data for Hawaii, 2016**  
Millions of dollars; Number of part- and full-time jobs

	Employment	Employee Compensation	Economic Output
Resort Operations	8,115	\$583	\$1,660
Corporate Headquarters	52	\$5	\$9
Sales & Marketing	1,836	\$207	\$350
<b>Total</b>	<b>10,002</b>	<b>\$795</b>	<b>\$2,020</b>

Note: Does not include off-site vacation expenditures and capital expenditure data.  
Source: 2017 ARDA Hawaii Economic Impact Survey and EY analysis.

**Figure 1. Average Annual Compensation by Industry Function in Hawaii, 2016**  
Including payroll taxes and other benefits



Note: Does not include off-site vacation expenditures and capital expenditure data.  
Source: 2017 ARDA Hawaii Economic Impact Survey.

**Table 2. Capital Expenditures in the Hawaii Timeshare Industry, 2016**  
Millions of dollars

<b>Capital Expenditures</b>	<b>Direct Spending</b>
Resort Capital Expenditures	\$169
New Construction	\$112
Renovation	\$57
Sales and Corporate Capital Expenditures	\$2
New Construction	\$0
Renovation	\$2
<b>Total Capital Expenditures</b>	<b>\$171</b>

Note: Renovation costs include costs related to renovation, furniture, fixtures, equipment (FF&E), and other capital expenditures. New construction costs include expenses related to the purchase of land, construction, FF&E, and other capital expenditures.

Source: 2017 ARDA Hawaii Economic Impact Survey and EY analysis.

AIF commissioned Leger, a market research company, to collect data via a survey on vacation expenditures by timeshare owners and visitors during their Hawaii timeshare vacations in the last year, which is summarized in Table 3. This data is used to estimate the impact of timeshare vacationer spending on the Hawaii economy.

**Table 3. Detailed Vacation Expenditure Spending Data<sup>1</sup>**

<b>Vacation Spending Data</b>	<b>Average per Party</b>			<b>Total Off-site Spending (\$mil)</b>
	<b>On-Site Spending</b>	<b>Off-Site Spending</b>	<b>Total Spending</b>	
Air transportation services	--	\$1191	\$1191	\$601
Entertainment and recreation	\$104	\$88	\$193	\$45
Hotels and motel services <sup>2</sup>	--	\$163	\$163	\$82
Restaurants & bars	\$206	\$293	\$499	\$148
Clothing and clothing accessories	\$159	\$218	\$377	\$110
Groceries	\$136	\$193	\$329	\$97
Ground transit	--	\$12	\$12	\$6
Gasoline stations	--	\$79	\$79	\$40
Miscellaneous	\$29	\$16	\$45	\$8
Rental cars	--	\$275	\$275	\$139
Theme parks & museums	\$88	\$108	\$196	\$54
Fitness & sports	\$26	\$32	\$58	\$16
<b>Total</b>	<b>\$749</b>	<b>\$2,668</b>	<b>\$3,416</b>	<b>\$1,347</b>
<b>Average spending per person<sup>3</sup></b>	<b>\$262</b>	<b>\$935</b>	<b>\$1,197</b>	

<sup>1</sup>Does not include gambling wins and losses.

<sup>2</sup>Hotel and motel on-site expenditures are captured by the 2017 ARDA Hawaii Economic Impact Survey as rental revenue and are not included in "on-site spending" referenced throughout the text.

<sup>3</sup>Average travel party size is 2.9 people.

Source: 2016 Shared Vacation Ownership Owners Survey, prepared by Leger for AIF.

## Economic and Fiscal Impact Results

Using a customized economic model of the Hawaii economy, developed by IMPLAN Group LLC, this analysis estimated the direct and indirect economic impacts of the timeshare industry. The survey data discussed above was used to generate the direct impacts that served as inputs into the IMPLAN model. The timeshare industry's direct operations create purchases from suppliers, employee compensation, and other forms of capital income. These various payments to factors of production (labor and capital) and suppliers create additional indirect economic impacts. The industry's supplier purchases result in higher levels of additional sales, employment, and income by suppliers. This impact on suppliers is known as the "indirect" economic impact. The re-spending of employee compensation and other types of income by employees and owners of the timeshare industry creates additional spending by consumers at restaurants, retailers, and other businesses that sell to consumers. The impact from additional consumer spending is often referred to as the "induced" economic impact.

**Table 4. Direct Economic Output Generated by Hawaii Resort Operations, 2016**  
Millions of dollars

	<b>Amount</b>
Rental revenue	\$589
Maintenance fees	\$694
On-site consumer spending	\$378
<b>Direct Economic Output</b>	<b>\$1,660</b>

Source: 2017 ARDA Hawaii Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis.

**Table 5. Direct Economic Output Generated by Hawaii Corporate, Sales & Marketing Operations, 2016**  
Millions of dollars

	<b>Corporate Headquarters<sup>1</sup></b>	<b>Sales &amp; Marketing</b>
Labor income	\$5	\$207
Non-labor operating expenses	\$4	\$125
Profits	\$1	\$17
<b>Direct Economic Output</b>	<b>\$9</b>	<b>\$350</b>

Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact, IRS Income Statistics, BEA, and EY analysis.

**Table 6. Detailed Economic Impacts of the Hawaii Timeshare Industry,  
by Function, 2016**

Millions of dollars; number of part- and full-time jobs

<b>Output</b>	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>Total</b>
Industry Operations	\$2,020	\$1,290	\$3,310
Resorts	\$1,660	\$976	\$2,636
Corporate	\$9	\$8	\$17
Sales and Marketing	\$350	\$306	\$656
Vacation Expenditures	\$1,030	\$729	\$1,759
Capital Expenditures	\$137	\$87	\$224
<b>Total</b>	<b>\$3,187</b>	<b>\$2,106</b>	<b>\$5,293</b>

<b>Employment</b>	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>Total</b>
Industry Operations	10,002	8,924	18,927
Resorts	8,115	6,701	14,816
Corporate	52	53	105
Sales and Marketing	1,836	2,170	4,006
Vacation Expenditures	7,021	4,436	11,456
Capital Expenditures	762	583	1,345
<b>Total</b>	<b>17,785</b>	<b>13,943</b>	<b>31,727</b>

<b>Income</b>	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>Total</b>
Industry Operations	\$804	\$418	\$1,222
Resorts	\$590	\$316	\$905
Corporate	\$5	\$2	\$7
Sales and Marketing	\$210	\$100	\$310
Vacation Expenditures	\$286	\$216	\$502
Capital Expenditures	\$54	\$27	\$82
<b>Total</b>	<b>\$1,145</b>	<b>\$662</b>	<b>\$1,806</b>

Note: Labor income includes employee compensation shown in Table 1 and proprietor income.  
Source: 2017 ARDA Hawaii Economic Impact Survey and EY analysis using the IMPLAN input-output model.

**Table 7. Summary of Direct, Indirect, and Induced Fiscal Impacts of the Hawaii Timeshare Industry by Function, 2016**  
Millions of dollars

	<b>State Taxes</b>	<b>Local Taxes</b>	<b>Total Taxes</b>
<b>Property Tax</b>	--	<b>\$20</b>	<b>\$20</b>
Resorts	--	\$13	\$13
Corporate	--	\$0	\$0
Sales and Marketing	--	\$2	\$2
Vacation Expenditures	--	\$4	\$4
Capital Expenditures	--	\$1	\$1
<b>General Sales Tax</b>	<b>\$89</b>	<b>\$4</b>	<b>\$93</b>
Resorts	\$39	\$1	\$40
Corporate	\$0	\$0	\$0
Sales and Marketing	\$13	\$0	\$14
Vacation Expenditures	\$32	\$1	\$33
Capital Expenditures	\$5	\$0	\$5
<b>Other Taxes</b>	<b>\$145</b>	<b>\$5</b>	<b>\$150</b>
Resorts	\$101	\$3	\$104
Corporate	\$0	\$0	\$0
Sales and Marketing	\$15	\$1	\$16
Vacation Expenditures	\$24	\$1	\$26
Capital Expenditures	\$4	\$0	\$4
<b>Total</b>	<b>\$235</b>	<b>\$29</b>	<b>\$263</b>

Source: 2017 ARDA Hawaii Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

**Table 8. Summary of Direct, Indirect, and Induced Fiscal Impacts of the Hawaii Timeshare Industry by Tax Type, 2016**  
Millions of dollars

	State Taxes	Local Taxes	Total Taxes
Property taxes	--	\$20	\$20
General sales taxes	\$89	\$4	\$93
Occupancy taxes	\$57	--	\$57
Excise taxes	\$28	\$2	\$31
License taxes	\$6	\$3	\$9
Corporate Income tax	\$3	--	\$3
Individual Income tax	\$48	--	\$48
Medicare and SSI tax	--	--	--
Misc. taxes	\$2	\$0	\$2
<b>Total taxes</b>	<b>\$235</b>	<b>\$29</b>	<b>\$263</b>

Source: 2017 ARDA Hawaii Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

## Hawaii Timeshare Owners

According to an earlier AIF market sizing study, 5.7% of Hawaii resident households owned a timeshare.<sup>1</sup> Based on the latest Census data on number of households in Hawaii (450,572), an estimated 25,683 Hawaiian households currently own a timeshare. In order to estimate the number of timeshares owned by Hawaiian residents in Hawaii, as opposed to other locations, data from exchange companies RCI and Interval International on residents owning timeshares in Hawaii were used. Using information provided by these companies, an estimated 16.1% of Hawaiian households owning a timeshare owned one in Hawaii, or 4,124 households. See Table 9 below.

**Table 9. Estimated Number of Hawaiian Households Owning a Timeshare in Hawaii**

	Estimate
Number of Hawaiian households (Census, 2015)	450,572
Share owning a timeshare (ARDA market study, 2012)	5.7%
<i>Subtotal: Number of Hawaiian households owning a timeshare</i>	25,683
Share of Hawaiian residents owning a timeshare in Hawaii	16.1%
<b>Estimated number of Hawaiian households owning a timeshare in Hawaii</b>	<b>4,124</b>

Source: EY estimates based on information provided by ARDA, RCI and Interval, and Census.

<sup>1</sup> AIF State Market Sizing Study, 2012, conducted by Leger.