State of the Vacation Timeshare Industry 2017

UNITED STATES STUDY

2017 EDITION PREPARED BY EY

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UNITED STATES STUDY **2017 EDITION**

EXECUTIVE SUMMARY

The State of the Vacation Timeshare Industry: United States Study 2017 Edition provides an overview of important summary information on the U.S. timeshare industry for the year 2016.

The primary data source for results contained in this report is a survey of timeshare resorts, developers and management companies. The ARDA International Foundation (AIF) commissioned this survey and Ernst & Young LLP (EY) conducted the survey on its behalf. 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 2016 U.S. timeshare industry consisted of 1,558 timeshare resorts with approximately 206,080 timeshare units — an average of 132 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 (seven 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 interval equivalents for this study. As of December 31, 2016, there were approximately 9.5 million timeshare weekly intervals or equivalents owned in the United States.

Figure ES.1 displays key timeshare industry metrics for 2016. Sales volume[1] increased for the seventh straight year — by nearly 7% from \$8.6 billion in 2015 to \$9.2 billion in 2016. Rental revenue also increased, rising 5% from \$1.8 billion in 2015 to \$1.9 billion in 2016, as the average daily rental price increased from \$172 to \$189.

Operating performance metrics for the industry were also encouraging in 2016. Average occupancy was nearly 79% — by comparison, hotel occupancy was 65.5%[2] in 2016, according to Smith Travel Research. The weighted average maintenance fee charged per weekly interval was \$970, up by approximately 5% from \$920 per interval in 2015. Among respondents who have multiple resorts and reported results in both years, the average maintenance fee billed per intervals rose 5%, from \$962 in 2015 to \$1,007 in 2016. See Figure 6.2 for additional detail.

Respondents also reported the number of timeshare units “recently built and planned at this resort.” Note that “planned” resorts and units include those for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

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

2 *STR Monthly Hotel Review: December 2016*, Smith Travel Research.

Figure ES.1 also shows that respondents[3] built 765 units in 2016 and plan to add 2,312 units in 2017 — this includes 1,446 units at existing resorts and 866 units at planned new resorts. Respondents also plan to add 1,780 units in 2018 and beyond. Finally, respondents report plans for 24 new resorts — seven in 2017 and 17 in 2018 and beyond.

Figure ES.2 shows 2016 industry sales price metrics. There were approximately 440,720 intervals sold in 2016 at an average price of $20,940. Respondents also reported their total number of timeshare transactions which we used to calculate sales price per transaction. 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 528,080 timeshare transactions in 2016 at an average price per transaction of $17,470. Dividing the 440,720 weekly interval equivalents sold by the 528,080 timeshare transactions yields a ratio of 0.83. Multiplying this ratio by seven indicates that the average timeshare transaction was for approximately six nights worth of time.

FIGURE ES.1

KEY TIMESHARE INDUSTRY METRICS 2016

GROWTH / PERFORMANCE	2016
Sales volume ($B)	$9.2
Rental revenue ($B)	$1.9
Occupancy	78.9%
Average maintenance fees	$970
OUTLOOK	
Units built	765
Units planned – in the coming year	2,312
Units planned – more than one year out	1,780
Resorts planned – in the coming year	7
Resorts planned - more than one year out	17

Numbers may not add due to rounding

FIGURE ES.2

2016 SALES PRICE METRICS

	2016
Number of intervals or equivalents sold	440,720
Average sales price	$20,940
Number of timeshare transactions	528,080
Sales price per transaction	$17,470

Resort managers and developers are also modernizing the way they operate and manage timeshare properties. For example, 35% of resorts reported offering a mobile application to resort owners, up from 12% last year. Note that this increase is largely attributable to a handful of large developers who have recently adopted a mobile app. The most common features on such apps are facilitating mobile payments, accessing a virtual tour and accommodating check-in. Most resorts are also taking advantage of outlets such as VRBO (85% of respondents) and Airbnb (83% of respondents) to manage their inventory. Furthermore, 52% of resorts report using social media to help publicize timeshare rentals — up from 40% in 2015.

3 Based on responses from 14 timeshare developers and/or single site resorts.

2016 Industry Overview

CHAPTER ONE

This chapter presents an overview of the timeshare industry for 2016, examining industry size and structure. It includes information on the number and size of resorts, unit types/sizes and intervals and ownership structures.

The AIF's timeshare database lists 1,558[4] timeshare resorts in the United States[5]. See Appendix B for a full discussion of how the AIF tracks U.S. timeshare resorts. As seen in Figure 1.1, these 1,558 resorts represent approximately 206,080 physical timeshare units — 132 units per resort on average. Counting lock-offs[6] as separate units adds approximately 72,460 units, for a total of 278,540.

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 (seven nights worth of vacation time), biennials[7] or points. Points represent a currency for the use of units in nightly or weekly increments — respondents converted their points into weekly interval equivalents for this study. As of December 31, 2016, the total number of weekly interval equivalents owned in timeshare units was approximately 9.5 million.

FIGURE 1.1

INDUSTRY SIZE

Measure	2016
Resorts	1,558
Units	206,080
Average resort size	132 units
Intervals or equivalents owned	9.5 million
Total units — including lock-offs	278,540

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 and developers affiliated with hotel brands often make traditional hotel inventory available. 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 well as a variety of leisure experiences such as sporting events, shopping excursions, etc. — as do some developers.

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

5 The United States is defined as the continental U.S. plus Alaska and Hawaii in this study.

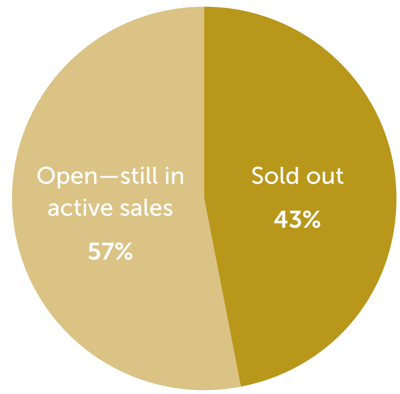
6 The term "lock-off" refers to a type of vacation ownership unit consisting of multiple living and sleeping quarters, designed so they can function as two discrete units for purposes of occupancy and exchange.

7 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 with a management company. In general, they are not engaged in significant sales activity, and rely mainly on revenues derived from maintenance fees, ancillary services 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[8] 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 640 respondents - percentages may not add due to rounding

Figure 1.3 shows the distribution of timeshare resorts by the year that each opened. Approximately 26% of responding resorts opened in 2006 or later; another 21% opened in 1985 or before. The majority of responding resorts (53%) 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	21%	4%	52%
1986-1995	19%	18%	21%
1996-2005	34%	41%	20%
2006+	26%	37%	6%

Percent of 370 respondents - percentages may not add due to rounding

Figure 1.3 also compares the results for active sales versus sold-out resorts. More than 52% of sold out resorts opened in 1985 or before, compared to only 4% of resorts that are still in active sales. Only 6% of sold-out resorts opened in 2006 or later, compared to 37% of resorts that are in active sales.

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

We asked respondents 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 of purpose-built resorts is higher for the active-sales component 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	75%	86%	65%
Conversion	25%	14%	35%

Percent of 320 respondents – percentages may not add due to rounding

FIGURE 1.5
MIXED-USE PROPERTIES

	Percent of resorts responding
Stand-alone	56%
Mixed-use	44%

Percent of 710 respondents - percentages may not add due to rounding

We also asked respondents if any types of units other than timeshare are available for sale or rent at their resort. As shown in Figure 1.5, 56% of timeshare resorts are stand-alone timeshare — they offer nothing but timeshare intervals. Forty-four percent have other offerings such as fractionals, condo/hotels or whole ownership.

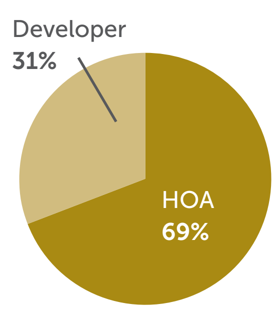
Resorts also vary in the types of management and control structures in place. Control and management at the resort are two separate issues. Typically, the developer either still controls the resort's owners' association or has passed on control to the resort owners. The median percentage of sell-out at which the owners gain control of the owners' association is 75%. Management of the day-to-day operations typically is the responsibility of the developer and/or a third-party management company. Figure 1.6 summarizes the most common management and control structures reported.

FIGURE 1.6
RESORT MANAGEMENT AND CONTROL STRUCTURES

Resorts managed by	Percent
A management company affiliated with the resort developer	71%
A third party management company	19%
Self-managed by the owners' association	7%
Other	2%

Percent of 469 respondents - percentages may not add due to rounding

HOA CONTROLLED BY



As shown in Figure 1.7, resort management fees are generally set as a percentage of the annual budget/operating expenses. The median reported management fee was just under $272,500; the median percentage of budget/operating expenses that was allocated to management fees was 10%[9]. The median management fee was $49,200 for small resorts (less than 50 units), $310,700 for mid-sized resorts (50 to 100 units) and $950,900 for large resorts (more than 100 units).

Finally, Figure 1.8 shows which entity employs the resort's staff. The majority of resorts report that a separate management company handles this responsibility. Approximately 16% of resorts report that the developer still employs the resort staff and 14% report that it is the HOA.

FIGURE 1.7
DETERMINATION OF MANAGEMENT FEES

Method	Percent
As a percentage of the annual budget/operating expenses etc.	48%
As a percentage of total assessments which includes reserves	15%
Fixed amount	14%
Not applicable	6%
Other	18%

Percent of 461 respondents - percentages may not add due to rounding

FIGURE 1.8
ENTITY WHICH EMPLOYS RESORT STAFF

Entity	Percent
Management company	68%
Resort developer	16%
Resort HOA(s)	14%
Other	2%

Percent of 606 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 61% of units, followed by one-bedroom units with 23%. Nine 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 1,670 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. 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	14,040	7%
1 bedroom	46,480	23%
2 bedrooms	126,550	61%
3 bedrooms or more	19,010	9%
Total	**206,080**	**100%**

Percent of 650 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	690
2 bedrooms	1,170
3 bedrooms or more	1,670
Weighted average	**1,050**

Weighted average based on 615 total resorts.
There were 389 respondents for studio units,
520 for one BR, 566 for two BR and 390 for three+ BR.

9 Median management fee based on 293 responses; median percent of budget allocated to management fees based on 320 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 concierges. Within units, the most commonly offered features are DVD players, Wi-Fi and laundry facilities. Thirty-five percent of resorts reported offering a mobile app to resort owners, up from 12% last year. The most common features were facilitating mobile payments, accessing a virtual tour and accommodating check-in.

FIGURE 1.11

RESORT AMENITIES OFFERED

Type	Complimentary	Fee	Complimentary and/or Fee
Swimming pool	91%	0%	91%
Whirlpool/Hot tub	75%	0%	75%
Exercise room	66%	4%	67%
Concierge	59%	1%	59%
Movie rental	35%	42%	48%
Front desk service	44%	0%	44%
Guest computer	39%	6%	41%
Business room	35%	13%	39%
Game room	34%	6%	36%
Playground	29%	1%	29%
Basketball courts	28%	0%	28%
Tennis courts	23%	6%	25%
Racquet courts	5%	1%	5%
Other courts	11%	2%	12%
Covered parking	21%	12%	24%
Miniature golf	15%	16%	20%
Health spa	10%	31%	19%
Sauna	15%	4%	16%
Live entertainment	13%	5%	15%
Ice skating	1%	1%	2%
Other	7%	5%	9%

Percent of 514 respondents – multiple responses allowed

FIGURE 1.12

RESORT AMENITIES OFFERED — IN UNITS

Type	Complimentary	Fee	Complimentary and/or Fee
DVD player	95%	4%	95%
Wi-Fi	82%	8%	83%
Laundry	75%	25%	80%
Flat screen TVs	59%	0%	59%
Radio	53%	0%	52%
Wired internet	28%	0%	28%
Fireplace	34%	46%	43%
Video game	7%	0%	7%
In room movie	13%	22%	18%
DVR	10%	0%	10%
Other	1%	0%	1%

Percent of 510 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 9% are still owned by a resort developer and approximately 5% 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	86%	83%	92%
Intervals owned by developers	9%	11%	4%
Intervals owned by HOAs	5%	6%	3%

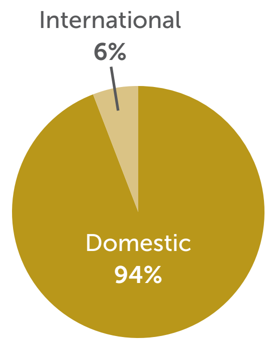
Percent of 456 respondents - percentages may not add due to rounding

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 or HOA at active-sales resorts.

We also 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 1.14 shows that respondents reported that 94% of their owners reside in the United States, compared to 6% of owners who reside in some other country.

Figure 1.15 shows the prevalence of interval types by resort. Approximately 73% of respondents have intervals of the traditional weekly variety, while 65% have some form of points-based products and 48% 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 of resorts 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 1.14
COUNTRY OF RESIDENCE FOR TIMESHARE OWNERS



Percent of 381 respondents

FIGURE 1.15
TYPES OF INTERVALS

Interval type	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Weeks	73%	67%	80%
Points	65%	80%	46%
Biennials	48%	59%	33%

Percent of 659 respondents - multiple responses allowed

Finally, respondents reported information about the legal structures for products at their resorts. Figure 1.16 shows that deeded or fee-simple real estate is the dominant structure in place for timeshare ownership. As shown in Figure 1.17, most respondents reported that the length of any contract, membership license or leasehold is for the owner's lifetime.

FIGURE 1.16
LEGAL STRUCTURES OF PRODUCTS SOLD

	Percent of resorts responding
Deeded or fee-simple real estate	70%
Interest in a trust	27%
Right to use contractual interest that expires	14%
Other	<1%

Percent of 479 respondents - multiple responses allowed

FIGURE 1.17
LENGTH OF CONTRACT, MEMBERSHIP LICENSE OR LEASEHOLD

	Percent of resorts responding
Lifetime	74%
20+ years	36%
Less than 20 years	4%

Percent of 270 respondents – multiple responses allowed

As the timeshare industry continues to mature, traditional weeks may be effectively converted into points based vacation products. This may be accomplished by dedicating weeks to established points based trusts or by simply "overlaying" a points usage option 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.

Industry Health

CHAPTER TWO

While chapter one 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 2016 performance metrics. Resorts sold approximately 440,720 intervals or interval equivalents at an average price of $20,940 per interval, yielding a total sales volume of approximately $9.2 billion. Total sales volume increased by nearly 7% from the previous year.

FIGURE 2.1
KEY PERFORMANCE METRICS 2016

Metric	2016
Sales volume	$9.2 billion
Number of timeshare intervals or interval equivalents sold	440,720
Sales price per interval or interval equivalent	$20,940
Number of timeshare transactions	528,080
Sales price per transaction	$17,470
Rental revenue	$1.9 billion
Occupancy	78.9%
Average maintenance fee per interval or interval equivalent	$970

Respondents also reported the number of transactions and we used this to calculate the average sales price per transaction[10]. Note that for a given transaction, a consumer may purchase more or less time than a traditional timeshare week. There were approximately 528,080 U.S. timeshare transactions in 2016, and the average sales price per transaction was $17,470. Dividing the 440,720 weekly interval equivalents sold by the 528,080 timeshare transactions yields a ratio of 0.83. Multiplying this ratio by seven indicates that the average timeshare transaction was for approximately six nights worth of time.

Figure 2.1 also shows that resort occupancy was just under 79% and the average maintenance fee billed was $970 per interval. Average occupancy decreased by 1.0 percentage point in 2016, while maintenance fees increased by more than 5%. Rentals accounted for another $1.9 billion in industry revenue, which was 5% higher than in 2015.

The $9.2 billion in sales volume does not include sales for resorts that primarily sell fractional and private residence clubs (PRC) products. Fractional resorts include an ownership interest that is either a shared equity or club interest representing a 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 $516 million for 2016 as reported in *The Shared-Ownership Resort Real Estate Industry in North America - 2017 Edition*, produced by Ragatz Associates.

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

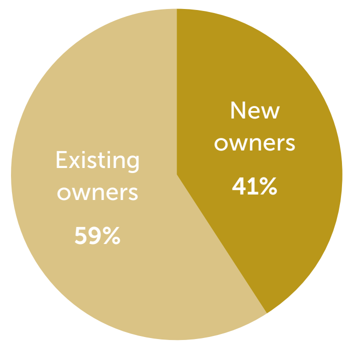
One practice that has become a staple in the industry is "fee for service." In general, developers provide sales and marketing support, including branding, to timeshare resorts they have not developed. The fee-for-service provider leverages its existing sales infrastructure and brand to improve cash flow, without the capital risks of developing its own property. Sales related to fee-for-service arrangements in 2016 among responding companies was approximately $941 million[11], up 24% from $757 million in 2015. Respondents reported more than 44,930 fee-for-service transactions, so that an average fee for service transaction was approximately $20,730.

Figure 2.2 shows a distribution of the percentage of sales to new owners[12]. The pie chart shows that, on average, 41% of timeshare sales are to new owners. Sales to existing owners can take place via upgrades[13] 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.

Figure 2.3 shows types of sales channels reported by respondents. All respondents reported using in person sales vehicles (tours) and more than three-quarters used telemarketing.

FIGURE 2.2
SALES FROM NEW OWNERS

Sales from new owners	Percent of resorts responding
<50%	85%
51-70%	9%
71-90%	6%
91% or more	<1%



Percent of 364 respondents - percentages may not add due to rounding

FIGURE 2.3
SALES CHANNELS

Metric	2016
In-person sales presentation (tours): on-site	100%
Telemarketing	77%
In-person sales presentation: off-site (including at-home presentations)	48%
Online	39%

Percent of 508 respondents, weighted by units – multiple responses allowed

11 Note that this number reflects fee for service transactions for survey respondents only, and is not a projection to the full U.S. industry

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

13 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 78.9%. By comparison, occupancy at U.S. hotels was 65.5% in 2016[14]. 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 59% of available intervals. Renters accounted for another 15%, while marketing guests contributed another 5%. Approximately 55% of resorts were at least 80% occupied, including 19% with occupancy of at least 90%. Approximately 11% of resorts were less than sixty percent occupied. Occupancy for sold-out resorts was lower than for active sales resorts.

FIGURE 2.4
OCCUPANCY BREAKOUTS

Type	Percent of time available	Occupancy level (%)	Percent of resorts responding
Owner/Owner's guest	44%	Less than 60	11%
Exchange guest	15%	60-69	13%
Renter	15%	70-79	22%
Marketing guest	5%	80-89	36%
Vacant	21%	90+	19%

Percent of 604 respondents, weighted by units - percentages may not add due to rounding

	Active sales resorts	Sold-out resorts
Owner/Owner's guest	46%	39%
Exchange guest	13%	20%
Renter	15%	14%
Marketing guest	6%	4%
Vacant	20%	24%

Percent of 356 active sales resorts, 248 sold-out resorts

14 *STR Monthly Hotel Review: December 2016,* Smith Travel Research.

FIGURE 2.5

MAINTENANCE FEE BREAKOUTS

Unit type	Maintenance fee
Studio	$590
1BR	$750
2BR	$1,000
3BR+	$1,270
Average	**$970**

Unit type	Active sales resorts	Sold-out resorts
Studio	$610	$540
1BR	$760	$750
2BR	$1,030	$940
3BR+	$1,280	$1,260
Average	**$1,020**	**$900**

Percent of 284 active sales resorts, 206 sold-out resorts

Average maintenance fee	Percent of resorts responding
Less than $600	11%
$600 to $699	15%
$700 to $799	19%
$800 to $899	9%
$900 to $999	7%
$1,000 to $1,099	5%
$1,100 or more	33%

Percent of 490 respondents - percentages may not add due to rounding

The average annual maintenance fee[15] billed was $970 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 $590 annually in maintenance fees, one-bedroom units averaged $750, two-bedroom units averaged $1,000 and three-bedroom units or larger averaged $1,270 annually. Approximately 11% of resorts have maintenance fees averaging less than $600, while another 33% have maintenance fees averaging $1,100 or more. Maintenance fees for active sales resorts average about 13% more than those for sold-out resorts.

Figure 2.6 shows that approximately 90.5% of maintenance fee accounts were current in 2016 down slightly from 91.2% the previous year. Approximately 59% of resorts report that at least 90% of their accounts are current. Delinquencies for sold-out resorts are almost two percentage points higher than for active sales resorts.

FIGURE 2.6

MAINTENANCE FEE DELINQUENCIES

Account delinquency status	Percent of accounts
Current (<31 days delinquent)	90.5%
31-60 days delinquent	0.4%
61-90 days delinquent	0.3%
91-120 days delinquent	1.2%
More than 120 days delinquent	7.6%

	Active sales resorts	Sold-out resorts
Current (<31 days delinquent)	90.8%	89.0%
31-60 days delinquent	0.4%	0.5%
61-90 days delinquent	0.3%	0.4%
91-120 days delinquent	1.0%	2.2%
More than 120 days delinquent	7.6%	7.9%

Percent of 166 active sales resorts, 127 sold-out resorts

	Percent of respondents
All accounts current	5%
95% to 99% of accounts current	41%
90% to 94% of accounts current	13%
85% to 89% of accounts current	11%
80% to 84% of accounts current	13%
Less than 80% of accounts current	17%

Percent of 293 respondents - percentages may not add due to rounding

As noted in Figure 2.4, renters occupied 15% of timeshare intervals in 2016. Seventy-nine percent of resorts reported offering some form of rental program. Figure 2.7 shows the types of rental programs offered. Nearly all (95%) resorts with a rental program offer daily rentals and most offer weekly rentals (67%). These rental programs generally have rates that vary by season (96%). Approximately 43% 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.

15 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	95%	99%	89%
Weekly rentals	67%	67%	67%
Monthly rentals	28%	26%	31%
Rental rates that vary based on season	96%	99%	92%
Rental programs for marketing guests	43%	58%	20%

Percent of 506 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. Vacationers rented approximately 10.0 million nights at timeshare properties in 2016 at an average price of $189 per night. This yielded nearly $1.9 billion in timeshare rental revenue for 2016. This total revenue was 5% higher than reported in 2015. Note that the average nightly rental price per night is up from $172 in 2015.

FIGURE 2.8
RENTAL REVENUE

Metric	2016
Total rental revenue	$1.9 billion
Total nights rented	10.0 million
Average rental price per night	$189

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 online travel agencies (OTA's). More than half of resorts report using social media, compared to only 40% last year. Active sales resorts are more likely to use resort's website, OTA's 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 Convention and 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	77%	81%	71%
OTAs	72%	80%	61%
Social media (Facebook, Twitter, etc.)	52%	64%	34%
External rental websites (e.g., Redweek.com or SellMyTimeshareNOW.com)	24%	29%	18%
Television	10%	8%	13%
Radio	10%	11%	8%
Physical bulletin boards at resort	6%	5%	8%
Blogs	6%	7%	6%
Timeshare broker and/or broker website	1%	1%	2%
Newspaper	1%	1%	1%
Other	9%	13%	3%

Based on 618 respondents - multiple responses allowed

Sixty-eight 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 40%. As shown in Figure 2.10, the management company and/or the developer most often manages these programs.

Figure 2.11 shows that most resorts also use alternative programs to manage inventory. This includes 85% who report using Vacation Rentals by Owner (VRBO) or online travel agencies, and 83% who use 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 2016, 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	38%
Management company/Developer	28%
Developer	27%
HOA	2%
Other	5%
Median commission rate charged	40%

Based on 376 respondents

FIGURE 2.11
ALTERNATIVE PROGRAMS TO HELP MANAGE INVENTORY

Entity	Rental
VRBO	85%
Online travel agencies	85%
Airbnb or other web driven services	83%
Leasing or buying in hotel	62%
Travel clubs	31%
Other	18%

Percent of 458 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%	84%	77%
Rentals	13%	6%	12%
Housekeeping	2%	4%	1%
Developer subsidy	2%	2%	0%
Food & beverage	1%	<1%	<1%
Special assessments and other revenue sources	<1%	<1%	1%
Other	3%	3%	5%

Percent based on 641 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

We also provide overall averages and totals for comparison purposes. For some segments, not all of the respondents provided information that would allow classification. 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 132 units, 39% of resorts have less than 50 units, and 26% have more than 150 units. Figure 3.1 shows that maintenance fees increased with resort size in 2016 — 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
0-50	39%	26	78.2%	$830
51-100	25%	74	77.9%	$900
101-150	10%	123	79.0%	$960
151-200	8%	174	79.5%	$980
More than 200	18%	425	79.2%	$1,080
Overall	**100%**	**132**	**78.9%**	**$970**

Percent of 659 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	43%	92	76.2%	$900
Active-sales resorts	57%	164	80.0%	$1,020
Overall	**100%**	**132**	**78.9%**	**$970**

Percent of 640 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%	33%	59%	32%
Country/Lakes	20%	26%	34%	15%
Ski	6%	28%	29%	11%
Desert	7%	20%	21%	7%
Island	16%	20%	28%	7%
Golf	17%	72%	78%	6%
Theme park	2%	33%	32%	6%
Rural/Coastal	35%	24%	44%	5%
Urban	19%	15%	28%	4%
Mountains	8%	23%	26%	3%
Gaming	1%	29%	27%	2%
Other	2%	1%	2%	1%

Percent of 468 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 more than four 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[16]. Theme park resorts tend to be the largest, while island resorts have the highest average occupancy and maintenance fees; mountain resorts tend to be the smallest and have the lowest average maintenance fees, while country/lakes resorts have the lowest average occupancy.

FIGURE 3.4
PERFORMANCE BY RESORT TYPE

Type	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Beach	32%	104	85.6%	$910
Country/Lakes	15%	96	69.8%	$760
Ski	11%	73	77.4%	$1,050
Island	7%	125	89.3%	$1,190
Golf	6%	215	78.5%	$990
Theme Park	6%	292	81.6%	$850
Urban	4%	119	82.5%	$1,010
Mountains	3%	32	80.6%	$560
Other	16%	134	79.5%	$940
Overall	**100%**	**132**	**78.9%**	**$970**

Percent of 388 respondents. Note: "Other" includes Rural/Coastal, Gaming, Desert, and Other from above - numbers may not add due to rounding

16 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. These states contain nearly half of U.S. timeshare resorts and approximately 65% of all U.S. timeshare units (see Appendix A). 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

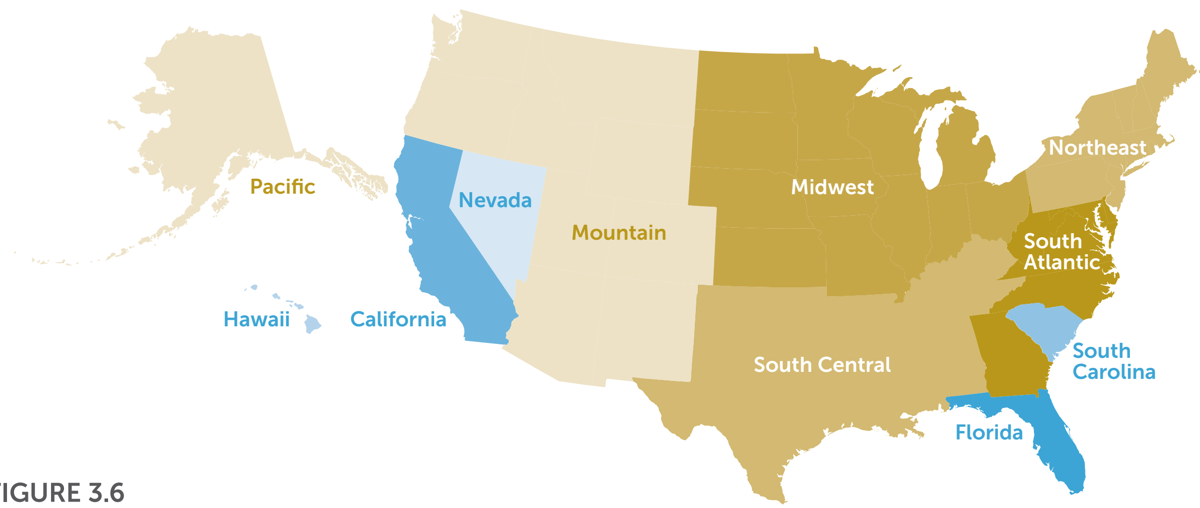


FIGURE 3.6
PERFORMANCE BY GEOGRAPHIC REGION

Region	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Florida	24%	169	81.7%	$970
California	8%	133	83.2%	$890
South Carolina	7%	143	82.7%	$1,010
Hawaii	6%	161	88.7%	$1,230
Nevada	4%	230	83.6%	$960
Mountain/Pacific	16%	73	76.9%	$890
Northeast	11%	101	64.6%	$730
South Atlantic	8%	100	69.1%	$830
South Central	8%	141	70.1%	$740
Midwest	8%	110	66.9%	$750
Overall	**100%**	**132**	**78.9%**	**$970**

Percent of 1,558 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

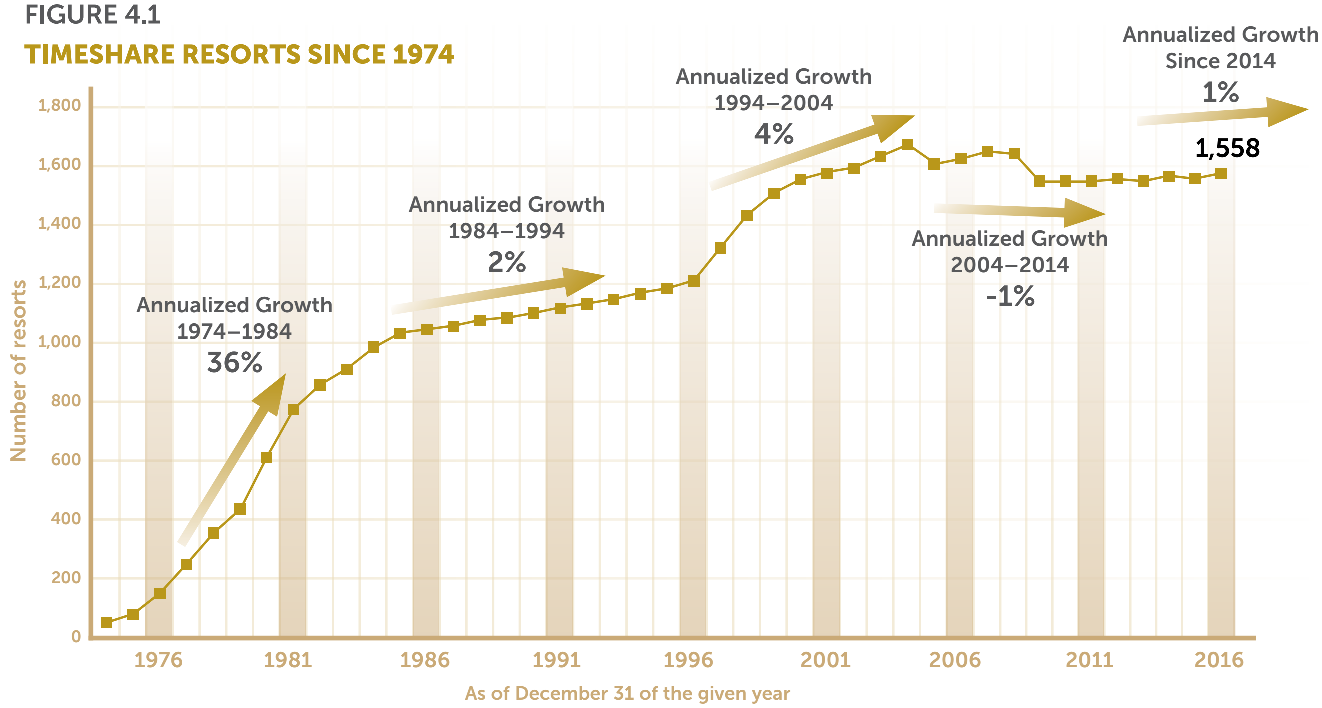
CHAPTER FOUR

To help put the 2016 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

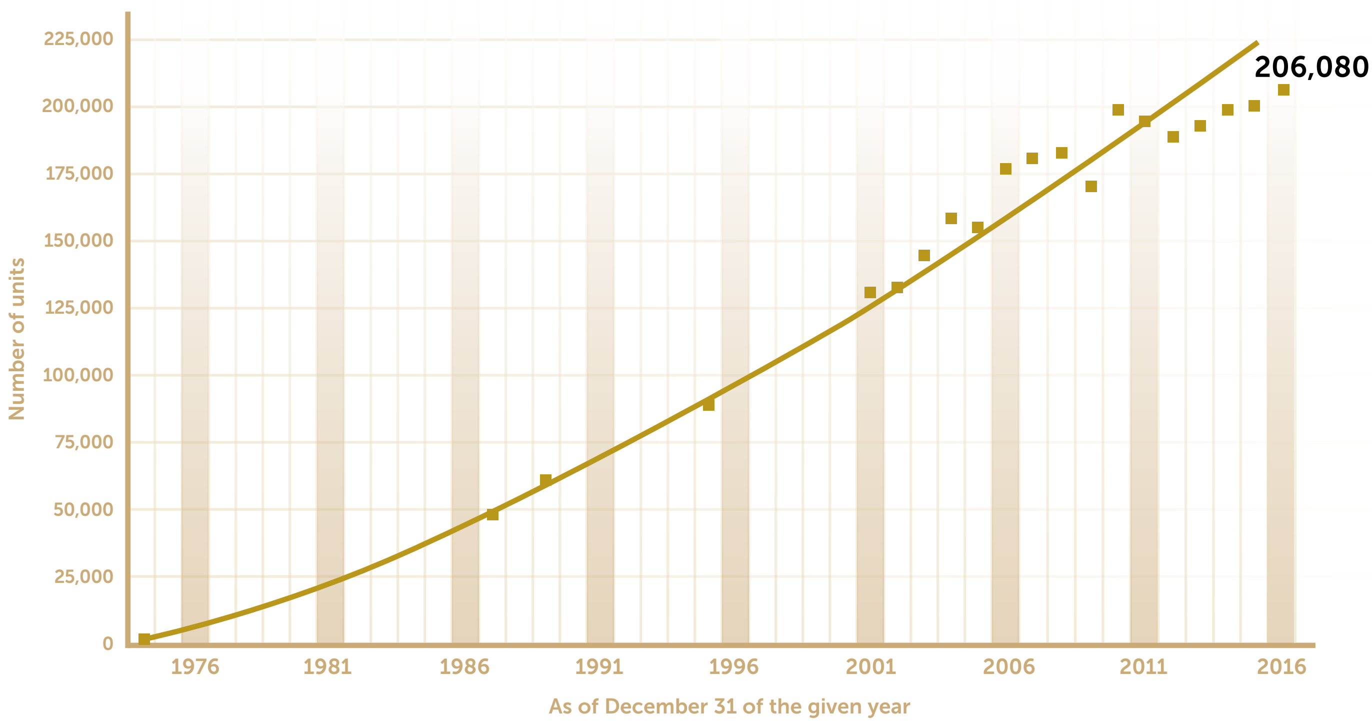
A change in the definition of the study population accounts for the drop in the number of resorts from 2004 to 2005. This change focused the analysis on traditional timeshares, including weekly intervals and points while removing such non-comparable entities as fractionals, non-equity clubs, private 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 46% in 2016. 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 was not tracked annually prior to 2001.

FIGURE 4.2

TIMESHARE UNITS SINCE 1974



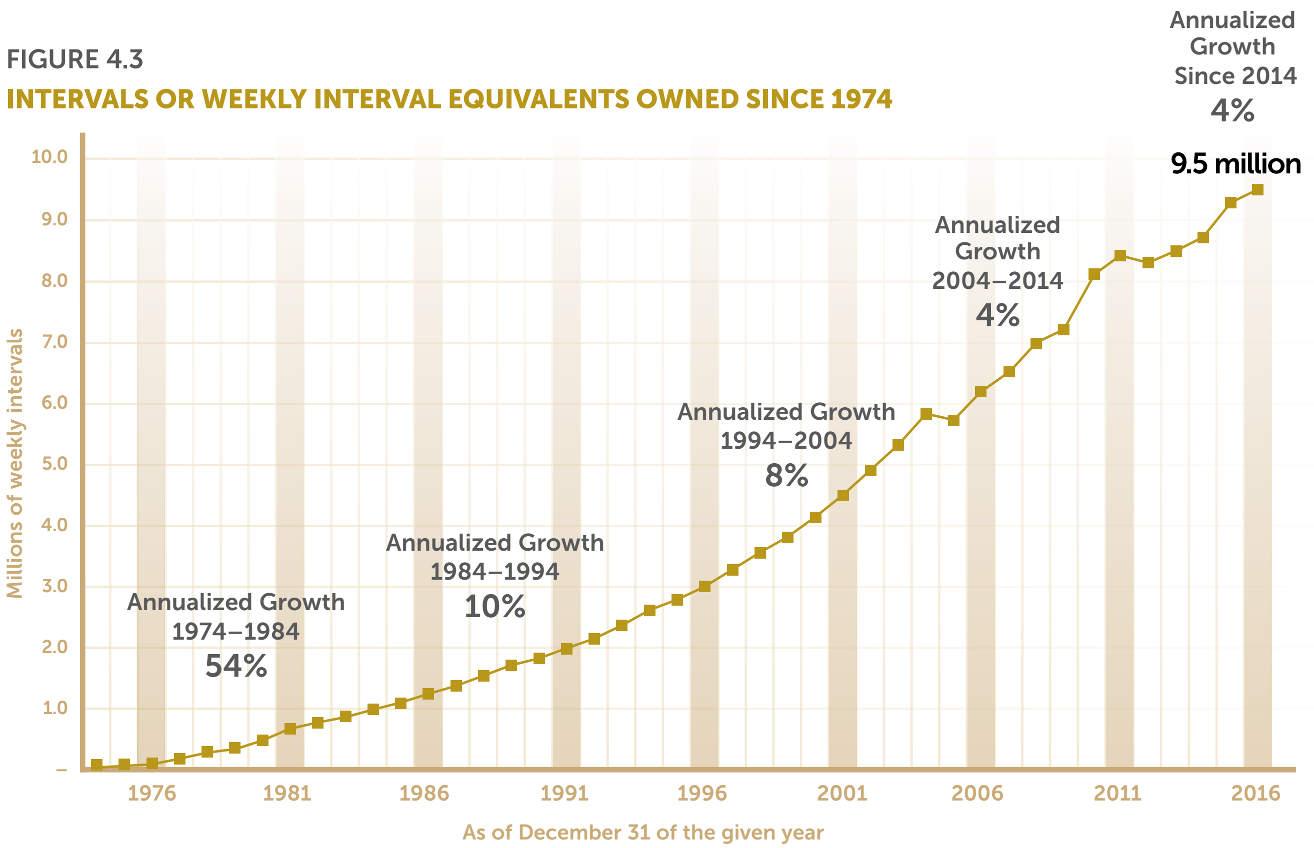
Source: Ragatz Associates, American Economics Group and AIF

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 2016 that number has again more than doubled to 132 units per resort.

Figure 4.3 shows the number of timeshare intervals or weekly interval equivalents 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. From 2004 to 2014, the average interval growth was 4% annually, though that is in part driven by the previously noted change in study population that excluded fractional and PRC resorts. Since 2014, the growth in intervals owned has averaged 4% annually.

FIGURE 4.3

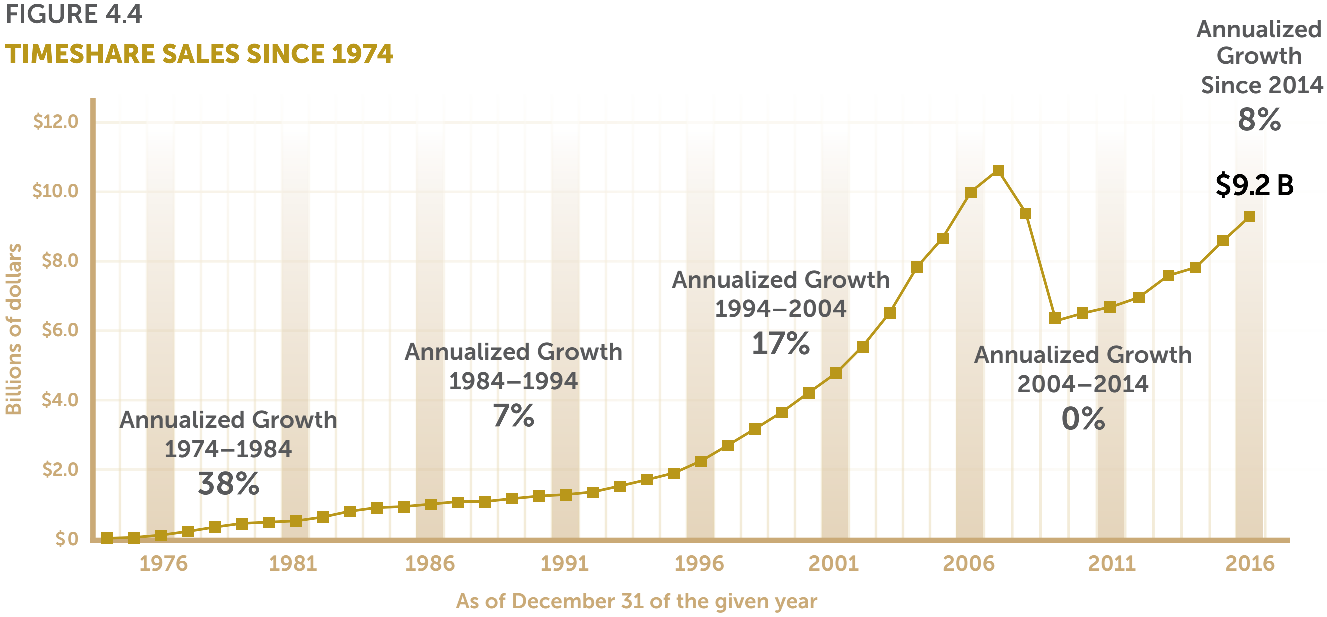
INTERVALS OR WEEKLY INTERVAL EQUIVALENTS OWNED SINCE 1974



Source: Ragatz Associates, American Economics Group and the AIF

Figure 4.4 shows the historical sales[17] trend from 1974 through 2016. 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. However, sales fell significantly in the next two years due to the recession, so that sales over the period from 2004 to 2014 were flat. Still, 2016 marks the seventh straight year of growth — in fact, 2008 and 2009 remain the only two years in which timeshare sales have decreased.

FIGURE 4.4
TIMESHARE SALES SINCE 1974



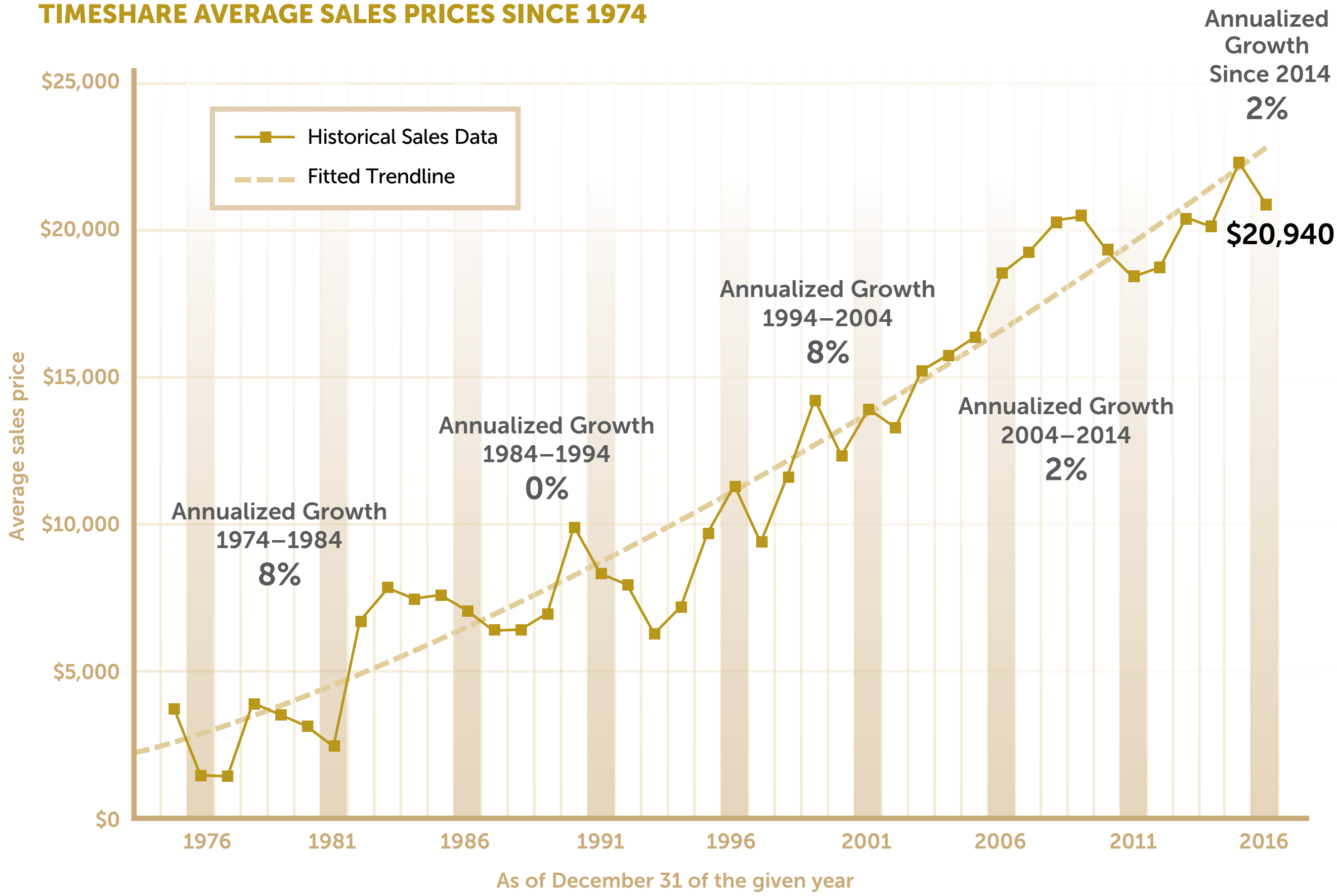
Source: Ragatz Associates, American Economics Group and AIF

17 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 weekly interval equivalent sales prices from 1974 to 2016. The average sales price equals total industry sales volume, less sales upgrades 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. To help smooth out these year over year variations, a fitted trend curve (the dotted line in the figure) was added to show the upward movement in average price over time.

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.

Sold-Out Resorts

CHAPTER FIVE

Previous chapters have noted key differences between active sales and sold-out resorts. Some respondents have also answered a set of questions that specifically address some of the concerns of sold-out resorts. This chapter outlines the answers to those questions.

Even resorts which sold all intervals years ago may receive some intervals back from owners and sell them to new owners, as described in chapter two. This means that relatively old resorts may still have some level of sales activity, even though they are not marketing intervals. For this reason, a resort is considered to be "in sales" if it sold more than 100 intervals in 2016 in this study. Among resorts that indicated that they were not "in sales" 281 resorts provided data on the management of sold-out resorts. This information focused on two main topics — special assessments and reserve funds.

As seen in Figure 5.1, about 97% of sold-out resorts did not have a special assessment in 2016 — no respondents reported multiple special assessments. The 3% reporting special assessments is down from 4% two years ago (when this question was last asked). Among the resorts that had a special assessment in 2016, the most common cause was a planned refurbishment. Only 3% of sold-out resorts are planning a special assessment for 2017.

FIGURE 5.1
FREQUENCY OF SPECIAL ASSESSMENTS IN 2016

	Percent of resorts responding
None	97%
One	3%
Two or more times	0%

Percent of 229 resorts - percentages may not add due to rounding

A reserve fund study is a comprehensive plan that predicts when various capital items are expected to wear out and estimates the funds needed to be set aside for replacement. Figure 5.2 notes that 47% of resorts conducted a reserve study in 2016 — 71% of resorts had conducted one in the past three years. Eighty-six percent of resorts reported using an independent third party to conduct their reserve study.

FIGURE 5.2
YEAR OF MOST RECENT RESERVE STUDY

	Percent of resorts responding
2016	47%
2015	11%
2014	13%
2013 or before	29%

Percent of 168 resorts - percentages may not add due to rounding

Figure 5.3 shows the frequency with which resorts conduct reserve studies. The most frequent response (30% of respondents) was every three years — 71% of respondents report conducting a reserve study at every three to five years.

FIGURE 5.3
FREQUENCY OF RESERVE STUDIES

	Percent of resorts responding
Have not conducted a reserve study	0%
Every year	16%
Every 2 years	3%
Every 3 years	30%
Every 4 years	21%
Every 5 years	20%
Other	10%

Percent of 80 resorts - percentages may not add due to rounding

On average, resorts reported contributing 20% of billed maintenance fees to reserve funding. Figure 5.4 shows that 72% of respondents reported reserve contributions that meet or exceed the levels recommended in the most recent reserve study. Another 14% indicate that they are at least within ten percent of the recommended amount. About 13% of resorts say they are more than ten percent below the recommended amount.

FIGURE 5.4
SUFFICIENCY OF RESERVE FUNDING FROM MAINTENANCE FEES

	Percent of resorts responding
At or above the level recommended in the study	72%
10% or less below	14%
More than 10% below	13%

Percent of 159 resorts - percentages may not add due to rounding

Figure 5.5 shows causes for contributions that are below recommended amounts. Thirty-two percent cited that reserve expenditures were higher than expected; 32% cited a higher level of maintenance fees delinquencies and 27% that the percent of maintenance fees dedicated to reserves was not sufficient. No respondents reported taking a special assessment to make up for the shortfall in reserves.

FIGURE 5.5
CAUSES FOR INSUFFICIENT CONTRIBUTIONS TO RESERVES

	Percent of resorts responding
Reserve fund expenditures were higher than expected	32%
Resorts experienced a higher level of maintenance fee delinquencies than expected	32%
The percentage of maintenance fees dedicated to reserves was not sufficient	27%
Other	9%

Percent of 22 resorts - percentages may not add due to rounding. Please guard against drawing strong conclusions given low respondent count.

Estimated total reserve funding is defined as the amount that would be necessary to completely replace all items contained in the 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 the reserve study stated the roof would cost $50,000 to replace and it was at half its estimated useful life, your reserve should contain 50% of the costs of roof replacement, or $25,000 on average. The average reserve balance held by resorts was 43% of estimated total reserve funding. Figure 5.6 shows a distribution of the total reserve funding kept on hand by resorts.

FIGURE 5.6
PERCENT OF TOTAL RESERVE FUNDING ON HAND

	Percent of resorts responding
Less than 20%	26%
20 to 29%	12%
30 to 39%	11%
40 to 49%	8%
50 to 59%	17%
60 to 79%	15%
80%+	11%

Percent of 115 resorts - percentages may not add due to rounding

Industry Outlook

CHAPTER SIX

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

Figure 6.1 displays trends for the industry's five key performance measures over the past five years. Sales volume has increased by more than 34% since 2012 — an average of 8% annually. The average sales price has grown by 12% since 2012 — an average of just under 3% annually. Despite a slight dip in 2016, occupancy stands two full percentage points higher than it was in 2012. Rental revenues have increased by over 4% annually since 2012, as has the average billed maintenance fee.

FIGURE 6.1
RECENT PERFORMANCE TRENDS

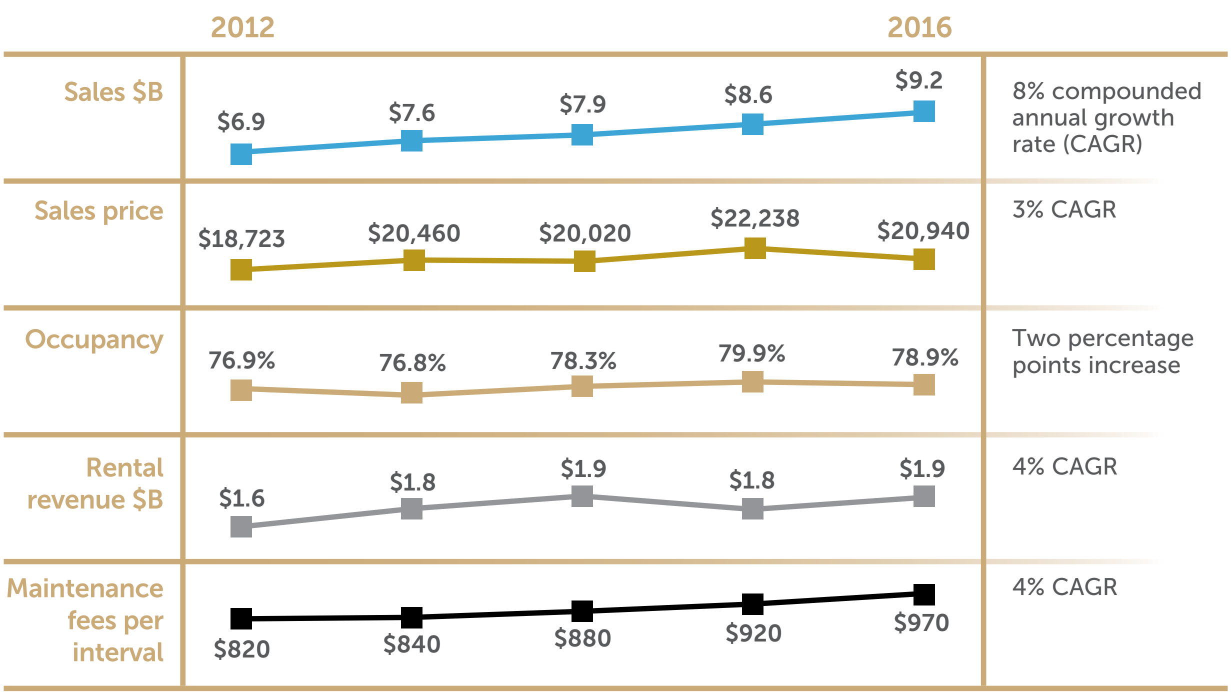


Figure 6.2 shows the change over the past year in key metrics for respondents having multiple resorts and reporting data in both years. The purpose of this table is to assess changes without respect to differences in the respondent pool.

In 2015, these respondents represented 578 resorts and 75,453 units, for an average resort size of approximately 139 units. In 2016, the number of resorts increased to 600 and the number of units increased to 76,182, for an average resort size of 139 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 4.6% for these 2016 respondents — slightly lower than the 7% growth in estimated sales industry-wide. Similarly, the decrease in average sales price per interval/interval equivalent of 4.0% for these respondents was less than the 5.9% decrease for the industry overall. Changes in occupancy and the average billed maintenance fee were in line with overall industry estimates. Again, because the respondent pool for this analysis was held static, these estimates of change in average sales price are a better representation for year over year changes in the industry.

Respondents reported the number of timeshare units "recently built and planned at this resort." Note that "planned" resorts and units include those for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

FIGURE 6.2

CHANGES FOR RESPONDENTS PROVIDING DATA IN 2015 AND 2016

	2015	2016	Change	Percent change
Number of resorts	578	600	22	3.8%
Number of units	75,453	76,182	729	1.0%
Total sales ($M)	$5,435	$5,684	$249	4.6%
Sales price	$22,284	$21,394	-$889	-4.0%
Occupancy	82.0%	80.0%	-2.0%	-2.4%
Average units	139	139	0	-0.3%
Maintenance fees	$962	$1,007	$46	4.8%

Note: Numbers may not add due to rounding

Figure 6.3 shows that respondents reported building 765 units in 2016, up from the 451 they reported building in 2015. Respondents plan to add 2,312 units in 2017 — this includes 1,446 units at existing resorts and 866 units at planned new resorts. Respondents also plan to add 1,780 units in 2018 and beyond — this includes 519 units at existing resorts and 1,261 units at planned new resorts. Finally, respondents report plans for 24 new resorts (seven in 2017 and 17 in 2018 and beyond).

FIGURE 6.3

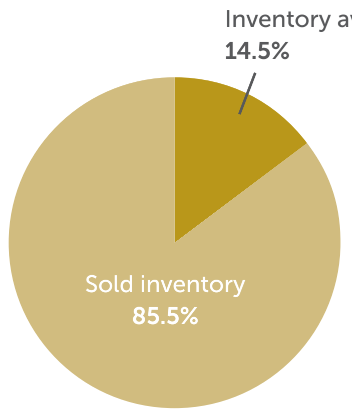
RESORT AND UNIT CONSTRUCTION

	2016
Units built	765
Units planned – coming year	2,312
Units planned – more than one year out	1,780
Resorts planned – in the coming year	7
Resorts planned - more than one year out	17

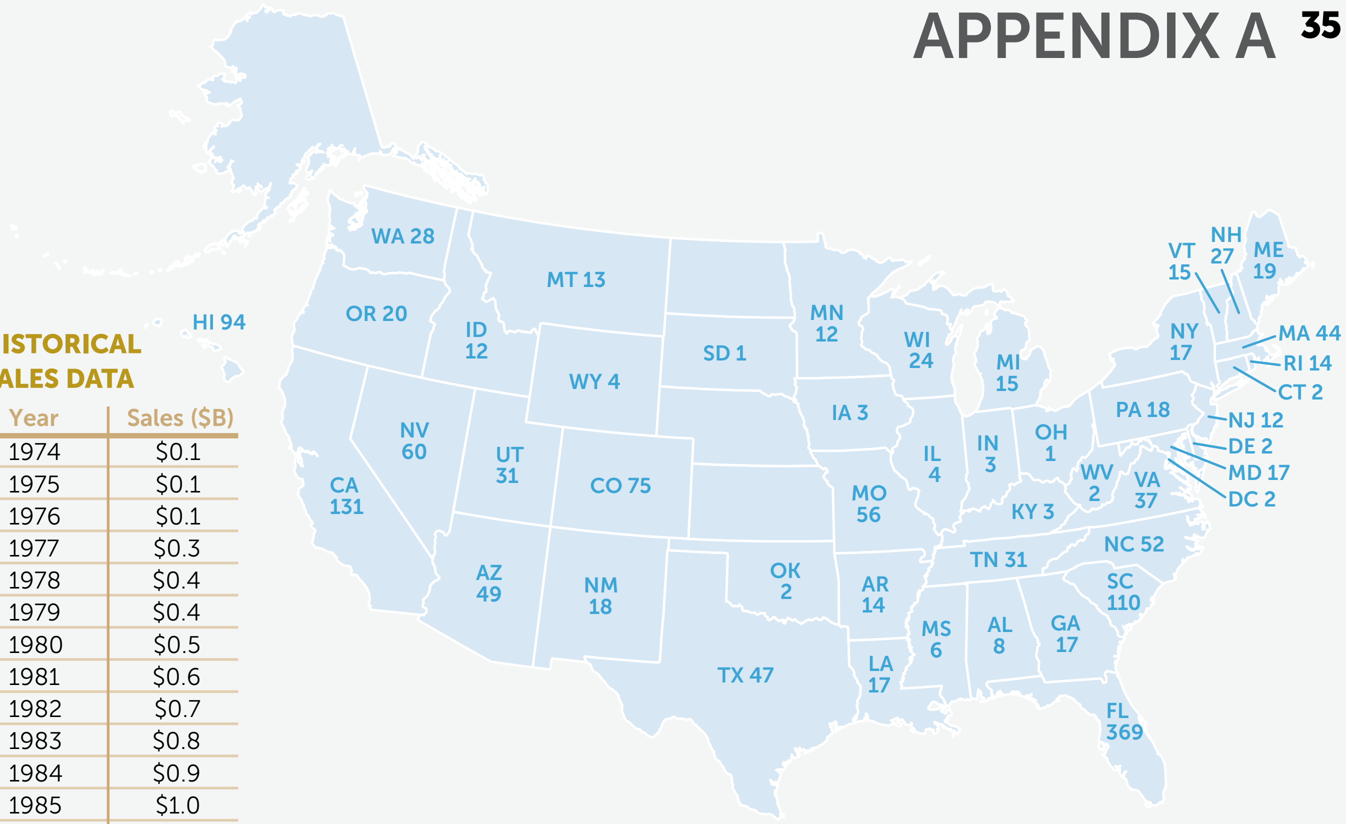
Construction results reported for respondents only - not industry-wide estimates

The level of available timeshare inventory helps drive actual and anticipated timeshare construction. This year, we asked active-sales respondents to report their total timeshare inventory (in weeks and/or points) and how much of that inventory was still available for sale. We used these two values to calculate the percent of timeshare inventory available for sale at active sales-resorts, and then weighted these percentages by the number of timeshare units to calculate an industry-wide average. Figure 6.4 shows that 14.5% of timeshare inventory at active-sales resorts, on average, is still available for sale.

FIGURE 6.4
PERCENT OF EXISTING TIMESHARE INVENTORY AVAILABLE FOR SALE - AS OF YEAR-END 2016



In general, there were a number of positive developments in the timeshare industry in 2016. Sales volume grew by a solid 7%, and rental revenue grew by 5%. Occupancy remained at high levels and billed maintenance fees increased by 5%. Construction was up in 2016, and the construction outlook remains solid.



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
2016	$9.2

Source: Ragatz Associates, American Economics Group and AIF

RESORTS BY STATE

State	Resorts	State	Resorts
FL	369	NY	17
CA	131	MI	15
SC	110	VT	15
HI	94	AR	14
CO	75	RI	14
NV	60	MT	13
MO	56	ID	12
NC	52	MN	12
AZ	49	NJ	12
TX	47	AL	8
MA	44	MS	6
VA	37	IL	4
TN	31	WY	4
UT	31	IA	3
WA	28	IN	3
NH	27	KY	3
WI	24	CT	2
OR	20	DE	2
ME	19	OK	2
NM	18	WV	2
PA	18	DC	2
LA	17	OH	1
GA	17	SD	1
MD	17		

PERCENTAGE OF UNITS BY STATE

State	% of units
FL	33%
CA	9%
HI	9%
NV	8%
SC	6%
MO	4%
AZ	4%
VA	4%
TN	3%
TX	3%
All Other	18%

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[18] in the United States were sent a survey questionnaire. Of the 1,558 identified timeshare resorts, 710 responded — a 46% response rate. Of these 710 responding resorts, 601 belong to a family of ten or more resorts, while 109 belong to a family of less than ten resorts. Of these 109, 68 were single site resorts. 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.

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

APPENDIX C

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 46% in 2016 and is well above the current typical response rate for surveys of this type. Our 80% 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. That said, because of the higher response rates of multi-site respondents, where appropriate, statistical weighting was used to help offset 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.

Note that the number of respondents varies across questions, since some questions (e.g., those related to sales activity or the management of sold-out resorts) are only relevant to certain segments of the timeshare resort population. To aid interpretability of results, throughout the report we include the number of respondents to the survey question related to the corresponding table/graphic where appropriate.

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.

SURVEY

Thank you for participating in the 2017 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.

If you submitted a response to us last year, we have used that data to pre-populate fields that are unlikely to change. We hope this makes this questionnaire easier to complete. Please review the answers in case anything has changed since last year.

WEB ONLY: In some cases, multiple respondents from an organization may be completing this questionnaire. In that case, you may only be completing specific sections. Using the following table of contents, please de-select any sections which are not applicable to you before proceeding. SELECT ALL BY DEFAULT

- ☐ Resort Identification
- ☐ Resort Characteristics
- ☐ Occupancy and Fees
- ☐ Resort Timeshare Sales
- ☐ Inventory Management
- ☐ Sold Out Resort Management
- ☐ Resort Construction and Improvements
- ☐ Rental Programs

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

I. Resort Identification

1. Are you responsible for providing data for multiple resorts?

☐ 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 _______________

Primary 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*

____

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 2016, 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 (presales)
- ☐ **Open** – still in Active Sales [ANSWER Q1a]
- ☐ **Sold Out** – may have some resale activity [ANSWER Q1a] [Answer Sold Out Management Section]
- ☐ **Closed** [ANSWER Q1b & Q1c]

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

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

1c. **Please specify a reason why this resort closed.** (Open-ended...Only answer if stage above Closed) ____

II. Resort Characteristics — *continued*

2. What type of construction is this timeshare property?

☐ Purpose built ☐ Conversion

3. Are any of the following types of units available for sale/rent at this property?

☐ Condo
☐ Fractional
☐ Hotels
☐ Whole ownership
☐ Some other type of non-timeshare units (please specify) ________________
☐ None of the above – this is a stand-alone/timeshare only property

4. Who controls the HOA/POA/COA (owner's association) at this resort?

☐ Owners ☐ Developer (Go to Q5)

4a. [If "Owners" SELECTED] **At approximately what percentage of sell out did the owners gain control of the owner's association?** ________________

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

☐ Self-managed by the owner's association
☐ 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. - excluding reserves and taxes [GOTO Q6a]
☐ As a percentage of total assessments which includes reserves
☐ Other, specify____________________

6a. **What percentage of budget, operating expenses, etc. was allocated to management fees in 2016?** __________

Note: Please exclude commissions on rentals and resales.

7. What was the total amount of management fees paid in 2016? ______________________

Note: Please exclude commissions on rentals and resales. Please enter an actual dollar amount – do not use units such as thousands or millions.

8. Who employs your resort's employees? *(Check all that apply)*

☐ 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, 2016	
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
☐ Limited-term vacation products
☐ Other, please specify ____________________

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

	Weeks: As of December 31, 2016	Points: As of December 31, 2016
What is the total number of weekly equivalent intervals owned at your resort as of December 31, 2016 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, 2016?	________	________
What is the total number of weekly equivalent intervals at your resort that **are owned by the developer** as of December 31, 2016? 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 owners in 2016?

Unit Size	**%**
Domestic	________
International	________
Total	100%

15. What is the legal structure of the shared vacation ownership products that are currently sold at your property? *(Check all that apply)*

☐ 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, specify ____

16. How long is the contract, membership license or leasehold, if applicable? *(Check all that apply)*

☐ Lifetime
☐ 20+ years
☐ 10–19 years
☐ 5 to 9 years
☐ Less than five years

II. Resort Characteristics — *continued*

17. 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	☐	☐	Mountains	☐	☐
Island	☐	☐	Other, specify: _______	☐	☐

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

☐ Beach
☐ Country/Lakes
☐ Desert
☐ Gaming
☐ Golf
☐ Island
☐ Rural/Coastal
☐ Ski
☐ Theme Park
☐ Urban
☐ Mountains
☐ Other, specify: ___________

19. 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	☐	☐	Wi-Fi throughout resort	☐	☐
Live entertainment	☐	☐	Other, specify:_________	☐	☐

20. 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 ___________	☐	☐

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

☐ Yes ☐ No (Skip to Q22)

21a. **Which of the following features are offered via the mobile application to your guests?**

☐ Check in
☐ Access to units (unlock/lock unit using a phone)
☐ Virtual tour
☐ Mobile payment
☐ Owner community building experience
☐ Other, specify: _______________

II. Resort Characteristics — *continued*

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

Program	In Place	Associated Revenue ($)
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	☐	___________________
Vacation rental marketplaces (Homeaway, VRBO or other web rental services)	☐	___________________
Online travel agencies	☐	___________________
Travel clubs	☐	___________________
Other, please specify ___________________	☐	___________________

III. Occupancy and Fees

Please answer the following questions for your timeshare units 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 2016
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 2016, *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.*

3. **What is the total amount of revenue your resort collected in 2016 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 2016
Maintenance fees	________
Special assessments and other revenue sources	________
Rentals (all fees, commissions, etc. collected by your resort)	________
Resales (all fees, commissions, etc. collected by your resort)	________
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 Dec 31, 2016, what percent of your total billed maintenance fees were in each of the following categories?** *Please include all maintenance fees billed in 2016 or before, but please do not include maintenance fees billed for 2017.*

	In 2016
Current (30 days delinquent or less)	__________
31–60 days delinquent	__________
61–90 days delinquent	__________
91–120 days delinquent	__________
121+ days delinquent	__________
Total	100%

IV. Resort Timeshare Sales

1. **Did you offer new timeshare inventory for sale in 2016 on a weekly interval and/or points basis?** New inventory is considered "first generation" or "developer sales". (Note: If you identified as a "sold-out" resort above, but still had some small level of sales activity in 2016 (such as for sales of re-claimed inventory), please select yes and report your sales information.)
   - ☐ Yes – weekly interval (go to Q2)
   - ☐ Yes – points (go to Q11)
   - ☐ 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. **[WEB ONLY] 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.

   ☐ Yes ☐ No

3. **What was your total sales volume net of rescissions for 2016, in dollars? Include interval weeks sales, upgrade/reload sales, and sales from re-claimed inventory.** Note: Exclude fee for service and sales of trial memberships and sampler programs. If your resort's owned inventory is being sold by other companies under "fee-for-service" arrangements, then you should include those sales here.

   $______________________________

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

   $______________________________

5. **What was your 2016 sales volume...**

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

Weekly Intervals Sold:

6. **How many weekly equivalent timeshare intervals were sold in 2016 for your weekly intervals?** Exclude sales for trial memberships and sampler programs.

   $______________________________

7. **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?	____________

Number of Weeks Based Sales Transactions:

8. **What was the total number of weekly interval sales transactions in 2016 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).** Note: Exclude fee for service and sales of trial memberships and sampler programs. If your resort's owned inventory is being sold by other companies under "fee-for-service" arrangements, then you should include those sales here.

   $______________________________

9. **Of your total weeks based transactions above, how many were for upgrades/reloads?**

   $______________________________

IV. Resort Timeshare Sales *— continued*

Timeshare Inventory:

10. How many weekly intervals were available for sale at your resort? Include all intervals available as of December 31, 2015 and any that were made available during calendar year 2016.

____

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

Timeshare Sales ($):

11. What was your total sales volume net of rescissions for 2016, in dollars? Include points sales, reload sales, and sales from re-claimed inventory. Note: Exclude fee for service and sales of trial memberships and sampler programs. If your resort's owned inventory is being sold by other companies under "fee-for-service" arrangements, then you should include those sales here.

$______________________________

12. Of your total net sales volume above, what is the amount sold for reloads?

$______________________________

Points and Weekly Intervals Sold:

13. How many weekly equivalent timeshare intervals were sold in 2016 for your points based products? Note: Exclude fee for service and sales of trial memberships and sampler programs. If your resort's owned inventory is being sold by other companies under "fee-for-service" arrangements, then you should include those sales here. (Note: 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. How many total points were sold at your resort in 2016?

____

Number of Points Based Sales Transactions:

15. Number of points sales transactions (exclude rescissions) Transactions should include points sales and reloads. Note: Exclude Fee for service and sales of trial memberships and sampler programs. If your resort's owned inventory is being sold by other companies under "fee-for-service" arrangements, then you should include those sales here.

____

16. Of your total points based transactions above, how many were for reloads?

____

Timeshare Inventory:

17. How many total timeshare points exist in your inventory at your resort?

____

18. How many timeshare points were available for sale at your resort? Include all points available as of December 31, 2015 and any that were made available during calendar year 2016.

____

IV. Resort Timeshare Sales — *continued*

Following questions asked of all respondents.

19. Of your total 2016 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%

20. Does this resort offer any of the following for sale?

Yes	No	
☐	☐	Fractional sales
☐	☐	Private Residence Clubs
☐	☐	Whole ownership
☐	☐	Other, please specify __________________

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

- ☐ In-person Sales Presentations (Tours): On-site
- ☐ In-person Sales Presentations: Off-site (including homesits)
- ☐ Online
- ☐ Telemarketing
- ☐ Other, please specify ___________________

22. [Excel only] What was your total 2016 sales volume related to "fee for service" arrangements? 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.

$_____________________________

23. [Excel only] What was your total number of fee for service related transactions for 2016?

____

V. Inventory Management

1. Which of the following types of programs do you offer for intervals at properties which you have developed and/or manage? *(Check all that apply)*

- ☐ A buy-back program of timeshare intervals at a mutually agreeable price
- ☐ Right of first refusal when owners attempt to sell their timeshare interval
- ☐ Ability to return timeshare inventory in exchange for release of maintenance fee requirements with a fee
- ☐ Ability to return timeshare inventory in exchange for release of maintenance fee requirements - no free
- ☐ Ability to convert to a reduced allotment of timeshare points and or/time (such as a fewer number of days or conversion to a biennial arrangement)
- ☐ A resale program that allows owners to sell their intervals on the secondary market
- ☐ Other, please specify _____________________
- ☐ None (GO TO NEXT SECTION)

VI. Sold Out Resort Management

This section should only be answered by respondents who responded that they are Sold Out in Q1 of Resort Characteristics.

1. How many times in 2016 were special assessments levied by the governing body of the vacation plan (i.e. HOA, COA, VOA or Trust Owners Association)?

- ☐ None (Skip to Q2)
- ☐ Once
- ☐ Twice
- ☐ 3 or more times, please specify ____________________

1a. **Why was the special assessment necessary?**

Please select all that apply

- ☐ Natural disaster (such as a hurricane, a flood, etc.)
- ☐ Unanticipated expansion of resort product or amenities
- ☐ Planned expansion of resort product or amenities
- ☐ Unanticipated or premature failure of capital assets (NOT related to natural disaster)
- ☐ Higher delinquency rate than expected
- ☐ Unanticipated refurbishment (NOT related to natural disaster)
- ☐ Planned refurbishment (NOT related to natural disaster)
- ☐ Other, please specify ____________________

2. Are there any special assessments planned in 2017?

- ☐ Yes
- ☐ No (Skip to Q3)

2a. **Why will the special assessment be necessary?**

Please select all that apply

- ☐ Natural disaster (such as a hurricane, a flood, etc.)
- ☐ Unanticipated expansion of resort product or amenities
- ☐ Planned expansion of resort product or amenities
- ☐ Unanticipated or premature failure of capital assets (NOT related to natural disaster)
- ☐ Higher delinquency rate than expected
- ☐ Unanticipated refurbishment (NOT related to natural disaster)
- ☐ Planned refurbishment (NOT related to natural disaster)
- ☐ Other, please specify ____________________

3. What was the date of the most recent reserve study?

- ☐ Have not conducted a reserve study (GO TO Q4)
- ☐ 2016
- ☐ 2015
- ☐ 2014
- ☐ 2013 or before

3a. **Was the study performed by an independent third party or in house?**

- ☐ Independent third party
- ☐ In-house

4. At the end of 2016 what were the estimated reserve funds on hand as a percentage of estimated total reserve funding? Estimated total reserve funding is defined as 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.

____________ %

VI. Sold Out Resort Management — *continued*

5. **How often does your timeshare resort conduct a reserve study?** SKIP IF Q3 = 1

- ☐ Have not conducted a reserve study
- ☐ Every year
- ☐ Every 2 years
- ☐ Every 3 years
- ☐ Every 4 years
- ☐ Every 5 years
- ☐ Other, please specify ______________________

6. **What percentage of the billed maintenance fees were contributed to the reserve fund in 2016?**

_____________ %

7. **In 2016, how did the contributions to the resort's reserve fund from maintenance fees compare to that recommended in the most recent reserve study.** (Skip Q7, Q7a and 7b if Q3 =1)

- ☐ At or above the level recommended in the study (GO TO NEXT SECTION)
- ☐ 10% or less below
- ☐ More than 10% below

7a. **What caused contributions to the reserve fund to be lower than the reserve study target?**

Please select all that apply

- ☐ Resorts experienced a higher level of maintenance fee delinquencies than expected
- ☐ The percentage of maintenance fees dedicated to reserves was not sufficient
- ☐ Reserve fund expenditures were higher than expected
- ☐ Other, specify ____________________

7b. **How did you make up the difference between what you collected and the recommendation of the reserve study?**

- ☐ We did not make up the difference
- ☐ Special assessment
- ☐ Other, specify ____________________

8. **Does the resort receive any financial support from the developer?**

- ☐ 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 2016	____________
# Timeshare Units Planned for 2017	____________
# Timeshare Units Planned for 2018 or beyond (w/firm commitments)	____________

2. **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 2017	____________
Associated Number of Units in 2017	____________
New Resorts Planned for Completion in 2018 and beyond	____________
Associated Number of Units in 2018 and beyond	____________

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 (GO TO Q1a)
- ☐ HOA(s) (GO TO Q2)
- ☐ Developers (GO TO Q2)
- ☐ None of the above(SKIP TO Q6)

1a. **How are rental fees paid by owners determined?**

- ☐ As a fixed amount
- ☐ As a commission based percentage [GO TO Q1b]
- ☐ Other, please specify ____________________

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

2. Who manages the rental programs?

- ☐ Developer
- ☐ Management company
- ☐ Other, please 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, please 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
- ☐ Channel Manager (e.g. Siteminder, LeisureLink, etc.)
- ☐ Other, specify _________________

5. What is the total number of nights rented and the associated rental income for 2016?

Total number of nights rented _________________
Associated rental revenue ($) _________________

VIII. Timeshare Rental and Resales Programs *— continued*

6. **Does your resort offer a resale program to help sell weeks that are owned by either of the following?**
Note: Not including sales of timeshare intervals that are included in your developer sales

- ☐ Owners (Go To Q6a)
- ☐ HOA(s) (Skip To Q6b)
- ☐ None of the above [SKIP TO END]

6a. **[IF A RESALE PROGRAM IS AVAILABLE TO OWNERS], what commission percentage is paid by owners to re-sell their intervals? ________________%**

6b. **Who manages the resale program?**

- ☐ Developer
- ☐ Management company
- ☐ Other, please specify ____________________

6c. **Who manages the resale program?**

- ☐ The resort's own website
- ☐ An onsite licensed real estate broker who is affiliated with your resort (HOA)
- ☐ An offsite licensed real estate broker who specializes in timeshare and is affiliated with your resort (HOA)
- ☐ A full service online licensed real estate brokerage that specializes in timeshare
- ☐ A licensed real estate broker that specializes in timeshare but is independent from your resort
- ☐ A licensed real estate broker who does not specialize in timeshare
- ☐ A website that specializes in advertising timeshares for sale or rent (not a licensed broker)
- ☐ An offline timeshare resale listing company
- ☐ A general advertising or auction website that does not specialize in timeshare, such as Craig's list or eBay
- ☐ A classified ad in a traditional printed periodical, such as a newspaper or magazine (which may also appear online, such as *USA Today*)
- ☐ A classified ad in a printed timeshare periodical, such as a catalogue or magazine (which may also appear online, such as *Timesharing Today*).
- ☐ Social media (e.g., Facebook, Twitter)
- ☐ Other, please specify ____________________

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, 2016. Also include intervals for any unit where construction was completed and the unit made available for sale in calendar year 2016. 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 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.

GLOSSARY OF TERMS

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 time-share 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 time-share, 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.

AIF

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