

State of the Vacation Timeshare Industry

2018

UNITED STATES STUDY

EXECUTIVE SUMMARY



2018 EDITION
PREPARED BY



Market Intelligence | Career Advancement

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Industry Overview

The 2017 U.S. timeshare industry consisted of 1,570 timeshare resorts with approximately 205,100 timeshare units — an average of 131 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, 2017, there were approximately 9.5 million timeshare weekly intervals or equivalents owned in the United States.

Industry Health

Sales volume¹ increased for the eighth straight year — by nearly 4% from \$9.2 billion in 2016 to \$9.6 billion in 2017. Average occupancy increased from 79% to more than 81%. By comparison, hotel occupancy was 65.9% in 2017, according to Smith Travel Research.²

Operating performance metrics for the industry were also encouraging in 2017. Rental revenues increased by 20% from \$1.9 billion in 2016 to \$2.3 billion in 2017, as the number of nights rented increased from 10 million to nearly 12 million. The weighted average maintenance fee charged per weekly interval was \$980, remaining relatively flat with a 1% increase over 2016.

Respondents also reported the number of timeshare units “recently built and planned³ 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. Respondents⁴ built 1,398 units in 2017 and plan to add 1,287 units in 2018 — this includes 857 units at existing resorts and 430 units at planned new resorts. Respondents also plan to add 2,622 units in 2019 and beyond. Finally, respondents report plans for 15 new resorts — six in 2018 and nine in 2019 and beyond.

There were approximately 431,120 intervals sold in 2017 at an average price of \$22,180. However, 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. For this reason, respondents also reported their total number of timeshare transactions which we used to calculate sales price per transaction. There were approximately 542,200 timeshare transactions in 2017 at an average price per transaction of \$17,640. Dividing the 431,120 weekly interval equivalents sold by the 542,200 timeshare transactions yields a ratio of 0.80. Multiplying this ratio by seven days indicates that the average timeshare transaction was between five and six nights worth of time.

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

² STR Monthly Hotel Review: December 2017, Smith Travel Research

³ “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.

⁴ Based on responses from 14 timeshare developers and/or single site resorts

INDUSTRY SIZE

Measure	2017
Resorts	1,570
Units	205,100
Average resort size	131
Intervals or equivalents owned	9.5 million
Total units — including lock-offs	268,200

KEY TIMESHARE INDUSTRY METRICS 2017

GROWTH / PERFORMANCE	2017
Sales volume (\$B)	\$9.6
Rental revenue (\$B)	\$2.3
Occupancy	81.4%
Average maintenance fees	\$980

OUTLOOK

Units built	1,398
Units planned — in the coming year	1,287
Units planned — more than one year out	2,622
Resorts planned — in the coming year	6
Resorts planned — more than one year out	9

Numbers may not add due to rounding

2017 SALES PRICE METRICS

	2017
Number of intervals or equivalents sold	431,120
Average sales price per interval	\$22,180
Number of timeshare transactions	542,200
Average sales price per transaction	\$17,640

Resort managers and developers are also modernizing the way they operate and manage timeshare properties. For example, 34% of resorts reported offering a mobile application to resort owners. The most common features on such apps are facilitating mobile payments, accessing a virtual tour and accommodating check-in. Many resorts are also taking advantage of outlets such as online travel agencies (55% of respondents) VRBO (43% of respondents) and Airbnb (42% of respondents) to help rent vacant inventory. Furthermore, 56% of resorts report using social media to help publicize timeshare rentals.

Industry Segments

Having a general picture of the overall industry’s size and health, the next step is to segment the resorts by important characteristics. These include resort size, sales activity, resort type, and geographic region. For each of these segments, the report presents four important industry measures: percent of resorts, average resort size, occupancy, and maintenance fees.

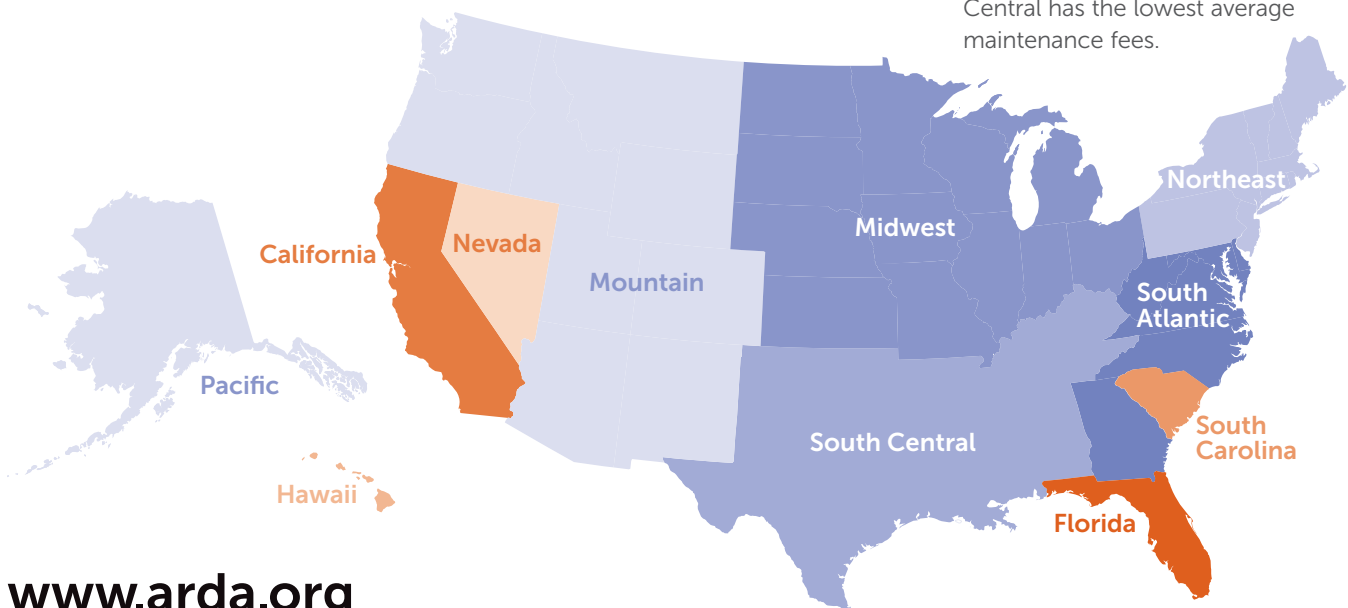
PERFORMANCE BY GEOGRAPHIC REGION

Region	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Florida	24%	163	82.6%	\$960
California	8%	129	82.5%	\$940
S. Carolina	7%	117	85.1%	\$830
Hawaii	6%	164	90.3%	\$1,240
Nevada	4%	249	83.8%	\$970
Mountain/Pacific	16%	75	79.0%	\$940
Northeast	11%	84	78.8%	\$760
South Central	8%	144	71.2%	\$750
South Atlantic	8%	110	76.1%	\$780
Midwest	8%	110	66.0%	\$760
Overall	100%	131	81.4%	\$980

Percent of 1,570 resorts – numbers may not add due to rounding

The following observations emerged:

- Maintenance fees generally increased with resort size in 2017 – this likely reflects the fact that larger resorts tend to be newer and have more amenities.
- The average number of units and average billed maintenance fees are both 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.
- Beach resorts are the most common primary resort type; golf is most often available nearby and/or onsite. 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 and occupancy.
- Florida has the most resorts, while Hawaii has the highest average occupancy and maintenance fees. Nevada has the largest resorts and the Mountain/Pacific region has the smallest. The Midwest has the lowest occupancy, while the South Central has the lowest average maintenance fees.





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Methodology

Ernst & Young conducted a survey of 1,570 recognized timeshare resorts to provide an overview of the state of the timeshare industry in the United States. Responses were received from 754 resorts, representing a 48% response rate. This survey was commissioned by the ARDA International Foundation (AIF).

MEMBER \$25 | NON-MEMBER \$50