State of the Vacation Timeshare Industry 2019

UNITED STATES STUDY

EXECUTIVE SUMMARY

2019 EDITION
PREPARED BY EY

AIF
Market Intelligence | Career Advancement

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EXECUTIVE SUMMARY

Industry Overview

The 2018 U.S. timeshare industry consisted of 1,580 timeshare resorts with approximately 204,100 timeshare units — an average of 129 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.

INDUSTRY SIZE

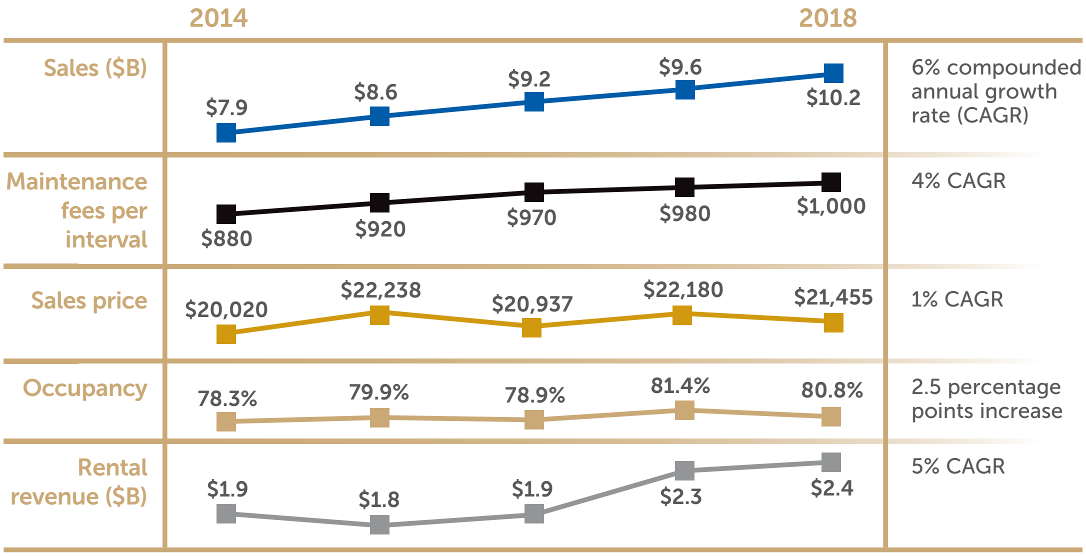
Measure	2018
Resorts	1,580
Units	204,100
Average units per resort	129
Total units – including lock-offs	265,800

Industry Health

Sales volume[1] increased for the ninth straight year — by nearly 7% from $9.6 billion in 2017 to $10.2 billion in 2018. Over the past five years, sales volume has increased by more than 26% — an average of 6% annually.

Operating performance metrics for the industry were also encouraging in 2018. Average occupancy was 80.8%. By comparison, hotel occupancy was 66.2%[2] in 2018, according to Smith Travel Research. Occupancy has risen more than two percentage points since 2014. The weighted average maintenance fee charged per weekly interval was $1,000, and the average billed maintenance fee has increased by 4% annually over the past five years. Rental revenues totaled $2.4 billion and have increased by over 5% annually since 2014.

RECENT PERFORMANCE TRENDS (2014 TO 2018)



There were approximately 475,020 intervals sold in 2018 at an average price of $21,455. 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 568,430 timeshare transactions in 2018 at an average price per transaction of $17,930. Dividing the weekly interval equivalents sold by the number of timeshare transactions yields a ratio of 0.84. Multiplying this ratio by seven days indicates that the average timeshare transaction was for 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 2018,* Smith Travel Research

Respondents also reported the number of timeshare units "recently built and planned[3] 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. Respondents[4] built 588 units in 2018 and plan to add 2,451 units in 2019 — this includes 1,404 units at existing resorts and 1,047 units at planned new resorts. Respondents also plan to add 2,736 units in 2020 and beyond. Finally, respondents report plans for 13 new resorts — eight in 2019 and five in 2020 and beyond.

Resort managers and developers are also employing contemporary technology in the way they operate and manage timeshare properties. For example, 31% 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 (47% of respondents), VRBO (44% of respondents), and Airbnb (43% of respondents) to help manage inventory. Furthermore, 65% of resorts report using social media to help publicize timeshare rentals.

2018 SALES METRICS

Number of intervals or equivalents sold	475,020	Number of timeshare transactions	568,430
Average sales price per interval	$21,455	Average sales price per transaction	$17,930

TIMESHARE CONSTRUCTION 2018

Units built	588	Resorts planned – in the coming year	8
Units planned – in the coming year	2,451	Resorts planned – more than one year out	5
Units planned – more than one year out	2,736		

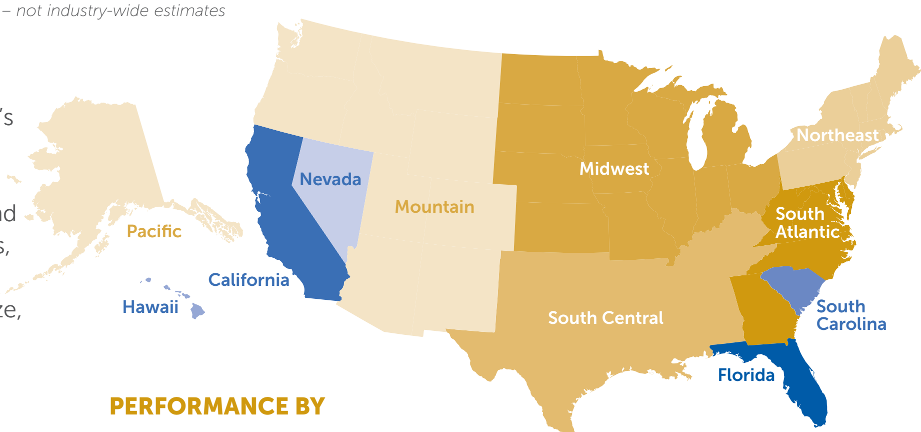
Construction results reported for respondents only – not industry-wide estimates

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.

The following observations emerged:

- Maintenance fees increased with resort size in 2018 – this likely reflects the fact that larger resorts tend to be newer and have more amenities.
- The average number of units, average billed maintenance fees and average occupancy were all lower for sold out resorts in 2018. These resorts also tend to be older than active-sales resorts.
- The most common resort type in the U.S. is the beach resort; theme park resorts tend to be the largest. Urban resorts had the highest average maintenance fees and occupancy in 2018.
- Florida continues to have the most timeshare resorts, while Nevada has the largest average resort size. Hawaii has the highest average occupancy and maintenance fee.



PERFORMANCE BY GEOGRAPHIC REGION

Region	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Florida	24%	167	83.4%	$1,015
California	8%	120	83.5%	$970
South Carolina	7%	134	79.1%	$975
Hawaii	6%	135	89.0%	$1,085
Nevada	4%	250	83.4%	$935
Mountain/Pacific	16%	77	72.9%	$795
Northeast	11%	89	69.9%	$820
South Central	8%	137	78.5%	$765
South Atlantic	8%	93	69.5%	$820
Midwest	8%	108	72.9%	$820
Overall	**100%**	**129**	**80.8%**	**$1,000**

Percent of 1,580 resorts – numbers may not add due to rounding

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

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Methodology

Ernst & Young conducted a survey of 1,580 recognized timeshare resorts to provide an overview of the state of the timeshare industry in the United States. Responses were received from 834 resorts, representing a 53% response rate. This survey was commissioned by the ARDA International Foundation (AIF).

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