

State of the Vacation Timeshare Industry

2019

UNITED STATES STUDY



2019 EDITION
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The *State of the Vacation Timeshare Industry: United States Study 2019* edition provides an overview of important summary information on the U.S. timeshare industry for the year 2018.

Results contained in this report are primarily sourced from 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. Of the 1,580 identified timeshare resorts, 834 responded — a 53% response rate. Of these 834 responding resorts, 759 belong to a family of ten or more resorts, while 75 belong to a family of less than ten resorts. Of these 75, 51 were single site resorts. For a full discussion of the methodology used, please see Appendix C of the report.

As noted above, 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 where needed.

Total sales volume¹ 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. The average sales price was \$21,455 per weekly interval in 2018, and has grown by 5% since 2014.

Operating performance metrics for the industry were positive 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.

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.

FIGURE ES.1

KEY TIMESHARE INDUSTRY TRENDS 2014 TO 2018

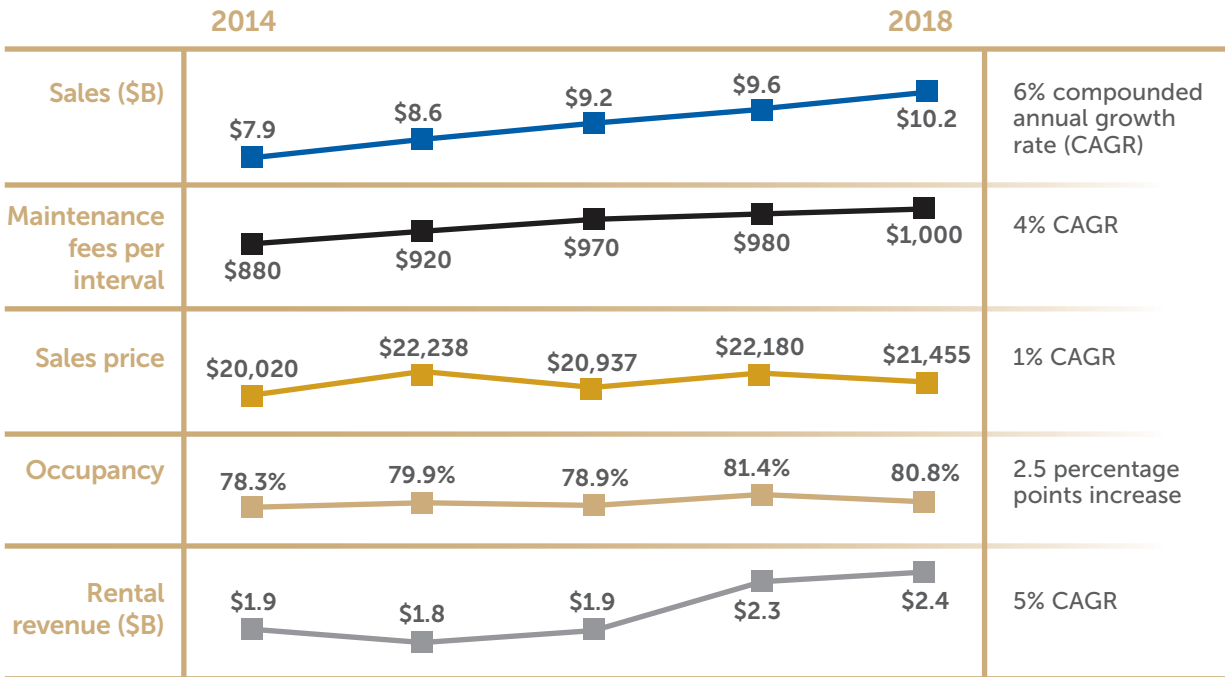


Figure ES.2 shows more detailed industry sales metrics in 2018. There were approximately 475,020 intervals sold in 2018 at an average price of \$21,455. However, in recent years the increased transition to points-based products has made the traditional timeshare week less meaningful to data providers 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.

FIGURE ES.2

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

Respondents also reported the number of timeshare units “recently built and planned³” at resorts. Figure ES.3 shows that respondents⁴ 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.

FIGURE ES.3
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		

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. As shown in table ES.4, 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.

FIGURE ES.4
ALTERNATIVE PROGRAMS
TO HELP MANAGE INVENTORY

Entity	Percent of resorts
Online travel agencies	47%
VRBO	44%
Airbnb or other web driven services	43%
Leasing or buying in hotel	22%
Travel clubs	18%
Other	1%

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

CHAPTER ONE

This chapter presents an overview of the timeshare industry for 2018, examining industry size and structure. It includes information on

- the number and size of resorts,
- unit types/sizes, and
- interval ownership structures.

The AIF's timeshare database lists 1,580⁵ timeshare resorts in the United States⁶. As seen in Figure 1.1, these 1,580 resorts represent approximately 204,100 physical timeshare units — 129 units per resort on average. Counting lock-offs⁷ as separate units adds approximately 61,700 units, for a total of 265,800.

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), biennials⁸ and/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 where needed.

FIGURE 1.1

INDUSTRY SIZE

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

In addition to the timeshare resorts and units figures noted in Figure 1.1, timeshare owners have access to inventory that is not traditionally considered as timeshare inventory. For example, the two major exchange companies (Interval International and RCI) make non-timeshare accommodations available to their members. 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. In addition, some developers with affiliated hotel brands often make traditional hotel inventory available to owners who participate in their internal exchange programs.

⁵ ARDA International Foundation. Please see Appendix B for more information about the methodology for identifying timeshare resorts.

⁶ The United States is defined as the continental U.S. plus Alaska and Hawaii in this study.

⁷ 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.

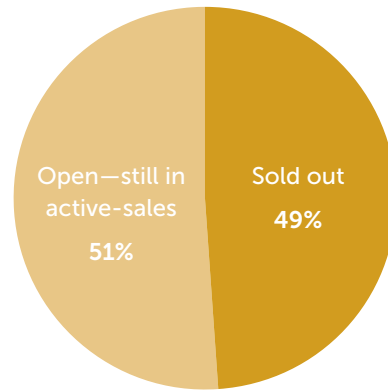
⁸ Biennials are vacation ownership products that provide a week's worth (or points equivalent) of timeshare interest every other year.

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-out⁹ 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 735 respondents – percentages may not add due to rounding

Figure 1.3 shows the distribution of timeshare resorts by the year that each opened. Approximately 5% of responding resorts opened in 2016 or later; another 29% opened in 1985 or before. Nearly two-thirds of responding resorts opened between 1986 and 2015.

FIGURE 1.3

YEAR RESORTS OPENED

	Percent of resorts responding	Percent of resorts in active-sales	Percent of sold-out resorts
1985 or before	29%	8%	54%
1986-1995	15%	10%	20%
1996-2005	26%	33%	19%
2006-2015	25%	40%	7%
2016+	5%	9%	0%

Percent of 295 respondents – percentages may not add due to rounding

Figure 1.3 also compares the results for active-sales versus sold-out resorts, illustrating that sold-out resorts tend to be older than active-sales resorts. More than 54% of sold-out resorts opened in 1985 or before, compared to only 8% of resorts that are still in active-sales. Only 7% of sold-out resorts opened in 2006 or later, compared to 49% of resorts that are in active-sales.

⁹ The survey questionnaire defined “sold-out” resorts as those having sold less than 100 intervals in 2018.

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	78%	81%	76%
Conversion	22%	19%	24%

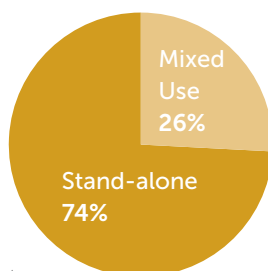
Percent of 271 respondents – percentages may not add due to rounding

FIGURE 1.5

MIXED-USE PROPERTIES

	Percent of resorts responding
Fractional	19%
Hotels	12%
Whole ownership	12%
Other	1%

Percent of 834 respondents – multiple responses allowed



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, some resorts do report offering other types of units, including fractionals, hotels or whole ownership. In total, twenty-six percent of resorts are mixed-use resorts — they reported offering at least one of these choices.

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 owners' association of the resort 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 90%. 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.

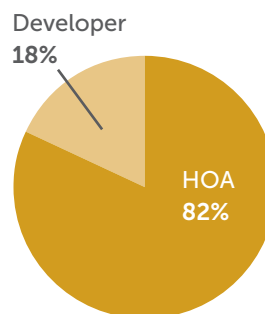
FIGURE 1.6

RESORT MANAGEMENT AND CONTROL STRUCTURES

Resorts managed by	Percent
A management company affiliated with the resort developer	67%
A third party management company	28%
Self-managed by the owners' association	4%
Other	1%

Percent of 659 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 over \$368,600; the median percentage of budget/operating expenses that was allocated to management fees was 10%¹⁰. The median management fee was \$85,800 for small resorts (less than 50 units), \$328,500 for mid-sized resorts (50 to 100 units) and \$1,220,800 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.

FIGURE 1.7**DETERMINATION OF MANAGEMENT FEES**

Method	Percent
As a percentage of the annual budget/operating expenses etc.	59%
Fixed amount	21%
As a percentage of total assessments which includes reserves	12%
Not applicable	6%
Other	2%

Percent of 554 respondents – percentages may not add due to rounding

FIGURE 1.8**ENTITY WHICH EMPLOYS RESORT STAFF**

Entity	Percent
Management company	77%
Resort HOA(s)	16%
Resort developer	7%
Other	6%

Percent of 516 respondents – multiple responses allowed

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 59% of units, followed by one-bedroom units with 25%. 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 1,620 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	14,760	7%
1 bedroom	50,410	25%
2 bedrooms	121,380	59%
3 bedrooms or more	17,550	9%
Total	204,100	100%

Percent of 739 respondents – percentages may not add due to rounding

FIGURE 1.10**AVERAGE UNIT SIZES IN SQUARE FEET**

Unit type	Square feet
Studio	410
1 bedroom	700
2 bedrooms	1,180
3 bedrooms or more	1,620
Weighted average	1,040

Weighted average based on 690 total resorts. There were 504 respondents for studio units, 593 for one BR, 659 for two BR and 491 for three+ BR.

¹⁰ Median management fee based on 286 responses; median percent of budget allocated to management fees based on 198 responses

In addition to varying sizes of the units, resorts also offer many 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. They include the percent of resorts that offer the given amenity:

- To resort guests — for example, 33% of resorts report offering complimentary movie rentals
- To resort guests for a fee — for example, 13% of resorts report offering movie rentals for a fee
- To resort guests either complimentary or for a fee — so in total, 46% of resorts offer movie rentals either as a complimentary offering and/or for an additional fee. In this case, some resorts may offer some free movie rentals and some other movie rentals, such as premium offerings, for an additional fee

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. Other amenities noted included nature trails, sports rental & retail, and radio.

Thirty-one percent of resorts reported offering a mobile app to resort owners. The most common features were facilitating mobile payments, accessing a virtual tour and accommodating check-in.

FIGURE 1.11
RESORT AMENITIES OFFERED – AT RESORT

Type	Complimentary	Fee	Percent of resorts offering
Swimming pool	91%	0%	91%
Whirlpool / Hot tub	74%	1%	75%
Exercise room	65%	2%	67%
Concierge	60%	0%	61%
Front desk service	47%	0%	47%
Game room	42%	4%	46%
Movie rental	33%	13%	46%
Wi-Fi resort	44%	2%	46%
Business room	43%	2%	45%
Food beverage	12%	19%	31%
Guest computer	27%	3%	29%
Tennis courts	26%	1%	27%
Basketball courts	21%	0%	22%
Other courts	29%	0%	29%
Playground	27%	0%	27%
Covered parking	17%	3%	20%
Live entertainment	17%	3%	20%
Sauna	18%	1%	20%
Health spa	2%	13%	15%
Miniature golf	9%	5%	15%
Waterpark	14%	1%	15%
Other	2%	2%	4%

Percent of 589 respondents – multiple responses allowed

FIGURE 1.12
RESORT AMENITIES OFFERED – IN UNITS

Type	Complimentary	Fee	Percent of resorts offering
DVD	87%	1%	87%
Wi-Fi	83%	1%	84%
Laundry	68%	7%	75%
Flat screens	61%	0%	62%
Fireplace	39%	1%	39%
Wired internet	23%	0%	23%
DVR	20%	0%	20%
In room movie	10%	10%	19%
Streaming	12%	0%	12%
Video game	6%	0%	6%
Other	<1%	<1%	<1%

Percent of 566 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 percent 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 12% 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	83%	81%	89%
Intervals owned by developers	12%	14%	8%
Intervals owned by HOA	5%	5%	4%

Percent of 520 respondents – percentages may not add due to rounding

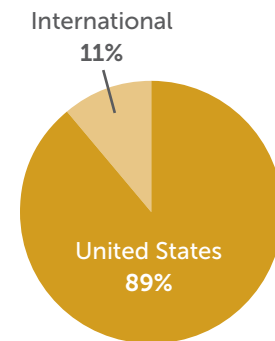
Again, we compare the results for resorts in active-sales to those for sold-out resorts and see that intervals or interval equivalents are more likely to be owned by the developer or HOA at active-sales resorts.

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 89% of their owners reside in the United States, compared to 11% 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 69% 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 229 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%	61%	86%
Points	69%	79%	58%
Biennials	48%	57%	37%

Percent of 704 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 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.

FIGURE 1.16
LEGAL STRUCTURES OF PRODUCTS SOLD

	Percent of resorts responding
Deeded or fee-simple real estate	80%
Interest in a trust	27%
Right to use contractual interest	15%
Other	<1%

Percent of 452 respondents – multiple responses allowed

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 markers 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 2018 performance metrics. Resorts sold approximately 475,020 intervals or interval equivalents at an average price of \$21,455 per interval or interval equivalent, yielding a total sales volume of approximately \$10.2 billion. Total sales volume increased by nearly 7% from the previous year.

FIGURE 2.1
KEY PERFORMANCE METRICS 2018

Metric	2018
Sales volume	\$10.2 billion
Number of timeshare intervals or interval equivalents sold	475,020
Sales price per interval or interval equivalent	\$21,455
Number of timeshare transactions	568,430
Sales price per transaction	\$17,930
Rental revenue	\$2.4 billion
Occupancy	80.8%
Average maintenance fee per interval or interval equivalent	\$1,000

Respondents also reported the number of transactions and we used this to calculate the average sales price per transaction¹¹. Note that for a given transaction, a consumer may purchase more or less time than a traditional timeshare week. There were approximately 568,430 U.S. timeshare transactions in 2018, and the average sales price per transaction was \$17,930. Dividing the 475,020 weekly interval equivalents sold by the 568,430 timeshare transactions yields a ratio of 0.84. Multiplying this ratio by seven indicates that the average timeshare transaction was between five and six nights worth of time.

Figure 2.1 also shows that resort occupancy was approximately 81% and the average maintenance fee billed was \$1,000 per interval or interval equivalent. Average occupancy decreased by 0.6 percentage points in 2018 from 2017, while maintenance fees increased by approximately 2%. Rentals accounted for another \$2.4 billion in industry revenue, which was 4% higher than in 2017.

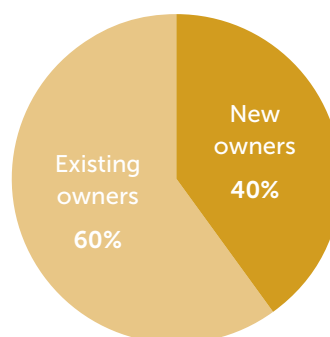
The \$10.2 billion in sales volume does not include sales for resorts that primarily sell fractional and private residence clubs (PRC) products. Fractional resorts include an ownership interest that is either a shared equity or club interest representing a period not fewer than two weeks but usually 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 \$471 million for 2018 as reported in *The Shared-Ownership Resort Real Estate Industry in North America - 2019 Edition*, produced by Ragatz Associates.

¹¹ 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 2018 among responding companies were approximately \$1.13 billion¹², up 17% from \$967 million in 2017. Respondents reported approximately 56,200 fee-for-service transactions, so that an average fee-for-service transaction was \$20,180.

Figure 2.2 shows the percentage of sales made to new owners¹³. It shows that, on average, 40% of timeshare sales are to new owners. Sales to existing owners can take place via upgrades¹⁴ or purchasing additional weeks or points. These sales to existing owners point to high satisfaction with the product. Marketing costs associated with repeat sales are typically lower than for first-time buyers.

FIGURE 2.2
SALES FROM NEW OWNERS



Percent of 382 respondents – percentages may not add due to rounding

FIGURE 2.3
SALES CHANNELS

Metric	2018
Telemarketing	100%
In-person sales presentation (tours): on-site	97%
In-person sales presentation: off-site (including at-home presentations)	88%
Online	27%

Percent of 436 respondents, weighted by units – multiple responses allowed

Figure 2.3 shows types of sales channels reported by respondents. All respondents reported using telemarketing and nearly all reported using in-person sales vehicles (tours). Note that the use of online sales channels increased from 14% of respondents in 2017 to 27% in 2018.

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

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

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

Average annual timeshare resort occupancy was approximately 80.8%. By comparison, occupancy at U.S. hotels was 66.2% in 2018¹⁵. 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 58% of available intervals. Renters accounted for another 17%, while marketing guests contributed another 6%. Occupancy for active-sales resorts was higher than for sold-out resorts, due to higher occupancy among renters and marketing guests.

FIGURE 2.4

OCCUPANCY BREAKOUTS

Guest type	Percent of time available	Active-sales resorts	Sold-out resorts
Owner/owner's guest	44%	43%	47%
Exchange guest	14%	13%	17%
Renter	17%	18%	13%
Marketing guest	6%	7%	2%
Vacant	19%	19%	21%

Percent of 699 respondents (including percent of 330 active-sales resorts, 369 sold-out resorts), weighted by units – percentages may not add due to rounding

OCCUPANCY DISTRIBUTION

Occupancy level (%)	Percent of resorts responding
Less than 60	15%
60-69	13%
70-79	17%
80-89	28%
90+	28%

Percent of 699 respondents, weighted by units – percentages may not add due to rounding

The average annual maintenance fee¹⁶ billed was \$1,000 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 \$640 annually in maintenance fees, one-bedroom units averaged \$800, two-bedroom units averaged \$1,060, and three-bedroom units or larger averaged \$1,290 annually. Approximately 18% of resorts have maintenance fees averaging less than \$700, while another 18% have maintenance fees averaging \$1,300 or more. Maintenance fees for active-sales resorts average 7% more than those for sold-out resorts. Approximately 90.6% of maintenance fee accounts were current in 2018.

FIGURE 2.5

MAINTENANCE FEE BREAKOUTS

Unit type	Average maintenance fee	Active-sales resorts	Sold-out resorts
Studio	\$640	\$660	\$620
1BR	\$800	\$800	\$800
2BR	\$1,060	\$1,030	\$1,090
3BR+	\$1,290	\$1,280	\$1,310
Average	\$1,000	\$1,035	\$965

Percent of 559 respondents, including 271 active-sales resorts and 288 sold-out resorts – percentages may not add due to rounding

MAINTENANCE FEE DISTRIBUTION

Maintenance fee	Percent of resorts responding
Less than \$700	18%
\$700 to \$799	14%
\$800 to \$899	17%
\$900 to \$999	16%
\$1,000 to \$1,099	5%
\$1,100 to \$1,199	7%
\$1,200 to \$1,299	6%
More than \$1,300	18%

¹⁵ STR Monthly Hotel Review: December 2018, Smith Travel Research.

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

As noted in Figure 2.4, renters occupied 17% of timeshare intervals in 2018. Eighty-four percent of resorts reported offering some form of rental program. Figure 2.6 shows the types of rental programs offered. Nearly all (97%) resorts with a rental program offer daily rentals and most offer weekly rentals (65%). These rental programs generally have rates that vary by season (94%). Approximately 45% offer rental programs for their marketing guests.

FIGURE 2.6
TYPES OF RENTAL PROGRAM OFFERED

Rental type	Percent of resorts responding	Percent of resorts in active-sales	Percent of sold-out resorts
Daily rentals	97%	100%	93%
Weekly rentals	65%	61%	71%
Monthly rentals	27%	34%	17%
Rental rates that vary based on season	94%	96%	92%
Rental programs for marketing guests	45%	51%	37%

Percent of 490 respondents – multiple responses allowed

FIGURE 2.7
RENTAL REVENUE

Metric	2018
Total rental revenue	\$2.4 billion
Total nights rented	12.1 million
Average rental price per night	\$197

Figure 2.6 also compares the offerings between resorts that are in active-sales to those that are not. Monthly rentals and programs for marketing guests are more prevalent among resorts that are still in active-sales.

Figure 2.7 details rental program revenue. Vacationers rented approximately 12.1 million nights at timeshare properties in 2018 at an average price of \$197 per night. This yielded nearly \$2.4 billion in timeshare rental revenue for 2018. This total revenue was 4% higher than reported in 2017.

Figure 2.8 lists methods used by resorts for publicizing the availability of rentals at the property. The most commonly reported are the resort's website and social media. More than half of resorts report using social media, including more than half of sold-out resorts. Just over a third of sold-out resorts reported using social media just two years ago in 2016. Other methods used include the Convention and Visitors Bureau (CVB) and area publications.

FIGURE 2.8
PUBLICIZING RENTALS

Method	Percent of resorts responding	Percent of resorts in active-sales	Percent of sold-out resorts
Resort website	81%	85%	75%
Social media	65%	72%	52%
External rental websites	23%	29%	12%
Television	16%	15%	19%
Radio	8%	7%	10%
Physical bulletin boards at resort	3%	<1%	8%
Timeshare broker and/or broker website	7%	8%	5%
Newspaper	1%	<1%	1%
Other	9%	12%	3%

Based on 589 respondents – multiple responses allowed

Sixty-four 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 2.9, the developer and/or the management company most often manages these programs.

Figure 2.10 shows that many resorts also use alternative programs to help manage inventory. This includes 47% of participating resorts that use online travel agencies, 44% that report using Vacation Rentals by Owner (VRBO), and 43% that use Airbnb or similar services. Resorts in active-sales are much more likely than sold-out resorts to use travel clubs, while sold-out resorts are more likely to report using online travel agencies.

FIGURE 2.9

RENTAL PROGRAM MANAGEMENT AND COMMISSIONS

Entity managing rental program	Percent
Developer	69%
Management company	51%
HOA	1%
Other	4%
Median commission rate charged	40%

Based on 450 respondents – multiple responses allowed

FIGURE 2.10

ALTERNATIVE PROGRAMS TO HELP MANAGE INVENTORY

Entity	Percent of resorts	Percent of resorts in active-sales	Percent of sold-out resorts
Online travel agencies	47%	24%	67%
VRBO	44%	40%	47%
Airbnb or other web driven services	43%	39%	46%
Leasing or buying in hotel	22%	36%	10%
Travel clubs	18%	21%	15%
Other	1%	1%	1%

Percent of 829 resorts, including 378 active-sales resorts and 451 sold-out resorts. Multiple responses allowed

Finally, rental revenue is just one type of operating revenue collected by timeshare resorts. Figure 2.11 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. Other revenue sources that were mentioned include parking fees, late fees and interest. In 2018, active-sales resorts derived a higher share of revenues from maintenance fees than sold-out resorts, while sold-out resorts were more reliant on rental revenue.

FIGURE 2.11

OPERATING REVENUE

Category	Percent of operating revenue	Percent of operating revenue —active-sales resorts	Percent of operating revenue —sold-out resorts
Maintenance fees	81%	84%	78%
Rentals	9%	8%	10%
Developer subsidy	2%	1%	2%
Housekeeping	2%	2%	2%
Re-sales	1%	<1%	1%
Food & beverage	1%	2%	<1%
Special assessments and other revenue sources	1%	0%	3%
Recreational use fees (bike rentals, videos, etc.)	<1%	<1%	<1%
Laundry	<1%	<1%	<1%
Telecommunication (telephone, internet etc.)	<1%	<1%	<1%
Other	3%	2%	4%

Percent based on 731 respondents – percentages may not add due to rounding

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 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 subgroups¹⁷.

¹⁷ Since the number of resorts in a given industry segment may be quite small, changes in respondent pool can result in even more pronounced changes in metrics over the prior year – see Appendix C for a discussion of study methodology

Resort Size

The first segmented analysis is resort size, using five categories: 50 units or less, 51-100 units, 101 to 150 units, 151 to 200 units and more than 200 units. While the average resort size is 129 units, 40% of resorts have 50 units or less, and 16% have more than 200 units. Figure 3.1 shows that maintenance fees generally increased with resort size in 2018 — 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
50 units or less	40%	29	80.6%	\$855
51-100	25%	74	77.7%	\$960
101-150	11%	125	81.1%	\$995
151-200	8%	175	79.4%	\$1,030
More than 200	16%	421	81.8%	\$1,100
Overall	100%	129	80.8%	\$1,000

Percent of 748 respondents – numbers may not add due to rounding.

Sales Activity

Figure 3.2 compares the performance of resorts based on level of sales activity. This table summarizes prior analysis comparing sold-out resorts with active-sales resorts and adds information on resort size. 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 appendix on historical results. 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	49%	100	79.1%	\$965
Active-sales resorts	51%	156	81.1%	\$1,035
Overall	100%	129	80.8%	\$1,000

Percent of 735 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?			Which one characteristic best describes this resort?
	Onsite	Nearby	Nearby and/or onsite	
Beach	54%	31%	61%	35%
Country/Lake	19%	28%	35%	13%
Rural/Coastal	40%	21%	46%	10%
Ski	3%	29%	28%	8%
Desert	12%	17%	22%	7%
Golf	15%	74%	79%	6%
Island	21%	19%	30%	5%
Theme park	1%	36%	35%	5%
Mountains	13%	23%	29%	4%
Urban	21%	15%	29%	4%
Gaming	2%	28%	28%	2%
Other	1%	1%	2%	1%

Percent of 447 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 types¹⁸. Theme park resorts tend to be the largest, while urban resorts have the highest average occupancy and maintenance fees; mountain resorts tend to be the smallest and have the lowest average maintenance fees. Country/lake resorts had the lowest average occupancy in 2018.

FIGURE 3.4
PERFORMANCE BY RESORT TYPE

Type	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Beach	35%	94	88.3%	\$915
Country/Lakes	13%	95	75.0%	\$845
Ski	8%	82	84.6%	\$1,040
Golf	6%	206	81.7%	\$870
Island	5%	122	91.3%	\$1,020
Theme Park	5%	282	84.5%	\$1,000
Mountains	4%	74	83.8%	\$630
Urban	4%	118	94.2%	\$1,075
Other	19%	114	90.1%	\$880
Overall	100%	129	80.8%	\$1,000

Percent of 447 respondents. Note: "Other" Includes Rural/coastal, Gaming, Desert, and Other from Figure 3.3 – numbers may not add due to rounding

¹⁸ 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

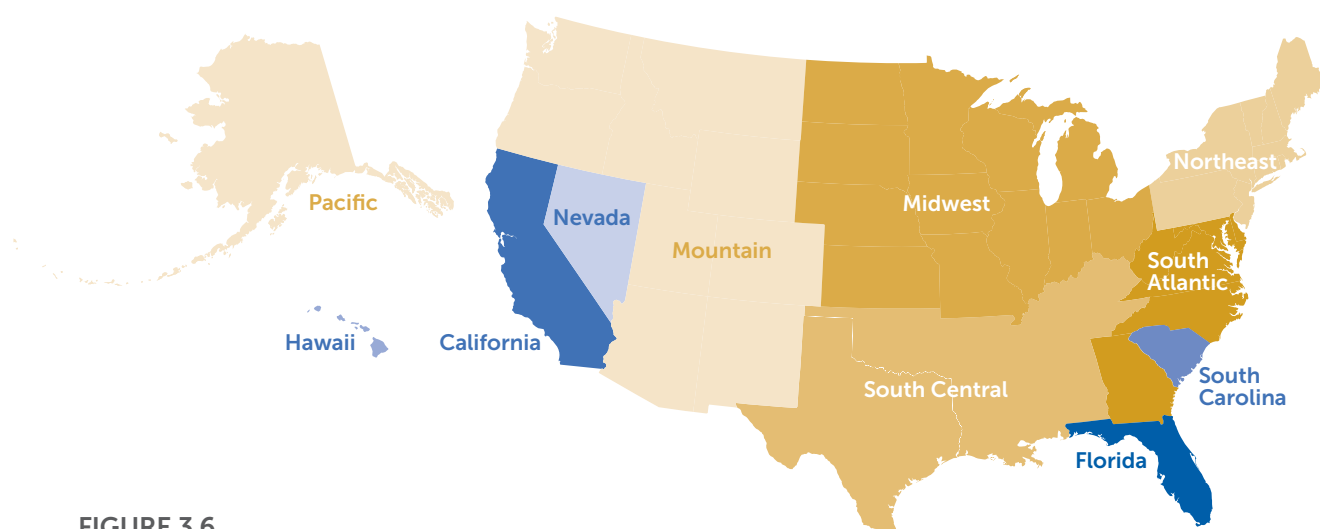


FIGURE 3.6

PERFORMANCE BY GEOGRAPHIC REGION

Region	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Florida	24%	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

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 South Atlantic had the lowest occupancy in 2018, while the South Central had the lowest average maintenance fees.

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

Figure 4.1 displays trends for the industry's five key performance measures over the past five years. Sales volume has increased by more than 26% since 2014 — an average of 6% annually. The average sales price has grown by 5% since 2014 — an average of just under 1% annually. Occupancy has risen more than two percentage points since 2014. Rental revenues have increased by over 5% annually since 2014, while the average billed maintenance fee has increased by 4% annually in that time.

FIGURE 4.1
RECENT PERFORMANCE TRENDS (2014 TO 2018)

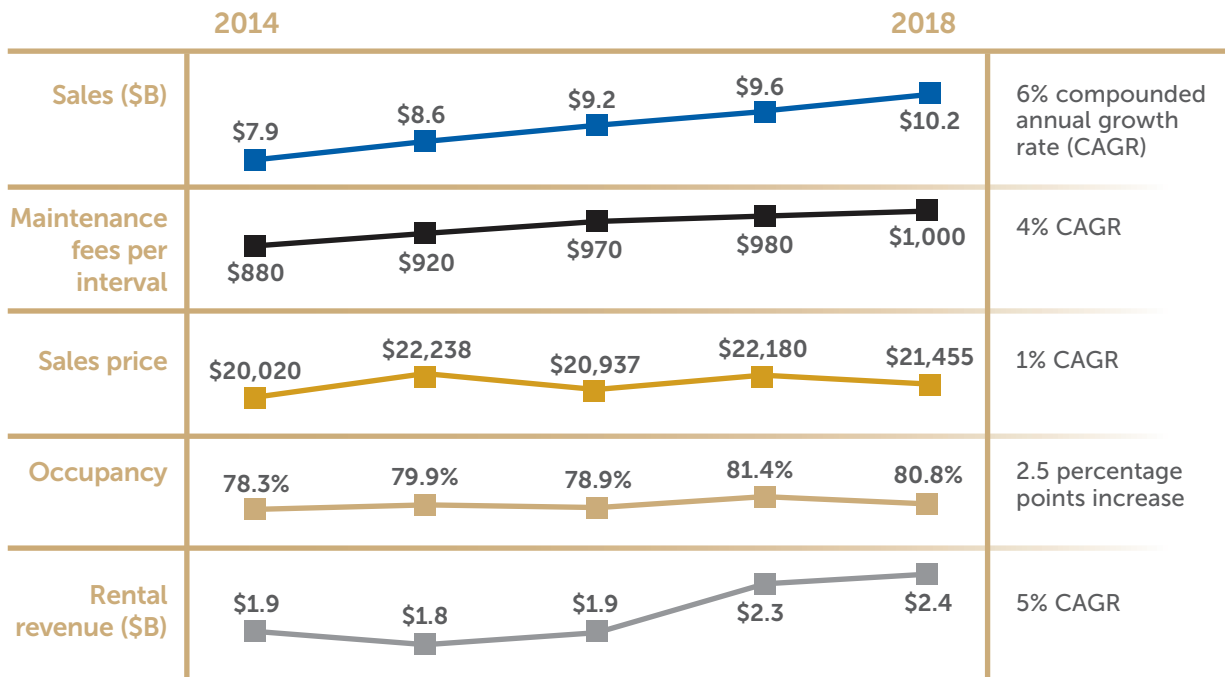


Figure 4.2 shows the change over the past year in key metrics for respondents having multiple resorts and reporting data in both years. The purpose of this table is to assess changes without respect to differences in the respondent pool.

In 2017, these respondents represented 634 resorts and 84,529 units, for an average resort size of approximately 142 units. In 2018, the number of resorts increased to 662 and the number of units increased to 87,625, for an average resort size of 141 units. Note that this increase in the number of resorts reflects some consolidation in the industry, rather than new resort construction. The fact that some of these acquired resorts were smaller accounts for the slightly lower average resort size.

Total sales volume increased by over 6% for these 2018 respondents — in line with the nearly 7% growth in estimated sales industry-wide. The decrease in average sales price per interval/interval equivalent of 3.3% for these respondents was also in line with the industry overall. Changes in occupancy and the average billed maintenance fee were a bit greater than 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 4.2

CHANGES FOR RESPONDENTS PROVIDING DATA IN 2017 AND 2018

	2017	2018	Change	Percent change
Number of resorts	634	662	28	4.4%
Number of units	84,529	87,625	3,096	3.7%
Total sales – including fee-for-service (\$M)	\$7,506	\$7,967	\$461	6.1%
Sales price	\$22,185	\$21,455	-\$730	-3.3%
Occupancy	84.0%	80.4%	-3.6%	-4.2%
Average units	142	141	<1	-0.2%
Maintenance fees	\$991	\$1,035	\$44	4.5%

Note: Numbers may not add due to rounding

Figure 4.3 shows that respondents reported building 588 units in 2018, down from the 1,398 they reported building in 2017. Respondents 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 2019 and beyond — this includes 1,766 units at existing resorts and 970 units at planned new resorts. Finally, respondents report plans for 13 new resorts (eight in 2019 and five in 2020 and beyond).

FIGURE 4.3

RESORT AND UNIT CONSTRUCTION

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

Figure 4.4 reports on the level of “just-in-time” inventory activity by respondents. This includes turn-key inventory purchases and buy-backs from Property Owner Associations. Respondents reported adding 455 units via these methods in 2018, and plan to add 91 in 2019. They also plan to add 288 in 2020 and beyond.

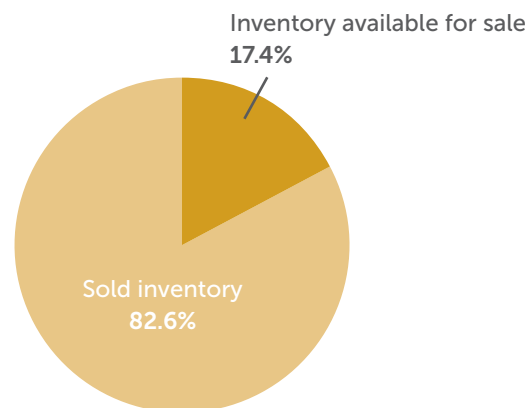
FIGURE 4.4
JUST-IN-TIME INVENTORY

	2018
Just-in-time units added	455
Just-in-time units planned – coming year	91
Just-in-time units planned – more than one year out	288

Just-in-times reported for respondents only – not industry-wide estimates

The level of available timeshare inventory helps drive actual and anticipated timeshare construction. 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 4.5 shows that 17.4% of timeshare inventory at active-sales resorts, on average, is available for sale.

FIGURE 4.5
PERCENT OF EXISTING TIMESHARE INVENTORY
AVAILABLE FOR SALE - AS OF YEAR-END 2018

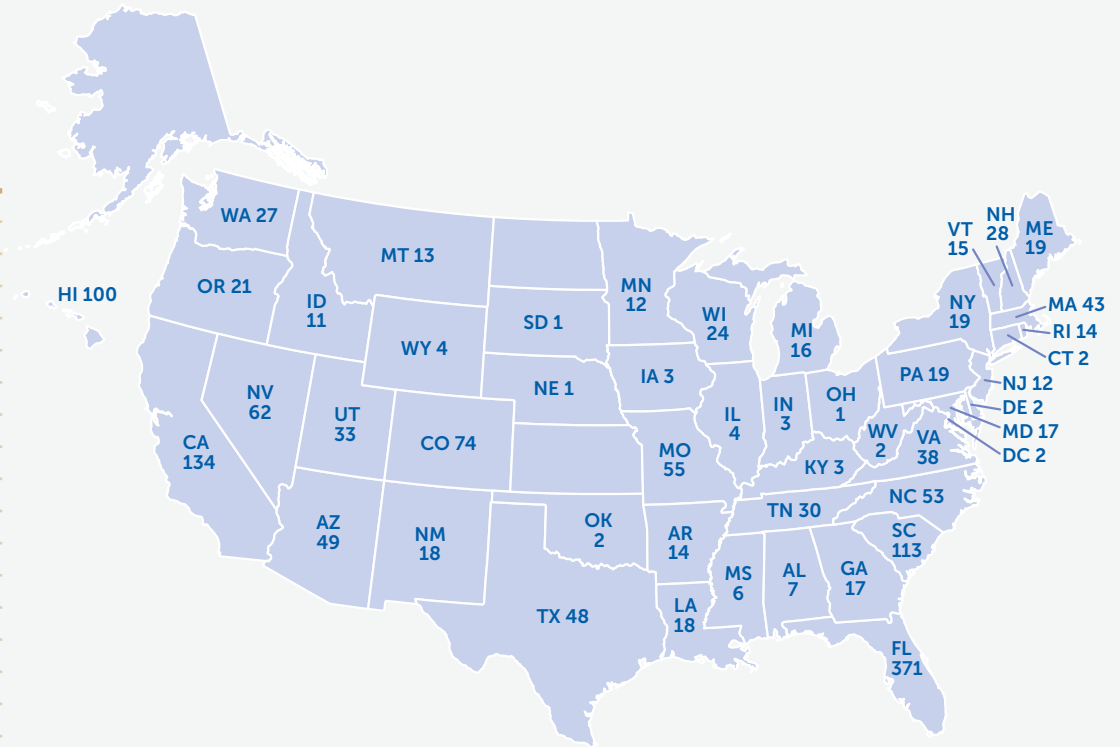


In summary, the outlook for the timeshare industry reflects several positive developments in 2018. These include:

- Sales volume grew by nearly 7%,
- Rental revenue grew by 4%,
- Billed maintenance fees increased by 2%, and
- The construction outlook remains positive.

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
2017	\$9.6
2018	\$10.2



RESORTS BY STATE

State	Resorts	State	Resorts
FL	371	MD	17
CA	134	MI	16
SC	113	VT	15
HI	100	AR	14
CO	74	RI	14
NV	62	MT	13
MO	55	MN	12
NC	53	NJ	12
AZ	49	ID	11
TX	48	AL	7
MA	43	MS	6
VA	38	IL	4
UT	33	WY	4
TN	30	IA	3
NH	28	IN	3
WA	27	KY	3
WI	24	CT	2
OR	21	DC	2
ME	19	DE	2
NY	19	OK	2
PA	19	WV	2
LA	18	NE	1
NM	18	OH	1
GA	17	SD	1

PERCENTAGE OF UNITS BY STATE

State	% of units
FL	31%
CA	10%
HI	10%
NV	8%
SC	6%
AZ	4%
MO	3%
VA	3%
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.

Source: Ragatz Associates, American Economics Group and AIF

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

Ernst & Young LLP (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 resorts¹⁹ in the United States were sent a survey questionnaire. Of the 1,580 identified timeshare resorts, 834 responded — a 53% response rate. Of these 834 responding resorts, 759 belong to a family of ten or more resorts, while 75 belong to a family of less than ten resorts. Of these 75, 51 were single-site resorts. In general, the information in this report includes estimates of industry-wide metrics. The exceptions are the estimates of construction activity and just-in-time inventory, which are 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.
- EY also compares our results to historical data, expected trends and other AIF studies such as the annual Financial Performance Study.

¹⁹ List of timeshare resorts maintained and provided by AIF. Please see Appendix B for more information about the methodology for identifying timeshare resorts.

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 53% in 2019 and is well above the current typical response rate for surveys of this type. Our nearly 99% response rate among large developers (those with ten or more resorts) is very good, and suggests that industry health estimates, such as sales, are reliable, since these respondents generate most 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 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. This year, we received data for 100 more resorts than last year, so we did see some impact on results due to a change in respondent pool, particularly for the number of 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, we truly appreciate the efforts of resort staff who committed their time and energy to complete the survey questionnaires.

APPENDIX D

State of the Vacation Timeshare Industry

UNITED STATES STUDY 2019 EDITION

SURVEY

Thank you for participating in the 2019 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.

- | | | |
|---|---|---|
| ☐ Resort Identification | ☐ Resort Timeshare Sales | ☐ Timeshare Rental and Resale Programs |
| ☐ Resort Characteristics | ☐ Resort Construction and Improvements | |
| ☐ Occupancy and Fees | | |

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 International 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 2018, 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 | 1a. Please select the year this resort opened for sales.
(Only answer if stage above equals Open or Sold Out) ____ |
| ☐ Under Construction — not in Active-sales | |
| ☐ Under Construction — in Active-sales (presales) | 1b. Please select the year this resort closed.
(Only answer if stage above Closed) ____ |
| ☐ Open — still in Active-sales [ANSWER Q1a] | |
| ☐ Sold Out — may have some resale activity
[ANSWER Q1a] | 1c. Please specify a reason why this resort closed.
(Open-ended...Only answer if stage above Closed) ____ |
| ☐ Closed [ANSWER Q1b & Q1c] | |

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?

- ☐ 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 (Go to Q6b)
☐ Other, specify _____

6a. What percentage of budget, operating expenses, etc. was allocated to management fees in 2018? _____

Note: Please exclude commissions on rentals and resales.

6b. What percentage of total assessments was allocated to management fees in 2018? _____

7. What was the total amount of management fees paid in 2018? _____

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 _____

II. Resort Characteristics — continued

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, 2018

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

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	_____

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 (including fixed and floating 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?

☐ 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, 2018	Points: As of December 31, 2018
What is the total number of weekly equivalent intervals owned at your resort as of December 31, 2018 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, 2018?	_____	_____
What is the total number of weekly equivalent intervals at your resort that are owned by the developer as of December 31, 2018? 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.

II. Resort Characteristics — continued

14. If you are a points based developer who converted your points into weekly equivalent in the previous question, how do you perform that calculation?

- ☐ N/A
☐ Divided the number of points redeemed during the year by the number of unit weeks occupied
☐ Calculated the implied internal interval week conversion factor for the system overall by using assigned values
☐ Other, please specify _____

15. What was the origin distribution of your shared vacation owners in 2018?

	%
Domestic	_____
International	_____
Total	100%

16. 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 _____

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 | ☐ Rural/Coastal |
| ☐ Country/Lakes | ☐ Ski |
| ☐ Desert | ☐ Theme Park |
| ☐ Gaming | ☐ Urban |
| ☐ Golf | ☐ Mountains |
| ☐ Island | ☐ 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	☐	☐	Movie rental	☐	☐
Business resource room	☐	☐	Playground	☐	☐
Concierge	☐	☐	Sauna	☐	☐
Covered parking	☐	☐	Sports courts		
Exercise room	☐	☐	Basketball courts	☐	☐
Food & beverage facility/ restaurant	☐	☐	Racquetball or squash courts	☐	☐
Game room	☐	☐	Tennis courts	☐	☐
Guest-use computer	☐	☐	Other sports courts	☐	☐
Health spa	☐	☐	Swimming pool	☐	☐
Ice skating	☐	☐	Waterpark (on-site)		
Live entertainment	☐	☐	Whirlpool/Hot tub	☐	☐
Miniature golf course	☐	☐	Wi-Fi throughout resort	☐	☐
			Other, specify: _____	☐	☐

II. Resort Characteristics — continued

20. Which of the following amenities are provided in units at this resort?

	Complimentary	For additional fee
Flat screen TV(s)	☐	☐
DVR player or recorder	☐	☐
DVD or Blue-ray player	☐	☐
In-room movie rental	☐	☐
Streaming services, (e.g., Netflix)	☐	☐
Video game equipment or capabilities	☐	☐
Wi-Fi	☐	☐
Wired broadband Internet service	☐	☐
Laundry/Washer/Dryer	☐	☐
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: _____

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 _____	☐	_____

23. How do you communicate with your owners?

- ☐ Email (Answer Q24 about Email)
- ☐ Phone (Answer Q24 about Phone)
- ☐ Owner online forum (Answer Q24 about Owner online forum)
- ☐ Social media (Answer Q24 about Social media)
- ☐ Other, please specify _____ (Answer Q24 about Other)

24. With what frequency do you communicate with your owners? (Check all that apply)

	As needed	Weekly	Monthly	Quarterly	Yearly	Other
Email	☐	☐	☐	☐	☐	☐
Phone	☐	☐	☐	☐	☐	☐
Owner online forum	☐	☐	☐	☐	☐	☐
Social media	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐

25. What other types of products/services are offered through your internal exchange programs only?

- ☐ None
- ☐ Fractional
- ☐ Air travel
- ☐ Hotel
- ☐ Cruise
- ☐ Car rental
- ☐ Condo
- ☐ Shopping
- ☐ Other, please specify _____

26. How many non-timeshare entities are associated with the internal exchange program?

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 — please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance. This corresponds to all units with certificates of occupancy, whether intervals are sold or unsold.

	In 2018
Owner or owner's guest	_____
Exchange guest	_____
Renter	_____
Marketing guest (sampler/trial membership, etc.)	_____
Vacant	_____
Total	100%

2. **What were your maintenance fees billed per unit per interval in 2018, 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 2018 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 2018
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, 2018, what percent of your total billed maintenance fees were in each of the following categories?** Please include all maintenance fees billed in 2018 or before, but please do not include maintenance fees billed for 2019.

	In 2018
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 2018 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 2018 (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 Q12)
- ☐ No (skip to next section)



IV. Resort Timeshare Sales — *continued*

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

2. 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

Timeshare Sales (\$):

3. What was your total sales volume net of rescissions and sales incentives for 2018, in dollars? Include interval weeks sales, upgrade/reload sales, and sales from re-claimed inventory. Note: Exclude 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. Of your total net sales volume above, what is the amount sold for limited-term vacation products? (If Q12 from Resort Characteristics = Limited-term) \$ _____
6. What was your 2018 sales volume net of rescissions and sales incentives... **Sales Volume (\$)**
- | | |
|--|-------|
| ...for weekly based intervals* (Excluding biennials and triennials)? | _____ |
| ...for biennials? | _____ |
| ...for other products? | _____ |

Weekly Intervals Sold:

7. How many weekly equivalent timeshare intervals were sold in 2018 for your weekly intervals? Exclude sales for trial memberships and sampler programs.
- \$ _____
8. 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:

9. What was the total number of weekly interval sales transactions in 2018 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 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.
- \$ _____
10. Of your total weeks based transactions above, how many were for upgrades/reloads?
- \$ _____

Timeshare Inventory:

11. How many weekly intervals were available for sale at your resort? Include all intervals available as of December 31, 2017 and any that were made available during calendar year 2018.
- _____

IV. Resort Timeshare Sales — *continued*

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

Timeshare Sales (\$):

12. What was your total sales volume net of rescissions and sales incentives for 2018, in dollars? Include points sales, reload sales, and sales from re-claimed inventory. Note: Exclude 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

\$ _____

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

\$ _____

14. Of your total net sales volume above, what is the amount sold for limited-term vacation products (If Q12 from Resort Characteristics = Limited-term)?

\$ _____

Points and Weekly Intervals Sold:

15. How many weekly equivalent timeshare intervals were sold in 2018 for your points based products?

Note: Exclude 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.)

16. How many total points were sold at your resort in 2018?

Number of Points Based Sales Transactions:

17. Number of points sales transactions (exclude rescissions) Transactions should include points sales and reloads. Note: Exclude 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.

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

Timeshare Inventory:

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

20. How many timeshare points were available for sale at your resort? Include all points available as of December 31, 2017 and any that were made available during calendar year 2018.

IV. Resort Timeshare Sales — continued

Following questions asked of all respondents.

21. What was your 2018 net sales volume associated with trial membership/sampler programs net of rescissions and sales incentives, in dollars? This value should not have been included in your response earlier in this section.
- _____

22. Of your total 2018 net sales volume net of rescissions and sales incentives 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%

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

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

24. 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 _____

25. Do you have any fee for service arrangements with other timeshare companies/resorts by which you are selling timeshare inventory for them? 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

26. What was your total 2018 sales volume net of rescissions and sales incentives 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.

☐ Yes ☐ No

27. What was your total number of fee for service related transactions for 2018?
- _____

VII. Resort Improvement and Construction

1. How many timeshare units were recently built at this resort in 2018?

If you don't have a given type of units, please fill in '0'.

Timeshare Units Built in 2018 _____

2. How many timeshare units were purchased as Just-In-Time/Completed Inventory (e.g. turn-key, Just in Time inventory purchases, buy-backs from Property Owner Associations) in 2018? If you don't have a given type of units, please fill in '0'.

Timeshare Units Purchased as
Just-In-Time/Completed Inventory in 2018 _____

VII. Resort Improvement and Construction — *continued*

3. How many timeshare units are you planning to build at this resort?

If you don't have a given type of units, please fill in '0'.

Number of Units

Timeshare Units Planned to build in 2019 _____

Timeshare Units Planned to build in 2020 or beyond
(w/firm commitments) _____

4. How many timeshare units do you plan to purchase as Just-In-Time/Completed Inventory (e.g. turn-key, Just in Time inventory purchases, buy-backs from Property Owner Associations)?

If you don't have a given type of units, please fill in '0'.

Number of Units

Timeshare Units Planned to Purchase as Just-In-Time/
Completed Inventory in 2019 _____

Timeshare Units Planned to Purchase as Just-In-Time/
Completed Inventory in 2020 or beyond _____

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

If you don't have a given type of units, please fill in '0'.

Number of Resorts

New Resorts Planned for Completion in 2019 _____

Associated Number of Units in 2019 _____

New Resorts Planned for Completion in 2020 and beyond _____

Associated Number of Units in 2020 and beyond _____

VIII. Timeshare Rental and Resale 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 Q7)

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

- ☐ As a fixed amount [GO TO Q1b]
- ☐ As a commission based percentage [GO TO Q1c]
- ☐ Other, please specify _____

1b. What is the average flat fee charged to owners as part of this program? [GO TO Q2] _____

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

2. Who manages the rental programs?

- ☐ Developer
- ☐ Management company
- ☐ Other, 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 _____

VIII. Timeshare Rental and Resale Programs — *continued*

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.)
- ☐ Sharing platforms (Airbnb, VRBO, 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 2018?

Total number of nights rented _____

Associated rental revenue (\$) _____

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 PRORAM 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, specify _____

6c. What channels do you use to promote resale?

- ☐ 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 _____

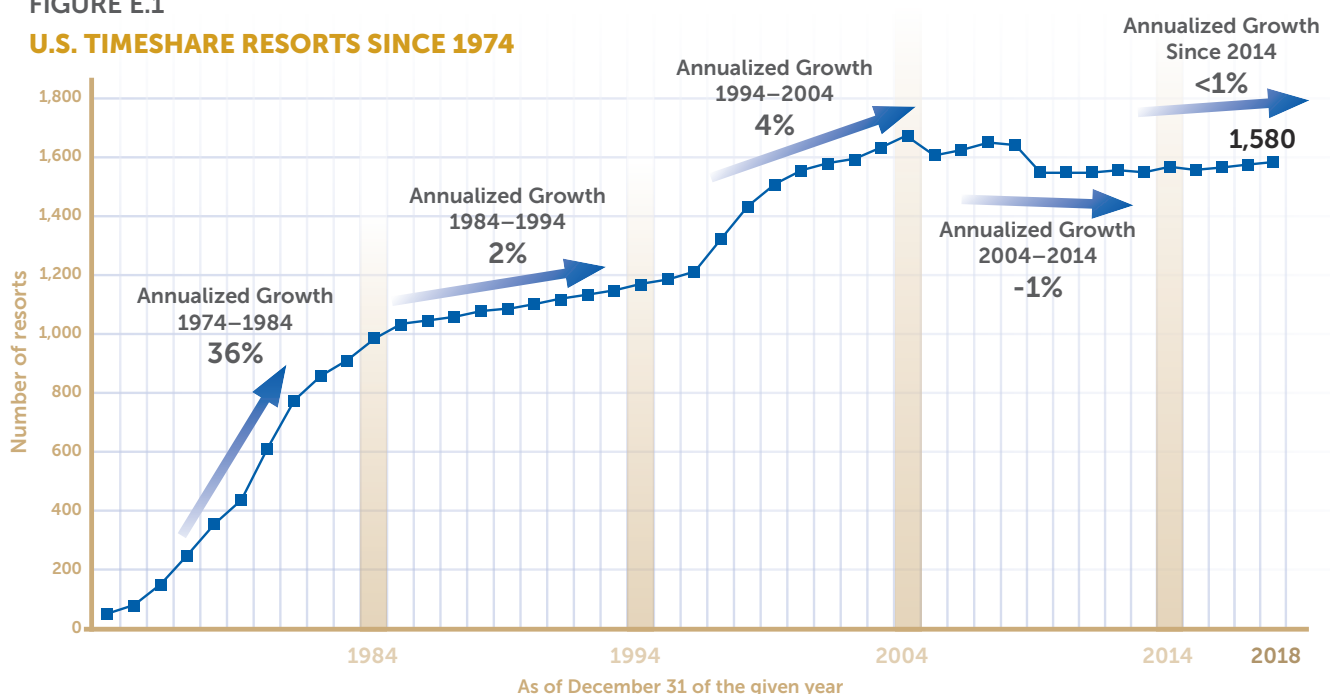
A Brief History of the U.S. Timeshare Industry

To help put the 2018 performance results in perspective, this chapter traces the growth of several key metrics over time since the industry's inception in 1974.

Figure E.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.

FIGURE E.1

U.S. TIMESHARE RESORTS SINCE 1974



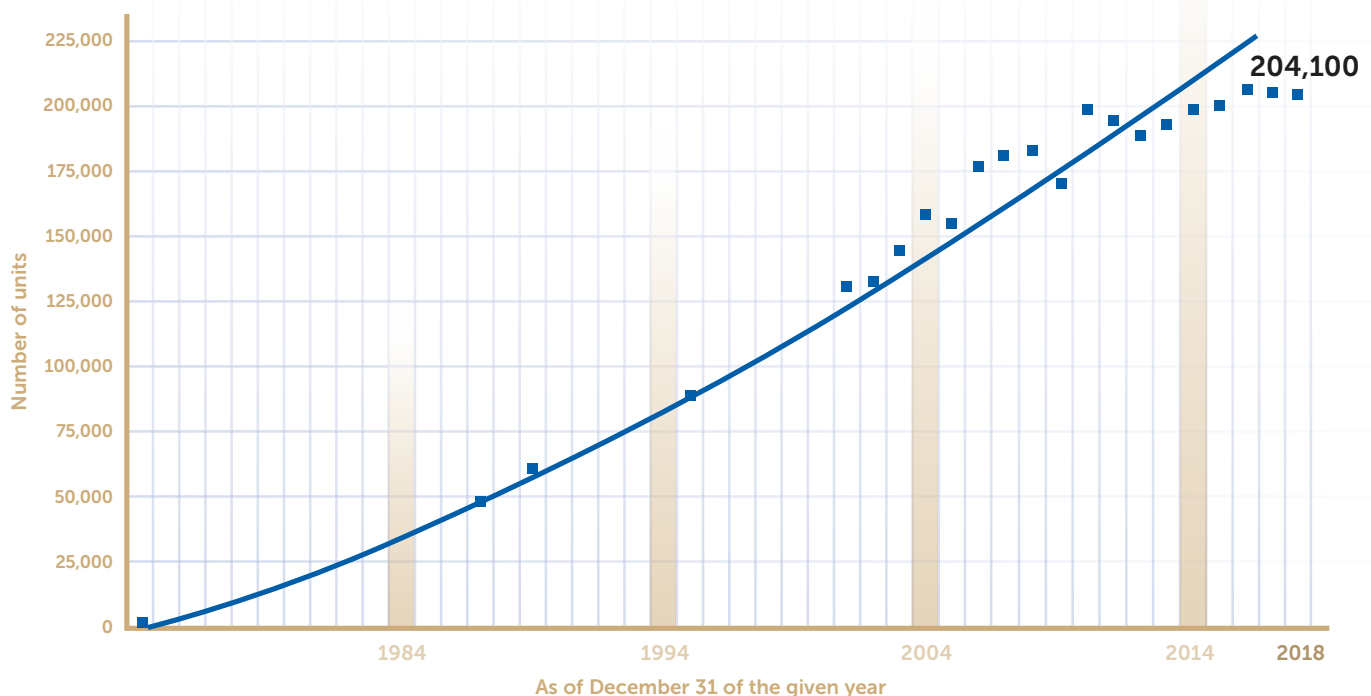
Source: Ragatz Associates, American Economics Group and the AIF

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 53% in 2019. 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. This year, we received data for 100 more resorts than last year, so we did see some impact on results due to a change in the respondent pool, particularly for the number of units.

Figure E.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 E.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 2018 that number has again more than doubled to 129 units per resort.

Figure E.3 shows the historical sales²⁰ trend from 1974 through 2018. 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, 2018 marks the ninth straight year of growth — in fact, 2008 and 2009 remain the only two years in which timeshare sales have decreased.

FIGURE E.3

TIMESHARE SALES SINCE 1974

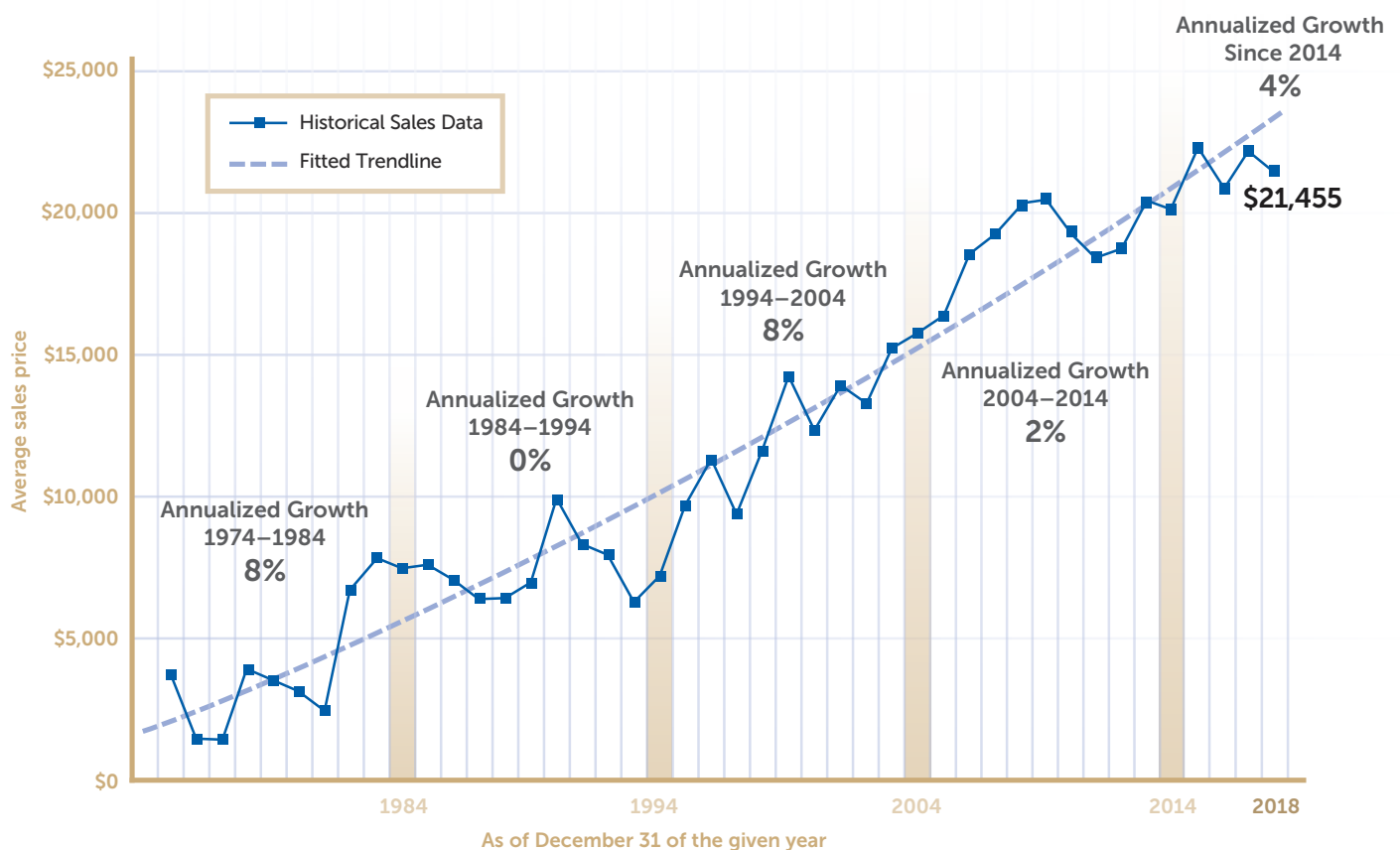


Source: Ragatz Associates, American Economics Group and AIF

²⁰ 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 E.4 tracks the trend in interval or weekly interval equivalent sales prices from 1974 to 2018. 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 most of sales in a given year. To help smooth out these year over year variations, we added a fitted trend curve (the dotted line in the figure) that shows the upward movement in average price over time.

FIGURE E.4
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.

46 GLOSSARY OF TERMS

Available for sale

Unsold inventory of completed units ready for intended use, including reacquired and unsold product. Include intervals for a finished unit that were not sold as of December 31, 2018. Also include intervals for any unit where construction was completed and the unit made available for sale in calendar year 2018. 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.



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.

Rescissions

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.



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