ECONOMIC AND FISCAL IMPACTS OF THE

Florida Timeshare Industry

2020

2020 EDITION
PREPARED BY EY

AIF
Market Intelligence | Career Advancement

ECONOMIC AND FISCAL IMPACTS OF THE

Florida Timeshare Industry

Sponsored by

ARDA American Resort Development Association

ROC RESORT OWNERS' COALITION

2020 EDITION

PREPARED BY EY

Executive Summary

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

As shown in Tables ES-1 and ES-2 below, the timeshare industry in Florida accounted for 100,119 jobs, nearly $16.4 billion of output, $5.1 billion in labor income, and $725 million in state and local tax revenue.

Table ES-1. Economic Impacts of the Timeshare Industry in Florida, 2019
Millions of dollars; Number of part- and full-time jobs

Impact	Direct	Indirect & induced	2019 total
Employment	50,691	49,428	100,119
Labor income	$2,655	$2,435	$5,090
Output	$8,779	$7,602	$16,381
State & local taxes	$544	$181	$725

Note: Includes impacts related to resort operations, corporate office operations, sales office operations, consumer expenditures, and capital expenditures in 2019.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis using the IMPLAN input-output model.

Table ES-2. Summary of Fiscal Impacts of the Florida Timeshare Industry, 2019
Millions of dollars

	State taxes	Local taxes	Total taxes
Resorts	$102	$371	$473
Corporate	$22	$21	$42
Sales and marketing	$23	$21	$44
Vacation expenditures	$101	$46	$147
Capital expenditures	$13	$6	$18
Total	**$261**	**$464**	**$725**

Note: Numbers may not appear to sum due to rounding.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

Current events in 2020, however, are having a significant impact on the operations of the timeshare industry. Due to the global public health pandemic caused by COVID-19, US timeshare owners stopped taking vacations in the spring of 2020 as travel restrictions and shelter-in-place orders went into effect throughout the United States. The situation continues to evolve, and it is likely that timeshare owners will exhibit caution when making future vacation plans for the remainder of the year.

Given the current economic and COVID-19 related conditions as of the publication of this report, the economic contribution of the timeshare industry for 2020 will contract as compared with the results presented in this report. However, special characteristics of the timeshare industry place it in a different position to maintain its activity than other components of the hospitality industry. These characteristics include the prepaid nature of ownership which makes it more likely for owners to travel and consistent revenue streams for resort operations provided by annual maintenance fees paid by all owners.

Survey Results

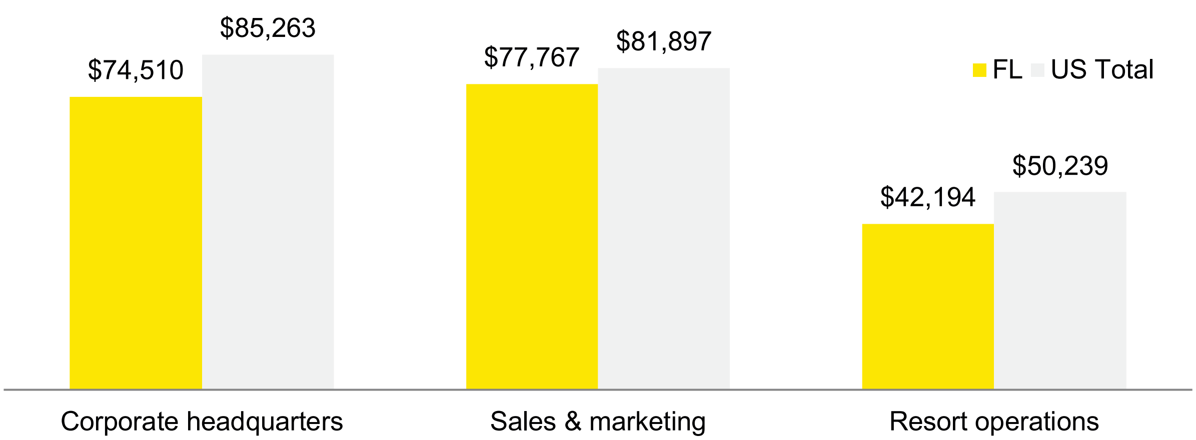
The primary data source for the economic and fiscal impacts is a survey of timeshare resorts, developers, and management companies. This survey was conducted by EY for the ARDA International Foundation (AIF) in early 2020. The survey combined both State of the Industry questions and Economic Impact questions in one master survey. The survey data was extrapolated to reflect the timeshare industry in Florida, excluding fractional resorts, Private Residence Clubs, and Destination Clubs. The identified timeshare resorts in Florida were sent a survey questionnaire. It is estimated that the 374 resorts have 64,627 units.[1]

Table 1. Direct Industry Operations Survey Data for Florida, 2019
Millions of dollars; Number of part- and full-time jobs

	Employment	Employee compensation	Economic output
Resort operations	26,223	$1,106	$5,432
Corporate headquarters	4,644	$346	$616
Sales and marketing	4,216	$328	$683
Total	**35,082**	**$1,780**	**$6,732**

Note: Does not include off-site vacation expenditures and capital expenditure data.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis.

Figure 1. Average Annual Compensation by Industry Function in Florida, 2019
Including payroll taxes and other benefits



Note: Does not include off-site vacation expenditures and capital expenditure data.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey.

[1] The total number of timeshare units in Florida is estimated as the number of Florida resorts (374) multiplied by the average number of units per resort (173).

Table 2. Capital Expenditures in the Florida Timeshare Industry, 2019
Millions of dollars

Capital expenditures	Direct spending
Resort capital expenditures	$193
New construction	$26
Renovation	$167
Sales and corporate capital expenditures	$9
New construction	$1
Renovation	$8
Total capital expenditures	**$202**

Note: Renovation costs include costs related to renovation, furniture, fixtures, equipment (FF&E), and other capital expenditures. New construction costs include expenses related to the purchase of land, construction, FF&E, and other capital expenditures.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis.

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

Table 3. Detailed Vacation Expenditure Spending Data[1]

	Average per party			
Vacation spending data	***On-site spending***	***Off-site spending***	***Total spending***	**Total off-site spending ($mil)**
Air transportation services	--	$521	$521	$740
Entertainment and recreation	$14	$9	$22	$12
Hotels and motel services[2]	$184	$79	$262	$112
Restaurants & bars	$150	$164	$314	$233
Clothing and clothing accessories	$129	$179	$308	$254
Groceries	$134	$144	$277	$204
Ground transit	--	$32	$32	$45
Gasoline stations	--	$121	$121	$171
Miscellaneous	$19	$25	$43	$35
Rental cars	--	$174	$174	$246
Theme parks & museums	$129	$182	$311	$258
Fitness & sports	$7	$6	$13	$9
Total	**$765**	**$1,634**	**$2,399**	**$2,320**
Average spending per person[3]	**$207**	**$442**	**$648**	

[1]Does not include gambling wins and losses.
[2]Hotel and motel on-site expenditures are captured by the 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey as rental revenue and are not included in "on-site spending" referenced throughout the text.
[3]Average travel party size is 3.7 people in Florida.
Source: 2020 Shared Vacation Ownership Owners Survey, prepared by Leger for AIF.

Economic and Fiscal Impact Results

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

Table 4. Direct Economic Output Generated by Florida Resort Operations, 2019
Millions of dollars

	Amount
Rental revenue	$914
Maintenance fees	$3,693
On-site consumer spending	$825
Direct economic output	**$5,432**

Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis.

Table 5. Direct Economic Output Generated by Florida Corporate, Sales and Marketing Operations, 2019
Millions of dollars

	Corporate headquarters	Sales and marketing
Labor income	$346	$328
Non-labor operating expenses	$238	$313
Profits	$33	$43
Direct economic output	**$616**	**$683**

Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact, IRS Income Statistics, BEA, and EY analysis.

Table 6. Detailed Economic Impacts of the Florida Timeshare Industry, by Function, 2019
Millions of dollars; number of part- and full-time jobs

Output	Direct	Indirect & induced	Total
Industry operations	$6,732	$5,788	$12,520
Resorts	$5,432	$4,301	$9,733
Corporate	$616	$700	$1,317
Sales and marketing	$683	$787	$1,470
Vacation expenditures	$1,846	$1,605	$3,451
Capital expenditures	$202	$208	$410
Total	**$8,779**	**$7,602**	**$16,381**

Employment	Direct	Indirect & induced	Total
Industry operations	35,082	37,839	72,922
Resorts	26,223	28,202	54,425
Corporate	4,644	4,482	9,126
Sales and marketing	4,216	5,155	9,371
Vacation expenditures	14,396	10,318	24,713
Capital expenditures	1,213	1,271	2,483
Total	**50,691**	**49,428**	**100,119**

Income	Direct	Indirect & induced	Total
Industry operations	$1,980	$1,868	$3,849
Resorts	$1,300	$1,389	$2,689
Corporate	$346	$221	$567
Sales and marketing	$335	$258	$593
Vacation expenditures	$607	$503	$1,110
Capital expenditures	$68	$64	$132
Total	**$2,655**	**$2,435**	**$5,090**

Note: Labor income includes employee compensation shown in Table 1 and proprietor income.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis using the IMPLAN input-output model.

Table 7. Summary of Direct, Indirect, and Induced Fiscal Impacts of the Florida Timeshare Industry by Function, 2019
Millions of dollars

	State taxes	Local taxes	Total taxes
Property tax	**--**	**$399**	**$399**
Resorts	--	$332	$332
Corporate	--	$16	$16
Sales and marketing	--	$16	$16
Vacation expenditures	--	$31	$31
Capital expenditures	--	$4	$4
General sales tax	**$208**	**$19**	**$227**
Resorts	$75	$6	$81
Corporate	$16	$1	$17
Sales and marketing	$16	$1	$18
Vacation expenditures	$90	$8	$98
Capital expenditures	$11	$1	$13
Other taxes	**$53**	**$47**	**$100**
Resorts	$28	$33	$61
Corporate	$6	$3	$9
Sales and marketing	$6	$4	$10
Vacation expenditures	$12	$7	$18
Capital expenditures	$1	$1	$2
Total	**$261**	**$464**	**$725**

Note: Numbers may not appear to sum due to rounding.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

Table 8. Summary of Direct, Indirect, and Induced Fiscal Impacts of the Florida Timeshare Industry by Tax Type, 2019
Millions of dollars

	State taxes	Local taxes	Total taxes
Property taxes	--	$399	$399
General sales taxes	$208	$19	$227
Occupancy taxes	--	$16	$16
Excise taxes	$42	$20	$62
License taxes	$10	--	$10
Corporate income tax	--	--	--
Individual income tax	--	--	--
Medicare and SSI tax	--	--	--
Misc. taxes	$0	$11	$11
Total taxes	**$261**	**$464**	**$725**

Note: Numbers may not appear to sum due to rounding.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

Market Intelligence
Career Advancement

2020–2021 BOARD OF TRUSTEES

1201 15th Street NW, Suite 400
Washington, DC 20005
(202) 371-6700
(202) 289-8544 fax

State Government Affairs Office
Landmark Center Two
225 E. Robinson Street, Suite 545
Orlando, FL 32801
(407) 245-7601
(407) 872-0771 fax

www.arda.org