

State of the Vacation Timeshare Industry

2021

UNITED STATES STUDY

EXECUTIVE SUMMARY



2021 EDITION
PREPARED BY



Market Intelligence | Career Advancement

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Industry Overview

The 2020 U.S. timeshare industry consisted of 1,570 timeshare resorts with approximately 205,490 timeshare units — an average of 131 units per resort. Resorts sell each of these timeshare units to consumers in parts or ownership pieces corresponding to varying amounts of time. Typically, these parts are either weekly intervals (seven nights worth of vacation time) or points. Points represent a currency for the use of units in nightly or weekly increments — respondents converted their points into weekly interval equivalents for this study where needed.

INDUSTRY SIZE

Measure	2020
Resorts	1,570
Units	205,490
Average resort size	131
Total units including lock-offs	242,350

Industry Health

On March 11, 2020, the World Health Organization made the assessment that the coronavirus associated with COVID-19 outbreak was a global pandemic. From that time, the travel and leisure industry, including the timeshare component, worked to fashion a response that helped promote the safety of its consumers while maintaining continuity of service. The impact of COVID-19 was widespread in US society, and the timeshare industry was no different, as nearly 92% of responding resorts experienced some form of temporary closures at some point in 2020 due to the effects of the COVID-19 pandemic. Those effects include, but are not limited to, state and local emergency order and mandates as well as voluntary decisions to close resorts based on a variety of factors.

The results of this study illustrate some of the ways resort developers and management companies adjusted to the unique circumstances created by the pandemic. Not surprisingly, the pandemic impacted key industry performance measures. For the first time in more than a decade, total sales volume¹ decreased in 2020 — by nearly 53% from \$10.5 billion in 2019 to \$4.9 billion in 2020. It's worth noting that more than a third of resorts reported using online sales channels in 2020 — up from 20% in 2019. This increase is likely in large part attributable to the effects of the COVID-19 pandemic, as in-person opportunities became more challenging.

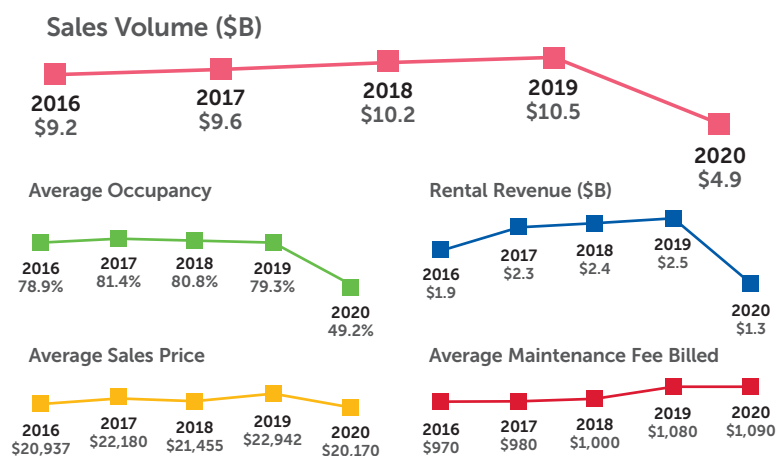
Average occupancy also decreased significantly, from 79.3% to 49.2% — by comparison, total room inventory (TRI)² hotel occupancy was 41.7% in 2020, according to Smith Travel Research. Because of the special circumstances this year, we also asked respondents to provide their average occupancy excluding rooms taken offline due to COVID-19. The average occupancy based on this calculation was higher for timeshare resorts — 67.7% on average. By comparison, hotel occupancy was 44.0%³ in 2020 — according to Smith Travel Research.

Rented units is a significant component of occupancy, and the number of nights rented in 2020 fell from over 13 million to around 7 million. As a result, rental revenues also decreased, from \$2.5 billion in 2019 to \$1.3 billion in 2020.

Average sales price and maintenance fee billed did not see significant impacts from the pandemic. While the average sales price decreased from \$22,942 to \$20,170 per weekly interval, this metric tends to fluctuate year over year based on the mix of sales by unit configuration and brand. The average maintenance fee billed increased slightly from \$1,080 to \$1,090 per weekly interval.

There were approximately 244,800 weekly intervals or interval equivalents sold and 263,240 transactions in 2020. It is estimated that an average transaction was between six and seven nights worth of time.

KEY TIMESHARE INDUSTRY TRENDS 2016 TO 2020



SALES METRICS 2020

Metric	2020
Number of timeshare intervals or interval equivalents sold	244,800
Sales price per interval or interval equivalent	\$20,170
Number of timeshare transactions	263,240
Sales price per transaction	\$18,760

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

² STR-TRI Monthly Hotel Review: December 2020, Smith Travel Research. Note this occupancy is based on Smith Travel's Total Room Inventory (TRI) calculation which includes rooms taken offline due to COVID-19

³ STR Monthly Hotel Review: December 2020, Smith Travel Research

As noted, above, many resorts reported temporarily closing in 2020. To help ease some of the concerns of its owners and guests after re-opening, resorts adopted several measures to increase the safety and health of employees and guests alike. They were also aimed at slowing or stopping the spread of COVID-19 altogether at resort properties. Nearly all resorts instituted common safety measures such as social distancing signage, extra cleaning and mandatory mask wearing. Most resorts instituted testing programs for their staff and remote or touchless check-ins. Nearly a third reported the use of a mass disinfection method such as fogging or UV light treatments.

SANITIZATION MEASURES UNDERTAKEN BY RESORTS

Sanitization measure	Percent of resorts responding
Social distancing signage	98%
Increased frequency of disinfection/sanitization	97%
Enhanced staff training	95%
Cleaning stations (hand-sanitizer, wipes, etc.) throughout resort	94%
Mandatory mask wearing	93%
Extra COVID-specific cleaning in units	89%
Temperature checks	64%
Remote or touchless check-in	60%
Staff COVID-19 testing programs	58%
Provide additional in-room cleaning supplies	52%
Increase time period between guest check-ins	44%
Use of mass disinfection method such as fogging treatment or UV light treatment	31%
Use of high-tech cleaning devices such as robots	3%
Other	13%

Industry Segments

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

PERFORMANCE BY GEOGRAPHIC REGION

Region	Percent of resorts	Average size (# units)	Average occupancy	Average occupancy adjusted*	Average maintenance fees per interval
Florida	24%	170	48.7%	66.5%	\$1,100
California	8%	119	54.2%	63.7%	\$1,090
South Carolina	7%	118	58.0%	94.2%	\$1,100
Hawaii	6%	141	35.9%	75.3%	\$1,130
Nevada	4%	257	43.7%	69.8%	\$1,000
Mountain Pacific	16%	75	59.9%	67.0%	\$1,010
Northeast	11%	102	44.5%	61.5%	\$900
South Atlantic	8%	95	49.3%	56.9%	\$980
South Central	8%	135	48.1%	54.2%	\$880
Midwest	8%	117	48.8%	59.2%	\$870
Overall	100%	131	49.2%	67.7%	\$1,090

Percent of 1,570 resorts - numbers may not add due to rounding. Note that there were 786 respondents for unit size, 644 for occupancy, 322 for adjusted occupancy and 545 for maintenance fee.
*Excluding rooms taken offline due to COVID-19

The following observations emerged:

- Average maintenance fees increased with resort size in 2020.
- 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. It is also worth noting that the change in occupancy rates when adjusting for rooms taken offline mainly appears in active-sales resorts.
- The most common resort type in the U.S. is the beach resort; theme park resorts tend to be the largest. Beach resorts have the highest average occupancy; ski resorts have the highest maintenance fees in 2020.
- Florida continues to have the most timeshare resorts, while Nevada has the largest average resort size. Hawaii has the lowest occupancy due to COVID-19 restrictions but still have the highest maintenance fees in 2020.
- Average occupancy and billed maintenance fees were highest in resorts built between 1986 and 1995.



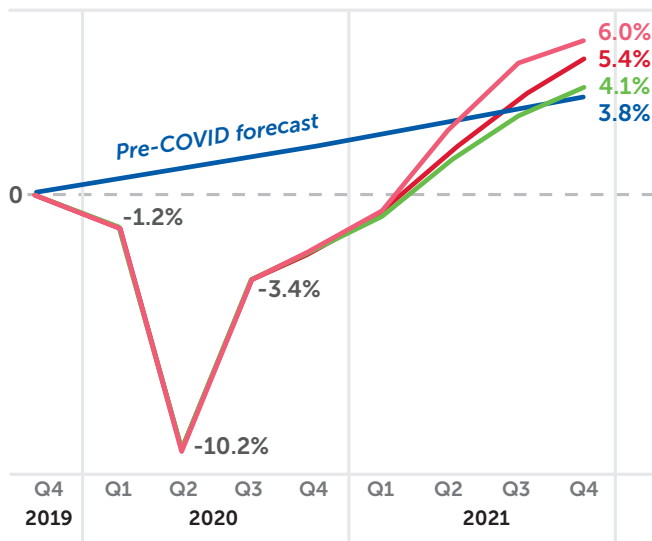
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2020 was an anomaly for the global economy and for the timeshare industry. The impacts of travel restrictions, temporary business closures and the human toll of the COVID-19 pandemic played a distinct role in the industry’s performance. This was reflected in reductions in sales volume, rental revenue and resort occupancy. While the economic recovery that began in late 2020 is still underway, the effects of the pandemic are still being felt in 2021 and are likely to continue to affect near-term performance.

Because of the lingering effects of the pandemic, 2021 may also be a challenging year for the timeshare industry. However, economic forecasts for the second half of 2021 are robust and US GDP is expected to rise above pre-COVID forecasts by mid-year. As was the case after the economic downturn of 2009 and 2010, the steps the industry is now taking will be key to setting the course for a strong recovery to prior levels of performance in key industry metrics in 2021 and beyond.

US GDP GROWTH FORECASTS FOR 2021⁴



- Wells Fargo (May 12, 2021)
- Oxford Economics (May 21, 2021)
- Blue Chips (April 9, 2021)
- Blue Chips (January 10, 2020)

Methodology

Ernst & Young conducted a survey of 1,570 recognized timeshare resorts to provide an overview of the state of the timeshare industry in the United States. Responses were received from 823 resorts, representing a 52% response rate. This survey was commissioned by the ARDA International Foundation (AIF).

⁴ US Economic conditions and outlook May 21, 2021. EY Quantitative Economics and Statistics