

# Sold-out Resorts Market Overview

2021

STATE OF THE VACATION TIMESHARE INDUSTRY:  
UNITED STATES STUDY



2021 EDITION  
PREPARED BY



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In the timeshare industry, there is often a great deal of difference between the management of resorts that are still actively selling intervals (“active-sales” resorts) versus those that have sold all, or nearly all, of their intervals (“sold-out” resorts).<sup>1</sup> This report explores the characteristics and management structures of sold-out resorts and discusses the unique challenges of operating them. It begins with a comparison of sold-out resorts to active-sales resorts, and then moves to a discussion of reserve studies and special assessments at sold-out resorts.

## Comparison of sold-out and active-sales resorts

Figure 1 summarizes key characteristics of sold-out resorts, and compares them to active-sales resorts. Relative to active-sales resorts, sold-out resorts tend to:

- be older and smaller,
- have lower maintenance fees, and
- have more traditional weekly intervals and fewer points-based products.

In Figure 1 we also see that occupancy at sold-out resorts averages twelve points lower than at active-sales resorts. However, this appears to be because active-sales resorts were more likely to take rooms offline due to the COVID-19 pandemic. This year, we also asked respondents to provide a second set of occupancy percentages — excluding any rooms that were taken offline due to COVID-19. In general, average occupancy was more than 18 points higher based on this calculation, at 67.7% on average. The change in occupancy rates when adjusting for rooms taken offline mainly appears in active-sales resorts. Adjusted occupancy at active-sales resorts was more than 20 points higher than unadjusted occupancy.

The remainder of this chapter will explore the differences between sold-out and active-sales resorts in greater detail.

### Structure of units and intervals

As noted in Figure 1, active-sales resorts opened on average 16 years later than sold-out resorts. As shown in Figure 2, 45% of sold-out resorts opened in 1985 or earlier — 37% of active-sales resorts have opened since 2006.

Figure 1 also shows that, on average, active-sales resorts have more timeshare units than sold-out resorts. As noted in the recently released State of the Vacation Timeshare Industry: United States Study 2021, timeshare developers have built increasingly larger resorts as the industry has matured. Since sold-out resorts tend to be older resorts, it is not surprising that they are also much smaller resorts on average.

Figure 3 compares the mix of units by number of bedrooms for sold-out resorts and active-sales resorts. It shows that sold-out resorts have a higher percentage of one-bedroom units and fewer 2 or 3-bedroom units.

**FIGURE 1**  
**Key characteristics of sold-out vs. active-sales resorts**

	Sold-out resorts	Active-sales resorts
Percentage of responding resorts*	55%	45%
Average year resort opened	1984	2000
Average number of units	49	162
Average occupancy	61%	48%
Average occupancy – excluding rooms taken offline due to COVID-19	65%	69%
Average maintenance fee billed (\$)	\$800	\$1,170
Average nightly rental price (\$)	\$120	\$184

*\*Note: These percentages are just of those resorts responding to the survey and not necessarily representative of the industry as a whole.*

**FIGURE 2**  
**Year resorts opened**

	Percent of sold-out resorts	Percent of active-sales resorts
1985 or before	76%	8%
1986-1995	14%	16%
1996-2005	7%	39%
2006-2015	3%	28%
2016+	0%	9%

*Percentages of 240 active-sales resorts and 105 sold-out resorts – percentages may not add due to rounding.*

**FIGURE 3**  
**Mix of units by number of bedrooms**

Unit type	Percent of units at sold-out resorts	Percent of units at active-sales resorts
Studio	8%	8%
1 bedroom	43%	23%
2 bedrooms	42%	61%
3 bedrooms or more	7%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

*Percentages of 552 active-sales resorts and 228 sold-out resorts – percentages may not add due to rounding.*

<sup>1</sup> Please see the Appendix for a description of our methodology for identifying sold-out and active-sales resorts.

## 4 COMPARISON OF SOLD-OUT AND ACTIVE-SALES RESORTS

In addition to the differences in the number and mix of units at sold-out resorts, there are also differences in the ways intervals are sold and owned between sold-out resorts and resorts that are still in active-sales. For example, Figure 4 compares the distribution of interval types between the two resort types. It shows that active-sales resorts are more likely to have points-based products than sold-out resorts — in fact points-based is the most common product type at active-sales resorts. The percentage with biennials is also higher among active-sales resorts — the majority of these resorts have biennials. Nearly all sold-out resorts report having weeks-based products while less than 20% report having points-based products and less than 15% report having biennials.

Figure 5 displays the percentage 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. There is a higher percentage of intervals owned by developers at active-sales resorts than at sold-out resorts. This is not surprising since those resorts are more likely to have intervals that are yet to be sold. Conversely, the percentage of intervals owned by the HOA is higher at sold-out resorts.

### Operating performance

The previous section described key structural differences between sold-out resorts and active-sales resorts; in this section, we will explore differences in operating performance.

Figure 6 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. We report values for both the traditional occupancy calculation and adjusted occupancy, as described above. Traditional occupancy for both owners and exchange guests was much higher at sold-out resorts, accounting for most of the difference in occupancy. However, when adjusted for rooms taken offline due to COVID-19, this difference was removed, as with the difference in occupancy for renters. Not surprisingly, occupancy due to marketing guests was higher for active-sales resorts — both traditional occupancy and adjusted occupancy.

Maintenance fees also differ between the two types of resorts. As shown in Figure 7, the average annual maintenance fee<sup>2</sup> billed was \$1,170 per interval for active-sales resorts and \$800 for sold-out resorts. As noted previously, active-sales resorts have a lower percentage of one-bedroom units, which helps drive the overall average billed maintenance fee higher.

FIGURE 4

Interval type	Percent of sold-out resorts	Percent of active-sales resorts
Weeks	99%	67%
Points	19%	88%
Biennials	14%	58%

Percentages of 520 active-sales resorts and 178 sold-out resorts — multiple responses allowed

FIGURE 5

Intervals owned by type of owner	Percent of sold-out resorts	Percent of active-sales resorts
Intervals owned by owners	87%	81%
Intervals owned by developers	2%	18%
Intervals owned by HOA	11%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Percentages of 331 active-sales resorts and 145 sold-out resorts — percentages may not add due to rounding

FIGURE 6

Occupancy category	Adjusted occupancy*			
	Sold-out resorts	Active-sales resorts	Sold-out resorts	Active-sales resorts
Owner/owner's guest	32%	27%	34%	38%
Exchange guest	17%	9%	18%	13%
Renter	12%	9%	13%	13%
Marketing guest	<1%	4%	<1%	6%
Vacant	39%	52%	35%	31%
<b>Total occupancy</b>	<b>61%</b>	<b>48%</b>	<b>65%</b>	<b>69%</b>

Percent of 509 active-sales resort and 135 sold-out resorts — percentages may not add due to rounding

\*Excludes rooms taken offline due to COVID-19

FIGURE 7

Unit type	Sold-out resorts	Active-sales resorts
Studio	\$640	\$720
1BR	\$760	\$900
2BR	\$790	\$1,180
3BR+	\$890	\$1,440
<b>Overall</b>	<b>\$800</b>	<b>\$1,170</b>

Averages based on 421 active-sales resorts and 124 sold-out resorts

<sup>2</sup> This is the average maintenance fee billed to owners annually including contributions to reserves but excluding taxes and special assessments.

Figure 8 compares the types of rental programs offered by the two types of resorts. It shows that sold-out resorts are more likely to offer monthly and weekly rentals, while active-sales resorts are more likely to offer daily rentals and rental programs for marketing guests.

Figure 9 lists methods used by resorts for publicizing the availability of rentals at the property. The most commonly reported are the resort’s website, social media, and paid search/affiliate marketing and active-sales resorts are even more likely to use each of these resources than sold-out resorts. On average, active-sales resorts reported using over three of these vehicles, while sold-out resorts reported using just under two on average.

**FIGURE 8**

**Types of rental program offered**

Rental type	Percent of sold-out resorts	Percent of active-sales resorts
Daily rentals	89%	100%
Weekly rentals	97%	89%
Monthly rentals	36%	27%
Rental rates that vary based on season	92%	97%
Rental programs for marketing guests	19%	94%

Percentages of 463 active-sales resorts and 187 sold-out resorts – multiple responses allowed

**FIGURE 9**

**Publicizing rentals**

Method	Percent of sold-out resorts	Percent of active-sales resorts
Resort website	81%	97%
Social media	46%	91%
Paid search/affiliate marketing	3%	39%
External rental websites	19%	27%
Television	1%	30%
Physical bulletin boards at resort	34%	5%
Radio	2%	10%
Timeshare broker and/or broker website	2%	7%
Newspaper	3%	0%
Other	3%	1%

Percentages of 470 active-sales resorts and 216 sold-out resorts – multiple responses allowed

Rental revenue is one type of operating revenue collected by timeshare resorts. Figure 10 compares the percentage of operating revenues collected by resorts for maintenance fees, rentals and other revenue sources. Sold-out resorts tend to rely more on rentals than resorts in active-sales, while active-sales resorts derive more of their revenue from maintenance fees.

**FIGURE 10**

**Operating revenue**

Category	Percent of operating revenue for sold-out resorts	Percent of operating revenue for active-sales resorts
Maintenance fees	83%	88%
Rentals	10%	5%
Other	7%	7%

Averages based on 560 active-sales resorts and 164 sold-out resorts – percentages may not add due to rounding

# Special assessments and reserve studies

Sold-out resorts have also answered a set of questions that specifically address some of their concerns. Among resorts that classified as “sold out”, 311 resorts provided data on the management of sold-out resorts. This information focused on two main topics — special assessments and reserve funds. This chapter outlines the answers to those questions.

As seen in Figure 11, about 98% of sold-out resorts did not have a special assessment in 2020 — no respondents reported multiple special assessments. Only 1% of sold-out resorts are planning a special assessment for 2021.

A reserve fund study is a comprehensive plan that predicts when various capital items are expected to wear out and estimates the funds needed to be set aside for replacement. Figure 12 notes that nearly half of responding resorts conducted a reserve study in 2020 — 68% of resorts had conducted one in the past three years. Sixty-seven percent of resorts reported using an independent third party to conduct their reserve study.

Figure 13 shows the frequency with which resorts conduct reserve studies. The most frequent response (41% of respondents) was every year, while the majority of respondents report conducting a reserve study every two to five years (note we have consolidated those answer choices for reporting purposes). On average, resorts reported contributing 16% of billed maintenance fees to reserve funding.

As shown in this report, there are several important differences between the structure and performance of sold-out resorts. These include:

- Sold-out resorts tend to be smaller and older than active-sales resorts.
- They have a higher concentration of one-bedroom units and lower concentration of two-bedroom units.
- They are more likely to have traditional weekly intervals and less likely to have newer timeshare products such as points-based intervals or biennials.
- They charge less for maintenance and rental fees, on average, though they derive a higher portion of their revenues from rentals and are more likely to offer longer-term rental products.
- They are less likely to use technology such as websites, social media or paid search to promote their rentals.
- Traditional occupancy for sold-out resorts was higher than at active-sales resorts in 2020, but lower when adjusted for rooms taken offline due to COVID-19.

As suggested by this last bullet, 2020 was an anomaly for the global economy and for the timeshare industry. That said, the overall performance of sold-out resorts seems to have not been disproportionately affected by the pandemic relative to active-sales resorts, as adjusted occupancy rates for both groups were similar. Respondents did not report widespread plans for special assessments in 2020, and very few had plans for special assessments in 2021.

**FIGURE 11**  
**Frequency of special assessments in 2020** Percent of resorts responding

None	98%
One	2%
Two or more times	0%

*Percent of 311 resorts — percentages may not add due to rounding*

**FIGURE 12**  
**Year of most recent reserve study** Percent of resorts responding

2020	49%
2019	6%
2018	13%
2017 or before	32%

*Percent of 211 resorts — percentages may not add due to rounding*

**FIGURE 13**  
**Frequency of reserve studies** Percent of resorts responding

Every year	41%
Every 2 to 5 years	58%
Have not conducted a reserve study/other	2%

*Percent of 229 resorts — percentages may not add due to rounding*

The impacts of travel restrictions, temporary business closures and the human toll of the COVID-19 pandemic played a singular role in the industry's performance, both for sold-out and active-sales timeshare resorts. 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 — 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.

## Appendix — Methodology

Data for the results presented here come from responses to the *2021 State of the Vacation Timeshare Industry United States Survey*, sponsored by the ARDA International Foundation (AIF). This survey was conducted on behalf of the AIF by Ernst & Young (EY).

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.

All identified timeshare resorts<sup>3</sup> in the United States were sent a survey questionnaire. Of the 1,570 identified timeshare resorts, 823 responded — a 52% response rate. Of these 823 responding resorts, 742 belong to a family of ten or more resorts, while 81 belong to a family of less than ten resorts. Of these 81, 58 were single-site resorts. In general, the information in this report includes estimates of industry-wide metrics.

As part of the questionnaire, respondents answered a set of questions that specifically address some of the concerns of sold-out resorts. This information focused mainly on reserve studies and special assessments. Among resorts that classified as "sold out", 311 resorts provided data on the management of sold-out resorts.

This year, we made an update to the way that we identify resorts that are active-sales vs. sold-out, and a corresponding adjustment to the methodology for estimating industry sales. EY worked with the AIF to classify all multi-site data providers as either in active-sales or sold-out. We relied on a few techniques to help us assess sales status.

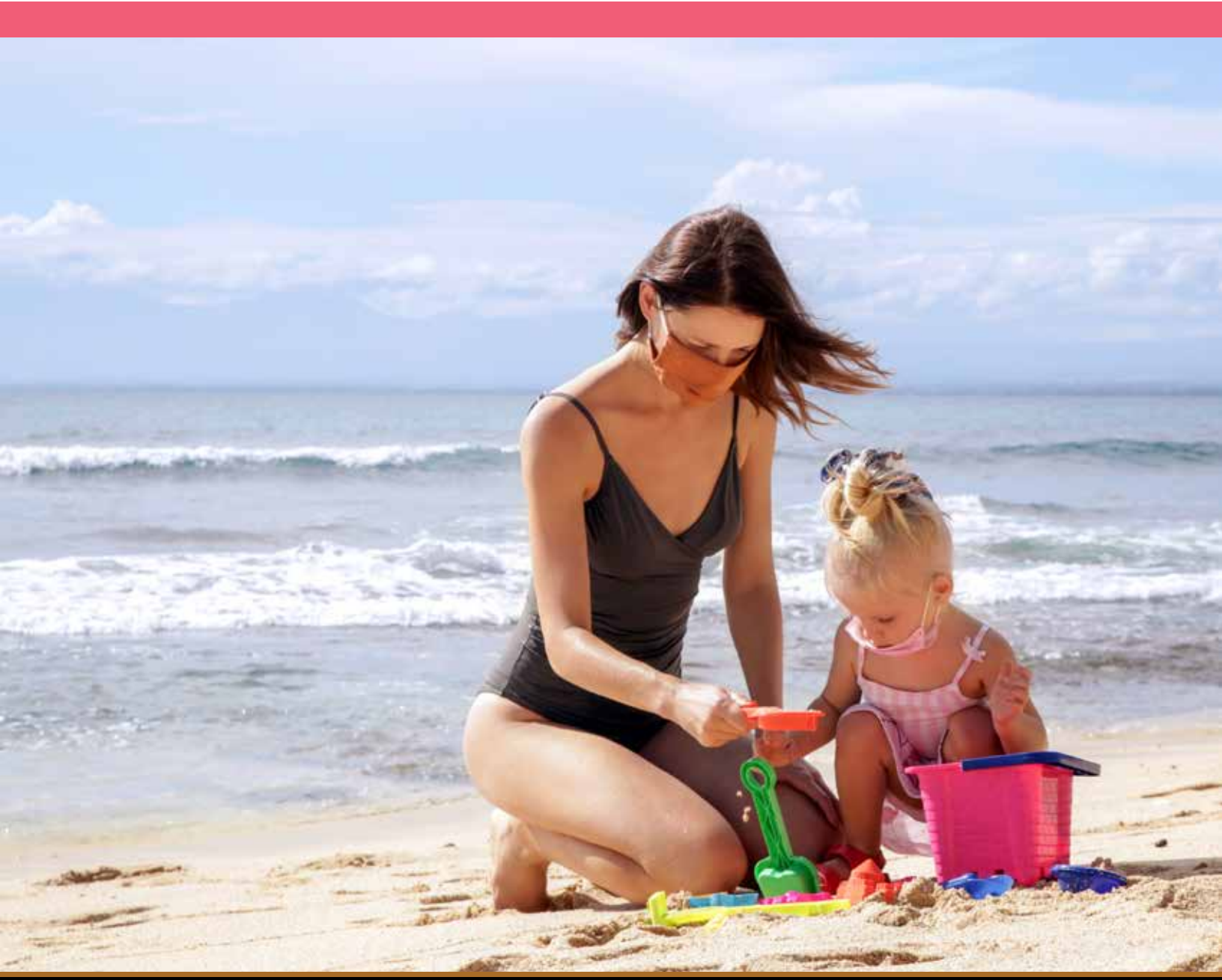
- Sales data provided from multi-site respondents- if a respondent reported sales data, we considered resorts in that portfolio to be in active-sales.
- Use of previously reported data, review of company websites and AIF industry knowledge for non-responding companies — we used this information to classify non-responding multi-site companies as either in active-sales or sold-out.

<sup>3</sup> List of timeshare resorts maintained and provided by AIF. Please see Appendix B of the State of the Timeshare Industry 2021 report for more information about the methodology for identifying timeshare resorts.



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