

State of the Vacation Timeshare Industry

2022

UNITED STATES STUDY

EXECUTIVE SUMMARY



2022 EDITION
PREPARED BY



Market Intelligence | Career Advancement

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Industry Overview

The 2021 U.S. timeshare industry consisted of 1,549 timeshare resorts with approximately 203,810 timeshare units — an average of 132 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-based. Points represent a reservation 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 | 2021 |
|---------------------------------|---------|
| Resorts | 1,549 |
| Units | 203,810 |
| Average resort size | 132 |
| Total units including lock-offs | 249,960 |

Industry Health

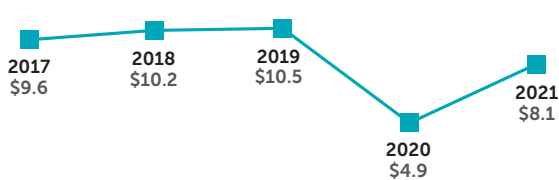
Survey results suggest that the industry experienced a significant recovery from the effects of the pandemic in 2021. Total sales volume¹ increased by 64% to \$8.1 billion in 2021. Other operating performance metrics impacted by the pandemic in 2020 also experienced a resurgence in 2021. Average occupancy was 73.1%, increasing by nearly 24 percentage points from the previous year. By comparison, hotel occupancy was 56.4%² in 2021, according to Smith Travel Research.

Rented unit is a significant component of occupancy. Vacationers rented approximately 10.9 million nights at timeshare properties in 2021 which increased by 57% compared to 2020 at an average price of \$206 per night. This yielded more than \$2.2 billion in timeshare rental revenue for 2021 which increased by 79% from 2020.

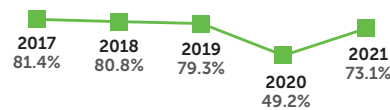
Average sales price and maintenance fee billed did not see significant negative impacts from the pandemic in 2020, so the change in those metrics were more muted in 2021. The average sales price increased to \$24,140 per weekly interval; this metric tends to fluctuate year over year based on the mix of sales by unit configuration and brand. The average maintenance fee billed increased slightly from \$1,090 to \$1,120 per weekly interval.

KEY TIMESHARE INDUSTRY TRENDS 2017 TO 2021

Sales Volume (\$B)



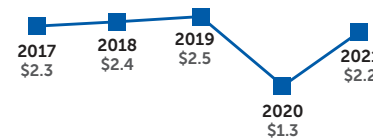
Average Occupancy



Average Sales Price



Rental Revenue (\$B)



Average Maintenance Fee Billed



SALES METRICS 2021

| Metric | 2021 |
|--|----------|
| Number of timeshare intervals or interval equivalents sold | 334,570 |
| Sales price per interval or interval equivalent | \$24,140 |
| Number of timeshare transactions | 412,350 |
| Sales price per transaction | \$19,590 |

There were approximately 334,570 weekly intervals or interval equivalents sold and 412,350 transactions in 2021. It is estimated that an average transaction was approximately 5 nights' worth of time.

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

² STR-TRI Monthly Hotel Review: December 2021, 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.

In 2021 most resorts continued to implement the measures first adopted in 2020 to increase the safety and health of employees and guests. The chart to the right summarizes some of the key steps taken in this respect. It shows that nearly all resorts instituted common safety measures such as cleaning stations and enhanced staff training. In general, resorts were less likely to report undertaking these measures in 2021 than they were in 2020 as the public health concerns continue to abate in the U.S. For example, increased disinfection was the most common measure undertaken in 2020 at 97% of resorts. That number fell to 79% in 2021. The use of some measures, such as temperature checks and remote or touchless check-in, was almost cut in half. On the other hand, the use of mass disinfection methods such as fogging and UV light treatment increased significantly.

Respondents also 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. Respondents reported building 31 units in 2021, down from the 137 they reported building in 2020. Respondents plan to add 447 units in 2022 — this includes 148 units at existing resorts and 299 units at planned new resorts. At the time of the survey, respondents reported plans to add 1,321 units in 2023 and beyond — this includes 216 units at existing resorts and 1,105 units at planned new resorts. Finally, respondents also reported plans for seven new resorts (one in 2022 and six in 2023 and beyond).

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.

The following observations emerged:

- The average maintenance fee billed per weekly interval generally increased with resort size in 2021.
- 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.
- Beach resorts are the most common primary resort type. Golf is most often available nearby and/or onsite. Theme park resorts tend to be the largest resorts. This year, beach resorts had the highest average occupancy. Ski resorts had the highest average billed maintenance fees.
- Florida has the most resorts, while Nevada has the largest resorts. Resorts in South Carolina had the highest average occupancy, while those in the South Central had the lowest. As usual, Hawaiian resorts had the highest average billed maintenance fees.
- Average occupancy was highest in resorts built between 1986 and 1995. The average billed maintenance fee generally increases in newer resorts.

SANITIZATION MEASURES UNDERTAKEN BY RESORTS

| Sanitization measure | 2020 | 2021 |
|---|------|------|
| Cleaning stations (hand-sanitizer, wipes, etc.) throughout resort | 94% | 92% |
| Enhanced staff training | 95% | 90% |
| Mandatory mask wearing | 93% | 81% |
| Increased frequency of disinfection/sanitization | 97% | 79% |
| Social distancing signage | 98% | 77% |
| Extra COVID-specific cleaning in units | 89% | 76% |
| Staff COVID-19 testing programs | 58% | 56% |
| Use of mass disinfection method such as fogging treatment or UV light treatment | 31% | 51% |
| Provide additional in-room cleaning supplies | 52% | 40% |
| Temperature checks | 64% | 36% |
| Remote or touchless check-in | 60% | 30% |
| Increase time period between guest check-ins | 44% | 25% |
| Use of high-tech cleaning devices such as robots | 3% | 11% |
| Mandatory COVID-19 vaccination for staff | NA | 9% |
| Other | 13% | 23% |

Percent of 458 respondents – multiple responses allowed

RESORT AND UNIT CONSTRUCTION

| | |
|--|-------|
| Units built | 31 |
| Units planned – in the coming year | 447 |
| Units planned – more than one year out | 1,321 |
| Resorts planned – in the coming year | 1 |
| Resorts planned – more than one year out | 6 |

Construction results reported for respondents only – not industry-wide estimates. Based on responses from 6 timeshare developers and/or single site resorts.



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PERFORMANCE BY GEOGRAPHIC REGION

| Region | Percent of resorts | Average size (# units) | Average occupancy | Average maintenance fees per interval |
|------------------|--------------------|------------------------|-------------------|---------------------------------------|
| Florida | 24% | 180 | 70.6% | \$1,090 |
| California | 9% | 124 | 73.6% | \$1,120 |
| South Carolina | 7% | 145 | 78.8% | \$1,080 |
| Hawaii | 6% | 118 | 71.2% | \$1,130 |
| Nevada | 4% | 198 | 65.5% | \$1,000 |
| Mountain/Pacific | 16% | 79 | 72.1% | \$1,030 |
| Northeast | 11% | 105 | 73.8% | \$860 |
| South Atlantic | 8% | 113 | 73.0% | \$940 |
| Midwest | 8% | 126 | 61.6% | \$1,010 |
| South Central | 8% | 146 | 57.5% | \$1,030 |
| Overall | 100% | 132 | 73.1% | \$1,120 |

Percent of 1,549 resorts – percentages may not add due to rounding

2021 marked a major step in a return to normalcy for the timeshare industry. Sales volume increased by 64% and rental revenue by 79%. Occupancy returned to almost 2019 levels. While resorts remained vigilant in working to protect the health and safety of consumers, the need for increased measures softened some in 2021, as timeshare owners and guests returned to timeshare vacation experiences.

Methodology

Ernst & Young conducted a survey of 1,549 recognized timeshare resorts to provide an overview of the state of the timeshare industry in the United States. Responses were received from 822 resorts, representing a 53% response rate. This survey was commissioned by the ARDA International Foundation (AIF).