Pulse Survey

A SURVEY OF TIMESHARE AND VACATION OWNERSHIP RESORT COMPANIES

2023 Q1

PREPARED BY

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To the Research Committee of
ARDA International Foundation
1201 15th Street NW, Suite 400
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Dear Members of the Committee:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2023 First Quarter Pulse Survey: A Survey of Timeshare & Vacation Ownership Resort Companies.* Our services were performed, and this report was developed in accordance with our engagement letter dated March 20, 2023 and are subject to the terms and conditions included therein.

Our services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we are providing no opinion, attestation, or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available by the survey respondents through April 27, 2023. Accordingly, changes and circumstances after that date could affect the findings outlined in this report.

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Deloitte & Touche LLP

May 19, 2023

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2023 First Quarter Pulse Survey Overview and Key Findings

This survey is a summary of selected 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. To provide current information on the financial performance of the vacation timeshare industry, ARDA International Foundation engaged Deloitte & Touche LLP (Deloitte & Touche) to conduct the 2023 first quarter survey of U.S. timeshare companies that were in active sales during the first quarter of the year. The results herein include data from the period of January 2023 to March 2023. The results cover a total of 12 responding companies for which a total of 11 respondents provided sales information reporting aggregate net originated sales of approximately $1,574.3 million for the quarter ended March 31, 2023. Five of the aggregate 12 companies who participated in the survey are publicly traded companies, and four of the 12 are affiliated with major hotel brands. The five public companies that provided sales information accounted for 80.6 percent of total net originated sales in Q1 2023 as reported by the 11 survey respondents. The four companies affiliated with major hotel brands account for 71.3 percent of total net originated sales in Q1 2023 as reported by the 11 survey respondents.

The financial information contained in this survey includes March 31, 2023 QTD (Q1 2023) compared to March 31, 2022 QTD (Q1 2022). The information also contains data as of December 31, 2022 (Q4 2022) as previously reported in the 2022 Fourth Quarter Pulse Survey, compared to data as of March 31, 2023 (Q1 2023). The trends associated with the performance indicators were developed based on quantitative factors. For example, each indicator that had a change of 10 percent or greater was denoted with a double arrow. Indicators for which the change was less than 10 percent were denoted with a single arrow.

Key Performance Indicators	Trend
Sales Performance	
Net Originated Timeshare Sales (net of Sales Incentives and Rescissions) including Telesales increased 1.0 percent from Q1 2022 to Q1 2023, increasing from $1,558.5 million to $1,574.3 million. Note the overall increase was primarily offset by one respondent. When excluding this respondent, the net originated timeshare sales (net of sales incentives and rescissions) including telesales increased 6.9 percent, increasing from $1,395.5 million in Q1 2022 to $1,491.3 million in Q1 2023.	⇧ Increase
Net Originated Timeshare Sales (including Telesales and Fee-for-service, excluding Rescissions and Fee-for-Service sold by others) increased 3.0 percent from Q1 2022 to Q1 2023, increasing from $ 1,742.0 million to $1,794.2 million.	⇧ Increase

Sales Metrics	
Weighted Average Transaction Value increased 0.6 percent from $23,863 in Q1 2022 to $24,000 in Q1 2023 (The simple average transaction value decreased 0.2 percent from $22,954 in Q1 2022 to $22,916 in Q1 2023).	⇧ Increase
Weighted Average Rescission Rate increased 1.0 percentage points, or 7.8 percent, from 12.8 percent in Q1 2022 to 13.8 percent in Q1 2023 (The simple average rescission rate decreased 0.7 percentage points, or 6.9 percent, from 10.2 percent in Q1 2022 to 9.5 percent in Q1 2023).	⇧ Increase
Weighted Average Volume Per Guest (VPG) decreased 10.0 percent from $4,348 in Q1 2022 to $3,914 in Q1 2023 (The simple average VPG decreased 9.0 percent from $4,169 in Q1 2022 to $3,796 in Q1 2023).	⇩⇩ Decrease
Tours increased 20.5 percent from 361,893 to 436,060 tours from Q1 2022 to Q1 2023.	⇧⇧ Increase
Weighted Average Close Rate decreased 1.7 percentage points (or 9.1 percent) from 18.6 percent in Q1 2022 to 16.9 percent in Q1 2023.	⇩ Decrease
Portfolio Performance	
Currency increased by 1.0 percentage points (or 1.2 percent), increasing from 85.4 percent as of Q1 2022 to 86.4 percent as of Q1 2023.	⇧ Increase
Delinquencies greater than 60 days past due decreased by 1.4 percentage points (or 10.7 percent), decreasing from 13.1 percent as of Q1 2022 to 11.7 percent as of Q1 2023.	⇩⇩ Decrease
Gross Defaults increased 0.7 percentage points (or 12.5 percent), increasing from 5.6 percent in Q1 2022 to 6.3 percent in Q1 2023.	⇧⇧ Increase
Consumer Finance Experience	
Interest Rates increased 0.4 percentage points (or 2.9 percent), increasing from 14.0 percent in Q1 2022 to 14.4 percent in Q1 2023.	⇧ Increase
Weighted Average Term increased 1.7 percent from 123.6 months in Q1 2022 to 125.7 months in Q1 2023.	⇧ Increase

Down Payments on non-upgrade sales increased 0.4 percentage points (or 2.6 percent), increasing from 15.5 percent in Q1 2022 to 15.9 percent in Q1 2023.	⇧ **Increase**
Down Payments on upgrade sales decreased 2.9 percentage points (or 6.0 percent), decreasing from 48.7 percent in Q1 2022 to 45.8 percent in Q1 2023.	⇩ **Decrease**
Other Metrics	
Weighted Average Occupancy increased 1.7 percentage points (or 2.3 percent), increasing from 74.1 percent in Q1 2022 to 75.8 percent in Q1 2023.	⇧ **Increase**
Number of Standard Bookings increased by 56,946 bookings (or 9.7 percent), increasing from 588,739 in Q1 2022 to 645,685 in Q1 2023.	⇧ **Increase**
Number of Standard Cancellations increased by 22,392 cancellations (or 9.6 percent), increasing from 232,757 in Q1 2022 to 255,149 in Q1 2023.	⇧ **Increase**
Number of Sales & Marketing Package Bookings increased by 18,753 bookings (or 13.3 percent), increasing from 140,842 in Q1 2022 to 159,595 in Q1 2023.	⇧⇧ **Increase**
Number of Sales & Marketing Package Cancellations increased by 118 cancellations (or 0.3 percent), increasing from 42,402 in Q1 2022 to 42,520 in Q1 2023.	⇧ **Increase**
Capital Expenditures increased 247.3 percent from Q1 2022 to Q1 2023, increasing from \$78.2 million to \$271.7 million. Note the significant increase is driven by one respondent. When excluding this respondent, the resulting capital expenditures increased 78.6 percent from \$68.7 million in Q1 2022 to \$122.7 million in Q1 2023.	⇧⇧ **Increase**

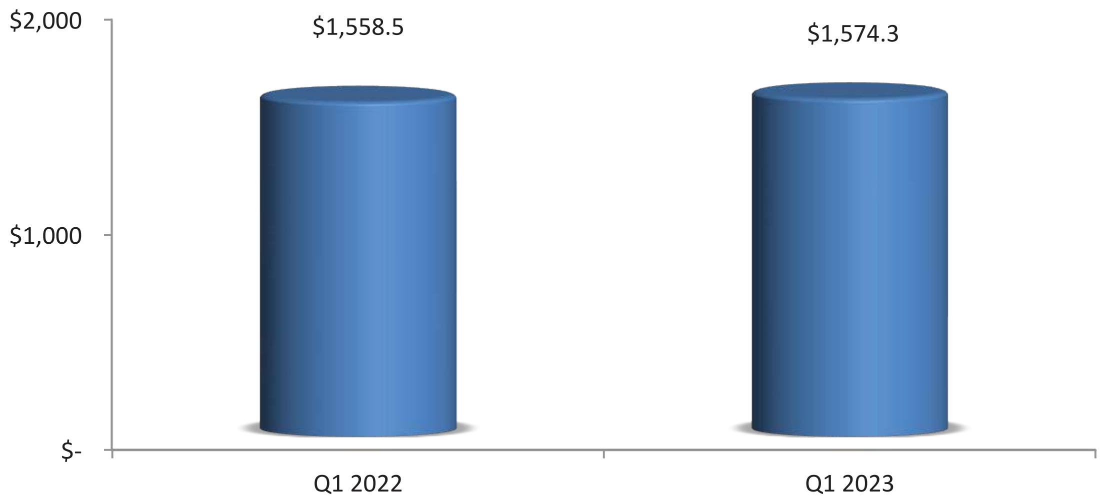
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q1 2023 when compared to Q1 2022.

Companies provided data on a set of key sales indicators. In total, the 11 respondents that provided sales information reported approximately $1,574.3 million in net originated timeshare sales[1] (including telesales) in Q1 2023, or a 1.0 percent increase when compared to Q1 2022. Note the overall increase was primarily offset by one respondent. When excluding this respondent, the net originated timeshare sales (net of sales incentives and rescissions) including telesales increased 6.9 percent, increasing from $1,395.5 in Q1 2022 to $1,491.3 in Q1 2023.

Figure 1. Net originated sales including telesales (Millions)



Source: Deloitte & Touche based on 11 company survey responses.

Fee-for-service arrangements have become an established feature within the industry over the last decade. Respondents were asked a question related to sales for non-owned timeshare inventory sold under fee-for-service agreements as well as sales for owned timeshare inventory sold by others under fee-for-service agreements. Of the 11 companies, four are selling and marketing timeshare on behalf of other developers. One company is engaging others to sell and market timeshare on their behalf. Three of the four respondents providing fee-for-service increased fee-for-service operations while the remaining one respondent decreased fee-for-service operations in Q1 2023 compared to Q1 2022. The respondents being provided fee-for-service decreased fee-for-service operations by 15.4 percent for the same period. The net overall timeshare sales (total fee-for-service provided less total fee-for-service received) under these arrangements increased from $183.5 million in Q1 2022 to $219.9 million in Q1 2023. When sales of respondents' non-owned timeshare inventory under fee-for-service arrangements (excluding fee-for-service sold by others) are combined with respondents' sales of their own timeshare inventory, there was an increase of 3.0 percent in total net originated timeshare sales when compared to Q1 2022.

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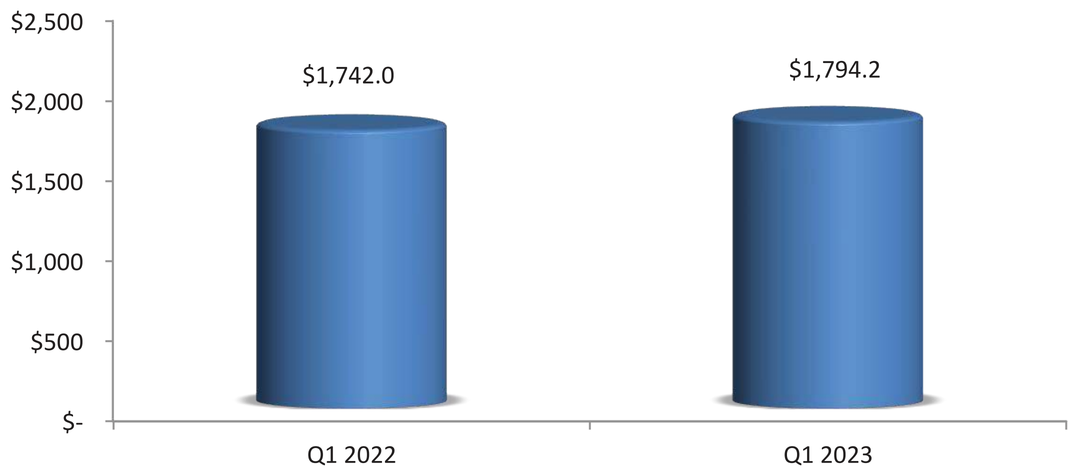
[1] Net originated sales refer to gross sales revenues net of incentives and rescissions, but before reduction of revenue for uncollectible accounts.

Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)

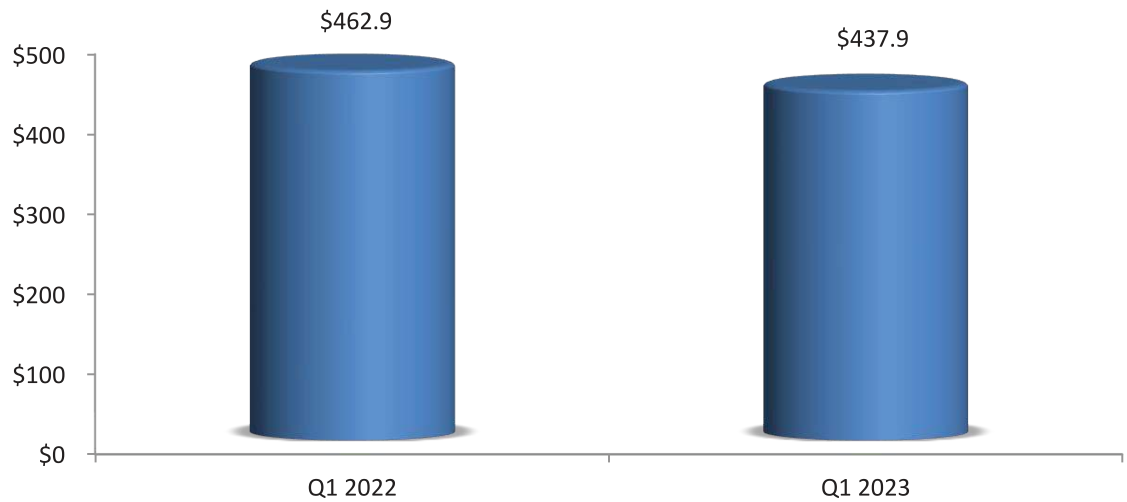


Source: Deloitte & Touche based on 11 company survey responses for net originated sales, 4 respondents reported providing fee-for-service arrangements, and 1 respondent reported being provided fee-for-service arrangements.

Respondents were asked to report the amount of net originated sales (including telesales) that were new owner and existing owner sales. The 10 respondent companies that provided new owner sales information reported approximately $437.9 million in new owner net originated timeshare sales (including telesales) in Q1 2023, which is a 5.4 percent decrease from Q1 2022, see *Figure 3* below. The 10 respondent companies that provided existing owner sales information reported approximately $839.6 million in existing owner net originated timeshare sales (including telesales) in Q1 2023, which is a 9.9 percent increase from Q1 2022. As a percentage of total net originated sales as reported by companies that provided new owner and existing owner sales information, new owner sales made up 34.3 percent of the amount in Q1 2023, which is a slight decrease from 37.7 percent in Q1 2022 (see *Figure 4* below). Existing owner sales in Q1 2023 made up 65.7 percent of total net originated sales, which is a slight increase from 62.3 percent in Q1 2022.

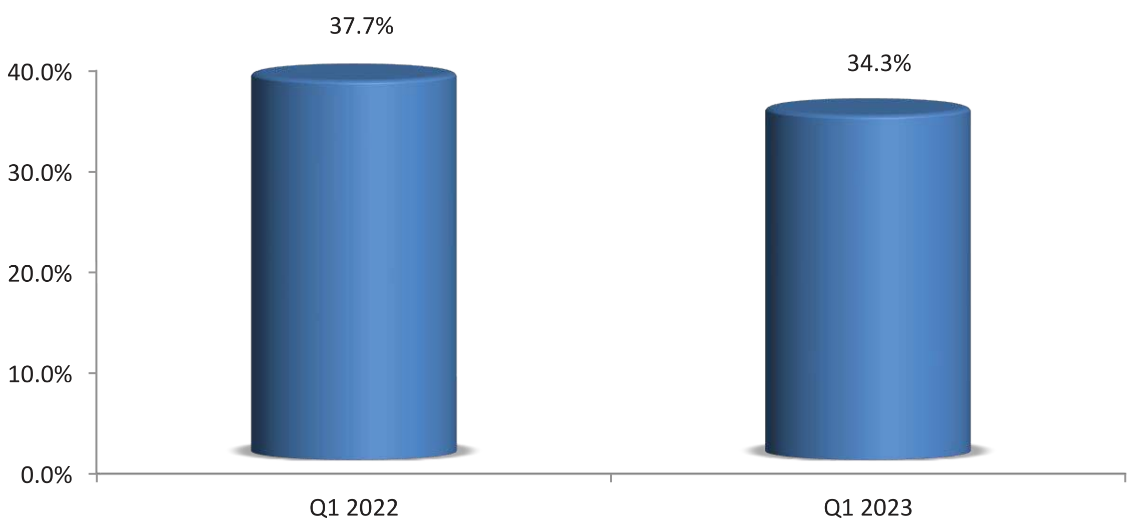
Note that the sum of the total new owner sales and existing owner sales differs from the total net originated sales due to the fact that one of the 11 respondents that provided net originated sales did not provide information related to new owner and existing owner sales.

Figure 3. Net originated sales (including telesales) – New Owner (Millions)



Source: Deloitte & Touche based on 10 company survey responses.

Figure 4. Percentage of Total Net originated sales (including telesales) – New Owner



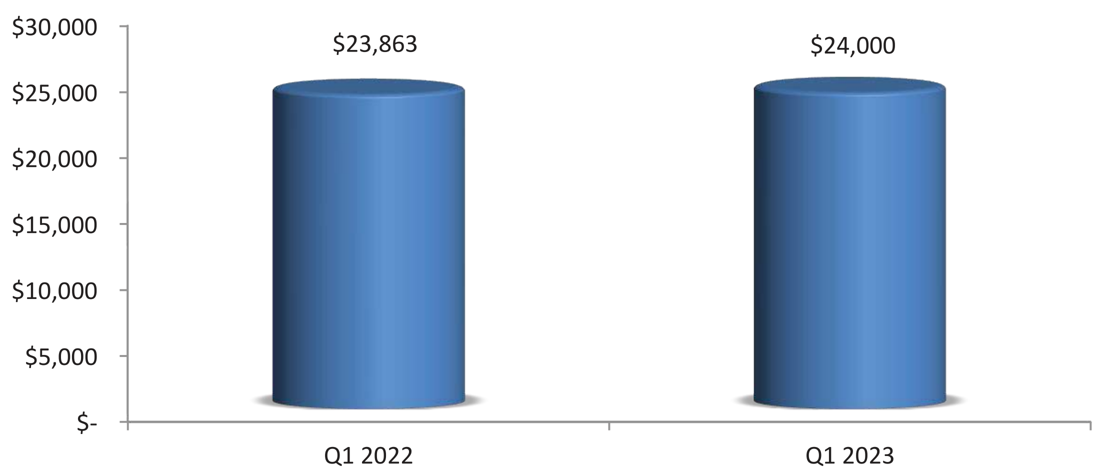
Source: Deloitte & Touche based on 10 company survey responses.

Ten companies reported net originated sales excluding telesales as well as detailed information on the number of tours and the number of sales transactions for Q1 2023. The companies reported that the aggregate number of tours[2] increased 20.5 percent, the aggregate number of sales transactions increased 9.9 percent, the weighted average transaction value increased 0.6 percent, the weighted average VPG decreased by 10.0 percent, and the weighted average close rate decreased 9.1 percent.

Average transaction value is calculated as the dollar value of net originated sales divided by the number of sales transactions and excludes amounts such as closing costs that are not included in net originated sales. Responses are weighted by the dollar value of net originated sales (excluding telesales). It is a measure of the average purchase amount per buyer during a given period and is potentially influenced by numerous factors, including the mix of timeshare products sold. For example, in a given period, buyers may purchase a greater mix of one-bedroom units or biennials[3], resorts may have fewer high season intervals available or new resorts may open for sales. As a result, the average transaction value may change even though there were no changes to existing pricing.

As a further reflection of the multiple factors that can impact this measure, the responses differed by company. Four respondents reported average transaction value had decreased and six respondents reported the value had increased from Q1 2022 to Q1 2023. *Figure 5* below illustrates the average transaction value calculated using a weighted average.

Figure 5. Weighted average transaction value



Source: Deloitte & Touche based on 10 company survey responses.

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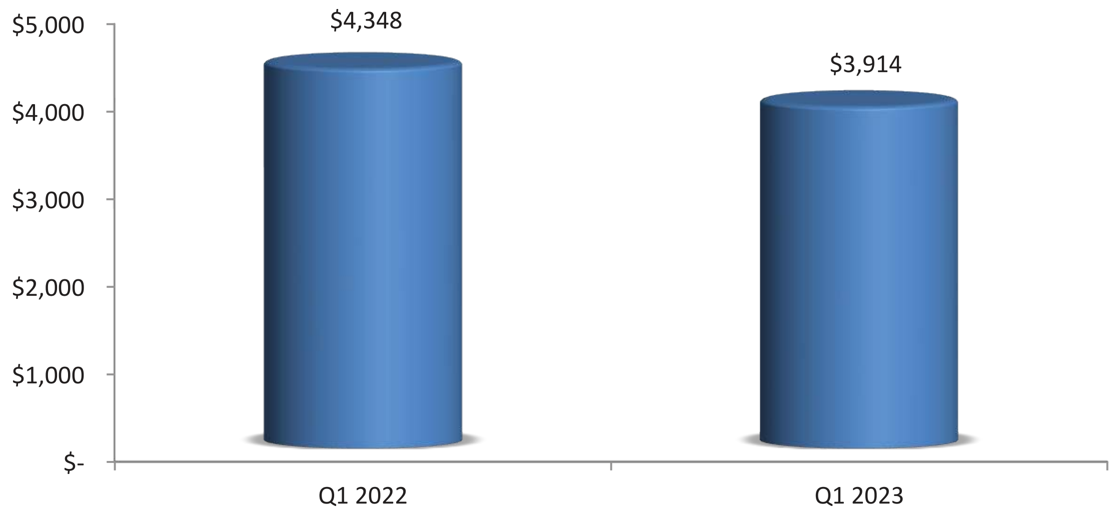
2 This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

3 Biennial products allow owners to use intervals every other year, instead of each year.

VPG[4], a measure of sales efficiency calculated as net originated sales per tour, decreased by 10.0 percent from Q1 2022 to Q1 2023.

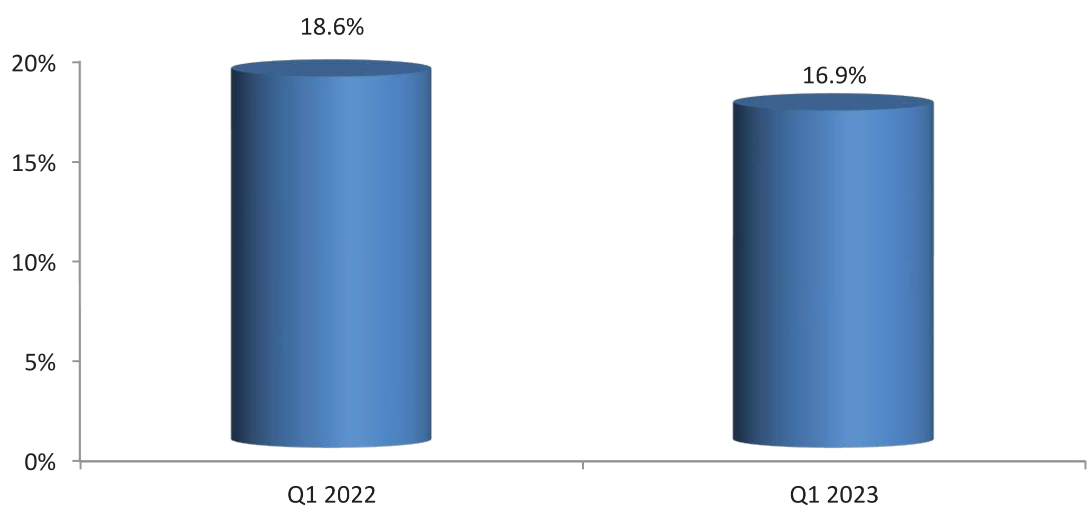
Figure 6. Weighted average VPG



Source: Deloitte & Touche based on 10 company survey responses.

The close rate, another measure of sales efficiency reflecting the number of sales transactions generated from tour flow, decreased by 1.7 percentage points (or 9.1 percent) from Q1 2022 to Q1 2023.

Figure 7. Weighted average close rate



Source: Deloitte & Touche based on 10 company survey responses.

[4] VPG is calculated as net originated sales excluding telesales, divided by the number of tours, responses are weighted by the dollar value of net originated sales (excluding telesales).

The averages reported above are weighted averages; however, we also disclose the simple averages for the close rate, VPG, and average transaction value herein, see *Figure 8* below. Note that metrics below were directionally the same under the weighted and simple average calculations for VPG and close rate.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q1 2022	Weighted Average Q1 2023	Simple Average Q1 2022	Simple Average Q1 2023
First Quarter				
Volume per guest	$4,348	$3,914	$4,169	$3,796
Average transaction value	$23,863	$24,000	$22,954	$22,916
Close rate	18.6%	16.9%	18.2%	16.6%

Source: Deloitte & Touche based on 10 company survey responses

Among the companies that provided key sales indicators, 10 provided rescission percentage information. The weighted average rescission (%)[5] among those companies was 13.8 percent in Q1 2023, which increased 1.0 percentage points from 12.8 percent in Q1 2022. Two companies reported a decrease in rescissions, seven companies reported an increase, and one company reported no change between Q1 2022 and Q1 2023. The simple average rescission rate decreased 0.7 percentage points from 10.2 percent in Q1 2022 to 9.5 percent in Q1 2023. Further, respondents were asked to provide the rescission volume in dollars. For the 10 companies that provided this information, the total aggregate rescissions increased by 21.5 percent from $208.5 million in Q1 2022 to $253.4 million in Q1 2023.

Respondents were asked a question related to rescission information on existing and new owner sales. For the nine respondent companies that provided rescission information on new owner sales, the weighted average rescission rate increased from 18.8 percent in Q1 2022 to 20.3 percent in Q1 2023. Further, nine respondents provided rescission information on new owner sales in dollars resulting in an increase of 16.6 percent in the total aggregate rescission volume from approximately $94.5 million to approximately $110.1 million from Q1 2022 to Q1 2023. For the nine respondent companies that provided rescission information on existing owner sales, the weighted average rescission rate decreased from 10.2 percent in Q1 2022 to 9.6 percent in Q1 2023. Further, nine respondents provided rescission information on existing owner sales in dollars resulting in an increase of 11.2 percent in the total aggregate rescission volume from $80.9 million to $89.9 million from Q1 2022 to Q1 2023.

Respondents were asked a question related to owner growth/(decline) rate over the prior year. For the nine respondent companies that provided owner growth/(decline) rate data, the weighted average growth rate decreased from a 0.4 percent growth in Q1 2022 to a 0.1 percent decline in Q1 2023.

Respondents were asked a question related to total rental revenue recognized. For the 10 respondent companies that provided rental revenue, the total rental revenue increased 11.6 percent from $377.4 million in Q1 2022 to $421.3 million in Q1 2023.

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[5] Measured as the dollar amount of rescissions as a portion of gross sales weighted by the dollar value of net originated sales.

2(A). Consumer timeshare loan portfolios experienced an increase in currency when comparing as of 3/31/2022 and as of 3/31/2023.

The composition of receivables portfolios[6] was evaluated as of March 31, 2023 and compared to the composition as of March 31, 2022. The total aggregate receivables for the 10 companies that provided receivables data was $12,582.0 million as of March 31, 2023, and $12,075.2 million as of March 31, 2022.

Respondents reported that payments for 86.4 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of March 31, 2023, an increase of 1.0 percentage points from one year earlier. Further, as of March 31, 2023, 9.0 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, a decrease of 1.7 percentage points compared to one year earlier.

Figure 9a. Aging of consumer timeshare loan portfolios by survey respondents

	Q1 2022	Q1 2023	Difference
Current	85.4%	86.4%	1.0%
31 to 60 days	1.5%	1.9%	0.4%
61 to 90 days	1.2%	1.4%	0.2%
91 to 120 days	1.2%	1.3%	0.1%
More than 120 days	10.7%	9.0%	-1.7%
Total	**100.0%**	**100.0%**	

Source: Deloitte & Touche based on 10 company survey responses.

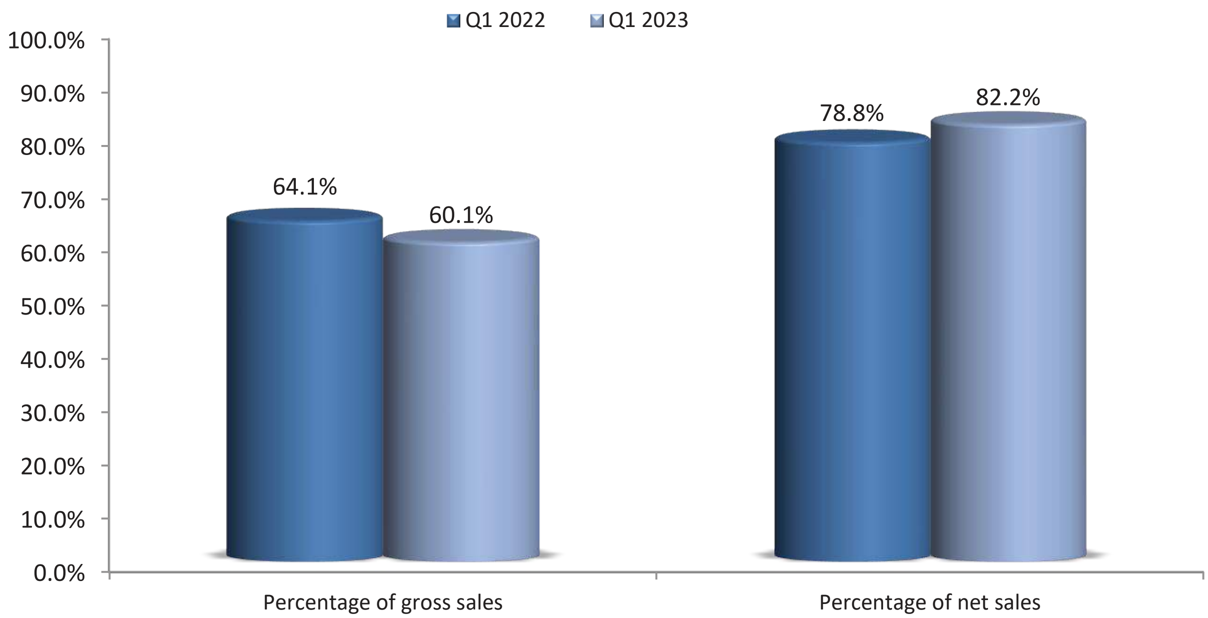
Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during Q1 2023, as a percentage of the gross outstanding portfolio balance at period-end. The weighted average default rate in Q1 2023 was 6.3 percent, which reflected an increase of 0.7 percentage points, or 12.5 percent, as compared to one year earlier. Of the 10 respondents, two respondents reported a decrease in the default rate when comparing Q1 2023 to Q1 2022, and eight respondents reported an increase in the default rate.

The respondents were also asked to provide the weighted average FICO score at origination (weighted by the outstanding principal balance of the receivables) for loans within the portfolio at the end of Q1 2022 and Q1 2023. Of the 10 respondents, eight respondents reported an increase in the weighted average FICO score and two respondent reported a decrease. The result was a 0.4 percent increase in the weighted average FICO score from 713 at Q1 2022 to 716 at Q1 2023.

Respondents were also asked to report originations as a percentage of both gross sales and net sales. Note that gross sales for the purposes of the survey question are inclusive of upgrade contract selling prices while net sales are equal to gross sales less upgrade contract selling prices. Originations as a percentage of gross sales decreased by 4.0 percentage points (or 6.2 percent) from 64.1 percent for Q1 2022 to 60.1 percent for Q1 2023. Originations as a percentage of net sales increased by 3.4 percentage points (or 4.3 percent) from 78.8 percent for Q1 2022 to 82.2 percent for Q1 2023.

[6] Receivables portfolio is defined as the total portfolio of consumer timeshare loan receivables held and/or serviced by the company, including securitized and hypothecated receivables, and receivables for sales made in earlier years.

Figure 9b. Originations as a Percentage of Sales



Source: Deloitte & Touche based on a minimum of 7 company survey responses.

2(B). Consumer timeshare loan portfolios experienced a decrease in currency when comparing as of 12/31/2022 and as of 3/31/2023.

The composition of receivables portfolios was evaluated as of March 31, 2023 and compared to the composition as of December 31, 2022. The total aggregate receivables for the companies that provided receivables data was $12,582.0 million as of March 31, 2023 and $12,754.5 million as of December 31, 2022.

Receivables portfolios showed an increase in delinquencies greater than 120 days past due as of March 31, 2023 compared to one quarter earlier. Respondents reported that payments for 86.4 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of March 31, 2023, which was 0.1 percentage points lower than one quarter earlier. Further, 6.3 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance as of March 31, 2023, which was 0.1 percentage points lower compared to as of December 31, 2022.

Figure 10. Aging of consumer timeshare loan portfolios by survey respondents

	December 31, 2022	March 31, 2023	Increase/(Decrease)
Current	86.5%	86.4%	-0.1%
31 to 60 days	2.2%	1.9%	-0.3%
61 to 90 days	1.4%	1.4%	0.0%
91 to 120 days	1.3%	1.3%	0.0%
More than 120 days	8.6%	9.0%	0.4%
Total	**100.0%**	**100.0%**	

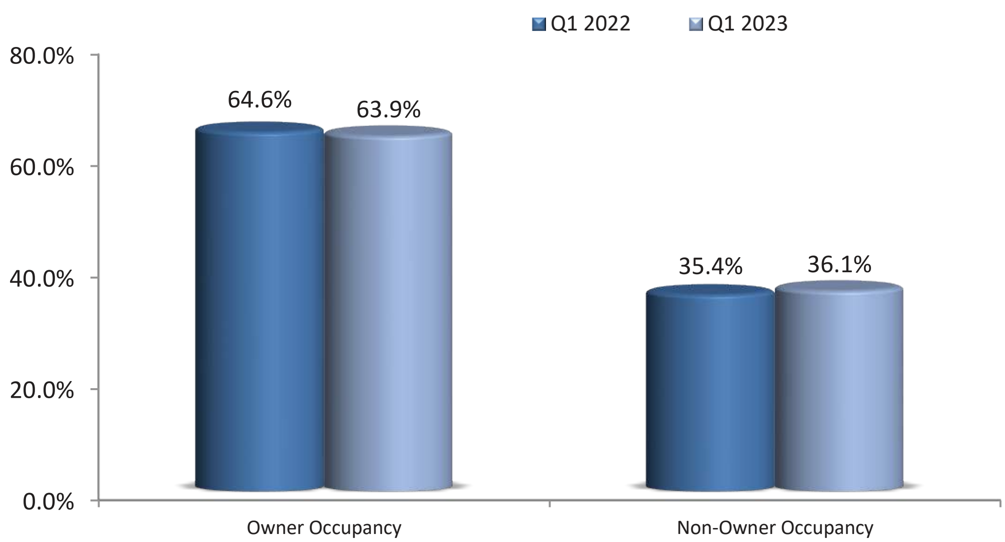
Source: Deloitte & Touche based on 10 company survey responses.

3(A). Resort occupancy increased 1.7 percentage points (or 2.3 percent) as compared to Q1 2022.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 12 companies that provided occupancy data, representing approximately 10.6 million available room nights in Q1 2023, the average occupancy rate increased 1.7 percentage points (or 2.3 percent) to 75.8 percent in Q1 2023, compared to 74.1 percent in Q1 2022. Available room nights decreased 0.5 percent from Q1 2022 to Q1 2023, decreasing from approximately 10.65 million room nights to approximately 10.59 million room nights as reported by the 12 companies.

Additionally, respondents were asked to report on the occupancy based on whether the occupants were or were not timeshare owners.The mix decreased by 1.1 percent from Q1 2022 for owner occupancy and increased by 2.0 percent for non-owner occupancy.

Figure 11a. Occupancy by Sales Mix



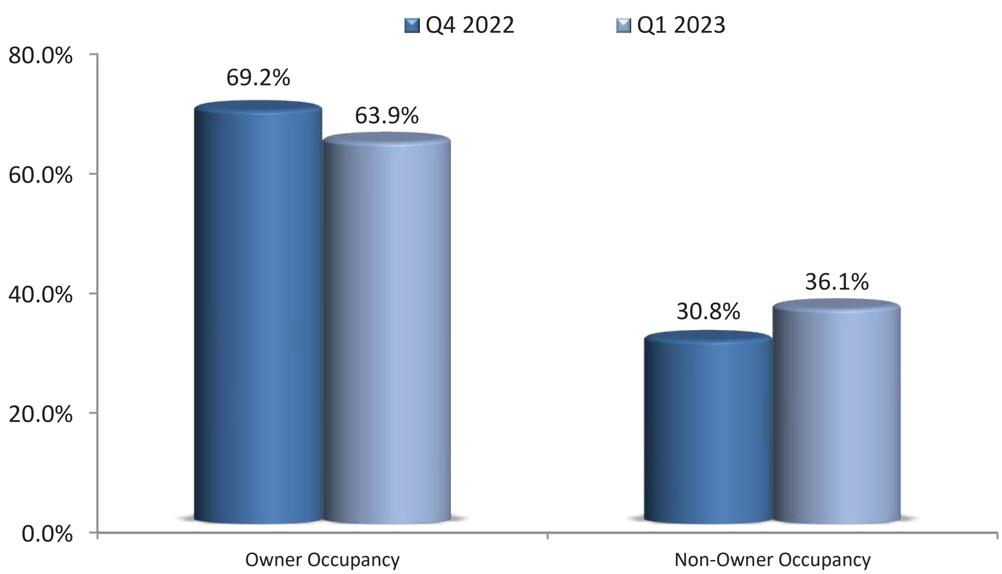
Source: Deloitte & Touche based on 11 company survey responses.

3(B). Resort occupancy decreased 3.9 percentage points (or 4.9 percent) as compared to Q4 2022.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 12 companies that provided occupancy data, representing approximately 10.6 million available room nights in Q1 2023, the average occupancy rate decreased 3.9 percentage points (or 4.9 percent) to 75.8 percent in Q1 2023, compared to 79.7 percent in Q4 2022. Available room nights increased 11.5 percent from Q4 2022 to Q1 2023, increasing from approximately 9.5 million room nights to approximately 10.6 million room nights as reported by 12 companies.

Additionally, respondents were asked to report on the occupancy based on whether the occupants were or were not timeshare owners. The mix decreased by 7.7 percent from Q4 2022 for owner occupancy and increased by 17.2 percent for non-owner occupancy.

Figure 11b. Occupancy by Sales Mix



Source: Deloitte & Touche based on 11 company survey responses.

3(C). Characteristics of Occupancy Bookings and Cancellations

Survey respondents were asked to provide information on timeshare unit bookings and cancellations as shown in *Figure 12* below. Overall, the number of standard bookings, the number of standard cancellations, number of sales and marketing package bookings, and number of sales and marketing cancellations demonstrated an increase from Q1 2022 to Q1 2023. Seven companies provided standard bookings and cancellations (owners and guests) data. The number of standard bookings increased by 9.7 percent from 588,739 in Q1 2022 to 645,685 in Q1 2023. The number of standard cancellations increased by 9.6 percent from 232,757 in Q1 2022 to 255,149 in Q1 2023.

Seven companies provided responses on the number of sales and marketing package bookings and cancellations (non-owners). The number of sales and marketing package bookings increased by 13.3 percent from 140,842 in Q1 2022 to 159,595 in Q1 2023. The number of sales and marketing package cancellations increased by 0.3 percent from 42,402 in Q1 2022 to 42,520 in Q1 2023.

As reported by two companies, the average term of the product offered for the sales and marketing package purchases remained the same when comparing Q1 2022 to Q1 2023 ranging from 12 to 36 months. As reported by one company, the average remaining term on sales and marketing packages related to cancellations is 6 months as reported for both Q1 2022 and Q1 2023.

Figure 12. Characteristics of occupancy bookings and cancellations

First Quarter	2022	2023	% Increase/ (Decrease)
Number of standard bookings (owners and guests)	588,739	645,685	9.7%
Number of standard cancellations (owners and guests)	232,757	255,149	9.6%
Number of sales & marketing package bookings (non-owners)	140,842	159,595	13.3%
Number of sales & marketing package cancellations (non-owners)	42,402	42,520	0.3%

Source: Deloitte & Touche based on 7 company survey responses.

4. Average interest rate, FICO score at origination, average term, average down payment on non-upgrade sales increased, while average down payment on upgrade sales decreased in Q1 2023 as compared to Q1 2022.

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated to compare to Q1 2022.[7] The average interest rate on new consumer loans in Q1 2023 was 14.4 percent, which increased by 0.4 percentage points when compared to Q1 2022. The Q1 2023 average loan term was 125.7 months, which increased from 123.6 months in Q1 2022. The average FICO score for financed sales increased from 723 in Q1 2022 to 728 in Q1 2023.

Respondents were asked to provide the average down payment on upgrade sales separate from non-upgrade sales. As a result, down payments on upgrade sales are typically higher than on non-upgrade sales, and a change in the mix of upgrade and non-upgrade sales could impact the overall average down payment. For the nine respondents that provided non-upgrade down payment data, the average down payment on non-upgrade sales increased to 15.9 percent of the stated sales price on financed sales in Q1 2023 compared to 15.5 percent in Q1 2022. For the eight respondents that provided existing owner down payment data, the average down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interests, was 45.8 percent in Q1 2023, a decrease of 2.9 percentage points from Q1 2022.

Figure 13. Characteristics of consumer timeshare loan financing

First Quarter	2022	2023	Difference
Average:			
Interest rate (annual)	14.0%	14.4%	0.4%
Term (months)	123.6	125.7	2.1 months
Down payment on non-upgrade sales (% of price)	15.5%	15.9%	0.4%
Down payment on upgrade sales (% of price)	48.7%	45.8%	-2.9%
FICO Score at origination (new sales)	723	728	5

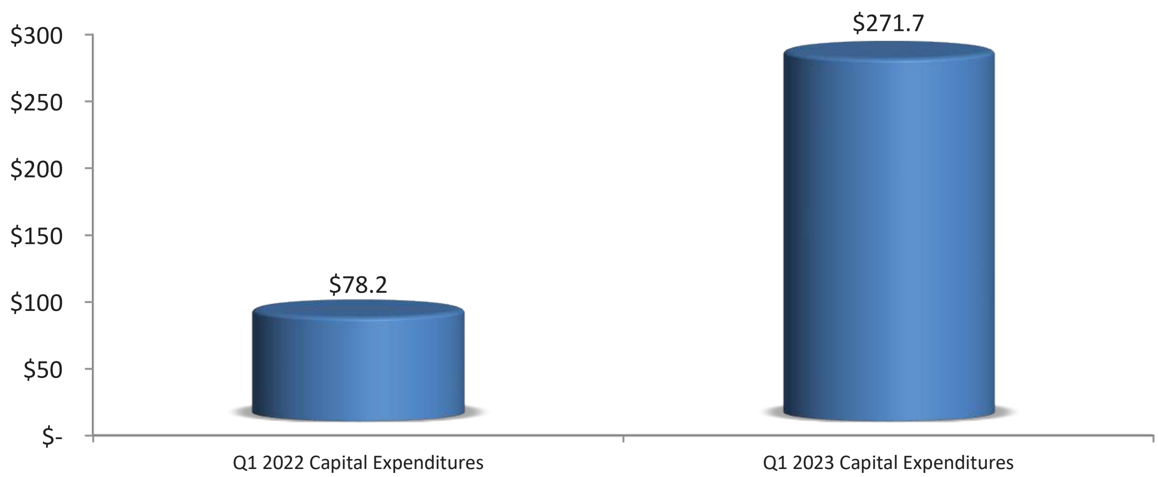
Source: Deloitte & Touche based on a minimum of 8 company survey responses.

[7] To calculate the average interest rate, down payment, and term, responses were weighted by the dollar value of net originated sales (including telesales).

5. Capital expenditures related to timeshare inventory increased overall in Q1 2023 when compared to Q1 2022.

Survey respondents were asked to provide total capital expenditures related to timeshare inventory projects (including turn-key, just-in-time inventory purchases, and buy-backs from property owner associations). Overall, capital expenditures increased 247.3 percent in Q1 2023 compared to Q1 2022. One respondent reported a decrease in capital expenditures related to timeshare inventory while six respondents reported an increase. Note the significant increase is primarily driven by one respondent. When excluding this respondent, the resulting capital expenditures increased 78.6 percent in Q1 2023 when compared to Q1 2022.

Figure 14. Capital Expenditures (Millions)

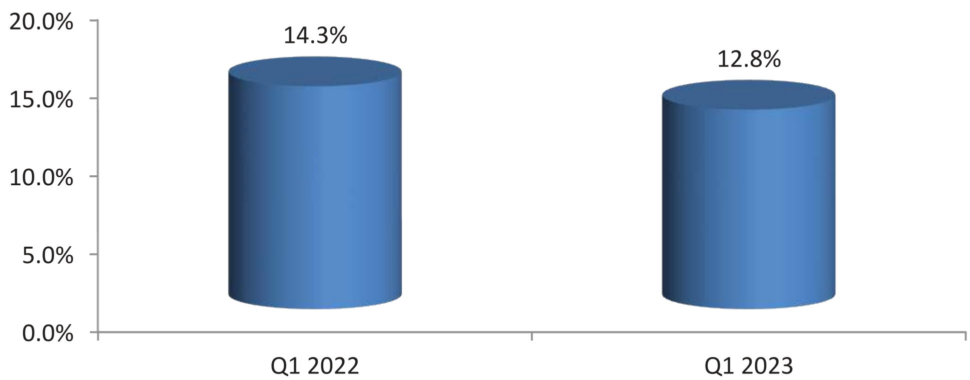


Source: Deloitte & Touche based on 7 company survey responses.

6. Employment

Participants were further asked a question related to the number of positions open for employment as a percentage of all positions. Eight respondents provided data which indicated on average 12.8 percent of positions were open for employment as of Q1 2023. This reflects a 1.5 percentage point decrease, or 10.5 percent, as compared to 14.3 percent as of Q1 2022.

Figure 15. Open positions for employment



Source: Deloitte & Touche based on 8 company survey responses.

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – Three Months Ended March 2023 Pulse Survey

****Three Months March 2023 Results****	**Three Months March 31, 2022**	**Three Months March 31, 2023**	**Increase/ (Decrease)**	**Increase/ (Decrease) Percent**	**Survey Responses**
General Characteristics					
1. Ownership status (public or private)	Public: 42% Private: 58%	Public: 42% Private: 58%			12
2. Are fee-for-service activities being provided by another developer on your behalf?		Yes: 8% No: 92%			12
Receivables Portfolio					
The following questions refer to the portfolio of receivables (total held and/or serviced receivables, including securitized and/or hypothecated receivables), including receivables for sales made in earlier years.					
3. Gross outstanding portfolio balance, at period end (in dollars)	$12,075,174,729	$12,582,032,788	$506,858,059	4.2%	10
4. At period end, on a contractual basis what percentage of the dollar amount of this portfolio was:					
Current (current or fewer than 31 days delinquent)	85.4%	86.4%	1.0%	1.2%	10
Between 31 to 60 days delinquent	1.5%	1.9%	0.4%	26.7%	10
Between 61 to 90 days delinquent	1.2%	1.4%	0.2%	16.7%	10
Between 91 to 120 days delinquent	1.2%	1.3%	0.1%	8.3%	10
More than 120 days delinquent	10.7%	9.0%	-1.7%	-15.9%	10
Total should equal 100%	100.0%	100.0%			
5. Gross defaults (total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end)	5.6%	6.3%	0.7%	12.5%	10
6. Average FICO score at origination (on loans in the portfolio at quarter-end, weighted by outstanding principal balance)	713	716	3	0.4%	10
Inventory					
7. Total capital expenditures related to timeshare inventory	$78,218,135	$271,665,238	$193,447,104	247.3%	7
Resort Occupancy					
8a/b. Timeshare occupancy mix by type. Report based on physical occupancy, meaning actual guest check-in occurred.*					
Occupied (owner or owners' guest, exchange guest, renter, and marketing guest)	74.1%	75.8%	1.7%	2.3%	12
Vacant - please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance	25.9%	24.2%	-1.7%	-6.6%	12
Total should equal 100%	100.0%	100.0%			

8c/8d. Market Segment occupancy*					
Owner Occupancy	64.6%	63.9%	-0.7%	-1.1%	11
Non-Owner Occupancy	35.4%	36.1%	0.7%	2.0%	11
Total should equal 100%	100.0%	100.0%			
9a/b. Total available room nights during period (This will be used to calculate the weighted average occupancy rate for the response set.)*	10,645,532	10,588,658	(56,874)	-0.5%	12
10a. Number of standard bookings (owners and guests)	588,739	645,685	56,946	9.7%	7
10b. Number of standard cancellations (owners and guests)	232,757	255,149	22,392	9.6%	7
10c. Number of sales & marketing package bookings (non-owners)	140,842	159,595	18,753	13.3%	7
10d. Number of sales & marketing package cancellations (non-owners)	42,402	42,520	118	0.3%	7
10e. For sales & marketing package purchases, please indicate the term of the product (in months)	12 to 36	12 to 36			2
10f. On average, please indicate the remaining term on sales and marketing packages related to cancellations (in months)	6	6	-	0.0%	1
Selected Sales Metrics (Including telesales and home sits)					
Sales metrics. Include telesales in the following responses.					
11. Net originated sales (net of sales incentives and rescissions) (in dollars)	$1,558,486,653	$1,574,336,361	$15,849,708	1.0%	11
12a. Net originated sales (net of sales incentives and rescissions) that were new owner sales (in dollars):	$462,945,505	$437,882,533	($25,062,972)	-5.4%	10
12b. Net originated sales (net of sales incentives and rescissions) that were existing owner sales (in dollars):	$764,036,724	$839,632,991	$75,596,297	9.9%	10
13. Weighted average rescissions %	12.8%	13.8%	1.0%	7.8%	10
13. Recission Dollars ($)	$208,516,828	$253,350,119	$44,833,291	21.5%	10
14a. Weighted average rescissions that were new owner sales %	18.8%	20.3%	1.5%	8.0%	9
14a. Rescissions Dollars ($) - new owner sales	$94,474,364	$110,122,440	$15,648,076	16.6%	9
14b. Weighted average rescissions that were existing owner sales %	10.2%	9.6%	-0.6%	-5.9%	9
14b. Rescissions Dollars ($) - existing owner sales	$80,859,378	$89,940,654	$9,081,276	11.2%	9
15. Owner growth rate over prior year	0.4%	-0.1%	-0.5%	-125.0%	9
Selected Sales Metrics (Excluding telesales)					
Sales metrics. Exclude telesales from the following responses. Include sales to existing owners and other in-house guests.					
16. Number of tours. Represents the number of tours taken by guests in the company's efforts to sell timeshares. Include all tours of sales prospects, whether they occur on-site or at an off-site sales center.	361,893	436,060	74,167	20.5%	10
17. Number of sales transactions (exclude rescissions) (Transactions should include: week sales, EOY sales, multiple-week sales, upgrades (that count as zero weeks), points sales, and reloads (which should be part of all categories above, except upgrades). Transactions should not include sales of Sampler programs.)	65,726	72,223	6,497	9.9%	10

Weighted average close rate (excludes sales that are canceled through rescission, calculated based on formula)	18.6%	16.9%	-1.7%	-9.1%	10
18. Net originated sales (gross sales less incentives and rescissions) excluding telesales	$1,508,644,614	$1,655,082,675	$146,438,060	9.7%	10
Weighted average volume per guest ("VPG"). Represents timeshare sales revenue per guest and is calculated by dividing net originated sales, excluding telesales and home sits, by the number of tours. (calculated based on formula)	$4,348	$3,914	($434)	-10.0%	10
Weighted average transaction value (this is calculated based on net originated sales and excludes any charges not reflected in net originated sales, such as closing costs)	$23,863	$24,000	$137	0.6%	10
19. Total net originated sales (gross sales less incentives and rescissions) for non-owned timeshare inventory sold under fee-for-service agreements	$185,032,897	$221,160,265	$36,127,369	19.5%	4
20. Total net originated sales (gross sales less incentives and rescissions) for owned timeshare inventory sold by others under fee-for-service agreements	$1,502,508	$1,271,390	($231,118)	-15.4%	1
Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	$1,742,017,042	$1,794,225,237	$52,208,195	3.0%	11
21. Total Rental Revenue	$377,388,680	$421,297,854	$43,909,174	11.6%	10

Consumer Financing

The following items refer to new financing provided to consumers during the period. For upgrade sales, use the characteristics of the new loan. For example, if an owner with $4,000 of equity and $6,000 principal balance outstanding on an existing loan purchases an upgrade vacation ownership interest with a stated sales price of $20,000, and uses the equity in their existing interval as the down payment, resulting in a new loan with a principal balance of $16,000, use the interest rate and term of that $16,000 loan.

22. Weighted average interest rate.	14.0%	14.4%	0.4%	2.9%	10
23. Weighted average term (in months).	123.6	125.7	2.1	1.7%	10
24. Average down payment on non-upgrade sales	15.5%	15.9%	0.4%	2.6%	9
25. Average down payment on upgrade sales	48.7%	45.8%	-2.9%	-6.0%	8
26. Weighted -average FICO score (on new loans, weighted by original principal balance, exclude buyers without FICO scores)	723	728	5	0.7%	10
27a. Originations as a percentage of gross sales. The gross sales amount inclusive of upgrade contract selling prices.	64.1%	60.1%	-4.0%	-6.2%	7
27b. Originations as a percentage of net sales. The net sales should equal gross sales less upgrade contract selling prices.	78.8%	82.2%	3.4%	4.3%	8

Employment

28. Number of positions open for employment as a percentage of all positions.	14.3%	12.8%	-1.5%	-10.5%	8

* Indicates a new question or questions that reflect changed wording from the prior Pulse survey form.

Method

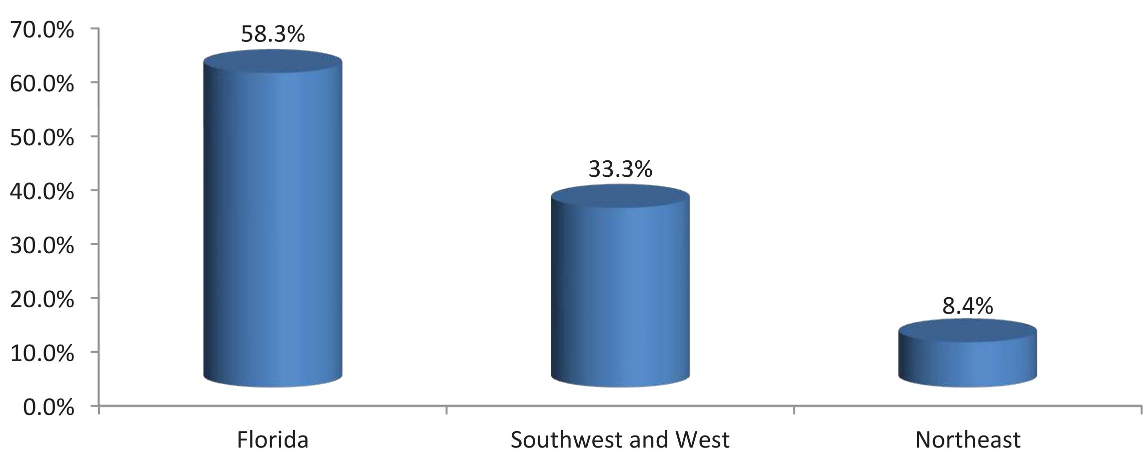
The 2023 First Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 264 timeshare and vacation ownership companies on April 10, 2023. The survey collection efforts focused on companies generating the largest volume of timeshare sales and companies that participate as board members of the American Resort Development Association (ARDA). Deloitte & Touche followed up with the companies by telephone and e-mail to encourage responses. Deloitte & Touche ended the survey collection effort on April 27, 2023. By April 27, 2023, 12 companies, or 4.5 percent of those surveyed, responded.

During the data analysis phase, Deloitte & Touche contacted several of the respondents with follow-up questions about specific answers they provided. Responses to some questions that were left blank or were unusual were ultimately excluded from the analysis. Though a total of 12 responses were collected, most questions were not answered by all 12 respondent companies as indicated in the "survey responses" column on the "Aggregate Results" tables.

The response base includes major companies in the U.S. timeshare sector. The 11 respondents that provided sales information reported aggregate Q1 2023 net originated sales, including telesales and excluding fee-for-service arrangements, of $1,574.3 million. Five of the aggregate 12 companies who participated in the survey are publicly traded companies, and four of the 12 are affiliated with major hotel brands. The survey is focused on the U.S. considering the location of companies' headquarters provides an indication of the geographic regions represented by the response base. Many of the U.S. respondents are based in the Southeast, including seven in Florida, though companies in the Northeast region, and Southwest and West region also responded.[8] No respondents were based in the Southeast (except for Florida), Midwest or Canada.

Figure 16. Distribution of companies by headquarters location, 2023



Source: Deloitte & Touche based on 12 company survey responses.

[8] Regional definitions: Florida (FL); Northeast (CT, DC, DE, KY, MA, MD, ME, NH, NJ, NY, PA, RI, VA, VT, WV); Midwest (IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI); Southeast (AL, AR, GA, LA, MS, NC, SC, TN); and Southwest and West (AK, AZ, CA, CO, HI, ID, MT, NM, NV, OK, OR, TX, UT, WA, WY).

To effectively interpret the survey results it is important to understand that the survey is not a projection as it is not based on a random sample of companies, nor is it a census of all companies. The survey is based on responses from participating companies that account for a predominance of industry sales, and this is one of the reasons it is seen as a valuable resource.

The companies that participated in this survey are not identical to those that participated in prior editions of the Pulse Survey or of the Financial Performance Survey, which is an annual survey conducted on behalf of the ARDA International Foundation. The most recent previous Pulse Survey reported on activity for the three months ended December 31, 2022. The current Pulse Survey functions similarly as a timely source of informationon several key statistics, with a focus on the three months ended March 31, 2023. Due to the relatively large size of some of the companies participating, the changing composition of the response base can materially impact the results reported in this version compared to previous editions. Also, the timeshare industry experiences changes in activity levels during different seasons of the year. It is not accurate to compare the Q1 2022 and Q1 2023 results presented in this edition with results shown in reports of earlier periods without understanding that the response base and reporting period have changed.

Unless otherwise noted specifically as simple averages, all averages in this report are weighted averages. For example, responses to questions related to sales topics, such as VPG, are weighted by net originated sales volume.

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ARDA
American Resort Development Association