

Pulse Survey



A SURVEY OF TIMESHARE AND VACATION
OWNERSHIP RESORT COMPANIES

2023
Q3



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 Third 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 November 2, 2023. Accordingly, changes and circumstances after that date could affect the findings outlined in this report.

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Deloitte & Touche LLP

December 1 , 2023



Pulse Survey

A SURVEY OF TIMESHARE AND VACATION OWNERSHIP RESORT COMPANIES

2023 Q3

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Although the information in this report has been obtained from sources that Deloitte & Touche LLP believes to be reliable, we do not guarantee its accuracy, and such information may be incomplete. This report is for information purposes only.

All opinions and estimates included in this report constitute our judgment as of November 2, 2023 and are subject to revision.












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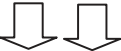


2023 Third Quarter Pulse Survey Overview and Key Findings

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 third quarter survey of U.S. timeshare companies that were in active sales during the third quarter of the year. The results herein include data from the period of July 2023 to September 2023. The results cover a total of 13 responding companies for which 11 respondents provided sales information reporting aggregate net originated sales of approximately \$1,938.8 million for the quarter ended September 30, 2023. Five of the aggregate 13 companies who participated in the survey are publicly traded companies, and four of the 13 are affiliated with major hotel brands. The five public companies that provided sales information accounted for 78.9 percent of total net originated sales in Q3 2023 as reported by the 11 survey respondents. The four companies affiliated with major hotel brands account for 69.8 percent of total net originated sales in Q3 2023 as reported by the 11 survey respondents.

The financial information contained in this survey includes September 30, 2023, QTD (Q3 2023) compared to September 30, 2022, QTD (Q3 2022). The information also contains data as of June 30, 2023 (Q2 2023) as previously reported in the 2023 Second Quarter Pulse Survey, compared to data as of September 30, 2023 (Q3 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	
<p><u>Net Originated Timeshare Sales (net of Sales Incentives and Rescissions) including Telesales</u> decreased 1.0 percent from Q3 2022 - QTD to Q3 2023 - QTD, decreasing from \$1,957.6 million to \$1,938.8 million.</p>	<p style="text-align: center;">↓ Decrease</p>
<p><u>Net Originated Timeshare Sales (including Telesales and Fee-for-service, excluding Rescissions and Fee-for-Service sold by others)</u> decreased 0.6 percent from Q3 2022 - QTD to Q3 2023 - QTD, decreasing from \$2,210.1 million to \$2,197.4 million.</p>	<p style="text-align: center;">↓ Decrease</p>

Sales Metrics	
Weighted Average Transaction Value decreased 0.7 percent from \$24,764 in Q3 2022 - QTD to \$24,593 in Q3 2023 – QTD (The simple average transaction value increased 0.3 percent from \$23,467 in Q3 2022 - QTD to \$23,538 in Q3 2023 - QTD).	 Decrease
Weighted Average Rescission Rate increased 0.7 percentage points (or 5.7 percent) from 12.3 percent in Q3 2022 - QTD to 13.0 percent Q3 2023 – QTD (The simple average rescission rate decreased 0.1 percentage points, or 1.0 percent, from 9.9 percent in Q3 2022 - QTD to 9.8 percent in Q3 2023 - QTD).	 Increase
Weighted Average Volume Per Guest (VPG) decreased 12.3 percent from \$4,490 to \$3,939 from Q3 2022 – QTD to Q3 2023 – QTD (The simple average VPG decreased 9.4 percent from \$4,198 in Q3 2022 – QTD to \$3,805 in Q3 2023- QTD).	 Decrease
Tours increased 9.2 percent from 488,444 to 533,300 tours from Q3 2022 - QTD to Q3 2023 - QTD.	 Increase
Weighted Average Close Rate decreased 1.9 percentage points (or 10.3 percent) from 18.5 percent to 16.6 percent from Q3 2022 - QTD to Q3 2023 - QTD.	 Decrease
Portfolio Performance	
Currency increased by 0.8 percentage points (or 0.9 percent), increasing from 86.3 percent as of Q3 2022 to 87.1 percent as of Q3 2023.	 Increase
Delinquencies (greater than 60 days past due) decreased by 0.8 percentage points (or 6.8 percent), decreasing from 11.8 percent as of Q3 2022 to 11.0 percent as of Q3 2023.	 Decrease
Charge-Offs increased by 1.7 percentage points (or 32.1 percent), increasing from 5.3 percent in Q3 2022 – QTD to 7.0 percent in Q3 2023 – QTD.	 Increase
Consumer Finance Experience	
Interest Rates increased 0.3 percentage points (or 2.1 percent), increasing from 14.3 percent in Q3 2022 to 14.6 percent in Q3 2023.	 Increase

<p>Weighted Average Term increased 1.8 percent from 124.0 months in Q3 2022 to 126.2 months in Q3 2023.</p>	 Increase
<p>Down Payments on non-upgrade sales increased 1.0 percentage points (or 6.6 percent), increasing from 15.2 percent in Q3 2022 to 16.2 percent in Q3 2023.</p>	 Increase
<p>Down Payments on upgrade sales increased 1.0 percentage points (or 2.4 percent), increasing from 42.4 percent in Q3 2022 to 43.4 percent in Q3 2023.</p>	 Increase
<p>Other Metrics</p>	
<p>Weighted Average Resort Occupancy decreased 1.4 percentage points (or 1.7 percent), decreasing from 82.1 percent in Q3 2022 - QTD to 80.7 percent in Q3 2023 – QTD.</p>	 Decrease
<p>Number of Standard Bookings decreased by 6,153 bookings (or 0.8 percent), decreasing from 732,851 in Q3 2022 to 726,698 in Q3 2023.</p>	 Decrease
<p>Number of Standard Cancellations increased by 15,610 cancellations (or 6.0 percent), increasing from 260,012 in Q3 2022 to 275,622 in Q3 2023.</p>	 Increase
<p>Number of Sales & Marketing Package Bookings decreased by 25,454 bookings (or 13.1 percent), decreasing from 193,882 in Q3 2022 to 168,428 in Q3 2023.</p>	 Decrease
<p>Number of Sales & Marketing Package Cancellations decreased by 30,545 cancellations (or 42.3 percent), decreasing from 72,208 in Q3 2022 to 41,663 in Q3 2023. This decrease is primarily driven by one respondent. When excluding this respondent, the number of sales and marketing package cancellations decreased by 8,601 cancellations (or 19.5 percent).</p>	 Decrease
<p>Capital Expenditures increased 65.8 percent from Q3 2022 to Q3 2023, increasing from \$128.9 million to \$213.6 million.</p>	 Increase

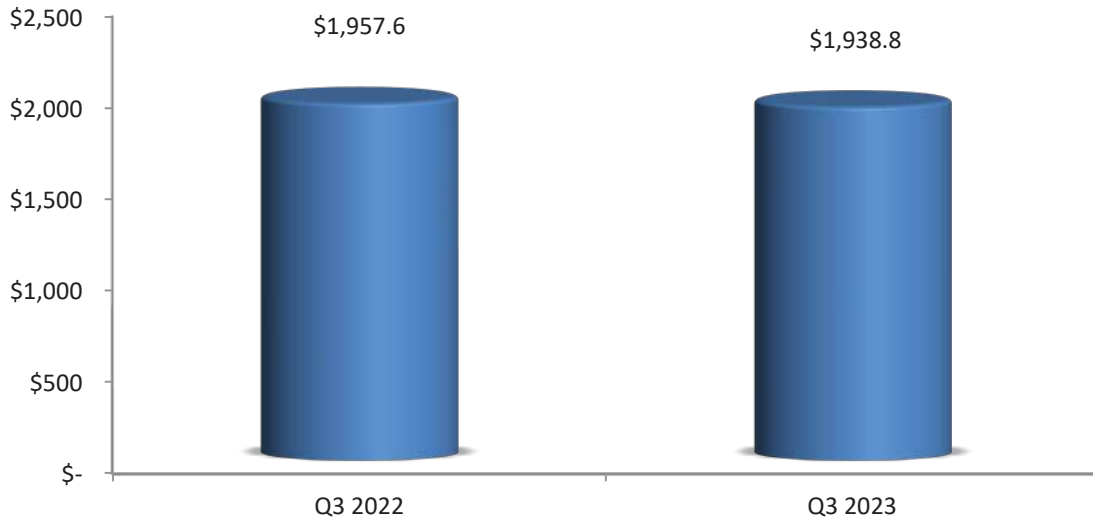
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume decreased slightly in Q3 2023 when compared to Q3 2022.

Companies provided data on a set of key sales indicators. In total, the 11 respondents that provided sales information reported approximately \$1,938.8 million in net originated timeshare sales¹ (including telesales) in Q3 2023, or a 1.0 percent decrease when compared to Q3 2022.

Figure 1. Net originated sales including telesales (Millions)

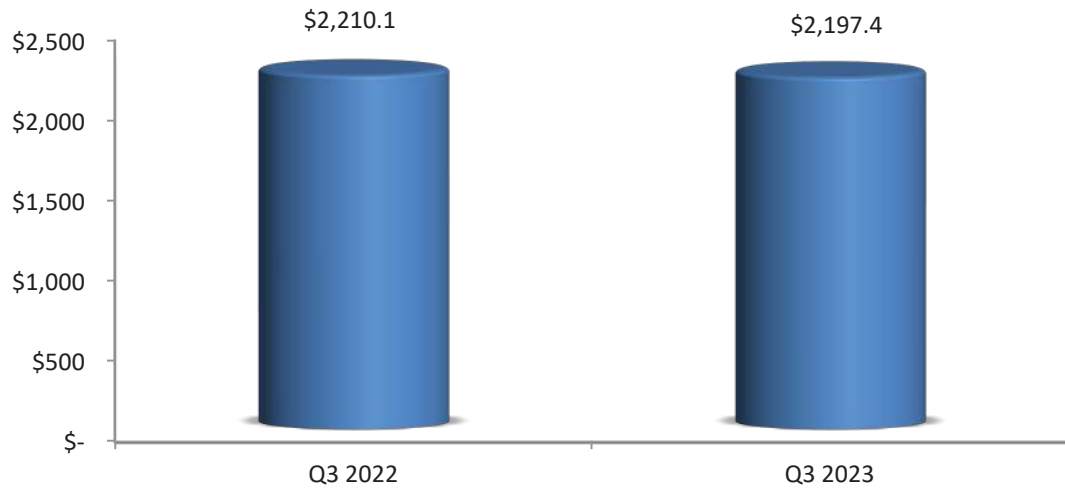


Source: Deloitte & Touche based on 11 company survey responses.

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 13 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. All four of the respondents providing fee-for-service increased fee-for-service operations in Q3 2023 compared to Q3 2022. The respondent being provided fee-for-service decreased fee-for-service operations by 10.9 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 \$252.5 million in Q3 2022 to \$258.6 million in Q3 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 decrease of 0.6 percent in total net originated timeshare sales when compared to Q3 2022.

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)

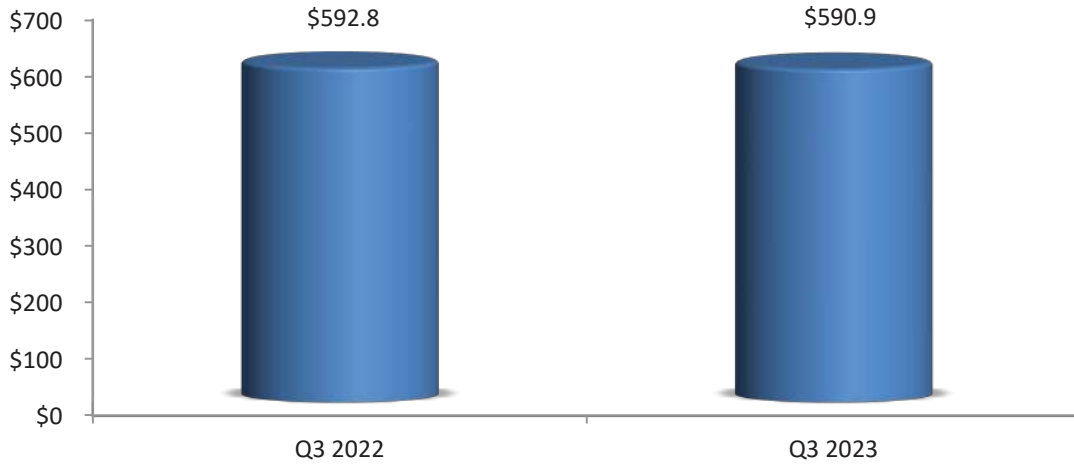


Source: Deloitte & Touche based on 11 company survey responses for net originated sales, 4 respondents reported providing fee-for-service arrangements, and 1 respondent reported being provided fee-for-service arrangements.

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 \$590.9 million in new owner net originated timeshare sales (including telesales) in Q3 2023, which is a 0.3 percent decrease from Q3 2022, see Figure 3 below. The 10 respondent companies that provided existing owner sales information reported approximately \$975.6 million in existing owner net originated timeshare sales (including telesales) in Q3 2023, which is a 0.8 percent decrease from Q3 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 37.7 percent of the amount in Q3 2023, which is a slight increase from 37.6 percent in Q3 2022 (see Figure 4 below). Existing owner sales in Q3 2023 made up 62.3 percent of total net originated sales, which is a slight decrease from 62.4 percent in Q3 2022.

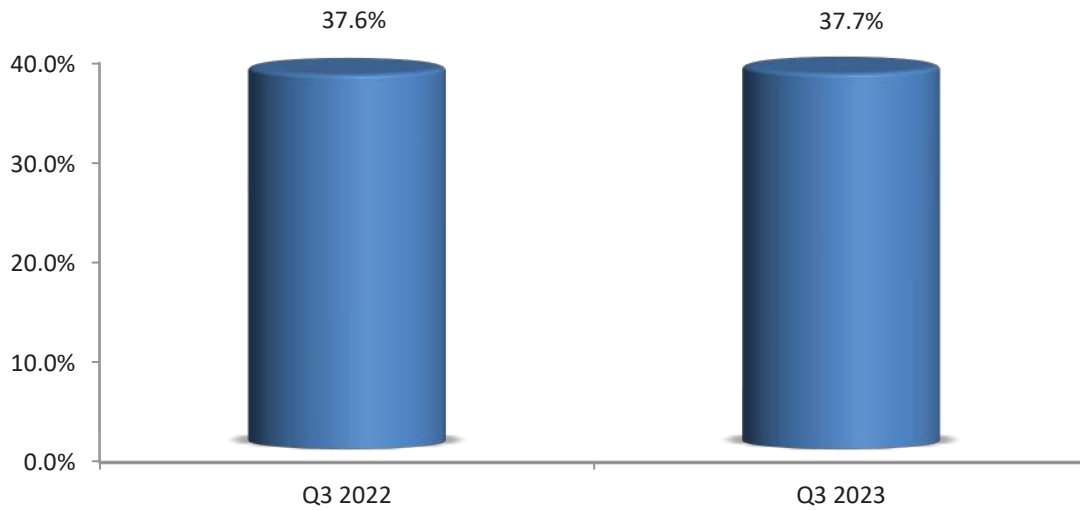
Note that the sum of the total new owner sales and existing owner sales differs from the total net originated sales due to the fact that one of the 11 respondents that provided net originated sales did not provide information related to new owner and existing owner sales.

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



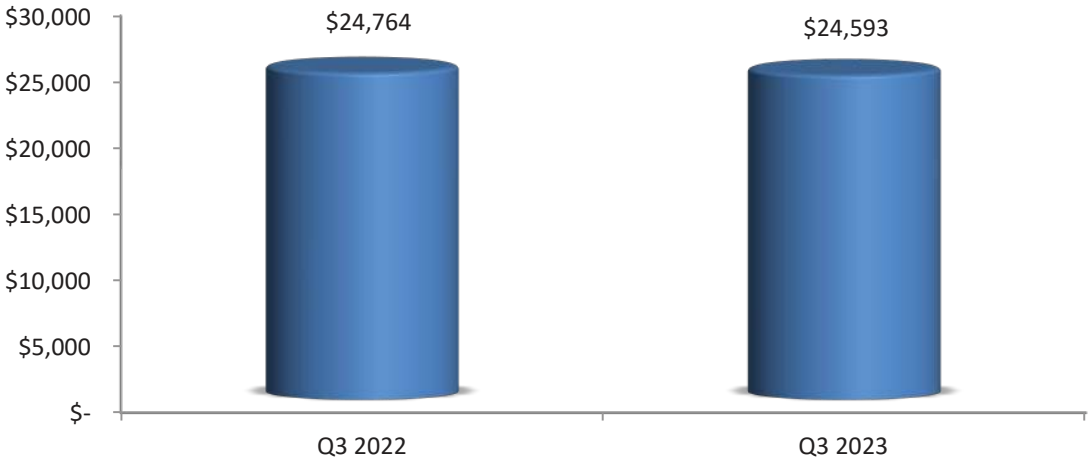
Source: Deloitte & Touche based on 10 company survey responses.

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 Q3 2023. The companies reported that the aggregate number of tours² increased 9.2 percent, the aggregate number of sales transactions decreased 1.3 percent, the weighted average transaction value decreased 0.7 percent, the weighted average VPG³ decreased 12.3 percent, and the weighted average close rate decreased 10.3 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 biennials⁴, 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. Six respondents reported average transaction value had decreased and four respondents reported the value had increased from Q3 2022 to Q3 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.

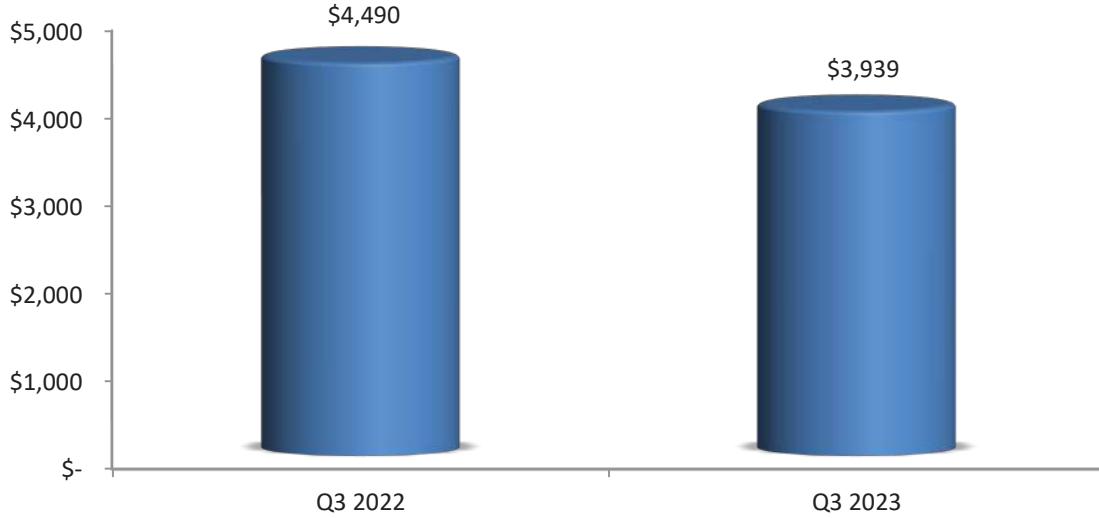
² This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

³ 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).

⁴ Biennial products allow owners to use intervals every other year, instead of each year.

VPG, a measure of sales efficiency calculated as net originated sales per tour, decreased by 12.3 percent from Q3 2022 to Q3 2023.

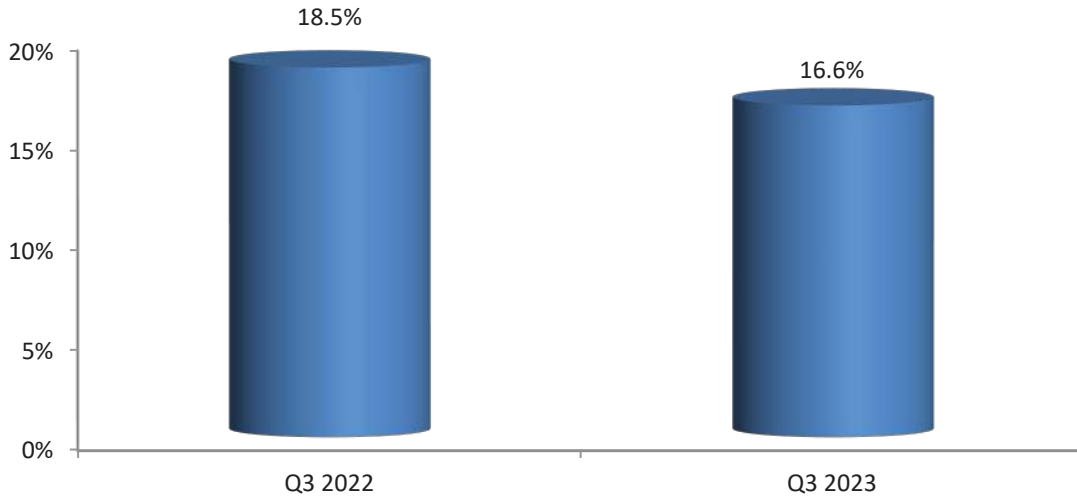
Figure 6. Weighted average VPG



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 1.9 percentage points (or 10.3 percent) from Q3 2022 to Q3 2023.

Figure 7. Weighted average close rate



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

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 the VPG and close rate metrics were directionally the same under the weighted and simple average, while average transaction value was the opposite. This was due to larger companies having a greater weighted average impact and smaller companies having a greater simple average impact.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q3 2022	Weighted Average Q3 2023	Simple Average Q3 2022	Simple Average Q3 2023
Third Quarter				
Volume per guest	\$4,490	\$3,939	\$4,198	\$3,805
Average transaction value	\$24,764	\$24,593	\$23,467	\$23,538
Close rate	18.5%	16.6%	17.9%	16.2%

Source: Deloitte & Touche based on 10 company survey responses

Among the companies that provided key sales indicators, 11 provided rescission percentage information. The weighted average rescission (%)⁵ among those companies was 13.0 percent in Q3 2023, which increased 0.7 percentage points from 12.3 percent in Q3 2022. Four companies reported a decrease in rescissions and seven companies reported an increase in rescissions when comparing Q3 2023 to Q3 2022. The simple average rescission rate decreased from 9.9 percent in Q3 2022 to 9.8 in Q3 2023. Further, respondents were asked to provide the rescission volume in dollars. For the 11 companies that provided this information, the total aggregate rescissions increased by 9.3 percent from \$283.6 million in Q3 2022 to \$310.0 million in Q3 2023.

Respondents were asked a question related to rescission information on existing and new owner sales. For the ten respondent companies that provided rescission information on new owner sales, the weighted average rescission rate decreased from 17.9 percent in Q3 2022 to 16.9 percent in Q3 2023. Further, ten respondents provided rescission information on new owner sales in dollars resulting in an increase of 0.3 percent in the total aggregate rescission volume from approximately \$136.5 million to approximately \$136.9 million from Q3 2022 to Q3 2023. For the ten respondent companies that provided rescission information on existing owner sales, the weighted average rescission rate increased from 9.0 percent in Q3 2022 to 9.5 percent in Q3 2023. Further, ten respondents provided rescission information on existing owner sales in dollars resulting in an increase of 12.5 percent in the total aggregate rescission volume from \$97.4 million to \$109.6 million from Q3 2022 to Q3 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 2.1 percent growth in Q3 2022 to 0.8 percent decline in Q3 2023.

Respondents were asked a question related to total gross rental revenue recognized. For the 11 respondent companies that provided gross rental revenue, the total gross rental revenue increased 0.1 percent from \$442.2 million in Q3 2022 to \$442.6 million in Q3 2023.

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 9/30/2022 and as of 9/30/2023.

The composition of receivables portfolios⁶ was evaluated as of September 30, 2023 and compared to the composition as of September 30, 2022. The gross aggregate receivables for the 10 companies that provided receivables data was \$13,055.6 million as of September 30, 2023, and \$12,618.3 million as of September 30, 2022.

Respondents reported that payments for 87.1 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of September 30, 2023, an increase of 0.8 percentage points from one year earlier. Further, as of September 30, 2023, 8.5 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, a decrease of 0.8 percentage points compared to one year earlier.

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

	Q3 2022	Q3 2023	Difference
Current	86.3%	87.1%	0.8%
31 to 60 days	1.9%	1.9%	0.0%
61 to 90 days	1.3%	1.3%	0.0%
91 to 120 days	1.2%	1.2%	0.0%
More than 120 days	9.3%	8.5%	-0.8%
Total	100.0%	100.0%	

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

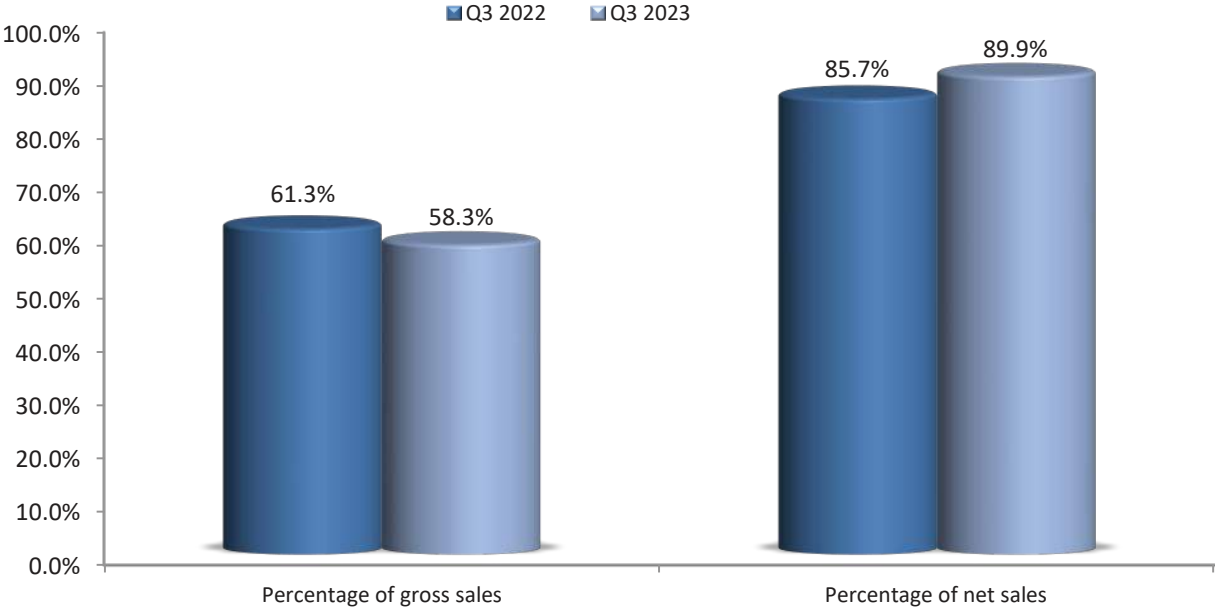
Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts (i.e., written off) during Q3 2023, as a percentage of the gross outstanding portfolio balance at period-end. The weighted average default rate in Q3 2023 was 7.0 percent, which reflected an increase of 1.7 percentage points, or 32.1 percent, as compared to one year earlier. Of the nine respondents, one respondent reported a decrease in the default rate when comparing Q3 2023 to Q3 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 Q3 2022 and Q3 2023. Of the 10 respondents, eight respondents reported an increase in the weighted average FICO score, one respondent reported a decrease and one reported no change. The result was a 0.4 percent increase in the weighted average FICO score from 712 at Q3 2022 to 715 at Q3 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.

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 3.0 percentage points (or 4.9 percent) from 61.3 percent for Q3 2022 to 58.3 percent for Q3 2023. Originations as a percentage of net sales increased by 4.2 percentage points (or 4.9 percent) from 85.7 percent for Q3 2022 to 89.9 percent for Q3 2023.

Figure 9b. Originations as a Percentage of Sales



Source: Deloitte & Touche based on a minimum of 6 company survey responses.

2(B). Consumer timeshare loan portfolios experienced an increase in currency when comparing as of 6/30/2023 and as of 9/30/2023.

The composition of receivables portfolios was evaluated as of September 30, 2023 and compared to the composition as of June 30, 2023. The gross aggregate receivables for the companies that provided receivables data was \$13,055.6 million as of September 30, 2023 and \$12,886.6 million as of June 30, 2023.

Receivables portfolios showed a decrease in delinquencies greater than 120 days past due as of September 30, 2023 compared to one quarter earlier. Respondents reported that payments for 87.1 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of September 30, 2023, which was 0.4 percentage points higher than one quarter earlier. Further, 7.0 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance as of September 30, 2023, which was 0.5 percentage points higher compared to as of June 30, 2023.

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

	June 30, 2023	September 30, 2023	Increase/(Decrease)
Current	86.7%	87.1%	0.4%
31 to 60 days	1.9%	1.9%	0.0%
61 to 90 days	1.4%	1.3%	-0.1%
91 to 120 days	1.2%	1.2%	0.0%
More than 120 days	8.8%	8.5%	-0.3%
Total	100.0%	100.0%	

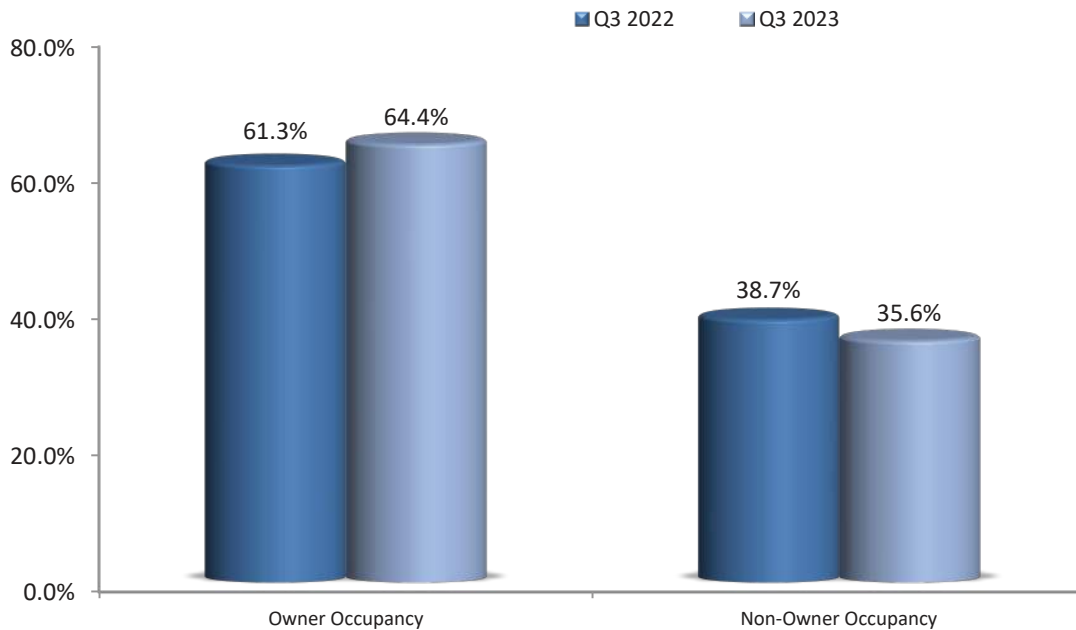
Source: Deloitte & Touche based on 10 company survey responses.

3(A). Resort occupancy decreased 1.4 percentage points (or 1.7 percent) as compared to Q3 2022.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 13 companies that provided occupancy data, representing approximately 10.68 million available room nights in Q3 2023, the average occupancy rate decreased 1.4 percentage points (or 1.7 percent) to 80.7 percent in Q3 2023, compared to 82.1 percent in Q3 2022. Available room nights decreased by 0.8 percent from Q3 2022 to Q3 2023, decreasing from approximately 10.76 million room nights to approximately 10.68 million room nights as reported by the 13 companies.

Additionally, respondents were asked to report on the occupancy based on whether the occupants were or were not timeshare owners. The mix increased by 3.1 percent from Q3 2022 for owner occupancy and decreased by 3.1 percent for non-owner occupancy.

Figure 11a. Occupancy by Sales Mix



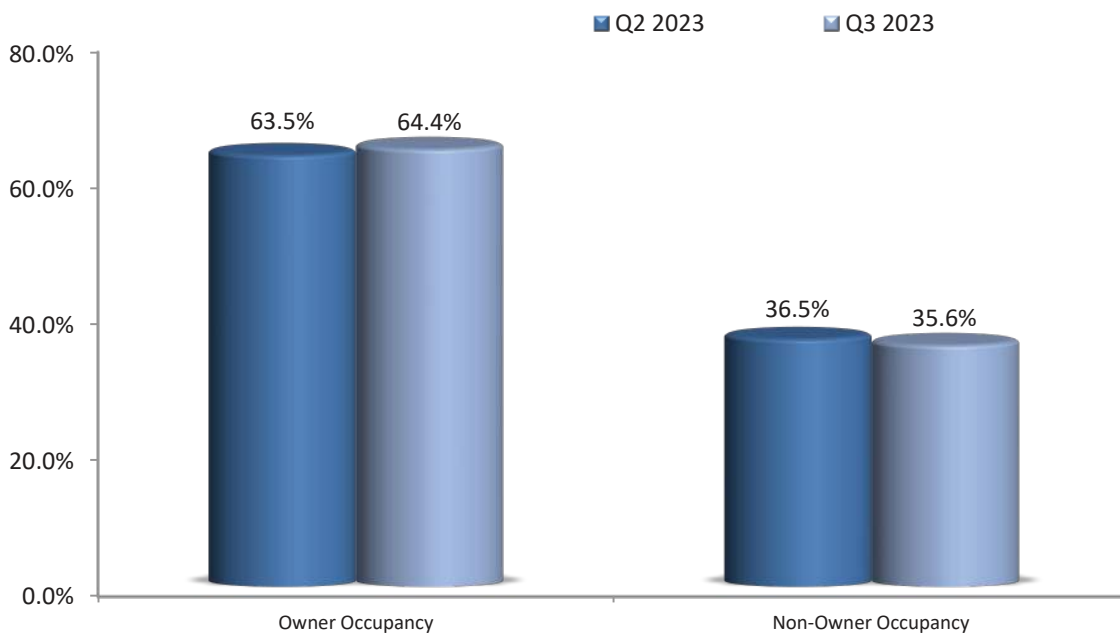
Source: Deloitte & Touche based on 12 company survey responses.

3(B). Resort occupancy decreased 1.1 percentage points (or 1.3 percent) as compared to Q2 2023.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 13 companies that provided occupancy data, representing approximately 10.68 million available room nights in Q3 2023, the average occupancy rate decreased 1.1 percentage points (or 1.3 percent) to 80.7 percent in Q3 2023, compared to 81.8 percent in Q2 2023. Available room nights decreased 0.02 percent from Q2 2023 to Q3 2023, decreasing from approximately 10.69 million room nights to approximately 10.68 million room nights as reported by a minimum of 12 companies.

Additionally, respondents were asked to report on the occupancy based on whether the occupants were or were not timeshare owners. The mix increased by 1.4 percent from Q2 2023 for owner occupancy and decreased by 2.5 percent for non-owner occupancy.

Figure 11b. Occupancy by Sales Mix



Source: Deloitte & Touche based on a minimum of 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, number of sales and marketing package bookings, and number of sales and marketing cancellations demonstrated a decrease from Q3 2022 to Q3 2023 and the number of standard cancellations demonstrated an increase. Eight companies provided standard bookings and cancellations (owners and guests) data. The number of standard bookings decreased by 0.8 percent from 732,851 in Q3 2022 to 726,698 in Q3 2023. The number of standard cancellations increased by 6.0 percent from 260,012 in Q3 2022 to 275,622 in Q3 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 decreased by 13.1 percent from 193,882 in Q3 2022 to 168,428 in Q3 2023. The number of sales and marketing package cancellations decreased by 42.3 percent from 72,208 in Q3 2022 to 41,663 in Q3 2023. This decrease is primarily driven by one respondent. When excluding this respondent, the number of sales and marketing package cancellations decreased by 8,601 cancellations (or 19.5 percent).

Figure 12. Characteristics of occupancy bookings and cancellations

Third Quarter	2022	2023	% Increase/ (Decrease)
Number of standard bookings (owners and guests)	732,851	726,698	-0.8%
Number of standard cancellations (owners and guests)	260,012	275,622	6.0%
Number of sales & marketing package bookings (non-owners)	193,882	168,428	-13.1%
Number of sales & marketing package cancellations (non-owners)	72,208	41,663	-42.3%

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

4. Average term, FICO score at origination, down payment on non-upgrade sales, average down payment on upgrade sales, and average interest rate increased in Q3 2023 as compared to Q3 2022.

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated to compare to Q3 2022.⁷ The Q3 2023 average loan term was 126.2 months, which increased from 124.0 months in Q3 2022. The average FICO score for financed sales increased from 715 in Q3 2022 to 720 in Q3 2023.

Respondents were asked to provide the average down payment on upgrade sales separate from non-upgrade sales because 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 16.2 percent of the stated sales price on financed sales in Q3 2023 compared to 15.2 percent in Q3 2022. For the seven 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 43.4 percent in Q3 2023, an increase of 1.0 percentage points from Q3 2022. The average interest rate on new consumer loans in Q3 2023 was 14.6 percent, which increased by 0.3 percentage points when compared to Q3 2022.

Figure 13. Characteristics of consumer timeshare loan financing

Third Quarter	2022	2023	Difference
Average:			
Interest rate (annual)	14.3%	14.6%	0.3%
Term (months)	124.0	126.2	2.2 months
Down payment on non-upgrade sales (% of price)	15.2%	16.2%	1.0%
Down payment on upgrade sales (% of price)	42.4%	43.4%	1.0%
FICO Score at origination (new sales)	715	720	5

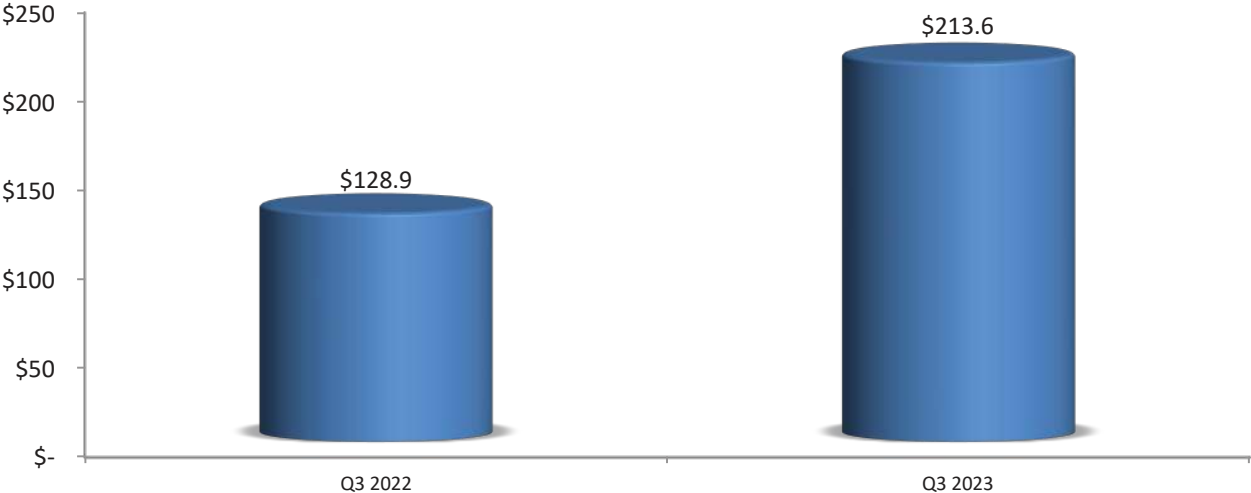
Source: Deloitte & Touche based on a minimum of 7 company survey responses.

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 Q3 2023 when compared to Q3 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 65.8 percent in Q3 2023 compared to Q3 2022. Three respondents reported a decrease in capital expenditures related to timeshare inventory, four respondents reported an increase, and one respondent reported no change in Q3 2023 compared to Q3 2022.

Figure 14. Capital Expenditures (Millions)

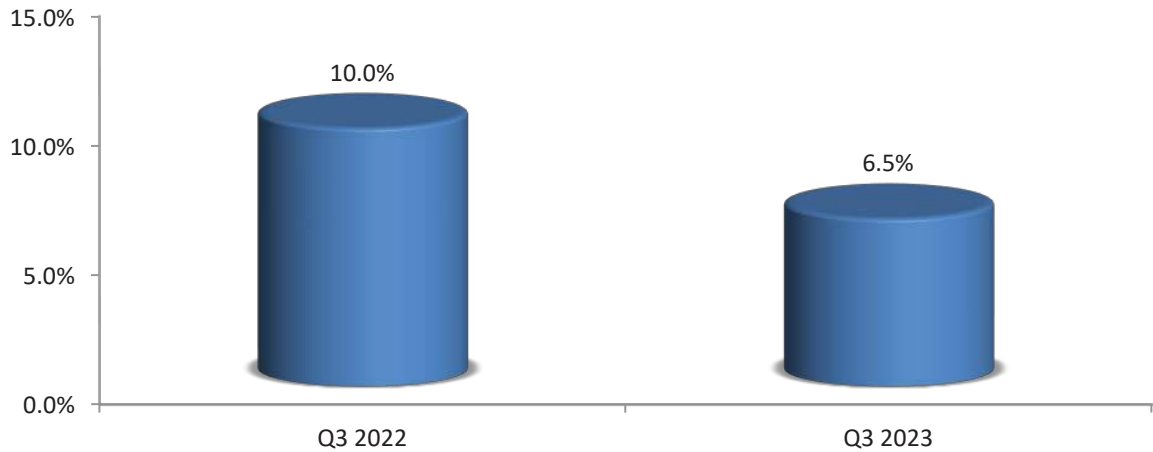


Source: Deloitte & Touche based on 8 company survey responses.

6. Employment

Participants were further asked a question related to the number of positions open for employment as a percentage of all positions. Seven respondents provided data which indicated on average 6.5 percent of positions were open for employment as of Q3 2023. This reflects a 3.5 percentage point decrease, or 35.0 percent, as compared to 10.0 percent as of Q3 2022.

Figure 15. Open positions for employment



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

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – Three Months Ended September 2023 Pulse Survey					
Three Months September 2023 Results	<u>Three Months</u>	<u>Three Months</u>	<u>Increase/</u>	<u>Increase/</u>	<u>Survey</u>
	<u>September 30,</u>	<u>September 30,</u>	<u>(Decrease)</u>	<u>(Decrease)</u>	<u>Responses</u>
	<u>2022</u>	<u>2023</u>		<u>Percent</u>	
General Characteristics					
1. Ownership status (public or private)	Public: 38%	Public: 38%			13
	Private: 62%	Private: 62%			
2. Are fee-for-service activities being provided by another developer on your behalf?		Yes: 8%			13
		No: 92%			

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)	\$12,618,347,809	\$13,055,574,407	\$437,226,598	3.5%	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)	86.3%	87.1%	0.8%	0.9%	10
Between 31 to 60 days delinquent	1.9%	1.9%	0.0%	0.0%	10
Between 61 to 90 days delinquent	1.3%	1.3%	0.0%	0.0%	10
Between 91 to 120 days delinquent	1.2%	1.2%	0.0%	0.0%	10
More than 120 days delinquent	9.3%	8.5%	-0.8%	-8.6%	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)	5.3%	7.0%	1.7%	32.1%	9
6. Average FICO score at origination (on loans in the portfolio at quarter-end, weighted by outstanding principal balance)	712	715	3	0.4%	10

Inventory

7. Total capital expenditures related to timeshare inventory	\$128,868,298	\$213,622,109	\$84,753,811	65.8%	8
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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)	82.1%	80.7%	-1.4%	-1.7%	13
Vacant - please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance	17.9%	19.3%	1.4%	7.8%	13
Total should equal 100%	100.0%	100.0%			

8c/8d. Market Segment occupancy

Owner Occupancy	61.3%	64.4%	3.1%	5.1%	12
Non-Owner Occupancy	38.7%	35.6%	-3.1%	-8.0%	12
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.)	10,763,858	10,682,178	(81,680)	-0.8%	13
10a. Number of standard bookings (owners and guests)	732,851	726,698	(6,153)	-0.8%	8
10b. Number of standard cancellations (owners and guests)	260,012	275,622	15,610	6.0%	8
10c. Number of sales & marketing package bookings (non-owners)	193,882	168,428	(25,454)	-13.1%	7
10d. Number of sales & marketing package cancellations (non-owners)	72,208	41,663	(30,545)	-42.3%	7

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)	\$1,957,571,691	\$1,938,842,939	(\$18,728,752)	-1.0%	11
12a. Net originated sales (net of sales incentives and rescissions) that were new owner sales (in dollars):	\$592,792,268	\$590,920,895	(\$1,871,373)	-0.3%	10
12b. Net originated sales (net of sales incentives and rescissions) that were existing owner sales (in dollars):	\$983,749,232	\$975,564,276	(\$8,184,956)	-0.8%	10
13. Weighted average rescissions %	12.3%	13.0%	0.7%	5.7%	11
13. Rescission Dollars (\$)	\$283,588,468	\$310,022,438	\$26,433,970	9.3%	11
14a. Weighted average rescissions that were new owner sales %	17.9%	16.9%	-1.0%	-5.6%	10
14a. Rescissions Dollars (\$) - new owner sales	\$136,515,951	\$136,887,856	\$371,905	0.3%	10
14b. Weighted average rescissions that were existing owner sales %	9.0%	9.5%	0.5%	5.6%	10
14b. Rescissions Dollars (\$) - existing owner sales	\$97,411,627	\$109,613,573	\$12,201,946	12.5%	10
15. Owner growth rate over prior year	2.1%	-0.8%	-2.9%	-138.1%	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.	488,444	533,300	44,856	9.2%	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.)	87,369	86,201	-1,168	-1.3%	10
Weighted average close rate (excludes sales that are canceled through rescission, calculated based on formula)	18.5%	16.6%	-1.9%	-10.3%	10
18. Net originated sales (gross sales less incentives and rescissions) excluding telesales	\$2,050,261,005	\$2,029,002,922	(\$21,258,083)	-1.0%	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)	\$4,490	\$3,939	(\$551)	-12.3%	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)	\$24,764	\$24,593	(\$171)	-0.7%	10
19. Total net originated sales (gross sales less incentives and rescissions) for non-owned timeshare inventory sold under fee-for-service agreements	\$253,796,785	\$259,724,664	\$5,927,879	2.3%	4
20. Total net originated sales (gross sales less incentives and rescissions) for owned timeshare inventory sold by others under fee-for-service agreements	\$1,316,461	\$1,173,230	(\$143,231)	-10.9%	1
Total net originated sales (including telesales, excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	\$2,210,052,015	\$2,197,394,373	(\$12,657,642)	-0.6%	11
21. Total Gross Rental Revenue (This is the total gross rental income recorded in the developer's income statement for the specified periods)	\$442,174,347	\$442,604,948	\$430,601	0.1%	11

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.	14.3%	14.6%	0.3%	2.1%	10
23. Weighted average term (in months).	124.0	126.2	2.2	1.8%	10
24. Average down payment on non-upgrade sales	15.2%	16.2%	1.0%	6.6%	9
25. Average down payment on upgrade sales	42.4%	43.4%	1.0%	2.4%	7
26. Weighted -average FICO score (on new loans, weighted by original principal balance, exclude buyers without FICO scores)	715	720	5	0.7%	10
27a. Originations as a percentage of gross sales. The gross sales amount inclusive of upgrade contract selling prices.	61.3%	58.3%	-3.0%	-4.9%	6
27b. Originations as a percentage of net sales. The net sales should equal gross sales less upgrade contract selling prices.	85.7%	89.9%	4.2%	4.9%	7

Employment

28. Number of positions open for employment as a percentage of all positions.	10.0%	6.5%	-3.5%	-35.0%	7
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*Indicates a new question or a change in wording for a question compared to previous versions.

ARDA International Foundation Pulse Survey

Definitions for use in survey

2023

Capital Expenditure	Refers to capital expenditures on developing or purchasing timeshare inventory (including turn-key, just-in-time inventory, and buy-backs from property owner associations).
Charge-Offs	Calculated as the total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end.
Contract	An agreement between two or more parties that creates enforceable rights and obligations.
Currency	Calculated as the total percentage of the portfolio that is current or fewer than 31 days delinquent on timeshare payments.
Default	Occurs when a loan is declared in default or when payments are more than 120 days delinquent.
Delinquent Receivable	Results when a defined payment has not been received as specified by the loan documents. The delinquency period is defined as the number of days subsequent to the prescribed payment due date.
Discount Rate	The interest rate used as one of the key assumptions in the valuation model to value the retained interest in a securitization transaction.
Downgrade	A transaction under which, as a result of credit concerns, the holder of a timeshare interval returns it to the seller in exchange for a lower-valued interval.
ASC 978	Accounting Standards Codification (ASC) 978, <i>Real Estate - Timesharing Activities</i> .
Fractionals	Ownership interest that is either a shared equity or club interest representing a time period of not fewer than two weeks but usually three weeks or more. Fractional ownership typically offers additional services, amenities, and flexibility relative to timeshare, so that a bundle of timeshare weeks would not be considered a fractional interest. Fractional sales and financed notes should be excluded from totals and averages reported in this survey.
Full Accrual Method	A method of recognizing profit for timeshare transactions under which profit is recognized in full provided the applicable criteria are met.
Gross Rental Revenue	The total gross rental income recorded in the developer's income statement for the specified periods.
Hypothecated Receivables	Represents the installment sales contracts which are pledged as collateral for debt.
Interval Week Conversion Factor	Points-based developers may calculate weeks sold on an implied interval week conversion factor based on internal measures. For example, one approach may be to divide the number of points redeemed during the year by the number of unit weeks occupied. Or, developers that assign point values to unit inventory may calculate the implied interval week conversion factor for the system overall.
Net Originated Sales	Revenue calculated as gross sales revenues less incentives and rescissions.
Originations	Refers to the origination of a loan as a result of financing a timeshare purchase.
Performance Obligation	A promise in a contract with a customer to transfer to the customer either: a. A good or service (or a bundle of goods or services) that is distinct b. A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
Prepayment Rate	The rate at which loans are paid off before the end of the note term. This is a key assumption used in the valuation model used to value the retained interest in a securitization model.

Probable	The future event or events are likely to occur.
Recourse	The right of a transferee of receivables to receive payment from the transferor of those receivables for (1) failure of debtors to pay when due, (2) the effects of prepayments, or (3) adjustments resulting from defects in the eligibility of the transferred receivables.
Reload	A transaction whereby a customer obtains a second interval from the same seller but does not relinquish the right to the first, for example, obtaining an additional unit, an additional interval, or additional points.
Rescission	Statutory right of the buyer to cancel a sales contract within a certain defined time period and obtain a return of all consideration paid to the seller.
Rescissions	Sales contracts that are executed and for which the timeshare company has received valid funds in accordance with the sales contracts, but which do not close escrow within 30 days. Contracts that fail to have adequate funds should be viewed as pending contracts and should not be recognized as either gross sales or rescissions. Deeds in lieu of foreclosure and/or contracts obtained by the developer through foreclosure proceedings should not be reflected in the rescission amounts. Depository rescissions, which are situations in which the buyer has made a deposit but hasn't yet provided the down payment necessary to qualify the transaction as a <u>contract</u> sale, are not counted as part of gross sales, and therefore are not counted as rescissions.
Relative Sales Value Method	A method of allocating inventory cost and determining cost of sales in conjunction with a timeshare sale. Cost of sales is calculated as a percentage of net sales by applying a cost-of-sales percentage, determined as the ratio of inventory cost to total remaining estimated timeshare revenue to be collected from sales of the inventory.
Resort Occupancy	The proportion of timeshare units in use at a resort based on physical occupancy (meaning an actual guest check-in occurred). Occupancy includes owners, owners' guest, exchange guest, renter, and marketing guest.
Revenue	Revenue earned by an entity from its direct distribution, exploitation, or licensing of a film, before deduction for any of the entity's direct costs of distribution. For markets and territories in which an entity's fully or jointly-owned films are distributed by third parties, revenue is the net amounts payable to the entity by third party distributors. Revenue is reduced by appropriate allowances, estimated returns, price concessions, or similar adjustments, as applicable.
Sales Value	A calculated amount that approximates the amount at which a timeshare interval would be sold in an all-cash sale, without financing or incentives. Sales value is determined by adjusting the stated sales price to the present value of the receivable, adding fees paid by the buyer that are unrelated to financing, and subtracting the value of incentives and services provided to the buyer (to the extent the fair value of the incentives or services exceeds the amount the buyer pays for the incentives or services).
Securitization	The obtaining of funds through the issuance of securities backed by a pool of mortgages or mortgage-related securities without recourse.
Standard Booking	An ordinary timeshare reservation by owners and guests.
Standard Cancellation	A cancellation of an ordinary timeshare reservation by owners and guests.
Static Pool Default Analysis	Static pool analysis is used to measure the performance of a grouping, or pool, of receivables. This method analyzes performance by tracking credit losses or other variables throughout the duration of the pool. For this survey, the static pool default rate is calculated as cumulative actual and projected future capital losses net of reinstatements, divided by the original principal balance.
Transaction Price	The amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties

Trial Membership Program	A marketing program under which a timeshare developer offers a customer, who has previously toured one of the development company's projects, a stay at one or more of the development company's projects <u>for an upfront fee that reflects a reduced rate</u> . In exchange, the customer agrees to take another, subsequent tour under the trial membership program during the customer's stay at that project. If the subsequent tour results in a sale, the developer may allow the customer to apply some or all of the amount paid for the trial membership toward the purchase of a timeshare, and/or as a part of the down payment. Also referred to as an exit program or sampler.
Upgrade	A transaction whereby a customer relinquishes the right to a currently held timeshare interval and obtains a higher-priced timeshare interval from the same seller.
Variable Consideration	<p>If the consideration promised in a contract includes a variable amount, an entity shall estimate the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer.</p> <p>An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar items. The promised consideration also can vary if an entity's entitlement to the consideration is contingent on the occurrence or nonoccurrence of a future event. For example, an amount of consideration would be variable if either a product was sold with a right of return or a fixed amount is promised as a performance bonus on achievement of a specified milestone</p>
Whole Ownership	Vacation product in which each unit has one owner. Whole ownership sales and financed notes should be excluded from the totals and averages reported in this survey.
Yield Per Week	Net originated sales divided by number of equivalent weeks sold. It is the same concept as the average price per week measure that was calculated in previous editions of the Financial Performance Survey, but has been relabeled to reflect that upgrade sales revenue is included in the numerator of the calculation even though upgrade sales do not result in the net absorption of an additional equivalent week and therefore do not impact the denominator.

Terms defined in ASC 805 (FAS 141(r))

The following are terms that are used in this survey that have the same meaning as defined in the FASB Accounting Standards Codification (ASC) 805 Business Combinations. The definitions provided below are abbreviated from ASC 805 for the purpose of this definitions page and do not represent guidance by Deloitte for any other purpose. Readers should refer to the full ASC 805 for reference.

Acquirer	The entity that obtains control of the acquiree. However, in a business combination in which a variable interest entity (VIE) is acquired, the primary beneficiary of that entity always is the acquirer.
Business	<p>An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or other economic benefits directly to investors or other owners, members, or participants.</p> <p>A self-sustaining integrated set of activities and assets conducted and managed for the purpose of providing a return to investors. A business consists of all of the following:</p> <ol style="list-style-type: none"> 1. Inputs 2. Processes applied to those inputs 3. Resulting outputs that are used to generate revenues <p>For a set of activities and assets to be a business, it must contain all of the inputs and processes necessary for it to conduct normal operations, which include the ability to sustain a revenue stream by providing its outputs to customers.</p>
Business Combination	A transaction or other event in which an acquirer obtains control of one or more businesses. Transactions sometimes referred to as true mergers or mergers of equals also are business combinations.

Method

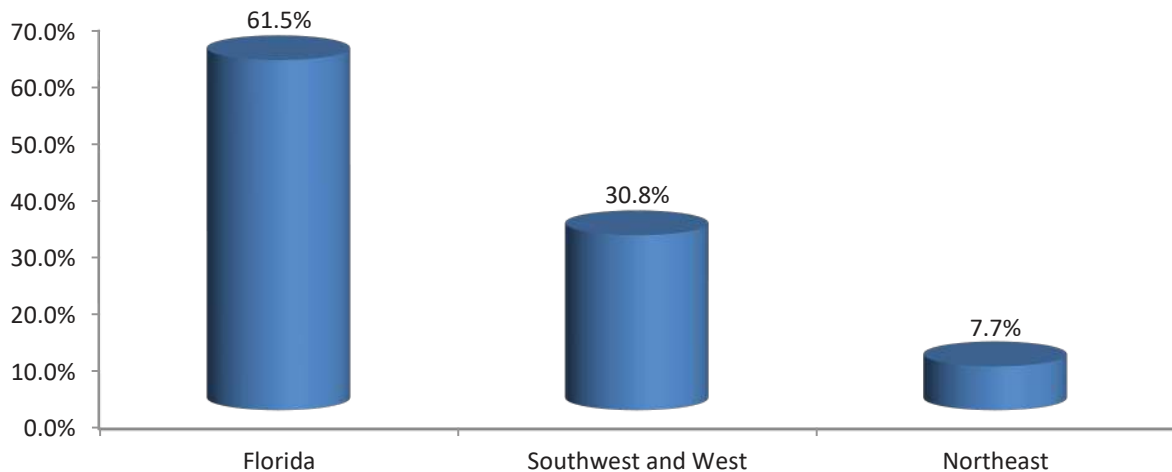
The 2023 Third Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 37 timeshare and vacation ownership companies on October 9, 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 e-mail to encourage responses. Deloitte & Touche ended the survey collection effort on November 2, 2023. By November 2, 2023, 13 companies, or 35.1 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 13 responses were collected, most questions were not answered by all 13 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 Q3 2023 net originated sales, including telesales and excluding fee-for-service arrangements, of \$1,938.8 million. Five of the aggregate 13 companies who participated in the survey are publicly traded companies, and four of the 13 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 eight 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 13 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 June 30, 2023. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the three months ended September 30, 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 Q3 2022 and Q3 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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