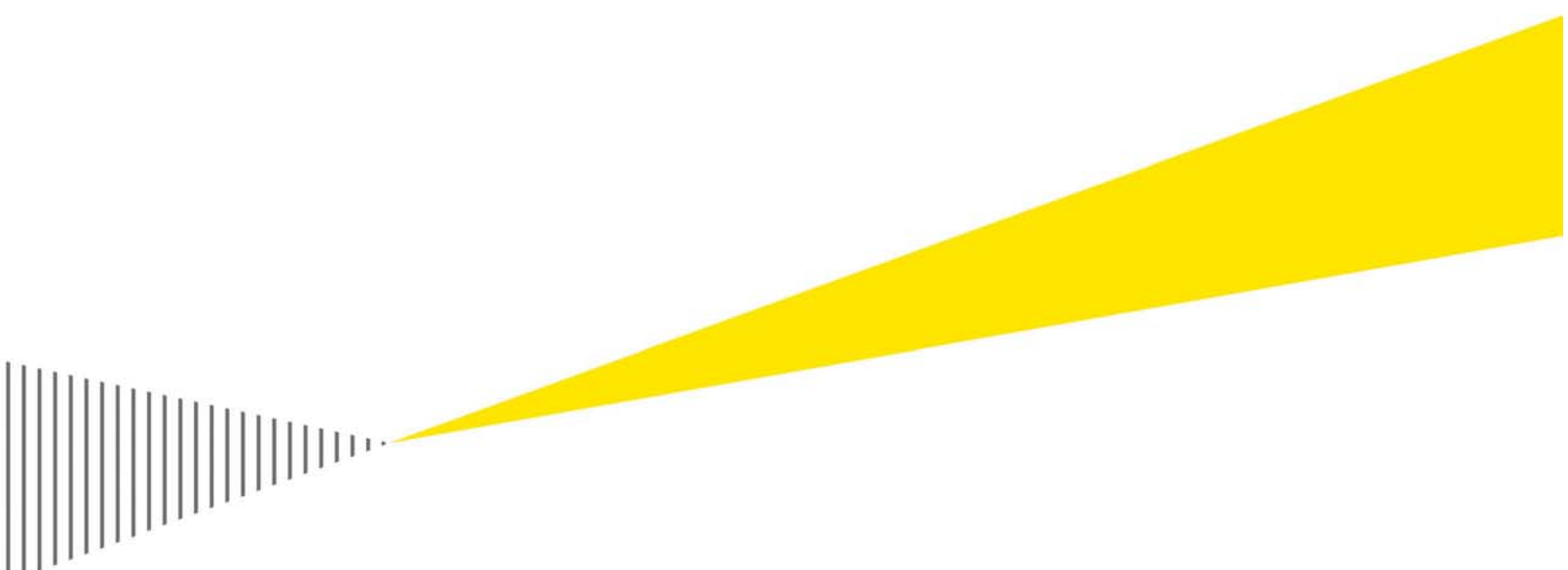


# Economic and Fiscal Impacts of the Orlando Timeshare Industry

Prepared for the ARDA International Foundation

August 2016



Building a better  
working world



**Contents**

Executive Summary ..... 1

Survey Results..... 2

Economic and Fiscal Impact Results ..... 4

## Executive Summary

The Orlando timeshare industry extends beyond the timeshare resorts with which customers are most familiar. The total economic contribution of the industry also includes the economic impacts of sales and marketing offices, corporate operations, construction of new resorts and the renovation of existing resorts, and the significant impact of expenditures of vacationers during timeshare stays in the city. This document presents estimates of the economic and state and local tax benefits generated by the timeshare industry in Orlando.

As shown in Tables ES-1 and ES-2 below, the timeshare industry in Orlando accounted for 45,236 jobs, \$6.4 billion of output, \$2.1 billion in labor income, and \$502 million in state and local tax revenue.

**Table ES-1. Economic Impacts of the Timeshare Industry, 2015**

Billions of dollars; Number of part- and full-time jobs

<b>Impact</b>	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>2015 Total</b>
Employment	24,649	20,587	45,236
Labor Income	\$1,190	\$933	\$2,123
Output	\$3,601	\$2,772	\$6,373
State & Local Taxes	\$393	\$109	\$502

Note: Includes impacts related to resort operations, corporate office operations, sales office operations, consumer expenditures, and capital expenditures in 2015. Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis using the IMPLAN input-output model.

**Table ES-2. Summary of Fiscal Impacts of the Orlando Timeshare Industry, 2015**

Millions of dollars

	<b>State Taxes</b>	<b>Local Taxes</b>	<b>Total Taxes</b>
Resorts	\$49	\$306	\$355
Corporate	\$1	\$1	\$2
Sales & Marketing	\$16	\$29	\$45
Vacation Expenditures	\$52	\$38	\$90
Capital Expenditures	\$6	\$4	\$10
<b>Total</b>	<b>\$124</b>	<b>\$378</b>	<b>\$502</b>

Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

## Survey Results

The primary data source for the economic and fiscal impacts is a survey of timeshare resorts, developers, and management companies. This survey was conducted by EY for the ARDA International Foundation (AIF) in early 2016. The survey combined both State of the Industry questions and Economic Impact questions in one master survey. The survey data is extrapolated to reflect the timeshare industry in Orlando, excluding fractional resorts, Private Residence Clubs, and Destination Clubs. The 87 identified timeshare resorts in the Orlando-Kissimmee-Sanford Metropolitan Statistical Area (MSA) of Lake, Orange, Osceola, and Seminole Counties were sent a survey questionnaire. It is estimated that the Orlando MSA resorts have 29,857 units.

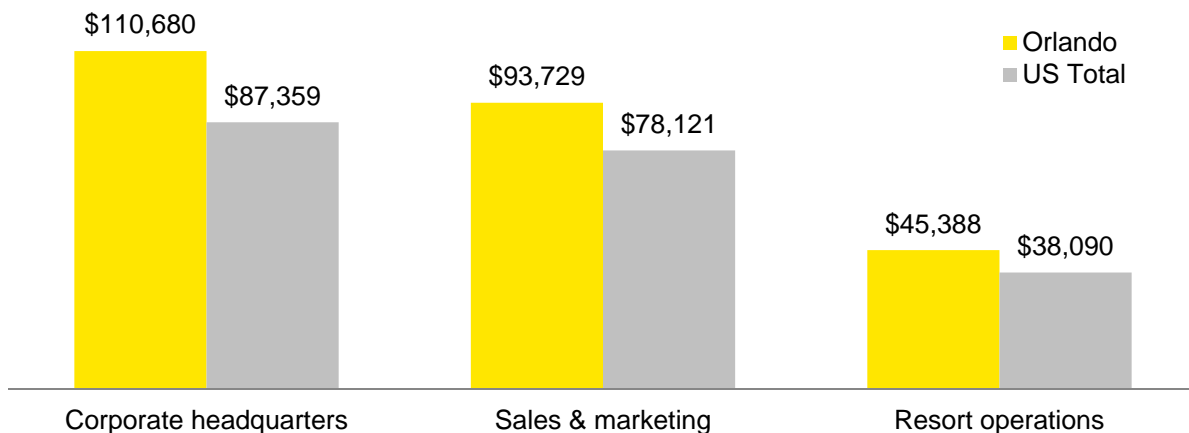
**Table 1. Direct Industry Operations Survey Data for Orlando, 2015**  
Millions of dollars; Number of part- and full-time jobs

	Employment	Employee Compensation	Economic Output
Resort Operations	13,644	\$619	\$2,287
Corporate Headquarters	110	\$12	\$22
Sales & Marketing	2,688	\$252	\$420
<b>Total</b>	<b>16,442</b>	<b>\$883</b>	<b>\$2,729</b>

Note: Does not include off-site vacation expenditures and capital expenditure data.  
Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis.

**Figure 1. Average Annual Compensation by Industry Function in Orlando, 2015**

Including payroll taxes and other benefits



Note: Does not include off-site vacation expenditures and capital expenditure data.  
Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey.

**Table 2. Capital Expenditures in the Orlando Timeshare Industry, 2015**  
Millions of dollars

<b>Capital Expenditures</b>	<b>Direct Spending</b>
Resort Capital Expenditures	\$109
New Construction	\$42
Renovation	\$67
Sales and Corporate Capital Expenditures	\$2
New Construction	\$0
Renovation	\$2
<b>Total Capital Expenditures</b>	<b>\$111</b>

Note: Renovation costs include costs related to renovation, furniture, fixtures, equipment (FF&E), and other capital expenditures. New construction costs include expenses related to the purchase of land, construction, FF&E, and other capital expenditures.

Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis.

AIF commissioned Leger, a market research company, to collect data via a survey on vacation expenditures by timeshare owners and visitors during their Orlando timeshare vacations in the last year, which is summarized in Table 3. This data is used to estimate the impact of timeshare vacationer spending on the Orlando economy.

**Table 3. Detailed Vacation Expenditure Spending Data<sup>1</sup>**

<b>Vacation Spending Data</b>	<b>Average per Party</b>			<b>Total Off-site Spending (\$bil)</b>
	<b>On-Site Spending</b>	<b>Off-Site Spending</b>	<b>Total Spending</b>	
Air transportation services	--	\$399	\$399	\$327
Entertainment and recreation	\$54	\$51	\$104	\$41
Hotels and motel services <sup>2</sup>	--	\$206	\$206	\$169
Restaurants & bars	\$150	\$148	\$298	\$121
Clothing and clothing accessories	\$141	\$113	\$254	\$92
Groceries	\$120	\$96	\$216	\$79
Ground transit	--	\$22	\$22	\$18
Gasoline stations	--	\$102	\$102	\$84
Miscellaneous	\$27	\$18	\$45	\$15
Rental cars	--	\$101	\$101	\$82
Theme parks & museums	\$228	\$214	\$442	\$175
Fitness & sports	\$26	\$20	\$46	\$16
<b>Total</b>	<b>\$746</b>	<b>\$1,490</b>	<b>\$2,236</b>	<b>\$1,219</b>
<b>Average spending per person<sup>3</sup></b>	<b>\$203</b>	<b>\$406</b>	<b>\$609</b>	

<sup>1</sup>Does not include gambling wins and losses.

<sup>2</sup>Hotel and motel on-site expenditures are captured by the 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey as rental revenue and are not included in "on-site spending" referenced throughout the text.

<sup>3</sup>Average travel party size is 3.67 people.

Source: 2016 Shared Vacation Ownership Owners Survey, prepared by Leger for AIF.

# Economic and Fiscal Impact Results

Using a customized economic model of the Orlando economy, developed by IMPLAN Group LLC, this analysis estimated the direct and indirect economic impacts of the timeshare industry. The survey data discussed above was used to generate the direct impacts that served as inputs into the IMPLAN model. The timeshare industry’s direct operations create purchases from suppliers, employee compensation, and other forms of capital income. These various payments to factors of production (labor and capital) and suppliers create additional indirect economic impacts. The industry’s supplier purchases result in higher levels of additional sales, employment, and income by suppliers. This impact on suppliers is known as the “indirect” economic impact. The re-spending of employee compensation and other types of income by employees and owners of the timeshare industry creates additional spending by consumers at restaurants, retailers, and other businesses that sell to consumers. The impact from additional consumer spending is often referred to as the “induced” economic impact.

**Table 4. Direct Economic Output Generated by Orlando Resort Operations, 2015**  
Millions of dollars

	<b>Amount</b>
Rental revenue	\$385
Maintenance fees	\$1,291
On-site consumer spending	\$611
<b>Direct Economic Output</b>	<b>\$2,287</b>

Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis.

**Table 5. Direct Economic Output Generated by Orlando Corporate, Sales & Marketing Operations, 2015**  
Millions of dollars

	<b>Corporate Headquarters</b>	<b>Sales &amp; Marketing</b>
Labor income	\$12	\$252
Non-labor operating expenses	\$9	\$148
Profits	\$1	\$20
<b>Direct Economic Output</b>	<b>\$22</b>	<b>\$420</b>

Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact, IRS Income Statistics, BEA, and EY analysis.

**Table 6. Detailed Economic Impacts of the Orlando Timeshare Industry,  
by Function, 2015**

Millions of dollars; number of part- and full-time jobs

<b>Output</b>	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>Total</b>
Industry Operations	\$2,729	\$2,066	\$4,795
Resorts	\$2,287	\$1,640	\$3,927
Corporate	\$22	\$22	\$44
Sales and Marketing	\$420	\$404	\$824
Vacation Expenditures	\$781	\$632	\$1,413
Capital Expenditures	\$91	\$74	\$165
<b>Total</b>	<b>\$3,601</b>	<b>\$2,772</b>	<b>\$6,373</b>

<b>Employment</b>	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>Total</b>
Industry Operations	16,442	15,498	31,940
Resorts	13,644	12,349	25,992
Corporate	110	160	271
Sales and Marketing	2,688	2,989	5,677
Vacation Expenditures	7,652	4,538	12,190
Capital Expenditures	555	551	1,106
<b>Total</b>	<b>24,649</b>	<b>20,587</b>	<b>45,236</b>

<b>Income</b>	<b>Direct</b>	<b>Indirect &amp; Induced</b>	<b>Total</b>
Industry Operations	\$893	\$703	\$1,596
Resorts	\$628	\$560	\$1,188
Corporate	\$12	\$8	\$20
Sales and Marketing	\$253	\$135	\$388
Vacation Expenditures	\$270	\$206	\$475
Capital Expenditures	\$27	\$24	\$52
<b>Total</b>	<b>\$1,190</b>	<b>\$933</b>	<b>\$2,123</b>

Note: Labor income includes employee compensation shown in Table 2 and proprietor income.  
Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis using the IMPLAN input-output model.

**Table 7. Summary of Direct, Indirect, and Induced Fiscal Impacts of the Orlando Timeshare Industry by Function, 2015**

Millions of dollars

	State Taxes	Local Taxes	Total Taxes
<b>Property Tax</b>	--	<b>\$292</b>	<b>\$292</b>
Resorts	--	\$249	\$249
Corporate	--	\$1	\$1
Sales and Marketing	--	\$18	\$18
Vacation Expenditures	--	\$22	\$22
Capital Expenditures	--	\$2	\$2
<b>General Sales Tax</b>	<b>\$90</b>	<b>\$11</b>	<b>\$100</b>
Resorts	\$30	\$5	\$35
Corporate	\$1	\$0	\$1
Sales and Marketing	\$10	\$2	\$11
Vacation Expenditures	\$44	\$4	\$48
Capital Expenditures	\$5	\$0	\$6
<b>Other Taxes</b>	<b>\$35</b>	<b>\$76</b>	<b>\$110</b>
Resorts	\$19	\$52	\$71
Corporate	\$0	\$1	\$1
Sales and Marketing	\$6	\$10	\$16
Vacation Expenditures	\$8	\$12	\$20
Capital Expenditures	\$1	\$1	\$2
<b>Total</b>	<b>\$124</b>	<b>\$378</b>	<b>\$502</b>

Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

**Table 8. Summary of Direct, Indirect, and Induced Fiscal Impacts of the Orlando Timeshare Industry by Tax Type, 2015**  
Millions of dollars

	<b>State Taxes</b>	<b>Local Taxes</b>	<b>Total Taxes</b>
Property taxes	--	\$292	\$292
General sales taxes	\$90	\$11	\$100
Occupancy taxes	--	\$21	\$21
Excise taxes	\$19	\$33	\$52
License taxes	\$5	\$22	\$27
Corporate Income tax	\$5	--	\$5
Individual Income tax	--	--	--
Medicare and SSI tax	--	--	--
Misc. taxes	\$5	--	\$5
<b>Total taxes</b>	<b>\$124</b>	<b>\$378</b>	<b>\$502</b>

Source: 2016 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.