Economic Impact

2018

OF THE TIMESHARE INDUSTRY ON THE U.S. ECONOMY

EXECUTIVE SUMMARY

2018 EDITION
PREPARED BY EY

AIF
Market Intelligence | Career Advancement

Economic Impact of the Timeshare Industry

ON THE U.S. ECONOMY **2018 EDITION**

EXECUTIVE SUMMARY

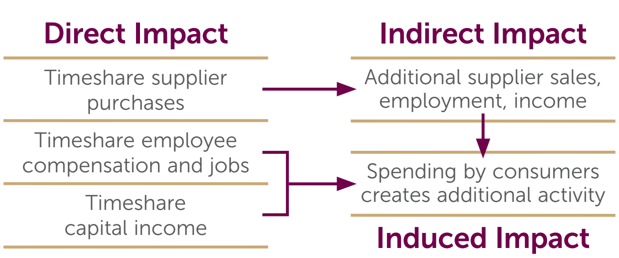
Introduction

The impact of the timeshare industry on the U.S. economy 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, the construction of new resorts and the renovation of existing resorts, and the significant impact of expenditures of vacationers during timeshare stays. This study estimates the comprehensive private- and public-sector benefits generated by the timeshare industry.

In addition to private-sector benefits, including jobs and income, the significant tax contributions of the industry are a source of revenue for federal, state, and local governments. The estimates described below show that the timeshare industry produces significant amounts of individual income tax and employment tax at the federal level, and contributes significantly to property tax, sales tax, and occupancy tax revenue for state and local governments in the states in which timeshare resorts are located.

The following results highlight the key economic and fiscal (tax) impacts of the timeshare industry. The results are summarized in terms of direct and indirect economic and fiscal impacts and presented for resort operations, sales and marketing, corporate operations, consumer spending, and construction. The direct impacts are generated through spending by the timeshare industry and its employees. The indirect impacts are from increased activity among suppliers and higher spending by employees due to increased incomes.[1]

OVERVIEW OF THE TIMESHARE INDUSTRY OPERATIONS' ECONOMIC IMPACT



Total Impact

In total, the U.S. timeshare industry generated approximately $80.7 billion of economic output, 540,410 full- and part-time jobs, $29.9 billion in income and $10.8 billion in total taxes in 2017.

Timeshare Economic Impact in the U.S. (2017)

$80.7 billion of economic output
540,410 jobs
$29.9 billion in income
$10.8 billion in tax revenues

DETAILED ECONOMIC IMPACTS OF THE TIMESHARE INDUSTRY, BY FUNCTION, 2017

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

Output	Direct	Indirect & Induced	Total
Industry Operations	$27.3	$40.7	$68.0
Resorts	$14.3	$19.4	$33.7
Corporate	$7.1	$11.7	$18.7
Sales and Marketing	$5.9	$9.6	$15.5
Vacation Expenditures	$3.8	$5.9	$9.7
Capital Expenditures	$1.1	$1.9	$3.0
Total	**$32.2**	**$48.5**	**$80.7**

Employment	Direct	Indirect & Induced	Total
Industry Operations	202,552	250,077	452,629
Resorts	105,054	122,266	227,320
Corporate	50,446	69,065	119,511
Sales and Marketing	47,052	58,747	105,799
Vacation Expenditures	36,985	33,331	70,316
Capital Expenditures	6,987	10,478	17,465
Total	**246,524**	**293,886**	**540,410**

Labor Income	Direct	Indirect & Induced	Total
Industry Operations	$12.2	$13.4	$25.7
Resorts	$4.7	$6.7	$11.4
Corporate	$4.0	$3.9	$7.9
Sales and Marketing	$3.6	$2.8	$6.4
Vacation Expenditures	$1.4	$1.9	$3.2
Capital Expenditures	$0.4	$0.6	$1.0
Total	**$14.1**	**$15.9**	**$29.9**

Note: Labor income includes employee compensation and proprietor income.
Source: *2018 U.S. State of the Vacation Timeshare Industry* and *Economic Impact Survey* and EY analysis using the IMPLAN input-output model.

1 *Please note that the numbers in the tables and text of this report are rounded and may not appear to sum. Calculations referenced in the text were performed on precise numbers and will yield a slightly different result.*

- **Resort Operations** In 2017, resort operations' direct output totaled $14.3 billion, while indirect and induced output was $19.4 billion, resulting in a total contribution to U.S. economic output of $33.7 billion. The output multiplier is 2.36 where each dollar of direct timeshare economic activity spurs $2.36 dollars of total U.S. economic output.
- **Corporate Operations** Direct output totaled $7.1 billion while indirect and induced output was $11.7 billion, resulting in a total impact on economic output of $18.7 billion. The output multiplier estimates that each dollar of direct timeshare economic activity results in $2.65 dollars of total U.S. economic output.
- **Sales/Marketing Operations** Direct output totaled almost $5.9 billion while indirect and induced output was $9.6 billion, resulting in a total impact on economic output of $15.5 billion. The output multiplier estimates that each dollar of direct timeshare economic activity results in $2.64 dollars of total U.S. economic output.
- **Vacation Expenditures** Direct spending off-site by timeshare owners and visitors totaled almost $4.4 billion. After taking into account expenditures for goods produced outside the US, the direct impact of off-site consumer expenditures was $3.8 billion in direct output. This direct spending created additional economic activity by firms that supply goods and services consumed by vacationers, which totaled $5.9 billion. Combining the direct and indirect impacts on economic output, the total impact on U.S. economic output from timeshare vacation expenditures is $9.7 billion. These results imply that each dollar of direct spending results in $2.53 dollars of total U.S. economic output.
- **Capital Expenditures** Spending by the timeshare industry on resort and non-resort construction and renovations totaled $1.1 billion in 2017, including purchase of land. Purchases of land were also not included, as expenditures on land do not contribute to economic output. Direct expenditures produced an additional estimated $1.9 billion in indirect and induced output, resulting in a total impact on economic output of $3.0 billion. The output multiplier implies that each dollar of direct spending results in $2.68 dollars of total U.S. economic output.

Timeshare Vacation Spending

Spending by timeshare owners and guests during timeshare stays was estimated at $7.23 billion in 2017. About $2.88 billion was spent on-site at resorts, while $4.35 billion was spent off-site in the communities where the timeshare resorts are located. On average, each traveling party spent $2,026 per vacation. Based on an average travel party size of 3.42 people, the average total spending per person is $592. Only the offsite expenditures are included in the estimates of the economic impact of vacation expenditures because spending by timeshare owners and visitors at timeshare resorts on-site is captured separately in the impact of timeshare resort operations.

DETAILED VACATION EXPENDITURE SPENDING DATA[1]

	Average per Party			Total Off-site Spending ($ billion)
Vacation Spending Data	On-site Spending	Off-site Spending	Total Spending	
Air Transportation Services	—	$286	$286	$1.14
Entertainment and Recreation	$129	$41	$170	$0.16
Hotels and Motel Services	$218[2]	$104	$323	$0.42
Restaurants & Bars	$134	$188	$323	$0.75
Clothing and Clothing Accessories	$117	$120	$236	$0.48
Groceries	$104	$81	$185	$0.33
Ground Transit	—	$24	$24	$0.09
Gasoline Stations	—	$60	$60	$0.24
Miscellaneous	$29	$20	$48	$0.08
Rental Cars	—	$62	$62	$0.25
Theme Parks & Museums	$106	$75	$181	$0.30
Fitness & Sports	$101	$27	$128	$0.11
Total	**$938**	**$1,088**	**$2,026**	**$4.35**
Average Spending Per Person[3]	**$274**	**$318**	**$592**	

1 Does not include gambling wins and losses.

2 Hotel and motel on-site expenditures are captured by the *2018 U.S. 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.

3 Average travel party size is 3.42 people.

Source: *2018 Shared Vacation Ownership Owners Survey*, prepared by Leger for AIF.

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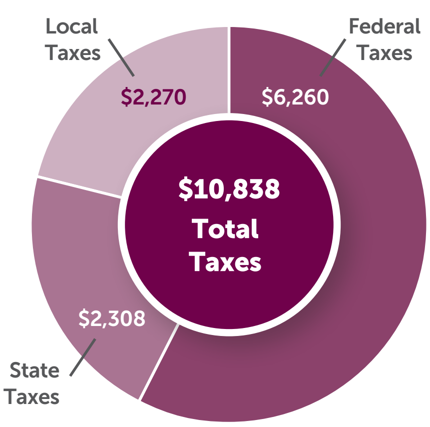
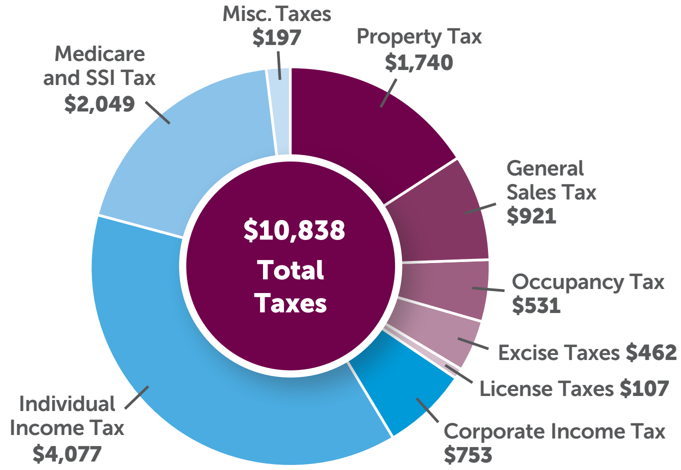
Tax Revenues

Timeshare in the U.S. contributed nearly $10.8 billion in tax revenues in 2017 to the economy through property taxes, sales taxes, occupancy taxes, excise taxes, license taxes, income taxes, employment tax and other taxes.

TOTAL TAXES PAID BY THE TIMESHARE INDUSTRY, 2017
Millions of dollars



TAX REVENUES PAID BY TIMESHARE INDUSTRY BY TAX TYPE, 2017
Millions of dollars



Note: Includes estimated direct, indirect, and induced taxes paid as a result of the U.S. timeshare industry in 2017.
Source: *2018 U.S. State of the Vacation Timeshare Industry* and *Economic Impact Survey*, IRS Income Statistics, BEA, and EY analysis.

Methodology

Ernst & Young's detailed analysis of economic impacts, and the success of the study overall, was made possible by the active cooperation of timeshare enterprises, resorts, exchange companies, and a sample of the timeshare travelers in U.S. during 2017. The response base included 754 of the 1,570 timeshare resorts identified in the U.S. and survey responses from 1,604 U.S. households. Ernst & Young analyzed the detailed survey information in a customized economic impact model to quantify the industry's economic contribution.

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