

State of the Vacation Timeshare Industry

2020

UNITED STATES STUDY

EXECUTIVE SUMMARY



2020 EDITION
PREPARED BY



Market Intelligence | Career Advancement

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Industry Overview

The 2019 U.S. timeshare industry consisted of 1,582 timeshare resorts with approximately 206,380 timeshare units — an average of 130 units per resort. Resorts sell each of these timeshare units to consumers in parts or ownership pieces corresponding to varying amounts of time. Typically, these parts are either weekly intervals (seven nights worth of vacation time) or points. Points represent a currency for the use of units in nightly or weekly increments — respondents converted their points into weekly interval equivalents for this study.

INDUSTRY SIZE

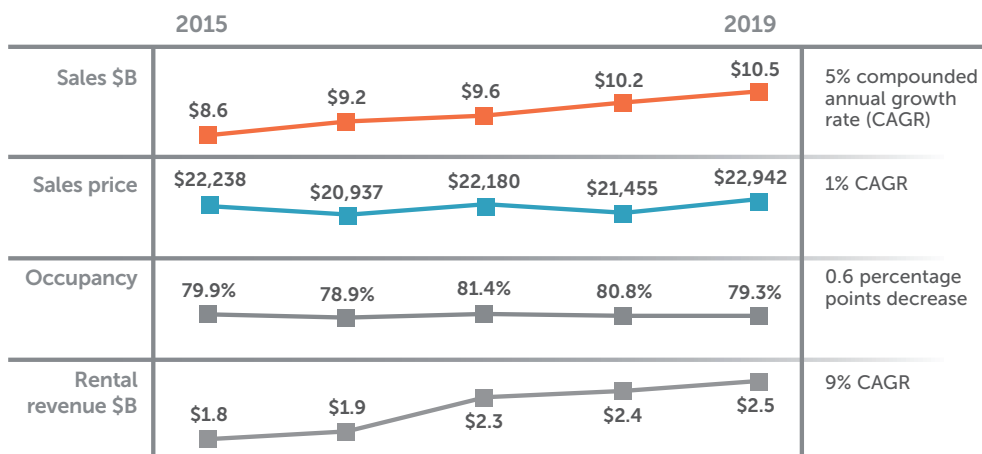
Measure	2019
Resorts	1,582
Units	206,380
Average resort size	130
Total units – including lock-offs	271,850

Industry Health

Total sales volume¹ increased for the tenth straight year — by nearly 3% from \$10.2 billion in 2018 to \$10.5 billion in 2019. Over the past five years, sales volume has increased by more than 22% — an average of 5% annually. The average sales price was \$22,942 per weekly interval in 2019 and has grown by 3% since 2015.

Operating performance metrics for the industry were positive in 2019. Average occupancy was 79.3% — by comparison, hotel occupancy was 66.1%² in 2019, according to Smith Travel Research. Occupancy has been relatively stable since 2015. Rental revenues totaled \$2.5 billion and have increased by over 9% annually since 2015.

KEY TIMESHARE INDUSTRY TRENDS 2015 TO 2019



There were approximately 457,060 weekly intervals sold in 2019 at an average price of \$22,942. However, in recent years, the increased transition to points-based products has made the traditional timeshare weekly interval less meaningful to data providers and users of research alike. For this reason, respondents also reported their total number of timeshare transactions which we used to calculate sales price per transaction. There were approximately 600,510 U.S. timeshare transactions in 2019, and the average sales price per transaction was \$17,460. Dividing the 457,060 weekly interval equivalents sold by the 600,510 timeshare transactions yields a ratio of 0.76. Multiplying this ratio by seven indicates that the average timeshare transaction was between five- and six-nights worth of time.

2019 SALES PRICE METRICS

Number of intervals or equivalents sold	457,060	Number of timeshare transactions	600,510
Average sales price per interval	\$22,942	Average sales price per transaction	\$17,460

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

² STR Monthly Hotel Review: December 2019, Smith Travel Research



Respondents also reported the number of timeshare units “recently built and planned³ at this resort.” Note that “planned” resorts and units include those for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity. Respondents⁴ reported building 865 units in 2019, up from the 588 they reported building in 2018. Respondents plan to add 643 units in 2020 — this includes 336 units at existing resorts and 307 units at planned new resorts. Respondents also plan to add 3,240 units in 2021 and beyond — this includes 1,873 units at existing resorts and 1,367 units at planned new resorts. Finally, respondents report plans for 9 new resorts (two in 2020 and seven in 2021 and beyond).

Resort managers and developers are also employing contemporary technology in the way they operate and manage timeshare properties. For example, 37% of resorts reported offering a mobile application to resort owners. The most common features on such apps are facilitating mobile payments, accessing a virtual tour and accommodating check-in.

TIMESHARE CONSTRUCTION 2019

Units built	865	Resorts planned – in the coming year	2
Units planned – in the coming year	643	Resorts planned – more than one year out	7
Units planned – more than one year out	3,240		

Many resorts are also taking advantage of outlets such as online travel agencies (71% of respondents), VRBO (56% of respondents), and Airbnb (54% of respondents) to help manage inventory. Furthermore, 60% of resorts report using social media to help publicize timeshare rentals.

ALTERNATIVE PROGRAMS TO HELP MANAGE INVENTORY

Entity	Percent
Online travel agencies	71%
VRBO	56%
Airbnb or other web driven services	54%
Leasing or buying in hotel	38%
Travel clubs	19%
Other	5%

Note – multiple responses allowed

Industry Segments

Having a general picture of the overall industry’s size and health, the next step is to segment the resorts by important characteristics. These include resort size, sales activity, resort type, and geographic region. For each of these segments, the report presents four important industry measures: percent of resorts, average resort size, occupancy, and maintenance fees.

The following observations emerged:

- Average maintenance fees increased with resort size in 2019
- The average number of units and average billed maintenance fees are both lower for sold-out resorts. Active-sales resorts tend to be newer and resorts have gotten larger over time
- The most common resort type in the U.S. is the beach resort; theme park resorts tend to be the largest. Island resorts have the highest average occupancy and the highest maintenance fees in 2019
- Florida continues to have the most timeshare resorts, while Nevada has the largest average resort size. Hawaii has the highest occupancy and maintenance fees

PERFORMANCE BY GEOGRAPHIC REGION

Region	Percent of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Florida	24%	173	81.8%	\$1,055
California	8%	124	85.1%	\$1,040
South Carolina	7%	130	79.4%	\$1,040
Hawaii	6%	136	90.6%	\$1,130
Nevada	4%	266	82.5%	\$990
Mount/Pacific	16%	83	77.2%	\$995
Northeast	11%	91	68.0%	\$830
South Atlantic	8%	100	67.1%	\$880
South Central	8%	152	68.7%	\$900
Midwest	8%	118	66.0%	\$860
Overall	100%	130	79.3%	\$1,080

Percent of 1,582 resorts – numbers may not add due to rounding

³ “Planned” resorts and units include those for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

⁴ Based on responses from 7 timeshare developers and/or single site resorts



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Methodology

Ernst & Young conducted a survey of 1,582 recognized timeshare resorts to provide an overview of the state of the timeshare industry in the United States. Responses were received from 845 resorts, representing a 53% response rate. This survey was commissioned by the ARDA International Foundation (AIF).

It is important to note that in early 2020 the emergence of the COVID-19 Coronavirus pandemic has led to significant volatility and declines in the global public equity markets, resulting in significant uncertainty regarding the impact on the global economy both in the short and long term. Potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. The resulting financial and economic market uncertainty could have a significant adverse impact on industry performance in the near term. Since this report covers the operating performance period of calendar year 2019, its results and analysis do not include the potential impacts of these significant events. The AIF is keenly aware of developments around COVID-19 and is undertaking research to understand their potential impacts on the timeshare industry.

Thank You 2020 Platinum Sponsors

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