

Pulse Survey



A SURVEY OF TIMESHARE AND VACATION
OWNERSHIP RESORT COMPANIES

2023
Q4



PREPARED BY

Deloitte.



Deloitte & Touche LLP
Certified Public Accountants
Tampa City Center
201 North Franklin Street
Suite 3600
Tampa, FL 33602
USA

Tel: +1 813 273 8300
Fax: +1 813 229 7698
www.deloitte.com

To the Research Committee of
ARDA International Foundation
1201 15th Street NW, Suite 400
Washington, DC 20005

Dear Members of the Committee:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2023 Fourth 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 February 2, 2024. Accordingly, changes and circumstances after that date could affect the findings outlined in this report.

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Deloitte & Touche LLP

March 8, 2024



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A SURVEY OF TIMESHARE AND VACATION
OWNERSHIP RESORT COMPANIES

2023 Q4

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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 February 2, 2024 and are subject to revision.



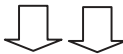
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2023 Fourth Quarter Pulse Survey Overview and Key Findings

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 fourth quarter survey of U.S. timeshare companies that were in active sales during the fourth quarter of the year. The results herein include data from the period of October 2023 to December 2023. The results cover a total of 12 responding companies for which 11 respondents provided sales information reporting aggregate net originated sales of approximately \$1,809.1 million for the quarter ended December 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 81.7 percent of total net originated sales in Q4 2023 as reported by the 11 survey respondents. The four companies affiliated with major hotel brands account for 75.3 percent of total net originated sales in Q4 2023 as reported by the 11 survey respondents.

The financial information contained in this survey includes December 31, 2023, QTD (Q4 2023) compared to December 31, 2022, QTD (Q4 2022). The information also contains data as of September 30, 2023 (Q3 2023) as previously reported in the 2023 Third Quarter Pulse Survey, compared to data as of December 31, 2023 (Q4 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	
<u>Net Originated Timeshare Sales (net of Sales Incentives and Rescissions) including Telesales</u> increased 1.5 percent from Q4 2022 - QTD to Q4 2023 - QTD, increasing from \$1,781.6 million to \$1,809.1 million.	 Increase
<u>Net Originated Timeshare Sales (including Telesales and Fee-for-service, excluding Rescissions and Fee-for-Service sold by others)</u> decreased 3.5 percent from Q4 2022 - QTD to Q4 2023 - QTD, decreasing from \$2,042.7 million to \$1,970.8 million.	 Decrease

Sales Metrics	
Weighted Average Transaction Value increased 4.8 percent from \$23,173 in Q4 2022 - QTD to \$24,280 in Q4 2023 – QTD (The simple average transaction value increased 3.7 percent from \$22,346 in Q4 2022 - QTD to \$23,175 in Q4 2023 - QTD).	 Increase
Weighted Average Rescission Rate increased 1.2 percentage points (or 9.7 percent) from 12.4 percent in Q4 2022 - QTD to 13.6 percent in Q4 2023 – QTD (The simple average rescission rate increased 0.9 percentage points, or 9.5 percent, from 9.5 percent in Q4 2022 - QTD to 10.4 percent in Q4 2023 - QTD).	 Increase
Weighted Average Volume Per Guest (VPG) decreased 8.7 percent from \$4,015 to \$3,665 from Q4 2022 – QTD to Q4 2023 – QTD (The simple average VPG decreased 8.6 percent from \$3,935 in Q4 2022 – QTD to \$3,598 in Q4 2023- QTD).	 Decrease
Tours increased 6.7 percent from 483,111 to 515,343 tours from Q4 2022 - QTD to Q4 2023 - QTD.	 Increase
Weighted Average Close Rate decreased 2.1 percentage points (or 11.7 percent) from 17.9 percent to 15.8 percent from Q4 2022 - QTD to Q4 2023 - QTD.	 Decrease
Portfolio Performance	
Currency decreased by 0.3 percentage points (or 0.3 percent), decreasing from 86.5 percent as of Q4 2022 to 86.2 percent as of Q4 2023.	 Decrease
Delinquencies (greater than 60 days past due) increased by 0.1 percentage points (or 0.9 percent), increasing from 11.4 percent as of Q4 2022 to 11.5 percent as of Q4 2023.	 Increase
Gross Defaults increased by 0.5 percentage points (or 7.8 percent), increasing from 6.4 percent in the trailing twelve months ended December 31, 2022 to 6.9 percent in the trailing twelve months ended December 31, 2023.	 Increase
Consumer Finance Experience	
Interest Rates increased 0.5 percentage points (or 3.5 percent), increasing from 14.1 percent in Q4 2022 to 14.6 percent in Q4 2023.	 Increase

<u>Weighted Average Term</u> decreased 0.6 percent from 124.8 months in Q4 2022 to 124.1 months in Q4 2023.	 Decrease
<u>Down Payments on non-upgrade sales</u> increased 1.7 percentage points (or 11.0 percent), increasing from 15.4 percent in Q4 2022 to 17.1 percent in Q4 2023.	 Increase
<u>Down Payments on upgrade sales</u> increased 0.1 percentage points (or 0.2 percent), increasing from 44.6 percent in Q4 2022 to 44.7 percent in Q4 2023.	 Increase
Other Metrics	
<u>Weighted Average Resort Occupancy</u> increased 0.1 percentage points (or 0.1 percent), increasing from 79.5 percent in Q4 2022 - QTD to 79.6 percent in Q4 2023 – QTD.	 Increase
<u>Number of Standard Bookings</u> decreased by 25,498 bookings (or 3.4 percent), decreasing from 745,453 in Q4 2022 to 719,955 in Q4 2023.	 Decrease
<u>Number of Standard Cancellations</u> decreased by 673 cancellations (or 0.2 percent), decreasing from 278,706 in Q4 2022 to 278,033 in Q4 2023.	 Decrease
<u>Number of Sales & Marketing Package Bookings</u> decreased by 10,334 bookings (or 6.0 percent), decreasing from 170,937 in Q4 2022 to 160,603 in Q4 2023.	 Decrease
<u>Number of Sales & Marketing Package Cancellations</u> decreased by 8,433 cancellations (or 14.7 percent), decreasing from 57,540 in Q4 2022 to 49,107 in Q4 2023.	 Decrease
<u>Capital Expenditures</u> decreased 7.4 percent from Q4 2022 to Q4 2023, decreasing from \$211.0 million to \$195.3 million.	 Decrease

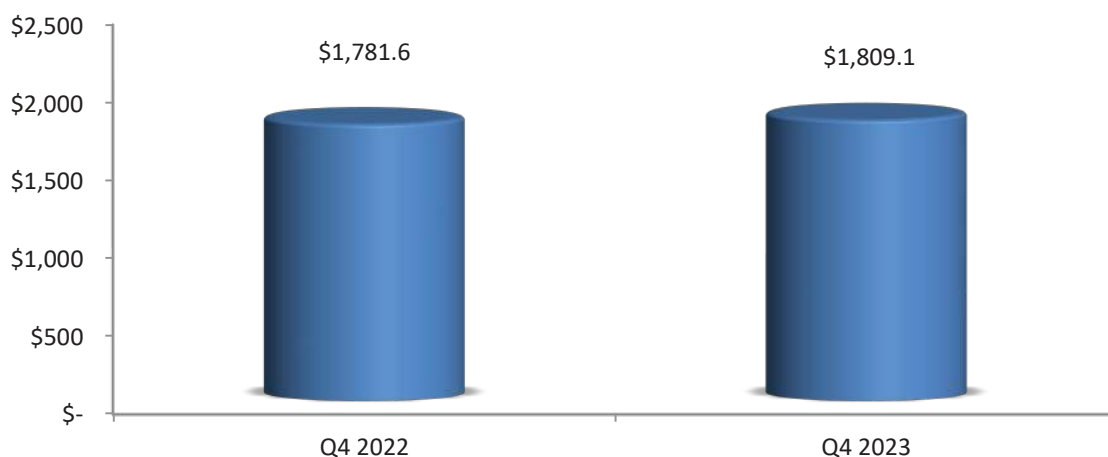
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased slightly in Q4 2023 when compared to Q4 2022.

Companies provided data on a set of key sales indicators. In total, the 11 respondents that provided sales information reported approximately \$1,809.1 million in net originated timeshare sales¹ (including telesales) in Q4 2023, or a 1.5 percent increase when compared to Q4 2022.

Figure 1. Net originated sales including telesales (Millions)

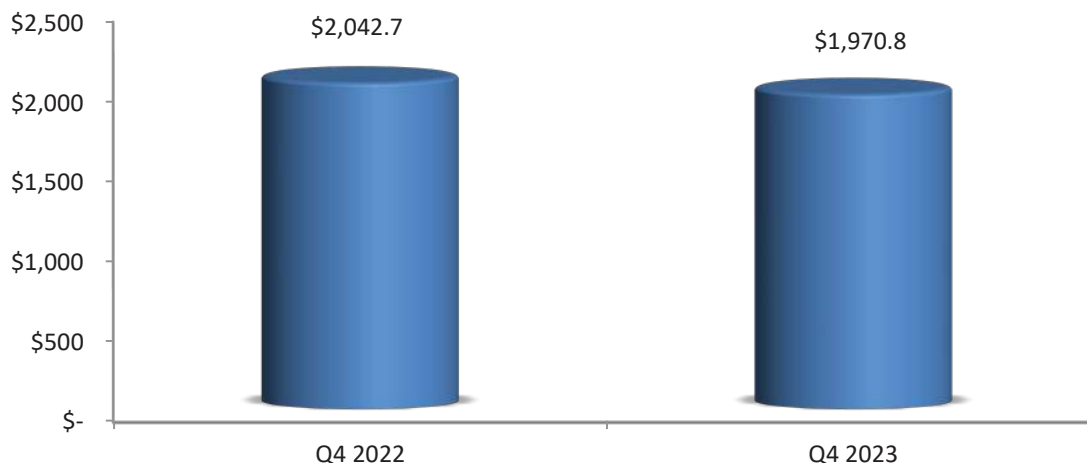


Source: Deloitte & Touche based on 11 company survey responses.

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 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. All four of the respondents providing fee-for-service decreased fee-for-service operations in Q4 2023 compared to Q4 2022. The respondent being provided fee-for-service increased fee-for-service operations by 14.6 percent for the same period. The net overall timeshare sales (total fee-for-service provided less total fee-for-service received) under these arrangements decreased from \$262.1 million in Q4 2022 to \$162.9 million in Q4 2023. The \$99.2 million decrease is primarily driven by one respondent. When excluding this respondent, the net overall timeshare sales (total fee-for-service provided less total fee-for-service received) under these arrangements decreased from \$73.9 million in Q4 2022 to \$64.9 million in Q4 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 a decrease of 3.5 percent in total net originated timeshare sales when compared to Q4 2022.

¹ Net originated sales refer to gross sales revenues net of incentives and rescissions, but before reduction of revenue for uncollectible accounts treated as variable consideration.

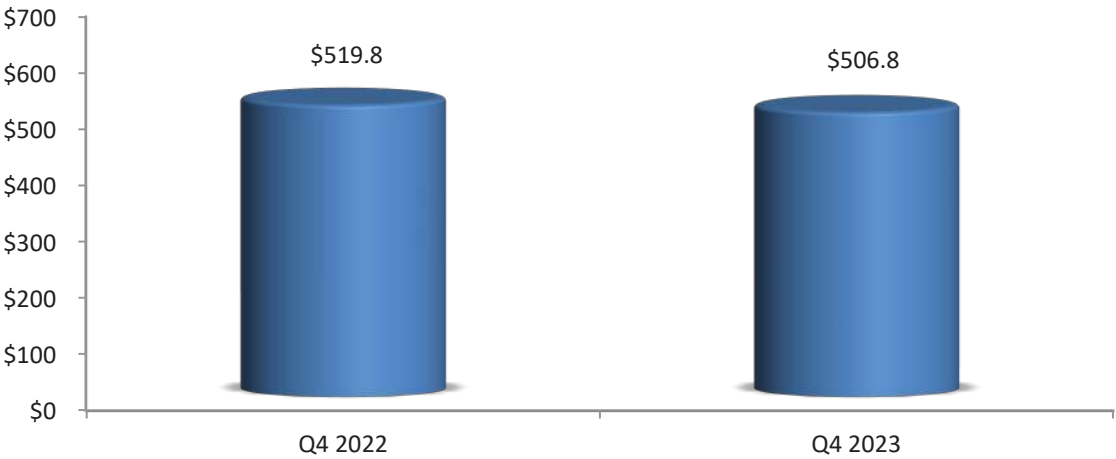
Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)



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.

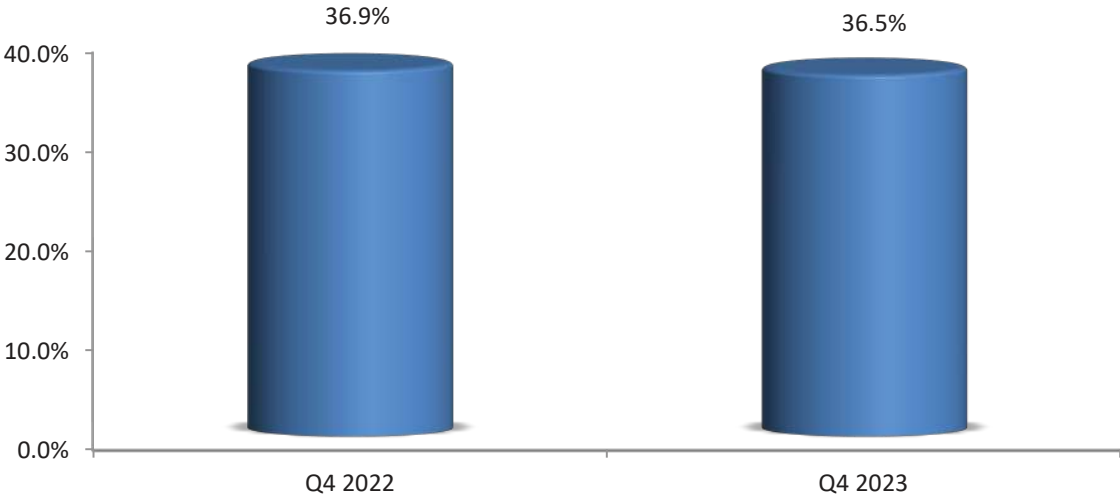
Respondents were asked to report the amount of net originated sales (including telesales) that were new owner and existing owner sales. The 9 respondent companies that provided new owner sales information reported approximately \$506.8 million in new owner net originated timeshare sales (including telesales) in Q4 2023, which is a 2.5 percent decrease from Q4 2022, see Figure 3 below. The 9 respondent companies that provided existing owner sales information reported approximately \$883.0 million in existing owner net originated timeshare sales (including telesales) in Q4 2023, which is a 0.6 percent decrease from Q4 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 36.5 percent of the amount in Q4 2023, which is a slight decrease from 36.9 percent in Q4 2022 (see Figure 4 below). Existing owner sales in Q4 2023 made up 63.5 percent of total net originated sales, which is a slight increase from 63.1 percent in Q4 2022.

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



Source: Deloitte & Touche based on 9 company survey responses.

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



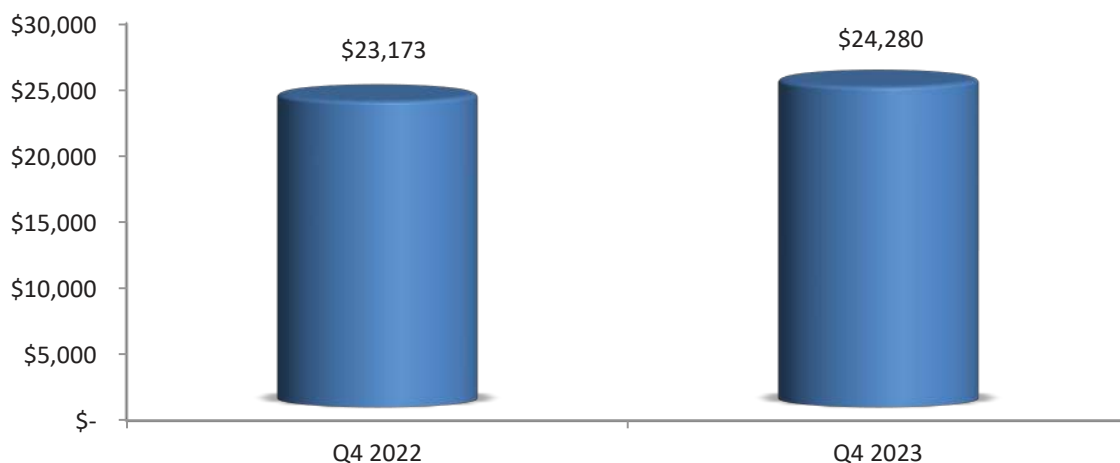
Source: Deloitte & Touche based on 9 company survey responses.

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 Q4 2023. The companies reported that the aggregate number of tours² increased 6.7 percent, the aggregate number of sales transactions decreased 6.0 percent, the weighted average transaction value increased 4.8 percent, the weighted average VPG³ decreased 8.7 percent, and the weighted average close rate decreased 11.7 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. Of the 10 respondents to this question, one respondent provided data for 2023 only. Of the nine respondents that provided both 2023 and 2022 data, six respondents reported average transaction value had increased and three respondents reported the value had decreased from Q4 2022 to Q4 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.

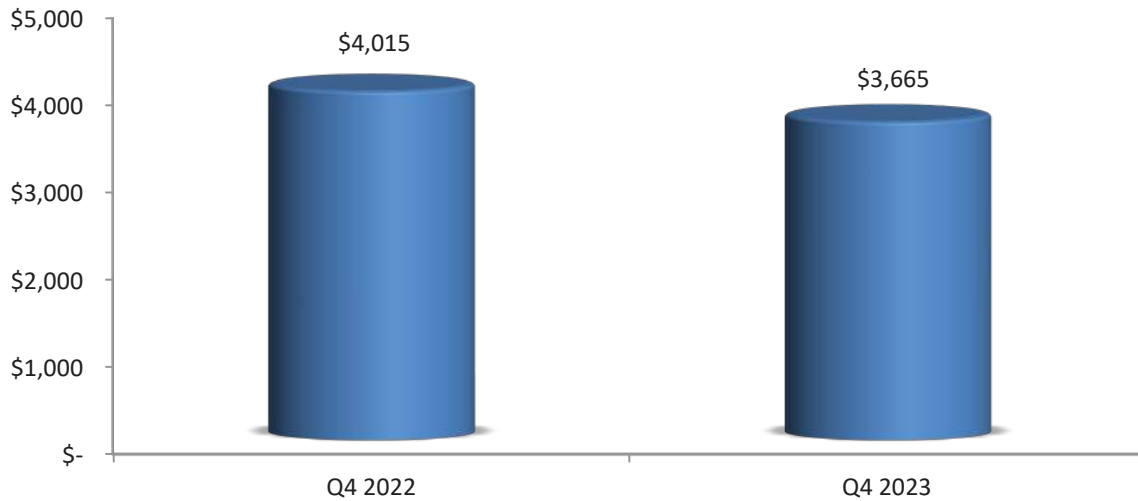
² This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

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 8.7 percent from Q4 2022 to Q4 2023.

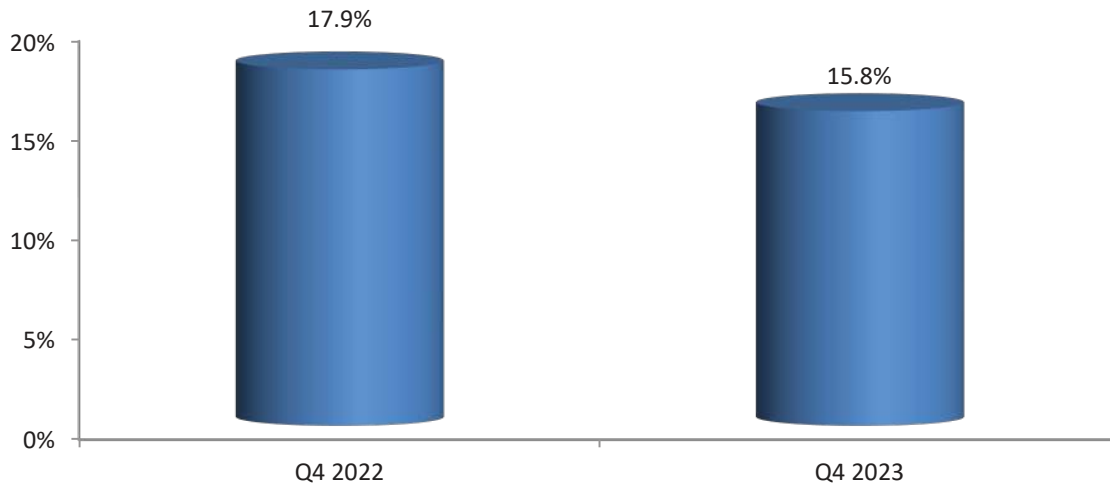
Figure 6. Weighted average VPG



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 2.1 percentage points (or 11.7 percent) from Q4 2022 to Q4 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, average transaction value, and close rate metrics were directionally the same under the weighted and simple average.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q4 2022	Weighted Average Q4 2023	Simple Average Q4 2022	Simple Average Q4 2023
Fourth Quarter				
Volume per guest	\$4,015	\$3,665	\$3,935	\$3,598
Average transaction value	\$23,173	\$24,280	\$22,346	\$23,175
Close rate	17.9%	15.8%	17.6%	15.5%

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 13.6 percent in Q4 2023, which increased 1.2 percentage points from 12.4 percent in Q4 2022. Two companies reported a decrease in rescissions, seven companies reported an increase in rescissions, and one company reported no change when comparing Q4 2023 to Q4 2022. The simple average rescission rate increased from 9.5 percent in Q4 2022 to 10.4 in Q4 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 14.5 percent from \$259.8 million in Q4 2022 to \$297.4 million in Q4 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 decreased from 18.0 percent in Q4 2022 to 17.6 percent in Q4 2023. Further, nine respondents provided rescission information on new owner sales in dollars resulting in an increase of 3.1 percent in the total aggregate rescission volume from approximately \$110.5 million to approximately \$113.9 million from Q4 2022 to Q4 2023. For the nine respondent companies that provided rescission information on existing owner sales, the weighted average rescission rate increased from 10.3 percent in Q4 2022 to 11.4 percent in Q4 2023. Further, nine respondents provided rescission information on existing owner sales in dollars resulting in an increase of 19.1 percent in the total aggregate rescission volume from \$100.5 million to \$119.7 million from Q4 2022 to Q4 2023.

Respondents were asked a question related to owner growth/(decline) rate over the prior year. For the eight respondent companies that provided owner growth/(decline) rate data, the weighted average growth rate decreased from 0.1 percent growth in Q4 2022 to 0.5 percent decline in Q4 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 6.1 percent from \$406.6 million in Q4 2022 to \$431.5 million in Q4 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 a slight decrease in currency when comparing as of 12/31/2022 and as of 12/31/2023.

The composition of receivables portfolios⁶ was evaluated as of December 31, 2023 and compared to the composition as of December 31, 2022. The gross aggregate receivables for the 10 companies that provided receivables data was \$13,775.0 million as of December 31, 2023, and \$12,747.2 million as of December 31, 2022.

Respondents reported that payments for 86.2 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of December 31, 2023, a decrease of 0.3 percentage points from one year earlier. Further, as of December 31, 2023, 8.6 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent.

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

	Q4 2022	Q4 2023	Increase/(Decrease)
Current	86.5%	86.2%	(0.3%)
31 to 60 days	2.1%	2.3%	0.2%
61 to 90 days	1.4%	1.5%	0.1%
91 to 120 days	1.4%	1.4%	0.0%
More than 120 days	8.6%	8.6%	0.0%
Total	100.0%	100.0%	

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

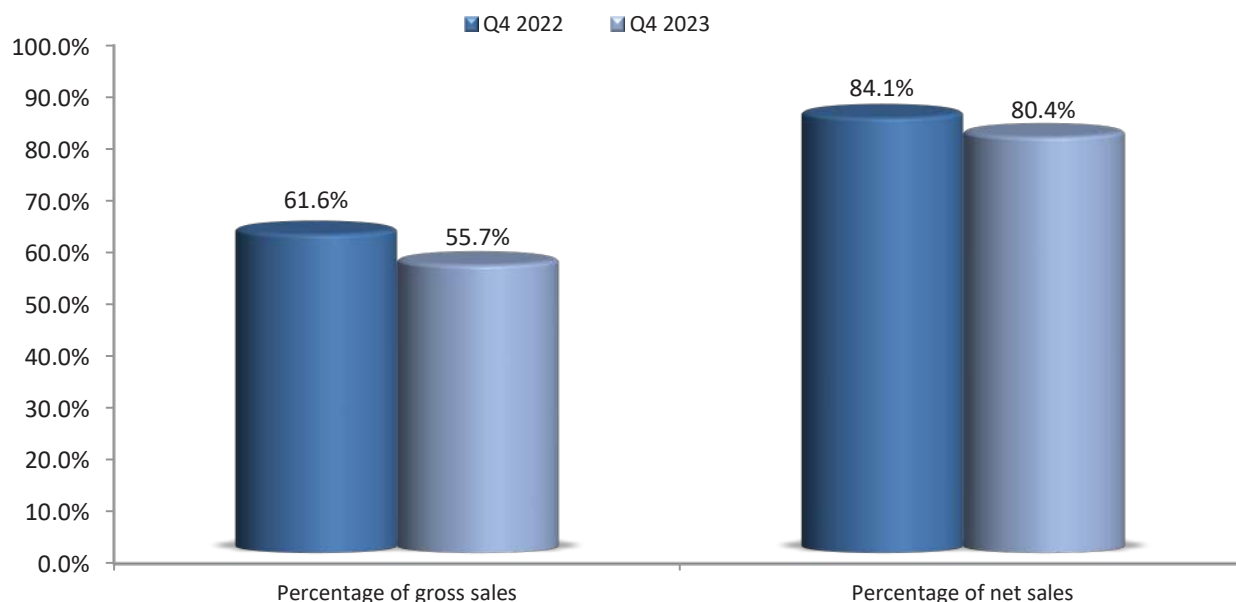
Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts (i.e., written off) for the trailing twelve months ended December 31, 2023, as a percentage of the gross outstanding portfolio balance at period-end. The weighted average default rate in Q4 2023 was 6.9 percent, which reflected an increase of 0.5 percentage points, or 7.8 percent, as compared to one year earlier. Of the 10 respondents to this question, one respondent provided data for 2023 only. Of the nine respondents who provided both 2023 and 2022 data, three respondents reported a decrease in the default rate and six respondents reported an increase in the default rate when comparing Q4 2023 to Q4 2022.

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 Q4 2022 and Q4 2023. Of the 10 respondents to this question, one respondent provided data for 2023 only. Of the nine respondents who provided both 2023 and 2022 data, six respondents reported an increase in the weighted average FICO score, two respondents reported a decrease, and one reported no change. The result was a 0.4 percent increase in the weighted average FICO score from 714 at Q4 2022 to 717 at Q4 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 5.9 percentage points (or 9.6 percent) from 61.6 percent for Q4 2022 to 55.7 percent for Q4 2023. Originations as a percentage of net sales decreased by 3.7 percentage points (or 4.4 percent) from 84.1 percent for Q4 2022 to 80.4 percent for Q4 2023.

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 slight decrease in currency when comparing as of 9/30/2023 and as of 12/31/2023.

The composition of receivables portfolios was evaluated as of December 31, 2023 and compared to the composition as of September 30, 2023. The gross aggregate receivables for the companies that provided receivables data was \$13,775.0 million as of December 31, 2023 and \$13,055.6 million as of September 30, 2023.

Receivables portfolios showed an increase in delinquencies greater than 120 days past due as of December 31, 2023 compared to one quarter earlier. Respondents reported that payments for 86.2 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of December 31, 2023, which was 0.9 percentage points lower than one quarter earlier. Further, 6.9 percent of consumer timeshare loan portfolios by dollar value were charged against the allowance as of December 31, 2023, which was 0.1 percentage points lower compared to as of September 30, 2023.

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

	September 30, 2023	December 31, 2023	Increase/(Decrease)
Current	87.1%	86.2%	(0.9%)
31 to 60 days	1.9%	2.3%	0.4%
61 to 90 days	1.3%	1.5%	0.2%
91 to 120 days	1.2%	1.4%	0.2%
More than 120 days	8.5%	8.6%	0.1%
Total	100.0%	100.0%	

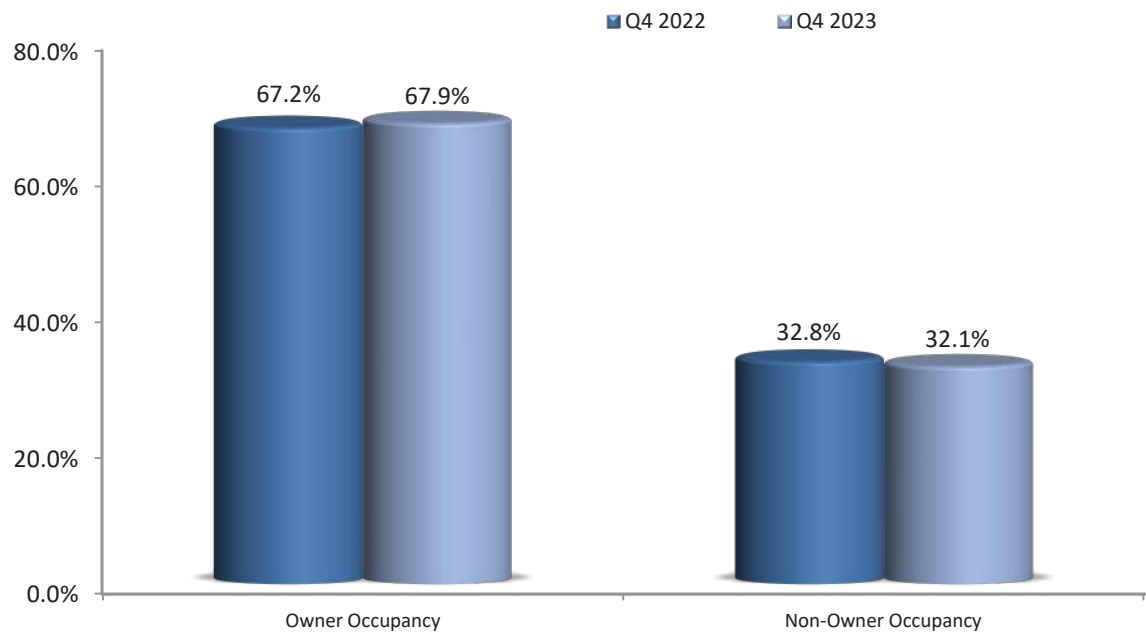
Source: Deloitte & Touche based on 10 company survey responses.

3(A). Resort occupancy increased 0.1 percentage points (or 0.1 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 10.85 million available room nights in Q4 2023, the average occupancy rate increased 0.1 percentage points (or 0.1 percent) to 79.6 percent in Q4 2023, compared to 79.5 percent in Q4 2022. Available room nights decreased by 0.3 percent from Q4 2022 to Q4 2023, decreasing from approximately 10.88 million room nights to approximately 10.85 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 increased by 1.0 percent from Q4 2022 for owner occupancy and decreased by 2.1 percent for non-owner occupancy.

Figure 11a. Occupancy by Sales Mix



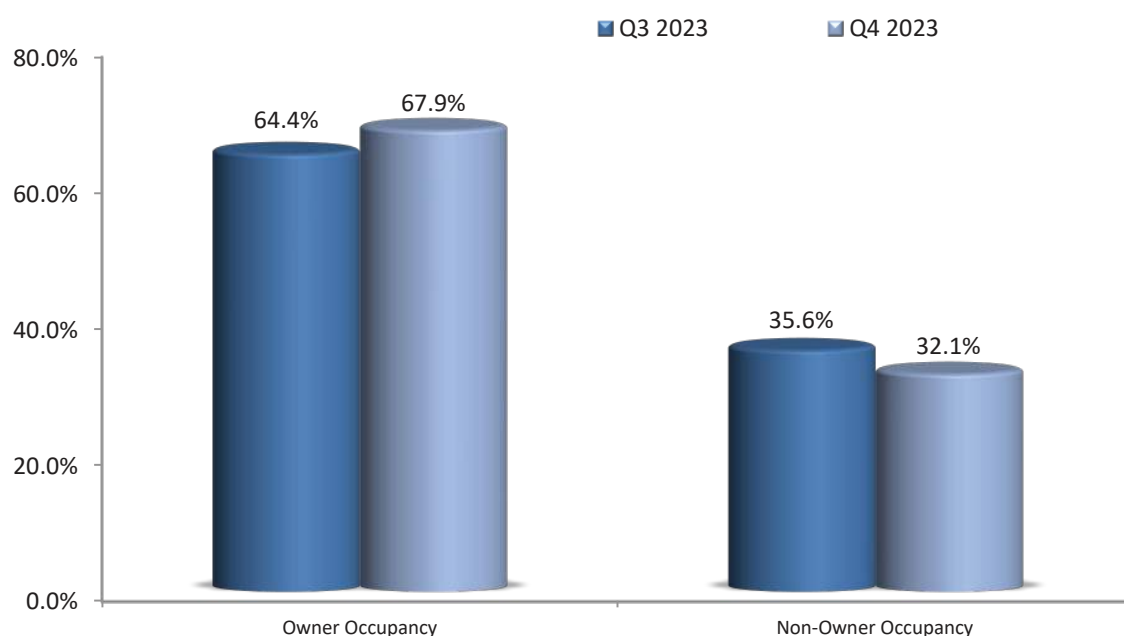
Source: Deloitte & Touche based on 11 company survey responses.

3(B). Resort occupancy decreased 1.1 percentage points (or 1.4 percent) as compared to Q3 2023.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 12 companies that provided occupancy data, representing approximately 10.85 million available room nights in Q4 2023, the average occupancy rate decreased 1.1 percentage points (or 1.4 percent) to 79.6 percent in Q4 2023, compared to 80.7 percent in Q3 2023. Available room nights increased 1.5 percent from Q3 2023 to Q4 2023, increasing from approximately 10.68 million room nights to approximately 10.85 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 5.4 percent from Q3 2023 for owner occupancy and decreased by 9.8 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 standard cancellations, number of sales and marketing package bookings, and number of sales and marketing cancellations demonstrated a decrease from Q4 2022 to Q4 2023. Seven companies provided standard bookings and cancellations (owners and guests) data. The number of standard bookings decreased by 3.4 percent from 745,453 in Q4 2022 to 719,955 in Q4 2023. The number of standard cancellations decreased by 0.2 percent from 278,706 in Q4 2022 to 278,033 in Q4 2023.

Six 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 6.0 percent from 170,937 in Q4 2022 to 160,603 in Q4 2023. The number of sales and marketing package cancellations decreased by 14.7 percent from 57,540 in Q4 2022 to 49,107 in Q4 2023.

Figure 12. Characteristics of occupancy bookings and cancellations

Fourth Quarter	2022	2023	% Increase/ (Decrease)
Number of standard bookings (owners and guests)	745,453	719,955	(3.4%)
Number of standard cancellations (owners and guests)	278,706	278,033	(0.2%)
Number of sales & marketing package bookings (non-owners)	170,937	160,603	(6.0%)
Number of sales & marketing package cancellations (non-owners)	57,540	49,107	(14.7%)

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

4. Average FICO score at origination, down payment on non-upgrade sales, down payment on upgrade sales, and interest rate increased while average term decreased in Q4 2023 as compared to Q4 2022.

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated to compare to Q4 2022.⁷ The Q4 2023 average loan term was 124.1 months, which decreased from 124.8 months in Q4 2022. The average FICO score for financed sales increased from 727 in Q4 2022 to 729 in Q4 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 eight respondents that provided non-upgrade down payment data, the average down payment on non-upgrade sales increased to 17.1 percent of the stated sales price on financed sales in Q4 2023 compared to 15.4 percent in Q4 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 44.7 percent in Q4 2023, an increase of 0.1 percentage points from Q4 2022. The average interest rate on new consumer loans in Q4 2023 was 14.6 percent, which increased by 0.5 percentage points when compared to Q4 2022.

Figure 13. Characteristics of consumer timeshare loan financing

Fourth Quarter	2022	2023	Increase/(Decrease)
Average:			
Interest rate (annual)	14.1%	14.6%	0.5%
Term (months)	124.8	124.1	(0.7) months
Down payment on non-upgrade sales (% of price)	15.4%	17.1%	1.7%
Down payment on upgrade sales (% of price)	44.6%	44.7%	0.1%
FICO Score at origination (new sales)	727	729	2

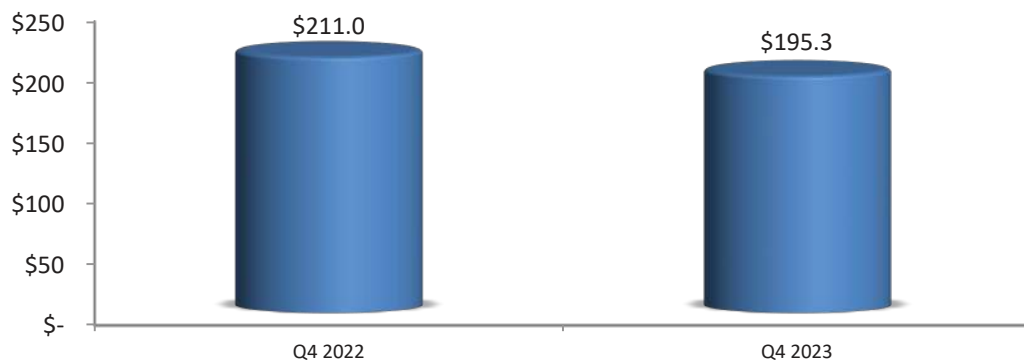
Source: Deloitte & Touche based on a minimum of 7 company survey responses.

⁷To 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 decreased overall in Q4 2023 when compared to Q4 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 decreased 7.4 percent in Q4 2023 compared to Q4 2022. Of the nine respondents to this question, one respondent provided data for 2023 only. Of the eight respondents who provided both 2023 and 2022 data, four respondents reported a decrease in capital expenditures related to timeshare inventory, three respondents reported an increase, and one reported no change in Q4 2023 compared to Q4 2022.

Figure 14. Capital Expenditures (Millions)

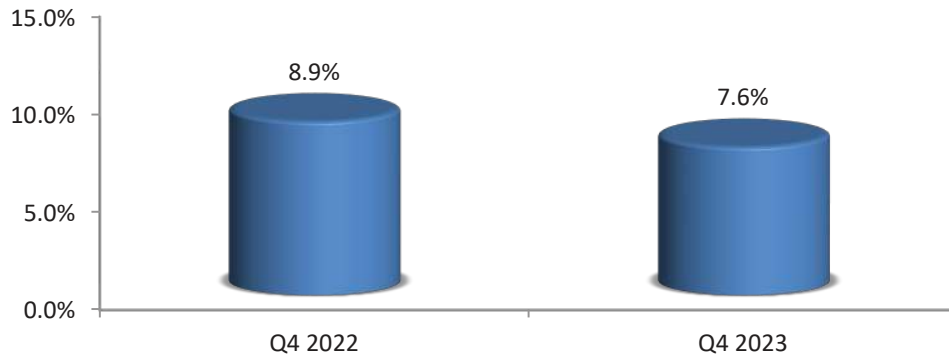


Source: Deloitte & Touche based on 9 company survey responses.

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 7.6 percent of positions were open for employment as of Q4 2023. This reflects a 1.3 percentage point decrease, or 14.6 percent, as compared to 8.9 percent as of Q4 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.

****Three Months December 2023 Results****

	<u>Three Months</u> <u>December 31, 2022</u>	<u>Three Months</u> <u>December 31, 2023</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Increase/</u> <u>(Decrease)</u> <u>Percent</u>	<u>Survey</u> <u>Responses</u>
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 or no)		Yes: 8% No: 92%			12

Receivables Portfolio

The following questions refer to the portfolio of consumer timeshare loan receivables (including securitized and/or hypothecated receivables), including receivables for sales made in earlier years.

Note: All responses related to receivables in the survey must relate to those receivables reported on the developer's financial statements. Do not include receivables that you are servicing for other developers.

3. Gross outstanding portfolio balance, as of December 31 (in dollars)	\$12,747,153,417	\$13,775,035,525	\$1,027,882,107	8.1%	10
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4a/b. As of December 31, on a contractual basis what percentage of the dollar amount of this portfolio was:

Current (current or fewer than 31 days delinquent)	86.5%	86.2%	(0.3%)	(0.3%)	10
Between 31 to 60 days delinquent	2.1%	2.3%	0.2%	9.5%	10
Between 61 to 90 days delinquent	1.4%	1.5%	0.1%	7.1%	10
Between 91 to 120 days delinquent	1.4%	1.4%	0.0%	0.0%	10
More than 120 days delinquent	8.6%	8.6%	0.0%	0.0%	10
Total should equal 100%	100.0%	100.0%			

5. Trailing Twelve Months Gross Defaults ended December 31	6.4%	6.9%	0.5%	7.8%	10
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6. Average FICO score at origination (on loans in the portfolio at quarter-end, weighted by outstanding principal balance)	714	717	3	0.4%	10
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Inventory

7. Total capital expenditures related to timeshare inventory	\$210,954,171	\$195,304,053	(\$15,650,117)	(7.4%)	9
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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)	79.5%	79.6%	0.1%	0.1%	12
Vacant - please do not include any inventory taken offline due to natural disasters (i.e. hurricanes, fires, etc.) or regular maintenance	20.5%	20.4%	(0.1%)	(0.5%)	12
Total should equal 100%	100.0%	100.0%			

8c/8d. Market Segment occupancy

Owner Occupancy	67.2%	67.9%	0.7%	1.0%	11
Non-Owner Occupancy	32.8%	32.1%	(0.7%)	(2.1%)	11
Total should equal 100%	100.0%	100.0%			

9a/b. Total available room nights during period.	10,876,563	10,845,341	(31,222)	(0.3%)	12
10a. Number of standard bookings (owners and guests)	745,453	719,955	(25,498)	(3.4%)	7
10b. Number of standard cancellations (owners and guests)	278,706	278,033	(673)	(0.2%)	7
10c. Number of sales & marketing package bookings (non-owners)	170,937	160,603	(10,334)	(6.0%)	6
10d. Number of sales & marketing package cancellations (non-owners)	57,540	49,107	(8,433)	(14.7%)	6

Selected Sales Metrics (Including telesales and home sits)

Note: All sales data reported in this question must relate to all inventory that is owned by the developer. Do not include inventory sold on behalf of others. The net originated sales figures should be shown net of sales incentives and rescissions. Please include telesales in the following responses.

11. Net originated sales (net of sales incentives and rescissions)	\$1,781,628,382	\$1,809,077,435	\$27,449,053	1.5%	11
12a. Net originated sales (net of sales incentives and rescissions) that were new owner sales	\$519,767,276	\$506,769,316	(\$12,997,959)	(2.5%)	9
12b. Net originated sales (net of sales incentives and rescissions) that were existing owner sales	\$888,537,194	\$882,979,066	(\$5,558,128)	(0.6%)	9
13. Rescission rate (%)	12.4%	13.6%	1.2%	9.7%	10
13. Rescission dollars (\$)	\$259,831,290	\$297,422,697	\$37,591,407	14.5%	10
14a. Weighted average rescissions that were new owner sales %	18.0%	17.6%	(0.4%)	(2.2%)	9
14a. Rescissions Dollars (\$) - new owner sales	\$110,482,295	\$113,859,152	\$3,376,857	3.1%	9
14b. Rescission rate (%) - existing owner sales	10.3%	11.4%	1.1%	10.7%	9
14b. Rescissions Dollars (\$) - existing owner sales	\$100,507,424	\$119,696,599	\$19,189,175	19.1%	9
15. Owner growth rate over prior year. Report the growth rate of the actual number of owners as compared to one year earlier.	0.1%	(0.5%)	(0.6%)	(600.0%)	8

Selected Sales Metrics (Excluding Telesales and Home Sits)

Note: All sales data reported in this question must relate to all inventory that is sold by the developer including inventory sold on behalf of others under fee-for-service agreements. Do not report sales data related to inventory that is sold by other developers on your behalf. Exclude telesales and home sits from the following responses. Include sales to existing owners and other in-house guests.

16. Number of tours.	483,111	515,343	32,232	6.7%	10
17. Number of sales transactions	85,082	80,002	(5,080)	(6.0%)	10
Weighted average close rate (excludes sales that are canceled through rescission, calculated based on formula)	17.9%	15.8%	(2.1%)	(11.7%)	10
18. Net originated sales (gross sales less sales incentives and rescissions) excluding telesales and home sits	\$1,901,219,909	\$1,854,018,832	(\$47,201,077)	(2.5%)	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)	\$4,015	\$3,665	(\$350)	(8.7%)	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)	\$23,173	\$24,280	\$1,107	4.8%	10
19. Total net originated sales (gross sales less sales incentives and rescissions) for non-owned timeshare inventory sold by you under fee-for-service agreements (This is the total net originated sales of timeshare inventory sold on behalf of others under fee-for-service agreements)	\$262,083,144	\$162,887,421	(\$99,195,723)	(37.8%)	4
20. Total net originated sales (gross sales less sales incentives and rescissions) for owned timeshare inventory sold by others under fee-for-service agreements (This is the total net originated sales of timeshare inventory owned by you and sold by others under fee-for-service agreements)	\$1,048,542	\$1,201,865	\$153,323	14.6%	1
Total net originated sales (including telesales, excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	\$2,042,662,984	\$1,970,762,992	(\$71,899,992)	(3.5%)	11
21. Total rental revenue (This is the total gross rental income recorded in the developer's income statement for the specified periods)	\$406,622,748	\$431,498,294	\$24,875,547	6.1%	11

Consumer Financing

The following items refer to new financing provided to consumers during the period. For existing owner 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.

Note: All responses related to receivables in the survey must relate to those receivables reported on the developer's financial statements. Do not include receivables that you are servicing for other developers.

22. Average interest rate	14.1%	14.6%	0.5%	3.5%	10
23. Weighted average term (in months).	124.8	124.1	(0.7)	(0.6%)	10
24. Average down payment on non-upgrade sales (excluding reloads)	15.4%	17.1%	1.7%	11.0%	8
25. Average down payment on upgrade sales (excluding reloads)	44.6%	44.7%	0.1%	0.2%	7
26. Weighted average FICO score (on new loans, weighted by original principal balance, exclude buyers without FICO scores)	727	729	2	0.3%	10
27a. Originations as a percentage of gross sales. The gross sales amount inclusive of upgrade contract selling prices.	61.6%	55.7%	(5.9%)	(9.6%)	7
27b. Originations as a percentage of net sales. The net sales should equal gross sales less upgrade contract selling prices.	84.1%	80.4%	(3.7%)	(4.4%)	8

Employment

28. Number of positions open for employment as a percentage of all positions.	8.9%	7.6%	(1.3%)	(14.6%)	7
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*Indicates a new question or a change in wording for a question compared to previous versions.

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).
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	A 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.
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.
Gross Defaults	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.
Hypothecated receivables	Represents the installment sales contracts which are pledged as collateral for debt.
Net Originated Sales	Revenue calculated as gross sales revenues (including both cash and financed sales) less incentives and rescissions. This is gross of any estimated uncollectible reserves.
Originations	Refers to the origination of a loan as a result of financing a timeshare purchase.
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.
Rental Revenue	The total gross rental income recorded in the developer's income statement for the specified periods.
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.
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	In accordance with Accounting Standards Codification (ASC) 606, revenue is recognized on VOI sales upon transfer of control, which is defined as the point in time when a binding sales contract has been executed, the financing contract has been executed for the remaining transaction price, the statutory rescission period has expired, and the transaction price has been deemed to be collectible.
Securitized Receivables	The obtaining of funds through the issuance of securities backed by a pool of mortgages or mortgage-related securities without recourse.
Standard Booking	A standard timeshare reservation by owners and guests (i.e., not a sale & marketing package).
Standard Cancellation	A cancellation of a standard timeshare reservation by owners and guests (i.e., not a sale & marketing package).

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	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. 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. Uncollectibles from financed timesharing transactions (e.g., reserves on consumer timeshare loan receivables) are akin to an implicit right of return which should be accounted for as variable consideration in determining the transaction price.
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.

Method

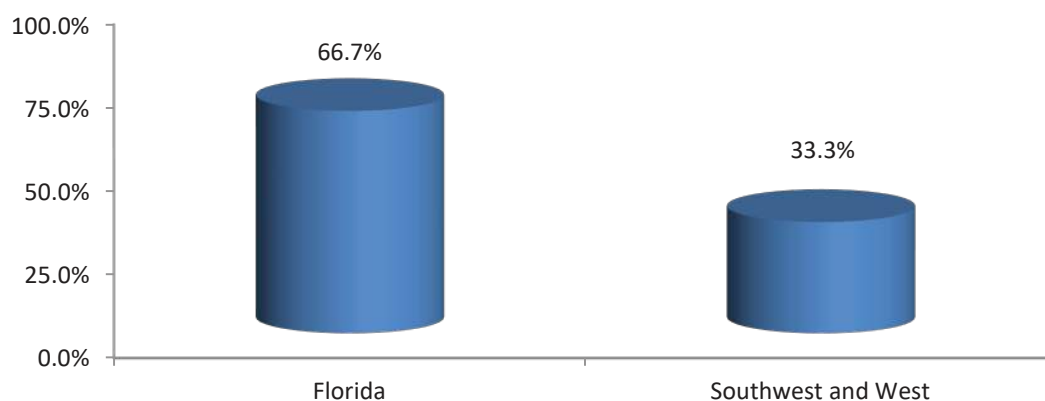
The 2023 Fourth Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

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 January 15, 2024. 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 February 2, 2024. By February 2, 2024, 12 companies, or 32.4 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 Q4 2023 net originated sales, including telesales and excluding fee-for-service arrangements, of \$1,809.1 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 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



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 September 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 December 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 Q4 2022 and Q4 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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