State of the Vacation Timeshare Industry

2014

UNITED STATES STUDY

EXECUTIVE SUMMARY

2014 EDITION
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EXECUTIVE SUMMARY

Industry Overview

There were 1,540 timeshare resorts in the United States in 2013, representing about 192,420 units for an average resort size of 125 units. There were 8.5 million intervals owned. Among these intervals, 85% were owned by resort owners (consumer owners or other purchasers), while 14% were under the ownership of developers.

INDUSTRY SIZE

	2013
Resorts	1,540
Units	192,420
Average resort size	125
Intervals owned	8.5 million
Total units including lockoffs	243,760

Industry Health

The U.S. timeshare industry enjoyed significant growth in 2013. Sales volume increased by nearly 11% from $6.9 billion in 2012 to $7.6 billion in 2013. This was largely driven by an increase in the average sales price, which rose 9% in 2013 to $20,460. There were about 370,610 timeshare intervals sold in 2013, increasing from 366,155 intervals sold in 2012.

KEY PERFORMANCE METRICS 2013

Metric	2013
Sales volume	$7.6 billion
Number of timeshare intervals sold	370,610
Sales price per interval	$20,460
Points equivalent	$23,560
Weeks	$15,180
Rental revenue	$1.8 billion
Occupancy	76.8%
Average maintenance fee per interval	$845

The weighted average maintenance fee charged per interval was $845, up by about 3% from 2012. The average was $540 for studios, $670 for one bedroom units, and $935 for units with two or more bedrooms.

Maintenance fee delinquencies decreased from approximately 12% in 2012 to just over 11% in 2013.

MAINTENANCE FEE DELINQUENCIES

	Percent of maintenance fee accounts
Current (<31 days delinquent)	88%
31–60 days delinquent	0%
61–90 days delinquent	0%
91–120 days delinquent	1%
More than 120 days delinquent	11%
Total	**100%**

Percent of 271 respondents — percentages may not add due to rounding

Average occupancy held steady at nearly 77% in 2013. By comparison, hotel occupancy was 62%[1] in 2013, according to Smith Travel Research. Timeshare occupancy includes about 58% of occupants who were either owners or exchange guests, 14% renters and 5% marketing guests.

OCCUPANCY BREAKOUTS

Type	Percent of time available
Owner/owner's guest	42%
Exchange guest	16%
Renter	14%
Marketing guest	5%
Vacant	23%
Total	**100%**

Percent of 618 respondents — percentages may not add due to rounding

There were about 11.5 million nights rented in 2013, at an average price of $160 per night. This translates to approximately $1.8 billion in rental revenue for the timeshare industry last year, increasing by almost 14%.

RENTAL REVENUE

Metric	2013
Total rental revenue	$1.8 billion
Total nights rented	11.5 million
Average rental price per night	$160

Based on 493 respondents

1 STR Monthly Hotel Review: December 2013, *Smith Travel Research.*

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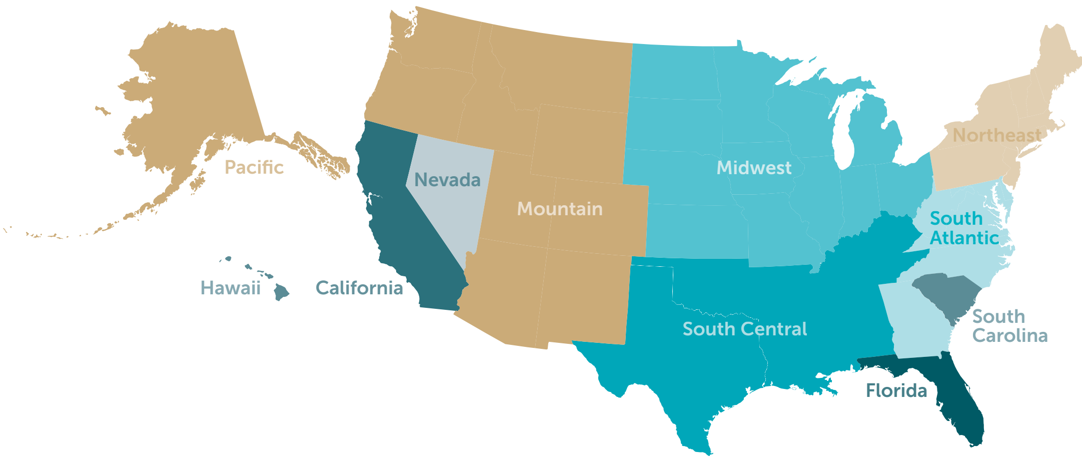
Industry Segments

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 volume, resort type, geographic region, and sales price. For each of these segments, the report presents five important industry measures: average resort size, sales volume, interval price, occupancy, and maintenance fees. The following observations emerged:

- Sales volume and maintenance fees tend to be highest at resorts with 100 or more units in 2013 while average interval price is highest among smaller resorts.
- The most common resort type in the U.S. timeshare industry is the beach resort. Golf is most often available nearby and/or onsite. Theme park resorts tend to be the largest, while beach resorts have the highest sales volume. Urban resorts had the highest average price and occupancy in 2013, while island resorts had the highest maintenance fees.
- Florida had the most resorts and the greatest sales volume in 2013, while Nevada had the largest average resort size. Sales price, occupancy and maintenance fees were highest in Hawaii. The Northeast had the lowest occupancy and maintenance fees, while the Mountain/Pacific region had the smallest resorts and the Midwest had the lowest average interval price.



- More than half of total sales occurred among intervals priced between $20,000 and $29,999. Occupancy is much higher for resorts with intervals priced at $20,000 and above than for those priced lower than $20,000. Maintenance fees tend to increase with sales price.

PERFORMANCE BY GEOGRAPHIC REGION

Region	% of resorts	Average size (# units)	Total sales volume ($B)	Sales price per interval	Average occupancy	Average maintenance fees per interval
Florida	23%	185	$2.3	$17,553	75.3%	$796
California	9%	121	$0.7	$11,812	81.2%	$807
South Carolina	7%	116	$0.5	$10,474	77.3%	$724
Hawaii	6%	137	$0.9	$27,712	85.2%	$1,093
Nevada	4%	283	$1.2	$15,971	83.9%	$737
Mountain/Pacific	16%	73	$0.5	$13,856	76.8%	$819
South Atlantic	8%	105	$0.4	$15,259	70.0%	$663
Northeast	11%	113	$0.2	$19,424	59.2%	$624
South Central	9%	130	$0.5	$12,082	71.2%	$647
Midwest	8%	109	$0.4	$9,630	71.6%	$666
Overall	**100%**	**125**	**$7.6**	**$20,460**	**76.8%**	**$845**

Percent of 1,540 resorts — numbers may not add due to rounding

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Industry Outlook

There was slightly less construction reported in 2013 than in 2012, with resorts reporting an additional 667 units in 2013, versus the 700 that were added in 2012. However, there is an uptick in planned construction for the coming year. Respondents report plans to add 1,329 units in 2014 — this includes units at existing resorts and units at planned new resorts. This is up 41% from the 945 units planned for 2013 reported by the same respondents at the end of 2012. Also, respondents report plans for nine new resorts, compared to plans for seven in the previous year.

RESORT AND UNIT CONSTRUCTION

	2012	2013
Units built	700	667
Units planned	945	1,329
New resorts planned	7	9

Construction results for respondents only, not industry-wide estimates

Methodology

Ernst & Young conducted a survey of 1,540 recognized timeshare resorts to provide an overview of the state of the timeshare industry in the U.S. Responses were received from 738 resorts, representing a 48% response rate. This survey was commissioned by the ARDA International Foundation (AIF).

MEMBER $25 | NON-MEMBER $50