

# State of the Vacation Timeshare Industry

2014

UNITED STATES STUDY



2014 EDITION  
PREPARED BY



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# State of the Vacation Timeshare Industry

UNITED STATES STUDY 2014 EDITION

## EXECUTIVE SUMMARY

**The State of the Vacation Timeshare Industry: United States Study 2014** edition provides an overview of important summary information on the U.S. timeshare industry for the year 2013.

The primary data source for results contained in this report is a survey of timeshare resorts, developers and management companies. This survey was commissioned by the ARDA International Foundation (AIF) and conducted by Ernst & Young LLP (EY). EY also reviewed current and previous AIF research and other industry sources to conduct this analysis. The study focuses on timeshare resorts that sell and maintain interval and points-based vacation lodging products. The study excludes fractional resorts and Private Residence or Destination Clubs. For a full discussion of the methodology used, please see Appendix C of the report.

The 2013 U.S. timeshare industry consisted of 1,540 timeshare resorts with approximately 192,420 timeshare units – an average of 125 units per resort. Resorts sell each of these units to consumers in parts called intervals: as of December 31, 2013 there were approximately 8.5 million timeshare intervals owned in the United States.

Figure ES.1 compares key timeshare industry metrics for 2013 to those from 2012, showing that the U.S. timeshare industry enjoyed significant growth in 2013. Sales volume<sup>1</sup> 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. Rental revenue grew by almost 14%, rising from \$1.6 billion in 2012 to more than \$1.8 billion in 2013.

**FIGURE ES.1**

### KEY TIMESHARE INDUSTRY METRICS 2012 AND 2013

	2012	2013	Percent change
<b>GROWTH</b>			
Sales volume (\$B)	\$6.9	\$7.6	11%
Average sales price	\$18,720	\$20,460	9%
Number of intervals sold (000's)	366.2	370.6	1%
Rental revenue (\$B)	\$1.6	\$1.8	14%
<b>PERFORMANCE</b>			
Occupancy	76.9%	76.8%	0%
Average maintenance fees	\$822	\$845	3%
Maintenance fee delinquencies	12%	11%	-6%
<b>OUTLOOK</b>			
Units built	700	667	-5%
New units planned	945	1,329	41%
New resorts planned	7	9	29%

*Numbers may not add due to rounding*

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

## 6 EXECUTIVE SUMMARY

Operating performance metrics for the industry were also encouraging in 2013. Occupancy held steady at nearly 77% — by comparison, hotel occupancy was 62% in 2013, according to Smith Travel Research. The weighted average maintenance fee charged per interval was \$845, up by approximately 3% from 2012's \$822 per interval. Maintenance fee delinquencies decreased, from approximately 12% in 2012 to just over 11% in 2013.

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.

<sup>2</sup> STR Monthly Hotel Review: December 2013, Smith Travel Research.



**This chapter presents a timeshare industry overview for 2013 – examining its size and structure. It presents information on the number and size of resorts, unit types/sizes and intervals and ownership structures.**

The AIF’s timeshare database lists 1,540<sup>1</sup> timeshare resorts in the United States<sup>2</sup>. Over the past year, consolidation of the industry has continued, and some resorts that formerly were considered separate under different brands are now counted as one resort with co-branding. This has caused the number of timeshare resorts to decrease slightly in 2013. This decrease is not a reflection of resorts being closed or taken off line. Please see Appendix B for a full discussion of how the AIF tracks U.S. timeshare resorts. The study excludes fractional resorts, Private Residence Clubs and Destination Clubs. For a full discussion of the methodology used, please see Appendix C of the report.

### Size

As seen in Figure 1.1, these 1,540 resorts represented approximately 192,420 physical timeshare units – 125 units per resort on average. Counting lock-offs<sup>3</sup> as separate units adds approximately 51,340 units, for a total of approximately 243,760. As of December 31, 2013, the total number of weekly equivalent intervals owned in these units was approximately 8.5 million.

**FIGURE 1.1  
INDUSTRY SIZE**

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

Though we believe the numbers in Figure 1.1 represent the number of timeshare resorts and units, it’s important to recognize that other inventory used by timeshare owners is not counted here. For example, the two major exchange companies (Interval International and RCI) also make non-timeshare accommodations available to timeshare owners who are members of their exchange program. The alternatives are usually vacation homes, fractional units or hotel rooms. They also provide members the opportunity to trade their resort accommodations or home unit for cruise, golf and spa vacations.

<sup>1</sup> ARDA International Foundation. Please see Appendix B for more information about the methodology for identifying timeshare resorts.  
<sup>2</sup> The United States is defined as the continental U.S. plus Alaska and Hawaii in this study.  
<sup>3</sup> The term “lock-off” refers to a type of vacation ownership unit consisting of multiple living and sleeping quarters, designed so they can function as two discrete units for purposes of occupancy and exchange.

**Resorts**

Figure 1.2 shows the distribution of these 1,540 resorts by the year that each opened. Approximately 20% of responding resorts opened in 2006 or later; another 22% opened in 1985 or before. The majority of responding resorts (57%) opened between 1986 and 2005.

Figure 1.3 shows a distribution of responding resorts by development stage, illustrating the two key industry components. The sold out component consists mainly of resorts that either operate independently or are associated under a larger management company that relies mainly on revenues derived from maintenance fees and rentals for its operations; in general, they are not engaged in significant sales activity. The active sales component includes new resorts and resorts operating under the management of a company that continues to develop and sell timeshare inventory. Respondents answered this question at the resort level, but with the proliferation of points based products the notion of a sold-out<sup>4</sup> resort becomes less concrete, as owners purchase time that can be used at a variety of developer properties — even at resorts that may have “sold-out” of weekly intervals.

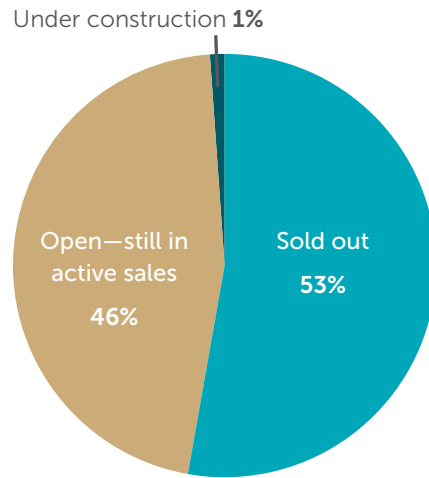
Whether sold out or in active sales, resorts vary in how they are controlled and managed. Control and management of the resort are two separate issues. For example, the HOA may control the resort but a separate company can manage its day-to-day operations. Approximately 85% of the 299 responding resorts reported that they are controlled by the HOA. Figure 1.4 shows the most common management structures in place, regardless of who controls the resort. It shows that most often a company affiliated with the resort developer manages a resort’s day to day operations.

**FIGURE 1.2**  
**YEAR RESORTS OPENED**

1985 or before	22%
1986-1995	16%
1996-2005	41%
2006 or after	20%

*Percent of 268 respondents — percentages may not add due to rounding*

**FIGURE 1.3**  
**RESORTS BY DEVELOPMENT STAGE**



*Percent of 262 respondents — percentages may not add due to rounding*

**FIGURE 1.4**  
**RESORT MANAGEMENT STRUCTURE**

Resorts managed by	Percent
Company affiliated with the resort developer	69%
3rd party management company	10%
Self-managed by HOA(s)	15%
Other, specify	5%

*Percent of 301 respondents — percentages may not add due to rounding*

<sup>4</sup> The survey questionnaire defined “sold out” resorts as those having sold less than 100 intervals in 2013.

## Units

Next we move from a discussion of data compiled at the resort level to results concerning the individual units at the resorts. Figure 1.5 shows the mix of units by the number of bedrooms. The two-bedroom unit is the most common configuration, with 61% of units, followed by one-bedroom units with 24%. Eight percent of units have three or more bedrooms; another 6% are studios.

**FIGURE 1.5**  
**MIX OF UNITS BY NUMBER OF BEDROOMS**

Unit type		Percent
Studio	11,910	6%
1 bedroom	46,400	24%
2 bedrooms	118,020	61%
3 bedrooms or more	16,090	8%
<b>Total</b>	<b>192,420</b>	<b>100%</b>

*Percent of 665 respondents — percentages may not add due to rounding*

**FIGURE 1.6**  
**AVERAGE UNIT SIZES IN SQUARE FEET**

Unit type	Square feet
Studio	410
1 bedroom	710
2 bedrooms	1,170
3 bedrooms or more	1,590
<b>Weighted average</b>	<b>1,050</b>

*Weighted average based on 466 total resorts. There were 146 respondents for studio units, 307 for one BR, 395 for two BR and 167 for three+ BR.*

Respondents also reported their average unit size, in square feet. Figure 1.6 shows a summary of the results. Average sizes ranged from approximately 410 square feet for a studio unit to almost 1,600 square feet for units with three or more bedrooms. Larger, condo-style units are a major selling point for the timeshare industry. These allow larger parties to participate in the vacation, and provide a "home away from home" feel to the vacation. Often, they enhance timeshare owners' flexibility to "lock-off" a portion of their units to rent or exchange while retaining a portion for their personal use.

**Intervals**

Resorts sell timeshare units to consumers in parts, called intervals. Traditionally, these intervals were one week long, so that each unit represents about 52 weekly intervals. As the industry evolved, more sophisticated use plans became increasingly common. These include points-based intervals and biennials<sup>5</sup>, for example. All of these can be translated into an equivalent number of traditional weeks for comparison purposes.

Resorts reported the number of intervals owned by different types of owners – Figure 1.7 displays the results. Not surprisingly, most intervals are owned by timeshare consumers, referred to as resort owners in the industry. Approximately 14% are still owned by a resort developer and approximately 1% of intervals are owned by a homeowner’s association.

**FIGURE 1.7  
INTERVALS OWNED BY TYPE OF OWNER**

	Percent
Intervals owned by resort owners (consumers)	85%
Intervals owned by HOA	1%
Intervals owned by developers	14%
<b>Total</b>	<b>100%</b>

*Percent of 525 respondents – percentages may not add due to rounding*

Figure 1.8 breaks out the 85% of intervals owned by resort owners. Consumers owning one week own approximately 63% of intervals. Those who own two to three weeks account for 27% of intervals owned and timeshare clubs own 8% of intervals. Consumers owning seven or more weeks account for approximately 1% of intervals.

**FIGURE 1.8  
RESORT OWNERS<sup>6</sup> OTHER THAN HOA OR DEVELOPER**

	Percent
Owners of 1 week	63%
Owners of 2-3 weeks	27%
Owners of 4-6 weeks	1%
Owners of 7+ weeks	1%
Timeshare clubs	8%
<b>Total</b>	<b>100%</b>

*Percent of 228 respondents – percentages may not add due to rounding*

<sup>5</sup> Biennials are vacation ownership products that provide a week’s worth (or points equivalent) of timeshare interest every other year.

<sup>6</sup> These are unique owners from the perspective of the responding resorts/development companies, but they may own intervals across multiple resort/development companies.

Figure 1.9 shows the percentage of resorts that have each of these types of intervals at their resorts. Approximately 74% of respondents have intervals of the traditional weekly variety, approximately 62% have some form of points based products and 47% of respondents have biennials. The percentage with biennials is even higher among resorts that are in active sales — the majority of these resorts have this product.

**FIGURE 1.9**  
**TYPES OF INTERVALS**

Interval type	Percent of resorts responding	Percent of resorts that are in active sales	Percent of sold out resorts
Weeks	74%	68%	80%
Points	62%	68%	56%
Biennials	47%	60%	34%

*Percent of 654 respondents — multiple responses allowed*

Finally, respondents reported the interval ownership structures in place at their resorts. Resorts can be classified in one of two primary ways — those where resort owners own a real estate interest and those where they do not. Figure 1.10 lists the ownership structures typically available with a real estate interest, and Figure 1.11 shows the typical ownership structures for non-real estate interests. Deeded weeks are the dominant structure for owned real estate interests, followed by points with real estate interest. The most common structure when real estate interest is not owned is points, followed by right to use. Note that in some cases points based products are backed by a real estate interest and in some cases they are not. In both cases multiple structures may be used at a given resort.

**FIGURE 1.10**  
**OWNERSHIP STRUCTURES**  
**— OWNED REAL ESTATE INTEREST**

	Percent
Deeded weeks	77%
Points	50%
Deeds held in trust	33%
Undivided interest (UDI)	27%
Condominium	19%
Both deeded and right-to-use	4%
Interest in a cooperative corporation	<1%
Other	<1%

*Percent of 465 respondents — multiple responses allowed*

**FIGURE 1.11**  
**OWNERSHIP STRUCTURES**  
**— NO OWNED REAL ESTATE INTEREST**

	Percent
Points	93%
Right to use	70%
Both deeded and right-to-use	5%
Lease	2%
Membership	<1%
License	<1%
Other	7%

*Percent of 155 respondents — multiple responses allowed*

Chapter 1 provides an overview of industry size. Understanding the health of the industry involves reviewing additional key indicators such as interval sales prices, occupancy and maintenance fees. This chapter addresses these metrics, presenting a current picture of important measures of industry performance.

### Overall

Figure 2.1 summarizes some of the timeshare industry's key 2013 performance metrics. Resorts sold approximately 370,610 intervals at an average price of \$20,460 per interval, yielding a total sales volume of more than \$7.6 billion. Resort occupancy was just under 77% for 2013 and the average maintenance fee billed was \$845. Rentals accounted for another \$1.8 billion in industry revenue.

**FIGURE 2.1**  
**KEY PERFORMANCE METRICS 2013**

Metric	2013
Sales volume <sup>7</sup>	\$7.6 billion
Number of timeshare intervals sold	370,610
Sales price per interval	\$20,460
Points equivalent <sup>8</sup>	\$23,560
Weeks	\$15,180
Rental revenue	\$1.8 billion
Occupancy	76.8%
Average maintenance fee per interval	\$845

The \$7.6 billion in sales volume does not include sales for resorts that primarily sell fractional and Private Residence Clubs (PRC) products. North American sales for fractional and PRC resorts were \$517 million for 2013 as reported in *The Shared-Ownership Resort Real Estate Industry in North America - 2014 Edition*, produced by Ragatz Associates. These sales increased by 4% in 2013.

One practice that has increased in popularity recently is "fee for service". In general, developers provide sales and marketing support, including branding, to timeshare resorts they have not developed. The fee for service provider leverages their existing sales infrastructure and brand to improve cash flow, without the capital risks of developing their own property. Sales related to fee for service arrangements in 2013 are estimated at \$562 million in the AIF's upcoming Financial Performance 2014 study, conducted by Deloitte and Touche. These sales are not differentiated in our sales estimates for the full timeshare industry.

<sup>7</sup> All sales discussed in this report are first generation or developer sales, unless otherwise noted.

<sup>8</sup> Points-based developers were asked to calculate weeks on an implied interval week conversion factor based on internal measures. For example, one approach may be to divide the number of points redeemed during the year by the number of unit weeks occupied; or, developers that assign values to unit inventory may calculate the implied interval week conversion factor for the system overall.

Figure 2.2 shows the changes in key metrics from 2012 to 2013. Total sales volume increased by more than \$700 million from the previous year — an 11% increase. This year, the increase in total sales volume was mainly attributable to the 9% increase in the average sales price, as the number of intervals sold increased by approximately 1%. This year’s increase in average sales price reflects strong performance among higher end timeshare products and brands. Occupancy was relatively stable in 2013, while maintenance fees increased by approximately 3%.

**FIGURE 2.2**  
**CHANGES IN KEY METRICS – 2012 TO 2013**

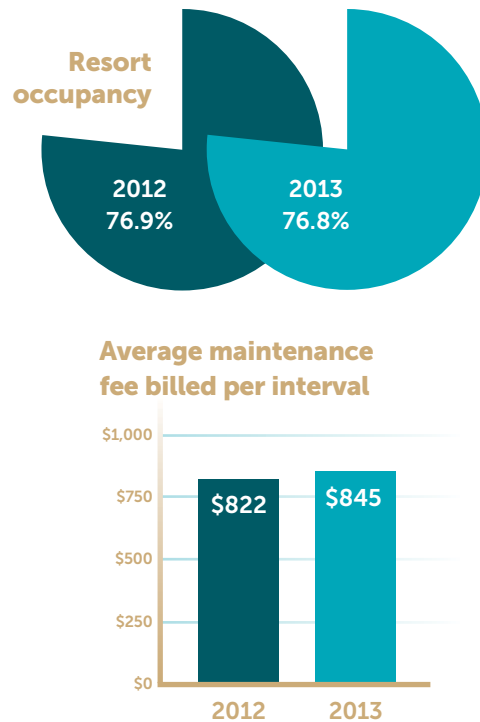
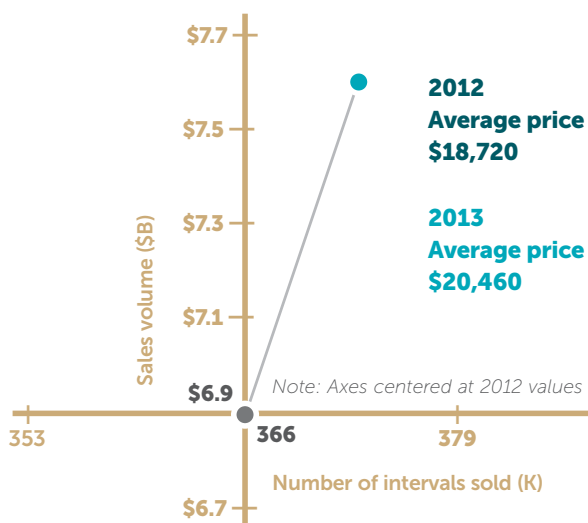


Figure 2.3 shows the distribution of sales prices across resorts. The most common sales price category is “\$25,000 - \$29,999,” at 23% of resorts. However, there are a number of resorts with intervals priced anywhere from less than \$5,000 to \$30,000 or more. These prices vary depending on factors such as region, product type and resort type — as shown in Chapters 2 and 3.

**FIGURE 2.3**  
**DISTRIBUTION OF SALES PRICE**

Sales price level	Percent
Less than \$5,000	16%
\$5,000 - \$9,999	22%
\$10,000 - \$14,999	14%
\$15,000 - \$19,999	11%
\$20,000 - \$24,999	4%
\$25,000 - \$29,999	23%
\$30,000 or more	10%

*Percent of 264 respondents — percentages may not add due to rounding*

Figure 2.4 shows a distribution of the percentage of sales to new owners – 67% of resorts have at least half of their sales from new owners<sup>9</sup>. The pie chart shows that, on average, fifty-one percent of timeshare sales are from new owners. Sales to existing owners can take place via upgrades or purchasing additional weeks or points. These sales point to high satisfaction with the product among existing owners, and the marketing costs associated with repeat sales are lower than for first time buyers.

**FIGURE 2.4**  
**SALES FROM NEW OWNERS**

Percent of sales from new owners	Percent of resorts
50% or less	33%
51–70%	59%
71–90%	6%
91% or more	2%

Percent of 224 respondents - percentages may not add due to rounding



Average resort occupancy (including sold out resorts) was approximately 77%. By comparison, occupancy at U.S. hotels was 62% in 2013<sup>10</sup>. Figure 2.5 shows a more detailed view of occupancy. Resorts reported their average physical occupancy in each of these categories, meaning that actual guest check-in occurred. The percentages in Figure 2.5 represent industry averages, weighted by the number of units. It shows that resort owners, their guests, and exchange participants accounted for approximately 58% of available intervals. Renters accounted for another 14%, while marketing guests contributed another 5%. Approximately 54% of resorts were at least eighty percent occupied, and 23% had occupancy of at least ninety percent. Approximately 16% of resorts were less than sixty percent occupied.

**FIGURE 2.5**  
**OCCUPANCY BREAKOUTS**

Type	Percent of time available	Occupancy level (%)	Percent of resorts responding
Owner/owner’s guest	42%	Less than 60	16%
Exchange guest	16%	60–69	13%
Renter	14%	70–79	16%
Marketing guest	5%	80–89	31%
Vacant	23%	90 or more	23%
<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

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

<sup>9</sup> “New owners” are owners that are new to the responding resorts/development companies, but not necessarily new to the timeshare industry.

<sup>10</sup> STR Monthly Hotel Review: December 2013, Smith Travel Research.

The average annual maintenance fee<sup>11</sup> charged was \$845 per interval. Figure 2.6 shows the average maintenance fees charged by unit type, and the distribution of maintenance fees by dollar amount. Studio units average \$540 annually in maintenance fees, one-bedroom units average \$670, and two-bedroom plus units average \$935 annually. Approximately 9% of resorts have maintenance fees averaging less than \$500, while another 24% have maintenance fees of \$1,000 or more.

**FIGURE 2.6  
MAINTENANCE FEE BREAKOUTS**

Unit type	Maintenance fee
Studio	\$540
1BR	\$670
*2BR+	\$935
<b>Overall</b>	<b>\$845</b>

Average maintenance fee	Percent
Less than \$500	9%
\$500 to \$599	13%
\$600 to \$699	27%
\$700 to \$799	11%
\$800 to \$899	7%
\$900 to \$999	10%
\$1000 or more	24%
<b>Total</b>	<b>100%</b>

*Percent of 507 respondents - percentages may not add due to rounding*

*\*Note: Resorts with the highest reported maintenance fees often do not have three-bedroom units. This skewed the average maintenance fee for three-bedroom plus units. For those resorts that reported maintenance fees for both two-bedroom and three-bedroom units, fees for the latter averaged 38% higher.*

**FIGURE 2.7  
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%
<b>Total</b>	<b>100%</b>

*Percent of 271 respondents - percentages may not add due to rounding*

Figure 2.7 shows that approximately 88% of maintenance fee accounts were current in 2013, up from 87% the previous year.

11. This is the average maintenance fee billed to owners annually including contributions to reserves but excluding taxes and special assessments.

As noted in Figure 2.5, renters occupied 14% of timeshare intervals in 2013. Seventy-six percent of resorts reported offering some form of rental program. Figure 2.8 shows the types of rental programs offered. Nearly all (95%) resorts with a rental program offer daily rentals and most offer weekly rentals (77%). These rental programs generally have rates that vary by season (95%). Approximately 62% offer rental programs for their marketing guests. Some “other” types of rental programs reported include half-price rentals for timeshare owners, friends and family programs, weekend programs, and two to three night minimum programs.

**FIGURE 2.8**  
**TYPES OF RENTAL PROGRAM OFFERED**

Rental type	Percent of resorts responding	Percent of resorts in active sales	Percent of sold out resorts
Daily rentals	95%	97%	92%
Weekly rentals	77%	62%	74%
Monthly rentals	36%	29%	46%
Rental rates that vary based on season	95%	97%	90%
Rental programs for marketing guests	62%	74%	56%
Other, specify	12%	20%	10%

*Percent of 520 respondents – multiple responses allowed*

Figure 2.8 also compares the offerings between resorts that are in active sales to those who are not. Weekly and monthly rentals are more prevalent among resorts that are no longer in active sales, while programs for marketing guests are more prevalent among resorts that are still in active sales.

Figure 2.9 provides the revenue associated with these rental programs, showing approximately 11.5 million nights rented in 2013 at an average price of \$160 per night. This yielded more than \$1.8 billion in rental revenue for the timeshare industry last year. Rentals took on increased importance during the recent economic downturn, as the industry found alternative revenue streams in the face of a difficult sales and operating environment.

**FIGURE 2.9**  
**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*

Figure 2.10 shows the methods used by resorts for publicizing the availability of rentals at the property. The most commonly reported methods are the resort’s website and social media.

Rental revenue is one type of operating revenue collected by timeshare resorts. Figure 2.11 shows the percentage of operating revenues collected by resorts across a number of categories. The predominant source of operating revenues for resorts is maintenance fees, followed by rentals.

**FIGURE 2.10  
PUBLICIZING RENTALS**

Method	Percent
Resort website	80%
Social media	49%
External rental websites	39%
Physical bulletin boards at resort	18%
Radio	13%
Television	13%
Timeshare broker and/or broker website	4%
Newspaper	2%
Other, specify	15%

*Based on 400 respondents – multiple responses allowed*

**FIGURE 2.11  
OPERATING REVENUE**

Metric	Percent of operating revenue – all resorts	Percent of operating revenue – resorts in active sales	Percent of operating revenue – sold out resorts
Maintenance fees	76%	73%	79%
Rentals	18%	20%	16%
Housekeeping	2%	1%	1%
Developer subsidy	1%	2%	0%
Special assessments and other revenue sources	1%	1%	2%
Food & beverage	1%	1%	0%
Other	2%	2%	2%

*Percent based on 594 respondents – percentages may not add due to rounding*

Again, we compare the operating revenue sources for resorts that are in sales to that for sold out resorts. In doing so, we find that while maintenance fees are the predominant operating revenue source in both cases, sold out resorts derive a greater proportion of their operating revenue from maintenance fees. Resorts in active sales derive a higher percentage of their operating revenue from rentals. These resorts are more likely to have available inventory, representing a revenue opportunity even for intervals that have not yet been sold. Also, as seen above, they are more likely to offer rental programs for marketing purposes.

This chapter uses the performance metrics listed in the previous chapter to compare specific industry segments. Doing so involves the separation of resorts into relevant subgroups, and the calculation of performance measures for each of these segments.

### The five segments are:

- **Average resort size – as measured by the number of units**
- **Sales volume**
- **Resort type**
- **Geographic region**
- **Sales price**

### The following are the key performance metrics calculated for each of the segments noted above.

- **Percent of resorts**
- **Resort size, as measured by the average number of units**
- **Total sales volume**
- **Sales price per interval**
- **Occupancy**
- **Average maintenance fee billed**

For each segment, we include the averages and/or totals for overall respondents for each metric. These overall averages and totals are provided for comparison purposes. For some of the segments, not all of the respondents provided information that would allow them to be classified. For example, not all respondents reported an average sales price. For this reason, in some cases the overall totals and averages may be inconsistent with the totals and averages for the subgroups.

## Resort Size

The first segmented analysis explores performance by size of resort, using three categories: small (less than 50 units), mid-size (51-100 units) and large (more than 100 units). Even though the average resort size is 125 units, 39% of resorts have less than 50 units, and 36% have 100 units or more.

Not surprisingly, resorts with more than 100 units have the largest share of total sales volume — their share of sales volume is more than twice their share of resorts. Maintenance fees were also highest at the largest resorts, while average interval price is highest among smaller resorts. Occupancy was lowest in 2013 among the resorts with more than 100 units.

**FIGURE 3.1**  
**PERFORMANCE BY RESORT SIZE**

Number of units	% of resorts	Average size (# units)	Total sales volume (\$B)	Sales price per interval	Average occupancy	Average maintenance fees per interval
0–50	40%	27	\$0.7	\$27,456	77.8%	\$783
51–100	24%	73	\$1.2	\$25,976	78.7%	\$776
More than 100	36%	279	\$5.7	\$17,631	76.4%	\$893
<b>Overall</b>	<b>100%</b>	<b>125</b>	<b>\$7.6</b>	<b>\$20,460</b>	<b>76.8%</b>	<b>\$845</b>

Percent of 685 respondents — numbers may not add due to rounding

## Sales Volume

Another way to measure a resort's size is to consider its level of total sales volume. Figure 3.2 compares the performance measures of the resorts for groups based on sales volume. Ninety-five percent of resorts had less than \$25 million in total sales for 2013. Resorts with \$25 million or more in sales are larger resorts based on average number of units and have a higher average sales price. Occupancy in 2013 tended to be lower at resorts where sales volume totals \$50 million or more.

**FIGURE 3.2**  
**PERFORMANCE BY SALES VOLUME**

Sales volume in millions (M)	% of resorts	Average size (# units)	Total sales volume (\$B)	Sales price per interval	Average occupancy	Average maintenance fees per interval
None	53%	87	\$0.0	—	80.1%	\$775
Less than \$25M	42%	136	\$2.7	\$13,006	75.8%	\$842
\$25M to \$49.9M	3%	278	\$1.0	\$14,952	83.5%	\$1,041
\$50M to \$99.9M	1%	621	\$0.9	\$16,396	68.8%	\$931
\$100M or more	1%	1141	\$3.0	\$25,819	70.4%	\$1,053
<b>Overall</b>	<b>100%</b>	<b>125</b>	<b>\$7.6</b>	<b>\$20,460</b>	<b>76.8%</b>	<b>\$845</b>

Percent of 738 respondents — numbers may not add due to rounding

### Resort Type

Respondents reported the vacation experience offered at their resort and/or nearby. They also shared which characteristic best describes their resort. Figure 3.3 shows the results.

Beach resorts are the most common primary resort type; golf is most often available nearby and/or onsite. Resorts reported about three and a half of these vacation experiences available per resort on average. Other vacation experiences noted include national and state parks, historic sites, and vineyards/wineries.

**FIGURE 3.3**  
**DISTRIBUTION BY RESORT TYPE**

Type	What vacation experience does this resort offer?			Which one characteristic best describes this resort?
	Onsite	Nearby	Nearby and/or onsite	
Beach	52%	32%	53%	28%
Country/lakes	19%	13%	22%	14%
Golf	23%	71%	77%	9%
Ski	9%	28%	31%	9%
Theme park	6%	30%	30%	6%
Rural/coastal	31%	17%	31%	5%
Urban	14%	19%	24%	5%
Island	24%	7%	20%	5%
Desert	5%	18%	19%	4%
Gaming	7%	23%	25%	2%
Other	—	—	—	14%

Percent of 552 respondents — percentages may not add due to rounding. For onsite and nearby, multiple responses were allowed.

Figure 3.4 compares the performance for the most common resort types<sup>12</sup>. 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.

**FIGURE 3.4**  
**PERFORMANCE BY RESORT TYPE**

Type	% of resorts	Average size (# units)	Total sales volume (\$B)	Sales price per interval	Average occupancy	Average maintenance fees per interval
Beach	28%	105	\$2.9	\$18,202	79.6%	\$764
Country/lakes	14%	98	\$0.7	\$7,241	64.7%	\$674
Golf	9%	164	\$0.6	\$15,747	81.8%	\$787
Ski	9%	91	\$1.2	\$19,507	70.8%	\$910
Theme park	6%	299	\$0.3	\$12,958	78.4%	\$799
Urban	5%	104	\$0.3	\$26,777	83.8%	\$795
Island	5%	101	\$0.9	\$26,495	78.4%	\$922
Other	25%	130	\$0.6	\$16,121	70.8%	\$826
<b>Overall</b>	<b>100%</b>	<b>125</b>	<b>\$7.6</b>	<b>\$20,460</b>	<b>76.8%</b>	<b>\$845</b>

Note: "Other" includes Rural/coastal, Gaming, Desert, and Other from above — numbers may not add due to rounding

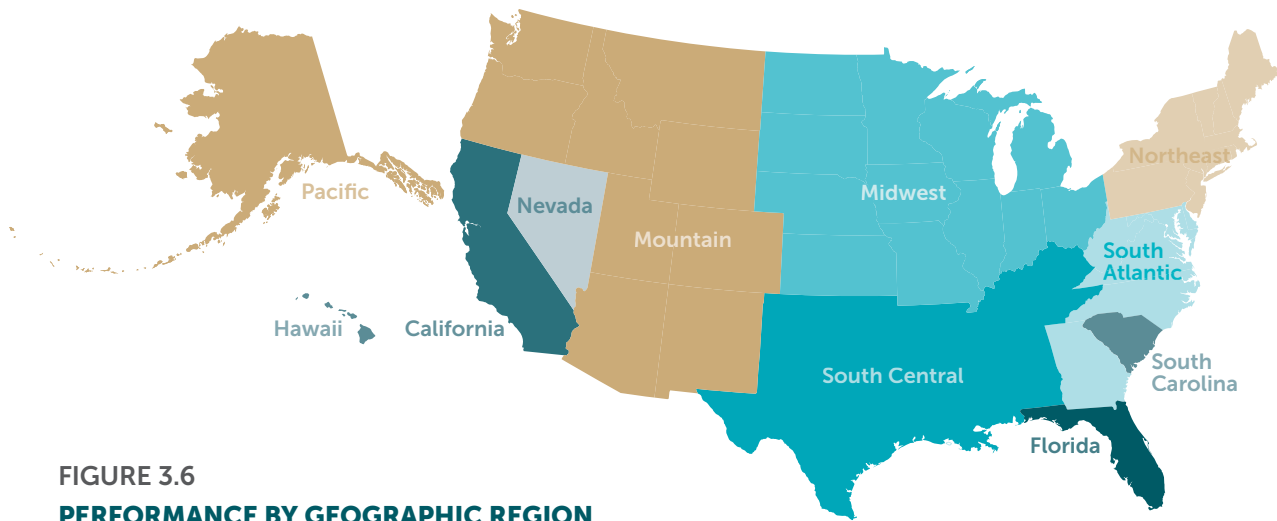
<sup>12</sup> There was insufficient data to report on the other resort types.

### Geographic Region

The next segment is geographical region of the country. The analysis calls out Florida, California, South Carolina, Hawaii, and Nevada based on the concentration of timeshare resorts in these states. The remaining states are grouped in regions, based on the U.S. Census Bureau’s list of geographic regions. Figure 3.5 shows a list of states represented by each region, and Figure 3.6 compares the performance by region.

**FIGURE 3.5  
GEOGRAPHIC REGIONS**

Region	States
Florida	FL
California	CA
South Carolina	SC
Hawaii	HI
Nevada	NV
Mountain/Pacific	CO, UT, MT, AZ, WY, ID, NM, AK, OR, WA
Northeast	CT, ME, MA, NH, RI, VT, NJ, NY, PA
South Central	AL, KY, MS, TN, TX, LA, AR, OK
Midwest	IL, IN, MI, OH, WI, IA, KS, MN, MO, NE, ND, SD
South Atlantic	DE, DC, GA, VA, WV, NC, MD



**FIGURE 3.6  
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
Mtn/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
<b>Overall</b>	<b>100%</b>	<b>125</b>	<b>\$7.6</b>	<b>\$20,460</b>	<b>76.8%</b>	<b>\$845</b>

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

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.

### Sales 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.

**FIGURE 3.7**  
**PERFORMANCE BY AVERAGE SALES PRICE**

Average sales price	% of resorts	Average size (# units)	Total sales volume (\$B)	Sales price per interval	Average occupancy	Average maintenance fees per interval
Less than \$10,000	43%	128	\$0.9	\$5,232	68.5%	\$652
\$10,000 to \$19,999	23%	258	\$1.4	\$16,224	66.6%	\$779
\$20,000 to \$29,999	25%	173	\$4.1	\$25,037	80.2%	\$1,063
\$30,000 or more	9%	172	\$1.2	\$51,001	75.9%	\$1,305
<b>Overall</b>	<b>100%</b>	<b>125</b>	<b>\$7.6</b>	<b>\$20,460</b>	<b>76.8%</b>	<b>\$845</b>

*Percent of 283 respondents – numbers may not add due to rounding*

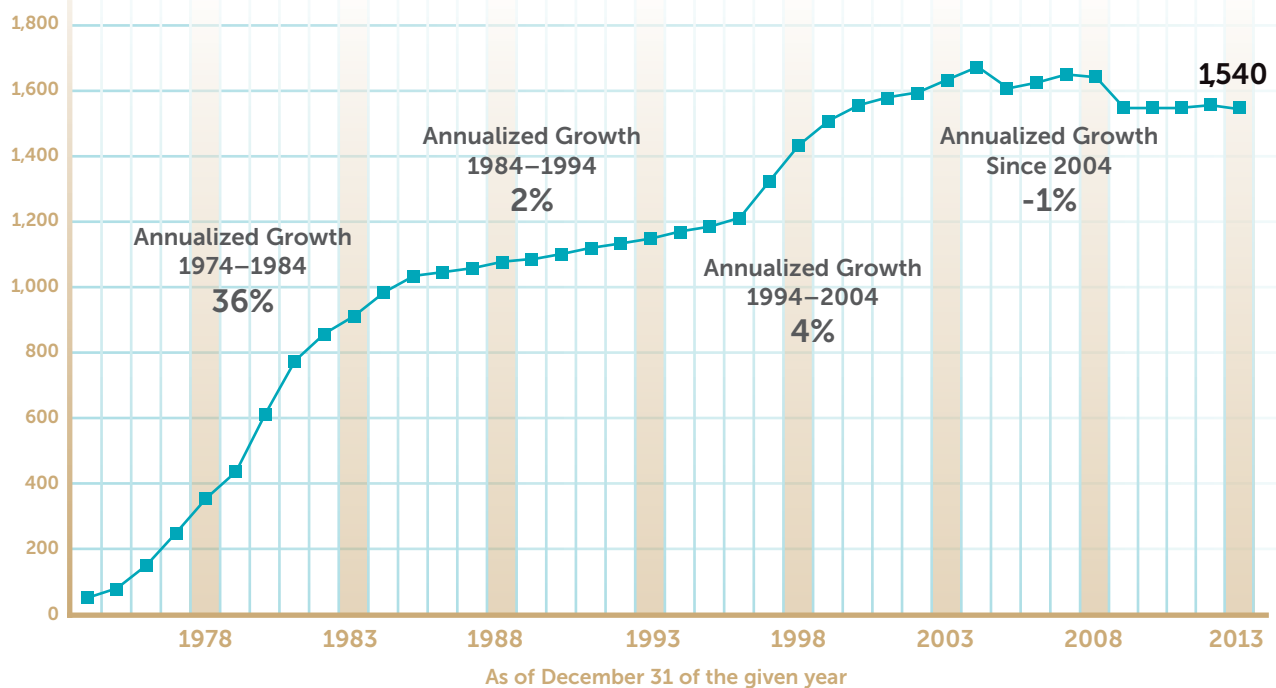
# A Brief History of the U.S. Timeshare Industry

## CHAPTER FOUR

To help put the 2013 performance results in perspective, this chapter traces the growth of several key metrics over times since the industry’s inception in 1974. This also will help understand the outlook for the industry as presented in Chapter 5.

Figure 4.1 traces the growth of U.S. timeshare resorts since 1974. It paints a picture of an industry with generally steady growth, punctuated by two major growth spurts. The first occurred at the industry’s outset in the United States – the number of resorts grew by an average of 105 resorts per year from 1974 to 1981. The next was from 1996 to 2000, when the number of resorts grew by an average of 87 per year. In between, growth averaged 25 to 30 resorts per year. In recent years, growth in the number of resorts has moderated and the number of resorts has been relatively flat since 2005.

**FIGURE 4.1**  
**TIMESHARE RESORTS SINCE 1974**



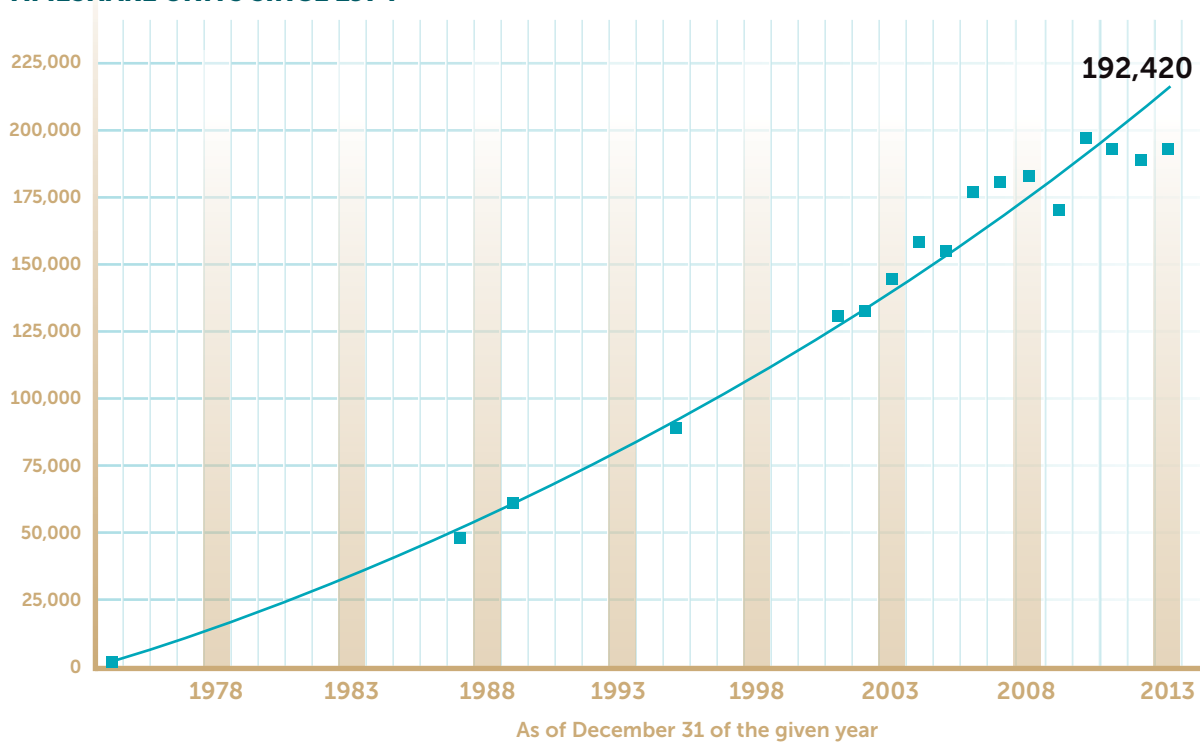
Source: Ragatz Associates, American Economics Group and the AIF

A change in the definition of the study population accounts for the drop in the number of resorts from 2004 to 2005. This change focused the analysis on traditional timeshares, including weekly intervals and points while removing such non-comparable entities as fractionals, non-equity clubs, Private Residence Clubs, and vacation clubs. The AIF stepped up its confirmation efforts again in late 2009 and early 2010 to verify the status of all identified timeshare resorts in its database, removing condo hotels and resorts with only contractual agreements to be used as timeshare. Improved rigor and scrutiny of resort count by the AIF led to a drop in the total timeshare resort count for the year 2009.

The response rate for this report has increased from 28% in 2005 to 48% this year. While a higher response rate helps improve the accuracy of estimates, it can make comparisons to the results of previous years problematic. For example, if new respondents report relatively low unit counts for their resort or resorts, this will drive the reported average resort size lower — even though the industry may not have lost any units.

Figure 4.2 shows the historical trend of unit growth through the available data points. Unlike timeshare resorts, the number of timeshare units has not been tracked from year to year.

**FIGURE 4.2**  
**TIMESHARE UNITS SINCE 1974**

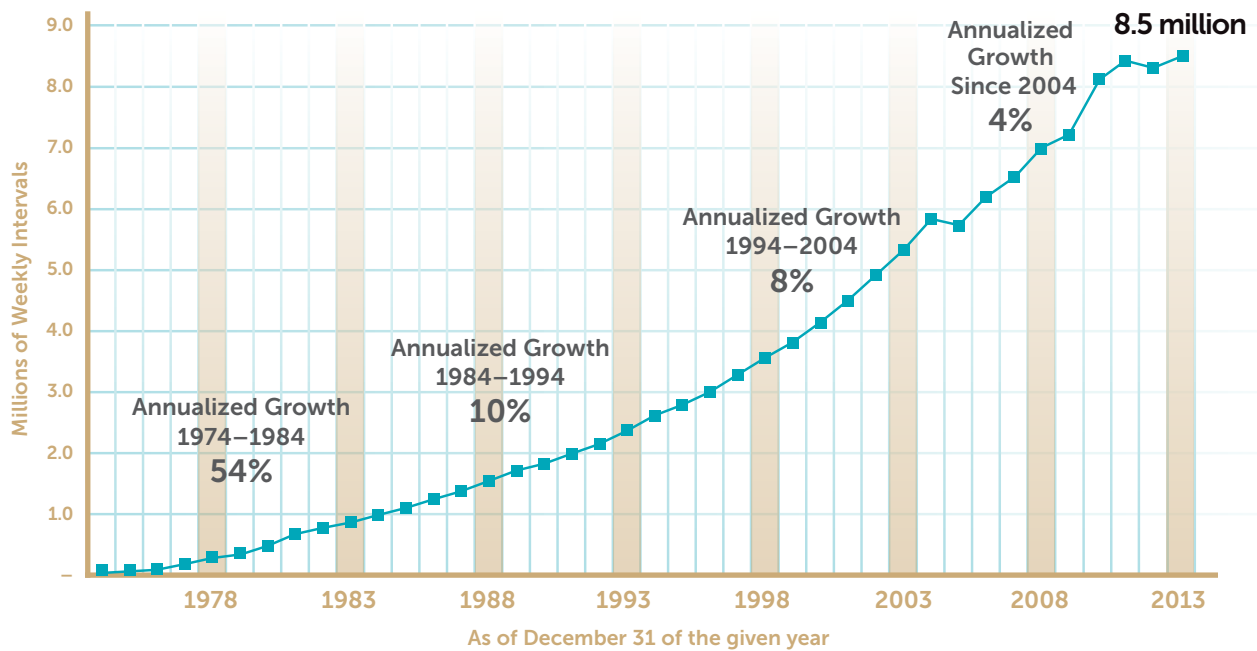


Source: Ragatz Associates, American Economics Group and the AIF

Developers have built larger, purpose-built resorts as the industry has matured and larger, branded timeshare companies have entered the market. In 1974, the average resort had approximately 27 units. By 1989 that number had more than doubled to 56; in 2013 that number has again more than doubled to 125 units per resort.

Figure 4.3 shows the number of timeshare intervals owned since 1974. The previously noted change in study population that excluded fractional and PRC resorts accounts for the apparent decrease in 2005. The higher average resort size accounts for the increase in the estimate for 2010. In the industry's first ten years, growth in intervals owned was significant, averaging 54% annually. From 1984 to 2004 interval growth averaged between 8% and 10% annually. Since 2004 that rate of increase has slowed to approximately 4% annually.

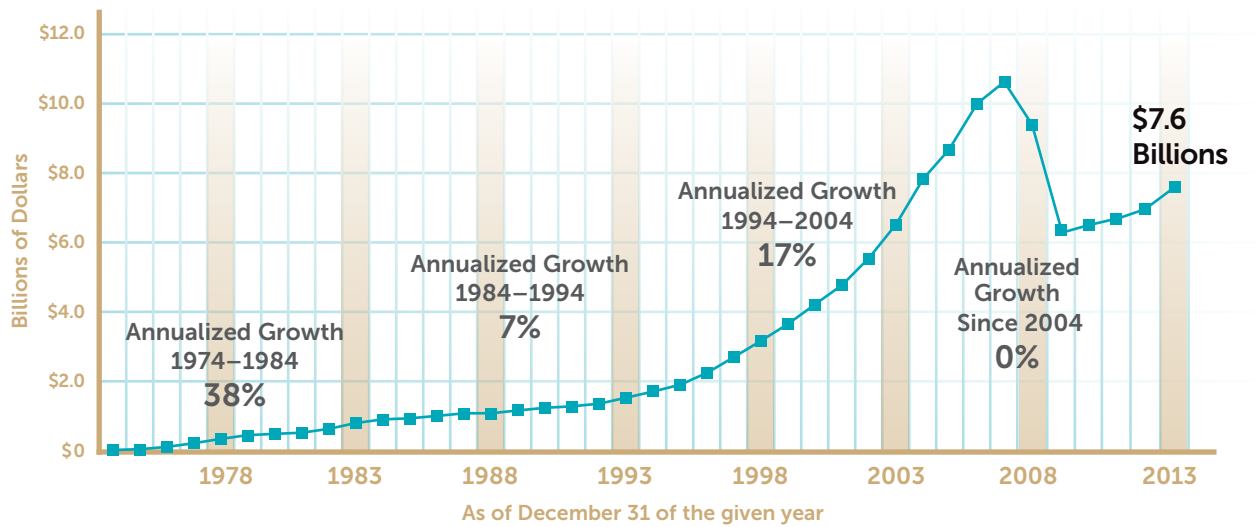
**FIGURE 4.3**  
**INTERVALS OWNED SINCE 1974**



Source: Ragatz Associates, American Economics Group and the AIF

Figure 4.4 shows the historical sales<sup>13</sup> trend from 1974 through 2013. In keeping with the pattern of resort and unit growth, sales volume grew tremendously over the first 10 years (38% annualized growth), moderated in the middle 10 years (7%) and picked up again from 1994 to 2004 (17%). In 2004 a four-year sales boom began, with sales volume peaking in 2007 at \$10.6 billion. Sales fell significantly in the next two years due to the recession; however 2013 marks the fourth straight year of increases in sales volume, and the largest increase since 2006.

**FIGURE 4.4**  
**TIMESHARE SALES SINCE 1974**



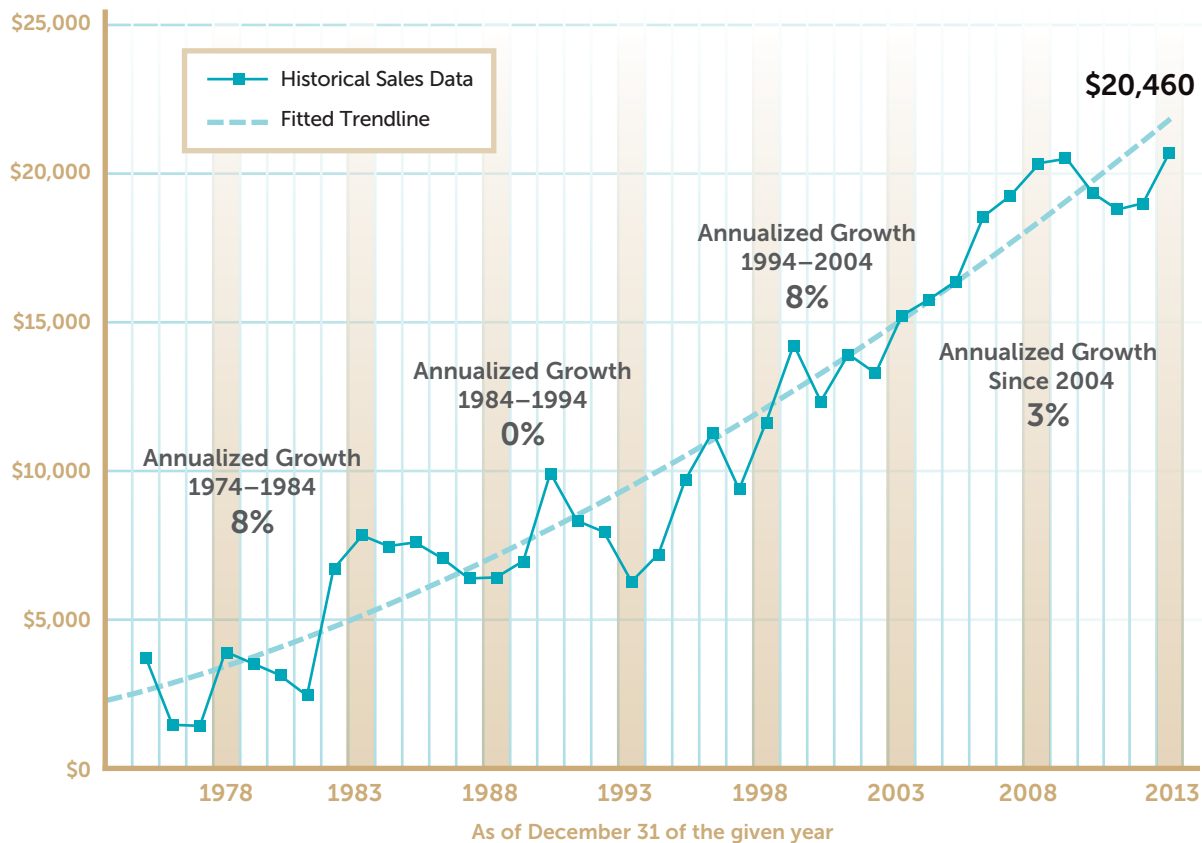
Source: Ragatz Associates, American Economics Group and the AIF

**13** The sales volume collected is commonly referred to as contract or originated sales and does not further separate all of the accounting metrics under the Financial Accounting Standards ASC 978 Real Estate – Timesharing Activities. This sales volume represents first generation or developer sales and does not include interests that were once owned and later resold on the secondary market.

Figure 4.5 tracks the trend in intervals sales prices from 1974 to 2013. The average sales price equals total industry sales volume, less sales upgrades<sup>14</sup> where no incremental time is purchased, divided by the total number of intervals sold. The growth in price has been more uneven than the growth in other measures. This may be due to the type, unit configuration, or location of properties making up the majority of sales in a given year.

As noted previously, the industry has added sophistication to the way owners can buy timeshare intervals. Instead of selling one week per year, many now also offer increased flexibility by offering “points” that owners can use to customize their vacation needs. They can break up or extend vacation weeks, travel during various times of the year and/or stay in various unit types at a range of locations. Some also offer biennial products that allow owners to use intervals every other year, instead of each year.

**FIGURE 4.5**  
**TIMESHARE AVERAGE SALES PRICES SINCE 1974**



Source: Ragatz Associates, American Economics Group and the AIF

<sup>14</sup> An upgrade sale is 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.

## CHAPTER FIVE

Finally, armed with an understanding of the timeshare industry’s size and strength, and some historical perspective, the next area of focus is the near term outlook. This chapter explores recent performance trends and expected construction.

**FIGURE 5.1**  
**RECENT PERFORMANCE TRENDS**

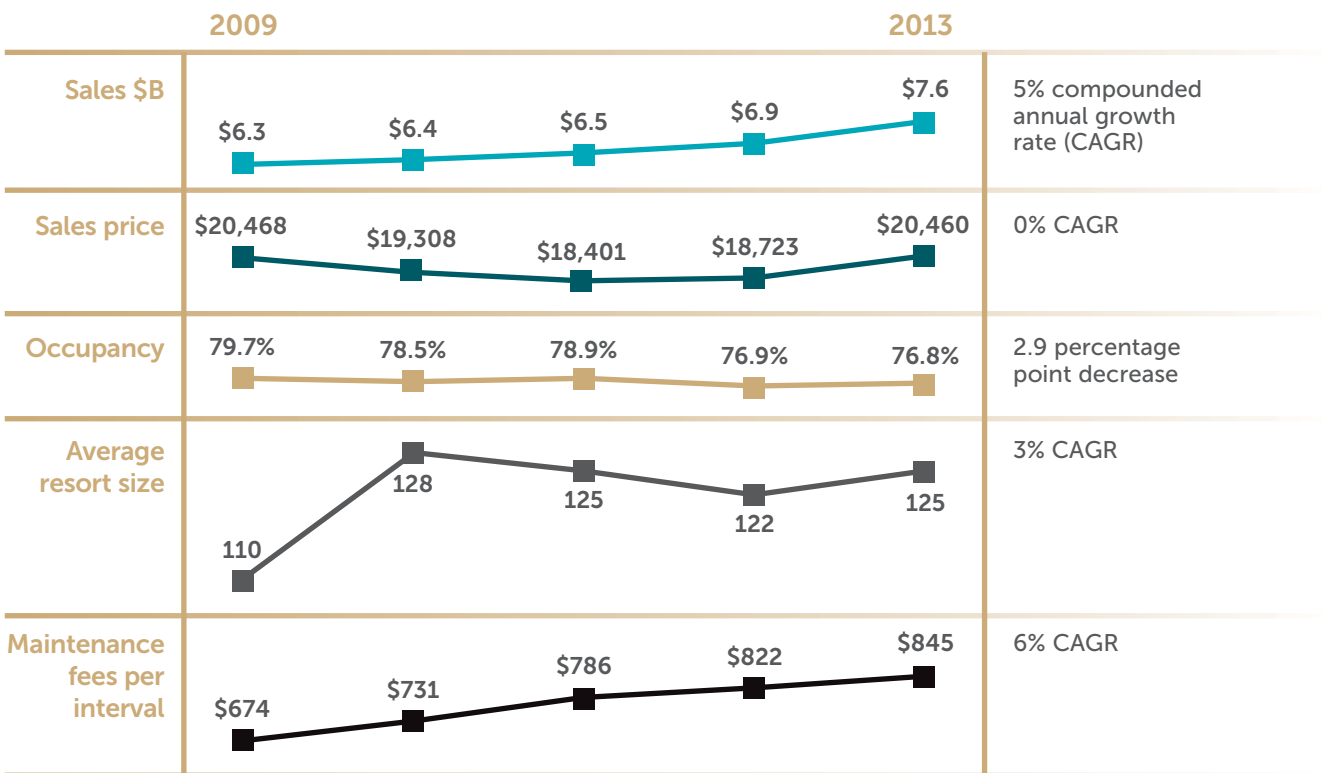


Figure 5.1 displays trends for the industry’s five key performance measures since 2009. Sales volume has increased by almost 22% since 2009 — an average of 5% annually. The average sales price stands approximately where it was in 2009, recovering from a decrease of approximately 10% from 2009 to 2011. Occupancy decreased slightly over the timeframe, with most of the decrease coming in 2012: the decrease in occupancy in 2012 was primarily driven by changes in the responding population. Maintenance fees have increased by an average of 6% annually since 2009. The increase in average resort size in 2010 was also attributable to a change in the respondent pool.

Figure 5.2 shows the change from 2012 to 2013 in some key metrics for respondents having multiple resorts and reporting data in both years. The purpose of this table is to assess changes without respect to differences in the respondent pool.

In 2012, these respondents had 657 resorts and 83,060 units, for an average resort size of around 126 units. In 2013, the number of resorts increased to 672 and the number of units increased to about 84,890, for an average resort size of 126 units. The increase in the number of resorts does not indicate resort construction on the part of these respondents – rather it reflects acquisition and consolidation in the industry. The changes in sales volume, sales price, occupancy and maintenance fees are roughly in line with the changes noted for the overall industry.

**FIGURE 5.2**  
**CHANGES FOR RESPONDENTS PROVIDING DATA IN 2012 AND 2013**

	2012	2013	Change	Percent change
Number of resorts	657	672	15	2.3%
Number of units	83,060	84,890	1,830	2.2%
Average number of units	126	126	0	0%
Total sales (\$M)	\$4,827	\$5,405	\$577	12.0%
Sales price	\$17,521	\$19,196	\$1,675	9.6%
Occupancy	76.7%	77.7%	1.0	1.3%
Maintenance fees	\$846	\$875	\$29	3.4%

*Note: Numbers may not add due to rounding*

Figure 5.3 summarizes construction of new timeshare units and resorts. It shows that respondents built 667 units in 2013, down from the 700 they built in 2012. However, there is an uptick in planned construction for the coming year. Respondents plan 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 planned at this time last year. Also, respondents report plans for nine new resorts, compared to plans for seven at this time last year. These new resorts may be completed in 2014 or beyond.

**FIGURE 5.3**  
**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*

In general, 2013 was a strong year for the timeshare industry. Sales volume grew by double digits, fueled mainly by strong performance among higher end timeshare products and brands. Occupancy held steady, maintenance fees increased slightly and maintenance fee delinquencies decreased. Though construction was slightly down, the construction outlook is improving. One of the things to watch in 2014 will be whether the growth and performance momentum of 2013 holds and translates into increased construction activity over the next several years.



## Timeshare Resort Tracking

The study universe in the State of the Vacation Timeshare Industry consists of the latest list of timeshare resorts in the United States. While there is not a single, mandated registration database of timeshare properties developed in the U.S., the ARDA International Foundation established an extensive process to identify existing and planned unique timeshare resorts.

Timeshare resorts are identified through a variety of primary and secondary research, including:

- Company press releases, earnings reports, and websites
- Exchange company directories
- Crittenden Resort Report
- Industry media searches
- General media searches
- Primary survey research which includes a Confirmation Survey and the State of the Vacation Timeshare Industry survey

Extensive verification is conducted to identify unique timeshare resort properties. The resort count does not include:

- Emerging vacation ownership product segments — fractional, Private Residence Clubs, Destination Clubs, non-equity clubs, whole-ownership, or condo-hotel resorts
- Club entities that own partial inventory or partial intervals at a physical timeshare resort
- Vacation exchange rental property at non-timeshare resorts

## Methodology

EY designed, built and distributed a password-secured, web-based survey questionnaire for data collection at the resort level. Data providers with multiple resorts received a corresponding version in Microsoft Excel. Individual responses to all questions were kept completely confidential. Only EY professionals responsible for the survey had access to individual survey responses. EY used the survey responses to produce most of the estimates detailed in this study — other sources are cited as appropriate. This study contains estimates of 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.

All identified timeshare resorts<sup>15</sup> in the U.S. were sent a survey questionnaire. Of the 1,540 identified timeshare resorts, 738 responded — a 48% response rate. Of these 738 responding resorts, 637 belong to a family of ten or more resorts, while 101 belong to a family of less than ten resorts. Of these 101, 66 were single site developers. In general, the information in this report includes estimates of industry-wide metrics. The lone exception is the estimate of construction activity, which is reported only for those responding to the survey and not extrapolated to the universe of timeshare resorts.

How good are the estimates in this report? There are two primary sources of survey error: sampling and non-sampling error. Since the entire universe of identified resorts received a survey there is no sampling error and terms such as precision and confidence are not appropriate. Non-sampling error includes survey question bias, coverage and measurement error, and non-response. Non-sampling errors are present in every survey, but can be reduced with proper planning, good execution, and appropriate analysis.

For this survey, EY took the following steps to help reduce non-sampling errors at various stages of the survey process:

- The AIF annually updates its database of timeshare resorts to help reach all known timeshare resorts.
- EY conducted a questionnaire review session with experienced survey professionals and data providers to help clarify the meaning of key terms and new data points.
- The electronic survey questionnaires contain data edit checks designed to catch questionable responses at the point of data entry. For example, reported maintenance fees that appear too high based on previous response, or intervals owned per unit that seem implausible.
- Survey participants receive complimentary copies of the report as an incentive to respond.
- The AIF and EY conducted calling campaigns and sent electronic reminders to encourage response.
- EY followed up with respondents on confusing or inconsistent responses.
- Further cross examination of the data was conducted to identify and question discrepancies within the data gathered, historical data, and expected trends.

<sup>15</sup> List of timeshare resorts maintained and provided by AIF. Please see Appendix B for more information about the methodology for identifying timeshare resorts.

## 34 APPENDIX C

The overall response rate is the most widely used measure of non-sampling error. The response rate has increased from 28% in 2005 (the year before EY began conducting the study) to 48% in 2013 and is well above the current typical response rate for surveys of this type. Our 95% response rate among large developers (those with ten or more resorts) is very good, and suggests that industry health estimates, such as sales, are very reliable, since these respondents generate a majority of the industry's sales. The higher response rates of multi-site respondents could affect some of the results of this study if not addressed. Where appropriate, statistical weighting was used to help offset this potential bias in the study respondents. A comparison of the distribution of responding resorts to the distribution of the universe by state and did not reveal any systematic differences.

In general, a higher response rate helps improve the accuracy of estimates, but at the same time the higher rate can make comparisons to the results of previous years problematic. For example, if new respondents report relatively low unit counts for their resorts, this will drive the reported average resort size lower even though the industry may not have lost any units.

Special thanks are due to the timeshare industry professionals who dedicated their time and expertise to the development of the survey instrument employed to collect data for this report. Also the efforts of resort staffs who committed their time and energy to complete the survey questionnaires are truly appreciated.

## SURVEY

Thank you for participating in the 2014 ARDA International Foundation (AIF) Survey!

The following survey is about timeshare resorts. If you have questions regarding the survey or this website, please call Joe Callender at 202.327.5692 or email [joe.callender@ey.com](mailto:joe.callender@ey.com).

*Note: Please refer to the glossary for the definition of any underlined terms.*

**PLEASE COMPLETE AND SUBMIT NO LATER THAN FEBRUARY 15, 2014. Return via email to [Joe.Callender@ey.com](mailto:Joe.Callender@ey.com)**

### I. Resort Identification

**1. Is this resort part of a multiple resort family?**

- Yes – Please contact Joe Callender at 202-327-5692 or [Joe.Callender@ey.com](mailto:Joe.Callender@ey.com) if interested in providing the information below via an Excel spreadsheet for all your resorts.
- No

**2. Resort identifying information**

Resort Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Website \_\_\_\_\_

**3. Contact person** (General information for individual completing survey)

First Name \_\_\_\_\_  
Last Name \_\_\_\_\_  
Title \_\_\_\_\_  
Company Name \_\_\_\_\_  
Telephone Number \_\_\_\_\_

**4. Resort management information** (Complete only if applicable)

Name of Development Company \_\_\_\_\_  
Name of Management Company \_\_\_\_\_  
Home Owners Association(s) *If multiple HOAs please use a comma to separate*  
\_\_\_\_\_  
Name of Marketing Company \_\_\_\_\_

### II. Resort Characteristics

**1. At which development stage is this resort currently?** (Select one)

*Note: Active sales resorts are defined as resorts that sold 100 or more new weekly intervals or points equivalent sales during 2013, excluding re-sales. All other resorts are considered not in active sales. If the resort is being built in phases, and a construction phase is complete, the resort should be considered open, even if a new phase is still under construction.*

- Planned
- Under Construction - not in Active Sales
- Under Construction - in Active Sales
- Open - Still in Active Sales
- Sold Out *Note: Resort may have some resale activity*
- Closed
- Other, specify \_\_\_\_\_

\_\_\_\_\_ **Please select the year this resort opened for sales.**  
(Only answer if development stage equals Open or Sold Out)

\_\_\_\_\_ **Please select the year this resort closed.**  
(Only answer if development stage equals Closed)

\_\_\_\_\_ **Please specify a reason why this resort closed**  
(Open-ended; only answer if development stage equals Closed)

**2. Who is the resort controlled by:**

- HOA (s)
- Developer

**3. Who manages the timeshare resort's day to day operation?**

- Self-managed by HOA(s)
- Managed by a management company that is affiliated with the resort developer
- Managed by a third party management company
- Other, specify \_\_\_\_\_

II. Resort Characteristics — continued

4. How many timeshare units does this resort have by size as of December 31, 2013?

If you don't have a given type of unit, please fill in "0". NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

Count lockoffs as one unit

- \_\_\_\_\_ Studio
- \_\_\_\_\_ 1BR
- \_\_\_\_\_ 2BR
- \_\_\_\_\_ 3BR+
- \_\_\_\_\_ Total

Count lockoffs as separate units

- \_\_\_\_\_ Studio
- \_\_\_\_\_ 1BR
- \_\_\_\_\_ 2BR
- \_\_\_\_\_ 3BR+
- \_\_\_\_\_ Total

5. What is the average size of a unit at this resort in square feet?

If you don't have a given type of unit, please fill in "0." NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

Studio \_\_\_\_\_  
1BR \_\_\_\_\_

2BR \_\_\_\_\_  
3BR+ \_\_\_\_\_

6. Which of the following types of intervals does this resort currently have? (Check all that apply)

- Timeshare points
- One or both of the following types of weekly intervals:
- Traditional interval weeks
- Interval weeks with the ability to use through a timeshare points system

7. Which of the following special types of intervals does this resort currently have? (Check all that apply)

- Biennials
- Triennials
- Other, specify \_\_\_\_\_

8. Please provide the following information on weekly intervals\* at your resorts:

As of  
December 31, 2013

What is the total number of weekly equivalent intervals owned at your resort as of December 31, 2013 by owners other than the developer or HOA?

Please include any intervals sold since the resort's inception, unless they have been reacquired by the developer or are owned by the HOA.

\_\_\_\_\_

What is the total number of weekly equivalent intervals at your resort that are owned by the HOA as of December 31, 2013?

\_\_\_\_\_

What is the total number of weekly equivalent intervals at your resort that are owned by the developer as of December 31, 2013? Please include any intervals that have never been sold and intervals that have been reacquired by the developer.

\_\_\_\_\_

Total

\_\_\_\_\_

\*Points-based developers may calculate weeks owned on an implied interval week conversion factor based on internal measures. For example, one approach may be to divide the number of points redeemed during the year by the number of unit weeks occupied; or, developers that assign values to unit inventory may calculate the implied interval week conversion factor for the system overall.

9. Excluding intervals owned by the HOA or developer, how many intervals are owned by each of the following entities? Note: The total in this table should equal the amount provided in the first line of the table from the previous question.

Number of Intervals Owned

Individuals who own one weekly intervals

\_\_\_\_\_

Individuals who own two or three weekly intervals

\_\_\_\_\_

Individuals who own four to six weekly intervals

\_\_\_\_\_

Individuals who own seven or more weekly intervals

\_\_\_\_\_

Timeshare clubs

\_\_\_\_\_

Travel clubs (provide members with services, discounts or other benefits on services related to travel)

\_\_\_\_\_

Rescue, relief, postcard type companies (offer to transfer ownership of timeshare interests to the company or another person)

\_\_\_\_\_

Other, please specify \_\_\_\_\_

\_\_\_\_\_

Total (Should equal first line of the table in Q8)

\_\_\_\_\_

**II. Resort Characteristics** — *continued*

**10. Do your resort’s owners own interests in real estate at your resort?**

- Yes (Answer Q10a)  No (Answer Q10b)

**10a. Please select any applicable legal structures of your owners’ timeshare interests**

- Undivided interest (UDI)
- Deeded weeks
- Points
- Deeds held in trust
- Condominium
- Interest in a cooperative corporation (an association or corporation owned by individual consumers whose interest (often shares of stock) in the cooperative entitles them to use the timeshare accommodations that the coop owns)
- Both deeded and right-to-use
- Other, please specify \_\_\_\_\_

**10b. Please select any applicable legal structures of your owners’ timeshare interests:**

- Points
- Right to use
- Membership
- License
- Lease
- Both deeded and right-to-use
- Other, please specify \_\_\_\_\_

**11. What vacation experience does this resort offer? (Choose all that apply)**

	On-site	Nearby		On-site	Nearby
Beach	<input type="checkbox"/>	<input type="checkbox"/>	Rural/Coastal	<input type="checkbox"/>	<input type="checkbox"/>
Country/Lakes	<input type="checkbox"/>	<input type="checkbox"/>	Ski	<input type="checkbox"/>	<input type="checkbox"/>
Desert	<input type="checkbox"/>	<input type="checkbox"/>	Theme Park	<input type="checkbox"/>	<input type="checkbox"/>
Gaming	<input type="checkbox"/>	<input type="checkbox"/>	Urban	<input type="checkbox"/>	<input type="checkbox"/>
Golf	<input type="checkbox"/>	<input type="checkbox"/>	Other, specify: _____	<input type="checkbox"/>	<input type="checkbox"/>
Island	<input type="checkbox"/>	<input type="checkbox"/>			

**12. Which ONE characteristic best describes this resort? (Please select only one)**

- Beach
- Country/Lakes
- Desert
- Gaming
- Golf
- Island
- Rural/Coastal
- Ski
- Theme Park
- Urban
- Other, specify: \_\_\_\_\_

**III. Occupancy and Fees**

Please answer the following questions for your timeshare units only.

**1. What was your timeshare occupancy mix by type? Report based on physical occupancy, meaning actual guest check-in occurred. Calculate percentages using weekly equivalent timeshare intervals available as the denominator. This corresponds to all units with certificates of occupancy, whether intervals are sold or unsold.**

	<b>2013</b>
Owner or owner’s guest	_____
Exchange guest	_____
Renter	_____
Marketing guest	_____
Vacant	_____
Total (should be 100%)	_____

**2. What were your maintenance fees billed per unit per interval in 2013, including contributions to reserves but excluding special assessments and property taxes? NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)**

Maintenance fees billed per unit per interval  
 Studio \_\_\_\_\_ 1BR \_\_\_\_\_ 2BR \_\_\_\_\_ 3+BR \_\_\_\_\_

*\* Points-based developers may calculate weeks on an implied interval week conversion factor based on internal measures. For example, one approach may be to divide the number of points redeemed during the year by the number of unit weeks occupied; or, developers that assign values to unit inventory may calculate the implied interval week conversion factor for the system overall.*

III. Occupancy and Fees — continued

3. What is the total amount of revenue you collected in 2013 over all intervals at this resort for each of the following categories? Please include amounts paid by the developer, for example, on unsold intervals held in inventory, and/or subsidies and guarantees. NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

	In 2013
Maintenance fees	_____
Special assessments and other revenue sources	_____
Rentals	_____
Re-sales	_____
Recreational use fees (bike rentals, videos, etc.)	_____
Food & beverage	_____
Housekeeping	_____
Telecommunication (telephone, Internet etc.)	_____
Developer subsidy	_____
Laundry	_____
Other, please specify _____	_____
<b>Total Revenue</b>	_____

4. As of Dec 31, 2013, what percent of your total billed maintenance fees were in each of the following categories? Please do not include maintenance fees billed for 2014.

Current (Fewer than 30 days delinquent)	_____
31–60 days delinquent	_____
61–90 days delinquent	_____
91–120 days delinquent	_____
121+ days delinquent	_____
<b>Total (should be 100%)</b>	<b>100%</b>

IV. Timeshare Operating Expenses

Note: Ernst & Young is using an expenditure-based approach to quantify the economic impact of the timeshare industry. In this approach, Ernst & Young will estimate the typical level of expenditures generated by sales operations, resort management operations (including the operation of timeshare-related amenities), corporate offices and call centers. Therefore, in completing survey forms it is important that each employee or dollar of expenditures made by a particular company be reported in only one category. For mixed-use projects (e.g. timeshare resort and on-site hotel), allocate a portion of total resort employment and expenditures to the timeshare operation. This expense information will be used to derive economic multipliers that reflect the additional economic activity that will occur when timeshare properties purchase goods and services produced by suppliers located in the United States.

Resort Management Operations

1. Please provide the following information for your resort employees only. Include full-time, part-time, temporary and contract employees (Please do not include people in sales operations as these employees are reported in Question 3 below)

	In 2013
Annual average number of employees for 2013. Calculate using the average between the number of employees on January 1, 2013 and the number of employees on December 31, 2013	_____
Total employee compensation in dollars. Include wages and salaries; commissions; the cost of benefits such as health and life insurance; retirement payments; employer and employee shares of FICA taxes (social security and Medicare); federal, state and local income tax withholding; and non-cash compensation. Figures reported should be the annual total, and should correspond to the employees reported above. Cash and stock bonuses should be reported in the year in which they are paid to employees.	_____

2. Please provide your non-labor operating expenses at your resort in dollars.

Includes costs such as food and beverage, supplies, repair and maintenance, general & administrative, utility and telecom, financial services, etc. \$ \_\_\_\_\_

**IV. Timeshare Operating Expenses** – *continued*

**Sales Operations (both on-site and off-site)**

**3. Please provide the following information for your sales operations only.**  
*Include full-time, part-time, temporary and contract employees.*

**In 2013**

Annual average number of employees for 2013. Calculate using the average of the number of employees on January 1, 2013 and the number on December 31, 2013.

\_\_\_\_\_

Total employee compensation in dollars. Include wages and salaries; commissions; the cost of benefits such as health and life insurance; retirement payments; employer and employee shares of FICA taxes (social security and Medicare); federal, state and local income tax withholding; and non-cash compensation. Figures reported should be the annual total, and should correspond to the employees reported above. Cash and stock bonuses should be reported in the year in which they are paid to employees.

\_\_\_\_\_

**4. Please provide your non-labor operating expenses for your sales operations in dollars.**  
*Includes costs such as food and beverage, supplies, repair and maintenance, general & administrative, utility and telecom, financial services, etc.*

\$ \_\_\_\_\_

**Corporate, Regional or Call Center Operations Expenses**

**5. Please provide the following information for your corporate, regional office and callcenter operations only.** *Include full-time, part-time, temporary and contract employees.*

**In 2013.**

Annual average number of employees for 2013. Calculate using the average of the number of employees on January 1, 2013 and the number on December 31, 2013.

\_\_\_\_\_

Total employee compensation in dollars. Include wages and salaries; commissions; the cost of benefits such as health and life insurance; retirement payments; employer and employee shares of FICA taxes (social security and Medicare); federal, state and local income tax withholding; and non-cash compensation. Figures reported should be the annual total, and should correspond to the employees reported above. Cash and stock bonuses should be reported in the year in which they are paid to employees.

\_\_\_\_\_

**6. Please provide your non-labor operating expenses at your corporate, regional office and call center operations in dollars.** *Includes costs such as food and beverage, supplies, repair and maintenance, general & administrative, utility and telecom, financial services, etc.*

\$ \_\_\_\_\_

**V. Timeshare Taxes**

*Note: The goal of this question is to collect information on the full level of property and occupancy taxes paid, regardless of the individual or entity that actually makes payment to the local government entity. For example, include taxes that are paid by the HOA or management entity. If owners are responsible for paying property taxes directly, please include an estimate of the taxes paid by owners. If it is not possible to include an estimate of such taxes, please notify us. Property taxes include taxes on real estate and personal property.*

**1. Please provide the total amount of property taxes paid during 2013, in dollars.**  
*Include information on the full level of property taxes paid, regardless of the individual or entity that actually makes payment to the local government entity.*  
 NOTE: Please do not include commas when reporting numeric values.  
 (i.e., the amount 1,000 should be reported as 1000.)

**In 2013**

On resort property

\_\_\_\_\_

At sales centers, both on-site and off-site

\_\_\_\_\_

For regional office, corporate office and/or call center operations

\_\_\_\_\_

V. Timeshare Taxes – continued

2. Please provide the total amount of occupancy taxes paid during 2013, in dollars. Include any accommodation taxes paid by occupants of timeshare units, such as sales tax on room charges, room tax, transient occupancy tax and nightly taxes on owners. Include the full amount paid to state and local governments by occupants or resort. Enter a zero if no occupancy taxes were paid. Enter '0' if information on the amount of occupancy tax paid is not available. NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

	In 2013
State Occupancy Taxes	
Local Occupancy Taxes	

3. Please provide the total amount of corporate income taxes paid by your organization for 2013, in dollars. NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

	In 2013
State and Local Income Tax Paid	
Federal Income Tax Paid	
Total	

VI. Resort Timeshare Sales

1. Did this resort offer new timeshare inventory for sale in 2013? New inventory is considered "first generation" or "developer sales".

Yes  No (Skip to section VII)

Please answer the following questions in the context of new sales for your timeshare units only.

2. What were your total new timeshare sales net of rescissions for 2013? NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

How many timeshare intervals were available for sale at this resort? Include all intervals available as of Dec 31, 2012 and any that were made available during calendar year 2013.

Of these how many were sold in 2013? Points-based developers may calculate weeks owned on an implied interval week conversion factor based on internal measures. For example, one approach may be to divide the number of points redeemed during the year by the number of unit weeks occupied. Or, developers that assign values to unit inventory may calculate the implied interval week conversion factor for the system overall. Count biennial sales as 1/2 of a week and triennial sales as 1/3 of a week.

What was the total sales volume associated with these sales net of rescissions, in dollars? Include interval weeks and/or points sales and upgrade/reload sales. Exclude sales for trial memberships and sampler programs

3. For your new timeshare sales listed above, how much is allocated in the following categories.

Exclude sales for trial memberships and sampler programs and sales of biennials and triennials

	In 2013		
	Intervals available for sale	Number of intervals sold	Net sales volume (\$)
Points based intervals (Excluding biennials and triennials)	-----	-----	-----
Weeks based intervals* (Excluding biennials and triennials)	-----	-----	-----
Total	-----	-----	-----

\*Includes traditional interval weeks and interval weeks with the ability to use through a timeshare points system

**VI. Resort Timeshare Sales** — *continued*

4. For your new timeshare sales listed above, how much is allocated in the following categories.  
 Exclude sales for trial memberships and sampler programs

	In 2013	
	Number sold (do not convert to weekly equivalent)	Net sales volume (\$)
Biennials	_____	_____
Other	_____	_____

5. What was your net 2013 sales volume associated with sales upgrades programs net of rescission, in dollars? *Include upgrade sales that do not result in incremental ownership of time, such as a change in unit type, resort, or season.* \$ \_\_\_\_\_

6. Of your total 2013 net sales volume as listed in question 2, indicate the approximate percentage sold to

	Percent
New owners (including owners who purchased as a result of participation in a trial membership program)	_____
Existing owners	_____

7. What was your 2013 net sales volume associated with trial membership/sampler programs net of rescissions, in dollars?  
*This value should not have been included in your response to question two of this section.* \$ \_\_\_\_\_

8. Does this resort offer any of the following for sale?

- Fractional sales
- Private Residence Clubs
- Whole ownership
- Other, specify \_\_\_\_\_

9. Of the timeshare interests sold in 2013 that are matched to units at this resort, what percentage was purchased at sales offices...

	Percent
...in the state	_____
...outside of the state	_____

**VII. Resort Improvement and Construction**

1. How many timeshare units are recently built and planned at this resort?  
 If you don't have a given type of units, please fill in '0.'

	Number of Units
# Timeshare Units Built in 2013	_____
# Timeshare Units Planned for 2014	_____
# Timeshare Units Planned for 2015 or beyond (w/commitments)	_____

2. Please provide the dollar amounts spent for capital improvements in 2013.

*Only include capital improvements related to existing timeshare units and related amenities, exclude capital improvements related to the construction of new timeshare units. At mixed-use projects, allocate a portion of expenditures to the timeshare operation.*

	In Dollars
Renovation, refurbishment	_____
Other capital expenditures	_____

**VII. Resort Improvement and Construction** — *continued*

3. **How many new resorts does your company plan to build, and what is the associated number of units?**  
 These units should not count as a new resort unless they are the first such units built at the site. Include any resorts with partially built units, so long as the units will be made available for sale in 2014 or later.

	<b>Number of Resorts</b>
New Resorts Planned for Completion in 2014	_____
Associated Number of Units in 2014	_____
New Resorts Planned for Completion in 2015 and beyond	_____
Associated Number of Units in 2015 and beyond	_____

4. **Please provide your total capital expenditures related to new resort/unit construction in 2013.**  
 Other costs include soft costs such as planning, architectural, engineering, and product registration fees (exclude maintenance fees on unsold inventory).

	<b>In Dollars</b>
Land	_____
Construction (buildings and site work)	_____
Furniture, fixtures, equipment	_____
Other costs (soft costs, permits, consultants' fees, etc.)	_____

5. **Please provide your 2013 non-resort capital expenditures in the following categories.**

	<b>Related to sales offices</b>	<b>Related to regional office, corporate office and/or call center facilities only</b>
New construction	_____	_____
Renovation, refurbishment	_____	_____
Other capital expenditures	_____	_____

**VIII. Timeshare Rental Program**

1. **Does your resort offer a rental program?**  
 Yes  No (Skip to end)
2. **What types of rental programs do you offer?** *(Check all that apply)*  
 Daily rentals  Weekly rentals  
 Monthly rentals  Rental rates that vary based on season  
 Rental programs for marketing guests  Other, specify \_\_\_\_\_
3. **Which of the following do you use to publicize the availability of rentals at this resort?**  
*(Check all that apply)*  
 Resort website  External rental websites (e.g., Redweek.com or SellMyTimeshareNOW.com)  
 Timeshare broker and/or broker website  Physical bulletin boards at resort  
 Newspaper  Radio  
 Television  Social media (Facebook, Twitter, etc.)  
 Other, specify \_\_\_\_\_
4. **What is the total number of nights rented and the associated rental income for 2013?**  
 Total number of nights rented \_\_\_\_\_  
 Associated rental revenue (\$) \_\_\_\_\_
5. **What is the commission rate you charge for rentals?** \_\_\_\_\_%
6. **Please list the total amount paid in 2013 related to lodging taxes or other taxes related to rental programs only.** *These taxes are separate from the occupancy taxes in the "Resort Timeshare Taxes" section.*  
 \$\_\_\_\_\_

## Available for sale

Unsold inventory of completed units ready for intended use, including reacquired and unsold product. Include intervals for a finished unit that were not sold as of December 31, 2012. Also include intervals for any unit where construction was completed and the unit made available for sale in calendar year 2013. Units that are ready for intended use but do not yet have a certificate of occupancy should be included as completed inventory. Also include unsold inventory of incomplete units available in phases that are in pre-sales.

## Biennials

Vacation ownership product that provides a week's worth (or points equivalent) of timeshare interest every other year.

## Fractional

Ownership interest that is either a shared equity or club interest representing a time period 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.

## Geographical Areas

Classify states (other than Florida, California, and South Carolina and Nevada) as follows:

Northeast: CT, MA, ME, NH, NJ, NY, PA, RI, VT

Midwest: IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI

South Atlantic: DC, DE, GA, MD, NC, VA, WV

South Central: AL, AR, KY, LA, MS, OK, TN, TX

Mountain: AZ, CO, ID, MT, NM, UT, WY

Pacific: AK, HI, OR, WA

## Interval weeks with the ability to use through a timeshare points system

Refers to a points system or vacation club backed by an interval week interest. The legal structure of the consumer's purchase is supported by a deeded week or week-based ownership interest, but the consumer has the ability to use the interest at its "home resort" or directly through a timeshare points-based system.

## Multiple resort family

A company that owns more than one timeshare resort.

## New sales

First generation or developer sales; does not include interests that were once owned and later resold on the secondary market. Exclude temporary sales such as trial memberships, exit programs and sampler programs. Include the incremental dollar value of upgrade sales and reloads, regardless whether the sale represents incremental ownership of time. For example, include the dollar value of upgrades from a biennial to an annual interval, as well as an upgrade from a shoulder season to peak season or an upgrade from a one-bedroom to a two-bedroom.

## Planned timeshare resorts

Resorts to be constructed for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

## Planned timeshare units

Units to be constructed for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

## Private Residence Club

High-end fractional products with an average sales price of \$59,000 per week. Members usually pay maintenance and membership fees for privileged access to amenities and lodging.

## 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.

## Rescue, relief, postcard type companies

Companies that, for an up-front fee, offer to transfer ownership of one or more timeshare interests from a current owner to that company or another person.

# 44 GLOSSARY OF TERMS

## Sales upgrade

A transaction where an owner has relinquished their rights to a previous purchase in order to have rights to a different timeshare interest such as a larger unit, longer time increment, or from a fixed-week to points program.

## Sales volume

Net originated sales for the given year, which equals gross sales minus rescissions. Sales value should approximate the amount at which a timeshare interest would be sold in an all-cash sale, without financing or incentives. Determined by adjusting the stated sales price to the present value of the receivable, adding fees paid by the buyer that are unrelated to financing, and subtracting the value of incentives and services provided to the buyer (to the extent the fair value of the incentives or services exceeds the amount the buyer pays for the incentives or services).

## Sampler or trial membership program

A marketing program under which a time-share developer offers a customer, who has previously toured one of the developer's projects, a stay at one of the projects at a reduced rate. In exchange, the customer agrees to take another, subsequent tour of the project selected under the sampler program during the customer's stay at the project. If the subsequent tour results in a sale, the developer may allow the customer to apply some or the entire amount paid for the sampler toward the purchase of a time-share, as a part of the down payment.

## State of residence

The state where timeshare owners own their primary residence.

## Timeshare occupancy rate

The percent of units occupied by a timeshare guest.

## Timeshare

Vacation ownership interests that are usually sold in one-week increments but in some instances up to but less than 3-week increments (or points equivalent). It does not include the fractional interest product type.

## Timeshare points

Refers to pure points systems. The consumer has purchased points or credits backed by a usage right to a club's internal network of resorts.

## Traditional interval weeks

Refers to ownership of traditional interval weeks. The consumer has purchased a specific type of week at a specific resort. This week may then be exchanged through internal or external exchange systems, either for an interval week-based vacation or in some cases transferred for points, such as in a hotel brand frequent guest program.

## Travel clubs

Provide members with services, discounts or other benefits, usually for three years or less, on the use or purchase of transportation, accommodations (that may include timeshare units) or other services related to travel. Generally, such clubs do not actually own any accommodations but may lease them on a short-term or as needed basis.

## Vacant intervals

Intervals not used by anyone during the given year. Include all intervals which are not used by an owner, exchange guest, renter, or marketing plan participant, including rooms provided on a complimentary basis for purposes other than marketing. Do not include weeks set aside for maintenance.

## Weekly intervals

Refers to ownership of traditional interval weeks or interval weeks with the ability to use through a timeshare points system.

## Whole ownership

Vacation product in which each unit has one owner. Whole ownership sales and financed notes should be excluded from totals and averages reported in this survey.

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