# Economic Impact

2014

OF THE TIMESHARE INDUSTRY ON THE U.S. ECONOMY

EXECUTIVE SUMMARY

2014 EDITION
PREPARED BY EY
Building a better working world

AIF

# Economic Impact of the Timeshare Industry

ON THE U.S. ECONOMY **2014 EDITION**

**EXECUTIVE SUMMARY**

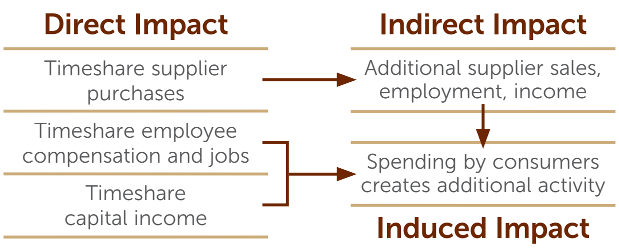
## Introduction

The impact of the timeshare industry on the U.S. economy extends beyond the timeshare resorts with which customers are most familiar. The total economic contribution of the industry also includes the economic impacts of sales and marketing offices, corporate operations, the construction of new resorts and the renovation of existing resorts, and the significant impact of expenditures of vacationers during timeshare stays. This study estimates the comprehensive private- and public-sector benefits generated by the timeshare industry.

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

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

### OVERVIEW OF THE TIMESHARE INDUSTRY OPERATIONS' ECONOMIC IMPACT




## Total Impact

In total, the U.S. timeshare industry generated approximately $69 billion of economic output, over 473,000 full- and part-time jobs, nearly $24 billion in income and $8.5 billion in total taxes in 2013.

**Timeshare Economic Impact in the U.S. (2013)**

$68.7 billion of economic output

473,224 jobs

$23.6 billion in income

$8.5 billion in tax revenues

### TOTAL ESTIMATED ECONOMIC IMPACTS OF THE U.S. TIMESHARE INDUSTRY, 2013

| Output ($ billions) | Direct | Indirect & Induced | Total |
|---|---|---|---|
| Industry Operations | $21.3 | $28.9 | $50.2 |
| Resorts | $11.2 | $14.8 | $25.9 |
| Corporate | $4.8 | $7.5 | $12.3 |
| Sales and Marketing | $5.3 | $6.6 | $11.9 |
| Vacation Expenditures | $6.7 | $9.6 | $16.3 |
| Capital Expenditures | $0.8 | $1.5 | $2.3 |
| **Total** | **$28.8** | **$40.0** | **$68.7** |

| Employment | Direct | Indirect & Induced | Total |
|---|---|---|---|
| Industry Operations | 145,785 | 187,800 | 333,585 |
| Resorts | 75,555 | 96,078 | 171,633 |
| Corporate | 27,718 | 48,402 | 76,120 |
| Sales and Marketing | 42,512 | 43,319 | 85,831 |
| Vacation Expenditures | 68,690 | 57,356 | 126,046 |
| Capital Expenditures | 4,820 | 8,773 | 13,594 |
| **Total** | **219,295** | **253,929** | **473,224** |

| Income ($ billions)* | Direct | Indirect & Induced | Total |
|---|---|---|---|
| Industry Operations | $7.3 | $9.9 | $17.2 |
| Resorts | $2.8 | $5.0 | $7.8 |
| Corporate | $2.0 | $2.7 | $4.6 |
| Sales and Marketing | $2.6 | $2.2 | $4.8 |
| Vacation Expenditures | $2.6 | $3.0 | $5.6 |
| Capital Expenditures | $0.3 | $0.5 | $0.8 |
| **Total** | **$10.2** | **$13.3** | **$23.6** |

**Note: Includes employee compensation and proprietor's income*
*Source: EY analysis*

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

- **Resort Operations:** In 2013, resort operations' direct output totaled $11.2 billion and indirect output was $14.8 billion, resulting in a total contribution to U.S. economic output of $25.9 billion. The output multiplier, a measure of the relative size of total impact to the direct impact, is 2.32. In other words, each dollar of direct timeshare economic activity spurs $2.32 dollars of total U.S. economic output.
- **Corporate Operations:** Direct output totaled $4.8 billion while indirect output was $7.5 billion, resulting in a total impact on economic output of $12.3 billion. The output multiplier estimates that each dollar of direct timeshare economic activity results in $2.58 dollars of total U.S. economic output.
- **Sales/Marketing Operations:** Direct output totaled $5.3 billion while indirect output was $6.6 billion, resulting in a total impact on economic output of $11.9 billion. The output multiplier estimates that each dollar of direct timeshare economic activity results in $2.24 dollars of total U.S. economic output.
- **Vacation Expenditures:** Direct spending off-site by timeshare owners and visitors totaled almost $7.9 billion. After taking into account expenditures for goods produced outside the United States, the direct impact of off-site consumer expenditures was $6.7 billion in direct output. This direct spending created additional economic activity by firms that supply goods and services consumed by vacationers, which totaled $9.6 billion. Combining the direct and indirect impacts on economic output, the total impact on U.S. economic output from timeshare vacation expenditures is $16.3 billion. These results imply that each dollar of direct spending results in $2.44 dollars of total U.S. economic output.
- **Capital Expenditures:** Spending by the timeshare industry on resort and non-resort construction and renovations totaled $0.9 billion in 2013. Some of the purchases, such as TVs or other electronics, were manufactured outside the United States resulting in a direct output of these expenditures of $0.8 billion. Direct expenditures produced an additional estimated $1.5 billion in indirect output, resulting in a total impact on economic output of $2.3 billion. The output multiplier implies that each dollar of direct spending results in $2.75 dollars of total U.S. economic output.

## Timeshare Vacation Spending

Spending by timeshare owners and guests during timeshare stays was estimated at $10.0 billion in 2013. About $2.1 billion was spent on-site at resorts, while $7.9 billion was spent off-site in the communities where the timeshare resorts are located. On average, each traveling party spent $1,967 per vacation. Based on an average travel party size of 3.45 people, the average total spending per person is $571. Only the offsite expenditures are included in the estimates of the economic impact of vacation expenditures because spending by timeshare owners and visitors at timeshare resorts on-site is captured separately in the impact of timeshare resort operations.

### DETAILED VACATION EXPENDITURE SPENDING DATA

| | Average per Party | | | Total Off-site Spending ($ billions) |
|---|---|---|---|---|
| Vacation Spending Data | On-site Spending | Off-site Spending | Total Spending | |
| Air Transportation Services | $0 | $466 | $466 | $2.37 |
| Entertainment and Recreation | $119 | $217 | $336 | $1.10 |
| Hotels and Motels, including Casino Hotels | $109 | $114 | $223 | $0.58 |
| Restaurant, Bar, and Drinking Places | $77 | $220 | $297 | $1.12 |
| Clothing and Clothing Accessories | $54 | $144 | $198 | $0.73 |
| Groceries | $52 | $119 | $171 | $0.60 |
| Ground Transit | $0 | $130 | $130 | $0.66 |
| Gasoline Stations | $0 | $122 | $122 | $0.62 |
| Miscellaneous | $12 | $11 | $23 | $0.06 |
| **Total** | **$423** | **$1,544** | **$1,967** | **$7.85** |
| **Average Spending per Person*** | **$123** | **$448** | **$571** | |

**Average travel party size is 3.45 people.*
*Source: 2014 Vacation Timeshare Owners Survey, prepared by HSRA for AIF*



*Continued >*

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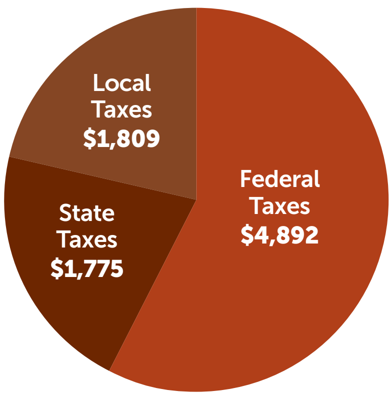
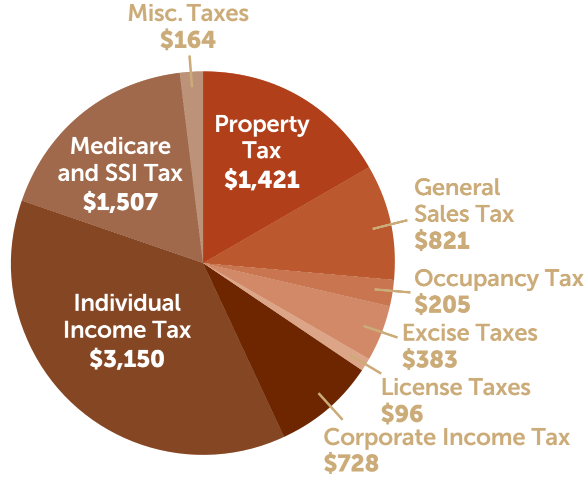
## Tax Revenues

Timeshare in the United States contributed nearly $8.5 billion in tax revenues in 2013 to the economy through property tax, sales tax, occupancy taxes, excise taxes, license taxes, income taxes, employment tax and other taxes.

**TAX REVENUES PAID BY TIMESHARE INDUSTRY, 2013 ($ MILLIONS)**




**TAX REVENUES PAID BY TIMESHARE INDUSTRY BY TAX TYPE, 2013 ($ MILLIONS)**




## Methodology

Ernst & Young's detailed analysis of economic impacts, and the success of the study overall, was made possible by the active cooperation of timeshare enterprises, resorts, exchange companies, and a sample of the timeshare travelers in the United States during 2013. The response base included 738 of the 1,540 timeshare resorts identified in the United States and survey responses from 1,722 U.S. households. Ernst & Young analyzed the detailed survey information in a customized economic impact model to quantify the industry's economic contribution.

MEMBER $25 | NON-MEMBER $50