

State of the Vacation Timeshare Industry

2015

UNITED STATES STUDY

EXECUTIVE SUMMARY



2015 EDITION
PREPARED BY



State of the Vacation Timeshare Industry

UNITED STATES STUDY 2015 EDITION

EXECUTIVE SUMMARY

Industry Overview

There were 1,555 timeshare resorts in the United States in 2014, representing about 198,490 units for an average resort size of 128 units. There were 8.7 million intervals owned. Among these intervals, 90% were owned by resort owners (timeshare consumers). Approximately 9% were still owned by resort developers and 1% were owned by homeowner's associations.

Industry Health

The U.S. timeshare industry enjoyed a solid growth in 2014. The number of timeshare resorts increased from 1,540 in 2013 to 1,555 in 2014, the biggest increase since the recession. Sales volume¹ increased by more than 4% from \$7.6 billion in 2013 to \$7.9 billion in 2014. This increase is attributable to the 7% increase in the number of intervals sold.

KEY PERFORMANCE METRICS 2014

Metric	2014
Sales volume	\$7.9 billion
Number of timeshare intervals sold	397,120
Sales price per interval	\$20,020
Points equivalent	\$21,360
Weeks	\$18,230
Rental revenue	\$1.9 billion
Occupancy	78.3%
Average maintenance fee per interval	\$880

The weighted average maintenance fee charged per interval was \$880, up by approximately 4% from 2013. The average was \$540 for studios, \$695 for one-bedroom units, \$900 for two-bedroom units and \$1,200 for units with three or more bedrooms.

Maintenance fee delinquencies decreased by approximately 36% from 12.2% in 2013 to 7.7% in 2014.

MAINTENANCE FEE DELINQUENCIES

	Percent of maintenance fee accounts
Current (<31 days delinquent)	91.8%
31–60 days delinquent	0.3%
61–90 days delinquent	0.2%
91–120 days delinquent	0.9%
More than 120 days delinquent	6.8%

Percent of 323 respondents — percentages may not add due to rounding

INDUSTRY SIZE

	2014
Resorts	1,555
Units	198,490
Average Resort Size	128
Intervals owned	8.7 million
Total units - including lockoffs	274,650

There were approximately 397,120 intervals sold in 2014, while the average sales price fell slightly to \$20,020. Rental revenue grew by approximately 4%, rising from \$1.8 billion in 2013 to more than \$1.9 billion in 2014.

OCCUPANCY BREAKOUTS

Type	Percent of time available
Owner/owner's guest	41%
Exchange guest	17%
Renter	16%
Marketing guest	5%
Vacant	21%
Total	100%

Percent of 600 respondents, weighted by units — percentages may not add due to rounding

Operating performance metrics for the industry were also encouraging in 2014. Average occupancy rose to more than 78% — by comparison, hotel occupancy was 64%² in 2014, according to Smith Travel Research. Timeshare occupancy includes about 58% of occupants who were either owners or exchange guests, 16% renters and 5% marketing guests.

There were about 11.2 million nights rented in 2014, at an average price of \$172 per night. This translates to approximately \$1.9 billion in rental revenue for the timeshare industry last year, increasing by approximately 4%.

RENTAL REVENUE

Metric	2014
Total rental revenue	\$1.9 billion
Total nights rented	11.2 million
Average rental price per night	\$172

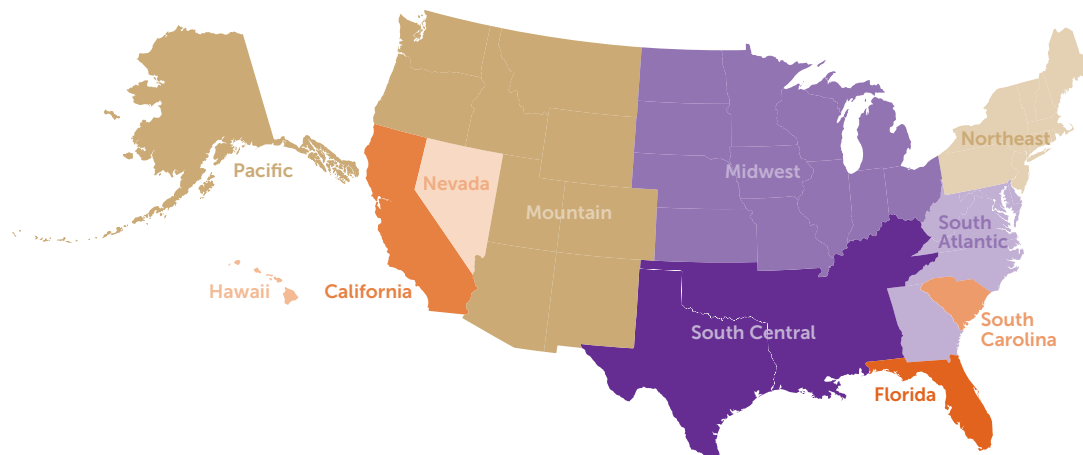
¹ All sales discussed in the report are first generation or developer sales, unless otherwise noted.

² STR Monthly Hotel Review: December 2014, Smith Travel Research.

Industry Segments

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

- Maintenance fees and occupancy were highest in 2014 among the resorts with more than 100 units.
- The average number of units and average billed maintenance fees tended to increase with level of sales activity. Occupancy in 2014 tended to be lower at resorts where sales volume totaled \$50 million or more, which is not surprising considering those resorts were still in sales and had more unowned inventory.
- Theme park resorts tended to be the largest and have the highest occupancy; ski resorts tended to be the smallest and had the lowest occupancy, perhaps owing to seasonality. Theme park resorts had the highest average maintenance fees, and country/lakes resorts had the lowest.
- Florida had the most resorts, while Nevada had the largest on average. Occupancy and maintenance fees were highest in Hawaii. The Northeast had the lowest occupancy, while the Midwest had the lowest average maintenance fees, and the Pacific had the smallest resorts.



PERFORMANCE BY GEOGRAPHIC REGION

Region	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Florida	23%	178	80.3%	\$840
California	9%	138	80.9%	\$830
South Carolina	7%	119	79.2%	\$750
Hawaii	6%	142	85.3%	\$1,125
Nevada	4%	182	79.5%	\$805
Mountain	13%	86	74.7%	\$905
Northeast	11%	89	63.9%	\$650
South Central	9%	118	73.3%	\$670
South Atlantic	8%	107	67.3%	\$720
Midwest	7%	108	72.7%	\$645
Pacific	3%	72	79.5%	\$705
Overall	100%	128	78.3%	\$880

Percent of 1,555 resorts – numbers may not add due to rounding

Continued >



1201 15th Street NW, Suite 400
 Washington, DC 20005
 (202) 371-6700
 (202) 289-8544 fax

State Government Affairs Office
 Landmark Center Two
 225 E. Robinson Street, Suite 545
 Orlando, FL 32801
 (407) 245-7601
 (407) 872-0771 fax

www.arda.org



Industry Outlook

There was a significant uptick in construction in 2014, with respondents reporting construction of 1,312 units, versus the 667 that were built in 2013. Furthermore, there is an uptick in planned construction for the near future. Including units at existing resorts and units at planned new resorts, respondents report plans to add 1,374 units in 2015 and 2,121 units in 2016 and beyond – 3% and 161% higher than the plan at this time last year respectively. Finally, respondents report plans for 3 new resorts in 2015 and 6 in 2016 and beyond, in line with their plans for 9 total at this time last year.

RESORT AND UNIT CONSTRUCTION

	2013	2014
Units built	667	1,312
Units planned – in the coming year*	1,329	1,374
Units planned – more than one year out*	814	2,121
Resorts planned – in the coming year	5	3
Resorts planned – more than one year out	4	6

Construction results for respondents only, not industry-wide estimates

** Includes units planned at new and existing resorts*

Construction results for respondents only, not industry-wide estimates

Methodology

Ernst & Young conducted a survey of 1,555 recognized timeshare resorts to provide an overview of the state of the timeshare industry in the U.S.. Responses were received from 765 resorts, representing a 49% response rate. This survey was commissioned by the ARDA International Foundation (AIF).

MEMBER \$25 | NON-MEMBER \$50