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AIF

STATE *of the* VACATION TIMESHARE INDUSTRY: *United States Study*

Prepared by: Ernst & Young
Quality In Everything We Do

2010 EDITION

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EXECUTIVE SUMMARY

STATE *of the* VACATION TIMESHARE INDUSTRY: *United States Study*

The *State of the Vacation Timeshare Industry: United States Study 2010 edition* provides an overview of important summary information on the U.S. timeshare industry for the year 2009. 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 resort, development organization and management company web sites, previous AIF research, and other industry sources to conduct this analysis. The study encompasses the entire timeshare industry in the United States, excluding fractional resorts, private residence and destination clubs.

This study is an estimate 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.

Methodology

EY designed, built and distributed a password-secured, web-based survey questionnaire for data collection at the resort level. We also provided a corresponding version in Microsoft Excel for use by data providers responsible for multiple resorts. Individual responses to all questions were kept completely confidential. Only EY professionals responsible for the survey had access to individual survey responses.

The entire universe of timeshare resorts[1] was sent a survey questionnaire. We received responses from 646 of the 1,548 timeshare resorts identified — a 42% response rate. Of these 646 responding resorts, 529 belong to a family of ten or more resorts, while 117 belong to a family of less than ten resorts. Of these 117, 79 were single site developers. EY used these responses to produce most of the estimates detailed in this study — other sources are cited as appropriate.

1 List of timeshare resorts maintained and provided by AIF.
Please see Appendix B for more information about the methodology for identifying 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 timeshares 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, we have taken 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 most errors at the point of data entry.
- We provided incentives to respond, including complimentary copies of the report for survey participants.
- The AIF and EY conducted calling campaigns and sent electronic reminders to encourage response.
- We followed up with respondents on confusing or inconsistent responses.

The overall response rate is the most widely used measure of non-sampling error. Our response rate of 42% for an industry survey is well above the current typical response rate for surveys of this type. Our 80% 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 groups generate most of the industry's sales.

In addition, we compared the distribution of responding resorts to the distribution of the universe by state and did not see any systematic differences. For these reasons, the estimates detailed in this study are a valid reflection of the current state of the timeshare industry. Certain estimates made in previous reports have been excluded due to methodological differences and item non-response.

Acknowledgements

We wish to acknowledge the timeshare industry professionals who dedicated their time and expertise to the development of the survey instrument employed to collect data for this report. We are indebted to the resort staffs who committed their time and energy to complete the survey forms.

Industry Overview

There were 1,548 timeshare resorts in the United States as of December 31, 2009, representing about 170,200 units for an average resort size of 110 units. There were 7.2 million intervals owned.

Industry Health

The sales slump that began in 2008 deepened in 2009, owing to the overall economic environment. Several of the larger timeshare developers have intentionally slowed their sales efforts through increased credit score requirements and larger down payment requirements in the face of an overall tighter credit environment. Many have reduced the scope of their sales operations and focused their sales efforts more on existing owners. Year 2009 sales volume totaled $6.3 billion, decreasing by 35% from 2008. There were about 306,200 timeshare intervals sold at an average price of $20,468. Though this average price is slightly higher than in 2008, it reflects a greater concentration of sales in the high end market.

The average maintenance fee charged per interval was $674. The average was $462 for studios, $572 for one bedroom units, and $777 for units with two or more bedrooms.

Average occupancy was 79.7% in 2009, down from 81.6% in 2008. By comparison, hotel occupancy was 54.7% in 2009 according to Smith Travel Research — down from 60.4% in 2008. Timeshare occupancy includes about 66% who were either owners or exchange guests and 14% who were renters and/or marketing guests.

With a general picture of the overall industry's size and health, the next step is to segment the resorts by important characteristics. These include resort size, sales volume, resort type, geographic region, and developer type. We settled on these segments based on discussion with the AIF and feedback from industry participants. For each of these segments, we calculated five important industry measures: Size, Sales Volume, Interval Price, Occupancy, and Maintenance Fees. The following observations emerged:

- Smaller resorts have slightly higher average occupancy than large resorts — larger resorts have higher maintenance fees.
- Almost 96% of resorts had annual sales of less than $25 million — about 60% reported no sales volume. Average sales price tends to be higher at resorts with higher levels of sales volume. These resorts tend to be offering newer units with higher levels of amenities.
- The most common resort type is the beach resort. Golf and theme park resorts tend to be the largest; island resorts are the most expensive and have the highest occupancy.
- Florida continues to have the most resorts, and resorts there tend to be much larger than in most other regions. California resorts have the highest interval prices; Pacific resorts have the highest occupancy.
- Resorts with higher average sales prices also tend to have higher occupancy and maintenance fees.

Industry Outlook

This year's precipitous drop in sales volume returned industry sales back to 2003 levels. The drop in sales is equal to an annualized 4% decline for the period from 2004 to 2009. Compounded annual growth rates for sales price and average resort size in the same timeframe were five and three percent, respectively. Maintenance fees have grown by an average of nine percent annually since 2005.

Respondents expect little in the way of new construction. They anticipate building about 3,500 new units in 2010 and 2,900 in 2011 or beyond. Only three new resorts are planned for construction in 2010, with another 18 planned for 2011 and beyond.

This year, we conducted interviews with key timeshare industry executives to provide some perspective on these results and an outlook for the near future. Some interesting themes emerged:

- The overall economy affected the lower 2009 sales volume because of liquidity issues and reduced sales efforts. Consumer credit sources diminished and down payments and use of FICO scores for qualification increased. Developers reduced sales and marketing efforts to improve profitability by focusing on existing customers.
- Even though the overall industry average sales price held steady, several respondents reported sales price decreases at their resorts. The industry mix of sales shifted toward the higher end in 2009. Interviewees agreed that higher priced product is selling more quickly, driven in part by the higher lending requirements noted in the previous paragraph.
- There has been an increase in available inventory caused by mortgage and maintenance fee related defaults. All interviewed respondents expressed doubt that there would be much new construction in the coming months and years given this inventory increase.
- One approach increasing in popularity is "fee for service" arrangements. Large developers seek to provide sales and marketing support, including branding, to timeshare resorts they have not developed. The large developer receives a fee for this arrangement, enjoying improved cash flow without the capital risks of developing their own property. The resort leverages these developers' existing sales infrastructure and brand. Respondents generally expressed optimism about this model as a way to reduce inventory and enhance liquidity while reducing risk. Some expressed concerns over differences in the "quality of sales" that will occur when this risk is reduced. The arrangements need to be structured so that it is a win for the resort, the developer and the consumer.
- In general, there was some cautious optimism that the worst may be behind the industry. Interviewees identified key components in aiding the turnaround as:
    - Attracting lenders to the industry,
    - Drawing new owners into the market,
    - Maintaining sales price levels, and
    - Continuing to inform and educate the public about the timeshare product.

I. INDUSTRY OVERVIEW

The analysis begins with an overview of the industry, examining its size, history and structure.

How large and far reaching is the timeshare industry, as measured by resorts, units and intervals?

How has this picture changed since the industry's inception in 1974?

Finally, how are timeshare intervals sold, exchanged and rented?

Size

Figure 1.1 **Industry Size**

Measure	2009
Resorts	1,548
Units	170,232
Average resort size	110
Intervals owned	7.2 million

As of December 31, 2009, there were 1,548[2] timeshare resorts in the United States.

These resorts represented approximately 170,200 physical timeshare units — 110 units per resort on average. If lock-offs[3] are counted as separate units, there are an additional 47,900 units, for a total of 218,200 units.

Figure 1.2 **Mix of Units by Number of Bedrooms**

Unit Type	2009	Percent
Studio	9,283	5.5%
1bedroom	38,907	22.9%
2 bedrooms	112,438	66.1%
3 bedrooms or more	9,604	5.6%
Total	170,232	100%

Note: Percentages may not add due to rounding.

Figure 1.2 shows the mix of units by the number of bedrooms. The two bedroom unit is the most common type at 66% of units, followed by the one bedroom at 23%. Three bedroom or more units cover about six percent of the inventory, while studio units are also about six percent. This mix of unit types has remained relatively consistent for the past several years.

Resorts sell each of these units to consumers in parts, called intervals. Traditionally, these intervals were week-long intervals: as the industry has evolved, more sophisticated use plans have become more common. These include points-based intervals or biennials for use every other year. All of these can be translated into an equivalent number of traditional weeks for comparison purposes. As of December 31, 2009, the total number of weekly equivalent intervals owned was approximately 7.2 million, out of an industry capacity of approximately 8.7 million intervals (170,200 units multiplied by 51 weeks — assuming resorts set aside one week for annual maintenance).

According to the AIF's 2010 Market Sizing Survey[4], the timeshare penetration rate in the United States is 7%, meaning that there are approximately 8 million timeshare owner households in the United States[5]. This includes households who own timeshare intervals outside of the United States, those who own fractional and/or private residence clubs and those who own less than one week of time.

2 ARDA International Foundation. Please see Appendix B for more information about the methodology for identifying timeshare resorts.

3 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.

4 This research was conducted by The Research Intelligence Group (TRiG), in January 2010. TRiG, a marketing research company, surveyed 2000 respondents using a random digit dialing telephone survey.

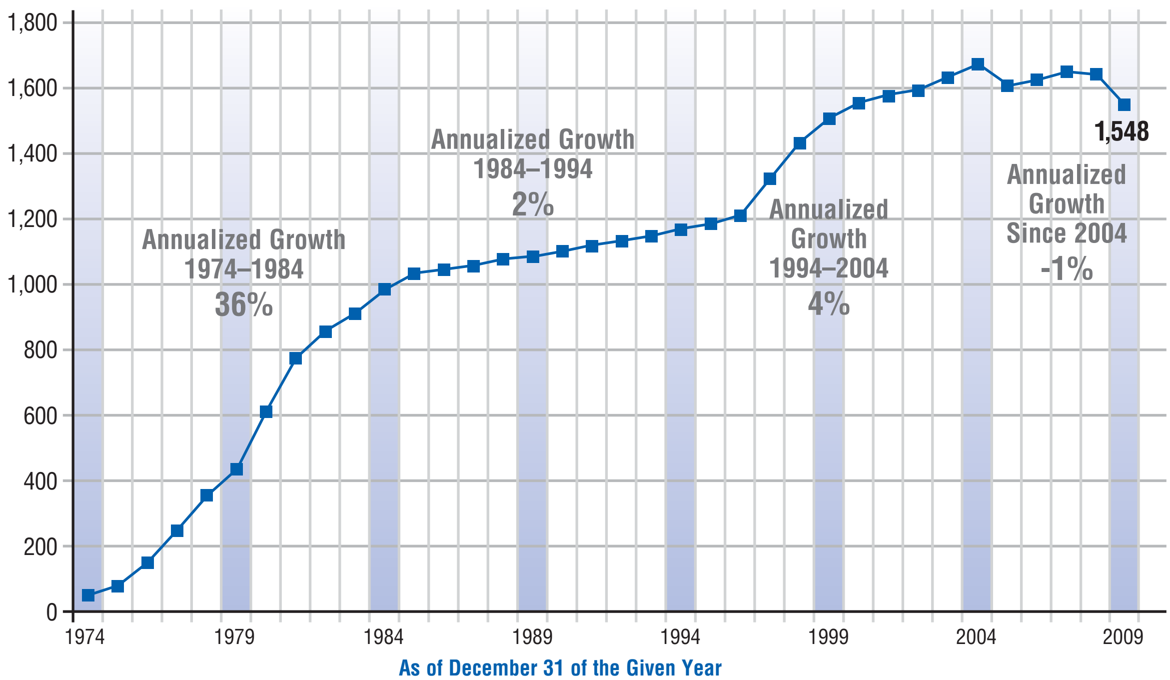
5 The estimated 2010 number of US households is 114,825 from Projections of the Number of Households and Families in the United States: 1995 to 2010, U.S. Bureau of the Census, Current Population Reports, P25-1129, U.S. Government Printing Office, Washington, DC, 1996 http://www.census.gov/prod/1/pop/p25-1129.pdf

History

The graph in Figure 1.3 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 — 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 other years, growth has averaged 25 to 30 resorts per year. In recent years, growth in the number of resorts has stopped — the number of resorts has fallen by about one percent annually since 2005.

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 our analysis on the traditional timeshare including weekly intervals and points, 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. The extensive confirmation campaigns led to another drop in the total timeshare resort count for the year of 2009. For a more detailed explanation of this process, please see Appendix B.

Figure 1.3 **Timeshare Resorts Since 1974**



Source: Ragatz Associates, American Economics Group, and AIF

Figure 1.4
Years of Resort Opening

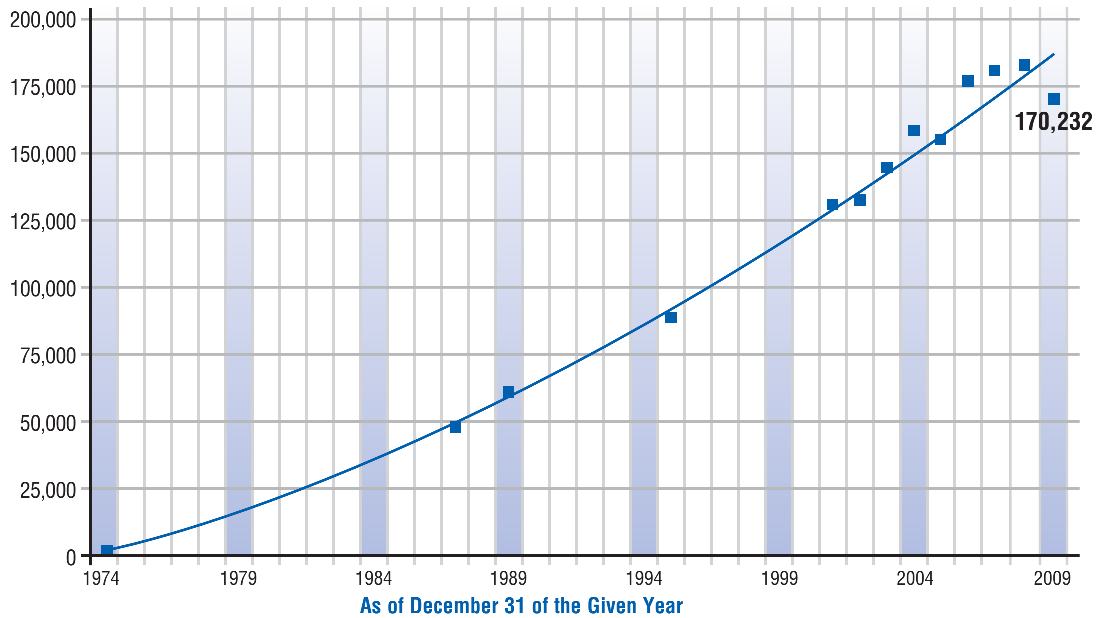
	Percent of resorts responding
1985 or before	26%
1986–1995	14%
1996–2005	44%
2006–2009	16%

Percent of 145 respondents — percentages may not add due to rounding

In spite of this reduction in the number of timeshare resorts, there were actually seven resorts who reported opening in 2009. Figure 1.4 shows the distribution of resorts by the year that they opened. About 26% opened in 1985 or earlier, and about 44% opened between 1996 and 2005. This corroborates the growth spurts noted in the previous graph.

Though the number of timeshare resorts has not been increasing very rapidly in recent years, the timeshare industry has still been growing. Most of the industry growth has been achieved through construction of additional units at existing resorts. The next two figures show that total units and intervals owned have grown at a much faster rate than the number of resorts in recent years.

Figure 1.5 **Timeshare Units Since 1974**



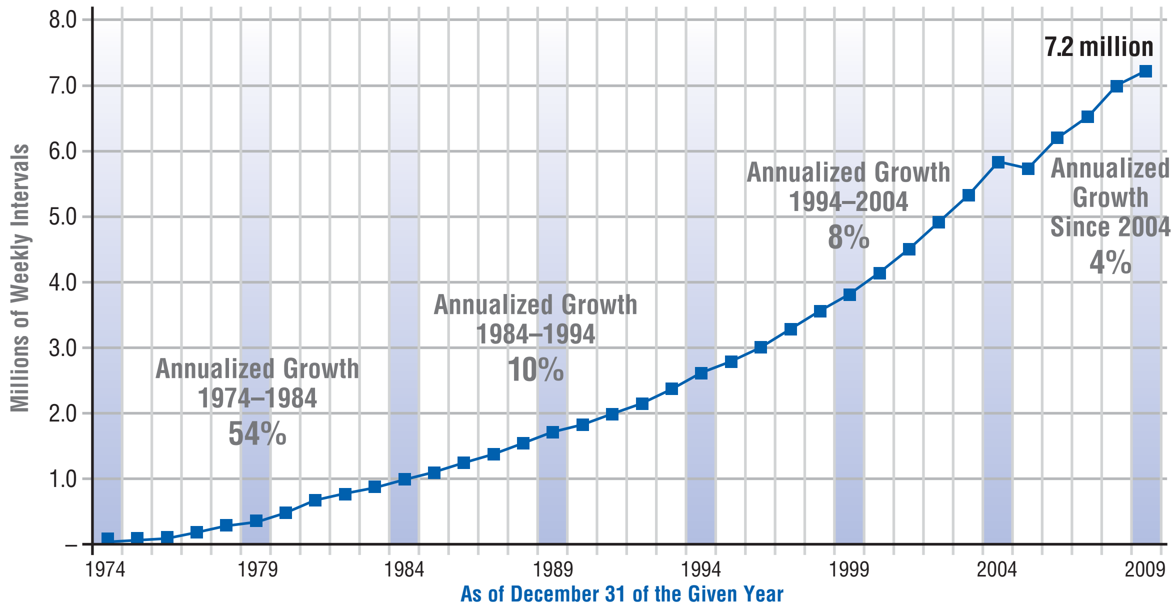
Source: Ragatz Associates, American Economics Group and AIF

Figure 1.5 shows the historical trend of unit growth through the available data points. Unlike timeshare resort growth, growth in the number of timeshare units has not been tracked from year to year.

Developers have built larger resorts as the industry has matured. In 1974, the average resort had about 27 units. By 1989, that number had more than doubled to 56 and today it stands at 110 units per resort. This trend of larger average resort size should continue for two reasons. The primary reason is that individual resorts continue to add units, due to a phased construction approach. A resort that was built in 1999 with 50 units may have added another 50 units in a second or multiple phases since that time. Another reason is that resorts being built today are generally larger even at the initial phase than were older resorts. A maturing industry with the presence of larger brand developers having greater capital resources helps drive this trend. As shown in the next chapter, resorts with no 2009 sales average 55 units — those with $50 million or more in 2009 sales average over 552 units.

Figure 1.6 shows the number of timeshare intervals owned since 1974. The previously noted change in study population accounts for the apparent decrease in 2005. In the industry's first ten years, growth in intervals owned was significant, averaging 54% annually. Since 1984, growth has been steady.

Figure 1.6 **Intervals Owned Since 1974**

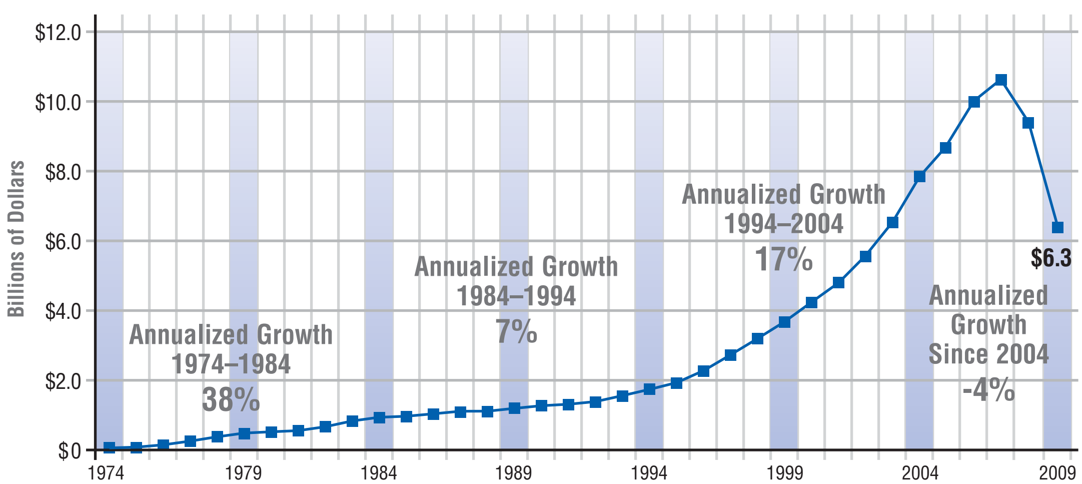


Source: Ragatz Associates, American Economics Group and AIF

Figure 1.7 shows the historical sales[6] trend from 1974 through 2009. 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 the subsequent years, sales growth continued unabated from 2004 to 2007 (13%), but were adversely affected in 2008–09 (-23%).

These sales numbers do not include sales for resorts who primarily sell fractional and private residence clubs products. North American sales for these resorts were $860 million for 2009 as reported in *The Shared-Ownership Resort Real Estate Industry in North America – 2010 Editio*n, produced by Ragatz Associates.

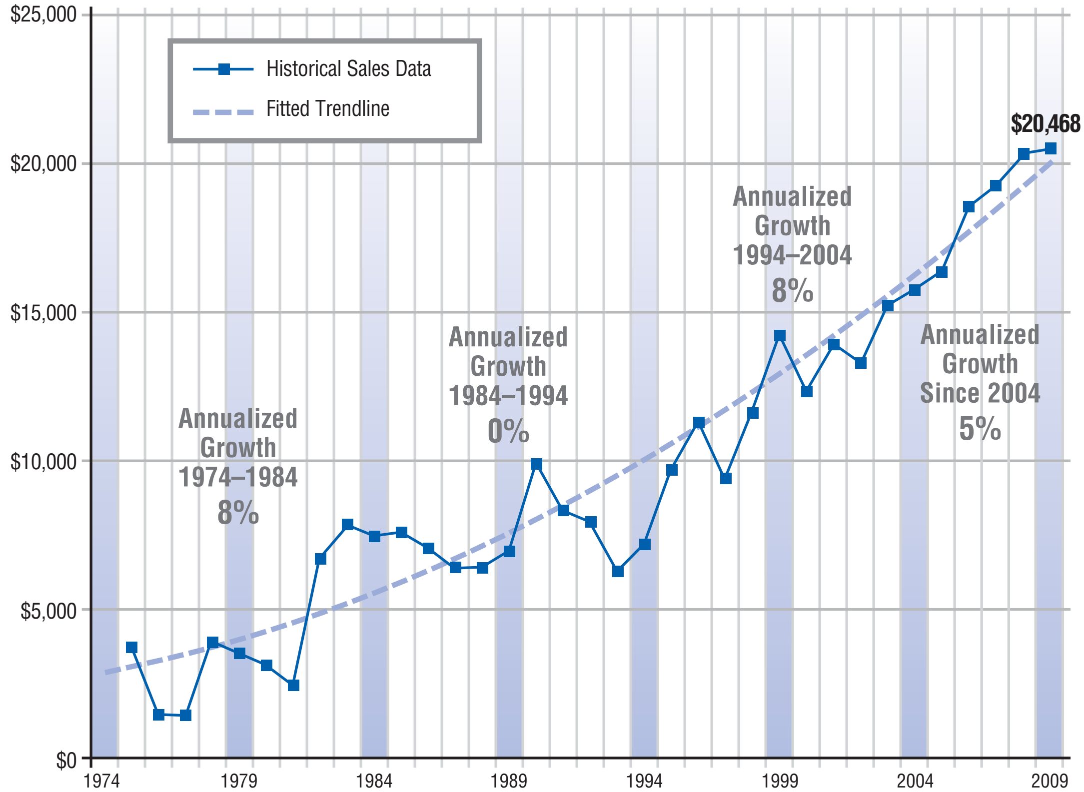
Figure 1.7 **Timeshare Sales Since 1974**



Source: Ragatz Associates, American Economics Group and AIF

6 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.

Figure 1.8 **Timeshare Average Sales Prices Since 1974**



Source: Ragatz Associates, American Economics Group and AIF

Figure 1.8 sketches the trend in prices from 1974 to 2009. The growth in price has been much less smooth than the growth in other measures. This may be due to the type or location of properties making up the majority of sales in a given year — however, the general trend is upward, as shown by the smoothed trend line added to the graph. Adjusted for inflation, the price of a timeshare interval has increased by about one percent annually over this since 1974.[7]

The average sales price equals total industry sales volume, less sales upgrades[8] where no incremental time is purchased, divided by the total number of intervals sold.

7 Inflation adjusted price calculated using the Bureau of Labor Statistics' annual CPI data from BLS Series ID "CUUR0000SA0L1E", commonly referred to as "Core CPI".

8 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.

Figure 1.9

Types of Intervals

Interval Type	Percent of resorts responding
Weeks	70%
Points	52%
Biennials	35%

Percent of 496 respondents — Multiple responses allowed

Figure 1.10

Average Unit Size in Square Feet

Unit Type	2009
Studio	410
1 bedroom	642
2 bedrooms	1,058
3 bedrooms or more	1,517
Weighted Average	943

Figure 1.11

Number of Resort Employees

	Percent of respondents
<10	25%
11 to 20	16%
21 to 30	15%
31 to 40	8%
41 to 50	14%
50+	22%

Percent of 473 respondents — percentages may not add due to rounding

As noted previously, the industry has added sophistication to the way owners can buy timeshare intervals. Instead of just selling one week per year, many now 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 1.9 shows the percentage of resorts that have each of these types of intervals at their resorts. About 70% of respondents have intervals of the traditional weekly variety; about 52% have some form of points based products. About 35% reported having biennials; only three percent of resorts reported having triennials[9].

We also asked respondents to report their average unit size, in square feet. Figure 1.10 shows a summary of the results. Sizes ranged from about 410 square feet for a studio unit to over 1,500 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 a vacation by providing a “home away from home” feel to the vacation. Often, they give timeshare owners the flexibility to “lock-off” their units and rent them to other vacationers while still enjoying their vacation.

Finally, we asked respondents to provide the number of resort employees. Figure 1.11 shows that “less than 10 employees” is the most common answer, followed by “50 or more employees”. This coincides with the distribution of resort size we will show in the next chapter — there is a high concentration of smaller resorts and large resorts, but relatively few mid-sized resorts. Last year, 34% of resorts reported 50 or more employees — this percentage is down significantly in 2009 due to layoffs in the industry. Several large developers reported significant headcount reductions in their resort operations in 2009.

9 Biennials are vacation ownership products that provide a week’s worth (or points equivalent) of timeshare interest every other year. Likewise, triennials provide a week’s worth (or points equivalent) of timeshare interest every third year.

II. INDUSTRY HEALTH

Chapter 1 gives a clear picture of the size of the industry. However to understand the health of the industry we must look at 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 health.

Overall

Figure 2.1 summarizes some of the timeshare industry's key performance metrics. Resorts sold approximately 306,200 intervals at an average price of $20,468 per interval, representing a total sales volume of around $6.3 billion. Sales volume consists of first generation or developer sales and does not include interests that were once owned and later resold on the secondary market. We calculated this sales figure after weighting responses by the size of the developer, since larger developers tend to have higher sales figures and respond to our survey at a higher rate. In addition, the average sales price is weighted by the total sales volume at each resort.

Figure 2.2 shows the distribution of reported sales by product type. Nearly half the reported sales were for points based products where additional time was purchased. Approximately 11% were for upgrades, where no additional time is purchased. Resorts also reported another $253 million in sales related to trial memberships — this is in addition to the reported $6.3 billion in total sales volume.

Separately, only two percent of responding resorts reported also offering fractional sales and less than one percent of resorts reported also offering private residence club sales or whole ownership. This reinforces that the resorts in our study population focus almost exclusively on the traditional timeshare market.

Figure 2.1 **Performance Metrics 2009**

Metric	2009
Total sales volume	$6.3 billion
Number of timeshare intervals sold	306,188
Sales price per interval	$20,468
Points equivalent	$22,243
Weeks	$18,999
Occupancy	79.7%
Average maintenance fee per interval	$674

Figure 2.2

Distribution of Sales by Product Type

Product Type	Percent of Sales
Points	48%
Weekly Intervals	30%
Biennials	11%
Upgrades	11%
Other	<1%

Figure 2.3

Distribution of Sales Price

Sales Price Level	Percent of resorts responding
Less than $5,000	3%
$5,000 – $9,999	7%
$10,000 – $14,999	19%
$15,000 – $19,999	11%
$20,000 – $24,999	15%
$25,000 +	45%

Percent of 223 respondents — percentages may not add due to rounding

The reported average price for point-equivalent intervals was $22,243; for weekly intervals, it was $18,999. Figure 2.3 shows the distribution of sales prices across resorts. The most common sales price category is "$25,000 or more" at 45%. However, there are a number of resorts with intervals priced anywhere from $5,000 to $25,000. These prices vary depending on factors such as region and resort type, as we will see below.

Average resort occupancy (including sold out resorts) was approximately 79.7%. Figure 2.4 shows a more detailed view of occupancy. Resorts report their average occupancy in each of these categories based on physical occupancy, meaning that actual guest check-in occurred. The percentages in Figure 2.4 represent industry averages, weighted by the number of units. It shows that owners, their guests, and exchange participants accounted for about 66% of available intervals. Renters accounted for another 10%, while marketing guests contributed another four percent. This left about 20% of units vacant for the year. By comparison, occupancy at U.S. hotels was 54.7%[10] in 2009.

Figure 2.4

Occupancy Breakouts

Type	Percent of time available
Owner/owner's guest	46%
Exchange guest	20%
Renter	10%
Marketing guest	4%
Vacant	20%
Total	100%

Occupancy Level (%)	Percent of resorts responding
Less than 60	12%
60-69	13%
70-79	21%
80-89	20%
90+	34%
Total	100%

Percent of 553 respondents — percentages may not add due to rounding

Figure 2.5

Maintenance Fee Breakouts

Unit Type	Maintenance Fee
Studio	$462
1BR	$572
*2BR +	$777
Overall	$674

Average Maintenance Fee	Percent of resorts responding
Less than $400	8%
$400 to $499	14%
$500 to $599	28%
$600 to $699	16%
$700 or more	34%
Total	100%

Percent of 426 respondents — percentages may not add due to rounding

** Note: Resorts with the highest reported maintenance fees tend not to 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 35% higher.*

Approximately 54% of resorts are at least eighty percent occupied, and 34% have occupancy of at least ninety percent. Only 12% of resorts are less than sixty percent occupied. These resorts were more likely to be Ski resorts and in resorts located in Mountain areas: 25% of these resorts identified themselves as ski resorts, compared to only 10% of resorts overall. In addition, 38% of these resorts were located in Mountain areas, compared to only 18% of resorts overall.

We asked resorts to provide their average billed maintenance fee[11] for each unit type. The average annual maintenance fee charged was $674 per interval. Figure 2.5 shows the average maintenance fees charged by unit type, and the distribution of maintenance fees by level. Studio units average $462 annually in maintenance fees, one bedroom units average $572, and two bedroom plus units average $777 annually. About eight percent of resorts have maintenance fees averaging less than $400, while another 34% have maintenance fees of $700 or more.

10 "STR Trend Report" Smith Travel Research April 2010.

11 Maintenance fees exclude property taxes and special assessments but include contributions to reserves.

Figure 2.6

Sales from New Owners

Sales from New Owners	Percent of resorts responding
<50%	26%
51 – 70%	26%
71 – 90%	42%
91% or more	7%

Percent of 129 respondents — percentages may not add due to rounding

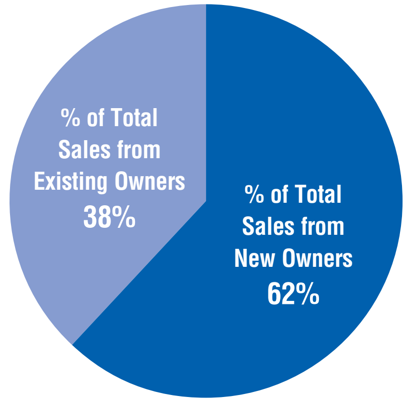


Figure 2.6 shows the distribution of the percentage of sales to new owners and the percentage of total sales that were made to new vs. existing owners. Seventy-four percent of resorts have at least half of their sales from new owners.[12] The pie chart at the right shows that 38% of timeshare sales are from those who already own a timeshare with the developer. This demonstrates high satisfaction with the product through repeat buyers. In addition, the sales costs associated with repeat sales are lower than for first time buyers.

Figure 2.7 **Types of Rental Program Offered**

Rental Type	Percent of resorts responding
Daily Rentals	95%
Weekly Rentals	70%
Monthly Rentals	34%
Rental rates that vary based on season	93%
Rental programs for marketing guests	59%
Other, Specify	19%

Percent of 400 respondents — multiple responses allowed

As noted in Figure 2.4, renters occupy 10% of timeshare intervals annually. Eighty-five percent of resorts report offering some form of rental program. Figure 2.7 shows the types of rental programs they offer. Nearly all (95%) resorts offer daily rentals, and most (70%) offer weekly rentals. These rental programs generally have rates that vary by season. Resorts offer "other" types of rental programs including half-price rentals for time share owners, weekend programs, or two and three-night minimum programs.

12 "New owners" are owners that are new to the responding resorts/development companies, but not necessarily new to the timeshare industry.

Figure 2.8 shows the rental revenue associated with these rentals. There are about 8.4 million nights rented annually, at an average price of $153 per night. This translates to another $1.3 billion in rental revenue for the timeshare industry per year, about a six percent decrease from one year ago. Note that this is a much smaller decrease in rental revenue than in sales volume, as resorts tried to make up for the lost sales revenue through increased rental efforts. The average rental commission rate charged by resorts for rentals was 25%.

Figure 2.8 **Rental Revenue**

Metric	2009
Total Rental Revenue	$1.3 billion
Total Nights Rented	8.4 million
Average rental price per night	$153

There are about 8.4 million nights rented annually, at an average price of $153 per night.

Industry Segments

Next, we use the performance metrics listed in the previous section to compare specific industry segments. To do so, we separate resorts into relevant subgroups, and calculate performance measures for each of these segments.

The five segments are

- Resort size
- Sales volume
- Resort type
- Region
- Sales price

For each of these segments, we present important performance measures for consideration.

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

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 (>100 units). Even though the average resort size is 110 units, 49% of resorts have less than 50 units. As noted previously in the discussion on resort employees, there is a high concentration of smaller resorts and large resorts, but relatively few mid-sized resorts.

Not surprisingly, the largest resorts have the largest share of total sales volume. Their share of sales volume is more than twice their share of resorts. Occupancy is greatest at smaller resorts. This is not surprising since these resorts are more likely to be sold out — larger resorts are more likely to be in a new phase of development. Conversely, maintenance fees tend to increase with resort size, which in many cases is due to higher levels of amenities and service offerings.

Figure 2.9 **Performance by Resort Size**

Number of Units	% of Resorts	Average Size	Total Sales Volume ($B)	Sales Price per Interval	Average Occupancy	Average Maintenance Fees per Interval
Less than 50	49%	34	$0.4	$31,675	81.8%	$590
51-100	17%	72	$0.7	$19,266	78.7%	$611
More than 100	34%	238	$5.2	$19,922	79.4%	$793
Overall	100%	110	$6.3	$20,468	79.7%	$674

Percent of 613 respondents — percentages may not add due to rounding. Note that the average sales price for resorts with less than 50 units is skewed by a resort with an unusually high sales price. The median sales price at resorts with less than 50 units is $23,294.

Sales Volume

Another way to measure a resort's size is to consider its level of total sales volume. Figure 2.10 compares the performance measures of the resorts for groups based on sales volume. Ninety-six percent of resorts had $25 million or less in total sales for 2009.

Resorts with more than $25 million in sales are increasingly large resorts. Those with no sales average only 55 units per resort; those with $50 million or more in sales average 552 units per resort. Resorts with more than $100M in sales account for less than 5% of resorts, but 47% of total sales volume.

Figure 2.10 **Performance by Sales Volume**

Sales Volume in Millions (M)	% of Resorts	Average Size	Total Sales Volume ($B)	Sales Price per Interval	Average Occupancy	Average Maintenance Fees per Interval
None	60%	55	$0.0	.	80.3%	$596
Less than $25M	36%	160	$3.3	$19,517	79.3%	$771
$25M to $49.9M	3%	340	$1.1	$15,900	78.2%	$779
$50M+	2%	552	$1.8	$26,030	81.0%	$1,115
Overall	100%	110	$6.3	$20,468	79.7%	$674

Percent of 621 respondents — percentages may not add due to rounding

Resort Type

Respondents reported the vacation experience offered at their resort and/or nearby the resort. They also shared which characteristic best describes their resort. In both cases, these are self-reported descriptions of the resort. Figure 2.11 shows the results.

Figure 2.11 **Distribution by Resort Type**

Type	What vacation experience does this resort offer? Onsite	Nearby	Nearby and/or onsite	Which one characteristic best describes this resort?
Beach	42%	33%	50%	31%
Country/Lakes	22%	28%	36%	18%
Golf	25%	72%	77%	10%
Ski	7%	21%	22%	10%
Urban	3%	16%	16%	6%
Island	16%	10%	16%	6%
Rural/Coastal	21%	12%	22%	5%
Theme Park	6%	16%	18%	4%
Gaming	2%	14%	14%	3%
Desert	3%	7%	8%	1%
Other	—	—	—	5%

Percent of 382 respondents — percentages may not add due to rounding.
For onsite and nearby, multiple responses were allowed.

Beach resorts are the most common primary designation; 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 2.12 compares the performance for the most common resort types.[13] Golf and theme park resorts tend to be the largest. Island resorts have the highest average sales price, occupancy and maintenance fees.

Figure 2.12 **Performance by Resort Type**

Region	% of Resorts	Average Size	Total Sales Volume ($B)	Sales Price per Interval	Average Occupancy	Average Maintenance Fees per Interval
Beach	31%	88	$1.4	$15,625	79.6%	$584
Country/Lakes	18%	138	$1.1	$15,265	70.7%	$592
Golf	10%	228	$0.9	$17,663	81.6%	$638
Ski	10%	86	$0.3	$21,070	72.2%	$646
Urban	6%	102	$0.4	$23,989	73.7%	$639
Island	6%	126	$0.4	$24,285	87.9%	$925
Theme Park	4%	203	$0.6	$22,266	80.5%	$690
Other*	15%	125	$1.2	$23,386	77.0%	$563
Overall	100%	110	$6.3	$20,468	79.7%	$674

**Includes Rural/Coastal, Gaming, Desert, and Other from above.*
Percent of 382 respondents — percentages may not add due to rounding

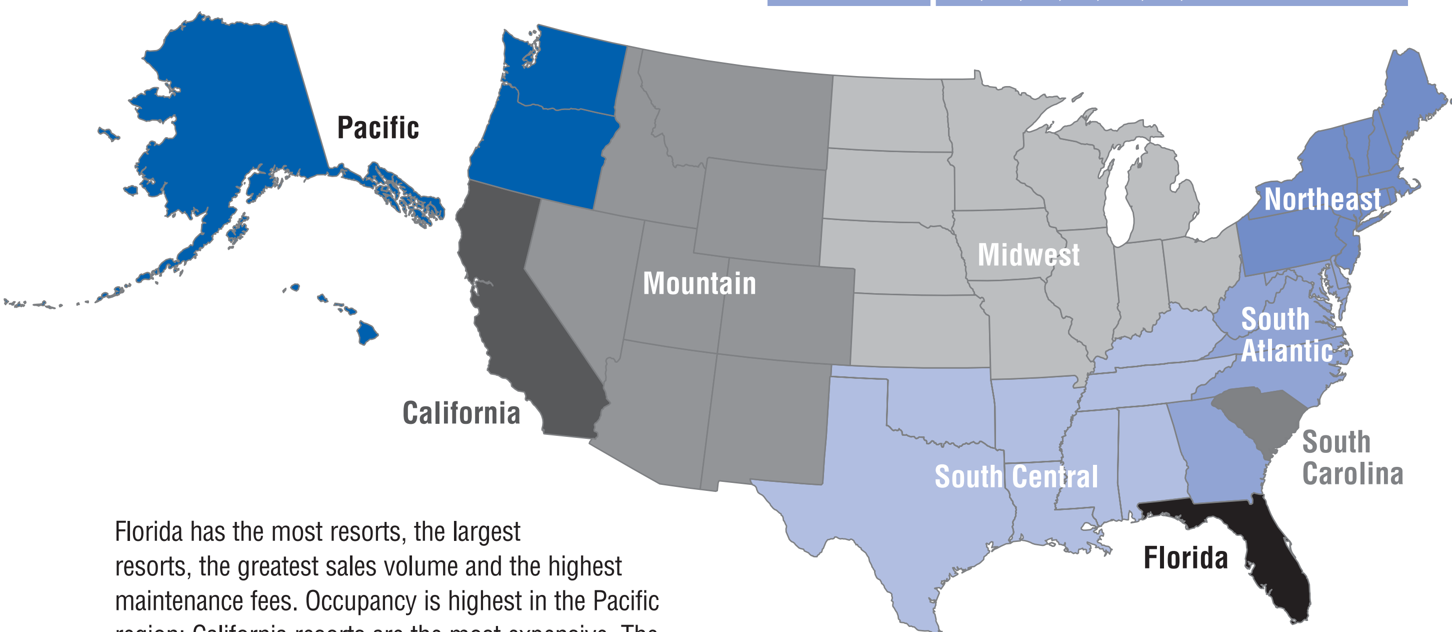
13 We did not report on the other resort types due to insufficient data.

Geographic Region

The next segment is geographical region of the country. We looked at the three states with the most resorts, and grouped the remaining states in regions, based on the U.S. Census Bureau's list of geographic regions. Figure 2.13 shows a list of states represented by each region, and Figure 2.14 compares the performance by region.

Figure 2.13 **Geographic Regions**

Region	States
Florida	FL
California	CA
South Carolina	SC
Mountain	CO, UT, NV, MT, AZ, WY, ID, NM
Northeast	CT, ME, MA, NH, RI, VT, NJ, NY, PA
Pacific	AK, OR, HI, WA
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



Florida has the most resorts, the largest resorts, the greatest sales volume and the highest maintenance fees. Occupancy is highest in the Pacific region; California resorts are the most expensive. The South Atlantic has the lowest sales price and maintenance fees; the South Central has the lowest occupancy.

Figure 2.14 **Performance by Geographic Region**

Region	% of Resorts	Average Size	Total Sales Volume ($B)	Sales Price per Interval	Average Occupancy	Average Maintenance Fees per Interval
Florida	23%	158	$2.6	$22,489	82.8%	$784
California	8%	109	$0.4	$30,550	84.4%	$711
S. Carolina	7%	113	$0.4	$21,880	81.2%	$656
Mountain	18%	83	$0.6	$24,922	77.4%	$639
Northeast	11%	77	$0.4	$19,850	72.9%	$581
Pacific	9%	97	$0.4	$27,141	84.8%	$704
South Central	9%	133	$0.6	$15,187	69.2%	$518
Midwest	8%	107	$0.7	$19,415	76.7%	$630
South Atlantic	8%	81	$0.2	$13,399	76.0%	$499
Overall	100%	110	$6.3	$20,468	79.7%	$674

Percent of 1,548 resorts —percentages may not add due to rounding. Note that the AIF database maintains data on the state in which the resort is located — that is why the percentage is of the full timeshare resort universe. Data in the other columns are for responding resorts.

Sales Price

The final segment is average sales price. Occupancy increases with price, likely due to the greater desirability of exchange for more expensive resorts. Not surprisingly, maintenance fees also increase with sales price.

Figure 2.15 **Performance by Average Sales Price**

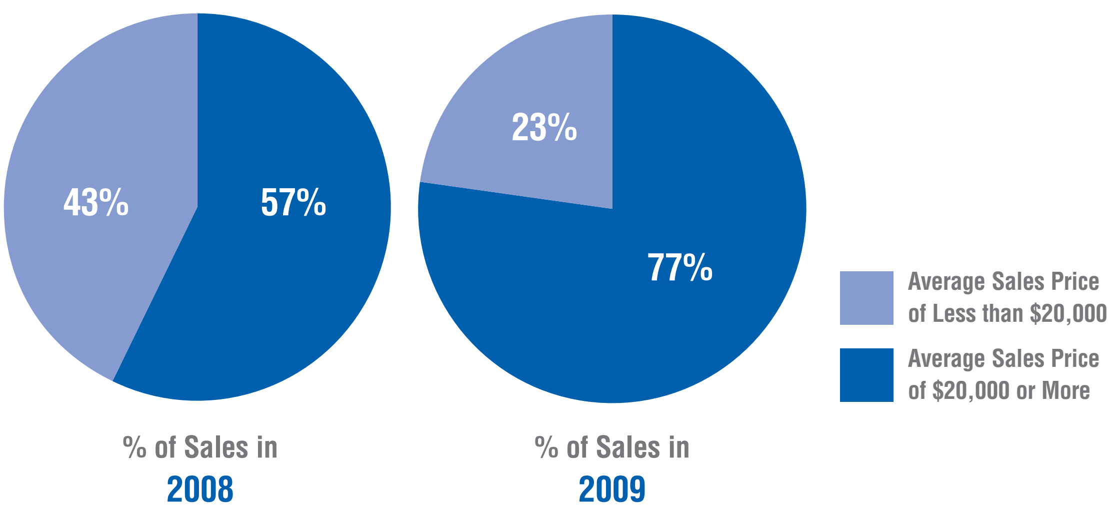
Average Sales Price	% of Resorts	Average Size	Total Sales Volume ($B)	Sales Price per Interval	Average Occupancy	Average Maintenance Fees per Interval
Less than $10k	11%	213	$0.4	$5,262	75.6%	$682
$10,000 to $19,999	29%	210	$1.0	$13,647	69.0%	$618
$20,000 to $29,999	55%	185	$3.9	$25,014	85.0%	$902
$30,000 or more	5%	173	$1.0	$41,879	84.7%	$1,229
Overall	100%	110	$6.3	$20,468	79.7%	$674

Percent of 189 respondents — percentages may not add due to rounding

It appears that, on average, resorts with higher priced intervals did better in overall sales volume than those with lower priced intervals, as illustrated in Figure 2.16.

Figure 2.16

Share of Sales by Average Price



In 2008, 57% of sales were for intervals with an average price greater than $20,000. In 2009, that percentage rose to 77% of sales.

III. INDUSTRY OUTLOOK

Finally, with an understanding of the industry's size and strength we examine near term prospects. Doing so involves exploring recent performance trends, expected construction, and discussions with industry executives.

Figure 3.1 **Recent Performance Trends**

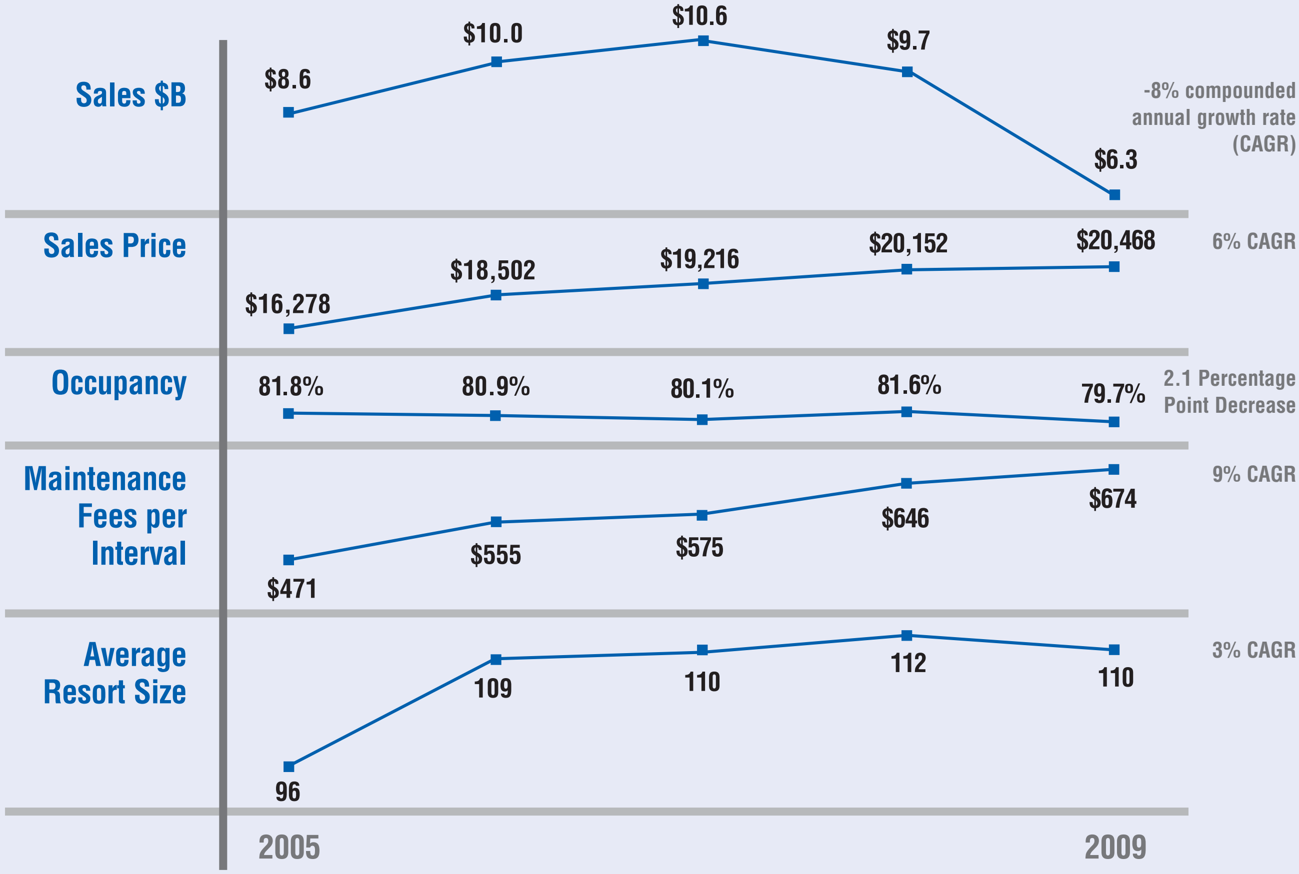


Figure 3.1 displays five year trends for the industry's five key performance measures. As noted previously, the drop in sales volume is due primarily to the 35% drop in sales for 2009. From 2005 to 2009 price increased by 26% — an average of six percent compounded annually. Occupancy has remained steady for the past five years, with a slight drop-off in 2009 accounting for most of the change. Maintenance fees have increased steadily over the past five years, by about nine percent annually. After a significant increase in average resort size in 2006, it has remained relatively flat since.

Are these trends a result of changes to the sample responding or do they reflect real industry changes? Figure 3.2 shows the change from 2008 to 2009 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.

Figure 3.2 **Changes for Respondents Providing Data for 2008 and 2009**

	2008	2009	Change	Percent
Number of Resorts	512	508	-4	-0.8%
Number of Units	59,841	60,932	1,091	1.8%
Average Units	117	120	3	2.6%
Total Sales ($M)	$5,446	$3,591	-$1,854	-34.0%

Note: Numbers may not add due to rounding

In 2008, these respondents had 512 resorts and 59,800 units, for an average resort size of around 117 units. In 2009, the number of resorts fell to 508 while the number of units increased to about 60,900 — for an average resort size of 120 units. On average, these resorts added three units, compared to a decrease of two units (112 to 110) from 2008 to 2009 noted in Figure 3.1. This means that the overall decrease in average resort size is likely due to changes in respondent pool.

Total sales reported by these respondents fell by 34% to around $3.6 billion. This is more than half of overall industry sales, even though these respondents represent only one-third of the industry's units. These sales change figures are very much in line with the industry estimates as a whole.

Figure 3.3 **Unit Construction**

	Number of Units
Units expected to be built – 2010	3,538
Units expected to be built – 2011+	2,908

Figure 3.4 **Resort Construction**

	Total
New Resorts Planned for Completion in 2010	3
Associated Number of Units in 2010	221
New Resorts Planned for Completion in 2011 and beyond	18
Associated Number of Units in 2011 and beyond	5,577

Figure 3.3 shows estimates of construction of new timeshare units. Respondents expect to build around 3,500 in 2010; they estimate another 2,900 new units in 2011 and beyond. This data is for units that will be added to existing resorts. Figure 3.4 shows the expected new resort construction. Respondents foresee very little new resort construction next year or in the near future. We defined these resorts/units as those for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

Industry Interviews

This year, we conducted interviews with several industry executives to help put these numbers in perspective and provide some outlook on industry trends and prospects.

Note that we did not conduct these interviews as part of a survey and selected the interviewees in consultation with the AIF based on their perceived familiarity with the industry and availability for discussion. We believe their opinions are indicative of industry trends and outlook but not necessarily representative of the industry as a whole.

We interviewed the following individuals, plus some others who chose not to be identified:

- Hank Cairo – President, Resort Capital Advisors
- Craig Goldstein – CFO, Shell Vacations Club
- Tracey Gainer – VP of Finance, Hyatt Vacation Ownership
- John Geller – CFO, Marriott Vacation Club

Clearly, the overall economy played the primary role in driving total sales volume lower. This impact played out in several ways, but the primary causes for lower sales volume in 2009 were liquidity concerns and reduced sales efforts. Consumer credit sources diminished as down payments and FICO scores required for sales increased. Developers sought to improve their balance sheets by lowering their receivables. They also reduced sales and marketing efforts to improve profitability. Tours decreased as sales efforts focused on existing customers. Some interviewees noted that they were able to offset some loss of revenue by increasing efforts to attract renters. As shown in chapter 2, total rental revenue fell by a much smaller percentage than did total sales volume.

Several interviewees expressed some surprise that average sales price held steady in this environment. Several resorts reported sales price decreases at their resorts. As pointed out in the last chapter, the rise in overall industry average occurred because the mix of sales shifted toward the higher end in 2009. In discussions with developers, most agreed that even at individual resorts higher priced product is moving more quickly than lower priced inventory. This trend is mainly due to the higher lending requirements noted in the previous paragraph. Still, some noted increased use of incentives that offset some of the savings in sales costs, and some reported that customers are buying less time than in years past.

Another factor that can affect sales price and new construction is the increase in available inventory caused by defaults. These defaults are financing and maintenance fee related. All of the respondents we interviewed expressed doubt that there would be much new construction in the coming months and years given this increase in inventory. As some developers work through their excess inventory, this may become a way of adding intervals as a precursor to starting new developments.

Figure 3.5 shows the number of maintenance fee related delinquencies in the industry in 2009. About 13% of maintenance fee accounts are delinquent. This was a new question to this year's survey, so we do not have comparisons to last year. Views on maintenance fees were mixed among those we interviewed. Some see the increase in maintenance fees as a concern that may dampen sales going forward. Others noted that maintenance fees have not been a big concern for their customers.

Figure 3.5 **Maintenance Fee Delinquencies**

	Percent of maintenance fee accounts
Current (Fewer than 31 days delinquent)	87%
31-60 days delinquent	<1%
61-90 days delinquent	<1%
91-120 days delinquent	1%
More than 120 days delinquent	12%
Total	100%

Percent of 200 respondents — percentages may not add due to rounding

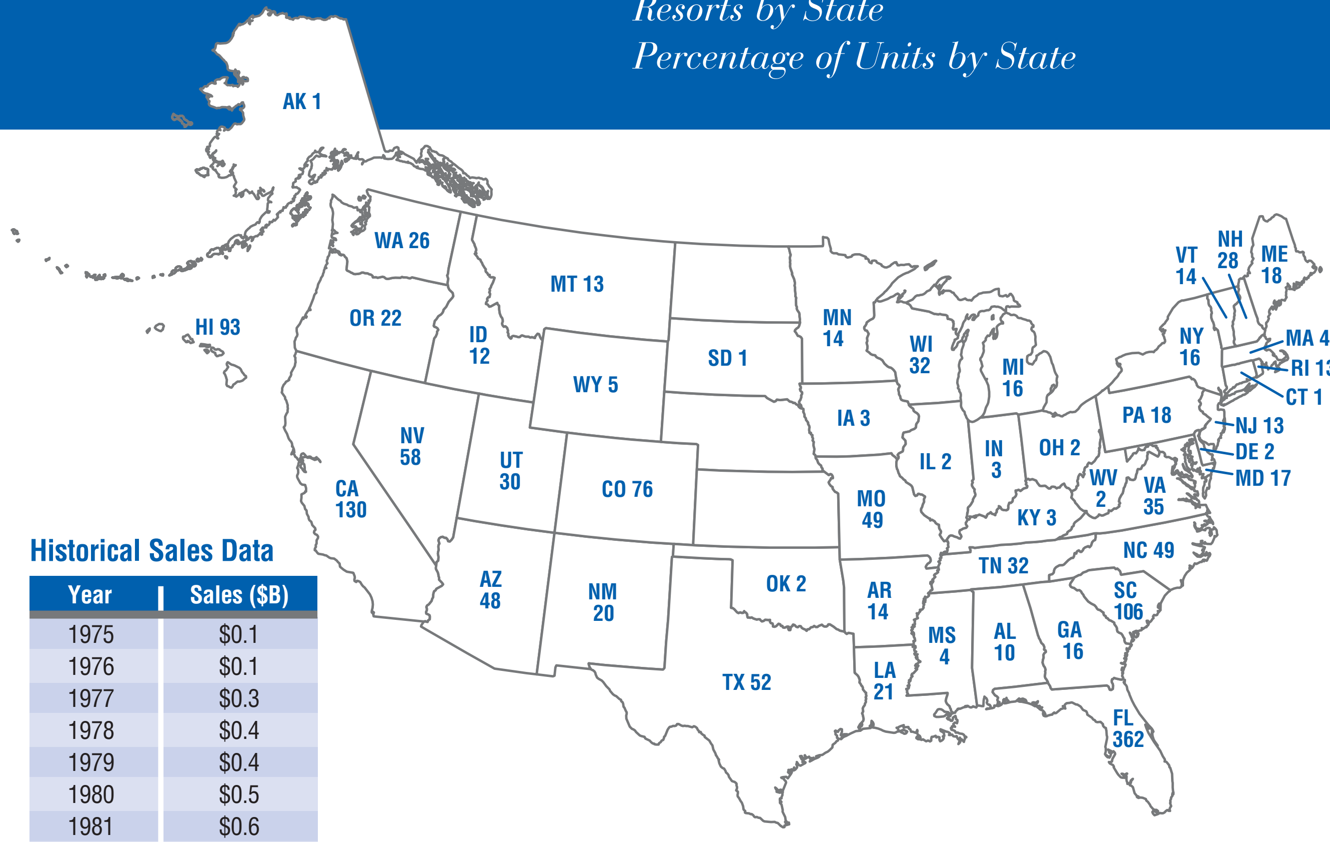
One of the approaches increasing in popularity is the notion of "fee for service" arrangements. Large developers provide sales and marketing support, including branding, to timeshare resorts they have not developed. The large developer receives a fee for this arrangement, enjoying improved cash flow without the capital risks of developing their own property. The resort leverages the developer's existing sales infrastructure and brand.

Respondents generally expressed optimism about this model as a way to enhance liquidity while reducing risk. Some did express concerns over differences in the "quality of sales" that will occur when this risk is reduced. The arrangements need to be structured so that it is a win for the resort, developer and consumer.

In general, there was some cautious optimism that the worst may be behind the industry. Liquidity has begun trickling back into the market, and the sales picture has brightened some — though not nearly to the levels of 2006 to 2008. Some things noted by those interviewed that are key in aiding a turnaround are:

- **Drawing lenders into the industry.** Preferably, this would include traditional banks and financing organizations and not just those focused on timeshare.
- **Attracting new owners into the market.** While the focus on existing customers has helped with efficiency, long-term the industry will need to focus on increasing tours and selling to new markets. Given the high customer satisfaction rates and relatively low penetration rates, there appears to be room to grow the consumer base. Some interviewees noted that reaching out to populations who have not traditionally owned timeshare, including minority populations, might be key in bridging this gap.
- **Maintaining pricing levels.** Interviewees expressed concern over using pricing strategies to drive sales. The use of incentives should be limited and temporary — "don't overreact". This will be easier for companies with strong brands and desirable locations. As one individual noted, "Not every sale needs to be made today. Sell the consumer on this vacation experience and they will buy at some point."
- **Continuing to inform the public about the product.** Education and public relation efforts have been beneficial and should continue to help frame perception of the timeshare industry. This is true for the buying public and for the lenders the industry hopes to bring back to the market.

IV. APPENDIX A — *Historical Sales Data*
Resorts by State
Percentage of Units by State



Historical Sales Data

Year	Sales ($B)
1975	$0.1
1976	$0.1
1977	$0.3
1978	$0.4
1979	$0.4
1980	$0.5
1981	$0.6
1982	$0.7
1983	$0.8
1984	$0.9
1985	$1.0
1986	$1.0
1987	$1.0
1988	$1.1
1989	$1.2
1990	$1.2
1991	$1.3
1992	$1.4
1993	$1.5
1994	$1.7
1995	$1.9
1996	$2.2
1997	$2.7
1998	$3.1
1999	$3.6
2000	$4.1
2001	$4.8
2002	$5.5
2003	$6.5
2004	$7.9
2005	$8.6
2006	$10.0
2007	$10.6
2008	$9.7
2009	$6.3

Source: Ragatz Associates, American Economics Group and AIF

Resorts by State

State	Resorts	State	Resorts
FL	362	MI	16
CA	130	NY	16
SC	106	AR	14
HI	93	MN	14
CO	76	VT	14
NV	58	MT	13
TX	52	NJ	13
MO	49	RI	13
NC	49	ID	12
AZ	48	AL	10
MA	44	WY	5
VA	35	MS	4
TN	32	IA	3
WI	32	IN	3
UT	30	KY	3
NH	28	DE	2
WA	26	IL	2
OR	22	OH	2
LA	21	OK	2
NM	20	WV	2
ME	18	AK	1
PA	18	CT	1
MD	17	SD	1
GA	16		

Percentage of Units by State

State	% of Units
FL	35%
CA	9%
SC	8%
HI	7%
NV	4%
TN	4%
TX	3%
CO	3%
MO	3%
AZ	3%
All others	21%

Note: There was not sufficient response to report the number of units at the state level for each state.

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
- Verified planned timeshare resorts and under construction timeshare resorts that have not started selling
- Resort properties that are part of timeshare vacation clubs only through rental contracts — This represents a methodology change in this year's study, as previously the Foundation did not distinguish the relationships between timeshare clubs and its affiliated resorts.

The Foundation conducted two confirmation efforts to verify the status of all identified timeshare resorts in its database. This redoubled effort was in response to anecdotal evidence that indicated some of the resorts in the database did not meet the Foundation's definition of a resort. The extensive confirmation campaigns led to a drop in the total timeshare resort count for the year of 2009. Multiple planned timeshare projects were put on hold including some that had started construction before the financial meltdown in late 2008, thus not qualified as timeshare resorts. Some properties that were reported to the Foundation as timeshare resorts in the past have been confirmed as only having rental contracts with the timeshare clubs that they were affiliated with, again not qualified as timeshare resorts. These resorts were therefore removed under the methodology change. Thanks to the stepped up efforts in 2009 and in early 2010 following the collection of the State of the Vacation Timeshare Industry survey, the Foundation was also able to further consolidate the resort database by combining different phases of resorts into a single physical record, removing duplicate records and clarifying development stages and product types of individual resorts.

Despite the down economy and the intentional scale back of the timeshare industry during the period, the Foundation was able to identify 14 new timeshare resorts at different development stage and 7 resorts reported opening in 2009.

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2010 STATE OF THE VACATION TIMESHARE INDUSTRY SURVEY

Thank you for participating in the 2010 ARDA International Foundation (AIF) Survey!
The following survey is about timeshare resorts. If you have any questions,
please contact Joe Callender at 202-327-5692 or via email at Joe.Callender@ey.com

PLEASE COMPLETE AND SUBMIT NO LATER THAN FEBRUARY 16, 2010. Return via email to Joe.Callender@ey.com

Please follow these instructions for providing information on your properties

A) Provide contact information

First Name	Enter Data
Last Name	
Title	
Company Name	
Telephone Number	

From time to time, the ARDA International Foundation wishes to inform the timeshare industry of important legislative actions at the federal, state, or local levels. If you wish to learn of legislative efforts that impact your jurisdiction, please select yes and provide your e-mail address below.

Yes or No:

Email Address:

B) Enter data into the six data entry worksheets as follows

I. Resort Identification
II. Resort Characteristics
III. Occupancy and Fees
VI. Resort Timeshare Sales
V. Resort Construction and Improvements
VI. Rental Programs

C) Roll mouse over an underlined word or phrase to view the field definition and/or expected parameters.

D) Some cells have drop-down lists to select answers. Please check before you type your answer.

E) Review data for warnings.

a. Cells with acceptable answers will have black text,
b. Those outside expected parameters will have **red text**. Please re-check any red entries for accuracy. For further detail on expected parameters, please see tab "Checks"

F) Check the summary page to ensure the data being provided agrees with your own overall totals and averages.

Please contact Joe Callender with any questions at 202-327-5692 or via email at Joe.Callender@ey.com

To learn more about the sponsors of this survey, follow these links: www.arda.org www.ardafoundation.org

Resort Identification

Resort Identifiers

Resort Name (If this resort is part of multiple resort family, please list all resorts.)

____

____

Resort identifying information

Address ______________________________

City ______________________ State ________ Zip Code ______________

Website ______________________________

Resort Management Information - complete only if applicable

Name of Development Company ______________________________

Name of Management Company ______________________________

Home Owner's Association 1 ______________________________

Home Owner's Association 2 ______________________________

Home Owner's Association 3 ______________________________

Name of Marketing Company ______________________________

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2010 STATE OF THE VACATION TIMESHARE INDUSTRY SURVEY

Resort Characteristics

Development Stage

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

- ☐ Planned
- ☐ Under Construction — not in Active Sales
- ☐ Under Construction — in Active Sales
- ☐ Open — Still in Active Sales
- ☐ Sold Out
- ☐ Closed

Please indicate the year this resort opened for sales. __________
(Only answer if stage above equals Open or Sold Out)

Number of timeshare units by size as of Dec 31, 2009.

If you don't have a given unit size, please fill in '0'

_____ Studio - count lockoffs as one unit
_____ 1BR - count lockoffs as one unit
_____ 2BR - count lockoffs as one unit
_____ 3BR+ - count lockoffs as one unit
_____ **Total count lockoffs as one unit**

_____ Studio - count lockoffs as separate units
_____ 1BR - count lockoffs as separate units
_____ 2BR - count lockoffs as separate units
_____ 3BR+ - count lockoffs as separate units
_____ **Total count lockoffs as separate units**

Average Size of Units

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

Studio ____________________________
1BR ____________________________
2BR ____________________________
3BR+ ____________________________

Intervals

What types of Intervals does this resort currently have? *(Choose all that apply)*

- ☐ Timeshare points
- ☐ Traditional interval weeks
- ☐ Interval weeks with the ability to use through a timeshare points system

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

- ☐ Biennials
- ☐ Triennials
- ☐ Other, specify___

What is the total number of weekly equivalent intervals owned by owners at your resort as of December 31, 2009? ____________
Please include any sold since the resort's inception, unless they have been reacquired by the developer

Vacation Experience

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

- ☐ Country/Lakes
- ☐ Desert
- ☐ Gaming
- ☐ Golf
- ☐ Island
- ☐ Rural/Coastal
- ☐ Ski
- ☐ Beach
- ☐ Theme Park
- ☐ Urban
- ☐ Other, specify ____________________

Is this other experience "on-site", "nearby", or "both"? ____________________

Which one characteristic best describes the resort? *(Select one)*

- ☐ Country/Lakes
- ☐ Desert
- ☐ Gaming
- ☐ Golf
- ☐ Island
- ☐ Rural/Coastal
- ☐ Ski
- ☐ Beach
- ☐ Theme Park
- ☐ Urban
- ☐ Other, specify ____________________

2

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2010 STATE OF THE VACATION TIMESHARE INDUSTRY SURVEY

Occupancy and Fees

Timeshare occupancy mix by type in 2009
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

Owner or owner's guest ___________
Exchange guest ___________
Renter ___________
Marketing guest (sampler/trial membership, etc.) ___________
Vacant ___________
Total (should be 100%) ___________

Maintenance Fees, Reserves and Special Assessments

What were your maintenance fees *billed* per unit per interval in 2009 including contributions to reserves but excluding special assessments and property taxes

Studio ___________
1BR ___________
2BR ___________
3+BR ___________

What is the total amount of revenue you collected in 2009 over all intervals at this resort for each of the following categories *(Please also include amounts paid by the developer, for example, on unsold intervals held in inventory, and/or subsidies and guarantees)*

Maintenance fees ___________
Contributions to reserves ___________
Special assessments and other revenue sources ___________
Total ___________

As of Dec 31, 2009, what percent of your total billed maintenance fees were in each of the following categories? *Please do not include maintenance fees billed for 2010.*

Current (Fewer than 30 days delinquent) ___________
31-60 days delinquent ___________
61-90 days delinquent ___________
91-120 days delinquent ___________
121+ days delinquent ___________
Total (should be 100%) ___________

Resort Timeshare Sales

Did this resort offer new timeshare inventory for sale in 2009?

New inventory is considered "first generation" or "developer sales."

Total New Timeshare Sales

How many weekly equivalent timeshare intervals were available for sale at this resort? Include all intervals available as of Dec 31, 2008 and any that were made available during calendar year 2009. 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. ___________

Of these, how many weekly equivalent timeshare intervals were sold in 2009? ___________

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2010 STATE OF THE VACATION TIMESHARE INDUSTRY SURVEY

Resort Timeshare Sales — continued

Total New Timeshare Sales — continued

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. __________

Available Inventory

How many intervals were available for sale at this resort?

Weekly intervals (excluding biennials and triennials). __________

Points based intervals (excluding biennials and triennials) __________

Total __________

New Timeshare Sales by Type

How many weekly equivalent timeshare intervals were sold?

Weekly intervals (excluding biennials and triennials). __________
Points based intervals (excluding biennials and triennials) __________
Biennials (list actual number sold - do not convert to weekly equivalent) __________
Triennials (list actual number sold - do not convert to weekly equivalent) __________
Other products __________
Total __________

What was the total sales volume at this resort…
…for weekly intervals (excluding biennials and triennials)? __________
…for points based intervals (excluding biennials and triennials)? __________
…for biennials? __________
…for triennials? __________
…for other products? __________
…for sales upgrades programs? Include upgrade sales that do not result in incremental ownership of time, such as a change in unit type, resort, or season __________
Total __________

Sales Sources

Of your total 2009 sales volume, indicate the approximate percentage…

…from new owners (including owners who purchased as a result of participation in a trial membership program) __________

…from existing owners __________
Total (Should be 100%) __________

Alternative Product Types

Does this property offer fractional sales? __________
Does this property offer private residence club sales? __________
Does this property offer whole ownership sales? __________

Resales and Trial Memberships

Trial Membership Program Sales
What was your sales volume associated with trial membership programs in 2009? __________

Resales on behalf of owners
What was your inventory sales volume for resales, net of rescissions, in 2009? __________

What was the number of equivalent-weeks resold in 2009? __________

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2010 STATE OF THE VACATION TIMESHARE INDUSTRY SURVEY

Resort Improvement and Construction

Resort Improvements

How many timeshare units were recently built and planned at this resort?

If you don't have a given type of unit, please fill in '0'.

Number of timeshare units built in 2009 __________
Number of timeshare units planned for 2010 __________
Number of timeshare units planned for 2011+ with firm commitments __________

New Resorts

Please provide the following numbers. United States

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 2010.

New Resorts Planned for Completion in 2010 __________
Associated Number of Units in 2010 __________
New Resorts Planned for Completion in 2011 and beyond __________
Associated Number of Units in 2011 and beyond __________

Rental Programs

Does this resort offer a rental program? (If no, skip this section)

Types of Programs Offered

What types of rental programs are offered?

_____ Daily Rentals
_____ Weekly Rentals
_____ Monthly Rentals
_____ Rental rates that vary based on season
_____ Rental programs for marketing guests
_____ Other, Specify ______________________________

Rental Program Revenue

What was the total number of nights rented in 2009? __________
What was the revenue associated with these rentals? __________
Average Price __________
What is the commission rate you charge for rentals? __________

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