

2011

EXECUTIVE SUMMARY



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

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Quality In Everything We Do

2011 EDITION

STATE of the VACATION TIMESHARE INDUSTRY: United States Study

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.

EXECUTIVE SUMMARY

Industry Overview

There were 1,548 timeshare resorts in the United States in 2010, representing approximately 197,700 units for an average resort size of 128 units. Of these, five percent were studio units, 22% were one-bedrooms, 65% were two-bedroom, and eight percent were three bedroom or more. There were 8.1 million intervals owned. The increase in some metrics (including total units, average resort size and total intervals owned) over 2009 is mainly attributable to changes in the respondent pool. The level of response for this report has increased from 28% in 2005 to 44% this year. As such, we have refined the national estimates each year to reflect the additional data received.

Of those resorts that responded to the survey, 73% sell weekly intervals, 55% sell points based products. About 36% report selling biennials.

Industry Size

Measure	2010
Resorts	1,548
Units	197,668
Average Resort Size	128
Intervals owned	8.1 million

Geographic Overview

Florida, California and South Carolina remain as the three states that have the most resorts representing 39% of all U.S. timeshare resorts.

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%	202	\$2.2	\$19,015	81.2%	\$742
California	8%	150	\$0.6	\$25,547	81.3%	\$704
S. Carolina	7%	150	\$0.5	\$14,542	80.4%	\$685
Mountain	18%	97	\$0.8	\$21,512	77.6%	\$664
Northeast	11%	82	\$0.2	\$13,895	67.4%	\$595
Pacific	9%	89	\$0.6	\$23,419	86.7%	\$726
South Central	9%	126	\$0.6	\$15,115	71.7%	\$653
Midwest	8%	139	\$0.6	\$15,864	74.6%	\$603
South Atlantic	8%	104	\$0.4	\$18,870	62.2%	\$648
Overall	100%	128	\$6.4	\$19,308	78.5%	\$731

Percent of 1,548 resorts — percentages may not add due to rounding

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	47%	31%	54%	30%
Country/Lakes	20%	26%	33%	16%
Golf	21%	76%	79%	11%
Ski	7%	28%	28%	10%
Island	23%	8%	21%	7%
Urban	15%	17%	25%	6%
Rural/Coastal	33%	16%	33%	6%
Themepark	4%	25%	25%	5%
Gaming	2%	22%	21%	3%
Desert	3%	15%	15%	2%
Other	—	—	—	5%

Percent of 474 respondents — percentages may not add due to rounding.
For onsite and nearby, multiple responses were allowed.

Types of Resorts

The predominant resort category was a beach destination, reported by 30% of responding resorts. This was followed by country/lakes resorts (16%), and golf resorts at 11%.

Industry Health

Year 2010 sales volume totaled \$6.4 billion, increasing by 1.6% from 2009. There were about 329,200 timeshare intervals sold at an average price of \$19,300. The average cost for weekly intervals was \$14,744 while for points-equivalents it was \$19,921.

Maintenance Fee Delinquencies

Status	Percent of maintenance fee accounts
Current (Fewer than 31 days delinquent)	91%
31-60 days delinquent	0%
61-90 days delinquent	0%
91-120 days delinquent	1%
More than 120 days delinquent	8%
Total	100%

Percent of 301 respondents — multiple responses allowed

Performance Metrics 2010

Metric	2010
Sales volume	\$6.4 billion
Number of timeshare intervals sold	329,230
Sales price per interval	\$19,308
Points Equivalent	\$19,921
Weeks	\$14,744
Occupancy	78.5%
Average maintenance fee per interval	\$731

Rental Revenue

Metric	2010
Total Rental Revenue	\$1.2 billion
Total Nights Rented	7.9 million
Average rental price per night	\$156

The average maintenance fee charged per interval was \$731, up more than eight percent from 2009. The average was \$588 for studios, \$619 for one bedroom units, and \$840 for units with two or more bedrooms.

About 91% of maintenance fee accounts were current or fewer than 31 days delinquent in 2010 compared to 87% in 2009. Respondents also reported the frequency of foreclosures amongst owners at their resorts. The weighted average foreclosure rate was 4.9% in 2010. These foreclosures were related to non-payment of fees and/or mortgages.

Average occupancy was 79% in 2010. By comparison, hotel occupancy was 58% in 2010 according to Smith Travel Research. Timeshare occupancy includes about 65% who were either owners or exchange guests and 13% who were renters and/or marketing guests.

There were about 7.9 million nights rented in 2010, at an average price of \$156 per night. This translates to another \$1.2 billion in rental revenue for the timeshare industry per year, about an eight percent decrease from one year ago. This decrease is mainly due to the lower number of nights rented, which totaled 8.6 million last year. The average rental price was actually up from \$153 in 2009.

Industry Outlook

As noted, sales volume increased slightly in 2010. The compounded annual growth rates for sales price and maintenance fees from 2006 to 2010 were one and seven percent, respectively. The average resort size has been relatively flat during this period; except for an increase in 2010 this is mainly attributable to changes in the respondent pool.

Respondents expect little in the way of new construction. They anticipate building about 1,900 new units in 2011 and 1,500 in 2012 or beyond. Only six new resorts are planned for construction in 2011, with another three on tap for 2012 and beyond.

Methodology

Ernst & Young conducted a survey of 1,548 recognized timeshare resorts to provide an overview of the state of the timeshare industry in the U.S. Responses were received from 678 resorts, representing a 44% response rate.



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