2012
EXECUTIVE SUMMARY

AIF

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

Prepared by: ERNST & YOUNG
Quality In Everything We Do

2012 EDITION

2012 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 2011, representing approximately 194,200 timeshare units for an average resort size of 125 units. Of these, 6% were studio units, 21% were one-bedrooms, 64% were two-bedroom, and 9% were three bedroom or more. There were 8.4 million intervals owned. Among these intervals, 78% were owned by resort owners, while 14% were under the ownership of the homeowner's association (HOA) and 8% were owned by the developer.

Of those resorts that responded to the survey, 72% sell weekly intervals, 67% sell points based products. About 42% report selling biennials. Compared to last year, the percentage of resorts offering points based products has increased 12 percentage points from 55% and the percentage of resorts offering biennials has increased six percentage points from 36%.

Industry Size

Measure	2011
Resorts	1,548
Units excluding lock-offs	194,163
Units including lock-offs	246,987
Average resort size (in units)	125
Intervals owned	8.4 million

Geographic Overview

Florida, California and South Carolina remain as the three states that have the most resorts representing 38% of all U.S. timeshare resorts.

Performance by Geographic Region

Region	Percent of Resorts	Average Size (# Units)	Total Sales Volume ($B)	Sales Price per Interval	Average Occupancy	Average Maintenance Fees per Interval
Florida	23%	199	$2.4	$18,632	81.0%	$775
California	8%	116	$0.4	$20,702	84.6%	$753
S. Carolina	7%	124	$0.4	$16,706	77.7%	$670
Hawaii	6%	136	$0.6	$29,393	87.0%	$929
Mountain/Pacific	20%	96	$0.7	$15,590	79.8%	$760
Northeast	11%	79	$0.4	$11,188	62.0%	$614
South Central	9%	128	$0.8	$11,143	68.7%	$635
Midwest	8%	108	$0.6	$10,262	74.8%	$644
South Atlantic	8%	122	$0.4	$17,545	63.5%	$613
Overall	100%	125	$6.5	$18,401	78.9%	$786

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

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	46%	30%	52%	29%
Country/lakes	19%	25%	32%	15%
Golf	22%	74%	79%	11%
Ski	5%	29%	29%	9%
Island	20%	9%	19%	7%
Urban	15%	14%	23%	6%
Theme park	4%	25%	25%	6%
Rural/coastal	28%	15%	30%	4%
Desert	4%	14%	15%	2%
Gaming	7%	19%	22%	2%
Other	—	—	—	8%

Percent of 492 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 29% of responding resorts. This was followed by country/lakes resorts (15%), and golf resorts at 11%.

Industry Health

Year 2011 sales volume totaled $6.5 billion, increasing by 2.4% from 2010. There were about 353,800 timeshare intervals sold at an average price of $18,401. The average cost for weekly intervals was $15,113 while for points-equivalents it was $22,732.

Maintenance Fee Delinquencies

Status	Percent of Maintentance Fee Accounts
Current (fewer than 31 days delinquent)	90%
31-60 days delinquent	0%
61-90 days delinquent	0%
91-120 days delinquent	1%
More than 120 days delinquent	9%
Total	100%

Percent of 278 respondents — percentages may not add due to rounding.

Performance Metrics 2011

Metric	2011
Sales volume	$6.5 billion
Number of timeshare intervals sold	353,822
Sales price per interval	$18,401
Points equivalent	$22,732
Weeks	$15,113
Occupancy	78.9%
Average maintenance fee per interval	$786

Rental Revenue

Metric	2011
Total rental revenue	$1.7 billion
Total nights rented	10.4 million
Average rental price per night	$162

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 661 resorts, representing a 43% response rate.

The average maintenance fee charged per interval was $786, up approximately 8% from 2010. The average was $636 for studios, $630 for one bedroom units, and $909 for units with two or more bedrooms.

About 90% of maintenance fee accounts were current or fewer than 31 days delinquent in 2011, down slightly from 91% in 2010.

Average occupancy was about 79% in 2011 — this left about 21% of units vacant for the year. By comparison, hotel occupancy was 60% in 2011 according to Smith Travel Research[1]. Timeshare occupancy includes about 64% who were either owners or exchange guests and 15% who were renters or marketing guests.

There were about 10.4 million nights rented in 2011, at an average price of $162 per night. This translates to another $1.7 billion in rental revenue for the timeshare industry last year, about a 37% increase from one year ago. As noted previously, resort rental programs and the corresponding occupancy related to rentals increased significantly in 2011.

Industry Outlook

Recent trends point to a stabilization of the industry's key fundamentals over the past two years. Sales volumes have increased slightly while occupancy has remained fairly steady — even the occupancy decreases in 2009 and 2010 were minor. Average sales price has historically fluctuated from year to year as the sales mix shifts — in some years timeshare purchasers may buy more intervals in smaller units, lesser demanded seasons or at less expensive resorts. Respondents expect little in the way of new construction: they anticipate building about 1,400 new units in 2012 and 1,900 in 2013 or beyond. Three new resorts are planned for construction in 2012, with another six on tap for 2013 and beyond. Resort and unit construction have slowed as the industry works through excess inventory created by the economic downturn. An increased reliance on fee for service models and the rental market demonstrate flexibility in managing these challenges. Also, the industry has been able to attract more new owners[2] in 2011, reversing a trend of increasing reliance on existing owners. Continued strong demand from new owners, coupled with a decreasing inventory of timeshare intervals, could be the keys to driving new growth in sales and eventually timeshare resort and unit construction.

1 *STR Monthly Hotel Review: December 2011*, Smith Travel Research

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

AIF
ARDA International Foundation

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

www.arda.org

MEMBER $25 | NON-MEMBER $50