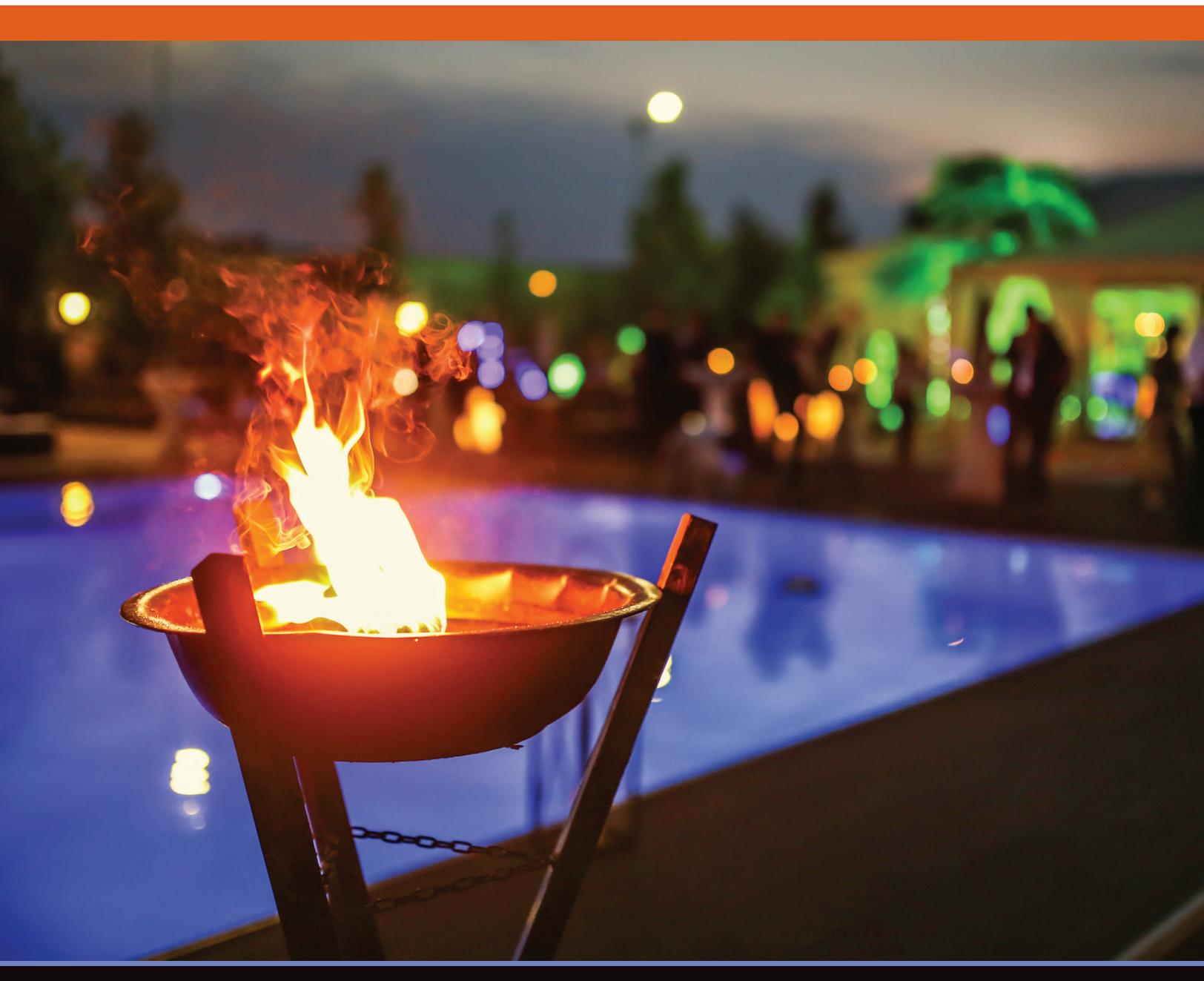


State of the Vacation Timeshare Industry

2018

UNITED STATES STUDY



2018 EDITION
PREPARED BY



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State of the Vacation Timeshare Industry

UNITED STATES STUDY



EXECUTIVE SUMMARY	6
I. INDUSTRY OVERVIEW	8
Size	8
Resorts	9
Units	11
Intervals	13
II. INDUSTRY HEALTH	15
Overall	15
III. INDUSTRY SEGMENTS	21
Resort Size	22
Sales Activity	22
Resort Type	23
Geographic Region	24
IV. INDUSTRY OUTLOOK	25
APPENDICES	28
Appendix A	
Historical Sales Data	28
Resorts by State	28
Percentage of Units by State	28
Appendix B - Timeshare Resort Tracking	29
Appendix C - Methodology	30
Appendix D - Survey	32
Appendix E - A Brief History of the U.S. Timeshare Industry	44
GLOSSARY OF TERMS	49

2018 EDITION
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6 State of the Vacation Timeshare Industry

UNITED STATES STUDY 2018 EDITION

EXECUTIVE SUMMARY

The State of the Vacation Timeshare Industry: United States Study 2018 edition provides an overview of important summary information on the U.S. timeshare industry for the year 2017.

Results contained in this report are primarily sourced from a survey of timeshare resorts, developers and management companies. The ARDA International Foundation (AIF) commissioned this survey and Ernst & Young LLP (EY) conducted the survey on its behalf. EY also reviewed current and previous AIF research to conduct this analysis. The study focuses on timeshare resorts that sell and maintain interval and points-based vacation lodging products. It excludes fractional resorts and private residence or destination clubs. Of the 1,570 identified timeshare resorts, 754 responded — a 48% response rate. Of these 754 responding resorts, 659 belong to a family of ten or more resorts, while 95 belong to a family of less than ten resorts. Of these 95, 67 were single site resorts. For a full discussion of the methodology used, please see Appendix C of the report.

As noted above, the 2017 U.S. timeshare industry consisted of 1,570 timeshare resorts with approximately 205,100 timeshare units — an average of 131 units per resort. Resorts sell each of these timeshare units to consumers in parts or ownership pieces corresponding to varying amounts of time. Typically, these parts are either weekly intervals (seven nights worth of vacation time) or points. Points represent a currency for the use of units in nightly or weekly increments — respondents converted their points into weekly interval equivalents for this study. As of December 31, 2017, there were approximately 9.5 million timeshare weekly intervals or equivalents owned in the United States.

Figure ES.1 displays key timeshare industry metrics for 2017. Sales volume¹ increased for the eighth straight year — by nearly 4% from \$9.2 billion in 2016 to \$9.6 billion in 2017. Rental revenues increased significantly, rising 20% from \$1.9 billion in 2016 to \$2.3 billion in 2017, as the number of nights rented increased from 10 million to nearly 12 million.

Operating performance metrics for the industry were also encouraging in 2017. Average occupancy increased from 79% to more than 81%, which is mainly due to an increase in occupancy for renters and marketing guests. By comparison, hotel occupancy was 65.9%² in 2017, according to Smith Travel Research. The weighted average maintenance fee charged per weekly interval was \$980, up by approximately 1% from \$970 per interval in 2016.

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

² STR Monthly Hotel Review: December 2017, Smith Travel Research.



Respondents also reported the number of timeshare units “recently built and planned³ at this resort.” Figure ES.1 also shows that respondents⁴ built 1,398 units in 2017 and plan to add 1,287 units in 2018 — this includes 857 units at existing resorts and 430 units at planned new resorts. Respondents also plan to add 2,622 units in 2019 and beyond. Finally, respondents report plans for 15 new resorts — six in 2018 and nine in 2019 and beyond.

Figure ES.2 shows 2017 industry sales price metrics. There were approximately 431,120 intervals sold in 2017 at an average price of \$22,180. However, in recent years the increased transition to points based products has made the traditional timeshare week less meaningful to data providers and users of research alike. For this reason, respondents also reported their total number of timeshare transactions which we used to calculate sales price per transaction. There were approximately 542,200 timeshare transactions in 2017 at an average price per transaction of \$17,640. Dividing the 431,120 weekly interval equivalents sold by the 542,200 timeshare transactions yields a ratio of 0.80. Multiplying this ratio by seven days indicates that the average timeshare transaction was between five and six nights worth of time.

Resort managers and developers are also modernizing the way they operate and manage timeshare properties. For example, 34% of resorts reported offering a mobile application to resort owners. The most common features on such apps are facilitating mobile payments, accessing a virtual tour and accommodating check-in. Many resorts are also taking advantage of outlets such as online travel agencies (55% of respondents) VRBO (43% of respondents) and Airbnb (42% of respondents) to help rent vacant inventory. Furthermore, 56% of resorts report using social media to help publicize timeshare rentals.

FIGURE ES.1
KEY TIMESHARE INDUSTRY METRICS 2017

GROWTH / PERFORMANCE	2017
Sales volume (\$B)	\$9.6
Rental revenue (\$B)	\$2.3
Occupancy	81.4%
Average maintenance fees	\$980
OUTLOOK	
Units built	1,398
Units planned — in the coming year	1,287
Units planned — more than one year out	2,622
Resorts planned — in the coming year	6
Resorts planned — more than one year out	9

Numbers may not add due to rounding

FIGURE ES.2
2017 SALES PRICE METRICS

	2017
Number of intervals or equivalents sold	431,120
Average sales price per interval	\$22,180
Number of timeshare transactions	542,200
Average sales price per transaction	\$17,640

³ “Planned” resorts and units include those for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

⁴ Based on responses from 14 timeshare developers and/or single site resorts

This chapter presents an overview of the timeshare industry for 2017, examining industry size and structure. It includes information on

- the number and size of resorts,
- unit types/sizes, and
- interval ownership structures.

The AIF's timeshare database lists 1,570⁵ timeshare resorts in the United States⁶. See Appendix B for a full discussion of how the AIF tracks U.S. timeshare resorts. As seen in Figure 1.1, these 1,570 resorts represent approximately 205,100 physical timeshare units — 131 units per resort on average. Counting lock-offs⁷ as separate units adds approximately 63,100 units, for a total of 268,200.

Size

Resorts sell each of these timeshare units to consumers in parts or ownership pieces corresponding to varying amounts of time. Typically, these parts are weekly intervals (seven nights worth of vacation time), biennials⁸ and/or points. Points represent a currency for the use of units in nightly or weekly increments — respondents converted their points into weekly interval equivalents for this study. As of December 31, 2017, the total number of weekly interval equivalents owned in timeshare units was approximately 9.5 million.

FIGURE 1.1
INDUSTRY SIZE

Measure	2017
Resorts	1,570
Units	205,100
Average resort size	131
Intervals or equivalents owned	9.5 million
Total units — including lock-offs	268,200

In addition to the timeshare resorts and units figures noted in Figure 1.1, there is inventory used by timeshare owners that is not counted here. For example, the two major exchange companies (Interval International and RCI) also make non-timeshare accommodations available to their members and developers affiliated with hotel brands often make traditional hotel inventory available. The alternatives include vacation homes, fractional units or hotel rooms. They also provide members the opportunity to trade their resort accommodations or home unit for options such as, cruise, golf and spa vacations, as well as a variety of leisure experiences such as sporting events, shopping excursions, etc. Some developers also manage similar programs themselves.

⁵ ARDA International Foundation. Please see Appendix B for more information about the methodology for identifying timeshare resorts.

⁶ The United States is defined as the continental U.S. plus Alaska and Hawaii in this study.

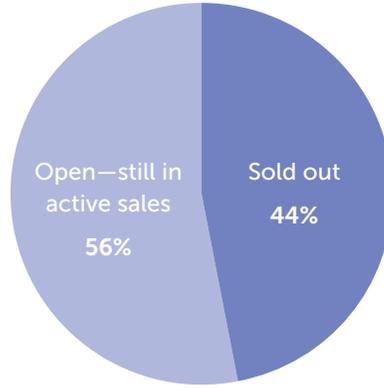
⁷ The term "lock-off" refers to a type of vacation ownership unit consisting of multiple living and sleeping quarters, designed so they can function as two discrete units for purposes of occupancy and exchange.

⁸ Biennials are vacation ownership products that provide a week's worth (or points equivalent) of timeshare interest every other year.

Resorts

Figure 1.2 shows a distribution of responding resorts by development stage, illustrating the two key industry components. The sold-out component consists mainly of resorts that either operate independently or are associated with a management company. In general, they are not engaged in significant sales activity, and rely mainly on revenues derived from maintenance fees, ancillary services, and rentals for operations. The active sales component includes new resorts and resorts operating under the management of a company that continues to develop and sell timeshare inventory (“developers”). Respondents answered this question at the resort level, but the proliferation of points-based products makes the notion of a sold-out⁹ resort less concrete. Owners increasingly purchase time that can be used at a variety of developer properties — even at resorts that may have “sold out” of weekly intervals.

FIGURE 1.2
RESORTS BY DEVELOPMENT STAGE



Percent of 640 respondents — percentages may not add due to rounding

Figure 1.3 shows the distribution of timeshare resorts by the year that each opened. Approximately 28% of responding resorts opened in 2006 or later; another 26% opened in 1985 or before. Forty-five percent of responding resorts opened between 1986 and 2005.

FIGURE 1.3
YEAR RESORTS OPENED

	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
1985 or before	26%	7%	51%
1986-1995	15%	11%	20%
1996-2005	30%	37%	22%
2006+	28%	45%	7%

Percent of 276 respondents — percentages may not add due to rounding

Figure 1.3 also compares the results for active sales versus sold-out resorts, illustrating that sold-out resorts tend to be older than active sales resorts. More than 51% of sold-out resorts opened in 1985 or before, compared to only 7% of resorts that are still in active sales. Only 7% of sold-out resorts opened in 2006 or later, compared to 45% of resorts that are in active sales.

⁹ The survey questionnaire defined “sold-out” resorts as those having sold less than 100 intervals in 2017.

We asked respondents whether the facility was purpose built as a timeshare property, or converted into a timeshare resort from some other type of property. Figure 1.4 shows that most resorts were purpose-built as timeshare resorts. This percentage of purpose-built resorts is higher for the active-sales component than for sold-out resorts.

FIGURE 1.4
TYPE OF CONSTRUCTION

	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Purpose-built	74%	80%	69%
Conversion	26%	20%	31%

Percent of 254 respondents — percentages may not add due to rounding

FIGURE 1.5
MIXED-USE PROPERTIES

	Percent of resorts responding
Stand-alone	59%
Mixed-use	41%

Percent of 753 respondents — percentages may not add due to rounding

We also asked respondents if any types of units other than timeshare are available for sale or rent at their resort. As shown in Figure 1.5, 59% of timeshare resorts are stand-alone timeshare — they offer nothing but timeshare intervals. Forty-one percent have other offerings such as fractionals, condo/hotels or whole ownership.

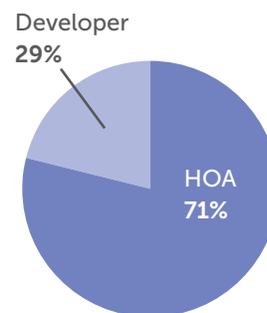
Resorts also vary in the types of management and control structures in place. Control and management at the resort are two separate issues. Typically, the developer either still controls the resort’s owners’ association or has passed on control to the resort owners. The median percentage of sell-out at which the owners gain control of the owners’ association is 90%. Management of the day-to-day operations typically is the responsibility of the developer and/or a third-party management company. Figure 1.6 summarizes the most common management and control structures reported.

FIGURE 1.6
RESORT MANAGEMENT AND CONTROL STRUCTURES

Resorts managed by	Percent
A management company affiliated with the resort developer	66%
A third party management company	24%
Self-managed by the owners’ association	8%
Other	2%

Percent of 406 respondents — percentages may not add due to rounding

HOA CONTROLLED BY



As shown in Figure 1.7, resort management fees are generally set as a percentage of the annual budget/operating expenses. The median reported management fee was just under \$428,600; the median percentage of budget/operating expenses that was allocated to management fees was 10%¹⁰. The median management fee was \$76,800 for small resorts (less than 50 units), \$359,400 for mid-sized resorts (50 to 100 units) and \$1,154,100 for large resorts (more than 100 units).

Finally, Figure 1.8 shows which entity employs the resort’s staff. The majority of resorts report that a separate management company handles this responsibility. Approximately 15% of resorts report that the developer still employs the resort staff and 17% report that it is the HOA.

FIGURE 1.7
DETERMINATION OF MANAGEMENT FEES

Method	Percent
As a percentage of the annual budget/operating expenses etc.	53%
Fixed amount	22%
As a percentage of total assessments which includes reserves	15%
Not applicable	5%
Other	4%

Percent of 412 respondents - percentages may not add due to rounding

FIGURE 1.8
ENTITY WHICH EMPLOYS RESORT STAFF

Entity	Percent
Management company	70%
Resort HOA(s)	17%
Resort developer	15%
Other	4%

Percent of 390 respondents – multiple responses allowed

Units

Next, we move from a discussion of resort-level data to results concerning individual units within resorts. Figure 1.9 shows the mix of units by the number of bedrooms. The two-bedroom unit is the most common configuration, with 62% of units, followed by one-bedroom units with 21%. Ten percent of units have three or more bedrooms; another 6% are studios.

Respondents also reported their average unit size, in square feet: Figure 1.10 summarizes the results. Average sizes ranged from approximately 410 square feet for a studio unit to 1,620 square feet for units with three or more bedrooms. Larger, condo-style units are a major selling point for the timeshare industry. Some unit configurations allow larger parties to participate in the vacation. Some also allow timeshare owners to “lock-off” a portion of units to rent or exchange while retaining a portion for personal use.

FIGURE 1.9
MIX OF UNITS BY NUMBER OF BEDROOMS

Unit type	Count	Percent
Studio	12,430	6%
1 bedroom	43,750	21%
2 bedrooms	127,430	62%
3 bedrooms or more	21,490	10%
Total	205,100	100%

Percent of 706 respondents – percentages may not add due to rounding

FIGURE 1.10
AVERAGE UNIT SIZES IN SQUARE FEET

Unit type	Square feet
Studio	410
1 bedroom	700
2 bedrooms	1,180
3 bedrooms or more	1,620
Weighted average	1,040

Weighted average based on 614 total resorts. There were 444 respondents for studio units, 525 for one BR, 584 for two BR and 421 for three+ BR.

¹⁰ Median management fee based on 293 responses; median percent of budget allocated to management fees based on 320 responses

In addition to varying sizes of the units, resorts also offer a number of amenities to make the vacation experience more attractive to owners. Figures 1.11 and 1.12 list the most common amenities offered at resorts and within timeshare units, respectively. They include the percent of resorts that:

- offer the given amenity complimentary to resort guests
- offer the given amenity to resort guests for a fee, and
- offer the given amenity either complimentary to resort guests or for a fee

At resorts, the most common amenities offered include swimming pools, whirlpools/hot tubs, exercise facilities and concierges. Within units, the most commonly offered features are DVD players, Wi-Fi and laundry facilities. Other amenities noted included nature trails, sports rental & retail, and radio.

Thirty-four percent of resorts reported offering a mobile app to resort owners. The most common features were facilitating mobile payments, accessing a virtual tour and accommodating check-in.

FIGURE 1.11
RESORT AMENITIES OFFERED

Type	Complimentary	Fee	Complimentary and/or fee
Swimming pool	89%	3%	89%
Whirlpool/Hot tub	83%	1%	83%
Exercise room	66%	4%	67%
Concierge	61%	1%	62%
Front desk service	44%	0%	44%
Business room	43%	5%	44%
Game room	41%	8%	44%
Movie rental	34%	35%	47%
Guest computer	34%	5%	36%
Playground	27%	2%	28%
Basketball courts	20%	2%	20%
Tennis courts	22%	6%	24%
Racquet courts	5%	2%	5%
Other courts	15%	2%	15%
Sauna	16%	3%	17%
Live entertainment	15%	4%	16%
Covered parking	13%	10%	17%
Miniature golf	8%	13%	13%
Health spa	2%	27%	12%
Ice skating	2%	1%	2%
Other	1%	3%	3%

Percent of 517 respondents – multiple responses allowed

FIGURE 1.12
RESORT AMENITIES OFFERED – IN UNITS

Type	Complimentary	Fee	Complimentary and/or fee
DVD player	94%	2%	94%
Wi-Fi	85%	8%	86%
Laundry	75%	18%	78%
Flat screen TVs	68%	0%	68%
Wired internet	36%	1%	36%
Fireplace	31%	1%	31%
DVR	9%	1%	9%
Video game	6%	1%	6%
In room movie	2%	69%	14%
Other	0%	1%	1%

Percent of 512 respondents – multiple responses allowed

Intervals

Finally, we conclude with a discussion of intervals — interval owners, types and legal structures in place.

Figure 1.13 displays the number of intervals owned by different types of owners. Not surprisingly, most intervals are owned by timeshare consumers, referred to as resort owners in the industry. Approximately 11% are still owned by a resort developer and approximately 5% of intervals are owned by an HOA.

FIGURE 1.13
INTERVALS OR INTERVAL EQUIVALENTS OWNED BY TYPE OF OWNER

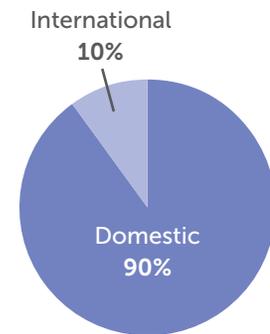
	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Intervals owned by owners	84%	81%	90%
Intervals owned by HOA	5%	6%	4%
Intervals owned by developers	11%	14%	6%

Percent of 474 respondents — percentages may not add due to rounding

Again, we compare the results for resorts in active sales to those for sold-out resorts and see that intervals or interval equivalents are more likely to be owned by the developer or HOA at active-sales resorts.

We also asked respondents to report the percentage of their owners who reside in the United States and the percentage who reside in some other country. Figure 1.14 shows that respondents reported that 90% of their owners reside in the United States, compared to 10% of owners who reside in some other country.

FIGURE 1.14
COUNTRY OF RESIDENCE FOR TIMESHARE OWNERS



Percent of 218 respondents

Figure 1.15 shows the prevalence of interval types by resort. Approximately 76% of respondents have intervals of the traditional weekly variety, while 66% have some form of points-based products and 47% of respondents have biennials. Active sales resorts are more likely to have points-based products than sold-out resorts — in fact, points-based products are more common in those resorts than weeks-based products. The percentage of resorts with biennials is also higher among active-sales resorts — the majority of these resorts have biennials. Sold-out resorts are more likely to have weeks products and less likely to have points or biennials.

FIGURE 1.15
TYPES OF INTERVALS

Interval type	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Weeks	76%	63%	89%
Points	66%	75%	57%
Biennials	47%	55%	39%

Percent of 653 respondents — multiple responses allowed

Finally, respondents reported information about the legal structures for products at their resorts. Figure 1.16 shows that deeded or fee-simple real estate is the dominant structure in place for timeshare ownership. As shown in Figure 1.17, most respondents reported that the length of any contract, membership license or leasehold is for the owner’s lifetime.

FIGURE 1.16
LEGAL STRUCTURES OF PRODUCTS SOLD

	Percent of resorts responding
Deeded or fee-simple real estate	84%
Interest in a trust	13%
Right to use contractual interest that expires	16%
Other	0%

Percent of 410 respondents – multiple responses allowed

FIGURE 1.17
LENGTH OF CONTRACT, MEMBERSHIP LICENSE OR LEASEHOLD

	Percent of resorts responding
Lifetime	80%
20+ years	20%
10 to 19 years	19%
Less than 10 years	3%

Percent of 264 respondents – multiple responses allowed

As the timeshare industry continues to mature, traditional weeks may be effectively converted into points based vacation products. This may be accomplished by dedicating weeks to established points based trusts or by simply “overlying” a points usage option on top of weekly ownership. This process may result in a gradual shift from week-based inventory to points-based inventory within the same static pool of inventory over time.

While chapter one provides an overview of industry size, understanding the health of the industry involves reviewing additional key indicators such as interval sales prices, occupancy rates and maintenance fees.

This chapter addresses these metrics, presenting a current picture of important markers of industry performance. Throughout the chapter, we compare the performance metrics of active sales resorts to sold-out resorts.

Overall

Figure 2.1 summarizes the timeshare industry’s key 2017 performance metrics. Resorts sold approximately 431,120 intervals or interval equivalents at an average price of \$22,180 per interval, yielding a total sales volume of approximately \$9.6 billion. Total sales volume increased by nearly 4% from the previous year.

**FIGURE 2.1
KEY PERFORMANCE METRICS 2017**

Metric	2017
Sales volume	\$9.6 billion
Number of timeshare intervals or interval equivalents sold	431,120
Sales price per interval or interval equivalent	\$22,180
Number of timeshare transactions	542,200
Sales price per transaction	\$17,640
Rental revenue	\$2.3 billion
Occupancy	81.4%
Average maintenance fee per interval or interval equivalent	\$980

Respondents also reported the number of transactions and we used this to calculate the average sales price per transaction¹¹. Note that for a given transaction, a consumer may purchase more or less time than a traditional timeshare week. There were approximately 542,200 U.S. timeshare transactions in 2017, and the average sales price per transaction was \$17,640. Dividing the 431,120 weekly interval equivalents sold by the 542,200 timeshare transactions yields a ratio of 0.80. Multiplying this ratio by seven indicates that the average timeshare transaction was between five and six nights worth of time.

Figure 2.1 also shows that resort occupancy was more than 81% and the average maintenance fee billed was \$980 per interval. Average occupancy increased by 2.5 percentage points in 2017, while maintenance fees increased by approximately 1%. Rentals accounted for another \$2.3 billion in industry revenue, which was 20% higher than in 2016.

The \$9.6 billion in sales volume does not include sales for resorts that primarily sell fractional and private residence clubs (PRC) products. Fractional resorts include an ownership interest that is either a shared equity or club interest representing a period not fewer than two weeks but usually three weeks or more. Fractional ownership typically offers additional services, amenities and flexibility relative to timeshare, so that a bundle of timeshare weeks would not be considered a fractional interest. PRC products are high-end fractionals. North American sales for fractional and PRC resorts were \$480 million for 2017 as reported in *The Shared-Ownership Resort Real Estate Industry in North America - 2018 Edition*, produced by Ragatz Associates.

¹¹ Transactions included points sales, week sales, multiple-week sales, EOY sales, upgrades and reloads.

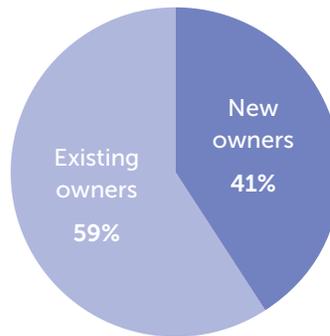
One practice that has become a staple in the industry is “fee for service.” In general, developers provide sales and marketing support, including branding, to timeshare resorts they have not developed. The fee-for-service provider leverages its existing sales infrastructure and brand to improve cash flow, without the capital risks of developing its own property. Sales related to fee-for-service arrangements in 2017 among responding companies were approximately \$967 million¹², up 3% from \$941 million in 2016. Respondents reported approximately 46,850 fee-for-service transactions, so that an average fee for service transaction was \$20,650.

Figure 2.2 shows a distribution of the percentage of sales to new owners¹³. The pie chart shows that, on average, 41% of timeshare sales are to new owners. Sales to existing owners can take place via upgrades¹⁴ or purchasing additional weeks or points. These sales to existing owners point to high satisfaction with the product. Marketing costs associated with repeat sales are typically lower than for first-time buyers.

Figure 2.3 shows types of sales channels reported by respondents. All respondents reported using in person sales vehicles (tours) and nearly all reported using telemarketing.

FIGURE 2.2
SALES FROM NEW OWNERS

Sales from new owners	Percent of resorts responding
<50%	93%
51-70%	3%
71-90%	4%
91% or more	<1%



Percent of 387 respondents – percentages may not add due to rounding

FIGURE 2.3
SALES CHANNELS

Metric	2017
In-person sales presentation (tours): on-site	100%
Telemarketing	99%
In-person sales presentation: off-site (including at-home presentations)	87%
Online	14%

Percent of 495 respondents, weighted by units – multiple responses allowed

¹² Note that this number reflects fee for service transactions for survey respondents only, and is not a projection to the full U.S. industry
¹³ “New owners” are owners that are new to the responding resorts/development companies, but not necessarily new to the timeshare industry.
¹⁴ 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.

Average annual timeshare resort occupancy was approximately 81.4%. By comparison, occupancy at U.S. hotels was 65.9% in 2017¹⁵. Figure 2.4 shows a more detailed view of occupancy. Resorts reported their average *physical* occupancy in each of these categories, meaning that actual guest check-in occurred.

Resort owners, their guests and exchange participants accounted for approximately 57% of available intervals. Renters accounted for another 17%, while marketing guests contributed another 7%. Note that the occupancy percentages for renters and marketing guests are up from 15% and 5%, respectively, in 2016. This largely accounts for the increase in rental revenue from 2016 to 2017, since the number of nights rented was much higher, as shown later in this chapter. Occupancy for sold-out resorts was higher than for active sales resorts, due to higher occupancy among owners and renters. Approximately 68% of resorts were at least 80% occupied, including 33% with occupancy of at least 90%. Approximately 11% of resorts were less than 60% occupied.

FIGURE 2.4
OCCUPANCY BREAKOUTS

Type	Percent of time available	Active sales resorts	Sold-out resorts
Owner/owner's guest	40%	37%	44%
Exchange guest	17%	18%	15%
Renter	17%	16%	20%
Marketing guest	7%	8%	6%
Vacant	19%	21%	15%

Percent of 431 respondents (including percent of 198 active sales resorts, 233 sold-out resorts), weighted by units – percentages may not add due to rounding

OCCUPANCY DISTRIBUTION

Occupancy level (%)	Percent of resorts responding
Less than 60	11%
60-69	7%
70-79	13%
80-89	35%
90+	33%

Percent of 431 respondents, weighted by units – percentages may not add due to rounding

¹⁵ STR Monthly Hotel Review: December 2017, Smith Travel Research.

FIGURE 2.5
MAINTENANCE FEE BREAKOUTS

Unit type	Average Maintenance fee	Active sales resorts	Sold-out resorts
Studio	\$590	\$650	\$560
1BR	\$750	\$750	\$750
2BR	\$1,000	\$990	\$1,000
3BR+	\$1,230	\$1,250	\$1,210
Average	\$980	\$1,010	\$920

Percent of 570 respondents, including 273 active sales resorts and 297 sold-out resorts — percentages may not add due to rounding

MAINTENANCE FEE DISTRIBUTION

Maintenance fee	Percent of resorts responding
Less than \$600	10%
\$600 to \$699	11%
\$700 to \$799	21%
\$800 to \$899	17%
\$900 to \$999	8%
\$1,000 to \$1,099	5%
\$1,100 or more	28%

The average annual maintenance fee¹⁶ billed was \$980 per interval. Figure 2.5 shows the average maintenance fees charged by unit type, and the distribution of maintenance fees by dollar amount. Studio units averaged \$590 annually in maintenance fees, one-bedroom units averaged \$750, two-bedroom units averaged \$1,000, and three-bedroom units or larger averaged \$1,230 annually. Approximately 10% of resorts have maintenance fees averaging less than \$600, while another 28% have maintenance fees averaging \$1,100 or more. Maintenance fees for active sales resorts average 10% more than those for sold-out resorts.

Figure 2.6 shows that approximately 91.8% of maintenance fee accounts were current in 2017 — up from 90.5% the previous year. Approximately 55% of resorts report that at least 90% of their accounts are current. 2017 Delinquencies were lower for sold-out resorts than at active sales resorts.

FIGURE 2.6
MAINTENANCE FEE DELINQUENCIES

Account delinquency status	Percent of accounts	Active sales resorts	Sold-out resorts
Current (<31 days delinquent)	91.8%	90.6%	93.7%
31-60 days delinquent	0.4%	0.3%	0.7%
61-90 days delinquent	0.4%	0.2%	0.6%
91-120 days delinquent	0.7%	1.0%	0.3%
More than 120 days delinquent	6.7%	7.9%	4.7%

Percent of 283 respondents, including 101 active sales resorts, 182 sold-out resorts — percentages may not add due to rounding

MAINTENANCE FEE DELINQUENCY DISTRIBUTION

Maintenance fee delinquency status	Percent of respondents
All accounts current	6%
95% to 99% of accounts current	39%
90% to 94% of accounts current	10%
85% to 89% of accounts current	14%
80% to 84% of accounts current	10%
Less than 80% of accounts current	21%

As noted in Figure 2.4, renters occupied 17% of timeshare intervals in 2017. Eighty-six percent of resorts reported offering some form of rental program. Figure 2.7 shows the types of rental programs offered. Nearly all (97%) resorts with a rental program offer daily rentals and most offer weekly rentals (68%). These rental programs generally have rates that vary by season (96%). Approximately 41% offer rental programs for their marketing guests. Some “other” types of rental programs reported include half-price rentals for timeshare owners, friends and family programs, weekend programs and two to three night minimum programs.

¹⁶ This is the average maintenance fee billed to owners annually including contributions to reserves but excluding taxes and special assessments.

FIGURE 2.7
TYPES OF RENTAL PROGRAM OFFERED

Rental type	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Daily rentals	97%	100%	93%
Weekly rentals	68%	63%	74%
Monthly rentals	28%	34%	21%
Rental rates that vary based on season	96%	99%	93%
Rental programs for marketing guests	41%	49%	32%

Percent of 511 respondents – multiple responses allowed

Figure 2.7 also compares the offerings between resorts that are in active sales to those that are not. Programs for marketing guests are more prevalent among resorts that are still in active sales.

Figure 2.8 details rental program revenue. Vacationers rented approximately 11.9 million nights at timeshare properties in 2017 at an average price of \$191 per night. This yielded nearly \$2.3 billion in timeshare rental revenue for 2017. This total revenue was 20% higher than reported in 2016. Note that the average number of nights rented is up from just under 10 million in 2016. This was the primary driver of the increase in rental revenue in 2017 – the average rental price per night rose by two dollars over 2016.

FIGURE 2.8
RENTAL REVENUE

Metric	2017
Total rental revenue	\$2.3 billion
Total nights rented	11.9 million
Average rental price per night	\$191

Figure 2.9 lists methods used by resorts for publicizing the availability of rentals at the property. The most commonly reported are the resort's website and social media. More than half of resorts report using social media, including more than half of sold-out resorts. Just over a third of sold-out resorts reported using social media in 2016. Sold-out resorts are more likely to use external rental websites such as Redweek.com or SellMyTimeshareNOW.com than active-sales resorts. Other methods used include the Convention and Visitors Bureau (CVB) and area publications.

FIGURE 2.9
PUBLICIZING RENTALS

Method	Percent of resorts responding	Percent of resorts in active sales	Percent of sold-out resorts
Resort website	85%	83%	89%
Social media (Facebook, Twitter, etc.)	56%	60%	51%
External rental websites (e.g., Redweek.com or SellMyTimeshareNOW.com)	25%	21%	31%
Television	10%	9%	11%
Radio	8%	8%	7%
Physical bulletin boards at resort	6%	5%	6%
Timeshare broker and/or broker website	1%	1%	1%
Newspaper	1%	0%	1%
Other	11%	1%	20%

Based on 587 respondents – multiple responses allowed

Sixty-seven percent of responding resorts report maintaining a program to help rent inventory that is owned by owners. Almost all of these respondents report a commission-based arrangement for these programs, and the median commission charged is 40%. As shown in Figure 2.10, the management company and/or the developer most often manages these programs.

Figure 2.11 shows that many resorts also use alternative programs to help rent intervals. This includes 55% of participating resorts that use online travel agencies, 43% that report using Vacation Rentals by Owner (VRBO), and 42% that use Airbnb or similar services. Resorts in active sales are much more likely than sold-out resorts to use hotels and/or travel clubs.

FIGURE 2.10
RENTAL PROGRAM MANAGEMENT AND COMMISSIONS

Entity managing rental program	Rental
Management company	40%
Developer	29%
Management company/Developer	27%
HOA	1%
Other	2%
Median commission rate charged	40%

Based on 387 respondents

FIGURE 2.11
ALTERNATIVE PROGRAMS TO HELP RENT INTERVALS

Entity	Percent of resorts	Percent of resorts in active sales	Percent of sold-out resorts
Online travel agencies	55%	51%	58%
VRBO	43%	51%	35%
Airbnb or other web driven	42%	51%	34%
Leasing or buying in hotel	31%	52%	12%
Travel clubs	11%	22%	1%
Other	2%	1%	2%

Percent of 753 resorts, including 356 active-sales resorts and 397 sold-out resorts. Multiple responses allowed

Finally, rental revenue is just one type of operating revenue collected by timeshare resorts. Figure 2.12 shows the percentage of operating revenues collected by resorts across a number of categories. The predominant source of operating revenues for resorts is maintenance fees, followed by rentals. Other revenue sources that were mentioned include parking, late fees and interest. In 2017, sold-out resorts derived a higher percentage of revenues from rentals than did active sales resorts.

FIGURE 2.12
OPERATING REVENUE

Category	Percent of operating revenue	Percent of operating revenue —active sales resorts	Percent of operating revenue —sold-out resorts
Maintenance fees	81%	84%	78%
Rentals	9%	8%	10%
Developer subsidy	2%	2%	2%
Housekeeping	2%	1%	2%
Re-sales	1%	<1%	3%
Food & beverage	1%	2%	<1%
Special assessments and other revenue sources	1%	<1%	1%
Recreational use fees (bike rentals, videos, etc.)	<1%	<1%	<1%
Laundry	<1%	<1%	<1%
Telecommunication (telephone, internet etc.)	<1%	<1%	<1%
Other	3%	2%	4%

Percent based on 621 respondents — percentages may not add due to rounding



This chapter uses some of the performance metrics reported in the previous chapter to compare specific industry segments. To do so, we segment resorts using the following characteristics:

- **Average resort size, as measured by the number of units**
- **Sales activity**
- **Resort type**
- **Geographic region**

For each segment within these classifications, we compare the following metrics:

- **Percent of resorts**
- **Resort size, as measured by the average number of units**
- **Occupancy**
- **Average maintenance fee billed**

We also provide overall averages and totals for comparison purposes. For some segments, not all of the respondents provided information that would allow classification. For example, not all respondents reported a resort type. Accordingly, in some cases the overall totals and averages may be inconsistent with the totals and averages for the subgroups.

Resort Size

The first segmented analysis is resort size, using five categories: less than 50 units, 51-100 units, 101 to 150 units, 151 to 200 units and more than 200 units. While the average resort size is 131 units, 39% of resorts have less than 50 units, and 17% have more than 200 units. Figure 3.1 shows that maintenance fees generally increased with resort size in 2017 – this likely reflects the fact that larger resorts tend to be newer and have more amenities.

FIGURE 3.1
PERFORMANCE BY RESORT SIZE

Number of units	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
0-50	39%	27	80.8%	\$820
51-100	26%	74	77.7%	\$890
101-150	11%	123	81.5%	\$950
151-200	8%	174	80.8%	\$990
More than 200	17%	435	82.3%	\$1,070
Overall	100%	131	81.4%	\$980

Percent of 708 respondents – numbers may not add due to rounding.

Sales Activity

Figure 3.2 compares the performance of resorts based on level of sales activity. This table summarizes prior analysis comparing sold-out resorts with active-sales resorts and adds information on resort size. The average number of units and average billed maintenance fees are both lower for sold-out resorts. Active-sales resorts tend to be newer and resorts have gotten larger over time, as we show in the next chapter. Newer resorts also tend to have more amenities and correspondingly higher maintenance fees.

FIGURE 3.2
PERFORMANCE BY SALES ACTIVITY

Sales activity	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Sold-out resorts	44%	88	85.4%	\$920
Active-sales resorts	56%	171	79.0%	\$1,010
Overall	100%	131	81.4%	\$980

Percent of 640 respondents – numbers may not add due to rounding.

Resort Type

Respondents reported the vacation experience(s) offered at their resort and/or nearby. They also shared which characteristic best describes their resort. Figure 3.3 shows the results.

FIGURE 3.3
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	48%	34%	59%	34%
Country/Lakes	21%	26%	35%	14%
Ski	3%	29%	28%	9%
Desert	7%	19%	21%	8%
Rural/Coastal	37%	24%	45%	7%
Golf	18%	73%	79%	6%
Theme park	2%	33%	33%	6%
Island	18%	21%	29%	5%
Mountains	7%	25%	27%	4%
Urban	18%	15%	27%	3%
Gaming	1%	29%	28%	2%
Other	1%	2%	2%	1%

Percent of 468 respondents — percentages may not add due to rounding. For onsite and nearby, multiple responses allowed.

Beach resorts are the most common primary resort type; golf is most often available nearby and/or onsite. Resorts reported more than four of these vacation experiences available per resort on average. Other vacation experiences noted include national and state parks, historic sites and vineyards/wineries.

Figure 3.4 compares the performance for the most common resort types¹⁷. Theme park resorts tend to be the largest, while island resorts have the highest average occupancy and maintenance fees; mountain resorts tend to be the smallest and have the lowest average maintenance fees and occupancy.

FIGURE 3.4
PERFORMANCE BY RESORT TYPE

Type	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Beach	34%	104	86.4%	\$880
Country/Lakes	14%	98	70.1%	\$770
Ski	10%	75	81.6%	\$1,070
Golf	6%	210	80.1%	\$920
Theme park	6%	288	83.2%	\$830
Island	5%	128	89.5%	\$1,330
Mountains	4%	53	66.5%	\$690
Urban	3%	128	88.0%	\$1,030
Other	17%	125	84.9%	\$920
Overall	100%	131	81.4%	\$980

Percent of 383 respondents. Note: "Other" includes Rural/coastal, Gaming, Desert, and Other from above — numbers may not add due to rounding

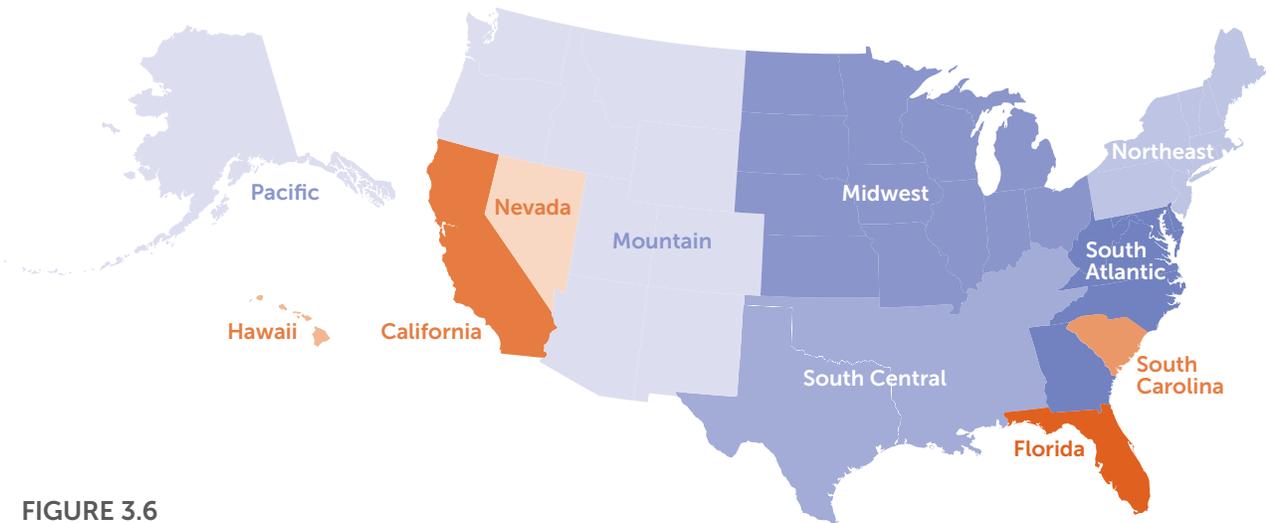
¹⁷ There was insufficient data to report on the other resort types.

Geographic Region

The final segment is geographical region of the country. Florida, California, South Carolina, Hawaii and Nevada are the five states with the highest number of timeshare resorts. These states contain nearly half of U.S. timeshare resorts and approximately 65% of all U.S. timeshare units (see Appendix A). The remaining states are grouped in regions, based on the U.S. Census Bureau’s list of geographic regions. Figure 3.5 shows a list of states represented by each region, and Figure 3.6 compares the performance by region.

**FIGURE 3.5
GEOGRAPHIC REGIONS**

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



**FIGURE 3.6
PERFORMANCE BY GEOGRAPHIC REGION**

Region	% of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Florida	24%	163	82.6%	\$960
California	8%	129	82.5%	\$940
South Carolina	7%	117	85.1%	\$830
Hawaii	6%	164	90.3%	\$1,240
Nevada	4%	249	83.8%	\$970
Mountain/Pacific	16%	75	79.0%	\$940
Northeast	11%	84	78.8%	\$760
South Central	8%	144	71.2%	\$750
South Atlantic	8%	110	76.1%	\$780
Midwest	8%	110	66.0%	\$760
Overall	100%	131	81.4%	\$980

Florida has the most resorts, while Hawaii has the highest average occupancy and maintenance fees. Nevada has the largest resorts and the Mountain/Pacific region has the smallest. The Midwest has the lowest occupancy, while the South Central has the lowest average maintenance fees.

Percent of 1,570 resorts – numbers may not add due to rounding

Finally, in this chapter we examine the near-term industry outlook by observing recent performance trends and expected construction.

Figure 4.1 displays trends for the industry’s five key performance measures over the past five years. Sales volume has increased by more than 26% since 2013 — an average of 6% annually. The average sales price has grown by 8% since 2013 — an average of just under 2% annually. Occupancy has risen more than four percentage points since 2013. Rental revenues have increased by over 5% annually since 2013, while the average billed maintenance fee has increased by 4% annually in that time.

FIGURE 4.1
RECENT PERFORMANCE TRENDS

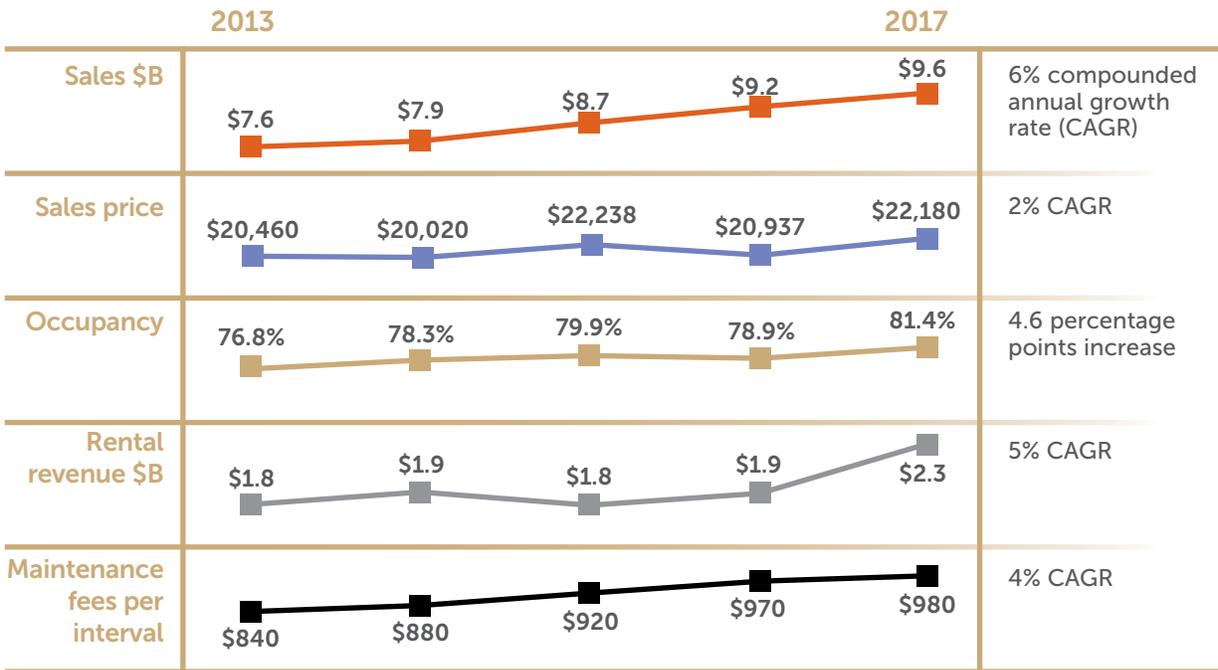


Figure 4.2 shows the change over the past year in key metrics for respondents having multiple resorts and reporting data in both years. The purpose of this table is to assess changes without respect to differences in the respondent pool.

In 2016, these respondents represented 629 resorts and 82,208 units, for an average resort size of approximately 142 units. In 2017, the number of resorts increased to 634 and the number of units increased to 84,529, for an average resort size of 142 units.

Total sales volume increased by about 3.1% for these 2017 respondents — in line with the 4% growth in estimated sales industry-wide. The increase in average sales price per interval/interval equivalent of 7.6% for these respondents was a bit higher than the 6.0% increase for the industry overall. Changes in occupancy and the average billed maintenance fee were in line with overall industry estimates. Again, because the respondent pool for this analysis was held static, these estimates of change in average sales price are a better representation for year over year changes in the industry.

Respondents reported the number of timeshare units “recently built and planned at this resort.” Note that “planned” resorts and units include those for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

FIGURE 4.2
CHANGES FOR RESPONDENTS PROVIDING DATA IN 2016 AND 2017

	2016	2017	Change	Percent change
Number of resorts	629	634	5	0.8%
Number of units	82,208	84,529	2,321	2.8%
Total sales (\$M)	\$6,340	\$6,538	\$198	3.1%
Sales price	\$20,618	\$22,185	\$1,567	7.6%
Occupancy	78.8%	81.3%	2.4%	3.1%
Average units	142	142	0	<1%
Maintenance fees	\$1,010	\$1,025	\$15	1.5%

Note: Numbers may not add due to rounding

Figure 4.3 shows that respondents reported building 1,398 units in 2017 up from the 765 they reported building in 2016. Respondents plan to add 1,287 units in 2018 — this includes 857 units at existing resorts and 430 units at planned new resorts. Respondents also plan to add 2,622 units in 2019 and beyond — this includes 1,498 units at existing resorts and 1,124 units at planned new resorts. Finally, respondents report plans for 15 new resorts (six in 2018 and nine in 2019 and beyond).

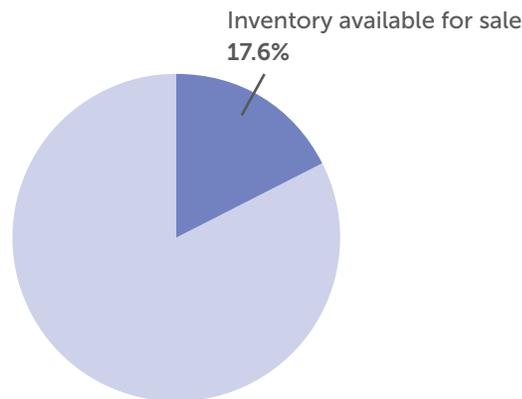
FIGURE 4.3
RESORT AND UNIT CONSTRUCTION

	2017
Units built	1,398
Units planned — coming year	1,287
Units planned — more than one year out	2,622
Resorts planned — in the coming year	6
Resorts planned — more than one year out	9

Construction results reported for respondents only — not industry-wide estimates

The level of available timeshare inventory helps drive actual and anticipated timeshare construction. This year, we asked active-sales respondents to report their total timeshare inventory (in weeks and/or points) and how much of that inventory was still available for sale. We used these two values to calculate the percent of timeshare inventory available for sale at active sales-resorts, and then weighted these percentages by the number of timeshare units to calculate an industry-wide average. Figure 4.4 shows that 17.6% of timeshare inventory at active-sales resorts, on average, is available for sale.

FIGURE 4.4
PERCENT OF EXISTING TIMESHARE INVENTORY
AVAILABLE FOR SALE — AS OF YEAR-END 2017

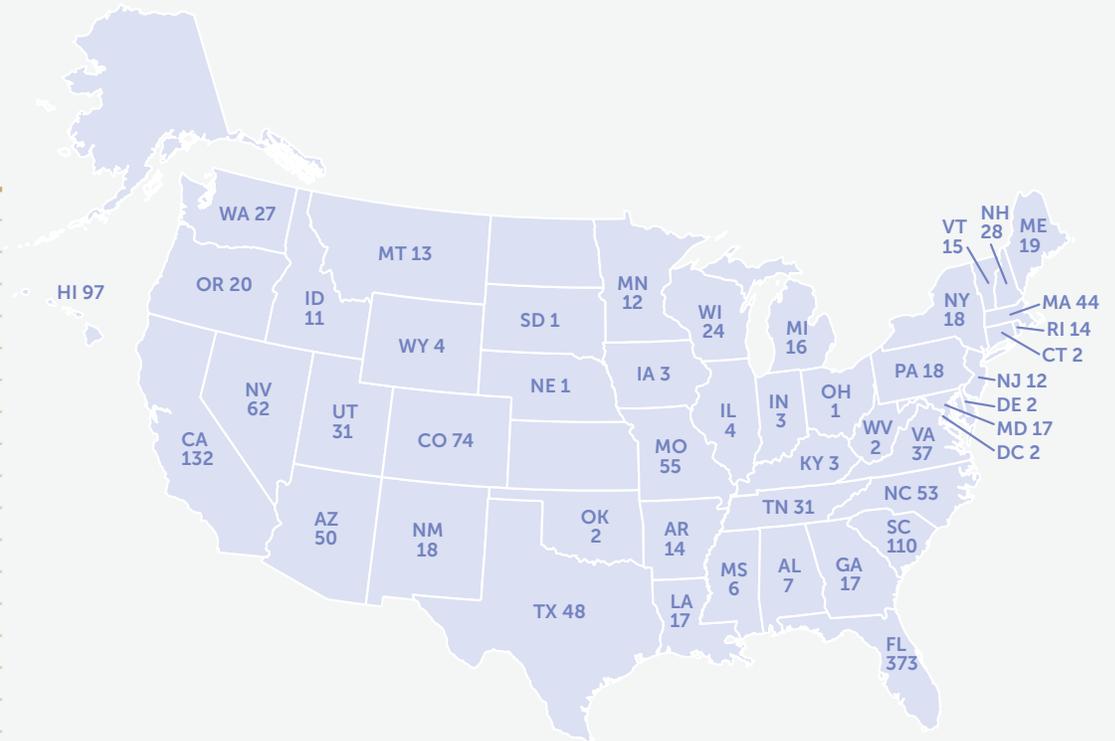


In general, there were a number of positive developments in the timeshare industry in 2017, including

- **Sales volume grew by nearly 4%,**
- **Rental revenue grew by 20%,**
- **Occupancy rate increased by 2.5 percentage points,**
- **Billed maintenance fees increased by 1%, and**
- **Construction increased again in 2017, while the construction outlook remains solid.**

HISTORICAL SALES DATA

Year	Sales (\$B)
1974	\$0.1
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
2010	\$6.4
2011	\$6.5
2012	\$6.9
2013	\$7.6
2014	\$7.9
2015	\$8.6
2016	\$9.2
2017	\$9.6



RESORTS BY STATE

State	Resorts	State	Resorts
FL	373	MD	17
CA	132	MI	16
SC	110	VT	15
HI	97	AR	14
CO	74	RI	14
NV	62	MT	13
MO	55	MN	12
NC	53	NJ	12
AZ	50	ID	11
TX	48	AL	7
MA	44	MS	6
VA	37	IL	4
TN	31	WY	4
UT	31	IA	3
NH	28	IN	3
WA	27	KY	3
WI	24	CT	2
OR	20	DC	2
ME	19	DE	2
NM	18	OK	2
NY	18	WV	2
PA	18	NE	1
GA	17	OH	1
LA	17	SD	1

PERCENTAGE OF UNITS BY STATE

State	% of units
FL	32%
CA	9%
HI	9%
NV	8%
SC	7%
AZ	4%
MO	4%
NC	3%
VA	3%
TN	3%
All Other	18%

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

Source: Ragatz Associates, American Economics Group and AIF



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

Methodology

EY designed, built and distributed a password-secured, web-based survey questionnaire for data collection at the resort level. Data providers with multiple resorts received a corresponding version in Microsoft Excel. Individual responses to all questions were kept completely confidential. Only EY professionals responsible for the survey had access to individual survey responses. EY used the survey responses to produce most of the estimates detailed in this study — other sources are cited as appropriate. This study contains estimates 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.

All identified timeshare resorts¹⁸ in the United States were sent a survey questionnaire. Of the 1,570 identified timeshare resorts, 754 responded — a 48% response rate. Of these 754 responding resorts, 659 belong to a family of ten or more resorts, while 95 belong to a family of less than ten resorts. Of these 95, 67 were single site resorts. In general, the information in this report includes estimates of industry-wide metrics. The lone exception is the estimate of construction activity, which is reported only for those responding to the survey and not extrapolated to the universe of 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 resorts 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, EY took 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 questionable responses at the point of data entry. For example, reported maintenance fees that appear too high based on previous response, or intervals owned per unit that seem implausible.
- Survey participants receive complimentary copies of the report as an incentive to respond.
- The AIF and EY conducted calling campaigns and sent electronic reminders to encourage response.
- EY followed up with respondents on confusing or inconsistent responses.
- Further cross-examination of the data was conducted to identify and question discrepancies within the data gathered, historical data, and expected trends.

¹⁸ List of timeshare resorts maintained and provided by AIF. Please see Appendix B for more information about the methodology for identifying timeshare resorts.

The overall response rate is the most widely used measure of non-sampling error. The response rate has increased from 28% in 2005 (the year before EY began conducting the study) to 48% in 2018 and is well above the current typical response rate for surveys of this type. Our 87% response rate among large developers (those with ten or more resorts) is very good, and suggests that industry health estimates, such as sales, are reliable, since these respondents generate a majority of the industry's sales. That said, because of the higher response rates of multi-site respondents, where appropriate, statistical weighting was used to help offset potential bias in the study respondents. A comparison of the distribution of responding resorts to the distribution of the universe by state and did not reveal any systematic differences.

In general, a higher response rate helps improve the accuracy of estimates, but at the same time the higher rate can make comparisons to the results of previous years problematic. For example, if new respondents report relatively low unit counts for their resorts, this will drive the reported average resort size lower even though the industry may not have lost any units.

Note that the number of respondents varies across questions, since some questions (e.g., those related to sales activity or the management of sold-out resorts) are only relevant to certain segments of the timeshare resort population. To aid interpretability of results, throughout the report we include the number of respondents to the survey question related to the corresponding table/graphic where appropriate.

Special thanks are due to the timeshare industry professionals who dedicated their time and expertise to the development of the survey instrument employed to collect data for this report. Also, the efforts of resort staff who committed their time and energy to complete the survey questionnaires are truly appreciated.

State of the Vacation Timeshare Industry

UNITED STATES STUDY 2018 EDITION

SURVEY

Thank you for participating in the 2018 ARDA International Foundation (AIF) Survey!
The following survey is about timeshare resorts. If you have questions regarding the survey or this website, please call Joe Callender at 202.327.5692 or email joe.callender@ey.com.

If you submitted a response to us last year, we have used that data to pre-populate fields that are unlikely to change. We hope this makes this questionnaire easier to complete. Please review the answers in case anything has changed since last year.

WEB ONLY: In some cases, multiple respondents from an organization may be completing this questionnaire. In that case, you may only be completing specific sections. Using the following table of contents, please de-select any sections which are not applicable to you before proceeding.

- | | | |
|---|---|---|
| <input type="checkbox"/> Resort Identification | <input type="checkbox"/> Resort Timeshare Sales | <input type="checkbox"/> Resort Construction and Improvements |
| <input type="checkbox"/> Resort Characteristics | <input type="checkbox"/> Inventory Management | <input type="checkbox"/> Rental Programs |
| <input type="checkbox"/> Occupancy and Fees | <input type="checkbox"/> Sold Out Resort Management | |

Note: Please refer to the glossary for the definition of any underlined terms.

I. Resort Identification

1. Are you responsible for providing data for multiple resorts?

- Yes — Please contact Joe Callender at 202-327-5692 or Joe.Callender@ey.com if interested in providing the information below via an Excel spreadsheet for all your resorts.
- No

2. Resort identifying information

Resort Name _____
Address _____
City _____ State _____ Zip Code _____
Primary Website _____

3. Contact person *(General information for individual completing survey)*

First Name _____
Last Name _____
Title _____
Company Name _____
Telephone Number _____

4. Resort management information *(Complete only if applicable)*

Name of Development Company _____
Name of Management Company _____
RCI Identification Number _____
Interval Identification Number _____
Home Owners Association(s) *If multiple HOAs please use a comma to separate*

5. Please indicate any exchange companies with which you are affiliated

- Interval international
- RCI
- Internal exchange program (the exchange program operated by your developer or management company)
- DAE (Dial-An-Exchange)
- ICE (International Cruise and Excursion)
- SFX Preferred Resorts (San Francisco Exchange)
- Other, specify: _____



II. Resort Characteristics

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

Note: Active sales resorts are defined as resorts that sold 100 or more new weekly intervals or points equivalent sales during 2017, excluding resales. All other resorts are considered not in active sales. If the resort is being built in phases, and a construction phase is complete, the resort should be considered open, even if a new phase is still under construction.

- Planned**
 - Under Construction** — not in Active Sales
 - Under Construction** — in Active Sales (presales)
 - Open** — still in Active Sales [ANSWER Q1a]
 - Sold Out** — may have some resale activity [ANSWER Q1a]
 - Closed** [ANSWER Q1b & Q1c]
- 1a. **Please select the year this resort opened for sales.**
(Only answer if stage above equals Open or Sold Out) _____
 - 1b. **Please select the year this resort closed.**
(Only answer if stage above Closed) _____
 - 1c. **Please specify a reason why this resort closed.**
(Open-ended...Only answer if stage above Closed) _____

2. What type of construction is this timeshare property?

- Purpose built
- Conversion

3. Are any of the following types of units available for sale/rent at this property?

- Fractional
- Hotels
- Whole ownership
- Some other type of non-timeshare units (please specify) _____
- None of the above — this is a stand-alone/timeshare only property

4. Who controls the HOA/POA/COA (owner’s association) at this resort?

- Owners
- Developer (Go to Q5)

4a. [If “Owners” SELECTED] **At approximately what percentage of sell out did the owners gain control of the owner’s association?** _____

5. Who manages the timeshare resort’s day to day operation?

- Self-managed by the owner’s association
- Managed by a management company that is affiliated with the resort developer
- Managed by a third party management company
- Other, specify _____

6. How are management fees determined?

- Not applicable
- Fixed amount
- As a percentage of the annual budget, operating expenses, etc. - excluding reserves and taxes [GOTO Q6a]
- As a percentage of total assessments which includes reserves (Go to Q6b)
- Other, specify _____

6a. **What percentage of budget, operating expenses, etc. was allocated to management fees in 2017?** _____

Note: Please exclude commissions on rentals and resales.

6b. **What percentage of total assessments was allocated to management fees in 2017?** _____

7. What was the total amount of management fees paid in 2017? _____

Note: Please exclude commissions on rentals and resales. Please enter an actual dollar amount — do not use units such as thousands or millions.

8. Who employs your resort’s employees? (Check all that apply)

- Resort developer
- Resort HOA(s)
- Management company
- Other, specify _____

II. Resort Characteristics — *continued*

9. How many timeshare units does this resort have by size? If you don't have a given type of unit, please fill in '0'.

NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

Total Units as of December 31, 2017	
Count Lock-offs as one unit	Count Lock-offs as separate units
_____ Studio	_____ Studio
_____ 1BR	_____ 1BR
_____ 2BR	_____ 2BR
_____ 3+BR	_____ 3+BR
_____ Total Units	_____ Total Units

10. What is the average size of a unit at this resort in square feet? If you don't have a given type of unit, please fill in "0."

NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

Unit size	Square feet
Studio	_____
1BR	_____
2BR	_____
3+BR	_____
Total	_____

11. Which of the following types of intervals does this resort currently have? (Check all that apply)

- Timeshare points
- One or more of the following types of weekly intervals*
- Traditional interval weeks (including fixed and floating weeks)
- Interval weeks with the ability to use through a timeshare points system

12. Which of the following special types of intervals does this resort currently have?

- Biennials
- Triennials
- Limited-term vacation products
- Other, please specify _____

13. Please provide the following information on weekly equivalent intervals* at your resorts:

	Weeks: As of December 31, 2017	Points: As of December 31, 2017
What is the total number of weekly equivalent intervals owned at your resort as of December 31, 2017 by owners other than the developer or HOA? Please include any intervals sold since the resort's inception, unless they have been reacquired by the developer or are owned by the HOA.	_____	_____
What is the total number of weekly equivalent intervals at your resort that are owned by the HOA as of December 31, 2017?	_____	_____
What is the total number of weekly equivalent intervals at your resort that are owned by the developer as of December 31, 2017? Please include any intervals that have never been sold and intervals that have been reacquired by the developer.	_____	_____
Total	_____	_____

**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.*

II. Resort Characteristics — *continued*

14. If you are a points based developer who converted your points into weekly equivalent in the previous question, how do you perform that calculation?

- N/A
- Divided the number of points redeemed during the year by the number of unit weeks occupied
- Calculated the implied internal interval week conversion factor for the system overall by using assigned values
- Other, please specify _____

15. What was the origin distribution of your shared vacation owners in 2017?

Unit Size	%
Domestic	_____
International	_____
Total	100%

16. What is the legal structure of the shared vacation ownership products that are currently sold at your property? (Check all that apply)

- Right to use contractual interest that expires at some future date (sometimes called a membership or vacation license)
- Deeded or fee-simple real estate (you usually receive a mortgage, title insurance and a recorded deed)
- Interest in a trust (your shared vacation ownership use rights or deed is placed in an independent trust for your protection and you may receive a certificate or other document showing your interest in the trust that establishes your shared vacation ownership)
- Other, specify _____

17. How long is the contract, membership license or leasehold, if applicable? (Check all that apply)

- Lifetime
- 20+ years
- 10–19 years
- 5 to 9 years
- Less than five years

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

Vacation Experience	On site	Nearby	Vacation Experience	On site	Nearby
Beach	<input type="checkbox"/>	<input type="checkbox"/>	Rural/Coastal	<input type="checkbox"/>	<input type="checkbox"/>
Country/Lakes	<input type="checkbox"/>	<input type="checkbox"/>	Ski	<input type="checkbox"/>	<input type="checkbox"/>
Desert	<input type="checkbox"/>	<input type="checkbox"/>	Theme Park	<input type="checkbox"/>	<input type="checkbox"/>
Gaming	<input type="checkbox"/>	<input type="checkbox"/>	Urban	<input type="checkbox"/>	<input type="checkbox"/>
Golf	<input type="checkbox"/>	<input type="checkbox"/>	Mountains	<input type="checkbox"/>	<input type="checkbox"/>
Island	<input type="checkbox"/>	<input type="checkbox"/>	Other, specify: _____	<input type="checkbox"/>	<input type="checkbox"/>

19. Which ONE characteristic best describes this resort? (Please select only one)

- Beach
- Country/Lakes
- Desert
- Gaming
- Golf
- Island
- Rural/Coastal
- Ski
- Theme Park
- Urban
- Mountains
- Other, specify: _____

20. Which of the following amenities are provided at this resort?

Amenity	Complimentary	For additional fee	Amenity	Complimentary	For additional fee
24-hour front desk service	<input type="checkbox"/>	<input type="checkbox"/>	Movie rental	<input type="checkbox"/>	<input type="checkbox"/>
Business resource room	<input type="checkbox"/>	<input type="checkbox"/>	Playground	<input type="checkbox"/>	<input type="checkbox"/>
Concierge	<input type="checkbox"/>	<input type="checkbox"/>	Sauna	<input type="checkbox"/>	<input type="checkbox"/>
Covered parking	<input type="checkbox"/>	<input type="checkbox"/>	Sports courts		
Exercise room	<input type="checkbox"/>	<input type="checkbox"/>	Basketball courts	<input type="checkbox"/>	<input type="checkbox"/>
Food & beverage facility/ restaurant	<input type="checkbox"/>	<input type="checkbox"/>	Racquetball or squash courts	<input type="checkbox"/>	<input type="checkbox"/>
Game room	<input type="checkbox"/>	<input type="checkbox"/>	Tennis courts	<input type="checkbox"/>	<input type="checkbox"/>
Guest-use computer	<input type="checkbox"/>	<input type="checkbox"/>	Other sports courts	<input type="checkbox"/>	<input type="checkbox"/>
Health spa	<input type="checkbox"/>	<input type="checkbox"/>	Swimming pool	<input type="checkbox"/>	<input type="checkbox"/>
Ice skating	<input type="checkbox"/>	<input type="checkbox"/>	Waterpark (on-site)		
Live entertainment	<input type="checkbox"/>	<input type="checkbox"/>	Whirlpool/Hot tub	<input type="checkbox"/>	<input type="checkbox"/>
Miniature golf course	<input type="checkbox"/>	<input type="checkbox"/>	Wi-Fi throughout resort	<input type="checkbox"/>	<input type="checkbox"/>
			Other, specify: _____	<input type="checkbox"/>	<input type="checkbox"/>

II. Resort Characteristics — continued

21. Which of the following amenities are provided in units at this resort?

	Complimentary	For additional fee
Flat screen TV(s)	<input type="checkbox"/>	<input type="checkbox"/>
DVR player or recorder	<input type="checkbox"/>	<input type="checkbox"/>
In-room movie rental	<input type="checkbox"/>	<input type="checkbox"/>
Streaming services, (e.g., Netflix)	<input type="checkbox"/>	<input type="checkbox"/>
Video game equipment or capabilities	<input type="checkbox"/>	<input type="checkbox"/>
Wi-Fi	<input type="checkbox"/>	<input type="checkbox"/>
Wired broadband Internet service	<input type="checkbox"/>	<input type="checkbox"/>
Laundry/Washer/Dryer	<input type="checkbox"/>	<input type="checkbox"/>
DVD or Blue-ray player	<input type="checkbox"/>	<input type="checkbox"/>
Fireplace	<input type="checkbox"/>	<input type="checkbox"/>
Other, specify _____	<input type="checkbox"/>	<input type="checkbox"/>

22. Do you offer a mobile application to owners and guests to enhance their experience?

- Yes No (Skip to Q23)

22a. Which of the following features are offered via the mobile application to your guests?

- Check in
- Access to units (unlock/lock unit using a phone)
- Virtual tour
- Mobile payment
- Owner community building experience
- Other, specify: _____

23. Which of the following programs do you have in place to manage your inventory?

Program	In Place	Associated Revenue (\$)
Developing partnerships or rental relationships with Airbnb or other web driven 'sharing' entity in order to push inventory	<input type="checkbox"/>	_____
Leasing or buying rooms in branded or unbranded hotel as a way to extend destinations	<input type="checkbox"/>	_____
Vacation rental marketplaces (Homeaway, VRBO or other web rental services)	<input type="checkbox"/>	_____
Online travel agencies	<input type="checkbox"/>	_____
Travel clubs	<input type="checkbox"/>	_____
Other, please specify _____	<input type="checkbox"/>	_____

24. How do you communicate with your owners?

- Email (Answer Q25 about Email)
- Phone (Answer Q25 about Phone)
- Owner online forum (Answer Q25 about Owner online forum)
- Social media (Answer Q25 about Social media)
- Other, please specify _____ (Answer Q25 about Other)

25. With what frequency do you communicate with your owners? (Check all that apply)

	As needed	Weekly	Monthly	Quarterly	Yearly	Other
Email	<input type="checkbox"/>					
Phone	<input type="checkbox"/>					
Owner online forum	<input type="checkbox"/>					
Social media	<input type="checkbox"/>					
Other	<input type="checkbox"/>					

26. What other types of products/services are offered through your internal exchange programs only?

- None
- Hotel
- Condo
- Fractional
- Cruise
- Shopping
- Air travel
- Car rental
- Other, please specify _____

27. How many non-timeshare entities are associated with the internal exchange program?

III. Occupancy and Fees

Please answer the following questions for your timeshare units only.

- 1. What was your timeshare occupancy mix by type?** Report based on physical occupancy, meaning actual guest check-in occurred. Calculate percentages using weekly equivalent timeshare intervals available as the denominator — please do not include any inventory taken offline due to natural disasters such as hurricanes or regular maintenance. This corresponds to all units with certificates of occupancy, whether intervals are sold or unsold.

In 2017	
Owner or owner's guest	_____
Exchange guest	_____
Renter	_____
Marketing guest (sampler/trial membership, etc.)	_____
Vacant	_____
Total	100%

- 2. What were your maintenance fees billed per unit per interval in 2017, including contributions to reserves but excluding special assessments and property taxes?** NOTE: Please do not include commas when reporting numeric values. (i.e., the amount 1,000 should be reported as 1000.)

Maintenance fees billed *per unit per interval*

Studio _____ 1BR _____ 2BR _____ 3+BR _____

** Points-based developers may calculate weeks 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.*

- 3. What is the total amount of revenue your resort collected in 2017 over all intervals at this resort for each of the following categories?** Please include amounts paid by the developer, for example, on unsold intervals held in inventory, and/or subsidies and guarantees.

In 2017	
Maintenance fees	_____
Special assessments and other revenue sources	_____
Rentals (all fees, commissions, etc. collected by your resort)	_____
Resales (all fees, commissions, etc. collected by your resort)	_____
Recreational use fees (bike rentals, videos, etc.)	_____
Food & beverage	_____
Housekeeping	_____
Telecommunication (telephone, Internet etc.)	_____
Developer subsidy	_____
Laundry	_____
Other, please specify _____	_____
Other, please specify _____	_____
Total Revenue	_____

- 4. As of Dec 31, 2017, what percent of your total billed maintenance fees were in each of the following categories?** Please include all maintenance fees billed in 2017 or before, but please do not include maintenance fees billed for 2018.

In 2017	
Current (30 days delinquent or less)	_____
31–60 days delinquent	_____
61–90 days delinquent	_____
91–120 days delinquent	_____
121+ days delinquent	_____
Total	100%

IV. Resort Timeshare Sales

1. **Did you offer new timeshare inventory for sale in 2017 on a weekly interval and/or points basis?**
 New inventory is considered "first generation" or "developer sales". (Note: If you identified as a "sold-out" resort above, but still had some small level of sales activity in 2017 (such as for sales of re-claimed inventory), please select yes and report your sales information.)
- Yes — weekly interval (go to Q2)
 - Yes — points (go to Q12)
 - No (skip to next section)

Please answer the following questions in the context of new sales on a weekly interval basis for your timeshare units only.

2. **Do you have any fee for service arrangements with other timeshare developers by which those developers are selling timeshare inventory for your resort?** Fee for service refers to an arrangement by which a company receives a fee in exchange for providing sales and marketing support in the sale of timeshare inventory belonging to another company.
- Yes
 - No

Timeshare Sales (\$):

3. **What was your total sales volume net of rescissions and sales incentives for 2017, in dollars?**
 Include interval weeks sales, upgrade/reload sales, and sales from re-claimed inventory. Note: Exclude sales of trial memberships and sampler programs. If your resort's owned inventory is being sold by other companies under "fee-for-service" arrangements, then you should include those sales here.

\$ _____

4. **Of your total net sales volume above, what is the amount sold for upgrades/reloads?**

\$ _____

5. **Of your total net sales volume above, what is the amount sold for limited-term vacation products?**
 (If Q12 from Resort Characteristics = Limited-term) \$ _____

6. What was your 2017 sales volume net of rescissions and sales incentives...	Sales Volume (\$)
...for weekly based intervals* (Excluding biennials and triennials)?	_____
...for biennials?	_____
...for other products?	_____

Weekly Intervals Sold:

7. **How many weekly equivalent timeshare intervals were sold in 2017 for your weekly intervals?**
 Exclude sales for trial memberships and sampler programs.

\$ _____

8. What was the number of intervals sold in the following categories.	Number of Intervals Sold
...for weekly based intervals* (Excluding biennials and triennials)?	_____
...for biennials?	_____
...for other products?	_____

Number of Weeks Based Sales Transactions:

9. **What was the total number of weekly interval sales transactions in 2017 at your resort (exclude rescissions)?** Transactions should include: week sales, EOY sales, multiple-week sales, upgrades (that count as zero weeks), reloads (which should be part of all categories above, except upgrades). Note: Exclude sales of trial memberships and sampler programs. If your resort's owned inventory is being sold by other companies under "fee-for-service" arrangements, then you should include those sales here.

\$ _____

10. **Of your total weeks based transactions above, how many were for upgrades/reloads?**

\$ _____



IV. Resort Timeshare Sales – *continued*

Timeshare Inventory:

11. How many weekly intervals were available for sale at your resort? Include all intervals available as of December 31, 2016 and any that were made available during calendar year 2017.

Please answer the following questions in the context of new sales on a points basis for your timeshare units only.

Timeshare Sales (\$):

12. What was your total sales volume net of rescissions and sales incentives for 2017, in dollars? Include points sales, reload sales, and sales from re-claimed inventory. Note: Exclude sales of trial memberships and sampler programs. If your resort’s owned inventory is being sold by other companies under “fee-for-service” arrangements, then you should include those sales

\$ _____

13. Of your total net sales volume above, what is the amount sold for reloads?

\$ _____

14. Of your total net sales volume above, what is the amount sold for limited-term vacation products (If Q12 from Resort Characteristics = Limited-term)?

\$ _____

Points and Weekly Intervals Sold:

15. How many weekly equivalent timeshare intervals were sold in 2017 for your points based products?

Note: Exclude sales of trial memberships and sampler programs. If your resort’s owned inventory is being sold by other companies under “fee-for-service” arrangements, then you should include those sales here. (Note: 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.)

16. How many total points were sold at your resort in 2017?

Number of Points Based Sales Transactions:

17. Number of points sales transactions (exclude rescissions) Transactions should include points sales and reloads. Note: Exclude sales of trial memberships and sampler programs. If your resort’s owned inventory is being sold by other companies under “fee-for-service” arrangements, then you should include those sales here.

18. Of your total points based transactions above, how many were for reloads?

Timeshare Inventory:

19. How many total timeshare points exist in your inventory at your resort?

20. How many timeshare points were available for sale at your resort? Include all points available as of December 31, 2016 and any that were made available during calendar year 2017.

IV. Resort Timeshare Sales – *continued*

Following questions asked of all respondents.

21. What was your 2017 net sales volume associated with trial membership/sampler programs net of rescissions and sales incentives, in dollars? This value should not have been included in your response earlier in this section.

22. Of your total 2017 net sales volume net of rescissions and sales incentives as listed earlier in this section, indicate the approximate percentage sold to

	Percent
New owners <i>(including owners who purchased as a result of participation in a trial membership program)</i>	_____
Existing owners	_____
Total	100%

23. Does this resort offer any of the following for sale?

- | | Yes | No | |
|--------------------------|--------------------------|--------------------------|-----------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Fractional sales |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Private Residence Clubs |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Whole ownership |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Other, please specify _____ |

24. Please describe the types of sales channels you use for your resorts.

- In-person Sales Presentations (Tours): On-site
- In-person Sales Presentations: Off-site (including homesits)
- Online
- Telemarketing
- Other, please specify _____

25. Do you have any fee for service arrangements with other timeshare developers by which those developers are selling timeshare inventory for your resort? Fee for service refers to an arrangement by which a company receives a fee in exchange for providing sales and marketing support in the sale of timeshare inventory belonging to another company.

- Yes No

26. Do you have any fee for service arrangements with other timeshare companies/resorts by which you are selling timeshare inventory for them? Fee for service refers to an arrangement by which a company receives a fee in exchange for providing sales and marketing support in the sale of timeshare inventory belonging to another company.

- Yes No

27. What was your total 2017 sales volume net of rescissions and sales incentives related to “Fee for service” arrangements? Fee for service refers to an arrangement by which a company receives a fee in exchange for providing sales and marketing support in the sale of timeshare inventory belonging to another company.

\$ _____

28. What was your total number of fee for service related transactions for 2017?

V. Inventory Management

1. Do you accept trade-ins of intervals developed by other development companies?
 - Yes No

2. Which of the following types of programs do you offer for intervals at properties which you have developed and/or manage? *(Check all that apply)*
 - A buy-back program of timeshare intervals at a mutually agreeable price
 - Right of first refusal when owners attempt to sell their timeshare interval
 - Ability to return timeshare inventory in exchange for release of maintenance fee requirements with a fee
 - Ability to return timeshare inventory in exchange for release of maintenance fee requirements - no fee
 - Ability to convert to a reduced allotment of timeshare points and or/time (such as a fewer number of days or conversion to a biennial arrangement)
 - A resale program that allows owners to sell their intervals on the secondary market
 - Other, please specify _____
 - None (GO TO Q4)

3. In 2017, how many intervals at your properties did you re-claim from timeshare owners?

Under buy-back or time/point reduction programs	_____
Purchased on the secondary market	_____
Due to foreclosure	_____
Voluntary surrender	_____
For other reasons	_____
Total	_____

4. In 2017, how many of your owners transferred their ownership rights?

Via inheritance	_____
Via direct sale to another individual consumer	_____
Via direct sale to a third-party company (e.g., XXX)	_____
Via some other mechanism (please, specify)	_____
Total	_____

VI. Resort Improvement and Construction

1. Please provide the dollar amounts spent for capital improvements related to existing timeshare units and related amenities in 2017. Please exclude capital improvements related to the construction of new timeshare units. At mixed-use projects, allocate a portion of expenditures to the timeshare operation.

	In Dollars
Renovation, refurbishment	_____
Furniture, fixtures, equipment	_____
Other capital expenditures	_____

- 2a. How many timeshare units were recently built at this resort in 2017? If you don't have a given type of units, please fill in '0'.

Timeshare Units Built in 2017 _____

- 2b. Please provide your total capital expenditures related to new resort/unit construction in 2017. Other costs include soft costs such as planning, architectural, engineering, and product registration fees (exclude maintenance fees on unsold inventory). At mixed-use projects, allocate a portion of expenditures to the timeshare operation.

	In Dollars
Land	_____
Construction (buildings and site work)	_____
Furniture, fixtures, equipment	_____
Other costs (soft costs, permits, consultants' fees, etc.)	_____

VI. Resort Improvement and Construction – *continued*

3a. How many timeshare units were purchased as Just-In-Time/Completed Inventory (e.g. turn-key, Just in Time inventory purchases, buy-backs form Property Owner Associations) in 2017?

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

Timeshare Units Purchased as Just-In-Time/Completed Inventory in 2017 _____

3b. Please provide your total capital expenditures related to fully completed inventory for the year ended December 31, 2017. Other costs include soft costs such as planning, architectural, engineering, and product registration fees (exclude maintenance fees on unsold inventory). **At mixed-use projects, allocate a portion of expenditures to the timeshare operation.**

	In Dollars
Land	_____
Construction (buildings and site work)	_____
Furniture, fixtures, equipment	_____
Other costs (soft costs, permits, consultants' fees, etc.)	_____

4. Please provide your 2017 non-resort capital expenditures in the following categories.

	Related to sales offices	Related to regional office, corporate office and/or call center facilities only
New construction	_____	_____
Renovation, refurbishment	_____	_____
Other capital expenditures	_____	_____

5. How many timeshare units are you planning to build at this resort? If you don't have a given type of units, please fill in '0'.

	Number of Units
# Timeshare Units Planned to build in 2018	_____
# Timeshare Units Planned to build in 2019 or beyond (w/firm commitments)	_____

6. How many timeshare units do you plan to purchase as Just-In-Time/Completed Inventory (e.g. turn-key, Just in Time inventory purchases, buy-backs form Property Owner Associations)? If you don't have a given type of units, please fill in '0'.

	Number of Units
# Timeshare Units Planned to Purchase as Just-In-Time/Completed Inventory in 2018	_____
# Timeshare Units Planned to Purchase as Just-In-Time/Completed Inventory in 2019 or beyond	_____

7. How many new resorts does your company plan to build, and what is the associated number of units?

	Number of Units
New Resorts Planned for Completion in 2018	_____
Associated Number of Units in 2018	_____
New Resorts Planned for Completion in 2019 and beyond	_____
Associated Number of Units in 2019 and beyond	_____

8. Please indicate the typical life cycle for the following items at this resort in years.

- | | |
|--|---|
| _____ Soft goods (i.e., carpet, sofas, window coverings) | _____ Appliances |
| _____ Paint | _____ HVAC (Heat, Air Ventilation, and Cooling) |
| _____ Electronics | _____ Tile, cabinetry, plumbing fixtures |
| _____ Case goods | |

VII. Timeshare Rental and Resales Programs

1. Does your resort offer a rental program to help rent weeks that are owned by either of the following?

Check all that apply

- Owners (GO TO Q1a)
- HOA(s) (GO TO Q2)
- Developers (GO TO Q2)
- None of the above (SKIP TO END)

1a. How are rental fees paid by owners determined?

- As a fixed amount [GO TO Q1b]
- As a commission based percentage [GO TO Q1c]
- Other, please specify _____

1b. What is the average flat fee charged to owners as part of this program? [GO TO Q2] _____

1c. What commission percentage is paid by owners to rent out their intervals? _____ %

2. Who manages the rental programs?

- Developer
- Management company
- Other, please specify _____

3. What types of rental programs do you offer? *Check all that apply*

- Daily rentals
- Weekly rentals
- Monthly rentals
- Rental rates that vary based on season
- Rental programs for marketing guests
- Other, please specify _____

4. Which of the following do you use to publicize the availability of rentals at this resort? *Check all that apply*

- Resort website
- External rental websites (e.g., Redweek.com or SellMyTimeshareNOW.com)
- OTAs (Priceline, Hotels.com, Expedia etc.)
- Timeshare broker and/or broker website
- Physical bulletin boards at resort
- Newspaper
- Radio
- Television
- Social media (Facebook, Twitter, etc.)
- Blog
- Channel Manager (e.g. Siteminder, LeisureLink, etc.)
- Other, specify _____

5. What is the total number of nights rented and the associated rental income for 2017?

Total number of nights rented _____

Associated rental revenue (\$) _____

6. Please list the total amount paid in 2017 related to lodging taxes or other taxes related to rental programs only. *These taxes are separate from the occupancy taxes in the "Resort Timeshare Taxes" section*

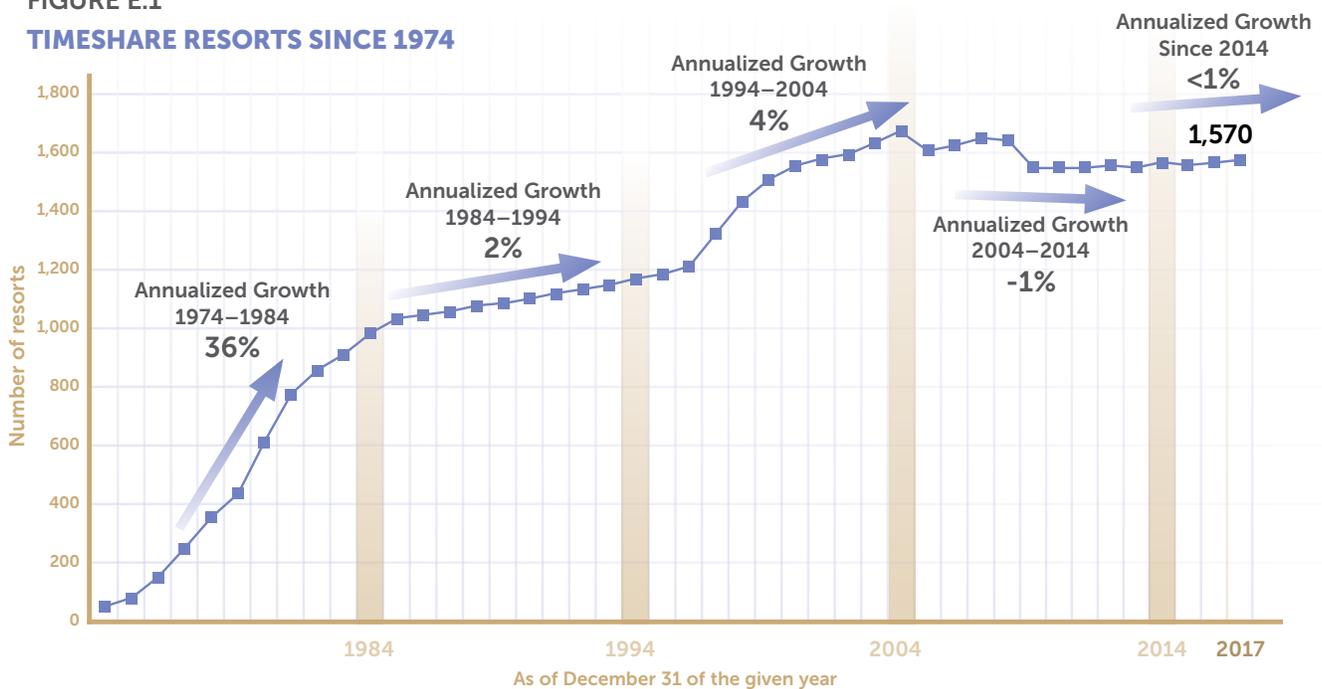
\$ _____

A Brief History of the U.S. Timeshare Industry

To help put the 2017 performance results in perspective, this appendix traces the growth of several key metrics over time since the industry's inception in 1974.

Figure E.1 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 in the United States — 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 between, growth averaged 25 to 30 resorts per year. In recent years, growth in the number of resorts has moderated and the number of resorts reported in this study.

FIGURE E.1
TIMESHARE RESORTS SINCE 1974



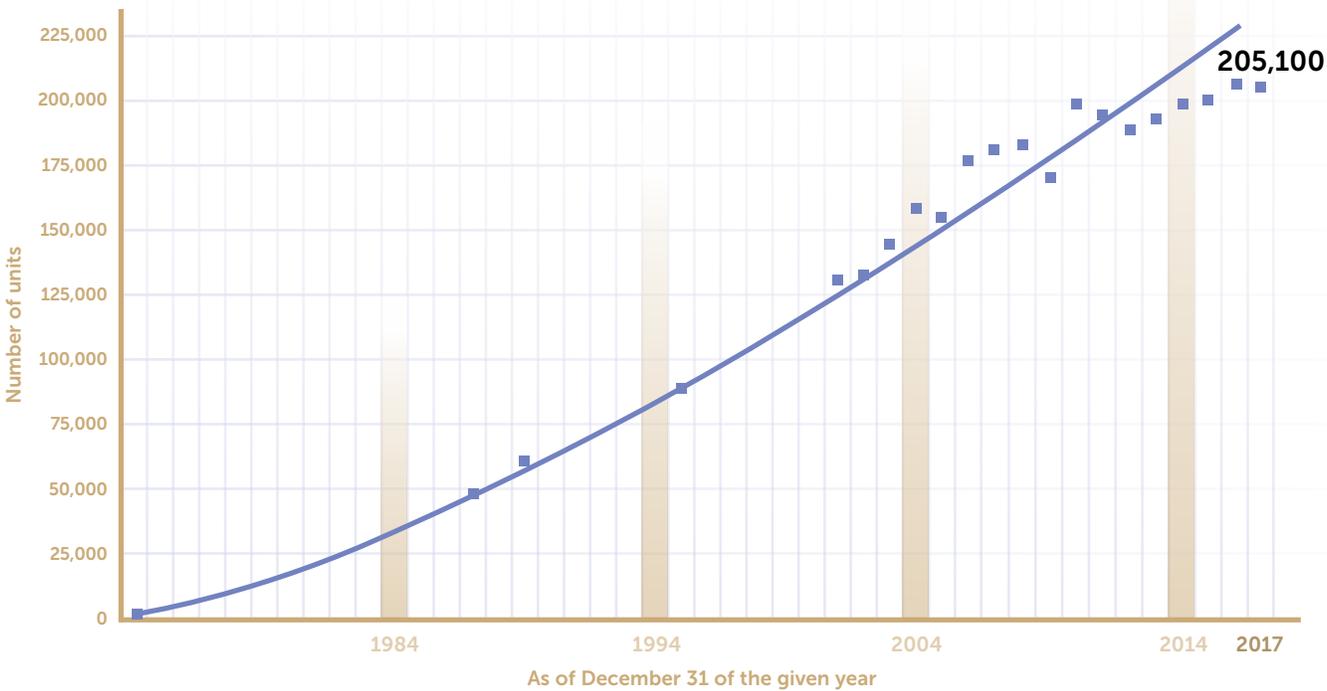
Source: Ragatz Associates, American Economics Group and the AIF

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 the analysis on traditional timeshares, including weekly intervals and points while 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 2011 to verify the status of all identified timeshare resorts in its database, removing condo hotels and resorts with only contractual agreements to be used as timeshare. Improved rigor and scrutiny of resort count by the AIF led to a drop in the total timeshare resort count for the year 2009 and again in 2015.

The response rate for this report has increased from 28% in 2005 to 48% in 2017. While a higher response rate helps improve the accuracy of estimates, it can make comparisons to the results of previous years problematic. For example, if new respondents report relatively low unit counts for their resort or resorts, this will drive the reported average resort size lower — even though the industry may not have lost any units.

Figure E.2 shows the historical trend of unit growth through the available data points. Unlike timeshare resorts, the number of timeshare units was not tracked annually prior to 2001.

FIGURE E.2
TIMESHARE UNITS SINCE 1974

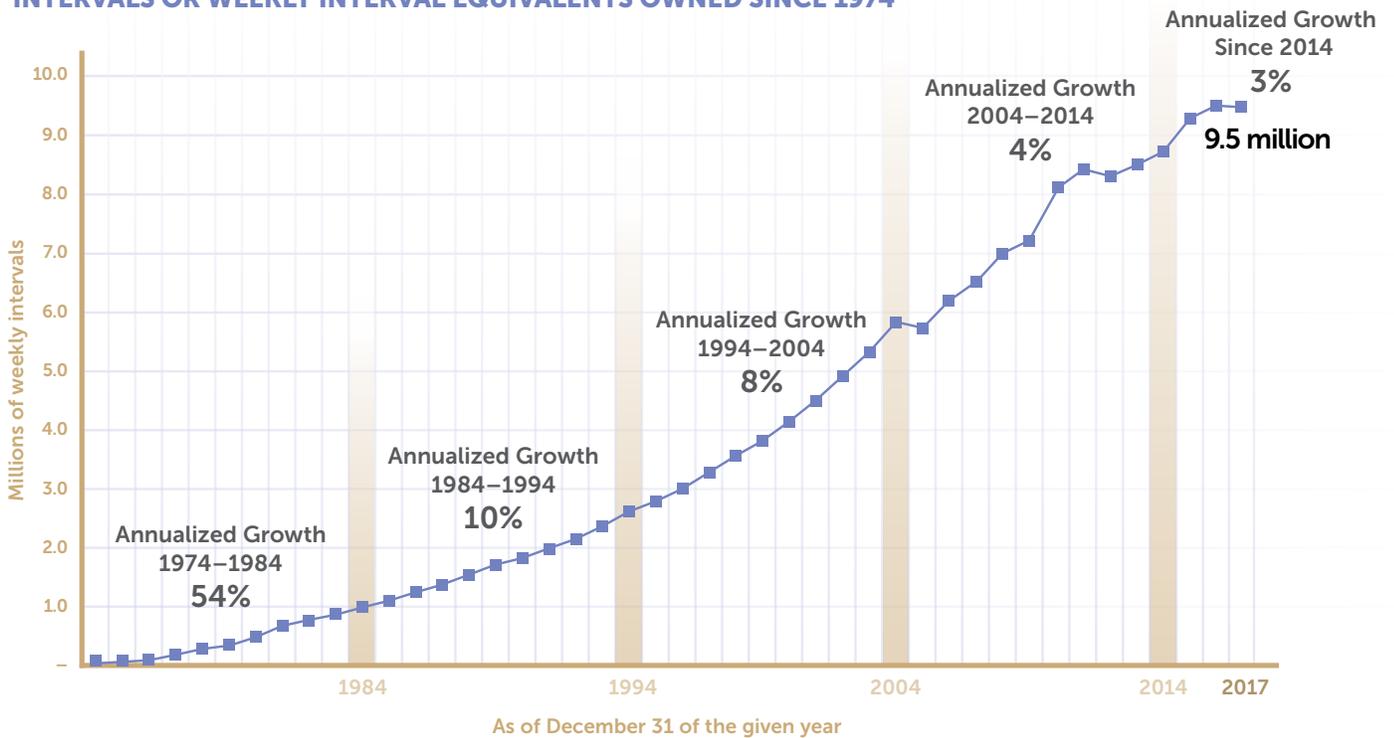


Source: Ragatz Associates, American Economics Group and AIF

Developers have built larger, purpose-built resorts as the industry has matured and larger, branded timeshare companies have entered the market. In 1974, the average resort had approximately 27 units. By 1989, that number had more than doubled to 56; in 2017 that number has again more than doubled to 131 units per resort.

Figure E.3 shows the number of timeshare intervals or weekly interval equivalents owned since 1974. The previously noted change in study population that excluded fractional and PRC resorts accounts for the apparent decrease in 2005. The higher average resort size accounts for the increase in the estimate for 2011. In the industry’s first ten years, growth in intervals owned was significant, averaging 54% annually. From 1984 to 2004, interval growth averaged between 8% and 10% annually. From 2004 to 2014, the average interval growth was 4% annually, though that is in part driven by the previously noted change in study population that excluded fractional and PRC resorts. Since 2014, the growth in intervals owned has averaged 3% annually.

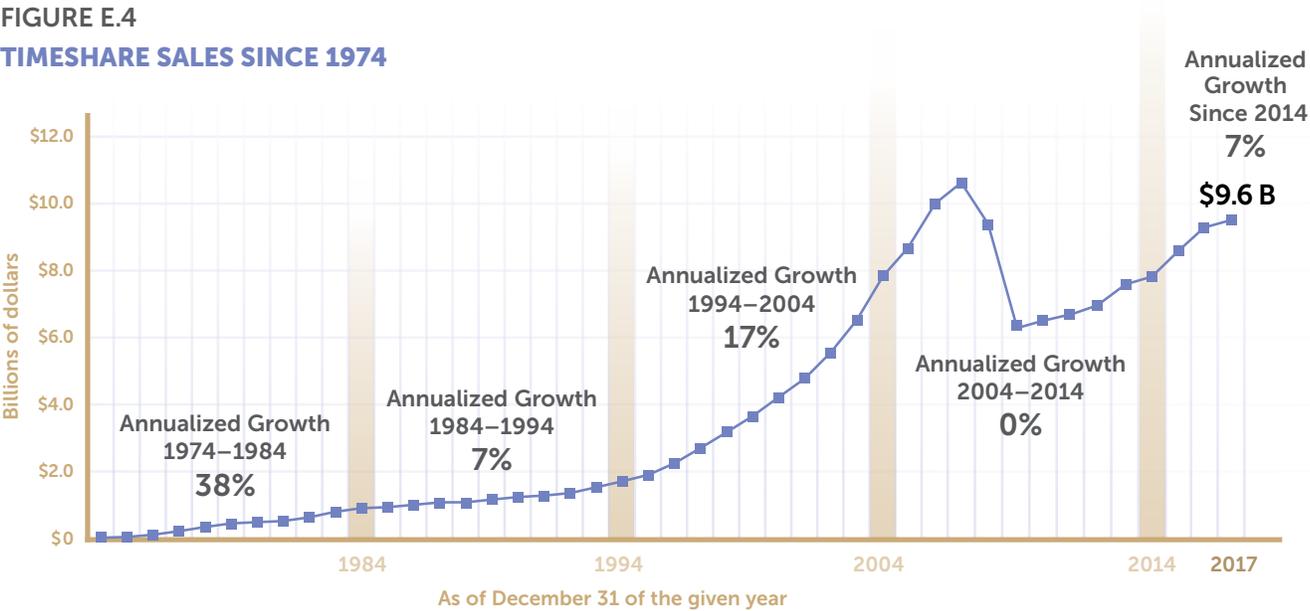
FIGURE E.3
INTERVALS OR WEEKLY INTERVAL EQUIVALENTS OWNED SINCE 1974



Source: Ragatz Associates, American Economics Group and the AIF

Figure E.4 shows the historical sales¹⁹ trend from 1974 through 2017. 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 2004, a four-year sales boom began, with sales volume peaking in 2007 at \$10.6 billion. However, sales fell significantly in the next two years due to the recession, so that sales over the period from 2004 to 2014 were flat. Still, 2017 marks the eighth straight year of growth – in fact, 2008 and 2009 remain the only two years in which timeshare sales have decreased.

FIGURE E.4
TIMESHARE SALES SINCE 1974



Source: Ragatz Associates, American Economics Group and AIF

¹⁹ 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. This sales volume represents first generation or developer sales and does not include interests that were once owned and later resold on the secondary market.



Figure E.5 tracks the trend in interval or weekly interval equivalent sales prices from 1974 to 2017. The average sales price equals total industry sales volume, less sales upgrades where no incremental time is purchased, divided by the total number of intervals or interval equivalents sold. The growth in price has been more uneven than the growth in other measures. This may be due to the type, unit configuration, location, or developer brand of properties making up the majority of sales in a given year. To help smooth out these year over year variations, we added a fitted trend curve (the dotted line in the figure) that shows the upward movement in average price over time.

FIGURE E.5
TIMESHARE AVERAGE SALES PRICES SINCE 1974



Source: Ragatz Associates, American Economics Group and the AIF

As noted previously, the industry has added various methods for timeshare purchases. Instead of selling one week per year, most now also offer increased flexibility by offering “points” that owners can use to customize their vacation needs. Consumers 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.

Available for sale

Unsold inventory of completed units ready for intended use, including reacquired and unsold product. Include intervals for a finished unit that were not sold as of December 31, 2017. Also include intervals for any unit where construction was completed and the unit made available for sale in calendar year 2017. Units that are ready for intended use but do not yet have a certificate of occupancy should be included as completed inventory. Also include unsold inventory of incomplete units available in phases that are in pre-sales.

Biennials

Vacation ownership product that provides a week's worth (or points equivalent) of timeshare interest every other year.

Estimated total reserve funding

The amount that would be necessary to completely replace all items contained in your reserve study to the extent an amount or portion thereof should have been set aside for the item as of a certain date, for example — if your reserve study stated the roof would cost \$50,000 to replace and it was at 1/2 its estimated useful life, your reserve should contain 50% of the costs of roof replacement, \$25,000 at the certain date.

Fractional

Ownership interest that is either a shared equity or club interest representing a period not fewer than two weeks but usually three weeks or more. Fractional ownership typically offers additional services, amenities, and flexibility relative to timeshare, so that a bundle of timeshare weeks would not be considered a fractional interest. Fractional sales and financed notes should be excluded from totals and averages reported in this survey.

Geographical Areas

Classify states (other than Florida, California, Hawaii, Nevada and South Carolina) as follows:

Northeast:	CT, MA, ME, NH, NJ, NY, PA, RI, VT
Midwest:	IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI
South Atlantic:	DC, DE, GA, MD, NC, VA, WV
South Central:	AL, AR, KY, LA, MS, OK, TN, TX
Mountain:	AZ, CO, ID, MT, NM, UT, WY
Pacific:	AK, OR, WA

Interval weeks with the ability to use through a timeshare points system

Refers to a points system or vacation club backed by an interval week interest. The legal structure of the consumer's purchase is supported by a deeded week or week-based ownership interest, but the consumer has the ability to use the interest at its "home resort" or directly through a timeshare points-based system.

Multiple resort family

A company that owns more than one timeshare resort.

New sales

First generation or developer sales; does not include interests that were once owned and later resold on the secondary market. Exclude temporary sales such as trial memberships, exit programs and sample programs. Include the incremental dollar value of upgrade sales and reloads, regardless whether the sale represents incremental ownership of time. For example, include the dollar value of upgrades from a biennial to an annual interval, as well as an upgrade from a shoulder season to peak season or an upgrade from a one-bedroom to a two-bedroom.

Planned timeshare resorts

Resorts to be constructed for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

Planned timeshare units

Units to be constructed for which the corporate finance committee has given its approval and/or financing has been secured and approved by the appropriate entity.

Private residence club

High-end fractional products with an average sales price of \$59,000 per week. Members usually pay maintenance and membership fees for privileged access to amenities and lodging.

Reload

A transaction whereby a customer obtains a second interval from the same seller but does not relinquish the right to the first, for example, obtaining an additional unit, an additional interval, or additional points.

Rescue, relief, postcard type companies

Companies that, for an up-front fee, offer to transfer ownership of one or more timeshare interests from a current owner to that company or another person.

50 GLOSSARY OF TERMS

Sales upgrade

A transaction where an owner has relinquished their rights to a previous purchase in order to have rights to a different timeshare interest such as a larger unit, longer time increment, or from a fixed-week to points program.

Rescissions

Sales contracts that are executed and for which the timeshare company has received valid funds in accordance with the sales contracts, but which do not close escrow within 30 days. Contracts that fail to have adequate funds should be viewed as pending contracts and should not be recognized as either gross sales or rescissions. Deeds in lieu of foreclosure and/or contracts obtained by the developer through foreclosure proceedings should not be reflected in the rescission amounts. Depository rescissions, which are situations in which the buyer has made a deposit but hasn't yet provided the down payment necessary to qualify the transaction as a contract sale, are not counted as part of gross sales, and therefore are not counted as rescissions.

Reserve study

Comprehensive plan that predicts when various capital items are expected to wear out and estimates the funds set aside for replacement.

Sales volume

Net originated sales for the given year, which equals gross sales minus rescissions. Sales value should approximate the amount at which a timeshare interest would be sold in an all-cash sale, without financing or incentives. Determined by adjusting the stated sales price to the present value of the receivable, adding fees paid by the buyer that are unrelated to financing, and subtracting the value of incentives and services provided to the buyer (to the extent the fair value of the incentives or services exceeds the amount the buyer pays for the incentives or services).

Sampler or trial membership program

A marketing program under which a time-share developer offers a customer, who has previously toured one of the developer's projects, a stay at one of the projects at a reduced rate. In exchange, the customer agrees to take another, subsequent tour of the project selected under the sampler program during the customer's stay at the project. If the subsequent tour results in a sale, the developer may allow the customer to apply some or the entire amount paid for the sampler toward the purchase of a time-share, as a part of the down payment.

State of residence

The state where timeshare owners own their primary residence.

Timeshare occupancy rate

The percent of units occupied by a timeshare guest.

Timeshare

Vacation ownership interests that are usually sold in one-week increments but in some instances up to but less than 3-week increments (or points equivalent). It does not include the fractional interest product type.

Timeshare points

Refers to pure points systems. The consumer has purchased points or credits backed by a usage right to a club's internal network of resorts.

Traditional interval weeks

Refers to ownership of traditional interval weeks. The consumer has purchased a specific type of week at a specific resort. This week may then be exchanged through internal or external exchange systems, either for an interval week-based vacation or in some cases transferred for points, such as in a hotel brand frequent guest program.

Travel clubs

Provide members with services, discounts or other benefits, usually for three years or less, on the use or purchase of transportation, accommodations (that may include timeshare units) or other services related to travel. Generally, such clubs do not actually own any accommodations but may lease them on a short-term or as needed basis.

Vacant intervals

Intervals not used by anyone during the given year. Include all intervals which are not used by an owner, exchange guest, renter, or marketing plan participant, including rooms provided on a complimentary basis for purposes other than marketing. Do not include weeks set aside for maintenance.

Weekly intervals

Refers to ownership of traditional interval weeks or interval weeks with the ability to use through a timeshare points system.

Whole ownership

Vacation product in which each unit has one owner. Whole ownership sales and financed notes should be excluded from totals and averages reported in this survey.

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