State of the Vacation Timeshare Industry 2020

UNITED STATES STUDY

2020 EDITION
PREPARED BY EY

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EXECUTIVE SUMMARY

The *State of the Vacation Timeshare Industry: United States Study 2020* edition provides an overview of important summary information on the U.S. timeshare industry for the year 2019.

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 1,582 identified timeshare resorts, 845 responded — a 53% response rate. Of these 845 responding resorts, 742 belong to a family of ten or more resorts, while 103 belong to a family of less than ten resorts. Of these 103, 71 were single-site resorts. For a full discussion of the methodology used, please see Appendix C of the report.

As noted above, the 2019 U.S. timeshare industry consisted of 1,582 timeshare resorts with approximately 206,380 timeshare units — an average of 130 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 where needed.

Total sales volume[1] increased for the tenth straight year — by nearly 3% from $10.2 billion in 2018 to $10.5 billion in 2019. Over the past five years, sales volume has increased by more than 22% — an average of 5% annually. The average sales price was $22,942 per weekly interval in 2019 and has grown by 3% since 2015.

Operating performance metrics for the industry were positive in 2019. Average occupancy was 79.3% — by comparison, hotel occupancy was 66.1%[2] in 2019, according to Smith Travel Research. Occupancy has been relatively stable since 2015. Rental revenues totaled $2.5 billion and have increased by over 9% annually since 2015.

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

2 *STR Monthly Hotel Review: December 2019,* Smith Travel Research.

FIGURE ES.1

KEY TIMESHARE INDUSTRY TRENDS 2015 TO 2019

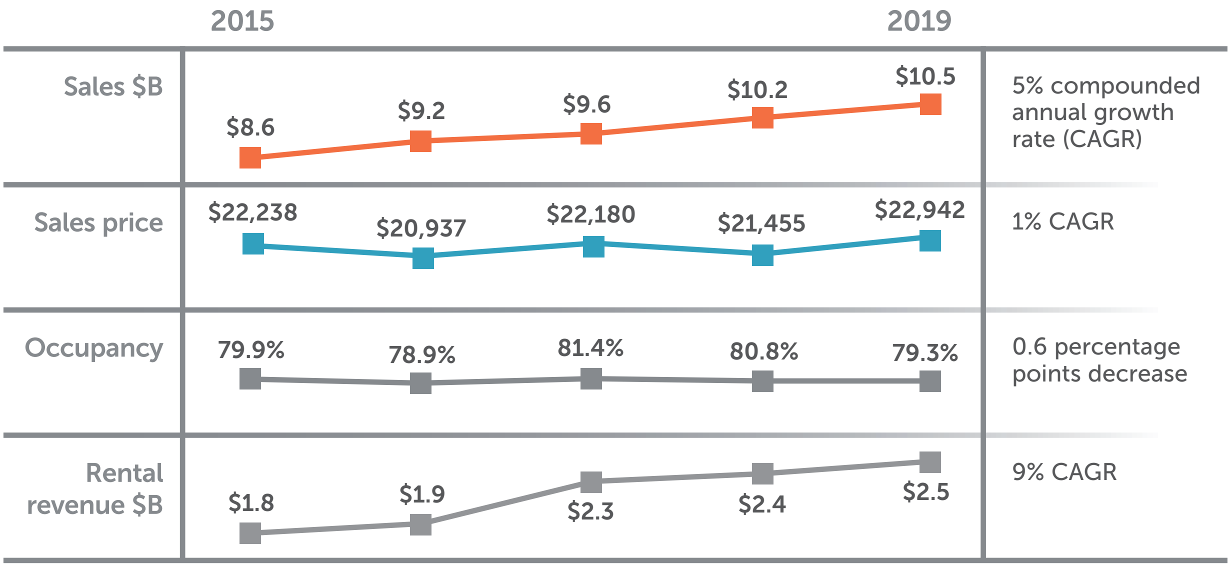


Figure ES.2 shows more detailed industry sales metrics in 2019. There were approximately 457,060 weekly intervals sold in 2019 at an average price of $22,942. However, in recent years, the increased transition to points-based products has made the traditional timeshare weekly interval less meaningful 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 600,510 U.S. timeshare transactions in 2019, and the average sales price per transaction was $17,460. Dividing the 457,060 weekly interval equivalents sold by the 600,510 timeshare transactions yields a ratio of 0.76. Multiplying this ratio by seven indicates that the average timeshare transaction was between five- and six-nights worth of time.

FIGURE ES.2

2019 SALES PRICE METRICS

Number of intervals or equivalents sold	457,060	Number of timeshare transactions	600,510
Average sales price per interval	$22,942	Average sales price per transaction	$17,460

FIGURE ES.3
TIMESHARE CONSTRUCTION 2019

Units built	865	Resorts planned – in the coming year	2
Units planned – in the coming year	643	Resorts planned – more than one year out	7
Units planned – more than one year out	3,240		

Respondents also reported the number of timeshare units "recently built and planned[3]" at resorts. Figure ES.3 shows that respondents[4] reported building 865 units in 2019, up from the 588 they reported building in 2018. Respondents plan to add 643 units in 2020 — this includes 336 units at existing resorts and 307 units at planned new resorts. Respondents also plan to add 3,240 units in 2021 and beyond — this includes 1,873 units at existing resorts and 1,367 units at planned new resorts. Finally, respondents report plans for 9 new resorts (two in 2020 and seven in 2021 and beyond).

Resort managers and developers are also employing contemporary technology in the way they operate and manage timeshare properties. For example, 37% 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.

As shown in table ES.4, many resorts are also taking advantage of outlets such as online travel agencies (71% of respondents), VRBO (56% of respondents), and Airbnb (54% of respondents) to help manage inventory. Furthermore, 60% of resorts report using social media to help publicize timeshare rentals.

FIGURE ES.4
ALTERNATIVE PROGRAMS TO HELP MANAGE INVENTORY

Entity	Percent
Online travel agencies	71%
VRBO	56%
Airbnb or other web driven services	54%
Leasing or buying in hotel	38%
Travel clubs	19%
Other	5%

Note — multiple responses allowed

It is important to note that in early 2020 the emergence of the COVID-19 Coronavirus pandemic has led to significant volatility and declines in the global public equity markets, resulting in significant uncertainty regarding the impact on the global economy both in the short and long term. Potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. The resulting financial and economic market uncertainty could have a significant adverse impact on industry performance in the near term. Since this report covers the operating performance period of calendar year 2019, its results and analysis do not include the potential impacts of these significant events. The AIF is keenly aware of developments around COVID-19 and is undertaking research to understand their potential impacts on the timeshare industry.

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 7 timeshare developers and/or single site resorts

2019 Industry Overview

CHAPTER ONE

This chapter presents an overview of the timeshare industry for 2019, 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 1,582[5] timeshare resorts in the United States[6]. As seen in Figure 1.1, these 1,582 resorts represent approximately 206,380 physical timeshare units — 130 units per resort on average. Counting lock-offs[7] as separate units adds approximately 65,470 units, for a total of 271,850.

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), biennials[8] and/or points-based. 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 where needed.

FIGURE 1.1

INDUSTRY SIZE

Measure	2019
Resorts	1,582
Units	206,380
Average resort size	130
Total units - including lock-offs	271,850

In addition to the timeshare resorts and units noted in Figure 1.1, timeshare owners have access to inventory that is not traditionally considered as timeshare inventory. For example, the two major exchange companies (Interval International and RCI) make non-timeshare accommodations available to their members. 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. In addition, some developers with affiliated hotel brands often make traditional hotel inventory available to owners who participate in their internal exchange programs.

5 ARDA International Foundation. Please see Appendix C 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.

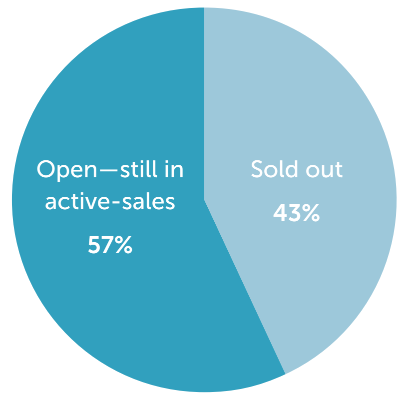
Resorts

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-out[9] 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 818 respondents — percentages may not add due to rounding

Figure 1.3 shows the distribution of timeshare resorts by the year that each opened. Approximately 8% of responding resorts opened in 2016 or later; another 25% opened in 1985 or before. More than two-thirds of responding resorts opened between 1986 and 2015.

FIGURE 1.3

YEAR RESORTS OPENED

	Percent of resorts responding	Percent of resorts in active-sales	Percent of sold-out resorts
1985 or before	25%	11%	45%
1986-1995	16%	11%	23%
1996-2005	28%	31%	24%
2006-2015	24%	34%	8%
2016+	8%	13%	0%

Percent of 292 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 45% of sold-out resorts opened in 1985 or before, compared to only 11% of resorts that are still in active-sales. Only 8% of sold-out resorts opened in 2006 or later, compared to 47% of resorts that are in active-sales.

9 The survey questionnaire defined "sold-out" resorts as those having sold less than 100 intervals in 2019.

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.

FIGURE 1.4

TYPE OF CONSTRUCTION

	Percent of resorts responding	Percent of resorts in active-sales	Percent of sold-out resorts
Purpose-built	73%	71%	76%
Conversion	27%	29%	24%

Percent of 247 respondents — percentages may not add due to rounding

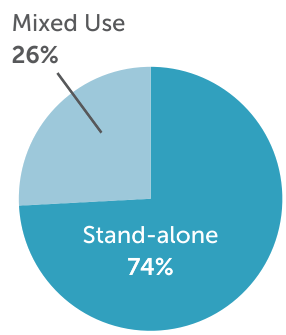
We also asked respondents if any types of units other than timeshare are available for sale or rent at their resort. As shown in Figure 1.5, some resorts do report offering other types of units, including fractionals, hotels or whole ownership. In total, 26% of resorts are mixed-use resorts — they reported offering at least one of these choices.

FIGURE 1.5

MIXED-USE PROPERTIES

	Percent of resorts offering
Hotels	13%
Whole ownership	12%
Fractional	10%
Other	1%

Percent of 797 respondents — multiple responses allowed



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 owners' association of the resort 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 80%. 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.

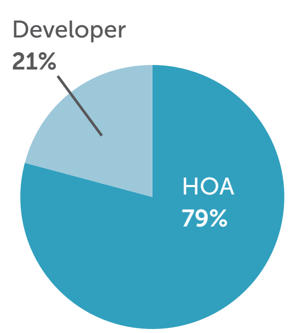
FIGURE 1.6

RESORT MANAGEMENT AND CONTROL STRUCTURES

Resorts managed by	Percent
A management company affiliated with the resort developer	69%
A 3rd party management company	26%
Self-managed by the owner's association	4%
Other	1%

Percent of 671 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 $424,800; the median percentage of budget/operating expenses that was allocated to management fees was 10%[10]. The median management fee was $68,800 for small resorts (less than 50 units), $325,270 for mid-sized resorts (50 to 100 units) and $1,332,400 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.

FIGURE 1.7

DETERMINATION OF MANAGEMENT FEES

Method	Percent
As a percentage of the annual budget/operating expenses etc.	47%
Fixed amount	28%
As a percentage of total assessments which includes reserves	17%
Not applicable	4%
Other	4%

Percent of 578 respondents — percentages may not add due to rounding

FIGURE 1.8

ENTITY WHICH EMPLOYS RESORT STAFF

Entity	Percent
Management company	68%
Resort HOA(s)	17%
Resort developer	11%
Other	5%

Percent of 563 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 61% of units, followed by one-bedroom units with 23%. Nine percent of units have three or more bedrooms; another 7% are studios.

Respondents also reported their average unit size, in square feet: Figure 1.10 summarizes the results. Average sizes ranged from approximately 420 square feet for a studio unit to 1,720 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	13,930	7%
1 bedroom	48,270	23%
2 bedrooms	125,660	61%
3 bedrooms or more	18,520	9%
Total	**206,380**	**100%**

Percent of 748 respondents — percentages may not add due to rounding

FIGURE 1.10

AVERAGE UNIT SIZES IN SQUARE FEET

Unit type	Square feet
Studio	420
1 bedroom	700
2 bedrooms	1,140
3 bedrooms or more	1,720
Weighted average	**1,030**

Weighted average based on 671 total resorts. There were 490 respondents for studio units, 577 for one BR, 639 for two BR and 490 for three+ BR.

10 Median management fee based on 290 responses; median percent of budget allocated to management fees based on 284 responses.

In addition to varying sizes of the units, resorts also offer many 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 — for example, 30% of resorts report offering complimentary movie rentals
- Offer the given amenity to resort guests for a fee — for example, 27% of resorts report offering movie rentals for a fee
- Offer the given amenity either complimentary to resort guests or for a fee — so in total, 41% of resorts offer movie rentals either as a complimentary offering and/or for an additional fee. In this case, some resorts may offer some free movie rentals and some other movie rentals, such as premium offerings, for an additional fee

FIGURE 1.11
RESORT AMENITIES OFFERED — AT RESORT

Type	Complimentary	Fee	Complimentary and/or fee
Swimming pool	91%	0%	91%
Whirlpool/Hot tub	83%	1%	84%
Exercise room	66%	4%	67%
Concierge	62%	1%	62%
Wi-Fi	59%	1%	59%
Front desk service	50%	0%	50%
Game room	41%	10%	45%
Guest computer	40%	4%	42%
Movie rental	30%	27%	41%
Business room	38%	3%	39%
Playground	33%	0%	33%
Food beverage	5%	60%	31%
Covered parking	25%	9%	29%
Sports courts			
Tennis courts	27%	2%	28%
Basketball courts	22%	0%	22%
Racquet courts	5%	0%	5%
Other courts	17%	1%	17%
Sauna	18%	3%	19%
Live entertainment	17%	3%	18%
Health spa	2%	33%	16%
Miniature golf	10%	4%	11%
Waterpark	2%	3%	4%

Percent of 646 respondents — multiple responses allowed

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 Wi-Fi, DVD/Blue-ray players, and laundry facilities. Other amenities noted included nature trails, sports rental and retail, and radio.

FIGURE 1.12
RESORT AMENITIES OFFERED — IN UNITS

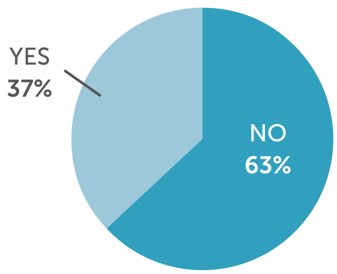
Type	Complimentary	Fee	Complimentary and/or fee
Wi-Fi	89%	4%	90%
DVD/Blue-ray player	86%	1%	87%
Laundry	72%	35%	78%
Flat screen TV	74%	0%	74%
Fireplace	33%	3%	33%
Wired internet	29%	0%	29%
In-room movie	17%	58%	26%
DVR	16%	0%	16%
Video game	10%	0%	10%
(In-unit) Streaming	3%	3%	3%
Other	0%	4%	1%

Percent of 618 respondents — multiple responses allowed

As shown in Figure 1.13, 37% of resorts reported offering a mobile app to resort owners. The most common features were facilitating mobile payments and accessing a virtual tour.

FIGURE 1.13

RESORTS OFFERING A MOBILE APP



Percent of 797 respondents — numbers may not add due to rounding

Feature	Percent
Mobile payment	82%
Virtual tour	31%
Owner community building experience	23%
Check in	12%
Access to units	5%
Other	28%

Percent of 285 respondents — multiple responses allowed

Intervals

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

Figure 1.14 displays the percent 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 16% are still owned by a resort developer and approximately 1% of intervals are owned by an HOA.

FIGURE 1.14

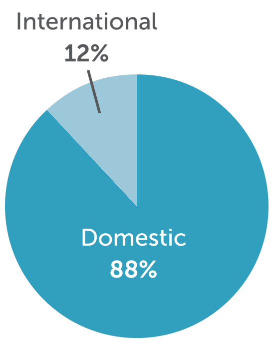
INTERVALS OR INTERVAL EQUIVALENTS OWNED BY TYPE OF OWNER

	Percent of resorts responding	Percent of resorts in active-sales	Percent of sold-out resorts
Intervals owned by owners	83%	80%	93%
Intervals owned by developers	16%	19%	4%
Intervals owned by HOA	1%	<1%	3%

Percent of 438 respondents — percentages may not add due to rounding

FIGURE 1.15

COUNTRY OF RESIDENCE FOR TIMESHARE OWNERS



Percent of 199 respondents

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 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 1.15 shows that respondents reported that 88% of their owners reside in the United States, compared to 12% of owners who reside in some other country.

Figure 1.16 shows the prevalence of interval types by resort. Approximately 71% of respondents have intervals of the traditional weekly variety, while 77% have some form of points-based products and 49% 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 1.16
TYPES OF INTERVALS

Interval type	Percent of resorts responding	Percent of resorts in active-sales	Percent of sold-out resorts
Weeks	71%	60%	92%
Points	77%	91%	52%
Biennials	49%	60%	31%

Percent of 644 respondents — multiple responses allowed

Finally, respondents reported information about the legal structures for products at their resorts. Figure 1.17 shows that deeded or fee-simple real estate is the dominant structure in place for timeshare ownership. 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 “overlaying” 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.

FIGURE 1.17
LEGAL STRUCTURES OF PRODUCTS SOLD

	Percent of resorts responding
Deeded or fee-simple real estate	76%
Interest in a trust	32%
Right to use contractual interest	14%
Other	<1%

Percent of 489 respondents — multiple responses allowed

Industry Health

CHAPTER TWO

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

This chapter addresses these metrics, presenting a recent 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 2019 performance metrics. Resorts sold approximately 457,060 weekly intervals or interval equivalents at an average price of $22,942 per weekly interval or interval equivalent, yielding a total sales volume of approximately $10.5 billion. Total sales volume increased by nearly 3% from the previous year.

FIGURE 2.1

KEY PERFORMANCE METRICS 2019

Metric	2019
Sales volume	$10.5 billion
Number of timeshare intervals or interval equivalents sold	457,060
Sales price per interval or interval equivalent	$22,942
Number of timeshare transactions	600,510
Sales price per transaction	$17,460
Rental revenue	$2.5 billion
Occupancy	79.3%
Average maintenance fee per interval or interval equivalent	$1,080

Respondents also reported the number of transactions and we used this to calculate the average sales price per transaction[11]. Note that for a given transaction, a consumer may purchase more or less time than a traditional timeshare week. There were approximately 600,510 U.S. timeshare transactions in 2019, and the average sales price per transaction was $17,460. Dividing the 457,060 weekly interval equivalents sold by the 600,510 timeshare transactions yields a ratio of 0.76. 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 79% and the average maintenance fee billed was $1,080 per interval or interval equivalent. Average occupancy decreased by 1.5 percentage points in 2019 from 2018, while maintenance fees increased by approximately 8%. Rentals accounted for another $2.5 billion in industry revenue, which was 7% higher than in 2018.

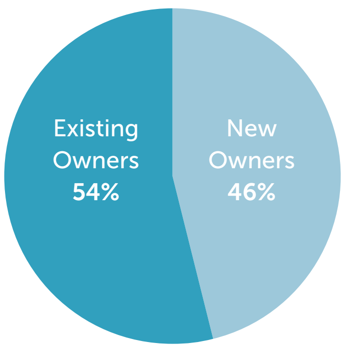
The $10.5 billion in sales volume does not include sales for resorts that primarily sell fractional and private residence clubs (PRC) products. Fractional resorts include an ownership interest that is either a shared equity or club interest representing a period not fewer than two weeks but usually three 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 $198 million for 2019 as reported in *The Shared-Ownership Resort Real Estate Industry in North America — 2020 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 the developer’s 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 2019 among responding companies were approximately $1.10 billion[12], down 3% from $1.13 billion in 2018. Respondents reported approximately 56,300 fee-for-service transactions, so that an average fee-for-service transaction was $19,630. Note that these fee-for-service sales are included in the $10.5 billion total timeshare industry sales volume.

FIGURE 2.2

SALES TO NEW OWNERS



Percent of 522 respondents — percentages may not add due to rounding

FIGURE 2.3

SALES CHANNELS

Metric	2019
Telemarketing	98%
In-person sales presentation (tours): On-site	96%
In-person sales presentation: off-site (including at-home presentations)	87%
Online	20%

Percent of 451 respondents — multiple responses allowed

Figure 2.2 shows the percentage of sales made to new owners[13]. On average, 46% of 2019 timeshare sales were to new owners. Sales to existing owners can take place via upgrades[14] 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. Nearly all respondents reported using telemarketing and in-person sales vehicles (tours).

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. We asked resorts if they “had any fee-for-service arrangements with other timeshare developers by which those developers are selling timeshare inventory for your resort”. No respondents who provided sales activity reported having such arrangements, suggesting that fee-for-service sales are not double-counted by the resort and fee-for-service provider.

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 79.3%. By comparison, occupancy at U.S. hotels was 66.1% in 2019[15]. 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 15%, while marketing guests contributed another 7%. Occupancy for sold-out resorts was higher than for active-sales resorts, due to higher occupancy among owners and renters.

FIGURE 2.4

OCCUPANCY BREAKOUTS

Type	Percent of time available	Active-sales resorts	Sold-out resorts
Owner/Owner's guest	43%	42%	47%
Exchange guest	14%	14%	14%
Renter	15%	14%	21%
Marketing guest	7%	8%	4%
Vacant	21%	22%	15%

Percent of 604 respondents (including percent of 418 active-sales resorts, 186 sold-out resorts), weighted by units — percentages may not add due to rounding

OCCUPANCY DISTRIBUTION

Occupancy level (%)	Percent of resorts responding
Less than 60	13%
60-69	10%
70-79	17%
80-89	39%
90+	21%

Percent of 604 respondents, weighted by units — percentages may not add due to rounding

15 *STR Monthly Hotel Review: December 2019,* Smith Travel Research.

FIGURE 2.5

MAINTENANCE FEE BREAKOUTS

Unit type	Average maintenance fee	Active-sales resorts	Sold-out resorts
Studio	$690	$670	$730
1BR	$860	$860	$870
2BR	$1,110	$1,120	$1,040
3BR+	$1,380	$1,390	$1,320
Average	**$1,080**	**$1,120**	**$1,010**

Percent of 526 respondents, including 326 active-sales resorts and 200 sold-out resorts — percentages may not add due to rounding

MAINTENANCE FEE DISTRIBUTION

Maintenance fee	Percent of resorts responding
Less than $700	11%
$700 to $799	9%
$800 to $899	14%
$900 to $999	19%
$1,000 to $1,099	11%
$1,100 to $1,199	6%
1,200 to 1,299	9%
More than $1,300	20%

The average annual maintenance fee[16] billed was $1,080 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 $690 annually in maintenance fees, one-bedroom units averaged $860, two-bedroom units averaged $1,110, and three-bedroom units or larger averaged $1,380 annually. Approximately 11% of resorts have maintenance fees averaging less than $700, while another 20% have maintenance fees averaging $1,300 or more. Maintenance fees for active-sales resorts average 11% more than those for sold-out resorts. Approximately 91.1% of maintenance fee accounts were current in 2019.

As noted in Figure 2.4, renters occupied 15% of timeshare intervals in 2019. Ninety percent of resorts reported offering some form of rental program. Figure 2.6 shows the types of rental programs offered. Nearly all (97%) resorts with a rental program offer daily rentals and most offer programs for marketing guests (81%). These rental programs generally have rates that vary by season (95%).

FIGURE 2.6

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%	99%	92%
Weekly rentals	60%	48%	86%
Monthly rentals	27%	13%	55%
Rental rates that vary based on season	95%	96%	92%
Rental programs for marketing guests	81%	96%	51%

Percent of 592 respondents — multiple responses allowed

Figure 2.6 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, while weekly and monthly rentals are more prevalent among sold-out resorts.

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

Figure 2.7 details rental program revenue. Vacationers rented approximately 13.1 million nights at timeshare properties in 2019 at an average price of $193 per night. This yielded more than $2.5 billion in timeshare rental revenue for 2019. This rental revenue was 7% higher than reported in 2018, as the number of nights rented increased by 9%.

FIGURE 2.7
RENTAL REVENUE

Metric	2019
Total rental revenue	$2.5 billion
Total nights rented	13.1 million
Average rental price per night	$193

Figure 2.8 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. Sixty percent of resorts report using social media, including three-quarters of active-sales resorts. Other methods used include the Convention and Visitors Bureau (CVB) and area publications.

FIGURE 2.8
PUBLICIZING RENTALS

Method	Percent of resorts responding	Percent of resorts in active-sales	Percent of sold-out resorts
Resort website	76%	80%	70%
Social media	60%	75%	36%
External rental websites	47%	65%	17%
Television	15%	17%	12%
Radio	7%	7%	8%
Physical bulletin boards at resort	2%	0%	5%
Timeshare broker and/or broker website	5%	6%	3%
Newspaper	1%	<1%	3%
Other	1%	<1%	3%

Based on 683 respondents — multiple responses allowed

FIGURE 2.9
RENTAL PROGRAM MANAGEMENT AND COMMISSIONS

Entity managing rental program	Percent
Management company	73%
Developer	62%
HOA	1%
Other	<1%
Median commission rate charged	**40%**

Based on 506 respondents — multiple responses allowed

Seventy-nine 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 2.9, the management company and/or the developer most often manages these programs.

Figure 2.10 shows that many resorts also use alternative programs to help manage inventory. This includes 71% of participating resorts that use online travel agencies, 56% that report using Vacation Rentals by Owner (VRBO), and 54% that use Airbnb or similar services. Sold-out resorts are more likely to report using online travel agencies, VRBO and Airbnb or other web driven services; active-sales resorts are more likely to report leasing or buying rooms in a hotel.

FIGURE 2.10
ALTERNATIVE PROGRAMS TO HELP MANAGE INVENTORY

Entity	Percent of resorts	Percent of resorts in active-sales	Percent of sold-out resorts
Online travel agencies	71%	69%	74%
VRBO	56%	54%	60%
Airbnb or other web driven services	54%	50%	59%
Leasing or buying in hotel	38%	51%	19%
Travel clubs	19%	18%	20%
Other	5%	8%	1%

Percent of 797 resorts, including 468 active-sales resorts and 329 sold-out resorts. Multiple responses allowed

Finally, rental revenue is just one type of operating revenue collected by timeshare resorts. Figure 2.11 shows the percentage of operating revenues collected by resorts across several categories. The predominant source of operating revenues for resorts is maintenance fees, followed by rentals. Other revenue sources that were mentioned include parking fees, late fees and interest. In 2019, active-sales resorts derived a higher share of revenues from maintenance fees than sold-out resorts, while sold-out resorts derive a greater percentage of their operating revenue from rentals.

FIGURE 2.11
OPERATING REVENUE

Category	Percent of operating revenue	Percent of operating revenue —active-sales resorts	Percent of operating revenue —sold-out resorts
Maintenance fees	83%	87%	72%
Rentals	8%	5%	13%
Housekeeping	2%	2%	2%
Developer subsidy	2%	3%	<1%
Special assessments and other revenue sources	1%	<1%	1%
Food & beverage	1%	1%	0%
Re-sales	1%	<1%	5%
Recreational use fees (bike rentals, videos, etc.)	<1%	<1%	<1%
Laundry	<1%	<1%	<1%
Telecommunication (telephone, internet etc.)	<1%	<1%	<1%
Other	3%	2%	5%

Percent based on 677 respondents — percentages may not add due to rounding

Industry Segments

CHAPTER THREE

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 total 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 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[17].

17 Since the number of resorts in a given industry segment may be quite small, changes in respondent pool can result in even more pronounced changes in metrics over the prior year — see Appendix C for a discussion of study methodology

Resort Size

The first segmented analysis is resort size, using five categories: 50 units or less, 51–100 units, 101 to 150 units, 151 to 200 units and more than 200 units. While the average resort size is 130 units, 40% of resorts have 50 units or less, and 18% have more than 200 units. Figure 3.1 shows that the average maintenance fee billed per weekly interval generally increased with resort size in 2019.

FIGURE 3.1

PERFORMANCE BY RESORT SIZE

Number of units	Percent of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
0–50	40%	29	81.5%	$910
51–100	24%	75	77.8%	$1,020
101–150	11%	124	78.3%	$1,020
151–200	8%	175	78.6%	$1,090
More than 200	18%	419	79.8%	$1,120
Overall	**100%**	**130**	**79.3%**	**$1,080**

Percent of 782 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 appendix on historical results.

FIGURE 3.2

PERFORMANCE BY SALES ACTIVITY

Sales activity	Percent of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Sold-out resorts	43%	90	84.3%	$1,010
Active-sales resorts	57%	165	77.9%	$1,120
Overall	**100%**	**130**	**79.3%**	**$1,080**

Percent of 818 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

What vacation experience does this resort offer?

Type	Onsite	Nearby	Nearby and/or onsite	Which one characteristic best describes this resort?
Beach	54%	30%	60%	32%
Country/Lakes	17%	32%	38%	11%
Rural/Coastal	42%	20%	46%	10%
Ski	5%	31%	31%	8%
Theme park	2%	39%	38%	8%
Desert	12%	16%	22%	7%
Golf	15%	76%	81%	6%
Mountains	11%	27%	32%	6%
Island	22%	18%	30%	6%
Urban	22%	18%	32%	3%
Gaming	1%	33%	31%	1%
Other	2%	2%	3%	1%

Percent of 430 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 and a half of these vacation experiences available per resort on average. Other vacation experiences noted include national and state parks, historic sites, water parks and vineyards/wineries.

Figure 3.4 compares the performance for the most common resort types[18]. It shows that theme park resorts tend to be the largest, while island resorts have the highest average occupancy and the highest maintenance fees; mountain resorts tend to be the smallest and have the lowest average maintenance fees. Country/lake resorts had the lowest average occupancy in 2019.

FIGURE 3.4

PERFORMANCE BY RESORT TYPE

Type	Percent of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Beach	32%	88	86.0%	$970
Country/Lakes	11%	125	65.7%	$890
Ski	8%	109	75.3%	$1,120
Theme park	8%	311	84.0%	$1,025
Golf	6%	155	77.5%	$945
Mountains	6%	66	70.1%	$835
Island	6%	102	92.6%	$1,140
Urban	3%	87	85.5%	$1,010
Other	20%	118	84.8%	$915
Overall	**100%**	**130**	**79.3%**	**$1,080**

Percent of 430 respondents. Note: "Other" Includes Rural/coastal, Gaming, Desert, and Other from Figure 3.3 — numbers may not add due to rounding

18 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 nearly two-thirds 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

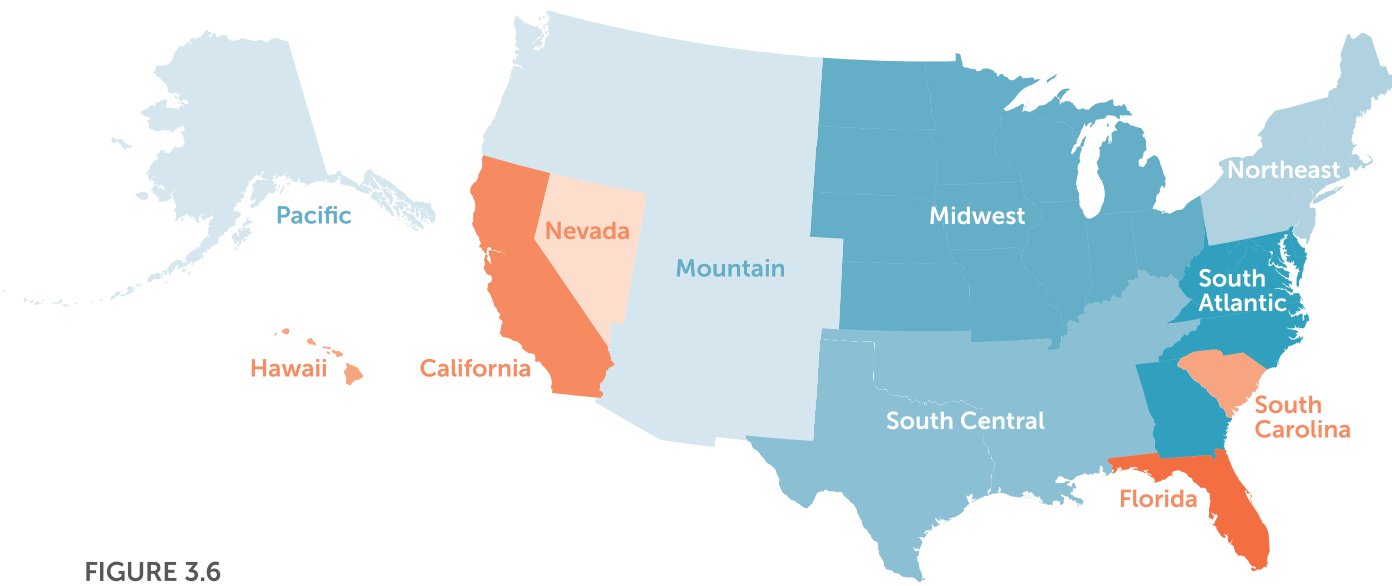


FIGURE 3.6

PERFORMANCE BY GEOGRAPHIC REGION

Region	Percent of resorts	Average size (# units)	Average occupancy	Average maintenance fees per interval
Florida	24%	173	81.8%	$1,055
California	8%	124	85.1%	$1,040
South Carolina	7%	130	79.4%	$1,040
Hawaii	6%	136	90.6%	$1,130
Nevada	4%	266	82.5%	$990
Mount/Pacific	16%	83	77.2%	$995
Northeast	11%	91	68.0%	$830
South Atlantic	8%	100	67.1%	$880
South Central	8%	152	68.7%	$900
Midwest	8%	118	66.0%	$860
Overall	**100%**	**130**	**79.3%**	**$1,080**

Percent of 1,582 resorts — numbers may not add due to rounding

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 had the lowest occupancy in 2019, while the Northeast had the lowest average maintenance fees.

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 22% since 2015 — an average of 5% annually. Average sales price and occupancy has been relatively stable since 2015. Rental revenues have increased by over 9% annually since 2015, while the average billed maintenance fee has increased by 4% annually in that time.

FIGURE 4.1

RECENT PERFORMANCE TRENDS (2015 TO 2019)

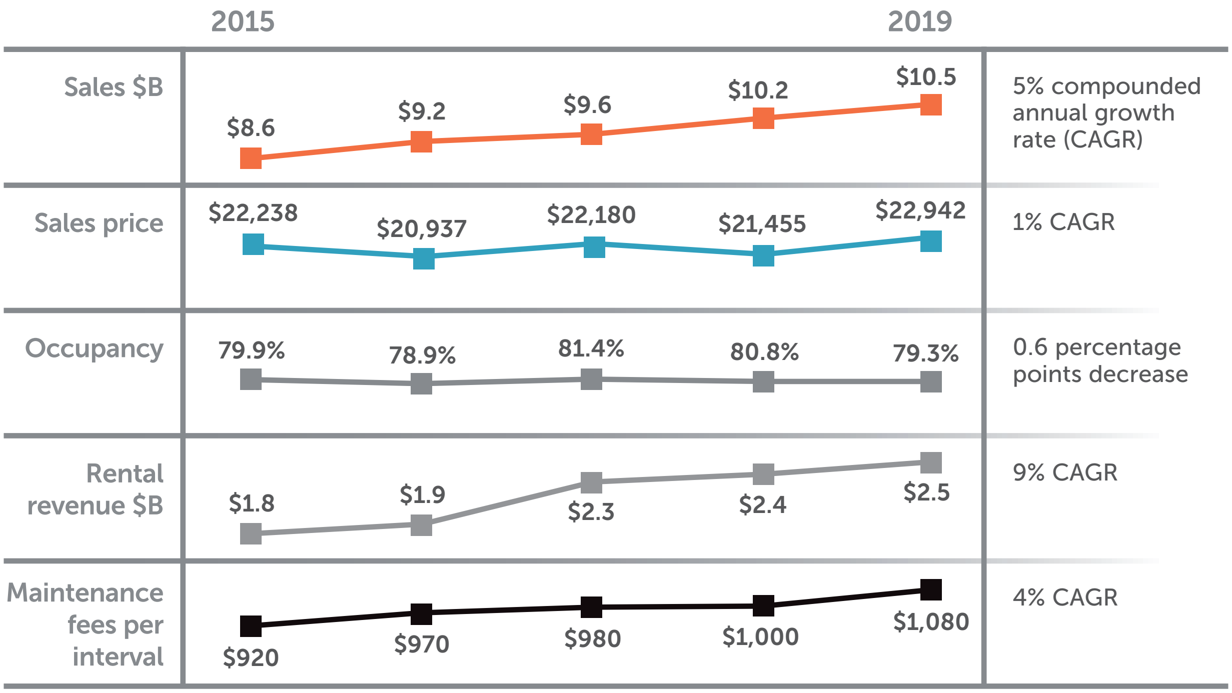


Figure 4.2 shows the change over the past year in key metrics for respondents having multiple resorts and reporting data in both years. The purpose of this table is to assess industry changes without respect to differences in the respondent pool year-over-year.

In 2018, these respondents represented 697 resorts and 89,741 units for an average resort size of approximately 137 units. In 2019, the number of resorts increased to 709 and the number of units increased to 92,305, for an average resort size of 141 units. Note that this increase in the number of resorts primarily reflects some consolidation in the industry, rather than new resort construction.

Total sales volume increased by nearly 4% for these 2019 respondents — in line with the more than 3% growth in estimated sales industry-wide. The increase in average sales price per interval/interval equivalent of 7.0% for these respondents was also in line with the industry overall, as was the 1.1 percentage point decrease in occupancy. The change in average billed maintenance fee was a bit lower than overall industry estimate. Again, because the respondent pool for this analysis was held static, these estimates of change in average maintenance fees billed 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 2018 AND 2019

	2018	2019	Change	Percent change
Number of resorts	697	709	12	1.7%
Number of units	89,741	92,305	2,564	2.9%
Total sales ($M)	$6,867	$7,130	$263	3.8%
Sales price	$21,455	$22,960	$1,506	7.0%
Occupancy	80.6%	79.5%	-1.1	-1.3%
Average units	137	141	4	2.9%
Maintenance fees	$1,053	$1,109	$56	5.3%

Note: Numbers may not add due to rounding

FIGURE 4.3
RESORT AND UNIT CONSTRUCTION

Units built	865	Resorts planned – in the coming year	2
Units planned – in the coming year	643	Resorts planned – more than one year out	7
Units planned – more than one year out	3,240		

Construction results reported for respondents only — not industry-wide estimates. Based on responses from 7 timeshare developers and/or single site resorts.

Figure 4.3 shows that respondents reported building 865 units in 2019, up from the 588 they reported building in 2018. Respondents plan to add 643 units in 2020 — this includes 336 units at existing resorts and 307 units at planned new resorts. At the time of the survey, respondents reported plans to add 3,240 units in 2021 and beyond — this includes 1,873 units at existing resorts and 1,367 units at planned new resorts. Finally, respondents also reported plans for 9 new resorts (two in 2020 and seven in 2021 and beyond).

FIGURE 4.4

JUST-IN-TIME INVENTORY

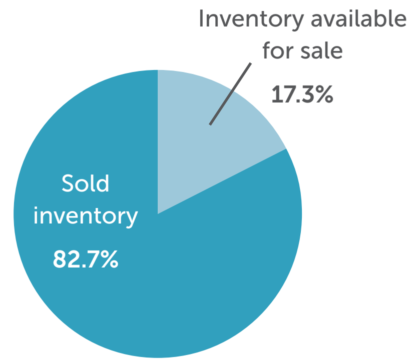
	2019
Just-in-time units added	908
Just-in-time units planned – coming year	225
Just-in-time units planned – more than one year out	160

Just-in-times reported for respondents only - not industry-wide estimates.
Based on responses from 4 timeshare developers and/or single site resorts.

Figure 4.4 reports on the level of "just-in-time" inventory activity by respondents. This includes turn-key inventory purchases and buy-backs from Property Owner Associations. Respondents reported adding 908 units via these methods in 2019, and plan to add 225 in 2020. They also plan to add 160 in 2020 and beyond.

FIGURE 4.5

PERCENT OF EXISTING TIMESHARE INVENTORY AVAILABLE FOR SALE - AS OF YEAR-END 2019



The level of available timeshare inventory helps drive actual and anticipated timeshare construction. 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 4.5 shows that 17.3% of timeshare inventory at active-sales resorts, on average, is available for sale.

In summary, the outlook for the timeshare industry reflects several positive developments in 2019. These include:

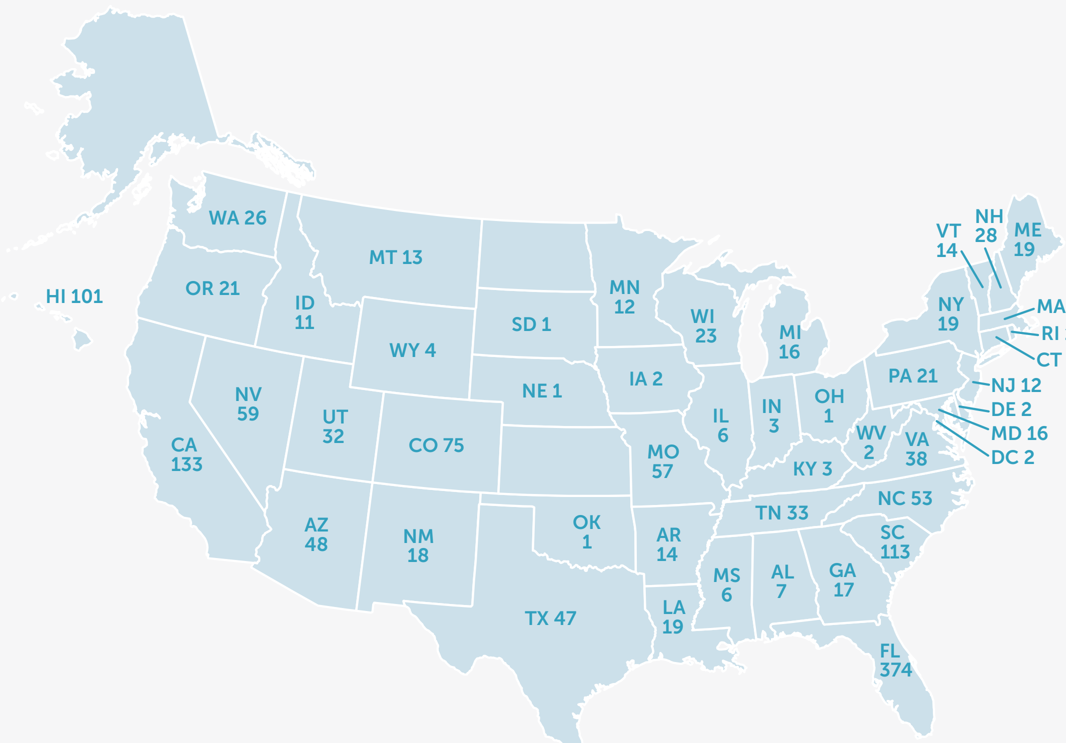
- **Sales volume grew by more than 3%,**
- **The associated number of transactions increased to more than 600,000,**
- **Rental revenue grew by nearly 7%, and**
- **The construction outlook was positive.**

That said, in early 2020 the emergence of the COVID-19 Coronavirus pandemic has led to significant volatility and declines in the global public equity markets, resulting in significant uncertainty regarding the impact on the global economy both in the short and long term. Potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. The resulting financial and economic market uncertainty could have a significant adverse impact on industry performance in the near term. Since this report covers the operating performance period of calendar year 2019, its results and analysis do not include the potential impacts of these significant events. The AIF is keenly aware of developments around COVID-19 and is undertaking research to understand their potential impacts on the timeshare industry.

APPENDIX A

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
2018	$10.2
2019	$10.5



RESORTS BY STATE

State	Resorts	State	Resorts
FL	374	MD	16
CA	133	MI	16
SC	113	AR	14
HI	101	RI	14
CO	75	VT	14
NV	59	MT	13
MO	57	MN	12
NC	53	NJ	12
AZ	48	ID	11
TX	47	AL	7
MA	43	IL	6
VA	38	MS	6
TN	33	WY	4
UT	32	IN	3
NH	28	KY	3
WA	26	CT	2
WI	23	DC	2
OR	21	DE	2
PA	21	IA	2
LA	19	WV	2
ME	19	NE	1
NY	19	OH	1
NM	18	OK	1
GA	17	SD	1

PERCENTAGE OF UNITS BY STATE

State	Percent of units
FL	32%
HI	10%
CA	9%
NV	8%
SC	7%
VA	4%
AZ	4%
TX	3%
MO	3%
TN	3%
All other	17%

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

APPENDIX C

Methodology

Ernst & Young LLP (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 resorts[19] in the United States were sent a survey questionnaire. Of the 1,582 identified timeshare resorts, 845 responded — a 53% response rate. Of these 845 responding resorts, 742 belong to a family of ten or more resorts, while 103 belong to a family of less than ten resorts. Of these 103, 71 were single-site resorts. In general, the information in this report includes estimates of industry-wide metrics. The exceptions are the estimates of construction activity and just-in-time inventory, which are 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.
- EY also compares our results to historical data, expected trends and other AIF studies such as the annual Financial Performance Study.

19 *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 53% in 2020 and is well above the current typical response rate for surveys of this type. Our nearly 92% 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 most 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 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. Also, in some cases, multiple responses were allowed for a single question — we have indicated such after each figure where appropriate. Furthermore, in some cases where a single response is required, the percentages in a single table may not appear to sum to 100% due to rounding — we have also indicated that where appropriate. Finally, in some cases, percentage changes year over year may be slightly different than expected due to rounding.

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, we truly appreciate the efforts of resort staff who committed their time and energy to complete the survey questionnaires.

APPENDIX D

State of the Vacation Timeshare Industry

UNITED STATES STUDY **2020 EDITION**

SURVEY

Thank you for participating in the 2020 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.

☐ Resort Identification
☐ Resort Characteristics
☐ Occupancy and Fees
☐ Timeshare Operating Expenses
☐ Timeshare Taxes
☐ Resort Timeshare Sales
☐ Inventory Management
☐ Resort Construction and Improvements
☐ Timeshare Rental Programs

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 2019, excluding re-sales. 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 Q1c]
   - ☐ **Sold Out** — may have some resale activity [ANSWER Q1c]
   - ☐ **Closed** [ANSWER Q1a & Q1b]

   1a. **Please select the year this resort closed.**
   (Only answer if stage above Closed) ____

   1b. **Please specify a reason why this resort closed.**
   (Open-ended...Only answer if stage above Closed) ____

   1c. **Please select the year this resort opened for sales.**
   (Only answer if stage above equals Open or Sold Out) ____

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 2019?** __________
   Note: Please exclude commissions on rentals and resales.

   6b. **What percentage of total assessments was allocated to management fees in 2019?** __________

7. **What was the total amount of management fees paid in 2019?** _______________________

   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, 2019

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 [Go To Q12a]
☐ Other, please specify ____________________

12a. **What is the length of the term in years?** _________

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

	Weeks: As of December 31, 2019	Points: As of December 31, 2019
What is the total number of weekly equivalent intervals owned at your resort as of December 31, 2019 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, 2019?	______________	______________
What is the total number of weekly equivalent intervals at your resort that **are owned by the developer** as of December 31, 2019? 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 actual number of owners as of each date?

December 31, 2018 ______________________ December 31, 2019 ______________________

16. What was the origin distribution of your shared vacation owners in 2019?

	%
Domestic	________
International	________
Total	100%

17. 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 ____

17a. If "Right to use contractual interest" was selected above, how long is the contract, membership license or leasehold, if applicable?

- ☐ 100+ years
- ☐ 80-99 years
- ☐ 60-79 years
- ☐ 40-59 years
- ☐ 20-39 years
- ☐ 10-19 years
- ☐ 6-9 years
- ☐ 4-5 years
- ☐ 2-3 years
- ☐ 1 year or less

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

Vacation Experience	On site	Nearby	Vacation Experience	On site	Nearby
Beach	☐	☐	Rural/Coastal	☐	☐
Country/Lakes	☐	☐	Ski	☐	☐
Desert	☐	☐	Theme Park	☐	☐
Gaming	☐	☐	Urban	☐	☐
Golf	☐	☐	Mountains	☐	☐
Island	☐	☐	Other, specify: _______	☐	☐

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	☐	☐	Movie rental	☐	☐
Business resource room	☐	☐	Playground	☐	☐
Concierge	☐	☐	Sauna	☐	☐
Covered parking	☐	☐	Sports courts		
Exercise room	☐	☐	Basketball courts	☐	☐
Food & beverage facility/			Racquetball or squash courts	☐	☐
restaurant	☐	☐	Tennis courts	☐	☐
Game room	☐	☐	Other sports courts	☐	☐
Guest-use computer	☐	☐	Swimming pool	☐	☐
Health spa	☐	☐	Waterpark (on-site)		
Ice skating	☐	☐	Whirlpool/Hot tub	☐	☐
Live entertainment	☐	☐	Wi-Fi throughout resort	☐	☐
Miniature golf course	☐	☐	Other, specify:_________	☐	☐

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)	☐	☐
DVR player or recorder	☐	☐
DVD or Blue-ray player	☐	☐
In-room movie rental	☐	☐
Streaming services, (e.g., Netflix)	☐	☐
Video game equipment or capabilities	☐	☐
Wi-Fi	☐	☐
Wired broadband Internet service	☐	☐
Laundry/washer/dryer	☐	☐
Fireplace	☐	☐
Other, specify ___________	☐	☐

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	☐	__________________
Leasing or buying rooms in branded or unbranded hotel as a way to extend destinations	☐	__________________
Vacation rental marketplaces (Homeaway, VRBO or other web rental services)	☐	__________________
Online travel agencies	☐	__________________
Travel clubs	☐	__________________
Other, please specify __________________	☐	__________________

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	☐	☐	☐	☐	☐	☐
Phone	☐	☐	☐	☐	☐	☐
Owner online forum	☐	☐	☐	☐	☐	☐
Social media	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐

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

☐ None	☐ Fractional	☐ Air travel
☐ Hotel	☐ Cruise	☐ Car rental
☐ Condo	☐ Shopping	☐ 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 2019
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 2019, 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 2019 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 2019
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, 2019, what percent of your total billed maintenance fees were in each of the following categories?** *Please include all maintenance fees billed in 2019 or before, but please do not include maintenance fees billed for 2020.*

	In 2019
Current (30 days delinquent or less)	___________
31–60 days delinquent	___________
61–90 days delinquent	___________
91–120 days delinquent	___________
121+ days delinquent	___________
Total	100%

IV. Timeshare Operating Expenses

Note: Ernst & Young is using an expenditure-based approach to quantify the economic impact of the timeshare industry. In this approach, Ernst & Young will estimate the typical level of expenditures generated by sales operations, resort management operations (including the operation of timeshare-related amenities), corporate offices and call centers. Therefore, in completing survey forms it is important that each employee or dollar of expenditures made by a particular company be reported in only one category. For mixed-use projects (e.g. timeshare resort and on-site hotel), allocate a portion of total resort employment and expenditures to the timeshare operation. This expense information will be used to derive economic multipliers that reflect the additional economic activity that will occur when timeshare properties purchase goods and services produced by suppliers located in the United States.

Resort Management Operations

1. **Please provide the following information for your <u>resort employees only</u>.** Include full-time, part-time, temporary and contract employees. (Please do not include people in sales operations as these employees are reported in Question 2 below).

	In 2019
Annual average number of employees for 2019. Calculate using the average between the number of employees on January 1, 2019 and the number of employees on December 31, 2019.	__________
Total employee compensation in dollars. IInclude wages and salaries; commissions; the cost of benefits such as health and life insurance; retirement payments; employer and employee shares of FICA taxes (social security and Medicare); federal, state and local income tax withholding; and non-cash compensation. Figures reported should be the annual total, and should correspond to the employees reported above. Cash and stock bonuses should be reported in the year in which they are paid to employees.	__________

2. **Please provide your non-labor operating expenses at your resort in dollars.** Includes costs such as food and beverage, supplies, repair and maintenance, general & administrative, utility and telecom, financial services, etc.

   $____________________________

Sales Operations (both on-site and off-site)

3. **Please provide the following information for your sales operations only.** Include full-time, part-time, temporary and contract employees.

	In 2019
Annual average number of employees for 2019. Calculate using the average of the number of employees on January 1 and the number on December 31.	__________
Total employee compensation in dollars. Include wages and salaries; commissions; the cost of benefits such as health and life insurance; retirement payments; employer and employee shares of FICA taxes (social security and Medicare); federal, state and local income tax withholding; and non-cash compensation. Figures reported should be the annual total, and should correspond to the employees reported above. Cash and stock bonuses should be reported in the year in which they are paid to employees.	__________

4. **Please provide your 2019 non-labor operating expenses for your sales operations in dollars.** Includes costs such as food and beverage, supplies, repair and maintenance, general & administrative, utility and telecom, financial services, etc.

   $____________________________

IV. Timeshare Operating Expenses — *continued*

Corporate, Regional or Call Center Operations Expenses

5. **Please provide the following information for your corporate, regional office and call center operations only.** Include full-time, part-time, temporary and contract employees. Exclude resort development costs such as payroll costs and non-compensation expenditures that are related to resort design and construction and will be reported under resort construction and improvement.

	In 2015
Annual average number of employees for 2019. Calculate using the average of the number of employees on January 1 and the number on December 31.	__________
Total employee compensation in dollars. Include wages and salaries; commissions; the cost of benefits such as health and life insurance; retirement payments; employer and employee shares of FICA taxes (social security and Medicare); federal, state and local income tax withholding; and non-cash compensation. Figures reported should be the annual total, and should correspond to the employees reported above. Cash and stock bonuses should be reported in the year in which they are paid to employees.	__________

6. **Please provide your 2019 non-labor operating expenses at your corporate, regional office and call center operations in dollars.** Includes costs such as food and beverage, supplies, repair and maintenance, general & administrative, utility and telecom, financial services, etc.

   $____________________________

V. Timeshare Taxes

Note: The goal of this section is to collect information on the full level of property and occupancy taxes paid, regardless of the individual or entity that actually makes payment to the local government entity. For example, include taxes that are paid by the HOA or management entity. If owners are responsible for paying property taxes directly, please include an estimate of the taxes paid by owners. If it is not possible to include an estimate of such taxes, please notify us. Property taxes include taxes on real estate and personal property.

1. **Please provide the total amount of property taxes paid during 2019, in dollars.** Include information on the full level of property taxes paid, regardless of the individual or entity that actually makes payment to the local government entity.

	In 2019
On resort property	__________
At sales centers, both on-site and off-site	__________
For regional office, corporate office and/or call center operations	__________

2. **Please provide the total amount of occupancy taxes paid during 2019, in dollars.** Include any accommodation taxes paid by occupants of timeshare units, such as sales tax on room charges, room tax, transient occupancy tax and nightly taxes on owners. Include the full amount paid to state and local governments by occupants or resort. Enter a zero if no occupancy taxes were paid. Enter "N/A" if information on the amount of occupancy tax paid is not available.

	In 2019
State Occupancy Taxes	__________
Local Occupancy Taxes	__________

3. **Please provide the total amount of corporate income taxes paid by your organization for 2019, in dollars.**

	In 2019
State and Local Income Tax Paid	__________
Federal Income Tax Paid	__________
Total	__________

VI. Resort Timeshare Sales

1. **Did you offer new timeshare inventory for sale in 2019 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 2019 (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 Q2 and then 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 2019, 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 2019 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 2019 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 2019 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?**
$_____________________________

VI. 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, 2018 and any that were made available during calendar year 2019.

____

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 2019, 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 here.

$______________________________

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

$______________________________

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 2019 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 2019?

____

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 <u>reloads</u>?

____

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, 2018 and any that were made available during calendar year 2019.

____

VI. Resort Timeshare Sales — *continued*

Following questions asked of all respondents.

21. What was your 2019 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 2019 net sales volume net of rescissions and sales incentives as listed earlier in this section, indicate the approximate percentage sold to

	Percent
New owners *(including owners who purchased as a result of participation in a trial membership program)*	____________
Existing owners	____________
Total	100%

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

Yes	No	
☐	☐	Fractional sales
☐	☐	Private Residence Clubs
☐	☐	Whole ownership
☐	☐	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. What was your total 2019 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.

$____________________________

27. What was your total number of Fee for service related transactions for 2019?

____

VII. 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 free
   ☐ 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 2019, how many intervals at your properties did you re-claim from timeshare owners?** If you know the total number of weekly intervals or points equivalents re-claimed but are unsure of the number attributed to each reason, please write the total number in "Not sure of reason".

Under buy-back or time/point reduction programs	______________________
Purchased on the secondary market	______________________
Due to foreclosure	______________________
Voluntary surrender	______________________
For other reasons	______________________
Not sure of reason	______________________
Total	______________________

4. **In 2019, how many of your owners transferred their ownership rights?** If you know the total number of owners who transferred their ownership rights but are unsure of the number attributed to each method, please write the total number in "Not sure of method".

Via inheritance	______________________
Via direct sale to another individual consumer	______________________
Via direct sale to a third-party company	______________________
Via some other mechanism (please, specify)	______________________
Total	______________________

VIII. Resort Improvement and Construction

1. **Please provide the dollar amounts spent for capital improvements related to existing timeshare units and related amenities in 2019.** 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	______________________

2. **How many timeshare units were recently built at this resort in 2019? If you don't have a given type of units, please fill in '0'.**.

   # Timeshare Units Built in 2019 ______________________

   2a. Please provide your total capital expenditures related to new resort/unit construction in 2019. 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.)	______________________

IX. Resort Improvement and Construction *— continued*

3. **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 2019?**
If you don't have a given type of units, please fill in '0'.

Timeshare Units Purchased as Just-In-Time/Completed Inventory in 2019 ____________

3a. Please provide your total capital expenditures related to fully completed inventory for the year ended December 31, 2019. 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 2019 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 2020	____________
# Timeshare Units Planned to build in 2021 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 2020	____________
# Timeshare Units Planned to Purchase as Just-In-Time/Completed Inventory in 2021 or beyond	____________

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

	Number of Resorts
New Resorts Planned for Completion in 2020	____________
Associated Number of Units in 2020	____________
New Resorts Planned for Completion in 2021 and beyond	____________
Associated Number of Units in 2021 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)
____ Paint
____ Electronics
____ Case goods
____ Appliances
____ HVAC (Heat, Air Ventilation, and Cooling)
____ Tile, cabinetry, plumbing fixtures

IX. 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 do you calculate rental commissions and/or fees that are paid by owners?
   - ☐ 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.)
   - ☐ Sharing platforms (Airbnb, VRBO, 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 2019?**

   Total number of nights rented _________________

   Associated rental revenue ($) _________________

6. **Please list the total amount paid in 2019 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*

   $ _________________

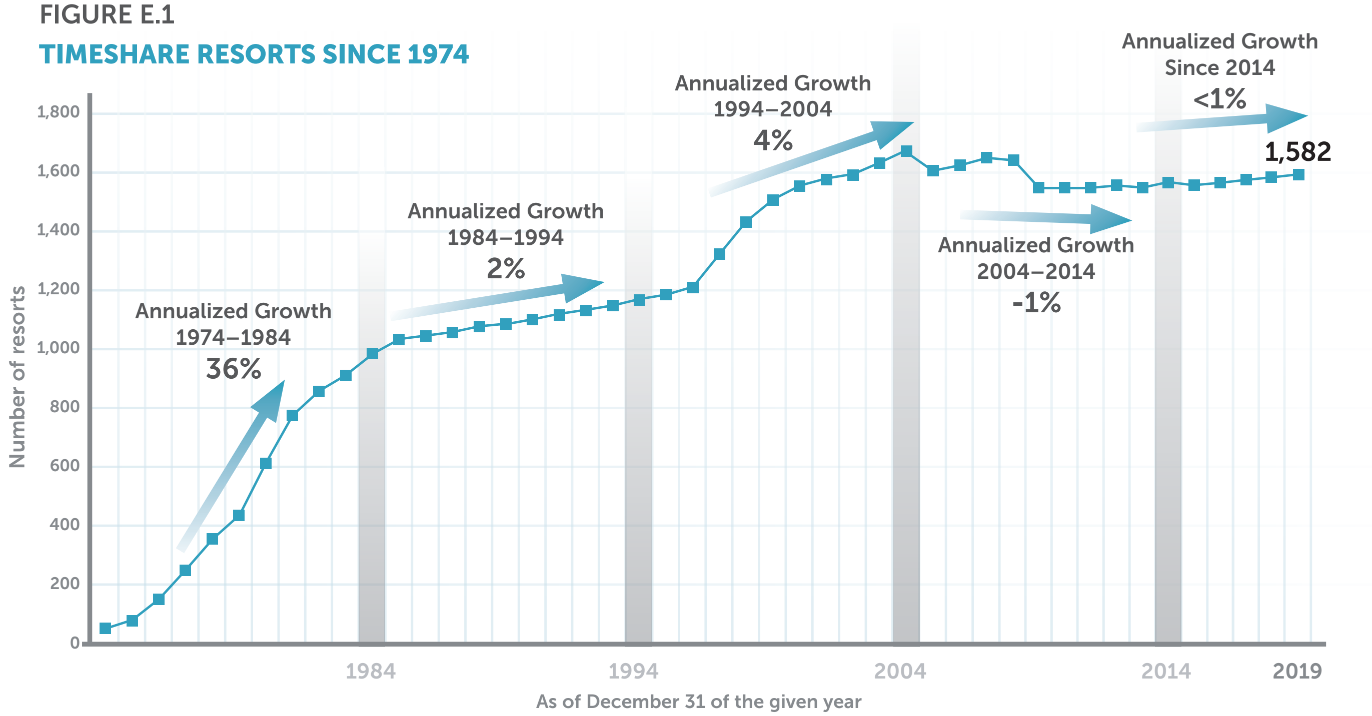
A Brief History of the U.S. Timeshare Industry

To help put the 2019 performance results in perspective, this chapter 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.

FIGURE E.1

TIMESHARE RESORTS SINCE 1974



Source: Ragatz Associates, American Economics Group and the AIF

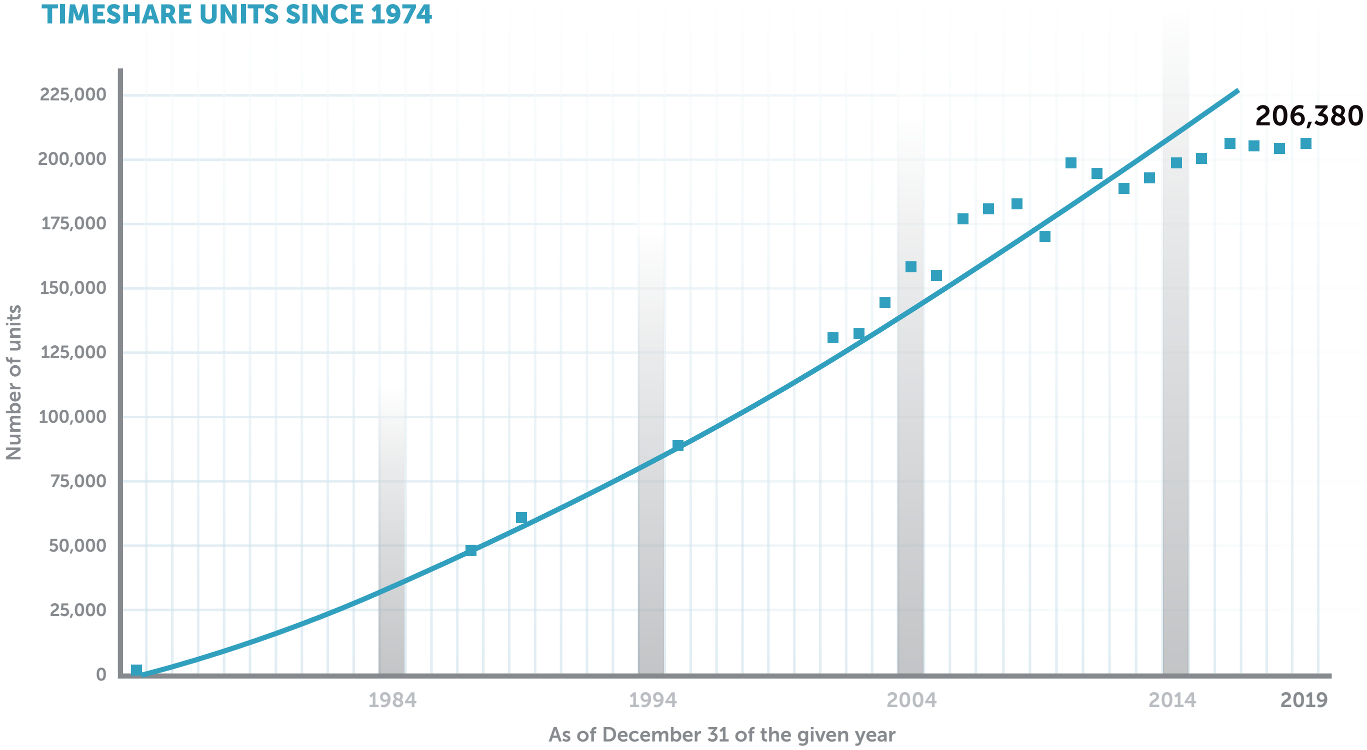
A change in the definition of the study population accounts for the drop in the number of resorts from 2004 to 2005. This change focused the analysis on traditional timeshares, including weekly intervals and points while removing such non-comparable entities as fractionals, non-equity clubs, private 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 53% in 2020. 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



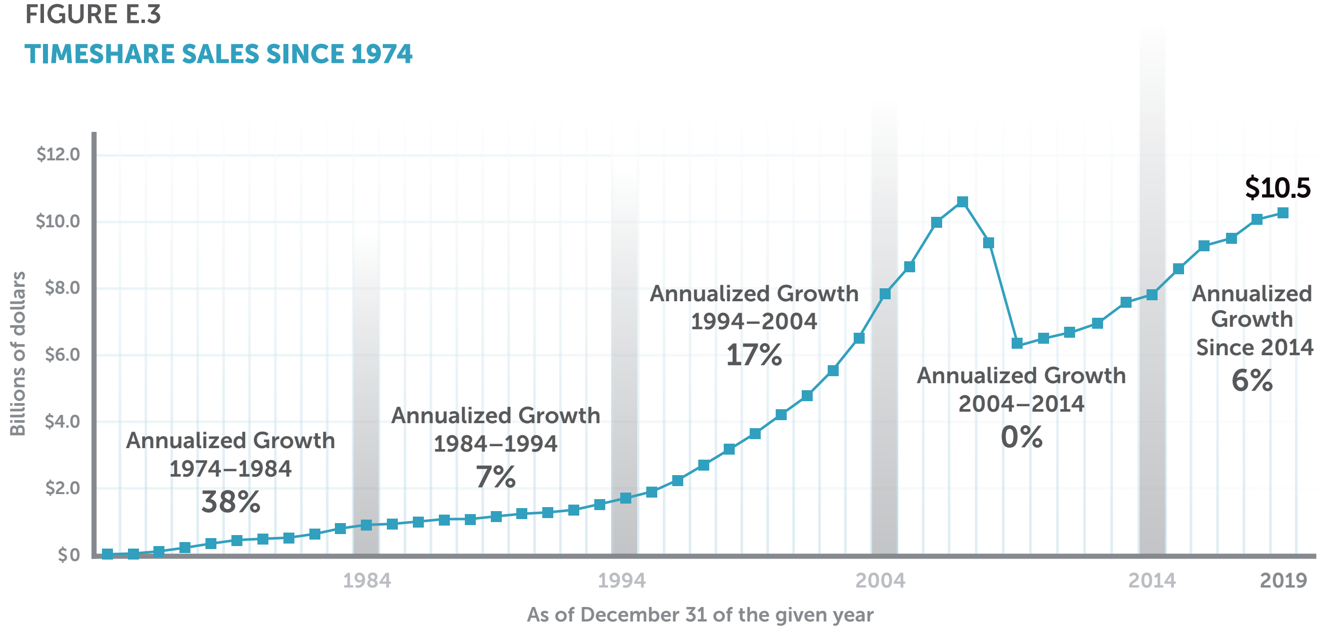
Source: Ragatz Associates, American Economics Group and AIF

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 2019 that number has again more than doubled to 130 units per resort.

APPENDIX E

Figure E.3 shows the historical sales[20] trend from 1974 through 2019. 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, 2019 marks the tenth straight year of growth — in fact, as of now 2008 and 2009 remain the only two years in which timeshare sales have decreased.

FIGURE E.3
TIMESHARE SALES SINCE 1974



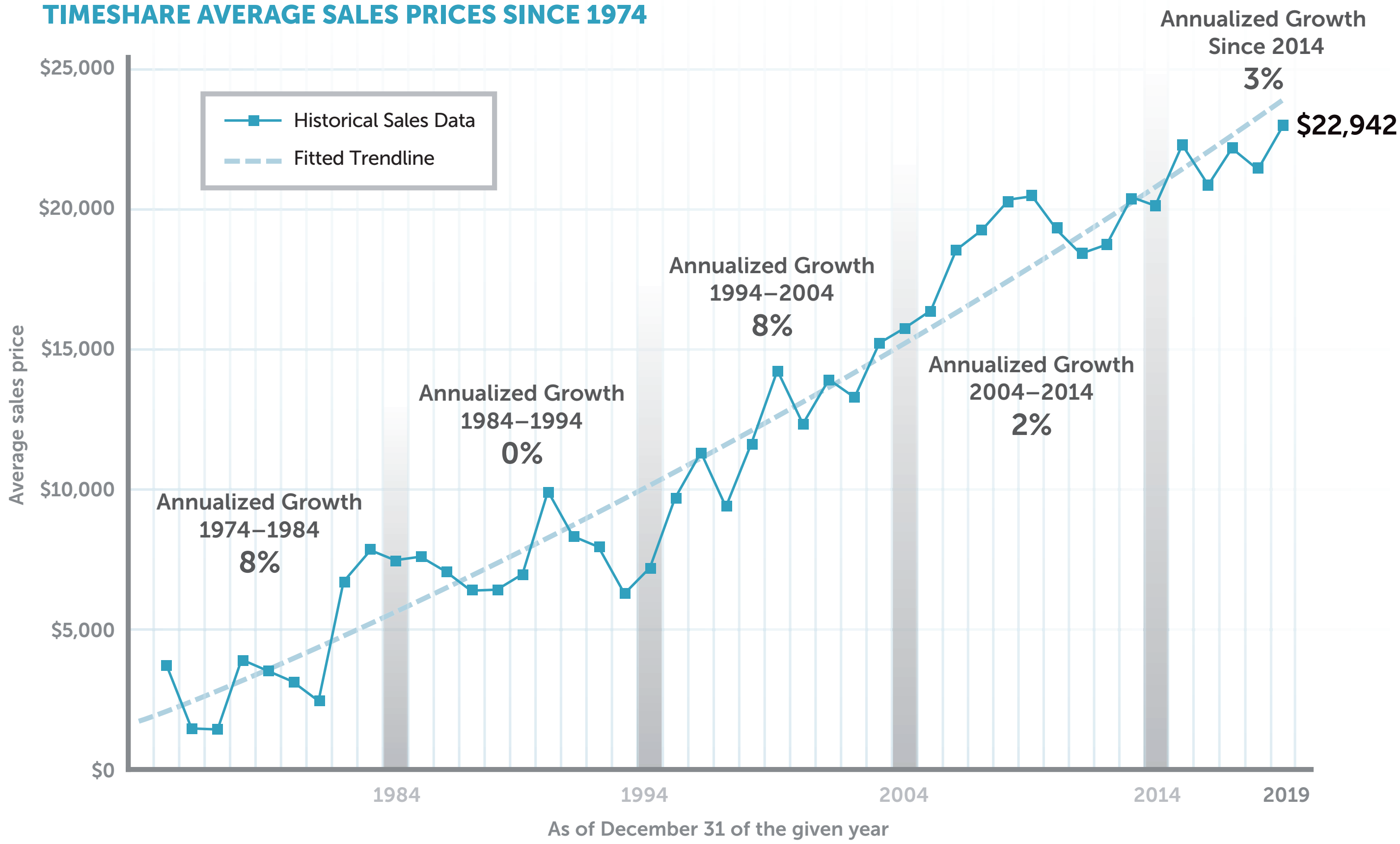
Source: Ragatz Associates, American Economics Group and the AIF

20 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.4 tracks the trend in interval or weekly interval equivalent sales prices from 1974 to 2019. 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 most 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.4

TIMESHARE AVERAGE SALES PRICES SINCE 1974



Source: Ragatz Associates, American Economics Group and 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.

GLOSSARY OF TERMS

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, 2019. Also include intervals for any unit where construction was completed and the unit made available for sale in calendar year 2019. 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.

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.

Recissions

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. Depositary 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.

AIF

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