

Hawai'i Timeshare Quarterly October - December 2019

Statewide Timeshare Performance & Taxes

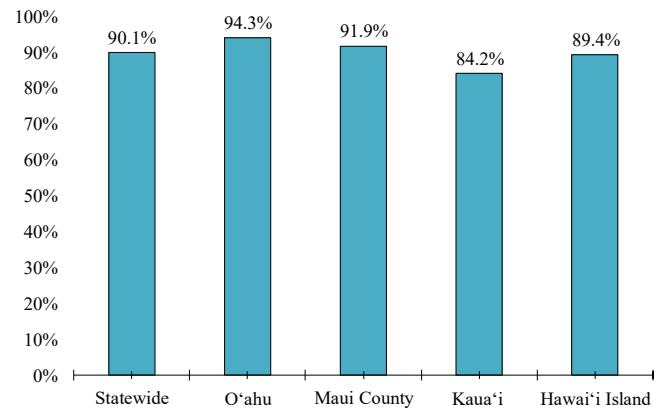
During the period from October to December (“Q4”) of 2019, Hawai'i’s timeshare industry achieved an 90.1% occupancy rate, an increase of 1.2 percentage points compared with 2018. The statewide hotel and condominium hotel occupancy averaged 79.4% during the same period in 2018, according to STR, Inc. data reported by the Hawai'i Tourism Authority (“HTA”). The Q4 2019 timeshare survey findings, based on data provided by 53 individual timeshare properties, represent 74.4% of Hawai'i’s 11,963 timeshare units.

During the fourth quarter of the year, Hawai'i welcomed 208,440 visitors to the state who chose to stay at timeshare resort for all or part of their stay, an increase of 0.2% from Q4 2018. Just under three quarters of the state’s timeshare visitors (73.5%) stayed exclusively in a timeshare resort while visiting Hawai'i during Q4. The average timeshare visitor spent 9.8 days in Hawai'i during Q4 2019, a slight decrease from the 10.0-day average length of stay during Q4 2018.

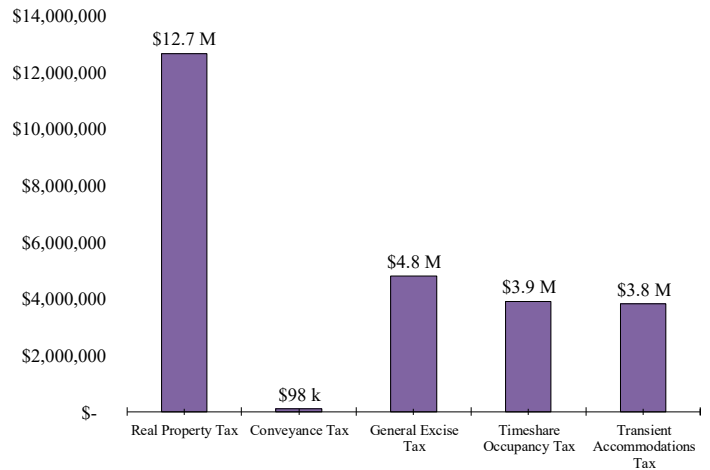
Timeshare visitors represented 8.3% of Hawai'i visitor arrivals during the quarter, lower than timeshare’s 8.7% market share during Q4 2018 according to HTA data. Growth in timeshare visitor arrivals (+0.2%) lagged the 5.3% overall growth in statewide visitor arrivals during the period, leading to a market share decrease for timeshare.

Owners using their timeshare continued to account for the majority of occupied room nights in Hawai'i’s timeshare resorts during Q4 2019, representing 60.6% of the occupied room nights at Hawai'i’s timeshare resorts. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 17.1% of the occupied room nights. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 15.1% of occupied room nights during the quarter. Marketing use represented 7.2% of occupied room nights.

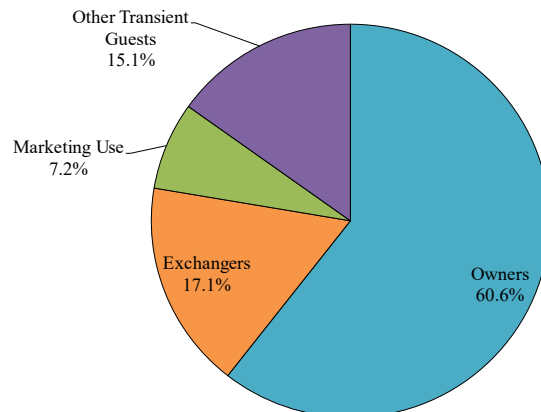
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights

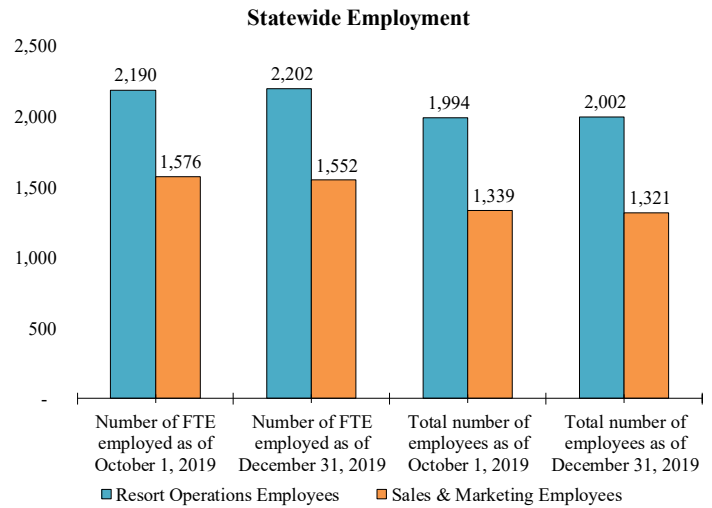


During Q4 2019, participating timeshare properties generated a total of \$25.3 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax (“TOT”), transient accommodations tax (“TAT”), and conveyance tax. Real property taxes totaled \$12.7 million, or 50.1% of the total. We note that some respondents chose not to report certain taxes for this survey.

Statewide Employment & Payroll

Statewide, the number of resort operations employees at the timeshare resorts that provided employment survey data totaled 2,002 at the end of 2019, a 0.4% increase from the beginning of the quarter, while sales and marketing employment decreased by 1.3% to 1,321.

During Q4, statewide payroll expenses for timeshare survey participants that provided data totaled \$64.1 million.



O'ahu

During Q4, timeshare resorts on O'ahu achieved a state-leading 94.3% occupancy, a 1.1 percentage point increase compared to the prior period. During the same period, O'ahu's hotel occupancy averaged 82.5%.

Owner occupied room nights represented 65.0% of total occupied room nights at O'ahu's timeshare resorts during Q4, the highest share among the islands during the quarter. Transient use of 19.0% of room nights was also the highest share in the state. Exchange guests contributed another 10.2% of the occupied room nights at O'ahu timeshare properties, which was the lowest share among the islands during the quarter.

According to the HTA, O'ahu welcomed 78,188 timeshare visitors during the final quarter of 2019, the greatest number of timeshare visitors among the Hawaiian Islands but 2.3% below the previous year's Q4 arrivals. The average O'ahu timeshare visitor stayed on O'ahu for 7.9 days during Q4, compared with a 7.3-day average stay the previous year. Timeshare visitors represented 5.2% of the O'ahu visitor market during Q4, the lowest share among the Hawaiian Islands.

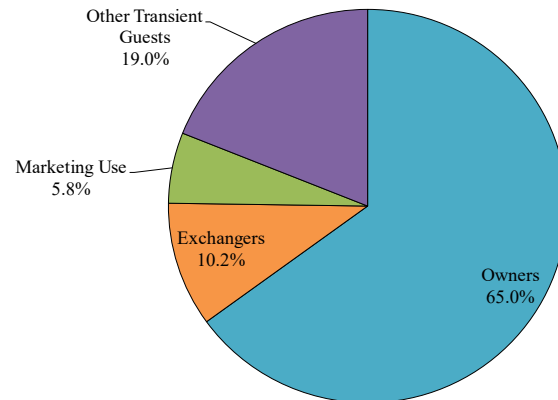
Participating properties on O'ahu reported a total of \$6.8 million in taxes during the quarter, including \$3.6 million in real property taxes.

O'ahu timeshare resorts reported a 1.5% decrease in the number of resort operations employees during the quarter and an 4.4% decrease in sales and marketing employment during Q4. The O'ahu timeshare properties reported employee payroll expense of \$16.2 million during the quarter.

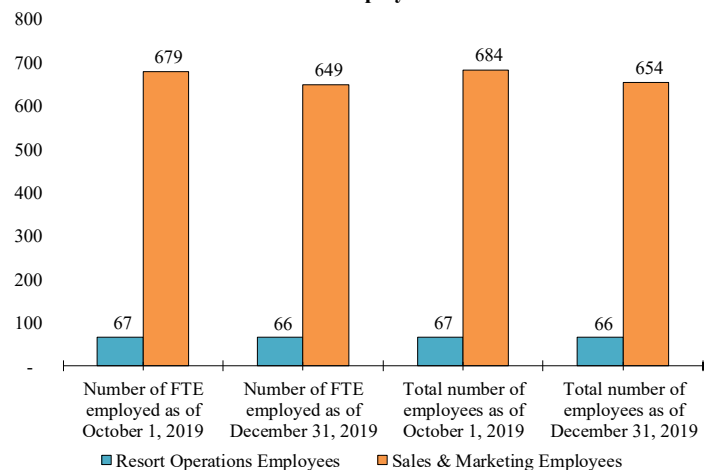
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

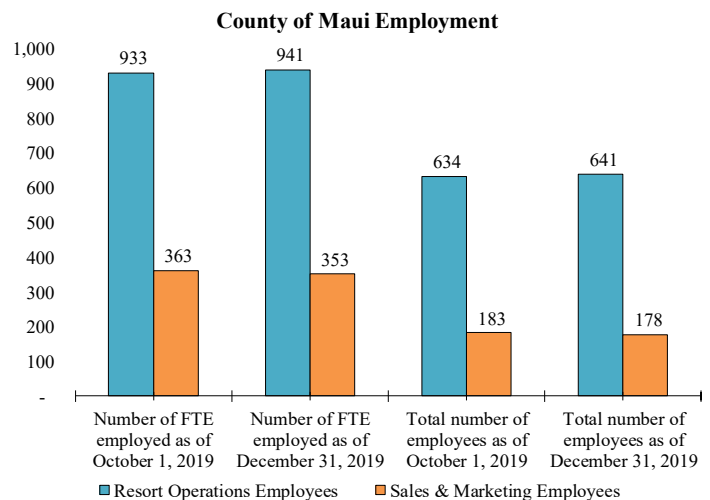
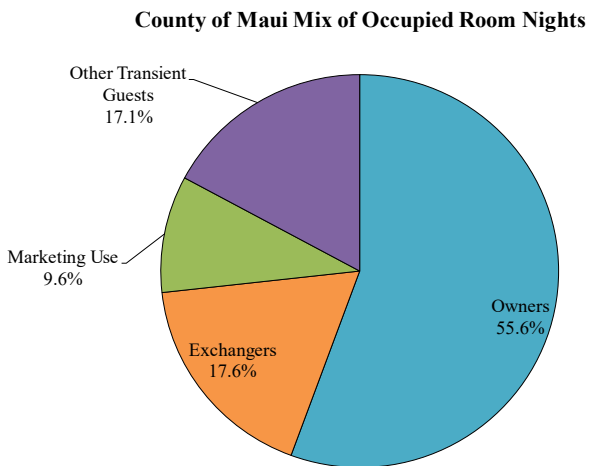
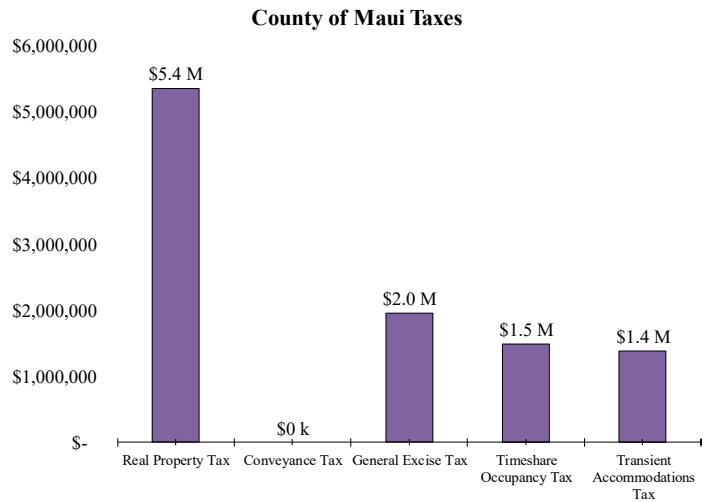
Maui County's timeshare properties achieved an average occupancy of 91.9% during the quarter, a 1.5 percentage point decrease compared to the prior year. During the same period, Maui's hotel occupancy was 76.0%.

During Q4, owner occupancy accounted for 55.6% of occupied room nights at Maui timeshare resorts, the lowest share of owner occupancy among the counties. Exchange use represented 17.6% of occupied room nights, while marketing use contributed 9.6% of all occupied room nights at Maui County's timeshare properties during the quarter, the highest share in the state.

Maui timeshare visitors spent an average of 8.5 days in Maui County. Timeshare visitors totaled 75,136 arrivals during the quarter, second highest among the islands, but a 0.9% decrease from the prior year. Timeshare visitors accounted for 9.9% of Maui's visitor market during the quarter, down from the 10.7% share during Q4 2018. The market share decrease was driven by a combination of fewer timeshare visitor arrivals and growth in the supply of other accommodation types during the period.

Participating properties in Maui County that provided survey data reported a total of \$10.2 million in state and county taxes during Q4. Property taxes accounted for \$5.4 million of the total.

Maui County timeshare properties reported a 1.1% increase in the total number of resort operations employees and an 2.7% decrease in the number of sales and marketing employees during the quarter. Maui timeshare properties providing survey data reported total payroll expense of \$23.1 million during the quarter.



Kaua'i

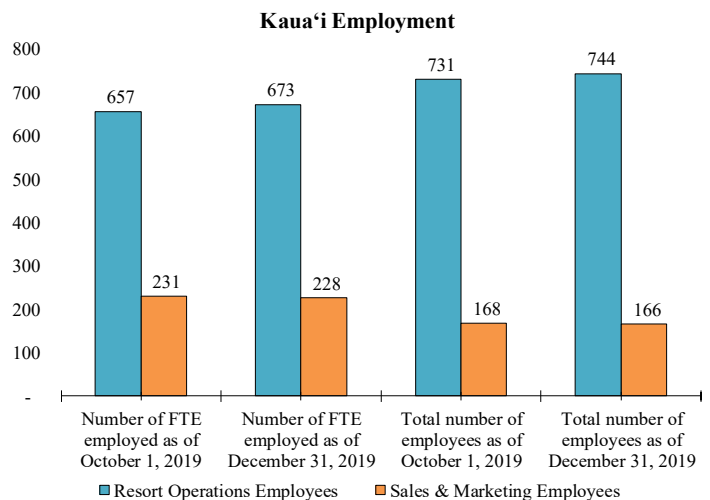
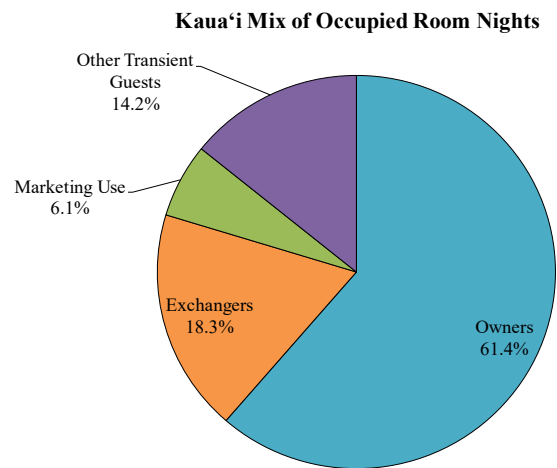
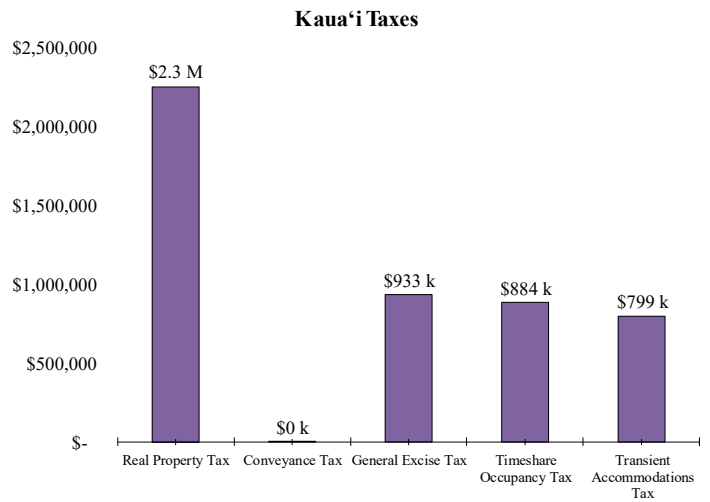
Kaua'i's timeshare properties averaged 84.2% occupancy during the fourth quarter of 2019, a 3.6 percentage point increase compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 71.5%.

During Q4, owner use represented 61.4% of the occupied room nights at Kaua'i's timeshare resorts. Exchange use contributed 18.3% of occupied timeshare room nights on Kaua'i. Marketing use contributed 6.1% of occupied room nights at Kaua'i's timeshare resorts. Transient use represented 14.2% of occupied room nights during the quarter.

Kaua'i's 50,645 timeshare visitors represented 15.3% of Kaua'i's total visitor arrivals during the quarter, giving Kaua'i the highest proportion of timeshare visitors among the islands and substantially higher than the statewide figure of 8.3%. Timeshare visitors spent an average of 8.8 days on Kaua'i during the quarter, the longest length of stay among timeshare visitors to the state.

Kaua'i timeshare resorts that provided survey data reported \$4.9 million in taxes during the quarter, of which \$2.3 million were real property taxes.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties increased by 1.8%, during the quarter while sales and marketing employment decreased by 1.2%. Participating respondents reported total payroll expense of \$10.2 million during Q4.



Hawai'i Island

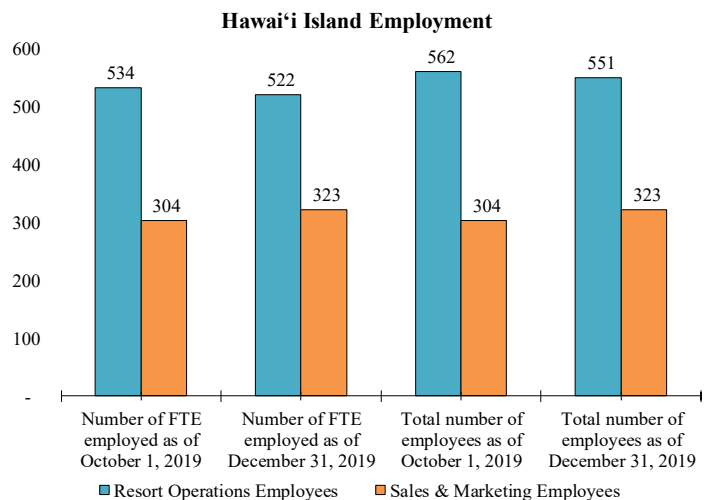
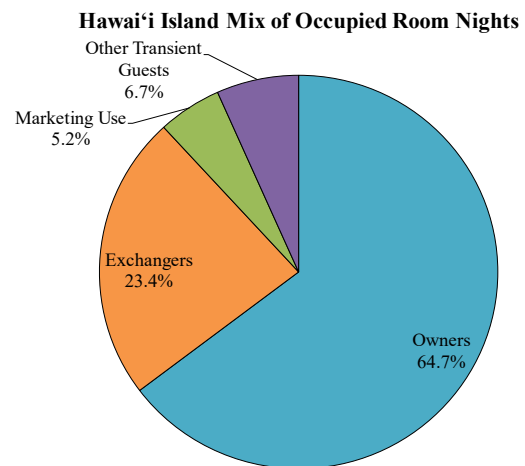
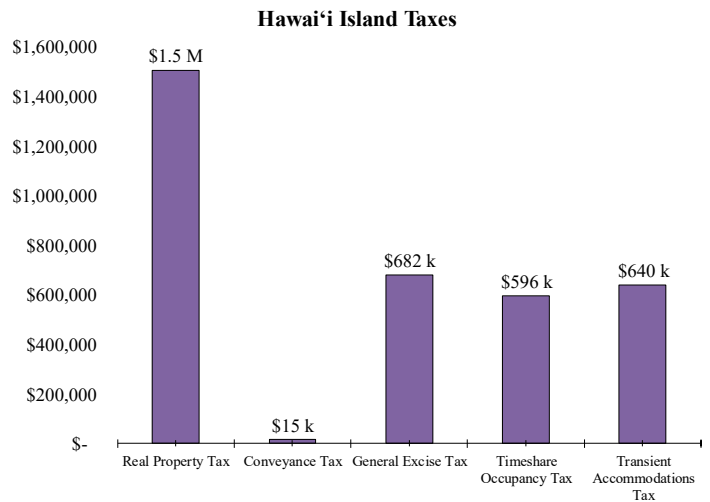
Hawai'i Island timeshare resorts achieved occupancy of 89.4% during Q4, a 6.9 percentage point increase compared to Q4 2018. During the same period, hotel occupancy on Hawai'i Island averaged 76.5%.

At Hawai'i Island timeshare properties in Q4, owner use accounted for 64.7% of occupied room nights. Exchange use accounted for 23.4% of occupied room nights during the quarter, the highest share in the state. Marketing use represented 5.2% of room nights, the lowest share among the islands. Transient use represented 6.7% of occupied room nights at Hawai'i Island timeshare resorts, also the lowest share in the state.

During the quarter, Hawai'i Island welcomed 43,209 timeshare visitors, the lowest number of timeshare visitors among the islands but the only major island to achieve year-over-year timeshare arrival growth, at 3.9%. For the quarter, timeshare visitors represented 9.7% of all visitor arrivals to the island. The average timeshare visitor to Hawai'i Island stayed on the island for 7.9 days, down from 8.2 days during the prior year.

The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$3.4 million in state and county taxes during the quarter. Real property taxes totaled \$1.5 million during Q4.

Hawai'i Island timeshare properties reported a 2.0% decrease in the total number of resort operations employees during the quarter, while the number of sales and marketing employees increased by 6.3%. Timeshare properties on the island providing survey data reported total payroll expense of \$14.6 million during the quarter.



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Survey Overview

Kloninger & Sims Consulting LLC was engaged by the Hawai'i Tourism Authority to conduct a recurring quarterly market performance survey of Hawai'i's timeshare industry. The purpose of the survey was to provide research and analysis in regards to the state of Hawai'i timeshare industry including the following:

- Overall Property Occupancy
- Occupancy Mix
- Taxes Generated
- Employment and Payroll

We acknowledge the American Resort Development Association (“ARDA”) for their continued support and cooperation with this survey.

The information provided in this report represents the aggregated actual operating results of the participating properties. No estimations were made for non-participants. Please also note that the methodology for this survey varies from the HTA's monthly visitor statistics. While this survey is based on actual operating data, accommodation choice data reported by the HTA are self-reported and visitors who are not part of a timeshare/exchange program may possibly select “hotel” or “condominium” as their accommodation type. In addition, HTA does not report the number of nights spent at each accommodation type.

Survey Participation

Participation rates in the statewide timeshare survey was 74.4 percent of registered timeshare units statewide, which represents 53 participating properties and 8,903 units.