

Statewide Timeshare Performance & Taxes

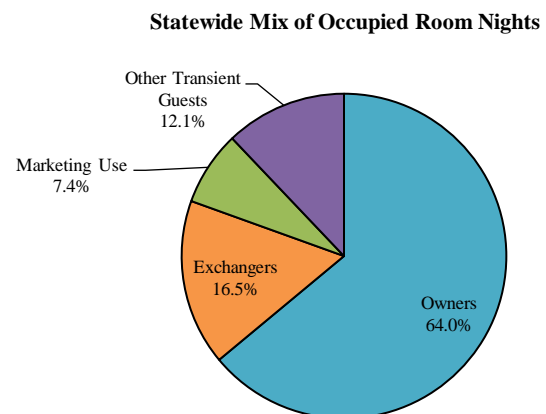
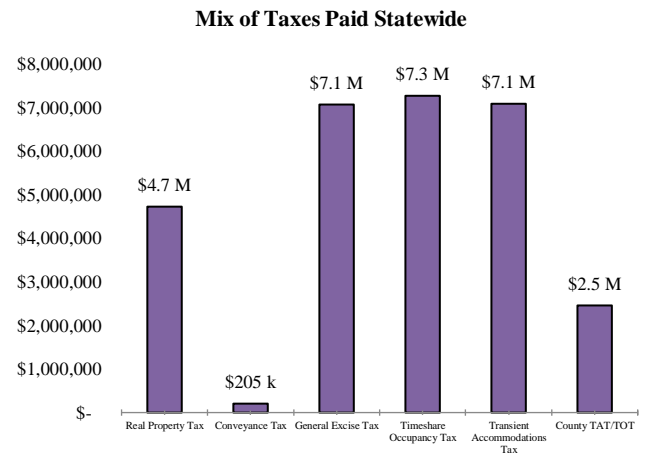
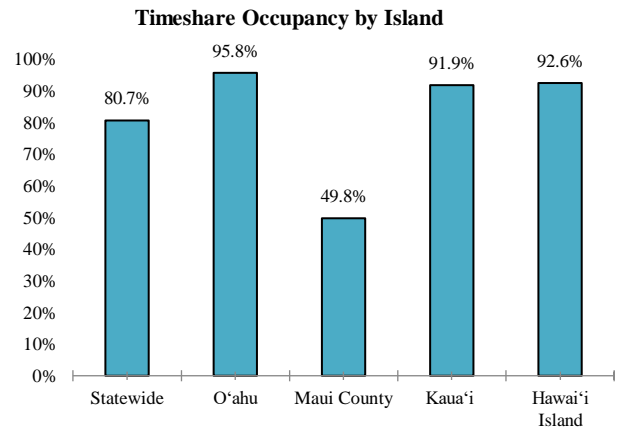
Hawai'i's timeshare industry achieved an average occupancy rate of 80.7% during the third quarter of 2023, a decrease of 12.0 percentage points from the 92.7% occupancy reported for the third quarter of 2022. The decrease in occupancy was primarily driven by dramatically lower occupancy at timeshare resorts in Maui County. The August 8, 2023, wildfires on Maui took at least 100 lives, destroyed the homes of thousands of residents, and all but leveled Lahaina Town. Tourism to West Maui was temporarily suspended by an emergency order through October 31. The final phase of the phased reopening of West Maui began on November 1, 2023.

The traditional hotel and condominium hotel market in the state achieved occupancy of 75.7% during the third quarter of 2023, according to STR, Inc. data reported by the State of Hawai'i Department of Business, Economic Development & Tourism ("DBEDT").

Owners staying in a timeshare they own represented 64.0% of the occupied room nights at Hawai'i's timeshare resorts during the third quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) contributed another 16.5% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 12.1% of occupied room nights during the quarter. Marketing use represented 7.4% of occupied room nights.

The third quarter 2023 timeshare survey findings, based on data provided by 48 individual timeshare properties, represent 80.8% of Hawai'i's 12,207 timeshare units.

According to DBEDT data, 197,241 visitors to the state chose to stay at timeshare resorts for all or part of their stay during the third quarter, an 11.4% decrease



from Q3 2022 timeshare arrivals. The year-over-year decrease was entirely driven by the decrease in timeshare visitor arrivals in Maui County following the August 8 wildfires on Maui. Q3 2023 statewide timeshare arrivals trailed Q3 2019 (“pre-pandemic level”) by 12.7%. While Q3 timeshare arrivals on Kaua'i and Hawai'i Island exceeded pre-pandemic levels, decreases on O'ahu and Maui County were greater.

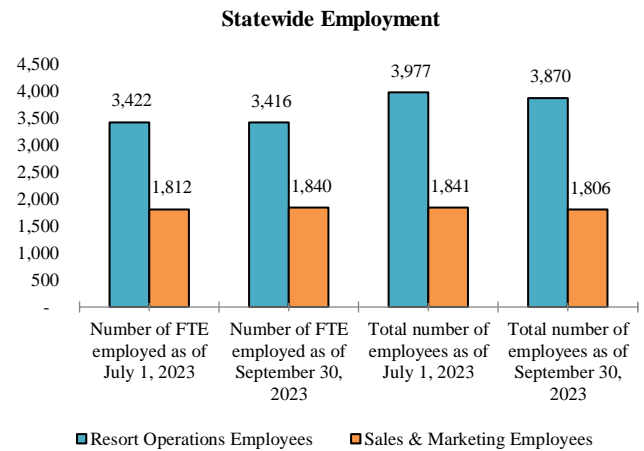
During the third quarter of 2023, timeshare visitors represented 8.4% of all statewide visitor arrivals, short of the prior year's 9.1% share but nearly equal to the pre-pandemic level of 8.5%. The average timeshare visitor stayed in the state for a total of 9.4 days during Q3 2023, shorter than the 9.7-day average length of stay (“LOS”) reported for Q3 2022 but slightly above the pre-pandemic 9.3-day average stay. Slightly over four out of five (81.1%) timeshare visitors to Hawai'i during Q3 2023 stayed exclusively in a timeshare resort while visiting the state.

Survey participants reported a total of \$28.8 million in state and county taxes, including real property tax, general excise tax (“GET”), timeshare occupancy tax (“TOT”), transient accommodations tax (“TAT”), county transient accommodations tax (“CTAT”), and “OTAT”) and conveyance tax. TOT represented the largest share, with a reported \$7.3 million paid during the quarter, followed closely by TAT (\$7.1 million) and GET (\$7.1 million). Real property tax payments totaled \$4.7 million during the quarter.

Statewide Employment & Payroll

The total number of resort operations employees decreased by 2.7% during the quarter to 3,870. The number of sales and marketing employees decreased by 1.9% to 1,806. Most of the decrease in resort operations employment and sales and marketing employment was due to decreases in employment at Maui County timeshare resorts.

Statewide payroll expenses for timeshare survey participants totaled \$72.2 million during the third quarter of 2023, including \$34.4 million for resort operations employees and \$37.8 million for sales and marketing employees.



O'ahu

Timeshare resorts on O'ahu achieved 95.8% occupancy during the third quarter of 2023, the highest timeshare occupancy among the counties during the quarter, and is a 2.1 percentage point increase from Q3 2022. O'ahu's Q3 2023 timeshare occupancy exceeded the pre-pandemic 95.7% timeshare occupancy reported for Q3 2019. During Q3 2023, O'ahu's hotel occupancy averaged 83.8%.

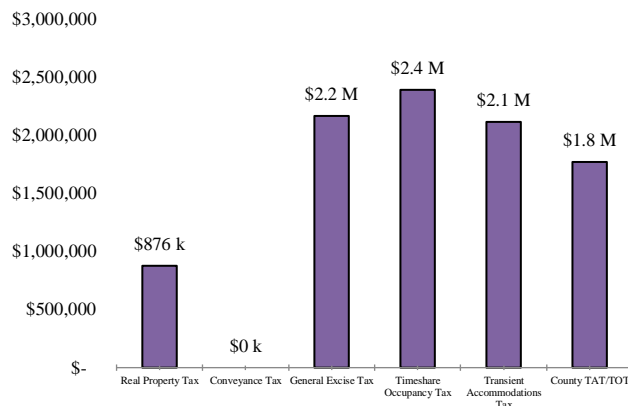
Owner occupied room nights represented 69.3% of total occupied room nights at O'ahu's timeshare resorts during the quarter. Transient use represented 14.4% of occupied room nights during the quarter, the highest among the counties. Exchange use accounted for 8.8% of occupied room nights at O'ahu's timeshare resorts while marketing use represented 7.4% of occupied room nights on O'ahu during the quarter.

O'ahu welcomed 82,334 timeshare visitors during the quarter, 4.6% more than Q3 2022 and the greatest number of timeshare arrivals among the counties. The island's timeshare arrivals during the quarter were 7.1% lower than pre-pandemic. The year-over-year increase likely reflects the ongoing recovery of international visitor arrivals to O'ahu, which increased 57.9% over 2022 levels. Despite the year-over-year increase, O'ahu's international visitor arrivals during Q3 2023 remained about half of pre-pandemic levels. The average timeshare visitor spent 7.1 days on the island, the shortest LOS among the counties and remains unchanged from Q3 2022.

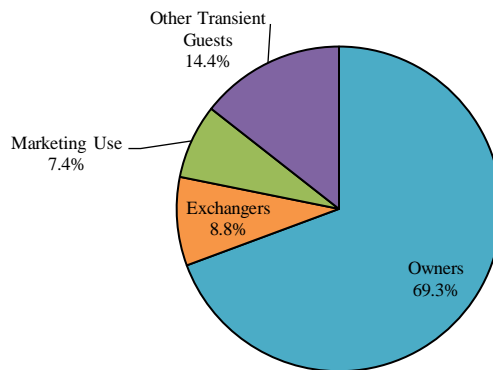
Participating properties on O'ahu reported a total of \$9.3 million in taxes during the third quarter, including \$2.4 million in TOT, followed by \$2.2 million in GET and \$2.1 million in TAT.

During the quarter, O'ahu timeshare resorts reported a 2.1% decrease in the number of resort operations employees and a 3.9% increase in sales and marketing employees. Timeshare properties on O'ahu reported employee payroll expenses of \$18.8 million during the third quarter of 2023, of which sales and marketing payroll accounted for \$16.3 million.

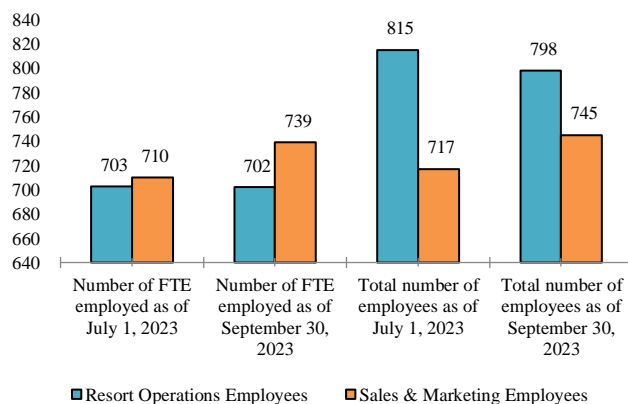
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County’s timeshare properties reported an average occupancy of 49.8% during the third quarter of 2023, a 42.9 percentage point decrease from Q3 2022’s 92.7% timeshare occupancy. An emergency order by Governor Josh Green temporarily paused all West Maui tourism following the August Maui wildfires. During August and September, hotels and timeshare resorts in the area were used to accommodate the relief workers and the thousands of residents displaced by the fires, which destroyed or rendered uninhabitable several thousand homes around Lahaina. West Maui tourism re-opened on November 1 except for the Lahaina burn zone. During the third quarter of 2023, Maui’s hotel occupancy averaged 60.7%.

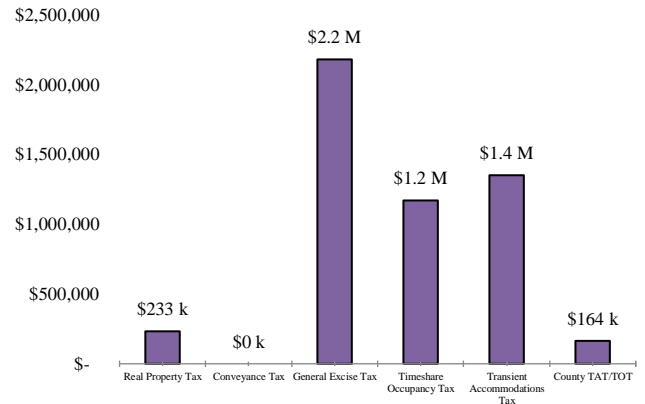
Maui County welcomed 48,094 timeshare visitors during Q3 2023, a 43.0% decrease compared with Q3 2022 and consistent with the decrease in timeshare occupancy for the quarter.

Owner occupancy accounted for 74.6% of occupied room nights at Maui timeshare resorts during the quarter, the highest share among the counties. Transient use contributed 11.5% of occupied room nights while marketing use represented 8.5% of occupied room nights in Maui County timeshares, the highest share among the counties. Exchange use accounted for 5.4% of occupied room nights, the lowest among the counties.

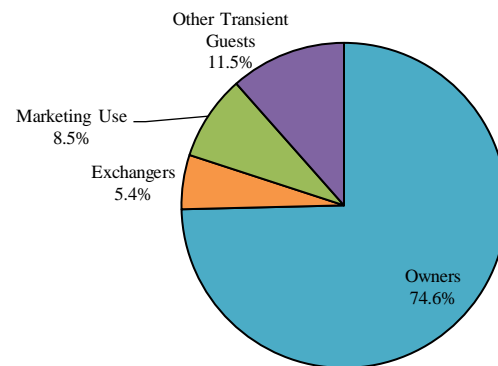
Maui County timeshare properties that provided survey data reported a total of \$5.1 million in state and county taxes during the third quarter. GET totaled \$2.2 million during the quarter, accounting for the largest share among the counties.

In the third quarter, Maui County timeshare properties reported a 4.7% decrease in the total number of resort operations employees during the quarter and a 13.3% decrease in the number of sales and marketing employees. Maui timeshare properties providing survey data reported \$15.6 million in total payroll expense during the quarter, of which sales and marketing employee payroll accounted for \$8.0 million.

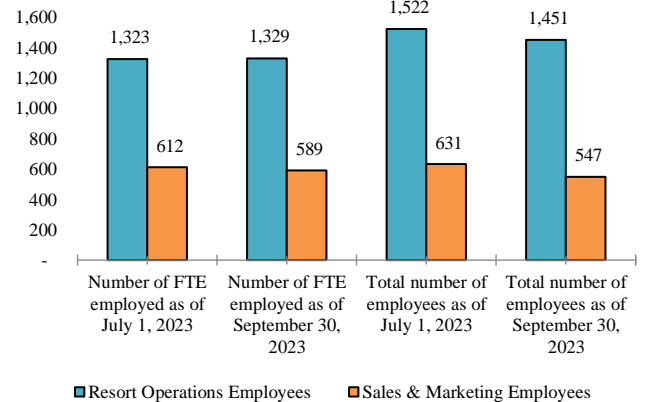
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Timeshare resorts on Kaua'i averaged 91.9% occupancy during the third quarter of 2023, and a 0.9 percentage point decrease compared to Q3 2022's 92.8% occupancy. Kaua'i's Q3 2023 timeshare occupancy also exceeded pre-pandemic levels (87.8% occupancy during Q3 2019). Kaua'i's hotels and condominium hotels reported an average occupancy of 78.2% during the quarter.

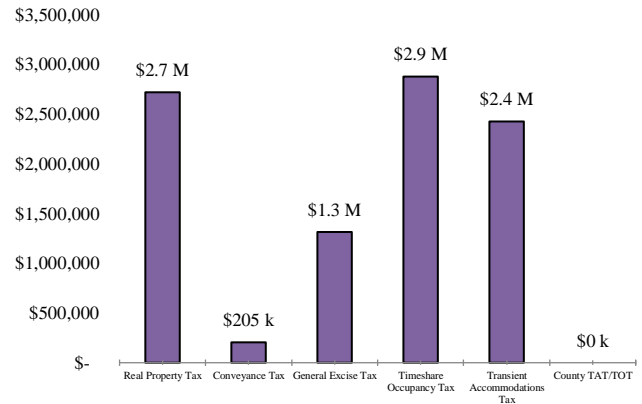
Kaua'i welcomed 56,469 timeshare visitors during Q3 2023, virtually unchanged from Q3 2022 and 2.2% higher than the Q3 2019 level. Kaua'i continued to be the island welcoming the highest proportion of timeshare visitors, with 14.6% of the island's visitors choosing to stay in a timeshare resort during the quarter, down from a 15.5% share in both Q3 2022 and Q3 2019. Kaua'i timeshare visitors spent an average of 8.7 days on Kaua'i during Q3, the longest LOS among the counties and matching the pre-pandemic LOS. Kaua'i also had the highest proportion of timeshare-only visitors during the quarter at 78.9%.

Owner use represented 60.3% of the occupied room nights during the third quarter. Exchange use contributed 20.7% of occupied timeshare room nights on Kaua'i. Transient use represented 11.8% of occupied room nights during Q3 while marketing use represented 7.2% of room nights.

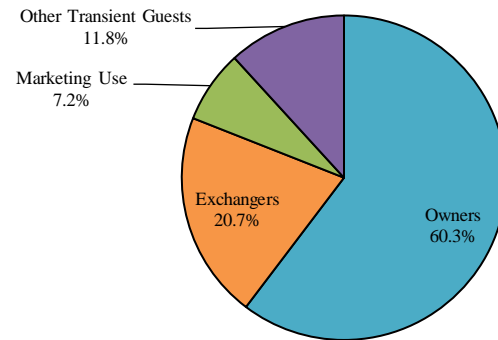
The Kaua'i timeshare resorts that provided survey data reported \$9.5 million in taxes during the third quarter, with the largest contributor being TOT at \$2.9 million.

Kaua'i timeshare properties reported the total number of resort operations employees decreased by 1.1% while the number of sales and marketing employees increased by 1.1%. Participating respondents reported total payroll expense of \$21.2 million during Q3, of which \$15.2 million was resort operations payroll.

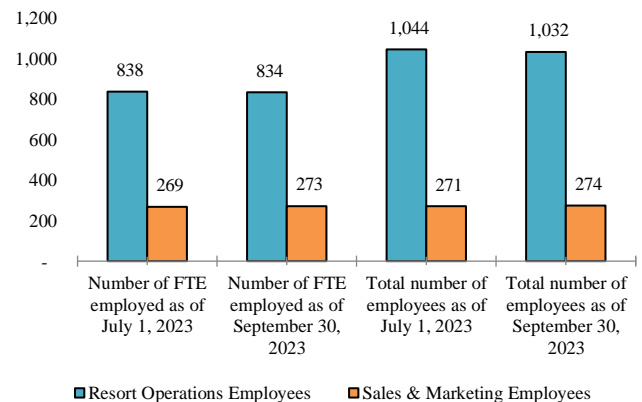
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

Timeshare resorts on Hawai'i Island reported an average occupancy of 92.6% during the third quarter of 2023, an increase of 1.6 percentage points compared with 91.0% during Q3 2022, and exceeding the 88.0% timeshare occupancy during Q3 2019. During the same period, hotel occupancy on Hawai'i Island was 68.0%.

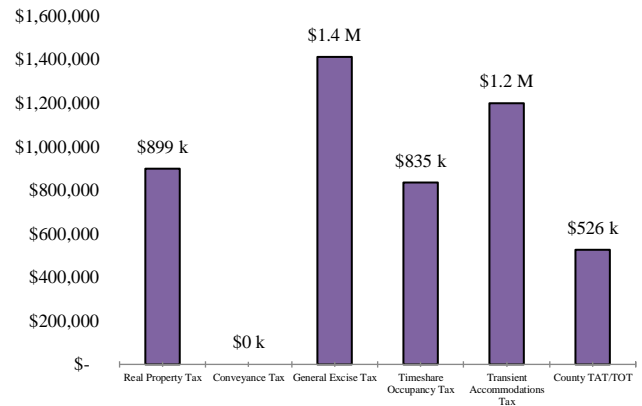
Owner use accounted for 49.9% of occupied room nights at timeshare properties on Hawai'i Island, the lowest share among the counties. Exchange use accounted for 34.4% of occupied room nights, the highest among the counties during the quarter. Transient use contributed 9.0% of occupied room nights, while marketing use represented 6.7% of occupied room nights, both of which were the lowest shares among the counties.

Hawai'i Island reported a total of 45,959 timeshare visitors during the third quarter, a 3.2% year-over-year increase and 5.2% higher than Q3 2019's 43,696 timeshare visitor arrivals. Timeshare visitors represented 10.1% of Hawai'i Island visitor arrivals during the quarter, slightly lower than the Q3 2022 share of 10.2% but higher than the pre-pandemic share of 9.8%. The average Hawai'i Island timeshare visitor had a 7.9-day LOS during the quarter, down slightly from the prior year's 8.1-day average but longer than the pre-pandemic LOS of 7.6 days.

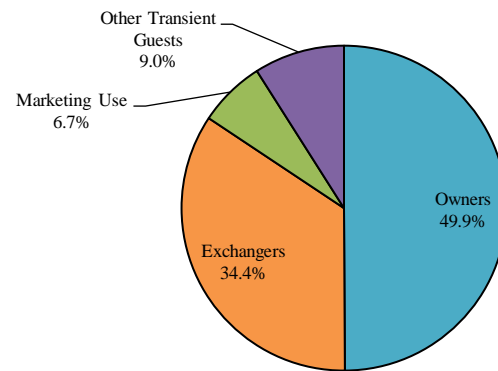
Hawai'i Island timeshare properties reporting data paid \$4.9 million in state and county taxes during the third quarter. GET accounted for the largest share of the taxes at \$1.4 million.

Timeshare resorts on Hawai'i Island reported a 1.2% decrease in the number of resort operations employees and an 8.1% increase in the number of sales and marketing employees during the quarter. Timeshare properties on the island providing survey data reported paying a total of \$16.6 million in payroll and benefits, of which resort operations payroll represented \$9.1 million.

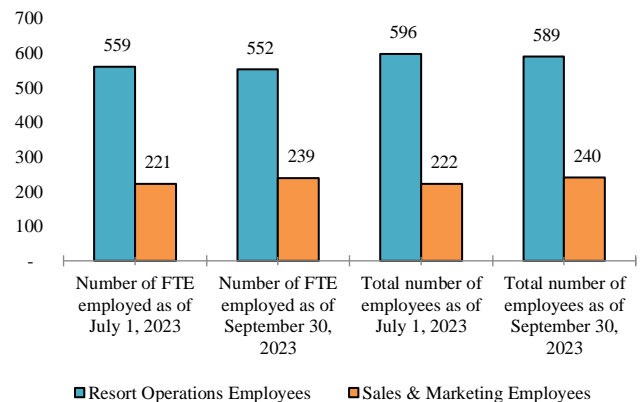
Hawai'i Island Taxes



Hawai'i Island Mix of Occupied Room Nights



Hawai'i Island Employment



**State of Hawai'i Department of
Business, Economic
Development & Tourism**

No. 1 Capitol District Building
250 S. Hotel Street
Honolulu, Hawai'i 96813
Phone: 808-586-2355
www.dbedt.Hawaii.gov

Survey Overview

Kloninger & Sims Consulting LLC was engaged by the State of Hawai'i Department of Business, Economic Development & Tourism 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 DBEDT's monthly visitor statistics. While this survey is based on actual operating data, accommodation choice data reported by DBEDT 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, DBEDT does not report the number of nights spent at each accommodation type.

Survey Participation

Participation rates in the statewide timeshare survey was 80.8 percent of registered timeshare units statewide, which represents 48 participating properties and 9,862 units.