

Statewide Timeshare Performance & Taxes

Hawai'i's timeshare industry achieved an average occupancy rate of 88.0% during the fourth quarter of 2023, a decrease of 3.4 percentage points from the 91.4% occupancy reported for the fourth quarter of 2022. Lower timeshare occupancy in Maui County drove the statewide decrease. West Maui tourism was temporarily paused following the tragic wildfires of August 8, 2023. With the exception of the burn zone in Lahaina, West Maui reopened for tourism on November 1, 2023. The traditional hotel and condominium hotel market in the state achieved occupancy of 73.2% during the fourth quarter of 2023, according to STR, Inc. data reported by the State of Hawai'i Department of Business, Economic Development & Tourism ("DBEDT").

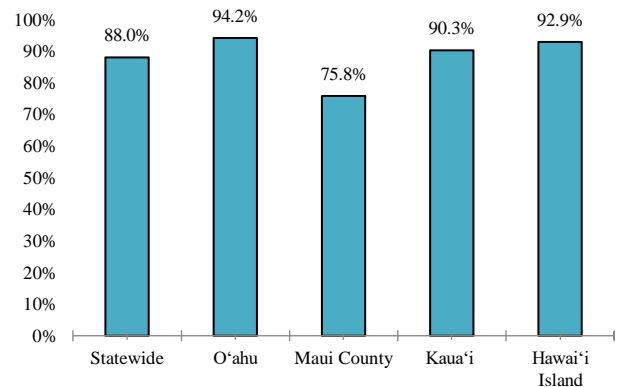
Owner use, that is an owner staying in a timeshare they own, represented 62.6% of the occupied room nights at Hawai'i's timeshare resorts during the fourth quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 16.6% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 14.5% of occupied room nights during the quarter. Marketing use represented 6.2% of occupied room nights.

The fourth 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.

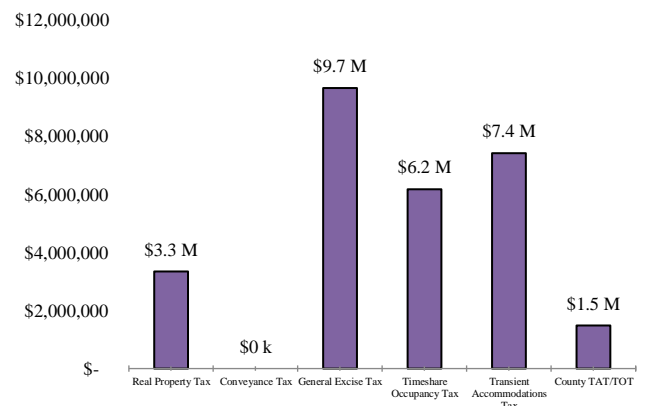
According to DBEDT data, 194,636 visitors to the state chose to stay at a timeshare resort for all or part of their stay during the fourth quarter, a 5.5% decrease from the 205,994 timeshare visitors reported for Q4 2022. During Q4 2023, 8.6% of all Hawai'i visitors stayed in a timeshare property, compared with the 8.9% share reported for Q4 2022.

During the fourth quarter, the average timeshare visitor stayed a total of 9.8 days in the state, slightly shorter than the Q4 2022 statewide average of 10.1

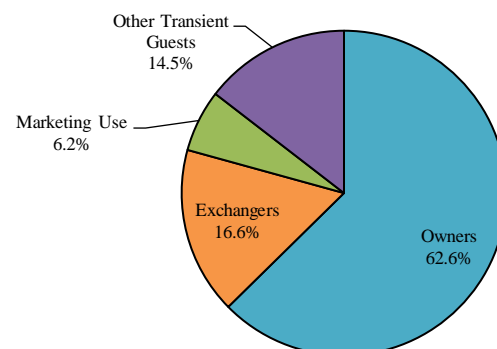
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



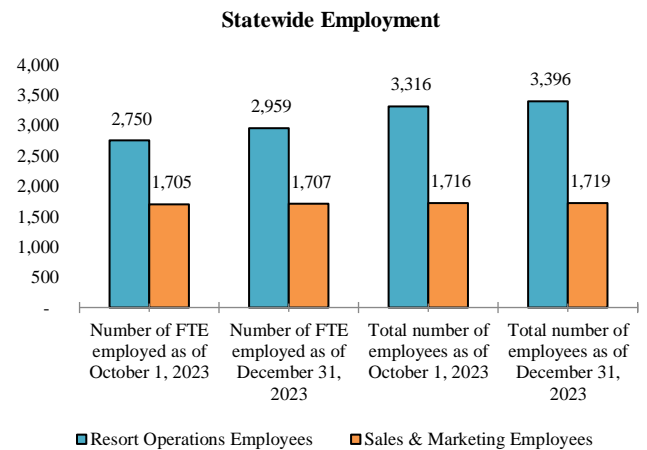
days but matching the pre-pandemic average stay of 9.8 days during Q4 2019.

Survey participants reported generating a total of \$28.1 million in state and county taxes, including real property tax, general excise tax (“GET”), timeshare occupancy tax (“TOT”), state transient accommodations tax (“TAT”), county transient accommodations tax (“CTAT”) and conveyance tax. Participants reported paying GET totaling \$9.7 million or 34.4% of the total during the quarter. TAT contributed \$7.4 million during the quarter, accounting for 26.4% of the total, and TOT contributed \$6.2 million or 22.0% of the total. Real property taxes accounted for \$3.3 million or 11.9% of the total. We note that not all properties reported taxes for the fourth quarter and that some respondents chose not to report certain taxes for this survey.

Statewide Employment & Payroll

The total number of resort operations employees increased by 2.4% during the quarter to 3,396. The number of sales and marketing employees increased by 0.2% to 1,719.

Statewide payroll expenses for timeshare survey participants totaled \$68.8 million during the fourth quarter of 2023, including \$35.2 million for resort operations employees and \$33.6 million for sales and marketing employees.



O'ahu

Timeshare resorts on O'ahu averaged 94.2% occupancy during the fourth quarter of 2023, the highest timeshare occupancy among the counties during the quarter and a 1.1 percentage point increase from the prior year. O'ahu timeshare occupancy fell just short of Q4 2019 ("pre-pandemic level") occupancy of 94.3%. During Q4 2023, O'ahu's hotel occupancy averaged 77.0%.

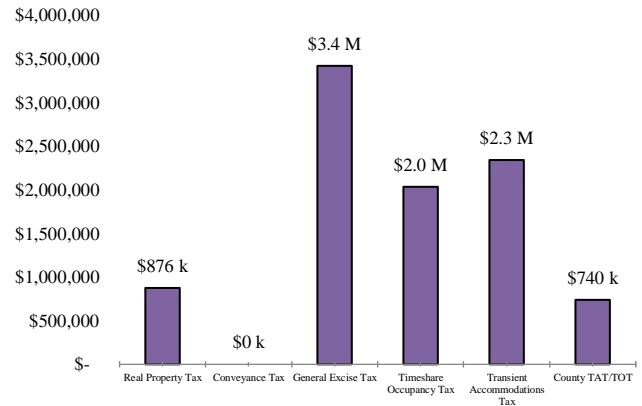
Owner occupied room nights represented 67.3% of total occupied room nights at O'ahu's timeshare resorts during the quarter. Transient use represented 18.0% of occupied room nights during the quarter, the highest among the counties. Exchange use accounted for 9.9% of occupied room nights at O'ahu's timeshare resorts. Marketing use represented 4.8% of occupied room nights on O'ahu during the quarter, the lowest share among the counties.

O'ahu welcomed 75,540 timeshare visitors during Q4 2023, a 1.3% increase compared to Q4 2022's 74,567 timeshare visitors but lower than the pre-pandemic figure of 78,188 reported for Q4 2019. A total of 5.4% of O'ahu's visitors planned to stay in a timeshare resort during the fourth quarter, the lowest share among the counties. The average O'ahu timeshare visitor spent 7.3 days on the island, the shortest length of stay among the counties and shorter than the 7.4-day average reported for Q4 2022 and the 7.9-day average during the fourth quarter of 2019.

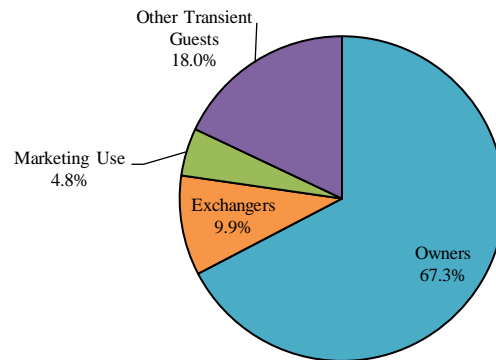
Participating properties on O'ahu reported a total of \$9.4 million in taxes during the fourth quarter, including \$3.4 million in GET.

During the quarter, O'ahu timeshare resorts reported a 4.4% increase in the number of resort operations employees and a 2.6% increase in sales and marketing employees. Timeshare properties on O'ahu reported employee payroll expense of \$23.3 million during the fourth quarter of 2023, of which sales and marketing payroll accounted for \$13.6 million and resort operations payroll accounted for \$9.7 million.

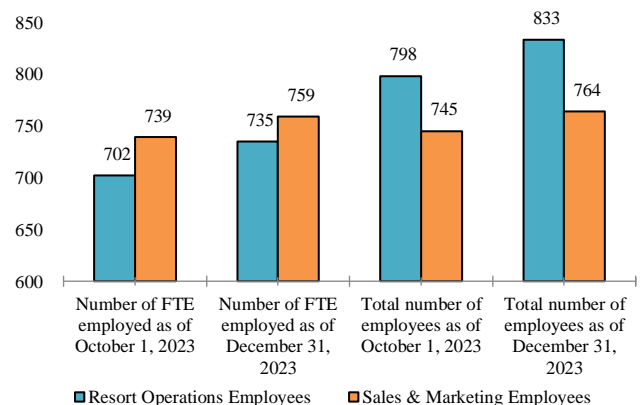
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County’s timeshare properties achieved an average occupancy of 75.8% during the fourth quarter of 2023, a 15.3 percentage point decrease from Q4 2022’s 91.1% occupancy. The West Maui tourism pause that ended on November 1 contributed to the decrease in timeshare occupancy. During the fourth quarter of 2023, Maui’s hotel occupancy averaged 67.9%.

During the fourth quarter of 2023, Maui County welcomed 59,560 timeshare visitors, a 21.2% decrease from the prior year’s 75,618 Q4 timeshare arrivals. The temporary closure of West Maui tourism following the August 8 wildfires likely drove the county’s decrease. Maui County’s July timeshare arrivals totaled 32,974, which decreased to just 9,241 arrivals in August and 5,878 arrivals in September before increasing to 15,365 in October and 22,267 in November as West Maui tourism reopened in phases.

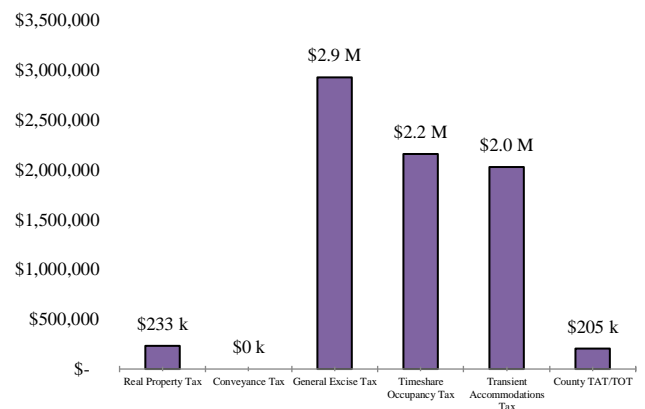
Timeshare visitors represented 11.9% of Maui County’s visitor market during the quarter, an increase from the 10.4% share achieved during Q4 2022. The average Maui County timeshare visitor had a 9.3-day length of stay during the fourth quarter, the longest average stay among the counties, and an increase from the 9.1-day average reported for Q4 2022.

Owner occupancy accounted for 74.4% of occupied room nights at Maui timeshare resorts during the quarter, the highest share among the counties. Transient guests accounted for 13.8% of occupied room nights during the quarter. Marketing use represented 6.7% of occupied room nights in Maui County timeshares while exchange use accounted for 5.0% of occupied room nights, lowest among the counties.

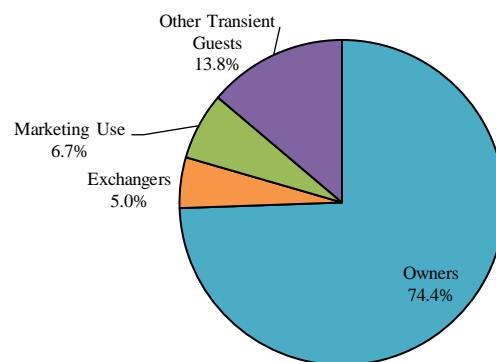
Maui County timeshare properties that provided survey data reported a total of \$7.5 million in state and county taxes during the fourth quarter. GET accounted for \$2.9 million of the total taxes during the quarter or 38.8% of the total.

In the fourth quarter, Maui County timeshare properties reported a 5.0% increase in the total number of resort operations employees during the quarter, while the number of sales and marketing employees decreased by 4.7%. Maui timeshare properties providing survey data reported \$7.9 million in total payroll expense during the quarter, of which sales and marketing payroll accounted for \$5.9 million.

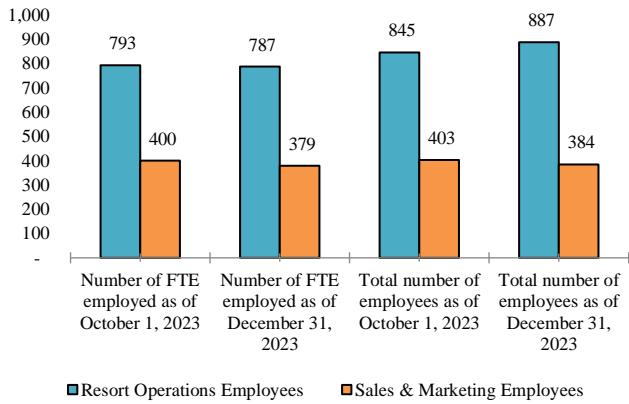
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

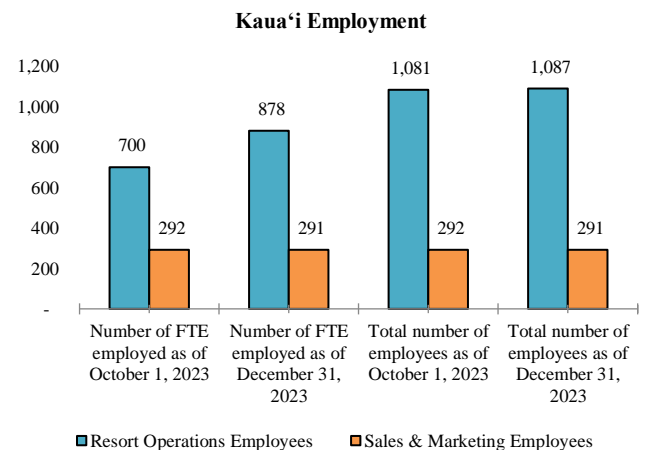
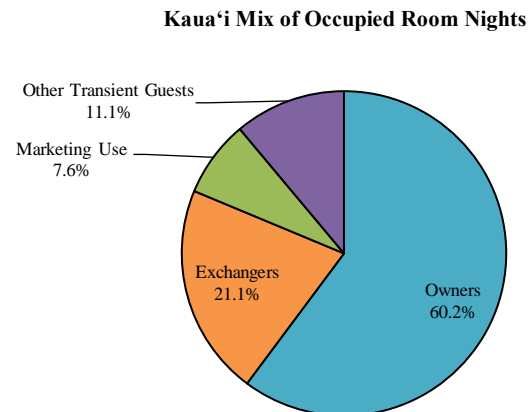
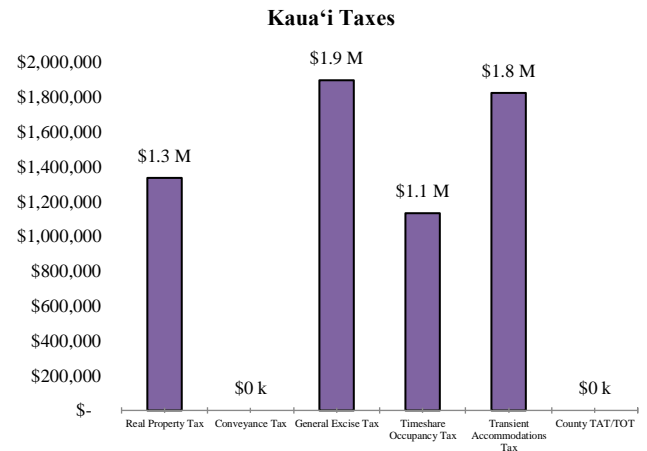
Timeshare resorts on Kaua'i averaged 90.3% occupancy during the fourth quarter of 2023, a 0.1 percentage point decrease from Q4 2022. Despite the modest decrease, fourth quarter occupancy at Kaua'i's timeshare resorts exceeded the pre-pandemic occupancy of 84.2% by 6.1 percentage points. During the fourth quarter of 2023, Kaua'i's hotels and condominium hotels reported an average occupancy of 70.8%.

During the fourth quarter of 2023, Kaua'i welcomed 49,547 timeshare visitors, down 3.1% from the 51,146 timeshare arrivals on the island during Q4 2022 and down 2.2% from the Q4 2019 count of 50,645 timeshare visitors. During the quarter, 14.7% of Kaua'i visitors intended to stay at a timeshare resort, the highest share among the counties by a wide margin. Kaua'i has long been the island with the highest proportion of timeshare visitors. Kaua'i timeshare visitors spent an average of 9.0 days on Kaua'i during Q4 2023, marginally longer than the 8.9-day average reported for the prior year and the 8.8-day average reported for Q4 2019.

Owner use represented 60.2% of the occupied room nights at Kaua'i timeshare resorts during Q4 2023. Exchange use contributed 21.1% of occupied rooms. Transient use represented 11.1% of occupied room nights, the lowest share among the counties. Marketing use represented 7.6% of occupied timeshare room nights, the highest share in the state.

The Kaua'i timeshare resorts that provided survey data reported \$6.2 million in taxes during the fourth quarter, of which \$1.8 million was TAT, representing 29.5% of the total.

Kaua'i timeshare properties reported a 0.6% increase in the number of resort operations employees during the quarter and a 0.3% decrease in the number of sales and marketing employees. Participating respondents reported total payroll expense of \$22.3 million during Q4, of which \$14.8 million was resort operations payroll.



Hawai'i Island

Timeshare resorts on Hawai'i Island reported an average occupancy of 92.9% during the fourth quarter of 2023, 2.8 percentage points higher than the 90.1% occupancy reported for the prior Q4. Similar to Kaua'i, Hawai'i Island's Q4 occupancy exceeded pre-pandemic occupancy of 89.4%. During the same period, hotel occupancy on Hawai'i Island was 67.9%.

Owner use accounted for 50.2% of occupied room nights at timeshare properties on Hawai'i Island, the lowest share among the counties. Exchange use accounted for 28.6% of occupied room nights, the highest share in the state. Transient use contributed 15.7% of occupied room nights during the quarter while marketing use represented 5.5% of occupied room nights.

For the quarter, Hawai'i Island reported a total of 41,558 timeshare visitors, down 3.5% from 43,048 timeshare visitors during Q4 2022 and also below the 43,209 timeshare visitors pre-pandemic. Timeshare visitors represented 9.6% of Hawai'i Island visitor arrivals during the quarter, compared with the 10.1% share during Q4 2022 and 9.7% pre-pandemic. The average Hawai'i Island timeshare visitor had an 8.7-day length of stay during the quarter, matching the Q4 2022 average stay and longer than the 7.9-day average during the fourth quarter of 2019.

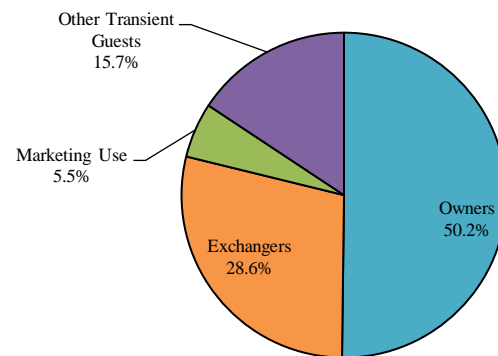
Hawai'i Island timeshare properties reporting data paid \$4.9 million in state and county taxes during the fourth quarter. GET accounted for the largest share of the taxes at \$1.4 million.

During the quarter, the total number of resort operations employees decreased by 0.5% while the number of sales and marketing employees increased by 1.4%. Timeshare properties on the island that provided survey data reported paying a total of \$15.4 million in payroll and benefits, of which \$8.7 million was for resort operations employees.

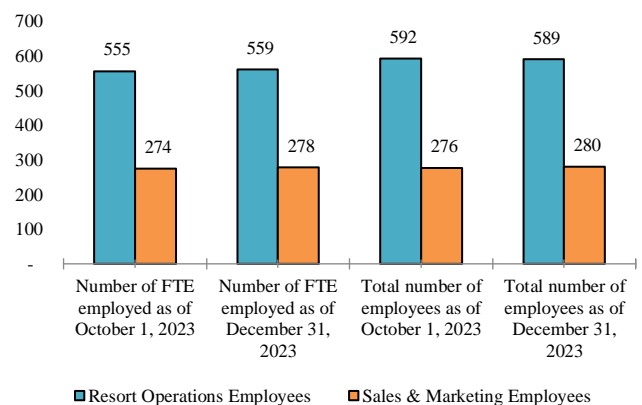
Hawai'i Island Taxes



Hawai'i Island Mix of Occupied Room Nights



Hawai'i Island Employment



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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.