



# Hawai'i Timeshare Quarterly October - December 2017

## Statewide Timeshare Performance & Taxes

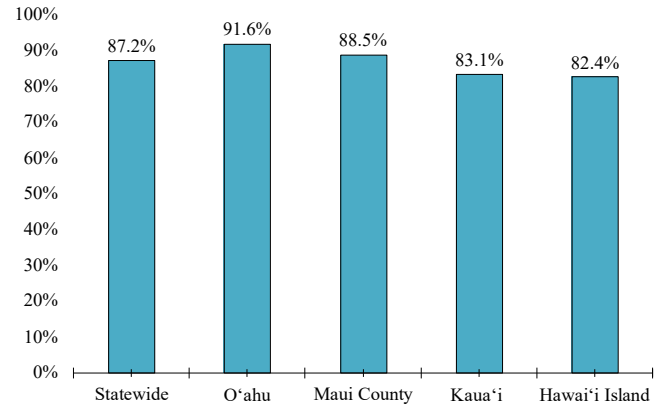
During the period from October to December (“Q4”) of 2017, Hawai'i's timeshare industry achieved an 87.2% occupancy rate, a decrease of 1.7 percentage points compared with 2016. The statewide hotel and condominium hotel occupancy averaged 78.6% during the same period in 2017, according to STR, Inc. data reported by the Hawai'i Tourism Authority (“HTA”). The Q4 2017 timeshare survey findings, based on data provided by 52 individual timeshare properties, represent 81.3% of Hawai'i's 11,233 timeshare units.

During the fourth quarter of the year, Hawai'i welcomed 207,188 visitors to the state who chose to stay at timeshare resort for all or part of their stay, an increase of 8.5% from 2016. The opening of new timeshare resorts on O'ahu and Maui in 2017 contributed to the growth in statewide timeshare visitor arrivals. Most of the state's timeshare visitors (73.8%) stayed exclusively in a timeshare resort while visiting Hawai'i during the quarter. Timeshare visitors represented 8.9% of Hawai'i visitor arrivals during the quarter, according to HTA data.

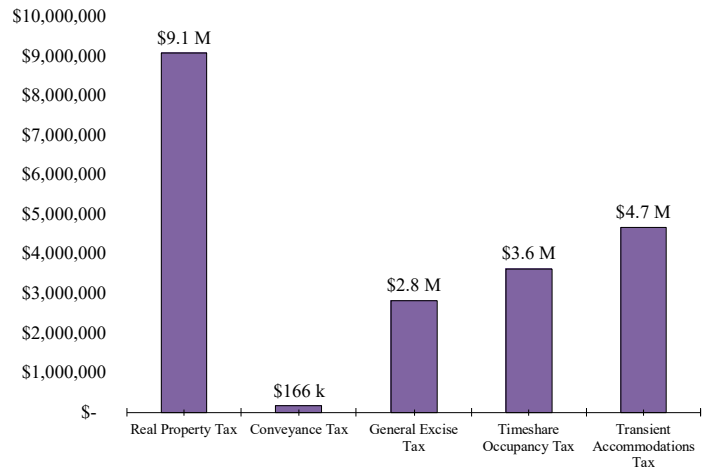
Owners using their timeshare continued to account for the majority of occupied room nights in Hawai'i's timeshare resorts during Q4 2017, representing 54.1% of the occupied room nights at Hawai'i's timeshare resorts. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 23.8% of the occupied room nights. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 15.5% of occupied room nights during the quarter. Marketing use represented 6.6% of occupied room nights.

During Q4 2017, participating timeshare properties generated a total of \$20.4 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 \$9.1 million, or 44.5% of

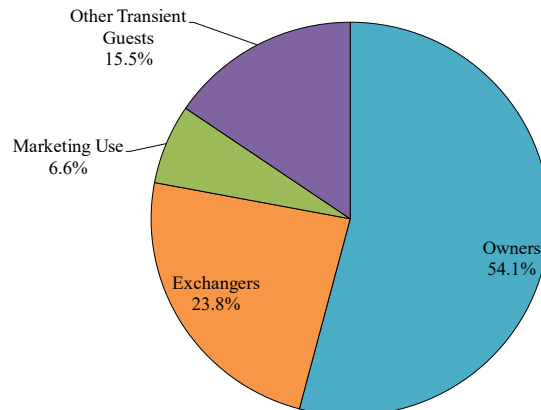
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights

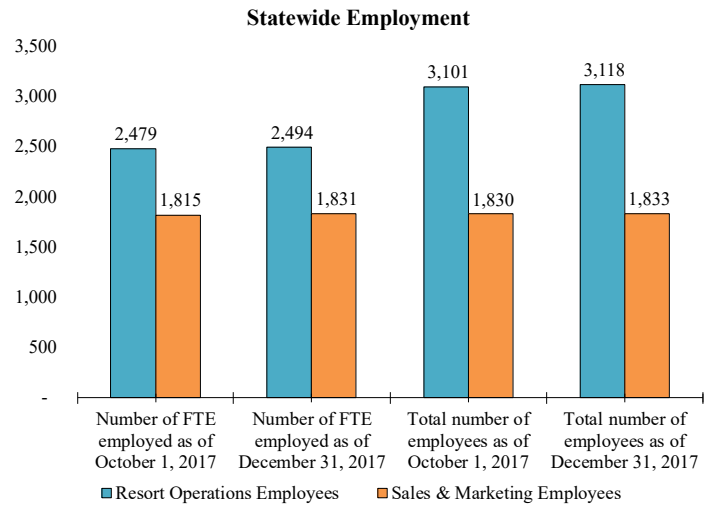


the total. We note that some respondents chose not to report certain taxes for this survey.

### Statewide Employment & Payroll

Statewide, the number of resort operations employees at the timeshare resorts that provided employment survey data totaled 3,118 at the end of 2017, a 0.5% increase from the beginning of the quarter, while sales and marketing employment increased by 0.2% to 1,833.

During Q4, statewide payroll expenses for timeshare survey participants that provided data totaled \$80.4 million.



## O'ahu

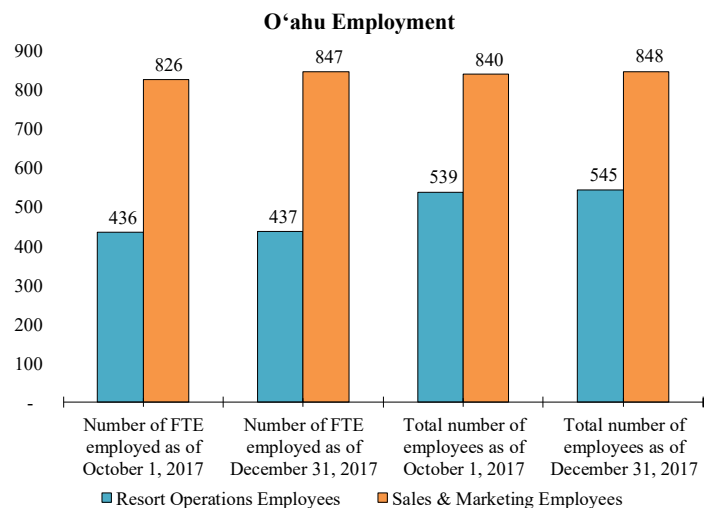
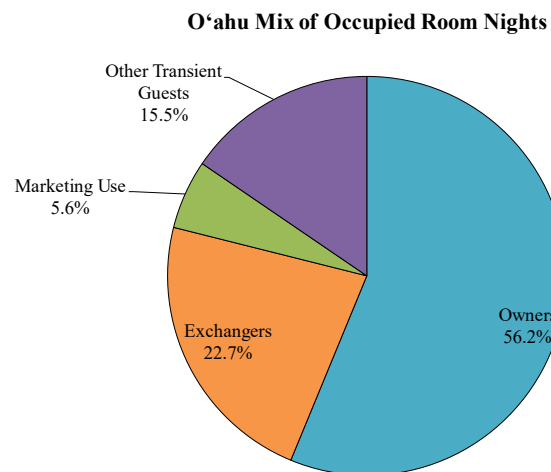
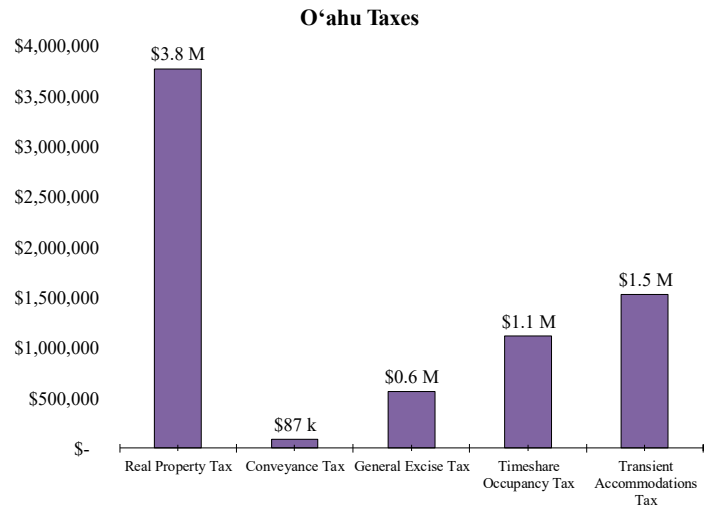
During Q4, timeshare resorts on O'ahu averaged 91.6% occupancy, a 1.2 percentage point increase compared to the prior year and the highest timeshare occupancy percentage among the islands during the quarter. During the same period, O'ahu's hotel occupancy was 81.8%.

Owner occupied room nights represented 56.2% of total occupied room nights at O'ahu's timeshare resorts during Q4. Exchange guests contributed another 22.7% of the occupied room nights at O'ahu timeshare properties.

According to the HTA, O'ahu welcomed 78,815 timeshare visitors during the final quarter of 2017, the highest among the Hawaiian Islands and 7.8% above the previous year's Q4 arrivals. Some of the increase in O'ahu's timeshare visitor arrivals can be attributed to the additional timeshare inventory in Waikiki supplied by the 411-unit Hilton Grand Islander tower, which opened in March. The average O'ahu timeshare visitor stayed on O'ahu for 7.2 days during Q4, compared with a 6.9 day average stay the previous year. Timeshare visitors represented 5.6% of the O'ahu visitor market during Q4, the lowest share among the Hawaiian Islands.

Participating properties on O'ahu reported a total of \$7.1 million in taxes during the quarter, including \$3.8 million in real property taxes.

O'ahu timeshare resorts reported a slight 1.1% increase in the number of resort operations employees during the quarter and a 1.0% increase in sales and marketing employment during Q4. The O'ahu timeshare properties reported employee payroll expense of \$17.6 million during the quarter.



## Maui County

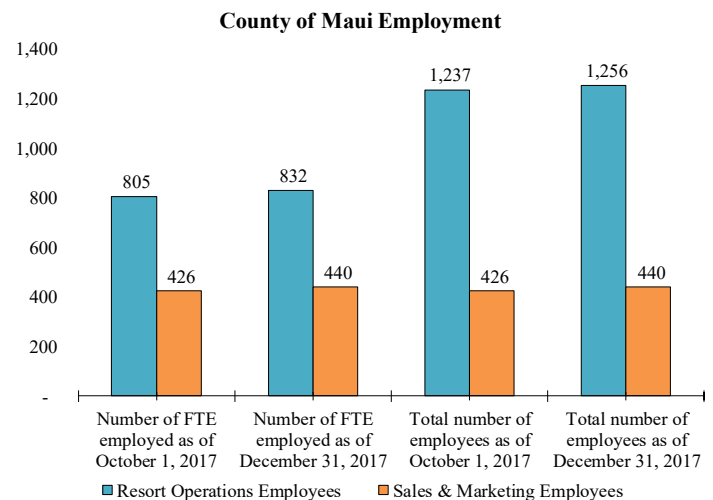
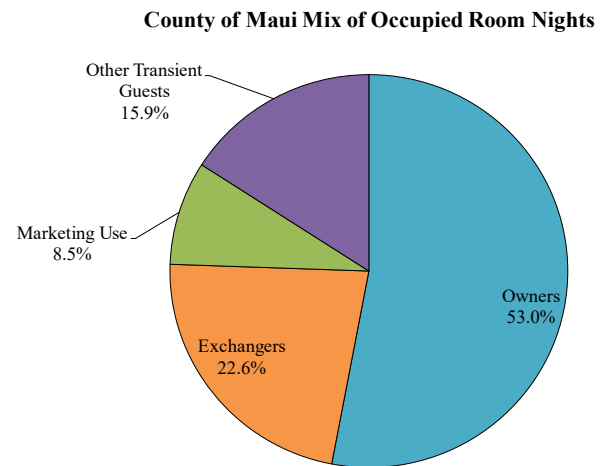
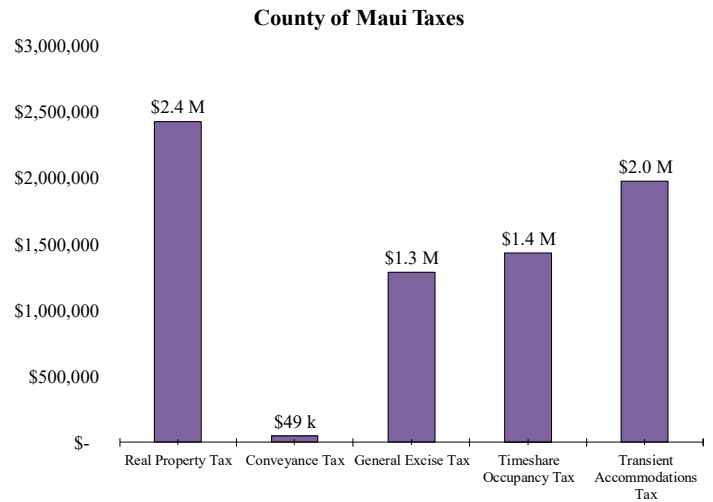
Maui County's timeshare properties achieved an average occupancy of 88.5% during the quarter, a 3.8 percentage point decrease compared to the prior year and the highest timeshare occupancy among the islands. During the same period, Maui's hotel occupancy was 75.1%.

During Q4, owner occupancy accounted for 53.0% of occupied room nights at Maui timeshare resorts. Exchange use represented 22.6% of occupied room nights, while marketing use contributed 8.5% of all occupied room nights at Maui County's timeshare properties during the quarter.

Maui timeshare visitors spent an average of 9.2 days in Maui County. Timeshare visitors totaled 75,453 arrivals during the quarter, second highest among the island and a 7.3% increase compared with the prior year. The opening of the 190-unit Westin Nanea resort during 2017 contributed to the increase in the number of timeshare visitors to Maui during the fourth quarter. Timeshare visitors accounted for 10.8% of Maui's visitor market during the quarter.

Participating properties in Maui County that provided survey data reported a total of \$7.2 million in state and county taxes during Q4. Property taxes accounted for \$2.4 million of the total.

Maui County timeshare properties reported a 1.5% increase in the total number of resort operations employees and a 3.3% increase in the number of sales and marketing employees during the quarter. Maui timeshare properties providing survey data reported total payroll expense of \$31.0 million during the quarter.



## Kaua'i

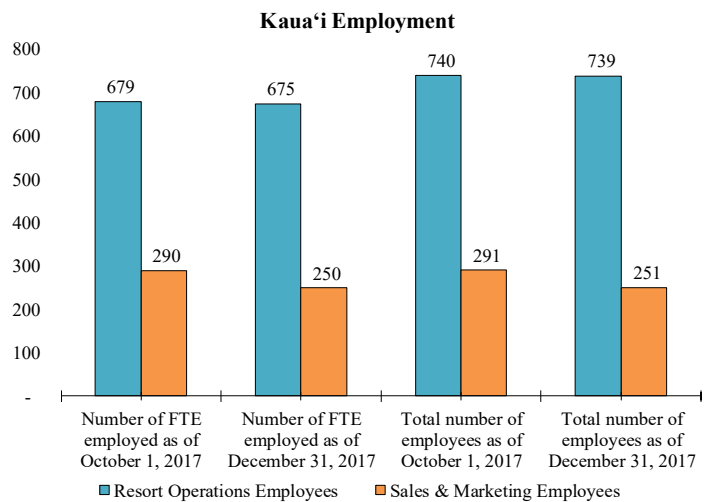
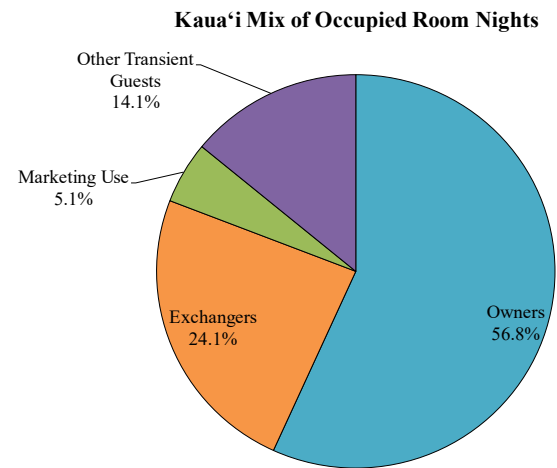
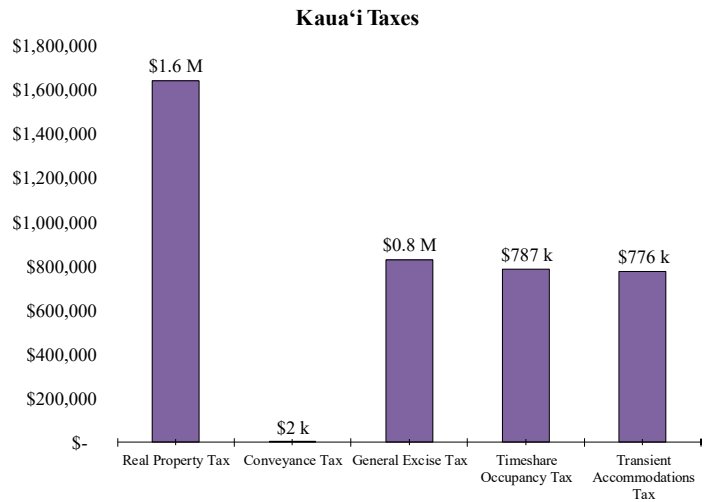
Kaua'i's timeshare properties averaged 83.1% occupancy during the fourth quarter of 2017, a 1.5 percentage point decrease compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 74.5%.

During Q4, owner use represented 56.8% of the occupied room nights at Kaua'i's timeshare resorts, the highest percentage of owner use among the islands. Exchange use contributed 24.1% of occupied timeshare room nights on Kaua'i. Marketing use contributed 5.1% of occupied room nights at Kaua'i's timeshare resorts, which was the lowest percentage of marketing use among the islands.

Kaua'i's 51,123 timeshare visitors represented 16.3% of Kaua'i's total visitor arrivals during the quarter, giving Kaua'i the highest proportion of timeshare visitors among the islands. Overall, 8.9% of statewide visitor arrivals were timeshare visitors during Q4. Timeshare visitors spent an average of 9.2 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 \$4.0 million in taxes during the quarter, of which \$1.6 million were real property taxes.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties decreased by 0.1%, during the quarter while sales and marketing employment decreased by 13.7%. Participating respondents reported total payroll expense of \$15.3 million during Q4.



## Hawai'i Island

Hawai'i Island timeshare resorts achieved annual occupancy of 82.4% during Q4, a 3.3 percentage point decrease compared to Q4 2016. During the same period, hotel occupancy on Hawai'i Island was 73.8%.

At Hawai'i Island timeshare properties in 2016, owner use accounted for 48.3% of occupied room nights, the lowest owner use share among the islands. Transient use represented 16.8% of occupied room nights at Hawai'i Island timeshare resorts, the highest share of transient use among the islands. Exchange use accounted for 29.0% of occupied room nights, highest among the islands during Q4.

During the quarter, Hawai'i Island welcomed 43,364 timeshare visitors, the lowest number of timeshare visitors among the island but 9.7% of all visitors to the island. The average timeshare visitor to Hawai'i Island stayed on the island for 8.5 days.

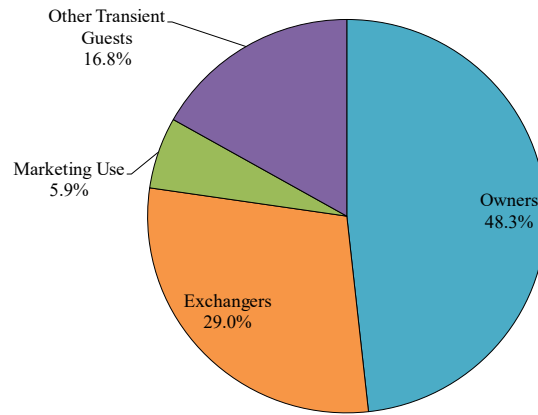
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$2.1 million in state and county taxes during the quarter. Real property taxes totaled \$1.2 million during Q4.

Hawai'i Island timeshare properties reported a 1.2% decrease in the total number of resort operations employees during the quarter, while the number of sales and marketing employees increased 7.7%. Timeshare properties on the island providing survey data reported total payroll expense of \$16.5 million during the quarter.

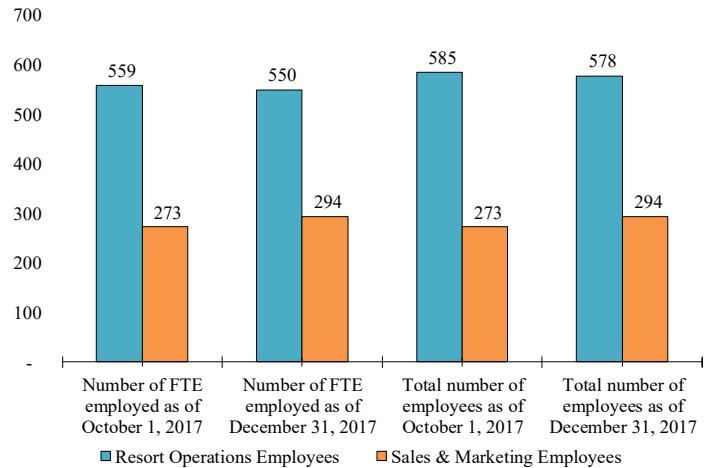
Hawai'i Island Taxes



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 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 81.3 percent of registered timeshare units statewide, which represents 52 participating properties and 9,132 units.