



Hawai'i Timeshare Quarterly January - March 2021

Statewide Timeshare Performance & Taxes

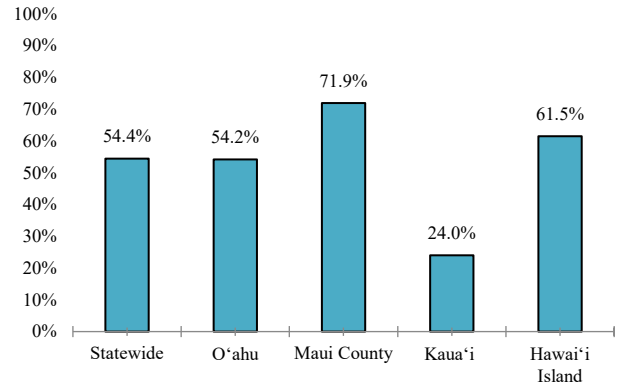
During the first quarter of 2021, Hawai'i's visitor arrivals lagged pre-COVID-19 levels by a wide margin, with Q1 2021 visitor arrivals equaling about 34% of Q1 2019 levels. Statewide visitor arrivals did increase substantially during the quarter, growing from 171,976 arrivals in January to 439,785 during March. The travel slowdown affected Hawai'i's timeshare industry as well, with the state's timeshare resorts achieving an occupancy rate of 54.4% during the quarter, compared with the 82.3% occupancy rate for the same period during 2020, a decrease of 27.9 percentage points. We note that the pandemic-related travel slowdown began in March 2020, making the Q1 2021 report the first in which the prior year statistics also reflect pandemic-era figures.

Based on Q1 results, Hawai'i's timeshare resorts appear to be recovering at a faster rate than the state's hotels. The statewide hotel and condominium hotel occupancy averaged 32.4% during the first quarter, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA").

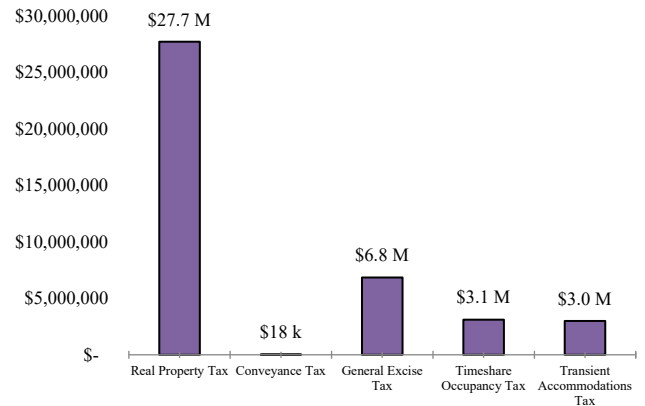
Owners using their timeshare accounted for 54.5% of occupied room nights in Hawai'i's timeshare resorts during the first quarter of 2021. Exchangers (timeshare owners who participate in a timeshare exchange program) represented 25.5% of occupied room nights during Q1. During Q2, Q3 and Q4 of 2020, exchange use represented the majority of occupied room nights at the state's timeshare resorts. Historically, owner use has accounted for the largest share of occupied room nights at Hawai'i's timeshare properties.

Marketing use represented 4.4% of occupied room nights during Q1, significantly lower than the share attributed to marketing use pre-pandemic, suggesting that timeshare operators have not fully ramped up their sales and marketing functions. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 15.6% of occupied room nights during the quarter.

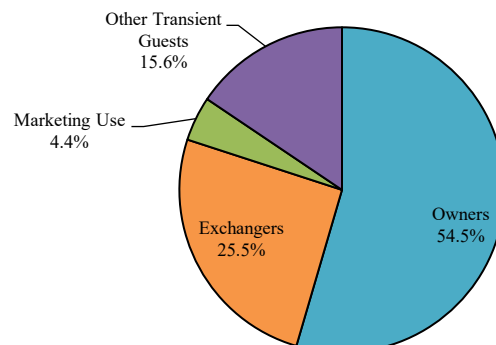
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



The first quarter 2021 timeshare survey findings, based on data provided by 56 individual timeshare properties, represent 83.7% of Hawai'i's 12,176 timeshare units.

According to HTA data, 91,004 visitors to the state chose to stay at timeshare resort for all or part of their stay during the first quarter. This compares with the 58,154 timeshare visitors to the state during Q4 2020. For the quarter, timeshare visitors accounted for 10.7% of all visitor arrivals to the state, a higher market share than timeshare has historically achieved. This is consistent with Hawai'i timeshare resorts achieving higher occupancy than hotels during the quarter.

Timeshare visitors had an average length of stay of 10.8 days during the first quarter, comparable to pre-pandemic length of stay for Hawai'i timeshare visitors.

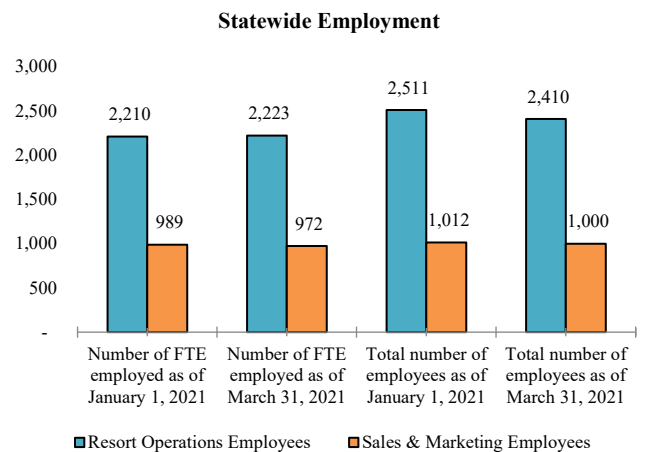
During the first quarter, participating timeshare properties generated a total of \$40.7 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"), transient accommodations tax ("TAT"), and conveyance tax. Real property taxes accounted for the largest share of taxes during the quarter, a total of \$27.7 million or 68.1% of the total. General Excise Tax accounted for \$6.8 million or 16.8% of the total. We note that some respondents chose not to report certain taxes for this survey.

Statewide Employment & Payroll

The number of resort operations employees at the timeshare resorts that provided employment survey data totaled 2,410 at the end of the quarter, a 4.0% decrease from the employee count at the beginning of the quarter.

At the end of the quarter, timeshare resorts reported 1,000 sales and marketing employees, a 1.2% decrease from the count at the start of the first quarter.

For the first quarter of 2021, statewide payroll expenses for timeshare survey participants that provided data totaled \$38.1 million, of which resort operations payroll contributed \$28.9 million and sales and marketing payroll \$9.1 million. In comparison, the sales and marketing operations of Hawai'i's timeshare resorts reported total payroll of \$5.4 million during Q4 2020, indicating an increase in timeshare sales efforts in early 2021.



O'ahu

In the first quarter of 2021, timeshare resorts on O'ahu averaged 54.2% occupancy, compared with 82.1% occupancy during Q1 of the prior year. During Q1 2021, O'ahu's hotel occupancy averaged 31.3%.

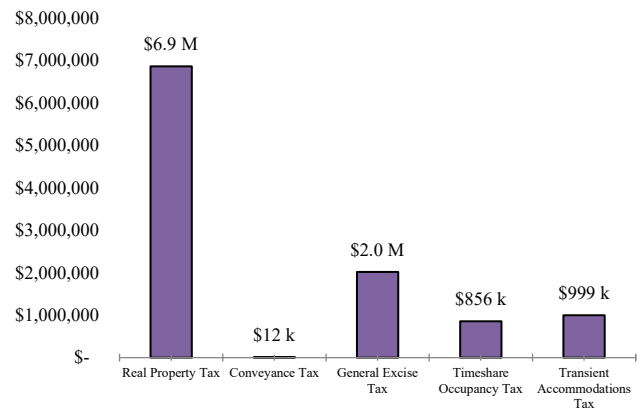
Owner occupied room nights represented 45.1% of total occupied room nights at O'ahu's timeshare resorts during the first quarter. Exchange use represented 28.4% of occupied room nights at O'ahu timeshare resorts. Other transient guests contributed 22.0% of the occupied room nights at O'ahu timeshare properties, highest among the counties. Marketing use contributed 4.5% of occupied room nights.

According to the HTA, O'ahu welcomed 29,270 timeshare visitors during the first quarter, well below the 70,000 plus timeshare visitors O'ahu had reported during pre-pandemic quarters. Timeshare visitors represented 7.5% of all visitor arrivals on O'ahu during the first quarter, which was the lowest market share among the islands. The average O'ahu timeshare visitor stayed on O'ahu for 8.4 days during the quarter, compared with 7.4 days during the same period a year earlier.

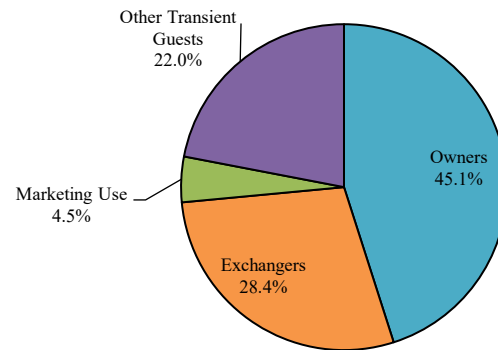
Participating properties on O'ahu reported a total of \$10.8 million in taxes for the first quarter, of which \$6.9 million (63.8%) were real property taxes.

O'ahu timeshare resorts reported a 3.6% increase in the number of resort operations employees during the quarter and a 2.0% decrease in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$12.0 million for the quarter, of which \$8.3 million was payroll for resort operations employees.

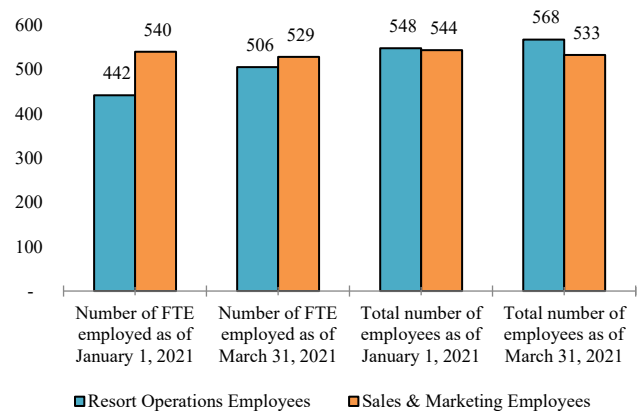
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County’s timeshare properties achieved an average occupancy of 71.9% during the first quarter, by far the highest occupancy rate among the counties and just 10.9% points lower than the 82.8% reported for Q1 2020. During Q1 2021, Maui’s hotel occupancy averaged 34.3%.

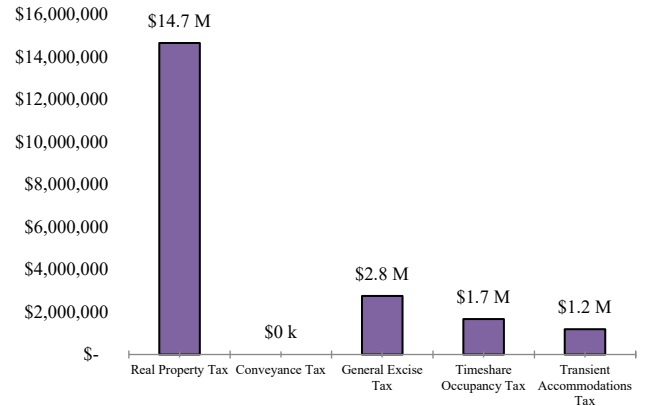
During the first quarter, owner occupancy accounted for 65.8% of occupied room nights at Maui County timeshare resorts, the highest share among the counties during Q1. Exchange use contributed 17.0% of all occupied room nights at Maui County’s timeshare properties during the quarter, lowest among the counties. Transient and marketing use contributed 12.1% and 5.1% of occupied room nights, respectively.

Maui County welcomed 47,170 timeshare visitors during the quarter, by far the highest among the counties and representing more than half of all timeshare visitors to the state during Q1. Timeshare visitors represented 14.1% of Maui County’s visitor arrivals during the quarter. Maui timeshare visitors spent an average of 10.4 days in Maui County during the first quarter, consistent with the Q1 2020.

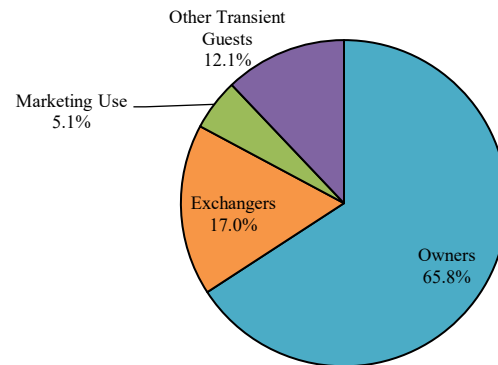
Participating properties in Maui County that provided survey data reported a total of \$20.3 million in state and county taxes in the first quarter. Real Property Taxes accounted for \$14.7 million or 72.3% of the total.

Maui County timeshare properties reported a 14.6% decrease in the total number of resort operations employees, while the number of sales and marketing employees decreased by 9.6% during the first quarter of 2021. Maui timeshare properties providing survey data reported total payroll expense of \$13.8 million during the quarter, mostly the \$12.1 million in resort operations employee payroll.

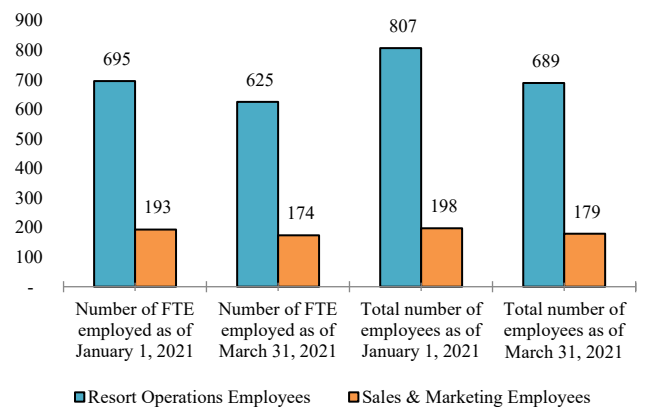
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Kaua'i's timeshare properties averaged 24.0% occupancy during the first quarter, the lowest timeshare occupancy among the counties and 57.5% points lower than Q1 2020. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 25.2%. Kaua'i opted out of Safe Travels Hawai'i, the pre-arrival COVID testing program that allowed trans-Pacific travelers to bypass the mandatory ten-day quarantine. As the only county not allowing visitors to bypass quarantine, Kaua'i's visitor accommodations achieved lower occupancies than their counterparts on other islands.

During the first quarter of 2021, owner use represented 29.0% of the occupied room nights at Kaua'i's timeshare resorts, the lowest share in the state. Exchange use represented 55.8% of occupied timeshare room nights on Kaua'i, by far the highest share among the counties. Transient use accounted for 13.9% of occupied room nights. Marketing use represented 1.4% of occupied room nights on Kaua'i during Q1, lowest among the counties.

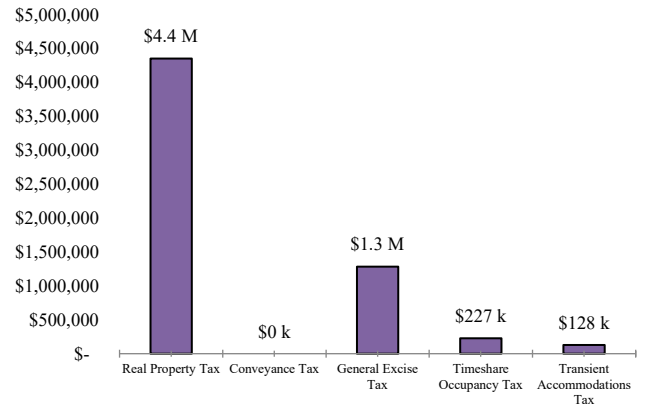
Kaua'i welcomed 4,685 timeshare visitors during the quarter, compared with 40,487 visitors during the first quarter of 2020. Timeshare visitors represented 17.7% of Kaua'i's visitor arrivals during the quarter, the highest share among the counties. Kaua'i timeshare visitors stayed on the Garden Island for an average of 12.3 days during the quarter, up from the 9.9-day average reported for the prior year and the longest average stay among the counties.

Kaua'i timeshare resorts that provided survey data reported \$6.0 million in taxes during the first quarter. Real Property Tax represented about \$4.4 million of the total, or 72.6% of the total.

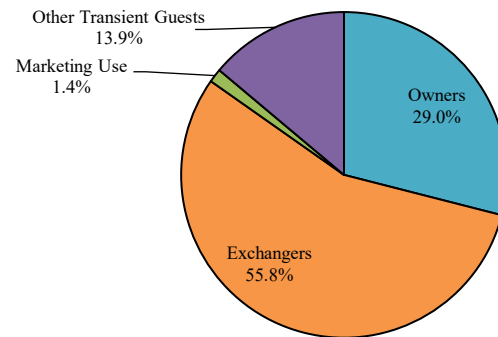
Among properties reporting data, resort operations employment at Kaua'i's timeshare properties decreased by 3.5% during the quarter, while sales and marketing employment increased by 17.2%. Kaua'i was the only county reporting an increase in timeshare employment during the quarter. Participating respondents reported

payroll expense of about \$4.0 million for the quarter, of which \$2.9 million was resort operations payroll.

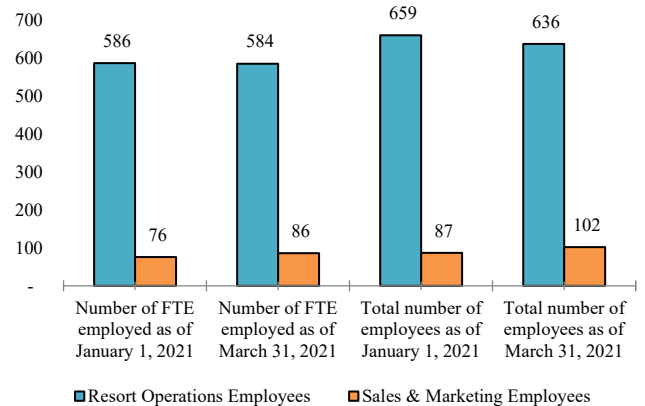
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

Hawai'i Island timeshare resorts achieved occupancy of 61.5% during the first quarter, compared with 82.7% during the same period last year. During the same period, hotel occupancy on Hawai'i Island was 37.2%.

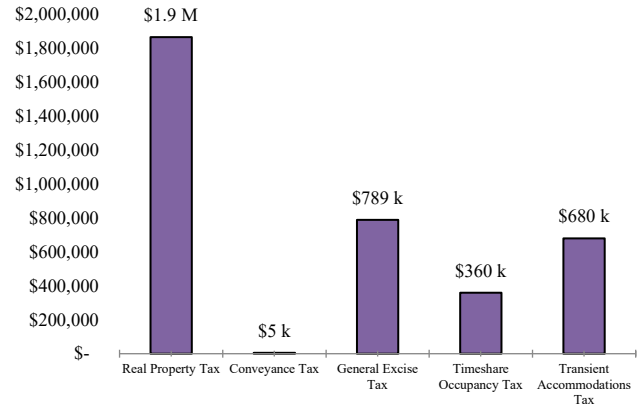
During the quarter owner use generated 56.8% of the occupied room nights at Hawai'i Island timeshare properties. Exchange use represented 24.4% of occupied room nights during the quarter. Transient and Marketing use represented 14.5% and 4.4% of occupied room nights, respectively.

According to HTA data, Hawai'i Island welcomed 18,395 timeshare visitors during the quarter, compared with 34,624 timeshare visitors during the first quarter of the prior year. Timeshare visitors represented 11.2% of Hawai'i Island visitors during the quarter, a modest increase from the 8.9% share during the previous Q1. Timeshare visitors to Hawai'i Island during Q1 had an average length of stay of 10.2 days. During Q1 2020 Hawai'i Island's average timeshare length of stay was 9.4 days.

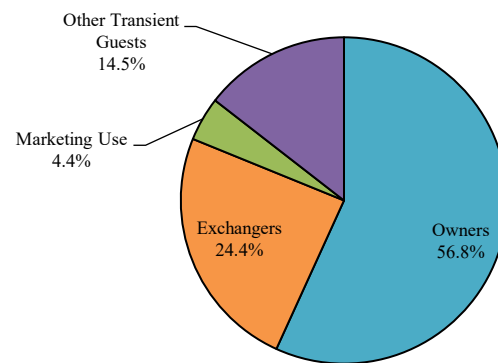
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$2.4 million in state and county taxes during the first quarter. Real property taxes contributed the largest share, \$1.5 million of the total (62.6%).

Hawai'i Island timeshare properties reported a 4.0% increase in the total number of resort operations employees during the quarter, and a 1.6% increase in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total payroll expense of \$8.2 million during the quarter, of which \$5.6 million was resort operations payroll.

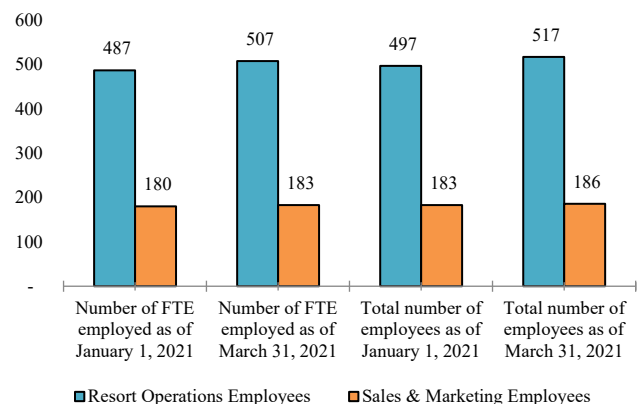
Hawai'i Island Taxes



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 83.7 percent of registered timeshare units statewide, which represents 56 participating properties and 10,194 units.