



Hawai'i Timeshare Quarterly April - June 2016

Statewide Timeshare Performance & Taxes

During the second quarter of 2016, Hawai'i's timeshare industry achieved an 87.7% occupancy rate, an increase of 2.4 percentage points compared with the same period during 2015. The statewide hotel and condominium hotel occupancy averaged 77.7% during the second quarter, according to data from STR, Inc.

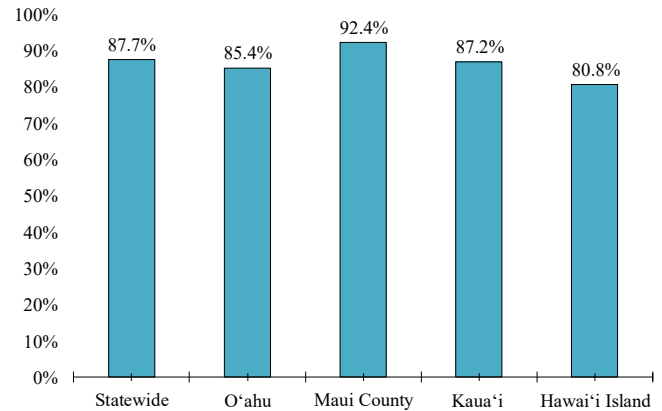
Owners using their timeshare accounted for 60.7% of occupied room nights in Hawai'i's timeshare resorts during the second quarter of 2016, a percentage consistent with historical averages. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 19.7% of the occupied room nights. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 11.9% of occupied room nights during the quarter. Marketing use represented 7.7% of occupied room nights.

The second quarter 2016 timeshare survey findings, based on data provided by 52 individual timeshare properties, represent 79.3% of Hawai'i's 10,133 timeshare units.

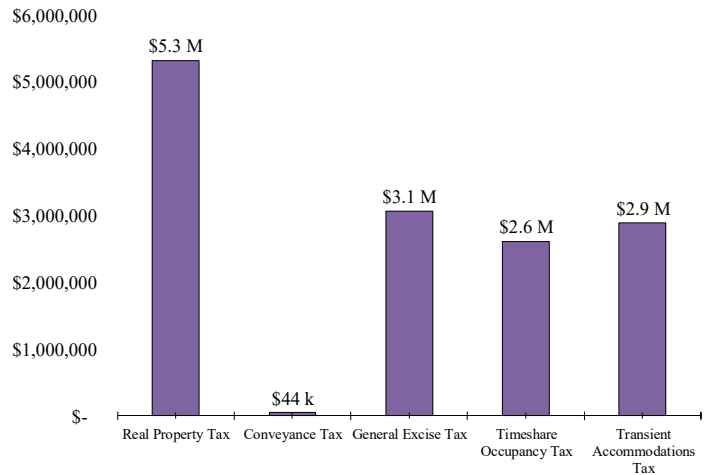
According to Hawai'i Tourism Authority ("HTA") data, 206,006 visitors to the state chose to stay at timeshare resort for all or part of their stay during the second quarter, a decrease of 2.0% from second quarter of 2015. Of the 206,006 timeshare visitors, 161,415 chose to stay exclusively in a timeshare resort while visiting Hawai'i during the quarter. Timeshare visitors represented 9.4% of Hawai'i visitor arrivals during the second quarter of 2016.

During the second quarter, participating timeshare properties generated a total of \$13.9 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"), transient accommodation tax ("TAT"), and conveyance tax. Real property taxes accounted for the largest share of taxes during the quarter, a total of \$5.3 million or 38.2% of the total. We note that some respondents chose not to report certain taxes for this survey.

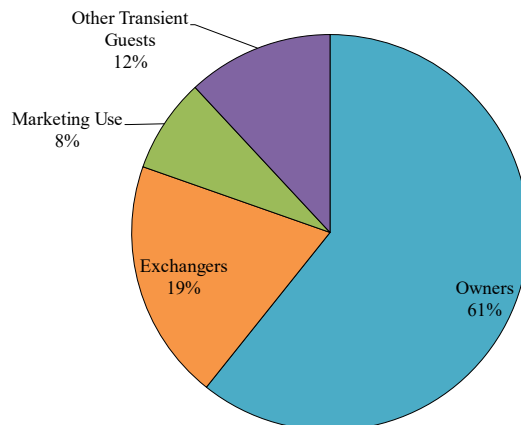
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



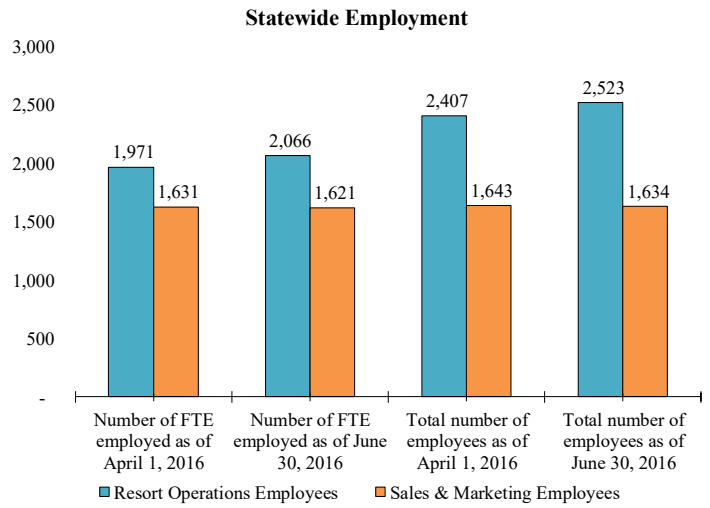
Statewide Mix of Occupied Room Nights



Statewide Employment and Payroll

The number of resort operations employees at the timeshare resorts that provided employment survey data totaled 2,523 at the end of the quarter, a 4.8% increase from the employee count at the beginning of the quarter. At the end of the quarter, timeshare resorts reported 1,634 sales and marketing employees, a 0.5% decrease from the count at the start of the second quarter.

For the second quarter of 2016, statewide payroll expenses for timeshare survey participants that provided data totaled \$70.4 million.



O'ahu

In the second quarter of 2016, timeshare resorts on O'ahu averaged 85.4% occupancy, a 6.6 percentage point decrease compared to the prior year.

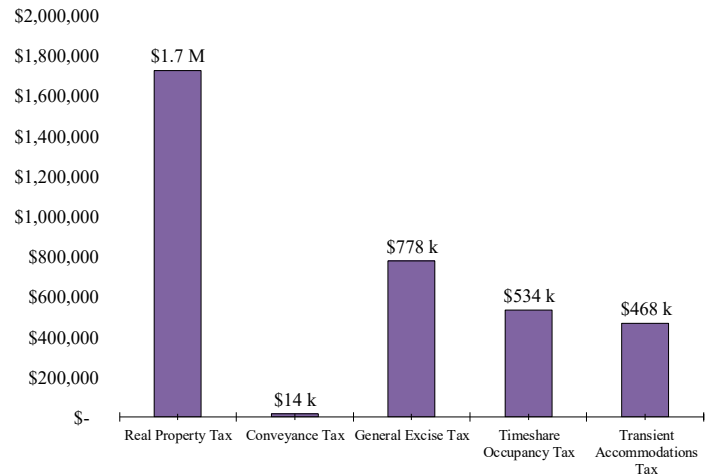
Owner occupied room nights represented 74.2% of total occupied room nights at O'ahu's timeshare resorts during the second quarter, a substantially higher share of owner use than any other island. Exchange use represented an additional 8.4% of occupied room nights. Other transient guests contributed 10.9% of the occupied room nights at O'ahu timeshare properties. Marketing use represented 6.5% of occupied room nights at O'ahu timeshare resorts, the lowest share among the islands during the second quarter.

According to the HTA, O'ahu welcomed 79,255 timeshare visitors during the second quarter, the highest among the Hawaiian Islands. The average O'ahu timeshare visitor stayed on O'ahu for 7.0 days during the quarter, unchanged from the second quarter of 2015.

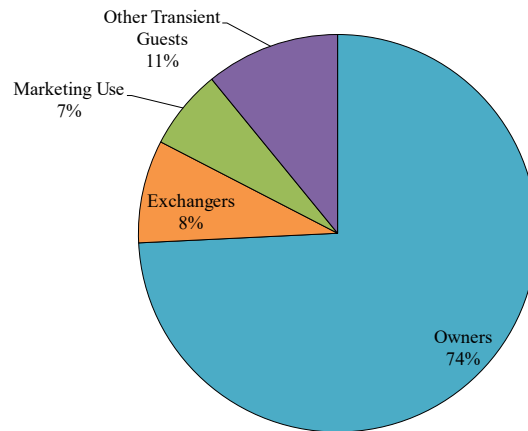
Participating properties on O'ahu reported a total of \$3.5 million in taxes for the second quarter, of which \$1.7 million were real property taxes.

O'ahu timeshare resorts reported a 4.2% increase in the number of resort operations employees during the quarter and a 2.6% increase in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$14.8 million for the quarter.

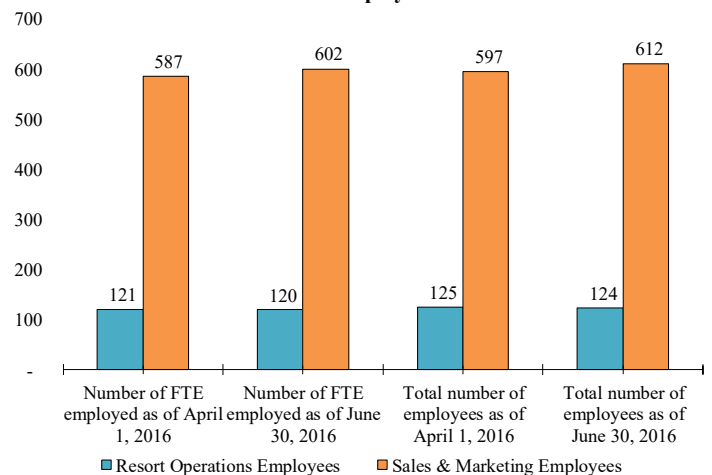
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

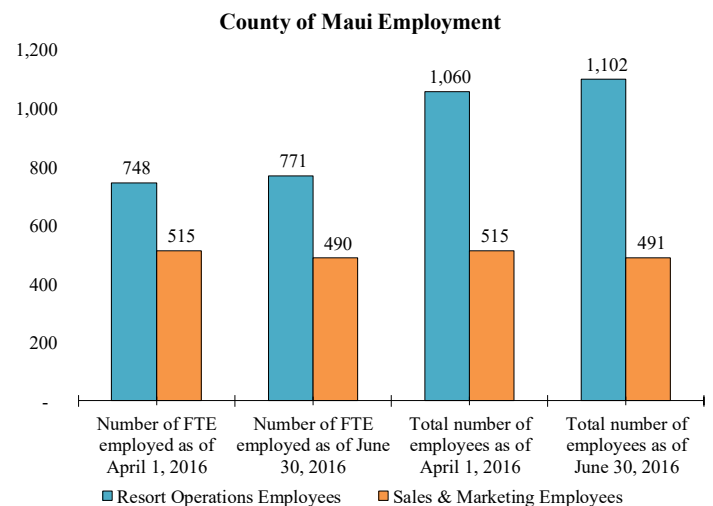
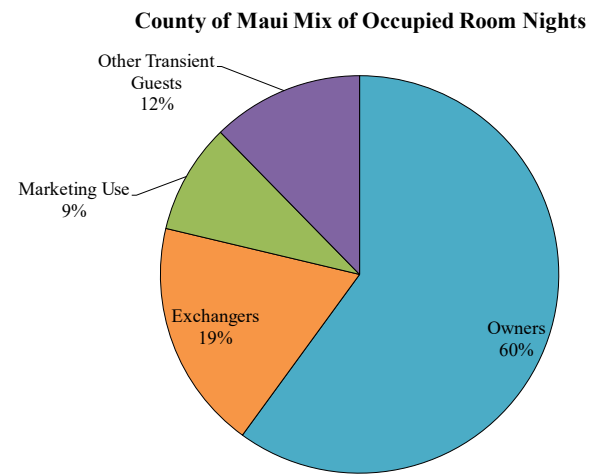
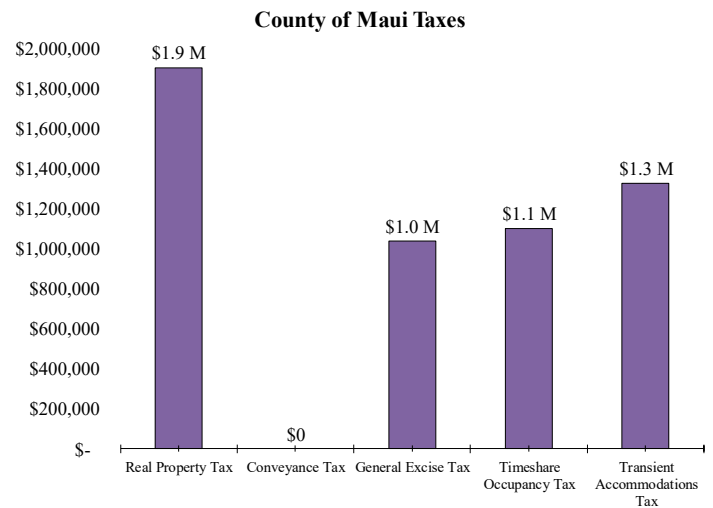
Maui County's timeshare properties achieved an average occupancy of 92.4% in during the second quarter, a 7.7 percentage point increase compared to the second quarter of 2015.

During the second quarter, owner occupancy accounted for 60.0% of occupied room nights at Maui County timeshare resorts. Marketing use contributed 9.0% of all occupied room nights at Maui County's timeshare properties during the quarter, the highest share of marketing use in the state. Transient occupancy represented 12.3% of occupied room nights.

Maui timeshare visitors spent an average of 8.9 days on Maui during the second quarter, which tied Kaua'i for the longest timeshare length of stay, according to HTA data. Timeshare visitors to Maui totaled 78,067 during the quarter, slightly lower than O'ahu's figure of 79,255 during the second quarter.

Participating properties in Maui County that provided survey data reported a total of \$5.4 million in state and county taxes in the second quarter. Property taxes accounted for \$1.9 million of the total. Maui County timeshare resorts reported TAT of \$1.3 million during the quarter, the highest in the state.

Maui County timeshare properties reported a 4.0% increase in the total number of resort operations employees and a 4.7% decrease in the number of sales and marketing employees during the second quarter of 2016. Maui timeshare properties providing survey data reported total resort operations payroll expense of \$15.4 million during the quarter and another \$11.8 million in sales and marketing payroll expense.



Kaua'i

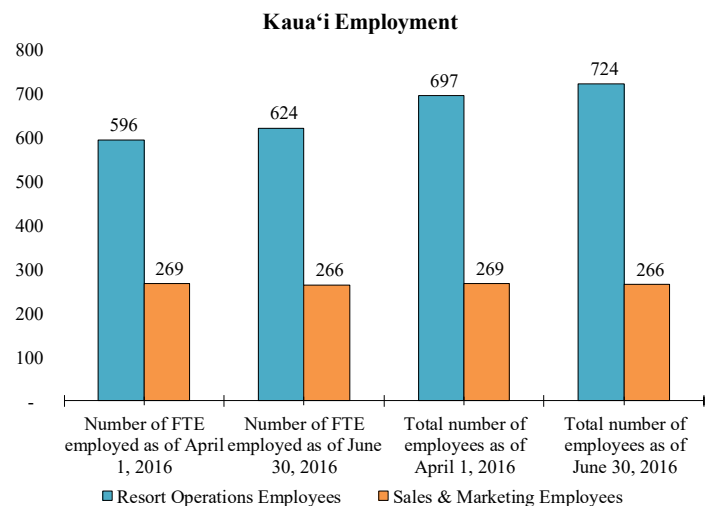
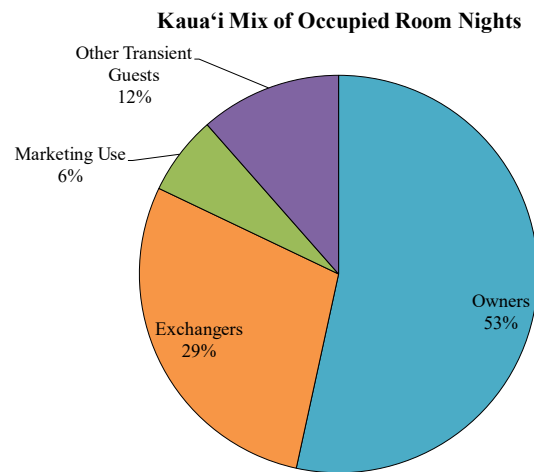
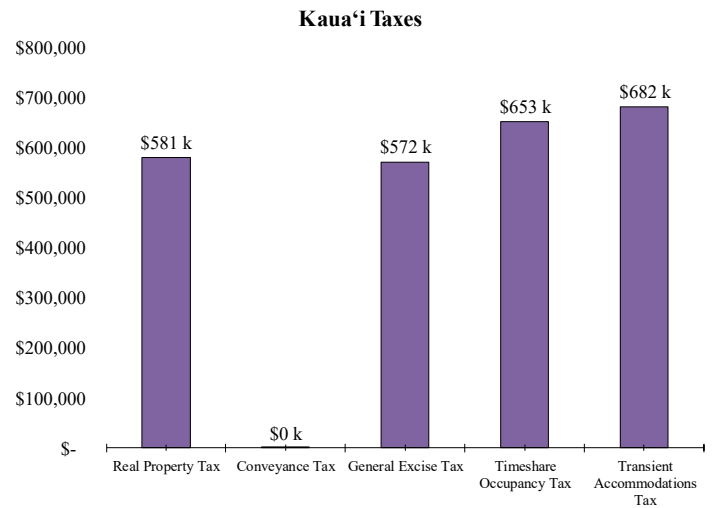
Kaua'i's timeshare properties averaged 87.2% occupancy during the second quarter, a 7.6 percentage point increase compared to the prior year.

During the second quarter of 2016, owner use represented 53.4% of the occupied room nights at Kaua'i's timeshare resorts, the lowest percentage of owner use among the islands. Exchange use contributed 28.7% of occupied room nights on Kaua'i, which was the highest percentage of exchange use among the islands.

Kaua'i's 56,182 timeshare visitors represented 18.6% of Kaua'i's total visitor arrivals during the second quarter, by far the highest proportion of timeshare visitors among the islands. Overall, 9.4% of statewide visitor arrivals were timeshare visitors during the quarter.

Kaua'i timeshare resorts that provided survey data reported \$2.5 million in taxes during the second quarter. Transient Accommodation Tax contributed about \$682,000 to the total, followed by \$653,000 in Timeshare Occupancy Tax.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties increased by 3.9% during the quarter, while sales and marketing employment decreased by 1.1%. Participating respondents reported total resort operations payroll expense of \$9.0 million for the quarter, in addition to \$6.0 million in sales and marketing payroll expense.



Hawai'i Island

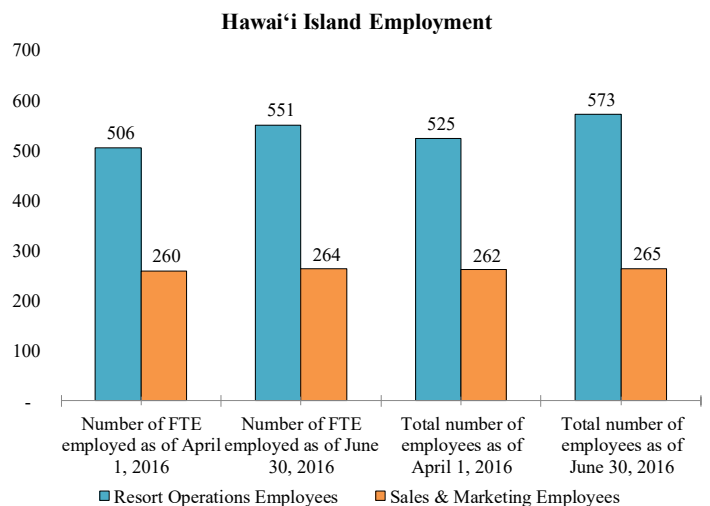
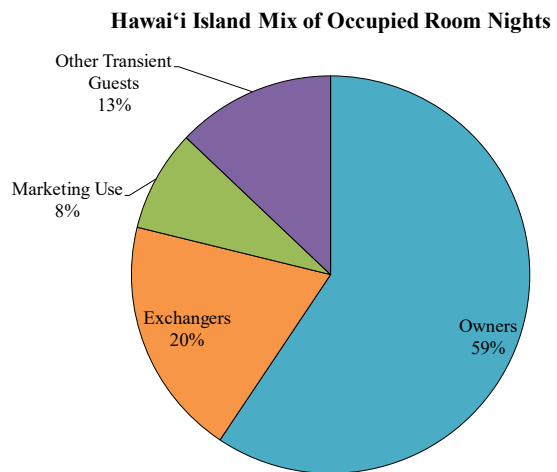
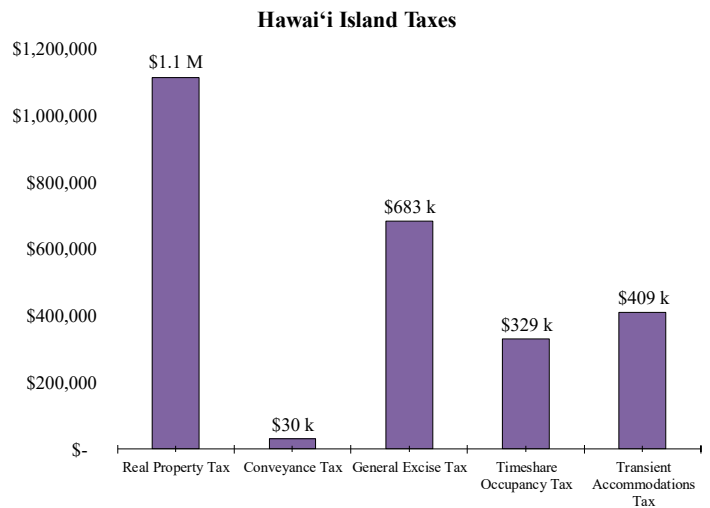
Hawai'i Island timeshare resorts achieved occupancy of 80.8% during the second quarter, a 1.0 percentage point increase compared to last year.

During the quarter, owner use at Hawai'i Island timeshare properties accounted for 59.4% of occupied room nights. Exchange use accounted for 19.5% of occupied room nights. Transient use contributed 12.9% of occupied room nights during the quarter, the highest share among the islands.

The average timeshare visitor to Hawai'i Island stayed on the island for 8.0 days during the second quarter, comparable to the length of stay reported for the same period in 2015.

The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$2.6 million in state and county taxes during the second quarter. Real property taxes contributed the largest share, \$1.1 million of the total. General Excise Tax generated by timeshare properties reporting data totaled \$683,000 during the quarter, while TAT accounted \$409,000.

Hawai'i Island timeshare properties reported a 9.1% increase in the total number of resort operations employees during the quarter, as well as a 1.1% increase in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total resort operations payroll expense of \$6.8 million and \$6.6 million in sales and marketing payroll expense during the quarter.



Hawai'i Tourism Authority

1801 Kalākaua Avenue
Honolulu, Hawai'i 96815

Phone: (808) 973-2255
Fax: (808) 973-2253

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 79.3 percent of registered timeshare units statewide, which represents 52 properties and 8,031 units.