



Hawai'i Timeshare Quarterly January - March 2017

Statewide Timeshare Performance & Taxes

The Hawai'i timeshare industry averaged an occupancy rate of 92.6% during the first quarter of 2017, an increase of 2.0 percentage points compared with the first quarter of 2016. The traditional hotel and condominium hotel market in the state achieved occupancy of 81.2% during the first quarter of 2017, according to STR Inc. data reported by CBRE.

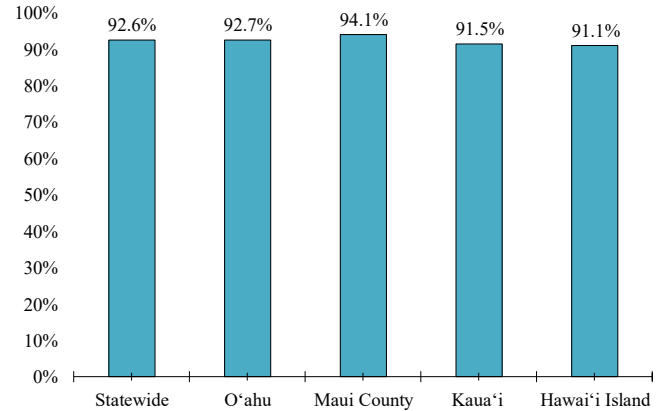
Owners staying in a timeshare they own represented 62.8% of the occupied room nights at Hawai'i's timeshare resorts during the first quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 17.1% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 12.9% of occupied room nights during the quarter. Marketing use represented 7.2% of occupied room nights.

The first quarter 2017 timeshare survey findings, based on data provided by 54 individual timeshare properties, represent 84.8% of Hawai'i's 10,508 timeshare units.

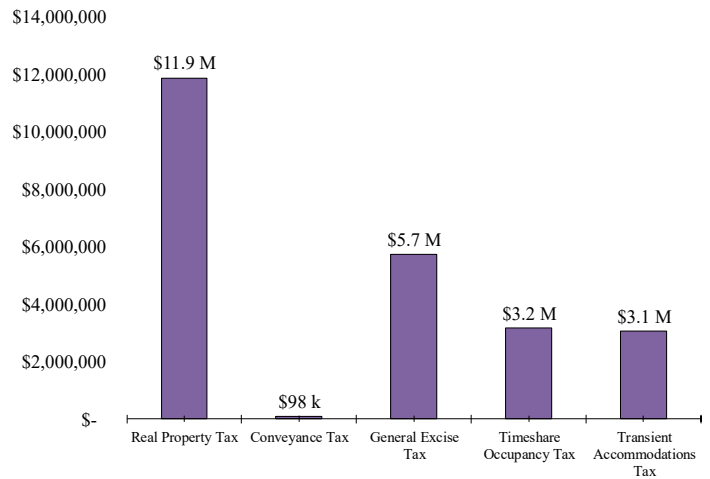
During the first quarter, 177,737 visitors to the state chose to stay at timeshare resort for all or part of their stay, down 0.5% from the previous year. Of these timeshare visitors, 75.3% stayed exclusively in a timeshare resort while visiting Hawai'i. Timeshare visitors represented 8.0% of the Hawai'i visitor market, as reported by the Hawai'i Tourism Authority ("HTA").

Increases in the number of timeshare visitor arrivals on O'ahu (+1.6%) and Hawai'i Island (+5.1%) in the first quarter were offset by decreases on Kaua'i (-3.1%) and Maui County (-2.8%), according to HTA data. During the first quarter, the average timeshare visitor stayed a total of 11.4 days in the state, down slightly from the 11.5 day average stay during the first quarter of 2016.

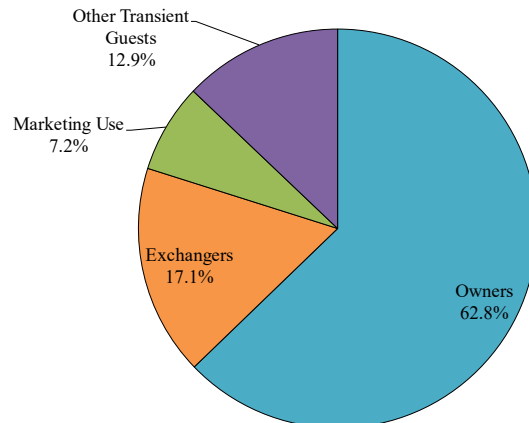
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights

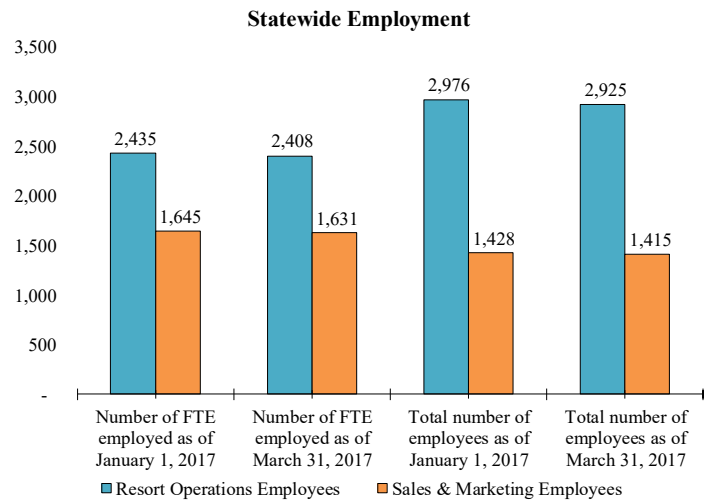


Survey participants generated a total of \$24.0 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax (“TOT”), transient accommodations tax (“TAT”) and conveyance tax. Real property taxes totaled \$11.9 million, or 49.6% of the total. We note that not all properties reported taxes for the first quarter and that some respondents chose not to report certain taxes for this survey.

Statewide Employment & Payroll

Employment at the timeshare resorts that provided survey data remained fairly stable during the first quarter of the year, with a 2.3% increase in resort operations Full-time Equivalent (“FTE”) employment partially offset by a 0.9% decrease in sales and marketing FTE employment.

Statewide payroll expenses for timeshare survey participants totaled \$75.1 million during the first quarter of 2017, including \$32.1 million for resort operations employees and \$43.0 million for sales and marketing employees. These figures reflect payroll expenses of survey respondents that provided payroll expense data.



O'ahu

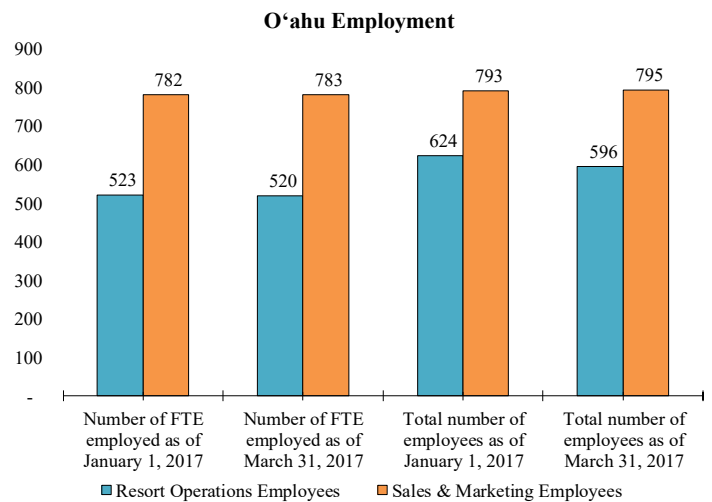
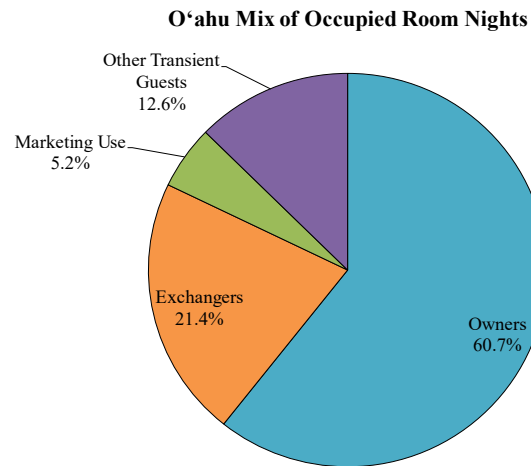
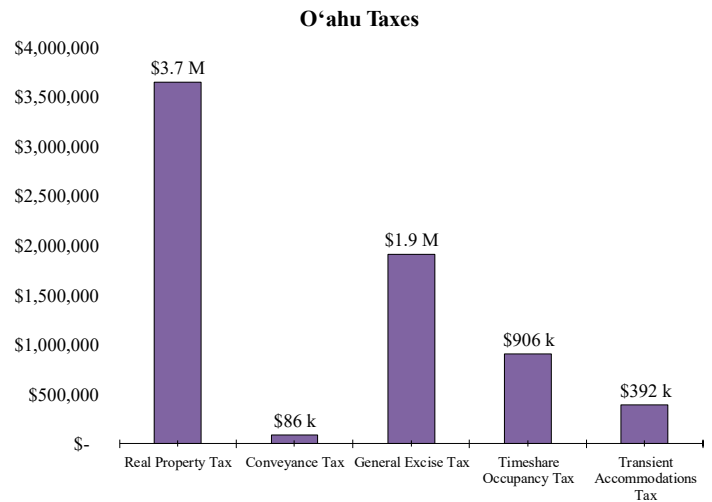
Timeshare resorts on O'ahu averaged 92.7% occupancy during the first quarter of 2017, a 1.9 percentage point increase compared to the prior year. During the same period, O'ahu's hotel occupancy was 82.6%.

Owner occupied room nights represented 60.7% of total occupied room nights at O'ahu's timeshare resorts during the quarter, the lowest share of owner use among the islands. Exchange use accounted for 21.4% of occupied room nights at O'ahu's timeshare resorts, the highest share among the islands.

During the first quarter, 5.2% of O'ahu's visitors planned to stay in a timeshare resort, giving O'ahu's timeshare segment the lowest share of the overall visitor market among the islands.

Participating properties on O'ahu reported a total of \$6.9 million in taxes during the first quarter, including \$3.7 million in real property taxes.

During the quarter, the number of FTE resort operations employees working at O'ahu's timeshare resorts was relatively unchanged (-0.6%) similar to a 0.1% decrease in sales and marketing employment during the same period.. Timeshare properties on O'ahu reported employee payroll expense of \$1.5 million for resort operations employees and \$15.6 million for sales and marketing employees.



Maui County

Maui County's timeshare properties achieved an average occupancy of 94.1% during the first quarter of 2017, the highest occupancy among the islands but a 1.1 percentage point decrease compared to the prior year. During the same period, Maui's hotel occupancy was 78.9%.

The average Maui County timeshare visitor had a 10.2 day length of stay during the first quarter, the highest among the islands. Maui County welcomed a total of 67,008 timeshare visitors during the first three months of 2017, a 3.1% decrease from the prior year.

Owner occupancy accounted for 66.4% of occupied room nights at Maui timeshare resorts, the highest proportion of owner occupancy among the Hawaiian Islands. An additional 14.4% of occupied room nights were generated by exchange use.

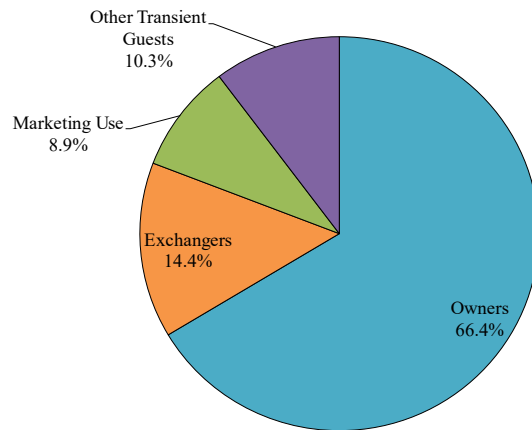
Maui County timeshare properties that provided survey data reported a total of \$7.6 million in state and county taxes during the first quarter. Property taxes accounted for \$3.4 million of the total taxes during the quarter.

In the first quarter, Maui County timeshare properties reported a 1.5% increase in the total number of resort operations full time employees ("FTEs") during the quarter and a 4.9% decrease in the number of sales and marketing FTEs. Maui timeshare properties providing survey data reported total resort operations payroll expense of \$16.5 million during the first quarter and another \$13.4 million in sales and marketing payroll expense.

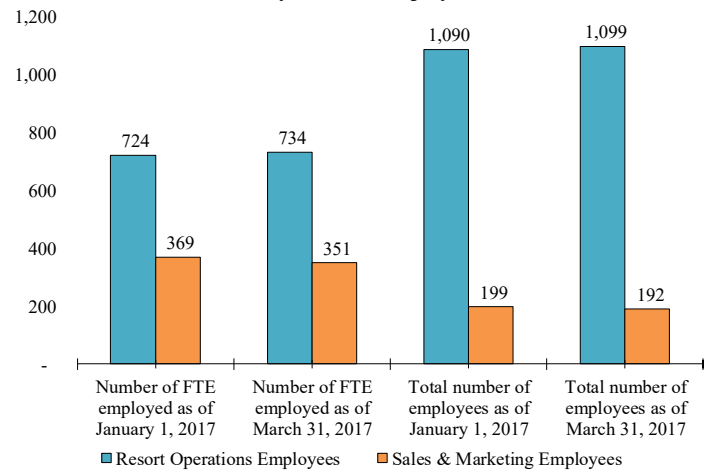
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Timeshare resorts on Kaua'i averaged 91.5% occupancy during the first quarter of 2017, a 6.0 percentage point increase compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 79.8%.

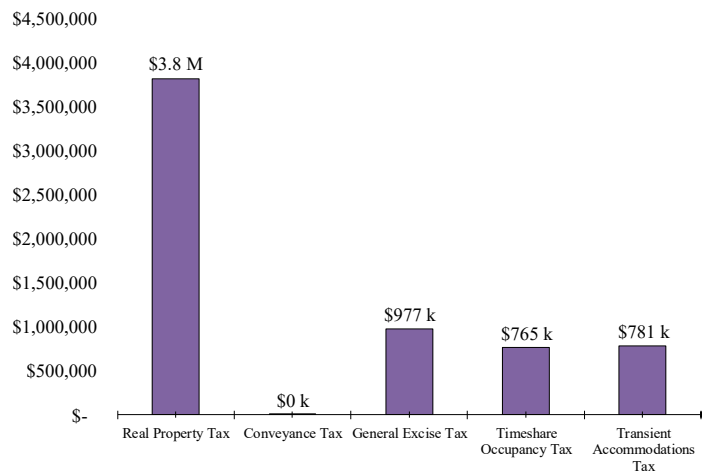
Kaua'i continued to be the island with the highest proportion of timeshare visitors, with 16.0% of the island's 296,105 visitors choosing to stay in a timeshare resort during the first quarter.

Owner use represented 60.8% of the occupied room nights during the first three months of 2017. Exchange use contributed 20.3% of occupied room nights on Kaua'i.

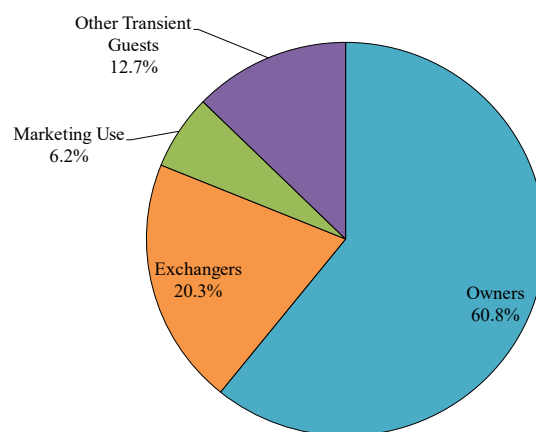
The Kaua'i timeshare resorts that provided survey data reported \$6.3 million in taxes during the first quarter, of which \$3.8 million were property taxes. Real property tax represented 60.8% of all taxes reported by Kaua'i's timeshare properties during the quarter, the highest proportion among the islands.

Kaua'i timeshare properties reported a 3.3% increase in the total number of sales and marketing FTEs and a decreases in the number of resort operations FTEs (-5.2%) during the first quarter of 2017. Participating respondents reported total resort operations payroll expense of \$7.5 million during the quarter, in addition to \$6.1 million in sales and marketing payroll expense.

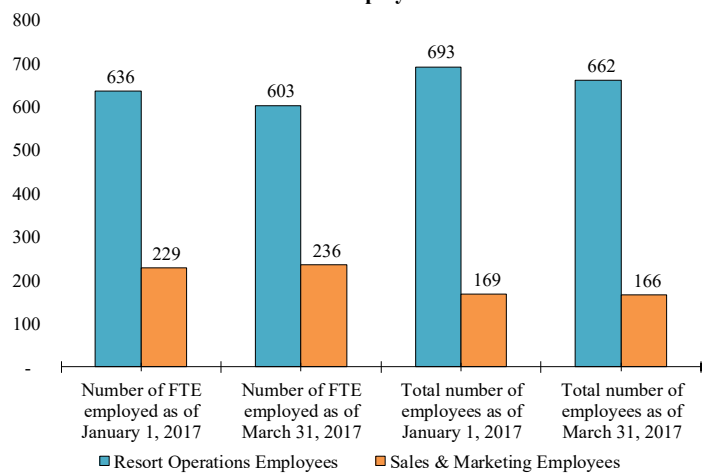
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

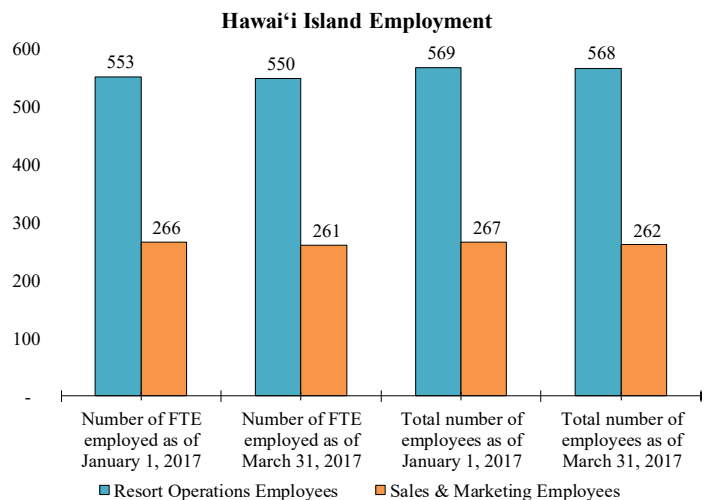
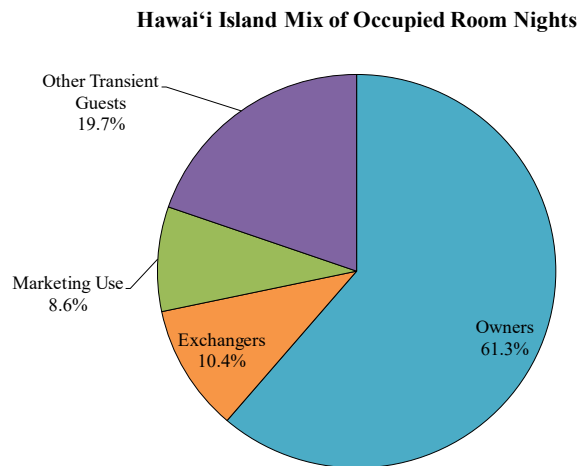
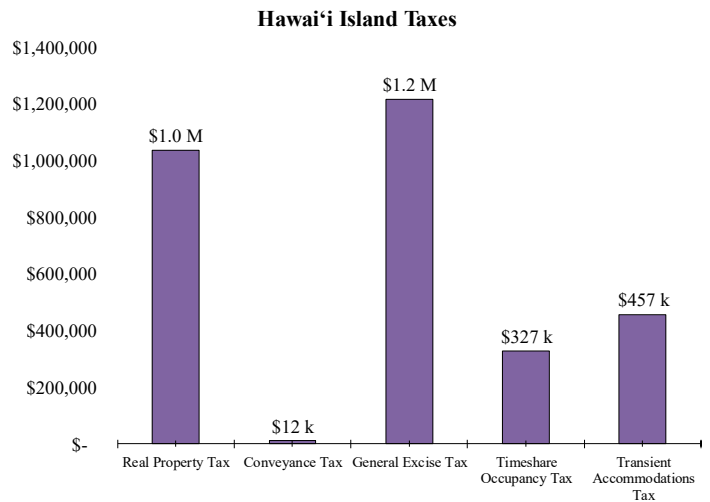
Timeshare resorts on Hawai'i Island reported average occupancy of 91.1% during the first quarter of 2017, a 3.2 percentage point increase compared to the prior year. During the same period, hotel occupancy on Hawai'i Island was 80.1%.

Owner use accounted for 61.3% of occupied room nights at timeshare properties on Hawai'i Island. Exchange use accounted for 10.4% of occupied room nights, the lowest percentage among the islands. Marketing use represented 8.6% of occupied room nights, the highest proportion among the islands. Hawai'i Island also reported the highest share of occupied room nights from transient use, 19.7% of room nights.

Hawai'i Island reported a total of 37,930 timeshare visitors during the first quarter, a 5.1% increase from the prior period. The average length of stay decreased slightly to 9.3 days.

Hawai'i Island timeshare properties reporting data paid \$3.1 million in state and county taxes during the first quarter. TAT collections totaled \$0.5 million during the quarter or 15.0% of the tax reported by Hawai'i Island timeshare resorts, a higher percentage than any other county and consistent with the high incidence of TAT-generating transient use during the quarter.

During the first quarter, Hawai'i Island timeshare properties reported a slight decrease in the total number of resort operations FTEs (-0.4%) as well as a 1.9% decrease in the number of sales and marketing FTEs. Timeshare properties on the island providing survey data reported total resort operations payroll expense of \$6.6 million during the first quarter and \$7.8 million in sales and marketing payroll expense.



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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 84.4 percent of registered timeshare units statewide, which represents 54 participating properties and 8,912 units.