



# Hawai'i Timeshare Quarterly July - September 2017

## Statewide Timeshare Performance & Taxes

During the third quarter of 2017, Hawai'i's timeshare industry achieved an 90.1% occupancy rate, a decrease of 1.5 percentage points compared with the same period during 2016. The statewide hotel and condominium hotel occupancy averaged 81.4% during the third quarter, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA").

Owners using their timeshare accounted for 56.9% of occupied room nights in Hawai'i's timeshare resorts during the third quarter of 2017. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 19.9% 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 7.7% of occupied room nights.

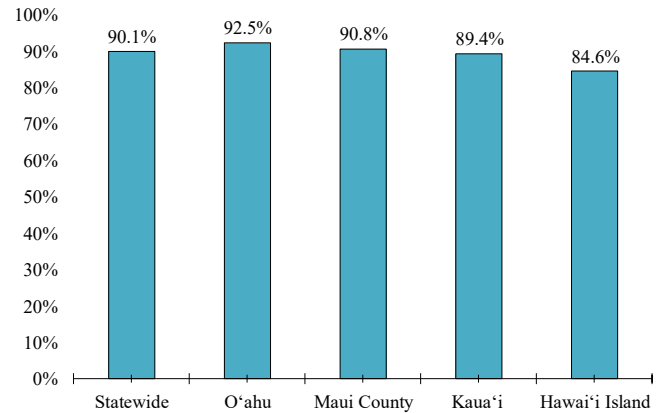
The third quarter 2017 timeshare survey findings, based on data provided by 51 individual timeshare properties, represent 82.8% of Hawai'i's 11,233 timeshare units.

According to HTA data, 235,112 visitors to the state chose to stay at timeshare resort for all or part of their stay during the third quarter, an increase of 7.6% from third quarter of 2016. Of the 235,112 timeshare visitors, 182,356 (77.6%) chose to stay exclusively in a timeshare resort while visiting Hawai'i during the quarter.

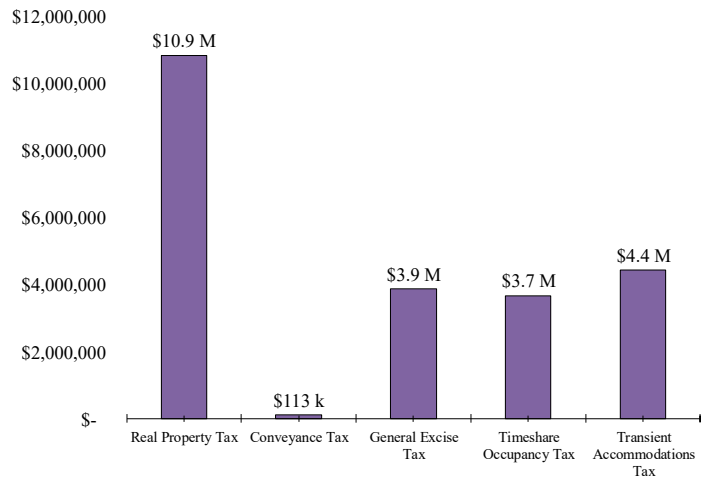
Timeshare visitors represented 9.8% of all Hawai'i visitor arrivals during the third quarter of 2017. Timeshare visitors had an average length of stay of 9.7 days during the third quarter, higher than the 8.8 day average length of stay for all visitors, according to HTA data.

During the third quarter, participating timeshare properties generated a total of \$23.0 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"),

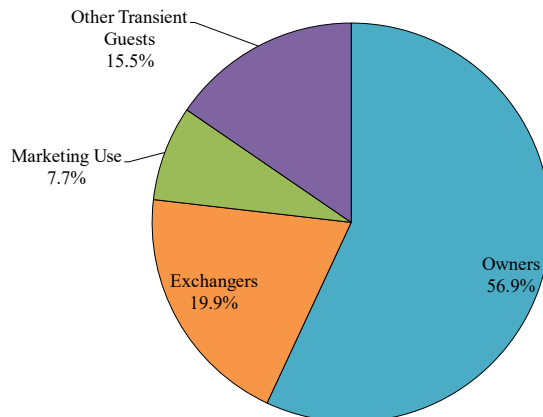
**Timeshare Occupancy by Island**



**Mix of Taxes Paid Statewide**



**Statewide Mix of Occupied Room Nights**

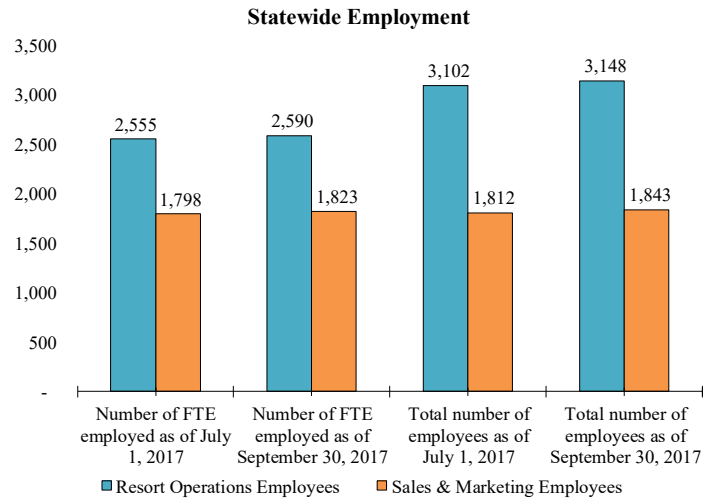


transient accommodations tax (“TAT”), and conveyance tax. Real property taxes accounted for the largest share of taxes during the quarter, a total of \$10.9 million or 47.3% of the total. We note that some respondents chose not to report certain taxes for this survey.

### Statewide Employment & Payroll

The number of resort operations employees at the timeshare resorts that provided employment survey data totaled 3,148 at the end of the quarter, a 1.5% increase from the employee count at the beginning of the quarter. At the end of the quarter, timeshare resorts reported 1,843 sales and marketing employees, a 1.7% increase from the count at the start of the third quarter.

For the third quarter of 2017, statewide payroll expenses for timeshare survey participants that provided data totaled \$79.5 million.



## O'ahu

In the third quarter of 2017, timeshare resorts on O'ahu averaged 92.5% occupancy, a 1.7 percentage point decrease compared to the prior year. During the same period, O'ahu's hotel occupancy averaged 85.7%.

Owner occupied room nights represented 65.8% of total occupied room nights at O'ahu's timeshare resorts during the third quarter, a substantially higher share of owner use than any other island. Other transient guests contributed 15.3% of the occupied room nights at O'ahu timeshare properties. Marketing use represented 6.4% of occupied room nights at O'ahu timeshare resorts, the second lowest share among the islands during the third quarter.

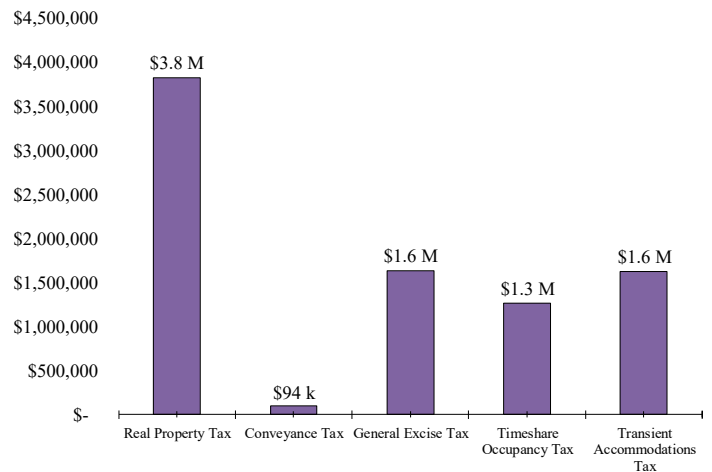
According to the HTA, O'ahu welcomed 98,772 timeshare visitors during the third quarter, the greatest number of timeshare visitor arrivals among the Hawaiian Islands. O'ahu's timeshare visitor arrivals increased by 11.8% compared to the prior year. Some of the increase can be attributed to the additional timeshare inventory in Waikiki supplied by the 411-unit Hilton Grand Islander tower that opened in March.

Timeshare visitors represented 6.5% of all visitor arrivals on O'ahu during the third quarter, the lowest market share among the islands. The average O'ahu timeshare visitor stayed on O'ahu for 6.9 days during the quarter, compared with 7.0 days during the prior year.

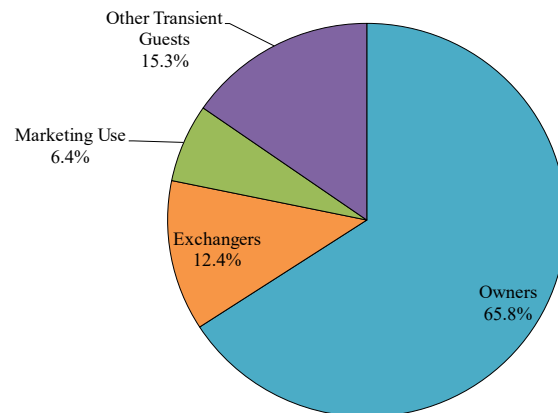
Participating properties on O'ahu reported a total of \$8.4 million in taxes for the third quarter, of which \$3.9 million were real property taxes.

O'ahu timeshare resorts reported a 1.6% decrease in the number of resort operations employees during the quarter and a 3.4% increase in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$18.7 million for the quarter.

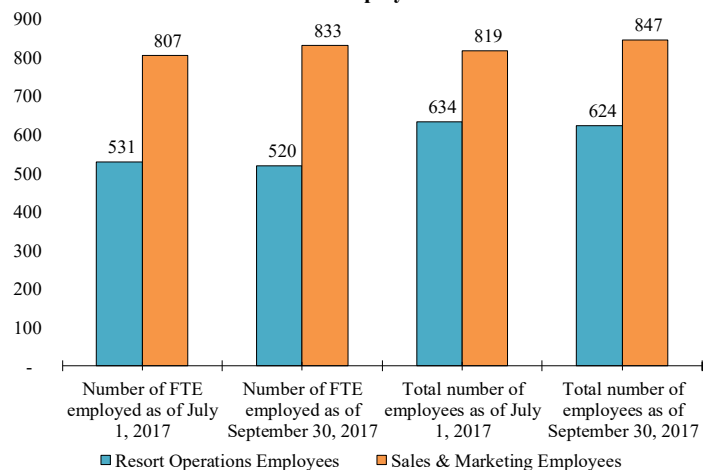
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



## Maui County

Maui County's timeshare properties achieved an average occupancy of 90.8% in during the third quarter, a 1.7 percentage point decrease compared to the third quarter of 2016. During the same period, Maui's hotel occupancy was 77.9%.

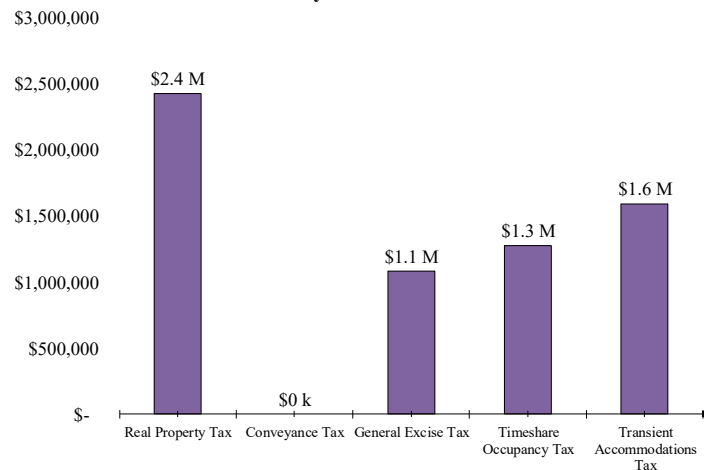
During the third quarter, owner occupancy accounted for 55.0% of occupied room nights at Maui County timeshare resorts. Exchange use contributed 21.8% of all occupied room nights at Maui County's timeshare properties during the quarter. Transient occupancy represented 13.7% of occupied room nights, the lowest share among the islands.

Timeshare visitors to Maui County totaled 83,167 during the quarter, according to HTA data. The timeshare market on Maui accounted for 11.8% of all visitor arrivals on Maui during the quarter. Maui timeshare visitors spent an average of 8.8 days in Maui County during the third quarter.

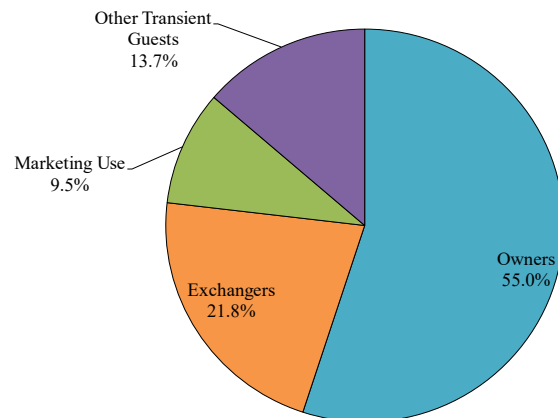
Participating properties in Maui County that provided survey data reported a total of \$6.4 million in state and county taxes in the third quarter. Property taxes accounted for \$2.4 million of the total.

Maui County timeshare properties reported a 2.7% increase in the total number of resort operations employees and a 3.1% increase in the number of sales and marketing employees during the third quarter of 2017. The increase was driven by the 195-unit Westin Nanea Ocean Villas, which opened in April and is new to the survey in Q3. Maui timeshare properties providing survey data reported total payroll expense of \$30.0 million during the quarter.

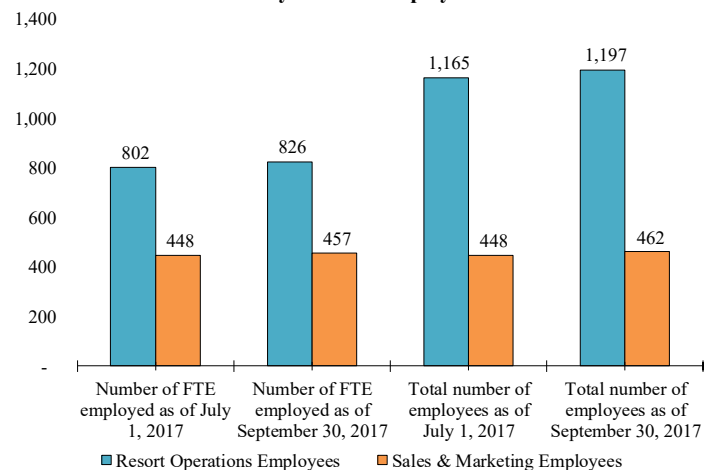
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



## Kaua'i

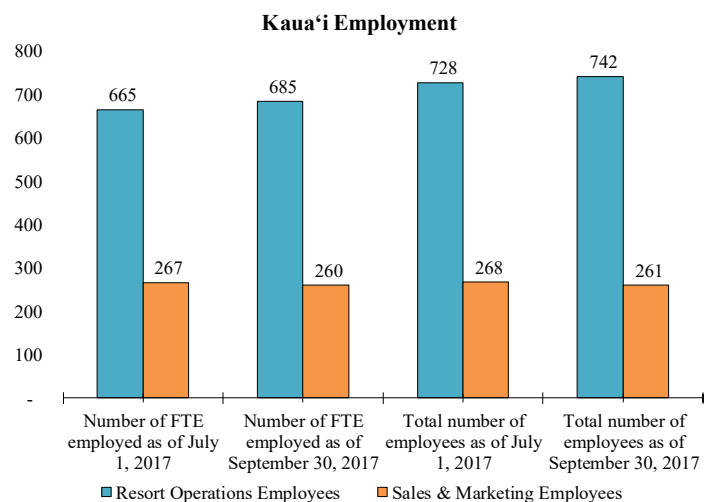
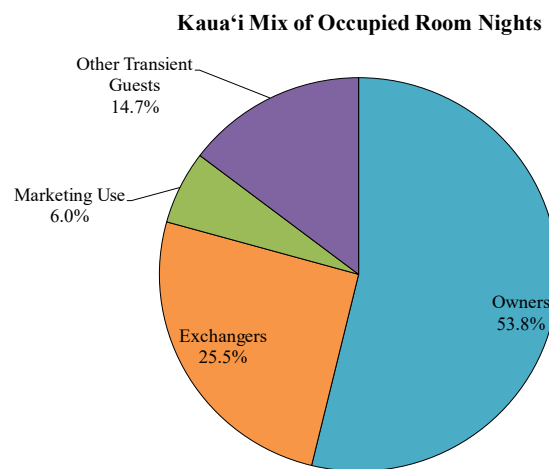
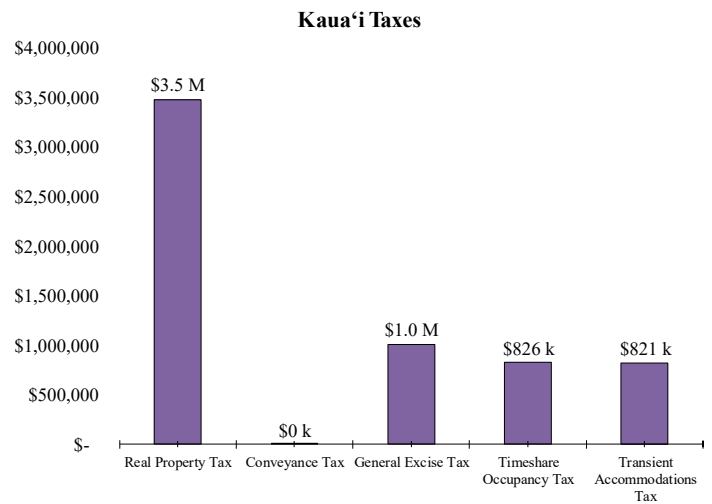
Kaua'i's timeshare properties averaged 89.4% occupancy during the third quarter, a 1.1 percentage point decrease compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 76.0%.

During the third quarter of 2017, owner use represented 53.8% of the occupied room nights at Kaua'i's timeshare resorts. Exchange use represented 25.5% of occupied timeshare room nights on Kaua'i, the highest share of exchange use in the state.

Timeshare visitors represented 17.1% of Kaua'i's total visitor arrivals during the third quarter, by far the highest proportion of timeshare visitors among the islands. Kaua'i welcomed 57,826 timeshare visitors during the third quarter, a 1.5% increase from the third quarter of 2016. Kaua'i timeshare visitors stayed on the Garden Island for an average of 8.8 days during the quarter, tied with Maui for the longest length of stay for timeshare visitors among the islands.

Kaua'i timeshare resorts that provided survey data reported \$6.1 million in taxes during the third quarter. Real Property Tax contributed about \$3.5 million to the total.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties increased by 1.9% during the quarter, while sales and marketing employment decreased by 2.6%. Participating respondents reported payroll expense of \$15.9 million for the quarter.



## Hawai'i Island

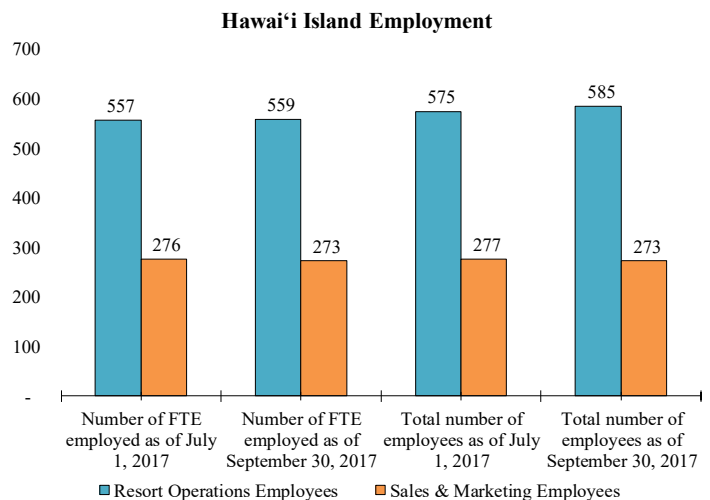
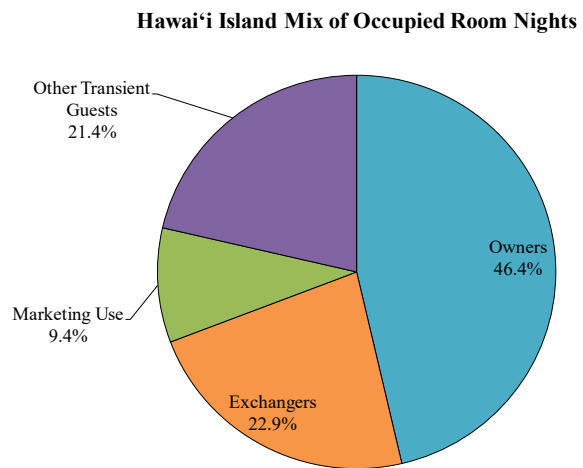
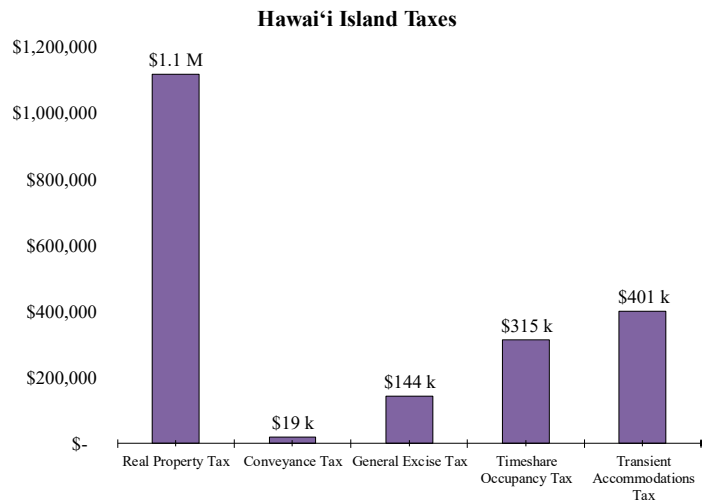
Hawai'i Island timeshare resorts achieved occupancy of 84.6% during the third quarter, a 2.7 percentage point decrease compared to last year. During the same period, hotel occupancy on Hawai'i Island was 71.7%.

During the quarter, owner use at Hawai'i Island timeshare properties accounted for 46.4% of occupied room nights, the lowest percentage of owner use among the islands. Transient use represented 21.4% of occupied room nights during the quarter. Marketing use contributed 9.4% of occupied room nights during the quarter. Exchange use accounted for 22.9% of occupied room nights.

Hawai'i Island welcomed 46,315 timeshare visitors during the third quarter. The average timeshare visitor to Hawai'i Island stayed on the island for 7.7 days during the third quarter. Timeshare visitors represented 10.3% of Hawai'i Island's arrivals during the third quarter.

The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$2.0 million in state and county taxes during the third quarter. Real property taxes contributed the largest share, \$1.1 million of the total.

Hawai'i Island timeshare properties reported a 1.7% increase in the total number of resort operations employees during the quarter, and a 1.4% decrease in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total payroll expense of \$14.9 million during the quarter.



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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 82.8 percent of registered timeshare units statewide, which represents 51 participating properties and 9,305 units.