



Hawai'i Timeshare Quarterly October - December 2020

Statewide Timeshare Performance & Taxes

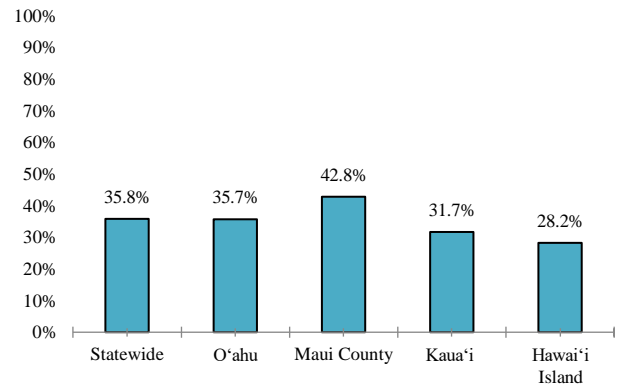
During the fourth quarter of 2020, Hawai'i's timeshare industry continued to suffer from the global slowdown in leisure travel caused by the COVID-19 pandemic. The state's timeshare resorts achieved an occupancy rate of 35.8% during the quarter, compared with the 90.1% occupancy rate for the same period during 2019, a decrease of 54.3 percentage points. While Q4 timeshare occupancy in the state trailed 2019 levels by a wide margin, the 35.8% occupancy represented a meaningful increase from the 10.7% occupancy rate achieved by the state's timeshare industry during Q3 2020. The implementation of the State's Safe Travels Hawai'i program on October 15 allowed trans-Pacific visitors to bypass the 14-day quarantine if they tested negative for COVID-19 before traveling to Hawai'i.

The statewide hotel and condominium hotel occupancy averaged 22.1% during the fourth quarter, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA").

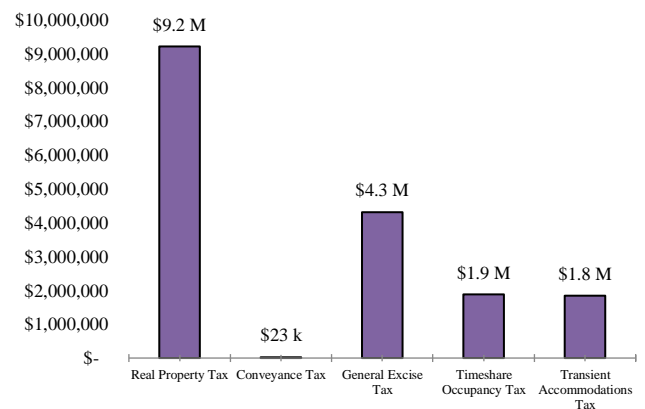
Owners using their timeshare accounted for 48.1% of occupied room nights in Hawai'i's timeshare resorts during the fourth quarter of 2020. Exchangers (timeshare owners who participate in a timeshare exchange program) represented 34.2% of the occupied room nights during the quarter. During Q2 and Q3 2020, exchange use had represented more than half of timeshare occupancy in the state. Historically, owner use has accounted for the largest share of occupied room nights at Hawai'i's timeshare properties.

Marketing use represented 2.9% of occupied room nights during Q4, compared with 7.2% of occupied room nights during Q4 2019. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 14.7% of occupied room nights during the quarter, comparable to the 15.1% share from the prior year's Q4.

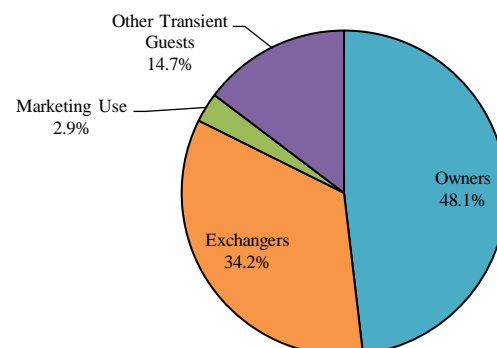
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



The fourth quarter 2020 timeshare survey findings, based on data provided by 54 individual timeshare properties, represent 83.6% of Hawai'i's 12,176 timeshare units.

According to HTA data, 58,154 visitors to the state chose to stay at timeshare resort for all or part of their stay during the fourth quarter. This compares with the 290 timeshare visitors to the state during Q3, before implementation of Safe Travels Hawai'i. During the fourth quarter of 2019 the state welcomed 208,440 timeshare visitors. For the quarter, timeshare visitors accounted for 11.7% of all visitor arrivals to the state, compared with 8.3% during Q4 2019. Timeshare's increase in market share could be due to leisure travelers seeking larger accommodations with kitchens during their pandemic vacation.

Timeshare visitors had an average length of stay of 10.8 days during the fourth quarter, compared with the 9.8-day average stay during Q4 2019, according to HTA data. During Q2 and Q3, the handful of timeshare visitors had an average length of stay at timeshare properties of about 30 days.

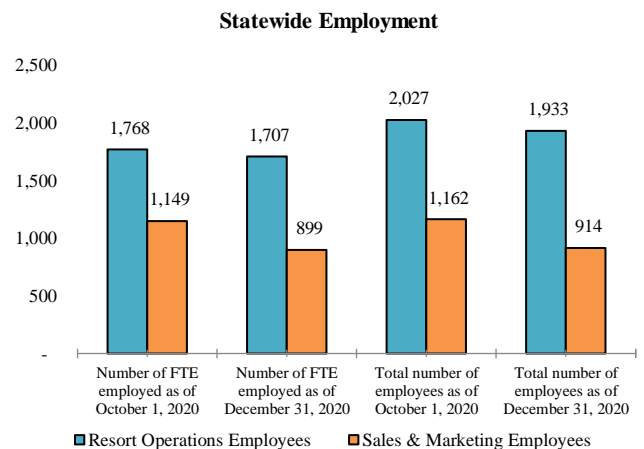
During the fourth quarter, participating timeshare properties generated a total of \$17.3 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"), transient accommodations tax ("TAT") and conveyance tax. Real property taxes accounted for the largest share of taxes during the quarter, a total of \$9.2 million or 53.3% of the total. General Excise Tax accounted for a \$4.3 million or 25.0% 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 1,933 at the end of the quarter, a 4.6% decrease from the employee count at the beginning of the quarter.

At the end of the quarter, timeshare resorts reported 914 sales and marketing employees, an 21.3% decrease from the count at the start of the fourth quarter. The Q4 2019 sales and marketing employee count for survey respondents was about 1,300.

For the fourth quarter of 2020, statewide payroll expenses for timeshare survey participants that provided data totaled \$32.0 million, of which resort operations payroll contributed \$26.7 million and sales and marketing payroll \$5.4 million. For comparison, the total payroll amount reported by survey respondents for the Q4 2019 study was \$64.1 million. (We note that each quarterly report is based on data provided by Hawai'i timeshare properties for the respective quarter and that there is some variation in the composition of the sample from year to year.)



O'ahu

In the fourth quarter of 2020, timeshare resorts on O'ahu averaged 35.7% occupancy, compared with 94.3% occupancy during Q4 of the prior year. During the same period, O'ahu's hotel occupancy averaged 22.8%.

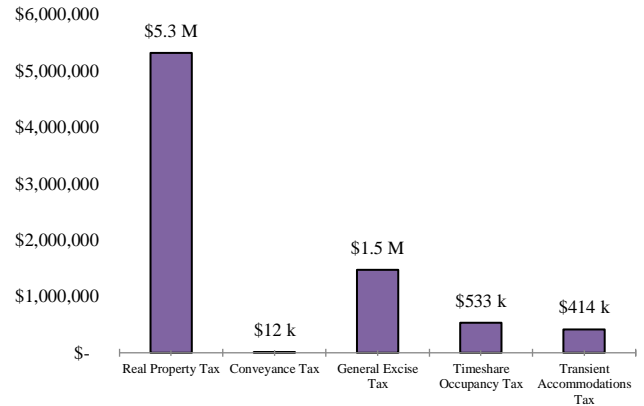
Owner occupied room nights represented 38.7% of total occupied room nights at O'ahu's timeshare resorts during the fourth quarter, the lowest share of owner use among the counties. Exchange use represented 43.1% of occupied room nights at O'ahu timeshare resorts. Other transient guests contributed 16.4% of the occupied room nights at O'ahu timeshare properties, highest among the counties. marketing use represented 1.8% of occupied room nights.

According to the HTA, O'ahu welcomed 16,284 timeshare visitors during the fourth quarter, compared with 78,188 timeshare visitors during Q4 2019. Timeshare visitors represented 7.2% of all visitor arrivals on O'ahu during the fourth quarter, which was the lowest market share among the islands but an increase from the 5.2% market share during the prior Q4. The average O'ahu timeshare visitor stayed on O'ahu for 8.7 days during the quarter, compared with 7.9 days during the same period a year earlier.

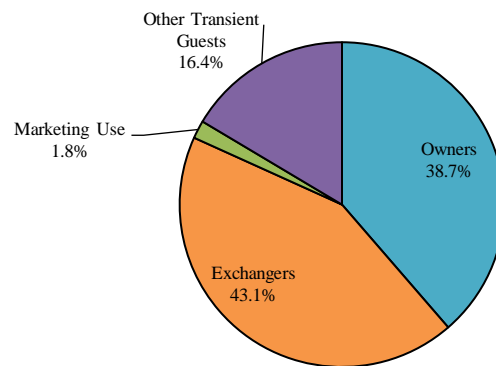
Participating properties on O'ahu reported a total of \$7.7 million in taxes for the fourth quarter, of which \$5.3 million (68.6%) were real property taxes.

O'ahu timeshare resorts reported a 6.8% decrease in the number of resort operations employees during the quarter and a 24.9% decrease in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$7.3 million for the quarter, compared to \$16.2 million in payroll expense reported by the properties that provided data for Q4 2019.

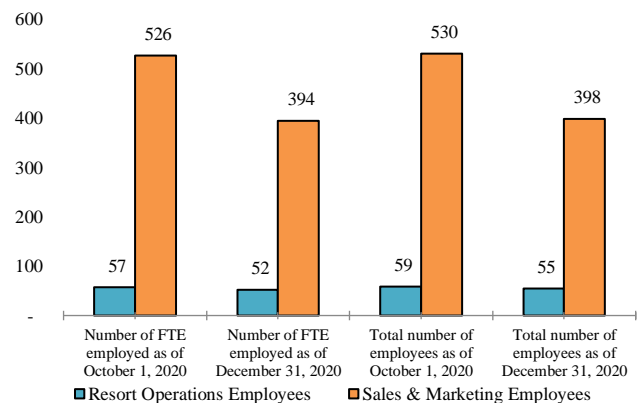
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County’s timeshare properties achieved an average occupancy of 42.8% during the fourth quarter, the highest occupancy rate among the counties. This compared with 91.9% occupancy achieved during the fourth quarter of 2019. During the same period, Maui’s hotel occupancy averaged 20.7%.

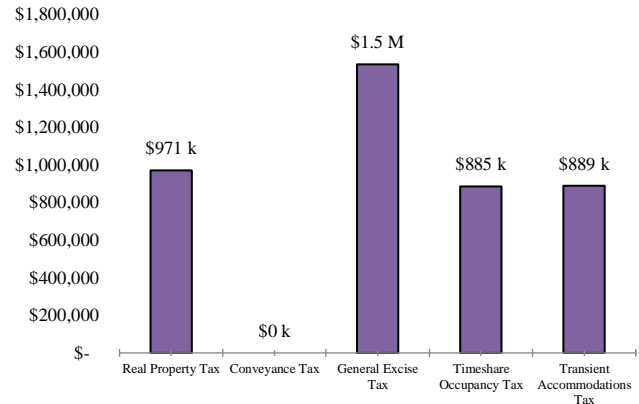
During the fourth quarter, owner occupancy accounted for 57.8% of occupied room nights at Maui County timeshare resorts, the highest share among the counties during Q4. Exchange use contributed 21.6% of all occupied room nights at Maui County’s timeshare properties during the quarter, lowest among the counties during the quarter. Transient and marketing use contributed 16.2% and 4.4% of occupied room nights, respectively.

Maui County welcomed 27,922 timeshare visitors during the quarter, compared with 75,136 timeshare visitors during the same period in 2019. Timeshare visitors represented 15.5% of Maui County’s visitor arrivals during the quarter, compared to 9.9% during the prior Q4. Maui timeshare visitors spent an average of 10.4 days in Maui County during the fourth quarter, compared with 8.5 days during Q4 2019.

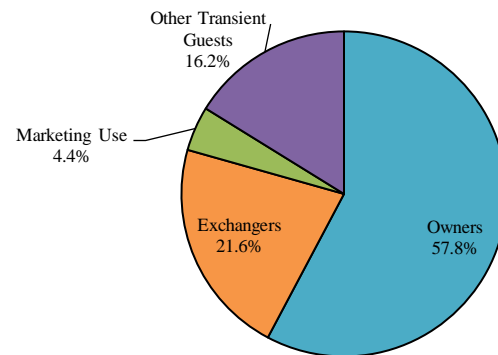
Participating properties in Maui County that provided survey data reported a total of \$4.3 million in state and county taxes in the fourth quarter. General Excise Taxes accounted for \$1.5 million or 35.9% of the total.

Maui County timeshare properties reported a 2.6% decrease in the total number of resort operations employees, while the number of sales and marketing employees decreased by 20.9% during the fourth quarter of 2020. Maui timeshare properties providing survey data reported total payroll expense of \$9.6 million during the quarter, compared with over \$23.1 million in payroll expense reported by properties that provided data for Q4 2019.

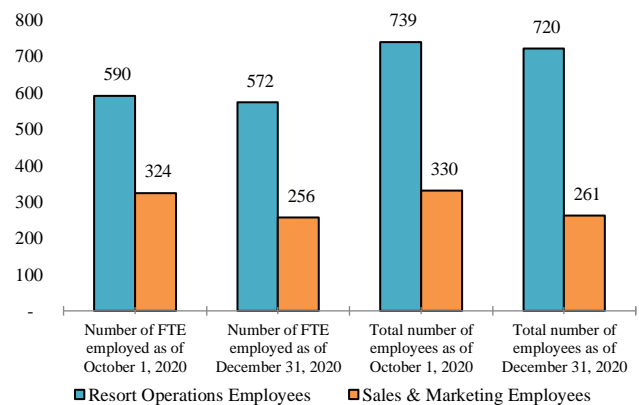
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Kaua'i's timeshare properties averaged 31.7% occupancy during the fourth quarter, compared with 84.2% occupancy during the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 20.7%.

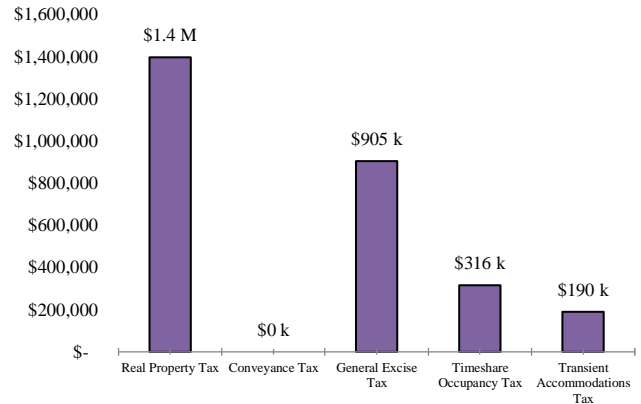
During the fourth quarter of 2020, owner use represented 40.3% of the occupied room nights at Kaua'i's timeshare resorts. Exchange use represented 46.9% of occupied timeshare room nights on Kaua'i, the highest share among the counties. Transient use accounted for 11.0% of occupied room nights, the lowest share among the counties. marketing use represented 1.7% of occupied room nights on Kaua'i during Q4.

Kaua'i welcomed 9,410 timeshare visitors during the quarter, compared with 50,645 visitors during the fourth quarter of 2019. Timeshare visitors represented 21.6% of Kaua'i's visitor arrivals during the quarter, the highest share among the counties and an increase from the 15.3% share during the prior year. Kaua'i timeshare visitors stayed on the Garden Island for an average of 10.9 days during the quarter, up from the 8.8-day average reported for the prior year and the longest average stay among the counties.

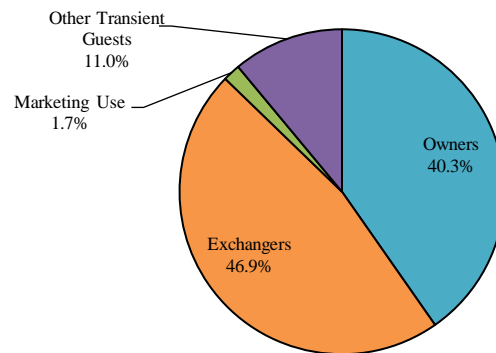
Kaua'i timeshare resorts that provided survey data reported \$2.8 million in taxes during the fourth quarter. Real property tax represented about \$1.4 million of the total, or about half of the total.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties decreased by 5.3% during the quarter, while sales and marketing employment increased by 2.4%. Participating respondents reported payroll expense of about \$9.3 million for the quarter, compared with \$10.2 million reported by properties contributing data for the Q4 2019 study.

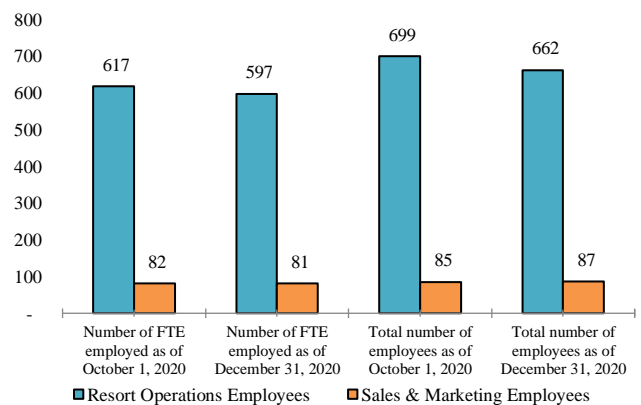
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

Hawai'i Island timeshare resorts achieved occupancy of 28.2% during the fourth quarter, lowest among the counties and down from the 89.4% during the same period last year. During the same period, hotel occupancy on Hawai'i Island was 22.8%.

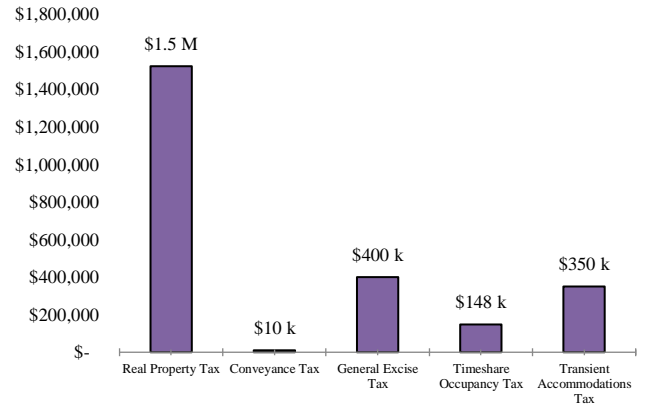
During the quarter, owner use generated 53.4% of the occupied room nights at Hawai'i Island timeshare properties. Exchange use represented 31.4% of occupied room nights during the quarter. Transient and marketing use represented 12.1% and 3.1% of occupied room nights, respectively.

According to HTA data, Hawai'i Island welcomed 9,043 timeshare visitors during the quarter, compared with 43,209 timeshare visitors during the fourth quarter of the prior year. Timeshare visitors represented 10.4% of Hawai'i Island visitors during the quarter, a modest increase from the 9.7% share during the previous Q4. Timeshare visitors to Hawai'i Island during Q4 had an average length of stay of 10.5 days. During Q4 2019 Hawai'i Island's average timeshare length of stay was 7.9 days.

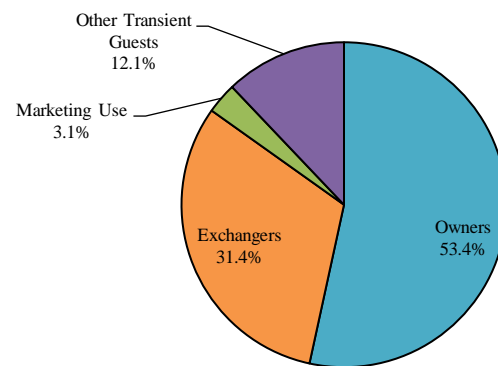
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$2.4 million in state and county taxes during the fourth quarter. Real property taxes contributed the largest share, \$1.5 million of the total (62.6%).

Hawai'i Island timeshare properties reported a 6.4% decrease in the total number of resort operations employees during the quarter, and a 22.6% decrease in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total payroll expense of \$5.9 million during the quarter, less than half the \$14.6 million payroll expense reported by properties that provided data during the prior year Q4.

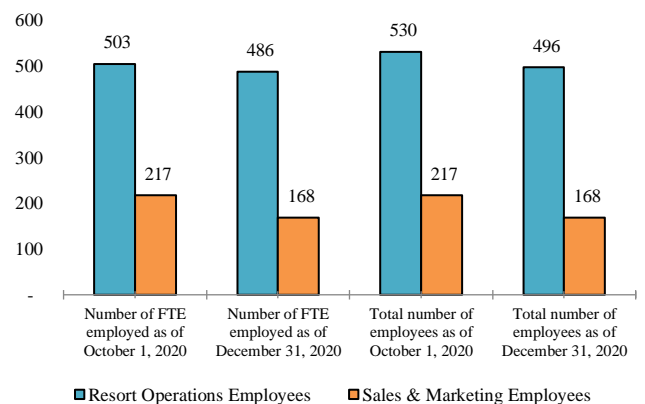
Hawai'i Island Taxes



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 83.6 percent of registered timeshare units statewide, which represents 54 participating properties and 10,177 units.