Statewide Timeshare Performance & Taxes

The Hawai‘i timeshare industry averaged an occupancy of 89.3 percent during the second quarter of 2014, driven by a strong month of June across all islands. In comparison, the traditional hotel and condo hotel market averaged 76.1 percent occupancy for the same period.

In the second quarter, 205,192 visitors, or 10.2 percent of all visitors to the Hawaiian islands, chose to stay in a timeshare property at some point during their stay in Hawai‘i, up 4.8 percent from the same period last year, as reported by the Hawai‘i Tourism Authority (‘HTA’). Compared to the same period last year, there were more timeshare visitors to O‘ahu (+8.1 percent), Maui (+5.1 percent), and Kaua‘i (+2.3 percent), while Hawai‘i Island welcomed slightly fewer timeshare visitors (-0.4 percent) in the second quarter.

Timeshare survey participants across the state generated $12.3 million in taxes in the second quarter, including real property tax, conveyance tax, general excise tax, transient occupancy tax (‘TOT’), and transient accommodations tax (‘TAT’). In most cases, conveyance taxes are paid by timeshare owners and not tracked at the property level. However, the TAT is paid by timeshare operators for transient rentals.

Interval owners accounted for the majority (56.9 percent) of the occupied room nights in the second quarter. Exchangers occupied 19.4 percent of the room nights, a change of 8.1 percentage points compared to the first quarter of 2014. Most timeshare resorts have units available for transient rental, and transient guests accounted for 17.1 percent of occupied room nights during the quarter. Transient guest room nights includes additional room nights purchased by timeshare owners and exchangers beyond their allotted timeshare ownership stay.
Statewide Employment and Payroll

Survey participants reported an overall net decrease in the total number of employees at timeshare properties across the State, with a 2.7 percent net decrease for resort operations employees and a slight decrease (-0.8 percent) in sales and marketing employees in the second quarter.

Timeshare payroll expenses for survey participants totaled over $25.0 million for resort operations employees and $27.2 million for sales and marketing employees.

O'ahu

In the second quarter of 2014, timeshare occupancy on O'ahu was high at 90.9 percent and timeshare visitor arrivals to O'ahu grew by 8.1 percent compared to the same period last year, as reported by HTA.

O'ahu has the highest percentage of owner use among all islands with 61.4 percent of all timeshare units being occupied by timeshare owners.

Survey participants generated more than $5.0 million in taxes, with $2.6 million representing real property taxes.

O'ahu properties reported a net increase in resort operations employees (+2.8 percent), but saw a slight net decrease in sales and marketing employees (-0.8 percent).
Maui County

For the third consecutive quarter, Maui County timeshare resorts outperformed all other islands in occupancy at 91.8 percent in the second quarter of 2014. Units were primarily occupied by owners and exchangers, making up approximately 78 percent of all visitors staying in timeshare resorts.

HTA reported that the number of visitors to Maui County who stayed in timeshare properties increased by 5.1 percent in the second quarter, driven by a strong month of June with 10.1 percent more timeshare visitors compared to the same period last year.

During the three months of the second quarter, Maui County generated a total of $3.5 million in taxes, with over 50 percent or $1.5 million representing real property taxes.

Maui County survey participants reported net decreases in both resort operations employees (-4.8 percent) and sales and marketing employees (-4.7 percent) in the second quarter of 2014. The majority of the decreases occurred at large branded timeshare properties.
Kaua‘i

Occupancy at Kaua‘i timeshare resorts reached 88.3 percent for the second quarter and survey participants reported the highest share of room nights used by exchangers among the islands (26.9 percent).

HTA reported that there was a 2.3 percent increase in visitors who stayed in timeshare properties on Kaua‘i in the second quarter. This increase was driven by a strong month of April (+8.4 percent).

Kaua‘i survey participants reported $1.8 million in taxes generated in the three months of the second quarter. We note that not all properties reported taxes for the fourth quarter, and among respondents, some did not provide Real Property Tax data.

The island saw a net decrease in resort operations employees (-5.6 percent), but reported a net increase in sales and marketing employees (2.8 percent) in the second quarter.
Hawai'i Island

Timeshare resorts on Hawai'i Island were 83.4 percent occupied during the second quarter and the island reported the highest share of transient guest room nights (22.1 percent).

Timeshare visitor arrivals to Hawai'i Island decreased slightly (-0.4 percent) in the second quarter, as reported by the HTA.

Hawai'i Island survey participants generated a total of $1.9 million in taxes during the three months, with 56.2 percent representing real property taxes. We note that not all properties reported taxes for the quarter.

The island's employment remained relatively unchanged, with survey participants reporting a net decrease in resort operations employees (+0.8 percent) and a net increase in sales and marketing employees (1.9 percent) over the three month period. The majority of fluctuations in employment occurred at medium-sized branded properties.

Hawai'i Island Taxes

Hawai'i Island Mix of Occupied Room Nights

Hawai'i Island Employment
Survey Overview

Hospitality Advisors LLC was engaged by Hawai’i Tourism Authority to conduct a recurring quarterly market performance survey of Hawai’i’s timeshare industry. 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

Survey Participation

Participation rates in the Statewide timeshare survey was 68.2 percent of registered timeshare units statewide, which represents 38 properties and 6,873 units.