



# Hawai'i Timeshare Quarterly April - June 2021

## Statewide Timeshare Performance & Taxes

During the second quarter of 2021 Hawai'i's visitor industry continued to emerge from the global travel slowdown caused by the COVID-19 pandemic. Statewide visitor arrivals during the quarter totaled 2.6 million, about 73% of the level achieved during Q2 2019 and a substantial improvement over previous quarters. Hawai'i's timeshare industry achieved an occupancy rate of 84.3% during the quarter, compared with the 11.3% occupancy rate for the same period during 2020, when arriving trans-Pacific travelers were required to quarantine for 14 days. Pre-pandemic, (Q2 2019) Hawai'i's timeshare resorts reported occupancy of 91.0%.

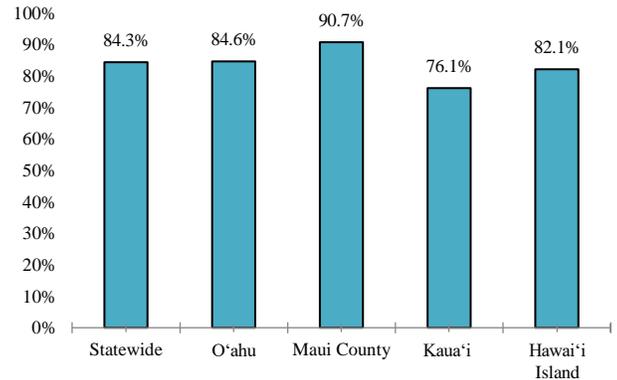
Based on Q2 results, Hawai'i's timeshare resorts continue to be recovering at a faster rate than the state's hotels. The statewide hotel and condominium hotel occupancy averaged 63.2% during the second quarter, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA").

Owners using their timeshare accounted for 58.2% of occupied room nights in Hawai'i's timeshare resorts during the second quarter of 2021. Exchangers (timeshare owners who participate in a timeshare exchange program) represented 19.0% of occupied room nights during Q2.

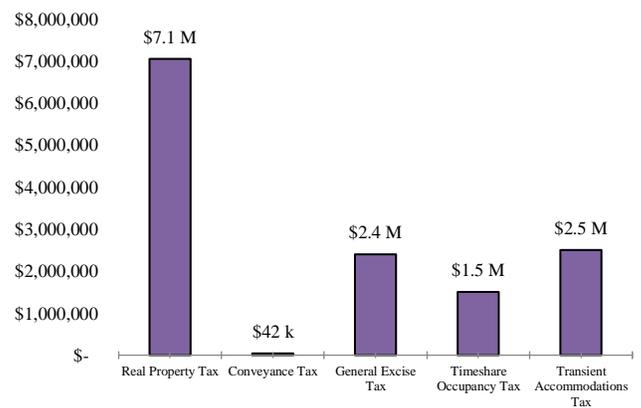
Marketing use represented 7.0% of occupied room nights during Q2, higher than the 4.4% reported for Q1 2021, suggesting that timeshare operators are ramping up their sales efforts as visitor arrivals approach pre-pandemic levels. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 15.8% of occupied room nights during the quarter.

The second quarter 2021 timeshare survey findings, based on data provided by 43 individual timeshare properties, represent 81.2% of Hawai'i's 12,176 timeshare units.

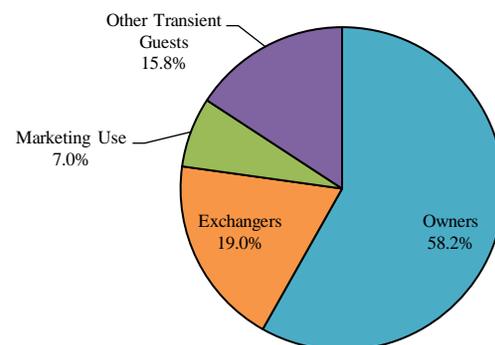
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



According to HTA data, 193,928 visitors to the state chose to stay at timeshare resort for all or part of their stay during the second quarter, more than double the number of timeshare visitors the state welcomed during the first quarter of the year. We note that during Q2 2020, the state welcomed just 146 timeshare visitors. Timeshare visitors accounted for 10.2% of all visitor arrivals to the state during the second quarter of this year, slightly lower than the 10.7% share achieved during Q1 2021 but higher than the 8.6% market share reported during the same period of 2019. This is consistent with Hawai'i timeshare resorts achieving higher occupancy than hotels during the quarter.

Timeshare visitors had an average length of stay of 10.0 days during the second quarter, comparable to pre-pandemic length of stay for Hawai'i timeshare visitors.

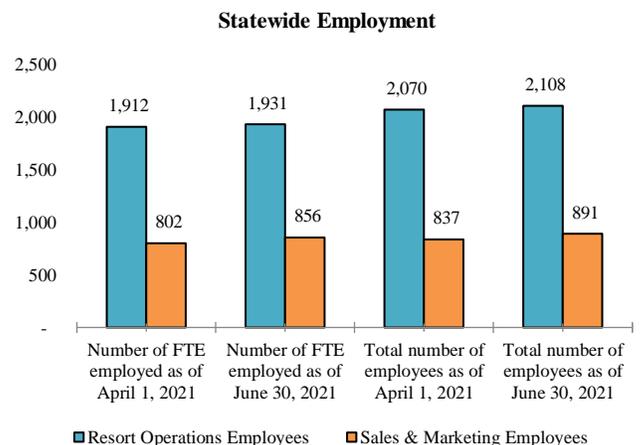
During the second quarter, participating timeshare properties generated a total of \$13.5 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"), transient accommodations tax ("TAT") and conveyance tax. Real property taxes accounted for the largest share of taxes during the quarter, a total of \$7.1 million or 52.2% of the total. Respondents reported \$2.5 million in TAT for the quarter, while General Excise Tax accounted for a \$2.4 million 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 2,108 at the end of the quarter, a 1.8% increase from the employee count at the beginning of the quarter.

At the end of the quarter, timeshare resorts reported 891 sales and marketing employees, a 6.5% increase from the count at the start of the second quarter, consistent with timeshare sales operations ramping up during the quarter.

For the second quarter of 2021, statewide payroll expenses for timeshare survey participants that provided data totaled \$39.0 million, of which resort operations payroll contributed \$21.7 million and sales and marketing payroll \$17.2 million. In comparison, the sales and marketing operations of Hawai'i's timeshare resorts reported total payroll of \$5.4 million during Q4 2020, indicating an increase in timeshare sales efforts in early 2021.



## O'ahu

In the second quarter of 2021, timeshare resorts on O'ahu averaged 84.6% occupancy, below the pre-pandemic 94.7% occupancy achieved during Q2 2019. During Q2 2021, O'ahu's hotel occupancy averaged 60.6%.

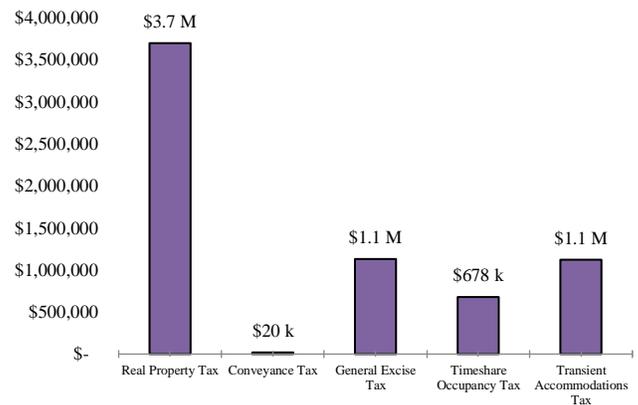
Owner occupied room nights represented 54.9% of total occupied room nights at O'ahu's timeshare resorts during the second quarter. Exchange use represented 18.8% of occupied room nights at O'ahu timeshare resorts. Other transient guests contributed 20.0% of the occupied room nights at O'ahu timeshare properties, highest among the counties. Marketing use contributed 6.4% of occupied room nights, the lowest share among the counties.

According to the HTA, O'ahu welcomed 63,360 timeshare visitors during the second quarter, compared with 86,060 timeshare visitors to O'ahu during Q2 2019. Timeshare visitors represented 6.8% of all visitor arrivals on O'ahu during the second quarter, which was the lowest market share among the islands. The average O'ahu timeshare visitor stayed on O'ahu for 7.6 days during the quarter, compared with 6.8 days during the same period in 2019.

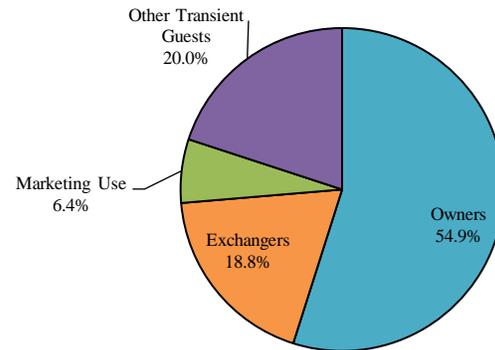
Participating properties on O'ahu reported a total of \$6.6 million in taxes for the second quarter, of which \$3.7 million (55.6%) were real property taxes.

O'ahu timeshare resorts reported a 4.2% increase in the number of resort operations employees during the quarter and a 1.5% increase in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$9.4 million for the quarter, of which \$6.9 million was payroll for sales and marketing employees.

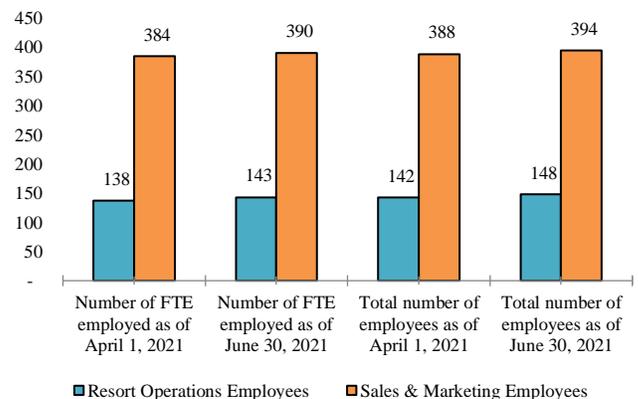
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



## Maui County

Maui County’s timeshare properties achieved an average occupancy of 90.7% during the second quarter, the highest occupancy rate among the counties and just shy of the 94.8% reported for Q2 2019. During Q2 2021, Maui’s hotel occupancy averaged 69.5%.

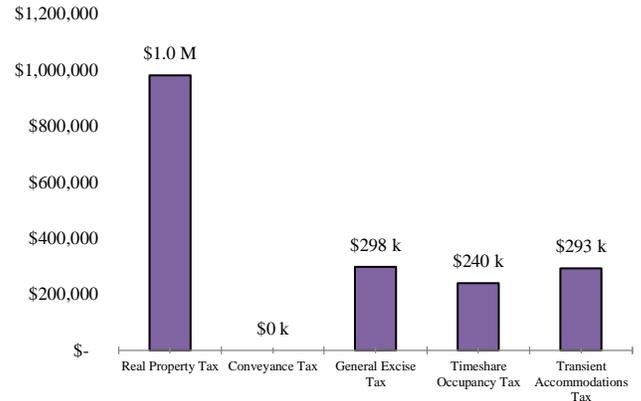
During the second quarter, owner occupancy accounted for 65.3% of occupied room nights at Maui County timeshare resorts, the highest share among the counties during Q2. Exchange use contributed 13.8% of all occupied room nights at Maui County’s timeshare properties during the quarter, lowest among the counties during the quarter. Transient use contributed 13.0% of occupied room nights. Marketing use represented 7.9% of occupied room nights, the highest share among the counties.

Maui County welcomed 78,423 timeshare visitors during the quarter, the highest among the counties during Q2 and approaching the 82,327 timeshare visitors to Maui County during Q2 2019. Timeshare visitors represented 11.8% of Maui County’s visitor arrivals during the quarter, compared with timeshare’s 10.2% market share during Q2 2019. Maui timeshare visitors spent an average of 9.2 days in Maui County during the second quarter, slightly lower than the 9.5-day average stay reported for Q2 2019.

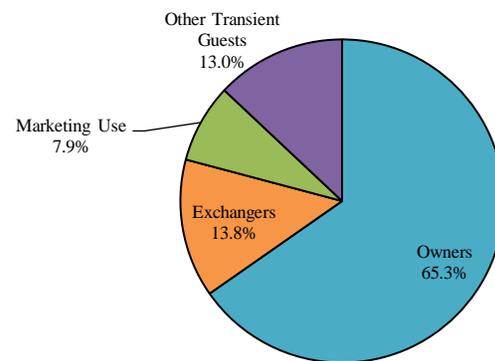
Participating properties in Maui County that provided survey data reported a total of \$1.8 million in state and county taxes in the second quarter. General Excise Taxes accounted for \$980K or 54.2% of the total.

Maui County timeshare properties reported a 1.0% decrease in the total number of resort operations employees, while the number of sales and marketing employees increased by 6.8% during the second quarter of 2021. Maui timeshare properties providing survey data reported total payroll expense of \$9.6 million during the quarter.

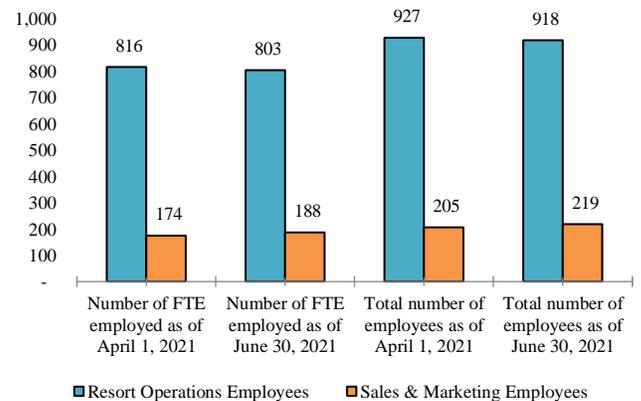
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



## Kaua'i

Kaua'i's timeshare properties averaged 76.1% occupancy during the second quarter, the lowest timeshare occupancy among the counties but a substantial increase from the 24.0% occupancy reported for Q1 2021. Kaua'i had previously opted out of Safe Travels Hawai'i, the pre-arrival COVID testing program that allowed trans-Pacific travelers to bypass the mandatory ten-day quarantine. The island rejoined the program in effective in early April, contributing to the rebound in timeshare occupancy. During Q2 2021, Kaua'i's hotels and condominium hotels reported average occupancy of 57.9%.

During the second quarter of 2021, owner use represented 50.6% of the occupied room nights at Kaua'i's timeshare resorts, the lowest share in the state. Exchange use represented 25.6% of occupied timeshare room nights on Kaua'i, the highest share among the counties. Transient use accounted for 17.1% of occupied room nights during the quarter, highest in the state. Marketing use represented 6.7% of occupied room nights on Kaua'i during Q2.

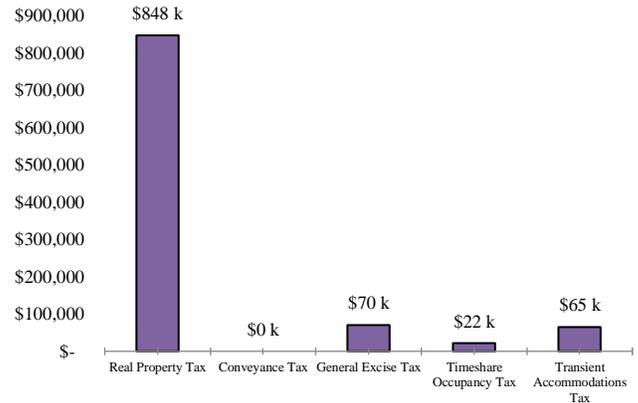
Kaua'i welcomed 43,307 timeshare visitors during the quarter, a substantial increase from the 4,685 timeshare visitors during the first quarter of 2021 but well short of the 56,153 timeshare visitor arrivals the Garden Isle reported during Q2 2019. Timeshare visitors represented 19.8% of Kaua'i's visitor arrivals during the quarter, the highest share among the counties and well above the 15.9% share Kaua'i's timeshare resorts achieved during Q2 2019. Kaua'i timeshare visitors stayed on the Garden Island for an average of 9.4 days during the quarter, the longest average stay among the counties and consistent with pre-pandemic levels.

Kaua'i timeshare resorts that provided survey data reported \$1.0 million in taxes during the second quarter. Real Property Tax represented about 84.4% of the total.

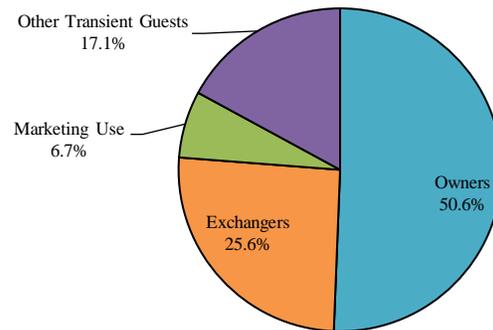
Among properties reporting data, resort operations employment at Kaua'i's timeshare properties increased

by 9.1% during the quarter, while sales and marketing employment increased by 32.4%. Kaua'i was the only county reporting an increase in timeshare employment during the quarter. Participating respondents reported payroll expense of about \$8.4 million for the quarter, of which \$5.9 million was resort operations payroll.

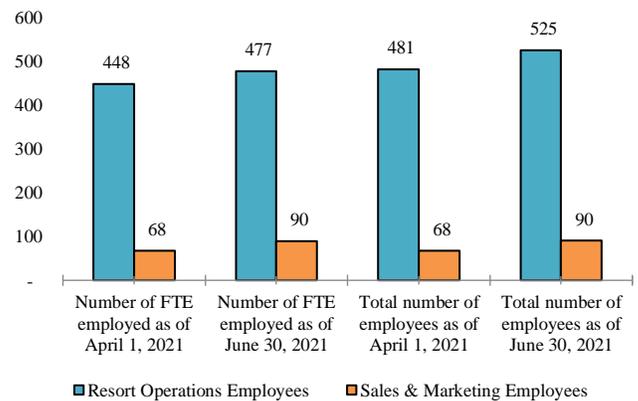
**Kaua'i Taxes**



**Kaua'i Mix of Occupied Room Nights**



**Kaua'i Employment**



## Hawai'i Island

Hawai'i Island timeshare resorts achieved occupancy of 82.1% during the second quarter, approaching the 86.4% occupancy achieved pre-pandemic in Q2 2019. During Q2 2021, hotel occupancy on Hawai'i Island averaged 65.1%.

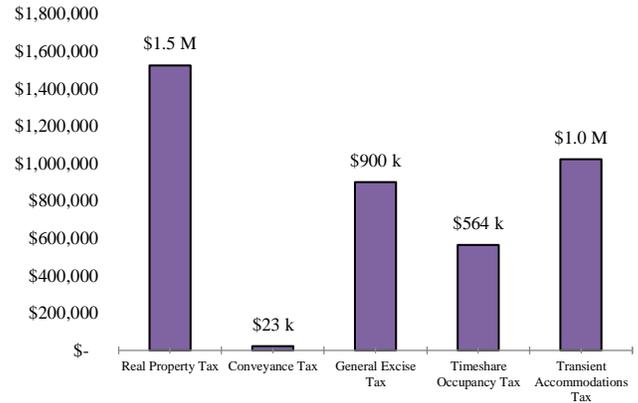
Owner use accounted for 57.8% of the occupied room nights at Hawai'i Island timeshare properties during Q2 2021. Exchange use represented 22.7% of occupied room nights during the quarter. Transient use represented 12.7% of occupied room nights, the lowest among the counties.

According to HTA data, Hawai'i Island welcomed 37,328 timeshare visitors during the quarter, more than double the number of Q1 2021 timeshare arrivals but shy of the 43,297 timeshare visitors to the island during Q2 2019. Timeshare visitors represented 11.6% of Hawai'i Island visitors during the quarter, compared with a 10.0% market share during Q2 2019. Timeshare visitors to Hawai'i Island during Q2 had an average length of stay of 8.8 days, comparable to pre-pandemic levels.

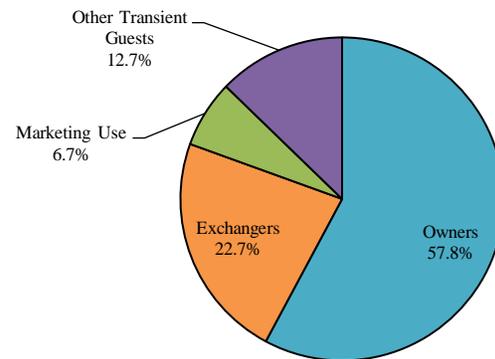
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$4.0 million in state and county taxes during the second quarter. Real property taxes contributed the largest share, \$1.5 million of the total (37.8%).

Hawai'i Island timeshare properties reported a 0.6% decrease in the total number of resort operations employees during the quarter, and a 6.8% increase in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total payroll expense of \$11.6 million during the quarter, of which \$7.3 million was resort operations payroll.

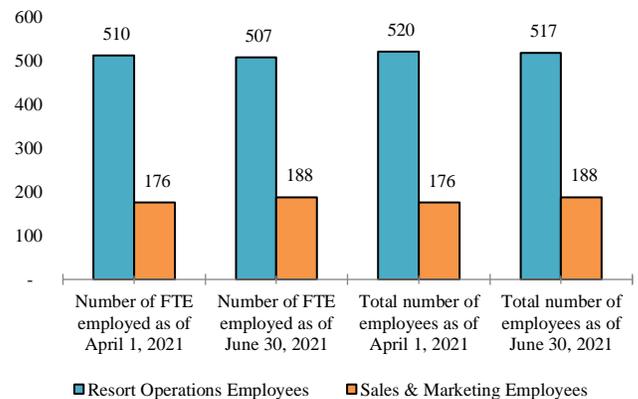
Hawai'i Island Taxes



Hawai'i Island Mix of Occupied Room Nights



Hawai'i Island Employment



## Hawai'i Tourism Authority

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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 81.2 percent of registered timeshare units statewide, which represents 54 participating properties and 9,891 units.