



# Hawai'i Timeshare Quarterly July - September 2016

## Statewide Timeshare Performance & Taxes

During the third quarter of 2016, Hawai'i's timeshare industry achieved a 91.6% occupancy rate, an increase of 5.7 percentage points compared with the same period during 2015. The statewide hotel and condominium hotel occupancy averaged 80.6% during the third quarter, according to data from STR, Inc.

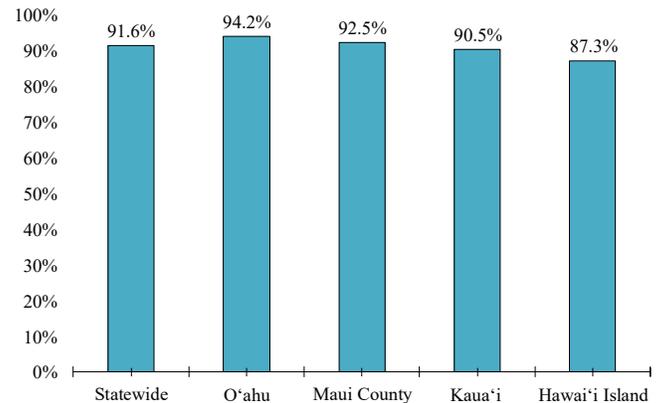
Owners using their timeshare accounted for 57.3% of occupied room nights in Hawai'i's timeshare resorts during the third quarter of 2016, a percentage consistent with historical averages. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 19.1% of the occupied room nights. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 15.9% of occupied room nights during the quarter. Marketing use represented 7.7% of occupied room nights.

The third quarter 2016 timeshare survey findings, based on data provided by 42 individual timeshare properties, representing 83.5% of Hawai'i's 10,508 timeshare units.

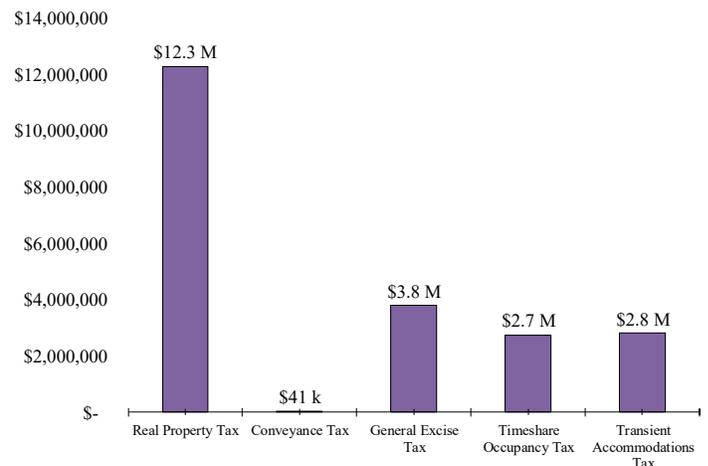
According to Hawai'i Tourism Authority ("HTA") data, 218,620 visitors to the state chose to stay at a timeshare resort for all or part of their stay during the third quarter, a decrease of 3.1% from third quarter of 2015. Of the 218,620 timeshare visitors, 171,661 chose to stay exclusively in a timeshare resort while visiting Hawai'i during the quarter. Timeshare visitors represented 9.6% of Hawai'i visitor arrivals during the third quarter of 2016. (NOTE: The statewide occupancy at timeshare properties providing survey data increased 6.4% points over the third quarter of 2015, despite the decrease in timeshare visitor arrivals reported by the HTA, due to differences in the timeshare property survey sample.)

Hawai'i Island reported an increase in the number of timeshare visitors during the third quarter (+0.2%), while the other counties all reported fewer timeshare

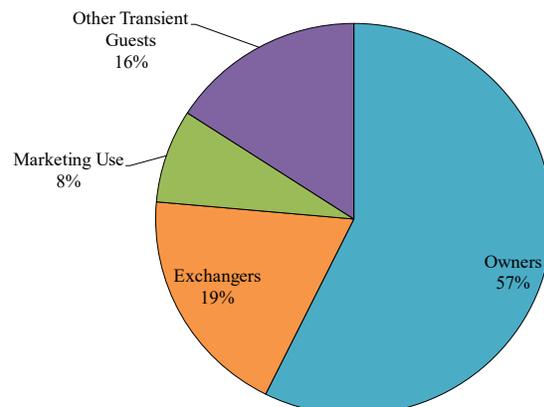
**Timeshare Occupancy by Island**



**Mix of Taxes Paid Statewide**

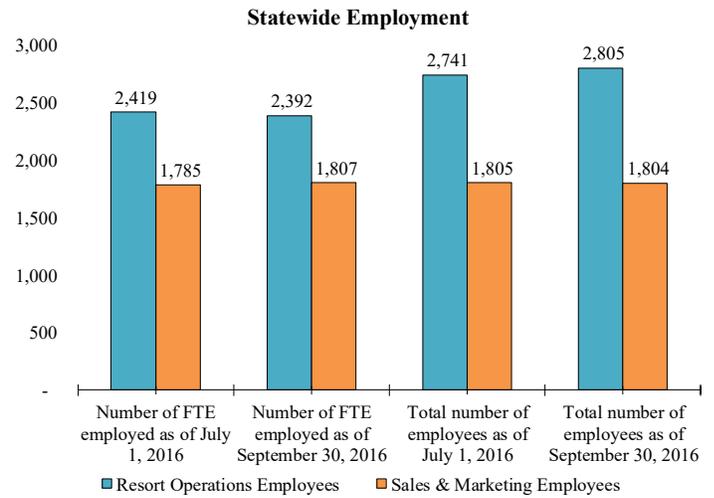


**Statewide Mix of Occupied Room Nights**



visitors. Maui County (-8.2%) saw the largest decrease, followed by O‘ahu (-2.1%) and Kaua‘i (-1.2%).

During the third quarter, participating timeshare properties generated a total of \$21.7 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 \$12.3 million or 56.7% of the total. We note that some respondents chose not to report certain taxes for this survey.



### Statewide Employment and Payroll

The number of resort operations employees at the timeshare resorts that provided employment survey data totaled 2,805 at the end of the quarter, a 2.3% increase from the employee count at the beginning of the quarter. At the end of the quarter, timeshare resorts reported 1,804 sales and marketing employees, a 0.1% decrease from the count at the start of the third quarter.

For the third quarter of 2016, statewide payroll expenses for timeshare survey participants that provided data totaled \$83.8 million.

## O'ahu

In the third quarter of 2016, timeshare resorts on O'ahu averaged 94.2% occupancy, a 1.3 percentage point increase compared to the prior year. During the same period, O'ahu's hotel occupancy averaged 86.9%.

Owner occupied room nights represented 59.9% 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. Exchange use represented an additional 19.2% of occupied room nights. Other transient guests contributed 14.4% of the occupied room nights at O'ahu timeshare properties. Marketing use represented 6.5% of occupied room nights at O'ahu timeshare resorts, the lowest share among the islands during the third quarter.

According to the HTA, O'ahu welcomed 88,615 timeshare visitors during the third quarter, the highest among the Hawaiian Islands. The average O'ahu timeshare visitor stayed on O'ahu for 8.8 days during the quarter.

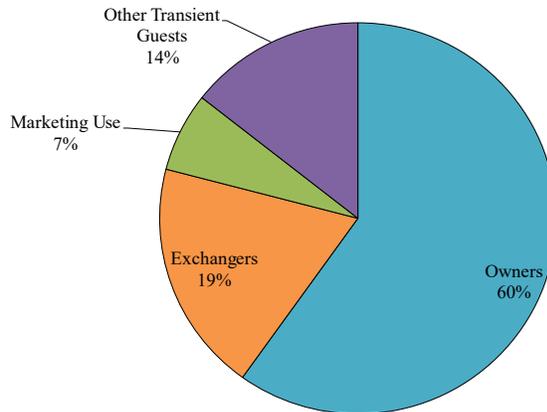
Participating properties on O'ahu reported a total of \$6.6 million in taxes for the third quarter, of which \$3.5 million were real property taxes.

O'ahu timeshare resorts reported a 2.9% increase in the number of resort operations employees during the quarter and a 1.7% increase in sales and marketing employment. O'ahu timeshare properties reported total employee payroll expense of \$26.7 million for the quarter.

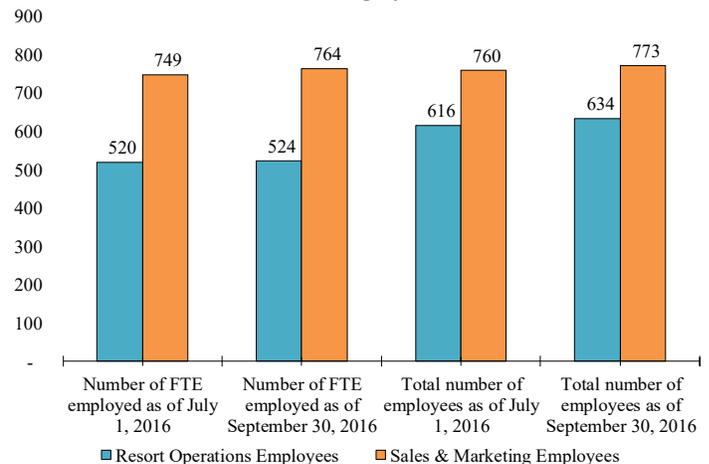
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



## Maui County

Maui County's timeshare properties achieved an average occupancy of 92.5% in during the third quarter, an 11.2 percentage point increase compared to the third quarter of 2015. Maui's timeshare occupancy increase during the third quarter of 2016 was partly driven by sample changes, as several properties that reported below-average occupancy during the third quarter of 2015 did not provide data for the third quarter of 2016. During the same period, Maui's hotel occupancy was 74.7%.

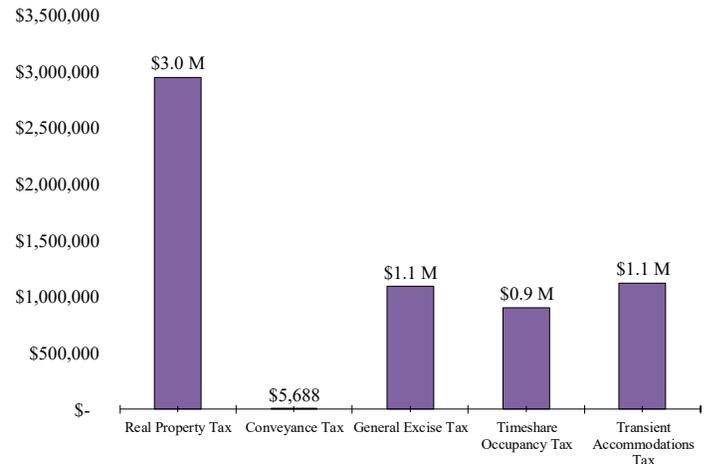
During the third quarter, owner use accounted for 60.3% of occupied room nights at Maui County timeshare resorts. Marketing use contributed 10.7% of all occupied room nights at Maui County's timeshare properties during the quarter, the highest share of marketing use in the state. Transient occupancy represented 12.6% of occupied room nights.

Maui timeshare visitors spent an average of 8.2 days on the island during the third quarter, according to HTA data. Timeshare visitors to Maui totaled 77,674 during the quarter, second among the islands to O'ahu's figure of 88,615 during the third quarter.

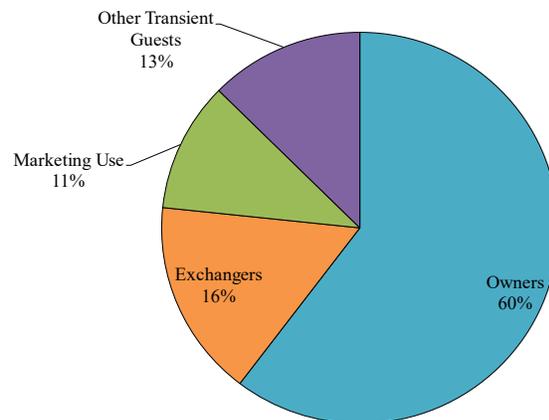
Participating properties in Maui County that provided survey data reported a total of \$6.1 million in state and county taxes in the third quarter. Property taxes accounted for \$3.0 million of the total. Maui County timeshare resorts reported TAT of \$1.1 million during the quarter, the highest in the state.

Maui County timeshare properties reported a 5.4 increase in the total number of resort operations employees and a 2.2% decrease in the number of sales and marketing employees during the third quarter of 2016. Maui County timeshare properties providing survey data reported total resort operations payroll expense of \$14.9 million during the quarter and another \$12.5 million in sales and marketing payroll expense.

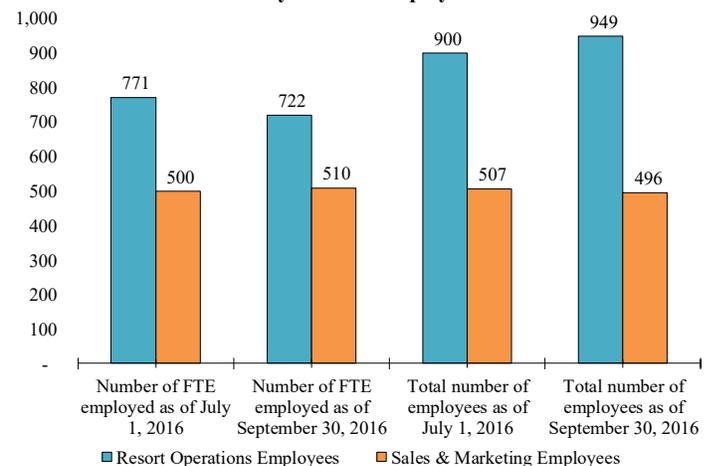
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



## Kaua'i

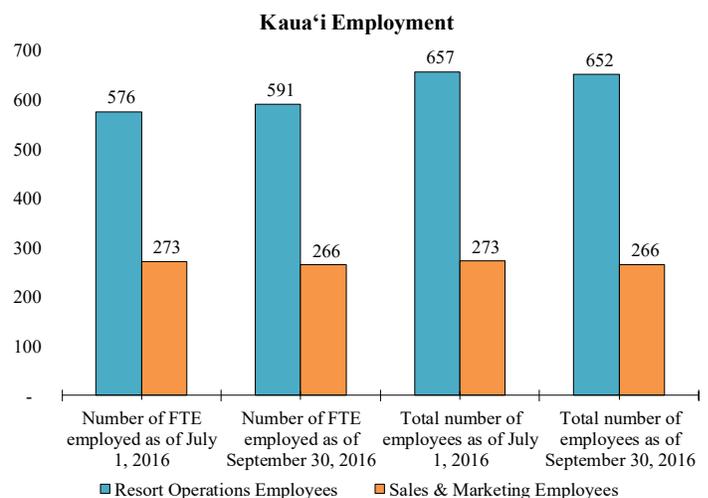
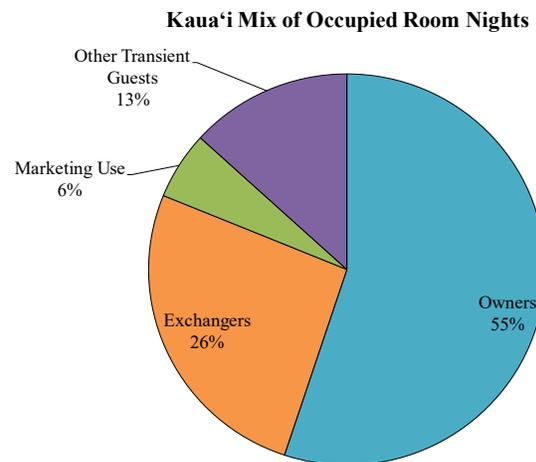
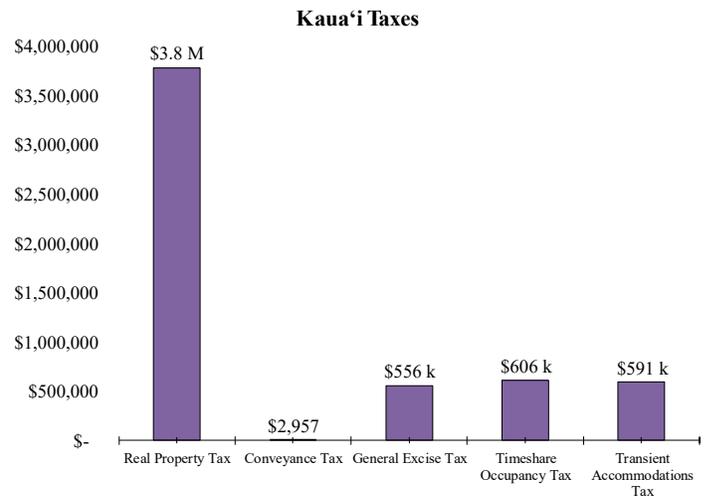
Kaua'i's timeshare properties averaged 90.5% occupancy during the third quarter, a 5.5 percentage point increase compared to the prior year. Most of the properties in the sample reported occupancy increases compared to the third quarter of 2015. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 74.6%.

During the third quarter of 2016, owner use represented 55.1% of the occupied room nights at Kaua'i's timeshare resorts, the lowest percentage of owner use among the islands. Exchange use contributed 26.1% of occupied room nights on Kaua'i, which was the highest percentage of exchange use among the islands.

Kaua'i's 56,958 timeshare visitors represented 18.1% of Kaua'i's total visitor arrivals during the third quarter, by far the highest proportion of timeshare visitors among the islands.

Kaua'i timeshare resorts that provided survey data reported \$5.5 million in taxes during the third quarter. Real property taxes accounted for \$3.8 million of the total, while TAT contributed about \$591,000.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties decreased by 0.8% during the quarter, while sales and marketing employment decreased by 2.6%. Participating respondents reported total resort operations payroll expense of \$10.1 million for the quarter, in addition to \$5.3 million in sales and marketing payroll expense.



## Hawai'i Island

Hawai'i Island timeshare resorts achieved occupancy of 87.3% during the third quarter, a 4.6 percentage point increase compared to last year. During the same period, hotel occupancy on Hawai'i Island was 68.0%.

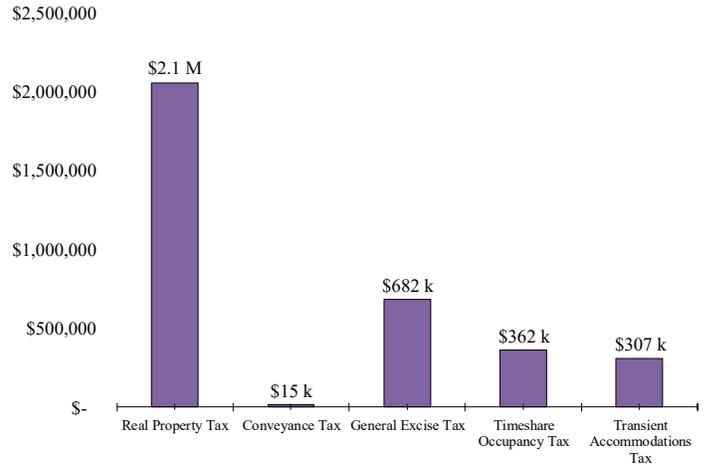
During the quarter, owner use at Hawai'i Island timeshare properties accounted for 50.4% of occupied room nights, the lowest share among the islands. Exchange use accounted for 13.0% of occupied room nights. Transient use contributed 29.2% of occupied room nights during the quarter, the highest share among the islands.

The average timeshare visitor to Hawai'i Island stayed on the island for 5.9 days during the third quarter.

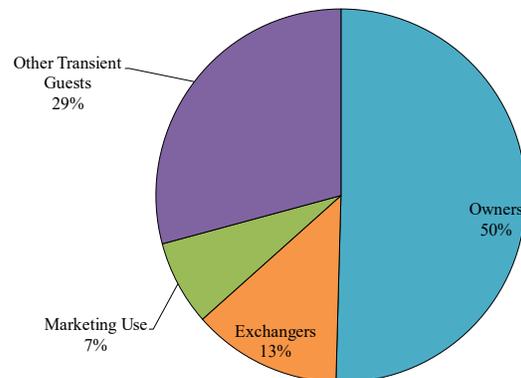
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$3.4 million in state and county taxes during the third quarter. Real property taxes contributed the largest share, \$2.1 million of the total. General Excise Tax generated by timeshare properties reporting data totaled \$682,000 during the quarter, while TAT accounted \$307,000.

Hawai'i Island timeshare properties reported a 0.4% increase in the total number of resort operations employees during the quarter, as well as a 1.5% increase in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total resort operations payroll expense of \$6.9 million and \$7.3 million in sales and marketing payroll expense during the quarter.

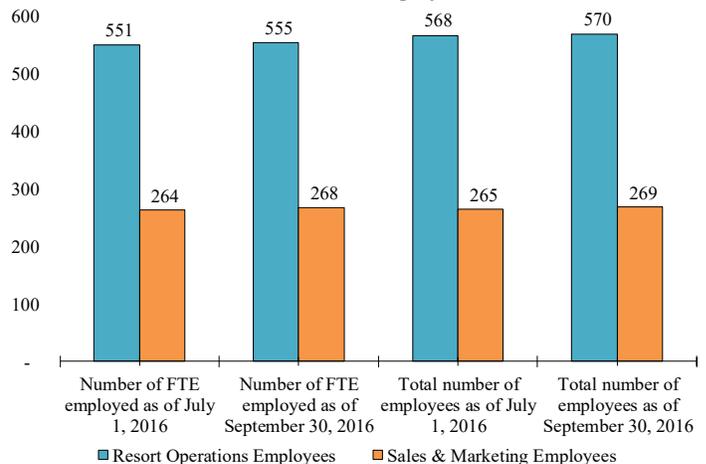
**Hawai'i Island Taxes**



**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 83.5 percent of registered timeshare units statewide, which represents 50 properties and 8,778 units.