



# Hawai'i Timeshare Quarterly April - June 2018

## Statewide Timeshare Performance & Taxes

During the second quarter of 2018, Hawai'i's timeshare industry achieved an 91.5% occupancy rate, an increase of 1.6 percentage points compared with the same period during 2017. The statewide hotel and condominium hotel occupancy averaged 80.6% during the second quarter, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA").

Owners using their timeshare accounted for 54.0% of occupied room nights in Hawai'i's timeshare resorts during the second quarter of 2018. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 20.2% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 17.3% of occupied room nights during the quarter. Marketing use represented 8.5% of occupied room nights.

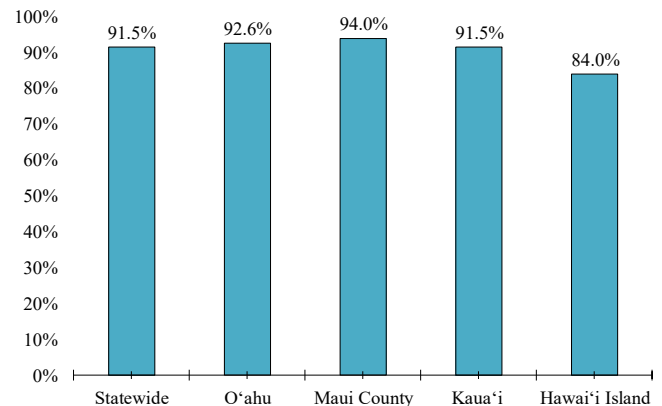
The second quarter 2018 timeshare survey findings, based on data provided by 52 individual timeshare properties, represent 81.3% of Hawai'i's 11,233 timeshare units.

According to HTA data, 219,841 visitors to the state chose to stay at a timeshare resort for all or part of their stay during the second quarter, an increase of 0.4% from second quarter of 2017. 172,165 of those visitors chose to stay exclusively in a timeshare resort while visiting Hawai'i during the quarter.

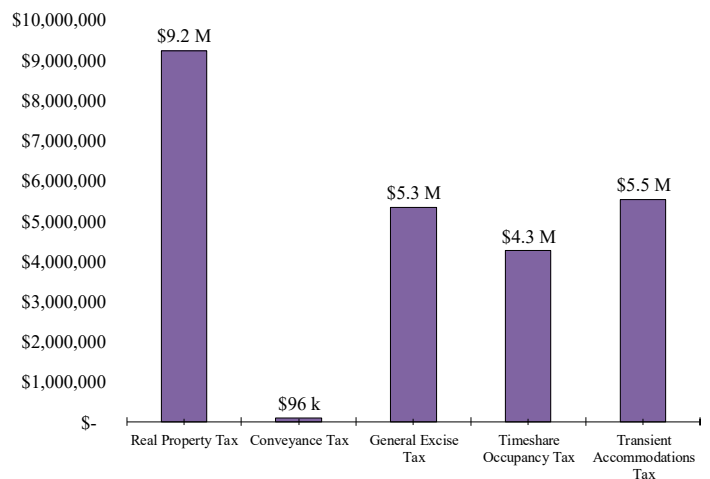
Timeshare visitors represented 8.9% of all Hawai'i visitor arrivals during the second quarter of 2018. Timeshare visitors had an average length of stay of 9.9 days during the second quarter, higher than the 8.8 day average length of stay for all visitors, according to HTA data.

During the second quarter, participating timeshare properties generated a total of \$24.5 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"),

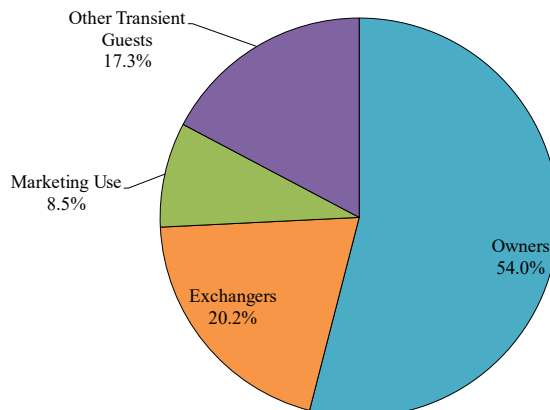
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights

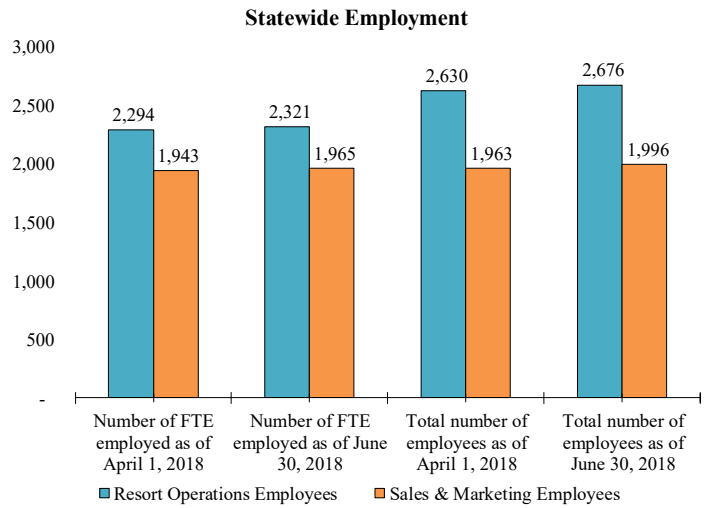


(“TAT”) and conveyance tax. Real property taxes accounted for the largest share of taxes during the quarter, a total of \$9.2 million or 37.7% of the total. We note that some respondents chose not to report certain taxes for this survey.

### Statewide Employment & Payroll

The number of resort operations employees at the timeshare resorts that provided employment survey data totaled 2,676 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 1,996 sales and marketing employees, a 1.6% increase from the count at the start of the second quarter.

For the second quarter of 2018, statewide payroll expenses for timeshare survey participants that provided data totaled \$80.8 million.



## O'ahu

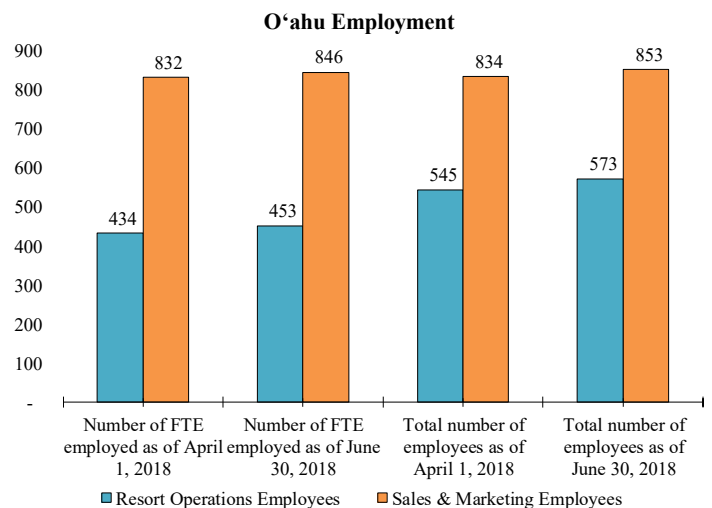
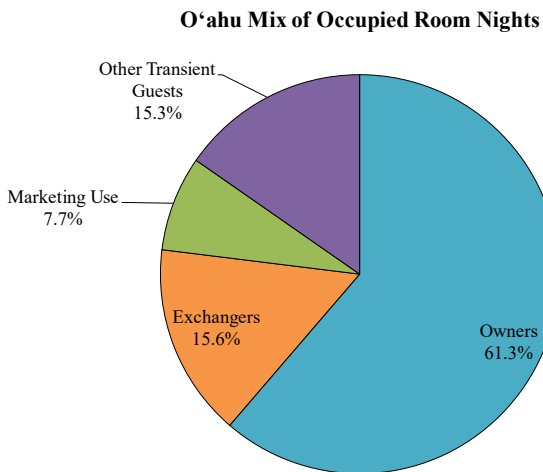
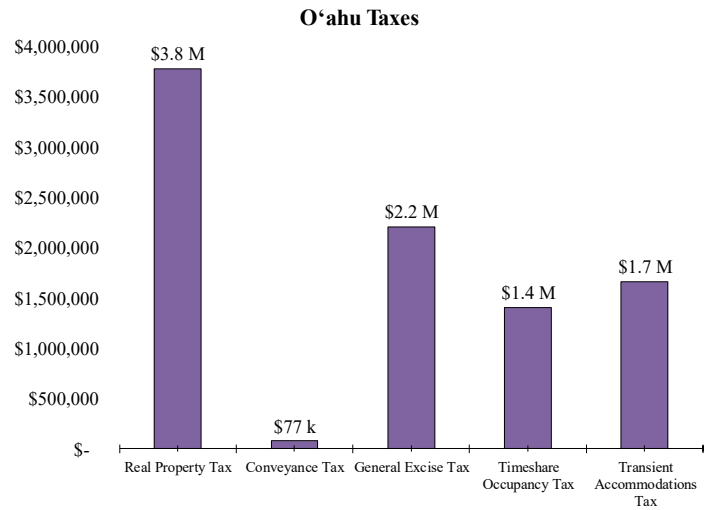
In the second quarter of 2018, timeshare resorts on O'ahu averaged 92.6% occupancy, a 1.8 percentage point increase compared to the prior year. During the same period, O'ahu's hotel occupancy averaged 84.5%.

Owner occupied room nights represented 61.3% of total occupied room nights at O'ahu's timeshare resorts during the second quarter, the highest share of owner use among the islands. Other transient guests contributed 15.3% of the occupied room nights at O'ahu timeshare properties, which was the lowest share among the islands. Marketing use represented 7.7% of occupied room nights at O'ahu timeshare resorts, also the lowest share among the islands during the second quarter.

According to the HTA, O'ahu welcomed 84,418 timeshare visitors during the second quarter. Timeshare visitors represented 5.7% of all visitor arrivals on O'ahu during the second quarter, the lowest market share among the islands. The average O'ahu timeshare visitor stayed on O'ahu for 7.1 days during the quarter, compared with 6.9 days during the prior year.

Participating properties on O'ahu reported a total of \$9.1 million in taxes for the second quarter, of which \$3.8 million were real property taxes.

O'ahu timeshare resorts reported a 5.1% increase in the number of resort operations employees during the quarter and a 2.3% increase in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$19.0 million for the quarter.



## Maui County

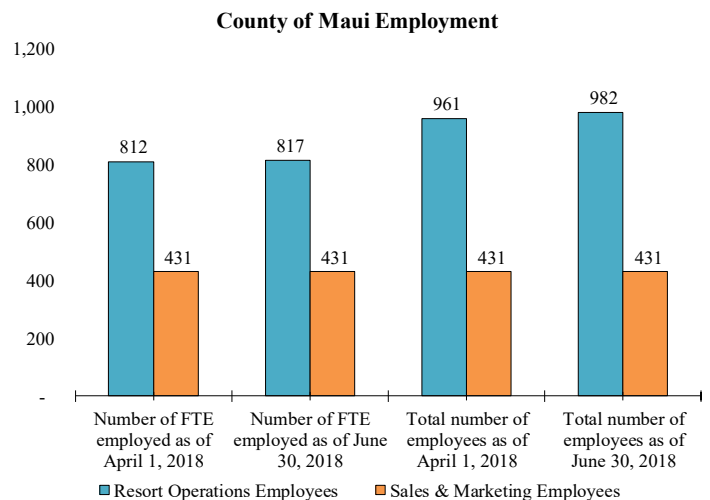
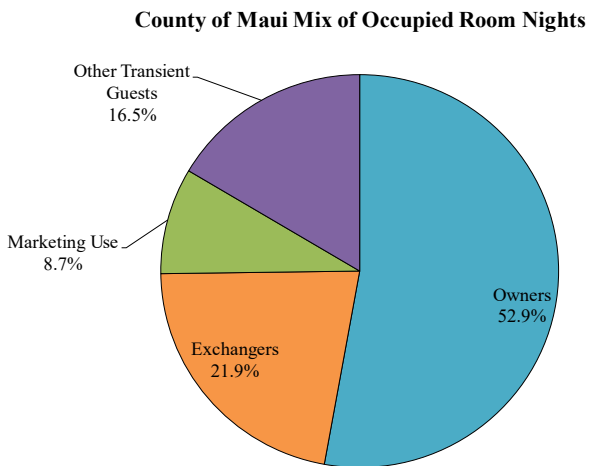
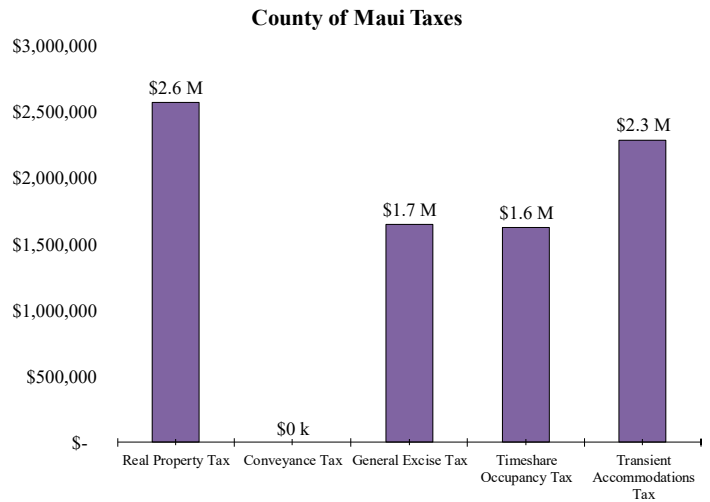
Maui County's timeshare properties achieved an average occupancy of 94.0% during the second quarter, a 2.0 percentage point increase compared to the second quarter of 2017. During the same period, Maui's hotel occupancy was 77.4%.

During the second quarter, owner occupancy accounted for 52.9% of occupied room nights at Maui County timeshare resorts. Exchange use contributed 21.9% of all occupied room nights at Maui County's timeshare properties during the quarter. Transient occupancy represented 16.5% of occupied room nights.

Timeshare visitors to Maui County totaled 84,613 during the quarter, the greatest number of timeshare visitors among the islands. The timeshare market in Maui County accounted for 11.0% of all visitor arrivals during the quarter, a slight decrease from the 11.2% share during the same period in 2017. Maui timeshare visitors spent an average of 8.9 days in Maui County during the second quarter.

Participating properties in Maui County that provided survey data reported a total of \$8.2 million in state and county taxes in the second quarter. Property taxes accounted for \$2.6 million of the total.

Maui County timeshare properties reported a 2.2 increase in the total number of resort operations employees, while the number of sales and marketing employees remained unchanged during the second quarter of 2018. Maui timeshare properties providing survey data reported total payroll expense of \$32.2 million during the quarter.



## Kaua'i

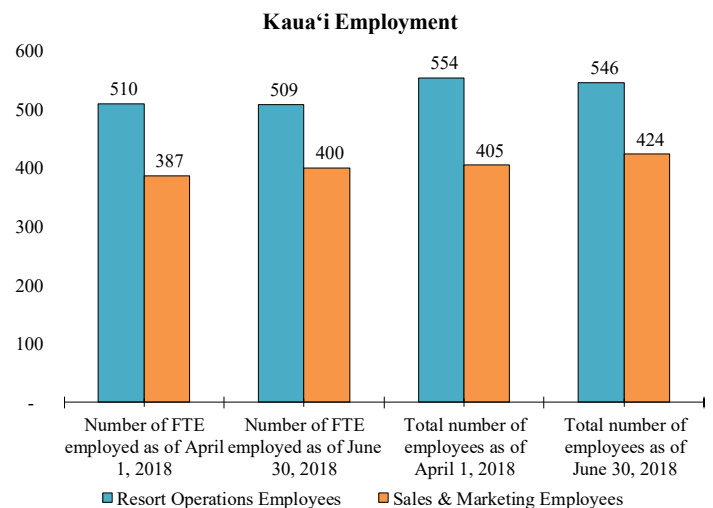
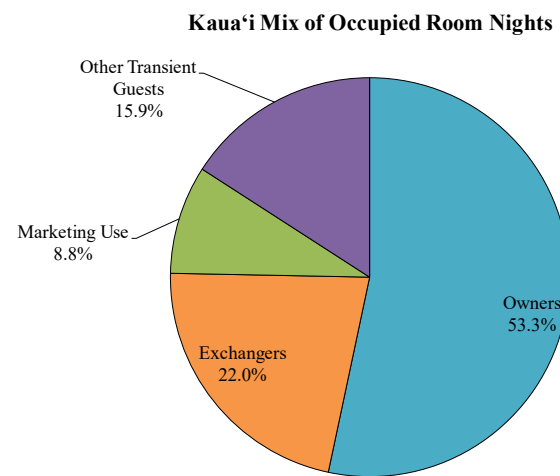
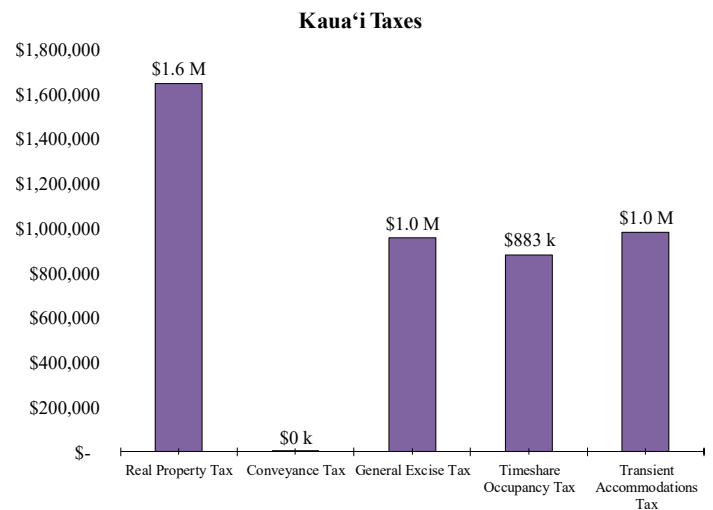
Kauai's timeshare properties averaged 91.5% occupancy during the second quarter, a 0.7 percentage point increase compared to the prior year. During the same period, Kauai's hotels and condominium hotels reported average occupancy of 77.5%.

During the second quarter of 2018, owner use represented 53.3% of the occupied room nights at Kauai's timeshare resorts. Exchange use represented 22.0% of occupied timeshare room nights on Kauai, while marketing use represented 8.8% of occupied room nights on Kauai during Q2.

Timeshare visitors represented 15.6% of Kauai's total visitor arrivals during the second quarter, by far the highest proportion of timeshare visitors among the islands but a decrease from the 16.6% share achieved during Q2 2017. Kauai welcomed a total of 56,015 timeshare visitors during the quarter. Kauai timeshare visitors stayed on the Garden Island for an average of 8.8 days during the quarter.

Kauai timeshare resorts that provided survey data reported \$4.5 million in taxes during the second quarter. Real Property Tax contributed about \$1.6 million to the total.

Among properties reporting data, resort operations employment at Kauai's timeshare properties decreased by 1.4% during the quarter, while sales and marketing employment increased by 4.7%. Participating respondents reported payroll expense of \$13.8 million for the quarter.



## Hawai'i Island

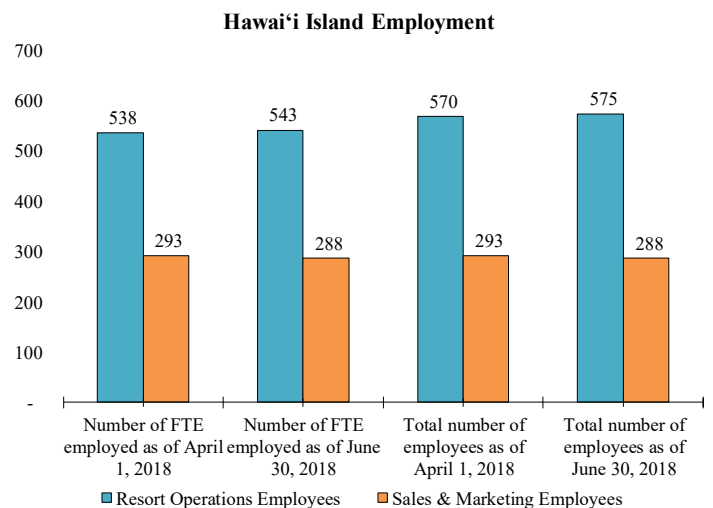
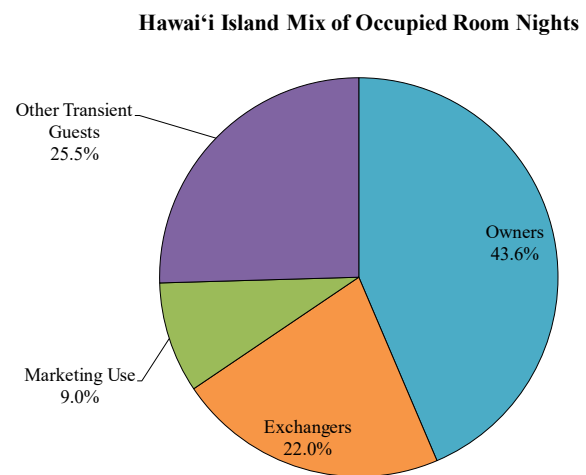
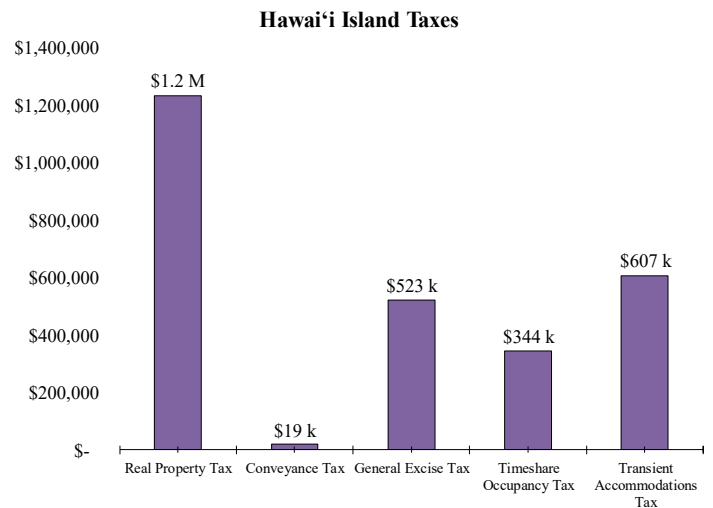
Hawai'i Island timeshare resorts achieved occupancy of 84.0% during the second quarter, a 1.0 percentage point increase compared to last year. During the same period, hotel occupancy on Hawai'i Island was 71.8%.

During the quarter, owner use at Hawai'i Island timeshare properties accounted for 43.6% of occupied room nights, the lowest share of owner use among the major islands. Transient use represented 25.5% of occupied room nights during the quarter, the highest share among the islands. Marketing use contributed 9.0% of occupied room nights during the quarter, the highest share of marketing use among the islands. Exchange use accounted for 22.0% of occupied room nights, also the highest share among the islands.

Hawai'i Island welcomed 42,335 timeshare visitors during the second quarter. The average timeshare visitor to Hawai'i Island stayed on the island for 8.0 days during the second quarter, an increase from the 7.8 day length of stay reported for the same period in 2017.

The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$2.7 million in state and county taxes during the second quarter. Real property taxes contributed the largest share, \$1.2 million of the total.

Hawai'i Island timeshare properties reported a 0.9% increase in the total number of resort operations employees during the quarter and a 1.7% decrease in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total payroll expense of \$15.8 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 81.3 percent of registered timeshare units statewide, which represents 52 participating properties and 9,132 units.