

# Hawai'i Timeshare Quarterly October - December 2018

## Statewide Timeshare Performance & Taxes

During the period from October to December (“Q4”) of 2018, Hawai'i's timeshare industry achieved an 88.9% occupancy rate, an increase of 0.2 percentage points compared with 2017. The statewide hotel and condominium hotel occupancy averaged 76.0% during the same period in 2018, according to STR, Inc. data reported by the Hawai'i Tourism Authority (“HTA”).

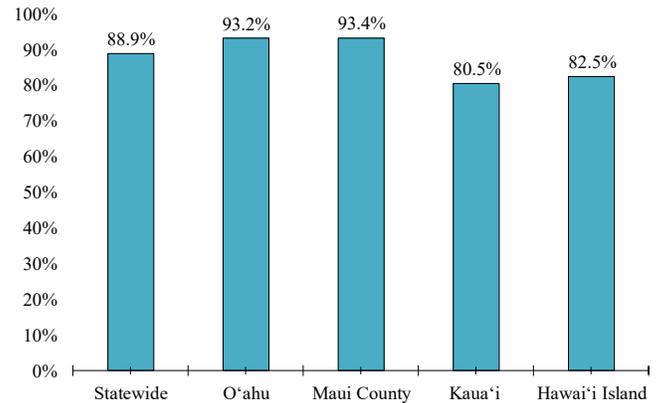
The Q4 2018 timeshare survey findings, based on data provided by 51 individual timeshare properties, represent 75.8% of Hawai'i's 11,766 timeshare units.

During the fourth quarter of the year, Hawai'i welcomed 207,286 visitors to the state who chose to stay at timeshare resort for all or part of their stay, an increase of 0.1% from Q4 2017. Most of the state's timeshare visitors (78.6%) stayed exclusively in a timeshare resort while visiting Hawai'i during the quarter. The average timeshare visitor spent 10.0 days in Hawai'i during Q4 2018. Timeshare visitors represented 8.6% of Hawai'i visitor arrivals during the quarter, according to HTA data.

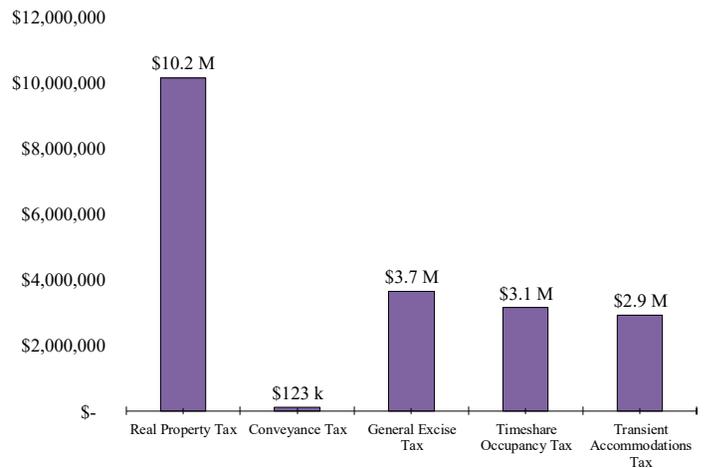
Owners using their timeshare continued to account for the majority of occupied room nights in Hawai'i's timeshare resorts during Q4 2018, representing 57.5% of the occupied room nights at Hawai'i's timeshare resorts. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 20.6% of the occupied room nights. Transient rental, which 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 5.9% of occupied room nights.

During Q4 2018, participating timeshare properties generated a total of \$20.0 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 totaled \$10.2 million, or 50.8% of

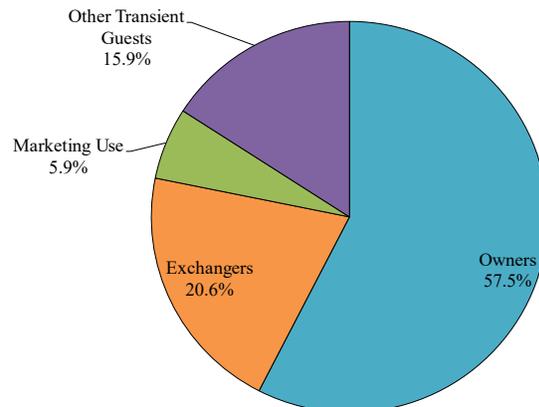
**Timeshare Occupancy by Island**



**Mix of Taxes Paid Statewide**



**Statewide Mix of Occupied Room Nights**

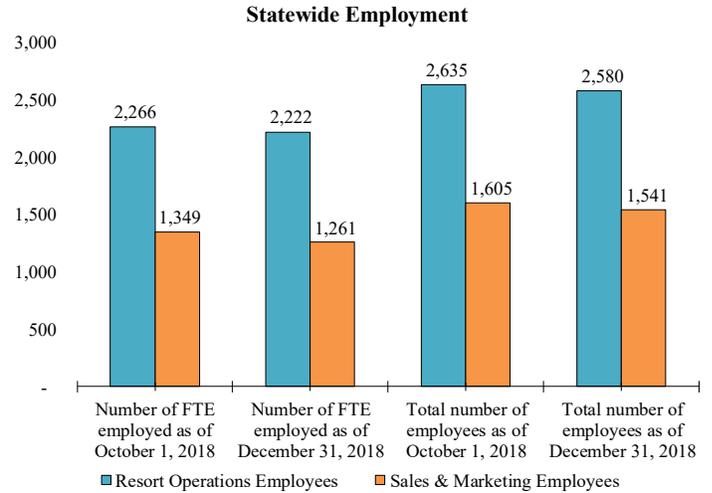


the total. We note that some respondents chose not to report certain taxes for this survey.

### Statewide Employment & Payroll

Statewide, the number of resort operations employees at the timeshare resorts that provided employment survey data totaled 2,580 at the end of 2018, a 2.1% decrease from the beginning of the quarter, while sales and marketing employment decreased by 4.0% to 1,541.

During Q4, statewide payroll expenses for timeshare survey participants that provided data totaled \$52.7 million.



## O'ahu

During Q4, timeshare resorts on O'ahu averaged 93.2% occupancy, a 1.6 percentage point increase compared to the prior year. During the same period, O'ahu's hotel occupancy averaged 80.7%.

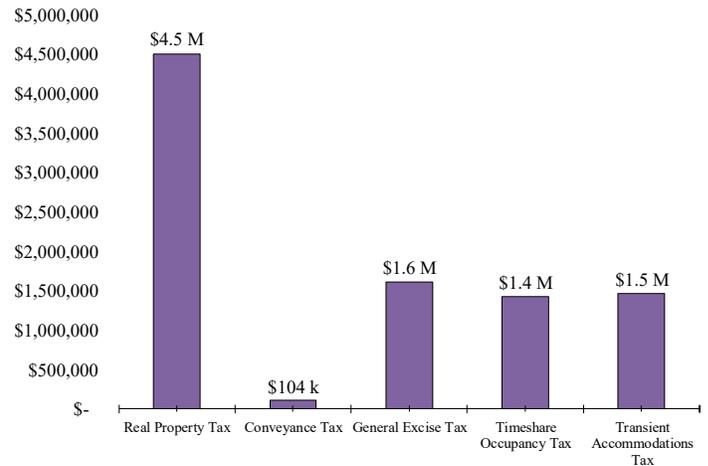
Owner occupied room nights represented 61.3% of total occupied room nights at O'ahu's timeshare resorts during Q4, the highest share among the islands during the quarter. Exchange guests contributed another 12.7% of the occupied room nights at O'ahu timeshare properties, which was the lowest share among the islands during the quarter.

According to the HTA, O'ahu welcomed 79,759 timeshare visitors during the final quarter of 2018, the highest among the Hawaiian Islands and 1.3 % above the previous year's Q4 arrivals. The average O'ahu timeshare visitor stayed on O'ahu for 7.3 days during Q4, compared with a 7.2-day average stay the previous year. Timeshare visitors represented 5.5% of the O'ahu visitor market during Q4, the lowest share among the Hawaiian Islands.

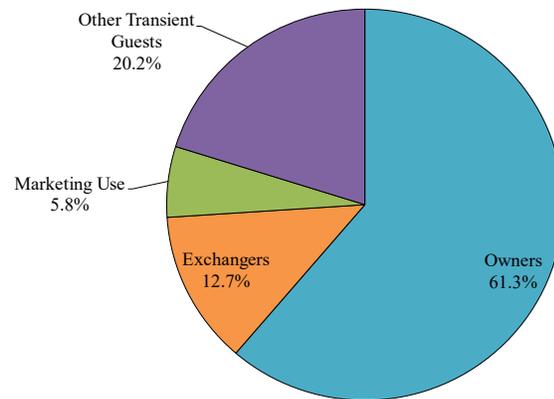
Participating properties on O'ahu reported a total of \$9.1 million in taxes during the quarter, including \$4.5 million in real property taxes.

O'ahu timeshare resorts reported a 0.6% increase in the number of resort operations employees during the quarter and an 8.0% decrease in sales and marketing employment during Q4. The O'ahu timeshare properties reported employee payroll expense of \$19.2 million during the quarter.

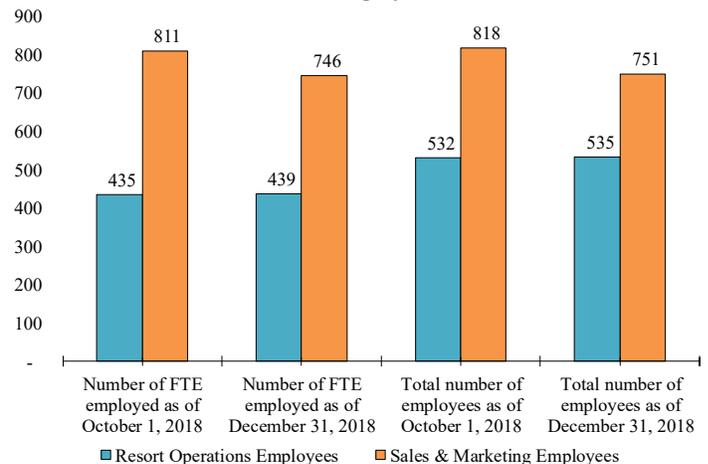
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



## Maui County

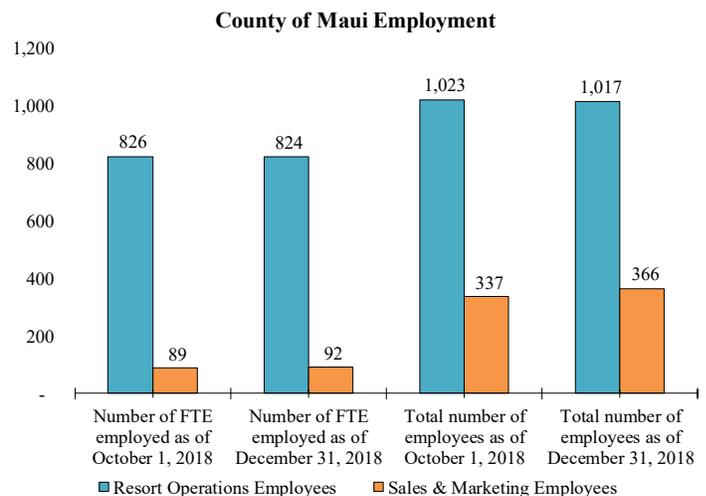
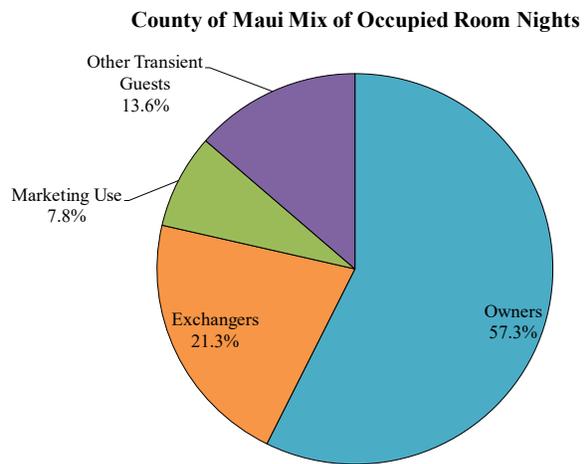
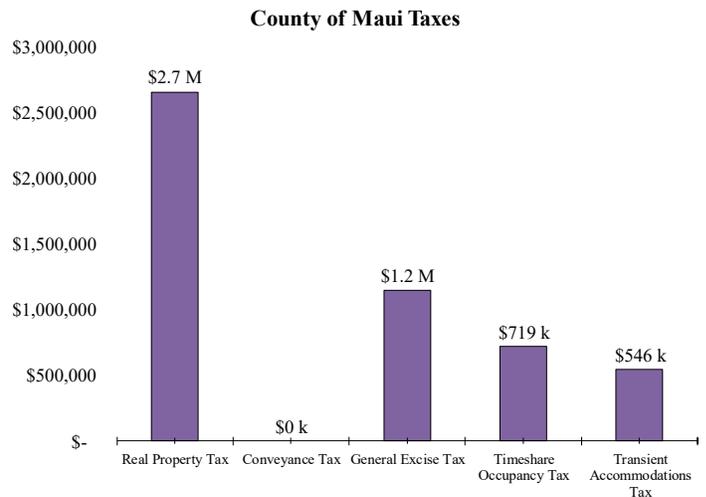
Maui County's timeshare properties achieved an average occupancy of 93.4% during the quarter, a 4.8 percentage point decrease compared to the prior year and the highest timeshare occupancy among the islands. During the same period, Maui's hotel occupancy was 71.4%.

During Q4, owner occupancy accounted for 57.3% of occupied room nights at Maui timeshare resorts. Exchange use represented 21.3% of occupied room nights, while marketing use contributed 7.8% of all occupied room nights at Maui County's timeshare properties during the quarter, the highest share among the islands.

Maui timeshare visitors spent an average of 9.2 days in Maui County, the longest timeshare visitor length of stay among the islands. Timeshare visitors totaled 75,481 arrivals during the quarter, second highest among the island consistent with the prior year. Timeshare visitors accounted for 10.7 % of Maui's visitor market during the quarter.

Participating properties in Maui County that provided survey data reported a total of \$5.1 million in state and county taxes during Q4. Property taxes accounted for \$2.7 million of the total.

Maui County timeshare properties reported a 0.6% increase in the total number of resort operations employees and an 8.6% increase in the number of sales and marketing employees during the quarter. Maui timeshare properties providing survey data reported total payroll expense of \$9.9 million during the quarter.



## Kaua'i

Kaua'i's timeshare properties averaged 80.5% occupancy during the fourth quarter of 2018, a 9.0 percentage point decrease compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 70.4%.

During Q4, owner use represented 55.1% of the occupied room nights at Kaua'i's timeshare resorts. Exchange use contributed 31.3% of occupied timeshare room nights on Kaua'i, the highest share among the islands. Marketing use contributed 3.1% of occupied room nights at Kaua'i's timeshare resorts, which was the lowest percentage of marketing use among the islands. Transient use represented 10.5% of occupied room nights during the quarter, which was also the lowest share among the islands.

Kaua'i's 50,773 timeshare visitors represented 15.6% of Kaua'i's total visitor arrivals during the quarter, giving Kaua'i the highest proportion of timeshare visitors among the islands and substantially higher than the statewide figure of 8.6%. Timeshare visitors spent an average of 9.0 days on Kaua'i during the quarter, the second longest length of stay among timeshare visitors to the state.

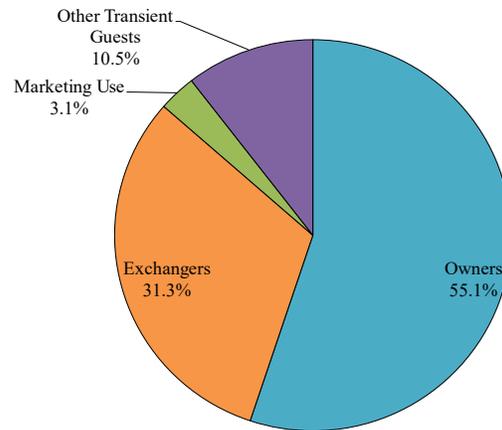
Kaua'i timeshare resorts that provided survey data reported \$3.2 million in taxes during the quarter, of which \$1.6 million were real property taxes.

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 4.2%. Participating respondents reported total payroll expense of \$9.5 million during Q4.

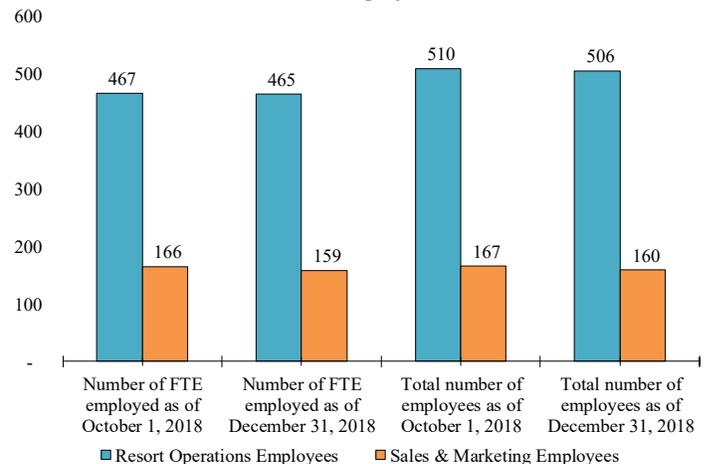
**Kaua'i Taxes**



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



**Kaua'i Employment**



## Hawai'i Island

Hawai'i Island timeshare resorts achieved annual occupancy of 82.5 % during Q4, a 0.1 percentage point increase compared to Q4 2017. During the same period, hotel occupancy on Hawai'i Island was 67.0%.

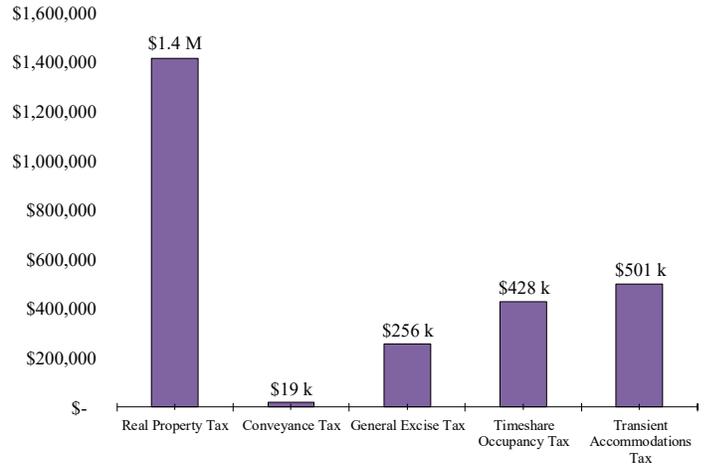
At Hawai'i Island timeshare properties in 2018, owner use accounted for 52.9% of occupied room nights, the lowest owner use share among the islands. Transient use represented 17.2% of occupied room nights at Hawai'i Island timeshare resorts, the highest share of transient use among the islands.

During the quarter, Hawai'i Island welcomed 41,559 timeshare visitors, the lowest number of timeshare visitors among the islands, but 10.5% of all visitors to Hawai'i island. The average timeshare visitor to stayed on the island for 8.3 days.

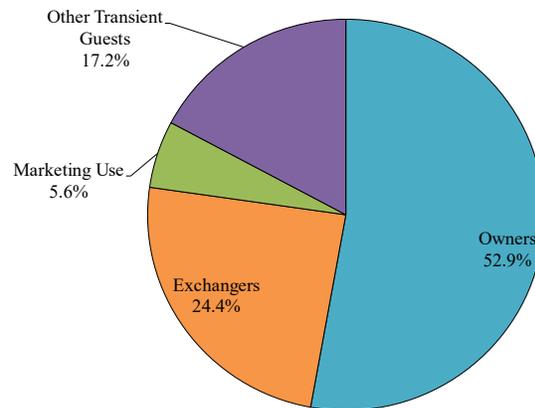
The Hawai'i Island timeshare properties reporting tax data to the survey reported a total of \$2.6 million in state and county taxes during the quarter. Real property taxes totaled \$1.4 million during Q4.

Hawai'i Island timeshare properties reported a 8.4% decrease in the total number of resort operations employees and a 6.7% decrease in the number of sales and marketing employees during the quarter. Timeshare properties on the island providing survey data reported total payroll expense of \$14.1 million during the quarter.

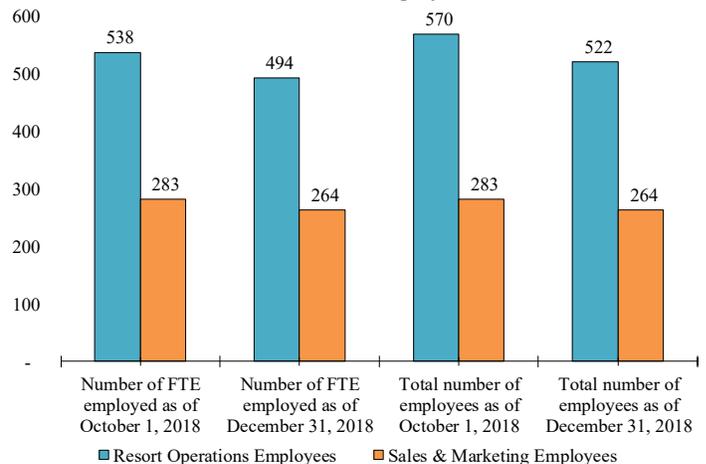
**Hawai'i Island Taxes**



**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 75.8 percent of registered timeshare units statewide, which represents 51 participating properties and 8,917 units.