



Hawai'i Timeshare Quarterly July - September 2019

Statewide Timeshare Performance & Taxes

During the third quarter of 2019, Hawai'i's timeshare industry achieved an 92.1% occupancy rate, an increase of 2.0 percentage points compared with the same period during 2018. The statewide hotel and condominium hotel occupancy averaged 82.6% during the third quarter, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA").

Owners using their timeshare accounted for 56.7% of occupied room nights in Hawai'i's timeshare resorts during the third quarter of 2019. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 19.4% of occupied room nights during the quarter. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 15.5% of the occupied room nights. Marketing use represented 8.5% of occupied room nights.

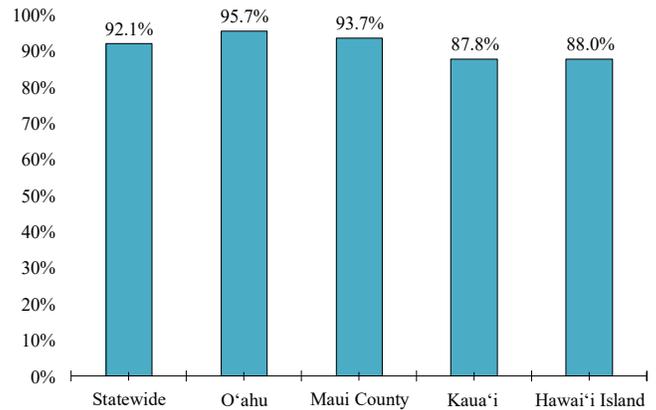
The third quarter 2019 timeshare survey findings, based on data provided by 54 individual timeshare properties, represent 82.1% of Hawai'i's 11,963 timeshare units.

According to HTA data, 225,847 visitors to the state chose to stay at timeshare resort for all or part of their stay during the third quarter, an increase of 1.8% from third quarter of 2018. Of the 225,847 timeshare visitors, 175,746 (77.8%) chose to stay exclusively in a timeshare resort while visiting Hawai'i.

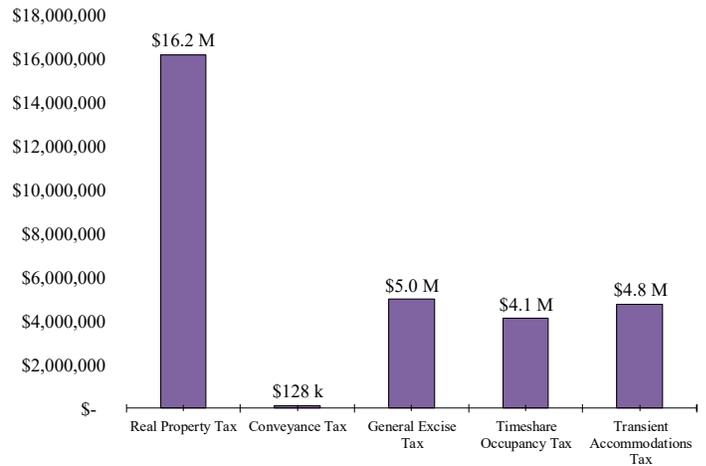
Timeshare visitors represented 8.5% of all Hawai'i visitor arrivals during the third quarter of 2019. Timeshare visitors had an overall average length of stay of 9.3 days during the third quarter, higher than the 8.4-day average length of stay for all visitors, according to HTA data.

During the third quarter, participating timeshare properties generated a total of \$30.2 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"), ("TAT") and conveyance tax. Real property taxes

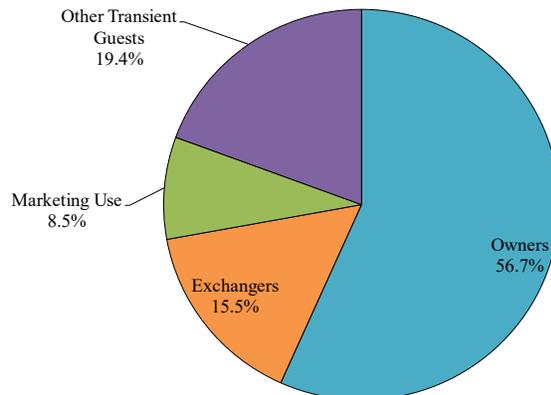
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights

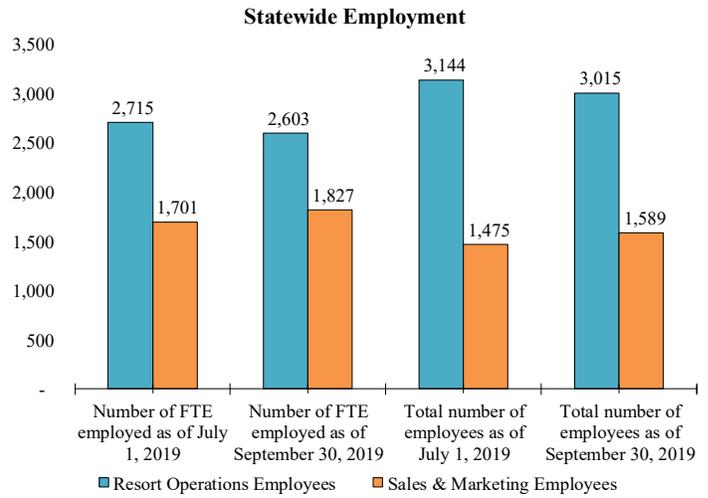


accounted for the largest share of taxes during the quarter, a total of \$16.2 million or 53.7% of the total. We note that some respondents chose not to report certain taxes for this survey.

Statewide Employment & Payroll

The number of resort operations employees at the timeshare resorts that provided employment survey data totaled 3,015 at the end of the quarter, a 4.1% decrease from the employee count at the beginning of the quarter. At the end of the quarter, timeshare resorts reported 1,589 sales and marketing employees, a 7.7% decrease from the count at the start of the third quarter.

For the third quarter of 2019, statewide payroll expenses for timeshare survey participants that provided data totaled \$56.9 million.



O'ahu

During the third quarter of 2019, timeshare resorts on O'ahu averaged 95.7% occupancy, a 1.5 percentage point increase compared to the prior year. During the same period, O'ahu's hotel occupancy averaged 87.0%.

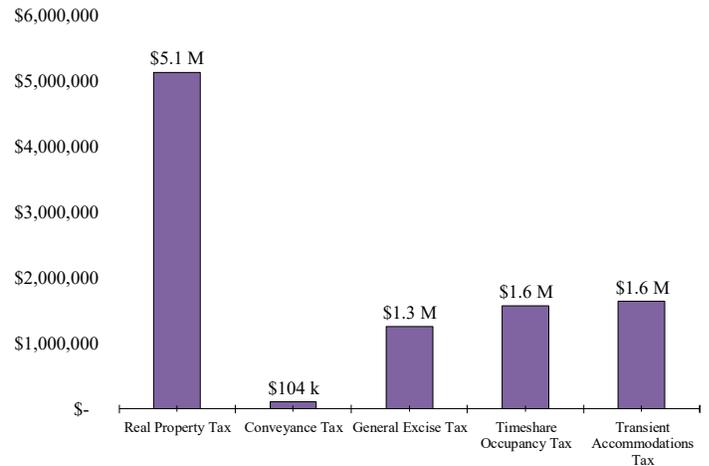
Owner occupied room nights represented 61.0% of total occupied room nights at O'ahu's timeshare resorts during the third quarter, a substantially higher share of owner use than any other island. Other transient guests contributed 21.4% of the occupied room nights at O'ahu timeshare properties, also the highest share among the counties. Exchange use represented 9.4% of occupied room nights at O'ahu timeshare resorts, by far the lowest share among the islands during the third quarter.

According to the HTA, O'ahu welcomed 88,581 timeshare visitors during the third quarter, the greatest number of timeshare visitor arrivals among the Hawaiian Islands and a 4.4% increase over the prior year. Timeshare visitors represented 5.4% of all visitor arrivals on O'ahu during the third quarter, the lowest market share among the islands. The average O'ahu timeshare visitor stayed on O'ahu for 6.3 days during the quarter.

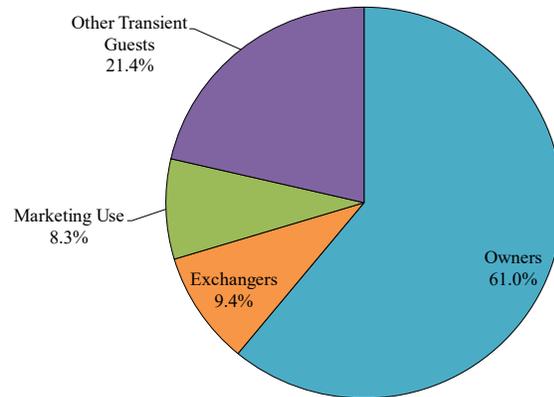
Participating properties on O'ahu reported a total of \$9.7 million in taxes for the third quarter, of which \$5.1 million were real property taxes.

O'ahu timeshare resorts reported a 2.0% decrease in the number of resort operations employees during the quarter and a 13.9% increase in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$18.0 million for the quarter.

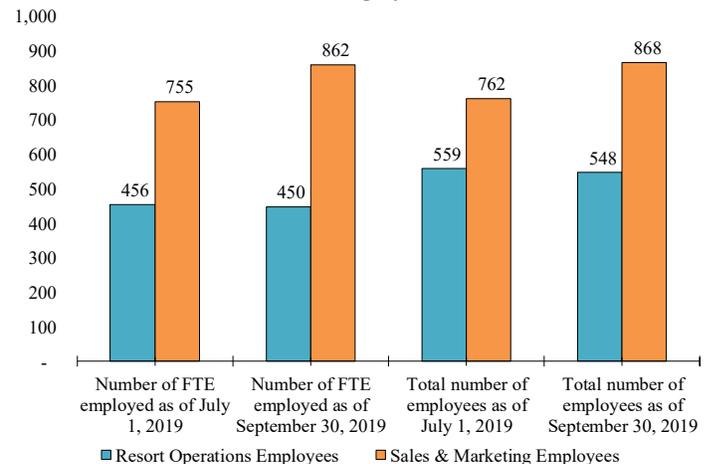
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

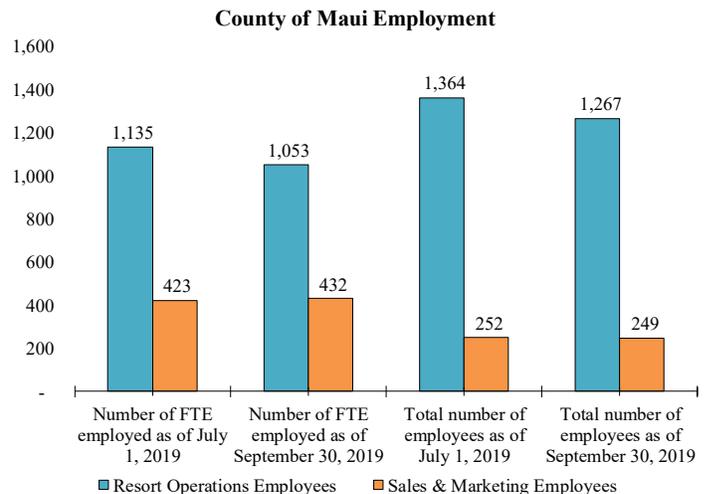
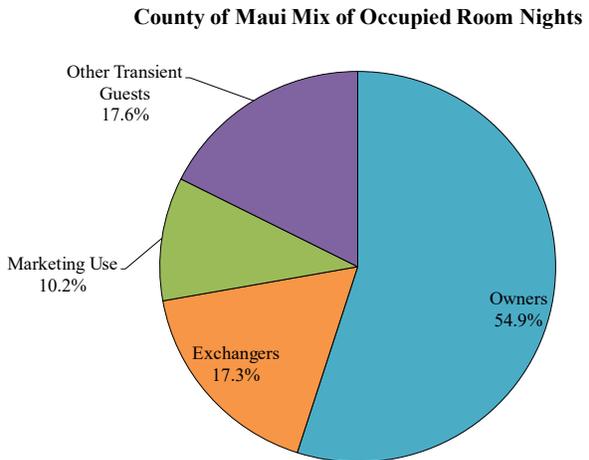
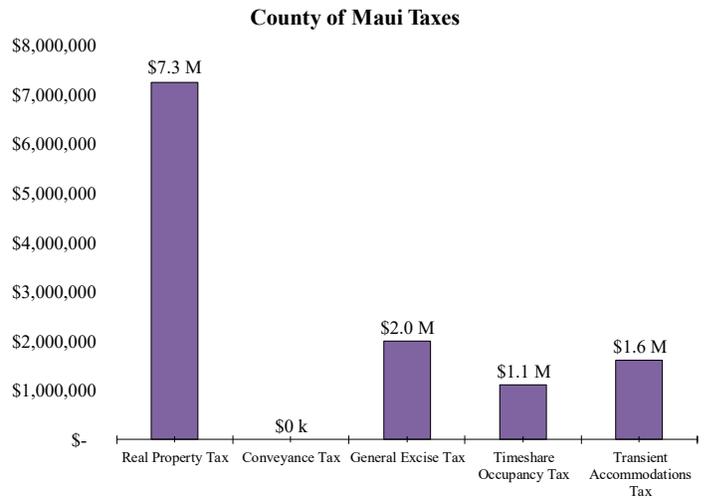
Maui County's timeshare properties achieved an average occupancy of 93.7% in during the third quarter, a 1.9 percentage point increase compared to the third quarter of 2018. During the same period, Maui's hotel occupancy was 77.9%.

During the third quarter, owner occupancy accounted for 54.9% of occupied room nights at Maui County timeshare resorts. Transient occupancy represented 17.6% of occupied room nights, the lowest share among the islands. Exchange use contributed 17.3% of all occupied room nights at Maui County's timeshare properties during the quarter. Marketing use represented 10.2% of occupied rooms, the highest share in the state.

Timeshare visitors to Maui County totaled 82,485 during the quarter, according to HTA data. The timeshare market on Maui accounted for 10.2% of all visitor arrivals on Maui during the quarter. Maui timeshare visitors spent an average of 8.8 days in Maui County during the third quarter.

Participating properties in Maui County that provided survey data reported a total of \$12.0 million in state and county taxes in the third quarter. Property taxes accounted for \$7.3 million of the total.

Maui County timeshare properties reported a 7.1% decrease in the total number of resort operations employees and a 1.2% decrease in the number of sales and marketing employees during the third quarter of 2019. Maui timeshare properties providing survey data reported total payroll expense of \$19.2 million during the quarter.



Kaua'i

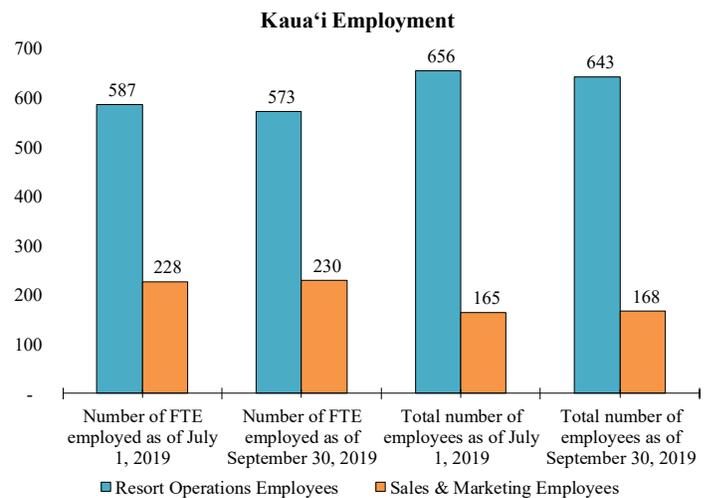
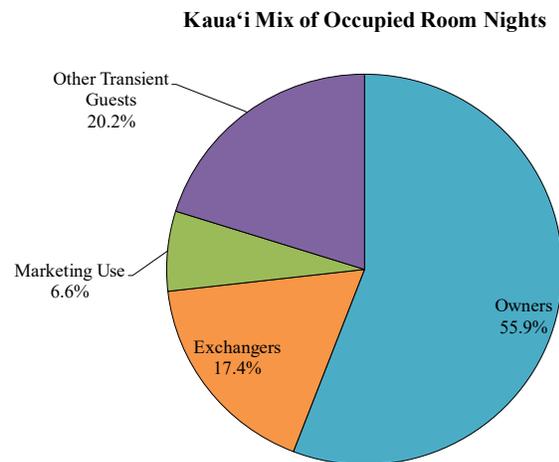
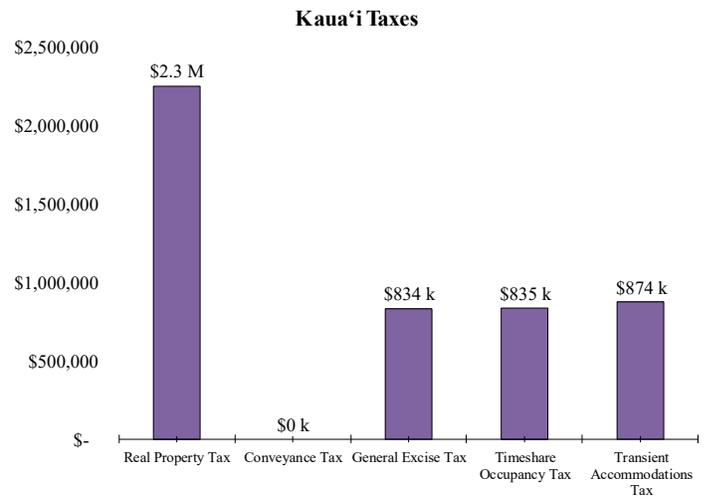
Kaua'i's timeshare properties averaged 87.8% occupancy during the third quarter, a 1.4 percentage point increase compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 73.6%.

During the third quarter of 2019, owner use represented 55.9% of the occupied room nights at Kaua'i's timeshare resorts. Exchange use represented 17.4% of occupied timeshare room nights on Kaua'i during the quarter. Marketing use accounted for 6.6% of occupancy, the lowest share of marketing use in the state.

Timeshare visitors represented 15.5% of Kaua'i's total visitor arrivals during the third quarter, by far the highest proportion of timeshare visitors among the islands. Kaua'i was the only island to report a decrease in timeshare visitor arrivals for the quarter, down 1.4% to 55,270. Kaua'i timeshare visitors stayed on the Garden Island for an average of 8.7 days during the quarter.

Kaua'i timeshare resorts that provided survey data reported \$4.8 million in taxes during the third quarter. Real Property Tax contributed about \$2.3 million to the total.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties decreased by 2.0% during the quarter, while sales and marketing employment increased by 1.8%. Participating respondents reported payroll expense of \$9.1 million for the quarter.



Hawai'i Island

Hawai'i Island timeshare resorts achieved occupancy of 88.0% during the third quarter, a 4.3 percentage point increase compared to last year. During the same period, hotel occupancy on Hawai'i Island was 77.5%.

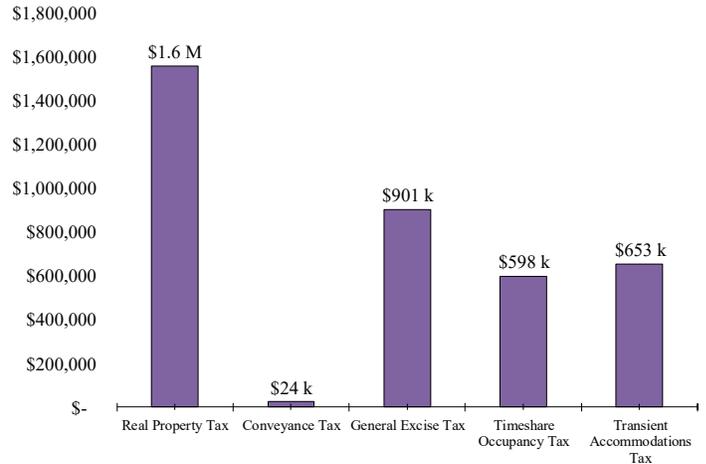
During the quarter, owner use at Hawai'i Island timeshare properties accounted for 53.5% of occupied room nights, the lowest share of owner use among the counties. Exchange use accounted for 20.6% of occupied room nights, the highest share among the islands. Transient use represented 18.7% of occupied room nights during the quarter. Marketing use contributed 7.2% of occupied room nights during the quarter.

Hawai'i Island welcomed 43,690 timeshare visitors during the third quarter or 9.8% of the island's visitor arrivals. The average timeshare visitor to Hawai'i Island stayed on the island for 7.6 days during the third quarter.

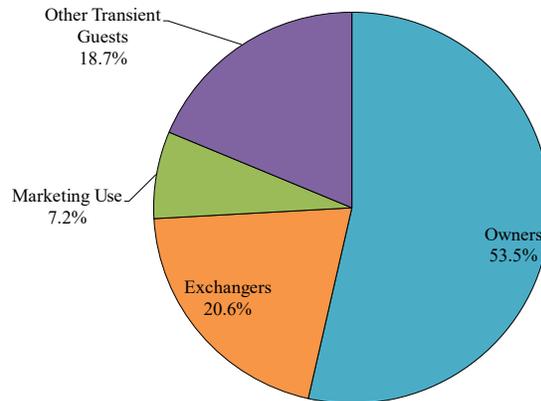
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$3.7 million in state and county taxes during the third quarter. Real property taxes contributed the largest share, \$1.6 million of the total.

Hawai'i Island timeshare properties reported a 1.4% decrease in the total number of resort operations employees during the quarter, as well as a 2.7% increase in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total payroll expense of \$10.7 million during the quarter.

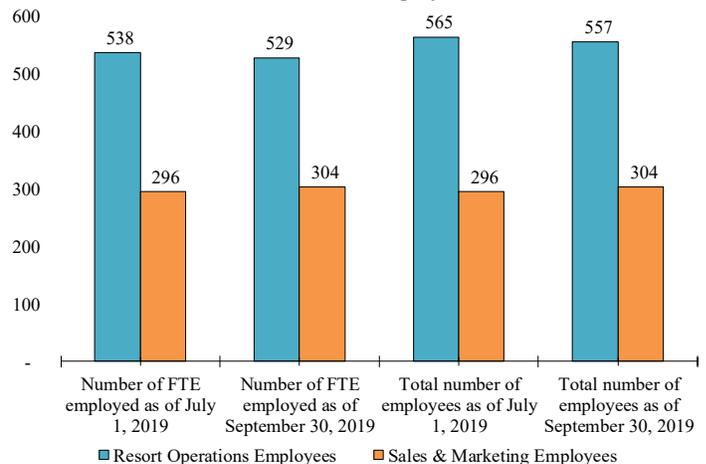
Hawai'i Island Taxes



Hawai'i Island Mix of Occupied Room Nights



Hawai'i Island Employment



Hawai'i Tourism Authority

1801 Kalākaua Avenue
Honolulu, Hawai'i 96815

Phone: (808) 973-2255
Fax: (808) 973-2253

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 82.1 percent of registered timeshare units statewide, which represents 54 participating properties and 9,821 units.