

Statewide Timeshare Performance & Taxes

Hawai'i's timeshare industry achieved an average occupancy rate of 90.3% during the second quarter of 2022, an increase of 6.0% points from the 84.3% occupancy reported for the second quarter of 2021. Timeshare occupancy on Kaua'i and Hawai'i Island both exceeded Q2 2019 occupancy, marking the first time that two counties exceeded pre-pandemic occupancy. The traditional hotel and condominium hotel market in the state achieved occupancy of 75.1% during the second quarter of 2022, according to STR, Inc. data reported by the State of Hawai'i Department of Economic Development & Tourism ("DBEDT").

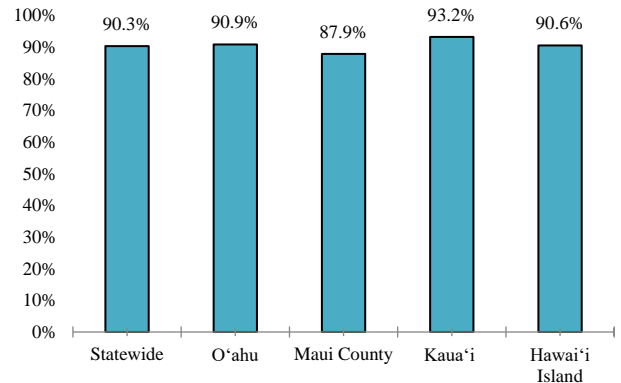
The Q2 2022 statewide timeshare occupancy of 90.3% very nearly matched pre-pandemic levels. Q2 2019 timeshare occupancy averaged 91.0%. On the basis of statewide occupancy, Hawai'i's timeshare industry has effectively recovered from the COVID-19-induced global travel slowdown.

Owners staying in a timeshare they own represented 62.3% of the occupied room nights at Hawai'i's timeshare resorts during the second quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 14.9% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 14.6% of occupied room nights during the quarter. Marketing use represented 8.3% of occupied room nights.

The second quarter 2022 timeshare survey findings, based on data provided by 54 individual timeshare properties, represent 82.2% of Hawai'i's 12,207 timeshare units.

According to DBEDT data, 212,336 visitors to the state chose to stay at timeshare resort for all or part of their stay during the second quarter, a 9.5% increase from Q2 2021 timeshare arrivals. Statewide timeshare arrivals during the quarter were only 5.5% below Q2 2019 levels, indicating the state's timeshare occupancy is approaching full recovery.

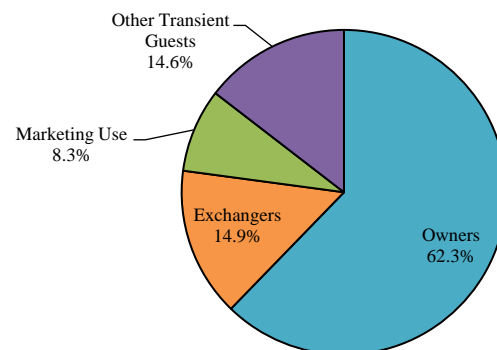
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



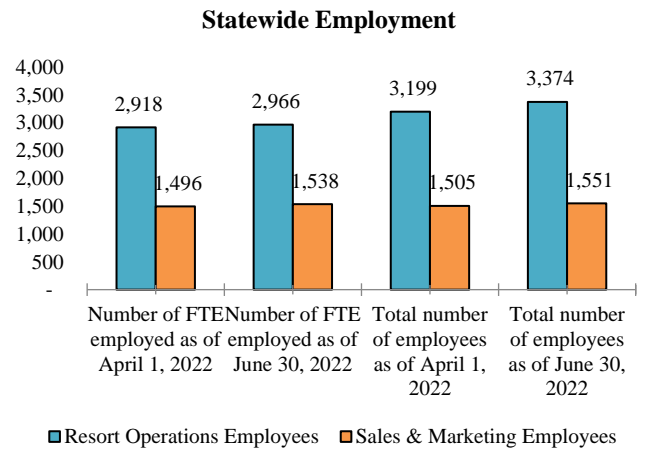
During the second quarter of 2022 timeshare visitors represented 8.8% of all Hawai'i statewide visitor arrivals, compared to a 8.6% share during Q2 2019. Hawai'i's timeshare industry has recovered from the Covid-19 travel slowdown faster than other accommodation types in the state. During the second quarter, the average timeshare visitor stayed in the state a total of 9.8 days, slightly lower than the 10.1-day average stay during the second quarter of 2019.

Survey participants reported a total of \$25.6 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"), transient accommodations tax ("TAT") and conveyance tax. Participants reported paying TAT totaling \$8.2 million, followed by \$7.8 million in General Excise Tax. Real property taxes were reported at \$3.3 million during the quarter. We note that a number of properties, including several larger resorts did not provide property tax data for the quarter.

Statewide Employment & Payroll

The total number of resort operations employees increased by 5.5% during the quarter, to 3,374. The number of sales and marketing employees increased by 3.1% to 1,551.

Statewide payroll expenses for timeshare survey participants totaled \$50.1 million during the second quarter of 2022, including \$23.6 million for resort operations employees and \$26.6 million for sales and marketing employees.



O'ahu

Timeshare resorts on O'ahu achieved 90.9% occupancy during the second quarter of 2022, the second highest timeshare occupancy among the counties during the quarter and a 6.3%-point increase from Q2 2021. O'ahu's Q2 2022 timeshare occupancy trailed the 94.7% occupancy reported for Q2 2019. During Q2 2022, O'ahu's hotel occupancy averaged 76.5%.

Owner occupied room nights represented 60.6% of total occupied room nights at O'ahu's timeshare resorts during the quarter. Transient use represented 19.5% of occupied room nights during the quarter, highest among the counties. Exchange use accounted for 13.5% of occupied room nights at O'ahu's timeshare resorts. Marketing use represented 6.4% of occupied room nights on O'ahu during the quarter, the lowest share among the counties. Compared to Q2 2019, O'ahu's timeshare occupancy during Q2 2022 was comprised of less Owner and Marketing use and more Transient use. This was likely due to the limited ability of Japanese timeshare owners to travel to O'ahu to use their timeshares due to continuing travel restrictions. With less owner use, timeshare operators had more inventory to rent as Transient use.

O'ahu welcomed 71,363 timeshare visitors during the quarter, 12.6% more than Q2 2021 but below pre-pandemic levels. Q2 O'ahu timeshare visitor arrivals equaled 83.2% of the pre-pandemic level, placing O'ahu last among the counties in terms of recovery. Continuing COVID-related restrictions on international travel during the quarter affected O'ahu more than the Neighbor Islands, due to O'ahu traditionally attracting a larger share of international visitors than the Neighbor Islands. A total of 5.6% of O'ahu's visitors planned to stay in a timeshare resort during the second quarter, by far the lowest share among the counties. The average O'ahu timeshare visitor spent 7.2 days on the island, the shortest length of stay among the counties.

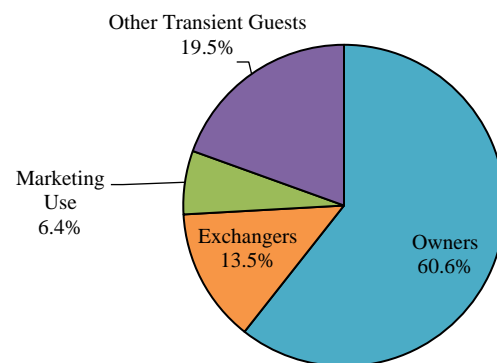
Participating properties on O'ahu reported a total of \$6.1 million in taxes during the second quarter, including \$1.9 million in both General Excise Tax and Transient Accommodations Tax.

During the quarter, O'ahu timeshare resorts reported a 3.5% increase in the number of resort operations employees and a 2.8% decrease in sales and marketing employment. Timeshare properties on O'ahu reported employee payroll expense of \$11.1 million during the second quarter of 2022, of which sales and marketing payroll accounted for \$8.5 million.

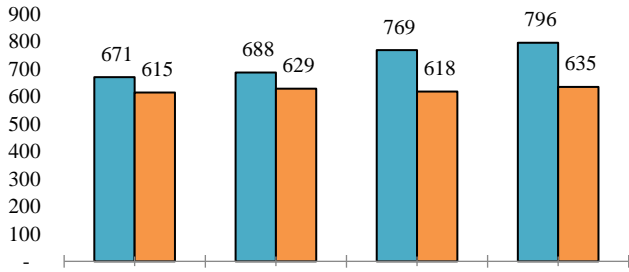
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Number of FTE employed as of April 1, 2022 Number of FTE employed as of June 30, 2022 Total number of employees as of April 1, 2022 Total number of employees as of June 30, 2022

■ Resort Operations Employees ■ Sales & Marketing Employees

Maui County

Maui County’s timeshare properties achieved an average occupancy of 87.9% during the second quarter of 2022, lowest among the counties and a 2.8%-point decrease from Q2 2021’s 90.7% timeshare occupancy. The Q2 2022 occupancy trailed the 94.8% timeshare occupancy achieved during Q2 2019 by 6.9% points. During the second quarter of 2022, Maui’s hotel occupancy averaged 69.7%.

Maui County welcomed 83,453 timeshare visitors during Q2 2022, the greatest number of timeshare visitors among the counties and the only county to exceed pre-pandemic timeshare arrivals during the quarter. Maui timeshare visitor arrivals during the quarter equaled 101.4% of the pre-pandemic level achieved during the second quarter of 2019. The additional timeshare supply on Maui likely contributed to the county’s increase in timeshare visitor arrivals, with Hilton Grand Vacations’ Maui Bay Villas having opened during late 2021.

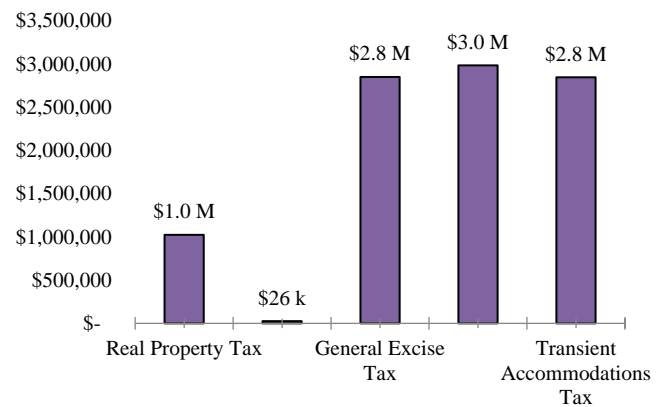
The average Maui County timeshare visitor had a 8.7-day length of stay during the second quarter, shorter than the 9.5-day average reported for the same period in 2019. Timeshare visitors represented 10.5% of Maui County’s visitor market during the quarter, compared to a 10.2% share during Q2 2019.

Owner occupancy accounted for 69.4% of occupied room nights at Maui timeshare resorts during the quarter, the highest share among the counties. Transient Guests contributed 10.4% of occupied room nights, lowest among the counties during the quarter. Marketing use represented 10.0% of occupied room nights in Maui County timeshares, the highest share among the counties. Exchange use accounted for 10.2% of occupied room nights, lowest among the counties.

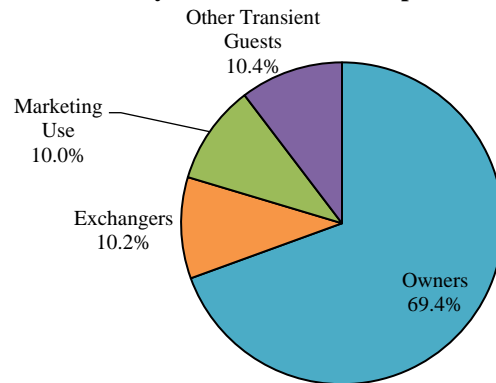
Maui County timeshare properties that provided survey data reported a total of \$9.7 million in state and county taxes during the second quarter. Properties reported collecting TOT of \$3.0 million, the greatest amount of TOT among the counties and consistent with the high owner use during the quarter.

In the second quarter, Maui County timeshare properties reported a 0.7% increase in the total number of resort operations employees during the quarter, while the number of sales and marketing employees increased by 0.4%. Maui timeshare properties providing survey data reported \$9.6 million in total payroll expense during the quarter, of which sales and marketing employee payroll accounted for \$5.7 million.

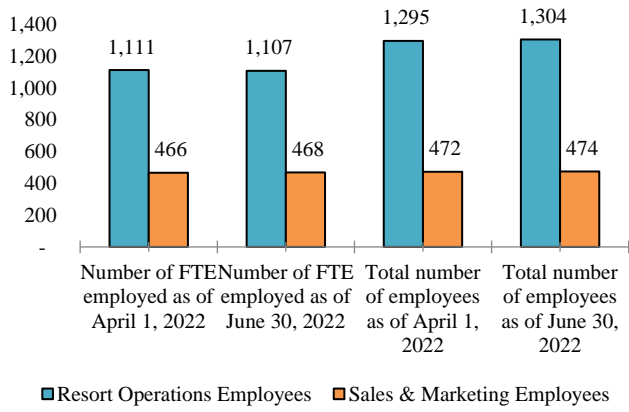
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Timeshare resorts on Kaua'i averaged 93.2% occupancy during the second quarter of 2022, highest occupancy among the counties and a 17.1%-point increase compared to prior year's 76.1% occupancy. For the third consecutive quarter, occupancy at Kaua'i's timeshare resorts exceeded pre-pandemic levels. Q2 2022 exceeded Q2 2019's 84.8% timeshare occupancy by a wide margin. Kaua'i's hotels and condominium hotels reported average occupancy of 80.7% during the quarter.

Kaua'i continued to be the island welcoming the highest proportion of timeshare visitors, with 15.0% of the island's visitors choosing to stay in a timeshare resort during the quarter. For the quarter, Kaua'i welcomed 54,739 timeshare visitors, a 26.4% increase from Q2 2021, the largest year over year increase among the counties. During late 2020, Kaua'i briefly opted out of the state's Safe Travels Hawai'i program, which negatively affected the island's visitor arrivals during early 2021. Kaua'i's timeshare occupancy has almost fully recovered from the COVID-19 travel slowdown, with Q2 2022 timeshare arrivals equal to 97.5% of pre-pandemic levels. Kaua'i timeshare visitors spent an average of 8.8 days on Kaua'i during Q2, the longest length of stay among the counties but shorter than the pre-pandemic average of 9.5 days.

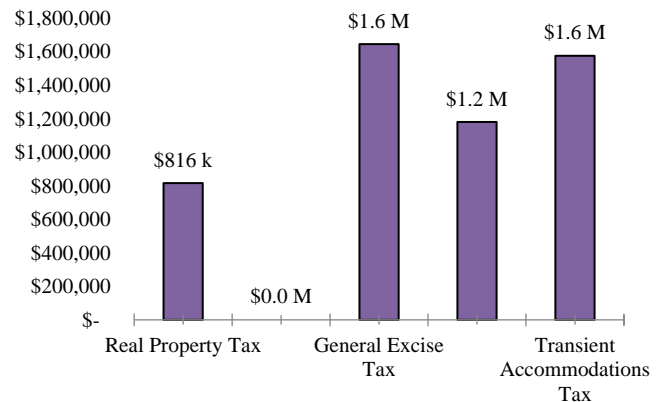
Owner use represented 57.9% of the occupied room nights during the second quarter. Exchange use contributed 17.4% of occupied timeshare room nights on Kaua'i. Transient use represented 16.5% of occupied room nights during Q2, while marketing use represented 8.3% of room nights.

The Kaua'i timeshare resorts that provided survey data reported \$5.2 million in taxes during the second quarter, with the largest contributor being GET at \$1.6 million.

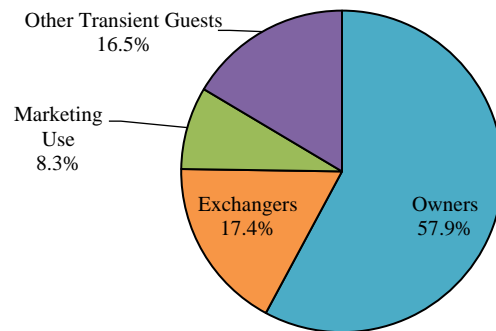
Kaua'i timeshare properties reported the total number of resort operations employees increased 21.0% while the number of sales and marketing employees increased by 3.3%.

Participating respondents reported total payroll expense of \$16.7 million during Q2, of which \$9.6 million was resort operations payroll.

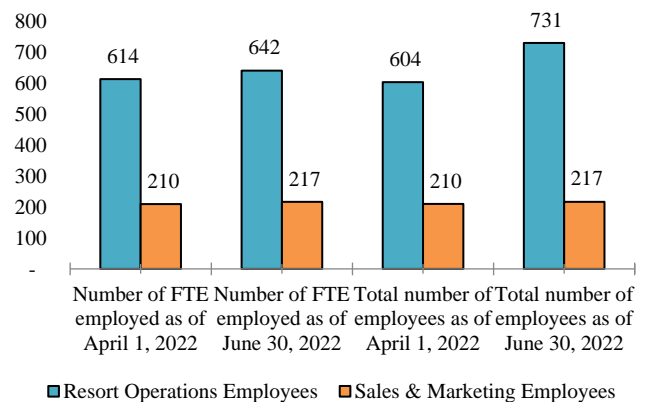
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

Timeshare resorts on Hawai'i Island reported average occupancy of 90.6% during the second quarter of 2022, compared with 82.1% during the Q2 2021 and exceeding the 86.4% timeshare occupancy during Q2 2019. Hawai'i Island became the second county to match or exceed its pre-pandemic timeshare occupancy level, joining Kaua'i. During the same period, hotel occupancy on Hawai'i Island was 75.8%.

Owner use accounted for 57.4% of occupied room nights at timeshare properties on Hawai'i Island, the lowest share among the counties. Exchange use accounted for 22.4% of occupied room nights, highest among the counties during the quarter. Transient use contributed 11.9% of occupied room nights. Marketing use represented 8.4% of occupied room nights.

Hawai'i Island reported a total of 43,109 timeshare visitors during the second quarter, 15.5% higher than Q2 2021 and equal to 99.6% of Q2 2019 levels. Timeshare visitors represented 9.8% of Hawai'i Island visitor arrivals during the quarter, slightly below the pre-pandemic share of 10.0%. The average Hawai'i Island timeshare visitor had a 8.2-day length of stay during the quarter.

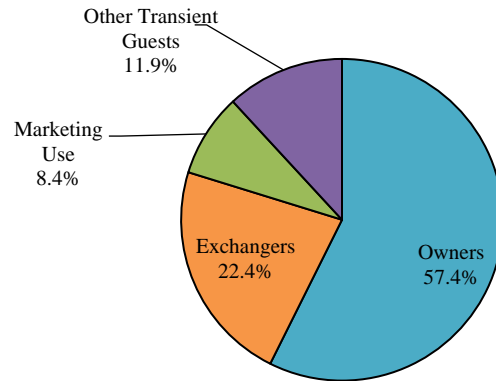
Hawai'i Island timeshare properties reporting data paid \$4.5 million in state and county taxes during the second quarter. Transient Accommodation Tax accounted for the largest share of the taxes, at \$1.8 million.

Timeshare resorts on Hawai'i Island reported a 2.3% increase in the number of resort operations employees and a 9.8% increase in the number of sales and marketing employees during the quarter. Timeshare properties on the island providing survey data reported paying a total of \$12.8 million in payroll and benefits, of which resort operations payroll represented \$7.5 million.

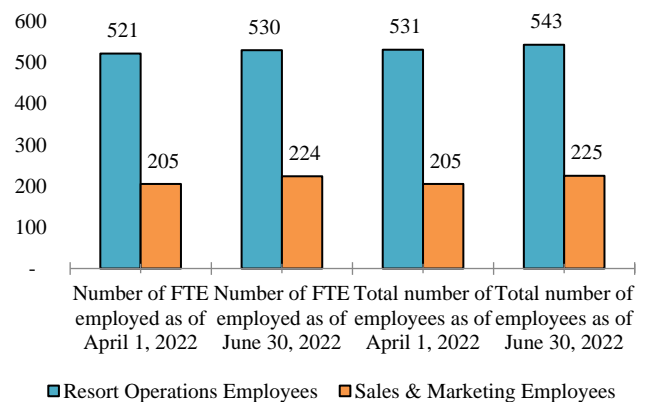
Hawai'i Island Taxes



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 State of Hawai'i Department of Business, Economic Development & Tourism 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 DBEDT's monthly visitor statistics. While this survey is based on actual operating data, accommodation choice data reported by DBEDT 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, DBEDT does not report the number of nights spent at each accommodation type.

Survey Participation

Participation rates in the statewide timeshare survey was 82.2 percent of registered timeshare units statewide, which represents 54 participating properties and 10,036 units.