

Statewide Timeshare Performance & Taxes

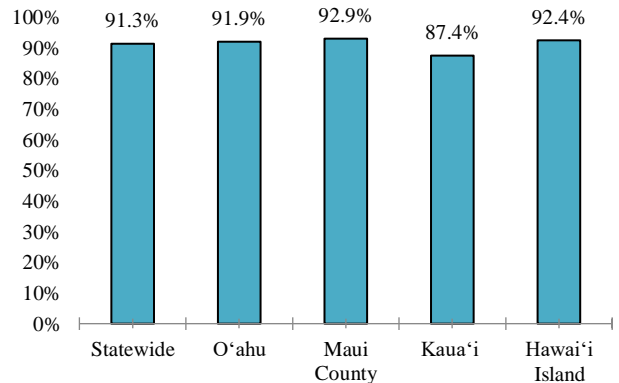
Hawai'i's timeshare industry achieved an average occupancy rate of 91.3% during the first quarter of 2023, an increase of 3.0 percentage points from the 88.2% occupancy reported for the first quarter of 2022. Statewide timeshare occupancy during the first quarter of 2023 narrowly trailed the 91.8% occupancy achieved during Q1 2019 (“pre-pandemic”). The traditional hotel and condominium hotel market in the state achieved occupancy of 75.2% during the first quarter of 2023, according to STR, Inc. data reported by the State of Hawai'i Department of Business, Economic Development & Tourism (“DBEDT”).

Owners staying in a timeshare they own represented 69.3% of the occupied room nights at Hawai'i's timeshare resorts during the first quarter. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 17.9% of occupied room nights during the quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 8.2% of occupied room nights. Marketing use represented 4.7% of occupied room nights. Compared to the pre-pandemic period, there was substantially more owner use during Q1 2023 and about half as much exchange and marketing use.

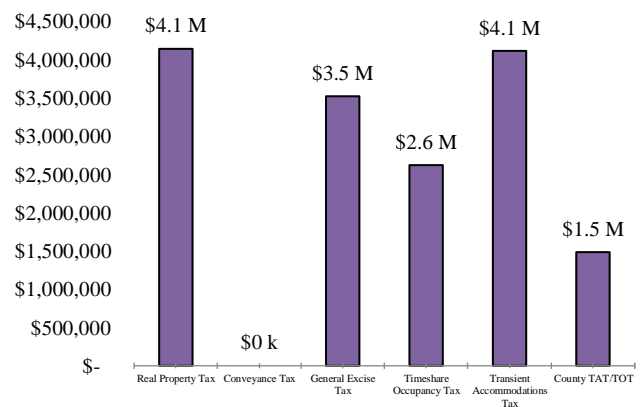
The first quarter 2023 timeshare survey findings, based on data provided by 44 individual timeshare properties, represent 49.5% of Hawai'i's 12,207 timeshare units.

According to DBEDT data, 194,814 visitors to the state chose to stay at timeshare resort for all or part of their stay during the first quarter of 2023, up from 174,964 timeshare visitors reported for Q1 2022. **Notably, Q1 2023 timeshare arrivals exceeded the pre-pandemic figure of 191,603 achieved during Q1 2019. Q1 2023 was the first quarter in which timeshare visitor arrivals exceeded pre-pandemic level.**

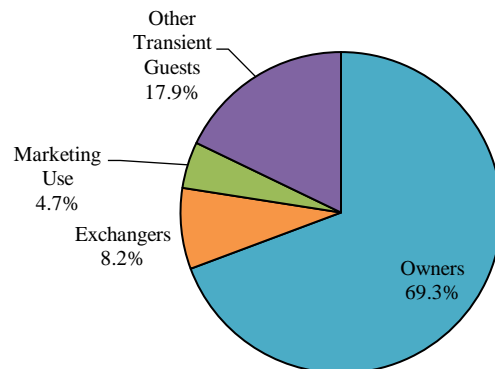
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



During the quarter a total of 2.4 million visitors arrived in Hawai'i, down from the 2.5 million arrivals during Q1 2019. Hawai'i's timeshare industry continues to recover faster than the overall visitor market.

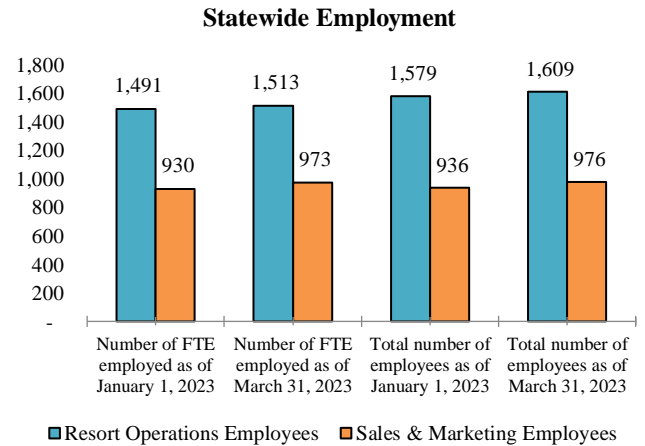
For Q1 2023, timeshare visitors represented 8.1% of all Hawai'i statewide visitor arrivals compared to a 7.7% share during Q1 2019, reflecting the timeshare industry recovering faster than other accommodation types. During the first quarter, the average timeshare visitor stayed in the state a total of 10.9 days, compared with a 9.4-day average for all visitors during the quarter.

Survey participants generated a total of \$15.9 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 Real property taxes totaling \$4.1 million or 26.1% of the total. Transient Accommodation Tax also accounted for \$4.1 million of the total during the quarter, or 25.9%, with county TAT/TOT contributing an additional \$1.5 million. We note that not all properties reported taxes for the first quarter and that some respondents chose not to report certain taxes for this survey. We also note that there was a lower rate of participation in our Q1 2023 survey compared to historic levels, resulting in substantially lower dollar amounts for taxes, payroll, and employment counts, compared with previously published reports.

Statewide Employment & Payroll

The total number of resort operations employees increased by 1.9% during the quarter, to 1,609. The number of sales and marketing employees increased by 4.3% to 976.

Statewide payroll expenses for timeshare survey participants totaled \$46.9 million during the first quarter of 2023, including \$20.0 million for resort operations employees and \$26.9 million for sales and marketing employees.



O'ahu

Timeshare resorts on O'ahu achieved 91.9% occupancy during the first quarter of 2023, an 8.8 percentage point increase from the prior year, which was by far the largest year-over-year occupancy gain among the counties. During Q1 2023, O'ahu's hotel occupancy averaged 77.5%.

Owner-occupied room nights represented 68.6% of total occupied room nights at O'ahu's timeshare resorts during the quarter. Transient use represented 23.3% of occupied room nights during the quarter, highest among the counties. Marketing use represented 4.8% of occupied room nights on O'ahu during the quarter. Exchange use accounted for 3.2% of occupied room nights at O'ahu's timeshare resorts, lowest among the counties. Compared to Q1 2019, O'ahu's timeshare occupancy during Q1 2023 was comprised of less owner use, exchange use and marketing use, with a dramatically larger share of transient use. This likely reflects less owner use among the still-recovering Japan market, giving operators more inventory to rent as transient use.

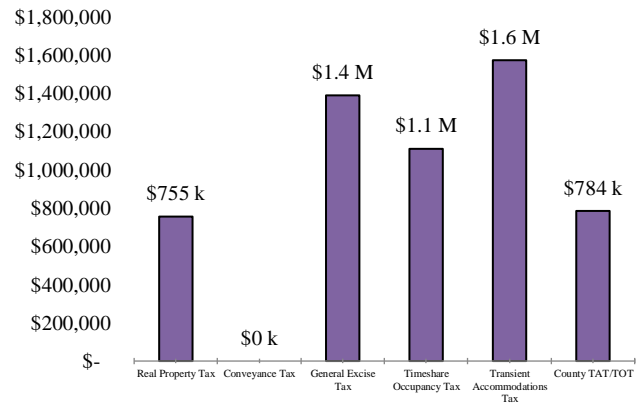
O'ahu welcomed 71,872 timeshare visitors during the quarter, which exceeded the Q1 2019 mark of 70,889. It was the first quarter in which O'ahu timeshare arrivals exceeded pre-pandemic levels. Maui County first exceeded pre-pandemic timeshare arrivals during Q2 2022, while Kaua'i and Hawai'i Island achieved the distinction during Q3 2022.

A total of 5.4% of O'ahu's visitors planned to stay in a timeshare resort during the first quarter, by far the lowest share among the counties but higher than the pre-pandemic share of 4.8%. The average O'ahu timeshare visitor spent 7.8 days on the island, the shortest timeshare visitor length of stay ("LOS") among the counties.

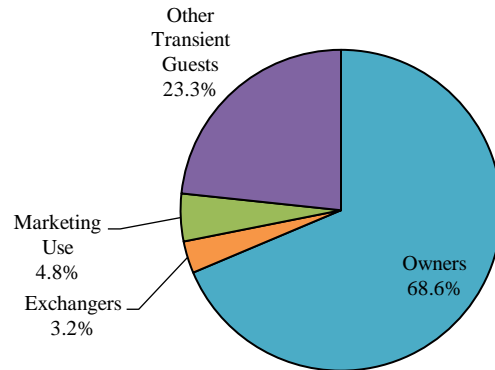
Participating properties on O'ahu reported a total of \$5.6 million in taxes during the first quarter, including \$1.6 million in state TAT and \$784k in county TAT/TOT.

During the first quarter, O'ahu timeshare resorts reported a 0.9% increase in the number of resort operations employees and a 4.1% increase in sales and marketing employment. Timeshare properties on O'ahu reported employee payroll expense of \$16.3 million during the first quarter of 2023, of which sales and marketing payroll accounted for \$13.6 million.

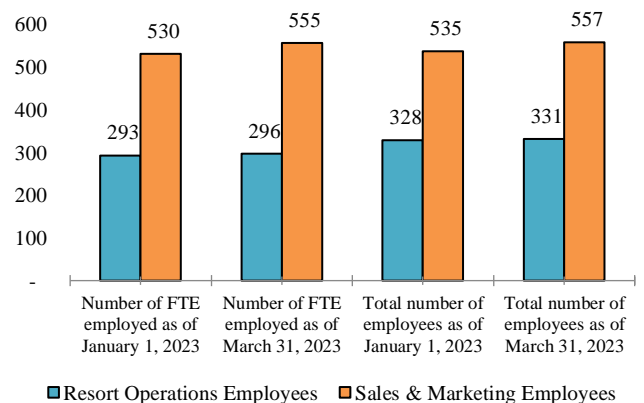
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County’s timeshare properties achieved an average occupancy of 92.9% during the first quarter of 2023, highest among the counties and a 1.7 percentage point increase from Q1 2022. The Q1 2023 occupancy is comparable to the 95.5% timeshare occupancy achieved during Q1 2019. During the first quarter of 2023, Maui’s hotel occupancy averaged 69.7%.

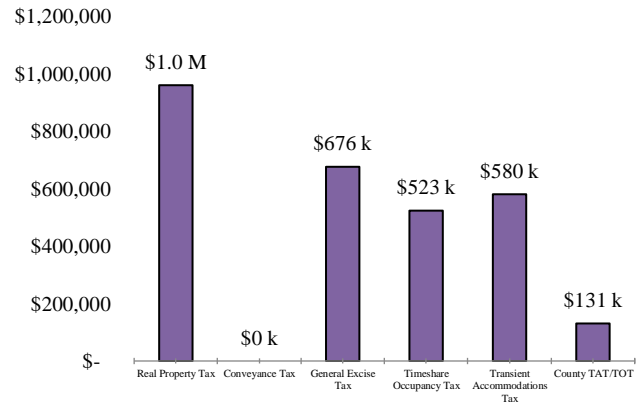
Owner occupancy accounted for 76.3% of occupied room nights at Maui timeshare resorts during the quarter, the highest share among the counties. Transient use represented 12.6% of occupied room nights, lowest among the counties during the quarter. Exchange use accounted for 9.6% of occupied room nights. Marketing use represented 1.6% of occupied room nights in Maui County timeshares, the lowest share among the counties.

Maui County welcomed 72,022 timeshare visitors during the first three months of 2023, the greatest number of timeshare arrivals among the counties and 3.8% more timeshare visitors than Q1 2019. The average Maui County timeshare visitor had a 10.0-day LOS during the first quarter, the longest average LOS among the counties. Timeshare visitors represented 9.8% of Maui County’s visitor market during the quarter, compared with a 9.3% share during Q1 2019.

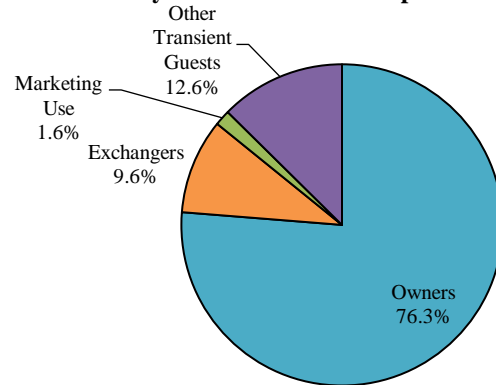
Maui County timeshare properties that provided survey data reported a total of \$2.9 million in state and county taxes during the first quarter. Real Property Taxes accounted for \$960k of the total taxes during the quarter or 33.4% of taxes paid.

In the first quarter, Maui County timeshare properties reported a 2.7% increase in the total number of resort operations employees during the quarter, while the number of sales and marketing employees increased by 0.7%. Maui timeshare properties providing survey data reported \$8.6 million in total payroll expense during the quarter, of which sales and marketing employee payroll accounted for \$5.5 million.

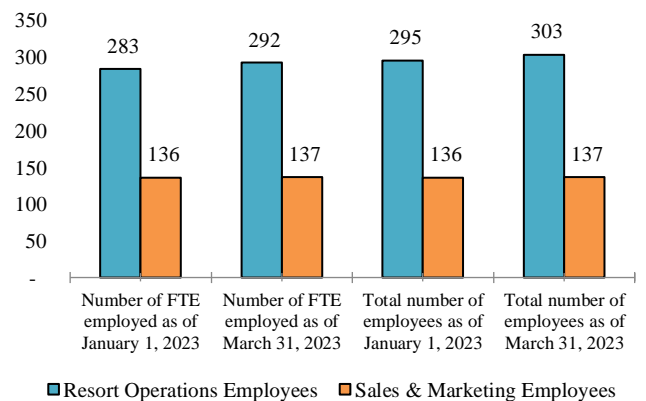
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Timeshare resorts on Kaua'i averaged 87.4% occupancy during the first quarter of 2023, the lowest timeshare occupancy among the counties during the quarter but higher than the 85.1% occupancy achieved during Q1 2019. During the first quarter of 2023, Kaua'i's hotels and condominium hotels reported average occupancy of 74.9%.

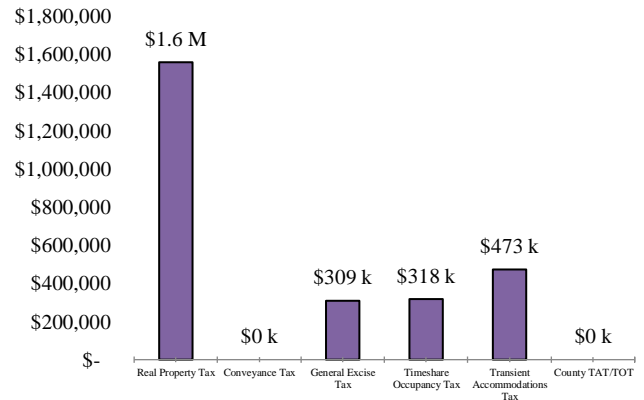
Owner use represented 66.4% of occupied room nights during the first three months of 2023, the lowest share among the counties. Transient use represented 16.3% of occupied room nights during Q1. Exchange use contributed 14.5% of occupied room nights on Kaua'i, the highest share among the counties, while marketing use represented 2.8% of room nights.

During Q1, Kaua'i continued to be the island with the highest proportion of timeshare visitors, with 14.4% of the island's visitors choosing to stay in a timeshare resort, comparable to the pre-pandemic share of 14.3%. For the first quarter, Kaua'i welcomed 47,602 timeshare visitors, 0.4% below the pre-pandemic timeshare arrival count of 47,815. Kaua'i timeshare visitors spent an average of 9.7 days on Kaua'i during Q1, second longest LOS among the counties, and higher than the Q1 2019 Kaua'i timeshare LOS of 9.1 days.

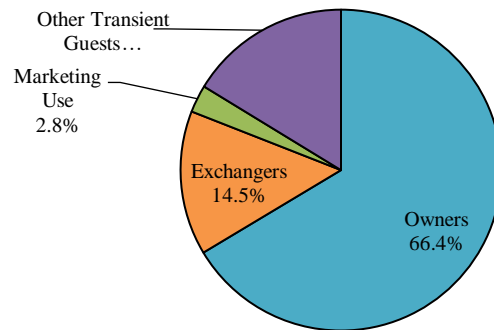
The Kaua'i timeshare resorts that provided survey data reported \$2.7 million in taxes during the first quarter, of which \$1.6 million were Real Property Taxes.

Kaua'i timeshare properties reported the total number of resort operations employees decreased by 0.9% while the number of sales and marketing employees increased by 10.3%. Participating respondents reported total payroll expense of \$6.0 million during Q1, of which \$5.0 million was resort operations payroll.

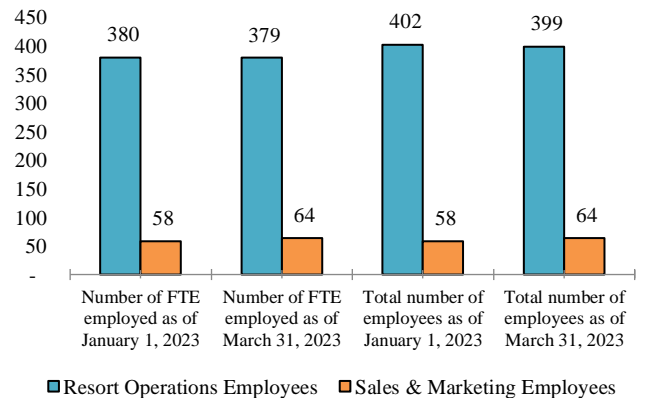
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i 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 49.5 percent of registered timeshare units statewide, which represents 44 participating properties and 6,041 units.