



Hawai'i Timeshare Quarterly January - March, 2014

Statewide Timeshare Performance & Taxes

The Hawai'i timeshare industry started off the year strong with an average occupancy of 93.0 percent for the first quarter of 2014, primarily driven by strong performance on O'ahu and in Maui County.

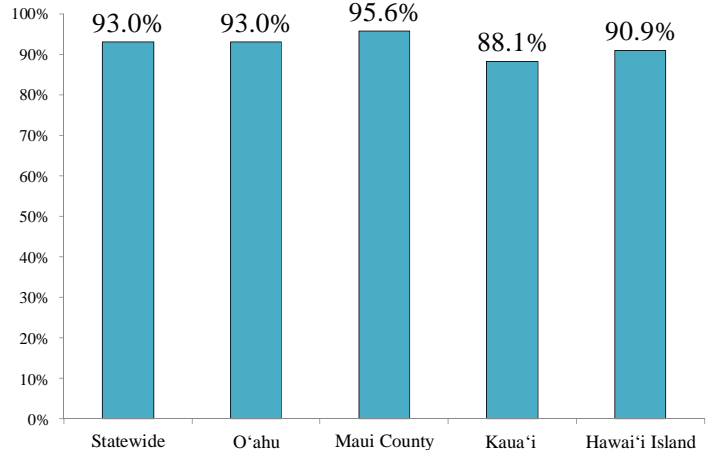
Survey participants reported considerably higher occupancies than the traditional hotel and condo hotel market, which achieved a first quarter occupancy of 80.8 percent.

In the first three months of the year, there were 170,869 visitors representing 8.7 percent of all visitors to Hawai'i staying in timeshare properties, as reported by the Hawai'i Tourism Authority ("HTA"). Close to half of those visitors originated from U.S. West.

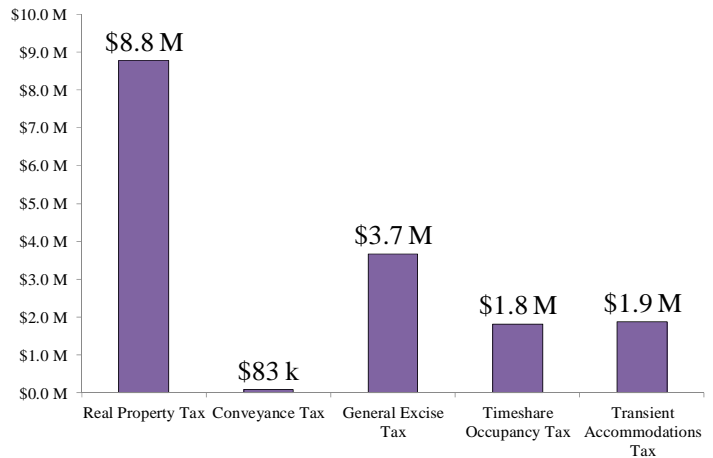
Survey participants across the state generated a total of \$16.2 million in taxes in the first quarter, including real property tax, conveyance tax, general excise tax, transient occupancy tax ("TOT"), and transient accommodations tax ("TAT"). In most cases, conveyance taxes are paid by timeshare owners and not tracked at the property level. However, the TAT is paid by timeshare operators for transient rentals.

Interval owners and exchangers accounted for 67.6 percent and 11.3 percent of occupied room nights, respectively. Transient rentals, which includes additional room nights purchased by timeshare owners and exchangers beyond their allotted timeshare ownership stay, represented 14.8 percent of total occupied room nights statewide.

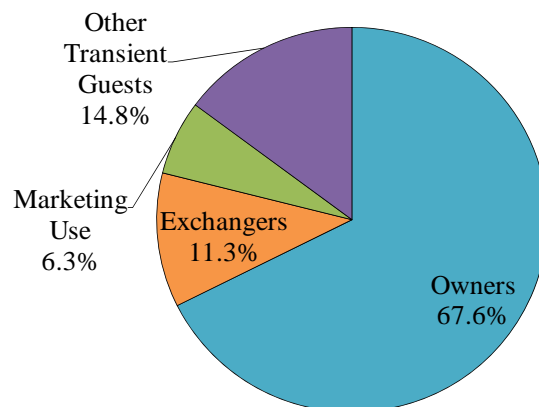
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



Statewide Employment and Payroll

Statewide survey participants reported an overall net increase in both resort operations employees (+2.0 percent) and sales and marketing employees (+5.4 percent) in the first three months of the year.

Timeshare payroll expenses for survey participants totaled over \$25.1 million for resort operations employees and \$30.1 million for sales and marketing employees.

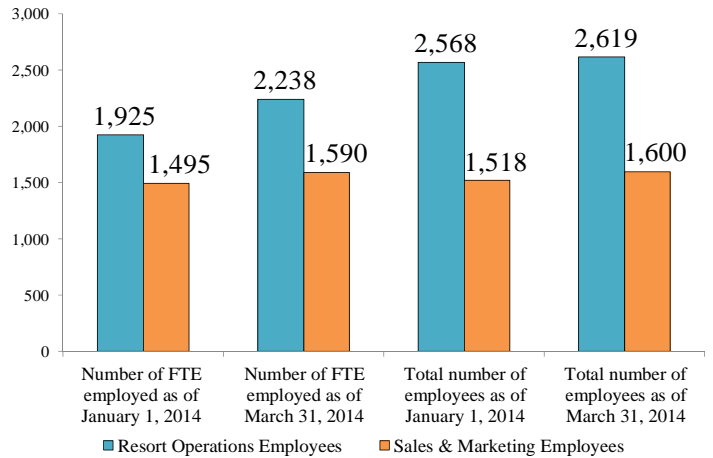
O'ahu

Occupancy on O'ahu was high for the first quarter at 93.0 percent, compared to hotel properties which averaged 85.6 percent. Timeshare units on O'ahu were primarily occupied by owners, representing 70.2 percent of all visitors staying in timeshare resorts, the highest share of owner use among all islands. Exchangers to O'ahu represented the smallest share among all islands at 7.4 percent.

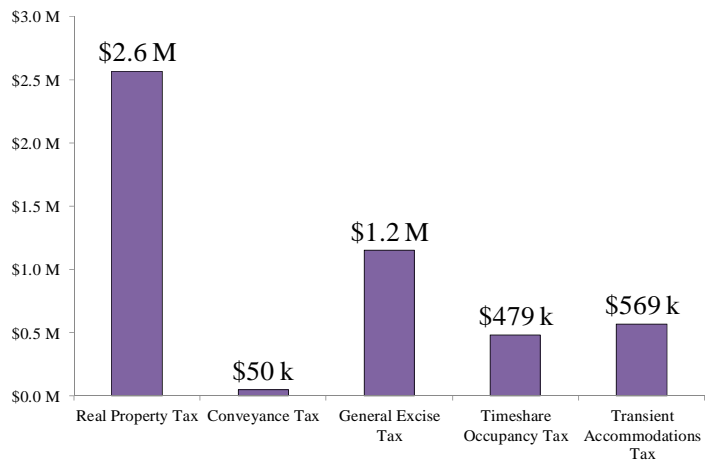
Survey participants on O'ahu generated \$4.8 million in total taxes, with \$2.6 million representing real property taxes.

Participants reported a 12.1 percent net increase in sales and marketing employees and the number of resort operations employees saw a modest increase (+0.8 percent).

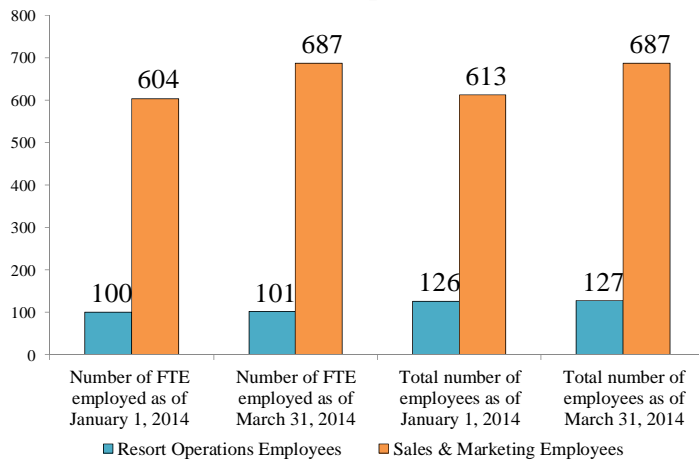
Statewide Employment



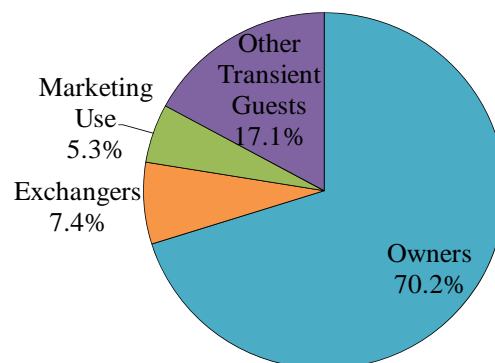
O'ahu Taxes



O'ahu Employment



O'ahu Mix of Occupied Room Nights



Maui County

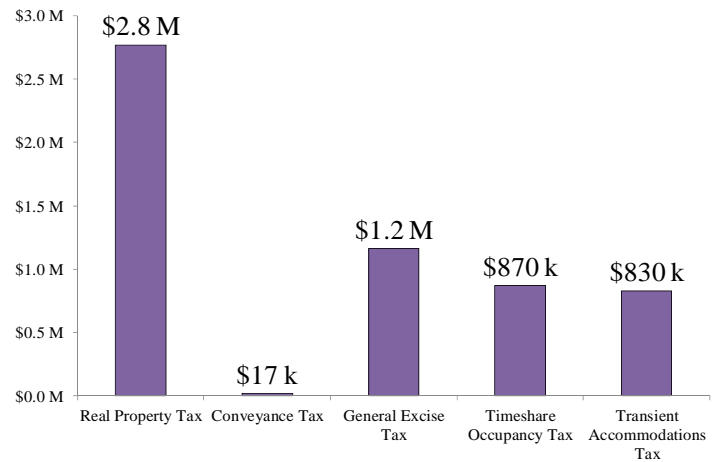
For the second consecutive quarter, Maui County timeshare resorts outperformed all other islands in occupancy at 95.6 percent in the first three months of the year, compared to Maui County hotel properties which averaged 85.6 percent.

Maui County timeshare units were primarily occupied by owners and exchangers, however, in the first three months of the year, Maui participants reported the lowest share of transient guests among all islands, representing 12.1 percent of all timeshare visitors to the county.

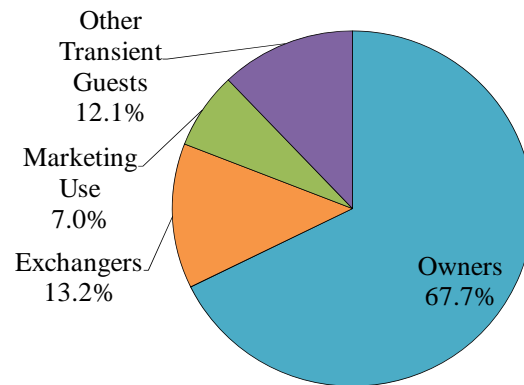
Taxes generated by timeshare resorts in Maui County totaled \$5.6 million in first quarter. Nearly half of all taxes, or \$2.8 million, represents real property taxes.

Survey participants reported a slight net decrease in resort operations employees (-0.9 percent) but reported an increase in sales and marketing employees (+4.1 percent) in the fourth quarter. We note that not all Maui County properties reported employment information for the first quarter.

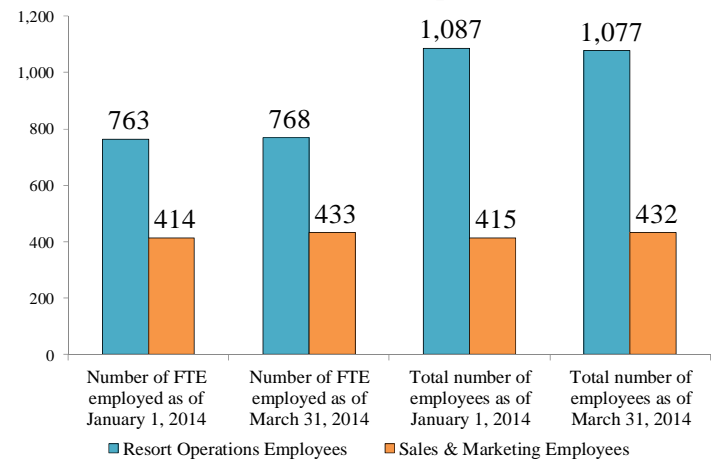
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

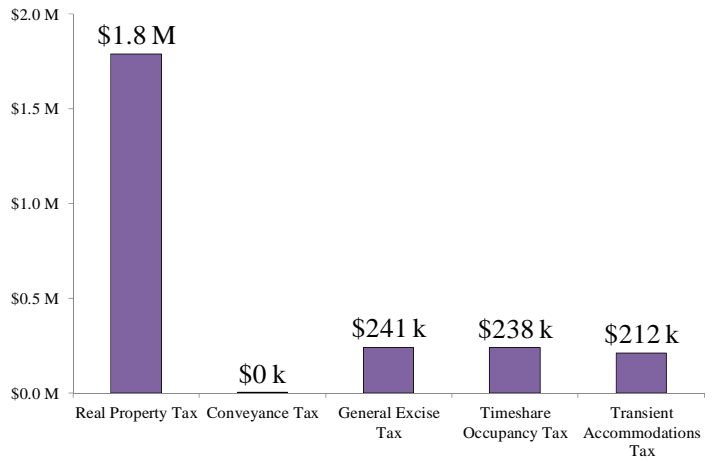
Timeshare resorts on Kaua'i were 88.1 percent occupied in the first quarter, higher than hotel properties on Kaua'i, which averaged 75.2 percent occupancy for the same time period.

Interval owners and exchangers combined accounted for 85.9 percent and we note that Kaua'i reported the highest share of exchangers among all islands (19.2 percent).

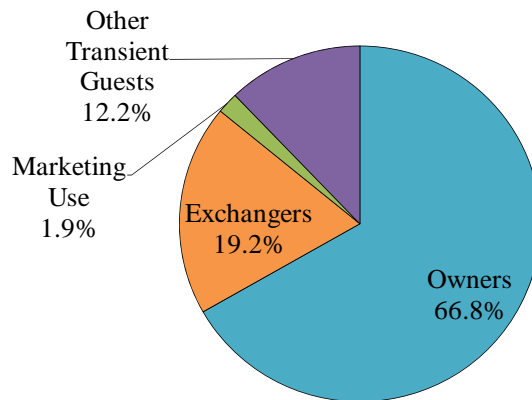
Survey participants on Kaua'i generated a total of \$2.5 million in taxes. We note that participation on Kaua'i was lower than other islands, and not all Kaua'i properties provided tax data.

Kaua'i participants reported net decreases in both resort operations employees (-1.5 percent) and sales and marketing employees (-4.0 percent). The majority of these decreases occurred at large branded timeshare properties.

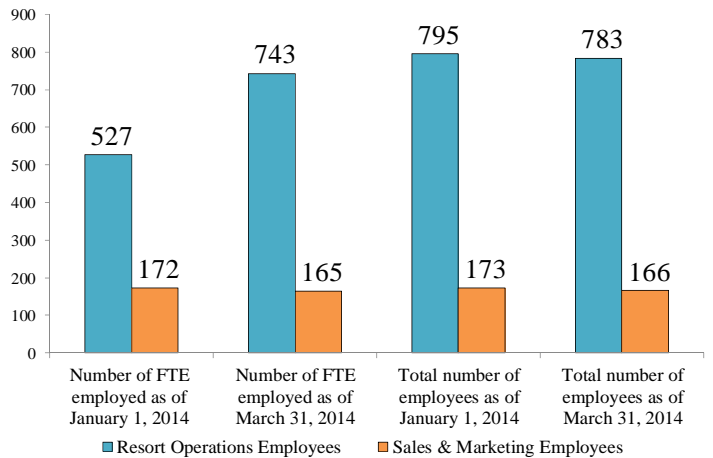
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



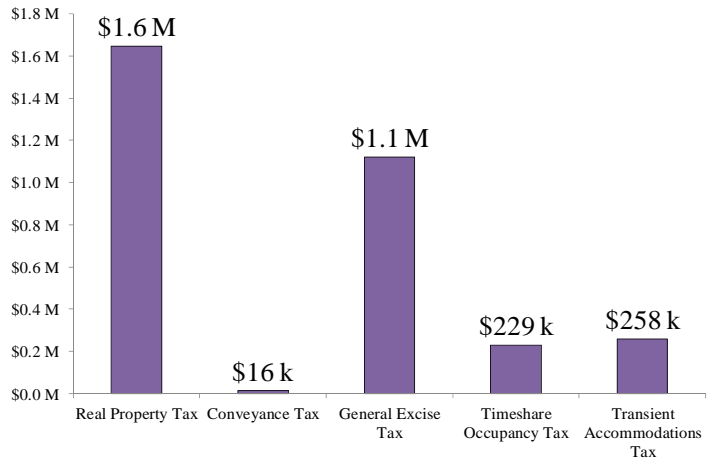
Hawai'i Island

Timeshare occupancy on Hawai'i Island was high at 90.9 percent in the first quarter, compared to hotel properties which averaged 70.6 percent occupancy. Participants on Hawai'i Island reported the highest share of room nights used by other transient guests among the islands.

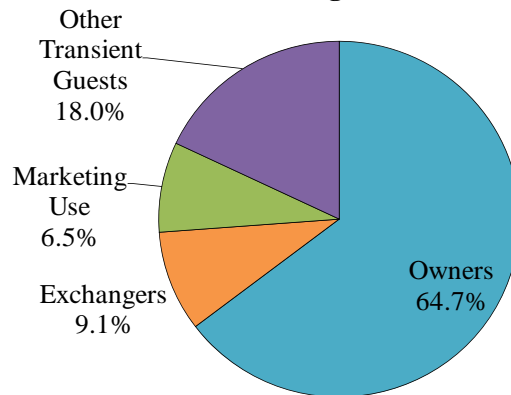
Big Island survey participants reported \$3.3 million in taxes generated during the first three months of the year with more than 50 percent of these taxes representing Real Property Taxes.

Hawai'i Island saw a net increase in resort operations employees (+12.9 percent), but reported a slight decrease in sales and marketing employees (-0.6 percent) for the three month period. The majority of increases occurred at large branded timeshare properties.

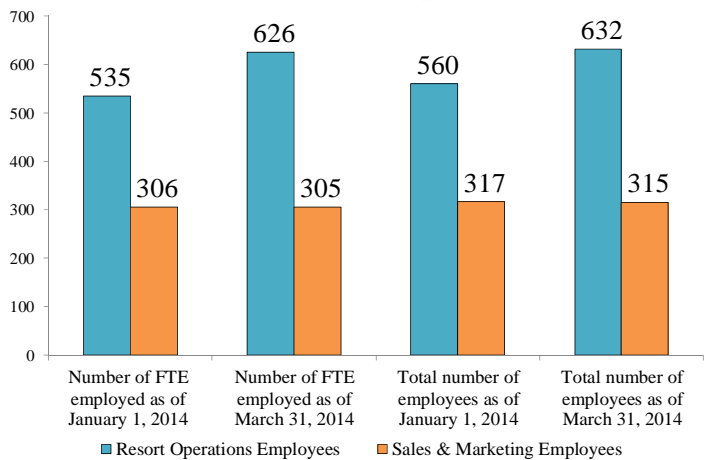
Hawai'i Island Taxes



Hawai'i Island Mix of Occupied Room Nights



Hawai'i Island Employment



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Survey Overview

Hospitality Advisors LLC was engaged by Hawai'i Tourism Authority to conduct a recurring quarterly market performance survey of Hawai'i's timeshare industry. 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

Survey Participation

Participation rates in the Statewide timeshare survey was 67.4 percent of registered timeshare units statewide, which represents 44 properties and 6,795 units.