



# Hawai'i Timeshare Quarterly April - June 2017

## Statewide Timeshare Performance & Taxes

During the second quarter of 2017, Hawai'i's timeshare industry achieved an 88.2% occupancy rate, an increase of 0.5 percentage points compared with the same period during 2016. The statewide hotel and condominium hotel occupancy averaged 79.1% during the second quarter, according to STR Inc. data reported by CBRE.

Owners using their timeshare accounted for 57.6% of occupied room nights in Hawai'i's timeshare resorts during the second quarter of 2017. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 12.6% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 21.4% of occupied room nights during the quarter. Marketing use represented 8.3% of occupied room nights.

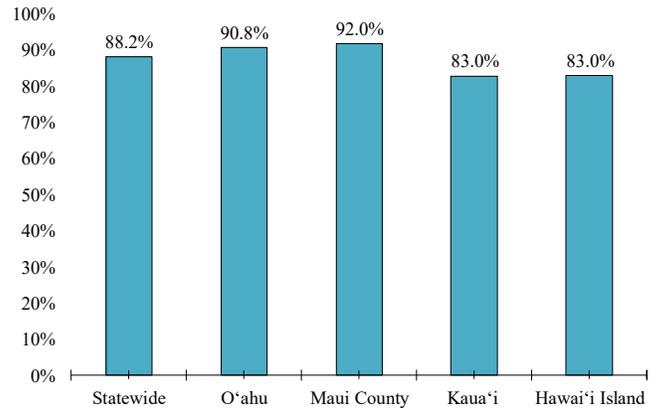
The second quarter 2017 timeshare survey findings, based on data provided by 54 individual timeshare properties, represent 85.4% of Hawai'i's 10,926 timeshare units.

According to Hawai'i Tourism Authority ("HTA") data, 218,987 visitors to the state chose to stay at timeshare resort for all or part of their stay during the second quarter, an increase of 4.2% from second quarter of 2016. Of the 218,987 timeshare visitors, 169,495 chose to stay exclusively in a timeshare resort while visiting Hawai'i during the quarter.

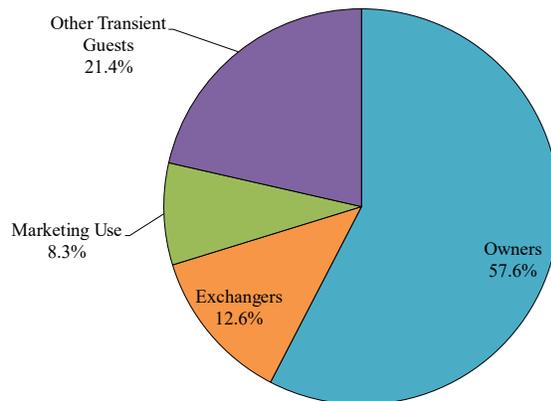
Timeshare visitors represented 9.5% of all Hawai'i visitor arrivals during the second quarter of 2017. Timeshare visitors had an average length of stay of 9.8 days during the second quarter, higher than the 8.8 day average length of stay for all visitors, according to HTA data.

During the second quarter, participating timeshare properties generated a total of \$19.7 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"),

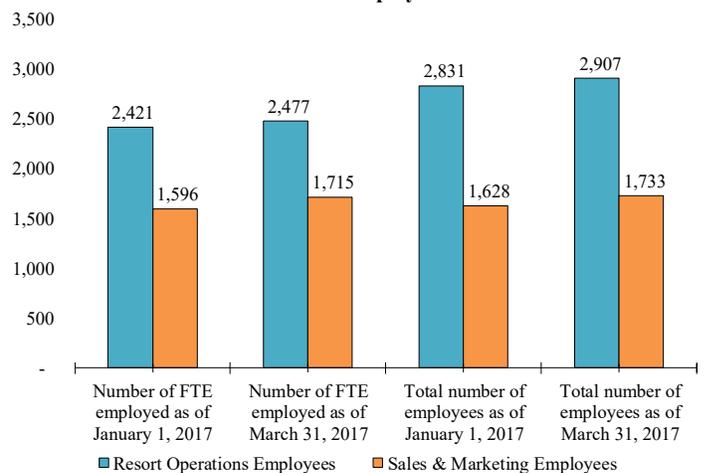
Timeshare Occupancy by Island



Statewide Mix of Occupied Room Nights



Statewide Employment

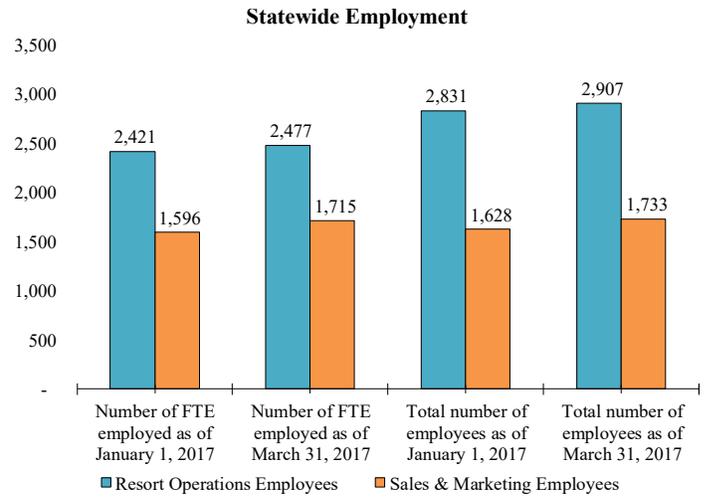


("TAT") and conveyance tax. Real property taxes accounted for the largest share of taxes during the quarter, a total of \$7.9 million or 40.0% of the total. We note that some respondents chose not to report certain taxes for this survey.

### Statewide Employment & Payroll

The number of resort operations employees at the timeshare resorts that provided employment survey data totaled 2,907 at the end of the quarter, a 2.7% increase from the employee count at the beginning of the quarter. At the end of the quarter, timeshare resorts reported 1,733 sales and marketing employees, a 6.4% increase from the count at the start of the second quarter.

For the second quarter of 2017, statewide payroll expenses for timeshare survey participants that provided data totaled \$78.2 million.



## O'ahu

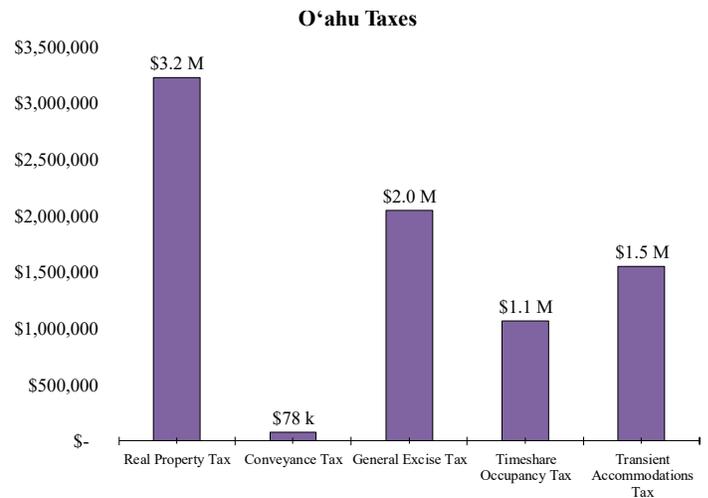
In the second quarter of 2017, timeshare resorts on O'ahu averaged 90.8% occupancy, a 5.4 percentage point increase compared to the prior year. During the same period, O'ahu's hotel occupancy averaged 82.7%. This was the first full quarter of operations for Hawai'i's newest timeshare property, the 411-unit Hilton Grand Islander. The 38-story tower in the Hilton Hawaiian Village Resort opened in March.

Owner occupied room nights represented 64.8% of total occupied room nights at O'ahu's timeshare resorts during the second quarter, a substantially higher share of owner use than any other island. Other transient guests contributed 20.6% of the occupied room nights at O'ahu timeshare properties. Marketing use represented 7.0% of occupied room nights at O'ahu timeshare resorts, the lowest share among the islands during the second quarter.

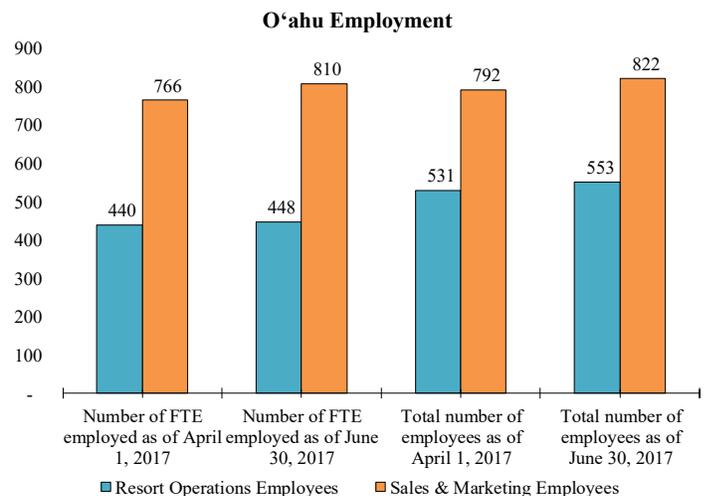
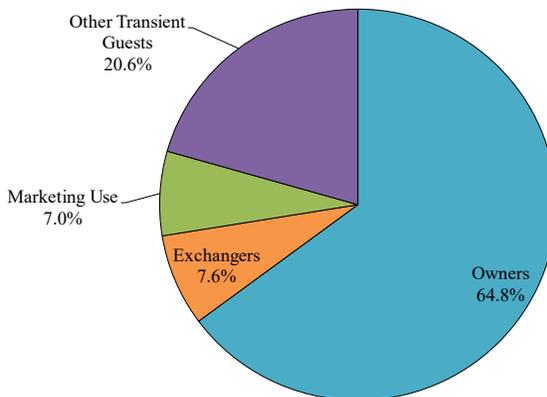
According to the HTA, O'ahu welcomed 88,572 timeshare visitors during the second quarter, the greatest number of timeshare visitor arrivals among the Hawaiian Islands. Timeshare visitors represented 6.3% of all visitor arrivals on O'ahu during the second quarter, the lowest market share among the islands. The average O'ahu timeshare visitor stayed on O'ahu for 6.9 days during the quarter, compared with 7.0 days during the prior year.

Participating properties on O'ahu reported a total of \$8.0 million in taxes for the second quarter, of which \$3.2 million were real property taxes.

O'ahu timeshare resorts reported a 4.1% increase in the number of resort operations employees during the quarter and a 3.8% increase in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$22.8 million for the quarter.



O'ahu Mix of Occupied Room Nights



## Maui County

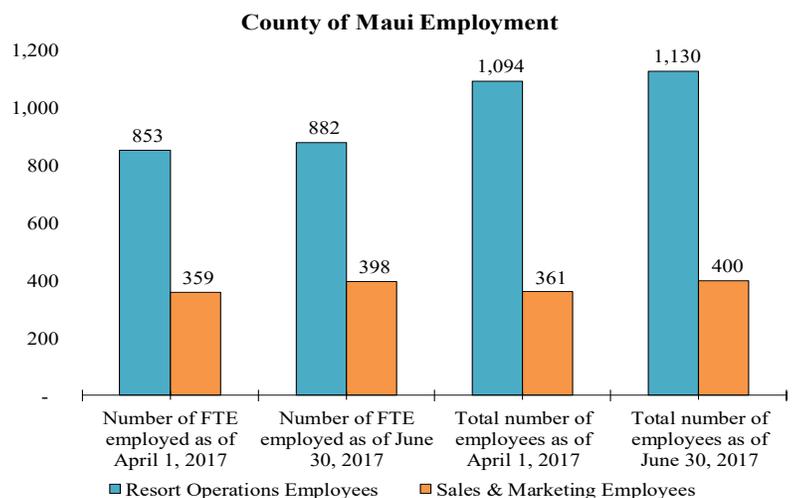
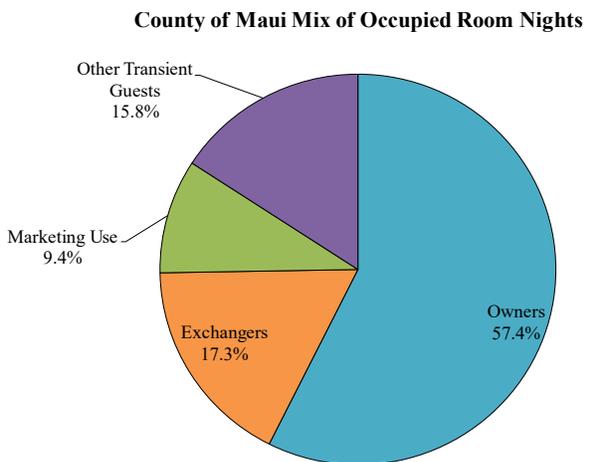
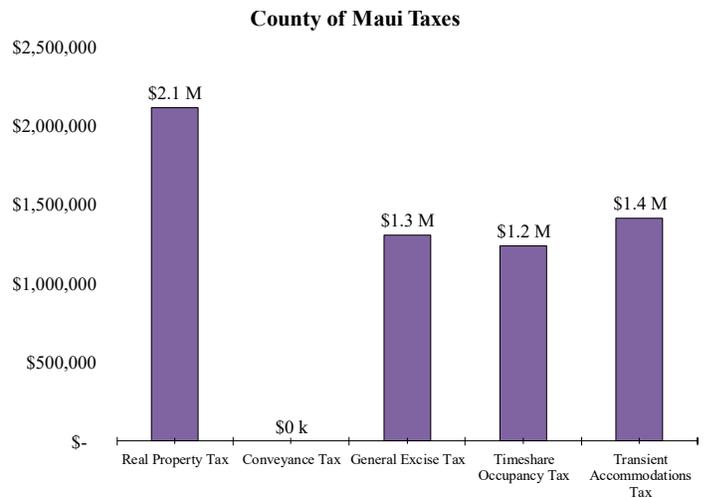
Maui County's timeshare properties achieved an average occupancy of 92.0% in during the second quarter, a 0.4 percentage point decrease compared to the second quarter of 2016. During the same period, Maui's hotel occupancy was 76.6%.

During the second quarter, owner occupancy accounted for 57.4% of occupied room nights at Maui County timeshare resorts. Exchange use contributed 17.3% of all occupied room nights at Maui County's timeshare properties during the quarter. Transient occupancy represented 15.8% of occupied room nights, the lowest share among the islands.

Timeshare visitors to Maui County totaled 79,323 during the quarter, according to HTA data. The timeshare market on Maui accounted for 11.2% of all visitor arrivals on Maui during the quarter. Maui timeshare visitors spent an average of 8.8 days in Maui County during the second quarter.

Participating properties in Maui County that provided survey data reported a total of \$6.1 million in state and county taxes in the second quarter. Property taxes accounted for \$2.1 million of the total.

Maui County timeshare properties reported a 3.3 increase in the total number of resort operations employees and a 10.8% increase in the number of sales and marketing employees during the second quarter of 2017. Maui timeshare properties providing survey data reported total payroll expense of \$27.1 million during the quarter.



## Kaua'i

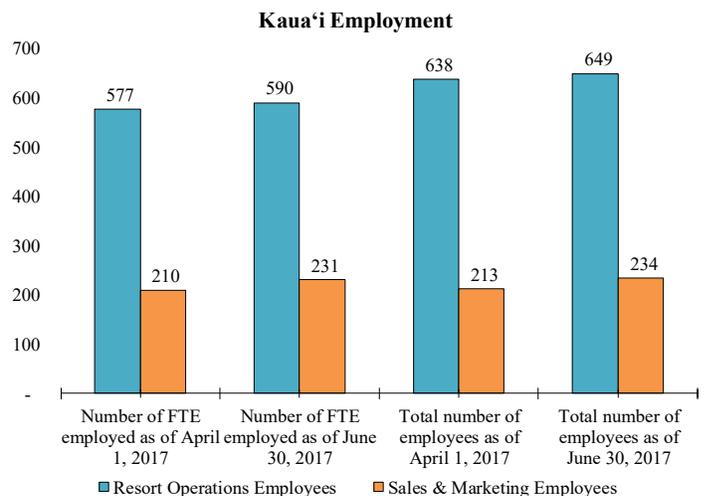
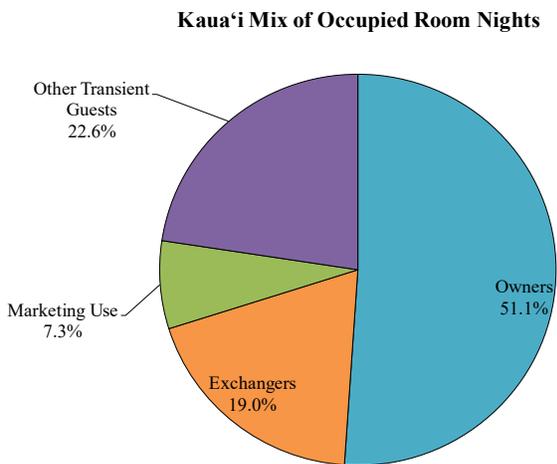
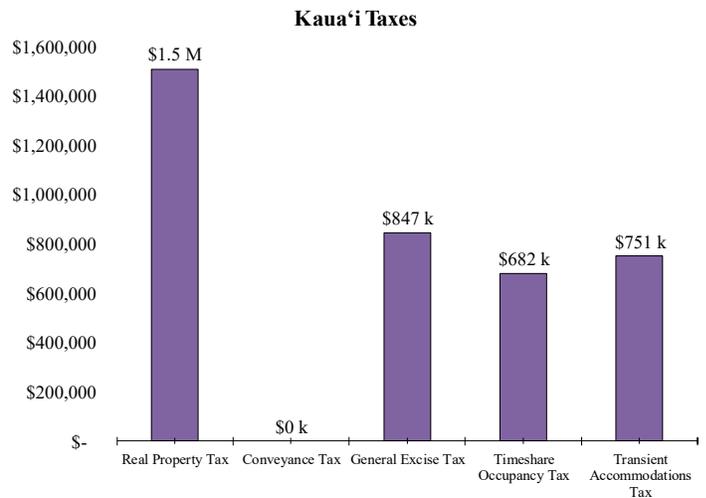
Kaua'i's timeshare properties averaged 83.0% occupancy during the second quarter, a 3.4 percentage point decrease compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 75.7%.

During the second quarter of 2017, owner use represented 51.1% of the occupied room nights at Kaua'i's timeshare resorts, the lowest percentage of owner use among the islands. Exchange use represented 19.0% of occupied timeshare room nights on Kaua'i, the highest share of exchange use in the state.

Timeshare visitors represented 16.6% of Kaua'i's total visitor arrivals during the second 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 2.7% to 56,233. Kaua'i timeshare visitors stayed on the Garden Island for an average of 8.9 days during the quarter, the longest length of stay for timeshare visitors among the islands.

Kaua'i timeshare resorts that provided survey data reported \$3.8 million in taxes during the second quarter. Real Property Tax contributed about \$1.5 million to the total.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties increased by 1.7% during the quarter, while sales and marketing employment increased by 9.9%. Participating respondents reported payroll expense of \$12.6 million for the quarter.



## Hawai'i Island

Hawai'i Island timeshare resorts achieved occupancy of 83.0% during the second quarter, a 2.2 percentage point increase compared to last year. During the same period, hotel occupancy on Hawai'i Island was 70.7%.

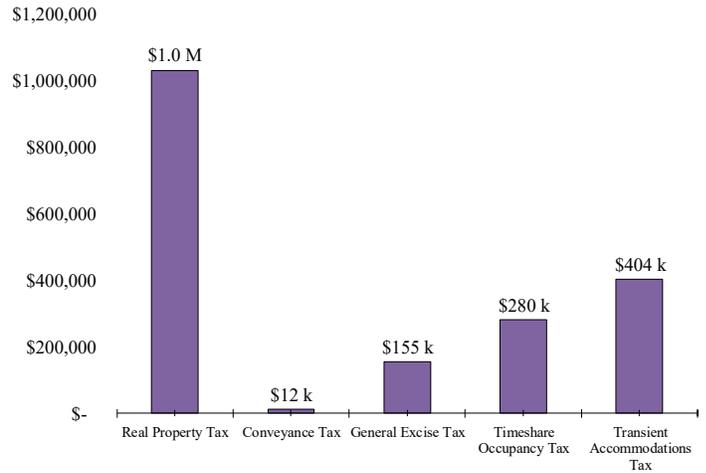
During the quarter, owner use at Hawai'i Island timeshare properties accounted for 53.3% of occupied room nights. Transient use represented 34.9% of occupied room nights during the quarter, the highest share among the islands. Marketing use contributed 9.9% of occupied room nights during the quarter, the highest share of marketing use among the islands. Exchange use accounted for 2.0% of occupied room nights, the lowest share among the islands.

Hawai'i Island welcomed 46,030 timeshare visitors during the second quarter. The average timeshare visitor to Hawai'i Island stayed on the island for 7.8 days during the second quarter, down from the 8.0 day length of stay reported for the same period in 2016.

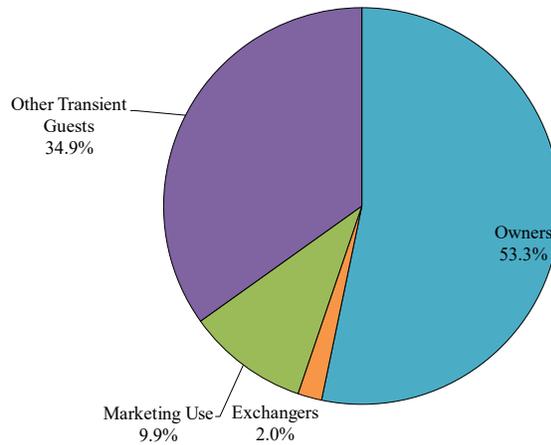
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$1.9 million in state and county taxes during the second quarter. Real property taxes contributed the largest share, \$1.0 million of the total.

Hawai'i Island timeshare properties reported a 1.2% increase in the total number of resort operations employees during the quarter, as well as a 5.7% increase in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total payroll expense of \$15.6 during the quarter.

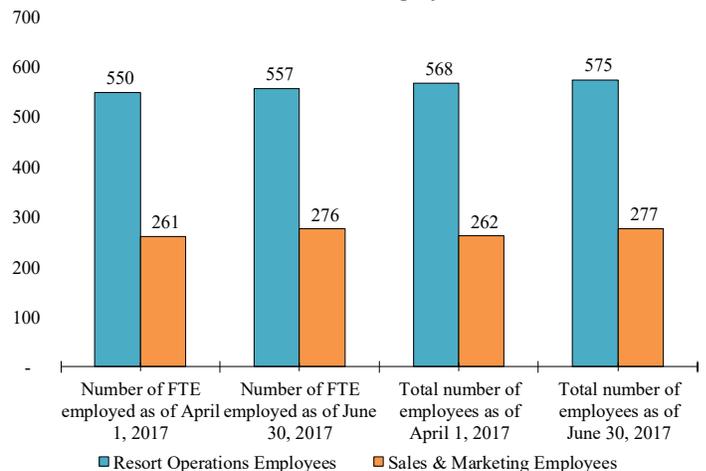
Hawai'i Island Taxes



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 85.4 percent of registered timeshare units statewide, which represents 54 participating properties and 9,330 units.