



# Hawai'i Timeshare Quarterly Q1 - Q4 2015

## Statewide Timeshare Performance & Taxes

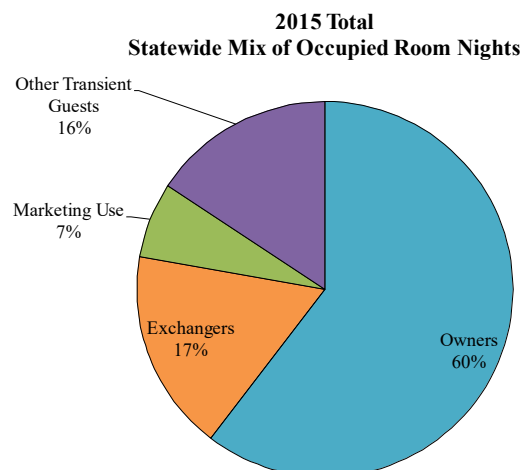
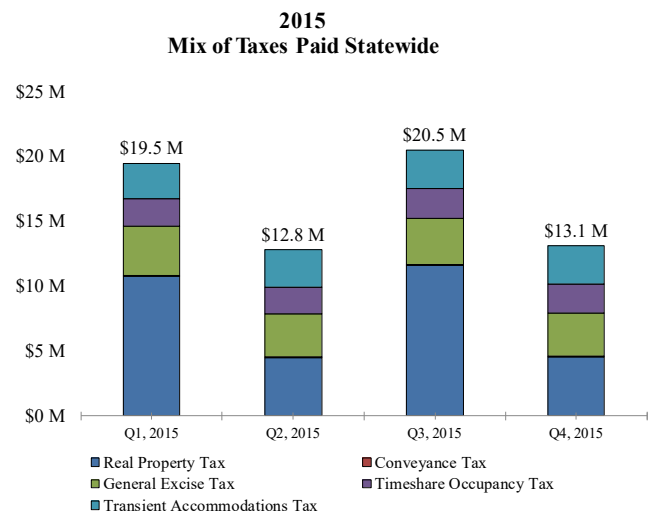
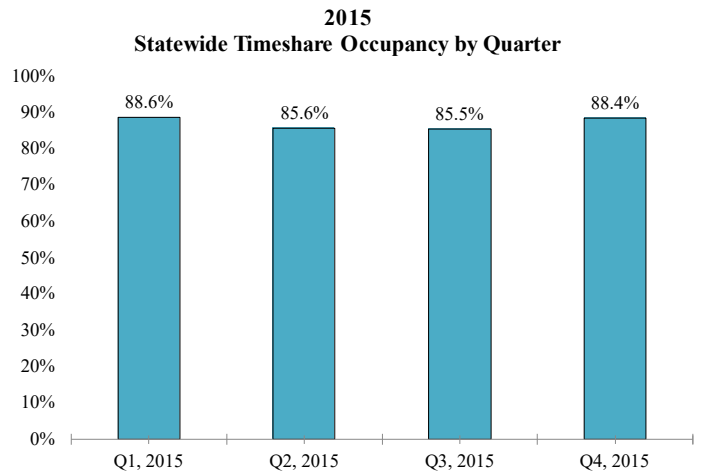
In 2015, Hawai'i's timeshare industry achieved an 87.0% occupancy rate, a decrease of 3.5 percentage points compared to 2014. The statewide hotel and condominium hotel occupancy averaged 78.8% during 2015 (+1.8 percentage points), according to Smith Travel Research data reported by Hospitality Advisors.

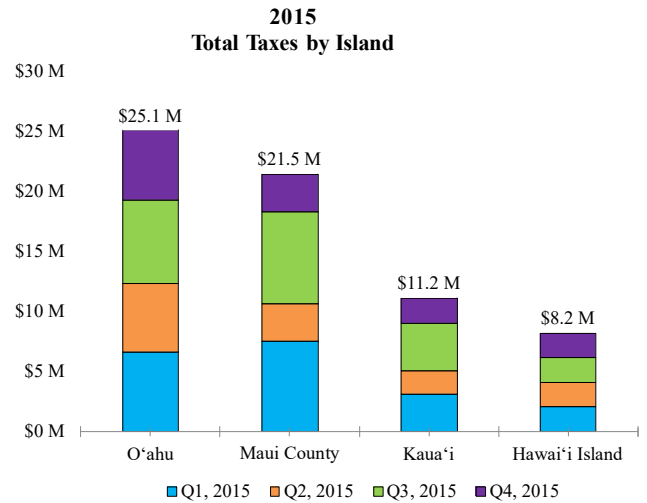
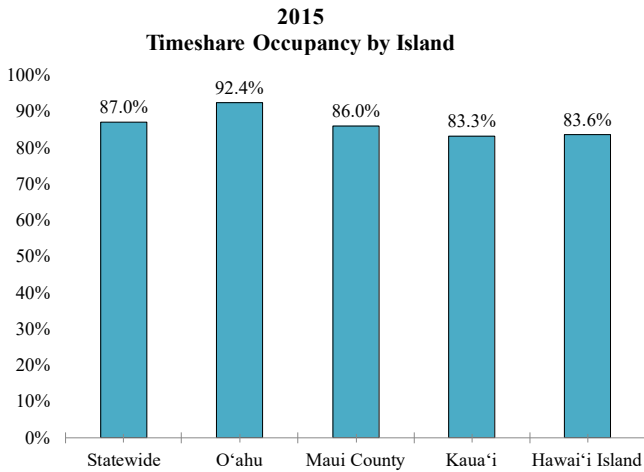
Timeshare interval owners continued to account for the majority of occupied room nights in Hawai'i's timeshare resorts during 2015, representing 60.4% of the total occupied room nights, unchanged when comparing to 2014. Exchangers (timeshare owners who participate in a timeshare exchange program) represented another 17.3% of the occupied room nights. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 15.7% of occupied room nights during the year. Marketing use represented 6.5% of occupied room nights.

According to the Hawai'i Tourism Authority ("HTA"), 809,283 visitors to the state chose to stay at timeshare resort for all or part of their stay, an increase of 5.8% from 2014. Most of the state's timeshare visitors (77.6%) stayed exclusively in a timeshare resort while visiting Hawai'i. Timeshare visitors represented 9.5% of Hawai'i visitor arrivals in 2015.

Growth in the number of timeshare visitors to O'ahu (+6.8%), Maui County (+5.5%) and Hawai'i Island (+3.3%) drove the statewide increase in 2015. The number of timeshare visitor arrivals on Kaua'i increased by 0.1% for the year.

In 2015, participating timeshare properties generated a total of \$66 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"), transient



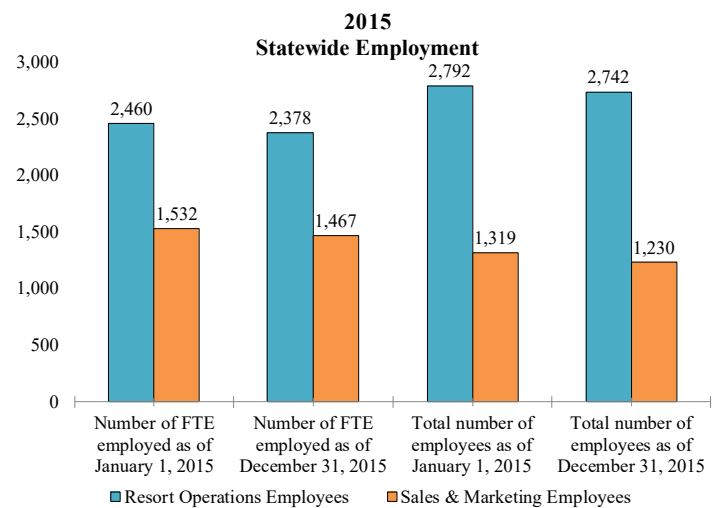


accommodations tax (“TAT”) and conveyance tax. Real property taxes totaled \$31.6 million, or 47.8% of the total. We note that some respondents chose not to report certain taxes for this survey.

## Statewide Employment and Payroll

Statewide, the total number of resort operations employees decreased by 1.8% during 2015. The number of sales and marketing employees also decreased during the year (-6.7%).

In 2015, statewide payroll expenses for timeshare survey participants totaled \$139.9 million for resort operations employees and \$149.7 million for sales and marketing employees. These figures reflect payroll expenses of survey respondents that provided payroll expense data.



## O'ahu

In 2015, timeshare resorts on O'ahu averaged 92.4% occupancy, seeing no change compared to last year. During the same period, O'ahu's hotel occupancy was 85.3%.

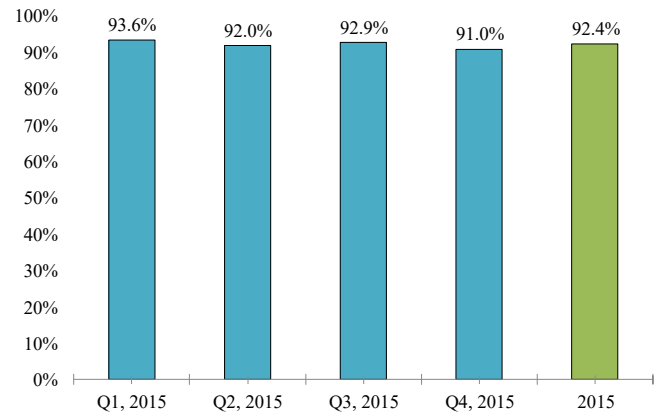
Owner occupied room nights represented 65.0% of total occupied room nights at O'ahu's timeshare resorts in 2015. Other transient guests contributed 16.2% of the occupied room nights at O'ahu timeshare properties. Survey responses showed a slightly higher owner use during the third and fourth quarter, and

According to the HTA, O'ahu welcomed 315,376 timeshare visitors in 2015, the highest among the Hawaiian Islands. O'ahu's 6.8% timeshare arrival growth was also the highest among the islands. The average O'ahu timeshare visitor stayed on O'ahu for 7.2 days in 2015, a slight increase from the 7.1 day average stay the previous year.

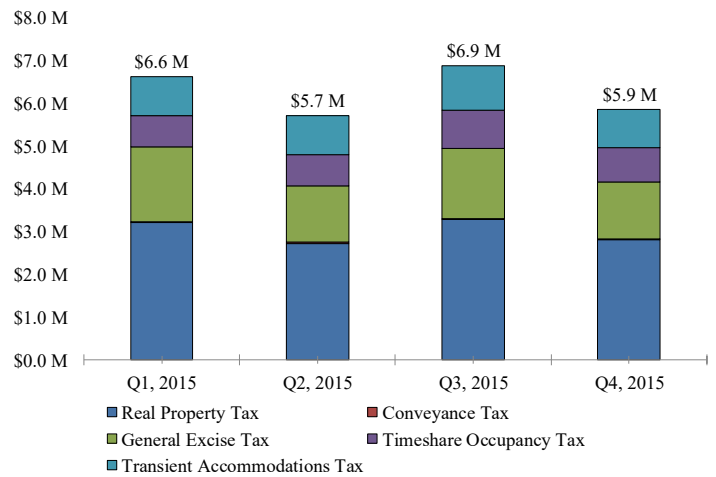
Participating properties on O'ahu reported a total of \$25.1 million in taxes in 2015, including \$12.1 million in real property taxes.

O'ahu timeshare resorts reported a slight (-0.9%) decrease in the number of resort operations employees during the year and a 6.6% decrease in sales and marketing employment during 2015. The O'ahu timeshare properties reported employee payroll expense of \$27.6 million for resort operations employees and \$70.6 million for sales and marketing employees.

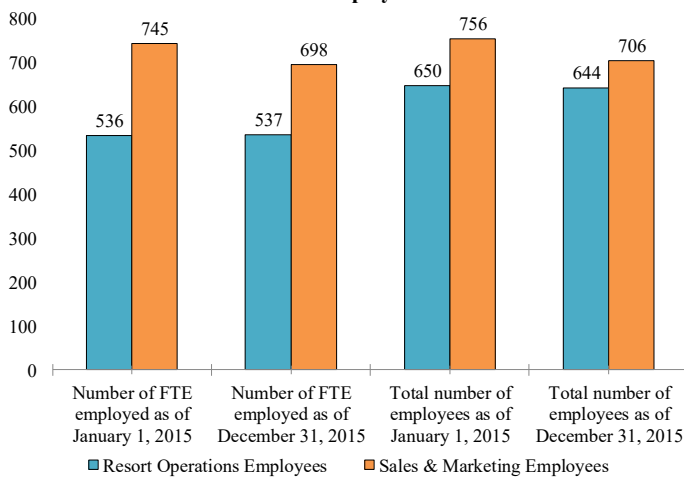
O'ahu Timeshare Occupancy by Quarter



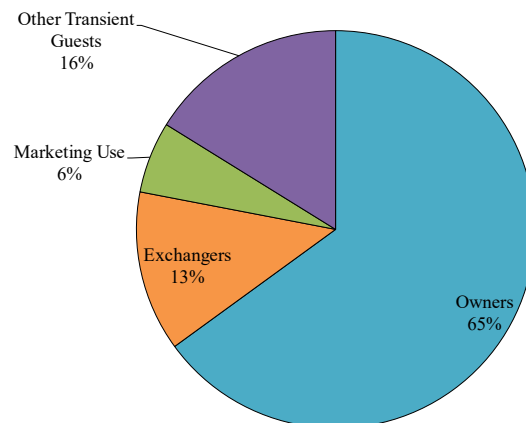
O'ahu Taxes



O'ahu Employment



O'ahu Mix of Occupied Room Nights



## Maui County

Maui County's timeshare properties achieved an average occupancy of 86.0% in 2015, a 6.7 percentage point decrease compared to the prior year. During the same period, Maui's hotel occupancy was 74.5% (+2.0 percentage points).

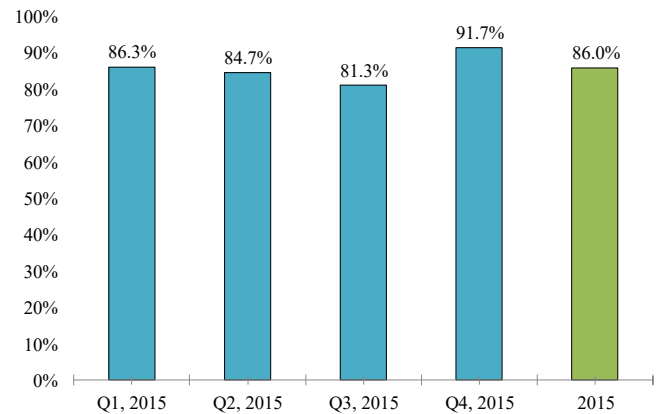
In 2015, owner occupancy accounted for 61.2% of occupied room nights at Maui timeshare resorts, led by a strong first quarter with interval owners representing 67.0% of occupied room nights. An additional 18.5% of occupied room nights were generated by exchange use and marketing use of these room nights contributed 7.1% of all occupied room nights at Maui County's timeshare properties.

Maui timeshare visitors spent an average of 9.3 days on the island, according to HTA data. Timeshare visitors totaled 301,293 arrivals (+5.9%) for the year, second highest among the islands.

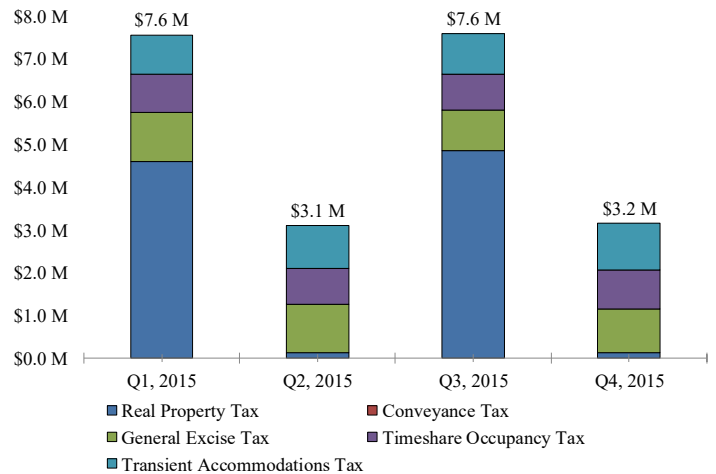
Participating properties in Maui County that provided survey data reported a total of \$21.5 million in state and county taxes in 2015. Property taxes accounted for \$9.7 million of the total, and varied greatly in the quarters due to semi-annual reporting from the majority of responding Maui properties.

Maui properties reported a 4.0 decrease in the total number of resort operations employees as well as a 10.1% decrease in the number of sales and marketing employees during 2015. Properties providing survey data reported total resort operations payroll expense of \$54.0 million during 2015 and another \$39.6 million in sales and marketing payroll expense.

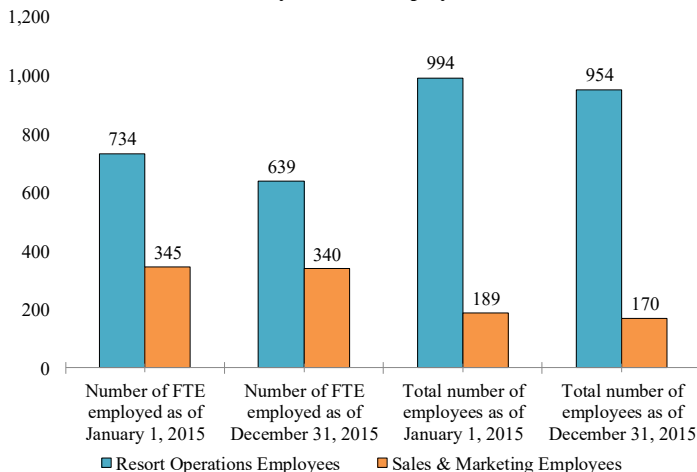
County of Maui Timeshare Occupancy by Quarter



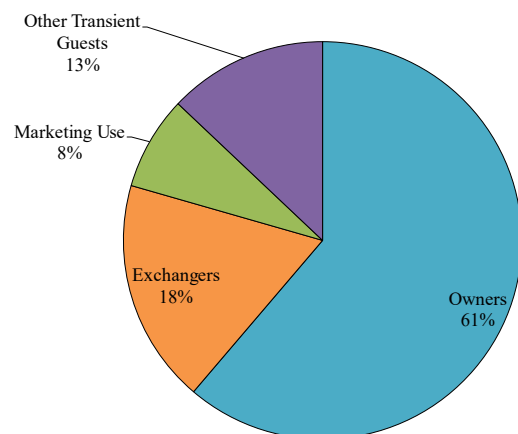
Maui County Taxes



County of Maui Employment



County of Maui Mix of Occupied Room Nights



## Kaua'i

Kaua'i's timeshare properties averaged 83.3% occupancy in 2015, a 6.6 percentage point decrease compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 71.3%.

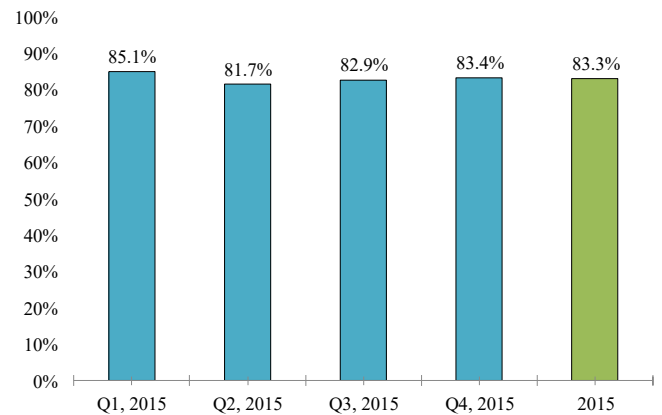
During 2015, owner use represented 56.2% of the occupied room nights at Kaua'i's timeshare resorts. Exchange use contributed 22.0% of occupied room nights on Kaua'i, which was the highest percentage of exchange use among the islands.

Kaua'i's 216,703 timeshare visitors (+0.1%) represented 18.6% of Kaua'i's total visitor arrivals in 2015, giving Kaua'i the highest proportion of timeshare visitors among the islands. Overall, 9.5 of statewide visitor arrivals were timeshare visitors during the year.

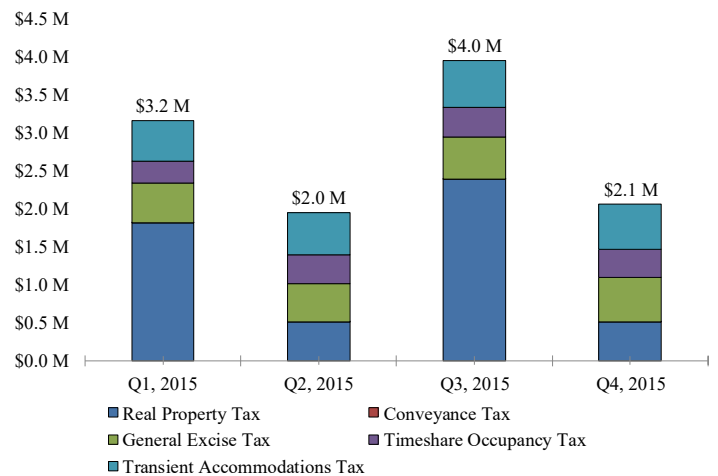
Kaua'i timeshare resorts that provided survey data reported \$11.2 million in taxes for 2015, of which \$5.2 million were real property taxes.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties increased by 2.0% in 2015, while sales and marketing employment decreased by 12.0%. Participating respondents reported total resort operations payroll expense of \$33.9 million for the year, in addition to \$15.1 million in sales and marketing payroll expense.

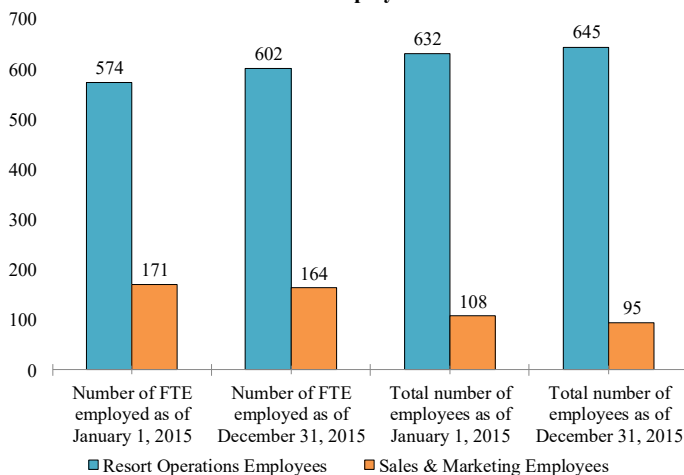
Kaua'i Timeshare Occupancy by Quarter



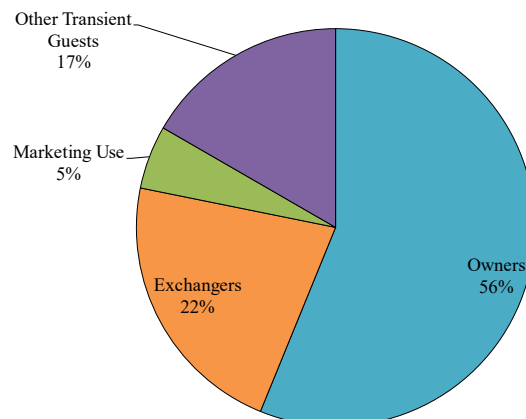
Kaua'i Taxes



Kaua'i Employment



Kaua'i Mix of Occupied Room Nights



## Hawai'i Island

Hawai'i Island timeshare resorts achieved annual occupancy of 83.6% in 2015, a 2.6 percentage point decrease compared to 2014, driven by lower occupancies during the second and third quarter. During the same period, hotel occupancy on Hawai'i Island increased to 65.6%, a 5.3% increase compared to the prior year.

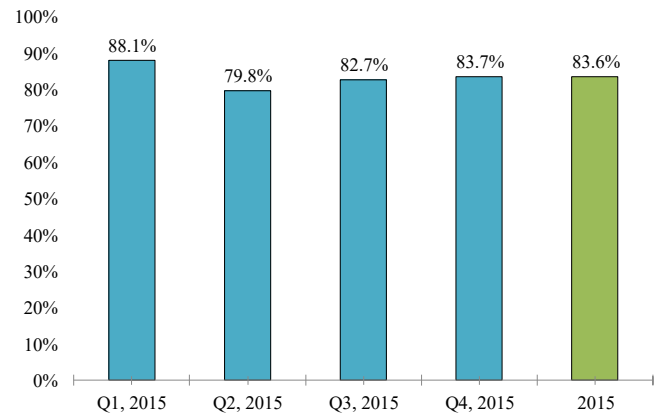
At Hawai'i Island timeshare properties in 2015, owner use accounted for 54.6% of occupied room nights, the lowest percentage of owner use among the islands. Exchangers accounted for 18.8%. For the year, Hawai'i Island reported the highest share of occupied room nights from transient use, 19.1% of room nights.

The average timeshare visitor to Hawai'i Island stayed on the island for 8.5 days, down slightly from the 8.6 day average in 2014.

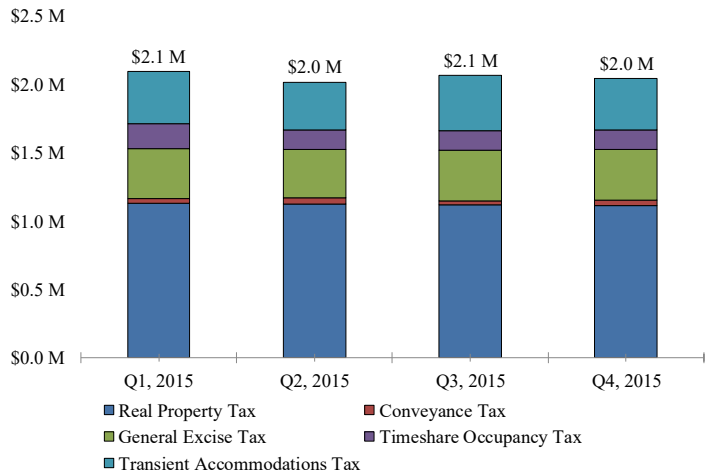
The timeshare properties reporting tax data to the survey report a total of \$8.2 million in state and county taxes for 2015. Real property taxes totaled \$4.5 million for the year.

Hawai'i Island timeshare properties reported a 3.3 decrease in the total number of resort operations employees during 2015, as well as a 2.9% decrease in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total resort operations payroll expense of \$24.4 million for the year and \$24.4 million in sales and marketing payroll expense.

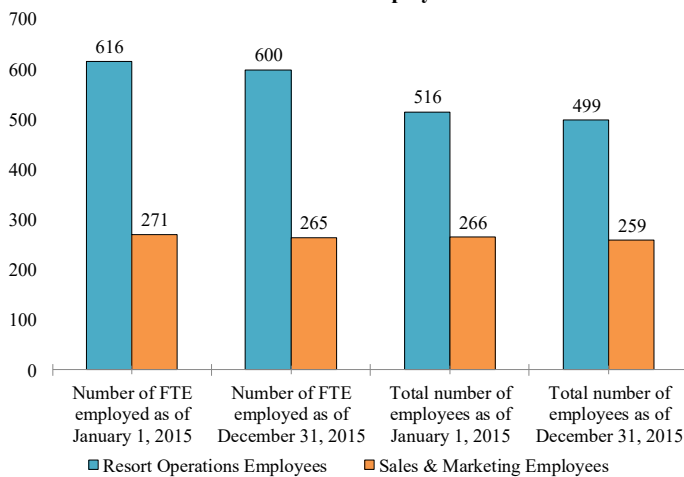
Hawai'i Island Timeshare Occupancy by Quarter



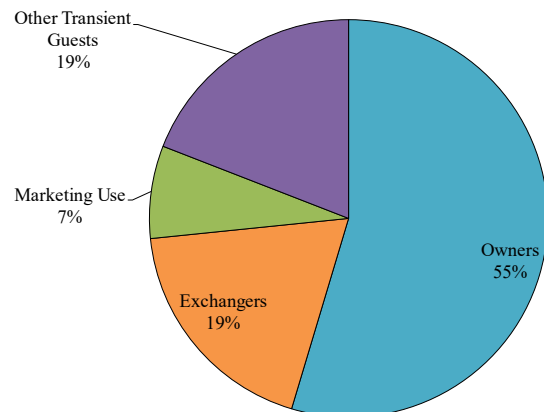
Hawai'i Island Taxes



Hawai'i Island Employment



Hawai'i Island Mix of Occupied Room Nights



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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 71.5 percent of registered timeshare units statewide, which represents 46 properties and 7,161 units.