



Hawai'i Timeshare Quarterly January - March 2020

Statewide Timeshare Performance & Taxes

Hawai'i's timeshare industry achieved an average occupancy rate of 82.3% during the first quarter of 2020, a decrease of 9.5 percentage points compared with the 91.8% occupancy reported for the first quarter of 2019. The traditional hotel and condominium hotel market in the state achieved occupancy of 70.6% during the first quarter of 2020, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA").

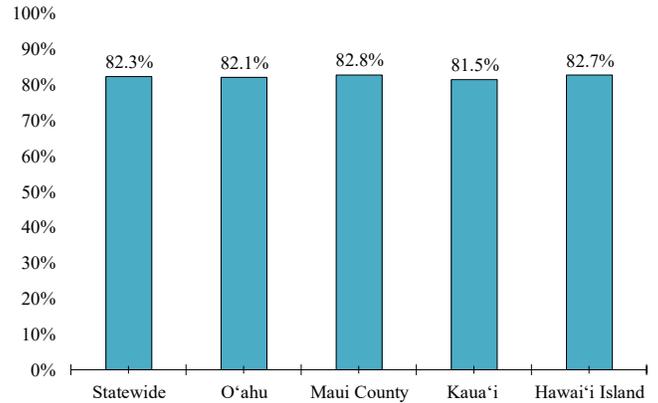
Global air travel slowed dramatically during Q1 due to the COVID-19 pandemic. The air travel slowdown due to the pandemic began to be felt in Hawai'i during March. By March 26 arriving air travelers were subject to a mandatory 14-day quarantine, effectively shutting down Hawai'i tourism.

Owners staying in a timeshare they own represented 62.6% of the occupied room nights at Hawai'i's timeshare resorts during the first quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 16.2% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 11.4% of occupied room nights during the quarter. Marketing use represented 9.8% of occupied room nights.

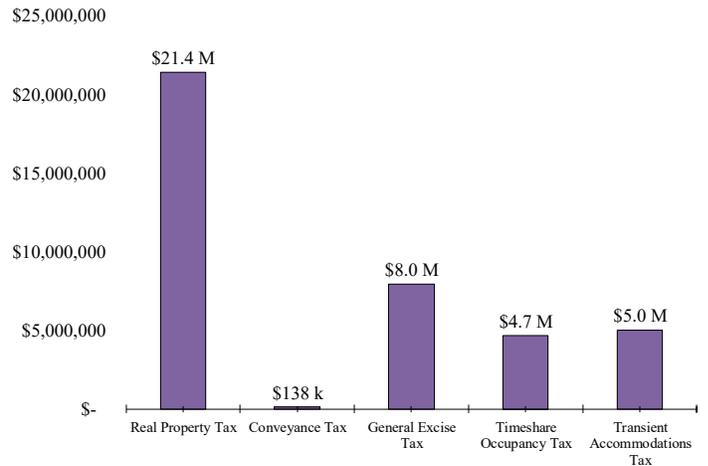
The first quarter 2020 timeshare survey findings, based on data provided by 53 individual timeshare properties, represent 76.0% of Hawai'i's 11,963 timeshare units.

During the first quarter, 159,666 visitors to the state chose to stay at timeshare resort for all or part of their stay, a decrease of 16.7% from the previous year driven by the slowdown in travel precipitated by the COVID-19 pandemic. Of the 159,666 timeshare visitors, 76.3% stayed exclusively in a timeshare resort while visiting Hawai'i. Timeshare visitors represented

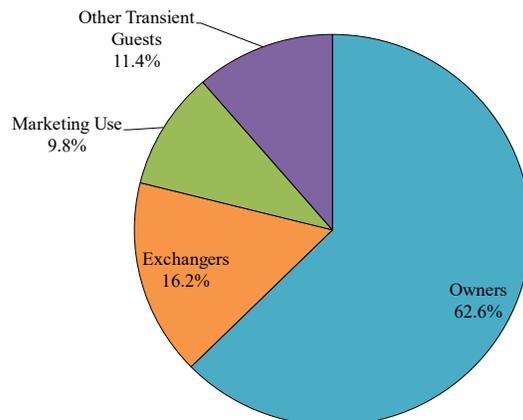
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



7.6% of the Hawai'i visitor market during Q1, as reported by the HTA.

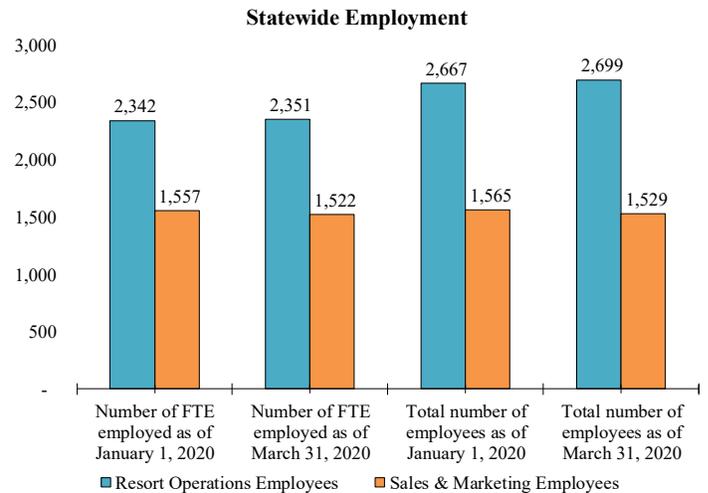
During the first quarter, the average timeshare visitor stayed a total of 11.0 days in the state, up from the 9.5-day average stay during the first quarter of 2019.

Survey participants generated a total of \$39.2 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 accounted for \$21.4 million or 54.6% of the total. Participants reported paying \$8.0 million in General Excise Tax during the quarter, accounting for 20.3% of the total. 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.

Statewide Employment & Payroll

The total number of resort operations employees increased by 1.2% during the quarter, to 2,699. The number of sales and marketing employees decreased by 2.3% to 1,529.

Statewide payroll expenses for timeshare survey participants totaled \$64.1 million during the first quarter of 2020, including \$34.9 million for resort operations employees and \$29.2 million for sales and marketing employees. By the end of March, the pandemic had not yet begun to affect employment at Hawai'i's timeshare resorts in a meaningful way. As resorts temporarily closed following the imposition of the 14-day quarantine requirement, Hawai'i's timeshare resorts retained only skeleton workforces on-site, to maintain and secure the properties. The Q2 Timeshare Report will reflect those employment and payroll changes. These figures reflect payroll expenses of survey respondents that provided payroll expense data.



O'ahu

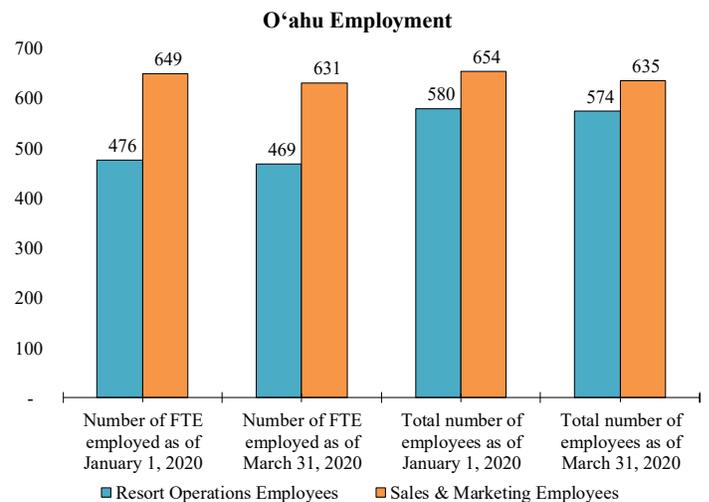
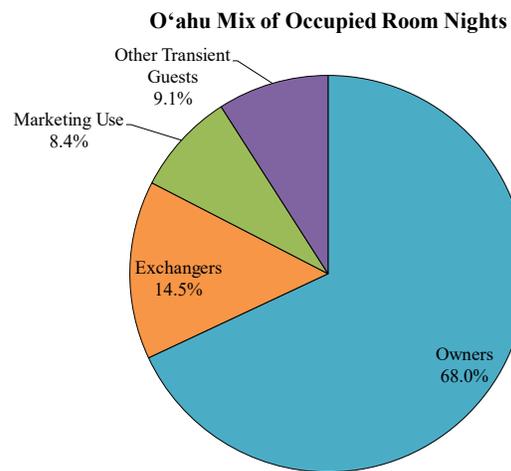
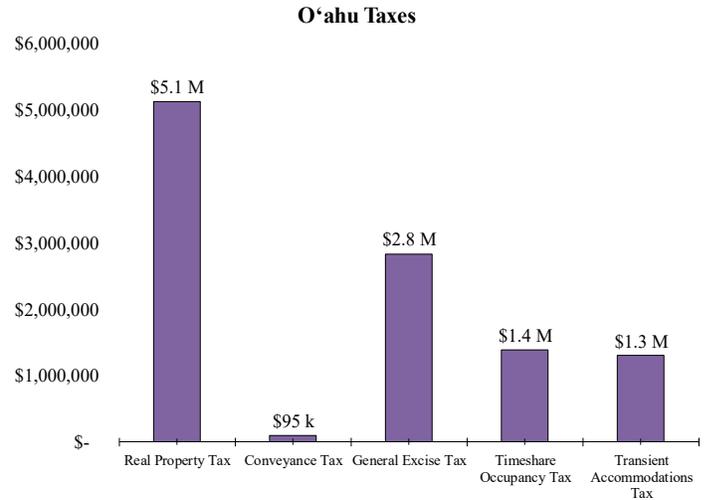
Timeshare resorts on O'ahu averaged 82.1% occupancy during the first quarter of 2020, an 11.7 percentage point decrease compared to the prior year's 93.8% occupancy. During Q1 2020, O'ahu's hotel occupancy averaged 71.9%.

Owner occupied room nights represented 68.0% of total occupied room nights at O'ahu's timeshare resorts during the quarter, the highest share of owner use among the islands. Exchange use accounted for 14.5% of occupied room nights at O'ahu's timeshare resorts, the lowest share among the islands. Marketing use represented 8.4% of occupied room nights on O'ahu during the quarter, while transient use contributed 9.1% of room nights.

O'ahu welcomed the largest number of timeshare visitors among the Hawaiian Islands. During the first quarter, O'ahu received 60,831 timeshare visitors, a decrease of 14.2% from the 70,889 timeshare visitors during Q1 2019. Despite having the greatest number of timeshare visitors, O'ahu's timeshare market represented the lowest share of the overall visitor market among the islands. A total of 5.0% of O'ahu's visitors planned to stay in a timeshare resort during the first quarter, an increase from Q1 2019's 4.8% share.

Participating properties on O'ahu reported a total of \$10.7 million in taxes during the first quarter, including \$5.1 million in real property taxes.

During the quarter, O'ahu timeshare resorts reported a 1.0% decrease in the number of resort operations employees and a 2.9% decrease in sales and marketing employment. Timeshare properties on O'ahu reported employee payroll expense of \$23.9 million during the first quarter of 2020.



Maui County

Maui County's timeshare properties achieved an average occupancy of 82.8% during the first quarter of 2020, down from 95.4% during Q1 2019. Despite reporting the largest occupancy decrease (-12.6% pts), Maui County's timeshare occupancy remained the highest timeshare occupancy rate among the counties. During the same period, Maui's hotel occupancy was 68.2%.

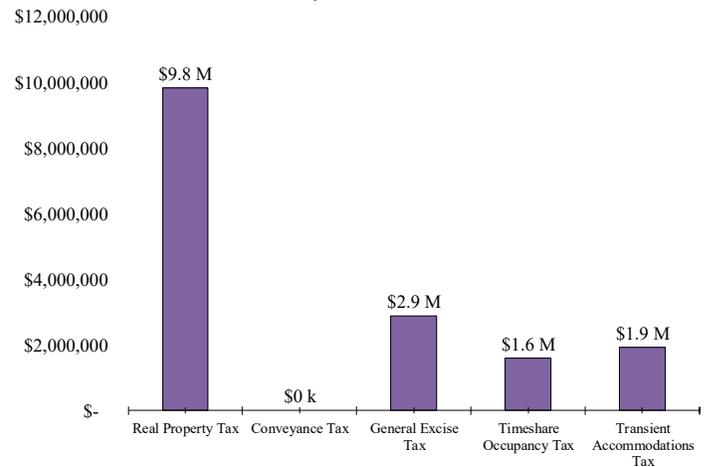
The average Maui County timeshare visitor had a 10.4-day length of stay during the first quarter, the highest among the islands. Maui County welcomed 57,713 timeshare visitors during the first three months of 2020, a 16.9% decrease from the prior year. Timeshare visitors represented 9.4% of Maui County's visitor market during the quarter.

Owner occupancy accounted for 61.3% of occupied room nights at Maui timeshare resorts during the quarter. Exchange use accounted for 16.3% of occupied room nights. Marketing use represented 11.0% of occupied room nights in Maui County timeshares, the highest share among the islands. Transient Guests contributed 11.4% of occupied room nights.

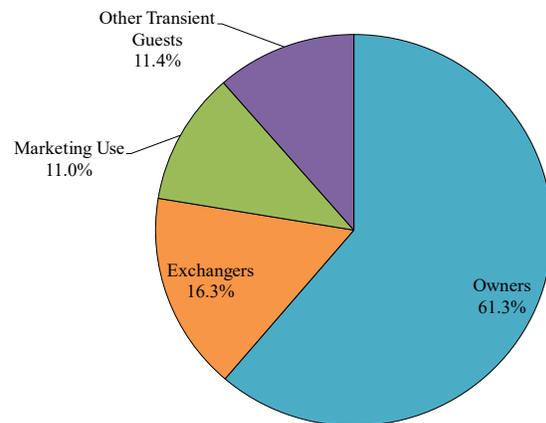
Maui County timeshare properties that provided survey data reported a total of \$16.2 million in state and county taxes during the first quarter. Property taxes accounted for \$9.8 million of the total taxes during the quarter.

In the first quarter, Maui County timeshare properties reported a 3.7% increase in the total number of resort operations employees during the quarter, while the number of sales and marketing employees decreased by 1.1%. Maui timeshare properties providing survey data reported \$15.1 million in total payroll expense during the quarter.

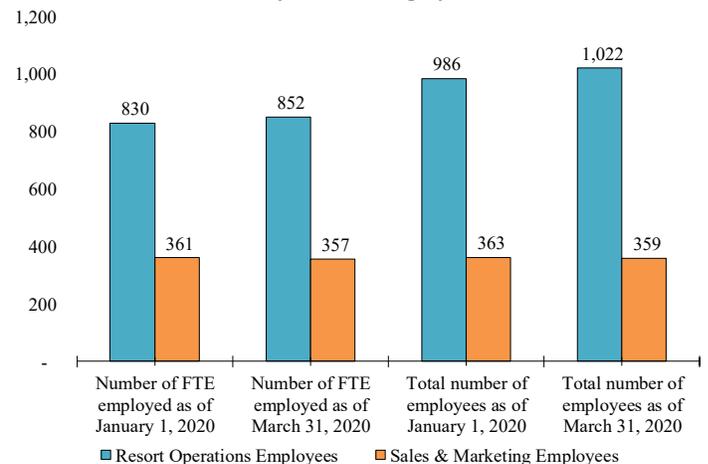
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

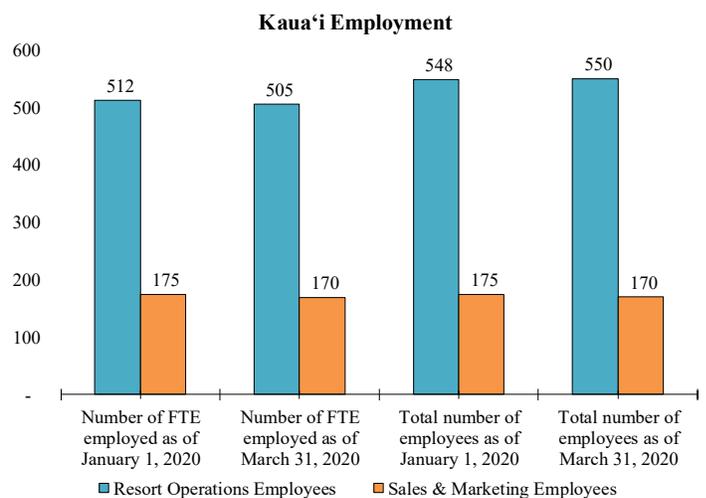
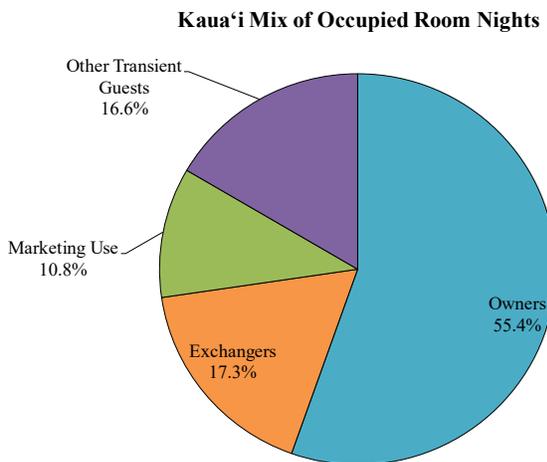
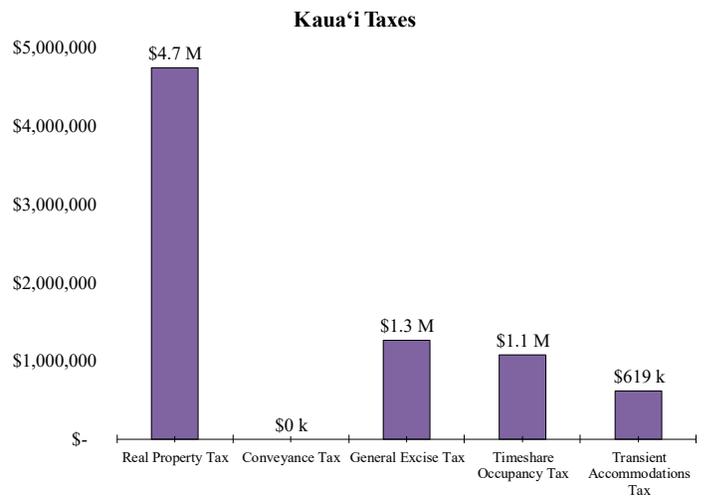
Timeshare resorts on Kaua'i averaged 81.5% occupancy during the first quarter of 2020, the lowest timeshare occupancy among the islands but also the smallest decrease compared to the prior year (-3.6% pts). During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 69.4%.

Kaua'i continued to be the island with the highest proportion of timeshare visitors, with 14.4% of the island's 281,681 visitors choosing to stay in a timeshare resort during the first quarter. For the quarter, Kaua'i welcomed 40,487 timeshare visitors, a 15.3% decrease from 2019. Kaua'i timeshare visitors spent an average of 9.9 days on Kaua'i during Q1, second longest length of stay among the islands.

Owner use represented 55.4% of the occupied room nights during the first three months of 2020, the lowest share of owner use among the islands. Exchange use contributed 17.3% of occupied room nights on Kaua'i, the highest share among the islands. Transient use represented 16.6% of occupied room nights, also the largest share among the islands.

The Kaua'i timeshare resorts that provided survey data reported \$7.7 million in taxes during the first quarter, of which \$4.7 million were property taxes.

Kaua'i timeshare properties reported a modest 0.4% increase in the number of resort operations employees during the quarter and a 2.9% decrease in the number of sales and marketing employees. Participating respondents reported total payroll expense of \$11.2 million during Q1.



Hawai'i Island

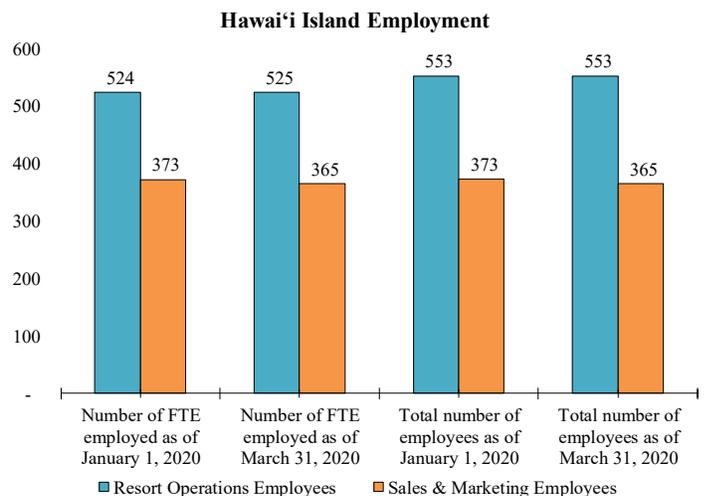
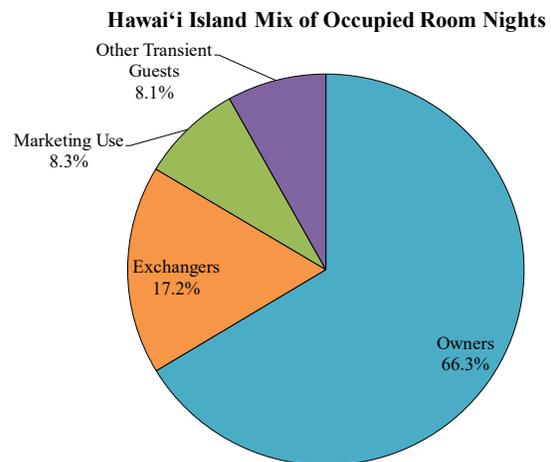
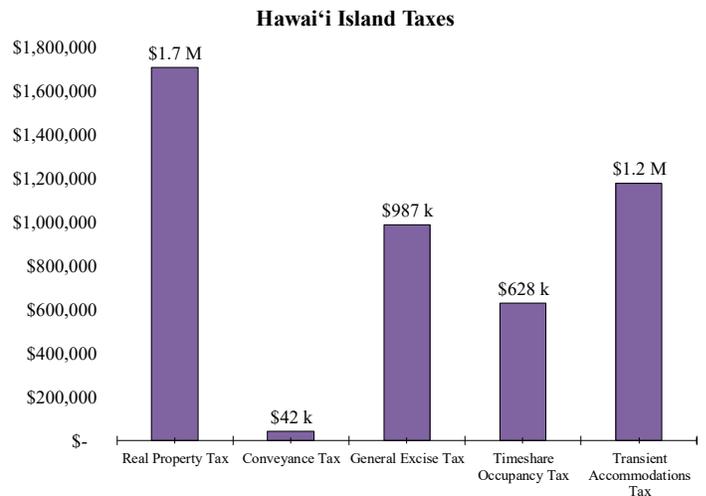
Timeshare resorts on Hawai'i Island reported average occupancy of 82.7% during the first quarter of 2020, an 8.1% pt. decrease compared to the prior year. During the same period, hotel occupancy on Hawai'i Island was 70.4%.

Owner use accounted for 66.3% of occupied room nights at timeshare properties on Hawai'i Island. Exchange use accounted for 17.2% of occupied room nights, slightly lower than Kaua'i's state-leading share of 17.3%. Hawai'i Island reported the lowest shares of occupied room nights from both marketing and transient use during the quarter, at 8.3% and 8.1%, respectively.

Hawai'i Island reported a total of 34,624 timeshare visitors during the first quarter, a 17.8% decrease from the prior year, which was the largest decrease in timeshare visitor arrivals among the islands. Timeshare visitors represented 8.9% of Hawai'i Island visitor arrivals during the quarter, down from a 9.2% share during Q1 2019. The average Hawai'i Island timeshare visitor had a 9.4-day length of stay during the quarter, up from 7.8 days during the prior year.

Hawai'i Island timeshare properties reporting data paid \$4.5 million in state and county taxes during the first quarter. General Excise Tax accounted for the largest share of the taxes, at \$1.7 million.

During the quarter, the total number of resort operations employees was flat, while the number of sales and marketing employees decreased by 2.1%. Timeshare properties on the island providing survey data reported paying a total of \$14.0 million in payroll and benefits.



Hawai'i Tourism Authority

1801 Kalākaua Avenue
Honolulu, Hawai'i 96815

Phone: (808) 973-2255
Fax: (808) 973-2253

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 76.0 percent of registered timeshare units statewide, which represents 53 participating properties and 9,086 units.