



Hawai'i Timeshare Quarterly July – September 2021

Statewide Timeshare Performance & Taxes

The market performance of Hawai'i's timeshare industry continued to recover from the pandemic-induced travel slowdown that started in early 2020, with statewide timeshare occupancy approaching pre-pandemic levels during Q3 2021. The entire visitor industry continued to recover during the quarter, with statewide visitor arrivals during the quarter reaching 79.6% of the level achieved during Q3 2019.

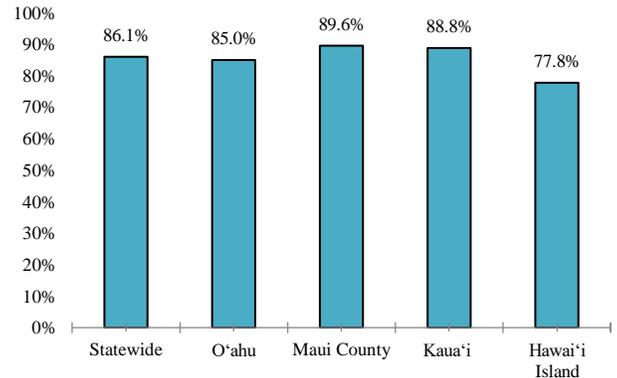
Hawai'i's timeshare industry achieved an occupancy rate of 86.1% during the quarter of 2021, compared with the 10.7% occupancy rate for the same period during 2020, when arriving trans-Pacific travelers were required to quarantine for 14 days. Pre-pandemic, (Q3 2019) Hawai'i's timeshare resorts reported occupancy of 92.1%. The state's supply of timeshare units increased during the quarter, due to the partial opening of Hilton Grand Vacations' Maui Bay Villas project and the ongoing conversion of hotel rooms at the Hilton Waikoloa Resort's Ocean Tower to timeshare use under the Hilton Grand Vacations brand.

Based on Q3 results, Hawai'i's timeshare resorts continue to recover at a faster rate than the state's hotels. The statewide hotel and condominium hotel occupancy averaged 70.5% during the third quarter of 2021, according to STR, Inc. data reported by the Hawai'i Tourism Authority ("HTA"), well below the 82.6% hotel occupancy achieved during Q3 2019.

The mix of occupied room nights continued to differ from the pre-pandemic mix, with more owner use than during the same period in 2019. Owners using their timeshare accounted for 63.6% of occupied room nights in Hawai'i's timeshare resorts during the third quarter of 2021, compared to 56.7% pre-pandemic. Exchangers (timeshare owners who participate in a timeshare exchange program) represented 13.8% of occupied room nights during Q3, down from 15.5% in Q3 2019.

Marketing use represented 7.3% of occupied room nights during Q3, higher than the 7.0% reported for Q2 2021, suggesting that timeshare operators continue

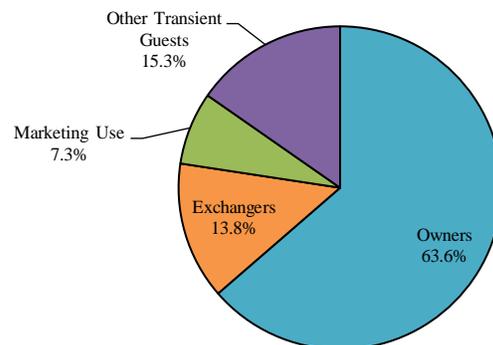
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



to ramp up their sales efforts. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 15.3% of occupied room nights during the quarter, compared to 15.8% pre-pandemic.

The third quarter 2021 timeshare survey findings, based on data provided by 56 individual timeshare properties, represent 82.7% of Hawai'i's 12,207 timeshare units.

According to HTA data, 207,857 visitors to the state chose to stay at timeshare resort for all or part of their stay during the third quarter, equal to 92.0% of Q3 2019 levels, indicating that Hawai'i's timeshare market has substantially recovered from the COVID-19 slowdown.

Timeshare visitors accounted for 9.9% of all visitor arrivals to the state during the third quarter of this year, compared with an 8.5% market share reported during the same period of 2019. The recovery of Hawai'i timeshare market continues to outpace the overall recovery of Hawai'i tourism.

Timeshare visitors had an average length of stay of 9.9 days during the third quarter, longer than the 9.3-day average reported for Q3 2019.

During the third quarter, participating timeshare properties generated a total of \$46.8 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 the largest share of taxes during the quarter, a total of \$26.7 million or 57.1% of the total. General Excise Tax accounted for a \$8.3 million or 17.7% of the total. We note that some respondents chose not to report certain taxes for this survey.

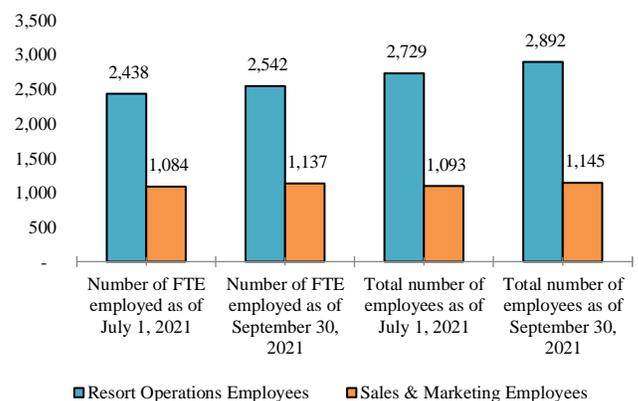
Statewide Employment & Payroll

The number of resort operations employees at the timeshare resorts that provided employment survey data totaled 2,892 at the end of the quarter, a 6.0% increase from the employee count at the beginning of the quarter.

At the end of the quarter, timeshare resorts reported 1,145 sales and marketing employees, a 4.8% increase from the count at the start of the third quarter, consistent with timeshare sales operations ramping up during the quarter.

For the third quarter of 2021, statewide payroll expenses for timeshare survey participants that provided data totaled \$42.5 million, of which resort operations payroll contributed \$22.4 million and sales and marketing payroll \$20.0 million. In comparison, the sales and marketing operations of Hawai'i's timeshare resorts reported total payroll of \$4.0 million during Q3 2020, indicating an increase in timeshare sales efforts in early 2021.

Statewide Employment



O'ahu

In the third quarter of 2021, timeshare resorts on O'ahu averaged 85.0% occupancy, below the pre-pandemic 95.7% occupancy achieved during Q3 2019. During Q3 2021, O'ahu's hotel occupancy averaged 69.1%. O'ahu tourism is lagging in the recovery due to the island's greater reliance on international visitors compared to the Neighbor Islands.

Owner occupied room nights represented 61.9% of total occupied room nights at O'ahu's timeshare resorts during the third quarter, compared with 61.0% of occupied nights pre-pandemic. Exchange use represented 12.1% of occupied room nights at O'ahu timeshare resorts. Other transient guests contributed 19.5% of the occupied room nights at O'ahu timeshare properties, the highest share among the counties. Marketing use contributed 6.5% of occupied room nights.

According to the HTA, O'ahu welcomed 66,930 timeshare visitors during the third quarter, 24.4% below pre-pandemic level. O'ahu's timeshare industry recovery lags the state average, likely due to the continued restrictions on international travel, which affects Waikiki more than the Neighbor Islands. Timeshare visitors represented 6.3% of all visitor arrivals on O'ahu during the third quarter, which was the lowest market share among the islands. The average O'ahu timeshare visitor stayed on O'ahu for 7.3 days during the quarter, compared with 6.3 days during the same period in 2019.

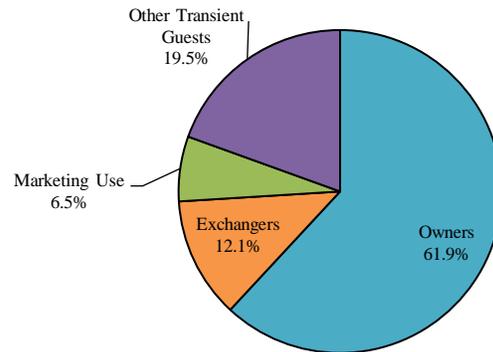
Participating properties on O'ahu reported a total of \$12.4 million in taxes for the third quarter, of which \$6.5 million (52.5%) were real property taxes.

O'ahu timeshare resorts reported a 7.0% increase in the number of resort operations employees during the quarter and a 0.9% increase in sales and marketing employment. The O'ahu timeshare properties reported total employee payroll expense of \$10.5 million for the quarter, of which \$8.2 million was payroll for sales and marketing employees.

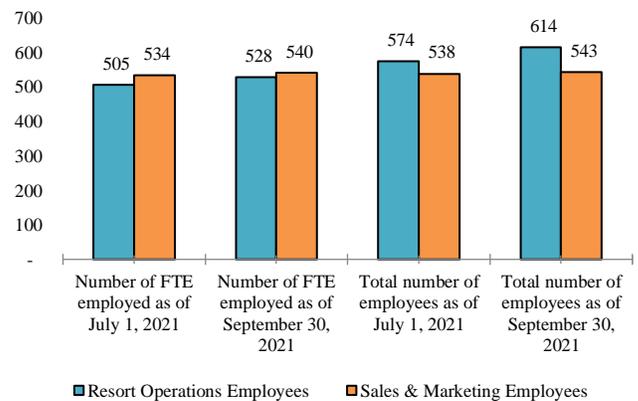
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County's timeshare properties achieved an average occupancy of 89.6% during the third quarter, the highest occupancy rate among the counties and somewhat lower than the 93.7% reported for Q3 2019. During Q3 2021, Maui's hotel occupancy averaged 71.6%.

During the third quarter, owner occupancy accounted for 67.4% of occupied room nights at Maui County timeshare resorts, the highest share among the counties during Q3 and considerably higher than the 54.9% share reported for Q3 2019. Exchange use contributed 10.7% of all occupied room nights at Maui County's timeshare properties during the quarter, lowest among the counties during the quarter. Transient use contributed 12.9% of occupied room nights. Marketing use represented 9.0% of occupied room nights, the highest share among the counties.

Maui County welcomed 80,714 timeshare visitors during the quarter, the highest among the counties during Q3 and just shy of the 82,485 timeshare visitors to Maui County during Q3 2019. Timeshare visitors represented 11.5% of Maui County's visitor arrivals during the quarter, compared with timeshare's 10.2% market share during Q3 2019. Maui timeshare visitors spent an average of 9.0 days in Maui County during the third quarter, slightly longer than the 8.8-day average stay reported for Q3 2019.

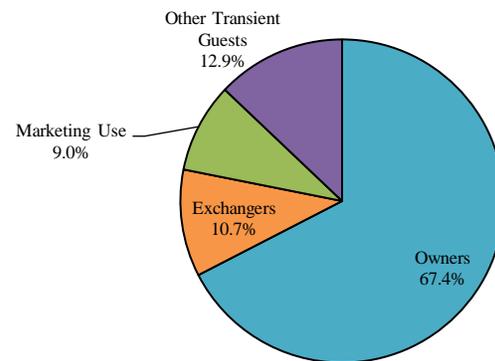
Participating properties in Maui County that provided survey data reported a total of \$21.9M in state and county taxes in the third quarter. Real Property Taxes accounted for \$14.5M or 65.9% of the total.

Maui County timeshare properties reported a 6.6% increase in the total number of resort operations employees, while the number of sales and marketing employees increased by 10.4% during the third quarter of 2021. The opening of HGV's Maui Bay Villas project likely contributed to the employment increases at the county's timeshare resorts. Maui timeshare properties providing survey data reported total payroll expense of \$10.3 million during the quarter.

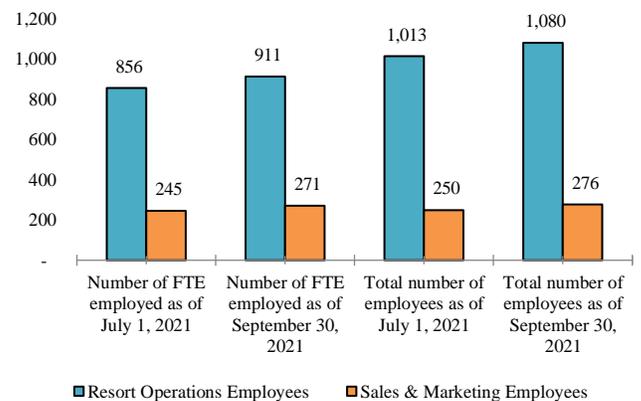
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Kaua'i's timeshare properties averaged 88.8% occupancy during the third quarter, which exceeded the 87.8% occupancy achieved on the Garden Isle during Q3 2019. Since the island rejoined the Safe Travels Hawai'i program in early April, Kaua'i's visitor industry has rebounded quickly.

During Q3 2021, Kaua'i's hotels and condominium hotels reported average occupancy of 75.4%.

During the third quarter of 2021, owner use represented 58.7% of the occupied room nights at Kaua'i's timeshare resorts, the lowest share in the state. Exchange use represented 18.8% of occupied timeshare room nights on Kaua'i, the highest share among the counties. Transient use accounted for 16.1% of occupied room nights during the quarter. Marketing use represented 6.4% of occupied room nights on Kaua'i during Q3, lowest among the counties.

Kaua'i welcomed 53,773 timeshare visitors during the quarter, compared with 55,270 timeshare visitor arrivals the Garden Isle reported during Q3 2019 and consistent with the trend of Neighbor Island timeshare resorts recovering faster than O'ahu properties. Timeshare visitors represented 18.4% of Kaua'i's visitor arrivals during the quarter, the highest share among the counties and well above the 15.5% share Kaua'i's timeshare resorts achieved during Q3 2019. Kaua'i timeshare visitors stayed on the Garden Island for an average of 9.2 days during the quarter, the longest average stay among the counties and a half day longer than the 8.7-day average reported for Q3 2019.

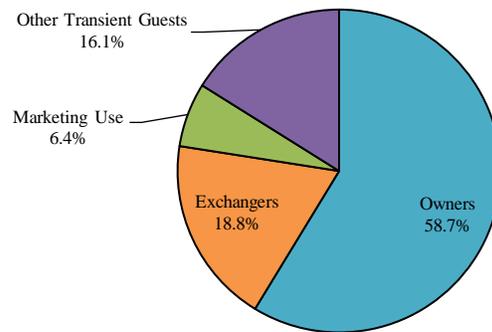
Kaua'i timeshare resorts that provided survey data reported \$7.9 million in taxes during the third quarter. Real Property Tax accounted for \$4.2 or just over half the total.

Among properties reporting data, resort operations employment at Kaua'i's timeshare properties increased by 7.3% during the quarter, while sales and marketing employment increased by 9.8%. Participating respondents reported payroll expense of about \$9.6 million for the quarter, of which \$6.1 million was resort operations payroll.

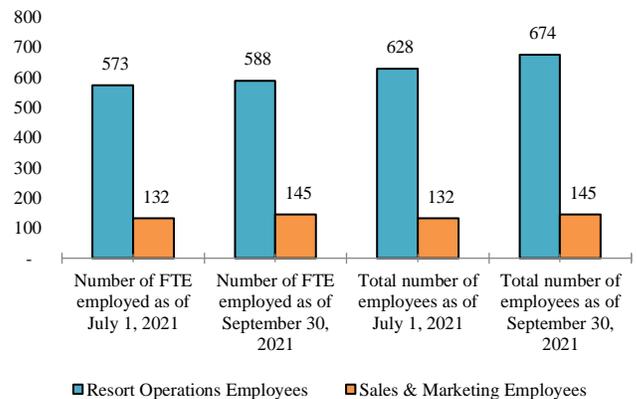
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

Hawai'i Island timeshare resorts achieved occupancy of 77.8% during the third quarter, lowest among the counties and well below the 88.0% timeshare occupancy reported for Q3 2019. Hotel occupancy on Hawai'i Island was 71.7% during the quarter.

Owner use accounted for 66.0% of the occupied room nights at Hawai'i Island timeshare properties during Q3 2021. Exchange use represented 16.0% of occupied room nights during the quarter. Transient use represented 11.5% of occupied room nights, lowest among the counties, while Marketing use represented 6.5% of occupancy.

According to HTA data, Hawai'i Island welcomed 41,043 timeshare visitors during the quarter, compared with 43,696 timeshare visitors to the island during Q3 2019. Timeshare visitors represented 11.7% of Hawai'i Island visitors during the quarter, well above the 9.8% market share during Q3 2019. Timeshare visitors to Hawai'i Island during Q3 had an average length of stay of 8.5 days, an increase from the 7.6-day average reported for Q3 2019.

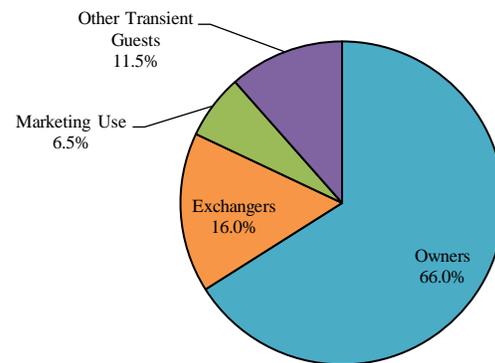
The Hawai'i Island timeshare properties reporting tax data to the survey report a total of \$4.6 million in state and county taxes during the third quarter. Real property taxes contributed the largest share, \$1.5 million or about one third of the total.

Hawai'i Island timeshare properties reported a 1.9 increase in the total number of resort operations employees during the quarter, and a 4.6% increase in the number of sales and marketing employees. Timeshare properties on the island providing survey data reported total payroll expense of \$12.1 million during the quarter, of which \$7.2 million was resort operations payroll.

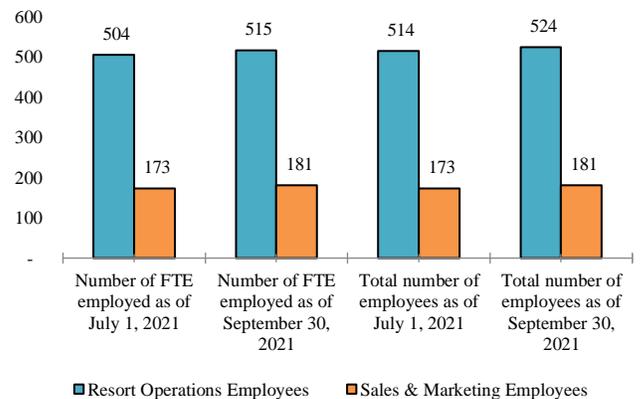
Hawai'i Island Taxes



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 82.7 percent of registered timeshare units statewide, which represents 56 participating properties and 10,094 units.