

Statewide Timeshare Performance & Taxes

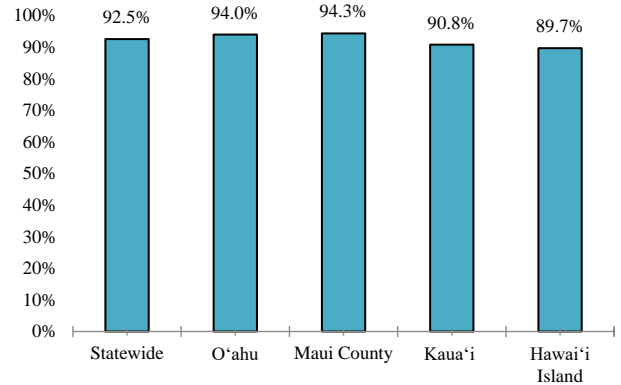
Hawai'i's timeshare industry achieved an average occupancy rate of 92.5% during the second quarter of 2023, an increase of 2.2 percentage points from the 90.3% occupancy reported for the second quarter of 2022. Statewide timeshare occupancy in Q2 also exceeded Q2 2019's ("pre-pandemic") 91.4% occupancy. The statewide recovery of timeshare occupancy was driven by Kaua'i and Hawai'i Island, both of which exceeded pre-pandemic Q2 occupancy levels. O'ahu and Maui County timeshare occupancy narrowly fell short of its pre-pandemic levels during the quarter.

The traditional hotel and condominium hotel market in the state achieved occupancy of 74.4% during the second quarter of 2023 according to STR, Inc. data reported by the State of Hawai'i Department of Business, Economic Development & Tourism ("DBEDT"). Statewide hotel occupancy during Q2 2019 averaged 80.3%, 5.8 percentage points higher than Q2 2023, indicating that, unlike Hawai'i's timeshare resorts, Hawai'i's hotel occupancy has not fully recovered from the COVID-19-induced global travel slowdown.

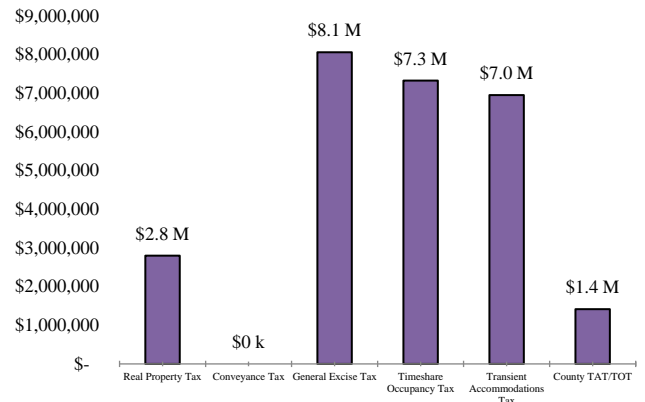
Owners staying in a timeshare they own represented 65.0% of the occupied room nights at Hawai'i's timeshare resorts during the second quarter. Exchangers (timeshare owners staying in a timeshare they do not own via a timeshare exchange program) represented another 16.7% of the occupied room nights. Transient rental, which includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 10.8% of occupied room nights during the quarter. Marketing use represented 7.5% of occupied room nights. Compared to pre-pandemic, there was more owner use during Q2 2023 (65.0% vs. 55.7%) but less transient rental use (10.8% vs. 19.1%).

The second quarter 2023 timeshare survey findings, which is based on data provided by 54 individual timeshare properties, represent 80.0% of Hawai'i's 12,207 timeshare units.

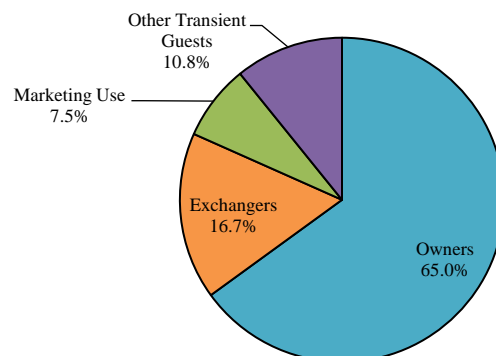
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights



According to DBEDT data, 221,719 visitors to the state chose to stay at timeshare resort for all or part of their stay during the second quarter, a 4.4% increase from Q2 2022 timeshare arrivals. Statewide timeshare arrivals during the quarter were only 1.4% below Q2 2019 levels, indicating that the state’s timeshare market has almost completely recovered from the COVID-19 travel slowdown.

In Q2 2023, about four in five timeshare visitors statewide (81.5%) stayed exclusively in a timeshare resort during their Hawai'i vacation, an increase from the pre-pandemic share of 79.0%.

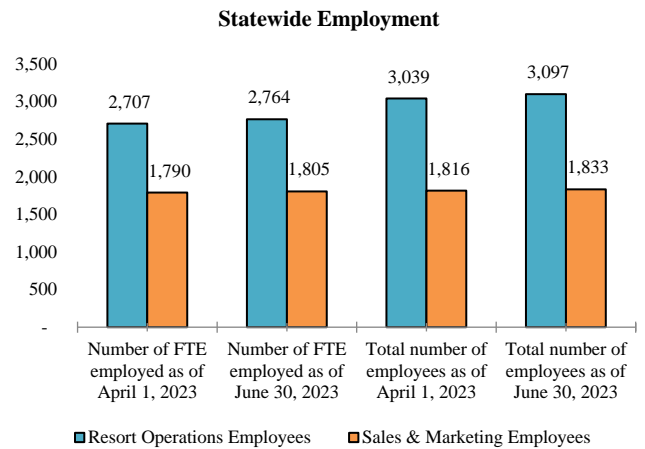
During the second quarter of 2023, timeshare visitors represented 8.9% of Hawai'i statewide visitor arrivals compared to an 8.6% share during Q2 2019. Hawai'i's timeshare industry has recovered from the COVID-19 travel slowdown faster than other accommodation types in the state. During the second quarter, the average timeshare visitor stayed in the state for a total of 9.6 days, half a day shorter than the 10.1-day average stay during the second quarter of 2019.

Survey participants reported a total of \$26.5 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax (“TOT”), state transient accommodations tax (“TAT”), county transient accommodations tax and timeshare occupancy tax (“CTAT”), and conveyance tax. Participants reported paying general excise tax totaling \$8.1 million, followed by \$7.3 million in TOT and \$7.0 million in TAT during the quarter. Real property taxes were reported at \$2.8 million during the quarter. We note that a number of properties, including several larger resorts, did not provide property tax data for the quarter.

Statewide Employment & Payroll

The total number of resort operations employees increased by 1.9% during the quarter to 3,097. The number of sales and marketing employees increased by 0.9% to 1,833.

Statewide payroll expenses for timeshare survey participants totaled \$63.9 million during the second quarter of 2023, including \$21.0 million for resort operations employees and \$42.9 million for sales and marketing employees.



O'ahu

Timeshare resorts on O'ahu achieved 94.0% occupancy during the second quarter of 2023, the second highest timeshare occupancy among the counties during the quarter and a 3.1 percentage point increase from Q2 2022. O'ahu's Q2 2023 timeshare occupancy trailed the 94.8% occupancy reported for Q2 2019 by 0.8 percentage points. During Q2 2023, O'ahu's hotel occupancy averaged 79.9%.

O'ahu's post-COVID recovery has lagged the Neighbor Islands due to the slower recovery of the Japanese visitor market. Historically, international visitors have represented a larger share of O'ahu's visitor market mix than the Neighbor Islands.

Owner use represented 63.6% of total occupied room nights at O'ahu's timeshare resorts during the quarter. Transient use represented 20.6% of occupied room nights during the quarter, the highest among the counties. Exchange use accounted for 10.1% of occupied room nights at O'ahu's timeshare resorts, while marketing use represented 5.7% of occupied room nights on O'ahu during the quarter. Compared to Q2 2019, O'ahu's timeshare occupancy during Q2 2023 was comprised of less owner, exchange and marketing use but more transient use. This was likely due to the slow recovery of the Japanese visitor market. With fewer Japanese timeshare owners staying in their timeshare, timeshare operators had more inventory to rent as transient use.

O'ahu welcomed 78,578 timeshare visitors during the quarter, a 10.1% increase from Q2 2022's 71,363 but 8.4% below the pre-pandemic Q2 arrival count of 85,766. While O'ahu experienced the largest year-over-year increase among the counties, O'ahu's Q2 2023 timeshare arrivals were 8.4% below pre-pandemic, placing O'ahu last among the counties in terms of timeshare visitor arrival recovery. During Q2, 73.5% of O'ahu timeshare visitors stayed exclusively in a timeshare resort during their visit, the lowest share among the counties.

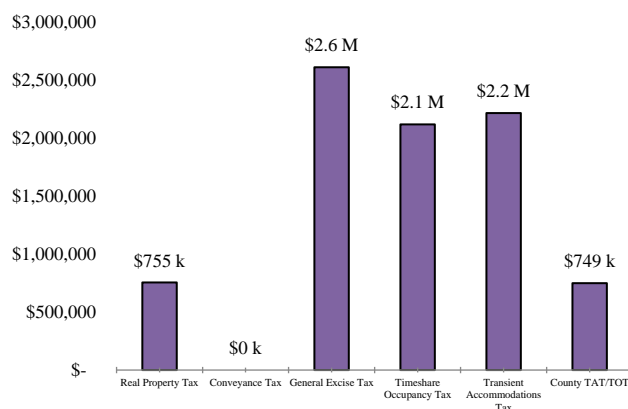
O'ahu's lagging recovery in timeshare visitor arrivals was due to the slow recovery of the Japanese visitor market, where O'ahu traditionally attracts a larger share of Japanese visitors than the Neighbor Islands. Through June, Japanese visitor arrivals on O'ahu were down 70.8% compared with 2019.

A total of 5.6% of O'ahu's visitors planned to stay in a timeshare resort during the second quarter, by far the lowest share among the counties. The average O'ahu timeshare visitor spent 7.2 days on the island, the shortest length of stay among the counties.

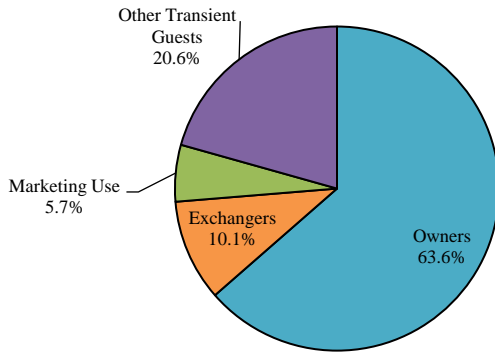
Participating properties on O'ahu reported a total of \$8.4 million in taxes during the second quarter, including \$2.6 million in general excise tax and \$2.2 million in TAT.

During the quarter, O'ahu timeshare resorts reported a 1.8% decrease in the number of resort operations employees and a 0.6% increase in sales and marketing employees. Timeshare properties on O'ahu reported employee payroll expense of \$17.1 million during the second quarter of 2023, of which sales and marketing payroll accounted for \$14.9 million.

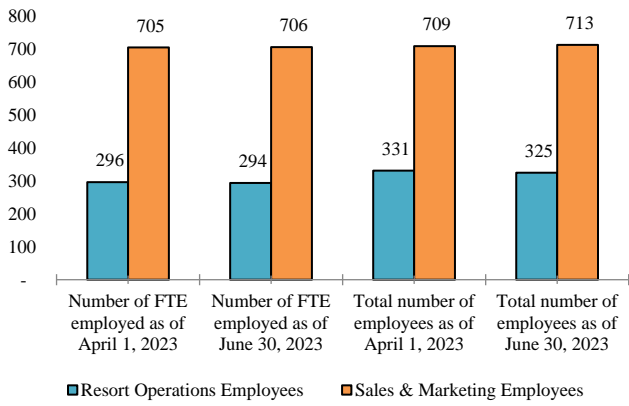
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

Maui County’s timeshare properties achieved an average occupancy of 94.3% during the second quarter of 2023, the highest timeshare occupancy among the counties and a 6.4 percentage point increase from Q2 2022’s 87.9% timeshare occupancy. While Maui County’s timeshare resorts achieved the highest occupancy and greatest year-over-year occupancy growth during the quarter, the 94.3% occupancy was 0.6 percentage points below the pre-pandemic 94.9% occupancy. During the second quarter of 2023, Maui’s hotel occupancy averaged 65.3%, well below the pre-pandemic hotel occupancy of 78.6%.

Maui County welcomed 84,516 timeshare visitors during Q2 2023, the greatest number of timeshare visitors among the counties and an increase of 1.3% from the prior year. Maui timeshare visitor arrivals during the quarter exceeded the pre-pandemic level achieved during the second quarter of 2019 by 2.7%. Maui and Hawai'i Island were the only counties to exceed pre-pandemic timeshare visitor arrivals during the quarter. Additional timeshare supply on Maui and Hawai'i Island likely contributed to the counties' growth in timeshare visitor arrivals, with Hilton Grand Vacations' Maui Bay Villas having opened during late 2022 and Hilton Grand Vacations– increasing their timeshare inventory in Waikoloa via ongoing conversion of the Ocean Tower of the Hilton Waikoloa Village from hotel to timeshare use.

The average Maui County timeshare visitor had an 8.7-day length of stay during the second quarter, the highest among the counties but shorter than the 9.5-day average reported for the same period in 2019. Timeshare visitors represented 10.9% of Maui County’s visitor market during the quarter compared to the 10.2% share during Q2 2019, again, reflecting the faster recovery of timeshare compared to other accommodation types. Maui County had the highest share of timeshare-only visitors among the counties, with 79.6% of the county’s timeshare visitors staying exclusively in a timeshare resort.

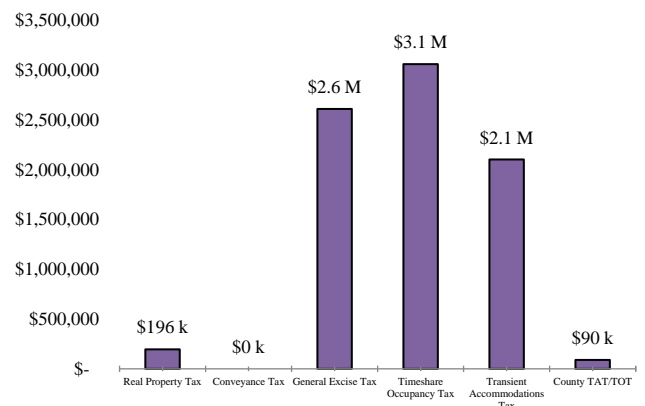
Owner occupancy accounted for 78.2% of occupied room nights at Maui timeshare resorts during the quarter, the highest share among the counties. Transient guests contributed 6.4% of occupied room nights, the lowest among the counties during the quarter.

Marketing use represented 9.8% of occupied room nights in Maui County timeshares, the highest share among the counties. Exchange use accounted for 5.7% of occupied room nights during the quarter, the lowest share among the counties.

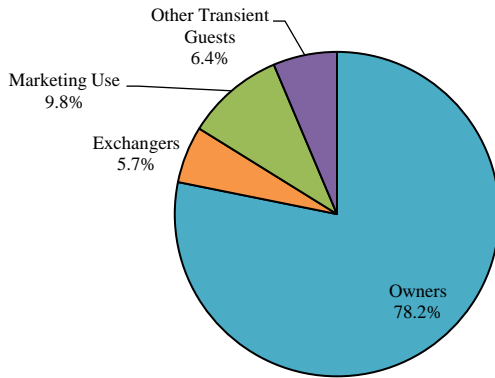
Maui County timeshare properties that provided survey data reported a total of \$8.1 million in state and county taxes during the second quarter. Properties reported collecting TOT of \$3.1 million or 38.0% of total tax collections, the highest share of TOT among the counties. TOT is the tax paid by timeshare owners staying in their timeshare so the high share of TOT for Maui County timeshare reflects the high share of owner use during the quarter.

In the second quarter, Maui County timeshare properties reported 2.1% increases in both the total number of resort operations employees and sales and marketing employees. Maui timeshare properties providing survey data reported \$17.8 million in total payroll expense during the quarter, of which sales and marketing employee payroll accounted for \$13.8 million.

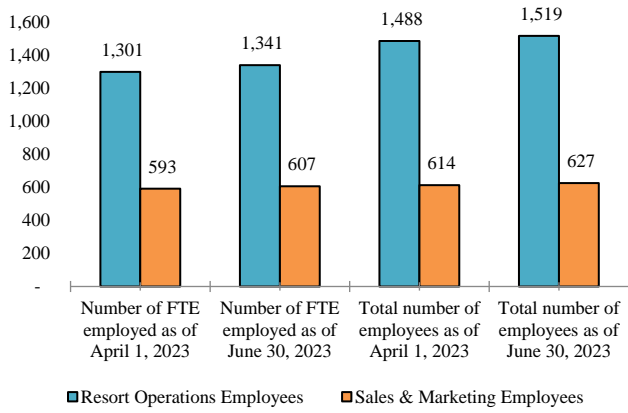
County of Maui Taxes



County of Maui Mix of Occupied Room Nights



County of Maui Employment



Kaua'i

Timeshare resorts on Kaua'i averaged 90.8% occupancy during the second quarter of 2023, a 2.5 percentage point decrease compared to the prior year. Despite the year-over-year decrease, occupancy at Kaua'i's timeshare resorts exceeded the pre-pandemic occupancy by 5.2 percentage points. Kaua'i's hotels and condominium hotels reported average occupancy of 74.8% during the quarter, compared with pre-pandemic hotel occupancy of 70.7%.

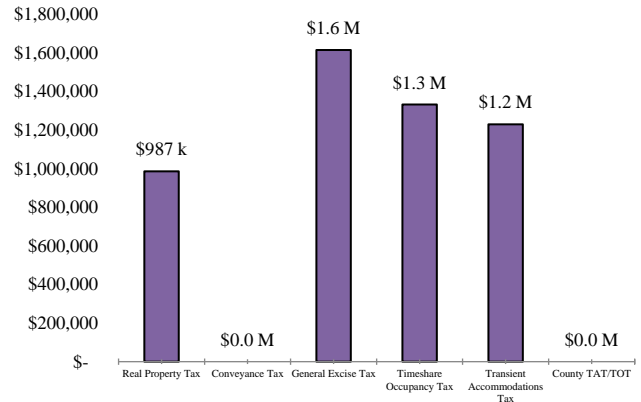
Kaua'i continued to be the island welcoming the highest proportion of timeshare visitors with 15.2% of the island's visitors choosing to stay in a timeshare resort during the quarter, slightly lower than the pre-pandemic share of 15.9%. For the quarter, Kaua'i welcomed 55,338 timeshare visitors, a 1.1% increase from Q2 2022's 54,739 timeshare visitors but 1.5% below the pre-pandemic count of 56,153 arrivals. Kaua'i timeshare visitors spent an average of 8.6 days on Kaua'i during Q2 compared with the pre-pandemic average of 9.5 days.

Owner use represented 58.6% of occupied room nights during the second quarter. Exchange use contributed 28.2% of occupied timeshare room nights on Kaua'i. Transient use represented 8.8% of occupied room nights during Q2 while marketing use represented 4.4% of room nights, the lowest among the counties.

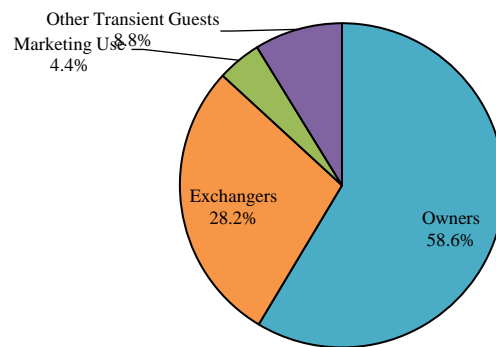
The Kaua'i timeshare resorts that provided survey data reported \$5.2 million in taxes during the second quarter, with the largest contributor being GET at \$1.6 million.

Kaua'i timeshare properties reported the total number of resort operations employees increased 2.0% while the number of sales and marketing employees decreased by 1.7%. Participating respondents reported total payroll expense of \$14.0 million during Q2, evenly split between resort operations and sales and marketing payroll.

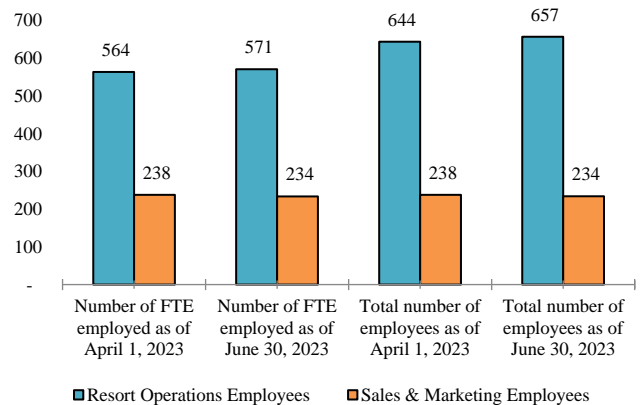
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

Timeshare resorts on Hawai'i Island reported average occupancy of 89.7% during the second quarter, the lowest timeshare occupancy among the counties and a decrease of 0.9 percentage points compared with the prior year's 90.6% occupancy. Despite the year-over-year decrease, the 89.7% timeshare occupancy exceeded the pre-pandemic occupancy of 86.4% by 3.3 percentage points. During the same period, hotel occupancy on Hawai'i Island was 68.7%, well below the pre-pandemic mark of 74.9% occupancy.

Owner use accounted for 49.6% of occupied room nights at timeshare properties on Hawai'i Island during the quarter, the lowest share among the counties. Exchange use accounted for 32.1% of occupied room nights, the highest among the counties during the quarter. Transient use contributed 9.2% of occupied room nights. Marketing use represented 9.1% of occupied room nights on Hawai'i Island.

Hawai'i Island reported a total of 43,800 timeshare visitors during the second quarter, 1.6% higher than Q2 2022 and 1.2% higher than Q2 2019's 43,297 timeshare visitor arrivals. Timeshare visitors represented 10.1% of Hawai'i Island visitor arrivals during the quarter, slightly higher than the pre-pandemic share of 10.0%. The average Hawai'i Island timeshare visitor had an 8.0-day length of stay during the quarter, lower than the 8.9-day average reported for Q2 2019.

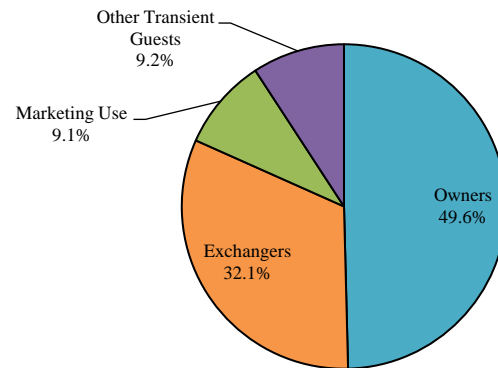
Hawai'i Island timeshare properties reporting data paid \$4.9 million in state and county taxes during the second quarter. Transient Accommodation Tax accounted for the largest share of the taxes at \$1.4 million.

Timeshare resorts on Hawai'i Island reported a 3.5% increase in the number of resort operations employees and a 1.6% increase in the number of sales and marketing employees during the quarter. Timeshare properties on the island providing survey data reported paying a total of \$15.0 million in payroll and benefits, of which resort operations payroll represented \$7.8 million.

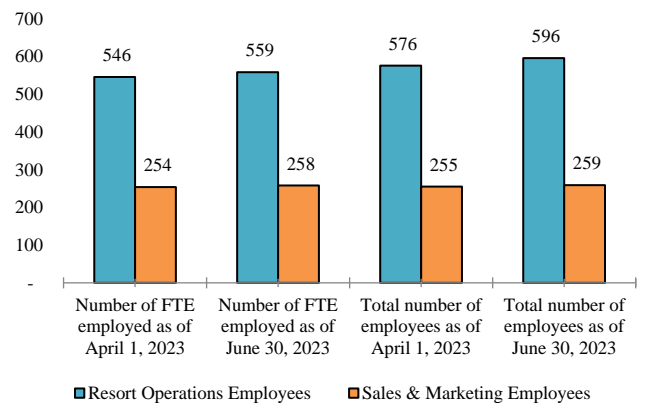
Hawai'i Island Taxes



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 State of Hawai'i Department of Business, Economic Development & Tourism 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 DBEDT's monthly visitor statistics. While this survey is based on actual operating data, accommodation choice data reported by DBEDT 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, DBEDT does not report the number of nights spent at each accommodation type.

Survey Participation

Participation rates in the statewide timeshare survey was 80.0 percent of registered timeshare units statewide, which represents 54 participating properties and 9,761 units.