



Hawai'i Timeshare Quarterly January - March 2019

Statewide Timeshare Performance & Taxes

Hawai'i's timeshare industry achieved an average occupancy rate of 91.8% during the first quarter of 2019, a decrease of 2.0 percentage points compared with the first quarter of 2018. The traditional hotel and condominium hotel market in the state achieved occupancy of 80.8% during the first quarter of 2019, according to STR, Inc, data reported by the Hawai'i Tourism Authority ("HTA").

Owners staying in a timeshare they own represented 59.8% 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 16.1% of the occupied room nights. Transient rental, which also includes rental to owners and exchangers beyond their allotted timeshare stay, accounted for 14.3% of occupied room nights during the quarter. Marketing use represented 9.8% of occupied room nights.

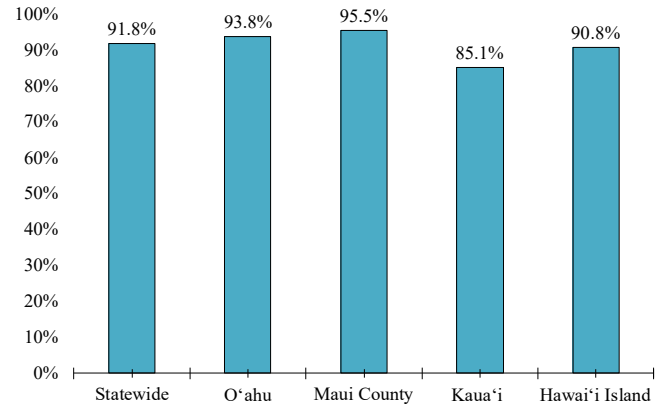
The first quarter 2019 timeshare survey findings, based on data provided by 50 individual timeshare properties, represent 74.1% of Hawai'i's 11,963 timeshare units.

During the first quarter, 192,463 visitors to the state chose to stay at timeshare resort for all or part of their stay, an increase of 0.2% from the previous year. Of the 192,463 timeshare visitors, 78.0% stayed exclusively in a timeshare resort while visiting Hawai'i. Timeshare visitors represented 7.7% of the Hawai'i visitor market during Q1, as reported by the HTA.

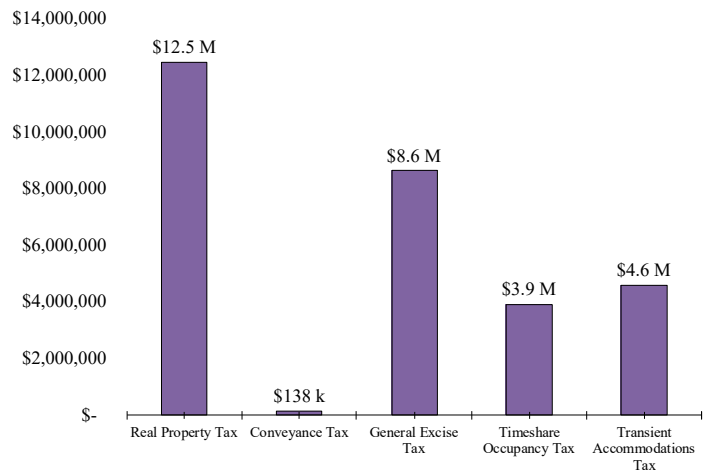
During the first quarter, the average timeshare visitor stayed a total of 11.0 days in the state, down slightly from the 11.1-day average stay during the first quarter of 2018.

Survey participants generated a total of \$29.8 million in state and county taxes, including real property tax, general excise tax, timeshare occupancy tax ("TOT"),

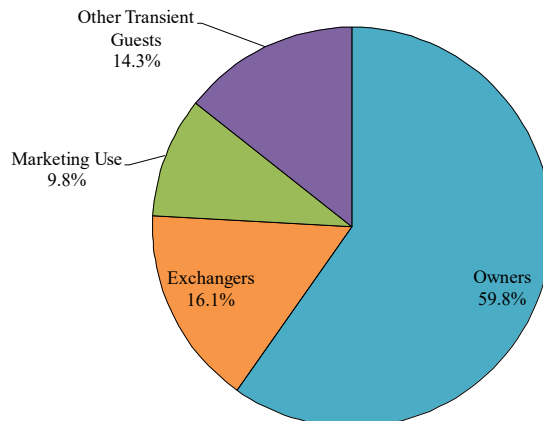
Timeshare Occupancy by Island



Mix of Taxes Paid Statewide



Statewide Mix of Occupied Room Nights

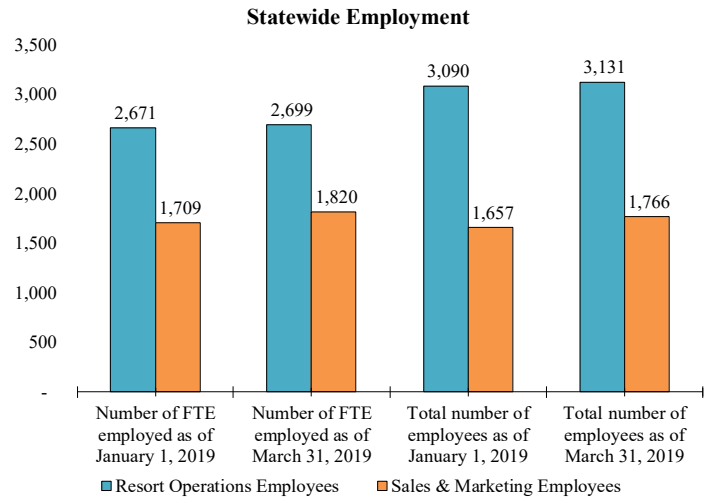


transient accommodations tax (“TAT”) and conveyance tax. Real property taxes accounted for \$12.5 million or 41.9% of the total. Participants reported paying \$8.6 million in General Excise Tax during the quarter, accounting for 29.0% of the total. We note that not all properties reported taxes for the 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 1.3% during the quarter, to 3,131. The number of sales and marketing employees increased by 6.6% to 1,766.

Statewide payroll expenses for timeshare survey participants totaled \$69.4 million during the first quarter of 2019, including \$33.1 million for resort operations employees and \$36.3 million for sales and marketing employees. These figures reflect payroll expenses of survey respondents that provided payroll expense data.



O'ahu

Timeshare resorts on O'ahu averaged 93.8% occupancy during the first quarter of 2019, a 1.0 percentage point increase compared to the prior year. During the same period, O'ahu's hotel occupancy averaged 83.0%.

Owner occupied room nights represented 64.8% 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 11.8% of occupied room nights at O'ahu's timeshare resorts, the lowest share among the islands. Marketing use represented 9.6% of occupied room nights on O'ahu during the quarter, the highest share among the islands.

O'ahu welcomed the largest number of timeshare visitors among the Hawaiian Islands. During the first quarter, O'ahu received 71,716 timeshare visitors, a decrease of 4.8% from the 75,319 timeshare visitors during Q1 2018. 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 4.8% of O'ahu's visitors planned to stay in a timeshare resort during the first quarter, a decrease from Q1 2018's 5.3% share.

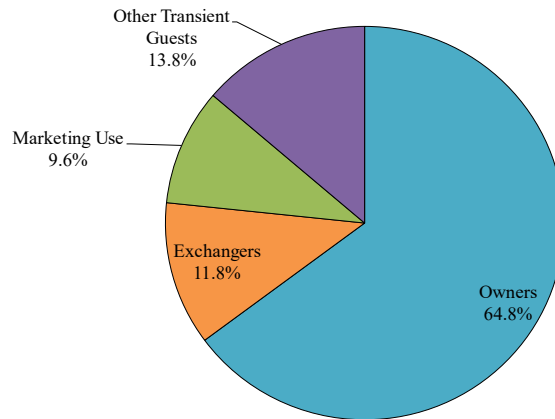
Participating properties on O'ahu reported a total of \$11.2 million in taxes during the first quarter, including \$4.5 million in real property taxes.

During the quarter, O'ahu timeshare resorts reported a 1.3% increase in the number of resort operations employees and a 9.1% increase in sales and marketing employment. Timeshare properties on O'ahu reported employee payroll expense of \$24.6 million during the first quarter of 2019.

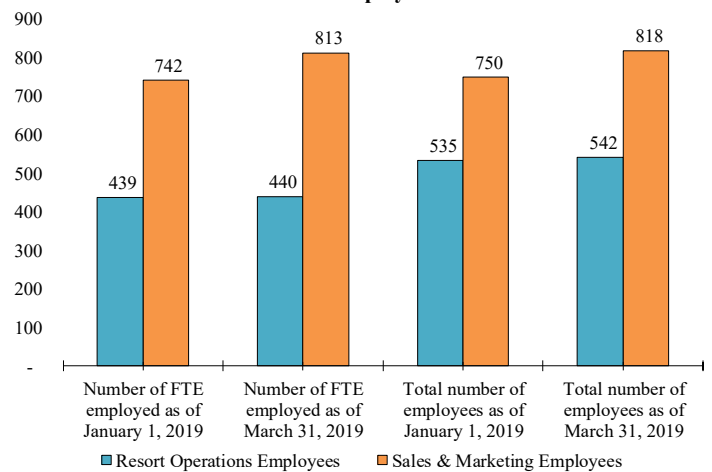
O'ahu Taxes



O'ahu Mix of Occupied Room Nights



O'ahu Employment



Maui County

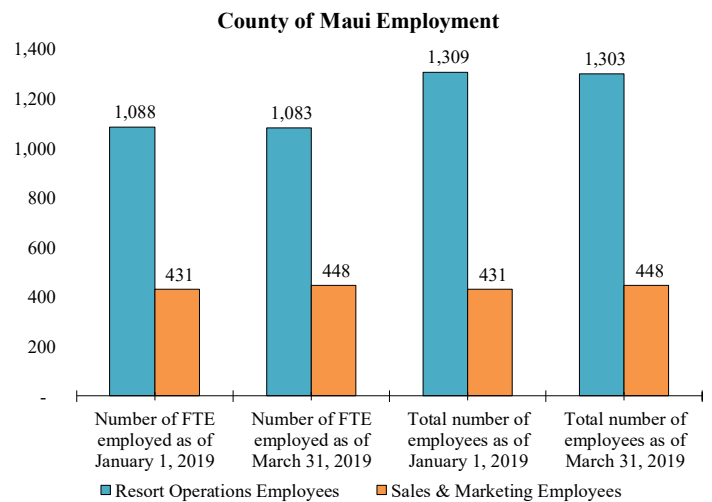
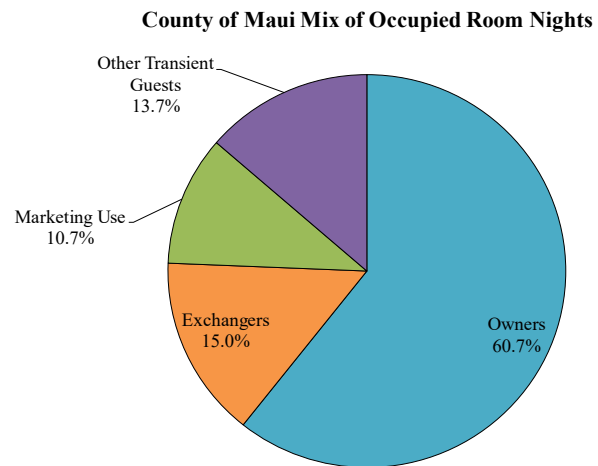
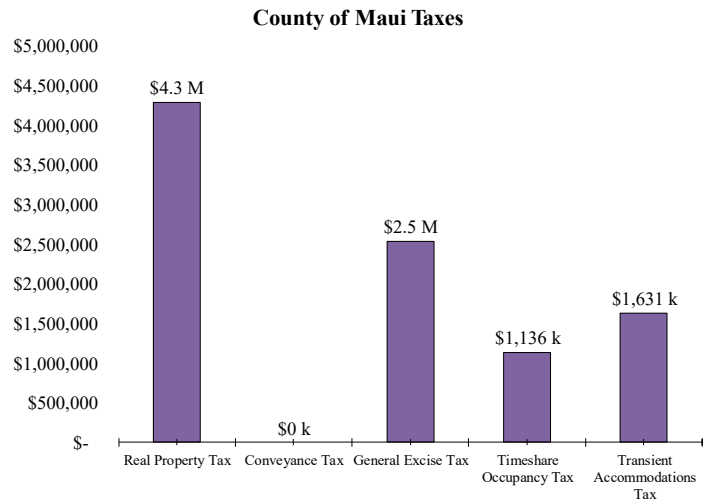
Maui County's timeshare properties achieved an average occupancy of 95.5% during the first quarter of 2019, a 0.1 percentage point decrease compared to Q1 2018 but remained the highest timeshare occupancy rate among the counties. During the same period, Maui's hotel occupancy was 78.6%.

The average Maui County timeshare visitor had a 10.2-day length of stay during the first quarter, the highest among the islands. Maui County welcomed 69,462 timeshare visitors during the first three months of 2019, a 0.8% decrease from the prior year. Timeshare visitors represented 9.4% of Maui County's visitor market during the quarter.

Owner occupancy accounted for 60.7 % of occupied room nights at Maui timeshare resorts during the quarter. Exchange use accounted for 15.0% of occupied room nights, the highest share among the counties. Marketing use represented 10.7% of occupied room nights in Maui County timeshares, while Transient Guests contributed 13.7% of occupied room nights.

Maui County timeshare properties that provided survey data reported a total of \$9.6 million in state and county taxes during the first quarter. Property taxes accounted for \$4.3 million of the total taxes during the quarter.

In the first quarter, Maui County timeshare properties reported a modest 0.5% decrease in the total number of resort operations employees, while the number of sales and marketing employees saw a 3.9 percent increase. Maui timeshare properties providing survey data reported \$21.0 million in total payroll expense during the quarter.



Kaua'i

Timeshare resorts on Kaua'i averaged 85.1% occupancy during the first quarter of 2019, the lowest timeshare occupancy among the islands and a 9.2 percentage point decrease compared to the prior year. During the same period, Kaua'i's hotels and condominium hotels reported average occupancy of 74.8%.

Kaua'i continued to be the island with the highest proportion of timeshare visitors, with 14.3% of the island's 333,961 visitors choosing to stay in a timeshare resort during the first quarter. For the quarter, Kaua'i welcomed 47,824 timeshare visitors, a 1.0% increase from 2018. This represented the largest gain in timeshare visitors among the islands. Kaua'i timeshare visitors spent an average of 10.0 days on Kaua'i during Q1, second longest length of stay among the islands.

Owner use represented 55.9% of the occupied room nights during the first three months of 2019. Exchange use contributed 21.0% of occupied room nights on Kaua'i. Marketing use represented 9.6% of occupied room nights, which tied O'ahu for the largest share among the islands.

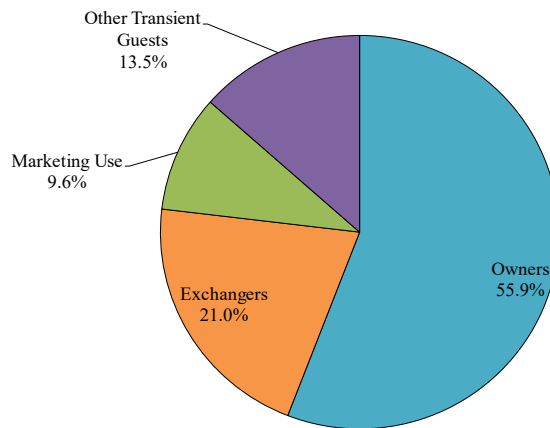
The Kaua'i timeshare resorts that provided survey data reported \$4.0 million in taxes during the first quarter, of which half were property taxes.

Kaua'i timeshare properties reported a 1.7% increase in the number of resort operations employees during the quarter and a 3.8% increase in the number of sales and marketing employees. Participating respondents reported total payroll expense of \$7.9 million during Q1.

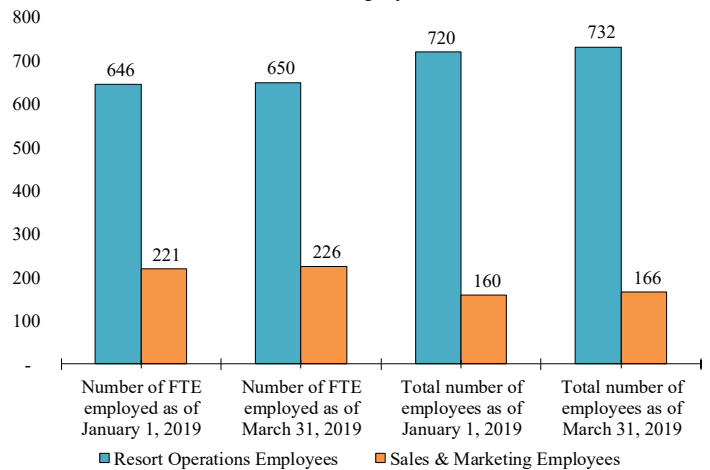
Kaua'i Taxes



Kaua'i Mix of Occupied Room Nights



Kaua'i Employment



Hawai'i Island

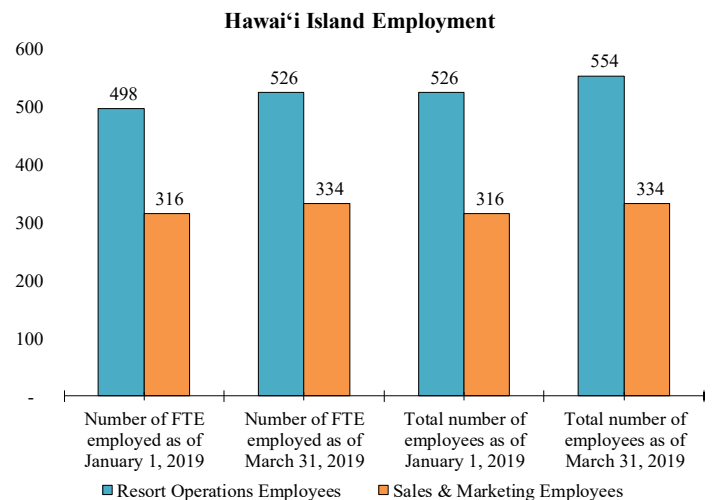
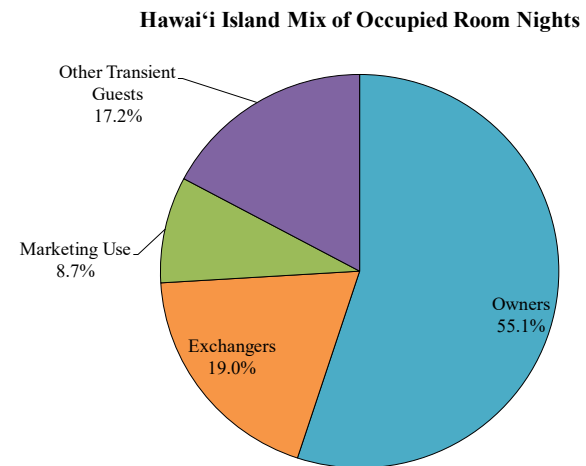
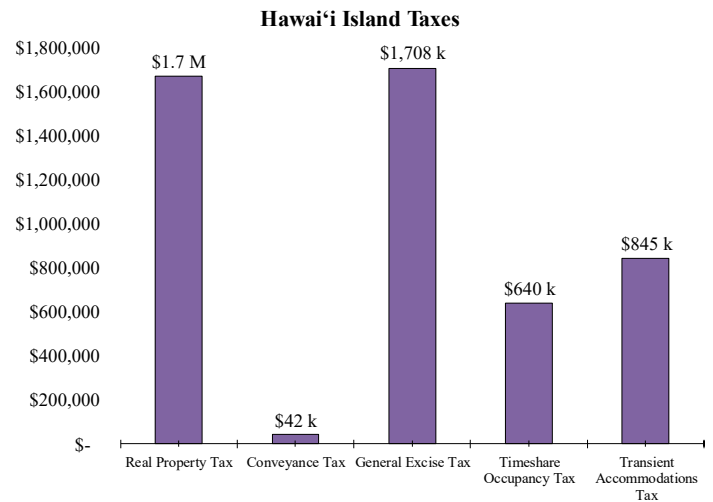
Timeshare resorts on Hawai'i Island reported average occupancy of 90.8% during the first quarter of 2019, a 0.3 percentage point decrease compared to the prior year. During the same period, hotel occupancy on Hawai'i Island was 79.1%. New timeshare supply on Hawai'i Island opened during the first quarter, with the opening of the 72-unit first phase of the Ocean Tower by Hilton Grand Vacations Club in Waikoloa.

Owner use accounted for 55.1% of occupied room nights at timeshare properties on Hawai'i Island, the lowest share among the islands. Exchange use accounted for 19.0% of occupied room nights. Hawai'i Island reported the highest share of occupied room nights from transient use during the quarter, at 17.2%.

Hawai'i Island reported a total of 42,235 timeshare visitors during the first quarter, a 0.6% increase from the prior year. Timeshare visitors represented 9.4% of Hawai'i Island visitor arrivals during the quarter, tied with Maui for second highest market share among the islands. The average Hawai'i Island timeshare visitor had a 9.1-day length of stay during the quarter, up from 8.9 days during the prior year.

Hawai'i Island timeshare properties reporting data paid \$4.9 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 first quarter, Hawai'i Island timeshare properties reported employment gains, possibly related to the addition of new timeshare inventory at Hilton's Waikoloa property. During the quarter, the total number of resort operations employees increased by 5.3%, while the number of sales and marketing employees grew by 5.7%. Timeshare properties on the island providing survey data reported paying a total of \$16.0 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 74.1 percent of registered timeshare units statewide, which represents 50 participating properties and 8,866 units.