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JULY 2021

# THE TIMESHARE INDUSTRY'S ROAD TO RECOVERY

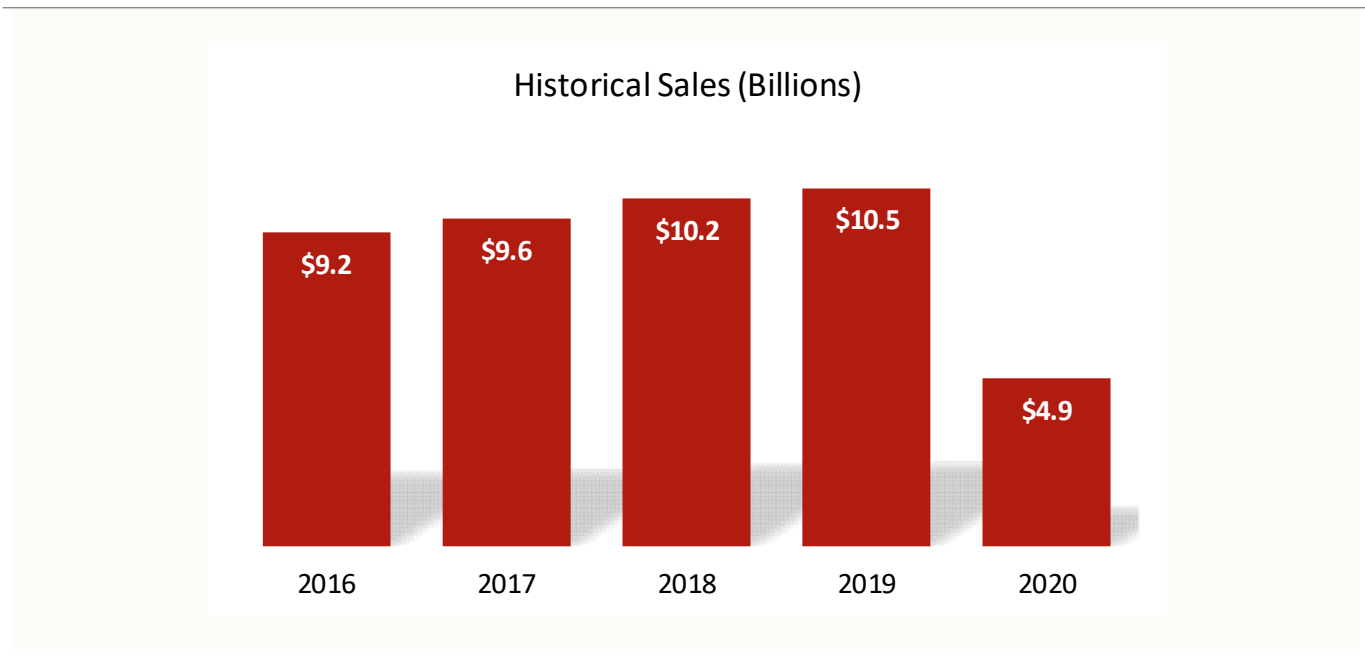
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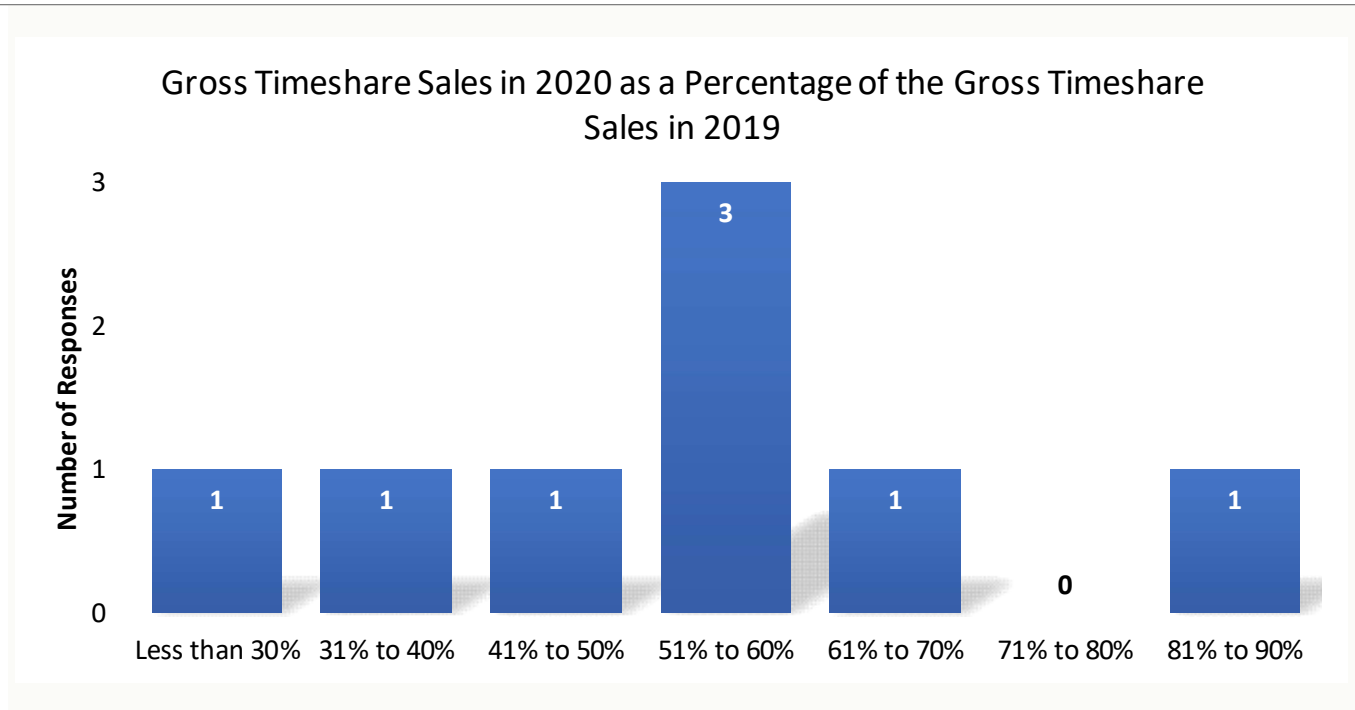
The impact of the COVID-19 pandemic on the timeshare industry was significant; however, industry leaders are optimistic that the recovery is underway and that the recovery timeline may be relatively short.

HVS reviewed the 2020 year-end annual reports of four public timeshare companies: Hilton Grand Vacations, Marriott Vacations Worldwide, Travel + Leisure Co. (formerly Wyndham Destinations), and Bluegreen Vacations. Our research revealed that timeshare interval sales in 2020 ranged from 39.5% to 59.3% of timeshare interval sales achieved in 2019. The overall average penetration of the 2019 sales volume achieved in 2020 for the four public timeshare companies was 45.7%.

ARDA International Foundation (AIF) is a timeshare research and education group that completes annual surveys of the industry. Based on the results of AIF's *2021 State of the Industry* survey, annual timeshare sales achieved in 2020 totaled approximately \$4.9 billion, which represents 47% of the timeshare sales volume achieved in 2019 (\$10.5 billion). The annual timeshare sales performance estimated by AIF for the past five calendar years is illustrated in the following table.

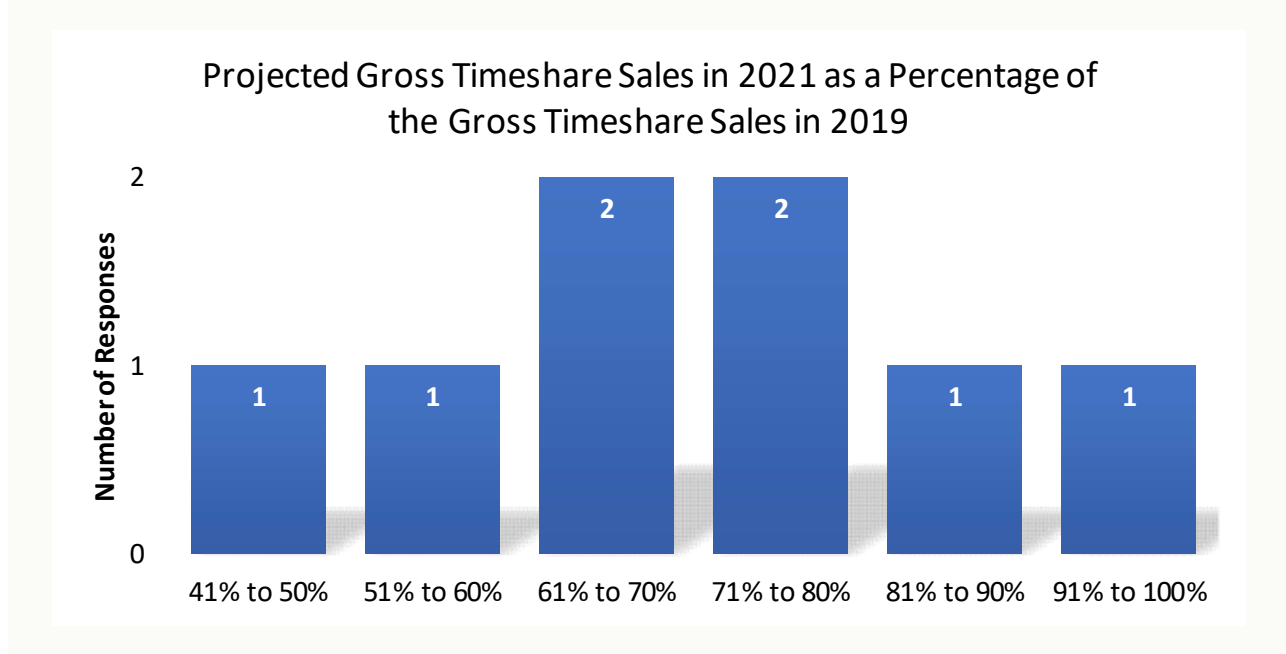


HVS Shared Ownership Services conducted a survey of the top 16 national and regional timeshare companies to measure the impact of COVID-19 in 2020 and gauge the industry's outlook for recovery. The survey response rate was 50% (eight respondents). Typically, eight respondents would not be enough for a survey; however, given the small size of the timeshare industry, we believe the responses are informative and illustrate how a sizable portion of the industry views the timeline for recovery. The results of the survey are shown in the following tables.



The survey responses indicate that the pandemic’s impact on timeshare sales in 2020 varied significantly, ranging from less than 30% of the 2019 timeshare sales volume to 81%–90% of the 2019 timeshare sales volume. Three of the eight responses indicated that the timeshare sales in 2020 were 51% to 60% of the 2019 timeshare sales level. We note that the overall average of our survey was slightly higher than the average of the four public timeshare companies discussed above, as well as the AIF survey. Our survey was anonymous; however, the inclusion of regional timeshare companies in our survey likely contributed to an overall higher penetration rate.

From our fieldwork related to appraisals of timeshare resorts, we have observed that the degree of impact was largely driven by the location of the resort system, as timeshare resorts in drive-to regional markets that were perceived as being safe were considerably less affected than large destination markets such as Hawaii, Orlando, and Las Vegas.

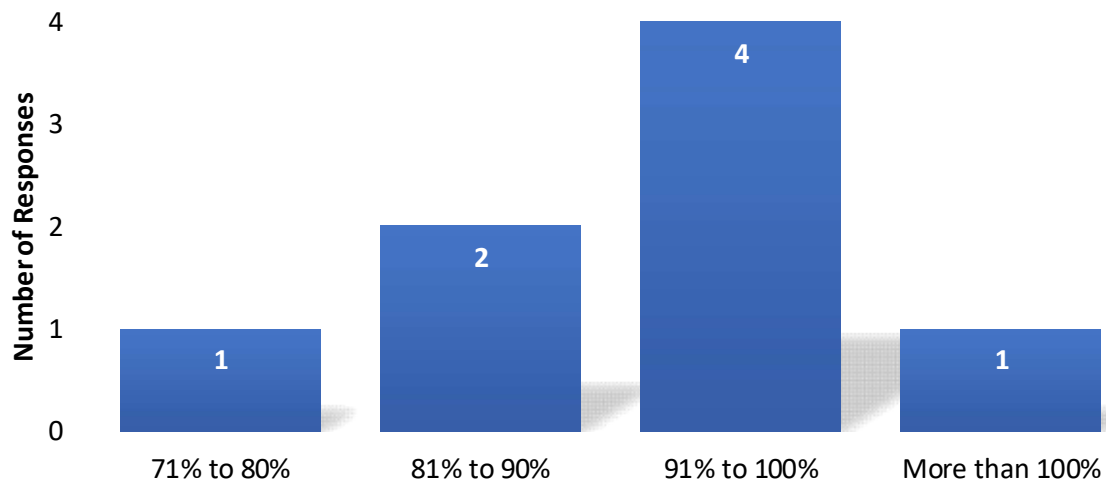


Overall, the survey respondents anticipate that timeshare sales volume in 2021 will be approximately 70% of the 2019 sales volume, which is a projected increase of about 32% from 2020.

We have observed that regional markets are achieving strong performance thus far in 2021 and, in some cases, are already exceeding 2019 levels. Timeshare resorts in destination markets, such as Orlando and Las Vegas, are lagging the performance of regional markets; however, these markets are realizing a steady recovery with a notable uptick in recent months. In particular, Las Vegas is experiencing tremendous recent growth in tourism, with a reported month-over-month increase in visitors of 44.8% in March 2021 and air-passenger traffic almost doubling in 2021 from January (1,505,622) to April (2,906,866).<sup>1</sup>

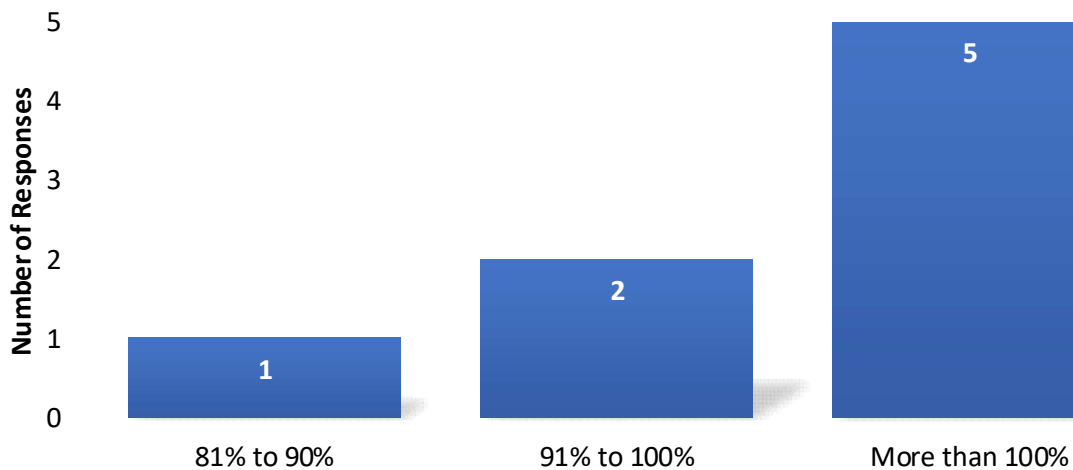
<sup>1</sup> Las Vegas Convention & Visitors Authority, [April 2021 Executive Summary](#)

Projected Gross Timeshare Sales in 2022 as a Percentage of the Gross Timeshare Sales in 2019

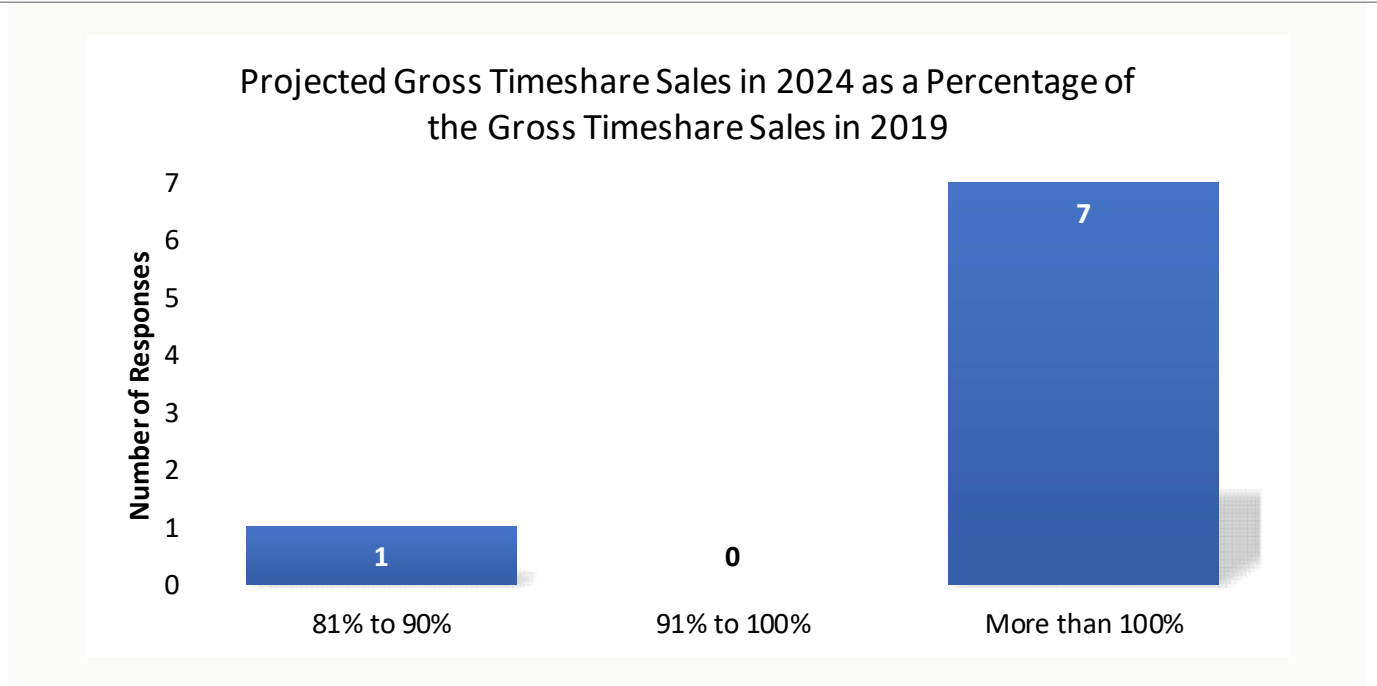


The survey respondents are generally optimistic about the timeshare industry’s road to recovery. Four of the eight respondents expect that the timeshare sales volume in 2022 will be 91% to 100% of the sales volume achieved in 2019, and one respondent anticipates that the sales volume in 2022 will exceed the 2019 sales level.

Projected Gross Timeshare Sales in 2023 as a Percentage of the Gross Timeshare Sales in 2019



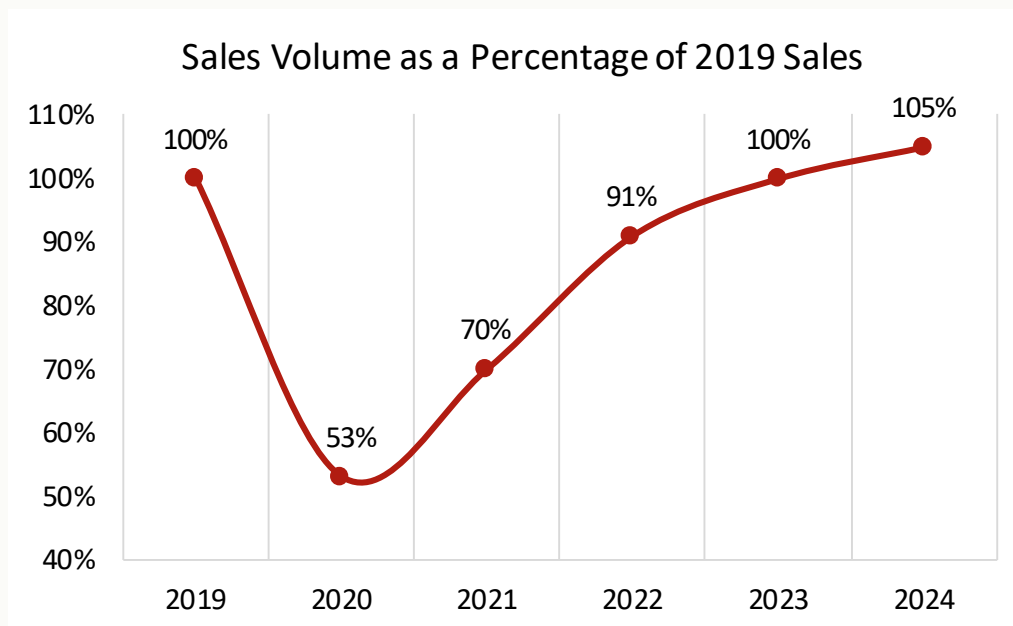
The theme of confidence about the timeshare industry’s road to recovery was reflected in the projection of timeshare sales volume in 2023, with more than half (five of eight) of the respondents anticipating that the sales volume 2023 will exceed the 2019 timeshare sales volume.



Of the eight companies that responded, seven indicated that they project the timeshare sales volume in 2024 will exceed the sales volume achieved in 2019.

Based on our review of the survey responses and utilizing the gross timeshare sales volume achieved in 2019 as the base year, HVS Shared Ownership Services has projected the recovery timeline for the timeshare industry in the graph on the following page, with expectation of a full recovery in 2023 or 2024.

## HVS PROJECTION OF THE TIMESHARE INDUSTRY RECOVERY (2019 BASE YEAR)



In our opinion, the timeshare sector is well positioned to lead the travel industry out of the crisis. The typical timeshare unit features kitchens, as well as washing machines and dryers, and the larger size of timeshare units (compared to hotel rooms) reduces the guest’s reliance on common amenities and inherently accommodates social distancing. Furthermore, timeshare is focused on the leisure demand segment, which insulates the industry from business and group travel trends; these segments are generally expected to lag in the recovery.

Overall, HVS Shared Ownership is optimistic about the recovery for the timeshare industry. We continue to watch the factors affecting the timeshare industry, and our consulting and valuation engagements allow us to keep our finger on the pulse of the industry.



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## About HVS

**HVS** is the world's leading consulting and valuation services organization focused on the hotel, restaurant, shared ownership, gaming, and leisure industries. Established in 1980, the company performs more than 4,000 assignments per year for virtually every major industry participant. HVS principals are regarded as the leading professionals in their respective regions of the globe. Through a worldwide network of 50 offices staffed by 250+ seasoned industry professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. For further information regarding our expertise and specifics about our services, please visit [www.hvs.com](http://www.hvs.com).

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**HVS Consulting & Valuation Services – Shared Ownership Services** provides the strategic advice, consulting, and/or valuation services required by companies in shared ownership real estate. HVS Shared Ownership personnel have completed assignments spanning the United States, Mexico, the Caribbean Basin, Central America, South America, Europe, and the Middle East. HVS Shared Ownership professionals wrote the book for the Appraisal Institute on valuing timeshare properties. Most lenders serving the timeshare industry engage the HVS practice for their market feasibility study and appraisal needs.

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HVS Shared Ownership Services has strong relationships with all the major timeshare companies. This enables us to find the right timeshare "partner" for our clients for a given project. We also assist our clients in negotiating the best deal structure, and work with our clients in the coordination of the necessary pre-development activities and services.

## About the Author



Gary Johnson is a Director with HVS Miami and the firm's Shared Ownership Services division. For over 15 years, Gary has been an active participant in the consulting and valuation sectors of the timeshare industry. Specializing in timeshare real estate asset advisory and valuation services, Gary has consulted on or valued more than 75 timeshare projects in 17 states and 4 countries. Gary has consulted for many of the major timeshare brands, including Bluegreen Vacations, Club Wyndham, Exploria Resorts, Hilton Grand Vacations, Holiday Inn Vacation Club, Hyatt Vacation Club, Margaritaville Vacation Club by Wyndham, Marriott Vacation Club, Shell Vacations Club, Welk Resorts, Westgate Resorts, and WorldMark by Wyndham.

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