

U.S. Timeshare Sales Top \$10 Billion in 2006, According to Ernst & Young Study for AIF

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Timeshare sales climbed 16 percent during 2006 to \$10 billion over 2005 sales of \$8.6 billion, according to a study of the U.S. vacation ownership industry conducted by Ernst & Young, LLP and released today by the ARDA International Foundation (AIF).

The survey of 625 timeshare resorts throughout the country shows robust growth over a five-year period, with sales up 81 percent and average resort size growth of 32 percent.

As of January 1, 2007, there were 1,615 vacation ownership resorts operating in the U.S. There are a total of 4.4 million U.S. timeshare owners, up from 4.1 million in 2005, 3.87 million in 2005, 3.4 million in 2003, and three million in 2002.

'The steady, impressive growth in the timeshare sector is a direct indication of strong consumer satisfaction and demand, underscoring that vacation ownership is fast becoming the preferred travel choice of today and in the future,' said Howard Nusbaum, president and chief executive officer of ARDA.

The number of timeshare units in the U.S., as of January 1, 2007 was 176,232, with 14,000 newly constructed units in 2006. Looking ahead, study respondents predict continued growth as they continue to build new resorts, including approximately 11,000 new units forecast for 2007 and firm commitments for approximately 47,000 new units in 2008 and beyond.

Occupancy at U.S. timeshare resorts averaged 80.9 percent in 2006, including over 67 percent who were either owners or exchange guests and more than 13 percent who were renters and/or marketing guests. By comparison, occupancy at U.S. hotels was 63.4 percent in 2006.¹

Florida continues to lead the nation with the most resorts and the greatest sales volume, with 23 percent of the nation's resorts, followed by California (eight percent) and South Carolina (seven percent). The remaining states, grouped in regions, reported the following representation of U.S. resorts: Mountain (17 percent); Northeast (11 percent); Pacific (nine percent); South Central (nine percent); and the Midwest and South Atlantic (both eight percent).

Beach resorts remain the most common primary designation of resorts (23.9 percent), and country/lake resorts second (15.4 percent). Golf (9.7 percent) is the amenity most often available nearby and/or on-site.

Two-bedroom units represent the most common size (63 percent), followed by one-bedroom (22 percent), three-bedroom or larger (nine percent), and studios (less than six percent). The average price of a timeshare interval or points equivalent in 2006 was \$18,502.

As vacation exchange remains one of the most popular characteristics of timeshare, all responding resorts reported an affiliation with some exchange program, with 96 percent affiliated with one or both of the two major exchange companies, RCI and Interval International, and 24 percent of resorts reporting a self-administered program, generally in addition to the exchange company affiliation.

Resorts have added sophistication to the way owners can buy timeshare intervals. Just over half (51 percent) still offer a traditional weekly interval, while 49 percent offer some form of points-based product, and 31 percent offer biennials. To further increase flexibility, many resorts make special programs available: 28 percent allow conversions from fixed intervals (the same week every year) to floating intervals (owners can select different weeks from year to year); 53 percent offer conversions from weekly intervals to points-based equivalents; 46 percent offer an upgrade program; and 71 percent offer a sampler or trial membership.

Study Methodology

The study results are based on the survey questionnaire responses of 625 timeshare resorts of the 1,615 resorts identified, representing 39 percent of existing timeshare resorts in the U.S. Of these 625 resorts, 551 belong to a family of five or more resorts, while 74 belong to a family of less than five resorts. Of these, 74, 68 were single-site developers.

About AIF and ARDA

The ARDA International Foundation (AIF) conducts research and develops education programming for the timeshare industry. ARDA is the Washington D.C.-based professional association representing the vacation ownership and resort development industries.

¹ 'Smith Travel Research Lodging Review,' Smith Travel Research, January 31, 2007.

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