



CONTACTS: Lou Ann Burney, ARDA
202-207-1156, lburney@arda.org

Sarah Scruggs
202-207-1141, sscruggs@arda.org

Timeshare Industry Proves Resilient *Occupancy, Satisfaction Rates Remain Strong*

WASHINGTON, D.C., October 6, 2009 – Despite tighter credit markets and high unemployment rates, the U.S. timeshare industry continues to demonstrate its resilience.

Although overall sales continue to reflect the national trend of lower consumer spending, timeshare owners continue to enjoy their pre-paid timeshare vacations, with an 80 percent occupancy rate and an 86 percent product approval rate. This compares with a 60.4 percent hotel occupancy rate, according to Smith Travel Research.

“The downturn in our economy has hit the tourism industry particularly hard; the timeshare segment, however, due in part to its pre-paid nature, is better equipped than most to weather a downturn,” said Howard Nusbaum, president and CEO of the American Resort Development Association (ARDA). “The good news is that timeshare owners are still vacationing, and occupancy remains strong. Coupled with our industry’s emphasis on new efficiencies and improvements to our business model, we will come through the current downturn and be ready to meet the expectations of customers.”

Preliminary 2009 second quarter research indicates that nine out of 10 owners were current on monthly payments, a .2 percent increase over the preceding quarter. Sales efficiencies have improved, as measured by Volume Per Guest (VPG) of \$2,043 that was up by two percent from the previous quarter level.

In addition, use of exchange options that offer timeshare owners the ability to trade resort destinations other than those of their “home resort” location are also strong, demonstrating that owners continue to enjoy their timeshares.

Several leading timeshare developers agree with Nusbaum’s outlook.

“We’ve had the best summer on record, and sales continue to be robust. Just because the economy has slowed doesn’t mean we have stopped doing what we do—we’ve taken a closer look at how we can refine our processes and products to deliver memorable vacations that

families want to come back to year after year,” said Don Harrill, president and CEO of Holiday Inn Club Vacations.

“At Disney, we have confidence in vacation ownership. In fact, we’re enlarging our footprint outside of the Orlando area by the opening of our newest resort in California and developing one in Hawaii,” added James M. Lewis, president of Disney Vacation Club.

Sergio Rivera, CEO for Starwood Vacation Ownership said, “Closing rates have held up better than expected given the discretionary nature of the product. This supports our belief that consumer dynamics will be strong over the long run.”

This comes as no surprise to David Palmer, CFO of Diamond Resorts International. “Our closing rates this year are identical to those last year, and our collections remain strong. Additionally, our diversified cash flow business model has allowed us to substantially decrease our reliance on the capital markets.”

Most developers report that decreased sales, in part, are a result of purposely slowed sales to maintain a healthy cash flow during the tightened credit market environment. In addition, the industry expects to limit new construction until inventory levels are reduced.

“An increase in volume aided by improving consumer sentiment and recovering capital markets will accelerate absorption,” said Nusbaum. “Most of all, demographics are on our side, with baby boomers and succeeding generations eager to purchase a piece of flexible vacation real estate, allowing them the better vacationing and the undeniable value proposition that timeshare offers. Our industry is primed to fulfill the increased consumer demand for quality vacation experiences.”

The American Resort Development Association (ARDA) is the Washington D.C.-based professional association representing the vacation ownership and resort development industries. Established in 1969, ARDA today has over 1,000 members ranging from privately held firms to publicly traded companies and international corporations with expertise in shared ownership interests in leisure real estate. The membership also includes timeshare owner associations (HOAs), resort management companies, and owners through the ARDA Resort Owners Coalition (ARDA-ROC). For more information, visit www.arda.org or ARDA’s consumer website at www.VacationBetter.org.

###