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Timeshare Owners Spend More than Hotel Guests

Existing timeshare owners are nearly guaranteed to take a vacation and feel rich while doing it. Here's why.

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The timeshare dichotomy continues. Four years after the economic meltdown, new timeshare sales are still lagging as consumers postpone purchases. But those already owning timeshares are taking their vacations and spending like its 2007 and the rosy numbers are making the traditional hotel industry take notice.

This week we're down at the Shared Ownership Investment Conference in the timeshare capital of the world; Orlando. It's our annual insight into the timeshare business and this year's event is delivering lots of great stats about this side of the travel industry.



Here's one piece of obvious news to start. People love to vacation and many Americans in particular think it's their right to get away; especially if they own a timeshare.

"The reality is it doesn't matter what is going on in the world, if you paid for it you are going to use it," said Howard Nusbaum, President and CEO of the American Resort Development Association (ARDA).

That attitude helped timeshare resorts achieve a pretty amazing 79 percent occupancy in 2011, according to a study conducted by ARDA. Nusbaum said that when a community has timeshare properties it helps to even out an ebbing economy and boosts a healthy one. Maintenance fees during that same period rose 6.2 percent to \$776.

That's because when pre-paying for a vacation timeshare owners feel they have more money in their pockets since they won't get hit with a huge hotel bill at the end of the week. That sense of richness not felt in the general economy in years propelled spending last year to \$247 per group at the timeshare resort an additional \$1,262 in the local community. Broken down into individuals they spent an average of \$72 on

site and \$366 off site.

"People want to shop in the local grocery store. They want to play that round of golf. It's a reason many communities are seeking to have timeshare as part of their resort mix," said Nussbaum.

The study also revealed the more money a family earns annually the more likely they are to purchase a timeshare. The average age of a timeshare purchaser is 51 and 53 percent are female. Eighty-nine percent are homeowners, 74 percent are married, 62 percent hold a college degree while their median household income is \$74,000. While 1.8 percent of U.S. households own a timeshare, 14% of households earning more than \$150,000 own one.

Timeshare owners seemed more resilient to the dip in the economy too with Nussbaum reporting that "even in darkest days of the Great Recession nearly nine of 10 owners were current with maintenance fees and that continues to be true. We are even seeing an improvement."

The timeshare rental market is turning into a nice business as well. Where properties rarely rented out available space before the recession, now timeshare resort operators see it is a valuable revenue stream. Last year rentals brought in \$1.7 billion here in the United States. That translates to about 15 million room nights at \$148 per room per night.

According to ARDA, domestically there are 1,548 timeshare resorts with 200,000 units in 47 states. They are owned by eight million U.S. households that have purchased 8.4 million intervals.

New timeshare sales are on the comeback, however, now that the economy has stabilized but sales are still way behind the economic peak in 2007. In 2011 sales totaled \$6.5 billion with nearly 350,000 intervals sold at an average price of \$18,400.

"We have been absorbing product over last four years and have reached a more sustainable level. With the credit crunch developers chose to slow sales [to make sure there were minimal loan defaults] and they now want higher down payments so buyers have more skin in the game," said Nussbaum.

In 2011 the close rate on U.S. timeshare sales rose nearly 5 percent.

Globally (2010 stats) there are 5,325 resorts in 106 countries that sold 774,369 intervals with \$14 billion in sales at an average sale price of \$18,000 per interval.

Nussbaum also called for tighter regulations to protect the consumer when it comes to the secondary sales market. He wants to make sure there are more specific rules on how a product gets recycled over time and they stay financially viable.

Timeshare

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