



Shared resort real estate ownership 2012: A market perspective

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Timeshare and fractional development isn't as simple as "build it and they will come." That's why recognizing emerging trends among leisure travelers is critical to any developer's success, making "Shared Resort Real Estate Ownership 2012: A Market Perspective," a vital source of contemporary market insight for the industry.

The study, released by Interval International at the 14th Annual Shared Ownership Investment Conference held recently in Orlando, Fla., revealed the latest information on evolving shared ownership product preferences, travel behavior, and characteristics of leisure travelers.



"We believe this study will be extremely useful to developers and marketers since it examines the changing travel habits, preferences, and intentions of current and prospective owners," said Bryan Ten Broek, Interval's senior vice president of resort sales and business development for North America.

The study delves into many topics, such as leisure travelers' familiarity with the types of shared ownership, the popularity of short-term vacation products, future leisure travel patterns, and many more relevant areas.



Familiarity with shared ownership

Breaking down shared ownership into its primary areas, the report surveyed leisure travelers' awareness of the three types of shared resort real estate ownership:

- **Timeshare/vacation ownership/vacation clubs:** A form of ownership typically affording up to two weeks of vacation time per year in a shared ownership resort.
- **Fractional ownership:** A form of ownership in resort accommodations for periods of three weeks or more per year.
- **Private residence club:** A form of ownership in a group of luxury vacation homes/villas/condominiums for periods of three weeks or more per year that includes special amenities, services, and privileges.



Perceived familiarity with the various types of shared resort real estate varies slightly among both current owners and prospective purchasers. As one would expect, essentially all (97 percent) current owners acknowledge familiarity with the concept of "timesharing," the most traditional and

well-established term used to describe one form of shared resort real estate. Current owners' familiarity with the concepts of fractional ownership (72 percent) and private residence clubs (62 percent) is lower, however, and this is presumably a function of the "youth" of these relatively new forms of ownership.

Fully nine out of 10 (92 percent) prospective purchasers also acknowledge familiarity with the concept of "timesharing," while two thirds (65 percent) are familiar with fractional ownership and six out of 10 (62 percent) are familiar with private residence clubs.

The lower familiarity among both groups with the emerging forms of shared ownership reveals the importance of – and need for – educating leisure travelers about the unique benefits associated with these newer forms of ownership compared to "traditional" timesharing.

Short-term vacation products

One out of five (19 percent) current owners is interested in purchasing a "short-term" vacation product (one that provides year-round travel, leisure and lifestyle benefits for a specified period of time). Interest in purchasing short-term vacation products is significantly higher among prospective purchasers, however, with fully one out of four (26 percent) respondents citing this interest.

Six in 10 (61 percent) leisure travelers who are interested in purchasing a short-term vacation product consider the ideal term of membership to be two years. But differences exist between current and prospective owners of shared resort real estate products, with current owners more likely to prefer longer membership terms. One in five current owners (20 percent) cites the ideal membership interval for a short-term product as five years or more – significantly higher than cited by prospective purchasers, and presumably an expression of their perception of the value proposition associated with the ownership of short-term vacation products.

Future leisure travel patterns and preferences

The beach is "in" for leisure vacations, with eight in 10 leisure travelers who are current owners (80 percent) and prospective purchasers (84 percent) citing a preference

for a beach or lake experience when on vacation.

Prospective purchasers of shared resort real estate products (75 percent) are more likely than current owners to consider a vacation to visit friends and relatives a desirable leisure trip. Prospective purchasers are also significantly more likely than current owners to take leisure trips to all-inclusive resorts (71 percent), a city vacation (61 percent), a leisure trip involving outdoor activities including camping, hiking, and climbing (31 percent), or a leisure vacation to support a humanitarian cause (22 percent).

Three in 10 leisure travelers who are current owners of shared resort real estate (30 percent) and prospective purchasers (36 percent) plan to take more leisure/vacation trips during the next 12 months compared to last year. Only one in ten expects to take fewer leisure trips than last year.

Industry insights

"The actionable observations revealed in this report will clearly enable developers to refine their marketing strategies in a manner that will help them compete more effectively in the broader lodging and hospitality sector," said Peter C. Yesawich, Ph.D., vice chairman of MMGY Global, which conducted the study for Interval International. "The implications suggest that the product offerings and services preferred by the market will continue to evolve to reflect the shifting lifestyles and social values of today's leisure travelers. The results also reveal that the concept of shared ownership aligns very well with marketplace trends, which bodes well for continued industry growth."

Added Ten Broek, "Among the study's many valuable insights are those relating to price points and product characteristics. The information not only indicates how the industry may need to evolve, it can benefit developers in creating or tailoring products that appeal to future shared ownership purchasers."

The data for this study were collected randomly during June and July 2012 using a nationally representative panel of U.S. consumers, prequalified and screened for specific demographic and behavioral characteristics. Respondents were adults who: took at least one trip for leisure purposes of at least 75 miles away from home that required overnight accommodations during the previous year; were between 25 and 64 years of age; and reported a minimum annual household income of \$50,000. Results of this analysis are representative of the population of all leisure travelers in the United States.