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More Money With Timeshare Conversions? Your hotel may be able to convert hotel rooms to timeshare and increase cash flow. Here's what you must know.

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We love the idea of finding creative ways to boost business. And one way certain hotels are filling rooms is by converting a select number of rooms to a timeshare offering. Those who have been through the process are finding this to be a win-win scenario.

Why? They're removing rooms from their daily inventory – less rooms to sell! -- while also creating a steady income stream from people who have prepaid for vacations as well as provide annual maintenance fees. Oh yeah, those same people spend money eating and shopping on site too. And timeshare guests spend more than typical hotel guests according to American Resort Development Association (ARDA).



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According to experts at last week's Shared Ownership Investment Conference, the property needn't be distressed to make this change; it just makes most sense for certain hotels.

"You can use the brick and mortar you already have and optimize space," said Donald Gordon, Co-General Director, Real Club at Real Resorts, which has properties in Cancun and Playa del Carmen, Mexico. "We converted hotels and they've rapidly become serious players in terms of sales. This is a major component of our hotel and the value of the conversion is of course, why wouldn't you. It would almost be responsible not to."

Alan Ten Broek, principal of Mariner Advisory Group and a timeshare developer who goes back to the industry's nascent days in the 1970s said this is a great way to maximize cash flow. "Converting a portion of a hotel to timeshare makes the remaining hotel operations more profitable than they otherwise would be. [Conversion](#) is one program that could be put into place to take advantage of synergies," he said.

Of course not all properties are ripe for converting a portion of the property for timeshares. But for those with the right characteristics this idea can be a business boon. But you have to have specific fundamentals

for this type of project to work.

It's all about location said Ten Broek. "You have to make sure your location is where people want to vacation, if not it's a nonstarter," he said, adding that if you think your potential owner base may have financing issues that's another problem.

Bruce Kaye, CEO of FantaSea Resorts said another critical aspect to make timeshare fly is if you can market it cost effectively . "You have to ask what is the marketability of the project. And you have to understand what are your sales and marketing team doing to get you the right price point," he said. "The good news is your hotel has a sales opportunity because you have a built in market of guests staying there."

Kaye also said you need to ask yourself what kind of amenities are buyers looking for and see if you offer them. For example, spas, fitness centers and restaurants are just a few must haves.

For older properties Kaye warned that smaller rooms may need to be combined to make them more suitable for timeshare. Buyers of that product expect larger spaces that have one or two bedrooms.

Kaye also said that if timeshare rooms are not being utilized for any reason they can then be rented out as well. But don't sell owners on that idea as it won't really help owners increase their income because any monies they would get would be minimal.

Finally, Gordon also said that room product must be top notch to succeed. "The product has to be fundamentally better. You want the rooms filled as well as the initial sale so to bring people back you have to give them value," he said noting that this department must work in conjunction with all properties as if it were just another division in the hotel. "[Timeshare] can have a huge impact on the bottom line of the hotel with a unified purpose. Don't do a broker type arrangement where others come in and do marketing and sales, this should be done yourself."

Timeshare

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