

Executive Summary
THE RESORT TIMESHARE INDUSTRY IN MEXICO
1998 EDITION

A study by
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Resort timesharing has existed in Mexico since the early 1970s. During the past few years, timesharing has been one of the fastest-growing vacation and real estate industries in the country. On a worldwide basis, it is estimated that over 3.75 million households own timesharing in more than 5,000 timeshare resorts. It also is estimated that worldwide sales volume in the timeshare industry in 1998 was close to \$6 billion.

Characteristics Of Timeshare Resorts

There are 273 timeshare resorts in Mexico, which is about six percent of the world's total. The timeshare resorts are located in Cancun (44), Puerto Vallarta (42), Acapulco (30), Mazatlan (28), Los Cabos (24), Ixtapa (19), Manzanillo (14), Cozumel (5), Huatulco (4), and elsewhere around the country (63). About 21.5 percent of all overnight accommodations in the nine major coastal resort destinations of Mexico are timeshare units, including 40.1 percent in Puerto Vallarta.

There are 21,795 timeshare units in Mexico. Of this total, 37.6 percent are hotel rooms or studio units, 42.7 percent are one-bedroom units, and 19.7 percent are two-bedroom or larger units. The average annual maintenance fee for a timeshare interval is about \$325. The current average net price for a timeshare interval in Mexico is about \$9,400, ranging from \$5,000 for a hotel room to \$13,100 for a two-bedroom unit.

On a historical basis, more than \$6 billion of timeshare inventory has been sold in Mexico. This involves 795,300 intervals being sold to 568,100 consumers, including 233,500 Mexican residents and 334,600 international consumers. Some 82 percent of the international buyers live in the United States. The 568,100 owners represent about 16 percent of the world's total. About \$808 million of timesharing, about 15 percent of the world's total, was sold in Mexico in 1997.

Timesharing And The Economy

The timeshare industry contributes significantly to Mexico's economy. In 1997, the year-round occupancy rate in built timeshare resorts was about 76.5 percent, compared to about 56.5 percent in the hotel industry. The average timeshare-vacationing party spends 9.4 nights while on their timeshare vacation, including occupancy of their timeshare unit and other forms of overnight accommodation.

The average visitor party size is 3.8 persons. These figures mean that the timeshare industry annually generates almost 27 million visitor days in Mexico.

Total direct consumer expenditures of all timeshare vacationers in Mexico are more than \$1.4 billion. Almost another \$400 million is annually spent on travel expenditures. When including indirect expenditures created by the multiplier effect, marketing and sales expenditures, employee taxes and other costs, it is estimated that the timeshare industry annually generates over \$7.2 billion for the country's economy. This represents an annual contribution of about \$329,000 for each timeshare unit. These figures do not include dollars generated by new construction, remodeling, furnishings and other costs.

The timeshare industry is responsible for creating (directly and indirectly) about 94,000 jobs and about \$900 million of payroll. It is felt these estimates are very conservative.

Owner Characteristics

The majority of timeshare owners in Mexico are upper-middle-income households. Most are between 40 and 60 years of age, college graduates, and married. The median income of U.S. owners in Mexico is more than \$68,000. Almost one-third have incomes over \$100,000.

The vast majority (more than 70 percent) of all owners express satisfaction with their timeshare purchase in Mexico. More than 75 percent say their purchase has matched or exceeded their original expectations. The most frequently stated reasons for purchasing timesharing are the exchange opportunity with other resorts, the opportunity to vacation in nicer places than before, saving money on vacation costs, and greater ease in planning vacations.

Timeshare owners also are very satisfied with their exchange company and their most recent exchange experience. They have used their own unit and an exchanged unit in Mexico frequently. Expected return trips to Mexico during the next 10 years are extensive and far more than if they did not own timesharing in the country.

Conclusion

The resort timeshare industry is a significant contributor to the economy of Mexico, annually generating more than \$7 billion in consumer expenditures, taxes and other revenue streams, as well as creating approximately 100,000 jobs. More than \$6 billion of timesharing has been sold in Mexico in 273 resorts to 568,100 consumers. Satisfaction rates, usage and return visitation patterns are all very high among timeshare owners in Mexico.