



# Fáilte Ireland

National Tourism Development Authority

## **Information Session on Shared Ownership & Fractionalisation**



# **Fractional & Shared Ownership Based Tourism: An Opportunity for Ireland?**

Caeman Wall, Fáilte Ireland

17 Jan 2012

# Agenda

1. Introduction & Background
2. The Business Model Explained
3. The Potential Opportunity
4. What Ireland Has To Offer

# Background

## Why have we invited you here today?

- We want to make sure that Ireland is not missing out on a means of generating business.
- Shared ownership (SO) has already been tested in Ireland, to varying degrees, and there are lessons to share.
- To see if there is something that Fáilte Ireland should be doing on this topic.

# Introduction

## The Industry's Challenge – Excess Capacity

- The supply of hotels exceeds demand and is likely to do so for some time.
- Equally, there is plentiful supply of group based self-catering accommodation.

# The Business Model Explained



Consider the base offering first –  
standard timeshare.

# The Business Model Explained

A timeshare allows individuals to acquire an interest in a specific property. This interest is normally sold in units of one week in a set type of accommodation.

This interest will either be a right to use the accommodation in perpetuity or it will be limited to a set number of years.

A timeshare is a holiday or leisure product rather than a property purchase.

# The Business Model Explained

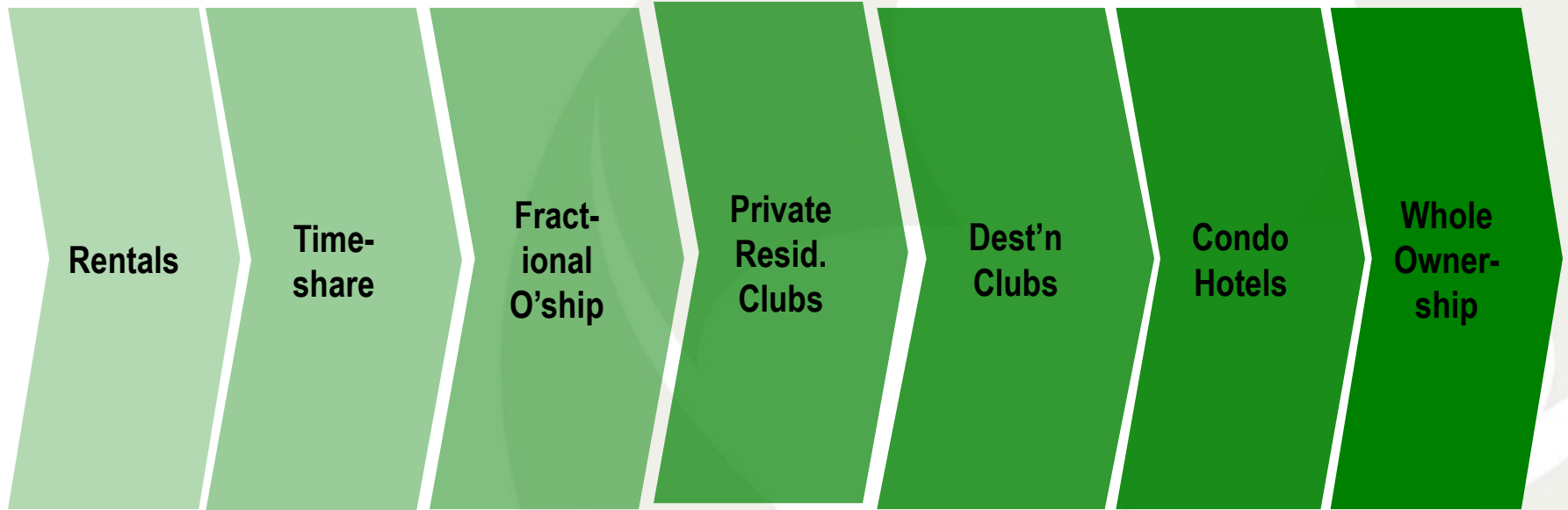
The basic concept is that the purchase of a week's use rights in a given unit allows the purchaser to use the same holiday unit, at the same time of the year.

This seems inflexible, but this is easily addressed. The exchange concept allows the purchaser of a SO interest at one resort to exchange it for another time and/or place.

Access to an exchange system is widely recognised as one of the principal motivations for the purchaser of shared ownership unit.



# The Product Range



Low

Investment Commitment

High

# The Main Parties: The Principal Actors

## 1. The Developer

- The prime driver behind any such project.
- The main attraction is bring forward cash flows vis-à-vis standard rentals.
- Looking to achieve higher occupancy rates and generate more on-site sales.
- Additional revenues from annual maintenance fees.

# The Main Parties: The Principal Actors

## 2. The Purchaser

- Can be considered a cheaper way of accessing the same product.
- Sidesteps the responsibilities that come with outright ownership.
- Gives a better match between usage rights and holiday time.
- Buyers value access to exchange systems.

# The Main Parties: The Supporting Cast

## 3. The Exchange System

- Allows owners to trade the accommodation they own for accommodation and/or travel-related services.
- Such systems are are points based – this allows for a more flexible and transparent exchange valuation.
- Exchange operators generate income from membership fees and transaction fees.

# The Main Parties: The Supporting Cast

## 4. The Trust Company

- They exist to increase confidence in the overall process.
- The principal aim of the trustee system is to give legal protection to the purchaser and seller regarding their right to use the SO.

# The Main Parties: The Supporting Cast

## 5. The Sales & Marketing Agent

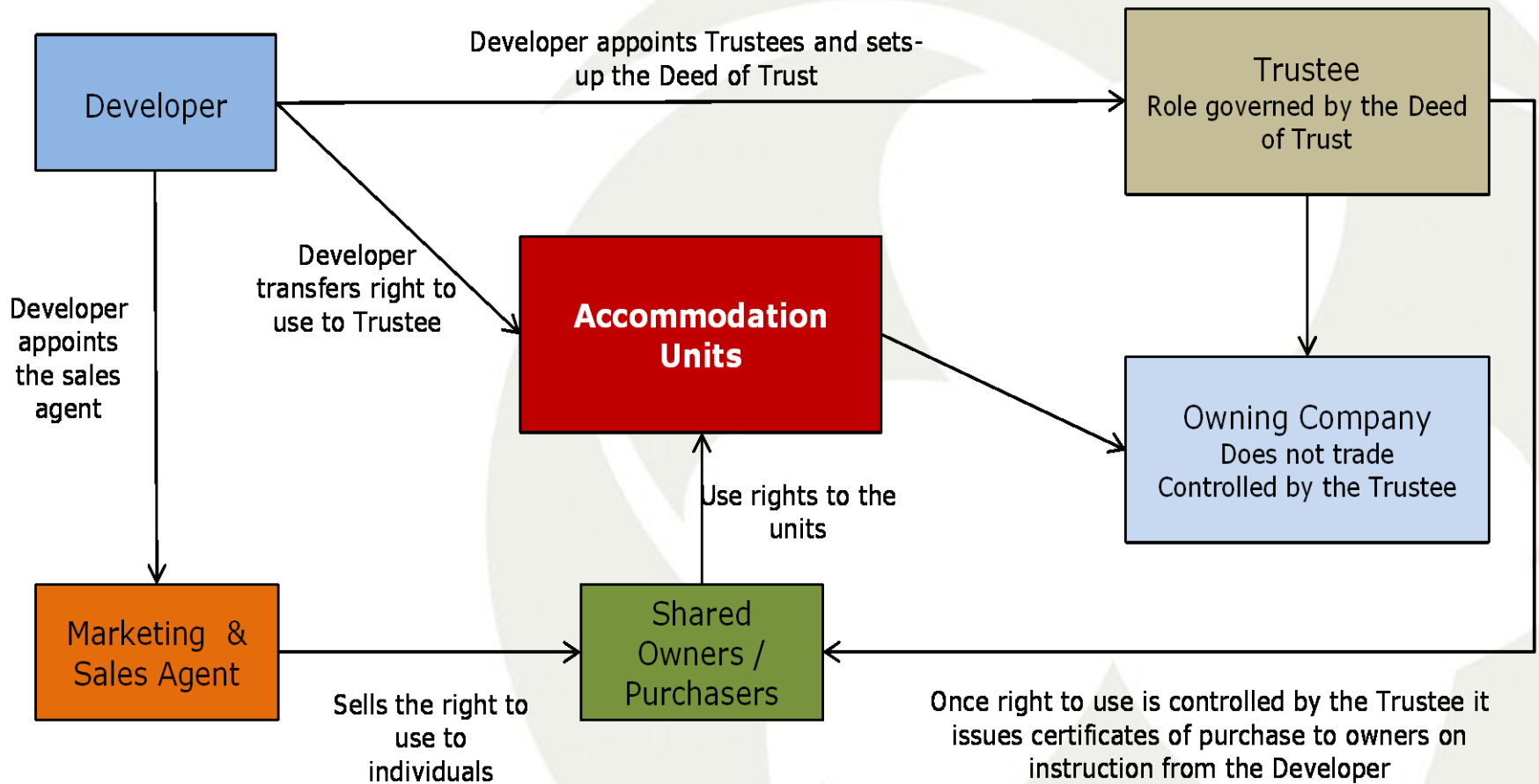
- Retained by the developer and incentivised by performance based payments

## 6. The Finance Providers

- Used to facilitate the sales process.

## 7. The Property Manager

# The Main Parties



# The Opportunity

## A Credible Market

- Some 7mn people own some form of SO product, 1.5mn of whom are European.
- There are an estimated 5,500 resorts globally, with 1,400 in Europe.
- Annual sales are €7bn.
- Many of the biggest brands in tourism and hospitality are in this space, e.g., Starwood, Wyndham, Hilton, Marriott and Disney.





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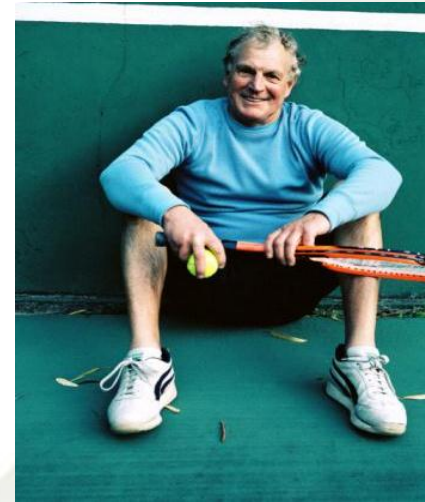
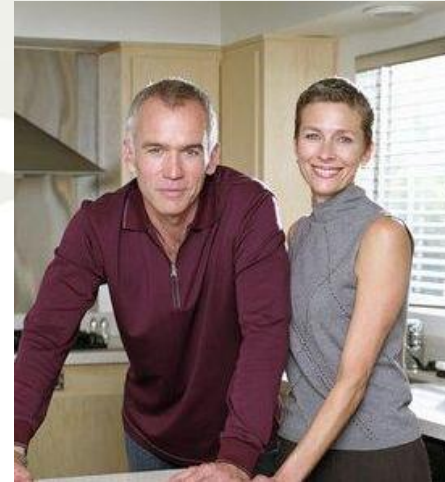
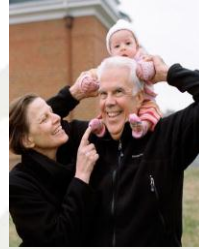
# The Opportunity

## Attractive Users

The profile of SO owners matches the profile of our existing international visitors:

- More established in their lives.
- More likely to be classed as ABC1.
- They are above average earners and spend more while on holidays.
- It is popular in the US, the UK and Germany.

# The Opportunity



# What Ireland Has To Offer?

- Our offering is well suited to the market: historical/cultural interest; good quality attractions; excellent scenery; accessible landscapes; easy access to golf.
- Ireland could generate a significant volume of international trips from this market if:
  - Inventory increased, particularly well located and well serviced stock.
  - Stock was actively sold and marketed.
- Ireland is not actively sold as the limited amount of stock is achieving 90% utilization.