
Time-share Market Stays in Doldrums

A mere pre-paid vacation, not an investment

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NEW YORK - Time-share is not quite the investment that Patricia Uhler had hoped it would be.

While companies like Wyndham Worldwide Corp., Star-wood Hotels & Resorts Worldwide Inc. and Marriott International Inc. are doing great business around the world selling time-share, Ms. Uhler has not been so fortunate.

Finding that she has less time and money for vacations than she expected, and with combined maintenance fees climbing to nearly US\$1,200 a year, Ms. Uhler has sought to sell two weeks of time-share that she had hoped would be a nice investment in prime resort real estate.

But in her six-month effort to sell a week at a resort in Myrtle Beach, S.C., and another week at a property near Walt Disney World in Orlando, Fla., the mother of two has encountered dubious brokers and the realization that most of her money is probably gone.

Buyers on the time-share resale market are scarce, and experts say sellers are lucky to get 10% of the original price. It could be even less: Time-shares are routinely offered for sale on auction site eBay starting at US1¢.

The problem for many buyers like Ms. Uhler is they believe time-share is a slice of real estate, which they hope will increase in value.

In fact, they have no ownership of the underlying property. Rather, they're buying only the right to use it - typically, a one-or two-bedroom apartment -- for a set amount of time each year. The industry is quick to point out that time-share is a pre-paid vacation, not an investment.

The slump in the U.S. real estate market has made things even harder for people, like Ms. Uhler, whose time-shares are in the United States. But the resale difficulties are worldwide.

"Time-share is a kind of stupid, complicated thing to get involved in," said Briton Annie Galvin, who owns two weeks at a development in Stratford-upon-Avon, William Shakespeare's birthplace.

"We can't sell it even if we find an idiot to buy it," said the substitute school teacher from Northwood, Middlesex, who bought the weeks for a total of about US\$5,000 seven years ago. "We realize that we've lost our investment."

With Baby Boomers nearing retirement and looking to kick back, sales of new U.S. time-shares have nearly doubled over the past five years.

U.S. sales hit US\$10-billion in 2006, about five times the rate a decade earlier, according to the American Resort Development Association, the industry's leading trade group. About 4% of U.S. households own time-shares.

Harry Taylor, secretary general of the Association of Timeshare Owners Committees, based in Birmingham, Britain, said reselling time-share is fraught with difficulty. "It's a very poor marketplace.

"When they've signed, they've signed it for perpetuity," he said. "If they die, it goes to the son. He's got to pay it. There's no exit policy."

The never-ending maintenance fees and the slowing U.S. economy has pushed more time-share than usual on to the resale market, said Ed Hastry of the Maryland Timeshare Owners Association in the United States, noting it is the worst market for time-share sellers he's seen since he started following the industry in 1988.