



Timeshare Accommodation

– getting good value for money

A report by the Timeshare Consumers Association (January 2005)

Introduction

Timeshare accommodation has many attributes which make it superior to almost all hotel accommodation and puts it on par with the ownership of a holiday home, but without the cost or hassle.

Compared to hotels, timeshare accommodation is more spacious, is self contained for a whole family and is equipped and furnished to a high standard and almost all timeshare resorts have extensive free-to-use leisure facilities. All timeshare accommodation is self catering and comes as apartments, villas or lodges.

For many years the only way for holidaymakers to enjoy the advantages of timeshare accommodation was to buy a “right of ownership”. But major changes in the industry over the past ten years now mean that timeshare accommodation is available through an ever increasing number of options.

Typically:-

- Timeshare ownership (fixed or floating week)
- Points club membership
- Holiday club membership
- Multi-resort club membership
- Special membership groups (trade unions etc.)
- Rental
- “free” holiday promotions

This report looks at the main options for holidaymakers and draws conclusions about which options provide the best value for money in three typical scenarios. The scenarios we have looked at are:-

- A. Retired couple, seeking sun in the winter, staying in a studio apartment (sleep 4) in the Canaries for a week in January.
- B. Couple with young children taking a week in a (sleep 6) apartment in Spain in June.
- C. Couple with school age children who need to have a week in a (sleep 6) villa in August in Spain

Because timeshare accommodation standards range from good to excellent we selected a quality grade in, or next to, the top grade available. All prices are taken from resorts which are either RCI “Gold Crown” or Interval “Premium” – both quality standards where timeshare accommodation clearly shows its superiority over hotel accommodation.

Points clubs are now the most aggressively marketed sector of the timeshare industry and the top three companies in the points systems operate in very different ways, so we have included all three (RCI Points, Club Sunterra and Club la Costa Vacation Club) in this report.

Conclusions

- A. The retired couple looking for a week in the sun in winter need look no further than rental with a wide choice of destinations and low prices available on the internet or teletext, and, occasionally, in the high street.
- B. The couple with young children who want a week in June in Spain should first look at rental, which will be the cheapest if suitable accommodation can be found. Alternatively a fixed or floating timeshare week (bought from a resale broker) may offer a better choice at higher prices.
- C. For the couple with school age children holidaying in August the only certain way of getting timeshare accommodation is by owning a fixed week of timeshare in the resort and time period they want. All other options are “subject to availability” and booking cannot be guaranteed. Rental of August (and Christmas) periods is almost non-existent and what does exist can be very expensive.

How the survey was conducted

Detailed costing for the three scenarios are shown in the Appendices, but the following points should be noted:-

- 1. We show the lowest readily available price we could find. But we found considerable variations in price with the highest price for a specific product often being more than twice the lowest price. (see Buyers Advice later)
- 2. It is assumed that any capital payment will lose interest at 4.5% annum.
- 3. It is assumed that timeshare ownership, points ownership and holiday club membership will be retained for 15 years and then sold for its residual value, if any.
- 4. Annual costs are taken from recent information provided by consumers who have contacted TCA and from the internet. A request to the three points club operators for price information met with total silence!
- 5. Rental details were taken from the internet – using Google search for “ ‘resort name’ region rental”. Exceptionally low prices were ignored as they appear to be “promotional” weeks designed to provide fodder for the timeshare salespeople and therefore offering a less than acceptable holiday experience..
- 6. Holiday club information was obtained from two internet based holiday clubs.

7. Points clubs usually have very complex pricing structures, which are constantly changing, making detailed comparisons with other options rather difficult.
8. Timeshare week costs include an allowance for exchanging to make a fairer comparison with points systems.
9. All annual charges, except those of rental and holiday clubs, are payable every year irrespective of whether the accommodation is used or not.
10. Prices are at 30 November 2004
11. We have judged the “certainty” of being able to get the required week from the experience of consumers. Only the ownership of a fixed week of timeshare will guarantee availability of that week, all other systems being “subject to availability”.

Buyers Advice.

1. Getting the lowest purchase price is a matter of shopping around and then bargaining, hard:-
 - a. Shop around. All options are available from a variety of sources, mostly including resale brokers. If you find two or more brokers able to provide what you want, play one against the other to get the lowest price.
 - b. Bargain hard With sales being increasingly more difficult to make all salesmen will reduce their price, often very substantially, in order to hold in a sale. If you’ve got to the end of a 5 hour marathon, having given all the right buying signals, and then say that you’re going to walk away because the price is too high, you’ll be inundated with tempting offers. Totally ignore all short-term offers – free holiday; more points for the first three years etc. – but concentrate on getting the purchase price down. What may have started as a £20,000 deal could easily end up at £7,500 .

A really dedicated bargain hunter could more than halve the *lowest* purchase prices used in this report.

2. Membership of a holiday club is not recommended as many clubs are bogus and those that do exist could suddenly disappear leaving the member with nothing to show for their money.
3. A small number of “lo-cost” multi-resort clubs now exist which offer similar choice to holiday clubs at lower capital and user cost and with much greater degree of certainty of availability. These currently represent too small a section of the market to justify inclusion in this report.

Appendices:-

1. Scenario A - costs
2. Scenario B - costs
3. Scenario C – costs

Cost Comparisons

Scenario A

APPENDIX 1

Based on:-

RCI "Gold Crown", 4 Keys, Interval "Premium"

Tenerife

Week 2, Mid-January

"T0", Studio

Loss of interest at % 4.5
Each year for 15 years

Product	Seller	No. Points	Lowest	Lowest	Residual Value £	Loss of Interest	Loss on Sale	Annual Charges	TOTAL	CERTAINTY	CHOICE
			Points Price £	Purchase Price £					ANNUAL COST - £		
Timeshare week	Developer	N/A	N/A	2,500	50	113	163	340	616	GOOD	
Timeshare week	Reseller	N/A	N/A	900	50	41	57	340	437	GOOD	GOOD
Club la Costa Vacation Club	CLC	450	10.00	4,500	200	203	287	325	814	GOOD	
Club la Costa Vacation Club	Reseller	450	2.50	1,125	200	51	62	325	437	GOOD	GOOD
RCI Points (Pure)	RCI Agent	27,500	0.05	1,375	0	62	92	413	567	GOOD	
Club Sunterra	Sunterra	2,000	1.30	2,600	550	117	137	313	567	GOOD	
Rental	Internet	N/A	N/A	0	0	0	0	245	245	GOOD	BEST
Holiday Club	Agent	N/A	N/A	6,000	0	270	400	300	970	GOOD	

Cost Comparisons

Scenario B

**APPENDIX
2**

Based on:-

RCI "Gold Crown", 4 Keys, Interval "Premium"

Costa del Sol

Week 25, Red, Mid-June

"T2" - sleep 6

Loss of interest at % 4.5

Each year for 15 years

Product	Seller	No. Points	Lowest	Lowest	Residual Value £	Loss of Interest	Loss on Sale	Annual Charges	TOTAL	CERTAINTY	CHOICE
			Points Price £	Purchase Price £					ANNUAL COST - £		
Timeshare week	Developer	N/A	N/A	8,000	600	360	493	447	1300	GOOD	GOOD
Timeshare week	Reseller	N/A	N/A	2,000	600	90	93	447	630	GOOD	
Club la Costa Vacation Club	CLC	1,100	6.50	7,150	500	322	443	611	1376	FAIR	FAIR
Club la Costa Vacation Club	Reseller	1,100	2.50	2,750	500	124	150	611	885	FAIR	
RCI Points (Pure)	RCI Agent	48,500	0.05	2,425	0	109	162	588	859	FAIR	FAIR
Club Sunterra	Sunterra	5,500	1.30	7,150	1,800	322	357	431	1109	FAIR	
Rental	Internet	N/A	N/A	0	0	0	0	350	350	FAIR	BEST
Holiday Club	Agent	N/A	N/A	6,000	0	270	400	300	970	FAIR	

Cost Comparisons

Scenario C

APPENDIX 3

Based on:-

RCI "Gold Crown", 4 Keys, Interval "Premium"

Costa del Sol

Week 32, Red, Early-August School holidays

"T2" - sleep 6

Loss of interest at % 4.5

Each year for 15 years

Product	Seller	No. Points	Lowest Points Price £	Lowest Purchase Price £	Residual Value £	Loss of Interest	Loss on Sale	Annual Charges	TOTAL ANNUAL COST - £	CERTAINTY	CHOICE
Timeshare week -fixed	Developer	N/A	N/A	11,000	2,000	495	600	447	1,542	GOOD	
Timeshare week - fixed	Reseller	N/A	N/A	4,500	2,000	203	167	447	816	GOOD	BEST
Club la Costa Vacation Club	CLC	1,150	6.50	7,475	550	336	462	633	1,431	FAIR	
Club la Costa Vacation Club	Reseller	1,150	2.50	2,875	550	129	155	633	917	FAIR	GOOD
RCI Points (Pure)	RCI Agent	60,500	0.05	3,025	0	136	202	659	997	FAIR	FAIR
Club Sunterra	Sunterra	6,500	1.30	8,450	1,820	380	442	464	1,286	FAIR	
Rental	Internet	N/A	N/A	0	0	0	0	695	695	POOR	FAIR
Holiday Club	Agent	N/A	N/A	6,000	0	270	400	500	1,170	POOR	