



Tempting times for some as investors check into the timeshare property scene

By **DAVID COHEN**

"I'M SURE you already know this, as you're people who already successfully own their own homes, but rent stands for Return of Equity Never to the Tenant."

Chris Stedman was half-way through his 75-minute sales pitch aimed at persuading BusinessDay to buy a timeshare property in Hawaii.

"Renting is death," he said. "People purchase their vacations for the same reason they purchase their homes."

Mr Stedman (a "Master Sales Executive — Yellow Diamond", according to his card) made the idea of spending anything from \$US23,640 (SA26,430) to \$US250,000 on a Marriott timeshare on the island of Oahu the only sensible course of action.

BusinessDay resisted, but many others signed up. Timeshares are popular in the US and Europe, and are becoming more popular in Australia.

"Timeshares are propping up some small towns in Australia," says Laura Younger, general manager of the Australian Timeshare and Holiday Ownership Council.

The council says there are 125,000 Australian timeshare

owners, with the "fastest growing area in the tourism industry" worth \$700 million.

Overseas, Marriott has added 500 timeshare properties in the past five years, including a dozen in Hawaii. The company looks after half a million rooms a night.

The rooms Mr Stedman wanted BusinessDay to buy don't exist yet: they'll be in a tower being built at the Ko Olina Beach Club, a 30-minute drive from Honolulu.

A two-bedroom, two-bathroom 40-square-metre spread with a small balcony costs \$US23,640. It will have mountain views instead of a beach vista and could be used every second year.

At the other end of the scale, a three-bedroom, three-bathroom ocean view 115 sq m penthouse available for a month at Ko Olina every year cost \$US250,000.

"And the prices go up next Thursday," Mr Stedman said.

Why do Americans love timeshares? Mr Stedman said there were three reasons.

"Commitment to your family vacation; intelligence in owning rather than renting your vacation; courage in having trust in Marriott." What if we bought it and then decided to sell it?

What sort of profit could we make?

If Marriott resold it for us, they'd take a 40% commission. The figure dropped to 25% if we found the buyer.

Would the value of our timeshare rise? "In real estate, I can't take out my crystal ball," Mr Stedman said.

The Australian Securities and Investments Commission says although timeshares are legally structured as an investment, they're usually a lifestyle or holiday option.

"There is no real secondary market where other consumers or investors buy and sell timeshares," ASIC's acting executive director of consumer protection, Delia Rickard, said.

"If you want to sell your timeshare you may not get a lot for it, so it's probably sensible to see a timeshare as an illiquid investment that may prove hard to sell."

Even the timeshare lobby in the US admits as much: "Do not necessarily expect to receive the same amount that you originally paid for your timeshare, particularly if you have owned for less than five years and the interest is not in a well-known resort location," says the American Resort Development Association.



The last resort?