

News monitored for: M&M - Holidays & Resorts



Timeshare industry notching 20 percent annual growth

Propelled by a robust economy and domestic tourism, timeshare or vacation ownership in India has shown consistent growth in the last few years, as well as great potential for the future.

"The timeshare industry in India has grown at a compounded annual growth rate of 20 percent since the mid-1990s. Currently, there are about 250,000 households owning timeshare and this figure has been increasing at a rapid pace over the last few years," **BS Rathor**, chairman, All India Resort Development Association (AIRDA), told **T3**. His statement is supported by **Ramesh Ramanathan**, MD of Mahindra Holidays & Resorts. "Our vacation ownership member base has grown at a compounded annual growth rate of 31 percent over the last six years. As of March 31, 2010, it stood at 109,884 and the room inventory was 1, 476 room across 33 resorts in India and Thailand," he revealed.

According to Rathor, the catalysts for this

growth are the expanding base of the domestic tourism market, a robust economy, proliferation of nuclear families having higher disposable incomes and the changing trend of holidaying as a conscious lifestyle option. However, timeshare is still in a nascent stage and will require its own gestation period and space to grow in scale and content, he added. When compared to the global vacation ownership market, the penetration of the timeshare industry in India is still low. Globally, there are over 5,500 resorts in a hundred countries, with the US having the largest share of 29 percent. According to an Ernst & Young report, the global vacation ownership market was estimated at US\$ 15 bn in 2007, of which USA and Europe accounted for nearly 85 percent.

According to AIRDA, there are 45 vacation ownership companies operating in India promoting 80 resorts and 5000 units. "The entire vacation ownership membership in India is about 250,000. The average annual addition is about 18,000 and the industry is growing at over 15 percent on a compounded rate," Ramanathan revealed.

Based on the growth pattern of timeshare in the developed markets, Rathor opined that timeshare was a diversified market in India



BS Rathor



Ramesh Ramanathan

HIGHLIGHTS

There are 45 vacation ownership companies operating in India

Vacation ownership in India has emerged as a recession proof segment

India's timeshare industry adds 18,000 members annually

because the product offering includes vacation homes, fractionals, destination clubs and condo-hotels. "As the industry matures, these products will be made available depending on consumer needs. Emerging trends will see expansion of the timeshare business model

through consolidation, acquisitions and investments," Rathor added. Moreover, the timeshare industry is unique compared to other hospitality segments in that it is less vulnerable to external disturbances because its major market base is the domestic leisure traveller. Realising that the vacation ownership market was segmented, Mahindra Holidays launched different kinds of products for different customer segments. "We launched Zest, a timeshare offering targeting young couples in 2006 as well as Club Mahindra Fundays, a point-based vacation ownership offering for the corporate segment, the same year," Ramanathan shared. Mahindra Holidays has already tied up with more than 30 corporate companies for Fundays.

A major benefit for a timeshare buyer is that he owns a one-week holiday for 25 years (or as per agreement) at today's prices which makes his purchase inflation proof, pointed out Rathor. "Can one think of anything better in terms of pure financial returns?" he asked. Ramanathan also echoed the same logic. "In timeshare, a member pre-buys the holiday entitlements, primarily holiday accommodation, for a long period of time, usually 25 years. In a scenario where hotel room rates have been witnessing a 20 percent average annual increase, timeshare results in substantial savings," he opined.

- MURARI MOHAN JHA