

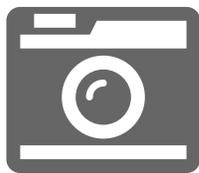
5 Ways to Get the Most Bang for Your Timeshare Buck

Although timeshares won't make you rich, you can squeeze more value from these vacation properties.

By **Kayleigh Kulp**, Contributor Feb. 13, 2018



Crunch the numbers – with a focus on maintenance costs and exchange fees – to ensure a timeshare is a smart



investment.

(GETTY IMAGES)

TIMESHARES CAN BE A WAY to own a piece of [property in a vacation destination](#), but think twice before adding a timeshare to your investment portfolio. "I have never heard of a timeshare being sold for profit by anyone other than the resorts," says Gordon Newton, president of Gilbert, Arizona-based Newton Group Transfers, which helps people exit their timeshares.

That's because a timeshare, which typically costs up to \$50,000 up front from a developer, also comes with maintenance and exchange fees that can be several thousand dollars per year.

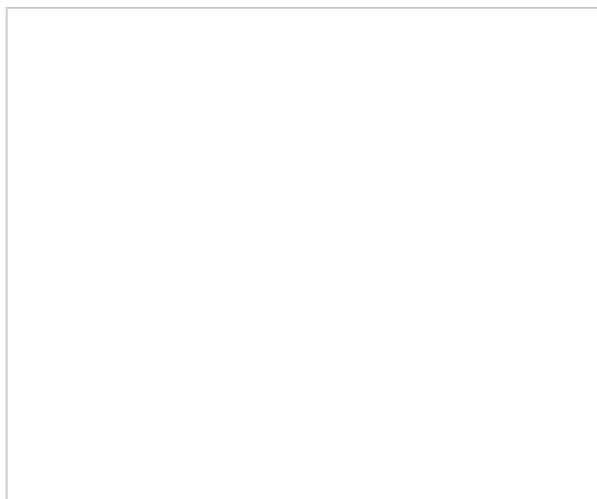
[See: [7 Ways to Invest in Real Estate with ETFs.](#)]

That doesn't stop the \$8.6 billion industry from remaining a popular way for people to travel: About 9.2 million U.S. households own at least one timeshare, according to the American Resort Development Association International Foundation (AIF). In 2015, 46 percent of timeshare sales were from new owners.

Determining the value of a [timeshare](#) depends on your goals and purpose for buying, so heed the following tips from financial and timeshare pros before making a move.

Buy for the memories, not cash flow. "What a timeshare is good for is creating memories with family and friends," says David Yu, a certified financial planner and founder of Pacific United Planning in Diamond Bar, California. Yu owns two Marriott timeshares but does not expect them to appreciate in value or [provide income](#). Instead, he purchased his timeshares as a way to force himself to get away from work and take vacations, which timeshare owners seem more inclined to do. The AIF reports timeshare owners took more than three vacations in 2015.

By buying into a large developer's network, Yu is able to take advantage of a broad, attractive portfolio of resorts that can be used in a timeshare exchange if he wants to vacation in an area where his own network doesn't have a presence.



Examine the numbers. A timeshare's maintenance fees are the number one reason people want to end their timeshare ownership, Newton says, noting that in 2005 the

average annual maintenance fee was \$471, compared to \$971 in 2016 – a cost rising faster than [inflation](#).

There may also be weekly exchange fees of about \$200 if you want to use a timeshare in another location instead of your own, Newton says.

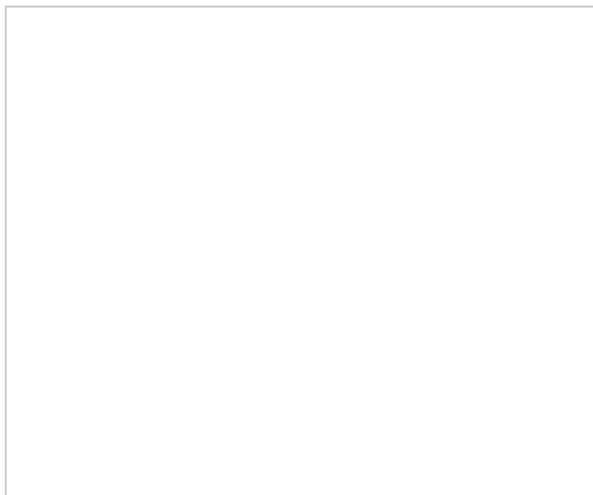
"If you factor in the cost of a timeshare mortgage, with the average timeshare week costing roughly \$20,000, you don't really benefit financially until many years after owning," he says, and you may need to pay a timeshare exit company to sell your timeshare when you are done using it.

[See: [The 10 Best REIT ETFs on the Market.](#)]

In many cases, consumers purchasing on the primary market – for example, from the developer – will end up paying more over the long term than if they had rented comparable hotel accommodations, says Lisa Ann Schreier of The Timeshare Crusader blog. "This [is] despite what the industry puts out in terms of snazzy infographics that you really need to look quite closely at."

Shop for deals on the resale market. Timeshares can be purchased secondarily online for as low as \$100 or even for free from other owners who would like to get out of them. Yu purchased both of his Marriott timeshares for \$11,000 total on [SellingTimeshares.net](#).

But be sure to do some due diligence. Yu enlisted a [real estate](#) agent to help him ask the right questions and to obtain the kind of properties he wanted. Research occupancy rates, rental rates and the prices of comparable accommodations on vacation rental websites and hotels to get an idea if the timeshare is a good value.



Consider renting out your timeshare. If owning a timeshare is appealing, you can rent out your weeks to make some of your money back, or even a little extra. The average timeshare occupancy rate is about 80 percent compared to the hotel occupancy rate of 64 percent, according to an AIF report.

About 45 percent of timeshare occupants were owners or owners' guests; 14 percent were exchange guests; 16 percent were renters; and 6 percent were marketing guests, the organization reports. If you purchase weeks of a timeshare in the resale market and you're good at renting it out, you can pay off your original cost in six years, with a gross return of 6 to 12 percent annually after paying off the properties, says Richard Hayman of Hayman Consulting Group in Potomac, Maryland. Hayman has owned a Marriott timeshare for 22 years.

Yu uses one of his two weeks at a timeshare to vacation and rents out the other for \$2,100. The rental pays for about 70 percent of his total annual maintenance fees of about \$2,959.

Get creative if you're looking for an investment. If [investing in the vacation rental market](#) appeals to you, look into the cost of purchasing a home outright or participating in crowdsourced vacation rental funding, says Tony Andersen, director of marketing and public relations for FAR International.

[See: [The 10 Best Ways to Buy Real Estate.](#)]

The company claims that investors of its shared investment properties in up-and-coming Latin American destinations like Colombia get an average 8 percent return and two to three weeks for vacations per year