

BLOG (/BLOG) / THE PROS AND CONS OF TIMESHARE OWNERSHIP

The Pros and Cons of Timeshare Ownership

By Gordon Newton (/blog/author/gordonnewton) on 3/28/2018



Timeshares have a bad rap. But do they deserve it? Expert Gordon Newton explains the pros and cons of having a timeshare.

Let's face it: Timeshares have a bad rap. Their reputation has taken a steep dive over the past decade, as most young people learned everything they know about them from the TV show *South Park* (the Timeshare episode) or their grandparents. Yet, despite their notoriety, these vacation properties do hold intrinsic value for many individuals and families—although eventually they lose their luster over time for many.

If you are considering purchasing a timeshare, please take a moment to read the list of pros and cons below, and make sure to do your research before signing on the dotted line.

Pros of Timeshare Ownership

There's a reason there are millions of timeshare owners in the United States. If people get good use out of their vacation properties, they can create memories that last a lifetime.

Guaranteed Vacations: For the right price, timeshares offer unrivaled trip security. If you know you love visiting a specific location where you and your family will have a great time and feel at home year in and year out, purchasing a timeshare at that locale can help you build memories long-term.

Gorgeous Locations: While many people spend their vacations at the lake or visiting relatives, timeshares offer luxurious stays in beautiful locations. In addition, most resorts have exchange systems in place that encourage owners to swap out their annual week at their home resort to visit new and exciting destinations.

Helping Others Enjoy Vacations: Owning a timeshare not only gives you the chance to take your family and friends on an exciting vacation, but you can also host co-workers and clients or even allow them to use it on their own during times you and your family can't use it.

Cons of Timeshare Ownership

Despite the benefits of timeshare ownership, the cons have contributed to their unfavorable reputation.

Inability to Use: Your timeshare is going to be waiting for you every year, but what about when you can't make it? Once the initial excitement of the new purchase wears off, life takes over. Work responsibilities, a growing family, caring for aging parents, and financial difficulties can make the annual trip difficult. Unfortunately, you're still on the hook for all timeshare-related costs whether you use it or not, so be sure to consider what's on the horizon when weighing your options.

Inability to Exchange Weeks: While salespeople are fond of touting their exchange programs, availability is often an issue as top-notch resorts fill up quickly for peak seasons. This is a common complaint among timeshare owners.

Depreciating Value: For people who can afford it, owning that "little slice of paradise" can make them feel they've arrived at a sense of success that many people never achieve. Unfortunately, these properties depreciate significantly the minute you sign on the dotted line and continue to lessen in value (to the owner) until the day you start looking for ways out.

Issues with Renting: When you are unable to visit your timeshare (and those years will come—I see it all the time), you might want to rent out your week to help recoup a portion of your mortgage or maintenance fees. Unfortunately, finding a trustworthy renter who is willing to pay even a fraction of your annual costs can be difficult. Worse yet, some resorts actually have policies written into their contracts that prohibit owners from sub-letting

their weeks, so be sure to read the fine print on any timeshare contract. Better yet, have an attorney review the language and give you an honest assessment of the agreement before signing a contract to purchase a timeshare.

Never-Ending & Ever Rising Fees: According to the ARDA (the American Resort Development Association) 2016 annual report, the average purchase price for a timeshare was \$20,940. When compared to buying a resort home outright, that seems cheap. But remember, you're only purchasing 1/52 of the property, and it's an asset that will not likely increase in or even hold its value. In addition to your mortgage, you are required to pay annual maintenance fees (the average maintenance fee was \$970 in 2016 according to the same report), sporadic special assessments that can reach into the hundreds or thousands of dollars, annual taxes, and other fees.

Inability to Sell: Once the cons begin to outweigh the pros, people often turn to the resale market only to find it crowded with a plethora of unhappy owners also seeking to unload their timeshares. Worse yet, scam artists hunt these landscapes, hoping to prey on desperate and vulnerable owners.

Conclusion

Timeshares have a life cycle. In the beginning, timeshare owners enjoy the pros. They get to enjoy amazing vacations, stay in luxurious resorts, and create lasting memories with their friends and families. Over time—and as more affordable travel solutions have developed—the cons of timeshare ownership may outweigh the pros. It is at this point that owners face the challenges that are typically not discussed during the timeshare sales process (such as getting rid of it). This has led to the current state of the timeshare market, with an abundance of timeshare properties for sale that have no value and over one million timeshare owners currently seeking to get out of their timeshares.

Just like any major purchase, you'll have to decide for yourself if the pros outweigh the cons, and determine if buying a timeshare fits in with your financial goals.



Gordon Newton is the Co-Founder and President of Newton Group Transfers and the Author of The Consumer's Guide to Timeshare Exit (<https://www.newtongrouptransfers.com/guide>). Learn more about Gordon and his work at <https://www.NewtonGroupTransfers.com> (<https://www.newtongrouptransfers.com/>).

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