# MULTI-OWNERSHIP OF TOURISM ACCOMMODATION COMPLEXES: A CRITIQUE OF TYPES, RELATIVE MERITS, AND CHALLENGES ARISING

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**Abstract** 

Across the western world there has been significant expansion in the multi-ownership

of tourism accommodation complexes in recent years. Despite this development, this

is believed to be the first study to attempt a holistic synthesis of the range of forms

and structures that multi-owned tourism accommodation (MOTA) complexes can

assume. A spectrum of MOTA types is developed based on the notion that MOTA

complexes can exhibit varying degrees of ownership. This synthesis of MOTA types

lays the basis for an evaluation of the relative merits of different MOTA types. A

commentary is provided concerning the difficulty of quantifying MOTA growth and

the nature of challenges that MOTA can present to a range of stakeholders.

Key words: Condominiums, timeshare, fractional ownership, second homes, multi-

ownership, tourism accommodation

2

# MULTI-OWNERSHIP OF TOURISM ACCOMMODATION COMPLEXES: A CRITIQUE OF TYPES, RELATIVE MERITS, AND CHALLENGES ARISING

# 1 INTRODUCTION

Increasing demands for expansion or restructuring (Argawal, 2002), and diversification or redevelopment (e.g. Priestley & Mundet, 1998; Valenzuela, 1998; Williams et al., 2000; Argawal, 2002; Bramwell, 2004; Aguilo et al., 2005) of the tourism and travel industry have required the commitment of considerable investment capital to expand and update transport, accommodation and entertainment infrastructures. Much of the transport and major entertainment infrastructure (roads, railways, ports, airports, convention centres, etc.) has been funded by government or large government-backed consortia, including international financial institutions such as the World Bank. This form of funding is distinct from the approach taken for accommodation and associated recreational facilities, which has tended to be built and financed by the private sector, notably property developers in collaboration with private investors, large hotel chains and, for example in Spain, large travel wholesalers (Priestley, 1995a). In many cases, particularly in regional and less developed areas, these traditional modes of investment have been supported by low interest loans associated with special development funds and programs sponsored by very large institutions such as the European Union, the World Bank or equivalent regional development banks.

This privately oriented approach to tourism accommodation financing signifies that expansion has been limited by the wealth of large investors willing to commit to this piece of the tourism infrastructure jigsaw. This capital limitation factor appears to have triggered an innovative response by developers active in tourism accommodation construction. In a manner paralleling the evolution of joint stock companies, which represent the archetypal commercial enterprise multi-ownership model (i.e. owned by shares), in England in the mid-sixteenth and seventeenth centuries (Harris, 2000), the last 30 years has seen the rapid expansion of shared ownership vehicles for tourism accommodation (Foxley, 2001; Warnken et al, 2008). However, unlike the joint stock company model where one ownership share is indistinguishable from another, each share of ownership in a multi-owned tourism accommodation (MOTA) complex relates to a specific area of real estate, ie, each of the accommodation units comprising a MOTA complex is treated as a discrete ownership package. In the case of timeshare, the accommodation unit as the currency of ownership has been extended by further dividing ownership on the basis of discrete time periods. Consistent with the logic of financing companies through share capital, the fundamental rationale for dividing an accommodation complex into smaller ownership units is based on the fact that the potential investment community that can finance the development is expanded considerably. Due to the presence of a consumption motive, unlike the case of companies owned by shares, the investment rationale for many investors in MOTA complexes is not limited to a quest for wealth expansion, ie, many investors will be seeking to live in their acquired unit when holidaying.

On a global scale, different legislative (and taxation) frameworks, changing travel and holiday patterns, shifting economic cycles and varying balances of power in local governance and planning systems have generated a broad spectrum of MOTA types. These MOTA types range in temporal terms from leisure contracts pertaining to one or more weeks to full, i.e. exclusive and perpetual ownership of a deeded property title. They also vary significantly with respect to their internal governance structures and the number and profile of investors involved.

It is believed this is the first study to attempt a holistic examination of issues surrounding this spectrum of MOTA types. While a literature on timeshare has evolved over the last 15 years (eg, Crotts and Ragatz, 2002; Elson and Muller, 2002; Ladki et al, 2002; Pryce, 2002; Rezak, 2002; Upchurch and Gruber, 2002; Upchurch and Lashley; 2006; Woods and Hu, 2002), there has been a conspicuous paucity of research specifically focused on outright ownership of units, frequently referred to as 'condominiums' or 'strata title units', in tourism complexes (Guilding et al, 2005, Warnken et al, 2008). As some MOTA units are held as a second home, the emergence of a tourism-linked second home ownership and amenity migration literature (Hall and Mueller 2004, McIntyre 2006, AM book) carries some resonance for this study. Second home ownership can be traced to the desire of nobility and wealthy city dwellers to own a seasonal residence (summer or winter palace) (Coppock, 1977) to escape excessive heat, cold, intensity of human interaction, or the unhealthy conditions of life in large cities.

It is notable that these early forms of second home ownership were generally based on single, not shared, forms of property title. Growing space constraints in well

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<sup>&</sup>lt;sup>1</sup> Due to the breadth of issues addressed in this paper, no attempt has been made to also explore hierarchical ownership issues associated with differences between leaseholder and lessee relationships. For the purposes of this study, MOTA is viewed as including properties sold under a long term lease (usually 99 years).

established tourism destinations has resulted in higher density structures that are capable of accommodating increasing infrastructure demands and costs, notably water supply, sewage reticulation, electricity and transport facility access. In addition to the financing factor already noted, such space constraints can be seen as a second factor contributing to the development of accommodation units that share a common structure or a piece of common land. This, in turn, has raised the need for regulatory, administrative and operational frameworks to collectively manage the interests of the owners whose units comprise the complex. With relevant legal and titling arrangements in place, and a growing demand for second home ownership fuelled by increasing disposable incomes, more leisure time and better access to high amenity locations (Coppock, 1977; Williams, 2004), MOTA has rapidly expanded and diversified in many tourism destinations around the world. Nearing the end of the first decade of the 21st century, MOTA now embraces a range of ownership and management structures extending from vacation clubs and short-term (1 week) contractual timeshare constructs to fractional timeshare, 'condotels' or 'aparthotels' and second home apartments.<sup>2</sup>

The broad aim of this work is to further our understanding of the burgeoning MOTA landscape by:

- 1. developing and describing a spectrum of MOTA types;
- 2. commenting on the challenge of gauging MOTA growth;
- 3. exploring the relative merits of different MOTA types; and
- 4. describing challenges posed by MOTA.

<sup>&</sup>lt;sup>2</sup> In some jurisdictions, e.g. the U.S.A., major legal differences exist between vacation ownership constructs and second home apartments, especially in regard to tax matters.

The remainder of the paper is sequentially structured by the pursuit of these four objectives.

#### 2 A SPECTRUM OF MOTA TYPES

This section provides an overview of the main forms of MOTA and also the rationale for conceiving of these MOTA types as lying on a 'degree of property ownership' spectrum. The 'degree of property ownership' spectrum is used here as an encapsulation of two factors associated with a MOTA investment: the extent that a MOTA purchase relates to a specific unit within an accommodation complex and the extent to which ownership provides unrestricted access to the MOTA unit. Figure 1 provides a representation of the relative location of identifiable MOTA types on the 'degree of ownership' spectrum. Those MOTA types appearing to the left of this figure exhibit low degrees of ownership, while placement to the right of the figure signifies relatively high degrees of property ownership. Increasing degrees of ownership tends to signify increasing investment values. As a result, progression from left to right in Figure 1 implies increasing MOTA value. As will be evident from the discussion below, it is notable that differing degrees of ownership appear to affect mode of MOTA governance and operation; also different legislative provisions can apply to different MOTA types falling within the same domestic jurisdiction.

#### INSERT FIGURE 1 ABOUT HERE

Three broad classificatory groups are also provided in Figure 1. These groupings are: contractual timeshare, deeded title time share and undivided title interests. A summarised overview of the differences between these three broad categories is provided in Table 1 and these three groupings provide a structuring basis for the remainder of this section.

#### **INSERT TABLE 1 ABOUT HERE**

# 2.1 Contractual timeshare MOTA types

The MOTA type that appears most distant from the concept of property ownership is a unit of entitlement purchased in a vacation club. This appears more akin to the purchase of an on-going vacation entitlement rather than a property ownership entitlement. A relatively upmarket variation of the vacation club model is provided by destination clubs. The vacation club concept, pioneered by Hapimag in Europe (WTO, 1994), is based on owning a membership or share in a company that offers holiday stays in a range of complexes and destinations. This MOTA type resembles many timeshare contracts developed in Europe, where investors buy a right to occupy for a given period, or a share in a trust in a particular building (OTE, 2001; OTE, 2006).

Timeshare ownership is, in principle, more closely aligned with securities and contract law or corporations law (with some exceptions in older schemes and fractional products). Despite this, most national statutes pertaining to timeshare still

allow the sale of immovable property titles and developers in some jurisdictions (e.g. the U.S.A.) are advised not to sell units as an "investment" in order to avoid being held subject to security laws. Hovey (2002) notes that it has been ruled in some U.S.A. courts that timeshare is not a security when the intention of the purchase is for lodging. In Australia, however, the Australian Securities and Investment Commission see timeshare as a managed fund (Corporations Act, 2001, section 601FB(1]). In his consideration of whether an Australian timeshare purchase constitutes an investment product, Hovey comments "While it is acknowledged that non-financial benefits are derived from the purchase of timeshare, from an economic perspective, it fits as a managed investment product" (2002: 147). It is notable that in Spain, the Spanish Law 42/1998 severely restricts MOTA types by setting time limits for timeshare ownership to a minimum of three years and a maximum of 50 years.

#### 2.2 Deeded title timeshare MOTA types

In North America, the majority of timeshare units are sold by issuing an x/52 deeded title, with 'x' identifying one or more specific or 'floating' weeks of the year during which owners are entitled to use their property (WTO, 1996; Ragatz & Associates, 2003; Upchurch & Lashley, 2006). Fractional timeshare and private residency clubs have extended this deeded timeshare concept by developing deeded titles that provide property access for periods spanning several months.

Around 90 percent of timeshare units in the USA have been purchased on a fee simple basis, i.e. a property title. This is partially attributable to tax laws which benefit both vendor and purchasers (OTE, 2001), thereby establishing fixed use/fixed unit

constructs (Krohn, 1999) ranging between 1 and 13 weeks. Even though this type of MOTA complex requires the establishment of community associations or home owners' associations (for further details see below), owners have only limited rights to control the furnishings of their individual unit. Another difference to owners associations established for lots with undivided title interests is the frequent use of a contracted manager instead of an elected owners' committee as the executive arm of an owners association. These arrangements combined with the many titles created and the general absence of owners signify that timeshare management companies are in a strong position to act on behalf of the home owners associations and to oversee many of the administrative and operational roles associated with managing timeshare complexes. In some complexes, for example developments currently under construction at Whistler Mountain Resort (Canada), holders of fractional titles are prohibited under local laws or specific covenants to exchange their days or weeks for stays in other timeshare products. Any days not used by the owner can be placed in the complex's sub-letting pool. This resembles the operation of MOTA with undivided title interests.

# 2.3 Undivided title MOTA types

A significant factor distinguishes the deeded title timeshare grouping from the undivided title tourism accommodation (UTTA) grouping. This relates to the latter grouping conferring an uninterrupted period of entitlements to unit owners. In a UTTA complex, issues relating to property maintenance and operations fall under the jurisdiction of *immovable property law* and the law governing 'community (or home owners) associations' (USA), 'strata and community title' (Australia), 'sectional title'

(South Africa), 'Eigentumswohnungen' (Germany) and 'leasehold flats' in the United Kingdom. Practically all statutes relating to multi-title property ownership require the election of a small group of voluntary owners to act as the executive and representative body for the complex's owners. Matters typically requiring the ratification of a meeting of all owners include: approval of an annual operations budget (covering fees to be raised on owners and expenditures to be undertaken for the whole complex), any changes to 'house rules' (by-laws) and the scheduling of any capital works such as upgrades of common property facilities and fixtures.

While condotels (sometimes referred to as 'condohotels') are included within this grouping, it should be noted that the term is sometimes used in marketing materials and government reports when referring to complexes that include apartments based on timeshare.<sup>3</sup> The view has been taken here that the majority of units in condotels are owned by way of undivided deeded titles. A slight variation of the condotel theme is evolving in Dubai where a large number of 'furnished hotel apartments' are under construction. While many of these are subdivided into freehold titles under Dubai's new property law (law No. 7 of 2006) and its first draft of strata title law, a large proportion are owned by individual large investors holding a set of apartments (over several floors) in each building.

The term 'Appartmenthotel' or 'Aparthotel', which has arisen in Europe, tends to refer to the situation where individual units have been sold as undivided deeded title interests. Unit owners within these complexes receive their returns as a proportion of the total returns earned by the complex (ie, a pooled approach to return distribution).

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<sup>&</sup>lt;sup>3</sup> This term has been popularised in the USA. The prefix condo represents an abbreviation of the term 'condominium' and the suffix is an abbreviation of 'hotel'.

'Serviced apartments' is a term widely used in Australia where most multi-titled tourist accommodation complexes provide a direct return to owners in accordance with the returns earned by their specific unit (ie, a direct approach to return distribution). It is this distinct approach to the allocation of returns to owners that has resulted in serviced apartments being placed to the right of aparthotels in Figure 1.

The MOTA type located at the right hand extreme of Figure 1 is the holiday or second home apartment (Priestley, 1995a, b; Casado-Diaz, 2004, Sarda et al., 2005). This MOTA type is only distinguishable from other examples of UTTA by the manner of owner usage. Many units located in Mediterranean seaside resorts are used as second homes and not placed in a letting pool. In Australia, this MOTA type is widely referred to as a 'lock-up', reflecting the unit's status for substantial periods of time, as it is only used sporadically by the owner when vacationing, but it is rarely placed into a holiday letting pool.

#### 3 THE CHALLENGE OF GAUGING MOTA GROWTH

Trying to quantitatively capture the growth of MOTA is extremely difficult. While prior research consistently indicates that occupancy data for the second and holiday home sector is notoriously 'sketchy' (Leontidou, 1998; Casado-Diaz, 2004), the challenge becomes greater still when attempting to focus on the MOTA construct. This stems from the breadth of MOTA types outlined in the previous section and also the fact that the distinct manner of ownership that is evident in MOTA complexes is

not a factor that has been identified as warranting analysis by governmental data collection agencies.<sup>4</sup> Despite this, partial insights can be derived from four sources:

- a) Census data, however this usually only encompasses empty units in second homes and unoccupied long-term rentals (e.g. Priestley, 1995a; b; ABS, 2001).
- b) National and international visitor surveys sometimes provide estimates of visitor nights spent in second homes (e.g. Svenson, 2004), but fail to provide quantitative information about the number of units or types in holiday or second home pools.
- c) Real estate sales provide some data on second home and MOTA ownership, especially by foreigner investors, but usually in the absence of any differentiation between primary and secondary residence investment.
- d) The Internet provides an indication of holiday unit availability. While many such units qualify as MOTA (Warnken et al., 2008), the Internet fails to represent an exact mechanism for measuring the quantum of MOTA.

It also appears that owners of existing hotels are being attracted by the MOTA trend. Existing single title hotels can be sectioned into separate titles with each title pertaining to a room or one to several weeks per year. The extent to which this phenomenon is underway in the US is noted by Pizam (2006). This development provides a further challenge to monitoring the incidence of MOTA.

The comments above concerning the challenge of gauging the incidence of MOTA are not as applicable to timeshare units, however. Timeshare availability is monitored globally by two large timeshare exchange agencies: Resort Condominiums

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<sup>&</sup>lt;sup>4</sup> It is also notable that even if governmental data agencies were to focus on the MOTA construct, many MOTA complexes would be too small to be viewed worthy of data capture.

International (RCI) and Interchange International (II). The wealth of relatively accessible data on timeshare has laid the basis for a number of reviews and analyses by academics (Terry, 1994; Haylock, 1994; Woods, 2001; Crotts & Ragatz, 2002; Upchurch, 2002; Kaufman et al., 2005; Upchurch & Lashley, 2006) as well as consultants (e.g. Ragatz & Associates, 2003) and international tourism organisations (WTO, 1996).

A synthesis of the findings of research on timeshare (Ragatz & Associates, 2003; Upchurch & Lashley, 2006), second home ownership (Coppock, 1977, Hall & Mueller, 2004), growing trends in resort development (Stanton & Aislabie, 1992; ULI, 1997), and serviced apartments (Warnken et al., 2008), supported by site inspections conducted in destinations in Australasia, Canada, Europe, Hawaii, the Middle East, and USA, in combination have provided strong anecdotal evidence concerning MOTA's growing significance. It appears MOTA complexes now represent an integral part of, and even dominate, many popular seaside and ski destinations in many parts of the developed world. Such 'domination' can be manifested in a number of ways:

- a) number of buildings or bed spaces (e.g. Warnken et al., 2003);
- b) occupancy of prime locations close to major tourism attractions;
- c) association with key recreational facilities (e.g. a golf course or marina); or
- d) as an icon structure, i.e. by being part of the tallest building or largest complex in a destination.

Figure 2 highlights one example of MOTA dominance at a significant tourism destination (Surfers Paradise in Australia).

#### **INSERT FIGURE 2 ABOUT HERE**

#### 4 RELATIVE MERITS OF DIFFERENT MOTA TYPES

Recognition of the mix of MOTA types leads us to question what factors determine the relative popularity of timeshare properties compared to UTTA properties. This question is addressed in this section by considering the perspective of three key stakeholder groups: property developers; MOTA unit sales agents; and end users (investors and tourists).

# 4.1 The property developer perspective

Property developers represent a particularly influential stakeholder group determining the relative mix of MOTA types. This is because they constitute the party that instigates a MOTA complex by designing it and determining its location. In some instances, government planning may dictate certain outcomes, however, in most cases a developer will consider the nature of market demand when deciding between different MOTA options for a building (ULI, 1997). It should be noted, however, that the demand for MOTA units is not simply driven by a destination's visitation levels, however. This is because the purchase motivation for some owners might derive from a desire to own a seldom to be used second home (ie a 'lock-up'), or an ostentatious desire to own accommodation in a tourism based complex.

Decisions made by a developer during the design phase of a complex's life are largely irreversible. This is because, following construction and sale of units to initial owners, the constitutional challenge of changing a MOTA complex to a different MOTA type, or a single owner structure, are likely to be insurmountable. This highlights the enduring significance of the MOTA type opted for by a developer when designing a new complex. A particular exception to this limited capacity of a MOTA complex to be changed following its development is apparent, however, for those complexes where a time limit is established for timeshare contracts. As noted earlier, some timeshare complexes have been observed where all interests in the complex revert to a single title following the elapse of a pre-determined amount of time.

Relative to timeshare accommodation which has a narrow market restricted to tourism use, most UTTA units have a range of possible uses, i.e., in addition to tourism use, they can be resided in by the owner, used as a second home or rented on a long term basis. It is to be expected that in many destinations, developers will be able to secure finance more easily for those developments that are seen to have a broadly based market of purchasers. Closely associated with easier access to finance is the raising of loan capital with preferential covenants and lower interest rates. Aside from this finance issue, a developer is likely to be attracted to quicker sales that are likely to result from the more broadly based marketing of UTTA units. This potential for mixed-use of UTTA complexes, can be a source of much contention in many destinations. In this contention the interests of property developers are pitted against the interests of tourists and local planning authorities. This is because the latter two groups can be expected to recognise the benefits deriving from segregating tourists from long-term residents (Guilding et al, 2005).

# 4.2 The real estate agent perspective

The distinction between UTTA and timeshare is particularly apparent when considering the perspective of agents involved in selling MOTA unit titles or contracts to small investors. The legal distinction between UTTA and timeshare ownership is clearly apparent in most jurisdictions from the distinct licenses for the agents providing a sales brokering service. A real estate agent license is required for selling and managing property titles in UTTAs, and a timeshare brokerage or agency license is required for selling timeshare contracts.

Real estate agents can be expected to profit greatly from UTTA developments, but have very little or no role to play in timeshare complexes. The granting of local planning authority permission to build a new UTTA complex triggers considerable commercial activity for real estate agents engaged to market 'off the plan'. Following the initial intense period marketing and brokering new unit sales, the UTTA will continue to provide a source of business for real estate agents for the duration of its life due to an on-going cycle of unit ownership sales. In many cases, UTTA unit owners will also engage a real estate agent to provide a holiday letting service. These factors suggest that real estate agents' interests are closely aligned with developers' interests in regard to promoting UTTA complexes.

Licensed timeshare agents, on the other hand, are restricted to selling timeshare contracts. In some jurisdictions, e.g., Australia, timeshare contracts are viewed as constituting 'securities', and licenses for brokering their sale have to be sought under

federal legislation (*Corporations Act 2001* (Cth)) that carries a significant training requirement. In other countries, a different view is taken on timeshare ownership (Krohn, 1999). For example in the USA, licenses for timeshare product sales can be obtained from state authorities. This is commonly in connection with an existing real estate license and completion of a specialised training program.

# 4.3 The tourist and small investor perspective

With the possible exception of fractional timeshare units that provide annual owner entitlements for a period of several months, tourists and investors represent a synonymous stakeholder grouping with respect to timeshare engagement (OTE, 2001). For this reason, the perspectives of these two stakeholder groups are being addressed under the same heading. In a manner paralleling our relative amount of knowledge concerning timeshare growth compared to UTTA growth, much more information is available about the users and owners of timeshare units relative to information concerning UTTA users and owners. This lack of information concerning UTTA tourists and investors can be partially attributed to the many types and models of UTTA (Warnken et al., 2008) and also the fact that many UTTA complexes are not exclusively used for tourism purposes.

From an 'end user' perspective, increases in disposable income combined with a desire to invest rather than consume, greater price consciousness, an aversion to chance or disappointment with regard to accommodation quality, and an upward trend in local or national real estate markets have all combined to facilitate MOTA's growth. A further appealing aspect of all forms of MOTA, relative to conventional

hotel accommodation, concerns the provision of self catering and laundry facilities. This is an attractive factor for the young family market that is typically willing to sacrifice extensive hotel service levels, such as a concierge facility and a 24 hour staffed reception service, for a greater self provision capability. The capacity to access full kitchen and living room facilities is also particularly appealing to retirees wishing to escape extreme winter and summer weather conditions (Williams et al., 2000). MOTA facilities provide a substantially enhanced capability to attend to special dietary needs, economise on food and beverage expenditures, host invited guests in the unit and benefit from considerably cheaper accommodation for extended stays. In some countries, an extended stay spanning several months in a UTTA unit can be covered by a standard residential short-term rental agreement, subject to bonds and considerably lower rentals relative to short-term tourist rental rates.

Earlier research on timeshare (summarised in WTO, 1996) suggests that opportunities for exchange, certainty of accommodation quality, and cost savings on future vacations represent the predominant motives for purchasing a timeshare contract. From a tourist's perspective, a distinct and obvious advantage of UTTA concerns flexibility over time and place when choosing holiday accommodation.

Another distinction between timeshare and UTTA concerns control over refurbishment. Due to the operational difficulties that would arise trying to get the many timeshare owners of a single unit to agree on the extent, style and timing of a unit's refurbishment, a contractual timeshare refurbishment programme is a feature of all timeshare properties. This is not the case for UTTA, however. While some UTTA complexes may be set up with a contractual refurbishment program, many have no

such program. The absence of a refurbishment program may be seen as desirable by many UTTA unit owners as it provides them with greater control over aesthetic aspects of their unit and also the extent and timing of upgrades to their unit's refurbishment. The real long-term benefit to owners of purchasing a unit in a UTTA complex that has no contractual refurbishment program is somewhat questionable, however. This is because the management of a complex that has inconsistent refurbishment standards is likely to be much more challenging than management of a complex with consistent levels of refurbishment. Further, the provision of large group bookings is likely to be problematical in a complex with inconsistent refurbishment standards. These factors raise a question mark over the long term commercial sustainability of UTTA complexes with no refurbishment standards. Obviously diminished commercial sustainability is not a desirable feature for the prospective UTTA unit owner interested in placing their investment in a holiday letting pool.

Another difference between UTTA and timeshare arises from the fact that an investor in the former has an entitlement to become actively engaged in the operation and management of their complex. UTTA owners typically acquire an entitlement to vote in the election of an ownership representative committee and also the right to stand for this committee. This committee exercises powers that generally include the capacity to set owner levy levels that are raised to fund the running of the complex and also common property maintenance. The committee can also engage administrative support to manage operational matters such as the collection and banking of owner levies. UTTA unit ownership also usually confers the right to vote on significant matters relating to a complex, eg., a proposed change in a complex's constitution. This greater involvement in complex management provides further

support for Figure 1's depiction of UTTA as providing a greater 'degree of property ownership' than is the case for timeshare ownership.

There is also a distinction between the way in which an owner of a UTTA unit and a purchaser of a timeshare entitlement can finance their respective investments. Finance for UTTA units can be sought from any lending institution under general mortgage lending conditions with the property serving as collateral. This type of mortgage loan can generally be negotiated at a more favourable interest rate than that applying to a personal loan. Choice of financing a timeshare entitlement purchase is generally much more limited with specialist loan arrangements usually made available in connection with a timeshare property's initial sale. It is also notable that in many jurisdictions, depreciation of a UTTA unit's furniture and fittings represents an allowable deduction when calculating income tax payable.

Considered in combination, these differences between UTTA unit ownership and timeshare entitlement ownership provide a strong suggestion that the former is more closely aligned to the 'home away from home' concept of a second or holiday home (Hall and Müller, 2004). The potential purchasers of MOTA who place a premium on short stays at a range of destinations are likely to be attracted to a timeshare unit entitlement. The potential MOTA purchasers who would like to return to the same destination (maybe due to its relative proximity to their principal place of residence) and have a strong desire to own an investment property or 'second or holiday home', perhaps as part of an investment strategy, will be more attracted to UTTA.

#### 5 CHALLENGES POSED BY MOTA

The apparent growth of MOTA and its potential to dominate destinations raises the importance of considering the nature of challenges arising. Of the challenges commented on in this section, some are generic to MOTA, while others relate to UTTA or a particular UTTA subset. Because of the aforementioned paucity of data about UTTA complexes, the views outlined below have been informed by critical analyses of operational models, observations expressed to the research team by UTTA stakeholders, and the visible results of extensive UTTA development in major seaside and ski resorts.

The challenges outlined can vary considerably depending on the number, size and type of MOTA complexes in a destination. To facilitate ease of analysis, the discussion is limited to complexes that are exclusively UTTA or timeshare (ie., it excludes large mixed schemes that comprise timeshare and UTTA precincts). Four perspectives are used to structure the discussion: operational issues, building management issues, statutory planning issues, and destination management issues. The challenges overviewed in this section are summarised in Table 2.

#### INSERT TABLE 2 ABOUT HERE

# 5.1 Operational Issues

There are a particular set of agency challenges that can arise in UTTA complexes where there is a mix of resident and investor owners (this problem is not apparent in timeshare complexes due to their predominant tourism usage). Guilding et al. (2005) claim the emergence of a highly idiosyncratic agency situation as the principals (ie., the owners) of a UTTA can be sharply divided on investor versus resident lines. Investor owners want the building to be managed in a way that is supportive of shortterm stay vacationing guests, while many resident or second home owners might not welcome short-term guests who can be boisterous and display little consideration to the on-going living interests of others in the complex. This schism in the interest of owners can result in the elected owners' association exhibiting a strong resident, second home owner or investor owner bias in a manner reflective of whichever group owns the greatest number of units. Many UTTA complexes engage a resident manager or real estate agent to assume letting pool reservation and also building caretaking responsibilities. If this manager is paid a commission for his letting performance (as tends to be the case), then the manager's interest would appear to be much more closely aligned to the interests of investor owners than resident owners. If a resident manager pays undue attention to management of the letting pool to the detriment of building caretaking, heightened tension between the investor and resident owner sub-groups can be expected to result. Guilding et al. (2005) provide a more detailed examination of the agency issues arising in serviced apartment complexes in Australia where the letting pool is managed by a resident manager.

In all UTTA complexes with a unit letting pool, an algorithm for assigning rental income to the unit owners whose properties comprise the letting pool has to be established. In Australia, the most common allocation basis appears to be a direct

return approach that sees each owner's return being determined by the letting revenue generated by his or her specific unit. Some UTTA hotels have been observed to adopt a pooled income approach whereby each owner's return is determined by their designated share of the complex's total revenue. Some instances have also been observed where the complex manager leases units from owners and pays them an agreed fixed return. This represents a critically distinct departure from the direct and pooled return allocation approaches, as the leased approach sees the risk associated with uncertain returns transferred from the unit owner to the complex manager. These three distinctly different approaches to apportioning returns to owners signify that developers need to consider what return algorithm is appropriate for what type of UTTA property. It appears that a pooled return approach would be inappropriate in those UTTA complexes where owners have discretion over their unit's level of refurbishment, as under this approach owners would have little incentive to keep their unit competitively refurbished.

In stark contrast to the increasingly globalised network of travel agencies and timeshare exchange providers, many small UTTA operations are not linked to wholesaler networks or branded, national or international chains. This marketing infrastructure shortcoming has been mitigated considerably by the rapid uptake of Internet advertising and booking systems as well as websites specialising in the discounting of late bookings. Despite this development, it appears many UTTA operations suffer from the challenge of securing a consensus from a heterogeneous group of owners with respect to developing a marketing budget and strategy.

The independent nature of most UTTA complexes (ie., not operating within the context of a larger chain) carries further negative management implications. It signifies that they are unable to match the economies of scale secured by chain based operators when developing new management systems. It also signifies a compromised ability to operate internal industry quality assurance processes and benchmarking programs. By way of contrast, the vast majority of contract and fractional timeshare operators are linked to international point exchange programs, which cannot operate without a standardised and rigorous quality assessment strategy.

Another challenge for many smaller UTTAs arises from the fact that building managers typically only speak the local language (this is particularly the case if located in an English speaking country). This detracts significantly from their ability to adequately service international visitors. It is notable that UTTA developments are particularly apparent in many destinations dominated by domestic visitors such as Cap D'Agde (France), minor resort towns in the Costa Brava (Spain), the Gold Coast (Australia), and Onsen (Japan), and seaside destinations in South Carolina (USA). This shortcoming in the capacity to serve international markets is exacerbated by the fact that many MOTA types provide limited customer service, i.e., no concierge or dining facilities. This low level of service represents a considerable challenge for tourists who do not speak the local language and need to quickly gain knowledge concerning dining options close to their accommodation. Further, limited "outside normal hours" reception staffing can make it difficult to accommodate international visitors arriving early or late, or to handle the check-in of larger groups. Timeshare complexes also confront infrastructure limitations that hinder their capacity to efficiently cope with larger groups. Also, as occupancy rates tend to be high (OTE,

2001) and owner bookings have to be given priority, timeshare complexes are not well placed to compete with other forms of tourism accommodation (most notably hotels) for group accommodation bookings.

# 5.2 Building management

A particular challenge pertaining to maintenance and refurbishment of common property in UTTA complexes results from the range of perspectives represented by the owners. It has already been noted that some decisions within a UTTA complex (eg, the raising of a special levy to fund needed capital expenditure) requires the passing of a special resolution. A majority of around 2/3 or 3/4 of all registered voters tends to be the requisite threshold for the passage of such a resolution in most legislative jurisdictions. Provisions concerning such constitutional matters, which are prescribed by statutory requirements under owners' association laws, are fairly uniform across most jurisdictions (for a commentary on recent legislation in one jurisdiction see Ardill et al., 2004), but differ considerably with respect to voting rules for building trusts and share companies under corporations law. Reaching such substantial voting majorities within a complex can be difficult, not only because of the mixed constituencies represented by owners (i.e., resident, second home and investor owners), but also the differing aspirations of owners representing a single owner constituency (eg., different investor owners may harbour highly disparate entry and exit strategies). These differing perspectives of owners can frequently result in embittered conflict erupting at owners' meetings. Anecdotal evidence suggests this embitterment can be profound and enduring. This factor does not augur well for effective building management and frequently results in a compromised decision making orientation predominating over a decision making philosophy informed by a clear strategic agenda. Such a decision making style does not lay a sound basis for the provision of a well-priced and marketed quality tourism accommodation product.

The issue of inconsistent refurbishment practices in many UTTA complexes was noted above. This represents a particularly fundamental shortcoming for this form of tourism accommodation delivery. As buildings age, the refurbishment across units becomes increasingly inconsistent, reflecting the differing investment strategies and financial capabilities of individual owners. The challenges this presents include the problem of price setting for similarly configured rooms with inconsistent levels of refurbishment (Cassidy & Guilding, 2007). Also, returning visitors may be allocated a unit with a substantially inferior standard of refurbishment, resulting in considerable dissatisfaction and adverse word of mouth promotion.

A further key challenge surrounding MOTA developments, especially UTTAs, concerns the process of terminating a scheme. Under most multi-title complex living statutes, an old or outdated multi-title complex can only be demolished with the consensus of all owners. This convention raises the scenario of one owner preventing a scheme's termination, either because they are highly resistant to the complex being terminated or where there is a prospective buyer for the building, they may be holding out for a higher selling price. The challenge of facilitating the termination of old multi-titled complexes needs to be considered by local planning authorities. This is because it is local planning authorities that can provide a strong incentive to developers to vigorously pursue a particular building's termination if residential density and height restrictions are relaxed. This scenario has been played out

relatively recently along Australia's Gold Coast, where small shopping centres, motels and small residential apartment complexes have been replaced with MOTA superstructures, i.e. towers with close to 80 storeys (see below).

Many of the issues noted here signify that one of the key factors attracting a developer to build a UTTA complex (i.e., the broad cross-section of different individuals attracted as investors) lies at the root of a fundamental drawback in the on-going operations of a complex. Resolution of conflicts is often sought by way of costly mediation processes or compromised decision making that is deficient in the running of a commercial enterprise operating in a competitive market. This challenge is not as evident in timeshare complexes, as owner interests are more closely aligned under contracts that emphasise holiday experiences. Nevertheless, a challenge to the running of a timeshare complex can arise should the complex fall behind evolving accommodation standards, or faults in building design are identified, requiring an increase in maintenance or service fee levies. Decisions pertaining to such matters have to be made with the approval of the majority of timeshare owners who can trigger an elaborate voting process in light of the large number of owners involved.

# 5.3 Local Planning

The potential for a mix of tourist and residential uses of UTTA complexes represents a major challenge for statutory planners. Under building planning conventions applied in many parts of the world, hotel and motel developments have to obtain a special planning and licensing (accommodation, liquor) approval. These approvals have represented a guarantee that the identified development site will only be used for

tourism, until the building occupying the site is demolished and a new development approval is sought. Restrictive approvals for UTTA complexes, however, are more difficult to formulate. Any attempt to attach restrictive conditions preventing residential use would undermine one of the developers' primary UTTA attractions noted above, i.e., the flexibility to sell to investor, resident, or second home buyers. This inability to control UTTA usage makes it difficult for local planning when considering the granting of tourism-specific relaxations (e.g., less car parking spaces per bedroom or unit, increased density, removal of height restrictions, etc). While a developer is likely to seek the provision of such relaxations, the extent to which they are warranted is complicated by a lack of advance knowledge concerning a building's eventual ownership composition.

Differing proportions of long-term residents to holiday makers affect peak traffic flows, a building's energy and water consumption patterns, ie, demands placed on service infrastructure. Obtaining data about per capita energy or water consumption for different uses in such complexes is challenging, however (Warnken et al., 2004). Poor estimations concerning energy and water consumption and waste generation can prove costly in terms of surplus or insufficient levels of infrastructure investment. In Austria, local government authorities became so concerned about the cost of investment in water service infrastructure designed to satisfy demand during peak periods, that many limited the proportion of non-resident property ownership to around 10% (see ÖROK, 1987).

The local planning challenges described here do not pertain to timeshare complexes.

One potential timeshare challenge for local planners could arise, however, in those

complexes with a short-term (20 years or less) timeshare contract that expires before the end of the complex's physical life. If not restricted by development covenants, the complex's trust or the developer acting as original owner may decide to terminate the timeshare usage and convert the building into a residential or UTTA complex. It is to be expected that a desire to maximise capital gains will be the guiding criterion in making this decision.

# 5.4 Destination management

Warnken et al. (2003) have provided a perspective on destination management challenges arising when 'serviced apartments' dominate. One key challenge can result if a destination suffers from a high incidence of tourism demand cyclical volatility. It is widely acknowledged that tourism demand fluctuates in a manner that amplifies macro economic cycles. Due to UTTA's capacity to accommodate long term residents as well as short stay tourists, in the event of a protracted tourism demand downturn, an increase in the proportion of long-term residents can be expected to occur. This can change the profile of a UTTA building and can signify a changed profile for a destination if it has a high density of UTTA complexes. In light of the resident versus investor owner conflict already noted, such a change would be difficult to reverse.

The development of MOTA complexes tends to be driven more by building demand borne from real estate speculation, rather than an analysis of tourism demand fundamentals. This can result in the building and sale of MOTA properties during times of no increased tourism demand. Increased tourism accommodation supply reduces occupancy levels, which then places a downward pressure on room rates

charged. Purchasers of UTTA units from the original developer are frequently initially insulated from this concern over returns, as many developers provide a guaranteed return for the first three years of ownership. This guaranteed return provides unit owners with little over the long term, however. By guaranteeing a rental income for this limited period, the developer stands to gain all of the potentially inflated price resulting from the guarantee. The new owner will only benefit from the guaranteed income for a small portion of the unit's life, however. Despite this rationale, the guaranteed return can fuel ill-informed, short-sighted purchases of UTTA units, especially 'serviced apartments', which in turn can fuel developers' building of more similar complexes. The problem of dwindling room rates will be exacerbated if 'serviced apartment' operators are not applying a unit pricing regime based on appropriate yield management principles. Cassidy & Guilding (2007) report a lack of pricing sophistication exhibited by non-professionally managed apartment complexes. This spectre of declining room rates is particularly threatening to hotels located in areas experiencing high levels of speculative real estate development and investment. The decreased yields that can arise in these areas are likely to be more acutely felt by hotel operators (generally remunerated on a basis linked to hotel revenue and profit), than hotel owners who stand to benefit from any increasing real estate values resulting from the real estate speculation.

When a destination's first MOTA complex has been approved, a critical threshold is passed, as it frequently signifies the advent of increased urbanisation. Experience suggests that developers use the granting of a first MOTA complex as a basis for persuading the local planning authority to grant further approvals for similar projects. This can then lead to lobbying for changes to local planning instruments that will

permit the building of such developments without the need for special approval. This in turn can inflate land values based on the simple principle of the value of the sum of the parts (units) being greater than the value of the whole. Such pressure on land values detracts from any incentive to develop traditional hotels on a single title. MOTA developers can react to high land values by building large complexes and selling the units at inflated prices. Hotel developers, however, have to offset inflated land prices by selling room nights at higher rates or, alternatively, by accepting reduced returns on investment.

MOTA-inflated land values also encourage developers to push for relaxations of urban densities and a "reach for the sky" philosophy, i.e., to seek special approval for increasing the number of units per base lot area. The incremental cost of building each additional floor is low relative to the total cost of building the initial floor which requires land acquisition, building design, development of building application documentation, laying of foundations, etc. This signifies that the average cost of each floor (total cost of the building divided by the number of floors built) reduces with each additional floor added. This highlights a fundamental motivation for developers seeking to maximise the number of floors in high rise building projects.

In summary, MOTA development provides considerable challenges to local planners and destination managers. Without the enforcement of strict planning limitations, MOTA developments can accelerate urbanisation, and contribute to the gradual loss of branded hotel icons in some destinations. It appears that some small tourist destinations are particularly vulnerable to hotel owners using the end of a contract with a hotel operator as the opportunity to convert their property into MOTA units. In

one small tourist destination familiar to the authors, the owners of the town's largest hotel recently allowed its contract with a large internationally branded hotel operator to lapse. It appears likely that the operator did not wish to renew the contract due to the owner's decision to convert the property's single title to multiple titles. The complex is now operating as a non-branded hotel entity. Assuming the hotel owner has acted in an economically rational way, one is left to surmise that this transition has yielded greater economic worth than if the owner had continued to own the property and engage the services of the international hotel chain. The destination's loss of the hotel brand name is regarded as a very adverse development by the destination's local tourism bureau.

#### 6 DISCUSSION AND CONCLUSIONS

Global economic growth and continuing mass transportation development has provided a fertile context for the evolution of mass tourism which appears to be prompting expansion and diversification in multi-ownership an accommodation (MOTA) types. Despite this apparent development, this paper is believed to be the first to attempt an analysis of issues associated with the range of different operational forms that MOTA can assume. This factor signifies that the study is bound to be characterised by an exploratory and scoping orientation. Also, a somewhat generalised orientation is in evidence due to the study's attempt to provide the commentary at an international level of abstraction signifying that it spans different legal jurisdictions and terminologies. These factors, combined with the study's high degree of novelty, underscore its highly ambitious nature.

Consumer expectations with respect to the extent and quality of facilities associated with tourism accommodation appear to be reducing differences in the physical appearance and appointment of recently constructed, larger timeshare, UTTA and hotel complexes. This is especially the case for properties managed by specialised, professional tourist accommodation operators. Further, improved consumer protection standards (more detailed disclosure statement requirements and longer 'cooling off' periods following a commitment to purchase a property), tighter controls on developer responsibilities in regard to construction standards, and developer responsibilities for the correction of building defects have reduced discernible physical differences between hotels, timeshare and UTTA complexes. This increased standardisation of the accommodation product is deceiving, however, as this paper serves as testimony to a recent rapid proliferation of ownership forms manifested in the delivery of tourism accommodation.

The most significant contribution of the paper is believed to be the spectrum of MOTA types advanced. By drawing MOTA types together and exploring their differences, this paper can serve to alert tourism authorities to the need to develop a policy directed towards identifying a desirable mix of tourism accommodation infrastructure types. It also highlights that it is no longer appropriate to simply conceive of different tourism accommodation types from the perspective of the tourist (e.g., hotels, motels, service apartments, camp sites, etc), it is important to also recognise the long term challenges that can arise from the mix of different forms of tourism accommodation ownership. The spectrum of MOTA types can also provide a useful contextual framework that can guide and prompt further academic enquiry into one or more of the MOTA types identified.

Reflecting on MOTA issues canvassed in this paper, there appears to be a relationship between the 'degree of ownership' spectrum and the chances of a unit in a complex being withdrawn from tourism usage. Greater degrees of ownership signify a greater likelihood of a unit being used for residential purposes. The major advantage of UTTA from a developer's perspective, i.e. its capacity to attract capital from a breadth of small investors, not only represents the source of a major challenge in building management (i.e., reconciling the interests of investor and resident owners), it also lies at the root of a fundamental drawback in the on-going operations of a complex. It is noteworthy that the potential for conflict between owners with different interests is likely to be magnified in the increasingly commonplace mixed-use resort developments. These developments can encompass residential housing (some used as second homes), a hotel, UTTA apartment complexes and a timeshare precinct. These distinct constituencies have to interact due to the need to maintain common facilities that can include major road access infrastructure, landscaping elements, security and key recreational facilities. The cost of resolving conflicts through mediation processes and also the compromised decision making that can result in this type of fragmented context can represent an on-going Achilles heel for a complex seeking to operate in the competitive tourism accommodation market.

Local traditions, land availability, tax laws and planning conventions provide important context for determining what type of MOTA complex will predominate in a particular destination. If left to free market forces (ie., where developers' and lending institutions' aspirations can be pursued in a largely unfettered manner), mixed use apartments are likely to predominate. This highlights the importance of tourism and

destination planners at the local, regional and national levels becoming aware of the relative merits and potential shortcomings of the generic MOTA types outlined herein. In connection with this, it is important to note the important role that tourism and destination authorities have to play in lobbying governments to deliver legislation and building planning instruments that can underscore a mix of tourism infrastructure that is sustainable over the long-term.

It was noted in the paper's introduction that the development of MOTA can be likened to the evolution of companies owned by way of shares, as both ownership mechanisms greatly broaden the potential ownership base of the consolidated asset (ie, tourism accommodation complex or company). In light of this, it appears pertinent to question why we are not seeing more complexes owned by way of shares. It appears the conventional corporate ownership model facilitated by way of shares is inappropriate for a tourism accommodation complex, because:

- Most MOTA unit owners appear attracted to this form of ownership as they
  derive emotional value from a sense of owning a particular physical space and
  its associated infrastructure.
- 2. Most MOTA complexes are too small to provide the basis for a public flotation of shares.
- Awareness of high operating and capital costs relative to income streams
  appears to have resulted in widespread negative sentiment held towards the
  tourism accommodation sector by the investing community.

The issues addressed in this study appear to be especially worthy of further enquiry, as the current economic prosperity in the developed world can be expected to further

fuel the growth of MOTA. It is hoped that this paper can serve to spawn research interest in the multitude of issues that the multiple ownership form of tourism accommodation presents. This is particularly the case as the unavailability of prior research upon which to base this study combined with the broad scope of the paper's focus signify that subsequent work can adopt more of a micro focus designed to further our knowledge pertaining to one of the many MOTA issues raised herein.

Further research building on this study initiative could be directed to investigating issues such as: 1) what background do successful managers come from in managing MOTA complexes? 2) what are the unique issues managers face when managing MOTA complexes? 3) to what extent can quality be maintained over the long term in MOTA complexes? 4) what implications for the hotel management teaching curriculum arise from the growth of the MOTA phenomenon? Further, anecdotal commentaries suggest that the MOTA growth may be short-lived. Surveys of key developers assessing the number of projects on their horizon would be useful in appraising whether this view has any merit. It would also be interesting to examine the mix of accommodation types populating different destinations, attempt to determine what has given rise to any differences noted and consider visitation implications arising from the noted variations.

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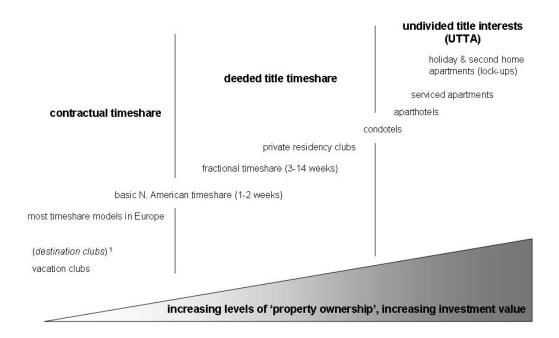
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Figure 1: A 'property ownership' spectrum of MOTA types



NOTE: 1 = destination club memberships require higher investment than basic timeshare

Figure 2: Surfers Paradise accommodation infrastructure, May 2006

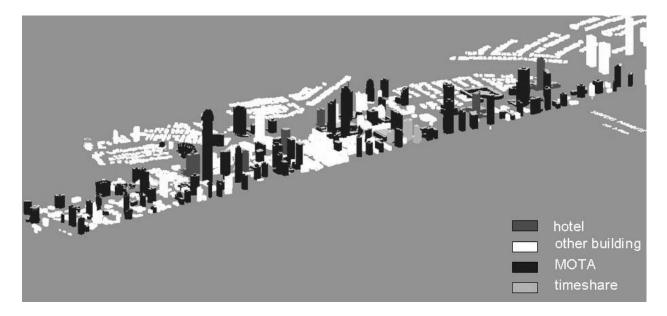


Table 1: Legal and organisational differences of the three generic MOTA categories

	Contractual timeshare	1/x interest in deeded title	Undivided interest in full deeded title
Manifested forms	<ul> <li>contract timeshare (Europe),</li> <li>vacation clubs,</li> <li>destination clubs.</li> </ul>	<ul> <li>basic North American timeshare model,</li> <li>fractional timeshare,</li> <li>private residence clubs.</li> </ul>	<ul> <li>condotels,</li> <li>aparthotels,</li> <li>serviced apartments (MTTA),</li> <li>holiday home complexes.</li> </ul>
Legislation	Securities and corporations law	Immovable property law and community associations law	Immovable property law and community associations law
Nature of ownership entitlement	Right-to-use contracts. Benefits typically conferred on owner include: right to occupy a property for specific time period frequently expressed as club membership (e.g. Hapimag), holiday license, etc.	Deeded fee simple with an ownership interest as tenant in common with other purchasers. Typically ranges from 1/52 to 13/52 interest. Other forms: co-operative or trust.	Deeded fee simple.
Consumerend loan financing	Personal loans through specialised timeshare lenders. Asset purchased does not constitute collateral. Credit worthiness based on consumer credit rating and profile.	Line-of-credit 'hypothecation' with consumer loan notes (timeshare interests) taken as security for the credit line.	Home mortgage with building unit as security
Unit sales personnel	Specialised sales/marketing consultants or timeshare brokers (often in connection with a real estate agency).	Real estate agents with additional qualification or license to sell timeshare products.	Real estate agents.
Principal operational structure	Shareholders represented in AGM chaired by timeshare manager or timeshare provider (which can be the original developer). Day-to-day operation left to timeshare management.	Community association represented by owners committee in collaboration with timeshare manager, who also provides on-site maintenance services.	Community association represented by owners committee can appoint administrative manager and on-site building (resident) manager. Major decisions, (eg., budget setting) ratified by all owners at AGM.

Table 2: Challenges associated with UTTA and timeshare developments

	UTTA	Timeshare
Operational issues	<ol> <li>Potential for substantial difference in interests between resident owners, investor owners (and their tourist clients) and owners of retail or commercial outlets housed in the complex with regards to:         <ul> <li>the role, duties, allegiance and level of services provided by the resident manager;</li> <li>desired restrictions applying to the use of facilities.</li> </ul> </li> <li>Limited involvement of larger brands or franchise chains. Operations have a micro-management focus with little interest in supporting marketing at a destination or international market level.</li> <li>Contracted front-end service arrangements, language barriers and inconsistent refurbishment limit capacity to service international visitors and large groups.</li> <li>Limited meeting facilities in most complexes prevent servicing the conference and corporate training markets.</li> </ol>	High occupancy rates and owners' priority rights impose difficulties in accommodating large groups and hosting conferences and training seminars.
Unit and building management	<ol> <li>Substantial divergence of interests between resident owners, investor owners (and their tourist clients) and owners of retail or commercial premises in regard to presentation, upgrades and maintenance levels of common property facilities.</li> <li>Different investment strategies and financial capabilities between investor owners can lead to considerable inconsistency in the refurbishment of units in older complexes.</li> <li>Community association law is focussed on guaranteeing basic building maintenance. A decision to update or improve common property facilities outside a standard maintenance schedule can be blocked by a small group of owners.</li> </ol>	Any proposed change in accommodation standards requiring alterations to existing maintenance fee structures is subject to approval by a majority of timeshare owners. This can trigger an elaborate voting process outside the annual general meeting.
Town planning	Difficult to design statutory planning instruments that restrict complexes to tourism usage due to developer's desire for flexibility.	Potential for conversion from timeshare to residential uses when timeshare contracts have terminated.
Destination management	<ol> <li>Potential to inflate land values which can prevent development of traditional style accommodation premises.</li> <li>Increasing residential densities to maintain profit margins (developers' interests) in response to increasing land values.</li> <li>Development of product (units) in response to property investment cycles can desynchronise supply and demand, and consequently distort pricing of room rates.</li> </ol>	Potential to inflate land values, which can prevent development of traditional style accommodation premises
Ease of ownership transferability.	Relatively liquid as can be sold as a conventional real estate property.	Relatively illiquid market. Unlike many investments, ownership of timeshare cannot be disposed of through a stock exchange. Main market is provided by specialist timeshare brokers.