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Before You Sign: A Guide to Evaluating Vacation Property Offers

For frequent travelers, a timeshare may seem ideal—but understanding the true value takes more than just a brochure.

For those who enjoy frequent travel, the idea of a timeshare may sound appealing—guaranteed access to desirable destinations, premium accommodations, and a sense of consistency year after year. But are they truly worth the commitment—financially and otherwise? In this article, we take a closer look at the real costs and benefits of ownership versus renting, based on firsthand research. Whether you're considering a timeshare for convenience, legacy, or long-term value, this guide can help you decide what's right for your family.

Timeshare Basics at a Glance

A timeshare typically comes in two flavors: a deeded week or a points-based system. With a deeded week you own a specific calendar week in a specific unit. The advantage is knowing exactly what you'll occupy and when you'll travel each year. The tradeoff is liquidity, selling that week can be difficult and often results in a resale price far below your original investment.

A points-based program lets you purchase a pool of points (for instance, 35,000 points to secure a one-bedroom, oceanfront villa in Cabo). You can redeem points at any of the program's properties or convert them to points applicable for stays abroad. While you lose some specificity, you gain the ability to shift between resorts.

Once you own within the points-based program, you start paying an annual maintenance fee. For example, a fee may start at $3,000 in 2025 and climb about 5% each year. Even if you don't visit, the annual maintenance fee still applies. On the plus side, most points programs allow "rolling" points to combine three years' worth of points into one. If you combine the points, you can take an extended vacation or upgrade to a larger unit.

Five-Year Cost Comparison

Let's examine a one bedroom, oceanfront unit in Cabo in this scenario. The initial down payment is $35,000, followed by an annual fee of $3,000 in 2025, increasing 5% annually thereafter. As an alternative, we estimate renting a comparable condo for $4,500 per stay, once per year.

Year	Maintenance Fee	Cumulative Cost (Own)	Cumulative Cost (Rent)
1	$3,000	$38,000	$4,500
2	$3,150	$41,150	$9,000
2	$3,308	$44,458	$13,500
4	$3,474	$47,932	$18,000
5	$3,648	$51,580	$22,500

Cumulative Cost (Own) includes the $35,000 down payment plus maintenance fees.
Cumulative Cost (Rent) assumes $4,500 per year in rental expenses.

By Year 5, owning the timeshare costs about $51,600, compared to $22,500 for renting once annually. That two-fold difference clarifies why many families shy away from ownership. If you're spending nearly $30,000 more over five years, your capital could be invested elsewhere.

Weighing the Pros and Cons

PROS of Ownership

- **Predictable Budget:** You pay $3,000 each year (plus inflation) before booking. That eliminates surprise spikes in hotel rates and is helpful when coordinating school calendars and extracurriculars.
- **Consistent Unit and Amenities:** Your family knows exactly what to expect: the layout, the view, the complimentary kids' activities, etc. Less time researching means more time relaxing.
- **Family Traditions:** Having a preset vacation creates lasting memories and a reliable routine.

CONS of Ownership

- **High Initial Commitment:** A $35,000 deposit is a meaningful allocation of capital. If you're focused on growing a portfolio, that money could be invested, rather than tied up in property rights.
- **Rising Maintenance Fees:** Fees begin at $3,000 and grow about 5% annually. Over time, you're betting on the cost of ownership rising at a slower rate than renting a room.
- **Limited Liquidity:** Selling a timeshare can be a logistical nightmare and based on anecdotal evidence it's close to impossible.
- **Geographic Constraints:** Owning a U.S. centric timeshare can be limiting if you or your children crave European museums or Asian cuisines. You're locked into the program's footprint.

Did You Know?

A savvy tip for the curious: many timeshare developers offer four night "vacation sampler" packages for a fraction of the cost you'd pay for the same stay at full price. In exchange, you must attend a two-hour presentation where they pitch ownership. A lesser-known fun fact is that even existing timeshare holders are required to attend annual presentations.

*If you're undecided about a timeshare, a **discounted experience package** is a way to tour a unit, sample the amenities, and hear the sales pitch firsthand. For some families, this trial run can clarify whether the amenities and experience justify moving forward with a purchase.*

Who Benefits Most from a Timeshare?

Timeshares can suit certain travel profiles. Consider these scenarios:

- **Primarily U.S. Vacations:** If your family plans to ski in Colorado every January, beach it in Florida each June, and hit the same resort every December, owning may simplify planning and reduce lodging stress.
- **Routine Seekers:** Some children and spouses value the comfort of familiarity. Booking the same unit means no surprises.
- **Discounts:** If you purchase at a discount (say, instead of a $35,000 deposit you can negotiate it down to $17,500) and the ongoing fees are modest, you might achieve compelling lifetime cost savings.
- **Desire to Stack Multiple Weeks:** Programs that allow you to roll forward three years of points can enable a long family reunion or an extended stay. For a large family reunion, combining weeks might be worth the commitment.

With a little bit of negotiating and some advanced planning, a timeshare can be a pragmatic choice.

Exploring Alternatives

- **Vacation Home Rentals:** Book on demand and avoid long term commitments. You might find weeklong discounts, but you'll still face rate fluctuations during popular seasons.
- **Invest and Rent Strategy:** If you invest the $35,000 in a diversified portfolio, setting aside $2,500–$3,500 per year for rentals allows you to enjoy full destination flexibility. While reserving the maintenance fee each year demands discipline, if planned correctly, you avoid being tied to a single resort.

Each alternative has tradeoffs, but for globetrotting families, the freedom to choose new destinations annually often outweighs the simplicity of a fixed week commitment.

Is traveling part of your family's goals? Kayne Anderson Rudnick can prepare a custom cash-flow analysis comparing projected maintenance fees, rental expenses, and an illustration of portfolio growth of your initial deposit. Contact us today.