

## Are Timeshares Worth the Money?

by [Dan Rafter](#) | April 10, 2019 | [Money Matters](#)

📍 Real Estate Timeshares



Love taking your annual vacations? Then you might consider investing in a timeshare, a vacation property that you share with others and get to visit certain times of the year. But is buying such a property a good move?

That depends on your goals.

If you expect to one day earn a profit when you sell your vacation property, then a timeshare is not a smart choice. These properties rarely increase in value, and it can be difficult to find a seller willing to pay top dollar for them. But if you prefer a fixed vacation spot in a location that you know you'd like to visit each year? Then a timeshare might work.

The key to deciding whether a timeshare is a smart move for you is to carefully consider your own vacation habits. Timeshares aren't a good

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choice for those who like traveling to different cities and countries each year but might work for those who prefer vacationing in the same spot on an annual basis.

Just be sure to remember that a timeshare, no matter how much you enjoy it, will never bring a financial windfall when it's time to sell.

"A timeshare can be a nice way to travel, but it should never be confused with an investment," said Gordon Newton, author of the Consumers Guide to Timeshare Exit and president of [Newton Group Transfers](#) in Chandler, Arizona. "It will not increase in value and always has a maintenance fee attached to it."

## How Timeshares Work

As the name suggests, when you buy a timeshare, you are [purchasing a vacation property](#) that you share with others throughout the year. In many timeshare arrangements, you get to visit your vacation property once a year.

When you get to visit it depends on the type of timeshare you purchase.

You might purchase a fixed-week timeshare. With this arrangement, you can visit your timeshare property during the same week every year for as long as your contract allows. This type of timeshare provides predictability and makes it easy to plan your trip. You might, though, get bored traveling to the same vacation property during the same week every year.

If you don't feel like traveling during a given year you can try to rent out your block of time to other travelers. You can also switch times with other owners. Of course, this works best when you own a timeshare in a popular location.

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Floating timeshares are a bit different. In this arrangement, you can reserve your property any week during a certain time period. Maybe you can visit your timeshare sometime during the months of July, August or September, for instance. Not surprisingly, it'll cost more to reserve time during the more popular traveling months of the year.

Another option is the points system. This arrangement is more complicated: You can stay at different timeshare properties, but the properties and times available to you depend on the number of points you've accumulated. You get points by buying into a timeshare or by purchasing them from the vacation club of which you are a member.

You can buy a timeshare directly from a vacation club offering them or from current owners trying to sell their properties. Buying from an individual owner is often a better bargain.

## **The Pros and Cons**

Newton works with consumers to help them get rid of unwanted timeshares. He said that consumers should never consider timeshares to be a financial investment.

Why? Because most consumers won't be able to sell a timeshare they no longer want and make a profit, Newton said. Timeshares also come with maintenance fees, something that will eat away at any potential profit owners might make when they eventually sell their timeshares.

Those maintenance fees are a big negative. Newton said that owners usually pay these fees each year. These fees usually increase annually, too, usually at a rate higher than inflation, he added.

This doesn't mean, though, that a timeshare is always a bad move. Those consumers who understand that a timeshare will cost them money and not make them any, might enjoy having a guaranteed vacation spot each year, Newton said. This is especially true if the timeshare is a nicely maintained property in a desirable location.

The downside here? You might grow tired of vacationing in the same location each year. That's when the challenge of a timeshare – getting rid of one – kicks in. You might have to pay a third party to help you



get out of a timeshare arrangement if you can't find someone to buy your property.

"When they are no longer interested in traveling to that location, they will have to deal with the burden of getting out of the timeshare, which could cost money if an exit company or attorney is required," Newton said. "Sometimes you just can't find a buyer, and the resorts typically won't take it back."

Another challenge with timeshares? You might struggle to book a vacation at your location during popular weeks. You could avoid this by purchasing a fixed-week timeshare, where your vacation time is guaranteed each year. But if you don't have one of these, you might struggle to book your location during popular times such as the height of the summer or during spring break weeks.

Newton said that timeshares often come with unexpected costs. The resort operating your timeshare might need to issue a special assessment for repairs such as replacing old roofs or upgrading a community pool. As an owner, you'll have to contribute to this assessment, which could put an unexpected hit on your budget.

## Hunt for Bargains

Paul Moyer, founder of the [SavingFreak.com](http://SavingFreak.com) blog, doesn't recommend that anyone buy a timeshare directly from a resort operator. Owners rarely make any money when they decide to sell such properties, he said. Buyers can usually purchase a timeshare at a much lower cost from the owners of used ones, Moyer said.

"Buying a timeshare directly is never worth the cost," Moyer said. "There are so many people who are looking to sell their timeshares on the secondary market. Prices for these used timeshares can be as little as 10% of the cost of buying directly from the source."

Not everyone who owns timeshares feels burned by the experience, though. Kari Lorz, founder of the Money for the Mamas personal finance blog, said that she and her husband purchased a timeshare in 2016. Before they bought, though, they did their research. The main factors they considered? Will they use the timeshare often and what will happen when they decide to sell it?



After doing their research, Lorz and her husband invested in a timeshare arrangement through Disney Vacation Club. Through the club, Lorz can vacation at any of 11 properties at locations such as Disneyland; Hilton Head, South Carolina; or Vero Beach, Florida. All of these locations are attractive ones for Lorz.

Disneyland Vacation Club timeshares are also in demand, Lorz said. She said that if she and her husband sold today, they could make a 35% return on their purchase price. Lorz said, too, that she and her family have saved a significant amount of travel costs thanks to the timeshare.

“We estimated that during our last vacation, we saved \$6,000 compared to if we had booked a hotel room,” Lorz said.

Those savings include the cost of the initial investment in the timeshare and its annual maintenance fees, she added.

What experiences have you had with timeshares? Let us know in the comments!

