Marriott Vacations Worldwide
Second Quarter 2026 Earnings Call
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Presenters
Neal Goldner, Vice President of Investor Relations
Matt Avril, CEO
Mike Flaskey, COO
Jason Marino, CFO

Q&A Participants
Ben Chaiken - Mizuho
Lizzie Dove - Goldman Sachs
Patrick Scholes - Truist Securities
David Katz - Jefferies
Stephen Grambling - Morgan Stanley
Nick Weichel - Wells Fargo

Operator
Good morning, ladies and gentlemen, and welcome to the Marriott Vacations Worldwide Second Quarter 2026 Earnings Call. At this time, all lines are in a listen only mode. Following the presentation, we will conduct a question-and-answer session. If at any time during the call require needed assistance, please press star zero for the operator. I would now like to turn the conference call over to Neal Goldner, Vice President, Investor Relations. Please go ahead.

Neal Goldner
Thank you and welcome to the Marriott Vacations Worldwide Second Quarter Earnings Conference Call.
I'm joined today by Matt Avril, our Chief Executive Officer, Mike Flaskey, our President and Chief Operating Officer, and Jason Marino, our Executive Vice President, and Chief Financial Officer.

I need to remind everyone that many of our comments today are not historical facts and are considered forward-looking statements under federal securities laws. These statements are subject to numerous risks and uncertainties, which could cause future results to differ materially from those expressed in or implied by our comments.

Forward-looking statements in the press release as well as comments on this call are effective only when made and will not be updated as actual events unfold.

Throughout the call, we will make references to non-GAAP financial information. You can find a reconciliation of non-GAAP financial measures in the schedules attached to our press release and on our website.

With that, it's now my pleasure to turn the call over to Matt.

Matt Avril
Thank you, Neal, and good morning, everyone. Tthank you for joining us today.

On our last call, I indicated that we would update you on the progress we are making and our outlook ahead, so let me start there.

In the second quarter, we exceeded the high end of our guidance for both contract sales and adjusted EBITDA.

- Contract sales increased 22% over prior year, driven by our industry-leading VPGs of $4,477.
- Owner contract sales increased 41% compared to the prior year, driven by a 33% lift in owner VPG.
- On the strength of this performance, adjusted EBITDA grew to $215 million, $12 million over last year and a $20 million increase over the midpoint of our second quarter guidance.
- As a result, we generated $87 million of adjusted free cash flow in the second quarter and $201 million to-date compared to $22 million for the six months in 2025.

In light of these results, I want to recognize the impactful efforts of our team across the MVW system. As we navigate this period of rapid change, we are executing with focus and discipline, and our second quarter results are a good indication of the progress we are making.

Earlier this year, we laid out our priorities:

- return the company to revenue growth
- drive increased profitability
- improve free cash flow
- and maintain disciplined capital allocation.

Based on our second quarter results, it's fair to say that the execution of that plan has taken hold, and we are now focused on sustaining and furthering that momentum.

First, was returning the company to growth. Contract sales increased 22% year-over-year in the quarter, reflecting the benefits of our disciplined sales execution led by our tour logistics and product experience enhancements.

Second, an increased emphasis on profitability and cash flow. We continue to manage the business with a clear focus on improving cash generation and maintaining disciplined capital allocation. As a result, we delivered $201 million of adjusted free cash flow in the first half of the year compared to $22 million over the same period last year.

Third, we continue to make progress on the disposition of $200 million worth of noncore assets by the end of 2027, which Jason will discuss in more detail.

We also rightsized our Asia Pacific business and are seeing the benefits of those actions in our cash flow. Our inventory spending in that region is expected to be down $35 million this year compared to last year, and it has reduced our required investment in related receivables.

Mike will walk through our commercial initiatives we launched in the second quarter and the results we are already seeing. Let me take a moment to frame why these matter. The operating leverage in our business requires excellence in our sales and marketing capabilities. These are not isolated programs. Enhancing the owner benefit levels, our new event platform, new marketing tools, and our tour logistics are all part of our disciplined model designed to strengthen engagement with our owners and create a more predictable path for revenue growth over time.

Our owners consistently use and value the vacations they have purchased. In the second quarter, our resorts ran at 90% occupancy, providing us a strong platform for our in-house sales and consistent management fee business.

As we look to the balance of the year, our focus remains on growing contract sales and translating that into stronger profitability, free cash flow, and adjusted EBITDA.

The opportunity in front of us is substantial. We have industry-leading brands, a highly engaged owner base, and meaningful opportunities to further improve our performance, and they are all within our control. In addition, we enjoy the strong consumer tailwinds driving upper upscale and luxury travel demand.

Ultimately, our future is based on our ability to attract, develop, and retain top talent, reinforcing our position as the employer of choice in the industry. We have a motivated associate base that is seeing this year's earlier tough decisions yielding demonstrable results. We also have an engaged owner base of 700,000 owners that is seeing us reinvigorate their vacation experiences, strengthening our connection, and driving utilization and higher levels of satisfaction. Delivering best-in-class hospitality experiences is what our owners expect of us and drives our associates to deliver - combined, they all drive our results.

The work underway is about driving consistent revenue growth, maintaining disciplined cost management, improving free cash flow, and positioning the company for sustaining performance. The second quarter was an important step on that journey.

As a result of our performance and our current outlook, we are raising our guidance for adjusted EBITDA for the full year to $805 million to $830 million, a $50 million increase over our previous guidance. Make no mistake. We are pleased with our progress, yet there is much ahead for us to accomplish. We look forward to providing an update on our strategies and longer-term growth plans at an Investor Day we are planning for December 9th in New York City.

With that, I'll turn the call over to Mike to discuss the operating initiatives in more detail.

Mike Flaskey
Thanks, Matt, and good morning, everyone.

Let me start by saying how encouraged we are with our second quarter results and, more importantly, with the precise execution of our sales and marketing teams that delivered these results on a very aggressive timeline that we had laid out. It took a company-wide effort to get these merchandising tools launched.

Today, I will be highlighting the five-step commercial strategy that drove our second quarter results and provide color on each of these initiatives and how they impacted the quarter. I will then focus on how we will sustain the long-term growth of the company.

Since joining the company in mid-February, we identified a significant value creation opportunity to improve performance and then created a disciplined five-step commercial strategy. During the second quarter, we completed implementation of that strategy, and the results began to show. We launched the five key commercial initiatives and began executing them across the organization. Each month of the quarter got sequentially better, including May and June, which were the two highest sales months in the company's history.

Highlighting our results, our contract sales increased 22% year-over-year in the quarter while VPG grew 23% to $4,477. These results were the product of our proven strategy, the power of our brands, along with the outstanding execution of our team.

Let me walk through the key initiatives we've implemented and what we're seeing so far.

First, at the heart of the strategy is connections, our commitment to connecting with our owners while they're on vacation and creating deeper interactions throughout their ownership journey. Everything that we are doing is designed to deepen those relationships, create more meaningful engagement, improve the customer experience, and ultimately drive stronger tour flow and contract sales. I am happy to report that we improved our owner arrival-to-tour ratio, now branded connections, by 600 basis points in the second quarter compared to last year, and we will continue to improve this key driver.

Second, our tour logistics initiative. We launched this data-driven yield management algorithm starting in April to better match the right customer with the right sales executive every tour wave across our company. The goal was to improve both the effectiveness of conversion and the overall guest experience while using propensity data to drive our decision-making.

What we're seeing is significantly higher VPGs driven by a higher average transaction size. As the quarter progressed, we saw VPG continue to improve month after month as our tour logistics gained momentum and our teams executed against the strategy.

North America tours increased 3% in the quarter and are now up 1% year-to-date through the end of the quarter, showing excellent demand for our product. Together, these results show that both connections and tour logistics are driving stronger tour flow and contract sales performance across our sales organization.

Third, a complete transformation of our owner loyalty program including creating and rolling out two new loyalty tiers at the top, Reserve and Pinnacle. These new tiers are driving aspiration to own more and are designed to better engage our owners and help them get even more value from their ownership given their affinity to our brands.

Our average points owner owns just 1.3 weeks equivalency of ownership. In my 30 years in this industry, my experience would indicate that owners with a high affinity for brands and with strong engagement will purchase three to four weeks equivalent over the lifetime of their ownership.

Early response has been extremely positive. We're seeing increased engagement from our owner base and a nice lift in average transaction size. This is exactly the kind of owner response we had hoped to see, and it reinforces our diligence that there is significant long-term embedded value still to unlock within our existing owner base.

Fourth, our Premier Vacations initiative was introduced on June 9th as a new point-of-sale incentive, designed to support increased sales today while also creating a significant and predictable pipeline of future tours that will generate our highest VPG channel when traveling on their premier vacation's incentive trip.

We are already seeing this program contribute to near-term VPGs while also creating a growing and predictable future pipeline that will drive highly profitable future sales.

Fifth, our Inner Circle presented by Aflac headline event franchise. We launched this experiential platform on June 22nd with country music superstar Lee Brice and executed an additional five highly successful events during the second quarter. The VPGs have been tremendous, and our owner feedback and engagement was outstanding.

Our objective is clear, to create higher quality engagement with our owners, drive lifetime value, improve connections with our owners, and drive incremental tour flow. Importantly, VPGs associated with these events were well above our average and significantly exceeded our expectations. This reinforced our knowledge that this platform will drive stronger connection rates and contract sales with the power of our execution and our owners' affinity to our brands.

We expect Inner Circle to become a key driver of higher quality tour flow and continued VPG growth as we rapidly scale the program. We also believe this type of experiential platform fits extremely well with our brands, our owner base, and the way our customers want to vacation.

As for the long-term plan for our business, I would like to lay out our strategy. It falls into three distinct areas, owner growth, first-time buyer growth, and operational growth. First, owner growth.

VPG increase. We are continuing to see VPG growth. We believe we have strong tailwinds and a healthy upside embedded in our recently launched strategy.

Premier Vacations is building a large pipeline of very predictable owner tour flow. When owners travel on this bonus vacation, we expect that they will convert at a very strong VPG level.

Connection rate. We will continue to improve owner arrival to tour rates with our owners when they travel to our resorts in the future.

Inner Circle will be scaled in a significant way over the course of 2027 and beyond, allowing us to realize the increased connection rate associated with producing one of our experiential events as well as the outsized VPGs associated with them.

First-time buyer growth:

Package sale pipeline. We will continue to grow through previews sold to guests who will tour our beautiful resorts in the future and attend a sales presentation while doing so. This preview package sales growth will continue to be fueled by the robust Marriott Bonvoy and World of Hyatt databases.

Hotel linkage program. This is being aggressively expanded, whereby we will have marketing desk in the lobby of select branded hotels across North America, and we will invite hotel guests to purchase a preview package to tour one of our resorts in North America.

Partnership marketing. This is a significant incremental growth channel for us. We are building a team that will sell packages face-to-face in the marketplaces. They will identify companies and events with high guest flow of leisure-minded guests who will provide us the opportunity to sell a preview package to their guests as well as make offers electronically to their database.

Operational growth:
Recruiting. We have recently invested in enhancing our sales and marketing recruiting team to ensure that we are staffed appropriately and positioned to take advantage of the growth that lies ahead in front of us.

Training platforms have been decentralized back to the regions to enhance the training process as well as the speed to market.

Price elasticity. The business has upside opportunity given our strong performance in Q2. We increased prices on July 1, and our performance continues to be strong. We have confidence that there is still incremental price increase opportunity ahead.

Cost reductions. We will continue to address these within the business while effectively supporting the necessary growth strategy that we have in place.

We are confident in the sustainability of our performance. As we have said, the second half of this year will continue our revenue growth story, and we also expect nice margin improvement driven by both leveraging our fixed cost and the impact of the cost-saving measures that have been implemented. We are also focused on 2027 and beyond and are strategically ramping a predictable pipeline of both owner and first-time buyer tour flow growth.

In closing, during my discussions to join Marriott Vacations, it was clear there was a meaningful opportunity in the company. Having now spent six months immersed in the organization, I would tell you that the opportunity is even greater than I could have forecasted.

We have outlined a very powerful near-term transformation strategy that is already showing excellent results. In addition, we have laid out a very sustainable long-term plan that will provide predictable and profitable growth for the company out into the future.

These plans coupled with our world-class brands, access to two great loyalty programs with highly engaged and qualified owner bases, and an extremely talented team give us tremendous confidence in the future of the company. What excites me most is that the results we delivered in the second quarter show what is possible when we execute with focus, discipline, and speed. The quarter reinforced my confidence in both the near-term and long-range value creation opportunity and our team's ability to execute it. With that, I'll turn it over to Jason.

Jason Marino

Thank you, Mike.

Good morning, everyone. Our second quarter results reflect the tremendous success of the work of our teams, new programs, and operating discipline, and I'm pleased to report that our transformation is well underway.

Our contract sales increased 22% year-over-year to $545 million, driven by an increase in VPG. As a result of our new programs and sales operating excellence, our sales to existing owners increased 41%. North American tours increased 3% due to our increased connection rate with owners, and North America contract sales increased 27%, principally influenced by our average transaction size.

Development profit increased $14 million year-over-year to $106 million due to the strong contract sales growth we delivered this quarter combined with our cost of vacation ownership sales declining 130 basis points year-over-year as a percent of development revenue.

It is important to remember that in periods of significant growth there is an adverse impact to our reported revenue related to our contract sales, which we call reportability. Simply put, we don't recognize revenue from contracts sold in the last 10 days of the quarter as they are still in the rescission period. However, we do recognize most of the sales and marketing costs. This negatively impacted development profit by $15 million in the quarter.

Marketing and sales expense as a percent of contract sales decreased 150 basis points year-over-year. This is a substantial 700 basis point sequential improvement from Q1. As Mike mentioned, we are focused on improving development margins and expect them to improve in the second half of the year.

Sales reserve was 13.4% of contract sales in the quarter. Given the significant 22% increase in contract sales, we determined it was prudent to increase our sales reserve measured as a percentage of our contract sales this quarter and expect a similar rate in the second half of the year. Our sales reserve is the lowest in the industry, reflecting the quality of our brands and property portfolio, the strong financial profile of our owners, and their affinity to our products.

Management and exchange profit increased $6 million year-over-year, and financing profit was unchanged, excluding the change in the presentation of interest expense in our warehouse credit facility, which we've discussed previously.

Finally, adjusted EBITDA increased 6% year-over-year to $215 million.

Turning to the balance sheet. We finished the quarter with 3.1 billion of net corporate debt and leverage of approximately 4x, down from 4.2x at the end of the first quarter. Over the past year, we have made progress on our debt levels, lowering our debt outstanding approximately $100 million since last June.

Our adjusted free cash flow was $87 million in the quarter and $201 million year-to-date, including the $50 million of proceeds we received from the sale of the Westin Cancun in Q1 as compared to $22 million year-to-date last year.

We are making good progress on our noncore asset dispositions, actively marketing multiple assets for sale with key brokers. We anticipate adding our New York City property to our inventory trust to support our higher contract sales this year and into the future. This asset was previously included on our targeted noncore asset disposition list, and as a result, we now expect total proceeds from our noncore asset sales to be $200 million by the end of 2027. We expect to sell $50 million of noncore assets in the second half of this year, which are included in the overall disposition numbers I mentioned, though excluded from our adjusted free cash flow guidance.

Turning to guidance. Given our Q2 contract sales and the strong momentum that continued into July, we now expect contract sales to increase 18% to 20% for the year, implying 25% to 29% growth in the second half.

As a result of our contract sales growth and continued focus on cost, we will drive better margins in the second half. We are raising our adjusted EBITDA guidance to be $805 million to $830 million this year. This reflects a $50 million higher range than our previous guidance.

From a cash flow perspective, we are raising our adjusted free cash flow estimate for the full year to be between $410 million and $460 million this year, a $35 million increase at the midpoint. We expect our free cash flow conversion this year to be in the mid-50% range. As we continue to grow our free cash flow, we will evaluate opportunities to deploy capital with an emphasis on repayment of debt, dividends, and opportunistic share repurchases.

In closing, we had a great quarter. Our new initiatives are resonating with our owners, highlighted by 22% contract sales increase and 23% VPG growth in the quarter. Our team is reinvigorated, and I couldn't be more optimistic about the direction we're headed and the opportunities ahead of us.

With that, we will be happy to answer your questions. Operator?

Operator
Thank you. We will now begin the question-and-answer session. If you would like to ask a question, you may press star one on your telephone keypad. Should you wish to cancel your request, you may press star two. As a reminder, you may ask one question and one follow up. If you would like to ask more questions, you may press star one again to go back to the queue. And your first question is from Ben Chaiken from Mizuho. Your line is now open.

Ben Chaiken

Hey. Good morning and thanks for taking my questions. Maybe just to dive in on 2Q. It sounds like the tour logistics was the major driver of contract sales in 2Q. Is that fair? And I asked because I think Premier Vacations and Inner Circle only recently launched if I'm not mistaken. And some -- I'm assuming those didn't contribute much in the quarter. So, I guess the question is, A, did I frame the first part of that correctly? And B, how did you think about the ramp of those two aspects, Inner Circle and Premier Vacations, in the context of the guide? Thanks. And then one quick follow-up.

Mike Flaskey

Hey, Ben. It's Mike here. Yes, you are correct. Tour logistics and our owner benefit levels. So, it wasn't exactly just tour logistics. Tour logistics, as we have discussed, has had a tremendous impact, and the algorithm is designed to make sure we're using propensity to match up every tour wave, the right salesperson with the right tour to give us the highest propensity for conversion. And then when you couple that with the owner benefit levels that were completely refreshed, including adding the Reserve and the Pinnacle levels, we have created an aspiration for our owners to want to buy more of the product while making sure that the matchups through tour logistics are putting the right salespeople in front of the right customer. As we moved into the later part of Q2, you are correct in we rolled out our Inner Circle presented by Aflac event series and our Premier Vacations, and the early indicators that we got in the second half of June were excellent, above our expectations.

Matt Avril

So, Ben, it's Matt. Thanks for joining us. And so, to your point, as we considered our guidance for the balance of the year, certainly, sort of the runway that we see for those programs introduced late in the quarter are certainly a catalyst for the second half of the year.

Ben Chaiken

Okay. That's very helpful. And then maybe a question on recruitment. It sounds -- if I was maybe reading between the lines, it sounds like you were able to attract some new talent. Where does that stand? Have the bulk of these hires been made already? And while obviously, a long-term or a medium-term/long-term positive, it sounds like that's weighing on flow-through in the near term slightly. I guess, is the expectation that there's some sequential improvement there? And then obviously, totally understand that there's also the reportability dynamic, as well, unrelated. But thanks.

Mike Flaskey

So, I'll handle two of the three, and Jason can talk about the reportability. We don't have anything as it relates to recruitment that is impacting flow-through. In fact, we've been incredibly blessed. As they say in professional baseball, the players know, and the top talent in the industry has choices. And they've been voting our way, and it's driven by our innovation, it's driven by our brands, it's driven by the demographic of our customer and, frankly, our sales and marketing leadership and the culture that they create. So, we've been really blessed on that front, and we continue to see top talent coming our way.

Jason Marino
Yeah. Ben -- I don't think he had a question on reportability. I think he understands it.

Ben Chaiken
Yep. Yep. Totally. Appreciate it. Thank you very much.

Operator
Thank you. And your next question is from Lizzie Dove from Goldman Sachs. Your line is now open.

Lizzie Dove
Hey. Good morning. Thanks for the taking the question. I don't want to kind of front run anything on the Investor Day, of course, but I guess high level, how do you think about some building blocks of just normalized EBITDA or kind of where your earnings power is from here? I appreciate you took the guidance up a fair amount, but I'm guessing you don't think you're done this year. And so, any just broad color of how to think about the next year or a few years would be great.

Matt Avril
Lizzie, this is Matt. Thanks for joining us. And to your point, I appreciate you allowing us to beg off just a little bit towards the Investor Day, but I would reinforce a couple of the points that Mike made. Some of the things we're introducing right now, the Premier vacations, by way of example, not only add to the value proposition on day one sell, but they are designed to build a pipeline of guests returning next year on that Premier Vacation. And the way that we've designed those, those -- they all come back to our existing properties by design. And so, that's one way in which we build out additional tour flow opportunities next year. Secondly, as we look at both how far we utilize and penetrate the loyalty programs that exist both at Marriott and Hyatt, we have opportunities to grow our tour flow in that regard. So, simply put -- and I won't go too much more specifically. We have very much had our eyes on -- right now, it has been about increasing the connections with our owners and bringing value to them, and we're seeing that in our results now, and that will be an ongoing driving engine of the future. In addition to that, between new partnerships, we can establish better utilization of databases we already have. We see the opportunity to increase our tour flow in future years and increase our staffing levels to take advantage of that. So, we're excited about what's ahead, but I'll beg off more details until we see you in December.

Lizzie Dove
Great. And then just one follow-up. So, I think you said last quarter that, as of April, your VPG and contract sales have been up. I think it was 12% and 8%, respectively. And so, seems like given what you did in the quarter, there's a kind of huge acceleration and very, very strong exit rate. Appreciate you said the momentum kind of continued into July, but anything you'd be able to share more specifically on just how things have been trending quarter-to-date?

Jason Marino
Yeah. Lizzie, this is Jason. So, yeah, what we said on the last call was 8% contract sales growth in April. So, just doing the math, that implies, call it, 29% for May and June. And I would just say that July was largely consistent with the May and June numbers.

Lizzie Dove
Great. Thanks so much.

Operator
Thank you. And your next question is from Patrick Scholes from Truist Securities. Your line is now open.

Patrick Scholes
Great. Thank you. Good morning. Certainly, the adjective demonstrable is fitting here. Mike, a question for you. You talked about at a high level ramping up on Inner Circle. I think you said you had done five in 2Q. Do you have a specific number that you're targeting for the back half of the year? And what should we think of as a -- come next year, a full year run rate for those types of events? Thank you.

Mike Flaskey
Good morning, Patrick. We have plans to do about 50 in 2026. And as I've said before to you, I believe the proof of concept is not in whether the event platform works. We certainly know that's proven, and we know how to execute it. We want to get the Marriott team up to speed on how to execute these headline events. And so, we have been incredibly pleased with the rollout of the headline events. But remember, only 20% of the total event platform going forward will be the headline events. 80% of them will be smaller regional in-market events like casino nights, murder mysteries, things along that line, which also have the outsized VPG performance. So, when we get to 2027, our goal is to do a couple of hundred headline events, and I would say target 1,000 events for the full year 2027.

Patrick Scholes
Okay. So, pretty sizable, expected ramp-up there. Jason, you had -- moving on here. Jason, you had just briefly touched on the loan loss provision. Can you give a little more granularity on trends within that and changes, et cetera? I did see that it was up modestly year-over-year. Thank you -- in the results.

Jason Marino
Yeah. Thanks, Patrick. So, yeah, I think for the year -- for the quarter, we're up about 20 basis points year-over-year as measured as a percentage of contract sales. We feel good about where the portfolio sits. The trends from Q1 to Q2 are good. You'll see that our delinquencies in the, call it, the sub-120-day bucket are down 54 basis points. We did have some higher propensity year-over-year, too, which drove some of that increase. But we feel good about where it's going, and July actually finished up with good results, as well. So, we're confident in where we sit today.

Patrick Scholes
Okay. Thanks. What do you mean by higher propensity? A higher propensity to default or just more buyers and they had higher propensity? If you could explain what that term --

Jason Marino
Sorry. Yeah, I'll be more clear on that. Higher propensity to finance their purchases, so that drives how we reserve for it. It's just higher dollars financed.

Patrick Scholes
Got you. Just wanted clarification. Thank you very much.

Operator
Thank you. And your next question is from David Katz from Jefferies. Your line is now open.

David Katz
Morning, everybody. Thanks for all the detail. Mike, I wanted to just go a little farther on one of the five strategies, which -- and I don't remember which number it was, but there was hotel linkage. And my sense historically is that that's kind of a normal course channel. Could you provide a little more color on sort of where that was when you got here or where that -- where you intend to take that and just give us more of a sense of what you feel like you can do with that? That just always seemed like a part of the process to me.

Mike Flaskey
Yes. David, I think that the answer to the first part of your question, there were very limited hotel partners in the system when Matt and I arrived. We believe that there is significant upside to going out and partnering with the hotel owners that have the brands that are on our brand

bar and basically creating a win-win scenario to create an incremental revenue stream for the hotel owners, whereby giving us the opportunity to get in front of their leisure-minded travelers and sell one of our four-day, three-night preview packages to come preview one of our resorts in North America. And we see that as a significant opportunity to ramp that up going forward.

David Katz
Can I -- if I may follow up, just kind of an order of magnitude where maybe you were in 100 hotels and you want to go to 1,000, something whether that's qualitative or otherwise. Thanks.

Mike Flaskey
Yes, sir. I would tell you, we're in four or five hotels today, and our goal is to get in as many of them that we think would be accretive to the business and scale it in a fashion that we can staff it up appropriately.

David Katz
Four or five today --

David Katz
Go ahead. Sorry.

Matt Avril
David, it's Matt. I think simply put, almost as we talked earlier in our calls this year, we were focusing on key markets. There are key markets where we know there's opportunities. As you know, over time, hotel owners change in various branded portfolios, and we are simply refocusing on all of those key relationships, particularly in key markets where we operate, where we generate package tours on our own. We think there is just simply more opportunity. So, order of magnitude, I might ask you to give us just a little bit of time between now and our Investor Day. It's an area that we know simply has more opportunity, and that's what we were highlighting today. You'll see more specificity by the time we're together.

David Katz
On the list. Thank you.

Operator
Thank you. And your next question is from Stephen Grambling from Morgan Stanley. Your line is now open.

Stephen Grambling
Hey. Thanks. Mike, you gave this stat. I think you previously kind of talked about this average owner has 1.3 weeks versus other networks are more like three to four weeks. Can you remind us where occupancy across the portfolio is both from owners and then in total with rentals? And as you continue down this path of upselling to the existing owners, is there a need to add inventory to ensure you don't have any kind of degradation in the availability of what you're selling?

Mike Flaskey
Yeah, Stephen, I'll cover the first part, and I'll ask Jason to talk about the inventory. As it relates to the specific question, we feel like that we're in a good spot. We -- as I said, this owner base is significantly underserved. There is tremendous runway left in this owner base, and we're very excited about the initial responses to what we have rolled out. The inventory piece of it, Jason, you can comment, specifically on that.

Jason Marino
Yeah, Stephen. So, we run, call it, 65% owner occupancy across the system. The 90% that we routinely quote is added to with marketing stays that we use for packages and marketing stays to support the sales and marketing business as well as transient. So, we feel like we've got good opportunity there for -- to increase the ownership base without significantly increasing our inventory.

Stephen Grambling
Okay. And then you mentioned the propensity to finance went up. Curious what's the average down payment for existing owners in the quarter? And how does that compare to history?

Jason Marino
Yeah. It was relatively unchanged for our average down payment including equity that they are using from, call it, previous ownership. It's in the mid-to-high 20s for down payments.

Stephen Grambling
But I guess if you exclude that equity, is that -- I mean, do you -- I think some don't allow -- some of your peers don't allow existing owners to use that.

Jason Marino
Yeah. I don't know necessarily what all of our peers do, but we have minimum 10% down loans. So, for first-time buyers, it would be minimum 10% cash down. But for people that are what we call upgrading from one product to another or same product, we allow them to use their existing equity, and that's the number in the high 20s.

Stephen Grambling
Got it. Thank you.

Mike Flaskey
Thank you.

Operator
Thank you. And your next question is from Trey Bowers from Wells Fargo. Your line is now open.

Nick
Hi. This is Nick Weichel on for Trey. Thanks for the question. I just want to ask about the decision to no longer look to sell the property in New York. Kind of just what was the rationale behind that? Any color would be great.

Jason Marino
Yes, Nick, I think as you look at our inventory on the balance sheet today, we've got about $900 million at cost that represents about a year -- 1.7 years given the guidance that we just gave. And as we're looking to really support sales, we thought it's prudent to put that inventory in the trust as we go forward.

Matt Avril
Yeah. Hi, Nick. This is Matt. And I think we felt it important to indicate that at this point, we anticipate that that's one of the options as our sales pace continues over the next two quarters. And in that section, we were updating what the disposition proceeds were likely to be. And knowing that we're evaluating that as one of the changes as our sales pace continues to grow, we thought it was important to signal in the context of our disposition proceeds that may come out, and we'll make that decision as we progress over the next two or three months. But it was certainly an optionality that we needed to preserve to support the sales pace.

Nick
Thank you.

Operator
Thank you. Once again, that is star one should you wish to ask a question. And your next question is from Patrick Scholes from Truist Securities. Your line is now open.

Patrick Scholes
Great. Just a quick follow-up question just for Jason. As we think about the EBITDA ramping up, it implies you may be able to get back to mid-3x net debt to EBITDA by the end of this year. In that scenario, how are you thinking about getting potentially back to share repurchases? Thank you.

Jason Marino
Yeah. As I said in our prepared remarks, we're at 4x based on the guidance, and what we expect for cash flow, we would be in the, call it, upper threes by the end of the year. And so, the way we're thinking about it right now is we want to remain disciplined, get the debt to a more appropriate level. But as I've said before, as we get below 4x, we can be more opportunistic in terms of share repurchases, and we'll evaluate that strategy on a continuous basis as we go forward.

Patrick Scholes
Okay. Thank you, Jason.

Operator
Thank you. There are no further questions at this time. I would now like to turn the conference call back over to Matt Avril for the closing remarks.

Matt Avril
Thank you, everyone, for joining our call today.

As we began the year, we committed to reestablishing your confidence in our company. We generated revenue growth by focusing on the fundamentals of the business and strengthening our connections with our owners.

The owner experience programs we have introduced are proving to be a meaningful catalyst towards that objective. These initiatives have generated excitement among our owners by creating more personalized interactions, enhancing their vacation experiences, and increasing awareness of the value available across our network of brands and destinations. At the same time, they have reignited energy throughout this organization by giving our teams new tools and new opportunities to engage with customers and greater visibility into the impact of their efforts.

The improved owner engagement and stronger organizational alignment we are seeing today gives us confidence that the operational improvements achieved this quarter represent the early stages of a more durable and sustainable growth trajectory.

On behalf of all of our associates, owners, and members, I want to thank you for your continued interest in Marriott Vacations Worldwide. Thank you and have a great day.

Operator
Thank you. Ladies and gentlemen, that concludes the conference call for today. Thank you all for joining. You may now disconnect your lines.