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**OUT-OF-STATE PROPERTY
OWNERS SURVEY**

August, 2019

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I. INTRODUCTION

In 2016, we took up the relationship between the visitor industry and housing for the first time. We did so at the request of both the visitor industry, through the Hawai'i Tourism Authority (HTA), and the State and County Housing Offices. As each of these agencies are sponsoring the HHPS in 2019, we once again examined the relationship between tourism and housing.

A. PURPOSE

The study was commissioned by the HTA as part of their effort to understand the development of the vacation rental phenomenon in Hawai'i, to provide information to industry and government planners who were seeking to deal with the issue, and to support their own efforts at product development, marketing and communications.

The research objectives were: (1) to investigate the impact of vacation rental units on the residential housing market; and (2) to provide further information on the structure and workings of the vacation rental phenomenon in Hawai'i.

Within the latter objective, it was understood that the study would add information on the sharing economy, the role of property managers, and the use of online booking sites.

B. METHODS

The study made use of several data sources. It involved a literature search, examination of published data on the housing market (primarily the U.S. Census) and data on the visitor accommodations market (from HTA with emphasis on the Visitor Plant Inventory). In an effort to gather details on the use of rental properties in Hawai'i, two survey efforts were mounted. The first added questions to the Hawai'i Housing Planning Study, 2019, a survey of a probability sample of all Hawai'i resident households, owned and rented. The second was a separate survey of Hawai'i property owners with addresses outside the State. The literature search would provide context; the published data would provide the structure of the

visitor accommodations and housing markets; and the surveys would provide new information on the use of residential properties as rental properties.

Additional information on the methods used to design, conduct, and analyze the two surveys is presented in the appendix to this report.

II. HOUSING AND TOURISM

Hawai'i has a thriving visitor industry because it has many amenities – a pleasant climate, scenic beauty, great beaches and water sports, good visitor products and infrastructure, a well-trained and experienced labor force, a pleasant lifestyle, and a host culture that provides a foundation for hospitality and our Aloha Spirit.

The visitor industry has been Hawai'i's number one industry since replacing sugar and pineapple production in the nineties. It provides 164,000 jobs per year, accounts for a substantial percent of the GSP and contributes \$1.8 billion each year in Hawai'i State General Excise Tax and the Transient Accommodations Tax.

Overall, residents understand the economic benefits of tourism. However, with arrivals approaching the 10 million mark, they seek benefits beyond the economic, a greater return on their "investment". And while residents largely continue to view the industry favorably, some indicators of Hawai'i Resident Sentiment have weakened.¹ A strong visitor industry may also bring higher population growth, greater external housing demand, and higher housing prices.

What is of interest to us here is the impact of the visitor industry on the residential housing market in Hawai'i. Do rising room rates affect residential rents? Does the increasing demand for alternative visitor accommodations lead to a loss of residential housing stock?

¹ Hawai'i Tourism Authority, *HTA Resident Sentiment Survey 2018 Highlights*, 2019.

A. TRADITIONAL RELATIONSHIP

The traditional relationship between tourism and housing markets starts with tourism's benefits to local economies. Virtually all sources agree: (1) tourism is a good way to turn non-economic assets into exports, improve the economy, create jobs, and generate income²; and (2) if you choose the visitor industry as a way to run your economy, you can expect high housing prices³ and other problems.⁴ Fitz (2006) showed that tourism leads to an increase in second homes⁵, which increases property taxes and Biagi, *et al.* found that higher housing prices lead to issues in affordability, displacement, and gentrification.⁶ These research findings will not surprise anyone in Hawai'i's visitor industry.

² Gunderson, Ronald J. and Pin T. Ng. 2005. Analyzing the effects of amenities, quality of life and tourism on regional economic performance using regression quantiles, *Regional Analysis & Policy*, vol. 35, no. 1.

³ Reeder, Richard J. and Dennis M. Brown. 2005. Recreation, tourism, and rural well-being. United States Department of Agriculture, Economic Research Services, Economic Research Report Number 7, August, 2005. See also Ko, Dong-wan and William P. Stewart. 2002. A structural equation model of residents' attitudes for tourism development, *Tourism Management*, Vol. 23, pp. 521-530, 2002. See also, Affordable homes and tourism are election issues in Midhurst, *Midhurst and Petworth Observer*, (UK), April 13, 2015.

⁴ Carlino and Saiz (2008) used visitor arrivals as a measure of consumer preference for local amenities. They found: (1) amenities were linked to population and job growth; (2) "beautiful cites" attracted more skilled employees; (3) growth in visitor arrivals was related to accelerated housing price appreciation, especially in supply-inelastic markets; and (4) local investment in physical amenities resulted in increased demand for visits. They saw this as evidence of a self-perpetuating cycle of tourist development housing appreciation.

⁵ Fitz, Richard G. (1982) Tourism, vacation home development and residential tax burden: A case study of the local finances of 240 Vermont towns, *American Journal of Economics and Society*, Vol. 41, No. 4, pp. 375-385, October 1982.

⁶ Biagi, Bianca, Dionysia Lambiri, and Alessandra Faggian. 2012. The effect tourism on the housing market, in Uysal, M., *et al.*, (eds.), *Handbook of Tourism and Quality-of-Life Research: Enhancing the Lives of Tourists and Residents in Host Communities*, International Handbooks of Quality-of-Life, Springer Science+Business Media B.V. 2012.

In Hawai'i, the academic literature has not produced much on the direct impact of tourism on the housing market. The popular press, on the other hand, continues to investigate the issues. Some went as far as to claim that "Some people complain that illegal rentals have caused housing prices to soar and have torn apart communities where residents know all their neighbors".⁷ In addition to these public reaction stories, some data appeared, noting that, "at 80 percent occupancy, the average Airbnb rent in 2015 would bring in \$5,900 per month." That is nearly 3.5 times the average rent for a residential rental unit in 2015.⁸

What concerns us here is one particular part of visitor industry operations in Hawai'i -- the number of rental properties being used for short-term rentals to transient parties. Short-term means rental contracts for 30 days or less. Transient parties include visitors from out of state and over-night-or-longer interisland visitors.

These types of rental units have been discussed using a variety of names. In this report, we will use the term Vacation Rental Units (VRU). As used here, VRUs include single-family house rentals, multifamily condominium rentals, and bed and breakfast properties. For 2019, we also looked at additional alternative accommodation types: room or rooms in owner's place of residence, and cottage or other unit on owner's property. Some VRUs started as visitor accommodations units and others may be transformed residential housing units. In Hawai'i, as in other visitor destination areas, VRUs are subject to regulations, registrations, business taxes, and tourist taxes. In addition, like other visitor communities, there are claims that some VRUs operate illegally, in violation of zoning codes or tax responsibilities.

Regardless of the nomenclature, there is little doubt that the number of VRUs in Hawai'i has

⁷ Riker, Marina. 2015, State, City looking to crack down on illegal vacation rentals, *Honolulu Civil Beat*, March 10, 2015.

⁸ Honolulu rental market: Affordable rental housing study update, 2014, prepared by Ricky Cassidy for Department of Community Services, City and County of Honolulu, December 30, 2014, p. 115.

been increasing. The Visitor Plant Inventory (VPI) shows an increase from 10,768 in 2015 to 13,082 in 2018⁹, a 21 percent increase in just four years. The VPI Supplemental Report also extracted data from four vacation rental booking sites to show that Individually Advertised Units (IAU) counts of VRU may have been as high as 30,135¹⁰ in 2018.

VPI supplemental studies show that short-term IAUs are located in nearly all communities in Hawai'i, suggesting that residential housing stock may have been affected. The same studies also show that the units are heavily concentrated in visitor destination areas. Because regulation and permitting of vacation rentals is under each county's jurisdiction, counties have differing permitting requirements and may prohibit short-term rental units outside specific districts.

B. VISITOR RESEARCH DATA

Hawai'i's tourism economy has been growing impressively for the last ten years. Between 2009 and 2018, visitor arrivals grew from 6.4 million to 9.8 million (53.1%). Table 1 presents data for the recovery period following the Great Recession. Before the Recession visitor volume reached 7.4 million visitor arrivals (2007). The recovery was completed by the last quarter of 2012, but visitors continued to flock to Hawai'i. The two most recent years showed strong growth in arrivals of 5 - 6 percent.

Throughout this period of growth, the pattern of visitor accommodations has shifted. The percent of visitors who stayed at commercial visitor accommodations units grew during the recovery

years but slowed down after 2016 to return to the 2009 level.

The number of visitors that used traditional visitor accommodations units¹¹ grew but at a slower pace than visitor arrivals -- from 5.3 million in 2009 to 7.1 million in 2018 (+35% growth vs. +53% growth for arrivals). However, the share of visitors that used traditional units declined from 82 percent to 72 percent over the past ten years.

There was a significant increase in demand for vacation rental units (including B&Bs, private rooms and shared rooms). The percent of visitors that used these units increased one and a half times between 2009 and 2018 (5.4% to 13.5%). Furthermore, the growth rate for use of VRUs by Hawai'i's visitors outpaced the use of traditional visitor accommodations during this period.

Hotel occupancy rates rose from 65 percent to 80 percent during the recovery for a +23 percent growth rate over ten years. Most of the growth occurred before 2015 and occupancy rates have been relatively steady for the last three years. Moreover, even if the traditional visitor accommodation unit numbers suggest some loss of market share to VRUs, the share of revenue may not have been affected. Average daily hotel room rates rose from \$177 to \$277 during the same period, a growth of +57 percent.

Finally, Table 1 presents data on the median monthly rent for residential housing units in Hawai'i. The median rent rose from \$1,755 in 2009 to \$2,083 in 2018 -- a 18.7 percent growth rate over ten years. Therefore, as the post-recession recovery proceeded, growing visitor arrival numbers were met by rising visitor rents (ADR). Residential rents grew by only a third of the rate in the visitor industry. A property owner considering the prospects of renting to visitors rather than residents might have been convinced by the numbers. There was a substantial difference in what could be charged for a room night -- perhaps 3-times the local residential rate.

⁹ The Hawai'i Visitor Plant Inventory is an annual count of visitor accommodations units conducted by HTA. The study develops a list of visitor properties and then surveys them to measure the number of rooms available to visitors. Obtaining an accurate list of VRUs has been increasingly difficult and VPI has acknowledged that VRU counts may be underestimated.

¹⁰ The report notes that the count includes listings of properties on the North Shore of Kaua'i that were temporarily closed due to limited access after the April flooding and rentals in the Puna area that may have been destroyed following the May volcanic eruption.

¹¹ Hotels, apartment hotels, condominium hotels, hostels, or timeshare units.

In addition, there was a potential for even higher rents in the future as visitor rental rates grew much faster than residential rates.

Table 1: Hawai'i Visitor Industry Statistics, 2009-2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	% Chg 2009-2018
Visitor Arrivals (x1,000) by air	6,420	6,917	7,174	7,867	8,003	8,196	8,563	8,822	9,278	9,827	53.1%
Number of Parties (x1,000)	2,899	3,102	3,282	3,497	351	3,662	3,915	4,010	4,191	4,431	52.8%
Percent Use Commercial Units ^a	87.6	88.0	88.8	89.4	89.7	89.6	89.4	89.7	87.6	87.6	0.0%
Percent Use Traditional Units ^b	82.2	82.4	82.6	83.0	82.5	81.9	80.9	75.6	74.3	72.4	-11.9%
Percent Use VRU	5.4	5.6	6.2	6.4	7.1	7.8	10.7	7.7	11.8	13.5	150.0%
Hotel Occupancy Rate (%)	65.3	70.7	73.3	76.9	76.6	77.1	78.8	79.1	80.2	80.0	22.5%
Average Daily Room Rate	\$177	\$175	\$189	\$205	\$230	\$235	\$244	\$254	\$264	\$277	56.6%
Average Residential Rent Rates	\$1,755	\$1,730	\$1,743	\$1,768	\$1,806	\$1,844	\$1,917	\$2,019	\$2,069	\$2,083	18.7%

^a. The percent of all visitor parties that used any type of commercial visitor accommodations units. Excludes those who stayed with family and friends and those who remained aboard a cruise ship.

^b. The percent of all commercial accommodations user parties that use traditional visitor accommodations units – hotels, apartment hotels, condominium hotels, hostels, or timeshare units.

Sources: DBEDT, HTA Annual Reports, RentRange®

C. HOUSING STUDY RESEARCH

The Hawai'i Housing Planning Study 2019 (HHPS 2019) brings additional data to the subject. A set of questions sponsored by HTA were included in the demand survey and there was a separate survey of out-of-state property owners. The demand survey queried Hawai'i property owners on the use of their real estate as rental property and asked whether they rented to visitors. The out-of-state property owners' survey asked similar questions of a sample of owners whose tax billing address was outside of Hawai'i. It also borrowed data from the most recent visitor research by HTA.

Estimating VRU from Visitor Data

The HTA Visitor Plant Inventory (VPI) provides historical data on accommodations units available to house Hawai'i's visitors. The 2018 VPI reports that there were 13,082 vacation

rentals available for visitor use in 2018 that was a +3 percent increase in units from 2017 (12,661). However, in the VPI Supplemental Report of the 2018 VPI, based on data extracted from the four booking websites, there were 30,135 Individually Advertised Vacation Rental Units (IAU)¹² listed in the State of Hawai'i in 2018. Furthermore, total number of bedrooms available, represented by these IAU was 49,348.

HTA explained that this count was based on data extracted from four vacation rental booking sites. Even though VPI includes vacation rentals as a property type, "due to the large number of vacation rental properties and the fluid nature of the vacation rental supply, however, identifying and gathering survey data from vacation rentals has been a challenge. As a result, the Visitor Plant Inventory survey has likely undercounted the actual number of Vacation Rental Units."

¹² HTA 2018 VPI, pp. 60-61.

The supplemental study estimate is a better match than the VPI counts for visitor reports of VRU usage. The estimated number of IAUs in Hawai'i in 2017 was 38,100 as reported in VPI. However, HTA noted, the figure may be overestimated¹³ and the 2018 figure is a better estimate because a change in technology allowed the vendor to identify duplicate listings across platforms. Therefore, the best estimate of the number of VRUs in Hawai'i in 2018 was approximately 30,000

were 64,843 units available for short-term rental to visitors in 2018.

Estimating VRUs from Survey Data

Two important data sources, first developed in HHPS 2016, were used again to estimate the number of VRUs in Hawai'i. The first was the Housing Demand Survey. In that survey of over 5,599 Hawai'i resident households, we asked homeowners if they rent out any residential property they own and more specifically how many properties did they regularly rent out on a short-term (less than 30-day) basis. The short-term basis question is a better determinate of units available for visitors to rent than directly asking the owners if they rent to visitors. As mentioned earlier, a visitor would include those Hawai'i residents who live on another island; owners may not make that distinction and would instead classify their renter as a resident.

The second source was the Out-of-State Property Owners Survey in which we asked 2,251 out-of-state property owners a similar set of questions to help estimate the number of VRUs they might add to the inventory.

Combining those data, SMS developed an analysis model in which the 2,251 Out-of-State surveys represented about 58,535 out-of-state property owners and the 5,599 Housing Demand Survey respondents represented 455,502 resident households. The results show that there

¹³ The Supplemental Study suggests the estimate may be overstated, noting: "Because of the lack of unique identifying information associated with each vacation rental unit listed on the booking sites, it is currently not possible to identify and eliminate much of the double and triple counting that occurs when a property is listed on multiple booking sites."

Table 2: Residential Properties Rented Out on a Short-term Basis

Residential Properties Rented out on a Short-term basis	County				
	Total	Oahu County	Maui County	Hawaii County	Kauai County
Hawai'i Resident Owners (Demand Study)	43,712	31,013	5,091	5,633	1,975
Out of State Owners	21,131	6,042	6,797	3,038	5,255
Total Residential Properties Rented out on a Short-term basis	64,843	37,054	11,888	8,671	7,230

Adjusting the Estimates

The estimates from VPI and the SMS studies would need to be adjusted for differing definitions and procedures. The VPI Supplemental Study measured IAU as the number of units offered for rent by the on-line booking sites Airbnb, HomeAway, TripAdvisor, and VRBO, at a specific point in time.¹⁴ The HHPS 2019 surveys measured VRUs as the number of properties rented to visitors on short-term contracts

Adjustment of Survey Data to identify only VRU. That figure of 64,843 units available for rent on a short-term basis included at least some commercial visitor rental units. These are units that would be included in the hotel or condo rental pool and would be classified as a traditional condo/condotel under the VPI unit classification.

The two surveys also ask the question, “How is your rental property advertised to renters.” If they answered “Through a hotel pool or condo management company” then we can eliminate them from the VRU count. Using figures from both surveys we determine that 55,576 units would be classified as VRU (Table 3).

Adjustments for units advertised by methods not included in the VPI Supplemental Studies: VPI Supplemental study estimates would be short of the Out-of-State Survey estimate by: (a) the number of units not being

advertised when Internet downloads were made; (b) the number of units not advertised on those specific online booking sites, and (c) the number of units that do not advertise.¹⁵

The 2018 supplemental study used four online booking sites: AirBnB, TripAdvisor, Homeaway, and VRBO, where VRBO is a subsidiary of Homeaway. Those four sites accounted for 58 percent of the advertising methods mentioned by our Out-of-State Owners and only 37 percent of our Hawai'i resident owners. If we assumed the most conservative value of 57.9 percent that used those online sites then the VPI Supplemental estimate of 30,135 would represent 52,047 actual VRU in Hawai'i for 2018 (Table 3).

¹⁴ Out-of-State Property Owners Survey, 2018.

¹⁵ VPI 2018, p. 60.

Table 3: Adjustment of VRU Counts

	State Total	LESS: Advertise through a hotel rental pool or condo management company	Individually Rented Units "Non-Commercial"	Advertised using AirBnB, VRBO, HomeAway, or Trip Advisor	ADD: (Other sites and un advertised units) Adjusted VPI Supplemental Estimate
Hawai'i Resident Owners (Demand Study)	43,712	5.8%	41,177	36.70%	82,112
Out of State Owners	21,131	31.9%	14,399	57.90%	52,047
Total Vacation Rental Units	64,843		55,576	30,135	52,047

The locus of decision-making issue: Again, one of the findings of the Out-of-State Survey was that many property owners did not know how their units were rented. About 62 percent of them used a rental agent and 43 percent were not sure because someone else advertised the property for them. We assumed these “unaware” respondents had renter profiles similar to those of property owners who reported advertising details. That may have been optimistic. Property managers may be more likely to rent, more likely to list on booking websites, and more likely rent on short-term contracts.

In summary, the estimated number of VRU properties in Hawai'i available to visitors differs considerably depending on the source. The adjusted number from the VPI supplemental studies is about 52,000 and the estimate from the HHPS surveys is about 55,600.

Impact on Housing

Estimating the impact of VRU requires that we look at the related items in the multiple data sources available to us.

a. Units Used for Visitor Rental

Speculation is that the increase in visitor arrivals, the slow growth of the visitor plant, the pressure

of visitor demand for units outside of the resort areas, and the advance of Internet booking sites decreased the size of the residential housing stock. The HHPS surveys found that there were between 52,000 and 55,600 housing units were available for rent to visitors on short-term basis in 2018.

b. The Shared Economy

The HHPS Housing Demand Survey also asked questions related to the “shared economy”¹⁶ as part of VRU use in Hawai'i. Among all Hawai'i homeowners, 15,922 (6.5%) rented rooms in their homes; 5,495 (2.2%) rented out a cottage or other unit on their property; and 1,632 (0.7%) even rented out their whole house, part of the year

c. Impact on Residential Rents

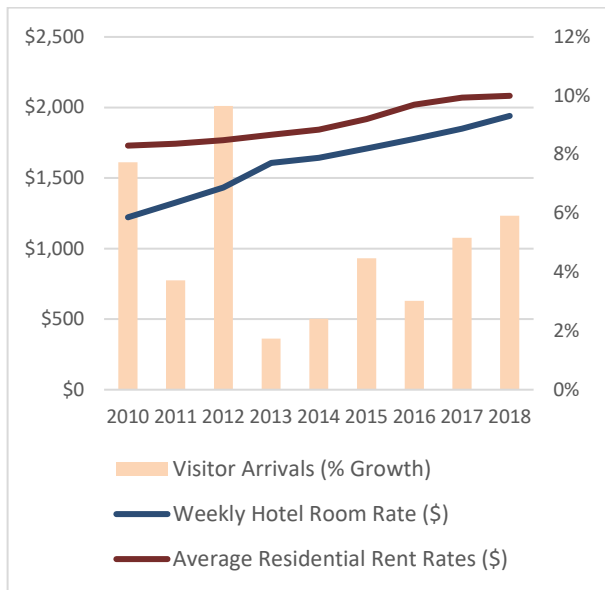
Some studies have suggested that there is a relationship between greater use of vacation rentals and higher housing prices. The National Association of Realtors (NAR) blogs that VRUs increase rents, decrease affordability, and draw

¹⁶ Forbes. (2016). Sometimes called collaborative consumption or the peer economy, owners rent out something they are not using (a car, house, a bicycle) to a stranger using peer-to-peer services. <http://www.forbes.com/pictures/eeji45emgkh/airbnb-snapgoods-and-12-more-pioneers-of-the-share-economy/#3608f0f97226>

developers' attention to the top of the market. Local researchers report that VRUs exacerbate the affordable housing problem by reducing our housing stock and driving up rents, which in turn inflates demand for investment properties at the high end of the market.¹⁷

Figure 17 brings together some foundation data for visitor and residential rents in Hawai'i over the last nine years. For the visitor data, we took the average daily room rate (ADR) for all commercial properties.¹⁸ Figures shown here are six times the ADR to accommodate the scale of the graph. The graph compares the weekly (7-day) rate with the monthly rate for residential housing. The objective was to compare rates of change over time. For the residential figures, we chose the contract rent rates for all rental units in the State.¹⁹ We added the hotel occupancy rate as a rough demand indicator.

Figure 1: Hawai'i Hotel Room Rates and Resident Rates, 2010-2018



Source: HTA; RentRange®.

In response to the Great Recession, both hotel room rates and residential rates fell and did not show recover until after 2010. In fact residential rents did not recover until some time in 2012. Hotel room rates rose quickly with 8 – 12 percent growth per year until 2013. On the other hand, residential rents grew only 1 – 2 percent annually

Visitor rates increased again from 2014 and have remained at a steady 4 to 5 percent growth. Hotel room rate growth has mirrored the growth in overall visitor arrivals through much of the period after the Recession.

Residential rent rates also seemed to have accelerated in the 2014 to 2015 period but has since slowed down in the last two years.

Therefore, in the current time frame, the two rent rates do not seem to be following in a similar pattern. However, that does not mean they are not related, of course. Proving that would require a more complex econometric analysis - one that is beyond the scope of this project.

¹⁷ Osborne, Isis and Benjamin Sadoski. 2016. The hidden cost of hidden hotels: the impact of vacation rentals in Hawai'i, in UNITE HERE Local 5, May, 2016, p. 8.

¹⁸ DBEDT Data Book 2015 includes rates for hotels, condo hotels, and timeshare units. We used Hospitality Advisors reports for 1st quarter 2016 estimate.

¹⁹ Rent Range, average monthly rent for all rental units.

III. OUT-OF-STATE PROPERTY OWNERS SURVEY

There were 58,535 property owners with addresses outside the State of Hawai'i in 2018. The vast majority lived in the United States (90%). Property owners also lived in Canada (5%) and Japan (3%). Of the those who stated they lived in the U.S., 1 out of 4 stated they lived in California. Canadian residents were most likely to be from Alberta (39%) or B.C. (32%).

Table 4: Property Owner by Country of Residence

Country living in	United States	52,933	90.4%
	Canada	2,629	4.5%
	Japan	1,695	2.9%
	Other	1,278	2.2%
	Total	58,535	100.0%

Out of state U.S. residents own sizable amounts of property on each of the main Hawaiian Islands, with a larger concentration on O'ahu and Maui. Canadians were more likely to own property on Maui (64%) and those from Other Countries or Japan tend to buy on O'ahu (75% and 85%).

The more than half of out-of-state property owners holds a unit in a multi-family residential building (59%), followed by a single-family house (35%). Canadians and Japanese owners were more likely to own a unit in a multi-family residential (82%) while U.S. residents were less likely (57%).

The largest percent of properties owned on Maui and O'ahu were units in a multi-family building (72% and 66%). Hawai'i Island respondents were mainly single-family homeowners (92%). Please note that the address data provided by Hawai'i County mainly consisted of single-family homes.

Most out-of-state property owners considered their Hawai'i property to be a residence. Only

31 percent consider the property to be an investment. About 56 percent would call it their vacation home or even a secondary residence. Six percent said it was their primary residence.

Looking at the differences in property usage by island, O'ahu properties were more likely to be investment properties. However, on Maui and Hawai'i out-of-state owned properties were more likely to be designated as secondary residences. Kaua'i was distinctive too with 4-in-10 properties being used primarily as vacation homes.

A condominium type unit was more likely to be considered a vacation home than a single-family house. Out of state owners were also more like to use single-family houses as secondary residence.

Thirty-eight percent of the properties were purchased between 2010 and 2019. From 2000 to 2009, another 29 percent of the properties were purchased, and 13 percent of the properties were purchased in the ten years previous. Before 1990, 21 percent of the units were purchased.

O'ahu had more homes purchased in the 2000 to 2009 period, while on the other islands almost half of the properties were purchased since 2010.

A. RENTAL PROPERTIES

On average out-of-state property owners owned 1.35 properties in the State. Of these property owners, 48 percent stated they rented their property at least sometimes throughout the year.

Almost 1 out of 3 (29%) stated that they never stay at the property they own. However, more than half (56%) will keep their units available so that they can stay in them when they are in Hawai'i. Almost half (47%) of properties on O'ahu are never used by the owners themselves.

When these out of state owners are not staying in their properties; in general, about half of them rent it out (51%). However, 7-out-of-10 Canadians actually leave their properties vacant when they are not in Hawai'i. Some Canadians (26%) and U.S. residents (21%) will loan out the property to their family or friends. of those properties available for rent, 42 percent can be rented to Hawai'i residents, and 39 percent to visitors to Hawai'i. On O'ahu (68%) and Kaua'i (66%) two-thirds of the property owners said they rent out their properties. While on Maui (61%) and Hawai'i Island (50%), the property owners were more likely to leave property vacant. The studied showed that renting was just as likely to occur for multi-family than for single-family properties. These results were slightly different than in 2016 when renting was more likely to occur for multi-family properties.

More than half (57%) of the properties are being rented out to local residents when they are not being used by their owners. Single family houses were more likely to be rented out to local residents than multi-family properties. On O'ahu, Maui and Hawai'i Island the properties were mainly being rented to local residents. While on Kaua'i 43 percent of properties were being rented to visitors. Note that many property owners said they rented to more than one group (for example they rent to both residents and visitors).

Two-thirds of the property owners have actually visited and stayed at their properties in 2019. The survey also showed us that out-of-state owners use their properties frequently, but for relatively short periods on each visit. The average owner was likely to be here twice a year. Over half would stay for only between one and four weeks (58%) at a time and very few stayed here more than six months a year. Therefore, these properties would have been available for rent many days.

B. SHORT-TERM RENTAL

The survey gathered information on occupancy rates for short-term rentals (units available for rent for less than 30-day increments). All out-

of-state owners who rented to their units for less than 30 days at a time were asked to report: (1) the number of days in calendar for which their property was available for rent; and (2) the number of days that unit was actually rented.

Among all units that were rented out (51%), over 1 in 3 properties (34% or 18% of all properties) were made available for short-term rental in 2018 (rented for less than 30 days at a time). On Kaua'i, three-quarters of the rented properties were available for short-term rental, while on O'ahu, the proportion drops to under 1 in 5 units.

On average, units were made available for short-term rental 287 days out of the year and were actually rented out 196 days in 2018.

The mean annual occupancy rate was 66%. In other words, these short-term rentals were occupied two-thirds of the time; with Kaua'i having a higher occupancy rate (76%) compared to Hawai'i Island at less than half of the nights being occupied by renters (48%).

Statewide, properties available for short-term rent went for an average \$258 per night . The average unit rate was highest in Hawai'i County (\$288 per night) and Kaua'i County (\$281 per night) with the lowest being Honolulu C&C (\$192 per night).

In Maui County, a short-term rental can also be classified as being rented for less than 180 days. Using that definition 28 percent of rented units were classified as short-term rentals.

IV. VACATION RENTAL MANAGEMENT

Many of the property owners used professional support in managing and marketing their units. 89 percent of owners have a property manager, 73 percent have a rental agreement program and 54 percent list their property with a local rental agent.

In general, many property owners did not actively promote their units – with 43 percent agreeing that they were “not sure, someone else advertises the property for me.” This was a particularly prevalent on O’ahu (52%).

On O’ahu, as mentioned previously, the units were not actively managed by the owners including 15 percent who said the property was advertised through a management company and 15 percent said the unit was not advertised at all.

The other islands were more likely to be actively marketed by the owner, but the way in which they were advertised differed by island. On Maui, besides advertising through a management company (17%); other practices including postings on Craigslist (13%) and using the VRBO platform (17%). Hawai’i Island property owners were most likely to not actually advertise their units (29%) or use the AirBnB (19%) or VRBO (22%) platforms. On Kaua’i, the property owners were more apt to say they used VRBO (39%) or AirBnB (21%); while 26 percent did not advertise the property directly but through a management company (26%). Other independent websites, which would include sites managed by themselves, were not as common.

According the survey, both types of properties, single family or multi-family, were being advertised on VRBO and Airbnb. One-quarter of single-family house were not even being publicly advertised.

At least 15 percent of all properties will definitely be rented for short-term basis this year (compared to 18% in 2018).

The property owners do not see any dramatic change in property use from 2018 to their planned use in 2020. Over half will continue to use it as secondary home or vacation home and 31 percent will continue to classify the property as an investment only ([Table 33](#)).

V. APPENDIX

A. DATA TABULATIONS

Table 5: Country of Residence by Location of Property

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Country living in	United States	88%	90%	95%	96%	90%
	Canada	2%	9%	3%	3%	4%
	Japan	6%	1%	2%	0%	3%
	Other	4%	1%	1%	1%	2%
	Total	100%	100%	100%	100%	100%

Table 6: Top U.S. States of Residence

California	39%
Hawaii	10%
Zip code unknown	7%
Washington	6%
Oregon	4%
Colorado	3%
Nevada	3%
Texas	3%
Alaska	2%
Arizona	2%
Illinois	2%
Virginia	2%
Florida	2%

Table 7: Top Canadian Provinces of Residence

Alberta	39%
British Columbia	32%
Unknown postal code	15%
Saskatchewan	6%
Manitoba	4%
Ontario	3%
Nova Scotia	1%
Northwest Territories	1%

Table 8: Property Type by Location of Property

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Property type	Single-family house	30%	21%	92%	38%	35%
	Unit in a multifamily building (Condominium)	66%	71%	2%	54%	59%
	Timeshare unit	0%	0%	0%	1%	0%
	Undeveloped residential land	1%	3%	1%	3%	2%
	Room or rooms in your place of residence	0%	0%	0%	0%	0%
	Cottage or other unit on your property	0%	2%	1%	0%	1%
	Other	2%	3%	4%	3%	3%
	Total	100%	100%	100%	100%	100%

Table 9: Use of Property by Country of Owner

		Country living in				
		United States	Canada	Japan	Other	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Residency type	Primary residence	5%	0%	12%	43%	6%
	Secondary residence	32%	23%	21%	11%	30%
	Vacation home	24%	65%	33%	11%	26%
	Investment property	33%	10%	32%	12%	31%
	Other	6%	1%	1%	24%	6%
	Total	100%	100%	100%	100%	100%

Table uses a weighted base that includes only properties where a residential unit (SFD or MFD) property type was indicated.

Table 10: Use of Property by Location of Property

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Residency type	Primary residence	9%	4%	7%	2%	6%
	Secondary residence	20%	40%	42%	24%	30%
	Vacation home	14%	34%	25%	40%	26%
	Investment property	49%	16%	20%	28%	31%
	Other	7%	6%	6%	5%	6%
	Total	100%	100%	100%	100%	100%

Table 11: Use of Property by Type of Property

		Property type		
		Single-family house	Unit in a multifamily building (Condominium)	Total
		Column N %	Column N %	Column N %
Residency type	Primary residence	10%	4%	6%
	Secondary residence	38%	27%	30%
	Vacation home	17%	32%	26%
	Investment property	27%	33%	31%
	Other	8%	4%	6%
	Total	100%	100%	100%

Table 12: Use of Property by Type of Property

		Property type		
		Single-family house	Unit in a multifamily building (Condominium)	Total
		Column N %	Column N %	Column N %
Residency type	Primary residence	10%	4%	6%
	Secondary residence	38%	27%	30%
	Vacation home	17%	32%	26%
	Investment property	27%	33%	31%
	Other	8%	4%	6%
	Total	100%	100%	100%

Table 13: Owners Stay at Property

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
How often stay at own property	Always	39%	71%	63%	65%	56%
	Most of the time	7%	8%	14%	14%	9%
	Once in a while	7%	4%	5%	7%	6%
	Never	47%	16%	18%	14%	29%
	Total	100%	100%	100%	100%	100%

Table 14: Disposition of Property When Not Being Used By Owners

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
What do you do with the property when not staying	It is rented out	68%	30%	40%	66%	51%
	It is left vacant	23%	63%	50%	34%	42%
	It is loaned to family and friends	13%	22%	31%	29%	20%
	Other	7%	6%	9%	6%	7%
	Total	100%	100%	100%	100%	100%

Table 15: Disposition of Property When Not Being Used By Owners by Country of Residence

		Country living in				
		United States	Canada	Japan	Other	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
What do you do with the property when not staying	It is rented out	51%	23%	61%	80%	51%
	It is left vacant	41%	71%	34%	20%	42%
	It is loaned to family and friends	21%	26%	9%	4%	20%
	Other	7%	3%	3%	0%	7%

Table 16: Disposition of Property When Not Being Used By Owners by Type of Property

		Property type		
		Single-family house	Unit in a multifamily building (Condominium)	Total
		Column N %	Column N %	Column N %
What do you do with the property when not staying	It is rented out	48%	53%	50%
	It is left vacant	41%	41%	42%
	It is loaned to family and friends	24%	19%	20%
	Other	10%	3%	7%

Table 17: Type of Renters

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Whom do you rent your property	Local residents	62%	60%	73%	29%	57%
	Visitors	11%	19%	20%	43%	18%
	Both local residents and visitors	7%	12%	21%	23%	12%
	Military	24%	1%	5%	9%	15%
	Students	3%	1%	5%	3%	3%
	Not sure, someone else rents the unit for me	21%	18%	10%	23%	20%

Table 18: Type of Renter by Property Type

		Property type		
		Single-family house	Unit in a multifamily building (Condominium)	Total
		Column N %	Column N %	Column N %
Whom do you rent your property	Local residents	73%	50%	57%
	Visitors	12%	22%	19%
	Both local residents and visitors	12%	11%	12%
	Military	17%	15%	15%
	Students	2%	3%	3%
	Not sure, someone else rents the unit for me	10%	25%	20%
	Total			

Table 19: Year Last Visited and Stayed at Property

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Year last visited Hawaii and stayed at your property	2019	52%	78%	68%	60%	66%
	2018	26%	14%	19%	27%	20%
	2017	6%	2%	5%	5%	4%
	2016	3%	1%	1%	2%	2%
	2015	3%	1%	1%	1%	2%
	2014	2%	0%	0%	1%	1%
	2013	0%	0%	0%	1%	0%
	2012	1%	0%	0%	1%	1%
	2011	0%	0%	0%	0%	0%
	2010	2%	0%	1%	1%	1%
	Before 2010	6%	2%	3%	2%	3%

Table 20: Number of Trips to Hawaii

	County				
	Honolulu	Maui	Hawaii	Kauai	Total
	Mean	Mean	Mean	Mean	Mean
Number of trips to Hawaii in the past 5 years	8.56	10.54	10.45	10.70	9.75

Table 21: Length of Visits to Hawaii by Owner

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Typical length of trip to Hawaii	Less than 1 week	15%	3%	5%	4%	8%
	1-2 weeks	45%	27%	31%	37%	36%
	2-4 weeks	18%	24%	25%	28%	22%
	Between 1 and 2 months	6%	17%	11%	13%	11%
	Between 2 and 6 months	7%	23%	15%	10%	14%
	More than 6 months	1%	1%	2%	1%	1%
	Trips are always different lengths	7%	5%	11%	6%	6%
	Total	100%	100%	100%	100%	100%

Table 22: Short-Term Rental (% of those units that are rented out)

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Short Term Rental	Yes	19%	36%	42%	77%	36%
	No	81%	64%	58%	23%	64%
	Total	100%	100%	100%	100%	100%

Table 23: Nights Available for Rent of Short-term Basis

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
Number of nights available for rent on a short-term basis	Mean	292	269	266	300	287
Number of nights actually rented on a short-term basis	Mean	186	186	131	225	196

Table 24: Average Occupancy Rent (for those units that were available for short-term rental)

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
occupancy	Mean	.61	.64	.48	.76	.66
	Maximum	1.00	1.00	1.00	1.00	1.00
	Median	.76	.75	.49	.79	.75
	Minimum	.00	.00	.00	.00	.00
	Variance	.11	.07	.06	.03	.07

Table 25: Average Nightly Rate (For those units that were rented short-term)

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
Average nightly rate that was charged for that property	Mean	\$192	\$268	\$288	\$281	\$258
	Maximum	\$2,700	\$2,450	\$3,000	\$5,000	\$5,000
	Median	\$154	\$220	\$175	\$225	\$200
	Minimum	\$89	\$93	\$30	\$0	\$0
	Variance	29787	62822	170407	78985	72242

Weighted by the number of nights the unit was rented.

Table 26: Properties that were Rented for 180 days or more

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Property was rented for more or less than 180 consecutive days in 2018	More than 180 consecutive days	83%	72%	59%	41%	72%
	Less than 180 consecutive days	17%	28%	41%	59%	28%
	Total	100%	100%	100%	100%	100%

Table 27: Property Managers

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Have property manager for your property in Hawaii	Yes	93%	83%	75%	90%	89%
	No	7%	17%	25%	10%	11%
	Total	100%	100%	100%	100%	100%

Table 28: Rental Program Agreement

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Have rental program agreement for your property	Yes	76%	73%	63%	67%	73%
	No	24%	27%	37%	33%	27%
	Total	100%	100%	100%	100%	100%

Table 29: Listing by Local Rental Agent

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
List your property with a local rental agent in Hawaii	Yes	69%	54%	45%	62%	62%
	No	31%	46%	55%	38%	38%
	Total	100%	100%	100%	100%	100%

Table 30: How Rental Property is Advertised

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
How is your rental property advertised?	Not sure, someone else advertises the property for me	52%	33%	21%	37%	43%
	The unit is not advertised	15%	20%	29%	7%	16%
	Through a hotel pool or condo management company	15%	17%	4%	26%	16%
	On VRBO	7%	17%	22%	39%	15%
	On Craigslist	11%	13%	11%	5%	10%
	On AirBnB	4%	11%	19%	21%	10%
	On other websites	5%	8%	10%	13%	7%
	Other	6%	8%	13%	4%	7%
	In newspapers	7%	7%	8%	1%	6%
	On Trip Advisor	2%	5%	6%	13%	5%
	On Expedia	2%	3%	4%	7%	3%
	On FlipKey	1%	1%	4%	8%	2%
	In magazines	0%	2%	2%	2%	1%
	On Clearstay	0%	0%	0%	1%	0%

Table 31: How Rental Property is Advertised by Property Type

		Property type		
		Single-family house	Unit in a multifamily building (Condominium)	Total
		Column N %	Column N %	Column N %
How is your rental property advertised?	Not sure, someone else advertises the property for me	39%	46%	43%
	Through a Hotel pool or condo management company	2%	24%	16%
	The unit is not advertised	25%	12%	16%
	On VRBO	13%	16%	15%
	On Craigslist	15%	7%	10%
	On AirBnB	9%	10%	10%
	On other websites	9%	7%	8%
	Other	11%	4%	7%
	In newspapers	5%	7%	6%
	On Trip Advisor	3%	6%	5%
	On Expedia	1%	4%	3%
	On FlipKey	2%	2%	2%
	In magazines	0%	2%	1%
	On Clearstay	0%	1%	0%

Table 32: Future Short-term Rental

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Going to make rental property available for rent on a short-term basis in 2019	Yes, definitely	11%	9%	11%	47%	15%
	Probably yes	5%	3%	3%	4%	4%
	Probably not	9%	7%	11%	4%	8%
	Definitely not	75%	81%	75%	44%	74%
	Total	100%	100%	100%	100%	100%

Table 33: Future Use of Property

		County				
		Honolulu	Maui	Hawaii	Kauai	Total
		Column N %	Column N %	Column N %	Column N %	Column N %
Intend to do with the property in 2020	Use it as my primary residence	8%	6%	11%	5%	7%
	Use it as my secondary residence	15%	34%	33%	23%	25%
	Use it as a vacation home	14%	31%	21%	35%	23%
	Use it as an investment property	48%	16%	20%	27%	31%
	Sell it	6%	6%	7%	5%	6%
	Transfer to heirs	2%	1%	2%	0%	1%
	Leave it vacant	1%	2%	1%	2%	1%
	Do a major renovation or construction	1%	1%	1%	1%	1%
	Other	6%	4%	5%	3%	5%
	Total	100%	100%	100%	100%	100%

B. METHODOLOGY

OUT-OF-STATE PROPERTY OWNERS SURVEY

The Demand Study 2019 surveyed Hawai'i residents including those who own property in Hawai'i. Not included in the demand study were property owners whose tax mailing address was outside the state of Hawai'i. The Survey of Out-of-State Property Owners was a survey delivered to a simple random sample of property owners whose billing addresses were outside the State of Hawai'i.

Instrument

The survey instrument was developed by the SMS Research staff in conjunction with team at the Hawai'i Tourism Authority (HTA). The objectives of the instrument were to:

- Confirm that a respondent currently owns property in the State of Hawai'i;
- Identify the island on which the property is located;
- Identify the type of property owned by each respondent (developed residential land, undeveloped residential land, commercial property, etc.);
- Identify whether there is a residential unit on the property and the characteristics of the unit (e.g., age of unit, number of bedrooms, number of bathrooms);
- Understand the primary function of a residential unit (e.g., primary residence, vacation home, rental/investment property);
- Identify whether the unit is rented when the unit is not in use by the owner and to whom a property is rented (e.g., Hawai'i residents, visitors, military personnel);
- Understand for properties that are rented to visitors, whether the property is managed by a

local property manager, the methods by which the property is advertised, and whether the owner or authorized agent of the owner lists the property as an individually advertised unit on any online booking sites;

- Determine if the property was rented for short-term use (less than 30 days, less than 180 days) and if so, how much was the rent
- What will the owners do with the property in the near future; and
- Consistency with the data collected for property owners who are Hawai'i residents.

The survey instrument was designed and formatted in English. The survey was then translated in Japanese to be mailed only to addresses in Japan. An online version of the survey was programmed by SMS Research staff and was identical in content to the printed survey.

Sample

A file of 58,535 records of persons who own property in Hawai'i but whose contact information were associated with out of state addresses was obtained from the county planning offices from each county. Each record was checked for a complete mailing address and de-duplicated by name and address of the property owner. From the cleaned file, a sample of 11,698 records was drawn, stratified by county and U.S. addresses versus International addresses, to be recipients of the survey.

Table 34: Statewide Sample

	State of Hawai'i		
	U.S.	Int'l	Total
Total OOS Addresses	52,933	5,602	58,535
Survey's mailed	8,562	3,136	11,698
est. response rate	22.4%	8.8%	18.8%
Sample size	1,919	275	2,194
sample fraction	3.6%	4.9%	3.7%
Sample Error Est.	2.2	5.8	2.1

Table 35: Sample by County

	Hawai'i County			Honolulu County			Kaua'i County			Maui County		
	U.S.	Int'l	Total	U.S.	Int'l	Total	U.S.	Int'l	Total	U.S.	Int'l	Total
Total OOS Addresses	6,544	362	6,906	21,168	2,846	24,014	6,737	276	7,013	18,484	2,118	20,602
Survey's mailed	2,176	216	2,392	2,000	215	2,215	2,317	172	2,489	2,069	388	2,457
est. response rate	20.5%	21.3%	16.7%	20.4%	31.2%	18.1%	24.9%	18.6%	16.1%	23.7%	33.5%	25.2%
Sample size	445	46	400	408	67	400	576	32	400	490	130	620
sample fraction	6.8%	12.7%	5.8%	1.9%	2.4%	1.7%	8.5%	11.6%	5.7%	2.7%	6.1%	3.0%
Sample Error Est.	4.5	13.5	4.8	4.8	11.8	4.9	3.9	16.3	4.8	4.4	8.3	3.9

Fielding

The first wave of surveys (domestic addresses) was distributed to the random sample of out-of-state owners on April 18, 2019. The second wave of surveys (international addresses) were mailed on May 8, 2019. Respondents received a packet in the mail that contained the survey and a postage-paid business reply envelope that respondents could send back the survey to the SMS processing center in Downtown Honolulu.

The cover letter, included with the survey, also provided respondents an option of completing the survey online (English version only). In order to access the survey, respondents entered a password provided to them in a cover letter. The password corresponded to a pre-assigned unique identification number associated with each survey. The use of unique ID numbers as passwords allowed for respondents to return to the survey to complete it if they paused midway. The unique ID also prevented property owners from accessing and completing multiple surveys.

Across both waves of fielding a total of 2,194 surveys were returned from out of state property owners, resulting in a response rate of 18.8%. The file was weighted to the by-island distribution of the location of properties in the original file from which the sample records were originally drawn.

Data Scanning and Verification

Following the receipt of surveys at the SMS data processing center, scanning staff logged the number of surveys received each day, then scanned the surveys using optical scanners fitted with software called TELEForm which converts markings on the survey form into the data. SMS staff verifies and examines scanned data to correctly code any data that TELEForm flagged as ambiguous. Scanning staff also verify 100% of all handwritten data to ensure accurate recording of open-ended responses. Note that there were a number of surveys returned for which respondents did not indicate a country of residence. For these surveys SMS replaced the blank response with the country included in the mailing address of the survey.

HOUSING DEMAND STUDY

This study was conducted as an update to the Hawai'i Housing Policy Study, 2011. The research design was developed to match past survey content, sampling method, data collection, and data processing procedures as closely as possible.

Method

SMS Research designed the survey instrument with input from the Hawai'i Housing Finance and Development Corporation (HHFDC), County Housing Agencies, the Department of Hawaiian Home Lands, and private sector housing interests across the state. The reviewers suggested several changes in content, and most of those changes were incorporated in the final survey instrument. The final version of the survey instrument is shown in the Appendix A.

Each County was divided into several sub-areas for the survey. These geographic survey areas may not correspond exactly to those used in previous iterations of the HHPS, but are very similar. The sample sizes for the geographic subdivisions survey were sufficient to produce results that are statistically accurate within plus-or-minus five percentage points at the 95 percent confidence level.

Thirty pre-test surveys were conducted among Hawai'i households using the same methodology as were employed for the actual survey. The purpose of the pre-test was to determine whether survey items were understandable to the general public, included the most appropriate response options, and were arranged in the proper order for effective inquiry. Some minor changes to the survey content were made as a result of the pretest.

Sampling

The target population for this survey included all residents of the State of Hawai'i residing in non-institutionalized housing units with working telephone or internet service at the time of the study. The sample design was a multi-frame design in which independent samples were selected from three different sampling frames representing the same population. In this case the three frames were the list of landline telephone numbers, the list of wireless telephone (cell phone) numbers, and the list of consumers with a working internet connection active at the time of the survey.

Three independent samples with identical designs were selected, one from each frame. The samples were both random digit dialing (RDD), disproportionate across geographic area and random within areas. In the case of the landline sample, independent samples were selected for each of the required geographic areas (see below). The frame was the SMS RDD sample selection system which permits disproportionate sampling by telephone exchange.

The landline sampling frame was stratified by geography comparable to districts selected by each county agency participating in the study. The number of districts varied from one county to another. District boundaries were defined by zip codes or groups of zip codes. Zip code groupings were determined based on the instructions from each of the Counties. The areas comprising the districts in each county are reported in the next section of this report.

The wireless sampling frame was stratified by county only. At the present time, this frame cannot be meaningfully stratified at any lower level due to the constant proliferation of cell phone prefixes and that cell phone prefixes are not associated with the address of the consumer but rather the wireless carrier who sold the phone. Cell phone respondents were classified into the same districts as were landline respondents using respondent-provided zip code data from the survey.

The internet sampling frame was also stratified by county only. Respondents were obtained through panels of online survey respondents about whom panel companies have several pieces of information including county of residence. Generally, panels in Hawai'i are not large enough to stratify by any level lower than county, so again, respondent-provided zip code data were used to classify online respondents into districts.

The number of households in each district in 2016 was estimated by SMS Research and sample sizes were selected to produce standard errors of the proportion of plus-or-minus five percentage points at the 95 percent confidence level, with $p = .05$. The sample design is shown in Table 1 on the following page.

Interviewer Selection and Training

Surveys collected from respondents in either landline or cell phone sampling frames were conducted as telephone interviews. SMS Research was responsible

for the selection, training, and supervision of all interviewers assigned to this project. Regardless of background or experience, all interviewers were specially trained to conduct the housing survey interviews. The training session included: a review of general telephone interviewing procedures; a question-by-question review of the survey instrument; on-screen CATI training; and a question-and-answer session to make sure that interviewers had all problems handled before beginning work on the survey. During the fielding of the survey, there were frequent, short debriefing sessions in which interviewers could bring up any additional questions or issues and have them addressed by the project manager.

Data Collection

Survey data were collected by phone from January 7, 2019 through June 14, 2019. All interviews were conducted from the SMS Honolulu Calling Center. The Calling Center is equipped with a computer assisted telephone interviewing (CATI) system that was used for this project. The system provides for rigorous control of sampling, disposition of all calls dialed, and survey administration. Calls were placed between the hours of 1:00 PM and 9:00 PM on weekdays and 10:00 AM and 7:00 PM on weekends. An unlimited callback procedure was employed. In practice, some numbers were re-dialed as many as eight times in order to complete the interviews.

At least one supervisor was present at all times during the fielding process and was responsible for monitoring calls. Interviews were monitored on a rotating basis through the CATI system and neither the interviewer nor the caller is aware that monitoring is taking place. Monitors follow the course of the interview and watch the choices being recorded as the respondent answers. If any deviation from procedures is noted, the call monitor conducts a short re-training session with the interviewer to assure that inter-coder reliability is maintained.

Data Processing

Following the fielding process, data files are reviewed and edited for internal consistency and other possible errors. Edited data are then coded by trained research staff members who assign numeric codes to open-ended items, and sort and check verbatim responses.

Weighting and Balancing of Demand Survey Data

An analysis was conducted to identify any serious non-response bias in the demand survey data. Disproportionate coverage for several demographic variables was noted, especially in the cell phone surveys.

Following the procedures developed by The Centers for Disease Control for the Behavioral Risk Factors Surveillance System, with some adaptations based on the weighting procedure applied at Pew Research, SMS has developed a weighting system for multi-frame sample surveys in Hawai'i. The weighting has three components as shown below.

Sample Weights: The disproportionate sample design sought equal precision by district, but resulted in an unbalanced sample across districts. Sample weights were designed to statistically adjust survey results for a disproportionate design by weighting survey results to the distribution of the populations from which each county sample was drawn. Weights were constructed by dividing the population estimates by the sample counts on a cell-by-cell basis. This procedure is the same as the weighing procedure used in previous Housing Planning Study Demand Surveys.

Sample Raking: The weighting scheme for the housing demand survey in 2019 must also account for multi-frame sampling (a difference in telephone and Internet service available to each household) and the heavier non-sampling error associated with multi-frame sample surveys involving cell phones.

Since the exact number of households by type of phone and Internet service, household size, home ownership, and age of respondents, etc., was unknown, the standard methods of post-stratification (statistical adjustment for non-sample error) would not work. The solution was to use one of several methods of sample balancing or raking as it is better known these days. The method begins with sample weights applied as noted above, and then balances the sample for type of communications service (landline only, landline-cell, landline-Internet, landline-cell-Internet, cell-Internet, and cell only). In the same procedure survey data were simultaneously balanced for disproportionality in other raking variables including age of respondent, household size, homeownership, phone and Internet service availability, and ethnicity.

Replicated Weights: Replication-based weights have been developed to adjust for variance distortion

resulting from to complex sample designs. They are required to adjust sample variances used for statistical tests and certain forms of multivariate analysis. Using the replicated weights, users can estimate standard errors for simple estimators like totals or complicated ones like logistic regression parameter estimates. We did not develop replication weights for this dataset. Replication weights can be supplied upon request from survey sponsors.

Sample weights and raked weights were applied in all tabulations developed for and all analyses conducted based on demand survey data. This weighting was necessary to statistically adjust housing demand survey so that the data accurately represent the number of households by district, the size of household, number of children in the household, unit tenure, marital status, age of respondent, as well as landline and cell phone usage.

Table A-1. Demand Survey Sample Results, 2016

Geographic Area	Households 2019	Household Sample		Modes		
		Sample Size ^a	Margin of Error	Landline	Cell Phone	Online
Total	455,450	5,599	1.54	947	2,100	2,552
City & County of Honolulu	311,517	2,140	2.15	65	407	1668
Primary Urban Center	158,454	954	3.16	24	175	755
Central O'ahu	51,864	331	5.37	11	59	261
East Honolulu	16,887	112	9.23	7	36	69
Ko'olauloa-Ko'olaupoko	34,749	325	5.41	7	69	249
Rural O'ahu	17,545	176	7.35	5	32	139
'Ewa	31,877	229	6.45	10	35	184
District Unknown	141	13	25.90	1	1	11
County of Maui	54,382	1,333	2.85	373	657	303
Hāna	424	26	18.62	11	8	7
Makawao-Pukalani-Kula	9,914	265	5.94	79	137	49
Wailuku-Kahului	17,572	459	4.51	122	213	124
Paia-Haiku	4,401	140	8.15	55	63	22
Kīhei-Mākena	10,802	147	8.03	24	80	43
West Maui	7,622	119	8.91	14	76	29
Island of Moloka'i	2,401	134	8.23	57	54	23
Island of Lāna'i	1,246	43	14.68	11	26	6
County of Hawai'i	66,988	1,424	2.64	320	660	444
South Kona – Ka'ū	8,197	144	8.09	34	71	39
Puna	15,498	270	5.91	52	116	102
North & South Hilo	19,138	542	4.15	159	230	153
North Hawai'i	10,018	231	6.37	48	114	69
North Kona	14,137	235	6.34	27	128	80
District Unknown	-	2	-	0	1	1
County of Kaua'i	22,563	702	3.67	189	376	137
Waimea	2,996	95	9.89	37	46	12
Kōloa-Po'ipū-Kalaheo	2,218	69	11.61	13	43	13
Līhu'e	5,014	152	7.83	30	82	40
East Kaua'i	7,338	208	6.70	45	118	45
North Shore Kaua'i	2,113	95	9.83	39	42	14
Hanapēpē-'Ele'ele	2,884	83	10.60	25	45	13

CONFIDENTIAL HAWAI'I HOMEOWNERS SURVEY

Aloha! Thank you for participating in this survey. After you finish the survey, please mail it back to SMS in the pre-paid envelope provided.

1. Do you own any residential property in Hawai'i?
 Yes100%
 No 0

(IF YOU ANSWERED "NO", PLEASE STOP HERE AND RETURN THE SURVEY IN THE POSTAGE PAID ENVELOPE PROVIDED.)

(IF YOU ANSWERED "YES", PLEASE CONTINUE WITH THE SURVEY.)

2. In total, how many residential properties do you own in Hawai'i? **Average 1.3 properties, 20% own 2 or more**

3. Do you rent your residential property/properties for cash rent?
 Yes46%
 No52%
 Sometimes, not right now2%
 Don't know1%

- 3a. During Calendar Year 2018, of those properties you own, how many did you regularly rent out on a short-term (**LESS THAN 30-DAY**) basis? **(INCLUDE YOUR OWN PROPERTY OF RESIDENCE IF YOU RENT OUT ROOMS OR UNITS.) Avg=0.34, 80% do not rent out**

Please answer the following questions about the property you own in Hawai'i. If you have multiple properties, then **choose one** that you feel best represents your collection of properties.

4. On which island is the property located?
 O'ahu41%
 Maui32%
 Hawai'i Island (Big Island)12%
 Kaua'i12%
 Moloka'i3%
 Lāna'i1%

5. In what year did you buy this property?
 <5 yrs: 20%, 5-9 yrs: 18%, 10-14yrs: 15%, 15-19: 13%, 20-29: 13%, >=30yrs: 21%

6. Is this property your...
 Primary residence6%
 Secondary residence.....30%
 Vacation home.....26%
 Investment property.....31%
 Other (Please specify):6%

7. What type of property is it?
 Single-family house35%
 Unit in a multifamily building (Condominium)...59%
 Timeshare unit0%
 Undeveloped residential land.....2%
 Room or rooms in your place of residence0%
 Cottage or other unit on your property1%
 Other (Please specify):3%

8. How many bedrooms does this property have?
 mean: 2.3 rooms:

9. How many bathrooms does this property have? mean: 2

10. How many trips to Hawai'i have you made in the past 5 years? Mean=9.7

11. How long is your typical trip to Hawai'i?
 Less than 1 week8%
 1-2 weeks36%
 2-4 weeks22%
 Between 1 and 2 months12%
 Between 2 and 6 months14%
 More than 6 months1%
 Trips are always different lengths6%

12. When you visit Hawai'i, how often do you stay at your own property?
 Always56%
 Most of the time.....9%
 Once in a while.....6%
 Never (**SKIP TO Q14**)29%

13. What was the last year in which you visited Hawai'i and stayed at your property?
 2019: 66%; 2018: 21%

14. When you are not staying at your property what do you do with it? (**SELECT ALL THAT APPLY**)
 It is rented out51%
 It is left vacant42%
 It is loaned to family and friends20%
 Other (Please specify):7%

(IF YOU RENT OUT YOUR PROPERTY CONTINUE WITH QUESTIONS 15 TO 21. IF YOU DON'T THEN SKIP TO QUESTION 22)

15. To whom do you rent your property? (SELECT ALL THAT APPLY)

- Local residents57%
- Visitors.....18%
- Both local residents and visitors.....12%
- Military15%
- Students3%
- Not sure, someone else rents the unit for me ..20%

16. Do you have a property manager for your property in Hawai'i?

- Yes89%
- No11%

17. Do you have a rental program agreement for your property (includes Individual Apartment Rental Agreement or IARA)?

- Yes73%
- No27%

18. Do you list your property with a local rental agent in Hawai'i?

- Yes62%
- No38%

19. How is your rental property advertised to renters? (CHECK ALL THAT APPLY)

- On AirBnB10%
- On VRBO15%
- On FlipKey2%
- On Clearstay0%
- On Expedia3%
- On Trip Advisor5%
- On Craigslist.....10%
- Through a Hotel pool or condo management company16%
- On other websites (Specify):.....7%
- In magazines.....1%
- In newspapers6%
- Not sure, someone else advertises the property for me43%
- The unit is not advertised16%
- Other (Please specify):7%

20. During Calendar Year 2018, how many nights was your property... 34% of rented units available for rent short-term term	a) available for rent on a short-term (LESS THAN 30 DAYS) basis	b) actually rented on a short-term basis	c) and what was the average nightly rate that was charged for that property
	287 days	196 days	\$ 258 per night

21. During Calendar Year 2018, would you say your property was rented for more or less than 180 consecutive days?

- More than 180 consecutive days.....72%
- Less than 180 consecutive days28%

22. In Calendar Year 2019 are you going to make your property available for rent on a short-term basis?

- Yes, definitely15%
- Probably yes.....4%
- Probably not8%
- Definitely not.....74%

23. In Calendar Year 2020 what do you intend to do with this property?

- Use it as my primary residence7%
- Use it as my secondary residence25%
- Use it as a vacation home23%
- Use it as an investment property.....31%
- Sell it6%
- Transfer to heirs1%
- Leave it vacant1%
- Do a major renovation or construction1%
- Other (Please Specify):5%

24. What country do you live in?

- United States.....90%
- Canada.....4%
- Japan3%
- China.....0%
- Other (Please specify):2%

25. What is your zip code or postal code?

|||||||

Those are all the questions we have for you. Mahalo for your participation! Please mail the survey back to SMS in the pre-paid envelope provided.