

# Hotel units drop as vacation rental units fuel growth

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Beachgoers enjoyed a sunny day Dec. 19 at the Hilton Lagoon at the Hilton Hawaiian Village in Waikiki.

ADVERTISING

Hawaii's visitor accommodation units grew just a smidge in 2018 with growth in vacation rentals and timeshares offsetting a dip in the state's larger supply of traditional lodging.

Visitor lodging across the state grew to 80,751 units last year, a scant 0.1 percent rise from 2017, according to a visitor plant inventory study prepared by Kloninger & Sims Consulting LLC and released Monday by the Hawaii Tourism Authority.

Hotels, which supply more than 54 percent of the lodging in the state, saw their unit count dip to 43,857, a more than 2 percent drop from 2017.

However, vacation rental units grew just over 3 percent to 13,082 units. That's more than 16 percent of all the supply of visitor lodging in the state, making them the study's second-largest visitor accommodation category.

Members of the tourism industry say the visitor plant inventory survey has likely undercounted vacation rental units due to the complexities of gathering information from this cottage industry. That's why HTA also directed Kloninger & Sims to perform a supplemental point-in-time analysis of individually advertised units. The supplemental study identified 30,139 individual units were being advertised in Hawaii on four booking sites, including Airbnb, HomeAway, TripAdvisor and VRBO. New technology, which reduced duplication by comparing listing photos, was utilized this year, making direct comparisons with 2017's 38,100 count irrelevant, said Erik Kloninger, who conducted HTA's visitor plant inventory study.

Still, Kloninger said data show that vacation rentals have become a "meaningful part of Hawaii's visitor plant."

"Visitors have spoken with their feet. They are choosing those accommodations. In the last year we've heard more talk of over-tourism. The number of visitor accommodations is one of the metrics," Kloninger said.

Kloninger said it's important to note that vacation rental units aren't necessarily available for visitors to book 365 days a year, unlike hotels and condotels — which are condominiums that are managed by a hotel rental pool. However, he said vacation rentals have increasingly played a role in growing Hawaii tourism in a mature destination where the supply in traditional hotel, timeshares and condotels has grown more slowly than visitor arrivals.

While the study found that the largest number of advertised vacation rentals were in traditional resort areas, Kloninger said there were vacation rentals in almost every ZIP code statewide.

"There's a lot of demand for accommodations in Hawaii," he said. "When demand is robust, there is a lot of impetus for additional supply. We know there will be further demand for vacation rentals — what we don't know is the extent to which it will be curved by the regulatory atmosphere."

Vacation rentals are gaining ground with visitors, who like the variety of accommodations and the ease of booking offered by online hosting sites. Proponents say their growth has been good for tourism since it produces instant inventory and creates trickle-down economic impacts.

However, critics say that increasing visitor volume, especially outside of land-use categories, has strained local infrastructure and communities throughout the state. According to the vacation rental study, some areas of the state have been more inundated than others by vacation rentals.

Community activist KC Connors isn't a fan of vacation rentals, but then again, she lives near Kahuku, a section of Oahu where the study shows that there are roughly 25 individually advertised vacation rental units for every 100 housing units.

"Why are illegal vacation rentals still running? Spending isn't increasing despite skyrocketing arrivals. Our ocean and hiking rescue workers are overstretched. Some months we've got four helicopter rescues — that's big bucks — at Crouching Lion. Our renters, especially Hawaiians, are being pushed into houselessness."

Larry Bartley, executive director of Save Oahu's Neighborhoods, said the growth in online hosting sites means that there's a lot more vacation rental activity, especially illegal, now than when the organization was created in 2005.

"You kind of get the idea that when it looks like there's going to be some enforcement, the number shrinks, and when it looks like no one is doing anything, we get growth," Bartley said. "We've dropped the ball for years on enforcement. Right now it's still redeemable. But once the tidal wave turns and the fear dissipates, it will only get bigger."

## **BY THE NUMBERS**

*Category, share of total lodging, unit count and percentage change from 2017:*

### **TOTAL UNIT % CHANGE LODGING COUNT FROM 2017**

**Hotels** 54% 43,857 – 2 %

**Vacation rentals** 16% 13,082 +3%

**Timeshares** 15% 11,923 +8%

**Condotels** 13%, 10,615 -2%

**Other\*** 2% 1,274 -11%

\*Apartment hotels, bed-and-breakfast homes, hostels and less defined categories of lodging

*Source: HTA visitor plant inventory report 2018*