



MARKET SEGMENT ASSESSMENT

TRANSIENT VACATION RENTALS ON MAUI

**A COMPARATIVE ANALYSIS OF THE
GEOGRAPHIC AND ECONOMIC FOOTPRINT**

AUGUST 2005

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The Kauaian Institute maintains an extensive computer database of public and private information about the islands including monthly and annual indicators from 1970 to the present.

The Kauaian Institute also maintains an extensive geographic information system (GIS) for mapping the physical, economic, and ecological features of the island with client-tailored themes, 3D images, and virtual reality programs.

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MAUI MARKET SEGMENT ASSESSMENT

The Kauaian Institute

TRANSIENT VACATION RENTALS

Transient vacation rentals (TVRs) are a small and growing segment of visitor lodging that is vital yet difficult to monitor.

In Maui's regulatory environs, many operators have adopted a paradoxical marketing approach that makes them increasingly easy to find, yet often difficult to tell precisely where they are.

This study drills down through the layers of TVR promotional and contact information to derive, for the first time on Maui, a comprehensive count of TVR units available in each Maui town and rural area.

SUMMARY OF FINDINGS

As of July 2005, this intensive search process found a total of **1,095** TVR units, including:

- ▶ **295 B&B units**, and
- ▶ **800 single-family units**.

This count was derived from records for 816 properties, including 725 with single units and 91 with multiple units or bedrooms available.

It represents the number of properties actively promoted on the internet or in print media during the summer of 2005.

Listings were compiled from all major vacation rental websites, from internet searches in each of Maui's zip codes, and from print media focused on Maui visitors. The combined lists were purged of duplicate records and tabulated by town.

It should be noted that, without data on TVR occupancy

rates, it is not known how many of these units are actively being used as TVRs at this time.

This study also provides an assessment of the long-term trends in visitor lodging and local housing markets. Census data are used to show trends in housing tenure since 1990, and DBEDT data are used to show lodging trends since 2000.

An input-output model is used to derive the economic impacts of the TVR segment and to show the net job creation and tax revenues associated with this segment.

MAUI IN PERSPECTIVE

The Maui TVR numbers are much smaller than might be expected in comparison with Kaua'i, where a similar study was recently completed.

Maui has an equally large share of 'seasonal' or second-homes (18% of housing units) and more than twice the number of visitors in 2004 as Kaua'i (2.2 million vs 1 million).

Yet, Maui's TVR count is not much bigger than Kauai's (1,095 versus 922 units).

Additionally, Maui's TVR share of new housing built since 2000 (8%) is estimated to be much smaller than on Kaua'i (21%).

Aside from geographic and cultural differences between the two islands, smaller numbers on Maui undoubtedly reflect much stricter enforcement and more voluntary compliance with the regulation of TVRs on Maui.

FINDINGS INSIDE

- **Location analysis**, including maps and tables to show the TVR segment across Maui's towns, begins on **page 2**.
- **Housing overview**, showing the size of the 'seasonal' or second-home market on Maui starts on **page 6**.
- **Lodging overview**, showing the growth and distribution of accommodations by district, starts on **page 8**.
- **Visitor profile**, showing the characteristics of TVR patrons, begins on **page 10**.
- **Economic impacts**, showing the multiplied effects of TVR spending begins on **page 12**.
- **Town maps** begin on **page 15**.
- **Research methods** and data sources are found on **page 20**.

ILLUSTRATIVE MEDIA:

"Vacation rental owners can reasonably argue that they have only limited impact on a community." Maui News editorial 27 Jun 05

"We're not going after vacation rentals without permits unless there are complaints." Planning Director Mike Foley, Maui News 22 Jun 05

"I see all counties dealing with the TVR issue in the near term, but it won't be a blanket rule for all; what's done in Kihei won't be OK in Wailuku Heights." Marsha Weinert, state tourism liaison, Pacific Business News 25 Feb 05

WHERE ARE THEY?

- The total count of 1,095 TVR units represents 2% of all Maui housing, and 6% of all housing rentals.
- TVRs are found in every town except Waikapu, and 20% of Mauians live in Census blocks with 5 or more TVRs.
- 46% of TVRs are located in the resort towns of West and South Maui, 37% of TVRs are on the Northshore, and 12% are on Hana Hwy.

WHO USES THEM?

- Repeat visitors prefer more lodging options, and the share of repeaters staying in TVRs has grown to 9%.
- TVR patrons are twice as likely to visit local markets, craft fairs, festivals and night clubs as the average visitor.
- TVRs cost less on average than other visitor lodging; 36% of TVRs are in the 'budget' class (under \$100 per night) versus the island average of 13%.

WHAT IS THE IMPACT?

- TVRs generate revenues of \$38 million (3% of lodging dollars) and create 588 jobs.
- This segment serves nearly 150,000 visitors, and pays an estimated \$4.4 million in state taxes, including about \$725,000 in TAT funds returned to Maui County.
- From 1990-2000, only two towns (Lahaina and Napili-Honokowai) lost long-term rentals due to increased short-term rentals.

This map shows the location of TVRs on Maui in 2005, tabulated by town and rural area.

The **red** columns show the relative size of the TVR segment in each area.

The numbers show the actual current count of TVRs in each area.

The **green** columns show the relative size of the 'seasonal' or second-home market in 2000.

Notice that there were many more 'seasonal' units than TVRs in the West and South, reflecting more condos, while other areas have more TVRs than 'seasonal' units.

(See the following page for more detail.)

MAP OF TVR LOCATIONS

SOURCE: The Kauaian Institute, 2005

KEY:
 ■ TVRs (2005)
 ■ Seasonal Units (2000)



THE GEOGRAPHIC FOOTPRINT OF TRANSIENT VACATION RENTALS

The purpose of this study is to depict the Transient Vacation Rental (TVR) segment of Maui's visitor industry as accurately as possible with data as current as possible. As used in this study, TVRs include all visitor accommodations that are not hotel rooms, hostels, apartments, condos, or timeshare units. This includes private homes available for short-term rental, and bed & breakfast (B&B) units.

The TVR counts reported in this study represent the best efforts of The Kauaian Institute to identify and locate all units currently being promoted as TVRs on Maui.

Due to limitations in available data sources, careful effort is required to extract reliable, non-duplicative TVR counts from these sources and to map TVRs into the towns where they are located. Wherever properties were found with multiple units, each unit was separately counted. All units (including separate cottages, suites or bedrooms) on properties with a proprietor present and offering breakfast were included in the B&B counts.

EXECUTIVE SUMMARY

The numbers for TVR units in each of 21 towns and rural areas shown on this map (*preceding page*) are presented in a detailed geographic tabulation of data on visitor lodging and local housing (*following page*). Benchmark ratios are also provided to show the relative size of the TVR segment in each area.

Note that transient rental homes and B&Bs are shown in separate columns, yet they are combined and the TVR total is used to derive the benchmark ratios.

The towns are grouped by region and subtotals are provided for five districts—East, North, West, South and Central.

Island-wide highlights from this tabulation include:

LODGING DATA

TVR Units:

- 800 transient single-family units on 706 properties concentrated in 9 North and South Maui towns.
- 295 B&B units on 110 properties found in 12 towns from all districts.
- 133 total TVRs on 92 properties in Hana and East Maui represent a relatively high concentration (*see benchmark ratios*)

Other visitor units:

- 7,502 condos and 1,458 timeshare units principally in 5 West and South Maui towns.
- 8,276 hotel rooms concentrated in 4 West and South Maui resort towns.
- Total of 18,488 visitor units is up from 16,428 in 2000 (*see page 8*).

HOUSING DATA

Units by tenure:

- 9,488 second-home or 'seasonal' (including condo/timeshare) units.
- 17,050 renter-occupied units.
- 22,986 owner-occupied units.
- 2,451 vacant homes.

Comparative measures:

- 10,055 combined (*non-hotel*) visitor housing units (*for comparative purposes*).
- 10 towns have many more renter units than 'seasonal;' 7 towns have more 'seasonal' than renter units.
- Total of 51,800 housing units estimated to have grown to 57,175 in 2004 (*see page 6*).

BENCHMARK RATIOS

Share of housing:

- 2% of all housing units are TVRs, and all but 4 areas are under 6%.
- 4 areas with a high share are Sprecklesville (18%), Hana (15%), Huelo-Waipio (11%) and Paia (9%).

Share of rentals:

- 6% of all rental units are TVRs. All but 8 areas are under 8%.
- 8 areas with a high share are Sprecklesville (51%), Kapalua (31%), Hana (32%), Kaanapali (27%), Paia (24%), Huelo-Waipio (23%), Haiku-Pauwela (17%), and other Hana Hwy. (16%).

Other indicators:

- 18% of all housing units are 'seasonal.'
- 2.8-to-1 ratio of resident homes to visitor units.

Detailed data for each area is presented on the table on the following page.

MAUI COUNT OF VISITOR AND HOUSING UNITS, BY TOWN

LODGING DATA

HOUSING DATA

BENCHMARK RATIOS

| | TVR Units ¹ | | | Other Visitor Units ² | | | Total Visitor Units | Housing Units ³ | | | | | Total Housing Units | TVR % of all Housing | TVR % of all Rentals | Seasonal % of all Housing | Ratio Housing to Vis. Units |
|-------------------|------------------------|------------|--------------|----------------------------------|------------------|--------------|---------------------|----------------------------|----------------|----------------|--------------------|---------------|---------------------|----------------------|----------------------|---------------------------|-----------------------------|
| | Single-Family Units | B&B Units | TVR Total | Condo Units | Time-share Units | Hotel Rooms | | Renter Occupied | Owner Occupied | Seasonal Units | Other Vacant Units | | | | | | |
| Town | | | | | | | | | | | | | | | | | |
| Hana Town | 32 | 11 | 43 | 0 | 16 | 67 | 126 | 90 | 141 | 24 | 39 | 294 | 15% | 32% | 8% | 2.3 | |
| Huelo-Waipio | 30 | 2 | 32 | 0 | 0 | 0 | 32 | 109 | 140 | 22 | 13 | 284 | 11% | 23% | 8% | 8.9 | |
| Other Hana Hwy* | 38 | 20 | 58 | 0 | 0 | 0 | 58 | 294 | 483 | 182 | 70 | 1,029 | 6% | 16% | 18% | 17.7 | |
| SUBTOTAL | 100 | 33 | 133 | 0 | 16 | 67 | 216 | 493 | 764 | 228 | 122 | 1,607 | 8% | 21% | 14% | 7.4 | |
| North | | | | | | | | | | | | | | | | | |
| Haiku-Pauwela | 129 | 51 | 180 | 9 | 0 | 0 | 189 | 894 | 1,416 | 64 | 81 | 2,455 | 7% | 17% | 3% | 13.0 | |
| Haliimalie | 2 | 0 | 2 | 0 | 0 | 0 | 2 | 78 | 176 | 0 | 6 | 260 | 1% | 3% | 0% | 130.0 | |
| Kula | 33 | 23 | 56 | 0 | 0 | 5 | 61 | 999 | 1,523 | 110 | 109 | 2,741 | 2% | 5% | 4% | 44.9 | |
| Makawao | 23 | 16 | 39 | 0 | 0 | 0 | 39 | 944 | 1,207 | 20 | 51 | 2,222 | 2% | 4% | 1% | 57.0 | |
| Paia | 66 | 16 | 82 | 0 | 0 | 8 | 90 | 260 | 523 | 64 | 44 | 891 | 9% | 24% | 7% | 9.9 | |
| Pukalani | 13 | 3 | 16 | 0 | 0 | 0 | 16 | 839 | 1,600 | 19 | 65 | 2,523 | 1% | 2% | 1% | 157.7 | |
| Sprecklesville | 33 | 0 | 33 | 0 | 0 | 0 | 33 | 32 | 86 | 49 | 14 | 181 | 18% | 51% | 27% | 5.5 | |
| SUBTOTAL | 299 | 109 | 408 | 9 | 0 | 13 | 430 | 4,046 | 6,531 | 326 | 370 | 11,273 | 4% | 9% | 3% | 26.2 | |
| West | | | | | | | | | | | | | | | | | |
| Kaanapali | 45 | 0 | 45 | 1,422 | 578 | 3,660 | 5,705 | 121 | 416 | 1,198 | 33 | 1,768 | 3% | 27% | 68% | 0.3 | |
| Kapalua | 30 | 0 | 30 | 575 | 34 | 758 | 1,397 | 66 | 120 | 466 | 188 | 840 | 4% | 31% | 55% | 0.6 | |
| Lahaina | 53 | 56 | 109 | 192 | 76 | 34 | 411 | 1,206 | 1,393 | 329 | 106 | 3,034 | 4% | 8% | 11% | 7.4 | |
| Napili-Honokowai | 52 | 0 | 52 | 1,800 | 242 | 44 | 2,138 | 1,501 | 1,128 | 1,701 | 348 | 4,678 | 1% | 3% | 36% | 2.2 | |
| SUBTOTAL | 180 | 56 | 236 | 3,989 | 930 | 4,496 | 9,746 | 2,894 | 3,057 | 3,694 | 675 | 10,320 | 2% | 8% | 36% | 1.1 | |
| South | | | | | | | | | | | | | | | | | |
| Kihei | 129 | 61 | 190 | 2,887 | 512 | 533 | 4,122 | 3,158 | 3,007 | 2,390 | 558 | 9,113 | 2% | 6% | 26% | 2.2 | |
| Maalea | 2 | 0 | 2 | 245 | 0 | 0 | 247 | 112 | 151 | 278 | 65 | 606 | 0% | 2% | 46% | 2.5 | |
| Wailea-Makena | 79 | 0 | 79 | 366 | 0 | 2,786 | 3,231 | 1,134 | 1,386 | 2,310 | 178 | 5,008 | 2% | 7% | 46% | 1.5 | |
| SUBTOTAL | 210 | 61 | 271 | 3,498 | 512 | 3,319 | 7,632 | 4,404 | 4,544 | 4,978 | 801 | 14,727 | 2% | 6% | 34% | 1.9 | |
| Central | | | | | | | | | | | | | | | | | |
| Kahului | 0 | 0 | 0 | 6 | 0 | 366 | 372 | 2,690 | 3,190 | 30 | 170 | 6,080 | 0% | 0% | 0% | 16.3 | |
| Wahee-Waiehu | 9 | 1 | 10 | 0 | 0 | 0 | 10 | 338 | 1,526 | 4 | 41 | 1,909 | 1% | 3% | 0% | 190.9 | |
| Waikapu | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 83 | 264 | 0 | 13 | 360 | 0% | 0% | 0% | NA | |
| Wailuku | 2 | 35 | 37 | 0 | 0 | 15 | 52 | 1,860 | 2,675 | 53 | 193 | 4,781 | 1% | 2% | 1% | 91.9 | |
| SUBTOTAL | 11 | 36 | 47 | 6 | 0 | 381 | 464 | 4,971 | 7,655 | 87 | 417 | 13,130 | 0% | 1% | 1% | 28.3 | |
| MAUI TOTAL | 800 | 295 | 1,095 | 7,502 | 1,458 | 8,276 | 18,488 | 17,050 | 22,986 | 9,313 | 2,451 | 51,800 | 2% | 6% | 18% | 2.8 | |

* Keane to Kipahulu (exclud. Hana Town)

¹ TVR count from internet/print search as of July 2005

² Visitor Units from DBEDT 2004

³ Housing Units from Census 2000

SOURCE: The Kauaiian Institute, 2005

HOW MANY TVR PROPERTIES AND UNITS ARE IN EACH AREA?

The table below presents a more detailed count of TVR units and properties in each of 33 areas, listed alphabetically.

A total of 816 properties provide 1,095 units in the TVR segment, including 706 single-family properties with 800 units, and 110 B&B properties with 295 units.

| Transient Rental Home TVRs | | | Bed & Breakfast TVRs | | |
|----------------------------|------------|------------|----------------------|------------|------------|
| Town | Units | Properties | Town | Units | Properties |
| Alaeloa | 2 | 2 | Haiku | 51 | 21 |
| Haiku | 128 | 112 | Hana Area | 19 | 7 |
| Haliimaile | 2 | 2 | Hana Town | 11 | 2 |
| Hana | 32 | 22 | Huelo | 2 | 2 |
| Hamo-Koali | 36 | 29 | Keokea | 2 | 1 |
| Huelo | 28 | 26 | Kihei | 60 | 23 |
| Kaanapali | 45 | 45 | Kipahulu | 1 | 1 |
| Kahakaloa | 4 | 3 | Kuau | 11 | 3 |
| Kahana | 12 | 12 | Kula | 21 | 7 |
| Kapalua | 30 | 30 | Lahaina | 56 | 20 |
| Kihei | 118 | 103 | Makawao | 11 | 7 |
| Kuau | 20 | 16 | Maui Meadows | 1 | 1 |
| Kula | 33 | 30 | Olinda | 5 | 1 |
| Lahaina | 50 | 50 | Paia | 5 | 3 |
| Launiupoko | 2 | 1 | Pukalani | 3 | 3 |
| Maalaea | 2 | 2 | Waihee | 1 | 1 |
| Makawao | 17 | 12 | Wailuku | 35 | 7 |
| Makena | 16 | 15 | B&B TOTAL | 295 | 110 |
| Maui Meadows | 11 | 10 | | | |
| Napili | 38 | 38 | | | |
| Oheo | 2 | 1 | | | |
| Olinda | 6 | 4 | | | |
| Olowalu | 1 | 1 | | | |
| Paia | 46 | 39 | | | |
| Pauwela | 1 | 1 | | | |
| Pukalani | 13 | 13 | | | |
| Spreckelsville | 33 | 29 | | | |
| Waiehu | 4 | 4 | | | |
| Waihee | 1 | 1 | | | |
| Wailea | 63 | 49 | | | |
| Wailuku | 2 | 2 | | | |
| Waipio | 2 | 2 | | | |
| SFTVR TOTAL | 800 | 706 | | | |

SOURCE: The Kauaian Institute, 2005
SF Home & B&B counts based on a detailed search of internet, island advertising, DBEDT data and manager records through July 2005.

SECOND HOMES IN THE MAUI HOUSING MARKET

HOW MANY SECOND-HOMES ARE IN EACH TOWN?

This table presents the adjusted counts for the number of second-home or 'seasonal' units and condos in the year 2000 for each of 21 Maui towns and rural areas.

The 'seasonal' home counts (pink column) were derived by subtracting DBEDT's count of condo and timeshare units in 2000 from the number of 'seasonal' units found by Census 2000. The condo and timeshare units are reported together in the (blue) 'seasonal' Condos column.

This tabulation enables a review of the second-home market in each area.

All but 397 of the 1,492 'seasonal' homes were located in one of the resort towns on the West and South shores.

Kihei has the most 'seasonal' homes (284), while Haliimaile and Waikapu have the fewest with 0.

| | | Seasonal Homes | Seasonal Condos* | Seasonal Home % of Housing |
|-------------------|------------------|----------------|------------------|----------------------------|
| East | Hana Town | 8 | 16 | 3% |
| | Huelo-Waipio | 22 | 0 | 8% |
| | Other Hana Hwy* | 182 | 0 | 18% |
| | SUBTOTAL | 212 | 16 | 13% |
| North | Haiku-Pauwela | 10 | 54 | 0% |
| | Haliimaile | 0 | 0 | 0% |
| | Kula | 110 | 0 | 4% |
| | Makawao | 3 | 17 | 0% |
| | Paia | 10 | 54 | 1% |
| | Pukalani | 3 | 16 | 0% |
| | Sprecklesville | 49 | 0 | 27% |
| SUBTOTAL | 185 | 141 | 2% | |
| West | Kaanapali | 159 | 1,039 | 9% |
| | Kapalua | 72 | 394 | 9% |
| | Lahaina | 51 | 278 | 2% |
| | Napili-Honokowai | 232 | 1,469 | 5% |
| | SUBTOTAL | 513 | 3,180 | 5% |
| South | Kihei | 284 | 2,106 | 3% |
| | Maalaea | 44 | 234 | 7% |
| | Wailea-Makena | 240 | 2,070 | 5% |
| | SUBTOTAL | 568 | 4,410 | 4% |
| Central | Kahului | 5 | 25 | 0% |
| | Waihee-Waiehu | 1 | 3 | 0% |
| | Waikapu | 0 | 0 | 0% |
| | Wailuku | 8 | 45 | 0% |
| SUBTOTAL | 13 | 73 | 0% | |
| MAUI TOTAL | | 1,492 | 7,821 | 3% |

* includes timeshare units

SOURCE: The Kauaian Institute

Estimates derived from Census 2000 and DBEDT 2000 data

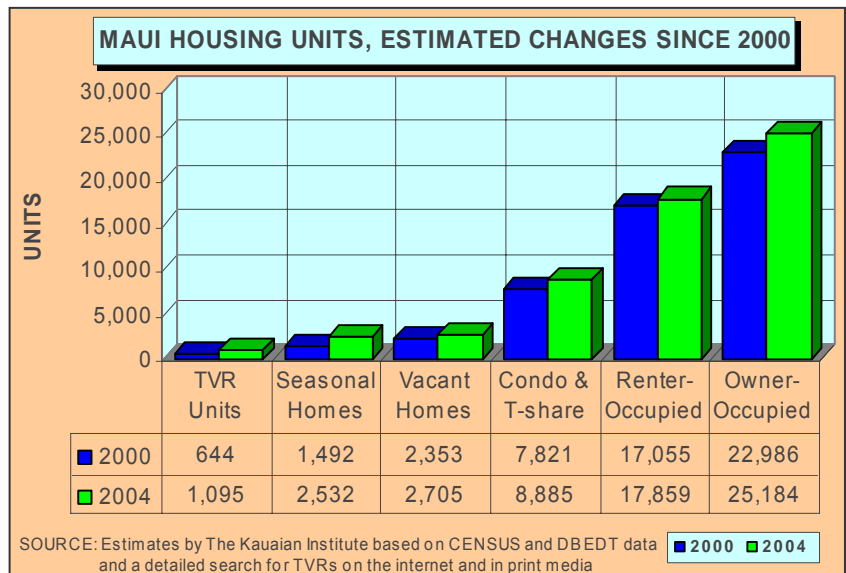
HOW MUCH HOUSING GROWTH SINCE 2000 IS IN TVR UNITS?

As shown in this table, the TVR segment has grown rapidly in recent years, climbing from an estimated 644 units in 2000 to 1,095 units in 2005, for an increase of 454 units and a growth rate of 14% per year.

The 1,095 TVRs constitute a relatively small share (43%) of Maui's 'seasonal' or second-home market, estimated at 2,532 units in 2004.

Notice the increases in both renter-occupied (up by 804) and owner-occupied units (up by 2,198) at the same time as the condo-timeshare segment increased by 1,064.

'Seasonal' homes climbed by 1,040 during this period.



HOW DID 'SEASONAL' UNITS CHANGE OVER THE LAST DECADE?

The table below presents the changes in housing unit counts for each Maui town from 1990-2000. Note that these counts are the net result of both new construction and demolition.

Of the 12,638 net new housing units, 3,698 (or 29%) are new 'seasonal' units, while 3,851 (or 30%) of new units are renter-occupied and 5,119 (or 41%) are owner-occupied.

Across the 21 areas, the 'seasonal' share of new units ranges from 121% in Lahaina to 2% in Wailuku. Waikapu and Waihee-Waiehu had no new 'seasonal' units.

Note that the numbers of renters increased in all towns except Lahaina, and the number of owners increased in all but Haliimaile and Maalaea.

Note that Kapalua data for 'seasonal' units is not available.

The new 'seasonal' units in Kaanapali, Kihei, Wailea-Makena, Napili-Honokowai comprise 81% of all new 'seasonal' units and 27% of all new housing units built during this decade.

| | | TOWN-BY-TOWN HOUSING UNIT CHANGES, 1990-2000 | | | | | | |
|-------------|------------------|--|-----------------|--------------|--------------|--------------------|------------|------------|
| | | NEW UNITS | CHANGE IN UNITS | | | SHARE OF NEW UNITS | | |
| | | | Seasonal | Renters | Owners | Seasonal | Renters | Owners |
| North East | Hana | 12 | 1 | 8 | 3 | 8% | 67% | 25% |
| | Haiku-Pauwela | 850 | 67 | 309 | 474 | 8% | 36% | 56% |
| | Haliimaile | 23 | -2 | 40 | -15 | -9% | 174% | -65% |
| | Makawao | 446 | 14 | 319 | 113 | 3% | 72% | 25% |
| | Paia | 150 | 58 | 44 | 48 | 39% | 29% | 32% |
| West | Pukalani | 641 | 19 | 224 | 398 | 3% | 35% | 62% |
| | Kaanapali | 1,155 | 861 | 72 | 222 | 75% | 6% | 19% |
| | Kapalua | NA | NA | 15 | 56 | NA | 21% | 79% |
| | Lahaina | 108 | 131 | -116 | 93 | 121% | -107% | 86% |
| South | Napili-Honokowai | 1,609 | 777 | 393 | 439 | 48% | 24% | 27% |
| | Kihei | 3,001 | 832 | 1,094 | 1,075 | 28% | 36% | 36% |
| | Maalaea | 73 | 13 | 27 | -8 | 18% | 37% | -11% |
| | Wailea-Makena | 1,858 | 894 | 429 | 535 | 48% | 23% | 29% |
| Central | Kahului | 857 | 13 | 636 | 208 | 2% | 74% | 24% |
| | Waihee-Waiehu | 811 | -1 | 132 | 680 | 0% | 16% | 84% |
| | Waikapu | 128 | 0 | 2 | 126 | 0% | 2% | 98% |
| | Wailuku | 916 | 21 | 223 | 672 | 2% | 24% | 73% |
| MAUI | | 12,638 | 3,698 | 3,851 | 5,119 | 29% | 30% | 41% |

SOURCE: Census 2000 & 1990

HOW DO 'SEASONAL' CHANGES COMPARE WITH OWNER/RENTER CHANGES?

This table shows changes in housing tenure between 1990 and 2000 for each town's housing units.

Overall, both renters and owners lost share to seasonal units during this decade.

Notice that the 'seasonal' share in Paia increased from 2% to 7% 'seasonal' while renters stayed at 31% and owners fell from 67% to 62%. Pukalani's renter share also stayed even at 34%.

Lost renter share in Haiku-Pauwela (3%) was gained in owner share (3%).

Renter share actually increased in Haliimaile, Hana, Kahului, Kapalua, Kihei, and Makawao.

| | | TOWN-BY-TOWN HOUSING SHARE CHANGES, 1990-2000 | | | | | |
|-------------|------------------|---|------------|--------------|------------|-------------|------------|
| | | SEASONAL SHARE | | RENTER SHARE | | OWNER SHARE | |
| | | 1990 | 2000 | 1990 | 2000 | 1990 | 2000 |
| North East | Hana | 9% | 9% | 25% | 30% | 65% | 62% |
| | Haiku-Pauwela | 2% | 3% | 41% | 38% | 57% | 60% |
| | Haliimaile | 1% | 0% | 15% | 31% | 84% | 69% |
| | Makawao | 0% | 1% | 37% | 43% | 63% | 56% |
| | Paia | 2% | 7% | 31% | 31% | 67% | 62% |
| West | Pukalani | 0% | 1% | 34% | 34% | 66% | 65% |
| | Kaanapali | 55% | 69% | 13% | 7% | 31% | 24% |
| | Kapalua | 83% | 71% | 6% | 10% | 7% | 19% |
| | Lahaina | 7% | 11% | 46% | 41% | 47% | 48% |
| South | Napili-Honokowai | 34% | 39% | 41% | 35% | 25% | 26% |
| | Kihei | 31% | 28% | 35% | 37% | 34% | 35% |
| | Maalaea | 50% | 51% | 22% | 21% | 24% | 28% |
| Central | Wailea-Makena | 44% | 49% | 25% | 23% | 31% | 28% |
| | Kahului | 0% | 0% | 41% | 46% | 59% | 54% |
| | Waihee-Waiehu | 0% | 0% | 19% | 18% | 81% | 82% |
| | Waikapu | 0% | 0% | 32% | 24% | 68% | 76% |
| | Wailuku | 1% | 1% | 45% | 41% | 54% | 58% |
| MAUI | | 15% | 19% | 36% | 34% | 49% | 46% |

SOURCE: Census 1990 & 2000 housing data.

MARKET TRENDS AND ISLAND DIFFERENTIATION

HOW DO MAUI LODGING OPTIONS COMPARE WITH OTHER ISLANDS?

A comparative profile (right) of the four major islands' share of visitor lodging shows Maui with the heaviest reliance on condos (48%), followed by hotels (45%).

Only 7% of visitor accommodations are in the other category which includes homes, apartments, bed & breakfast and other non-traditional units, compared with 23% on Kaua'i.

These data reflect the total number of accommodation units available, and they are different in some respects than the data below which are based on visitor reports of their lodging choices.

Thus, the fact that there are more condo/timeshare units available than hotels at the same time as more visitors report staying in hotels than condo/timeshare units can be explained by higher occupancy rates in hotels.

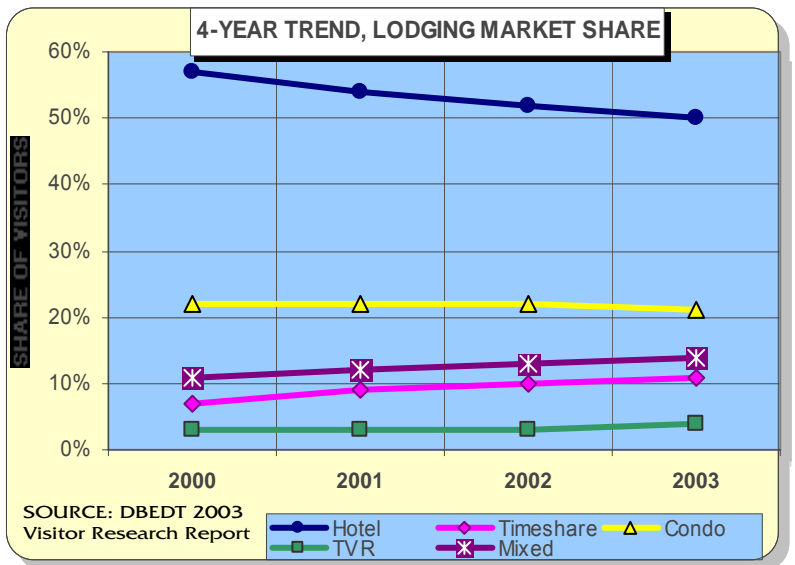
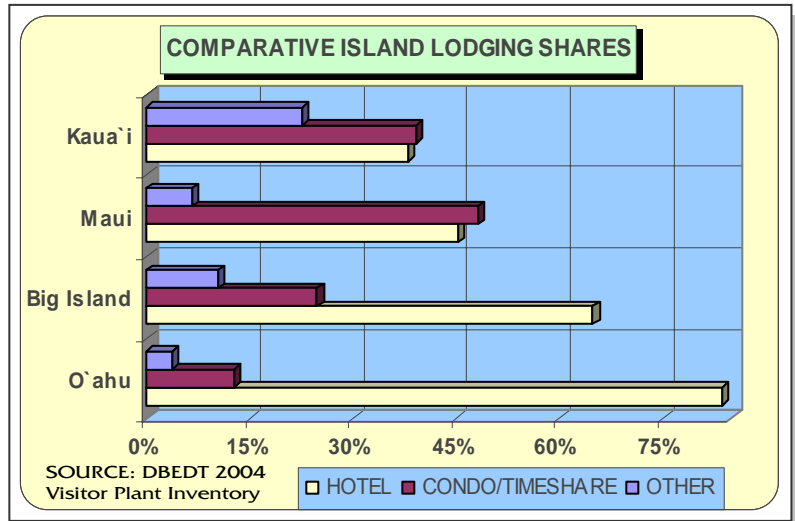
HOW HAS LODGING MARKET SHARE BEEN CHANGING?

Based on DBEDT's Annual Visitor Research Report, this chart shows the Maui market share for each lodging segment for the years 2000 through 2003.

As shown, the TVR unit share increased slightly from 3% to 4% during this period.

Maui timeshares jumped from a 7% share to over 11% since 2000, while condos slipped from 22% to 21%.

The market share for hotels fell toward 50%, and mixed lodging (visitors staying in more than one type) is rising above 10%.



HOW MANY VISITORS CHOOSE EACH LODGING SEGMENT?

This table shows the number of visitors staying in each type of lodging during each of these four years.

Although the timeshare segment nearly doubled from 65,741 to 111,191 since 2000, hotel and condo patronage declined by 176,000 and 20,000, respectively. B&B patrons fell slightly, while visitors staying in a mix of lodging grew more rapidly.

MAUI VISITORS BY LODGING CHOICE

| TYPE | 2000 | 2001 | 2002 | 2003 |
|-----------------------|------------------|------------------|------------------|------------------|
| Hotel * | 1,273,679 | 1,102,568 | 1,099,959 | 1,097,701 |
| Condo * | 498,425 | 447,965 | 434,100 | 478,093 |
| Timeshare * | 65,471 | 87,474 | 108,050 | 111,191 |
| Bed & Breakfast | 31,217 | 27,746 | 28,737 | 29,082 |
| Friends/Relatives | 124,978 | 119,190 | 143,309 | 144,866 |
| Mixed ** | 252,483 | 263,824 | 325,272 | 335,514 |
| TOTAL VISITORS | 2,246,253 | 2,048,768 | 2,139,427 | 2,196,447 |

* These accommodations only. ** Staying in multiple accommodations.

SOURCE: DBEDT 2000-2003 Visitor Research Report

HOW HAS VISITOR LODGING CHANGED SINCE 2000?

This table shows the District counts for each segment of the Maui lodging market in 2000 and 2004 as well as the changes for each District and segment over this 5-year period.

Note that these numbers differ from the counts reported by DBEDT. The Kauaian Institute adjusted the DBEDT figures to correct various misclassifications found in the reported data, including many condo units listed in other categories. Note also that the TVR numbers in this table are based upon the results of the 2005 internet and print media search.

Counts for TVRs in 2005 (shown in the purple columns) include 800 private homes and 295 B&B units, compared with 468 homes and 176 B&B units in 2000, for a net increase of 332 homes and 119 B&Bs. It should be noted that roughly one-half of these B&B units are multiple bedrooms in a single house, while the other half are complete housing units operated as B&Bs.

The Kula-Paia district had the most TVRs (408) in 2005, while the Wailea-Makena district was second with 271.

Notice that total visitor units were up by 2,060 over this 5-year period. A net increase of 637 Timeshare and 759 Condo units was offset by a net decline of 156 hotel rooms and a net decrease of 18 Other units. It is estimated that roughly one-half of these timeshare units are modified hotel rooms.

| 5-YEAR CHANGE IN MAUI ACCOMMODATIONS, BY SEGMENT AND DISTRICT | | | | | | | |
|---|--------------|--------------|--------------|------------|------------|------------|---------------|
| VISITOR ACCOMMODATIONS, 2004 | | | | TVR | | | |
| DISTRICT | Hotel | Timeshare | Condo | SFTVR | B&B | Other | TOTAL |
| Hana | 67 | 16 | 0 | 100 | 33 | 0 | 216 |
| Kahului-Wailuku | 381 | 0 | 6 | 11 | 36 | 30 | 464 |
| Kula-Makawao | 13 | 0 | 9 | 299 | 109 | 0 | 430 |
| Lahaina-Kapalua | 4,496 | 930 | 3,989 | 180 | 56 | 95 | 9,746 |
| Wailea-Maalaea | 3,319 | 512 | 3,498 | 210 | 61 | 32 | 7,632 |
| TOTAL | 8,276 | 1,458 | 7,502 | 800 | 295 | 157 | 18,488 |
| VISITOR ACCOMMODATIONS, 2000 | | | | TVR | | | |
| DISTRICT | Hotel | Timeshare | Condo | SFTVR | B&B | Other | TOTAL |
| Hana | 96 | 17 | 0 | 58 | 21 | 0 | 162 |
| Kahului-Wailuku | 402 | 0 | 6 | 7 | 21 | 70 | 493 |
| Kula-Makawao | 6 | 0 | 12 | 175 | 64 | 0 | 84 |
| Lahaina-Kapalua | 4,392 | 526 | 3,774 | 106 | 33 | 63 | 8,824 |
| Wailea-Maalaea | 3,536 | 278 | 2,951 | 123 | 36 | 42 | 6,865 |
| TOTAL | 8,432 | 821 | 6,743 | 468 | 176 | 175 | 16,428 |
| ACCOMMODATIONS CHANGE, 2000-2004 | | | | TVR | | | |
| DISTRICT | Hotel | Timeshare | Condo | SFTVR | B&B | Other | TOTAL |
| Hana | -29 | -1 | 0 | 42 | 12 | 0 | 54 |
| Kahului-Wailuku | -21 | 0 | 0 | 4 | 15 | -40 | -29 |
| Kula-Makawao | 7 | 0 | -3 | 124 | 45 | 0 | 346 |
| Lahaina-Kapalua | 104 | 404 | 215 | 74 | 23 | 32 | 922 |
| Wailea-Maalaea | -217 | 234 | 547 | 87 | 25 | -10 | 767 |
| 2000-2004 Change | -156 | 637 | 759 | 332 | 119 | -18 | 2,060 |

Source: DBEDT 2002 Visitor Plant Inventory (after adjustment for misclassification) and Kauaian Institute estimates

A DEMOGRAPHICS PROFILE OF TVR PATRONS

WHAT SHARE OF VISITORS PREFER NON-TRADITIONAL LODGING OPTIONS?

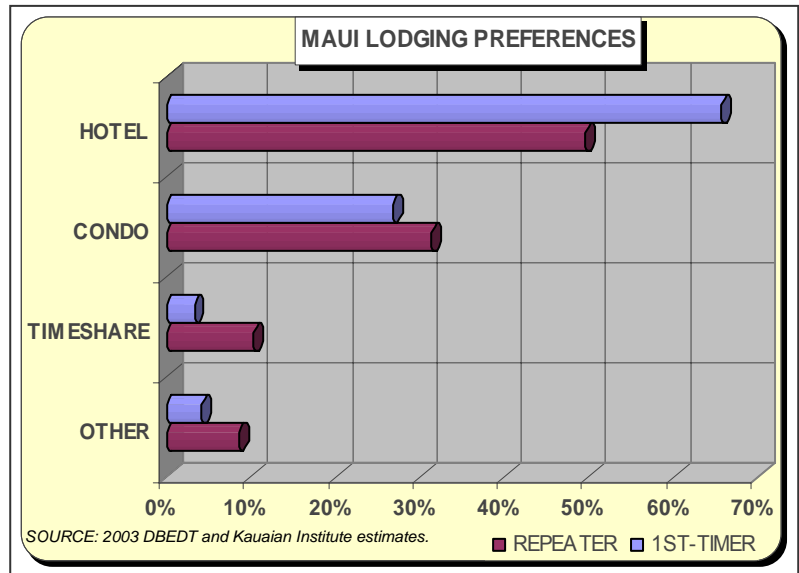
This chart shows the share of each lodging segment chosen by 1st-time and repeat visitors.

Notice that repeaters are much more likely to select condos, timeshare, TVRs and other lodging than 1st-timers.

The hotel share drops from 66% of first-timers to 50% of repeaters, while timeshare increases from 3% to 10%.

Over 30% of repeaters choose condos versus 27% of 1st-timers.

TVRs and other lodging were chosen by 4% of first-timers and 9% of repeaters.



HOW MANY REPEATERS AND 1ST-TIMERS CHOOSE TVRs?

A combined total of 30% of all visitors choose condos and 7% choose TVRs and other lodging, as shown in the table at the right.

Over 630,000 visitors chose condos in 2003, while nearly 150,000 chose non-traditional accommodations.

Combining the TVR and other lodging, barely 30,000 were 1st-timers and over 115,000 were repeaters.

2003 VISITOR LODGING AND PATRONS, BY SEGMENT

| | VISITOR UNITS | VISITORS | | | LODGING SHARE |
|--------------|---------------|------------------|------------------------|------------------|---------------|
| | | TOTAL | 1 ST -TIMER | REPEATER | |
| HOTEL | 8,245 | 1,179,633 | 509,991 | 669,642 | 56% |
| TIME-SHARE | 1,458 | 165,063 | 25,523 | 139,540 | 8% |
| CONDO | 7,502 | 631,946 | 207,855 | 424,091 | 30% |
| TVR/OTHER | 467 | 148,779 | 32,624 | 116,156 | 7% |
| TOTAL | 17,672 | 2,125,421 | 775,993 | 1,349,428 | 100% |

SOURCE: Estimated from DBEDT's 2004 Visitor Plant Inventory and 2003 research report

HOW MUCH DO TVRs CHARGE?

This table shows the share of lodging in each segment that is available at budget, standard, deluxe and luxury rates.

Notice that a combined total of 51% of all lodging is in the deluxe or luxury class while only 10% of TVRs are priced in this range.

Fully 36% of TVRs are in the budget class versus the island average of 13%.

LODGING TYPE, BY PRICE CLASS

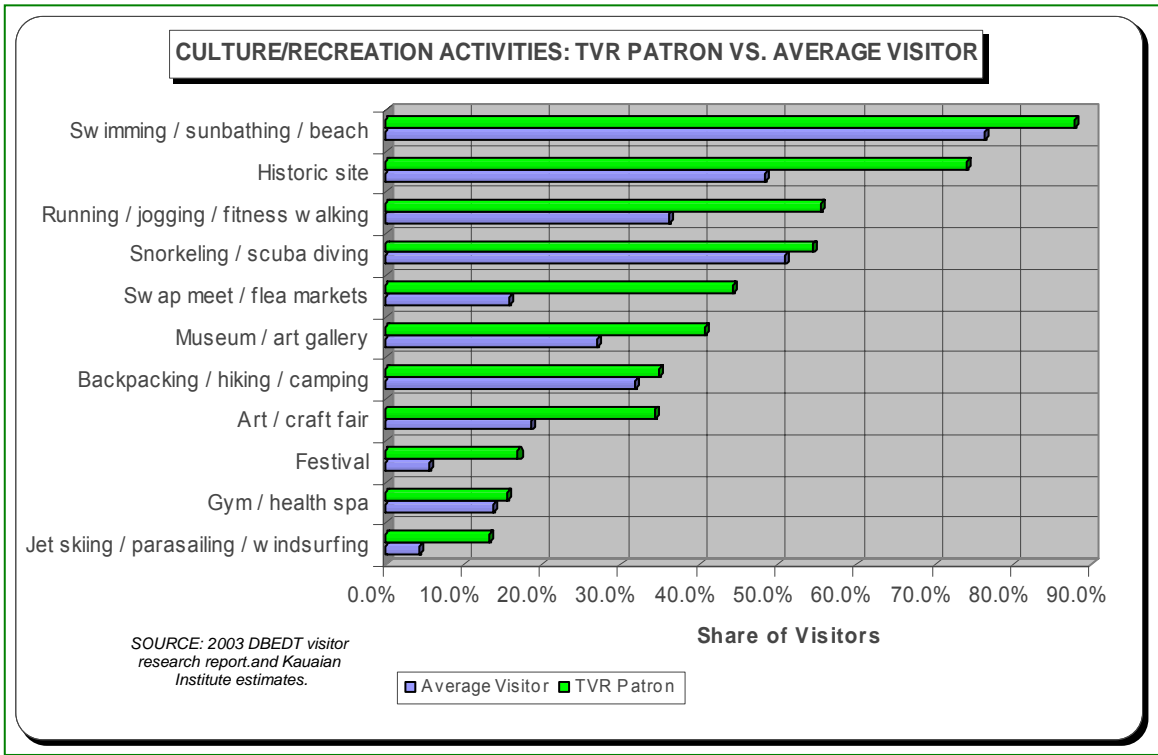
| TYPE | BUDGET (<\$100) | STANDARD (\$100-250) | DELUXE (\$250-500) | LUXURY (>\$500) | TOTAL |
|---------------------|-----------------|----------------------|--------------------|-----------------|-------------|
| HOTEL | 8% | 18% | 50% | 24% | 100% |
| CONDO | 16% | 54% | 26% | 4% | 100% |
| TIMESHARE | 11% | 43% | 36% | 10% | 100% |
| 1-FAM HOME | 31% | 50% | 15% | 4% | 100% |
| B&B | 39% | 57% | 4% | 0% | 100% |
| TVR Subtotal | 36% | 54% | 8% | 2% | 100% |
| TOTAL | 13% | 36% | 37% | 14% | 100% |

SOURCE: 2004 DBEDT VISITOR PLANT INVENTORY

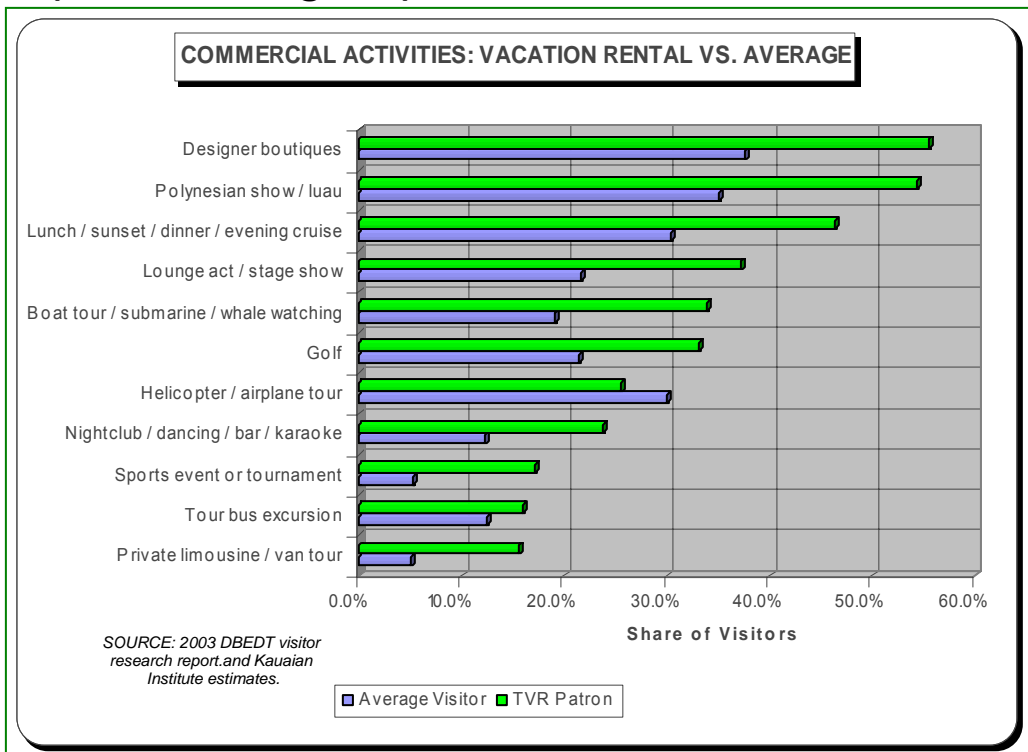
WHAT ACTIVITIES DO TVR PATRONS PREFER?

A profile of TVR patrons' activity preferences shows that they are much more likely to participate in community events than the average visitor, as shown in the Chart below.

In the Chart of culture and recreation activities below, notice the differences in patronage at historic sites, local markets, and craft fairs, where TVR visitors were 25%, 20% and 10%, respectively, more likely to participate than average visitors.



Notice in the Chart of commercial activities below that TVR visitors were much more likely to patronize designer boutiques, whale watching, and sports events.



THE ECONOMIC FOOTPRINT OF TRANSIENT VACATION RENTALS

This section presents an application of Input-Output (I-O) model techniques in analyzing TVR activity on Maui. Taking into account DBEDT information on visitor arrivals and lodging choices, The Kauaiian Institute has estimated the total annual spending by Maui visitors for the year 2003.

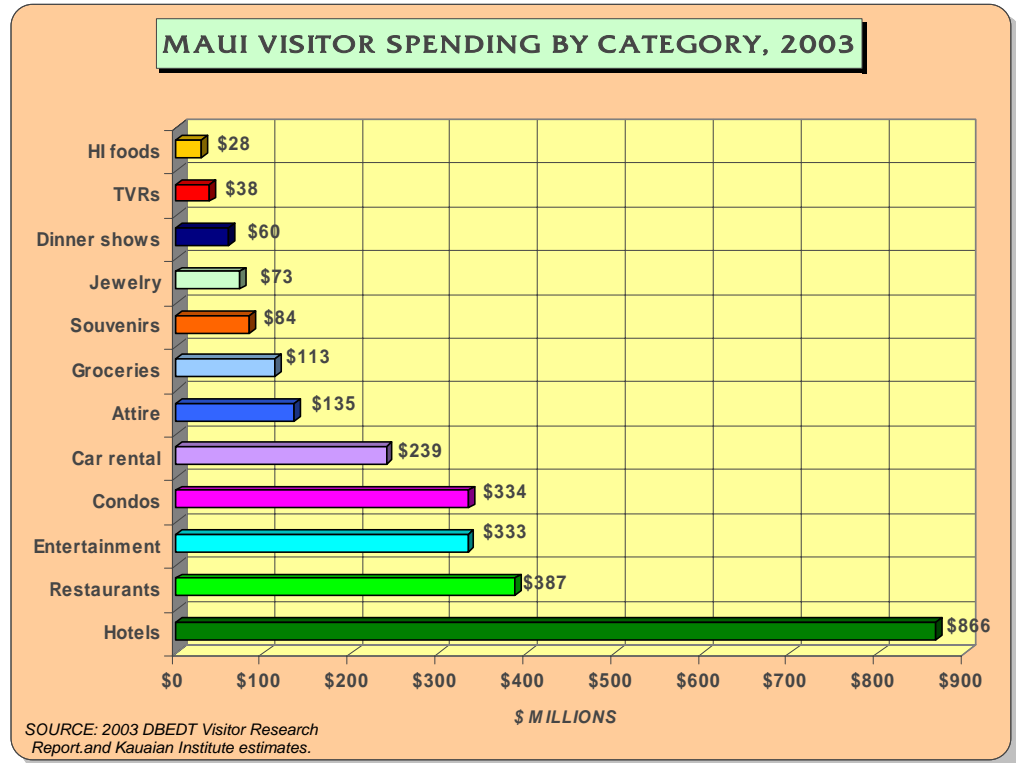
HOW BIG IS THE TVR SEGMENT?

Revenues of Maui TVR accommodations were estimated to be \$38 million in 2003, the latest year for which data are available.

Condos generated an estimated \$334 million revenue, and hotels took in \$866 million.

Spending in each major category is displayed in rank order (smallest to largest) in this chart.

These estimates are derived from visitor spending data that shows \$1.2 billion spent on lodging and from visitor lodging data (adjusted for occupancy and room rates) showing that 28% of these revenues went to condos and 3% to TVRs.



WHAT ARE THE OVERALL ECONOMIC IMPACTS?

The Kauaiian Institute used the State's 1997 Input-Output Model to derive estimates of the economic impacts of TVRs on Maui. The analysis begins with an estimate of the expected direct dollar impact of the TVR segment on Maui. The I-O model then converts these direct dollar impacts into additional indirect and induced effects on sales, income, and jobs.

A summary of these impacts is shown in this table, and the details are provided in a table on the following page.

| ECONOMIC IMPACT OF TRANSIENT VACATION RENTALS, 2003 | | |
|---|---------------|--------------------------|
| TYPE OF IMPACT | VALUE | SHARE |
| Vacation rental activity on Maui * | | |
| Transient vacation rental revenue | \$38 million | 1.5% of visitor spending |
| Economic activity generated on Maui ** | | |
| Total output | \$56 million | 8.5% of island output |
| Household income | \$15 million | 3.8% of island income |
| Service, real estate, info and finance jobs | 411 | 8.4% of island jobs |
| Trade, industry and government jobs | 177 | |
| State and county taxes generated *** | | |
| Transient Accommodations Tax | \$2.9 million | 3.9% of island payments |
| Maui Share of TAT | \$725,000 | 1% of island payments |
| General Excise Tax | \$1.5 million | 1% of island payments |

Source: The Kauaiian Institute

* Estimated from DBEDT data for vacation rental share of visitor spending on lodging.

** Estimated from DBEDT I-O data and induced impact multipliers for island lodging.

*** Estimated from DBEDT visitor spending data and County property assessment data.

WHAT ARE THE MULTIPLIED IMPACTS OF TVRs?

The Table below presents the results of multiplier analysis for each major sector in the Maui economy based on current TVR spending of \$38 million.

Note that the sum totals in the bottom row are as reported on the previous page-- \$56 million output, \$15 million household income, and 588 total jobs.

| Economic Impacts of \$38 Million Increase in Transient Vacation Rental Spending | | | | | | | | |
|---|----------------------|------------------------------|---------------------|-------------|-------------|------------------|--------------------|------------|
| List of Industries | Lodging \$ Share (%) | Change in Spending (\$ mil.) | Type II Multipliers | | | Economic Impact | | |
| | | | Output | Earnings | Job | (\$ mil.) Output | (\$ mil.) Earnings | No. Jobs |
| Agriculture | 1.8% | \$0.7 | 1.94 | 0.59 | 34.8 | \$1.3 | \$0.4 | 24 |
| Mining and construction | 1.4% | \$0.5 | 1.98 | 0.65 | 19.7 | \$1.1 | \$0.4 | 11 |
| Food processing | 2.8% | \$1.1 | 1.98 | 0.44 | 19.3 | \$2.1 | \$0.5 | 21 |
| Other manufacturing | 1.0% | \$0.4 | 1.41 | 0.24 | 8.5 | \$0.6 | \$0.1 | 3 |
| Transportation | 1.7% | \$0.7 | 1.85 | 0.49 | 16 | \$1.2 | \$0.3 | 10 |
| Information | 6.0% | \$2.3 | 1.64 | 0.41 | 12.6 | \$3.7 | \$0.9 | 29 |
| Utilities | 9.7% | \$3.7 | 1.73 | 0.3 | 8.1 | \$6.4 | \$1.1 | 30 |
| Wholesale trade | 3.6% | \$1.4 | 1.72 | 0.54 | 18.7 | \$2.3 | \$0.7 | 25 |
| Retail trade | 5.1% | \$1.9 | 1.85 | 0.59 | 27.3 | \$3.6 | \$1.1 | 53 |
| Finance and insurance | 12.1% | \$4.6 | 1.86 | 0.48 | 16.5 | \$8.6 | \$2.2 | 76 |
| Real estate and rentals | 14.5% | \$5.5 | 1.49 | 0.21 | 8.4 | \$8.2 | \$1.2 | 46 |
| Professional services | 5.0% | \$1.9 | 2.03 | 0.8 | 26.1 | \$3.8 | \$1.5 | 49 |
| Business services | 9.6% | \$3.6 | 1.95 | 0.75 | 33.8 | \$7.1 | \$2.7 | 123 |
| Educational services | 0.0% | \$0.0 | 2.1 | 0.85 | 38.6 | \$0.0 | \$0.0 | 0 |
| Health services | 0.0% | \$0.0 | 2.03 | 0.74 | 23.2 | \$0.0 | \$0.0 | 0 |
| Arts and entertainment | 0.7% | \$0.3 | 1.98 | 0.62 | 32.8 | \$0.5 | \$0.2 | 9 |
| Accommodations | 0.1% | \$0.0 | 1.93 | 0.58 | 20.9 | \$0.1 | \$0.0 | 1 |
| Eating and drinking | 0.9% | \$0.3 | 1.95 | 0.57 | 30.7 | \$0.7 | \$0.2 | 11 |
| Other services | 3.1% | \$1.2 | 2.05 | 0.67 | 31.7 | \$2.4 | \$0.8 | 37 |
| Government | 3.0% | \$1.1 | 1.81 | 0.87 | 26.1 | \$2.0 | \$1.0 | 29 |
| Industries total | 82.2% | \$31.2 | 1.79 | 0.49 | 18.8 | \$55.8 | \$15.3 | 588 |
| Imports | 17.8% | \$6.8 | | | | \$0.0 | \$0.0 | 0 |
| Total | 100.0% | \$38.0 | | | | \$55.8 | \$15.3 | 588 |

Source: 1997 DBEDT Input-Output Model and Kauaian Institute estimates of TVR output in 2003.

The **output multiplier** of 1.79 (highlighted in the yellow "Industries Total" row) means that for every \$1 of spending by visitors on TVRs an additional 79 cents of spending will be generated elsewhere in the local economy for a total of \$1.79 generated. The additional 79 cents is composed of increased inter-industry sales and sales induced by the re-spending of income generated by the initial \$1 of TVR spending.

The **income multiplier** of 0.49 has a similar interpretation, with \$1 of TVR spending leading to \$0.49 in income. Here, the multiplier is lower than one because a significant portion of the \$1.79 in sales generated will not become household income. Part of the sales revenues will go to profits, taxes and other business expenses. An even larger amount of revenues will "leak" out of the economy before creating income, in order to pay for business purchases from outside Hawaii and also payment for goods brought in to sell to visitors.

The **employment multiplier** is expressed as jobs per \$1 million of TVR spending. However, an adjustment is made to account for wage and price increases by adjusting the multiplier (downward) to reflect the higher cost of supporting a job in 2003. Because of higher wages over the years fewer jobs can be created for each million dollars of visitor spending and this needs to be reflected in the multiplier. Thus, after deflating the multiplier, it is estimated that 18.8 jobs were supported in 2003 for every \$1 million of TVR spending.

WHAT ARE THE IMPACTS ON JOBS & HOUSING?

This Table shows the ‘seasonal’ (purple) and long-term (green) rental units in each town as well as their share of housing in the year 2000.

Note that this ‘seasonal’ count includes both ‘seasonal’ homes and ‘seasonal’ condos (previously shown separately).

Also shown (orange) is the share of long-term rentals that are “low rent”, as well as estimates of each town’s TVR jobs created (blue) and tourism-related workers (yellow).

Note that the low-rent share is biggest in towns with the smallest share of ‘seasonal’ units, except in Kihei which has a fairly high share of both.

| Town-by-Town Indicators of Vacation Rental Impacts, 2000 | | | | | | | | | | |
|--|-------------------|-----------------------|-----------------------------|------------------------|------------------------------|----------------------------|----------------------------|-------------|----------------------------|---------------------------|
| | | No. of Seasonal Units | Seasonal Share of all Units | No. of LT Rental Units | LT Renter Share of all Units | LT Rental Share of Rentals | Low* Rent Share of Rentals | TVR Jobs ** | No. of Tourism Workers *** | Tourism Share of Jobs *** |
| North East | Hana | 18 | 9% | 62 | 30% | 77% | 73% | 3 | 110 | 34% |
| | Haiku-Pauw ela | 64 | 3% | 894 | 38% | 93% | 41% | 16 | 560 | 18% |
| | Haliimaile | 0 | 0% | 78 | 31% | 100% | 42% | 3 | 108 | 24% |
| | Makaw ao | 20 | 1% | 944 | 43% | 98% | 42% | 16 | 554 | 16% |
| | Paia | 64 | 7% | 260 | 31% | 80% | 54% | 7 | 240 | 19% |
| | Pukalani | 18 | 1% | 839 | 34% | 98% | 33% | 14 | 475 | 12% |
| West | Kaanapali | 1,229 | 69% | 121 | 7% | 9% | 2% | 6 | 196 | 31% |
| | Kapalua | 466 | 71% | 66 | 10% | 12% | 31% | 1 | 46 | 28% |
| | Lahaina | 328 | 11% | 1,206 | 41% | 79% | 44% | 63 | 2,168 | 46% |
| South | Napili-Honokow ai | 1,737 | 39% | 1,501 | 35% | 46% | 40% | 59 | 2,029 | 50% |
| | Kihei | 2,490 | 28% | 3,163 | 37% | 56% | 50% | 82 | 2,838 | 31% |
| | Maalaea | 277 | 51% | 112 | 21% | 29% | 30% | 2 | 72 | 25% |
| Central | Wailea-Makena | 2,448 | 49% | 1,134 | 23% | 32% | 24% | 30 | 1,024 | 32% |
| | Kahului | 30 | 0% | 2,690 | 46% | 99% | 72% | 57 | 1,965 | 23% |
| | Waihee-Waiehu | 4 | 0% | 338 | 18% | 99% | 60% | 19 | 640 | 18% |
| | Waikapu | 0 | 0% | 83 | 24% | 100% | 68% | 4 | 128 | 23% |
| | Wailuku | 53 | 1% | 1,860 | 41% | 97% | 71% | 30 | 1,035 | 18% |
| | MAUI | 9,247 | 19% | 15,351 | 34% | 62% | 28% | 411 | 14,188 | 27% |

SOURCE: Census 2000 housing data, DBEDT jobs data, and TVR jobs estimated by The Kauaian Institute.

* Low rent = \$750 per month or less.

** Total jobs created by vacation rentals in each tow n.

*** Tourism includes arts, entertainment, recreation, accommodation, and food service employment.

TOWN MAPS OF TVR LOCATIONS

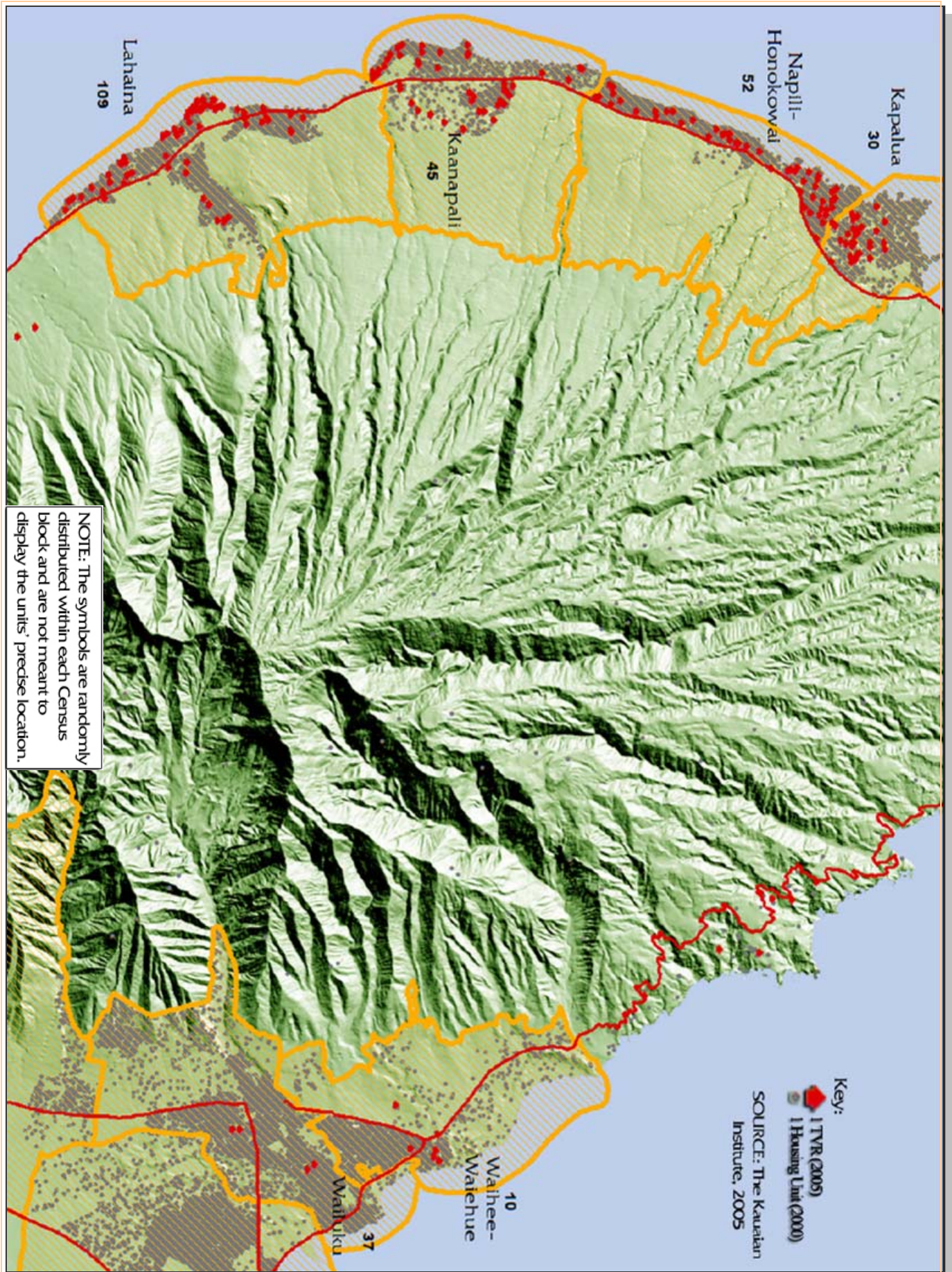
The maps on the following pages show the number and location of TVRs in 2005 for each Census block in each town and rural area, together with the location of all housing units from Census 2000.

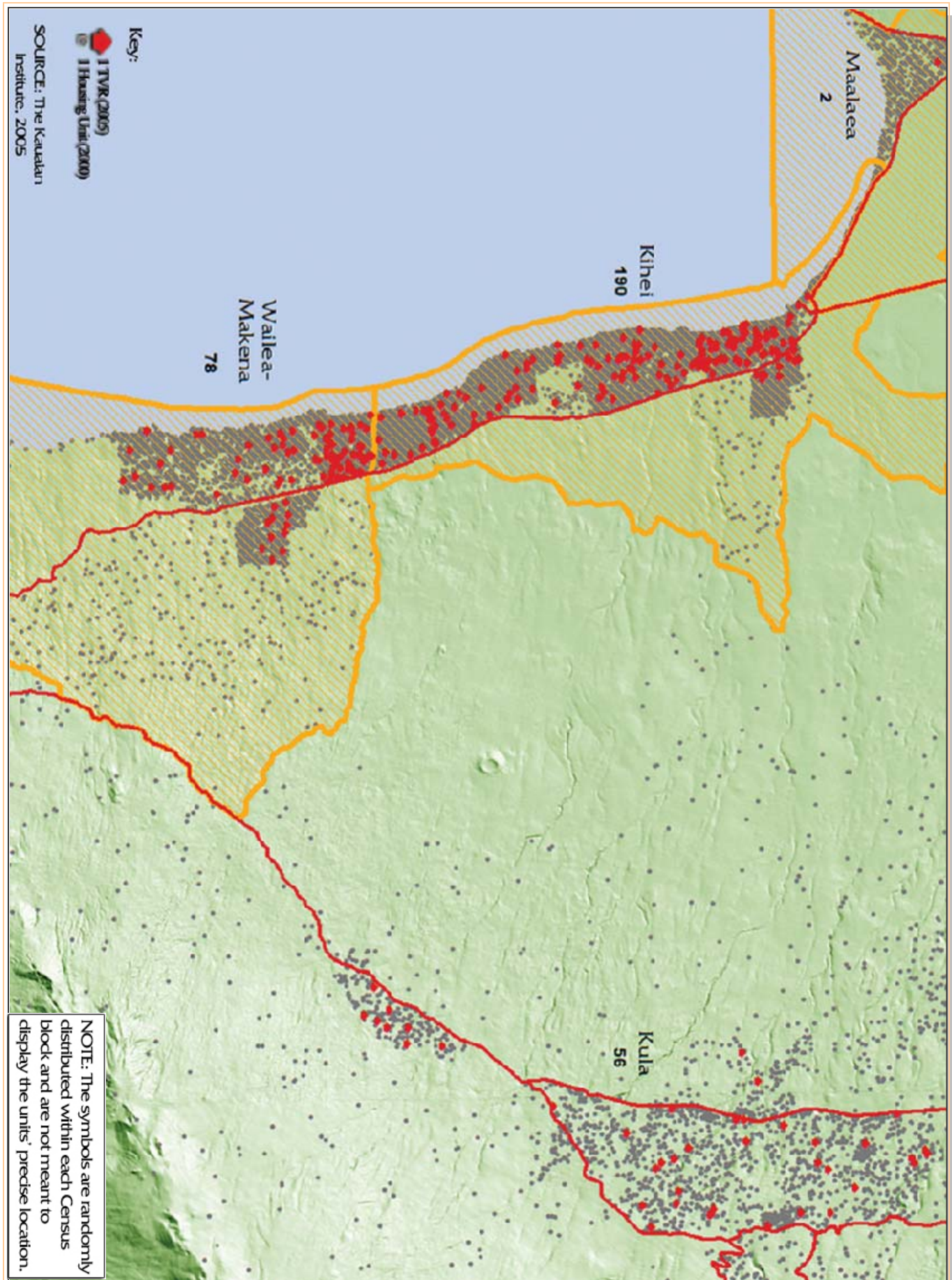
Each TVR is represented by a red house symbol, and each housing unit from the Census is represented by a grey dot.

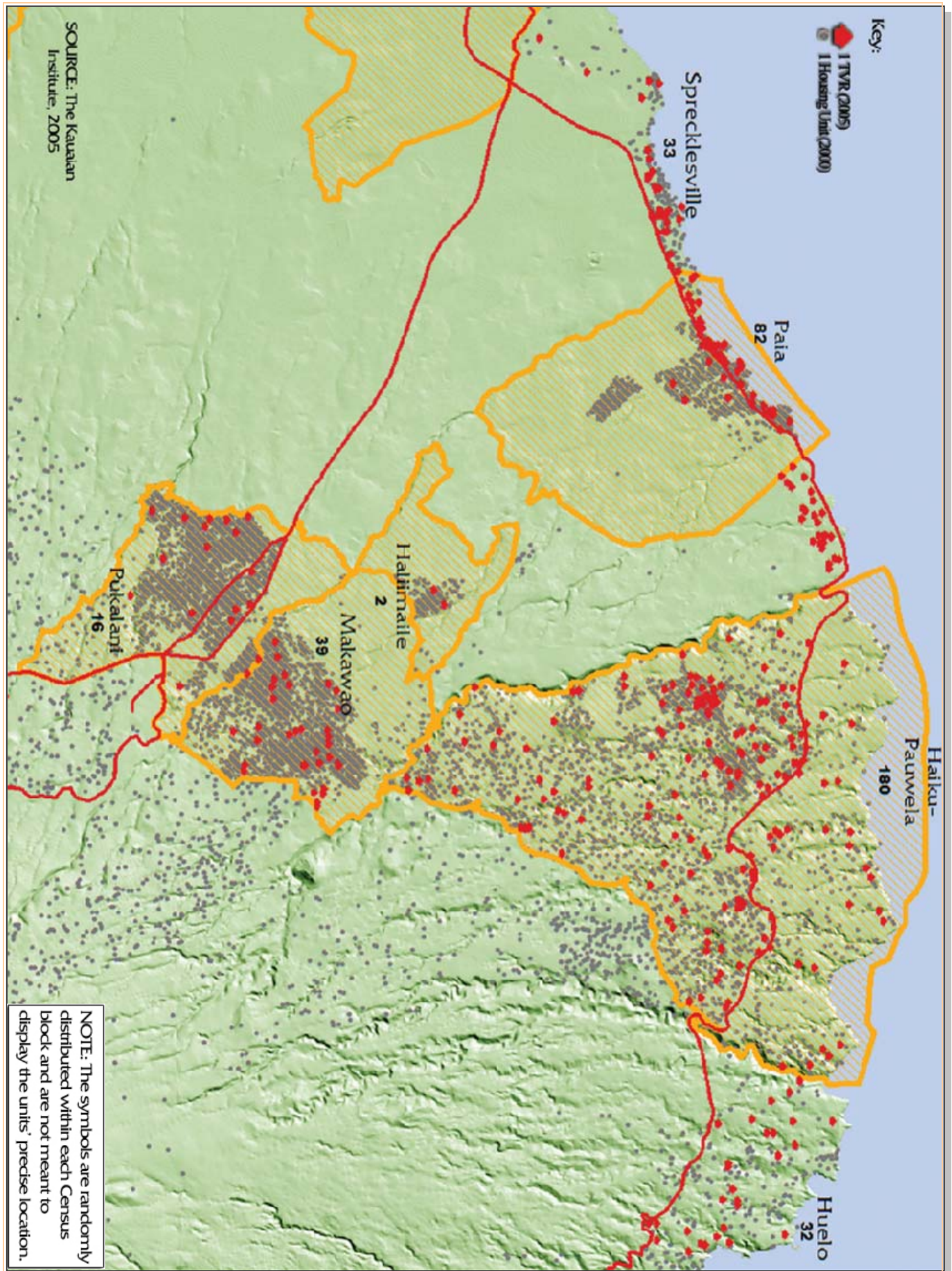
It should be noted that these TVR and housing unit locations represent the total counts for each Census block. The symbols are randomly distributed within each Census block, and are not intended to display the units' precise location.

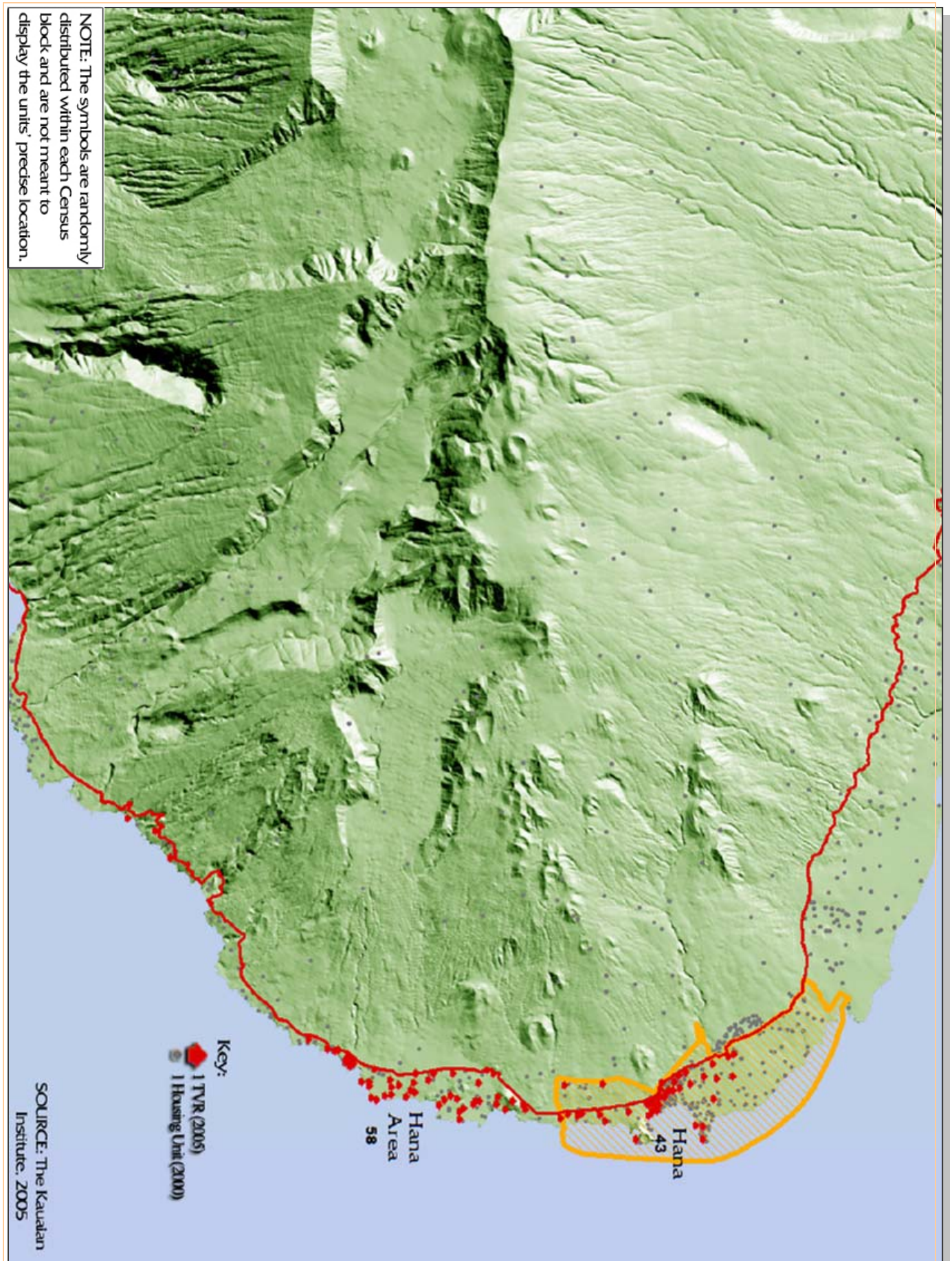
Detailed maps are provided for:

1. **West Maui and the Wailuku area** (*p. 16*)
2. **Maalaea to Makena plus Kula** (*p. 17*)
3. **The Northshore** (*p. 18*)
4. **The Hana area** (*p. 19*)









DEFINITIONS AND DATA FOR TRANSIENT VACATION RENTALS (TVRs)

As used in this study, TVRs include all private homes available for short-term rental, and all bed & breakfast (B&B) units.

WHAT DATA SOURCES ARE USED?

Three primary data sources are used.

1. **Census 2000** contains details on 'seasonal' housing (including condos and timeshare units), which is defined as housing available for seasonal, recreational or occasional use. This is a reliable measure of the Maui market for second-homes. Additional Census data regarding housing tenure and jobs were also utilized in the impact estimates. Census data is somewhat dated yet provides the only complete and consistent count.
2. DBEDT's annual **Visitor Plant Inventory (VPI)** contains details on all visitor accommodations, including hotels, condos, timeshares, individual vacation units, bed & breakfast units, and other accommodations. DBEDT data is somewhat incomplete yet provides the only current details for each segment of the visitor accommodation market. DBEDT is also the source for detailed visitor counts and characteristics from the annual **Visitor Research Report**, as well as the **Input-Output Model** used in the impact estimates.
3. The internet and print media provide the best available source for current counts of Maui TVRs. Internet searches can find all TVRs currently promoted online. However, deriving a non-duplicative count from this source is complicated by the fact that many TVRs are promoted on more than one website. Additional searches were conducted in print media focused on Maui visitors. The Kauaian Institute combined these sources and adjusted the data for Maui markets to derive the 2005 TVR counts contained in this report.

HOW DO DATA FROM THESE SOURCES COMPARE?

'Seasonal' units from Census 2000 and condo-timeshare units from DBEDT's 2000 VPI were used to estimate the number of 'seasonal' homes, which are shown by district in this table (*right*). This estimate was derived by subtracting the DBEDT 2000 counts for condo and timeshare units from the Census 2000 counts of 'seasonal' housing units. We know that some 'seasonal' homes remain vacant when the owner is off-island. Accordingly, the total of 1,492 'seasonal' homes is a high estimate for the number of TVRs in 2000.

DBEDT's adjusted count for the year 2000 shows 435 TVR units, yet we know that not all TVRs are counted by DBEDT. So, the 435 vacation units listed by DBEDT is a low estimate for the number of TVRs in 2000.

This study by The Kauaian Institute estimates that there were 644 TVR units in 2000. This estimate was derived by 'backcasting' from the actual 2005 count of 1,095 TVR units, using the growth rate of new housing units from 2000 to 2005.

By these measures, 43% of the second-homes found by the Census in 2000 would have been available as TVRs, while DBEDT's listing would have under-represented the number of TVRs in 2000 by 33%.

WHAT ARE THE LIMITATIONS OF OTHER STUDIES?

The special data challenges associated with counting the number of TVRs on Maui are illustrated by a recent study of internet listings conducted by OmniTrak (for the Hawaii Tourism Authority, and widely reported in the press). OmniTrak reported finding a total of 1,843 vacation rental units on Maui as of early 2005. Careful examination of that study shows that it contains many duplicate records and condo units. Compared with the present study's count of 1,095 TVR units in 2005, the OmniTrak study may have overstated the Maui TVR segment by 67%.

| DISTRICT | Seasonal Homes* | Vacation Units** | TVR Units** |
|-----------------|-----------------|------------------|-------------|
| Haiku-Kula | 185 | 66 | 239 |
| Hana | 212 | 49 | 79 |
| Wailea-Maalaea | 569 | 103 | 159 |
| Wailuku-Kahului | 13 | 85 | 28 |
| Lahaina-Kapalua | 513 | 132 | 139 |
| TOTAL | 1,492 | 435 | 644 |

* Census 2000 housing units minus DBEDT 2000 condo/timeshare units
 ** DBEDT 2000 VPI 'individual vacation units,' minus condo/timeshare units
 *** Kauaian Institute estimate, July 2005

ALSO FROM THE KAUAIAN INSTITUTE

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A statistical and geographic profile for each of the island's 18 communities, featuring 24 sets of social, economic and housing indicators.

MONTHLY MARKET OUTLOOK:

An exclusive monthly subscriber update for 10 key island indicators, providing insight into the market's direction with trends and forecasts for the months ahead.

QUARTERLY SECTOR REVIEW:

An in-depth quarterly analysis of business activity in tourism, real estate, and retail/services, highlighting five-year trends and seasonal factors for each sector.

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