

HAWAII NEWS

# Kauai left out as vacation rental recovery improves

By [Allison Schaefer](#) • Dec. 26, 2020

Vacation rentals across the state realized a higher occupancy than hotels in November as visitors started returning to Hawaii under the Safe Travels Hawaii pre-arrival testing program.

The Hawaii Tourism Authority reported Tuesday that average statewide vacation rental occupancy fell 37 percentage points year over year to 31.6% in November, the first full month that visitors across all islands were allowed to stay in vacation rentals. In comparison, Hawaii's hotels had an average occupancy rate of 22.1% in November. The average daily rate paid for a vacation rental unit statewide in November was \$230 — on par with the ADR for hotels.

The November results gave hope to Lisa and Jed Stevens, who own Koloa Kai Vacation Rentals & Management on Kauai. The couple had seen their income stream dry up from the end of March through October as travel demand plunged from fear of COVID-19 and government restrictions. They were just getting back on track in November, when Kauai Mayor Derek Kawakami announced that as of Dec. 2 the island was temporarily opting out of Safe Travels.

“Occupancy had ticked up to 60% for December. We usually run about 85% or 90% in December, but we were headed back to a sustainable level,” Lisa Stevens said. “Then the rug got pulled out from under us. We had to reach out to all our guests and let them know that we couldn't host them anymore and we didn't know when we might host them again. We estimate that we could go another month without additional relief.”

While Hawaii hotels statewide have been allowed to operate as essential businesses during the pandemic, Hawaii's vacation rental industry has been harder-hit by COVID-19 restrictions.

In November under Tier 2, legal short-term rentals were allowed to operate on Oahu. For Maui County, travelers awaiting their pre-travel test results were allowed to stay at a vacation rental as their place of quarantine. On Hawaii island and Kauai, legal short-term rentals were allowed to operate as long as they were not being used as quarantine locations.

It was even more restrictive earlier in the pandemic when short-term rentals were banned for visitors who were quarantining across most of the islands. Legal short-term rentals were allowed to begin operating on the neighbor islands after an April 1 interisland quarantine was lifted June 16, but legal short-term rentals weren't allowed to operate on Oahu until the island moved into Tier 2 of its economic reopening plan Oct. 22.

Neighbor island short-term rentals experienced another setback on Aug. 11, when a partial interisland quarantine was reinstated for anyone traveling to the counties of Kauai, Hawaii, Maui and Kalawao (Molokai).

When Safe Travels Hawaii launched Oct. 15, trans-Pacific visitors who met the state's pre-arrival testing requirements were allowed to bypass a mandatory passenger self-quarantine. The program was expanded to include interisland travelers Oct. 28.

Kawakami is now asking Gov. David Ige to allow Kauai to run its own Safe Travels program, which would include taking a pre-test, quarantining in a resort bubble and then taking a post-travel test three days after arrival. Kawakami is proposing that travelers in the Kauai program could take any COVID-19 diagnostic test with emergency use authorization from the U.S. Food and Drug Administration. The tests wouldn't have to come from trusted travel testing partners.

Kawakami's latest idea might provide some relief for vacation rentals on the back end of a Kauai trip since travelers with negative post-arrival tests would be released from quarantine on the third day. However, Ige hasn't approved the request.

Andreea Grigore, co-founder of Hawaii Legal Short-Term Rental Alliance and senior vice president of property management at Elite Pacific, said Kauai's decision to opt out of Safe Travels has had devastating impacts on the vacation rental industry on Kauai.

"This unexpected decision has been devastating to vacation rental owners and operators, as well as all employees, vendors and small businesses that are supported by the industry," Grigore said. "We had just started to get people back to work, and now, at least for the immediate future, the revenue and the jobs legal vacation rentals support on Kauai are simply gone."

Additionally, Grigore said anyone who was hoping to travel to Kauai is now wary of making plans for the future.

"Given how quickly and drastically the rules changed, visitors will be far less likely to risk booking travel to Kauai," she said. "Even if the pre-testing is reinstated, with the history of rapid policy change, uncertainty will have long-term impacts on Kauai's economy."

Grigore said HILSTRA is reaching out to other business organizations, like the Kauai Chamber of Commerce and the Hawaii Lodging and Tourism Association, "to do what we can to mitigate the economic impact to the community."

"The number of industries and families that are affected by this is staggering. Hawaii has the highest unemployment rate in the country, and Kauai County has the highest rate in Hawaii," she said.

Grigore said HILSTRA is in the early stages of collecting data from membership on the hardships in Kauai.

"At this time, I cannot speak on behalf of any other companies except for our own. Elite Pacific is a diversified statewide company that represents legal short-term rental properties and also manages over 400 residential long-term rentals. While Kauai's opt-out of the safe travels program will certainly present a financial hurdle, we are fortunate to have other streams of income and will get through this," she said. "Unfortunately, this is not the case for many of the smaller companies on Kauai, and we are concerned for their ability to sustain themselves. The unpredictable nature of the county's decision-making process has caused significant economic uncertainty in the visitor industry."

Grigore said the plight on Kauai runs counter to other islands, which have continued to see a steady increase in bookings since trans-Pacific travel reopened.

"In fact, just two weeks before Thanksgiving, we had the second-highest week of reservations in company history. Many of those reservations were for travelers coming within the next 30-60 days, and all of them were made aware of and were willing to follow the strict travel requirements and county guidelines for conduct while visiting our islands," she said. "As a statewide business we are fortunate that our properties on other islands continue to see a high volume of bookings for the holiday season. While we are not quite on pace to meet 2019 numbers, it was looking to be a decently successful holiday season."



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