

Hawai'i property ownership: its history and potential future implications

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Introduction

Hawai'i's residential real estate environment has evolved considerably in the 66 years since Hawai'i became the nation's 50th state. The changes reflect shifts in the state's population and its composition. They also reflect a significant evolution in the ownership of land and housing availability.

The largest change involves property ownership. Leasehold, a system dating back to medieval England where structures occupy properties with long-term leases, was once the basis for residential development in Hawai'i. It has largely been replaced by fee simple ownership, a system where the structure and land beneath it share the same owner.

Yet this evolution toward fee simple ownership masks some fundamental similarities between 1959 and the present. While individual ownership of residential properties has grown remarkably, government (federal, state, and county) entities continue to be major landowners in Hawai'i. Significant holdings of property remain under the control of large, influential private owners as well, a situation which has changed little since statehood.

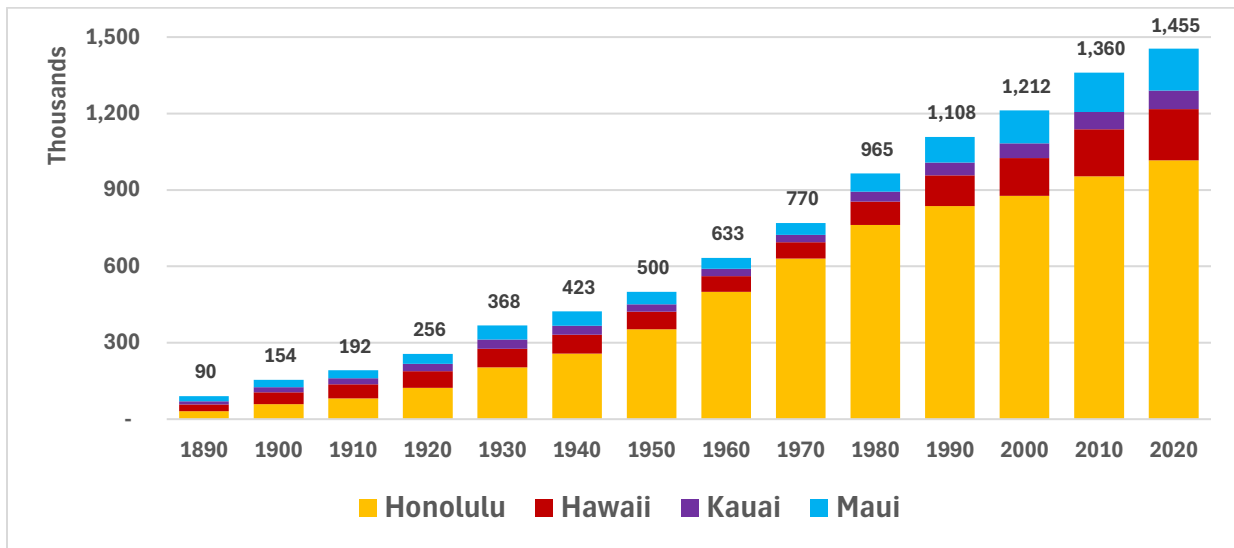
This report examines what has changed, what has not, and how those changes have affected home ownership. It looks as well at property ownership and its influence on the state's economic development potential.

Population, Demographics, and Housing Supply

In 1960, the state had a population of 632,772. Honolulu accounted for 79 percent of the total. All four counties had considerably smaller populations than they currently do. While Honolulu was growing, the other three counties were shrinking, with the population of each well below levels reported in both 1940 and 1950. The changes in population and where it was concentrated are shown in Figures 1 and 2. It wasn't until the 1920s that Honolulu grew to account for over half of the islands' population.

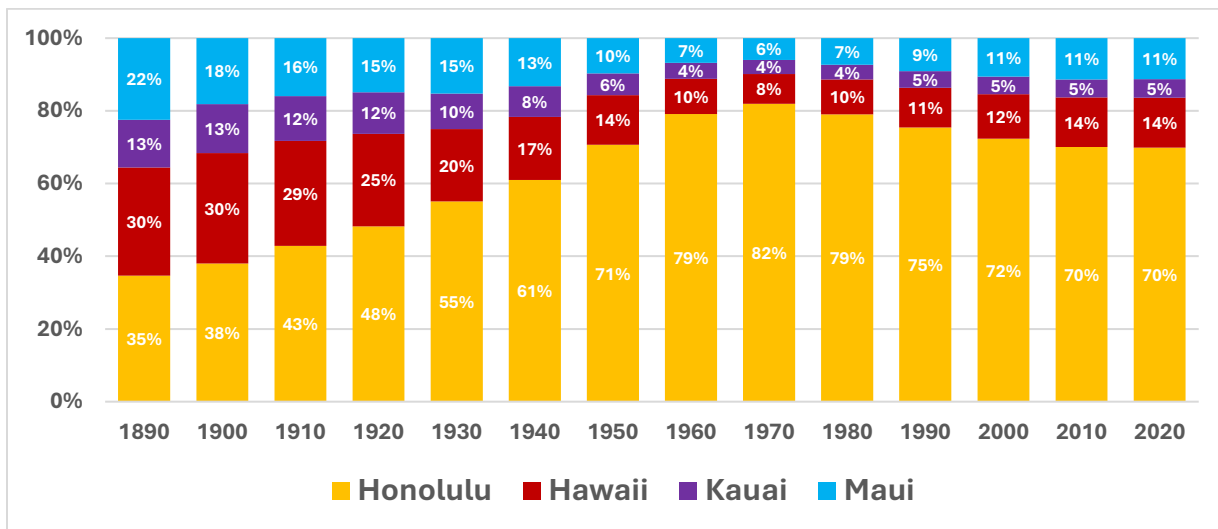
The population of Honolulu increased by more than 20 times between 1890 and 1970. As Figure 2 illustrates, Honolulu's share of state population peaked at 82 percent in 1970, after which population growth shifted to the neighbor islands. In 2020, Honolulu accounted for 69.9 percent of the state's population, slightly below its 1950 level.

Figure 1. Hawai'i population by county, 1890-2020



Source: 2023 State of Hawai'i Data Book (DBEDT), Table 1.01

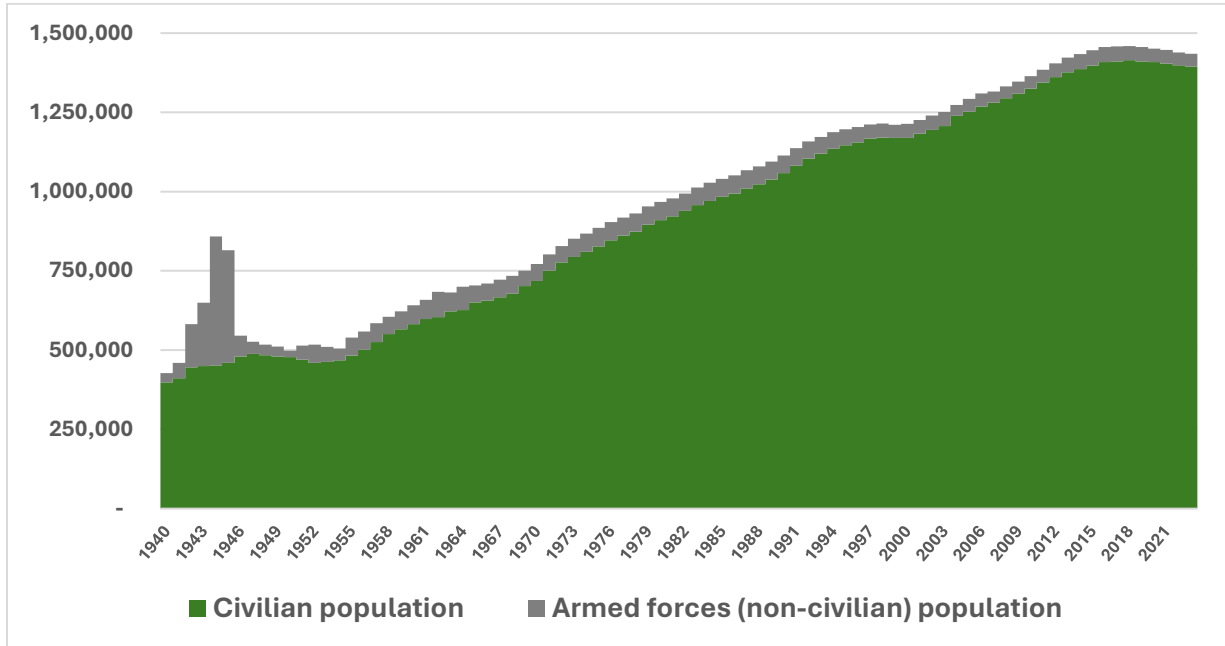
Figure 2. Hawai'i population composition by county, 1890-2020



Source: 2023 State of Hawai'i Data Book (DBEDT), Table 1.01

The impact of its non-civilian (i.e., military) population remains great in Hawai'i. As Figure 3 illustrates, the non-civilian share of Hawai'i's population peaked at 47.4 percent in 1944. By the time Hawai'i became a state in 1959, the non-civilian share had declined to 9 percent, and the state's total population was nearly 28 percent below what proved to be its pre-statehood peak (an estimated 859,000 in 1944), a level not again achieved until 1974.

Figure 3: Hawai'i population composition



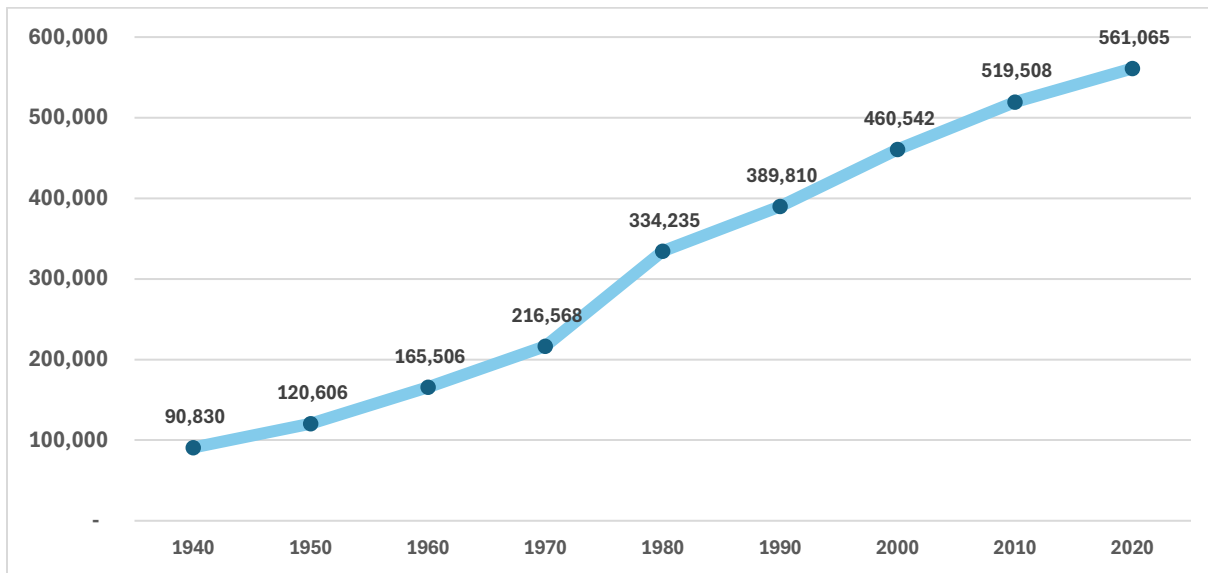
Source: 2023 State of Hawai'i Data Book Time Series (DBEDT), Table 1.03

Statehood brought an influx of residents from outside Hawai'i. In 1960, 66.5 percent of the state's total population was born in Hawai'i. By 2023 the Hawai'i-born share had declined to 53.1 percent, which ranked it among the U.S. states with the lowest shares of locally born residents.

Demographic shifts extend well beyond place of birth. In 1960, 39.6 percent of the state's population was under 18 years of age. Those 65 and over accounted for only 4.6 percent of the total. Currently, those under 18 account for 20.5 percent of Hawai'i's resident population, a level eclipsed by those 65 years of age and older (21.1%).¹

Hawai'i's population expansion has necessitated and been made possible by an increase in housing supply. In the eight decades since 1940, the state's population increased by 3.44 times (244%), reaching 1.455 million in 2020. As shown in Figure 4 below, the total number of housing units increased by a factor of 6.18 times (518%) during the same period. The greater increase in housing supply allowed population per housing unit to decline from 4.65 in 1940 to 2.59 in 2020.

¹ U.S. Census Bureau American Community Survey 1-year estimates, 2023

Figure 4. Hawai'i housing supply (total housing units), 1940-2020

Sources: Statistical Abstract of Hawai'i (1962), State of Hawai'i Data Book (1972, 2005, 2023)

These numbers fail to show how crowded Hawai'i housing is today. American Community Survey (ACS) data for 2023 shows average household size for both owner-occupied and renter-occupied units as second highest in the nation. Crowding is also a function of housing unit size; the median number of rooms in a Hawai'i home, according to the same ACS survey, ranks lowest among the fifty states. (Only the District of Columbia, where over 60 percent of housing is renter-occupied, has a smaller number of median rooms per unit.)^{2 3}

A combination of factors will determine the degree to which the state's population can continue to expand. Job availability and affordability are often cited, as both are easily expressed in numbers. While it is less easily illustrated numerically, future housing demand will be influenced by what land is available for additional development. Its location and cost will affect what can be built and how affordable that housing can be.⁴

Land ownership and its expansion

The changes in Hawai'i population distribution and composition, some of which have been transformative, were accompanied by a similarly significant one. It involved the ownership of land, both by owners of large portfolios of properties and individual homeowners.

² U.S. Census Bureau, U.S. Department of Commerce. "Selected Housing Characteristics." American Community Survey, ACS 1-Year Estimates Data Profiles, Table DP04, 2023. Accessed on January 30, 2025.

³ For additional information on this, see Hawai'i State Department of Business, Economic Development and Tourism (DBEDT). 2024. *Overcrowding in Hawai'i housing*.

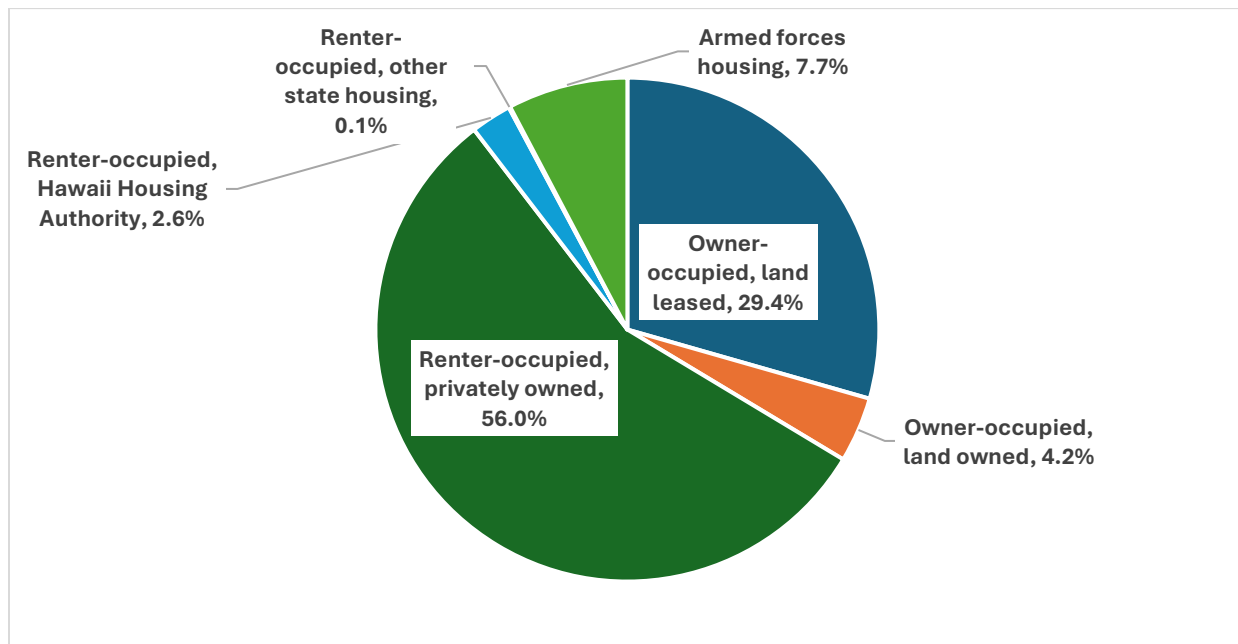
⁴ The subject of housing affordability is addressed in greater length in Hawai'i State Department of Business, Economic Development, and Tourism (DBEDT). 2024. *Defining and Measuring Housing Affordability in the State of Hawai'i*.

In 1960, according to data reported that year by the University of Hawai'i's Land Study Bureau⁵, over half (51.9%) of the over four million acres of land in the state were used for grazing. Broadly defined agricultural lands (with sugar cane and pineapple the largest uses after grazing) accounted for 64 percent of land use in the state. Only 1.5 percent of existing land was classified as urban.

A second factor contributed to making the state unique – the high concentration of large landholdings. Data reported by the University of Hawai'i in March 1961 showed fifty landowners each owning 5,000 acres or more, including four with over 100,000 acres. The combined holdings of the fifty large landowners accounted for 44.8 percent of land in the state. Residential use accounted for only 0.8 percent of the land controlled by the fifty large landholders.⁶

Today, 62.4 percent of occupied housing units in Hawai'i are occupied by their owners (2023 ACS 1-year estimates, Table DP04). In 1961, according to data reported by the Honolulu Redevelopment Agency, owner-occupied housing accounted for a far smaller share of available housing, as Figure 5 illustrates. Over 70 percent of housing units in the state were either rented or on leased land.

Figure 5. Hawai'i Housing Units as of April 1961, by Ownership and Control



Source: DBEDT 1962 Statistical Abstract of Hawai'i, [section20.pdf \(hawaii.gov\)](#)

Eight years after statehood, the Hawai'i Legislature enacted the Land Reform Act of 1967. Its aim was to enable real property titles to be transferred from lessors to lessees in order to reduce land ownership concentration and encourage individual ownership of residential properties. Quickly challenged, the contested legislation ultimately reached the U.S. Supreme Court, which upheld the

⁵ <https://files.hawaii.gov/dbedt/economic/databook/archive/SA1962/section06.pdf>

⁶ <https://files.hawaii.gov/dbedt/economic/databook/archive/SA1962/section06.pdf>

constitutionality of the act in a decision known as *Hawai'i Housing Authority v. Midkiff*. That decision was rendered in 1984, seventeen years after the Land Reform Act had been passed.

The Court's 8-0 majority (with one recusal) opinion written by Justice Sandra Day O'Connor argued that the act sought "to reduce the perceived social and economic evils of a land oligopoly traceable to the early high chiefs of the Hawai'ian Islands." It cited the history of a series of islands originally settled by Polynesian immigrants whose economy developed around "a feudal land tenure system" in which "there was no private ownership of land."⁷

The opinion continued, describing the circumstances the state faced when the law was passed: "In the mid-1960s, after extensive hearings, the Hawai'i Legislature discovered that, while the State and Federal Governments owned almost 49 percent of the State's land, another 47 percent was in the hands of only 72 private landowners... The legislature further found that 18 landowners, with tracts of 21,000 acres or more, owned more 40 percent of this land..."

What the Land Reform Act sought to facilitate, and the Supreme Court affirmed the constitutionality of, was a reduction in Hawai'i's reliance on leasehold properties, a system where an owner (known as a lessor) leases land for specific (usually long) periods to lessees. Leases typically lasted for over 50 years, usually 55, with the rates for the initial 25-30 years often fixed.

Under the leasehold system, the lessee occupied the property in exchange for rent and the right to build or own a structure on that property. That right included no guarantee that land rents would remain affordable after the fixed period during which rents were fixed. In reality, land rents often surged when renegotiated. The new rents reflected current market values, which given the appreciation in property prices proved far higher than initial rates. In addition, under the leasehold system, the property taxes accrued to the lessee, not the property owner.

The concentrated nature of private landownership had served to slow the conversion of plots to fee simple status. Two large land holders, the Bishop Estate and Harold K.L. Castle, together controlled over half the leasehold land in Honolulu at the time the Land Reform Act was under consideration.

There was an upside to the leasehold system. Because the system spared those seeking residential property the cost of purchasing land, it allowed cheaper access to housing. But since the lessor had no obligation to extend the land lease, the lessee was at the mercy of the lessor's plans. A land lease not renewed meant the risk of surrendering access to the land and the structure(s) occupying it.

The Land Reform Act had a nearly immediate effect on single-family homes. A 2003 report written by the research attorney Eric Maehara for the Legislative Reference Bureau (LRB), the impact of what was termed Act 307 locally was quantified as follows: "Over the last 25 years, the number of leasehold single-family residences fell from a high of approximately 28,000 to 4,600."⁸ Viewed from

⁷ [Hawai'i Housing Authority et al. v. Frank E. Midkiff et al. Portlock Community Association \(Maunalua Beach\) et al. v. Frank E. Midkiff et al. Kahala Community Association, Inc., et al. v. Frank E. Midkiff et al. | Supreme Court | US Law | LII / Legal Information Institute](#)

⁸ Legislative Reference Bureau; Report No. 5, 2003 ([Real Property Leases \(hawaii.gov\)](#))

the opposite side of the transaction, Hawai'i's largest landholders had sold the rights to 23,400 plots of land to homeowners.

The evolving market for apartments and condominiums

Apartments and condominiums gradually became major components of Hawai'i's property market, with the shift from apartments toward condominiums accelerating during the 1960s, following the 1961 passage of legislation (Act 180) known as the "Horizontal Property Regime" law facilitating their development.

The definitions of these two residence types and how they are counted have evolved. The *Statistical Abstract of Hawai'i*, published in 1962, uses the term "multi-family dwellings." The 1970 edition of *The State of Hawai'i Data Book* refers to permits for "new apartments." The term "condominium" isn't used in DBEDT statistics until the 1975 edition.

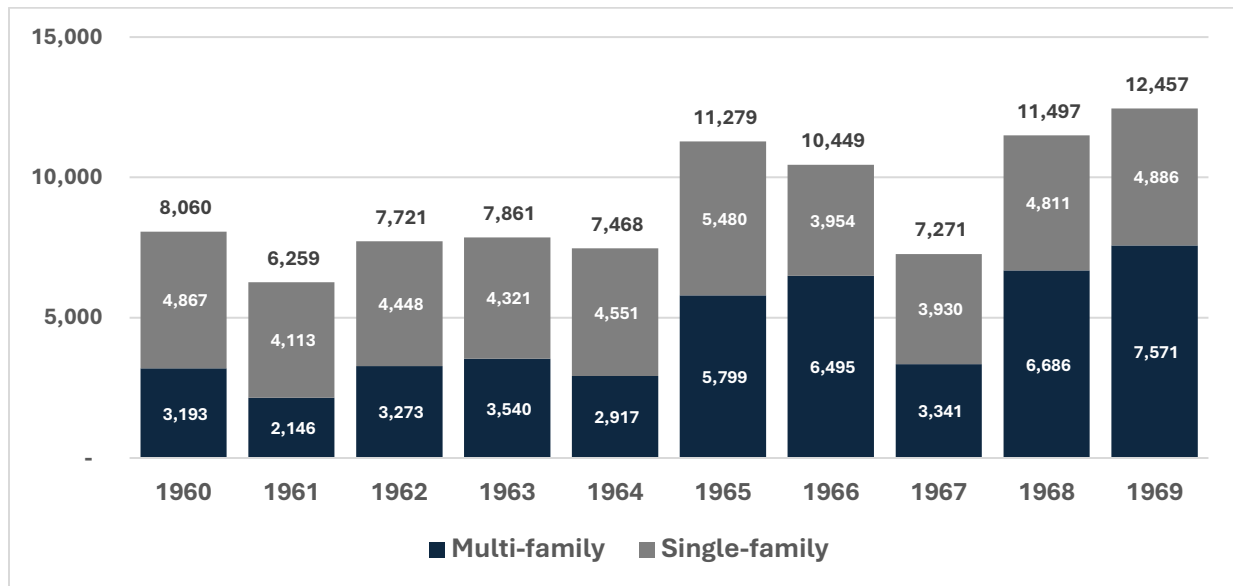
Both terms describe individual units within multi-unit buildings. Apartments in Hawai'i began as for-rent units built by a single developer. When units in buildings (converted or newly constructed) were sold under an arrangement where individuals shared ownership of common areas and maintenance expenses with other owners, use of the term condominium (abbreviated to "condo") became more common. The term "apartment" now generally refers to a rented living space, but many apartments are individually owned condominium units whose owners opt to rent them to tenants. Condo owners pay homeowners association (HOA) fees toward the management of the property; renters do not, though monthly rent rates are commonly priced to offset HOA fees incurred by owners.

In Honolulu, interest in multi-story apartment construction started after World War II. The contents of a front-page story in the *Honolulu Advertiser's* June 6, 1948 edition are succinctly summarized in the state's digital archives: "Waikiki district enjoys its greatest building boom, with more than \$3,000,000 having been invested in construction of apartment houses alone during the past 17 months."⁹

The expansion took multiple forms. Initially, leasehold apartments were built. The 1960s saw a surge in medium- and high-rise unit construction, with 90 percent of it taking place in Honolulu. A total of 40,679 new multi-family were added in Honolulu, 13 percent greater than the number of single-family dwellings added.

⁹ Digital Archives of Hawai'i . [Browse Catalog - Digital Archives of Hawai'i \(hawaii.gov\)](https://digitalarchives.hawaii.gov/item/ark:70111/DIP)
<https://digitalarchives.hawaii.gov/item/ark:70111/DIP>

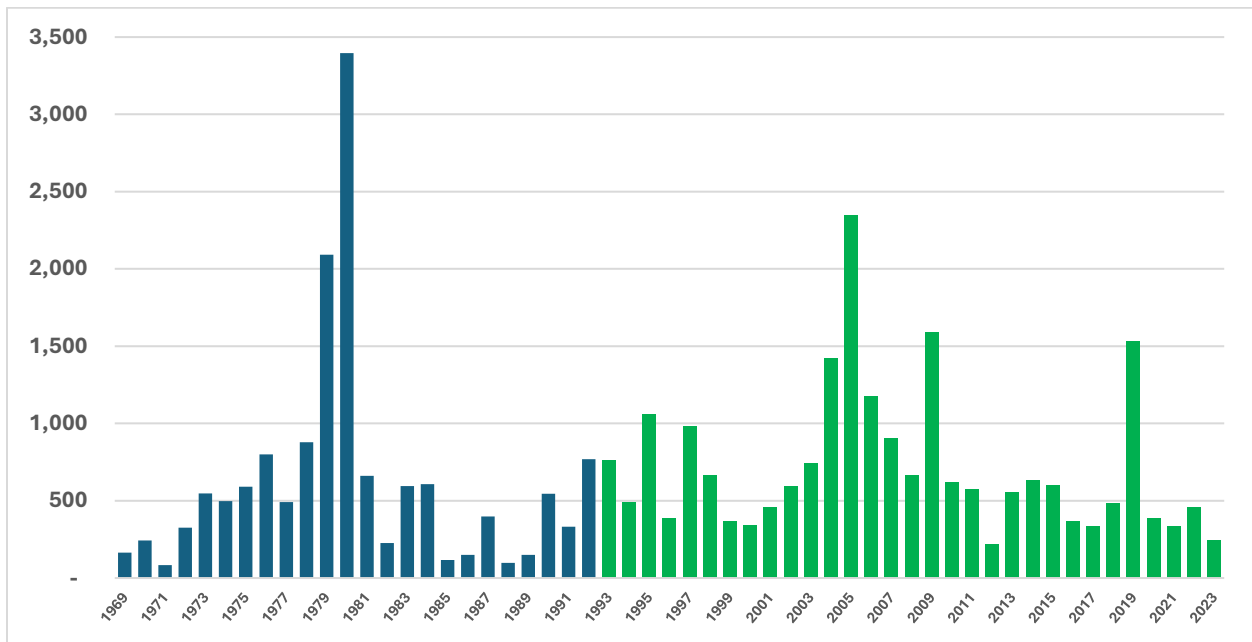
Figure 6. New multi-family, single-family dwelling units added in Hawai'i, 1960-1969



Source: The State of Hawai'i Data Book (1968, 1970)

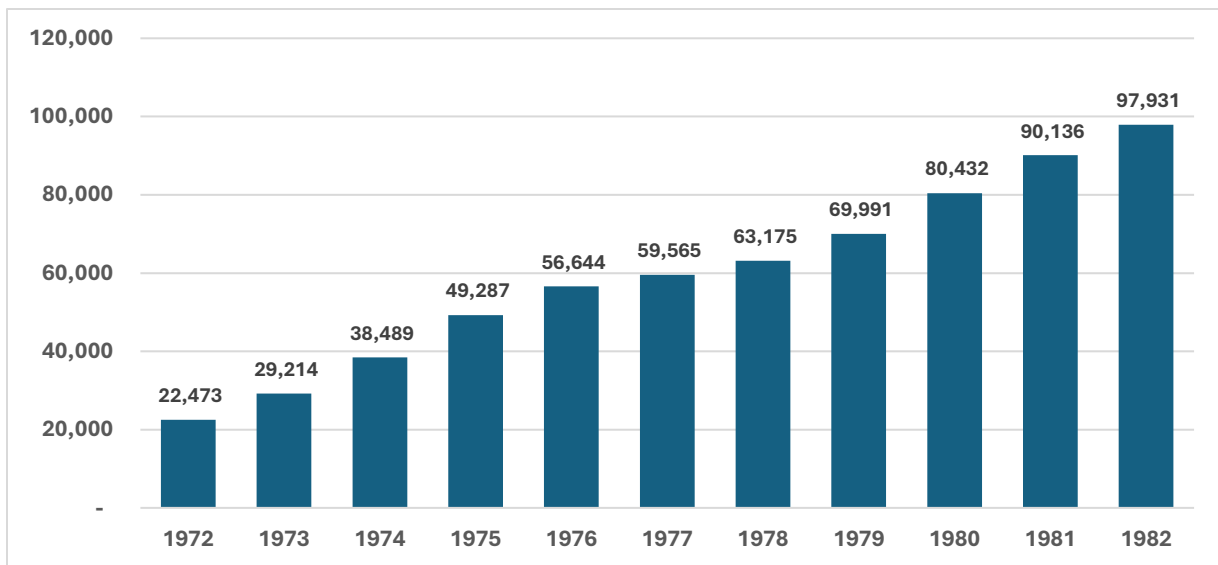
Among those built as rental apartments, most were later converted to fee simple condominium units. Figure 7 shows the pace at which conversion occurred. What it doesn't show is how total condominium units, properties where owners owned both their units and a proportionate share of the land on which the project stood, increased as more buildings were developed as fee simple condominiums. That growing total, shown here for the years 1972 through 1982 due to the availability of data, is depicted in Figure 8.

Figure 7. Housing units converted to condominium units



Source: The State of Hawai'i Data Book (1980, 1985, 1995), Data Book Time Series
 Data for 1969-1992 are calendar year; data for 1992-2003 are fiscal year
 1969-1992 conversions include from land rental (leasehold) apartment units to condominium units; 1993-2023 includes all types of unit conversions

Figure 8. Condominium units standing, 1972-1982



Source: The State of Hawai'i Data Book (1985)

In a 2019 overview, the University of Hawai'i economists Sumner La Croix and James Mak wrote that "By July 1989, just under 70,000 condominium units had been built in Honolulu, with 58 percent standing on leased land."¹⁰

Succeeding surges in apartment conversion and new construction of fee simple condominiums have resulted in the number of leasehold units shrinking drastically. La Croix and Mak wrote that the number of Honolulu leasehold condominium units had fallen to 23,193 by 2004. Two decades later it is drastically lower.

The shift toward fee simple condo ownership helped create a new industry as well: condominium management. In 1990, there were 201 condominium associations registered with the state; in 2023, the number stood at 1,644, representing 167,412 units.¹¹

According to data reported by Lightcast, there were 12,104 property, real estate, and community association managers employed in Hawai'i in 2023, the fourteenth largest source of employment in the state. The number of real estate sales agents ranked fourth overall, at 18,514, a sign of how central and influential the industry is to the state's economy. It is important to note that roughly 20 percent of the state's real estate agent licensees are considered inactive, based on data compiled by the Real Estate Commission attached to the State of Hawai'i Department of Commerce and Consumer Affairs (DCCA).¹²

Leasehold property ownership

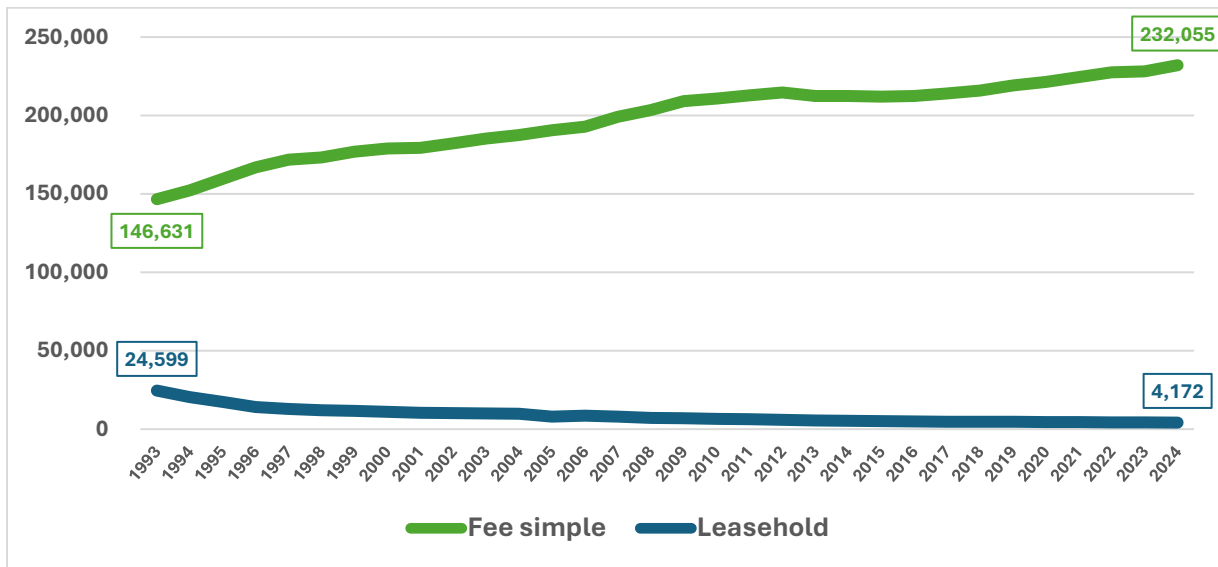
The composition of residential property ownership has changed greatly with the spread of fee simple properties. Statewide ownership data for owner-occupied properties is available dating back to 1993, when there were 171,230 exemptions claimed. By 2024, the total number of owner-occupied properties had increased by 38 percent according to the City and County of Honolulu's Budget and Fiscal Services Department, which compiles the data for all four counties.

¹⁰ Is Leasehold Housing Built on Government Land a Solution to Unaffordable Housing in Honolulu? [UHEROBrief-March2019.pdf](#)

¹¹ 2023 State of Hawai'i Data Book (Table 21.10)

¹² [2023-AnnualReportoftheRealEstateCommission.pdf](#)

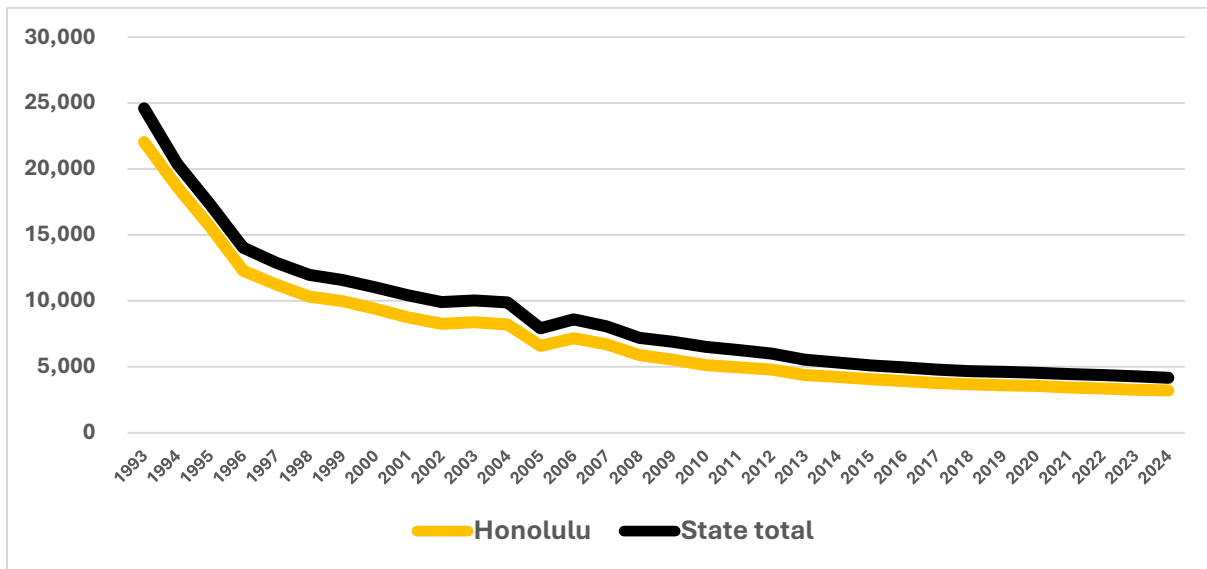
Figure 9. Owner-occupied residential property composition, 1993-2024



Source: 2024 State of Hawai'i Data Book Time Series (Table 21.15)

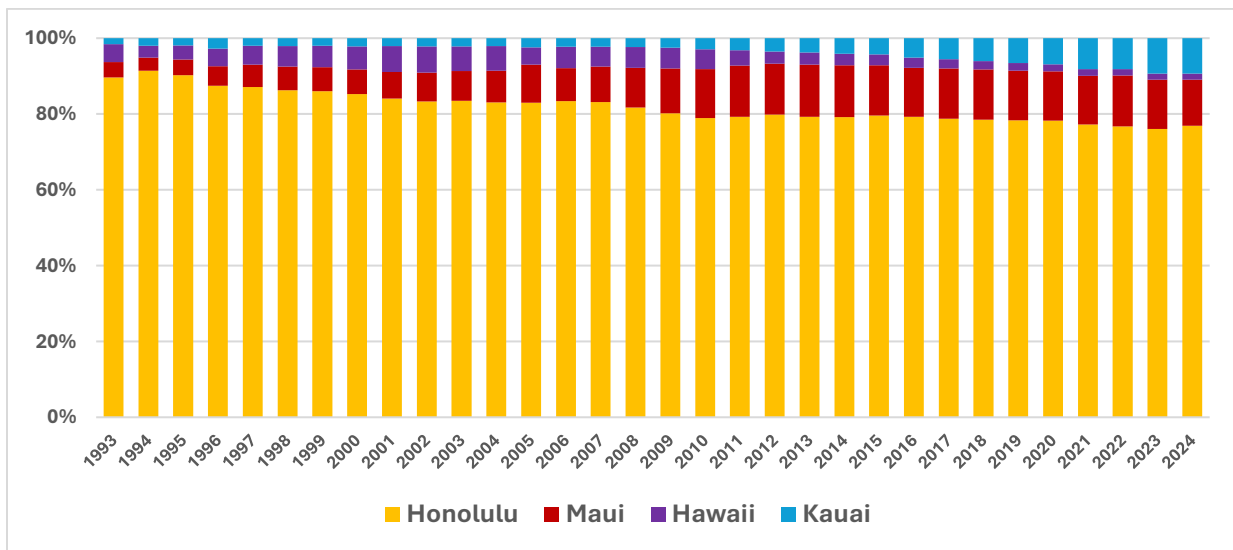
Unsurprisingly, Honolulu has seen the sharpest decline in leasehold units. In 1993, it accounted for nearly 90 percent of leasehold units statewide. By 2023 its share had declined to 76 percent. Of the 20,136 units of lost leasehold properties, 92 percent of the decline was Oahu properties. Though its leasehold numbers remain small, Kaua'i County saw a small net gain (14 units) in the number of properties during the period. Figures 10 and 11 show the shift in composition.

Figure 10. Owner-occupied leasehold property shifts, 1993-2023



Source: 2024 State of Hawai'i Data Book Time Series (Table 21.15)

Figure 11. Owner-occupied leasehold property composition, 1993-2024



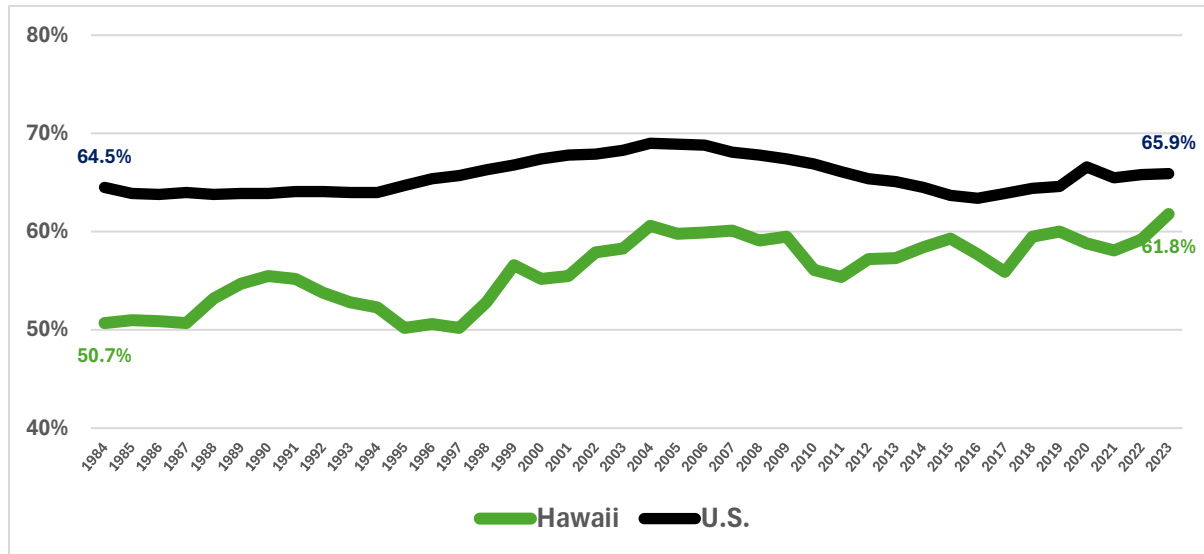
Source: 2024 State of Hawai'i Data Book Time Series (Table 21.15)

Relatively few apartment buildings remain entirely leasehold. In most buildings which began as leasehold properties, a large portion of the units have been converted to fee simple. Most of those units are in Honolulu, situated between Waikiki and Kaimuki in what is the state's most densely populated area. The potential to add more housing in this area, which doesn't figure to be leasehold, is limited.

In addition to these remaining leasehold units, The Hawai'i Housing Finance and Development Corporation (HHFDC) has a leasehold portfolio comprised of thirteen leasehold projects with a total of 545 lots/units, with 96 percent of the lots (521 lots in total) on ceded land.¹³

Even taking into consideration these HHFDC plots, it is clear that Hawai'i is now largely reliant on the land beneath residential properties being owned by those residents, be it single-family homes, apartments, or condominiums. Despite that, the state's home ownership rate, which reached 61.8 percent in 2023, remains below the national rate (65.9%), as Figure 12 illustrates.

Figure 12. Homeownership rates, Hawai'i vs. U.S., 1984-2023



Source: Federal Reserve Bank of St. Louis

Landownership concentration

Hawai'i consists of four counties, with six islands providing the vast majority of populated residential land. Ni'ihau, is part of Kaua'i County; it is 69.5 square miles in area but was home to only 84 residents in 2020. Kaho'olawe, measuring 44.9 square miles, is unpopulated.

Landownership varies by island and county. Together, the three branches of government own 52.4 percent of the land of the combined acreage (4.102 million acres/6,432 square miles) of Hawai'i.¹⁴ State government owns the most land in the state (37.7%). The federal government owns an additional 12.9 percent, including 16.0 percent of Honolulu and 16.8 percent of Hawai'i County.

¹³ HHFDC document, found at [2022-0210-IV.B.-HHFDC-Leasehold-Policy-PIG_Recommendations.pdf](https://www.hawaii.gov/hhfdc/wp-content/uploads/2022/02/2022-0210-IV.B.-HHFDC-Leasehold-Policy-PIG_Recommendations.pdf) (Hawai'i.gov)

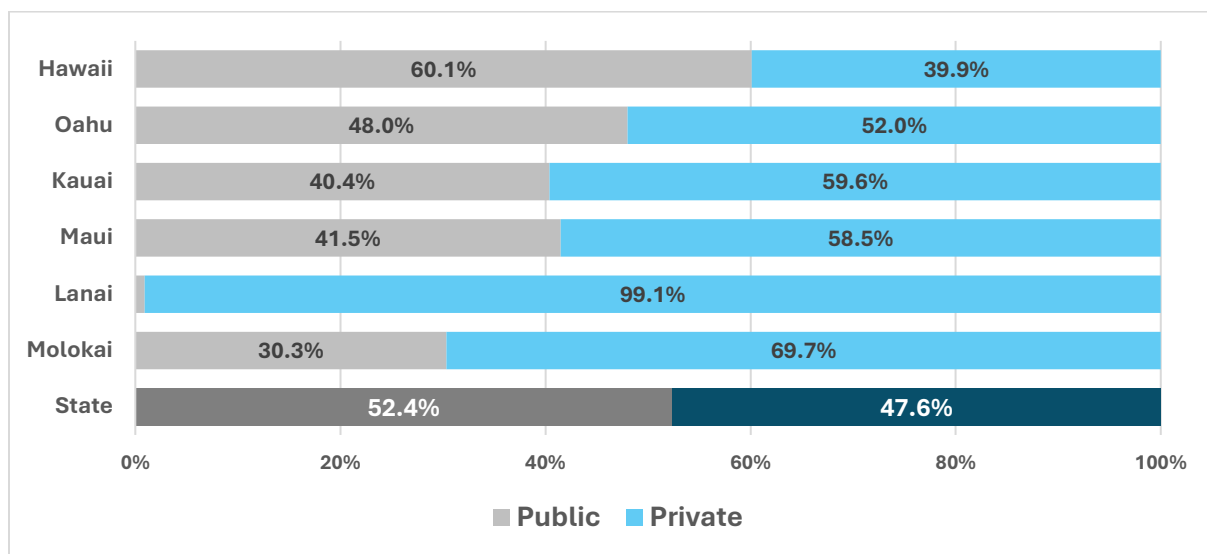
¹⁴ U.S. Census Bureau QuickFacts: Hawaii; United States, calculated for use with Census 2020

County governments together own 0.9 percent of land in the state, most notably 4.9 percent of Honolulu.¹⁵

Large-scale private sector owners are the second significant part of the property landscape in Hawai'i. Based on 2017 data compiled by DBEDT, a total of 141 private entities individually own at least 1,000 acres of property. Together, their holdings account for 33.2 percent of the land in Hawai'i (1.363 million acres).

These holdings are shown in Figures 13 and 14. Figure 13 is a breakdown of public and private ownership by island and for the state. Figure 14 illustrates government ownership and that of large private sector entities, again by island.

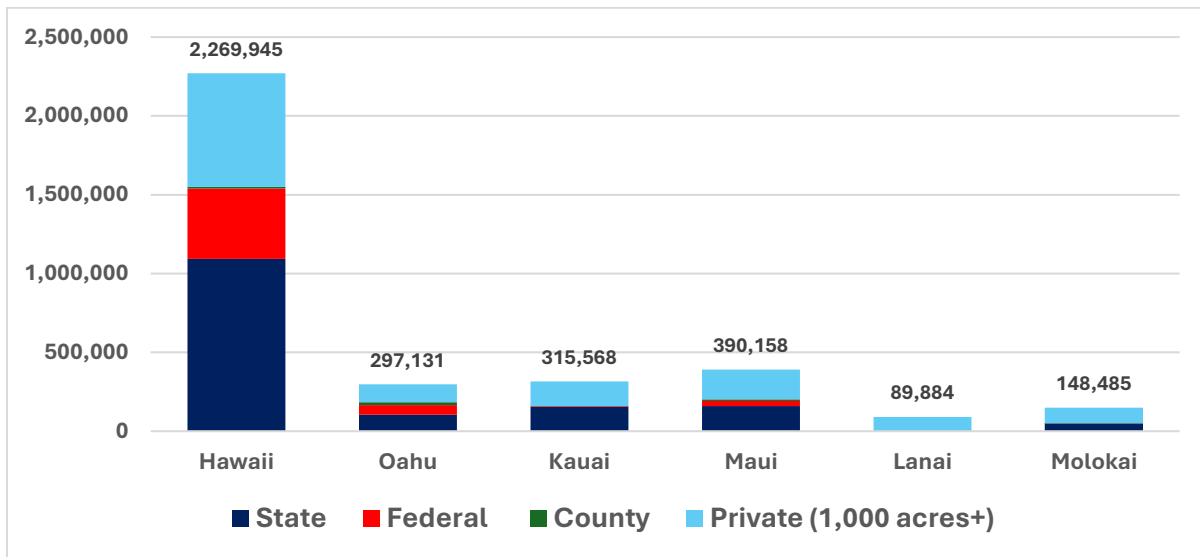
Figure 13. Public/private sector ownership of Hawai'i property, by island



Sources: 2023 State of Hawai'i Data Book (Table 6.07)

¹⁵ 2023 State of Hawai'i Data Book: Table 6.07-- Major Landowners, by type and by island: 2017

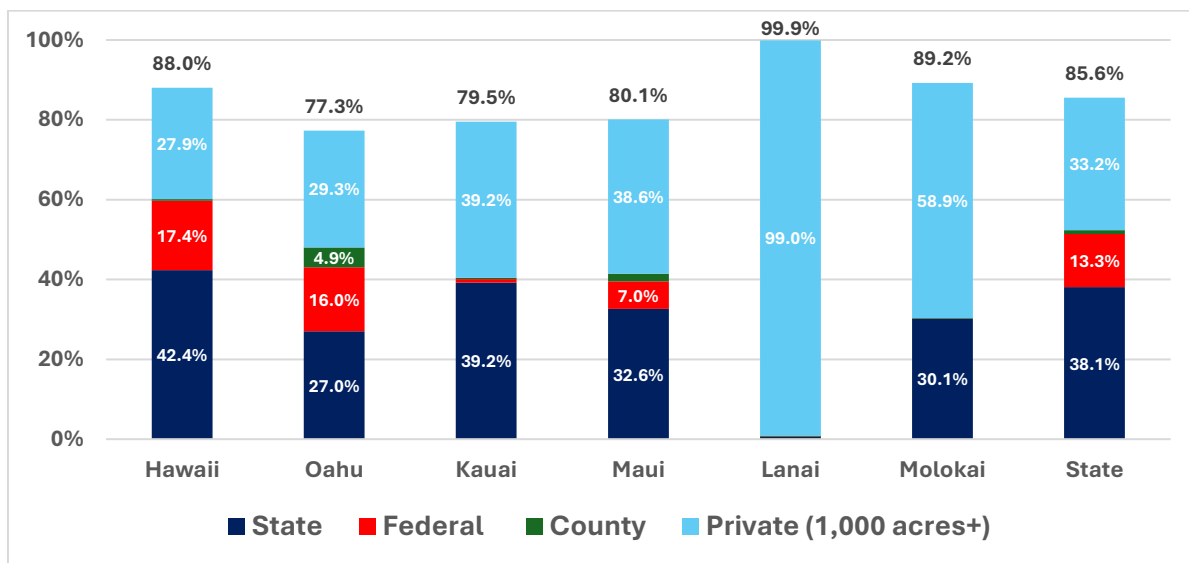
Figure 14. Large-scale ownership of Hawai'i property, in acres by island



Sources: 2023 State of Hawai'i Data Book (Table 6.07)

By including private owners whose landholdings total 1,000 acres or more, Figure 15 makes it clearer how relatively little land is not in the hands of large entities. On a statewide basis, the holdings of these large-scale private landowners account for 33.2 percent of total state acreage. With the exception of just over 800 acres of government land, Lanai is entirely owned by entities controlled by a single investor, Larry Ellison. While his ownership makes that island an outlier, it is notable that large private owners control significant shares of all other islands, including 29.3 percent of Honolulu, the state's most populous and affordability-challenged county.

Figure 15. Large-scale ownership of Hawai'i property, in share by island



Sources: 2023 State of Hawai'i Data Book (Table 6.07)

The concentrated nature of landownership has a long history. Data from 1960, assembled by the Land Study Bureau at the University of Hawai'i in 1961, identified landowners with more than 5,000 acres of property. There were fifty at the time; together they controlled 44.8 percent of the land on what were termed "the six largest islands."¹⁶

Limiting the landownership to entities which as of 2017 controlled at least ten thousand acres of property shows that this group owns 80.1 percent of total state land. (Though they are below this ownership threshold, Kaua'i County's holdings are included as well.) Table 1 shows total statewide holdings. Tables 2-5 show ownership by county, with data for the three islands which make up Maui County combined.

¹⁶ <https://files.hawaii.gov/dbedt/economic/databook/archive/SA1962/section06.pdf>

Table 1. Largest owners of land in Hawai'i

| Landowner | Acres |
|------------------------------|--------------------|
| Govt. State | 1,385,312.9 |
| Govt. Federal | 546,905.1 |
| Kamehameha Schools | 363,244.5 |
| Govt. State DHHL | 204,748.3 |
| Parker Ranch | 105,995.6 |
| Robinson Family | 101,287.7 |
| Pulama Lanai | 89,075.1 |
| Alexander & Baldwin | 86,514.4 |
| Molokai Ranch | 53,797.5 |
| Grove Farm | 30,837.2 |
| Haleakala Ranch | 29,167.3 |
| Maui Land & Pine | 22,354.9 |
| Yee Hop | 21,636.4 |
| Dole Food Company | 19,782.9 |
| Govt. County of Honolulu | 19,001.6 |
| Ulupalakua Ranch | 18,372.2 |
| W.H. Shipman | 16,798.9 |
| Kahuku Aina Properties | 16,423.1 |
| McCandless Ranch | 15,365.4 |
| E.C. Olson | 13,744.2 |
| The Nature Conservancy | 13,357.6 |
| Waipio Terrace | 13,240.7 |
| Puu O Hoku Ranch | 12,801.0 |
| Waikoloa Mauka | 11,696.0 |
| Kealakekua Heritage Ranch | 11,485.4 |
| Waikoloa Village Association | 10,268.1 |
| Queen Emma Foundation | 10,264.4 |
| Wailuku Water Company | 10,038.8 |
| E.M. Stack | 9,964.0 |
| Govt. County of Hawai'i | 10,188.2 |
| Govt. County of Maui | 9,763.2 |
| Govt. County of Kaua'i | 1,015.0 |
| Ownership totals | Acres |
| State (including DHHL) | 1,590,061.1 |
| Federal | 546,905.1 |
| County | 39,968.0 |
| Private | 1,107,513.5 |
| Total | 3,284,447.7 |

Table 2. Largest owners of land in Hawai'i County

| County | Landowner | Acres |
|---------------|---------------------------|--------------|
| Hawai'i | Govt. State | 973,518.0 |
| Hawai'i | Govt. Federal | 447,504.6 |
| Hawai'i | Kamehameha Schools | 297,008.6 |
| Hawai'i | Govt. State DHHL | 118,745.2 |
| Hawai'i | Parker Ranch | 105,995.6 |
| Hawai'i | Yee Hop | 21,636.4 |
| Hawai'i | W.H. Shipman | 16,798.9 |
| Hawai'i | Kahuku Aina Properties | 16,423.1 |
| Hawai'i | McCandless Ranch | 14,922.1 |
| Hawai'i | Waipio Terrace | 13,240.7 |
| Hawai'i | E.C. Olson | 12,471.9 |
| Hawai'i | The Nature Conservancy | 11,956.9 |
| Hawai'i | Waikoloa Mauka | 11,696.0 |
| Hawai'i | Kealakekua Heritage Ranch | 11,485.4 |
| Hawai'i | Waikoloa Village Ass. | 10,268.1 |
| Hawai'i | Queen Emma Foundation | 10,264.4 |
| Hawai'i | Govt. County of Hawai'i | 10,188.2 |

Table 3. Largest owners of land in Kaua'i County

| County | Landowner | Acres |
|---------------|------------------------|--------------|
| Kaua'i | Govt. State | 135,196.4 |
| Kaua'i | Robinson Family | 55,244.9 |
| Kaua'i | Grove Farm | 30,837.2 |
| Kaua'i | Alexander & Baldwin | 21,015.6 |
| Kaua'i | Govt. State DHHL | 20,506.4 |
| Kaua'i | Kamehameha Schools | 10,876.6 |
| Kaua'i | Govt. Federal | 3,522.9 |
| Kaua'i | Govt. County of Kaua'i | 975.9 |

Table 4. Largest owners of land in Honolulu County

| <u>County</u> | <u>Landowner</u> | <u>Acres</u> |
|---------------|--------------------------|--------------|
| Oahu | Govt. State | 97,078.5 |
| Oahu | Govt. Federal | 61,617.7 |
| Oahu | Kamehameha Schools | 47,806.5 |
| Oahu | Dole Food Company | 19,782.9 |
| Oahu | Govt. County of Honolulu | 19,001.6 |
| Oahu | Church Jesus Christ LDS | 6,954.3 |
| Oahu | Govt. State DHHL | 6,833.3 |

Table 5. Largest owners of land in Maui County

| <u>County</u> | <u>Landowner</u> | <u>Acres</u> |
|---------------|-----------------------|--------------|
| Maui | Govt. State | 150,855.3 |
| Maui | Pulama Lanai | 89,075.1 |
| Maui | Alexander & Baldwin | 65,451.3 |
| Maui | Govt. State DHHL | 58,663.4 |
| Maui | Molokai Ranch | 53,797.5 |
| Maui | Govt. Federal | 33,964.5 |
| Maui | Haleakala Ranch | 29,167.3 |
| Maui | Maui Land & Pine | 22,354.9 |
| Maui | Ulupalakua Ranch | 18,372.2 |
| Maui | Puu O Hoku Ranch | 12,801.0 |
| Maui | Wailuku Water Company | 10,038.8 |
| Maui | Govt. County of Maui | 8,632.7 |

Sources, Tables 1-5: 2023 State of Hawai'i Data Book (Table 6.07)

Assessing the value of residential-use land

Land availability and costs have long been key factors influencing Hawai'i's ability to expand its housing supply. Creating that housing relies on developing new residential properties. The cost of land can be a significant barrier to new development.

Hawai'i's counties formerly issued annual property valuation data by land use class indicating the combined values of land and improvements (i.e., the structures on that land) separately. In 1961, the gross valuation of real property in Hawai'i was \$3.328 billion; land accounted for 57 percent of the total value.¹⁷

While individual property valuations separate the value of the land from the structure it houses, the process of aggregated reporting by individual has been discontinued, with the most recent county

¹⁷ Statistical Abstract of Hawai'i, 1962: Section 14, Table 11.

level instances being for Hawai'i and Maui Counties in the 2019-2020 fiscal year.¹⁸ Using these two records it is possible to estimate the role land currently plays in property valuations, and thus as a cost in the development of new properties.

Each Hawai'i county determines its own land use classification system and the tax rates it imposes. Adjustments can be made annually. In fiscal year 2019-2020 Hawai'i County had four residential land use classifications: affordable rentals, residential, apartment, and homeowner. The categorizations used by Maui County paralleled these but lacked affordable rentals.

While assessment criteria may differ slightly between counties, the value of the land beneath the structures is clear. In Hawai'i County, the combined valuations of the four use categories for the land component of property was \$10.275 billion, which was equivalent to 34.8 percent of the valuation total. For Maui County's three residential land use classifications, the combined value of the land component was \$15.644 billion, equivalent to 47.9 percent of total assessed value.

The difference percentages reflect, at least in part, the availability of land. Covering 4,028 square miles, Hawai'i County accounts for 62 percent of the state's land and is nearly 3.5 times larger than the combined areas of the three islands which make up Maui County. It thus follows that Hawai'i County land would be cheaper and its share of total property valuations lower.

Similar assessment data (separating the values of land and improvements) for Honolulu County was last published for fiscal year 2003-2004. Respective valuations have grown considerably in the subsequent two decades, yet there is little reason to assume that the land component's share has changed radically. The land component of the land use class known as improved residential was worth \$32.195 billion that year, 61 percent of total property value. The land beneath apartment buildings was worth \$5.828 billion, 29.7 percent of total value. Combined, land accounted for 52.5 percent of the value of residential properties in Honolulu that fiscal year.

In fiscal year 2023-2024, the most recent year for which property valuation data are available, the combined gross valuation of property statewide came to \$517 billion. Residential property value totaled \$387.7 billion, 75 percent of the statewide total and over 7 times the value of the visitor industry infrastructure (hotels and resorts, vacation rentals, time share properties, and short-term rentals) on which the state's economy so relies.

Land ownership and land classification

Finding more land to accommodate the creation of additional and more affordable housing remains a challenge in Hawai'i. As the overview of landownership earlier in this report has shown, potential sources of available land in the state remain.

The federal government owns over 546 thousand acres of land in Hawai'i, equivalent to 13.3 percent of the six islands which make up the populated portion of the state. Total federal acreage is

¹⁸ Individual county property valuation breakdowns by land use class for this year are at <https://realproperty.honolulu.gov/state-reports/2019/>.

in fact far larger (nearly 830 thousand acres) due to marine holdings.¹⁹ These are not included in the ownership calculations made here.

Three agencies control the federal land in Hawai'i: the National Park Service (NPS), the Fish and Wildlife Service (FWS), and the Department of Defense (DOD). While the federal government hasn't been a primary supplier of land for housing, it has previously transferred land to the state and counties, albeit in small tranches. The site that contains Aloha Stadium (which opened in 1975 and was closed 45 years later), some of which will be redeveloped eventually to build affordable housing, includes 55 acres which were initially transferred from federal to state control. Thirty-five acres of federal land became part of Makapu'u Point State Park. Sixteen acres of what became Kapolei Regional Park were transferred from the federal government to the City and County of Honolulu, as were 136 acres which became the Ted Makalena Golf Course in Waipahu.²⁰ Still, expecting significant turnovers of additional federal land seems unrealistic.

The State of Hawai'i is the owner of well over one-third (38.1%) of the land in Hawai'i, making it the most obvious source of land to be employed for development. Land ownership by individual county governments varies. As noted earlier, the City and County of Honolulu controls 19,001 acres of property on Oahu, equivalent to 4.9 percent of the island.

The other source of additional land for development is private owners. To various degrees, large landholders are reducing their holdings. As of July 2011, the two largest private sector owners of Oahu land, entities then called Kamehameha Schools and Castle & Cooke, owned 47,918.2 acres and 29,437.2 acres property, respectively.²¹ As of April 2017, the Kamehameha Schools total stood at 47,806.5 acres, a decline of 111.7 acres, equivalent to 0.23 percent of its previous level of holdings.

Castle & Cooke (listed by DBEDT as Dole Food Company in 2017) had reduced its ownership by 9,654.6 acres to 19,782.9 acres.²² While that represented a 32.8 percent decline in its Oahu shareholdings, part of it for the ongoing development of Koa Ridge, a long-planned residential community spanning Waipio and Mililani, the firm remains the fifth largest holder of land in the county.

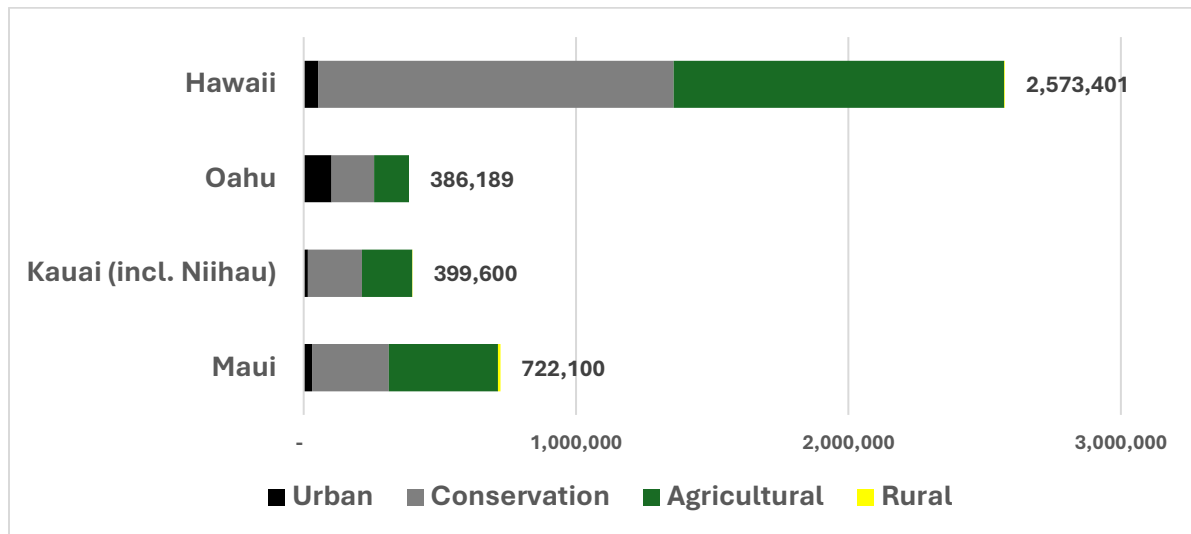
Land availability and use, however, are separate issues. Land use is regulated by the Hawai'i State Land Use Commission (LUC). Four land use categories exist. The breakdown in land use classification, by county, can be seen in Figure 16. (Note that the figures include inland water, which isn't habitable.)

¹⁹ [Federal Land Ownership: Overview and Data \(fas.org\)](https://www.fas.org), referenced on October 24, 2024

²⁰ [Hawai'i - List View \(U.S. National Park Service\) \(nps.gov\)](https://www.nps.gov), referenced on October 24, 2024

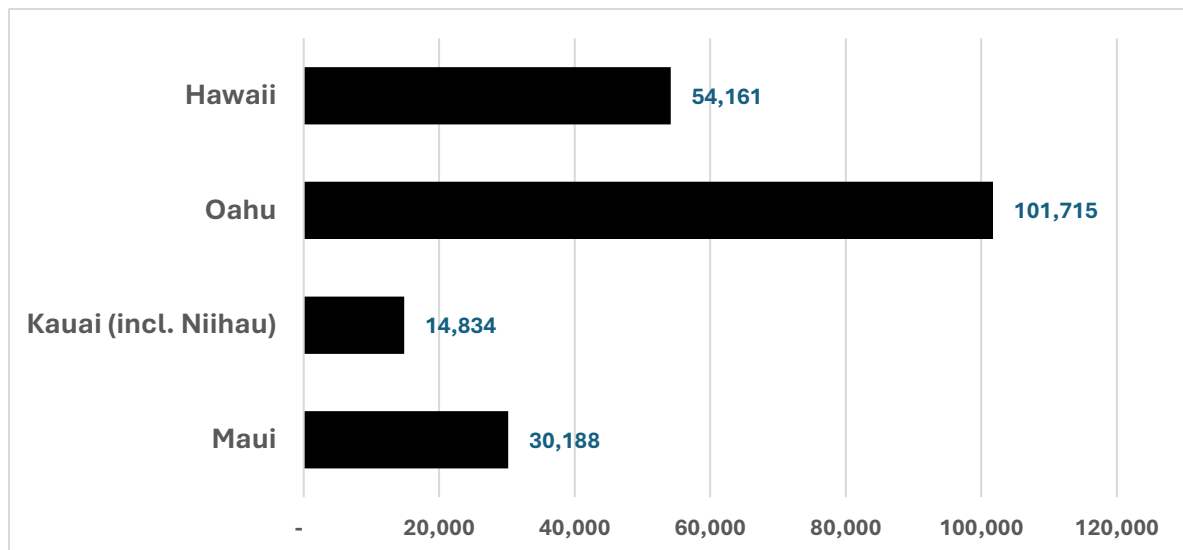
²¹ 2012 State of Hawai'i Data Book, [section06.pdf \(hawaii.gov\)](https://files.hawaii.gov/dbedt/economic/databook/db2012/section06.pdf), referenced on October 25, 2024

²² 2017 State of Hawai'i Data Book, <https://files.hawaii.gov/dbedt/economic/databook/db2017/section06.pdf>, referenced October 25, 2024

Figure 16. Land classification acreage by county, 2023

Source: 2023 State of Hawai'i Data Book (Table 6.03)

The black portions in Figure 16 indicate urban land. The LUC defines urban land as follows: “The Urban District generally includes lands characterized by ‘city-like’ concentrations of people, structures and services. This District also includes vacant areas for future development. The jurisdiction of this district lies primarily with the respective counties. Generally, lot sizes and uses permitted in the district area are established by the respective county through ordinances or rules.”²³ Their actual acreage is shown in Figure 17.

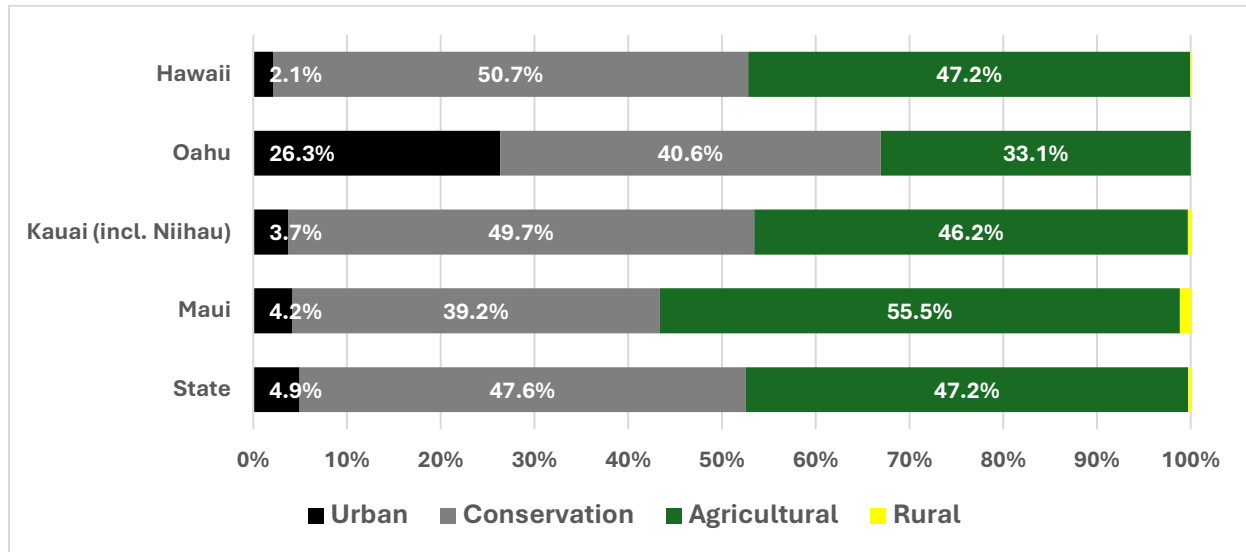
Figure 17. Urban land-designated acreage by county, 2023

Source: 2023 State of Hawai'i Data Book (Table 6.03)

²³ [Land Use Commission | State Land Use Districts \(hawaii.gov\)](https://www.hawaii.gov/land-use-commission/state-land-use-districts/), referenced on October 25, 2024

Figure 18 illustrates how limited urban land is outside of the City and County of Honolulu. Statewide, land classified as urban accounts for just 4.9 percent of total acreage. Conservation (47.6%) and agricultural (47.2%) account for the vast majority of land in Hawai'i, with land classified as rural accounting for a mere 0.3 percent of the state.

Figure 18. Land use classification breakdown by county, 2023



Source: 2023 State of Hawai'i Data Book (Table 6.03)

Improving Hawai'i's housing supply and homeownership

This report highlights how land ownership and housing have evolved over time in Hawai'i. Land value represents a significant share of residential property value; land ownership thus impacts the availability of affordable housing and homeownership.

A comprehensive report written on behalf of HHFDC and issued in December 2019 estimated the ten-year unmet demand for additional housing units at 60,005.²⁴ The study found that the demand for rental housing exceeded demand for for-sale housing. It also found that the demand during the initial five years (2020-2025) accounted for 83.6 percent of the total, with 72.5 percent of total demand being for affordable housing (defined as households earning less than 140 percent of area median income (AMI)).

Several efforts are being made to help increase the supply of affordable housing and thus encourage homeownership. Senate Bill 3202, which passed by narrow votes and was signed into law by Governor Josh Green on May 24, 2024, allows for greater housing density by requiring “counties to adopt or amend ordinances by December 31, 2026, to allow for at least two accessory dwelling units (ADUs) on all residentially zoned lots. The bill also prohibits private covenants from

²⁴ Hawaii Housing Planning Study, 2019. [State_HHPS2019_Report-FINAL-Dec.-2019-Rev.-02102020.pdf](#)

including certain restrictions, supporting the efficient use of limited residential lands and making housing more attainable for residents.”²⁵

Act 97, a law enacted in 2023, established a 99-year leasehold program to facilitate the construction of affordable for-sale condominiums on state-owned land. The act empowered the Hawai‘i Community Development Authority (HCDA) to sell leasehold interests on non-ceded state lands, starting with efforts to develop one leasehold property initially.

Reconsidering land classification to allow more development provides another approach. Urban land in Hawai‘i is quite limited. The 4.9 percent of Hawai‘i land that was designated as urban in 2023 represents a share a mere 0.2 percentage points higher than in 2000. Conservation land accounted for 47.6 percent (versus 47.7% in 2000) and agricultural land 47.2 percent (versus 47.4%). The share of land designated rural increased from 0.2 percent in 2000 to 0.3 percent in 2023.

Other initiatives seek to increase household income, for example, by creating higher paying jobs, reducing taxes, and increasing the minimum wage, so that households might be better able to afford the higher cost of living in Hawai‘i, including the cost of housing.

Hawai‘i has continued to evolve in the 66 years since statehood. Its population has more than doubled. Property and home ownership have grown greatly. Yet the gap between Hawai‘i and national ownership levels remains. It remains a challenge, one that will influence the state’s economic path in coming decades.

²⁵ [Governor Josh Green, M.D. | Office of the Governor – News Release – Gov. Green Signs Bills to Unlock Housing Across the State \(Hawaii.gov\)](#)

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