

Move Over Hawaii, Here Comes Okinawa

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For decades, Hawaii has outshone Okinawa as an island destination for tourists. That looks about to change.

The number of visitors to the southern Japanese islands [jumped](#) 10.5 percent in the year ended March 31 to a record 8.77 million people, according to Okinawa prefecture data. That compares with the [8.93 million](#) that went to Hawaii in 2016, an increase of 2.9 percent, Hawaii Tourism Authority data show. At this pace, Okinawa could overtake Hawaii as early as this year, according to Miwako Date, the chief executive officer of Japanese developer Mori Trust Co.

Driving the boom in Okinawa is the influx of tourists from Taiwan, South Korea, mainland China and Hong Kong, who opted for some sand and sun closer to home. Companies are betting that the expansion will continue, with hotel developments completed or planned there for Hilton, Ritz-Carlton, Hyatt Regency and Hawaii's Halekulani.

While about half of the visitors to Hawaii are from overseas, in Okinawa the percent coming from abroad is still low, so it's possible such travelers will increase, said Tom Sawayanagi, managing director for Japan at JLL.

"I'm extremely positive about the tourism prospects of Okinawa," Martin Rinck, the Asia-Pacific president for Hilton Worldwide Holdings Inc., said in a news conference this month. Hilton is planning to open three more hotels from 2018 to 2020 in Okinawa, where it now operates the Chatan Resort, he said.

Mori Trust, Hilton Worldwide and Hilton Grand Vacations Inc. said this month that they will [build](#) a combined time-share resort and hotel facility in the southern prefecture with about 430 rooms. They plan to open it 2020-2021.

The average growth rate in tourists was 10 percent in Okinawa over the past five years, compared with 3 percent in Hawaii, Mori Trust's Date said at the news conference. Overseas visitors to Okinawa reached a record 2.13 million people last fiscal year -- 22 times the total of around 97,000 in 2006, according to prefectural data.

"About 80 percent of the foreign travelers are from Greater China or South Korea," said Shoei Gaja, a supervisor for tourism in the Okinawa prefectural government. He said that Okinawa has never exceeded Hawaii in terms of tourism numbers in the past.

More Rooms

Hawaii is still far ahead of Okinawa in terms of accommodations. Rooms including those in hotels, condominiums and time-share facilities total about 79,000 in the U.S. state, compared with around 42,700 rooms in Okinawa including budget inns and youth hostels, according to data from the Hawaii Tourism Authority and Okinawa prefecture.

Hotels also tend to be pricier in Hawaii, where 34 percent of rooms cost more than \$500 a night and 33 percent are more than \$250 up to \$500. In Okinawa, the average room rate for resort hotels is about \$200.

While Hawaii has tropical weather year-round, Okinawa has an off-season when hotel prices drop, said Sawayanagi at JLL. The travel industry in Okinawa needs to think about how to increase tourism in the off-months, he said.

"It will still take a bit of time for the Okinawa market to become extraordinary like Hawaii," said Tetsuo Kuboyama, the CEO of [Park Grace Hotels Co.](#), a Tokyo-based operator of Japanese hotels and inns. He was the general manager of the New Otani Kaimana Beach Hotel in Honolulu in the 1980's. "The key to its success will be how much it's able to attract the wealthy."

— *With assistance by Gareth Allan*