How It All Began
By Dr. Richard Kelley

Readers of Saturday Briefing may have noticed an addition to our masthead proclaiming that Outrigger Enterprises Group is “Celebrating 65 Years of Hospitality.” That’s a significant milestone few companies reach, especially in today’s fast-moving and rapidly changing world.

That prompted Nancy Daniels in our Public Relations department to research available documents, photos and records to explore the origins of our company and, more specifically, pinpoint when it entered the hotel industry.

The opening of the Islander Hotel on Seaside Avenue in September 1947 was not a development that came out of the blue. My parents, Outrigger founders Roy and Estelle Kelley, had been developing and renting apartment units in Waikiki for over a decade before that. It probably started around 1933 with the renting out of a small room in our family home at the corner of Seaside and Kūhiō avenues in the heart of a then very quiet and sleepy Waikiki.

Around 1934 or 1935, Roy and Estelle built some two-story, wood-framed units called the Monterey Apartments next door on property leased from the Queen Emma Estate. That marked the birth of our tradition of providing “clean, comfortable and affordable accommodations.”

(Today, the property formerly occupied by our home and the Monterey Apartments is part of the Waikiki Trade Center complex and abuts a separate strip of land known as Duke’s Lane, which is filled with shopping kiosks almost all the way from Kūhiō to Kalākaua avenues.)

In 1936, Roy and Estelle completed a 20-unit apartment building called the Town House at the corner of Royal Hawaiian and Kūhiō avenues. It was three stories tall, which in those days made it a high-rise.

World War II put a halt to all civilian construction. In addition, Roy had lost his eyesight because of cataracts and in 1942, the Kelley family and many others were evacuated to the continental United States because it was believed that an invasion of the Hawaiian Islands might soon follow the Pearl Harbor attack.

Fortunately, my father regained much of the sight in one eye thanks to the doctors at the Mayo Clinic, and we all returned to Hawai‘i in 1944. Roy and Estelle almost immediately began to build single-story apartment units on another piece of property on Seaside Avenue. Material and labor were hard to find but, with the help of some off-duty Navy Seabees and students from Kamehameha School’s manual arts class, several units were completed and the foundations for a larger building were also put in.

Around that same time, possibly as early as late 1944, Roy received a phone call from Kingie Kimball, a member of the family that owned the Halekulani Hotel, alerting him that a piece of beachfront land near the Halekulani might be up for sale.

On the ‘Ewa (northwestern) side of the Halekulani, there were three pieces of property, each extending from Kālia Road to the beach.

• The Damon Cottages, owned by the Damon family, descendants of missionaries who came to Hawai‘i in 1842.
• The Edgewater Beach Cottages owned by the Alton J. Cohen Estate.
• A YWCA facility with parking and a clubhouse for members who wanted to have a beachfront meal or take a swim in Waikiki’s delightfully warm waters.

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Just beyond the YWCA was Battery Randolph, a concrete bunker with two 14-inch coastal artillery cannons standing ready to repel an enemy attack by sea. Immediately after the December 7, 1941, bombing of Pearl Harbor, Hawai‘i was placed under martial law, and a day or two later, the military commanders, fearing a sea-borne invasion at any moment, ordered the Battery Randolph cannons test-fired. The shock wave from the muzzle blast badly damaged the Edgewater Beach Cottages, and the apartments there were shut down as no materials or manpower were available to do repairs.

That was the property that Kingie Kimball was referring to when he called Roy Kelley.

Roy somehow found the funds to acquire the Edgewater Beach Cottages for $60,000, patched them up and began to rent the apartment units out, probably on a monthly or weekly basis. A young man named Gwynne Austin was named manager.

Probably simultaneously, work continued at Seaside Avenue. The cottages were completed and a five-story hotel building – the Islander – began to rise on the previously completed foundations next door.

Nancy Daniels was able to locate a copy of an October 1947 Hawai‘i Visitors Bureau bulletin that said,

“The Islander, newest Honolulu hotel, opened last month. Located in the tourist center of Waikiki, the handsome, modern building has 40 rooms and a penthouse. Operated on the European Plan, the hotel, however, offers a snack bar for its guests.”

The “snack bar” was located in one of the adjacent cottage apartment units. The December 1947 issue of Paradise of the Pacific, predecessor to HONOLULU Magazine, said,

"Manager of the Islander hotel and the Edgewater on Waikiki beach is Gwynne Austin, an experienced hotel man, well-known to thousands of visitors who have come to the islands. Rates (European Plan) are: Guest room for one person: $5 per day and up. Guest room for two persons: $3 per day [per person] and up. Suite of living room and bedroom: $4.50 and up. A ‘budget vacation’ is the specialty of the Islander and Edgewater...”

The last sentence suggests that by 1947, Roy and Estelle Kelley might also have been renting rooms out on a daily basis at the Edgewater Beach Apartments. However, I still consider the Islander Hotel – with its front desk, telephone switchboard, snack bar, hotel brochure and daily rates – to be Roy and Estelle Kelley’s first stand-alone hotel. Its opening 65 years ago in September 1947 marked the beginning of the company known as Outrigger Hotels & Resorts. I am sure Roy and Estelle would agree, because in an interview for the book Kelleys of the Outrigger, and at other times, Roy always enthusiastically referred to the Islander Hotel as “Our First.”