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## Resort real estate market moves toward softer sales

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HONOLULU – Ricky Cassidy, who keeps charts on resort residential real estate activity in Hawaii, thinks that sector is at a tipping point.

His statistics, just released through the third quarter of 2007, finds a trend toward soft sales, but “nowhere near as soft as some areas on the Mainland – Miami, Las Vegas, etc.”

Statewide, sales are slowing, but prices continue to rise. This apparently contradictory behavior suggests to Cassidy that the resort market may be at a tipping point.

His Data@Work market research consultancy report finds that it is still a seller’s market for the most expensive condominiums and single-family homes, which should be good news for Royal Lahaina Resort, which will soon break ground on its Villas at Royal Lahaina project, with prices from \$2.5 million to \$10.9 million.

Bare home sites are leading the market down, and the lower-priced places are also softening. Cassidy interprets this as an exodus of “the broad-based speculator market.”

In the meanwhile, developers are finally catching up on an explosion of sales that began in 1999. It wasn’t until 2003 that developers started to respond, Cassidy said.

Royal Lahaina didn’t announce its rebuilding program until late 2005.

With resales of existing properties carrying the load, the overall sales prices zoomed 26.5 percent in 2004, 30.9 percent in 2005, 4.4 percent in 2006 and 18.6 percent last year.

Maui percentages were lower, mostly because Maui prices entered the derby at very high levels. But getting projects going on Maui has been difficult, and during this boom the Big Island has overtaken Maui as the leading county for resort residential housing.

Cassidy considers anything sold in a resort district as resort residential, which includes single-family houses and condos.

Since 2003, average prices for all kinds of resort-residential housing on Maui have doubled to \$1.9 million.

One reason that Cassidy is uncertain whether resort real estate is at a tipping point is that the outlooks for interest rates and the relative value of the dollar are uncertain.

Right now, interest rates are down, which is good for sales; and the dollar is down, which is good for foreigners. Cassidy is seeing activity in Waikiki and Ko Olina from Canadians, Russians, Japanese and Chinese.

However, Oahu has few projected deliveries of new resort condos, with only 50 last year, and 367 due this year and 247 in 2009.

Kauai has even fewer but is a much smaller market.

The Big Island has more than a thousand new condos available 2007-09, but Maui has the most: 443 last year, 619 more this year and another 414 next year.

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