

## Hawaii's resort-home sales jump 10 percent

**Ricky Cassidy says most of the buyers hail from California**

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Rising interest rates and prices couldn't quench demand from West Coast buyers for Hawaii's resort-home market, which set records in 2005 for both sales volume and prices.

A study by real estate analyst Ricky Cassidy of Data@Work said the number of homes sold in master-planned resort communities last year is projected to have risen 10.2 percent to 2,289 from the previous year. Most of the buyers for Hawaii's resort real estate market are well-heeled Californians looking for a combination vacation home and investment property, Cassidy said. Higher interest rates and prices might have deterred some of these buyers, as seen from a softening in the first three months of 2006, but overall the market is expected to remain strong, he said.

Luxury properties, as defined by prices beginning at \$1.5 million for a condominium, \$2.5 million for a single-family home and \$1 million for a lot, have fared even better in this market.

"Buyers who can afford to buy luxury properties are generally less dependent on the interest rate or price fluctuations," Cassidy said. "They have plenty of money and they want to express themselves."

The average sales price for Hawaii's resort homes rose 29 percent to \$1.28 million in 2005, a 24 percent increase from the previous year. Total revenues from sales statewide grew nearly 43 percent to \$2.86 billion in 2005.

Of the four major islands, Maui remained the favorite among resort home buyers, followed by the Big Island and Kauai. Oahu was a distant fourth, though sales on the island grew 153.6 percent in 2005.

The number of homes sold grew on each island except Maui, where sales dipped slightly. Average sales prices also grew strongly across the board.

Condominiums, viewed as easier to maintain and rent out, made up over two-thirds of the resort home market in 2005. The average price of a resort condominium unit grew 25.7 percent to \$947,776 from \$754,095 a year earlier.

"There was a nice jump in condo prices, thanks to some new condo projects that came on the market and sold out fairly quickly," Cassidy said. "This rising price trend should run for at least another year, as 2005 to 2006 will see the first wave of high-end developments that were started two years ago."

More condo sales closed in 2005 than single-family homes, but annual growth rates over the long run seem to be better for single-family homes, he said.

The average price paid for a single-family resort home was \$1.94 million, up 36.6 percent from 2004's \$1.4 million average price.

Single-family homes led sales growth with 18.3 percent more sold last year, followed by condominiums with a 15.7 percent increase.