

# The Maui housing market recovery – How fast, what does the future hold?

By TOM BLACKBURN-RODRIGUEZ

Is the glass half full or is it half empty? Is that rainbow in the sky a sign the storm is over or that we can expect more rain? It would take a crystal ball and the wisdom of Solomon to be able to predict the Maui housing market, but that does not keep the speculation and analysis from coming forward, often based on experience in previous market downturns.

With many economists now predicting a slowing of economic growth to around 2 percent for the year and with consumer confidence dropping, it may be that the housing market's national recovery will not be the traditional economic engine that returns the nation to prosperity.

The initial federal stimulus efforts are winding down and the federal tax credit for first time and other homebuyers has expired, although the law was recently amended to allow those individuals with signed contracts by April 30 of this year to have until September 30 to close on their purchase.

With those national headwinds what does the future hold for Maui? Mike Gaertner is a R(B) with Maui Estates International LLC. He sees a growing interest among buyers for Maui real estate.

"The reason for that is because a lot of people, particularly mainland buyers, are aware of the fact that prices have come down dramatically. There is a great deal of terrific inventory. It is Maui, one of the greatest places on earth, and all of that combined, especially since interest rates are low, leads them to feel that it's a great time to buy," he said.

Terry Tolman is the Chief Staff Executive for the Realtors Association of Maui and each month he prepares a report on real estate activity on Maui, including data on single-family homes, condominiums and land sales.

While declining to make a firm prediction, Tolman believes that short of a catastrophic unforeseen event, Maui is pretty much at the bottom of the market and starting to head up.

For Tolman, that recovery means reasonable housing for a reasonable price. "Anybody who is even consider-



Mike Gaertner R(B), Maui Estates International LLC and Terry Tolman, Chief Staff Executive, Realtors Association of Maui are bullish on the Maui housing market. According to Tolman, "The market is starting to turn, indicated by the recent increase in unit sales...Anecdotal evidence from Agents, Lenders and Escrow personnel indicate strong buyer-showing activity, which should result in future sales."

— TOM BLACKBURN  
RODRIGUEZ photo

— this is your shot," he said. "This opportunity will pass and anybody who didn't make it on the bus will be wishing they had in five years because the downward trend in prices doesn't happen all the time and it's only periodic. It is a cyclical market...once the prices go up, they're up."

Tolman's most recent real estate report for the period of January 1, 2010 to June 30, 2010, shows that condominiums have had the greatest decrease in prices. Prices have been affected by mainland buyers selling their condos and by the impact of short sales. The report also shows that the median price for single-family homes has only declined by \$4,000 since June of 2009, from \$499,000 to \$495,000 currently.

## What does the future hold?

Ilsa Mitchell Jencks, R(S) the Wailea Group LLC, sees the market staying about the same. In her view, "Consumer confidence is still low and until the economy shows improvement, consumers are not going to be buying their second and investment homes. And the first time