

Pacific Business News (Honolulu) - March 13, 2006
<http://pacific.bizjournals.com/pacific/stories/2006/03/13/focus1.html>

PACIFIC BUSINESS NEWS

BUSINESS PULSE SURVEY: [Have you gotten used to paying \\$3 for gas?](#)

Home sales stay hot in 'affordable' Leeward

Pacific Business News (Honolulu) - March 10, 2006 by [Nina Wu](#) Pacific Business News

The Leeward Coast, still considered the last outpost of affordability on Oahu, is catching up with the rest of the island.

Last year the median price of a single-family home on the Leeward side, the region stretching from the Waianae coastline to Pearl City, reached the half-million-dollar mark.

For the first two months of this year, the median home price has surpassed that mark, with 302 existing homes selling for \$513,000. In the same period of 2005, 288 existing homes sold for a median price of \$418,500.

"Leeward is an area that's continuing to grow, even though the overall market on Oahu has slowed down," said Harvey Shapiro, economist for the [Honolulu Board of Realtors](#). "It's interesting to note how healthy those sales are in comparison to the rest of the island."

Still, the median price for single-family homes on the Leeward side is \$100,000 below the median for the entire island. Where else could you still find a condominium with an ocean view listed for somewhere around \$200,000 fee simple? Or a three-bedroom Makaha home -- clearly a fixer-upper -- listed for \$225,000 fee simple?

Mixed market

Realtors say the Leeward side is still the most affordable for families buying their first home, but it is becoming an increasingly mixed market, with new developments that are pushing the median higher.

Prices have shot up, with the most dramatic increase between 2004 and 2005. In 2005, 2,365 existing Leeward homes sold for a median of \$500,000. In 2004, 2,332 homes there sold for a median of \$385,000.

Condominiums on the Leeward side aren't far behind. Through the first two months of the year, 410 sold for a median price of \$301,000, up from 395 sold for a median of \$201,000 in the same period a year ago.

Still, the long commute from downtown Honolulu, as well as scattered pockets of crime and poverty and the poor reputation of the public schools, make the communities along the coast a harder sell than neighborhoods closer to town.

Development of luxury homes at Ko Olina, as well as the jobs created by new hotels there, has served as a catalyst for construction of new communities.

Demand is strong for homes at Sea Country, a new community in Maili by the Schuler Division of D.R. Horton. Originally sold three years ago for around \$400,000, some of the homes are now hitting the market for close to \$600,000.

Tom Mukai of Prudential Locations listed a three-bedroom Sea Country home, built in 2003, for

\$549,000. Though there has been some buyer interest, he says the geography is still a challenge -- families with kids do not want to be too far from private schools.

A growing number of buyers are retirees and second-home buyers also are staking their claim on beachfront properties along the scenic coastline.

Beachfront homes on the Leeward Coast are still available for less than \$2 million, less than half what comparable properties in Windward Oahu and East Honolulu would be listed for.

Rosemary Kane, principal of Sugar Kane Realty Inc. in Waianae, who specializes in Leeward properties, said last year was one of the firm's best in its 33-year existence.

Prices for homes in Makakilo also are rising fast, according to Abe Lee, principal broker of Abe Lee Realty, which opened an additional office in Kapolei last summer.

Upper-end Makakilo homes with views are now on the market for \$1 million or above, he said, though some homes on the lower end are still going for around \$450,000.

"Buyers perceive a better value for the view, the home and lot size," he said.

Buyers starting small

"For single-family homes, I would say, hands down, the Leeward side is still the most affordable," said Kendall Hirai, executive director of the Hawaii HomeOwnership center.

But a home priced at \$500,000 is still out of range for many of the center's clients, even those with two incomes.

That means that families have to start small, according to Becky Yara, a senior counselor. Due to the appreciation over the last two years, families that might have considered buying a home on the Leeward side are now looking at townhouses or condominiums.

The higher prices, compounded with increasing interest rates, will prevent some families from getting a crack at homeownership.

But there is hope as the market slows, with more inventory to choose from and properties that are on the market for longer periods of time.

Matthew Sumstine, a Realtor at Coldwell Banker Pacific Properties who focuses on Central and Leeward Oahu, said he believes the market has hit its peak.

"I think the market's turning," he said. "It's a great time for buyers to do a little more negotiating. Most of the investors have pulled out because it's reached the saturation point."

Abe Lee agreed.

"I think people are getting more cautious," he said. "They're not willing to pay inflated prices and they're waiting to see if the sellers will drop their prices some more. I see it across the whole island."

nwu@bizjournals.com / 955-8038

[Send us your comments](#)

[More Latest News →](#)

All contents of this site © American City Business Journals Inc. All rights reserved.