

High-end sales booming in a stable — not bubble — market

Steve Jefferson Pacific Business News



Despite grim news of tanking mainland stocks and greedy leaders bilking investors and employees out of their retirement funds, Hawaii residents can quietly gloat, knowing there's a steady stream of wealthy mainlanders willing to pay millions for their own piece of paradise.

And, unlike the last group who arrived a decade ago, reportedly with suitcases of cash, the new market appears to have the wherewithal to stay.

"The market seems like it's as hot as it has been since the Japanese bubble days," said Don Eovino, a Realtor and developer who buys and renovates multimillion-dollar properties as Eovino & Associates Inc. "There have been six high-end sales in the last six weeks ranging between \$2 million and \$5.5 million."

Currently, Eovino is working on three properties in Kahala, with estimated sales prices ranging from \$2.3 million to \$3.9 million.

Despite blistering demand, Eovino said the new market is much more stable than the bubble created by Japanese nationals over a decade ago, for a number of reasons.

First, most are baby boomers in their 50s wanting to retire, who got out before the dot-com implosion, he said. Second, advances in telecommunications over the last decade have made it more feasible to live in Hawaii while staying connected to business elsewhere. Third, the Japanese bubble left billions in infrastructure, including hotels and golf courses, that are supporting the new market. Finally, he said, increased terrorism in the world has forced people to reprioritize their lives, accelerate



Realtor Don Eovino shows off a \$3,900,000 home in Kahala.

retirement plans and opt for a higher quality of life.

"I don't think this one is the same," he said. "There was artificial demand back then."

Contractor John Gregory concurs.

"It's different than the Japanese," said Gregory, president of Gregory Design Build LLC. "The clientele is a little more sophisticated. These people are more in tune to what they want, not just looking for a big, white box. The Japanese said, 'Build me a white marble and make it slick,' but the people now are much more sophisticated about the product they want and much more involved in the construction."

Gregory said his current clients, most of whom already live in Hawaii, are more cautious about how, what and where they are building.

"Before [with the Japanese] it was, 'I got this property and I want to throw something up on it,'" he said.



Hawaii residents also are snatching up the high-end homes at The Peninsula at Hawaii Kai. Last month, the final nine of 27 luxury units were released and only three remain, and

those likely will be gone within 30 days, said Patrick O'Neill, director of sales and marketing for Stanford Carr Development.

Like the others, he said this is not a bubble.

"Look at the level of growth," O'Neill said. "In the 1989 to 1990 period, you saw phenomenal growth during which you had 40 percent to 50 percent gains of median prices. Now it's about 10 percent to 15 percent above median sales price and sales volumes over same time last year. That's a healthy volume, and this has been the pattern since we turned the corner in '97. That's a sustainable number."

While the \$1 million to \$2 million condominium market faltered a little in the past six months, the \$5 million-and-up single-family market remains strong and promising, said Jeremy Sosner, vice president of marketing for Hualalai Development Co., which develops multimillion-dollar residences on the Four Season's Hualalai property on the Big Island.

The ultra rich are harder to market to, Sosner said, so it's important to cater to their needs.

"We want to make owning the second home easy," he said. "We provide caretaker service, residential concierge and a variety of things we do for folks to make sure they have a worry-free investment in the islands. It's going to be ready when they arrive and, when they depart, they can just walk out the door."

Ultimately, a strong market bodes well for Hawaii, O'Neill said.

"The real estate market has always been an indicator of economic-outlook perception, and I think everyone feels good about the economic future," he said.