

Home sales expected to drop 25%

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Substantial drops in real estate prices are projected this year as all segments of the industry continue to deteriorate, say panelists at a 2009 real estate forecast forum yesterday.

Hawaii home prices are expected to fall as much as 15 percent this year in some neighborhoods, while sales are projected to fall another 25 percent, said Bill Chee, chief executive of Prudential Locations LLC.

Fear of the ailing economy and declining consumer confidence continue to be huge hurdles for the real estate industry, which is struggling to make deals happen with the virtual dry-up of financing and large institutional investments in the islands.

— [Kristen Consillio](#)

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FULL STORY >>

[By Kristen Consillio](#)

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Hawaii home prices are expected to fall as much as 15 percent this year in some areas as the housing market continues to deteriorate, according to a speaker yesterday at a 2009 real estate forecast forum.

Home sales are projected to fall another 25 percent in 2009, said Bill Chee, chief executive of **Prudential Locations LLC**.

Uncertainty in the economy and declining consumer confidence continues to plague the real estate industry.

The state's commercial real estate sales volume is anticipated to plunge 33 percent this year to \$525 million from an estimated \$780 million for 2008, said Mike Hamasu, director of consulting and research at **Colliers Monroe Friedlander Inc.** That's compared to \$3 billion in 2007 -- a 74 percent decline in annual sales volume.

Investors are waiting on the sidelines in anticipation that the market will change by mid year, with the intent of scooping up distressed properties at bottom of the market.

In the meantime, commercial property foreclosures are expected to rise as short-term loans become due and owners are unable sell or refinance debt.

In retail, regional shopping centers such as Ala Moana Center and Kahala Mall are expected to see a 3 percent decrease in net income this year, but otherwise continue to "be in good shape," according to panelist Mark Bratton, Colliers vice president.

Net income is projected to fall about 5 percent in 2009 at neighborhood shopping centers, while free-standing,

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unanchored strip malls are expected to see net income plummet as much as 20 percent, he said.

The industrial sector should anticipate a 15 percent to 20 percent decline in base asking rents for 2009 and a significant drop in land prices, according to panelist C. Mark Ambard, owner of **Ambard & Co. Real Estate**.

Negative personal income growth is projected through 2010, while visitor arrivals are expected to drop by 12.5 percent this year with the count not likely to return to peak levels until 2013, according to **Bank of Hawaii** economist Paul Brewbaker.

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