Cash is King on Maui | The 2021 Maui Real Estate Market in Review

The Maui real estate market went parabolic in 2021 and is going strong into the first month of 2022 writes Evan Harlow of Coldwell Banker Island Properties.

Maui Real Estate Market 2021

WAILEA, HAWAII, UNITED STATES, January 21, 2022 /EINPresswire.com/ -- Maui's real estate market has been on fire for the last few years and in 2021 it was a blazing inferno. Buyer activity has been boosted by everything from low-interest rates to a high inflation rate and buyer enthusiasm. The impact has been rapidly increasing property values with a steady demand for homes and condos in the area.

In 2019, the Maui real estate market saw approximately 3,300 transactions, and this equated to $2.5 billion in sales. Even though 2019 was a strong year for the market, it paled in comparison to what was in store for 2021. In 2021, there were approximately 5,500 transactions that equaled roughly $4.5 billion in sales. Notably, more than half of these transactions sold above or at the asking price with over a third going for all-cash offers.

The real estate market in Maui is comprised of several strong subgroups. These are full-time residents, investors, large developers, and those with vacation homes. Throughout all of these subgroups, both 2020 and 2021 were years where pent-up demand from prior years broke through. All subgroups have benefited from continued low-interest rates. Investors have been actively looking for income-generating properties with room for income growth. Investors also used local real estate to hedge off the increasing inflationary rate.

For locals who are searching for homes and condos for sale in Wailea, Kehalani, Pukalani, and other areas, inventory was in short supply over the last year. Remote workers have been relocating to Hawaii as full-time residents, and this has resulted in increased demand. At the same time, however, the area's affordability index slid to 21 percent in the last year. This was driven in large part by a huge increase in real estate prices. The median price for a single-family home in 2020 was $849,000. This increased 26.6 percent in 2021 to $1,075,000. At the same time, however, loan limits have topped out at $900,000. This means that mortgage availability exceeds real estate affordability. Looking ahead, there are several affordable housing developments lined up for 2022 in the central and western regions of the island. However, it is not clear if these few developments will be enough to rein in housing affordability on Maui.

One specific estate at [9 Bay Drive in Kapalua] is currently listed for $59.5 million. The home has more than 10,000 square feet of indoor and outdoor living space. Notably, in November 2020, 9 Bay Drive sold for $24 million. This is indicative of the incredible value appreciation in the area.

While housing affordability was a growing issue for the island's full-time residents, the local market has remained appealing to out-of-state buyers. One of the more notable sales of 2021 was a beachfront estate that was sold to Jeff Bezos for $78 million.

The condo market has been particularly impressive. For condos for sale in Wailea and other areas throughout the island, multiple offers were common in 2021. In many cases, condos for sale in the area received at least one cash offer.

What does the housing market in Maui hold in store for 2022? Property value appreciation has been astounding throughout 2021. While prices are not expected to drop in 2022, the rate of appreciation should slow down soon. Specifically, the Fed has indicated that it plans to raise rates several times in the near future. As this happens, housing values will edge up at a slower pace.

Nonetheless, the demand for homes and condos in Hawaii will remain high. This will be driven by the growing number of people interested in permanently relocating to the area and by those who are interested in a second home. Whether you intend to buy, sell, or both, you can expect 2022 to be a great year for the local housing market.

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