

**Economists** at First Hawaiian Bank's 38th Annual Maui County Business Outlook Forum said "Maui is doing considerably better economically than the other neighbor islands," thanks to stronger job creation, a continued robust visitor industry, and growing strength in construction.

"Maui is the only neighbor island that exhibits much in the way of current or near-term growth prospects in the construction sector," said Dr. Leroy Laney, First Hawaiian Bank economics adviser and professor of economics and finance at Hawaii Pacific University at the Maui event held Friday morning at the Maui Beach Hotel.

He noted a striking first quarter growth in private construction permits of 350% over year before levels, saying the surge was likely due to a few major projects.

The list of present and future Maui construction includes: The Courtyard by Marriott hotel that opened in July; the 179-acre Maui Business Park Phase II that's currently under construction; the Andaz Wailea hotel that is scheduled to open in early 2013; the Maui Lani Village Center now under construction; Kaheawa Wind Farm Phase II that just added 14 more towers to the existing 20 at Ma'alaea; the planned Honua'ula project in Wailea; and the proposed Consolidated Car Rental Facility at Kahului Airport.

As for job recovery, Laney said Maui has made the greatest strides among the neighbor islands since the deepest part of the recession in 2007. Maui's job count is now only 6% below the 2007 peak, gaining rapidly on Oahu's 5%, and outpacing Hawaii Island's 10%, and Kauai's 8% rate.

Tourism is also doing well on Maui, with the county getting its airlift back more quickly than the other neighbor islands. Laney said Maui will continue to see increases with airlift being added to Oakland, San Jose, Seattle, Sacramento, and Canada this year. Both Alaska and Allegiant Airlines will add flights from Bellingham in the fourth quarter, with Allegiant also adding flights to Monterey; and newly announced Hawaiian flights are also expected to add more growth, according to Laney.

"Maui can look forward to continued support from its main industry, even if other sectors falter due to external cyclical conditions in the future," said Laney.

Maui's residential real estate market is showing increased sales and affordability with falling prices, and lower mortgage

rates. "It may be a buyer's market, but buyers who wait too long may lose the property," said Laney who noted an inventory decline of nearly 20% over the past year for both single family and condo units. He said the decline in median prices "seems to be reversing, or at least leveling off."

Laney's final observation involved an assessment of sugar operations at Hawaiian Commercial and Sugar Company. "HC&S, the state's lone remaining sugar plantation, has survived mainly because of its size — 35,000 acres," said Laney, who said the company's future is looking up some with production rising in recent years.

"The plantation has achieved this mostly by bringing more acres back into production. Water availability is still a problem, and HC&S has suffered under what has turned into a 12-year drought," said Laney.

Overall, the economic forecast calls for job creation, a construction rebound, and robust tourism—factors that make Maui No Ka Oi among the neighbor island economies.

In response to the news, Mayor Alan Arakawa pointed out that the outlook reflects the cooperation and hard work of everyone, from the community, government and private sector.

"We have all been working together since day one, to try and get ourselves out of this mess," said Mayor Arakawa. "Slowly but surely we've been making progress. There is still more to do, but this shows that we're on the right track," he said.

Mayor Arakawa said the administration and county departments have been working to move project along by trying to make the permit process less cumbersome. He pointed to workshops that were offered by the county to help professionals understand how the permit process works.

According to Arakawa, the county has also been trying to bring in more avenues of tourism from Korea and Japan to bolster an already strong visitor industry. During a recent trip to South Korea the mayor and his delegation met with tourism officials, urging them to promote Maui as a destination for their travelers.

"We will continue to look for other ways to stimulate our economy," said Arakawa. "We are very happy with the results thus far; but this economic forecast is just the start. We will have more good news for Maui County coming soon, so stay tuned."

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