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BIA-Hawaii leader's forecast for home construction in 2017

Jan 3, 2017, 2:57pm HST

By Katie Murar

Residential construction industry in Hawaii will continue to grow — albeit at a slower rate — in the new year, but there will be an increase in home renovations and remodeling, as opposed to new buildings, in 2017, according to the Building Industry of Hawaii's new president, [Evan Fujimoto](#).

“The construction boom that we have been experiencing in the past five years is at a peak because of all of the major projects near completion, so things will start to slow down,” said Fujimoto, president of [Graham Builders](#). “With the high cost of home prices, people are going to stay put and remodel their home instead of losing money by moving into a more expensive home.”



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Graham Builders President Evan Fujimoto is the 2017 president of the Building Industry... [more](#)

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Fujimoto, who was installed as president of BIA-Hawaii last month, said renovations and remodels will carry the housing industry forward, as the large stock of older homes in Honolulu will be rebuilt in 2017.

“There is a steady volume of demand for that kind of work,” Fujimoto said.

According to [a Tuesday report](#) by the [U.S. Census Bureau](#), construction spending hit a 10-year high in November, with solid gains in residential, commercial and government construction activity pushing construction spending to a seasonally adjusted annual rate of \$1.18 trillion.

Fujimoto said the national growth is a good sign for Hawaii, and will have a positive effect on Hawaii’s greatest economic sector: tourism.

“As long as the Mainland is strong, and the economy is growing, then tourism will grow as well, providing a rationale for investing more in upgrades to buildings, specifically hotels,” Fujimoto said.

While the national surge is a positive indicator, the slow permitting process and high costs in Hawaii have disabled supply from catching up with demand. Hawaii’s inventory issue is a closely examined and much-discussed local topic, earning it a [cover story](#) in the Dec. 9 print edition of Pacific Business News.

According to the Department of Business, Economic Development and Tourism, Hawaii needs approximately 65,000 new housing units by 2025 to keep up with demand, which Fujimoto says is the biggest challenge facing the local housing market.

According to Fujimoto, housing at all price points is needed.

“The high-end projects, like those done by Howard Hughes, get a lot of attention and people think they are for foreigners, but a lot of the units are being bought by locals,” Fujimoto said. “People are selling their homes and buying an apartment to be closer to town and closer to

entertainment, which then opens up the opportunity for others to buy their home. That's how the housing ladder works.”