

Pacific Business News (Honolulu) - December 5, 2005
<http://pacific.bizjournals.com/pacific/stories/2005/12/05/focus3.html>

PACIFIC BUSINESS NEWS

IN DEPTH: KAUAI

Business Pulse Survey: Would you buy from a locally owned company even if it cost more? [Click here to vote](#)

From the December 2, 2005 print edition

Kauai's condominium hotels enjoy high demand

[Nina Wu](#)

Pacific Business News

Kauai is following Waikiki's trend of creating condominium hotels out of resorts and apartments.

Two recent conversions -- Islander on the Beach and [Kauai Beach Resort](#) -- are driven by demand from investors and developers.

Rather than keeping the properties as hotels or converting them to time shares, developers believe that the condominium hotel formula generates faster sales and profitability.

"We believe that whole ownership is more enticing than fractional ownership," said Brian Anderson, president of [Anekona Properties](#). "In addition to the use benefits, owners can share in any value appreciation. The condominium ownership is the most desirable vehicle for investors and part-time residents."

A condominium hotel unit is owned by individual investors who can turn around and rent them as hotel rooms when they aren't being used for vacations. The properties continue to operate as hotels with most of the same amenities.

Strong sales

Sales have been strong for both projects -- with the Islander on the Beach all but sold out and a strong start for Kauai Beach Resort.

In August 2004, Anekona bought the leasehold interest in Islander on the Beach for \$18.3 million, converting it into a fee-simple condominium hotel.

To date, all but two of the 200 units have been sold.

This fall, Anekona bought the 12-acre Kauai Beach Resort through KB Resort LLC for an undisclosed price and transformed it into 350 fee-simple condo hotel units. It was previously owned by Driftwood Ventures Inc. of Florida.

Prices at the Islander started in the high \$200,000s. Resale prices are now about 30 percent to 40 percent higher.

The Kauai Beach Resort, previously managed by Radisson, is clearly a larger-scale project.

Prices for the units ranged from the high \$200,000s to mid-\$500,000s, though only about 225 units were released. A second release is planned for this month.

A major national hotel chain is expected to be announced soon for the Kauai Beach Resort. In the interim, it's being managed by Anekona Management.

Boomer-driven


Developer Peter Savio says demand for condotels is driven by baby boomers who continue to travel and invest in real estate.

"On Kauai, the demand is magnified because most of the hotels tend to be oceanfront," he said.

Plus, inventory in Kauai is tight, given that hotels are difficult to build and hotel-zoned lands are in short supply.

Last year, Anderson's Anekona Royal LLC also closed on the purchase of the W Honolulu Diamond Head boutique hotel in Waikiki. In September, Anekona Royal announced the acquisition of the condo-hotel at 225 Beach Walk, which it plans to renovate into The Regency on BeachWalk.

nwu@bizjournals.com | 955-8038

© 2005 American City Business Journals Inc.  [Add RSS Headlines](#)

Post a Job Locally

Single Job Posting for \$280

Create your job ad in as little as a few minutes and it will appear on the local business journal website for 60-days. Candidate resumes are filtered by position requirements and delivered directly to your email inbox. [Get Started Today!](#)

» [Special Offer:](#) 3 job posts and resume search - \$600

Today's Featured Jobs powered by bizjournalsHire

- [Production Supervisor - Pepsi Bottling Group, Inc.](#)
- [Order Builder \(Loader\) - Coca-Cola Enterprises Bottling Companies](#)
- [Marketing Manager - Independant Consultant Position](#)
- [Mental Health Specialist* - Kahi Mohala Hospital, Hawaii](#)
- [Certified Rental Consultants - Hawaii - Oakwood Worldwide](#)

[More Local Jobs](#)

→ [Post Jobs](#) | → [Post Your Resume](#) | → [Search Jobs](#)

All contents of this site © American City Business Journals Inc. All rights reserved.