

Kauai Real Estate Activity – How is the real estate market on Kauai faring?

By Kauai Board of Realtors - Special to The Garden Island

As the first half of 2009 has just passed, we thought it would be timely to review real estate activity on Kauai. As to be expected in light of the global economic downturn, the results are down in every category versus the same timeframe for 2008. Please bear in mind that the Kauai real estate market is an insulated one with a relatively small sampling section, therefore a high or low dollar sale, a new condominium project or subdivision can dramatically affect the statistics.

**Kauai Year-to-Date Transaction 2008 vs. 2009**

# of Sales	YTD 2008	YTD 2009	+/- Number	+/- Percentile
Residential	148	103	<45>	<30.41%>
Condominium	114	116	<45>	<39.47%>
Vacant Land	61	35	<26>	<42.62%>

**Kauai Year-to-Date Sales Volume in Dollars 2008 vs. 2009**

Sales Volume	YTD 2008	YTD 2009	+/- Number	+/- Percentile
Residential	\$133,342,186	\$96,830,519	<\$36,511,667>	<27.38%>
Condominium	\$81,582,405	\$26,483,037	<\$55,099,368>	<67.54%>
Vacant Land	\$60,819,825	\$13,675,500	<47,144,325>	<77.51%>

**Kauai Year-to-Date Median Sales Price\***

Median Price	YTD 2008	YTD 2009	+/- Number	+/- Percentile
Residential	\$657,500	\$479,000	<\$178,500>	<27.15%>
Condominium	\$599,500	\$320,000	<\$279,500>	<46.64%>
Vacant Land	\$700,000	\$275,000	<\$425,000>	<60.71%>

\*Median Sales Price: The midpoint between the most expensive house and the least expensive house sold in an area during a specific time. The Median Sales Price is often regarded as an indicator of the strength and the direction of a real estate market.

To emphasis where Median Sales Price values are in relation to previous years, enclosed are Median Sale Prices from 2004 – 2007 in the same time period.

**Kauai Year-to-Date Median Sales Price 2004 - 2007**

Median Price	YTD 2004	YTD 2005	YTD 2006	YTD 2007
Residential	\$465,000	\$600,00	\$679,000	\$655,000
Condominium	\$375,000	\$425,500	\$372,000	\$525,000
Vacant Land	\$315,500	\$415,000	\$360,000	\$650,000

Information provided by Hawaii Information Services

Using the Median Sales Price as a barometer, the property values on Kauai are now comparable to 2004 values; Condominiums are closer to 2003 Values (\$271,469).

Regarding broader generalities, the State of Hawaii appears to be tracking closer to what is currently happening on the mainland as opposed to previous trends where there was a 6-9 month lag from what occurred on the mainland until it affected Hawaii. Another observation is that Hawaii's market is also a bit healthier than some of the mainland markets, such as Southern California. The increase in Hawaii in Median Sales Prices did not rise as high or as sharply and consequently the decrease in Median Sales Prices has not been as steep or dramatic...we have experienced lower highs and higher lows. Hawaii's two-leading Banks, Bank of Hawaii and First Hawaiian Bank are strong and stable. According to Bank Director's Magazine "The 2008 Bank Performance Scorecard: America's Top 150 Banks", Bank of Hawaii was the 4<sup>th</sup> highest rated bank in the U.S.

In terms of foreclosures, the State of Hawaii has generally been in the bottom 10 of the 50 States, ranked 36<sup>th</sup> in April and spiked in May which caused Hawaii to be ranked 15<sup>th</sup> among the 50 states. There were 816 foreclosures in Hawaii in May according to a recent RealtyTrac report. With one in every 374 housing units receiving a foreclosure filing during the month, Kauai County posted the highest county foreclosure rate in the state. RealtyTrac includes commercial properties, which include condo-tels and timeshares in the foreclosure data, and sometimes includes properties multiple times in the three-phase foreclosure process. In addition, there were 145 residential units and 16 commercial units at the Hilton Kauai Beach Resort that were auctioned at a public foreclosure auction on May 6<sup>th</sup> that could have affected the Kauai foreclosure numbers. The up tick can also be attributed to mainland buyers and investors defaulting on resort properties purchased over the past few years. In terms of mortgage delinquencies (percent more than 30-days past due) Hawaii was 45<sup>th</sup> among the 50 states according to the Mortgage Bankers Association (Q4 2008).

In addition to the decline in Median Sales Prices, the other dramatic impact to the real estate market on Kauai is in the number of transaction. The numbers of transactions were down 50% between 2005 and 2007 and decreased another 36% in 2008. There were 1,768 total sales on Kauai in 2005 and we are currently tracking to have 508 total transactions in 2009 or 28% of the number of transaction that occurred in 2005.

Currently there are 1 in 14 residences for sale that are in escrow followed by 1 in 16 condominiums and 1 in 16 land parcels.

**Total Kauai Properties for Sale as of 7/1/2009**

Property Type	Number For Sale
Residential	627
Condominium	514
Vacant Land	414

**Total Kauai Properties in Escrow as of 7/1/2009**

Property Type	Number in Escrow
Residential	49
Condominium	34

In as much as the Kauai real estate market has adversely affected Sellers of properties, the construction industry, escrow companies, Realtors, and lenders, it has created a boon for Buyers. You would have to go back to 2002 or 2003 in many instances to find the types of values that exist in today's market. Motivated Sellers, relatively low interest rates, first-time homebuyer programs, and Seller financing in some cases all equate to a great opportunity for property buyers.

What's next? We are in uncharted territory where some of the most accomplished economic experts are having a difficult time forecasting future trends. It does appear though that there are economic indicators and signs that perhaps the worst is behind us and the market is flattening out a bit.

If you would be interested in seeing how your neighborhood is faring contact your Realtor or the Kauai Board of Realtors at 245.4049 and they can generate a comparable market report for your specific property type and location.

- The Kauai Board of Realtors is a nonprofit organization comprised of 650 Realtors and associates from the bank, mortgage and escrow industry. For more information, please visit [www.kauaiboard.com](http://www.kauaiboard.com)