

Never underestimate the power of a Redhead!

West Hawaii Real Estate Update

Volume 6 * Issue 2
February 2009

The really great news this month is that escrows in Kona and Kohala increased substantially with Kona up 35% and Kohala up 50%... yeah!

The disappointing news was how few closed, 18 for Kona and only 9 for Kohala... you have to go back into the 1980's to find numbers this low. Of the 18 in Kona 27% were foreclosures being resold by the banks.

Another very interesting statistic is the amount of all cash sales... 33% for last month in Kona with a 2008 total of 30%. October and December were both 40% or above... that is huge! My inter-

pretation is that the conservative buyer is seeing great opportunities and want access to the "cream" properties and not the "dregs" that the bottom of a market typically has.



Not only have we not seen this high a percentage of cash transactions in recent years, last was 1999, but we have only seen it two other years, 1997 and 1995, since 1992.

In Kohala the story isn't so much about transaction count, 37% for 2007, but the volume of cash... giant piles of it. When you combine cash sales for just the last three months of 2008 it was over \$30 million... yikes!

Economic News...

- King Kamehameha's Kona Beach Hotel is undergoing a \$25 million renovation that will include relocating the pool, as well as part of the retail space... never could understand how that place can't be successful... it has one of the best locations in Kona... lets hope the new owners can make it the crown jewel that it should be!
- Well if you have dreamed of owning a really big ranch) in South Kona on the Big Island now is your chance... two ranches with over 11,000 acres each, Hokukano and Kealakekua Heritage, have been put up for sale by the family that owns them, for \$75 million and \$55 million respectively. Both are approved for development... any takers?
 - Well its official, the Big Islands hotel occupancy averaged 48% for December, the lowest of all the islands, 13% lower than December 2007... gosh golly Mr. Hotelier, drop your rates!



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This niche is currently a great place to go bargain hunting! With discretionary spending on the decline it has become the neglected sector on our market. With only one sale for all of Kona and Kohala in January, you could say it has gotten downright skinny! The one sale was a \$2 million lot in Kukio Resort... of course for cash.

As for escrows, they are up... way up by percentages... 70% for Kona and 66% for Kohala. Now before you get too excited let me say this represents a total in escrow for Kona of 5 properties and 6 in Kohala... up from 1 and 2 respectively in December. Not much to write home about but definitely back to a more normal range so it hopefully bodes well for the future.

As for inventory, in Kona we are at the highest levels in recent times with 201 properties available up 12% from the beginning of 2008. In Kohala the trend is more favorable down 15% from its high in August with 226 properties and about even with the beginning of 2008. I could only find one foreclosure property and it is at the Mauna Kea but there are bound to be a few more on the horizon.

Seller's are becoming increasingly resistant to additional price reductions and this is possibly a market indicator that the bottom is near... only time will tell if this will force buyers up or sellers out of the market. There are some really nice properties at jaw dropping prices.

Call me today to start "hunting"!

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from Keauhou to Hawi in 2007!



Your newsletter keeps us well informed on the real estate sales and new developments. We read your newsletter each time you mail it and it's our only contact to know what is happening. You do an outstanding job on your information presentation. Thank you!

P. & C. Steele

Search all available Big Island properties online at HawaiiRealEstateDreams.com

Notes From Gretchen

Great news for you dedicated newsletter followers! I now have a blog! It will be published weekly with the same type of statistical and economic news as the newsletter. You can subscribe thru the RSS system provided so that when I post new articles they will be emailed to you just like the newsletter. You can check it out at:

KailuaKonaHawaiiRealEstate.com

We just marked our third anniversary as an office and we are profoundly blessed to be able to say we are still in business and thriving in Kona when so many have not been able to do so. A large part of that is due to you, our loyal clients and friends, who seek us out for your real estate needs... mahalo!

Market Snapshot

Closed in January 2009

Kailua-Kona:

7 Homes
10 Condos
1 Land



Waikoloa/Waimea

7 Homes
1 Condos
1 Land

For Sale in Feb 2009

Kailua-Kona:

447 Homes
362 Condos
236 Land



Waikoloa/Waimea

233 Homes
354 Condos
119 Land

HELPFUL TIPS

- The County recently unveiled a new free emergency notification system so that in a mass emergency in your area you will receive a prerecorded message or email alerting you as to how to respond. Email me for how to register since it is a really long email address.
- Disabled Adventures Hawaii recently released a map of downtown Alii Drive for people with physical disabilities or for walkers that need extra care.
DisabledAdventuresHawaii.com
- Here's a plug for my favorite place to get Chicken Parmesan... right next to my office! La Pasta, serves all kinds of dishes but this is my very favorite and the staff are all very attentive and friendly... check them out on your next visit!