

Kona

Cash is king! Making up 30% of the Kona market and 28% of the Kohala market for the year. In May it was 31% and 44% respectively. That is over \$15 million for Kona, thank you Hualalai Resort... and over \$12 million for Kohala—both highs for the year for one month and almost double any other month.

Kona had another good month... inventories are now down 4% off the high of February, escrows are holding over a hundred at 106, and sales were up 13% from April to 45.

Houses are still leading the way with their 4th consecutive increase since January to 28. Condos also made some in roads closing at 15 or up 27% from April. Land fell to 2 sales, the 2nd lowest this year.

Escrows, the harbinger of things to come, show 70 houses in Kona, of which 23 are either short sales or foreclosures for 32%. Condos show 26 of which 10 are short or foreclosure for 38% of our market. This will continue to grow but they are still only showing up as 28% of house closings and 6% of condos, so we still have some approval issues to work out with the lenders but it is getting much better and Hawaii has just revised their law to allow Realtors to help.

Kohala

Inventories continued to drop in Kohala for the 6th straight month and are now down 11% from their highs last November. Sales were up by 4 to 25, or a 16% increase... not as much as I thought but good nonetheless. Escrows are holding steady at 59... yeah!

In looking at the year's sales so far, the 2nd quarter is already equal with all of the 1st quarter at 99 and we still have a month to go! So things are definitely increasing, now if we can just keep it that way!

Short sales and foreclosures are in this area as well but in lesser quantities than Kona. The available inventory in this category only represents 15% in houses and 8% in condos. On the escrow side they are 19% and 16% respectively... but in sales, once again they are under represented with only 10% of sales (1 houses) and 9% of condos (1 condo).

Land sales are up to 4 this month, all paid in cash, the highest since last December and there are now 10 in escrow... wow!

Luxury Real Estate

Well the big sigh of relief this month was in the luxury arena that got some long overdue good news... sales have picked up... a lot!

In Kona the 3 house sales were all for cash... one was in town oceanfront (right next door to Paul Allen of Microsoft fame), one was in Keauhou in Bayview Estates and last, but not least, was Hualalai Resort with the 'big fish' of the month at \$5.8M. Our singular luxury condo sale was also at Hualalai Resort for \$2.1M... way to go guys! This brings the year-to-date count to 14 total.

Well the group a little further North out on coast was not to be out done and landed a few good ones themselves! Kohala saw a huge uptick in sales with 6 bringing the year-to-date count to 15.

The 4 houses (3 for cash) were spread out in Puako, Mauna Kea, Manua Lani, and Kolea... with the largest being oceanfront at Kolea for \$6.5M. The original asking price on the house was \$13.9M back in November of 2008—that is a 50% start to sold price ratio in just 7 months... now that's a 'haircut'!

For the Kohala condos the two sales were at Mauna Kea (Wai'ulaula) and the Mauna Lani (The Villages) both under \$2M.

Interestingly, 11 out of the combined area total of 14 luxury condo sales have been in the \$1M to 2M range or 79%... That's the sweet spot!

Hawaii Mortgage Company...

Found this in this company's newsletter and thought it was well stated....

In terms of historical averages, a 6% 30-Year Fixed Mortgage is a great deal. If you have a fixed rate below 6% give yourself a pat on the back. If you or someone is thinking of or starting the home purchase process, don't let the current rates in the mid 5% range stop you from proceeding.

There is an index called the "Affordability Index" which measures buying ability based on home prices and interest rates. That index is now at its highest level for affordability. That is based on a huge drop in home prices and yes, still historically low rates.

If you or someone you know is contemplating purchasing a home, now is a great time... it may never come your way again.

Alan Zukerkorn Van Zee, President

Notes from Gretchen

Lending has become our biggest hurdle in an escrow, aside from getting short sale lenders to approve contracts. Even though the interest rate is low they really don't want to lend at that rate and are throwing up every road block they can find, making the process extremely difficult. From their perspective, loaning out money at 4 or 5% isn't a good long term business plan and you only want so many of those loans in your portfolio... hence why 'Cash is King' these days.

Had a great time in Atlanta last month for my birthday... thanks for the well wishes!

There are some good buys right now if you are willing to weed thru the 'pile' ... call to find out where!

Testimonial

"When we first met Gretchen it was clear that she would be the Realtor that would sell our house. We had experienced others without success but Gretchen's marketing exposed us to a large amount of buyers. Her knowledge of the market positioned the property correctly so that all of the showings and Realtor caravans paid off and made the sale happen. Thanks Gretchen and Hawaiian Isle for making our dream of selling come true!"

The Boswells

Market Snapshot

Closed in May 2009		For Sale in June 2009	
Kailua-Kona	Kohala	Kailua-Kona	Kohala
28 Homes	10 Homes	429 Homes	210 Homes
15 Condos	11 Condos	389 Condos	325 Condos
2 Land	4 Land	294 Land	120 Land