



Friday, September 29, 2006

## Fall Newsletter



A warm aloha to you. It was another incredibly beautiful summer on the Garden Isle. Countless days were spent enjoying the calm waters and perfect weather of pristine North Shore beaches such as Tunnels, Hanalei Bay, Anini, and Secrets. As always, the summer seems to have flown by. With the influx of summer tourists over and the kids back in school, the island has lost its bustle for the time being. This time is the calm before the storm on the North Shore, as the ocean transitions from the serenity of summer to the ferocity of winter over the course of the next several weeks. With another wonderful summer in the books, we're excitedly looking forward to catching some waves on the North Shore in the near future.

## Market Update

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Across the country, the housing market has continued to favor the buyers' side. Property inventory has steadily increased as owners try to cash out on the appreciation of the past few years, while others who bought at or near the peak are trying to avoid carrying heavy mortgages. As property availability increases, prices have leveled off and in some instances even decreased, shifting the balance of power to those looking to buy.

Mortgage rates are still historically quite low. After a two-year period of interest rate hikes, the Fed left interest rates unchanged at its August and September meetings, convinced that a slowing economy would keep inflation in check. On September 8<sup>th</sup>, 2006, 30-year fixed rate mortgages inched up from 6.44% to 6.47% - the first mortgage rate increase since a four-year high of 6.80% on July 20<sup>th</sup>. Rates on the 30-year fixed will likely fluctuate between 6.5% and 7% throughout the remainder of the year. Rates on 15-year, fixed-rate mortgages, a popular choice for refinancing, averaged 6.16% on September 8<sup>th</sup>, up from 6.14% one week earlier. Though the aforementioned interest rates are historically low, they are high compared to the record low interest rates experienced during the last four years. This short-term relative increase is another contributing factor to the shift in the market from a sellers' market to a buyers' market as it increases the cost of borrowing. The National Association of Realtors said sales of existing homes were likely to drop 7.6% this year to 6.54 million. It also said new homes sales looked set to drop 16.1% to 1.08 million units. In regard to new construction, NAR said builders were now likely to break ground on just 1.87 million units this year - 9.6% lower than last year's level.

The most significant factor to the market shift and the current market condition is that speculative buyers, speculative builders, and many 2<sup>nd</sup> home buyers are currently sidelined. Short term speculators are sitting on the sidelines until they determine the extent of the market correction and can identify a clear market trend. Most speculative home builders are sidelined due to uncertainty as to how long they will have to carry their property and pay a heavy mortgage. Lastly, over the past several years, Kauai had seen countless 2<sup>nd</sup> home/vacation home buyers from California and other parts of the mainland that would make down payments by borrowing against the equity in their mainland homes and then riding out the appreciation. These buyers are also now sidelined as it has become less inviting to take equity out of their mainland homes. With all these buyers on the sidelines, supply is plentiful. As of September 1<sup>st</sup>, there were enough homes on the market to meet demand for 7.5 months, up from 7.3 months supply in July. This is the largest housing inventory since October of 1992.

Those who are taking advantage of the current market conditions are the long term buyers. Owner occupants, land bankers, and long term investors are taking advantage of the abundance of inventory to lock-in significant future appreciation, however far down the road that may be.

## Summer Sales

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For the months of June through August, sales volume is down considerably across the island. North Shore condo summer sales dropped from 84 to 21 closings, a 75% reduction from the same period last year, and across the entire island, condo sales dropped from 213 to 138 closings, a 35.2% decrease from last year's summer. North Shore residential transactions also took a hit, dropping off 57.4% from 54 residential closings in the summer of '05 to 23 this summer. Island wide, residential sales registered 109 closings this summer, a 38.1% decrease from the 176 closings one year ago. On the North Shore and island wide, land sales have experienced the largest drop. North Shore summer land sales dropped 84.1% from 44 closings in '05 to 7 in '06, and across all of Kauai, land sales dropped 62.2% from 143 closings in '05 to 54 in '06.

Despite the significant decrease in sales volume compared to the record-setting numbers of last year, median sales prices haven't dipped nearly as much. Island-wide, the median sales price of residential sales was \$635,000, a 6.5% decrease from last summer's residential median sales price of \$679,500. Island-wide median sales prices for land dropped 8.6% compared to last summer, from \$439,000 in '05 to \$401,250 in '06. Lastly, island-wide condos saw a 2% increase in median sales prices from \$450,000 to \$459,000.

## North Shore Property Values Hold Strong

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While sales and island-wide prices are down compared to last year, North Shore median sales prices are still holding strong. The median sales price of condos purchased from June to August on the North Shore is up 27.8% in 2006 to \$710,800 from \$556,033 during the summer of 2005. The median sales price of North Shore residential properties are up 25.4% this summer compared to last - from \$936,750 to \$1,175,000. Finally, the median sales price of North Shore land jumped 57% this summer compared to last, from \$860,000 in '05 to \$1,350,000 in '06. With that said, these results may be a little misleading because the sample size of sales this summer is quite small. The next three months should give a good indication of where property values are heading.

## Below is a list of the beautiful vacation rentals we offer:

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***Hihimanu. 5 Bedrooms, starting at \$6,500 weekly.*** Take in the panoramic views in this luxury Kauai retreat. Perched on a quiet ridge overlooking Hanalei Bay, an open, airy 7,514 sq ft home with large verandas set on 4.28 acres.

***Ikena Lani. 5 Bedrooms, starting at \$10,500 weekly.*** An extraordinary island retreat located on Kauai's North Shore overlooking Kalihiwai Bay.

***Running J Farms. 2 Bedrooms, \$3,000 daily.*** Relax by the lavish resort-style pool and spa, light your tiki torches and watch the sun set behind Bali Hai. Situated near the Kilauea Lighthouse, a stylish 5,800 square foot loft-like modern barn with a tropical twist, and a walk-in wine cooler.

***Dali Hale at Secret Beach. 9 Bedrooms, Inquire about pricing.*** Dali Hale, which means "The House of Family" has a magical setting providing sweeping views of ocean and the Kilauea Lighthouse. 3 acres of privacy and a pathway to Secret Beach.

***Lani Kai Hale. 2 Bedrooms, \$5,500 weekly (Specials available).*** "Heavenly Ocean House" fits this vacation getaway to a "t".

***Alii Kai. 2 Bedrooms, \$750 weekly.*** Alii Kai 9F features breathtaking mountain views. This condo is beautifully furnished and comes with access to a pool.

***Puu Poa. \$1,800 weekly.*** This Puu Poa condo is the perfect place to sit and relax while watching sunsets and whales (in season) with ocean and Bali Hai views from almost every room.

***The Cove at Anini. 3 Bedrooms, \$3,500 weekly.*** This beachfront 3 bed, 2 bath home has all new furnishings. Only footsteps from the serene waters of Anini Beach.

***Anini Bikini. 4 Bedrooms, \$3,000-\$3,500 weekly.*** Look out at the gorgeous waters of Anini Beach from your bedroom balcony. Three bedrooms, two bathrooms upstairs and a separate one bedroom, one bathroom unit downstairs. We do not rent the downstairs separate.

***Hale Nahele. 2 Bedrooms + Loft, \$2,500 weekly.*** Nestled amongst Cook Island Pines in the woods of Kalihiwai Ridge, privacy is what you pay for with this pristine quality home.

**Below is a list of the exquisite properties we currently offer:**

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***South Shore Land - Waha Road, Units 3 & 4 Land offered for sale at \$289,000 EACH. MLS# 178670 & 178677. Unit 1 Land for sale at \$349,000. MLS# 178667. Unit 2 Land for sale at \$379,000. MLS# 178669.*** Rim lot with expansive Waialeale and Haupu Ridge views overlooking wide open pastures. Top portion of lot is buildable. County water service to be installed prior to close of escrow.

***East Side Residence - 5405 Kumole Street Home offered for sale at \$549,000. MLS# 176844.*** This single family residence also has a studio with 17-year income producing history. Mountain views from front deck.

***North Shore Residence - 2279 Oka Street Home offered for sale at \$649,000. MLS# 181073.*** This home was recently remodeled with new kitchen and baths, travertine, granite, hickory cabinetry, Kohler fixtures, and hardwood flooring. Best Value in Kilauea town.

***North Shore Land - Namahana Farms Lot #12-3 offered for sale at \$665,000. MLS# 176072.*** Ready to build your dream home. 2.05 acres comfortably located at the foot of Namahana Mountain. Private end of cul-de-sac lot with commanding mountain and waterfall views.

***North Shore Land - Namahana Farms Lot #12-2 offered for sale at \$725,000. MLS# 176072.*** Ready to build your dream home. 2.92 acres comfortably located at the foot of Namahana Mountain. Private end of cul-de-sac lot with commanding mountain and waterfall views.

***East Side Residence - 5974 Lokelani Road Home offered for sale at \$740,000. MLS# 179097.*** Two year old plantation style home in Wailua Homesteads with Brazilian cherry floors throughout, granite countertops, and stainless steel appliances.

***North Shore Residence - 2460 Kolo Road Home offered for sale at \$795,000. MLS# 179330.*** New remodel in Kilauea Town. Bamboo floors, new countertops, and “rec room” addition. The floor plan offers many possibilities.

***North Shore Land - Kilauea Farms - Waiakalua Street Land offered for sales at \$795,000. MLS# 170285.*** Enjoy views of: Bertlemans Hill, Crater Hill, mountains, and the ocean from this beautiful 2.24 acre lot conveniently located in Kilauea Farms. Close to Kilauea and several secluded beaches on Kauai’s north shore.

***North Shore Residence - Kalihiwai Valley Land offered for sale at \$850,000. MLS# 183712.*** “Old Hawaii” at its best. Secluded riverfront property located on Kalihiwai River.

***North Shore Residence - 3590 Moloa’a Road Home offered for sale at \$1,085,000. MLS# 165364.*** This 1 bedroom, 1 bathroom home on the edge of Moloa’a Bay has both an ocean and mountain view.

***North Shore Land - Kamo’okoia Road Land offered for sale at \$1,095,000. MLS# 167396.*** Build your estate amongst a stand of mature Paperbark Trees in beautiful Kalihiwai Ridge. This is Neal’s favorite pick of the North Shore vacant land in the price range.



***North Shore Residence - 7097 Alamihi Road Home offered for sale at \$1,250,000. MLS# 179741.*** Bali Hai views with a country feel. This well appointed new plantation style home is just a leisurely three minute stroll to the beach.

***South Shore Land - Waha Road Land, Units 5 & 6 offered for sale at \$1,295,000. MLS# 178673.*** Rare opportunity to own large parcel with residence and guest house rights on two lots totaling 18.9 acres.

***North Shore Land - Seacliff Plantation Land offered for sale at \$1,295,000. MLS# 180154.*** Located in the exclusive, gated, North Shore community of Seacliff Plantation. The fairly level 4.95 acres is ready for you to build your North Shore dream estate now!

***North Shore Residence - 7200-A Ko'olau Road Home for sale at \$1,825,000. MLS# 176071.*** This beautiful property is surrounded by pasture lands and ocean views. Just a short stroll from secluded and pristine Larsen's Beach.

***North Shore Residence - 7475-E Ko'olau Road Home offered for sale at \$1,880,000. MLS# 166113.*** Secluded plantation style home in Waipake amidst lush landscaping. Ocean and mountain views. Recently reduced price and will not last long.



***North Shore Residence - 05-6684 Kuhio Highway Home for sale at \$1,888,000. MLS# 180987.*** Exquisitely finished home and buildable lot on the threshold of Wainiha Valley. This property consists of two units of the "Wainiha Plain View" CPR. Walking distance to Wainiha Stream and Beaches.

***North Shore Residence - 4625-C Waiakalua Street Home for sale at \$1,895,000. MLS# 176071.*** Cottage with screened lanai and enclosed garage with an Asian twist. Overlooks and fronts a large lake, waterfalls and ponds.

***North Shore Residence - 5754 Kahiliholo Road Home offered for sale at \$1,995,000. MLS# 165238.*** A modern lakefront home located on 4.3 acres in beautiful Kalihiwai Ridge - a must see.



***North Shore Residence - 5631 Kahiliholo Road Home offered for sale at \$1,995,000. MLS# 184445.*** This property exudes aloha. Mature landscaping, ponds, and a charming home all designed and built by the owners with lots and lots of aloha. A one of a kind property in Kalihiwai Ridge.

***North Shore Residence - 2883 Kalihiwai Road Home offered for sale at \$2,500,000. MLS# 168992.*** This is a beautiful 5 bedroom, 3 bath home perched on a hill top overlooking 2.23 meticulously landscaped acres with a 900 sq.ft. art studio. Conveniently located walking distance from Kalihiwai Bay and Secret Beach.

***North Shore Residence - 4710 Kahiliholo Road Home offered for sale at \$2,600,000. MLS# 167963.*** The elegant and inviting two bedroom, two bathroom plantation style home features a bright kitchen, formal dining room, spacious living room, sitting room, and large screened lanai.

**North Shore Land - Kauapea Road Land offered for sale at \$2,900,000. MLS# 177454.**

Ten acres of prime location above beautiful Secret Beach. Situated on the cul-de-sac at the end of popular Kauapea Road, this private location features expansive views of the ocean and a trail to the beach.

**North Shore Residence - 4248 North Waiakalua Street**

**Home for sale at \$2,950,000. MLS# 177026.** This property must be seen to fully appreciate the exquisite tropical hardwoods used throughout. As a perfect study in contemporary Asian influenced design, this high end home is built with unsurpassed quality. Take in the ocean views, lilly ponds, & water features.



**South Shore Residence - 4560 Lawai Beach Road offered for sale at \$3,195,000.**

**MLS# 168149.** Magnificent oceanfront location with residence on Kukuiula Harbor on Poipu's "Gold Coast."

**North Shore Residence - 4146 Waiakalua Street Home**

**offered for sale at \$3,650,000. MLS# 178487.** Brand new custom home with big ocean and mountain views on 2.5 acres. The home has 3 bedrooms, each with its own bathroom finished with marble and travertine. Each bedroom opens onto a lanai with a big ocean view. Has a trail to a secluded white sand beach.



**North Shore Residence - Anini Beachfront Home offered for sale at \$4,995,000. MLS#**

**179111.** Enjoy 365 days of swimming a year in the tranquil waters of Anini Beach.

**North Shore Residence - 2801 Kauapea Road offered for**

**sale at \$11,600,000. MLS# 176434.** Running J Farm is a tropical paradise estate with a modern twist. Here Bali meets New York style loft, with exquisite attention to detail in this 5,800 sqft home. Cottages, barns and an artist studio are all hidden from view while you enjoy sweeping ocean and mountain views. Lay out beside the most tastefully done pool on Kauai or walk to Secret Beach on your own trail.



**ALSO AVAILABLE ON KAUA'I...**

**North Shore Oceanfront Land - Hanalei Bay**

**Oceanfront Lot offered for sale at \$9,000,000.**

*Over half an acre lot right on beautiful Hanalei Bay.*



Neal Norman presents...



# Anuheia

a 55 Acre Private Estate in Kilauea

***Anuheia is offered for sale for \$18,000,000 (FS)***

Located on the North Shore of Kauai in the town of Kilauea is a home of unsurpassed taste and craftsmanship. A 55 acre estate that will never be seen from any other home. Nestled within a 1500 acre gated preserve, this 4 bedroom, 4.5 bathroom, open design, 6,000 sqft Japanese country home is something that must be seen to be appreciated. Also included is a 3000 sqft art studio/office/gym built to the same amazing specs. Throughout the property winds a series of beautiful water features including swimming ponds and rapids. It is truly a paradise. For more pictures and details regarding the property, click the picture above.

**KOA**  
**PROPERTIES**  
L A N D & H O M E S

Exclusive Office Listings (Not in Multiple Listing Service - Call Neal Norman for details):

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***Anini Beachfront Home / \$14,000,000***

***Secret Beach Cottage with access to Secret Beach / \$3,000,000***

***Hanalei Beachfront Home / \$8,000,000***

***Two 3-acre Vacant Lots with great views in Upper Moloa'a on Ko'olau Road / \$875,000 each***

***Large Estate Home in Princeville Stable area / \$5,000,000***

***Hawaiiana Shack in Hanalei / \$2,000,000***

If Koa Properties, Land and Homes, LLC can be of your assistance, please do not hesitate to call our office at 808.828.6644 or visit our website, [www.koakauai.com](http://www.koakauai.com), which will give you more detailed information on the properties and vacation rentals listed above. We will be happy to help you in any way possible.

Wishing you a warm aloha,

Neal Norman

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Koa Properties Land and Homes LLC

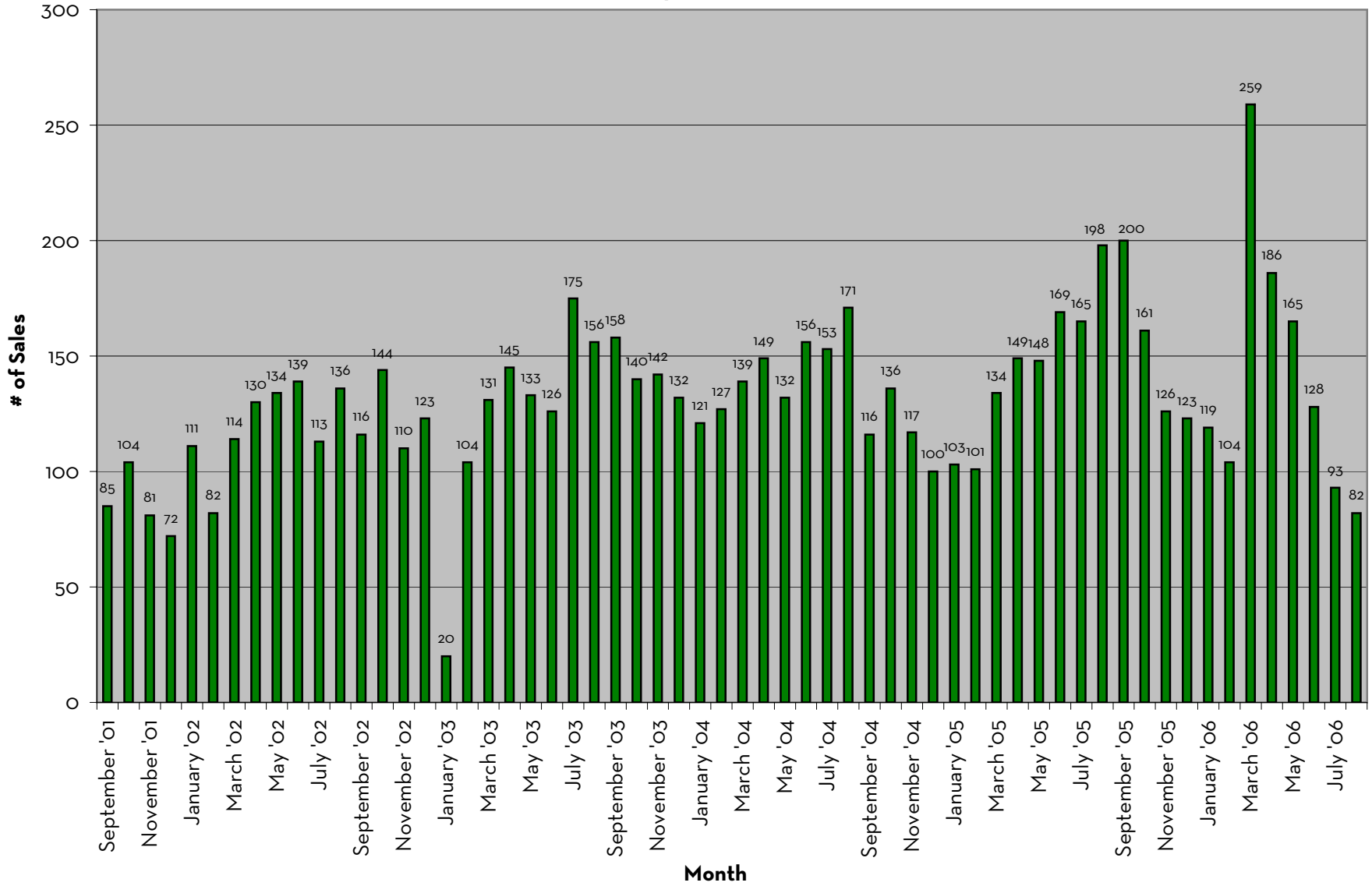
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**KOA**  
PROPERTIES  
LAND & HOMES

***Attached you will find two charts which show the # of total sales (Island Wide and North Shore, respectively). In both charts, notice the drop-off over the last three months.***

# of Res, Condo, & Land Sales/Month, Island Wide, Over Past 5 Years



# of Res, Condo & Land Sales/Month; North Shore; Over Past 5 Years

