



# Kauai Real Estate News and Views ~

McCartney Properties January 2011

## A New Years Resolution

One of the New Year's resolutions I've made for 2011 is to start a newsletter. Kauai's real estate market has seen it's share of volatility over the past 8 years. It will be important to keep a close eye on where our market is headed to help us make smart real estate decisions in the future. I hope the information I provide will assist you in that effort. I promise to keep the information to the point with some interesting Kauai news added in. E Komo Mai ~

## Next Month....

**Financing** - what the heck is going on out there??

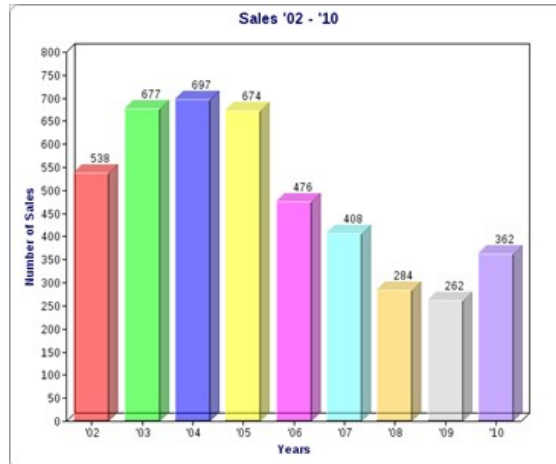
## On The Lighter Side

*"It isn't so much that hard times are coming; the change observed is mostly soft times going."*

~ Groucho Marx

## McCartney Properties

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## STATE OF AFFAIRS

So, where are we right now? As you can see from the graph, we've gone through some major extremes over the last 8 years. These numbers represent total residential sales for the years indicated. While still below sales in 2007, 2010 numbers show that we have finally turned the corner. Also keep in mind that while the number of sales for 2010 went up, the actual dollar volume has stayed almost flat. In other words, there were more sales (by 100 for the year), but they were for less money. This seems to fit when combined with the fact that about 40% of our sales in the last few quarters were short sales or foreclosures, which typically sell under market value.

Statistics for condos fared a little better - up 48.5% for number of units over 2009, with a 15% increase in dollar volume.

As with any statistics, it takes a good working knowledge of our market to get an accurate picture. Because Kauai's market is relatively small, a few sales can really skew the numbers. But I believe the residential sales numbers pretty much tell the story for 2010. We saw more activity and prices were down substantially. Homes that were priced well, sold fairly quickly and buyers with cash had the most buying power.

## CRYSTAL BALL

Predictions are all over the board for 2011 - some analysts feel we're in for another dip, others are confident we are on track for 5% growth. Obviously, no one has the inside track and all bets are off if we have any major events, i.e., hurricanes, fuel price wars, etc. But if you sort through the extremes, I think most analysts are predicting a slow growth year - somewhere in the range of 2%. Paul Brewbaker, a respected Hawaiian economic analyst says, "we are right at the moment of breakout."

So we can expect more of what we've seen this past year - some fantastic deals if you have cash or can qualify for a loan, 30-40% of our sales comprised of short sales or foreclosures. If you need to sell, you'll have to price your property aggressively to get it sold and if you have something unique (location, amenities, features), you should be able to sell fairly quickly, albeit near market prices.

As always, I am here to assist you in determining the best course of action for your situation. You can expect an honest opinion, based on data and current conditions.

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