

NEWSLETTER 2005

People often ask me what is in store for real estate on Kauai. Well, if I had a crystal ball, I would be a millionaire and probably not be writing this to you. But, since it is an often asked question, all I can say in a nut shell is that if present trends continue, our real estate prices on Kauai will continue to go up as they have for the past five years.

Several decades ago, everyone was looking at the Japanese who were coming here to Hawaii to buy real estate in droves, but their economy has since gone South and it is safe to say that they are no longer in the picture. While the Japanese were a significant force in our real estate market place back then, today, they have been replaced in significant numbers by the Baby Boomer Generation. These are people who are getting close to retirement age and are starting to look for places where the life style is a little more laid back and the climate and environment are a little more friendly. Most of them have traveled here to Kauai earlier in their lives on vacations and are familiar with what makes Kauai such a wonderful place to be. They typically live in a larger home that is either paid off or they have substantial equity. Their children are raised and are off on their own and generally, like my kids, live in different parts of the country away from mom and dad. In many cases, the Baby Boomer's parents have passed away leaving them with another pile of money or real estate or both. The bottom line here is the fact that there are increasing numbers of people in our over all economy who have an inordinate amount of disposable income.

Many of these Baby Boomers and others who have been fortunate in their lives are shying away from the stock market, especially having witnessed the dot comers many of whom have become dot bombers. With those stinging lessons in mind they are looking more toward tangible assets such as real estate, especially if they can live in it in one of the more beautiful oases in the world. There are similar oases like Veil and Aspen and others where the millionaires have come into town and bought out the locals. Now the billionaires are coming in and buying out the millionaires.... and that is exactly what is happening to Kauai. It doesn't take much to figure out what is happening to our real estate prices here as a result. If you are an investor, you don't have to have a degree in rocket science to see the light.

The interesting thing about the real estate market on Kauai is that we see the winners who are coming into our market and buying only because they can afford to. They are the ones who are driving this market. While interest rates are an important factor in determining the pace of sales, they are generally not as big a factor here as they are on the Mainland because a good many buyers here are simply cash buyers. Now that you know where the money is coming from and what is happening to real estate values here on Kauai, how can I help paint you into this picture???

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