



**2022 Q1-Q4
HAWAI'I LUXURY
MARKET REPORT**

Sales and trends in Hawai'i's high-end real estate market.

PRESENTED BY HAWAI'I LIFE
DEVELOPED BY CEO MATT BEALL





Now is when the *magic* happens.

**Shakeout +
Dry Powder =
Major Life
Changes**

Matt Beall, CEO Hawai'i Life

I started my real estate career in 1998 - right around the time of the dot com crash in Silicon Valley. I was too much of a neophyte in the business of representing Hawai'i real estate to really notice any sort of major impacts in the market. It was all just business as usual for me. Mortgage interest rates were in the 7% range, although I rarely paid much attention to them - especially since they didn't really seem to be a very significant obstacle (or motivator) of sales activity.

If there was an impact on Hawai'i's market from the dot com bust, I was too busy starting a career to notice. I also didn't have the benefit of a previous market to compare it to. From my perspective, everything was up and to the right from 1998 until 2008. When the recession hit, the impact on the market was palpably obvious. Trading ground to a halt. A full 60% of the sellers in Hawai'i were either selling short (having negotiated a "short sale" with their mortgage lender) or bringing cash to the closing table in order to close.

In the years immediately following the recession, however, there was an uncanny amount of activity in Hawai'i's ultra-luxury real estate market. At the time, I couldn't put my finger on it. The entire zeitgeist around residential real estate was still apocalyptic. Every market indicator - transaction volume; median sales prices; average sales prices; days on market; all of them - were trending downward if not flat-lined at the bottom of a chart somewhere.

Yet - some of the largest residential transactions in the history of the State occurred during that time. In hindsight, the reason is simple: **Dry Powder.**

Those who could afford to take advantage of the opportunity in the market did, and even though the overall values were depressed, the kinds of properties that were shaken out of the market during that time led to some of the highest sale prices Hawai'i had yet seen.

The first of many high profile transactions took place, ushering in entirely new demographics (and psychographics) in Hawai'i's luxury real estate market.

Photo: 4914 Lawai Rd., Poipu, Kaua'i (see pg. 94-95)

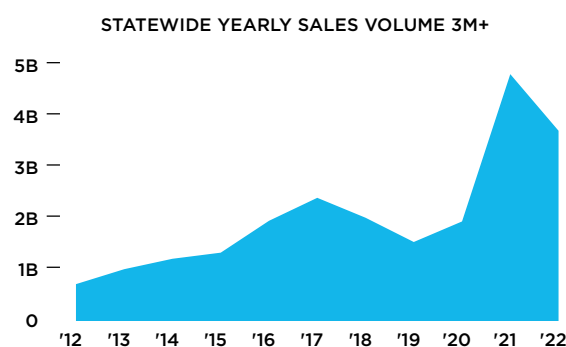
Another Round of High-Profile Transactions

After those initial, somewhat surprising transactions... the market slowly began to recuperate. Values rose, along with the frequency of transactions. By the middle of the decade Hawai'i saw another round of high-profile transactions - tech barons, celebrities and foreign nationals made headlines with ultra-luxury purchases. In 2018, shortly after the "Jobs Act" and its related tax cuts, the ultra luxury real estate market in Hawai'i was setting records, with Hawai'i Life on the front lines.

By 2019, we were convinced that perhaps the "normal" cycle of -10-year booms had played out. We were preparing for the market to soften. Then Covid-19 hit.

After the initial shock of lockdowns and effective full-stop to Hawai'i's visitor industry, it became apparent by the mid-summer of 2020 that luxury real estate in Hawai'i was far and away one of the most sought after assets that money could buy.

The result was a run on luxury real estate from the summer of 2020 to the summer of 2022 that broke every historical record one could track in the market: the number of transactions; the average price of those transactions; the velocity of the market; record-setting prices in every category; and on and on.



A Welcome Reprieve From No Inventory

That run stopped somewhat abruptly in third quarter of 2022, ostensibly due to the Federal Reserve's interest rate hikes and fear of recession (not to mention insufferable election-related media coverage intent on playing up the worst economic indicators possible, while ignoring any underlying positive indices).

But this "recession", if it is one, is quite different, in as much as it's not led by housing and/or mortgage-backed securities.

The pandemic-related market run that we experienced in Hawai'i's ultra-luxury real estate sector was logistically unsustainable - by simple measures of supply and demand. Everything that could trade, did. We simply ran out of supply.

But we certainly haven't run out of demand.

And here's where it gets interesting. There is an extraordinary amount of dry powder sitting on the sidelines. Waiting. Watching.

The dry powder on the sidelines isn't going to sit idle for much longer

Granted, there are already stand-offs taking place in the market. Indeed, the frequency of "low-ball" offers has increased in every price segment, including the luxury market. But what we're not yet seeing are radically depreciating values. In fact, by every statistical measure, real property values are still increasing, in every market segment. What's even more significant, is that although the rate of increase may be slowing, we're still comparing values to 2021, the year in which values spiked the most.

The luxury market simply ran out of supply

But we certainly haven't run out of demand

Overall inventory is slowly growing, which is a welcome reprieve from literally having nothing for sale.

Some of the growth in inventory is from the shakeout we predicted in previous reports. Not every pandemic-related purchaser will keep their new Hawai'i property. Some will sell. Some will rent. We're seeing remarkable growth in the number of rental properties we manage.

But there are no real fire sales in the luxury market. The demand is still outpacing the supply.

And Hawai'i has still not yet fully-rebounded from the pandemic. International travel has been relatively slow to return, especially for eastbound travelers. Canadians have returned, although not yet to their pre-pandemic levels.

An Increase in Off-Market Transactions

There has been a significant increase in off-market transactions, likely a result of limited inventory and brokers approaching (if not privately marketing) off-market listings. Many of them haven't reported in the Multiple Listing Services, even though the press has covered some of them.

What's interesting about the off-market sales is that most of them are for extraordinary prices.

We expect this to continue. In fact, we expect 2023 to showcase another round of record-breaking sales. The overall number of ultra-luxury transactions will almost certainly not outpace the incredible velocity of 2021, but the dry powder on the sidelines isn't going to sit idle for long.

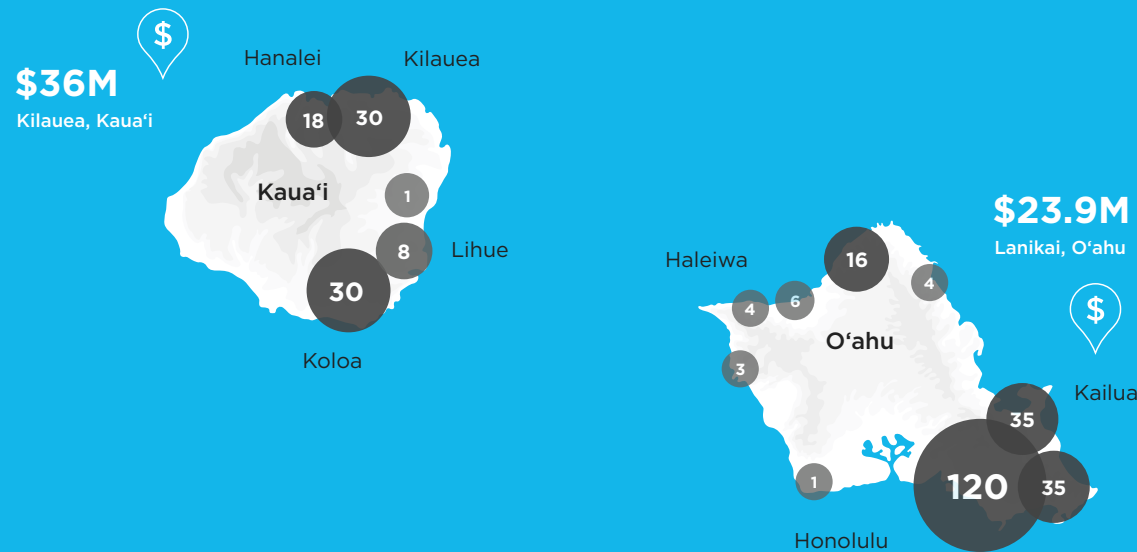
We're going to see some record-breaking sales in 2023.



Matthew G. Beall
Matthew G. Beall
CEO, Hawai'i Life

State of Hawai'i

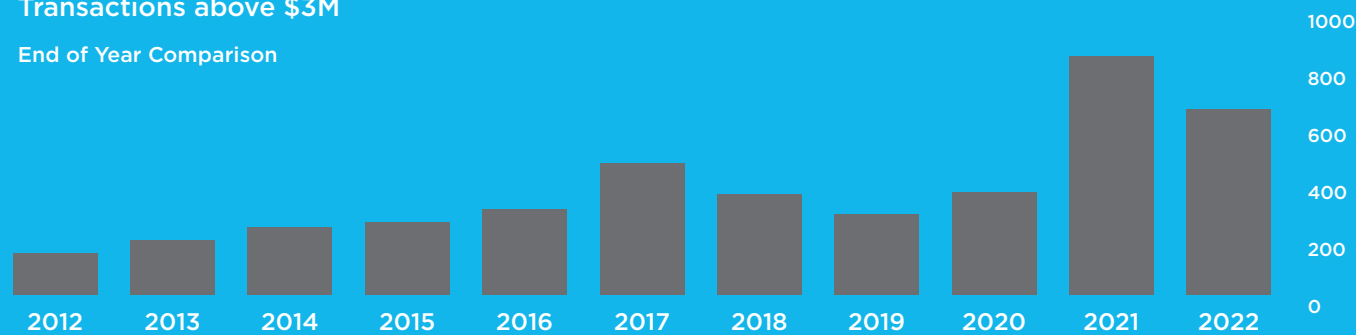
2022 Sales Above \$3M



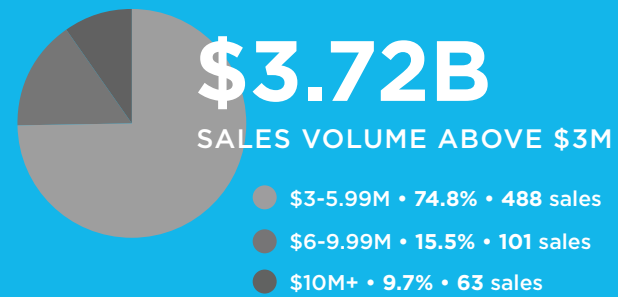
2022 Statewide high-end sales trailed 2021 in both number of transactions (-22%) and total dollar value (-23%) for a total of \$3.72 billion.

Transactions above \$3M

End of Year Comparison



Transactions by Price Range



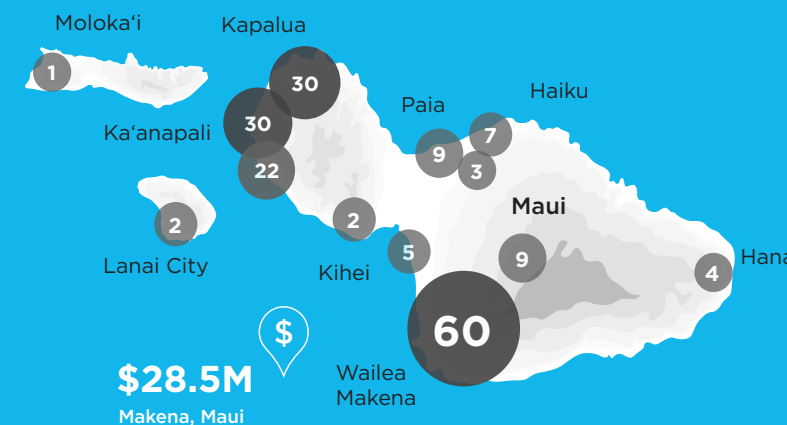
652

Sales Above \$3M

63 Sales Above \$10M

97.3% Avg Sales Price / List Price

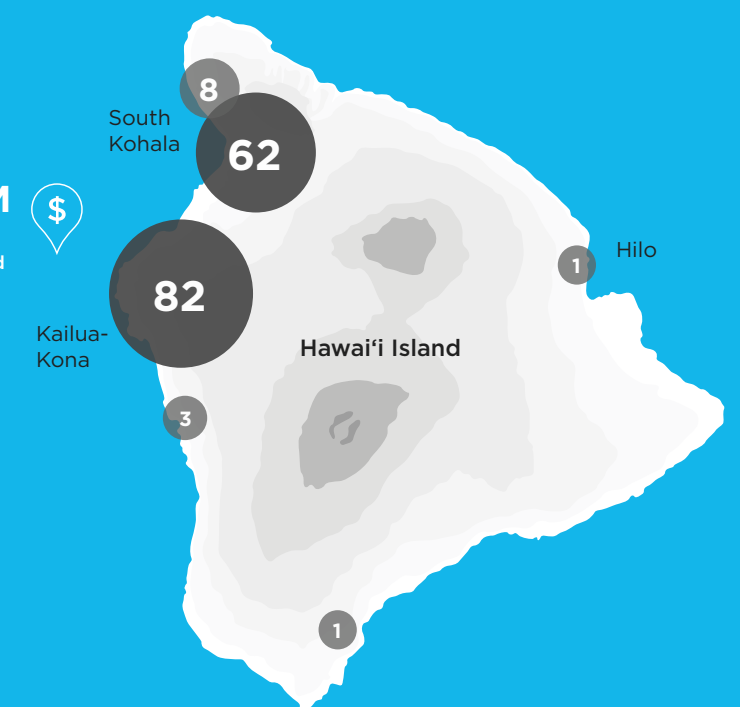
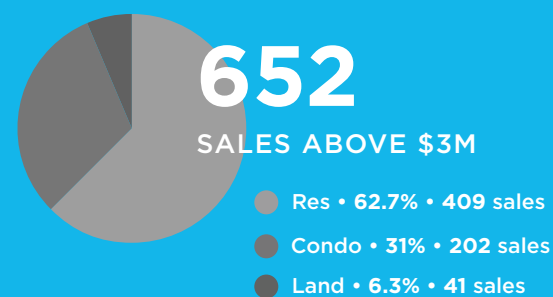
\$1,835 Avg Sales Price / Sqft



\$33.8M

North Kona, Hawai'i Island

Transactions by Property Type



State of Hawai'i

REAL ESTATE MARKET OVERVIEW

In 2022, the most striking theme has been the steady increase in high-end sales. Statewide, high-end sales eclipsed every year in the past decade in both number of transactions and total dollar value, with the exception of 2021. Despite the ebb and flow of interest rates, the end of 2022 saw real property values continuing to rise in every segment of the luxury market.

In 2020, a few months after the beginning of the pandemic, the state of Hawai'i's luxury real estate market began to soar as the rate at which inventory was contracting became unsustainably frenetic. By 2021, luxury sales volume in Hawai'i had grown so rapidly in terms of transactions and total dollar value that it demanded most of Hawai'i Life's team and resources. In the first half of 2022, year-to-date high-end sales across the state outpaced 2021 in both number of transactions and total dollar value, albeit with less furor.

From the summer of 2020 to the summer of 2022, we saw a run on luxury real estate that broke every historical record that can be tracked in the market, including days on market, median price, and absorption rate. In the third quarter of 2022, that run stopped somewhat abruptly. At the end of 2022, we saw Hawai'i emerging from the greatest run in Hawai'i's history, with a -22% decrease in the number of transactions and a -23% decrease in total dollar value as compared to 2021.

As 2023 unfolds, we have to look less intensely on activity from mid-2020 to mid-2022, and take a bigger picture view, examining data from the past decade for an accurate understanding of where Hawai'i's luxury market is and where it's headed. Our capacity, experience with agency in all its forms (buyer, seller, and dual agency), and ability to see this big picture continue enabling Hawai'i Life to improve our market share in this coveted space of luxury real estate in the state of Hawai'i.

For the purposes of our market report on Hawai'i's luxury real estate market, we consider all sales that exceed \$3 million (U.S). We chose this as our benchmark because the average home price in Hawai'i is close to \$1 million.

Throughout this report, we have included sales transactions that closed at or above \$3 million in all data points quoted, unless otherwise noted.

Economic Impact

Over the past decade, high-end sales volume in Hawai'i grew 416.14%, from \$720.53 million in 2012 to \$3.72 billion by the end of 2022. Looking back on the past 5 years, high-end sales volume rose 54.43% from \$2.41 billion in 2017.

Although dollar value is down -22.9% from \$4.83 billion in 2021, it's still the highest value in the past decade. Only 2017 came close at \$2.41 billion. In fact, 2022's dollar value is more than double the value of the \$1.54 billion we saw at the end of 2019.

EOY 2022 saw 652 luxury transactions. Although less than 2021's unprecedented 838 transactions, this value is still the second highest in the past decade. For perspective, the state's highest value until the height of the pandemic in 2021 was 463 sales in 2017.

Over the last two years, we've seen lack of inventory and barriers to housing supply paired with outstanding demand for housing. Seemingly influenced by the Federal Reserve's interest rate hikes and recession fears, the unsustainable run on luxury real estate stopped simply because supply ran out. Demand, on the other hand, has demonstrated no sign of letting up.

In 2022, demand imbalance continued, resulting in the need for a course correction. The fourth quarter of 2022 revealed that although growth is slow, overall supply is replenishing. According to the UHERO Forecast for the State of Hawai'i¹ from December 2022, barriers to new housing supply include permitting delays. Present throughout all counties in Hawai'i, these delays have increased significantly over the past decade.

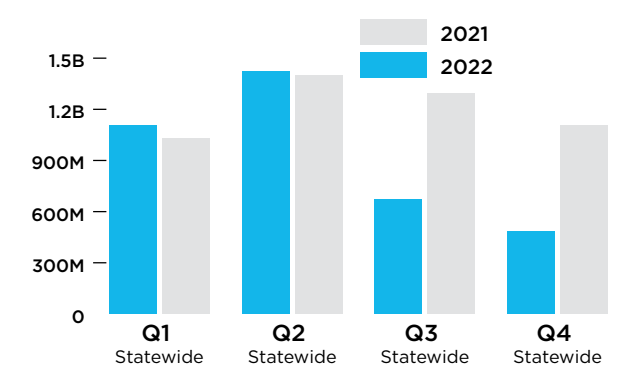
Through the first half of 2022, the luxury real estate market's growth was driven by new wealth and new high net-worth individuals. As 2022 came to a close, Hawai'i's seasonal market began. It was then that we

saw buyers who only visit the chain of islands during vacations considering the second home that they were finally able to see in person, which was difficult to impossible during the pandemic.

We also saw an economic slowdown that gave people pause, taking some of the frothiness out of the market. This downturn brought Hawai'i's luxury market back to a more balanced state with true valuations of property. As more high-net worth individuals wait to take advantage of investment opportunities, recession or not, we have also seen a rise in dry powder. These individuals continue to invest in real estate as a result of the lack of suitable places to put uninvested, typically liquid, capital.

Statewide Performance by Quarter

A full 34.36% of all high-end Hawai'i transactions closed in the very active second quarter of 2022. Second-quarter closings constituted 38.77% of the year's luxury real estate sales by dollar value. And the second quarter of the year had 244 sales, up +3.39% from the 236 sales seen in the second quarter of 2021. This trend of an upward spike in sales in 2022's second-quarter is consistent with the previous year which also saw the most sales in Q2.



¹ UHERO Forecast for the State of Hawai'i: Global War on Inflation will Hinder Hawai'i Growth

Rarity Drives an Extraordinary Portion of the Ultra-Luxury Market

No matter what the market, supply and demand are the drivers of both price and market velocity. At year's end, inventory was growing across the state but escalation has been slow, suggesting that the idea of Hawai'i moving into a softening market is not translating to the ultra luxury market.

While 2022 was defined by a lack of inventory, supply did pick up in the fourth quarter, while the pace of absorption of any remaining inventory sustained the strong sellers' market. In the real estate market, the rate of absorption is a metric calculated by dividing the number of homes sold in a given time period by the total number of homes on the market. To determine the time it would take for the supply to be sold, this equation can also be reversed.

According to the National Association of Realtors (NAR), the 55 to 64 age group and 65 to 74 constituted the largest share of home buyers in 2022, each accounting for 21% of total home buyers in the U.S.²Hawai'i is no exception, seeing both these age groups purchasing property, which is driving demand up. On the other hand, Hawai'i is unlike many other states in that it will always have inventory constraints, so demand will always be present.

Location continued to play a stronger role in influencing Hawai'i real estate values

The calculus of Hawai'i's luxury real estate market is driven by forces beyond more common values such as interest rates, absorption rates, and supply of inventory. It's fueled by qualities that aren't as easy to calculate objectively, including quality itself.

Supply remains limited and demand unyielding, however, less tangible forces are at work in this space.

Natural beauty, lifestyle, a sense of place, Hawai'i's relationship-based culture, architecture as a statement, and landscaping as a creative expression all contribute to qualities of security, privacy, self-reliance, rarity, and value.

These are the qualities that many of our ultra-high-net worth clients value the most. These clients are aware, discriminating, decisive, and pre-wired to Hawai'i. Rarity is a pillar in their mindset, driving an extraordinary portion of the ultra-luxury market. And the list of truly rare properties in Hawai'i has grown categorically shorter.

Our affluent clients not only know what they want, but what they don't want. They want the highest quality. The best of the best. A second home with stunning views that is fairly new if not new construction. They do not want homes that require renovations. They are not in a hurry. And they are patient and willing to wait for a property that fits their parameters.

We advise our luxury clients to look for the property that will satisfy their parameters and long-term needs (which they can do without stiff competition right now). As we advise them through record-breaking transactions in residential real estate, we offer a network of relationships and an extensive knowledge of the micro-trends within very niche markets across the state of Hawai'i.

It's this level of advice and service that matters most. Determining true value becomes a formula driven not by assessments or competition, but rather by our understanding of craftsmanship, discretion, and nuance.

And as always, by our island-specific understanding of location and the role it plays as the sole driver of real estate values. In 2022, location continued to play a stronger role in influencing real estate values in Hawai'i. High-quality homes that are turnkey, and more importantly in the ideal location, is what draws our clients here more often than not.

² NAR Profile of Home Buyers and Sellers, 2022

Tourism is another powerful driver across Hawai'i. Though recovery from the pandemic was slow-going for the tourism industry, the industry continues to surpass forecasters' expectations. According to December's UHERO Forecast for the State of Hawai'i, the average daily visitor census has fully returned to its pre-pandemic level. Specifically, Canadian arrivals were only 700 visitors less than the 2019 level.

Despite Japanese tourism's slower than expected recovery (potentially associated with the Japanese loss of purchasing power from depreciation of the yen and inflation spikes), Japanese visitors were at 18% of their 2019 level. The return of Japanese visitors is expected to offset any pullback of mainland arrivals in 2023.

International arrivals from other locations also showed an 80% recovery. In fact, visitor statistics released by the Department of Business, Economic Development and Tourism (DBEDT)³ reveals that a total of 735,340 visitors to Hawai'i arrived through the last half of 2022, which represented a recovery of +90.9% compared to the same month in 2019. Spending was up, as those visitors spent \$1.52 billion, an increase of 13.7% from \$1.34 billion at the end of 2019. The return of international markets to Hawai'i and increases in travel will continue to support our luxury market in the months to come.

Both internationally and domestically, Hawai'i's market continues to garner substantial attention as the world's top destination for relocation, despite its standing as the most expensive state to live in the nation, outpacing both New York and California as most expensive.

Quality of life - including climate, culture, health, and recreation opportunities - remains the most common reason given for relocation to Hawai'i. Other criteria include quality of education, low crime incidence, and longevity. Based on these

³ NOVEMBER 2022 TOTAL VISITOR COUNT 90.9 PERCENT OF THE 2019 LEVEL
⁴ QUALITY OF LIFE IN HAWAII: 2022 UPDATE

criteria, Hawai'i has ranked first in quality of life, as measured by both Mercer and by Gallup-Healthways Well-Being Index. And according to an DBEDT update in December of 2022, Hawai'i's quality of life is in excellent standing, with more than 66% of Hawai'i's quality of life indicators performing better than the rest of the nation.⁴

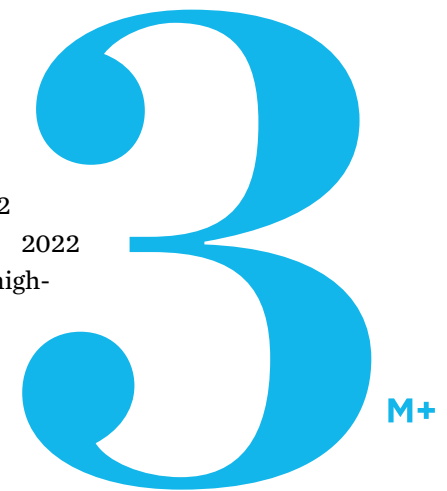
According to the Centers for Disease Control and Prevention, Hawai'i not only leads the U.S. in life expectancy, but in healthy life expectancy. And Hawai'i is consistently ranked in the top 10 best places to live in the nation.

Hawai'i not only leads the U.S. in life expectancy, but in healthy life expectancy.

Statewide Sales Above \$3M

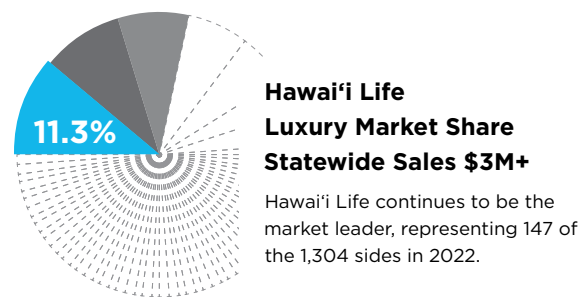
At the end of 2022, statewide transaction volume in this luxury segment totaled 652 transactions. While 2022 saw a decrease in high-end sales across the island chain, O'ahu experienced the least decline in luxury sold listings, dipping down only -10.8%.

As the international markets reopen, Oahu's luxury real estate market continues to experience growth. Most notably, single-family homes are back in favor, making up more than 73% of all transactions over \$3 million in 2022.



Hawai'i Life's \$3M+ Market Share

By the end of 2022, statewide transaction volume reached a total of \$3.718 billion, with Hawai'i Life representing 13.17% of the volume of sales. Specifically, we represented buyers and sellers in 147 of the 1,304 total sides of business — just shy of 12% of all luxury property transactions.



Hawai'i Life's substantial market share allows for insight and real-time market intelligence at scale. Our market share above \$3 million, especially at the top of the market, is enabled by the depth of our market share.

Statewide Sales Above \$10M

Of the four most populated islands in Hawai'i, Maui had the most trades over \$10 million, with 20 total transactions in the segment (the highest concentration of which was in Wailea and Makena).

On Kaua'i, a North Shore estate that was listed and sold by Hawai'i Life elicited attention as the highest-priced luxury sale in the state, selling for \$36 million after being on the market for 40 days.

In terms of total trades in units at or above \$10 million, O'ahu saw the highest growth in 2022, with 14 transactions versus 7 in 2021, which is an increase of 100%.

Across the island chain, the entire volume of business above \$10 million clocked in at 63 transactions totaling \$1.01 billion in 2022.



Hawai'i Life's \$10M+ Market Share

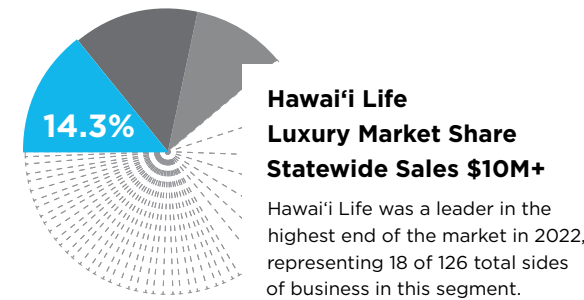
The chronology of Hawai'i Life's growth directly parallels much of Hawai'i Life's market share across the chain of islands. Founded on Kaua'i in 2008, Hawai'i Life opened our first office on Hawai'i Island in 2009, Maui in 2010, and O'ahu shortly after.

Over the past decade, high-end sales volume in Hawai'i grew 416.14%, with the most significant growth occurring over the past 5 years. By the end of 2022, O'ahu outpaced the other islands, with an increase of 88.72% over 2021, to \$200.08 million. Of that, Hawai'i Life's market share by dollar volume was 4.25%.

In terms of individual trades on Kaua'i, we represented 50% of all buyers and sellers in the ultra-luxury segment. And across the four major islands, we represented 17.14% of all trades in the space, with \$346.57 million of volume in 2022.

This is a hyper-competitive market fueled by timeless relationships and an unparalleled standard of service. Securing market share in the market's top tier is only accomplished with sustained relationships of trust and fidelity, exceptional leadership, discretion, service, and insight. Our HLI Directors have demonstrated a capacity to

handle the market's volume at scale, and without compromise. And our clients are finding the access, insights, and referrals that come with a significant market share more valuable than ever.



Statewide Forecast

The first half of 2023 is likely to experience a subtle downshift in the number of visitors as concerns over a recession generate a slight pullback in the mainland market. Further concerns over sustained inflation and corresponding interest-hikes are definitely misleading both buyers and sellers of luxury real estate stuck between either playing a waiting game, or rushing to get out of the market quickly.

At the time of publishing, however, strong economic signs of a recession have yet to surface. The drop in fuel and commodity prices, the slow return of the cost of essentials to pre-inflationary price points, and a gradual replenishment of the supply chain could indicate that the recession won't happen at all. A pending recession is still up for debate, but financial experts and economists predict that if it occurs, it might not be as dramatic or long-lived as initially forecasted.⁵

Real property values are on the rise in every market segment

In Hawai'i, we've yet to see radically depreciating values. We are, however, seeing real property values on the rise in every market segment, by every statistical measure.

What's more, we're seeing a second home market whose property owners aren't desperate to sell, with buyers and sellers who want the ability to negotiate. The result is overall inventory that is slow growing, which we may experience more of in 2023.

The trends of working from home, or even partially "remote" companies, and the drive to find living spaces that enhance quality of life, outside of denser urban areas, has yet to fade. Affluent individuals will continue to leave major metropolitan areas in favor of more private, spacious, sustainable, and health-conscious surroundings.

The significant increase in off-market transactions that transpired in 2022, most of them for extraordinary prices, is expected to continue. While the overall number of ultra-luxury transactions won't likely outpace 2021's notable velocity, we expect demand for Hawai'i's luxury real estate to remain very strong, especially over longer periods of time.

⁵ [Recession Fears: Are We \(Unofficially\) In A Recession Now?](#)

Oahu

2022 Sales Above \$3M

224

Sales Above \$3M

14 Sales Above \$10M

97.4% Avg Sales Price / List Price

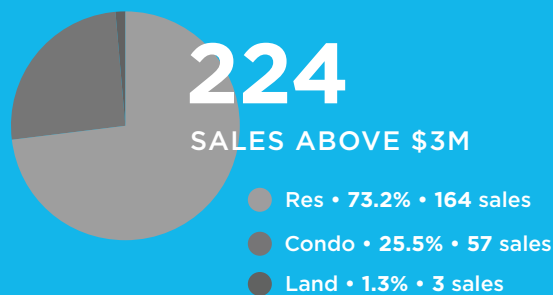
\$1,401 Avg Sales Price / Sqft

O'ahu's high-end sales in 2022 were less than 2021 in number of transactions (-10.8%) and total dollar value (-3.7%), but still saw Hawaii's least decline in sold listings with 224 trades.

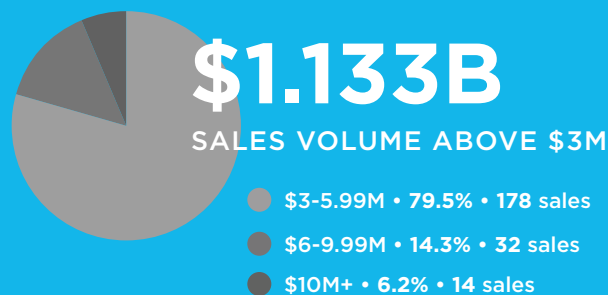


\$23.9M
HIGHEST SALE
A Lanikai estate sold in June.

Transactions by Property Type

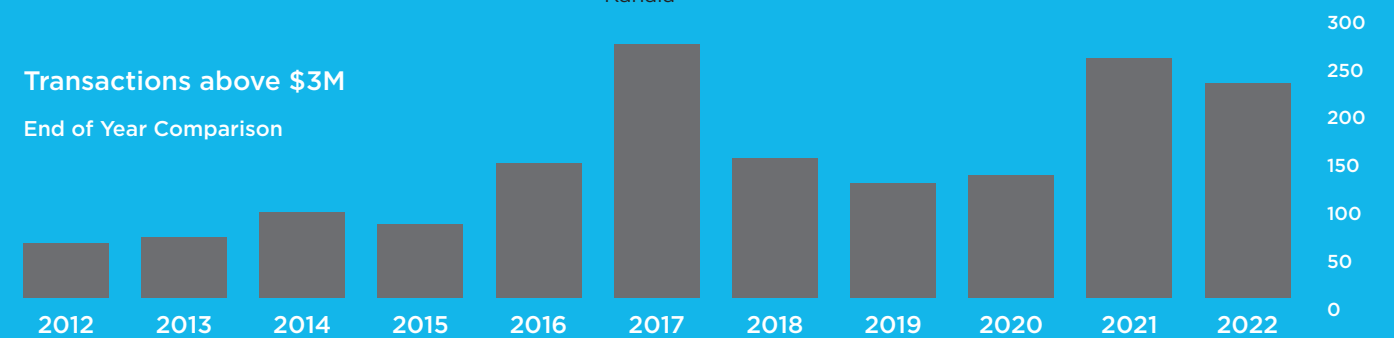


Transactions by Price Range



Transactions above \$3M

End of Year Comparison



O'ahu



REAL ESTATE MARKET OVERVIEW

With over \$1.13 billion dollars of luxury transaction volume, O'ahu led the way in 2022.

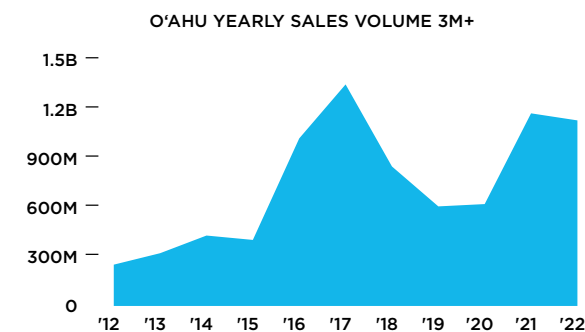
In 2022, the growth O'ahu's luxury real estate market experienced all year continued. Comparing 2021 to 2022, the island saw an increase of +88.7% in transaction volume at or above \$10 million. And in terms of total trades in units at or above \$10 million, the island saw more growth than Hawai'i's other islands, with an increase of 100%.

The island's average sold price per square foot climbed to \$1,401, an increase of 14.1% comparing 2021 to 2022, while the average sold price for luxury real estate increased to \$5.06 million, up 7.95% from \$4.68 million in 2021.

For 2022, the average days on market (DOM) was 81.5, down -16.87% from 98 days in 2021 and back to a pre-pandemic level. In terms of listing price, O'ahu home buyers paid an average of 97.4% of the listing price for their property in 2022.

While 2022 saw a decrease in high-end sales across the state, O'ahu experienced the least decline in luxury sold listings, dipping down only -10.8% to 224

sales above \$3 million. From a long-term perspective, this is actually an increase of 292.98% in high-end sales over the past decade.



Luxury transactions in 2022 ranged from multiple condominium sales in coveted building 3 of Honolulu's distinguished Park Lane Ala Moana to the highest sale of the year, a Kailua estate on Mokulua Dr. Listed at \$40M, Dillingham Ranch is currently the highest-priced listing on O'ahu and Hawai'i Life has sales pending in the luxury segment.

Despite O'ahu's residential inventory being generally more dated and denser than its neighbor islands, single-family home sales dominated in 2022. Back in demand, residential transactions made up more than 73% of all transactions over \$3 million in 2022.

O'ahu Sales Above \$3M

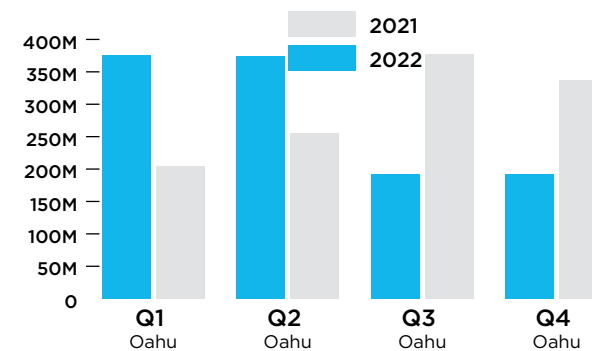
Of the luxury sales on O'ahu in 2022, 178 were in the \$3 to 5.99 million range and 32 were in the \$6 to \$9.99 million range, for a total dollar value of \$1.13 billion by the end of 2022. This represented a decrease of -3.67% from 2021. Sales in the segment included 164 residential homes, 57 condos, and 3 parcels of land.

O'ahu Sales Above \$10M

In terms of total trades in units at or above the \$10 million mark, O'ahu had 14 transactions in 2022 versus just 7 in 2021, which is a 100% increase.

O'ahu Performance by Quarter

Thanks to an active first quarter and second quarter, O'ahu's high-end market closed out the year with slightly less sales than 2021. With 72 total sales in Q1 and then again in Q2, 64.29% of all high-end O'ahu sales transactions closed in the very active first half of 2022. First quarter closings were the highest of the year, reaching \$374.95 million. This constituted 33.1% of the year's luxury real estate of \$1.13 billion sales by dollar value. And the second quarter was nearly on par with the first, clocking in at \$373.88 million.



Hawai'i Life O'ahu Market Share

In the ultra-luxury market segment, Hawai'i Life represented 4.25% of the \$200.08 million by dollar volume in 2022. Our listing inventory remains impressive, with notable listings in Diamond Head, Lanikai, and Kahala.

Hawai'i Life's O'ahu sales in 2022 have been high and widespread across the island. While the most popular luxury neighborhoods on O'ahu remained in Honolulu, buyers continued to pursue neighborhoods out of Honolulu's urban core as well, including the renowned North Shore.

Highly Acclaimed Oceanfront Residence in Diamond Head

This idyllic oceanfront residence on Diamond Head Road enjoys more than 9,000 square feet of luxury living with 3 stories, 6 bedrooms, 7.5 baths on over a half acre of land, ocean frontage, and incomparable views. A stately porte-cochère with dual, 2-car garages awaits on the other side of the gated circular entry, revealing a lush, green grotto and an impeccably designed estate. View-filled rooms overlook sweeping ocean vistas and verdant lawns, and the oceanfront pool/spa is surrounded by palms, tropical foliage, and cascading water features. The serene grounds also feature access to the sea and sandy shoreline for the very best in island oceanfront living. Highly acclaimed, this prized Diamond Head estate sold for \$17 million in March of 2022.

O'ahu's Condo Market Contracts After Market Run

After a market run on luxury condominiums in the first half of the year, availability is limited. By the end of 2022, there were 57 sales of luxury condos, accounting for more than a quarter of all sales above \$3 million on O'ahu.

O'ahu Market News and Forecast

Moving to Hawai'i is an idea that was put in buyers' minds during the pandemic and our prediction is that O'ahu, and specifically Honolulu, will see the effects of the Covid-19 buying boom for years to come, as for many it takes years to execute a move to Hawai'i.

This period of time in Honolulu's market represents a "great divide." O'ahu is still priced considerably lower than Maui, Big Island, and Kaua'i in terms of high-end product. And while there is undoubtedly weakness in the market as it slowly shifts away from a strong seller's market, we expect that slowdown on O'ahu will be seen predominantly in the mid-luxury category of \$3 to \$4.5 million.

This period of time in Honolulu's market represents a 'great divide'

Based on UHERO's Forecast for the State of Hawai'i, inflation in Honolulu is expected to cool down from 2022's 6.6% annual pace to less than 4% in 2023. By 2024, it's forecasted to drop down to slightly above the long-run average, which is around 2.5%.

Currently, there are a handful of O'ahu hotels under construction and a dozen more are in the planning stages. Additionally, Amazon has decided to construct a new warehouse in Honolulu's Kapolei community. We anticipate that new lodging offerings and Amazon's enhanced presence in Hawai'i will lead to additional job opportunities, giving the economy a boost.¹

O'ahu's world-class schools will continue to attract buyers from San Francisco and Los Angeles who choose Honolulu as their new home. We will

also continue seeing buyers make a second move to Honolulu from one of the neighbor islands if they determine that they need more of an urban environment to call home.

While slow going, the return of Asia's market is also underway. We have consistently seen high-end buyers from Korea and are beginning to get looks from Japanese buyers, although there are no serious offers on the table yet.

With the weak yen, affluent Japanese buyers could certainly list their homes, taking advantage of the strong U.S. dollar and selling at the top of the market. We have yet to see many of these transactions, however, as Japanese owners often view Hawai'i properties as trophy properties and are not in a rush to sell.

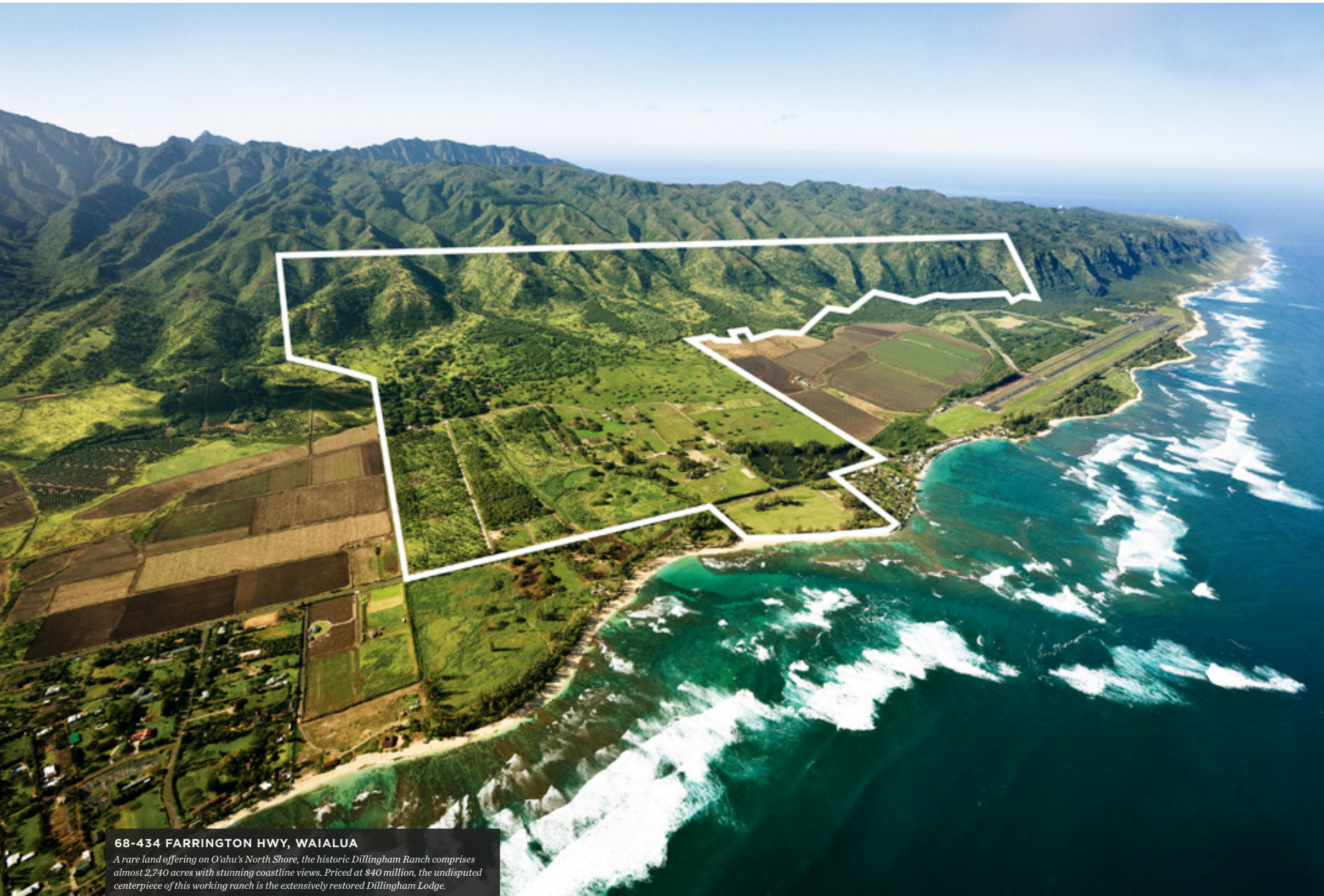
As the amount of quality inventory available remains low, it's likely that the top properties featuring quality construction, stylish design, and/or prime locations will continue to sell quickly and for a premium. If new top properties representing all of these qualities come on the market, we can expect to see record sales by price on O'ahu in 2023.



O'AHU NOTABLE LISTINGS

Inspired by the idea of moving to Hawai'i planted during the pandemic and driven by the reopening of international markets, O'ahu's single-family homes are back in demand and the island's luxury real estate market continues to experience growth.

¹ UHERO Forecast for the State of Hawai'i: Global War on Inflation will Hinder Hawai'i Growth



68-434 FARRINGTON HWY, WAIALUA
A rare land offering on O'ahu's North Shore, the historic Dillingham Ranch comprises almost 2,740 acres with stunning coastline views. Priced at \$40 million, the undisputed centerpiece of this working ranch is the extensively restored Dillingham Lodge.



O'AHU NOTABLE LISTINGS



4679, 4679B, 4705 KAHALA AVE, HONOLULU
Listed for \$23M, this single-level O'ahu home is the largest beachfront property for sale on Honolulu's Kahala Avenue. On the market after 30 years, the renovated estate's lush landscaping and harmonious design provide an effortless transition from indoors to out.





4607 KAHALA AVE, HONOLULU
This Kahala beachfront estate lot is available for \$17 million. With approvals and design to construct 6 two-story paired townhomes in place, this is a unique opportunity for developing a luxury private compound on Hunakai Beach's golden sands.





3639 DIAMOND HEAD, HONOLULU
Situated on prestigious Diamond Head, this renovated residence with beach frontage and panoramic ocean views is priced at \$16.6 million and enjoys quality finishes, manicured gardens, and elegant stone walls for privacy, security, and classic island charm.



O'AHU NOTABLE LISTINGS



380 LAMA PLACE, KAILUA
This private, self-sustaining compound blends curated design elements with an otherworldly Lanikai setting. Listed for \$14.8 million, the elegantly contemporary home features a Tesla powerwall, a covered, rooftop bar, and abundant amenities.



1388 ALA MOANA BOULEVARD #5704, HONOLULU
Listed by Noel Shaw, RA
A rarely available, turnkey condo at Honolulu's distinguished Park Lane Ala Moana, this 7th floor Sky Residence is available for \$10.25M and features designer tiles, art lighting, and other significant upgrades, as well as a spacious, covered lanai enhancing direct views of the ocean and white sand beach.





1555 KAPIOLANI BLVD #2301, HONOLULU
Priced at \$7.88 million, this exceptional grand penthouse is centrally located in Ala Moana. Thoughtfully designed with the finest amenities, the penthouse boasts floor to ceiling glass walls for commanding views of the sunrise, sunset, and ocean.



Hawai'i Island

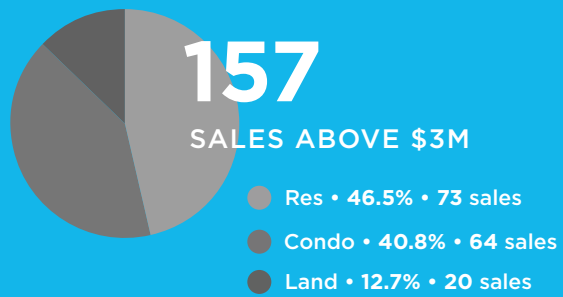
2022 Sales Above \$3M

157

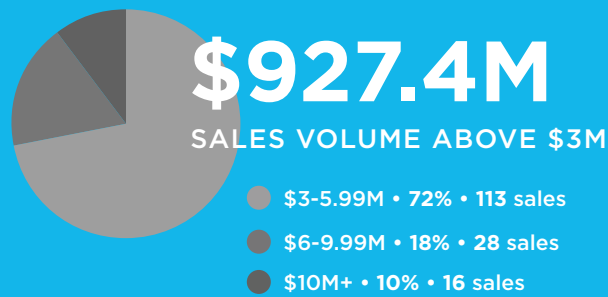
Sales Above \$3M

◆ 16 Sales Above \$10M

Transactions by Property Type

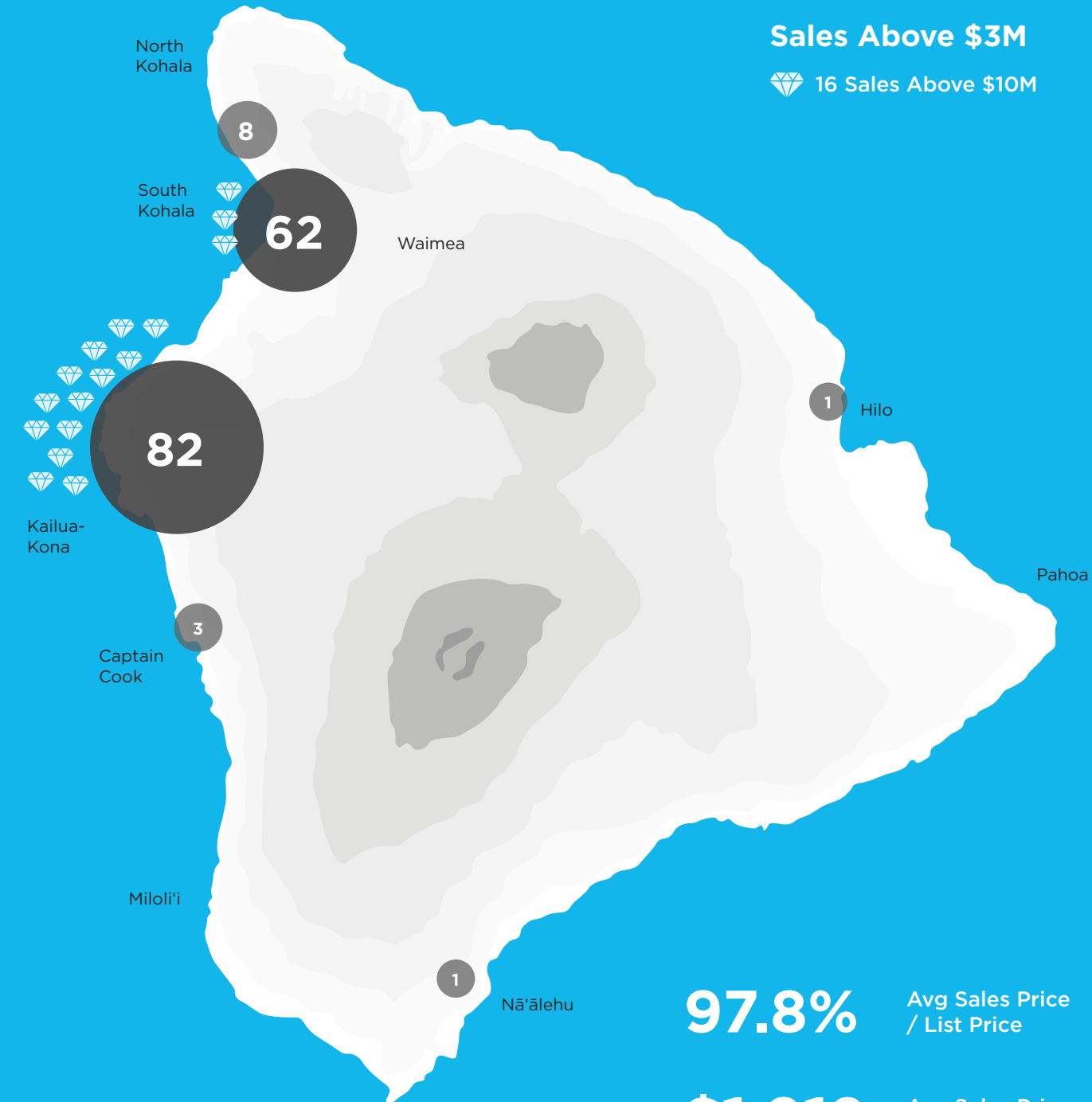


Transactions by Price Range



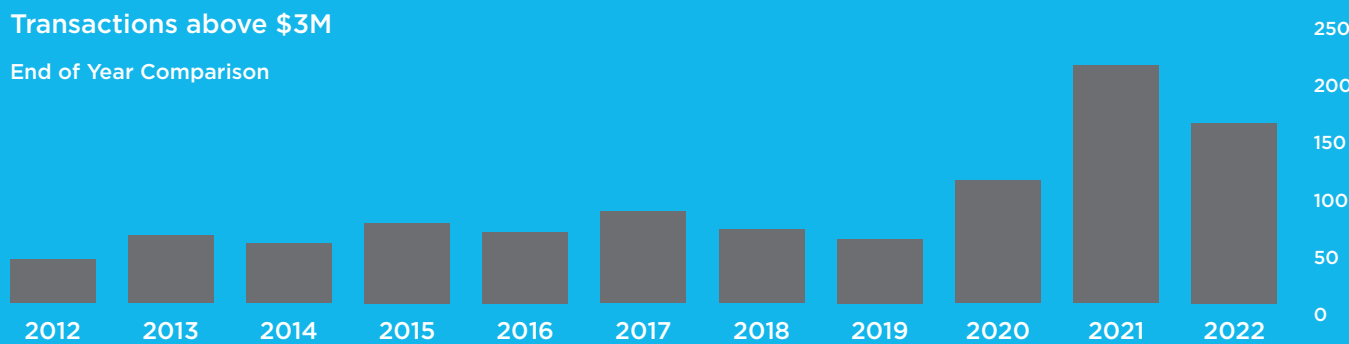
While Hawai'i Island's high-end sales inched down from 2021 in number of trades (-24%) and dollar value (-31%), 2022 sales totaled \$927.4M, more than double values before the pandemic.

\$33.75M
HIGHEST SALE
A North Kona estate sold by Hawai'i Life in April.



Transactions above \$3M

End of Year Comparison



97.8% Avg Sales Price / List Price

\$1,912 Avg Sales Price / Sqft

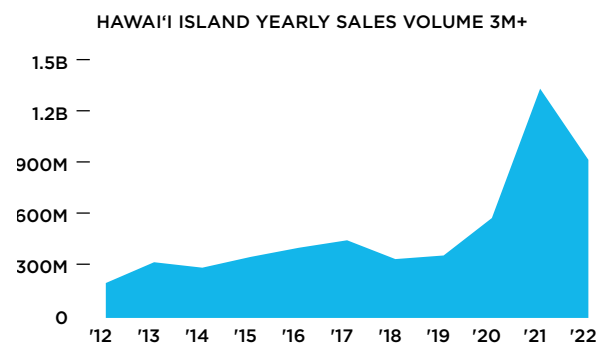
Hawai'i Island



REAL ESTATE MARKET OVERVIEW

Of the four most populated islands, Hawai'i Island saw the most land sales, including the largest parcel of land sold in the state, while DOM was less than 3 months, making conditions favorable for sellers.

For 2022, Hawai'i Island's average sales price per sq. ft. was \$1,912, while the median sold price of luxury single-family homes reached \$4 million. Although 2022 saw a downward trend in sold listings throughout the state of Hawai'i, there were 157 luxury transactions on Hawai'i Island, which is only -24.15% less than 2021 and more sales. Totaling \$927.4 million, the dollar value of 2022 trades is more than double the \$455.5 million seen in 2017, before the pandemic.



Hawai'i's luxury homes stayed on the market for only 69.2 days in 2022

Hawai'i's luxury homes stayed on the market for only 69.2 days in 2022. Down -52.2% from 144.8 days in 2021, the island's average days on market (DOM) was significantly less time than other islands. And Hawai'i Island home buyers paid an average of 97.8% of the listing price for their luxury property in 2022.

In 2022, the largest parcel of land sold in the state was on Hawai'i Island. The 1,834 acre parcel in Na'alehu sold for \$4.69 million in November.

Hawai'i Island Sales Above \$3M

In terms of transaction numbers, Hawai'i Island saw luxury transactions decrease by -24.15% in 2022. The island also experienced a decline of -31.02% in

terms of total dollar volume from \$1.34 billion in 2021 to \$927.4 million in 2022.

As demand for condominiums around \$3 million grew (with multiple offers on those listed and some sellers increasing prices in response to demand), the luxury condo market on the Big Island saw 64 sales. The strength of the luxury market can also be attributed to the 73 single-family residences and 20 parcels of land sold.

Of the 157 trades in 2022, Hawai'i Life represented 37, for a total of \$221.74 million in sales volume. Our transactions in the luxury market were largely centered on Kailua-Kona on the west side of Hawai'i Island. However, there were significant sales in resort areas further north, from Kohanaiki and Kuki'o to Hualalai and Mauna Lani.

Hawai'i Island's highest sale in 2022 was a direct oceanfront parcel found in Kuki'o, one of the most desirable luxury residential communities on the Kona Coast. Located in Kaupulehu, Kuki'o's newest development community, this property boasts panoramic views of the Pacific and a combined total of 3.64 acres. The expanded, consolidated parcel includes approved architectural building plans for a 9-bedroom main residence and 2-story residence with site walls, pool, and water features. The rare property is situated near the spacious Kaupulehu Beach Club with amenities including a double-tier pool, dining lanai, bar, and large events' lawn. A pathway from the Club leads to a secluded black sand beach.

Kuki'o's Kaupulehu Development is located just north of the Four Seasons Hualalai Resort and Kona Village. Featuring magnificent estate sites with less than 20 direct oceanfront lots, Kaupulehu is known for its rich history and rugged beauty. Hawai'i Life sold the Kaupulehu parcel for \$33.75 million after being on the market for only 56 days.

Hawai'i Island Sales Above \$10M

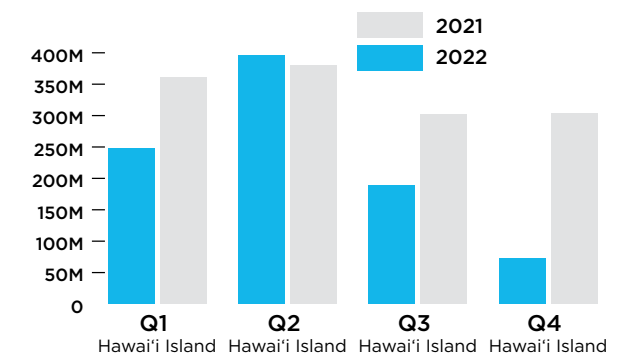
In terms of total trades in units at or above the \$10

million mark, inventory is low, but what is available is new or recently renovated. And quality homes that don't require renovations tend to move quickly. In terms of total trades in units in this space, Hawai'i Island had 16 transactions in 2022, totaling an impressive \$273.27 million.

The island's highest-priced transaction was a Kuki'o property in Kailua-Kona, listed and sold by Hawai'i Life for \$33.75 million.

Hawai'i Island Performance by Quarter

Hawai'i Island's second quarter was exceedingly robust. In terms of dollar value, Q2 2022 was up 9.61% from the same period last year. Reaching a total of \$416.04 million, second-quarter closings constituted 44.86% of 2022's luxury real estate sales by dollar value. With 70 sales, quarter two sales made up 44.59% of the year's 157 total closings. When compared to the 57 trades seen in the second quarter of 2021, this represents 22.81% more transactions.



Hawai'i Life Hawai'i Island Market Share

Some of Hawai'i Life's highest residential trades have occurred on Hawai'i Island, including 37 total sales of listings above the \$3 million mark in 2022, for a total of \$221.74 million. In the ultra-luxury market segment, Hawai'i Life represented 6% of

the trades at or above \$10 million, totaling \$33.75 million by dollar volume in 2022.

Hawai'i Island Market News and Forecast

The first half of 2022 was as busy as ever for Hawai'i real estate. When the summer hit, we saw a slight turn, with interest rates edging higher in general. On Hawai'i Island, however, the luxury market was not significantly impacted by erratic rates. In this market, most buyers are purchasing with cash, including those that came to the island during the pandemic. Unlike the turnover reported elsewhere, these home buyers are staying put. By the end of 2022, we had yet to see much shake out. The situation on Hawai'i Island is balanced as we begin 2023.

At the time of publishing, Hawai'i Island had 51 listings, proving that while inventory is low, it does exist. Demand hasn't gone anywhere, as the eruption of Mauna Loa drew visitors to Hawai'i Island in December, as did a strong market of second-home buyers. Visiting during their winter vacation, these buyers began arriving as 2022 ended.

With the first quarter of 2023 underway, Hawai'i Island is in our high season.

With the first quarter of 2023 underway, Hawai'i Island is in our high season

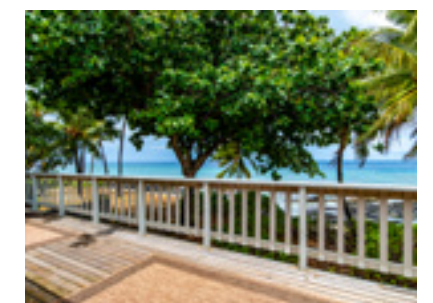
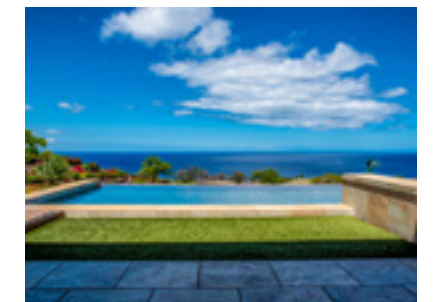
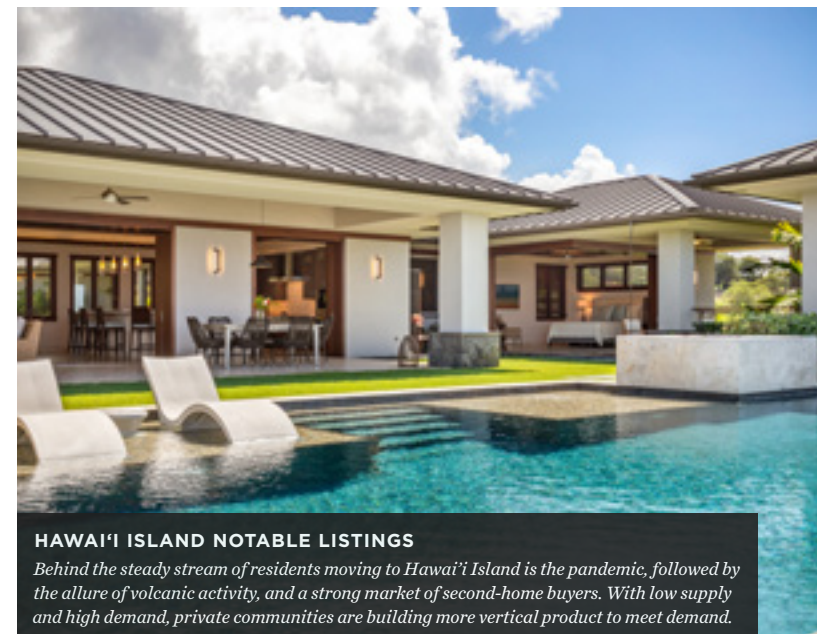
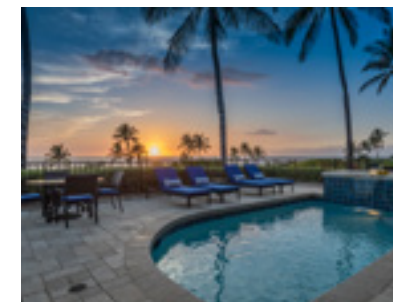
As we look ahead to Spring 2023, we don't expect any slow down between now and April. We do expect the private club communities that began creating inventory in 2022 to continue building more vertical product to meet demand.

And we will continue to see ample new construction in resort areas, which should hit the market in 2023.

We are seeing more seller buydowns and creative financing with buyers who want to move into the right home, right now, and are willing to refinance down the road. We expect this to continue.

Although demand for Hawai'i Island real estate shows very little signs of letting up, we're starting 2023 with a healthier, more balanced market,

In response, even more new construction can be expected as the year progresses.



HAWAI'I ISLAND NOTABLE LISTINGS

Behind the steady stream of residents moving to Hawai'i Island is the pandemic, followed by the allure of volcanic activity, and a strong market of second-home buyers. With low supply and high demand, private communities are building more vertical product to meet demand.



28-3628 HAWAI'I BELT RD, HONOMU
Nestled among Royal palms, Norfolk pines, and acres of manicured lawns, this incomparable, self-sufficient estate offers exclusivity, security, seclusion, and never-ending shoreline views on the Hamakua Coast and is priced at \$23 million.





62-3918 KAUNAOA IKI RD, KAMUELA
This 5-bedroom home in the private, gated community of Kauna'oa at Mauna Kea overlooks the prestigious Hapuna Golf Course and is available for \$8.4M. Scheduled for completion in 2023, Kauna'oa #27 stuns with its covered lanai, spacious pool and spa, Baja deck, and tranquil koi pond.





81-6575 HIAAIONO PL, HOKULI'A
This elegant estate within the exclusive Hokulia community sits along the golf course fairway and is priced at \$7.9 million. The luxury residence has pocket sliding doors opening up to an outdoor covered lanai with expansive ocean views.





62-3762 KAUNAOA NUI RD, KAMUELA
Makai Hale is a new home in the gated community of Kauna'oa at Mauna Kea that enjoys sweeping golf course views and is priced at \$7.9 million. With 2 separate outdoor entertaining areas and high quality appliances and finishes, this serene property is within walking distance to Kauna'oa Bay's beach.





HOKULI'A PHASE 2 LOT 76
This exceptional South Kona parcel has 1.16 acres that are graded and ready to build a custom residential home in the uncrowded, luxurious community of Hokuli'a. Listed at \$7.5 million, all utilities are stubbed along the frontage of this spectacular estate.





73-6228 ALANI LOOP #6, NORTH KONA
Found in the invitation-only, golf community of Kohalaiki, this single-level, open-concept residence is available for \$5.65 million. Part of the unparalleled collection of Hale 'Alani Residences, it features an infinity-edge pool and detached guest 'ohana.





62-150 KAMAHOI PL #39, KAMUELA
Located within the iconic Villas at Mauna Kea, this remodeled 3 bedroom with high quality finishes and furnishings offers a remarkably private setting with spectacular ocean and sunset views. Impeccably maintained, this Kamuela gem is priced at \$5.6M.





59-440 PILI PL, KAMUELA
Heather's Estate is a gated community with privacy and expansive views on the Kohala Coast. Available for \$5.3 million, this turnkey home has a guest house, pool overlooking the coastline, outdoor full bath, wine grotto, and putting course on a landscaped 5-acre parcel.





69-1724 PUAKO BEACH DR, KAMUELA
Priced at \$5.2 million, this oceanfront home in Puako has amazing views of Wailea Bay and the Kohala Mountains. Built as a custom estate, quality construction defines this 3-bedroom pole house throughout.





83-498 KEAWAIKI RD, CAPTAIN COOK
A secluded retreat located on Kealahou Bay, this oceanfront home is listed at \$4.3M. With a luxurious, pod-style construction, the ideally positioned estate offers unobstructed views from the front yard and a gentle path leading down to the beach.



Maui

2022 Sales Above \$3M

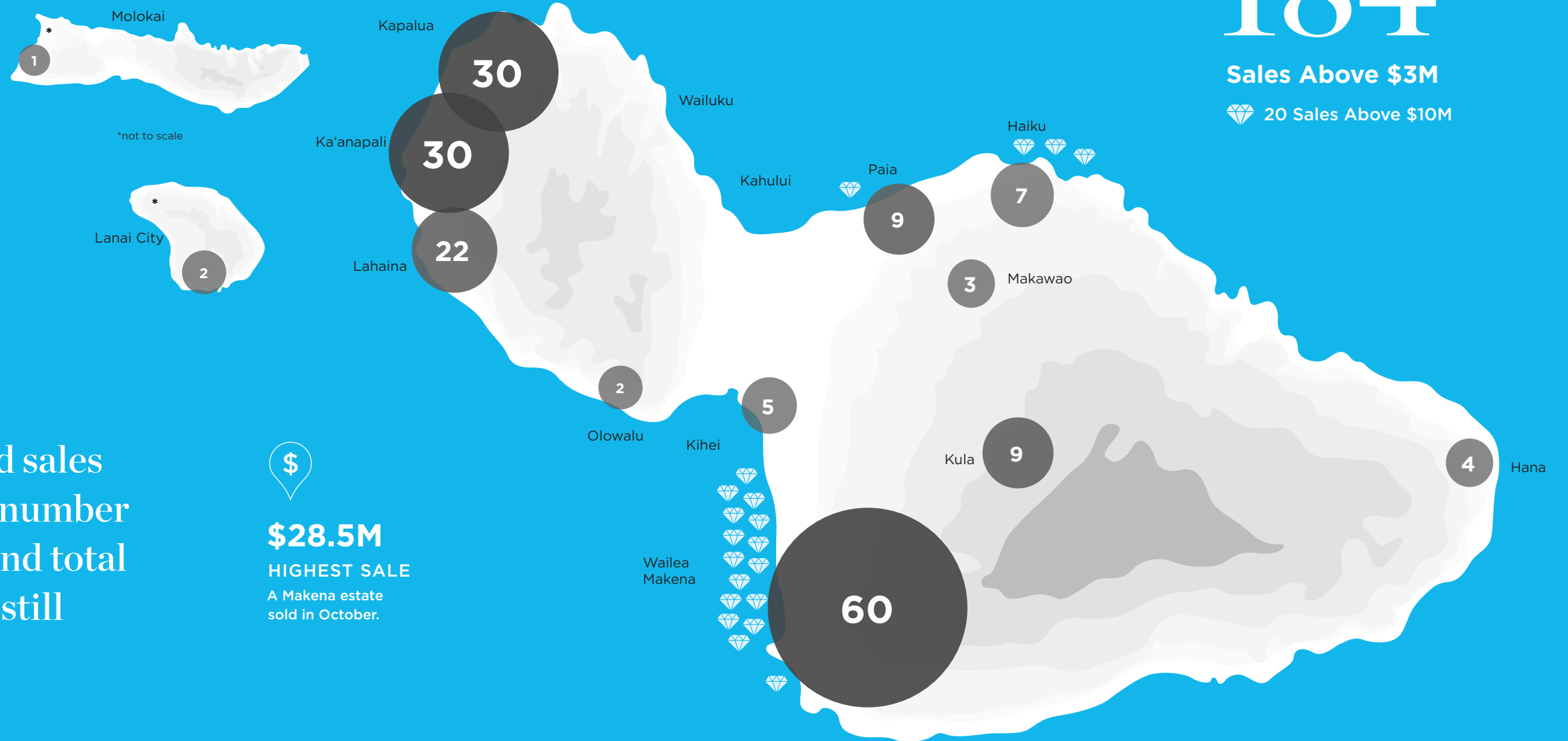
184

Sales Above \$3M

◆ 20 Sales Above \$10M

96.8% Avg Sales Price / List Price

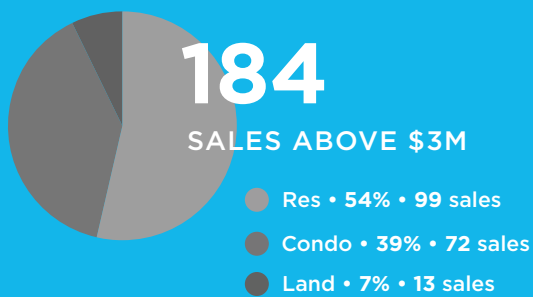
\$2,059 Avg Sales Price / Sqft



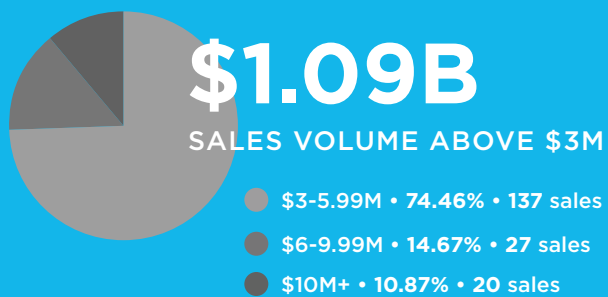
In 2022, Maui's high-end sales fell behind 2021 in both number of transactions (-32%) and total dollar value (-32%), but still totaled \$1.09 billion.

\$28.5M
HIGHEST SALE
 A Makena estate sold in October.

Transactions by Property Type

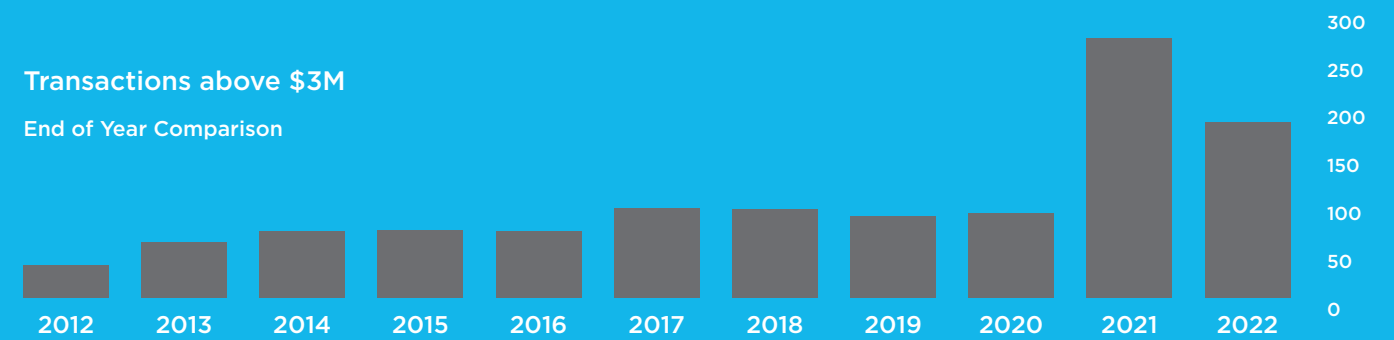


Transactions by Price Range



Transactions above \$3M

End of Year Comparison



Maui

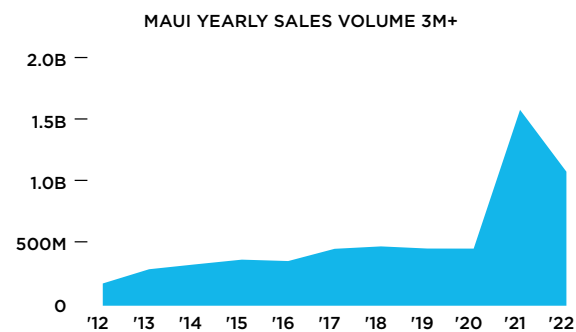


REAL ESTATE MARKET OVERVIEW

With more buyers than number of homes listed for sale, trades at or above \$3M continue to surpass pre-pandemic values on Maui.

In terms of sales volume, Maui had a total of \$1.09 billion in transactions above \$3M, surpassing both Hawai'i Island and Kaua'i in total sales volume in 2022. Of the \$1.09B in total volume, 137 of the luxury sales were in the \$3 to \$5.99M range.

On average, Maui properties were on the market for 151.3 days. At nearly 5 months, the island's DOM was down -16.78% from almost 6 months in 2021.



In 2022, Maui saw a total of 184 trades at or above \$3 million. Although down -32.1% from last year, it represents an increase of +95.74% over 2017, in which there were only 94 trades.

On average, Maui home buyers paid 96.8% of the listing price for their property in 2022. Maui's average sales price per square foot was up 6.59% to \$2,059, while the median sold price of luxury properties inched up 2.2% higher than in 2021, to \$4.65 million.

Lumeria Maui, a retreat center in Maui's Upcountry, is currently Hawai'i Life's highest-priced listing on the island and we have additional sales pending in the \$10M+ luxury segment. Available for \$25 million, Lumeria Maui is tucked away between tranquil beaches and majestic mountains. Designed by renowned architectural conservator, Xorin Balbes, the retreat center radiates the elegance and charm of old Hawai'i. The tropical retreat center features

24 bedrooms, a restaurant, farm, spa, yoga building, pool, and labyrinth situated on a 5.66 acre property halfway between Makawao and Pa'ia.

Like Hawai'i Island, new construction on Maui generated more interest in 2022. The Makena Golf & Beach Club, a Discovery Land Company community in Kihei is driving sales with its club membership. Joining the members-only luxury community requires property ownership. Aware that it will take time, prospective buyers who want to be in the club are buying elsewhere while they wait for a Makena Golf & Beach Club opportunity to arise.

Like Hawai'i Island, new construction on Maui generated more interest in 2022

Maui Sales Above \$3M

Maui saw 53.8% of all transactions above \$3 million occurring in the residential market and 39.13% occurring in the luxury condominium market. Sales in the segment also included 13 parcels of land making up the remaining 7% in 2022.

In Maui's luxury market, some of the most notable transactions centered around Haiku-Pauwela, including a record-setting land sale in Haiku for \$13.5 million. At 1052.746 acres, the Hana Highway trade was the largest land sale on Maui in 2022.

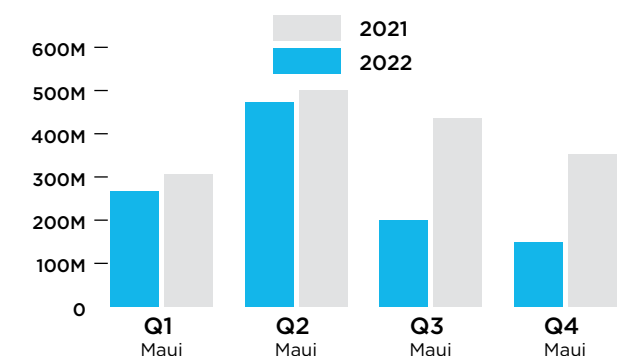
Maui Sales Above \$10M

The ability to transact quickly has become increasingly important for both buyers and sellers alike, which has changed the preparation process for luxury home listings, especially in the \$10M+ segment. In terms of trades at or above the \$10 million mark, Maui had 20 transactions for a total dollar value of \$308.87 million in 2022, which is less than the \$435.47 million we saw in 2021.

Among the 20 sales above \$10M, Hawai'i Life represented 7.5% of Maui's ultra luxury market share. In terms of total trades at or above the \$10 million mark, the majority of eight-figure sales were centered in West Maui and the Wailea-Makena area alone saw 14 of those \$10M+ sales in 2022, including a \$28.5 million trade.

Maui Performance by Quarter

While the year was off to slow start, Maui's second-quarter activity in the luxury market made up for a lackluster first quarter. Much like the second quarter in 2021, Q2 2022 had more closings and saw a higher dollar value than any other quarter of the year. With a total of 73 transactions totaling \$474.44 million on Maui, the second-quarter constituted 43.53% of 2022's \$1.09 billion sales by dollar value. And 39.67% of all 184 high-end transactions closed in the active second quarter of 2022.



Hawai'i Life Maui Market Share

There were 184 total sales above the \$3 million mark in 2022, with our Maui agents and brokers representing buyers and sellers in nearly 12% of Maui's highest-priced closings, down only 9.9% from the previous year. In terms of dollar amount, Hawai'i Life represented \$246.25 million of Maui's luxury real estate volume.

Among the most notable sales that closed above \$3 million in 2022 were listings held by our team on

Maui. These included a rare 2-parcel offering in Kihei with views of West Maui's sunsets that sold for \$8.38 million in March and a 73-acre oceanfront estate in Haiku that sold in June for \$15 million.

Maui Market News and Forecast

2022 was momentous for our Maui team, with growth in the \$3 to \$5.99M market pushing total sales volume past \$1 billion as sellers held on to asking power.

The year saw buyers who moved to Maui from New York or California during the pandemic consider moving off island. Unwilling to give up their luxury property in Hawai'i, many opted to rent it out instead. With new restaurants, markets, and attractions opening in 2022, we saw other new residents choose to stay full-time and take advantage of an island community that can now sustain the growing community.

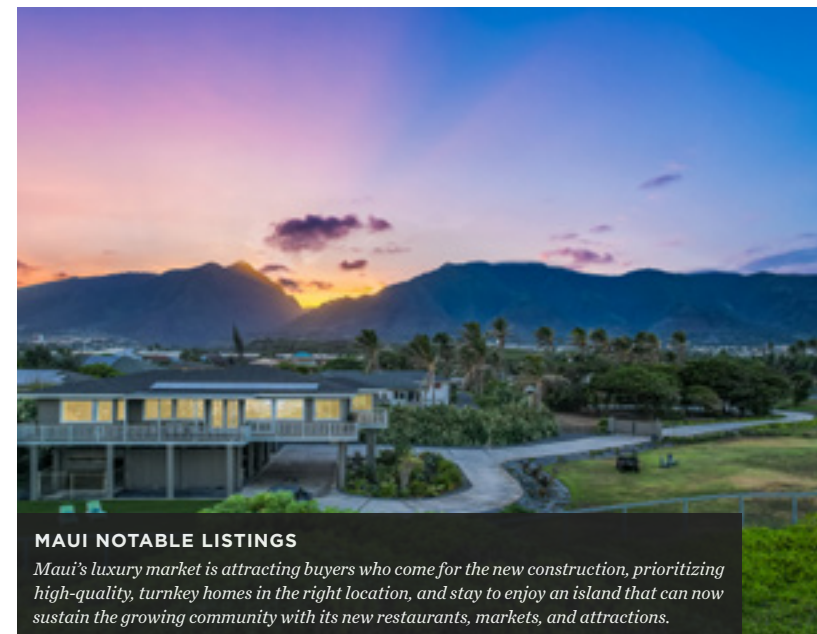
The vacation rental industry on Maui faced a drop in high-end, long term rentals by approximately 30%, a decline that is far from alarming considering that rentals landed right around where they were before the pandemic.

A look at 2022's real estate sales figures for Maui reveals that they too track with pre-pandemic figures. By the end of 2022, months of inventory for Maui homes above \$3M was up from 9.5 months in 2021 to 18.2 months, indicating that buyers began to gain more negotiation power.

By the end of 2022, months of inventory for Maui homes above \$3M was up from 9.5 months in 2021 to 18.2 months

The ultra luxury market on Maui attracted buyers who prioritize high-quality, turnkey homes in the right location. We expect this trend of buyers who prefer a home they can walk into and live in from day one to continue in 2023.

While a \$40 million purchase might have been a stretch for buyers five years ago, there's a buyer for that in today's luxury market. We're moving closer to trades at or over \$20 million becoming the norm and it's setting the stage for what is possible for the Maui real estate market, especially in the higher price points.



MAUI NOTABLE LISTINGS

Maui's luxury market is attracting buyers who come for the new construction, prioritizing high-quality, turnkey homes in the right location, and stay to enjoy an island that can now sustain the growing community with its new restaurants, markets, and attractions.



LUMERIA MAUI, 1813 BALDWIN AVE, UPCOUNTRY
A tropical, upcountry retreat center available for \$25 million, Lumeria Maui is tucked away between tranquil beaches and majestic mountains. Designed by renowned architectural conservator, Xorin Balbes, the center radiates the elegance and charm of old Hawai'i.





4557 MAKENA RD, KIHEI
Available for \$22.5 million, this casually elegant estate is a rare offering in the abundantly private community of Keauhou at Makena. Maximizing sunset views on a single-level footprint, the residence even features a home theater for self-contained living in luxury.



MAUI NOTABLE LISTINGS



131 ALEIKI PL, PAIA
European elegance mingles with beachside charm at this Paia residence on reef-protected Kuau Cove. Listed at \$8.4 million, the Romeo and Juliet balcony, noble fountain, and exposed rafters lend an air of romance to this luxurious estate.





588 KULAIWI DR, WAILUKU
Set against the backdrop of the West Maui Mountains is an extraordinary estate with sustainable gardens and wildlife, including peacocks, ducks, papayas, bananas, and limes. Designed by an award-winning local architect and listed for \$12.8 million, the gracious home features clerestory windows framing unparalleled shoreline views.





21 KAULUA PL, PAIA
Tucked away in the chic, historical town of Paia on Maui's North Shore, this \$8.75 million oceanfront estate boasts mesmerizing views of the West Maui Mountains and Pacific Ocean. Its open floor plan, courtyard defined by fire and water features, and infinity pool inspire a lifestyle of easygoing luxury.





5187 LOWER HONOAPILANI RD, LAHAINA
From its coveted location on a cove in Napili, Honu Hale enjoys year-round sunsets from expansive lanais and the oceanside gazebo. Priced at \$7.95 million, large picture windows connect this picturesque estate to the surrounding natural beauty.



MAUI NOTABLE LISTINGS



6699 MAKENA RD, KIHEI
Priced at \$6.95 million, this luxuriously secluded, single-level custom estate is designed to balance entertaining areas, private spaces, and indoor/outdoor living. Its classic island plantation-style architecture complements the home's exotic pool and waterfall.



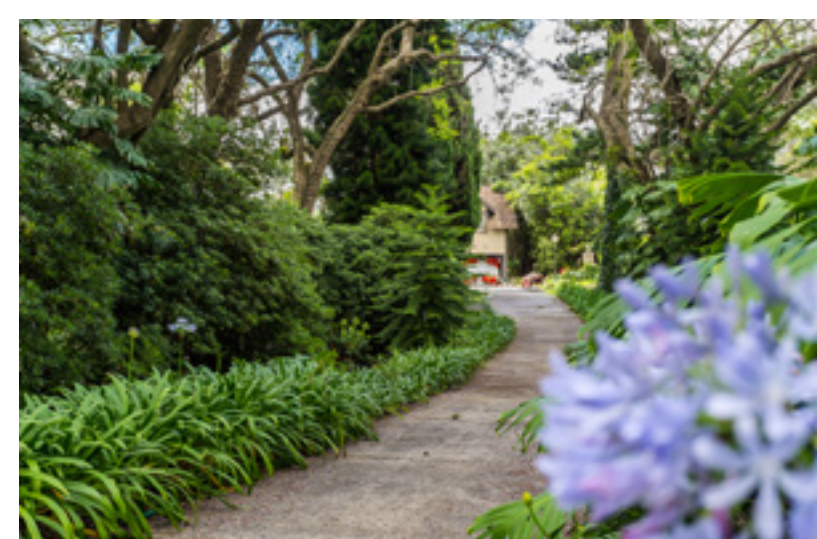


490 AND 497 LILIHUA PL, WAILUKU
Steps away from Big Lefts surf break, plantation-style design meets contemporary luxury in a private 3-bedroom home and cottage, available for \$5.5M. Sitting on over 4.5 acres including ocean frontage and a photovoltaic system, this gated property captures remarkable sunset and mountain views from the lanais and open-concept living areas.





300 KEPA RD, KULA
Situated on 16 acres of spectacular upcountry land in Kula, this grand estate offers the unique opportunity to enjoy an exclusive compound lifestyle. Priced at \$4.4 million, this historical home includes a paneled library, majestic staircase, and opulent chandelier.



Kauai

2022 Sales Above \$3M

96.9% Avg Sales Price / List Price

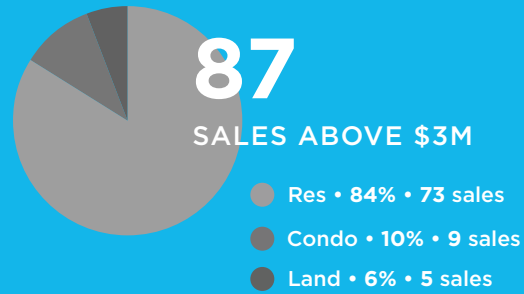
87

Sales Above \$3M

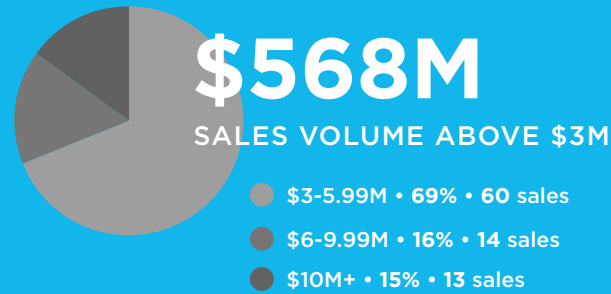
\$2,407 Avg Sales Price / Sqft

◆ 13 Sales Above \$10M

Transactions by Property Type



Transactions by Price Range



While Kauai's high-end sales in 2022 were outpaced by 2021 in both number of transactions (-20%) and total dollar value (-20%), average listings price eclipsed the statewide average.

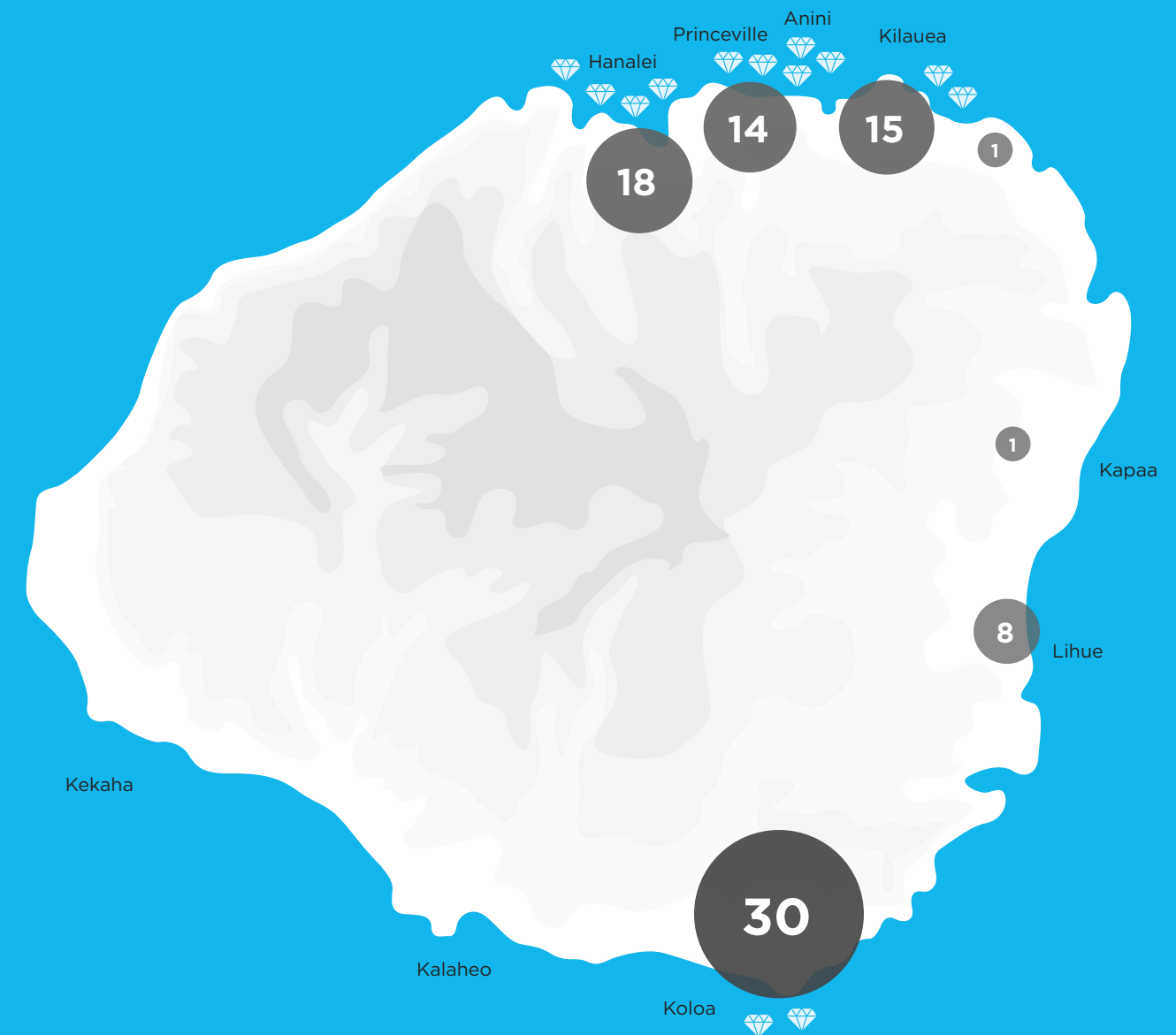
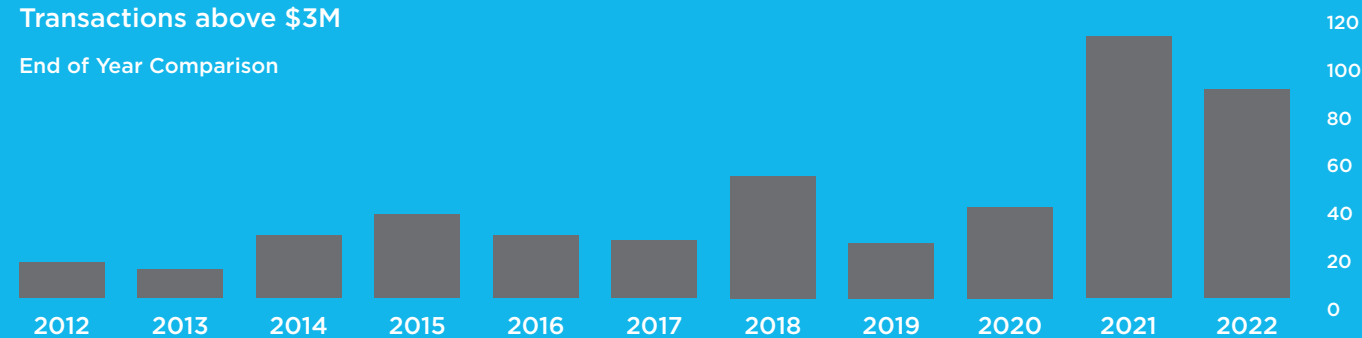


\$36M
HIGHEST SALE

A North Shore estate on Kauapea Rd listed and sold by Hawai'i Life.

Transactions above \$3M

End of Year Comparison



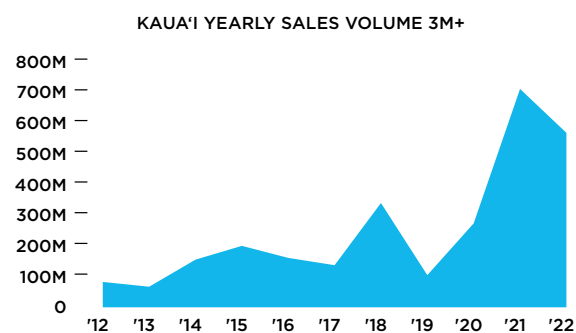
Kaua'i



REAL ESTATE MARKET OVERVIEW

In terms of the average listings price and average sales price per sq. ft. across the state, Kaua'i eclipsed statewide averages.

In 2022, Kaua'i saw 87 sales above \$3 million and Kaua'i's luxury real estate prices led the way in terms of average sales price per square foot. Although the island's average fell from \$2,534 in 2021 to \$2,407 per square foot in 2022, Kaua'i's sales price eclipsed the statewide average of \$1,835 per square foot.



Down -1.93% compared to 2021, Kaua'i exceeded statewide averages with an average listing price of \$6.8 million and average sold price of \$6.353 million in 2022. Totaling \$568.033 million, the dollar value

of 2022 trades on Kaua'i is up 581.59% from \$82.6 million in 2012, which is nearly 7 times higher than a decade ago.

In 2022, the most transactions were centered on Kauai's North Shore, which had 18 trades in Hanalei, 15 in Kilauea, and 14 in the Princeville-Anini area. The South Shore of the island also experienced explosive growth, reaching 30 luxury sales. In particular, the private club community of Kukui'ula saw growth in both home and lot sales, with 2 trades above \$10 million.

Kaua'i home buyers paid an average of 96.9% of the listing price for their luxury property in 2022. And the average days on market (DOM) was 89.6, down -40.9% from 151.7 days in 2021.

An estate on Kauai's North Shore that was listed and sold by Hawai'i Life garnered attention as the highest-priced luxury sale in the state, selling for \$36.06 million after being on the market for 40 days, which was significantly less than the island's average DOM.

2884-A Kauapea Rd, Rare 34+ Acres with Secret Beach Access Sold

Hale Nanea, "the home of joy and tranquility," sold in February of 2022. With over 34 acres spanning two-thirds of a mile on the world-renowned Kauapea Beach, the estate enjoys lush valleys in Kilauea, one of the drier and sunniest parts of the North Shore of Kaua'i. This spectacular property sits upon a private bluff above the secluded Kauapea "Secret" Beach. Views encompass a mix of the expansive blue ocean and the famed Mt. Makana (Bali Hai) peak. The meticulously landscaped property is fully irrigated with meandering trails to the white sands of the beach below. There is also a beautiful lily and lotus pond, complete with a waterfall for complete serenity.

Kaua'i Sales Above \$3M

Of the 87 luxury trades in 2022, 60 were in the \$3-5.99 million price range and 14 were in the \$6-9.99M range. In the luxury segment at or above \$3M, there were 5 land sales and 9 condominium sales. And residential sales on Kaua'i were especially strong at 73 transactions.

One of the most notable transactions was Hale HAHA, a 5-bedroom, newly remodeled home on Mahimahi Rd. near Hanalei Bay. With exquisite views of the surrounding mountains, the highly successful permitted transient vacation rental only stayed on the market for 19 days. Listed and sold by Hawai'i Life, the estate was purchased at the end of December for \$3.8 million.

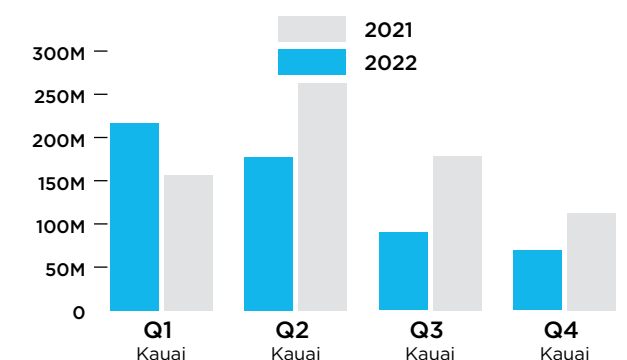
Kaua'i Sales Above \$10M

In terms of total trades in units at or above \$10M, Kaua'i had 13 transactions in 2022 for \$228.71 million in total value. When comparing the volume of ultra-luxury sales in 2022 to the previous year, this represents a downward shift of -19.19% from last year's \$283.01 million in this space.

Some of Kaua'i's highest-priced transactions this past year were centered around Kilauea. In addition to the Kauapea Rd. estate trade, Wai Kala Ranch on the North Shore of Kaua'i sold in April of 2022. Located on 237 acres of breathtaking land and flowing water at the foot of Mount Namahana, the estate is comprised of 3 adjacent properties. Wai Kala Ranch was listed and sold by Hawai'i Life for \$22.5 million.

Kaua'i Performance by Quarter

Clocking in at \$220.76 million, closings in the first quarter of 2022 were the highest in dollar value of the year. This constituted 38.86% of the year's \$568.03 million in total luxury sales on Kaua'i. 66.67% of all high-end sales transactions on Kaua'i closed in the very active first half of 2022, with 29 total sales in the first quarter and then again in the second quarter.



Hawai'i Life Kaua'i Market Share

Of the four most populated islands, Hawai'i Life had the highest market share on Kaua'i in 2022. Hawai'i Life's transactions on the island totaled \$403.46 million above the \$3 million mark. By dollar volume, we accounted for 35.51% of all luxury transactions. Of the 87 transactions in the segment in 2022, Hawai'i Life represented 44 of them or nearly 25.29% of the market.

In terms of transactions above the \$10 million mark, Kaua'i had a total of 13 transactions in 2022.

Of the clients who transacted over \$10 million, Hawai'i Life represented 50% by sides. Comparing 2021 to 2022, we haven't lost any traction in representation of Kaua'i's ultra-luxury space.

Currently, Hawai'i Life has several sales pending in the ultra-luxury segment, including 4421 Malalo. Our highest-priced listing on Kaua'i, this thoughtfully designed, newly built Hanalei Bay residence is move-in-ready and sits on a double, corner lot spanning a half-acre. Listed for \$24 million, the meticulously crafted, classic bungalow boasts a solar automation system and copper roof, and its lava rock wall surrounds serene landscaping and a custom pool for an air of tranquility.

Kaua'i Market News and Forecast

Even with the real estate market slowing, Kaua'i is still one of the most appealing and simultaneously rare housing markets worldwide. Given that only 3% of the island's 550-square miles are available for development, housing stock is scarce.

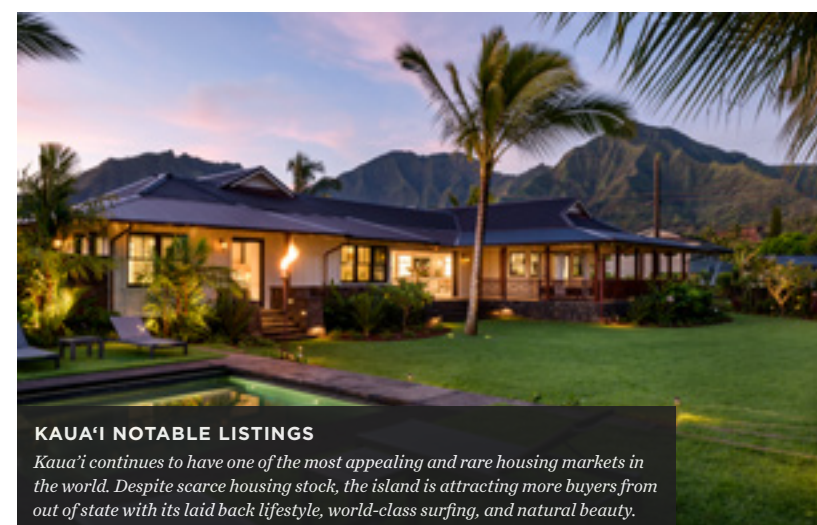
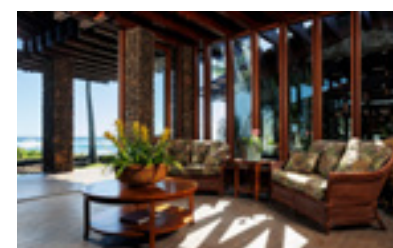
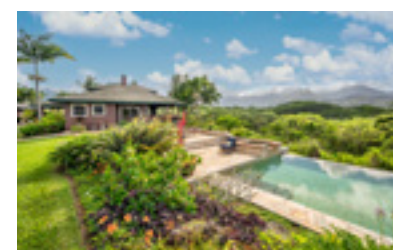
Kaua'i is still one of the most appealing and simultaneously rare housing markets worldwide

This scarcity is further fueled by an interesting post-pandemic trend. During the pandemic, tourists flocked to Kaua'i where many worked from home. As remote work is still a reality in our post-pandemic world, we saw affluent individuals from out-of-state decide to stay in Hawai'i, buying property on Kaua'i, and more specifically the North Shore. This combination of rarity and high buyer demand drove up values at a rapid rate.

In 2022, we saw a consistent second-home market advance the island's ongoing real estate boom, while the trend of buyers looking to close quickly continued. The luxury sector escalated to new heights, thanks in part to interest in Kaua'i's real estate by domestic and international buyers. By the end of 2022, Kaua'i's median sold price, as well as average sold price vs. list price, eclipsed 2021.

In 2023, we expect Kaua'i's laid back lifestyle, world-class surfing, and natural beauty to continue attracting buyers from out of state. What we don't expect is for the strict zoning and building regulations that are in place to go anywhere.

The implications are that Kaua'i will remain relatively protected, and continue to hold and set record sales for luxury real estate.



KAUA'I NOTABLE LISTINGS

Kaua'i continues to have one of the most appealing and rare housing markets in the world. Despite scarce housing stock, the island is attracting more buyers from out of state with its laid back lifestyle, world-class surfing, and natural beauty.



4965 HANAIEI PLANTATION RD #A, HANAIEI
Situated on Kauai's North Shore, the Hanalei Bison Ranch boasts more than 228 acres of diverse riverfront land along the Hanalei River. Listed for \$27 million, the pastoral property has 3 residential dwellings and ample potential for additional home sites.





4421 MALOLO ST, HANAIEI
Located on a double, corner lot spanning a half-acre, this thoughtfully designed, newly built Hanalei Bay residence is move-in-ready and available for \$24M. With a solar automation system and copper roof, its lava rock wall surrounds serene landscaping and a custom pool, lending an air of tranquility to the classic Hawai'i bungalow.





4914 LAWAI RD, POIPU
Sitting in front of a lauded surf break on Kauai's South Shore, this meticulously crafted home combines A+ level land with a flawless layout. Listed at \$15 million, scissor beams, lava rock pillars, floor-to-ceiling sliding glass doors, a heated pool, and an extended oceanfront lanai complement this iconic estate's Poipu coastline setting.



KAUA'I NOTABLE LISTINGS



5-5016 KUHIO HWY, HANALEI
A Hanalei landmark in the community, the Hanalei Dolphin Center is available for \$10.3 million and includes charming street-front shops, a restaurant, and 5 plantation-style cottages with unobstructed views of the Hanalei River.

KAUA'I NOTABLE LISTINGS



3836-L AHONU I C, D & E, PRINCEVILLE
Designed by the original owners for privacy and uninterrupted views of Hanalei's mountains and waterfalls, this self-sufficient estate includes 3 house sites on 16.65 acres and is priced at \$11.6M. Tucked away on Kauai's North Shore, the legacy property boasts a saltwater pool, soaking tub, covered lanais, and PV solar arrays.



KAUA'I NOTABLE LISTINGS



3500 ANINI RD AB, KILAUEA

Consisting of 2 licensed vacation rental homes on over 1 acre of land, this contemporary estate is steps away from Anini Beach, serving to bolster its potential for income generation. Both homes were recently refurbished with Smart Home technology, AC, hardwood floors, custom cabinetry, and hand-crafted furnishings.





4901 HANAIEI PLANTATION RD, PRINCEVILLE
On Kauai's North Shore sits over 1.5 level acres of undeveloped land with sweeping views of Hanalei Bay. Listed for \$7.5 million, existing plans are available for 2 homes that will enjoy close proximity to Princeville's pristine beaches and ocean.





THE BUTTERFLY HOUSE, 7276 ALAMOO RD, HANAIEI
Located on over one half-acre of prime property, this nearly complete masterpiece is the first new construction on a North Shore beachfront parcel to be offered in decades. Listed at \$12.5 million, soaring roof lines and a copper alloy metal roof earn this contemporary home its nickname, while its unique design captures views of golden sand, coral reefs, mountains, and waterfalls.





4585 KUAWA RD, KILAUEA
On Kauai's North Shore is a gracious property situated on 6.5 acres with 2 homes, a pool, fishpond, and a large accessory workshop / garage, listed at \$6.87 million. Thoughtfully laid-out on a single level, this property enjoys floor-to-ceiling windows that maximize natural light and an open lanai overlooking the manicured grounds.





950 NIULANI RD, KAPAA
This Balinese style, licensed vacation rental is located in the heart of Kapaa and includes a 2-bedroom residence boasting expansive ocean views from all angles, with additional living space from a modern detached cottage and an apartment above the garage. Priced at \$3.99M, the breathtaking property is steps away from a sandy beach.





4262 ANINI VISTA DR #A, KILAUEA
Bask in your personal saltwater pool overlooking Anini Beach via this expansive luxury home. Featuring a chef designed kitchen and natural landscape architecture, this private estate is available for \$17.5 million.



Summary

Demand for luxury homes in Hawai'i still exceeds available supply.

The steady rise in high-end sales was the most compelling theme in 2022. Statewide, high-end transactions surpasses every year in the past 10 in both number of transactions and total dollar value, with the exception of 2021. Despite the fluctuation of interest rates, the end of 2022 saw real property values continuing to climb in every segment of the luxury market.

Overall, the luxury real estate market was influenced by more than just inventory, interest rates, and absorption rate in 2022. It is and will continue to be driven by the less tangible qualities that our clients value above all - excellence, rarity, value, and other drivers that are difficult to calculate objectively.

Demand for luxury homes in Hawai'i still exceeds the available supply, and we expect that this will continue in 2023. In terms of trades above the \$20 million mark that are currently pending, most are private sales. As the year progresses, records will inevitably be broken in terms of the number of luxury transactions.

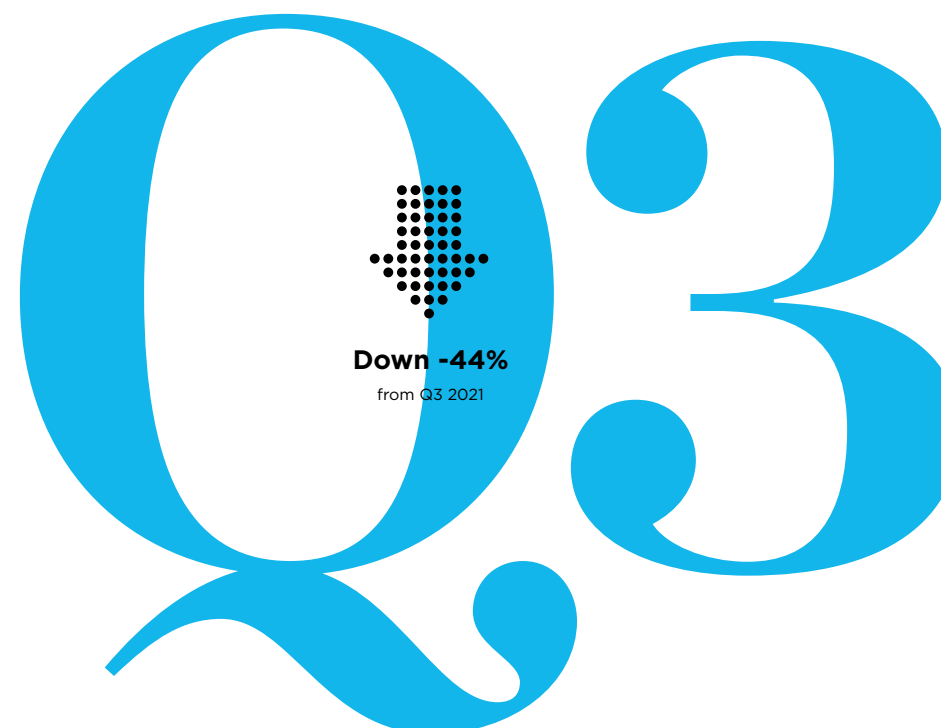
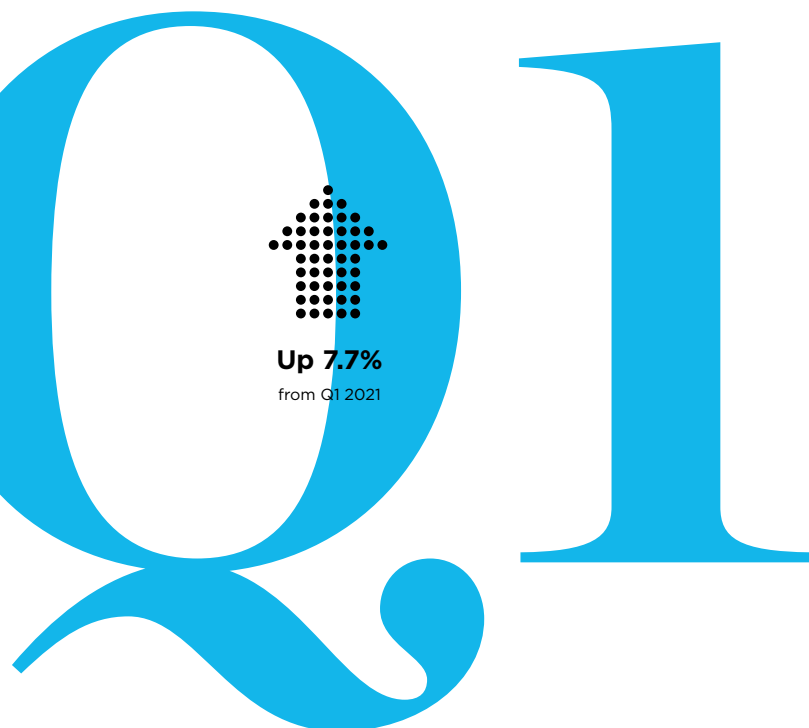
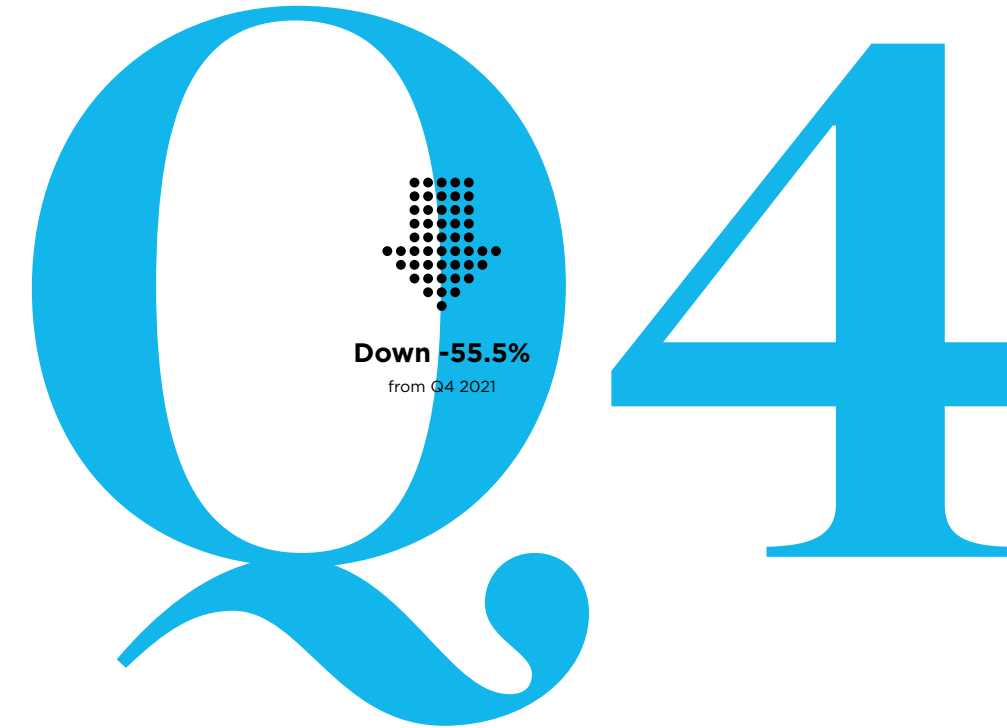
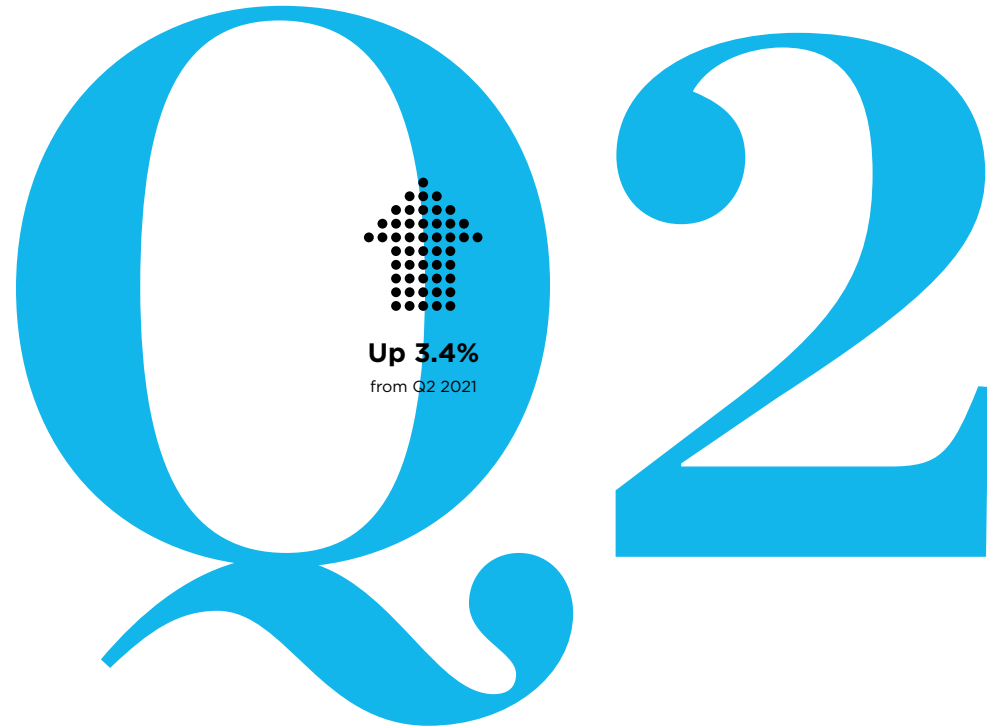
When compared to the frenetic, pandemic-driven pace seen over the past 3 years, the high-end market may slow to a sustainable pace. And looking ahead, a remarkable amount of data still points to fundamental economic strength in Hawai'i.

20% of international buyers will consider Hawai'i in the next 3 years

Increasing interest will continue to impact the high-end market

As international demand has yet to fade, we anticipate that the tale of low inventory is not over. In the coming months, we expect to see investment in real estate bounce back as foreign markets slowly open up and more international buyers compete for luxury property in Hawai'i. According to our partners at Luxury Portfolio International, 20% of international buyers who are looking will consider Hawai'i in the next 3 years. We expect this increased interest in Hawai'i to have a significant impact on the high-end market.

Situations can certainly vary from one market to the next. And for true luxury real estate, there may be a dip, however we are not seeing any sign of the bottom dropping out. Our sense is that luxury market volume may reset to sustainable levels, while remaining above the pre-pandemic years as 2023 unfolds.



**2022 Q1-Q4
HAWAI'I LUXURY
MARKET REPORT**



HAWAI'I LIFE

Forbes
GLOBAL PROPERTIES

800.667.5028 | HAWAIIILIFE.COM | HL1.COM