



2022 MIDYEAR - Q1 + Q2
HAWAI'I LUXURY
MARKET REPORT

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

PRESENTED BY HAWAI'I LIFE



MAUNA KEA

REALTY

A Hawai'i Life Company



Executive Summary

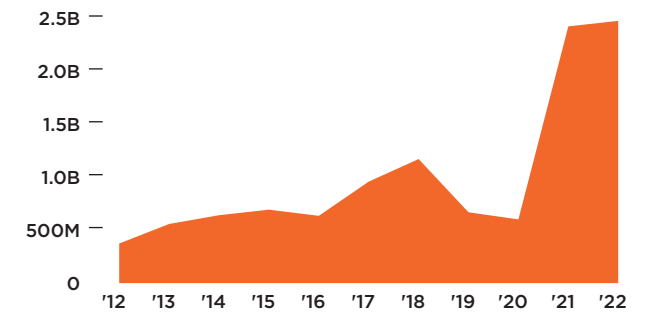
FROM MATT BEALL, HAWAI'I LIFE CEO

A grain of SALT

of | **Even the very best market forecasters in history were only right about 70% of the time.**

Statewide Sales Volume over 10 years

Hawai'i remains on a historic upward trend, with high-end sales up from \$373.9 million total in the first half of 2012 to \$2.479 billion in 2022.



We started Hawai'i Life in the summer of 2008, just a few months before Lehman Brothers collapsed and the recession took hold. I remember looking at my notes at the end of that year. My Moleskine notebook was full and I was scouring it for anything super important to retain before I started a new one.

I came across notes from presentations by two different economists, both from 2007. They had long slide decks and witty commentary. They extrapolated historical trends to predict the months and quarters to come (for seemingly everything, really, but certainly for the US stock market and the residential housing market).

Neither of them were accurate. In fairness, they weren't horribly wrong. If one had made financial decisions based on their expectations, it would have been disastrous, if not impossible, considering the impact and intensity of the recession in 2008.

So I take economists with a grain of salt.

Years later, into the mid-2000s, a billionaire client told me with absolute certainty that the stock market

would crash as much as 80% within a year, that the US dollar would plummet, and that everyone should buy gold.

Neither the stock market nor the US dollar crashed in the mid-2000s. Gold did not skyrocket.

I struggled with the cognitive bias of wanting to believe that because someone has billions of dollars, they know what they're talking about when it comes to the economy.

So I take billionaires with a grain of salt, too.

Fast forward to 2022. Hawai'i Life is now the leading residential real estate company in Hawai'i. In the luxury and ultra-luxury market segments, we've been the market leader for nearly a decade. So while we have a ton of context for what is still a very small market and marketplace...**even the very best market forecasters in history were only right about 70% of the time.**

We're not market forecasters. We're real estate brokers.



good DECISIONS

Many people seem to have made some really good decisions.

Our clients are smart.

Over the last two years, Hawai'i (along with many parts of the world) has seen the greatest rush to luxury and ultra-luxury real estate of all time.

Whenever there's extraordinary activity in the luxury real estate market, I wonder what our clients know that we don't. Few of us in Hawai'i's luxury real estate industry accurately predicted the intensity and depth of the activity we've seen in the market over the last two years.

But the buyers did. And they came in hot. Fast and furious.

Like they *knew* something.

Early in the summer of 2020, while we were still in shock from Covid-related lockdowns, travel-restrictions, and innumerable vacation rental cancellations (we manage over 600 rentals across the island chain), a few of our clients tried to impress upon us just how intense of an influx the real estate market was about to experience.

They knew they weren't "going back" to work. They were, until further notice, remote, along with all of their colleagues, peers, and even entire sectors of industries. They began to witness, firsthand, the subsequent exodus from major metropolitan areas, and they wanted to get ahead of the masses. They knew what was about to happen. They were the forerunners.

There was newfound mobility along with newfound money - all thrown in together with a raging pandemic, political unrest, geopolitical upheaval, and climate emergencies.

So they went back to the basics. They focused on location, values, quality, and wellness...A formula which resulted in the largest market run in the history of Hawai'i real estate.

Some even had the expectation that government spending efforts designed to mitigate the economic impact of the pandemic would lead to inflation - further justifying their acquisitions in real estate as a hedge.

For some, not going back to work meant retirement. As it turns out, in 2020, there were 1.3 million *more* retirements than expected among the baby boomer generation, a trend that continued through 2021 and likely into 2022¹. For others, it simply meant that they knew their work-geography relationship had permanently changed.

Many people seem to have made some really good decisions.

Money Can't Buy Everything

We've used the analogy that buying luxury real estate in Hawai'i after the pandemic is like trying to get past the velvet rope into the hottest club in town. Success means getting into the club. Nevermind the cover charge.

Well, the party is still raging inside, and even with all the bumper-times economic news in the current media landscape, it's still not easy to get into the club. There aren't many great tables or seats left.

The entire world has completely rethought lifestyles, occupations, employers, and geographies - simultaneously. The combination of extraordinary demand for housing coupled with supply chain issues and historically low inventory has proven that, as it turns out, money can't buy everything.

Indeed, in the luxury and ultra-luxury market segments, we're turning countless would-be buyers away, not just for lack of quality inventory, but for lack of *any* inventory.

Make Me Move

One curious result of the demand imbalance has been the prevalence of unsolicited offers for properties which are not currently listed for sale. We've seen a considerable increase in unsolicited offers, and even though the buyers are well aware of the likely premium such a transaction may require, they're willing to pay the price.

Like
they
knew
some-
thing

¹ The Great Rearrangement Continues - Marci Rossell - Luxury Portfolio International



Pressing Pause

“It takes courage to be patient.” - Derek Shelton, Manager, Pittsburgh Pirates (on rebuilding)

If the incessant politicization of nearly every newsworthy event is any indication, then the midterm election cycle has long since been underway. The media is in overdrive with stories of elevated inflation; a bear market; the war in Ukraine; interest rate hikes; ongoing labor shortages; supply chain issues; Covid-19 outbreaks across the world; China and its lockdowns amplifying inflationary pressures in the US and abroad; the evisceration of crypto wealth; climate emergencies...and the list goes on, seemingly without end.

Perhaps counter-intuitively, there remains an extraordinary amount of economic data that still points to fundamental strength, especially in Hawai‘i. Overall visitor arrivals are on track to exceed 90% of pre-pandemic levels by the end of this year, and real visitor spending will be a third higher than last year, aided by the return of higher-spending international visitors.²

“It takes courage to be patient.”

- Derek Shelton, Manager, Pittsburgh Pirates (on rebuilding)

Hawai‘i’s prolonged “reopening” has created strong demand for services as people return to work and leisure activities away from home. That return to normal life, especially in a services-heavy economy like Hawai‘i, is a huge - and often underappreciated - offset to the current economic headwinds. As visitors return and offices, retail, and restaurants reopen, the surrounding businesses are benefiting from a return to normal foot traffic as people dine and shop.

Nationally, consumer spending remains resilient. Household balance sheets remain strong, with

savings supporting continued spending for many households. There is tremendous job growth and job openings are still increasing. Even wages are growing (despite still not outpacing inflation for many) and corporate profits remain robust.

Dry Powder

“Dry powder metrics targeting property remain at near-record levels.” - David Bitner, Global Head of Capital Markets Research, Cushman & Wakefield

There’s still an enormous amount of capital set aside specifically for real estate, and with the economic headwinds, particularly inflation, even more investors may gravitate towards real estate as a hedge.

Crypto Currency

Despite the volatility and controversy surrounding cryptocurrencies, HLI Directors closed over \$100 million in luxury real estate sales in the first half of 2022, all to buyers who converted cryptocurrencies in order to purchase. To our knowledge, this represented the highest concentration of cryptocurrency-related transactions we’ve seen in Hawai‘i’s market to date. Considering the unregulated nature of cryptocurrencies, our data may even understate the number of transactions involving cryptocurrency.

Cryptocurrency brings new challenges to luxury real estate sales. Verifying a prospective buyer’s assets; navigating ever-shifting cryptocurrency values and their respective impacts on contract timelines; and negotiating with prospects who have a relatively high-risk tolerance all represent the changing landscape that cryptocurrency investors have brought to real estate.

As dramatic as the recent devaluations of cryptocurrencies have been, we don’t expect this demographic to disappear entirely, although some of these new owners may contribute to the shakeout we’re expecting.

Foreign Markets

It’s worth noting, too, that the entire market run of the last two years in Hawai‘i was driven by domestic buyers. This is especially significant for the island of Oahu, where Japanese nationals have historically represented a significant portion of the market. Covid-related travel restrictions prevented all but the most tenacious foreign nationals from buying (or selling, in some cases) during the pandemic.

Big Land

With dramatic increases in both the volume of trading, as well as values in Hawai‘i’s top-tier real estate market, we’re now seeing significant large land offerings come to market on each of the major Hawaiian Islands.

On Maui, Hana Ranch is listed for sale at \$75M. At over 3,600 acres, Hana Ranch is the largest contiguous land offering publicly listed for sale in Hawai‘i. The sellers have maintained that they’re looking for a conservation buyer – and have indicated that the stewardship and conservation interests of any prospective buyers will play important roles in the sellers’ consideration of a transaction.

On Oahu’s north shore, Dillingham Ranch is listed for sale at \$40M. Set on 2,700+ acres, the ranch includes an 18-acre oceanfront parcel currently used as one of the world’s only oceanfront polo fields, along with equestrian facilities, a working lodge, and a palm nursery.

Both Kaua‘i and Hawai‘i Island have significant acreage offerings as well, some currently listed for sale and some that are in the process of coming to market. While the rising costs and increased bureaucracy surrounding development in Hawai‘i may also be driving factors bringing these large acreage parcels to market, the prevalence of large land acquisitions by private individuals for use as a family compound or legacy estate has risen dramatically over the years. The market has clearly spoken. Large, contiguous land offerings are extraordinarily valuable.

Large land offerings are coming to market on each of the major islands.

Luxury Travel

Covid-related requirements for arriving domestic passengers ceased in March of this year and Hawai‘i welcomed back visitors in record numbers. Across the US, rentals are seeing more demand and booking rates than in any year prior. In turn, many of our clients who own and rent luxury vacation homes are having their best year yet in terms of revenue and occupancy.

Families and larger groups are traveling together more than ever, seeking a higher quality vacation experience. Our luxury and ultra-luxe rentals (about 25% of Hawai‘i Life’s vacation rental inventory) are now the most popular rental categories. We’re also seeing increased demand for luxury amenities - Bookings for private excursions, personal chefs, and in-home spa days have doubled in the last year.

At a time when many counties like Honolulu are placing increased restrictions on short-term vacation rentals, remote workers are creating demand for monthly and/or extended-stays at Hawai‘i vacation rentals. The flexibility of this new luxury rental guest will likely welcome bookings of 90 days or more in neighborhoods outside resort zones.

² UHERO Forecast for the State of Hawai‘i May 12, 2022



shake OUT

Corrections tend to strike quickly but also recover quickly.

Last year, we predicted a shakeout. With such a significant amplitude of market activity, it seemed easy to speculate that many of the buyers who had relocated to Hawai'i may decide to sell as the world continues to reopen from the pandemic (Hawai'i certainly has a way of rotating certain people out, after all).

There hasn't been any mass sell-off, but in terms of transaction volume, the "dip" is certainly upon us. And that dip is now corresponding to the economic headwinds, the media headlines, and the election cycle.

Here's where it gets interesting. The recent decline in the stock market was a steep drop off a market high accompanied by terrifying media stories full of worst-case scenarios. We're already in an election cycle, ruled by hyperbole and conjecture. If the midterm elections result in a gridlocked Congress, the stock market is likely to rally in response.

Corrections tend to strike quickly but also recover quickly... like a shakeout.

A few thoughts on this possibility, and the potential implications for Hawai'i's luxury real estate market:

1. The dip(s) may only be transaction-based. Values might return towards the mean of historical increases, but there are strong price supports in much of the market. The slower rates of economic growth (along with doomsday headlines) may lead to slightly more listing inventory - softening the blow of record-low absorption rates and the overall market's contraction. In any event, the volume of transactions in Hawai'i's luxury market segment is unlikely to hold the pace it has for the past two years. We expect trades to be fewer and farther between.

2. It may not last very long. Commodity prices are dropping, inflation numbers are softening, and the elections may lead to a grid-locked Congress. If the stock market rebounds after the midterm elections, there could be sustained competition for luxury real estate in Hawai'i in 2023.

Reordering Priorities

Fresh air. Vitamin D. Clean drinking water and ocean waves. Sunshine. Surf. Pleasant weather. United States law. The list goes on.

In a time of reordering priorities, when the focus has shifted to what really matters, it's no surprise that Hawai'i has seen the largest boom in demand for its real estate of any time in history. Many people in the world focused on their particular geography, and where they wanted to spend their time. And for many, Hawai'i was their first choice.

It's worth noting that many of the buyers in this market run have moved to Hawai'i full-time, as opposed to using the real estate as a second home or rental property.

While a portion of these buyers may contribute to the shakeout referenced above, we believe that the trend may also lead to price support. The *experience* of living in the property full-time is likely to further cement the owners' opinion of its value, whereas it's somewhat easier to "unload" an investment property for a lower price.

In any event, the ever-changing demands and surprises of life are huge drivers for real estate sales. Births, deaths, marriages, divorces, job commutes, school districts, grandchildren - all of these will continue to drive real estate sales in Hawai'i, regardless of market cycles. But the world continues to get smaller, and as mobility has increased, the best places do better.

the best places do better

Fresh air. Sunshine. Surf. Priorities have shifted and booming demand for Hawai'i real estate is proof.



Mat Beall

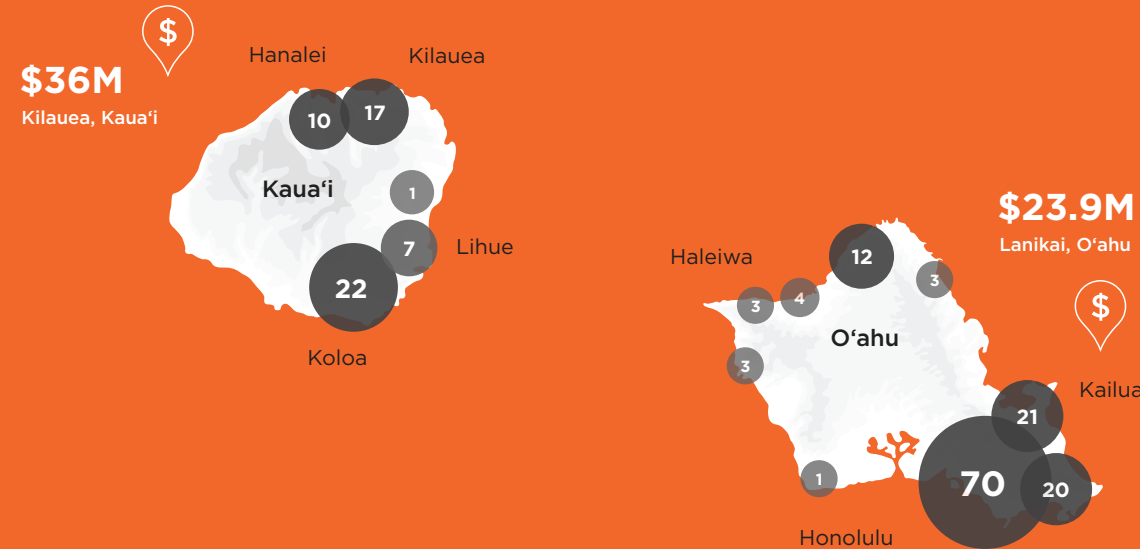
Matthew G. Beall

CEO, Hawai'i Life

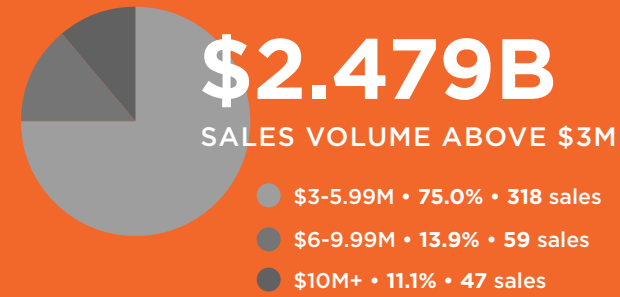


State of Hawai'i

2022 MIDYEAR SALES ABOVE \$3M



Transactions by Price Range

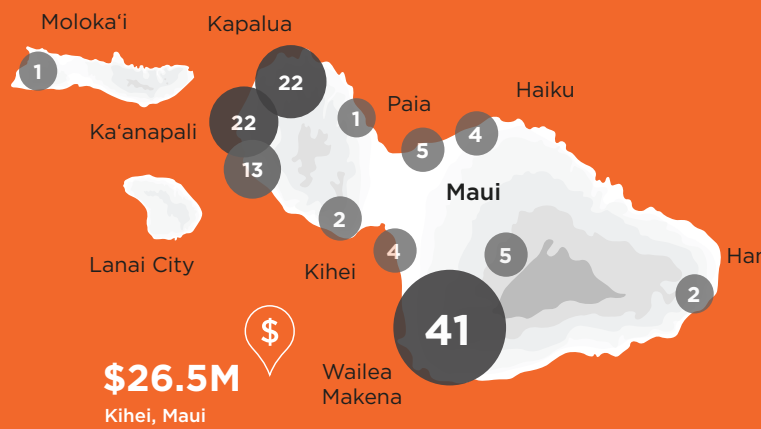


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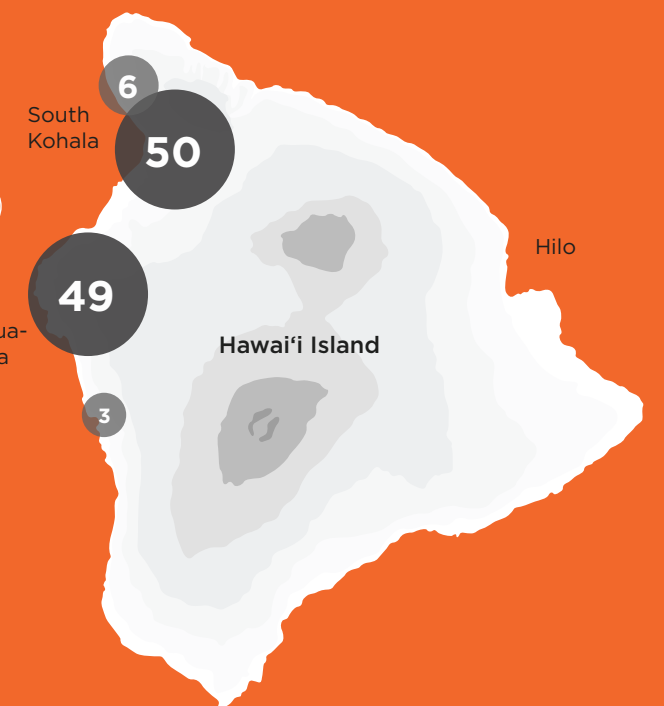
Sales Above \$3M
47 Sales Above \$10M

96.2% Avg Sales Price / List Price

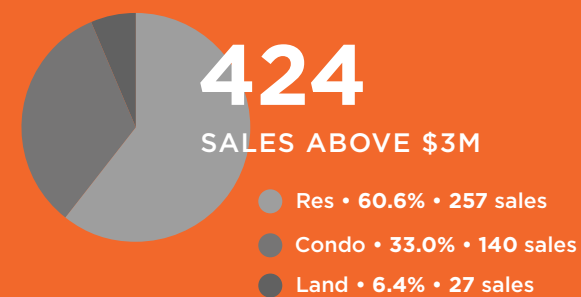
\$1,683 Avg Sales Price / Sqft



\$33.8M
North Kona, Hawai'i Island

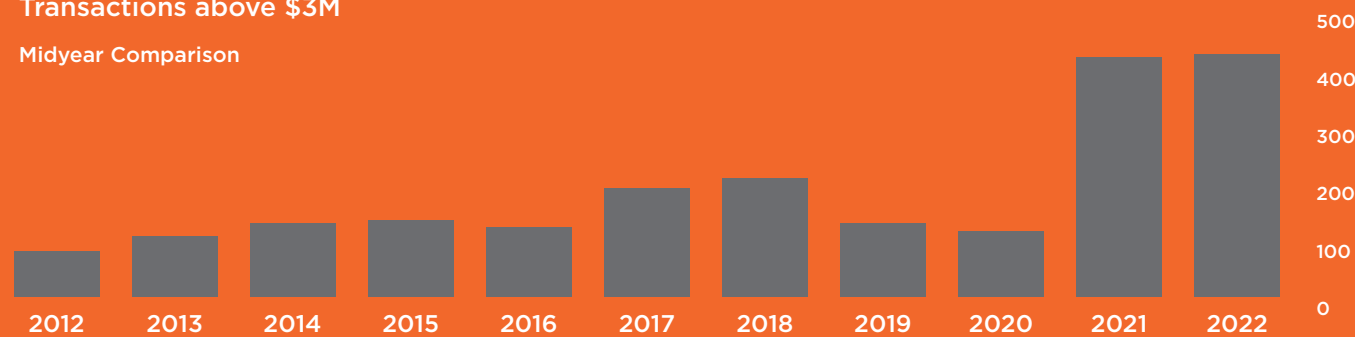


Transactions by Property Type



Year-to-date Statewide high-end sales are outpacing 2021 in both number of transactions (+1.4%) and total dollar value (+2.15%) for a total of \$2.479 billion.

Transactions above \$3M
Midyear Comparison





State of Hawai‘i



REAL ESTATE MARKET OVERVIEW

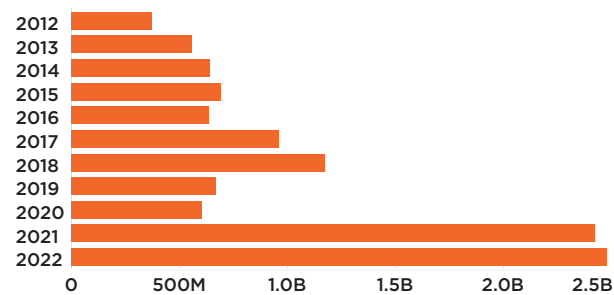
The most striking theme of the first half of 2022 has been the consistent growth in the luxury segment throughout the state of Hawai‘i, despite the impact that fluctuating interest rates have had on real estate in other markets.

When Hawai‘i’s luxury real estate market¹ began to soar in 2020, a few months after the beginning of the pandemic, inventory began contracting at a frenetic rate. By 2021, luxury sales volume in the state of Hawai‘i had grown so rapidly in terms of transactions and total dollar value that it demanded most of our team and resources. In the first half of 2022, year-to-date high-end sales in the state have still managed to outpace 2021 in both number of transactions and total dollar value, albeit with less all-consuming furor.

Quarters one and two of 2022 saw 1.44% growth in terms of transactions and 2.15% growth in total dollar value. Our capacity and experience with agency in all its forms (buyer, seller, and dual agency) continue to enable us to improve our market share in this coveted space of luxury real estate in Hawai‘i.

Economic Impact

Over the past decade, high-end sales volume in Hawai‘i grew from \$373 million in the first half of 2012 to \$2.479 billion in the first half of 2022. The most significant growth occurred over the past 5 years, with sales volume up from \$959.29 million in 2017 to \$2.479 billion, representing a 158.43% increase.



Statewide Sales Volume over 10 years

Hawai‘i remains on a historic upward trend, with high-end sales up from \$373.9 million total in the first half of 2012 to \$2.479 billion in 2022.

Over the last two years, we’ve seen a higher level of intensity and activity in the luxury real estate market than anyone could have predicted. There’s been extraordinary demand for housing coupled with supply chain issues and lack of inventory. And the demand imbalance resulted in a trend of unsolicited (and often accepted) offers for properties which are not currently listed for sale.

New wealth and new high net-worth individuals have continued to fuel the luxury real estate market’s growth through the first 7 months of 2022. We are seeing a more motivated group of buyers who are not as sensitive to higher mortgage rates

as buyers of less-expensive homes. Many view luxury real estate as an asset class and many have been buyers who converted crypto currencies in order to purchase.

Midyear 2021 vs Midyear 2022

Comparing the first half of 2021 to the same time period in 2022, the change in transactions above \$3M grew from 418 in 2021 to 424 in 2022. This represents a growth of 1.44%.

Hawai‘i Life significantly outpaced the market’s growth at the high-end, representing more clients in the luxury and ultra-luxury segments than any other firm in the State of Hawai‘i. Specifically, we represented buyers and sellers in 101 of the 848 total sides of business – just shy of 12% of all luxury property sales.

Less Tangible Forces Drive the Luxury Market’s Calculus

No matter what the market, supply and demand are the drivers of both price and market velocity. When the pandemic sent a wave of worries across the globe, real estate in Hawai‘i became an oasis for those that can afford to live anywhere, for remote workers, and for individuals who sought to wait out lockdowns somewhere less accessible and populated. Over the past year, there’s been a plunge in average statewide inventory, while the pace of absorption of any inventory remaining has sustained the strong sellers’ market.

In the real estate market, absorption rate is a metric used to analyze the rate at which available homes are sold during an allotted time in a specific market. Absorption rate is calculated by dividing the number of homes sold in the specific time period by the total number of available homes. To determine the time it would take for the supply to be sold, this equation can also be reversed. We’re just beginning to see increases in inventory - and slightly less frenetic intensity on the demand side. While it remains to be seen if these trends continue, for now demand is still outpacing supply in the luxury market.

The calculus of Hawai‘i’s luxury real estate market is driven by forces beyond more common values such as historical supply of inventory, interest rates, and absorption rates. It’s fueled by qualities that aren’t as easy to calculate objectively. Demand is still effervescent and inventory limited, however, less tangible forces are at work in this space - beauty, lifestyle, a sense of place, Hawai‘i’s relationship-based culture, architecture as a statement, landscaping as a creative expression... all combine for a strong sense of value and rarity.

Indeed, rarity may be the quality that many of our ultra-high net worth clients value the most. These clients are decisive, aware, and pre-wired to Hawai‘i more often than not. They not only know what they want, but what they don’t want. Rarity drives an extraordinary portion of the ultra-luxury market. And the list of truly rare properties has grown undeniably shorter.

As we advise our clients 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 chain of islands.

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

Another powerful driver of business across Hawai‘i is tourism. Though recovery from the pandemic was slow-going for the industry, a combination of high-asset prices, disposable income, pent-up demand for travel, and low airline prices drove the tourism industry’s ability to surpass forecasters’ expectations. Through the first half of 2022, a total of 2,812,030 visitors arrived, which represented a decrease of -16.7% compared to the first half of 2019. Despite this decline, spending was up, as those visitors spent \$5.83 billion, an increase of 0.3% from

¹ 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.



\$5.81 billion in the first half of 2019. With increases in travel, as well as increased vaccinations, optimism in Hawai'i's tourism sector is gaining momentum.

Hawai'i's market is drawing more attention, both domestically and internationally, as the world's top destination for relocation. Among the many reasons for relocation to Hawai'i, quality of life remains the most common. Hawai'i's quality of life includes culture, climate, health, and recreation opportunities.

Other criteria include quality of education, low crime incidence, and longevity. Based on these criteria, Hawai'i continues to rank first in quality of life, as measured by both Mercer and by Gallup-Healthways Well-Being Index.

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.

These quality of life rankings come at a cost, however. Hawai'i is also the most expensive state to live in the United States, outpacing both New York and California. Housing costs are three times the national average and the cost of living in Hawai'i is the highest across multiple indices, with the only exception being healthcare.

Perhaps ironically, despite the high cost of living, Hawai'i also has the fourth-lowest poverty rate in the country².

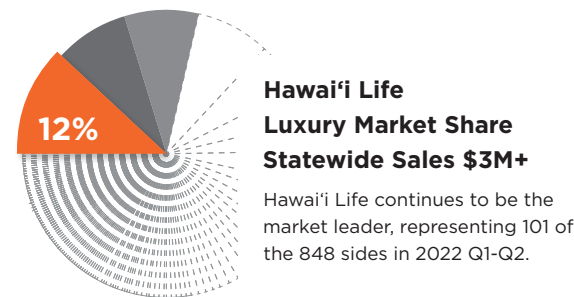
Statewide Sales Above \$3M

In the first half of 2022, statewide transaction volume in this luxury segment reached a total of \$2.479 billion. Oahu's transaction volume was especially notable, as the island surpassed its previous transaction volume.

During the market run from the summer of 2020 through Q2 of 2021, each of the neighbor islands of Maui, Kaua'i, and Hawai'i Island saw more growth,

activity and total volume in the luxury market segment than the Island of Oahu. There were a host of reasons for Oahu's relative under-performance in the luxury real estate market. The flight to more urban markets; the presence of newer, more custom-built luxury homes on the neighbor islands; and the nearly complete lack of international investment in real estate all contributed. As the international markets reopen, and as concerns about Covid have somewhat relaxed (even awkwardly), luxury condominiums are back in favor, and Oahu's luxury real estate market grew significantly in the first half of 2022.

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



A substantial market share allows for insight and real-time market intelligence at scale. Statewide transaction volume grew from \$2.427 billion in sales in 2021 to \$2.479 billion in 2022, with Hawai'i Life representing 14.2% of the volume of sales.

Hawai'i Life's market share above \$3 million, especially at the top of the market, is enabled by the depth of our client base. In the first half of 2022, we've represented over \$703.81 million in sales of luxury homes in the first half of the year.

Statewide Sales Above \$10M

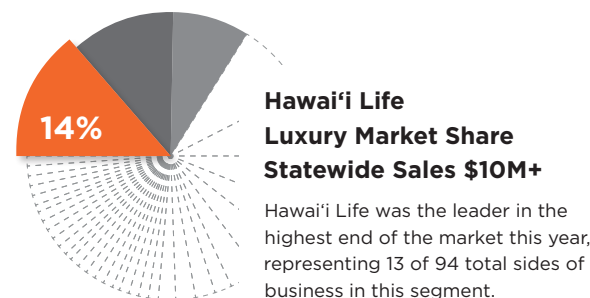
Of the four most populated islands in Hawai'i, Maui had the most trades over \$10 million, with 15 total transactions in the segment (primarily centered around Wailea and Makena) for \$234.7M

in total volume. On Kaua'i, Kauapea Rd. in Kilauea continues to elicit attention, with the highest sale a \$36 million estate listed and sold by Hawai'i Life. In terms of total trades in units at or above \$10M, O'ahu saw the highest growth in the first half of 2022, with 12 transactions versus just 2 in the first half of 2021.

Across the island chain, the entire volume of business above \$10 million clocked in at 47 transactions totaling \$782.2 million in the first half of 2022. The average ultra-luxury real estate sale was for \$16.6M.

Our clients are finding the access, insights, and referrals that come with a significant market share more valuable than ever before.

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.

At this end of the market, Kaua'i continues to dramatically outpace other islands in market growth and values. In the first half of 2022, Hawai'i Life's market share by dollar volume was 51.2%. In terms of individual trades on Kaua'i, we represented 44.4% of all buyers and sellers in the ultra-luxury segment. Across the four major islands, we represented 13.83% of all trades in the space, with \$276.27 million of volume in the first half of 2022.

This is a hyper-competitive market driven by timeless relationships and an exceptional standard of service. Securing market share in the market's

top tier is only accomplished with sustained relationships of trust and fidelity, remarkable leadership, service, and insight. Our HLI Brokers have demonstrated a capacity to handle the market's (new) volume at scale, and without compromise.

Statewide Forecast

The second half of 2022 is likely to be volatile, if even a little manic.

At the time of publishing, the country is arguably already in a recession, albeit a bizarre one - with conflicting headlines and economic indices. The stock market seems to be doing monthly, if not weekly, W-shaped maneuvers, and concerns for sustained inflation and corresponding interest-hikes are definitely misleading to both buyers and sellers of luxury real estate who are stuck between either playing a waiting game, or rushing to get out of the market quickly.

We don't expect this awkwardness to end until at least after the midterms. But in general, and especially over longer periods of time, we expect demand for Hawai'i's luxury real estate to stay very strong.

The trends of working from home, or even partially "remote" companies, and the drive to find higher-quality living spaces outside of major metropolitan areas is not fading any time soon. Wealthy people will continue to leave denser urban areas in favor of more private, spacious, sustainable, and health-conscious surroundings.

The return of international markets in Hawai'i will continue to support Oahu's luxury market in particular. Canada's continuing return will slightly impact the neighbor island markets as well.

We're already seeing an increase in listing inventory, and fewer competitive offer scenarios - both trends we expect to continue through the year. While the overall volume of trades will likely continue to contract, we still expect even higher prices, more high-profile transactions, and a relatively steady replenishment of inventory.

² <https://worldpopulationreview.com/>

Oahu

2022 MIDYEAR SALES ABOVE \$3M

95.8% Avg Sales Price / List Price

\$1,208 Avg Sales Price / Sqft

Year-to-date high-end sales on O'ahu are outpacing 2021 in both number of transactions (+31.7%) and total dollar value (+55%) for a total of \$713.9 million.



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Sales Above \$3M

12 Sales Above \$10M

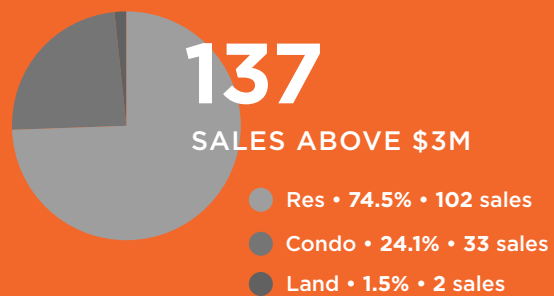


\$23.9M

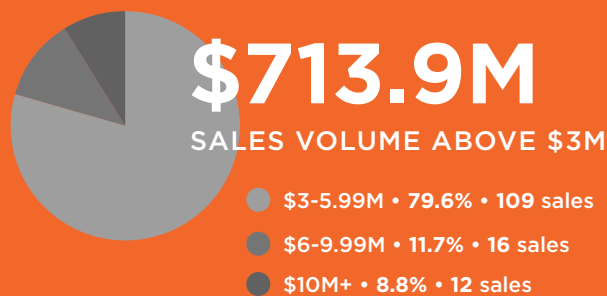
HIGHEST SALE

A Lanikai estate sold in June.

Transactions by Property Type

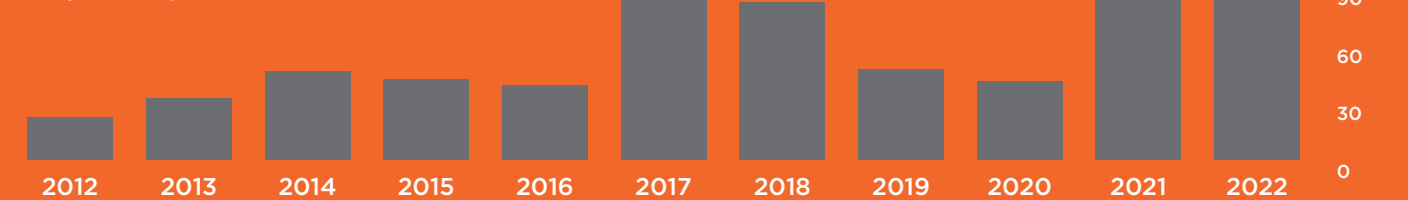


Transactions by Price Range



Transactions above \$3M

Midyear Comparison



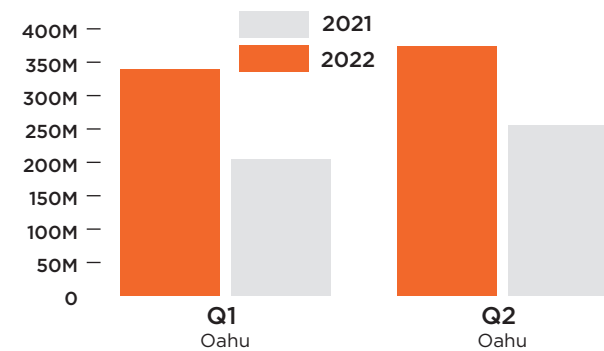


O'ahu

REAL ESTATE MARKET OVERVIEW

O'ahu's market saw consistent growth in transaction volume and average sales price in the first half of 2022, with 54.99% growth in the luxury (3m+) market and 5x growth over last year in the island's ultra-luxury (10m+) market.

The growth in Oahu's luxury market represents a dramatic gain from its relative under-performance compared to the neighbor islands in 2020 and 2021. The slow return of international travelers, a willingness to embrace the luxury condominium market, and the highest concentration of new development have all contributed to the increase in sales in 2022.



O'ahu Sales Volume: Midyear 2021 vs 2022

Comparing midyear 2021 to the same time period in 2022, sales volume on O'ahu rose 54.99%

On the supply side, available inventory is slowly climbing, although many of the listings still sell within a matter of days and escalation clauses are more common than elsewhere in the island chain.

Even with the rush towards luxury condominiums, high-end home sales are still strong, despite O'ahu's

residential inventory which is generally more dated and denser than the neighbor islands.

O'ahu home buyers paid an average of 95.82% of the listing price for their property in Q1 and Q2, while the island's average sales price per sq. ft. was \$1,208. The average days on market (DOM) for the first half of 2022 was 93.67, down -16.89% from 112.7 days in the first two quarters of 2021. O'ahu is also the island with Hawai'i's most popular luxury neighborhood, Diamond Head. In the first half of 2022, there were a total of 55 sales in the oceanfront neighborhood.

The highest sale on O'ahu in the first quarter of the year was a \$23.8 million Lanikai home. The highest-priced listing on Oahu is Dillingham Ranch, listed at \$40M, and Hawai'i Life has sales pending in the luxury segment. The average sold price for luxury real estate in the first half of the year increased to \$5.21 million, up 17.66% from \$4.43M in 2021.

O'ahu Sales Above \$3M

137 sales were completed above the \$3 million mark, which represented an increase of 31.73% from the first half of last year. Sales in the segment included 102 residential homes, 33 condos, and 2 parcels of land.

Of the great majority of sales, 109 were in the \$3 to \$5.9M dollar range, 16 were in the \$6M to \$9.99M range, and 12 were above the \$10M mark.

O'ahu Sales Above \$10M

In terms of total trades in units at or above the \$10 million mark, O'ahu had 12 transactions in the first half of 2022 versus just 2 in the first half of 2021, which is a 500% increase from the first half of 2021.

Hawai'i Life O'ahu Market Share

In the luxury market segment, Hawai'i Life represented 15 clients for \$82 million by dollar volume in the first half of 2022. Our listing inventory remains impressive, with notable listings in Lanikai, Kahala, and Mokuleia.

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.

Perfection by the Sea in Diamond Head

Idyllic and highly acclaimed, this prized oceanfront residence in Diamond Head 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. This unforgettable estate sold for \$17M in March of this year.

O'ahu's Condo Market Nearly Matches Last Year's Total

O'ahu's luxury condo market for all of 2021 accounted for 35 sales or 20% of the island's luxury market above \$3M. In the first half of this year alone, there

have been 33 sales of luxury condos, accounting for nearly a quarter of all sales above \$3M.

Covid-concerns and travel mandates have relaxed, and the shift in work-from-home and/or remote work policies have led to continued domestic interest in luxury real estate. Demand may be bolstered by interest from international buyers as travel to and from Asia and Canada continues to rebound.

O'ahu Forecast

Despite the robust first half of the year, and the relatively late start to the luxury market run, O'ahu's luxury market is already showing signs of stagnation.

If any listed homes haven't sold throughout this last year, then it's likely for a reason. Listed properties in top condition should sell quickly for a good price. There is still residual demand from buyers with cash-in-hand, although it's more shallow and fading. Despite the slightly growing inventory, most buyers will find that there simply aren't many quality listings for sale. We may see a further increase in listing prices this fall and winter, as eastbound buyers return after a long absence due to Covid restrictions. It remains to be seen how much pent-up demand there may be from Japanese nationals, although the Japanese real exchange rate has been its weakest in fifty years, and the currency may well fall further as US interest rates rise.

Luxury condominiums are likely to show the most significant gains since much of the single-family residential inventory has been absorbed and Covid-concerns have relaxed. Luxury amenities, ample outdoor spaces, and relatively low maintenance living are extremely attractive attributes for both younger and international buyers.

We expect continued low inventory and short transaction times, with a reprieve from intense bidding wars and multiple offers.



O'AHU NOTABLE LISTINGS



68-434 FARRINGTON HWY, WAIALUA

Situated on O'ahu's North Shore, the historic Dillingham Ranch is a rare land offering comprising nearly 2,740 acres with stunning coastline views. Priced at \$40 million, the undisputed centerpiece of this working ranch is the recently restored Dillingham Lodge.





O'AHU NOTABLE LISTINGS



1388 ALA MOANA BLVD #3503, HONOLULU
Listed for \$4.38 million, this luxurious residence is located at the distinguished Park Lane Ala Moana. It boasts expansive indoor-outdoor living, a patio with incomparable ocean views, and magnificent interior design upgrades.





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.



O'AHU NOTABLE LISTINGS



1555 KAPIOLANI BLVD #2301, HONOLULU
Priced at \$9.8 million, this exceptional grand penthouse is centrally located in Ala Moana and thoughtfully designed with floor to ceiling glass walls for commanding views of the sunset, sunrise, and ocean.





Hawai'i Island

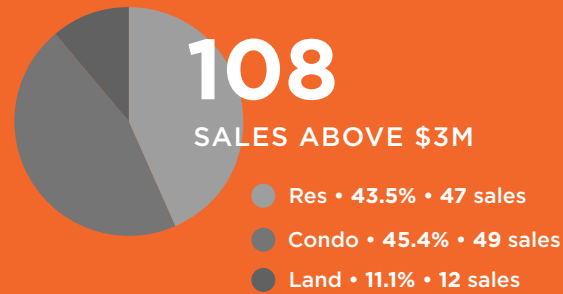
2022 MIDYEAR SALES ABOVE \$3M

108

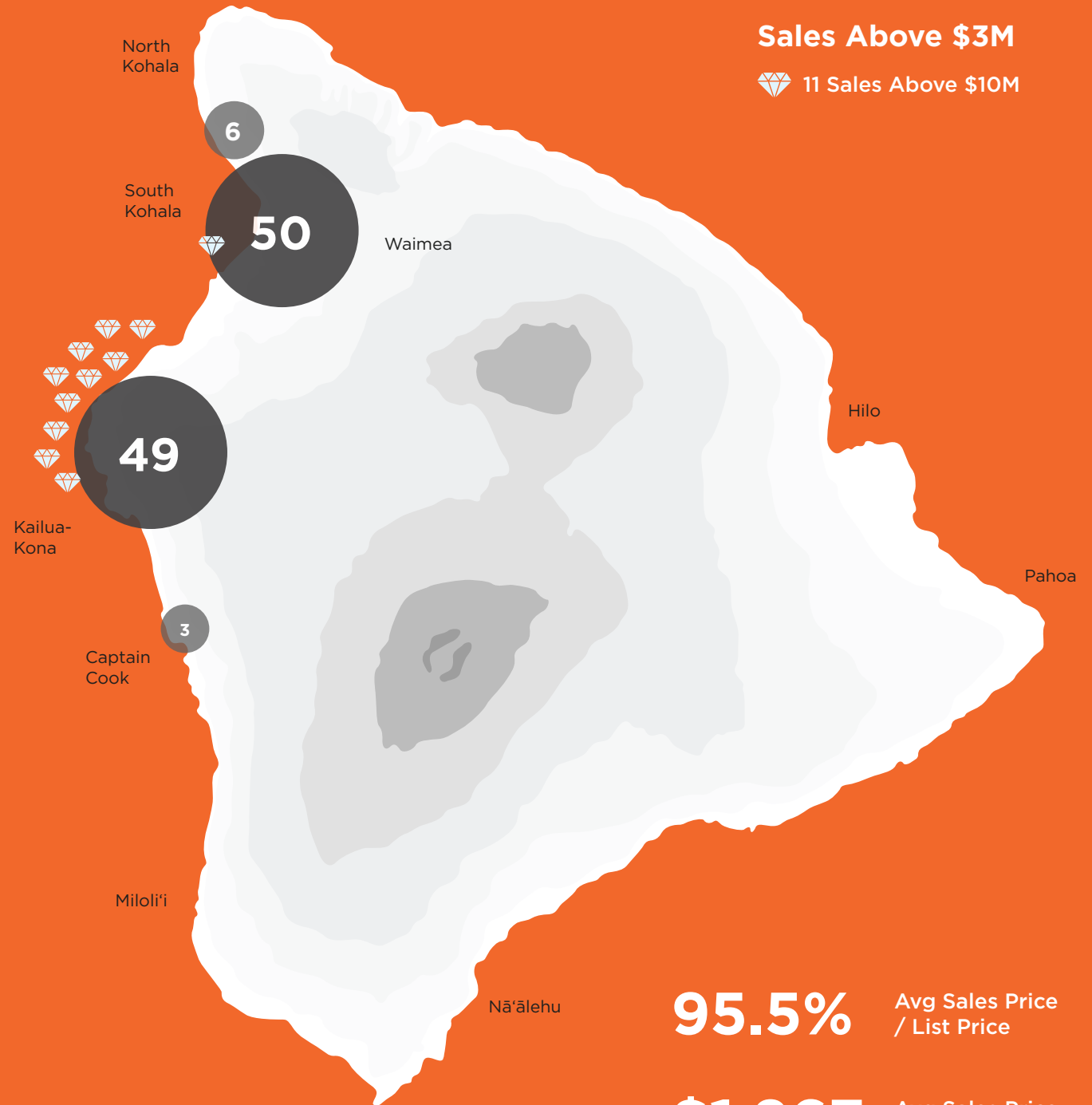
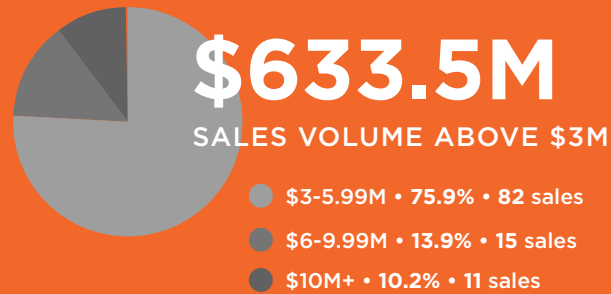
Sales Above \$3M

11 Sales Above \$10M

Transactions by Property Type



Transactions by Price Range

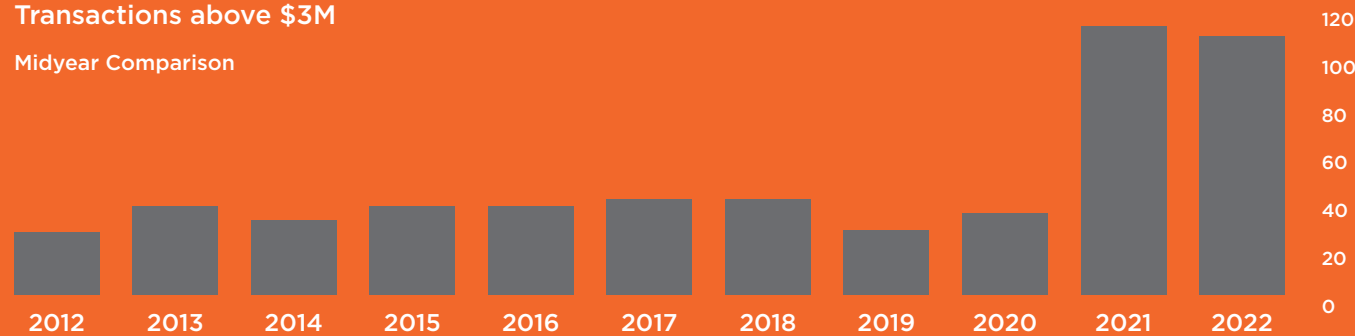


Year-to-date high-end sales on Hawai'i Island are trailing 2021 in both number of transactions (-3.57%) and total dollar value (-14.5%) for a total of \$633.5 million.

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

Transactions above \$3M

Midyear Comparison



95.5% Avg Sales Price / List Price

\$1,867 Avg Sales Price / Sqft



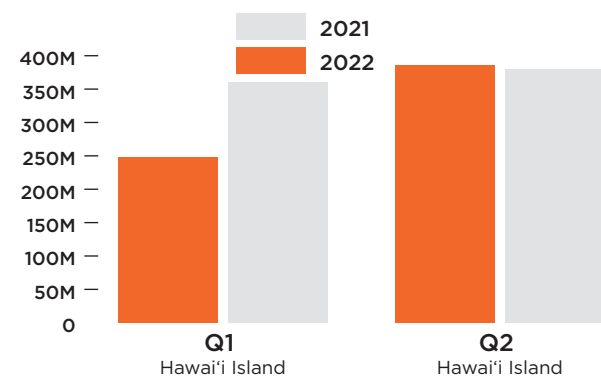
Hawai'i Island



REAL ESTATE MARKET OVERVIEW

Hawai'i Island saw \$633.5 million dollars in total transaction volume in the luxury segment for the first half of 2022.

The Big Island saw 108 trades at or above the \$3 million mark. These trades totaled \$633.49M in the first half of 2022. Hawai'i Island home buyers paid an average of 95.48% of the listing price for their luxury property in Q1 and Q2, while the



Hawai'i Island Sales Volume: Midyear 2021 vs 2022

Comparing midyear 2021 to the same time period in 2022, sales volume on Hawai'i Island dropped 14.45%

island's average sales price per sq. ft. was \$1,867. The average days on market (DOM) for the first half of 2022 was 78.53, down -36.97% from 124.59 days in the first two quarters of 2021.

Hawai'i Island Sales Above \$3M

In terms of transaction numbers, Hawai'i Island saw transactions dip in the first quarter, only to increase

by 12.28% in the second quarter from the same quarter in 2021. The island experienced a decline of -14.45% in terms of total dollar volume and a -3.57% decrease in the number of transactions. Of the 216 buyer/seller trades in the first half of 2022, Hawai'i Life represented 27, for a total \$160.49 million in sales volume.

Our transactions in the luxury market were largely centered on the Kohala Coast and Kailua-Kona on the west side of Hawai'i Island. With wide open spaces that offer connection to nature and a deep reverence for culture, it's no wonder that four of the luxury developments listed in Architectural Digest's "6 of Hawaii's Most Luxurious Property Developments" are found on Hawai'i Island's west side

Part of an 1,839-acre resort on the Kohala Coast, Mauna Kea Resort has a portfolio of condominiums on Hapuna Beach, one of the top beaches in the world. Each property is designed to be unique, but many include a chef's kitchen, a spacious family room and dining area, a hot tub, swimming pool, and scenic views of the ocean, mountains, or golf course from the lanai. The spectacular Mauna Kea Resort features two white sand beaches, nine restaurants, two golf courses, a tennis club, and multiple gyms and swimming pools. In May of this year, Hawai'i Life sold one of these contemporary beachfront units for \$3.8 million after only being on the market for 18 days.

Also on Architectural Digest's list is Kohanaiki, a 450-acre community with an 18-hole Rees Jones golf course on the volcanic Kona Coast that offers already-built properties, as well as lots for buyers to design custom homes. Hawai'i Life sold a residence in Kohaniki's Mai'a Neighborhood in June of this year after only being on the market for 1 day. Located at the heart of the Kohanaiki community, this exceptional property sold for \$7.5 million.

The first two quarters remained strong, with 47 single-family residences and 12 parcels of land sold. The luxury condominium market on the Big Island also saw a surge in the first half of 2022, with 49 sales compared to 27 sales in the same period in 2021.

Hawai'i Island Sales Above \$10M

Some of Hawai'i Life's highest residential trades have occurred on Hawai'i Island, including a \$33.75 million vacant land listing at Ka'upulehu Beach Club.

On Hawai'i Island, there were 11 total sales of residential listings above the \$10 million mark in the first half of 2022, for a total of \$198.57 million dollars. All but one of the residential sales were in the private club communities of Hualalai, Kukio, and Kohanaiki.

Just below the \$10M mark, the Waterfalling Estate is going to auction on August 9th, at a list price of \$9,995,000. We're also bringing to market a several-parcel listing combined for a 400+ acre oceanfront offering on the west side of Hawai'i Island.

Hawai'i Island Market News and Forecasts

The rise in condominium sales coincided with a decrease in inventory in the residential space. As forecasted, this has resulted in increased sales in the luxury condominium sector, with townhomes and detached condos being the primary drivers. As we look ahead to the fall and winter, we expect a slight and continued increase in visitors, due largely to the lift of pandemic-related travel

restrictions and the return of a sense of seasonality in the visitor industry.

Hawai'i Island's luxury condo market was among the most active across the island chain.

Creative buyers are inspired by the velocity and buying fervor of the market. By selling private micro-farms along with homes within the exclusive club of Hokuli'a on the Kona Coast, the residential community has appealed to buyers seeking to enter this luxury market. Originally zoned for agriculture, Hokuli'a offers buyers a unique space away from the highly developed and more trafficked areas of the pristine Kona Coast, while only being a short drive away from the conveniences of Keauhou and Kailua-Kona.

In addition to farming, Hokuli'a is offering inventory that other developments still fail to provide. With 20 homes completed and 538 lots available eventually, each lot in this luxury community includes a 1 to 3-acre agricultural easement, and listings in Mahea Lani and Nalu Kai are now selling. Hokuli'a home buyers are drawn to the signature 18-hole golf course designed by Jack Nicklaus and Hokulia's Pavilion Restaurant, among other amenities.

Demand for Hawai'i Island real estate shows very little signs of letting up. As restrictions for traveling to and from Hawai'i move closer to pre-pandemic travel requirements, the return of Canadian and Japanese travel may lead to a slight uptick in activity.



HAWAI'I ISLAND NOTABLE LISTINGS



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 \$6.5 million. Part of the unparalleled collection of Hale 'Alani Residences, it features an infinity-edge pool and detached guest 'ohana.





HAWAI'I ISLAND NOTABLE LISTINGS



81-6575 HIAAIONO PL, HOKULI'A
This elegant estate sits along the golf course fairway within the exclusive Hokulia community 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.





HAWAI'I ISLAND NOTABLE LISTINGS



32-1056 OLD MAMALAHOA HWY, NINOLE

Perched cliffside on a promontory that overlooks the ocean, the blissfully secluded Waterfalling Estate is offered at auction beginning on August 9th 2022. This breathtaking property features an aquatic center, golf course, tennis court, and an intimate view of 2 natural waterfalls.





HAWAI'I ISLAND NOTABLE LISTINGS



28-3628 HAWAII BELT RD, HONOMU
Nestled among Norfolk pines, Royal palms, 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.





HAWAI'I ISLAND NOTABLE LISTINGS



72-393 KAUPULEHU DR, HUALALAI
Located at the top of the exclusive Hualalai Resort, this well-appointed custom estate overlooks championship greens with 180-degree ocean views. Offered at \$35 million, this majestic 7-bedroom property also boasts a theater, golf simulator, spa, gym, and massage area for the ultimate in relaxation.



Maui

2022 MIDYEAR SALES ABOVE \$3M

122

Sales Above \$3M

15 Sales Above \$10M

95.6% Avg Sales Price / List Price

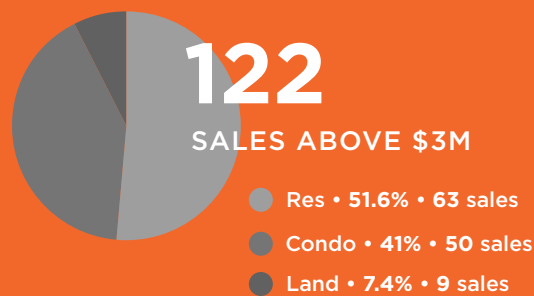
\$1,985 Avg Sales Price / Sqft



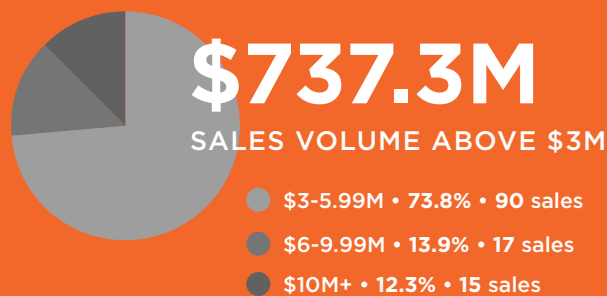
\$26.5M
HIGHEST SALE
A Makena estate sold in May.

Year-to-date high-end sales on Maui are trailing 2021 in both number of transactions (-15.3%) and total dollar value (-8.5%) for a total of \$737.3 million.

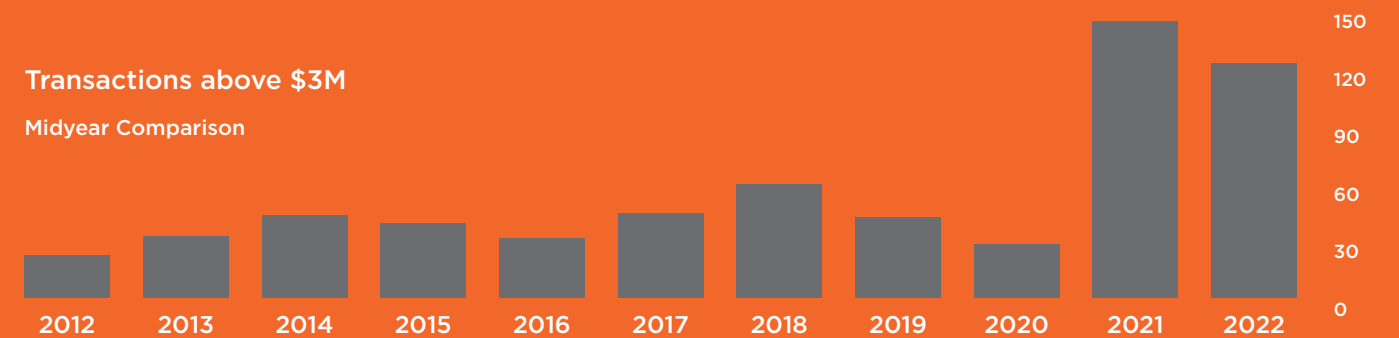
Transactions by Property Type



Transactions by Price Range



Transactions above \$3M
Midyear Comparison



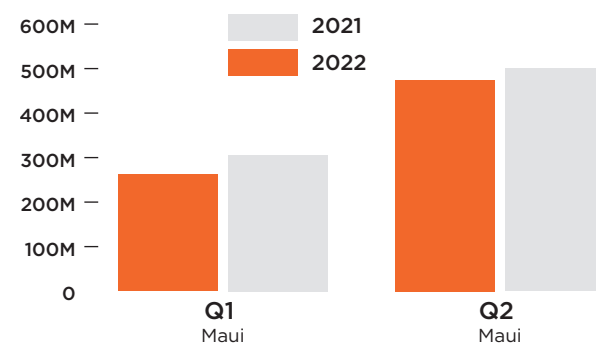


Maui

REAL ESTATE MARKET OVERVIEW

With over \$737.3 million dollars of luxury transaction volume, Maui once again led the way in the first half of 2022.

The first half of 2022 was momentous for our Maui team, as the island led the way in luxury transaction volume and saw 40.98% of all transactions above \$3 million occurring in the luxury condominium market. Among the 122 sales above \$3M, 15 were above \$10M, representing 12.29% of Maui's luxury market. And Maui home buyers paid an average of 95.6% of the listing price for their property in Q1



Maui Sales Volume: Midyear 2021 vs 2022

Comparing midyear 2021 to the same time period in 2022, sales volume on Maui dropped 8.53%

and Q2. While Maui's luxury real estate market saw a minimal uptick in inventory, sales prices were also on the rise, reinforcing the strength of Maui's sellers' market.

In terms of the average sales price per sq. ft. across the state, Maui came in right behind Kaua'i, with home buyers paying an average of \$1985 per square foot. The average days on market (DOM) for the first half of 2022 was 157, down -7.77% from 169.79 days in the first two quarters of 2021.

Maui's most popular luxury neighborhoods are in the Wailea-Makena area, with a total of 41 sales from Kihei to Makena Beach. In fact, Maui's highest sale this year was a tropical estate on Makena Road that sold for \$26.49 million. And the second highest sale was another oceanfront property on Makena Rd. that sold for \$24.5 million.

One of the most notable transactions on Maui was the sale of professional windsurfer Robby Naish's estate in March. Hawai'i Life represented Mr. Naish for the North Shore home that sold for \$15 million. Setting a record for north shore bluff-front homes,

the property made headlines when it was first listed in December of 2020 and has since been featured in The Wall Street Journal, Forbes, and The New York Post, among other news outlets.

Maui Sales Above \$3M

In Maui's luxury market, the majority of transactions centered around South and West Maui. There were 122 total sales above the \$3 million mark in the first half of 2022, with Hawai'i Life representing 12.7% of the market. Sales in the segment included 63 residential homes, 50 condos, and 9 parcels of land. And in terms of dollar amount Hawai'i Life represented \$181.78 million of Maui's luxury real estate volume.

Maui Sales Above \$10M

In the first half of 2022, Maui saw 15 sales above the \$10 million mark representing \$234.68 million dollars of volume, with Hawai'i Life representing 10.31% of the market share.

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.

Maui Market News

The largest parcel of land sold so far this year in Hawai'i was Kalialinui Estate, in Kula on Maui. The 646-acre parcel sold for \$9.6 million in May and offers a rare, large acreage holding with commanding views of the sunrise, sunset, the slopes of Haleakala, bicoastal views from Kihei to Haiku, and the West Maui Mountains and Maui's central valley on the horizon. Out of the high wind zones, the excellent sun exposure and elevation range between 1100' to 2200' is perfect for supporting an array of crops for agriculture.

The lands consist of rolling topography, including hills, valleys, significant gulches home to a wiliwili forest, and more. All of these unique elements combine to

create a location that exudes serenity, while still being 20 minutes from the Kahului Airport.

Maui Forecast

Many of the trades in Maui's luxury market were timed around school schedules, so there could be a slight lull in the fall. Even so, the momentum built up in the first half of 2022 should continue in the second half of the year.

The luxury market on Maui is still on a bit of a sugar high since Jeff Bezos' purchase in Makena for \$70M+. And we remain bullish on values of Maui's luxury real estate.

Maui's luxury real estate market saw sales prices on the rise, reinforcing the strength of its sellers' market.

The vacation rental industry on Maui still faces political pressure, as housing affordability and availability continue to shrink. There is a potential that the political pressure to regulate and/or phase out short-term vacation rentals will persist and in turn produce more inventory for sale if/when owners of short-term rentals feel their prospective rentals are at risk.

While the velocity of Maui's real estate market may not be sizzling, it's still historically hot... And we expect more noteworthy trades, especially in the higher price points.



MAUI NOTABLE LISTINGS



LUMERIA MAUI, 1813 BALDWIN AVE, UPCOUNTRY
A tropical, upcountry retreat center is 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.





MAUI NOTABLE LISTINGS



5187 LOWER HONOAPILANI RD, LAHAINA

Located on a cove in Napili, Honu Hale enjoys year-round sunsets from expansive lanais and the oceanside gazebo. Priced at \$8.7 million, large picture windows connect this picturesque estate to the surrounding natural beauty.





MAUI NOTABLE LISTINGS



131 ALEIKI PL, PAIA
European elegance mingles with beachside charm at this Paia residence on reef-protected Kuau Cove. Listed at \$12.8 million, the Romeo and Juliet balcony, noble fountain, and exposed rafters lend an air of romance to this luxurious estate.





MAUI NOTABLE LISTINGS



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



6699 MAKENA RD, KIHEI

Priced at \$8.9 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 compliments the home's exotic pool and waterfall.





MAUI NOTABLE LISTINGS



3800 WAILEA ALANUI BLVD, #M-412, KIHAI

The premier location of this exquisite Wailea Beach Villas' penthouse makes it a haven of calm where modern design meets island stylings. Listed for \$10 million, this unit features custom monkeypod cabinets within and unmatched sunset views without.





MAUI NOTABLE LISTINGS



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 \$4.6 million, this historical home includes a paneled library, majestic staircase, and opulent chandelier.





Kaua'i

2022 MIDYEAR SALES ABOVE \$3M

98.0% Avg Sales Price / List Price

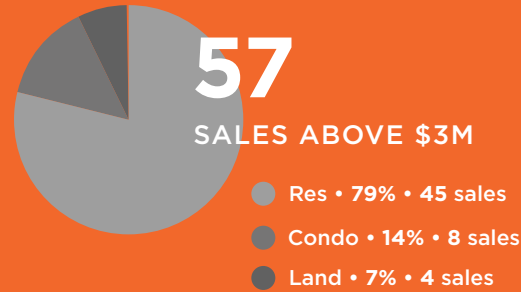
57

Sales Above \$3M

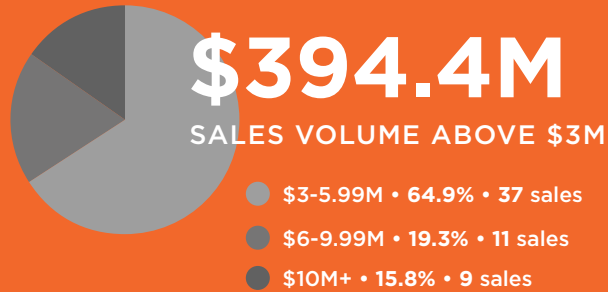
\$2,863 Avg Sales Price / Sqft

9 Sales Above \$10M

Transactions by Property Type



Transactions by Price Range



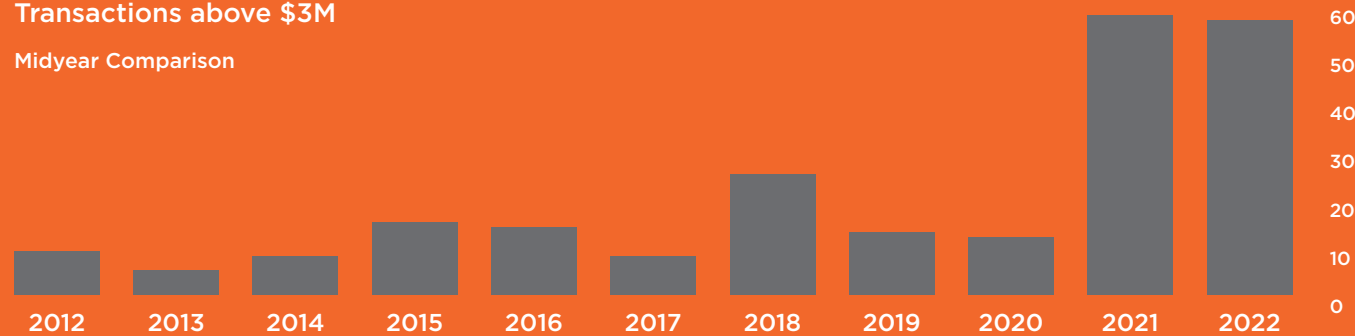
Year-to-date high-end sales on Kaua'i are trailing 2021 in both number of transactions (-1.7%) and total dollar value (-6%) for a total of \$394.4 million.

\$
\$36M
HIGHEST SALE
A North Shore estate on Kauapea Rd listed and sold by Hawai'i Life.



Transactions above \$3M

Midyear Comparison





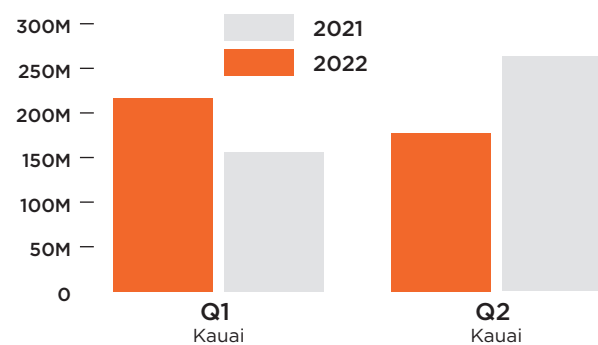
Kaua'i

REAL ESTATE MARKET OVERVIEW

In terms of the average listings price vs. sales price, and average sales price per sq. ft. across the state, Kaua'i leads the island chain.

In the first half of 2022, Kaua'i saw 57 sales above \$3 million, with \$394.39 million by dollar amount. Kauai's luxury real estate prices led the way in terms of average sales price per square foot. The average sales price per square foot rose from \$2,815 in 2021 to \$2863 in the first half of 2022, representing a growth rate of 1.71% when compared to this time last year. And in Q1 and Q2, Kaua'i home buyers paid an average of 98% of the listing price for their luxury property. The average days on market (DOM) for the first half of 2022 was 89.35, down -42.45% from 155.27 days in the first 2 quarters of 2021.

The most transactions were centered on Kauai's north shore, which saw 27 sales. Koloa and the south shore of the island, however, experienced explosive growth as well. In particular, the private club community of Kukui'ula saw growth in both home and lot sales. In the luxury segment at or above \$3M, there were 4 land sales and 8 condo sales. Residential sales remained consistent at 45 transactions so far this year.



Kauai Sales Volume: Midyear 2021 vs 2022
Comparing midyear 2021 to the same time period in 2022, sales volume on Kauai dropped 6.03%

Hawai'i Life's Kaua'i Market Share Above \$3M

In the first half of 2022 Kauai's sales above \$3 million totaled \$394.39 million. Hawai'i Life's transactions in the first half of 2022 on Kaua'i have totaled \$279.54 million. By dollar volume, we accounted for 35.44% of all luxury transactions. Of the 114 buyers

and sellers who transacted in the segment in the first half of 2022, Hawai'i Life represented 28 of them or nearly 25% of the market.

Hawai'i Life Kaua'i Market Share Above \$10M

In terms of transactions above the \$10 million mark, Kaua'i saw a total of 9 transactions above \$10M in the first half of 2022. Of the clients who transacted over \$10 million, Hawai'i Life represented 44.44% of business in the first half of 2022.

The largest residential property sold so far in 2022 in Hawai'i was 4200 Anini Vista Dr, Unit D, a 6-bedroom estate in Kilauea on Kauai's north shore. The 10,320 sq. ft. residence was sold by Hawai'i Life for \$31,500,000. The estate, known as the Point at Anini Vista, offers a rare pairing of elegant contemporary design with island sensibility and seamless indoor-outdoor living. Intentionally designed to preserve privacy and maximize panoramic ocean views, this breathtaking bluff property offers sunrise views over Kilauea Lighthouse and Kauapea Beach.

Of the four most populated islands, Hawai'i Life has the highest market share on Kaua'i. Our market share rose from 50.43% in the first half of 2021 to 51.17% in the first half of 2022, with luxury sales volume at \$346 million.

Hawai'i Life represented 44.4% of the clients who transacted over \$10 million in the first half of 2022.

Kaua'i Market News

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

In February of 2022, Hale Nanea, "the home of joy and tranquility," sold for \$36.1 million after being on the market for only 40 days. 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 Forecast

Even with the market slowing, multiple bidders remain common on Kaua'i, as does the trend of buyers looking to close quickly. Inventory constraints play out faster on Kaua'i, given that only three percent of the island's 550-square miles are available for development, making housing stock scarce, while driving value.

A period of relative stagnation may last the rest of the year, save for a few high profile sales. The Club at Kukui'ula on Kauai's south shore is seeing record sales of both new residences and vacant land, a trend which should continue as it represents the highest concentration of available luxury inventory. And Discovery Land Company is now selling at the North Shore Preserve in Princeville. They've sold approximately \$150M in vacant land sales in the limited 73-unit project.

Kaua'i will likely continue to hold and set record sales for luxury real estate.



KAUA'I NOTABLE LISTINGS



5-5016 KUHIO HWY, HANAIEI
A Hanalei landmark in the community, the Hanalei Dolphin Center is available for \$15 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



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.





KAUA'I NOTABLE LISTINGS



THE BUTTERFLY HOUSE, 7276 ALAMOO RD, HANAIEI
Located on over one half-acre of prime property, this masterpiece is the first new construction on a North Shore beachfront parcel to be offered in decades. 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. Listed at \$12,500,000 and scheduled for completion at the end of 2022.





Record Breakers



RECORD SALES AND NOTABLE STATS IN THE Q1-2

\$2.479B

Over the past 10 years, the number of high-end sales in Hawai'i grew from \$373 million in the first half of 2012 to \$2.479 billion in the first half of 2022.

\$36M

Statewide, the highest sale in the first half of 2022 was a \$36 million Kauai estate in Kilauea, listed and sold by Hawai'i Life.

\$33.75M

On Hawai'i Island, an oceanfront lot was sold by Hawai'i Life for \$33.75 million, setting a price record for the island.

646 Acres

The largest parcel of land sold so far this year in Hawai'i was in Kula on Maui. The 646 acre parcel sold for \$9.6 million in May.

10,320 sq ft

The residential property with the largest interior area was a 6-bedroom estate on Kauai's North Shore. After being on the market for one day, the Kilauea residence was sold by Hawai'i Life for \$31,500,000.

562.8%

High-end sales volume in Hawai'i grew 562.88% over the past decade, from a total of \$373 million in the first half of 2012 to \$2.479 billion by midyear 2022.

500%

Of the great majority of 2022 sales on O'ahu, 12 were above the \$10 million mark, which is a 500% increase from the first half of 2021.

55 Sales

Hawai'i's most popular luxury neighborhood is Diamond Head on Oahu. In the first half of 2022, there were a total of 55 sales.

Press Makers



PRESS AND MEDIA STORIES IN THE Q1-2

AD

"6 of Hawaii's Most Luxurious Property Developments"

Shivani Vora, [Architectural Digest](#)

WSJ

"Hawai'i Home of Windsurfer Robby Naish Sells for \$15 Million"

Sarah Paynter, [The Wall Street Journal](#)

INSIDER

"Take a tour of golf legend Vijay Singh's \$23 million Hawaiian mansion for sale"

Cork Gaines, [Insider](#)

PACIFIC BUSINESS NEWS

"Former Maui Land & Pineapple Co. land sells for \$9.6M"

Stephanie Salmons, [Pacific Business News](#)

WSJ

"Oceanfront Lot With Plans for a Large House Sells for \$33.75 Million, Setting Price Record for Hawaii"

E.B. Solomont, [The Wall Street Journal](#)

Robb Report

"A Sports Lover's Paradise, This \$10 Million Hawaii Estate Comes With Its Own Mini Tennis Stadium"

Emma Reynolds, [Robb Report](#)

TRAVEL+ LEISURE

"13 Best Places to Retire for Golf Lovers"

Patricia Doherty, [Travel + Leisure](#)

MANSION GLOBAL

"A Turnkey Five-Bedroom Home on the Hawaiian Island of Maui"

Bill Cary, [Mansion Global](#)

WSJ

"Carlos Santana Sells Hawaii Vacation Home for a Smooth \$11.9 Million"

E.B. Solomont, [The Wall Street Journal](#)

THE SACRAMENTO BEE

"Meditation guru selling his 3-acre Maui oceanfront property for \$26 million"

[The Sacramento Bee](#)



Summary

Where's it all headed?

There is currently a drop in terms of transaction volume and a rise in inventory. Despite a relative sense of acrophobia among brokers and local residents, a remarkable amount of data still points to fundamental economic strength in Hawai'i. And the possibility of more listing inventory may actually soften the blow of record-low absorption rates and the overall market's contraction.

We have seen a modest increase in inventory recently and demand for luxury homes in Hawai'i is going from white hot to very warm. Demand for luxury homes in Hawai'i still exceeds the available supply, and we expect that to bounce around a bit in the latter half of 2022. Overall, the luxury real estate market is influenced by more than just inventory, interest rates, and absorption rate. It is and will continue to be driven by the less tangible qualities that our clients value above all - excellence, rarity, value, and other qualities that aren't as easy to calculate objectively.

While the pace of the high-end market may slow slightly, its intensity and velocity will remain impressive. There has already been a trade above the \$20M mark, and three above \$30M. And as the year progresses, records will likely be broken in both unit prices and aggregate volume.

While foreign investment has slowed substantially, it hasn't come to a halting stop. With Covid vaccines now readily available and travel restrictions lifted in many countries, we expect to see investment in real estate bounce back in the coming months as more international buyers compete for luxury property in Hawai'i.

Over the past couple years, I predicted a shakeout of sorts, speculating that this market run would likely be the predecessor of what will develop into

a long bull market for high-end Hawai'i real estate. I also predicted that many of the buyers who had relocated to Hawai'i may decide to either return "home" after Covid subsides or for other reasons. And while there hasn't been any mass sell-off, the "dip" is certainly upon us.

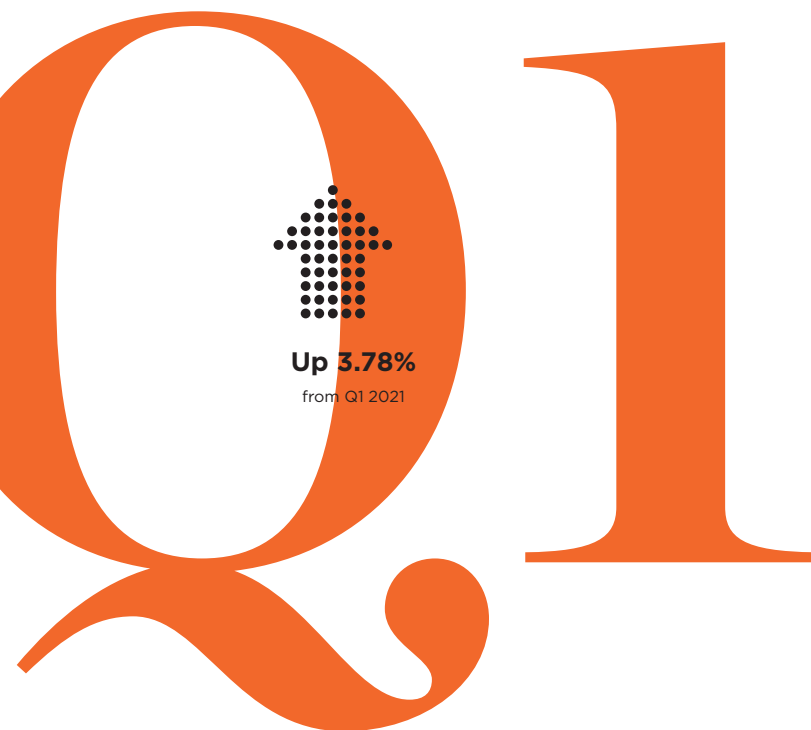
usually correlates to a strong US stock market. Despite economic headwinds, that may translate to sustained confidence in the luxury real estate market. For true luxury real estate, the dip may lead to extended stagnation...but our guess is that market volume resets to sustained levels that remain above the pre-pandemic years.

One thing we can predict with near pinpoint accuracy is that there will likely be another seemingly unpredictable event, whether world-wide or localized, which will radically impact the luxury real estate market in Hawai'i and skew any sense of normality. It's just a matter of when...

20% of international buyers who are looking will consider Hawai'i in the next 3 years.

The coming shakeout may actually be a short-lived correction. Foreign markets are slowly opening up. According to our partners at Luxury Portfolio International, 20% of international buyers who are looking will consider Hawai'i in the next 3 years. What's unknown, however, is the degree to which the demand from other countries is pent up, and whether their price tolerances will be impacted by changes in the market. We expect the increased demand to have a significant effect on the high-end market.

We're also looking forward to less politically-charged times, even if it is only a short reprieve between the midterm and presidential elections, as the third year of most presidential administrations



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MARKET REPORT**



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