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Regardless of where this newsletter finds you, we're certain that the past 2 years have been a long haul with just a few glimmers.

The certainty and road map for the future eludes, and as a consequence, most focus on developing strategies to create the next opportunity. In this regard, we find that flexibility is essential, and of course.... cash is always king.

Cash has enabled 2 of the island's largest non-government projects, Kuku'ula and Koloa Landing, to forge forward. Early on, these southshore developments required extensive entitlement work, let alone strong leadership and funding. At the time, it appeared no different for other developers. By maintaining their commitments, both will open prior to year end, continue their plans, and carve their own path within this new marketplace. We applaud them for plowing forward when others blinked, moth balled, and left Poipu with nothing but shorn dust screens or worse...just the uprights!

We recognize that there are those who would rather not have development at all, and those who are critical of design, density, and the like. Yet, when the State and County, after receiving public testimony, commit to the zoning, and when the Developer commits to the plan, we note that these guys are going the distance rather than leaving Poipu amuck. BRAVO!

Meanwhile, Wainani was quietly scooped up for less than half the debt by market savvy Kennedy Wilson (details on page 3). The next year will offer a plethora of new opportunities for hungry Buyers.

*Aloha, Peter & Hannah Sirois*



## HOT TOPIC

**Top Billing for Kaua'i:** Kaua'i saw top billings this year from major travel magazines and Hollywood. Both Travel & Leisure and Conde Nast placed Kaua'i as the #2 island within their coveted lists, and Departures Magazine featured the lushness of Kaua'i as a top draw to our shores. Hollywood's decision to feature Kaua'i pumped millions into our local economy. The three upcoming films shot here are: Descendants, Just Go With It, Pirates of the Caribbean: On Stranger Tides. The attention is well deserved and could not come at a better time.

**Kaua'i Numbers Improve:** In our prior newsletter, we mentioned the importance of jobs and additional flights to the island. As a visitor dependent island, Kaua'i's unemployment numbers skyrocketed when visitor arrivals dramatically improved, the unemployment numbers pulled off of the 2009 highs and look favorable going forward. Flights into Kaua'i are full and the added "lift" from Alaska Airlines, originating in both San Jose and Oakland, as well as seasonal service from Canada's WestJet, boosted the number of nonstop flights to Kaua'i to the highest number ever.

**Best Restaurant Selection Ever:** Joining Kaua'i's favorite haunts are a flurry of new restaurants. We call it the best ever! From the northshore's Kaua'i Grill, Roy's (new to the northshore this month and a new concept too), to the east side's Chutney, Kaua'i Pasta, and 22 North (a new concept for Gaylord's), to Poipu's Jean Marie Josselin's Tapas, Merriman's, Living Foods, and the Koloa Deli savoring the flavors is an island experience.

**Poipu Bay Golf Course:** The ever popular Robert Trent Jones, Jr. course closed for renovations on April 1, 2010 and shall reopen on December 16th. The work provides for a comprehensive greens refurbishment where the original Bermuda grass was removed, and greens have been replanted with a Sea Shore Paspalum. Sea Shore Paspalum requires less fertilizer, almost no herbicides for maintenance, and is drought tolerant. In addition to the course, the clubhouse locker rooms are receiving an uplift as well. The golf project runs in concert with the refurbishment of all hotel rooms at the Grand Hyatt Kaua'i Resort & Spa.

## Brand New To The Market



### THE EPIC PENTHOUSE CONDO

*No Comparable Property on the Market*

For those who know that Whalers Cove demonstrates the finest, this corner all oceanfront Penthouse is a one of a kind.  
1bed|2ba|1,508 sqft



### 5+ ACRE ESTATE

*Features Home, Guest Home, Pasture & Stream*

Private Old Koloa Town gem where views, setting, quality construction, and pasture come together. 3/2 Main Home with wrap-around lanai plus detached 1/1 Guest House.

Go to [www.KauaiHeritageProperties.com](http://www.KauaiHeritageProperties.com)  
For More On These Fabulous New Listings.

VIEW OUR LISTINGS AND MORE AT [KAUAIHERITAGEPROPERTIES.COM](http://KAUAIHERITAGEPROPERTIES.COM)



**Stunning Oceanfront Home**  
Res | \$3.998m | 3,261sf | 9,905 sf  
5/5 | 4838 Lawai Road



**Poipu Oceanfront Home**  
Res | \$2.5m | 1,483sf | 4,660sf  
2/2 w/loft | 4560 Lawai Road



**An Omao Sanctuary**  
Res | \$1.189m | 2,590sf | 29,055sf  
3/3 | 3821A Omao Road



**Build at the Beach**  
Land | \$5.4m | 32,234sf  
2179 Hoone Road



**Premier Kiahuna Golf Home**  
Res | \$2.880m | 3367sf | 9772sf  
3/3.5 + pool | 2894 Milo Hae Loop



**Omao Garden Paradise**  
Res | \$1.275m | 2,316sf | 21,780sf  
3/3 w/guest house | 4120 Omao Road



**Air Conditioned Luxe Short Sale Condo**  
Condo | \$692,500 | 1,258sf | 2/2  
Regency Villas #213



**Prized Poipu Lot**  
Land | \$1.575m | 10,604 sf  
2661 Kaheka Road



**Kukui'ula Lot - Under \$1m**  
Land | \$999,000 | 11,894sf  
Kukui'ula Lot 73



**Kalaheo View Lot**  
Land | \$285,000 | 10,117sf  
1246 Nohea St



**Kiahuna Fairway Lot**  
Land | \$488,000 | 10,385sf  
2626 Puuone Street



**New Kiahuna Ocean View**  
Condo | \$575,000 (LH) | 1,184sf | 2/2  
Kiahuna Plantation #204

See KHP's Boutique  
Collection of Properties  
on our website.



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**Seller Financing Industrial Land**  
Land | \$478,000 | 16,411sf  
Puhi Industrial Lot 1129



**Kahala Corner**  
Condo | \$675,000 | 900sf | 2/2  
Kahala at Poipu Kai #711



**Kiahuna Plantation Below \$500k**  
Condo | \$499,000 (LH) | 1,184sf | 2/2  
Kiahuna Plantation #223



**2 Bedroom Ocean View**  
Condo | \$550,000 (LH) | 1,184sf | 2/2  
Kiahuna Plantation #209



**Beautifully Affordable Kiahuna**  
Condo | \$149,000 (LH) | 620sf | 1/1  
Kiahuna Plantation #302



**Oceanviews & Completely Renovated**  
Condo | \$447,000 (LH) | 620sf | 1/1  
Kiahuna Plantation #107

KAUAI HERITAGE  
PROPERTIES HAS  
SOLD OVER  
\$51,500,000 OF  
KAUAI REAL ESTATE  
SINCE 2009.

# The KHP Brief

With this final newsletter of the year recapping the January-September 2010 timeline, one thing rings true: The real estate clean up is well underway here headed by a crew possessing profound strength. The clean-up crew approach Sellers, driving hard bargains with the promise to close cleanly and quickly. Sellers react by pushing back hard and clinging to yesterday's values or they acquiesce and arrive at either a value or bargain price. What we know for certain is NO ONE PAYS RETAIL.

The results are in, showing that a number of Buyers led the charge to better our sales numbers while pushing prices lower.

## Year to Date Kaua'i – September 2010

	2009	2010	CHANGE
Gross Number of Sales	346	518	<+49.71%
Gross Volume Sales	\$210,824,301	\$278,344,659	<+32.03%
All Kaua'i Median Price	\$2,107,500	\$2,048,500	<2.80%>

A more granular look at the median numbers affirms that the bulk of the buying occurs at the lower end where decent cap rates are seemingly achieved and long term housing presents a most affordable option.

## Year To Date – Southshore Median Pricing

	2009	2010	CHANGE
Residential Median	\$499,500	\$477,000	<4.45%>
Land Median	\$237,500	\$250,000	<+5.20%
Condo Median	\$525,000	\$450,000	<-14.29%>

At first blush the luxury market appears absent from the above numbers. Yet, while luxe sales lag the overall market, the activity behind the scenes shows substantially increased showings, severe price pressure and a spike in activity between Brokers. In our Spring 2010 newsletter we stated "Over the next two years we should see a hole between bought right comparable sales and the asking prices of less motivated Sellers. Buyers will be hesitant to bridge the gap slowing sales numbers and frustrating Brokers and ultimately Sellers. This is exactly the opportunity that a smart developer will seize." Sure enough, this opinion affirms the January – September luxe statistics. It is also fair game for the clean-up crew and gives way to the entry of real estate auctions.

For the Sellers of high-end properties, the group stands deep, for the most part overpriced, and at the ready for capable Buyers. We are continually surprised by the depth of this segment and often wonder if Sellers have the same awareness. For example, as of mid October, absent of any developer inventory, the MLS system reflects the following for

single family residential listings priced at or above \$800,000:

PRICE	MLS LISTINGS	# IN ESCROW
\$800,000 to \$1.5m	129	11
\$1.5m to \$5m	93	7
\$5m to \$30m	24	1

Of the properties noted above just 1 of the 19 properties in escrow is oceanfront. Of the 7 that are in escrow priced between \$1.5m - \$5m, 2 went under contract at auction on Oct. 14th. The lone property in escrow between \$5m and \$15m also went under contract by way of an auction on Oct. 14th. Auctions are new to Kaua'i as of 2010, and by all measures bring a dose of realism to the luxe market where non oceanfront properties often come to market at prices at or above ocean or beachfront listings. Buyers are represented by Brokers who are paid commissions by the Seller's side.

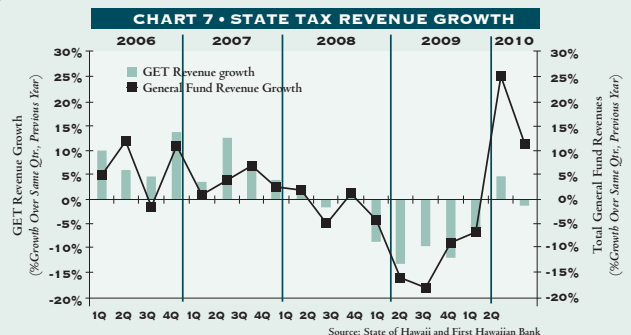
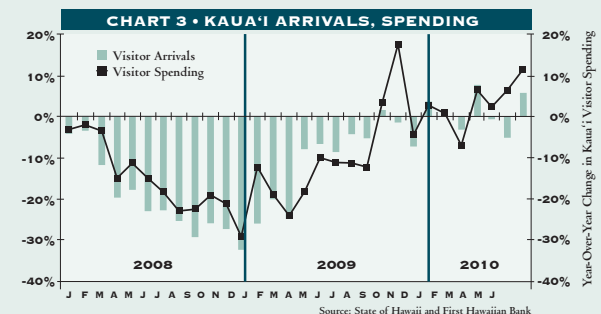
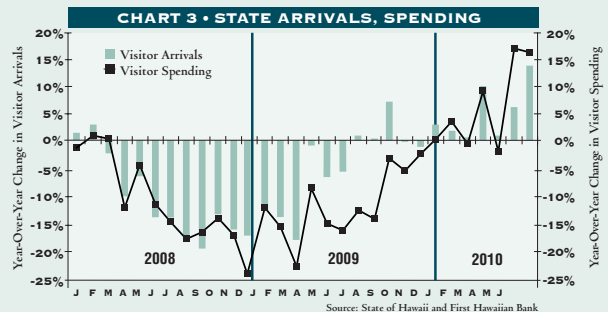
To further illustrate the emergence of the clean-up crew as well as the auction concept as a determiner for market value, on Oct. 5, 2010, Kennedy Wilson (NYSE: KW) announced its acquisition of Wainani at Kiahuna for \$12.1m from Central Pacific Bank. CPB previously took the property back with some \$27m owing. The fully built Poipu development provides for 63 vacant homesites and 6 completed homes (1 additional home was sold by the prior developer) with each homesite surrounded by the Kiahuna Golf Course. In the press release Mary Ricks, Executive Vice Chair of Kennedy Wilson states, "We have always liked the fundamentals of investing in Hawai'i real estate, such as high barriers to entry and an extremely difficult entitlement process. The company has been investing in Hawai'i real estate since the mid-90s, so this deal was the result of our experience and knowledge of the market in addition to our relationships." Kennedy Wilson is a clean-up team with a group of experts who made the right buying decision.

Kennedy Wilson, through its auction division, intends to auction inventory near term. As of press time, the exact date for the auction has not been set but could be as early as the end of this year. We will remain close to Wainani, offer updates in our News and Blog section of our web site and

believe that it will afford an excellent opportunity for individual Buyers looking to enter the Poipu market or add to their existing portfolios.

Kennedy Wilson's Auction Division intends to auction Wainani inventory soon.

With the clean up well underway, 2010 shall pave the way for a noteworthy uptick in 2011 buying activity. Contrary to 2010, 2011 will provide for more sales above \$800,000 with Buyers still remaining conservative and keeping a watchful eye on zoning (i.e. offsetting expenses with vacation rental revenue), expenses (i.e. the presence of dues, utility costs, real property taxes), and a commitment to never pay retail. Loans above \$625,500 bump into the jumbo category, and although we will see cash transactions, Hawai'i's regional banks will continue to be the leaders of choice. The only exception in this regard will be loans on condo-tel loans (condominium properties with front desk operations) where the lending pool shall remain small and discretionary. As construction completes, and dust screens come down, the beauty of the environment moves back to center stage, tempting Buyers to consider purchasing a slice of heaven on one of the most beautiful places on earth.



## All Land, Condo & Residential Sales. Kaua'i Southshore - Q3, 2010

### CONDOMINIUM

Location	Unit #	Bed/Bath	Date Sold	Price
Prince Kuhio	#101	1/1.00	7/16/2010	\$199,000
Kuhio Shores At Poipu	#108	1/1.00	7/23/2010	\$390,000
Kuhio Shores At Poipu	#105	1/1.00	7/30/2010	\$375,000
Kiahuna Plantation	#311(LH)	1/1.00	9/23/2010	\$110,000
Kiahuna Plantation	#427(LH)	1/1.00	8/13/2010	\$150,000
Makahuena	#1203	2/2.00	8/13/2010	\$325,000
Manualoha Ph I & Ii	#1006	2/2.00	9/24/2010	\$462,000
Poipu Kapili	#19	1/2.00	9/23/2010	\$525,000
Nihi Kai Villas	#802	2/2.00	8/6/2010	\$540,000
Makahuena	#IIB102	2/2.00	8/13/2010	\$769,000

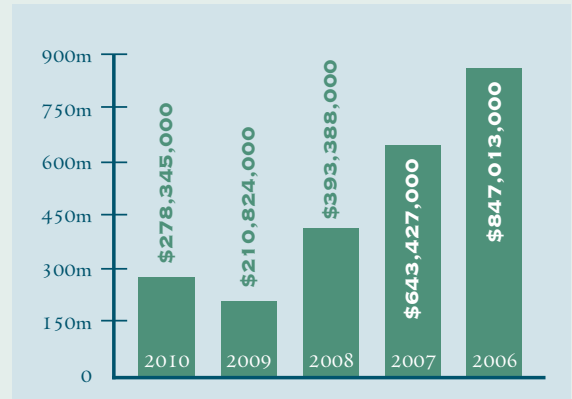
### RESIDENTIAL

Location	Sq. Ft.	Bed/Bath	Date Sold	Price
4325 Maka Rd	6,477/ 2,002	4/2	7/28/2010	\$425,000
4334 Palama St	10,154/ 2,093	3/3	8/31/2010	\$485,000
3627 Kua Aina St	10,060/ 2,706	4/3.01	8/18/2010	\$775,000
5103 Puuwai Rd	24,420/ 3,289	3/3.02	9/28/2010	\$750,000
3599 Horita Rd	10,303/ 1,552	4/2	7/21/2010	\$410,000
2-3706 Kaumualii Hwy	11,806/ 1,432	3/2.01	7/16/2010	\$375,000
4641 Kuilei St	7,970/ 2,848	6/5	7/16/2010	\$450,000
4071 Piko Rd	24,530 / 836	3/1	8/16/2010	\$547,044
Puulani Mauka	2.04 ac/ 3,417	4/4	8/25/2010	\$435,600
4560-J Uha Rd #1	2.03 ac/ 3,036	4/3	8/24/2010	\$516,664
4700 Akemama Rd	3.00 ac/ 4,609	4/4	7/9/2010	\$1,180,000
3868 Mamaki St	7,315/ 1,292	4/1	9/16/2010	\$339,000
5737 Tapa St	8,914/ 2,030	3/3	8/25/2010	\$549,000
5349 Pau A Laka St	10,526/ 1,864	2/2	8/18/2010	\$785,000
5364 Pau A Laka St	11,086/ 3,299	5/3.01	7/9/2010	\$1,300,000

### LAND

Location	Land area	Date Sold	Price
3880 Ulu Alii St	9,563 sqft	9/17/2010	\$215,000
3691 Kakela Makai Dr	10,227 sqft	9/30/2010	\$224,750
3961 Pai St	12,402 sqft	9/15/2010	\$282,000
4685 Kuli Rd #B	20,038 sqft	7/26/2010	\$190,000
Elysian Fields #B	1.89 ac	7/13/2010	\$267,000
Poipu Beach Estates	1.09 ac	8/5/2010	\$350,000
Lot #:183			
Poipu Beach Estates	1.11 ac	7/27/2010	\$445,000
Lot #:177			

### FIVE YEAR 3RD QUARTER SALES VOLUME ALL KAUAI SALES AND PROPERTY TYPES



# AN ISLAND TRADITION

FALL 2010

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