



**2021 Q1-Q3
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



Velocity and Volume, Reckoning and Renaissance

The first three quarters of 2021 have been both a reckoning and a renaissance; at once an acknowledgment of the harsh realities that were presented to us in 2020, while demanding drastic scalability of all our business operations to meet the needs of market growth unlike any we have seen before. In a paradox of the U.S. market forces, Forbes estimates that amid Covid, a

new billionaire was minted every **17 hours** and, according to Bloomberg, 1700 new millionaires are created **every day**. We are in one of the most rapid periods of wealth creation the world has ever seen, and both asset prices and the luxury real estate market are reflecting this phenomenon. One of the central themes we are seeing emerge in this new beginning is velocity.

Velocity & Volume

In physics, we can define the velocity of an object as the rate of change of the object's position regarding a frame of reference and time. It might sound complicated, but velocity is basically speeding in a specific direction. In business, it is essentially the same equation; though we might also measure the *speed of a service*, distribution of goods or production of materials. Within the ecosystem of real estate, velocity is the driving measurement of the market's absorption rate.

In 2021, average months of residential real estate inventory statewide dropped precipitously from a monthly average of **5.3 months to 1.6 months**, dipping even more dramatically in the toniest neighborhoods statewide. The net result: the number of homes on the market fell to record lows, competition among buyers increased, and prices rose, driven largely by a simple calculus of demand outpacing supply. Intense competition for a finite resource breeds not only fear of loss and frenetic bidding wars, but also introduces a variable in luxury real estate transactions not normally seen: velocity. It has not been uncommon for properties to go under contract within a few days of being listed.

With buyers clamoring for acceptance of their offers, offering the shortest escrow closing possible is one strategy used towards that end. Our statewide team of agents, brokers, transaction management specialists, accounting staff and auxiliary professionals (title companies, surveyors, home inspectors, fumigators, etc) have all been tasked with meeting due diligence and inspection which are now often measured in weeks as opposed to months.

Representing increasingly sophisticated and savvy buyers and sellers, in a market that's growing by orders of magnitude, requires extraordinary levels of collaboration, data intelligence, organizational systems, and communication.

“Market research is like looking in the rearview mirror of a speeding car.”

-Anita Roddick

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The volume and the velocity of Hawai'i's real estate market have shattered every record and historical norm previously held

Typically, all cash, higher-end transactions enjoy shorter escrows, but this trend has been exacerbated in the luxury market in a way never seen before. Statewide, the luxury market saw a staggering 234.5% increase over 2020 (by dollar value), with total sales in all luxury market segments above \$3 million reaching a whopping \$3.698 billion. The rapid growth was fueled by several factors, many of which are byproducts of Covid: the ability to work from home, the desire for more all-year outdoor living space, and a move towards inter-generational living, all coupled with record-low interest rates and rising equity markets.

Hawai'i property sales above the \$3 million luxury benchmark grew from 215 transactions in the first three quarters of 2020 to 634 in the first three quarters of 2021 (or +194.9%). Within the ultra-luxury market (\$10M+) we saw the most dramatic increase in transaction values, an increase of over 602%. Hawai'i Life's statewide team of real estate professionals represented a total market share of 18.59%, inclusive of all sales that closed above \$3 million in 2021. At the \$10M+ mark, our market

dominance emerges with even greater strength, capturing over 25.37% of the sales volume in this sector statewide, many of which include dual agency, with Hawai'i Life on both "sides" of these trades.

Our market dominance, both by volume and by trades, in the highest strata of the market is of course no accident; Hawai'i Life's most tenured brokers have long cultivated relationships with both buyers and sellers in the ultra-luxury market. We've provided a high quality of service for over a decade in the space, and earned the trust of even the most discerning clients, as evidenced in the number of transactions where Hawai'i Life provided dual agency representation. More often than not, when we are selected to list a flagship property, the buyer is in our database, and has been a historical client of the company. The luxury market is especially self-referential, and our growth in this segment is attributed to both referrals and the benefit of representing Hawai'i's finest luxury real estate. Our clients provide a significant competitive advantage.

We are functioning in an increasingly competitive environment. Several national and global companies

are making aggressive plays to gain more market share in Hawai'i real estate. As the market becomes more saturated and inventory declines, we see our sustained rise in market share as the direct result of our deep bench of Hawai'i market knowledge, relationships, expertise, and a suite of hyper-local services that provide tremendous value.

Founded in Hawai'i, Hawai'i Life's deeply nuanced understanding of Hawai'i's sense of place and the unique psychographic profiles of various submarkets statewide provides us with a perennial advantage over the global firms trying to gain a larger foothold in this market. We have deep roots in Hawai'i, and with that we place equally deep emphasis on the ecosystem, culture and communities of our island home.

In the spring of 2020, as the reality of Covid-19 had set in around the world and there was extraordinary uncertainty and panic in nearly every business sector, Neal Norman, HL1 Director on the island of Kaua'i, offered a prediction which I confess occurred as pollyanna-ish... at the time.

"It's going to be like trying to get into the hottest club in town... you'll be lucky if you can just get past the velvet rope and in the door, because this is the 'it' place to be, and the guest list is growing fast."

Fast forward 18 months, and his statement couldn't have been more prescient. The volume and the velocity of Hawai'i's real estate market have shattered every record and historical norm previously held. Hawai'i's luxury real estate market (which, by our measure, includes trades at or above \$3M) grew in value by a staggering 234% when comparing the first three quarters of 2021 to the same period in 2020. At the very top of the market, extraordinary

demand has so radically grown the market of trades at or above \$10M, we are now measuring in orders of magnitude. Indeed, that market grew by 6X, with 602% year over year growth of total sales volume in the first three quarters of 2021.

As Pacific Business News reported in July '21, "More homes sold for \$10 million or more in Hawai'i during the first six months of this year *than in the last two years combined.*"

Previously, we regarded 2018 as a banner year for the top tier of Hawai'i's real estate market, a year in which records were set for the highest historical trades in the residential and condo markets, and the overall volume occurred as an outlier. But, as Pacific Business also notes,

"The \$3.698 trillion sales volume for the first half of 2021 in Hawai'i has exceeded by 750% the sales volume for all of 2018, when the high-end sales volume was \$498.8 million, possibly putting this year on pace to exceed \$1 billion in high-end luxury home sales."

I believed we would hit that \$1 billion mark in ultra high-end (\$10m+) luxury home sales in 2021. In Q3, my expectations came to fruition, as the total dollar value in sales in this segment of the market reached \$1.06 billion.

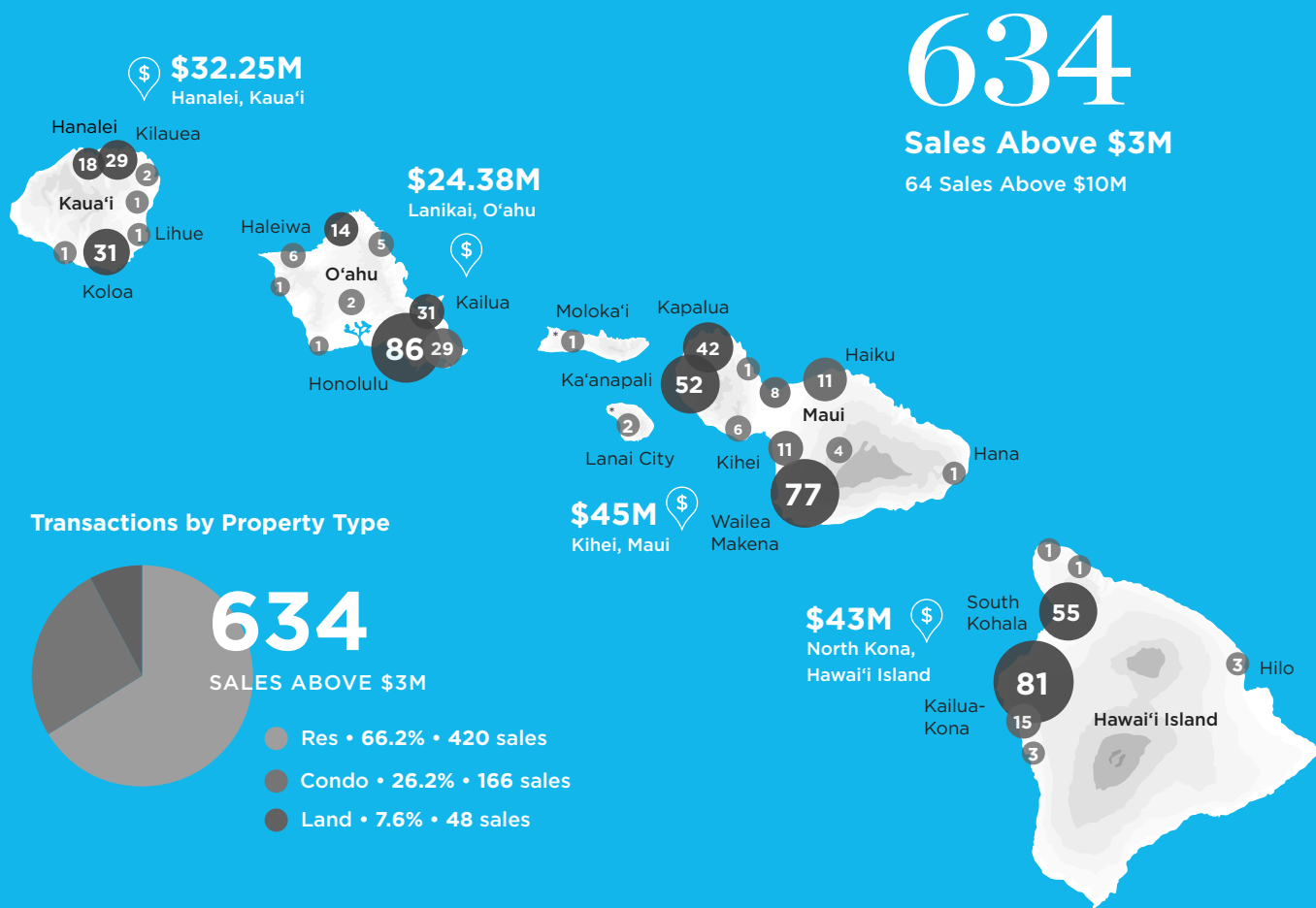
This run is far from over.

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

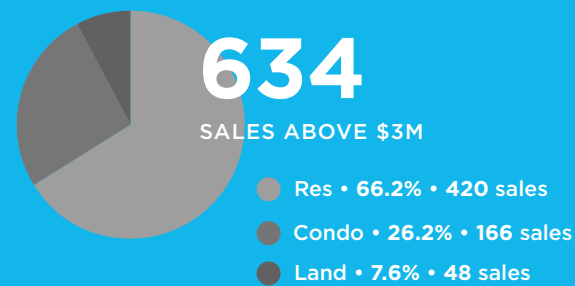


State of Hawai'i

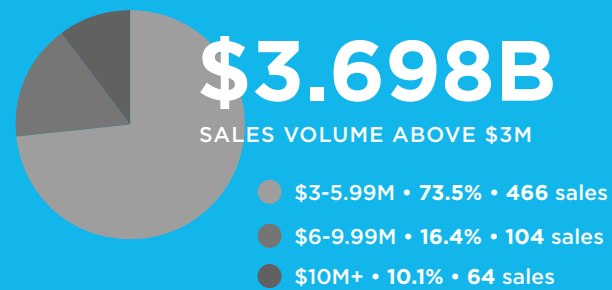
2021 Q1-Q3 Sales Above \$3M



Transactions by Property Type



Transactions by Price Range



Year-to-date Statewide high-end sales are outpacing 2020 in both number of transactions (+194.9%) and total dollar value (+234.5%) for a benchmark \$3.698 billion.

Transactions Above \$3M Yearly Comparison Q1-Q3



State of Hawai'i

REAL ESTATE MARKET OVERVIEW

Continuing the trend of the second half of 2020, in 2021, luxury sales volume in the state of Hawai'i grew at a frenetic pace. The state saw triple digit growth in terms of transactions and total dollar value.

The growth experienced in the luxury segment throughout Hawai'i has been the most salient theme through the first three quarters of 2021. Internally, we experienced 250% growth in terms of transactions and 315% growth in total dollar value has demanded the most of our team and our resources. Our ability for dual representation allowed us to improve our market share in this coveted space of luxury real estate in Hawai'i.

issued new health mandates in a dizzying real-time response to changing public health situations. After Covid brought the visitor industry to its knees by the shutdown of 2020, economic recovery has begun across the islands, though new restrictions risk further slowing a recovery. Public health officials can only navigate this virus the same way business professionals do; by using available data and working around whatever hardships may fall our way.

Economic Impact

After successfully navigating the virus through the first half of 2021, Hawai'i saw rapid increases in both case count and hospitalizations in early July because of the Delta Variant. It is unclear what our solution will be, but the worst economic effects are behind us. To be successful, businesses have to adapt in real time, all while navigating an uncertain future. A few trends have emerged as businesses pivot to survive the volatility imparted by Covid.

We are seeing secondary economic effects from the Delta variant as state and county governments have

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.

The continued growth of the real estate market in 2021 has been remarkable, fueled by new wealth and new high net-worth individuals. We are seeing a younger and more motivated group of buyers who view luxury real estate as an asset class. They are diversifying into new business models and flexible working locations that weren't available previously. There's a newfound velocity to both money and people.

We are seeing a younger and more motivated group of buyers

We are seeing buyers from the entertainment, technology, and finance sectors purchase both high-profile and off-market listings, and for record-setting prices. We're seeing more examples of these types of clients purchasing homes sight unseen than ever before. Mark Zuckerberg and Priscilla Chan's ongoing affinity for Kaua'i led to the additional purchase of another 600 acres of land on the Garden Isle, to bring their total ownership stake on the islands to 1300 acres. Oracle founder Larry Ellison officially made his home base in Lanai.

Many buyers were originally looking for short-term rentals to see out the pandemic and transition the property into a vacation home. Ultimately, as their respective workplaces transitioned to fully remote work, the idea of vacation home use faded in favor of making Hawai'i home. This scenario is clearly a trend.

Q3 YTD 2021 vs Q3 YTD 2020

Comparing the first three quarters of 2020 to the same time period in 2021, the change in sides above \$3M grew from 215 in 2020 to 634 in 2021.

Hawai'i Life represented buyers and sellers in 186 of the 1,268 total sides of business — or 14.7% of all luxury property sales.

Absorption Rate: A Tour of the Calculus

"Heard melodies are sweet, but those unheard are sweeter." - John Keats

Supply and demand lie at the heart of all markets. These two forces drive both price and market velocity. As Covid has engulfed the globe in a tsunami of worries, real estate in Hawai'i has become a haven for those who can work remotely, those that can afford to live anywhere, and those who are just wanting to wait out the storm. In the past 12 months, the average statewide inventory has plummeted from nearly 7 months of inventory on the market to less than 2 months of inventory. The new pace of absorption of any remaining inventory has created a strong seller's market.

"Absorption rate," a metric used in the real estate market to evaluate the rate at which available homes are sold in a specific market during a time, is calculated by dividing the number of homes sold in the allotted time period by the total number of available homes. The equation can also be reversed to identify the average time it would take for the supply to be sold (given the market's historical pace). While we have seen a very small increase in inventory in the last 30 days, the demand for luxury homes in Hawai'i is stronger than ever.

Here is where the drama of nuance and distinction begins in our analysis of the luxury market. There are forces driving the calculus of the luxury real estate market beyond the fixed values of inventory, absorption rate, interest rates, or other more common values. The less tangible or measurable qualities of rarity, value, and excellence are harder to calculate objectively. While inventory is limited and demand is indeed frothy, something far more nebulous is at work in this space- the realm of beauty, art, lifestyle, and a sense of place - architecture and landscaping as a statement and an expression of creativity. Many of our clients in the ultra-high-net worth space value rarity above all else. They are sophisticated, decisive, and often pre-wired to

Hawai'i. They know what they want, and often even more importantly, what they don't want.

True rarity drives price, never the other way around. As the inventory statewide is whittled away, the rarified list of truly exceptional properties is growing remarkably short.

As we advise our clients through transacting record-breaking trades in residential real estate, we bring a level of ultimate service, a network of relationships, and a deep knowledge of the micro-trends within the specific niche markets throughout the island chain. Simply put, we're hired for our advice. It becomes a formula no longer driven by competition or valuations, but more because we understand discretion, subtlety, craftsmanship, and, as always, the deepest island-specific understanding of the singular driver of real estate values- location.

Despite strong real estate growth, the tourism industry is also a huge driver of business across the islands. While the recovery in tourism hasn't been as strong as the real estate market, it's safe to say it has surpassed the expectations of even the most optimistic of forecasters. Low airline prices paired with high asset prices, disposable income and pent-up demand for travel all combined to set up a decently strong tourism recovery. July was an extremely strong month state-wide. In July 578,628 visitors arrived from the Western United States, which represented a 25.1% gain from July 2019. Those visitors spent \$961 million, a gain of 43.5% from July 2019. Uncertainty about the Delta variant has continued to put a cap on the tourism industry's recovery. Governor David Ige continues to lead with an optimistic message of lifting all restrictions by the end of the year and has voiced support for allowing large events like the Honolulu Marathon to take place. For now it seems the state and the tourism industry is moving forward with a guarded optimism.

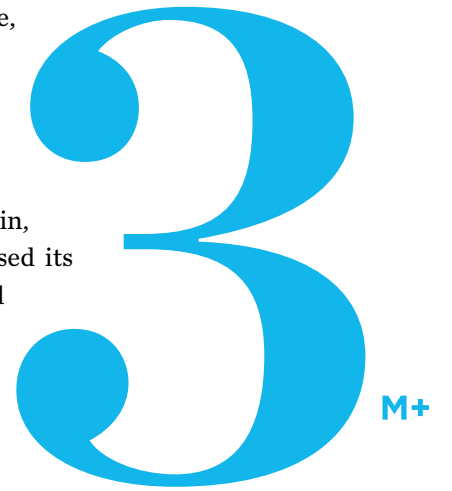
Statewide Sales Above \$3M

The total sales volume in this segment of the market in 2020 totaled \$1.94 billion. In the first three

quarters of 2021 alone, statewide volume has eclipsed that number by \$1.758 billion dollars for a total of \$3.698 billion.

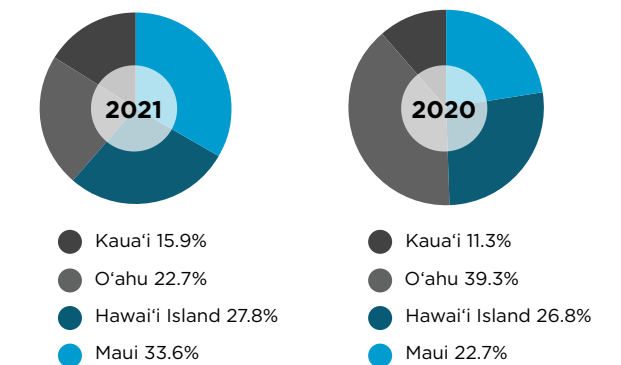
Across the island chain, nearly every island eclipsed its transaction volume and the number of trades from 2020. In the second half of the year, we could measure growth in multiples as opposed to percentages.

Not only was there significant growth across the state, there was a shift in market share as well. Despite seeing 93.15% growth of sales volume from the same period as last year, O'ahu surrendered some of its share of the Hawai'i luxury market to Maui, which led all islands with 395.56% growth of sales volume.



Island Split of Statewide Luxury Market

By total dollar volume, Q1-Q3

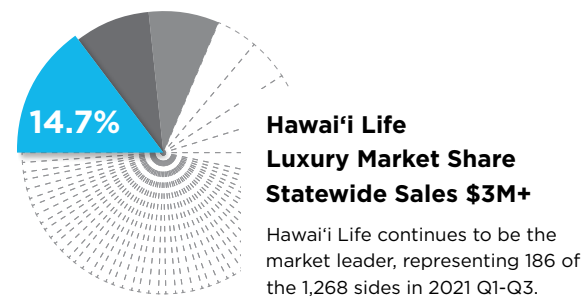


A rapidly shrinking inventory of residential homes has diverted quite a bit of attention towards the luxury condo market to fill in the gaps. With available supply in this sector, some of Maui's significant gains in luxury market share are at least partially owed to its available supply of luxury condos.

Globally and nationally, Hawai'i's market is drawing attention. While asset prices in nearly every financial market continue to climb and generate new wealth, the competition at the high end of the market is stiffening. Our partners at Luxury Portfolio International, for their white paper "The State of Luxury Real Estate," commissioned a study by Affluent Consumer Research Company, with online interviews in 17 countries from November 25–December 16, 2020. Qualified respondents are among the top 1–5% of their nation's economy. They report "Hawai'i is the top destination among all international luxury home buyers, with one in five (20%) seeking a residence in the Aloha State." Hawai'i is the world's number one destination with one-in-five international buyers looking to purchase there in the next 3 years. The most common reasons for relocation to Hawai'i are related to quality of life; such as education, culture and COVID-19 response, followed by investment potential such as real estate values, a plethora of luxury personal services and low crime.

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

Results are contagious, and a significant market share allows for insight and real-time market intelligence at scale. Hawai'i Life's market share above \$3 million is aided by the depth of our market share, especially at the top of the market. Creating win-win scenarios for both buyers and sellers has, over time, earned us a 14.67% market share of all trades at or above \$3m in 2021 up from 12.33% in the first three quarters of 2020.



10M+

Statewide Sales Above \$10M

Of the four most-populated islands in Hawai'i, Kaua'i remains asymmetrically active at the highest end of the market. Fifteen transactions above the \$10m market totaled to \$272 million in sales volume in the first three quarters of 2021. Hanalei Bay continues to be a draw, with the highest sale a \$32.25m estate listed and sold by Hawai'i Life. In terms of total trades in units at or above \$10m, Hawai'i Island saw the highest growth, with 24 transactions versus just 2 in the first three quarters of 2020. Maui saw 19 total transactions in the segment, primarily centered on Wailea and Makena, for \$301.4 million in total sales.

The three "neighbor" islands made up the bulk of the transactions above \$10 million. Across the island chain there were multiples of growth when compared to 2020. The entire volume of business above \$10 million clocked in at \$1.061 billion in the first three quarters of 2021, and all four islands experienced transaction growth of over 540%. Even with a market growth of 5X, these are still relatively small data sets. Ten sales here, ten sales there, etc. But the growth is historic. Measuring the market's growth now in multiples, as opposed to a few percentage points here or there... is significant. And now, more than ever, the insights, access, and referrals that come with a significant market share bring extraordinary value to our clients.

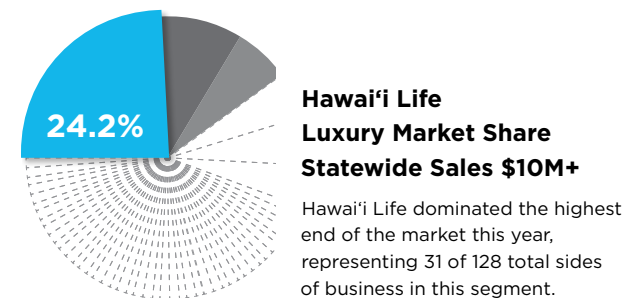
Hawai'i Life's \$10M+ Market Share

Much of Hawai'i Life's market share across the island chain is paralleled with the chronology of our growth. Hawai'i Life was founded on Kaua'i in 2008. We opened our first office on Hawai'i Island in 2009, Maui in 2010, and O'ahu shortly thereafter.

Kaua'i continues to drive business at this end of the market. Our market share by dollar volume was a remarkably high 49.35%. In terms of individual trades, we represented 43.33% of all Kaua'i buyers and sellers above \$10 million in the first three quarters of 2021.

On Hawai'i Island, we represented 8 of the 48 sides for 16.67% of the island's booming ultra-luxury market. **Across the four major islands we represented 24.22% of all trades, with \$538.7 million dollars' worth of transactional volume in the first three quarters of 2021.**

In a hyper-competitive market driven by a white glove standard of service, securing market share of over 25% in the top tier of the market is accomplished with exceptional service, insight, and leadership. Our HL1 Directors have exhibited an exceptional capacity to handle the market's volume at scale, and without compromise.

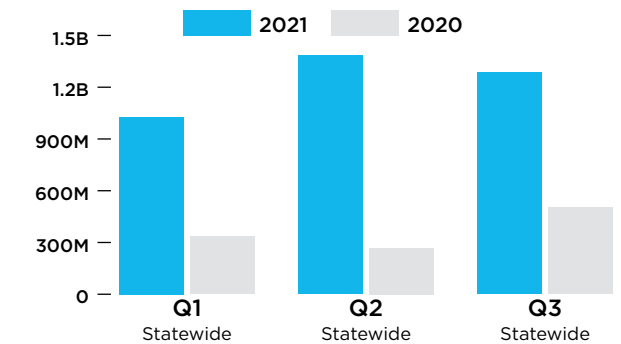


Performance by Quarter

Statewide Q1-3 2021 Hawai'i luxury property sales (>\$3m) outpaced Q1-3 2020 in both number of transactions (+194.88%) and total dollar value (+234.52%), for a benchmark total of \$3.698 billion.

Momentum in the luxury market picked up significantly in the 2nd quarter as the total sales volume of \$1.38 billion in Q2 2021 increased from \$268.35 million in the same period of 2020. Second-quarter closings represented 37.4% of the year's luxury real estate sales by dollar value. Further denoting the significant growth and velocity of the luxury real estate market is the growth at the top end in the \$10 million plus range.

64 transactions totaled \$1.061 billion through the first three quarters of 2021, representing 602.90% growth in total sales volume from the same period in 2020.

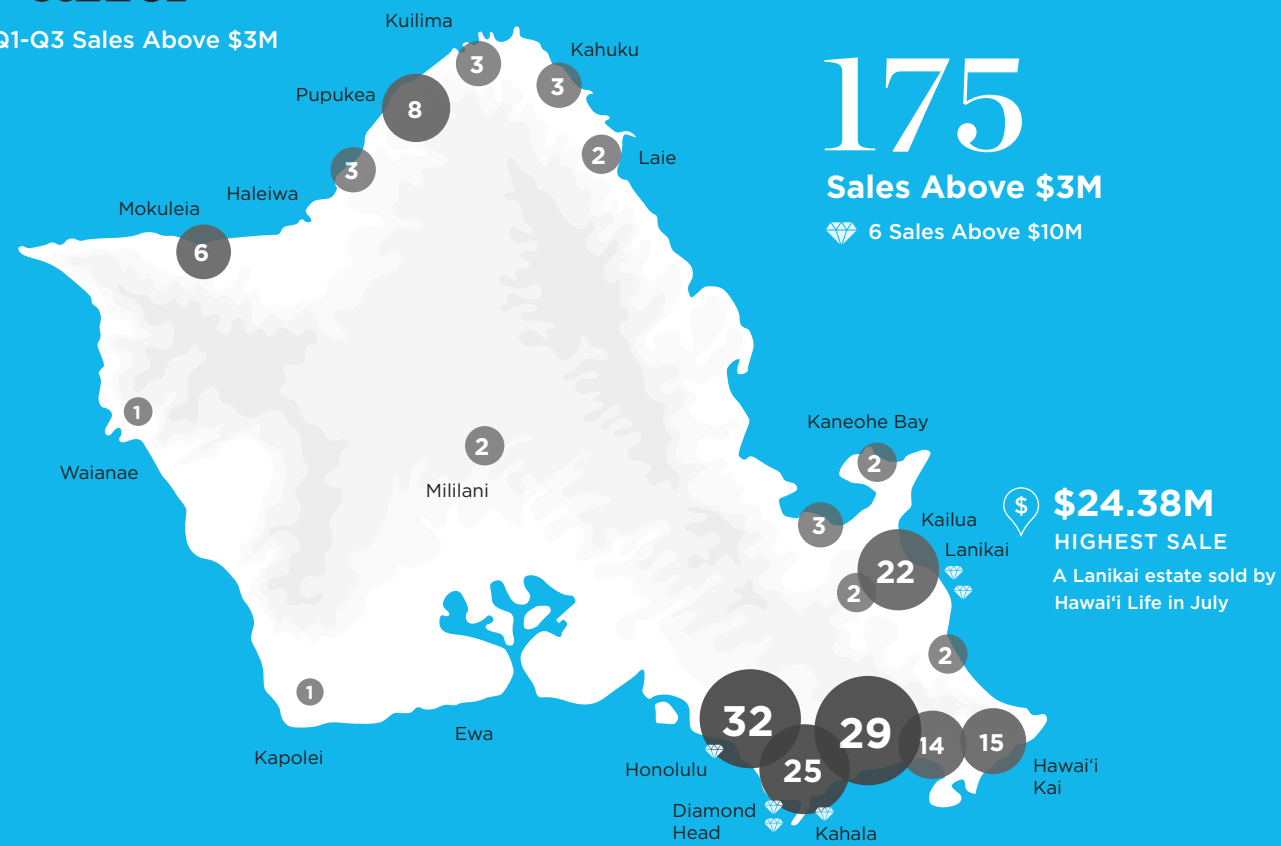


Statewide Forecast

As we close out the year, we expect the over-arching theme of 2021 to be one of rapid and resounding growth. There will be an ongoing trend of fully and partially-remote companies, higher asset prices and motivation for enjoyable living spaces outside of the city. As a result, "secondary markets" (a term which, by virtue of this trend, may become obsolete) have seen a continued increase in demand as people leave major metropolitan areas in favor of less crowded and more spacious, private, and health-conscious surroundings. The market may slow slightly because of an inventory shortage, but we expect to be surprised by even higher trades, high-profile buyers, and overall volume.

O'ahu

2021 Q1-Q3 Sales Above \$3M

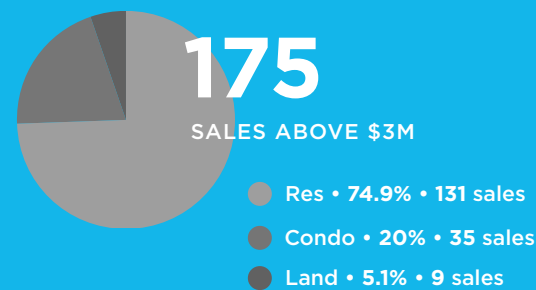


Year-to-date high-end sales on O'ahu are outpacing 2020 in both number of transactions (+96.6%) and total dollar value (+93.2%) for a total of \$838.2 million.

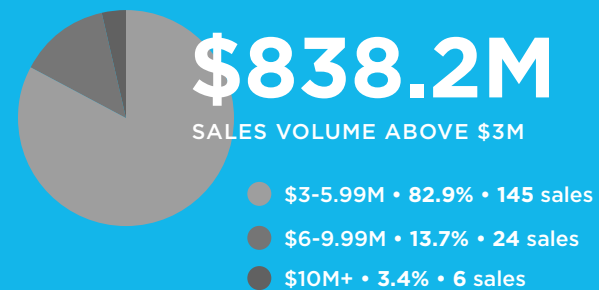
94.3% Avg Sales Price / List Price

\$1,031 Avg Sales Price / Sqft

Transactions by Property Type



Transactions by Price Range



O'ahu

REAL ESTATE MARKET OVERVIEW

The robust seller's market remained especially strong, with continued exceptional growth.

Even without the influence of international buyers and sellers, O'ahu's market saw significant growth in transaction volume and average sales price in the first three quarters of 2021. Demand continues to outpace supply, and multiple offers, escalation clauses, and bidding wars are far more common than elsewhere on the island chain. O'ahu's most popular luxury neighborhoods remained in Honolulu, Diamond Head and the Kahala Coast.

O'ahu Sales Above \$3M

175 sales were completed above the \$3 million mark, which represented an increase of 96.63% from the first three quarters of last year. Sales in the segment included 131 residential homes, 35 condos and 9 parcels of land. Of the great majority of sales, 145 were in the \$3-5.9M dollar range, 24 were in the \$6M-9.99M range, and just 6 above the \$10M mark.

O'ahu Sales Above \$10M

With only six transactions above the \$10M mark in the first three quarters of 2021, Hawai'i Life earned representation on the sale of a \$10.4 million dollar

property in Diamond Head, and two additional sales in Q3 including a Lanikai property that sold for \$24.38 million.

Hawai'i Life O'ahu Market Share

Of the 350 total (buyer/seller) sides in the luxury market segment, Hawai'i Life represented 35, or 10% of the market, and \$192.84 million in transactional sales volume in the first three quarters of this year.

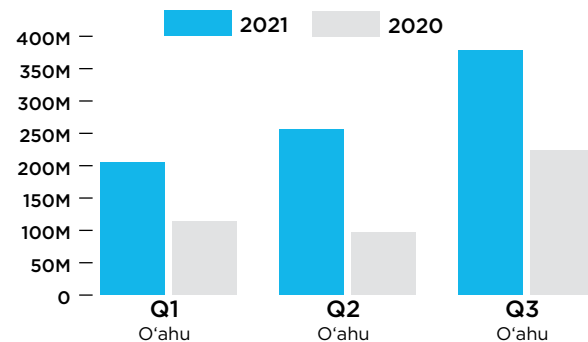
Hawai'i Life's O'ahu sales were high and widespread across the island, especially as the norms of the "luxury" market have shifted, and more buyers looked to O'ahu's North Shore and further out of Honolulu's urban core.

O'ahu Performance by Quarter

The island of O'ahu has experienced steady sales volume throughout the first half of the year and began the second half of 2021 on an exceptionally high note. 2021 Q1-3 high-end sales on outpaced 2020 Q1-3 in both number of transactions (+96.63%) and total dollar value (+93.15%), for a total of \$838.18 million.

Quarter over quarter the momentum largely remained high with very few lulls in business. If anything, there was a fervent pace that remained high and rarely let up. Q1 sales volume totaled \$205.1 million and saw an uptick in Q2 to \$255.5 million.

Q3 represented the strongest quarter on O'ahu by sales volume as it topped the \$300 million mark for a total of \$377.55 million. It would be remarkable for O'ahu to continue an almost parabolic trend of sales volume into the end of the year but we've learned nothing is impossible this year.



Artfully designed oceanfront estate on O'ahu's Lanikai Beach

Los Angeles-based interior designer César Giraldo took on his first Hawai'i project, the marketing team at Hawai'i Life has been quick to secure press placements for one of the most beautifully designed properties listed for sale. Giraldo collaborated with architect James McPeak to create an entirely custom home from the interiors to the architectural design.

Nestled on a secluded hillside on the east-facing coast of O'ahu, this estate home is a rare expression of contemporary design not often encountered on O'ahu. Extraordinary architectural style and interior design are rivaled only by its spectacular natural setting overlooking the Mokulua Islands and coveted Lanikai Beach. The home has been featured in renowned publications, including Architectural Digest. The property is slated for completion later this year and can be viewed at [380lama.com](https://www.380lama.com)

"I'm very fortunate to say that my greatest source of inspiration was the spectacular view, which informed

my design direction. An incomparable view with the vibrant colors of the land and ocean only deserves the absolute best in luxury products with a soft, natural color palette."

- César Giraldo of César Giraldo Design, Los Angeles

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

All last year O'ahu's Luxury Condo market accounted for 27 sales or 21.1% of the luxury market above \$3M. In the first three quarters of this year alone, there have been 35 sales of luxury condos. The first half's luxury condo market was notable, as one of our firm's largest sales on O'ahu was a penthouse at Anaha, which sold for \$10.25M.

Driven by a shift to remote work and the continued interest from California, this trend in demand will likely continue, and will be bolstered by interest from foreign nationals as travel to and from Asia and Canada rebounds.

O'ahu Forecast

Disposable income and asset prices have reached significant highs, and the combined benefits of robust equity markets and workplace mobility have led to an expansive growth in a younger demographic of buyers.

We expect this new wealth and a more mobile world will continue to inspire demand for Hawai'i real estate. Especially as the international markets reopen, O'ahu should see another round of intense demand. Luxury condos are likely to show the most significant gains since much of the single family residential inventory has been absorbed by the intense domestic demand. Luxury amenities, ample outdoor spaces, and relatively low maintenance are extremely attractive attributes for international buyers and the younger demographic (who may relate to homeownership as slightly more ephemeral than generations before them). We expect continued low inventory and short transaction times, perhaps with a slight reprieve from intense bidding wars and multiple offers.



O'AHU NOTABLE LISTINGS
 Driven by the younger demographic, low maintenance and luxury amenities are becoming a priority for those seeking residence on the island. These new residents are the driving force behind O'ahu's fast growing luxury condo market.

O'AHU NOTABLE LISTINGS

**4607 KAHALA AVE, HONOLULU**

This beachfront development opportunity comes complete with proper permitting and design approvals in place. This unique project is fully prepped for construction of 6 luxury residences on the esteemed Hunakai gold sand beach. The lot is listed at \$25 million.



O'AHU NOTABLE LISTINGS

**3311 BEACH ROAD, HONOLULU**

Situated directly on the coastline in the esteemed Diamond Head neighborhood, this modern luxury residence is priced at \$11.499 million. This contemporary, oceanfront home enjoys sunrise, ocean, and coastline views from its expansive, light-filled interior.



O'AHU NOTABLE LISTINGS

**3895 POKA STREET, HONOLULU**

This stunning Diamond Head home just blocks from the beach features beautiful wood interior and exteriors surrounded by lush grounds filled with native Hawaiian plants. Remodeled in both 2016 and 2021, this modern home is priced at \$4.69 million.

O'AHU NOTABLE LISTINGS

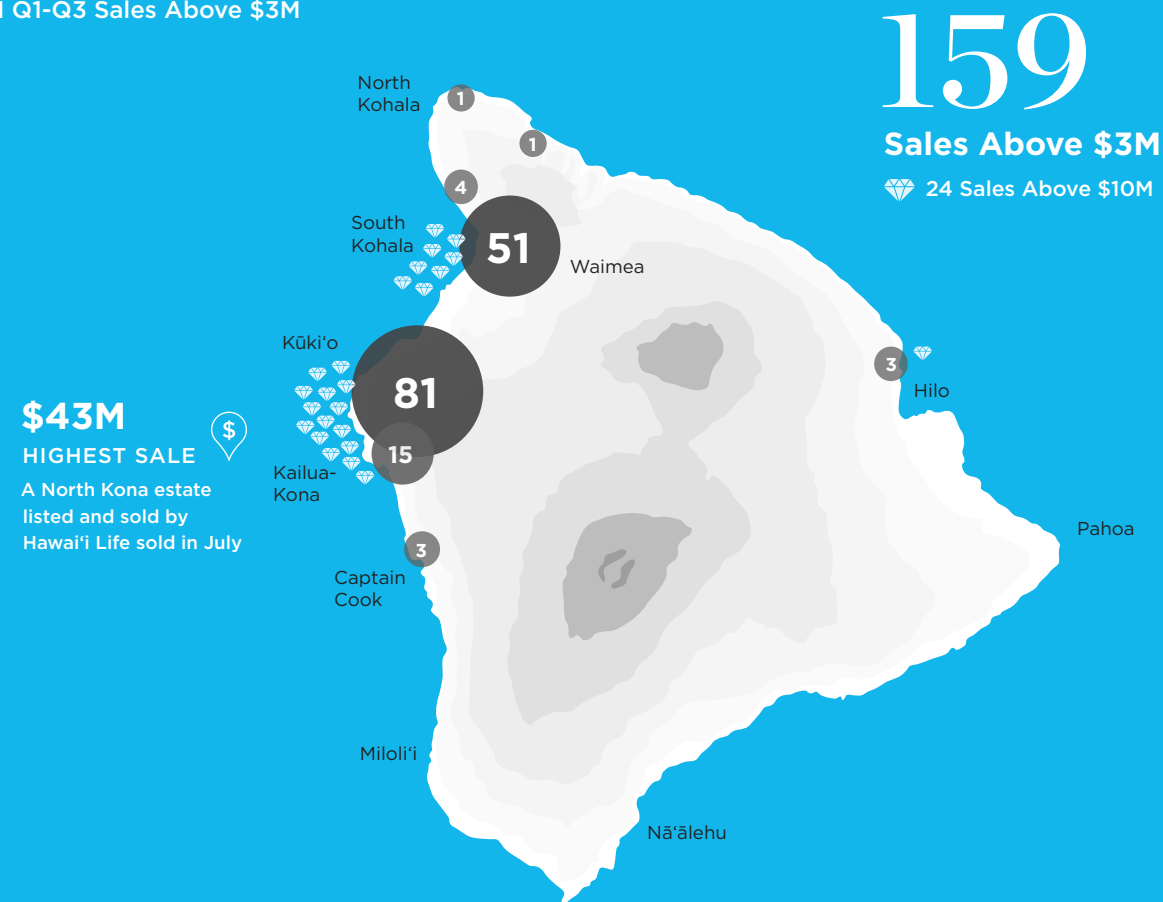


270 MAKAWELI PLACE, HONOLULU
Enjoy sunset views as you gaze beyond floor to ceiling glass panes or from a perch atop your balcony in this Honolulu mid-century modern home. Designed with white coral walls and rich wood interiors, this exceptionally styled home is available for \$4.2 million.



Hawai'i Island

2021 Q1-Q3 Sales Above \$3M

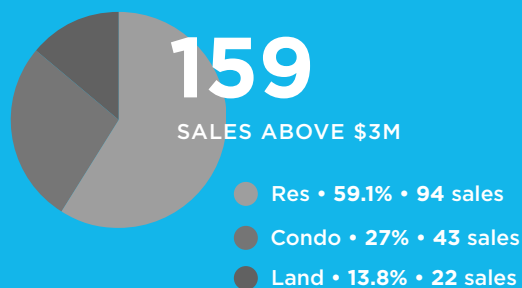


Year-to-date high-end sales on Hawai'i Island are outpacing 2020 in both number of transactions (+174.1%) and total dollar value (+246.9%) for a total of \$1.028 billion.

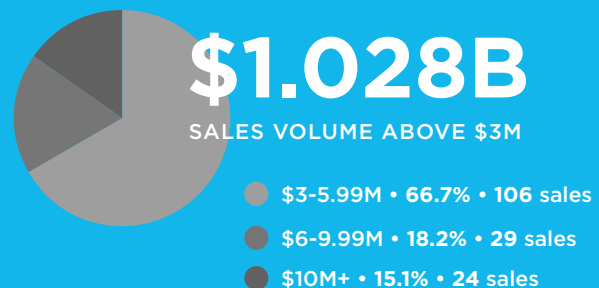
96.5% Avg Sales Price / List Price

\$1,752 Avg Sales Price / Sqft

Transactions by Property Type



Transactions by Price Range



Hawai'i Island

REAL ESTATE MARKET OVERVIEW

Hawai'i Island produced over \$1.028 billion dollars in sales volume within the luxury segment for the first three quarters of the year.

Hawai'i Island saw 159 trades at or above the \$3m mark. These trades totaled \$1.028 billion in sales volume in 2021 year-to-date, representing \$731.8 million of growth in the market when compared to the first three quarters of 2020.

Hawai'i Island Sales Above \$3M

Hawai'i Island saw 246.92% growth in terms of total dollar volume and 174.14% growth in the number of transactions. Of the 318 total (buyer/seller) sides in the first three quarters of 2021, Hawai'i Life represented 45, for a total \$347.1 million in transactional sales volume with a large majority of transactions centered around Kona and the South Kohala Coast.

There were 94 residential properties, 43 luxury condos and 22 parcels of land. Hawai'i Island's luxury condominium market was among the most active across the island chain. Some of our highest

residential trades of the year have occurred on Hawai'i Island, including a \$34 million estate at Kūki'o and a \$43 million estate in Kona.

Hawai'i Island Sales Above \$10M

A \$43 million estate set the record for the highest trade on Hawai'i Island, but it was soon eclipsed by a \$45 million sale on Maui. More broadly, Hawai'i Island led the way in the ultra-luxury market by a significant margin. There were 24 total sales above the \$10 million mark in the first three quarters of this year totaling \$398.6 million dollars. Compared to the 2 sales in the first three quarters of last year, 24 total transactions represent an astonishing growth rate of 1100%.

Hawai'i Life's total volume in the ultra-luxury market on Hawai'i Island grew 864.1% from \$13.2 million in the first three quarters of 2020 to \$127.26 million in the same period this year. Of the 48 transaction sides,

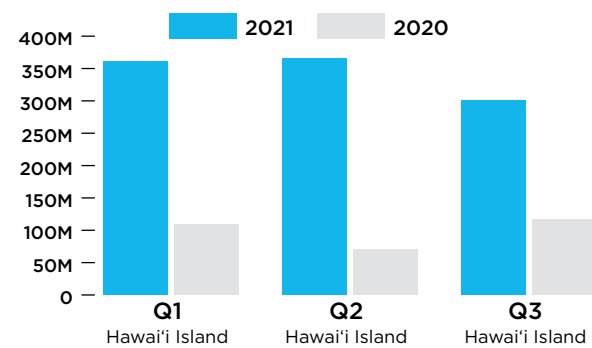
Hawai'i Life represented 86 clients, or 16.67% of the market. We remain one of the top luxury firms on the island, and growing.

Hawai'i Island Performance by Quarter

Total sales volume in the first three quarters of 2021 on Hawai'i Island was consistent and frenzied. Through Q3, 94 sales of residential homes, 43 luxury condo sales and 22 sales of land, total sales volume reached \$1.02 billion. As pictured in the graph below you see that Q1-Q3 totals completely dwarfed the same period in 2020.

2021 Q1 sales volume totaled \$360.95 million and Q2 sales volume came in higher at \$366.06 million. Both figures represented triple-digit growth from the same period of 2020. The momentum has remained swift and consistent as inventory continues to be swept up quickly.

Carrying this momentum into the third quarter, Hawai'i Island again surpassed the 300 million mark, reporting \$301.14 million of total sales volume. Hawai'i Island and Maui were the only islands to post three straight quarters of \$300 million+ total sales volume.



Hawai'i Island Market News and Forecasts

The rise in condominium sales coincided with low 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 enter fall and head into winter, we expect a slight downturn in visitors. In "normal" years, the fall would be a shoulder-season for Hawai'i Island, of course the dip in travel will also be due in part to the Delta variant.

A market with this much velocity and buying fervor is inspiring creative buyers

A market with this much velocity and buying fervor is inspiring creative buyers. Hokuli'a, a private club on the Kona coast, has welcomed buyers seeking to enter this red-hot market by selling private micro-farms along with homes within the private community. Originally zoned for agriculture, Hokuli'a offers buyers a unique element and a space away from the highly developed and more trafficked areas of the Kona Coast. Along with farming, Hokuli'a is offering what other developments cannot: available inventory.

The community is currently in its second stage of development, with 25 homes completed and eventually 538 lots available. Each lot includes a one to three-acre agricultural easement.

Demand for Hawai'i Island real estate shows very little signs of letting up. The return of Canadian travel may lead to a slight uptick in activity, if/when travel restrictions between the two countries loosen.



HAWAII ISLAND NOTABLE LISTINGS
Hawai'i Island's shrinking inventory is inspiring a flock of creative buyers. Many lots of raw land and newly developed communities are filling the gaps in inventory that have been erased by the velocity of the market.

HAWAII ISLAND NOTABLE LISTINGS



81-6575 HIAAIONO PL, HOKULI'A

Located within the invitation-only Hokuli'a community, this elegant oceanfront estate is listed for \$7.99 million. An open floor plan draws viewers towards pocket doors that open to an infinity pool and the backdrop of open ocean and colorful skies.



HAWAII ISLAND NOTABLE LISTINGS

**62-3459 KUHINA PL, MAUNA KEA RESORT**

Designed by famous architect Lucky Bennet, this unique single level home boasts top tier design elements along with ocean and coastline vistas. Custom Mahogany doors welcome you to this private enclave priced at \$3.6 million.

HAWAII ISLAND NOTABLE LISTINGS

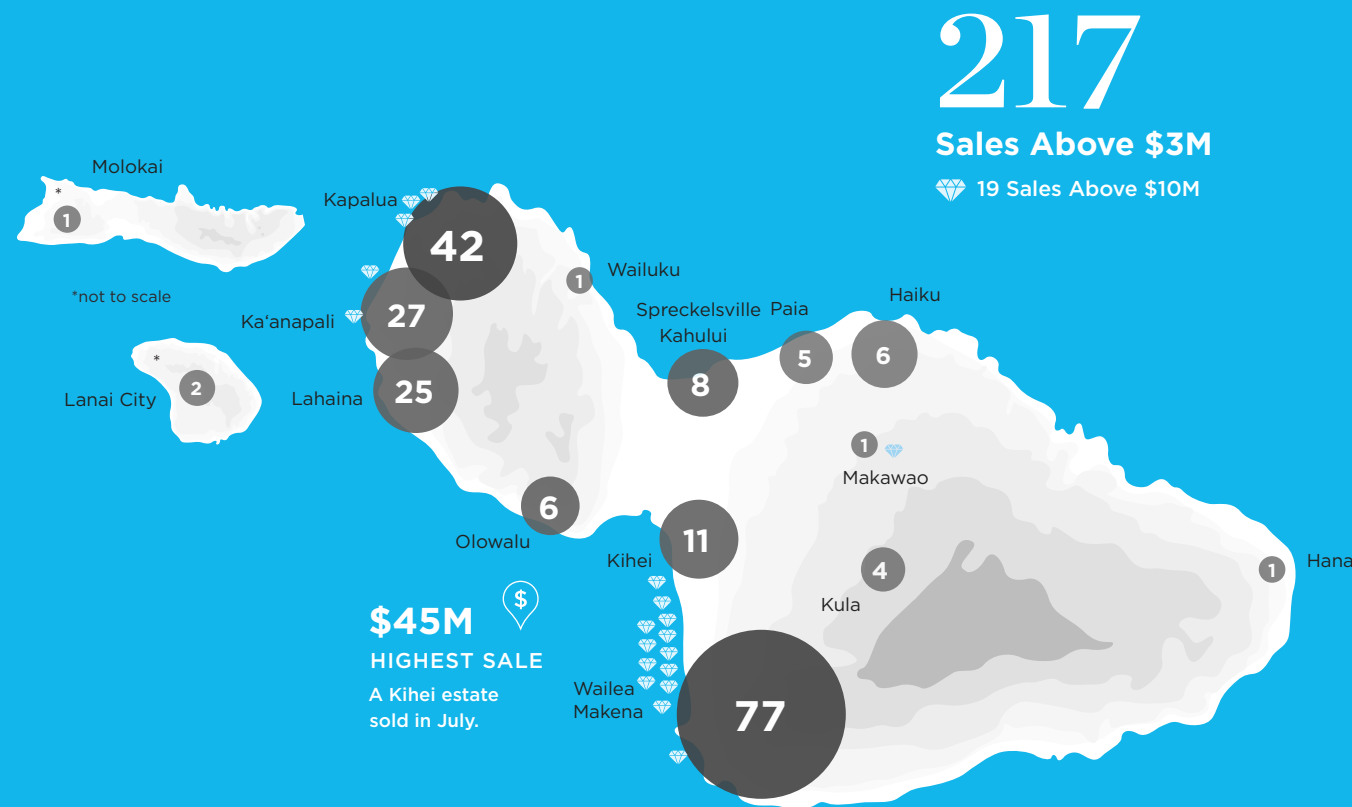
**81-487 PIALII WY, HOKULI'A**

This beautifully detailed, custom home is located in the exclusive Club at Hokuli'a Residences and is available for \$4.29 million. Developed with stunning craftsmanship that merges indoor/outdoor styles, this residence features multiple guest suites and expansive ocean views.



Maui

2021 Q1-Q3 Sales Above \$3M

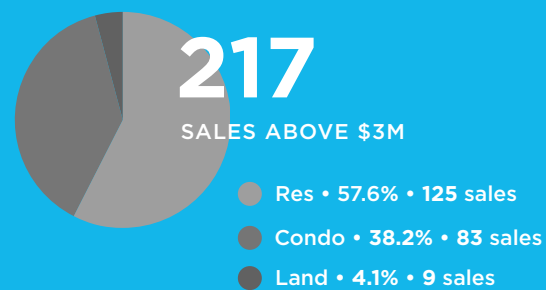


Year-to-date high-end sales on Maui are outpacing 2020 in both number of transactions (+352.1%) and total dollar value (+395.6%) for a total of \$1.242 billion.

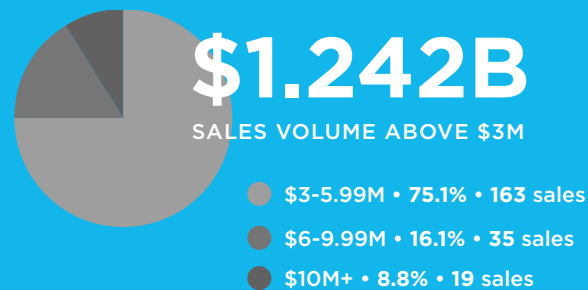
94.9% Avg Sales Price / List Price

\$1,684 Avg Sales Price / Sqft

Transactions by Property Type



Transactions by Price Range



Maui

REAL ESTATE MARKET OVERVIEW

Maui led the way in the first three quarters of 2021 with over \$1.242 billion in total sales volume.

The first three quarters of 2021 were a highly momentous and intense sprint for our Maui team. Maui led the way in total sales volume, and it also saw the highest percentage of condo sales of all the islands with 38.2% of all transactions above \$3 million occurring in the luxury condominium market.

Maui's excellent schools seemed to play an important role in the high-end real estate market. As the economic and lifestyle impacts from COVID continued to fuel demand, Maui became the choice for many families with school-age children.

Like the rest of the state, Maui's luxury real estate market saw radically reduced inventory and increasing sales prices. It remains a strong sellers' market. Maui homebuyers paid an average of 94.9% of the listing price for their property in 2021 with very rapid times to close.

Maui Sales Above \$3M

There were 217 total sales above the \$3 million mark in the first three quarters of the year with

Hawai'i Life representing 60 sides of business and 13.82% of the market. In terms of dollar amount Hawai'i Life represented \$364.78 million of Maui's luxury real estate sales volume.

To illustrate how astonishing these growth figures are, consider that the entire island of Maui saw \$250.67 million in total volume above \$3 million in the first three quarters of 2020. On our own, Hawai'i Life exceeded that number in 2021.

Maui's high end luxury market witnessed exceptional growth as well, with the majority of transactions centered around West and South Maui.

Maui Sales Above \$10M

In the first three quarters of last year (2020), there were three sales above the \$10 million mark on Maui. The first three quarters of 2021 were remarkably different. A total of 19 sales above \$10 million traded in that period, representing \$301.47 million dollars of volume. Of the 38 available sides Hawai'i Life secured seven sides for 18.42% market share.

Hawai'i Life represented the buyer for a residence at 4305 Melianani in Wailea that sold for \$10.9 million. The ability to transact quickly has become increasingly important for both buyers and sellers alike. This home was on the market for just 34 days.

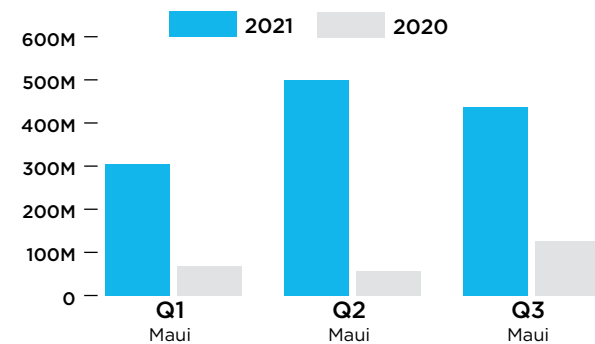
A beachfront home on Keawakapu Beach in Kihei sold for \$45 million, the second-highest price ever (publicly recorded) sale in the state of Hawai'i.

There are ample rumors that Jeff Bezos has purchased an estate in Makena, in South Maui. Multiple sources have shown that the purchase price was north of \$70m. That story will likely continue to develop, and will no doubt stretch the pricing considerations in the top tiers of Maui's residential market.

Maui Performance by Quarter

In 2021, an extremely active first quarter was nearly doubled in the second quarter in Maui's luxury market. Q1 sales volume reached \$305.67 million and was eclipsed in the second quarter, totaling \$500.3 million. Both figures were far higher than their 2020 counterparts (\$67.8 and \$56.12 million respectively). Q3 followed suit and maintained the intense uptick in momentum witnessed in Q2. 73 transactions totaled \$436.25 million. The first quarter of 2021 seemed to be a harbinger of things to come on Maui and it remains to be seen whether inventory will keep up with demand in this market.

Maui's luxury condo market accounted for the highest percentage of transactions (38.2%) across



the islands. As newly minted wealth continues to flock to the islands, there is an expectation that the luxury condo market will provide the inventory to satisfy the continued demand.

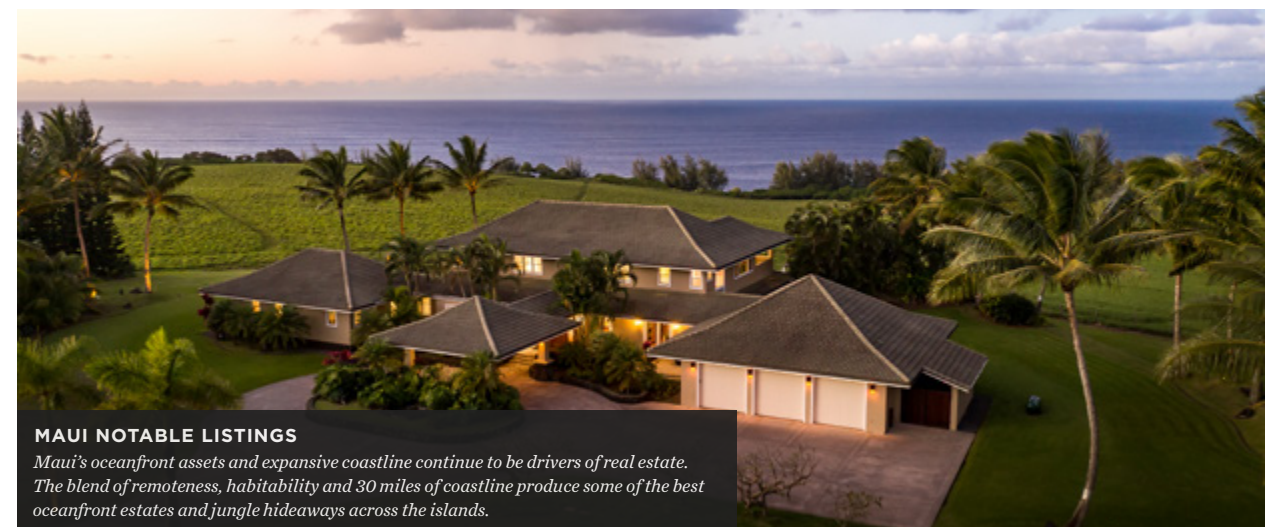
Maui Forecast

The remainder of the year should continue the momentum built up in the first three quarters, with the caveat that many of the trades in the luxury market were timed around school schedules, so there could be a slight lull that extends into Q4.

A fair bit of Maui's short-term vacation rental stock has been converted to full-time use as both buyers and renters have flooded the market. The vacation rental industry is under extraordinary political pressure, as housing affordability and availability continue to shrink on Maui. The political pressure to regulate and/or phase out short-term vacation rentals will likely persist, which could generate more inventory for sale if/when owners of short-term rentals feel their prospective rents are at risk.

The market velocity may go from sizzling hot to just hot

We remain bullish on values of Maui's luxury real estate. The market velocity may go from sizzling hot to just hot... but we expect more noteworthy trades, especially in the higher price points.



MAUI NOTABLE LISTINGS

Maui's oceanfront assets and expansive coastline continue to be drivers of real estate. The blend of remoteness, habitability and 30 miles of coastline produce some of the best oceanfront estates and jungle hideaways across the islands.

MAUI NOTABLE LISTINGS

**LUMERIA, UPCOUNTRY MAUI**

Lumeria Maui, an upcountry retreat center situated between the calming Paia beaches and Maui's mountainous beauty features 24 guest rooms, a Restaurant, and a wellness center. Designed by acclaimed designer Xorin Balbes, the property surrounds its guests with a blend of historical charm and tropical elegance.



MAUI NOTABLE LISTINGS



30 PAPAUA PL, LAHAINA
Selling for \$7.25 million, this private cliffside home enjoys stunning ocean views and direct access to Honokeana Cove for great snorkeling, surfing and whale watching in season.



MAUI NOTABLE LISTINGS



4955 MAKENA RD #F-302, KIHEI
Listed at \$3.49 million, this open and warm South Maui penthouse is situated within a verdant gated community. Full communal amenities and close proximity to some of the best snorkeling and dive spots come together to create the ultimate Hawai'i enclave.



MAUI NOTABLE LISTINGS



600 HAUMANA RD, HAIKU
 Listed for \$15 million and occupying a 1/2 mile of coastline, this 73-acre estate encompasses Kealii Point between Uaoa Bay and Pūlale Bay. Expansive views from the covered lanai lead your eyes out across lush green fields until they are met by an endless ocean.



Kaua'i

2021 Q1-Q3 Sales Above \$3M

\$32.25M

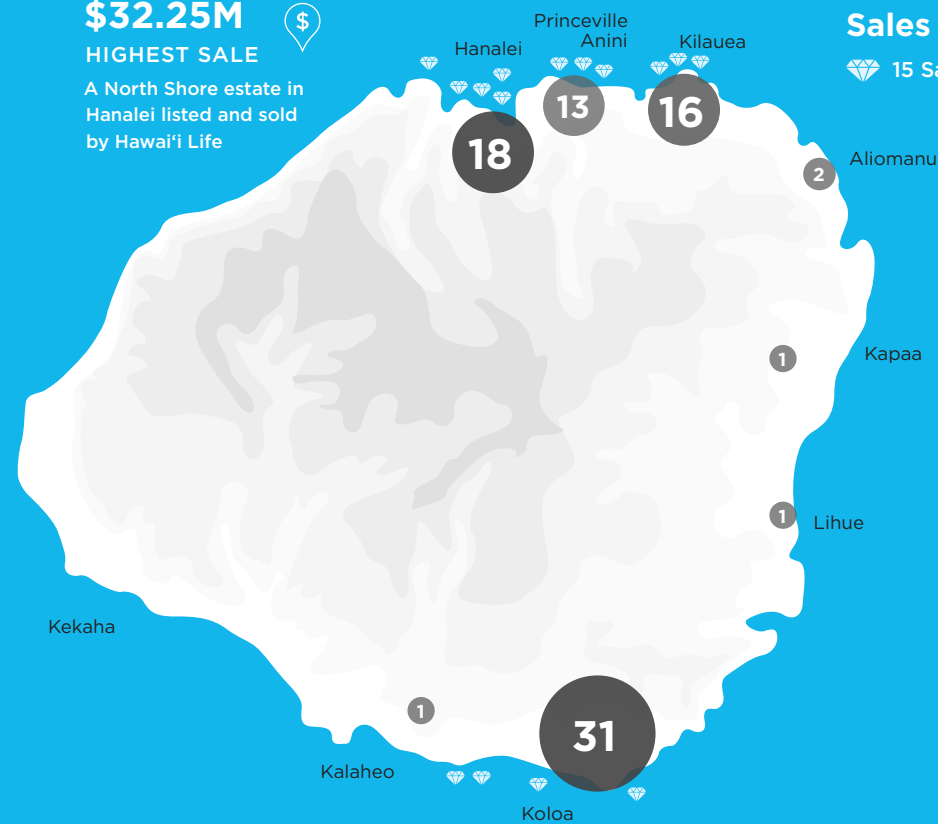
HIGHEST SALE

A North Shore estate in Hanalei listed and sold by Hawai'i Life

83

Sales Above \$3M

15 Sales Above \$10M

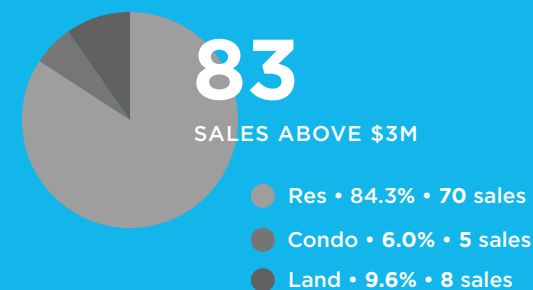


Year-to-date high-end sales on Kaua'i are outpacing 2020 in both number of transactions (+315%) and total dollar value (+373.5%) for a total of \$589.6 million.

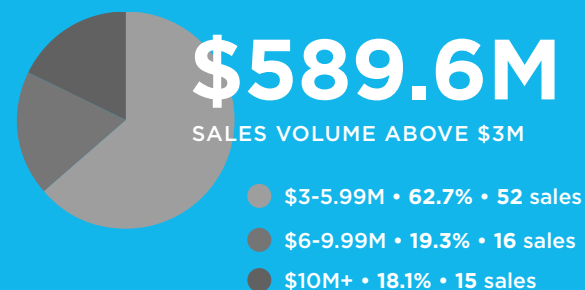
93.8% Avg Sales Price / List Price

\$2,716 Avg Sales Price / Sqft

Transactions by Property Type



Transactions by Price Range



Kaua'i

REAL ESTATE MARKET OVERVIEW

Kaua'i's North Shore has arguably experienced the singular greatest influx of wealth during Covid than any other locale in the country.

Despite seeing the fewest number of transactions of the four major islands, Kaua'i did not lag far behind in terms of sales. With 83 sales above \$3 million in 2021 year-to-date, 63 more than the same period in 2020, and \$589.55 million in sales volume, Kaua'i continued the trend of triple digit growth we are seeing across the islands. We owe this to Kaua'i's luxury real estate prices leading the way in terms of average sales price per square foot. At \$2,716 per square foot, Kaua'i's average sales price per square foot represented a growth rate of 32.7% when compared to this time last year.

Most transactions were centered on the North Shore of Kaua'i, ranging from Kauapea Road in Kilauea to Hanalei Bay. Koloa, on the South Shore of the island, and the private club community of Kukui'ula in particular, also saw explosive growth in both home and lot sales. In the luxury segment at or above \$3m, there were only 5 condo sales and 8 sales of land in the first three quarters of 2021, compared to 70 residential sales.

If Q3 is any sign of momentum, the seller's market is here to stay for the foreseeable future.

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

In the first three quarters of 2020 Kaua'i's sales above \$3 million totaled \$124.5 million and eventually closed on \$273.3 million for the entire year. Hawai'i Life's year-to-date transactions on Kaua'i have totaled \$303.7 million, or 83% of the entirety of sales for 2020 in three quarters. By volume, we accounted for 25.76% of all transactions that took place in Kaua'i in the segment.

In addition, of the 166 buyers and sellers who transacted in the space in the first three quarters of 2021, Hawai'i Life represented 46 of them, or 27.71% of the market.

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

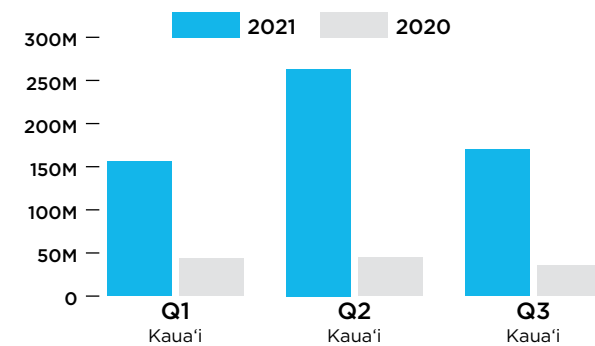
When compared to 2020, Kaua'i had extreme levels of growth above the \$10 million mark in Q1 through Q3, eclipsing 2020 by a wide margin. Considering there were 7 sales over \$10 million in the entirety of 2020, no one was forecasting that number to more

than double in just a fraction of the time. Then again, no one forecasted the triple digit growth we've seen across the islands in 2021. There were 15 transactions above the \$10 million mark in the first three quarters of 2021 on Kaua'i, representing 114.29% growth from all of 2020.

Of the four most-populated islands, Hawai'i Life has the highest market share on Kaua'i. Of the 30 clients who transacted over \$10 million, Hawai'i Life represented 43.33% or 13 total sides of business in the first three quarters of 2021. By dollar volume, our market share rose to a commanding 49.35% of the market. Total transaction sales volume was \$544.13 million, and we represented \$268.52 of that business. During the incredibly active first three quarters of 2021, our volume above \$10 million more than tripled at 265.34% growth when compared to the same period in 2020.

Kaua'i Performance by Quarter

Similarly to Maui, 2nd quarter sales volume in Kaua'i significantly increased from Q1 to Q2 2021 and especially so over the same period in 2020. Q1 sales volume totaled \$156.47 million and expanded to \$266.98 million, representing 70% quarter over quarter growth. Kaua'i continues to lead the way in growth in its ultra-high-end (>\$10m) segment of the market.



Kaua'i's 10 sales above \$10 million represented 16.9% of the luxury real estate market on the island. Of the four islands Kaua'i's ultra-high-end sales

represented the highest percentage of the total luxury real estate market (>\$3m). Hanalei Bay continues to be a driver at this end of the market as the largest sale on the island, a \$32.5 million property was the most significant trade in the first three quarters of the year. Interest at this end of the market is far from curbing.

Q3 did not let up either. Total sales volume of \$169.84 million represented 378.82% year over year growth. Across the islands Kaua'i experienced the strongest year over year growth in Q3. It seems the scarcity on the Garden Isle is continuing to drive year over year growth.

Kaua'i Forecast

The question we are asking ourselves is whether primary and secondary homeowners will stop flocking to this market amidst uncertainty and a desire for better living/working spaces. As of now, all-cash deals and multiple bidders have become the norm. We are seeing a trend of buyers looking to close quickly. Just 3% of the island's 550 square miles are available for development, making housing stock scarce. Scarcity will continue to drive value as the demand for primary and secondary homes outside of major metros continues to climb.

all-cash deals and multiple bidders have become the norm

We're seeing many high-net-worth individuals purchasing homes intending to turn them into vacation homes and then later deciding they would prefer to remain on-island, work remotely, and make Kaua'i their primary residence. A flock of celebrity buyers is further drawing attention and driving demand. Renowned guitarist Carlos Santana spent \$8 million on a home in Kaua'i and recently added to his holdings on the island with the purchase of an additional \$20.5 million dollar estate.



KAUA'I NOTABLE LISTINGS
 The Garden Isle continues to produce some of the most high profile listings across the island chain. Many ultra high net worth individuals are flocking to Kaua'i for its ability to provide open yet private estates amongst the flourishing green landscapes.

KAUA'I NOTABLE LISTINGS



4241 ANINI RD, KILAUEA
 Situated above Anini Beach with 180-degree ocean views, this multi-level, spacious home is located on one of the most protected beaches on Kaua'i's North Shore and is priced at \$9 million.

KAUA'I NOTABLE LISTINGS



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 \$15 million.



KAUA'I NOTABLE LISTINGS



2884-A KAUAPEA RD, KILAUEA
This 34-acre Secret Beach development opportunity on Kauai's coveted North Shore is exceptional for its location and diverse topography that ranges from lush valley to open ocean. Sale pending after successful auction with Concierge Auctions.



KAUA'I NOTABLE LISTINGS



KAUA'I NOTABLE LISTINGS



THE HANALEI BISON RANCH
 The Hanalei Bison Ranch, a Hanalei Bay development and ranching opportunity consists of over 228 acres of riverfront land made up of 6 individual parcels of varying topography. Listed for \$32 million, this property is Kaua'i's most prodigious land stewardship opportunity.


Summary

Where's it all going?

Despite a relative sense of acrophobia among brokers and certainly local residents in Hawai'i, this new influx of demand, especially in the top tier of the market, has not yet run its full course.

The overall real estate market is contracting slightly, because of limited inventory. And while the pace of the high-end market may slow slightly, for the same reasons, its intensity and velocity will be impressive.

Q2



Up 416%
from Q2 2020

There have already been numerous trades above the \$20m mark, and two above \$40m. Records will continue to be broken in both unit prices and aggregate volume.

Last year, we predicted that this market run would likely be the front runner of what will develop into a long bull market for high-end Hawai'i real estate. We expected that there may be a shakeout of sorts, if this new wave of buyers decides to either return "home" after Covid subsides or for other reasons. That shakeout may still happen, but it's likely to be delayed if it happens at all. Covid has not yet subsided, and it remains to be seen if the pandemic has another surge in the winter months. The same market influences that have generated this extraordinary demand have only continued.

In the coming months, we'll hear of off-market transactions with celebrities and high-profile tech entrepreneurs which will radically change the landscape of the high-end real estate market in Hawai'i. Eventually, foreign markets will open up, bringing with them an unknown pent-up demand.

Our partners at Luxury Portfolio International commissioned a study for their white paper, *The State of Luxury Real Estate 2021*, with online interviews in 17 countries from November 25–December 16, 2020. Qualified respondents were among the top 1–5% of their nation's economy. The surveys' findings may shed some light on what's coming when international markets, especially those of Japan and Canada, open up:


"Hawai'i is the world's number one destination with one-in-five international buyers looking to purchase there in the next 3 years. The most common reasons for moving abroad are related to quality of life, such as education, culture and COVID-19 response, followed by investment potential such as real estate values, a robust economy and low crime."

In 2019, foreign nationals accounted for about 4% of the total volume of real estate transactions in Hawai'i. What's unknown, however, is to what degree the demand from other countries is 'pent up', and whether their price tolerances will be strained by the market's increases in value. We expect the increased demand to further affect the high-end market.

"No marathon gets easier later. The halfway point only marks the end of the beginning."


- Joe Henderson

Q1



Up 208%
from Q1 2020

Q3



Up 155%
from Q3 2020

**2021 Q1-Q3
HAWAI'I LUXURY
MARKET REPORT**



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