

DREW'S NEWS

Volume 2 Number 1

January - February, 1989

New Year! New Mayor!

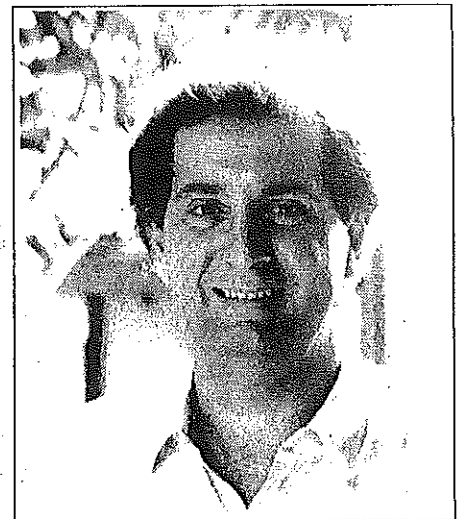
The holidays are over and we start another year. In 1988 we saw some tremendous appreciation in most properties on the island, with only a few isolated properties with little or no appreciation.

My outlook for 1989 is somewhat mixed -- I see the market continuing to be very active for the first part of the year, and then start to slow toward the end of summer. This is primarily due to the increase in interest rates and the lack of the property inventory in a reasonable price range.

With the new year we also have a new Mayor, Jo Ann Yukimura. I truly believe that she can give Kauai leadership along with a personal drive to get the job done in a fair and equitable way for all the people of Kauai. Her very impressive defeats of her opponents all through the mayoral race shows that the people of Kauai believe in her abilities to lead and take us into a better Kauai.

I would like to offer my thanks to all the wonderful people whom I had the privilege of helping with their Real Estate transactions in 1988, and look forward to working with them and many more in 1989.

-- DREW



Andrew "Drew" Vento
Realtor, G.R.I.
Southshore Properties

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Rain Report

Area	Inches Annually
Kukuiula (Poipu)	40.4
Koloa	67.5
East Lawai	64.2
Eleele	30.7
Waimea	20.8
Mana.....	22.0
Princeville Ranch	85.0
Kilauea	67.4
Kealia	42.7
Hanamaulu	48.5
Lihue	53.0

Andrew Vento, Realtor, G.R.I. (808) 332-7414

Hot Properties

KOLOA SELF STORAGE

All concrete driveway, block construction, with steel roofing, doors and partitions. This is a top of the line facility with a large office and electronic entry gate system. Serious inquiries welcome. Priced at \$2,200,000. Fee simple. Call today!

THIS SPACE IS FOR YOUR PROPERTY
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CONDOMINIUM POIPU PALMS

ASKING \$210,000

A gem in Paradise! This two bedroom, two bath condo is one of Kauai's best values in this escalating market. You can sit on your lanai and look through a shaded garden out to the ocean. Small project, only 12 units, with an observation deck, solar water, upgraded kitchen, plush carpet, and swimming pool. Fee simple.

RESIDENTIAL KIAHUNA GOLF VILLAGE ASKING \$485,000

This is a brand new custom home in the prestigious Kiahuna Golf Village. This home is built the old fashioned way, "Quality Workmanship" with extras that are not found in most homes. Four bedrooms, 3-1/2 baths, 2 lanais, large garage with storage, and with a fantastic floor plan for easy living in Paradise. Fee simple.

POIPU BEACH KIAHUNA PLANTATION (LH)

BEACH HOUSE #168 -- one bedroom, one bath, great location, good ocean view and in excellent condition. \$197,000.

BEACH HOUSE #220 -- two bedroom, two bath garden view end unit. Close to beach, restaurants and shopping. \$249,000.

BEACH HOUSE #320 -- one bedroom, one bath ground floor unit overlooking Moir Gardens, private location. \$109,000.

BEACH HOUSE #428 -- one bedroom, one-bath. Least expensive unit at Kiahuna Plantation. \$94,500.

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REAL ESTATE SALES & DEVELOPMENT

What's A Fair Price?

A seasoned land auctioneer used to begin each of his auction sales with the phrase "We're here to get as much as we can -- you're here to buy as cheap as you can -- what's the first bid?"

So what is a "fair" price on Real Estate? The term used by Mortgage Lenders, Appraisers, and Real Estate Brokers to identify a "fair" price is *Fair Market Value*. The definition of Fair Market Value is "that price which a buyer is willing to pay and at which price a seller is willing to sell, both parties being knowledgeable about the subject property and neither party being under any time pressure to buy or sell."

A good starting point for determining a fair price might be an opinion of value, also known as a *Competitive Market Analysis*.

Such an analysis provides information on similar properties which are (1) "FOR SALE" now, (2) recent "SALES", or (3) "EXPIRED" (properties which did not sell).

Properties "FOR SALE" now indicate what the competition is asking. Properties already "SOLD" show what buyers are willing to pay. And properties which have "EXPIRED" indicate what buyers are not willing to pay.

By comparing similar properties in each of the three categories it's possible to arrive at an educated opinion of *Fair Market Value*.

Would you like a professionally prepared "Competitive Market Analysis" of your Real Estate holdings on Kauai? Just fill out the Property Information Request form on page 7, and return it to me at *Drew's News*.

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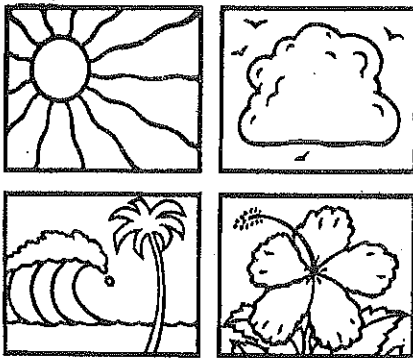
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Divorce and Your Property

If you are divorced, or contemplating divorce, some changes have been made in the tax law which could affect you.

One of the biggest changes allows the divorcing spouses to divide their property without paying any income tax at the time of the division. This appears to be an advantage, but unless the divorce decree is structured very carefully, a seemingly "equal" division of the property may, in fact, be very unequal when the tax consequences are considered.

A Case in Point

The Murdocks

John and Amy Murdock bought a personal home and a rental residence during their marriage. Each house cost \$100,000. While they owned the rental property, they deducted \$10,000 in depreciation on their joint tax returns.

When the Murdocks were divorced in 1987, both properties were worth \$120,000. Neither property had a mortgage. The divorce settlement gave the personal home to Amy and John received the rental property. An even split, right? not so...

Both John and Amy sold their properties soon after the divorce for \$120,000.

John has a taxable gain on the rental property of \$30,000 (\$120,000 less \$100,000 plus \$10,000 in depreciation). He must account for the depreciation he and Amy claimed while they were married.

Amy's gain on the personal residence will be only \$20,000 (\$120,000 less \$100,000) since her property had never been depreciated. In addition, if Amy purchases a more expensive residence, she can postpone paying tax on her entire \$20,000 gain.

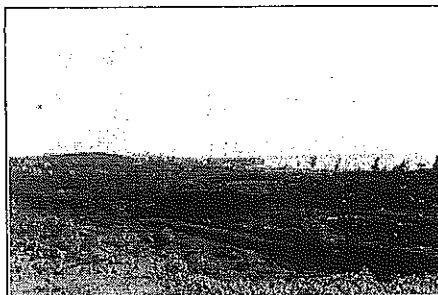
By selling his property outright, John had no chance to postpone his gain. However, he might have made an exchange for another rental property (Tax-Free Exchange) and deferred his taxable gain.

To avoid the problems the Murdocks encountered, all property settlements, alimony and child support agreements should be analyzed for the tax consequences while they are being negotiated.

If the property had a greater depreciation than the \$10,000, the tax consequences for John would have been greater.

Hyatt Construction Started

Construction on the new Hyatt Hotel at Shipwreck Beach is now under way (see photo at right). At the present time it looks like a war zone with enormous Tonka Toys moving large piles of dirt around the construction site. In upcoming issues we will have additional information and pictures as the project progresses.



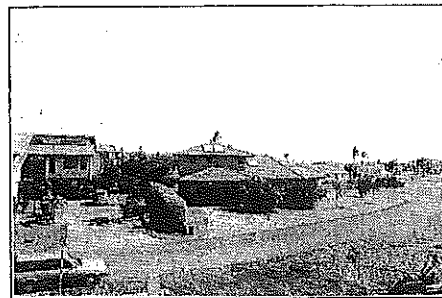
Strong Sales at Poipu Bayview & Lanai Villas

Located next to the new Hyatt Hotel is one of the South Shore's most active Residential Properties "Poipu Bayview & Lanai Villas."

The subdivision has a mixture of vacant parcels and built homes totaling 88 properties. As we start the new year, there are 3 homes and 7 land parcels for sale. The homes range in price from \$400,000 to \$450,000, and vacant land is priced from \$155,000 to \$250,000.

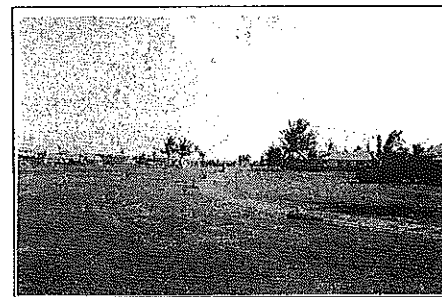
In 1988 a total of 28 properties were sold, with 11 house sales (39.2%) and 17 land parcels sold (60.8%). Out of the 88 possible properties in the subdivision, 28, or 31.8% of the properties changed ownership in 1988, making that a very active Real Estate Subdivision.

Additional information on this subdivision is available on request.

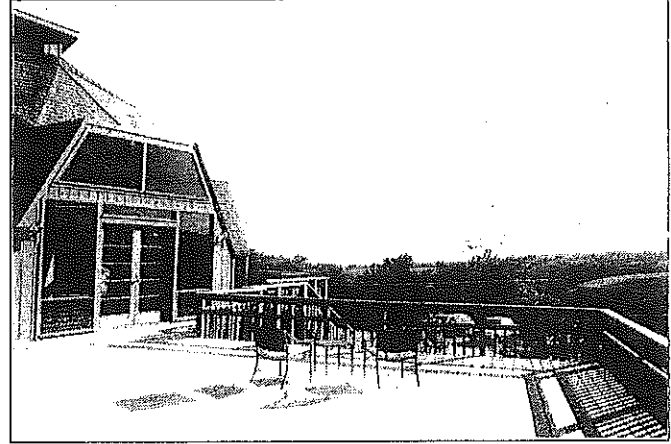
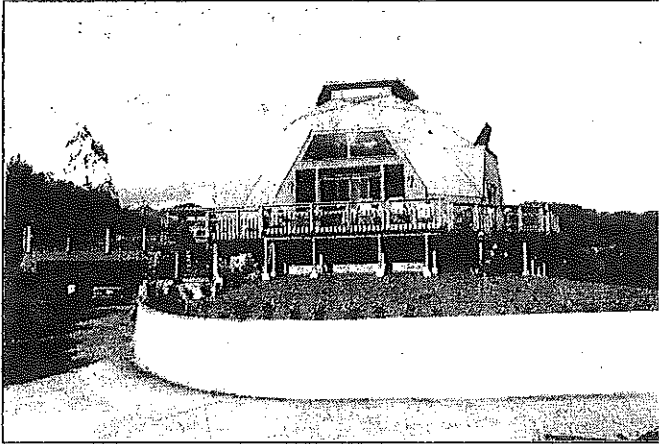


Above: Some of the many new homes already built at Poipu Bayview & Lanai Villas.

Below: A number of choice homesites remain in this beautiful subdivision on the sunny South side.



New Residential Listing



Ocean & mountain views
Large house and deck
Secluded privacy

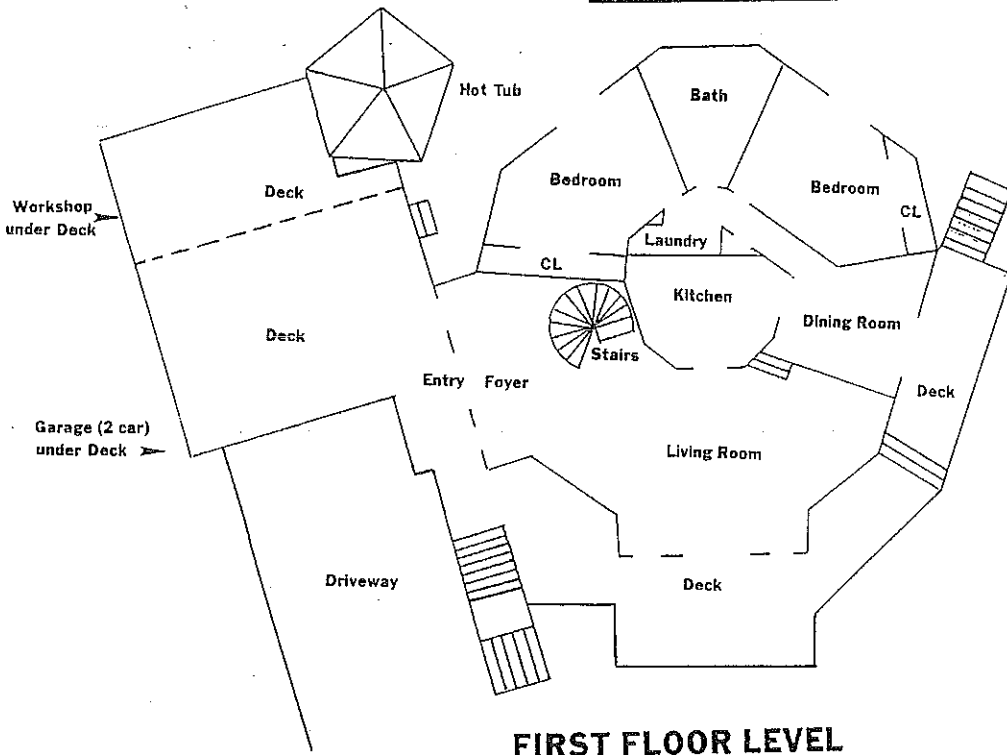
One acre of ag land
Workshop
Hot tub

...and much, much more!

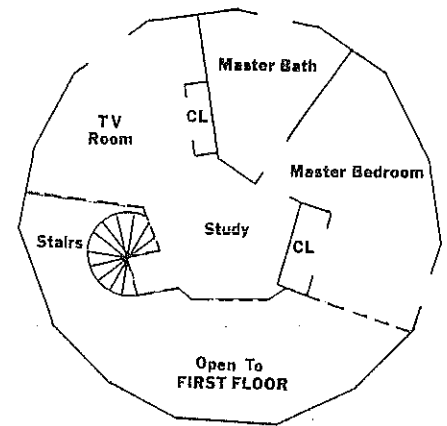
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Island Condo Update

Total Condominiums For Sale - 236

Fee Simple (FS) - 197

Leasehold (LH) - 139

Price Range	South Shore		Lihue Area		Wailua/Kapaa Area		North Shore	
	FS	LH	FS	LH	FS	LH	FS	LH
Under \$100,000	3	3	19	7	5	6	7	11
\$100,000 - \$150,000	9	39	8	4	1	9	27	24
\$151,000 - \$200,000	27	8	4	0	0	2	21	9
\$201,000 - \$250,000	17	7	1	0	1	0	5	3
Over \$250,000	18	7	1	0	2	0	21	0
Totals	74	64	33	11	9	17	81	47

Information used was from the Multiple Listing Service as of 1/3/89

Island Residential Update

Total Residential Properties Available - 234

Price Range	South Shore	Lihue Area	Wailua/Kapaa Area	North Shore
Under \$100,000	0	0	7	0
\$100,000 - \$150,000	2	1	8	4
\$151,000 - \$200,000	9	7	22	16
\$201,000 - \$250,000	7	3	11	13
\$251,000 - \$300,000	3	1	9	17
\$301,000 - \$400,000	10	2	15	21
Over \$401,000	11	1	12	15
Totals	42	15	84	93

Information used was from the Multiple Listing Service as of 1/3/89

Island Land Update

Total Parcels Available - 202

Price Range	South Shore	Lihue Area	Wailua/Kapaa Area	North Shore
Under \$100,000	26	4	7	17
\$100,000 - \$150,000	0	0	6	18
\$151,000 - \$200,000	11	0	9	13
\$201,000 - \$250,000	6	0	5	12
Over \$250,000	16	1	10	32
Totals	69	5	36	92

Information used was from the Multiple Listing Service as of 1/3/89

Property Valuation Statements

Every year property owners receive a Property Valuation Statement from the Real Property Tax Division. It is very important to review the value the Tax Division gives to your property. The amount of property tax you pay is directly related to the value the Tax Division gives to your property.

Each year, the Real Property Tax Division appraises your property and reevaluates the value of your property. They arrive at their value by comparing recent sales in your area prior to January 1 of each year. The land and the improvements are appraised separately and are taxed at different rates.

It is very important this year to check out the value the Tax Division gives to your property. We have had record breaking sales in most areas of Kauai and that is going to affect the value on all properties and the amount of property tax you pay.

If you do not agree with the Tax Division's value of your property, you do have a recourse. You can ask for a hearing to go over the new valuation.

VERY IMPORTANT - you must pay the tax prior to any hearing or meeting.

VERY IMPORTANT - you have only three weeks to put in your claim: March 15th to April 9th.

If you live off island you can call 808-245-7366 for additional information, residents of Kauai can stop by the Tax office at: 4280-A Rice Street, or give them a call.

Property Information Request

As a real estate professional, I would be happy to answer any real estate questions you might have, and to provide you with more information on real estate activity in our area or other areas on Kauai.

Simply fill out and return this request form to me, call (808) 332-7414, or send via fax to (808) 742-1738 for immediate assistance.

To: Drew's News
 P. O. Box 1379
 Koloa, Kauai, Hawaii 96756

I am interested in the following information (please check appropriate box(es):

- Price information on my property Location of property _____ Hawaii
- I want to sell my property
- Please send information on: condos land residential property
- Other information (please specify): _____

Name _____ Phone _____
 Address _____ City, State, ZIP _____

Real Estate Sales on Kauai 1985 - 1988

Totals include Land, Residential & Condominium sales for each of the years at right. The information was gathered from the Kauai Board of Realtors.

1985	\$40.9 Million
1986	\$47.9 Million
1987	\$102.9 Million
1988	\$112.7 Million

Who Gets Drew's News?

Drew's News is mailed to the owners of real estate on the south side of Kauai. This includes the communities of Poipu, Koloa, Omao, Lawai, Eleele and Kalahaio.

Approximately 4,000 copies of *Drew's News* are mailed out every other month to these property owners. An additional 500 issues will be handed out to visitors and local people of Kauai.

If this is the first time you have received *Drew's News*, it's either because your name has been added to our mailing list, or you have recently purchased property in the area. Welcome!

Property owner: If you have your property listed for sale with another Realtor, please consult him/her for your Real Estate needs. It is not my intention to solicit clients from other Realtors with this newsletter.

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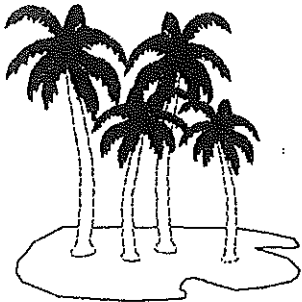
**Kukui Grove Center
 245-5150**

**Old Koloa Town
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Stop by and pick up your Kamaaina Card today!

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