

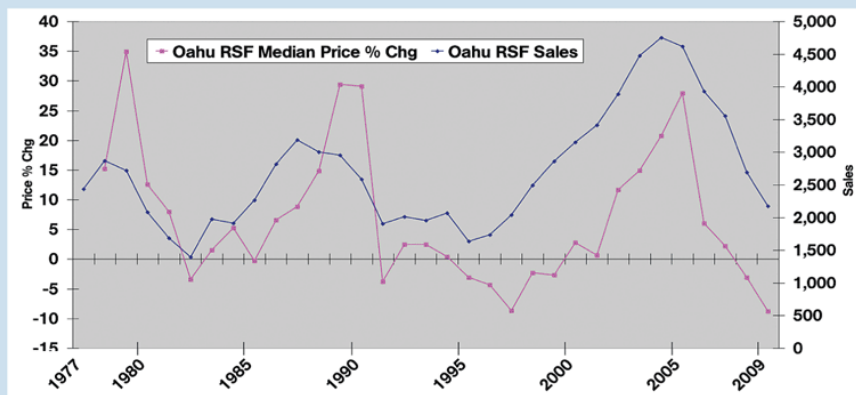
EOVINO & ASSOCIATES, INC.

Newsletter
July 2009

Though real estate has slowed over the past two years, Eovino & Associates, Inc. continues to provide Development Management and General Brokerage services, with over 34 years experience in the Hawaiian real estate market.

OAHU SALES VOLUME AFFECTS PRICE

Charting the percentage change of median sales prices each year on Oahu with the number of sales each year shows that volume is a leading indicator of price.



Produced by Prudential Locations LLC

Our Prediction of the Market

Having been licensed since 1974, Donald T. Eovino has weathered three previous cycles and is now going through the fourth. Looking at the past cycles gives some insight towards what may happen in the future. Since 1972 there have been four distinct peaks and we are now in the fourth trough. The first peak was 1970-1972 – remember when a Maui condo in Kaanapali (The Whaler) could be flipped for \$1,000,000 profit! Richard Pryor, George Benson and Carol Burnett bought there and highlighted the market. The following trough was from 1974-1976 – remember the gas lines in Honolulu, when you parked your car in the street at night to be first in line to get gas the next morning (every-other-day). The record peak followed from 1977-1979 when Waikiki condos could be flipped for double their values – remember Island Colony. Following this second peak was the trough of 1982-85 when interest rates went to double digits and the real estate market had collapsed for several years – remember the initial Reagan double digit interest rates and second mortgages at 22%. Demand again built up when the Japanese yen went from 260 against the dollar to 125. Practically overnight from 1987-1990 \$10 Billion flooded into Hawaii in the way of Kahala Mansions, new golf courses and magnificent neighbor island hotels. The bubble burst in 1990 worldwide with the invasion of Kuwait in August, and troughed again, this time from 1992-1997 with a slight uptick from the Asian market in 1995. Demand again built up through the late nineties and the real estate market sustained a long upswing from 1997-2005 with the market peak of four years ago. Since 2005 the trend has been downward and we have been declining from approximately 2006-today. This trough is now three years in the making, going on four. These are the four large cycles since the 1968.

The peaks of the cycles occurred from 1970-1972 (2 years), 1977-1979 (2 years), 1986-1989 (3 years), and 1997-2005 (8 years). The troughs occurred in 1974-1976 (2 years), 1982-1986 (4 years), 1992-1997 (5 years), and now 2006-2009 (3 years).

Following history and its trends, most experts are predicting the trough to end this year after the excesses are worked out and the stimulus money kicks in. Based on today's world economy and the speed of global information dissemination, consumer confidence should rekindle faster than ever before.

In Hawaii we have not been as affected as areas with overbuilt saturation like Florida, the Southwest and Las Vegas. Our conservative local banks did not have the toxic mortgages. The high-end market of \$1,500,000+ is holding up. That is not to say there has not been a drop in prices (approximately 20% off the peak) but the discounts are not as severe as elsewhere. This makes for a good buyer's market, which stimulates action leading to prices rising again.

Following this trend it seems our cycles span approximately 10 years, which puts our next peak in 2015. New homes and well done oceanfront properties continue to hold their value and rise, as evidenced by the lack of inventory in oceanfront properties in Kahala and Diamond Head where oceanfront land averages \$300 per square foot. Sales continue in Kailua Beach at over \$200 per square foot. And a recent sale of \$5.4 million on the North Shore translates to \$120 per square foot. Having survived as an active player through the history of Hawaii's real estate market, and having the scars and successes to prove it, I can tell you this: each down market seems like it is never going to end, and each upward cycle happens so fast you can't believe it. "As long as people keep making babies, the sun still shines in Hawaii, the economy will recover and the market will grow. Over time, real estate in Hawaii always appreciates."

Licensed Realtors James Davis, MBA and Michael McMahon, Ph.D. continue with Eovino & Associates, Inc. Jimmy is in his fifth year with the company as Development Project Manager and Mike enters his third year as Director of Project Development. Additionally, Jimmy performs financial analysis on new acquisitions, as well as the coordination of equity partners and debt financing. Mike is experienced in navigating the City & County of Honolulu requirements and initiates permitting at the various bureaus for project subdivisions, condominium property regimes (CPR's), shoreline surveys, shoreline management areas, etc.

Development Opportunities

Because of today's down market opportunities are available. We are currently making offers on select properties and if you are interested in partnering with us, please let us know. The minimum investment is \$150,000.00. We also act as development manager to take the headache out of your dealing with Contractors. In the complicated process of development and construction your costs and time will be reduced with our services.

Current Developments:

We are subdividing "Mahakea" in Laie (101,000sq.ft. with 400 ft of beachfront) that was Hawaiian Electric's corporate retreat for fifty years, into 4 lots of half acre each and 100' of beachfront each. We are currently building the first of 4-5 new beachfront homes.



Priced at: First new home - **\$5,900,000**

4 bedroom, 4 .5 baths
6,688 sq.ft. built area
24,682 sq.ft. land area
Completion Date – September 2009

We are finalizing the subdivision of the previous Castle Estate in Kailua of 88,000 sq.ft. with 300' of beachfront. We are currently building the first of 3 new half acre beachfront homes.



Priced at: First new home - **\$12,900,000**

5 bedroom, 6.5 baths
9,048 sq.ft. built area
26,256 sq.ft. land area
Completion Date – October 2009

We are also acting as an "Owner's Rep" on a total remodel of a 2 bedroom, 2 bath condominium on Diamond Head.

Active Listings:

4707 Aukai Avenue

\$5,950,000

Grand tropical oasis in Kahala, impeccable luxury finishes, the finest home on the market!

5 bedroom, 4.5 baths
8,733 sq.ft. built area
17,409 sq.ft. land area
Built in 2000



843 Alewa Drive

\$650,000

Great views of Honolulu & Diamond Head
Development opportunity.

10,064 sq.ft. Land Area

Zoned for a duplex.



FAVORITE RECIPE

ITALIAN ANTIPASTO – Peppers a la Eovino

Grilled peppers al dente: Blacken red, orange, and yellow bell peppers on a grill or broiler, peel off blackened skin after cooling in a paper bag. Mix anchovy, fresh chopped basil, olive oil, chopped garlic, and shredded parmesan cheese together. Spoon it on quarters of the bell pepper, and marinate 2-4 hours in fridge. Serve at room temperature before dinner and guests will rave at the onslaught of flavors, the 4th of July-like colors, and the distinct aromas.

Jimmy, Don & Mike



Three Ironman Finishers! With our long-term planning, hard work and pitbull mentality, we bring this approach to all your real estate needs.

Donald Eovino, (R) GRI, CRB, CRS - 808-735-3066

