

## Q &amp; A

with Renée H. Kraft

Renée H. Kraft is thankful to call Hawai'i her lifelong home having been born and raised on the Island of Oahu. She attended La Pietra The Hawaii School for Girls and started her real estate career while in college working in property management in downtown Honolulu. While studying and completing her BA degree at the University of Hawaii at Manoa she earned her State of Hawaii real estate license in 1992. With determination to succeed and providing quality service to her clients Renée has received top producing status and noted as one of Hawaii State's very best Realtors by Honolulu Magazine. As a Big Island resident since 2003 Renée serves as the current Treasurer of the Board with the West Hawaii Association of Realtors, an Alii Circle Sponsor and member of the Kona-Kohala Chamber of Commerce serving on the Economics committee, and Co-Chair of the Kailua-Kona Community Parade Association.



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**Luxury Home Magazine Hawaii chats with Big Island Realtor Renée H. Kraft about interest rates and if waiting for them to drop before making your next move is a good idea.**

**LHM:** Why are so many potential home buyers hesitant to move to their dream home in Hawaii?

**Renée:** A lot people are waiting for interest rates to drop for fear they will pay proportionately more than their current living or investment property. This short-term thinking may cost them more in the long run.

**LHM:** Why would someone to buy their Hawaii dream home now?

**Renée:** In real estate, timing makes all the difference. Here is why:

1. Current buyers will face much less competition. By acting promptly, you can have a wider selection to choose from and potentially negotiate better terms.
2. When interest rates finally do drop, there will likely be a surge of buyers entering the market. This increased demand can quickly tip the scales in favor of sellers, transforming the current buyer's market into a seller's market. By purchasing before the rates decrease, you can avoid the fierce competition and potentially negotiate more favorable terms, as we saw just a couple years ago.
3. While it is likely rates will come down, recognize rates could go even higher. Our clients are hedging the market now to protect themselves from potential future rate increases.

**LHM:** Where are interest rates going from here?

**Renée:** Of course, nobody knows exactly. However, while interest rates may be high at the moment, they are likely to decrease in the future. Savvy lenders understand this trend and may offer options for a free, no-cost refinance when rates eventually drop. By taking advantage of the current market conditions, you can secure your dream property and still have the opportunity to refinance at a lower rate down the road.

**LHM:** What strategies are your clients using?

**Renée:** There are few things our clients are taking advantage of while others sit on the sidelines:

1. Our clients are negotiating points and interest rate buydowns. When interest rates are high, buyers have the opportunity to negotiate with sellers to offset the impact of these rates. One option is to request that the seller pay points on your behalf, which effectively lowers your interest rate. This strategy, known as an interest rate buydown, allows you to enjoy a reduced rate during the initial years of homeownership, providing substantial savings.
2. Our clients are able to take advantage of capitalizing on potential appreciation. Remember, real estate is generally an appreciating asset—it matters what you pay for it. Waiting for interest rates to drop may mean missing out on potential price appreciation. The property value gain could lead to significant financial gains, even if you initially paid a higher interest rate.
3. While it is likely rates will come down, recognize rates could go even higher. Our clients are hedging the market now to protect themselves from potential future rate increases.

**LHM:** So, what is the bottom line?

**Renée:** While waiting for interest rates to drop may seem like a prudent strategy, the current real estate market presents unique opportunities that should not be overlooked. Don't let high-interest rates deter you. Each of our client situations is different. There are many more strategies we explore with our clients. We can help position our clients for the long run. ■