



# OAHU HOUSING TRENDS

THE HONOLULU BOARD OF REALTORS®



Volume 17, Number 2

Second Quarter, 2007

## OVERALL MARKET CONDITIONS

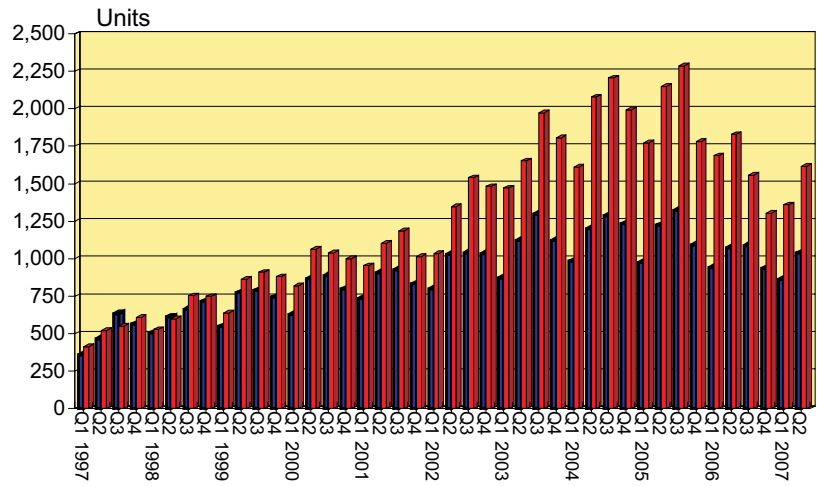
Sales declined in the Oahu housing market as the cooling trend was maintained during the second quarter, although median prices continued to rise. There were sales of 1,037 single family homes and 1,617 condominiums through the Board's Multiple Listing Service computer, well behind the figures of the market peak in the third quarter of 2005 which had unit sales of 1,324 and 2,286, respectively. This quarter's sales were lower for single family homes by 8.4% and 11.6% for condominiums compared to the same quarter last year.

The second quarter median sales price paid for single family dwellings set a new record at \$665,000, an increase of 3.9%, surpassing the prior quarterly record of \$640,000 set in the 2006 second quarter. Condominium prices also set a record, with the paid median price 7.5% higher than a year ago, at \$328,000. During the first quarter of this year, the median prices were \$620,000 and \$320,000, respectively.

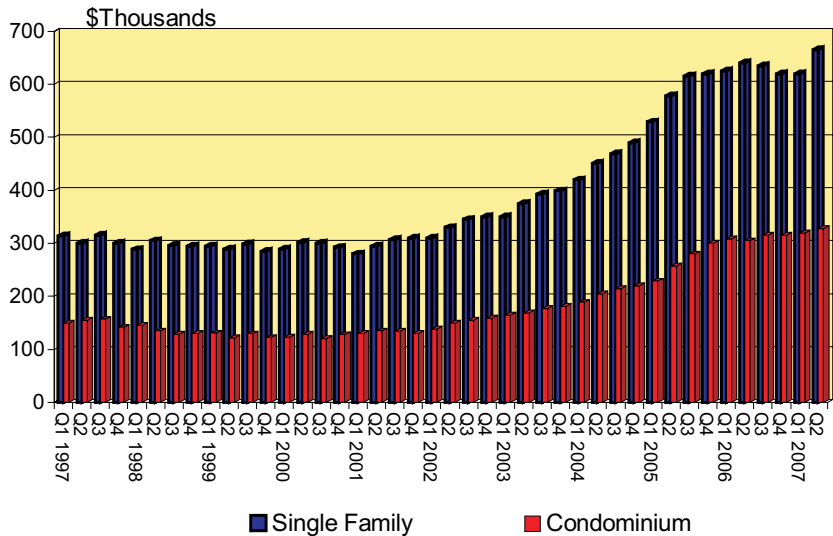
When the number of sales are multiplied by the average sales prices, the total dollar sales volume is computed. In the second quarter of 2007, the total dollar volume generated by Oahu residential sales was \$1.455 billion, a 0.9% decline from the same quarter a year ago when dollar sales volume reached \$1.469 billion. The peak and record for quarterly dollar volume was achieved in the third quarter of 2005 at \$1.810 billion.

Another important indicator is the Days on Market statistic which measures the time a listing is on the market before a sales agreement is reached. In the second quarter, single family homes required a median time of 42 days, down by a week from the same quarter last year. Condominium market time was 38 days, a one day increase since last year. Compared to

## QUARTERLY UNIT SALES VOLUME



## QUARTERLY MEDIAN SALES PRICES



last quarter, the Days on Market statistics were 65 and 50 days, for single family homes and condominiums, respectively.

After declining to new lows for availability in 2003 and 2004, the inventory

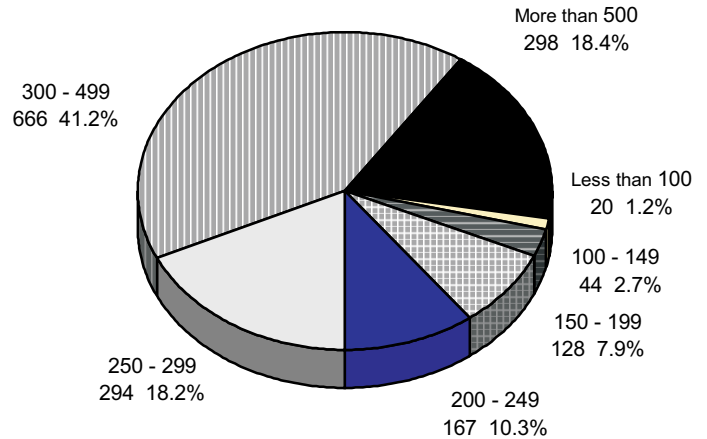
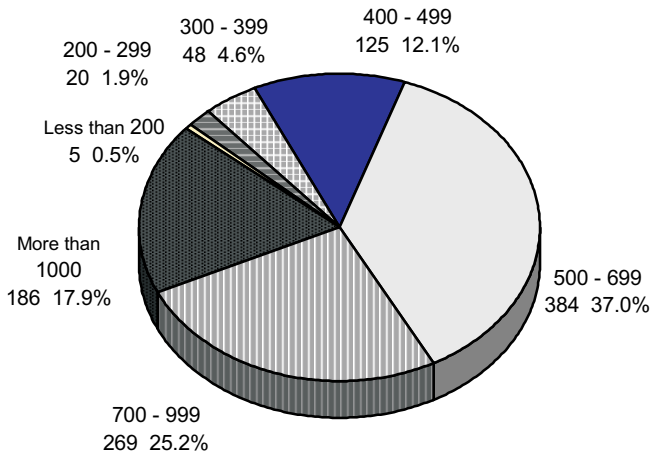
increased rapidly during 2006, but this trend has stalled in 2007. This quarter, the number of listings being actively marketed for sale was 1,779 single family homes and 2,271 condominiums, almost the same count as in the last quarter.

(Continued on Page 7)

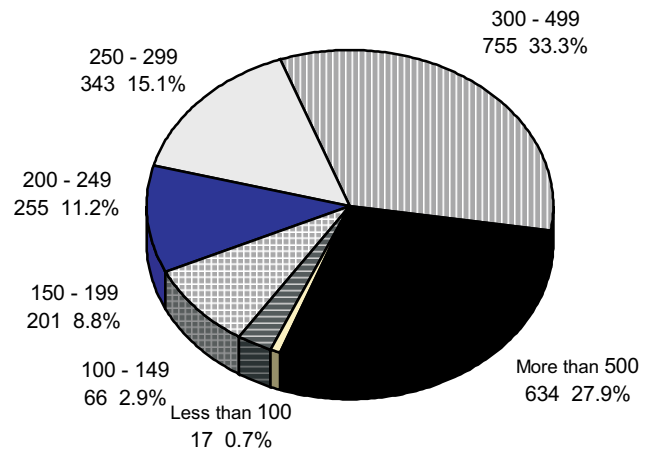
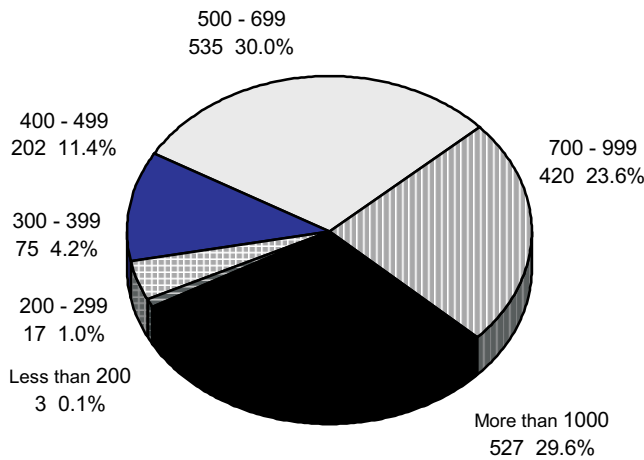
**SINGLE FAMILY HOMES**

**CONDOMINIUMS**

**Sales by Price Range**



**Inventory by Price Range**



All price ranges shown above are thousands of dollars (\$000)

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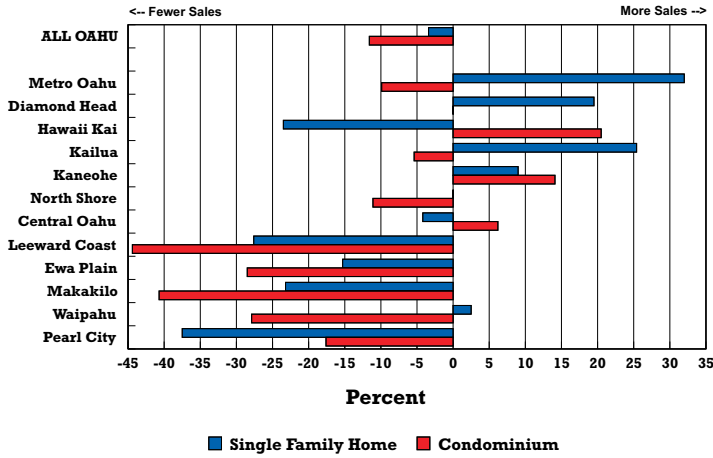
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**CHANGE IN NUMBER OF SALES**  
2007:Q2 vs 2006:Q2



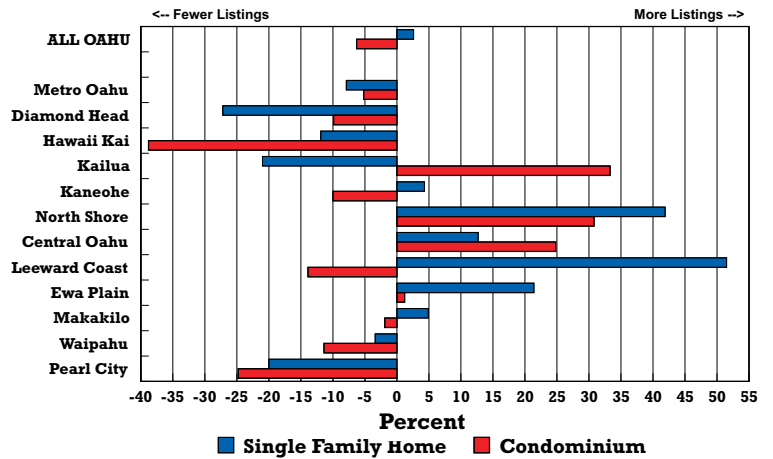
Sales continued their declining trend in the second quarter, but at a lesser rate, with the slowdown in sales more pronounced during the first quarter. Compared to the same quarter in 2006, sales decreased this quarter by 3.4% for single family homes and 11.6% for condominiums, to 1,037 and 1,617 dwellings, respectively. A year ago, at the same time, sales were 1,074 and 1,830.

The second quarter results showed mixed area sales, with generally fewer sales on the west side of Oahu and more sales elsewhere. Sales ranged from an increase of 32.0% for single family homes in Metro Oahu, to a 44.4% decline in condominium sales in the Leeward Coast neighborhood.

Other areas with sales increases were single family homes in Kailua and Diamond Head, as well as condominiums in Hawaii Kai.

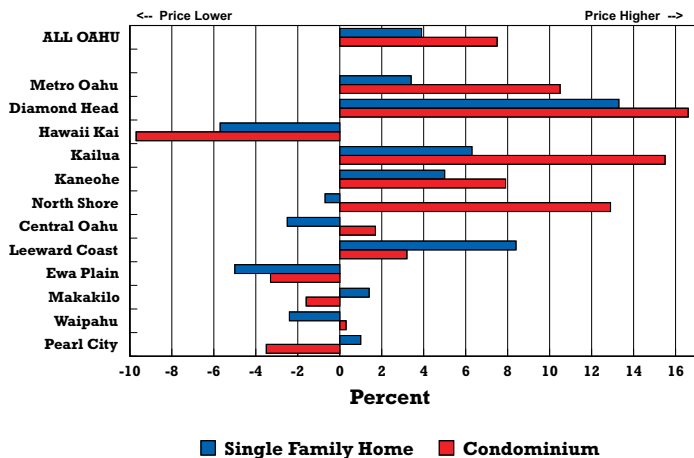
The overall inventory changed very little during the second quarter, but varied widely geographically. Single family home availability rose to 1,779 dwellings, an expansion of 2.6% from the same time last year. Condominium counts, on the other hand, dropped to 2,271, down 6.3% since the same time period a year ago and almost exactly the same count as in the first quarter. Median asking prices for this inventory decreased this quarter, however, by 5.3% for single family homes, down to \$739,200, and the condominium asking price was off 3.1%, to \$354,600. Since first quarter, condominium list prices have increased by 1.3%.

**CHANGE IN ACTIVE INVENTORY**  
2007:Q2 vs 2006:Q2



There was a significant shrinkage of condominiums in Hawaii Kai of 38.8% compared to last year, and a large decline of 27.2% of available single family homes in Diamond Head. Other areas with sizeable decreases of inventory over the past year were both property types in Pearl City and single family homes in Kailua.

**CHANGE IN MEDIAN SALES PRICE**  
2007:Q2 vs 2006:Q2



Median sales prices set new records for Oahu residential properties in the second quarter. Sales prices this quarter for single family homes was \$665,000, an increase since last year of 3.9%, and for condominiums, prices were 7.5% higher, at \$328,000. These figures compare to \$640,000 and \$305,000, respectively, just one year ago. Since last quarter, prices have increased by 7.3% for single family homes and 2.5% for condominiums, from \$620,000 and \$320,000.

Condominium areas with the largest price expansions were Diamond Head, up 16.6%, Kailua, up 15.5%, North Shore, up 12.9%, and Metro Oahu, up 10.5%. In the single family home market segment, the strongest gain was in Diamond Head, up 13.3%, followed by Leeward Coast, up 8.4%, and Kailua, up 6.3%.

The Honolulu Board of REALTORS® analyzes and prepares statistics for 17 single family home and 19 condominium neighborhoods on Oahu. For this report, these neighborhoods are grouped together into twelve geographic areas so that single family homes and condominiums can be evaluated together. The twelve areas are defined by Tax Map Key (TMK) numbers as shown in the Area and Neighborhood Data Table printed in this report.

**METRO OAHU AREA**

The Metro Oahu area contains the highest concentration of CO units on Oahu and is Oahu’s most populous area. In the second quarter, CO sales were off 9.9%, but the CO MSP also rose by 10.5%. Sales vol-

ume was unchanged in Waikiki, one of the six neighborhoods that comprise this area, but the MSP rose \$25,000 since last year, to \$300,000. Unit availability contracted, but list prices in Waikiki dropped from \$331,000 last year to \$308,800. The other sizeable neighborhood in the Metro area, Makiki-Moiliili, experienced a \$15,000 increase in its MSP, from \$305,000 to \$320,000. SF sales in Metro Oahu zoomed 32.0%, the best gain on Oahu, and the MSP was up 3.4%. SF counts shrank by 7.9% and the SF MLP rose by 15.1% (also the best). The SF Honolulu neighborhood MSP jumped to \$772,500, while the other SF neighborhood, Moanalua-Kalihi, rose to \$677,000. The SF and CO QAR's were 75.0% and 60.8%, respectively.

**DIAMOND HEAD AREA**

Diamond Head area had the best MSP gains for both property types this quarter. SF sales grew by 19.5% and the MSP rose 13.3%. CO sales were unchanged, but the MSP jumped 16.6%, to \$504,500, and the CO DOM was tied for Oahu best, at 26 days. Listing counts shrank for both property types, by 27.2% and 9.9%, with the SF loss the largest islandwide. MLP's were mixed, up 12.1% for SF and down 11.8% for CO, to \$607,900. The Waiialae-Kahala neighborhood again had the highest MSP on Oahu, at \$1,450,000.

**HAWAII KAI AREA**

CO sales in the Hawaii Kai area gained 20.5% and, even with a decline of 9.7%, again posted the best MSP, at \$546,500, making this area the most expensive on Oahu. The CO inventory experienced the biggest shrinkage for any CO area, at 38.8%, but the CO MLP was off 5.3%, to \$593,800. Meanwhile, SF sales decreased 23.5% and the SF MSP declined by 5.7%, to \$910,000. The SF MLP rose 9.4%, to \$1,315,500. Sales speeds were both slower, but the CO QAR managed the biggest rise on the island this quarter, almost doubling, to 111.4%.

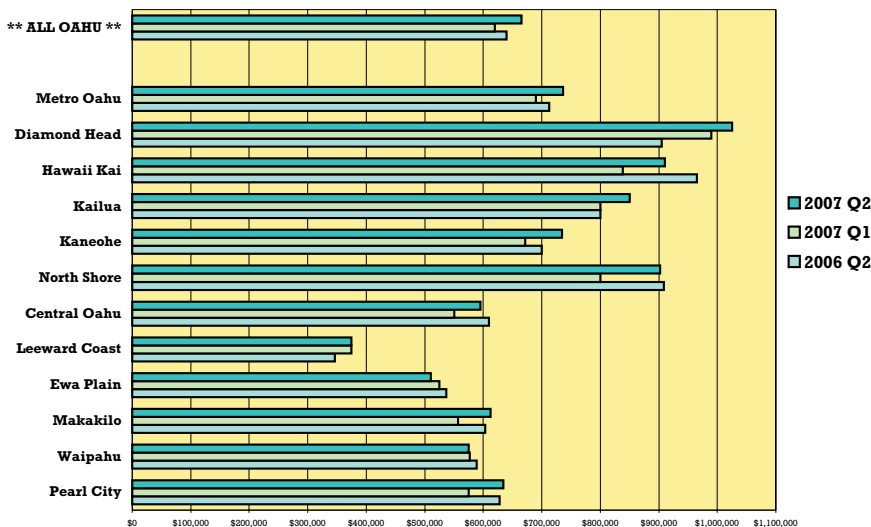
**KAILUA AREA**

SF sales in Kailua zoomed upward by 25.4%, one of the best increases for any SF area in the second quarter. The SF MSP rose 6.3%, to \$850,000, even though the SF DOM rose to 50 days. SF availability declined by 21.0% and the SF MLP was 7.4% lower, at \$1,123,100. On the other side of the market, CO sales dropped 5.4%, although the CO MSP rose 15.5%, to \$491,000. Finally, both QAR's were above the Oahu average statistics, at 69.5% and 109.4%, respectively.

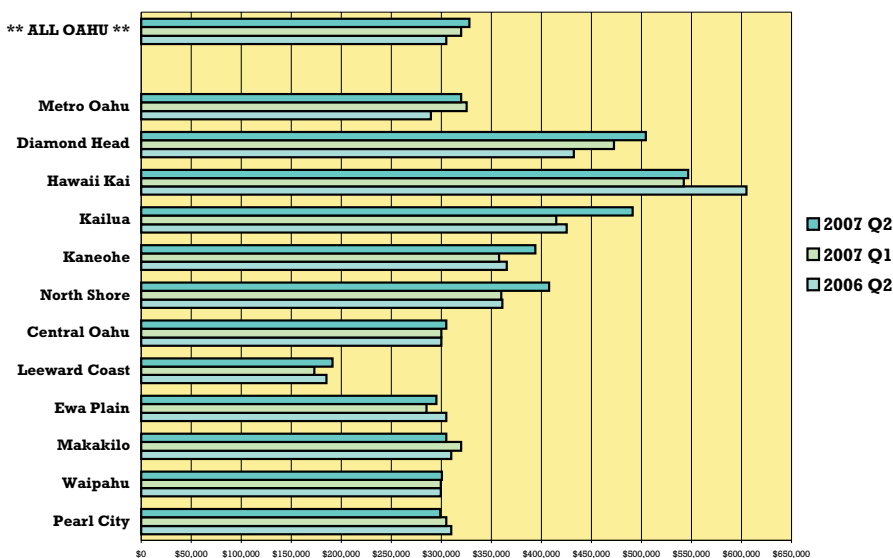
**KANEOHE AREA**

Sales increased in Kaneohe for both SF and CO units and both MSP's also grew. SF sales expanded 9.0% and the MSP was 5.0% higher. SF listings grew 4.3%, but the MLP declined 6.8% since last year. On the CO side of the market, sales expanded by 14.1% and the MSP added 7.9%. CO inventory contracted by 10.0% and the MLP rose 11.5%. The SF QAR was below the island average, at 50.3%, but the CO QAR was about a third higher, at 101.4%.

**SINGLE FAMILY HOME MEDIAN SALES PRICES**



**CONDOMINIUM MEDIAN SALES PRICES**



**NORTH SHORE AREA**

SF sales and DOM in the North Shore area were exactly the same as one year ago, but the SF MSP lost a scant 0.7%, to \$902,500. Active listings in this area grew for SF properties by 41.9%, but the SF MLP also was up 3.1%, to \$1,638,200. CO sales were off by 11.1%, but the CO MSP advance was one of the strongest on Oahu in the second quarter, up 12.9%, to \$407,500. The CO DOM also had the biggest decline on the island, dropping to just 26 days, tied for the fastest among CO areas. Meanwhile, the CO MLP declined 11.2%, to \$350,300, actually below the MSP. QAR's are among the lowest on Oahu, at 26.7% and 31.4% this quarter.

**CENTRAL OAHU AREA**

There was an increase in CO sales in Central Oahu this quarter and the CO MSP rose by 1.7%, compared to last year. Even though CO sales required 3 more market days than last year, this area was among the speediest of any CO area on Oahu. The CO QAR, at 135.7%, was one of the island's strongest. In the SF market segment, the number of sales declined by 4.2% and the MSP was off by 2.5%, but the SF MLP rose this quarter by 5.0%. The SF DOM sped up more than a week, dropping to 35 days from 46 a year ago. Lastly, the SF QAR was below last year's, at 91.9%, but was substantially better than the islandwide SF statistic of 58.3%.

**LEEWARD COAST AREA**

Sales again declined in the Leeward Coast area this period, compared to last year at the same time. SF sales dropped by 27.6% and CO sales lost 44.4%. The MSP's, however, were both higher than a year ago, but this area remains the most affordable on Oahu. The SF MSP increased by 8.4%, to \$375,000, the same as last quarter, and the CO MSP advanced 3.2%, to \$191,000. Both DOM's sped up, with the SF DOM shedding 10.0%, to 45 days, and the CO DOM dropping to 46 days. Listing counts were higher for SF in this area and the SF MLP declined. SF availability rose 51.5% and the MLP dropped by 8.9%, to \$447,000. In the same time, CO counts lost 13.9%, and the CO MLP fell 5.4%, to \$200,100, both compared to one year ago. The QAR's dropped almost in half in the

second quarter, to 27.9% and 29.7%, respectively, the lowest on the island this quarter and less than half of the overall Oahu statistics.

**EWA PLAIN AREA**

Market performance in the Ewa Plain area was disappointing, suffering sales and price declines. SF sales were off 15.3% and CO sales slipped 28.5% from last year. The SF MSP dropped 5.0%, to \$510,000, and the CO MSP lost 3.3%, to \$294,900. DOM's were mixed, however, with SF sales slower by a couple days, but CO sales took 42 days, one day faster than a year ago. Available listings both rose compared to one year ago, with SF counts increasing 21.4%, while the number of CO units increased only 1.2%. Finally, the SF MLP lost 4.0%, to \$556,500, but the CO MLP rose by 8.8%, to \$400,700.

**MAKAKILO AREA**

Sales were off in the Makakilo area during the second quarter, but the MSP's were mixed. SF sales declined 23.2%, but the SF MSP rose 1.4%, to \$612,000, as the number of available listings rose by 4.9%. CO sales fell by 40.7% and the CO QAR, at 67.3%, sustained one of the worst drops on Oahu this quarter. The number of CO lists dropped and the MLP rose 14.1%, to

\$370,700, for the biggest CO MLP increase in the second quarter. The SF QAR declined to 50.6%, somewhat below the islandwide average.

**WAIPAHU AREA**

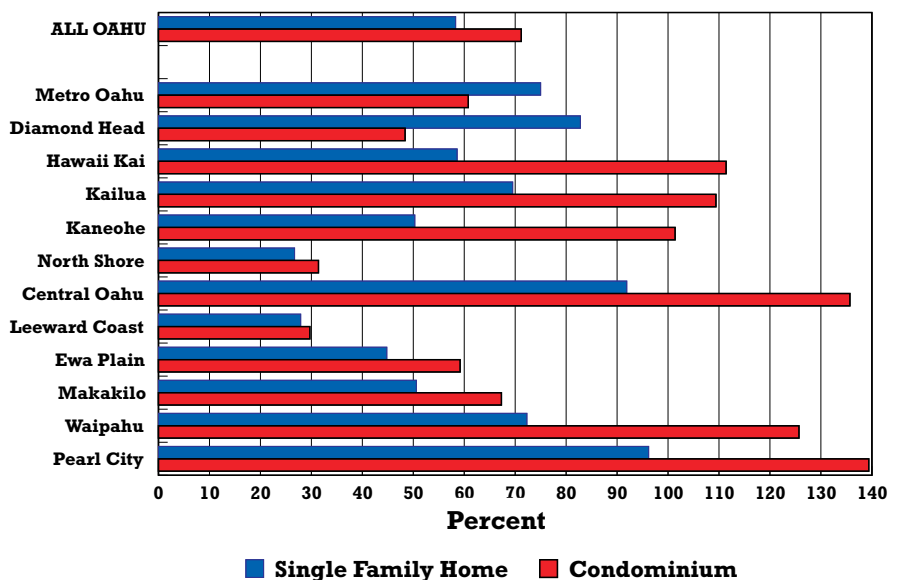
SF sales advanced a bit, by 2.5%, but the MSP declined 2.4%, to \$575,000. The CO MSP rose 0.3% since last year, to \$300,000, even with a 27.9% sales decrease. DOM's continued to increase in the second quarter to reach 50 and 29 days, respectively, and the number of available listings shrank by 3.4% and 11.4%, and stood at 112 and 70 units. Lastly, the MLP's both slid, the SF by 1.1%, to \$627,800, and the CO MLP dropped 3.2%, to \$293,700.

**PEARL CITY AREA**

Even with a decline in SF sales, the other indicators were quite strong in the second quarter. The SF MSP rose by 1.0%, to \$634,000, and the SF DOM dropped by more than half, to just 23 days, the quickest sales for any Oahu SF area this quarter. SF and CO inventory contracted since last year, off 20.0% and 24.8%, respectively. Finally, both QAR's, at 96.2% and 139.4%, were the highest on the island in the second quarter and almost double the islandwide statistic.

**QUARTERLY ABSORPTION RATES (QAR)**

Second Quarter, 2007



| Type and<br>Neighborhood   | Zone and<br>Sections | SECOND QUARTER, 2007 |                       |     |            |                      | FIRST QUARTER, 2007 |                       |     |            |                      |
|----------------------------|----------------------|----------------------|-----------------------|-----|------------|----------------------|---------------------|-----------------------|-----|------------|----------------------|
|                            |                      | #<br>Sales           | Median<br>Sales Price | DOM | #<br>Lists | Median<br>List Price | #<br>Sales          | Median<br>Sales Price | DOM | #<br>Lists | Median<br>List Price |
| <b>METRO OAHU AREA:</b>    |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Moanalua-Kalihi         | 1-1 to 1-7           | 63                   | \$677,000             | 24  | 73         | \$713,600            | 44                  | \$597,500             | 48  | 67         | \$764,000            |
| SF Honolulu                | 1-8,9, All 2         | 69                   | \$772,500             | 46  | 103        | \$1,131,100          | 49                  | \$793,000             | 70  | 100        | \$1,091,087          |
| CO Moanalua-Salt Lake      | 1-1                  | 54                   | \$307,500             | 30  | 46         | \$299,000            | 69                  | \$317,000             | 61  | 49         | \$311,200            |
| CO Kalihi-Palama           | 1-2 to 1-9           | 38                   | \$355,000             | 32  | 41         | \$348,200            | 30                  | \$324,000             | 72  | 41         | \$397,500            |
| CO Downtown-Nuuanu         | 2-1, 2-2             | 115                  | \$360,000             | 27  | 125        | \$393,600            | 82                  | \$390,500             | 77  | 143        | \$433,900            |
| CO Ala Moana-Kakaako       | 2-3                  | 83                   | \$520,000             | 62  | 271        | \$542,300            | 88                  | \$545,000             | 44  | 210        | \$465,800            |
| CO Waikiki                 | 2-6                  | 318                  | \$300,000             | 65  | 596        | \$308,800            | 275                 | \$295,000             | 53  | 636        | \$304,800            |
| CO Makiki-Moiliili         | 2-4, 2-5, 2-7 to 2-9 | 190                  | \$320,000             | 27  | 234        | \$373,200            | 177                 | \$320,000             | 54  | 218        | \$368,000            |
| <b>DIAMOND HEAD AREA:</b>  |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Kapahulu-Diamond Hd     | 3-1 to 3-4           | 75                   | \$825,000             | 46  | 69         | \$1,232,500          | 54                  | \$778,500             | 54  | 90         | \$1,180,500          |
| SF Waialae-Kahala          | 3-5                  | 37                   | \$1,450,000           | 25  | 50         | \$2,645,000          | 39                  | \$1,325,000           | 94  | 55         | \$2,185,600          |
| SF Aina Haina-Kuliouou     | 3-6 to 3-8           | 23                   | \$885,000             | 24  | 44         | \$1,808,000          | 16                  | \$1,147,000           | 41  | 50         | \$1,822,600          |
| CO Kapahulu-Kuliouou       | 3-1 to 3-8           | 44                   | \$504,500             | 26  | 91         | \$607,900            | 30                  | \$472,500             | 62  | 87         | \$622,800            |
| <b>HAWAII KAI AREA:</b>    |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Hawaii Kai              | 3-9                  | 65                   | \$910,000             | 50  | 111        | \$1,315,500          | 49                  | \$838,000             | 69  | 111        | \$1,330,100          |
| CO Hawaii Kai              | 3-9                  | 88                   | \$546,500             | 52  | 79         | \$593,800            | 48                  | \$542,500             | 67  | 99         | \$584,200            |
| <b>KAILUA AREA:</b>        |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Kailua-Waimanalo        | 4-1 to 4-3, 4-4*     | 89                   | \$850,000             | 50  | 128        | \$1,123,100          | 81                  | \$800,000             | 68  | 123        | \$1,016,300          |
| CO Kailua-Waimanalo        | 4-1 to 4-3, 4-4*     | 35                   | \$491,000             | 38  | 32         | \$505,200            | 25                  | \$415,000             | 46  | 29         | \$493,200            |
| <b>KANEOHE AREA:</b>       |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Kaneohe                 | 4-4*, 4-5, 4-6, 4-7* | 63                   | \$762,000             | 43  | 87         | \$862,100            | 39                  | \$680,000             | 69  | 85         | \$885,800            |
| SF Windward Coast          | 4-7*, 4-8 to 5-4     | 22                   | \$629,500             | 25  | 82         | \$898,500            | 17                  | \$625,000             | 95  | 77         | \$871,200            |
| CO Kaneohe                 | 4-4*, 4-5, 4-6, 4-7* | 71                   | \$400,000             | 37  | 52         | \$463,800            | 46                  | \$392,500             | 45  | 57         | \$450,200            |
| CO Windward Coast          | 4-7*, 4-8 to 5-4     | 2                    | \$360,000             | 51  | 20         | \$366,100            | 8                   | \$263,500             | 127 | 12         | \$330,600            |
| <b>NORTH SHORE AREA:</b>   |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF North Shore             | 5-5 to 5-9, All 6    | 28                   | \$902,500             | 65  | 105        | \$1,638,200          | 23                  | \$800,000             | 121 | 103        | \$1,749,500          |
| CO North Shore             | 5-5 to 5-9, All 6    | 16                   | \$407,500             | 26  | 51         | \$350,300            | 12                  | \$360,000             | 20  | 53         | \$373,000            |
| <b>CENTRAL OAHU AREA:</b>  |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Wahiawa                 | All 7                | 20                   | \$497,500             | 49  | 29         | \$532,900            | 22                  | \$471,800             | 53  | 36         | \$525,600            |
| SF Mililani                | 9-4*, 9-5            | 94                   | \$622,500             | 34  | 95         | \$679,700            | 63                  | \$585,000             | 43  | 91         | \$685,900            |
| CO Wahiawa                 | All 7                | 16                   | \$180,300             | 63  | 24         | \$206,600            | 11                  | \$175,000             | 84  | 22         | \$200,900            |
| CO Mililani                | 9-4*, 9-5            | 155                  | \$322,000             | 29  | 102        | \$306,400            | 106                 | \$305,000             | 40  | 118        | \$319,100            |
| <b>LEEWARD COAST AREA:</b> |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Makaha-Nanakuli         | All 8                | 55                   | \$375,000             | 45  | 197        | \$447,000            | 47                  | \$375,000             | 64  | 160        | \$450,000            |
| CO Makaha-Nanakuli         | All 8                | 35                   | \$191,000             | 46  | 118        | \$200,100            | 39                  | \$173,000             | 55  | 120        | \$202,100            |
| <b>EWA PLAIN AREA:</b>     |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Ewa Plain               | 9-1                  | 160                  | \$510,000             | 61  | 357        | \$556,500            | 149                 | \$525,000             | 54  | 326        | \$560,900            |
| CO Ewa Plain               | 9-1                  | 103                  | \$294,900             | 42  | 174        | \$400,700            | 91                  | \$285,000             | 45  | 157        | \$397,000            |
| <b>MAKAKILO AREA:</b>      |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Makakilo                | 9-2, 9-3             | 43                   | \$612,000             | 48  | 85         | \$664,100            | 40                  | \$566,500             | 82  | 80         | \$677,300            |
| CO Makakilo                | 9-2, 9-3             | 35                   | \$305,000             | 31  | 52         | \$370,700            | 47                  | \$320,000             | 58  | 42         | \$336,900            |
| <b>WAIPAHU AREA:</b>       |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Waipahu                 | 9-4*                 | 81                   | \$575,000             | 50  | 112        | \$627,800            | 82                  | \$577,300             | 69  | 113        | \$632,700            |
| CO Waipahu                 | 9-4*                 | 88                   | \$300,500             | 29  | 70         | \$293,700            | 72                  | \$299,500             | 41  | 72         | \$303,300            |
| <b>PEARL CITY AREA:</b>    |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SF Pearl City-Aiea         | 9-6 to 9-9           | 50                   | \$634,000             | 23  | 52         | \$691,700            | 51                  | \$575,000             | 28  | 58         | \$689,600            |
| CO Pearl City-Aiea         | 9-6 to 9-9           | 131                  | \$299,000             | 34  | 94         | \$320,300            | 105                 | \$305,000             | 35  | 108        | \$309,900            |
| <b>ALL OAHU:</b>           |                      |                      |                       |     |            |                      |                     |                       |     |            |                      |
| SINGLE FAMILY              |                      | 1,037                | \$665,000             | 42  | 1,779      | \$739,200            | 865                 | \$620,000             | 65  | 1,726      | \$749,600            |
| CONDOMINIUM                |                      | 1,617                | \$328,000             | 38  | 2,271      | \$354,600            | 1,361               | \$320,000             | 50  | 2,273      | \$350,000            |

An asterisk (\*) indicates that the section is split between two neighborhoods.

**AREA** - A grouping of neighborhoods within a geographic boundary defined by the specific TMK zones, sections and plats shown on the Data Table page. This report contains data for twelve (12) such areas which, in total, comprise the island of Oahu.

**AVERAGE** - Synonymous with mean.

**CO** - Condominium, Apartment, Co-op or Townhouse.

**DOM** - Days on Market. This number of days between the time a property is listed and a sales contract is accepted. In MLS terms, it is the number of days from the List Date to the Contract Date. In this report, it is expressed as a median number of the Days on Market for a group of properties. This statistic is calculated using the List Date for the most current MLS number and does not reflect re-lists.

**HBR** - Honolulu Board of REALTORS®.

**MEAN** - Mean is the mathematical average of a series of numbers.

**MEDIAN** - Median is a mathematical term that describes the midpoint of a sorted series of num-

bers. It is the number in the middle of the series so that half the numbers are below the median and half are above. The median is always used when reporting sales prices, days on market, etc., to eliminate the skewing effect that very high or very low numbers will have on the average.

**MLP** - Median List (asking) Price.

**MLS** - Multiple Listing Service. The computerized information system that contains all of the data on real estate listings, sales, etc. Entered by, or on behalf of, HBR members. All MLS information is owned by HBR and is copyright protected.

**MSP** - Median Sales Price.

**NEIGHBORHOOD** - A neighborhood is the smallest geographic grouping of TMK zones, sections and plats for which statistical information is tracked. The Research Department divides Oahu into seventeen (17) single family home and nineteen (19) condominium neighborhoods which are shown in the Area and Neighborhood Data Table.

**PERCENT CHANGE** - The percent change is calculated by dividing 100 times the amount of change by the older information. For example, if computing the percent change between sales of 2,300 in this time period and 2,000 in the last period, the divisor would be 2,000 and the numerator would be 100 times the difference in sales (2,300 - 2,000 = 300) which equals +15.0%.

**QAR** - Quarterly Absorption Rate - An absorption rate, expressed in percentage terms, relates the number of properties sold during the quarter to the average number of active listings during the quarter. For example, if there were 940 listings and 94 sales, the quarterly absorption rate would be 10.0%.

**SF** - Single Family Home.

**SOLD** - A property is categorized as SOLD only after closing and recordation. The time delay between the signing of a sales contract and the clearing of escrow is nominally between two and four months.

**TMK** - Tax Map Key.

(Continued from Page 1)

Compared to the same time last year, inventory counts were up by 2.6% for single family homes, but they fell 6.3%, from 2,424, for condominiums.

Asking prices were strong in the second quarter, although they have declined since one year ago. The list prices during the second quarter were \$739,200 and \$354,600, for single family homes and condominiums, respectively, compared to \$749,600 and \$350,000 during the first quarter. Compared to last year, single family home asking prices have slipped 5.3%, from \$780,300, and condominium prices have dropped 3.1% from \$366,000.

Absorption rates are used to factor in both supply and demand statistics. The second quarter absorption rate, or QAR, for single family homes lost 3.6%, to 58.3%, and the condominium absorption rate went down by 4.3%, to 71.2%. Since the first quarter, however, these statistics have risen by 8.2% and 11.3%, respectively.

**MARKET OUTLOOK**

The Oahu residential markets have been healthy, although at lower sales levels than last year. Clearly, the median prices have risen at a faster rate than incomes

and this condition has had a negative effect on the affordability of our properties. In 2006, it required approximately 53% of the local median household income to pay the mortgage on the median-priced single family home. While this affordability factor has climbed from the low of 30% in 2001, it is still below the 60% reached at the end of the Japanese bubble period in 1990. The factor for condominiums is about half of

that computed for single family residences, a viable choice for affordability.

The biggest risk for the future of the housing market continues to be the direction of interest rates. With no clear sign which way the U.S. Federal Reserve will turn, we know that lower rates will boost demand, but any increase in rates could squelch the already slowing demand for residential real estate.

**MEDIAN TIME ON THE MARKET**

