

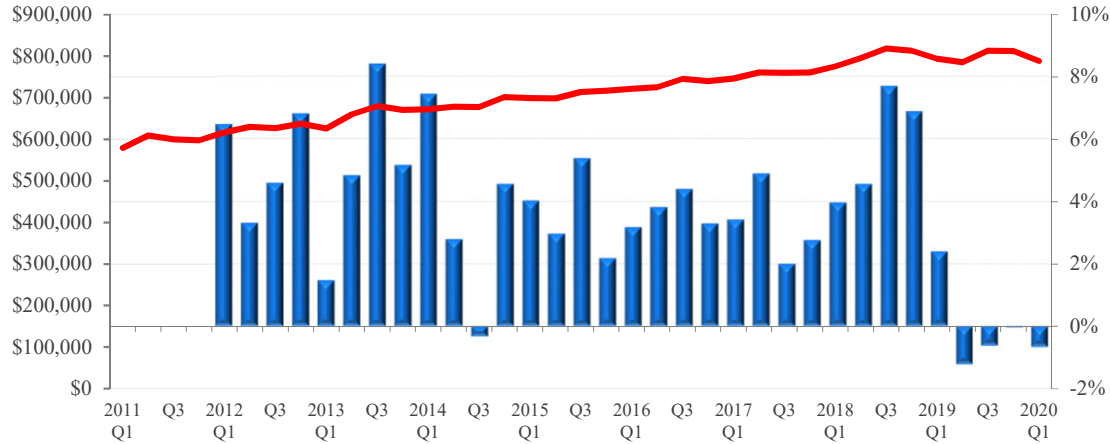
# Urban Honolulu Area

## Local Market Report, First Quarter 2020

including the impact of COVID-19 on the local economy

### Today's Market...

**Median Price (Red Line) and One-year Price Growth**



Local Price Trends			
Price Activity	Honolulu	U.S.	Local Trend
Current Median Home Price (2020 Q1)	\$788,800	\$272,433	Prices are down compared to a year earlier and continue to weaken
1-year (4-quarter) Appreciation (2020 Q1)	-0.7%	7.7%	
3-year (12-quarter) Appreciation (2020 Q1)	5.7%	18.1%	
3-year (12-quarter) Housing Equity Gain*	\$42,800	\$41,733	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$163,000	\$96,500	
9-year (36 quarters) Housing Equity Gain*	\$209,500	\$114,500	

\*Note: Equity gain reflects price appreciation only

	Honolulu	U.S.	
<b>Conforming Loan Limit**</b>	\$721,050	\$726,525	Government-backed financing is limited in this market, hampering home sales
<b>FHA Loan Limit</b>	\$721,050	\$726,525	
<b>Local Median to Conforming Limit Ratio</b>	109%	not comparable	

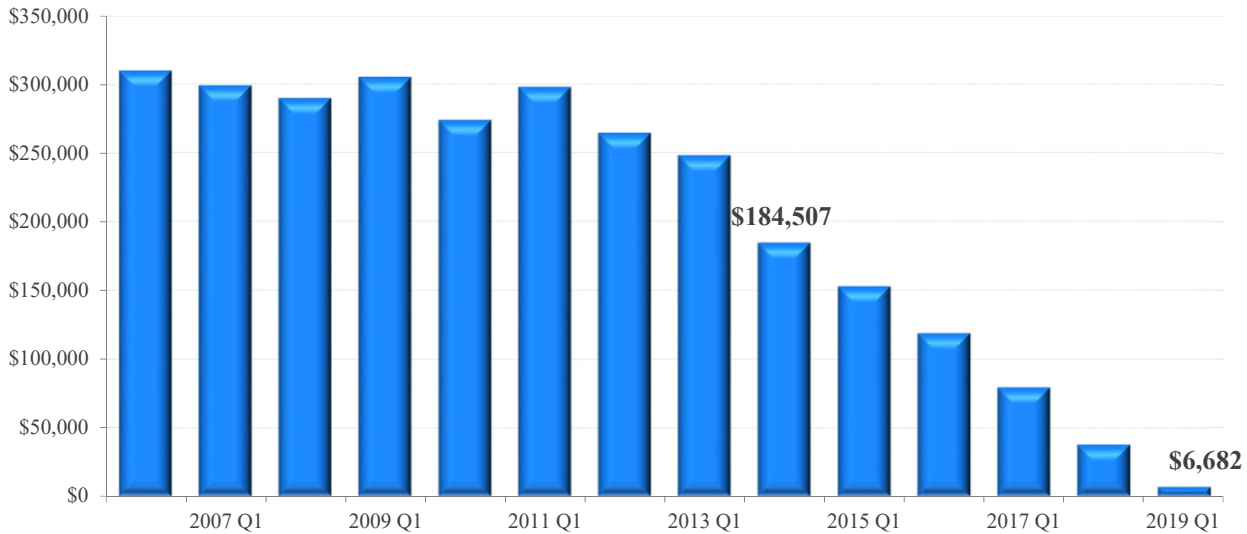
Note: limits are current and include the changes made on January 1st 2019.

#### Local NAR Leadership

The Urban Honolulu market is part of region 13 in the NAR governance system, which includes all of California, Hawaii, and Guam. The 2020 NAR Regional Vice President representing region 13 is Kevin Brown.

# Benefits of Ownership: Total Equity Appreciation

## Total Equity Accrued to Owner by Year and Quarter of Purchase



### Total Equity Gained\*\* through 2020 Q1 from quarter in which home was of purchased

Price Activity	Honolulu	U.S.	Local Trend
1-year (4-quarter)	\$6,682	\$23,185	Price trends in the last three years have undercut the steady post-recession home equity growth despite owners paying down principle
3-year (12-quarter)*	\$79,162	\$52,978	
5-year (20-quarter)*	\$152,731	\$87,425	
7-year (28 quarters)*	\$247,838	\$120,351	
9-year (36 quarters)*	\$297,736	\$138,556	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

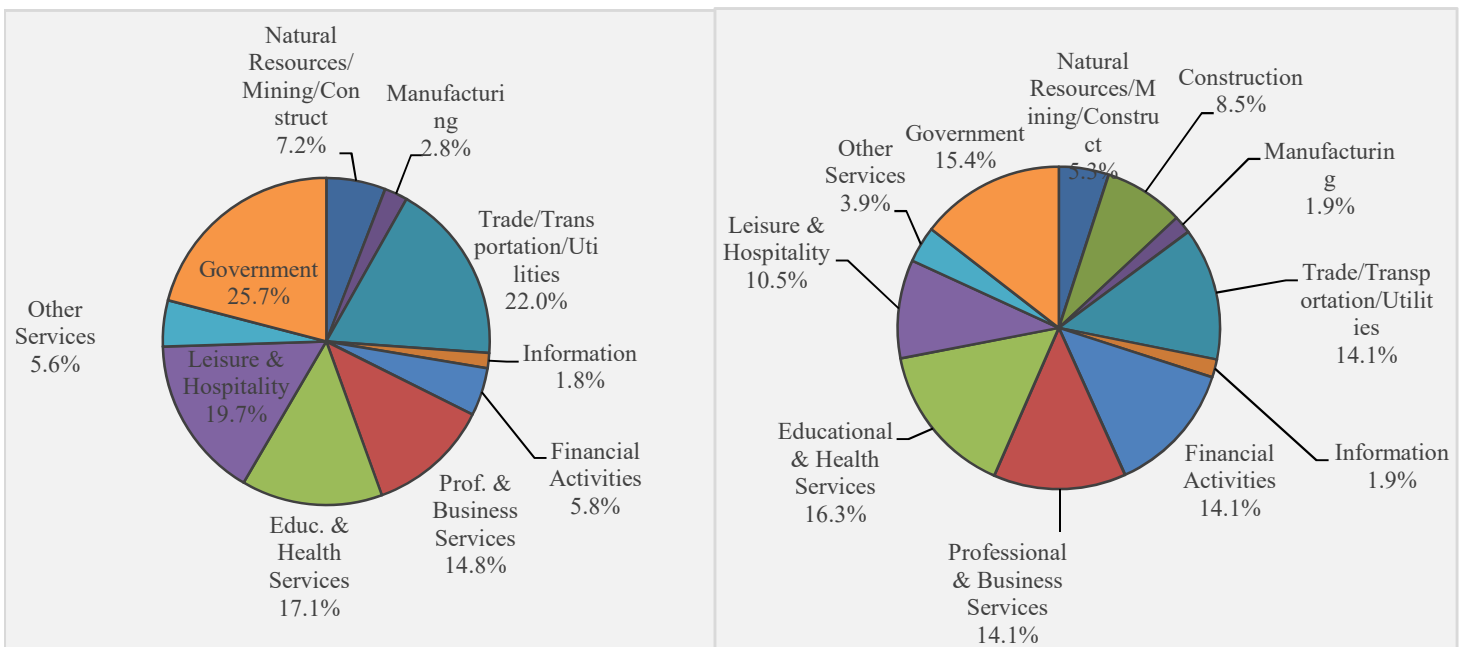
# Drivers of Local Supply and Demand...

Local Economic Outlook	Honolulu	U.S.	
12-month Job Change (Mar)	-2,600	Not Comparable	Employment continues to decline and will weigh on demand in some areas
12-month Job Change (Feb)	-1,000	Not Comparable	
36-month Job Change (Mar)	-2,600	Not Comparable	Unemployment in Honolulu is better than the national average and improving
Current Unemployment Rate (Mar)	2.1%	4.4%	
Year-ago Unemployment Rate	2.6%	3.8%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-0.5%	1.3%	

## Share of Total Employment by Industry

Urban Honolulu Area

U.S.



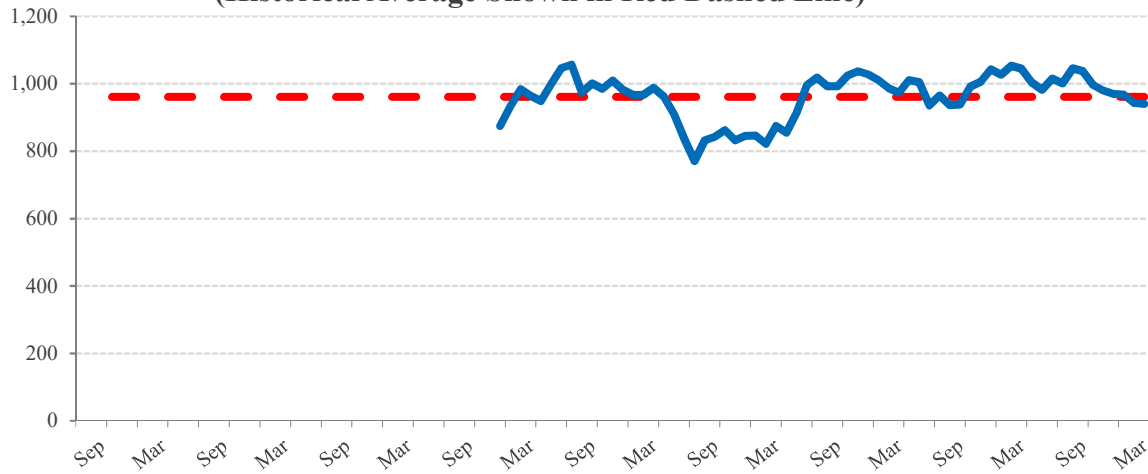
### 12-month Employment Change by Industry in the Urban Honolulu Area (Mar - 2020)

Goods Producing	NA	Information	-1,600
Natural Resources/Mining/Construction	1,200	Financial Activities	-200
Natural Resources and Mining	NA	Prof. & Business Services	0
Construction	NA	Educ. & Health Services	300
Manufacturing	-200	Leisure & Hospitality	700
Service Providing Excluding Government	NA	Other Services	-100
Trade/Transportation/Utilities	-900	Government	-200

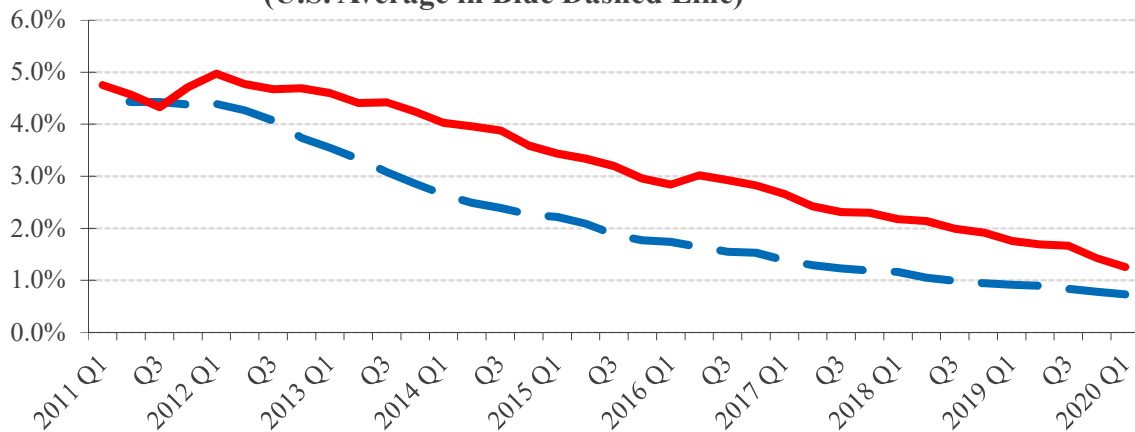
State Economic Activity Index	Hawaii	U.S.	
12-month change (2020 - Mar)	-3.0%	1.2%	The economy of Hawaii is still in recession, but improved modestly from last month's -49.08% change
36-month change (2020 - Mar)	NA	7.0%	

New Housing Construction			
Local Fundamentals	Honolulu	U.S.	
12-month Sum of 1-unit Building Permits through Mar	941	not comparable	The current level of construction is 2.1% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	961	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	-10.0%	5.5%	Construction continues to decline from last year

**Construction: 12-month Sum of Local Housing Permits  
(Historical Average Shown in Red Dashed Line)**



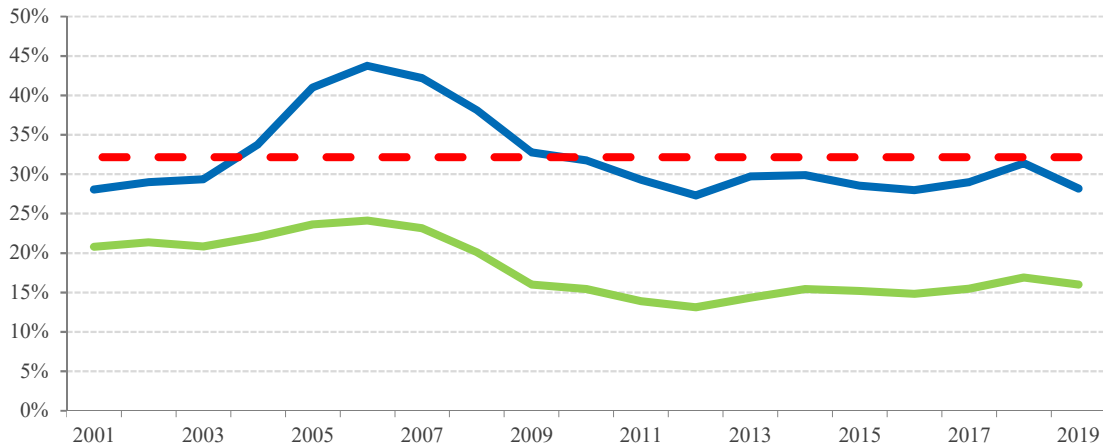
**State Total Foreclosure Rate vs. U.S Average  
(U.S. Average in Blue Dashed Line)**



# Affordability

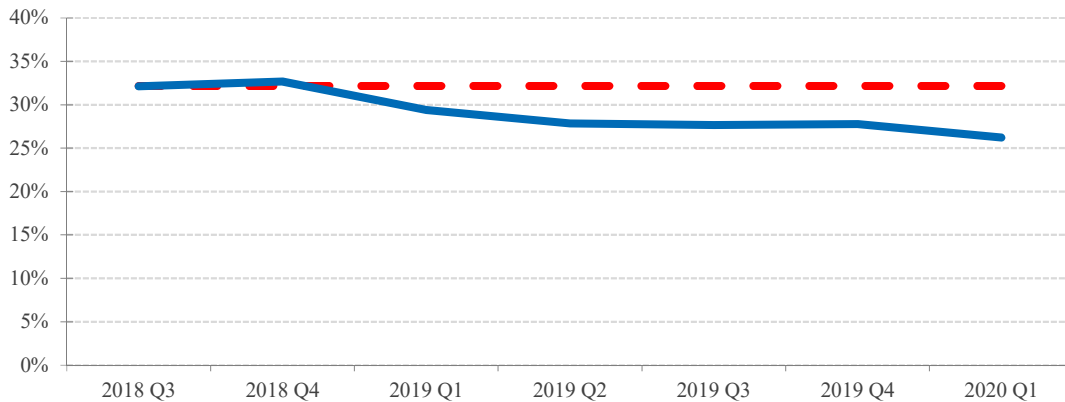


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

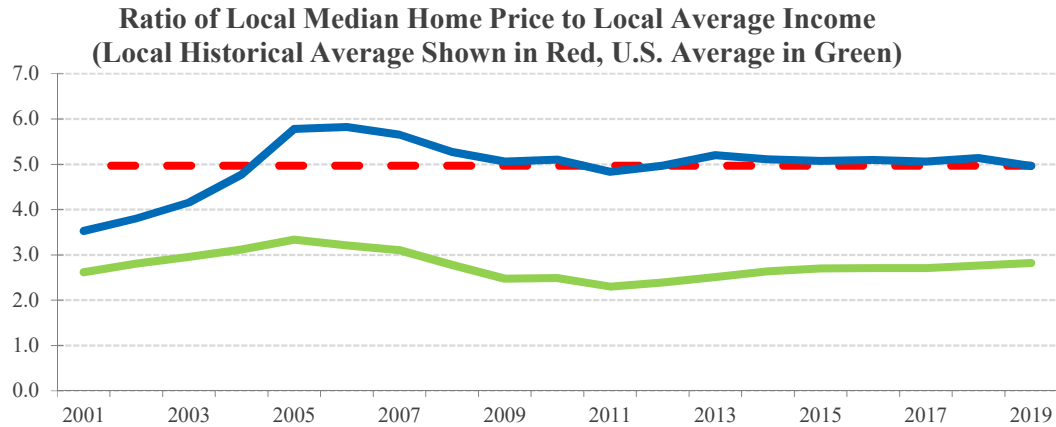


Monthly Mortgage Payment to Income	Honolulu	U.S.	
Ratio for 2019	28.2%	16.0%	Historically strong, but weaker than the fourth quarter of 2019
Ratio for 2020 Q1	26.2%	14.6%	
Historical Average	32.2%	18.4%	Weaker affordability than most markets

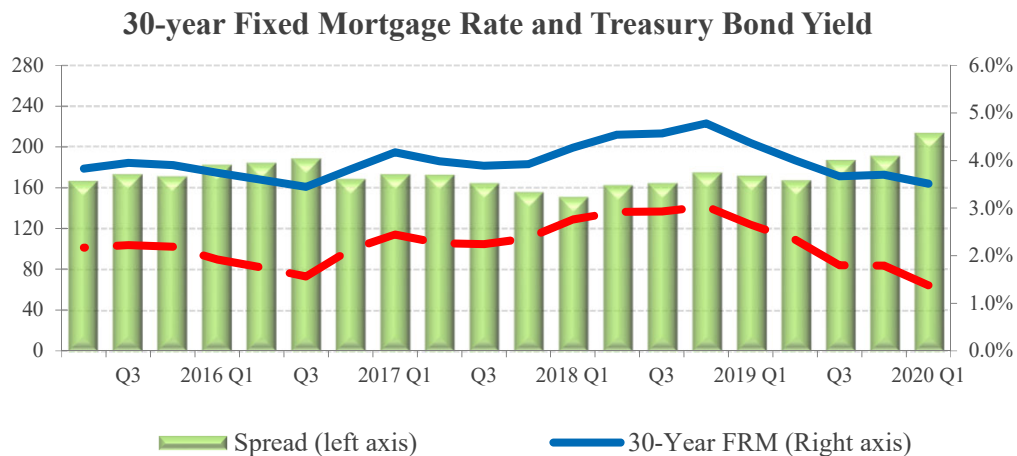
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Honolulu	U.S.	
Ratio for 2019	5.0	2.8	The price-to-income ratio rose, but is better than the historic average
Ratio for 2020 Q1	4.9	2.7	
Historical Average	5.0	2.7	Less affordable than most markets



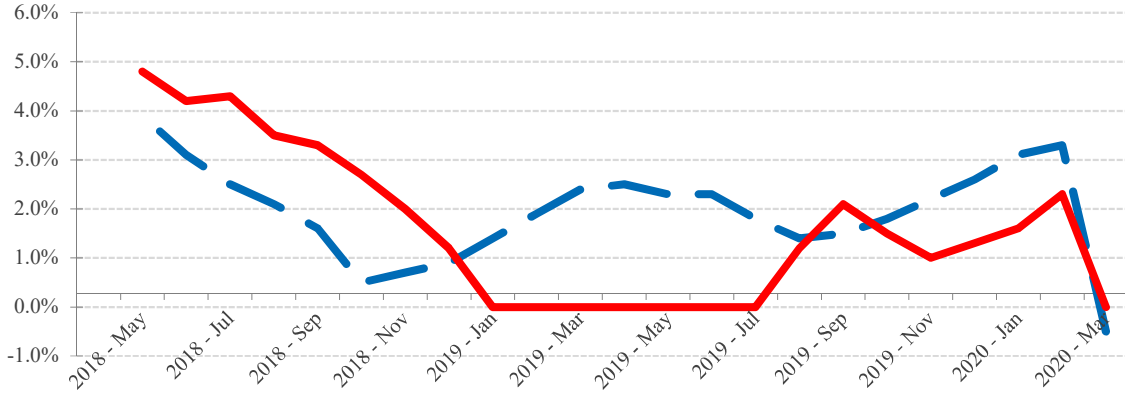
## The Mortgage Market



The first quarter of the year mostly encompassed a pre-pandemic economy that was characterized by low unemployment and a robust economy. Nevertheless, as a result of the COVID-19 outbreak, mortgage rates reached a then-historical low in March of 2020 fueling an increase in refinance activities. Specifically, at the end of the first quarter, mortgage rates declined 90 basis points compared to a year earlier. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 3.51 percent in Q1 2020 from 4.37 percent in Q1 2019. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.20 percent for 2020.

# REALTOR® Price Expectations

**REALTOR® Price Expectations for the Next 12 Months**  
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Hawaii	U.S.	
2020 - Mar	0.0%	-0.5%	REALTORS® expect higher price growth in Hawaii than in the U.S. in the next 12 months but their price expectations for the local market remained at the same level as a year ago.
Prior 12 months	0.0%	2.4%	



## Geographic Coverage for this Report

The Honolulu area referred to in this report covers the geographic area of the Urban Honolulu metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Honolulu County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)