



RESIDENTIAL HOME SALES IN HAWAII
TRENDS AND CHARACTERISTICS

November 2015

**Research and Economic Analysis Division
Department of Business, Economic Development and Tourism**

STATE OF HAWAII

Data Source, Coverage, and Limitation

This report summarizes home sale activities in Hawaii recorded for the period from January 2008 to September 2015. The data source of this report is the home sale data from Title Guaranty. The home sale data from Title Guaranty was built based on the recorded conveyances from the Hawaii Bureau of Conveyances, and provides monthly summary of home sales by property location (25 sub-county areas) and by residency of buyer (country and state). The data includes both resales of existing homes and new developments, and both single family houses and condominiums.

Since the analysis in this report was based on monthly summary statistics and not on the microdata with individual records, only average price could be calculated. Compared to median price, average price tends to be more affected by extreme outlier figures.

The trend of average price in this report needs to be interpreted with cautions as breakdown by property type was not included in the analysis.

Since seller’s characteristics were not included in the database used for this report, no analysis could be done on the ownership, such as whether the ownership of local residents has increased or decreased over time.

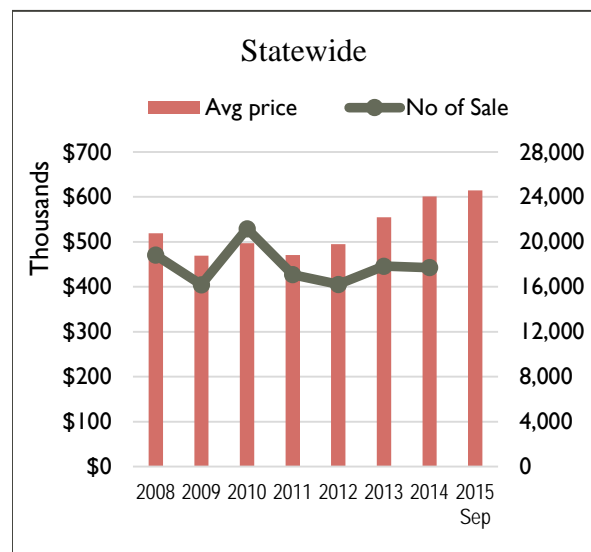
Overview

Figure 1 shows the total number of annual home sales in Hawaii from 2008 to 2014 and the average sale price from 2008 to September 2015. Average sale price is calculated simply by dividing the total sale amount by the total number of sales.

Total number of home sales in Hawaii didn’t show a particular upward or downward trend for the period of 2008 to 2014. The only outstanding trend in the number of sales during the period is that the number of sales in 2010 was about 20% higher than the sales in other years covered in this report.

Average sale price steadily increased since 2011 after a few years of year-to-year fluctuation. The average sale price of the first nine months in 2015 was \$614,778, which was 30.7% higher than the average sale price in 2011. A rapid price increase was observed particularly in 2013 and 2014. The average sale price in 2013 and 2014 was 12%, and 8.4% higher than the price in the prior year respectively.

Figure 1. Number of home sales and average sale price in Hawaii (statewide)



The same charts at county level in Figure 2 reveal that the 2010 hike in the number of sales was mostly due to the increase in sales in neighbor islands, especially in Hawaii county, in that year.

The four counties in Hawaii didn't share the same price trend over the years. While the average sale price in Hawaii County and Maui County increased by a large scale in 2013 - 2014 and the upward trend continued in 2015, the average sale price of homes in Honolulu County showed a decent increase in 2010 and 2014, but year-to-date through September price in 2015 was lower than the price observed in 2014. Since this data includes not only resales of existing homes but also sales of new developments, number of sales and average sale price tend to fluctuate more than those of resales-only, depending on the availability and price range of new sales.

Figure 2. Number of home sales and average sale price in Hawaii by county



Home Sales by Buyer's Residency

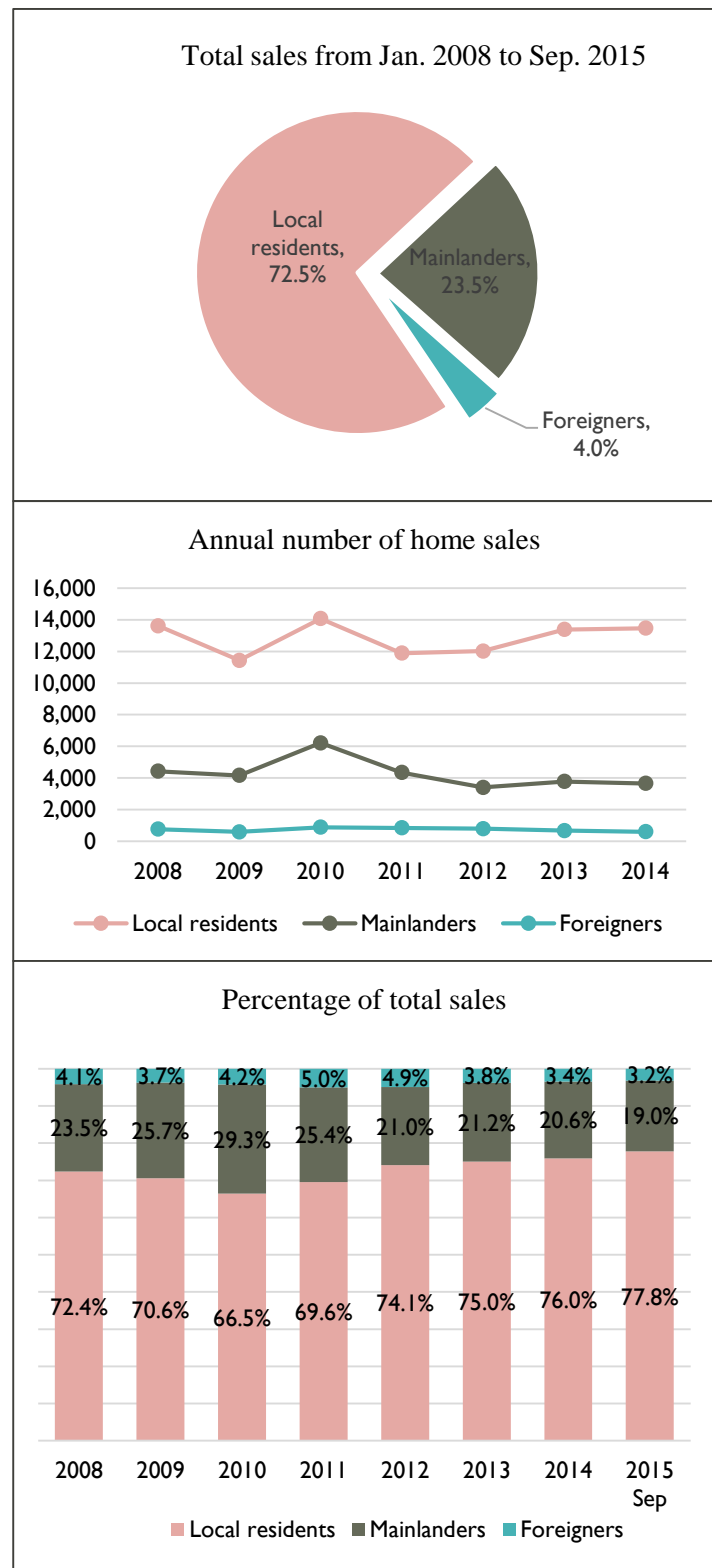
For the period of January 2008 to September 2015, a total of 139,998 homes were sold in Hawaii, representing 18,064 sales per year on average. Among those, 72.5% were sold to local buyers while 23.5% and 4.0% were sold to the buyers from the U.S. mainland and foreign countries respectively.

Number of sales increased in 2010 for all types of buyers. The number of sales to local buyers increased 12.4% from the 2008-2009 average. Purchases by mainlanders and foreigners increased much more, marking a 44.6% and 30.2% increase respectively compared to the 2008-2009 average.

The share of sales to local buyers has been high in recent years.

The trend of home sales for the years after 2010 varied by market. The sales to local buyers decreased by 15.5% in 2011 compared to the previous year, but gradually increased in the following years. However, the sales to mainlanders decreased in 2011 and 2012, and remained low until recently. The sales to foreign buyers also declined after 2011. As a result, the share of sales to local buyers has been high in recent years. In 2015, 77.8% of total sales through September was sold to local buyers, 11.3 percentage point higher than its share in 2010.

Figure 3. Number of home sales by buyer's residency

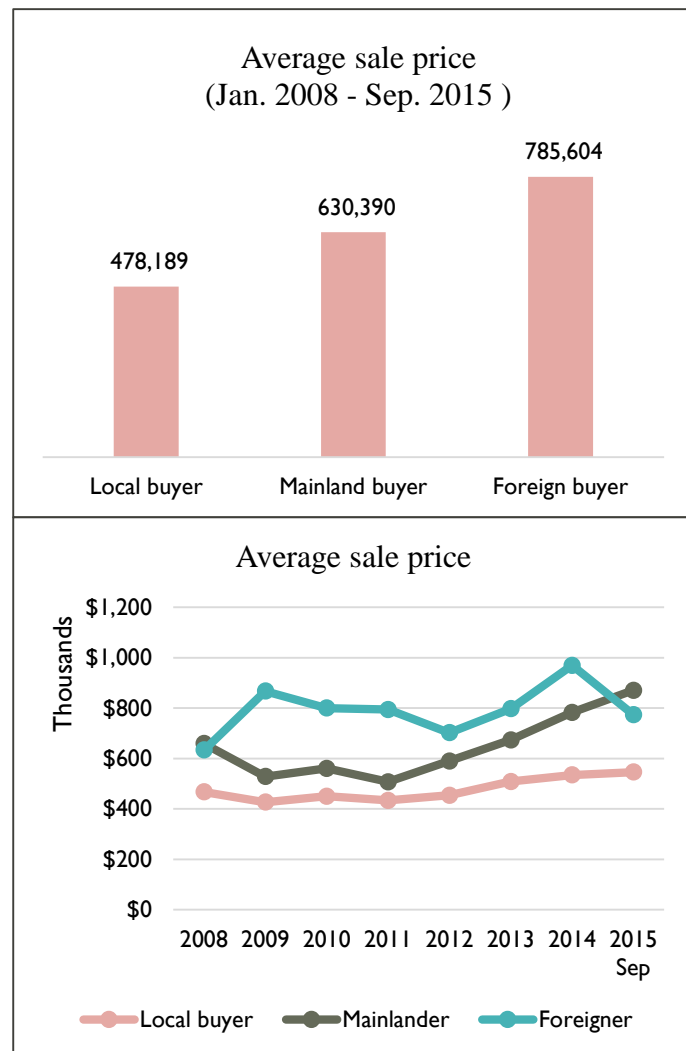


Homes that foreign buyers bought were 64% more expensive than what local residents bought

There were clear distinctions in the average price of homes that local residents, mainlanders, or foreigners bought. The average sale price was highest among foreign buyers. The average sale price of a total of 5,664 homes sold to foreign buyers from January 2008 to September 2015 was \$785,604, 24.6% higher than the average sale price to the mainlanders and 64.3% higher than the average sale price to the local buyers.

Average price of homes sold to mainland buyers has increased substantially since 2011. Compared with the price in 2011, the average sale price to mainlanders in 2015 (through September) was 71.5% higher. Although not as much as in the price for mainlanders, the average sale price to local buyers also has been showing a continuous increase since 2011.

Figure 4. Average sale price by buyer’s residency



Home Sale Characteristics by County

The composition of buyers varied substantially by the location of the property. Compared to the neighbor islands, the share of sales to local buyers was much higher in Honolulu County. 84.7% of total sales done in Honolulu County from January 2008 to September 2015 was sold to local buyers while a much smaller share, 53.2%, of total sales in the neighbor islands was sold to local buyers. Among the neighbor islands, Maui County had the lowest share of local buyers. In fact, the combined number of sales to mainlanders and foreigners in Maui County exceeded the number of sales to local buyers during the period.

The share of home sales to local buyers was much higher in Honolulu County

Figure 5. Number of sales and percentage of total sales by buyer's residency

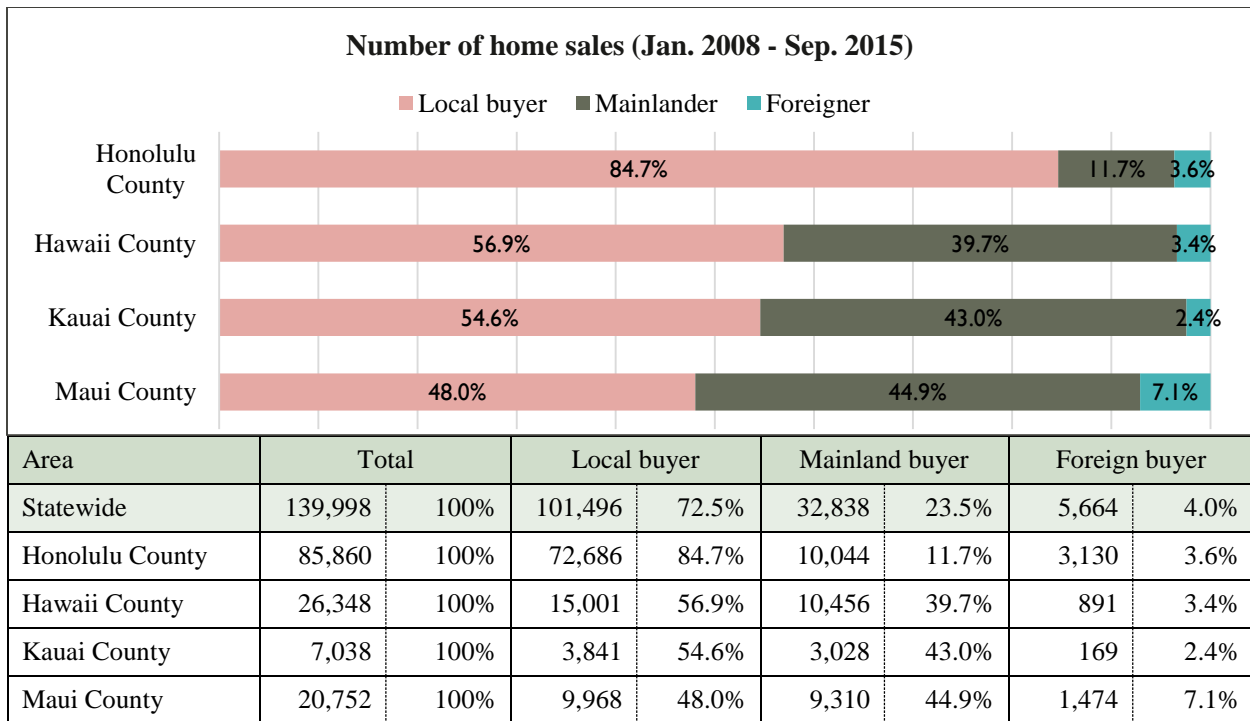
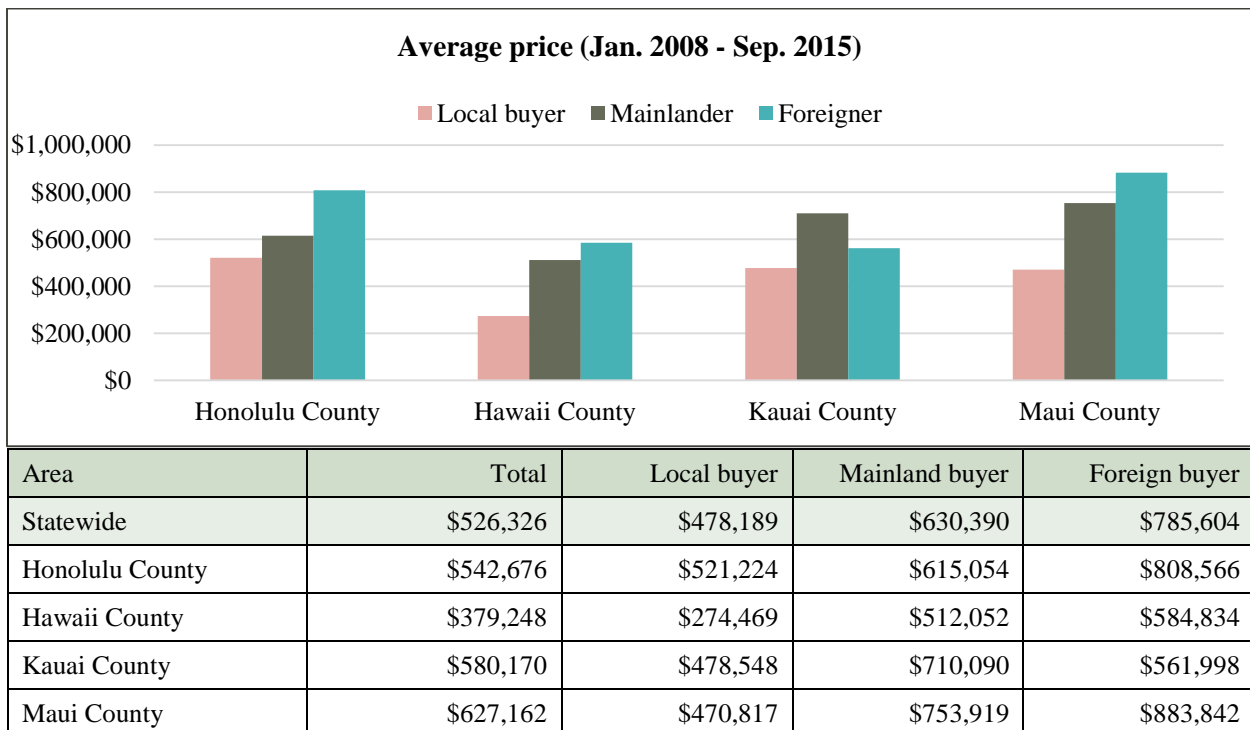


Figure 6. Average home sale price by buyer's residency



Home Sale Characteristics by Sub-County Area

Figure 7 shows the percentage of local residents, mainlanders, and foreigners in total home sales in each sub-county area from January 2008 to September 2015. In the Honolulu County, over 80% of home sales in all five areas was sold to local buyers. The composition of buyers in the neighbor islands, however, varied considerably by area. The areas with local buyers' share lower than 50% included the Westside area on Maui (28.7%), Southside area on Maui (34.3%), Hanalei area on Kauai (35.4%) and Kona area on Big Island (46.3%). Table 1 and 2 show detailed house sale information by residency of buyer for various areas in each county.

Figure 7. Composition of buyers by sub-county area (home sales from Jan. 2008 to Sep. 2015)



Table 1. Number of home sales by buyer and by sub-county area (Jan.2008-Sep.2015)

Area	Number of home sales							
	Total		Local buyer		Mainland buyer		Foreign buyer	
Statewide	139,998	100%	101,496	72.5%	32,838	23.5%	5,664	4.0%
Honolulu County	85,860	100%	72,686	84.7%	10,044	11.7%	3,130	3.6%
Central	15,283	100%	14,138	92.5%	1,087	7.1%	58	0.4%
Honolulu	43,267	100%	35,177	81.3%	5,327	12.3%	2,763	6.4%
Leeward	17,327	100%	14,990	86.5%	2,160	12.5%	177	1.0%
North Shore	870	100%	720	82.8%	145	16.7%	5	0.6%
Windward	9,113	100%	7,661	84.1%	1,325	14.5%	127	1.4%
Hawaii County	26,348	100%	15,001	56.9%	10,456	39.7%	891	3.4%
Hamakua	379	100%	244	64.4%	130	34.3%	5	1.3%
Hilo	3,254	100%	2,571	79.0%	655	20.1%	28	0.9%
Kau	1,432	100%	740	51.7%	671	46.9%	21	1.5%
Kohala Coast	7,456	100%	4,034	54.1%	3,007	40.3%	415	5.6%
Kona	6,315	100%	2,923	46.3%	3,155	50.0%	237	3.8%
North Kohala	627	100%	368	58.7%	245	39.1%	14	2.2%
Puna	6,885	100%	4,121	59.9%	2,593	37.7%	171	2.5%
Kauai County	7,038	100%	3,841	54.6%	3,028	43.0%	169	2.4%
Hanalei	1,545	100%	547	35.4%	953	61.7%	45	2.9%
Kawaihau	1,878	100%	1,095	58.3%	728	38.8%	55	2.9%
Koloa	1,804	100%	906	50.2%	848	47.0%	50	2.8%
Lihue	1,482	100%	1,040	70.2%	425	28.7%	17	1.1%
Waimea	329	100%	253	76.9%	74	22.5%	2	0.6%
Maui County	20,752	100%	9,968	48.0%	9,310	44.9%	1,474	7.1%
Central	2,771	100%	2,163	78.1%	587	21.2%	21	0.8%
East Maui	136	100%	75	55.1%	60	44.1%	1	0.7%
Lanai	269	100%	170	63.2%	92	34.2%	7	2.6%
Molokai	728	100%	386	53.0%	306	42.0%	36	4.9%
North Shore	662	100%	439	66.3%	203	30.7%	20	3.0%
Southside	5,937	100%	2,039	34.3%	3,120	52.6%	778	13.1%
Up Country	4,421	100%	3,024	68.4%	1,286	29.1%	111	2.5%
Westside	5,828	100%	1,672	28.7%	3,656	62.7%	500	8.6%

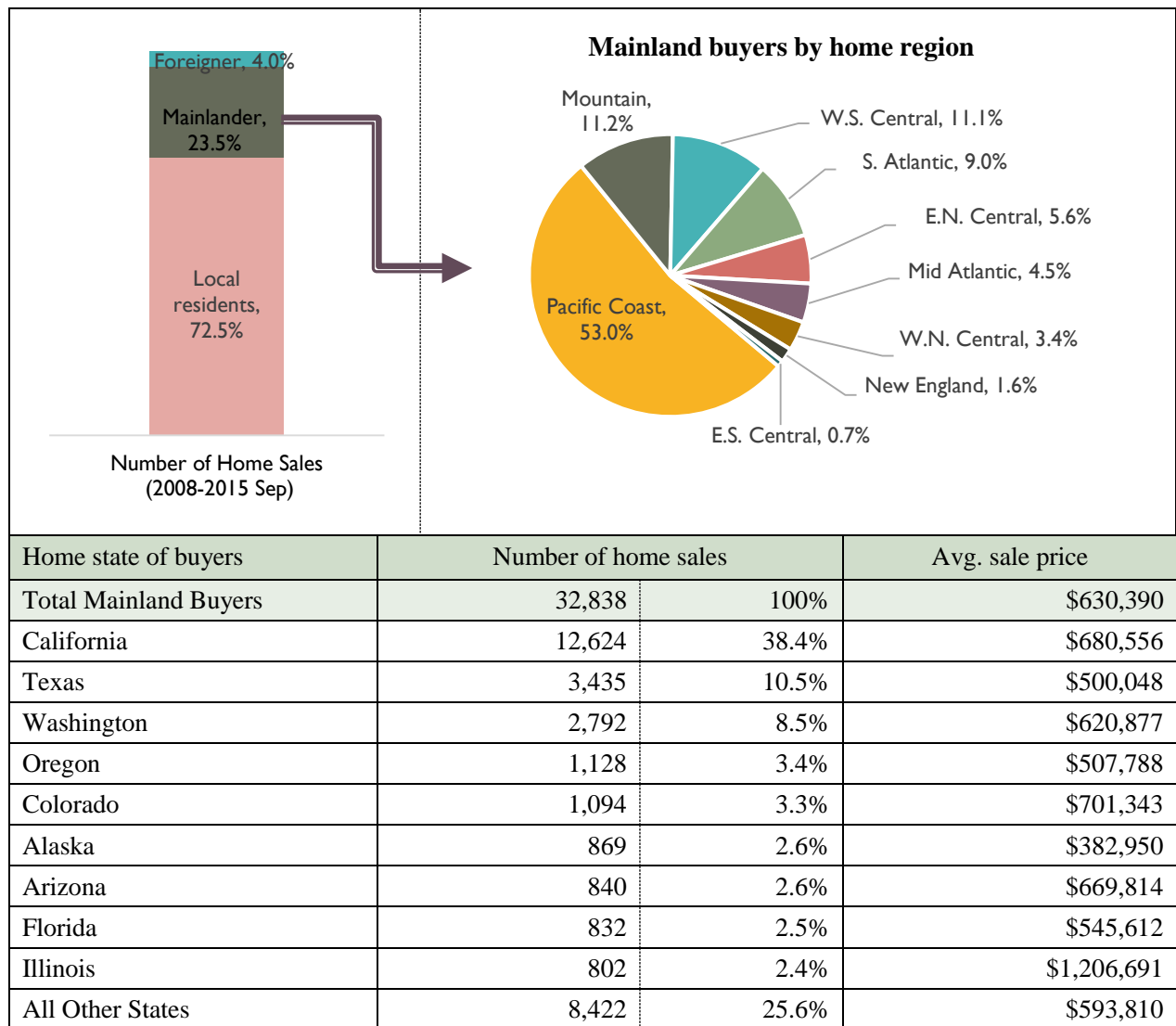
Table 2. Average sale price by buyer and by sub-county area (Jan. 2008 –Sep. 2015)

Area	Average sale price			
	Total	Local buyer	Mainland buyer	Foreign buyer
Statewide	\$526,326	\$478,189	\$630,390	\$785,604
Honolulu County	\$542,676	\$521,224	\$615,054	\$808,566
Central	\$412,629	\$412,176	\$422,022	\$346,983
Honolulu	\$586,029	\$560,710	\$627,727	\$827,985
Leeward	\$462,825	\$456,643	\$496,469	\$575,794
North Shore	\$665,737	\$582,650	\$1,074,885	\$765,000
Windward	\$695,014	\$661,754	\$865,460	\$923,019
Hawaii County	\$379,248	\$274,469	\$512,052	\$584,834
Hamakua	\$309,344	\$276,461	\$371,923	\$287,000
Hilo	\$278,777	\$263,513	\$337,609	\$304,081
Kau	\$142,340	\$154,730	\$131,342	\$57,133
Kohala Coast	\$672,085	\$365,923	\$1,048,597	\$919,999
Kona	\$393,793	\$369,301	\$413,666	\$431,298
North Kohala	\$577,800	\$502,680	\$684,317	\$688,321
Puna	\$131,309	\$125,523	\$142,884	\$95,231
Kauai County	\$580,170	\$478,548	\$710,090	\$561,998
Hanalei	\$868,843	\$635,857	\$1,007,796	\$758,184
Kawaihau	\$539,514	\$531,943	\$563,259	\$375,974
Koloa	\$613,899	\$491,901	\$736,642	\$742,801
Lihue	\$336,603	\$356,050	\$296,987	\$137,243
Waimea	\$368,832	\$363,080	\$388,904	\$353,767
Maui County	\$627,162	\$470,817	\$753,919	\$883,842
Central	\$374,741	\$368,953	\$394,710	\$412,797
East Maui	\$510,693	\$311,762	\$767,702	\$10,000
Lanai	\$667,784	\$440,487	\$1,010,355	\$1,685,500
Molokai	\$221,621	\$212,295	\$240,327	\$162,622
North Shore	\$635,335	\$546,057	\$831,790	\$600,953
Southside	\$780,456	\$543,480	\$905,422	\$900,379
Up Country	\$526,072	\$483,600	\$606,575	\$750,496
Westside	\$718,276	\$541,009	\$766,113	\$961,265

Characteristics of Mainland Buyers

A total of 32,838 homes in Hawaii were sold to U.S. mainlanders from January 2008 to September 2015, which was 23.5% of total home sales during the period. Over half of the sales was sold to buyers from four states in the Pacific Coast region: California, Washington, Oregon, and Alaska. California was the state where the largest number of buyers came from. From January 2008 to September 2015, 12,624 homes (average 1,629 homes per year) in Hawaii were sold to buyers from California. Other states where many buyers came from include Texas and Washington. During the same period, 3,435 homes (average 443 homes per year) in Hawaii were sold to buyers from Texas while another 2,792 homes (average 360 homes per year) in Hawaii were sold to buyers from Washington State.

Figure 8. Home sales in Hawaii to buyers from the U.S. Mainland (Jan. 2008- Sep. 2015)



Looking at home sales by county, Hawaii County was the one that attracted the most mainland buyers. About a third of home sales to the mainland buyers for the 2008-Sep. 2015 period took place in Hawaii County. Each of Kona, Kohala Coast, and Puna area in Hawaii County attracted 2,500-3,200 mainland buyers during the period.

Mainland buyers purchased most homes in Hawaii County

The sub-county area with the largest volume of sales to mainlanders, however, was Honolulu, accounting for 16.2 % of total home sales to mainlanders. 5,327 homes in Honolulu area were sold to mainlanders during the 2008-Sep. 2015 period (average 687 sales per year). The other popular areas to mainlanders during the period include the Westside area on Maui with 3,656 sales (11.1%), Kona area on Big Island with 3,155 sales (9.6%), and Southside area on Maui with 3,120 sales (9.5%).

Figure 9. Home sales to mainland buyers by county (Jan. 2008 – Sep. 2015)

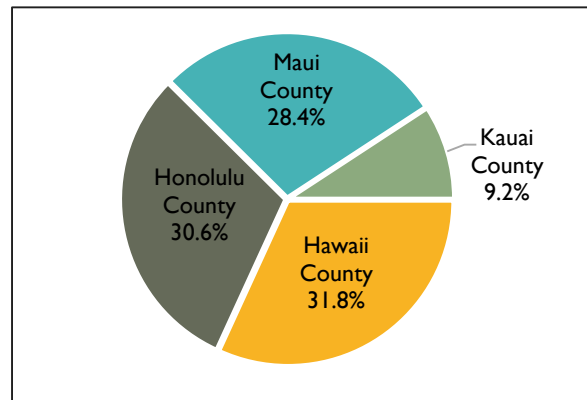


Table 3. Top ten most popular areas to mainland buyers (Jan. 2008 – Sep. 2015)

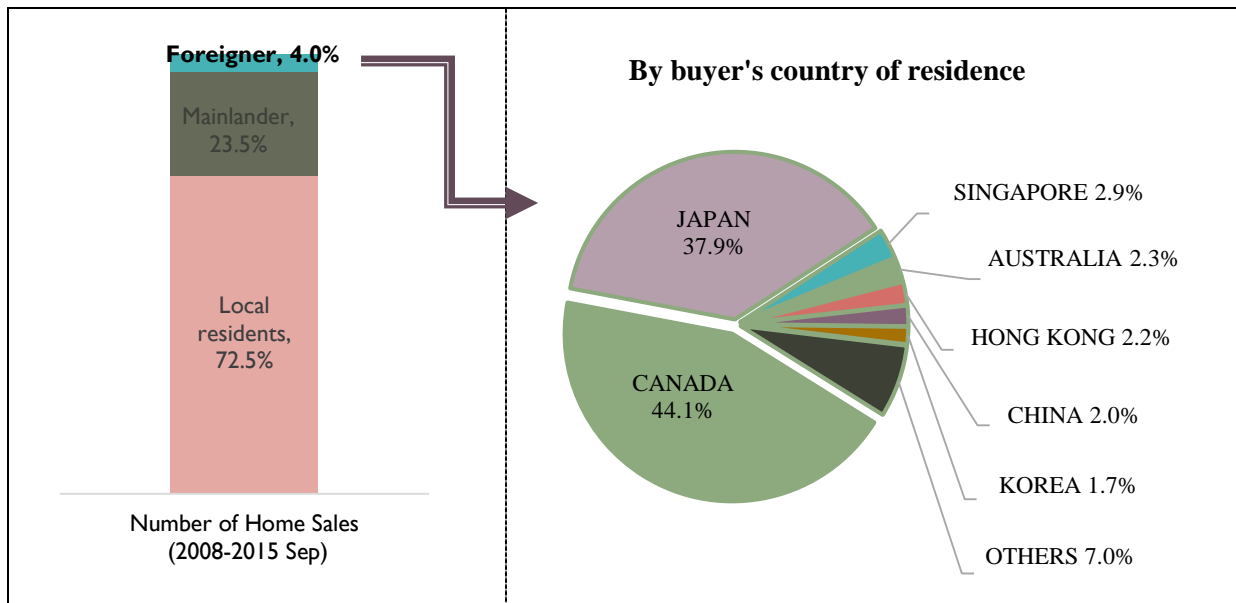
Area	Number of home sales		Avg. sale price
	Number	Share of total sales to mainlanders	
Honolulu County-Honolulu	5,327	16.2%	\$627,727
Maui County-Westside	3,656	11.1%	\$766,113
Hawaii County-Kona	3,155	9.6%	\$413,666
Maui County-Southside	3,120	9.5%	\$905,422
Hawaii County-Kohala Coast	3,007	9.2%	\$1,048,597
Hawaii County-Puna	2,593	7.9%	\$142,884
Honolulu County-Leeward	2,160	6.6%	\$496,469
Honolulu County-Windward	1,325	4.0%	\$865,460
Maui County-Up Country	1,286	3.9%	\$606,575
Honolulu County-Central	1,087	3.3%	\$422,022

Characteristics of Foreign Buyers

4% of home sales in Hawaii during the 2008 to Sep. 2015 period (total 5,664 sales for the period and average 731 sales per year) were to buyers from foreign countries. About 82% of sales to foreign buyers during the period were to buyers from two countries, Canada and Japan. The biggest demand came from Canada, comprising 44.1% of total sales to foreign buyers during the period. The second largest market was Japan, accounting for 37.9% of total sales to foreign buyers during the period. Other foreign countries that purchased more than 10 homes per year on average during the period include Singapore, Australia, Hong Kong, China and Korea.

More homes were sold to buyers from Canada than buyers from Japan

Figure 10. Home sales in Hawaii to foreign buyers (Jan. 2008 – Sep. 2015)



Home purchases by buyers from Hong Kong and China were generally more expensive than by buyers from other countries

Among seven countries where more than ten homes were sold per year on average, the average sale price was lowest among buyers from Canada at \$721,297, 17% lower than the average sale price that buyers from Japan paid. On the other hand, buyers from Hong Kong paid the highest average sale price at \$1.05 million, with China coming next at \$936,738.

Figure 11 shows the annual trend of home sales to foreign buyers by country of buyer's residence. Home purchases in Hawaii by buyers from Canada was very active between 2010 and 2012 when the exchange rate was favorable to them and the Hawaii housing market was in a slump. Interestingly, however, home purchases by buyers from Japan in Hawaii didn't seem to be influenced as much by exchange rate or housing market in Hawaii.

Figure 11. Number of sales and average sale price by buyer's country of residence
(Jan. 2008-Sep. 2015)

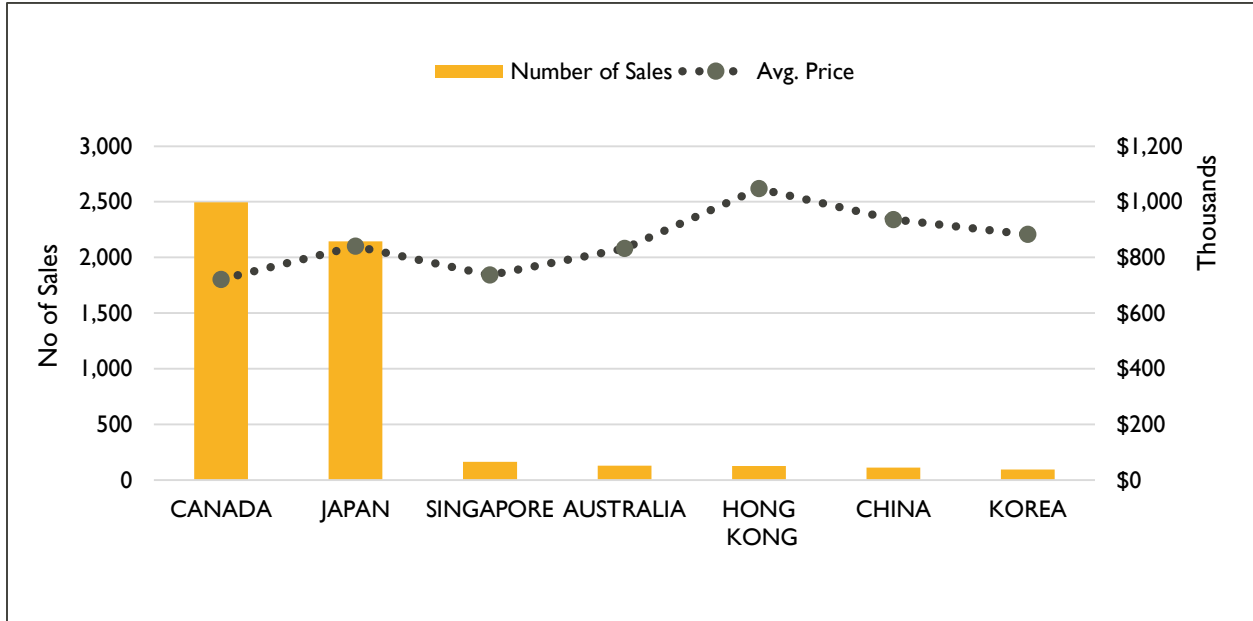
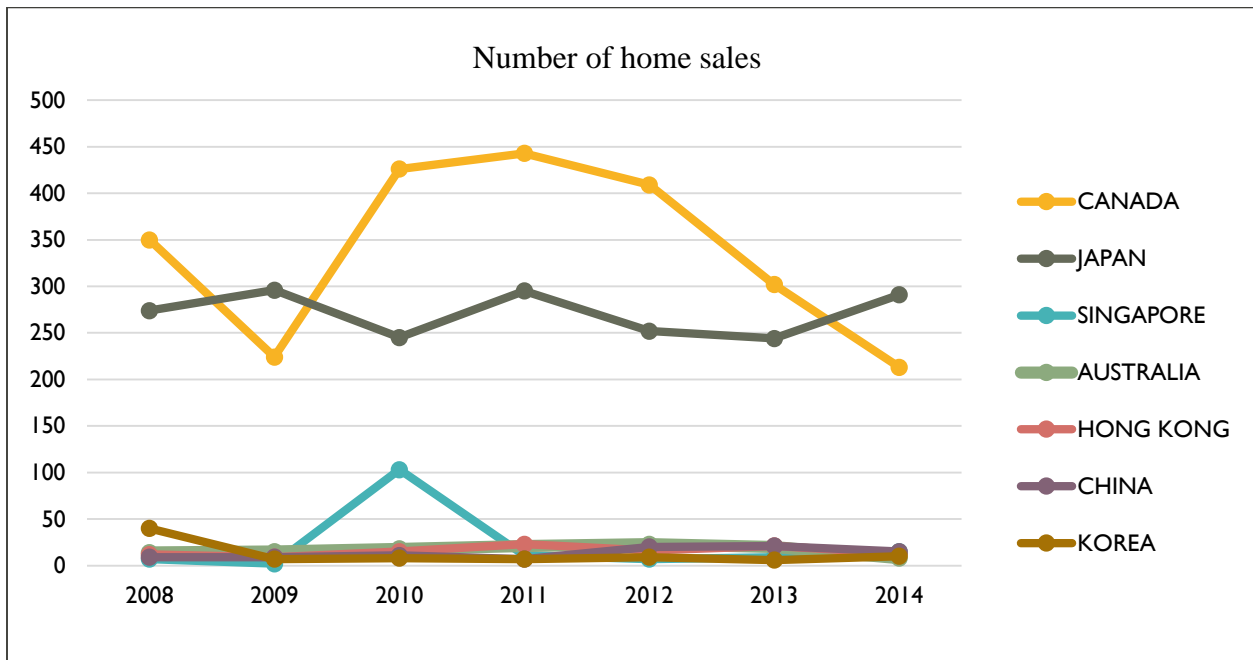


Figure 12. Annual trends of home sales to foreign buyers by buyer's country of residence



Unlike buyers from the mainland, the place where foreign buyers purchased most was Honolulu County. About 55% of total homes sold to foreign buyers during the 2008 to Sep. 2015 period were located in Honolulu County while another 26% were in Maui County.

The location of properties that foreign buyers bought varied significantly by home country of the buyer. Over half of the total 2,497 properties that buyers from Canada purchased during the period were located in Maui County (29.2% in Southside, 17.8% in Westside, and another 6.6% in the rest of Maui County).

Buyers from Singapore also preferred neighbor islands. About 60% of properties purchased by buyers from Singapore were in the Kohala Coast area in Hawaii County. In contrast, purchases by buyers from Japan, China, and Korea were highly concentrated in Honolulu County. The share of Honolulu County in the sales to buyers from Japan was high at 88.1% while its share in the sales to buyers from China and Korea were even higher at 91.1% and 96.8% respectively.

Figure 13. Home sales to foreign buyers by county (Jan. 2008 – Sep. 2015)

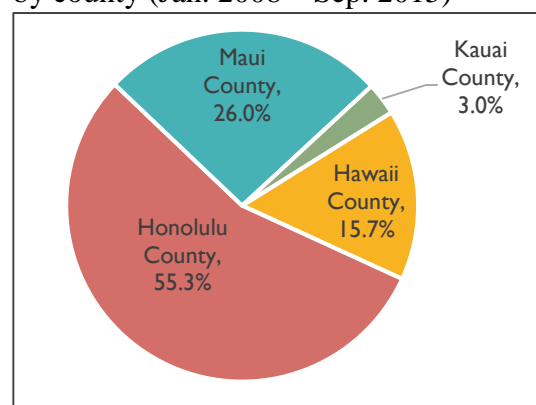


Table 4. Home sales to foreign buyers by county and by buyer's country of residence (Jan. 2008 – Sep. 2015)

Home country	Variable	Location of property				
		Statewide	Honolulu County	Hawaii County	Maui County	Kauai County
Canada	No of sales	2,497 (100%)	22.6%	18.7%	53.5%	5.1%
	Avg. value	\$721,297	\$470,213	\$648,501	\$868,162	\$560,444
Japan	No of sales	2,144 (100%)	88.1%	9.9%	1.6%	0.4%
	Avg. value	\$840,344	\$865,329	\$602,853	\$968,467	\$673,663
Singapore	No of sales	164 (100%)	33.5%	60.4%	4.9%	1.2%
	Avg. value	\$737,015	\$1,800,572	\$59,263	\$1,755,867	\$962,500
Australia	No of sales	129 (100%)	62.0%	16.3%	16.3%	5.4%
	Avg. value	\$832,429	\$942,348	\$1,004,613	\$320,488	\$595,486
Hong Kong	No of sales	126 (100%)	79.4%	12.7%	5.6%	2.4%
	Avg. value	\$1,047,457	\$1,019,246	\$824,750	\$2,226,216	\$425,173
China	No of sales	112 (100%)	91.1%	5.4%	0.9%	2.7%
	Avg. value	\$936,738	\$971,960	\$546,629	\$550,000	\$648,333
Korea	No of sales	95 (100%)	96.8%	2.1%	1.1%	0%
	Avg. value	\$882,894	\$903,826	\$11,500	\$700,000	-