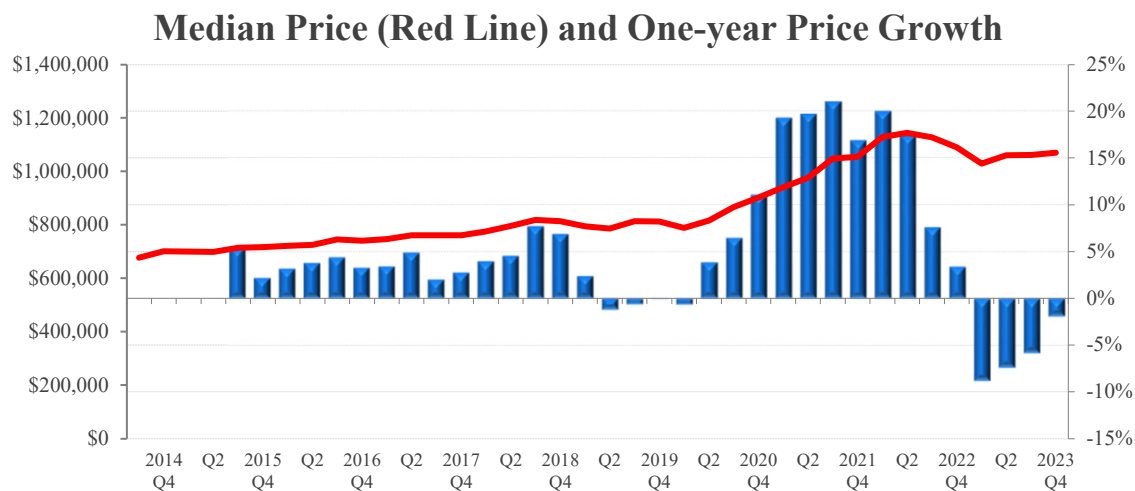


## Urban Honolulu Area

### Local Market Report, Fourth Quarter 2023

## Today's Market...



Local Price Trends			
Price Activity	Honolulu	U.S.	Local Trend
Current Median Home Price (2023 Q4)	\$1,069,400	\$387,300	Prices are still down from a year ago, but the trend is improving
1-year (4-quarter) Appreciation (2023 Q4)	-1.9%	3.9%	
3-year (12-quarter) Appreciation (2023 Q4)	18.5%	24.5%	
3-year (12-quarter) Housing Equity Gain*	\$166,900	\$76,300	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$329,200	\$153,367	
9-year (36 quarters) Housing Equity Gain*	\$368,100	\$179,667	

\*Note: Equity gain reflects price appreciation only

	Honolulu	U.S.	
Conforming Loan Limit**	\$1,149,825	\$1,149,825	Not all buyers have access to government-backed financing in this market
FHA Loan Limit	\$779,700	\$1,149,825	
Local Median to Conforming Limit Ratio	93%	not comparable	

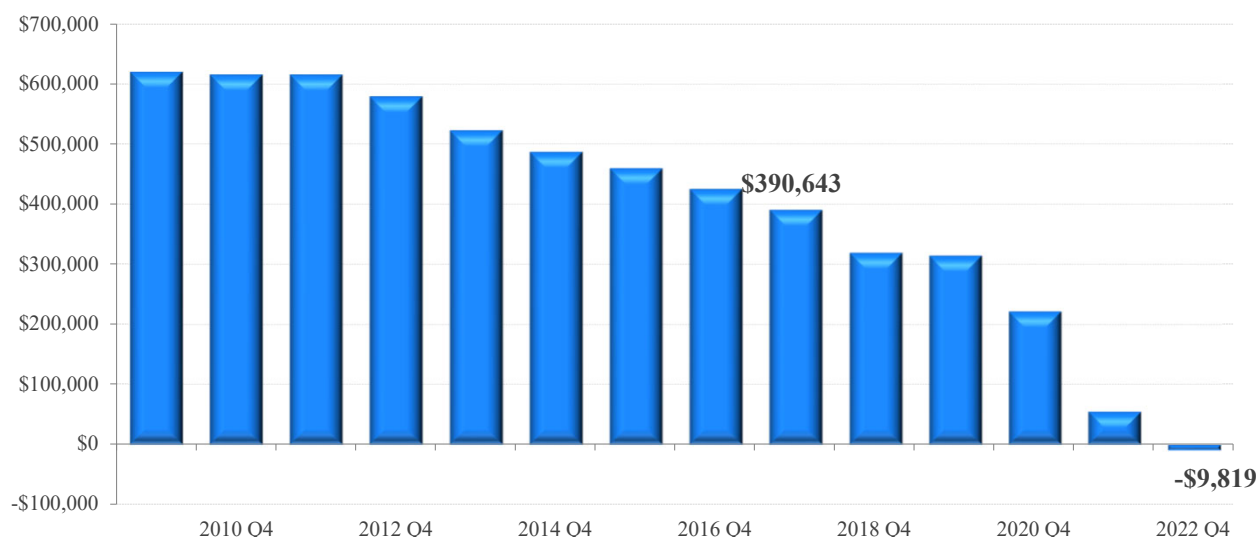
Note: limits are current and include the changes made on January 1st 2024.

#### 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 2024 NAR Regional Vice President representing region 13 is Jennifer Branchini.

## Benefits of Ownership: Total Equity Appreciation

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



**Total Equity Gained\*\* through 2023 Q4 from quarter in which home was of purchased**

Price Activity	Honolulu	U.S.	Local Trend
1-year (4-quarter)	\$9,819	\$18,387	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)*	\$221,624	\$95,158	
5-year (20-quarter)*	\$319,406	\$151,356	
7-year (28 quarters)*	\$425,433	\$183,780	
9-year (36 quarters)*	\$487,698	\$215,076	

\*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

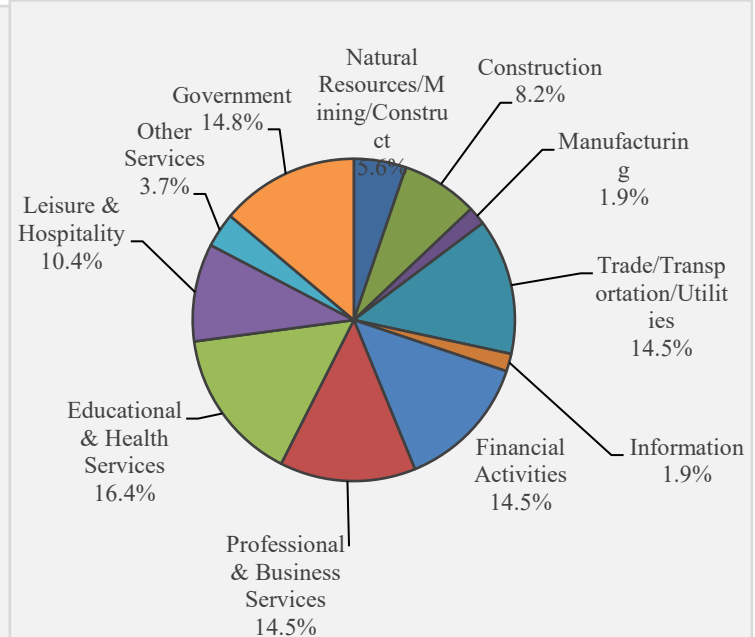
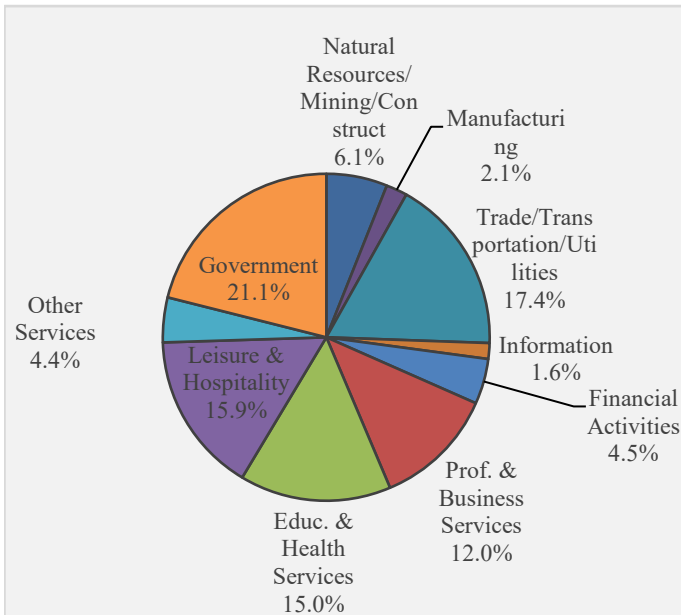
# Drivers of Local Supply and Demand...

Local Economic Outlook	Honolulu	U.S.	
12-month Job Change (Dec)	5,700	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Nov)	4,400	Not Comparable	
36-month Job Change (Dec)	54,400	Not Comparable	Unemployment in Honolulu is better than the national average and improving
Current Unemployment Rate (Dec)	2.5%	3.7%	
Year-ago Unemployment Rate	3.4%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.2%	2.3%	

## Share of Total Employment by Industry

Urban Honolulu Area

U.S.



### 12-month Employment Change by Industry (Dec - 2023)

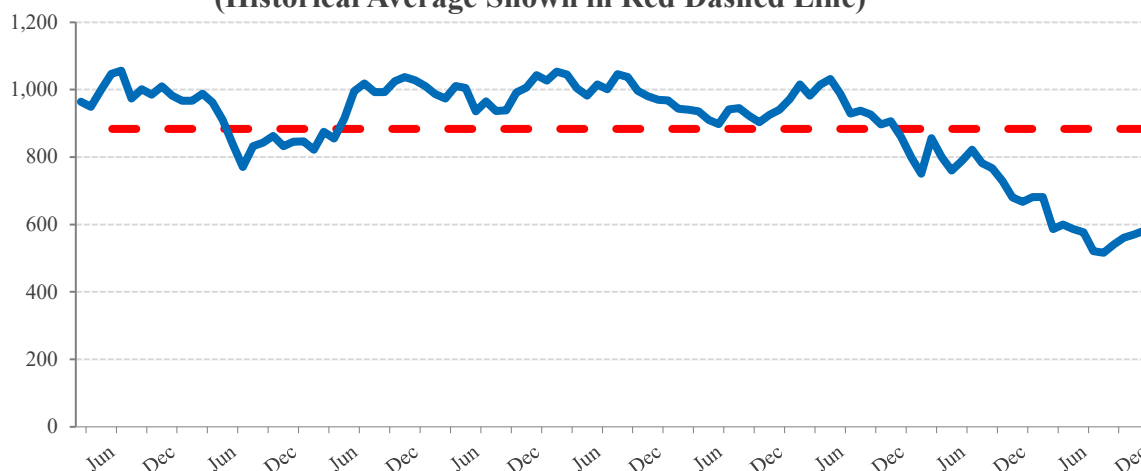
Goods Producing	NA	Information	-100
Natural Resources/Mining/Construction	-200	Financial Activities	-900
Natural Resources and Mining	NA	Prof. & Business Services	200
Construction	NA	Educ. & Health Services	2,100
Manufacturing	300	Leisure & Hospitality	2,000
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	-1,300	Government	2,200

State Economic Activity Index	Hawaii	U.S.	
12-month change (2023 - Dec)	3.5%	3.0%	Hawaii's economy is stronger than the nation's, but slowed from last month's 3.46% change
36-month change (2023 - Dec)	25.9%	14.3%	

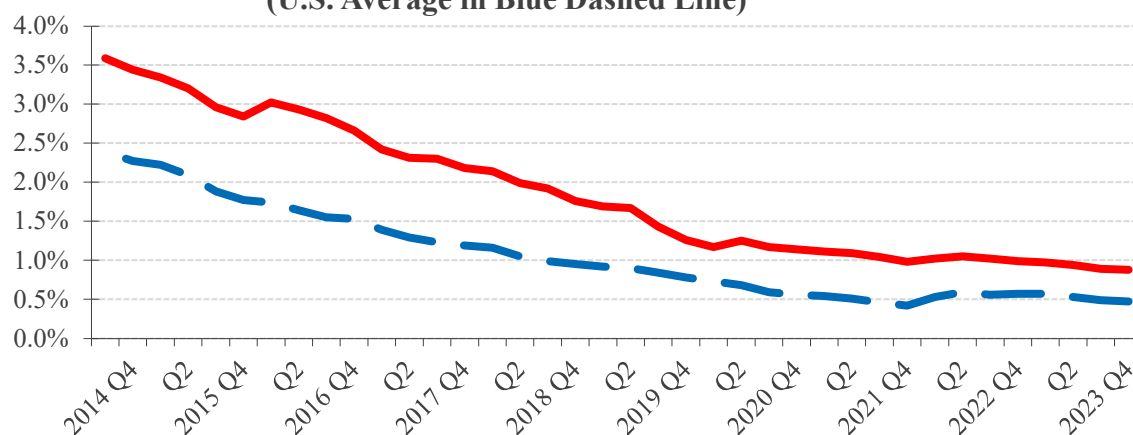
## New Housing Construction

Local Fundamentals	Honolulu	U.S.	
12-month Sum of 1-unit Building Permits through Dec	582	not comparable	The current level of construction is 34.1% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	884	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Dec) 12-month sum vs. a year ago	-12.7%	-6.1%	Construction is down from last year, but appears to have bottomed.

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

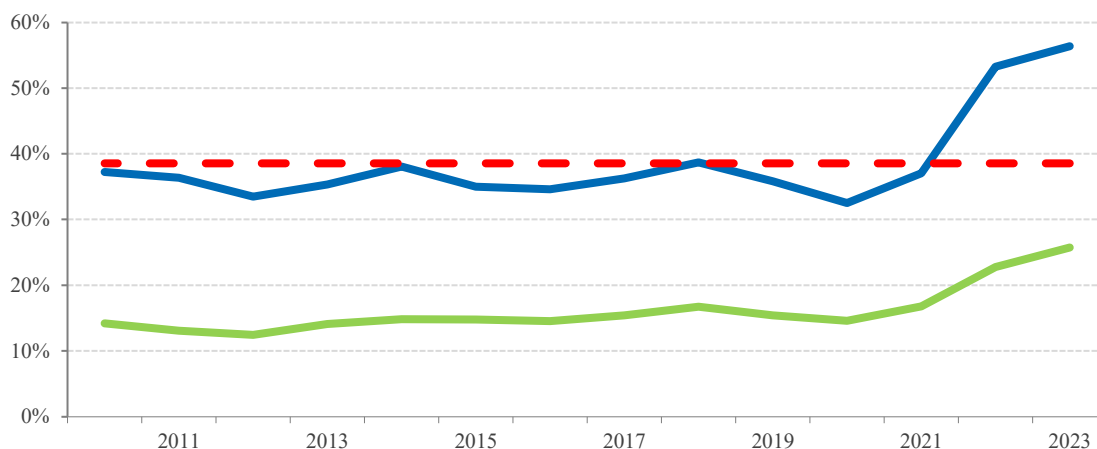


**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



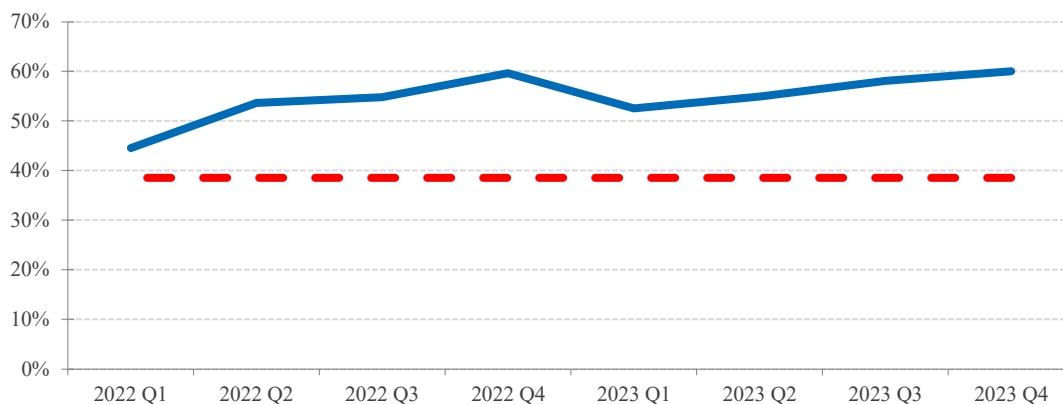
# Affordability

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

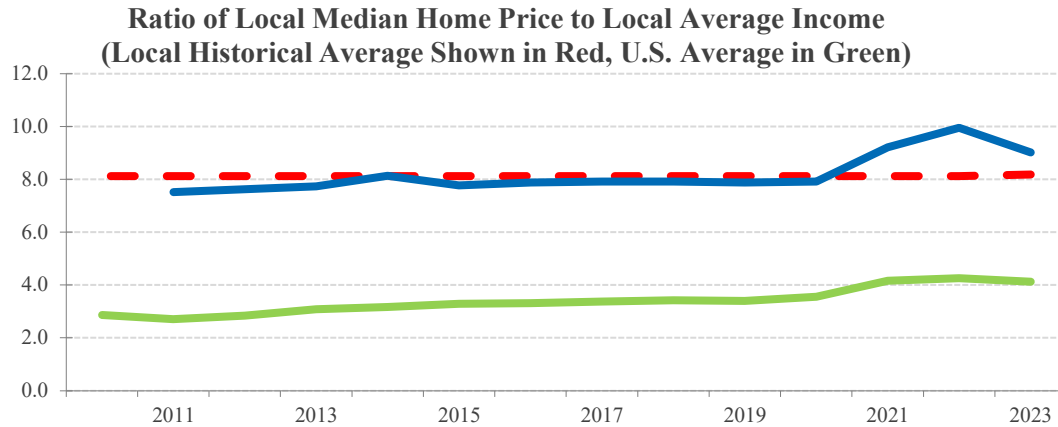


Monthly Mortgage Payment to Income	Honolulu	U.S.	
Ratio for 2023	56.4%	25.8%	Weak by local standards and could weigh on demand
Ratio for 2023 Q4	60.0%	25.5%	
Historical Average	38.6%	17.0%	Weaker affordability than most markets

**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 2023	9.0	4.1	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2023 Q4	9.1	3.9	
Historical Average	8.2	3.4	Less affordable than most markets



## The Mortgage Market



Throughout much of the final quarter of the year, mortgage rates remained elevated near 7.5 percent. According to the mortgage provider Freddie Mac, the 30-year fixed mortgage rate rose to 7.3 percent in the fourth quarter of 2023 from 6.7 percent the previous year. Nevertheless, rates fell below 7 percent at the end of year as the Federal Reserve continued to halt its interest rates hikes. With lower interest rates on the horizon, mortgage rates are expected to continue their downward trend in 2024, thereby enhancing affordability for potential homebuyers.

NAR forecasts the 30-year fixed mortgage rate to average 6.8 percent in the first quarter of 2024, with a further decline expected to bring them below 6.6% by the end of the first half.

## 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/)

