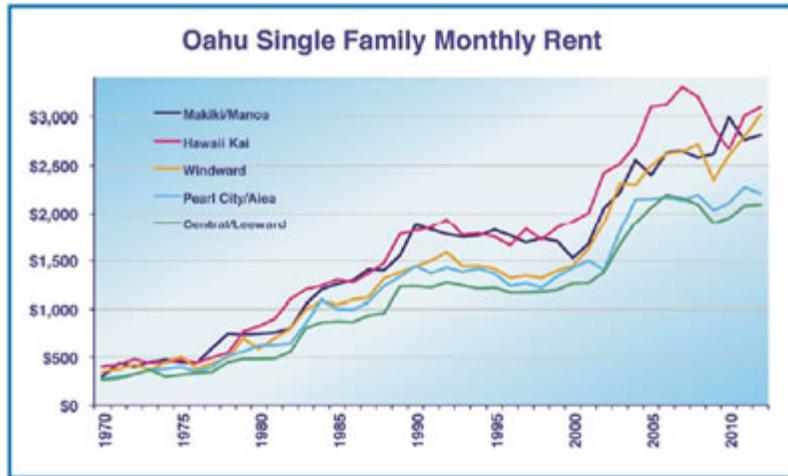


## Average rent in Hawaii doubling every 20 years



BY LISA SCONTRAS

Are you part of the would-have, could-have, should-have crowd?

The median price of a single-family home on Oahu today is \$625,000. Ten years ago it was \$335,000.

If you are still watching and waiting for the right time to jump into the real estate market, consider this:

An analysis of the local rental market shows a similar upward track – averaging roughly \$1,000 per month rent for a single-family home in 1985, around \$1,500 per month in 1995 and well over \$2,300 per month today. Are you prepared for the prospect of your rent doubling every 20 years? Or might it make more sense to lock in a mortgage payment now for the next 30 years?

“Some people rent because they are ‘waiting for prices to fall’ or to ‘see what the market is going to do,’ or they just don’t think they can,” says Carl P. Worthy, a sales trainer and coach at Prudential Locations LLC.

But they may not realize all the money they’re throwing away while they wait. Worthy estimates the typical renter spends \$18,000 a year – that’s \$1,500 a month – on rent.

“Home prices would have to drop \$18,000 a year just for you to break even,” he says. “And what if they don’t go down? What if they go up?”

When you consider our historically low mortgage interest rates and the tax advantages of homeowner-ship, it doesn’t pay to wait – or continue renting.

“Regardless of whether you rent or buy, you’re going to pay a mortgage,” adds Worthy. “Whose mortgage do you want to pay, yours or your landlord’s?”

Both the landlord and the tenant pay for a property. The difference is, a renter does not get any of the benefits of owning. A renter is not building equity – the landlord is. A renter is not getting any of the tax benefits – the landlord is. After years of making payments, a renter does not own anything – the landlord does.

The National Low Income Housing Coalition calculates that Hawaii's fair market rental amount is \$1,647 for the average two-bedroom rental, ranking Hawaii as having the most expensive rentals in the country.

"Most people don't realize that if they can afford to rent in Hawaii, they can probably afford to buy," says Worthy. "The tax savings inherent in ownership will help you make your mortgage payment."

With interest rates so low, typical rent payments are as close as ever to equaling a typical mortgage payment. In many cases, your loan payment may be lower than what you pay in rent – especially once the tax benefits are considered, says Worthy. There are even mortgage programs that are aimed at helping the first time homebuyer.

According to the Home-ownership Alliance, 10 million Americans will enter the housing market by 2013. Still, some renters will be shut out due to rising prices, an uptick in interest rates or their lack of understanding of the benefits of homeownership.

Worthy says the general public is often misinformed, or they may not have the most accurate or up-to-date information.

"For example, many people still think the market is weak," he explains. "When the truth is that homes on Oahu are selling as fast as they did at the height of the market in 2005, and inventory levels are also as low as 2005."

If locking in a fixed monthly payment, the ability to build equity when property values increase and the tax benefits don't convince you, then Worthy suggests you consider the security of knowing you can live in a home you own for as long as you want – no one will ever ask you to leave. It's not uncommon for a renter to find the home of their dreams, only to be forced to leave at some point due to a landlord's deciding to sell the property, or for any number of other reasons.

"If you are a first-time homebuyer, find out what you qualify for," says Worthy. "You'll be glad you did."