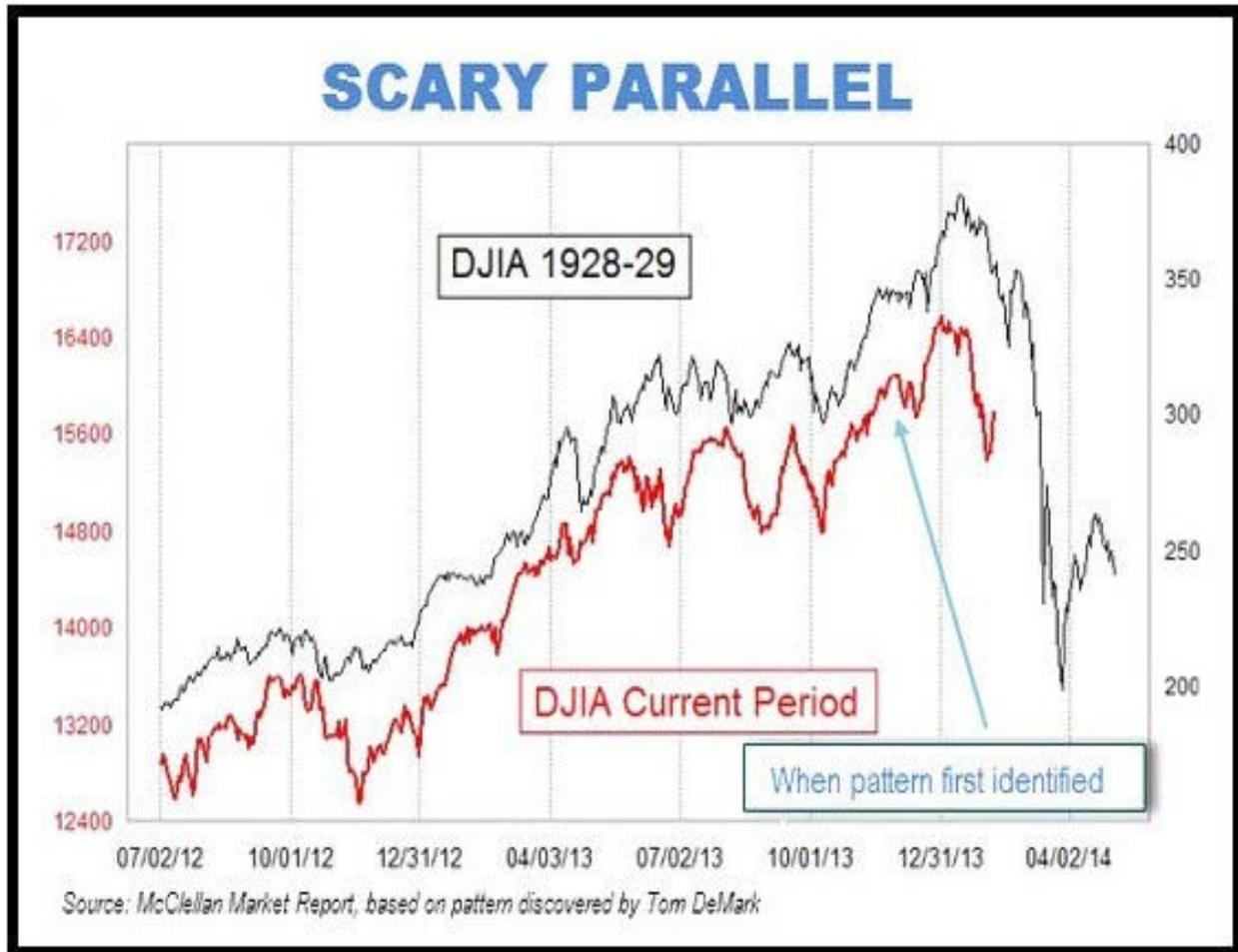
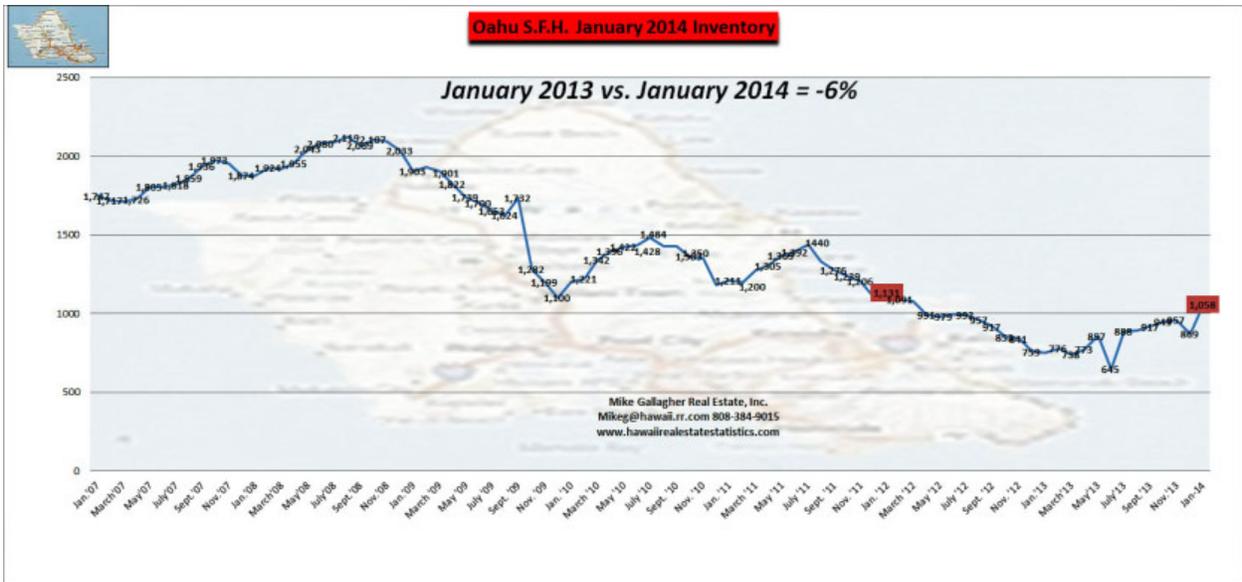


## Hawaii's Real Estate Market 2014 Boom or Bust?

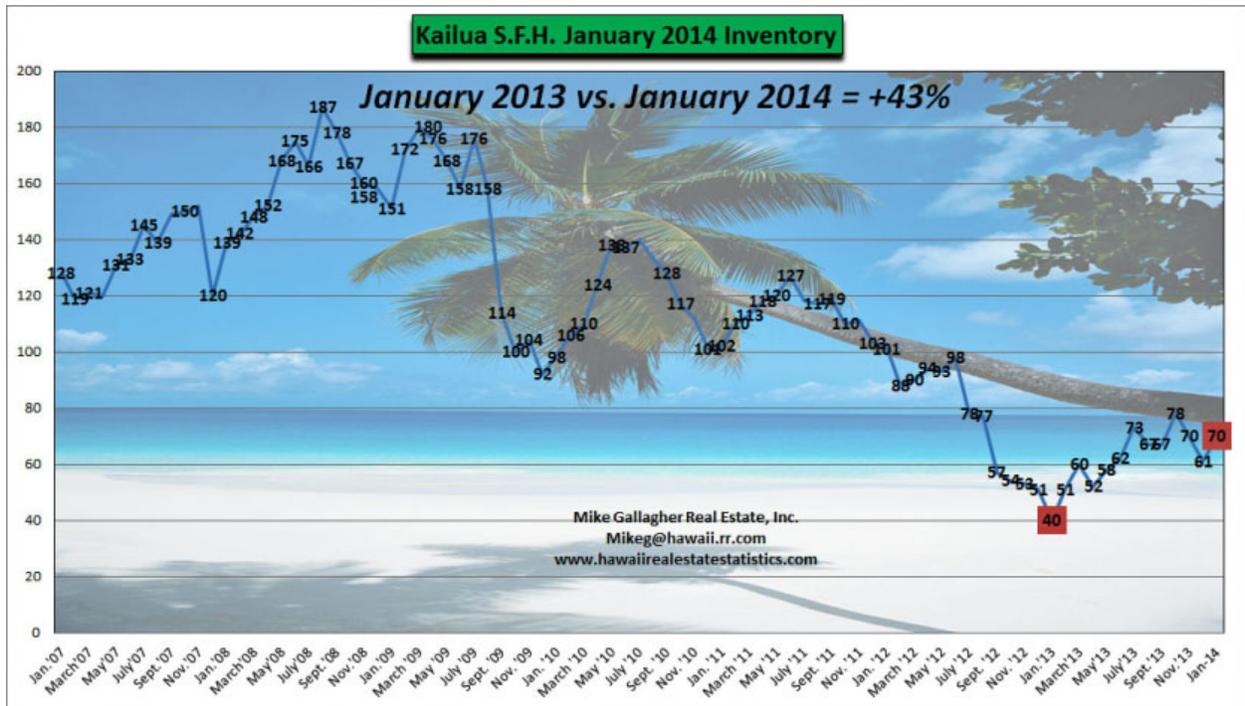


You may wonder what the above graph has to do with Hawaii Real Estate this year. Well, actually it has a whole lot to do with Hawaii Real Estate as our Islands are susceptible to the World's economic fortunes and misfortunes.

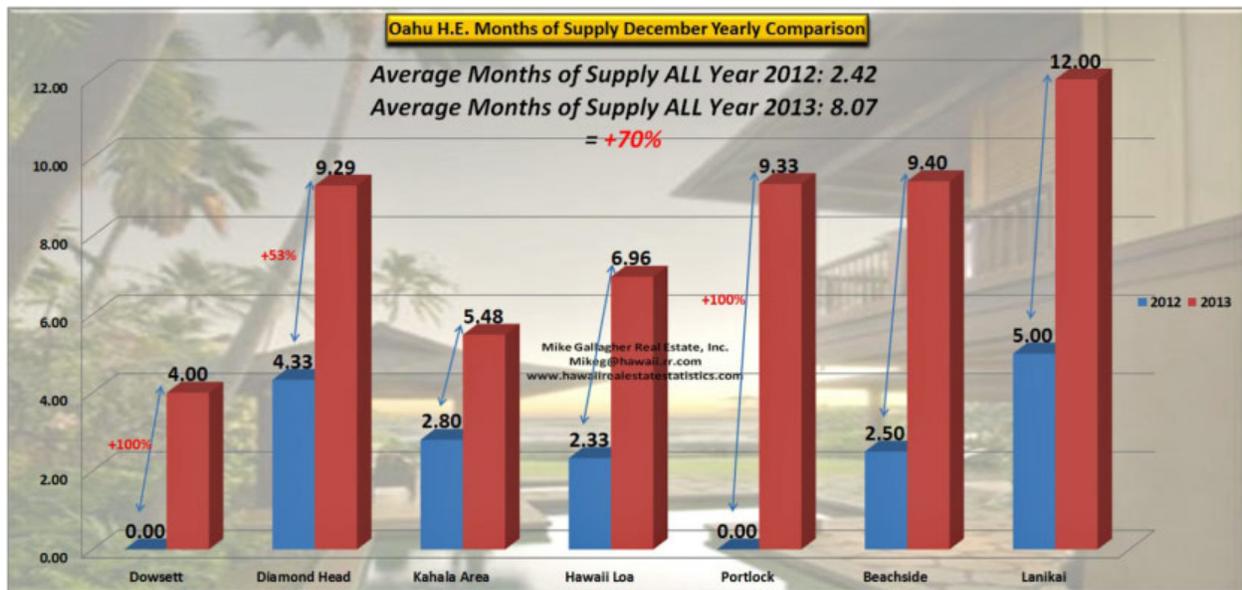
I came across this graph the other day while doing some research into the U.S. Economy and honestly, it disturbed me. I was also able to link this information to another disturbing trend I have been witnessing in Hawaii Real Estate recently.



The incredible rise in inventory of Single Family Homes For Sale this month was plus eight-teen percent increase over the inventory level in December 2013. Although the current inventory of Single Family Homes is still well below the levels of earlier years, it is the increase that concerns me.



The next question I had for myself was where was this increase coming from?



Every quarter I produce a report upon what is happening in what I term as “The High End Market.” These are the top selling “High End” neighborhoods on Oahu as shown in the graph above. Again, note the inventory rise. Please note that this is not just a huge amount of inventory rise but this graph is depicting the current status of Months of Inventory or demand versus inventory.

M.O.S. or Months of Supply is calculated by inventory divided by the average unit sales. When we look at this graph you have to realize this not simply inventory but inventory subject to the current average sold rate. This is what really concerns me: “Where are the all “The High End” sellers going? Why are they cashing out now? What do they know we do not?”

I have not been inclined to check if the same thing is happening for Oahu’s High End Condos as I just have not wanted to add anymore work on that I already have. However, I have started the High End Condo market this year and I am concentrating upon Kakaako and we all know why, because all of our politicians and now pandering the developers to turn Kakaako into Hong Kong. Do not even think you are going to have a say in this as they are going to shake their collective heads up and down in agreement and then they are going to vote for more development. Money talks and campaign funds are needed. After all, is that not why they are in office? No?

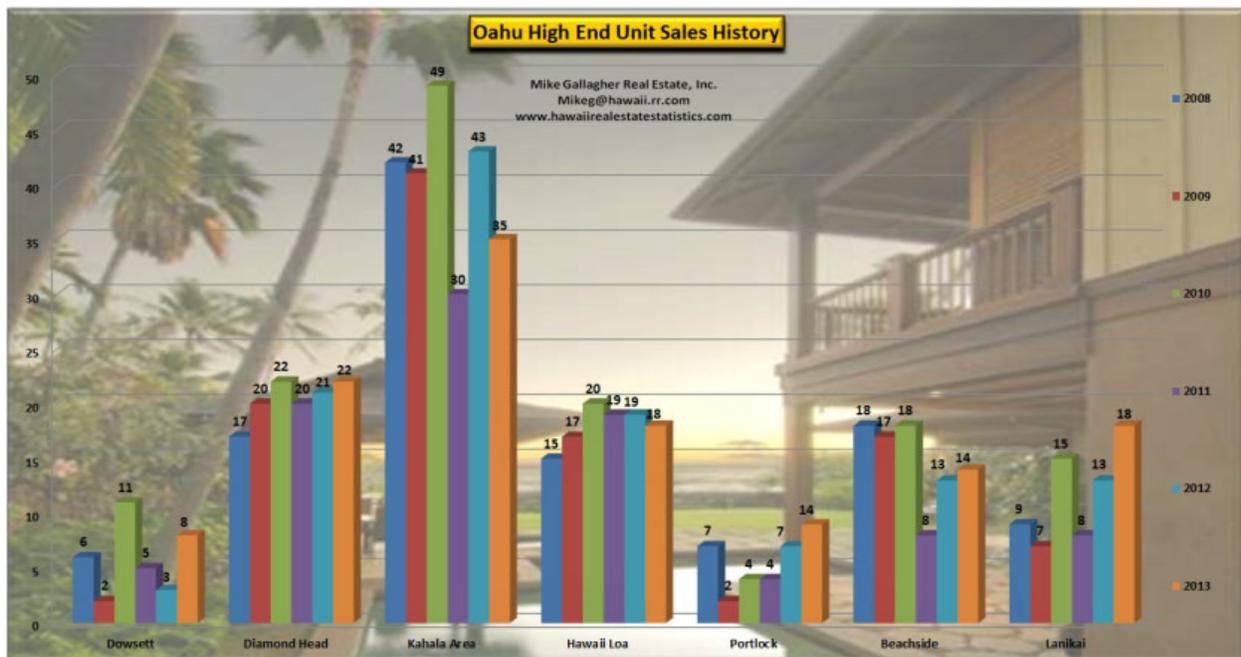
Some say the worst is yet to come in the economy, some say the worst is behind us. For more on this I suggest reading this article:

<http://www.moneynews.com/MKTNews/Massive-wealth-destruction-economy/2013/06/20/id/511043>

If you take the time to read the article and I strongly urge you do, you will also see that there are some things we can do to try and avoid what they are suggesting might happen such as curbing the National debt, forgoing the policies of stimulating the economy by infusing the economy with cash we do not have or continuing growing the size of our Government.

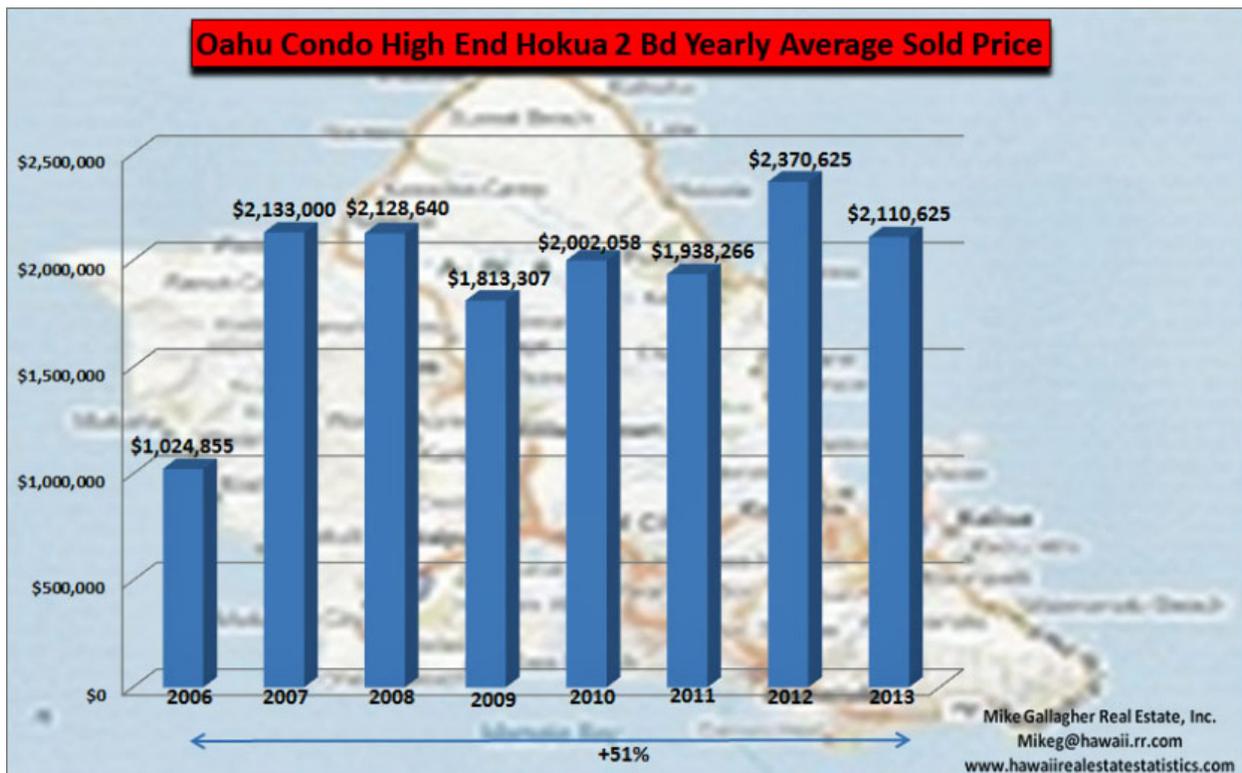
A great deal of the article concerns predictions by Robert Wiedemer, author of "After Shock", who accurately predicted the Housing Market Crash. Yes, just another opinion but a topic well worth our time to pay serious attention to.

Just why are Honolulu properties selling like crazy?



In most of the neighborhoods the peak in unit sales occurred in year 2010 and in the next two years, unit sales decreased.

However, this is not the whole picture:



I came across this interesting bit of statistics the other day while wrapping up a report on the Hokua Luxury Condo Building in Honolulu. Amazing. In all of my years as a Real Estate Agent I have never seen anything like this appreciation.

Apparently, if we keep building them they will keep coming. No wonder the State and City Council are approving any developer's plans for additional High Rises, especially in Kakaako as this is going to tremendously increase the taxes collected not to mention the Campaign Funding.

Infrastructure? 'We don't need no stinking infrastructure!' 'We want more tax dollars, a train built on the backs of hard working families of Hawaii to take tourists and gamblers to the new Resort Casinos in West Oahu.' 'That's what we want!' Yea.

That being said because I want to make a point concerning the lack of leadership in our community for our current elected officials, we are headed as a State into a whole new direction in housing. We are the premier destination of those with money who want to not only invest in Hawaii Real

Estate but also retire here. This will continue to be true long after I am gone from here and our children's, children will be living in a whole new World. Call it Hon-Kong.



Money talks and there is plenty of it as Foreign Nationals seek to remove their wealth under unfavorable conditions in countries such as China, Korea and parts of Europe and invest their money here in Honolulu.

This is all good and fine and I for one am very happy to see the progress we are making towards what could amount to a fortune in tax revenues for the City & County and State coffers that should also provide residents with more opportunities to monetarily gain from the arrival of these investments.

**EAT THE RICH**



# Civilian Labor Force Participation Rate

Data Source: U.S. Department of Labor:  
Bureau of Labor Statistics



Shaded areas indicate U.S. recessions

© 2014 Lombardi Publishing Corp.

CHANGE METRIC:

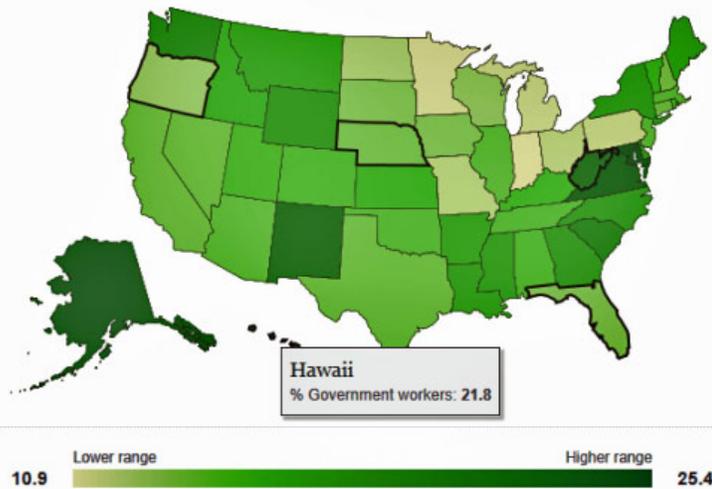
## % Government workers

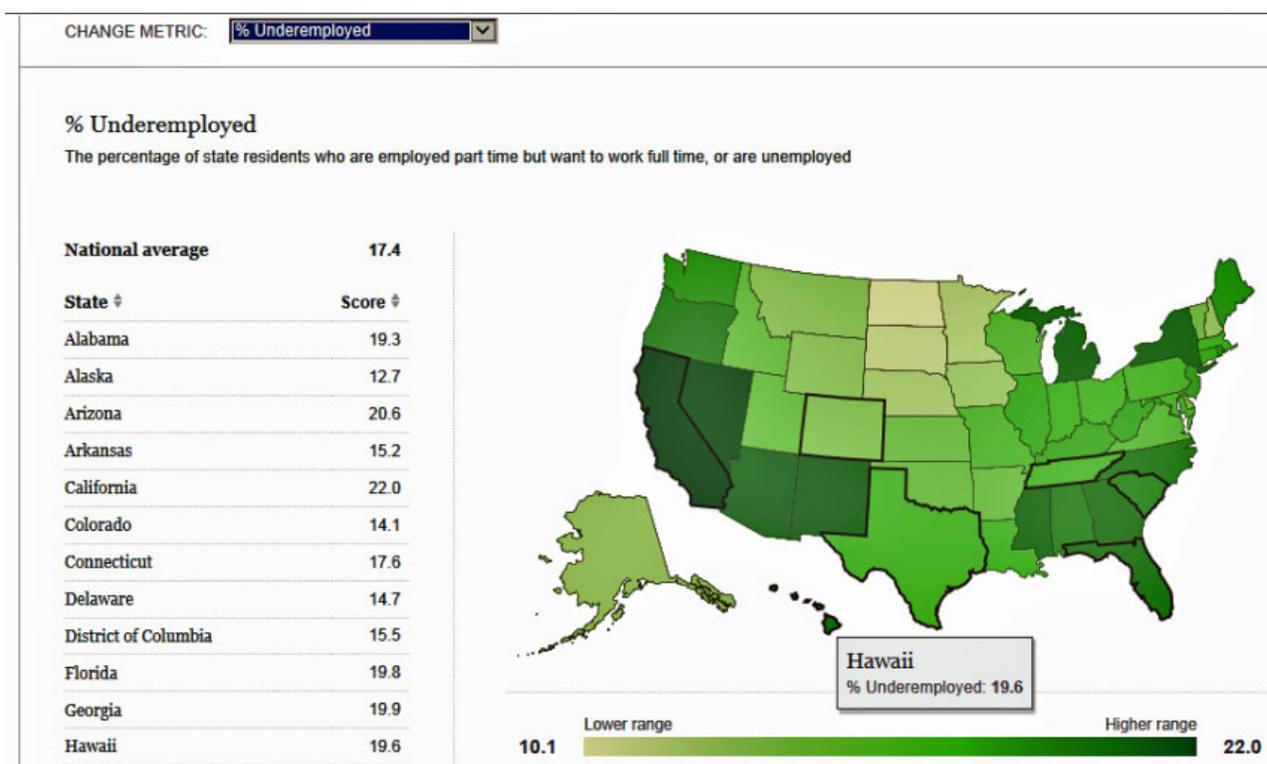
The percentage of state residents who are employed by federal, state, or local government

National average 15.5

State † Score †

Alabama	15.0
Alaska	23.2
Arizona	14.5
Arkansas	16.5
California	14.0
Colorado	15.1
Connecticut	13.9
Delaware	18.0
District of Columbia	25.4
Florida	13.4
Georgia	17.7
Hawaii	21.8





In Hawaii, the "real unemployment rate" was 11.5 percent in 2013 compared with 13.8 percent nationally.

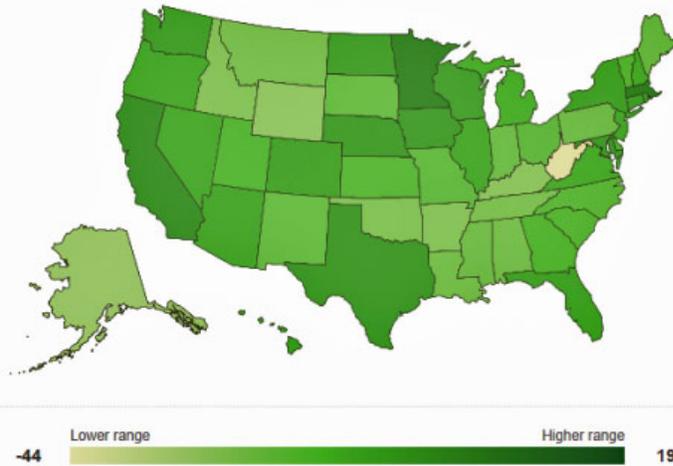
Civil Beat analyzed 10 years of unemployment data and found Hawaii's "real unemployment rate" fluctuated between 6.2 percent and 7.5 percent between 2004 and 2008 before nearly doubling to 15.5 percent in the year after the recession hit. The rate has been creeping down since it hit a high of 16.9 percent in 2010.

### Economic Confidence Index

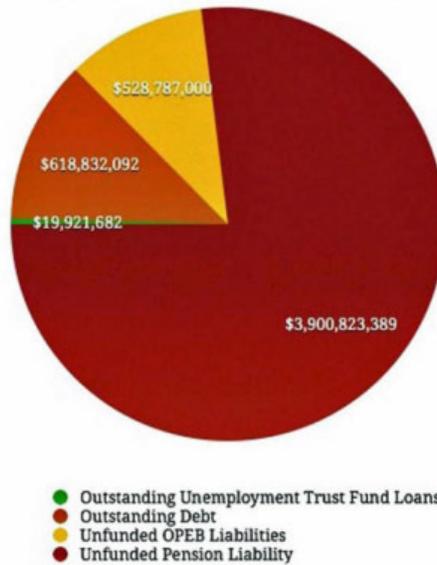
Gallup's Economic Confidence Index is based on state residents' views of economic conditions in this country today, and whether they think economic conditions in the country are getting better or getting worse

National average -16

State	Score
Alabama	-24
Alaska	-32
Arizona	-12
Arkansas	-27
California	-5
Colorado	-11
Connecticut	-10
Delaware	-16
District of Columbia	19
Florida	-12
Georgia	-17
Hawaii	-12



Components of State Debt (figures in thousands)



Components of State Debt (thousands)	
Unfunded Public Pension Liabilities	\$3,900,823,389
Outstanding Debt	\$618,832,092
Unfunded OPEB Liabilities	\$528,787,000
Unemployment Trust Fund Loans	\$19,921,682
<b>Total</b>	<b>\$5,068,364,163</b>

Source: State Budget Solutions

Composite of State Debt all across the Nation. Hawaii is not alone.



# GET THE FACTS

## About Youth Unemployment in Hawaii



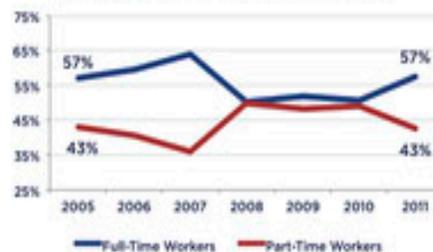
Over the last decade, economic opportunity for young adults in Hawaii has fallen dramatically, and the recession has made it worse. As income and job prospects dwindle, more young people find themselves in part-time work, or out of the labor force entirely.

In Hawaii, the unemployment rate for young adults ages 16 to 24 is **13.8%**.<sup>3</sup>

The national unemployment rate is **7.5%**.<sup>1</sup>

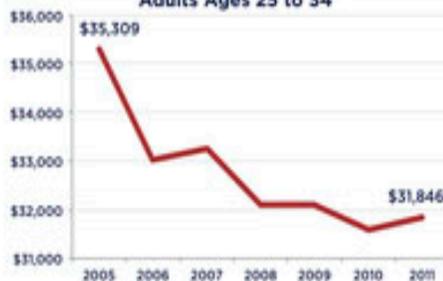
In Hawaii, the unemployment rate is **5.8%**.<sup>2</sup>

Proportion of Workers Employed Full-Time vs. Part-Time Ages 18 to 24



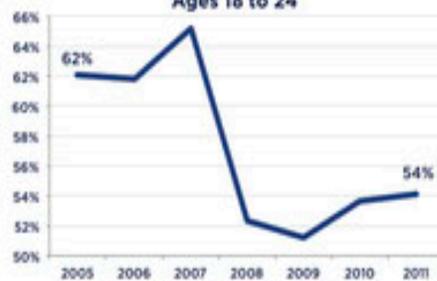
The same proportion of young workers in Hawaii have full-time jobs today compared to 2005.

Median Income of Employed Young Adults Ages 25 to 34



The average young adult in Hawaii ages 25 to 34 makes over \$3,400 less today than in 2005 (adjusted for inflation).

Employment Population Ratio Ages 18 to 24



The employment population ratio refers to the number of people who have a job compared to the total population. A much smaller share of young people in Hawaii have a job today compared to 2005.

These statistics paint a bleak picture. Studies show that lack of early work experience dims career prospects.<sup>4</sup> Young people who graduate college during a recession have lower wages for over a decade.<sup>5</sup> The challenges facing Hawaii's youth could depress economic opportunity for all Hawaiians for years to come.

**Young people in Hawaii need government, the private sector, non-profits, and educational leaders to work together to help this generation get back on track.**

Citations can be found at: [younginvincibles.org/citations-get-the-facts](http://younginvincibles.org/citations-get-the-facts)

Today, most Americans are pessimistic about their future economic conditions and here in Hawaii we are no different.

**\$33,000 Per Person: Hawaii State Debt #2 in Nation > Hawaii Free Press (Go to [www.hawaiiifreepress.com](http://www.hawaiiifreepress.com) for more)**

The question is: “What will we do about it?” “Will we continue to squander away our opportunities by continuing the status quo?”

I wish you all much Aloha and I thank you for your readership. Please feel free to contact me anytime with comments or questions.

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[www.kailu arealestate statistics.com](http://www.kailu arealestate statistics.com) [www.aroundhawaii.com](http://www.aroundhawaii.com)