



Mike Gallagher
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"I will Empower You with the Best Real Estate Knowledge Anywhere in Hawaii"



Mike Gallagher Real Estate, Inc.

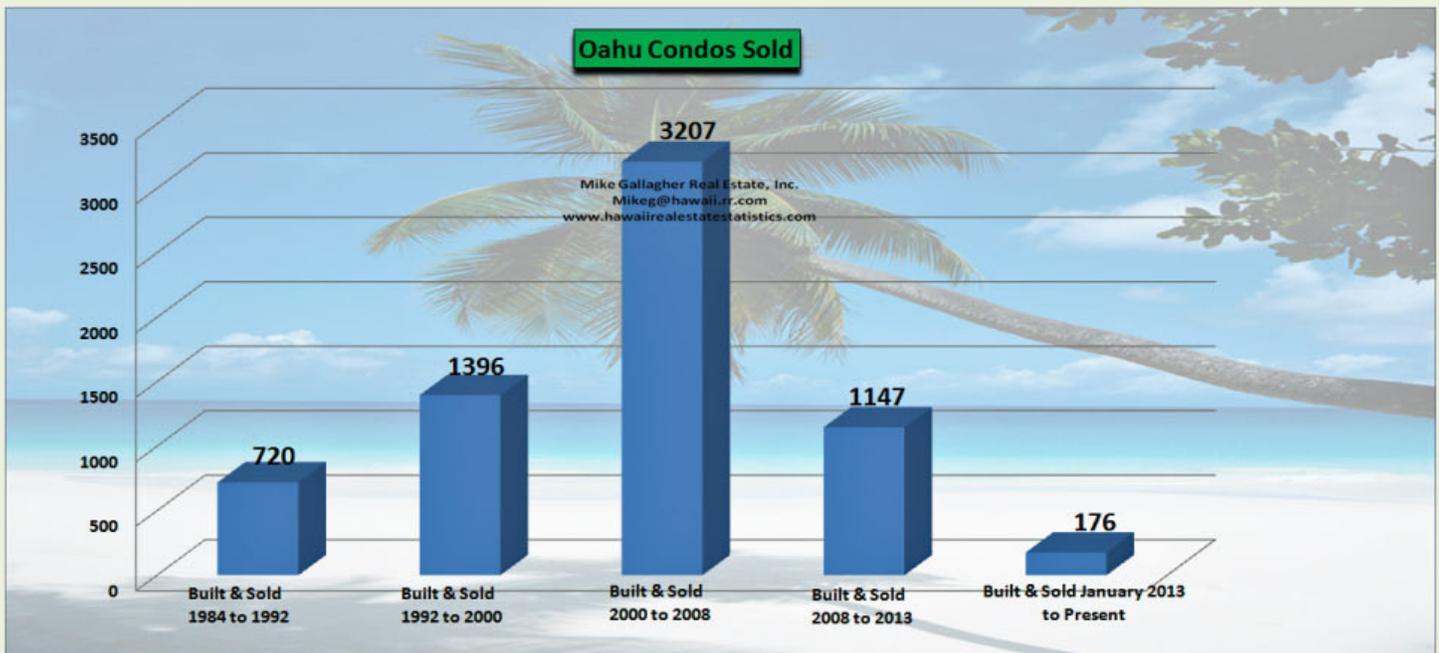
Is it The Age of the Condo?

By: Mike Gallagher Real Estate, Inc.



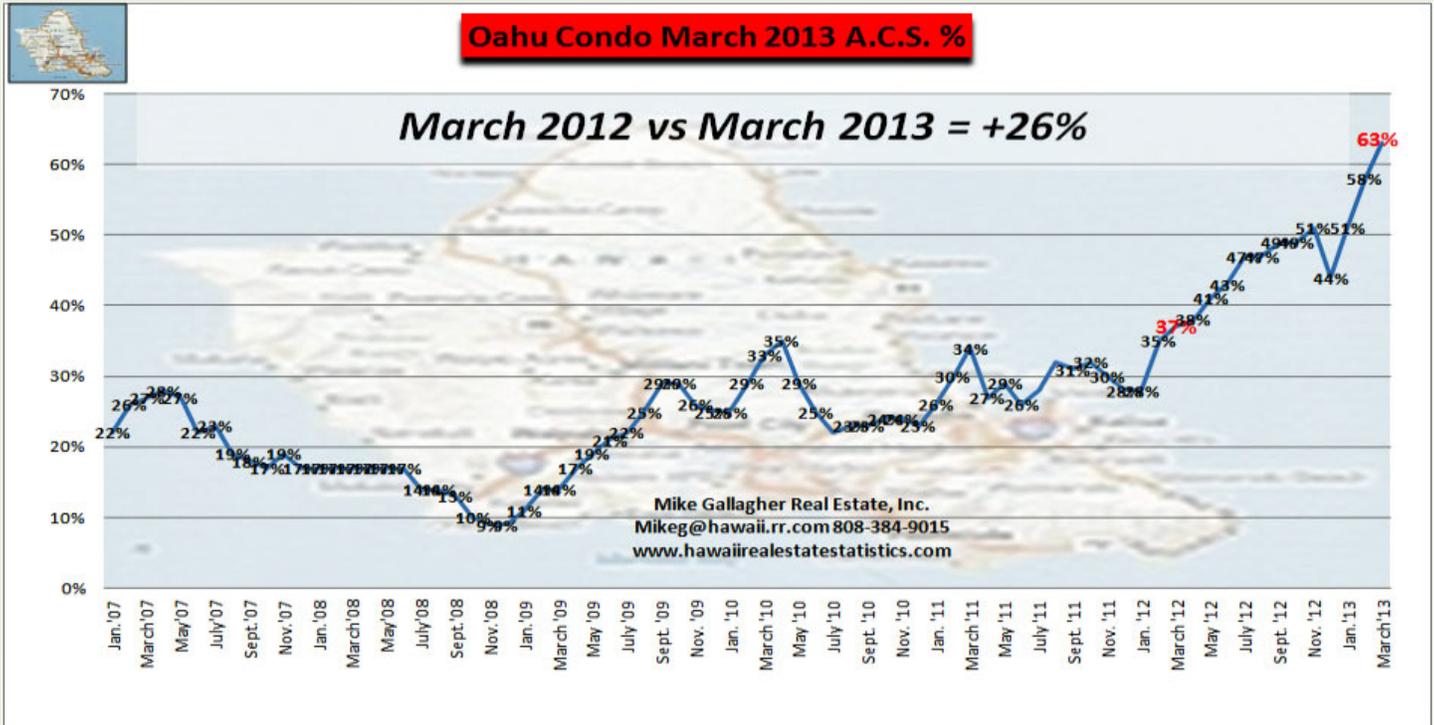
Has anyone noticed what has been happening to the skyline of Honolulu? Has anyone noticed the merging of Kakaako with Down-Town occurring? I am speaking of the amount of relatively new Condo buildings Honolulu has added in the past few years.

One thousand, one hundred and forty-seven condos have been sold since January 2008 to present in new condo buildings built between years **2008** and **2013**.

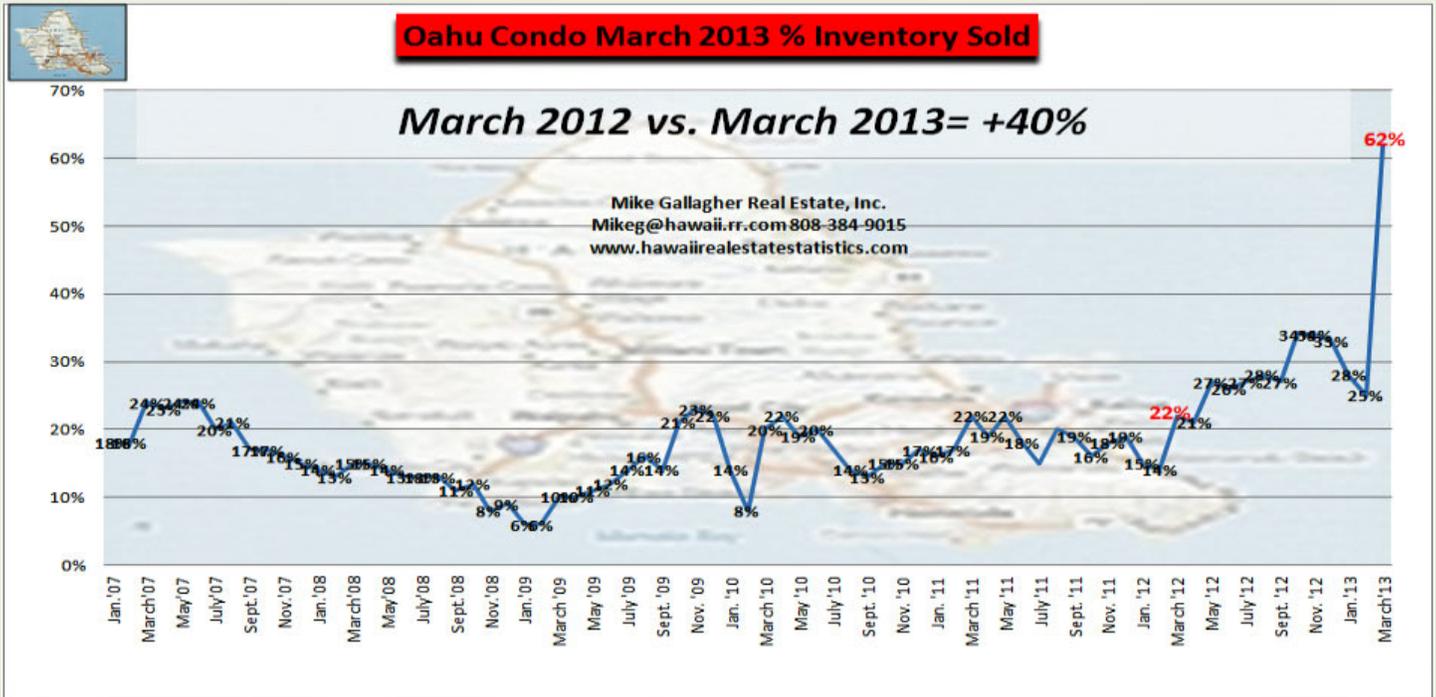


Obvioulsy, between year 2000 and 2008 there were many new condo units available For Sale and subsequently sold during this period. In order for this to have occurred there must have been a sizable amount of constrution going on building new condos prior to year 2000.

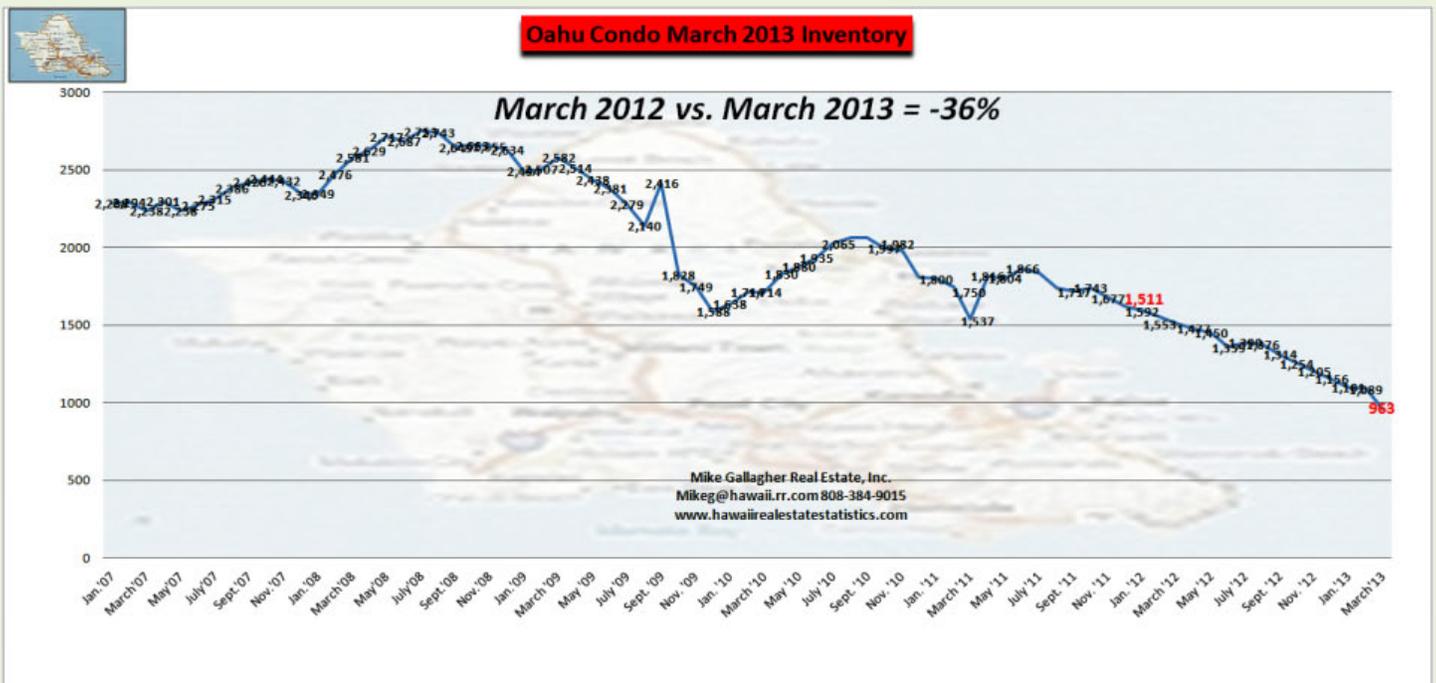
I believe we will see once again a construction boom of condos coming to Oahu and specifically Honolulu in the coming years and it will continue for the foreseeable future. Savy investors will get in on the ground floor and purchase prior to completion.



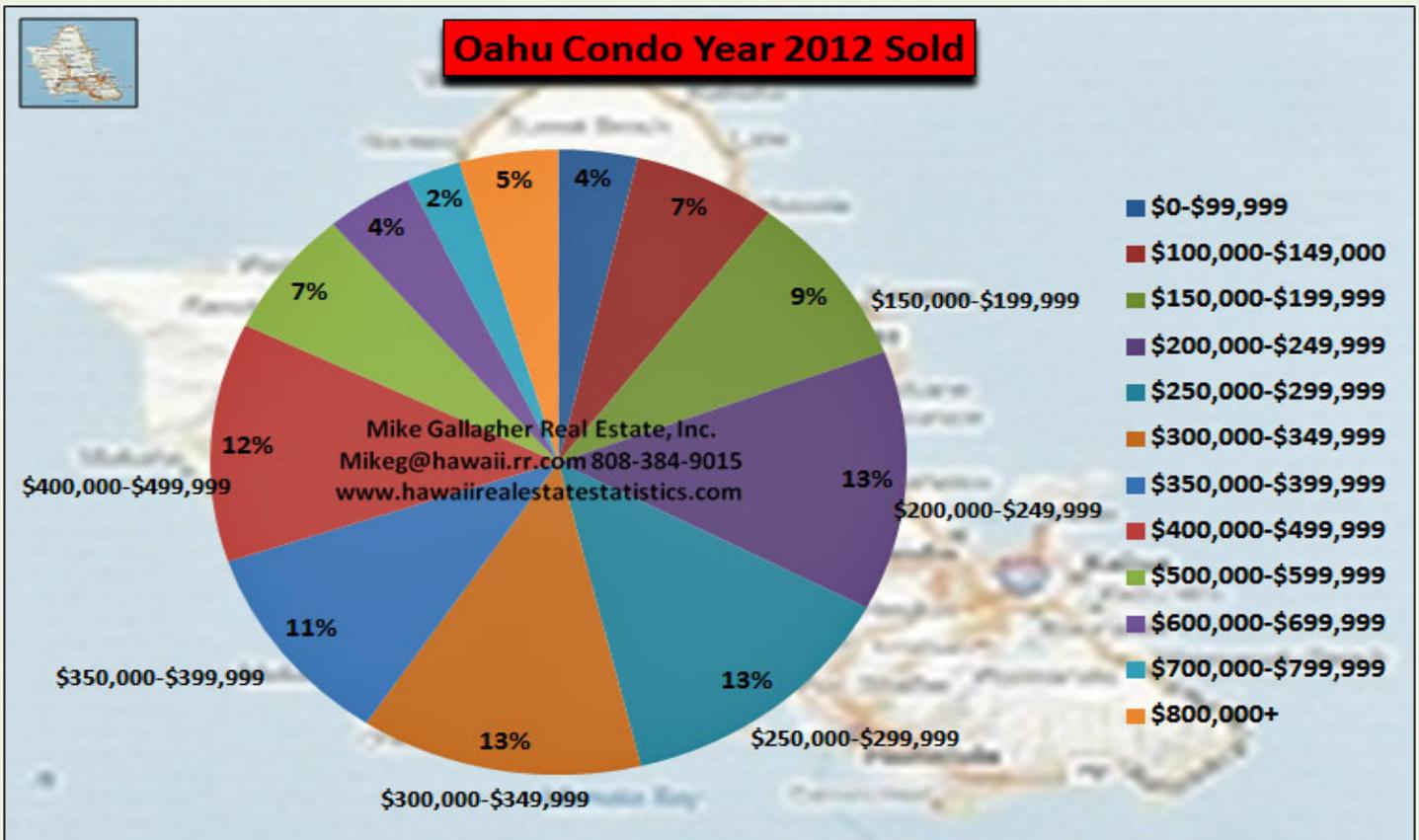
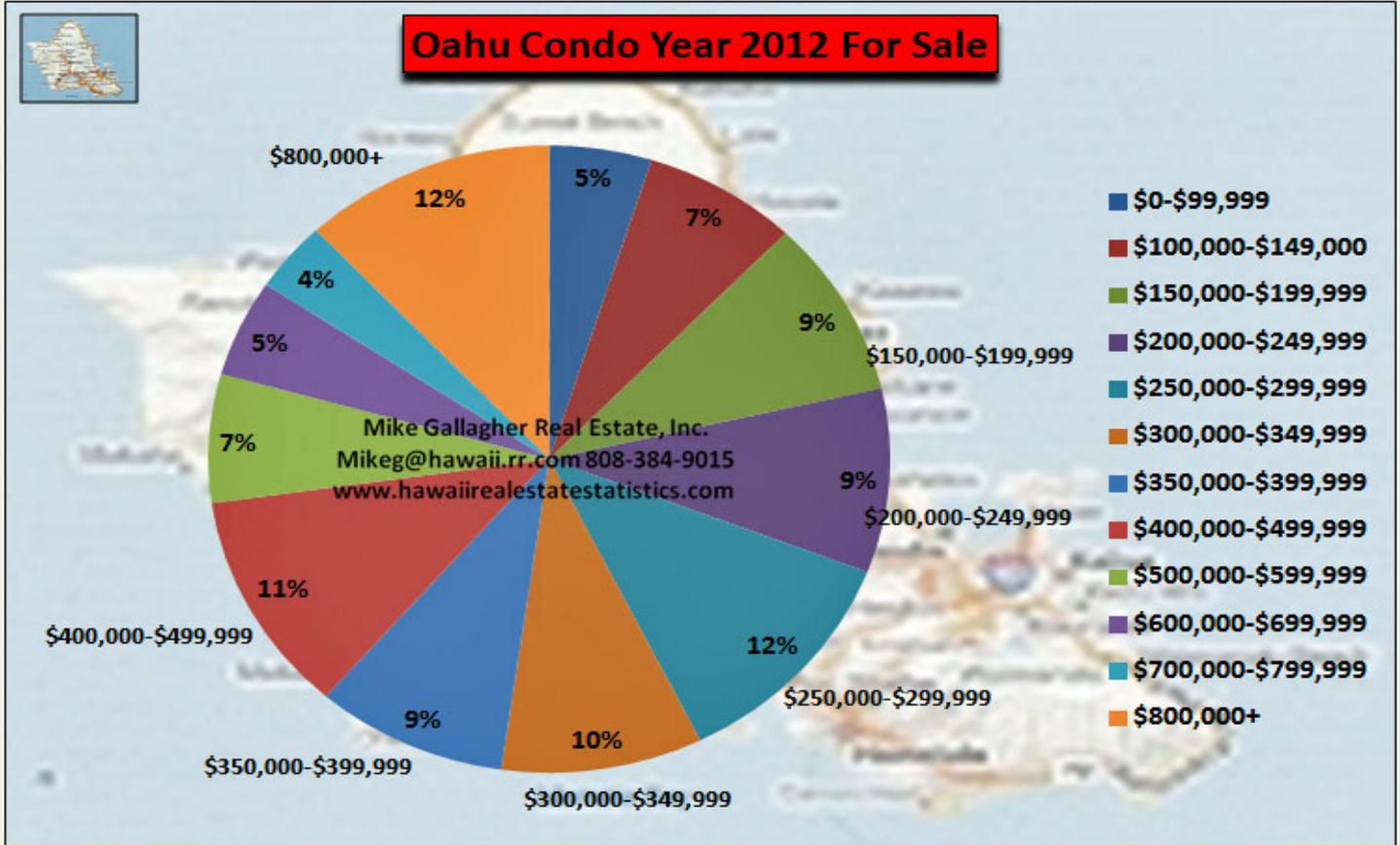
We can see from the two graphs above that the A.C.S. percentage has gone sky-high with the amount of condos that have gone into Escrow with Just Accepted Offers and while looking at the Unit Sales graph, even without the 170 additional condos sold from the **Holomua**, the sales increase over the same period twelve months ago would still be a huge +21% increase.



While unit sales are extremely high and the remaining amount of inventory is extremely low we will see rising condo prices as long as our wages keep up and investors can obtain financing.



Just where are all these condos selling?



Were you expecting it was the high end (800,000+) of the market that was selling the most? There were certainly many condos For Sale in the high end but only five percent of all sales last year were sold in this price range.

Why Condos? Why Not Single Family Homes?

It is about Generations

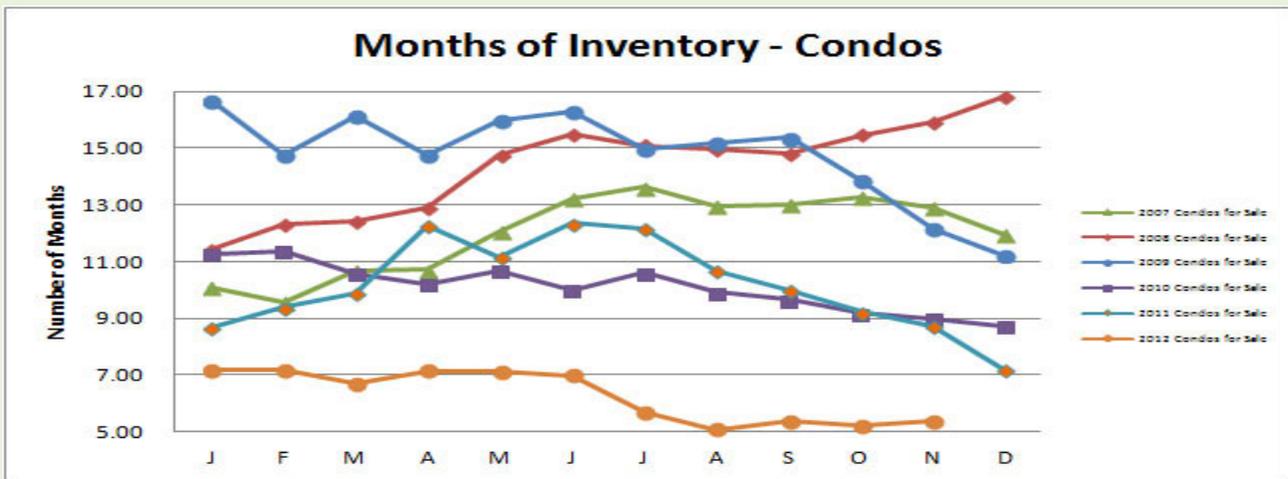
Nationally and locally you can expect an increase in compact design and shared common areas. Not only are baby boomers needing to adjust to smaller spaces closer to their needs and desired amenities, the Gen X (Western post-World War II baby boom) and Y'ers (Millennial Generation, there are no precise dates for when Generation Y starts and ends. Commentators use beginning birth dates from the latter 1970's or from the early 1980's to the early 2000's) have been raised with smart growth as a responsibility and see financial risks with investing in homes after they saw the housing market crash. Also, a small living space with a roof deck or garden area with impromptu meet up's via social media or text, provide a social outlet and common area for all.

Who needs a three bedroom single family house? Not Gen Y'ers and soon not baby boomers. Many of the young millennials who are ready to buy a home in the near future are getting married and having children later in life which places their need for a larger family home on pause temporarily. For them, the compact design is a perfect match to save and enjoy recreation outside the home. There are other reasons we can predict Condos to continue as a trend in 2013. Older couples with their children who have moved out, no longer need the space of a large home, and they could find condos an attractive option. Gen Y is a generation of being on the move as a result of the economy downturn after finishing their education. Many of the Gen Y'ers have been forced to "move where the jobs are". Because of the compact nature of condos, one can pack up and move to a better opportunity. According to Apartments.com "employment opportunity" was the #1 reason people moved in 2012. This economic migratory of Gen Y'ers might decrease as the economy comes back into full swing. As many people are saving up for a single family home by starting with a condo unit first.

In Hawaii it only makes sense to live closer to work due to costs of transportation and travel times.

Condo inventory will remain low as the competition for condos are high, the inventory will continue to remain low in of 2013 and beyond.

Suddenly, for many the West side of the Island where Single Family Homes are 'affordably priced' in the low \$400,000's may not look to be such a great deal anymore. For those who still need a Single Family Home with a yard for gardening, growing plants and children, the areas in Ewa, Kapolei, Makakilo and Mililani still are appealing but this might be a declining segment of home buyers as what might become the majority of buyers turn to condos, especially in the short term.

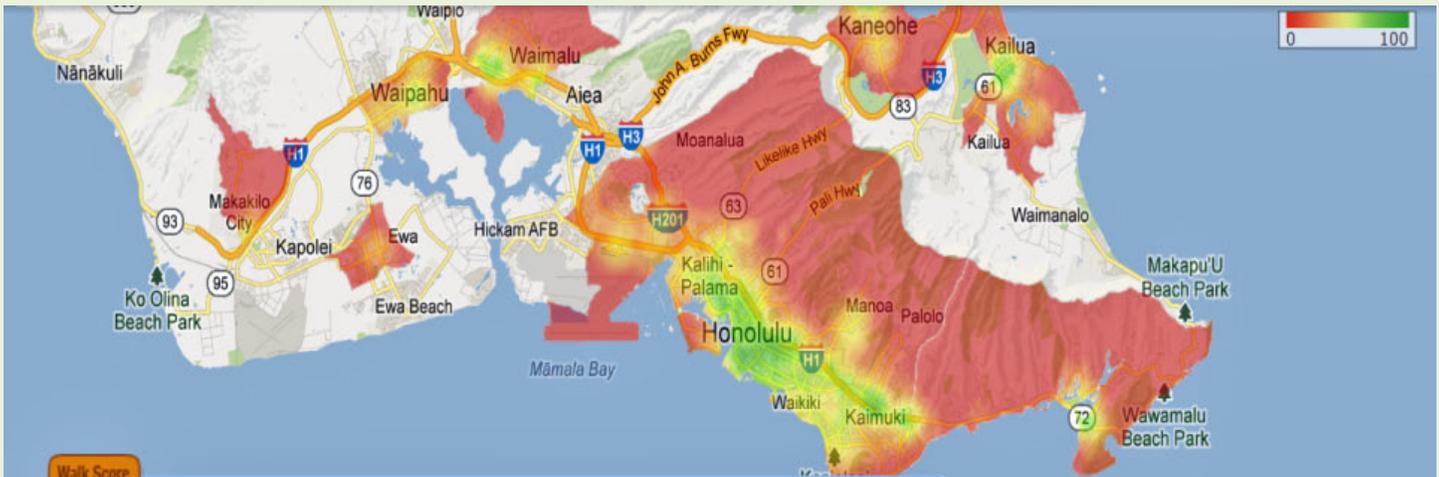


Lenders will continue to be tight with giving loans. In most cases if you do not have a F.I.C.O. score (credit score) at a minimum of 780 you most likely will have a daunting task of obtaining a mortgage loan, especially if you have no or little down-payment.

High demand for walkable neighborhoods is the new trend in condos around the Nation. Gas prices have risen over \$2 a gallon since 2000. When Americans are spending over \$2,000 average just on gas a year (nationally), (\$2,300 in Hawaii) many buyers are choosing to live in communities where they are close to work and can access leisure activities by walking as a primary goal in purchasing housing.

Check out the walkability index for Honolulu at:

<http://www.walkscore.com/HI/Honolulu>



Total Walkability Score-Honolulu: 63

Somewhat Walkable Agree Disagree

Some amenities are within walking distance in Honolulu.

Honolulu has an average Walk Score of 63 and is rated Somewhat Walkable.

Best Honolulu neighborhoods for walkability are Downtown, Ala Moana/Kakaako and Makiki/Lower Punchbowl/Tantalus.

Walk Score: 63

Transit Score: 56

Population: 337,256

Honolulu Neighborhoods

Rank	Name	Walk Score	Population
1	Downtown	88	13,297
2	Ala Moana/Kakaako	85	17,075
3	Makiki/Lower Punchbowl/Tantalus	78	31,595
4	McCully/Moiliili	78	27,447
5	Waikiki	74	22,189
6	Kalihi-Palama	72	36,260
7	Diamond Head/Kapahulu/St. Louis	69	20,336
8	Kaimuki	66	18,429
9	Liliha/Kapalama	59	23,646
10	Manoa	56	23,333
11	Nuuanu/Punchbowl	48	17,810
12	Palolo	44	13,026
13	Aliamanu/Salt Lake/Foster Village	43	26,136
14	Kalihi Valley	34	19,765
15	Moanalua	30	9,315

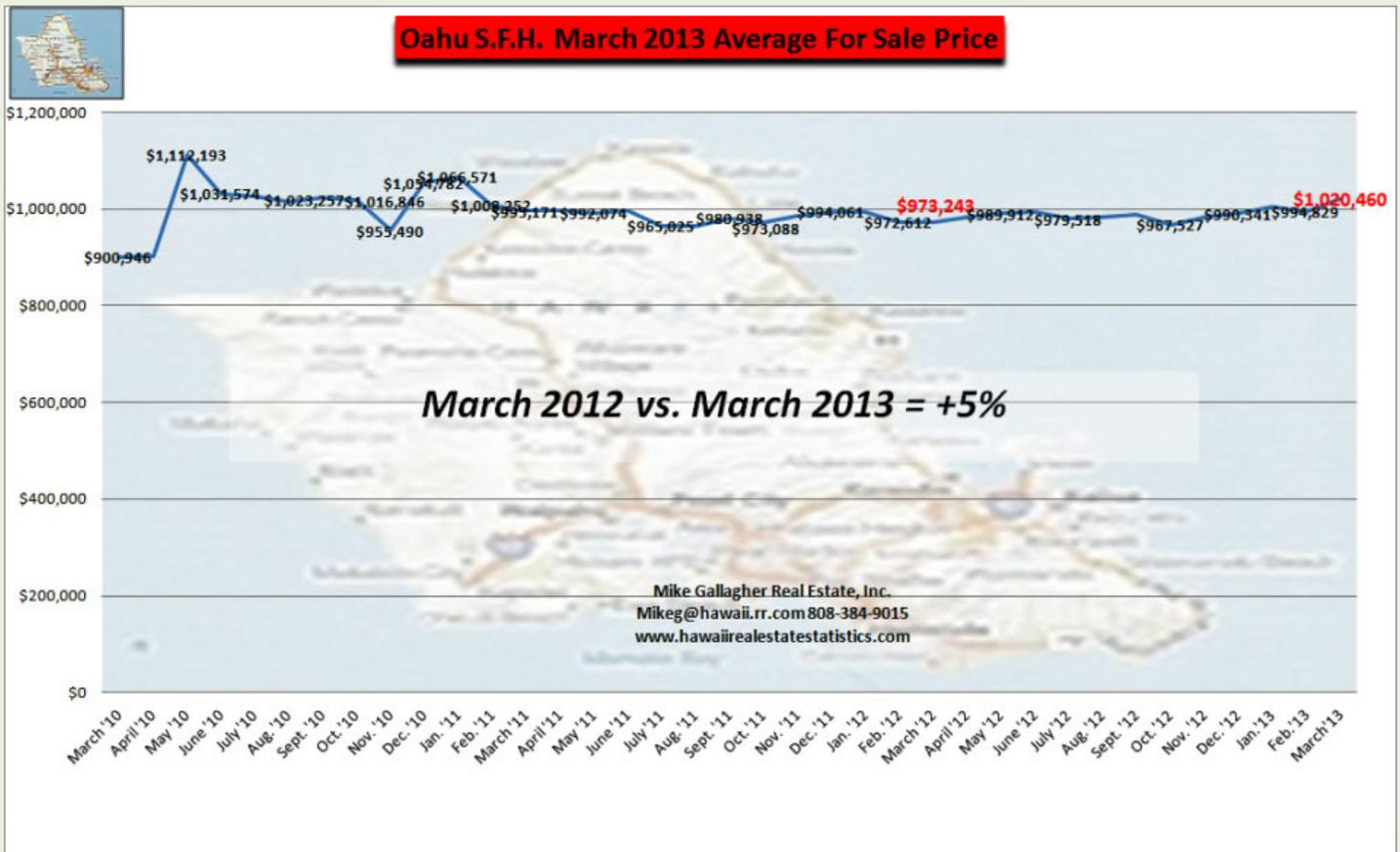
New home construction could double in 2013 to meet the demand for additional housing as inventories of current homes are sold. Despite the decline of new housing built between 2008-2012, the population has continued to grow in the United States, including Hawaii.

Many construction companies will aim to beat competitors to the finish line in completing new projects. According to the National Association of Home Builders, condos accounted for **65%** of the new permits in 2012. It is expected that many of these projects will be in alignment with public planning that came during the beginning of the millennium with housing projects which address a specific population: ie, senior, low income and are built sustainable to be favored over those which do not. (Now you may understand better Governor Abercrombie's desire to match Public with Private Land Development planning)

I, for one now understand better that is another compelling reason for Honolulu's Rail System and how it will change the face of Oahu.

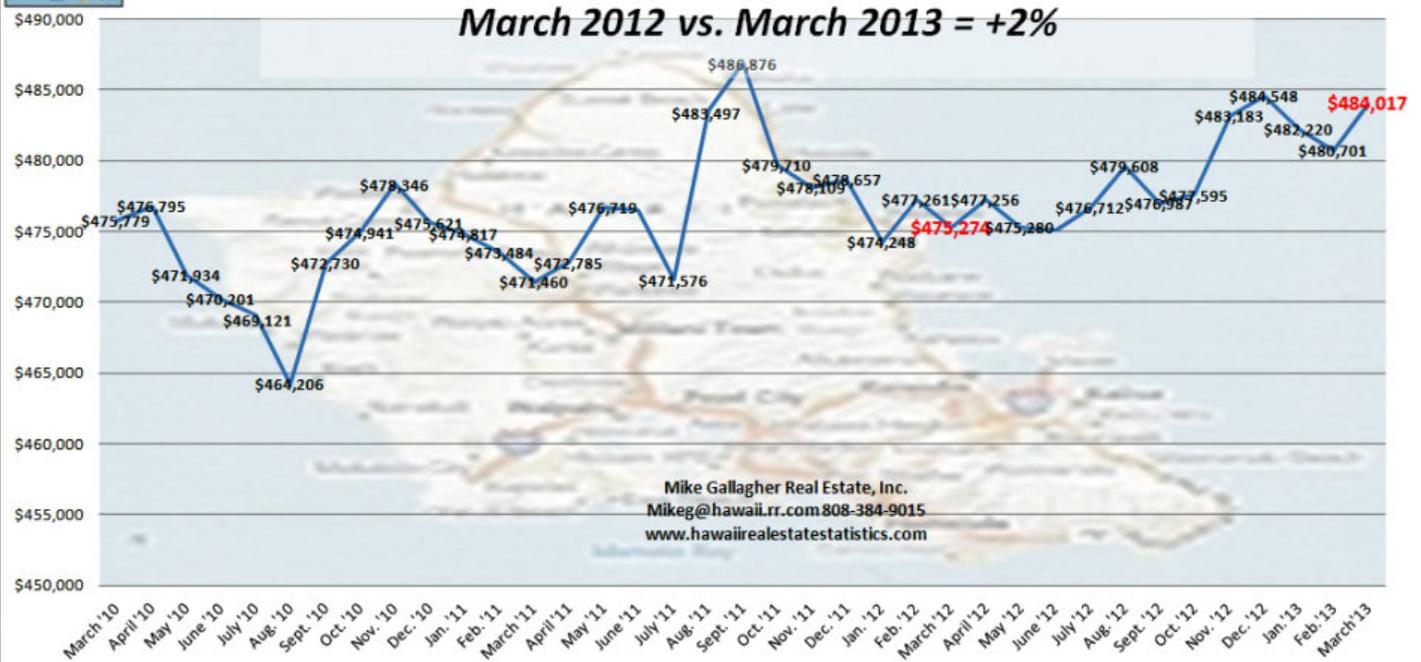
Decreased inventory in Forclosed Homes on the Market will continue. Although there still are a large number of homes owned by the banks, they are strategically releasing the foreclosures back into the market at a healthy pace, and the amount of inventory of foreclosed homes will continue to decrease over 2013.

Home prices have continued to increase during 2012. We expect these trends to continue and see a slow and steady rising. Standard & Poor's/Case-Shiller 20-city index showed that prices rose by 4.3% from a year ago in October 2012. Since January, prices are up 6.9% so far this year, the largest year-to-date gain since 2005.





Oahu Condo March 2013 Average For Sale Price



Following a trend nationwide, builders will continue to build homes which follow the latest green standards and renovate current buildings to become more energy efficient.

According to *Pike Research*, solar cells integrated into rooftops, windows and other building facades is poised to quadruple in value in the next five years. Innovative practices of design in the past have now become expectations for home buyers. As Gen X and Gen Y'ers enter the market, they are making careful choices of low waste and energy efficiency.

In PWC and Urban Lands Institute's *Emerging Trends in Real Estate 2013* they state, **"Major tenants willingly pay high rents in return for more efficient design layouts and lower operating costs in LEED rated, green projects. These new buildings can lure tenants out of last-generation "brown" product.** "We expect more buildings to be reused, infill into existing neighborhoods and integration of planning of new designs with current and future transportation and community shopping and recreation. Also to keep on the look for are Net Zero Communities where the goal is to use as much energy as they create."

So What is New on the way for Condos in Honolulu?

California developer Franco Mola plans to build workforce housing in Kakaako

Duane Shimogawa | Reporter- Pacific Business News
Apr 2, 2013, 1:54pm HST

A California-based real estate developer is planning to demolish several existing single-story industrial buildings and develop a 20-story, 217-unit workforce housing condominium project with ground-floor retail space in the [Kakaako](#) neighborhood in Honolulu.

The property, at 803 Waimanu St., encompasses a little more than 21,000 square feet.

Condo planned for former Honolulu Advertiser site sells out

Condo planned for former Honolulu Advertiser site sells out

Staff Pacific Business News | Mar 27, 2013, 7:15am HST



The 801 South St. project, which will be built on the site of the former Honolulu Advertiser building in Honolulu is almost ready to roll.

The developer of an affordable condominium tower planned for the site of the former Honolulu Advertiser building said 697 entries for prospective purchasers were pulled in a weekend lottery to select buyers for owner-occupied units in the 801 South St. project.

The Honolulu Star-Advertiser reports the entries, combined with earlier purchases, are more than enough to sell all 635 units in the 46-story project, according to Ryan Harada, principal with Downtown Capital LLC.

The newspaper reports construction is scheduled to begin on June 1, after the lease on the property expires for the CBS television program "Hawaii Five-0," which has been using the property as a soundstage.

Howard Hughes Corp. expects to make \$66M profit from luxury Hawaii condo ONE Ala Moana



[Howard Hughes Corp.](#) expects to make \$66M profit from luxury Hawaii condo ONE Ala Moana

Janis L. Magin Managing Editor of Digital Content- Pacific Business News
Mar 5, 2013, 12:57pm HST

The Howard Hughes Corp. expects to make a profit of \$66 million from the ONE Ala Moana ultra-luxury condominium tower under construction behind Hawaii's Ala Moana Center shopping mall, the developer's CEO told shareholders on Tuesday.

Honolulu council Oks 350-foot Ritz-Carlton tower for Waikiki

Jan 31, 2013, 7:13am HST | Staff Pacific Business News

The Honolulu City Council has approved a request by California-based developer Pacrep LLC to build a 350-foot hotel condominium that would be one of the tallest buildings in Waikiki.

More on Kakaako:

Once thought of as the ugly duckling of urban Honolulu, a place crowded with repair shops, warehouses and other low-rent businesses, Kakaako has had more than 40

projects and \$200 million worth of infrastructure improvements completed since 1988 in preparation for its full emergence as Honolulu's new swan. Here are some of the upcoming projects:

- The state's half-billion-dollar transit-oriented development, called 690 Pohukaina, will include the state's tallest building, at 650 feet, and a mix of affordable and market-priced residential units for sale and rent. Bids to plan, build and operate it were due by the end of August. The first phase is in the permit stage.
- Howard Hughes Corp. plans next fall to open the Ward Village Shops Phase II on Auahi Street, next to the T.J. Maxx store, comprising 57,000 square feet of retail space over two floors.
- [Kamehameha Schools](#), with 29 Kakaako acres mauka of [Ala Moana](#) boulevard, has three pending projects: 54 affordable loft-style apartments, with rents from \$1,400 to \$1,600 a month, will be available for rent starting this month or next in the repurposed building at 680 Ala Moana; a 400-foot residential tower and low-rise townhomes to be built by Alexander & Baldwin on the former CompUSA site with scheduled construction start date in 2014; and a low-rise gathering place with cafes, shops and open space just mauka of 680 Ala Moana, and bounded by Auahi, Coral and Keawe Streets.

As part of that project, modifications of existing buildings on Auahi Street are scheduled to begin next year and finish in 2014, KS says. This \$30-million urban square will be called Salt to commemorate the salt ponds that Hawaiians built in this area in the 1700s, says KS development manager Linda Schatz.



There is more happening around the Island:

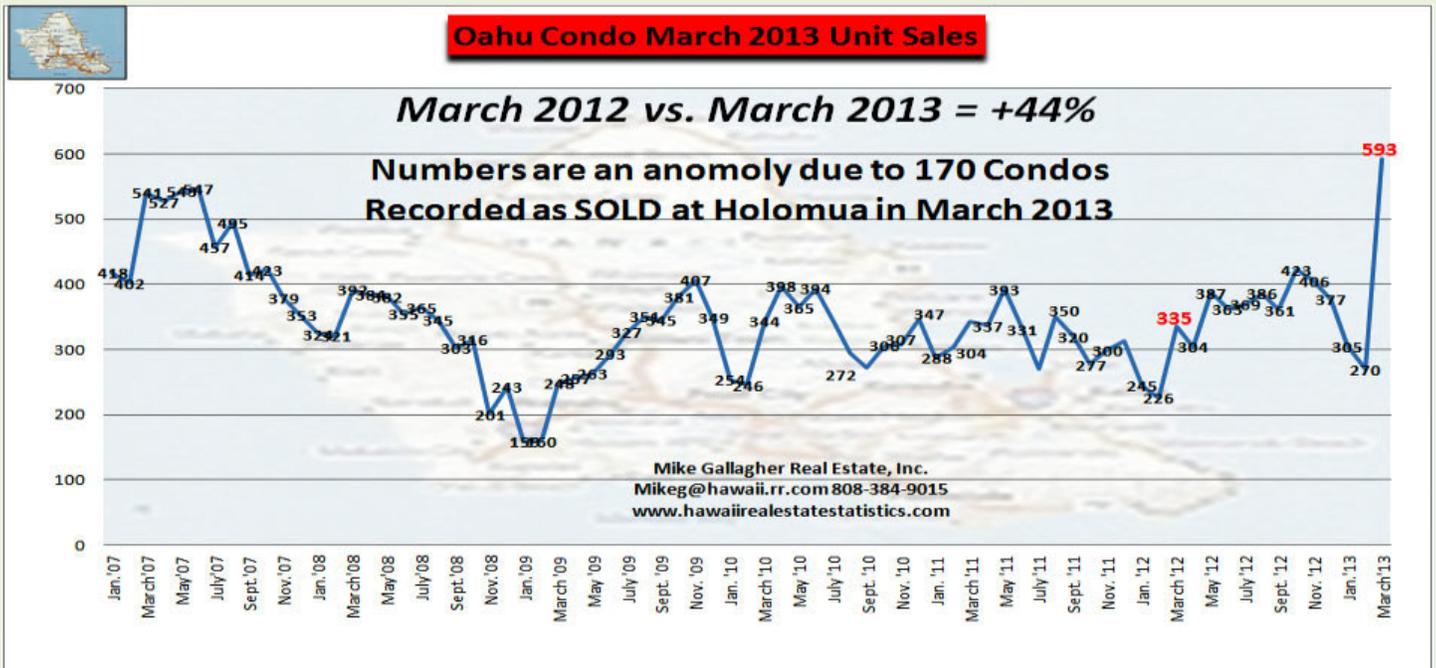
Holomua Condominium at 1315 Kalakaua Avenue – Under Construction, Pricing Available



A Makiki area residential condominium consisting of 176 fee simple one and two bedroom units. Conveniently located at 1315 Kalakaua Avenue near its intersection with Beretania Street and consisting of 21,339 square feet of land zoned BMX-3.

Developed by KRC Partners LLC, an affiliate of THM Partners LLC, Holomua represents the blending of market units with affordable units developed under the guidelines of the State of Hawaii’s “Hawaii Housing Finance and Development Corporation” 201H program. Holomua, a Hawaiian word meaning “progress” or to move forward, embodies the Developer’s goal to provide entry level, owner occupant housing opportunities for the people of Honolulu, Hawaii.

It was the Holomua that recorded 170 unit sales in the month of March 2013 shooting the total condo sales for the month to all time high of 593 condos sold on Oahu for just the month of March.





KA MALANAI

I N K A I L U A

D-R-HORTON REALTY
America's Builder
 SCHULER HOMES

KA MALANAI IN KAILUA WILL OFFER A TOTAL OF 153 ONE, TWO AND THREE-BEDROOM CONDOMINIUM HOMES THAT RANGE FROM OVER 700 SQUARE FEET TO OVER 1,800 SQUARE FEET. THERE ARE TEN UNIQUE SINGLE-LEVEL FLOOR PLANS THROUGHOUT KA MALANAI'S SIX, FOUR-STORY BUILDINGS.

KA MALANAI IS PART OF THE RENEWAL OF KAILUA TOWN. CENTRALLY LOCATED, IT IS WITHIN WALKING DISTANCE TO THE KAILUA TOWN CENTER ON ONE END AND KAILUA BEACH ON ANOTHER. IT IS ACROSS KAILUA ROAD FROM THE DISTRICT PARK'S SOCCER, BASEBALL AND FOOTBALL FIELDS.

**ESTIMATED START OF SALES:
 FALL 2012**

Offered by D.R. Horton - Schuler Homes, LLC (R) 808-521-5661. Courtesy to Brokers; Realtor must accompany buyer on first visit. Prices, options, incentives & availability subject to change. Drawing is artist's conception only. Square footages are approximate. Because we are continually improving our homes, we reserve the right to make changes and modifications to methods and materials of construction and to the floor plans, features, square footage and room dimensions without notice or obligation. Check with your sales representative.



Finally, construction has started in Kailua, across from Times Supermarket and the Park and it will not be long before these are sold out too!

As I have become older I have started to realize just how much out of touch I am with the younger populace. The needs and wants of the younger generation are far different today than when I was a young man.

Go to school, get a great job and career, get married, have kids and buy a house. That has been the mantra of my generation but while I was on this road the landscape changed for the youth of our Country in terms of under-employment, low wages in Hawaii and the goal of buying a home and raising children.

Many of our off-spring did manage to stay in school and graduate from Universities, Colleges and Trade Schools. They excelled in their chosen paths of education and obtained a degree to enter specialized employment sectors such as Health Care and Administrative services for Corporations among other areas of specialized employment opportunities. This allowed them to make a decent wage but unfortunately today in Hawaii much of the advancement in wages for the youth has gone to the increased cost of living expenses in Hawaii. When it came time to provide for children of their own the lofty goal of a Single Family Home no longer was a necessity as it now appears to be so far out of reach for many and an unnecessary large expensive risk in today's Real Estate and Economic realities.

Enter the Condo. Cheaper, less risky, more amenities, energy conscious, 'green' living, secure, safe and the ability of new condo complexes to contribute to social gatherings through shared meeting rooms, business centers, work-out areas, swimming pools, entertainment rooms, etc.

Condos are here to stay and now I feel I finally understand a little bit more about the younger generation and their needs and desires.

My hopes are that you too are now more informed and connected to what is really happening in the Real Estate Market.

If you really want to have the 'straight info' on what is really happening in Hawaii Real Estate you will be refreshed by visiting my website and/or speaking with me, as I tell it like it is.

I have been in this business for twelve years and I have helped buy and sell many homes for my clients. My references and knowledge are both excellent.

If you have the time please visit my website for a wealth of information on the Oahu Real Estate Market and read my Monthly articles on Time/Warner's Oceanic Cable:

www.aroundhawaii.com



AroundHawaii

www.hawaii realestate statistics.com

www.aroundhawaii.com

You may also want to visit at my website to learn more about various other Neighborhoods around the Island and see the comprehensive report for Oahu. A quick trip there will provide you with a wealth of Real Estate knowledge you never before even knew was available.



I plan on doing short videos for each of the Major Areas on Oahu highlighting quickly the numbers and nuances in each of the Areas.

If you have any questions or need specific, detailed reports generated for you for any Neighborhood, Area or Condo Building, Town Home Complex on Oahu, just send me an email with your request.

I wish you all much Aloha,

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