

728.1
:308
F22
Honolulu, Hawaii
1965

Analysis of the **HONOLULU, HAWAII HOUSING MARKET**

as of September 1, 1965

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
LIBRARY
WASHINGTON, D.C. 20410

MAY 2 1966

**A Report by the
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

April 1966

728.1:308F22 / Hawaii 1965

Analysis of the Honolulu, Hawaii
Housing Market

DATE	ISSUED TO
10-17-69	Boba
	Urban Institute Library
	Due: 11-14-69
GAYLORD 40	

ANALYSIS OF THE
HONOLULU, HAWAII, HOUSING MARKET
AS OF SEPTEMBER 1, 1965

FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, of course, be differences of opinion in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst.

Table of Contents

	<u>Page</u>
Summary and Conclusions	i
Housing Market Area	1
Map of Area	2
Economy of the Area	
Character and Recent History	3
Employment	4
Principal Non-Military Employment Sources	5
Military Establishments	6
Unemployment	11
Future Employment Prospects	12
Incomes	12
Demographic Factors	
Population	14
Households	17
Housing Market Factors	
Housing Supply	21
Residential Building Activity	23
Tenure of Occupancy	25
Vacancy	26
Sales Market	29
Rental Market	31
Urban Renewal	33
Public Housing	35
Military Housing	35
Demand for Housing	
Quantitative Demand	37
Qualitative Demand	37

ANALYSIS OF THE
HONOLULU, HAWAII, HOUSING MARKET
AS OF SEPTEMBER 1, 1965

Summary and Conclusions

1. The economy of the Honolulu Housing Market Area (HMA) is based on military activities, pineapple and sugar production and processing, and tourist trade. Uniformed military personnel in the area has ranged between about 50,000 and 60,000 since 1960 and about 18,700 Civil Service workers currently are employed at military installations. Of the 181,900 nonagricultural wage and salary workers employed, 41 percent are employed in trade and service industries, 27 percent are employed by government (of which 59 percent are Federal Government employees), and 10 percent are employed in manufacturing, about half of which are engaged in food processing.

Increases in nonagricultural wage and salary employment since 1958 have varied widely. Between 1958 and 1960 the increase averaged 10,800 a year, between 1960 and 1962 the gain averaged only 2,850 annually, and between 1962 and 1964 there was an average increase of 4,750 annually. Differences in the average increases reflect principally differences in the level of military activity and expenditures. During the next two years the increase is expected to approximate 5,750 workers a year.

Unemployment in the HMA in 1964 averaged 7,700, or 3.8 percent of work force, somewhat below the 1963 level of 9,325 workers (4.7 percent), but still above the low rates reported during the late 1950's.

2. The estimated current median annual income of all families, after deduction of Federal income taxes, is \$7,950; the median income of renter families is \$6,400. The estimated median annual income of all military families is \$5,750.
3. The estimated current population of the Honolulu HMA is approximately 616,000, of which military population (uniformed military and dependents) represents about 123,000 (20 percent), military-connected civilian population (civilians who work for the military and their dependents) represents 61,800 (10 percent), and nonmilitary-connected civilian population represents about 431,200 (70 percent). By September 1, 1967, total population is expected to reach 660,000, a gain of 44,000 (22,000 annually) during the two-year period.

4. Currently, there are an estimated 147,500 households (occupied dwelling units) in the HMA, including 101,800 nonmilitary-connected civilian households, 19,500 military-connected civilian households, and 26,200 military households. Based on projected employment and population increases, there will be 158,800 households in the area by September 1, 1967, representing an increase of 11,300 (5,650 annually) above the current estimate.
5. At the present time, there are an estimated 157,000 housing units in the HMA, indicating a net gain of 31,200 units (25 percent), or 5,750 annually, since April 1, 1960. Currently, there are about 5,000 housing units under construction in the HMA, including 2,100 single-family houses and 2,900 multifamily units.
6. Currently, there are an estimated 850 housing units available for sale, representing a homeowner vacancy ratio of 1.3 percent, and an estimated 3,750 vacant units available for rent, indicating a renter vacancy ratio of 4.3 percent. In April 1960, sales and rental vacancy ratios were 1.1 percent and 4.1 percent, respectively. The relatively low vacancy ratios over the past several years are indicative of a tight housing market, which is reflected also in an unusually low inventory of unsold new homes, rapidly rising prices of both new and used sales houses, and relatively quick absorption of new rental units.
7. The volume of privately-owned net additions to the housing supply that will meet the requirements of anticipated growth during the next two years and result in a more balanced demand-supply relationship in the market averages 7,100 units annually. Of the annual total, 4,100 units represent demand for sales units (including demand for units in both cooperative and condominium projects) and 3,000 units represent demand for rental units, excluding public low-rent housing and rent-supplement accommodations. Demand for new sales housing by price ranges is shown on page 38. Annual demand for new rental units by gross monthly rent and unit size is expected to approximate the pattern on page 40.

ANALYSIS OF THE
HONOLULU, HAWAII, HOUSING MARKET
AS OF SEPTEMBER 1, 1965

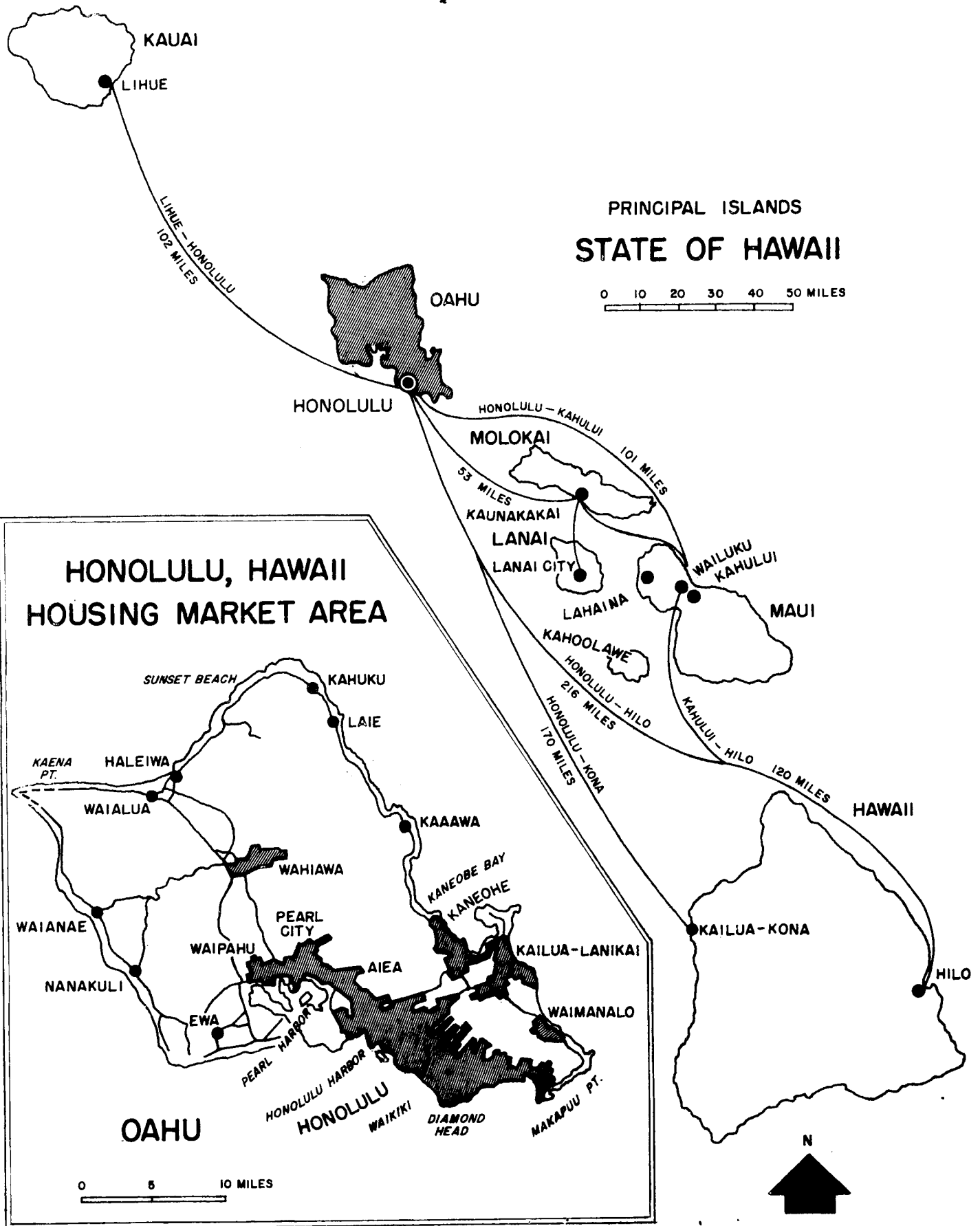
Housing Market Area

The Honolulu, Hawaii, Housing Market Area (HMA) is defined to include Honolulu County, which encompasses the island of Oahu, which had a population of 500,400 in 1960.^{1/} As defined, the area is equivalent to the Bureau of the Budget definition of the Honolulu, Hawaii, Standard Metropolitan Statistical Area (SMSA) and to the Honolulu Labor Market Area as defined by the Bureau of Employment Security. Oahu, with a land area of only 600 square miles, is the third largest of the four major islands in the state of Hawaii (see map on page 2). Honolulu, the capital of Hawaii and by far the largest city on Oahu, is about 2,400 miles from California, 4,000 miles from Australia, and roughly 4,800 miles from the Philippine Islands. The island of Oahu has less than one-tenth the land area of the state, but contains over 80 percent of the population and employment. The other three major islands, Hawaii, Maui, and Kauai, have been experiencing population losses since 1930.

Inter-island air transportation is provided by Hawaiian Airlines and Aloha Airlines, Incorporated. Pan American World Airways, United Airlines, and Northwest Orient Airlines provide frequent daily flights to major United States west coast cities. Air service to other continents and sub-continents is provided by the British Overseas Corporation (BOAC), Canadian Pacific Airlines, Japan Airlines, Qantas Airlines, and World Airways.

The Honolulu Rapid Transit Company, Limited, once provided frequent rush-hour bus service on some major Honolulu streets; however, the number of revenue passengers carried by this utility declined from almost 41,787,000 in 1950 to 26,177,000 in 1961, resulting in the curtailment of some service. The system of highways in the HMA is considered to be adequate, although there is a shortage of limited-access expressways to carry rush-hour traffic into and out of downtown Honolulu. There is no railway passenger service on the island.

^{1/} Inasmuch as the rural farm population of the Honolulu HMA constituted less than one-half of one percent of the total population in 1960, all demographic and housing data used in this analysis refer to the total of farm and nonfarm data.



Economy of the Area

Character and Recent History

Since World War II, defense spending, pineapple and sugar production and processing, and the tourist trade have provided the economic framework within which the HMA and the state of Hawaii have developed. The importance and impact of these primary economic forces is illustrated in the following table.

Dollar Value of Selected Basic Sources of Income
State of Hawaii
1946-1964 (in millions)

<u>Year</u>	<u>Government expenditures</u>		<u>Tourist industry</u>		<u>Sugar and</u>
	<u>Defense</u>	<u>Non-defense</u>	<u>Number of tourists</u>	<u>Expenditures by tourists</u>	<u>pineapple production</u> <u>Dollar value</u>
1946	\$224.0	\$35.0	15,000	\$ 6.3	\$141.4
1950	147.0	NA	NA	24.2	225.1
1955	272.5	65.9	109,800	55.0	260.7
1960	373.1	NA	NA	131.0	245.4
1964	415.9	184.1	508,900	225.0	291.6

Note: Data on the number of tourists are rounded to nearest hundred.

Source: Bank of Hawaii.

In 1964, employment in trade and services accounted for 41 percent of all nonagricultural wage and salary employment in the HMA, and over the 1958-1964 period, new jobs in the trade and service industries accounted for 49 percent of all new nonagricultural wage and salary jobs. One of the basic supports for this increase has been the rapid increase in the number of tourists. Another support is provided by the continually increasing requirements of the military population. Employment in government, the largest source of employment in the HMA, accounted for 27 percent of all nonagricultural wage and salary employment in 1964. Government employment in that year averaged 46,950, including 27,500 Federal government employees, of whom about two-thirds worked at the various Navy, Army, and Air Force facilities.

The manufacturing segment of the economy provided only 10 percent (17,800) of all nonagricultural wage and salary jobs in 1964. About 52 percent of all workers in this relatively small part of the economy were employed by the various food processing industries.

A unique feature of the economy of the HMA is the distribution of land ownership. In 1962 only 22 percent of the land on Oahu was owned by private individuals, whereas 49 percent was owned by the 10 largest private estates, according to the Hawaiian State Land Use Commission. The remaining 29 percent was under Federal and state ownership. Under these circumstances, it is not surprising that the cost of land available for private residential development is high, and that a significant proportion of the single-family homes in the HMA are constructed on land leased from private estates.

Employment

Current Estimate. Total employment in the HMA averaged 204,000 during the first eight months of 1965, as reported by the Hawaii State Department of Labor and Industrial Relations. That level of employment is about 7,600 (four percent) above the average reported for the comparable period in 1964 (see table I). The eight-month 1965 total employment of 204,000 includes 181,900 nonagricultural wage and salary workers, and almost 22,100 self-employed persons, domestics, unpaid family workers, and agricultural workers.

Past Trend. As shown in table II, three distinct tendencies in nonagricultural wage and salary employment between 1958 and 1964 are evident^{1/}. An increase in wage and salary employment of 21,600, over 10,800 annually, occurred between 1958 and 1960. The reasons for this were many: heavy military expenditures, a sharp increase in the number of military dependents, a moderate increase in manufacturing output, and an increase in tourism were primary causes. Between 1960 and 1962, however, nonagricultural wage and salary employment increased by only 5,700 (2,850 annually). Growth was more substantial during the 1962-1964 period than in the preceding two years, as wage and salary employment increased by 9,500 (4,750 annually); however, the over-all rate of growth of the Honolulu economy since 1960 still is well below the 1958-1960 boom period. While the influx of tourists has increased at a rapid pace since 1960, the agriculture and manufacturing segments of the economy have shown no spectacular growth, and increases in military personnel have not approximated those occurring during the late 1950's.

The various manufacturing enterprises provided less than 10 percent of all new nonagricultural wage and salary jobs in the Honolulu HMA between 1958 and 1964, and employment increased by only 3,500 (24 percent), about 580 annually. About 40 percent of this increase was provided by the various food processing firms. Employment in this industry increased by 1,400 (18 percent), or 230 annually, during the six-year period. Average increases in employment of well

^{1/} Employment data are comparable only for the years since 1958.

below 100 annually occurred in all other manufacturing industries during the same period. Growth in manufacturing employment amounted to 2,500 (17 percent), or 1,250 annually, during the 1958-1960 period, paralleling the prosperity enjoyed by the over-all Honolulu economy. This rate of growth contrasts sharply with a gain of only 100 (one percent) or 50 annually, in the 1960 to 1962 period. A partial recovery since the early 1960's is indicated by the fact that manufacturing employment increased by 900 (five percent) or 450 annually, between 1962 and 1964; nevertheless, growth in this two-year period still is well below the gains reported during the late 1950's.

Almost 90 percent of all wage and salary workers in the HMA in 1964 were employed by nonmanufacturing enterprises. Employment in the trade and service industries recorded increases of 9,300 (30 percent) and 8,600 (38 percent), respectively, during the 1958-1964 period. Government, the largest category of nonmanufacturing employment in the HMA, added 6,300 workers during the period, a gain of 15 percent. Employment increases in these three categories accounted for almost 73 percent of all new nonmanufacturing jobs in the HMA between 1958 and 1964. The other major nonmanufacturing industries, including contract construction; transportation, communication, and utilities; and finance, insurance, and real estate; recorded smaller gains over the six-year period.

As in the manufacturing portion of the economy, growth in nonmanufacturing was most rapid during the late 1950's. A gain of 19,200 (16 percent), almost 9,600 annually, occurred over the 1958-1960 period; however, in the succeeding two years, nonmanufacturing employment increased by only 5,500 (four percent) or 2,750 annually. Between 1962 and 1964, nonmanufacturing employment increased by 8,600 (six percent), about 4,300 annually, a rate of growth well above the 1960-1962 increase, although still substantially below gains reported in the late 1950's.

Military Establishments

Impact of the Military. The presence of the military in the HMA has a significant impact on the Honolulu economy. It is estimated that there are currently about 26,200 military households in Oahu. Total uniformed military personnel on the Island numbers about 62,500. The total military population, including civilian dependents, is estimated at 123,000 at the present time, about 20 percent of the total population. All military forces on Oahu are under a joint command--Commander-in-Chief, Pacific. The missions, total uniformed personnel strength, and civilian employment of the various services, are discussed in the following sections.

Navy and Marine Missions. The Navy and Marine Corps activities on Oahu are headed by the Commander-in-Chief, Pacific Fleet, and the Commander, Fleet Marine Force Pacific, respectively. Oahu also is the home of the Service Command, Pacific; Destroyer Command, Pacific; Flotilla 5; and Submarine Command, Pacific with all attached fleet units, including the home-ported Polaris units. Major activities in the Pearl Harbor area include the Naval Base, Shipyard, Submarine Base, Marine Barracks, and Camp H.M. Smith (Marine Corps). Activities outside the Pearl Harbor area include the Marine Corps Air Station, Kaneohe; Barbers Point Naval Air Station; Naval Communications Station, Wahiawa; Naval Air Defense, Oahu; Naval Air Defense Branches at West Loch and Waikale; and the Lualualei Naval Radio Station.

The latest military strength figure for the Navy, available by location only, indicated a military complement of 19,650 as of June 1, 1965, well below the level of 31,300 reported on July 1, 1964. However, strength figures by location include military personnel present in the area as of that day, whether or not they actually are home ported there. Thus, the strength figures are subject to large fluctuations, depending on ship movements.

Total Uniformed Navy Personnel Strength in the Area Honolulu, Hawaii, Housing Market Area July 1, 1956-July 1, 1965

<u>Date</u>	<u>Total</u> <u>strength</u>	<u>Change</u>	<u>Date</u>	<u>Total</u> <u>strength</u>	<u>Change</u>
July 1, 1956	22,529	-	July 1, 1961	25,301	-
" 1957	24,737	2,208	" 1962	39,311	14,010
" 1958	22,398	-2,339	" 1963	23,604	-15,707
" 1959	22,511	113	" 1964	31,315	7,711
" 1960	NA	-	June 1, 1965	19,656	-11,659

Source: Department of the Navy.

The latest available military strength figures for the Marine Corps show a military complement of 5,400 as of September 1, 1965, a decrease of almost 5,200 (51 percent) since January 1, 1965, when the total was almost 10,600. The following table shows trends in over-all Marine strength in the HMA between January 1, 1956 and September 1, 1965.

Total Uniformed Marine Personnel Strength
Honolulu, Hawaii, Housing Market Area
January 1, 1956-September 1, 1965

<u>Date</u>	<u>Total strength</u>	<u>Change</u>	<u>Date</u>	<u>Total strength</u>	<u>Change</u>
January 1, 1956	9,349	-	January 1, 1961	7,920	-371
" 1957	9,416	67	" 1962	9,812	1,892
" 1958	9,373	-43	" 1963	10,024	212
" 1959	7,722	-1,651	" 1964	9,942	-82
" 1960	8,291	569	" 1965	10,583	641
			September 1, 1965	5,400	-5,183

Source: Department of the Navy.

Civil Service employment at the various Navy and Marine facilities was reported at 10,650 on April 1, 1965, a decrease of about 110 since May 1, 1964. As shown in the table below, Civil Service employment has changed little since 1962.

Civil Service Employment at Navy and Marine Installations
Honolulu, Hawaii, Housing Market Area
July 1, 1962-April 1, 1965

<u>Date</u>	<u>Total employment</u>	<u>Change from preceding date</u>
April 1, 1962	10,460	-
June 1, 1963	10,679	219
May 1, 1964	10,745	66
April 1, 1965	10,636	-109

Source: Department of the Navy.

In addition to the Civil Service employees, there were approximately 1,500 non-appropriated fund civilian employees working at the various Navy and Marine facilities on Oahu Island on April 1, 1965. On the same date, there were also 1,275 civilians employed by contractors engaged in construction work at the various Navy and Marine facilities.

Army Mission. Fort Shafter, Hawaii, serves as the Pacific Headquarters for the Army. The U.S. Army (Schofield) Barracks, which serves as the Hawaiian Headquarters for the Army and the 25th Infantry Division, provides logistical support for Hawaii. The Tripler Army Hospital serves all branches of the military. The bulk of all Army personnel in the HMA is stationed at these three installations.

The latest available military strength figures for the Army complex on Oahu indicate a military complement of 19,100 as of April 1, 1965, including just over 1,500 at Fort Shafter, almost 15,300 at Schofield Barracks, nearly 820 at the Tripler Army Hospital, and over 1,475 at various other installations. This is an increase of over 530 since October 1, 1963. Substantially all of the increase occurred at Schofield Barracks, which is a training center for Army personnel continuing on to Viet Nam. Changes in Army strength in the area between October 1, 1956 and April 1, 1965 are indicated in the following table.

Total Uniformed Army Personnel Strength
Honolulu, Hawaii, Housing Market Area
October 1, 1956-April 1, 1965

<u>Date</u>	<u>Total strength</u>	<u>Change</u>	<u>Date</u>	<u>Total strength</u>	<u>Change</u>
Oct. 1, 1956	16,531	-	Oct. 1, 1961	16,945	1,453
" 1957	17,511	980	" 1962	17,645	700
" 1958	14,672	-2,839	" 1963	16,589	-1,056
" 1959	15,438	766	" 1964	18,566	1,977
" 1960	15,492	54	April 1, 1965	19,100	534

Source: Department of the Army.

Civil Service employment at the various Army installations was about 5,150 as of April 1, 1965. This represents an increase of 130 since October 1, 1964 and 230 since October 1, 1963. Most of the increase occurred at Fort Shafter. Schofield Barracks and the Tripler Army Hospital reported moderate gains. Changes in civilian employment at these installations varied only moderately between 1956 and 1965, as shown in the following table.

Civil Service Employment at Army Installations
Honolulu, Hawaii, Housing Market Area
October 1, 1956-April 1, 1965

<u>Date</u>	<u>Total</u> <u>employment</u>	<u>Change</u>	<u>Date</u>	<u>Total</u> <u>employment</u>	<u>Change</u>
Oct. 1, 1956	4,569	-	Oct. 1, 1961	5,053	100
" 1957	4,756	187	" 1962	4,940	-113
" 1958	4,974	218	" 1963	4,927	-13
" 1959	4,933	-41	" 1964	5,025	98
" 1960	4,953	20	April 1, 1965	5,159	134

Source: Department of the Army.

As of April 1, 1965, there were about 1,475 non-appropriated fund civilian employees working for the Army on Oahu. Information on the number of civilians working for contractors and sub-contractors for the Army was not readily available.

Air Force Missions. The missions of Hickam and Wheeler Air Force Bases are to command, operate, and insure security for all the Air Force installations and facilities of Air Force Pacific Base Command; to provide support to Air Force, Pacific Headquarters, Strategic Air Command, Military Air Transport Service, and other tenants; to provide aircraft maintenance and base support to wing units; to coordinate with Headquarters, Air Force Pacific Command area; and to construct, develop, and maintain facilities for Air Force, Pacific Headquarters, for current emergency deployment. The primary mission of Bellows Air Force Station is to support the GLOBECOM facility (satellite communications system) which is the network for Air Force Pacific communications between the mainland and the Far East. The station also has two batteries of the 1st missile Battalion, a 298th Army Group, and the Hawaii Army National Guard, whose mission is to provide air defense to the island of Oahu. Currently, there are only about 70 uniformed military personnel at Bellows. Historical strength figures are not available for this facility; thus, the following discussion of military strength and civilian employment apply to Hickam and Wheeler Air Force Bases only.

The latest military strength figures for Hickam and Wheeler Air Force Bases indicate a military complement of about 9,100 as of August 1, 1965, an increase of 450 since January 1, 1965, and 1,700 since January 1, 1964. The increase in the number of Air Force personnel in the past two years parallels the recent increase in Army strength.

Total Uniformed Air Force Personnel Strength at
Hickam and Wheeler Air Force Bases, Hawaii
January 1, 1957-August 1, 1965

<u>Date</u>	<u>Total strength</u>	<u>Change</u>	<u>Date</u>	<u>Total strength</u>	<u>Change</u>
Jan. 1, 1957	6,020	-	Jan. 1, 1962	6,608	-369
" 1958	7,776	1,756	" 1963	7,332	724
" 1959	6,441	-1,335	" 1964	7,394	62
" 1960	6,995	554	" 1965	8,646	1,252
" 1961	6,977	-18	Aug. 1, 1965	9,095	449

Source: Department of the Air Force.

Civil Service employment at Hickam AFB and Wheeler AFB totaled 2,775 on July 1, 1965, down slightly from 2,800 reported on January 1, 1965, and less than 30 above the total reported on January 1, 1964. The July 1, 1965, level of employment also is below the January 1, 1957 total of almost 3,025. The following table shows civil service employment at the two bases for the January 1, 1957-July 1, 1965 period.

Civil Service Employment
Hickam and Wheeler Air Force Bases, Hawaii
January 1, 1957-July 1, 1965

<u>Date</u>	<u>Total employment</u>	<u>Change</u>	<u>Date</u>	<u>Total employment</u>	<u>Change</u>
Jan. 1, 1957	3,014	-	Jan. 1, 1962	2,726	3
" 1958	2,857	-157	" 1963	2,765	39
" 1959	2,618	-239	" 1964	2,744	-21
" 1960	2,805	187	" 1965	2,804	60
" 1961	2,723	-82	July 1, 1965	2,773	-31

Source: Department of the Air Force.

On July 1, 1965, there were 950 non-appropriated fund civilian employees working for the Air Force, an increase of 200 since July 1, 1964, and 310 since July 1, 1962. Figures prior to 1962 are not available. There are no data available on the number of civilians employed by the various contractors and sub-contractors of the Air Force.

Coast Guard Mission. The stated mission of the Coast Guard, the smallest branch of the military services on Oahu, is search and rescue, law enforcement, marine inspection, and navigational aid. The Coast Guard in Hawaii constitutes the 14th Coast Guard District.

As of September 1, 1965, there was a military complement of just over 1,350, a decrease of 20 below the July 1, 1965 level of 1,375, and 200 below the level of 1,550 reported on July 1, 1964. Data for the years prior to 1964 were not available; however, it is doubtful that total Coast Guard strength in the past has been much above the July 1, 1964 level.

There were about 120 Civil Service employees and five non-appropriated fund civilian employees working for the Coast Guard on September 1, 1965. There were no civilian employees paid from contract or sub-contract funds.

Unemployment

The rate of unemployment in the Honolulu HMA has declined since 1963, but is still above the low rates reported during the late 1950's. In 1964, unemployment averaged 7,700, or 3.8 percent of the civilian work force, somewhat below the 1963 level of 9,325 unemployed, which represented 4.7 percent of the work force. The 1964 level was the lowest reported since 1960, when unemployment averaged just over 5,300 (2.9 percent). During the first eight months of 1965, unemployment declined still further, to a level of 7,140 (3.4 percent), a decrease from the 7,650 (3.7 percent) reported during the first eight months of 1964.

Trends in Unemployment Honolulu, Hawaii, Housing Market Area Annual Averages 1958-1964

<u>Year</u>	<u>Number unemployed</u>	<u>Unemployment rate</u>
1958	5,100	3.2
1959	5,260	3.0
1960	5,310	2.9
1961	7,740	4.0
1962	9,120	4.7
1963	9,330	4.7
1964	7,710	3.8

Source: Hawaii State Department of Labor and Industrial Relations.

Currently, the U. S. Department of Labor classifies the Honolulu area in Group C of its labor market classification, that is, the number of job seekers in the area is only moderately in excess of job openings, and the rate of unemployment exceeds 3.0 percent but is below 6.0 percent. During the period under consideration, the rate of unemployment in the Honolulu area has been consistently below the upper limit of the Group C classification.

Future Employment Prospects

Nonagricultural wage and salary employment in the Honolulu HMA is expected to increase by 11,500 (5,750 annually) over the next two years. This is slightly below the 1958-1964 annual rate of 6,125, but is well above the annual rate of increase that occurred between 1962 and 1964. Because of the expected increase in the number of tourists visiting the Island and the increase in the number of military personnel, most of the employment gains over the next two years likely will occur in the trade and service industries. The total military population, including civilian dependents, will increase substantially in the next two years. Federal, state, and local government employment also is expected to show a moderate increase.

Manufacturing employment increased an average of only 580 annually between 1958 and 1964, and likely will increase at about the same rate in the near future. Although growth in employment in the food processing industries appears to have slowed in recent years, other manufacturing industries are expected to continue to expand at a slightly higher rate than in the past.

Incomes

Family Incomes. As of September 1, 1965, the estimated median annual family income of all families in the Honolulu HMA, after deduction of Federal income tax, is \$7,950, and the median after-tax income of renter families is approximately \$6,400. Only seven percent of all families and 12 percent of renter families have current after-tax incomes of less than \$3,000, while 34 percent of all families and 19 percent of all renter families have annual after-tax incomes of \$10,000 or more. By 1967, median after-tax income in the Honolulu area is expected to increase to \$8,425 for all families and to \$6,800 for all renter families (see table III).

The median annual after-tax income of all military families in the HMA is estimated at \$5,750 currently. (The median income for these families includes income earned by civilian dependents.) About eight percent of all military families have annual after-tax incomes of less than \$3,000, and 15 percent have incomes of \$10,000 or above. By 1967 the median annual after-tax income of military families is expected to reach \$6,125.

Demographic Factors

Population

Current Estimate. As of September 1, 1965, the population of the Honolulu HMA is estimated to total 616,000, an increase of almost 115,600 (23 percent) since April 1, 1960, when the U. S. Census counted 500,400 persons in the HMA. The April 1960-September 1965 growth represents an average annual increase of nearly 21,350.

About 83 percent of the increase in population between April 1960 and September 1965 was nonmilitary-connected.^{1/} At the present time, the nonmilitary-connected population is approximately 431,200, an increase of 95,500 (28 percent), or 17,650 annually, since April 1960, when the total was an estimated 335,700 persons.

Currently, the segment of the population comprising military-connected civilian workers and their families contains an estimated 61,800 persons, an increase of 5,800 (10 percent) or 1,050 annually, since April 1960 when the total was an estimated 56,000.

The military population in the HMA (uniformed military and dependents) is now about 123,000 persons, and has increased by 14,300 (13 percent), or some 2,650 annually, since 1960. Based on data obtained from the various military services and the Hawaii State Department of Planning and Economic Development, the military population in the Honolulu HMA numbered about 108,700 persons in April 1960.

Over-all population changes in the HMA are shown in the following table. Table IV shows the average annual changes for the major components of population.

^{1/} The presence of the military has a significant impact on the economy of the HMA; therefore, data on the military are shown separately whenever possible. As used in this analysis, particularly in the "Demographic Factors" section, the term "military" is defined as including uniformed military personnel and their dependents. "Military-connected civilians" include those civilians and their dependents who are employed by the military. The term "nonmilitary-connected civilians" includes all other civilians not directly connected with the various military installations.

Changes in Population
Honolulu, Hawaii, Housing Market Area
April 1, 1950-September 1, 1967

<u>Population segment</u>	<u>April 1,</u> <u>1950</u>	<u>April 1,</u> <u>1960</u>	<u>Sept. 1,</u> <u>1965</u>	<u>Sept. 1,</u> <u>1967</u>
Nonmilitary-connected				
civilian	242,600	335,700	431,200	467,600
Military-connected civilian	54,200	56,000	61,800	62,400
Military	<u>56,200</u>	<u>108,700</u>	<u>123,000</u>	<u>130,000</u>
Total ^{a/}	353,020	500,409	616,000	660,000

^{a/} Components for 1950 and 1960 are estimated and do not add to HMA totals.

Sources: Total population for 1950 and 1960 from U.S. Censuses of Population. Total population for 1965 and 1967, and the nonmilitary-connected civilian, military-connected civilian, and military population data for all years estimated by the Housing Market Analyst.

Past Trend. During the April 1, 1950 to April 1, 1960 period, the total population of the Honolulu HMA increased from 353,000 to 500,400, an increase of 147,400 (42 percent) or nearly 14,750 annually. Most of the population growth during the decade occurred outside the city of Honolulu; as a result, the proportion of the population in the HMA residing in the city declined from 70 percent in 1950 to 59 percent in 1960. In-migration, principally of military personnel, was significant during the decade. The 1960 census reported that one-fifth of the 1960 population in Hawaii lived outside the state in 1955. For the U.S. as a whole, only one-eighth of the 1960 population lived in a different state in 1955.

Growth in the nonmilitary-connected civilian segment of the population accounted for over 63 percent of the total population increase during the decennial period. The 1950-1960 growth amounted to 93,100 (38 percent), or over 9,300 annually.

The military-connected civilian segment of the population increased only moderately between 1950-1960, principally because civilian employment gains at the various military installations in the latter part of the decade only partially offset the substantial reduction in military-connected civilian employment that occurred during the late 1940's and the early 1950's. It is estimated that the military-

connected civilian population in the HMA increased from 54,200 in April 1950 to 56,000 in April 1960, a gain of 1,800 (three percent), or only about 180 annually. Because both nonmilitary-connected civilian and military population gains were extensive during the decade, the military-connected civilian population declined from 15 percent of the total in April 1950 to 11 percent in April 1960.

The military population in the HMA increased sharply in the early 1950's because of the Korean conflict and has remained at a high level since then. This decade also saw an influx of civilian dependents. As a result, the military population increased from about 56,200 in April 1950 to 108,700 by April 1, 1960, an increase of 52,500 (93 percent), or an average of 5,250 annually. The proportion of the military population to total population increased during the decennial period, from 16 percent in 1950 to 22 percent in 1960.

Estimated Future Population Growth. By September 1, 1967, the population of the Honolulu HMA is expected to reach 660,000. This increase would represent a growth of 44,000 persons (seven percent) above the current population, or 22,000 annually. The projected rate of growth is slightly above the average annual rate of 21,350 experienced between April 1960 and September 1965, and is well above the annual rate of 14,750 that occurred during the 1950-1960 decennial period. The projected growth in population over the next two years reflects the additional military persons (principally Navy and Marine Corps) and their dependents that are expected to be added to the current military population, and also reflects a moderate increase in the number of military-connected civilians and their dependents. As has been true in the past, the bulk of population growth is likely to occur in the nonmilitary-connected civilian segment of the population because of continued expansion in the trade and service industries.

About 16 percent of the total growth expected over the next two years will represent an increase in military personnel and their dependents, one percent will represent military-connected civilian workers and their dependents, and about 83 percent of the growth will represent an increase in nonmilitary-connected civilian population.

Natural Increase and Migration. Between April 1, 1950 and April 1, 1960, there was a net natural increase (excess of resident live births over deaths) of over 106,500 in the Honolulu HMA. When compared with a total population increase of almost 147,400, an in-migration of almost 40,900 is estimated, equal to 28 percent of the total population increase (see table V). Although data are not readily available, it is likely that in-migration during the 1958-1960 boom period was higher than the 1950-1960 annual average.

The rate of in-migration has more than doubled since April 1960. Based on resident birth and death statistics compiled by the Hawaii State Department of Health, in-migration totaled 49,150 between April 1960 and September 1965, about 43 percent of the total population increase. The average annual rate of in-migration during this period (9,075 a year) was significantly above the average annual rate of 4,075 reported for the 1950-1960 intercensal period. The components of population changes in the Honolulu area are shown below.

Components of Population Change
Honolulu, Hawaii, Housing Market Area
April 1, 1950-September 1, 1965

<u>Source of change</u>	<u>April 1, 1950- April 1, 1960</u>	<u>April 1, 1960- September 1, 1965</u>
Net natural increase	106,516	66,450
In-migration	<u>40,873</u>	<u>49,150</u>
Total change	147,389	115,600

Sources: 1950 and 1960 Censuses of Population; U. S. Bureau of the Census, Current Population Report, Series P-23, No. 7; and Hawaii State Department of Health; and estimates by the Housing Market Analyst.

Age Distribution. There was a large increase in the number of young persons in the HMA between 1950 and 1960, as reflected by the decline in median age from 25.0 years in 1950 to 23.8 years in 1960 (see table VI). Not surprisingly, the number of persons under 20 years of age increased by almost 78,000 (57 percent) during the ten-year period. The group aged 20-29 years exhibited the lowest rate of increase (6,750, or nine percent). Although the number of persons aged 60 years and over increased by 10,000 (49 percent) between 1950 and 1960, the proportion of persons in this age group was six percent of the total in both 1950 and 1960, a pattern which does not follow the national trend of an increasing proportion of persons in that age group.

Households

Current Estimate. As of September 1, 1965, there are 147,500 households (occupied dwelling units) in the Honolulu HMA. Since April 1, 1960, when the census enumerated almost 117,900 households in the area, total households have increased by over 29,650 (25 percent), or some 5,475 annually.

Nonmilitary-connected civilian households now number 101,800, accounting for 69 percent of the total, and representing an increase of 24,700 (32 percent) or 4,575 annually, between April 1, 1960 and September 1, 1965. That increase accounted for about 83 percent of the total increase in households during the period.

Military-connected civilian households now number 19,500, an increase of about 1,700 (10 percent) since 1960, when there were an estimated 17,800 such households on the Island. The number of households in this group has increased by an average of over 310 annually since the 1960 census.

On the basis of the family housing surveys conducted by the military installations early in 1965 and on estimates made by the Hawaii State Department of Planning and Economic Development, there are currently an estimated 26,200 military households in the HMA, an increase of some 3,200 (14 percent), or 590 annually since 1960. At the time of the 1960 census, there were approximately 23,000 military households in the HMA.

Changes in Households
Honolulu, Hawaii, Housing Market Area
April 1, 1950-September 1, 1967

<u>Households segment</u>	<u>April 1, 1950</u>	<u>April 1, 1960</u>	<u>September 1, 1965</u>	<u>September 1, 1967</u>
Nonmilitary-connected				
civilian	51,700	77,100	101,800	111,300
Military-connected	17,200	17,800	19,500	19,700
Military	<u>9,000</u>	<u>23,000</u>	<u>26,200</u>	<u>27,800</u>
Total <u>a/</u>	77,893	117,856	147,500	158,800

a/ Components for 1950 and 1960 are estimates and do not add to HMA totals.

Source: Total households for 1950 and 1960 from U.S. Censuses of Housing. Total households for 1965 and 1967, and the non-military-connected civilian, military-connected civilian, and military household data for all years estimated by the Housing Market Analyst.

Past Trend. The total number of households in the Honolulu HMA increased from 77,900 on April 1, 1950 to 117,900 on April 1, 1960, an increase of 40,000 (51 percent), or 4,000 annually. However, a change in census definition from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census accounts for a part of this growth.

The number of nonmilitary-connected civilian households grew from an estimated 51,700 in April 1950 to 77,100 by April 1960, an increase of 25,400 (49 percent), or an average annual gain of nearly 2,550. It is likely that the increases were greatest during the late 1950's, a period characterized by a high rate of in-migration. During the decade, nonmilitary-connected civilian household growth accounted for almost 64 percent of the total household increase on the Island.

Military-connected civilian household growth amounted to only 600 (three percent) over the 1950 to 1960 period, an average of only 60 annually. This was less than two percent of the total household increase during the period. A significant reduction in military-connected civilian employment occurred during the late 1940's and early 1950's, and, although total military strength increased rapidly during the 1950-1960 decade, military-connected civilian employment did not expand accordingly.

Total military strength and the number of military families on Oahu expanded quite rapidly during the 1950-1960 period. This growth is reflected in the fact that military households grew from only about 9,000 in 1950 to an estimated 23,000 in April 1960, an increase of 14,000 (156 percent), or an average increase of 1,400 annually.

Household Size Trends. The average size of all households in the Honolulu HMA is among the highest reported for a metropolitan area in the United States. Currently, the average size of all households in the HMA is estimated at 3.90 persons, a continuation of the 1950-1960 trend in household size when the average declined from 4.12 to 3.92 persons. A general trend toward smaller family size in the Honolulu area, as well as substantial building of multifamily structures, which typically are occupied by smaller households, has been a prime contributor to the declining average size of households.

Future Household Growth. Based on the anticipated increment in population growth in response to new job opportunities, and on the assumption that the average size of all households will continue to decline slowly and that non-household population will increase slightly, it is expected that by September 1, 1967 there will be a total of 158,800 households in the HMA. An increase of this magnitude above the current estimate would represent a gain of 11,300 (5,650 annually) over the next two years. The projected annual increment is above both the 1950-1960 increase (4,000 annually) and the April 1960-September 1965 gain (5,475 annually).

The projected increase over the next two years includes 9,500 (4,750 annually) in nonmilitary-connected civilian households, or 84 percent of the projected gain. The projected increase compares with an average annual gain of 2,550 over the 1950-1960 period and 4,575 between April 1960 and September 1965. Military-connected civilian households are expected to increase by only 200 (100 annually) over the next two years, less than two percent of the over-all projected growth. An increase at this annual rate would be above the average annual gain of 60 reported during the 1950's, but would be somewhat below the average gain of 310 between April 1960 and the current date. Based on the latest available strength figures, military households are expected to increase by 1,600 (800 annually) during the forecast period. Both the projected increase and the April 1960-September 1965 annual increase (590) are significantly below the annual rate of increase (1,400) that occurred between April 1950 and April 1960. It should be cautioned, however, that military strength projections often are subject to significant short-run fluctuations. Thus, a decision by the military affecting an installation on the Island could radically alter the over-all level of military strength. Even a decision by the military to discontinue concurrent travel for civilian dependents of the military might reduce projected military household growth to a level substantially below the above estimate.

Housing Market Factors

Housing Supply

Current Estimate. As of September 1, 1965, there are approximately 157,000 housing units in the Honolulu HMA, indicating a net gain since April 1, 1960 of over 31,200 housing units (25 percent), or 5,750 annually. The 1960 census reported that there were almost 125,800 housing units in the HMA (see table VII). The April 1960-September 1965 increase is the result of the construction of 38,200 housing units and the demolition of about 7,000 units.

Past Trend. Between April 1, 1950, and April 1, 1960, the number of housing units in the Honolulu HMA increased from 83,200 to 125,800, an increase of 42,600 (51 percent), or over 4,250 annually. This annual increment is some 1,500 below the April 1960 to September 1965 average annual addition. An unknown portion of the 1950-1960 increase reflects a conceptual change from "dwelling unit" in the 1950 Census to "housing unit" in the 1960 Census during the decade.

Characteristics of the Inventory. Although a majority of the housing units in the Honolulu HMA are occupied by tenants at the present time, a distribution of the housing inventory by units in structure indicates that the area is predominately one of single-family homes. Currently, about 65 percent (102,000) of all housing units are in one-unit structures (including trailers), a decrease since April 1960, when about 68 percent of the inventory (85,200 units) was so classified. Although the number of units in two- to four-unit structures increased from over 19,450 in April 1960 to 22,000 by September 1965, the proportion of such units in the housing inventory declined from 15 percent to 14 percent. The biggest increase occurred in the number of units in structures with five units or more, which increased from less than 21,050 (17 percent of the total inventory) in 1960 to 33,000 (21 percent) by September 1965.

The composition of the housing inventory by units in structure for 1960 and 1965 is summarized in the following table.

The Housing Inventory by Units in Structure
Honolulu, Hawaii, Housing Market Area
April 1, 1960 and September 1, 1965

<u>Units in structure</u>	<u>April 1,</u>	<u>September 1,</u>	<u>Percentage of total</u>	
	<u>1960</u>	<u>1965</u>	<u>1960</u>	<u>1965</u>
One unit	85,183	102,000	68	65
Two units	9,265	10,100	7	6
Three and four units	10,200	11,900	8	8
Five or more units	<u>21,031</u>	<u>33,000</u>	<u>17</u>	<u>21</u>
Total	126,679 ^{a/}	157,000	100	100

^{a/} Differs somewhat from count of all housing units (125,795) because units by type of structure were enumerated on a sample basis.

Sources: 1960 Census of Housing.

1965 estimated by the Housing Market Analyst.

Reflecting the high level of building activity in the Honolulu HMA, a distribution of the housing inventory by age of structure indicates that about 38,200 units, 24 percent of the total inventory, were built between April 1, 1960, and September 1, 1965. Another 51,600 units (33 percent) were built during the 1950-1960 decade. Thus, about 89,000 units (57 percent) in the inventory are 15 years old or less. Only 39,700 units (25 percent) were built prior to 1940.

Distribution of the Housing Inventory by Year Built^{a/}
Honolulu, Hawaii, Housing Market Area
September 1, 1965

<u>Year built</u>	<u>Number of units</u>	<u>Percentage distribution</u>
April 1, 1960-September 1, 1965	38,200	24
1955-March 31, 1960	30,900	20
1950-1954	20,700	13
1940-1949	27,500	18
1930-1939	16,500	10
1929 or earlier	<u>23,200</u>	<u>15</u>
Total	157,000	100

^{a/} The ~~basic~~ 1960 census data contain an unknown degree of error in "year built," occasioned by the accuracy of response to enumerators' questions, as well as errors caused by sampling.

Source: Estimated by the Housing Market Analyst based on 1960 data from the Census of Housing, and adjusted to reflect units added, demolitions, conversions, fire loss, and other changes in the inventory since April 1960.

The condition of the housing inventory on the island of Oahu has improved markedly since 1950. Currently, only about 13,000 units (eight percent) are dilapidated or lack one or more plumbing facilities, compared to 16,850 units (13 percent) in April 1960. The improvement in the quality of the inventory between 1950 or 1960 was even more impressive. In April 1950, almost 26,100 units (31 percent) were classified as dilapidated or lacking one or more plumbing facilities.^{1/} Demolitions for urban renewal and highway construction, coupled with a general upgrading of the housing stock, are responsible for much of the improvement in the quality of the inventory over the last fifteen years.

The median value of owner-occupied homes in the Honolulu HMA is estimated at \$27,000 currently. As reported by the 1960 Census of Housing, the median value of all owner-occupied homes was \$23,200. The current estimate is an increase of over 16 percent above the 1960 estimate.

At the present time, the median gross rent paid by Honolulu tenant families is estimated to be almost \$95. The median gross rent paid in 1960 was \$80. The 1960 census also reported that the median gross rent asked for vacant available rental units was \$100. It is estimated that the median monthly gross rent asked for vacant available rental units has reached \$120 currently.

Residential Building Activity

Past Trend. Residential building activity in the HMA has closely paralleled changes in the economy. Total construction volume, as measured by building permits, increased from less than 5,525 in 1958 to 9,000 in 1959 and 8,400 in 1960, an increase that reflects the sharp upturn in the Honolulu economy during the late 1950's. The number of permits issued declined to 5,775 in 1961, only to jump to 7,900 in 1962. The year 1965 promises to be a peak year for new residential construction on the island. Units were authorized during the first eight months of 1965 at an annual rate of over 10,150.

^{1/} Because the 1950 Census of Housing did not classify "deteriorating" units separately, it is possible that some units classified as "dilapidated" in 1950 would have been classified as "deteriorating" in 1960; but the improvement in the inventory clearly is impressive.

New Housing Units Authorized by Building Permits
Honolulu, Hawaii, Housing Market Area
Annual totals, 1955-1965

<u>Year</u>	<u>Total units</u>	<u>Change from preceding date</u>	<u>Year</u>	<u>Total units</u>	<u>Change from preceding date</u>
-	-	-	1960	8,397	-604
1955	4,202	-	1961	5,774	-2,623
1956	4,047	-155	1962	7,900	2,126
1957	4,737	690	1963	6,818	-1,082
1958	5,516	779	1964	7,279	461
1959	9,001	3,485	1965 ^{a/}	6,779	-

^{a/} Through August.

Sources: Bureau of the Census, Construction Reports, C-40; City and County of Honolulu Building Department.

Between January 1, 1965 and September 1, 1965, almost 3,250 single-family units were permitted, equivalent to an annual rate of over 4,850. An annual authorization of this magnitude would be only 200 below the peak of 5,050 authorized in 1960, and would represent an increase of almost 1,200 (32 percent) above the 1964 total of 3,675. It would also be well above the 1960-1964 average of 3,825 annually.

Year-to-year multifamily authorizations have been much more volatile than single-family authorizations over the past ten years (see table VIII). During the first eight months of 1965, authorizations of units in structures with two or more units were at an annual rate of 5,300, the highest since 1959 when 5,400 such units were authorized, and 1,700 (47 percent) above the number authorized in 1964. Over 5,100 multifamily units authorized since 1960 have been in condominium projects. Many of these projects currently are under construction or in the planning stage.

Units Under Construction. Based upon the number of units recently authorized by building permits and upon the September 1965 postal vacancy survey, it is estimated that there are about 5,000 housing units under construction on the Island at the present time, including 2,100 single-family units and 2,900 apartment units. An estimated 80 percent of the apartment units are under construction in Honolulu and adjoining suburban areas; however, about two-thirds of the single-family units under construction are in other locations on the island.

Demolitions. Records of the number of residential units demolished in the Honolulu HMA are rather complete, and indicate that about 7,000 housing units have been demolished on the Island since January 1, 1960. The demolitions resulted principally from slum clearance near the center of the city, and from displacement of housing by industry, office buildings, and new apartment houses. The construction of superhighways and interchanges also has caused some displacement. Although the number of demolitions in the next two years is expected to decline somewhat from the number of units removed during the early 1960's, about 2,000 units are expected to be removed from the inventory during the next two years.

Tenure of Occupancy

Current Estimate. As of September 1, 1965, just over 43 percent (64,000 units) of the occupied housing inventory in the HMA is owner-occupied and 57 percent (83,500 units) is renter-occupied (see table VII). Although renter-occupants in the HMA still are in the majority, there was a slight shift from renter-occupancy to owner-occupancy between April 1960 and September 1965. In 1960, less than 41 percent (47,800 units) of the inventory was owner-occupied and over 59 percent (70,050 units) was occupied by tenants.

Past Trend. The increase observed between April 1960 and September 1965 in the proportion of owner-occupied units also occurred during the 1950-1960 decade. Although an average annual increase in the number of owner households during the decade (2,025 units) was only slightly above the average annual increase in renter households (1,975), the proportion of owner households increased from just over 35 percent (27,500 units) of the occupied inventory in April 1950 to almost 41 percent (47,800 units) in April 1960. Concurrently, the number of renter households decreased from almost 65 percent of the occupied inventory (50,400 units) in April 1950 to 59 percent (70,050 units) in April 1960. The trend toward owner-occupancy during the 1950-1960 decade reflects, primarily, a high proportion of single-family construction during that period.

Vacancy

1950 and 1960 Censuses. The number of available vacant housing units in the HMA was relatively low in both 1950 and 1960, as reported by the censuses of housing. In April 1960, there were just over 3,500 available vacant housing units in the area, including 525 available for sale only (a homeowner vacancy ratio of 1.1 percent) and 2,975 available for rent (a rental vacancy ratio of 4.1 percent). The available vacancies were of relatively good quality. Only 25 of the available sales units, about five percent of the owner inventory, and 250 of the units available for rent, about eight percent of the renter inventory, lacked one or more plumbing facilities. Vacancy ratios were even lower in 1950. At that time, the census reported that there were about 300 vacant available sales units, indicating a homeowner vacancy ratio of 1.1 percent. The 1,900 vacant available rental units represented a renter vacancy ratio of 3.6 percent in April 1950.

Postal Vacancy Survey. A postal vacancy survey conducted in September 1965 included the Honolulu and nine other post offices (see table IX). The survey covered over 130,200 possible deliveries, about 83 percent of the estimated current housing supply. At the time of the survey, 3,100 units (2.4 percent) were vacant. Of this total, about 1,575 were vacant residences, a vacancy ratio of 2.0 percent, and 1,525 were apartments, a vacancy factor of 2.9 percent in this category. An additional 4,900 units, 2,000 residences and 2,900 apartments, were reported to be under construction, but were not classified as vacant.

An earlier postal vacancy survey (September 1963) was made by the same post offices that conducted the 1965 survey, plus several smaller post offices that did not have city delivery routes. That survey enumerated 131,200 units, of which almost 3,375 (2.6 percent) were vacant. The

vacancies included over 1,150 residences, a vacancy ratio of 1.6 percent, and almost 2,225 vacant apartments, a vacancy factor of 3.7 percent. At the time of the September 1963 survey, 1,025 residences and 3,825 apartment units were under construction.

A comparison of the two surveys indicates that the over-all vacancy factor decreased from 2.6 percent in September 1963 to 2.4 percent in September 1965. The vacancy ratio for residences increased slightly, from 1.6 percent to 2.0 percent. This increase reflects, primarily, the increase in the rate of new single-family construction during the past two years. The number of residences under construction at the time of the surveys nearly doubled between September 1963 and September 1965. The 1965 survey enumerated 700 new residences that had never been occupied, another indication of the increase in new single-family construction. The vacancy rate in the apartment category declined from 3.7 percent to 2.9 percent during the two-year period. A portion of the decrease in the vacancy factor in this category can be attributed to the large increase in the number of visitors to the island in the past few years. Many apartment units, particularly in the Waikiki Beach area, are occupied mostly by tourists.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include some row houses, duplexes, and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators the survey serves a valuable function in the derivation of estimates of local market conditions.

FHA Vacancies. As shown by the annual occupancy surveys conducted by the FHA Honolulu Insuring Office, the vacancy rate in FHA-insured projects in the Honolulu area declined between February 1963 and February 1965. The February 1965 survey counted only 45 vacancies in over 1,675 units surveyed, about 2.7 percent. Excluding one project, which was newly completed at the time, the February 1964 survey indicated a vacancy factor of 7.0 percent.

The over-all vacancy ratio reported in both the February 1964 and February 1965 surveys was below the 8.1 percent factor reported in February 1963. Admittedly, the scope of the surveys is limited; however, a comparison of the surveys is useful because they indicate vacancy trends in some of the older, smaller, rental projects in the HMA.

The table below compares the results of the FHA annual occupancy surveys conducted in the last three years.

Vacancy in FHA-Insured Apartment Projects
Honolulu, Hawaii, Housing Market Area
February 1963-February 1965

<u>Year</u>	<u>Number of units surveyed</u>	<u>Number of vacant units</u>	<u>Percent of units vacant</u>
1963	953	77	8.1
1964	1,088	76	7.0
1965	1,683	45	2.7

Source: Annual Occupancy Survey of FHA-insured projects,
conducted by the FHA Honolulu Insuring Office.

Current Estimate. Based upon the postal vacancy survey and other vacancy data, as well as on personal observation in the HMA, it is judged that, although the over-all level of vacancies has declined moderately since 1963, the current estimate represents a slight increase above the level reported in the 1960 census. At the present time, there are about 4,600 vacant housing units available for sale or rent. Of this total, 850 are for sale and 3,750 are for rent, equal to vacancy ratios of 1.3 percent and 4.3 percent, respectively. Substantially all of the available units are judged to have standard plumbing facilities.

As shown in table VII, current homeowner and renter vacancy ratios have not changed significantly from 1950 and 1960 levels. The home-owner vacancy ratio was 1.1 percent in both 1950 and 1960, and is estimated at 1.3 percent currently. Renter vacancy rates have risen only from 3.6 percent in 1950 to 4.1 percent in 1960, and to 4.3 percent currently. In an area like Honolulu, which has experienced a relatively high rate of growth since World War II, the low vacancy ratios over the past fifteen years are indicative of a relatively tight housing market.

Sales Market

General Market Conditions. In spite of the recent increase in new single-family construction, the market for single-family sales housing in the HMA is very strong. This condition is reflected in a relatively low vacancy factor (1.3 percent currently) and an unusually low level of unsold speculatively-built new homes (five percent in January 1965). In addition to the rapid absorption of new sales housing, reports from various realtors and the Multiple Listing Service of the Honolulu Board of Realtors indicate a high ratio of sales to listings and continuing strong price support. Moreover, the construction of several condominium projects in the past few years does not appear to have had a depressive effect on the single-family sales market.

If an increase in the number of lots filed in tracts with the Honolulu City Planning Commission is a criterion, then many local builders are anticipating an even stronger sales market in the near future. The number of planned single-family units in residential developments reported to the commission totaled almost 2,625 in the first six months of 1965, an all-time high. Over 1,825 of these lots were filed in the first three months of 1965, well above the number recorded in either the first quarter of 1964 (1,075) or 1963 (240). The location of the lots filed suggests that single-family construction in the near future will be concentrated in the Pearl Harbor area, in the Kaneohe area on the windward side of the island, and in the Waialai-Koko Head area.

According to informed local sources, the level of land and construction costs is such that no new acceptable single-family homes in the HMA can be built to sell for less than \$16,000 on leased land, and an acceptable single-family home built on land owned in fee simple costs at least \$20,000.

In recent months, concern has been expressed locally over the high price levels of some condominium units. A survey of the condominium market was conducted by the FHA Honolulu Insuring Office in September 1965 in order to obtain quantitative and qualitative data. The combined results of the survey are shown in table X.

Several projects were excluded from the tabulation because they were still under construction or in the planning stage. A total of 20 projects containing just over 1,025 units were tabulated. The survey counted 85 vacancies, a vacancy factor of 8.2 percent. The vacancy ratio is not considered to be excessive, in view of the fact that most of the projects surveyed had been completed since January 1965. Not surprisingly, vacancies were lowest in the low and moderate priced projects. There was a vacancy of 1.8 percent in units priced under \$15,000, and a ratio of 6.5 percent for those units priced

between \$15,000-\$24,999. In higher priced projects, the vacancy factor jumped to 13.7 percent for units priced between \$25,000-\$34,999, and to 17.0 percent for units priced between \$35,000-\$49,999. Only one of 25 units enumerated in the \$50,000 and over price category was vacant.

In an attempt to determine the sales appeal (within broad price ranges) of individual units in the projects, a breakdown of the units by owner- and renter-occupancy was obtained. It is interesting to note that only 66 of 220 units priced below \$15,000, about 30 percent, are owner-occupied. In the \$15,000-\$24,999 and \$25,000-\$34,999 price ranges, the owner-occupancy ratio increased to 77 percent and 80 percent, respectively, while in the \$35,000-\$49,999 price range, almost 90 percent of the occupied units were occupied by owners. Only two of the 24 units occupied in the \$50,000 and over price range were renter-occupied.

The results of the survey tend to confirm some previous judgments made about the condominium market. It is obvious that the smaller, lower-priced condominium units are available for rent, rather than for sale. This is because these units are attractive to investors, who have been buying the units and making them available to tenants, particularly tourists. The units priced above \$15,000 are larger and offer more amenities of ownership; as a result, a much larger proportion of these units are owner-occupied. Conversely, the appeal of condominium as an investment diminishes rapidly in the higher price ranges because of the cost of acquisition and the relatively high rents that must be asked in order to offer an attractive return to an investor. It is apparent that condominium owner-occupancy in the HMA is largely for units priced at \$15,000 and above.

Speculative Construction. As reported by the January 1965 unsold inventory survey, speculative construction accounted for only 24 percent of all completed sales houses counted. However, this indicator can be used as a general guide only, because the survey covered only about two-fifths of the single-family activity on Oahu in 1964. Many of the houses not enumerated were custom homes built on contract to sell for \$35,000 and over. Thus, the speculative construction ratio on the island undoubtedly is somewhat lower than the 24 percent reported by the FHA survey.

Although data for prior years are not available, it is likely that speculative construction in the HMA characteristically has been low relative to total construction volume. Because of high and rapidly-rising construction costs and the inability to obtain financing on a long-term basis, most builders on the island are unable to construct a large inventory of unsold homes. Typically, sales are made from model homes. Only one builder does large-scale speculative construction and the current strength of the sales market is such that most of its homes are sold soon after completion.

Unsold Inventory of New Homes. In January 1965, the Honolulu FHA Insuring Office surveyed all subdivisions in the HMA in which five or more sales houses were completed in the preceding twelve months. A total of 23 subdivisions met this criterion. The results of the survey are presented in table XI. The survey reported that over 1,475 houses were completed in 1964, of which 1,125 (76 percent) were sold prior to start of construction and 350 (24 percent) were built speculatively. Of the 350 units built speculatively in 1964, less than 20 remained unsold on January 1, 1965, representing only five percent of the speculative construction volume. A distribution of the number of units completed by sales price, as reported by the survey, is shown in the following table.

Number of Houses Completed in 1964 by Sales Price
Honolulu, Hawaii, Housing Market Area
As of January 1, 1965

<u>Sales price</u>	<u>Completed in 1964</u>	
	<u>Number</u>	<u>Percentage</u>
Under \$15,000	43	3
\$15,000 - 17,499	130	9
17,500 - 19,999	217	15
20,000 - 24,999	801	54
25,000 - 29,999	227	15
30,000 and over	<u>68</u>	<u>4</u>
Total	1,486	100

Source: Unsold Inventory Survey of New Homes, conducted by the Honolulu FHA Insuring Office.

Rental Market

General Market Conditions. New multifamily construction in the Honolulu HMA, as measured by building permits was up significantly in the first eight months of 1965, reflecting, in part, authorizations for condominium projects. The number of units authorized in structures with two units or more increased from 2,350 in 1961 to 4,250 in 1962. However, authorizations in structures with two or more units declined to 3,475 in 1963 reflecting, in large part, a moderate degree of overbuilding of cooperative apartments and a reduced rate of economic growth. Since 1963, an economic upturn and a strong interest in condominium projects has led to an increase in new multifamily construction. In 1964, a total of 3,600 units in structures of two units or more were authorized. In the first eight months of 1965, over 3,525 such units were authorized, equivalent to an annual rate of 5,300 units. Authorizations of this magnitude in 1965 would be an increase of 47 percent above 1964 authorizations.

In spite of the recent increase in the rate of new multifamily authorizations, the rental vacancy rate has risen only slightly: from 4.1 percent in April 1960 to 4.3 percent currently. In the two recent postal surveys, the vacancy factor in the apartment category declined from 3.7 percent in the September 1963 survey to 2.9 percent as reported by the September 1965 survey. However, because many of these apartment units are located in the Waikiki resort area, it is likely that part of the decrease in the vacancy factor is a reflection of an increase in the number of tourists. Many apartment units in the HMA, particularly in the Waikiki Beach area of Honolulu, are occupied by (and are primarily available to) tourists.

New Multifamily Housing. As indicated by the relatively low rental vacancy ratio (4.3 percent) in the HMA at the present time, new rental housing in the HMA has been readily absorbed for the most part. There are about 2,900 rental units in structures of two or more units currently under construction. Some of these are high-rise structures in the Waikiki area that are built largely for tourists; they are subject to highly seasonal vacancy rates. Even the small efficiency units in the Waikiki area rent for as much as \$175-\$200 a month. There are also a number of small garden-type apartment projects, either recently completed or under construction. A rather complete list of building permits by units in structure compiled by a local public utility shows that over 110 projects containing ten units or less have been authorized in the HMA since January 1, 1964. Many of these are being constructed on scattered sites near the downtown Honolulu area. Rents for units in these smaller projects range from as low as \$90 for an efficiency to \$150 for a two-bedroom unit.

A significant proportion of all multifamily housing constructed, under construction, and planned in the HMA in the past few years has been in condominium projects. Informed local sources report that, since 1961, well over 5,000 such units either have been built, are under construction, or are in the planning stage.

Urban Renewal

Urban renewal in the HMA was started in the early 1950's, when Hawaii was still a Territory. Four renewal projects have been completed and five are in execution or planning stages.

An early project was Wilson (URTHI-2), a Federally-assisted project completed in June 1959.

Kokea, a local project not requiring Federal funds, was completed in June 1962.

Kalihi Triangle is a local unassisted project comprising 8.5 acres. The homeowners in this project retained clear title to their land and were allowed to develop the project area themselves. Initially, the land was conveyed to a trustee, who, in turn, petitioned the city of Honolulu for a 100 percent Improvement District. The cost of improving the land was spread over the 40 lots, with each owner paying an annual assessment over a twenty-year period. After site improvement and resub-division, the Trustee deeded the lots back to their owners, who agreed to build a single-family dwelling on the lot within two years after receiving the deed. The project was initiated in 1954. By 1964, all the lots had been deeded back to their owners.

Queen Emma (T.H.R-1), a 74-acre project area, is located within walking distance of downtown Honolulu. By the time clearance was completed, a total of over 510 families, 430 individuals, and almost 100 businesses had been relocated. A 582-unit Section 220 project of three high-rise buildings, was completed in the project area in early 1964. Currently, the project is over 95 percent occupied. A shopping center was completed on the corner of Pali Highway and Vineyard Boulevard adjacent to the apartment complex. Several new commercial buildings located in the project area. The project was officially closed out in June 1964.

Kukui (Hawaii R-2), which comprises 75 acres, is bounded by Beretania, King, and Liliha Streets, Vineyard Thoroughfare, College Walk, Kukui, and Queen Emma Streets. To date, 910 families, 1,875 individuals, and 460 businesses have been relocated. The city of Honolulu adopted a general plan in 1964 which allowed rezoning certain portions of the project area to permit private development of moderate-income, multifamily housing with FHA assistance and provided a site for relocating displaced ethnic societies and schools. Provision also will be made for public housing for the elderly. Preliminary plans have been submitted for the development of an adjacent block as a cultural center that would contain cultural societies, language and art schools, and private facilities for ethnic shops, stores, restaurants, and entertainment.

Aala Triangle (Hawaii R-3), a project area of only four acres, is bounded by Beretania and King Streets, and Aala Park. This project is different from other renewal efforts in the HMA because the tenants removed were predominately individuals and businesses, instead of families. It was necessary to relocate only 30 families; however, over 280 individuals and almost 90 businesses had to be relocated. When the project area has been cleared, it will be developed as a public park to provide recreational facilities for families moving back into the nearby Kukui urban renewal area.

Kapahulu GNRP, (Hawaii R-6) is a large General Neighborhood Renewal Plan scheduled for conservation measures. The over-all plan, consisting of over 400 acres, has been divided into five sections--Kikeke, Olu, Hoolulu, Hinano, and Paki--to be treated successively over a ten-year period.

The Kewalo-Lunalilo Auxiliary Project is another local unassisted renewal project. The project area of less than one acre is located at the corner of Lunalili Freeway and Kewalo Street. Plans call for the construction of a small apartment project.

Kauluwela (Hawaii R-7) is a 30-acre project bounded by Vineyard Boulevard, Liliha and School Streets, and Nuuanu Stream. It calls for the demolition of nearly 200 substandard structures and the elimination of some non-conforming land uses. When completed, the residential section of the project area will offer walk-up apartments for low and middle-income groups. The commercial area will consist of a variety of neighborhood stores to supply the daily needs of the local residents. School and parking lot facilities will be enlarged and a site will be provided for a new branch of the public library.

Public Housing

There are about 4,525 units of public housing in the HMA at the present time under the management of the Honolulu Housing Authority, including the 614-unit Kuhio Park Terrace project completed this year. Over 900 units are occupied by military families in public housing quarters leased by the Navy. Vacancies in all types of projects are extremely low.

According to the plans of the Honolulu Housing Authority, an additional 1,150 units of public housing will be added by the end of 1970; however, only 340 of these will be built during the next two years.

Military Housing

Navy and Marine Corps. There are 6,306 adequate military-controlled housing units available for Navy and Marine Corps occupancy. Another 850 units are under construction. In addition, consideration is being given to placing 300 private units under Government lease for Navy families.

Army. The Army lists 3,400 military-controlled housing units.

Air Force. There are 2,015 units of military-controlled housing available to Air Force personnel. In addition, 250 units are under construction.

Coast Guard. There are less than 10 military-controlled housing units in the HMA controlled by the Coast Guard. The latest housing survey, February 1965, reported no proposed new construction.

Other Military Housing. In addition to the family housing listed above, there will be 700 units in the Damon Terrace project now in planning which will be available to all military personnel.

Demand for Housing

Quantitative Demand

Demand for additional housing in the Honolulu HMA during the two-year period from September 1, 1965 to September 1, 1967 is based on the projected level of household growth (estimated at 5,650 annually), on the number of housing units expected to be demolished, and on the adjustment of vacancies to a level that reflects the long-term needs of the market. Consideration also is given to the current tenure of occupancy, to the continuing trend from renter-occupancy to owner-occupancy, and to the transfer of single-family houses from the sales inventory to the rental inventory. After giving consideration to these factors, demand for additional non-assisted, privately-owned housing units is estimated at 7,100 units annually over the two-year forecast period. The annual total includes 4,100 sales units (including condominium and cooperative units) and 3,000 rental units, excluding public low-rent housing and rent-supplement accommodations.

A construction volume of 7,100 units annually, built without special benefits or assistance, would be comparable with the average of 6,950 units a year authorized by building permits in the four years from 1961 through 1964, but would be well below the 9,000 authorized in 1959 and the 8,400 authorized in 1960. The 1959-1960 construction volume paralleled unprecedented increases in employment and an increase in the number of civilian and military in-migrants. The projected construction volume also is well below the annual rate of 10,150 units authorized during the first eight months of 1965. The high level of building activity in 1965 has been generated, in part, by a rapid increase in employment and households.

Qualitative Demand

Sales Housing. Based on the distribution of Honolulu area families by current annual after-tax incomes, on the proportion of income area families typically pay for sales housing, and on recent market experience, demand for new sales houses is expected to approximate the sales price pattern presented in the following table.

Estimated Annual Demand for New Sales Housing by Price Class
Honolulu, Hawaii, Housing Market Area
September 1, 1965-September 1, 1967

<u>Price range</u>	<u>Number of units</u>
Under \$18,000	615
\$18,000 - 19,999	820
20,000 - 22,499	900
22,500 - 24,999	740
25,000 - 29,999	615
30,000 and over	<u>410</u>
Total	4,100

The foregoing distribution differs from that in Table XI, which reflects only selected subdivision experience during the year 1964. It must be noted that the 1964 data do not include new construction in subdivisions with less than five completions during the year, nor do they reflect individual or contract construction on scattered lots. It is likely that the more expensive housing construction and some of the lower value homes are concentrated in the smaller building operations which are quite numerous. The preceding demand estimates reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.

After taking into consideration prevailing construction and land costs, it is judged that adequate new single-family houses cannot be built to sell for much below \$16,000, although condominium units can be produced for less. Existing homes priced below this minimum will be vacated by families who can afford to upgrade their standard of living, thereby permitting families in the lower ranges of income to upgrade.

Honolulu area families typically spend a higher proportion of disposable income on housing than in most urban areas in the United States. This is due, in part, to the current high and rapidly-rising sale prices of both new and existing homes. In this connection, it is important to note that subdivision activity is moving farther away from the downtown Honolulu area. On that portion of the island not in the urban fringe, commonly known as the "Windward" side, a great amount of fee simple land will be coming on the market in the next few years. An increase in residential construction in these areas, where land costs are not quite as high as in the Honolulu area complex, could permit a significant increase in the production of new sales units priced between \$20,000 and \$25,000.

Demand for an average of 4,100 sales units annually over the two-year forecast period is slightly above the average of 3,825 single-family units authorized by building permits during the five-year 1960-1964 period. It is, however, well below the annual rate of over 4,850 single-family units authorized during the first eight months of 1965. It would appear that the increase in single-family construction in the past year is in response to an increase in employment and new household growth in the area. Most building operations on Oahu are small because of the difficulty in obtaining large construction loans; thus, builders on the island are unable to carry a large inventory of unsold new homes and must adjust their production to meet the needs of the market.

Because of the feature of fee simple ownership, condominiums are a segment of the sales market, even though condominium units in multifamily structures lack some of the amenities found in single-family houses. In September 1965 several local lenders reported that they had stopped making loans on condominium projects because they wanted to assess the ability of the market to absorb these units. In the short-term future, therefore, it is quite probable that construction of the condominium type of multifamily projects will decline. The fact that lenders are re-assessing the market for condominiums and the fact that a significant portion of existing condominium units are being rented indicate the need for careful appraisal of the marketability of additional such projects that may be proposed.

Rental Housing. Excluding rental housing for middle-income families that can be marketed only at the rents achievable with the aid of below-market-interest-rate financing or assistance in land acquisition and cost, and excluding rent-supplement accommodations, acceptable new privately-owned rental housing in the Honolulu area can be produced only at monthly gross rents of about \$115 for efficiencies, \$130 for one-bedroom units, \$145 for two-bedroom units, and \$160 for three-bedroom units.

The monthly rentals at which privately-owned net additions to the aggregate rental housing inventory might best be absorbed by the rental market are indicated for various size units in the following table. These net additions may be accomplished by either new construction or rehabilitation at the specified rentals with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or land acquisition. The production of new units in higher rental ranges than indicated below may be justified if a competitive filtering of existing accommodations to lower ranges of rent can be anticipated as a result.

The location factor is of especial importance in the provision of new units at the lower rent levels. Families in this user group are not as mobile as those in other economic segments; they are less able or willing to break with established social, church, and neighborhood relationships, and proximity to place of work frequently is a governing consideration in the place of residence preferred by families in this group. Thus, the utilization of lower priced land for new rental housing in outlying locations to achieve lower rents may be self-defeating unless the existence of a demand potential is clearly evident.

Provision of 3,000 rental units a year during the next two years at rents achievable without public benefits or assistance in financing would represent a slight reduction from the annual rate of 3,400 such units authorized during the 1960-1964 period, but would be substantially below the annual rate of 5,300 units authorized in the first eight months of 1965. However, many of the recent authorizations are for units in multifamily condominium buildings.

Estimated Annual Demand for New Rental Units
By Monthly Gross Rent and by Size of Unit
Honolulu, Hawaii, Housing Market Area
September 1, 1965-September 1, 1967

Monthly gross rent ^{a/}	Size of unit			
	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedroom</u>	<u>Three bedroom</u>
\$115 and over	300	-	-	-
120 " "	290	1,055	1,710	-
130 " "	280	925	1,495	890
140 " "	265	850	1,285	765
145 " " - - - - -	255 - - - - -	835 - -	1,215 - - -	725
150 " "	245	785	1,145	660
160 " "	210	680	995	560
180 " "	145	475	695	390
200 " " - - - - -	95 - - - - -	305 - -	445 - - -	250
220 " "	60	200	290	165
240 " "	45	145	210	120
260 " "	25	90	130	75
280 " "	15	30	45	40
300 " "	5	10	25	15

^{a/} Gross rent is shelter or contract rent plus the cost of utilities.

Note: The above figures are cumulative and cannot be added vertically. For example, demand for one-bedroom units at from \$130 to \$140 is 75 units (925 minus 850).

The preceding distribution of average annual demand for new apartments is based on projected tenant family income, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration is also given to the recent absorption experience of new rental housing. Thus, it represents a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. Even though a deviation may experience market success, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or submarkets.

Table I

Work Force Components
Honolulu, Hawaii, Housing Market Area, 1958-1965
 (annual averages in thousands)

<u>Item</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964^{a/}</u>	Average first eight months	
								<u>1964^{a/}</u>	<u>1965^{a/}</u>
Total civilian work force	<u>161.8</u>	<u>172.8</u>	<u>184.7</u>	<u>192.1</u>	<u>195.3</u>	<u>199.1</u>	<u>204.0</u>	<u>204.0</u>	<u>211.2</u>
Unemployment	5.1	5.3	5.3	7.7	9.1	9.3	7.7	7.6	7.1
Percent unemployed	3.2%	3.1%	2.9%	4.0%	4.7%	4.7%	3.8%	3.7% ^C	3.4%
Labor disputes	0.5	-	-	-	0.2	0.2	-	-	0.1
Total employment	<u>156.2</u>	<u>167.5</u>	<u>179.4</u>	<u>184.3</u>	<u>186.0</u>	<u>189.6</u>	<u>196.3</u>	<u>196.4</u>	<u>204.0</u>
Wage and salary	137.7	148.2	159.3	163.8	165.0	168.2	174.5	174.6	181.9
Other employment ^{b/}	18.6	19.3	20.0	20.5	21.0	21.4	21.8	21.8	22.1

a/ Preliminary.

b/ Includes all agricultural workers and nonagricultural employment consisting of the self-employed, domestics, and unpaid family workers.

Note: Subtotals may not add to totals because of individual rounding.

Source: Hawaii State Department of Labor and Industrial Relations.

Table II

Nonagricultural Wage and Salary Employment by Type of Industry
Honolulu, Hawaii, Housing Market Area, 1958-1965
 (annual averages in thousands)

<u>Industry</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964^{a/}</u>	<u>Average first eight months</u>	
								<u>1964^{a/}</u>	<u>1965^{a/}</u>
Total wage and salary employment	<u>137.7</u>	<u>148.2</u>	<u>159.3</u>	<u>163.8</u>	<u>165.0</u>	<u>168.2</u>	<u>174.5</u>	<u>174.6</u>	<u>181.9</u>
Manufacturing	<u>14.3</u>	<u>15.7</u>	<u>16.8</u>	<u>17.2</u>	<u>16.9</u>	<u>17.2</u>	<u>17.8</u>	<u>19.1</u>	<u>18.5</u>
Durable goods	<u>2.7</u>	<u>3.0</u>	<u>3.2</u>	<u>3.3</u>	<u>3.2</u>	<u>3.3</u>	<u>3.3</u>	<u>3.3</u>	<u>3.4</u>
Lumber and wood products	1.1	1.4	1.4	1.2	1.2	1.2	1.2	1.1	1.2
Stone, glass, and clay	0.8	0.8	0.9	1.0	0.9	0.9	1.1	1.1	1.1
Other durable goods	0.8	0.8	0.9	1.1	1.1	1.2	1.1	1.1	1.1
Nondurable goods	<u>11.6</u>	<u>12.7</u>	<u>13.6</u>	<u>13.9</u>	<u>13.7</u>	<u>13.9</u>	<u>14.5</u>	<u>15.8</u>	<u>15.1</u>
Food processing	7.9	8.5	8.9	9.1	8.7	9.0	9.3	10.6	9.9
Textiles and apparel	1.6	1.9	2.2	2.1	2.0	2.1	2.1	2.1	2.1
Printing and publishing	1.6	1.7	1.9	2.1	2.1	2.1	2.1	2.1	2.1
Other nondurable goods	0.5	0.6	0.6	0.7	0.8	0.8	1.0	1.0	1.0
Nonmanufacturing	<u>123.4</u>	<u>132.5</u>	<u>142.6</u>	<u>146.7</u>	<u>148.1</u>	<u>151.0</u>	<u>156.7</u>	<u>155.5</u>	<u>163.4</u>
Contract construction	11.5	13.7	16.0	15.2	13.1	12.9	13.6	13.5	14.6
Trans., comm., utilities	10.6	11.5	12.4	12.5	12.8	12.9	13.2	13.1	13.4
Wholesale and retail trade	31.1	34.0	36.8	37.9	39.0	39.5	40.4	39.7	42.3
Fin., ins., and real estate	6.9	7.6	8.7	9.5	10.0	10.2	11.3	11.2	11.6
Services and miscellaneous	22.6	23.8	25.7	27.7	28.8	29.6	31.2	31.1	32.4
Government	<u>40.7</u>	<u>41.9</u>	<u>43.1</u>	<u>43.8</u>	<u>44.4</u>	<u>45.9</u>	<u>47.0</u>	<u>46.8</u>	<u>49.1</u>
Federal	25.1	25.7	26.5	26.7	27.2	27.3	27.5	27.4	28.2
State and local	15.6	16.2	16.6	17.1	17.2	18.6	19.4	19.4	21.0

Note: Subtotals may not add to totals because of individual rounding.

^{a/} Preliminary.

Source: Hawaii State Department of Labor and Industrial Relations.

Table III

Estimated Percentage Distribution of Families by Annual Income by Tenure
After Deducting Federal Income Tax^{a/}
Honolulu, Hawaii, Housing Market Area
1965 and 1967

<u>Annual after-tax income</u>	<u>1965 income</u>			<u>1967 income</u>		
	<u>All families</u>	<u>Renter families</u>	<u>Military families</u>	<u>All families</u>	<u>Renter families</u>	<u>Military families</u>
Under \$3,000	7	12	8	6	11	6
\$3,000 - 3,999	7	9	11	6	8	10
4,000 - 4,999	9	13	17	8	12	15
5,000 - 5,999	9	12	18	9	12	17
6,000 - 6,999	10	11	11	10	9	13
7,000 - 7,999	9	9	8	8	10	9
8,000 - 8,999	8	8	7	8	8	6
9,000 - 9,999	7	7	5	7	6	6
10,000 - 14,999	23	15	(25	19	(
15,000 and over	<u>11</u>	<u>4</u>	<u>(15</u>	<u>13</u>	<u>5</u>	<u>(18</u>
Total	100	100	100	100	100	100
Median	\$7,950	\$6,400	\$5,750	\$8,425	\$6,800	\$6,125

^{a/} Covers all families of two or more persons.

Source: Estimated by Housing Market Analyst.

Table IV

Population and Household Changes
Honolulu, Hawaii, Housing Market Area
April 1, 1950-September 1, 1965

<u>Population</u>	<u>April 1, 1950^{a/}</u>	<u>April 1, 1960^{a/}</u>	<u>September 1, 1965</u>	<u>Average annual change</u>			
				<u>1950 to 1960 change</u>	<u>1960 to 1965 change</u>	<u>1950 to 1960 change</u>	<u>1960 to 1965 change</u>
				<u>Number^{a/}</u>	<u>Percent</u>	<u>Number^{a/}</u>	<u>Percent</u>
Nonmilitary-connected civilian	242,600	335,700	431,200	9,300	3.8	17,650	5.3
Military-connected civilian	54,200	56,000	61,800	180	0.3	1,050	1.9
Military	<u>56,200</u>	<u>108,700</u>	<u>123,000</u>	<u>5,250</u>	<u>9.3</u>	<u>2,650</u>	<u>2.4</u>
HMA total	353,020	500,409	616,000	14,739	4.2	21,350	4.3
<u>Households</u>							
Nonmilitary-connected civilian	51,700	77,100	101,800	2,540	4.9	4,575	5.9
Military-connected civilian	17,200	17,800	19,500	60	0.3	310	1.8
Military	<u>9,000</u>	<u>23,000</u>	<u>26,200</u>	<u>1,400</u>	<u>15.6</u>	<u>590</u>	<u>2.6</u>
HMA total	77,893	117,856	147,500	3,997	5.1	5,475	4.6
<u>Household size</u>							
HMA total	4.12	3.92	3.90	-	-	-	-

^{a/} Components for 1950 and 1960 are estimated and do not add to HMA totals for population or households.

Sources: Total population and total households for 1950 and 1960 from U. S. Censuses of Population and Housing. Total population and total households for 1965 and the nonmilitary-connected civilian, military-connected civilian, and military population and household data for all years estimated by Housing Market Analyst.

Table V

Components of Population Change
Honolulu, Hawaii, Housing Market Area
April 1, 1950-September 1, 1965

<u>Source of increase</u>	<u>April 1, 1950- April 1, 1960</u>	<u>April 1, 1960- September 1, 1965</u>
Net natural increase	106,516	66,450
In-migration	<u>40,873</u>	<u>49,150</u>
Total	147,389	115,600
 Average annual in-migration	 4,087	 9,075
 <u>Percentage of increase attributed to:</u>		
Net natural increase	72	57
In-migration	<u>28</u>	<u>43</u>
Total	100	100

Sources: 1950 and 1960 Censuses of Population, U. S. Department of Commerce, Current Population Report, Series P-23, No. 7, and Hawaii State Department of Health.

Table VI

Population Distribution by Age Groups
Honolulu, Hawaii, Housing Market Area
April 1, 1950 and April 1, 1960

<u>Age in years</u>	<u>April 1, 1950</u>	<u>April 1, 1960</u>	<u>1950 to 1960 change</u>	
			<u>Number</u>	<u>Percentage</u>
Under 5	46,837	66,113	19,276	41
5 - 19	90,689	149,395	58,706	65
20 - 29	77,040	83,796	6,756	9
30 - 39	59,916	80,401	20,485	34
40 - 49	36,639	56,846	20,207	55
50 - 59	21,548	33,506	11,958	55
60 and over	<u>20,351</u>	<u>30,352</u>	<u>10,001</u>	<u>49</u>
Total	353,020	500,409	147,389	42
Median age	25.0	23.8	-	-

Source: 1950 and 1960 Censuses of Population.

Table VII

Components of the Housing Inventory
Honolulu, Hawaii, Housing Market Area
April 1, 1950-September 1, 1965

<u>Supply, tenure, and vacancy</u>	<u>April 1, 1950</u>	<u>April 1, 1960</u>	<u>September 1, 1965</u>	<u>Average annual change^{a/}</u>			
				<u>1950 to 1960</u>		<u>1960 to 1965</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Total housing units	<u>83,175</u>	<u>125,795</u>	<u>157,000</u>	<u>4,262</u>	<u>5.1</u>	<u>5,750</u>	<u>4.6</u>
Occupied housing units	<u>77,893</u>	<u>117,856</u>	<u>147,500</u>	<u>3,996</u>	<u>5.1</u>	<u>5,475</u>	<u>4.6</u>
Owner occupied	27,512	47,810	64,000	2,030	7.4	3,000	6.3
Percent owner	35.3	40.6	43.4	-	-	-	-
Renter occupied	50,381	70,046	83,500	1,967	3.9	2,475	3.6
Percent renter	64.7	59.4	56.6	-	-	-	-
Vacant housing units	<u>5,282</u>	<u>7,939</u>	<u>9,500</u>	<u>266</u>	<u>5.0</u>	<u>290</u>	<u>3.6</u>
Available	<u>2,208</u>	<u>3,511</u>	<u>4,600</u>	<u>130</u>	<u>5.9</u>	<u>200</u>	<u>5.7</u>
For sale	304	531	850	23	7.6	60	11.1
Homeowner vacancy rate	1.1	1.1	1.3	-	-	-	-
For rent	1,904	2,980	3,750	108	5.7	140	4.7
Renter vacancy rate	3.6	4.1	4.3	-	-	-	-
Other vacant ^{b/}	3,074	4,428	4,900	135	4.4	90	2.0

^{a/} In some instances, subtotals may not add to totals because of rounding.

^{b/} Includes vacant seasonal units, dilapidated units, units rented or sold and awaiting occupancy, and units held off the market.

Sources: 1950 and 1960 Censuses of Housing.
1965 estimated by Housing Market Analyst.

Table VIII

New Dwelling Units Authorized by Building Permits
Honolulu, Hawaii, Housing Market Area, 1955-1965

<u>Year</u>	<u>Single- family</u>	<u>Two- family</u>	<u>Multi- family</u>	<u>Total, all units</u>
1955	3,328	162	712	4,202
1956	2,841	76	1,130	4,047
1957	3,137	68	1,532	4,737
1958	3,061	66	2,389	5,516
1959	3,592	60	5,349	9,001
1960	5,053	126	3,218	8,397
1961	3,412	216	2,146	5,774
1962	3,654	170	4,076	7,900
1963	3,354	386	3,078	6,818
1964	3,671	90	3,518	7,279
1965 ^{a/}	3,243	108	3,428	6,779

^{a/} Through August.

Sources: Data for 1954 through 1959 and 1965 from Honolulu Building Department. Data for 1960 through 1964 from Bureau of the Census, Construction Reports, C-40.

Table IX

Honolulu, Hawaii, Area Postal Vacancy Survey

September 14-30, 1965

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	130,234	3,106	2.4	2,044	1,062	4,902	77,768	1,584	2.0	386	698	2,901	52,466	1,522	2.9	1,158	164	2,901	NOT APPLICABLE		
Honolulu	85,753	1,487	1.7	1,066	421	3,029	37,996	517	1.4	285	232	733	47,757	970	2.0	781	189	2,296			
Main Office	55,541	1,192	2.1	876	316	1,306	25,634	410	1.6	236	174	453	29,907	782	2.6	640	142	853			
Stations:																					
Fort Shafter	924	-	-	-	-	-	924	-	-	-	-	-	-	-	-	-	-	-			
Hickam APB	1,953	16	0.8	4	12	100	1,953	16	0.8	4	12	100	-	-	-	-	-	-			
Navy Cantonment	6,283	57	0.9	12	45	60	3,695	57	1.5	12	45	60	2,588	-	-	-	-	-			
Pawa	21,052	222	1.1	174	48	1,563	5,790	34	0.6	33	1	120	15,262	188	1.2	141	47	1,443			
Other Cities and Towns	44,481	1,619	3.6	978	641	1,873	39,772	1,067	2.7	601	466	1,268	4,709	552	11.7	377	175	605			
Aiea	5,028	87	1.7	67	20	350	3,775	31	0.8	11	20	76	1,253	56	4.5	56	-	274			
Ewa Beach	4,040	139	3.4	89	50	42	4,040	139	3.4	89	50	42	-	-	-	-	-	-			
Kailua	9,629	417	4.3	289	128	520	9,123	270	3.0	150	120	429	505	147	29.1	139	8	91			
Kaneohe	7,055	366	5.2	176	190	200	6,755	192	2.8	144	48	169	300	174	58.0	32	142	31			
Pearl City	3,779	157	4.2	32	125	371	3,476	131	3.8	6	125	371	303	26	8.6	26	-	-			
Wahiawa	6,211	120	1.9	99	21	106	4,897	38	0.8	31	7	31	1,314	82	6.2	68	14	75			
Waianae	4,661	238	5.1	169	69	25	4,379	193	4.4	126	67	25	282	45	16.0	43	2	-			
Waimanalo	1,160	23	2.0	23	-	9	1,132	19	1.7	19	-	9	28	4	14.3	4	-	-			
Waipahu	2,918	72	2.5	34	38	250	2,195	54	2.5	25	29	116	723	18	2.5	9	9	134			

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).

Table X

Tenure and Vacancy by Price Class in Selected Condominium Projects
Honolulu, Hawaii, Housing Market Area
As of September 1965

<u>Price class</u>	<u>Number of units surveyed</u>	<u>Units occupied by:</u>		<u>Percent occupied by owners</u>	<u>Vacant units</u>	
		<u>Owners</u>	<u>Renters</u>		<u>Number</u>	<u>Percent</u>
Under \$15,000	224	66	154	30.0	4	1.8
\$15,000 - 24,999	447	322	96	77.0	29	6.5
25,000 - 34,999	182	125	32	79.6	25	13.7
35,000 - 49,999	153	114	13	89.8	26	17.0
50,000 and over	<u>25</u>	<u>22</u>	<u>2</u>	<u>91.7</u>	<u>1</u>	<u>4.0</u>
Total	1,031	649	297	68.6	85	8.2

Source: Survey of Condominium projects, conducted by the FHA Honolulu Insuring Office.

Table XI

Houses Completed During 1964
and the Number Unsold by Price Class
Honolulu, Hawaii, Housing Market Area

<u>Sales price</u>	<u>Total completions</u>		<u>Houses sold before start of construction</u>	<u>Speculative construction</u>			
	<u>Number</u>	<u>Percent</u>		<u>Total houses</u>	<u>Number sold</u>	<u>Number unsold</u>	<u>Percentage unsold</u>
Under \$15,000	43	3	43	-	-	-	-
\$15,000 - 17,499	130	9	90	40	40	-	-
17,500 - 19,999	217	15	143	74	70	4	5
20,000 - 24,999	801	54	693	108	107	1	1
25,000 - 29,999	227	15	100	127	117	10	8
30,000 and over	68	4	54	14	11	3	21
Total	1,486	100	1,123	363	345	18	5

Source: Unsold Inventory Survey of New Homes, conducted by the Honolulu Insuring Office.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

NEWS

Washington, D. C. 20411

FHA INFORMATION 382-4693

FOR RELEASE SATURDAY
APRIL 30, 1966

HUD-FHA-MA-66-34
POSTON

The Federal Housing Administration today released its analysis of the Honolulu, Hawaii, housing market as of September 1, 1965. The housing market area covers the island of Oahu.

Demand for new housing is forecast at 7,100 units a year for the two years dating from September 1965. Sales demand is expected to total 4,100 units including cooperative and condominium units. Rental demand is estimated at 3,000 units excluding public low-rent housing and rent-supplement housing.

The report on vacancies supports a judgment that the housing market was relatively tight in September 1965. At that time, about 850 housing units were available for sale and 3,750 units for rent. These were vacancy ratios of 1.3 and 4.3 percent, respectively. Relatively low vacancy ratios over the past several years are reflected in "an unusually low inventory of unsold new homes, rapidly rising prices of both new and used sales houses, and relatively quick absorption of new rental units."

There has been a high level of building activity in the area. The housing units added since April 1960 have resulted in "a net gain of 31,200 units (25 percent)." In September 1965, "about 5,000 housing units" were being built. They included "2,100 single-family houses and 2,900 multifamily units."

- more -

"Increases in nonagricultural wage and salary employment since 1958 have varied widely." Between 1962 and 1964, there was an average increase of 4,750 a year. During the two years starting September 1965 an increase of about 5,750 workers a year is expected. Of the 181,900 workers employed at the time the study was made, 41 percent were employed in trade and service industries, 27 percent in government (of whom 59 percent were Federal government employees), and 10 percent in manufacturing.

Unemployment in 1964 "averaged 7,700, or 3.8 percent of the work force." This was somewhat below the 1963 level of 4.7 percent.

September 1965 figures for family incomes are reported. "The estimated current median annual income of all families, after deduction of Federal income taxes, is \$7,950; the median income of renter families is \$6,400. The estimated median annual income of all military families is \$5,750." By 1967, median after-tax income is expected to increase to \$8,425 for all families and \$6,800 for all renter families.

Gains in population and in number of households are predicted. The population of the area in September 1965 numbered 616,000. A gain of 44,000 is expected by September 1967. The number of households totaled 147,500 in September 1965. This figure is expected to increase by 11,300 by September 1967.

Copies of the analysis can be obtained from Mr. J. Stowell Wright, Director, Federal Housing Administration, P. O. Box 3377, Honolulu, Hawaii 96801.

* * * * *

Library
Room 103 Normandy Bldg.

0A

4/29/66

210518-I