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U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

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Analysis of the HONOLULU, HAWAII HOUSING MARKET

as of August 1, 1971

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

April 1972

Housing Market Analysis

Honolulu, Hawaii, as of August 1, 1971

Foreword

This analysis has been prepared for the assistance and guidance of the Department of Housing and Urban Development in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development
Federal Housing Administration
Economic and Market Analysis Division
Washington, D. C.

FHA HOUSING MARKET ANALYSIS - HONOLULU, HAWAII
AS OF AUGUST 1, 1971

The Honolulu Housing Market Area (HMA) consists of Oahu Island of the Hawaiian Islands. This is also the territory of the city and county of Honolulu (one government) and constitutes the definition of the Honolulu Standard Metropolitan Statistical Area. The population of the HMA was estimated to be 644,300 on August 1, 1971.

A combination of events -- improved jet airplane travel facilities from the mainland which stimulated tourist travel to Hawaii and a war in southeast Asia which increased the size of the military establishment on Oahu as well as the number of servicemen on "R&R" (rest and recreation leave) with their families -- greatly stimulated economic growth and residential construction in the HMA in the mid-1960's. More recently, advance notice of new zoning legislation stimulated the acceleration of plans for new construction, leading to peak levels of building activity in 1968 and 1969. Unfortunately, this construction boom has been followed by slowed growth in tourism as a result of a slackening mainland economy and a reduction in military activity in southeast Asia. The west coast longshoremen's strike in the summer of 1971 will complicate the process of economic recovery and slow the absorption of the large supply of housing coming on the market.

Anticipated Housing Demand

On the basis of economic and demographic prospects as of August 1, 1971, it is estimated that a total of 7,500 new housing units annually would be an appropriate level of residential construction in the Honolulu HMA during the two-year period beginning August 1, 1971. A suitable distribution of this total between nonsubsidized housing demand and an estimated occupancy potential for subsidized housing would be as follows:

<u>Category</u>	<u>Number of units yearly</u>
<u>Nonsubsidized</u>	
Single-family houses for sale	2,500
Condominium units (all structural types)	1,000
Multifamily rental units	<u>1,500</u>
Annual nonsubsidized demand, total	5,000
<u>Subsidized</u>	
Section 235 and Section 236 housing for families	800
Low-rent public housing or rent- supplement housing for families	1,200
Section 236 housing for the elderly	25
Either Section 236 or low-rent public housing (overlap in eligibility) for elderly	50
Low-rent public housing or rent- supplement for elderly	<u>425</u>
Total occupancy potential	2,500

The suggested level of total new construction is substantially lower than the building level in 1968 and 1969, but about equal to the rate of new residential building in 1970 and 1971. It is suggested, however, that about one-third of the total might involve some form of federal subsidy and a rather sharp reduction in nonsubsidized multifamily rental construction is recommended for the short-run future (see table I for price and rent distributions). It should be noted that the demand and occupancy potential estimates are not intended to be forecasts of construction activity, but rather a guide to desirable rates of building activity based on the assumptions and forecasts outlined in this report. In particular, a change in the national economic trend could result in renewed interest in second homes in Hawaii which would again expand the market for condominiums in the area. It is likely, however, that any such expansion would be in the luxury sector and would have little impact on the overall housing market.

Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through a number of different programs administered by FHA: monthly rent supplements in rental projects financed with market-interest-rate mortgages insured under Section 221(d) (3) or, to a more limited extent, under Section 236; partial payment of interest on home mortgages insured under Section 235; partial interest payment on project mortgages insured under Section 236; and federal assistance to local housing authorities for low-rent public housing.

The estimated occupancy potentials for subsidized housing are designed to determine, for each program, (1) the number of families and individuals who can be served under the programs and (2) the proportion of these

households that can reasonably be expected to seek new subsidized housing during the two-year forecast period. Household eligibility for the Section 235 and Section 236 programs is determined primarily by evidence that household or family income is below established limits but sufficient to pay the minimum achievable rent or monthly payment for the specified program. For public housing and rent supplement, all families and individuals with income below the income limits are assumed to be eligible. Some families may be alternatively eligible for assistance under more than one of these programs or under other assistance programs using federal or state support. As indicated above, for the Honolulu HMA, the total occupancy potential is estimated to be 2,500 units annually.

The annual occupancy potentials^{1/} for subsidized housing discussed below are based on 1971 incomes, the occupancy of substandard housing, estimates of the elderly population, income limits in effect on August 1, 1971, and on available market experience.

Section 235 and Section 236. Subsidized housing for households with low to moderate incomes may be provided under either Section 235 or Section 236. Moderately-priced, subsidized sales housing for eligible families can be made available through Section 235. Subsidized rental housing for the same families may be provided, alternatively, under Section 236; the Section 236 program contains additional provisions for subsidized rental units for elderly couples and individuals. In the Honolulu HMA, it is estimated, based on regular income limits, that there is an occupancy potential for an annual total of 800 subsidized family units utilizing either Section 235 or Section 236, or a combination of the two programs. In addition, there is an annual potential for about 75 units of Section 236 rental housing for elderly couples and individuals. The use of exception income limits would result in a substantial increase in the annual potential. About two-thirds of the elderly households, but none of the families, would also qualify for public housing. About 35 percent of the families eligible for Section 235 housing are five- or more-person households (see table II).

Prior to 1971, just 81 Section 235 loans (all on new construction) had been insured for homes in the Honolulu HMA. In the first half of 1971, however, 620 additional loans were insured (473 on new houses and 147 on new condominium units), indicating a sharp acceleration in the use of this program. As of the date of this report, fund reservations had been made for a total of 1,142 units for insurance under Section 235. All but 87 units had been started, but it appeared that 207 units had been sold without the use of Section 235, and Section 235 commitments had been issued for a

^{1/} The occupancy potentials referred to in this analysis have been calculated to reflect the strength of the market in view of existing vacancy. The successful attainment of the calculated potentials for subsidized housing may well depend upon construction in suitable accessible locations, as well as distribution of rents and sales prices over the complete range attainable for housing under the specified programs.

total of about 780 units. When this last figure is compared with the recorded total of 428 units of new construction for which Section 235 loans had been insured, it appears that about 350 houses for which Section 235 financing would be used were in the process of construction.

Between 1966 and 1969, there was considerable use of Section 221(d)(3) BMIR program, a rental subsidy program similar to Section 236, and projects with a total of 1,859 units were insured. In the case of the newer Section 236 program, three projects with a total of 367 units have been completed. All of these subsidy program projects have done well and the rental projects were virtually without vacancies as of the date of this report. It is on the basis of this market acceptance that the future occupancy potential for Section 235 and Section 236 was set at 875 units yearly, although past production has averaged under 600 units a year.

Four Section 236 projects with a total of about 200 units will likely be completed in the second half of 1971 and a 175-unit project for the elderly during the first half of 1972. It should be noted, however, that 956 units of Section 236 housing, including 700 units for which eligible military families will receive priority, are now in various stages of processing in the Honolulu Insuring Office. Together with continued use of the Section 235 program, it is likely that units now in the pipeline would satisfy about 2/3 of the occupancy potential during the forecast period. In any case, the absorption of additions to the supply of subsidized housing should be observed carefully and appropriate adjustments made on the basis of market experience.

Rental Housing Under the Public Housing and Rent-Supplement Programs.

These two programs serve households in essentially the same low-income group. The principal differences arise from the manner in which net income is computed for each program and from other eligibility requirements. For the Honolulu HMA, the annual occupancy potential for public housing is estimated at 1,200 units for families and 475 units for the elderly. A small proportion of the elderly households and individuals (10.5 percent) would also be eligible for Section 236 housing (see table II). In the case of the somewhat more restrictive rent-supplement program, the potential among families would be reduced to about 700 units yearly, but the potential among the elderly would be unchanged.

The Hawaii Housing Authority manages a total of 3,438 units of federally-aided low-rent housing on Oahu plus 434 units of Section 23 leased housing. A project of 139 units is under construction and is scheduled for completion in mid-1972. An additional 80 units of housing for the elderly are in an earlier stage of development. A possible potential of over 1,600 units a year is, of course, very large when compared to a present inventory of fewer than 4,000 units^{1/} of federally-assisted housing. As of June 1970, however, the housing authority had a waiting list of over 2,700 applicants for low-rent public housing so that the suggested potential is probably a reasonable measure of the actual market for housing of this type.

^{1/} The Hawaii Housing Authority actually manages nearly 6,000 units, state-wide, including state-assisted projects.

There are currently no rent-supplement projects in operation in the HMA. Since Section 236 projects may rent up to 20 percent of their units to rent supplement eligibles, some housing of this type could be provided by the Section 236 program.

State Program. Act 105, 1970, of the Hawaii Legislature provides authority to the Hawaii Housing Authority to stimulate the development of property and residential construction. It is intended to assist particularly those families whose incomes are too high for eligibility for federal subsidy programs but who have difficulty in obtaining housing in the private market. While the legislation gives the authority a wide range of powers to build and finance housing development, the initial activities have been to provide interim financing at favorable rates (one percent above the state bond interest rate) to a development which will provide houses eligible for Section 235 financing and to participate in a joint venture with private developers in another residential development which will also provide moderately-priced sales and rental housing. FHA insured permanent financing will apparently be a requirement for this program. It is understood that proposals have been submitted for as many as 3,000 housing units.

Sales Market

Since the condominium market is being considered separately, this section is devoted to single-family sales housing only. Given the constraints imposed by a shortage of available sites, the consequent very high lot costs and the high construction costs resulting from Hawaii's isolated location, the sales market is in vigorous condition. The homeowner vacancy rate has declined since April 1970. Building permit data indicate a steady level of new construction over the past decade. A survey of all subdivisions in the Honolulu area in which five or more houses had been completed during 1970 revealed that nearly three-fourths of the houses had been sold prior to the start of construction. Of those built speculatively, only 8.6 percent were still unsold at the end of the year. A total of 742 houses were under construction on January 1, 1971; of these, only 165 had not been sold. The median sales price for houses completed in 1970 was over \$39,000. Only 1.4 percent of the houses surveyed sold for less than \$27,500. In the previous year (1969) only 18 percent of the houses had been built speculatively, but 13 percent of the speculative construction remained unsold at the end of the year. The median sales price for 1969 construction was \$34,980.

Data made available by the Multiple Listing Service of the Honolulu Board of Realtors indicate that the number of sales in 1970 was 22 percent above the 1969 total. The average sales price in 1970 (\$44,800) was slightly below the 1969 average (\$46,400), but comparing either figure with the average price of under \$30,000 in 1961 and 1962 indicates the degree to which home prices have increased in the Honolulu area in the past decade.

There is a wide variation in typical prices between different areas in the HMA. In 1970, for example, the average selling prices ranged between \$94,500 at Diamond Head and \$24,500 in the Maili area. Areas of greatest activity in 1970 were Koko Head and Waialae-Kahala in which the average selling prices were \$52,000 and \$63,400, respectively.

Condominiums. Condominium apartments probably now comprise the largest share of all multistory residential buildings on Oahu. A 1967 survey indicated that condominiums comprise about half the total of private apartments in multistory buildings. Since 1968, rentals have comprised less than a fourth of the apartments completed in multistory buildings, so that condominiums undoubtedly now constitute more than half the total. It is interesting to note, however, that the 1967 survey also reported that 60 percent of the condominium apartments were not occupied by their owners, but had been rented. This finding confirms the fact discussed elsewhere in this report, that a large proportion of the luxury condominiums are purchased either as investments or second homes and are rented much of the time.

The surge in new multifamily construction in 1969 and 1970 which resulted in the completion of over 2,250 condominium units in 1970 has resulted in some overbuilding in the market, which is concentrated in an area extending from Punchbowl through Makiki to Kapeolani, Waikiki and Diamond Head. As a result of the overbuilding, new construction for this market sector is likely to drop for a while, but the total market continues to be active. The multiple listing service reported 358 condominium sales in 1969 (including both new units and resales) at an average price of \$37,000 compared with 410 sales in 1970 at an average price of \$36,435. In both years, activity was concentrated in Waikiki, Kapeolani, and Makiki.

The Section 234 program has provided a basis for FHA participation in the financing of condominium projects. Projects with a total of 245 units were insured in 1969 and 1970, about 325 units were under construction and projects with a total of over 1,500 units were in various stages of processing as of August 1, 1971. While not in the luxury class by Oahu standards, Section 234 condominium units have prices in the \$40,000 to \$50,000 range in many instances. One of the larger (and comparatively modest) developments offers a three-bedroom townhouse at \$30,000. After a \$1,000 downpayment, the monthly carrying charge (including shared expenses for jointly-maintained items) totals nearly \$300 a month.

Rental Market

There are, in reality, several rental markets in the Honolulu area. The most prominent is the luxury market stretching from the downtown area and Punchbowl on the west to Diamond Head on the east. This market is difficult to separate from the luxury condominium market and the market for transient accommodations. In any case, there is considerable evidence of overbuilding for this market and there is likely to be a sharp drop in additions to the supply of multistory housing of this type in the next few years.

That part of the rental market which is geared to the provision of housing for the middle income resident population is much tighter and has been characterized by sharply rising rents. The most recent (June 30, 1971) occupancy report for FHA-insured multifamily housing projects in Oahu reported just one vacancy in 1,240 units of nonsubsidized housing with rents between \$90 and \$280 a month, and no vacancies at all in about 1,500 units of Section 221(d)(3) BMIR housing renting for \$80 to \$155 a month. The

manager of an extensive leasing program for military personnel reports that it has become increasingly difficult to lease units for the required average of \$190 a month since 1968 so that the number of military leases is declining. A specific apartment which was leased for \$160 in 1966 now is priced at \$228 a month and the latter figure was reported to be about average for a two-bedroom unit on Oahu.

Some indication of the rents required in new construction in the area may be derived from current FHA applications in which rents for nonsubsidized 3-1/2 story walk-up apartments are set at about \$250 a month for a two-bedroom apartment and two-bedroom units in a high-rise proposal average about \$300 a month, including utilities.

Economic, Demographic and Housing Factors

Economy. In the first half of 1971, nonagricultural wage and salary employment on Oahu averaged 251,300 jobs, an increase of 5,600 (2.3 percent) over the same period in the previous year. As shown in table III, this level of growth is much lower than that recorded in the late 1960's (over 13,000 jobs a year) and is about equal to the level of growth recorded a decade earlier. In nearly every employment sector, growth in job totals was minor (or negative) between 1970 and 1971, compared with increases of 50 to 100 percent over the previous decade.

Manufacturing has never been a significant part of the economic base of the area. The famous sugar and pineapple industries of the area provide only 6,000 to 7,000 jobs on Oahu in processing and perhaps another 2,000 jobs in the fields. Other than apparel (the famous Hawaiian shirts and mu-mu's), the remainder of the manufacturing sector consists largely of industries serving local needs, i.e., printing and publishing and construction materials.

The primary economic support, therefore, is provided by industries in the nonmanufacturing sector, particularly trade, services and government. These three classifications of employment accounted for about 67 percent of all nonagricultural jobs in the 1958 to 1960 period and about 70 percent of the total in the first half of 1971. These sectors, it should be noted, include almost all of the jobs generated by the very important tourist industry as well as those provided by federal government, notably the military services. Since the available data indicate no growth in military strength on Oahu, and table III indicates slow growth in civilian employment by the military services, it is tourism which must have been responsible in major part for the very rapid growth in the economy of the area in the past decade. The data on employment by the military in table III include only jobs held by civilians. As shown in table IV, current military strength in the area (which includes men on ships based on Hawaii) is nearly 52,000.

Some key indicators of growth in the visitor industry are shown in table V, and reveal that the number of visitors in Hawaii went up by more than 2-1/2 times between the 1958-1960 period and the 1969-1970 period and that expenditures increased fourfold. The number of hotel rooms in Oahu more than tripled and the occupancy level dropped only a little. Data for May 1971 indicate an average daily visitor census for the state about five percent above that of the previous year.

Future Employment. During the two-year forecast period of this report, nonagricultural wage and salary employment is expected to increase to a total of 264,700, a gain of 13,400 over the average employment level in the first half of 1971. This rate of growth (about 6,700 a year) is considerably below the level achieved in most recent years, although a little higher than that between the first half of 1970 and the first half of 1971.

This rather conservative forecast is based on the following assumptions:

1. There will be little military build-up, although some increase in military population on Oahu will result from the return of units from southeast Asia. As a corollary, the support which the visitor industry has received from military personnel and their families on "R&R" visits to Hawaii will decline.
2. The visitor industry of Hawaii is, of course, seriously affected by economic conditions in the mainland states, particularly the west coast states. The slackened economic activity for the country as a whole, which has been particularly acute on the west coast, is expected to result in a slowed rate of growth in number of tourists and in their average expenditures.
3. The construction industry, together with material suppliers, has been a significant source of employment in the area; slowed luxury condominium sales and hotel occupancy rates suggest that employment in construction is not likely to grow during the next two years.
4. No explicit consideration has been given to the impact of the west coast dock strike which began on July 1. Having continued for about three months when this report was written, its impact on the Hawaiian economy was substantial; it may be that the economy of the area will have difficulty in meeting the employment projection of 264,700 as of mid-1973.

Income. The 1971 median annual income of all families in the Honolulu HMA is estimated at \$11,600, after deduction of federal income tax and the median income of all renter households of two or more persons at \$9,400. These estimates compare with estimates of \$9,825, and \$8,275, respectively, for 1969. It is interesting to note that the rate at which incomes in Hawaii has been going up has been increasing; the current 1971 income estimates are about ten percent above the 1971 estimates in the market analysis of 1969 (see table VI).

Population and Households. The population of the Honolulu HMA (Oahu Island) is estimated to have been 644,300 on August 1, 1971. This reflects growth at 11,350 persons a year (1.8 percent) since the April 1, 1970 Census date compared with 12,877 persons a year (2.3 percent) between the Censuses in 1960 and 1970. As shown in table IV, the military-connected population (defined as members of the armed forces and their dependents) has declined since April 1, 1970 and the growth in the civilian population has been slightly below the level of the previous decade.

Comparatively erratic year-to-year changes in the civilian population are not new in this area. Local population estimates for the intercensal years^{1/} reveal annual percentage increases between 1.0 percent (1963-1964) and 4.2 percent (1964-1965). The population growth rate of 3.0 percent estimated for the 1970 to 1971 period is a little lower than that for the previous year.

In the period between 1960 and 1970, births exceeded deaths by 112,088 in the Honolulu HMA, or an average net natural increase of about 11,200 a year, so that net in-migration averaged only 1,670 a year, or only 13 percent of the increase in population. A large number of the babies born in Hawaii are children of young military families who typically leave the area within a few years, so that the actual number of persons coming to Hawaii to live is quite a bit higher than the net in-migration figure suggests. The number of nonmilitary-connected civilians from the mainland United States who reported an intention to reside in Hawaii increased from about 10,000 in 1961 to a peak of 18,300 in 1968.

There were estimated to be 170,600 households in the Honolulu HMA on August 1, 1971, indicating an increase at the rate of 4,375 a year (2.7 percent) since April 1970, compared with 4,690 a year (3.4 percent) in the previous decade. The number of military households is estimated to have increased very slightly since April 1970, while the number of civilian households increased by 4,275 a year.

Based on the assumption of a slowed level of growth in wage and salary employment, but some gain in military household totals as troops return to Hawaiian garrisons, the population of Oahu is expected to total 670,000 as of August 1, 1973, including about 119,000 military personnel and military dependents and 551,000 civilians. On the assumption that the average household size in the area will continue to decline, there is expected to be a total of 179,000 households in the area on August 1, 1973, reflecting growth at the rate of 4,200 a year during the forecast period, including 1,350 military and 2,850 civilian households.

Housing Inventory. As of August 1, 1971, there were an estimated 181,900 housing units in the HMA, a net increase of 7,730 over the April 1, 1970 Census count of 174,170. As shown in table VII, building permit activity between January 1, 1970 and June 30, 1971 totaled over 10,900 units. The calculated difference of about 30 percent between the number of units authorized and net additions to the inventory is based on the assumption that the experience of the 1960 to 1970 decade has continued to the present. As shown in table VIII, the size of the housing inventory of the HMA increased by 48,375 units between the 1960 and 1970 census dates. During that interval, nearly 86,000 new housing units were authorized by building permits. Only a fourth of the 37,500-unit discrepancy is accounted for by the 8,860 recorded demolitions over the decade. The balance is the result of the following factors:

1. Loss of housing units from demolitions or changes in use which were not recorded.

^{1/} "Intercensal Population Estimates for Hawaii, 1930 to 1970" Statistical Report 81, July 23, 1971. Department of Planning and Economic Development.

2. Units which were so dilapidated as to be uninhabited and presumably uninhabitable were not included in the census.
3. Permits were issued for projects which were never built. This is likely to have been true for condominium proposals. In these cases, a permit is required before the proposal is offered to the public; should sales be insufficient, however, the project would not be built.
4. As is well known, many condominium apartments in resort areas are purchased for use as occasional second homes by persons whose residence is elsewhere; such apartments are typically made available for transient use when not being used by their owners and the structure is not particularly distinguishable from an apartment hotel. One local estimate is that, statewide, as many as 10,000 residential units are occupied by visitors and transients and, hence, were excluded from the 1970 Census count.

Building permits are required for all new construction in the HMA. From a low of 5,774 units in 1961, the annual totals increased to about 7,500 a year between 1962 and 1964 and then swung erratically between a low of 7,075 units in 1967 and a peak of 11,463 units authorized in 1969. The 1969 peak was probably in excess of the needs of the area; in any event, as shown in table VII, there has been a sharp decline in the level of activity since that time.

The 1969 peak was stimulated by a desire on the part of developers to obtain permits prior to the effective date of somewhat restrictive Comprehensive Zoning Code standards. The lower 1970 total, therefore, reflects the fact that some projects which would ordinarily have been the subject of building permit applications at a later date were advanced to 1969.

Single-family construction volume in the area has varied from year to year, but has shown no particular trend; the number of units authorized in the last half of the decade of the 1960's was just three percent below the level of the first half for example. While there have been fluctuations in the private multifamily total, the total number of multifamily units authorized between 1965 and 1969 was 84 percent higher than in the first half of the decade. On the other hand, single-family volume in 1970 and 1971 was a little above the 1960-1969 average and multifamily volume was sharply lower.

Census data indicate that 45 percent of the occupied housing in the area was owner-occupied in April 1970, compared with 41 percent in 1960. It is estimated that the proportion of owner-occupants has increased a little, to 46 percent, as of August 1, 1971. In calculating the changes in owner-occupancy, condominium units not occupied by transients are assumed to be owner-occupied.

Data compiled by the Bank of Hawaii on high-rise multifamily construction indicate the extent to which this sector of the multifamily market has been dominated by condominiums. In the eleven years, 1960-1970, a total of over 13,600 high-rise multifamily units had been completed in the HMA of which nearly 70 percent were condominiums.

On April 1, 1971, a total of 3,050 units in this category were under construction, of which nearly 75 percent were in condominiums.

Vacancy. As of August 1, 1971, there were estimated to be 7,300 units available for rent or sale in the Honolulu HMA, equal to 4.1 percent of the available housing inventory. This reflects a rather sharp increase over the April 1970 situation. At that time, the census enumerated a total of 5,357 available vacancies, or an available vacancy rate of 3.1 percent. As shown in table VII, the homeowner vacancy rate is estimated to have declined slightly, but there has been a substantial increase in the renter vacancy rate. In evaluating this trend, it should be noted that, for this purpose, it is difficult to distinguish between rental apartments and condominium apartments; the estimated total of 6,300 available rentals undoubtedly includes many condominiums available for sale.

The basis for the estimated change in vacancy levels between April 1970 and August 1971 may be summarized as follows:

1. A postal vacancy survey conducted in April 1971 indicated a 2.3 vacancy level (0.7 percent for residences; 4.7 percent for apartments) compared with 1.7 percent (0.9 percent and 2.8 percent for residences and apartments, respectively) in February 1970. Note that the postal vacancy count in 1970 was quite a bit below the census count.
2. The vacancy rate for housing units in Oahu sampled for the Hawaii Health Surveillance Program increased from 4.0 percent in the first quarter of 1970 to 4.6 percent for the first quarter of 1971.

The sharp increase in apartment vacancies reported by postal carriers between 1970 and 1971 was concentrated largely in new, never occupied units and reflects the sharp increase in multifamily construction activity in the previous year.

Table I

Estimated Annual Demand for Nonsubsidized Housing
Honolulu, Hawaii, Housing Market Area
August 1, 1971 - August 1, 1973

A. Sales Housing

<u>Sales price</u>	<u>Number of single-family houses</u>	<u>Condominium units</u>
\$25,000 - \$27,499	100	50
27,500 - 29,999	150	75
30,000 - 34,999	500	200
35,000 - 39,999	600	225
40,000 - 44,999	300	120
45,000 - 49,999	300	120
50,000 and over	550	210
Total	2,500	1,000

B. Rental Housing

<u>Gross monthly rent^{a/}</u>	<u>Efficiency</u>	<u>One bedroom</u>	<u>Two bedrooms</u>	<u>Three or more bedrooms</u>
\$200 - \$224	50	-	-	-
225 - 249	25	400	-	-
250 - 274	-	100	350	-
275 - 299	-	50	180	-
300 - 324	-	25	90	50
325 - 349	-	-	40	30
350 - 374	-	-	20	25
375 - 399	-	-	20	25
400 and over	-	-	-	20
Total	75	575	700	150

^{a/} Gross rent is shelter rent plus utilities.

Table II

Estimated Annual Potential for Subsidized Rental Housing
Honolulu, Hawaii, Housing Market Area
August 1, 1971-August 1, 1973

	<u>Section 236^{a/}</u> <u>exclusively</u>	<u>Eligible for</u> <u>both programs</u>	<u>Public housing</u> <u>exclusively</u>	<u>Total for</u> <u>both programs</u>
A. <u>Families</u>				
1 bedroom	125	0	240	365
2 bedrooms	350	0	510	860
3 bedrooms	220	0	300	520
4+ bedrooms	<u>105</u>	<u>0</u>	<u>150</u>	<u>255</u>
Total	800	0	<u>1,200^{b/}</u>	<u>2,000</u>
B. <u>Elderly</u>				
Efficiency	15	30	305	350
1 bedroom	<u>10</u>	<u>20</u>	<u>120</u>	<u>150</u>
Total	25	<u>50^{c/}</u>	<u>425^{c/}</u>	<u>500</u>

a/ Estimates are based on regular income limits.

b/ About 60 percent of these families also are eligible under the rent supplement program.

c/ All of the elderly couples and individuals also are eligible for rent supplements.

Table III

Employment Trends, 1958-1971
Honolulu, Hawaii, Housing Market Area
 Average (in thousands)

<u>Industry</u>	<u>1958- 1960</u>	<u>1961- 1963</u>	<u>1964- 1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>Jan.-June 1970</u>	<u>Jan.-June 1971</u>
Nonag. wage & salary emp.	148.5	165.7	190.4	216.3	234.7	249.0	245.7	251.3
Manufacturing, total	15.6	17.1	17.4	17.0	18.3	18.5	18.7	17.6
Durable goods	2.9	3.3	3.5	3.9	4.4	4.4	4.6	3.8
Nondurable goods	12.7	13.8	13.9	13.1	13.9	14.1	14.1	13.7
Nonmanufacturing, total	132.9	148.6	173.0	199.3	216.4	230.5	227.0	233.7
Contract construction	13.7	13.7	14.9	16.5	20.5	22.3	22.9	19.9
Transp., comm., utils.	11.5	12.7	14.5	17.3	18.7	20.3	20.0	19.9
Trade, total	34.0	38.8	44.7	50.6	54.9	58.9	57.4	58.9
Wholesale	9.5	11.0	11.4	12.4	13.2	13.7	13.7	13.7
Retail	24.5	27.8	33.3	38.2	41.7	45.2	43.7	45.2
Fin., ins., real estate	7.7	9.9	12.2	13.7	15.5	16.4	16.2	17.0
Services & misc.	24.0	28.7	33.9	40.4	44.4	48.2	47.4	49.7
Hotel	3.0	3.5	4.4	6.4	8.1	9.2	9.1	10.0
Other	21.0	25.2	29.5	33.9	36.3	38.9	38.3	39.7
Government	41.9	44.7	52.7	60.8	62.4	64.4	63.1	68.3
Federal	25.8	27.1	30.3	34.3	33.9	32.6	32.8	31.9
Military	18.4	18.6	20.2	23.1	23.4	22.0	22.4	21.5
Other	7.3	8.4	10.1	11.2	10.5	10.6	10.4	10.4
State	11.2	12.2	16.0	19.9	21.5	24.6	23.2	28.7
Local	4.9	5.4	6.4	6.6	7.1	7.3	7.1	7.7

Note: Details may not add to total because of rounding.

Sources: State of Hawaii, Department of Labor and Industrial Relations, Office of Research and Statistics.

Table IV

Population and Household Trends
Honolulu, Hawaii, Housing Market Area
1960-1971

<u>Component</u>				<u>Average annual change</u>			
				<u>1960-1970</u>		<u>1970-1971</u>	
<u>Population</u>	<u>April 1, 1960</u>	<u>April 1, 1970</u>	<u>August 1, 1971</u>	<u>Number</u>	<u>Percent^{3/}</u>	<u>Number</u>	<u>Percent</u>
<u>Total</u>	<u>500,409</u>	<u>629,176^{1/}</u>	<u>644,300</u>	<u>12,877</u>	<u>2.3</u>	<u>11,350</u>	<u>1.8</u>
Civilian	387,209	511,906	532,300	12,470	2.8	15,300	3.0
Military-connected ^{2/}	<u>113,200</u>	<u>117,270</u>	<u>112,000</u>	<u>407</u>	<u>0.3</u>	<u>-3,950</u>	<u>-3.4</u>
Military	53,560	55,747	50,250	219	0.4	-4,125	-7.4
Dependents	59,640	61,523	61,750	188	0.3	175	0.3
 <u>Households</u>							
<u>Total</u>	<u>117,856</u>	<u>164,763</u>	<u>170,600</u>	<u>4,690</u>	<u>3.4</u>	<u>4,375</u>	<u>2.7</u>
Civilian	98,225	144,205	149,900	4,600	3.8	4,275	3.0
Military-connected ^{2/}	19,631	20,558	20,700	90	0.5	100	0.5

^{1/} Revised total is 630,528, but no breakdown is available.

^{2/} Local estimates.

^{3/} Compound rate.

Sources: 1960 and 1970 Censuses of Population and Housing.
1971 estimates by Housing Market Analyst.

Table V

Trends in the Visitor Industry
Oahu and Hawaii, 1958-1970

<u>State totals:</u>	<u>1958-1960</u>	<u>1961-1963</u>	<u>1964-1968</u>	<u>1969-1970</u>
Average visitor census	10,195	13,475	22,800	37,500
Total visitor expenditures (millions of dollars)	\$107.5	\$159.0	\$326.8	\$569.6
<u>Oahu hotel rooms</u>				
Number	6,075	9,000	12,375	19,725
<u>Occupied</u>				
Number	4,875	6,650	10,475	15,250
Percent	80.2	73.9	84.6	77.3

Source: State of Hawaii Data Book, 1971, Department of Planning and Economic Development.

Table VI

Estimated Percentage Distribution of Families and Renter Households
by Annual Income, after Deducting Federal Income Tax
Honolulu, Hawaii, Housing Market Area, 1969-1971

Annual after-tax income	Percentage distributions			
	1969 income		1971 income	
	All families	Renter households ^{a/}	All families	Renter households ^{a/}
Under \$ 4,000	7	15	5	9
\$ 4,000 - 5,999	12	14	9	12
6,000 - 7,999	17	19	11	17
8,000 - 9,999	15	16	14	16
10,000 - 11,999	13	12	13	13
12,000 - 13,999	10	9	11	10
14,000 - 15,999	7	4	8	6
16,000 - 17,999	5	3	6	4
18,000 - 19,999	4	2	5	4
20,000 - 24,999	10	6	10	4
25,000 and over	(((8	5
Total	100	100	100	100
Median income	\$9,825	\$8,275	\$11,600	\$9,400

^{a/} Excludes one-person households.

Source: Estimated by Housing Market Analyst.

Table VII

Housing Units Authorized by Building Permits
Honolulu, Hawaii, Housing Market Area, 1960-1971

<u>Year</u>	<u>Privately built</u>			<u>Public</u>	<u>Total</u>
	<u>Single- family</u>	<u>Multi- family</u>	<u>Private Total</u>		
1960	4,189	3,246	7,435	962	8,397
1961	3,412	2,362	5,774	-	5,774
1962	3,654	4,246	7,900	-	7,900
1963	3,354	3,081	6,435	1,078	7,513
1964	3,671	2,958	6,629	650	7,279
1965	4,512	5,687	10,199	610	10,809
1966	2,943	6,373	9,316	261	9,577
1967	3,005	3,205	6,210	865	7,075
1968	3,683	6,373	10,056	-	10,056
1969	3,659	7,653	11,312	151	11,463
1970	3,809	4,172	7,981	-	7,981
1971 Jan-June	1,717	1,208	2,925	12	2,937

Source: Building Department, City and County of Honolulu; C-42 reports, Bureau of the Census.

Table VIII

Housing Inventory by Occupancy Status and Tenure
Honolulu, Hawaii, Housing Market Area, 1960-1971

<u>Components</u>	<u>April 1, 1960</u>	<u>April 1, 1970</u>	<u>August 1, 1971</u>
Total housing inventory	<u>125,795</u>	<u>174,170</u>	<u>181,900</u>
Total occupied	<u>117,856</u>	<u>164,763</u>	<u>170,600</u>
Owner-occupied	47,810	74,184	78,700
Percent of all occupied	.41	.45	.46
Renter-occupied	70,046	90,579	91,900
Total vacant	<u>7,939</u>	<u>9,407</u>	<u>11,300</u>
Available for rent or sale	<u>3,511</u>	<u>5,357</u>	<u>7,300</u>
For sale			
Number	531	1,052	1,000
Homeowner vacancy rate	1.1	1.4	1.3
For rent			
Number	2,980	4,305	6,300
Renter vacancy rate	4.1	4.5	6.4
Not available	4,428	4,050	4,000

Source: 1960 and 1970 Censuses of Housing, 1971 estimated by Housing Market Analyst.

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Honolulu,
Hawaii
1971

728.1 :308 F22 Honolulu, Hawaii
1971
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Analysis of the...housing market

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