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It's All About People



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Lawmakers still mulling leasehold condos on state land – *Star Advertiser 4/10/19*

Business leaders resist tax proposals – legislature attempt to raise \$100 M+ annually by abolishing breaks for REITS, collecting TAT from vacation rental platforms – *Star Advertiser 4/15/19*

Council slams door on monster houses – Bill 79 requires floor area ratio (FAR) less than 70%. FAR >60% required owner occupancy – *Star Advertiser 4/18/19*

Council moves to lower property tax bills – by \$70 a year – *Star Advertiser 4/20/19*

Kamehameha Schools land being readied for housing – “largest private landowner might create 8,000 or more homes around Oahu” in Kapalama-Kai, Waipahu, Waiawa, Moiliili and Kakaako – *Star Advertiser 4/23/19*

Senate might allow vacation rental platforms to collect taxes – *Star Advertiser 4/26/19*

Work to convert Honolulu’s “Pimple Building” (Queen Emma Building) to affordable rentals to start soon – *Pacific Business News 4/26/19*

Lawmakers reject minimum wage increase – *Star Advertiser 4/27/19*

“Monster” house bill would punish builders for lying – *Star Advertiser 4/29/19*

Hawaii business leaders partner with Landed to help teachers buy homes - with downpayment assistance – *Pacific Business News 4/30/19*

The Senate voted Tuesday to pass a bill that will allow the state to collect transient accommodation and general excise taxes from short-term rental properties – SB 1292 passed by vote 13 to 12 – *Pacific Business News 4/30/19*

Vacation rental bill awaits Ige’s signature – “Airbnb would be allowed to collect taxes on the state’s behalf” – *Star Advertiser 5/1/19*

“Monster house” bill becomes law without mayor’s signature – *Star Advertiser 5/2/19*

Fed leaves interest rates unchanged amid low inflation – *Star Advertiser 5/2/19*

Mayor signs high-rise fire safety bill – makes it easier for older condos to meet regulations – *Star Advertiser 5/3/19*

Hawaii passes bill to become second state to tax REITs – *Pacific Business News 5/3/19*

Hawaii “needs to get used to” slower economic growth, UHERO says – Carl Bonham cites slower tourism growth, lower visitor spending, slower job growth, declining population, contracting GET base – *Pacific Business News 5/3/19*

Caldwell vetoes property tax break – cites “a loss of revenue that could impair the city’s ability to fulfill its financial obligations” – *Star Advertiser 5/8/19*

Three tax increases proposed to cover rail costs

– Mayor proposed property tax hike on hotels and most expensive Oahu homes, plus new fee on trash pickup – *Star Advertiser 5/13/19*

Council overrides mayor’s veto of property tax break – bill lowers property taxes of owner-occupied homes by \$70/year – *Star Advertiser 5/15/19*

Airbnb estimates tax haul for 2018 at \$64M – “says revenue would ‘greatly exceed’ that if it and competitors collected for the state” – *Star Advertiser 5/16/19*

Hawaii’s 4 counties to see ‘muted’ economic growth, UHERO report says – slowing not a downturn but slower growth – *Pacific Business News 5/17/19*

Mayor signs Affordable Rental Bill – “Bill 7 aims to give owners of lots 20,000 sf or less enough incentives to develop affordable rental units in apartment, business & mixed-use areas” – *Star Advertiser 5/22/19*

Hawaii’s slow-growth economy is expected to continue – State’s GDP expected to grow to 1.4% annually over the next 4 years – *Star Advertiser 5/28/19*

Lodging industry mounts opposition to property tax rise (on hotels) – Proposed increase of hotel and resort land is \$13.90 per \$1000 of assessed value – *Star Advertiser 6/5/19*

Council Oks tax hikes for hotels, other properties – Hotel-resort properties to be taxed at \$13.90 for every \$1000 of assessed value (from \$12.90); Non owner-occupied investment properties will be taxed at \$10.50/\$1000 of value above \$1 million and \$4.50 per \$1000 below \$1 million – *Star Advertiser 6/6/19*

Loosening lending restrictions make it easier for Hawaii condo buyers – Freddie Mac and Fannie Mae no longer requires 51% or more owner occupancy for condo buildings if investors put at least 25% down – *Pacific Business News 6/7/19*

Council panel Oks 2 vacation rental bills – one would allow approx. 1,715 newly permitted hosted vacation rentals on Oahu, the second bill would crack down on illegal vacation rentals – *Star Advertiser 6/8/19*

Fines for illegal rentals may begin in August – exposes thousands of whole-home transient vacation units and hosted B&Bs to fines as much as \$10,000/day if no valid permits – *Star Advertiser 6/24/19*

Ige says he will veto Senate vacation rental collection bill – Senate bill 1292 requires vacation rental platforms to collect TAT on behalf of the state – *Star Advertiser 6/25/19*

Interest rate cut likely, FedChair suggests (for the first time in a decade) – “Pointing to a weaker global economy, rising trade tensions, and chronically low inflation.” – *Star Advertiser 7/11/19*

Property Tax Hikes

The Council's recent approval of property tax hikes will not only feed the City coffers with visitor dollars but also impact real estate investors many of whom are every-day Kamaaina residents. The lodging industry fought hard against the extra \$1 tax hike per \$1000 of assessed value without success. The \$1.50 increase for non-owner occupied investment properties assessed at more than \$1M seemed to have slipped by relatively unnoticed since it was presented as a tax hike on the "most expensive Oahu homes."

Well, guess what? Most homes in the Honolulu

urban core are assessed at more than \$1 million. The Caldwell administration provided info that 14,019 Residential A properties would be affected. Many are legacy properties held by Kamaaina families for their weekend enjoyment, many use the properties to supplement their income, pay for parents' care homes, or land bank for the eventual return of their children from the mainland. I also have clients renting their property with the full intention of returning home to Hawaii. I haven't heard much uproar yet regarding the increase but we'll hear it when the estimated property tax assessments are sent out in December.

Short Term Rentals

Here's info from the City Department of Planning and Permitting regarding short term rentals. (Bill 89 CD2 adopted by the City Council on June 17, and signed by Mayor Caldwell on June 25, becoming Ordinance 19-18)

Key Date: August 1, 2019 - Vigorous enforcement by the Dept of Planning and Permitting

- Prohibit advertising for all bed and breakfast homes and transient vacation units without having a current registration number
- Makes illegal any form of advertising short-term rentals (STR) which are not in compliance with zoning regulations. City defines short term as less than 30 days. The State defines STR as less than 180 days. Continues to prohibit Transient Vacation Units in non-resort areas unless the dwelling has a Nonconforming Use Certificate (NUC)
- Gov. David Ige signed HB 807 (Act 114) which makes it a misdemeanor (up to a year in jail & fines up to \$1000) to knowingly make a false statement to a county inspector.
- Various Zoning amendments pertaining to permitted uses for bed and breakfast homes and transient vacation units.
- Specific enforcement requirements and penalties associated with noncompliance.

Key Date: October 1, 2020

- Allows a limited number of new Bed and Breakfast Homes in non-resort areas under a new registration process, with annual renewal required.
- Bed and breakfast homes and transient vacation units are permitted in A-1 and A-2 zoning districts provided they are within 3,500 ft of a resort zoning district and greater than 50 continuous acres, and were rezoned as part of a master-planned resort community.
- Specifies the requirements for bed and breakfast homes
- Registration requirements for both the host platforms and the units.
- Bed and breakfast homes outside of resort, resort mixed use precinct of Waikiki special district, and the A-1 and A02 apartment zone district are limited to .5% of the total number of dwelling units in that development area

As you can see, the new regulations on short-term rentals are complicated and interpretation by DPP is still evolving. Check out Ord 19-18: <https://bit.ly/21s637x> and DPP's FAQ on short-term rental regulations at https://www.honolulu.gov/rep/site/dpptod/officehousing_docs/ShortTermRental_FAQs.pdf



Half Time Report – January thru June 2019 Stats Overview

The Oahu sales numbers you usually see in the local news reports a given month's activity compared to that of the same month the prior year. I prefer to present information taking a longer view of market activity (YTD) and to break the

information down to smaller segments of Oahu. Data presented in this manner helps buyers and sellers understand what is happening in the overall market as well as neighborhoods or regions of Oahu they are specifically interested in.

OAHU HALFTIME AT-A-GLANCE

	SINGLE FAMILY HOMES			CONDOMINIUMS		
	JANUARY-JUNE 2018	JANUARY-JUNE 2019	CHANGE	JANUARY-JUNE 2018	JANUARY-JUNE 2019	CHANGE
NUMBER OF SALES	1,760	1,695	-4%	2,833	2,583	-9%
MEDIAN SALES PRICE	\$779,000	\$775,000	-1%	\$425,000	\$419,000	-1%
MEDIAN DAYS ON MARKET	16	23	44%	18	27	50%
PENDING SALES	2771	2558	-8%	4161	3623	-13%
NEW LISTINGS	2,751	2,911	6%	4,220	4,450	6%
MONTHS OF INVENTORY	2.7	3.6	33%	3	3.9	30%

SINGLE FAMILY HOME NEIGHBORHOOD ACTIVITY

JANUARY - JUNE 2019 COMPARED TO JANUARY - JUNE 2018

YEAR TO DATE	CLOSED SALES			MEDIAN SALES PRICE			DAYS ON MARKET UNTIL SALE			INVENTORY OF HOMES FOR SALE		
	2019	2018	Change	2019	2018	Change	2019	2018	Change	June 2019	June 2018	Change
AINA HAINA - KULIOUOU	34	42	-19%	\$1,048,000	\$1,450,000	-28%	15	30	-50%	69	44	57%
ALA MOANA - KAKAAKO	2	1	100%	\$997,500	\$1,095,000	-9%	29	10	190%	3	5	-40%
DOWNTOWN - NUUANU	46	40	15%	\$890,000	\$900,000	-1%	27	23	17%	45	49	-8%
EWA PLAIN	351	376	-7%	\$680,000	\$674,500	1%	28	15	87%	251	263	-5%
HAWAII KAI	74	85	-13%	\$1,115,000	\$1,180,000	-6%	18	19	-5%	79	70	13%
KAILUA - WAIMANALO	136	166	-18%	\$1,100,000	\$1,150,000	-4%	22	17	29%	149	121	23%
KALIHI - PALAMA	65	60	8%	\$755,000	\$725,000	4%	30	22	36%	61	51	20%
KANEOHE	106	112	-5%	\$889,500	\$875,000	2%	13	18	-28%	99	88	13%
KAPAHULU - DIAMOND HEAD	112	85	32%	\$1,097,500	\$1,077,500	2%	14	13	8%	111	79	41%
MAKAHA - NANAKULI	147	170	-14%	\$499,000	\$469,500	6%	32	21	52%	130	124	5%
MAKAKILO	70	79	-11%	\$699,000	\$786,250	-11%	23	17	35%	69	66	5%
MAKIKI - MOILIILI	60	49	22%	\$1,180,000	\$1,188,750	-1%	18	22	-18%	68	49	39%
MILILANI	100	94	6%	\$795,000	\$791,000	1%	21	11	91%	74	47	57%
MOANALUA - SALT LAKE	19	18	6%	\$810,000	\$940,250	-14%	30	9	233%	8	9	-11%
NORTH SHORE	36	36	0%	\$894,000	\$858,000	4%	48	19	153%	81	64	27%
PEARL CITY - AIEA	123	123	0%	\$777,000	\$791,100	-2%	16	13	23%	77	66	17%
WAHIAWA	45	46	-2%	\$625,000	\$600,000	4%	22	13	69%	23	23	0%
WAIALAE - KAHALA	39	41	-5%	\$1,825,000	\$1,846,000	-1%	70	43	63%	75	52	44%
WAIKIKI	0	1	-100%	\$0	\$397,000	-100%	0	0	-	0	2	-100%
WAIPAHU	107	112	-4%	\$700,000	\$705,000	-1%	22	17	29%	65	58	12%
WINDWARD COAST	23	24	-4%	\$890,000	\$797,000	12%	22	25	-12%	51	31	65%

CONDOMINIUM NEIGHBORHOOD ACTIVITY

JANUARY - JUNE 2019 COMPARED TO JANUARY - JUNE 2018

YEAR TO DATE	CLOSED SALES			MEDIAN SALES PRICE			DAYS ON MARKET UNTIL SALE			INVENTORY OF CONDOS FOR SALE		
	2019	2018	Change	2019	2018	Change	2019	2018	Change	June 2019	June 2018	Change
AINA HAINA - KULIOUOU	2	1	100%	\$617,500	\$730,000	-15%	49	8	513%	2	2	0%
ALA MOANA - KAKAAKO	251	260	-3%	\$680,000	\$610,000	11%	45	36	25%	313	258	21%
DOWNTOWN - NUUANU	217	177	23%	\$591,500	\$475,000	25%	28	21	33%	200	158	27%
EWA PLAIN	234	266	-12%	\$509,500	\$514,500	-1%	22	12	83%	147	126	17%
HAWAII KAI	74	105	-30%	\$678,000	\$665,333	2%	34	17	100%	99	54	83%
KAILUA - WAIMANALO	64	54	19%	\$647,000	\$662,500	-2%	25	15	67%	27	32	-16%
KALIHI - PALAMA	49	57	-14%	\$397,000	\$403,000	-1%	25	29	-14%	48	33	45%
KANEOHE	85	85	0%	\$579,000	\$570,000	2%	17	10	70%	71	50	42%
KAPAHULU - DIAMOND HEAD	45	43	5%	\$540,000	\$559,000	-3%	28	19	47%	57	59	-3%
MAKAHA - NANAKULI	93	105	-11%	\$179,300	\$163,000	10%	32	33	-3%	68	83	-18%
MAKAKILO	76	73	4%	\$403,500	\$405,250	0%	27	10	170%	42	46	-9%
MAKIKI - MOILIILI	248	321	-23%	\$355,000	\$375,500	-5%	31	20	55%	241	180	34%
MILILANI	202	222	-9%	\$401,500	\$390,000	3%	14	11	27%	89	122	-27%
MOANALUA - SALT LAKE	91	105	-13%	\$391,000	\$388,000	1%	20	11	82%	68	54	26%
NORTH SHORE	27	20	35%	\$520,000	\$490,000	6%	18	14	29%	20	26	-23%
PEARL CITY - AIEA	171	168	2%	\$390,000	\$390,000	0%	18	11	64%	93	95	-2%
WAHIAWA	16	19	-16%	\$240,000	\$210,000	14%	17	12	42%	19	11	73%
WAIALAE - KAHALA	20	20	0%	\$575,500	\$552,500	4%	22	25	-12%	33	18	83%
WAIKIKI	488	601	-19%	\$399,000	\$415,000	-4%	34	33	3%	703	649	8%
WAIPAHU	120	116	3%	\$375,000	\$380,500	-1%	19	10	90%	55	54	2%
WINDWARD COAST	10	15	-33%	\$242,500	\$252,000	-4%	56	19	195%	22	13	69%

What does this mean to you? What's the market like in the neighborhood you live in? Are you looking to sell? If so, be realistic on your pricing as you see prices moderate, inventory increase, and days on market linger.

Are you looking to purchase your first home, move-up to a larger home, or purchase an investment property? Mortgage funds are available at favorable interest rates and there is talk of rates going

lower. Consider neighborhoods and buildings with a lot of inventory where you just might be able to negotiate a lower purchase price.

In either case, use an experienced Realtor to help you in this changing market. If you are considering either buying or selling in this market call me for a private consultation to discuss your particular real estate situation. I can also represent you when you purchase a unit in one of the new project developments. Call me today.