



Now, if you remember anything from this column, I hope it's that numbers are boring, but charts are exciting. The proof? Charts get economists excited, because it means they don't have to say anything further... which gets their audiences excited, for exactly the same reason.

(Disclaimer: the author took economics courses at UH, George Washington, and Georgetown, but spent most of his time reading graphic arts magazines in the library).

(Further Disclaimer: the author used data, and ideas, developed by Mike Sklarz of Prudential Locations Research... any mistakes or misconceptions noticed here are wholly original, and should not be laid at the feet of Mr. Sklarz).

(Final Disclaimer: in the interest of avoiding the appearance of a conflict of interest, the author is willing to provide to any interested party a list of real estate firms he has worked for or consulted with -- a list of which would include a company mentioned here, Prudential Locations. The author also worked for Monty Python, and thus has a sense of humor, to go with all of his many conflicts of interest.

Pretty boring... like watching traffic lights.

But, it shows the changes that are occurring, what economists call trends (and what consultants get paid to write about). And changes are particularly important if they change something else (and this is the start of a story...).

In this case, closings will change prices. And prices are not boring (but I am getting ahead of myself). The reason why closings change prices is that the more closings there are, the fewer homes are left for sale. And fewer of anything, a condition called scarcity, means that it is likely that sellers of a scarce item can raise their prices, can charge more.

See how prices on Maui went through the roof after the numbers of closings grew in the table below:

Year	Closings	Median Price
1980	189	\$139,500
1981	148	\$145,000
1982	103	\$120,000
1983	185	\$120,000
1984	211	\$129,000
1985	259	\$122,000
1986	419	\$140,000
1987	520	\$155,000
1988	557	\$188,700
1989	566	\$225,000
1990	636	\$280,000

So, here's the same boring set of numbers, but next to them is a set of price numbers... and those are interesting. And, together, they tell a story: more sales, higher prices. (See also how a little color in the table makes the numbers stand out... and, that way, seem more interesting.

Still, dressing up an ugly man is still an ugly man in fine dress: which is my way of saying that, even with a pretty table, you still have to look at ugly old numbers.

So, as in last week's column, I use the numbers to produce a picture ... which not only tells the story, but also does so definitively. This chart is derived from the Maui numbers used above: the red line shows the sales, and the blue prices... and see how the blue line does what the red line does, but only after a couple years.

The best speech I've ever heard began by inviting the listeners, if and when they found themselves bored, to leave the auditorium, but, to quote Clare Boothe Luce, "Please do so **qui-et-ly**... so as not to disturb those **a-sleep** in their seats."

Judging by the comments (not compliments) I've received over the column last week, a few of you out there are indeed awake... notwithstanding my talk about numbers. As I said last week, yes, numbers can be **bor-ring**.

As Susan Roberts, Prudential Locations' very capable manager of new home sales, asked me after reading my column last Friday, "How can you do what you do, Ricky, looking at all those numbers all day? Myself, I couldn't stand it..."

Her honesty and openness gave me the best laugh I had all week, and then got me to think about answering her. She put her finger on the truth. Honestly, I don't particularly like numbers: math wasn't my great love – writing was.

However, I do like working with people who need to see the numbers, especially the ones that indicate in what direction their market is heading, and then have to decide what to do. Like who?

- a landowner, who received an offer from someone who wants to buy their land...
- a developer, who wants to build and sell homes at a profit... or
- a homeowner, who wants to get into a better living situation, by selling and buying his home.

So, what's the fun about that, Susan Roberts, (and the trick I try to perform) is to make numbers tell a story. And they usually do.

For instance, the most simple (and boring) set of numbers is the number of annual sales (closings, in real estate parlance, important because it triggers the transfer of money... from buyers to sellers, and to their agents, the escrow company, the mortgage company, etc.). The numbers below are for Maui, over the last ten years:

MAUI ANNUAL CLOSINGS

<i>Year</i>	<i>Closings</i>
1990	636
1991	461
1992	408
1993	370
1994	388
1995	354
1996	441
1997	540
1998	689
1999	974
2000	963