

START THE PRESS

Some readers indicated they'd wished the paper had stopped the presses last week, stopped them right before printing my column. Oh, well, and shucks. But, I have to agree with them that this is, after all, a column in the real estate section.

So, recalling last week's chart, residential real estate sales in the resale market are up across the state, mainly in condos and mainly on Oahu. The percentage increases were remarkable: total resales statewide were up 23%, sales of resale condos statewide were up 35%, and Oahu condo resales were up 28%.

Resales over the rest of the state were up and way up: up 31% on the Big Island, up 2% on Maui, and up 10% on Kauai.

What about prices? Prices are the other shoe to Sales... in other words, the market, if you look at it from the bottom up, moves first on sales, then on prices (hence the shoe metaphor: putting one foot in front of the other) (for the cop who pulled you over late at night).

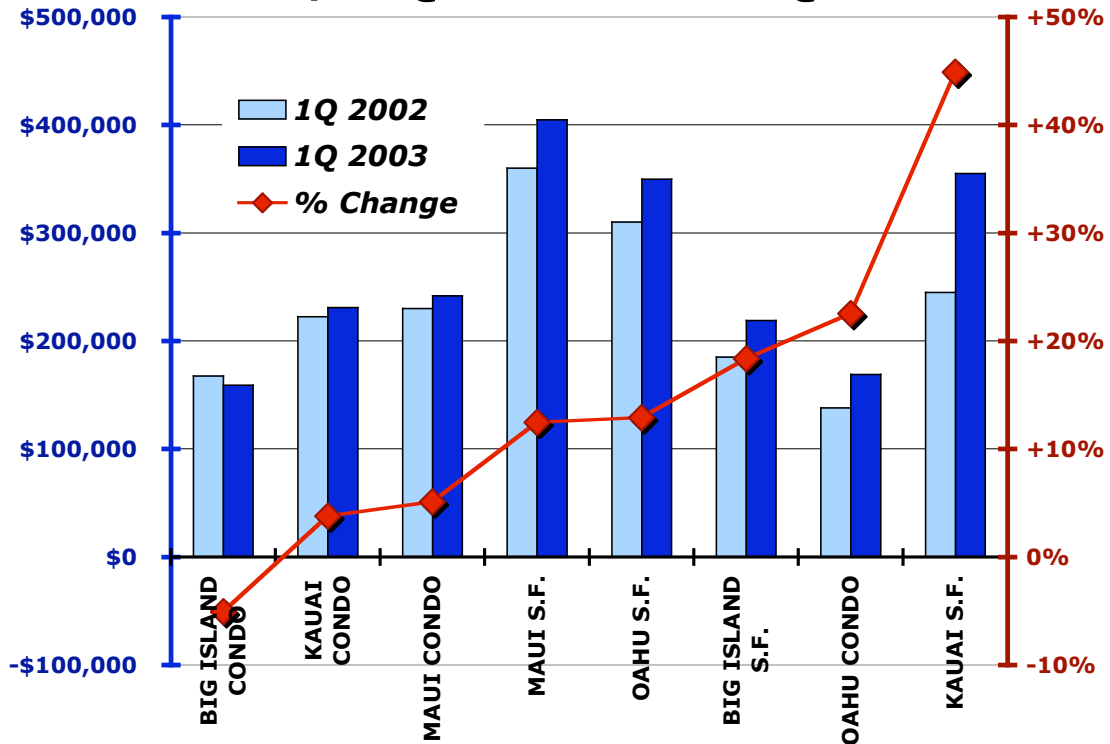
This odd but serviceable metaphor would get me a C at from my old English teacher at Punahou, but a A from the stats teacher I had at Georgetown, who loved anything that helped make numbers meaningful.

Anyway, as I was saying: this odd but serviceable metaphor shows how sales in any market have to pick up before there's any pick up in prices (and vice versa). That's because, shifting to a supermarket analogy, the items on the shelf have to 'fly off' of it before the storekeeper knows to raise prices. So it is with residences.

Indeed, the other old saying that applies is "Before the other shoe drops." If you've never heard it before, I think it originated from what happens when a husband comes home from a late night drinking with the boys: he takes off his shoes so as not to wake his wife...

But, on his inebriated way to bed, hubby drops a shoe, which makes a large thud... followed by that long moment of waiting to see if anyone woke up... followed by, you guessed it, hubby dropping the other shoe along the way to bed... assuring that his wife will wake up and yell at him. (So saying, 'before the other shoe drops' is like saying before disaster -- or the wife -- strikes).

Prices, 1Q 2003 vs 1Q 2002



Anyway, back to the subject: this heightened rate of sales is what has been happening in the market, per last week's chart. Per this week's chart, we see how prices have changed between the first three months of 2003 and the same period in 2002.

And, indeed, prices, thanks to sales, have risen pretty dramatically, too. Oahu condo prices are up 23%, Big Island single-family prices are up 18%, and Oahu and Maui single-family prices are up 13% respectively. But the winner is Kauai's single-family prices: up 45%.

Now, remember this comparison is only 3 months, a quarter of the year, and a quarter does not make a whole. I'd be surprised if, particularly in small markets (as Kauai), the quarterly jumps hold for the whole year. But, come December, return to this space and I'll tell you if... the other shoe dropped, vis-à-vis Kauai prices.