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GM

Aloha,

The purpose of the Griggs Report is to provide the reader with accurate market data that gives an up-to-date view of the real estate market trends in N. Kona and Hawaii Island. Price Direction and Rate of Price Change are important indicators most are looking for. However price data is based on past sales. Current market inventory levels and pending sale trends show more current trends and give clues as to future price direction and rate of change. The report uses the "Pending Ratio", the ratio of Pending Sales to Active Listing Inventory as a measure of this current supply/demand dynamic. By following the Pending Ratio's over time the report uses charts to illustrate the trends. The higher the ratio number, the tighter or stronger the market demand versus supply.

1. The latest data from Hawaii Information Service for N. Kona residential market shows the inventory is down substantially from a year ago. The number of escrows is about the same. Median Price has remained stable in the \$635,000 range for almost two years. Hopefully the winter home shoppers will find what they are looking for amongst the smaller inventory.

2. The price range data at the top of page 2 shows 50% of the sales fall in the \$400K to \$700K price range. There has been a gain of 30 homes sales in the over \$900K price ranges since last year. Most of those in the \$900K to \$1.5M range.

3. The Hawaii Island Residential Pending Ratio is relatively stable with gains in West HI being offset by a slight decline in East HI. The historical pattern suggests that there will be an increasing trend for both East and West HI by the end of December when the winter buying season kicks off.

4. Overall the percentage of listings of REO or Short Sales on the market continues to decline. Waimea is now showing only 2%. The average for all five market areas is 7%.

The REO numbers in Chart 6 shows an average decline in properties owned by Fannie Mae, Deutsche Bank, Wells Fargo and Bank of America. The numbers have fallen from last year's 82 to the current 67. It had been 250 in 2010.

5. The Condo stats continue to be strong with a Pending Ratio in Sellers' Market territory at 71. Median Prices are showing +6% year/year increase. The inventory of active condos under \$1.5M is down 17% from last year.

6. Like Residential and Condo, the Land stats show a shrinking inventory also. The continued strong sales numbers will certainly contribute to further decline in inventory and price pressure. Median Price has turned positive after many months of showing decline. It continues to be up by the greatest year/year change we have seen since recovery began (+12%). Like Residential and Condo the pending sales declined some from a year ago.

7. Page 6 is the Pending Ratio Summary page. This page offers a quick glance of the Pending Ratio trend for N. Kona Res., Condo, Land and Hawaii Island. In this report we see a strong year over year improvement in all categories except land.

8. The Page 7 Kona Residential Price chart since 1972 has been updated with the new 2018 data. This maintains a data pool of similar homes many of which were new sales or have resold over the years. The total number of sales that make up the data pool now stands at 7,644 in the 23 subdivisions in the study. The year/year price change for this Mid-level housing group for 2018 is \$615,100, up from 2017's \$587,100. This represents a 5% price increase for 2018.

9. The Kona vs. West Coast section shows San Diego price appreciation is now leading most other West Coast metros with a + 2.7% year/year appreciation. It appears that the metros that have had the greatest price run ups over the past few years are now showing the least amount of appreciation. For example, San Francisco is showing a modest +1.7%. The point being that this may be one of the reasons there is only ½ % increase in Kona. The good news is the San Diego market is doing well and that is generally the leading indicator for the future of Kona price trends.

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Sincerely,

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