



Established 1960

Database Marketing

Economic & Social Impact Studies

Evaluations

Research

Modeling/Forecasting

SMS

1042 Fort Street Mall
Suite 200
Honolulu, HI 96813
Ph: (808) 537-3356
Toll Free (877) 535-5767
Fax: (808) 537-2686
E-mail: info@smshawaii.com
Website: www.smshawaii.com

Beyond Information. Intelligence.

HAWAI'I HOUSING PLANNING STUDY, 2011 RENTAL HOUSING REPORT

Prepared for the:

Hawai'i Housing Finance and Development Corporation and
Housing Officers/Administrators for Honolulu, Maui,
Hawai'i, and Kaua'i Counties

Department of Hawaiian Home Lands

Department of Human Services

SMS Affiliations and Associations:

Experian
International Survey Research
Solutions Pacific, LLC
SMS Consulting, LLC
3i Marketing & Communications

Prepared by **SMS** Research & Marketing Services, Inc.
October, 2011



Beyond Information. Intelligence.

Established 1960

Database Marketing

Economic & Social Impact Studies

Evaluations

Research

Modeling/Forecasting

November 19, 2011

Ms. Janice Takahashi
Chief Planner
Hawai'i Housing Finance and Development Corporation
677 Queen Street, Suite 300
Honolulu, Hawai'i 96813

SMS

1042 Fort Street Mall
Suite 200
Honolulu, HI 96813
Ph: (808) 537-3356
Toll Free (877) 535-5767
Fax: (808) 537-2686
E-mail: info@smsHawaii.com
Website: www.smsHawaii.com

Aloha!

Here is the report on the Rental Housing portion of the Hawai'i Housing Planning Study (HHPS) 2011. It covers the information from prior HPS and the newest data we have on rents.

The data are changing just as with the Inventory Data. We will be incorporating new rent data and evaluating the utility of previous and current Rental Housing Study methods in the age of Twitter and Craig's List. Since 2006, more rental units are advertised online than in print media. The merger of our two newspapers in June 2010 further complicated the picture and diminished the number of rental advertisements available for analysis.

HIS has started collecting Web data on Hawai'i rents. To support the transition, we are turning to data provided by the Census 2010, the American Community Surveys (ACS), and HUD's Fair Market Rents. When the new demand survey is finished, we will incorporate those data as well.

We trust that rent data in this report will be informative and useful.

Please call if you have any questions or comments.

Sincerely,

James E. Dannemiller
Executive Vice President

SMS Affiliations and Associations:

Experian
International Survey Research
Solutions Pacific, LLC
SMS Consulting, LLC
3i Marketing & Communications

CONTENTS

EXECUTIVE SUMMARY	1
HAWAII RENTS, 2000 TO 2011	2
CONTRACT RENTS	2
ASKING RENTS.....	5
FAIR MARKET RENTS	8
RENTAL VACANCY RATES.....	13
APPENDIX.....	16
MEASURING RENTAL DATA	26
CHANGES TO METHOD OF RENTAL DATA COLLECTION	26
COMPARING RENT DATA SOURCES	29

LIST OF TABLES

Table 1: Median Contract Rent for the Counties and State of Hawai`i, 2005-2011	3
Table 2. Average Asking Rent, Counties and State of Hawai`i, 2003-2011.....	5
Table 3. Average Asking Rent, Counties and State of Hawai`i, 2003-2011.....	6
Table 4. Average Asking Rent for Single Family Homes and Apartments, Counties and State of Hawai`i, 2003-2011.....	7
Table 5. Fair Market Rent, City & County of Honolulu, 2000-2011	9
Table 6. Fair Market Rent, County of Hawai`i, 2000-2011.....	10
Table 7. Fair Market Rent, County of Maui, 2000-2011	11
Table 8. Fair Market Rent, County of Kauai, 2000-2011	12
Table 9. Rental Vacancy Rates, 1986-2010	14
Table A-1. Average Asking Rents for Apartments by Size, State of Hawai`i, 2003-2011	17
Table A-2. Average Asking Rents for Apartments by Size, Counties of Hawai`i, 2003-2011	19
Table A-3. Average Asking Rents for Houses by Size, Counties of Hawai`i, 2003-2011	21
Table A-4. Average Asking Rent, Districts and Counties, 2010.....	22
Table A-5. Affordably Housing Data, State and Counties of Hawai`i, 2011	23
Table A-5a. Affordably Housing Data, State and Counties of Hawai`i, 2011 (continued).....	24
Table A-6. Number of Rental Advertisements Collected Annually, 2003-2010	28
Table A-7. Average Asking, Median Contract and Fair Market Rents, Counties of Hawai`i, 2000-2011.....	31
Table A-8. Average Rent Rates for Newspaper and Online Ads, State of Hawai`i, 2010.....	32

LIST OF FIGURES

Figure 1: Median Contract Rent, Counties and State of Hawai`i, 2005-20112

Figure 2: Consumer Price Index-All Urban Customers, Housing, State of Hawai`i, 2000-2010 ..4

Figure 3: Average Asking Rent by County, 2003-2011.....6

Figure 4: Average Asking Rent for Apartments by County, 2003-20117

Figure 5: Average Asking Rent for Single Family Homes by County, 2003-20118

Figure 6: Fair Market Rent, City & County of Honolulu, 2000-2011.....9

Figure 7: Fair Market Rent, County of Hawai`i, 2000-2011 10

Figure 8: Fair Market Rent, County of Maui, 2000-2011..... 11

Figure 9: Fair Market Rent, County of Kaua`i, 2000-2011 12

Figure 10. Rental Vacancy Rates, 1986-2010 13

Figure 11: Vacancy Rate and Median Contract Rent, County of Honolulu, 2000-2009..... 15

Figure A-1: Average Asking Rent for Apartments, State of Hawai`i, 2003-2011 17

Figure A-2. Average Asking Rent for Apartments by County, 2003-2011 18

Figure A-3. Average Asking Rent for Houses by County, 2003-2011.....20

Figure A-4: Number Rental Advertisements Collected, City & County of Honolulu, 2003-2010 27

Figure A-5: Number of Rental Advertisements Collected Quarterly, 201029

Figure A-6: Average Asking, Median Contract and Fair Market Rents, 2000-2011 30

Figure A-7: Average Rent Rates for Newspaper and Online Ads, State of Hawai`i, 2010 32

EXECUTIVE SUMMARY

With 42 percent of households in the State of Hawai'i renting their current residence, the Rental Housing Study is a fundamental component of the Hawai'i Housing Planning Study (HHPS) 2011. Understanding the number and types of housing units available for rent, as well as the vacancy rates, demand, and monthly rent rates for those units, is a necessary part of forecasting the housing needs of Hawai'i residents.

The Rental Housing Study 2011 shows that Hawai'i asking rents were on the rise from 2003 through 2006 and fell notably from 2007 to 2010, with the exception of a slight reversal in the last half of 2010 and first half of 2011. Data for the first half of 2011 indicates that asking rents are on the rise for the State and each County except Hawai'i County. Contract rents throughout the State rose between 2003 and 2009, with a slight decrease in the rate of growth for 2009. In keeping with the findings for asking rents, data for 2011 suggests that renters have begun paying more for their homes in recent months as contract rents are higher across all Counties. Fair Market Rents in all of Hawai'i's counties have remained steady or increased every year since 2000, but levels dropped notably after 2009. Overall, the rental data for 2011 suggest that rents across Hawai'i are at the beginning of an upward trend.

Households in the City & County of Honolulu, 42 percent of whom are renters, consistently have the highest median contract rent and tend to drive the overall median for the State. Renters in the County of Maui represent 44 percent of households and pay the second highest amount to cover their monthly housing expenses. Residents of Kaua'i who are renting their current home have experienced more significant increases in their contract rents over the past couple of years than residents of any other county (13 percent from 2008 to 2009). Increases in contract rents among the other counties in Hawai'i during that same period were 5 percent or less. The median contract rent in the County of Hawai'i's the lowest in the state at \$1,112 per month in 2011.

Of great interest is the changing nature of the asking rent data itself. Changes in the way rents are advertised and the way they are recorded have introduced new problems for understanding asking rents.

There is clearly more work to be done on the rental price issue. Data from the HHPS Demand Survey will be useful in checking the contract rents. The pending release of rent data from Census 2010 will also provide further information. Only in reconciling all of the various sources of data concerning Hawai'i's rental housing market will we be able to fully understand the current state of the market and how it's likely to look in the future.

HAWAII RENTS, 2000 TO 2011

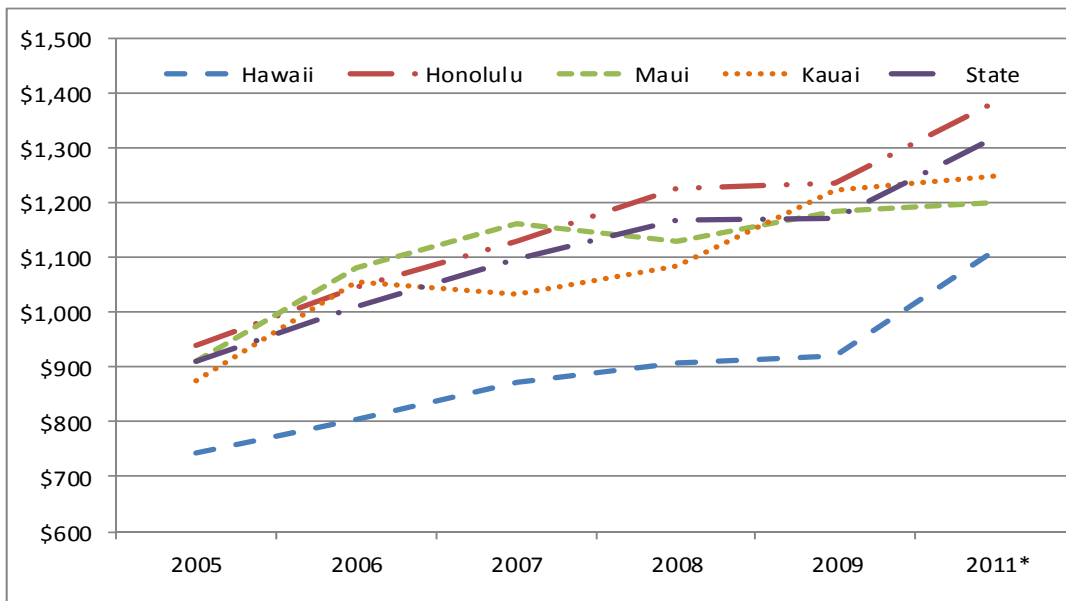
In prior Hawai'i Housing Policy Studies, rents have been measured in terms of asking rents and contract rents. Asking rent is the stated base rent the landlord requests when advertising an available rental unit. When asking rents are counted (based on the number of published advertisements), it provides an indication of the level of activity in the rental market in much the same way as the number of home sales reflects the activity of the ownership market.

Contract rent is the base rent as specified in the lease agreement. This provides a measure of how much renters are actually paying for their residence each month. Depending on market conditions, contract rents may be higher or lower than asking rents. Contract rents change as a function of changes in asking rents. These changes occur as units change hands and landlords negotiate new lease terms, or as different rent amounts are imposed by landlords on the residents of occupied units.

CONTRACT RENTS

Data from the 2003 and 2006 Housing Policy Studies, the current HHPS, as well as information contained in the American Community Surveys between 2005 and 2009, indicates that contract rents have continued to climb, but at a decreasing rate, during the past five years. While rent increases across all counties were minimal in 2008 and 2009 due to the global economic recession, the most recent data regarding contract rents indicates that monthly rental rates are on the upswing.

Figure 1: Median Contract Rent, Counties and State of Hawai'i, 2005-2011



Source: 2005-2009 median contract rent from American Community Survey based on all rental units surveyed, with the exception of single family dwellings on ten or more acres of land; 2010-2011 median contract rent data from HHPS Housing Demand Survey

Table 1: Median Contract Rent for the Counties and State of Hawai`i, 2005-2011

Year	Median Contract Rent				
	Hawaii	Honolulu	Maui	Kauai	State
2005	\$742	\$940	\$912	\$875	\$911
2006	\$804	\$1,045	\$1,081	\$1,057	\$1,010
2007	\$871	\$1,129	\$1,163	\$1,033	\$1,098
2008	\$906	\$1,227	\$1,131	\$1,086	\$1,167
2009	\$921	\$1,237	\$1,186	\$1,223	\$1,172
2011*	\$1,112	\$1,385	\$1,201	\$1,248	\$1,321
Annual Percent Change					
2005-2006	8%	11%	19%	21%	11%
2006-2007	8%	8%	8%	-2%	9%
2007-2008	4%	9%	-3%	5%	6%
2008-2009	2%	1%	5%	13%	1%
2009-2011	21%	12%	1%	2%	13%

*data through June 30, 2011

Source: 2005-2009 median contract rent from American Community Survey based on all rental units surveyed, with the exception of single family dwellings on ten or more acres of land; 2010-2011 median contract rent data from HHPS Housing Demand Survey; 2010 data from the U.S. Census Bureau's Decennial Census will be incorporated as soon as it becomes available.

In the State of Hawai`i, median contract rent increased by approximately 10 percent in 2006 and 2007. The economic recession in 2008 and 2009 led to rent increases of only 6 percent and less than 1 percent, respectively. The first half of 2011 suggests that rents are on the way up again, with a substantial 13 percent increase statewide.

Rents in the City and County of Honolulu have been steadily increasing from a median of \$752 in 2000 to \$940 in 2005 to \$1,385 in 2011, a 43 percent increase over the last decade. Rents jumped 11 percent in 2006, with slightly more moderate increases of 8 and 9 percent in the subsequent two years. As a result of the economic recession that began in 2008, 2009 saw rents in Honolulu climb by just 1 percent. In the first half of 2011, however, median contract rent across the county jumped to \$1,385 (12 percent increase).

On the Big Island, renters were paying 8 percent more in 2006 than in 2005, with an additional 8 percent increase the following year. In 2008, however, countywide rents increased by only 4 percent and by just 2 percent in 2009. In the first part of 2011, the increase in median rents for Hawai`i County was 21 percent. This was the most dramatic change among all of Hawai`i's counties.

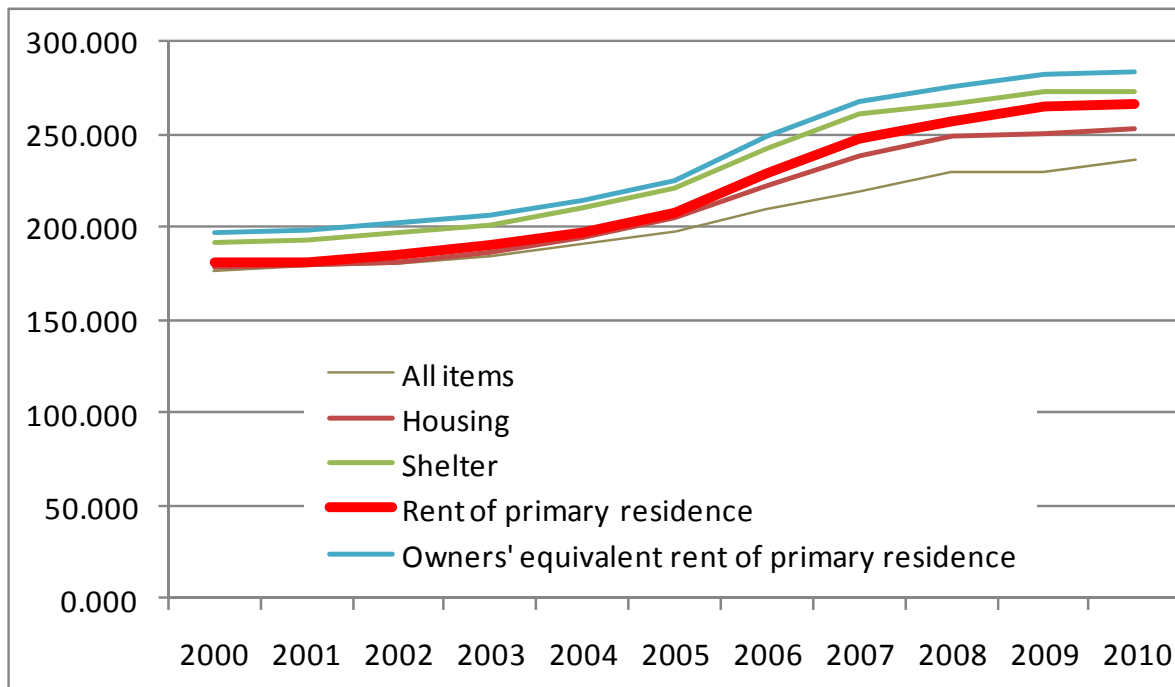
In Maui County, rents jumped nearly 20 percent from 2005 to 2006. Between 2006 and 2007, rents increased a more modest 8 percent. 2008 brought a slight decrease in Maui rents, which rebounded in 2009 to slightly above the 2007 median. In the first half of 2011 Maui has had a very slight increase in median rent, only 1 percent countywide.

In the State of Hawai`i, the largest increase in median rents in 2005 occurred in the County of Kauai (21 percent). Kauai's rental market appears to have the greatest volatility among the counties, dropping 2 percent in 2006 only to climb by 5 percent and 13 percent in 2008 and

2009. Indeed, Kauai was the only county with a notable rent increase in 2009. Since then, rates have inched up by only 2 percent.

The data for contract rents are supported by recent data published by the U.S. Bureau of Labor Statistics. The Consumer Price Index-All Urban Residents for Housing has increased from 177.9 in 2000 to 235.916 in 2010. The shelter payment index for those who rent their primary residence has gone from 180.3 in 2000 to 272.996 in 2010. The Figure below shows minimal increases in the CPI-U score for housing until 2005-2006, when the upward trend became more pronounced.

Figure 2: Consumer Price Index-All Urban Customers, Housing, State of Hawai'i, 2000-2010



Source: U.S. Bureau of Labor Statistics, Consumer Price Index-All Urban Consumers [CPI-U]

Note that the CPI data are for Metro Honolulu and reflect the trend for the City & County in FMR data. We might suspect that Consumer Price Indices for other counties might show greater increase in rents.

Table 2. Average Asking Rent, Counties and State of Hawai`i, 2003-2011

Group	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
HOUSING	178	179	181	186	194	205	223	238	229	230	236
Shelter	192	193	196	200	210	221	242	261	249	250	253
Rent of primary residence	180	182	185	190	197	208	229	247	266	273	273
Owners' equivalent rent	196	198	202	206	214	225	248	268	256	264	266
Fuel and utilities	147	147	143	154	161	180	203	214	275	283	283

* Indexes on a December 1982=100 base.

Source: U.S. Bureau of Labor Statistics; Hawaii State Department of Business, Economic Development & Tourism, Statistics & Data Support Branch

Based on decreasing rates of change in contract rents, we might expect that asking rents have been dropping or at least showing slower growth. Current trends suggest, however, that the cost to rent a home in the State of Hawai`i is on the rise. Trends among the average asking rent, median contract rent and Fair Market Rent all point toward increases in the rents for units of all sizes in each of Hawai`i's counties.

ASKING RENTS

In order to perform a thorough review of Hawai`i's current rental housing market, a comprehensive data set was constructed to identify current and historical rental availability, rental rates and other trends. For each island, information including location, rent rate, bedrooms, property type, furnished or unfurnished, was gathered from current and historical rental advertisements for each island. Database entries excluded rentals wanted, vacation rentals, rentals to share, property management, rooms for rent, and all commercial properties.

The Oahu rental database was collected from the Honolulu Advertiser and Star Bulletin's mid-month Sunday classified advertisements for rentals of houses, apartments (including both apartment building units and condominium units) and town houses¹. For the purposes of this review, the Oahu rental database was filtered to include advertisements for three- and four-bedroom houses and studio, one-, two-, and three-bedroom apartments.

The neighbor island rental database was constructed from the mid-month Sunday Classified ads from the major newspapers for each island. Sources include the Maui News, West Hawai`i Today, the Hawai`i Tribune Herald and The Garden Island. The database contains information from advertisements for two-, three-, and four-bedroom houses and studio, one- and two-bedroom apartments.

Although still among the highest in the nation², asking rents across Hawai`i had been falling since 2007. In the past six to twelve months, however, there have been indications that asking rents are on the rise. Discussion with some experts (developers, advocates for affordable housing, and housing planners) suggest that asking rents are rising and have been for at least 18 months. HHPS Rental Housing Study data tend to support the upswing in asking rents.

¹ Data collection continued from the single source following the merger of the Honolulu Advertiser and Star Bulletin June, 2010.

² Out of Reach 2011, National Low Income Housing Coalition, June 2011, <http://www.nlihc.org/oor/oor2011>.

Table 3. Average Asking Rent, Counties and State of Hawai'i, 2003-2011

Year	Average Asking Rent				
	Hawaii	Honolulu	Maui	Kauai	State
2003	\$1,162	\$1,408	\$1,423	\$1,298	\$1,360
2004	\$1,254	\$1,529	\$1,429	\$1,422	\$1,464
2005	\$1,348	\$1,913	\$1,573	\$1,574	\$1,617
2006	\$1,368	\$1,862	\$1,658	\$1,658	\$1,754
2007	\$1,434	\$1,759	\$1,741	\$1,737	\$1,693
2008	\$1,447	\$1,765	\$1,629	\$1,659	\$1,675
2009	\$1,309	\$1,607	\$1,389	\$1,428	\$1,514
2010	\$1,178	\$1,653	\$1,415	\$1,414	\$1,527
2011	\$1,097	\$1,843	\$1,482	\$1,445	\$1,640
Annual Percent Change					
2003	---	---	---	---	---
2004	8%	9%	0%	10%	8%
2005	10%	25%	10%	11%	10%
2006	8%	-3%	5%	5%	8%
2007	-3%	-6%	5%	5%	-3%
2008	-1%	0%	-6%	-4%	-1%
2009	-10%	-9%	-15%	-14%	-10%
2010	1%	3%	2%	-1%	1%
2011	-7%	11%	5%	2%	7%

Source: Hawai'i Information Service; data through June 30, 2011

Figure 3: Average Asking Rent by County, 2003-2011



Source: Hawai'i Information Service; data through June 30, 2011

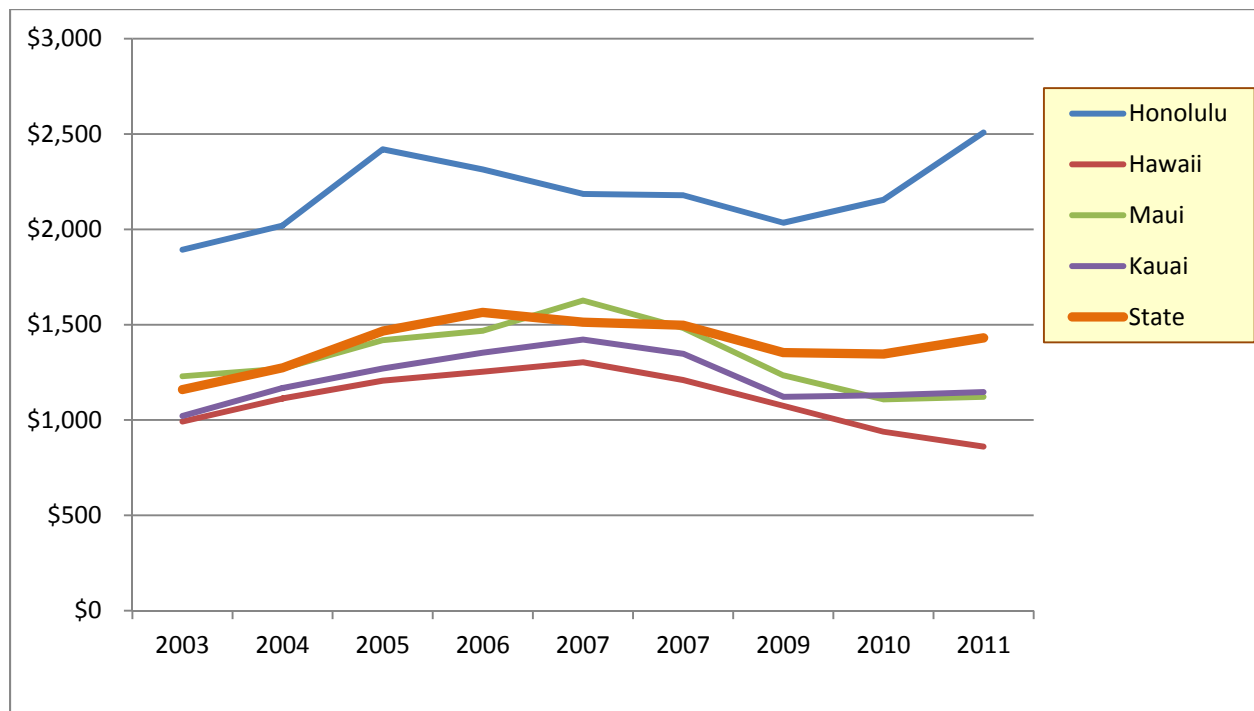
Unlike comparable markets across the nation, Hawai'i's rental market has not exhibited a significant decline in the average asking rent since the economic recession began in 2008. Rather than accept lower rent amounts, landlords are opting to allow their units to remain empty (pushing the vacancy rate up) while they wait for the market to recover. Because increasing rent amounts have only become apparent in the past several months, it is nearly impossible to predict the amount they will increase and over what period of time.

Table 4. Average Asking Rent for Single Family Homes and Apartments, Counties and State of Hawai'i, 2003-2011

Year	County								State of Hawaii	
	Honolulu		Hawaii		Maui		Kauai		Apts.	Houses
	Apts.	Houses	Apts.	Houses	Apts.	Houses	Apts.	Houses		
2003	\$1,183	\$1,893	\$992	\$1,263	\$1,229	\$1,515	\$1,021	\$1,449	\$1,160	\$1,553
2004	\$1,298	\$2,020	\$1,113	\$1,332	\$1,270	\$1,502	\$1,168	\$1,563	\$1,274	\$1,685
2005	\$1,622	\$2,420	\$1,206	\$1,406	\$1,419	\$1,630	\$1,270	\$1,738	\$1,466	\$1,712
2006	\$1,607	\$2,314	\$1,253	\$1,416	\$1,468	\$1,705	\$1,353	\$1,803	\$1,564	\$1,956
2007	\$1,539	\$2,186	\$1,303	\$1,504	\$1,627	\$1,782	\$1,422	\$1,879	\$1,513	\$1,901
2007	\$1,559	\$2,179	\$1,210	\$1,606	\$1,482	\$1,688	\$1,347	\$1,813	\$1,497	\$1,879
2009	\$1,414	\$2,035	\$1,075	\$1,472	\$1,234	\$1,452	\$1,122	\$1,578	\$1,354	\$1,708
2010	\$1,447	\$2,155	\$939	\$1,349	\$1,108	\$1,538	\$1,130	\$1,625	\$1,346	\$1,774
2011	\$1,582	\$2,508	\$861	\$1,218	\$1,122	\$1,742	\$1,147	\$1,657	\$1,431	\$1,935

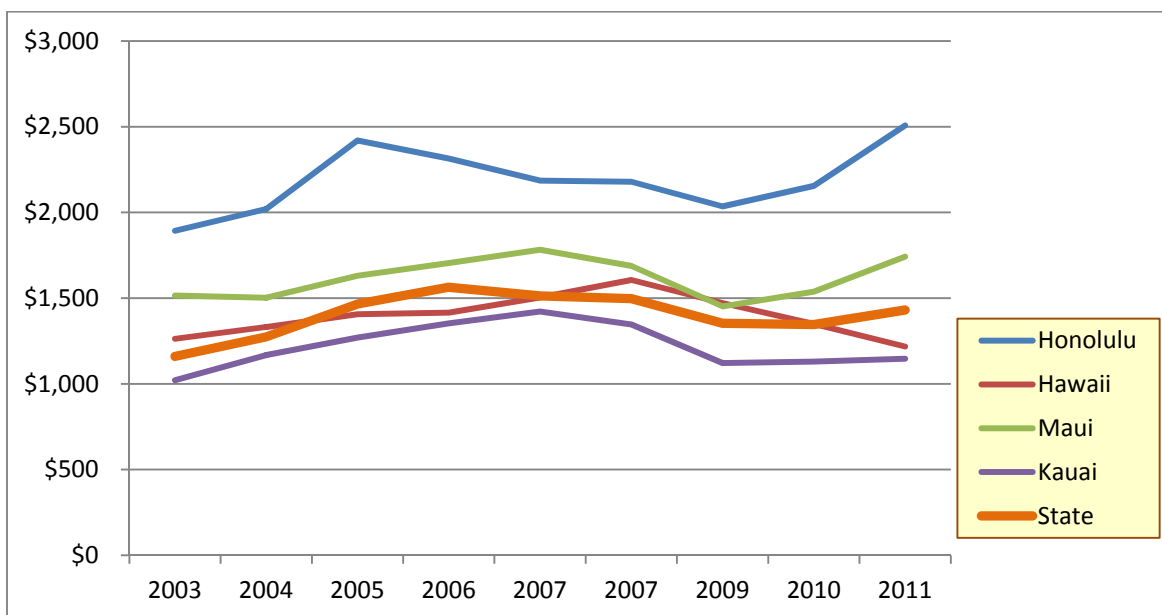
Source: Hawai'i Information Service; data through June 30, 2011

Figure 4: Average Asking Rent for Apartments by County, 2003-2011



Source: Hawai'i Information Service; data through June 30, 2011

Figure 5: Average Asking Rent for Single Family Homes by County, 2003-2011



Source: Hawai'i Information Service; data through June 30, 2011

FAIR MARKET RENTS

In an effort to clarify the recent data that points to the beginning of an upward trend for monthly rental rates across the State of Hawai'i, the 2011 HHPS Rental Housing Study has incorporated Fair Market Rent data provided by the U.S. Department of Housing and Urban Development (HUD).

Fair Market Rents (FMRs) are gross rent estimates that include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. HUD uses data from the Decennial Census, American Community Surveys, American Housing Surveys, and random-digit dialing telephone surveys to determine fair market rents.

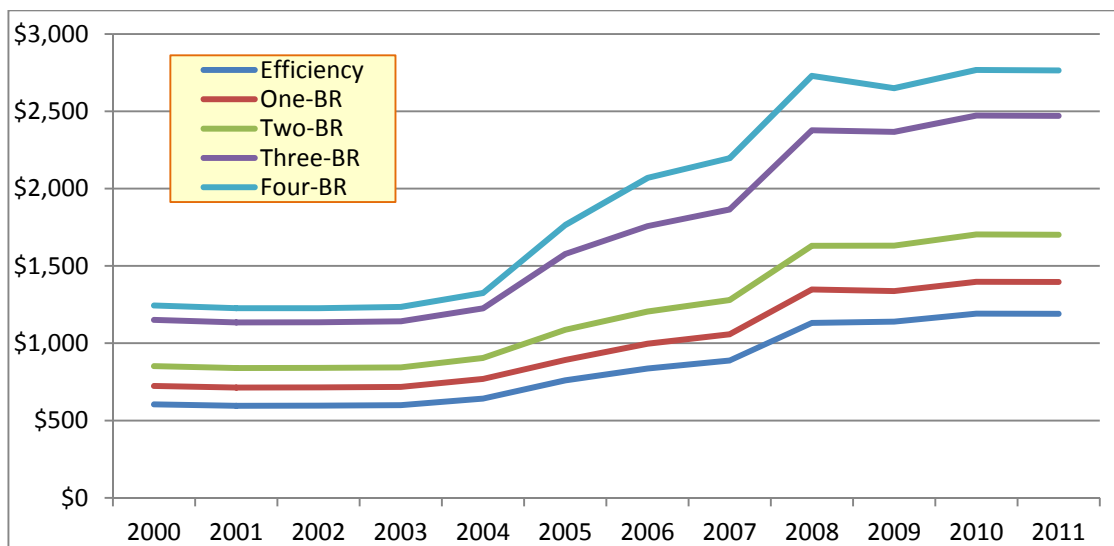
Fair market rents are expected to be higher than contract rents (because they are a type of asking rent and are calculated based on a sample of recent movers in two bedroom units deemed to be of standard quality) and lower than asking rents because they are intended to serve the needs of people with lower incomes.

While the FMR is calculated for a very specific unit type, the general trend of FMR rates is indicative of the state of the rental housing market as a whole. Increases in FMRs are typically a reflection of price increases throughout the rental housing market (see Figures 6 through 9 below).

In Hawai'i, FMR have been rising at a relatively steady pace since the beginning of the housing market run-up in 2003. This is true for all counties, as well as for all unit types and sizes.

The most recent Fair Market Rents are more difficult to interpret. As evidenced in the figures below, FMRs for all counties rose steadily from 2003 to 2008. Since 2008, however, annual increases in FMRs have been slight. It is even more puzzling to note that, between 2010 and 2011, the Honolulu FMR went down by two dollars (\$2).

Figure 6: Fair Market Rent, City & County of Honolulu, 2000-2011



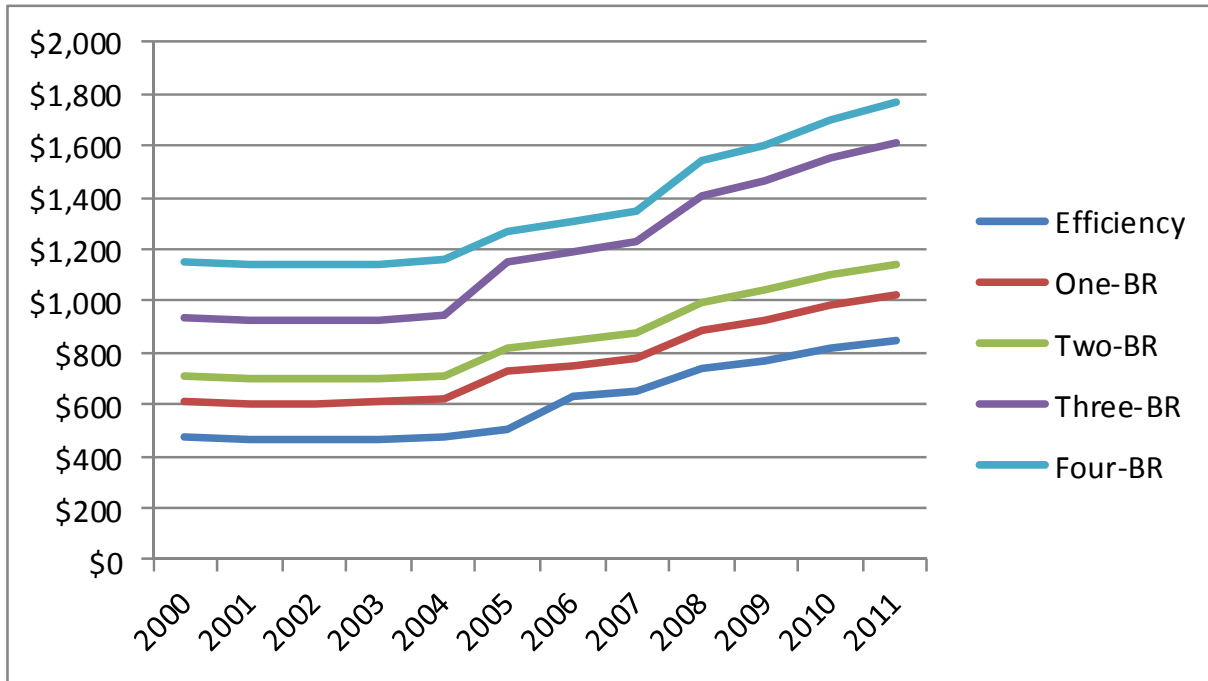
Source: U.S. Department of Housing and Urban Development, Fair Market Rents, 2000-2011

Table 5. Fair Market Rent, City & County of Honolulu, 2000-2011

Year	Honolulu				
	Efficiency	One-Br	Two-Br	Three Br	Four Br+
2000	\$604	\$723	\$851	\$1,150	\$1,244
2001	\$595	\$713	\$839	\$1,134	\$1,226
2002	\$596	\$714	\$840	\$1,135	\$1,227
2003	\$599	\$717	\$844	\$1,142	\$1,235
2004	\$642	\$769	\$905	\$1,225	\$1,325
2005	\$760	\$891	\$1,087	\$1,577	\$1,765
2006	\$836	\$997	\$1,205	\$1,757	\$2,069
2007	\$888	\$1,058	\$1,279	\$1,865	\$2,196
2008	\$1,131	\$1,348	\$1,630	\$2,377	\$2,729
2009	\$1,140	\$1,337	\$1,631	\$2,367	\$2,649
2010	\$1,191	\$1,397	\$1,704	\$2,473	\$2,767
2011	\$1,190	\$1,396	\$1,702	\$2,470	\$2,764

Source: U.S. Department of Housing and Urban Development, Fair Market Rents, 2000-2011

Figure 7: Fair Market Rent, County of Hawai`i, 2000-2011



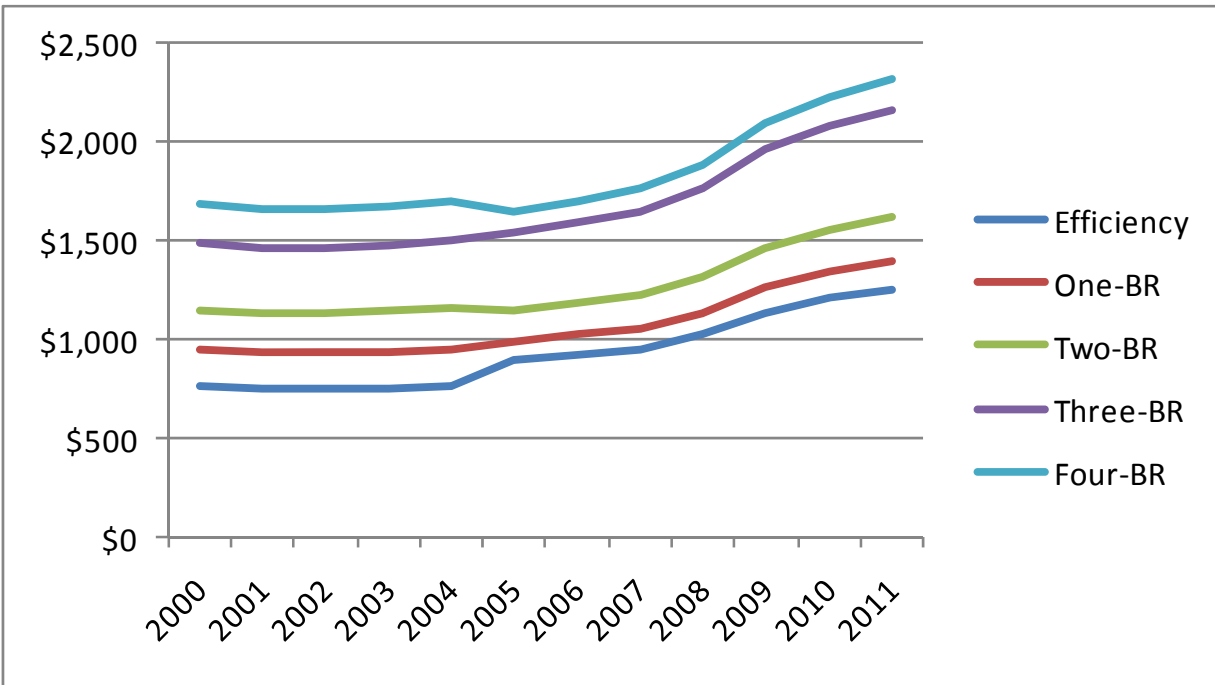
Source: U.S. Department of Housing and Urban Development, Fair Market Rents, 2000-2011

Table 6. Fair Market Rent, County of Hawai`i, 2000-2011

Year	Hawaii				
	Efficiency	One-Br	Two-Br	Three Br	Four Br+
2000	\$470	\$613	\$705	\$936	\$1,153
2001	\$463	\$604	\$695	\$923	\$1,137
2002	\$464	\$605	\$696	\$924	\$1,138
2003	\$466	\$608	\$699	\$929	\$1,145
2004	\$474	\$618	\$711	\$944	\$1,164
2005	\$507	\$729	\$818	\$1,153	\$1,264
2006	\$627	\$753	\$845	\$1,191	\$1,306
2007	\$649	\$779	\$874	\$1,232	\$1,350
2008	\$741	\$889	\$998	\$1,407	\$1,542
2009	\$770	\$925	\$1,038	\$1,464	\$1,604
2010	\$818	\$982	\$1,102	\$1,554	\$1,703
2011	\$850	\$1,020	\$1,145	\$1,614	\$1,769

Source: U.S. Department of Housing and Urban Development, Fair Market Rents, 2000-2011

Figure 8: Fair Market Rent, County of Maui, 2000-2011



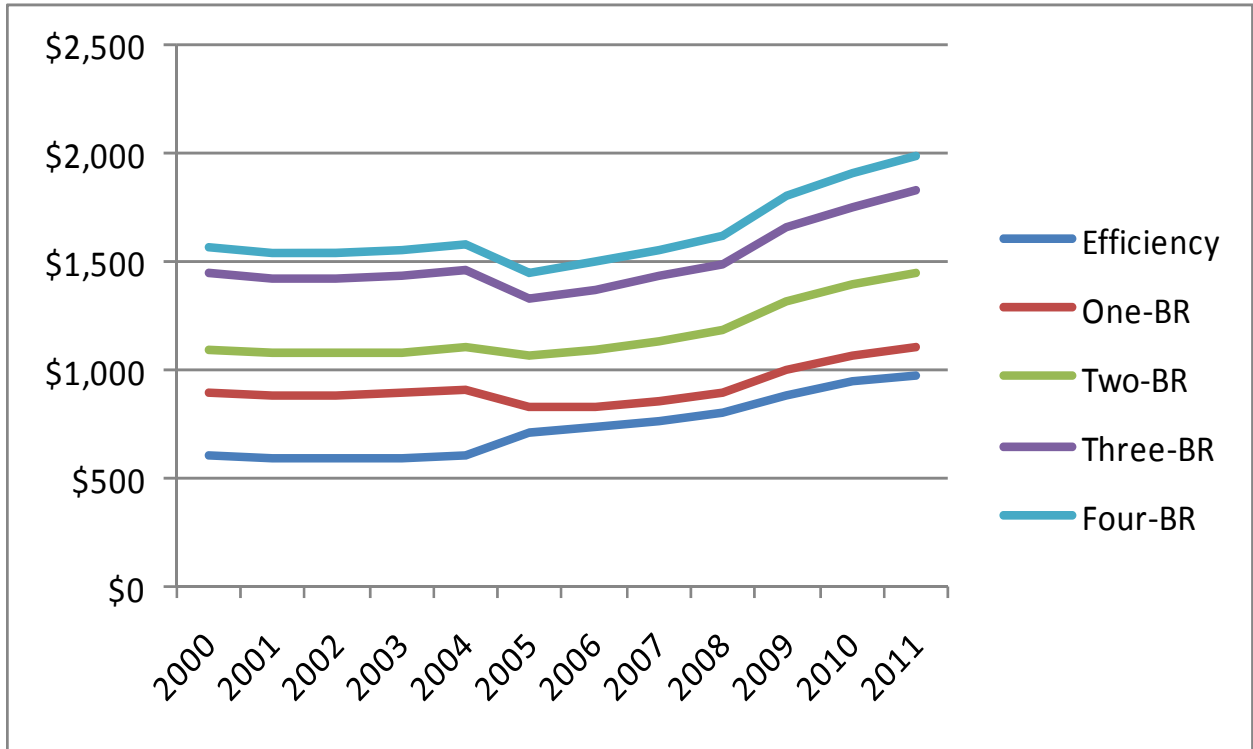
Source: U.S. Department of Housing and Urban Development, Fair Market Rents, 2000-2011

Table 7. Fair Market Rent, County of Maui, 2000-2011

Year	Maui				
	Efficiency	One-Br	Two-Br	Three Br	Four Br+
2000	\$759	\$941	\$1,148	\$1,483	\$1,680
2001	\$748	\$928	\$1,132	\$1,462	\$1,656
2002	\$749	\$929	\$1,133	\$1,464	\$1,658
2003	\$753	\$934	\$1,140	\$1,472	\$1,667
2004	\$765	\$950	\$1,159	\$1,496	\$1,695
2005	\$892	\$988	\$1,149	\$1,537	\$1,647
2006	\$921	\$1,021	\$1,187	\$1,588	\$1,701
2007	\$953	\$1,056	\$1,228	\$1,643	\$1,760
2008	\$1,021	\$1,132	\$1,316	\$1,761	\$1,886
2009	\$1,137	\$1,260	\$1,465	\$1,960	\$2,099
2010	\$1,207	\$1,337	\$1,555	\$2,081	\$2,228
2011	\$1,255	\$1,391	\$1,617	\$2,164	\$2,317

Source: U.S. Department of Housing and Urban Development, Fair Market Rents, 2000-2011

Figure 9: Fair Market Rent, County of Kaua'i, 2000-2011



Source: U.S. Department of Housing and Urban Development, Fair Market Rents, 2000-2011

Table 8. Fair Market Rent, County of Kauai, 2000-2011

Year	Kauai				
	Efficiency	One-Br	Two-Br	Three Br	Four Br+
2000	\$600	\$897	\$1,092	\$1,445	\$1,562
2001	\$591	\$884	\$1,076	\$1,424	\$1,540
2002	\$592	\$885	\$1,077	\$1,426	\$1,542
2003	\$595	\$889	\$1,084	\$1,434	\$1,551
2004	\$605	\$904	\$1,102	\$1,458	\$1,577
2005	\$715	\$831	\$1,061	\$1,332	\$1,449
2006	\$739	\$832	\$1,096	\$1,375	\$1,497
2007	\$764	\$861	\$1,134	\$1,432	\$1,549
2008	\$797	\$898	\$1,183	\$1,485	\$1,616
2009	\$888	\$1,000	\$1,318	\$1,654	\$1,800
2010	\$943	\$1,062	\$1,399	\$1,756	\$1,911
2011	\$980	\$1,104	\$1,454	\$1,825	\$1,986

Source: U.S. Department of Housing and Urban Development, Fair Market Rents, 2000-2011

RENTAL VACANCY RATES

Rental vacancy rates for the County of Honolulu and the State of Hawai'i have been on the rise since 2005. Statewide vacancy rates hit an all-time high of 9.2 percent in 2009. In 2010, the State's vacancy rate followed the national trend, dipping back down to 8.1 percent. Although the increase was not as significant between 2009 and 2010 as in prior years, the rental market in Honolulu continues to have increasing numbers of vacant rental units.

Figure 10. Rental Vacancy Rates, 1986-2010



Source: U.S. Census Bureau's Current Population Survey/Housing Vacancy Survey, 1986-2010

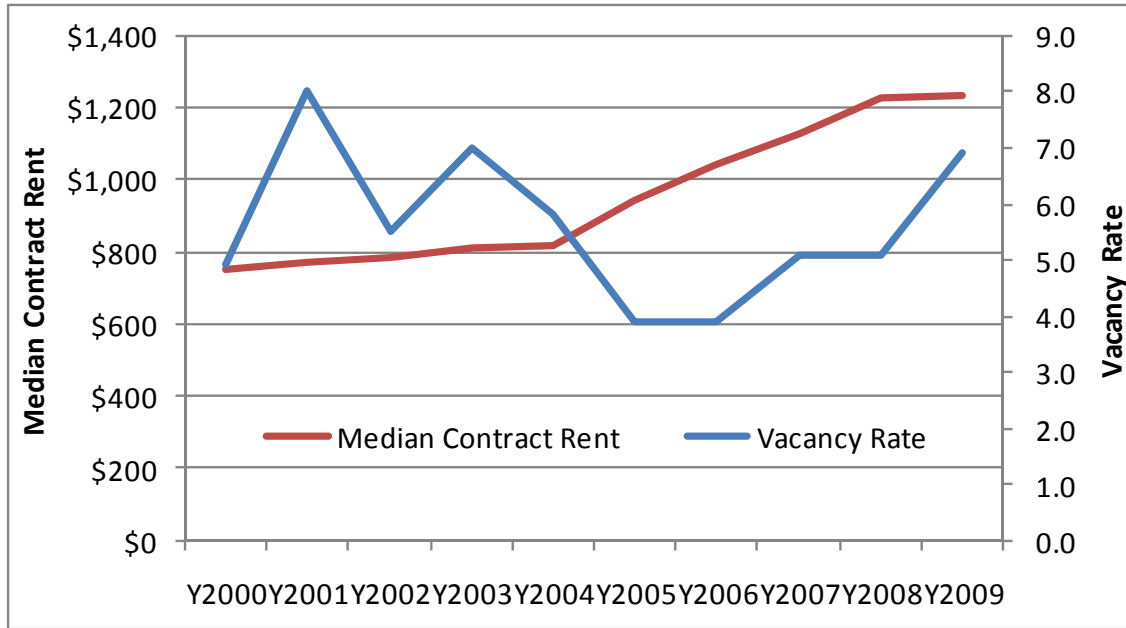
Table 9. Rental Vacancy Rates, 1986-2010

	Honolulu MSA	State of Hawaii	United States
1986	5.0	5.7	7.3
1987	5.5	6.5	7.7
1988	4.1	6.3	7.7
1989	5.1	6.6	7.4
1990	3.8	6.6	7.2
1991	3.8	5.8	7.4
1992	3.4	5.8	7.4
1993	3.9	6.8	7.3
1994	5.0	7.4	7.4
1995	5.4	6.3	7.6
1996	4.7	6.0	7.8
1997	6.4	7.1	7.7
1998	6.3	6.9	7.9
1999	7.6	7.6	8.1
2000	4.9	5.3	8.0
2001	8.0	8.2	8.4
2002	5.5	7.3	8.9
2003	7.0	8.9	9.8
2004	5.8	7.7	10.2
2005	3.9	5.1	9.8
2006	3.9	5.5	9.7
2007	5.1	6.3	9.7
2008	5.1	7.2	10.0
2009	6.9	9.2	10.6
2010	7.2	8.1	10.2

Source: U.S. Census Bureau's Current Population Survey/Housing Vacancy Survey, 1986-2010

Like FMR data, rental vacancy rates provide an indication of the strength of the rental market. For example, the vacancy rate for the County of Honolulu rose significantly between 2006 and 2007. High and rising vacancy rates often put downward pressure on rents, yet median asking rents increased significantly over the same period. A change in the price distribution of vacant units, with a larger proportion of the vacant units renting for over \$1,000 per month, could explain why median rents increased while vacancy rates rose.

Figure 11: Vacancy Rate and Median Contract Rent, County of Honolulu, 2000-2009

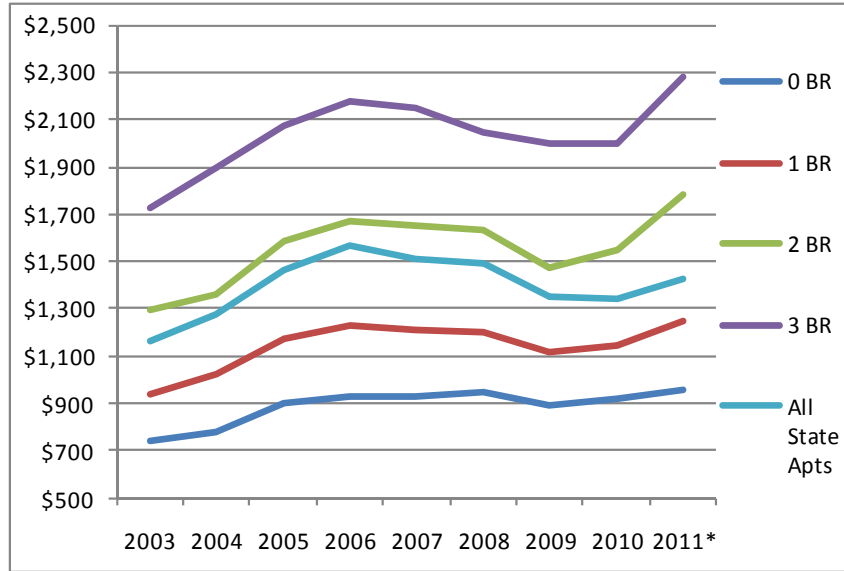


One reason that rising vacancy rates do not mean relief throughout the market is basic economics. If a property owner is unable to rent a unit for an amount higher than what is required to cover his costs (financing, maintenance, etc.), the rent cannot fall to (or, at least, cannot be maintained at) that lower level even if there is demand. In these cases, the owner may forego unit maintenance and allow the unit to fall into disrepair and become un-rentable. What was a vacant unit, therefore, is removed entirely from the housing stock.

Even when there are a substantial number of vacant units, those units may be priced out of reach of those households who need them. This is clearly indicated by the disparity in the affordable and average rents detailed in Figure 11. Units may also be vacant as a result of their location. It is not enough to have vacant units somewhere in the county; they must be located where people are moving and can make a living. With transportation costs continuing to climb, having an abundance of vacant rental housing units that are not conveniently located to major employment centers does not benefit those most in need of housing.

APPENDIX

Figure A-1: Average Asking Rent for Apartments, State of Hawai`i, 2003-2011



Source: Hawai`i Information Service for SMS Hawai`i Housing Policy Studies, 2003, 2006 and 2011

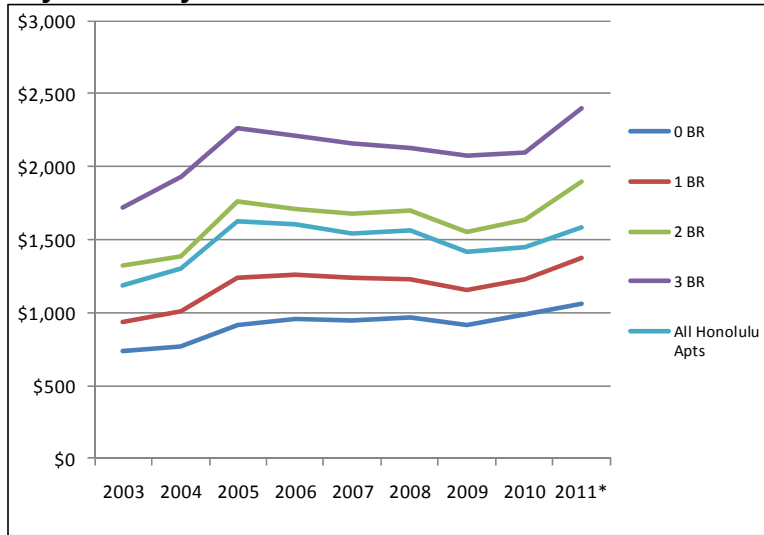
Table A-1. Average Asking Rents for Apartments by Size, State of Hawai`i, 2003-2011

	Apartments - State of Hawaii				
	0 BR	1 BR	2 BR	3 BR	Total
2003	\$739	\$941	\$1,292	\$1,724	\$1,160
2004	\$781	\$1,019	\$1,364	\$1,895	\$1,274
2005	\$898	\$1,174	\$1,583	\$2,076	\$1,466
2006	\$931	\$1,227	\$1,669	\$2,178	\$1,564
2007	\$929	\$1,213	\$1,650	\$2,152	\$1,513
2008	\$946	\$1,198	\$1,633	\$2,048	\$1,497
2009	\$888	\$1,119	\$1,477	\$2,001	\$1,354
2010	\$922	\$1,141	\$1,544	\$2,001	\$1,346
2011	\$961	\$1,251	\$1,787	\$2,278	\$1,431

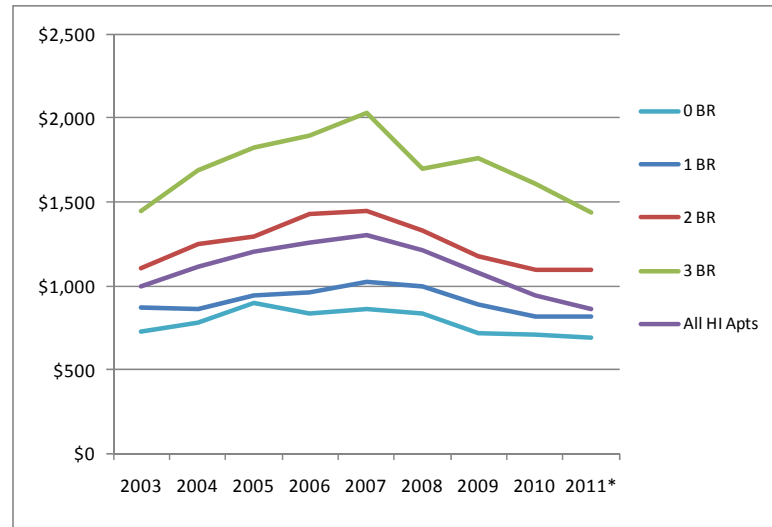
Source: Hawai`i Information Service; data through June 30, 2011

Figure A-2. Average Asking Rent for Apartments by County, 2003-2011

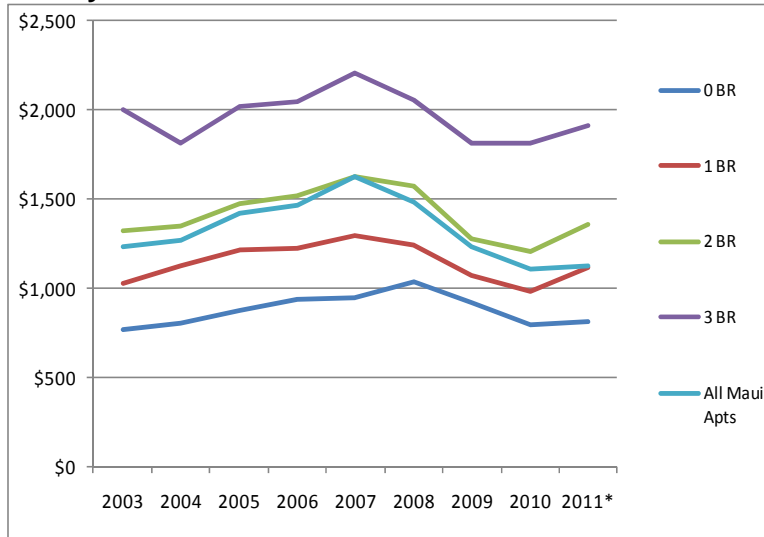
City & County of Honolulu



County of Hawai'i



County of Maui



County of Kaua'i

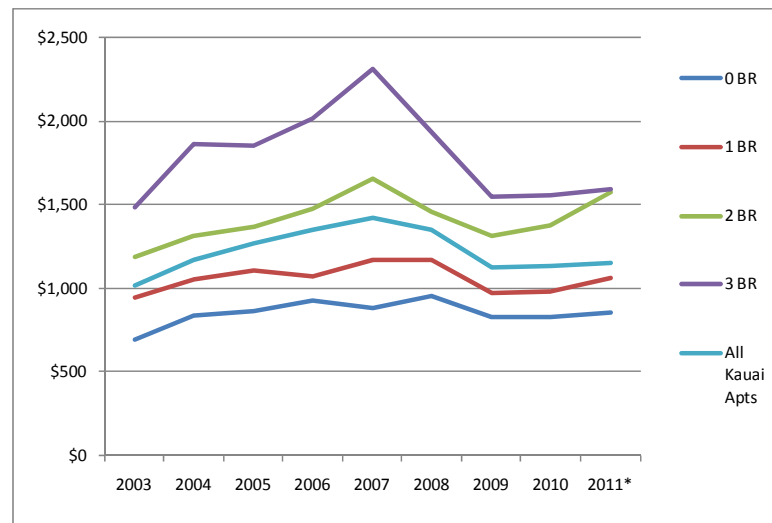


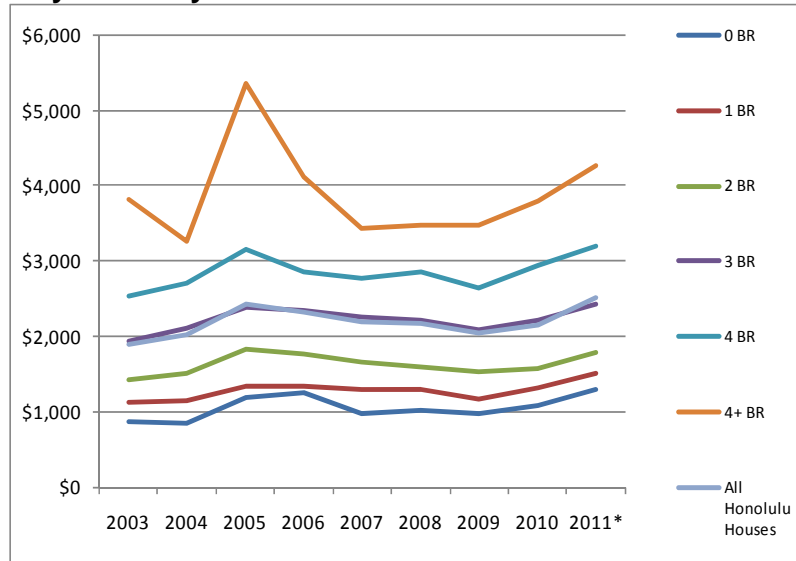
Table A-2. Average Asking Rents for Apartments by Size, Counties of Hawai`i, 2003-2011

Year	County																			
	Honolulu					Hawaii					Maui					Kauai				
	0 BR	1 BR	2 BR	3 BR	Total	0 BR	1 BR	2 BR	3 BR	Total	0 BR	1 BR	2 BR	3 BR	Total	0 BR	1 BR	2 BR	3 BR	Total
2003	\$737	\$932	\$1,323	\$1,717	\$1,183	\$723	\$870	\$1,107	\$1,449	\$992	\$770	\$1,022	\$1,319	\$2,004	\$1,229	\$694	\$943	\$1,183	\$1,480	\$1,021
2004	\$770	\$1,012	\$1,380	\$1,931	\$1,298	\$783	\$864	\$1,250	\$1,686	\$1,113	\$807	\$1,126	\$1,347	\$1,810	\$1,270	\$837	\$1,054	\$1,309	\$1,862	\$1,168
2005	\$918	\$1,238	\$1,757	\$2,259	\$1,622	\$900	\$946	\$1,295	\$1,821	\$1,206	\$877	\$1,215	\$1,472	\$2,018	\$1,419	\$863	\$1,102	\$1,369	\$1,849	\$1,270
2006	\$955	\$1,256	\$1,704	\$2,213	\$1,607	\$835	\$964	\$1,430	\$1,894	\$1,253	\$934	\$1,221	\$1,520	\$2,044	\$1,468	\$924	\$1,066	\$1,474	\$2,018	\$1,353
2007	\$950	\$1,236	\$1,682	\$2,160	\$1,539	\$858	\$1,025	\$1,448	\$2,032	\$1,303	\$950	\$1,294	\$1,625	\$2,209	\$1,627	\$881	\$1,169	\$1,650	\$2,307	\$1,422
2008	\$971	\$1,228	\$1,697	\$2,126	\$1,559	\$837	\$1,000	\$1,330	\$1,702	\$1,210	\$1,034	\$1,245	\$1,569	\$2,055	\$1,482	\$958	\$1,168	\$1,460	\$1,934	\$1,347
2009	\$917	\$1,156	\$1,548	\$2,074	\$1,414	\$717	\$889	\$1,179	\$1,759	\$1,075	\$918	\$1,069	\$1,277	\$1,808	\$1,234	\$824	\$975	\$1,309	\$1,543	\$1,122
2010	\$987	\$1,232	\$1,640	\$2,096	\$1,447	\$712	\$817	\$1,095	\$1,606	\$939	\$792	\$985	\$1,203	\$1,813	\$1,108	\$827	\$976	\$1,377	\$1,556	\$1,130
2011	\$1,063	\$1,375	\$1,894	\$2,403	\$1,582	\$692	\$818	\$1,093	\$1,434	\$861	\$816	\$1,115	\$1,353	\$1,907	\$1,122	\$851	\$1,060	\$1,570	\$1,588	\$1,147

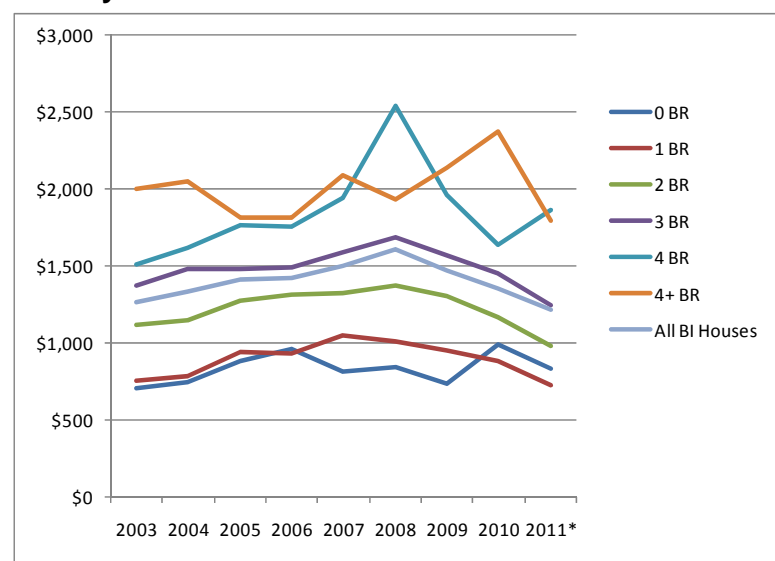
Source: Hawai`i Information Service; data through June 30, 2011

Figure A-3. Average Asking Rent for Houses by County, 2003-2011

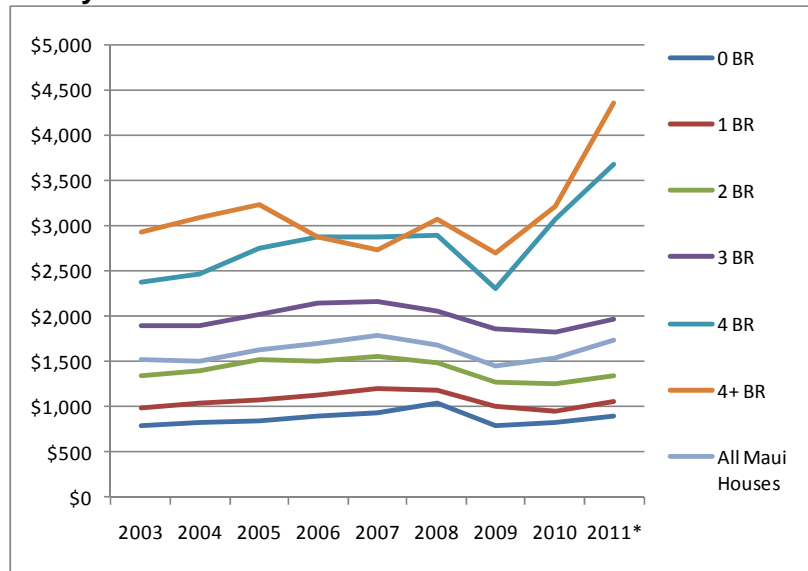
City & County of Honolulu



County of Hawai'i



County of Maui



County of Kaua'i

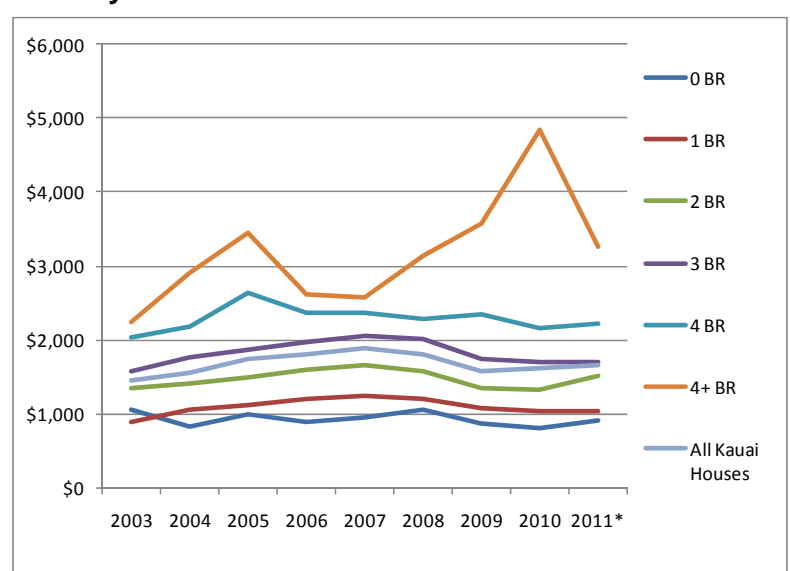


Table A-3. Average Asking Rents for Houses by Size, Counties of Hawai`i, 2003-2011

Year	County													
	Honolulu							Hawaii						
	0 BR	1 BR	2 BR	3 BR	4 BR	4+ BR	Total	0 BR	1 BR	2 BR	3 BR	4 BR	4+ BR	Total
2003	\$873	\$1,128	\$1,421	\$1,926	\$2,535	\$3,825	\$1,893	\$704	\$758	\$1,120	\$1,371	\$1,508	\$2,000	\$1,263
2004	\$856	\$1,152	\$1,516	\$2,102	\$2,711	\$3,252	\$2,020	\$740	\$781	\$1,149	\$1,480	\$1,618	\$2,046	\$1,332
2005	\$1,186	\$1,346	\$1,819	\$2,377	\$3,157	\$5,348	\$2,420	\$881	\$936	\$1,276	\$1,479	\$1,762	\$1,813	\$1,406
2006	\$1,246	\$1,345	\$1,755	\$2,333	\$2,860	\$4,113	\$2,314	\$958	\$929	\$1,312	\$1,487	\$1,755	\$1,809	\$1,416
2007	\$982	\$1,299	\$1,666	\$2,266	\$2,775	\$3,430	\$2,186	\$815	\$1,045	\$1,322	\$1,583	\$1,945	\$2,084	\$1,504
2008	\$1,009	\$1,301	\$1,598	\$2,213	\$2,852	\$3,482	\$2,179	\$844	\$1,006	\$1,373	\$1,685	\$2,534	\$1,933	\$1,606
2009	\$981	\$1,164	\$1,534	\$2,093	\$2,641	\$3,470	\$2,035	\$735	\$948	\$1,299	\$1,568	\$1,961	\$2,134	\$1,472
2010	\$1,090	\$1,308	\$1,576	\$2,210	\$2,940	\$3,805	\$2,155	\$984	\$880	\$1,162	\$1,448	\$1,638	\$2,374	\$1,349
2011	\$1,287	\$1,501	\$1,794	\$2,437	\$3,201	\$4,271	\$2,508	\$833	\$726	\$984	\$1,242	\$1,860	\$1,792	\$1,218

Year	County													
	Maui							Kauai						
	0 BR	1 BR	2 BR	3 BR	4 BR	4+ BR	Total	0 BR	1 BR	2 BR	3 BR	4 BR	4+ BR	Total
2003	\$796	\$980	\$1,342	\$1,892	\$2,382	\$2,925	\$1,515	\$1,060	\$891	\$1,343	\$1,582	\$2,025	\$2,250	\$1,449
2004	\$833	\$1,040	\$1,399	\$1,894	\$2,462	\$3,084	\$1,502	\$828	\$1,060	\$1,417	\$1,766	\$2,179	\$2,900	\$1,563
2005	\$842	\$1,079	\$1,519	\$2,023	\$2,743	\$3,231	\$1,630	\$994	\$1,125	\$1,492	\$1,876	\$2,643	\$3,444	\$1,738
2006	\$902	\$1,124	\$1,499	\$2,140	\$2,876	\$2,883	\$1,705	\$891	\$1,195	\$1,601	\$1,980	\$2,376	\$2,620	\$1,803
2007	\$930	\$1,203	\$1,560	\$2,160	\$2,867	\$2,739	\$1,782	\$956	\$1,246	\$1,666	\$2,054	\$2,356	\$2,567	\$1,879
2008	\$1,033	\$1,183	\$1,485	\$2,049	\$2,886	\$3,074	\$1,688	\$1,058	\$1,200	\$1,568	\$2,010	\$2,276	\$3,129	\$1,813
2009	\$793	\$1,009	\$1,265	\$1,853	\$2,313	\$2,697	\$1,452	\$857	\$1,072	\$1,345	\$1,743	\$2,335	\$3,575	\$1,578
2010	\$818	\$954	\$1,247	\$1,817	\$3,075	\$3,217	\$1,538	\$806	\$1,033	\$1,335	\$1,703	\$2,164	\$4,850	\$1,625
2011	\$899	\$1,066	\$1,350	\$1,966	\$3,684	\$4,354	\$1,742	\$900	\$1,024	\$1,522	\$1,699	\$2,223	\$3,271	\$1,657

Source: Hawai`i Information Service; data through June 30, 2011

Table A-4. Average Asking Rent, Districts and Counties, 2010

Maui County	Apartment					House						
	0	1	2	3	Total	0	1	2	3	4	4+	Total
Central	\$746	\$857	\$1,025	\$1,572	\$963	\$748	\$888	\$1,064	\$1,568	\$1,950	\$3,045	\$1,308
South	\$777	\$983	\$1,207	\$1,866	\$1,171	\$840	\$967	\$1,301	\$2,081	\$4,418	\$2,642	\$1,860
Upcountry	\$717	\$953	\$1,150	\$1,555	\$912	\$861	\$939	\$1,282	\$1,742	\$2,733	\$3,617	\$1,475
West	\$874	\$1,181	\$1,521	\$1,957	\$1,301	\$773	\$1,204	\$1,688	\$2,502	\$2,723	\$3,000	\$1,961
Total	\$792	\$985	\$1,203	\$1,813	\$1,108	\$818	\$954	\$1,247	\$1,817	\$3,075	\$3,217	\$1,538
Kauai County	Apartment					House						
	0	1	2	3	Total	0	1	2	3	4	4+	Total
West	\$891	\$885	\$975	\$1,500	\$930	\$650	\$800	\$1,191	\$1,541	\$1,980		\$1,389
Lihue	\$782	\$769	\$1,324	\$1,319	\$1,157		\$1,087	\$1,350	\$1,621	\$1,667	\$3,750	\$1,675
Wailua-Anahola	\$773	\$1,014	\$1,194	\$1,425	\$1,034	\$860	\$1,078	\$1,256	\$1,587	\$2,529	\$2,400	\$1,489
Poipu-Kalaheo	\$774	\$1,033	\$1,148	\$1,719	\$1,114	\$808	\$905	\$1,317	\$1,724	\$2,021		\$1,545
North Shore	\$890	\$1,043	\$1,710	\$2,150	\$1,243	\$850	\$1,228	\$1,701	\$2,264	\$2,533	\$7,867	\$2,231
Total	\$827	\$976	\$1,377	\$1,556	\$1,130	\$806	\$1,033	\$1,335	\$1,703	\$2,164	\$4,850	\$2,625
C&C of Honolulu	Apartment					House						
	0	1	2	3	Total	0	1	2	3	4	4+	Total
Central	\$837	\$1,031	\$1,418	\$1,739	\$1,382	\$958	\$1,090	\$1,473	\$2,037	\$2,450	\$2,895	\$1,972
Downtown	\$942	\$1,236	\$1,727	\$2,155	\$1,476							
East Honolulu	\$1,015	\$1,642	\$2,898	\$2,338	\$2,125							
Ewa Plain	\$930	\$1,019	\$1,528	\$1,818	\$1,559	\$959	\$979	\$1,631	\$2,108	\$2,600	\$3,262	\$2,226
Hawaii Kai	\$1,143	\$1,530	\$2,179	\$2,562	\$2,147	\$1,068	\$1,317	\$1,893	\$2,947	\$3,198	\$6,725	\$2,813
Honolulu	\$894	\$1,115	\$1,723	\$2,892	\$1,425	\$1,600	\$929	\$1,467	\$2,612	\$2,644	\$3,267	\$1,819
Leeward	\$800	\$1,039	\$1,044	\$1,370	\$1,051	\$829	\$863	\$1,275	\$1,647	\$1,925	\$2,666	\$1,578
Makiki	\$894	\$1,086	\$1,409	\$2,036	\$1,208							
Makiki/Manoa						\$903	\$1,317	\$1,765	\$2,799	\$3,133	\$3,567	\$2,309
Other	\$1,244	\$1,515	\$1,764	\$1,805	\$1,519	\$994	\$1,272	\$1,602	\$2,183	\$3,237	\$4,406	\$2,081
Pearl City/Aiea						\$841	\$1,125	\$1,508	\$1,986	\$2,471	\$3,378	\$2,022
Pearlridge	\$928	\$1,191	\$1,501	\$1,805	\$1,396							
Salt Lake	\$998	\$1,196	\$1,524	\$2,026	\$1,457							
Waialae/Kahala						\$1,147	\$1,719	\$1,974	\$3,172	\$4,190	\$6,200	\$3,143
Waikiki	\$1,043	\$1,515	\$2,300	\$3,453	\$1,555							
Windward	\$1,283	\$1,631	\$1,769	\$2,492	\$1,771	\$1,469	\$1,624	\$1,894	\$2,608	\$3,768	\$4,139	\$2,515
Total	\$987	\$1,232	\$1,640	\$2,096	\$1,447	\$1,090	\$1,308	\$1,576	\$2,210	\$2,940	\$3,805	\$2,155
County of Hawaii	Apartment					House						
	0	1	2	3	Total	0	1	2	3	4	4+	Total
East Hawaii	\$687	\$661	\$957	\$969	\$723	\$721	\$792	\$930	\$1,129	\$1,323	\$2,068	\$1,075
Kona-Keauhou	\$738	\$883	\$1,115	\$1,450	\$991	\$1,246	\$1,012	\$1,373	\$1,720	\$1,967	\$2,640	\$1,599
Captain Cook-Kealakekua	\$657	\$825	\$1,078		\$851		\$791	\$1,182	\$1,401	\$1,759	\$1,900	\$1,290
Waikoloa	\$740	\$805	\$1,116	\$1,853	\$1,158		\$1,000	\$1,402	\$1,679	\$1,900	\$2,700	\$1,656
Waimea-Kohala	\$784	\$830	\$1,022		\$850	\$728	\$898	\$1,230	\$1,518	\$1,636	\$2,599	\$1,407
Total	\$712	\$817	\$1,095	\$1,606	\$939	\$984	\$880	\$1,162	\$1,448	\$1,638	\$2,374	\$1,349

Source: Hawai'i Information Service; data through Dec. 2010

Table A-5. Affordably Housing Data, State and Counties of Hawai`i, 2011

	State	Honolulu County	Hawaii County	Maui County	Kauai County	Hawaii Non-Metro area
Total Number of Households	437,976	303,794	63,209	48,934	21,968	134,182
Renter Households	183,562	133,659	21,659	20,486	7,687	49,903
Percent Renter	41.9%	44.0%	34.3%	41.9%	35.0%	37.2%
2011 Area Median Income ¹						
Annual	\$78,790	\$81,600	\$68,700	\$76,000	\$75,200	\$72,428
Monthly	\$6,566	\$6,800	\$5,725	\$6,333	\$6,267	\$6,036
30% of AMI ²	\$23,637	\$24,480	\$20,610	\$22,800	\$22,560	\$21,728
Maximum Affordable ³ Monthly Housing Cost by % of AMI						
30%	\$591	\$612	\$515	\$570	\$564	\$543
50%	\$985	\$1,020	\$859	\$950	\$940	\$905
80%	\$1,576	\$1,632	\$1,374	\$1,520	\$1,504	\$1,449
100%	\$1,970	\$2,040	\$1,718	\$1,900	\$1,880	\$1,811
2011 Fair Market Rent (FMR) ⁴						
Zero-Bedroom	\$1,148	\$1,190	\$850	\$1,255	\$980	\$1,037
One-Bedroom	\$1,339	\$1,396	\$1,020	\$1,391	\$1,104	\$1,185
Two-Bedroom	\$1,616	\$1,702	\$1,145	\$1,617	\$1,454	\$1,387
Three-Bedroom	\$2,308	\$2,470	\$1,614	\$2,164	\$1,825	\$1,872
Four-Bedroom	\$2,564	\$2,764	\$1,769	\$2,317	\$1,986	\$2,028
% Change from 2000 Base Rent to 2011 FMR						
Zero-Bedroom	94%	95%	82%	97%	91%	90%
One-Bedroom	94%	96%	81%	97%	92%	90%
Two-Bedroom	94%	95%	81%	97%	92%	90%
Three-Bedroom	94%	96%	81%	97%	92%	90%
Four-Bedroom	94%	95%	82%	97%	92%	90%
Annual Income Needed to Afford FMR						
Zero-Bedroom	\$45,931	\$47,600	\$34,000	\$50,200	\$39,200	\$41,461
One-Bedroom	\$53,551	\$55,840	\$40,800	\$55,640	\$44,160	\$47,419
Two-Bedroom	\$64,651	\$68,080	\$45,800	\$64,680	\$58,160	\$55,468
Three-Bedroom	\$92,302	\$98,800	\$64,560	\$86,560	\$73,000	\$74,899
Four-Bedroom	\$102,553	\$110,560	\$70,760	\$92,680	\$79,440	\$81,108
Percent of AMI Needed to Afford FMR						
Zero-Bedroom	58%	58%	49%	66%	52%	57%
One-Bedroom	68%	68%	59%	73%	59%	65%
Two-Bedroom	82%	83%	67%	85%	77%	77%
Three-Bedroom	117%	121%	94%	114%	97%	103%
Four-Bedroom	130%	135%	103%	122%	106%	112%
2011 Renter Household Income						
Median Renter Household Income ⁵	\$48,542	\$48,917	\$43,006	\$52,503	\$44,519	\$47,155
Percent Needed to Afford 2 BR FMR	133%	139%	106%	123%	131%	118%
Rent Affordable at Median	\$1,214	\$1,223	\$1,075	\$1,313	\$1,113	\$1,179
% Renters Unable to Afford 2 BR FMR ⁶	63%	66%	53%	60%	63%	58%
2011 Renter Wage						
Estimated Mean Renter Wage ⁷	\$13.65	\$13.95	\$12.08	\$22.71	\$11.79	\$12.91
Rent Affordable at Mean Wage	\$710	\$725	\$628	\$1,181	\$613	\$671

Source: National Low Income Housing Coalition <http://www.nlihc.org/oor/oor2011/data.cfm?getstate=on&state=HI>

Table A-5a. Affordably Housing Data, State and Counties of Hawai'i, 2011 (continued)

	State	Honolulu County	Hawaii County	Maui County	Kauai County	Hawaii Non-Metro area
2011 Minimum Wage						
Minimum Wage	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25
Rent Affordable at Minimum Wage	\$377	\$377	\$377	\$377	\$377	\$377
2011 Supplemental Security Income						
Monthly SSI Payment	\$674	\$674	\$674	\$674	\$674	\$674
Rent Affordable at SSI	\$202	\$202	\$202	\$202	\$202	\$202
Housing Wage						
Zero-Bedroom	\$22.08	\$22.88	\$16.35	\$24.13	\$18.85	\$19.93
One-Bedroom	\$25.75	\$26.85	\$19.62	\$26.75	\$21.23	\$22.80
Two-Bedroom	\$31.08	\$32.73	\$22.02	\$31.10	\$27.96	\$26.67
Three-Bedroom	\$44.38	\$47.50	\$31.04	\$41.62	\$35.10	\$36.01
Four-Bedroom	\$49.30	\$53.15	\$34.02	\$44.56	\$38.19	\$38.99
Housing Wage as % of Minimum Wage						
Zero-Bedroom	305%	316%	225%	333%	260%	275%
One-Bedroom	355%	370%	271%	369%	293%	314%
Two-Bedroom	429%	451%	304%	429%	386%	368%
Three-Bedroom	612%	655%	428%	574%	484%	497%
Four-Bedroom	680%	733%	469%	615%	527%	538%
Housing Wage as % of Mean Renter Wage						
Zero-Bedroom	162%	164%	135%	106%	160%	154%
One-Bedroom	189%	193%	162%	118%	180%	177%
Two-Bedroom	228%	235%	182%	137%	237%	207%
Three-Bedroom	325%	341%	257%	183%	298%	279%
Four-Bedroom	361%	381%	282%	196%	324%	302%
Work Hours/Week at Minimum Wage Needed to Afford FMR						
Zero-Bedroom	122	126	90	133	104	110
One-Bedroom	142	148	108	148	117	126
Two-Bedroom	171	181	121	172	154	147
Three-Bedroom	245	262	171	230	194	199
Four-Bedroom	272	293	188	246	211	215
Work Hours/Week at Mean Renter Wage Needed to Afford FMR						
Zero-Bedroom	65	66	54	43	64	62
One-Bedroom	75	77	65	47	72	71
Two-Bedroom	91	94	73	55	95	83
Three-Bedroom	130	136	103	73	119	112
Four-Bedroom	144	152	113	78	130	121
Full-time Jobs at Minimum Wage Needed to Afford FMR						
Zero-Bedroom	3	3.2	2.3	3.3	2.6	2.7
One-Bedroom	3.6	3.7	2.7	3.7	2.9	3.1
Two-Bedroom	4.3	4.5	3	4.3	3.9	3.7
Three-Bedroom	6.1	6.6	4.3	5.7	4.8	5
Four-Bedroom	6.8	7.3	4.7	6.1	5.3	5.4
Full-time Jobs at Mean Renter Wage Needed to Afford FMR						
Zero-Bedroom	1.6	1.6	1.4	1.1	1.6	1.5
One-Bedroom	1.9	1.9	1.6	1.2	1.8	1.8
Two-Bedroom	2.3	2.3	1.8	1.4	2.4	2.1
Three-Bedroom	3.3	3.4	2.6	1.8	3	2.8
Four-Bedroom	3.6	3.8	2.8	2	3.2	3

Source: National Low Income Housing Coalition
<http://www.nlihc.org/oor/oor2011/data.cfm?getstate=on&state=HI>

- 1 Fiscal Year 2011 Area Median Income (HUD, 2011).
 - 2 Annual income of 30% of AMI or less is the federal standard for Extremely Low Income households. Does not include HUD-specific adjustments.
 - 3 "Affordable" rents represent the generally accepted standard of spending not more than 30% of gross income on gross housing costs.
 - 4 Fiscal Year 2011 Fair Market Rent (HUD, 2010).
 - 5 American Community Survey 2005-2009 median renter household income, projected to 2010 using HUD's income adjustment factor and through 2011 based on AMIs.
 - 6 Estimated by comparing the percent of renter median household income required to afford the two-bedroom FMR to the percent distribution of renter household income as a percent of the median within the state, as measured using 2009 American Community Survey Public Use Microdata Sample housing file.
 - 7 Based on 2009 BLS data, adjusted using the ratio of renter to overall household income reported in ACS 2005-2009, and projected to April 1, 2011.
- * 50th percentile FMR
† Wage data not available

MEASURING RENTAL DATA

In the past several years, SMS has become increasingly attentive to the growing number of rental advertisements placed online that were not also published in print media. Because the data for the Rental Housing portion of the HHPS has been based solely on newspaper advertisements, we have been concerned that this method of data collection would, at some point, become untenable. The merger of the Honolulu Advertiser and Star-Bulletin in June 2010 further complicated the rental housing picture by significantly diminishing the number of rental advertisements available for analysis.

After extensive analysis of multiple sources of data on Hawai'i's rental housing market, SMS has determined that the method of data collection employed for all prior Housing Policy Studies no longer provides an accurate representation of the rental housing market³. The 2011 Rental Housing Report, therefore, incorporates data from all available sources in order to provide the most complete representation of the market. Going forward, SMS will rely on data from the U.S. Census Bureau's Decennial Census, annual American Community Survey (ACS), and American Housing Survey (AHS) to track rental market fluctuations within the State and Counties. Data collected from newspaper and online rental advertisements will continue to be a useful tool in examining the rental market for smaller geographic areas within each County.

In addition to the benefits of continuity and comparability with other housing market studies, the revised rental data collection and analysis processes will likely decrease the amount of time and expense involved in this component of the HHPS because the data will be readily available and updated annually. The present study lays the foundation for developing a comprehensive set of time series data that will provide accurate data on past rental housing market performance, enhance understanding of current rental conditions, and support forecasts of future rental housing needs.

CHANGES TO METHOD OF RENTAL DATA COLLECTION

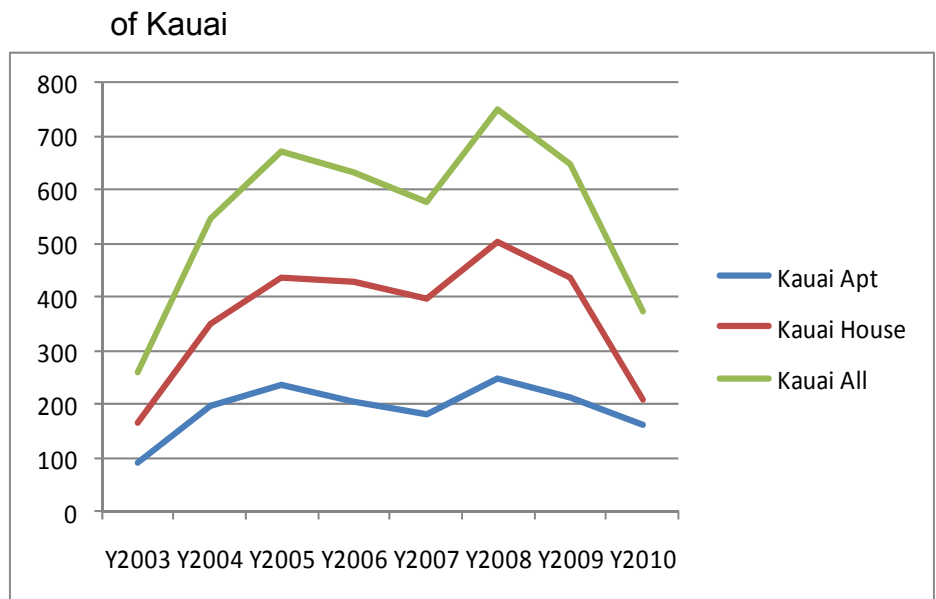
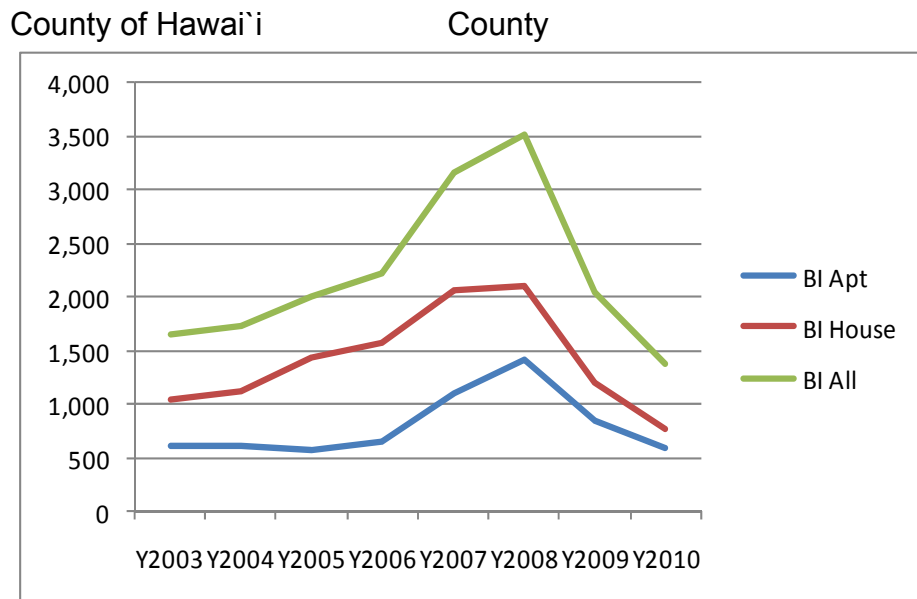
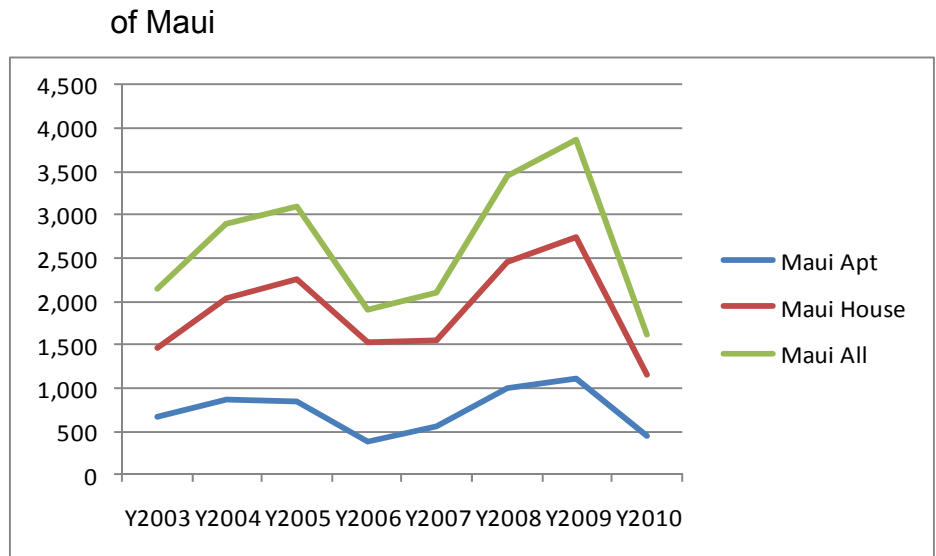
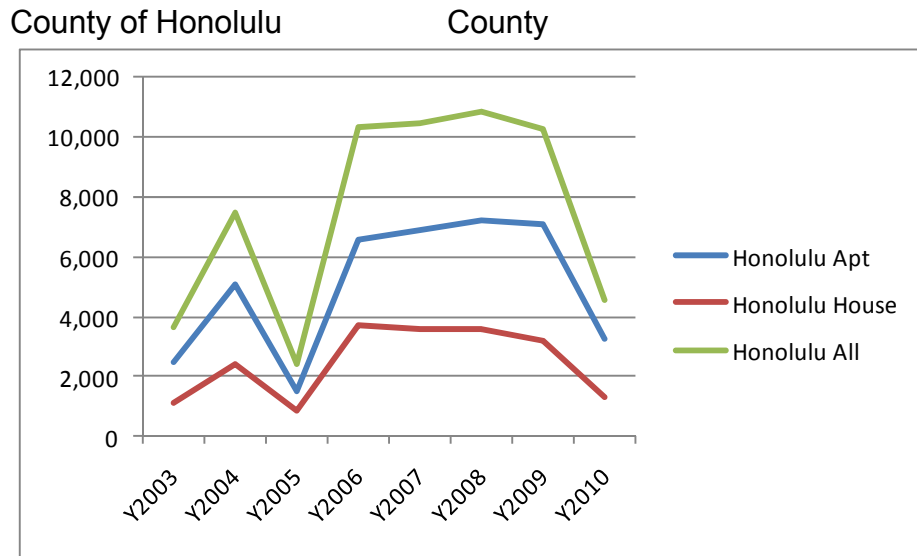
There has been a change in technology that affects the way in which we measure, and track rents for this report. There has also been a change in consumer and producer behavior which will affect how things are done in the rental market. In turn, these changes will have a notable impact on the way housing planners and advocates for affordable housing approach their work in the future.

A simple change in the way available rental units are marketed to potential tenants in the State of Hawai'i, moving from newspaper to online advertisements, has necessitated a change in the way rental data will be collected going forward. The figures and discussion below illustrate the reason for this methodological change.

For most Hawai'i counties, the number of rental advertisements included in calculations of the average asking rent has been steadily declining since mid-2008. Between 2009 and 2010, however, the ad counts drop dramatically (see Figure A-4).

³ Refer to pages 26-32 for additional detailed information

Figure A-4: Number Rental Advertisements Collected, City & County of Honolulu, 2003-2010



Source: SMS Hawai'i Housing Policy Study, 2003, 2006, and 2011

Table A-6. Number of Rental Advertisements Collected Annually, 2003-2010

Year	Honolulu			Hawaii			Maui			Kauai		
	Apt	House	Total	Apt	House	Total	Apt	House	Total	Apt	House	Total
2003	2,478	1,148	3,626	618	1,041	1,659	677	1,459	2,136	91	167	258
2004	5,080	2,392	7,472	616	1,114	1,730	861	2,033	2,894	195	351	546
2005	1,540	883	2,423	581	1,428	2,009	837	2,259	3,096	235	435	670
2006	6,590	3,717	10,307	656	1,570	2,226	386	1,517	1,903	203	428	631
2007	6,924	3,568	10,492	1,101	2,069	3,170	552	1,556	2,108	180	399	579
2008	7,234	3,593	10,827	1,408	2,100	3,508	987	2,462	3,449	247	503	750
2009	7,058	3,197	10,255	844	1,206	2,050	1,112	2,746	3,858	212	435	647
2010	3,237	1,282	4,537	594	764	1,369	447	1,157	1,605	163	208	374

Source: SMS Hawai'i Housing Policy Study, 2003 and 2006; Hawai'i Information Service, 2011

The trends toward decreasing numbers of ads suggest either decreasing activity in the rental market, decreasing a dvertisement, or decreasing use of newspapers for advertising. Regardless, declining ad numbers are not sufficient to cause a decline in rental prices. That would take a differential decline in ads for different types of properties, specifically, a relative decline in a ds for high-priced properties. Indeed, that is exactly what Hawai'i Information Service (HIS) suggests is occurring.

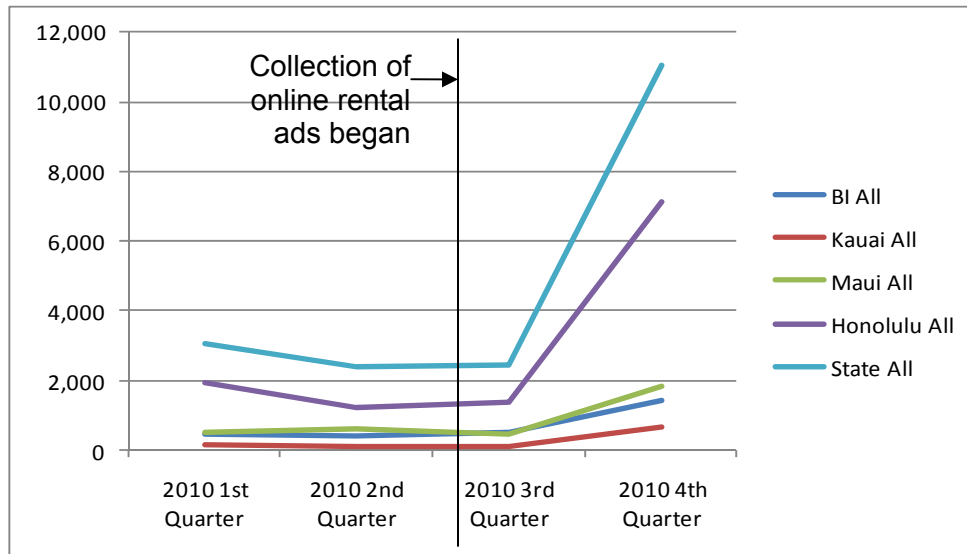
As the housing market tightens and the economy decreases, the cost of rental advertising in newspapers rises⁴. At the same time, units take longer to rent and advert isers must pay more to cover the vacancy period. Higher end properties tend to take disproportionately longer to rent and ad rates may be higher. If an option to ne wspaper advertising appears, high-end property managers will have greater propensity to take that option.

The alternative was online advertising for rental properties, led by popular website s such as Craig's List. The process began in 2005 and has continued through the present. It has it s impact in all rental mar kets. In the 2nd Quarter of 2010, Hawai'i lost one of it s two major newspapers. The change was relatively abrupt and may ha ve been sufficient to tip the rental advertising market hard toward online advertising.

A soon as HIS noticed the precipitous drop in rent ads in Hawai'i they began collecting records of Internet advertising. They did not cease collecting newspaper data, but the ads were quickly approaching zero. The impact of all this is readily apparent in Figure A-4. A significant number of rental units have mo ved to advertising online only. With the new data collection systems in place, SMS expects to be able to adjust the data going forward in order to maintain serie s continuity where necessary.

⁴ This statement is obviously a gross over simplification of the complex market forces that have led to rising prices for advertising in local newspapers. The principle, however, is useful.

Figure A-5: Number of Rental Advertisements Collected Quarterly, 2010



Source: SMS Hawai'i Housing Policy Study, 2003, 2006, and 2011

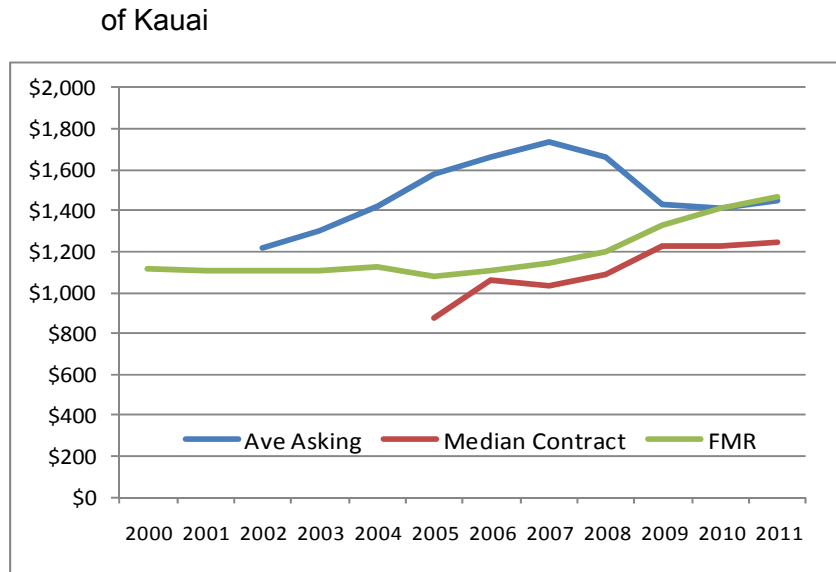
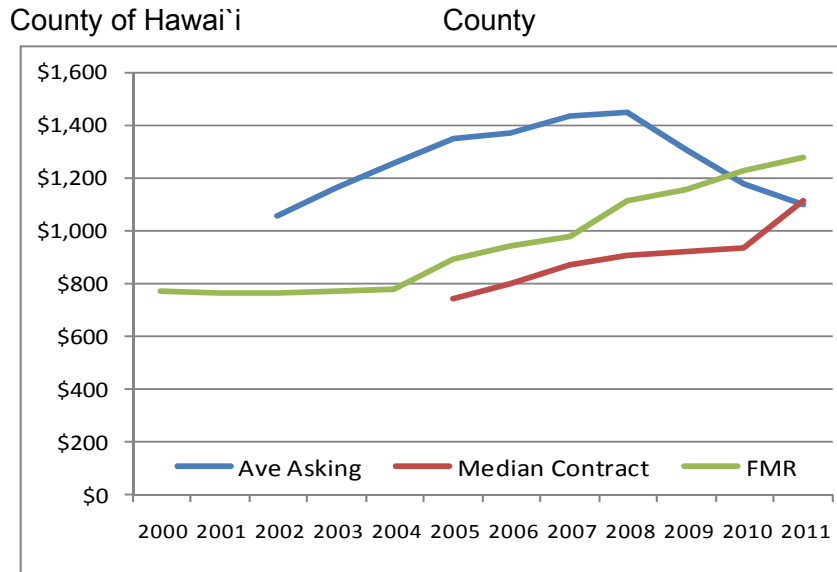
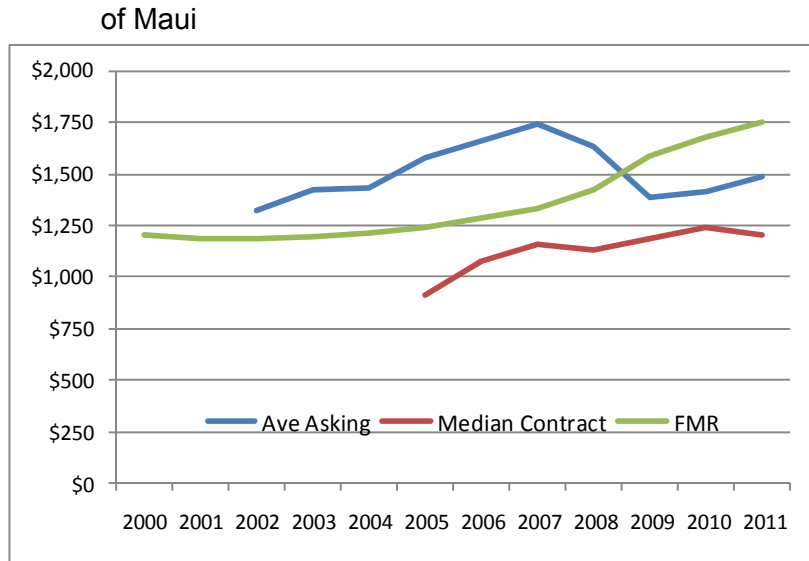
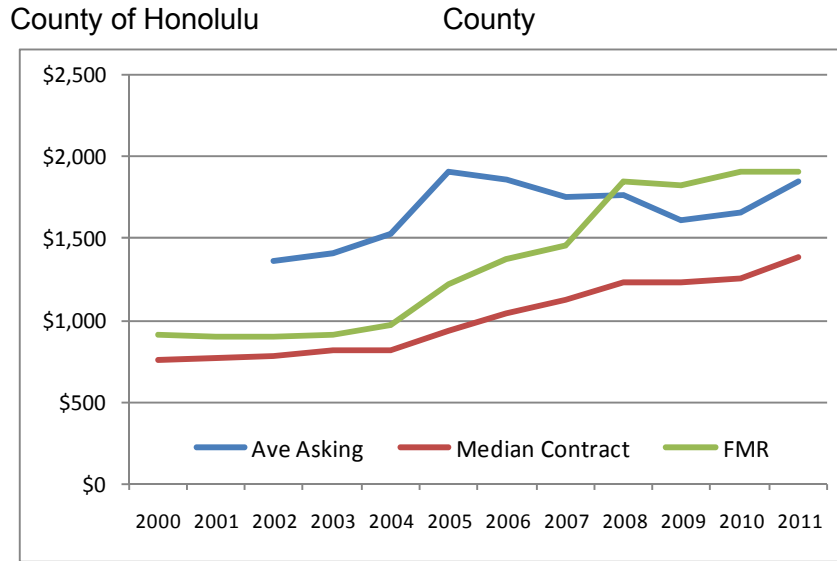
The gradual change in the way rental advertising is handled in our society began in roughly 2005 and proceeded, we might surmise, slowly until last year. The dramatic events of 2010 are associated with a change in the direction of the rental price data for the State. As evidenced in Figure A-6, the average asking rent rate is no longer following a pattern consistent with market indicators such as the median contract rent provided by the annual American Community Survey and the Fair Market Rent amounts established by HUD.

COMPARING RENT DATA SOURCES

Figure A-6 brings together the various rent types to illustrate their relationship to one another.

The data sources suggest that asking rents rose during the housing boom (2003-2007) and fell thereafter until 2010. Early indications for 2011 suggest that prices have begun to rise again. The shorter series on contract rents suggests that they have risen steadily since mid-boom (2005) and slowed starting in 2008. So, as rents drifted downward from \$1,900 a month to \$1,750, contract rents maintained their growth rate. After three years asking rents were down to \$1,600 a month, at which point the contract rent growth rate began to slow down.

Figure A-6: Average Asking, Median Contract and Fair Market Rents, 2000-2011



Source: Average asking rent from Haw ai'i Information Service; 2005-2009 median contract rent from American Community Survey, 2010 from SMS analysis, 2011 from HHPS 2011 Demand Survey data; Fair Market Rent data from the U.S. Department of Housing and Urban Development (HUD) published FMR rents, 2000-2010.

Table A-7. Average Asking, Median Contract and Fair Market Rents, Counties of Hawai'i, 2000-2011

Year	HONOLULU			BI			MAUI			KAUAI		
	Ave Asking	Contract	FMR	Ave Asking	Contract	FMR	Ave Asking	Contract	FMR	Ave Asking	Contract	FMR
2000		\$752	\$914		\$553	\$775		\$716	\$1,202		\$646	\$1,119
2001		\$768	\$901			\$764			\$1,185			\$1,103
2002	\$1,365	\$784	\$902	\$1,058		\$765	\$1,320		\$1,187	\$1,216		\$1,104
2003	\$1,408	\$813	\$907	\$1,162		\$769	\$1,423		\$1,193	\$1,298		\$1,111
2004	\$1,529	\$820	\$973	\$1,254		\$782	\$1,429		\$1,213	\$1,422		\$1,129
2005	\$1,913	\$940	\$1,216	\$1,348	\$742	\$894	\$1,573	\$912	\$1,243	\$1,574	\$875	\$1,078
2006	\$1,862	\$1,045	\$1,373	\$1,368	\$804	\$944	\$1,658	\$1,081	\$1,284	\$1,658	\$1,057	\$1,108
2007	\$1,759	\$1,129	\$1,457	\$1,434	\$871	\$977	\$1,741	\$1,163	\$1,328	\$1,737	\$1,033	\$1,148
2008	\$1,765	\$1,227	\$1,843	\$1,447	\$906	\$1,115	\$1,629	\$1,131	\$1,423	\$1,659	\$1,086	\$1,196
2009	\$1,607	\$1,237	\$1,825	\$1,309	\$921	\$1,160	\$1,389	\$1,186	\$1,584	\$1,428	\$1,223	\$1,332
2010	\$1,653	\$1,250	\$1,906	\$1,178	\$936	\$1,232	\$1,415	\$1,241	\$1,682	\$1,414	\$1,230	\$1,414
2011	\$1,843	\$1,385	\$1,904	\$1,097	\$1,112	\$1,280	\$1,482	\$1,201	\$1,749	\$1,445	\$1,248	\$1,470

Source: Average asking rent from SMS Housing Policy Studies, 2003, 2006 and 2011; Median contract rent from American Community Survey, 2005-2009; Fair Market Rent data from the U.S. Department of Housing and Urban Development (HUD) published FMR rents, 2000-2010.

While there is no definitive explanation, SMS and industry experts suggest that advertising for available high-end rental units moved to online advertising earlier than ads for moderately priced units. This is supported by the higher average rent rates for units advertised online. When data collected from online sources⁵ were analyzed, the average monthly rent amount was consistently higher than for units advertised in print. Exclusion of these more expensive units artificially decreases the median and average rent amounts, and results in trends that run counter to all other market indicators.

⁵ Online sources include Craigslist.com, HotPads.com, Rentals.com, Apartments.com, and RentalsIllustrated.com.

Figure A-7: Average Rent Rates for Newspaper and Online Ads, State of Hawai`i, 2010

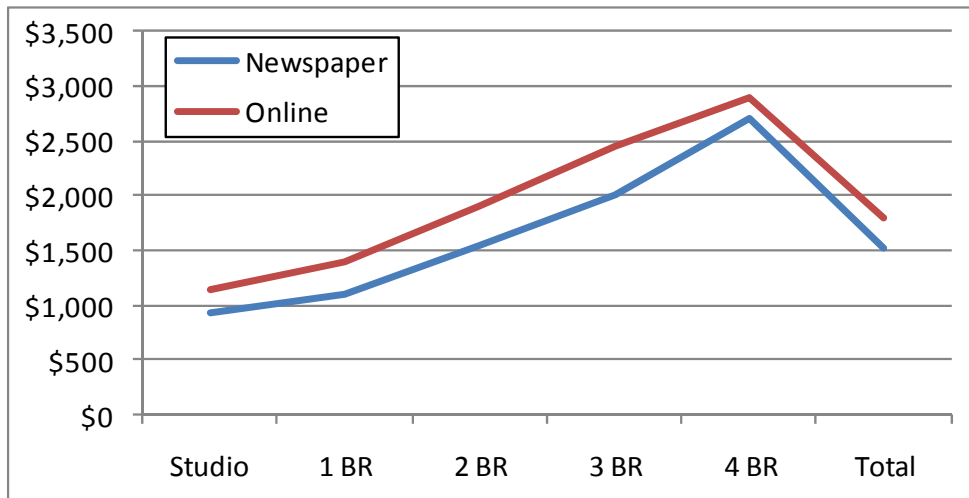


Table A-8. Average Rent Rates for Newspaper and Online Ads, State of Hawai`i, 2010

	Studio	1 BR	2 BR	3 BR	4 BR	Total
Newspaper	\$933	\$1,095	\$1,544	\$2,001	\$2,715	\$1,527
Online	\$1,134	\$1,400	\$1,900	\$2,450	\$2,900	\$1,800

Note. Averages include advertised rents for single family and multi-family dwellings

Barring an unexpected change to the definitions used or the method of data collection by either of these studies in the future, ACS, AHS and FMR data will become the foundation of the Rental Housing Report in future iterations of the Hawai`i Housing Policy Study.

List of Figures

Figure B-1. O’ahu Tax Map Key (TMK) Zones, 2011	35
Figure B-2. County of Maui Tax Map Key (TMK) Zones, 2011	36
Figure B-3. County of Kauai Tax Map Key (TMK) Zones, 2011	37
Figure B-4. County of Hawai’i Tax Map Key (TMK) Zones, 2011	38
Figure C-1. West Hawaii Historical Rents, 1985-2010.....	41
Figure C-2. East Hawaii Historical Rents, 1987-2010.....	41
Figure C-3. Big Island Studio Apartment Rent by Area, 1995-2010	42
Figure C-4. Big Island One Bedroom Apartment Rent by Area, 1995-2010	42
Figure C-5. Big Island Two Bedroom Apartment Rent by Area, 1995-2010	43
Figure C-6. Big Island Two Bedroom Single Family Dwelling Rent by Area, 1995-2010.....	43
Figure C-7. Big Island Three and Four Bedroom Single Family Dwelling Rent by Area, 1995-2010	44
Figure C-8. Maui Historical Rents, 1985-2010.....	44
Figure C-9. Maui One Bedroom Apartment Rent by Area, 1985-2010	45
Figure C-10. Maui Two Bedroom Apartment Rent by Area, 1985-2010	45
Figure C-11. Maui Two Bedroom Single Family Dwelling Rent by Area, 1985-2010.....	46
Figure C-12. Maui Three and Four Bedroom Single Family Dwelling Rent by Area, 1995-2010	46
Figure C-13. Kauai Historical Rents, 1985-2010	47
Figure C-14. Kauai Studio Apartment Rent by Area, 1995-2010	47
Figure C-15. Kauai One Bedroom Apartment Rent by Area, 1995-2010.....	48
Figure C-16. Kauai Two Bedroom Apartment Rent by Area, 1995-2010.....	48
Figure C-17. Kauai Two Bedroom Single Family Dwelling Rent by Area, 1995-2010	49
Figure C-18. Kauai Three and Four Bedroom Single Family Dwelling Rent by Area, 1995-2010.....	49
Figure C-19. Oahu Single Family Average Rent by Area, 1970-2010	50
Figure C-20. Oahu Studio Apartment Rent by Area, 1990-2010	50
Figure C-21. Honolulu One Bedroom Apartment Rent by Area, 1990-2010.....	51
Figure C-22. Other O’ahu One Bedroom Apartment Rent by Area, 1990-2010	51
Figure C-23. Honolulu Two Bedroom Apartment Rent by Area, 1990-2010.....	52
Figure C-24. Other O’ahu Two Bedroom Apartment Rent by Area, 1990-2010	52

APPENDIX B – TMK Zone Maps

Figure B-1. O'ahu Tax Map Key (TMK) Zones, 2011

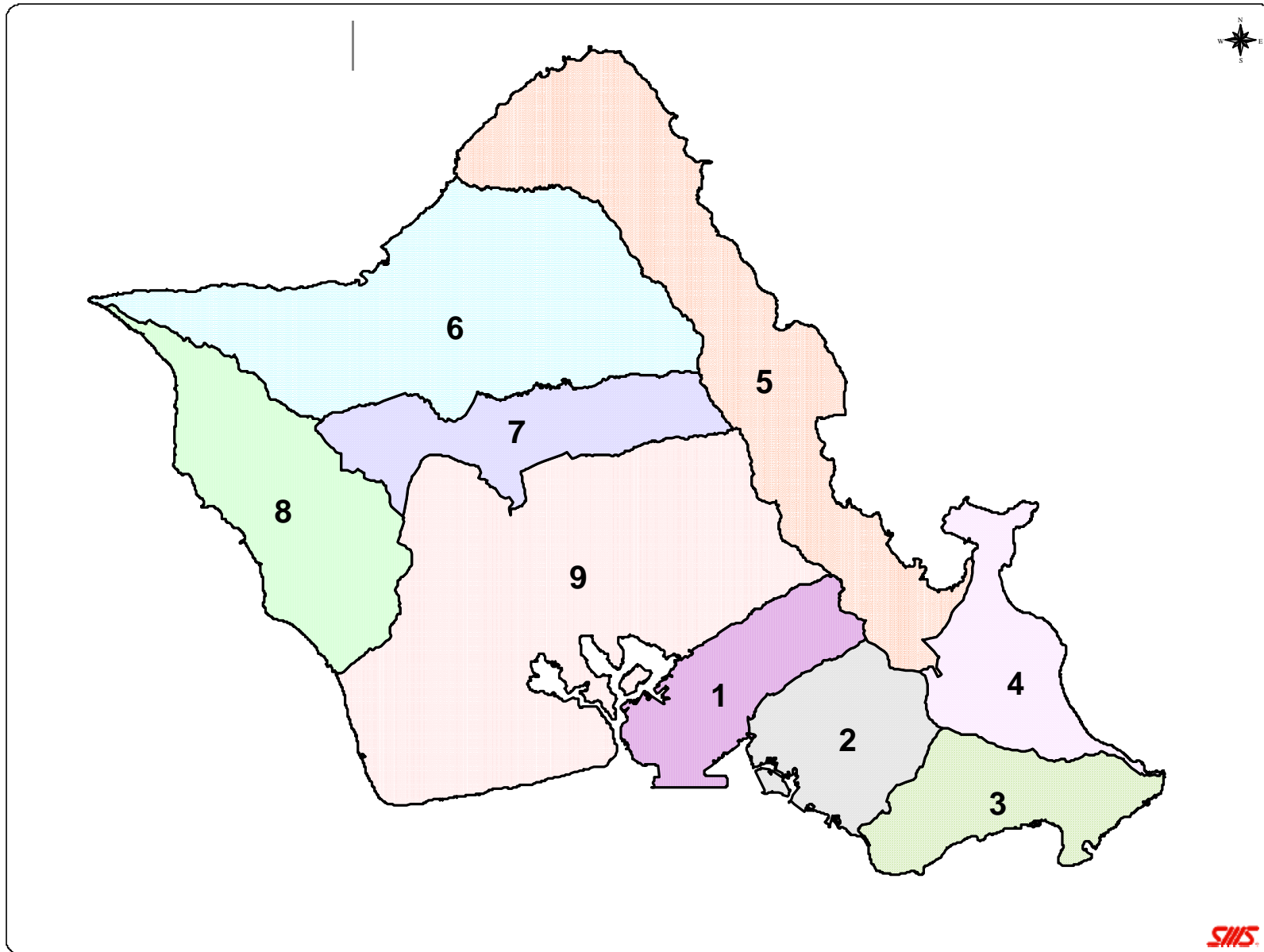


Figure B-2. County of Maui Tax Map Key (TMK) Zones, 2011

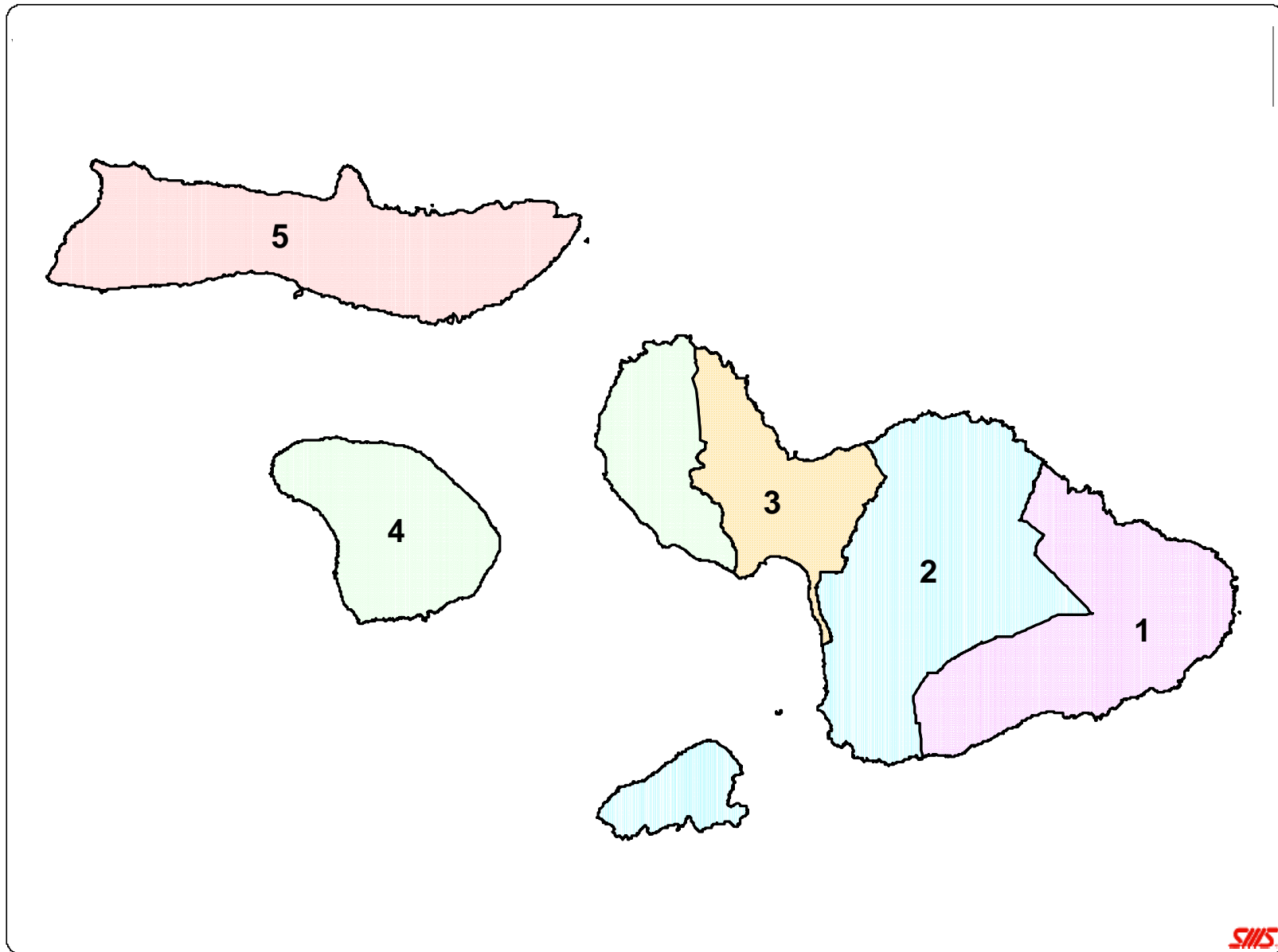


Figure B-3. County of Kauai Tax Map Key (TMK) Zones, 2011

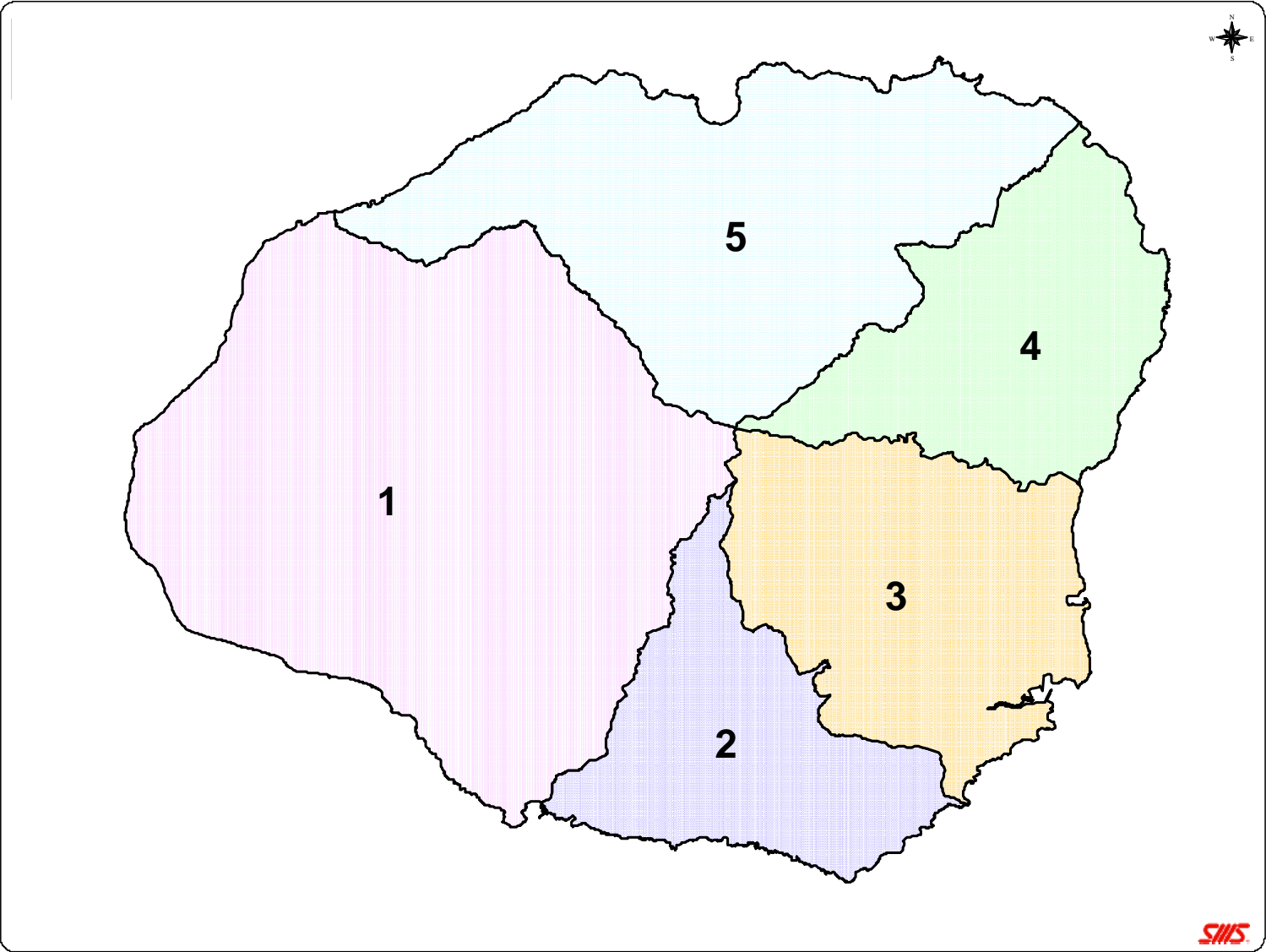
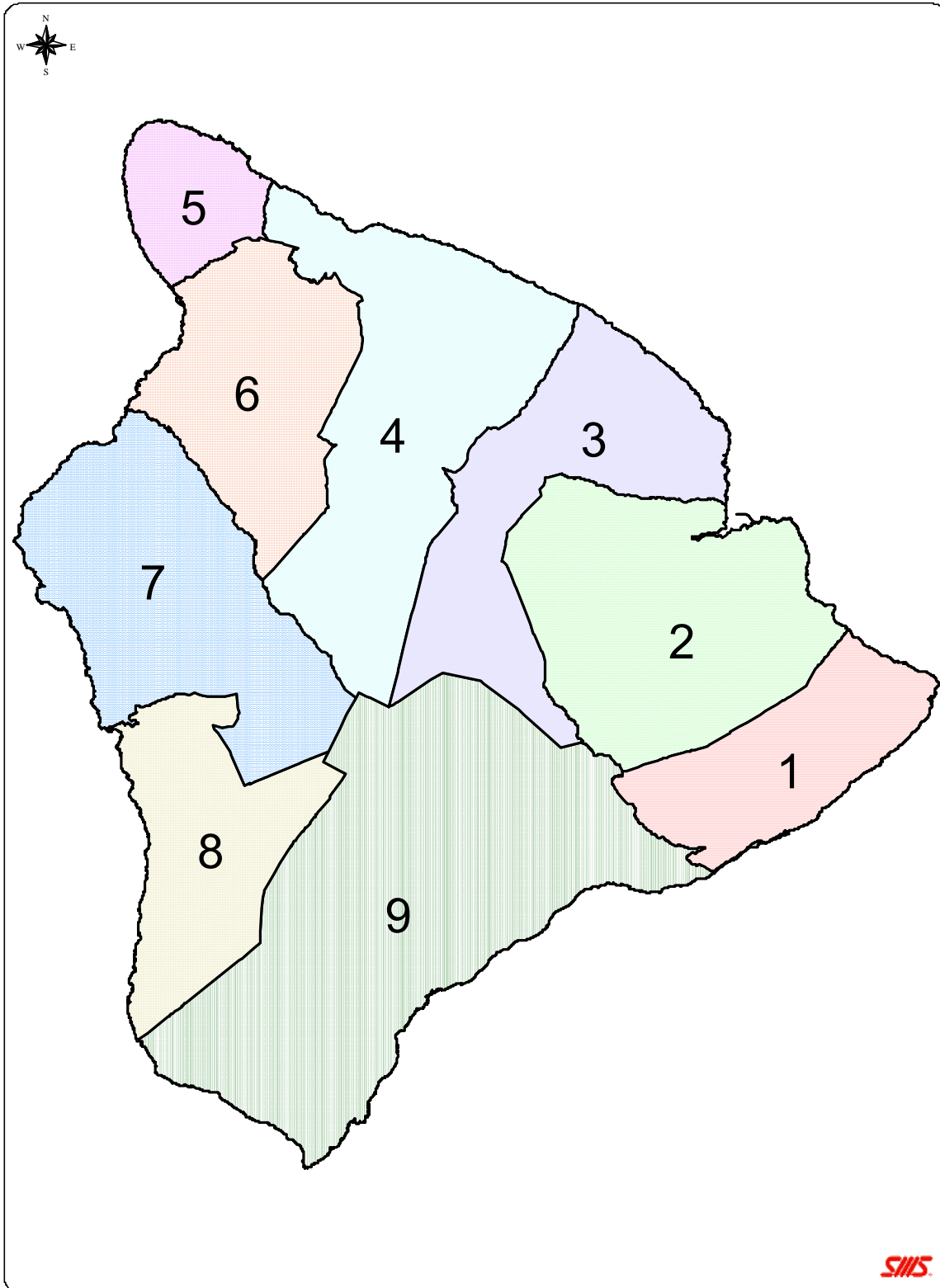


Figure B-4. County of Hawai'i Tax Map Key (TMK) Zones, 2011



**APPENDIX C –
Rent Charts Comparable
to Previous Hawaii
Housing Policy Studies**

METHOD

In order to evaluate the condition of Hawaii's rental housing market, a comprehensive data set was constructed to identify current and historical rental availability, rental rates and other trends. For each island, information including the location, rent rate, number of bedrooms and property type was assembled from rental advertisements for each island. A three-period rolling average of rent rate was used in reporting rent data in order to reduce the volatility of the rent data series. Data reported include advertisements published through the end of 2010¹

Please note that the data presented in this report reflects only market rental rates; no affordable (subsidized) rents have been included except where published in the classified advertisements. Database entries also excluded rentals wanted, vacation rentals, rentals to share, property management, rooms for rent, and all commercial properties.

Rental area definitions were created using the standard Tax Map Key (TMK) Zones for each county and the rental databases have been categorized according to these geographic location. Refer to Figures B-1 through B-24 on the following pages for maps detailing the TMK Zone boundaries. Not all areas depicted on the maps have corresponding rental data included in the report due to the extremely limited number of published rental advertisements for these areas. However, data for these areas is included in countywide averages.

The O'ahu rental database was collected from the Honolulu Advertiser's mid-month Sunday classified advertisements for rentals of houses, apartments (including both apartment building units and condominium units) and townhouses. For the purposes of this review, the O'ahu rental database was filtered to include advertisements for three- and four-bedroom houses and studio, one-, two-, and three-bedroom apartments. The Neighbor Island rental database was constructed from the mid-month Sunday classified ads from the major newspapers for each island. Sources include the Maui News, West Hawaii Today, the Hawaii Tribune Herald and The Garden Island. The database contains information from advertisements for two-, three-, and four-bedroom houses and studio, one- and two-bedroom apartments. In addition, from the Maui News, studio and one-bedroom houses were categorized together as "cottage" since they constitute a significant part of Maui's rental market.

¹ . Data from the first half of 2011 was not included because the need to generate moving averages requires a full year of data in order to generate appropriate comparisons.

Figure C-1. West Hawaii Historical Rents, 1985-2010

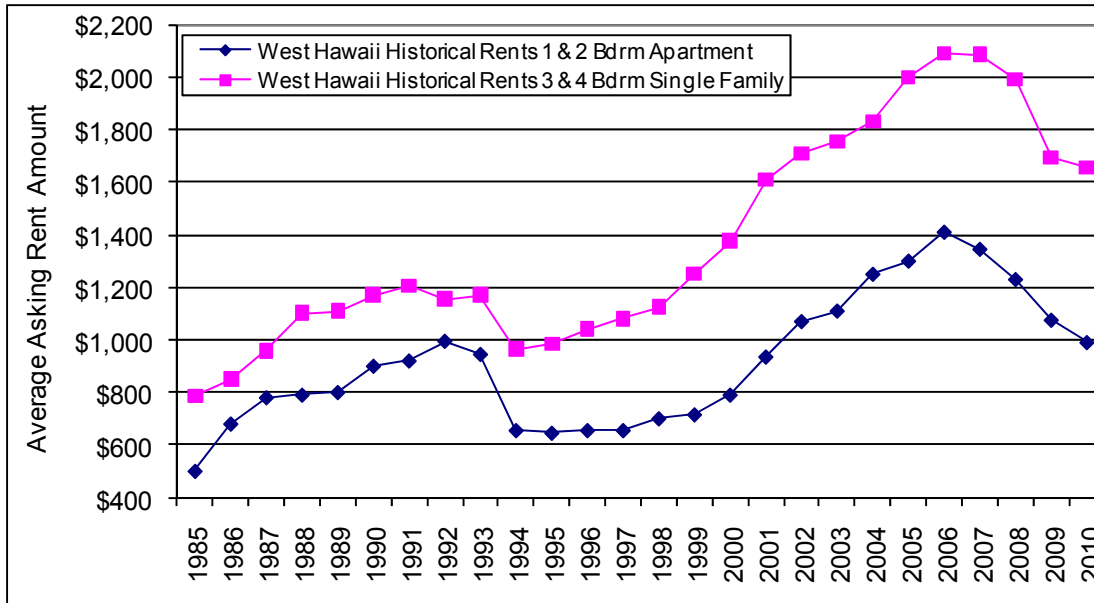


Figure C-2. East Hawaii Historical Rents, 1987-2010

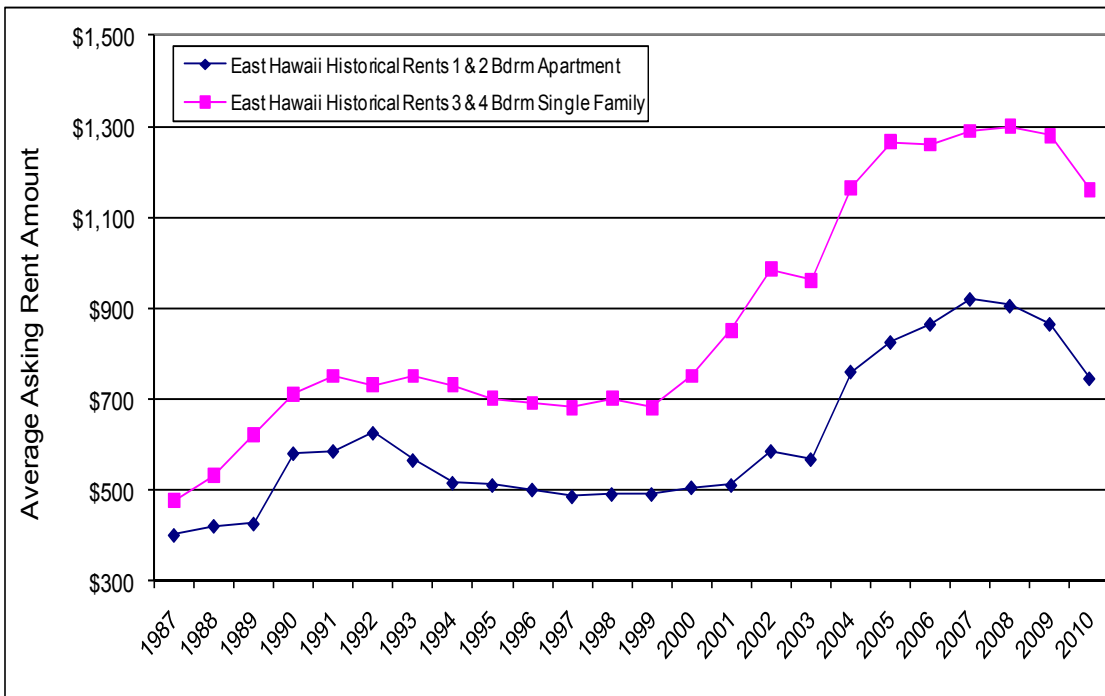


Figure C-3. Big Island Studio Apartment Rent by Area, 1995-2010

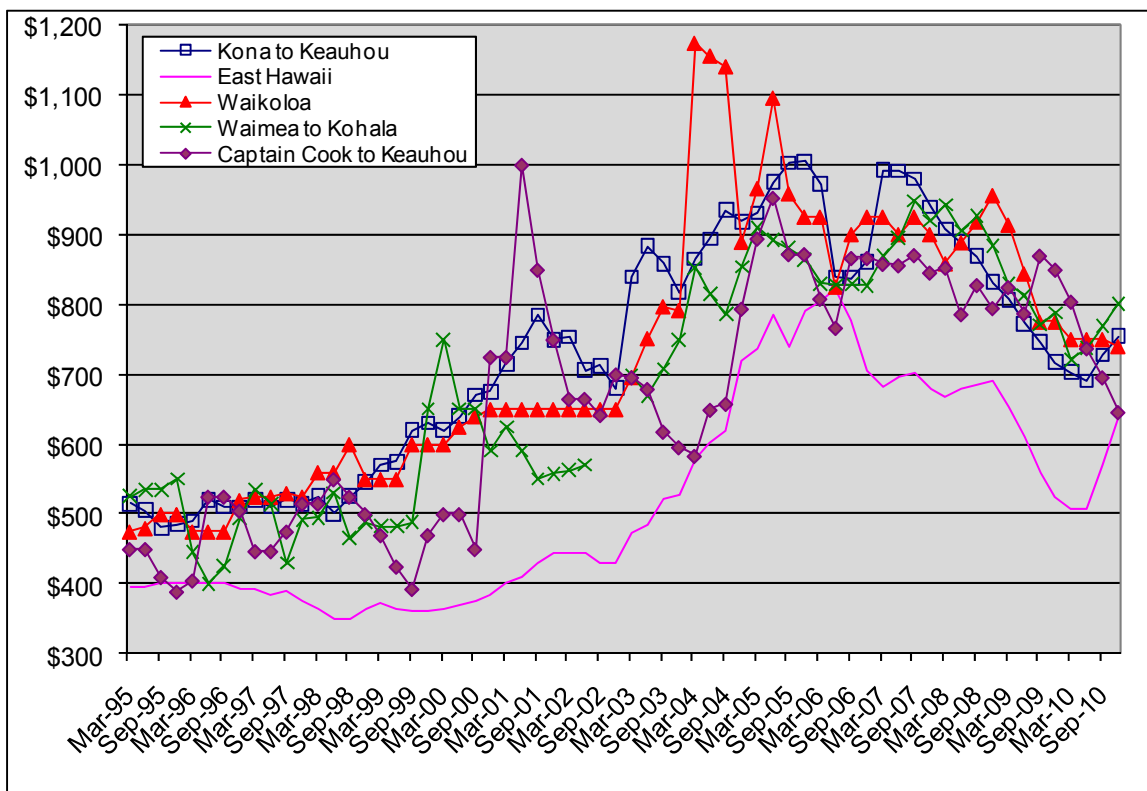


Figure C-4. Big Island One Bedroom Apartment Rent by Area, 1995-2010

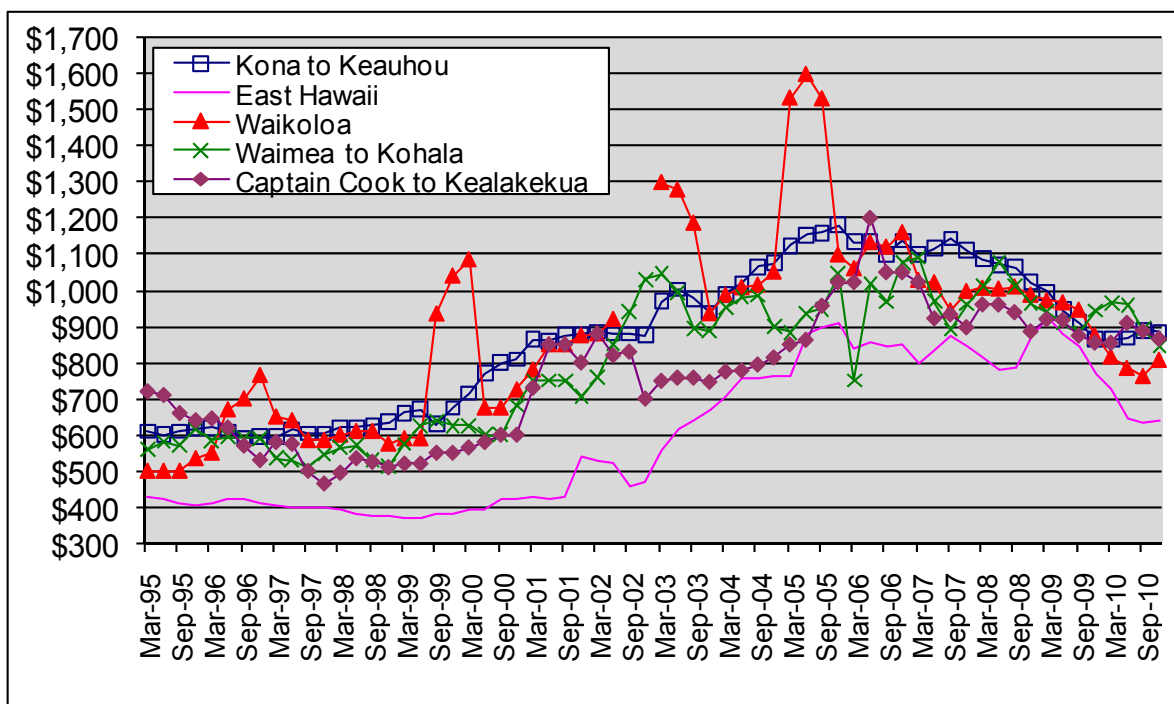


Figure C-5. Big Island Two Bedroom Apartment Rent by Area, 1995-2010

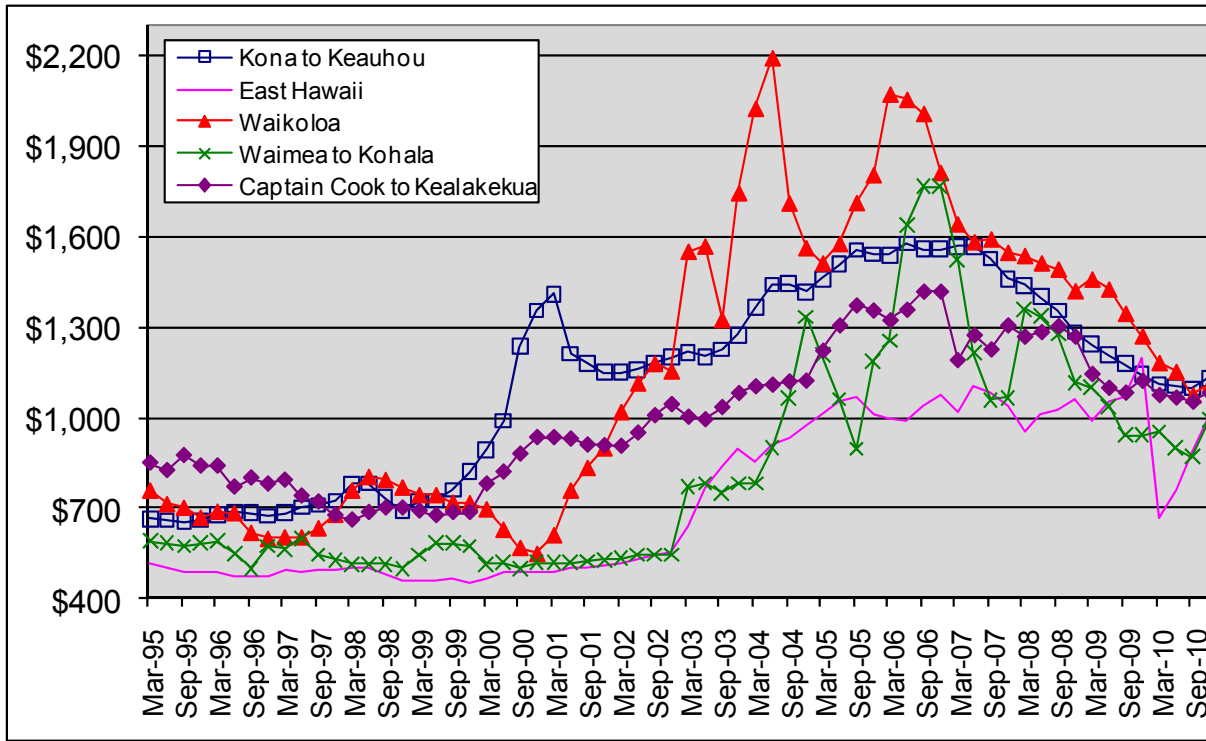


Figure C-6. Big Island Two Bedroom Single Family Dwelling Rent by Area, 1995-2010

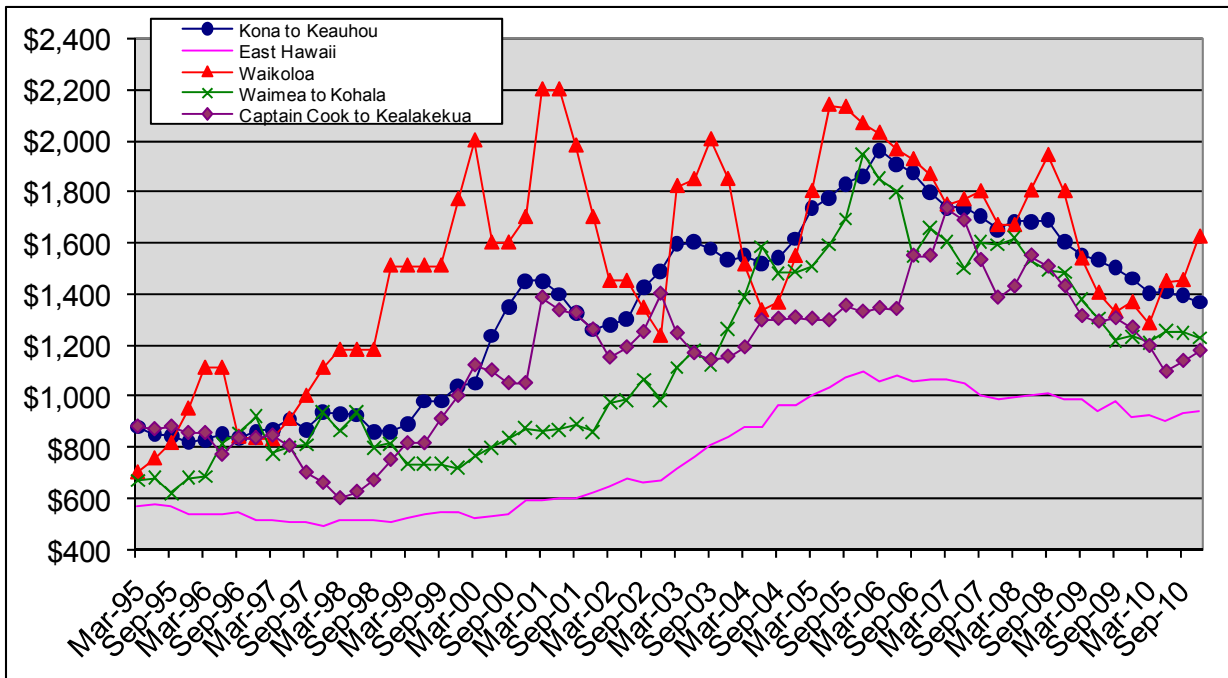


Figure C-7. Big Island Three and Four Bedroom Single Family Dwelling Rent by Area, 1995-2010

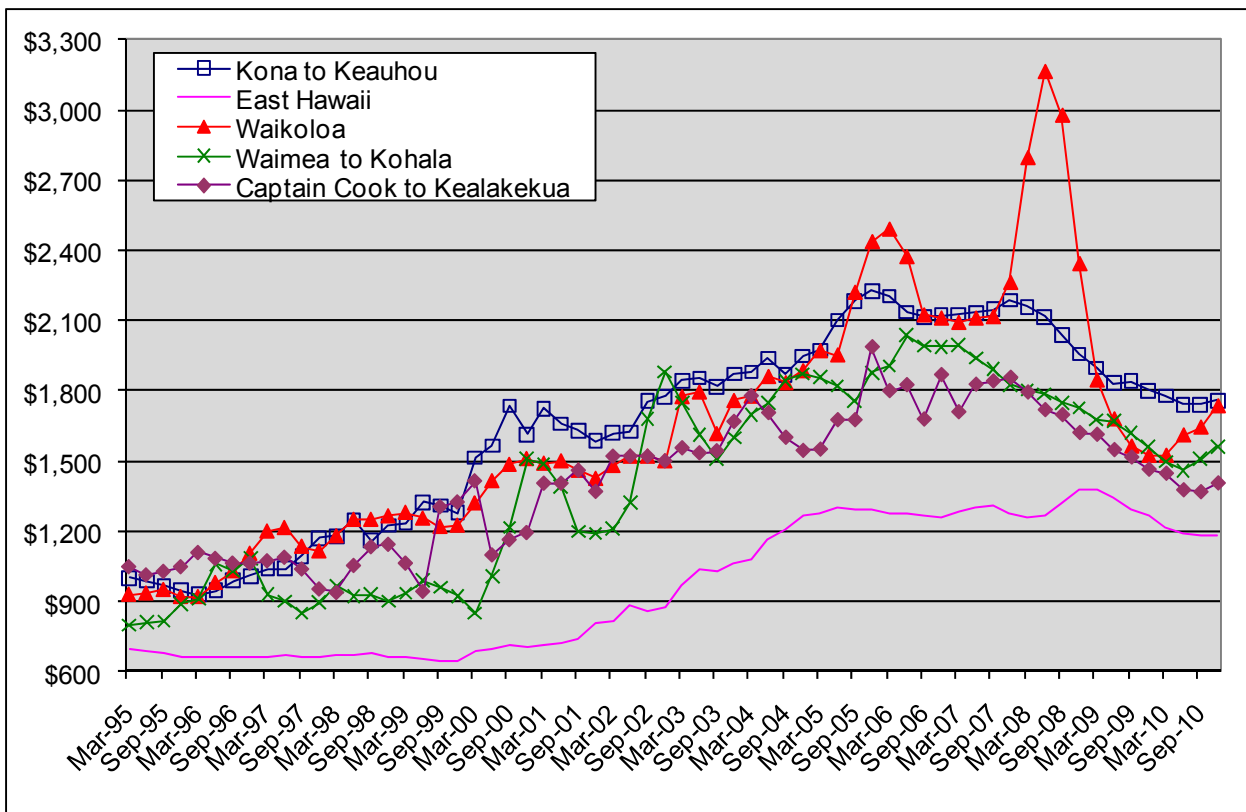


Figure C-8. Maui Historical Rents, 1985-2010

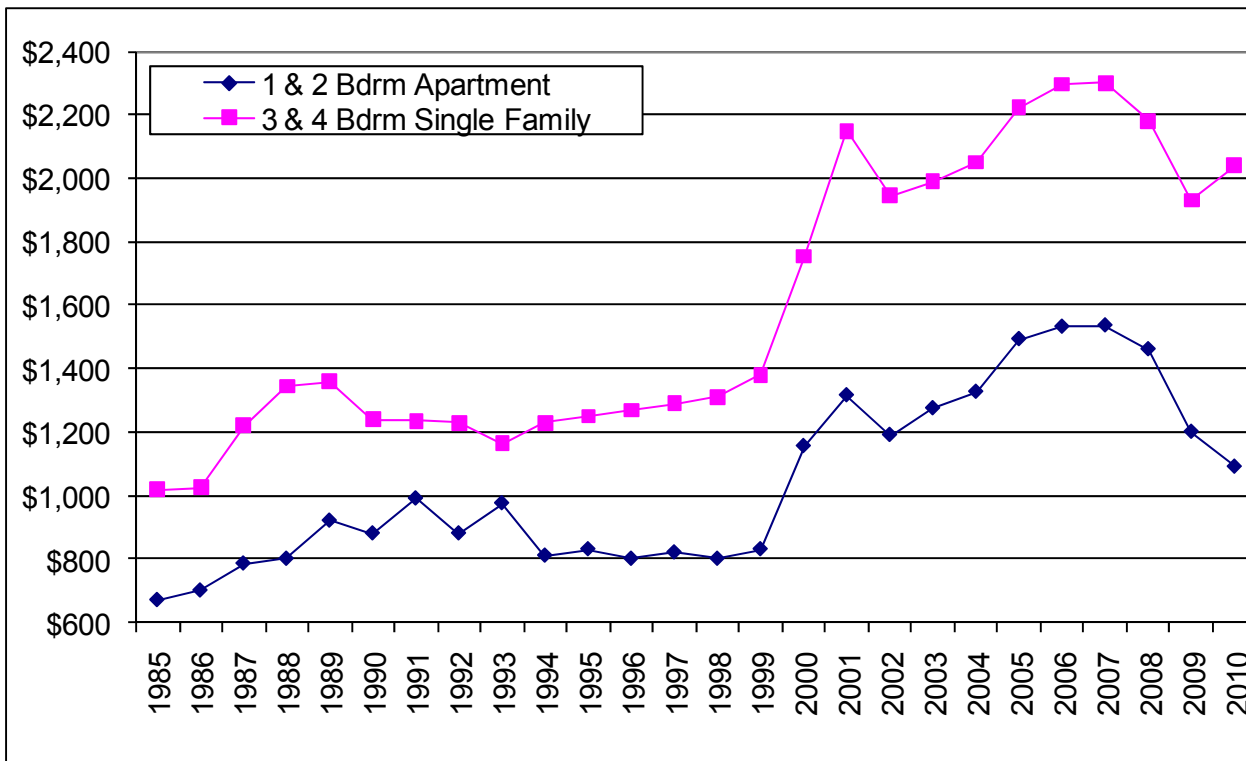


Figure C-9. Maui One Bedroom Apartment Rent by Area, 1985-2010

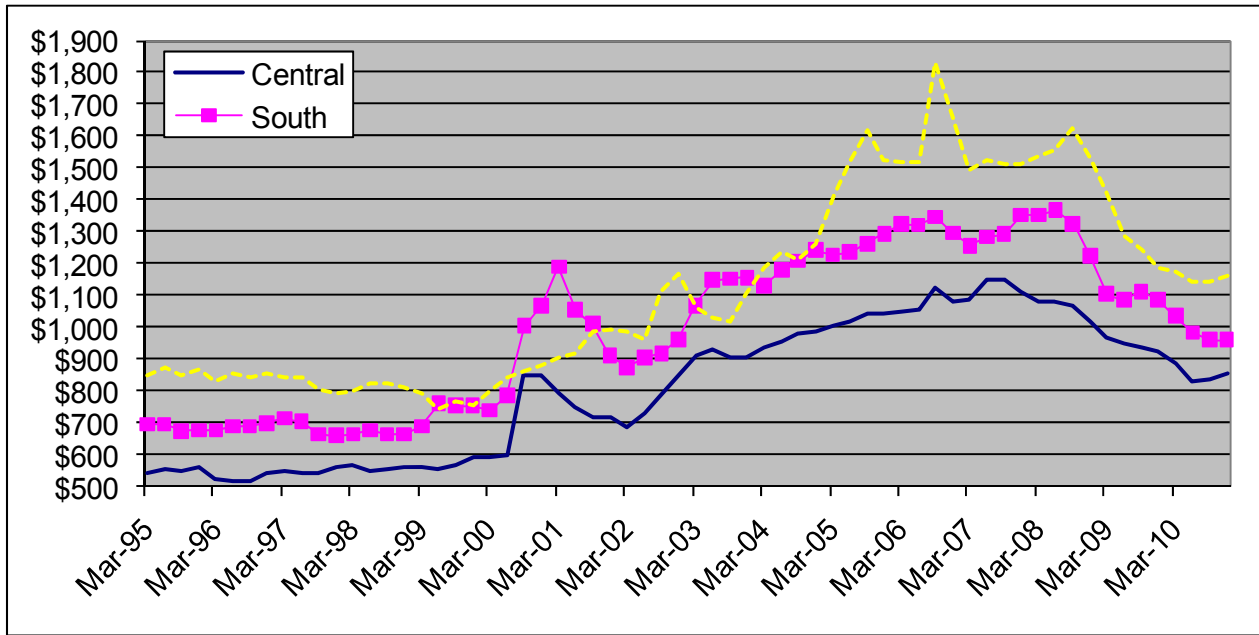


Figure C-10. Maui Two Bedroom Apartment Rent by Area, 1985-2010

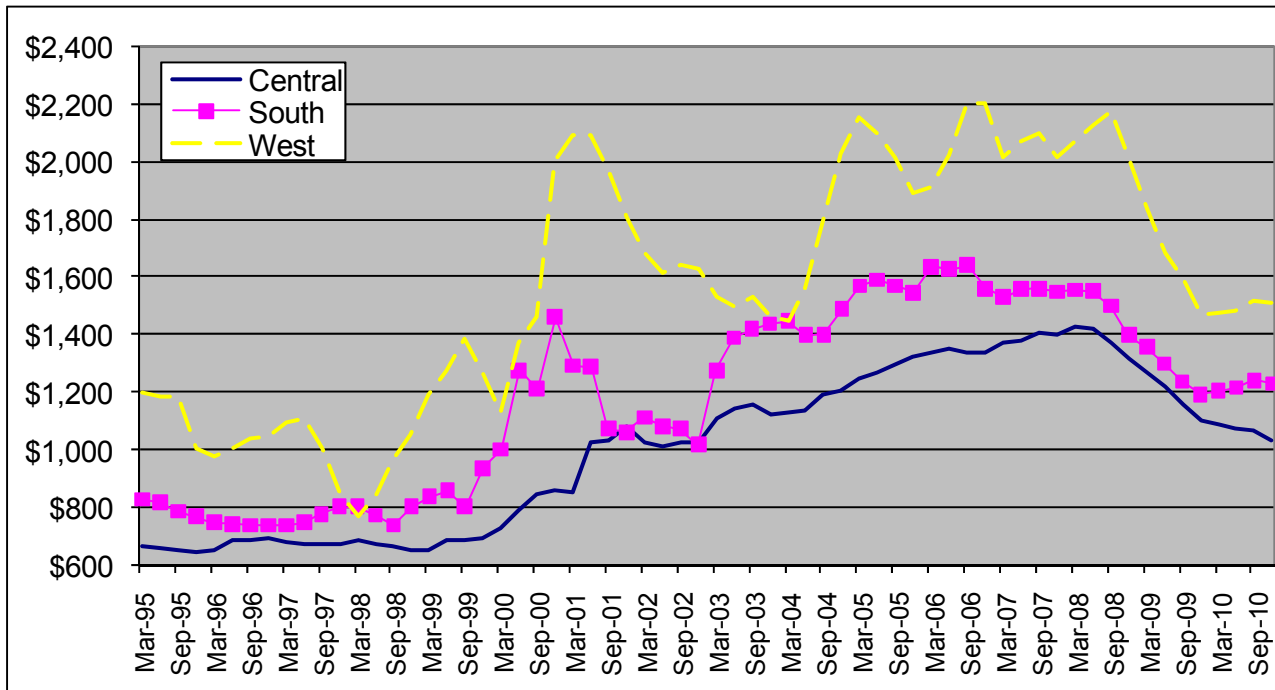


Figure C-11. Maui Two Bedroom Single Family Dwelling Rent by Area, 1985-2010

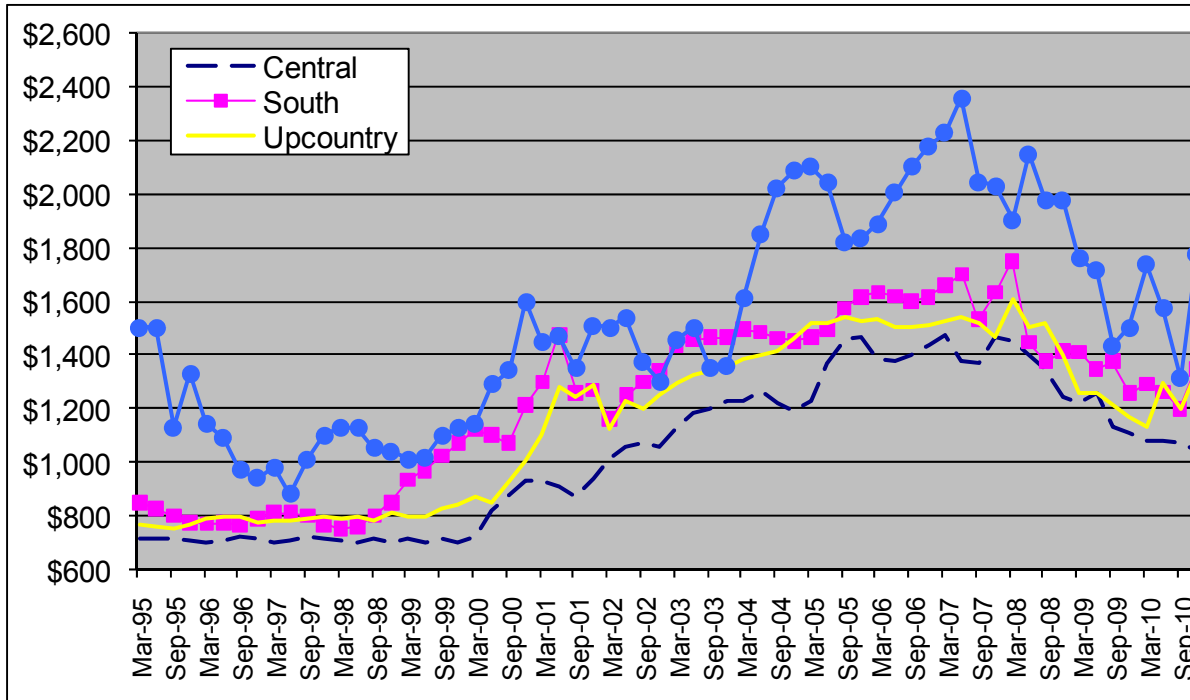


Figure C-12. Maui Three and Four Bedroom Single Family Dwelling Rent by Area, 1995-2010

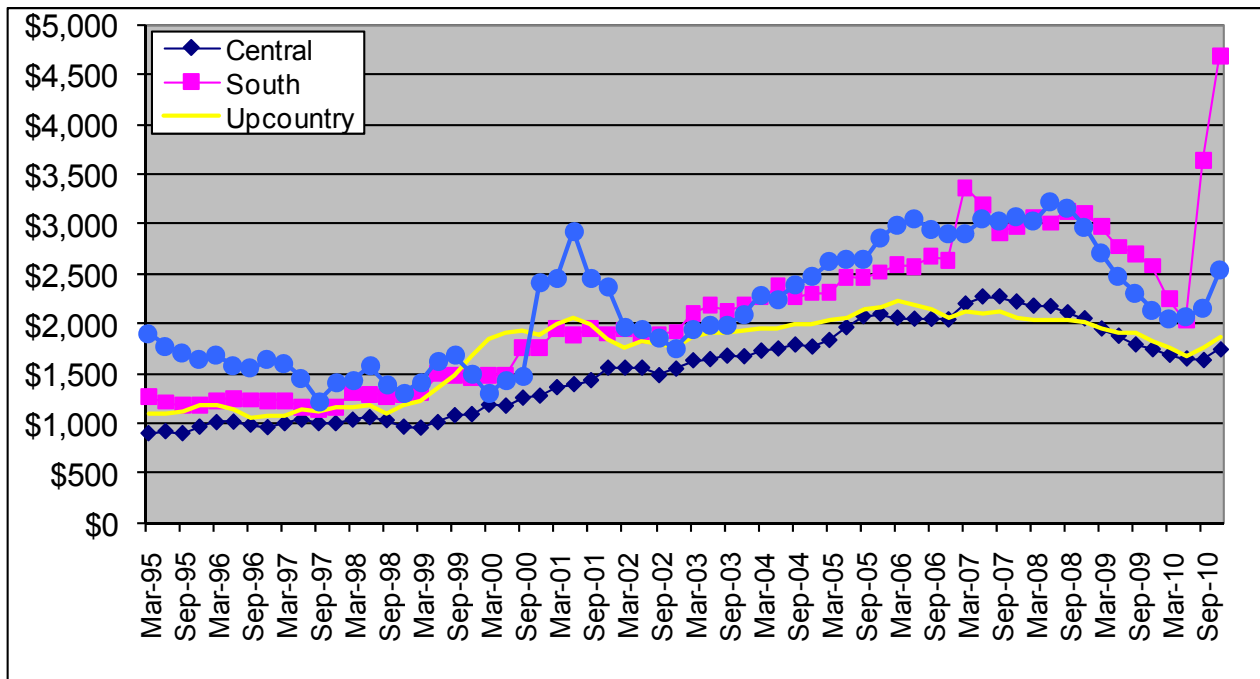


Figure C-13. Kauai Historical Rents, 1985-2010

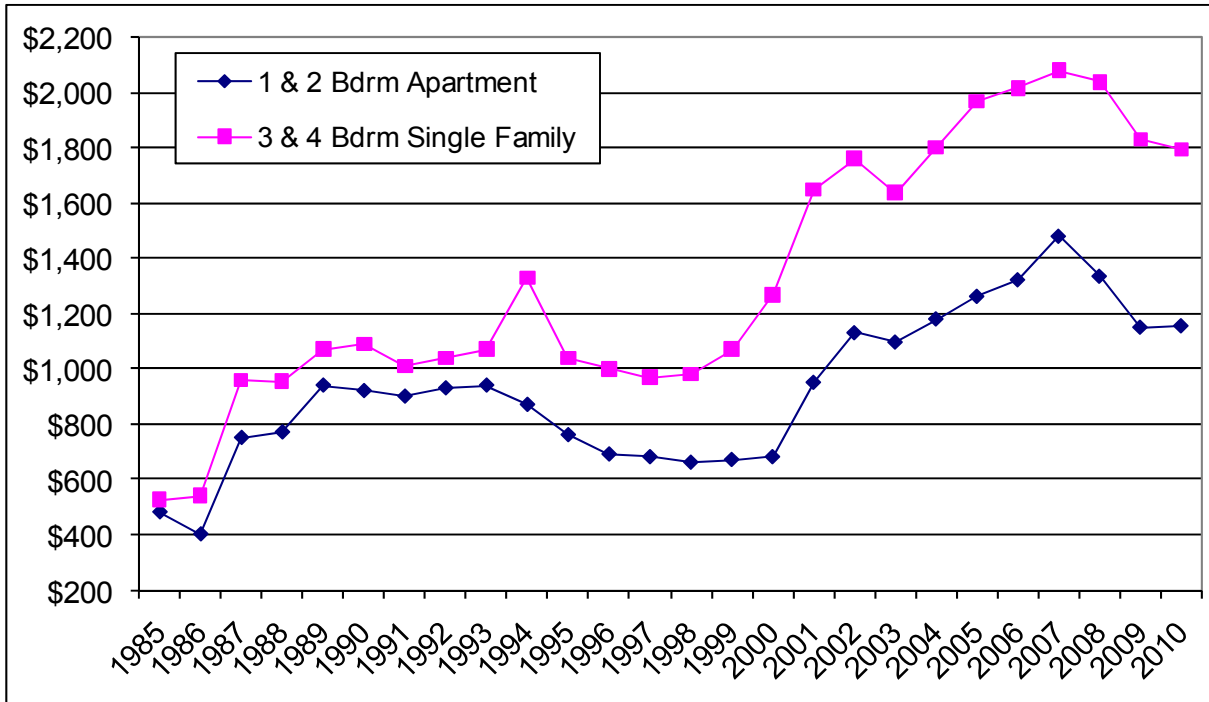


Figure C-14. Kauai Studio Apartment Rent by Area, 1995-2010

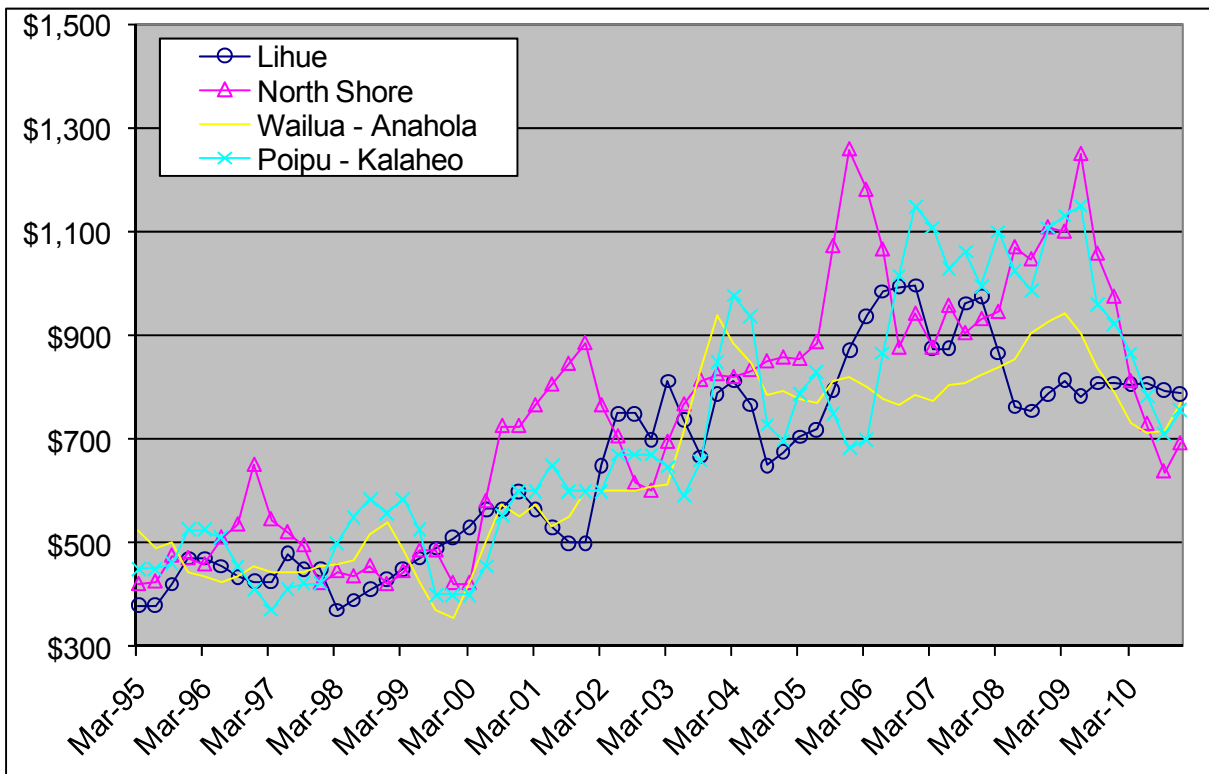


Figure C-15. Kauai One Bedroom Apartment Rent by Area, 1995-2010

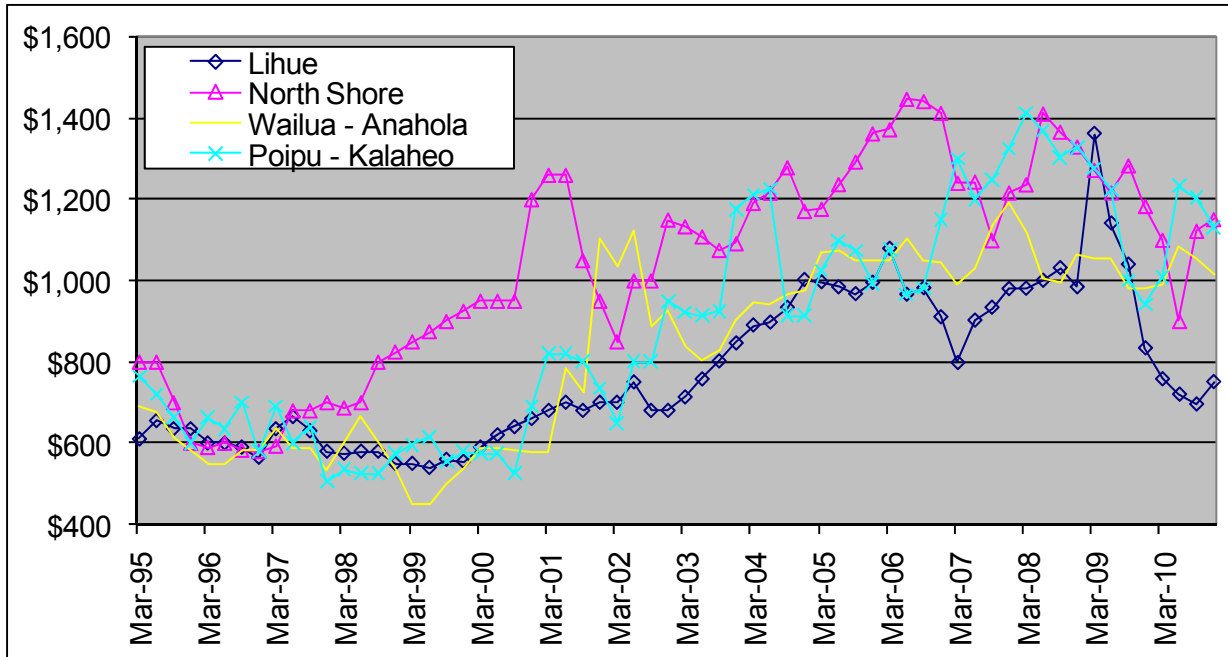


Figure C-16. Kauai Two Bedroom Apartment Rent by Area, 1995-2010

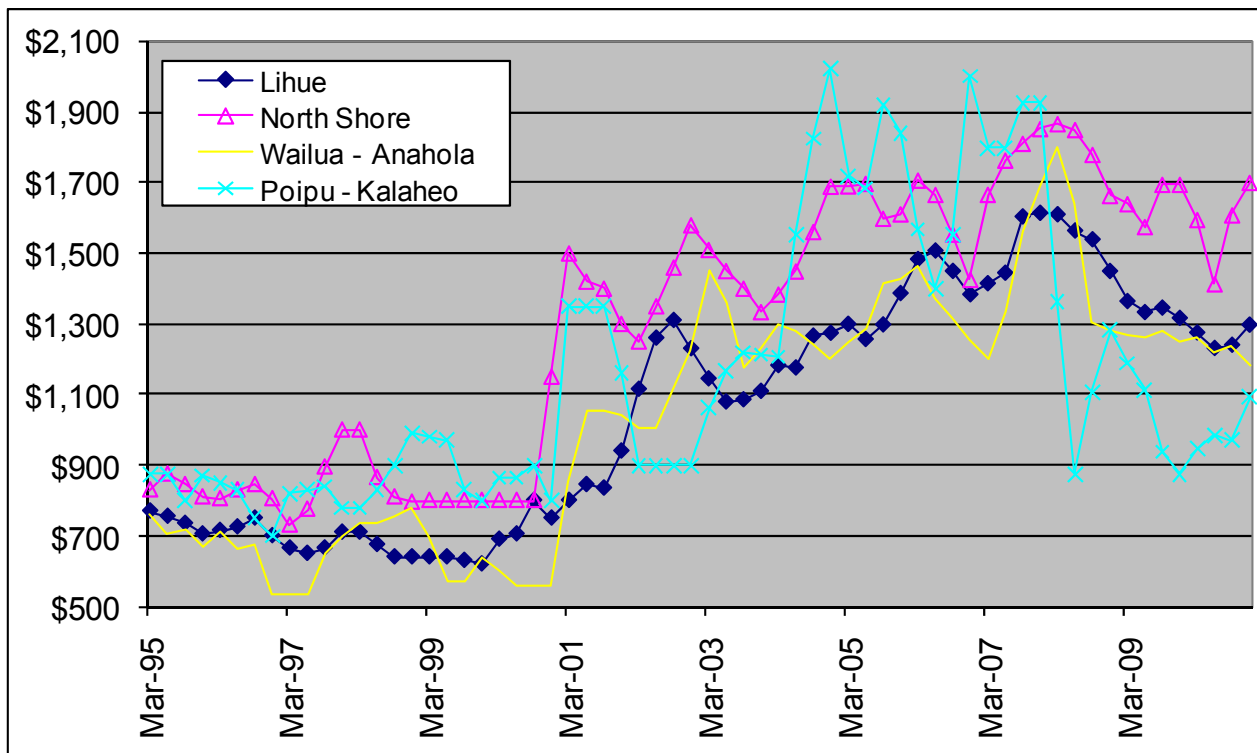


Figure C-17. Kauai Two Bedroom Single Family Dwelling Rent by Area, 1995-2010

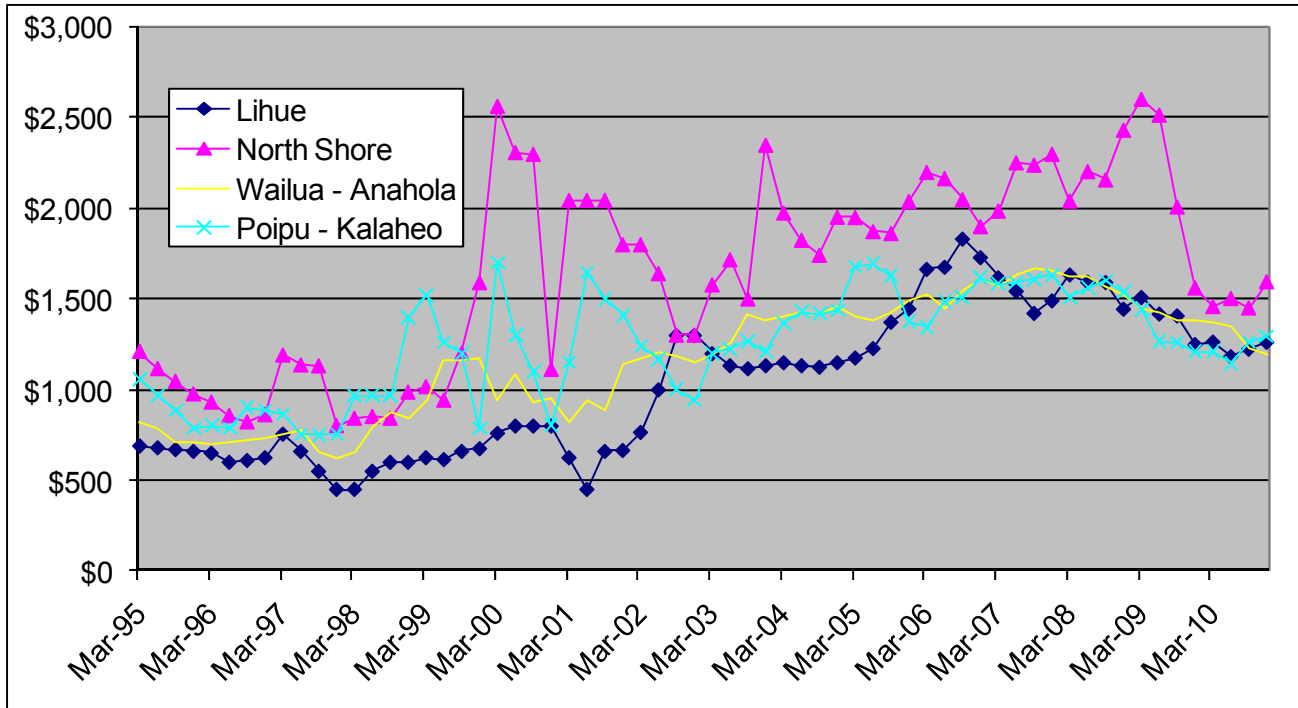


Figure C-18. Kauai Three and Four Bedroom Single Family Dwelling Rent by Area, 1995-2010

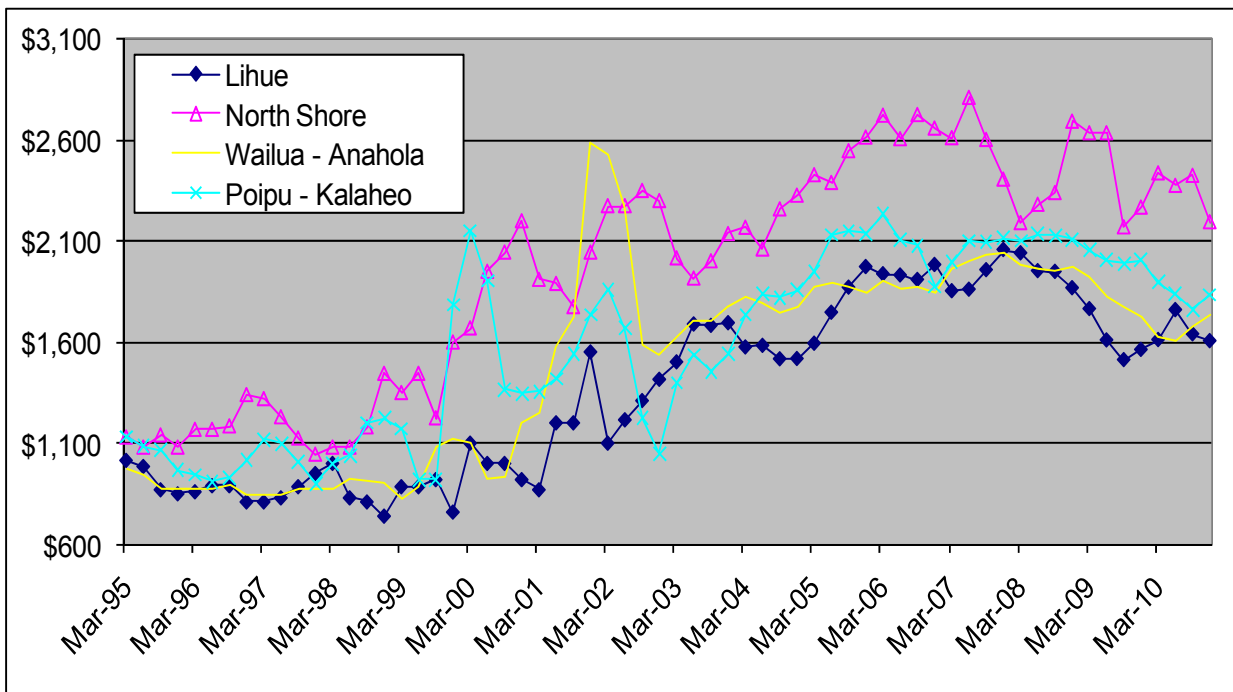


Figure C-19. Oahu Single Family Average Rent by Area, 1970-2010

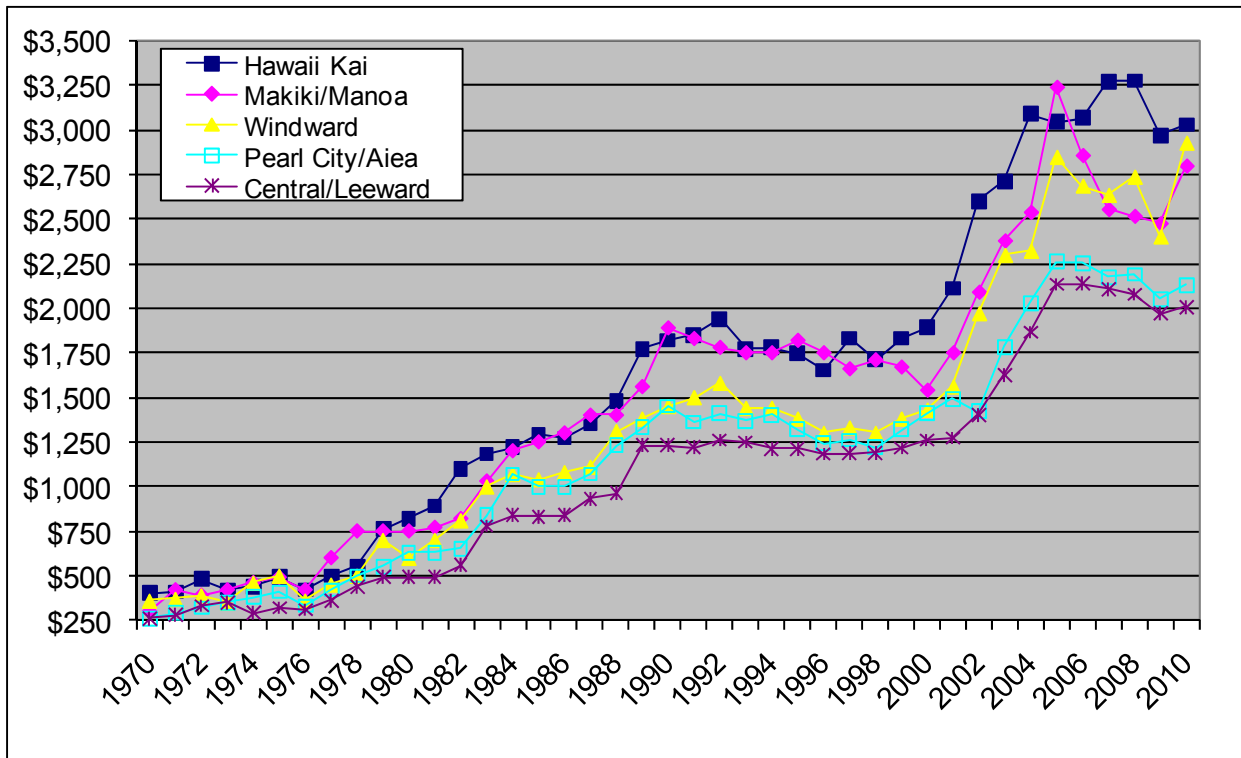


Figure C-20. Oahu Studio Apartment Rent by Area, 1990-2010

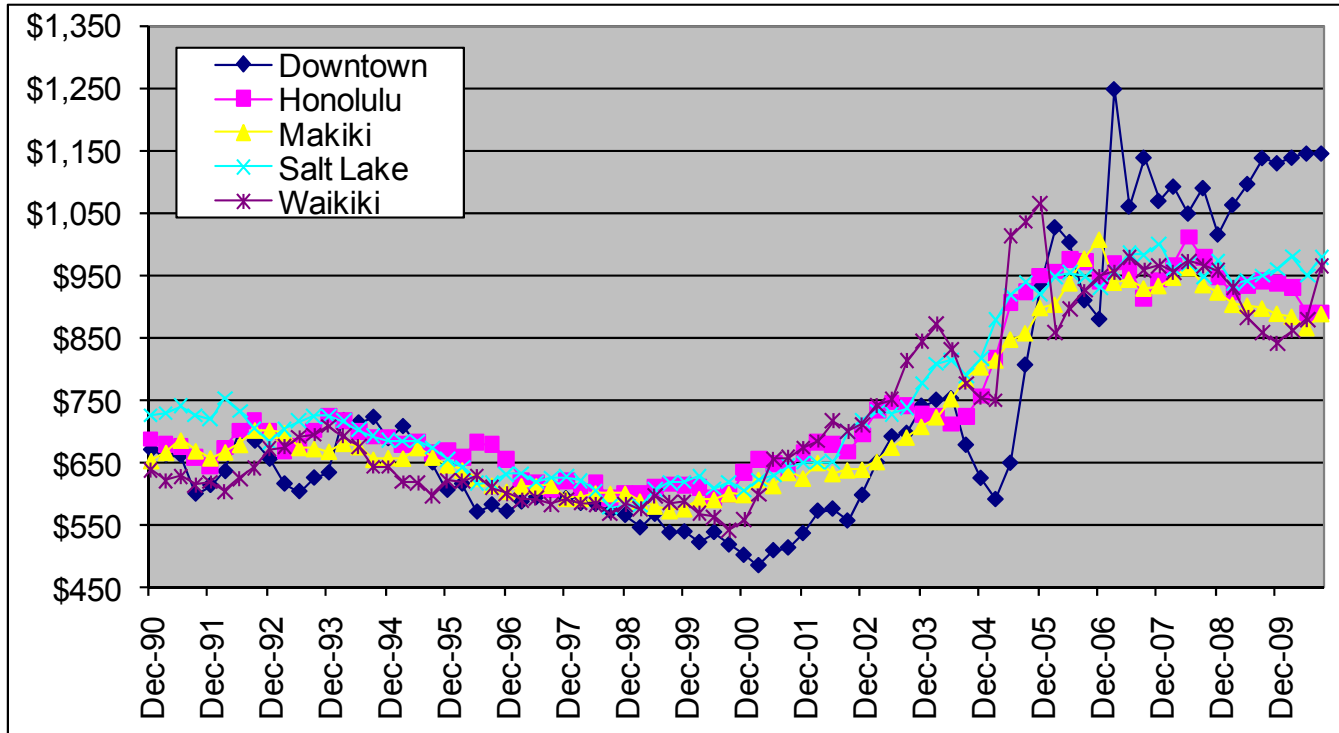


Figure C-21. Honolulu One Bedroom Apartment Rent by Area, 1990-2010

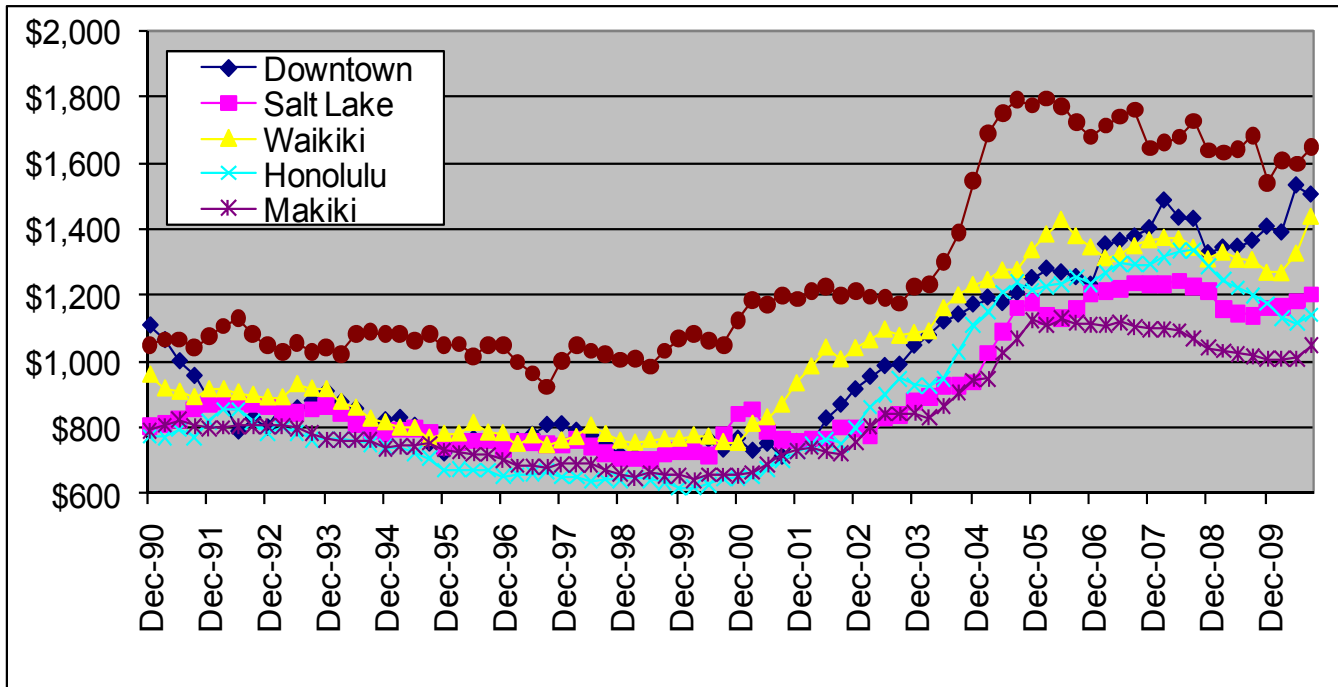


Figure C-22. Other O'ahu One Bedroom Apartment Rent by Area, 1990-2010

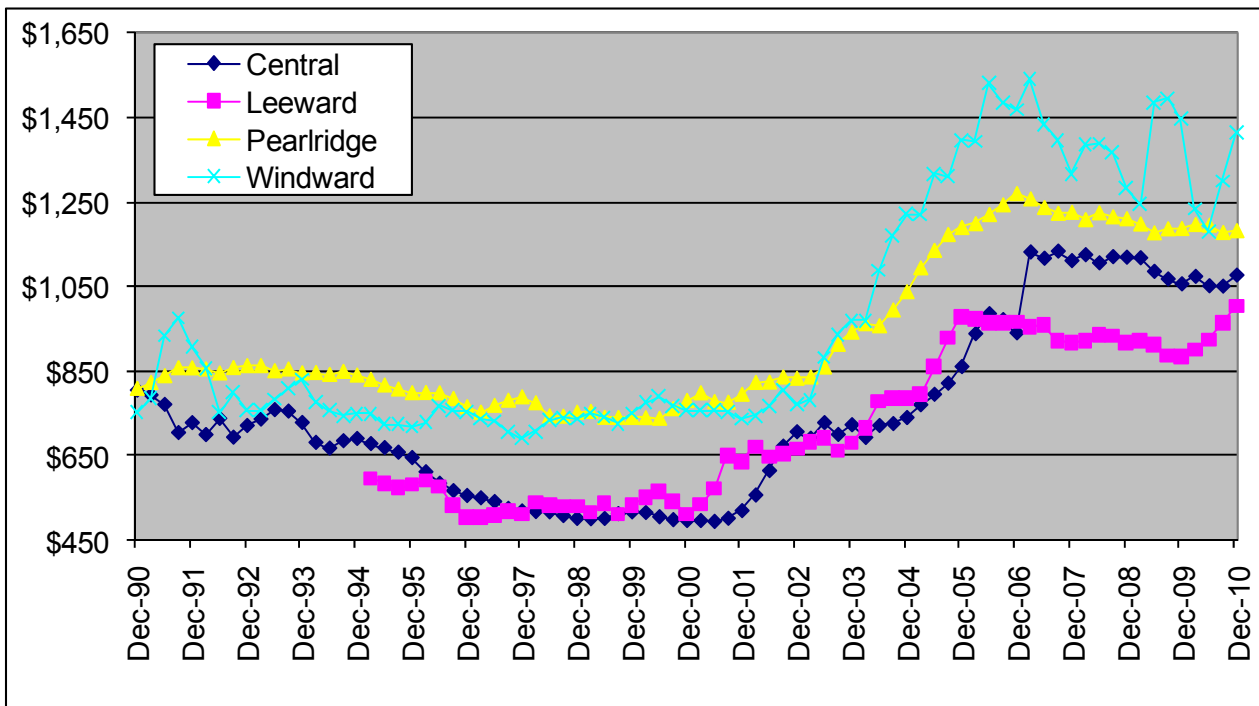


Figure C-23. Honolulu Two Bedroom Apartment Rent by Area, 1990-2010

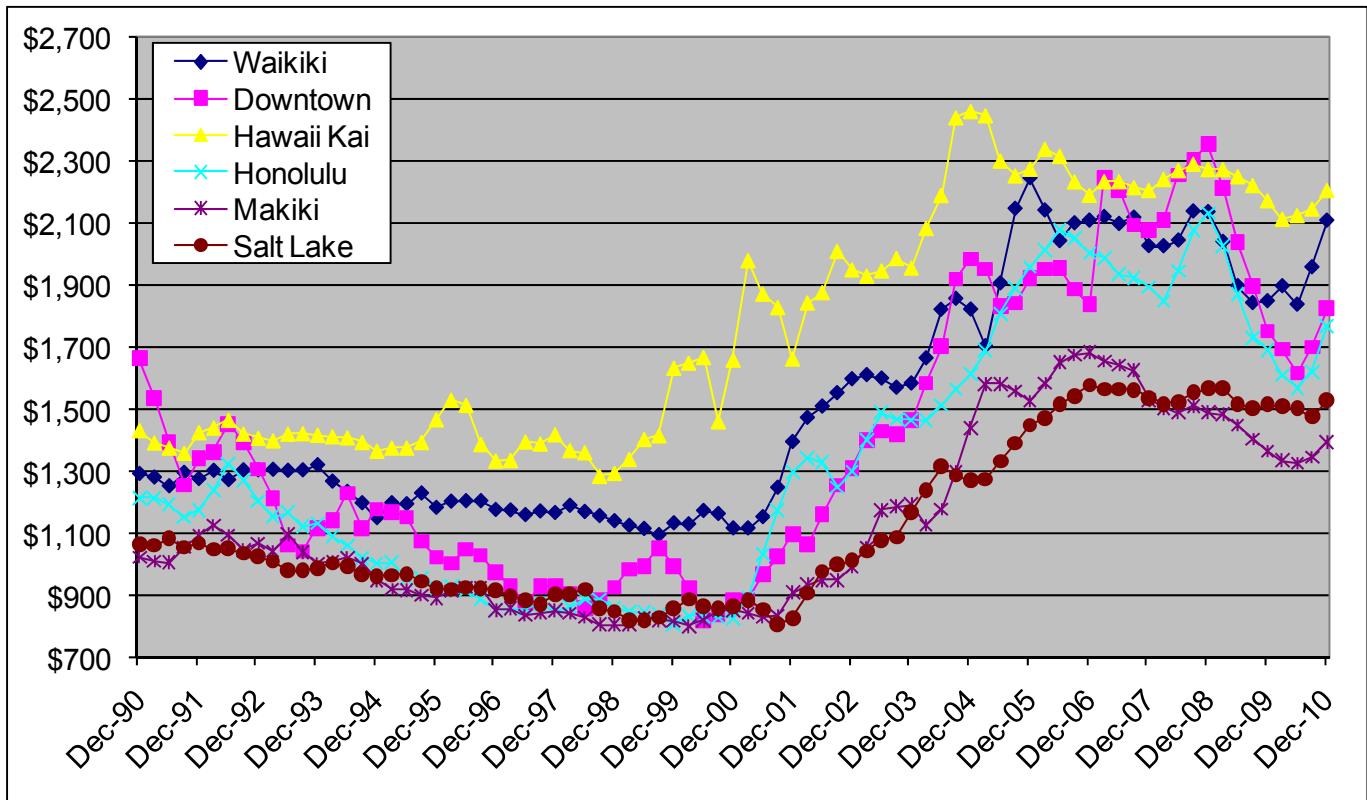


Figure C-24. Other O'ahu Two Bedroom Apartment Rent by Area, 1990-2010

