



THE Q1 2020 | BIG ISLAND, HAWAII

# GARDNER

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## REPORT

*presented by*



**Windermere**  
REAL ESTATE

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## A MESSAGE FROM MATTHEW GARDNER

Needless to say, any discussion about the U.S. economy, state economy, or housing markets in the first quarter of this year is almost meaningless given events surrounding the COVID-19 virus.

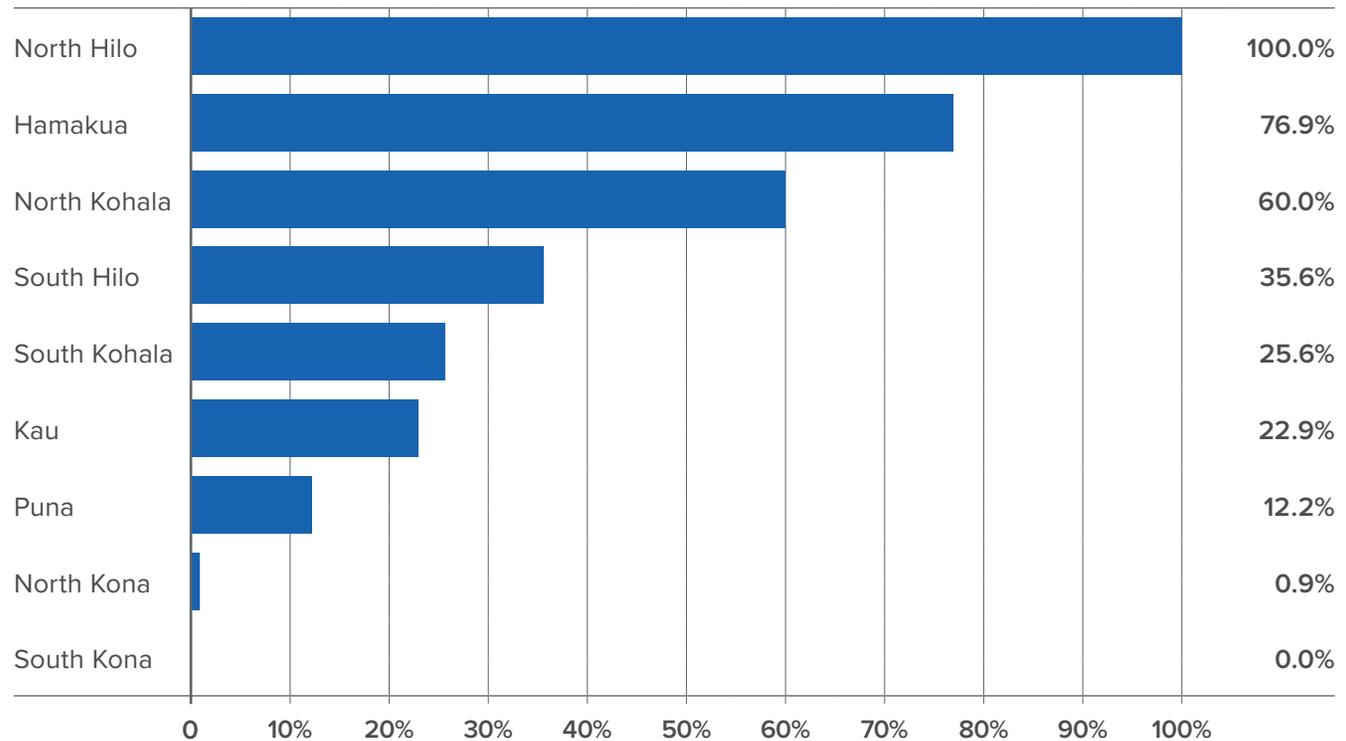
Although you will see below data regarding housing activity in the region, many markets came close to halting transactions in March and many remain in some level of paralysis. As such, drawing conclusions from the data is almost a futile effort. I would say, though, it is my belief that the national and state housing markets were in good shape before the virus hit and will be in good shape again, once we come out on the other side. In a similar fashion, I anticipate the national and regional economies will start to thaw, and that many of the jobs lost will return with relative speed. Of course, all of these statements are wholly dependent on the country seeing a peak in new infections in the relatively near future. I stand by my contention that the housing market will survive the current economic crisis and it is likely we will resume a more normalized pattern of home sales in the second half of the year.

### HOME SALES

- › In the first quarter of 2020, 814 homes sold on the Big Island, an increase of 15.6% compared to the first quarter of 2019 but 1.2% lower than the fourth quarter of 2019.
- › Sales either matched year ago numbers or were higher in all markets. There was significant growth in sales in the North Hilo market. Hamakua and North Kohala markets also saw a significant increase in sales activity.
- › The growth in sales came as inventory levels dropped 14.3% from a year ago. The average number of homes for sale in the quarter was also down 2.9% from the fourth quarter of 2019.
- › It should be noted that pending home sales dropped 2.8% from the final quarter of 2019. I will be watching to see if this contraction can be attributed to COVID-19 or if it was just a normal fluctuation.

### ANNUAL CHANGE IN HOME SALES

Q1-2019 TO Q1-2020

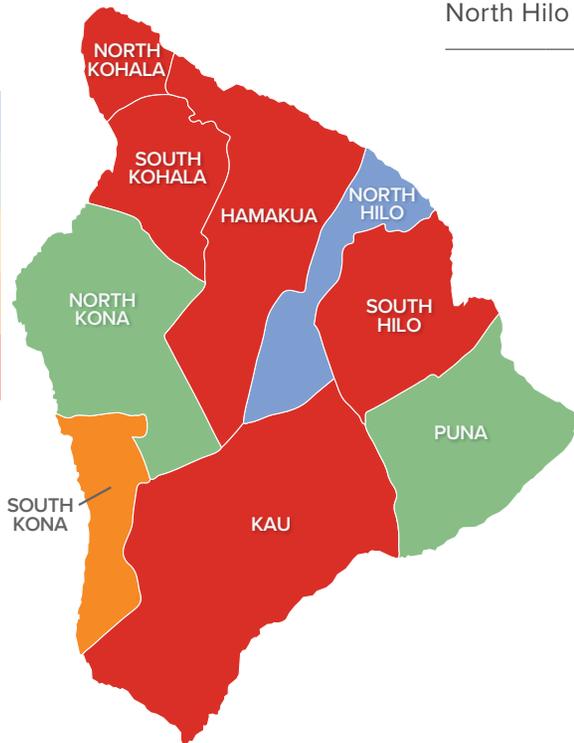
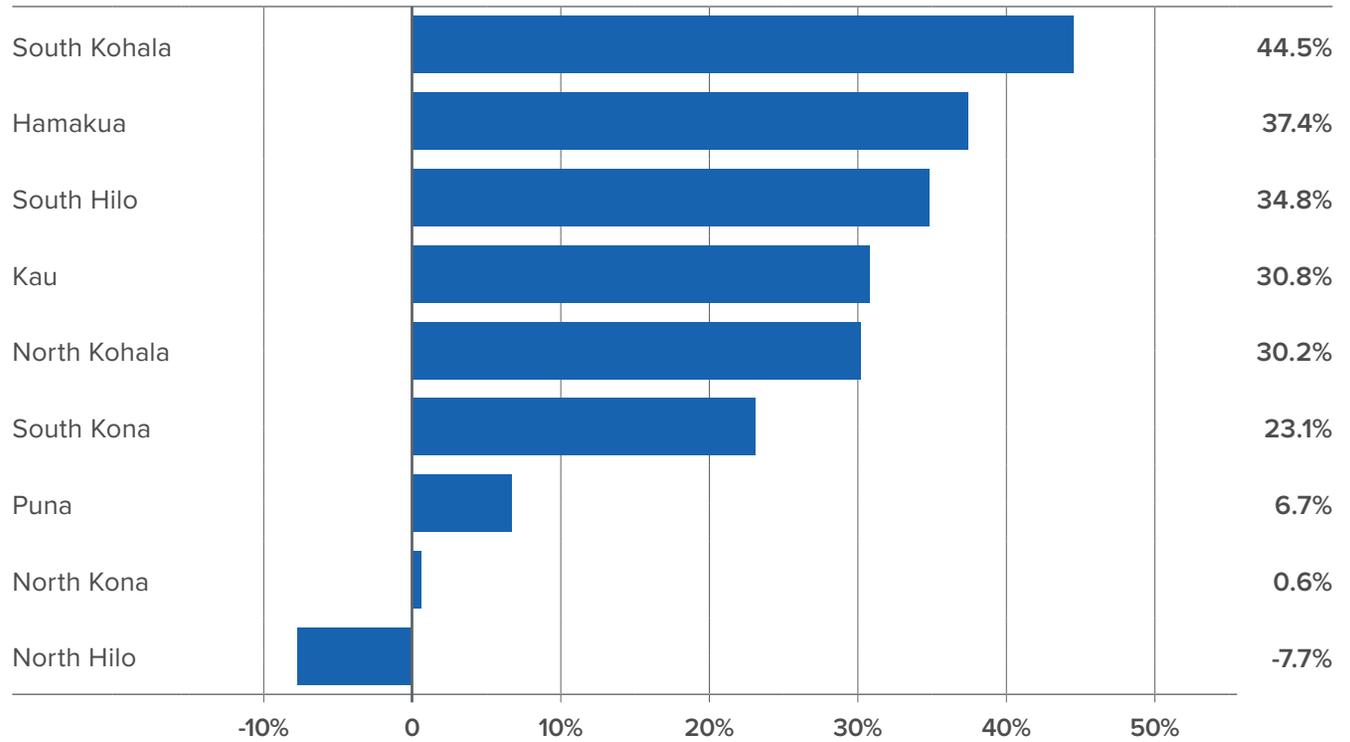


## HOME PRICES

- ▶ The average home price in the region rose 15% year-over-year to \$620,813. When compared to the fourth quarter of 2019, prices rose an impressive 7%.
- ▶ Affordability remains an issue, but low interest rates have clearly been motivating buyers. As a result, prices continue to rise.
- ▶ Prices rose in all market areas other than North Hilo. Appreciation was strongest in the small South Kohala market area. All other areas except North Kona saw significant increases.
- ▶ The second quarter will likely give us good data about any fallout in the housing market associated with COVID-19.

## ANNUAL CHANGE IN HOME SALE PRICES

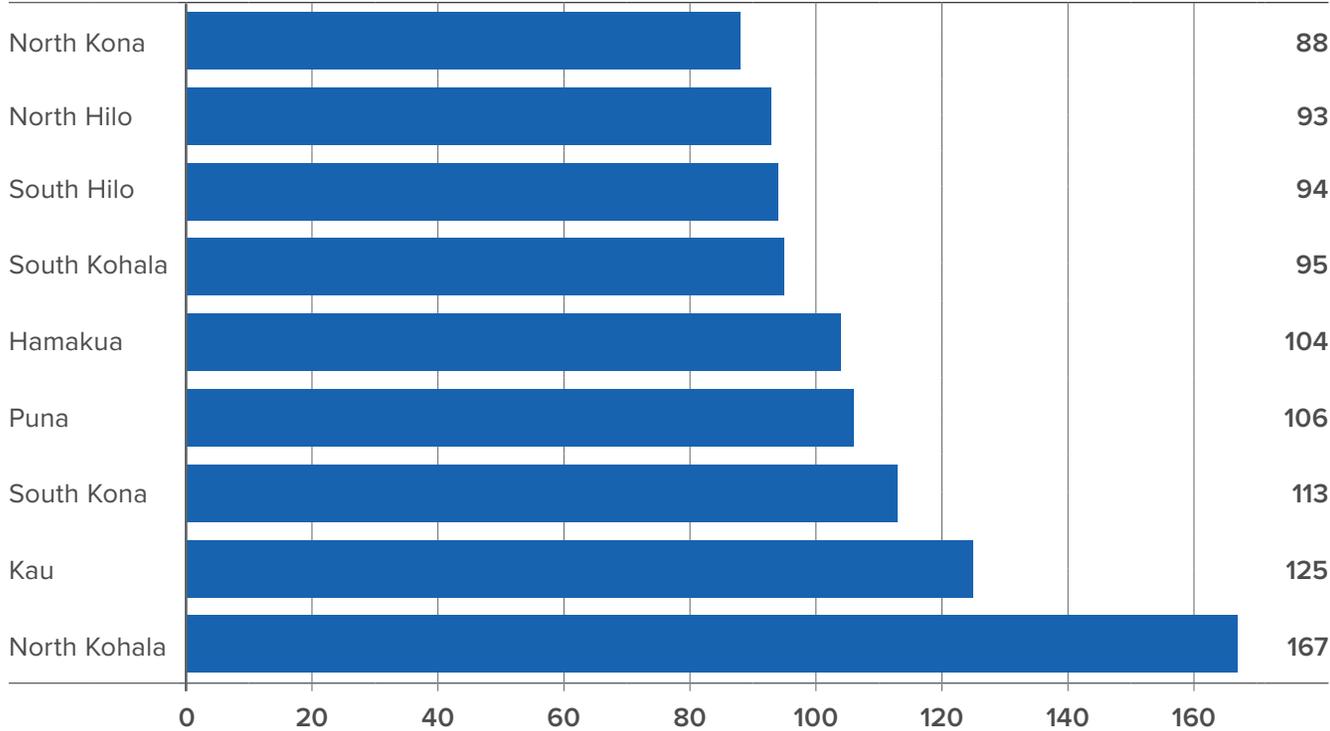
Q1-2019 TO Q1-2020



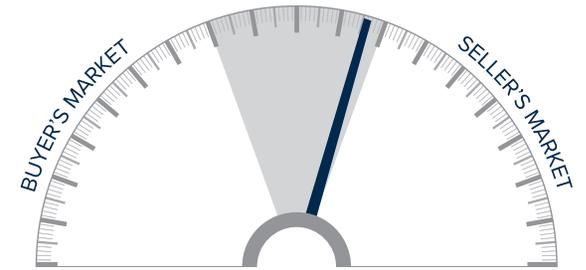
## DAYS ON MARKET

- › The average time it took to sell a home on the Big Island rose 28 days compared to the first quarter of 2019.
- › The amount of time it took to sell a home rose in all market areas other than in South Kona and Kau, which dropped by one and 30 days respectively.
- › In the first quarter, it took an average of 109 days to sell a home. Homes sold fastest in North Kona and North Hilo and slowest in North Kohala.
- › It took six days longer to sell a home in the first quarter versus the final quarter of 2019.

## AVERAGE DAYS ON MARKET



## CONCLUSIONS



This speedometer reflects the state of the region's real estate market using housing inventory, price gains, home sales, interest rates, and larger economic factors.

Given the current economic environment, I have decided to freeze the needle in place until we see a restart in the economy. Once we have resumed "normal" economic activity, there will be a period of adjustment with regard to housing. Therefore, it is appropriate to wait until later in the year to offer my opinions about any quantitative impact the pandemic will have on the housing market.

## ABOUT MATTHEW GARDNER

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 30 years of professional experience both in the U.S. and U.K.

In addition to his day-to-day responsibilities, Matthew sits on the Washington State Governors Council of Economic Advisors; chairs the Board of Trustees at the Washington Center for Real Estate Research at the University of Washington; and is an Advisory Board Member at the Runstad Center for Real Estate Studies at the University of Washington where he also lectures in real estate economics.