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Rising Mortgage Rates, Limited Inventory Cool O’ahu’s Housing Market in 2023

Report summarizes 2023 and December 2023 residential real estate activity

HONOLULU – According to resale figures released today by the Honolulu Board of REALTORS®, O’ahu home sales fell by more than a quarter in 2023, with single-family home sales falling 26.3% and condo sales falling 28.0%. Median sales prices for properties dipped modestly, though the median sales price for single-family homes remained above \$1 million, ending the year at \$1,050,000, a 5% decline. Meanwhile, the median sales price for a condo was \$508,500, a marginal 0.3% decrease.

2023 Annual Residential Resale Statistics for O’ahu				
<u>Single-Family Home Resales</u>				
	<u>Number of Sales</u>	<u>This Month Compared To</u>	<u>Median* Sales Price</u>	<u>This Month Compared To</u>
2023	2,560		\$1,050,000	
2022	3,474	-26.3%	\$1,105,000	-5.0%
<u>Condominium** Resales</u>				
	<u>Number of Sales</u>	<u>This Month Compared To</u>	<u>Median* Sales Price</u>	<u>This Month Compared To</u>
2023	4,573		\$508,500	
2022	6,353	-28.0%	\$510,000	-0.3%
*Median price means half the prices were above and half below the given price.				
**Condominiums also include townhomes.				

“In 2023, O’ahu’s housing market felt the acute impact of rising mortgage rates and limited inventory,” **said Fran Gendrano, president of the Honolulu Board of REALTORS®**. “The cooling market activity we first experienced in 2022 carried over in 2023, as sales volume continued to mellow out compared to the frenzy we saw during the COVID-19 pandemic.”

Overview of 2023 Year-End Statistics

Compared to 2022, in 2023:

- Properties spent longer on the market compared to last year’s 12-day median.
 - Single-family homes marked a median of 22 days on market, an 83% increase, and condos marked a median of 21 days on market, up 75%.
- Slightly fewer sellers received the original list price for their properties, according to the overall sales price to original list price ratio.

- This ratio evaluates the percentage of the original list price received compared to the final sales price. This year, the overall sales price to original list price ratio declined, with median ratios of 98.3% for single-family homes and 98.6% for condos, despite continued competition in some pockets of the market due to low inventory.
- New listings fell by double digits in both markets.
 - Single-family home listings fell by 20.2% to 3,324 in 2023, while condo market new listings decreased by 18.0% to 6,123.
- Pending sales dropped due to higher borrowing costs, dampening buying activity.
 - Single-family home contract signings dropped 18.7% to 2,796, while condo contract signings declined 22.1% to 4,721.

Throughout 2023, single-family home sales declined at most price points. Properties priced at \$699,999 and below were the exception, with a 10.7% increase in sales. The majority of these sales in this price range occurred in the Leeward region, accounting for 62%, or a total of 135 sales. Conversely, properties within the \$900,000 to \$1,399,999 price range slumped by 34.0%, with 543 fewer sales.

In the condo market, all price points experienced a double-digit decline in sales. Kailua was the exception, with minimal change and only two fewer sales than the previous year, while all other regions witnessed sales declines of 24% or more.

Furthermore, in 2023, fewer sales closed above the original asking price for both single-family homes and condos. Only 29% of single-family homes received more than the original asking price compared to 50% in 2022. In the condo market, 21% of condos sold above the original asking price in 2023, as opposed to 37% in 2022.

Overview of December 2023 Statistics

Using data collected from its computerized Multiple Listing Service (MLS) system, the Board reported the following statistics:

December 2023 Residential Resale Statistics for O‘ahu				
<u>Single-Family Home Resales</u>				
	<u>Number of Sales</u>	<u>This Month Compared To</u>	<u>Median* Sales Price</u>	<u>This Month Compared To</u>
December 2023	182		\$996,500	
December 2022	202	-9.9%	\$1,049,500	-5.1%
<u>Condominium** Resales</u>				
	<u>Number of Sales</u>	<u>This Month Compared To</u>	<u>Median* Sales Price</u>	<u>This Month Compared To</u>
December 2023	272		\$510,000	

December 2022	360	-24.4%	\$502,500	1.5%
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***Median price means half the prices were above and half below the given price.**

****Condominiums also include townhomes.**

In December 2023, both markets continued their year-over-year decline in sales volume, marking 23 consecutive months of dropping sales for single-family homes and 19 straight months for condos.

The median price for a single-family home dipped below \$1 million, finishing the month at \$996,500, a 5.1% decline from December 2022 at \$1,049,500. Conversely, condos experienced a slight increase in median sales prices, rising by 1.5% to \$510,000 compared to the same time last year.

Single-family homes marked median days on the market of 18 days, one week faster than December 2022. However, the condo market recorded a median days on the market of 26 days, five days longer than the previous year.

“Average mortgage rates peaked early in the fourth quarter of 2023 and dipped in November and December. Though the rates are still higher than this time last year, we saw slight increases in contract signings for both markets, which tells us that buyers are still optimistic and active in their pursuit of a new home,” **Gendrano added.**

December saw an 8.3% increase in contract signings for single-family homes and stable numbers for condos, up 0.3% year-over-year. Additionally, the single-family home and condo markets closed the month with year-over-year increases for total inventory in escrow, rising by 9.7% and 8.8%, respectively.

Single-family homes priced at \$1 million and above saw a 21.1% decline, with 90 sales compared to 114 in December 2022. However, single-family home sales below \$1 million remained relatively stable, with a modest 4.5% uptick. In the condo market, higher-priced units for sale at \$700,000 and above exhibited a minimal dip in sales, recording 74 sales or two less than the previous year. In contrast, condos priced below \$699,999 experienced a significant 30.3% decline in sales compared to last year, dropping to 198 sales.

New listings increased by 9.8% year-over-year in the single-family home market, while condo listings decreased by 5.9% compared to December 2022. However, active inventory showed minimal growth from a year ago, indicating buyers will continue to see limited housing inventory in 2024. At the end of December 2023, there were 600 active single-family homes, a modest 0.5% increase from the previous year, and 1,234 active condos, reflecting a 5.5% increase.

Click [here](#) to view a PDF of the report.

The information contained in this report is provided to the National Association of REALTORS® and the Hawai'i State Department of Economic Development, Business and Tourism for its official reports. This report reflects information about resales of existing properties only and

does not include new home sales. All of the MLS information is compiled from sales reported during the cited months; this data is known only after closing of escrow.

The public is encouraged to visit www.hicentral.com to see what's happening in the housing market. Consumers have the ability to browse O'ahu single-family home and condominium listings, available for sale and for rent, and to see a comprehensive guide of homes that will be open to view on Sunday. All searches can be done by geographic location and/or price range, and **hicentral.com** provides useful information about buying and selling real estate in Hawaii.

About the Honolulu Board of REALTORS®

Established in 1922, the Honolulu Board of REALTORS® is one of the largest of 1,100 boards of REALTORS® in the nation, and, with nearly 7,000 members, is one of the largest trade organizations on O'ahu. Membership is available to licensed real estate brokers, agents, property managers, appraisers, counselors and others engaged in all aspects of the real estate industry who pledge to adhere to a strict Code of Ethics and Standards of Practice. The Honolulu Board of REALTORS® and its members are committed to serving as housing advocates, community builders and good neighbors. For more information, call (808) 732-3000 or visit www.hicentral.com.