

# Residential rents up 13 percent in past 2 years

**Increases not high enough to give home sales a boost**

**Premium content from Pacific Business News by Duane Shimogawa, Reporter**

Date: Friday, February 17, 2012, 1:00am HST



[Duane Shimogawa](#)

Reporter - *Pacific Business News*

[Email](#) | [Facebook](#) | [Twitter](#) | [LinkedIn](#)

Hawaii's average rental rates have increased 13 percent in the past two years, according to a new housing report, and industry experts are predicting rents will continue upward at the rate of 1 percent to 3 percent annually for the next few years.

Some sources tell PBN that current rent increases will start pushing more Hawaii residents into the home ownership market. But most industry observers, including [Doug Wong](#), managing member of the Honolulu-based Manage Hawaii LLC, say local rents will have to reach the \$2,000-a-month range before long-term renters decide it would be better for them to buy.

And the local market is still a long way from reaching that average, which means property owners can continue to increase rates without the risk of losing tenants.

Here's a county-by-county breakdown of the most current rental data, according to the Hawaii Housing Planning Study.

- The average rent price statewide is \$1,321, up 45 percent since 2005, when rents averaged \$911.
- Renters on Oahu consistently have the highest median rent. Monthly rates averaged \$1,385 per month last year, up 47 percent since 2005.
- Renters on Kauai are paying the second-highest monthly rents statewide. Rates averaged \$1,248 a month last year, up 43 percent since 2005.
- The Valley Isle's median rent was \$1,201 per month in 2011, up 32 percent since 2005.
- Big Island rents averaged \$1,112 a month last year, which was almost 50 percent higher than the average rental rates in 2005.

Experts say the rising rental rates in Hawaii are similar to what's happening on the Mainland.

"The [homes-for-sale] inventory has been dropping, and there are lots of short sales and foreclosures, which have been shown to put pressure on rents," said Hawaii Association of Realtors President [Berton Hamamoto](#), who's also the owner and principal broker of Aiea-based Property Profiles Inc.

Additionally, he says, with more military service members returning from deployments, rental prices may be driven up even more.

"The military usually snatches up rents at higher prices," he said. "But because they have been deployed so long, our large military component on Oahu, which drove prices in previous markets," has not been there in sufficient numbers to affect the market until recently.

[Ian Bigelow](#), president of Rental Solutions, a Honolulu-based property management company, told PBN that his company has been picking up a lot of military clients, which make up about a quarter of its tenants.

"The military gets a pretty large housing allowance, so for them, they seem to prefer renting," he said. "Although, when the market is heading up, there are lots who buy and flip a property for a profit."

Housing experts think the rising rental rates will continue for the foreseeable future.

"If nothing changes globally, we'll continue to see rental rates go up — not skyrocketing — but I just don't see anything that would stop it," Bigelow said.

Hawaii rental rate increases are expected to be on the low end of the national forecasts, which call for increases of 3 percent in 2012 and 3.5 percent in 2013.

"I don't see it going down, although there will be certain pockets and areas that may go up differently," Hamamoto said. "We don't have much inventory, and who knows when we'll get more inventory anytime soon."

He said that, unlike the Mainland, Hawaii's expensive land costs present a challenge to developers who may be thinking of building rental property.

"You just don't see it happening here," he said. "Financially, it just doesn't make much sense."