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Median U.S. price buys little here

Advertiser Staff and News Services

The median price for a previously owned home in the U.S. hit a record last month, according to a report yesterday that heightened concerns that the housing market was becoming dangerously overheated.

The median price of a home sold was \$206,000 in April, up 6.7 percent from the prior month and 15.1 percent from April 2004, the National Association of Realtors said in Washington. It was the first time the median price was above \$200,000 and was the biggest year-over-year price gain in nearly 25 years. The median is the point at which half of the homes sold above and half sold below.

Hawai'i residents can be excused for not feeling much sympathy for their Mainland friends hunting for homes in the \$200,000 range. On O'ahu — where the median single-family home price was \$545,000 last month — there were only two fee-simple, single-family homes listed for under \$250,000 yesterday on the Honolulu Board of Realtors' Web site.

The owner of one of them, Jason Ward, said he has multiple offers on his three-bedroom, one-bath home in Makaha that he listed for \$210,000.

"We have many, many back-up offers and some are way above the list price," Ward said.

John Connelley of Coldwell Banker Pacific Properties cannot remember the last time he listed a single-family home on O'ahu for \$200,000.

"You're asking me to go back a long time," Connelley said.

Soaring home prices in Hawai'i and on the Mainland have led to increased warnings of a bubble in the market.

Federal Reserve Chairman Alan Greenspan said Friday the housing market has "a lot of local bubbles" and "a little froth."

Greenspan predicted the large increases in home prices would soon ease. He said that although some markets could see actual price declines, most homeowners who bought before the recent run-up in prices will still likely find their houses worth more than what they paid.

The housing markets have been held up in large part due to continued, rock-bottom mortgage rates, which have stayed low despite a nearly yearlong effort at the Fed to raise its target for short-term interest rates. The average rate for a 30-year, fixed mortgage was 5.86 percent in April, down from 5.93 percent in March. In April 2004, the rate was 5.83 percent.

Mortgage rates typically increase as Fed officials raise interest rates. But a number of factors, including long-term expectations for low inflation, are holding down long-term bond yields, which have a greater impact on mortgage rates.



Good luck finding a single-family home on the island for \$200,000. This home at 84-1120 Hana St. in Makaha is selling for \$210,000. The median price on O'ahu in April was \$545,000.

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Also continuing to propel housing have been gains in job creation in recent months. "We see all the positive factors coming together to coincide with a powerful demographic demand for housing," said David Lereah, chief economist for the national Realtors group.

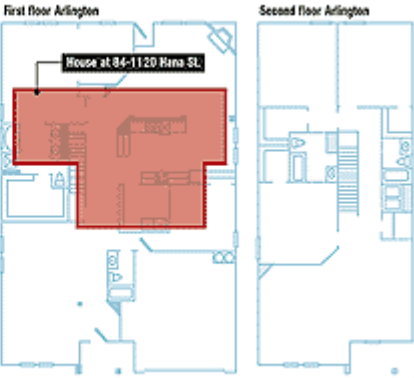
Celia Chen, director of housing economics at Economy.com, predicted mortgage rates will rise later this year leading to a slowdown in home activity. But "with mortgage interest coming down again in the last few weeks, however, sales over the next couple of months may yet remain strong," she said.

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WHAT YOU CAN BUY FOR AROUND \$200,000

Hawaii		Texas
\$210,000	Price	\$181,490
84-1120 Hāna St. (near Mākaala Valley Road)	Location	Arlington, Texas (between Dallas and Fort Worth)
848 square feet	House size	4,181 square feet
3 bedrooms, 1 bath	Interior	5 bedrooms, 4 baths, 3 living areas, 2 dining areas, 2 stories, 2-car garage.
38 years	Age	New





Source: Homebuilder.com, Honolulu Board of Realtors listings. **GREG TAYLOR and JOHN F. VALLES** | The Honolulu Advertiser

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