

C A N D O N , T O D D & S E A B O L T L L C**Forbes Says Housing Prices Will Decline 30%**

But Honolulu Board of Realtors sees it differently.

The Pacific Business News posted an article on January 19, 2009 showing Forbes magazine's ranking of Honolulu as one of the 25 weakest housing markets in the United States. Specifically, the Forbes article reported that Honolulu home prices are expected to drop by about 30% by 2011. However, a research economist for the Honolulu Board of Realtors responded by saying that he does not see a 30% drop in prices in Honolulu's future. The Economist sees only a single digit decline. It will be interesting to follow the market and see which prediction hits closest to reality over the next two years.

National Economy Still Struggles

It will get worse before it gets better.

As the nation celebrates a new era, President Obama and his new administration will face some daunting economic challenges. Numbers just released from the U.S. Census Bureau shows that new orders for manufactured goods in November, following ten consecutive monthly declines, again decreased 4.6% from the previous month. Monthly sales for retail trade and food services in December decreased 2.7% from the prior month, and decreased 9.8% from December 2007. Businesses that rely on discretionary spending are continuing to feel the impact. Circuit City just announced at the end of March it will be closing all 567 stores nationwide, resulting in a loss of approximately 34,000 jobs. Matson recently announced that it will cut about 10% of its non-union work force by the end of the 1st quarter. And, United Airlines announced that it will cut 1,000 jobs by the end of 2009. This is just the start of job cuts in 2009.

Path To Retirement Becoming Longer

The working class is getting older.

According to a recent article in the December 2008 Journal of Accountancy, employment of workers 65 and older increased 101% from 1977 to 2007. During the same period total employment (workers 16 and older) increased only 59%. The number of employed men 65 and older increased by 75%, while employment of women 65 and older grew nearly twice as much, increasing 147%. In 2007, 56% of the older workers were working full time, compared to 44% in 1995. Workers 75 and older showed the greatest increase, 172% from 1977 to 2007. The article points out that the increase cannot be attributed to baby-boomers (persons born between 1946 – 1964) because they had not reached the age of 65 in 2007.

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About CTS's People

Duane Seabolt, JD, MBA, CPA/CFP/ABV, CFE, the firm's Director of Forensic Services, has earned the Accredited in Business Valuation ("ABV") designation by the American Institute of CPAs ("AICPA"). To obtain the ABV, a candidate must be a CPA in good standing with the AICPA, pass a rigorous written exam and meet life-long learning and work experience requirements. Also, Duane recently testified at arbitration as an expert in the area of lost earnings and benefits. In another matter, Duane completed a Rule 26 accounting under the Hawaii Probate Rules which was approved and accepted by the probate court.

Kimo Todd, JD, CPA/ABV/CFP, CVA, the firm's Director of Business Valuation Services, recently completed a business valuation of a closely held business for an Employee Stock Ownership Plan ("ESOP"). In another matter, Kimo completed a business valuation of a closely held business for succession planning and possible sale of an interest in the company. Kimo also attended the joint AICPA/ASA National Business Valuation Conference this past November as well as the ESOP Association National Technical Conference.

Who We Are: CTS is an independent consulting firm, dedicated to providing the highest quality of independent, objective and confidential services. We have provided financial and operational consulting services to clients in Hawaii and elsewhere for over 15 years. Our professionals have extraordinary backgrounds and bring a wealth of business and personal experience to our assignments. We specialize in business valuation, lost profits and earnings calculation, asset management, acquisition advice, profit improvement, forensic accounting, corporate recovery services, and fraud investigation.

Our Clients: Our clients are located throughout Hawaii and include many of Hawaii's largest businesses and law firms. We have also consulted with clients located in the U.S. Mainland, Japan, China, and Taiwan.

Talk to us: We hope this has been informative. If you would like a friend to get a copy, just let us know. If something in this newsletter caught your interest or you have a question, feel free to call at (808) 533-1270 or email us from our website at www.candontoddseabolt.com.

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