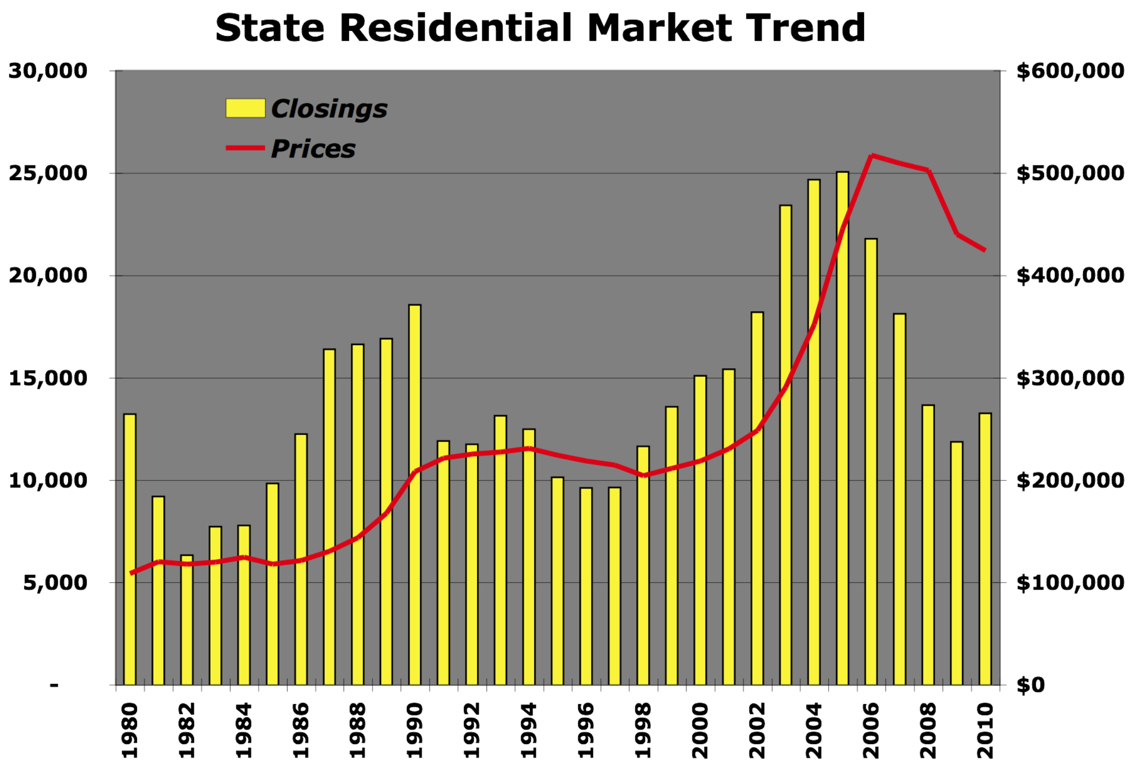
STATE HOUSING MARKET EVALUATION AND TREND ANALYSIS



By

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I. INTRODUCTION

The Data@Work is a market research firm that specializes in analyzing residential real estate markets for developers and lenders.

II. OVERVIEW

Residential sales, state wide, for newly built (new) and existing (resales) units, grew 12% in 2010, ending a string of 4 years where sales (closings) declined.

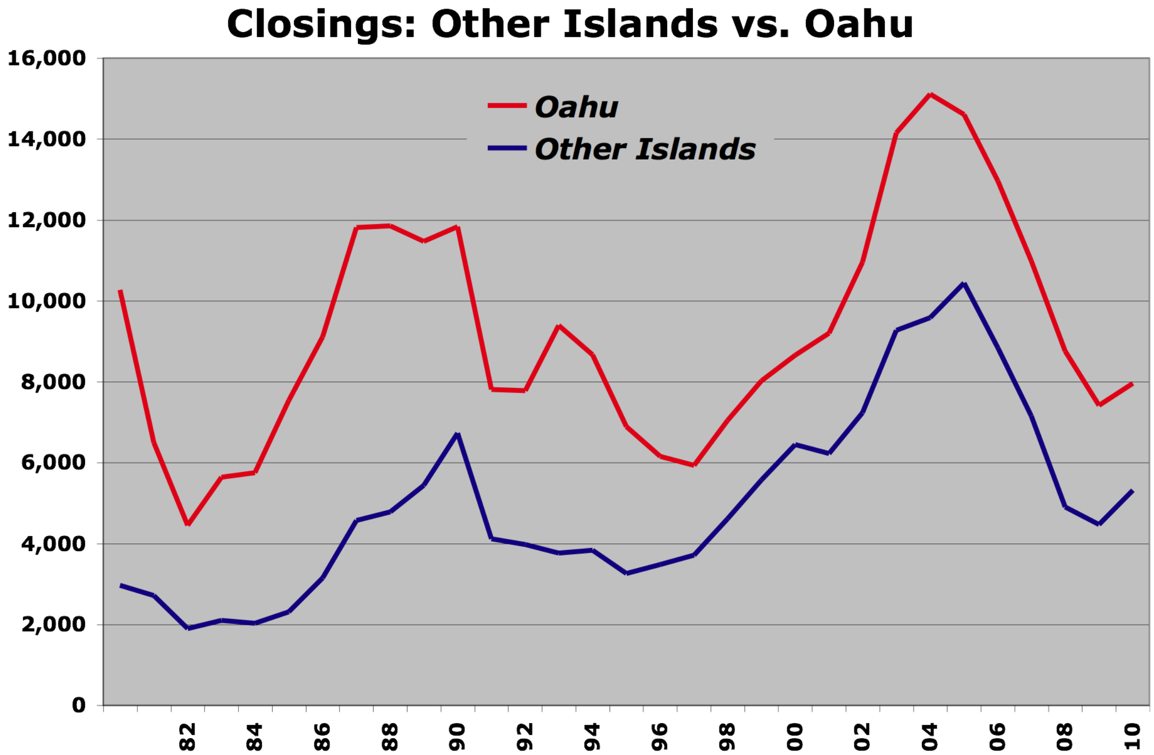
Over this stretch, sales declined on average by 17% p.a, or 53% overall peak to bottom. Cumulatively, this was the worst decline over the last 30 years, the second worst being 1980-81, when the total market declined 52% peak to bottom (but done within 2 years).

CLOSINGS

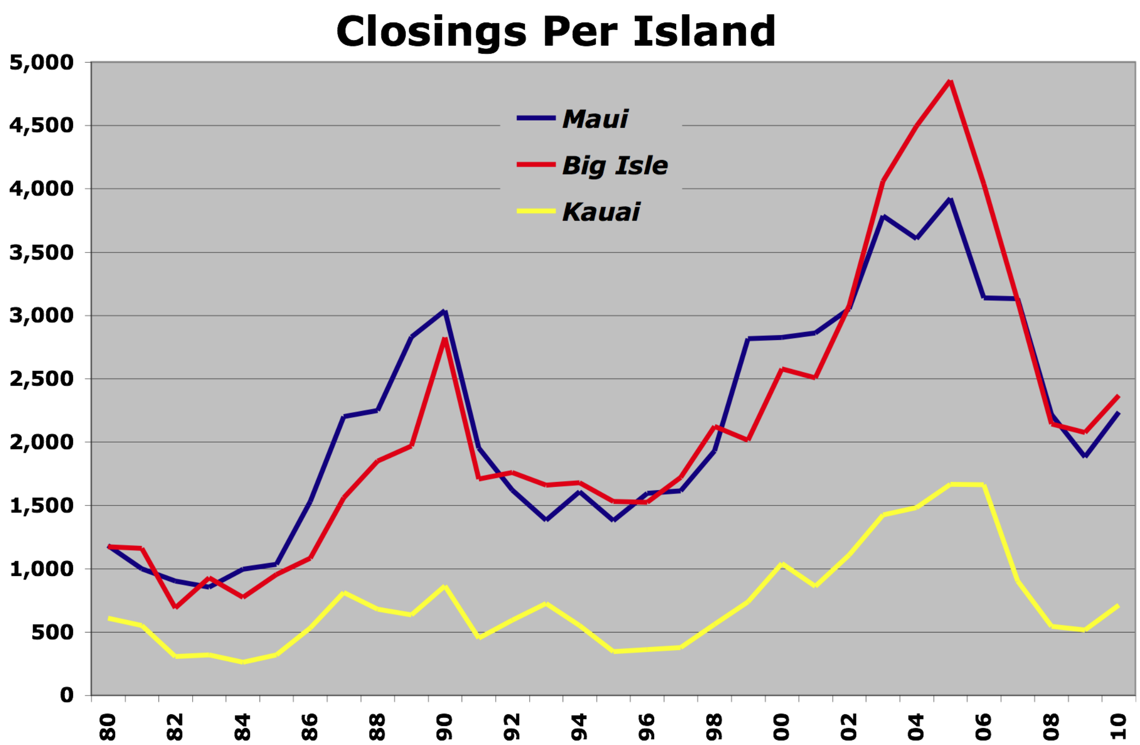
	Oahu	Maui	Big Isle	Kauai	State
2004	15,107	3,605	4,495	1,482	24,689
2005	14,606	3,924	4,856	1,666	25,052
2006	12,964	3,137	4,038	1,663	21,802
2007	10,982	3,132	3,116	902	18,132
2008	8,757	2,217	2,141	545	13,660
2009	7,410	1,882	2,075	515	11,882
2010	7,959	2,237	2,367	712	13,275

PRICE INDEX

	Oahu $ Index	Maui $ Index	Kauai $ Index	Big Isle $ Index	State $ Index
2005	$406,079	$559,408	$590,183	$423,677	$445,749
2006	$474,050	$673,487	$615,463	$496,669	$517,721
2007	$476,120	$614,393	$638,334	$483,833	$509,397
2008	$486,515	$612,326	$630,071	$423,227	$502,742
2009	$441,752	$546,857	$460,392	$332,217	$440,079
2010	$448,888	$479,070	$433,972	$287,852	$424,462

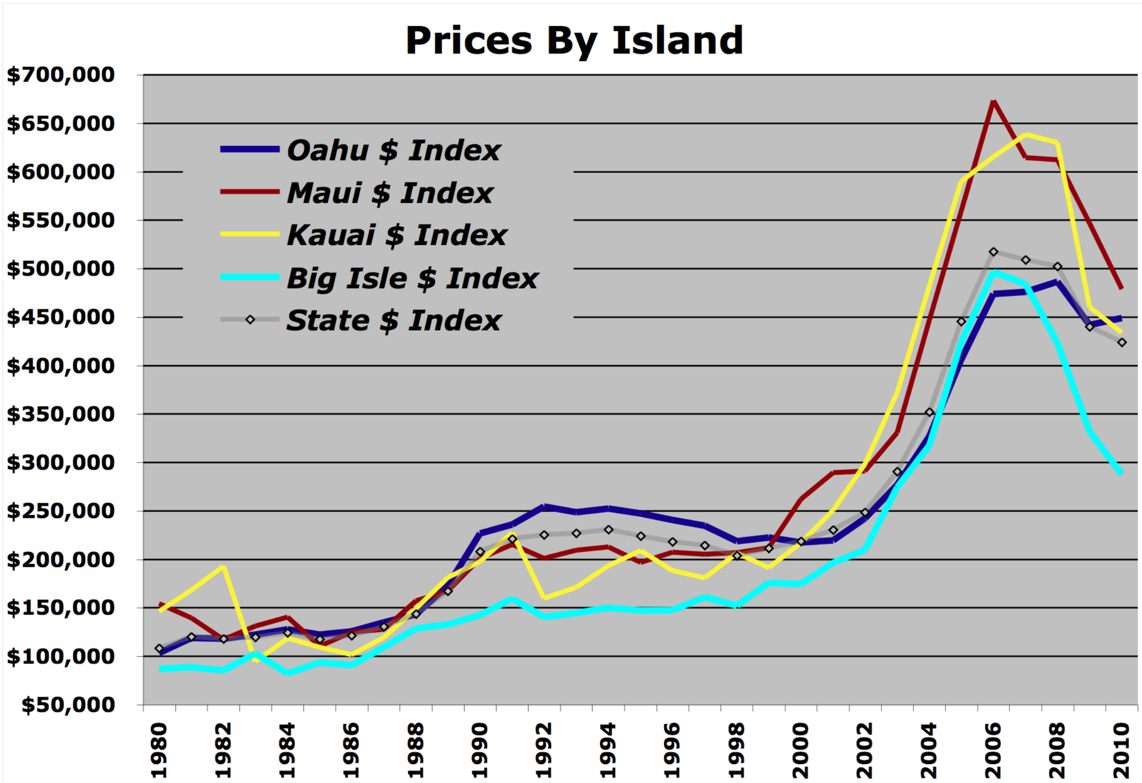


Oahu closings are up 7% in 2010, which is less than the neighbor island's 19%. Over the downturn, Oahu's closings declined less 51% vs. 57% and did so more gradually (over 5 rather than 4 years).



In terms of closings:

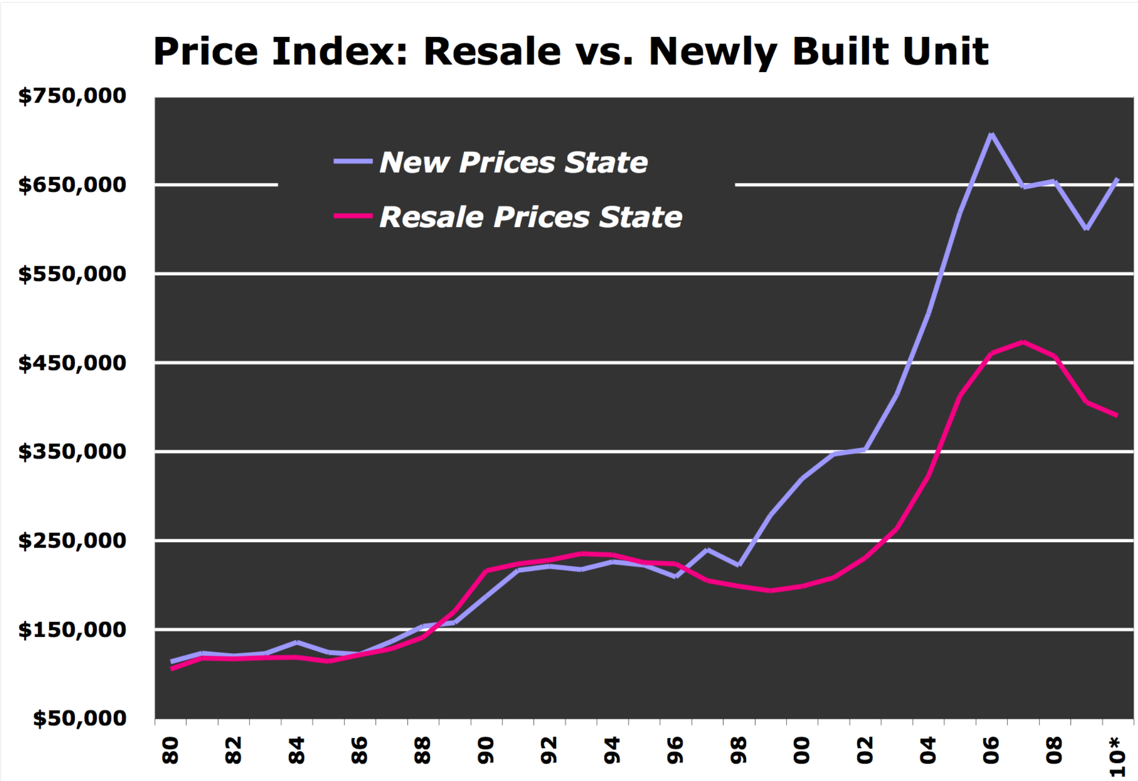
- the Kauai market was the most volatile of all islands, with activity down over 69% since 2005, peak to trough but up this year 38%.
- Maui fell 52% overall, but is up 19%.
- The Big Island is up 14% this year, but down overall since 2005 by 57%, peak to trough.



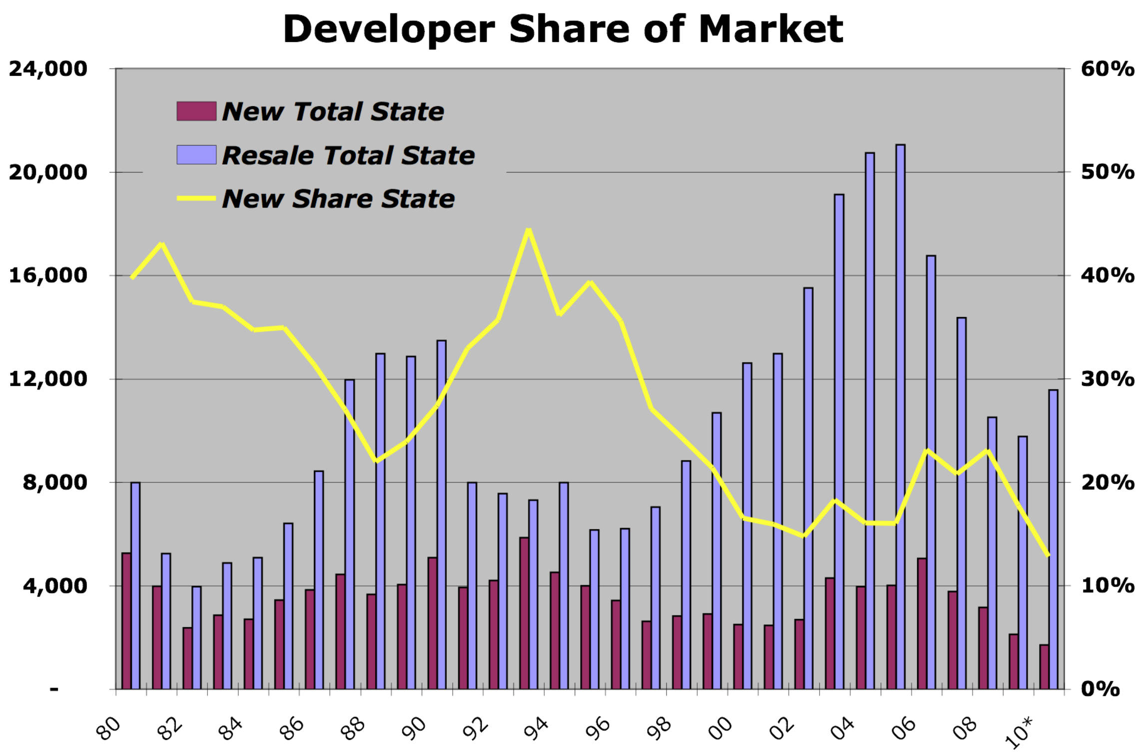
The state price index (based on the average price for new homes and resales, both condos and single family) dropped again in 2010, by 4%, the fourth year in a row, and down 18% since the high in 2006. Oahu was the least volatile, and the only price index that rose in 2010, 2% (although this was due largely to the Trump condo closings). The Big Island is the most volatile market, rising over 225% since 1997, then falling 42% since the peak in 2006 (and again off 19% in 2010).

There have been 5 cycles since 1980 in terms of prices, with the average decline lasting 2 years and prices falling 7%. In terms of appreciation, there have been 4 cycles with rising prices since 1980, with the average upswing running 4.8 years, and the average run-up in prices over 60%.

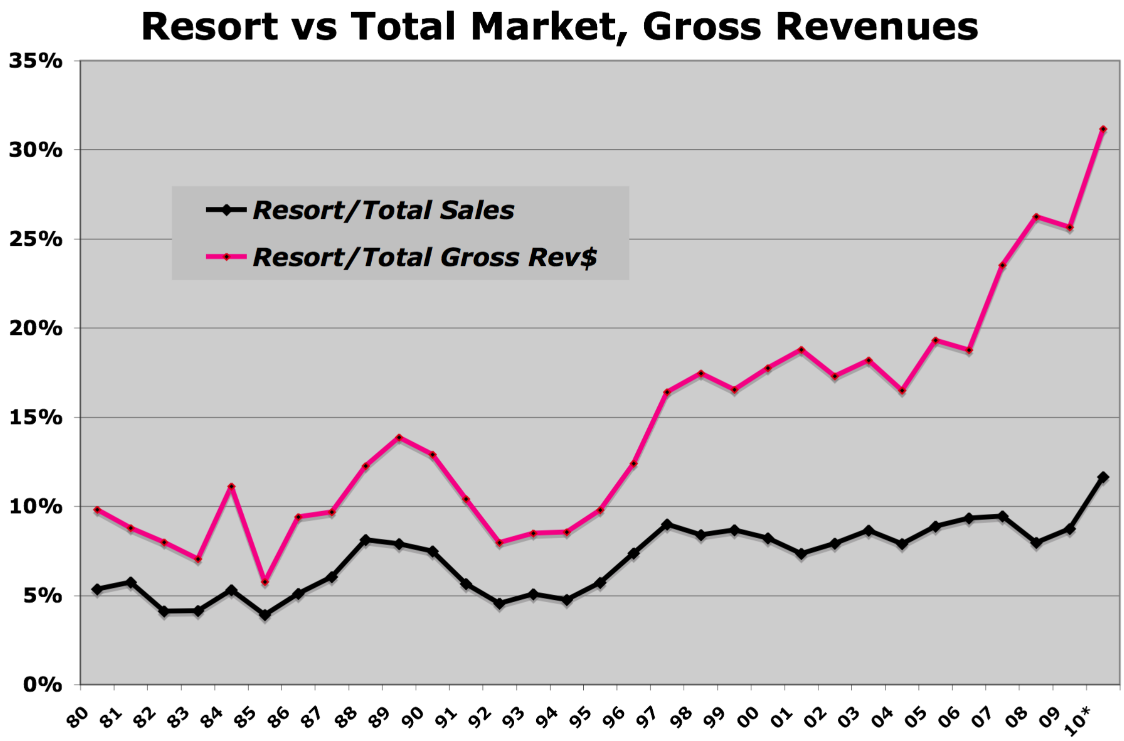
Several factors contribute to rising prices overtime in the state, the first being the creation of new housing, which is using targeted on the middle and upper income parts of society.



In terms of new homes, the current state of development statewide is the lowest it has been since 1980, as a percentage of total sales.



The other would be resort residential housing, second homes, which target demand coming into the state from outside.



In terms of sales, the resort segment accounts for about 10% of the market. But, in terms of gross revenue, this housing sector accounts for a third of the total pie.