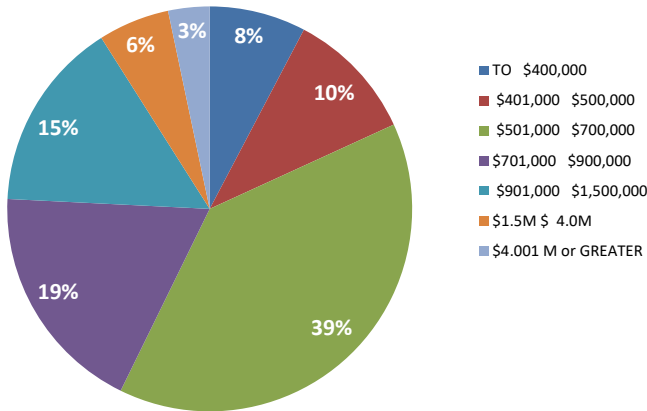




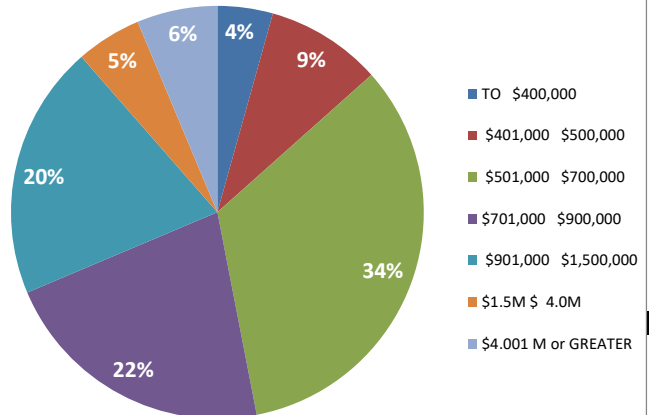
NORTH KONA RESIDENTIAL PRICE RANGE DATA											
KONA	RESIDENTIAL	NUMBER	AVERAGE								
PRICE	RANGE	ACTIVE	PRICE	PENDING	PRICE	PENDING VOL	RATIO	2019	2020	GAIN / LOSS	TOTALS
TO	\$ 400,000	1	\$ 299,000	7	\$ 326,500	\$ 2.3	700	42	22	-20	
\$ 401,000	\$ 500,000	2	\$ 442,500	6	\$ 473,000	\$ 2.8	300	57	46	-11	2019
\$ 501,000	\$ 700,000	24	\$ 628,000	29	\$ 623,700	\$ 18.1	121	213	170	-43	545
\$ 701,000	\$ 900,000	24	\$ 825,000	33	\$ 831,400	\$ 19.8	138	101	110	9	
\$ 901,000	\$ 1,500,000	33	\$ 1,169,200	19	\$ 1,190,100	\$ 22.6	58	83	101	18	2020
\$1.5M	\$ 4.0M	33	\$ 2,342,900	14	\$ 2,013,700	\$ 28	42	31	26	-5	507
\$4.001 M	or GREATER	30	\$ 8,170,800	2	\$ 25,475,000	\$ 51.0	7	18	32	14	

**TABLE 2: THE THIN INVENTORY (ONLY 27 HOMES) PRICED BELOW \$700,000 HAS CAUSED A DECLINE IN SALES. THERE WERE 74 FEWER SALES IN THE UNDER \$700K PRICE RANGE. WITH AN INCREASE OF ONLY 36 SALES IN THE \$701K AND GREATER YOU CAN SEE WHY TOTAL SALES HAVE DECLINED.**

2018 Percentage Sold by Price Range



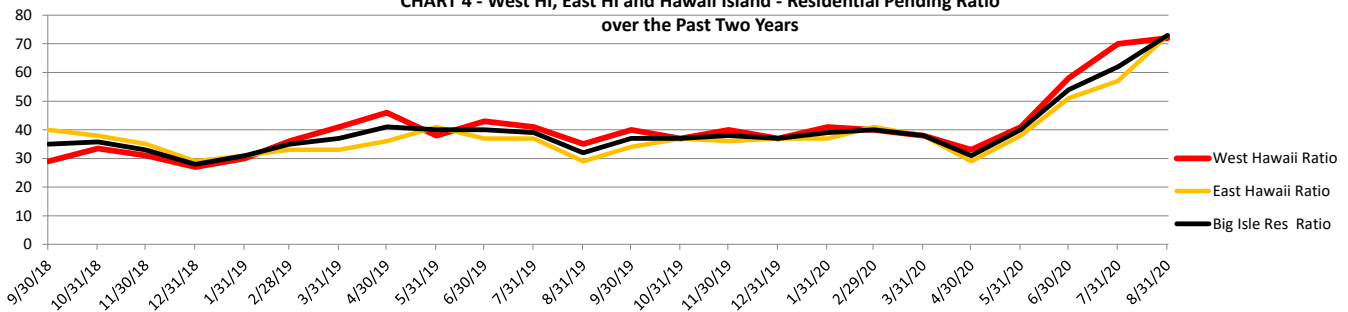
2019 Percentage Sold by Price Range



BIG ISLAND ACTIVE, PENDING SALES AND SALES YEAR TO DATE

TABLE 3	HI ISLE RES	NUMBER	LOW	HIGH	AVERAGE	MEDIAN	MODE	VOLUME (M)	PENDING
3-1 TO 3-4	ACTIVE	426	\$40,000	\$12,500,000	\$436,925	\$319,750	\$325,000	\$ 186	RATIO
ALL EAST HI	PENDING	312	\$15,000	\$2,649,000	\$339,644	\$302,500	\$399,000	\$ 106	
RESIDENTIAL	SOLD YTD	830	\$10,700	\$2,900,000	\$321,637	\$277,720	\$175,000	\$ 267	73
3-5 TO 3-9	ACTIVE	344	\$29,000	\$19,900,000	\$2,206,546	\$990,000	\$599,000	\$ 6,846	
ALL WEST HI	PENDING	246	\$18,000	\$45,000,000	\$1,161,051	\$699,000	N/A	\$ 286	
RESIDENTIAL	SOLD YTD	740	\$23,500	\$13,200,000	\$912,104	\$625,000	N/A	\$ 675	72
ALL HI ISLE	ACTIVE	769	\$29,000	\$19,900,000	\$1,228,735	\$460,000	\$325,000	\$ 945	
ALL HI ISLE	PENDING	558	\$15,000	\$45,000,000	\$701,770	\$399,000	\$399,000	\$ 392	
ALL HI ISLE	SOLD YTD	1570	\$10,700	\$13,200,000	\$599,946	\$390,000	N/A	\$ 942	73

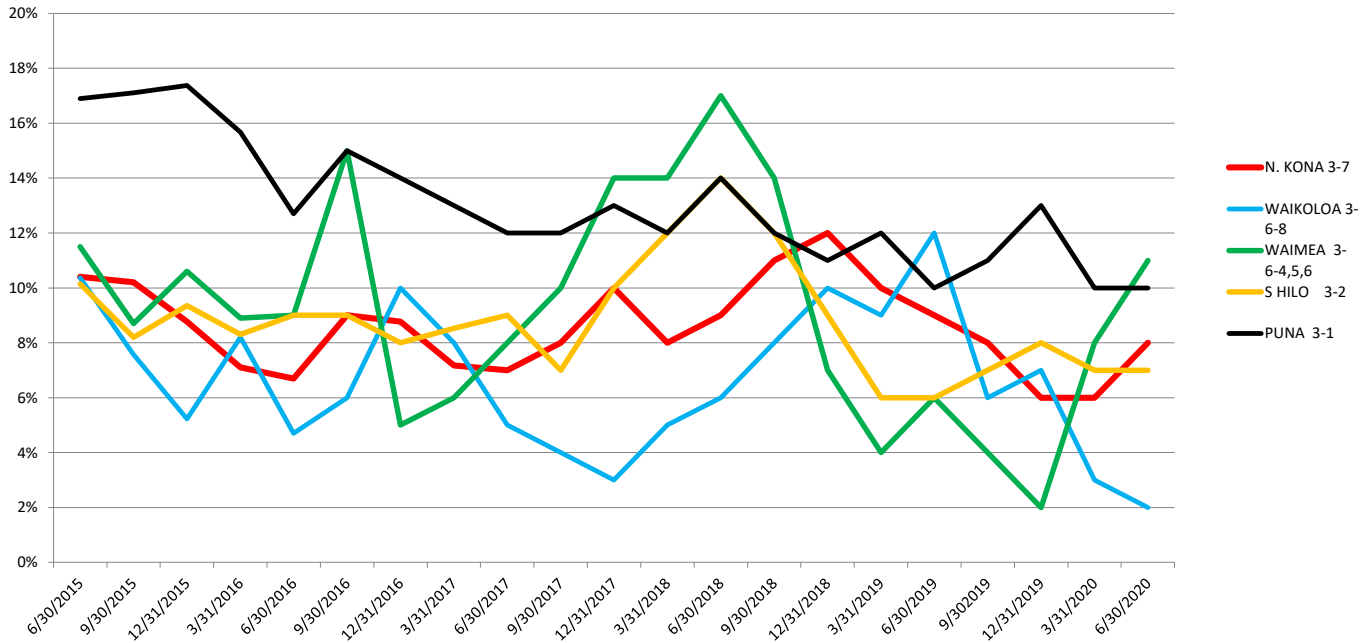
CHART 4 - West HI, East HI and Hawaii Island - Residential Pending Ratio over the Past Two Years



**CHART 4 - YOU CAN SEE FROM THE CHART THAT THE SHARP INCREASE IN DEMAND SINCE APRIL IS AN ISLAND WIDE PHENOMENA. EAST HAWAII RATIO IN THE PAST MONTH TRENDING STRONGER THAN WEST SIDE.**

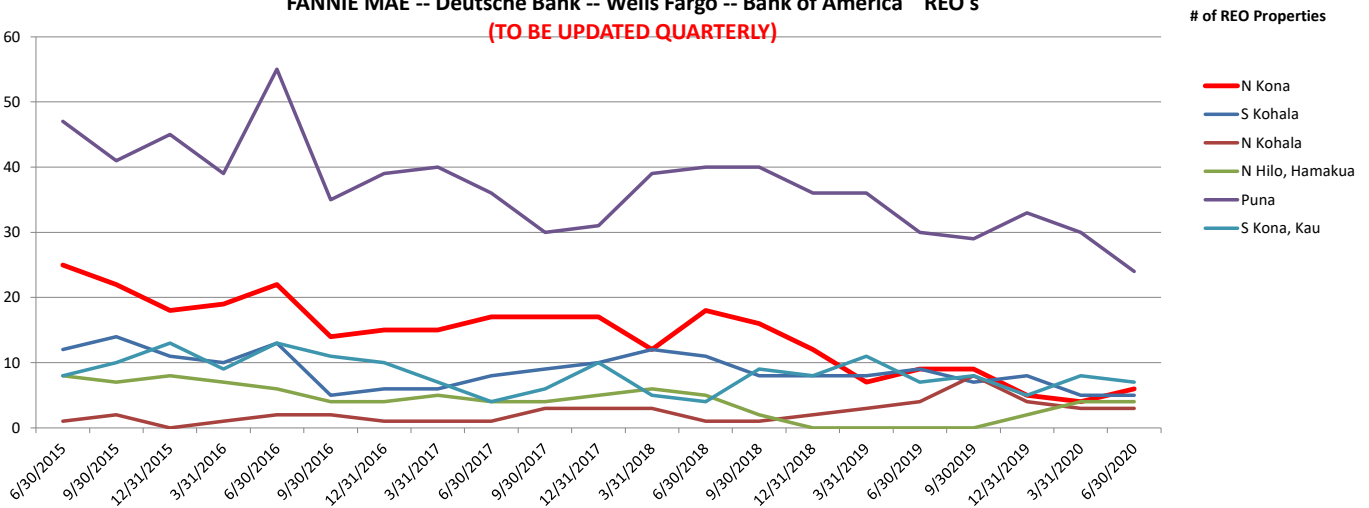
PAGE 3  
**BIG ISLAND DISTRESSED RESIDENTIAL PROPERTIES TREND**  
 (TO BE UPDATED QUARTERLY)

**CHART 5 - Percentage of Total MLS Active, Pending or 90 sales that are Short Sales or REO**



**CHART 5: THE PERCENTAGE OF MLS LISTING THAT ARE REO OR SHORT SALES IS PROBABLY THE BEST INDICATOR OF THE DISTRESS PROPERTY TREND. THE PERCENTAGE ON AVERAGE IS DOWN 4% FROM 2015 AND NOW STANDS AT 8%. THE WAIMEA CHART LINE IS QUITE VOLATILE BECAUSE OF THE SMALL DATA POOL A SLIGHT CHANGE IN NUMBERS MAKE A BIG DIFFERENCE IN THE PERCENTAGE.**

**Chart 6 - REO Properties By District, Total Number Held by:**  
**FANNIE MAE -- Deutsche Bank -- Wells Fargo -- Bank of America REO's**  
 (TO BE UPDATED QUARTERLY)



**CHART 6: THESE ARE BANK OWNED PROPERTIES TAKEN FROM TMK DATA. THE REO/SS NUMBERS ARE DOWN 53% FROM 2015. THE TOTAL IS NOW AT A RECOVERY LOW OF 53. IN 2015 THE TOTAL WAS 116. AT THE PEAK IN 2010 THE REO/SHORT SALE COUNT WAS OVER 250.**





SUMMARY TABLE OF PENDING RATIO TRENDS FOR N. KONA RESIDENTIAL, CONDO AND LAND , BIG ISLAND RESIDENTIAL AND

KONA RES , CONDO, LND & BIG IS PENDING RATIO TRENDS						KONA RESIDENTIAL PRICE RANGE PENDING RATIO'S					
TABLE 6	Residential	Condo	Land	Average	Hawaii Island	To \$400k	\$400k-\$500k	\$500k-\$700k	\$700k-\$900k	\$900-\$1.5M	\$1.5M- \$4M
8/31/2005	82	100	83	88							
8/31/2006	21	11	11	15							
8/31/2007	16	9	6	10							
8/31/2008	9	5	4	6							
8/31/2009	17	9	4	10	18	53	23	13	2	5	5
8/31/2010	37	29	4	23	25	97	24	24	12	9	4
8/31/2011	38	27	7	24	25	96	39	18	24	10	3
8/31/2012	50	42	15	36	34	180	31	18	57	5	4
8/31/2013	70	63	16	50	45	125	191	69	17	24	7
8/31/2014	48	35	12	32	32	244	91	45	27	30	6
8/31/2015	40	24	22	29	32	107	88	41	31	16	25
8/31/2016	40	28	10	26	34	117	105	57	27	21	13
8/31/2017	52	42	12	35	46	50	188	64	43	47	20
8/31/2018	44	54	25	41	43	113	92	57	58	20	11
8/31/2019	55	79	28	54	32	300	111	81	59	42	11
9/30/2019	69	83	22	58	37	180	533	97	67	47	14
10/31/2019	53	81	17	50	37	83	433	104	56	36	5
11/30/2019	56	71	16	48	38	38	117	104	47	55	21
12/31/2019	65	61	20	49	37	44	333	82	62	83	24
1/31/2020	59	79	20	53	39	57	400	69	78	67	6
2/29/2020	54	88	19	54	40	44	80	62	119	50	5
3/31/2020	50	44	22	39	38	50	233	65	66	42	12
4/30/2020	48	40	21	36	31	50	120	63	56	34	22
5/31/2020	51	44	20	38	40	57	233	64	63	37	19
6/30/2020	75	42	18	45	54	120	900	111	62	53	33
7/31/2020	108	61	23	64	62	267	700	241	126	48	41
8/31/2020	92	68	31	64	73	700	300	121	138	58	42
2019 vs 2020	67%	-14%	11%	18%	128%	133%	170%	49%	134%	38%	282%

**TABLE 6 - PENDING RATIO - Higher Ratio = Stronger Market**  
**THE ANNUAL CHANGE IN PENDING RATIOS IS UP IN MOST CATAGORIES WITH THE EXCEPTION OF KONA CONDOS. THE MOST NOTABLE RATIO IS LAND WHICH FOR THE FIRST TIME SINCE THE RECOVERY BEGAN IS IN NEUTRAL TERRRITORY. CHART 6 SHOWS RESIDENTIAL HAS BACK OFF SOME, WHILE CONDO ARE LAND ARE TRENDING HIGHER.**

CHART 6 - Kona Residential and Condo Pending Ratios for the past 12 Months

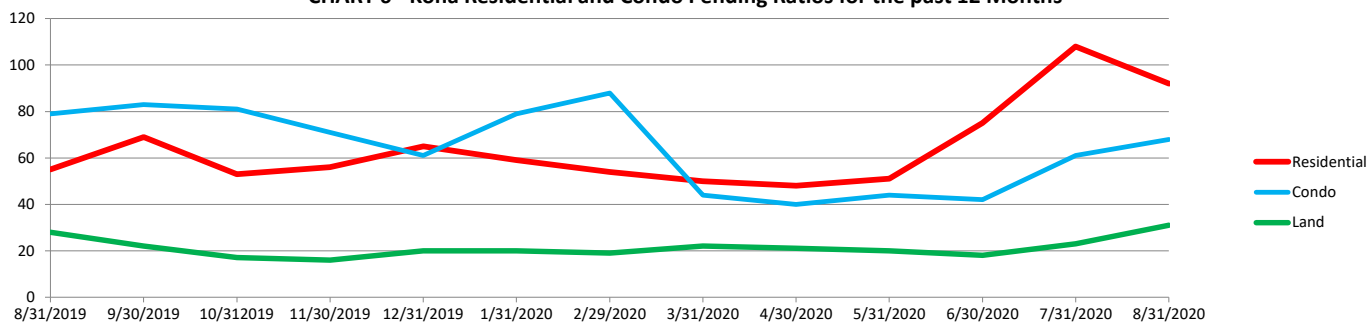


Chart 7 - North Kona Residential Pending Ratio by Price Range 12 Month Trend

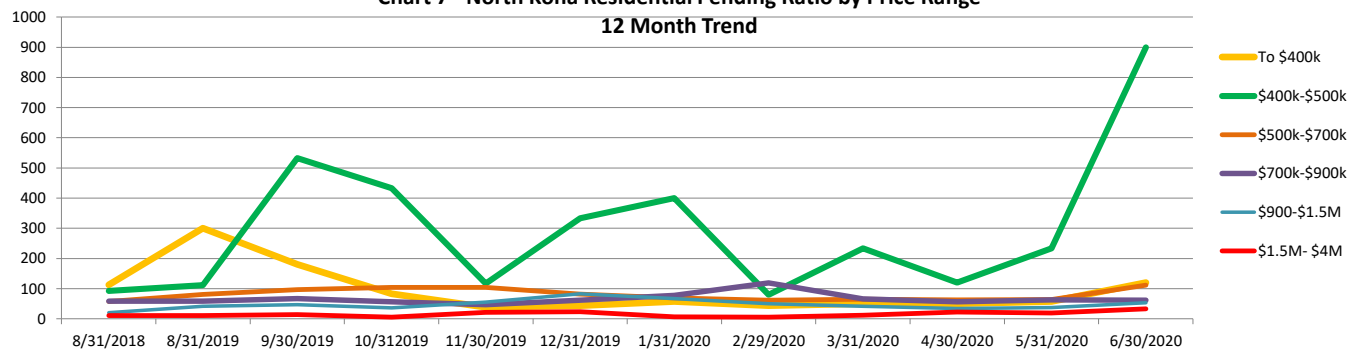
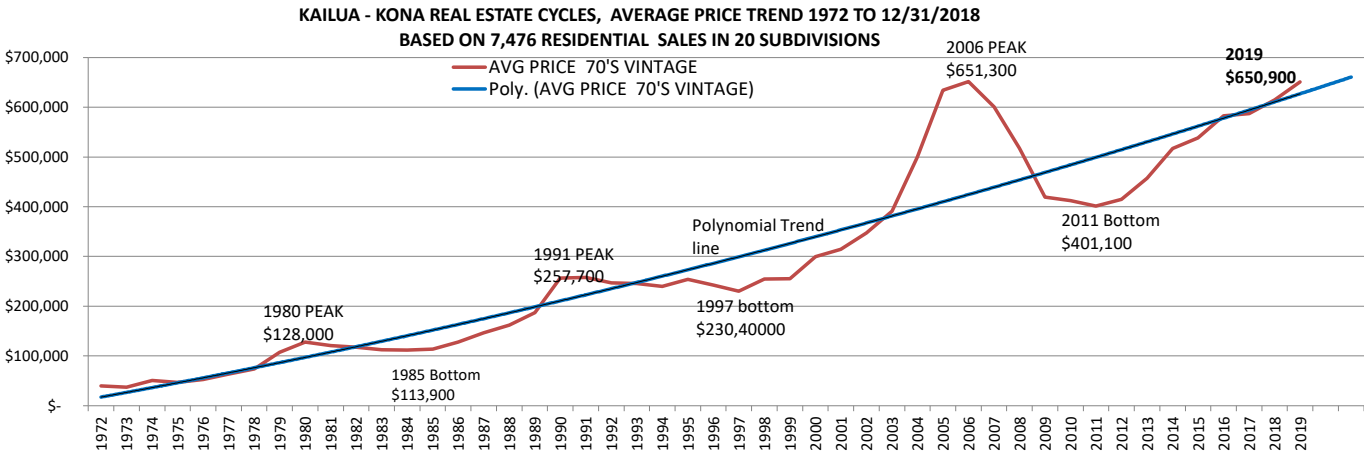


Chart 7 -



**2017 UPDATE:** The sales data for this Chart is from 20 subdivisions with total of over 3,997 lots. These were selected because they are representative of mid market housing and date back into the 70's. These homes generally are similar in lot and home size. The price range in 2019 was from \$477,500 (HILLCREST) to \$897,0300 (VISTAS I). The data totals over 7860 new sales and resales in these subdivisions: Kona Highland, Wonder View, Coast View, Palisades, K. Heights, Aloha K., Hillcrest, Seaview, Sunset, Kilo Hana, Kailua view, Komohana Kai, Kuakini Makai, Cho Cho Est, Malulani Gardens, Kealoha, Kona Vistas I, Keaouhou View, Alii Heights I, Pualani Estates, Lokahi Makai.

#### LESSONS FROM THE PAST:

- 1) The Cycles have been getting longer: 1970 to 1980 = 10 yrs., 1980 to 1991 = 11, 1991 to 2006 = 16 yrs.
- 2) THE CURRENT CYCLE IS ENTERING ITS 14TH YEAR. THIS CYCLE HAD A "CYCLE" WITHIN A CYCLE. THIS "PART I CYCLE" WAS MARKED BY AN UNPRECEDENTED NUMBER OF DISTRESSED PROPERTIES, EITHER REO OR SHORT SALES. THIS "CYCLE" WAS FROM 2009 TO 2013-14. PREVIOUS CYCLES IN KONA HAD DISTRESSED PROPERTIES AT THEIR LOW POINTS BUT THESE DID NOT DOMINATE THE LISTING INVENTORY AS WE HAVE SEEN IN THE 2009 TO 2013 PORTION OF THE CURRENT CYCLE. THIS PROBABLY HAS HAD THE EFFECT OF ADDING APPROXIMATELY FOUR YEARS ON TO THE CURRENT CYCLE. BASED ON MY INTERPRETATION OF THE DATA I PREDICT THIS CYCLE'S PEAK TO BE 2024-25. THIS IS MY OPINION ONLY AND SHOULD BE VIEWED, LIKE ALL FORECAST, WITH A HEALTHY DOSE OF SKEPTICISM.
- 3) Average annual price increase rate from 1972 to 2019 has been +6.9%. However, the appreciation rate seems to be slowing. Since 1987 the appreciation rate has been in the +5.6% range.
- 4) THE GREATEST ANNUAL RATE OF PRICE APPRECIATION HAS COME IN THE FINAL TWO OR THREE YEARS OF THE CYCLE.
- 5) The price change FOR 2018 TO 2019 was PLUS SIX PERCENT (+6%). IT IS INTERESTING TO NOTE THAT IN THE LAST CYCLE THE PRICE CHANGE FROM 2000 TO 2001 WAS + 5% (SAME AS 2017 TO 2018). THEN THE FOLLOWING YEAR 2001 TO 2002 WAS +10%, SIMILAR TO THE +6% OF LAST YEAR. IF HISTORY DOES REPEAT THIS SUGGESTS THAT IN FACT WE HAVE FOUR YEARS TO NEXT PEAK. THIS YEAR SHOULD SHOW APPRECIATION GREATER THAN CURRENT +6% AND THEN 2021 AND 2022 SHOULD SHOW EVEN GREATER PRICE INCREASE?