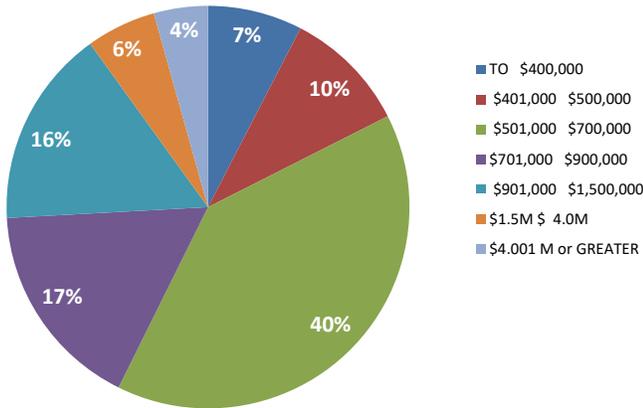




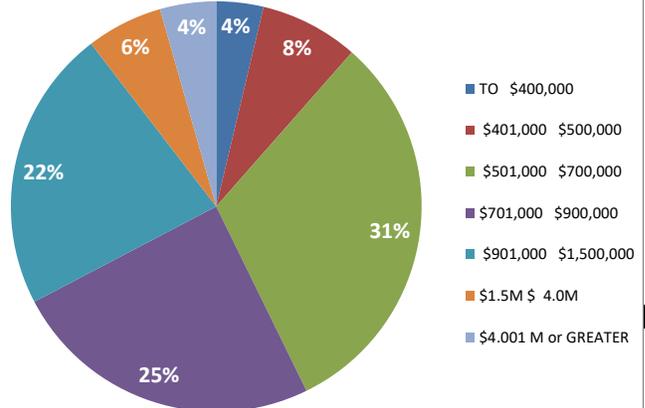
KONA	RESIDENTIAL	NUMBER	AVERAGE								
PRICE	RANGE	ACTIVE	PRICE	PENDING	PRICE	PENDING VOL	RATIO	2019	2020	GAIN / LOSS	TOTALS
TO	\$ 400,000	1	\$ 249,000	7	\$ 310,000	\$ 2.2	700	42	21	-21	
\$ 401,000	\$ 500,000	4	\$ 453,400	3	\$ 459,700	\$ 1.4	75	55	44	-11	2019
\$ 501,000	\$ 700,000	22	\$ 624,400	31	\$ 633,600	\$ 19.6	141	220	177	-43	553
\$ 701,000	\$ 900,000	14	\$ 797,700	33	\$ 827,800	\$ 11.2	236	93	139	46	
\$ 901,000	\$ 1,500,000	19	\$ 1,155,500	28	\$ 1,132,300	\$ 31.7	147	88	126	38	2020
\$1.5M	\$ 4.0M	41	\$ 2,219,000	24	\$ 1,972,700	\$ 47.3	59	31	34	3	566
\$4.001 M	or GREATER	29	\$ 10,150,500	5	\$ 14,898,000	\$ 74.5	17	24	25	1	

TABLE 2: THE THIN INVENTORY (ONLY 27 HOMES) PRICED BELOW \$700,000 HAS CAUSED A DECLINE IN SALES IN THE LOWER PRICE RANGES. THE PENDING RATIO'S UP TO THE \$1.5M PRICE LEVEL SUGGESTS PEAK DEMAND. THERE HAS BEEN A FAIRLY DRAMATIC SHIFT IN THE PAST 12 MONTHS. UNDER \$700k WAS 57% OF ALL SALES IN 2019 AND NOW ONLY 43%. THE GREATEST INCREASE IN SALES IS IN THE \$700,000 TO \$1.5M PRICE RANGE.

2019 Percentage Sold by Price Range



2020 Percentage Sold by Price Range



BIG ISLAND ACTIVE, PENDING SALES AND SALES YEAR TO DATE

HI ISLE RES	NUMBER	LOW	HIGH	AVERAGE	MEDIAN	MODE	VOLUME (M)	PENDING
3-1 TO 3-4	ACTIVE	387	\$40,000	\$9,950,000	\$513,569	\$329,000	\$ 225,000	199
ALL EAST HI	PENDING	324	\$45,000	\$2,649,000	\$348,438	\$310,000	\$349,000	113
RESIDENTIAL	SOLD YTD	1168	\$10,700	\$2,900,000	\$326,421	\$289,500	\$250,000	381
3-5 TO 3-9	ACTIVE	326	\$29,000	\$24,000,000	\$2,508,930	\$954,500	\$1,250,000	818
ALL WEST HI	PENDING	281	\$18,000	\$45,000,000	\$1,166,462	\$715,000	N/A	328
RESIDENTIAL	SOLD YTD	1048	\$23,500	\$13,200,000	\$952,735	\$645,000	\$450,000	998
ALL HI ISLE	ACTIVE	713	\$29,000	\$24,000,000	\$1,449,559	\$512,000	N/A	1,034
ALL HI ISLE	PENDING	605	\$18,000	\$45,000,000	\$728,379	\$415,000	\$349,000	441
ALL HI ISLE	SOLD YTD	2216	\$10,700	\$13,200,000	\$622,620	\$400,000	\$250,000	1,380

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

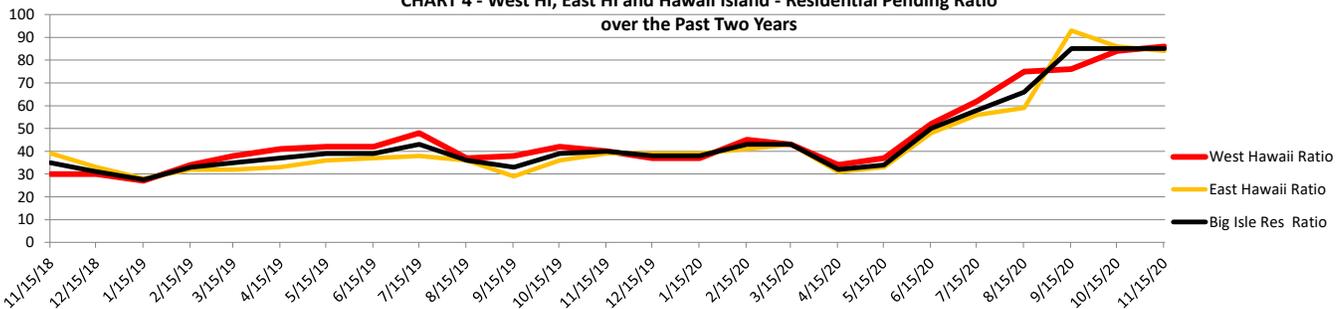
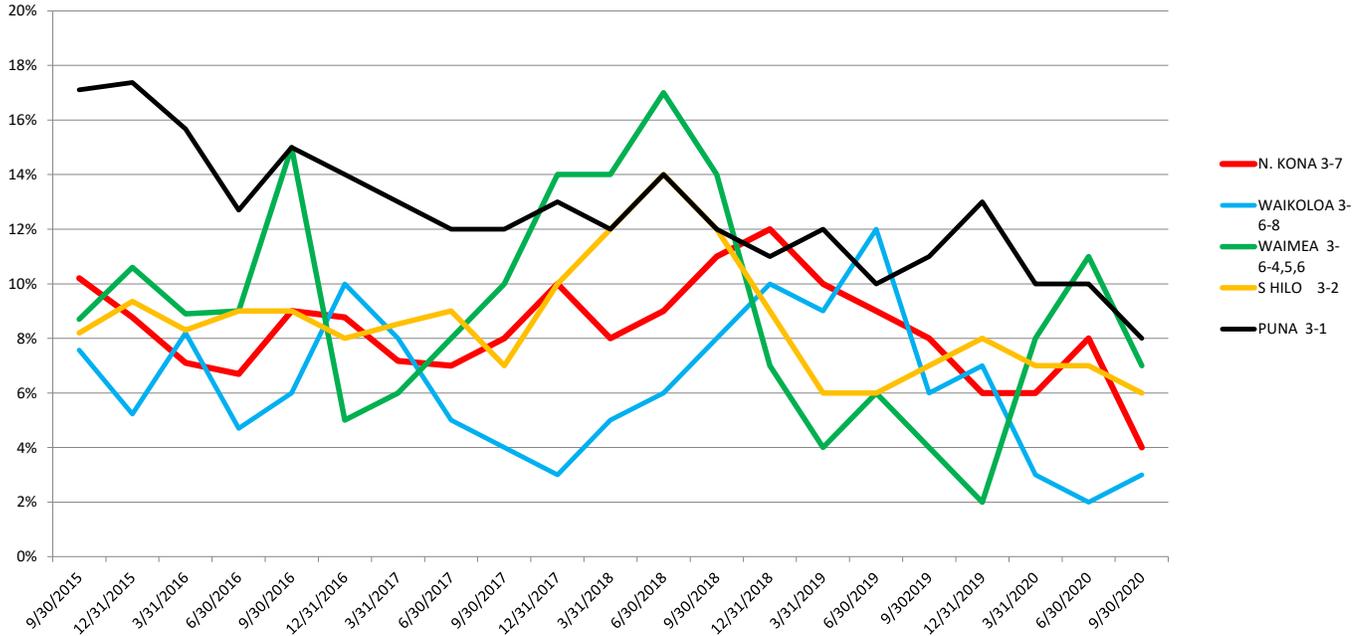


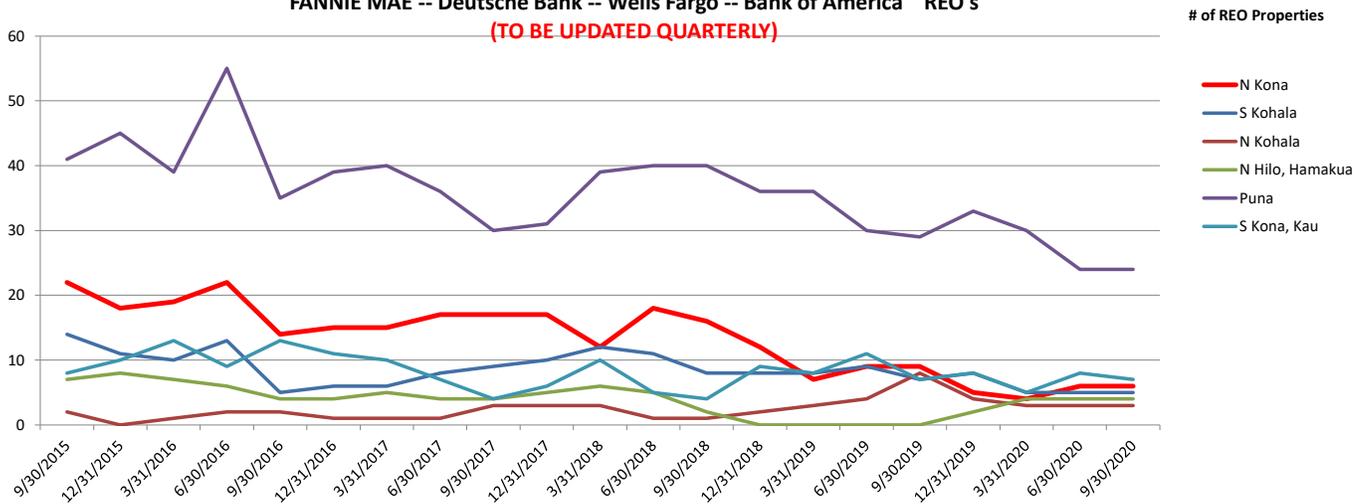
CHART 4 - YOU CAN SEE FROM THE CHART THAT THE SHARP INCREASE IN ISLAND WIDE PENDING RATIO HAS LEVELED OFF. WEST HAWAII RATIO CONTINUES TO CLIMB BUT THE EAST HAWAII RATIO HAS START TO DECLINE IN THE PAST MONTH.

**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 9% FROM 2015 AND NOW STANDS AT 8%. THE WAIKOLOA MARKET AREA HAS THE LOWEST PERCENTAGE OF DISTRESSED PROPERTIES. PUNA SHOWS THE GREATEST DECLINE.**

**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.**

PAGE 4  
NORTH KONA CONDO DATA

TABLE 4 to \$1.5M	ACTIVE	PENDING	PENDING RATIO	TYPE OF MARKET	Number Sold 12 Month Period	AVERAGE Price	VOLUME MILLIONS	MEDIAN Price	# SOLD 30 days
11/15/1997	no data	no data	no data	no data	307	\$ 131,900	\$ 40	\$ 115,000	31
11/15/1998	no data	no data	no data	PRICE LOW	362	\$ 129,300	\$ 47	\$ 112,200	21
11/15/1999	220	33	15.00	BUYER'S	436	\$ 144,500	\$ 63	\$ 130,300	33
11/15/2000	112	93	83.04	SELLER'S	500	\$ 166,700	\$ 83	\$ 136,500	35
11/15/2001	236	46	19.49	BUYER'S	425	\$ 184,500	\$ 78	\$ 149,000	28
11/15/2002	180	180	100.00	PEAK	425	\$ 205,600	\$ 87	\$ 175,500	55
11/15/2003	84	204	242.86	DEMAND PEAK	609	\$ 218,800	\$ 133	\$ 194,000	42
11/15/2004	78	180	230.77	PEAK	584	\$ 297,700	\$ 174	\$ 275,000	56
11/15/2005	185	133	71.89	SELLER'S	705	\$ 413,300	\$ 291	\$ 375,000	57
11/15/2006	371	40	10.78	PRICE PEAK	441	\$ 456,100	\$ 201	\$ 412,500	17
11/15/2007	381	22	5.77	BUYER'S	284	\$ 406,500	\$ 115	\$ 360,500	18
11/15/2008	357	20	5.60	DEMAND LOW	184	\$ 363,200	\$ 67	\$ 343,500	11
11/15/2009	329	36	10.94	BUYER'S	147	\$ 284,300	\$ 42	\$ 250,000	11
11/15/2010	215	62	28.84	BUYER'S	278	\$ 234,200	\$ 65	\$ 208,500	16
11/15/2011	180	62	34.44	PRICE LOW	302	\$ 201,900	\$ 61	\$ 168,500	15
11/15/2012	149	52	34.90	NEUTRAL	329	\$ 217,500	\$ 72	\$ 173,000	15
11/15/2013	116	69	59.48	SELLER'S	337	\$ 242,600	\$ 82	\$ 222,000	30
11/15/2014	141	55	39.01	NEUTRAL	363	\$ 273,900	\$ 99	\$ 243,000	17
11/15/2015	163	47	28.83	BUYER'S	355	\$ 277,600	\$ 99	\$ 250,000	24
11/15/2016	156	53	33.97	BUYER'S	355	\$ 306,000	\$ 109	\$ 275,000	25
11/15/2017	127	71	55.91	NEUTRAL	445	\$ 312,900	\$ 139	\$ 288,000	38
11/15/2018	131	80	61	SELLER'S	395	\$ 334,000	\$ 132	\$ 314,300	31
11/15/2019	109	82	75	SELLER'S	446	\$ 362,200	\$ 162	\$ 325,000	34
11/15/2020	134	95	71	SELLER'S	362	\$ 393,000	\$ 142	\$ 356,800	40
2019 vs 2020	23%	16%	-6%		-19%	9%	-12%	10%	18%

TABLE 4 - THE CONDO MARKET HAS NOT RESPONDED WITH THE SAME VIGOR AS THE RESIDENTIAL MARKET. CHART 7 SHOWS RECENT INCREASING PENDING SALES CAUSED THE RATIO TO CLIMB. IN THE PAST MONTH THE MEDIAN PRICE ALSO CLIMBED. ANNUAL SALES ARE DOWN (-19%).

Chart 7 - Kona Condo Median Price ( thous ) & Pending Ratio - Past 2 Years

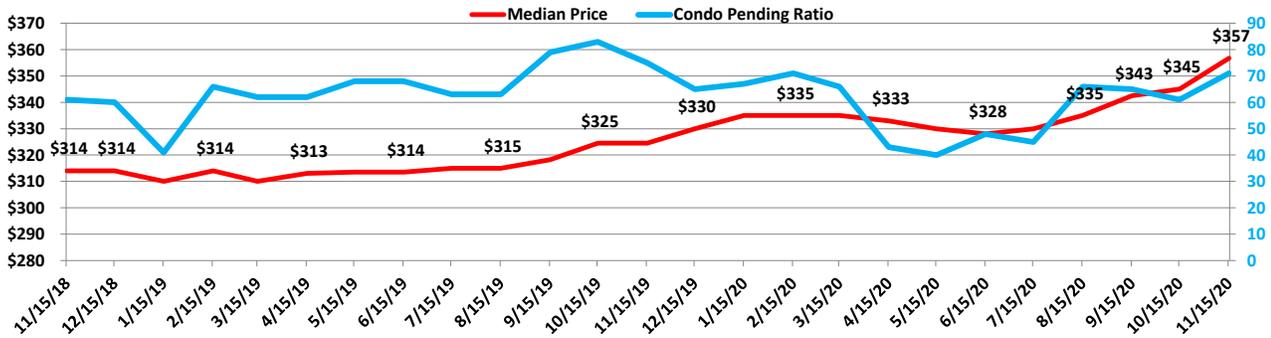


CHART 8 - THE MEDIAN PRICE TREND CONTINUES TO CLIMB. MEDIAN PRICE IS STILL WELL BELOW THE LEVELS OF THE LAST MARKET PEAK. THIS SUGGEST WE

CHART 8 - NORTH KONA CONDO MEDIAN PRICE vs NUMBER SOLD

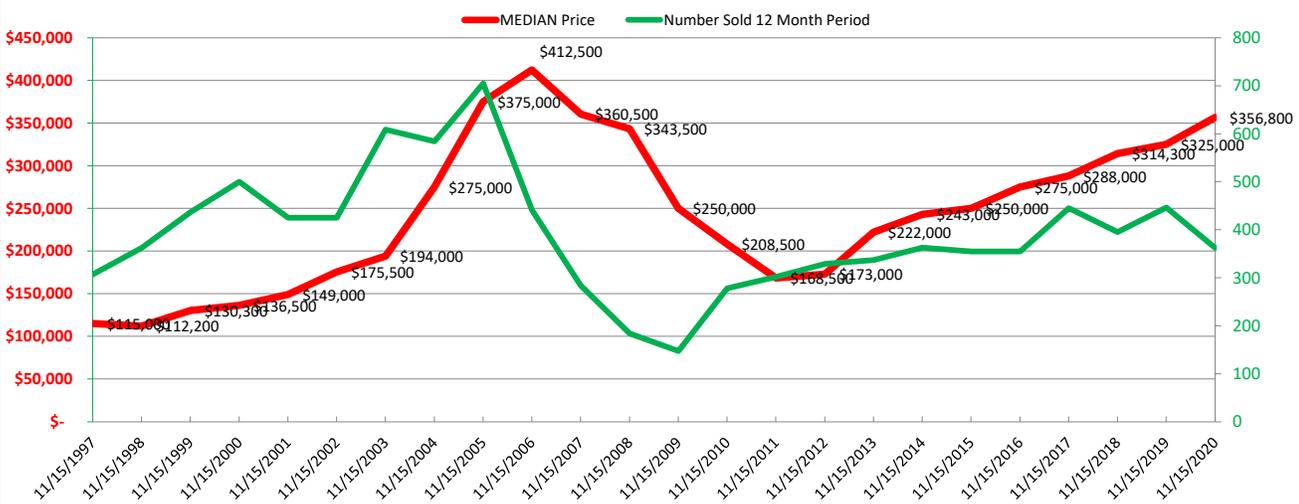


TABLE 5 to \$1.5M	ACTIVE	PENDING SALES	PENDING RATIO	TYPE OF MARKET	Number Sold 12 Month Period	Average Price	VOLUME MILLIONS	Median Price	# SOLD Last 30 days
11/15/1997	no data	no data	no data	no data	124	\$ 199,900	\$ 24.8	\$ 125,000	10
11/15/1998	no data	no data	no data	PRICE BOTTOM	138	\$ 157,200	\$ 21.7	\$ 106,500	14
11/15/1999	315	64	20.32	BUYER'S	201	\$ 138,900	\$ 27.9	\$ 115,000	24
11/15/2000	232	56	24.14	BUYER'S	292	\$ 203,500	\$ 59.4	\$ 154,000	18
11/15/2001	268	56	20.90	BUYER'S	229	\$ 205,500	\$ 47.1	\$ 164,500	12
11/15/2002	195	92	47.18	NEUTRAL	267	\$ 193,600	\$ 51.7	\$ 155,000	29
11/15/2003	97	111	114.43	DEMAND PEAK	269	\$ 258,700	\$ 69.6	\$ 215,000	18
11/15/2004	55	56	101.82	PEAK	289	\$ 338,100	\$ 97.7	\$ 298,000	13
11/15/2005	94	31	32.98	NEUTRAL	181	\$ 482,000	\$ 87.2	\$ 399,000	10
11/15/2006	193	16	8.29	PRICE PEAK	98	\$ 535,600	\$ 52.5	\$ 500,000	10
11/15/2007	268	14	5.22	BUYER'S	62	\$ 446,000	\$ 27.7	\$ 422,500	6
11/15/2008	225	6	2.67	DEMAND LOW	52	\$ 424,600	\$ 22.1	300000	5
11/15/2009	285	9	3.16	BUYER'S	40	\$ 314,600	\$ 12.6	287500	5
11/15/2010	199	8	4.02	BUYER'S	54	\$ 258,300	\$ 13.9	\$ 206,500	3
11/15/2011	181	9	4.97	BUYER'S	70	\$ 251,900	\$ 17.6	\$ 188,500	2
11/15/2012	177	21	11.86	BUYER'S	80	\$ 243,000	\$ 19.4	\$ 180,000	11
11/15/2013	150	21	14.00	PRICE BOTTOM	147	\$ 229,200	\$ 33.69	\$ 175,000	22
11/15/2014	145	22	15.17	BUYER'S	155	\$ 414,300	\$ 64.22	\$ 250,000	10
11/15/2015	136	23	16.91	BUYER'S	118	\$ 424,700	\$ 50.1	\$ 272,500	12
11/15/2016	165	19	11.52	BUYER'S	97	\$ 353,900	\$ 34.3	\$ 290,000	8
11/15/2017	145	18	12.41	BUYER'S	116	\$ 360,800	\$ 41.9	\$ 297,500	10
11/15/2018	121	22	18	BUYER'S	91	\$ 348,800	\$ 31.7	\$ 280,000	5
11/15/2019	91	17	19	BUYER'S	106	\$ 356,100	\$ 37.7	\$ 320,000	5
11/15/2020	63	31	49	NEUTRAL	103	\$ 355,900	\$ 36.7	\$ 320,000	16
2019 vs 2020	-31%	82%	163%		-3%	0%	-3%	0%	220%

TABLE 7 and CHART 9 - THE LAND PENDING RATIO SHOWS A DRAMATIC TURN HIGHER IN RESPONSE TO STRONG DEMAND AND LOW INVENTORY. THIS IS TYPICAL OF WHAT WE HAVE SEEN WHEN RESIDENTIAL INVENTORY DECLINES AND PRICES INCREASE TO A POINT WHERE LAND BECOMES A ATTRACTIVE ALTERNATIVE FOR RESIDENTIAL. PURPOSES. THIS SAME THING HAPPENED BACK IN 2002 AND CONTINUED TO 2004. LAND PRICES LEAPED DURING THAT HIGH DEMAND PERIOD OF 2002 TO 2005.

Chart 9 - Kona Land Median Price (thous) & Pending Ratio Past 2 Years

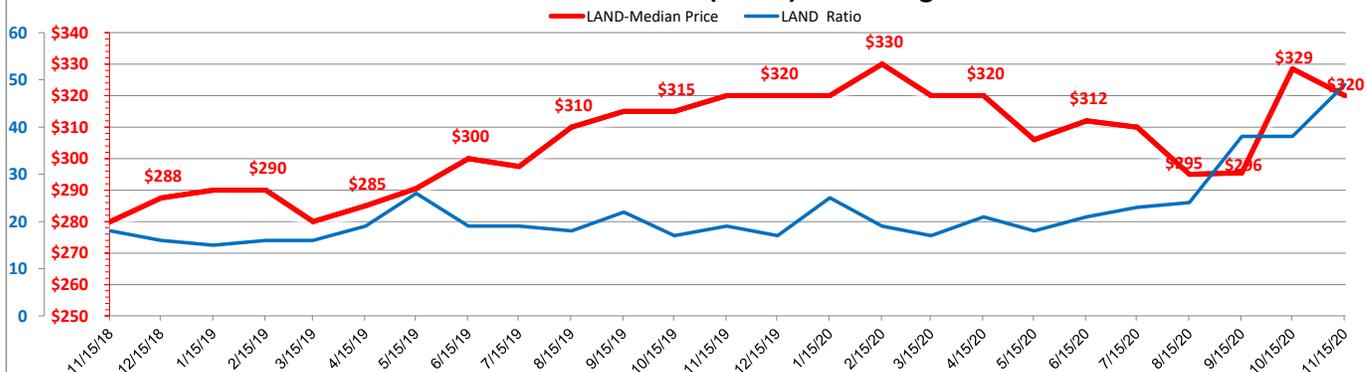


CHART 10 - NORTH KONA LAND MEDIAN PRICE vs NUMBER SOLD

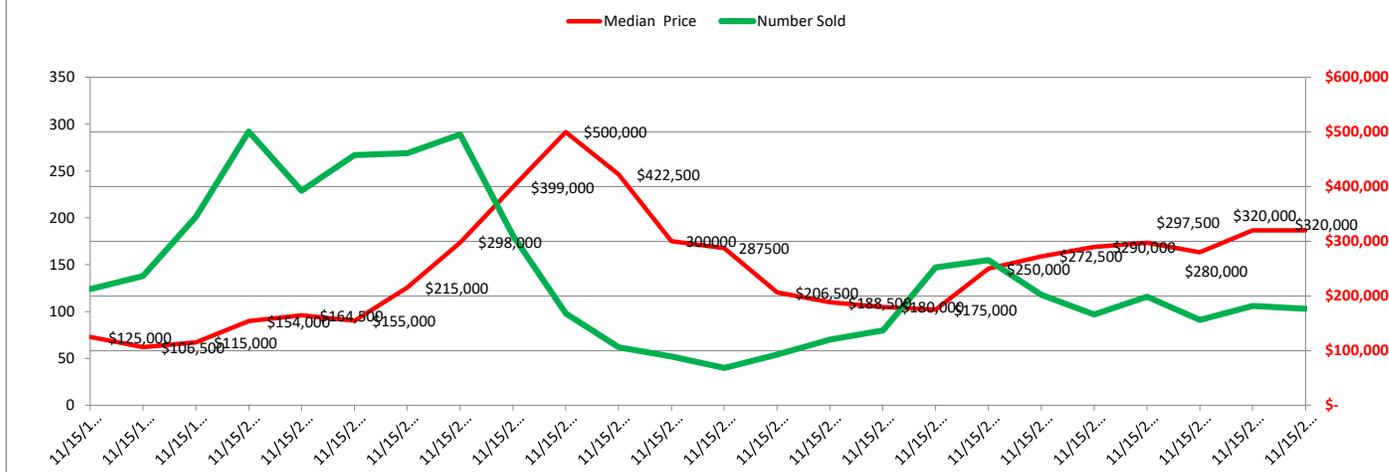
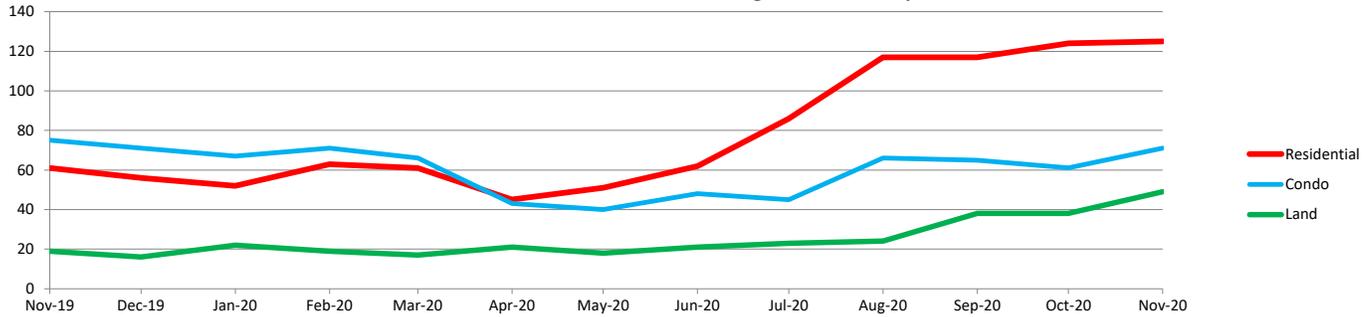


CHART 10 - THE CURRENT MEDIAN PRICE IS STILL WELL BELOW LAST PEAK PRICE. THIS SUGGESTS THERE MAY BE YEARS TO GO BEFORE NEXT MARKET PEAK. HERE AGAIN WE SEE AT THE END OF THE LAST CYCLE THERE WAS A SHARP DROP IN SALES NUMBERS (2005) PRECEEDS THE SHARP DROP IN PRICE BY TWO YEARS (2007).

	COLOR	GUIDE	FOR	MARKET	TYPE:	PEAK	SELLERS	NEUTRAL	BUYERS		
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
11/15/2005	61	72	33	55							
11/15/2006	18	11	8	12							
11/15/2007	13	6	5	8							
11/15/2008	7	6	3	5	9	14	3	6	0		
11/15/2009	23	10	4	12	19	68	39	11	12	6	3
11/15/2010	35	29	4	23	25	88	47	28	12	5	3
11/15/2011	34	34	5	24	25	91	32	12	19	8	0
11/15/2012	62	35	12	36	36	164	92	40	23	5	4
11/15/2013	56	59	14	43	34	224	121	38	15	16	10
11/15/2014	45	39	15	33	30	163	58	40	21	23	22
11/15/2015	35	29	17	27	31	180	53	39	36	10	18
11/15/2016	36	34	12	27	37	100	74	60	28	18	12
11/15/2017	52	56	12	40	44	86	130	85	57	26	3
11/15/2018	36	34	12	27	37	100	74	60	28	18	12
11/15/2019	61	75	19	52	40	25	225	122	83	49	5
12/15/2019	56	71	16	48	38	38	117	104	47	55	21
1/15/2020	52	67	22	47	38	50	300	57	40	63	20
2/15/2020	63	71	19	51	43	33	114	82	95	68	9
3/15/2020	61	66	17	48	43	38	100	91	124	45	11
4/15/2020	45	43	21	36	32	83	233	57	52	33	12
5/15/2020	51	40	18	36	34	83	200	75	67	24	16
6/15/2020	62	48	21	44	50	83	900	84	65	39	24
7/15/2020	86	45	23	51	58	100	450	176	85	56	25
8/15/2020	117	66	24	69	66	267	167	205	142	59	78
9/15/2020	117	65	38	73	85	300	200	143	111	93	53
10/15/2020	124	61	38	74	85	350	200	260	122	129	50
11/15/2020	125	71	49	82	85	700	75	141	236	147	59
2019 vs 2020	105%	-5%	158%	58%	113%	2700%	-67%	16%	184%	200%	1080%

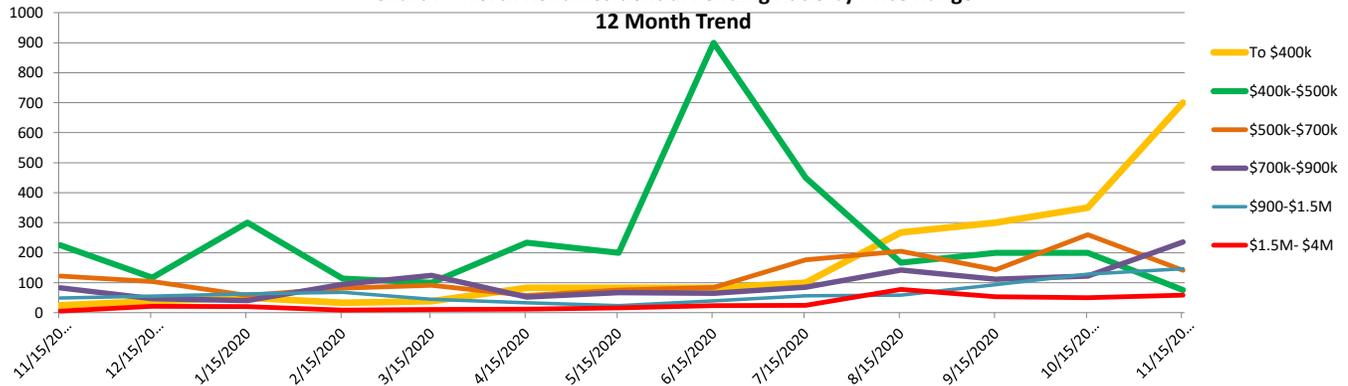
**TABLE 6 - PENDING RATIO - Higher Ratio = Stronger Market**  
**THE ANNUAL CHANGE IN PENDING RATIOS IS UP SUBSTANTIALLY IN ALL CATAGORIES WITH THE EXCEPTION OF KONA CONDOS. THE MOST NOTABLE RATIO IS RESIDENTIAL \$900K TO \$1.5M WHICH FOR THE SECOND MONTH IS IN PEAK TERRITORY. CHART 6 SHOWS THE STRONG RESIDENTIAL TREND SINCE MAY. THE DECLINE IN \$401K TO \$500K IS AN ANOMALY DUE TO SMALL NUMBERS.**

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

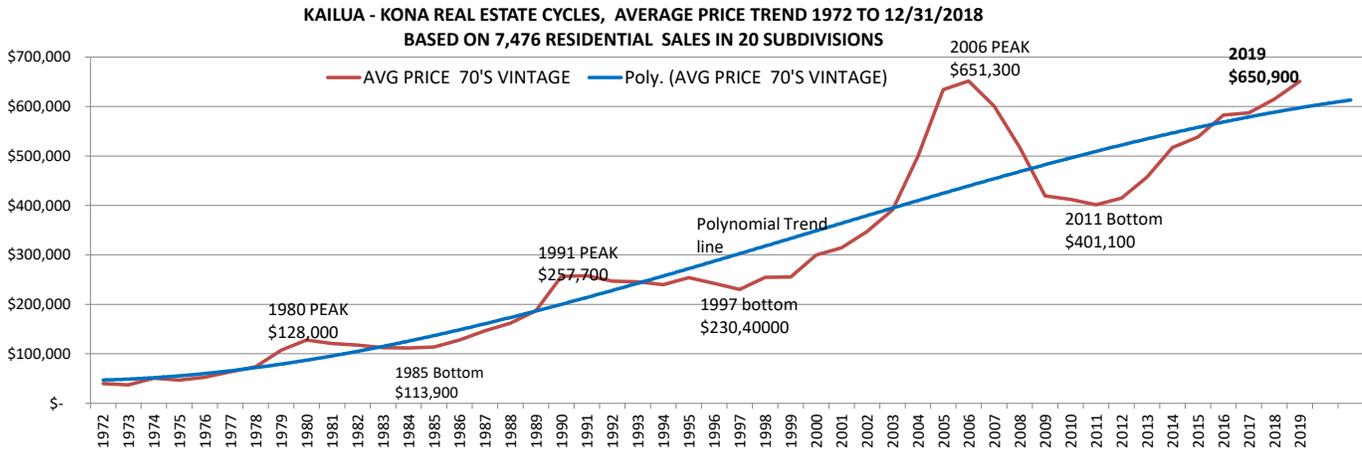


**Chart 7 - North Kona Residential Pending Ratio by Price Range**

**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 = 16yrs.
- 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 CYCLES 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?