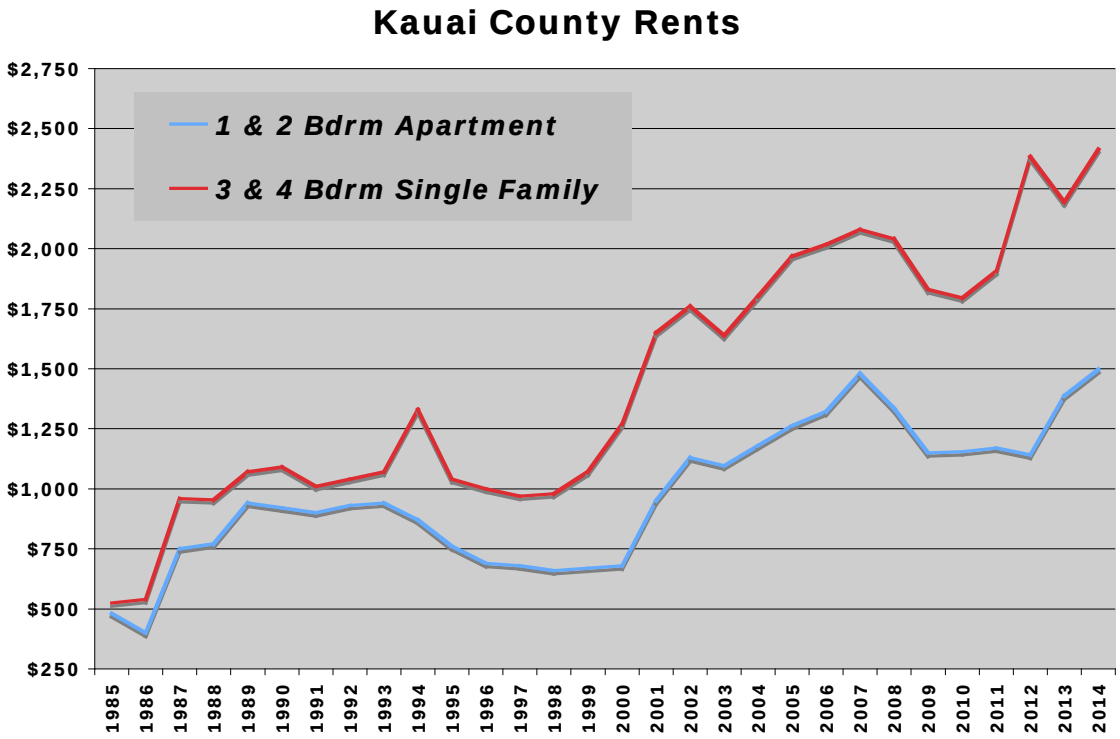
KAUAI RENTAL MARKET

Affordable Rental Housing Study Update, 2014



FOR:

Kauai County Housing Agency

County of Kauai

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I. INTRODUCTION OF RESEARCHER

Ricky Cassiday is a market researcher who specializes in analyzing residential real estate markets and has been retained to perform a study analyzing the rental and for-sale housing market on the island of Oahu. This study focuses on the historical, current, and projected rental market conditions and trends to help forecast the depth and breadth of the need on the island for housing, both rental and for-sale.

The data and statements herein are based on independent research by Ricky Cassiday and are in no way contingent upon outside findings or recommendations. He focuses exclusively on residential market research in the state of Hawaii, servicing the developer, lending and landowning community with regular reports on the housing markets. Additionally, he conducts numerous feasibility studies, including the for-sale and for-rent affordable housing projects – to date, 32 on Oahu, 5 on the Big Island, 4 on Maui and 7 on Kauai.

The author makes every effort to verify that all of the information in the study and in particular the market description and analysis is accurate, but is aware that 100% accuracy is unlikely. Finally, the analysis and statements herein are based on independent research by the author.

II. SCOPE OF WORK

The general objective was to update the 2011 Rental Housing Study, and in doing so, to address current needs. The RFP was written as follows:

1. Provide updated rental housing information using data from existing sources including the U.S. Census, American Community Survey, reports on homelessness, newspapers, and online advertising for rental properties.

2. Provide analysis of information and data and assess future rental housing needs by county and where possible, by specific community or neighborhood area:

    - Describe the rental housing market, including a comparison of the overall rental market with recently developed projects that have been financed in part with public funds;
    - Compare renter and owner household and housing characteristics, including condition, extent of crowding, extent of cost burden, etc. in ACS and Census data;
    - Identify changes from the previous Study data (e.g., rental housing supply, costs, conditions, etc,) and possible public policy implications;
    - Describe housing trends;
    - Identify emerging issues; and
    - Assess future rental housing needs for seniors and family households by community or neighborhood area, and by income group, specifically 30, 50, 60, 80, 100, 120 and 140 percent of area median income (AMI, as determined by the US Department of Housing and Urban Development, or HUD).
    - To the extent feasible, provide Rental Housing information and analysis by race (i.e., Native Hawaiian and Other Pacific Islander alone).

The study entailed collecting, comparing and analyzing information that has a bearing on the numerous aspects of market demand for rental housing in the state and the county, including but not limited to publicly available real property, economic and commercial data. Rental information was collected from rental agencies, condominium resident managers, and the classified ads on-line with Craigslist, Rental Jungle, and other services, as well as in the Sunday Star Advertiser. Income and demographic information was obtained from the State of Hawaii, City and County of Honolulu, Bureau of the Census, Ribbon Demographics and CLARITAS, a Nielsen Company.

The study will address these items and issues, but in an analytic format. It will be starting with an overview of the housing market and the factors that drive it, and then begin drilling down from there to talk about the rental market.

In doing so, it will look at the rental market, in terms of supply and demand. These will be the major components of the study.

The first to be described, analyzed and discussed will be supply of rental housing using updated rental data, as called for in the RFP, which originated in Craigslist. The data will be presented twice: the first being just the recent data, as performed by this researcher; and the second being putting the recent data into a historic context, using the data series developed over decades and presented in the Hawaii Housing Study Update.

This will be followed by a description, analysis and discussion of the demand for rental housing. This will focus in on the demographics of market demand and look at it by renters, by age group and by income group. It will illuminate the present condition of rental housing demand and make a projection as to conditions in the future. It will specify data by AMI for seniors and family households, as mentioned above, for the 30, 50, 60, 80, 100, 120 and 140 percent of area median income (as determined by the US Department of Housing and Urban Development, or HUD).

In both, there will be a discussion as to the source of the data, the process of collecting, compiling and presenting the data, both current and historical, and finally a note about the accuracy of the data in reflecting the reality of the market. This will speak to the integrity of both the Craigslist and Census data.

Finally, there will be sections that address the other items in the RFP:

- Looking at the overall market in the context of recently developed projects
- Looking for distinctions between renter and owner housing characteristics, including quality, crowding and costs.
- Looking at changes and trends since the last study and before, both mentioned in that study and not

STUDY LIMITATIONS: Due to budgetary limitations, we could not produce and analyze rental demand below the level of the county, i.e., down to the specific community or neighborhood area. While the data exists, the collection and analysis called for went beyond the resources we were able to allocate to this study. By the same token, we were unable to descend to the level of looking at the demand for rental housing by race (i.e., Native Hawaiian and Other Pacific Islander alone).

III. OVERVIEW OF THE MARKET

A. MARKET AREA

Kauai County is the fourth largest county in the state, as ranked by population and economic activity, behind the City & County of Honolulu (Oahu), Maui County and the Big Island of Hawaii.

The majority of the island's roughly 67,000 residents lives and works in the coastal areas leaving the interior of Kauai natural and pristine. Kauai's weather is near perfect year round with daytime temperatures ranging from the mid 70's to the mid 80's, slightly warmer in the summer. The northeast trade winds average about 15 mph for most of the year, and provide refreshing breezes. Rain showers usually fall in the evening and early morning hours, predominantly over the mountain ranges. The temperature of the ocean ranges from 68 to 80 degrees Fahrenheit.

Kauai has one of the strongest brands in the global visitor industry, as well as arguably the most diversified visitor industry of any of the islands, combining large resort master planned communities, cruise ship visitations, time share developments and small-scale bed and breakfasts.

The breadth and depth of this economic base, like the rest of the state, rests on the county's economy's unique comparative advantage relative to the other visitor destinations world-wide: it has a very high quality of life, a function of a naturally beautiful setting, with a benign environment and near perfect climate. Indeed, the proof of its attractiveness can be found in the quality of the number of 'rich and famous' who have bought in Hawaii, starting with Lawrence Rockefeller in 1960 (followed by John Wayne, George Harrison, Peter Gruber, Charles Schwab, Michael Dell, Ben Stiller, Oprah Winfrey, Akio Morita, Michael Creighton, etc.)

Kauai has three major resort destinations:

- **Princeville**, a 45-minute drive from the airport, is a resort that runs across a large plateau overlooking one of the largest deep-water bays in Hawaii. The view of the sunset, looking west, is extraordinarily beautiful.

- **Poipu**, a 25-minute drive from the airport, sits above the south shore, with numerous bays and beaches safe for swimming. It has the largest concentration of hotels and golf courses on the island.

- **Coconut Coast**, a 20-minute drive from the airport, this area was the favored area of Hawaiian royalty and the original site of resort development on the island and, save for Waikiki, the state. It today hosts one of the largest percentage of accommodations, shops, recreation, restaurants and historical sites on the island.

The majority of the primary housing development is located within the Kapaa and Lihue urban zones, with secondary sources located in areas in and around Poipu, Kilauea/Hanalei, and Eleele-Hanapepe and Waimea. Second home development is located within and around the three major resort communities, as well as in locations that are close to the coastline and/or in westward facing locales.

B. HOUSING INVENTORY

Most of the primary housing inventory and on-going development is located within the Kapaa and Lihue urban zones. Primary housing is also concentrated, but to a lesser degree, in and around the communities of Poipu, Koloa, Kilauea/Hanalei, and Hanapepe and Waimea.

Since the 1990s, Kauai's housing stock has grown faster than the population, as measured by the average annual growth rate for dwellings: it grew by 3.5% per annum between 1990 and 2000, the highest in the State. The growth rate of housing production dropped to around 1.7% over the 2000-2010 period. Many of these new units have been targeted for the visitor or second home industry.

For instance, in 1990, the percentage of occupied housing units was about 92.5% of the county's total housing stock. By 2006, according to the 2011 Hawaii Housing Planning Study, that dropped to 76.2 percent, the greatest rate of change among the four counties. Since 2006, however, there has been a reversal of that trend, with the percent of housing stock being built for primary homeownership increasing to 89.6%.

By way of context, housing development and construction was most active on Kauai during the time when the major resorts were developed in the 1970 and 1980s. Thereafter, primary housing production reached only half that level, save for periods of housing reconstruction that followed a major hurricane event.

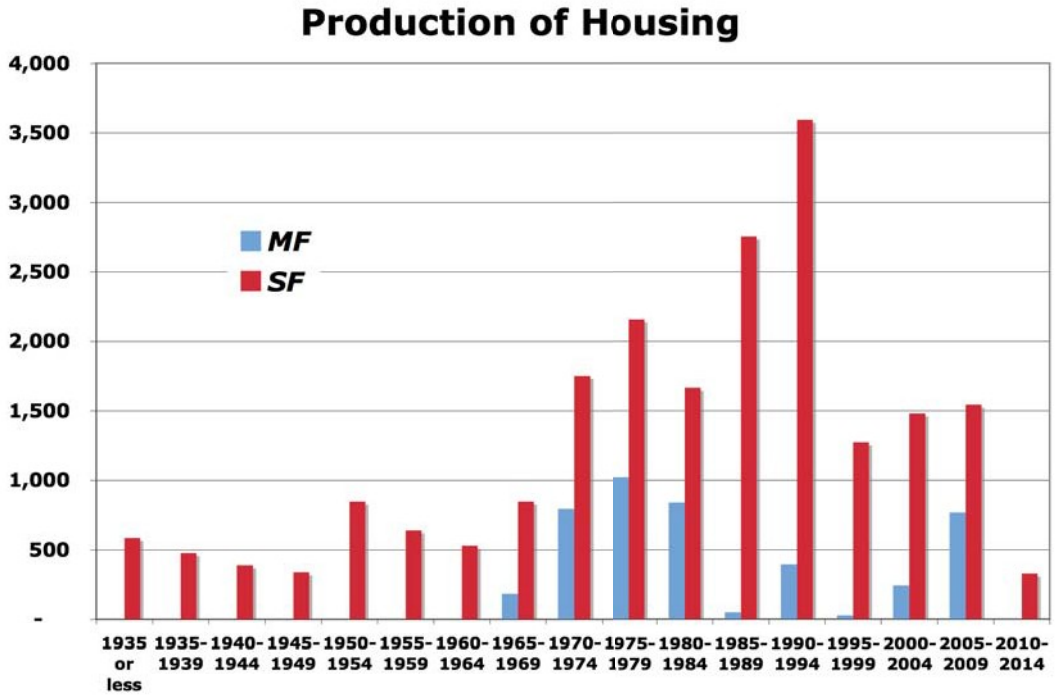

Figure III-1. Production of Housing

In the years after the establishment of the resorts, there was a boom in condominium production, but many of these projects that were developed targeted the offshore buyer market. TMK records show that over 70% of the condo units and 12% of the single-family homes are owned by out of state residents.

Census records have shown that a quarter of the County's housing stock did not house residents in 2000. Thus, while the Census categorizes these units as "vacant," they may be actually rented to vacationers, reserved by owners as a second home, or both. Indeed, total demand in the housing market hence comes from residents, investors, and non-residents.

Due to the investor and non-resident component of housing demand, the average prices for housing units have been pushed upwards, often – at the height of the real estate market cycle - beyond the residents' ability to purchase primary housing. Kauai housing stock is 78% owner

occupied and 22% vacant, per their definition (it includes seasonal or recreational use, which itself constitutes 64% of all vacant units, with rental units constituting 20% of that total).

Indeed, housing inventory shows that about 3,000 of the 4,000 condominium units in the County, or 73%, are owned out-of-state. This would account for the high prices of condos in the County, the second highest in the state.

Table III-1. HOUSING CHARACTERISTICS OF THE MARKET

Kauai County	Units
Occupied housing units	23,051
Owner-occupied housing units	13,968
Renter-occupied housing units	9,272
Vacant housing units	6,553
For rent	1,312
Rented, not occupied	61
For sale only	251
Sold, not occupied	51
For seasonal, recreational use	4,172
All other vacant units	706
Homeowner vacancy rate (percent)	1.8%
Rental vacancy rate (percent)	12.3%

Source: 2013 Claritas Data

Note that the homeowner vacancy rate is low but the rental vacancy rate is high. This is indicative of a community that has high priced houses – therefore the homeowner vacancy rates are low. Additionally, as Kauai is a very desirable place to live, there are a lot of rental units for vacation rental – and therefore the rental vacancy rate is high.

Table III-2. HOUSING CHARACTERISTICS OF THE MARKET, BY AREA

	Waimea	Koloa	Lihue	Kawaihau	Hanalei	Total
Detached Home	2,270	4,843	4,706	5,212	2,013	19,044
Townhouse	57	128	142	36	113	484
Condominium	0	195	326	190	366	1,082
Duplex/multiplex	85	201	24	142	22	484
Apartment	328	139	564	202	185	1,428
Co-op	0	67	107	0	0	184
Other	0	179	65	148	52	345
	2,739	5,752	5,935	5,930	2,751	23,051

Source: 2013 Claritas Data

Table III-3. HOUSING CHARACTERISTICS OF THE MARKET, BY BEDROOM

	Waimea	Koloa	Lihue	Kawaihau	Hanalei	Total
Studio/One	351	379	665	741	578	2,717
Two	303	1,032	1,145	1,133	675	4,283
Three	1,670	3,186	2,849	2,965	1,126	11,790
Four	507	982	1,276	1,091	375	4,237
Totals	2,830	5,579	5,935	5,930	2,754	23,028

Source: 2013 Claritas Data

C. HOUSING CHARACTERISTICS

The following are highlights from the 2013 American Community Survey 1-Year Estimates:

- Hawaii's **median housing value** increased from $496,600 in 2012 to $500,000 in 2013. This increase, however, was not statistically different. Hawaii remained #1 in the ranking with the highest median housing value in the U.S.

- **Median housing value** was the highest on Oahu at $573,800 in 2013, followed by Kauai County at $498,300. Median housing value on Maui was $471,800 while Hawaii County had the lowest median housing value at $291,900 in 2013.

- The **median housing costs for owners with a mortgage** fell slightly from $2,273 in 2012 to $2,220 in 2013. This difference was not statistically different.

- **Median housing cost for owners with a mortgage** was the highest in Honolulu County at $2,362 per month in 2013, followed by Maui County at $2,261 per month, Kauai County at $2,022, and Hawaii County at $1,637 per month.

- Oahu renters paid the highest **median rent** in 2013 at $1,535 per month, followed by Maui County renters at $1,292 per month, Kauai County rents at $1,281, and Hawaii County renters with the lowest rent at $1,017 per month.

- Hawaii County had the highest **homeownership** at 66.0% in 2013, followed by Kauai County at 61.7%. Maui County had a homeownership rate of 59.1%, while Honolulu County had the lowest homeownership at 53.2%.

- An indicator of **crowding** is the percentage of occupied housing units with 1.01 or more occupants per room. In 2013, Hawaii ranked #1 in the nation with 8.8% of our households statewide residing in crowded conditions.

IV. THE ECONOMIC BACKGROUND

Simply put, real estate sales and values move closely in synch with an area's economic growth, and the mechanism by which this growth occurs is via rising incomes and higher job counts. Both feed directly into demand for housing.

In the short run, economic growth is determined by trading activity, the most important of which is the level and balance of trade between the area and its major trading partners. In the case of the state, the major trade is in recreational goods and services, the largest of which is the visitor industry. The health of this industry is tied to the health of the economies that send visitors to the state.

In the longer run, economic growth is also determined by population changes (both migration and demographic) and lifestyle preferences.

We start by looking at the economic outlook for the state of Hawaii, which will be closely followed by examining the residential market. Both the state's economy and the state's residential real estate market are affected by the global and national economy, as well as the national real estate market.

As the state's major industry is tourism, the major trading partners here would be the US, Canada and Asia on the international level: then California, and the west coast states, on the national level: and finally on the state level. As such, we examine the economic health of these trading partners in order to get an understanding of their ability to trade (send visitors, home owners and capital funding) with the state, currently and for the future.

A. GLOBAL ECONOMY

The overall global economic forecast by the International Monetary Fund (IMF) earlier this year noted that the recovery had solidified, but the unemployment and underemployment has remained stubbornly high. It said financial conditions are improving, and those risks have shrunk meaningfully, but with a chance of a fallback in economic activity (a double dip). The advanced economies have been repairing their public and financial balance sheets, which would then act to stimulate more employment. The emerging markets need to beware of overheated economies, financial markets and property markets.

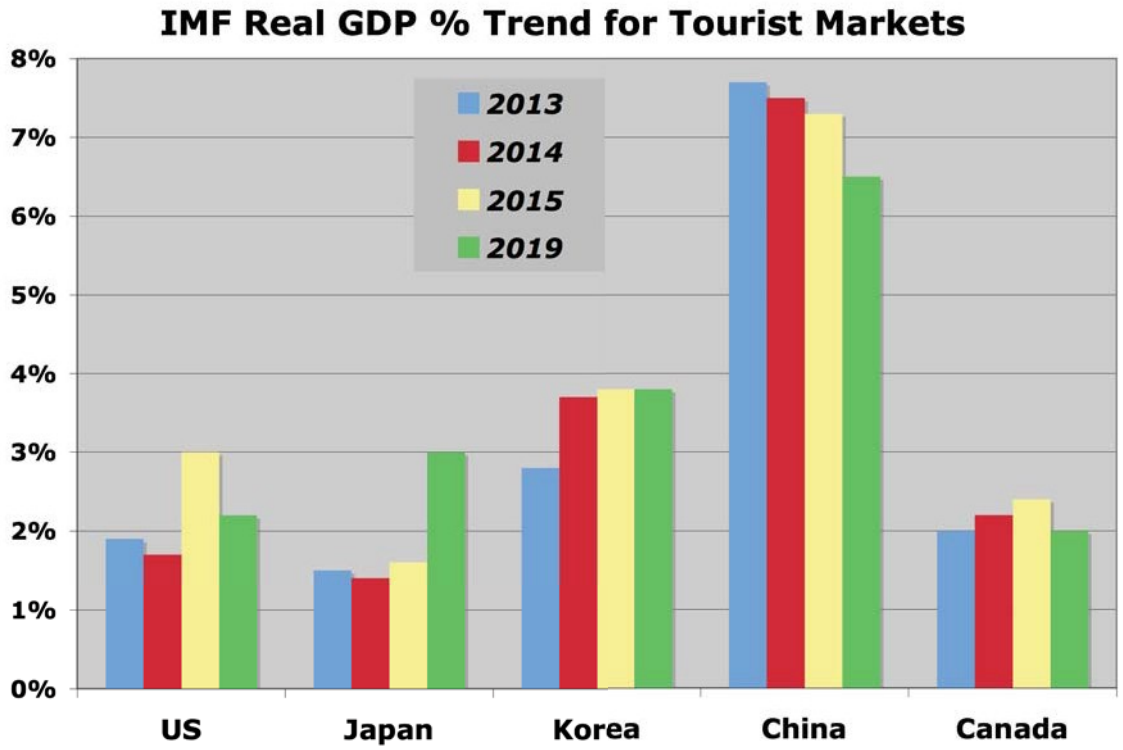

Figure IV-1. IMF Real GDP % Trend for Tourist Markets.

The IMF predicted that if the advanced economies continue to repair their public and financial balance sheets, and stimulate employment, and if emerging markets do not overheat their economies, global financial markets and property markets will continue to grow. Indeed, this is what seems to be happening, as witnessed by the willingness of the US Federal Reserve Bank to begin to talk to the markets about reducing their support of low interest rates.

B. UNITED STATES

Per the IMF, the US economy is projected to grow by 2 percent in 2014, as firmer private final demand takes the burden to stimulate the economy off of federal fiscal policy. More and more, the risks to the economic outlook are abating - the recovery in housing prices and the slight growth in the job market are big positives looking ahead. Given the slack in the economy, inflation is expected to remain subdued, but then so is consumer purchasing power generally.

That said, the key markets for Hawaii, the higher income households and the West Coast, are well positioned to spend more and more of their discretionary income on vacationing, particularly to the neighbor islands.

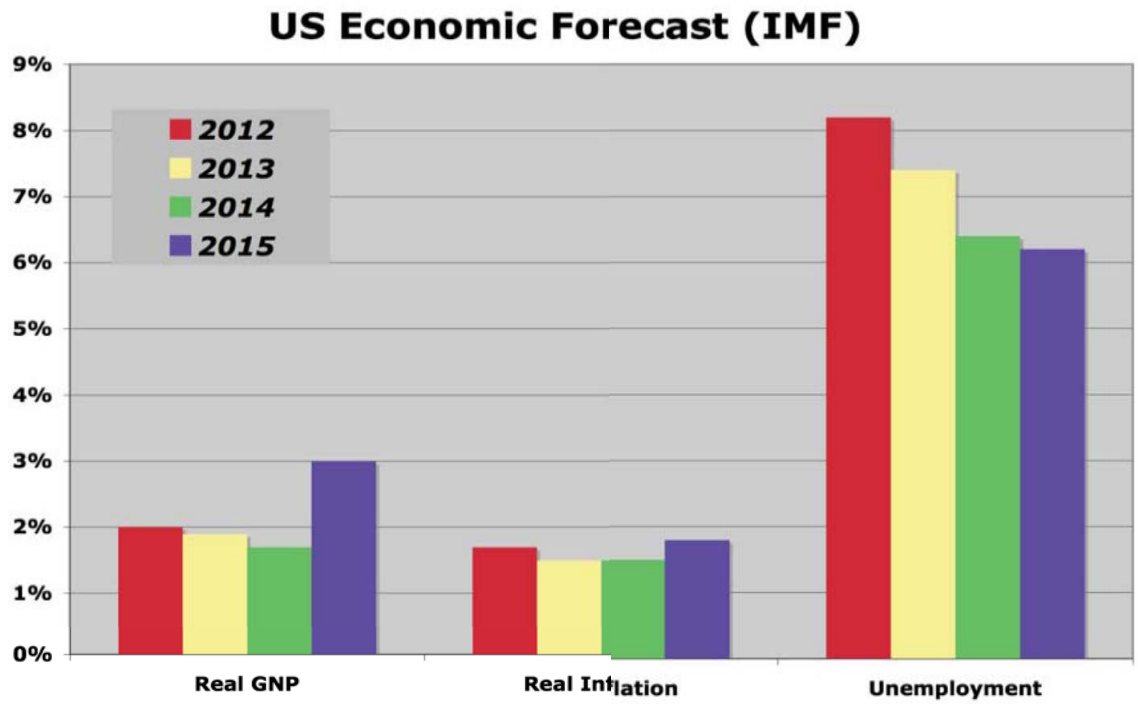

Figure IV-2. US Economic Forecast (IMF).

Looking ahead, the IMF expects the US economy will continue to see rising economic activity (in inflation adjusted real terms). An improved US economy is manifested in terms of higher visitor industry revenues, which itself feeds the demand for second homes. The state's, and the county's major source of second homebuyers is California.

C. CALIFORNIA

Like the rest of the nation, California has been saddled with negative and near negative economic growth, since 2007-2008. However, as of September 2014, the state's economic fortunes have rebounded, with the state GDP forecast to move higher: Real income growth is positive and increasing, as have housing prices, and job creation, while somewhat sluggish, finally topped its July 2007 peak for non-farm employment (as have two other major sources of Hawaii tourists and second home buyers, Colorado and Washington).

Further good news is that the major negative drag over the last 4-5 years on the economy – housing - has significantly turned around, with sales, prices and new homes production all positive. This is of particular import to the county's visitor industry, and therefore the overall economy and real estate market.

As seen in the next few charts using statistics on the prices of single-family homes across the nation (from Federal Housing Finance Agency), the areas where those visitors (and then, second home buyers) live have enjoyed rising home prices the last three years. Better, there's a positive correlation between the county's housing prices and those municipalities where visitors and resort homebuyers originate.

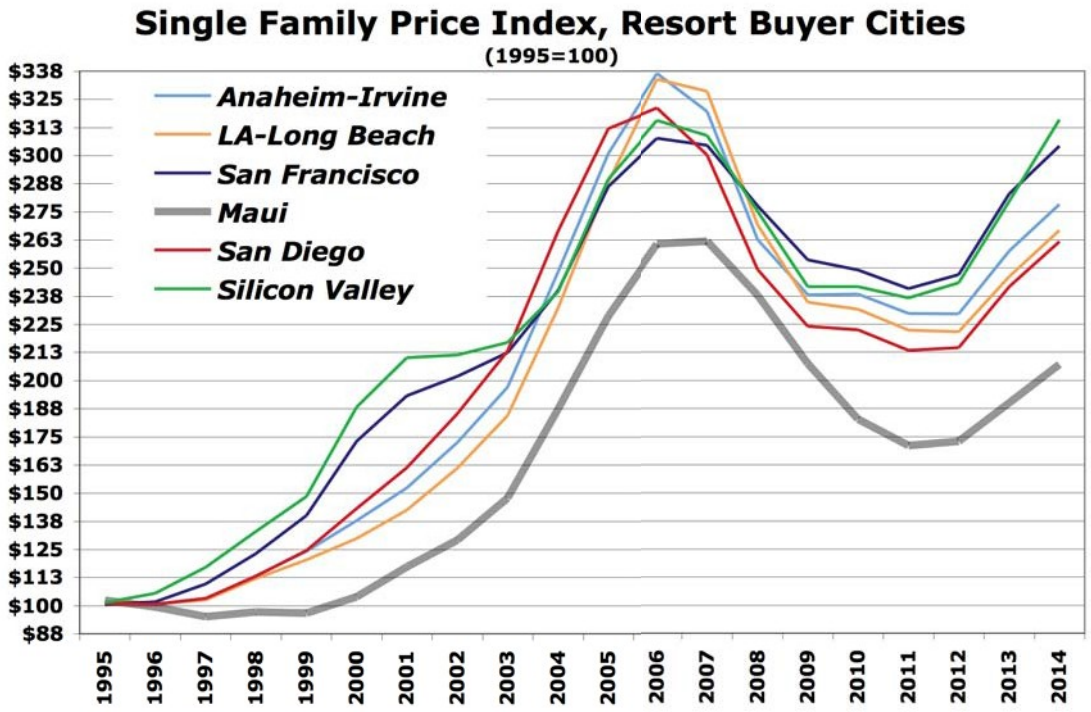

Figure IV-3. Single Family Price Index, Resort Buyer Cities (1995 = 100).

Finally, the following chart shows that the price trends in comparable visitor oriented cities on the mainland are trending upward.

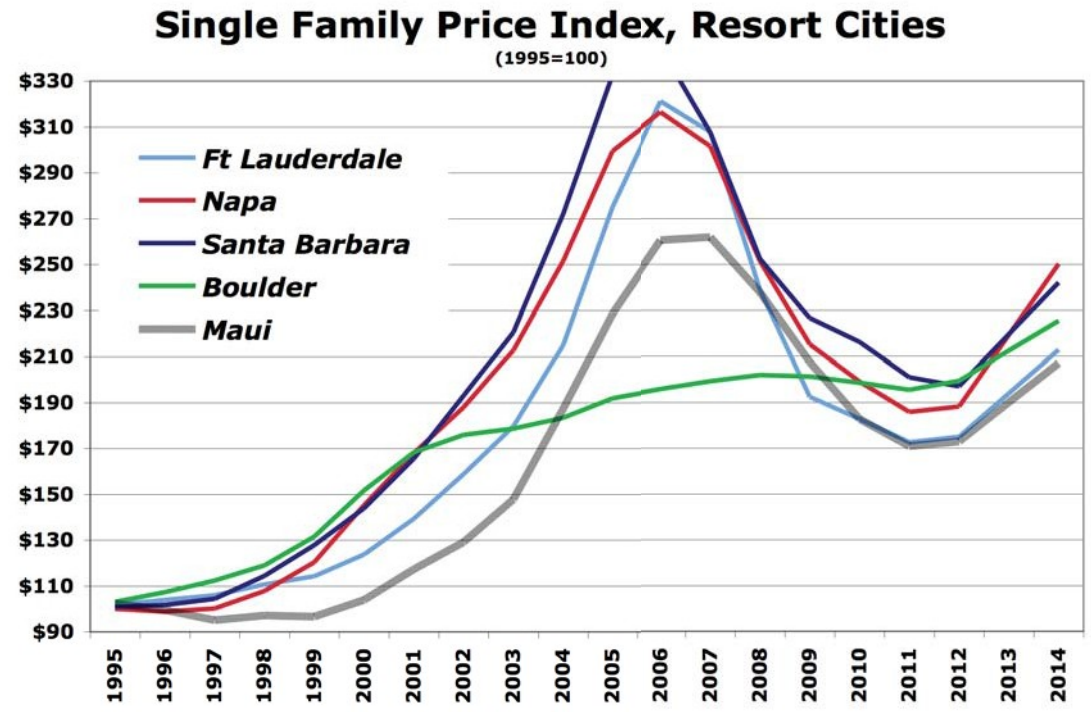

Figure IV-4. Single Family Price Index, Resort Cities.

D. HAWAII STATE

According to the state economic forecasters at DBEDT, Hawaii's economy continues to grow strongly in 2014 at an accelerating rate and continue into 2015. They expect that the growth in the state's economy will outpace that of the nation.

The state has a very low unemployment relative to the rest of the nation, thanks to a resurgent demand in the visitor industry, the major engine of economic growth.

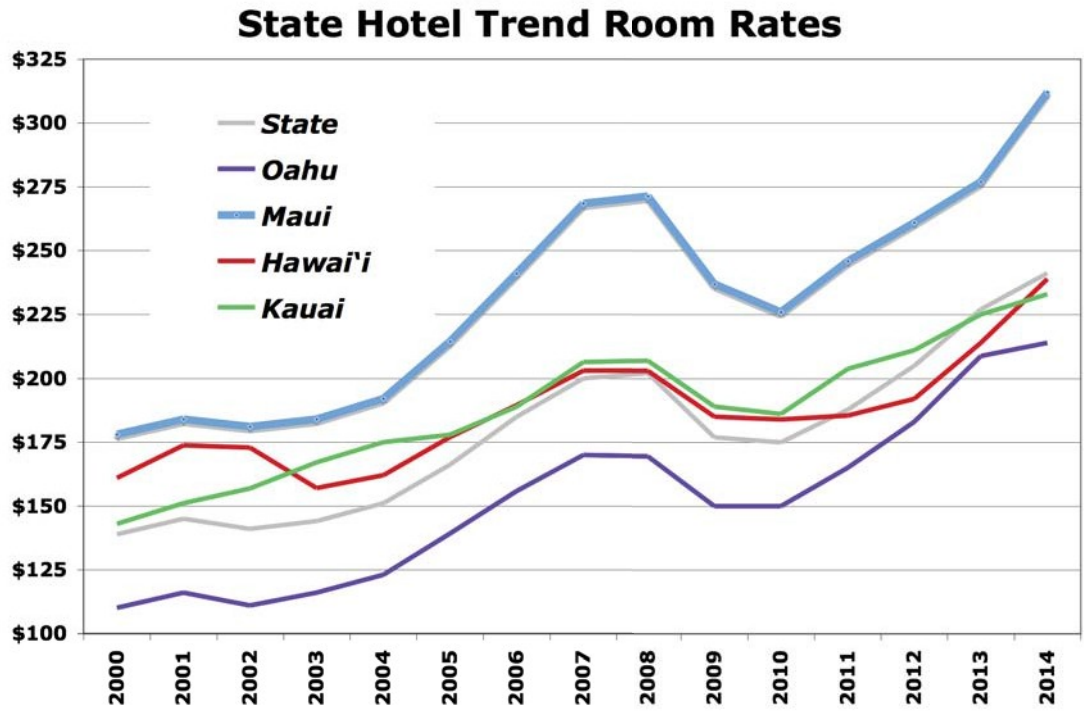

Figure IV-5. State Hotel Trend Room Rates.

Per Hospitality Advisors LLC and Smith Travel Research, the visitor industry is well into a recovery that started in 2009-2010. Currently, it is into the stage where the rise in rates has begun to have a negative impact on occupancy. The question going forward is when this tips the industry into declining total revenues.

This balancing act will go on until there is a fundamental change in the macroeconomic health of Hawaii's major trading partners in this industry: the western part of North America, the large nations of Asia and the emerging economies of Asia.

The importance of the visitor industry to the real estate market of the State is that it is the driving force behind generating potential buyers and driving them to a developer's model complex. Thus, Hawaii's economy depends significantly on conditions in the U.S. economy and key international economies, such as Japan.

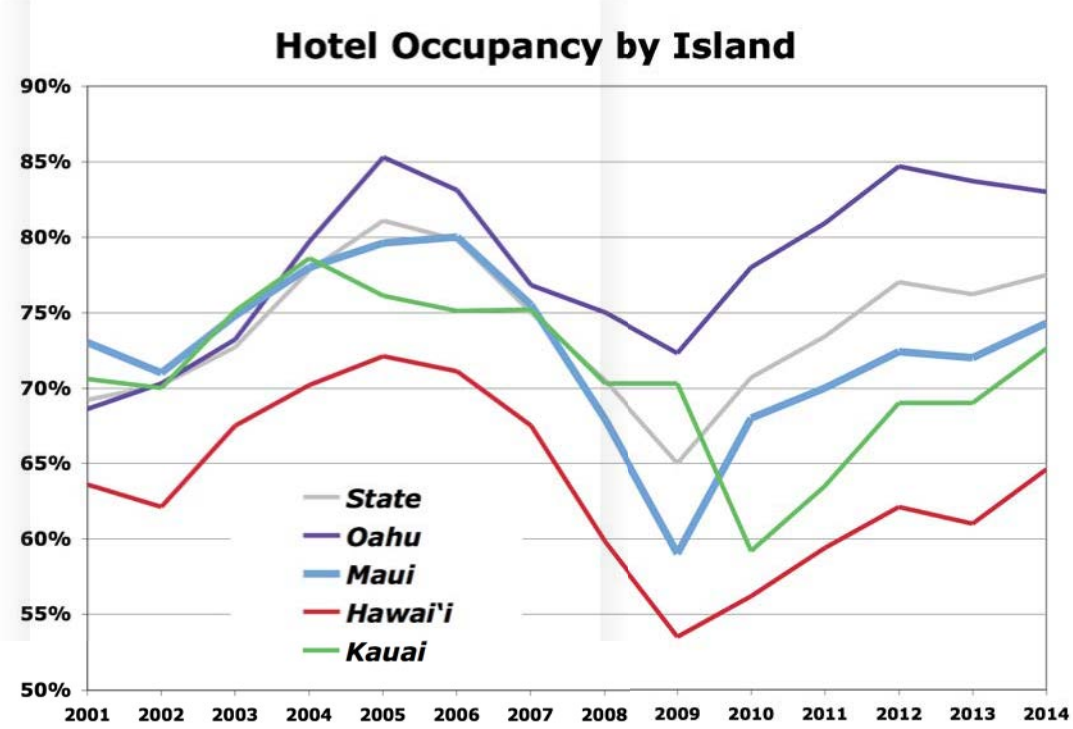

Figure IV-6. Hotel Occupancy by Island.

The following chart shows the forecasts for this year and the next, according to the ECONOMIST Magazine's forecast group, UCLA Anderson School and DBEDT for Hawaii.

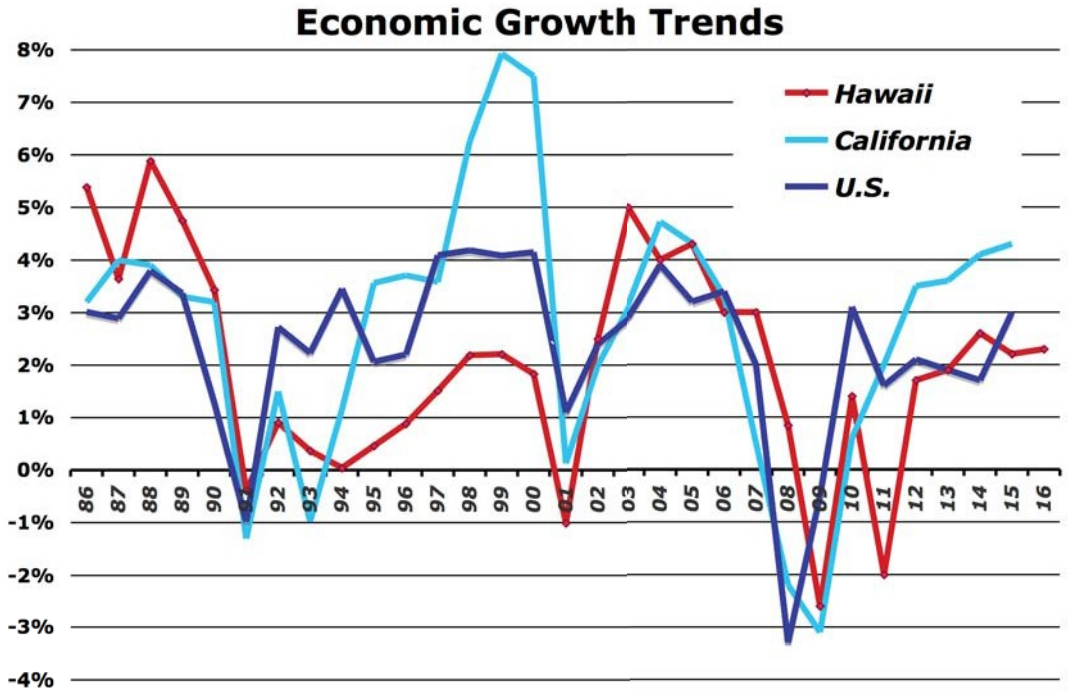

Figure IV-7. Economic Growth Trends.

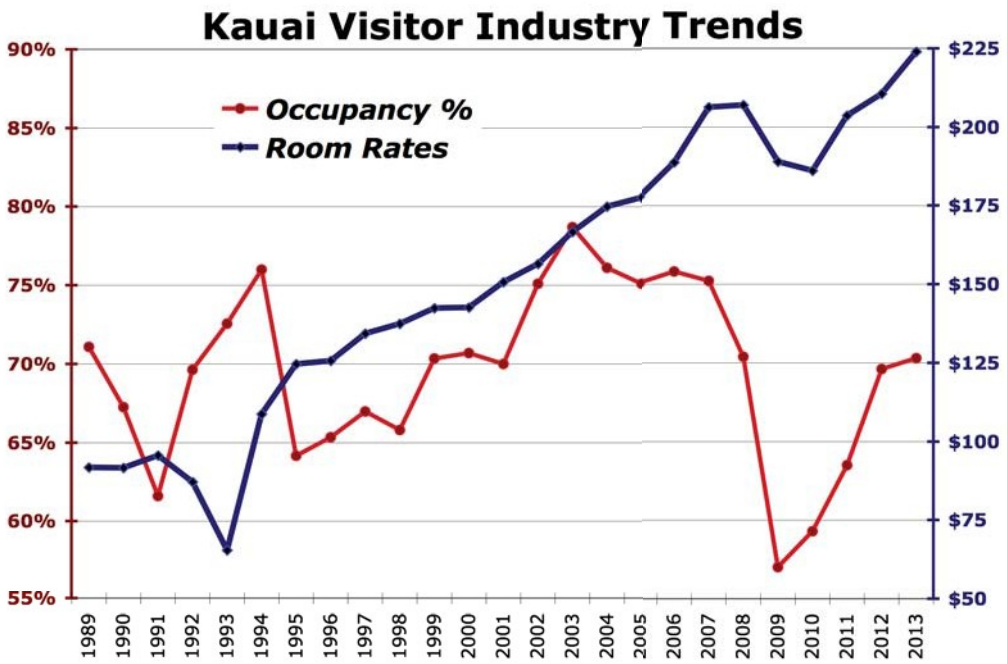

Figure IV-8. Kauai Visitor Industry Trends.

E. KAUAI COUNTY

Kauai is enjoying economy growth again, thanks to a resurgent demand in the visitor industry, which is the major engine of economic growth in the county and the state (as seen in job counts rising and unemployment rates falling).

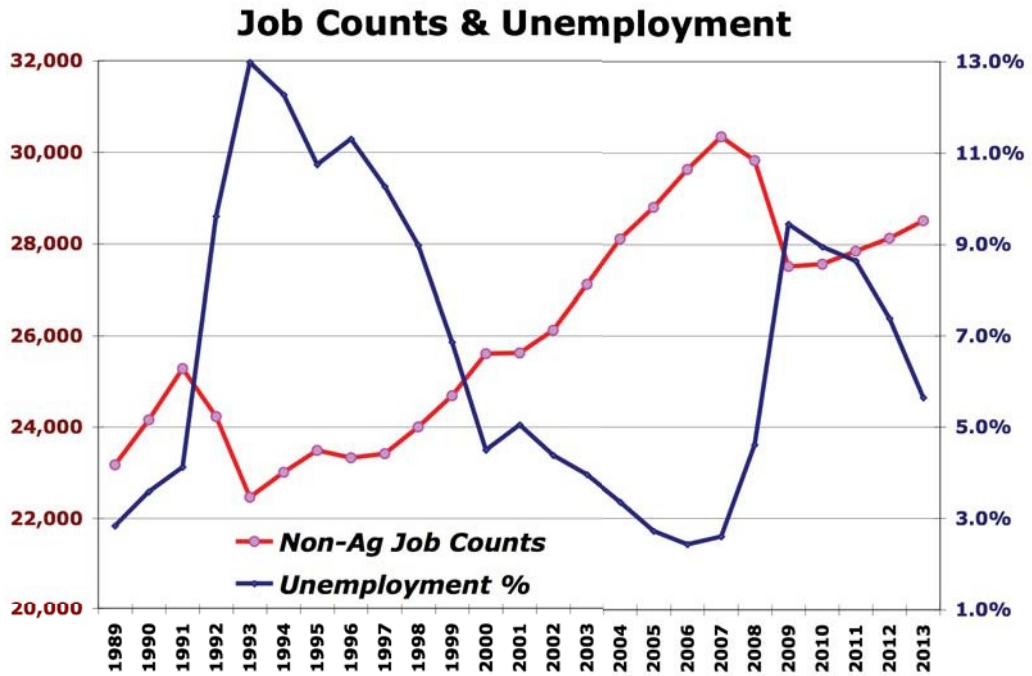

Figure IV-9. Job Counts & Unemployment.

Going forward, Kauai will begin to experience tight labor conditions, with immigration occurring in order to meet rising job growth. Indeed, this is happening already, as seen next chart on Job Growth and Working Force Growth. This chart shows that the recent growth in jobs is outpacing the natural growth in the workforce, i.e., population growth. Thus, in-migration will occur (which leads to increased housing demand).

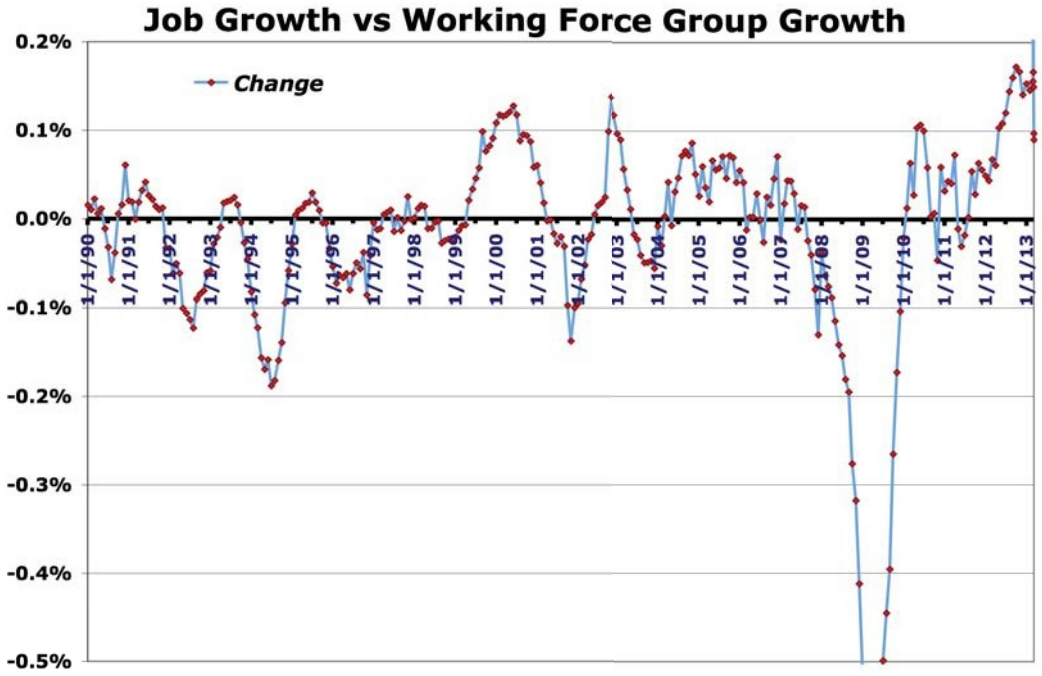

Figure IV -10. Job Growth vs Working Force Group Growth.

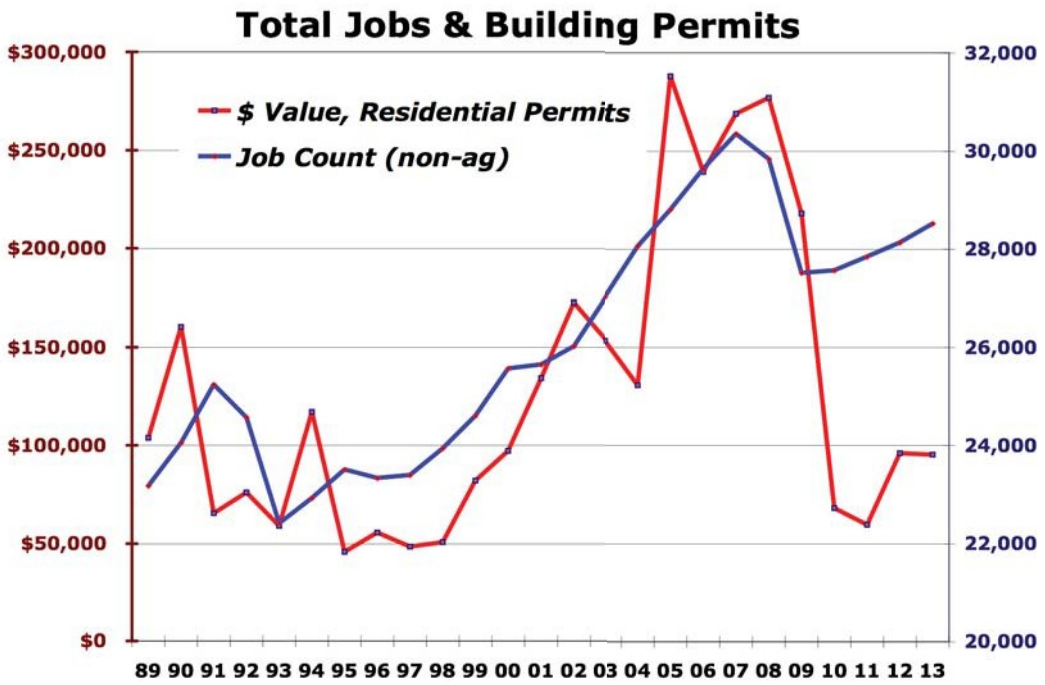

Figure IV-11. Total Jobs & Building Permits.

Finally, Kauai's economy and real estate market are closely tied, as an increase in one leads to an increase in the activity of the other (per the above chart). In sum, economic indicators look to growth for the island's residential market.

V. STATE HOUSING MARKET

It is important to understand that the market for residential property in the state of Hawaii is and has been constrained in terms of supply, and flexible and deep in terms of demand. The net result is that the sales activity and the values of housing in this market are often volatile, especially in an up market, but not as much in a down market.

Of note is how values (prices) are relatively free and uninhibited when the market is on the way upward – but that they are 'sticky' on the way downward (generally, prices do not give up the whole of their appreciation, but instead they 'hold' on to accumulated values).

Currently, Hawaii's residential markets are in the consolidation phase of the down-cycle, having gone through 5-6 years of dramatically lower sales and falling prices. The chart below shows total residential sales (combining resales and newly built units, as well as detached and attached housing) statewide, as well as an aggregate price index.

It confirms the cyclicality of the market, particularly the compressed price appreciation. A feature of the current market, not seen in times past, is the price deceleration (please note the 2014 data point is a personal projection, using data through October 2014, showing continued price appreciation and rising activity)

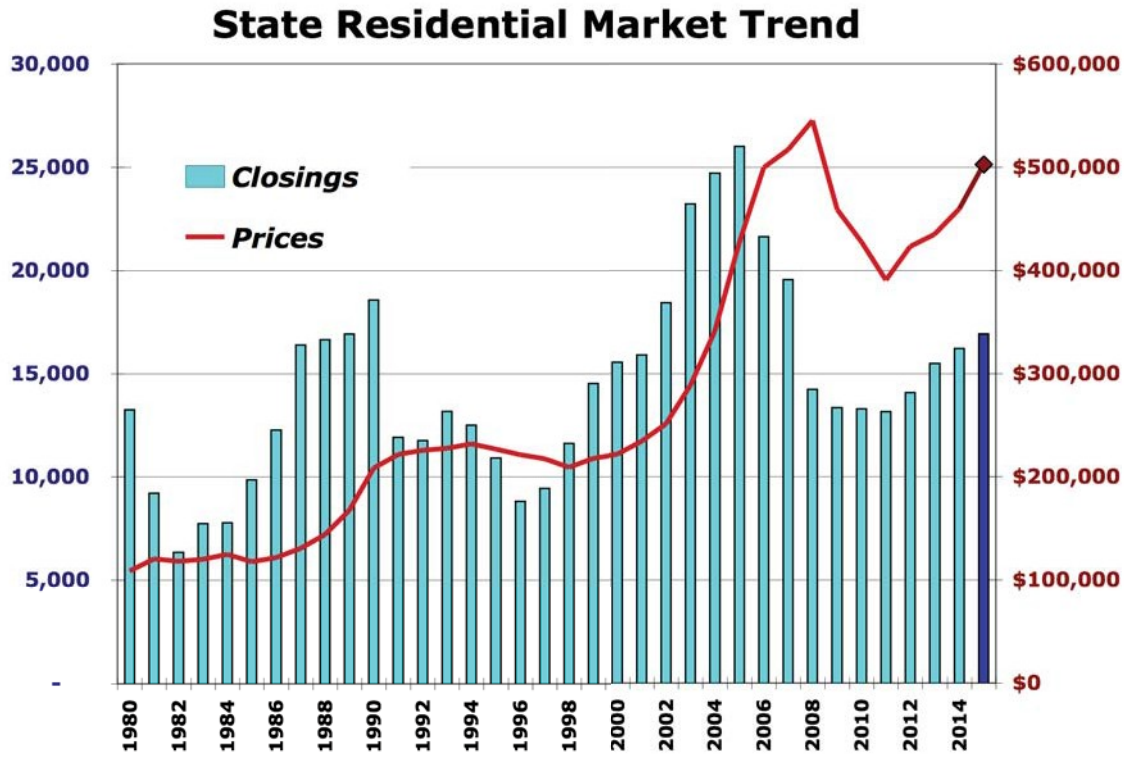

Figure V-1. State Residential Market Trend.

The charts and tables in this section are dawn from proprietary data, compiled from MLS, TMK and developer sources. They take the above 30 years of data from 1980-2010 and summarize the swings in the market sales activity and sales prices. This data includes new and resale housing sales and prices, drawn from each of the county's Board of Realtor's Multiple Listing Service database and the Bureau of Conveyance's data on closings. The pricing data is also from

the same source, and is used to construct various pricing indexes by combining that data (i.e., state, county, product type, resale vs. developer new unit, etc.).

Table V-1. TOTAL SALES ACTIVITY CYCLES, TERM AND CHANGES STATEWIDE

Period	Term	Start Sales	Finish Sales	Change, Unit Sales	Change, %ages
1982-1990	8	6,341	18,557	12,216	193%
1990-1996	6	18,557	8,801	-9,756	-53%
1996-2005	9	8,801	26,005	17,204	195%
2005-2011	6	26,005	13,235	-12,770	-49%
2011-2014	4	13,235	16,235	3,000	23%

It shows that the up cycle, 1982-1990, lasted 8 years, and saw an increase in 12,216 sales, or a change of 193%. It then saw a down cycle, lasting 6 years, losing almost 9,800 sales, or a falloff of 53%.

Generally speaking, the up cycles last 2-5 years run longer than the down cycles, and show 3-4 times more change (in this case, the growth cycle 1996-2005 of 195% is three times greater than the -49% deceleration in the following down cycle, 2005-20011).

Turning from sales activity to the price index changes, the following table analyzes the price cycle over the last 30 years. It shows that price wise the first up cycle was 1985-1994, lasted 9 years, and saw the index for prices grow 97%. Following that, the down cycle saw prices retrench -9.9% over 4 years.

Table V-2. TOTAL PRICE CYCLES, TERM AND CHANGES STATEWIDE

Period	Term	Start Price	Finish Price	Change $	Change %
1985-1994	9	$117,800	$231,966	$114,166	97%
1994-1998	4	$231,966	$209,027	-$22,939	-9.9%
1998-2008	10	$209,027	$545,254	$336,227	161%
2008-2011	3	$545,254	$389,089	-$156,165	-29%
2011-2014	3	$389,089	$459,000	$69,089	18%

Then, the time it takes for pricing to go from trough to peak is longer than the time it takes to do the reverse, to go from peak to trough. As seen in the table, it takes 9+ years for the total move to happen on the upside, as opposed to 3-4 years going downwards.

Next, we look at total sales of all (single family and multifamily, newly built and resale) residential property in the state. Last year, 2013, there were 14,103 units sold (both SF & MF, and Resales & Newly Built). Of this, 10% were newly built, or 1,468 units) and the remainder were resales.

For the new homes segment, this was one of the lowest shares of market ever, as seen in the next chart.

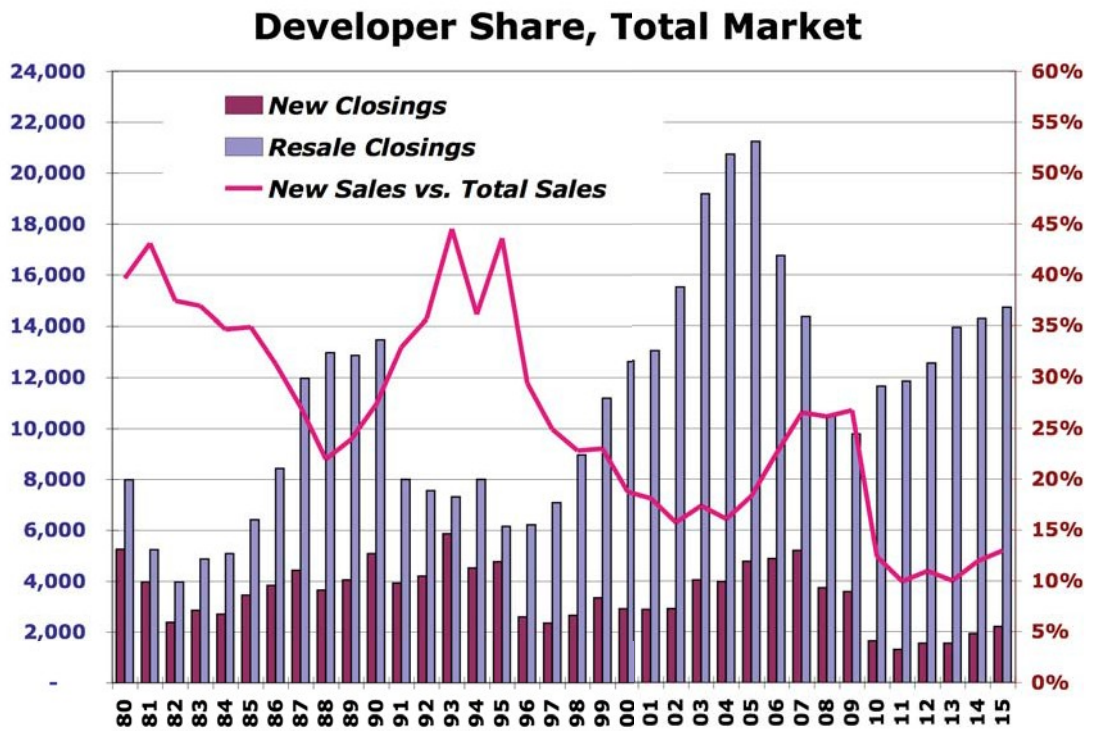

Figure V-2. Developer Share, Total Market

Finally, we break the state markets into their respective island (separate counties), and see how their sales and price trends compare to the overall state ones.

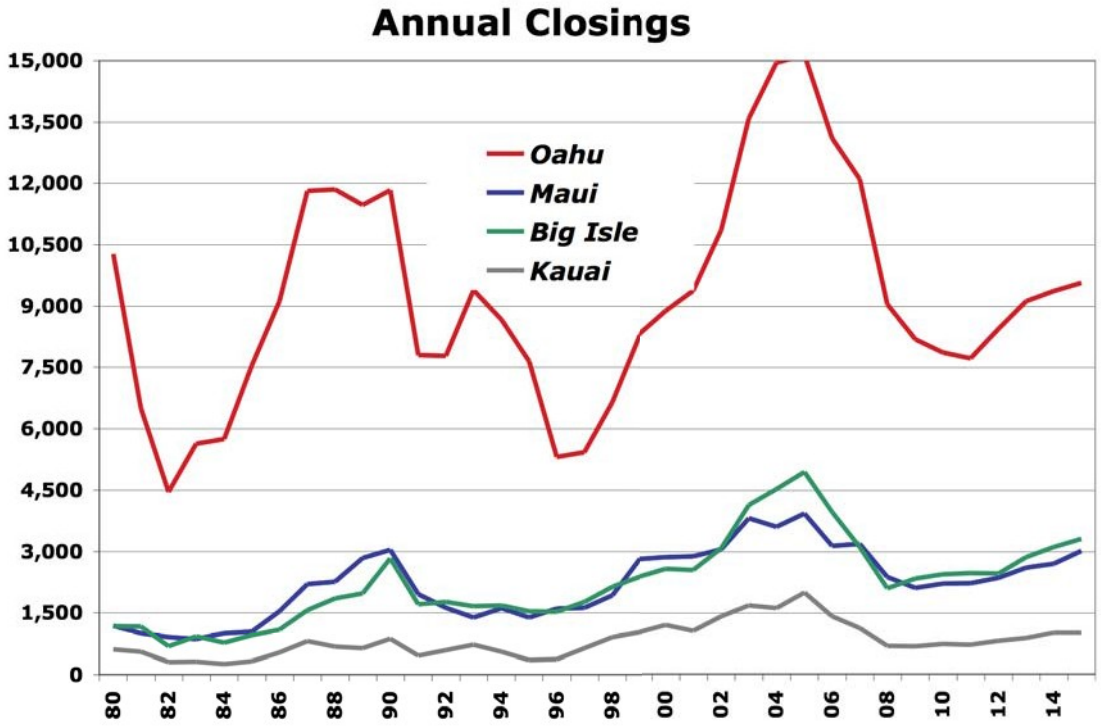

Figure V-3. Annual Closings.

As seen, Oahu is the state's major market, with Maui and the Big Island tied for second.

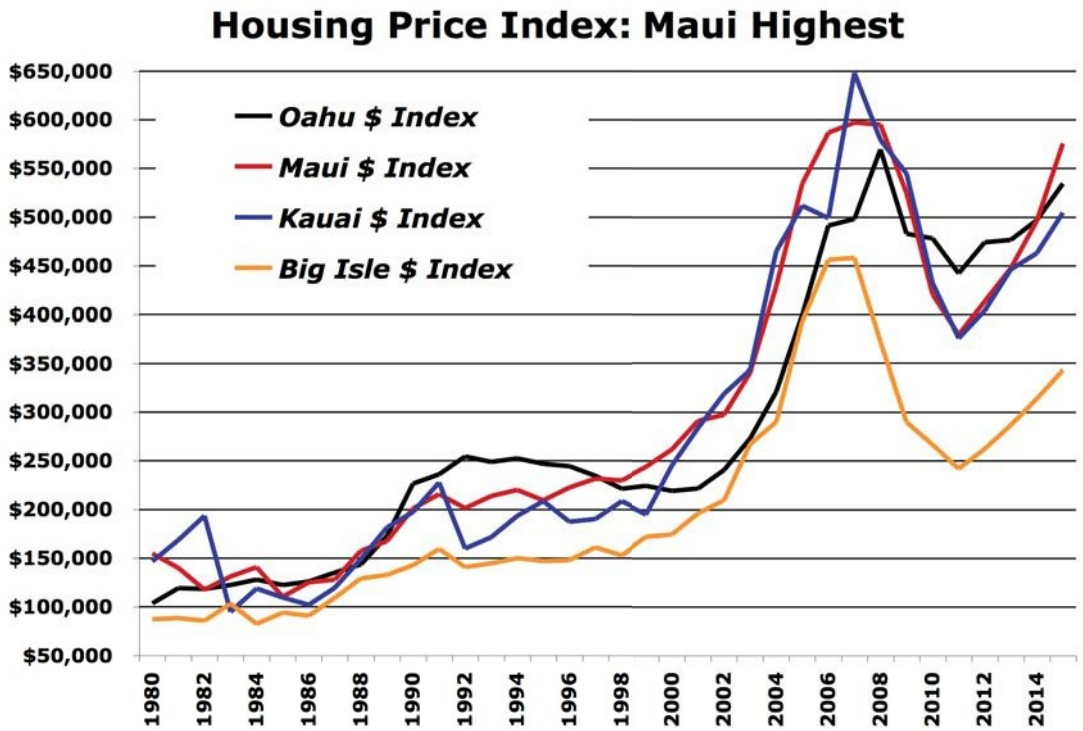

Figure V-4. Housing Price Index: Maui Highest.

Per prices, Maui was the most expensive market statewide, but Oahu came in higher in 2011, Maui has the highest volatilities and Oahu is the least volatile island this cycle, but the most in the last one. This is because the 'hot' money chasing the high end in the last cycle was Japanese, focused on Oahu's south shore. This time, it was West Coast money focused on the neighbor islands.

VI. KAUAI COUNTY'S HOUSING MARKET

Much like the state, Kauai's residential real estate supply is inflexible and constrained, but to a greater degree – the cost constraints are even tighter (higher costs of transporting material inputs to a remote locale, plus the high cost of sourcing labor in a small community), and the political climate there is generally unfavorable to housing development, particularly at the high end and/or in areas that are highly visible (but decidedly less so, relative to affordable and senior housing, as well as work force housing, which this study is evaluating).

At the same time, demand for residential real estate is both flexible and strong, particularly in good economic times and over the long run. It can be, and is currently, constrained to an uncharacteristic degree, thanks to havoc in the financial markets the last few years and the drastic fall off in economic activity globally and nationally.

The first condition, limited supply, arises due to Kauai having a very small landmass, coupled with inadequate infrastructure and challenging geographic conditions (atop the aforementioned political, social and legal impediments).

The second starts with the very high quality lifestyle (defined as a high quality of life, in terms of being in a place that is environmentally safe, aesthetically pleasing, socially accommodating, politically stable, etc.). This is coupled by a deep and broad appreciation of that lifestyle by a very large population accustomed to visiting the island (mainly West Coast and East Asia), which has one of the highest rankings in brand awareness and acceptance.

In combination, this results in a housing market that can be quite volatile, up and down, in terms of sales and, to a lesser extent, prices. We note that in the past cycles, prices have been relatively 'sticky' downward, i.e., generally holding on to accumulated values. In the last up-cycle, however, the price appreciation was so extensive and lasted so long, that the ensuing price depreciation during the down cycle has also been extensive.

Currently, Kauai's residential markets are now well into the next up-cycle. The question is, going forward, how long this will last. The rule of thumb for the residential market is that the upswing in the cycle, the up cycle, generally lasts about 6.5 years, and is about twice as long as the down cycles. In addition, the up cycle, trough to peak, results in a tripling of the number of closings.

For the condo market, the up-cycles last about 7 years, almost more than twice as long as the down cycles. In addition, the movement from the trough to the peak of closings can be 300% or 400%, while for prices, it can be 400% or higher (note that this condition is not just particular to Kauai, but to all the neighbor islands).

The following chart illustrates this, starting with sales and price appreciation trends. As seen for the condo market on Kauai, the up cycles last about 7 years, longer than the down cycles.

Figure VI-1. Total Condo Closings & Prices

The next charts shows the balance between using sales and listings island-wide for condos, as well as the indicator showing the balance between, MRI or Months of Remaining Inventory. Right now, the MRI trend is declining, per the growth of sales and shrinkage of listings, indicative of a tight market. A normal reading is between 8 and 12 months, with the two balanced.

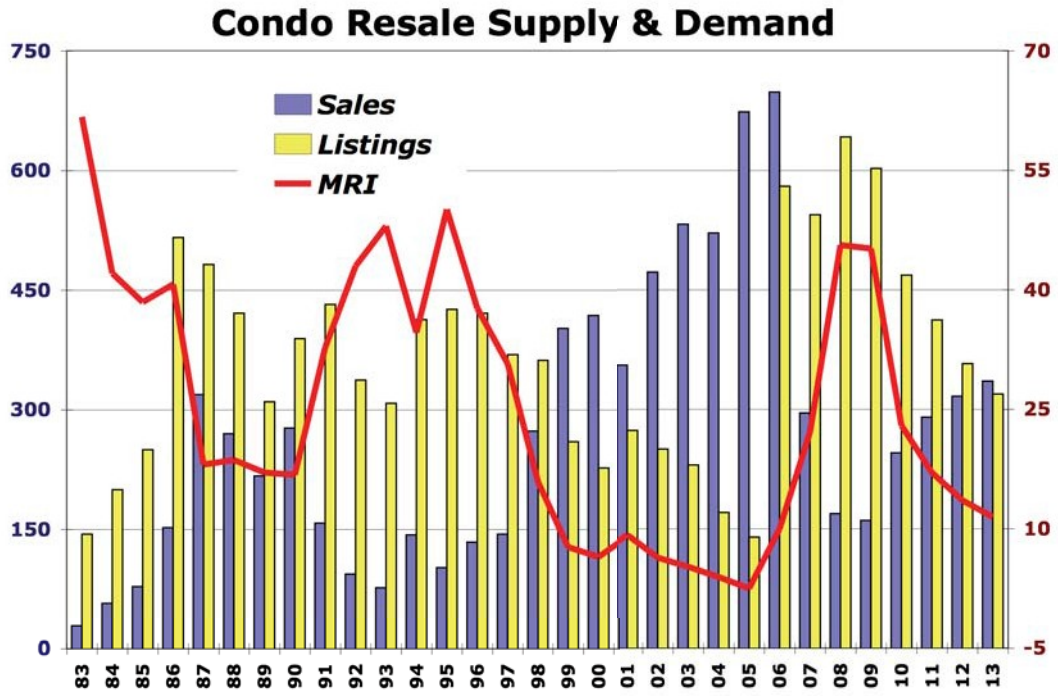

Figure VI-2. Condo Resale Supply & Demand.

Looking ahead, we expect sales will continue to grow (as a function of low interest rates, plus the spread of the US economic recovery in the areas where buyers of Kauai real estate reside, basically on Kauai, plus on the west coast of North America).

In this case, the proper market response to tight supply is for sellers to raise their prices. As seen in other charts, this has already started two years ago, and continues this year as well.

The following chart shows the price trend over the last 32 years for the four basic housing products: single-family resales and developer (newly constructed) sales, plus condominium resales and developer sales. As seen, the price trend over the last four years has been down, with the recovery taking hold first with single-family product, followed by condos.

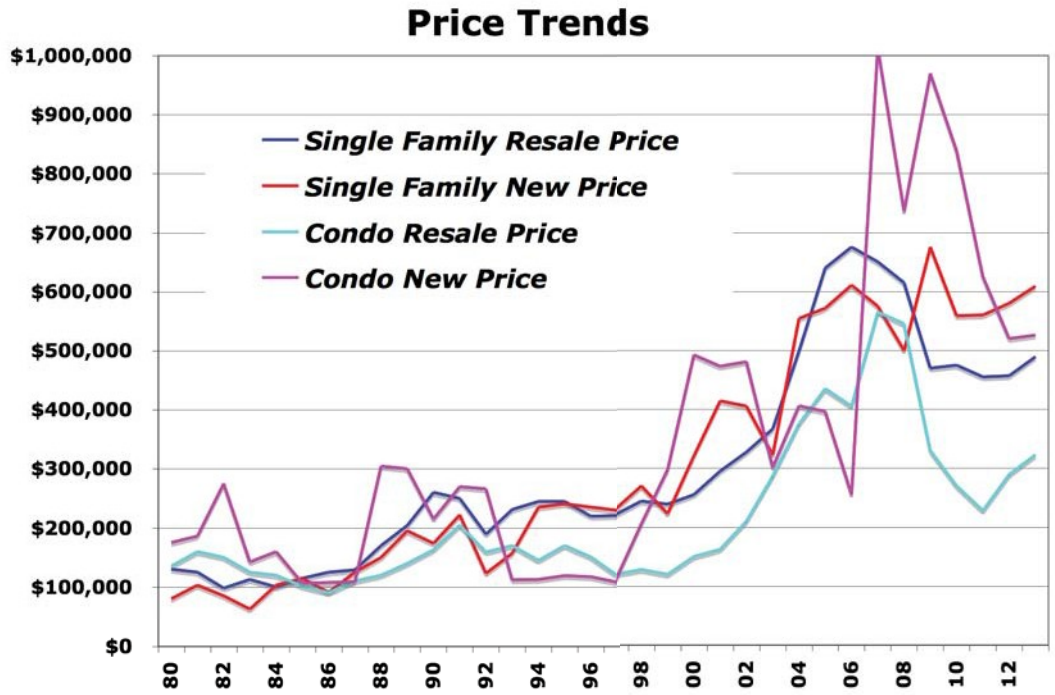

Figure VI-3. Price Trends.

Next, we look at the market for developer sales. As seen in the next chart, the level of new housing production is at a historic low. This is a condition of scarcity and it leads to price movement to the upside.

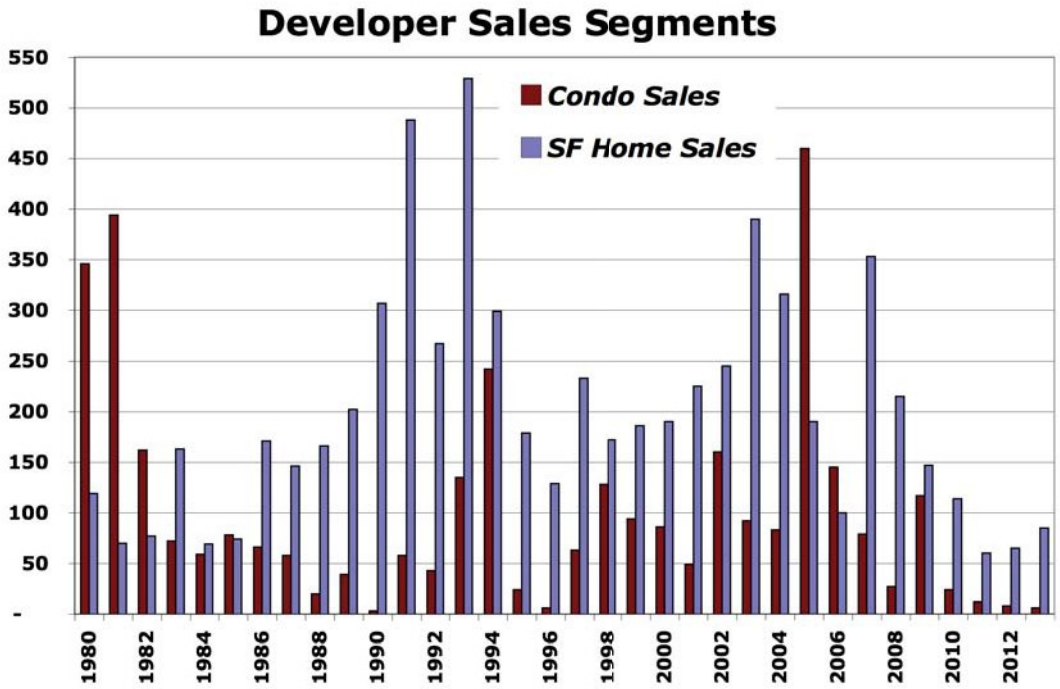

Figure VI- 4. Developer Sales Segments.

When that happens, the home buying public will get a sense that there is a housing shortage, and pressure will be brought politically to increase the supply of affordable housing.

VII. FUTURE HOUSING SUPPLY – KAUAI COUNTY

A. PERMITS

The easiest way to look ahead to where the housing market is going in the short-term is by examining the activity in permits (where developers apply for permission, and pay their fees, for building residential units). A high level of activity indicates more supply is in the works, which means that more demand will be met, and the potential for prices adjusting downwards. With less supply in the works, prices will feel pressure upwards (and higher prices in the future, when demand recovers).

In addition, low levels of per unit value indicate that the units being built are for the lower end of the market (and vice versa). And, this has not been the case over time on Kauai, indicating that most of the new housing has been targeted on the upper income end of the housing market.

An overview of the TOTAL RESIDENTIAL PERMITS AND PER UNIT VALUE chart shows that the number of permitted units has sunk so low that it is at an all-time historical low. On the other hand, the value per permitted unit is at a record high.

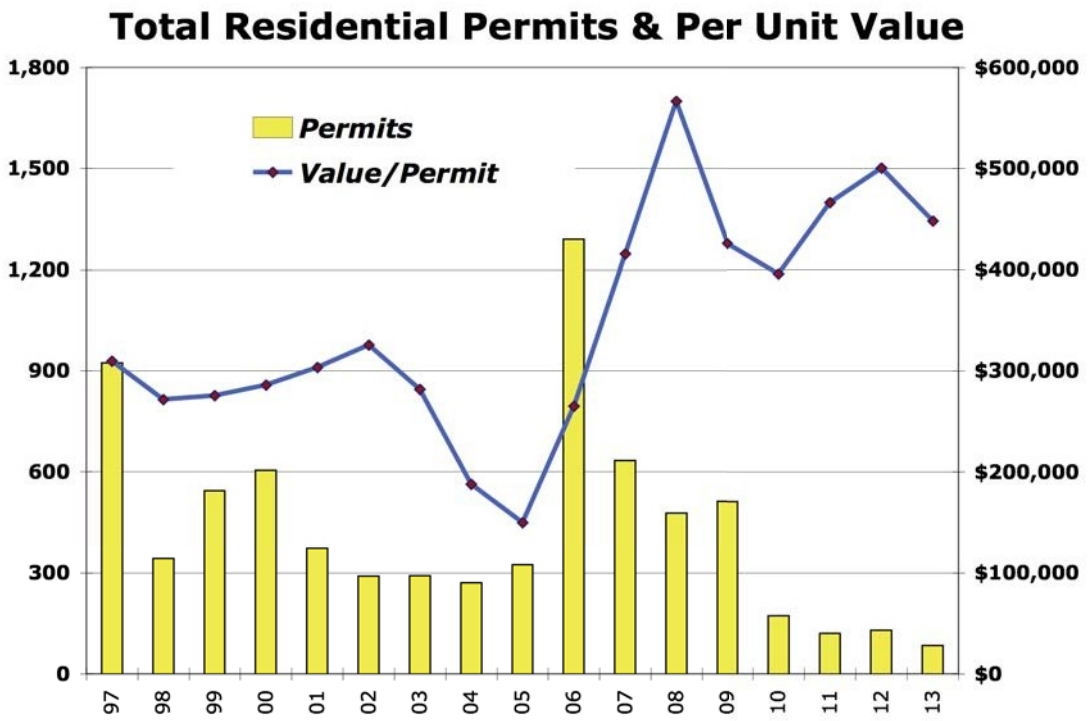

Figure VII-1. Total Residential Permits & Per Unit Value.

Note that the 2013 data is extrapolated, using actual data through April 2013.

The following charts show the actual breakdown between condos and single-family homes.

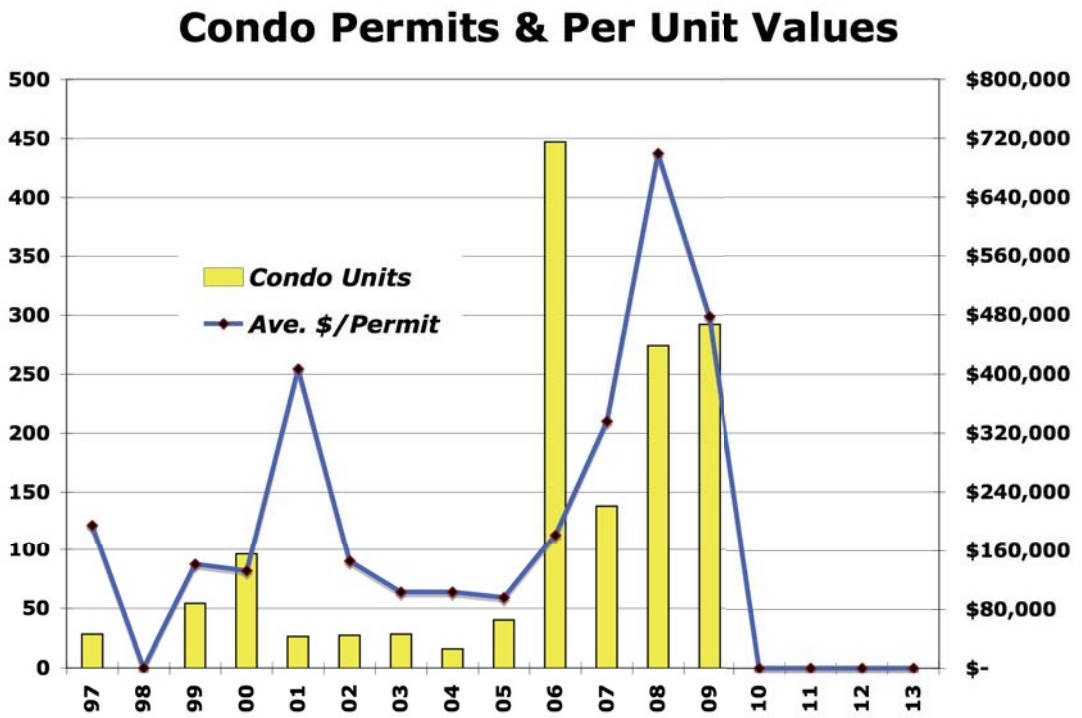

Figure VII-2. Condo Permits & Per Unit Values.

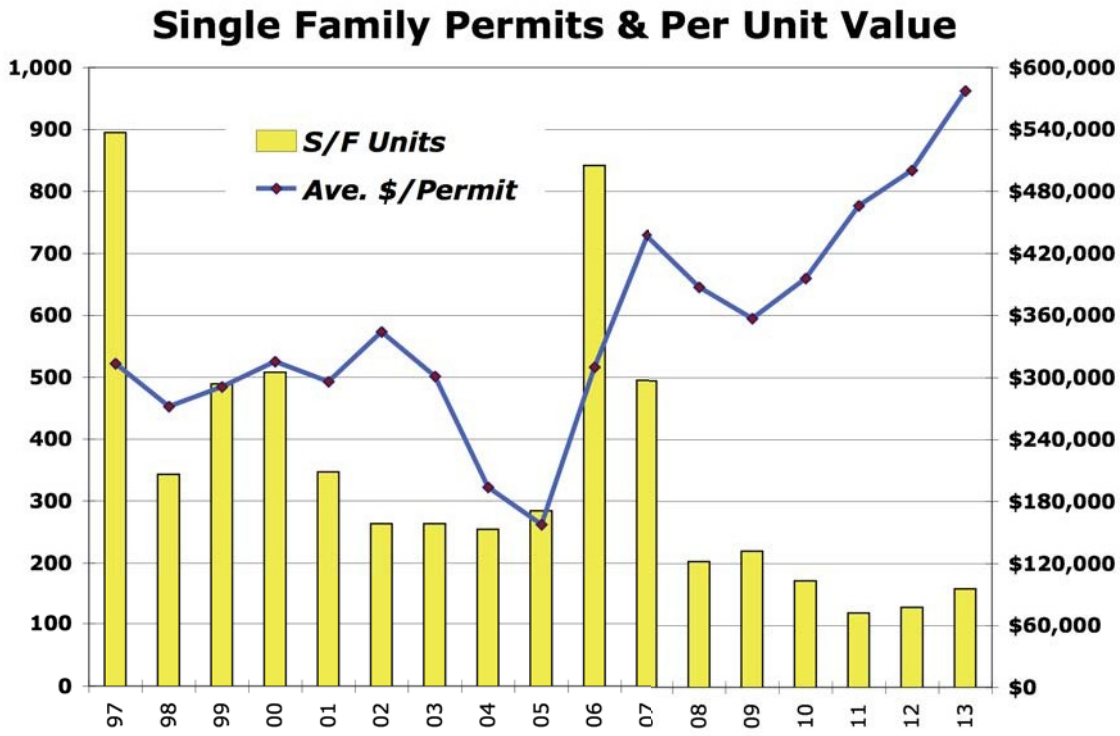

Figure VII-3. Single Family Permits & Per Unit Value.

VIII. HOUSING DEMAND

The prime determinant of housing demand, new and resale, is household formation, itself a function of the economy (its growth, or lack thereof) and then demographic trends.

In the short term, residential housing demand is driven by economics – specifically of job creation/income growth, as well as interest rate trends. In the long term, housing demand is driven by population growth, demographic changes, personal asset growth and lifestyle attitudes (indeed, faster population growth means higher land and housing values).

That said, it bears repeating that the determination here of potential housing demand differs widely from actual demand, manifested by new housing production and sales. This is because the metrics of this – job creation and population growth – are far less volatile than housing production, which often is determined by changing interest rates, floating costs of inputs, etc. Indeed, it is for this reason that those in the housing industry experience a high level of uncertainty, or worse, when making housing demand forecasts (become increasingly so the further out in time they project, with two years being a generally accepted time horizon for such).

A. JOB CREATION

Housing demand is driven by the creation of jobs – new jobs provide new incomes to buy new and resale homes. And new jobs drive in-migration, which is a prime source of housing demand (sometimes linked to population growth). This linkage is best illustrated in the Residential Sales & Job Growth Chart.

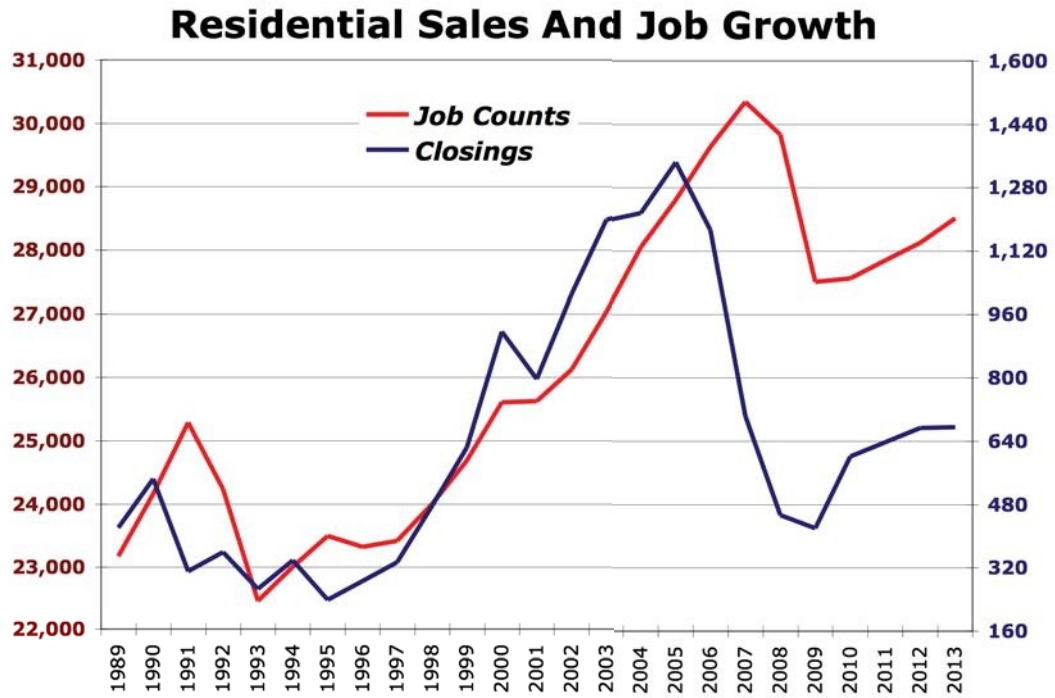

Figure VIII-1. Residential Sales And Job Growth.

Note how closely the two trends track one another, up until the 2004-2005 period, when high prices prevented many families from buying a house. This then shows how the lack of housing supply on an on-going basis drives prices higher, and thus lowers the sales of homes.

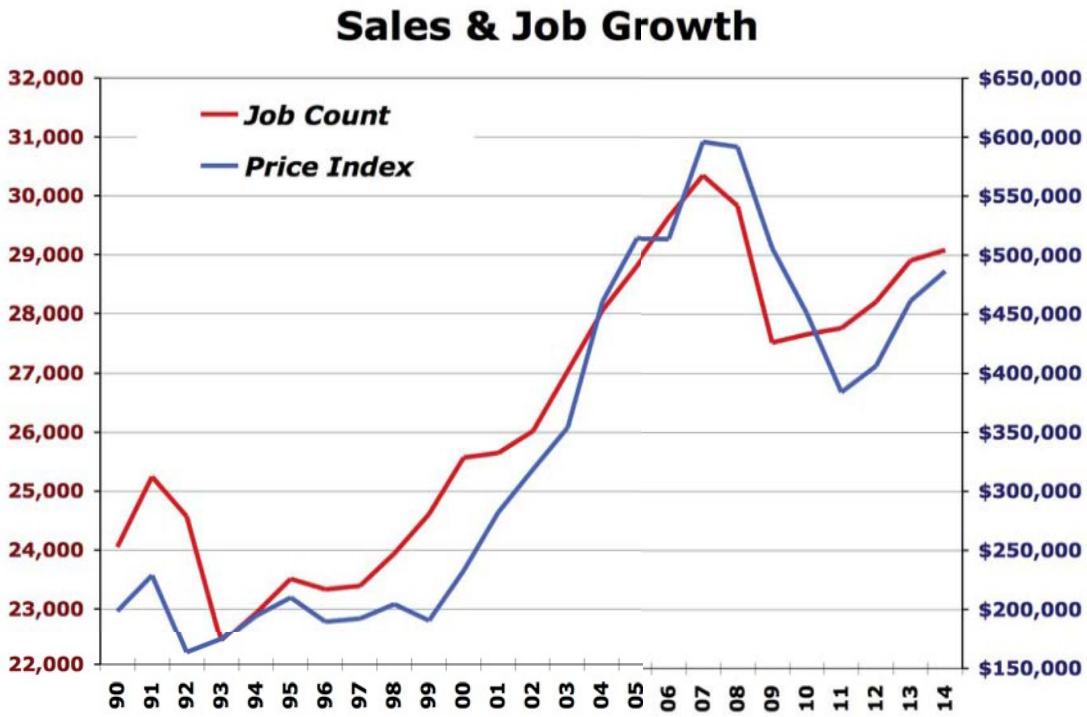

Figure VIII-2. Sales & Job Growth.

Similarly, there is a relationship between housing prices and job growth. This is seen in the above chart, with a rise in jobs leading to a rise in housing prices (with the subsequent rise in rental prices).

B. POPULATION GROWTH TO HOUSING DEMAND

The following tables show population growth per annum, starting in 2000 and ending in 2013, the last year we have population data for. This time frame roughly encompasses an entire real estate cycle, as 2000 was a few years into the upswing of the 1998-2006 market, as 2013 is a few years past the bottom of this market, 2010-2011.

The population change per annum is changed into a household change per annum by factoring it by the average number of people in a household, as determined by the US Census. This then is new households in the market, and equates to housing need.

It is then compared to the number of homes available to them that were produced that year. If there were more homes produced than households were formed (an assumption), then there would be a surplus of supply (homes) over demand (population growth), and vice versa.

A note here: the number of homes shown as produced are actual new homes created, as defined in the tax assessor's data base as 'Year Built.' However, not all those new homes were available to them, particularly those at the lower income levels. As seen in this report, a preponderance of new homes are produced for households making a higher incomes, as they are a more profitable and less risky market segment.

Therefore, total housing production is reduced by a factor that reflects whether these new homes were available to local families or not. This factor is related to the by the percentage of housing stock in the county that is owner-occupied (i.e., whether they were sold to households that occupy the dwelling unit, or to those who do not, meaning second home owners and investors). When the entire stock of housing of condominiums and single-family homes in the county was considered, 89% of condominiums and 39% single-family homes were not owner-occupants.

Given that, we determined the factor should be set at a level that was less than half the percentage of non-owners. This was because some of these non-owner units would be rented out by their owner-investors, and thus they would be available as rental units. We deemed this to be conservative, as it is our experience that most newly created housing is not absorbed by investors, save at the higher price ranges.

Next, housing production was compared to households created (which can be called Housing Need), and the difference was calculated per annum, "Need vs. Production." Then, the table takes this surplus or deficit of housing need, and then calculates it overtime, cumulatively (Cumulative Need).

Table VIII-1. POPULATION GROWTH TO HOUSING NEED, 2001 to 2013

	Population	Annual Change	Persons Per Household	Households Created	Housing Production	Need vs. Production	Cumulative Need
2000	58,568		2.87		183		
2001	59,075	507	2.87	177	204	27	27
2002	59,981	906	2.86	316	248	(68)	(42)
2003	60,805	824	2.86	288	355	66	25
2004	62,095	1,290	2.86	452	289	(162)	(137)
2005	62,863	768	2.85	269	277	7	(130)
2006	63,465	602	2.85	211	121	(90)	(220)
2007	64,490	1,025	2.85	360	320	(40)	(260)
2008	65,603	1,113	2.84	391	190	(202)	(462)
2009	66,518	915	2.84	322	154	(168)	(630)
2010	67,206	688	2.84	243	103	(140)	(770)
2011	67,731	525	2.83	185	54	(131)	(901)
2012	68,395	664	2.83	235	57	(177)	(1,079)
2013	69,512	1,117	2.83	395	74	(321)	(1,400)

Under these assumptions, the model indicates that every year in this time period, save for two, there was greater household growth than housing production, or an imbalance favoring higher prices (and thus higher rental rates). Further, this imbalance, or unmet housing need, gets carried forward to the next year, and added to the next year's differential. As seen, the accumulation of the potential for unmeet housing need, just over the last 12 years, is 1,400 units.

Next, we look into the future. The tables below describe DBEDT's predictions for population for the county, and derive from that a general expectation for housing demand over the next five years (in other words, we will translate it into housing demand). Note that the model* used here is the seventh in a series of long-range projections dating back to the first report published in 1978.

Like the data used to determine the number of households by income and age in the rental housing demand study, this one uses the detailed population characteristics from the 2010 Decennial Census. This DBEDT study also uses the 2010 estimates of economic variables, and input-output (I-O) tables based on the 2007 Economic Census as baseline data for the projection.

The writers of this study note that: "these projections are neither targets nor goals. They are DBEDT's best estimates of likely trends in important population and economic variables based on currently available information. The accuracy of these projections depends on the degree to which historical trends provide guides to the future, changing external conditions, infrastructure capacity, and other supply constraints which have not been incorporated into the model.

Thus, the further this projection of the census and economic data goes out into the future, it is more susceptible to inaccuracies, relative to what finally transpires. That said, it is useful for setting expectations and planning for those contingencies.

Our analysis of this market begins with the population growth 2010-2020, using data from the US Census. Again, we took the change in the population, and then used that to derive housing demand. In this, we averaged the size of household over this ten-year time period, and it came out to 2.85 people per household on average.

Table VIII-2. HOUSING NEED, PER DBEDT 2040 POPULATION PROJECTIONS

	2000	2010	2020
Resident population	58,568	67,206	75,600
Pop Growth		8,638	8,394
Household size (US Census)	2.87	2.84	2.81
Housing Need		3,029	2,987
Housing Need, p.a.		303	299

We again compared household growth based on the DBEDT 2040 population projections to housing production, the growth of housing supply, over the 2000-2013 period. This measure of total homes supplied (from the Table VII-1) was 2,445 units, or 188 units per annum (13 years).

Thus, comparing the future household growth of 2,987 dwellings to past housing production available to owner occupants, this exercise shows a deficit of 111 dwelling units, on an annual basis: 188 -299=(111), thus a shortage of homes relative to housing need.

C. ESTIMATED HOUSING NEED

Accounting for past and future, this model thus shows that 2,987 dwelling units will be needed on Kauai to accommodate future projected household housing need. To date, 185 units have been built 2010-2013 capable of meeting this need, leaving more than 2,800 more units that are outstanding, needed to be built by 2020 in order to meet the household need.

Additional to this future need, there remains the past need of the 1,400 dwellings that accumulated as unmet housing need from 2000.

Combined, this shows a past and future deficit of 4,244 dwellings for the local population.

Returning to the demographics of the county, we took the distribution of the renter households by their income, and translated the unmet into unit counts. This was done by both the backlog, and the coming need 2010-2020. The following table shows this:

Table VIII-3. PAST & FUTURE HOUSING NEED, PER AMI, ALL RENTERS

AMI	Backlog 2000-2013	Upcoming: 2013-2020	Cumulative Count
30%	89	170	259
50%	44	85	129
60%	90	172	262
80%	53	102	155
100%	79	151	230
120%	58	111	170
140%	47	90	137
Totals	461	881	1,342

Table VIII-4. PAST & FUTURE HOUSING NEED, PER AMI, SENIORS 55+

AMI	Backlog	2020	Totals
30%	36	69	105
50%	21	40	61
60%	31	58	89
80%	20	38	57
100%	27	51	78
120%	23	44	68
140%	19	36	55
Totals	176	337	514

Table VIII-5. PAST & FUTURE HOUSING NEED, PER AMI, SENIORS 65+

AMI	Backlog	2020	Totals
30%	18	34	52
50%	15	28	42
60%	19	37	57
80%	9	17	26
100%	14	26	39
120%	7	12	19
140%	6	12	18
Totals	87	166	253

In sum, housing production in the past has not satisfied housing need, as driven by job growth, leading to higher priced housing and overcrowding in existing housing.

IX. THE RENTAL MARKET – COUNTY OF KAUAI

Condominium living has been an important part of the county's housing market since the late 1960's. With developable land limited and construction costs expensive, multi-family units have been the most efficient way to provide affordable housing, both owning and renting, for a significant percentage of the island's residents.

Those renting included households who are newly formed (such as moving out of their parent's homes to be on their own), established households that are downsizing (such as retired persons, those whose children have 'left the nest'), and others who do not have the desire or the financial ability to purchase real estate: all of them rely on the supply of available rental units for their housing needs. This applies, even more so, to those who are living on a fixed income – for them, apartment living offers security, convenience, community and (hopefully) affordability.

Over the latter part of the 1990's, the county enjoyed strong growth in the demand for vacation rentals, thanks to the high quality of life in the state and the attractiveness of lifestyle on the island, there are a large number of rental units targeting visitors only. This market is characterized by high rental rates and quick turnover. That caused many of the island's multifamily unit owners to consider catering to this demand, which brought with it higher rents. This went for both individual owners of rental units, as well as corporate or institutional owners of rental projects. Of note is the condo conversion of large rental properties, as described in the statewide condo conversion chart (data from State Department of Commerce and Consumer Affairs, Professional and Vocational Licensing).

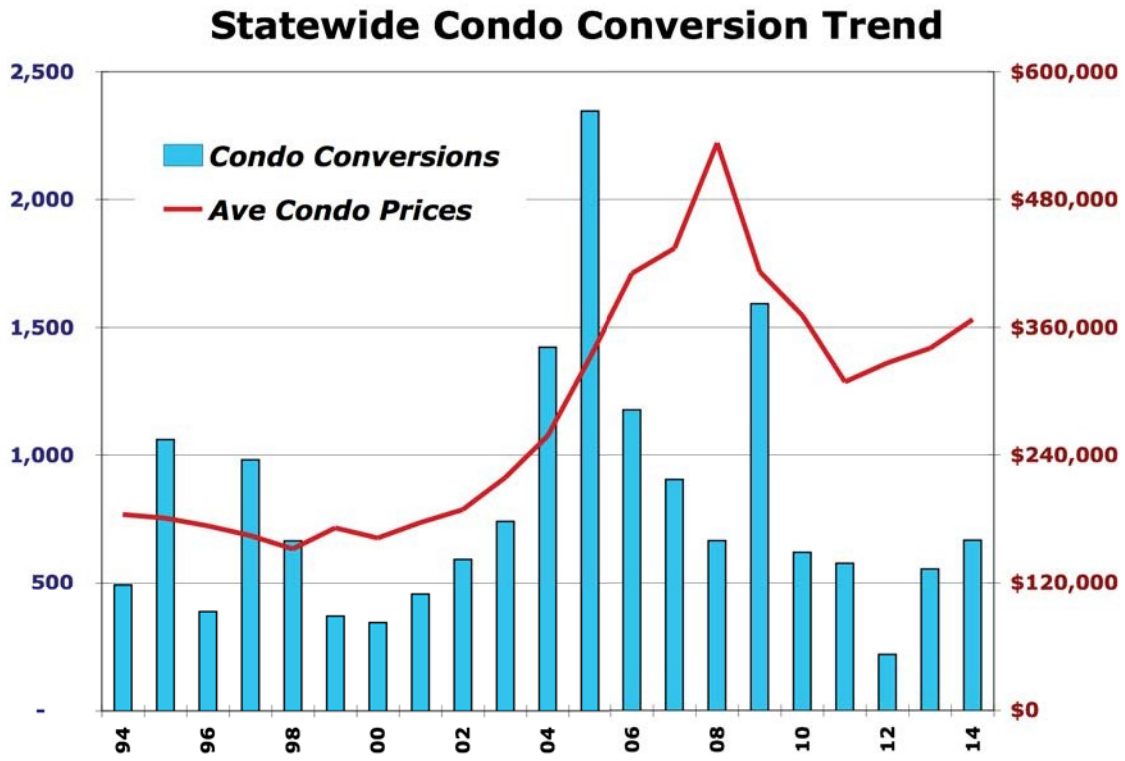

Figure IX-1. Statewide Condo Conversion Trend.

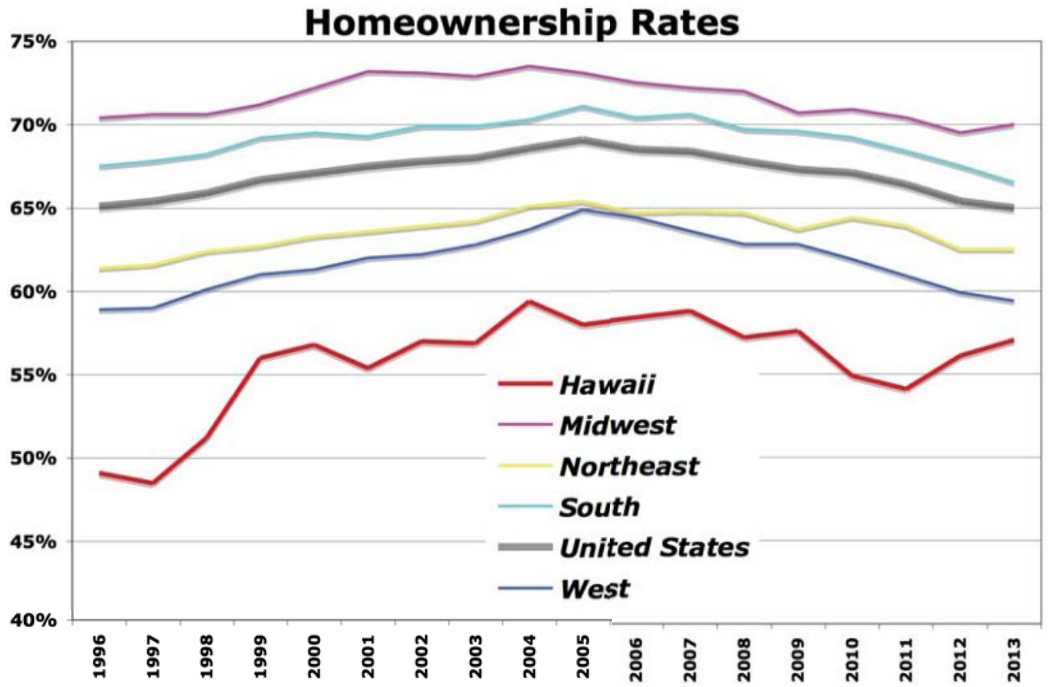

Figure IX-2. Homeownership Rates.

This is a legacy that carries down today, with Hawaii having a low rate of homeownership (relative to the rest of the nation), per the charts (US Census) here. It also had the one of the lowest homeowner vacancy rates, and renter vacancy rates.

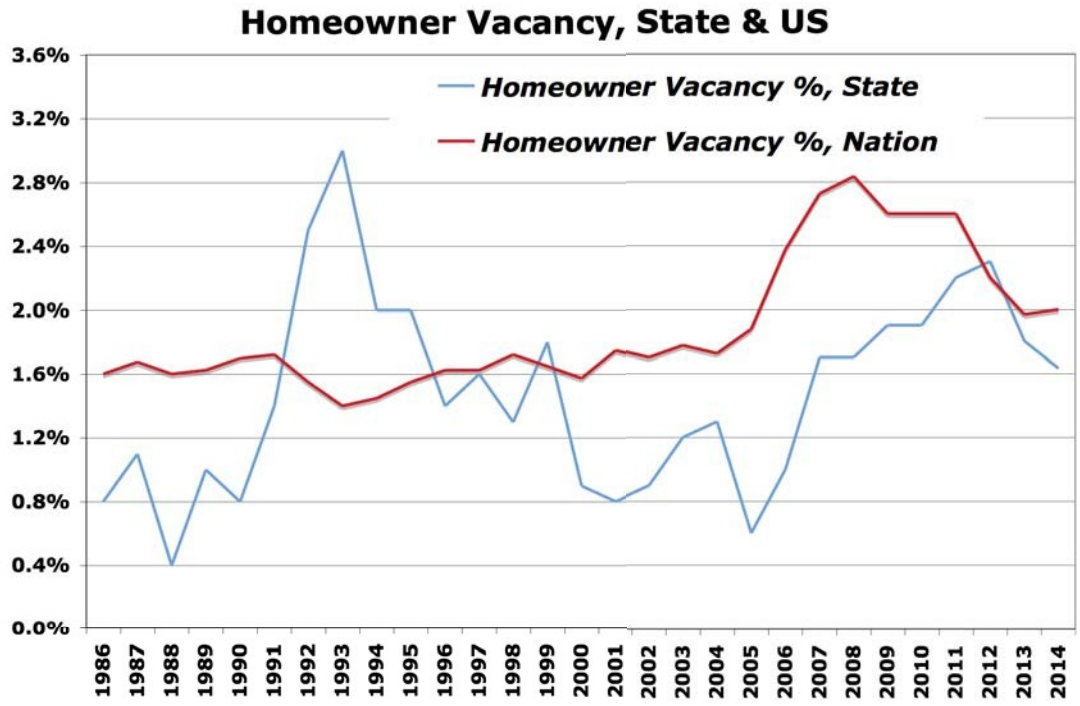

Figure IX-3. Homeowner Vacancy, State & US

All of this speaks to the desirability of living in a dwelling in Hawaii, and – by extension – the difficulty of finding affordable housing, rental or otherwise for local households, particularly those making 100% and below the median income for the area.

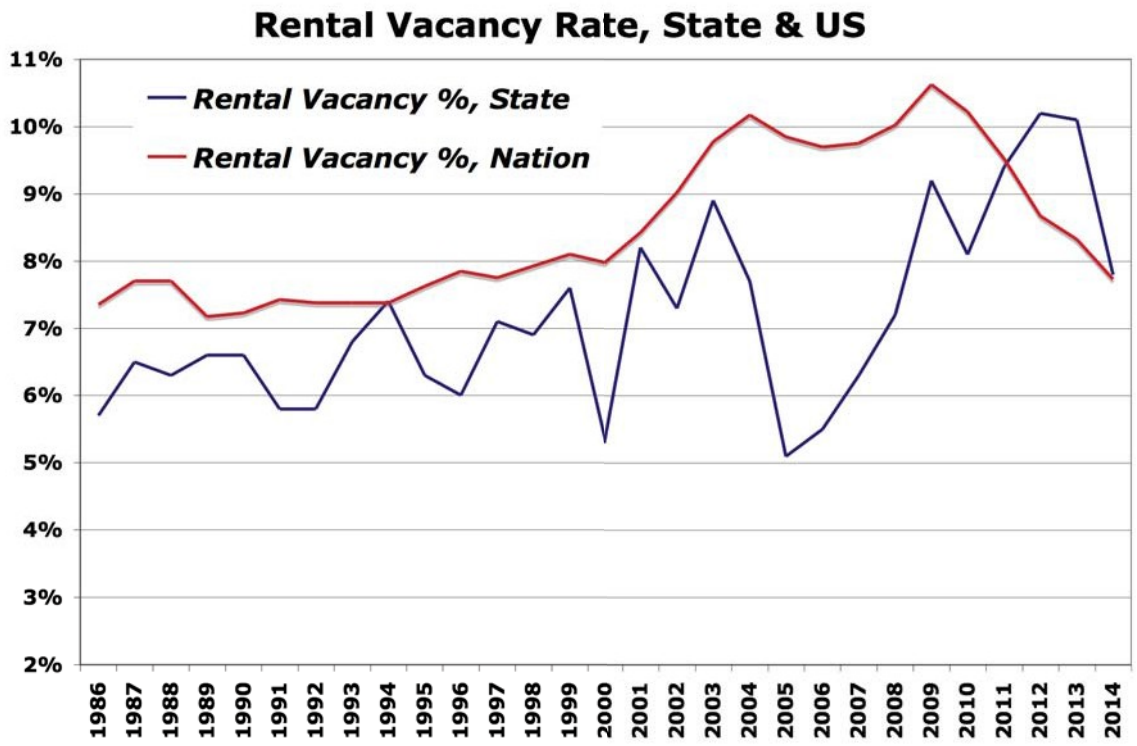

Figure IX-4. Rental Vacancy Rate, State & US.

Turning to an examination of the actual rental rates being charged in the market (other than the rental market survey, in the next section), there are a few government resources to draw upon.

The best known one is called “Fair Market Rents” (FMR) and comes from the US Housing and Urban Development department, HUD. Every year, HUD analyzes the rental markets across the country, and then publishes a set of gross rent estimates for an area. They include the shelter rent plus the cost of all tenant-paid utilities, minus conveniences, like telephone and Internet.

HUD does so by using (to quote them) “the most accurate and current data available” – per (http://www.huduser.org/datasets/fmr.html) - and this data includes the 2010 US Census data, the last American Community Survey (ACS) data, and telephone surveys of eligible recent rental unit movers.

These rents then become the basis for how much program administrators will subsidize housing units, and the maximum incomes that tenants may not exceed in order to qualify for subsidized housing) on an annual basis.

As seen, the HUD defined rents for the county declined in 2011, and then accelerated the following year, before declining dramatically again. This appears to be an anomaly, inasmuch as these years were those where the economy and the residential real estate cycle reviving, both for prices and closings in the for-sale market. Generally speaking, the for-sale and the rental markets are very similar, with one trend closely tracking the other.

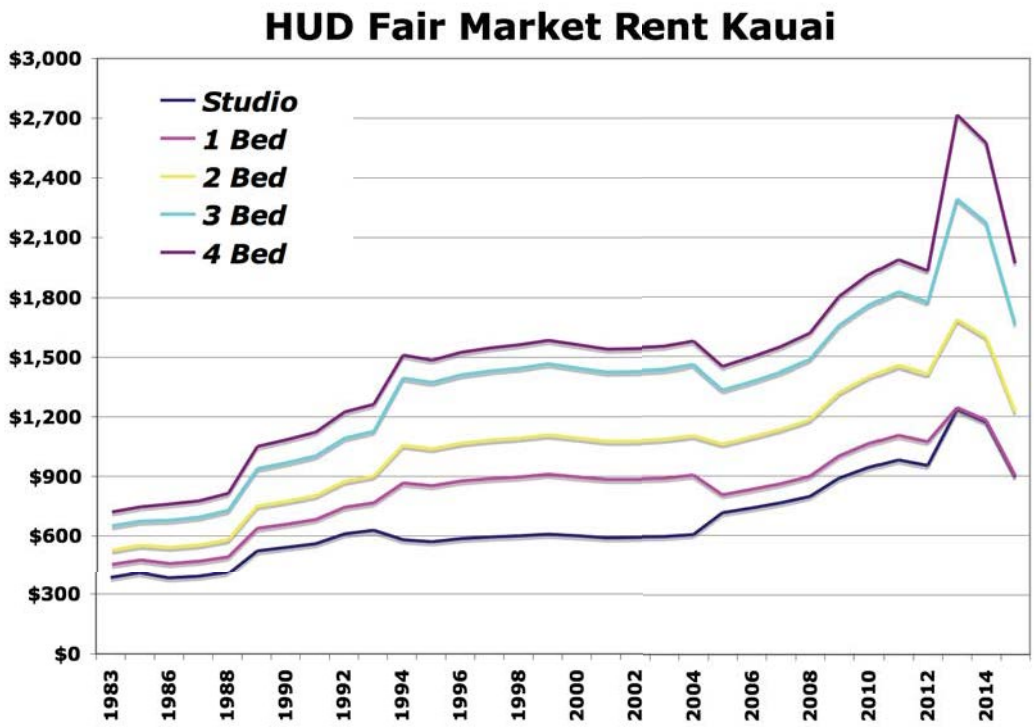

Figure IX-5. HUD Fair Market Rent Kauai.

One possible explanation for this here, and repeating later, that two of these data sources – ACS and Census - are static, done every few years.

The other one, telephone surveys of people moving in and out of units done randomly, are not very reliable, especially in non-urban areas, non-English speaking areas, and areas where there is a high turnover in rental units, such as vacation destinations.

All of these are characteristics of the county. As such, the trends of the FMR do not match up with those rental trends from other sources, as seen.

Another source of rental trend information comes from the Department of Defense (DOD). It is called the BAH, or Base Allowance for Housing, and it is their description of the rental market rates, done in conjunction with providing their personnel based in the county with a rental allowance. This is done for all counties where military personnel are based, and adjusted for a cost of living.

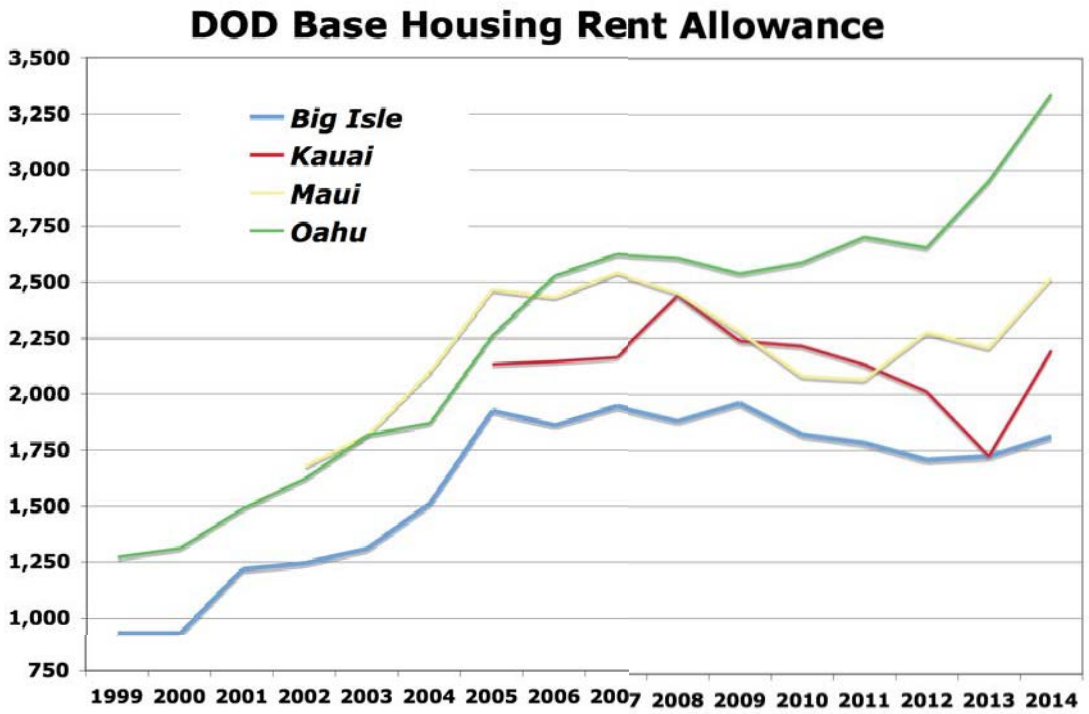

Figure IX-6. DOD Base Housing Rent Allowance.

Finally, we look at the trends in vacancies and rental applications for affordable rental projects in the state and on Oahu (the largest target market, as defined earlier). The following table comes from the Hawaii Public Housing Authority's Board of Director's packet for November 2014. As seen, they are dwindling, potentially because affordable rental housing demand is increasing.

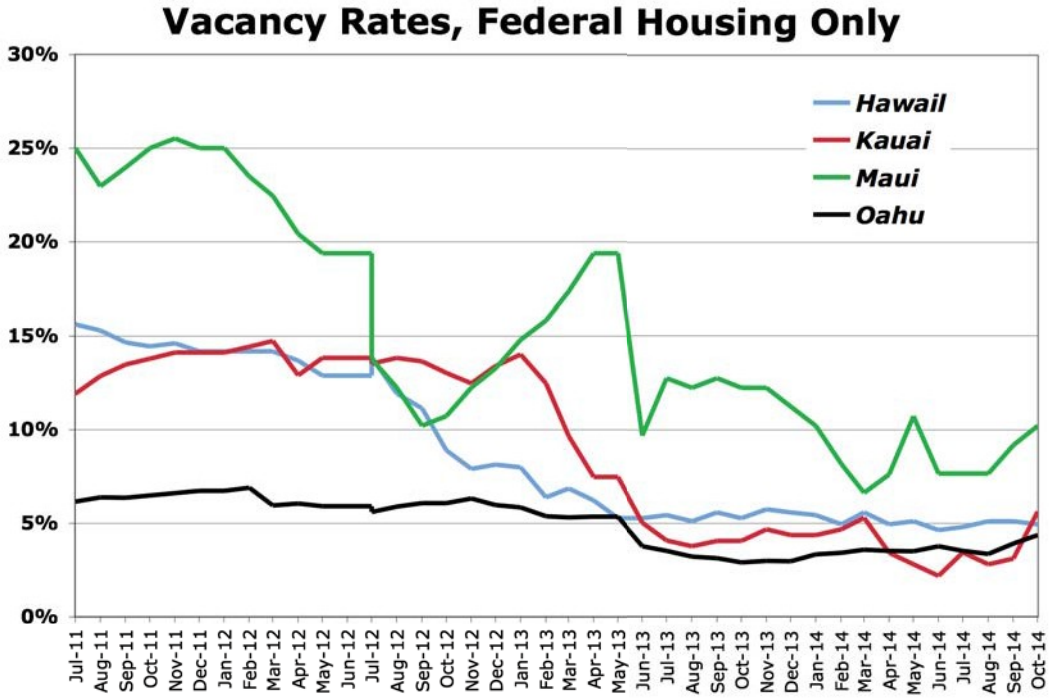

Figure IX-7. Vacancy Rates, Federal Housing Only.

X. PRESENTATION & ANALYSIS OF RENTAL MARKET DATA

OVERVIEW: By way of overview, the Kauai marketplace within which 'market rate properties' compete is comprised of very few large unit rental properties and a great many small unit properties. Relative to other US urban centers, this is a unique characteristic and has much to do with the development of the visitor industry and the nature of the urbanization (or the lack thereof) on Kauai.

Historically, Kauai was primarily an agrarian economy, with the dispersion of population to the plantation areas. As such, there was no real urban core. Therefore, there is no real concentration of large condominium projects, other than hotel units. The main area for that was in Waikiki, and that targeted short-term visitors. The rest of condominium development was small-scale, due to the topography of the valleys and ridges on Kauai, due to the lack of capital for building large projects, and due to the lack of land for development (leasehold system). It was often targeted on the visitor market, as well – both short and long-term.

As such, the rental marketplace for market rate properties was dispersed as well as highly fragmented.

CONTEXT: With that given, rental housing research and researchers have used publicly available data on rental rates to describe the market place. Historically, the best source, in terms of depth, breadth and consistency, was classified advertising in the local newspapers. The listings here provided a wealth of important data, such as asking rents, unit size, unit location, unit features, unit restrictions, etc., This data, when collected overtime, then allowed a researcher to show rental rate and unit availability trends, and do so by location, bedroom count, rents and other features.

However, the advent of the internet disrupted the classified advertising marketplace by allowing that activity – and information - to migrate from a hard copy print in a newspaper into an electronic data held within a website. Thus, the research done using newspaper classified waned while that done using Internet websites that specialize in rental units in the area waxed.

One that provides rental information most comprehensively is Craigslist. In essence, this website replaced the classified ads in the newspapers in terms of being the clearinghouse for rentors and renters.

The scope of work for this study was to update the last Rental Housing Study using data from existing sources. This study used the same source of Craigslist data as for the last study, a UH research entity, but refined it further by editing the entries for accuracy, consistency and integrity (scam artist entries were deleted).

Note that no data was collected for 2011, as the UH research entity determined that, due to budgetary considerations, this was not a priority. Fortunately, things improved significantly in 2012, and they resumed collecting and storing the data. Thus, we obtained the data for two quarters of 2012, two quarters of 2013, and one quarter of 2014. This is described in the tables.

Note: we decided to aggregate the data for town homes, condos and apartments into attached housing, or MF, multi-family housing. While we can break them into these different segments, we find that by combining them, the overall data makes more sense, and is consistent with the last study. Further, when we look at the data by price segments, which is the way the market (particularly those at the lower income end of the market) sees rentals, it doesn't matter – the renter usually takes the lowest price that he/she can both afford and live with.

The tables start with by looking at the Listings (individual entries offering a rental unit) and the Rents (the asking rental price), and then the table shows the percentage changes per period in the listing counts and rental rates.

There are three summary items below the per period data summaries. They are:

- The change from the first to the last period, called Change 2012.1Q to 2014.1Q;
- The Summary Change, all periods, which simply adds up the per period data located in the column above; and
- The Per Period Change, which divides the line above, the Summary Change, by the number of periods.

We begin with the tables for MF, or multi-family housing, (attached housing, again: condos, apartments and town homes) and for SF (single family, or detached, housing). These first tables are aggregated, meaning they include all bedroom types (Studios, Ones, Twos, etc.). Thereafter, we break the market out into the different bedroom counts, and then by the different communities and areas of the island.

Note that for these first aggregate tables, we show one table with just the raw (actual) data, and another table that averaged two periods together. These averaged tables dampen the volatility of the data that can occur when only one period is looked at.

Table X-1. MULTIFAMILY LISTINGS AND RENTS, PER CRAIGSLIST

No Average					*Averaged, 2 Periods*				
Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	132	$1,201			2012.1Q	132	$1,201		
2012.3Q	146	$1,176	10.6%	-2.1%	2012.3Q	139	$1,189	5.3%	-1.0%
2012.4Q	99	$1,126	-32.2%	-4.2%	2012.4Q	123	$1,151	-11.9%	-3.1%
2013.3Q	114	$1,389	15.2%	23.3%	2013.3Q	107	$1,257	-13.1%	9.2%
2013.4Q	75	$1,396	-34.2%	0.5%	2013.4Q	95	$1,392	-11.3%	10.7%
2014.1Q	79	$1,316	5.3%	-5.7%	2014.1Q	77	$1,356	-18.5%	-2.6%
Change, 2012.1Q - 2014.1Q			**-40.2%**	**9.5%**	**Change, 2012.1Q - 2014.1Q**			**-41.7%**	**12.9%**
Summary Change, all periods			-35.3%	11.7%	Summary Change, all periods			-49.4%	13.1%
Per period change			-7.1%	2.3%	Per period change			-9.9%	2.6%

As seen, listings (the count of the number of ads or postings) are falling over this time period. This is akin to the supply of rental units declining, or shrinking. Normally, a trend of declining supply goes hand-in-hand with rising prices – if demand stays the same or rises. As seen, this seems to be happening in this market, on the macro level.

Next, we look at the single-family rental market.

Table X-2. SINGLE FAMILY LISTINGS AND RENTS, PER CRAIGSLIST

No Average					*Averaged, 2 Periods*				
Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	158	$1,610			2012.1Q	158	$1,610		
2012.3Q	151	$1,840	-4.4%	14.3%	2012.3Q	155	$1,725	-2.2%	7.1%
2012.4Q	109	$1,701	-27.8%	-7.5%	2012.4Q	130	$1,770	-15.9%	2.6%
2013.3Q	92	$1,975	-15.6%	16.1%	2013.3Q	101	$1,838	-22.7%	3.8%
2013.4Q	64	$1,954	-30.4%	-1.1%	2013.4Q	78	$1,965	-22.4%	6.9%
2014.1Q	47	$1,969	-26.6%	0.8%	2014.1Q	56	$1,962	-28.8%	-0.2%
Change, 2012.1Q - 2014.1Q			**-70.3%**	**22.3%**	**Change, 2012.1Q - 2014.1Q**			**-64.9%**	**21.9%**
Summary Change, all periods			-104.8%	22.6%	Summary Change, all periods			-92.0%	20.3%
Per period change			-21.0%	4.5%	Per period change			-18.4%	4.1%

Again, listing counts are declining and rental rates increasing. And, like the multifamily market, these same characteristics are indicative of a market that is tightening, with less supply and higher prices.

As this study is focused on affordable rental housing, and as most affordable rental housing consistent of multifamily housing, primarily configured as studios, one-bedrooms and two-bedrooms, those market segments are described below. The underlying data behind these summary tables are presented in the appendix and described by location, or area.

Table X-3. STUDIO LISTINGS AND RENTS, MULTIFAMILY

No Average									
Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	22	$903			2012.1Q	22	$903		
2012.3Q	33	$868	50.0%	-3.9%	2012.3Q	28	$885	25.0%	-2.0%
2012.4Q	27	$830	-18.2%	-4.3%	2012.4Q	30	$849	9.1%	-4.1%
2013.3Q	27	$1,035	0.0%	24.8%	2013.3Q	27	$933	-10.0%	9.9%
2013.4Q	25	$1,035	-7.4%	-0.1%	2013.4Q	26	$1,035	-3.7%	11.0%
2014.1Q	25	$1,065	0.0%	2.9%	2014.1Q	25	$1,050	-3.8%	1.4%
Change, 2012.1Q - 2014.1Q			**13.6%**	**17.9%**	**Change, 2012.1Q - 2014.1Q**			**13.6%**	**16.2%**
Summary Change, all periods			24.4%	19.3%	Summary Change, all periods			16.5%	16.2%
Per period change			4.9%	3.9%	Per period change			3.3%	3.2%

Table X-4. ONE BEDROOM LISTINGS AND RENTS, MULTIFAMILY

Averaged, 2 Periods									
Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	12	$791			2012.1Q	12	$791		
2012.3Q	7	$750	-41.7%	-5.2%	2012.3Q	10	$771	-20.8%	-2.6%
2012.4Q	7	$819	0.0%	9.2%	2012.4Q	7	$785	-26.3%	1.8%
2013.3Q	4	$841	-42.9%	2.7%	2013.3Q	6	$830	-21.4%	5.8%
2013.4Q	7	$871	75.0%	3.5%	2013.4Q	6	$856	0.0%	3.1%
2014.1Q	6	$953	-14.3%	9.4%	2014.1Q	7	$912	18.2%	6.5%
Change, 2012.1Q - 2014.1Q			**-50.0%**	**20.4%**	**Change, 2012.1Q - 2014.1Q**			**-45.8%**	**15.2%**
Summary Change, all periods			-23.8%	19.6%	Summary Change, all periods			-50.4%	14.6%
Per period change			-4.8%	3.9%	Per period change			-10.1%	2.9%

Table X-5. TWO BEDROOM LISTINGS AND RENTS, MULTIFAMILY

No Average									
Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	13	$1,322			2012.1Q	13	$1,322		
2012.3Q	15	$1,426	15.4%	7.8%	2012.3Q	14	$1,374	7.7%	3.9%
2012.4Q	17	$1,306	13.3%	-8.4%	2012.4Q	16	$1,366	14.3%	-0.6%
2013.3Q	16	$1,473	-5.9%	12.7%	2013.3Q	17	$1,389	3.1%	1.7%
2013.4Q	7	$1,447	-56.3%	-1.7%	2013.4Q	12	$1,460	-30.3%	5.1%
2014.1Q	6	$1,555	-14.3%	7.5%	2014.1Q	7	$1,501	-43.5%	2.8%
Change, 2012.1Q - 2014.1Q			**-53.8%**	**17.6%**	**Change, 2012.1Q - 2014.1Q**			**-50.0%**	**13.6%**
Summary Change, all periods			-47.7%	17.9%	Summary Change, all periods			-48.7%	13.0%
Per period change			-9.5%	3.6%	Per period change			-9.7%	2.6%

Using the above sourced data, we were able to update some of the tables and charts used in the 2011 Rental Housing Study for the major area submarkets. Again, note that the data is a mixture of rental data from the classified section of the newspaper and that from Craigslist, with the break occurring around 2009.

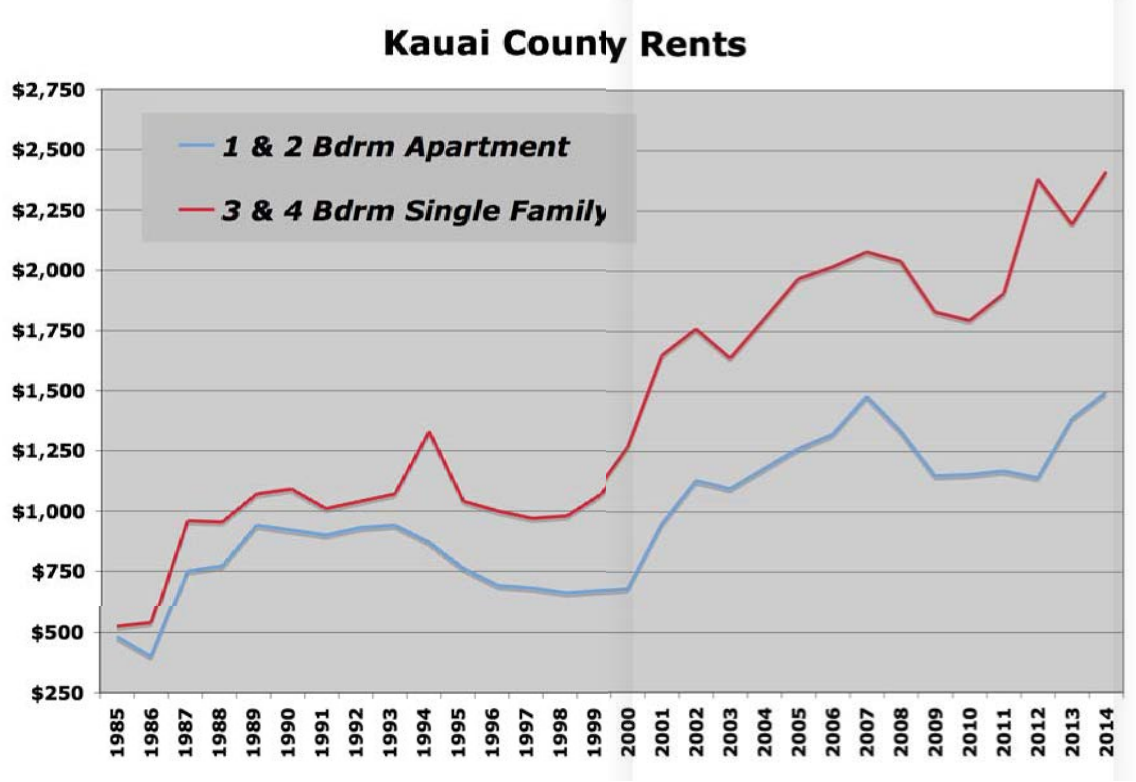

Figure X-1. Kauai County Rents.

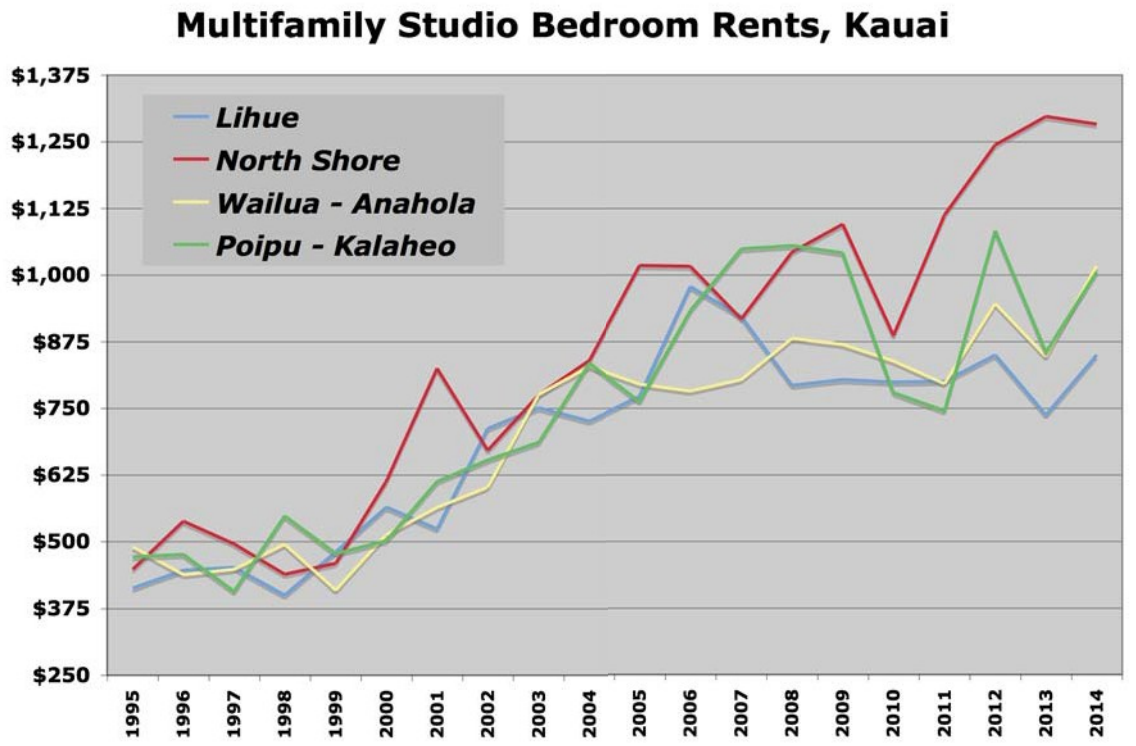

Figure X-2. Multifamily Studio Bedroom Rents, Kauai.

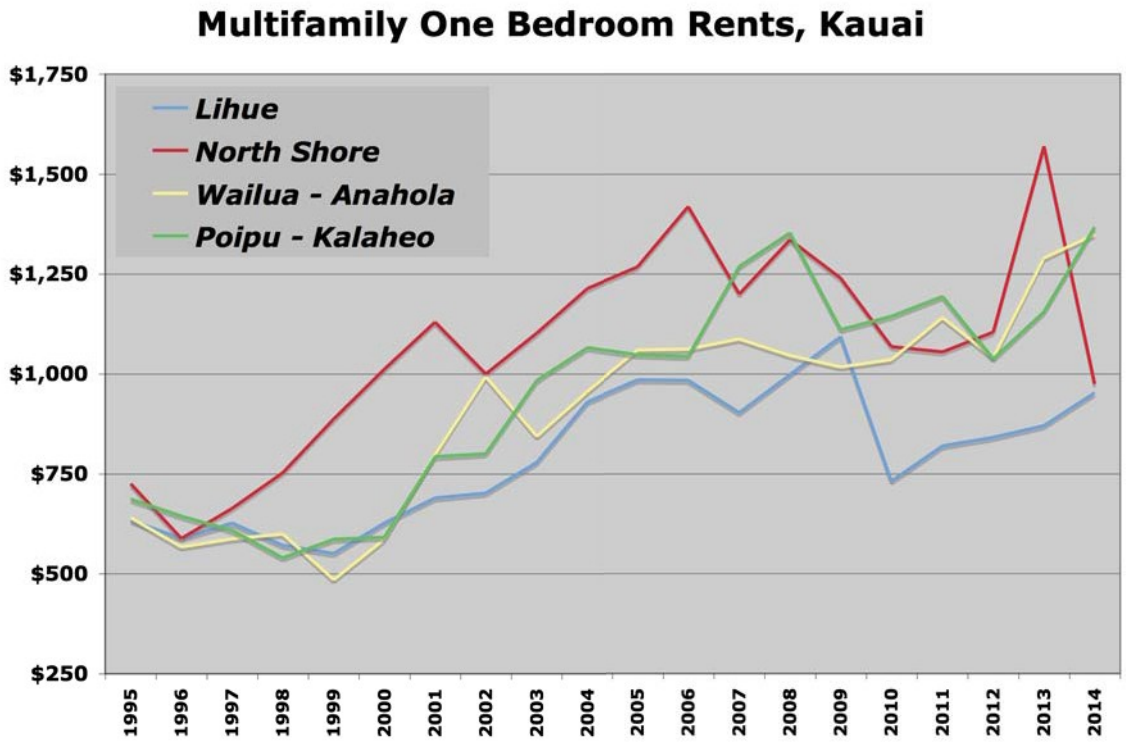

Figure X-3. Multifamily One Bedroom rents, Kauai.

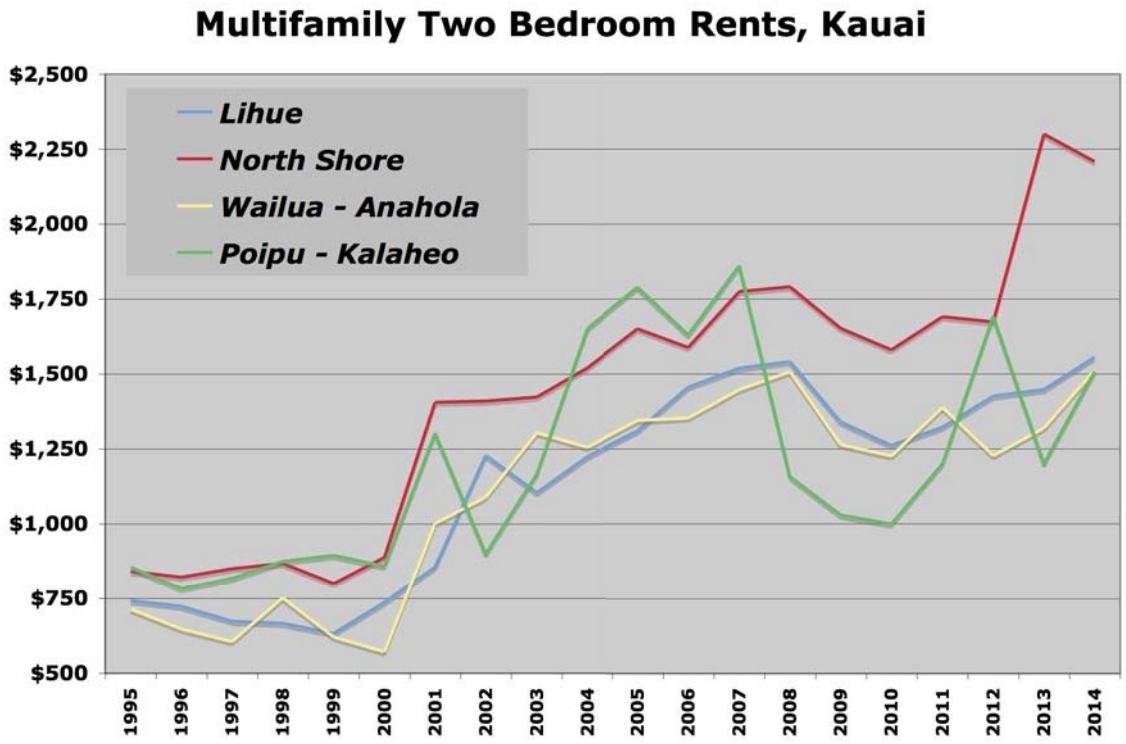

Figure X-4. Multifamily Two Bedroom Rents, Kauai.

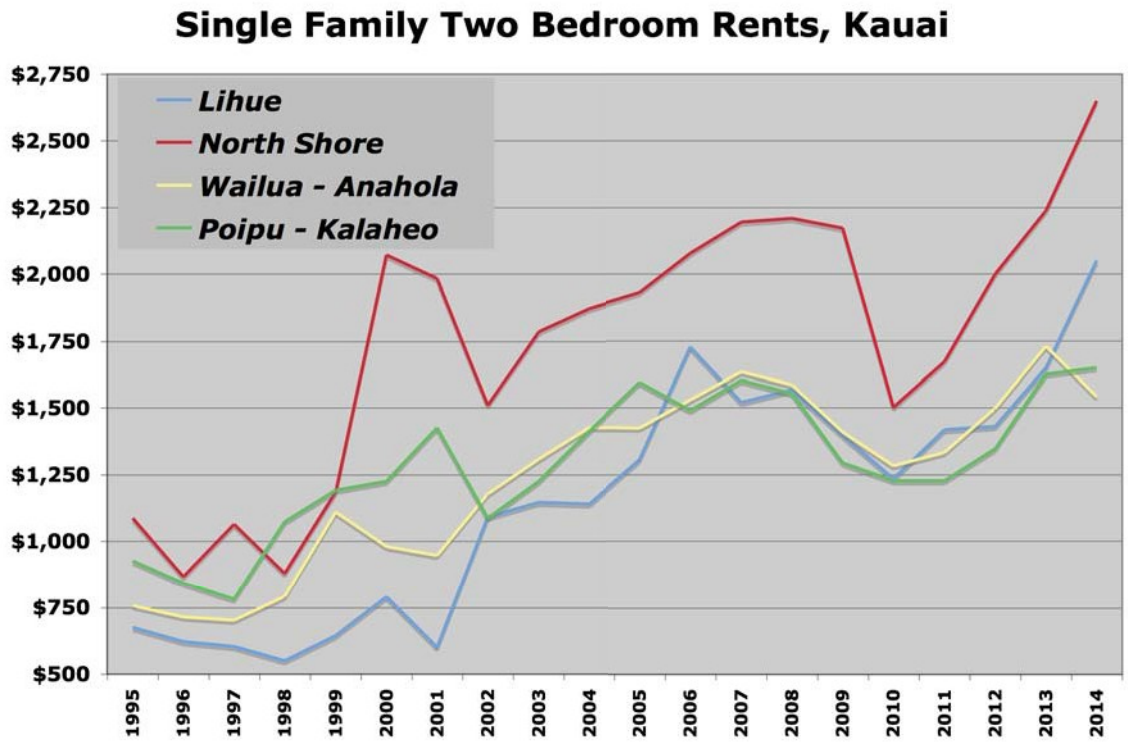

Figure X-5. Single Family Two Bedroom Rents, Kauai.

In every area described, the rental rates in most locations have risen above the levels that were attained in the last real estate market cycle. While the trend is consistent with what has been occurring in the for-sale market, by dint of rental rates exceeding the peak in the last cycle, the rental market trend actually is more dramatic than that of the for-sale market – again, in most areas. And thus it can be said that the conditions in most rental sub-markets are more volatile than the for-sale one, and those in it are either enjoying (as landlords) or suffering (as tenants) this.

In sum, the rental rate trends are going higher, and this then is indicative of market conditions in which either supply is inadequate, or demand is excessive, or both.

The next section looks at the demographic composition of the rental market, and does so by income group, size of family and age. In essence, this is the demand side of the market.

XI. DEMOGRAPHIC ANALYSIS OF TARGET MARKET

The following data comes from Ribbon Demographics, a Californian firm that specializes in taking the 2010 US Census data and representing it in ways that are meaningful to those seeking to understand the demographic demand for housing. They use, to quote their website: "a custom four-way cross tabulation of household data designed specifically for affordable housing analysis that has been built by Nielsen (formerly Claritas). It is based on actual cross tabulation of Census (ACS) Data.

In particular, it identifies what kinds of housing (size, in term of bedroom counts) and at what price ranges those in the market might have a demand. We start with the total population on the island that are renting (note: this is a projection to 2014, using the info given by those polled in the 2010 Census.

Table XI-1. RENTER ONLY HOUSEHOLD COUNTS BY INCOME AND FAMILY SIZE, 2014

	1-Person	2-Person	3-Person	4-Person	5+-Person	Total
$0-10,000	649	224	104	61	22	1,060
$10,000-20,000	448	327	115	106	38	1,034
$20,000-30,000	370	323	69	74	91	928
$30,000-40,000	359	281	246	44	117	1,046
$40,000-50,000	312	295	108	84	143	943
$50,000-60,000	279	151	165	102	74	770
$60,000-75,000	172	222	305	154	239	1,092
$75,000-100,000	200	340	412	250	205	1,408
$100,000-125,000	58	295	94	127	127	702
$125,000-150,000	28	89	62	38	24	242
$150,000-200,000	26	27	18	23	32	126
$200,000+	29	53	27	32	58	199
Total	2,930	2,627	1,726	1,096	1,170	9,549

Table XI-2. MULTIFAMILY TAX SUBSIDY PROJECT INCOME LIMITS, 2014, HUD

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30%	$19,100	$21,800	$24,550	$27,250	$29,450	$31,650	$33,800	$36,000
50%	$31,800	$36,350	$40,900	$45,400	$49,050	$52,700	$56,300	$59,950
60%	$38,160	$43,620	$49,080	$54,480	$58,860	$63,240	$67,560	$71,940
80%	$50,850	$58,100	$65,350	$72,600	$78,450	$84,250	$90,050	$95,850
100%	$63,600	$72,700	$81,800	$90,800	$98,100	$105,400	$112,600	$119,900
120%	$76,320	$87,240	$98,160	$108,960	$117,720	$126,480	$135,120	$143,880
140%	$89,040	$101,780	$114,520	$127,120	$137,340	$147,560	$157,640	$167,860

We then revamped the household income data, by using the HUD 2014 AMI definition, to arrive at the population of RENTERS only by their AMI.

Table XI-3 RENTER ONLY HOUSEHOLDS BY AMI AND FAMILY SIZE, 2014

	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+-Person	Total
30%	771	388	178	145	27	14	7	1,530
50%	270	258	73	73	40	22	28	763
60%	475	436	284	109	112	52	80	1,547
80%	275	295	165	83	29	18	49	914
100%	380	276	266	186	124	67	62	1,360
120%	202	216	309	175	36	20	45	1,002
140%	131	169	265	142	33	30	39	811

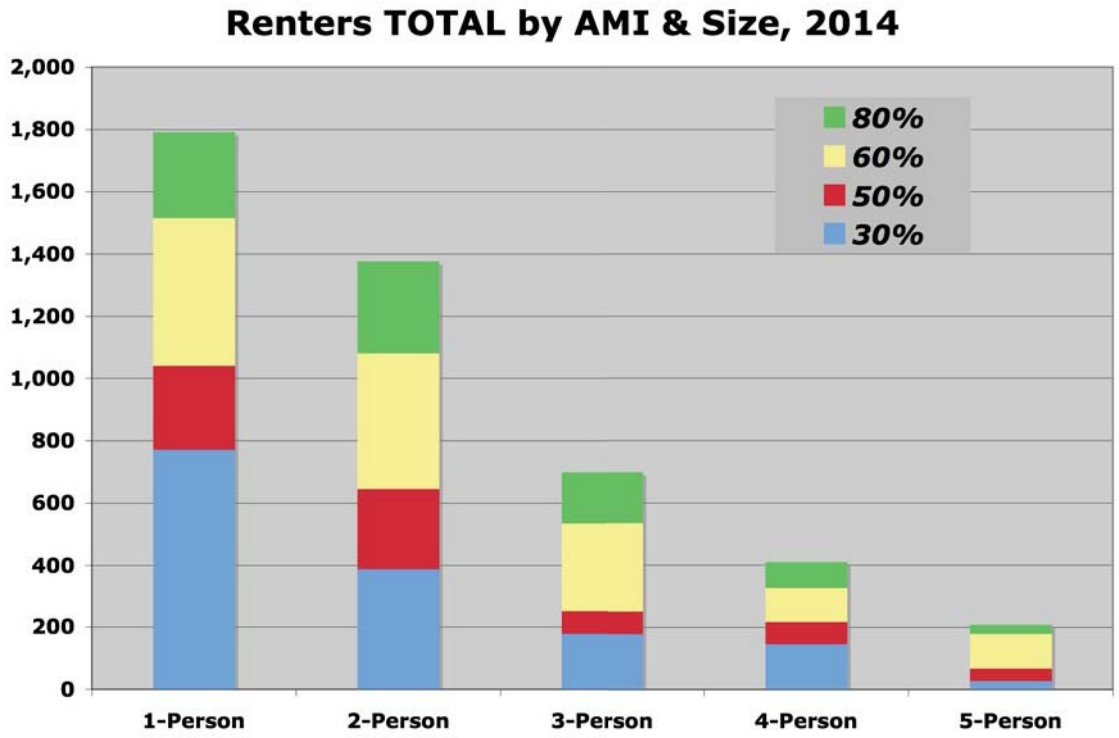

Figure XI-1. Renters TOTAL by AMI & Size, 2014.

Next, we looked at the data not by individual segments, but in a cumulative, summary, vantage point (by accumulating the total number of households at or below a particular AMI level).

Table XI-4. CUMULATIVE DATA FOR RENTER ONLY HOUSEHOLDS BY AMI AND FAMILY SIZE, 2014

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+-Person	Total
30%	771	388	178	145	27	14	7	1,530
50%	1,041	646	250	218	67	36	35	2,293
60%	1,516	1,082	534	327	179	87	114	3,840
80%	1,792	1,376	699	411	209	105	163	4,754
100%	2,171	1,653	965	596	332	171	225	6,114
120%	2,373	1,869	1,274	771	368	191	270	7,116
140%	2,504	2,038	1,539	913	402	221	309	7,927

Table XI-5. CUMULATIVE COUNTS & SHARE OF HOUSEHOLDS, RENTERS & OWNERS, 2014

AMI	Renter Total	Owner Total	Renter & Owner Total	Renter % Of Population	Owner % Of Population	Total Renter & Owner %
30%	1,530	944	2,474	6%	4%	10%
50%	2,293	1,748	4,041	10%	7%	17%
60%	3,840	3,463	7,303	16%	14%	30%
80%	4,754	4,703	9,457	20%	20%	39%
100%	6,114	6,914	13,029	25%	29%	54%
120%	7,116	8,815	15,931	30%	37%	66%
140%	7,927	10,414	18,340	33%	43%	76%

Note that these numbers, through the 140% of AMI, encompass the most of the households on Kauai County. More noteworthy is that 39% of all households make 80% of median income or below, or 9,457 families out of a total of 24,070 (which includes those above the 140% of AMI level).

Next, we broke just the renter data by AMI down into three age groupings: one for families, defined as households whose head of house was between the ages of 25 and 54 years, and two for senior households, the first defined as households whose head was aged 55 years and older, and the second defined by a head of household aged 65 years and older.

2014 DATA: We start with the 2014 family and senior household data for Kauai County.

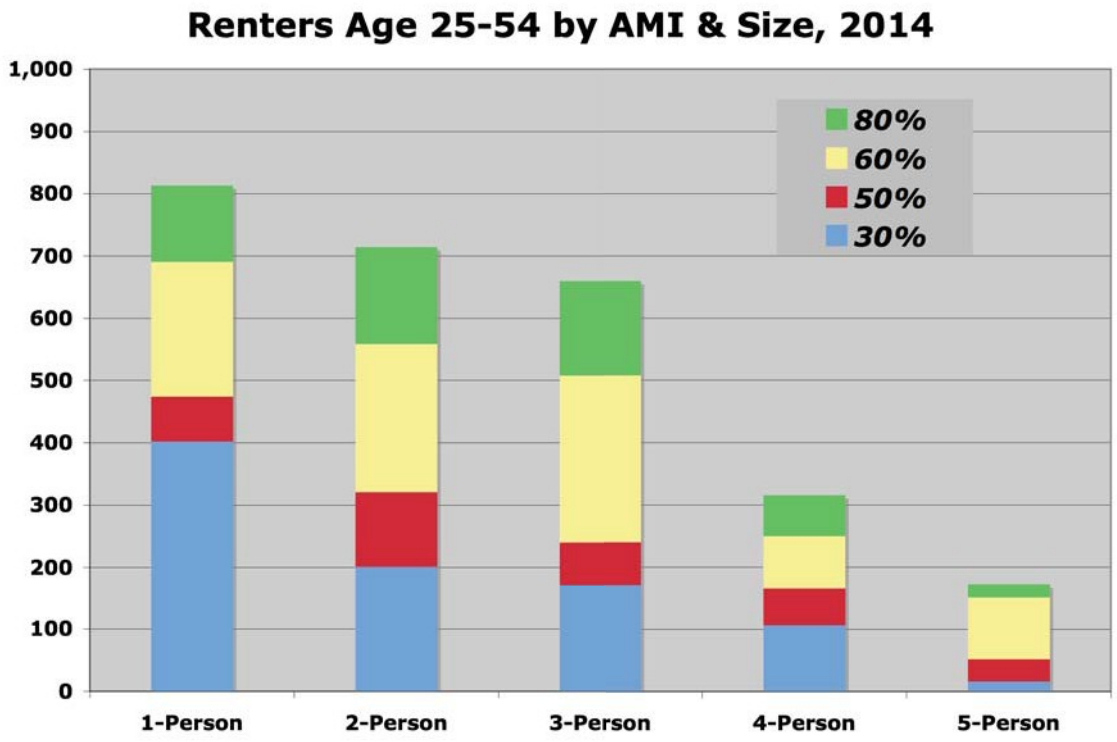

Figure XI-2. Renters Age 25-54 by AMI & Size, 2014.

Table XI-6. FAMILY RENTER HOUSEHOLDS AGED 25-54 YEARS BY AMI AND FAMILY SIZE, 2014

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	402	201	171	107	16	8	4	909
50%	72	120	69	59	36	19	25	401
60%	217	238	268	84	99	45	71	1,022
80%	122	155	152	66	21	13	46	575
100%	145	138	240	155	113	60	48	898
120%	47	85	257	151	24	13	26	602
140%	16	106	203	113	17	14	18	488

Table XI-7. SENIOR RENTER HOUSEHOLDS AGED 55+ YEARS, BY AMI AND FAMILY SIZE, 2014

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	369	187	6	39	11	6	3	620
50%	198	138	4	13	4	2	3	362
60%	258	198	16	26	13	7	9	526
80%	153	140	13	17	8	5	3	339
100%	235	138	26	31	11	7	14	462
120%	154	132	53	23	12	7	19	400
140%	115	63	62	30	17	16	21	323

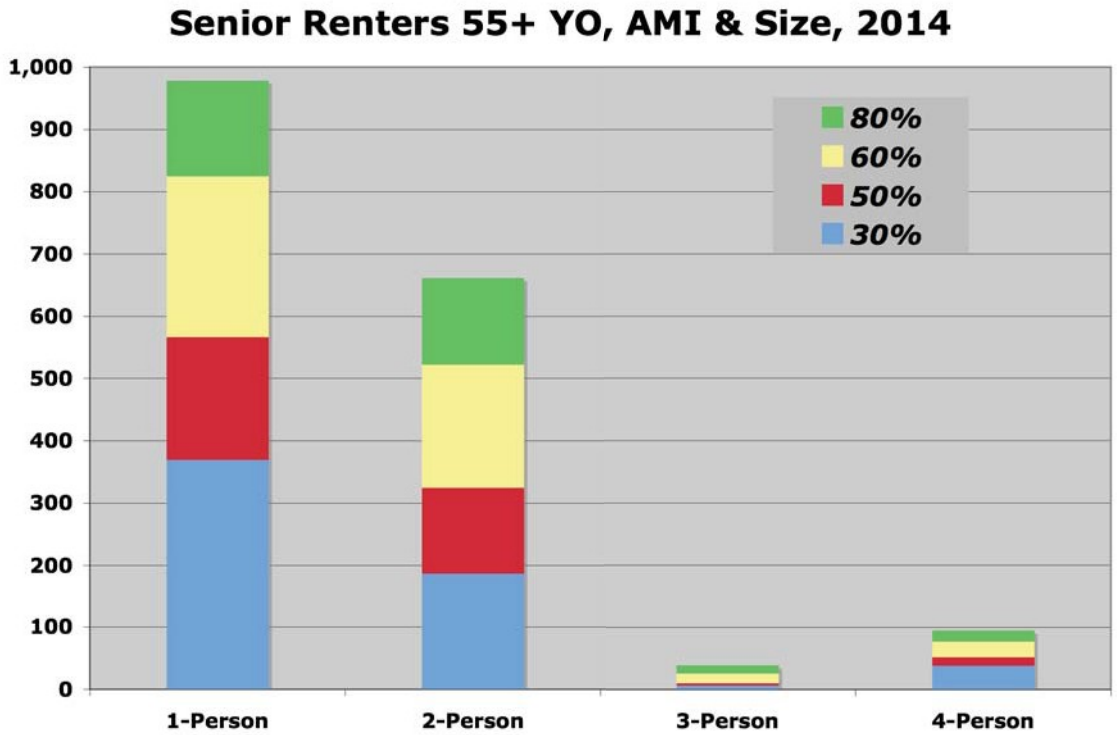

Figure XI-3. Senior Renters 55+ Years Old, AMI & Size, 2014

Table XI-8. SENIOR RENTER HOUSEHOLDS AGED 65+ YEARS, BY AMI AND FAMILY SIZE, 2014

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	197	72	1	31	2	1	1	306
50%	163	75	0	8	2	1	1	251
60%	184	121	5	14	5	2	3	334
80%	59	77	3	10	2	1	0	152
100%	124	83	6	17	1	1	1	232
120%	50	37	14	6	1	0	3	112
140%	30	32	24	4	4	4	6	104

2019 DATA: Next, we show the 2019 family and senior household data provided by Ribbon Demographics for Oahu. The methodology by which Nielson (via Ribbon Demographics) uses to estimate the 2014 and the 2019 household data is explained at the following website (http://www.tetrad.com/wp-content/uploads/Nielsen-Demographic-Update-2014.1-Methodology-Detailed.pdf), but it centers on the use of economic data (To quote the aforementioned document: "input sources such as the Bureau of Economic Analysis income estimates, IRS income data, and ACS income estimates").

Thus, they take the raw data from the 2010 Census and the ACS and extend it out in time first 4 years (to 2014, the prior data table) and then another 5 years. The following data is their projection to 2019, or nine years out from the original data.

Table XI-9. FAMILY RENTER HOUSEHOLDS AGED 25-54 YEARS BY AMI AND FAMILY SIZE, 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	452	231	211	142	25	13	7	1,081
50%	74	139	91	81	39	21	26	470
60%	208	279	341	109	126	49	89	1,201
80%	124	159	171	76	24	14	45	613
100%	112	137	251	175	111	59	45	888
120%	36	74	230	147	21	11	20	539
140%	7	87	177	98	10	7	10	396

Table XI-10. SENIOR RENTER HOUSEHOLDS AGED 55+ YEARS, BY AMI AND FAMILY SIZE, 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	494	250	7	53	15	8	4	831
50%	277	182	8	15	4	2	2	490
60%	318	265	25	29	19	8	13	677
80%	207	164	15	18	11	6	3	424
100%	211	169	33	39	12	7	15	486
120%	145	142	61	24	13	7	16	408
140%	164	208	20	24	26	13	7	463

Table XI-11. SENIOR RENTER HOUSEHOLDS AGED 65+ YEARS, BY AMI AND FAMILY SIZE, 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	275	102	1	43	2	1	1	426
50%	232	103	1	10	2	1	1	350
60%	231	157	12	15	9	2	6	432
80%	86	95	3	9	2	1	0	196
100%	116	105	5	21	1	1	1	249
120%	54	46	13	7	1	0	2	124
140%	29	34	22	4	3	3	3	98

Finally, we want to show the changes in the various income and household groups.

2014 DATA TO 2019 DATA: Using the above data, we prepared a table showing the changes to the data in a 5-year projection, simply by taking the 2014 data away from the 2019 data, and showing the differences.

Table XI-12. FAMILY RENTER HOUSEHOLDS AGED 25-54 YEARS BY AMI AND FAMILY SIZE, 2014 TO 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	51	44	56	52	10	5	3	220
50%	(7)	22	46	32	24	12	6	135
60%	(6)	29	33	(2)	17	9	4	84
80%	(15)	44	16	27	2	1	0	75
100%	(7)	18	(21)	3	(3)	(2)	(1)	(13)
120%	(8)	(11)	(28)	(6)	(3)	(2)	(1)	(58)
140%	(8)	(25)	(21)	(19)	(13)	(7)	(3)	(96)

Table XI-13. SENIOR RENTER HOUSEHOLDS AGED 55+ YEARS, BY AMI AND FAMILY SIZE, 2014 TO 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	155	94	1	17	4	2	1	273
50%	94	50	10	4	6	3	2	170
60%	21	35	6	(2)	5	2	1	68
80%	30	59	8	6	2	1	1	107
100%	9	49	11	6	1	0	0	75
120%	7	1	4	(1)	0	0	0	13
140%	(11)	4	(0)	(10)	(10)	(5)	(2)	(35)

Table XI-14. SENIOR RENTER HOUSEHOLDS AGED 65+ YEARS, BY AMI AND FAMILY SIZE, 2014 TO 2019

AMI	1-Person	2-Person	3-Person	4-Person	5-Person	6-Person	7+ Person	Total
30%	104	51	0	14	0	0	0	169
50%	81	23	4	1	4	2	1	117
60%	18	22	4	(1)	3	1	1	49
80%	17	38	2	1	1	0	0	59
100%	11	32	(0)	3	0	0	0	46
120%	11	2	(2)	0	0	0	0	12
140%	(1)	2	(2)	(1)	(3)	(2)	(1)	(7)

As seen, the changes in the composition of demand from 2014 to 2019 show that the numbers for the younger age groups diminish and those for the older ones increase. This is in keeping with the aging of our society, thanks to the fact that the baby boomer generation did not reproduce at the same level their parent's generation did. As such, housing demand driven by this demographic change will disfavor starter and family houses and favor senior housing and empty nesters.

XII. CONSIDERATIONS

As previously shown, there is a large past and future demand for housing, labeled here as housing need. In light of that, here follows an identification and discussion of some of the items and issues that have been linked to this housing need situation.

Some of the items apply mainly to Oahu, the military's absorption of the local rental housing stock, but are included in all the studies, as there is a military presence on the neighbor islands, as well. The other items are housing shortages:

- Due to the absorption of local rental housing stock by short-term visitors
- Due to high housing regulations
- Due to low wages vs. high housing costs
- Due to obsolescence or maintenance
- Due to risk in the public and the private sectors

A. HOUSING SHORTAGE, DUE TO MILITARY ABSORPTION OF LOCAL RENTAL STOCK

Hawaii has one of the largest United States military populations in the world, with some 50,000 servicemen and women stationed here, the second highest amount of active duty military personnel next to Japan. Hawaii also has some 64,000 military dependents. These service personnel and dependents can compete with local families for off-base rental units, if they so chose. And they can do so effectively, because they receive an allowance to rent off base, plus have health benefits, access to tax-free grocery and department stores on base and no state income tax.

In these conversations with those in military housing, we were told that the normal case is that the services will absorb 10%-20% of the housing stock in the communities hosting base(s), either through renting or owning (families purchase a home, then sell when they are reassigned).

However, there are exceptions - markets where supply is tight and/or demand is excessive, such as Hawaii (San Francisco, San Jose, as well), this level of their absorption of housing stock can reach upwards of 30%. This would apply to the Oahu market, but not to the neighbor island markets.

That said, it is not easy to identify if they do so in numbers that are significant or insufficient. To start with, most military families prefer to live on base, for convenience and community. Further, thanks to the Military Housing Privatization Initiative, over 75% of their housing stock has been remodeled or replaced.

When this initiative commenced, their stated goal was to do a one-for-one replacement, such that they would neither add nor subtract from the total housing stock in the community, as the stated intent was not to impact the private rental market. That said, the majority of their housing stock, not unlike the public housing stock on Oahu, was run down and/or uninhabitable. Thus, there was a net gain, effectively, in rental housing stock, thanks to this initiative

FYI, the following table was drawn from private conversations with the three major contractors performing this, Hunt, Lend Lease and Forest City.

Table XII-1. CHANGES IN MILITARY HOUSING SUPPLY BY SERVICE

	US Navy, P1	US Navy, P2	USMC	US Army	US Air Force	Totals
Starting Stock	2,003	2,250	2,700	7,836	1,356	16,145
2005	300			186		486
2006	300					300
2007	300	225		600	400	1,525
2008	300	225	250	712	400	1,887
2009	250	225	275	712	400	1,862
2010	250	225	275	712	156	1,618
2011	252	225	275	712		1,464
2012		225	275	712		1,212
2013		225	275	712		1,212
2014		225	275	712		1,212
2015		225	275	712		1,212
2016		175	275	712		1,162
2017			150	642		792
Ending Stock	1,952	2,200	2,600	7,836	1,356	15,944

We note that, as of 2012, two-thirds of the way through this program, there still were vacancies on base: for the US Army, they had a 91.8% occupancy rate, or 631 units available. For the US Navy & Marines, their occupancy was 95%, or 500 units open. The Air Force had 93%, or 175 units available (source is 2010 Department of Defense study, per http://www.acq.osd.mil/housing/PEP%20Exec%20Report%20-Jun2010.pdf).

We also note that in the opinion of rental owners and operators in the market, the rental market in 2010 went extra soft, in part because of the effect of this upgrading of the base housing.

Finally, the reality is that the market rents paid by these the military (and the short-term visitors, see below) are way above the rents that Extremely Low-Income (30%-$647 for 2-bedroom), Very Low-Income (50%-$1,078 for 2-bedroom) and Low-Income (80%- $1,725 for 2-bedroom) households can pay.

Thus, there is little or no real displacement because there is no direct overlap.

B. HOUSING SHORTAGE, DUE TO VISITOR ABSORPTION OF LOCAL RENTAL STOCK

The visitor industry also has a major presence in the economy and the housing market across Hawaii, but more so on the neighbor islands and less so on Oahu. By any measure - room rates, occupancy, and so on – Hawaii is world-class as a destination, starting with ocean liners at the turn of the century.

But this success has brought with it housing challenges in our community, in the sense that it has both spurred housing demand for its employees, and restricted housing supply for those visitors who want to visit but cannot find accommodations to their budget or their taste. The housing being demanded by these visitors cannot be something the industry is responsible for, other than it is a measure of its success. This is partly because there is not sufficient supply of hotel rooms to accommodate all tastes and budgets.

As a result, the overflow of visitors from hotels are accommodated in condotels, apartment rentals, house rentals, and so on (legally and illegally), principally through on-line services that aggregate rental offerings.

Officially, there are 789 transient vacation units and 39 bed-and-breakfast operations (http://www.staradvertiser.com/newspremium/20141228_ROGUE_RENTALS.html) licensed by the county of Honolulu, but this pales in comparison with the numbers of units unofficially available. It also pales in comparison with legal units, existing within appropriately zoned resort communities, such as Waikiki, Ko Olina and Kuilima.

While a problem on Oahu, certainly, it is greater on the other islands. Based on the owner-occupant designation, over 60% of all attached housing on Maui is held by investors, or second homeowners. Indeed, this situation manifests itself also in housing production, inasmuch as these units generate a very healthy stream of income. As seen by the trend in the average values for private residential permits across the state, what is being built is priced beyond local homeowners and renters (DBEDT on-line data download).

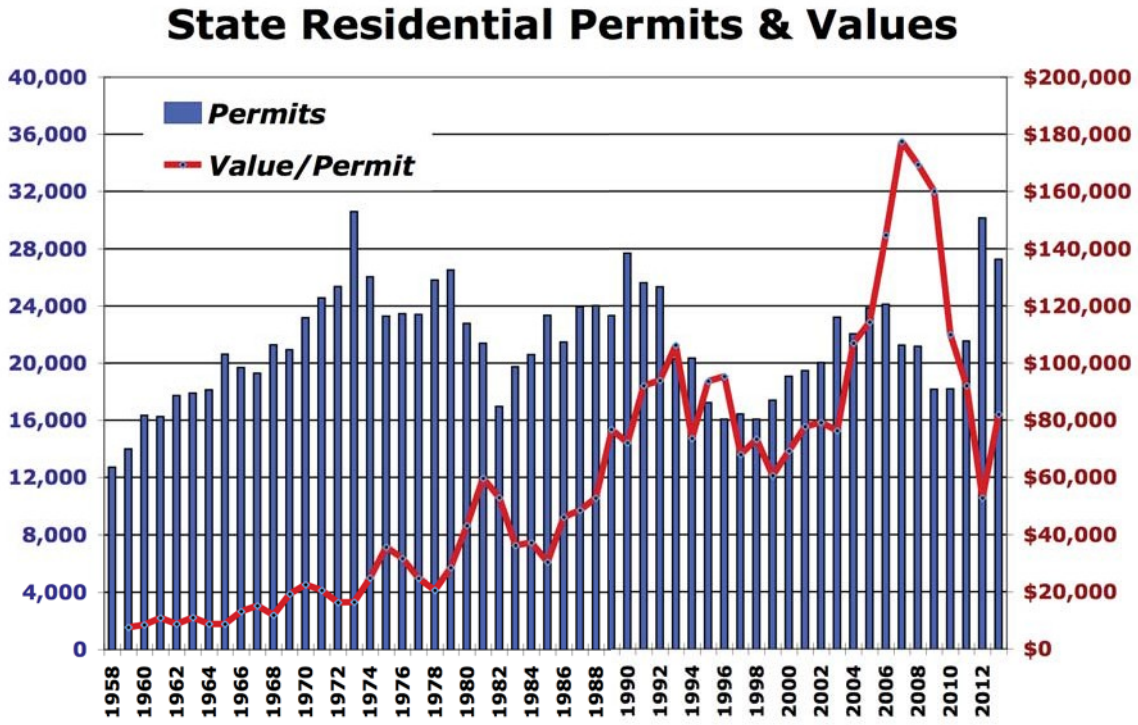

Figure XII-1. State Residential Permits & Values.

This is even more apparent when the data is broken out by islands.

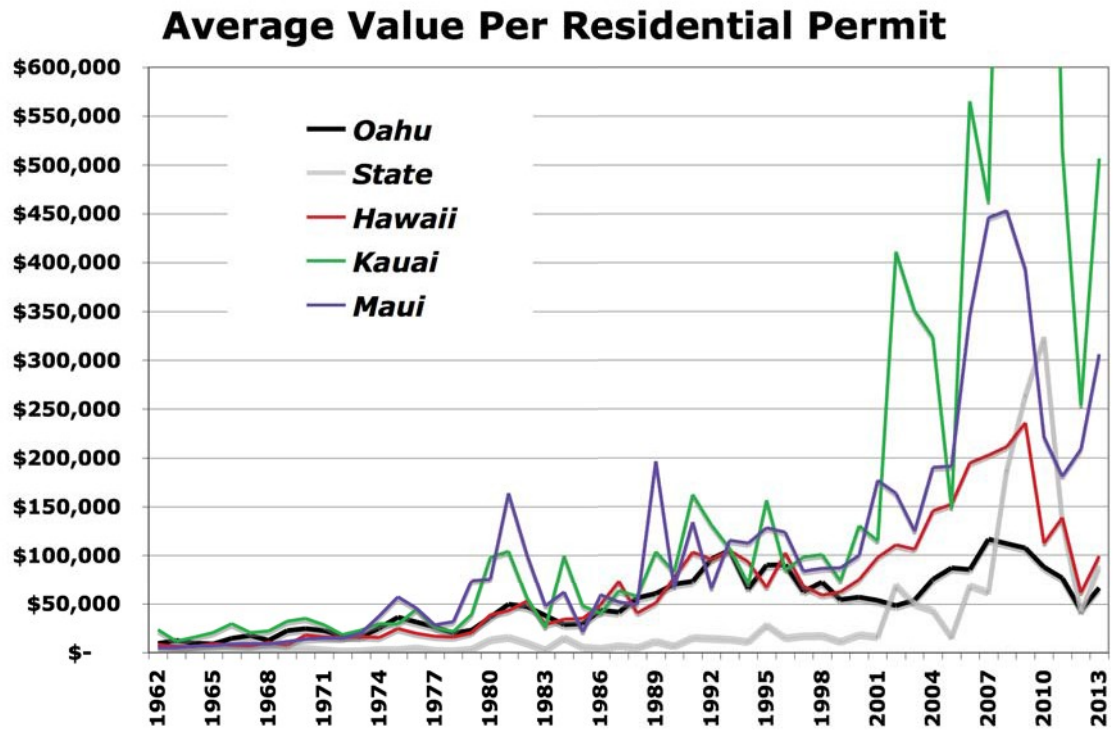

Figure XII-2. Average Value Per Residential Permit.

This notwithstanding, the reality is that the market rents paid by short-term visitors, again are way above the rents that low- or moderate-income families will or can pay. Thus, like the military, there is little or no real displacement because there is no direct overlap.

C. HOUSING SHORTAGE, DUE TO HIGH HOUSING REGULATIONS

According to a speech made by the former head of DBEDT on the housing shortage, the housing policy of one of the counties was: “committed to exactions as an engine for low-income housing .”

This is a fair description of the relationship between the public and the private sectors in housing production, one that worked (and works) when market conditions were such that the costs of the exactions were meaningfully below the profits of the project and the private sector entity. In other words, there was a meaningful net profit left over after the total amount of the subsidy provided by the private sector to produce affordable housing was subtracted from total profit that was generated by the sale of the profitable units. Basically the developer’s loss on the low-cost housing was passed on to the market-rate purchasers of housing.

However, this condition does not always exist in the market. In fact, there is only a little moment when this can happen – the window of opportunity – and it is when housing production costs are low, and housing prices are rising. This happens only for maybe 2 out of the 8-10 year real estate cycle. Further, it cannot happen if the costs of the exactments or the subsidy are overly large.

For instance, in 2006, in the midst of the mayoral election and at the top of the last real estate cycle on Maui, the county council voted unanimously to raise the breadth and depth of their

workforce housing requirement. The vote included any development of five or more residential units, as well as hotel or time-share projects that generate three or more units.

On top of that, projects in which fewer than half the units built are to be sold for more than $600,000 would have to provide 40 percent of their units at affordable prices. Developments having more than half of homes priced above $600,000 would have a 50 percent affordable requirement. Those in opposition warned that this pushed the return to homebuilders and developers below the minimum needed to pursue the business.

In the ensuing years, the former proved to be the case - only a handful of homes have been built under the ordinance, such that it was revised. the only homes constructed as a 14 unit workforce housing project called Na Hale O Kilinahe, in which the developer estimated losing nearly $1 million per "workforce" house, and so negotiated with the landowner for a huge discount on the land in anticipation of that. In retrospect, some said the developer underestimated the amount of effort required, plus then said the uncertainty, the added cost, the added capital required didn't make sense.

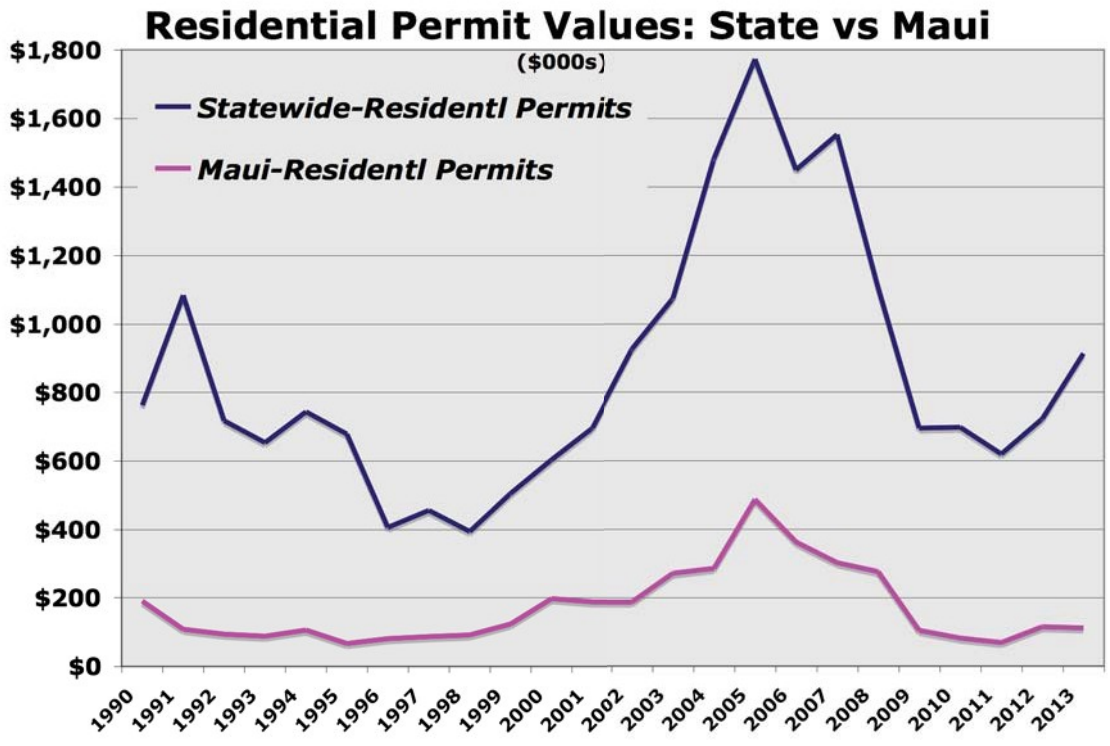

Figure XII-3. Residential Permit Values: State vs. Maui.

Indeed, this can be seen in the chart comparing the value of residential permits statewide to just Maui. As seen, this activity plummeted on all islands upon the onslaught of the Great Recession. However, the activity statewide has bounced back up, in the recovery phase of this cycle, while Maui has not enjoyed much of a rebound.

D. HOUSING SHORTAGE, DUE TO HIGH HOUSING PRICES (COSTS) AND LOW INCOMES (WAGES)

Nationally, Hawaii is known for having very high housing costs. This is so, thanks to the high prices put on housing inputs. To wit:

Costs

Buildable land is extremely limited, both physically and politically (by dint of regulations that prevent land that is economically feasible housing to become so, thanks to a lengthy and restrictive enabling process) (this process of zoning land is widely supported in the community, as means to enjoy open space, to grow crops, but these benefits brings with them a cost: high housing prices).

Building materials, both infrastructure and vertical construction, are costly, much more than the rest of the nation, due to transportation and storage costs.

Construction labor is also limited as well as inflexible, thanks to high cost of living, and the remoteness of the market (physically, Hawaii is one of the most isolated land masses on the planet).

This goes for both subsidized, affordable and market-rate rental or for-sale housing.

Prices

For market-rate housing, there is substantial on-shore demand, and that pushes up prices. Over and beyond that, offshore demand pushes prices even higher: Hawaii's very high quality of life (pristine environment, tropical temperatures, accommodating culture, American jurisprudence, dollar denominated economy) makes it ideal to vacation and to live in, especially for retirees and higher net worth families. Indeed, the pricing of housing throughout the state is high, and so recognized nationally.

Incomes

Relative to housing prices, the general level of incomes in the community is low, due to a large low-wage service industry component of our economy, tourism. Nationally, many visitor destinations suffer the same fate: high housing demand, thanks to tourists, but low incomes locally (mainly ski resorts, plus cities like San Francisco, Miami and New York).

Thus, low wages vs. high housing costs equates to difficulty affording even basic housing. Indeed, housing cost is the highest line item in almost all families, but there are high costs here in Hawaii for the other items: energy (gas, electricity), food, schooling, etc. Slightly off-setting this, Hawaii has a low property tax and costs for clothing and recreation.

One simple illustration of how wages and home prices are out of sync is to identify the compound rate of appreciation for wages and homes since 1972. Using the average price for a single family home and a condo, that compound rate was 5% and 4.2% appreciation per annum over that period. Using the Bureau of Economic Analysis' average wage per job, same time period, the appreciation was 4.2%.

The following chart shows an index since 1992 for the average price for a new home and a new condo (proprietary data) against the average wage per job, since 1992. The one after that shows the wage per job average against an index for cost of construction for single-family homes and high-rise condos (First Hawaiian Bank data via DBEDT). In both cases, wages simply have been outpaced.

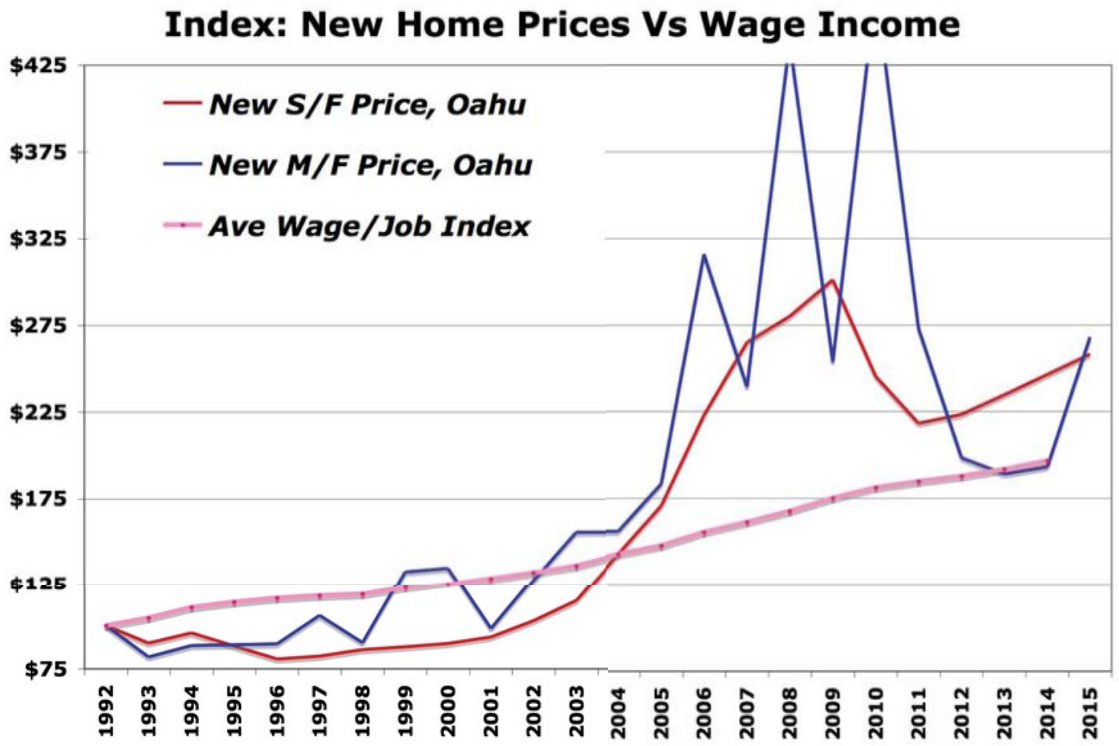

Figure XII-4. Index: New Home Prices vs. Wage Income.

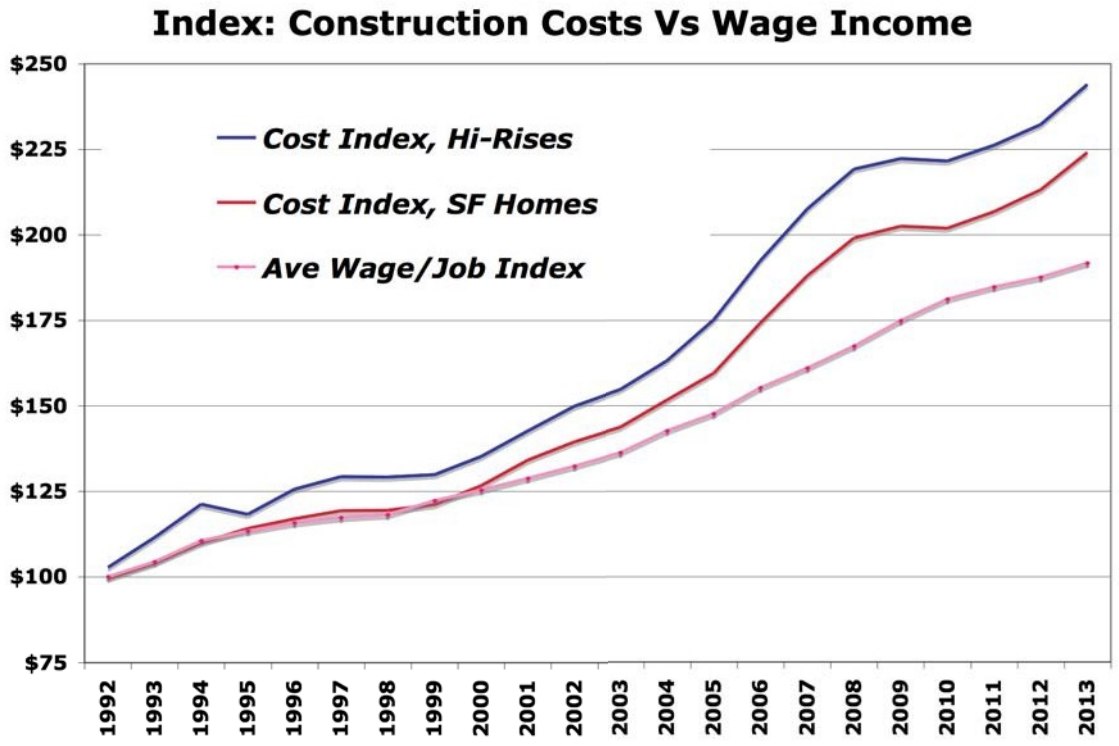

Figure XII-5. Index: Construction Costs vs. Wage Income.

E. HOUSING SHORTAGE, DUE TO END OF TERM, OBSOLESCENCE OR MAINTENANCE

The current stock of affordable rental housing will not always be available in the future, OR may not always be available in the future for two reasons: obsolescence, or the end of the term in which the unit's rent is contractually set at an affordable level, and maintenance. While two different issues, they are tied to the same consideration – making sure the stock of rental housing appropriate for low-income families is available.

Given that units will leave the affordable housing pool, planning needs to be done now to insure that those units are replaced. While obvious, it bears mentioning. What isn't obvious, and also bears mentioning, is that the continuing maintenance of these units also needs to be funded. The author participated in a 2005 study that identified public rental housing projects that were in need of maintenance, or suitable for redevelopment, done for the predecessor of HHFDC, HCDCH.

The lead contractor was Alvarez & Marsal, a private consultant specializing in housing – and just awarded five-year, $88 million contract to assist the U.S. Air Force (USAF) with its military housing and other public-private real estate programs.

The key findings were:

- The age and condition of the portfolio will result in a significant increase in uninhabitable units over time unless substantial amounts are spent to rehabilitate them.
- Without substantial capital to do so, one alternative would be to leverage (meaning develop or redevelop properties) real estate values into improving the portfolio.
- Leveraging certain properties would generate cash plus an opportunity to generate additional capital from other sources.
- The higher the targeted income, the higher the benefit from leverage.
- The benefit would be more public housing and/or more funds to maintain public housing.

Simply put, the study found a huge financial liability existing in terms of bringing up to code a large number of units that were very much behind code and had deferred maintenance. It also identified a way to fund that liability: to develop or redevelop both these and other publicly owned properties to their highest and best use – then apportion the benefits created by that to developing or maintaining affordable rental units.

F. HOUSING SHORTAGE, DUE TO PUBLIC SECTOR RISK

To be sure, this issue – housing ourselves at a reasonable cost - has been one of the most important policy issues for over 25 years: affordable housing, workforce housing, and public housing, these have been overly debated, analyzed and studied (including this one). The issue remains, and so do the solutions posited – subsidize the housing, set up a trust fund, do a bond issue, streamline the process, and engage in a private-public partnership.

The heart of the problem is that acting on something entails real costs, potentially public capital and political goodwill. For example, it is clearly evident that the counties and the state have significant resources, particularly land, but also enabling legislation to reduce regulation. However, it is land that is the most important part of the public sector with regard to affordable housing. The public sector has large land holdings that are under-utilized, costly both actually (to maintain) and potentially (to upgrade and realize the benefits of cost-savings and revenue enhancement).

A legislative plan to take action, the creation of the Public Land Development Corporation (PLDC), did not get off the ground. The legislation authorizing the PLDC was repealed due to public concerns over transparency and a concentration of political power, and lack of public support. Despite the failure of the PLDC, we should not lose sight of the big picture – there is a good argument to taking public resources and using them for the public good.

G. HOUSING SHORTAGE, DUE TO PRIVATE SECTOR RISK

Despite the excessive demand and limited supply conditions existing in the Hawaiian residential market – which would argue for stable and long-lasting companies in this industry – it has a good amount of firms that either have suffered significant financial setback, or gone into bankruptcy, or moved elsewhere for a better risk/reward condition.

Those that were known locally include C. Brewer Homes, Bruce Stark, Mike McCormack, Herbert Horita, Chris Hemmeter, Dillingham, Jim Schuler, Maui Land & Pine, and Jack Myers. And those that came in from outside (and have left) include Centex, Watt Homes, Crescent Heights, Lusk Homes, Lear Seigler, Crowne Vista, Fred Chan, General Growth, General Mortgage, Lyle Anderson, Suntory, Mitsui Fudosan and Seibu.

It bears emphasizing that home building can be extremely risky. It is an industry that has large transaction, production and carrying costs; it suffers from illiquidity, and very limited ability to forecast values. Add to that public sector regulation and exactments. Most of these factors are exogenous, beyond the control of the firm, particularly the most important: interest rates and a finance-driven economic cycle, which over time moves to excess both on the upside and the downside.

The effect of this is a high rate of attrition of business participants. And the affect of that on affordable rental housing is generally slight, but there is one, albeit a secondary effect, if the loss of home builders and developers means a loss of housing inventory, which in turn diminishes the level of shelter available to the community, which ultimately leads to loss of our economy's ability to sustain and to house itself. On the other hand, if there is the housing industry is healthy, it produces at all levels, and the expansion of housing at any level, even the higher ends, has the potential for affecting those around.

H. HOUSING SHORTAGE, SUMMARY

In sum, the military and the visitor industry do absorb a large share of the rental housing stock on mainly Oahu. But they pay market rates for those units, put good money into the local business community and very good money to the landlord community. Further, the military does much more than that: they give back and keep on giving back.

In addition, the units being rented out here are not directly fungible in the sense that they could or would be rented out to a local family in need of affordable housing – some units would go to family, some would go without a tenant, etc. But the bottom line is that neither the military nor tourism is vacating Hawaii, or these units. So the problem remains, and arguably would get worse without either (indeed, the local economy and community would have fewer resources).

Housing regulation has worked - a tremendous number of affordable condos were built in the 1990-1995 real estate up cycle on Oahu in Kapolei and the surrounding areas - but not always – Maui, 2006-2014.

High housing costs and low incomes is clearly the primary contributor to affordable housing shortages.

In terms of the actual inventory of affordable rental housing stock, the end of term and maintenance are the main, but not significant, cause for this shortage.

In terms of the potential inventory of affordable housing, the problem is both public and private sector risk. Simply put, affordable rental housing is unprofitable, so the market won't address the need by itself. Thus, barring the public sector entering the development business, the only way affordable rental housing will be produced is by a public sector subsidy. The public sector risk, at all levels, is whether that subsidy in concept and amount is proper, given competing obligations. Then, given a commitment, the question becomes what kind of affordable housing to be produced, in terms of efficacy and equity – both in terms of bang for the buck (the truth of affordable housing is that the lower the income group served, the more the buck and the smaller the bang) and of a just and compassionate society.

XIII. PRESCRIPTSIONS

A. PRIVATE PUBLIC PARTNERSHIPS

Since housing demand for Hawaii real estate isn't retiring anytime soon, the answer is supplying more housing, and the means by which this can be provided lies in the hands of the housing industry and those in public service. Clearly, these two entities serve different masters – their shareholders and the voting public – and just as clearly, the two cannot go it alone.

The different masters put them on a collision course: business wants to make as much profit as possible, while the elected officials and those working for them want the greatest amount of that profit as to go to producing the greatest number of affordable units. Since neither can go it alone - the one needs the other - the obvious solution is an effective and productive public private partnership wherein everyone gets some of what they want.

Note that while this is relationship needs to be initially well structured (transparent, especially), it also needs to be flexible and adaptable to the business and real estate cycle. There always are new or changing economic conditions that destroy the business' profit margin. The greatest fear of business in partnering with the public sector in an unprofitable commercial venture is bankruptcy, followed by their fear that a project that leaves them weakened, relative to their competition. However, with safeguards and guarantees put into place that address the risks and benefits of both partners, this is an appropriate vehicle to drive up housing production.

B. FLEXIBLE HOUSING REGULATIONS

As always, there is a direct correlation between the rise in home prices and the rise in housing regulations, with a bias towards regulating higher, and with a history of missed housing opportunities, as the economy changes and prices fall. Today, history will repeat itself, unless the regulations are flexible and show a measure of good faith that the regulatory side (public sector) wants to the productive side (private sector) to succeed. This argues for regulations that are not hard-set, but adjusted to changing conditions (without having to rewrite the law or pass legislation). This is in keeping with the way businesses adapt, i.e., a ready-fire-aim mindset, or analyze, do and adjust.

Finally, we would be cautious in importing the affordable housing regulations developed in other markets by other political regimes and using them as benchmarks in setting our regulations. This is because Hawaii is the extreme - there is no more supply-restrained, demand-challenged housing market in the nation.

C. PUBLIC RESOURCE STEWARDSHIP

Since the resource of land is limited, the public sector has a responsibility to be a good steward for the community, past, current and future. If the use of that land can be upgraded, if the value increased, and if that can be combined with a public purpose, then this is a proper direction. In line with that, the recommendations of the aforementioned Alvarez & Marsal study could provide the additional funding so necessary for all levels of affordable rental housing.

In particular, the concept of stewardship of public lands in terms of providing adequate shelter to your community should be expressed on the lands under and around the rail stations on Oahu. This is the ideal location for all housing, but particularly affordable rental housing and/or the infrastructure in support thereof.

Rail is designed to address a transportation problem; it could, and should, orient itself to address the housing problem. Indeed, if done right (and the governing regulations produced quickly), a path would open up to facilitate the production on-site of affordable rental housing on-site at and around the rail stations. And this would help realize great quantities of ridership, the key to mass transit's affordable and efficient transportation.

This is responsible stewardship.

D. LOWERING THE COST OF HOUSING AND RAISING THE REVENUE

On the cost side of housing, this includes lowering the cost of inputs (including infrastructure and land), shortening the time of production (including permitting), and reducing the taxes, exactments and requirements (including, where applicable, building codes and standards) This is something the housing contractors working on federal land doing military housing have enjoyed, less time, more certainty, less risk.

On the revenue side, this can be done through broadening and deepening the flow of financing into this housing, be it up front through incentives, tax credits and bond financing, or at the back end, through tax forgiveness or other rebates. It can also be done also at the individual (rather than the project) level, with the individual getting direct subsidies or other benefits (flexible mortgage financing, an individual ownership interest generated via rental payments), which either increases the rental stream to the benefit of the rental unit owner or lowers the rental obligation of the renter (or increases the benefits).

E. HOUSING LADDER

This is a concept originated in UK to describe how over a lifetime a family progresses from cheap houses at the bottom of the property ladder (starter housing), to expensive houses at the top (and then down again to empty nester housing).

While the concept remains valid when transplanted here, the import to affordable rental is more relevant if and when applied across our community, such that it is the progression up the housing ladder of the entire community, not just an individual.

The ideal here would be to start at the bottom of both the income pyramid and the housing spectrum, and help those at this low-end, the base of the income pyramid, attain housing commensurate with their ability to pay. With a place on the first rung, in this case affordable rental housing, the goal would be for them to be able to move higher up the ladder, into market rental housing, and then to starter housing, typically a condo, then to larger and larger homes as the family grows in number and resources. ending up in a large home that accommodates the children (multigenerational housing, typical in Hawaii), or ending with the parents downsizing, and sharing the equity with their children so they have a down payment with which they can move up another rung on the ladder.

The specific application here would be a part of raising revenue, but the saver would be the individual and the savings applied to the individual's housing equity. At the affordable rental housing rung, one of the lowest, the concept would be to provide a rent at a level that allows the renter left over resources to set aside in a housing purchase account, out of which their down payment will come.

XIV. SUMMARY

At heart, this rental housing study showed rising rents – read tight supply – and – read great demand - a very high number of families that are dependent on rental housing for shelter.

There is a rule of thumb is that renter families generally come from the lower income part of our community, and economists and housing analysts think of this in terms of them making 80% of the area's median income, or AMI, or lower. It bears repeating that those making at or under than 60% and those at or under 30% of AMI are facing no rental unit availability, meaning crowding up or homelessness.

Relative to what has been supplied, the number of rental units affordable to those making 80% (and 60%, and 50%, and 30% of AMI), the supply/demand imbalance is tremendous, in quantitative terms. During the 10-year period from 2004-2013, just over 4,500 affordable rental units were delivered statewide with government assistance. (Source: HHFDC) To wit, there simply is an insufficient number of them being supplied, either in the affordable, the subsidized or the market-rate rental markets.

As seen, the for-sale residential real estate market is midway up its cycle, with shrinking supply of listings and steadily rising prices. Per usual, the home building industry is ramping up to meet this demand, but with a lag time in production, as well as a bias towards the lower-risk target markets, those in the upper end of the income spectrum and the offshore market. Thus, relative to demand, driven by job creation and population growth, the supply side of the market will certainly fall short of fulfilling housing need, especially for those families making 100% of AMI (workforce housing) and below (for-market rental, affordable rentals and homeless).

Qualitatively, there is widespread evidence of the toll this imbalance exacts on us as a community.

At the least, this toll starts with very stretched or constrained household budgets wherein family heads are forced to make painful decisions by dint of having to spending so much on housing, when at the same time they need to feed themselves, get to work, to school their children, address medical issues, and so on. All of which can create inter and intra familial problems, which can then become community and social problems, and exact a price at the personal, the familial, the social and the political level (the economy, too). It leads to families relocating to where the cost of shelter is more in-line with the incomes they can earn there.

At the most, this toll leads them to going homeless, living in the bushes on someone else's land, subject to greater interpersonal strife and personal suffering. And what's in-between is better, but not good:

- It leads to families having to double up with other families, to live in a garage, a tent in the back yard;
- It leads to landowners developing a multi-tenant house, to rent out rooms to families who share the bathrooms; and
- It leads to landlords illegally sub-dividing their rental units, again to double up the renter families, to serve their need (and profit).

This condition of supply/demand imbalance is consistent with the rest of the residential real estate market, except that market is not as persistently so, or acutely so: there is a cycle in which, for maybe a two year period in an eight year cycle, there is a window of opportunity to buy a home at a good price, meaning affordable to local residents. In parallel, the window also applies to affordable housing development, at least the segment of it that depends on there being a

sufficient profitability to offset the risk. This is why at the bottom of every cycle, a number of for-sale projects rush to come to market, to break ground, having done all that was necessary to proceed (read: clear the obstacles) over the prior 3-4 years (or longer).

The private and the public sectors should work together to open this window wider and serve more families in our community. Indeed, looking at the numbers that describe family incomes by Area Median Income, it is the case that the majority of our community fit into the below 100% of AMI, making affordable housing 'local housing.' And while numbers tell a story, they do not tell of the personal hardships in finding affordable shelter in Hawaii.

APPENDIX

Here follows a number of Appendices that further describe the market.

APPENDIX ONE: CRAIGSLIST DATA BY PERIOD

The following tables describe the data drawn from the Craigslist database.

It starts with the period (Yr) the data was collected, then it shows the number of listings (green shading), then the average rental rates of those listings (blue shading). It then describes the percentage change in each per period (List Ch %, Rent Ch %).

Directly underneath that, it shows the summary calculations, starting with:

- **Change from the first period (2012, 1st Quarter) to last period taken (2014, 1st Quarter).**
- Summary change (summary of all period's percentage change), and
- Per Period Change (the summary change, divided by the number of periods that showed a change).

- **SAMPLE TABLE**

Yr	Listings	Rents	List Ch %	Rent Ch %		Listings	Rents	List Ch %	Rent Ch %
2012.1Q	3,087	$1,659			2012.1Q	3,087	$1,659		
2012.3Q	3,302	$1,701	7.0%	2.6%	2012.3Q	3,195	$1,680	3.5%	1.3%
2012.4Q	2,211	$1,725	-33.0%	1.4%	2012.4Q	2,757	$1,713	-13.7%	2.0%
2013.3Q	2,672	$1,766	20.9%	2.4%	2013.3Q	2,442	$1,745	-11.4%	1.9%
2013.4Q	3,010	$1,784	12.6%	1.0%	2013.4Q	2,841	$1,775	16.4%	1.7%
2014.1Q	2,385	$1,830	-20.8%	2.6%	2014.1Q	2,698	$1,807	-5.1%	1.8%
Change, 2012.1Q - 2014.1Q			**-22.7%**	**10.3%**	**Change, 2012.1Q - 2014.1Q**			**-12.6%**	**8.9%**
Summary Change, all periods			-13.3%	9.9%	Summary Change, all periods			-10.3%	8.6%
Per period change			-2.7%	2.0%	Per period change			-2.1%	1.7%

The second (Adjacent) table is a repeat of the first, except that it averages the first table's data over two periods, to smooth it out and reduce the individual period's volatility.

It does this for:

- All units (all housing types, and all bedroom configurations and all areas or communities);
- Attached units (town homes, condos and apartments); and,
- Detached units.

The last two categories are broken down by number of bedrooms, and communities.

It begins with Attached Housing, and then finishes with Detached Housing (homes).

ATTACHED UNITS (Condos, Town Homes, Apartments)
Kauai, ALL

	No Average					***Averaged, 2 Periods***				
Kauai, ALL	Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
	2012.1Q	132	$1,201			2012.1Q	132	$1,201		
	2012.3Q	146	$1,176	10.6%	-2.1%	2012.3Q	139	$1,189	5.3%	-1.0%
	2012.4Q	99	$1,126	-32.2%	-4.2%	2012.4Q	123	$1,151	-11.9%	-3.1%
	2013.3Q	114	$1,389	15.2%	23.3%	2013.3Q	107	$1,257	-13.1%	9.2%
	2013.4Q	75	$1,396	-34.2%	0.5%	2013.4Q	95	$1,392	-11.3%	10.7%
	2014.1Q	79	$1,316	5.3%	-5.7%	2014.1Q	77	$1,356	-18.5%	-2.6%
	Change, 2012.1Q - 2014.1Q			**-40.2%**	**9.5%**	**Change, 2012.1Q - 2014.1Q**			**-41.7%**	**12.9%**
	Summary Change, all periods			-35.3%	11.7%	Summary Change, all periods			-49.4%	13.1%
	Per period change			-7.1%	2.3%	Per period change			-9.9%	2.6%
AREA	Period	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
Lihue	2012.1Q	32	$1,140			2012.1Q	32	$1,140		
	2012.3Q	29	$1,193	-9.4%	4.7%	2012.3Q	31	$1,166	-4.7%	2.4%
	2012.4Q	35	$1,264	20.7%	5.9%	2012.4Q	32	$1,229	4.9%	5.3%
	2013.3Q	28	$1,321	-20.0%	4.5%	2013.3Q	32	$1,292	-1.6%	5.2%
	2013.4Q	17	$1,176	-39.3%	-10.9%	2013.4Q	23	$1,249	-28.6%	-3.4%
	2014.1Q	15	$1,359	-11.8%	15.5%	2014.1Q	16	$1,268	-28.9%	1.5%
	Change, 2012.1Q - 2014.1Q			**-53.1%**	**19.2%**	**Change, 2012.1Q - 2014.1Q**			**-50.0%**	**11.2%**
	Summary Change, all periods			-59.7%	19.7%	Summary Change, all periods			-58.8%	11.0%
	Per period change			-11.9%	3.9%	Per period change			-11.8%	2.2%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
North Kauai	2012.1Q	29	$1,379			2012.1Q	29	$1,379		
	2012.3Q	33	$1,283	13.8%	-6.9%	2012.3Q	31	$1,331	6.9%	-3.5%
	2012.4Q	10	$1,203	-69.7%	-6.3%	2012.4Q	22	$1,243	-30.6%	-6.6%
	2013.3Q	29	$1,694	190.0%	40.8%	2013.3Q	20	$1,448	-9.3%	16.5%
	2013.4Q	24	$1,777	-17.2%	4.9%	2013.4Q	27	$1,735	35.9%	19.8%
	2014.1Q	14	$1,580	-41.7%	-11.1%	2014.1Q	19	$1,679	-28.3%	-3.3%
	Change, 2012.1Q - 2014.1Q			**-51.7%**	**14.6%**	**Change, 2012.1Q - 2014.1Q**			**-34.5%**	**21.7%**
	Summary Change, all periods			75.2%	21.5%	Summary Change, all periods			-25.5%	23.0%
	Per period change			15.0%	4.3%	Per period change			-5.1%	4.6%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	34	$1,137			2012.1Q	34	$1,137		
	2012.3Q	22	$1,250	-35.3%	9.9%	2012.3Q	28	$1,193	-17.6%	5.0%
	2012.4Q	14	$1,052	-36.4%	-15.8%	2012.4Q	18	$1,151	-35.7%	-3.6%
	2013.3Q	19	$1,433	35.7%	36.2%	2013.3Q	17	$1,242	-8.3%	8.0%
	2013.4Q	9	$1,191	-52.6%	-16.9%	2013.4Q	14	$1,312	-15.2%	5.6%
	2014.1Q	21	$1,289	133.3%	8.2%	2014.1Q	15	$1,240	7.1%	-5.5%
	Change, 2012.1Q - 2014.1Q			**-38.2%**	**13.4%**	**Change, 2012.1Q - 2014.1Q**			**-55.9%**	**9.1%**
	Summary Change, all periods			44.8%	21.7%	Summary Change, all periods			-69.7%	9.5%
	Per period change			9.0%	4.3%	Per period change			-13.9%	1.9%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
Wailua - Anahola	2012.1Q	31	$1,173			2012.1Q	31	$1,173		
	2012.3Q	54	$1,097	74.2%	-6.5%	2012.3Q	43	$1,135	37.1%	-3.2%
	2012.4Q	30	$1,008	-44.4%	-8.2%	2012.4Q	42	$1,052	-1.2%	-7.3%
	2013.3Q	32	$1,244	6.7%	23.4%	2013.3Q	31	$1,126	-26.2%	6.9%
	2013.4Q	20	$1,332	-37.5%	7.1%	2013.4Q	26	$1,288	-16.1%	14.4%
	2014.1Q	21	$1,217	5.0%	-8.6%	2014.1Q	21	$1,275	-21.2%	-1.0%
	Change, 2012.1Q - 2014.1Q			**-32.3%**	**3.7%**	**Change, 2012.1Q - 2014.1Q**			**-33.9%**	**8.6%**
	Summary Change, all periods			3.9%	7.3%	Summary Change, all periods			-27.6%	9.8%
	Per period change			0.8%	1.5%	Per period change			-5.5%	2.0%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
West Kauai	2012.1Q	6	$1,167			2012.1Q	6	$1,167		
	2012.3Q	8	$1,000	33.3%	-14.3%	2012.3Q	7	$1,083	16.7%	-7.1%
	2012.4Q	10	$1,029	25.0%	2.9%	2012.4Q	9	$1,014	28.6%	-6.4%
	2013.3Q	6	$864	-40.0%	-16.0%	2013.3Q	8	$946	-11.1%	-6.7%
	2013.4Q	5	$994	-16.7%	15.0%	2013.4Q	6	$929	-31.3%	-1.8%
	2014.1Q	8	$1,098	60.0%	10.5%	2014.1Q	7	$1,046	18.2%	12.6%
	Change, 2012.1Q - 2014.1Q			**33.3%**	**-5.9%**	**Change, 2012.1Q - 2014.1Q**			**8.3%**	**-10.3%**
	Summary Change, all periods			61.7%	-1.9%	Summary Change, all periods			21.1%	-9.4%
	Per period change			12.3%	-0.4%	Per period change			4.2%	-1.9%

ATTACHED UNIT ATTACHED UNITS (Condos, Town Homes, Apartments)

KAUAI, STUDIOS KAUAI, STUDIOS

No Average ***No Average***

Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	22	$903			2012.1Q	22	$903		
2012.3Q	33	$868	50.0%	-3.9%	2012.3Q	28	$885	25.0%	-2.0%
2012.4Q	27	$830	-18.2%	-4.3%	2012.4Q	30	$849	9.1%	-4.1%
2013.3Q	27	$1,035	0.0%	24.8%	2013.3Q	27	$933	-10.0%	9.9%
2013.4Q	25	$1,035	-7.4%	-0.1%	2013.4Q	26	$1,035	-3.7%	11.0%
2014.1Q	25	$1,065	0.0%	2.9%	2014.1Q	25	$1,050	-3.8%	1.4%
Change, 2012.1Q - 2014.1Q			**13.6%**	**17.9%**	**Change, 2012.1Q - 2014.1Q**			**13.6%**	**16.2%**
Summary Change, all periods			24.4%	19.3%	Summary Change, all periods			16.5%	16.2%
Per period change			4.9%	3.9%	Per period change			3.3%	3.2%

AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
Lihue	2012.1Q	2	$775			2012.1Q	2	$775		
	2012.3Q	4	$868	100.0%	11.9%	2012.3Q	3	$821	50.0%	6.0%
	2012.4Q	5	$800	25.0%	-7.8%	2012.4Q	5	$834	50.0%	1.5%
	2013.3Q	5	$850	0.0%	6.3%	2013.3Q	5	$825	11.1%	-1.0%
	2013.4Q	2	$738	-60.0%	-13.2%	2013.4Q	4	$794	-30.0%	-3.8%
	2014.1Q	1	$850	-50.0%	15.3%	2014.1Q	2	$794	-57.1%	0.0%
	Change, 2012.1Q - 2014.1Q			**-50.0%**	**9.7%**	**Change, 2012.1Q - 2014.1Q**			**-25.0%**	**2.4%**
	Summary Change, all periods			15.0%	12.4%	Summary Change, all periods			24.0%	2.7%
	Per period change			3.0%	2.5%	Per period change			4.8%	0.5%

AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
North Kauai	2012.1Q	8	$953			2012.1Q	8	$953		
	2012.1Q	13	$887	62.5%	-6.9%	2012.3Q	11	$920	31.3%	-3.5%
	2012.3Q	4	$1,113	-69.2%	25.5%	2012.4Q	9	$1,000	-19.0%	8.7%
	2013.3Q	9	$1,244	125.0%	11.8%	2013.3Q	7	$1,178	-23.5%	17.9%
	2013.4Q	11	$1,298	22.2%	4.3%	2013.4Q	10	$1,271	53.8%	7.9%
	2014.1Q	6	$1,283	-45.5%	-1.1%	2014.1Q	9	$1,290	-15.0%	1.5%
	Change, 2012.1Q - 2014.1Q			**-25.0%**	**34.7%**	**Change, 2012.1Q - 2014.1Q**			**6.3%**	**35.5%**
	Summary Change, all periods			95.0%	33.6%	Summary Change, all periods			27.5%	32.5%
	Per period change			19.0%	6.7%	Per period change			5.5%	6.5%

AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	6	$1,425			2012.1Q	6	$1,425		
	2012.3Q	10	$1,348	66.7%	-5.4%	2012.3Q	8	$1,386	33.3%	-2.7%
	2012.4Q	3	$1,625	-70.0%	20.6%	2012.4Q	7	$1,486	-18.8%	7.2%
	2013.3Q	4	$1,650	33.3%	1.5%	2013.3Q	4	$1,638	-46.2%	10.2%
	2013.4Q	3	$1,433	-25.0%	-13.1%	2013.4Q	4	$1,542	0.0%	-5.9%
	2014.1Q	4	$2,200	33.3%	53.5%	2014.1Q	4	$1,817	0.0%	17.8%
	Change, 2012.1Q - 2014.1Q			**-33.3%**	**54.4%**	**Change, 2012.1Q - 2014.1Q**			**-41.7%**	**27.5%**
	Summary Change, all periods			38.3%	57.1%	Summary Change, all periods			-31.6%	26.7%
	Per period change			7.7%	11.4%	Per period change			-6.3%	5.3%

AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
Wailua - Anahola	2012.1Q	2	$825			2012.1Q	2	$825		
	2012.1Q	10	$839	400.0%	1.7%	2012.3Q	6	$832	200.0%	0.8%
	2012.1Q	12	$796	20.0%	-5.1%	2012.4Q	11	$817	83.3%	-1.8%
	2012.3Q	7	$946	-41.7%	18.9%	2013.3Q	10	$871	-13.6%	6.6%
	2013.3Q	8	$846	14.3%	-10.6%	2013.4Q	8	$896	-21.1%	2.9%
	2014.1Q	6	$1,017	-25.0%	20.1%	2014.1Q	7	$932	-6.7%	3.9%
	Change, 2012.1Q - 2014.1Q			**200.0%**	**23.2%**	**Change, 2012.1Q - 2014.1Q**			**250.0%**	**12.9%**
	Summary Change, all periods			367.6%	25.0%	Summary Change, all periods			242.0%	12.5%
	Per period change			73.5%	5.0%	Per period change			48.4%	2.5%

AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
West Kauai	2012.1Q					2012.1Q	#DIV/0!	#DIV/0!		
	2012.3Q									
	2012.4Q									
	2013.3Q									
	2013.4Q									
	2014.1Q									
	Change, 2012.1Q - 2014.1Q			**#DIV/0!**	**#DIV/0!**	**Change, 2012.1Q - 2014.1Q**			**#DIV/0!**	**#DIV/0!**
	Summary Change, all periods			0.0%	0.0%	Summary Change, all periods			0.0%	0.0%
	Per period change			0.0%	0.0%	Per period change			0.0%	0.0%

ATTACHED UNITS (Condos, Town Homes, Apartments)
KAUAI, ONE BEDS

No Average

Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	12	$791		
2012.3Q	7	$750	-41.7%	-5.2%
2012.4Q	7	$819	0.0%	9.2%
2013.3Q	4	$841	-42.9%	2.7%
2013.4Q	7	$871	75.0%	3.5%
2014.1Q	6	$953	-14.3%	9.4%
Change, 2012.1Q - 2014.1Q			**-50.0%**	**20.4%**
Summary Change, all periods			-23.8%	19.6%
Per period change			-4.8%	3.9%

AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
Lihue	2012.1Q	8	$995		
	2012.3Q	10	$994	25.0%	-0.1%
	2012.4Q	5	$1,055	-50.0%	6.1%
	2013.3Q	6	$1,104	20.0%	4.7%
	2013.4Q	5	$1,570	-16.7%	42.2%
	2014.1Q	1	$975	-80.0%	-37.9%
	Change, 2012.1Q - 2014.1Q			**-87.5%**	**-2.0%**
	Summary Change, all periods			-101.7%	15.0%
	Per period change			-20.3%	3.0%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
North Kauai	2012.1Q	9	$2,228		
	2012.3Q	21	$3,468	133.3%	55.7%
	2012.4Q	1	$3,000	-95.2%	-13.5%
	2013.3Q	8	$3,338	700.0%	11.3%
	2013.4Q	1	$2,000	-87.5%	-40.1%
	2014.1Q	2	$4,250	100.0%	112.5%
	Change, 2012.1Q - 2014.1Q			**-77.8%**	**90.8%**
	Summary Change, all periods			750.6%	125.8%
	Per period change			150.1%	25.2%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	11	$977		
	2012.3Q	9	$1,194	-18.2%	22.2%
	2012.4Q	4	$1,038	-55.6%	-13.1%
	2013.3Q	5	$1,155	25.0%	11.3%
	2013.4Q	3	$1,367	-40.0%	18.3%
	2014.1Q	4	$1,306	33.3%	-4.4%
	Change, 2012.1Q - 2014.1Q			**-63.6%**	**33.7%**
	Summary Change, all periods			-55.4%	34.3%
	Per period change			-11.1%	6.9%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
Wailua - Anahola	2012.1Q	22	$1,126		
	2012.3Q	35	$1,141	59.1%	1.3%
	2012.4Q	11	$1,041	-68.6%	-8.8%
	2013.3Q	17	$1,289	54.5%	23.9%
	2013.4Q	7	$1,349	-58.8%	4.6%
	2014.1Q	9	$1,155	28.6%	-14.4%
	Change, 2012.1Q - 2014.1Q			**-59.1%**	**2.5%**
	Summary Change, all periods			14.8%	6.6%
	Per period change			3.0%	1.3%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
West Kauai	2012.1Q	3	$950		
	2012.3Q	3	$950	0.0%	0.0%
	2012.4Q	1	$500	-66.7%	-47.4%
	2013.3Q	1	$500	0.0%	0.0%
	2013.4Q	3	$1,012	200.0%	102.3%
	2014.1Q	1	$950	-66.7%	-6.1%
	Change, 2012.1Q - 2014.1Q			**-66.7%**	**0.0%**
	Summary Change, all periods			66.7%	48.9%
	Per period change			13.3%	9.8%

ATTACHED UNITS (Condos, Town Homes, Apartments)
KAUAI, ONE BEDS

Averaged, 2 Periods

Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	12	$791		
2012.3Q	10	$771	-20.8%	-2.6%
2012.4Q	7	$785	-26.3%	1.8%
2013.3Q	6	$830	-21.4%	5.8%
2013.4Q	6	$856	0.0%	3.1%
2014.1Q	7	$912	18.2%	6.5%
Change, 2012.1Q - 2014.1Q			**-45.8%**	**15.2%**
Summary Change, all periods			-50.4%	14.6%
Per period change			-10.1%	2.9%

AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
Lihue	2012.1Q	8	$995		
	2012.3Q	9	$995	12.5%	-0.1%
	2012.4Q	8	$1,025	-16.7%	3.0%
	2013.3Q	6	$1,080	-26.7%	5.4%
	2013.4Q	6	$1,337	0.0%	23.9%
	2014.1Q	3	$1,273	-45.5%	-4.8%
	Change, 2012.1Q - 2014.1Q			**-62.5%**	**27.9%**
	Summary Change, all periods			-76.3%	27.4%
	Per period change			-15.3%	5.5%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
North Kauai	2012.1Q	9	$2,228		
	2012.3Q	15	$2,848	66.7%	27.8%
	2012.4Q	11	$3,234	-26.7%	13.6%
	2013.3Q	5	$3,169	-59.1%	-2.0%
	2013.4Q	5	$2,669	0.0%	-15.8%
	2014.1Q	2	$3,125	-66.7%	17.1%
	Change, 2012.1Q - 2014.1Q			**-83.3%**	**40.3%**
	Summary Change, all periods			-85.8%	40.7%
	Per period change			-17.2%	8.1%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	11	$977		
	2012.3Q	10	$1,086	-9.1%	11.1%
	2012.4Q	7	$1,116	-35.0%	2.8%
	2013.3Q	5	$1,096	-30.8%	-1.7%
	2013.4Q	4	$1,261	-11.1%	15.0%
	2014.1Q	4	$1,336	-12.5%	6.0%
	Change, 2012.1Q - 2014.1Q			**-68.2%**	**36.8%**
	Summary Change, all periods			-98.5%	33.1%
	Per period change			-19.7%	6.6%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
Wailua - Anahola	2012.1Q	22	$1,126		
	2012.3Q	29	$1,134	29.5%	0.7%
	2012.4Q	23	$1,091	-19.3%	-3.8%
	2013.3Q	14	$1,165	-39.1%	6.8%
	2013.4Q	12	$1,319	-14.3%	13.2%
	2014.1Q	8	$1,252	-33.3%	-5.1%
	Change, 2012.1Q - 2014.1Q			**-63.6%**	**11.1%**
	Summary Change, all periods			-76.5%	11.8%
	Per period change			-15.3%	2.4%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %
West Kauai	2012.1Q	3	$950		
	2012.3Q	3	$950	0.0%	0.0%
	2012.4Q	2	$725	-33.3%	-23.7%
	2013.3Q	1	$500	-50.0%	-31.0%
	2013.4Q	2	$756	100.0%	51.2%
	2014.1Q	2	$981	0.0%	29.8%
	Change, 2012.1Q - 2014.1Q			**-33.3%**	**3.2%**
	Summary Change, all periods			16.7%	26.2%
	Per period change			3.3%	5.2%

ATTACHED UNIT ATTACHED UNITS (Condos, Town Homes, Apartments)
KAUAI, TWO BEI KAUAI, TWO BEDS

No Average	No Average								
	Yr	Listings	Rents	List Ch %	Rent Ch %	Yr	Listings	Rents	List Ch %	Rent Ch %
	2012.1Q	13	$1,322			2012.1Q	13	$1,322		
	2012.3Q	15	$1,426	15.4%	7.8%	2012.3Q	14	$1,374	7.7%	3.9%
	2012.4Q	17	$1,306	13.3%	-8.4%	2012.4Q	16	$1,366	14.3%	-0.6%
	2013.3Q	16	$1,473	-5.9%	12.7%	2013.3Q	17	$1,389	3.1%	1.7%
	2013.4Q	7	$1,447	-56.3%	-1.7%	2013.4Q	12	$1,460	-30.3%	5.1%
	2014.1Q	6	$1,555	-14.3%	7.5%	2014.1Q	7	$1,501	-43.5%	2.8%
	Change, 2012.1Q - 2014.1Q			**-53.8%**	**17.6%**	**Change, 2012.1Q - 2014.1Q**			**-50.0%**	**13.6%**
	Summary Change, all periods			-47.7%	17.9%	Summary Change, all periods			-48.7%	13.0%
	Per period change			-9.5%	3.6%	Per period change			-9.7%	2.6%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
Lihue	2012.1Q	4	$2,574			2012.1Q	4	$2,574		
	2012.1Q	4	$2,574	0.0%	0.0%	2012.3Q	4	$2,574	0.0%	0.0%
	2012.3Q	2	$1,550	-50.0%	-39.8%	2012.4Q	3	$2,062	-25.0%	-19.9%
	2013.3Q	2	$1,850	0.0%	19.4%	2013.3Q	2	$1,700	-33.3%	-17.6%
	2013.4Q	3	$3,100	50.0%	67.6%	2013.4Q	3	$2,475	25.0%	45.6%
	2014.1Q	1	$3,750	-66.7%	21.0%	2014.1Q	2	$3,425	-20.0%	38.4%
	Change, 2012.1Q - 2014.1Q			**-75.0%**	**45.7%**	**Change, 2012.1Q - 2014.1Q**			**-50.0%**	**33.1%**
	Summary Change, all periods			-66.7%	68.1%	Summary Change, all periods			-53.3%	46.5%
	Per period change			-13.3%	13.6%	Per period change			-10.7%	9.3%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
North Kauai	2012.1Q	11	$1,701			2012.1Q	11	$1,701		
	2012.3Q	4	$1,673	-63.6%	-1.7%	2012.3Q	8	$1,687	-31.8%	-0.8%
	2012.4Q	1	$2,300	-75.0%	37.5%	2012.4Q	3	$1,986	-66.7%	17.8%
	2013.3Q	6	$2,208	500.0%	-4.0%	2013.3Q	4	$2,254	40.0%	13.5%
	2013.4Q	7	$2,292	16.7%	3.8%	2013.4Q	7	$2,250	85.7%	-0.2%
	2014.1Q	6	$1,600	-14.3%	-30.2%	2014.1Q	7	$1,946	0.0%	-13.5%
	Change, 2012.1Q - 2014.1Q			**-45.5%**	**-5.9%**	**Change, 2012.1Q - 2014.1Q**			**-40.9%**	**14.4%**
	Summary Change, all periods			363.7%	5.5%	Summary Change, all periods			27.2%	16.7%
	Per period change			72.7%	1.1%	Per period change			5.4%	3.3%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
Poipu - Kalaheo	2012.4Q	10	$1,390			2012.1Q	10	$1,390		
	2012.4Q	5	$1,430	-50.0%	2.9%	2012.3Q	8	$1,410	-25.0%	1.4%
	2012.4Q	3	$1,200	-40.0%	-16.1%	2012.4Q	4	$1,315	-46.7%	-6.7%
	2012.4Q	6	$1,692	100.0%	41.0%	2013.3Q	5	$1,446	12.5%	9.9%
	2013.4Q	1	$1,200	-83.3%	-29.1%	2013.4Q	4	$1,446	-22.2%	0.0%
	2014.1Q	6	$1,508	500.0%	25.7%	2014.1Q	4	$1,354	0.0%	-6.3%
	Change, 2012.1Q - 2014.1Q			**-40.0%**	**8.5%**	**Change, 2012.1Q - 2014.1Q**			**-65.0%**	**-2.6%**
	Summary Change, all periods			426.7%	24.4%	Summary Change, all periods			-81.4%	-1.7%
	Per period change			85.3%	4.9%	Per period change			-16.3%	-0.3%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
Wailua - Anahola	2012.1Q	4	$1,388			2012.1Q	4	$1,388		
	2012.3Q	6	$1,227	50.0%	-11.6%	2012.3Q	5	$1,307	25.0%	-5.8%
	2012.4Q	7	$1,318	16.7%	7.4%	2012.4Q	7	$1,273	30.0%	-2.6%
	2013.3Q	8	$1,406	14.3%	6.7%	2013.3Q	8	$1,362	15.4%	7.0%
	2013.4Q	4	$2,250	-50.0%	60.0%	2013.4Q	6	$1,828	-20.0%	34.2%
	2014.1Q	6	$1,512	50.0%	-32.8%	2014.1Q	5	$1,881	-16.7%	2.9%
	Change, 2012.1Q - 2014.1Q			**50.0%**	**8.9%**	**Change, 2012.1Q - 2014.1Q**			**25.0%**	**35.6%**
	Summary Change, all periods			81.0%	29.7%	Summary Change, all periods			33.7%	35.7%
	Per period change			16.2%	5.9%	Per period change			6.7%	7.1%
AREA	Yr	Listings	Rents	Listing Ch %	Rent Ch %		Listings	Rents	Listing Ch %	Rent Ch %
West Kauai	2012.1Q	3	$1,067			2012.1Q	3	$1,067		
	2012.1Q	4	$888	33.3%	-16.8%	2012.3Q	4	$977	16.7%	-8.4%
	2012.3Q	5	$1,040	25.0%	17.2%	2012.4Q	5	$964	28.6%	-1.4%
	2013.3Q	2	$1,025	-60.0%	-1.4%	2013.3Q	4	$1,033	-22.2%	7.1%
	2013.4Q	2	$968	0.0%	-5.6%	2013.4Q	2	$996	-42.9%	-3.5%
	2014.1Q	4	$1,228	100.0%	26.9%	2014.1Q	3	$1,098	50.0%	10.2%
	Change, 2012.1Q - 2014.1Q			**33.3%**	**15.1%**	**Change, 2012.1Q - 2014.1Q**			**0.0%**	**2.9%**
	Summary Change, all periods			98.3%	20.2%	Summary Change, all periods			30.2%	4.0%
	Per period change			19.7%	4.0%	Per period change			6.0%	0.8%

DETACHED UNITS (Homes)

Kauai, ALL

No Average

Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	158	$1,610		
2012.3Q	151	$1,840	-4.4%	14.3%
2012.4Q	109	$1,701	-27.8%	-7.5%
2013.3Q	92	$1,975	-15.6%	16.1%
2013.4Q	64	$1,954	-30.4%	-1.1%
2014.1Q	47	$1,969	-26.6%	0.8%
Change, 2012.1Q - 2014.1Q			**-70.3%**	**22.3%**
Summary Change, all periods			-104.8%	22.6%
Per period change			-21.0%	4.5%

Averaged, 2 Periods

Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	158	$1,610		
2012.3Q	155	$1,725	-2.2%	7.1%
2012.4Q	130	$1,770	-15.9%	2.6%
2013.3Q	101	$1,838	-22.7%	3.8%
2013.4Q	78	$1,965	-22.4%	6.9%
2014.1Q	56	$1,962	-28.8%	-0.2%
Change, 2012.1Q - 2014.1Q			**-64.9%**	**21.9%**
Summary Change, all periods			-92.0%	20.3%
Per period change			-18.4%	4.1%

AREA	Period	Listings	Rents	List Ch %	Rent Ch %
Lihue	2012.1Q	23	$1,500		
	2012.3Q	30	$1,822	30.4%	21.5%
	2012.4Q	16	$1,643	-46.7%	-9.8%
	2013.3Q	10	$1,873	-37.5%	13.9%
	2013.4Q	9	$2,300	-10.0%	22.8%
	2014.1Q	4	$2,450	-55.6%	6.5%
	Change, 2012.1Q - 2014.1Q			**-82.6%**	**63.4%**
	Summary Change, all periods			-119.3%	55.0%
	Per period change			-23.9%	11.0%

AREA		Listings	Rents	List Ch %	Rent Ch %
Lihue	2012.1Q	23	$1,500		
	2012.3Q	27	$1,661	15.2%	10.7%
	2012.4Q	23	$1,732	-13.2%	4.3%
	2013.3Q	13	$1,758	-43.5%	1.5%
	2013.4Q	10	$2,086	-26.9%	18.7%
	2014.1Q	7	$2,375	-31.6%	13.8%
	Change, 2012.1Q - 2014.1Q			**-71.7%**	**58.4%**
	Summary Change, all periods			-100.0%	49.0%
	Per period change			-20.0%	9.8%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
N Shore Kauai	2012.1Q	22	$1,955		
	2012.3Q	30	$2,788	36.4%	42.6%
	2012.4Q	8	$1,975	-73.3%	-29.2%
	2013.3Q	22	$2,643	175.0%	33.8%
	2013.4Q	7	$1,442	-68.2%	-45.4%
	2014.1Q	6	$2,933	-14.3%	103.3%
	Change, 2012.1Q - 2014.1Q			**-72.7%**	**50.0%**
	Summary Change, all periods			55.6%	105.2%
	Per period change			11.1%	21.0%

AREA		Listings	Rents	List Ch %	Rent Ch %
N Shore Kauai	2012.1Q	22	$1,955		
	2012.3Q	26	$2,372	18.2%	21.3%
	2012.4Q	19	$2,382	-26.9%	0.4%
	2013.3Q	15	$2,309	-21.1%	-3.0%
	2013.4Q	15	$2,043	-3.3%	-11.5%
	2014.1Q	7	$2,187	-55.2%	7.1%
	Change, 2012.1Q - 2014.1Q			**-70.5%**	**11.9%**
	Summary Change, all periods			-88.3%	14.2%
	Per period change			-17.7%	2.8%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	39	$1,763		
	2012.3Q	40	$1,747	2.6%	-0.9%
	2012.4Q	27	$1,952	-32.5%	11.7%
	2013.3Q	17	$2,056	-37.0%	5.3%
	2013.4Q	20	$2,018	17.6%	-1.8%
	2014.1Q	13	$1,780	-35.0%	-11.8%
	Change, 2012.1Q - 2014.1Q			**-66.7%**	**0.9%**
	Summary Change, all periods			-84.3%	2.5%
	Per period change			-16.9%	0.5%

AREA		Listings	Rents	List Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	39	$1,763		
	2012.3Q	40	$1,755	1.3%	-0.5%
	2012.4Q	34	$1,849	-15.2%	5.4%
	2013.3Q	22	$2,004	-34.3%	8.4%
	2013.4Q	19	$2,037	-15.9%	1.7%
	2014.1Q	17	$1,899	-10.8%	-6.8%
	Change, 2012.1Q - 2014.1Q			**-57.7%**	**7.7%**
	Summary Change, all periods			-75.0%	8.1%
	Per period change			-15.0%	1.6%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Wailua-Anahola	2012.1Q	53	$1,457		
	2012.3Q	34	$1,351	-35.8%	-7.3%
	2012.4Q	39	$1,554	14.7%	15.0%
	2013.3Q	33	$1,722	-15.4%	10.8%
	2013.4Q	17	$1,994	-48.5%	15.8%
	2014.1Q	17	$1,731	0.0%	-13.2%
	Change, 2012.1Q - 2014.1Q			**-67.9%**	**18.8%**
	Summary Change, all periods			-85.0%	21.2%
	Per period change			-17.0%	4.2%

AREA		Listings	Rents	List Ch %	Rent Ch %
Wailua-Anahola	2012.1Q	53	$1,457		
	2012.3Q	44	$1,404	-17.9%	-3.6%
	2012.4Q	37	$1,453	-16.1%	3.4%
	2013.3Q	36	$1,638	-1.4%	12.8%
	2013.4Q	25	$1,858	-30.6%	13.4%
	2014.1Q	17	$1,863	-32.0%	0.2%
	Change, 2012.1Q - 2014.1Q			**-67.9%**	**27.8%**
	Summary Change, all periods			-97.9%	26.3%
	Per period change			-19.6%	5.3%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
West Kauai	2012.1Q	20	$1,473		
	2012.3Q	17	$1,394	-15.0%	-5.3%
	2012.4Q	19	$1,566	11.8%	12.3%
	2013.3Q	9	$1,233	-52.6%	-21.3%
	2013.4Q	8	$1,813	-11.1%	47.0%
	2014.1Q	7	$1,745	-12.5%	-3.7%
	Change, 2012.1Q - 2014.1Q			**-65.0%**	**18.5%**
	Summary Change, all periods			-79.5%	29.0%
	Per period change			-15.9%	5.8%

AREA		Listings	Rents	List Ch %	Rent Ch %
West Kauai	2012.1Q	20	$1,473		
	2012.3Q	19	$1,433	-7.5%	-2.7%
	2012.4Q	18	$1,480	-2.7%	3.2%
	2013.3Q	14	$1,399	-22.2%	-5.5%
	2013.4Q	9	$1,523	-39.3%	8.8%
	2014.1Q	8	$1,779	-11.8%	16.8%
	Change, 2012.1Q - 2014.1Q			**-62.5%**	**20.8%**
	Summary Change, all periods			-83.5%	20.8%
	Per period change			-16.7%	4.2%

DETACHED UNITS (Homes)
Kauai, 2 BR
No Average

Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	22	$903		
2012.3Q	33	$868	50.0%	-3.9%
2012.4Q	27	$830	-18.2%	-4.3%
2013.3Q	27	$1,035	0.0%	24.8%
2013.4Q	25	$1,035	-7.4%	-0.1%
2014.1Q	25	$1,065	0.0%	2.9%
Change, 2012.1Q - 2014.1Q			**13.6%**	**17.9%**
Summary Change, all periods			24.4%	19.3%
Per period change			4.9%	3.9%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Lihue	2012.1Q	4	$1,419		
	2012.3Q	17	$1,671	325.0%	17.8%
	2012.4Q	5	$1,430	-70.6%	-14.4%
	2013.3Q	2	$1,650	-60.0%	15.4%
	2013.4Q	2	$2,350	0.0%	42.4%
	2014.1Q	1	$1,400	-50.0%	-40.4%
	Change, 2012.1Q - 2014.1Q			**-75.0%**	**-1.3%**
	Summary Change, all periods			144.4%	20.7%
	Per period change			28.9%	4.1%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
N Shore Kauai	2012.1Q	5	$2,240		
	2012.1Q	5	$2,240	0.0%	0.0%
	2012.3Q	1	$2,000	-80.0%	-10.7%
	2013.3Q	2	$2,238	100.0%	11.9%
	2013.4Q	4	$2,206	100.0%	-1.4%
	2014.1Q	2	$2,650	-50.0%	20.2%
	Change, 2012.1Q - 2014.1Q			**-60.0%**	**18.3%**
	Summary Change, all periods			70.0%	19.9%
	Per period change			14.0%	4.0%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	6	$1,425		
	2012.3Q	10	$1,348	66.7%	-5.4%
	2012.4Q	3	$1,625	-70.0%	20.6%
	2013.3Q	4	$1,650	33.3%	1.5%
	2013.4Q	3	$1,433	-25.0%	-13.1%
	2014.1Q	4	$2,200	33.3%	53.5%
	Change, 2012.1Q - 2014.1Q			**-33.3%**	**54.4%**
	Summary Change, all periods			38.3%	57.1%
	Per period change			7.7%	11.4%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Wailua-Anahola	2012.1Q	7	$1,535		
	2012.1Q	6	$1,499	-14.3%	-2.3%
	2012.1Q	6	$1,333	0.0%	-11.1%
	2012.3Q	7	$1,499	16.7%	12.4%
	2013.3Q	5	$1,730	-28.6%	15.4%
	2014.1Q	6	$1,542	20.0%	-10.9%
	Change, 2012.1Q - 2014.1Q			**-14.3%**	**0.4%**
	Summary Change, all periods			-6.2%	3.6%
	Per period change			-1.2%	0.7%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
West Kauai	2012.1Q				
	2012.3Q				
	2012.4Q				
	2013.3Q				
	2013.4Q				
	2014.1Q				
	Change, 2012.1Q - 2014.1Q			**#DIV/0!**	**#DIV/0!**
	Summary Change, all periods			0.0%	0.0%
	Per period change			0.0%	0.0%

DETACHED UNITS (Homes)
Kauai, 2 BR
Averaged, 2 Periods

Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	22	$903		
2012.3Q	28	$885	25.0%	-2.0%
2012.4Q	30	$849	9.1%	-4.1%
2013.3Q	27	$933	-10.0%	9.9%
2013.4Q	26	$1,035	-3.7%	11.0%
2014.1Q	25	$1,050	-3.8%	1.4%
Change, 2012.1Q - 2014.1Q			**13.6%**	**16.2%**
Summary Change, all periods			16.5%	16.2%
Per period change			3.3%	3.2%

AREA		Listings	Rents	List Ch %	Rent Ch %
Lihue	2012.1Q	4	$1,419		
	2012.3Q	11	$1,545	162.5%	8.9%
	2012.4Q	11	$1,550	4.8%	0.4%
	2013.3Q	4	$1,540	-68.2%	-0.7%
	2013.4Q	2	$2,000	-42.9%	29.9%
	2014.1Q	2	$1,875	-25.0%	-6.3%
	Change, 2012.1Q - 2014.1Q			**-62.5%**	**32.2%**
	Summary Change, all periods			31.2%	32.2%
	Per period change			6.2%	6.4%
AREA		Listings	Rents	List Ch %	Rent Ch %
N Shore Kauai	2012.1Q	5	$2,240		
	2012.3Q	5	$2,240	0.0%	0.0%
	2012.4Q	3	$2,120	-40.0%	-5.4%
	2013.3Q	2	$2,119	-50.0%	-0.1%
	2013.4Q	3	$2,222	100.0%	4.8%
	2014.1Q	3	$2,428	0.0%	9.3%
	Change, 2012.1Q - 2014.1Q			**-40.0%**	**8.4%**
	Summary Change, all periods			10.0%	8.7%
	Per period change			2.0%	1.7%
AREA		Listings	Rents	List Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	6	$1,425		
	2012.3Q	8	$1,386	33.3%	-2.7%
	2012.4Q	7	$1,486	-18.8%	7.2%
	2013.3Q	4	$1,638	-46.2%	10.2%
	2013.4Q	4	$1,542	0.0%	-5.9%
	2014.1Q	4	$1,817	0.0%	17.8%
	Change, 2012.1Q - 2014.1Q			**-41.7%**	**27.5%**
	Summary Change, all periods			-31.6%	26.7%
	Per period change			-6.3%	5.3%
AREA		Listings	Rents	List Ch %	Rent Ch %
Wailua-Anahola	2012.1Q	7	$1,535		
	2012.3Q	7	$1,517	-7.1%	-1.2%
	2012.4Q	6	$1,416	-7.7%	-6.6%
	2013.3Q	7	$1,416	8.3%	0.0%
	2013.4Q	6	$1,615	-7.7%	14.0%
	2014.1Q	6	$1,636	-8.3%	1.3%
	Change, 2012.1Q - 2014.1Q			**-21.4%**	**6.6%**
	Summary Change, all periods			-22.5%	7.5%
	Per period change			-4.5%	1.5%
AREA		Listings	Rents	List Ch %	Rent Ch %
West Kauai	2012.1Q	#DIV/0!	#DIV/0!		
	Change, 2012.1Q - 2014.1Q			**#DIV/0!**	**#DIV/0!**
	Summary Change, all periods			0.0%	0.0%
	Per period change			0.0%	0.0%

DETACHED UNITS (Homes)
Kauai, 3 BR
No Average

Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	12	$791		
2012.3Q	7	$750	-41.7%	-5.2%
2012.4Q	7	$819	0.0%	9.2%
2013.3Q	4	$841	-42.9%	2.7%
2013.4Q	7	$871	75.0%	3.5%
2014.1Q	6	$953	-14.3%	9.4%
Change, 2012.1Q - 2014.1Q			**-50.0%**	**20.4%**
Summary Change, all periods			-23.8%	19.6%
Per period change			-4.8%	3.9%

DETACHED UNITS (Homes)
Kauai, 3 BR
Averaged, 2 Periods

Kauai, ALL	Yr	Listings	Rents	List Ch %	Rent Ch %
	2012.1Q	12	$791		
	2012.3Q	10	$771	-20.8%	-2.6%
	2012.4Q	7	$785	-26.3%	1.8%
	2013.3Q	6	$830	-21.4%	5.8%
	2013.4Q	6	$856	0.0%	3.1%
	2014.1Q	7	$912	18.2%	6.5%
	Change, 2012.1Q - 2014.1Q			**-45.8%**	**15.2%**
	Summary Change, all periods			-50.4%	14.6%
	Per period change			-10.1%	2.9%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Lihue	2012.1Q	14	$1,650		
	2012.3Q	7	$2,057	-50.0%	24.7%
	2012.4Q	8	$1,806	14.3%	-12.2%
	2013.3Q	4	$1,581	-50.0%	-12.5%
	2013.4Q	4	$1,875	0.0%	18.6%
	2014.1Q	2	$2,325	-50.0%	24.0%
	Change, 2012.1Q - 2014.1Q			**-85.7%**	**40.9%**
	Summary Change, all periods			-135.7%	42.6%
	Per period change			-27.1%	8.5%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Lihue	2012.1Q	14	$1,650		
	2012.3Q	11	$1,854	-25.0%	12.3%
	2012.4Q	8	$1,932	-28.6%	4.2%
	2013.3Q	6	$1,694	-20.0%	-12.3%
	2013.4Q	4	$1,728	-33.3%	2.0%
	2014.1Q	3	$2,100	-25.0%	21.5%
	Change, 2012.1Q - 2014.1Q			**-78.6%**	**27.3%**
	Summary Change, all periods			-131.9%	27.8%
	Per period change			-26.4%	5.6%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
N Shore Kauai	2012.1Q	9	$2,228		
	2012.3Q	21	$3,468	133.3%	55.7%
	2012.4Q	1	$3,000	-95.2%	-13.5%
	2013.3Q	8	$3,338	700.0%	11.3%
	2013.4Q	1	$2,000	-87.5%	-40.1%
	2014.1Q	2	$4,250	100.0%	112.5%
	Change, 2012.1Q - 2014.1Q			**-77.8%**	**90.8%**
	Summary Change, all periods			750.6%	125.8%
	Per period change			150.1%	25.2%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
N Shore Kauai	2012.1Q	9	$2,228		
	2012.3Q	15	$2,848	66.7%	27.8%
	2012.4Q	11	$3,234	-26.7%	13.6%
	2013.3Q	5	$3,169	-59.1%	-2.0%
	2013.4Q	5	$2,669	0.0%	-15.8%
	2014.1Q	2	$3,125	-66.7%	17.1%
	Change, 2012.1Q - 2014.1Q			**-83.3%**	**40.3%**
	Summary Change, all periods			-85.8%	40.7%
	Per period change			-17.2%	8.1%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	24	$1,965		
	2012.3Q	18	$1,928	-25.0%	-1.9%
	2012.4Q	18	$1,824	0.0%	-5.4%
	2013.3Q	4	$2,025	-77.8%	11.0%
	2013.4Q	13	$2,097	225.0%	3.6%
	2014.1Q	6	$1,944	-53.8%	-7.3%
	Change, 2012.1Q - 2014.1Q			**-75.0%**	**-1.1%**
	Summary Change, all periods			68.4%	0.0%
	Per period change			13.7%	0.0%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	24	$1,965		
	2012.3Q	21	$1,946	-12.5%	-0.9%
	2012.4Q	18	$1,876	-14.3%	-3.6%
	2013.3Q	11	$1,924	-38.9%	2.6%
	2013.4Q	9	$2,061	-22.7%	7.1%
	2014.1Q	10	$2,021	11.8%	-2.0%
	Change, 2012.1Q - 2014.1Q			**-60.4%**	**2.8%**
	Summary Change, all periods			-76.6%	3.2%
	Per period change			-15.3%	0.6%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Wailua-Anahola	2012.1Q	16	$2,041		
	2012.3Q	11	$1,716	-31.3%	-15.9%
	2012.4Q	14	$2,000	27.3%	16.5%
	2013.3Q	12	$2,221	-14.3%	11.1%
	2013.4Q	7	$2,321	-41.7%	4.5%
	2014.1Q	5	$2,270	-28.6%	-2.2%
	Change, 2012.1Q - 2014.1Q			**-68.8%**	**11.2%**
	Summary Change, all periods			-88.5%	14.0%
	Per period change			-17.7%	2.8%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Wailua-Anahola	2012.1Q	16	$2,041		
	2012.3Q	14	$1,878	-15.6%	-8.0%
	2012.4Q	13	$1,858	-7.4%	-1.1%
	2013.3Q	13	$2,110	4.0%	13.6%
	2013.4Q	10	$2,271	-26.9%	7.6%
	2014.1Q	6	$2,296	-36.8%	1.1%
	Change, 2012.1Q - 2014.1Q			**-62.5%**	**12.5%**
	Summary Change, all periods			-82.8%	13.2%
	Per period change			-16.6%	2.6%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
West Kauai	2012.1Q	5	$1,489		
	2012.3Q	10	$1,664	100.0%	11.7%
	2012.4Q	16	$1,766	60.0%	6.1%
	2013.3Q	3	$1,814	-81.3%	2.7%
	2013.4Q	1	$2,200	-66.7%	21.3%
	2014.1Q	3	$1,658	200.0%	-24.6%
	Change, 2012.1Q - 2014.1Q			**-40.0%**	**11.4%**
	Summary Change, all periods			212.1%	17.2%
	Per period change			42.4%	3.4%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
West Kauai	2012.1Q	5	$1,489		
	2012.3Q	8	$1,576	50.0%	5.9%
	2012.4Q	13	$1,715	73.3%	8.8%
	2013.3Q	10	$1,790	-26.9%	4.4%
	2013.4Q	2	$2,007	-78.9%	12.1%
	2014.1Q	2	$1,929	0.0%	-3.9%
	Change, 2012.1Q - 2014.1Q			**-60.0%**	**29.5%**
	Summary Change, all periods			17.5%	27.3%
	Per period change			3.5%	5.5%

DETACHED UNITS (Homes)
Kauai, 4 BEDS
No Average

Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	13	$1,322		
2012.3Q	15	$1,426	15.4%	7.8%
2012.4Q	17	$1,306	13.3%	-8.4%
2013.3Q	16	$1,473	-5.9%	12.7%
2013.4Q	7	$1,447	-56.3%	-1.7%
2014.1Q	6	$1,555	-14.3%	7.5%
Change, 2012.1Q - 2014.1Q			**-53.8%**	**17.6%**
Summary Change, all periods			-47.7%	17.9%
Per period change			-9.5%	3.6%

AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Lihue	2012.1Q	4	$2,574		
	2012.1Q	4	$2,574	0.0%	0.0%
	2012.3Q	2	$1,550	-50.0%	-39.8%
	2013.3Q	2	$1,850	0.0%	19.4%
	2013.4Q	3	$3,100	50.0%	67.6%
	2014.1Q	1	$3,750	-66.7%	21.0%
	Change, 2012.1Q - 2014.1Q			**-75.0%**	**45.7%**
	Summary Change, all periods			-66.7%	68.1%
	Per period change			-13.3%	13.6%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
N Shore Kauai	2012.1Q	11	$1,701		
	2012.3Q	4	$1,673	-63.6%	-1.7%
	2012.4Q	1	$2,300	-75.0%	37.5%
	2013.3Q	6	$2,208	500.0%	-4.0%
	2013.4Q	7	$2,292	16.7%	3.8%
	2014.1Q	6	$1,600	-14.3%	-30.2%
	Change, 2012.1Q - 2014.1Q			**-45.5%**	**-5.9%**
	Summary Change, all periods			363.7%	5.5%
	Per period change			72.7%	1.1%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Poipu - Kalaheo	2012.4Q	10	$1,390		
	2012.4Q	5	$1,430	-50.0%	2.9%
	2012.4Q	3	$1,200	-40.0%	-16.1%
	2012.4Q	6	$1,692	100.0%	41.0%
	2013.4Q	1	$1,200	-83.3%	-29.1%
	2014.1Q	6	$1,508	500.0%	25.7%
	Change, 2012.1Q - 2014.1Q			**-40.0%**	**8.5%**
	Summary Change, all periods			426.7%	24.4%
	Per period change			85.3%	4.9%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
Wailua-Anahola	2012.1Q	4	$1,388		
	2012.3Q	6	$1,227	50.0%	-11.6%
	2012.4Q	7	$1,318	16.7%	7.4%
	2013.3Q	8	$1,406	14.3%	6.7%
	2013.4Q	4	$2,250	-50.0%	60.0%
	2014.1Q	6	$1,512	50.0%	-32.8%
	Change, 2012.1Q - 2014.1Q			**50.0%**	**8.9%**
	Summary Change, all periods			81.0%	29.7%
	Per period change			16.2%	5.9%
AREA	Yr	Listings	Rents	List Ch %	Rent Ch %
West Kauai	2012.1Q	3	$1,067		
	2012.1Q	4	$888	33.3%	-16.8%
	2012.3Q	5	$1,040	25.0%	17.2%
	2013.3Q	2	$1,025	-60.0%	-1.4%
	2013.4Q	2	$968	0.0%	-5.6%
	2014.1Q	4	$1,228	100.0%	26.9%
	Change, 2012.1Q - 2014.1Q			**33.3%**	**15.1%**
	Summary Change, all periods			98.3%	20.2%
	Per period change			19.7%	4.0%

DETACHED UNITS (Homes)
Kauai, 4 BEDS
Averaged, 2 Periods

Yr	Listings	Rents	List Ch %	Rent Ch %
2012.1Q	13	$1,322		
2012.3Q	14	$1,374	7.7%	3.9%
2012.4Q	16	$1,366	14.3%	-0.6%
2013.3Q	17	$1,389	3.1%	1.7%
2013.4Q	12	$1,460	-30.3%	5.1%
2014.1Q	7	$1,501	-43.5%	2.8%
Change, 2012.1Q - 2014.1Q			**-50.0%**	**13.6%**
Summary Change, all periods			-48.7%	13.0%
Per period change			-9.7%	2.6%

AREA		Listings	Rents	List Ch %	Rent Ch %
Lihue	2012.1Q	4	$2,574		
	2012.3Q	4	$2,574	0.0%	0.0%
	2012.4Q	2	$1,550	-50.0%	-39.8%
	2013.3Q	2	$1,850	0.0%	19.4%
	2013.4Q	3	$3,100	50.0%	67.6%
	2014.1Q	1	$3,750	-66.7%	21.0%
	Change, 2012.1Q - 2014.1Q			**-75.0%**	**45.7%**
	Summary Change, all periods			-66.7%	68.1%
	Per period change			-13.3%	13.6%
AREA		Listings	Rents	List Ch %	Rent Ch %
N Shore Kauai	2012.1Q	4	$2,210		
	2012.3Q	4	$2,210	0.0%	0.0%
	2012.4Q	4	$2,210	0.0%	0.0%
	2013.3Q	1	$2,200	-75.0%	-0.5%
	2013.4Q	2	$2,350	100.0%	6.8%
	2014.1Q	5	$2,900	150.0%	23.4%
	Change, 2012.1Q - 2014.1Q			**25.0%**	**31.2%**
	Summary Change, all periods			175.0%	29.8%
	Per period change			35.0%	6.0%
AREA		Listings	Rents	List Ch %	Rent Ch %
Poipu - Kalaheo	2012.1Q	2	$3,050		
	2012.3Q	2	$3,050	0.0%	0.0%
	2012.4Q	6	$1,917	200.0%	-37.2%
	2013.3Q	4	$2,250	-33.3%	17.4%
	2013.4Q	5	$2,590	25.0%	15.1%
	2014.1Q	1	$2,800	-80.0%	8.1%
	Change, 2012.1Q - 2014.1Q			**-50.0%**	**-8.2%**
	Summary Change, all periods			111.7%	3.5%
	Per period change			22.3%	0.7%
AREA		Listings	Rents	List Ch %	Rent Ch %
Wailua-Anahola	2012.1Q	1	$2,050		
	2012.3Q	2	$1,725	100.0%	-15.9%
	2012.4Q	3	$2,367	50.0%	37.2%
	2013.3Q	3	$2,350	0.0%	-0.7%
	2013.4Q	1	$3,600	-66.7%	53.2%
	2014.1Q	1	$2,600	0.0%	-27.8%
	Change, 2012.1Q - 2014.1Q			**0.0%**	**26.8%**
	Summary Change, all periods			83.3%	46.1%
	Per period change			16.7%	9.2%
AREA		Listings	Rents	List Ch %	Rent Ch %
West Kauai	2012.1Q				
	2012.3Q			#DIV/0!	#DIV/0!
	2012.4Q			#DIV/0!	#DIV/0!
	2013.3Q			#DIV/0!	#DIV/0!
	2013.4Q			#DIV/0!	#DIV/0!
	2014.1Q			#DIV/0!	#DIV/0!
	Change, 2012.1Q - 2014.1Q			**#DIV/0!**	**#DIV/0!**
	Summary Change, all periods			#DIV/0!	#DIV/0!
	Per period change			#DIV/0!	#DIV/0!

APPENDIX TWO: CRAIGSLIST DATA BY PERIOD

This is the same data, but without the averaging. By doing that, it also allows for a better focus on the trend in the specific area, or community.

KAUAI

Condos		Lihue		North Shore Kauai		Poipu - Kalaheo		Wailua - Anahola		West Kauai		Total Listed	Total Ave Rent
Bedrms	Yr	Listed	Ave Rent	Listed	Ave Rent	Listed	Ave Rent	Listed	Ave Rent	Listed	Ave Rent		
0	2012.1Q	2	$775	8	$953	10	$905	2	$825			22	$903
	2012.3Q	4	$868	13	$887	6	$875	10	$839			33	$868
	2012.4Q	5	$800	4	$1,113	5	$745	12	$796	1	$685	27	$830
	2013.3Q	5	$850	9	$1,244	3	$1,083	7	$946	3	$878	27	$1,035
	2013.4Q	2	$738	11	$1,298	4	$855	8	$846			25	$1,035
	2014.1Q	1	$850	6	$1,283	9	$1,006	6	$1,017	3	$975	25	$1,065
0 Total		19	$821	51	$1,109	37	$912	45	$869	7	$892	159	$951
1	2012.1Q	12	$791	8	$995	11	$977	22	$1,126			53	$995
	2012.3Q	7	$750	10	$994	9	$1,194	35	$1,141	3	$950	64	$1,074
	2012.4Q	7	$819	5	$1,055	4	$1,038	11	$1,041	1	$500	28	$968
	2013.3Q	4	$841	6	$1,104	5	$1,155	17	$1,289	1	$500	33	$1,157
	2013.4Q	7	$871	5	$1,570	3	$1,367	7	$1,349	3	$1,012	25	$1,221
	2014.1Q	6	$953	1	$975	4	$1,306	9	$1,155	1	$950	21	$1,108
1 Total		43	$829	35	$1,104	36	$1,132	101	$1,168	9	$871	224	$1,074
2	2012.1Q	13	$1,322	10	$1,691	10	$1,390	4	$1,388	3	$1,067	40	$1,419
	2012.3Q	15	$1,426	4	$1,673	5	$1,430	6	$1,227	4	$888	34	$1,357
	2012.4Q	17	$1,306	1	$2,300	3	$1,200	7	$1,318	5	$1,040	33	$1,289
	2013.3Q	16	$1,473	6	$2,208	6	$1,692	8	$1,406	2	$1,025	38	$1,586
	2013.4Q	7	$1,447	7	$2,292	1	$1,200	4	$2,250	2	$968	21	$1,824
	2014.1Q	6	$1,555	6	$1,600	6	$1,508	6	$1,512	4	$1,228	28	$1,499
2 Total		74	$1,403	34	$1,906	31	$1,453	35	$1,470	20	$1,042	194	$1,474
3	2012.1Q	5	$1,648	2	$2,850	3	$1,650	3	$1,433	3	$1,267	16	$1,687
	2012.3Q	3	$1,500	6	$2,367	1	$1,850					10	$2,055
	2012.4Q	6	$2,050			2	$1,625			2	$1,175	10	$1,790
	2013.3Q	2	$1,700	8	$2,256	3	$1,917					13	$2,092
	2013.4Q	1	$2,300	1	$4,000	1	$2,000					3	$2,767
	2014.1Q	2	$2,245	1	$3,850	2	$1,875					5	$2,418
3 Total		19	$1,854	18	$2,544	12	$1,796	3	$1,433	5	$1,230	57	$1,983
4	2012.3Q					1	$2,500	1	$1,500	1	$1,600	3	$1,867
	2012.4Q									1	$1,550	1	$1,550
	2013.3Q	1	$2,400									1	$2,400
4 Total		1	$2,400			1	$2,500	1	$1,500	2	$1,575	5	$1,910
Grand Total		156	$1,235	138	$1,494	117	$1,227	185	$1,160	43	$1,028	639	$1,254

KAUAI
Homes

		Lihue		North Shore		Poipu - Kalaheo		Wailua - Anahola		West Kauai		Total Listings	Total Ave Rent
Bedrms	Yr	Listings	Ave Rent	Listings	Ave Rent	Listings	Ave Rent	Listings	Ave Rent	Listings	Ave Rent		
1	2012.1Q	4	$1,005	2	$725	5	$975	21	$1,093			32	$1,040
	2012.3Q	1	$900	6	$963	5	$940	13	$1,067	5	$1,056	30	$1,018
	2012.4Q	2	$1,148	3	$1,208	1	$1,000	11	$1,091	3	$1,360	20	$1,150
	2013.3Q			4	$1,794	2	$1,150	10	$1,138	5	$1,019	21	$1,235
	2013.4Q			5	$1,339	2	$1,250	4	$1,350			11	$1,327
	2014.1Q			1	$795	3	$1,000	5	$1,245	2	$1,395	11	$1,165
1 Total		7	$1,031	21	$1,215	18	$1,021	64	$1,122	15	$1,150	125	$1,121
2	2012.1Q	4	$1,419	5	$2,240	6	$1,425	7	$1,535	4	$1,613	26	$1,639
	2012.3Q	17	$1,671	1	$2,000	10	$1,348	6	$1,499	4	$1,450	38	$1,544
	2012.4Q	5	$1,430	2	$2,238	3	$1,625	6	$1,333	2	$975	18	$1,469
	2013.3Q	2	$1,650	4	$2,206	4	$1,650	7	$1,499			17	$1,719
	2013.4Q	2	$2,350			3	$1,433	5	$1,730	1	$1,100	11	$1,705
	2014.1Q	1	$1,400	2	$2,650	4	$2,200	6	$1,542	1	$2,200	14	$1,925
2 Total		31	$1,633	14	$2,271	30	$1,553	37	$1,517	12	$1,458	124	$1,634
3	2012.1Q	14	$1,650	9	$2,228	24	$1,965	16	$2,041	14	$1,468	77	$1,864
	2012.3Q	7	$2,057	21	$3,468	18	$1,928	11	$1,716	7	$1,461	64	$2,360
	2012.4Q	8	$1,806	1	$3,000	18	$1,824	14	$2,000	6	$1,583	47	$1,865
	2013.3Q	4	$1,581	8	$3,338	4	$2,025	12	$2,221	4	$1,500	32	$2,305
	2013.4Q	4	$1,875	1	$2,000	13	$2,097	7	$2,321	4	$1,675	29	$2,059
	2014.1Q	2	$2,325	2	$4,250	6	$1,944	5	$2,270	2	$1,400	17	$2,338
3 Total		39	$1,806	42	$3,168	83	$1,948	65	$2,059	37	$1,507	266	$2,087
4	2012.1Q			4	$2,210	2	$3,050	1	$2,050	1	$1,500	8	$2,311
	2012.3Q	4	$2,574	1	$2,200	6	$1,917	2	$1,725			13	$2,111
	2012.4Q	2	$1,550	2	$2,350	4	$2,250	3	$2,367	7	$1,807	18	$2,031
	2013.3Q	2	$1,850	5	$2,900	5	$2,590	3	$2,350			15	$2,547
	2013.4Q	3	$3,100			1	$2,800	1	$3,600	3	$2,233	8	$2,757
	2014.1Q	1	$3,750					1	$2,600	2	$2,213	4	$2,694
4 Total		12	$2,459	12	$2,520	18	$2,353	11	$2,350	13	$1,944	66	$2,319
Grand Total		89	$1,765	89	$2,479	149	$1,804	177	$1,623	77	$1,504	581	$1,807

APPENDIX THREE: CRAIGSLIST DATA BY PRICE RANGE

This is again the Craigslist data, but it is broken out by rental price segments and period of time in such a way as to show the number of times a listing appears within a price range. The rental price segments are $12.50, a price breakout that relates well to the rents that low-income households are in search of. Due to a peculiarity of the formula of the spreadsheet, the segmentation that shows up in the left hand side of the table appears without a comma, and is represented such that $1,200 to $1,212.50 appears as $1200-$1211.5.

In addition, at the bottom of the page, the respective Area Median Income ranges (AMI) are identified and then colored. These colors were then used to show which listing and price segment that the particular unit's rental rate falls into. This allows the reader to visualize the frequency of listings over the time period analyzed.

For instance, the table below shows the One Bedroom (Sum of 1) AMI by the maximum rent allowed for Oahu:

AMI	Sum of 1
30%	$539
50%	$898
60%	$1,078
80%	$1,438
100%	$1,797

This analysis was performed for bedroom count units that were the ones most sought after by lower-income households. When the table heading says "(All)", this refers to the data combining both attached and detached units.

Kauai, 1 Bedroom (Attached Only)

	2012.1Q	2012.3Q	2012.4Q	2013.3Q	2013.4Q	2014.1Q
$500-$511.5			1	1		
$550-$561.5			1			
$600-$611.5	2	2				
$612.5-$624	2					
$625-$636.5	1					
$650-$661.5	2					
$662.5-$674				1	1	1
$675-$686.5	1	1				
$700-$711.5	1	3			1	
$712.5-$724		1				
$725-$736.5	1					
$737.5-$749	1					
$750-$761.5	2	2	1	1		
$762.5-$774	1			1		
$775-$786.5		1	1			
$800-$811.5		3	3			1
$825-$836.5	1					
$850-$861.5	4		1	2	2	1
$875-$886.5	1				2	
$887.5-$899		1				
$900-$911.5	2	2	2	1	1	
$912.5-$924					1	
$925-$936.5	1	1		1		2
$950-$961.5	1	5	3	1	1	2
$975-$986.5			1	1	2	2
$987.5-$999		1				
$1000-$1011.5	6	9	6	2		2
$1012.5-$1024	1					
$1050-$1061.5	1	1	2	1		
$1100-$1111.5	2			2	2	3
$1125-$1136.5		1				
$1150-$1161.5	3	1	1	1		1
$1162.5-$1174		1				
$1175-$1186.5		1				
$1187.5-$1199	1	3				
$1200-$1211.5	6	2	3	5	2	
$1237.5-$1249		1				
$1250-$1261.5		7		1		2
$1275-$1286.5					1	
$1300-$1311.5	5	4		3		1
$1325-$1336.5		2				
$1337.5-$1349	1	1				
$1350-$1361.5		2		1		

AMI	Sum of 1
30%	$ 511
50%	$ 851
60%	$ 1,022
80%	$ 1,361
100%	$ 1,703

Kauai, 2 Bedroom (Attached Only)

	2012.1Q	2012.3Q	2012.4Q	2013.3Q	2013.4Q	2014.1Q
$700-$724			1			
$775-$799	2	1	1	2	1	1
$800-$824	1					
$825-$849			1			
$850-$874	1	2	1		1	
$875-$899			1			
$900-$924	1	4				
$950-$974	1	2	2	1		
$975-$999			3			
$1000-$1024	1	1	3	1		
$1050-$1074		1				
$1075-$1099					1	1
$1100-$1124	4	4	2	3	1	3
$1150-$1174	2	1	4			1
$1175-$1199	1	2				1
$1200-$1224	3	5	4	1	3	1
$1250-$1274	4	3	2	3	1	2
$1275-$1299	1	1	2			
$1300-$1324	5	3	5	4	3	2
$1325-$1349		1	1			
$1350-$1374	1	2	1	2		1
$1375-$1399		2				
$1400-$1424	6	4	1	2		4
$1425-$1449	1					
$1450-$1474	2		1			1
$1475-$1499		1		1		
$1500-$1524	5	4	2	5	6	3
$1550-$1574	2			2	1	
$1575-$1599						2
$1600-$1624	1	3	1	5	1	
$1625-$1649	1					
$1650-$1674	1	1	2	1		
$1675-$1699	1		1			
$1700-$1724	2	4	1	4		
$1750-$1774	2			1	2	1
$1775-$1799	1		1			
$1800-$1824	2	13	2	4	1	7

AMI	Sum of 1
30%	$ 613
50%	$ 1,022
60%	$ 1,227
80%	$ 1,633
100%	$ 2,045