



OAHU HOUSING TRENDS



OVERALL MARKET CONDITIONS

The residential housing market on O`ahu continued its sales decline into the third quarter. There were sales of 721 single-family homes and 1,015 condominium units through the Board's Multiple Listing Service computer, well behind the figures of the market peak in the third quarter of 2005 which had unit sales of 1,324 and 2,286, respectively. This quarter's sales were lower for single-family homes by 26.1% and 25.7% for condominiums compared to the same quarter last year.

The third quarter median sales prices paid for a single-family property showed a decline from the same quarter a year ago at \$615,000, a loss of 5.4%. Since last quarter, the median has dropped another 3.3% from \$636,000. The condominium median price came in at \$322,000, a decrease of 2.4% from both last year and the second quarter.

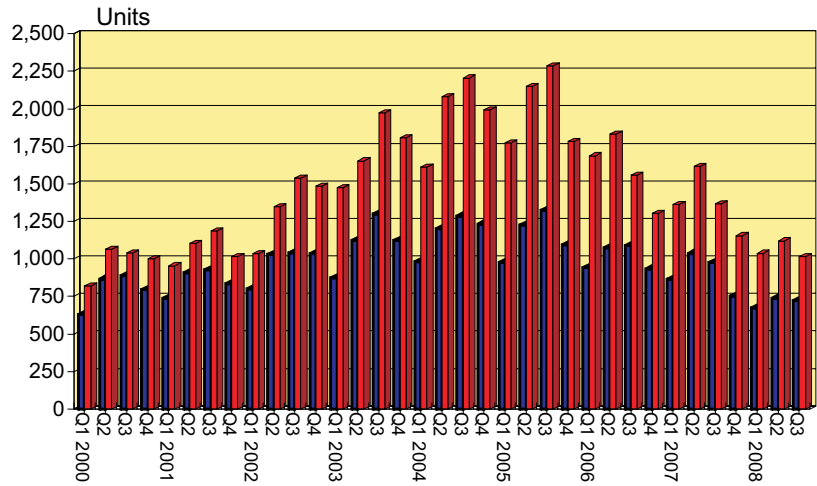
When the number of sales are multiplied by the average sales prices, the total dollar sales volume is computed. The total dollar volume generated by O`ahu residential sales was \$987 million in the third quarter of 2008, slightly behind the second quarter, but this was a 24.7% decline from the same quarter a year ago. It was the third time that dollar volume fell below the \$1 billion mark since the market peak and record for quarterly dollar volume was achieved three years ago, in the third quarter of 2005, at \$1.810 billion and this \$1 billion milestone was first achieved in the third quarter of 2003.

Another important statistic is the Days on Market indicator which measures the time a listing is on the market before a sales agreement is reached and excludes escrow time. In the third quarter, single-family homes required a median market time of 51 days and condominiums

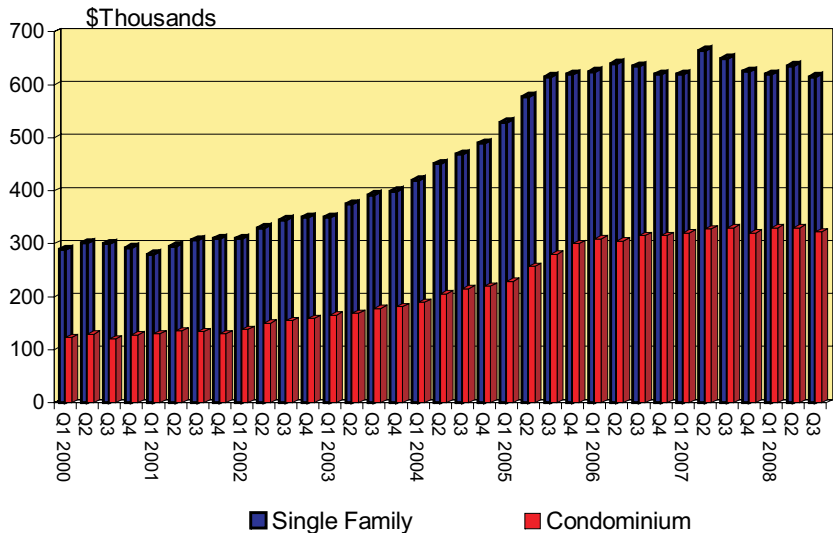
needed 47 days, both indicators higher than at the same time a year ago. Comparing these statistics to last quarter shows that the market continues to cool and sales speeds again have gotten slower than the sales times of 45 and 38 days, respectively, in the second quarter.

After declining to new lows for availability of less than 1,000 units in 2004 and 2005, the number of listings increased rapidly during 2006, but this trend stalled in 2007 and the inventory

QUARTERLY UNIT SALES VOLUME



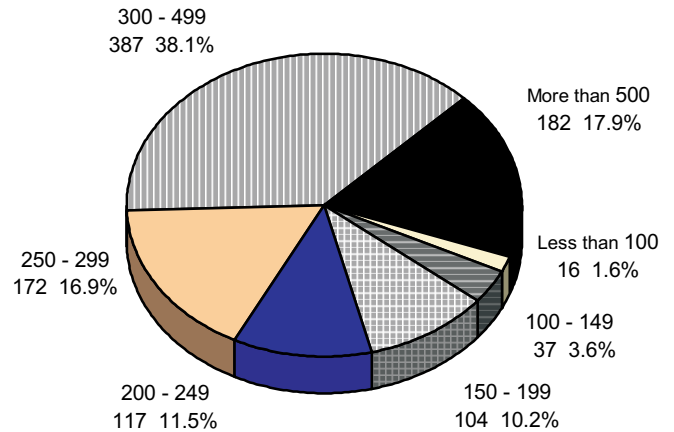
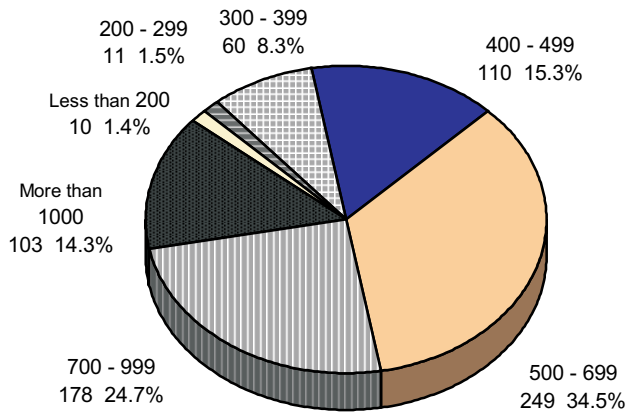
QUARTERLY MEDIAN SALES PRICES



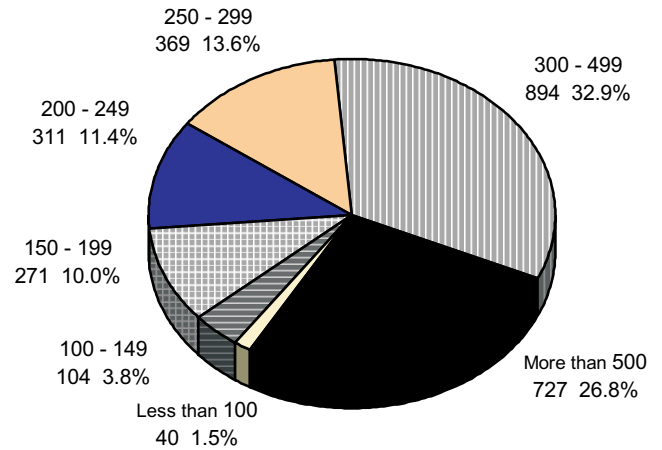
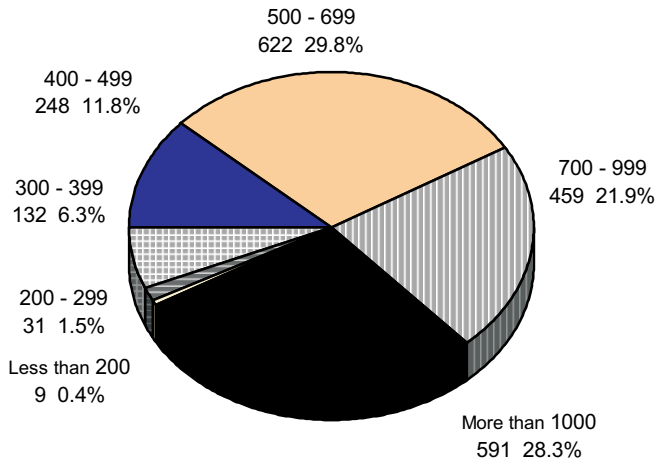
SINGLE-FAMILY HOMES

CONDOMINIUMS

Sales by Price Range



Inventory by Price Range



All price ranges shown above are thousands of dollars (\$000)

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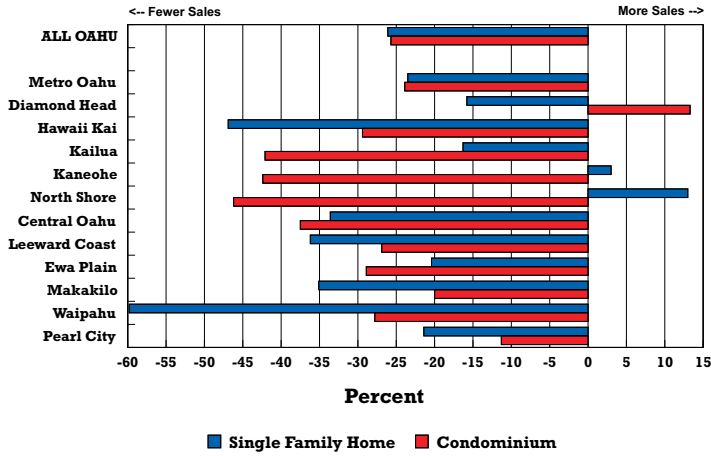
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CHANGE IN NUMBER OF SALES
2008:Q3 vs 2007:Q3



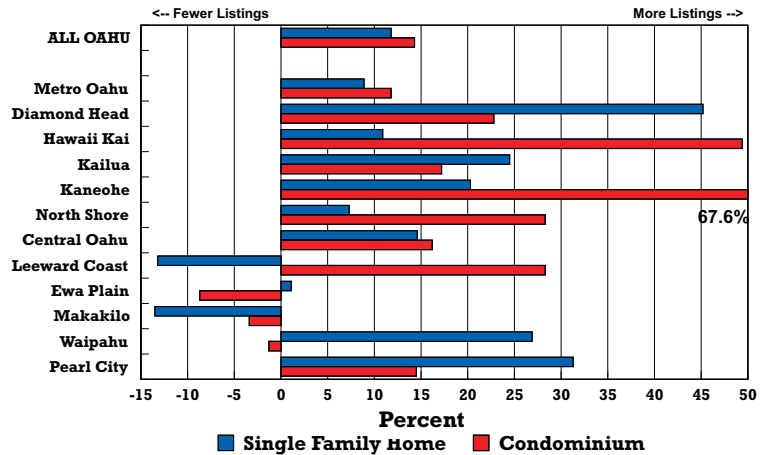
There were only a few neighborhoods on O`ahu that managed to buck the trend of sales decreases during the third quarter. Sales of single-family homes in the North Shore were up 13.0% and in Kaneohe, up 3.0%, while condominium sales advanced in Diamond Head by 13.3%. Overall O`ahu sales were 721 and 1,015, for single-family dwellings and condominiums, respectively, compared to the same quarter one year ago. When compared to the results of the second quarter, sales declined by 2.6% and 9.5%, respectively.

Areas with the least sales losses for single-family homes in the third quarter included Kailua, down 16.3%, and Diamond Head, down 15.8%.

Condominium sales were off islandwide and slid the least in Pearl City, off 11.3%.

The inventory of available listings rose during the third quarter, adding about 200 single-family homes and more than 300 condominium units since last year, for increases of 11.8% and 14.3%, respectively. Looking at the changes since the second quarter, the inventory has increased for single-family homes by 3.3% and rose just 1.4% for condominiums. Median asking prices for single-family homes have declined since last year, by 4.8%, to \$713,100, and the condominium asking price was off 2.3%, to \$346,400. List prices have declined by 1.7% and 0.7%, respectively, since last quarter.

CHANGE IN ACTIVE INVENTORY
2008:Q3 vs 2007:Q3

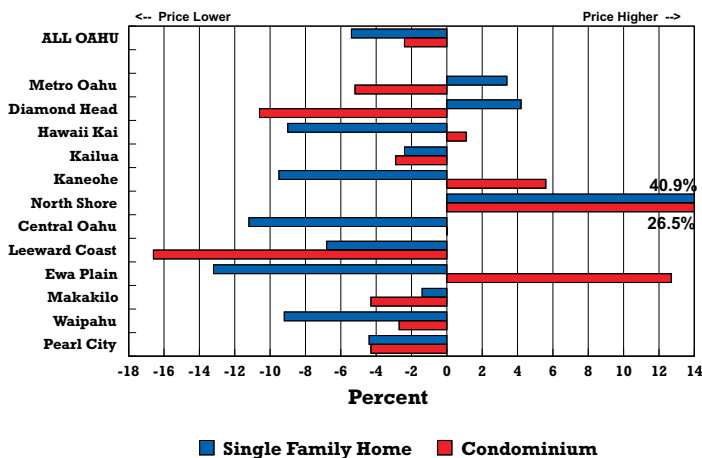


There was shrinkage of available dwellings in only five neighborhoods, single-family homes in Makakilo, down 13.5%, and the Leeward Coast, with 13.2% fewer. For condominiums, the number of for-sale units declined in Ewa Plain, down 8.7%, Makakilo, down 3.4%, and Waipahu, down 1.3%. All other areas experienced an expanded count of properties in the third quarter.

The median sales prices paid for residential properties on O`ahu slipped from those of the same quarter a year ago. In the third quarter, the median price for a single-family home was \$615,000, off 5.4% from the same quarter last year which was near a record at \$649,900. The median price paid for a condominium was \$322,000, which was a decrease of 2.3% since last year. In the second quarter, the prices stood at \$636,000 and \$330,000, respectively.

Price were up sharply in the North Shore neighborhood for both property types, up 40.9% and 26.5%, respectively. For the rest of the single-family housing market segment, the only gains were in the Diamond Head area, up 4.2%, and Metro O`ahu, up 3.4%. In the condominium category, the other areas with positive price expansions were Ewa Plain, up 12.7%, Kaneohe, up 5.6%, and Hawaii Kai, up 1.1%.

CHANGE IN MEDIAN SALES PRICE
2008:Q3 vs 2007:Q3



The Honolulu Board of REALTORS® analyzes and prepares statistics for 17 single family home and 19 condominium neighborhoods on Oahu. For this report, these neighborhoods are grouped together into twelve geographic areas so that single family homes and condominiums can be evaluated together. The twelve areas are defined by Tax Map Key (TMK) numbers as shown in the Area and Neighborhood Data Table printed in this report.

METRO OAHU AREA

The Metro Oahu area contains the highest concentration of CO units on Oahu and is Oahu's most populous area. In the third quarter, CO sales were off 23.9% and the CO MSP declined by 5.2%. Sales volume

was down to 204 units, from 254, in Waikiki, one of the six neighborhoods in this area, but the MSP rose a manini \$800 since last year, to \$271,800. Availability expanded just a little, and asking prices in Waikiki increased from \$332,500 last year to \$349,600. The other dense CO neighborhood in the Metro area, Makiki-Moiliili, experienced a sizable \$22,100 decrease in MSP, to \$312,900. SF sales in Metro Oahu declined 23.5%, but the MSP was 3.4% higher. SF counts added 8.9% and the MLP lost 8.4%. The SF Honolulu neighborhood MSP decreased 3.9%, to \$845,700, while the other SF neighborhood, Moanalua-Kalihi, rose to \$600,000. The SF and CO QAR's were 46.4% and 36.0%, respectively.

DIAMOND HEAD AREA

CO units in the Diamond Head area had the best sales expansion on the island in the third quarter, adding 13.3% to last year's production. And, the MSP for SF properties rose by 4.2% although the number of SF sales lagged by 15.8%. The SF DOM decreased by 5.7%, but the CO DOM jumped 80.0%, to 63 days. Listing counts were up by 45.2% for SF properties and 22.8% for CO units, and both MLP's lost ground. The Waialae-Kahala neighborhood again had the highest MSP on the island, at \$1,635,000.

HAWAII KAI AREA

Sales decreased in the Hawaii Kai area, by 46.9% and 29.4% for SF and CO dwellings. The CO MSP advanced, however, by a slight 1.1%, to \$525,500, while the SF MSP dropped 9.0%, to \$777,000. The SF MLP lost 16.6%, to \$1,107,800, and the SF DOM was unchanged, at 39 days, from a year ago. The number of CO lists jumped 49.4%, while the MLP lost 9.3%, to \$599,100. Hawaii Kai QAR's were mixed compared to the O'ahu averages, at 25.8% and 39.7%, respectively.

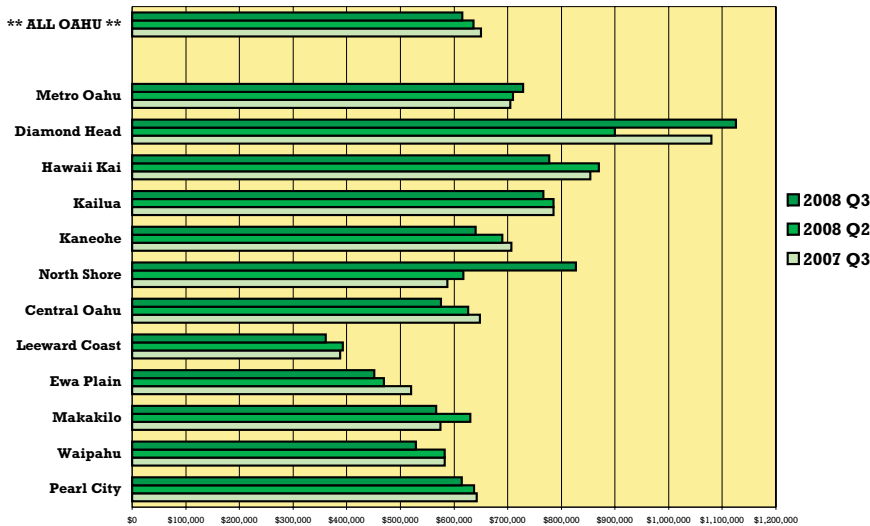
KAILUA AREA

Sales continued to decline in Kailua during the third quarter, by 16.3% and 42.1%, respectively. The SF MSP declined by 2.4%, to \$766,500, and on the other side of the market, the CO MSP dropped 2.9%, to \$411,500. Both DOM's lost ground as sales speed increased, to 57 and 67 days, respectively. Availability rose by 24.5% and 17.2%, respectively, and both MLP's were lower. The SF MLP was off 10.1%, to \$947,600, and the CO MLP fell 4.7%, to \$498,200. Finally, both QAR's were well above the Oahu average statistics, at 40.4% and 64.7%, respectively.

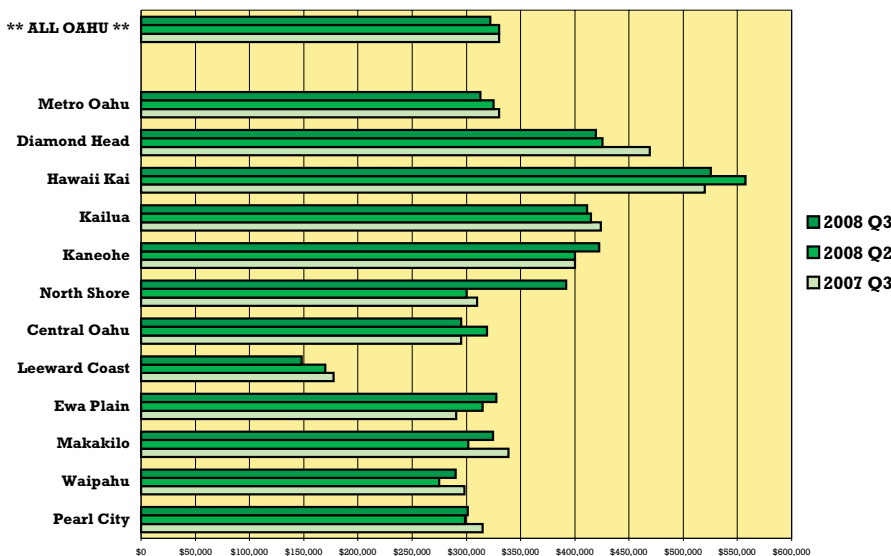
KANEOHE AREA

The Kaneohe area was one of the few SF areas to experience a sales increase, at 3.0%. Also, the CO MSP rose 5.6% this quarter, but the CO sales declined 42.4%. Both SF and CO listings expanded, the latter by an enormous 67.6%, while the MLP's were lower than last year, by 6.2% and 11.2%, respectively. Both QAR's were below the island average, but the SF QAR, at 32.4%, was only a bit below the 34.5% average for the island.

SINGLE FAMILY HOME MEDIAN SALES PRICES



CONDOMINIUM MEDIAN SALES PRICES



NORTH SHORE AREA

Both MSP's in the North Shore area had the best gains on O`ahu this quarter. Even the number of SF sales increased, by 13.0%, and the SF MSP gained a whopping 40.9%, to \$827,500. Active listings in this area grew 7.3% for SF properties and the MLP slipped 19.7%, to \$1,188,700. The CO MSP rose 26.5%, to \$392,000, and listing availability rose 28.3%, while the CO MLP added just 4.9%, to \$398,700. The SF DOM sped up from one year ago, to 68 days, and the CO DOM declined 8.4%, dropping to 76 days. QAR's were both very low, at 19.7% and 11.9%, respectively.

CENTRAL O`AHU AREA

The Central O`ahu area again had high QAR's for both property types, at 51.8% and 55.1%, for SF and CO, respectively. Although sales declined in this area, the SF MSP lost ground, but the CO MSP was unchanged. SF sales were off 33.6% and the MSP was off 11.2%, and CO sales diminished by 37.5%. Inventory levels rose in the third quarter, with both categories adding around 15.0%. The SF MLP was up 1.0% and the CO MLP was just 3.7% lower. The DOM indicated slower CO sales, at 40 days, while the SF DOM was unchanged at 39 days.

LEEWARD COAST AREA

SF sales in the Leeward Coast area were stunted in the third quarter after such a strong showing last quarter. They were off more than one-third, down 36.2%, compared to last year at the same time. CO sales were also off by 26.9%. The SF MSP lost 6.8%, to \$361,000, and the CO MSP decreased another 16.6%, to \$148,000. This area remains the most affordable for both housing types on O`ahu. DOM's were mixed, with the SF DOM shrinking almost by half, to 47 days, and the CO DOM increasing to 76. Listing counts contracted for SF in this area and the SF MLP declined. SF availability tightened by 13.2% and the MLP dropped 13.5%, to \$385,900. In the same time, CO counts added 28.3% and the CO MLP fell 12.9%, to \$173,400, both compared to one year ago. The SF QAR declined to 20.8% and the CO QAR dropped to just

12.3%, the second-lowest CO QAR on the island in the third quarter.

EWA PLAIN AREA

The Ewa Plain area experienced one of the best CO MSP gains on O`ahu, at 12.7%, up to \$327,500. Sales in both categories dropped, SF by 20.4% and CO by 28.9%, and the SF MSP declined 13.2% from last year, to \$451,000. The SF DOM rose to 80 days, but the CO DOM lost 3 days, down to 44. Availability again was mixed, with SF counts increasing 1.1% and CO units shrinking 8.7%, the largest on the island in the third quarter. QAR's in Ewa Plain declined to 35.7% and 32.3% this quarter, to just about the same as the overall island statistics.

MAKAKILO AREA

Sales continued to decline in the Makakilo area for both SF and CO homes and the MSP's contracted, as well. SF sales declined 35.1%, and the SF MSP decreased a minimal 1.4%, to \$567,000. CO sales fell by 20.0%, and the CO MSP dropped by 4.3%, to \$324,500. The number of SF lists tightened 13.5%, the most this quarter, and the MLP was off 12.5%, to \$590,300, while CO counts were off 3.4%. Both QAR's declined since last year, to stand at 31.2% and 35.1% in the third quarter.

WAIPAHU AREA

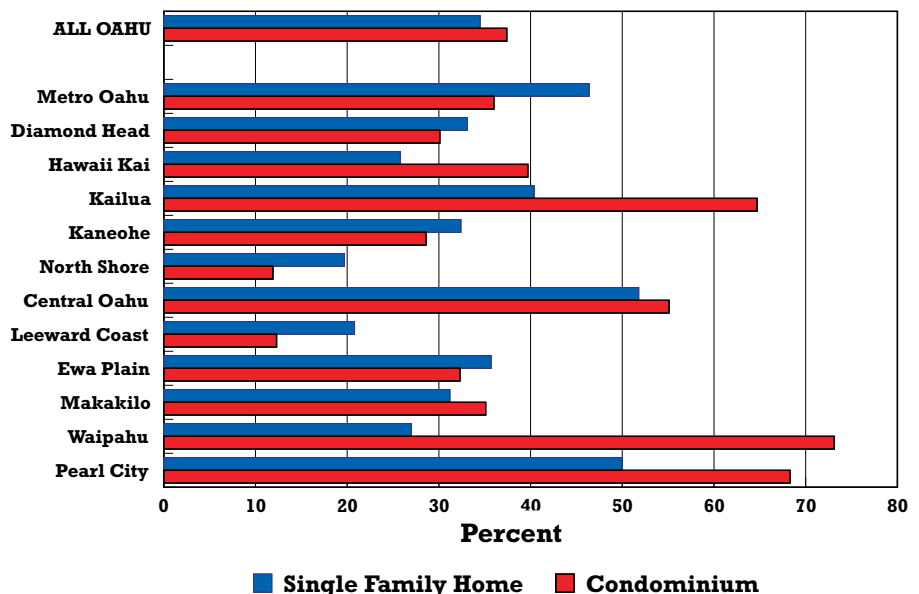
Waipahu had the best CO QAR on the island in the third quarter, even with a decrease since last year. SF sales dropped substantially, by 59.8%, and the MSP was 9.2% lower, at \$529,000. The number of SF active listings increased 26.9% and the SF MLP declined 8.1%, to \$584,600. The CO actives actually declined by 1.3%, and the CO MLP shrank 4.6%, down to \$281,400. Finally, the SF QAR dropped to 27.0%, less than the island figure, but the CO QAR was a high 73.1%, the highest on O`ahu.

PEARL CITY AREA

The Pearl City area had a decrease in sales in the third quarter, with losses of 21.4% and 11.3%, for SF and CO properties, respectively. The SF MSP declined by 4.4%, to \$614,000, and the DOM, at 26 days, was the fastest SF DOM on O`ahu. The CO MSP decreased since a year ago by 4.3%, to \$301,400, but rose 1.0% since last quarter. Listing counts in this area rose 31.3% and 14.5%, for SF and CO units, and both of the MLP's were lower. The SF MLP declined 8.8%, to \$660,100, and the CO MLP lost 9.3%, to \$310,800. The CO DOM added more than a week since last year, rising to 40 days, but was still one of the fastest for any CO area on O`ahu.

QUARTERLY ABSORPTION RATES (QAR)

Third Quarter, 2008



Type and Neighborhood	Zone and Sections	THIRD QUARTER, 2008					SECOND QUARTER, 2008				
		# Sales	Median Sales Price	DOM	# Lists	Median List Price	# Sales	Median Sales Price	DOM	# Lists	Median List Price
METRO OAHU AREA:											
SF Moanalua-Kalihi	1-1 to 1-7	39	\$600,000	55	98	\$689,100	33	\$530,000	46	102	\$732,300
SF Honolulu	1-8,9, All 2	52	\$845,700	42	98	\$987,900	48	\$840,000	43	100	\$999,200
CO Moanalua-Salt Lake	1-1	44	\$292,000	35	66	\$303,700	46	\$300,000	28	65	\$300,300
CO Kalihi-Palama	1-2 to 1-9	14	\$277,500	24	42	\$395,200	27	\$369,500	49	30	\$412,500
CO Downtown-Nuuanu	2-1, 2-2	89	\$436,500	54	207	\$555,800	103	\$466,000	18	210	\$574,900
CO Ala Moana-Kakaako	2-3	79	\$478,000	65	294	\$421,600	76	\$411,300	53	274	\$404,100
CO Waikiki	2-6	204	\$271,800	55	677	\$349,600	218	\$290,000	49	696	\$344,200
CO Makiki-Moiliili	2-4, 2-5, 2-7 to 2-9	129	\$312,900	37	266	\$338,400	131	\$300,000	36	249	\$340,600
DIAMOND HEAD AREA:											
SF Kapahulu-Diamond Hd	3-1 to 3-4	39	\$830,000	29	101	\$1,090,700	45	\$800,000	64	98	\$1,095,500
SF Waialae-Kahala	3-5	30	\$1,635,000	77	103	\$2,130,000	27	\$1,425,000	50	92	\$2,244,600
SF Aina Haina-Kuliouou	3-6 to 3-8	16	\$1,217,500	28	53	\$1,876,200	19	\$880,000	22	43	\$2,048,400
CO Kapahulu-Kuliouou	3-1 to 3-8	34	\$419,200	63	113	\$470,500	35	\$425,300	70	119	\$512,200
HAWAII KAI AREA:											
SF Hawaii Kai	3-9	34	\$777,000	39	132	\$1,107,800	41	\$870,000	50	126	\$1,180,100
CO Hawaii Kai	3-9	48	\$525,500	59	121	\$599,100	52	\$557,500	27	106	\$637,800
KAILUA AREA:											
SF Kailua-Waimanalo	4-1 to 4-3, 4-4*	72	\$766,500	57	178	\$947,600	65	\$785,000	41	165	\$971,400
CO Kailua-Waimanalo	4-1 to 4-3, 4-4*	22	\$411,500	67	34	\$498,200	27	\$415,000	35	39	\$518,500
KANEOHE AREA:											
SF Kaneohe	4-4*, 4-5, 4-6, 4-7*	50	\$642,500	37	124	\$787,700	32	\$687,500	40	97	\$761,900
SF Windward Coast	4-7*, 4-8 to 5-4	19	\$640,000	46	89	\$799,000	20	\$690,000	55	89	\$808,200
CO Kaneohe	4-4*, 4-5, 4-6, 4-7*	33	\$420,000	45	90	\$403,700	42	\$404,500	34	73	\$408,200
CO Windward Coast	4-7*, 4-8 to 5-4	1	\$425,000	178	29	\$301,200	1	\$222,500	98	25	\$310,500
NORTH SHORE AREA:											
SF North Shore	5-5 to 5-9, All 6	26	\$827,500	68	132	\$1,188,700	16	\$617,500	85	131	\$1,328,400
CO North Shore	5-5 to 5-9, All 6	7	\$392,000	76	59	\$398,700	11	\$300,000	166	58	\$399,800
CENTRAL OAHU AREA:											
SF Wahiawa	All 7	17	\$410,000	61	37	\$537,400	16	\$517,500	47	39	\$504,900
SF Mililani	9-4*, 9-5	56	\$601,000	39	104	\$657,600	76	\$633,000	38	102	\$648,000
CO Wahiawa	All 7	9	\$235,000	100	20	\$184,100	8	\$172,000	63	25	\$189,300
CO Mililani	9-4*, 9-5	66	\$302,500	39	116	\$301,500	85	\$335,000	31	118	\$306,800
LEEWARD COAST AREA:											
SF Makaha-Nanakuli	All 8	37	\$361,000	47	178	\$385,900	47	\$393,000	57	177	\$416,400
CO Makaha-Nanakuli	All 8	19	\$148,000	76	154	\$173,400	13	\$170,000	108	150	\$176,400
EWA PLAIN AREA:											
SF Ewa Plain	9-1	129	\$451,000	80	361	\$527,300	126	\$469,200	46	379	\$531,700
CO Ewa Plain	9-1	54	\$327,500	44	167	\$331,300	61	\$315,000	68	170	\$352,700
MAKAKILO AREA:											
SF Makakilo	9-2, 9-3	24	\$567,000	74	77	\$590,300	21	\$630,000	57	83	\$631,800
CO Makakilo	9-2, 9-3	20	\$324,500	58	57	\$292,700	19	\$302,000	35	56	\$299,500
WAIPAHU AREA:											
SF Waipahu	9-4*	37	\$529,000	40	137	\$584,600	56	\$582,500	49	127	\$609,700
CO Waipahu	9-4*	57	\$290,000	33	78	\$281,400	71	\$275,000	37	92	\$290,900
PEARL CITY AREA:											
SF Pearl City-Aiea	9-6 to 9-9	44	\$614,000	26	88	\$660,100	52	\$637,500	26	76	\$691,100
CO Pearl City-Aiea	9-6 to 9-9	86	\$301,400	40	126	\$310,800	95	\$298,500	28	122	\$310,500
ALL OAHU:											
SINGLE FAMILY		721	\$615,000	51	2,092	\$713,100	740	\$636,000	45	2,026	\$725,500
CONDOMINIUM		1,015	\$322,000	47	2,715	\$346,400	1,121	\$330,000	38	2,678	\$349,000

An asterisk (*) indicates that the section is split between two neighborhoods.

AREA - A grouping of neighborhoods within a geographic boundary defined by the specific TMK zones, sections and plats shown on the Data Table page. This report contains data for twelve (12) such areas which, in total, comprise the island of Oahu.

AVERAGE - Synonymous with mean.

CO - Condominium, Apartment, Co-op or Townhouse.

DOM - Days on Market. This number of days between the time a property is listed and a sales contract is accepted. In MLS terms, it is the number of days from the List Date to the Contract Date. In this report, it is expressed as a median number of the Days on Market for a group of properties. This statistic is calculated using the List Date for the most current MLS number and does not reflect re-lists.

HBR - Honolulu Board of REALTORS®.

MEAN - Mean is the mathematical average of a series of numbers.

MEDIAN - Median is a mathematical term that describes the midpoint of a sorted series of num-

bers. It is the number in the middle of the series so that half the numbers are below the median and half are above. The median is always used when reporting sales prices, days on market, etc., to eliminate the skewing effect that very high or very low numbers will have on the average.

MLP - Median List (asking) Price.

MLS - Multiple Listing Service. The computerized information system that contains all of the data on real estate listings, sales, etc. Entered by, or on behalf of, HBR members. All MLS information is owned by HBR and is copyright protected.

MSP - Median Sales Price.

NEIGHBORHOOD - A neighborhood is the smallest geographic grouping of TMK zones, sections and plats for which statistical information is tracked. The Research Department divides Oahu into seventeen (17) single family home and nineteen (19) condominium neighborhoods which are shown in the Area and Neighborhood Data Table.

PERCENT CHANGE - The percent change is calculated by dividing 100 times the amount of change by the older information. For example, if computing the percent change between sales of 2,300 in this time period and 2,000 in the last period, the divisor would be 2,000 and the numerator would be 100 times the difference in sales (2,300 - 2,000 = 300) which equals +15.0%.

QAR - Quarterly Absorption Rate - An absorption rate, expressed in percentage terms, relates the number of properties sold during the quarter to the average number of active listings during the quarter. For example, if there were 940 listings and 94 sales, the quarterly absorption rate would be 10.0%.

SF - Single Family Home.

SOLD - A property is categorized as SOLD only after closing and recordation. The time delay between the signing of a sales contract and the clearing of escrow is nominally between two and four months.

TMK - Tax Map Key.

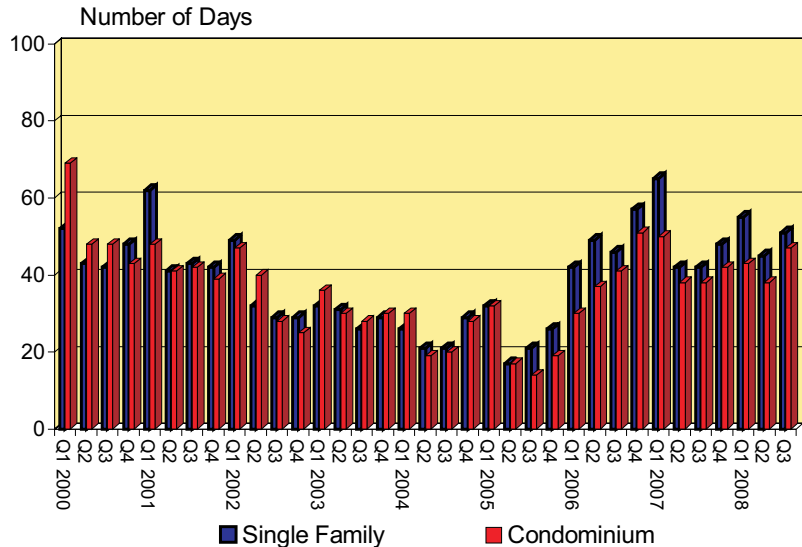
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has resumed its upward, but relatively slow climb. This quarter, the number of listings being actively marketed for sale were 2,092 single-family homes and 2,715 condominiums, expansions of 3.3% and 1.4%, respectively, since last quarter, and increases of 11.8% and 14.3% since the same quarter last year.

Asking prices both declined from the levels of both last year and last quarter. The list prices during the third quarter were \$713,100 and \$346,300, for single-family homes and condominiums, respectively, declines of 4.8% and 2.3% from the same time last year. Compared to the second quarter, single-family home asking prices decreased by 1.7% and condominium list prices slipped a manini 0.7%, from \$725,500 and \$349,000, respectively.

Quarterly absorption rates are used as a measure that encompasses both supply and demand figures by dividing the number of sales for the quarter by the average inventory. The third quarter absorption rate, or QAR, for single-family homes was 34.5% and the condominium absorption rate was 37.4%. Since the last quarter, however, these statistics have declined a bit, from 36.5% and 41.9%, respectively.

MEDIAN TIME ON THE MARKET



MARKET OUTLOOK

So, what's going on with our economy? And, how will these conditions impact housing in Hawaii? The economy is most assuredly in a meltdown and it all started with the sub-prime mortgage mess in the US. Now its spread worldwide with no end in sight. Hopefully, the expensive government bail-outs will help to restore some needed order.

In Hawaii, we are seeing drastically lower tourism counts and visitor spending, and the Governor has called for belt tightening. The stock markets are collapsing with trillions of dollars in paper losses and prices for the necessities of life are rising - inflation may be rearing it's ugly head. While these conditions prevail, don't expect a recovery in the housing market any time soon.