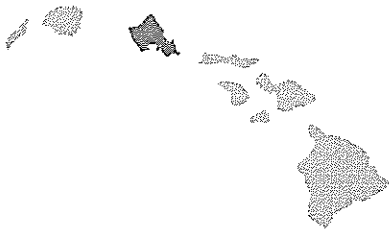




OAHU YEAR-END 2013

APARTMENT MARKET REPORT



Rental Housing Market Remains Strong

MARKET INSIGHT

"Apartments are the most popular real estate investment type in Hawaii as investors are confident about high occupancy rates and accelerating rents."

- Mark D. Bratton (R) CCIM
Vice President

Historically, Oahu's rental housing market conditions have been tight due to the high demand created by a lack of affordably priced homes for sale and minimal new rental development. The 2011 Hawaii Housing Planning Study issued by the State of Hawaii estimated the number of rental housing units in Oahu at 43,424. Based on the 2010 U.S. Census of an estimated 960,000 Oahu residents, approximately 44.1% occupy rental housing.

APARTMENT HIGHLIGHTS

SALES VOLUME IN 2013:	\$260.54 Million
SALES COUNT:	81
ESTIMATED CAP RATE:	4.10%
VACANCY RATE:	4.20%
AVERAGE APARTMENT RENTS:	
1 BEDROOM:	\$1,068/MO
2 BEDROOMS:	\$1,503/MO
3 BEDROOMS:	\$1,846/MO

Demographics remain favorable that demand for rental housing will continue to grow. Comparing the total number of Oahu housing units (single family and multifamily) against the total population, it was clear the population is growing at a faster pace than the development of new housing stock. For Oahu, population counts have increased between 2002 and 2012 at roughly 0.9% or roughly 8,562 residents per year, while the number of housing units has grown at an average annual rate over the past five years at 3,200 units. As this disparity grows, the existing shortfall of housing will continue to expand, pushing demand for rental housing higher. Rents will likely increase, leading to a surge in real estate investor interest.

