



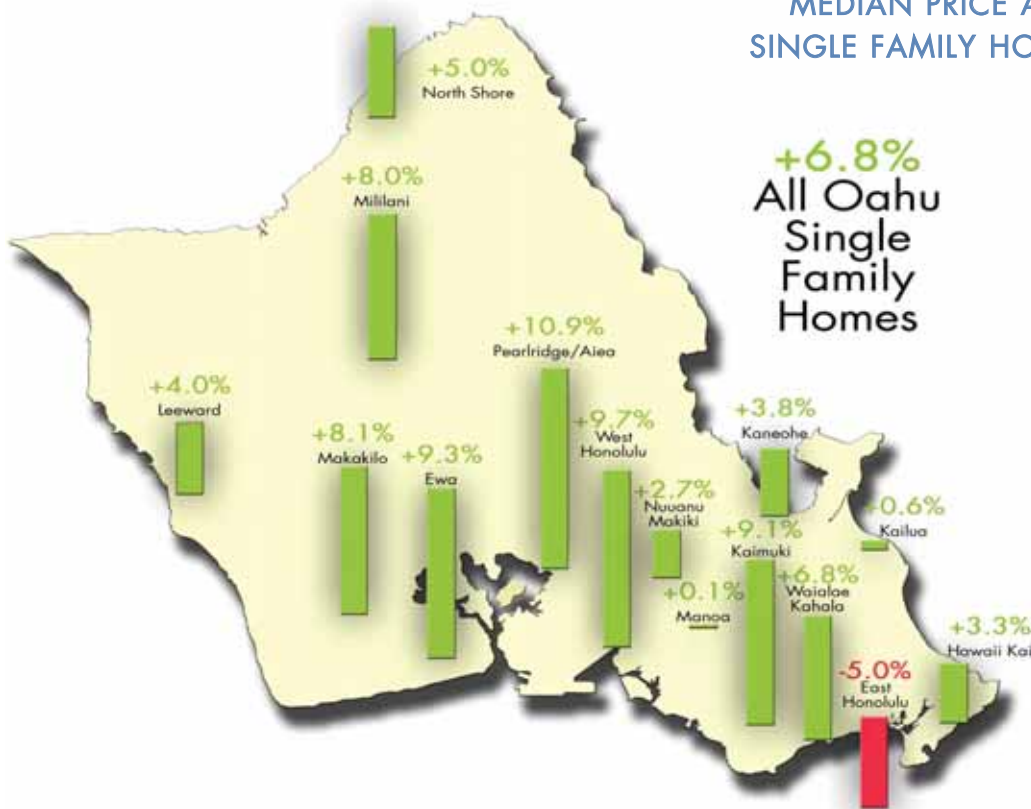
2006 REAL ESTATE REPORT

RECAP FOR OAHU SINGLE FAMILY HOMES

The market for Oahu's single family homes performed well in 2006, despite a slowdown in the number of sales. Last year we forecasted a single-digit increase in median prices and at least a 10% decline in number of sales. We were accurate in our price prediction, as median prices increased by 6.8%, though slightly off in the magnitude of the sales decline as the number of sales fell 16% from 2005 levels.

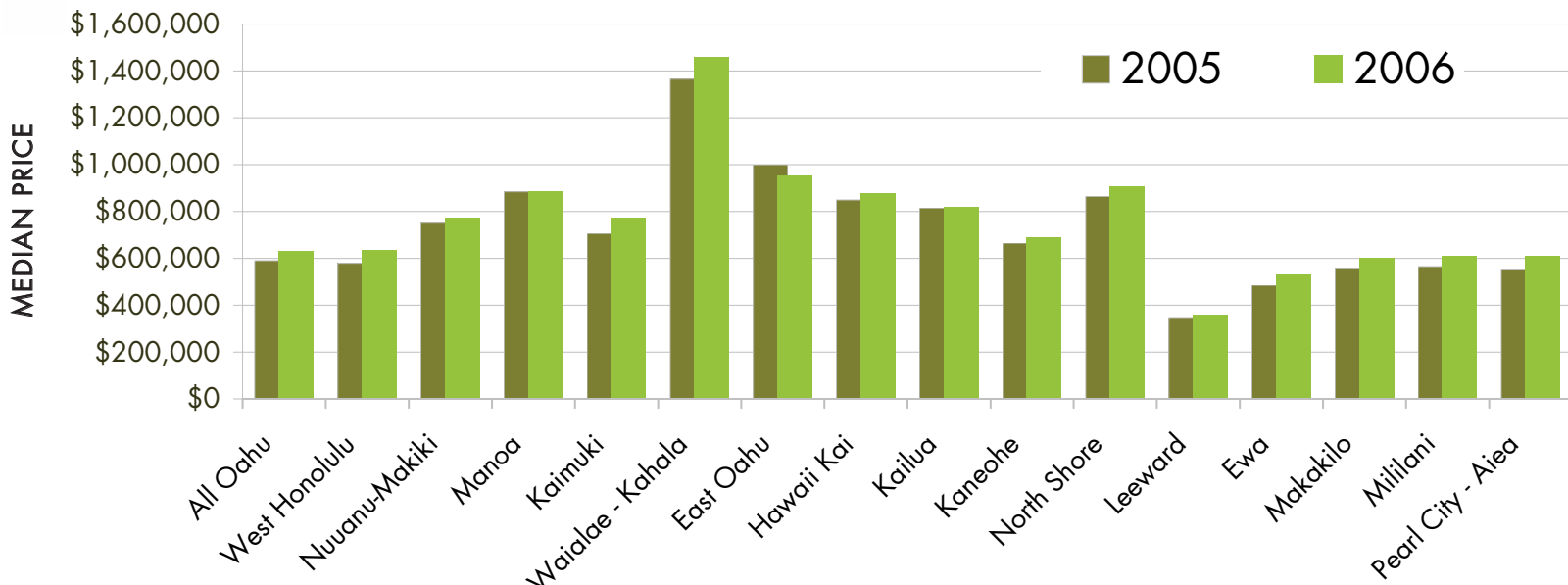
This end-of-year recap report covers overall market activity of Oahu single family homes. Since Oahu is made up of several distinct market areas, each with its own conditions and activity, it is important that you look at the specific neighborhood you are interested in to get an accurate picture of what happened. At Prudential Locations, we track sales for over 200 neighborhoods and can provide you with activity for your particular neighborhood. Please ask your realtor for more information.

MEDIAN PRICE APPRECIATION FOR SINGLE FAMILY HOMES (2005 VS 2006)



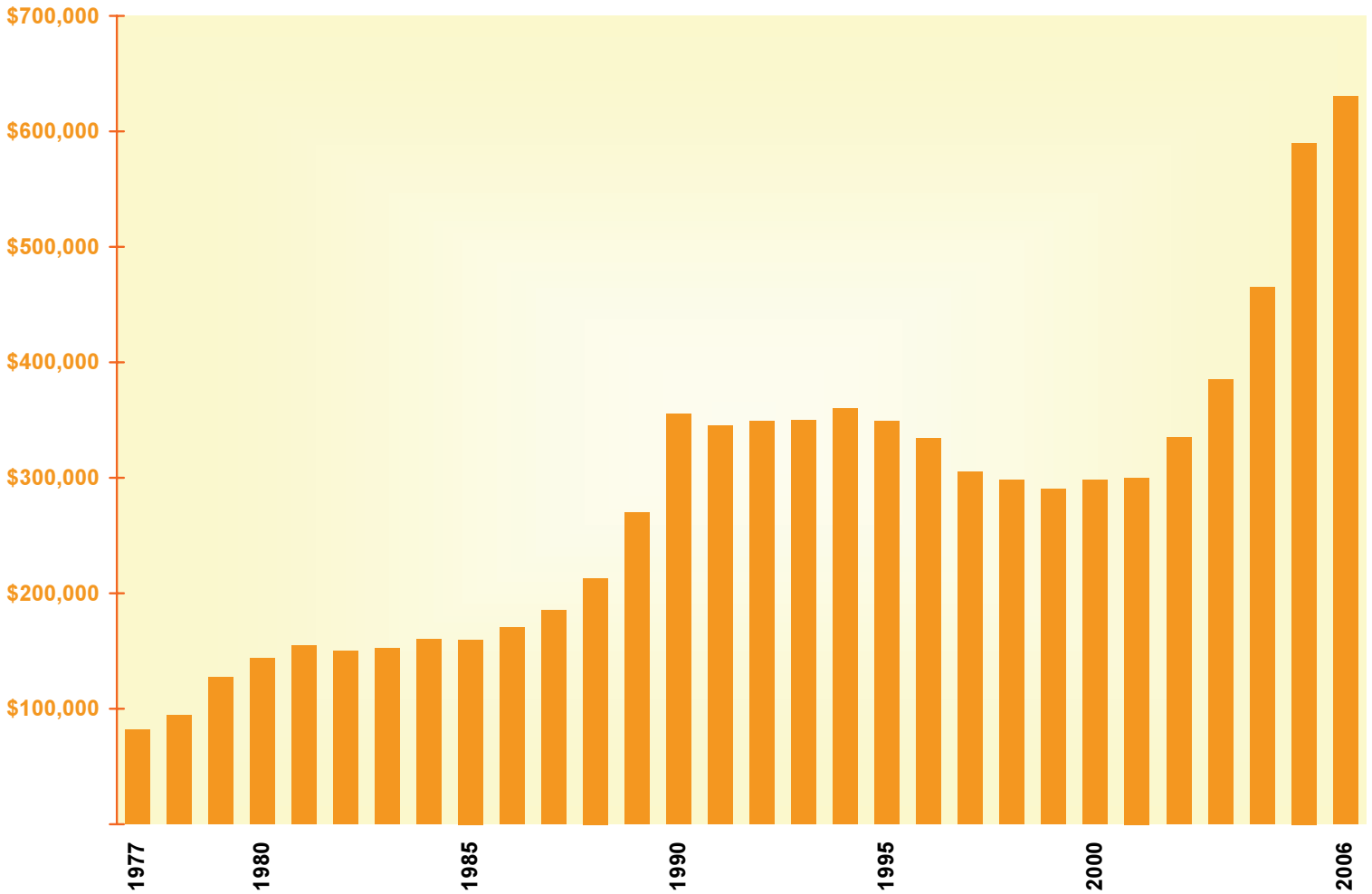
The Oahu single family home market finished 2006 with the median price at \$630,000, up 6.8% from the year previous. This is a respectable price gain, although a slower appreciation rate than in recent years.

Median home prices increased in every area of the island in 2006, with the exception of East Honolulu where annual median prices dropped 5.0%. The East Honolulu area stretches from Waialae to Kuliouou, and includes both luxury and oceanfront neighborhoods, like Hawaii Loa Ridge and Niu Beach and inland valley neighborhoods such as Aina Haina, Niu Valley and Kuliouou. In general, higher appreciation occurred in West Oahu and in moderately priced Honolulu neighborhoods.





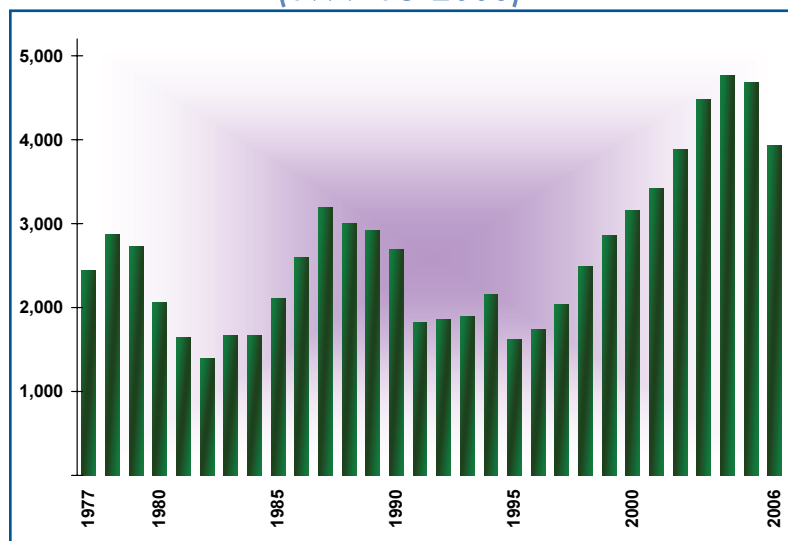
OAHU MEDIAN PRICE FOR SINGLE FAMILY HOMES



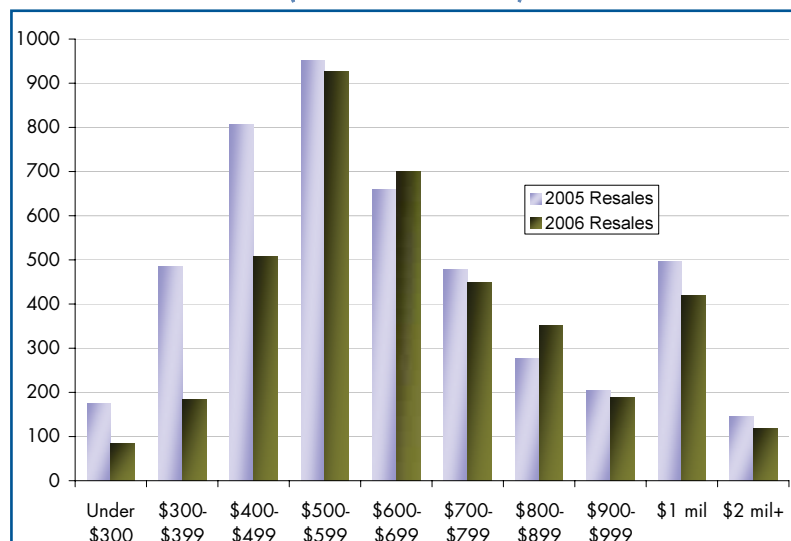
Oahu home prices in 2006 continued their upward trend. As seen in the chart above, every ten-year period shows a sizable gain in price, with the exception of the early 1990s through 2001 – an influence of the recovery from the Japanese bubble period of the late 1980s.

As illustrated by the chart below, the number of single family resales fell again in 2006 to 3,931, however sales are still at historically high levels. The falloff in sales in 2006 is most evident in price ranges below \$500,000. As median prices have continued to increase, available inventory has diminished in the lower price ranges.

NUMBER OF SALES OF SINGLE FAMILY HOMES (1977 TO 2006)

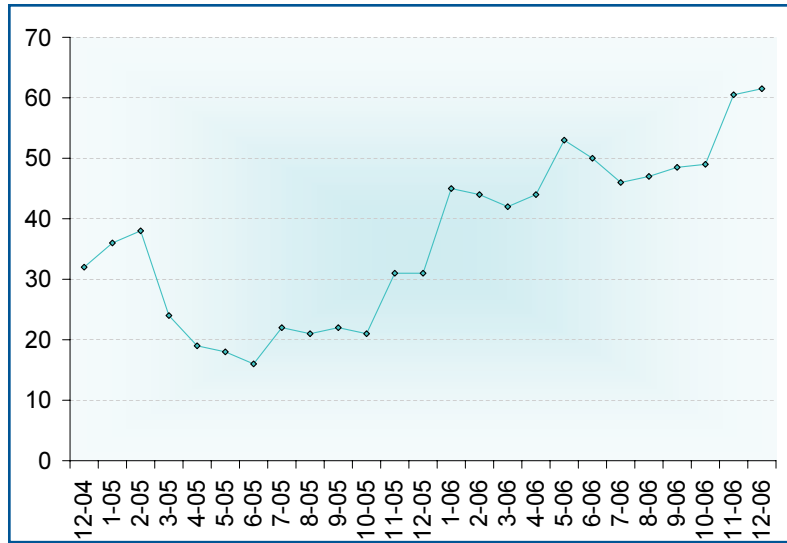


NUMBER OF SALES BY PRICE POINT (2005 VS 2006)

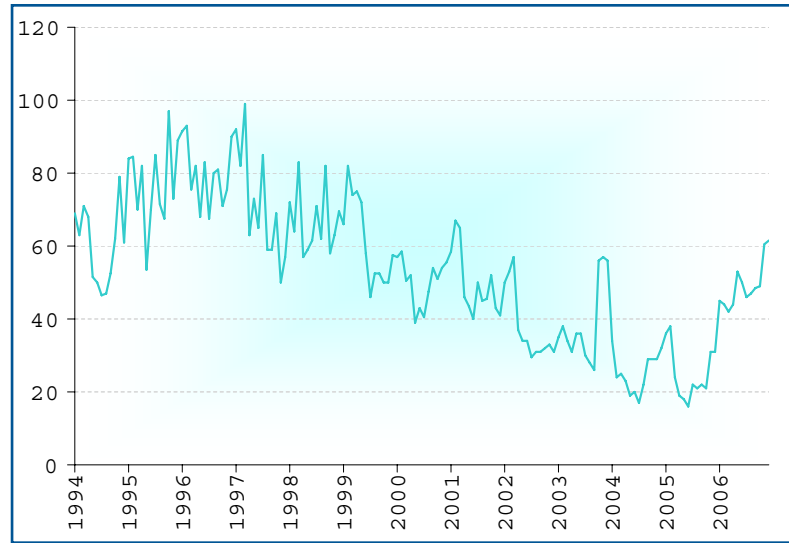


MEDIAN DAYS ON MARKET FOR SINGLE FAMILY HOMES

2 YEAR TREND



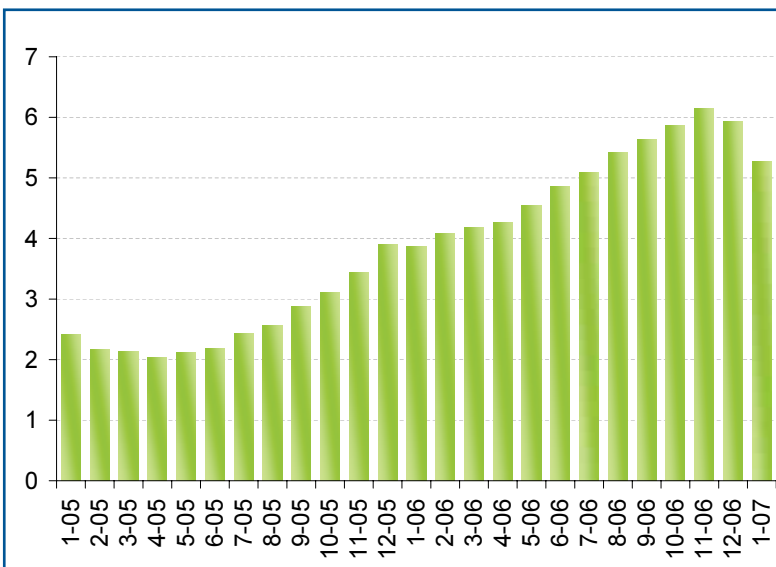
HISTORICAL VIEW



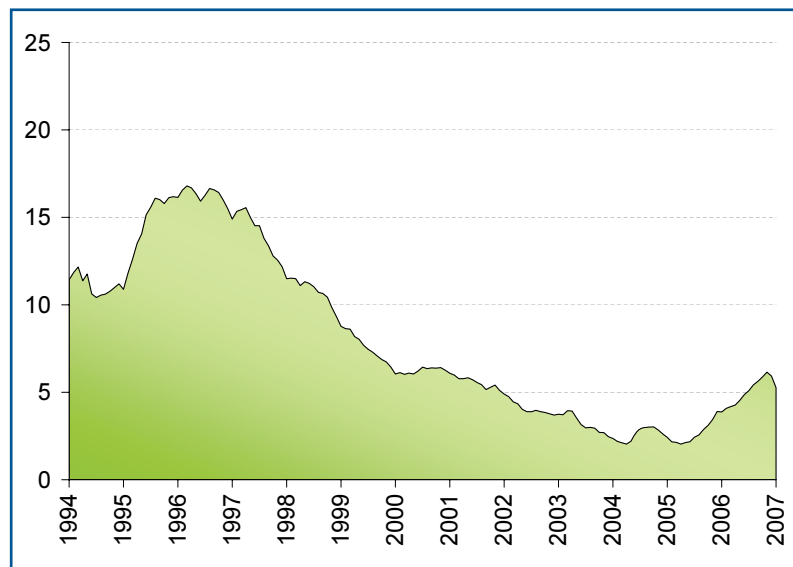
Days on market is the number of days from when a property is listed to when a sales contract is accepted. It's a counter-cyclical market indicator in that low numbers correspond with strong market conditions. Oahu single family days on market has risen steadily from a record low of 16 days in mid-2005 to a December 2006 median of 62 days. Typically, Hawaii has much lower Days on Market measures compared to mainland markets.

AVERAGE MONTHS OF REMAINING INVENTORY FOR SINGLE FAMILY HOMES

2 YEAR TREND

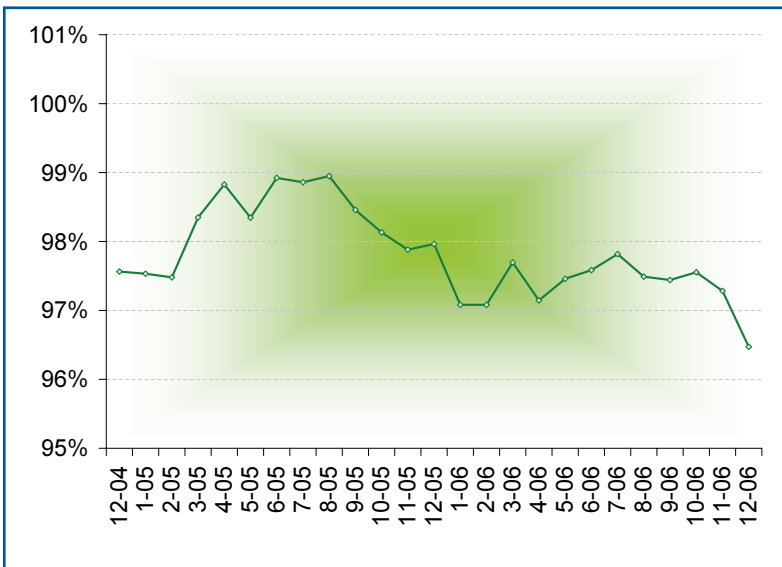


HISTORICAL VIEW

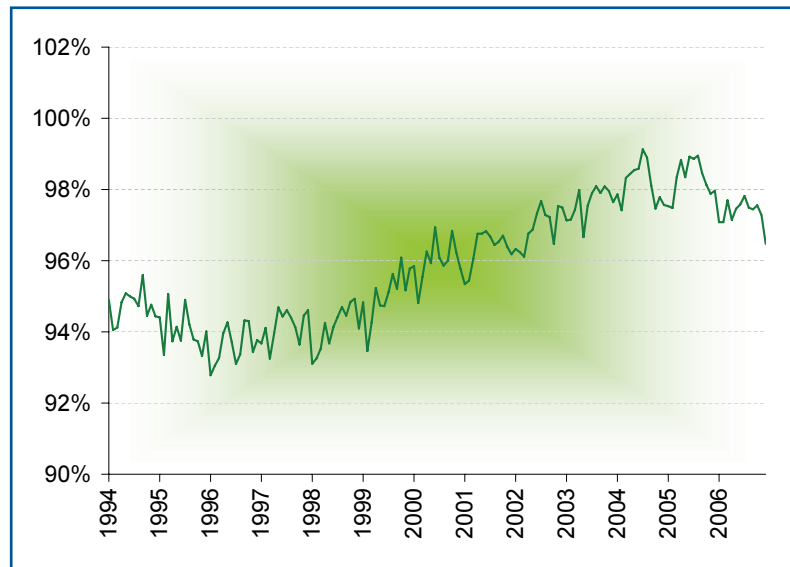


Months of inventory remaining is the amount of time that the current number of available listings would take to sell out at the current rate of sales. Higher numbers indicate softer market conditions. Oahu single family inventory remaining has been climbing from record lows of 2 months in April 2004 to a current level of around 6 months, which are more in line with balanced market conditions on Oahu. This measure has declined noticeably in the past couple months as inventory levels have started to decline again, which is a positive indicator of underlying market strength.

SOLD-TO-LIST PRICE RATIO FOR SINGLE FAMILY HOMES 2 YEAR TREND

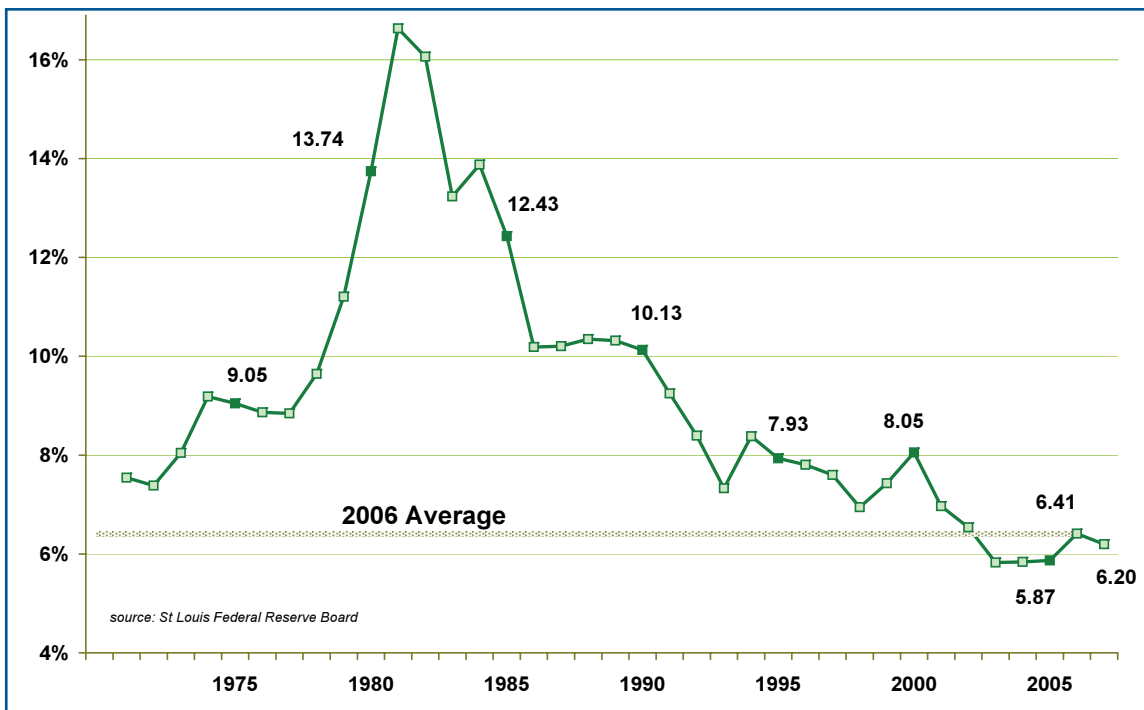


HISTORICAL VIEW



Sold-to-List price ratio is the difference between the price a property is listed at and the final price that the seller agrees to accept. In weaker markets, this measure can drop into the low 90 percent ranges. The Oahu single family sold-to-list price ratio has been trending downward since mid-2004, following a cyclical pattern within the year, but has not yet approached 95% which is considered typical in a balanced market.

30-YEAR FIXED CONVENTIONAL MORTGAGE RATE



A driving factor of real estate activity on Oahu and nationwide has been low interest rates. As the chart above illustrates, mortgage rates are still at historically low levels. Thirty-year fixed conventional mortgage rates have been hovering at or below the 2006 average of 6.20% for several years now.

For more information on specific neighborhoods or data not found in this report, please call Prudential Locations at (808) 738-3245.