

# CLOSELY WATCHED TRENDS

*Upturn continues as tourism growth softens*

*Key indicators surpass pre-boom levels*

**Looking to the fourth quarter of 2012:**

- Jobs picture is strong as unemployment falls further
- Spending is trending flat as income climbs sharply
- Boom in visitor counts slowing as spending rebounds
- Construction rebounds as real estate sales stay low
- Gas demand flattens as electricity turns back down

QUICK TREND LOOK AHEAD	FORECAST Q4 2012
	% Chg. from Q4 2011
JOB	4%
UNEMPLOYED	-21%
INCOME	19%
SPENDING	1%
GASOLINE	8%
ELECTRICITY	-3%
HOME SALES	-13%
BUILDING	371%
VISITORS	11%
VIS. SPENDING	13%
VISITOR STAY	-4%
DIR. FLIGHTS	4%

*Detailed discussion and charts of indicator trends and forecasts are provided on the following pages.*

















**HOME SALES**

Kauai's monthly inflation-adjusted average real estate sales jumped to \$40.5 million in Q2 of 2012 from \$28.0 million in Q2 of 2011.

Real estate is forecast to climb to \$33.0 million in Q4 2012.

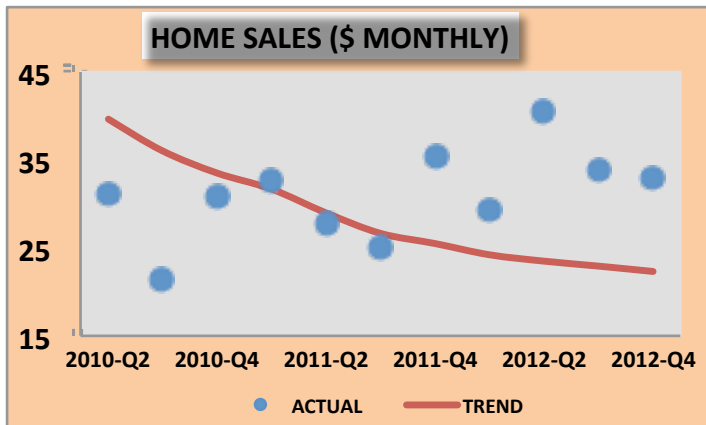
The real estate trend continues to slip, and is expected to slide to \$22.3 million sales in Q4 of 2012.

Note that the home sales index in Q4 2012 will be 46 points below its 2003 index level.

**HOME SALES (2010\$ MONTHLY)**

	ACTUAL	TREND	INDEX*
2010-Q1	\$21.1	\$43.0	1.05
2010-Q2	\$31.1	\$39.6	0.97
2010-Q3	\$21.6	\$36.0	0.88
2010-Q4	\$30.9	\$33.5	0.82
2011-Q1	\$32.6	\$31.7	0.77
2011-Q2	\$28.0	\$29.0	0.71
2011-Q3	\$25.0	\$26.6	0.65
2011-Q4	\$35.5	\$25.5	0.62
2012-Q1	\$29.4	\$24.2	0.59
2012-Q2	\$40.5	\$23.5	0.57
2012-Q3	\$33.8	\$22.9	0.56
2012-Q4	\$33.0	\$22.3	0.54

Source: 5, 6 \*Trend indexed to 2003 average deflated values



**BUILDING PERMITS**

Kauai's inflation-adjusted average monthly building permit value rose to \$5.9 million in Q2 from \$5.3 in Q2 of 2011.

Permits are forecast to slip back to \$4.6 million in Q4 2012, which is slightly up from \$4.5 million in Q4 2011.

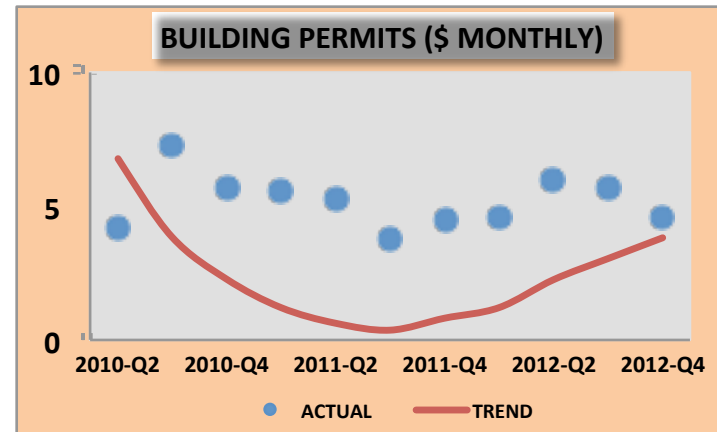
The building permits trend is finally turning back up and is expected to reach \$3.8 million in Q4 2012.

The Q4 index may be fully 75 points below its 2003 index level.

**BUILDING PERMITS (2010\$ MONTHLY)**

	ACTUAL	TREND	INDEX*
2010-Q1	\$5.5	\$10.7	0.69
2010-Q2	\$4.2	\$6.7	0.43
2010-Q3	\$7.2	\$3.9	0.25
2010-Q4	\$5.7	\$2.3	0.15
2011-Q1	\$5.6	\$1.2	0.08
2011-Q2	\$5.3	\$0.6	0.04
2011-Q3	\$3.8	\$0.4	0.02
2011-Q4	\$4.5	\$0.8	0.05
2012-Q1	\$4.6	\$1.2	0.08
2012-Q2	\$5.9	\$2.3	0.14
2012-Q3	\$5.6	\$3.0	0.20
2012-Q4	\$4.6	\$3.8	0.25

Source: 1, 6 \*Trend indexed to 2003 average deflated values



**VISITORS**

Kauai's average daily visitor counts surged to 22,400 in Q2 of 2012, up from 20,600 in Q2 2011.

Visitor counts are forecast to slip back to 20,900 in Q4 2012, which is still slightly above the Q4 2011 level of 20,400.

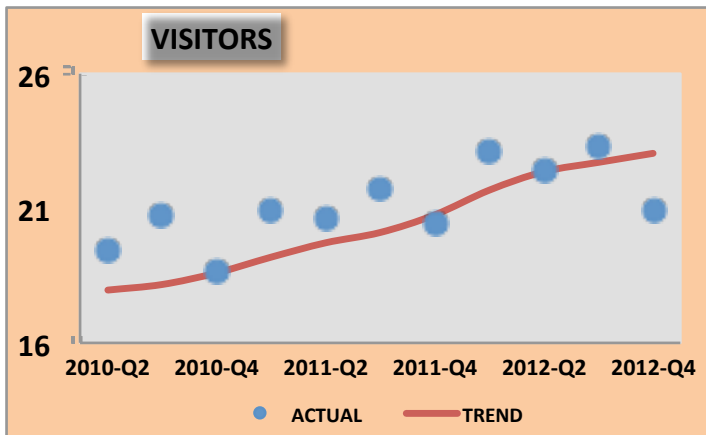
The visitor up-trend is softening and is expected to rise slightly to 23,000 in Q4 of 2012.

The visitor index in Q4 2012 will be 34 points above 2003 levels versus 30 points in Q2.

**VISITORS (Avg. Daily 000)**

	ACTUAL	TREND	INDEX*
2010-Q1	19.3	17.9	1.04
2010-Q2	19.4	18.0	1.04
2010-Q3	20.7	18.2	1.06
2010-Q4	18.6	18.6	1.08
2011-Q1	21.0	19.2	1.12
2011-Q2	20.6	19.7	1.15
2011-Q3	21.8	20.1	1.17
2011-Q4	20.4	20.8	1.21
2012-Q1	23.1	21.7	1.26
2012-Q2	22.4	22.4	1.30
2012-Q3	23.3	22.7	1.32
2012-Q4	20.9	23.0	1.34

Source: 4 \* Trend indexed to 2003 average values.



**VISITOR SPENDING**

Kauai visitors' inflation-adjusted average daily spending per person rose slightly from \$169.45 in Q2 of 2011 to \$175.40 in Q2 of 2012.

Visitor spending is forecast to jump to \$205.93 in Q4 of 2012.

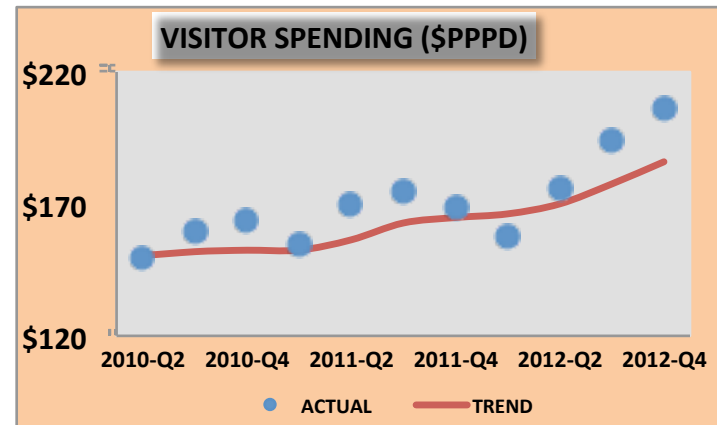
The visitor spending trend will climb further to \$185.98 in Q4.

The deflated spending index in Q4 will rise to 2 points above its 2003 level.

**VISITOR SPENDING (2010\$ PPPD)**

	ACTUAL	TREND	INDEX*
2010-Q1	\$152.80	\$151.21	0.83
2010-Q2	\$149.42	\$150.17	0.82
2010-Q3	\$160.08	\$151.89	0.83
2010-Q4	\$163.97	\$152.44	0.83
2011-Q1	\$154.84	\$152.48	0.83
2011-Q2	\$169.45	\$156.37	0.85
2011-Q3	\$174.65	\$162.76	0.89
2011-Q4	\$168.53	\$164.83	0.90
2012-Q1	\$157.46	\$166.22	0.91
2012-Q2	\$175.40	\$170.00	0.93
2012-Q3	\$193.84	\$177.56	0.97
2012-Q4	\$205.93	\$185.98	1.02

Source: 2, 6 \*Trend indexed to 2003 average deflated values



**LENGTH OF STAY**

Kauai visitors' average length-of-stay rose slightly to 7.4 days in Q2 2012, up from 7.2 days in Q2 2011.

Stay-length is forecast to slip back to 7.1 days in Q4 2012.

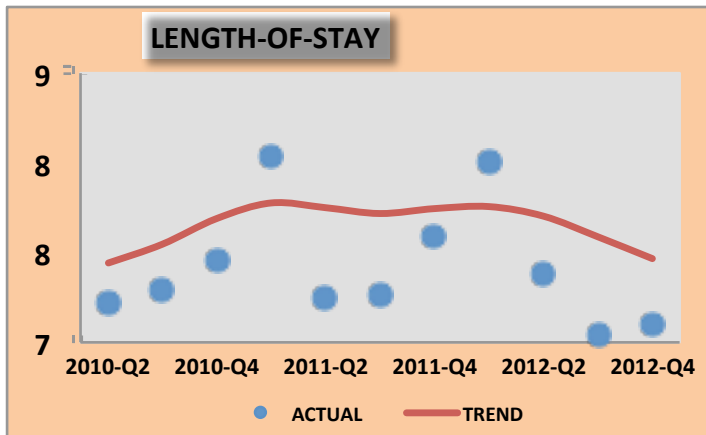
The stay-length trend is turning down, and is expected to hit 7.5 days in Q4 of 2012.

On an index basis, the Q4 numbers will be 24 points above the 2003 average.

**LENGTH-OF-STAY (Days)**

	ACTUAL	TREND	INDEX*
2010-Q1	7.9	7.3	1.21
2010-Q2	7.2	7.4	1.23
2010-Q3	7.3	7.5	1.25
2010-Q4	7.5	7.7	1.27
2011-Q1	8.0	7.8	1.29
2011-Q2	7.2	7.8	1.28
2011-Q3	7.3	7.7	1.28
2011-Q4	7.6	7.7	1.28
2012-Q1	8.0	7.8	1.28
2012-Q2	7.4	7.7	1.27
2012-Q3	7.0	7.6	1.26
2012-Q4	7.1	7.5	1.24

Source: 2 \* Trend indexed to 2003 average values.



**DIRECT FLIGHT PASSENGERS**

Kauai's average monthly passenger count on direct flights continued to climb from 41,500 in Q2 2011 to 44,100 in Q2 2012.

Direct flight counts are forecast to fall back to 32,000 in Q4 2012, down from 38,400 in Q4 2011.

The direct flights trend will turn down from a high of 43,100 passengers in Q2 and is expected to fall to 41,000 in Q4.

On an index basis, the Q4 numbers will be 63 points above the 2003 average.

**DIRECT FLIGHT PASSENGERS (000)**

	ACTUAL	TREND	INDEX*
2010-Q1	27.8	32.0	1.27
2010-Q2	37.8	32.3	1.28
2010-Q3	40.6	33.5	1.33
2010-Q4	30.8	34.0	1.35
2011-Q1	31.2	34.7	1.38
2011-Q2	41.5	36.0	1.43
2011-Q3	44.9	37.3	1.48
2011-Q4	38.4	39.4	1.57
2012-Q1	38.4	41.5	1.65
2012-Q2	44.1	43.1	1.71
2012-Q3	40.5	42.4	1.69
2012-Q4	32.0	41.0	1.63

Source: 4 \* Trend indexed to 2003 average values.

