



**Hawaii
Commercial
Real Estate, LLC**



June, 2012

1ST QUARTER 2012



- *How does Honolulu's rail project impact downtown office occupancy?*
- *Are we near the bottom of the market?*

Honolulu Office Market Report

Honolulu's office market, which has been losing occupancy since mid-2008, saw 16,929 square feet of negative absorption during the 1st quarter, the smallest quarterly loss since late 2009. Of the ten sub-markets tracked by our survey, three lost occupancy, one remained flat and six markets increased occupancy. The island-wide vacancy rate now stands at 14.6%, with a range of 5.4% (East Honolulu) to 25.6% (Waikiki).

Average asking gross rents (base rent plus full service operating expenses) increased by \$0.04/sf/month to \$2.97/sf/month, but half of that increase came from \$0.02/sf/month higher operating expenses.

Hawaii Commercial Real Estate's index of available spaces decreased slightly from 710 to 708 spaces across the island. Except for very large spaces (over 30,000sf), tenants generally have multiple options which can force landlords to compete for their tenancy.

DOWNTOWN HIT HARD

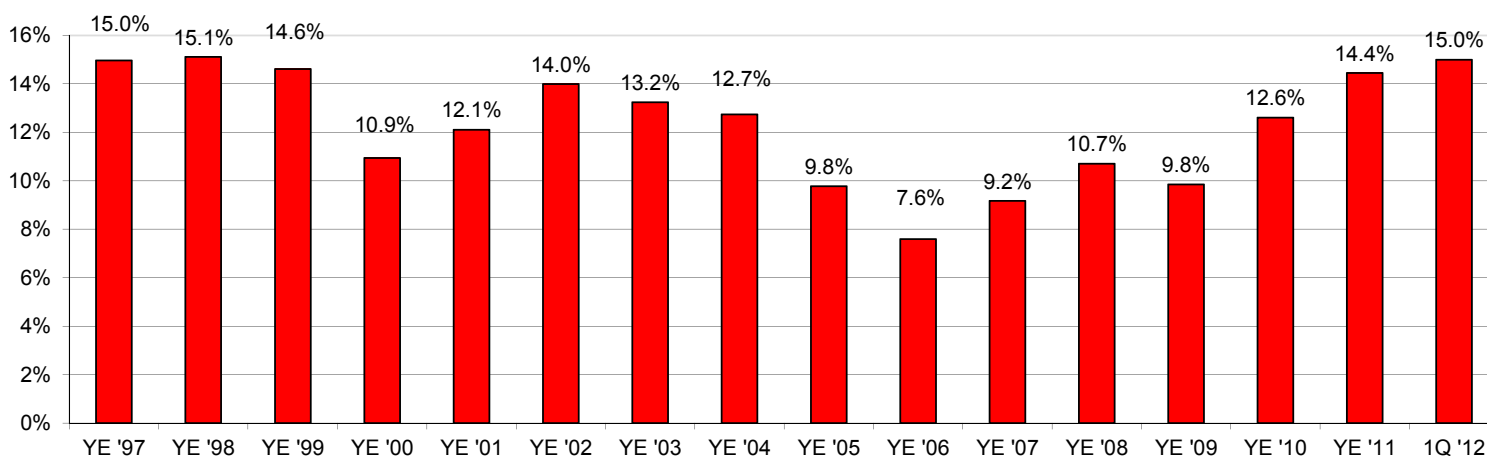
Despite a nearly 28,000 square foot expansion by Honolulu Authority of Rapid Transportation (HART) at Alii Place, downtown lost 43,091 square feet of occupancy, about half in Class A buildings and half in Class B buildings. The drop in occupancy came from businesses continuing to put their employees in smaller spaces, rather than a drop in downtown employment.

It is important to note the cumulative impact of Honolulu's rail project on downtown office occupancy. If the project is killed or stalled, it could mean some or all of the approximately 100,000 square feet occupied by HART and its contractors would come back on the market. Conversely, if the project does get into full swing, more space will be needed downtown.

MARKET APPEARS TO BE NEAR BOTTOM

While vacancy continued to increase, anecdotal evidence suggests we are near the bottom of the market. The

CBD Class A Total Office-Vacancy Rates





Pacific Guardian Center

There is a significant spread between asking and taking base rents which has been benefitting tenants working with tenant rep brokers. The best space is leasing because it is priced only marginally higher than the worst space which stays vacant for long periods of time.

05/29/12

numbers of showings are up, and we have seen a number of small start-ups looking for small space. We have also seen tenants more willing to move which may suggest that tenants want to lock in good deals now before the market turns. Goodsill Anderson Quinn & Stifel, one of Honolulu's largest law firms, recently signed a lease for three floors First Hawaiian Center.

While both UHERO and DBEDT are forecasting increases in job growth in 2012 and 2013, the increases will not be sufficient to reverse Honolulu's current office occupancy paradigm in 2012. Look for occupancy gains when construction and the housing market recover.

Oahu Office Market Snapshot - 1st Quarter 2012

SUBMARKET	TOTAL SF	VACANT SF	NO. BLDG	% VACANCY	# SPACES	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)
Airport	575,042	75,557	4	13.1%	37	\$2.43	\$1.33	9,743
CBD	5,726,733	920,345	24	16.1%	336	\$2.70	\$1.39	(43,091)
East Oahu	257,586	13,891	6	5.4%	13	\$3.37	\$1.26	807
Kakaako	1,338,687	101,297	6	7.6%	45	\$3.04	\$1.44	7,106
Kalihi/Iwilei	569,529	79,832	4	14.0%	35	\$2.44	\$1.10	2,977
Kapiolani	1,249,565	126,797	9	10.1%	83	\$3.43	\$1.88	13,709
King	78,547	16,504	2	21.0%	13	\$2.61	\$1.36	(809)
Leeward	603,712	99,496	8	16.5%	35	\$3.44	\$1.40	(7,702)
Waikiki	782,395	200,354	7	25.6%	100	\$3.05	\$1.78	(1,400)
Windward Oahu	110,165	13,951	3	12.7%	11	\$3.21	\$1.40	1,731
TOTAL	11,291,961	1,648,024	73	14.6%	708	\$2.97	\$1.43	(16,929)

BLDG CLASS	TOTAL SF	VACANT SF	NO. BLDG	% VACANCY	# SPACES	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)
A*	4,826,347	723,744	13	15.0%	240	\$2.96	\$1.39	(26,412)
B	6,465,614	924,280	60	14.3%	468	\$2.95	\$1.52	9,483
TOTAL	11,291,961	1,648,024	73	14.6%	708			(16,929)

CBD Class A Office Market Snapshot - 1st Quarter 2012

	Building SF	Direct			Total VacancyR	Total			Qtr Absorption	YTD Absorption	Asking Full Service Gross Rents (\$/rsf/mth)		Operating Expenses (\$/rsf/mth)
		Vacancy	Sublease	Vacancy		Vacancy	Rate	Absorption					
Alii Place	316,040	34,768	0	34,768	11.0%	11.0%		15,048		15,048	\$3.07 - \$3.22		\$1.32
Bishop Place	462,072	50,477	8,092	58,569	10.9%	12.7%		2,858		2,858	\$2.77 - \$2.82		\$1.42
Bishop Square / ASB Tower	483,455	47,606	0	47,606	9.8%	9.8%		1,382		1,382	\$2.72 - \$2.82		\$1.32
Bishop Square/Pauahi Tower	438,596	83,940	10,411	94,351	19.1%	21.5%		(23,680)		(23,680)	\$2.81 - \$2.96		\$1.46
Central Pacific Plaza	209,821	5,499	0	5,499	2.6%	2.6%		(2,003)		(2,003)	\$3.07 - \$3.07		\$1.42
City Financial Tower	180,563	21,996	0	21,996	12.2%	12.2%		0		0	\$2.80 - \$2.85		\$1.35
Davies Pacific Center	354,322	91,672	1,166	92,838	25.9%	26.2%		(10,522)		(10,522)	\$2.45 - \$3.10		\$1.45
First Hawaiian Center	379,336	47,362	22,467	69,829	12.5%	18.4%		0		0	\$3.32 - \$3.32		\$1.32
Harbor Court - Office Tower	186,138	16,839	2,500	19,339	9.0%	10.4%		(2,500)		(2,500)	\$2.86 - \$2.96		\$1.28
Pacific Guardian Center	631,628	113,232	0	113,232	17.9%	17.9%		2,366		2,366	\$2.72 - \$3.12		\$1.37
Pioneer Plaza	245,000	26,528	0	26,528	10.8%	10.8%		(660)		(660)	\$2.85 - \$3.00		\$1.35
TOPA Financial Center	483,776	78,417	8,149	86,566	16.2%	17.9%		(7,149)		(7,149)	\$3.05 - \$3.10		\$1.50
Waterfront Plaza (Office Portion)	455,600	52,623	0	52,623	11.6%	11.6%		(1,552)		(1,552)	\$2.99 - \$3.14		\$1.49
Totals	4,826,347	670,959	52,785	723,744				(26,412)		(26,412)	Average	\$2.88 - \$3.04	\$1.39
Vacancy rates		13.9%	1.1%	15.0%							Range	\$2.45 - \$3.32	

Notes:

¹ Vacancies are from Loopnet, broker fact sheets, and/or telephone surveys.

² Base rents typically escalate annually by 3%



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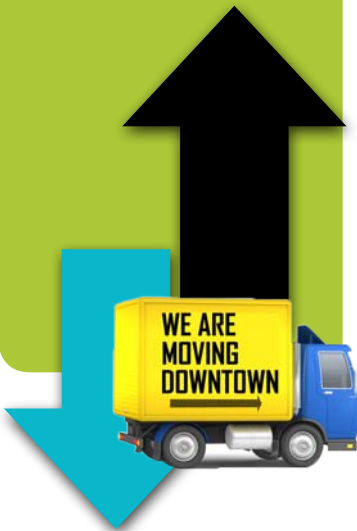
August, 2012

2nd Quarter 2012

► **Why is Downtown filling up?**



► **What will reverse the negative absorption trend?**



Honolulu Office Market Report

Honolulu's office market continued its occupancy slide that started in mid-2008 led by losses in occupancy in the Airport and Leeward areas. Of the ten sub-markets tracked by our survey, four lost occupancy, three gained occupancy, and three remained flat. The island-wide vacancy rate increased from 14.6% to 14.9%, with a range of 4.9% (East Honolulu) to 26.9% (Waikiki).

Average asking gross rents (base rent plus full service operating expenses) increased by \$0.05/sf/month to \$3.02/sf/month. However, most of that increase was due to increases in operating expenses that are nearly as high as the base rent.

Hawaii Commercial Real Estate's index of available spaces jumped from 708 to 735 spaces across the island.

FLIGHT TO QUALITY

Downtown's class A high rises bucked the trend with nearly 18,000 square feet of positive absorption. Tenants appear

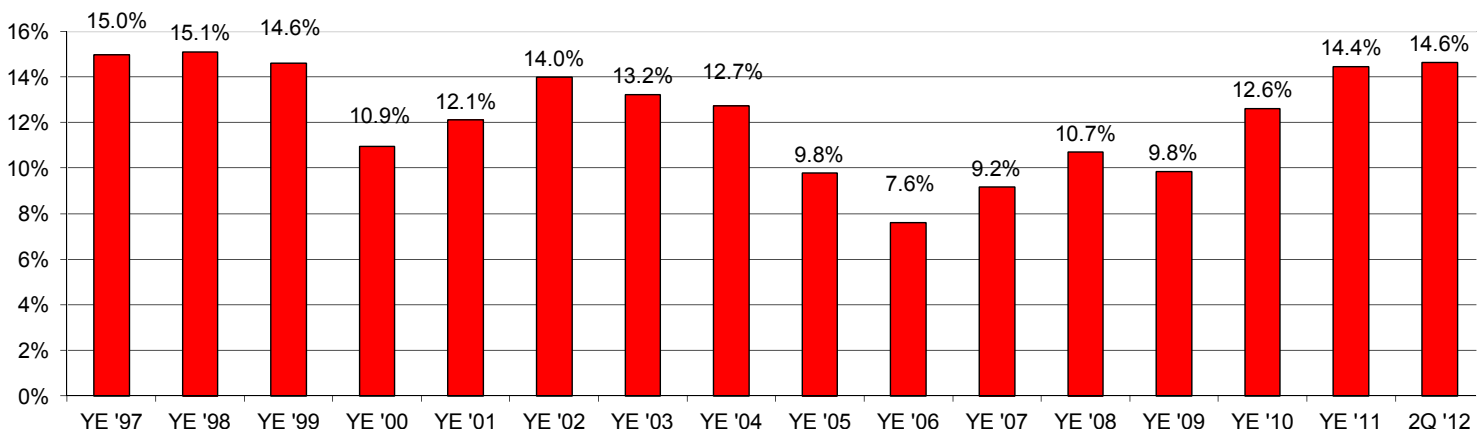
to be migrating to downtown for the following reasons:

- Downtown is typically home to most tenants' customers, clients and vendors. The submarket has 51% of the island's office space, and is adjacent to all branches of the government.
- Downtown provides the most choices and the highest quality space with 54% of the island's vacancy and all of the Class A office buildings.
- Downtown is cost effective with some of the lowest gross rental rates.

CONTINUED WEAK DEMAND DRIVEN BY TENANT COST CUTTING

While employment growth is positive, it hasn't been robust enough to offset tenants putting more employees in less space. Tenants continue to cut office occupancy costs by using more open

CBD Class A Total Office Vacancy Rates





Pacific Guardian Center

- Downtown is typically home to most tenants' customers, clients and vendors. The submarket has 51% of the island's office space, and is adjacent to all branches of the government.
- Downtown provides the most choices and the highest quality space with 54% of the island's vacancy and all of the Class A office buildings.
- Downtown is cost effective with some of the lowest gross rental rates.

08/08/12



space, flexible work schedules and telecommuting to reduce the number

of square feet per employee. And increases in operating expenses make it even harder for landlords to increase base rents.

The good news is that we have no new inventory under construction or in the planning stages, so when we see demand growth, we will see occupancy gains. Look for that to occur when the construction and housing market recover.

Oahu Office Market Snapshot - 2nd Quarter 2012

SUBMARKET	TOTAL SF	VACANT SF	NO. BLDG	% VACANCY	# SPACES	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)
Airport	575,042	88,813	4	15.4%	42	\$2.51	\$1.45	(13,256)
CBD	5,727,241	905,467	24	15.8%	336	\$2.94	\$1.39	14,878
East Oahu	257,586	12,528	6	4.9%	13	\$3.22	\$1.26	1,363
Kakaako	1,338,687	111,308	6	8.3%	48	\$2.99	\$1.43	(10,011)
Kalihi/Iwilei	569,529	70,511	4	12.4%	32	\$2.45	\$1.11	9,321
Kapiolani	1,249,565	123,866	9	9.9%	83	\$3.42	\$1.95	2,931
King	78,547	18,379	2	23.4%	13	\$2.61	\$1.36	(1,875)
Leeward	603,712	129,704	8	21.5%	53	\$3.69	\$1.41	(30,208)
Waikiki	782,395	210,377	7	26.9%	105	\$3.15	\$1.80	(10,023)
Windward Oahu	110,165	13,676	3	12.4%	10	\$3.21	\$1.41	275
TOTAL	11,292,469	1,684,629	73	14.9%	735	\$3.02	\$1.46	(36,605)

BLDG CLASS	TOTAL SF	VACANT SF	NO. BLDG	% VACANCY	# SPACES	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)
A*	4,826,855	705,836	13	14.6%	236	\$2.96	\$1.39	17,908
B	6,465,614	978,793	60	15.1%	499	\$2.97	\$1.55	(54,513)
TOTAL	11,292,469	1,684,629	73	14.9%	735			(36,605)

CBD Class A Office Market Snapshot - 2nd Quarter 2012

Building	SF	Direct Vacancy	Vacant Sublease	Total Vacancy	Direct Vacancy Rate	Total Vacancy Rate	Qtr Absorption	YTD Absorption	Asking Full Service Gross Rents (\$/rsf/mth)	Operating Expenses (\$/rsf/mth)
Alii Place	316,040	23,111	0	23,111	7.3%	7.3%	11,657	26,705	\$3.01 - \$3.16	\$1.26
Bishop Place	462,072	52,235	8,092	60,327	11.3%	13.1%	(1,758)	1,100	\$2.62 - \$2.77	\$1.42
Bishop Square / ASB Tower	483,455	41,307	0	41,307	8.5%	8.5%	6,299	7,681	\$2.69 - \$2.89	\$1.39
Bishop Square/Pauahi Tower	438,596	79,621	10,411	90,032	18.2%	20.5%	4,319	(19,361)	\$2.74 - \$2.89	\$1.39
Central Pacific Plaza	209,821	8,633	0	8,633	4.1%	4.1%	(3,134)	(5,137)	\$3.07 - \$3.07	\$1.42
City Financial Tower	180,563	23,718	0	23,718	13.1%	13.1%	(1,722)	(1,722)	\$2.72 - \$2.72	\$1.32
Davies Pacific Center	354,322	86,045	1,166	87,211	24.3%	24.6%	5,627	(4,895)	\$2.45 - \$3.10	\$1.45
First Hawaiian Center	379,336	47,362	22,467	69,829	12.5%	18.4%	0	0	\$3.32 - \$3.32	\$1.32
Harbor Court - Office Tower	186,138	31,062	2,500	33,562	16.7%	18.0%	(14,223)	(16,723)	\$2.85 - \$2.95	\$1.38
Pacific Guardian Center	632,136	111,354	0	111,354	17.6%	17.6%	1,878	4,244	\$2.72 - \$3.12	\$1.37
Pioneer Plaza	245,000	29,245	0	29,245	11.9%	11.9%	(2,717)	(3,377)	\$2.75 - \$3.00	\$1.35
TOPA Financial Center	483,776	80,390	0	80,390	16.6%	16.6%	6,176	(973)	\$3.05 - \$3.75	\$1.50
Waterfront Plaza (Office Portion)	455,600	47,117	0	47,117	10.3%	10.3%	5,506	3,954	\$2.99 - \$3.14	\$1.49
Totals	4,826,855	661,200	44,636	705,836			17,908	(8,504)	Average Range	
Vacancy rates		13.7%	0.9%	14.6%					\$2.84 - \$3.07	\$1.39
									\$2.45 - \$3.75	

Notes:

¹ Vacancies are from Loopnet, broker fact sheets, and/or telephone surveys.

² Base rents typically escalate annually by 3%



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Hawaii
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November, 2012

3RD QUARTER 2012



Downtown's class A high-rises are responsible for all of the year-to-date absorption in a "flight to quality".

Honolulu Office Market Report

Honolulu's office market reversed its occupancy slide that started in mid-2008 led by occupancy gains in the downtown and Leeward submarkets. Of the ten sub-markets tracked by our survey, six gained occupancy, and four remained flat. The island-wide vacancy rate decreased from 14.6% to 14.2%, with a range of 5.7% (East Honolulu) to 24.9% (Waikiki). (Note that revisions lowered our 2nd quarter vacancy from 14.9% to 14.6%).

Average asking gross rents (base rent plus full service operating expenses) decreased by \$0.03/sf/month to \$2.99/sf/month with most of the decrease coming from a \$0.02/sf/month drop in operating expenses that are nearly as high as the base rent.

Hawaii Commercial Real Estate's index of available spaces declined by 4.5% from 735 to 702 spaces across the island.

DOWNTOWN GAINS FROM FLIGHT TO QUALITY

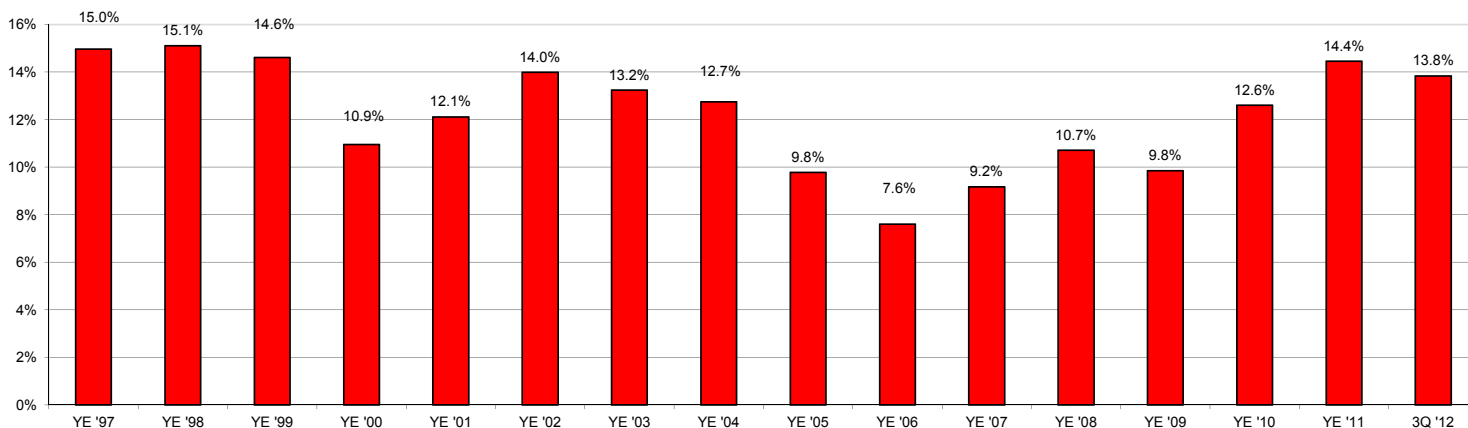
Downtown had its second straight quarter of positive absorption with nearly 28,000 square feet of new tenancy. Downtown's class A high-rises are responsible for ALL of Honolulu's year-to-date absorption as tenants move in a "flight to quality". Downtown offers:

- ▶ Location, Location, Location. Downtown is home to most tenants' customers, clients and vendors, is adjacent to all branches of the government, and has excellent bus service.
- ▶ Most choices and the highest quality space.
- ▶ Cost effective with some of the lowest gross rental rates. However, parking is significantly more expensive which discourages parking intensive uses.

There are several large leases that have been signed by aren't showing up in the statistics yet because the lease terms have not commenced: Certified Hawaii, in a flight to quality, will move from an untracked building to about 17,000 sf at Pacific Guardian Center. Unfortunately, Certified's absorption will be entirely offset by BAE's downsize as it moves from First Hawaiian Center and Clifford Center to Davies Pacific Center. In other flights to quality, Lanai Resorts is moving to Pacific Guardian Center and Pasha has moved to Topa Financial Center.

At the other end of the island, Bank of Hawaii's Hale O Kapolei began filling its excess space with an expansion by the University of Phoenix. And even Waikiki finally reversed its occupancy slide.

CBD CLASS A TOTAL OFFICE VACANCY RATES





Why are tenants flocking to Downtown's High Rises?

- Location, Location, Location. Downtown is home to most tenants' customers, clients and vendors, is adjacent to all branches of the government, and has excellent bus service.
- Most choices and the highest quality space.
- Cost effective with some of the lowest gross rental rates. However, parking is significantly more expensive which discourages parking intensive uses.

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MARKET RISKS

While employment growth is positive, it hasn't be robust enough to significantly offset tenants putting more employees in less space. Tenants continue to cut office occupancy costs by using more open space, flexible work schedules and telecommuting to reduce the number of square feet per employee. We know of several large downtown tenants contemplating significant downsizes when their leases expire.

Honolulu's rail project is responsible for about 100,000 square feet of occupancy between government agency HART and

contractors, the largest being PB Americas. That's about 2% of downtown Honolulu's office space. If the project is stalled or cancelled, that space could make its way back into vacancy. Additionally, contractors for other government projects, especially the military, are vulnerable to federal budget cuts, such as the looming "fiscal cliff".

The good news is that we have no new inventory under construction or in the planning stages, so when we see more broad based tenant demand, we will see occupancy gains across the board. Look for that to occur when the construction and housing market recover.

OAHU OFFICE MARKET SNAPSHOT - 3RD QUARTER 2012

SUBMARKET	TOTAL SF	VACANT SF	NO. BLDG	% VACANCY	# SPACES	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)
Airport	575,042	90,799	4	15.8%	46	\$2.51	\$1.43	(1,986)
CBD	5,727,241	860,131	24	15.0%	323	\$2.72	\$1.40	27,744
East Oahu	257,586	14,776	6	5.7%	15	\$3.22	\$1.23	(2,248)
Kakaako	1,338,687	105,407	6	7.9%	47	\$2.99	\$1.43	5,901
Kalihi/Iwilei	569,529	79,069	4	13.9%	18	\$2.45	\$1.11	(8,558)
Kapiolani	1,249,565	133,411	9	10.7%	90	\$3.42	\$1.92	(9,545)
King	78,547	16,763	2	21.3%	13	\$2.61	\$1.36	1,616
Leeward	603,712	102,097	8	16.9%	48	\$3.69	\$1.39	27,607
Waikiki	782,395	194,652	7	24.9%	95	\$3.15	\$1.78	1,443
Windward Oahu	110,165	9,787	3	8.9%	7	\$3.21	\$1.39	3,889
TOTAL	11,292,469	1,606,892	73	14.2%	702	\$2.99	\$1.44	45,863

BLDG CLASS	TOTAL SF	VACANT SF	NO. BLDG	% VACANCY	# SPACES	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)
A*	4,826,855	667,370	13	13.8%	226	\$2.93	\$1.40	20,874
B	6,465,614	939,522	60	14.5%	476	\$2.97	\$1.55	39,271
TOTAL	11,292,469	1,606,892	73	14.2%	702			60,145

CBD CLASS A OFFICE MARKET SNAPSHOT - 3RD QUARTER 2012

	Building SF	Direct Vacancy		Vacant Sublease		Total Vacancy		Direct Vacancy Rate		Total Vacancy Rate		Qtr Absorption		YTD Absorption		Asking Full Service Gross Rents (\$/rsf/mth)		Operating Expenses (\$/rsf/mth)	
		Vacancy		Sublease	Vacancy	Vacancy		Rate		Rate		Absorption		Absorption					
Alii Place	316,040	23,111	0	23,111	7.3%	7.3%	0	26,705				0	26,705			\$3.01 -	\$3.16	\$1.26	
Bishop Place	462,072	59,052	8,092	67,144	12.8%	14.5%	(6,817)	(5,717)				(6,817)	(5,717)			\$2.62 -	\$2.77	\$1.42	
Bishop Square / ASB Tower	483,455	31,498	0	31,498	6.5%	6.5%	9,809	17,490				9,809	17,490			\$2.69 -	\$2.89	\$1.39	
Bishop Square/Pauahi Tower	438,596	58,142	6,220	64,362	13.3%	14.7%	8,078	6,309				8,078	6,309			\$2.74 -	\$2.89	\$1.39	
Central Pacific Plaza	209,821	8,633	0	8,633	4.1%	4.1%	0	(5,137)				0	(5,137)			\$3.07 -	\$3.07	\$1.42	
City Financial Tower	180,563	19,749	0	19,749	10.9%	10.9%	3,969	2,247				3,969	2,247			\$2.72 -	\$2.72	\$1.32	
Davies Pacific Center	354,322	79,239	1,859	81,098	22.4%	22.9%	6,113	1,218				6,113	1,218			\$2.45 -	\$3.10	\$1.45	
First Hawaiian Center	379,336	47,362	22,467	69,829	12.5%	18.4%	0	0				0	0			\$3.32 -	\$3.32	\$1.32	
Harbor Court - Office Tower	186,138	25,887	2,500	28,387	13.9%	15.3%	5,175	(11,548)				5,175	(11,548)			\$2.85 -	\$2.95	\$1.55	
Pacific Guardian Center	632,136	105,459	0	105,459	16.7%	16.7%	5,895	10,139				5,895	10,139			\$2.72 -	\$3.12	\$1.37	
Pioneer Plaza	245,000	36,525	0	36,525	14.9%	14.9%	(7,280)	(10,657)				(7,280)	(10,657)			\$2.75 -	\$3.00	\$1.35	
TOPA Financial Center	483,776	72,919	0	72,919	15.1%	15.1%	7,471	6,498				7,471	6,498			\$3.05 -	\$3.10	\$1.50	
Waterfront Plaza (Office Portion)	455,600	58,656	0	58,656	12.9%	12.9%	(11,539)	(7,585)				(11,539)	(7,585)			\$2.99 -	\$3.14	\$1.49	
Totals	4,826,855	626,232	41,138	667,370			20,874	29,962				20,874	29,962			Average	\$2.84 -	\$3.02	\$1.40
Vacancy rates		13.0%	0.9%	13.8%												Range	\$2.45 -	\$3.32	

Notes:

¹ Vacancies are from Loopnet, broker fact sheets, and/or telephone surveys.

² Base rents typically escalate annually by 3%



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Hawaii
Commercial
Real Estate, LLC



January, 2013

4TH QUARTER 2012

OCCUPANCY
INCREASE

BASE RATES
DECREASE

*"Occupancy
increases for 2nd
straight quarter
while base rents
continue to decline"*

Honolulu Office Market Report

Honolulu's office market registered its second straight quarter of occupancy growth with gains in nine of the ten sub-markets tracked by our survey. The island-wide vacancy rate decreased nearly a full percentage point from 14.2% to 13.3%, with a range of 7.3% (Windward Oahu) to 24.0% (Waikiki). Average asking base rents decreased by \$0.04/sf/mth while operating expenses increased by \$0.03/sf/mth. The resulting Full Service Gross (FSG) rent (base rent plus full service operating expenses) decreased by \$0.01/sf/month to \$2.98/sf/month. Hawaii Commercial Real Estate's index of available spaces declined by 6.4% from 702 to 657 spaces across the island.

OFFICE DEMAND IS A MIXED BAG

We saw increased office demand in 2012 from expansions related to Honolulu's rail project (both HART and several vendors), alternative energy (HECO, and PV vendors), mortgage and health care. Looking forward we expect increased demand from Obama-care related ventures, mortgage and service companies benefitting from the rebound in tourism, construction and housing.



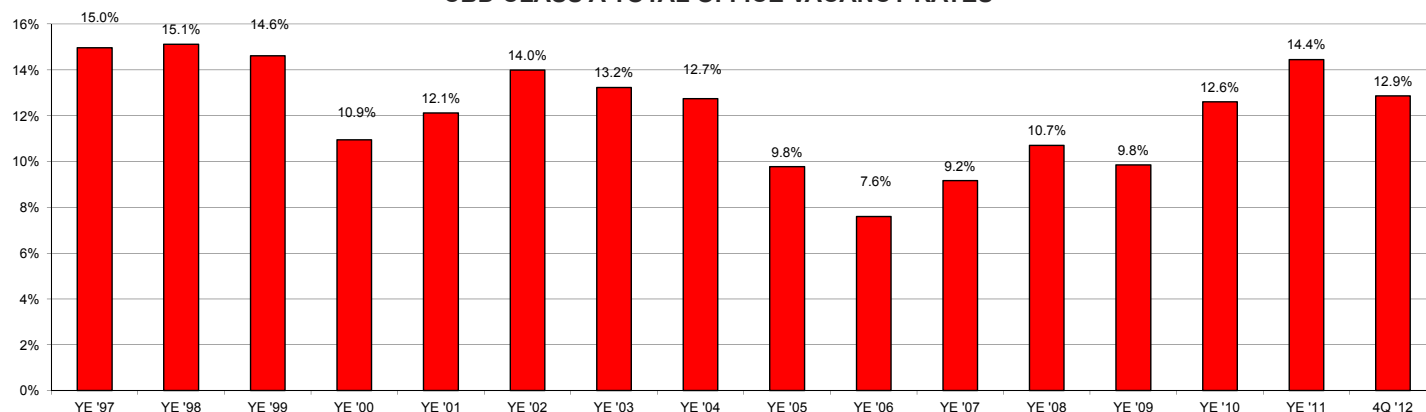
The election of Kirk Caldwell as mayor of Honolulu and the FTA's full funding agreement

of Honolulu's rail system virtually eliminate the risk of cancellation of the project and associated occupancy losses. Rail related office occupancy is close to its peak. We don't expect much impact from rail until design and construction administration declines several years in the future.

The office market's 132,000 sf of positive absorption in 2012 will be nearly offset by about 130,000 sf of impending downsizing in 2013, much of it from leases signed in 2012 that take effect in 2013. These include several large tenants that are moving and downsizing: Goodwill Anderson Quinn & Stifel and Deloitte who are moving from Alii Place and Bishop Place to First Hawaiian Center; Bays Lung Rose & Holma who is moving from Alii Place to Topa Financial Center; and BAE who is moving from First Hawaiian Center and Clifford Center to Davies Pacific Center. Farmers is downsizing in place at Waterfront Plaza. We expect that tenants will continue their relentless drive to lease fewer square feet per employee by using more open space, smaller offices, shared work stations, flexible work schedules and telecommuting.

Risks to the market include the potential negative impact of the loss of Senator Inouye along with the potential negative effects of Congressional spending cuts,

CBD CLASS A TOTAL OFFICE VACANCY RATES



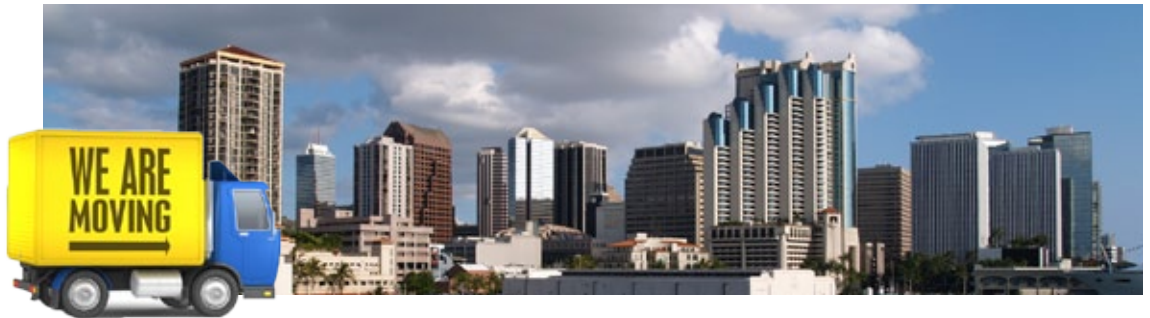


Tenants continue their relentless drive to lease fewer feet per person by using more open space, smaller offices, flexible work schedules and telecommuting.

02/22/13

especially defense related reductions. In the longer run, loss of government tenancy is a risk to private landlords. There is well over 100,000 square feet of federal tenancy

in downtown's high rises that will eventually move back to federally owned facilities and the state is looking at redevelopment of the 50,000 square foot Princess Kamamalu Building.



OAHU OFFICE MARKET SNAPSHOT - 4TH QUARTER 2012

SUBMARKET	TOTAL SF	VACANT SF	% VACANCY	# SPACES	AVG LOW FSG (\$/SF/MTH)	AVG HI FSG (\$/SF/MTH)	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)	YTD ABSORPTION (SF)
Airport	575,042	75,620	13.2%	33	\$2.10	\$2.94	\$2.52	\$1.50	15,179	9,680
CBD	5,727,241	798,664	13.9%	313	\$2.12	\$3.32	\$2.72	\$1.40	61,467	78,590
East Oahu	257,586	24,012	9.3%	17	\$2.55	\$3.70	\$3.13	\$1.36	(9,236)	(9,314)
Kakaako	1,338,687	102,537	7.7%	43	\$2.70	\$3.27	\$2.99	\$1.42	2,870	5,866
Kalihi/Wilei	569,529	61,425	10.8%	14	\$1.94	\$2.75	\$2.35	\$1.10	17,644	21,384
Kapiolani	1,249,565	127,622	10.2%	84	\$2.72	\$4.12	\$3.42	\$1.95	5,789	12,884
King	78,547	15,202	19.4%	12	\$2.25	\$3.03	\$2.64	\$1.43	1,561	493
Leeward	603,712	98,220	16.3%	45	\$2.92	\$4.45	\$3.69	\$1.39	3,877	(6,426)
Waikiki	782,395	188,112	24.0%	90	\$2.10	\$4.20	\$3.15	\$1.77	6,540	10,842
Windward Oahu	110,165	8,076	7.3%	6	\$2.58	\$3.83	\$3.21	\$1.39	1,711	7,606
TOTAL	11,292,469	1,499,490	13.3%	657	\$2.40	\$3.56	\$2.98	\$1.47	107,402	131,605

BLDG CLASS	TOTAL SF	VACANT SF	% VACANCY	# SPACES	AVG LOW FSG (\$/SF/MTH)	AVG HI FSG (\$/SF/MTH)	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)	YTD ABSORPTION (SF)
A*	4,826,855	620,741	12.9%	216	\$2.85	\$3.02	\$2.93	\$1.40	46,629	76,591
B	6,465,614	878,749	13.6%	441	\$2.40	\$3.52	\$2.96	\$1.56	60,773	55,014
TOTAL	11,292,469	1,499,490	13.3%	657					107,402	131,605

* Class A Buildings are exclusively in CBD

CBD CLASS A OFFICE MARKET SNAPSHOT - 4TH QUARTER 2012

Building	SF	Direct		Total		Qtr	YTD	Asking Full Service Gross Rents (\$/rsf/mth)	Operating Expenses (\$/rsf/mth)
		Vacancy	Sublease	Vacancy	Rate	Absorption	Absorption		
Alili Place	316,040	25,090	0	25,090	7.9%	(1,979)	24,726	\$3.01 - \$3.16	\$1.26
Bishop Place	462,072	59,052	8,092	67,144	12.8%	0	(5,717)	\$2.62 - \$2.77	\$1.42
Bishop Square / ASB Tower	483,455	27,067	0	27,067	5.6%	4,431	21,921	\$2.74 - \$2.89	\$1.39
Bishop Square/Pauahi Tower	438,596	53,442	7,258	60,700	12.2%	3,662	9,971	\$2.74 - \$2.89	\$1.39
Central Pacific Plaza	209,821	8,633	0	8,633	4.1%	0	(5,137)	\$3.07 - \$3.07	\$1.42
City Financial Tower	180,563	19,749	0	19,749	10.9%	0	2,247	\$2.72 - \$2.72	\$1.32
Davies Pacific Center	354,322	78,726	1,859	80,585	22.2%	513	1,731	\$2.45 - \$3.10	\$1.45
First Hawaiian Center	379,336	47,362	22,467	69,829	12.5%	0	0	\$3.32 - \$3.32	\$1.32
Harbor Court - Office Tower	186,138	16,273	0	16,273	8.7%	12,114	566	\$2.85 - \$2.95	\$1.55
Pacific Guardian Center	632,136	85,499	0	85,499	13.5%	19,960	30,099	\$2.72 - \$3.12	\$1.37
Pioneer Plaza	245,000	33,640	0	33,640	13.7%	2,885	(7,772)	\$2.75 - \$3.00	\$1.35
TOPA Financial Center	483,776	72,660	0	72,660	15.0%	259	6,757	\$3.05 - \$3.10	\$1.50
Waterfront Plaza (Office Portion)	455,600	53,872	0	53,872	11.8%	4,784	(2,801)	\$2.99 - \$3.14	\$1.49
Totals	4,826,855	581,065	39,676	620,741		46,629	76,591	Average	
Vacancy rates		12.0%	0.8%	12.9%				Range	

Notes:

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