

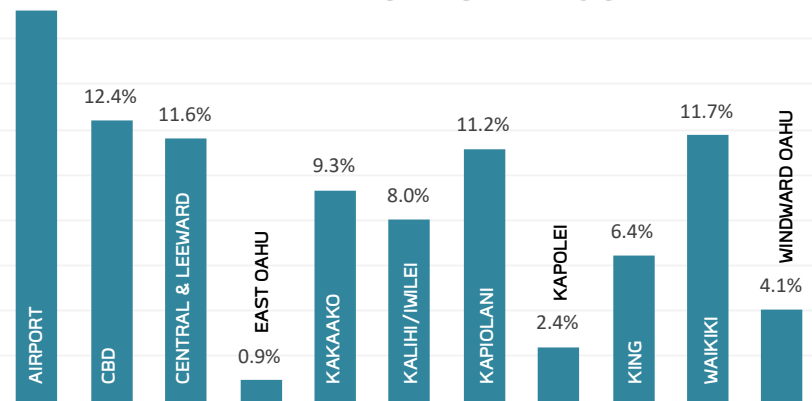
HONOLULU

OFFICE MARKET REPORT

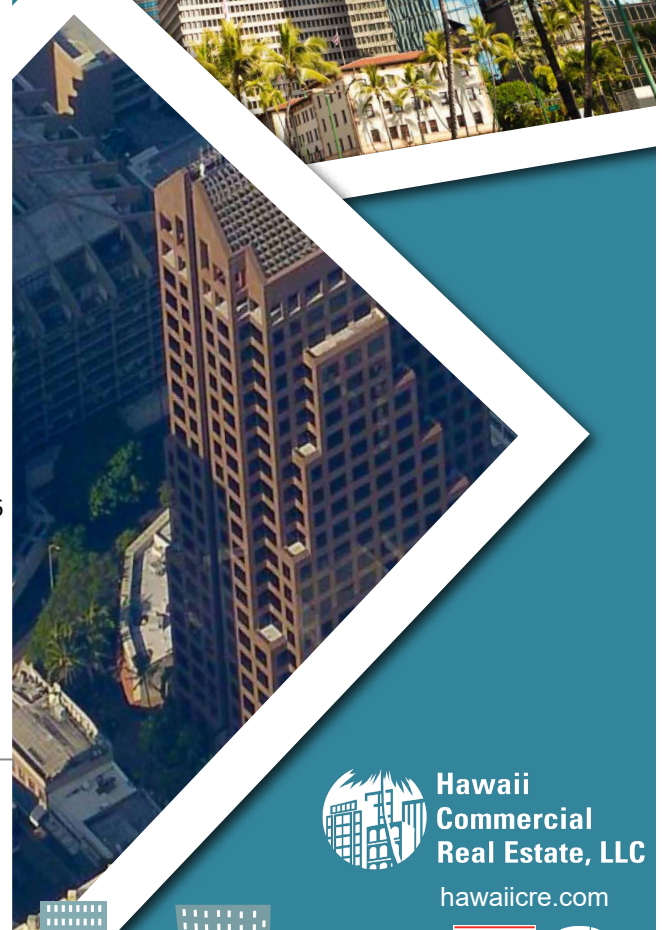
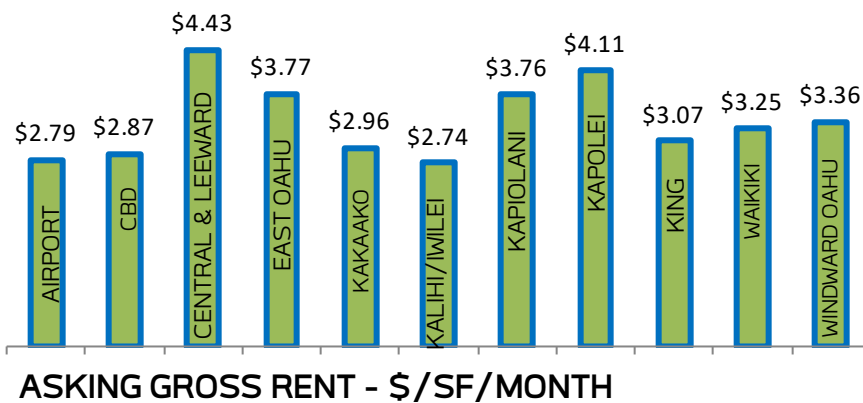
2019 - 2nd QUARTER

Honolulu's office market had its third consecutive quarter of positive absorption with 34,386 sf of increased occupancy. The overall vacancy rate decreased from 11.5% to 11.2% as the market moved closer to being a landlord market.

VACANCY BY SUBMARKET



Full Service Gross (FSG) asking rent (base rent plus full-service operating expenses) declined slightly from \$3.43/sf/mth to \$3.37/sf/mth due to a small decline in asking base rents. Operating expenses stayed constant at \$1.61/sf/mth. Hawaii Commercial Real Estate's index of available spaces decreased 5% from 506 to 481 spaces across the island.

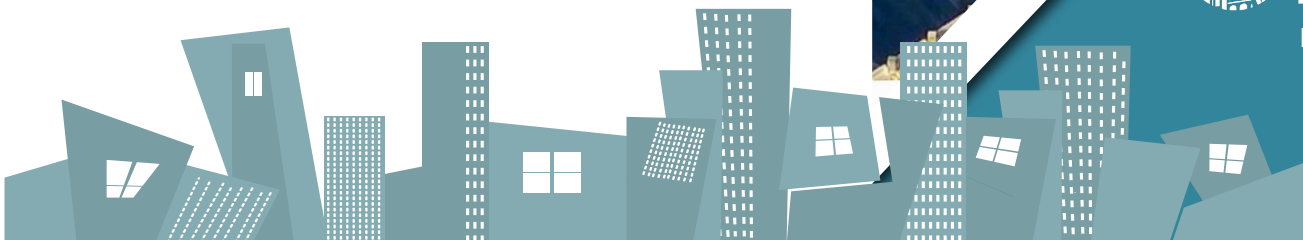


Hawaii
Commercial
Real Estate, LLC

hawaiiCRE.com



James M. Brown (B)
Individual Membership



BISHOP PLACE CONVERSION; HPU AND ASB MOVES

The office market saw an unusual amount of activity during the quarter. Downtown Class A office buildings saw 110,000 sf of positive absorption which was offset by 40,000 sf of negative absorption in downtown Class B buildings, 22,000 sf of negative absorption in Kakaako and 8,000 sf of negative absorption in Kalihi/Iwilei.

Atlas Insurance became the first major tenant to move due to Douglas Emmett's conversion of Bishop Place as they took almost 30,000 sf at City Financial Tower (CFT). The Atlas tenancy combined with expansion by CFT's owner, Hawaii ERS, brings CFT to 100% occupancy. Bishop Place still has about 360,000 sf of tenancy, most of which will move over the next several years.

HPU moved about 70,000 sf of tenancy to Waterfront Plaza from a combination of untracked office space at the Mauka end of Fort Street Mall and from Finance Factors Center.

While downtown's Class A buildings filled up, Kakaako and Kalihi/Iwilei went the opposite direction as ASB moved out of about 14,000 sf in 677 Ala Moana, Xerox put 11,000 sf of space on the market for sublease in 677 Ala Moana and Johnson Controls vacated about 10,000 sf at the New Media Center on Waiakamilo Road.



OAHU OFFICE MARKET SNAPSHOT - 2019, 2QTR

SUBMARKET	TOTAL SF	VACANT SF	NO. BLDG	% VACANCY	# SPACES	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)	YTD ABSORPTION (SF)
Airport	575,042	99,129	4	17.2%	38	\$2.79	\$1.32	(1,946)	(15,167)
CBD	5,557,456	689,247	23	12.4%	214	\$2.87	\$1.43	69,514	116,685
Central & Leeward	206,634	23,961	6	11.6%	20	\$4.43	\$1.91	2,209	1,250
East Oahu	257,586	2,370	6	0.9%	5	\$3.77	\$1.67	(364)	(364)
Kakaako	1,338,687	125,059	6	9.3%	36	\$2.96	\$1.48	(22,288)	13,628
Kalihi/Iwilei	569,529	45,809	4	8.0%	13	\$2.74	\$1.31	(7,889)	(2,854)
Kapiolani	1,249,565	139,520	9	11.2%	92	\$3.76	\$1.88	2,039	(22,836)
Kapolei	320,048	7,751	3	2.4%	7	\$4.11	\$1.71	(4,456)	5,759
King	78,547	5,052	2	6.4%	4	\$3.07	\$1.62	(1,454)	(1,647)
Waikiki	575,072	67,566	7	11.7%	45	\$3.25	\$1.71	(3,040)	(8,490)
Windward Oahu	110,165	4,507	3	4.1%	7	\$3.36	\$1.63	2,061	3,568
TOTAL	10,838,331	1,209,971	73	11.2%	481	\$3.37	\$1.61	34,386	89,532

BLDG CLASS	TOTAL SF	VACANT SF	NO. BLDG	% VACANCY	# SPACES	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)	YTD ABSORPTION (SF)
A*	4,747,070	552,580	13	11.6%	148	\$2.95	\$1.44	109,692	147,757
B	6,091,261	657,391	60	10.8%	333	\$3.27	\$1.50	(75,306)	(58,225)
TOTAL	10,838,331	1,209,971	73	11.2%	481			34,386	89,532

* Class A Buildings are exclusively in CBD

CBD CLASS A OFFICE MARKET SNAPSHOT - 2019, 2QTR

	Building SF	Direct	Vacant	Total	Direct	Total	Qtr	YTD	Asking Full Service Gross Rents (\$/rsf/mth)	Operating Expenses (\$/rsf/mth)
		Vacancy	Sublease	Vacancy	Vacancy	Vacancy				
					Rate	Rate	Absorption	Absorption		
Alii Place	337,370	98,196	2,839	101,035	29.1%	29.9%	2,484	2,484	\$2.68 - \$2.68	\$1.32
Bishop Place	361,477	0	2,058	2,058	0.0%	0.6%	(2,058)	19,176		
Bishop Square/ASB Tower	483,455	53,165	0	53,165	11.0%	11.0%	(17,022)	(12,923)	\$2.77 - \$2.77	\$1.37
Bishop Square/Pauahi Tower	438,596	59,000	0	59,000	13.5%	13.5%	8,333	(1,809)	\$2.73 - \$2.73	\$1.33
Central Pacific Plaza	209,821	9,040	0	9,040	4.3%	4.3%	0	0	\$2.97 - \$2.97	\$1.47
City Financial Tower	180,563	0	0	0	0.0%	0.0%	34,100	34,100	\$2.79 - \$2.79	\$1.39
Davies Pacific Center	354,322	96,665	0	96,665	27.3%	27.3%	929	4,875	\$3.05 - \$3.05	\$1.50
First Hawaiian Center	379,336	45,951	4,487	50,438	12.1%	13.3%	1,785	1,785	\$3.05 - \$3.10	\$1.35
Harbor Court - Office Tower	186,138	6,842	0	6,842	3.7%	3.7%	4,872	19,313	\$2.97 - \$2.97	\$1.52
Pacific Guardian Center	631,616	84,563	0	84,563	13.4%	13.4%	(1,395)	1,496	\$2.86 - \$3.76	\$1.51
Pioneer Plaza	245,000	25,743	0	25,743	10.5%	10.5%	3,535	3,535	\$2.70 - \$2.70	\$1.45
TOPA Financial Center	483,776	50,835	0	50,835	10.5%	10.5%	2,746	2,746	\$2.93 - \$3.33	\$1.43
Waterfront Plaza	455,600	13,196	0	13,196	2.9%	2.9%	71,383	72,979	\$2.79 - \$2.79	\$1.54
Totals	4,747,070	543,196	9,384	552,580	11.4%	11.6%	109,692	147,757	Weighted Averages \$2.95	\$1.44

Notes: 1 Vacancies Are From Loopnet, Broker Fact Sheets, And/Or Telephone Surveys.
2 Base Rents Typically Escalate Annually By 3%