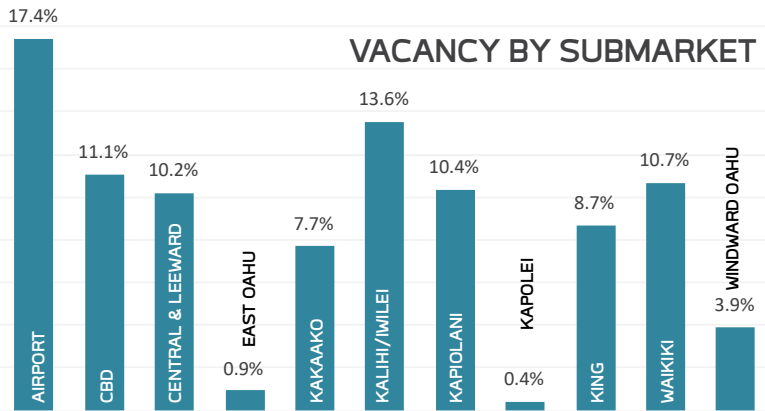


HONOLULU

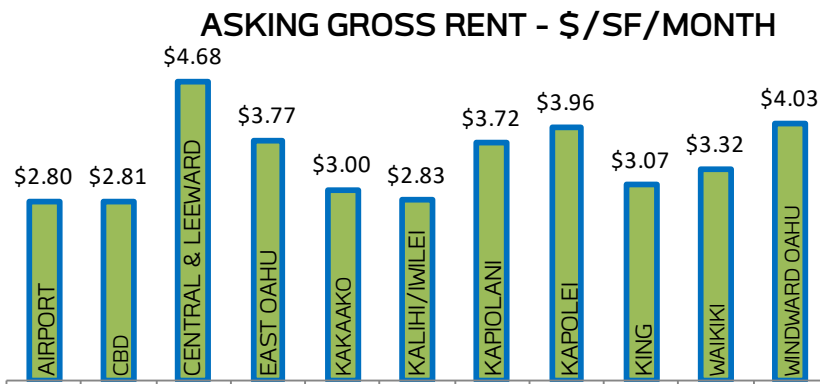
OFFICE MARKET REPORT

2019 - 3rd QUARTER

Honolulu's office market had its fourth consecutive quarter of positive absorption with 88,501 sf of increased occupancy, more than double the prior quarter. The overall vacancy rate decreased from 11.0% to 10.3%.

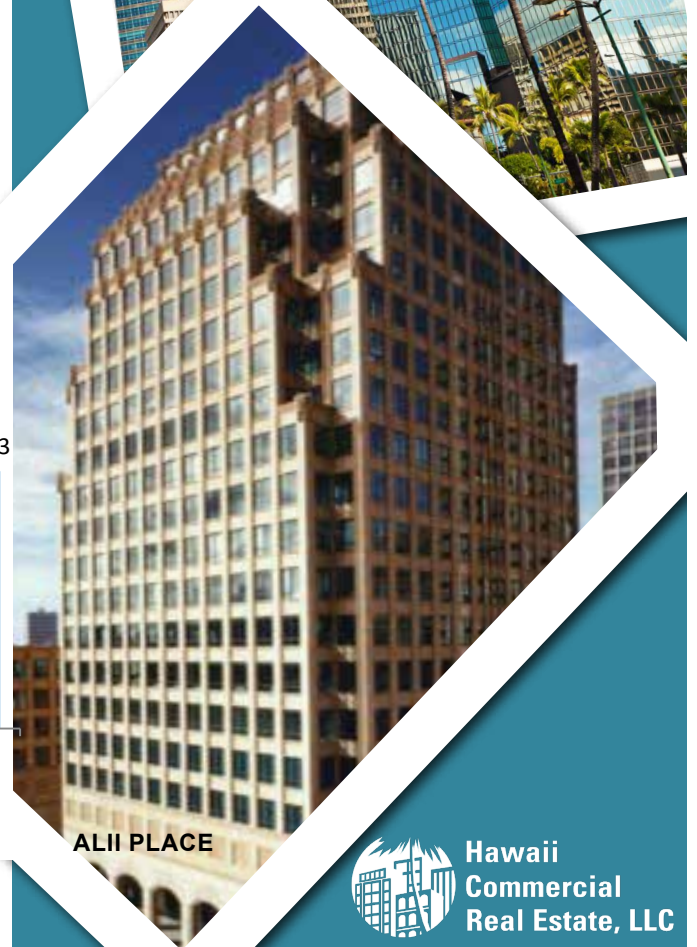


Full Service Gross (FSG) asking rent (base rent plus full-service operating expenses) increased from \$3.37/sf/mth to \$3.45/sf/mth due to an increase in base rents. Operating expenses decreased to \$1.59/sf/mth. Hawaii Commercial Real Estate's index of available spaces decreased 3.1% from 482 to 467 spaces across the island.



HECO ANNOUNCES 195K SF LEASE

Hawaiian Electric announced a lease of 195,000 sf at Alii Place. They will take about 100,000 sf of currently vacant space at the beginning of 2020 and an additional 95,000 sf which is currently occupied by the IRS and HART whose leases expire in 2020.



ALII PLACE

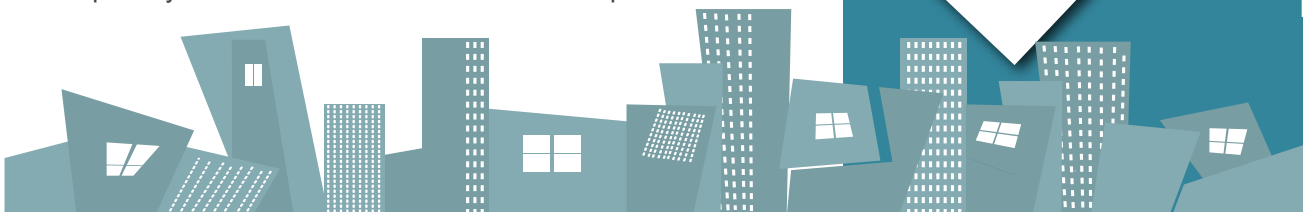


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James M. Brown (B)
Individual Membership



Over the next several years, HECO will vacate nearly 250,000 sf in ASB Tower, Pauahi Tower, Central Pacific Plaza, Pacific Park Plaza, Honolulu Club Building and Waterhouse Building.

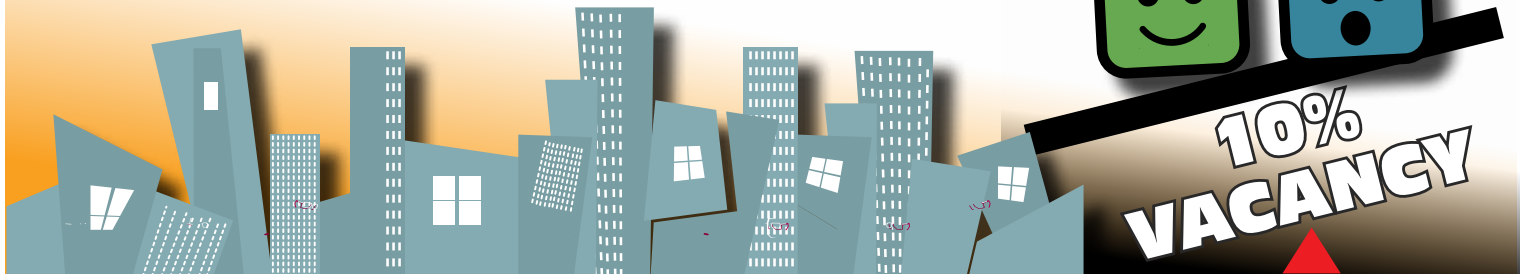
CHANGING OFFICE MARKET - VACANCY HEADED BELOW 10%

Ten percent vacancy is general regarded as the tipping point between a tenant's market and a landlord's market. After years of stagnation, the Honolulu Office Market and more specifically the Honolulu CBD Class A Market which has 50% of Honolulu's inventory, has seen a dramatic drop in vacancy in 2019. The entire market has dropped to 10.3% vacant while the CBD Class A market has dropped to 10.2% vacant.

In early 2020, HECO's new lease will bring the CBD Class A market down to 8.1% vacant, and depending on where IRS and HART move, vacancy could go even lower. In the longer run, vacancy should trend back higher as HECO gives back nearly 250,000 sf.

While there are still some tenant-favorable deals being made, the days of tenants having the upper hand are very short and in some cases over. We are seeing much more stratification of rents where the better spaces command higher rents.

LANDLORD TENANT



OAHU OFFICE MARKET SNAPSHOT - 2019, 3QTR

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	100,157	4	17.4%	39	\$2.80	\$1.33	(1,028)	(16,195)
CBD	5,557,456	614,147	23	11.1%	207	\$2.81	\$1.43	75,100	191,785
Central & Leeward	206,634	21,092	6	10.2%	20	\$4.68	\$1.81	2,869	4,119
East Oahu	257,586	2,370	6	0.9%	5	\$3.77	\$1.67	0	(364)
Kakaako	1,338,687	103,167	6	7.7%	30	\$3.00	\$1.47	21,892	35,520
Kalihi/Iwilei	569,529	77,206	4	13.6%	26	\$2.83	\$1.32	(31,397)	(34,251)
Kapiolani	1,249,565	129,457	9	10.4%	86	\$3.72	\$1.85	10,063	(12,773)
Kapolei	320,048	1,322	3	0.4%	3	\$3.96	\$1.71	6,429	12,188
King	78,547	6,811	2	8.7%	5	\$3.07	\$1.60	(1,759)	(3,406)
Waikiki	575,072	61,459	7	10.7%	39	\$3.32	\$1.71	6,107	(2,383)
Windward Oahu	110,165	4,282	3	3.9%	7	\$4.03	\$1.63	225	3,793
TOTAL	10,838,331	1,121,470	73	10.3%	467	\$3.45	\$1.59	88,501	178,033

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	484,031	13	10.2%	143	\$2.96	\$1.44	68,549	216,306
B	6,091,261	637,439	60	10.5%	324	\$3.22	\$1.53	19,952	(38,273)
TOTAL	10,838,331	1,121,470	73	10.3%	467			88,501	178,033

* Class A Buildings are exclusively in CBD

CBD CLASS A OFFICE MARKET SNAPSHOT - 2019, 3QTR

	Building SF	Direct Vacancy		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						\$2.72	\$2.72		
Alii Place	337,370	101,035	0	101,035	29.9%	29.9%	0	2,484	\$2.72	\$2.72	\$1.36	
Bishop Place	361,477	0	0	0	0.0%	0.0%	2,058	21,234	\$2.73	\$2.73	\$1.33	
Bishop Square/ASB Tower	483,455	51,586	0	51,586	10.7%	10.7%	1,579	(11,344)	\$2.77	\$2.77	\$1.37	
Bishop Square/Pauahi Tower	438,596	37,249	0	37,249	8.5%	8.5%	21,751	19,942	\$2.98	\$2.73	\$1.33	
Central Pacific Plaza	209,821	7,393	0	7,393	3.5%	3.5%	1,647	1,647	\$2.97	\$2.97	\$1.47	
City Financial Tower	180,563	415	0	415	0.2%	0.2%	(415)	33,685	\$2.93	\$2.93	\$1.33	
Davies Pacific Center	354,322	85,903	0	85,903	24.2%	24.2%	10,762	15,637	\$2.98	\$3.05	\$1.50	
First Hawaiian Center	379,336	37,808	0	37,808	10.0%	10.0%	12,630	14,415	\$3.10	\$3.10	\$1.35	
Harbor Court - Office Tower	186,138	19,564	0	19,564	10.5%	10.5%	(12,722)	6,591	\$2.97	\$2.97	\$1.52	
Pacific Guardian Center	631,616	77,241	0	77,241	12.2%	12.2%	7,322	8,818	\$2.86	\$3.76	\$1.51	
Pioneer Plaza	245,000	13,525	0	13,525	5.5%	5.5%	1,878	15,753	\$2.70	\$2.70	\$1.45	
TOPA Financial Center	483,776	35,574	0	35,574	7.4%	7.4%	15,261	18,007	\$2.18	\$3.33	\$1.43	
Waterfront Plaza	455,600	16,738	0	16,738	3.7%	3.7%	(3,542)	69,437	\$2.79	\$2.79	\$1.54	
Totals	4,747,070	484,031	0	484,031	10.2%	10.2%	58,209	216,306	Weighted Averages		\$2.96	\$1.44

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