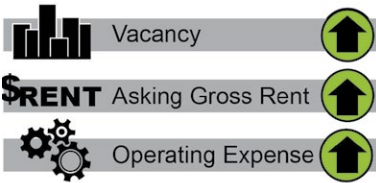




Hawaii Commercial Real Estate, LLC
Established 2002

Honolulu Office

MARKET REPORT 2017 - 4TH QUARTER



Honolulu's office market ended 2017 with 8,348 sf of negative absorption in the 4th quarter to bring the YTD total to 49,035 sf of negative absorption. The overall vacancy rate increased from 13.0% to 13.1%.



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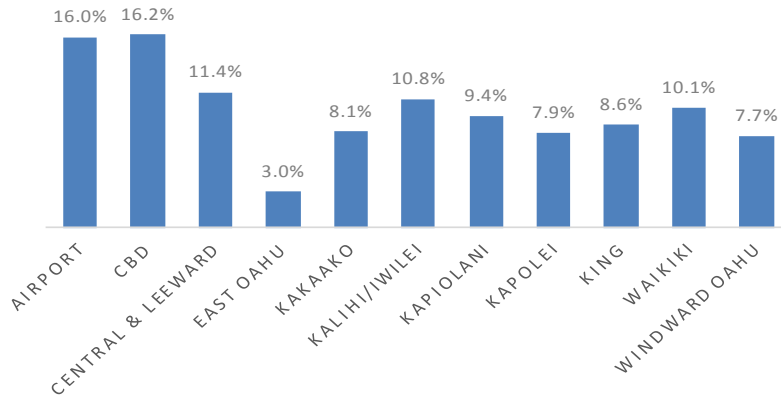
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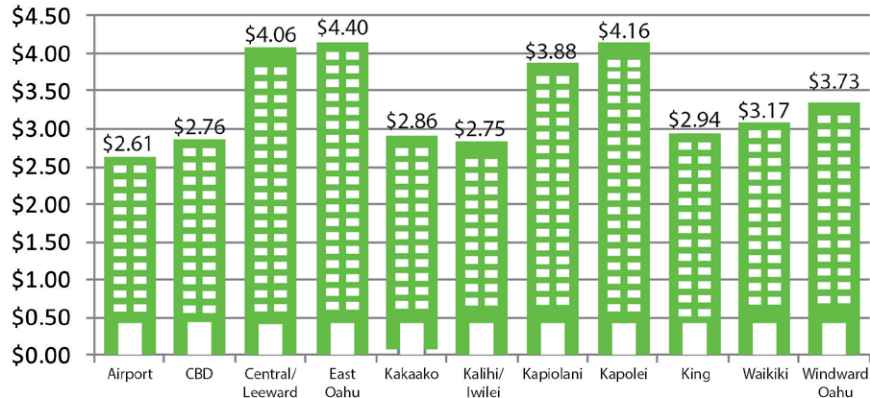
Individual Membership

VACANCY BY SUBMARKET



Full Service Gross (FSG) asking rent (base rent plus full-service operating expenses) increased from \$3.33 to \$3.39/sf/mth. Hawaii Commercial Real Estate's index of available spaces decreased from 572 to 571 spaces across the island.

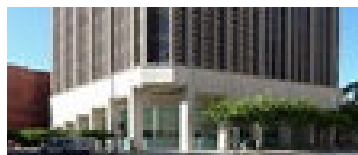
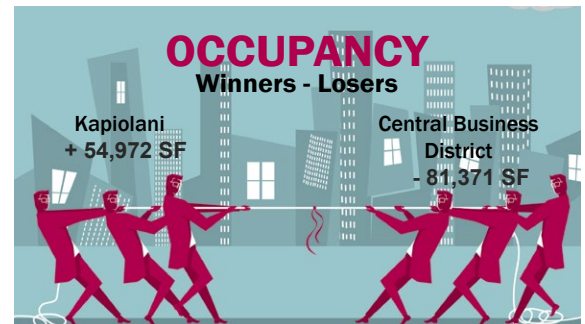
ASKING GROSS RENT \$/SF/MONTH



OCCUPANCY WINNERS AND LOSERS IN 2017

Honolulu's largest and second largest submarkets moved in opposite directions during the year with downtown's Central Business District giving up 81,371 sf of occupancy while Kapiolani gained 54,972 sf of occupancy.

Downtown's woes were driven by Hawaiian Dredging's move from City Financial Tower to the former Honolulu



City Financial Tower



Honolulu Advertiser Building



Airport Center



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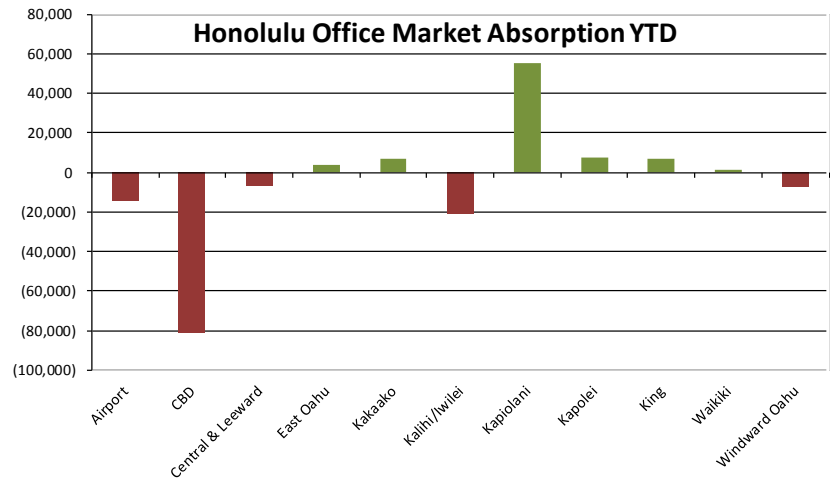
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HCRE Office Market Report: 2017-4Qtr

Advertiser Building, the loss of a temporary movie production tenant, and continued "right-sizing" by tenants. Kapiolani benefited from HMSA's expansion into the former NOAA space at 1601 Kapiolani as they renovate their building on Keeaumoku Street.

Beyond Honolulu's urban core, Kalihi/Iwilei lost occupancy as the State of Hawaii moved out of the New Media Center. The Airport submarket lost occupancy as several government contractors downsized or moved from Airport Center which is now owned, but not occupied by Hawaiian Airlines. Central/Leeward and Windward Oahu also saw small losses in occupancy.

The winners included Kapolei who gained occupancy during the year despite a negative 4th quarter, East Oahu, Kakaako and King Street. Waikiki occupancy was flat.



OAHU OFFICE MARKET SNAPSHOT - 2017, 4TH QUARTER

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	92,238	4	16.0%	43	\$2.61	\$1.23	(77)	(14,395)
CBD	5,658,391	918,644	23	16.2%	296	\$2.76	\$1.39	1,101	(81,371)
Central & Leeward	206,634	23,527	6	11.4%	21	\$4.06	\$1.78	1,793	(6,751)
East Oahu	257,586	7,746	6	3.0%	7	\$4.40	\$1.61	(402)	4,016
Kakaako	1,338,687	107,901	6	8.1%	39	\$2.86	\$1.50	1,808	6,965
Kalihi/Iwilei	569,529	61,604	4	10.8%	18	\$2.67	\$1.30	(11,953)	(21,241)
Kapiolani	1,249,565	117,883	9	9.4%	89	\$3.88	\$1.92	11,554	54,972
Kapolei	320,048	25,394	3	7.9%	8	\$4.16	\$1.71	(10,342)	7,777
King	78,547	6,778	2	8.6%	7	\$2.94	\$1.48	3,340	7,007
Waikiki	575,072	57,831	7	10.1%	35	\$3.17	\$1.61	3,315	1,067
Windward Oahu	110,165	8,485	3	7.7%	8	\$3.73	\$1.67	(8,485)	(7,081)
TOTAL	10,939,266	1,428,031	73	13.1%	571	\$3.39	\$1.56	(8,348)	(49,035)

BLDG CLASS	TOTAL SF	VACANT SF	NO. BLDG	% VACANCY	# SPACES	AVG FSG (\$/SF/MTH)	AVG Operating Expenses	QTD ABSORPTION (SF)	YTD ABSORPTION (SF)
A*	4,848,005	786,501	13	16.2%	223	\$2.85	\$1.39	(8,783)	(78,703)
B	6,091,261	641,530	60	10.5%	348	\$3.18	\$1.47	435	29,668
TOTAL	10,939,266	1,428,031	73	13.1%	571			(8,348)	(49,035)

* Class A Buildings are exclusively in CBD

CBD CLASS A OFFICE MARKET SNAPSHOT - 2017, 4TH QUARTER

Building	SF	Vacancy		Total Vacancy	Direct Vacancy Rate	Total Vacancy Rate	Qtr Absorption	YTD Absorption	Asking Full Service Gross Rents (\$/rsf/mth)	Operating Expenses (\$/rsf/mth)	
		Direct Vacancy	Vacant Sublease								
Alii Place	337,370	108,398	0	108,398	32.1%	32.1%	0	5,147	\$2.79 - \$2.79	\$1.24	
Bishop Place	462,072	98,628	0	98,628	21.3%	21.3%	2,211	(24,181)	\$2.77 - \$2.77	\$1.37	
Bishop Square/ASB Tower	483,455	38,805	0	38,805	8.0%	8.0%	(67)	(5,130)	\$2.61 - \$2.61	\$1.21	
Bishop Square/Pauahi Tower	438,596	55,167	0	55,167	12.6%	12.6%	(118)	1,819	\$2.66 - \$2.66	\$1.26	
Central Pacific Plaza	209,821	10,431	0	10,431	5.0%	5.0%	544	(244)	\$2.97 - \$2.97	\$1.47	
City Financial Tower	180,563	38,391	0	38,391	21.3%	21.3%	(9,295)	(24,161)	\$2.79 - \$2.79	\$1.39	
Davies Pacific Center	354,322	83,931	10,576	94,507	23.7%	26.7%	(2,989)	(5,740)	\$2.97 - \$3.02	\$1.46	
First Hawaiian Center	379,336	47,736	0	47,736	12.6%	12.6%	0	0	\$3.10 - \$3.10	\$1.35	
Harbor Court - Office Tower	186,138	23,458	0	23,458	12.6%	12.6%	5,899	(4,558)	\$3.00 - \$3.00	\$1.55	
Pacific Guardian Center	631,956	88,407	8,682	97,089	14.0%	15.4%	3,392	(12,175)	\$2.78 - \$3.38	\$1.43	
Pioneer Plaza	245,000	35,735	0	35,735	14.6%	14.6%	427	(8,528)	\$2.43 - \$2.68	\$1.43	
TOPA Financial Center	483,776	73,646	13,620	87,266	15.2%	18.0%	(11,709)	(14,317)	\$2.88 - \$3.28	\$1.38	
Waterfront Plaza	455,600	50,890	0	50,890	11.2%	11.2%	2,922	13,365	\$2.76 - \$2.76	\$1.51	
Totals	4,848,005	753,623	32,878	786,501	15.5%	16.2%	(8,783)	(78,703)	Weighted Averages	\$2.85	\$1.39

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