

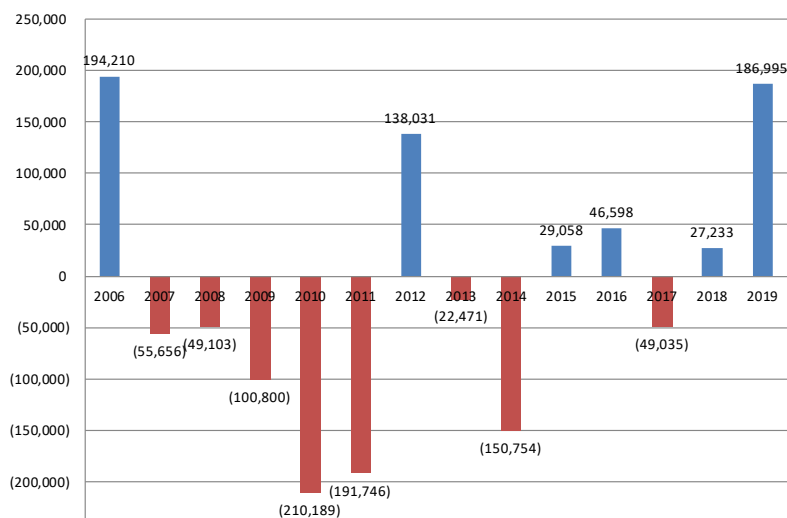
HONOLULU

OFFICE MARKET REPORT

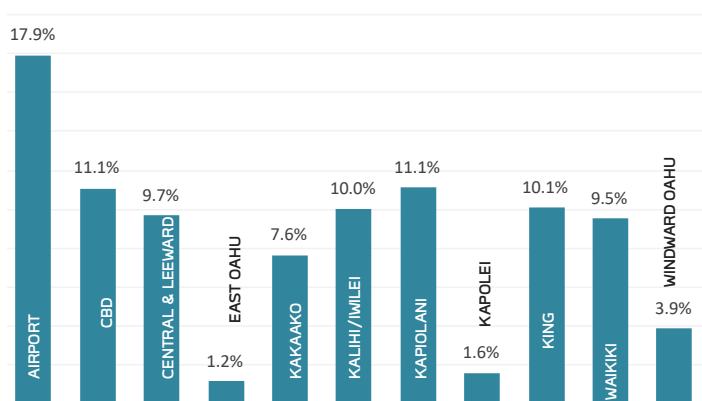
2019 - 4th QUARTER

Despite only 8,962 sf of absorption (additional space occupied) in the 4th quarter, Honolulu's office market ended 2019 with 186,995 sf of absorption, the highest level since 2006. Absorption would have been negative for the quarter if Kamehameha Schools did not take nearly 14,000 sf off the market at the New Media Center on Waiakamilo Road. Vacancy remained unchanged from the 3rd quarter at 10.3%, close to the generally accepted tipping point where office markets shift from a tenant market to a landlord market.

HONOLULU OFFICE MARKET ABSORPTION (SF)



VACANCY BY SUBMARKET

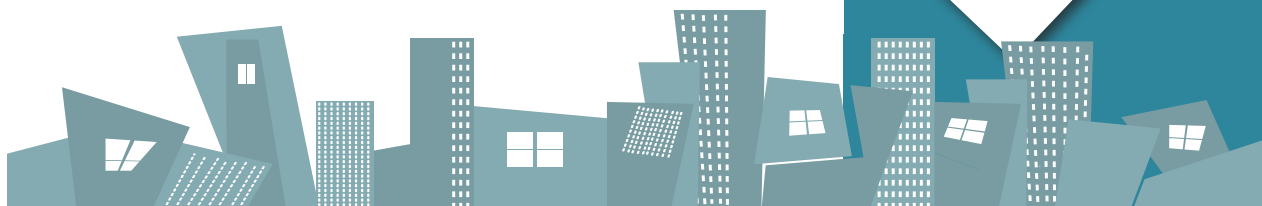


Hawaii
Commercial
Real Estate, LLC

hawaiiCRE.com



James M. Brown (B)
Individual Membership



Full Service Gross (FSG) asking rent (base rent plus full-service operating expenses) and operating expenses remained unchanged at \$3.45/sf/mth and \$1.59/sf/mth.

Hawaii Commercial Real Estate's index of available spaces also remained unchanged at 467 spaces across the island.

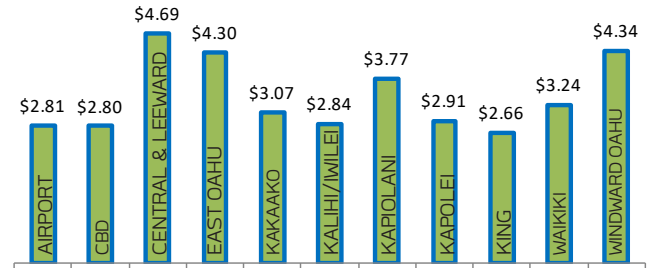
CHANGES IN INVENTORY AND TENANCY



2019 saw more change than the office market had seen in 20 years with the beginning of Douglas Emmett's conversion of 1132 Bishop to residential and HPU's move to Waterfront Plaza.

2020 has more changes in store. HECO will commence its lease of 195,000 sf at Alii Place which removes 100,000 sf of vacancy at Alii Place and forces 95,000 sf of tenancy (IRS and HART) into the market. HECO will give back 250,000 sf in six buildings over the next several years, and while most of that tenancy expires in 2021 and beyond, we could see some of that space on the market in 2020. Pioneer Plaza is closing the Plaza Club to convert its top two floors to office space, one of which will go to HDS. Topa's vacancy will grow to over 100,000 sf when the University of Phoenix gives back 2 ½ floors in April and HDS vacates 1 ½ floor to move to part of the former Plaza Club space. We will see 1132 Bishop tenants continue moving elsewhere as that building converts to residential use.

ASKING GROSS RENT - \$/SF/MONTH



OAHU OFFICE MARKET SNAPSHOT - 2019, 4QTR

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	103,068	4	17.9%	43	\$2.81	\$1.33	(2,911)	(19,106)
CBD	5,557,456	615,976	23	11.1%	200	\$2.80	\$1.42	(1,829)	189,956
Central & Leeward	206,634	19,982	6	9.7%	19	\$4.69	\$1.80	1,110	5,229
East Oahu	257,586	3,000	6	1.2%	5	\$4.30	\$1.25	(630)	(994)
Kakaako	1,338,687	102,330	6	7.6%	31	\$3.07	\$1.50	837	36,357
Kalihi/Iwilei	569,529	57,154	4	10.0%	26	\$2.84	\$1.33	20,052	(14,199)
Kapiolani	1,249,565	138,923	9	11.1%	86	\$3.77	\$1.94	(9,466)	(22,239)
Kapolei	320,048	5,120	3	1.6%	2	\$2.91	\$1.71	(3,798)	8,390
King	78,547	7,926	2	10.1%	6	\$2.66	\$1.33	(1,115)	(4,521)
Waikiki	575,072	54,747	7	9.5%	33	\$3.24	\$1.67	6,712	4,329
Windward Oahu	110,165	4,282	3	3.9%	7	\$4.34	\$1.98	0	3,793
TOTAL	10,838,331	1,112,508	73	10.3%	458	\$3.40	\$1.57	8,962	186,995

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	485,824	13	10.2%	137	\$2.94	\$1.43	(1,793)	214,513
B	6,091,261	626,684	60	10.3%	321	\$3.22	\$1.54	10,755	(27,518)
TOTAL	10,838,331	1,112,508	73	10.3%	458			8,962	186,995

* Class A Buildings are exclusively in CBD

CBD CLASS A OFFICE MARKET SNAPSHOT - 2019, 4QTR

	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	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%	0	21,234	\$2.77 - \$2.77	\$1.37	
Bishop Square/ASB Tower	483,455	37,726	0	37,726	7.8%	7.8%	13,860	2,516	\$2.73 - \$2.73	\$1.33	
Bishop Square/Pauahi Tower	438,596	40,633	0	40,633	9.3%	9.3%	(3,384)	16,558	\$2.97 - \$2.97	\$1.47	
Central Pacific Plaza	209,821	7,393	0	7,393	3.5%	3.5%	0	1,647	\$2.93 - \$3.05	\$1.39	
City Financial Tower	180,563	1,991	0	1,991	1.1%	1.1%	(1,576)	32,109	\$2.96 - \$2.98	\$1.41	
Davies Pacific Center	354,322	89,209	0	89,209	25.2%	25.2%	(3,306)	12,331	\$3.10 - \$3.10	\$1.35	
First Hawaiian Center	379,336	37,808	0	37,808	10.0%	10.0%	0	14,415	\$2.97 - \$2.97	\$1.52	
Harbor Court - Office Tower	186,138	21,041	0	21,041	11.3%	11.3%	(1,477)	5,114	\$2.86 - \$3.76	\$1.51	
Pacific Guardian Center	631,616	71,151	0	71,151	11.3%	11.3%	6,090	14,908	\$2.70 - \$2.70	\$1.45	
Pioneer Plaza	245,000	13,360	0	13,360	5.5%	5.5%	165	15,918	\$3.13 - \$3.13	\$1.53	
TOPA Financial Center	483,776	52,015	0	52,015	10.8%	10.8%	(16,441)	1,566	\$2.79 - \$2.79	\$1.54	
Waterfront Plaza	455,600	12,462	0	12,462	2.7%	2.7%	4,276	73,713			
Totals	4,747,070	485,824	0	485,824	10.2%	10.2%	(1,793)	214,513	Weighted Averages	\$2.94	\$1.43

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