

FIGURES | HAWAII INDUSTRIAL | Q1 2024

# Hawaii Industrial: Availability of larger spaces swings net absorption in Q1 2024



Note: Arrows indicate change from previous quarter.

### Availability rates increased slightly

- Statewide availability rate increased slightly from 1.4% to 1.5% in Q1 2024.

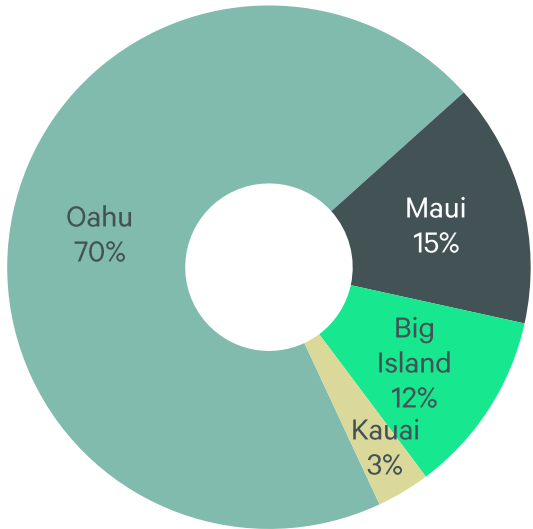
### Continued low availability and negative absorption in Q1 2024

- Hawaii's industrial sector experienced 106,996 SF of negative net absorption for Q1 2024, compared to the positive net absorption of 68,878 SF in Q4 2023.

### Average net asking lease rates decreased while operating expenses remain the same

- Average net asking lease rates decreased to \$1.46/SF for Q1 2024 and average operating expenses held steady at \$0.43/SF.

FIGURE 1: Hawaii Industrial Market Distribution



Source: CBRE Research, Q1 2024.

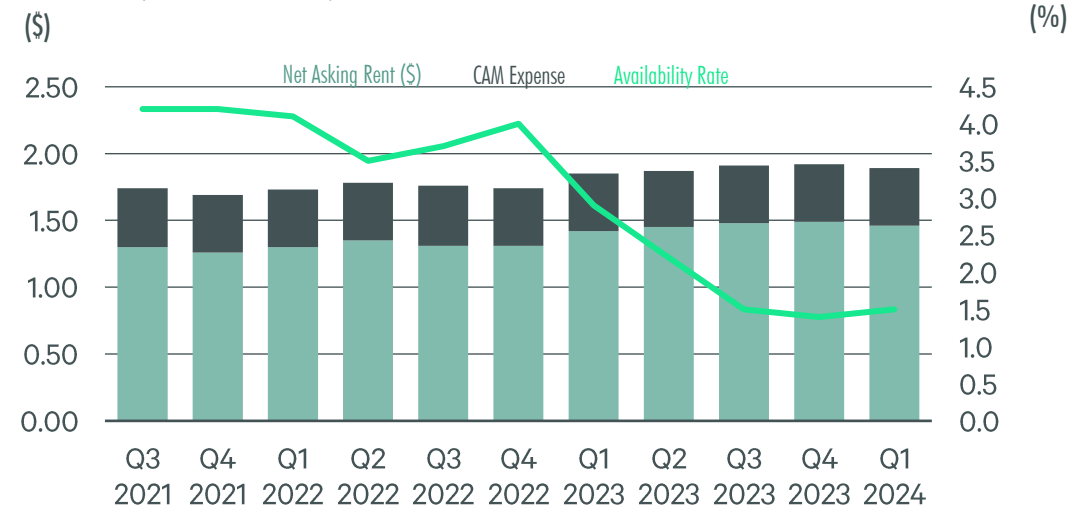
## Market Overview

Hawaii’s industrial sector experienced 106,996 SF of negative net absorption for Q1 2024, compared to the positive net absorption of 68,878 SF in Q4 2023. On Oahu, the submarket Waipahu led with positive absorption of 19,759 SF of net absorption, attributed mostly to one large space being leased out. Waipahu is at a 0.6% availability rate, the 2<sup>nd</sup> lowest of all submarkets on Oahu with an average net asking lease rate of \$1.42/SF. All islands experienced negative absorption this quarter. Statewide availability rate increased from 1.4% to 1.5% this quarter, with the Big Island and Maui at the lowest of 0.8% and 0.6%. Average net asking lease rates decreased from \$1.49/SF in Q4 2023 to \$1.46/SF for Q1 2024.

Larger spaces became available in Pearl City, Campbell, and Kalihi, with a sublease space in Campbell and the largest space in Kalihi. This totals 82,344 SF, contributing significantly to the negative net absorption for Oahu and statewide. The submarkets with average net asking lease rates higher than the statewide average were Halawa, Airport, and Campbell. The Halawa area is subjected to ground lease rents, the Airport area is essential for distribution, and the Campbell area provides newer warehouses.

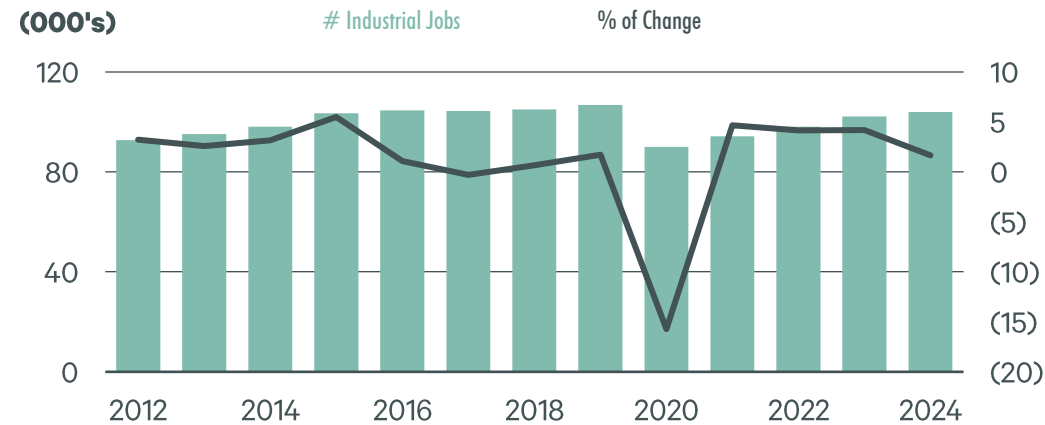
Availability across all islands decreased year over year compared to Q1 2023 by 0.40 - 2.10% except Kauai, which had an 0.90% increase in availability rate. Oahu being the largest market decreased by 1.7%. Maui being the second decreased by 0.40% to 0.60%, the lowest availability rate of all the islands and is still recovering from last year’s fire. The Big Island has become a close third and decreased by the largest percentage of 2.1% to a 0.80% availability rate.

FIGURE 2: Net Absorption and Availability Rate



Source: CBRE Research, Q1 2024

FIGURE 3: Industrial Job Growth



Source: DBEDT, 2024

Lease Rates

Average net asking rate statewide decreased slightly from last quarter to \$1.46/SF. Oahu is slightly below the average at \$1.44/SF, down from \$1.46/SF, while Maui is at \$1.40/SF, up from \$1.38/SF the prior quarter. Kauai and the Big Island are above the statewide average. Kauai remained the same at \$1.90/SF in Q1 2024, while the Big Island decreased from \$1.94/SF in Q4 2023 to \$1.65/SF in Q1 2024. Average operating expenses remained the same as last quarter at \$0.43/SF. \*With limited data points for Kauai and the Big Island, representatives in the field have confirmed that leases are transacting closer to \$1.22/SF for Kauai and \$1.30/SF for the Big Island.

Availability & Vacancy

The statewide average availability rate is at 1.5%

- Oahu’s availability rate remain the same at 1.8%
- Maui increased to 0.6% from 0.5%
- Kauai increased to 1.3% from 1.2%
- Big Island increased to 0.8% from 0.5%

Year over year, all islands had a decrease in availability rate of 0.40-2.10% except Kauai, which had an 0.90% increase in availability rate, when compared to their Q1 2023 averages.

*\*Actual availability may still be much lower given that landlords are marketing properties well before they can become vacant. Maui, with the most comparable Gross Average Asking Rent structure to Oahu, is at a 0.6% availability rate.*

Net Absorption

Net absorption statewide is at negative 106,996 SF this quarter compared to the positive net absorption of 68,878 SF for Q4 2023. In comparison to recent years, net absorption was at the lowest in 2020 at negative 268,802 SF and peaked in 2021 at positive 464,561 SF. Net absorption for 2019 was at positive 77,868 SF.

FIGURE 4: CAM & Asking Rates

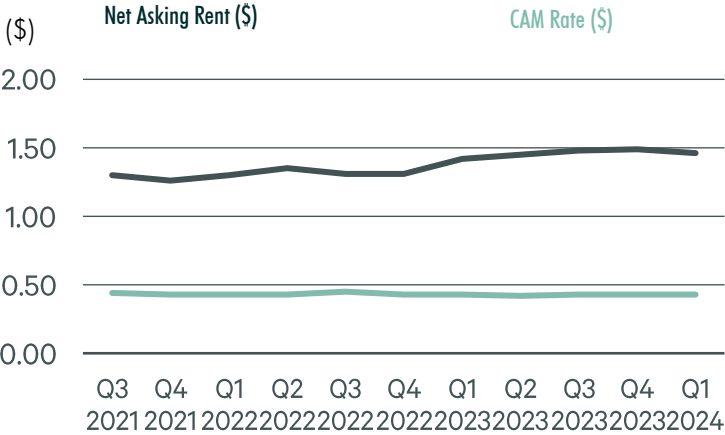
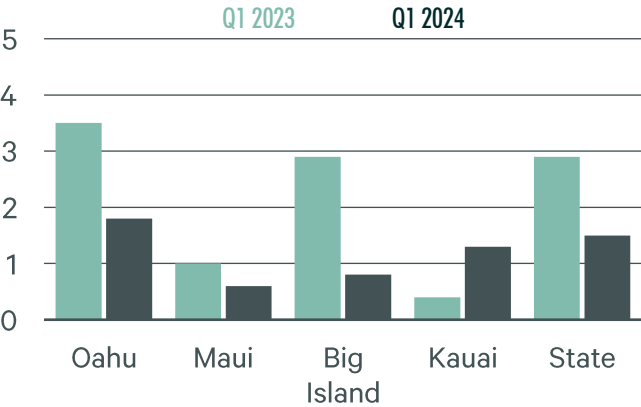
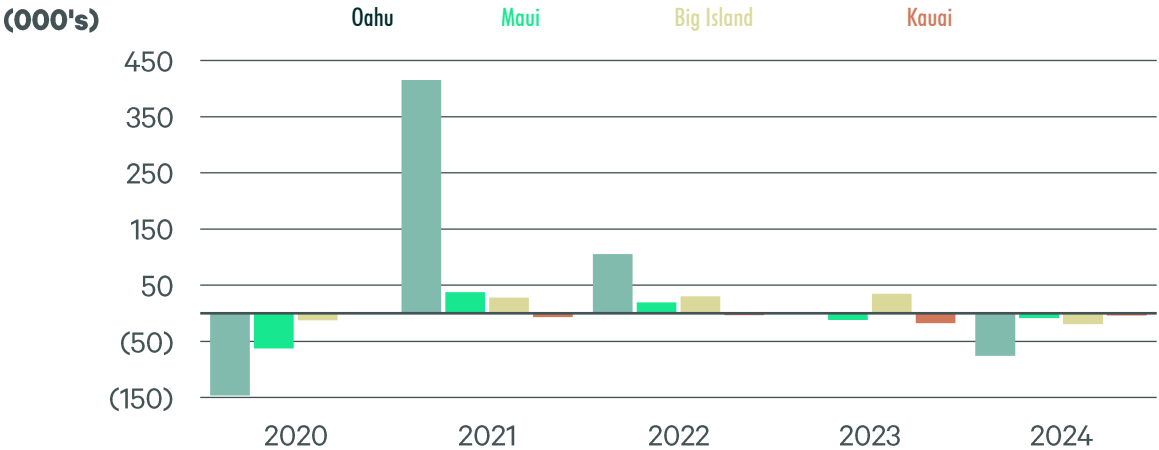


FIGURE 5: Availability Rate Year-Over-Year



Source: CBRE Research, Q1 2024

FIGURE 6: YTD Net Absorption by Island (Sq.ft)



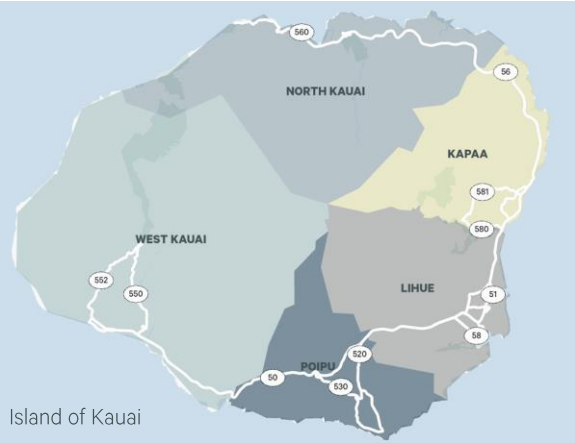
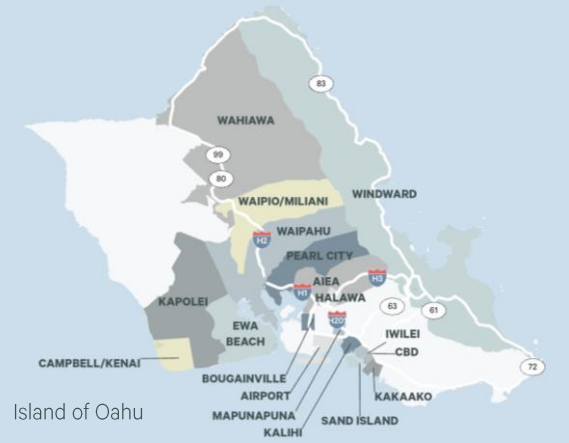
Source: CBRE Research, Q1 2024

FIGURE 6: Market Statistics

Submarket	Net Rentable Area (SF)	Available Area (SF)	Availability Rate (%)	Operating Expenses (\$/SF/Month)	Net Average Asking Rent (\$/SF/Month)	Gross Average Asking Rent (\$/SF/Month)	Net Absorption Q1 (SF)	Net Absorption YTD (SF)
Kakaako	2,129,129	68,955	3.2	0.48	-	-	-	-
Iwilei	2,541,284	47,684	1.9	0.58	1.30	1.89	1,296	1,296
Kalihi	9,323,186	224,606	2.4	0.43	1.41	1.83	(58,107)	(58,107)
Mapunapuna	2,888,655	73,741	2.6	0.42	1.40	1.82	2,787	2,787
Airport	3,115,940	35,946	1.2	0.50	1.68	2.17	(2,411)	(2,411)
Bougainville	388,051	-	0.0	-	-	-	-	-
Halawa	1,461,384	13,152	0.9	0.40	1.54	1.94	2,478	2,478
Pearl City	3,665,288	49,795	1.4	0.41	1.41	1.82	(19,780)	(19,780)
Waipio	1,922,269	22,528	1.2	0.50	1.40	1.90	-	-
Waipahu	3,273,001	18,445	0.6	0.44	1.42	1.86	19,759	19,759
Kapolei	2,265,423	36,529	1.6	0.44	1.46	1.90	3,174	3,174
Campbell	4,005,265	72,896	1.8	0.40	1.55	1.95	(22,787)	(22,787)
Windward	1,079,413	22,368	2.1	0.50	-	-	(2,364)	(2,364)
Islands								
Oahu	38,058,288	686,645	1.8	0.45	1.44	1.88	(75,955)	(75,955)
Maui	8,165,548	48,298	0.6	0.41	1.40	1.81	(8,233)	(8,233)
Big Island	6,127,262	47,436	0.8	0.28	1.65	1.93	(18,988)	(18,988)
Kauai	1,779,672	23,836	1.3	0.25	1.90	2.15	(3,820)	(3,820)
State	54,130,770	806,215	1.5	\$0.43	\$1.46	\$1.89	(106,996)	(106,996)

Source: CBRE Research, Q1 2024

Market Area Overview



Survey Criteria

Market coverage includes all improvements on property that is taxed or zoned for industrial use in Hawaii, excluding yard space, detached second floor office space and buildings under construction.

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