

FIGURES | HAWAII INDUSTRIAL | Q2 2025

# Hawaii Industrial: Vacancy Remains Low Despite Leasing Pullback



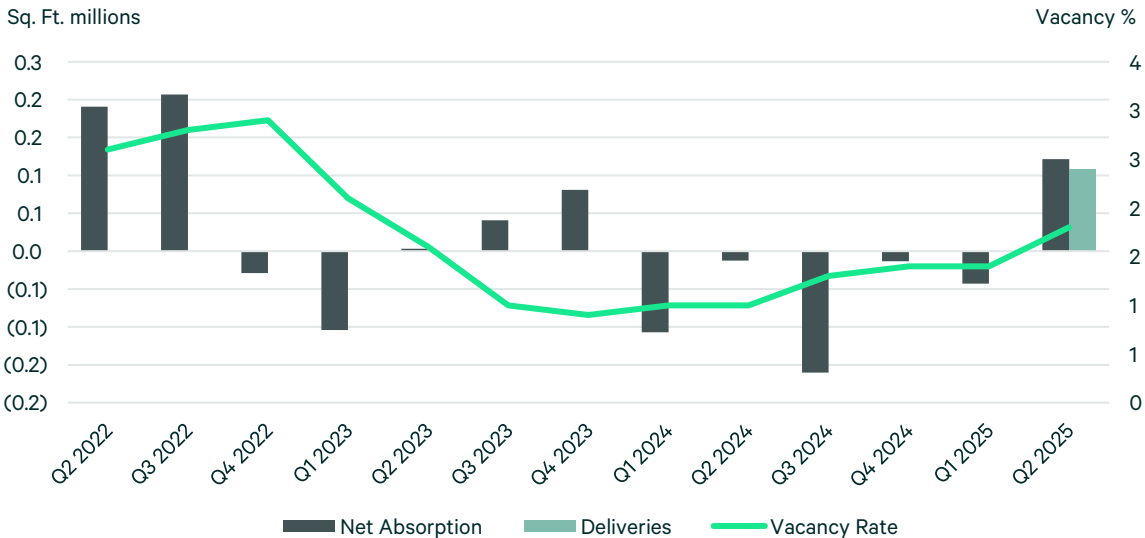
Note: Arrows indicate change from previous quarter.

SUMMARY

- Availability rates increase slightly
- Statewide availability rose to 2.2% in Q2 2025, up from 1.7% in Q1.
- Positive net absorption returns in Q2
- The market recorded 121,297 SF of positive net absorption, rebounding from –43,059 SF in Q1.
- Average asking rents continue to climb
- Net asking lease rates surged to \$1.83/SF, up from \$1.55/SF in Q1.



FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2025

### Availability Rate

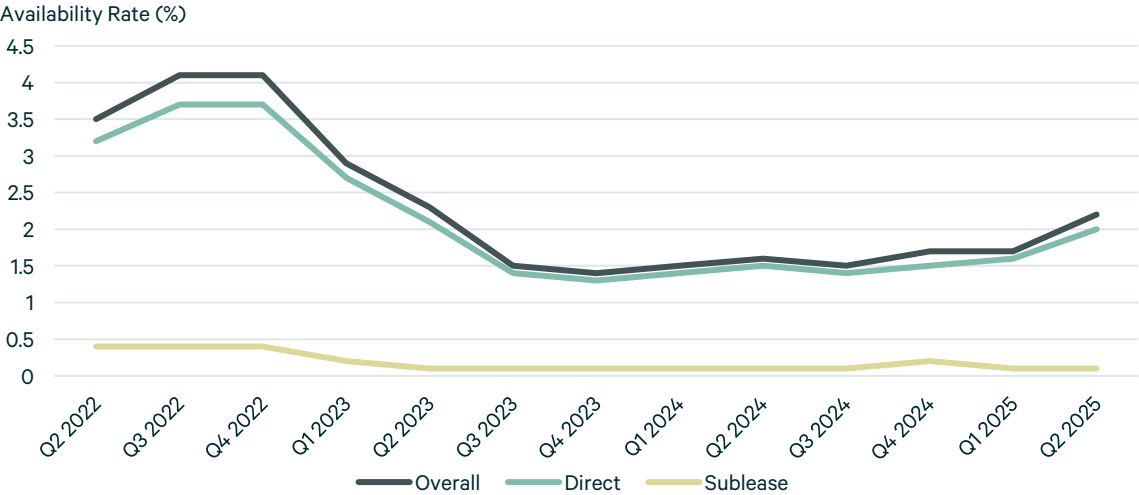
Hawaii’s industrial market remained characteristically tight in Q2 2025, though availability ticked up slightly. The total availability rate rose to 2.2%, a 50 basis point increase from the previous quarter and 60 bps higher than a year ago. Despite the recent uptick, availability remains well below historical levels, down 130 bps compared to three years ago.

Direct availability followed a similar trend, reaching 2.0% in Q2 - up 40 bps quarter-over-quarter and 50 bps year-over-year - yet still 120 bps lower than where it stood three years prior. Sublease availability held steady at 0.1%, unchanged over both the quarter and the year, and continues to trend below the three-year quarterly average, reflecting limited turnover in tenant-controlled space.

### Asking Rent

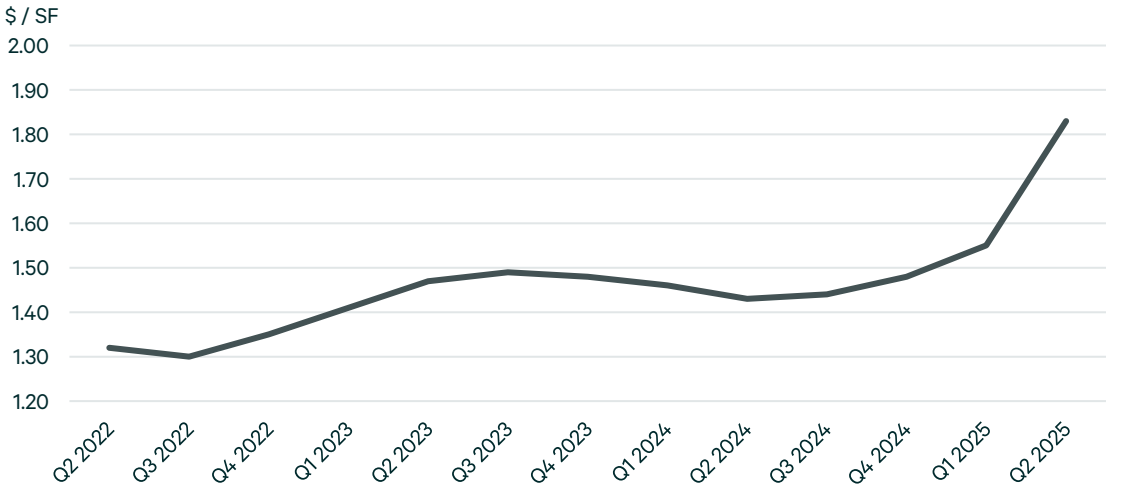
Industrial rents in Hawaii surged in Q2 2025, with the average asking rate climbing to \$1.83 per square foot per month (net). This represents a sharp 18.1% increase (up \$0.28) from the previous quarter and a 28.0% gain (up \$0.40) year-over-year. Over the past three years, asking rents have risen steadily, posting a 38.6% increase (up \$0.51) - a reflection of sustained demand and limited supply in one of the tightest industrial markets in the country.

FIGURE 2: Availability Rates



Source: CBRE Research, Q2 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/MTH)



Source: CBRE Research, Q2 2025

## Net Absorption

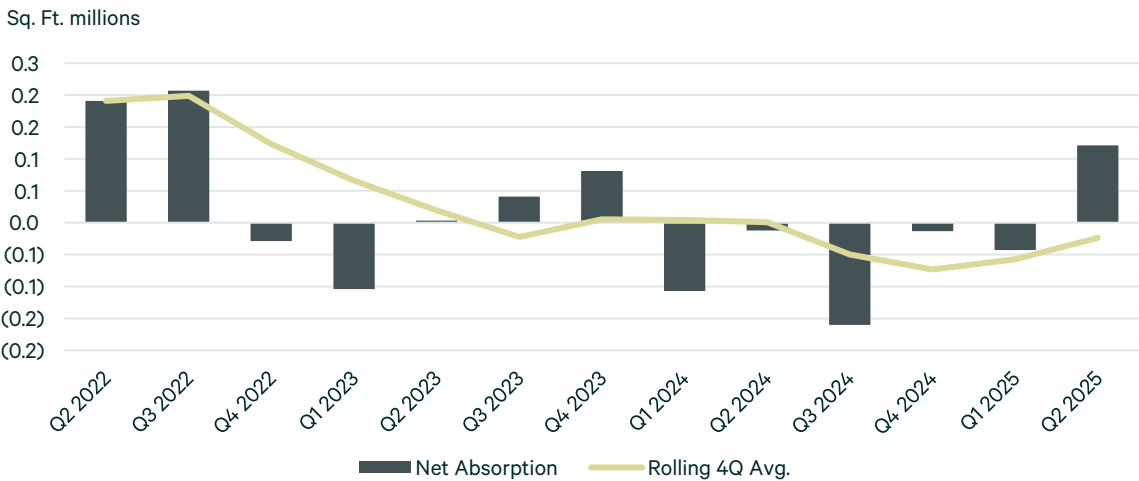
The Hawaii industrial market rebounded in Q2 2025, posting 121,297 square feet of positive net absorption - a sharp turnaround from the -43,059 square feet recorded in the previous quarter. Despite this quarterly gain, the market remains in recovery mode, with net absorption over the past four quarters totaling -95,396 square feet. However, the longer-term trend remains positive: over the past three years, the market has absorbed a cumulative 175,105 square feet, underscoring the sector’s overall resilience amid short-term fluctuations.

## Construction Activity

Industrial development activity picked up in Q2 2025, with four projects totaling 313,260 square feet underway across the state. This marks a significant increase from the 190,445 square feet under construction in the previous quarter and a sharp rise from zero construction activity one year ago. Over the past three years, the market has gone from no active development to a growing pipeline, reflecting renewed confidence in long-term industrial demand.

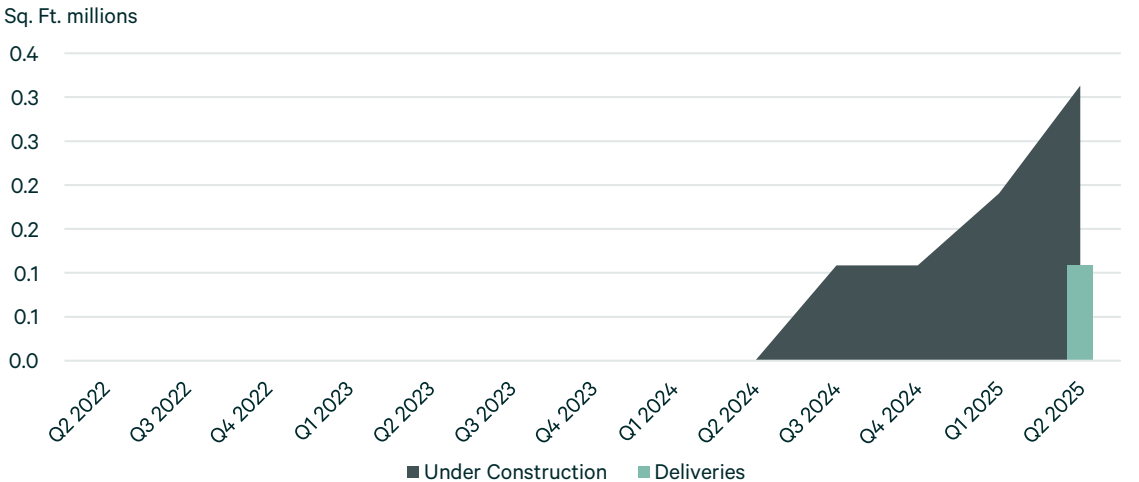
Kapolei Business Park West delivered during the quarter, adding 108,617 square feet of new warehouse inventory - the first delivery in over a year. This brings total deliveries over the past 12 months and three years to 108,617 square feet, signaling a gradual return of new supply to a historically undersupplied market.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q2 2025

FIGURE 5: Construction Activity



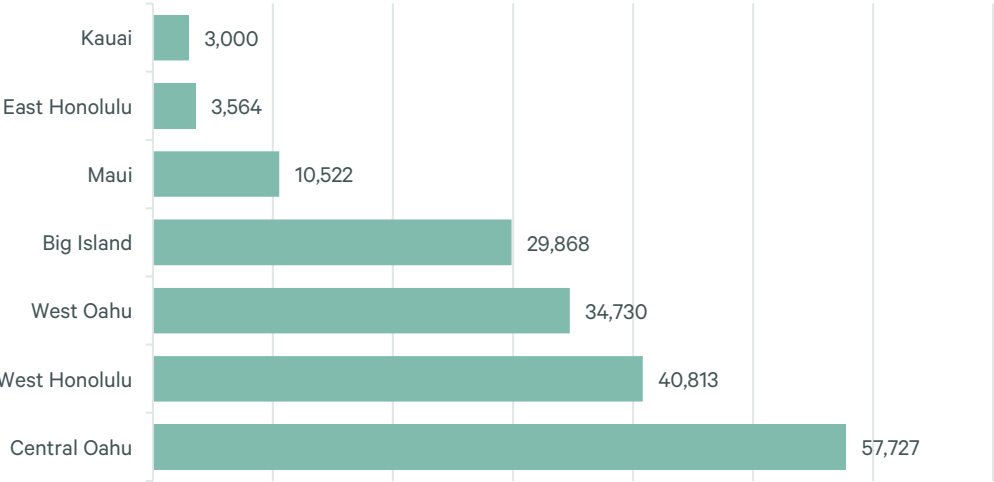
Source: CBRE Research, Q2 2025

## Leasing Activity

Leasing activity slowed in Q2 2025, with 180,224 square feet leased across 31 transactions. This marks a decline of 84,976 square feet from the previous quarter and a 67,391 square foot drop compared to the same period last year.

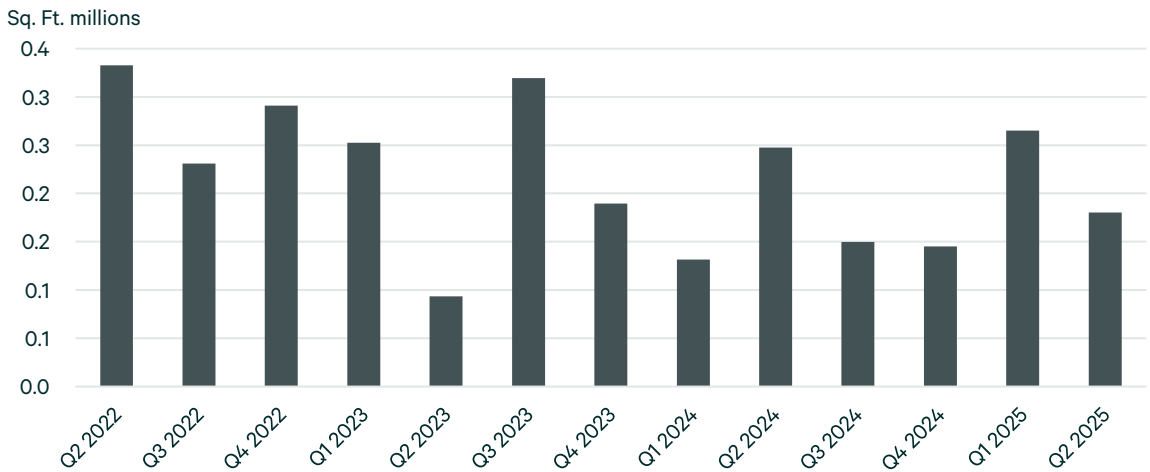
Activity also trailed historical norms, falling 17.2% below the three-year quarterly average of 217,607 square feet. The slowdown reflects a more cautious tenant environment, potentially influenced by limited space options, rising rents, or broader economic uncertainty.

FIGURE 6: Leasing Activity by Submarket – Leases 1,000 sq. ft. and up



Source: CBRE Research, Q2 2025

FIGURE 6: Leasing Activity Trend – Leases 1,000 sq. ft. and up



Source: CBRE Research, Q2 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
VERITIV OPERATING	22,000	Renewal	500 Kalanianaʻole St	Big Island
Pacific Office Automation	14,136	New Lease	99-1056 Iwaena St	Central Oahu
Maui Traffic Control Services	11,740	New Lease	91-255 Kalaeloa Blvd	West Oahu
Hawaii Foodservice Alliance	7,520	Renewal	2736 Waiwai Loop	West Honolulu

Source: CBRE Research, Q2 2025

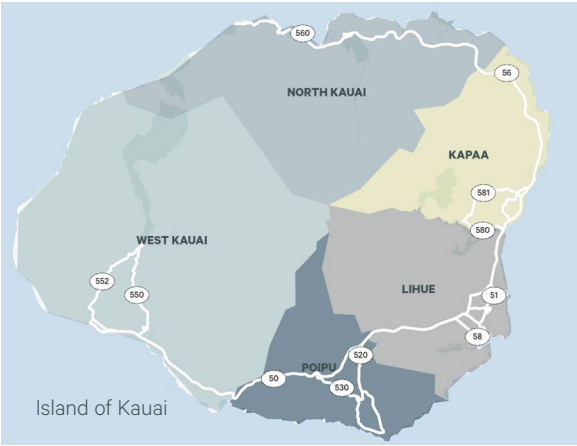
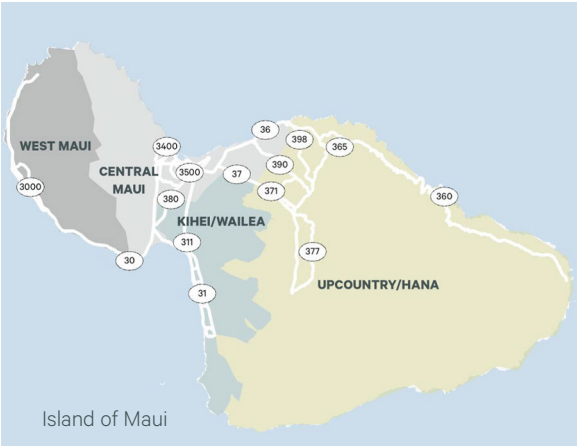
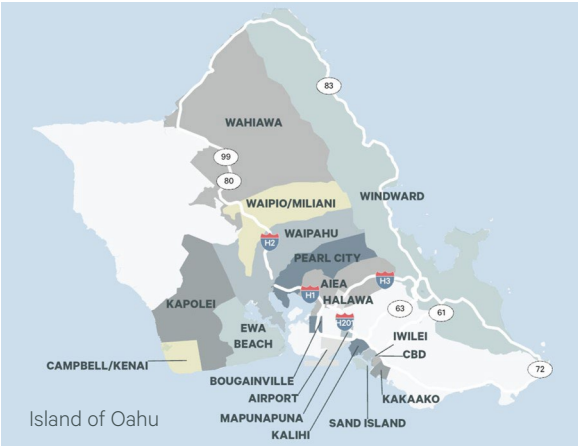
Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/MTH)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Big Island	6,122,014	1.9	2.2	2.2	0.0	1.31	(28,887)	(30,532)	0	0
Central Oahu	10,239,127	1.5	1.7	1.6	0.1	1.8	(6,634)	(16,067)	0	0
East Honolulu	2,205,371	3.5	4.2	4.2	0.0	2.11	6,428	2,178	0	0
Kauai	1,778,669	0.7	1.0	1.0	0.0	2.15	(4,930)	(7,930)	0	0
Maui	8,176,514	2.1	2.1	2.0	0.1	2.38	3,101	(2,862)	0	0
West Honolulu	18,613,737	2.1	2.2	2.1	0.2	1.65	12,112	(35,122)	0	0
West Oahu	6,567,688	1.3	2.5	2.2	0.4	1.57	140,107	170,003	108,617	313,260
Windward	1,064,896	0.2	0.4	0.4	0.0		0	(1,430)	0	0
Total	54,768,016	1.8	2.2	2.0	0.1	1.83	121,297	78,238	108,617	313,260

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/MTH)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	41,192,426	1.7	2.1	2.0	0.1	1.69	3,514	1,325	0	313,260
100,000-199,999 sq. ft.	8,684,890	2.8	2.7	2.4	0.3	2.28	117,783	87,160	108,617	0
200,000-299,999 sq. ft.	2,592,721	2.6	2.8	2.6	0.1	1.79	0	(10,247)	0	0
300,000-499,999 sq. ft.	1,677,983	0.0	0.0	0.0	0.0	-	0	0	0	0
500,000-749,999 sq. ft.	619,996	0.0	0.0	0.0	0.0	-	0	0	0	0
Total	54,768,016	1.8	2.2	2.0	0.1	1.83	121,297	78,238	108,617	313,260

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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