

FIGURES | HAWAII INDUSTRIAL | Q4 2022

Hawaii Industrial: Compared to Recent Years' Performance



Note: Arrows indicate change from previous quarter.

Net absorption remains low this quarter with limited actual availability

- Hawaii's industrial sector posted 151,443 SF of net absorption YTD 2022. In comparison, net absorption was at (268,802) SF in 2020, 464,561 SF in 2021, and only 77,868 SF in 2019.

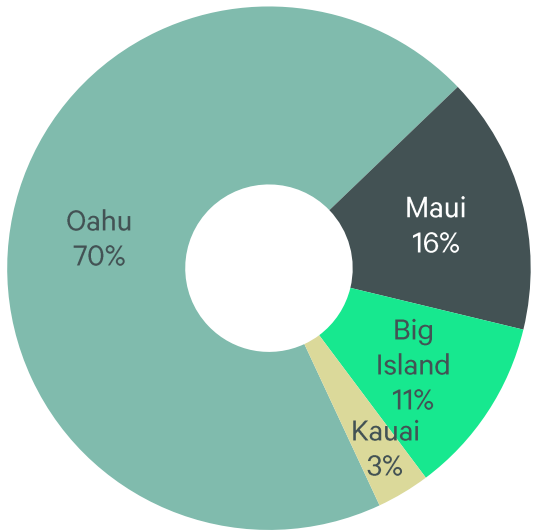
Area near Airport sees majority of the activity

- The highest performing submarket was in the airport area, squeezing out another 21,920 SF at a 2.2% availability rate.

Asking lease rates remained the same

- Average net asking lease rates remain at \$1.31/SF in Q4 2022. Average operating expenses decreased slightly from \$0.45/SF to \$0.43/SF.

FIGURE 1: Hawaii Industrial Market Distribution



Source: CBRE Research, Q4 2022.

Market Overview

Hawaii’s industrial sector posted 151,443 SF of total net absorption for 2022. despite a stagnant Q4 of negative 28,741 SF of net absorption. To put this into perspective in the current economic landscape, net absorption was at the lowest in 2020 at (268,802) SF and peaked in 2021 at 464,561 SF. In comparison, 2019 net absorption was well below current at only 77,868 SF.

For further insight, the top performing submarkets for the most recent years in comparison to overall figures on Oahu were as follows:

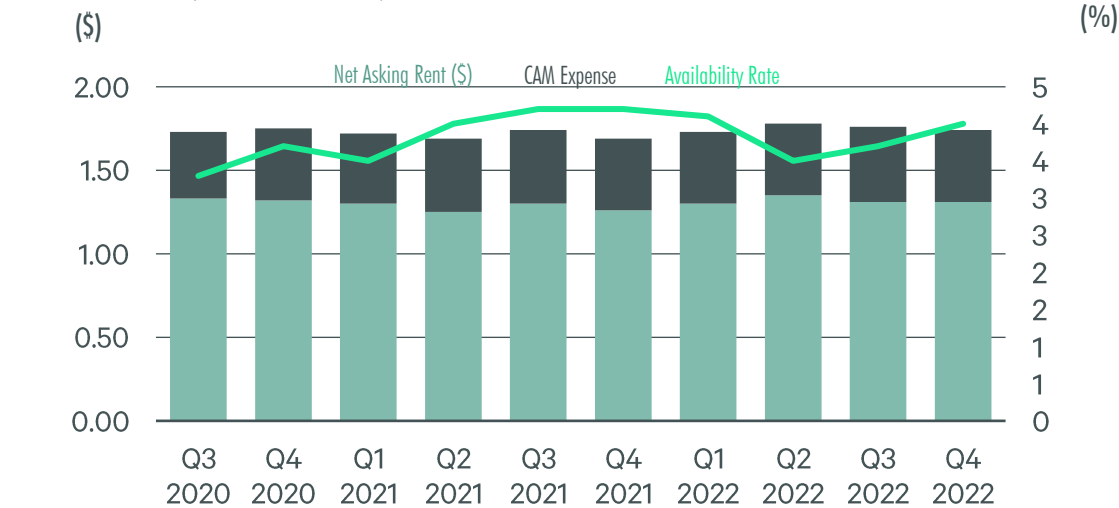
Year	Top Performing Submarket Net Absorption & Gross Asking Rent			Compared to Oahu Net Absorption & Gross Asking Rent	
2019	Mapunapuna	69,333 SF	\$1.70 SF/Mo.	52,341 SF	\$1.79 SF/Mo.
2020	Waipahu	29,603 SF	\$1.61 SF/Mo.	(228,833) SF	\$1.81 SF/Mo.
2021	Iwilei	139,624 SF	\$1.48 SF/Mo.	405,470 SF	\$1.72 SF/Mo.

Average net absorption Statewide was (28,741) SF this quarter, compared to the YTD 2022 at 151,443 SF. For this quarter, most of the activity took place around the airport area on Oahu. Two other submarkets that posted positive net absorption were Mapunapuna and Windward with the two highest availability rates of 12.6% and 7.1%.

Actual availability on Oahu overall may be much lower given that landlords are marketing properties well before they can become vacant, and Mapunapuna was one of the areas where this dynamic was prevalent. This area is also subjected to ground lease rents which creates added pressure on rental rates. For this quarter, gross average asking rent for this area was \$1.62, the lowest of all submarkets. Windward also did not have published rental rates so there may be some opportunities for negotiation for this area as it is also far from the logistic core.

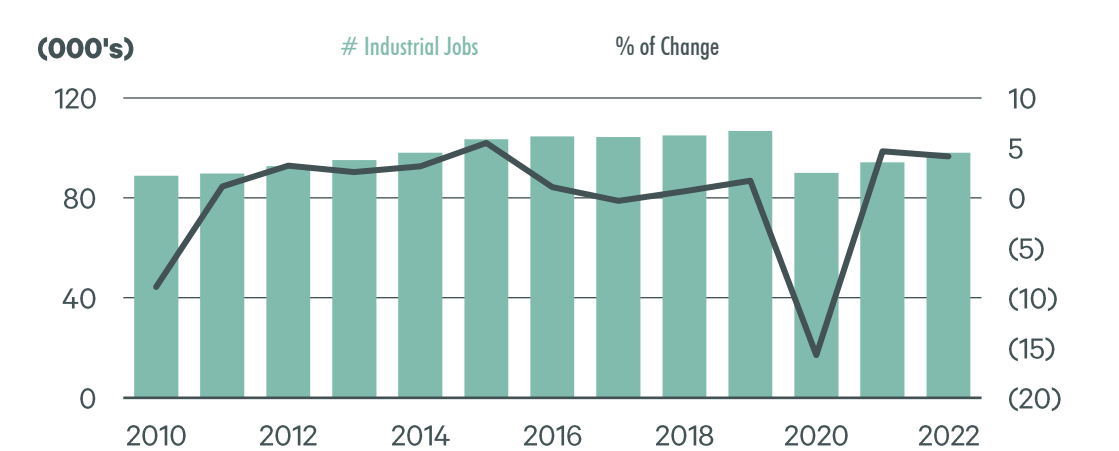
In respect to the neighbor islands, Maui is the 2nd most urbanized with 8.9M SF of inventory while the Big Island is at 6.1M SF. Net Absorption YTD for Maui was 19,374 SF at a gross asking rate of \$1.76/SF for two consecutive quarters. The Big Island was at 30,239 SF and a gross asking rate of \$1.46/SF up from 1.41/SF Q3 2022. Availability rates for these islands are at lows of around 1.5% and 2.5% respectively.

FIGURE 2: Net Absorption and Availability Rate



Source: CBRE Research, Q4 2022

FIGURE 3: Industrial Job Growth



Source: DBEDT, 2022

Lease Rates

Average net asking rate statewide remained flat at \$1.31/SF quarter over quarter. Oahu and Maui are slightly above average at \$1.32/SF and \$1.35/SF respectively, while Kauai and the Big Island are below the statewide average. Kauai remained at \$1.06/SF, while the Big Island was up slightly from \$1.13/SF the prior quarter to \$1.18/SF for Q4 2022. Average operating expenses decreased slightly from \$0.45/SF to \$0.43/SF.

Availability & Vacancy

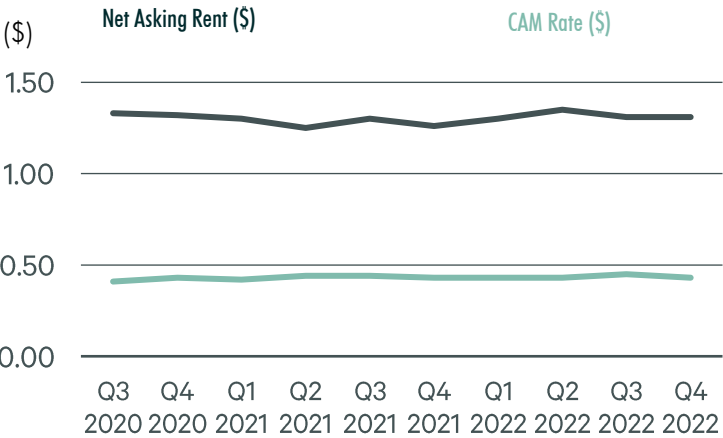
The statewide average availability rate increased slightly to 4.0%, or 30 basis points (bps) from Q3 2022. Oahu’s availability rate increased by 20 bps to 4.9%. Maui remained at 1.5%, Kauai remained at 0.4%, while the Big Island increased from 1.6% to 2.5%. Year over year, all islands posted availability rates of 0.10-0.30% below their Q4 2021 averages.

*Actual availability may 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 1.5% availability rate.

Net Absorption

Net absorption Statewide is at (28,741) SF this quarter, finishing the year at 151,443 SF. In comparison to recent years, net absorption was at the lowest in 2020 at (268,802) SF and peaked in 2021 at 464,561 SF. Net absorption for 2019 was well below current at only 77,868 SF.

FIGURE 4: CAM & Asking Rates



Source: CBRE Research, Q4 2022

FIGURE 5: Availability Rate Year-Over-Year

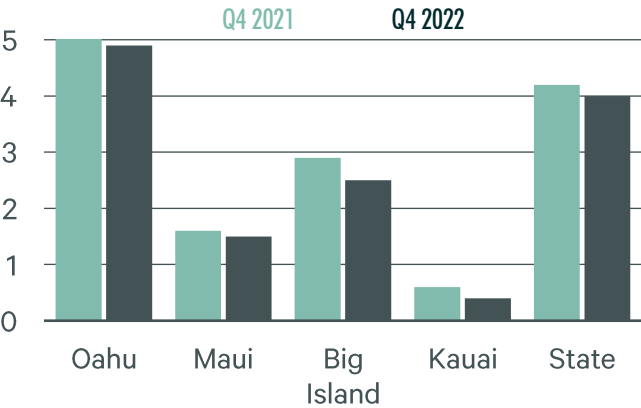
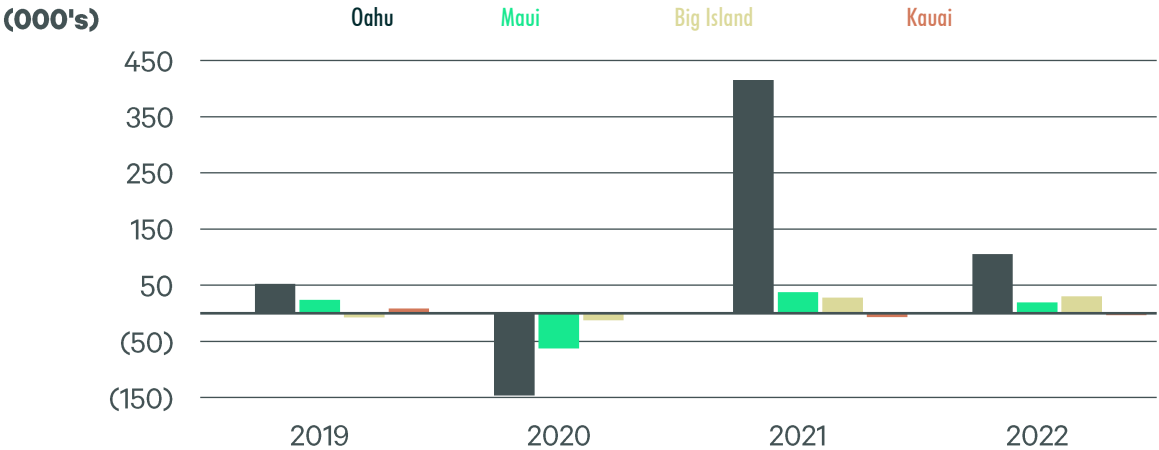


FIGURE 6: YTD Net Absorption by Island (Sq.ft)



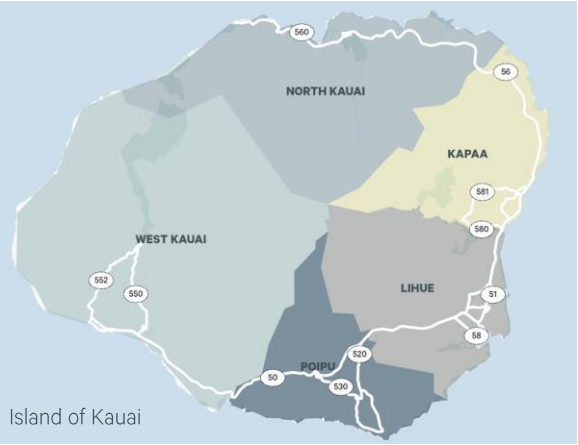
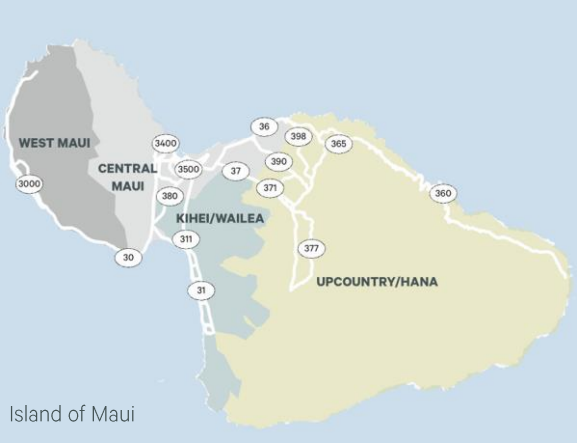
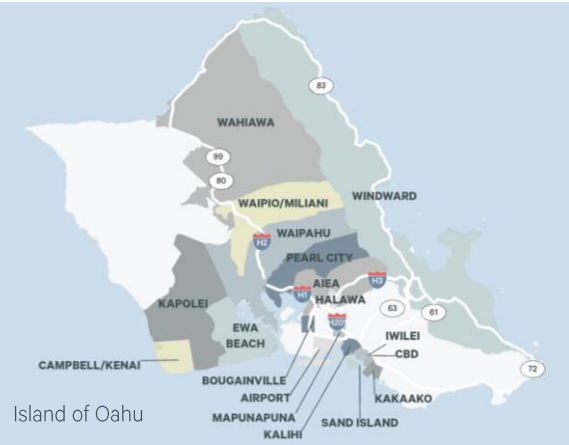
Source: CBRE Research, Q4 2022.

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 Q4 (SF)	Net Absorption YTD (SF)
Kakaako	2,129,129	125,007	5.9	0.48	1.27	1.74	-	(16,424)
Iwilei	2,541,284	171,947	6.8	0.58	1.32	1.91	(11,210)	(39,176)
Kalihi	9,798,822	386,421	3.9	0.42	1.26	1.68	(3,193)	118,266
Mapunapuna	2,885,973	364,908	12.6	0.42	1.19	1.62	5,567	(109,515)
Airport	3,143,808	67,907	2.2	0.50	1.47	1.97	21,920	30,151
Bougainville	379,636	-	0.0	-	-	-	-	22,852
Halawa	1,461,384	74,884	5.1	0.40	1.59	1.99	-	(17,665)
Pearl City	3,669,838	105,432	2.9	0.44	1.35	1.79	(277)	(17,461)
Waipio	1,936,581	134,808	7.0	0.50	1.36	1.86	(3,182)	(18,517)
Waipahu	3,280,374	127,777	3.9	0.44	1.43	1.87	(10,000)	105,333
Kapolei	2,655,117	153,030	5.8	0.47	1.37	1.84	(6,800)	31,145
Campbell	4,015,121	128,081	3.2	0.40	1.45	1.85	(28,312)	(11,418)
Windward	1,079,413	76,600	7.1	0.50	-	-	5,750	26,035
Islands								
Oahu	38,976,480	1,916,802	4.9	0.45	1.32	1.77	(29,737)	105,230
Maui	8,910,690	137,367	1.5	0.41	1.35	1.76	5,012	19,374
Big Island	6,143,962	156,620	2.5	0.28	1.18	1.46	(4,016)	30,239
Kauai	1,834,993	7,862	0.4	0.25	1.06	1.31		(3,400)
State	55,866,125	2,218,651	4.0	\$0.43	\$1.31	\$1.74	(28,741)	151,443

Source: CBRE Research, Q4 2022

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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