

Industrial Market Briefing

HONOLULU | YEAR END 2008

“A softening is anticipated with the slowing economy.”

-Ron Ward (S),
Vice President, Industrial Division

MARKET INDICATORS

THIRD QUARTER
2007 2008 2009

VACANCY	◀	▲	▲
NET ABSORPTION	▼	▼	▼
CONSTRUCTION	▲	▲	◀
RENTAL RATE	▲	▼	▼

INDUSTRIAL HIGHLIGHTS

NET ABSORPTION: (529,396) SF

VACANCY RATE: 4.36 %

DIRECT WEIGHTED
AVERAGE ASKING
RATE NNN: \$ 1.24 PSF/MO

AVERAGE OPERATING
EXPENSE: \$ 0.32 PSF/MO

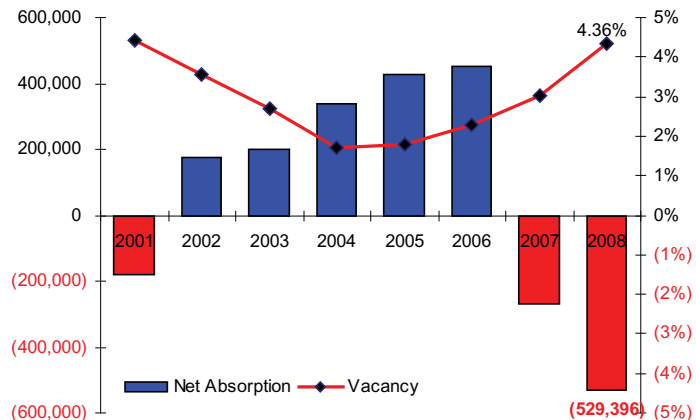
Industrial Condominium Projects Boost Vacancy

Since mid-year 2007, the Honolulu industrial marketplace consistently posted negative net absorption. More than 550,000 square feet of negative absorption was recorded for 2008. This jump in vacant space was the direct result of the delivery of three industrial condominium projects; Kapolei Spectrum, Waipio Business Center and Kapolei Kai. Vacancy rates, which have risen consistently over the past six quarters now

stand at 4.36%, a level not seen since 2001 during the aftermath of the September 11th terrorist attacks.

After seven years of steadily rising rents, the average asking industrial rental rate fell by 5.34%. Currently, the average asking rent is \$1.24 per square foot per month (“psf/mo”) falling from a record high of \$1.31 psf/mo for year-end 2007.

HONOLULU INDUSTRIAL NET ABSORPTION VS. VACANCY RATES YE2008



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Industrial Market Statistics

Submarket	Number of Buildings	Building Area	Available Space	YTD Absorption	Vacancy Rate	Wtd.Avg. Net Asking Rent	Avg. Net Op Exp.
Kalihi / Sand Island	684	8,782,102	386,471	(54,222)	4.40%	\$1.26	\$0.32
Kapalama Military Reserve	19	1,250,000	0	0	0.00%	N/A	N/A
Iwilei	93	2,433,603	206,704	(185,315)	8.49%	\$1.13	\$0.39
Airport / Mapunapuna	210	8,269,673	113,492	(46,065)	1.37%	\$1.19	\$0.29
Bougainville / Halawa	104	3,238,880	158,210	8,435	4.88%	\$1.13	\$0.31
Pearl City / Pearl City Industrial / Aiea	72	2,292,485	95,320	(38,940)	4.16%	\$1.08	\$0.29
Waipahu / Milltown	137	2,633,773	102,944	(16,443)	3.91%	\$1.16	\$0.32
Gentry Business Park	68	1,781,342	195,619	(186,224)	10.98%	\$1.56	\$0.48
Campbell Industrial Park / Kapolei Business Park/Kenai	262	5,605,778	331,421	3,897	5.91%	\$1.27	\$0.21
Kailua	40	467,164	26,600	(23,400)	5.69%	\$1.29	N/A
Kaneohe	41	512,187	7,571	8,881	1.48%	\$0.99	\$0.28
Totals	1,730	37,266,987	1,624,352	(529,396)	4.36%	\$1.24	\$0.32

* Weighted average rents are calculated on I-1 and I-2 zoned properties. IMX zoned properties, which can be used for retail have been excluded from this rent calculation.

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Featured Properties



VACANT LOTS

Address: Kaomi Loop
 TMK: (1) 9-1-26: parcels 46, 47, 48 and 50
 Zoning: I-2 Heavy Industrial
 Tenure: Fee Simple
 Space Available:
 Parcel 46: 4.71 acres / 205,168 sf
 Parcel 47: 4.56 acres / 198,634 sf
 Parcel 48: 4.49 acres / 195,584 sf
 Parcel 50: 0.54 acres / 23,479 sf
 Purchase Price:
 \$27.00 psf (Individually or Aggregated)
 Contact: Ron Ward (S), Vice President
 808-523-9747



WAREHOUSE / SHOWROOM

Address: 3035 Koapaka Street
 TMK: (1) 1-1-14-52 (portion of)
 Zoning: I-2 Intensive Industrial
 Available: 6,711 SF
 Base Rent: \$1.25 psf/month
 Op. Expense: \$0.34 psf/month
 Parking: Negotiable
 Term: 3 - 5 Years
 Contact: William R. Froelich (S) JD
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