

# Industrial Market Report

HONOLULU | MID-YEAR 2009

**“Tenants will have more available options.”**

- Scott Mitchell (B) SIOR  
Executive Vice President,  
Industrial Division

## MARKET INDICATORS

	MID-YEAR		
	2008	2009	2010
VACANCY	▲	▲	▲
NET ABSORPTION	▼	▼	▼
CONSTRUCTION	▲	▲	▲
RENTAL RATE	▲	▼	▼

## INDUSTRIAL HIGHLIGHTS

NET ABSORPTION: (314,091) SF

VACANCY RATE: 5.13 %

DIRECT WEIGHTED  
AVERAGE ASKING  
RATE NNN: \$ 1.15 PSF/MO

AVERAGE OPERATING  
EXPENSE: \$ 0.34 PSF/MO

## Market Downturn Persists

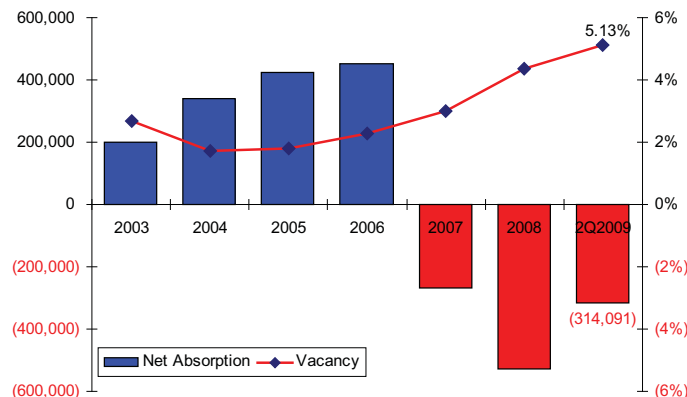
At mid-year 2009, the industrial market posted six months of accumulated negative net absorption of 314,091 square feet. Vacancy rates rose to 5.13% from 4.36% at year-end 2008. After a dramatic loss of occupancy totalling 293,572 square feet during the first quarter of 2009, the second quarter posted a only an additional 20,519 square feet of increased vacancy. The hope is that the pace of the market's contraction is beginning to slow as the market appeared to drift sideways during the last quarter.

The softening of the underlying primary components of Hawaii's economy directly contributed to the slowdown in the industrial market sectors. The Federal Reserve Bank of San Francisco's

Beige Book, which reports on economic activity for the West Coast and Hawaii, projected a continuation of the recessionary conditions with demand for goods and services to remain weak. None of the twelve Reserve Bank districts forecasted a turnaround to the economy before the end of the year.

Hawaii's resilience is being tested as our market continues to appear healthier than many comparable markets. With a 5.13% island-wide vacancy, Honolulu remains one of the tightest markets in the country. The lack of available developable land coupled with sizeable leasehold ownership interests, contribute to a dynamic that prevents widespread development or speculation.

OAHU INDUSTRIAL NET ABSORPTION VS VACANCY RATE



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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	689	9,063,804	505,322	(118,851)	5.58%	\$1.07	\$0.34
Kapalama Military Reserve	19	1,250,000	0	0	0.00%	N/A	N/A
Iwilei	92	2,433,603	236,378	(29,674)	9.71%	\$1.13	\$0.48
Airport / Mapunapuna	217	8,401,857	208,449	(94,957)	2.48%	\$1.69	\$0.35
Bougainville / Halawa	104	3,264,280	142,211	15,999	4.36%	\$1.13	\$0.31
Pearl City / Pearl City Industrial / Aiea	74	2,327,769	71,830	23,490	3.09%	\$1.12	\$0.34
Waipahu / Milltown	138	2,656,881	100,900	2,044	3.80%	\$1.10	\$0.34
Gentry Business Park	66	1,775,845	189,610	6,009	10.68%	\$1.01	\$0.48
Campbell Industrial Park / Kapolei Business Park/Kenai	263	5,605,778	419,476	(88,055)	7.48%	\$1.19	\$0.24
Kailua	40	467,164	39,600	(13,000)	8.48%	N/A	N/A
Kaneohe	41	512,187	24,667	(17,096)	4.82%	\$1.11	\$0.31
<b>Totals</b>	<b>1,743</b>	<b>37,759,168</b>	<b>1,938,443</b>	<b>(314,091)</b>	<b>5.13%</b>	<b>\$1.15</b>	<b>\$0.34</b>

\* 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 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 FOR SUBLEASE

Address: 94-417 Makoiko Street  
 TMK: (1) 9-7-166-11  
 Zoning: I-1 Limited Industrial  
 Available: 4,817 SF  
 Base Rent: \$0.85 psf/month  
 Op. Expense: \$0.36 psf/month  
 Parking: 7 Stalls  
 Term: 2/28/13  
 Contact: William R. Froelich (S) JD  
 808-523-9711



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If you would like additional information, please contact mike@colliershawaii.com