

# Industrial Market Report

HONOLULU | FIRST QUARTER 2010

*“So far we’ve weathered the economic storm, but the future is still uncertain.”*

*-Ronald Ward (S)  
Vice President, Industrial Division*

## MARKET INDICATORS

FIRST QUARTER  
2008 2009 2010

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

## INDUSTRIAL HIGHLIGHTS

NET ABSORPTION: 161,142 SF

VACANCY RATE: 4.37 %

AVERAGE ASKING  
BASE RATE: \$ 1.01 PSF/MO

AVERAGE OPERATING  
EXPENSE: \$ 0.31 PSF/MO

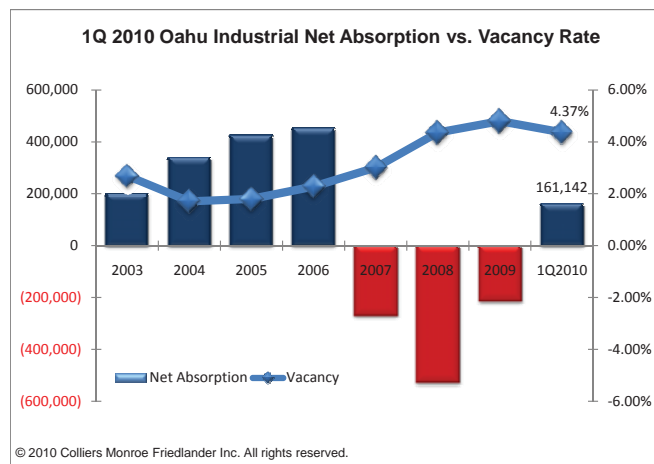
## Healthy Leasing Bolsters Occupancy Growth

The Oahu industrial market posted 161,142 square feet of positive net absorption for the first quarter of 2010 reversing a three-year trend. Bolstered by several large industrial lease transactions to national credit tenants such as Servco Pacific and Wal-Mart, which leased a combined 124,000 square feet over the past quarter, the Oahu industrial vacancy rate stands at 4.37%, returning to levels established at year-end 2008.

Additionally, average asking rents posted a slight gain over year-end 2009 figures. The direct weighted average asking rent rose to \$1.01 per square foot per month (“psf/mo”) from \$0.99 psf/mo that was

recorded at year-end 2009. This apparent leveling off of rents is after the market had already reported a decline in average asking rents of 24.4% from the record rent level established at year-end 2007.

Whether or not this is the beginning of a stabilization in the industrial sector remains to be seen as the economy continues to provide mixed signals. Despite the University of Hawaii Economic Research Organization (“UHERO”) having already predicted the end of the recession and that a market recovery has begun, there is still great hesitancy among businesses to adopt more aggressive business



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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	695	9,142,450	381,392	176,975	4.17%	\$0.99	\$0.32
Kapalama Military Reserve	19	1,250,000	0	0	0.00%	N/A	N/A
Iwilei	93	2,433,603	28,600	45,749	1.18%	\$1.05	\$0.41
Airport/Mapunapuna	219	8,411,597	111,832	53,571	1.33%	\$0.97	\$0.30
Bougainville / Halawa	104	3,305,626	91,951	(3,817)	2.78%	\$0.97	\$0.33
Pearl City/Pearl City Industrial / Aiea	74	2,327,769	57,444	(8,938)	2.47%	\$1.14	\$0.40
Waipahu/Milltown	149	3,025,345	194,914	(51,465)	6.44%	\$0.97	\$0.32
Gentry Business Park	66	1,775,845	168,917	30,237	9.51%	\$0.99	\$0.48
Campbell Industrial Park/Kapolei Business Park/Kenai	252	5,605,778	603,501	(97,513)	10.77%	\$1.03	\$0.24
Kailua	41	497,314	25,800	6,300	5.19%	\$1.09	\$0.31
Kaneohe	41	542,801	9,500	10,043	1.75%	\$1.10	\$0.21
<b>Totals</b>	<b>1,753</b>	<b>38,318,128</b>	<b>1,673,851</b>	<b>161,142</b>	<b>4.37%</b>	<b>\$1.01</b>	<b>\$0.31</b>

\*Weighted average asking 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



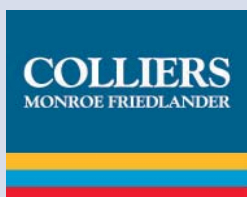
### FOR SALE KAPOLEI WAREHOUSE

Address: 91-462 Komohana Street  
 TMK: (1) 9-1-32-66  
 Zoning: I-2 (General Industrial District)  
 Lot Size: 17,300 SF  
 Building Size: 9,280 SF  
 Asking Price: \$1,650,000 (Fee Simple)  
 Property Type: Net Lease Investment / Owner User  
 Contact: William Froelich (S) JD CCIM



### FOR LEASE KAPOLEI WAREHOUSE

Address: 2045 Lauwiliwili Steet  
 Zoning: I-2 (General Industrial District)  
 Size Available: 1,620 SF to 22,136 SF  
 Term: 5 to 10 Years  
 Asking Rent: \$0.85 to \$0.95 psf  
 CAM: \$0.35 PSF  
 Contact: Scott L. Mitchell (B) SIOR  
 Guy V. Kidder (B) CCIM SIOR



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