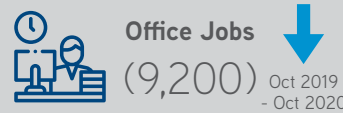


OFFICE MARKET

Fourth Quarter 2020



Accelerating success.



Market Welcomes 2021 with Hopefulness

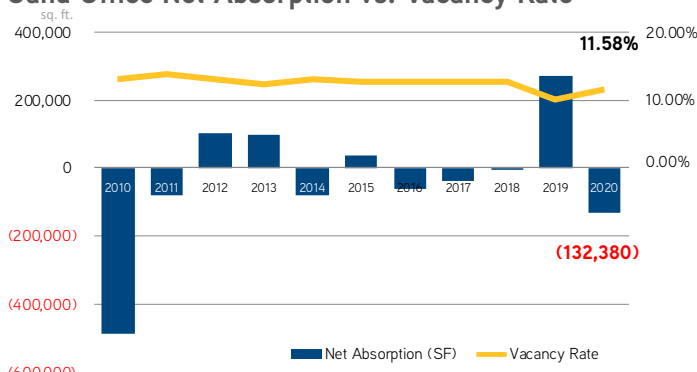
Mike Hamasu Director of Research | Hawaii

For many, 2020 will be a year they want to forget. The COVID-19 pandemic affected every corner of the world as millions of infections resulted in a global economic recession. During the course of 2020, Oahu's unemployment rate hit a record high of 20.8%, as unemployment claims skyrocketed six-fold and every major job category posted a loss of positions.

“Behind the clouds of COVID, the sun is shining. We expect tenant and landlord optimism to grow throughout 2021.”

Brandon Bera (S) CCIM, SIOR, Vice President

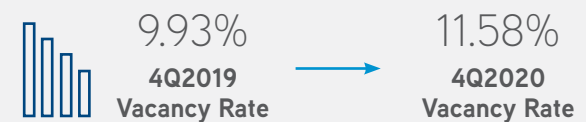
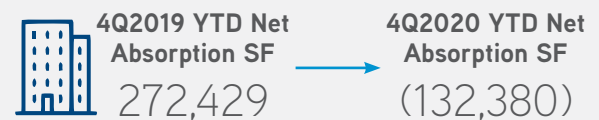
Oahu Office Net Absorption vs. Vacancy Rate



©2020 Colliers International Consulting and Research. All rights reserved.

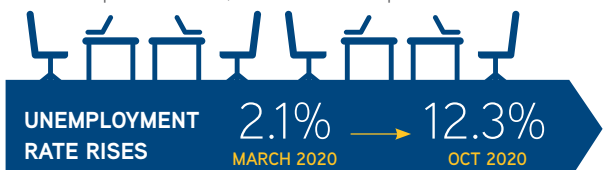
Oahu's office market had just completed its transition to a landlord's market when it took an abrupt reversal at the start of 2020. In the first three quarters the impact of the pandemic generated more than 144,000 square feet of negative net absorption and pushed vacancy rates above 10%, signaling the reversion to a tenant's market.

For the fourth quarter of 2020, the Oahu office market recorded a positive 19,283 square feet of occupancy growth which is mostly attributed to Hawaiian Electric Company's move into their new offices at Alii Place. Unfortunately, this small gain did little to correct the market and the year ended with a loss of 132,380 square feet of occupancy and an 11.58% vacancy rate.



Employment Statistics

Source: Dept of Business, Economic Development and Tourism



Fourth Quarter 2020 - Oahu Office Market Statistics

OFFICE - BY SUBMARKET AREA

	TOTAL NUMBER OF BUILDINGS	TOTAL SQUARE FEET	VACANT SPACE (SF)	VACANCY RATE	4Q NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	LOW AVG. ASKING BASE RENT (PSF/MO)	HIGH AVG. ASKING BASE RENT (PSF/MO)	AVG. OPERATING EXPENSE (PSF/MO)
AIRPORT / MAPUNAPUNA	4	679,916	61,753	9.08%	(8,338)	10,765	\$1.61	\$1.66	\$1.20
CENTRAL BUSINESS DISTRICT	51	6,752,925	882,043	13.06%	71,929	68,521	\$1.41	\$1.58	\$1.36
EAST OAHU	15	468,032	15,996	3.42%	(3,907)	(13,667)	\$2.28	\$2.37	\$1.55
KAKAAKO / KAPIOLANI / KING	41	3,618,990	412,229	11.39%	6,055	(68,652)	\$1.56	\$1.73	\$1.57
KALIHI / IWILEI / KAPALAMA	12	883,227	116,513	13.19%	(39,962)	(92,364)	\$1.49	\$1.52	\$1.14
LEEWARD OAHU	14	719,228	64,697	9.00%	4,296	(29,621)	\$2.16	\$2.53	\$1.41
WAIKIKI	11	711,875	50,275	7.06%	(6,630)	(1,740)	\$1.97	\$2.34	\$1.72
WINDWARD OAHU	8	284,401	31,161	10.96%	(4,160)	(5,622)	\$2.18	\$2.23	\$1.80
TOTALS	156	14,118,594	1,634,667	11.58%	19,283	(132,380)	\$1.70	\$1.87	\$1.46

OFFICE - BY BUILDING CLASS

	TOTAL NUMBER OF BUILDINGS	TOTAL SQUARE FEET	VACANT SPACE (SF)	VACANCY RATE	4Q NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	LOW AVG. ASKING BASE RENT (PSF/MO)	HIGH AVG. ASKING BASE RENT (PSF/MO)	AVG. OPERATING EXPENSE (PSF/MO)
CLASS A	13	4,782,770	538,765	11.26%	55,261	101,493	\$1.51	\$1.68	\$1.45
CLASS B	65	6,499,426	705,528	10.86%	(43,764)	(162,741)	\$1.83	\$2.03	\$1.52
CLASS C	78	2,836,398	390,374	13.76%	7,786	(71,132)	\$1.55	\$1.66	\$1.34
TOTALS	156	14,118,594	1,634,667	11.58%	19,283	(132,380)	\$1.70	\$1.87	\$1.46

© 2020 Colliers International Consulting and Research. All rights reserved.

TERMS AND DEFINITIONS

- INVENTORY - Office buildings greater than 20,000 square feet located on the island of Oahu. Owner-occupied, government, and medical buildings are not included.
- TOTAL SQUARE FEET - All rentable office space exclusive of common areas, elevator shafts and fire escapes.
- VACANT SPACE - Office space that is not occupied by a tenant. This includes sublease space that is unoccupied.
- VACANCY RATE - The ratio of vacant office space divided by the total office inventory square footage.
- NET ABSORPTION - The net change in occupied space over a period of time. Year-to-date net absorption is the difference in occupied space between the end of the previous year and the current quarter.
- AVERAGE ASKING RENT - The ratio of aggregate landlord asking rents divided by the total available space within a specific geography or building class.
- AVERAGE OPERATING EXPENSE - The average rate of tenant expenses such as building utilities, management fees, building maintenance, real property taxes and insurance within a specific geography or building class.
- BASE RENTS - Rents exclusive of building operating expenses.
- FULL SERVICE GROSS RENTS - Base rents plus building operating expense. This is viewed as the tenant's total occupancy cost per square foot.
- BUILDING CLASSIFICATIONS - Adhering to the BOMA guidelines, Class A properties are buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, exceptional accessibility and a definite market presence. Class B buildings compete for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate. Class C buildings are competing for tenants requiring functional space at rents below the average for the area.

EXECUTIVE MANAGEMENT

Sarah Lee Morihara (B)
President/Managing Director
+1 808 523 9706
sarah.morihara@colliers.com

Andrew D. Friedlander (B) SIOR
Principal Broker
+1 808 523 9797
andrew.friedlander@colliers.com

CONSULTING & RESEARCH

Mike Y. Hamasu
Director of Consulting & Research
+1 808 523 9792
mike.hamasu@colliers.com

Nanette Vinton (S)
Research Consultant / Project Manager
+1 808 523 9764
nanette.vinton@colliers.com

OFFICE SERVICES

Karen Birkett (S)
Vice President
+1 808 523 9729
karen.birkett@colliers.com

Brandon Bera (S) CCIM SIOR
Vice President
+1 808 523 8309
brandon.bera@colliers.com

Neal Hafner (S), CCIM
Senior Associate
+1 808 523 8313
neal.hafner@colliers.com

Megan Malloy (S)
Associate
+1 808 523 9731
megan.malloy@colliers.com

Alexander W. Peach (S)
Associate
+1 808 349 6538
alexander.peach@colliers.com

Janna Frash (S)
Associate
+1 808 230 3794
janna.frash@colliers.com



Accelerating success.

Colliers International | Hawaii

220 S. King Street, Suite 1800 | Honolulu, Hawaii 96813

+1 808 524 2666

colliers.com/hawaii