

Retail Market Report

OAHU | MID YEAR 2011

“Resiliency, a retailer survival requirement.”

- Kim F. Scoggins (B)
Vice President

MARKET INDICATORS

	MID YEAR		
	2011	2012	2013
VACANCY	▲	▼	▼
NET ABSORPTION	▼	▲	▲
CONSTRUCTION	▲	▲	▲
RENTAL RATE	▼	▲	▲

RETAIL HIGHLIGHTS

YTD NET ABSORPTION: 10,472 SF

VACANCY RATE: 3.48 %

AVERAGE ASKING NET RENT RANGE \$2.88 - \$3.87 PSF/MO

AVERAGE ASKING NET RENT \$3.38 PSF/MO

AVERAGE OPERATING EXPENSE \$1.10 PSF/MO

Initial Downturn Followed By Recovery

Despite steadily improving economic indicators heading into 2011, the economic shocks from the Japanese earthquake and tsunami, the rising tensions in the Middle East, and the looming state and federal governments budget deficits are likely to put a drag on Hawaii's fledgling economic recovery. Retailers appear to be cautious as growing concerns over global events place a dampening effect on projected expansion plans.

Honolulu's retail market eked out 10,472 square feet of positive net absorption at mid-year 2011 as the island's retail shopping center vacancy rate fell to 3.48% from

3.75% recorded at year-end 2010. Honolulu's retail market has held steady and posted five consecutive years of vacancy rates between 3% and 4%. Although available space remains in short supply, the average asking net rental rate generated its fourth year of declines, falling from the 2008 peak of \$3.74 per square foot per month ("psf/mo") to \$3.38 psf/mo at mid-year 2011. This is a drop of nearly 11% and reflects the soft rental rate conditions facing many shopping centers.

The unemployment rate for Honolulu fell from 5.6% to 5.1% over the past year, with the addition of 850 newly employed



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MidYear 2011 Oahu Retail Market Statistics

Trade Area	Total Inventory	Vacant Space	Vacancy Rate	Net Absorption	Avg. Low NNN Asking Rents	Avg. High NNN Asking Rents	Avg. CAM Expenses
Central Oahu	757,084	13,209	1.74%	(2,452)	\$3.16	\$3.54	\$0.80
East Oahu	1,195,764	18,089	1.51%	17,557	\$4.38	\$5.53	\$1.30
Honolulu	3,400,021	114,548	3.37%	13,049	\$2.34	\$3.56	\$1.57
Leeward Oahu	3,646,760	104,736	2.87%	1,132	\$3.06	\$3.99	\$1.01
North Shore	112,903	1,794	1.59%	2,026	\$1.83	\$2.80	\$1.04
Waianae	288,000	64,182	22.29%	327	\$1.38	\$2.00	\$0.69
Waikiki	1,117,812	56,224	5.03%	(11,282)	\$4.61	\$15.52	\$1.96
West Oahu	693,805	12,039	1.74%	(2,756)	\$3.08	\$4.02	\$0.96
Windward Oahu	1,140,670	45,025	3.95%	(7,129)	\$2.39	\$3.61	\$1.03
Totals	12,352,819	429,846	3.48%	10,472	\$2.88	\$3.87	\$1.10

*Islandwide total for average rents and CAM calculations exclude Waikiki and Ala Moana Shopping Center

Shopping Center Type	Total Inventory	Vacant Space	Vacancy Rate	Net Absorption	Avg. Low NNN Asking Rents	Avg. High NNN Asking Rents	Avg. CAM Expenses
Community / Power Center	2,695,231	136,208	5.05%	(13,118)	\$3.38	\$4.25	\$1.12
Neighborhood	3,689,831	109,830	2.98%	15,708	\$2.88	\$3.76	\$0.98
Regional	4,418,985	46,564	1.05%	11	\$2.77	\$9.85	\$1.85
Resort / Specialty	1,371,584	106,347	7.75%	16,253	\$4.04	\$13.06	\$1.95
Strip	177,188	30,897	17.44%	(8,382)	\$2.87	\$4.16	\$1.19
Totals	12,352,819	429,846	3.48%	10,472	\$2.88	\$3.87	\$1.10

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

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