

Retail Market Report

OAHU | YEAR END 2008

*“Comparatively speaking,
Hawaii outperforms the nation.”*

*-Nanette Macapanpan (S),
Research Consultant/Project Manager*

MARKET INDICATORS

	YEAR END		
	2007	2008	2009
VACANCY	◆	◆	▲
NET ABSORPTION	◆	▲	▼
CONSTRUCTION	▲	▲	▲
RENTAL RATE	▲	▲	▼

RETAIL HIGHLIGHTS

NET ABSORPTION: 509,511 SF

VACANCY RATE: 3.23 %

AVERAGE ASKING RENT

LOW: \$ 3.07 PSF/MO

HIGH: \$ 3.91 PSF/MO

AVERAGE OPERATING EXPENSE

\$ 1.10 PSF/MO

Year-end Retail Market Remains Steadfast

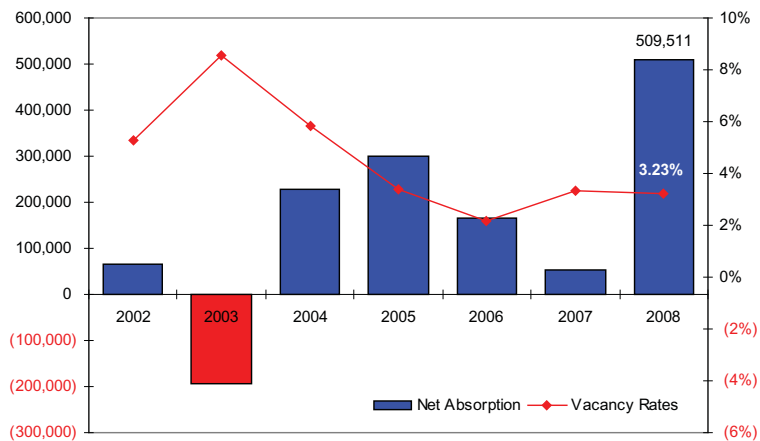
Contrary to the barrage of poor economic news, Honolulu's retail market appeared relatively unscathed through year-end. In fact, most markets would envy the performance that we've had with solid positive absorption, low vacancy rates and rising rents.

The Honolulu retail market posted more than 500,000 square feet of positive absorption in 2008. This figure was driven primarily by new developments delivered over the course of the past year. The new Nordstrom wing at Ala Moana, Pearlridge Uptown II and the Avenue Shops at Safeway added more than 450,000 square feet of new inventory.

At year-end 2008, vacancy rates decreased slightly to 3.23% from the year-end 2007 figure of 3.33%.

The scarcity of available space helped to push rental rates upward. Retail rates rose by 3.9% from a year ago. The average asking retail base rent rose to \$3.47 per square foot per month ("psf/mo") from \$3.34 psf/mo a year ago. Landlords appear steadfast with their asking rents for their available space. However, there are increasing instances where landlords have offered attractive concessions to encourage major anchor tenants to commit to a long-term lease or to their new development.

OAHU RETAIL SHOPPING CENTER NET ABSORPTION VS. VACANCY RATE



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Year End 2008 Oahu Retail Market Statistics

	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	8,382	1.11%	40	\$3.12	\$3.56	\$0.80
East Oahu	1,144,690	9,377	0.82%	87,824	\$4.17	\$4.99	\$1.25
Honolulu	3,400,021	74,992	2.21%	297,170	\$2.86	\$7.07	\$1.50
Leeward Oahu	2,975,228	47,850	1.61%	106,508	\$3.42	\$4.25	\$1.16
North Shore	112,903	4,641	4.11%	5,035	\$1.92	\$2.67	\$1.20
Waianae	288,000	32,643	11.33%	(100)	\$1.88	\$2.88	\$0.66
Waikiki	1,146,140	64,089	5.59%	(12,583)	\$5.06	\$22.00	\$2.13
West Oahu	829,501	86,439	10.42%	9,758	\$3.45	\$4.00	\$0.91
Windward Oahu	1,115,765	51,556	4.62%	15,859	\$2.47	\$3.59	\$0.95
Totals	11,769,332	379,969	3.23%	509,511	\$3.05	\$3.90	\$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	2,398,255	153,776	6.41%	(34,101)	\$3.78	\$4.71	\$1.05
Neighborhood	3,426,066	71,980	2.10%	78,762	\$2.84	\$3.59	\$0.88
Regional	4,367,911	38,905	0.89%	433,539	\$2.92	\$10.10	\$1.64
Resort/Specialty	1,399,912	97,678	6.98%	(6,405)	\$4.56	\$13.84	\$1.89
Strip	177,188	17,630	9.95%	37,716	\$3.00	\$4.04	\$1.02
Totals	11,769,332	379,969	3.23%	509,511	\$3.05	\$3.90	\$1.10

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

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