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## Office Market Snapshot

### Honolulu Central Business District (CBD) Class A

● ● ● ● ● 2005 1st Quarter

The Honolulu CBD Class A Office Market did very well during the first quarter of 2005 with vacancy remaining virtually flat despite the addition of an enormous sublease space from Central Pacific Bank. We had significant absorption of direct lease space, several large sublease spaces were leased and asking rental rates increased.

#### Statistical Highlights for the 1st Quarter of 2005 are:

- The 1st quarter had a negative absorption of 4,430 rentable square feet.
  - Direct lease absorption was positive 14,759 rentable square feet.
  - Sublease absorption was negative 19,189 rentable square feet.
- Total vacancy increased slightly from 13.1% to 13.2%.
  - Direct vacancy decreased while sublease vacancy increased (entirely due to the Central Pacific Bank space at City Financial Tower).
- Average asking base rents (excluding First Hawaiian Center) increased from a range of \$1.33-\$1.51 to \$1.37-\$1.61 per rentable square foot per month.
- Average operating expenses increased from \$0.97 to \$0.99 per rentable square foot per month.
- Full service gross rents (excluding First Hawaiian Center) increased from a range of \$2.30-\$2.48 to \$2.36-\$2.60 per rentable square foot per month.

#### Notable tenancy changes include:

- Harbor Court vacancy decreased by nearly 13,000 square feet due to four new tenants two of which are relocations (DGM and Dubin) within the CBD A market and two are new to the CBD Class A market (although Brookfield Homes and Mobicore are not new to Oahu).
- 1132 Bishop Street's vacancy decreased by several thousand square feet with a lease to CPS, a tenant new to Oahu to full a federal government contract.
- Central Pacific Bank added a 54,743 sublease to the market in City Financial Tower as a result of its merger with City Bank. It also closed its bankers club at the top of Central Pacific Plaza which added several thousand square feet of new vacancy in that building.
- Pauahi Tower's full floor sublease was leased to Carlyle Group on a short term basis.
- ASB Tower's vacancy figures have not yet accounted for significant expansions of Hawaiian Electric and American Savings Bank.
- First Hawaiian Center leased a small space to the US State Department which is tenancy moving out of the federal building
- Pacific Guardian Center's sublease and direct lease vacancies decreased despite Queen Lilioukalani Trust moving to 1100 Alakea Street. The direct leasing was a combination of several small new tenants and expansions. The large reduction of sublease space came as Booz Allen Hamilton subleased a full floor from Tesoro to accommodate increased military work.
- Topa Financial Center's vacancy figures do not reflect the recent lease of approximately 19,000 square feet to University of Phoenix who will be moving across the street from their current Class B location.

