

FIGURES | HAWAII RETAIL | Q4 2022

Hawaii Retail: Maui Leads in Net Absorption for Q4 2022



Note: Arrows indicate change from previous quarter.

Vacancy drops slightly

- Hawaii’s retail vacancy rate drops slightly from 6.5% for Q3 2022 to 6.3% for Q4 2022

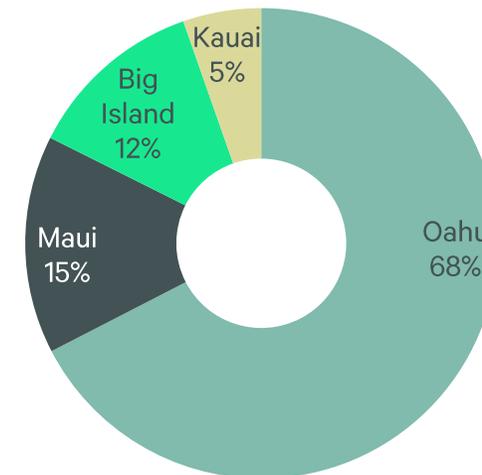
Net absorption increases

- Statewide net absorption increases to 40,984 SF, ending the year with 361,252 SF of net absorption for YTD 2022

Average asking rents remain relatively the same

- The weighted average asking lease rents across Hawaii remain relatively the same at \$4.71 NNN compared to \$4.72 NNN Q3 2022

FIGURE 1: Hawaii Retail Market Distribution



Source: CBRE Research, Q4 2022

Market Overview

Net absorption increased to 40,984SF in Q4 and the vacancy rate dropped slightly from 6.5% to 6.3%, while average asking rates remained relative the same at \$4.71 NNN (compared to \$4.72 NNN in Q3). Much of the net absorption for this quarter occurred in Community/Neighborhood Centers and Specialty Centers with net absorption of 33,661 SF and 24,646 SF respectively.

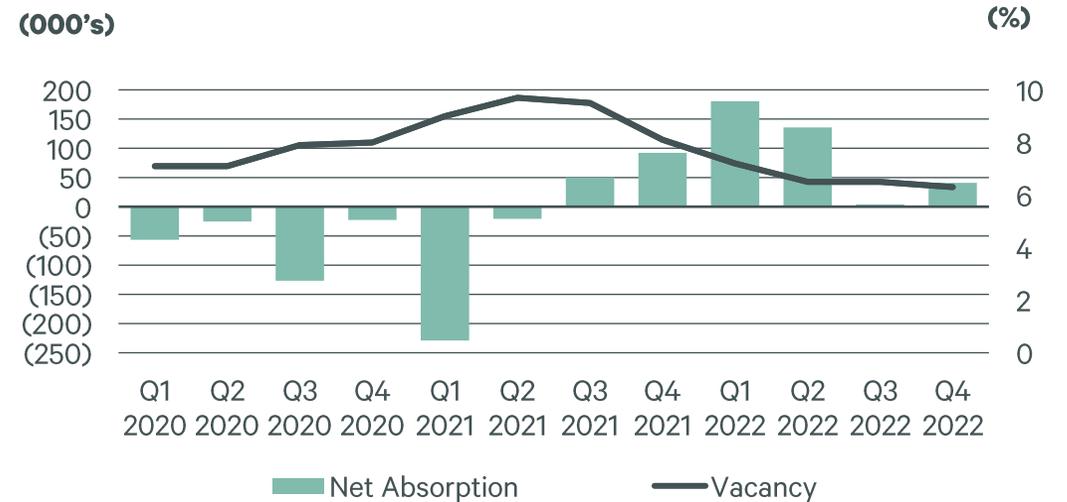
Highest YTD net absorption was in Community/Neighborhood Centers at 144,540 SF, while the rest of the categories were evenly distributed with 71,542 SF for Regional Malls, 70,084 SF for Specialty Centers, and 71,330 SF for Power Centers. The exception are Strip Centers with a YTD net absorption of (4,046) SF and with the highest vacancy rate of 8.9% among all the categories.

By Islands, Maui had the highest net absorption of 55,743 SF for Q4 2022 with no other islands coming close to this figure. Net Absorption YTD has Oahu at 159,523 SF, Maui at 1143,260 SF, Kauai at 58,366 SF and the Big Island at 32,336 SF. Maui still has some room for growth at 11.5% vacancy rate, compared to 9.5% for Big Island, 8.2% for Kauai, and just 4.4% for Oahu.

The top performing retail center categories in Maui were Neighborhood/Community Centers and Specialty Centers in respect to net absorption. This net absorption took place in Wailuku and Lahaina indicating healthy community and tourism activity. Maui also boasts the highest Average Daily Rate in hotel performance and leads the state in rates in the Luxury category.

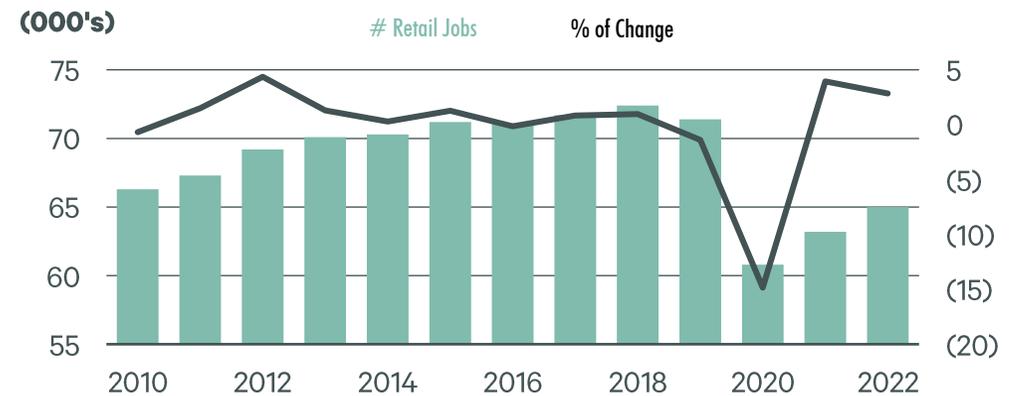
Overall tourism numbers for 2022 are forecasted at 9,277,000 visitors, 85,321,000 visitor days, and \$18,191,000,000 in visitor expenditures. This is surpassing visitor expenditures of \$17,716,000,000 of 2019. Jobs in the sector grew slightly at 2.8% since 2021 and are at 65,000 jobs compared to 71,400 jobs in 2019.

FIGURE 2: Net Absorption and Vacancy Rate



Source: CBRE Research, Q4 2022

FIGURE 3: Retail Job Growth



Source: DBEDT, 2022

FIGURE 4: Market Statistics

Retail Centers	Total Centers	Gross Leasable Area (SF)	Total Vacant Area (SF)	Total Vacancy Rate (%)	Avg. Operating Expenses (\$/SF/Mo)	Low Net Asking Rent** (\$/SF/Mo)	High Net Asking Rent** (\$/SF/Mo)	Average Net Asking Rent** (\$/SF/Mo)	Q4 Net Absorption (SF)
Community / Neighborhood Centers	77	9,713,060	796,629	8.2%	\$0.98	\$3.20	\$3.74	\$3.47	33,661
Regional Malls	8	5,735,155	128,698	2.2%	\$2.49	\$8.25	\$8.88	\$8.56	5,195
Specialty Centers	23	2,339,495	157,298	6.7%	\$2.17	\$8.61	\$10.87	\$9.74	24,649
Strip Centers	17	904,194	80,295	8.9%	\$1.05	\$3.06	\$4.48	\$3.77	(21,194)
Power Centers	7	2,155,838	163,308	7.6%	\$0.75	\$2.45	\$2.86	\$2.66	(1,327)
Outlet Centers	1	209,280	0	0.0%	-	-	-	-	0
Islands									
Oahu	80	14,196,049	624,762	4.4%	\$1.34	\$5.97	\$7.07	\$6.52	1,321
Maui	24	3,155,660	363,753	11.5%	\$1.08	\$3.28	\$3.96	\$3.62	55,743
Big Island	20	2,577,294	244,662	9.5%	\$1.37	\$2.81	\$3.17	\$2.99	(12,170)
Kauai	9	1,128,019	93,051	8.2%	\$0.87	\$2.88	\$3.46	\$3.17	(3,910)
State of Hawaii	131	21,057,022	1,326,228	6.3%	\$1.24	\$4.32	\$5.10	\$4.71	40,984

Source: CBRE Research, Q4 2022

*State of Hawaii lease rates are a weighted average number utilizing the Retail Center data. Lease rates have been adjusted by calculating a weighted average number based on vacant area, which may affect historical data. Previously untracked centers were added, which may affect historical data. Rates for Outlet centers are straight averages due to historically low vacancy.

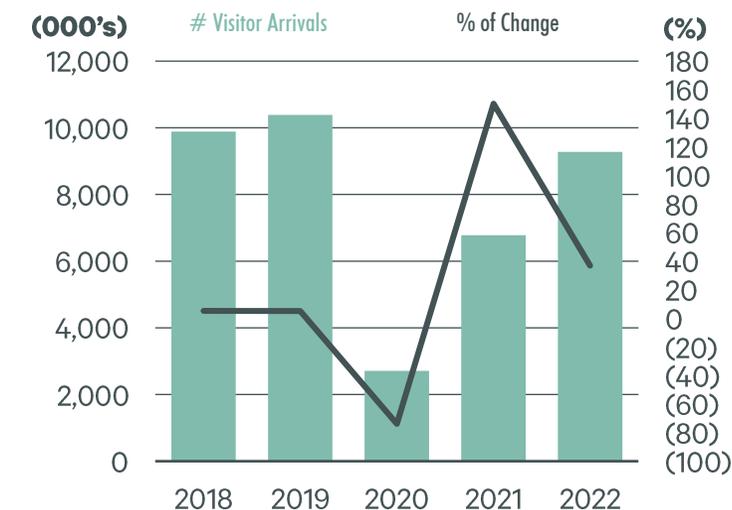
FIGURE 5: Historical Tourism Activity

Measure	2019	2020	2021	2022*
Visitor Arrivals (thousands)	10,386	2,708	6,777	9,277*
Visitor Days (thousands)	90,360	28,659	65,343	85,321*
Visitor Expenditures (millions of \$)	17,716	4,669	12,996	18,197*

Source: DBEDT, 2021

*Forecasted using UHERO estimates for 2022

FIGURE 6: Historical Visitor Arrivals



Lease Rates

The weighted average asking lease rents across Hawaii decreased slightly from \$4.72 NNN Q3 2022 to \$4.71 NNN Q4 2022. The average CAM also decreased slightly from \$1.25 to \$1.24/SF. Average rents on the neighbor islands went from a range of \$3.02 – \$3.61 NNN from the previous quarter to a range of \$2.99 – \$3.62 NNN for this quarter. Oahu averaged significantly higher at \$6.52, due to much of the inventory in premium areas such as Ala Moana Center (Regional Mall) and Waikiki (Specialty Centers). By categories rents decreased from \$8.58 NNN Q3 2022 to \$8.56 NNN Q4 2022 for Regional Malls, from \$3.84 NNN to \$3.77 NNN for Strip Centers, and from \$3.50 NNN to \$3.47 NNN for Community/Neighborhood Centers. Rents increased from \$8.94 NNN to \$9.74 NNN for Specialty Centers and increased slightly for Power Centers from \$2.65 to \$2.66.

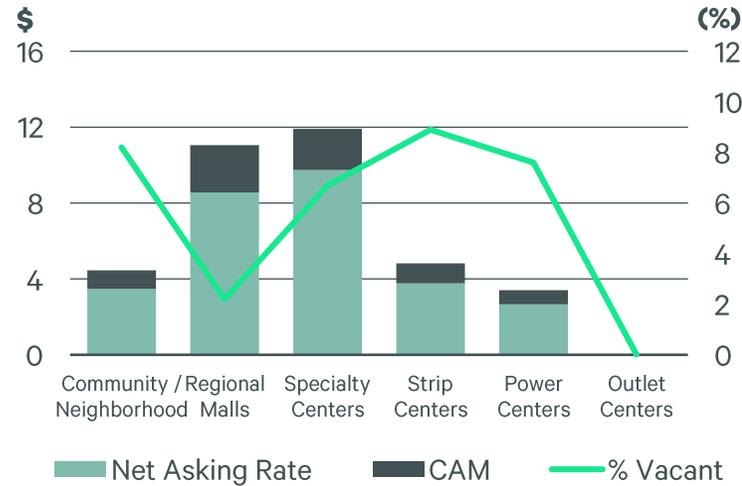
Net Absorption

Statewide net absorption increased to 40,984 SF, ending the year with 361,252 SF of net absorption. Maui had the highest net absorption of 55,743 SF for Q4 2022. Highest YTD net absorption was in the Community/Neighborhood Centers category at 144,540 SF, while the rest of the categories were evenly distributed with 71,542 SF for Regional Malls, 70,084 SF for Specialty Centers, and 71,330 SF for Power Centers. The exception are Strip Centers with a YTD net absorption of (4,046) SF

Availability & Vacancy

Hawaii's average retail vacancy decreased slightly from 6.5 to 6.3% Q4 2022 when compared to the prior quarter. Oahu remained at 4.4%, while Maui decreased from 13.3% Q3 2022 to 11.5% Q4 2022. Kauai increased from 7.9% to 8.2%, and the Big Island increased from 9.0% to 9.5%. Year over year comparison by centers indicates drops of availability across the board, with Community/Neighborhood Centers decreasing from 9.8% Q4 2021 to 8.2% Q4 2022, Regional Malls from 3.5% to 2.2%, Specialty Centers from 9.7% to 6.7%, Power Centers from 10.9% to 7.6%, and Outlet Centers from 2% to fully leased. Strip Centers were the only exception, with an increase of availability from 8.5% to 8.9%.

FIGURE 7: CAM & Asking Lease Rates



Source: CBRE Research, Q4 2022

FIGURE 8: Quarterly Net Absorption

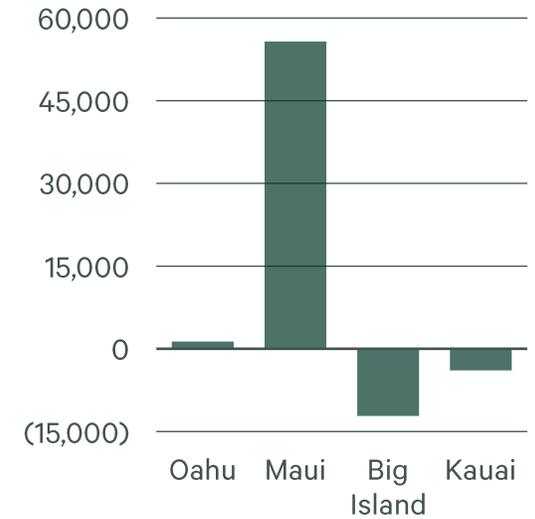
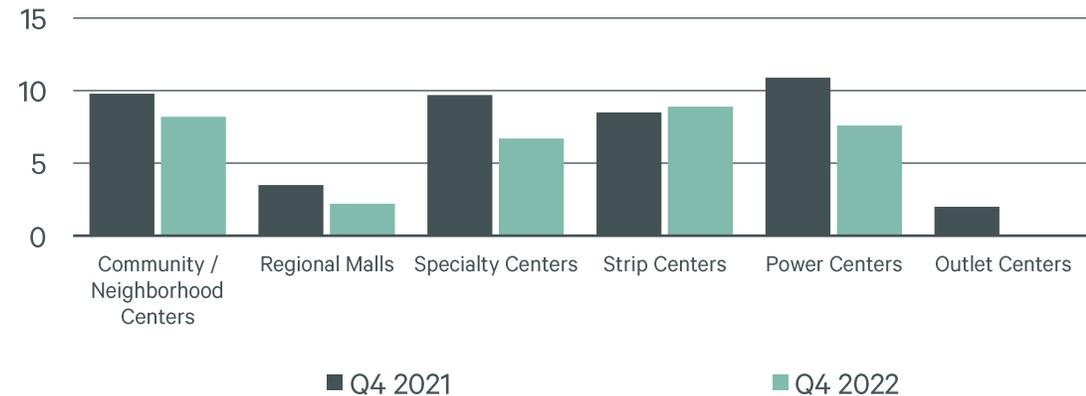


FIGURE 9: Year over Year Availability Rate



Source: CBRE Research, Q4 2022

Market Area Overview



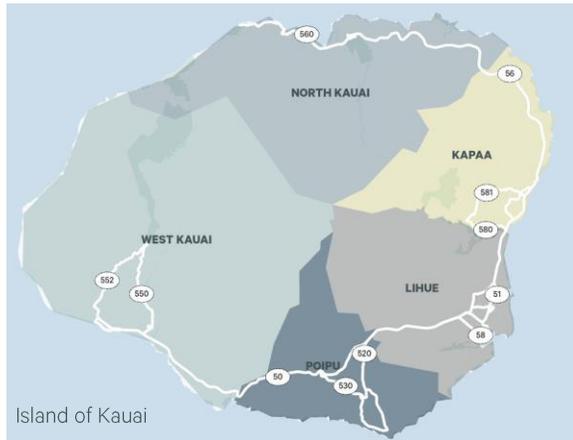
Island of Oahu



Island of Maui



Big Island



Island of Kauai

Survey Criteria

Market Coverage includes competitive retail properties generally over 20,000 sq. ft. in five reported categories, selected from all four major Hawaiian islands, excluding properties under construction.

Honolulu – Bishop Square

1003 Bishop St, Suite 1800

Honolulu, HI 96813

+1 808 521 1200

Contacts

Blair Bonuccelli

Managing Director
Blair.Bonuccelli@cbre.com

Zach DiSalvo

Field Research Manager
Zach.DiSalvo@cbre.com

Maggie Lui

Field Research Analyst
Maggie.Lui@cbre.com

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