

FIGURES | HONOLULU OFFICE | Q1 2026

Negative absorption moderates as rents continue rising

▼ 11.5%

Vacancy Rate

▲ (1,679)

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▼ \$3.59

FSG/MTH Direct Lease Rate

Note: Arrows indicate change from previous quarter.

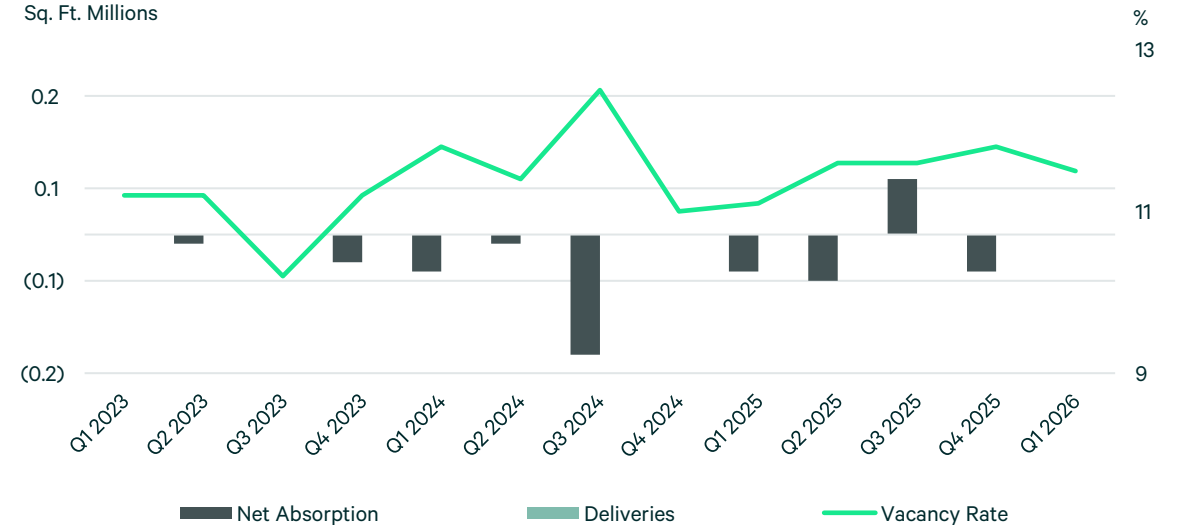
Market Overview

In Q1 2026, market indicators showed continued improvement from the patterns seen in late 2024 and 2025. Net absorption measured negative 1,679 sq. ft., a notable recovery compared with negative 39,956 sq. ft. in Q4 2025 and negative 131,405 sq. ft. in Q3 2024.

Vacancy declined to 11.5%, down 0.3 percentage points from Q4 2025 and 1.0 percentage point below the 12.5% recorded in Q3 2024. Availability followed a similar trajectory, falling to 12.9% from 13.2% in Q4 2025 and 14.2% in Q3 2024. Average asking rents were \$3.59 per sq. ft., down slightly from \$3.61 per sq. ft. in Q4 2025.

On a year-over-year basis, vacancy was 0.4 percentage points above the 11.1% reported in Q1 2025, and availability was 0.2 percentage points higher than the 12.7% level recorded a year earlier. Average asking rents rose 4.7% year-over-year, increasing from \$3.43 to \$3.59 per sq. ft. With no new construction deliveries or inventory under development during the period, the total building stock remained unchanged.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy
Sq. Ft. Millions



Source: CBRE Research, Q1 2026

Vacancy

Class A vacancy declined 80 bps quarter-over-quarter and 30 bps year-over-year to 11.4% in Q1 2026, with direct vacancy falling 80 bps over the quarter to 10.6% and sublease vacancy steady at 0.8%. Class B vacancy moved in the opposite direction, rising 70 bps quarter-over-quarter and 160 bps year-over-year to 11.7%, driven by a 60 bps QoQ increase in direct vacancy to 11.5%, while sublease vacancy held at 0.2%.

The Class A–B vacancy relationship has shifted notably over the past year. Class B vacancy was 160 bps below Class A in Q1 2025 and 120 bps lower in Q4 2025; it now sits 30 bps above Class A — a meaningful reversal.

Vacancy patterns vary considerably by submarket. Downtown (CBD) Class A vacancy is the tightest at 6.8%, while Class A vacancy reaches 19.5% in Kapiolani and 29.9% in West Honolulu. On the Class B side, West Oahu and Waikiki post vacancy of 22.0% and 19.5%, respectively, while Windward (2.0%) and West Honolulu (6.0%) record the lowest Class B levels.

Asking Rent

The overall average direct asking rent in Q1 2026 was \$3.59 per sq. ft., edging down 0.6% from Q4 2025 but up 4.7% year-over-year. Class A rents declined 2.9% quarter-over-quarter from \$3.79 to \$3.68 per sq. ft. yet remain 3.4% above their Q1 2025 level. Class B rents moved in the opposite direction, rising from \$3.27 to \$3.44 per sq. ft. over the quarter and 7.5% year-over-year — outpacing both Class A and the overall market.

At the submarket level, Waikiki commands the highest asking rents in the metro, with a combined Class A and B average of \$4.60 per sq. ft. — Class A at \$4.37 and Class B at \$4.83 per sq. ft. At the other end of the spectrum, Class B space in Kapiolani is the most affordable in the market at \$1.52 per sq. ft., followed by East Honolulu Class B at \$2.03 per sq. ft.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption in Q1 2026 totaled negative 1,679 sq. ft., a significant improvement over the negative 39,956 sq. ft. recorded in Q4 2025 and negative 36,484 sq. ft. in Q1 2025. Class A posted 41,718 sq. ft. of positive net absorption, fully offset by negative 43,397 sq. ft. across all other classes. On a four-quarter rolling average, Class A demand has recovered to 5,157 sq. ft., while all other classes remain in contraction at negative 12,820 sq. ft.

Downtown (CBD) was the only submarket to record positive net absorption in Q1 2026, contributing 43,017 sq. ft. across all property classes. The remaining six submarkets were negative: Central Oahu (negative 13,043 sq. ft.), Waikiki and Kapiolani combined (negative 19,195 sq. ft.), West Honolulu (negative 7,381 sq. ft.), West Oahu (negative 3,650 sq. ft.), and East Oahu (negative 1,496 sq. ft.).

Construction Activity

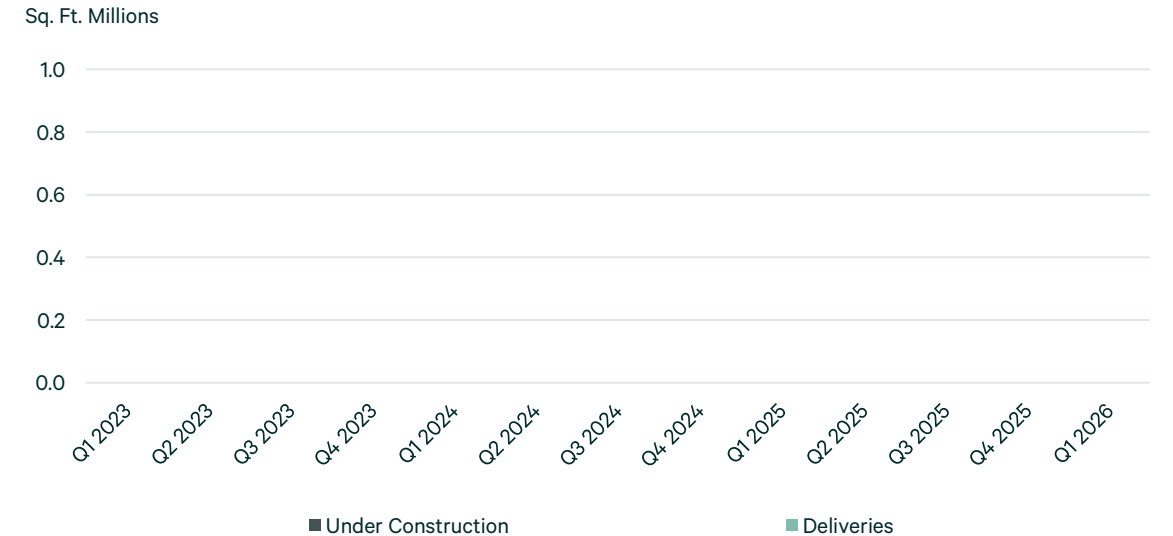
No new construction activity was recorded in Q1 2026, continuing a trend that has held consistently since Q1 2023. The absence of new development reflects the market's cautious approach to supply-side growth amid ongoing demand uncertainty. With no deliveries and no projects underway, the existing building stock remains unchanged.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

Leasing Activity

Leasing volume rebounded strongly in Q1 2026, reaching 209,386 sq. ft. — nearly double the 80,806 sq. ft. recorded in Q4 2025 and well above the 147,369 sq. ft. from a year earlier. On a rolling four-quarter basis, total leasing volume reached 561,309 sq. ft., continuing a steady upward trend.

Downtown (CBD) drove most of the activity, accounting for 150,777 sq. ft. across all property classes, followed by Kapiolani at 34,182 sq. ft. Smaller contributions came from West Honolulu (16,921 sq. ft.), West Oahu (3,548 sq. ft.), and East Honolulu (1,114 sq. ft.).

Figure 6: Leasing Activity Trend



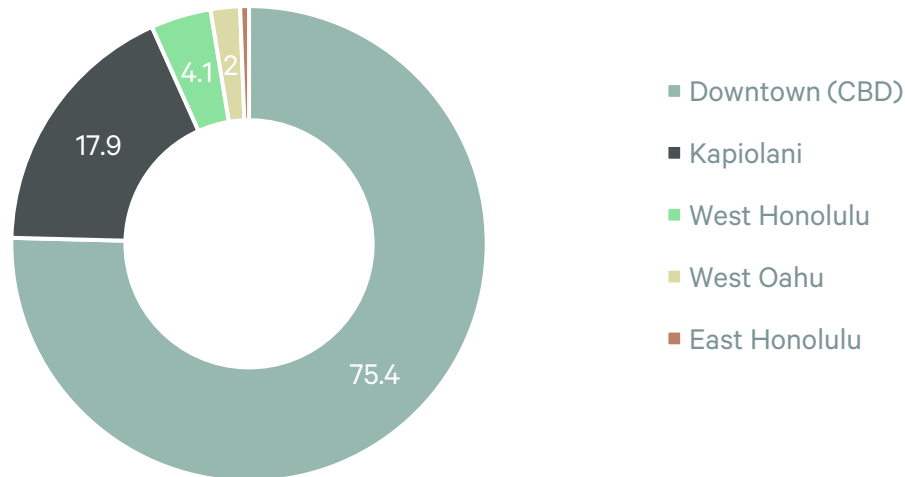
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

| Transaction Type | Address | Submarket |
|------------------|--------------------|----------------|
| New Lease | 1001 Bishop St | Downtown (CBD) |
| New Lease | 677 Ala Moana Blvd | Kapiolani |
| Renewal | 999 Bishop St | Downtown (CBD) |
| Renewal | 1003 Bishop St | Downtown (CBD) |
| New Lease | 680 Iwilei Rd | West Honolulu |
| Renewal | 1099 Alakea St | Downtown (CBD) |
| New Lease | 220 S King St | Downtown (CBD) |

Source: CBRE Research, Q1 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: Suburban Market Statistics by Class

| Property Class | Net Rentable Area (MSF) | Total Vacancy (%) | Total Availability (%) | Direct Availability (%) | Sublease Availability (%) | Avg. Direct Asking Rate (\$/SF FSG/mth) | Current Quarter Net Absorption (SF) | YTD Net Absorption (SF) | Deliveries (SF) | Under Construction (SF) |
|----------------|-------------------------|-------------------|------------------------|-------------------------|---------------------------|---|-------------------------------------|-------------------------|-----------------|-------------------------|
| Class A | 2.87 | 18.5 | 20.4 | 19.3 | 1.1 | 3.75 | (5,000) | (5,000) | - | - |
| Class B | 3.26 | 10.4 | 11.4 | 11.2 | 0.2 | 3.46 | (39,000) | (39,000) | - | - |
| Total | 6.13 | 14.2 | 15.6 | 15.0 | 0.6 | 3.64 | (45,000) | (45,000) | - | - |

Source: CBRE Research, Q1 2026

Figure 10: Urban Market Statistics by Class

| Property Class | Net Rentable Area (MSF) | Total Vacancy (%) | Total Availability (%) | Direct Availability (%) | Sublease Availability (%) | Avg. Direct Asking Rate (\$/SF FSG/mth) | Current Quarter Net Absorption (SF) | YTD Net Absorption (SF) | Deliveries (SF) | Under Construction (SF) |
|----------------|-------------------------|-------------------|------------------------|-------------------------|---------------------------|---|-------------------------------------|-------------------------|-----------------|-------------------------|
| Class A | 4.48 | 6.8 | 8.4 | 7.8 | 0.6 | 3.57 | 47,000 | 47,000 | - | - |
| Class B | 0.87 | 16.4 | 16.5 | 16.2 | 0.3 | 3.40 | (4,000) | (4,000) | - | - |
| Total | 5.35 | 8.4 | 9.7 | 9.2 | 0.5 | 3.52 | 43,000 | 43,000 | - | - |

Source: CBRE Research, Q1 2026

Figure 11: Metro Market Statistics by Class

| Property Class | Net Rentable Area (MSF) | Total Vacancy (%) | Total Availability (%) | Direct Availability (%) | Sublease Availability (%) | Avg. Direct Asking Rate (\$/SF FSG/mth) | Current Quarter Net Absorption (SF) | YTD Net Absorption (SF) | Deliveries (SF) | Under Construction (SF) |
|----------------|-------------------------|-------------------|------------------------|-------------------------|---------------------------|---|-------------------------------------|-------------------------|-----------------|-------------------------|
| Class A | 7.35 | 11.4 | 13.1 | 12.3 | 0.8 | 3.68 | 42,000 | 42,000 | - | - |
| Class B | 4.14 | 11.7 | 12.5 | 12.2 | 0.2 | 3.44 | (43,000) | (43,000) | - | - |
| Total | 11.48 | 11.5 | 12.9 | 12.3 | 0.6 | 3.59 | (2,000) | (2,000) | - | - |

Source: CBRE Research, Q1 2026

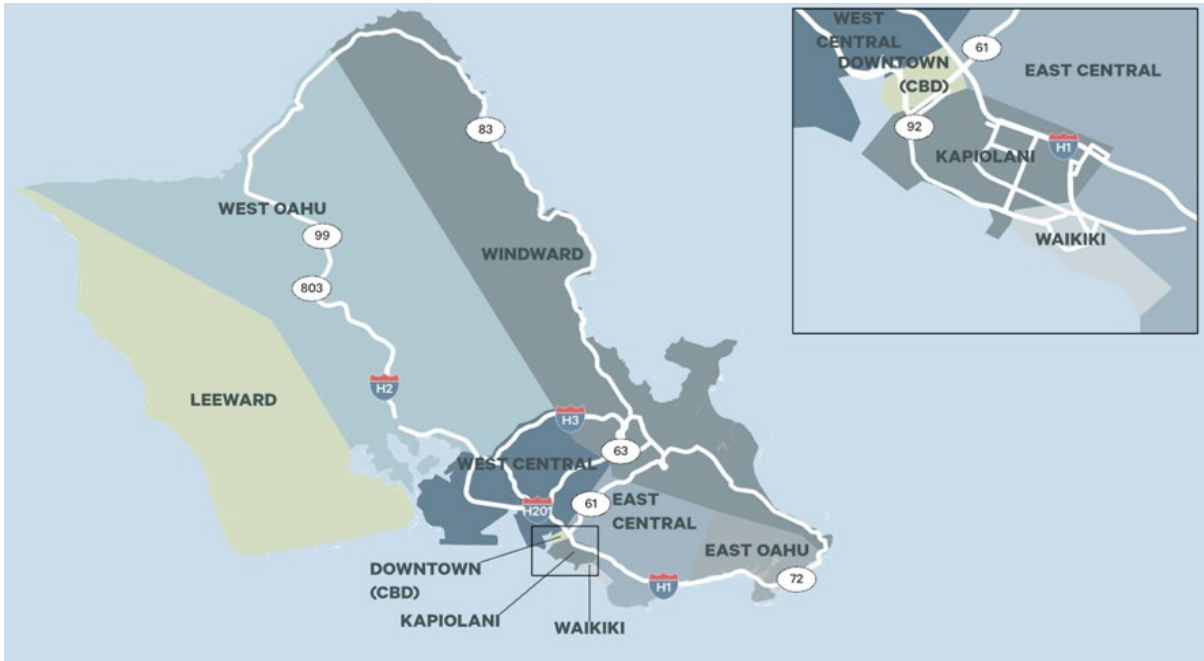
Market Statistics by Submarket

Figure 12

| Submarket | Net Rentable Area (MSF) | Total Vacancy (%) | Total Availability (%) | Direct Availability (%) | Sublease Availability (%) | Avg. Direct Asking Rate (\$/SF FSG/mth) | Current Quarter Net Absorption (SF) | YTD Net Absorption (SF) | Deliveries (SF) | Under Construction (SF) |
|----------------|-------------------------|-------------------|------------------------|-------------------------|---------------------------|---|-------------------------------------|-------------------------|-----------------|-------------------------|
| Central Oahu | 0.34 | 11.2 | 11.2 | 10.7 | 0.5 | 3.75 | (13,000) | (13,000) | - | - |
| Downtown (CBD) | 5.35 | 8.4 | 9.7 | 9.2 | 0.5 | 3.52 | 43,000 | 43,000 | - | - |
| East Honolulu | 0.11 | 9.4 | 10.7 | 10.7 | - | 2.03 | - | - | - | - |
| East Oahu | 0.16 | 7.2 | 9.0 | 9.0 | - | 3.73 | (1,000) | (1,000) | - | - |
| Kapiolani | 2.89 | 18.5 | 19.6 | 18.8 | 0.8 | 3.64 | (10,000) | (10,000) | - | - |
| Waikiki | 0.61 | 14.2 | 14.2 | 12.8 | 1.4 | 4.60 | (10,000) | (10,000) | - | - |
| West Honolulu | 1.39 | 7.0 | 10.1 | 9.9 | 0.2 | 3.23 | (7,000) | (7,000) | - | - |
| West Oahu | 0.42 | 22.0 | 22.3 | 21.7 | 0.6 | 3.50 | (4,000) | (4,000) | - | - |
| Windward | 0.22 | 2.0 | 3.2 | 3.2 | - | 3.52 | - | - | - | - |
| Total | 11.48 | 11.5 | 12.9 | 12.3 | 0.6 | 3.59 | (2,000) | (2,000) | - | - |

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Contacts

Blair Bonuccelli
 Managing Director
 Blair.Bonuccelli@cbre.com

Zach DiSalvo
 Field Research Manager
 Zach.DiSalvo@cbre.com

George Egan
 Field Research Analyst
 George.Egan@cbre.com