

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
Honolulu, Hawaii 96813

December 6, 2017

Chairperson and Members
Hawaii Community Development Authority
State of Hawaii
Honolulu, Hawaii

HCDA Board Members:

SUBJECT: Shall the Authority Adopt the Findings and Recommendations of the Financial Position Task Force for Goals Two and Three?

SUMMARY:

The Financial Position Task Force (Task Force) identified four *incremental goals* to fulfill its scope of work at the June 7, 2017 HCDA General Meeting. Of its four goals, the task force is presenting its findings and recommendations for goals two and three as follows:

Goal 2 – Maintain legislative funding for HCDA staff positions.

Findings:

1. Act 124, of the 2016 Legislative Session, changed the funding for 19 of HCDA's 23 staff positions, from general obligation bond funded capital improvement project (CIP) positions, to general funded capital improvement project positions.
2. Pursuant to Act 49, of the 2017 Legislative Session, 19 of HCDA's 23 will be required to be paid from the Hawaii Community Development Revolving Fund (HCDRF), effective July 1, 2018.
3. HCDRF revenues and current cash balances are inadequate to sustain HCDA operations and fund HCDA staff positions.

Recommendations:

1. Submit a supplemental budget request for the 2018 Legislative Session to restore funding for 19 of HCDA's 23 staff positions.
2. Reach out to Legislators and other key budget decision-makers and staff on the financial position of the HCDA and limitations of the HCDRF.

Goal 3 – Evaluate opportunities to enhance revenues generated by HCDA properties.

Findings:

1. Prudent management of HCDA's portfolio is critical to sustain operations and the success of HCDA's mission.
2. Nominal leases, public facilities, and underdeveloped properties must be balanced by revenue generating properties.

Recommendations:

1. Develop and implement policies to ensure the prudent management of HCDA properties that balances revenue generation with HCDA's mission.
2. Implement recommendations contained in the HCDA Portfolio Optimization Analysis prepared by Colliers International (Colliers Report, Attachment 2) on page 61 to capitalize on opportunities in the near-term.

AUTHORITY:

Permitted interactions of a group of board members is governed by Hawaii Revised Statutes (HRS) § 92-2.5(b) which states that two or more members of a board, but less than the number of members which would constitute a quorum may be assigned to:

- (1) Investigate a matter relating to the official business of their board, provided that:
 - (A) The scope of the investigation and the scope of each members authority are defined at a meeting of the board;
 - (B) All resulting findings and recommendations are presented to the board at a meeting of the board; and
 - (C) Deliberation and decision-making on the matter investigated, if any, occurs only at a duly noticed meeting of the board held subsequent to the meeting at which the findings and recommendations of the investigation were presented to the board.

The task force was formed at the May 3, 2017 meeting to evaluate the financial position of the HCDA and the potential of further revenue generation.

With the presentation of findings and recommendations contained herein, the board would be able to adopt the task force findings and recommendations as early as its next scheduled meeting.

BACKGROUND:

The task force was formed at the May 3, 2017 meeting and include members, Mary Pat Waterhouse (task force chair), Wei Fang, Michael Golojuch, Sr., and Shirley Swinney. Member Jason Okuhama was later added to the task force at the June 7, 2017 meeting.

In its update to the Authority on June 7, 2017, Member Waterhouse on behalf of the task force identified the following *incremental* goals towards achieving the scope of work it was assigned in May.

- Goal 1 – Establish a framework for forecasting future resource needs and deploying current resources;
- Goal 2 – Maintain legislative funding for HCDA staff positions;
- Goal 3 – Evaluate opportunities to enhance revenues generated by HCDA properties; and
- Goal 4 – Consider containment of current costs and liabilities.

Relative to Goal 1, the task force presented its findings and recommendations at the July 5, 2017 General Meeting. These findings and recommendations were subsequently adopted at the September 6, 2017 General Meeting.

In association with Goal 3, the task force received board approval at the July 5, 2017 meeting to engage a consultant to evaluate HCDA's portfolio of assets. Colliers International was selected to perform the analysis and a copy of their report is included as Attachment 2.

GOAL 2: MAINTAIN LEGISLATIVE FUNDING FOR HCDA STAFF POSITIONS

FINDINGS:

Finding 1 – Act 124, of the 2016 Legislative Session, changed funding for 19 of HCDA's 23 staff positions, from general obligation bond funded CIP positions, to general funded capital improvement project positions.

- a. The change in funding was due to increased scrutiny and oversight of the expenditure of tax-exempt bond proceeds as the HCDA has not been as active in the development of public facilities as it was in the past.
- b. HCDA staff positions were transferred, from the general obligation bond pool, which has more available capital, to the general fund, which has very limited funding.

Finding 2 – Pursuant to Act 49, of the 2017 Legislative Session, 19 of HCDA's 23 will be required to be paid from the HCDRF, effective July 1, 2018.

- a. Section 3(A)(24) of Act 49 allocates \$1,450,000 of revolving funds in fiscal year 2019 for the payment of the 19 staff positions.
- b. Section 7(3) of Act 49 reads, "During fiscal year 2017-2018, the Hawaii community development authority shall plan for and take any action necessary to accommodate the change in means of financing for the 19.00 permanent positions from general funds to revolving funds commencing fiscal year 2018-2019."
- c. With the addition of fringe and scheduled collective bargaining increases, funding for the 19 staff positions is approximately \$2,550,000 per year and would have to be funded by revenues generated by HCDRF revenues and assets.

Finding 3 – HCDRF revenues and current cash balances are inadequate to sustain HCDA operations and fund HCDA staff positions.

- a. Since the transfer of Kakaako Makai property to OHA to settle the State's past due ceded land payment, the income from HCDA properties has been insufficient to cover recurring operating expenses, losing over \$2,000,000 in annual rental income.
- b. Over 75% of the HCDA's cash balance is restricted based on the programs from which this funding is derived, see balances and restrictions on Attachment 1.
- c. HCDA programs and fees are not adequate to sustain operations and using them to pay salaries would leave little (if any) for their intended use as these programs were not designed to cover staff costs, see a description of revenues on Attachment 1.

- d. Funding the 19 staff positions from the HCDRF would increase expenses by approximately, \$2,550,000 per year.

RECOMMENDATIONS:

Recommendation 1 – Submit a supplemental budget request for the 2018 Legislative Session to restore funding for 19 of HCDA’s 23 staff positions. While the HCDA’s 19 staff positions were classified as temporary positions when funded as CIP, the general funding request should reflect the 19 positions as permanent position.

Funding the staff salaries from the HCDRF is detrimental to the sustainability of the fund and utilize funding otherwise intended for direct investment in HCDA community development districts as contemplated in the development of HCDA’s programs. Until the HCDA can bolster its unrestricted revenue sources, funding for HCDA staff position requires support from the Legislature.

Recommendation 2 – Reach out to Legislators and other key budget decision-makers and staff on the financial position of the HCDA and limitations of the HCDRF.

As indicated in Attachment 1, while the HCDA has approximately \$27,000,000 in its revolving fund over 75% of it is otherwise intended for other uses, as codified in statute or administrative rules. These funds have also accumulated quickly only over the past 5 years as a result of the market cycle in Kakaako which has slowed significantly.

If it is the Legislature’s intent to have the HCDRF fund the staff positions, the HCDA would require additional unrestricted sources of revenues (e.g. rental income from land, tax allocation, etc.).

GOAL 3 – EVALUATE OPPORTUNITIES TO ENHANCE REVENUES GENERATED BY HCDA PROPERTIES

FINDINGS:

Finding 1 – HCDA operations rely heavily on revenues generated by its properties.

- a. Revenues generated thru HCDA leasing and management activities as other HCDA revenues streams have restrictions on use and cannot be used to fund operations.
- b. Each year approximately \$1,375,000 of leasing and management revenues is budgeted for the general and administrative operations of the HCDA, such as office space, office equipment, and the salary of four full-time staff positions that is necessary for administering HCDA’s three community development districts.
- c. Revenues from leasing and management activities must also be reinvested in the properties from which they are derived in the form of maintenance, capital improvements, and property management.
- d. HCDA’s mission also requires the development public facilities such as parks and roads; the maintenance of these public facilities are also partially paid from HCDA leasing and management activities.

- e. The formulation and maintenance of community development plans and rules is a core function of the HCDA by statute; the process is costly and onerous, and is also funded by leasing and management revenues.

Finding 2 – Nominal leases, public facilities, and underdeveloped properties must be balanced by revenue generating properties.

- a. After the loss of makai property to OHA, HCDA’s property portfolio is unbalanced with an emphasis on undeveloped land, public facilities and nominal leases; having lost developed properties that yield better cash flow.
- b. The HCDA also regularly receives inquiries for increased public facilities and nominal leases for its properties.
- c. The HCDA lacks policies to guide its decisions its leasing and management activities to ensure the sustainability of HCDA operations.

RECOMMENDATIONS:

Recommendation 1 – Develop and implement policies to ensure the prudent management of HCDA properties that balances revenue generation with HCDA’s mission.

As an essential component to sustaining HCDA operations policies should be implemented to guide real estate decisions. The policy should recognize the HCDA’s unique mission and include considerations towards mitigating long-term exposure to below-market leases and public facility maintenance costs.

The proposed guidelines could be captured in an overall leasing policy with individual sections that specifically address areas such as:

- Solicitation of property for lease;
- Process for unsolicited proposals;
- Establishing market rent;
- Due diligence requirements for leasing decisions;
- Evaluating below-market lease proposals; and
- General lease terms and conditions.

The task force recommends that the board direct staff to develop policies for review and approval by the Board at a subsequent date.

Recommendation 2 – Implement recommendations contained in the Colliers Report on page 61, to capitalize on opportunities in the near-term.

In evaluating the revenue generation of HCDA’s assets, the Colliers Report, included as Attachment 2, identified a number of near-term opportunities that could be pursued to generate more revenues. While the report also identifies other mid- and long-term solutions the report is based on current conditions, which may not represent an optimal opportunity for the future.

These mid- and long-term opportunities are helpful in informing any current or near-term decisions on these assets (e.g. maintenance, investments) as well as long-term planning.

Implementing the near-term opportunities would yield benefits in the near-term and therefore should be pursued. The task force recommends that staff would be best positioned to recommend the timing and approach to implement these opportunities. As these opportunities would require long-term leases and capital improvements, any final action would still require board approval.

Attachment 1 – Summary of HCDA Revolving Funds and Subaccounts

Attachment 2 – HCDA Portfolio Optimization Analysis



HCDA Portfolio Optimization Analysis

Prepared for
Hawaii Community Development Authority

November 14, 2017

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Colliers International Hawaii Research and Consulting (“Colliers”) was engaged by Hawaii Community Development Authority (“HCDA”) to evaluate selected properties of their Kakaako and Kalaeloa property portfolio with the intent to identify ways to optimize the revenue potential for these properties.

Development Priorities Identified

- Colliers identified top five priorities for short term optimization that would be accomplished for less than \$200,000 in capital improvements or expenses within a 3 year time frame.
- Colliers will identify a mid-term plan that will cover property redevelopment/rehabilitation that could be accomplished for an investment of \$2,000,000 within a 7-year time frame.
- Colliers will develop a long term plan that would cover rehabilitation and/or development options that could be accomplished within a 10- year time frame.

Colliers followed a prescribed process in evaluating each property's optimal potential.

1. **Review property characteristics** - Colliers reviewed each property for parcel size and building improvement square footage, current zoning, current use, ingress and egress, and surrounding property use.
2. **Review ground and space lease terms and conditions** - Colliers reviewed ground lease and property lease documentation for terms, conditions, rent, intended use and expiration dates.
3. **Conduct building and property inspection** – Colliers reviewed site and property conditions as well as identified any potential deferred maintenance issues, as applicable.
4. **Review building operations** - Colliers reviewed building operating expenses for each site, as applicable, to determine if each property was being efficient in its operation.
5. **Review redevelopment/development options** – Colliers reviewed current zoning and land use codes to determine if there were alternative commercial uses for the site.
6. **Conduct market rent study** - For those properties that could potentially be converted or developed into alternative uses, Colliers conducted industrial, office, parking, medical office, and retail market rent studies for the target trade areas. Colliers then evaluated whether the market rent would support alternative “higher and better” uses.
7. **Conduct market demand study** –Colliers conducted a market demand study for those sites where potential market rents would support development costs.
8. **Conduct financial analysis** –Colliers examined the viability of a proposed development opportunity, where applicable.
9. **Create development project matrix** – Colliers characterized each property by its development potential. In some cases, the short-term (0-3 years) optimum use differed from the mid-term (3-7 years) or long term (10+ years) potential for the site.

Upon our review of each of HCDA's properties, development assumptions were developed that would guide our evaluation process. Issues relating to extensive soft costs (i.e. environmental remediation, infrastructure, etc.), political intervention (zoning changes, lengthy public review, etc.) or financial viability (low rents, rising construction costs, etc.) will likely inhibit a proposed project's progress.

We identified the following development challenges:

1. **Zoning Restrictions** - Many of HCDA's properties are zoned for park, or conservation use. These zoning codes often prohibit commercial development. Preparation of this report assumes that there will be no change to existing zoning.
2. **Environmental Issues** – Much of Kakaako Waterfront Park was built on landfill that has potential environmental or hazardous waste issues. Based on these existing conditions, the costs to address these conditions would prevent extensive short and mid-term development.
3. **Ground Lease Terms or Long Term Lease Commitments**– Part of HCDA's property portfolio are encumbered by long-term ground leases. Often these ground leases have rental rates and terms that are quite favorable for the ground lessee. The potential for a ground lease reversion is minimal. Colliers will not pursue alternative income producing options unless directed by HCDA.
4. **Lack of Infrastructure** – For many of the Kalaeloa properties, the lack of water, power, sewer or roads would prevent commercial development from occurring.
5. **Leasehold Tenure** – Generally, State lands are not available for fee simple sale and ground leases are offered for developments. This typically limits residential development to rental housing options.
6. **Existence of Prior HCDA plans, master plans or planning activity** – Colliers will review and incorporate relevant information from previous HCDA plans into this optimization report
7. **Building /Net Operating Expenses** – Colliers assumes that net or operating expenses will be the tenant's responsibility or are sunk costs. Thus, the actual net revenue to HCDA may be lower since these costs aren't included in this analysis.

The summary on the following presents our findings of the highest and best use analysis. The charts are separated into the following sections:

- **Property Info** – Includes zoning and lease expiration year. For Kalaeloa, the use under the 2006 Kalaeloa Master Plan is shown.
- **Highest & Best Use** under different timeframes. The type of use and leasable area is given for each period.
 - Short Term (0 to 3 years, 2018 – 2020)
 - Mid -Term (4 to 8 years, 2021 – 2028)
 - Long –Term (8 to 10+ years, 2029 – 2031 and beyond)
- **Market Rents**– The annual and monthly market rents for the existing use are provided for comparison to lease rents.
- **Projected Rents**– The existing rents and/or projected rents are provided for each time period. The rents are provided for 2017 and are not inflated .
- **Comments** – summary of relevant factors for the property use.

Property	Zoning	Lease Expiration Year	HIGHEST & BEST USE			MARKET RENTS Existing Use			PROJECTED RENTS (\$2017) (Assumes net expenses are paid by tenant or are sunk costs)												Comments					
			Short-Term (0 - 3 years)	Mid-Term (4 - 7 years)	Long-Term (8- 10+ years) (2)	Use Type	Average Annual Net Rents PSF/Stall	Average Monthly Net Rents PSF/Stall	SHORT-TERM (2018 - 2020)			MID-TERM (2021-2028)			LONG-TERM (2029-2031 and beyond)			TOTAL PERIOD RENTS	TOTAL RENTS (2018-2031)							
									Annual Net Rents psf	Monthly Net Rents PSF	Total Annual Rent	TOTAL PERIOD RENTS (1)	Annual Net Rents PSF/Stall	Monthly Net Rents PSF/Stall	Total Annual Rent	TOTAL PERIOD RENTS	Annual Net Rents PSF/Stall			Monthly Net Rents PSF/Stall		Total Annual Rent				
18 Wastewater Lot 98 Koula St Leasable area (sf)	P	2018	Land	Land	Land	Land	\$6.00	\$0.50	\$4.80	\$0.40	\$459,994	\$1,379,981	\$4.80	\$0.40	\$459,994	\$3,679,949	\$16.80	\$1.40	\$1,609,978	\$4,829,933	\$9,889,862	Right of entry agreement with Pasha Group for a one year lease 3/1/2017 to 2/28/2018.				
19 Look Lab 40 Ahui St Leasable area (sf)	P	2018	Land	Land	Land	Industrial	\$16.80	\$1.40	\$6.00	\$0.50	\$498,000	\$1,494,000	\$6.00	\$0.50	\$498,000	\$3,984,000	\$6.00	\$1.40	\$498,000	\$1,494,000	\$6,972,000	Right of entry agreement with Ocean Investments for use of a portion (6,000 sf) of former Look Lab facility as storage and parking. Term of lease is 4/13/2017 to 4/12/2018.				
20 Kewalo Basin Harbor Submerged Lands Slips		2049	Harbor	Harbor	Harbor	Slip Rentals	\$3,492	\$291			\$300,000	\$900,000			\$300,000	\$2,400,000			\$300,000	\$900,000	\$4,200,000	35 year lease with Kewalo Harbor LLC (Howard Hughes) through September 2049 with a ten year option to renew. \$300,000 annual base rent + any excess of 16.5% of gross receipts.				
21 Kewalo Basin Diamond Head Pkg Lot 1125 Ala Moana Blvd Leasable area (sf/stalls)	MUZ	2049 (pending lease)	Land	Land	Land	Land	\$6.00	\$0.50	\$0.52	\$0.04	\$25,000	\$75,000	\$0.52	\$0.04	\$25,000	\$200,000	\$0.52	\$0.04	\$25,000	\$75,000	\$350,000	Pending lease with Kewalo Harbor Management Company LLC/Howard Hughes. \$25,000 ground rent + 3% annual increase + 5% natural breakpoint. Expiration date in 2049.				
22 Kewalo Basin Charterboat Building 1125 Ala Moana Blvd Leasable area (sf)	Waterfront Commercial	2047 (pending lease)	Land	Land	Land	Land	\$6.00	\$0.50	Lease pending with Howard Hughes																	
23 Kewalo Basin NOAA Lot Leasable area (sf)	Waterfront Commercial	2049 (pending lease)	Land	Land	Land	Land	\$6.00	\$0.50	\$0.51	\$0.04	\$30,000	\$90,000	\$0.51	\$0.04	\$30,000	\$240,000	\$0.51	\$0.04	\$30,000	\$90,000	\$420,000	Pending lease with Kewalo Harbor Management Company LLC/Howard Hughes for \$30,000 ground lease with 3% annual increases and a 10% natural breakpoint. Expiration date in 2049.				
24 690 Pohukaina Leasable area (sf)	MUZ	2019	Parking	Land	Land	Parking	\$960.00	\$80.00	\$960.00	\$80.00	\$128,489	\$128,489	Site assumed to be transferred back to DLNR and HHFDC.												\$128,489	Lease arrangement with DLNR expires 2/2019. Site will then be transferred from HCDA back to DLNR and HHFDC. Fisher Hawaii subleases part of site for \$11,000/month with HCDA getting \$2,200/mo.
TOTAL						134			Fisher		\$26,400	\$26,400							\$4,670,494	\$14,011,481	\$37,823,863					
PENDING																										
25 Lot C Leasable area (sf)	MUZ	Pending	Parking	Parking	Office	Parking (per stall) Est. Stalls	\$960	\$80	\$960	\$80	\$335,486	\$1,006,459	\$960	\$80	\$335,486	\$2,683,891	\$39.60	\$3.30	\$1,504,800	\$4,514,400	\$8,204,750	Adjacent site under negotiations with Stanford Carr for Sandbox, Innovation Center and medical office condominium complex. Medical office development assumed for long-term at 95% occupancy. Development costs estimated at \$400+ psf.				
26 630 Cooke Street Leasable area (sf)	MUZ	Pending	Land	Land	Land	Land	\$7.50	\$0.63	\$7.50	\$0.63	\$78,068	\$234,203	\$7.50	\$0.63	\$78,068	\$624,540	\$7.50	\$0.63	\$78,068	\$234,203	\$1,092,945	Site under negotiations with micro unit developer. Potential ground lease rents of \$7.50 psf/mo estimated at 25% premium above paved lot rents in Kakaako Makai.				
27 Lot 40 (1025 Waimanu) Leasable area (sf)	MUZ	2082	Land	Land	Land	Land	\$7.50	\$0.63	\$0.00	\$0.00	\$1.00	\$3.00	\$0.00	\$0.00	\$1.00	\$8.00	\$0.00	\$0.00	\$1.00	\$3	\$14	Long term ground lease for Ola Ka Ilima affordable housing development by ArtSpace (84 units).				
28 1226 Waimanu Leasable area (sf)	MUZ	Pending	Land	Land	Land	Land	\$7.50	\$0.63	\$7.50	\$0.63	\$34,500	\$103,500	\$7.50	\$0.63	\$34,500	\$276,000	\$7.50	\$0.63	\$34,500	\$103,500	\$483,000	Access parcel to Stanford Carr's affordable housing project.				
TOTAL											\$448,055	\$1,344,165			\$448,055	\$3,584,439			\$1,617,369	\$4,852,106	\$9,780,709					
PORTFOLIO TOTALS	TOTALS										\$2,475,453	\$6,996,582			\$4,538,569	\$25,880,848			\$7,240,365	\$21,136,095	\$53,537,125					

(1) Estimated. 200 sf for storage building and 2,200 sf (1,000 sf top floor and 1,000 sf storage floor.) Assumes renovation to bring up to usable office space.



Property	Zoning/Master Plan Use	Lease Expiration Year	HIGHEST & BEST USE			MARKET RENTS Existing Use			PROJECTED RENTS (\$2017) (Assumes net expenses are paid by tenant or are sunk costs)										Comments			
			Short-Term (0 - 3 years)	Mid-Term (4 - 7 years)	Long-Term (8- 10+ years)	Use Type	Average Annual Net Rents psf	Average Monthly Net Rents PSF/Stall	SHORT-TERM (2018 - 2020)				MID-TERM (2021-2028)				LONG-TERM (2029-2031)					
									Annual Net Rents psf	Monthly Net Rents PSF	Total Annual Rent	TOTAL PERIOD RENTS (1)	Annual Net Rents PSF/Stall	Monthly Net Rents PSF/Stall	Total Annual Rent	TOTAL PERIOD RENTS	Annual Net Rents PSF/Stall	Monthly Net Rents PSF/Stall		Total Annual Rent	TOTAL PERIOD RENTS	TOTAL RENTS (2018-2031)
1 Coral Sea Mauka Leasable area (acres)	Open/ Recreational/ Cultural	Month-to-month	Land	Solar Farm	Solar Farm	Land	\$0.016	\$0.001	\$0.016	\$0.001	\$13,552	\$40,656	\$0.016	\$0.001	\$13,552	\$108,416	\$0.016	\$0.001	\$13,552	\$40,656	\$189,728	Short-term use encumbered by month-to-month lease. Market rents based on ground lease benchmark of 2.0% of estimated land value of \$35,000 per acre. Solar farm lease terms may also incorporate % of gross revenues and have interim pre-development and operational rates.
2 & 3 Coral Sea Presevation Lots #1 and #2 Leasable area (acres) Lot 1 Lot 2	Open/ Recreational/ Cultural	2055	Cultural	Cultural	Cultural	Land	\$0.016	\$0.001	\$0	\$0	\$1	\$3	\$0	\$0	\$1	\$8	\$0	\$0	\$1	\$3	\$14	Encumbered by long term lease through 2055 with % rents beginning in 2020.
4 Coral Sea Makai Leasable area (acres)	Open/ Recreational/ Cultural	LOI dated 5/1/17 under negotiation	Solar Farm	Solar Farm	Solar Farm	Land	\$0.016	\$0.001	\$0.009	\$0.001	\$17,500	\$52,500	\$0.01	\$0.00	\$290,000	\$2,320,000	\$0.01	\$0.00	\$290,000	\$870,000	\$3,242,500	Potential rents based on terms from LOI (dated 5/1/17) and analysis as noted in Estimates of Ground Rent study by Leshar Chee Stadlbauer dated 10/6/17. Does not include infrastructure credit.
5 Coral Sea Oceanfront Leasable area (acres)	Open/Foreshore protection	No Lease	Vacant Land (shoreline protection) 6.13	Vacant Land (shoreline protection) 6.13	Vacant Land (shoreline protection) 6.13	Land	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Use limited by zoning/master plan
6 Campbell Oceanfront Leasable area (acres)	Eco-Industrial/Board of Water Supply	No lease	Land	Land	Land	Industrial Land (with access)	\$1.12	\$0.093	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Use limited as parcel is land locked with no access. No rent value given. Market rents reflect ground lease benchmark of 7.0% of estimated land value of \$16 psf.
7 Building 36 Leasable area (acres)	T-4 Mixed Use/Airport Mixed Use	Month-to-month	Multi family Land	Apartments	Apartments	Multi family Land	\$2.69	\$0.224	\$0.0002	\$0.00002	\$12	\$36	\$12,000	\$1,000	\$741,000	\$5,928,000	\$12,000	\$1,000	\$741,000	\$2,223,000	\$8,151,036	Market rents reflect ground lease benchmark of 7.0% of estimated land value of \$38 psf. Apartment rents reflect 95% occupancy rate.
GRAND TOTALS			1.53	65	65	Studio Apt	\$12,000	\$1,000			\$ 31,065	\$ 93,195			\$ 1,044,553	\$ 8,356,424			\$ 1,044,553	\$ 3,133,659	\$ 11,583,278	

(1) Assumes property leased in 2018.



Kakaako Properties



EXHIBIT A

HCDA Kaka'ako Assets

PARKS

- 1 Kaka'ako Mauka Gateway Park
- 2 Kaka'ako Makai Gateway Park
- 3 Kaka'ako Waterfront Park
- 4 Kewalo Basin Park
- 5 Kolowalu Parks

NOMINAL LEASES

- 6 American Brewery Building 547 Queen Street
- 7 Historic Pump Station
- 8 240 Keawe Street
- 9 UH John A. Burns School of Medicine and UH Cancer Center
- 10 Kaka'ako Waterfront Park Maintenance Shed
- 11 Children's Discovery Center
- 12 Kewalo Basin Net Shed

REVENUE GENERATING

- 13 545 Queen Street Commercial Space
- 14 Honuakaha
- 15 Na Lei Hulu Kupuna
- 16 Kauhale Kaka'ako parking structure
- 17 Ohe Street Parking Lot
- 18 Wastewater Lot
- 19 Look Lab
- 20 Kewalo Basin Harbor Submerged Lands
- 21 Kewalo Basin Diamond Head Parking Lot
- 22 Kewalo Basin Charterboat Building
- 23 Kewalo Basin NOAA Lot
- 24 690 Pohukaina

PENDING

- 25 Lot C
- 26 630 Cooke Street
- 27 Lot 40 (1025 Waimanu)
- 28 1226 Waimanu

Hawaii Community Development Authority



Kakaako Gateway Park – Mauka

- Zoning: This site is zoned P – Park use which limits most commercial development options. Any zoning change or use change will likely be a lengthy process.
- Excellent visibility from busy Ala Moana Boulevard with two access points from Ohe and Cooke Streets.
- Metered parking along Cooke Street.
- ***No zoning change or development recommended. Site may have potential as a lunch truck location along metered parking spaces on Cooke Street and unmetered parking along Ohe Street.***

Summary Sheet	Kakaako Gateway Park - Mauka
1- Property Characteristics	1.98 acres. Zoned P - Park use. Excellent access from Ala Moana Boulevard. Ingress from Ohe and Cooke Street.
2-Review Ground Lease	No ground lease exists
3-Property Inspection	Existing Park Use with metered parking
4-Review Building Operations	No structures exist
5-Review Redevelopment Options	Commercial viability for site has excellent visibility from Ala Moana Boulevard. Zoning change not likely
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Park zoning inhibits commercial redevelopment



Kakaako Gateway Park – Makai

- Zoning: This site is zoned P – Park use which limits most commercial development options. Any zoning change or use change will likely be a lengthy process.
- Partial visibility from busy Ala Moana Boulevard. Park is accessible from Ohe, Cooke, Kelikoi and Ilalo Streets.
- ***No zoning change or development recommended.***

Summary Sheet	Kakaako Gateway Park - Makai
1- Property Characteristics	3.96 acres. Zoned P - Park use. Visible from Ala Moana Boulevard. Ingress and egress from Ohe, Cooke, Kelikoi and Ilalo Streets.
2-Review Ground Lease	No ground lease exists
3-Property Inspection	Existing Park use with ample parking.
4-Review Building Operations	No structures exist
5-Review Redevelopment Options	Zoning change not likely
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Park zoning inhibits commercial redevelopment



Kakaako Waterfront Park

- Zoning: This site is zoned P and MUZ. Park use zoning limits most commercial development options. MUZ zoning allows for redevelopment options.
- Majority of park is not visible from Ala Moana Boulevard due to the topography. Dedicated parking lot accessible from Kelikoi Street.
- Kakaako Waterfront Park masterplan developed by PBR Hawaii includes several uses including sports facility, amphitheater, lunch truck facility and beer garden.
- **Colliers will review development options recommended in the Kakaako Waterfront Park master plan(see individual property details)**

Summary Sheet	Kakaako Waterfront Park
1- Property Characteristics	21.41 acres. Portions are zoned P - Park Use and MUZ-mixed use zoning. Ingress and egress through Ilalo, Olomehani, Ohe, Ahui and Koula Streets.
2-Review Ground Lease	Specific parcels/properties within Kakaako Waterfront Park have ground leases, space leases or right of entry leases.
3-Property Inspection	Existing Park Use. Sizeable homeless population.
4-Review Building Operations	See individual properties for detail
5-Review Redevelopment Options	Master plan created by PBR Hawaii detailing development options for Waterfront Park were created for an amphitheater, lunch truck, sports facility and beer garden
6-Conduct Market Rent Study	See individual properties for detail
7-Conduct Market Demand Study	See individual properties for detail
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	See individual properties for detail



Kewalo Basin Park

- Zoning: This site is zoned P – Park use which limits most commercial development options. Single road provides ingress and egress to park.
- Excellent views of Waikiki and Kewalo Basin Marina.
- ***No zoning change or development recommended.***

Summary Sheet	Kewalo Basin Park
1- Property Characteristics	5.2 acres. Zoned P- Park use. Limited access from Ala Moana Blvd. Excellent views of Waikiki and Kewalo Basin Marina and Ala Moana Beach Park.
2-Review Ground Lease	No ground lease exists
3-Property Inspection	Dedicated parking lot with comfort station and BBQ pits.
4-Review Building Operations	Comfort station in good condition
5-Review Redevelopment Options	Zoning change not likely
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Park zoning inhibits redevelopment



Kolowalu Park

- Zoning: This site is zoned P – Parks and Open Space.
- Site has good access from both Waimanu and Queen Streets with metered parking along Queen Street.
- Site is currently being used as a park and open green space. Adjacent to the Koolani highrise condominium and TJ Maxx Ward Centers retail development.
- ***No zoning change or development recommended.***

Kolowalu Park	
1- Property Characteristics	4.0 acres. Zoned P - Parks and Open Space. This site is currently being used as a park. Largest of the two parcels is adjacent to the Ko Olani high-rise condominium. Site is near to Ward Villages, TJ Maxx store. Ingress and egress provided by Waimanu and Queen Streets.
2-Review Ground Lease	No ground lease exists
3-Property Inspection	Existing Park use with metered parking.
4-Review Building Operations	Play structure and statue/art structure.
5-Review Redevelopment Options	Zoning change not likely
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Park zoning inhibits commercial redevelopment



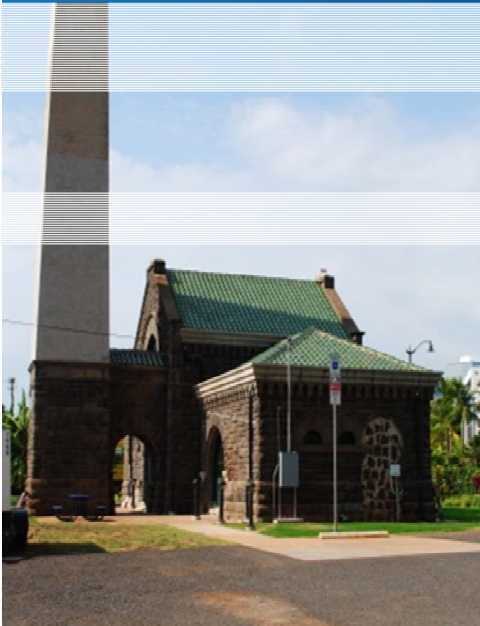
547 Queen Street

- Zoning: This site is zoned MUZ mixed-use commercial which provides for commercial development options.
- This five-story office building is currently being used for HCDA offices and enjoys high visibility off of Queen Street, near the Kakaako fire station.
- Class B office market rent study for the Central Business District indicates that office space could be leased for \$1.30 to \$1.35 PSF/MO.
- ***Since HCDA requires a facility to operate, no recommended further action will be pursued.***

547 Queen Street (HCDA Offices)	
1- Property Characteristics	65,705 square foot land parcel. Zoning MUZ. Mid-rise office building 17,737 sf. Currently being used HCDA offices. 8 parking stalls included.
2-Review Ground Lease	No ground lease
3-Property Inspection	Class B mid-rise five story office building in good condition. Elevator.
4-Review Building Operations	No building operating expense provided
5-Review Redevelopment Options	No consideration given to redevelopment or leasing this site to 3rd party.
6-Conduct Market Rent Study	Office rent study indicates average net monthly rent of \$1.31 psf/mo
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Redevelopment or subleasing site not recommended

Office Market Rent Study

Office Rental Rate Study - 547 Queen Street									
Property Type	Address	Comp SF	Lease Start Date	Sub Market	Term (Months)	Building Class	Actual Rate	Actual Rate Type	
Office	707 Richards St., Ste 750	8,688	9/1/2017	CBD	126	B	\$1.20	NNN	
Office	810 Richards St., Ste 400	7,291	2/1/2015	CBD	50	B	\$1.12	NNN	
Office	707 Richards St., Ste 528	5,480	7/1/2016	CBD	63	B	\$1.36	NNN	
Office	707 Richards St., Ste 300	4,684	4/1/2017	CBD	60	B	\$1.30	NNN	
Office	820 Mililani St., Ste 505/503	4,596	8/1/2017	CBD	48	B	\$1.00	NNN	
Office	119 Merchant St., Ste 500	3,993	4/1/2018	CBD	60	B	\$1.70	NNN	
Office	1100 Ward Ave., Ste 715/665	3,980	12/1/2015	Kakaako	27	B	\$1.10	NNN	
Office	820 Mililani St., Ste 200	3,907	9/1/2017	CBD	64	B	\$1.35	NNN	
Office	820 Mililani St., Ste 701	3,342	8/1/2016	CBD	38	B	\$1.30	NNN	
Office	119 Merchant St., Ste 300/310	3,257	7/1/2017	CBD	62	B	\$1.76	NNN	
Office	1100 Ward Ave., Ste 710 & 750	2,961	12/1/2015	Kakaako	60	B	\$1.12	NNN	
Office	820 Mililani St., Ste 600	2,913	1/1/2017	CBD	12	B	\$1.45	NNN	
Office	810 Richards St., Ste 700	2,910	11/1/2016	CBD	36	B	\$1.10	NNN	
Office	810 Richards St., Ste 124	2,859	5/20/2015	CBD	89	B	\$1.60	NNN	
Office	707 Richards St., Ste 610	2,618	8/1/2017	CBD	65	B	\$1.23	NNN	
							average	\$1.31	
							median	\$1.30	



Historic Pump Station

- Zoning: This site is zoned MUZ mixed-use commercial which provides for commercial development options.
- Single story 1,750 square foot building under a long term lease through 2049 with Hawaii Gateway Center.
- This property benefits from good visibility from Ala Moana Boulevard and ingress and egress from Keawe Street. Property is across from Kamehameha Schools’ Salt mixed-use development.
- Retail market rent study projected rents for a development at this site would range from \$3.50 to \$4.00 psf/mo.
- Colliers’ retail demand study indicates site could support up to 25,000 square feet of retail.
- ***Despite favorable retail development conditions, the existence of a long term lease will prohibit future development.***

Historic Pump Building	
1- Property Characteristics	22,422 sf parcel. 1,750 sf building. Zoning - MUZ. Great visibility from Ala Moana Boulevard. Ingress and egress from Keawe Street.
2-Review Ground Lease	33-year space lease 2015 to 2049 to Hawaii Gateway Center. Leased for \$1.00 per year.
3-Property Inspection	Single story office building.
4-Review Building Operations	Building operations handled by tenant
5-Review Redevelopment Options	High commercial viability for office or retail use.
6-Conduct Market Rent Study	Retail rent study indicates average net monthly rent of \$3.70 psf/mo.
7-Conduct Market Demand Study	Retail demand study indicates support for 10,000 to 15,000 sf.
8-Conduct Financial Analysis	Financial analysis conducted
9-Create Development Plan	Long term lease in place

Retail Market Rent Study

Retail Market Rent Study - Historic Pump Station and 240 Keawe Street							
Property Type	Property Name	Comp SF	Sub Market	Actual Rate	Actual Rate Type	Term (Months)	Lease Start Date
Retail	660 Ala Moana Building	7,160	Kakaako	\$2.50	NNN	126	4/1/2015
Retail	685 Auahi Street	751	Kakaako	\$3.75	NNN	60	6/1/2015
Retail	660 Ala Moana Building	970	Kakaako	\$3.50	NNN	60	12/1/2015
Retail	675 Auahi Street	610	Kakaako	\$4.50	NNN	60	2/1/2016
Retail	685 Auahi Street	1,940	Kakaako	\$3.75	NNN	60	3/1/2016
Retail	SALT Our Kakaako	1,100	Kakaako	\$3.50	NNN	124	6/1/2016
Retail	660 Ala Moana Building	492	Kakaako	\$4.00	NNN	60	5/1/2016
Retail	Auahi Business Center-330	3,315	Kakaako	\$3.18	NNN	120	7/1/2016
Retail	660 Ala Moana Building	2,030	Kakaako	\$3.15	NNN	64	7/1/2017
Retail	Keauhou Lane	13,122	Kakaako	\$3.50	NNN	180	1/1/2017
Retail	Keauhou Lane	1,926	Kakaako	\$4.00	NNN	60	1/1/2017
Retail	Keauhou Lane	3,491	Kakaako	\$2.00	NNN	144	1/1/2017
Retail	Keauhou Lane	920	Kakaako	\$5.15	NNN	60	1/1/2017
Retail	Keauhou Lane	1,151	Kakaako	\$4.50	NNN	60	1/1/2017
Retail	Keauhou Lane	1,811	Kakaako	\$3.00	NNN	120	1/1/2017
Retail	Keauhou Lane	2,977	Kakaako	\$4.10	NNN	120	1/1/2017
Retail	Keauhou Lane	1,154	Kakaako	\$4.50	NNN	60	1/1/2017
				Average	\$3.68		
				Median	\$3.75		

Retail Market Demand Study

RETAIL DEMAND ANALYSIS - PRIMARY MARKET - POPULATION MODEL							
PRIMARY MARKET POPULATION ESTIMATE							
	2017	2018	2019	2020	2021	2022	
Existing Population ⁽¹⁾	19,456	25,208	30,157	35,545	35,545	35,901	
New Residents- Subject Property ⁽²⁾	0	0	0	0	0	0	
New Residents- Other Development ⁽²⁾	5,503	4,650	5,335	0	0	0	
Total	24,959	29,858	35,193	35,193	35,545	35,901	
PRIMARY MARKET RETAIL DEMAND ESTIMATE (sf)							
Scenario	SF per resident						
Conservative	45.0	1,123,133	1,123,133	1,123,133	1,123,133	1,123,133	1,123,133
Moderate	50.0	1,247,925	1,247,925	1,247,925	1,247,925	1,247,925	1,247,925
Aggressive	54.0	1,347,759	1,347,759	1,347,759	1,347,759	1,347,759	1,347,759
PRIMARY MARKET RETAIL INVENTORY							
	GLA (sf)						
Existing Inventory	709,126	709,126	709,126	709,126	709,126	709,126	709,126
Planned Development	0	0	0	0	0	0	0
Total	709,126	709,126	709,126	709,126	709,126	709,126	709,126
PRIMARY MARKET RESIDUAL DEMAND (sf)							
Scenario							
Conservative		414,007	414,007	414,007	414,007	414,007	414,007
Moderate		538,799	538,799	538,799	538,799	538,799	538,799
Aggressive		638,633	638,633	638,633	638,633	638,633	638,633
MARKET PENETRATION							
Primary Market	Capture Rate 5.0%						

POPULATION MODEL - POTENTIAL RETAIL DEMAND (sf)							
Scenario	2017						
Conservative	20,700						
Moderate	26,940						
Aggressive	31,932						



7A - Pump Building and Storage Shed

- Zoning: This site is zoned MUZ mixed-use commercial which provides for commercial development options.
- Single-story building with subfloor. Water in subfloor tracks the tidal levels.
- This property is adjacent to the Historic Pump Station and would likely be part of the historic registry. Building remains in good condition with investment needed to upgrade to office use for façade, installing new windows and air conditioning, and building a new floor.
- Office market rent study for a Class C office building indicates potential rents r from \$1.44 to \$1.50 psf/mo.
- ***Mid-term redevelopment opportunity as potential office site.***

Pump Building and Storage	
1- Property Characteristics	Zoning MUZ. Two buildings including storage and pump tidal building estimated at 2,200 sf.
2-Review Ground Lease	No lease exists
3-Property Inspection	Likely historical buildings in fair condition. In need of façade upgrade, installation of new windows and air conditioning. Additionally, floor installation needed for tidal pump building.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Office rehabilitation
6-Conduct Market Rent Study	Office market rent study conducted
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Rehabilitate building for office use.

Office Market Rent Study

Office Rent Study - Pump Building and Shed							
Property Type	Property Name	Comp SF	Sub Market	Lease Commencement Date	Actual Base Rent	Actual Rate Type	Term (Months)
Office	675 Auahi Street	1,540	Kakaako	4/1/2015	\$0.70	NNN	120
Office	670 Queen Street	1,559	Kakaako	5/1/2016	\$0.80	NNN	34
Office	670 Queen Street	1,016	Kakaako	9/1/2016	\$0.77	NNN	25
Office	670 Queen Street	768	Kakaako	11/1/2016	\$0.91	NNN	28
Office	Auahi Business Center	611	Kakaako	12/1/2016	\$2.00	NNN	59
Office	670 Queen Street	2,059	Kakaako	3/1/2017	\$1.50	NNN	36
Office	760 Halekauwila Street	644	Kakaako	7/1/2017	\$2.20	Modified Gross	36
Office	760 Halekauwila Street	529	Kakaako	7/1/2017	\$1.59	Modified Gross	36
Office	760 Halekauwila Street	920	Kakaako	7/1/2017	\$2.45	Modified Gross	36
				Average	\$1.44		
				Median	\$1.50		



240 Keawe Street

- Zoning: This site is zoned MUZ mixed commercial use which provides for commercial development options.
- A short term lease exists with the Department of Public Safety until 5/31/2020. A portable office building is being used as the Sheriff's office. Ingress and egress is off of Keawe Street.
- This property benefits from good visibility from Ala Moana Boulevard and ingress and egress from Keawe Street. Property is across from Kamehameha Schools' Salt mixed-use development.
- Retail market rent study projects rents for a development at this site would range from \$3.50 to \$4.00 psf/mo (see Historic Pump Station for retail rent study).
- **Short-term development option is to keep this site as parking. There is potential for a retail development in mid-term of up to 10,000 square feet based on demand. Self-storage demand appears to be oversupplied.**

240 Keawe Street	
1- Property Characteristics	22,949 sf parcel. Temporary sheriffs office located on site. Zoning - MUZ. Limited visibility from Ala Moana Boulevard. Ingress and egress from Keawe Street.
2-Review Ground Lease	Lease to Department of Public Safety. Term of lease is from 6/1/2010 - 5/31/2020 with no rent charged.
3-Property Inspection	Vacant lot used for temporary Sheriff's office.
4-Review Building Operations	Building operations handled by tenant
5-Review Redevelopment Options	Encumbered lease through 2020. Zoning allows for office and retail uses.
6-Conduct Market Rent Study	Retail rent indicates average net monthly rent of \$3.70 psf/mo.
7-Conduct Market Demand Study	Retail demand study indicates support for 10,000 to 15,000 sf.
8-Conduct Financial Analysis	Financial analysis conducted
9-Create Development Plan	Consider retail development

Office Market Rent Study

Office Rent Study - 240 Keawe Street

Property Type	Property Name	Comp SF	Sub Market	Lease Commencement Date	Actual Base Rent	Actual Rate Type	Term (Months)
Office	675 Auahi Street	1,540	Kakaako	4/1/2015	\$0.70	NNN	120
Office	670 Queen Street	1,559	Kakaako	5/1/2016	\$0.80	NNN	34
Office	670 Queen Street	1,016	Kakaako	9/1/2016	\$0.77	NNN	25
Office	670 Queen Street	768	Kakaako	11/1/2016	\$0.91	NNN	28
Office	Auahi Business Center	611	Kakaako	12/1/2016	\$2.00	NNN	59
Office	670 Queen Street	2,059	Kakaako	3/1/2017	\$1.50	NNN	36
Office	760 Halekauwila Street	644	Kakaako	7/1/2017	\$2.20	Modified Gross	36
Office	760 Halekauwila Street	529	Kakaako	7/1/2017	\$1.59	Modified Gross	36
Office	760 Halekauwila Street	920	Kakaako	7/1/2017	\$2.45	Modified Gross	36
				Average	\$1.44		
				Median	\$1.50		

Retail Market Rent Study

Retail Market Rent Study - Historic Pump Station and 240 Keawe Street

Property Type	Property Name	Comp SF	Sub Market	Actual Rate	Actual Rate Type	Term (Months)	Lease Start Date
Retail	660 Ala Moana Building	7,160	Kakaako	\$2.50	NNN	126	4/1/2015
Retail	685 Auahi Street	751	Kakaako	\$3.75	NNN	60	6/1/2015
Retail	660 Ala Moana Building	970	Kakaako	\$3.50	NNN	60	12/1/2015
Retail	675 Auahi Street	610	Kakaako	\$4.50	NNN	60	2/1/2016
Retail	685 Auahi Street	1,940	Kakaako	\$3.75	NNN	60	3/1/2016
Retail	SALT Our Kakaako	1,100	Kakaako	\$3.50	NNN	124	6/1/2016
Retail	660 Ala Moana Building	492	Kakaako	\$4.00	NNN	60	5/1/2016
Retail	Auahi Business Center-330	3,315	Kakaako	\$3.18	NNN	120	7/1/2016
Retail	660 Ala Moana Building	2,030	Kakaako	\$3.15	NNN	64	7/1/2017
Retail	Keauhou Lane	13,122	Kakaako	\$3.50	NNN	180	1/1/2017
Retail	Keauhou Lane	1,926	Kakaako	\$4.00	NNN	60	1/1/2017
Retail	Keauhou Lane	3,491	Kakaako	\$2.00	NNN	144	1/1/2017
Retail	Keauhou Lane	920	Kakaako	\$5.15	NNN	60	1/1/2017
Retail	Keauhou Lane	1,151	Kakaako	\$4.50	NNN	60	1/1/2017
Retail	Keauhou Lane	1,811	Kakaako	\$3.00	NNN	120	1/1/2017
Retail	Keauhou Lane	2,977	Kakaako	\$4.10	NNN	120	1/1/2017
Retail	Keauhou Lane	1,154	Kakaako	\$4.50	NNN	60	1/1/2017
			Average	\$3.68			
			Median	\$3.75			

Self Storage Analysis

KAKAAKO SELF STORAGE FACILITIES						
Facility		Total Units	Avg. Unit Size	Building area (sf)	Land area (sf)	Avg Rate psf/mo
StorQuest Kakaako	840 Kawaiahao Street, 4th Flr	1,512	29	43,597	n/a	\$2.06
Public Storage (1)	1067 Kapiolani Blvd	1,600	122	194,445	52,272	\$4.26
U-Haul Storage	438 Kamakee St	939	34	32,128	29,414	\$1.94
A-American Self Storage (1)	720 South St	1,422	32	45,009	14,874	\$3.96
Dillingham Self Storage (1)	935 Dillingham Blvd	1,100	114	125,387	65,776	\$3.41
The Lockup Self Storage (1)	1901 Kapiolani Blvd	1,415	91	129,024	34,664	\$4.59
ExtraSpace Storage (1)	1414 Kalakaua Ave	info not avail		141,149	32,539	\$4.04
	Total	7,988		710,739	96,560	\$3.06
<i>(1) Climate controlled</i>						

There are four self-storage facilities in the immediate Kakaako area with a total of nearly 5,500 units. Within a 3-mile radius, there are more than 8,000 units. This equates to 9.02 square feet of space per person as compared to the 3.02 for urban Honolulu and 8.32 US average. Occupancy rates average in the 85% range and new condo projects also have some storage units available for residents. Average rents per square foot are \$3.06 per month.

Because of these factors, Colliers does not project any additional demand for self storage facilities in the area.

Construction costs for self storage facilities are estimated at \$200 to \$225 per square foot for a climate controlled building. The site could likely hold low-rise multi-level facility with a 10,000 square foot footprint.

KAKAAKO SELF STORAGE DEMAND ANALYSIS				
	<u>1-mile</u>	<u>3-mile</u>		
Existing	19,456	200,582		
New developments (2017 -2019)	<u>15,488</u>	<u>15,488</u>		
Total	34,944	216,070		
			<u>Urban Core (1)</u>	<u>U.S. (1)</u>
Self Storage Inventory (sf)	315,179	710,739	2,996,700	
sf per person	9.02	3.29	3.02	8.32
<i>(1) 2015 Self Storage Almanac</i>				



UH John A Burns School of Medicine and Cancer Research Center

- Zoning: This site is zoned MUZ mixed commercial use which provides for commercial development options.
- A long term lease exists with the University of Hawaii through 2073. Educational, medical and laboratory buildings populate this campus facility.
- ***Due to the long term ground lease, no redevelopment options were explored .***

U.H. John A Burns School of Medicine and Cancer Research Center	
1- Property Characteristics	9.9 acres. 446,464 sf of multi-story medical office buildings. Zoning MUZ. Access off of Ilalo, Keawe and Cooke Street.
2-Review Ground Lease	Long term ground lease (2008-2073) to University of Hawaii at \$1.00 per year.
3-Property Inspection	Buildings are in excellent condition located on well-maintained landscaped campus.
4-Review Building Operations	Building operations handled by tenant
5-Review Redevelopment Options	Encumbered long term ground lease. Zoning allows for commercial uses. Redevelopment not likely.
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Long term lease in place



Kakaako Waterfront Park Maintenance Shed – 100 Cooke Street

- Zoning: This site is zoned P – Park use which limits most commercial development options. Any zoning change or use change will likely be a lengthy process.
- Encumbered by a short-term ground lease to the Department of Human Services through 9/15/2018. Existing building used to assist homeless families and children. Lease expires 9/15/2018.
- Site should be considered for a retail concession similar to those located at Ala Moana Beach Park and Kapiolani Park. Potential rents ranged from \$2.55 to \$2.95 psf/mo.
- ***In coordination with the adoption of the Kakaako Waterfront Master Plan, the development of the amphitheater site will provide the primary consumer support for a food and beverage concessionaire at the Kakaako Maintenance Shed site. This will likely be a long-term development opportunity for this site.***

Kakaako Waterfront Park Maintenance Shed	
1- Property Characteristics	10,000 sf parcel. 5,000 sf shed with bathrooms. Zoning P - Park use. Shed is located on the mauka corner of the Kakaako Waterfront Park parking lot. Access is limited to Keawe and Kelikoi Street.
2-Review Ground Lease	2-year lease to Department of Human Services until 9/15/2018.
3-Property Inspection	Former maintenance shed has been improved with mens and women's bathrooms with showers. Insulation on ceiling and concrete floor are well maintained for families being serviced.
4-Review Building Operations	Building operations handled by tenant
5-Review Redevelopment Options	Short-term lease. Zoning does not allow for commercial use. Should amphitheater development be considered, the site would be well-located site for a retail concessionaire.
6-Conduct Market Rent Study	Reviewed City & County of Honolulu Concessionaire agreements for Ala Moana Beach Park and Kapiolani Park.
7-Conduct Market Demand Study	Demand based on Ampitheater usage
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Consider retail concession development to coincide with proposed amphitheater development.

Retail Market Rent Study – Park Concessions

Ala Moana Beach Park - L&L							Estimated Facility Size
	Monthly Base rent	Upset Monthly Percentage Fee	Estimated Monthly Sales	Percentage Rent	Total Monthly Rent	Annual Rent	1,500 SF
Year 1-2	\$500.00	4.00%	\$26,000.00	\$1,040.00	\$1,540.00	\$18,480.00	\$1.03
Year 3	\$750.00	5.00%	\$62,000.00	\$3,100.00	\$3,850.00	\$46,200.00	\$2.57
Year 4	\$1,000.00	5.00%	\$78,000.00	\$3,900.00	\$4,900.00	\$58,800.00	\$3.27
Year 5	\$1,000.00	6.00%	\$105,000.00	\$6,300.00	\$7,300.00	\$87,600.00	\$4.87
						Rent/Sf for Five Year	\$2.55
Kapiolani Park -Beach Concession							Estimated Facility Size
	Monthly Base rent	Upset Monthly Percentage Fee	Estimated Monthly	Percentage Rent	Total Monthly	Annual Rent	1,500 SF
Year 1-2	\$500.00	5.00%	\$26,000.00	\$1,300.00	\$1,800.00	\$21,600.00	\$1.20
Year 3	\$750.00	6.00%	\$62,000.00	\$3,720.00	\$4,470.00	\$53,640.00	\$2.98
Year 4	\$1,000.00	6.00%	\$78,000.00	\$4,680.00	\$5,680.00	\$68,160.00	\$3.79
Year 5	\$1,000.00	7.00%	\$105,000.00	\$7,350.00	\$8,350.00	\$100,200.00	\$5.57
						Rent/SF for 5 Year Term:	\$2.95

11 - Children's Discovery Center



Children's Discovery Center

- Zoning: This site is zoned MUZ mixed commercial use which provides for commercial development options.
- Long-term ground lease to Children's Discovery Museum through 2036 with a ten-year option to renew. This facility is used as an interactive educational facility for children.
- This two story facility would could be used as an office building on a campus-like setting. With two adjacent parking lots (including Ohe Street lot), this building could appeal to large office users.
- Office market rent study indicated that this site could garner rents ranging from \$1.20 to \$1.25 psf/mo.
- **Due to long-term ground lease, its highly unlikely that this site will become available for lease within the next ten years.**

Childrens Discovery Museum	
1- Property Characteristics	1.24 acres. 38,000 sf two-story office building with roll-up door and dedicated parking lot. Zoning MUZ. Access from Kelikoi and Ohe Street.
2-Review Ground Lease	40-year ground lease starting 6/1/1996. One ten-year option to renew. Lessee is Children's Discovery Museum. Leased for \$1.00 per year.
3-Property Inspection	Two story office building used for interactive play/museum for children. Site has an elevator. Property is fair condition.
4-Review Building Operations	Building operations handled by tenant
5-Review Redevelopment Options	Encumbered with a long term ground lease. Zoning allows for commercial uses. Redevelopment not likely.
6-Conduct Market Rent Study	Office rent study conducted (large office leases) indicates rents of \$1.20 to \$1.22 psf/mo.
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Long Term lease in place

Office Market Rent Study – Large Office Lease Transactions

Office Market Rent Study - Large Office Leases for Children's Discovery Museum							
Property Type	Property Name	Comp SF	Sub Market	Lease Start Date	Base Rent	Rent Type	Term (Months)
Office	Central Pacific Plaza	7,385	CBD	7/1/2015	\$1.25	NNN	36
Office	First Insurance Center	18,674	Kakaako	11/1/2014	\$1.53	NNN	143
Office	The Block - The Mililani Building	20,335	CBD	1/1/2016	\$1.15	NNN	144
Office	Bishop Square - ASB Tower	17,098	CBD	4/1/2016	\$1.25	NNN	24
Office	Bishop Place (1132 Bishop)	9,665	CBD	1/1/2016	\$1.20	NNN	12
Office	The Block	10,114	CBD	2/1/2016	\$1.15	NNN	65
Office	Topa Financial Center	10,571	CBD	11/15/2016	\$1.20	NNN	126
Office	Kakaako Commerce Center	19,866	Kakaako	11/1/2017	\$1.10	NNN	60
Office	Cades Schutte Building	11,091	CBD	8/15/2016	\$0.99	NNN	60
Office	Bishop Square - Pauahi Tower	19,931	CBD	2/1/2017	\$1.20	NNN	60
Office	Topa Financial Center	11,823	CBD	9/1/2017	\$1.30	NNN	60
Office	Bishop Square - ASB Tower	17,098	CBD	4/1/2018	\$1.32	NNN	48
			Average		\$1.22		
			Median		\$1.20		



Children's Discovery Center Retail

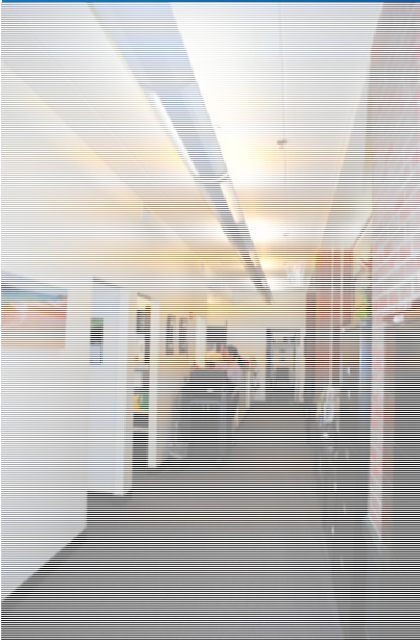
- The Children's Discovery Center actually has had retail operations within the center since its inception. The gift store, which was located near the entrance of the facility is now being used as a kids workshop area.
- There is a food and beverage facility that offers cold sandwiches, salads and drinks. This café is accessible from both the outside and inside of the Children's Discovery Center and is open for use by Waterfront park goers.
- Based on conversations with Loretta Yajima, Hawaii Children's Discovery Center executive director, the gift shop was relocated into the lobby to increase its exposure to potential patrons. The Children's Discovery Center's café was opened to provide families with snack options while kids played. Unfortunately, Loretta mentioned that both retail operations barely "break-even".
- The reliance of Children's Discovery Center patrons to support these limited retail operations demonstrates that there is not enough consumer demand.
- While wider exposure to Waterfront Park visitors could provide additional support for retail operations, current park attendance coupled with the lack of marketing/promotion and restaurant infrastructure (i.e. grease trap) are not conducive for a small scale concessionaire for this site at this time.
- ***Costs associated with including gas hookups, a grease trap and improved access and parking for a restaurant are not justified at this time.***



Kewalo Basin Net Shed

- Zoning: This site is zoned P – Park Use which limits most commercial development options. Any zoning change or use change will likely be a lengthy process
- A 15-year lease to Kupu which expires in 2032 was recently signed.
- This open air shed facility appears to be in fair condition. Site has excellent views of both Waikiki, Kewalo Basin Harbor and Pacific ocean.
- **Due to existing fifteen year lease, and the restrictive zoning, redevelopment options were not pursued. However, there is potential for conversion to a retail/concession stand to service park users after the lease expiration in 2032.**

Kewalo Basin Net Shed	
1- Property Characteristics	19,500 sf of land. Estimated 12,421 sf of building improvements (open air shed). P - Park zoning. Site has dedicated parking lot and access from Kewalo Basin Park road.
2-Review Ground Lease	15 year lease starting in 9/10/2017. Includes two 10-year options to renew. Lessee is Kupu, a youth training program with the Hawaii Conservation Corp. Leased for \$1.00 per year.
3-Property Inspection	Open shed facility located along the entrance to Kewalo Basin. Building improvements are in fair condition with metal roof.
4-Review Building Operations	Building operations handled by tenant
5-Review Redevelopment Options	Encumbered with long term lease. Park zoning restricts commercial redevelopment options.
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Long term Lease in place



545 Queen Street Commercial Space

- Zoning: This site is zoned MUZ – Mixed-Use commercial which allows for a wide variety of commercial development options.
- The 1,338 square foot space is leased through 2019 to Volunteer Legal Services.
- Office market rent study indicates that Volunteer Legal Services is projected to pay market rents of \$1.33 psf/mo by the end of its lease term which is in-line with market rents.
- Retail market rent study indicates that Central Business District retail spaces lease for between \$2.50 to \$2.75 psf/mo. Projected retail rental rates do not support extensive retail redevelopment of this site.
- **Rents could increase by over 100% from current levels should a retail tenant be secured. Colliers recommends actively marketing space prior to 2019 expiration to test out retailer interest.**

545 Queen Street Commercial Space	
1- Property Characteristics	1,338 sf ground floor office lease to Volunteer Legal Services. Good visibility from Queen Street. Eight parking stalls are assigned to this space lease.
2-Review Ground Lease	Commercial space lease through 7/31/2019. Rent at end of term is \$1.31 psf/mo.
3-Property Inspection	Ground floor office space with good visibility from Queen Street. Interior spaces are in good condition. Tenant mentioned air conditioning problems and there was some water damage to ceiling tiles.
4-Review Building Operations	Building space managed by HCDA.
5-Review Redevelopment Options	Commercial space is part of Honokahua senior rental affordable housing complex. Site could be used as retail frontage.
6-Conduct Market Rent Study	Retail market rent study conducted indicated that average base rents ranged from \$2.54 to \$2.75 psf/mo.
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Financial analysis conducted
9-Create Development Plan	Tenant is currently paying market rents. Consider conversion to retail use.

Retail Market Rent Study – Central Business District (Smaller than 1,500 sf)

Property Type	Property Name	Address	Comp SF	Sub Market	Base Rent	Actual Rate Type	Term (Months)	Lease Start Date
Retail	Davies Pacific Center	841 Bishop St., Ste 132	796	CBD	\$2.50	NNN	62	6/1/2014
Retail	Central Pacific Plaza	220 S. King St., Ste 15	896	CBD	\$2.48	NNN	121	8/1/2014
Retail	Davies Pacific Center	841 Bishop St., Ste 152	447	CBD	\$2.25	NNN	36	11/1/2015
Retail	TOPA Financial Center	700 Bishop St., Ste 118	497	CBD	\$2.17	NNN	64	12/1/2015
Retail	81 South Hotel Street	81 S. Hotel St., Ste 2C	379	CBD	\$1.85	NNN	25	12/1/2015
Retail	Central Pacific Plaza	220 S. King St., Ste 20	800	CBD	\$2.85	NNN	36	1/1/2016
Retail	Remington College Building	1111 Bishop St., Ste 04	576	CBD	\$2.75	NNN	36	7/1/2016
Retail	Remington College Building	1111 Bishop St., Ste LA06	550	CBD	\$3.25	NNN	38	8/1/2016
Retail	The Arcade Building	212 Merchant St., Ste 4	495	CBD	\$2.75	NNN	60	12/1/2017
Retail	The Arcade Building	212 Merchant St., Ste GF	370	CBD	\$2.75	NNN	36	4/1/2017
Retail	The Arcade Building	212 Merchant St., Ste 3	386	CBD	\$2.75	NNN	60	1/1/2017
Retail	12 South King Street	12 S. King St., Ste 3/2	1,211	CBD	\$2.85	NNN	36	10/1/2016
Retail	The Arcade Building	212 Merchant St., Ste R-1	989	CBD	\$2.65	NNN	64	8/1/2016
Retail	Remington College Building	1111 Bishop St., Ste 5	551	CBD	\$3.25	NNN	37	4/1/2017
Retail	81 South Hotel Street	81 S. Hotel St., Ste 71SH-102	1,021	CBD	\$1.07	NNN	12	11/15/2017
				Average	\$2.54			
				Median	\$2.75			



Honuakaha

- Zoning: This site is zoned MUZ mixed-use commercial which allows for a wide variety of commercial development options.
- This site was developed as an affordable senior rental housing project with 151 units. The project has a 30 –year ground lease which expires in 2025.
- Apartment rental rate study conducted indicated that rents would increase to \$1,100per month.
- ***Mid-term repositioning opportunity to optimize apartment rental rates.***

Honuakaha	
1- Property Characteristics	51,594 sf building. MUZ zoning. Parcel size 1.49 acres. Ingress and egress to parking garage off of Queen Street.
2-Review Ground Lease	30 year ground lease expires in 2025. Rent is \$12,500 per month for ground lease and 5% of rental income (approximately \$4,500 per month)
3-Property Inspection	Multi-story senior rental housing complex with 151 units.
4-Review Building Operations	Building managed by HCDA. Operations budget provided.
5-Review Redevelopment Options	Long term ground lease would inhibit repositioning until 2025. Potential to convert to market rate rental housing.
6-Conduct Market Rent Study	Apartment rental rate study conducted
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Consider market rate rental housing



Kauhale Kakaako Parking Structure

- Zoning: This site is zoned MUZ mixed-use commercial which allows for a wide variety of commercial development options.
- This parking structure was developed in conjunction with a high-rise affordable rental housing project. HCDA manages the parking structure for HHFDC and shares in the parking revenues.
- The affordable housing project is currently on the market for sale, the new buyers are likely to be interested in purchasing the parking structure as well.
- Parking rate study indicates that market rates are currently being charged to non-residents for a non-reserved stall price of \$135 per month.
- ***Current uncertainty regarding the pending sale, HCDA can optimize parking revenues by actively promoting the estimated 200 parking stalls for public use. The many high-rise developments underway in Kakaako will likely boost demand for parking in the area.***

Kauhale Kakaako Parking Structure	
1- Property Characteristics	Property owned by HHFDC. HCDA manages the five story parking structure which has 698 stalls. The adjacent affordable housing complex is on the market for sale. Egress off of Halekauwila Street.
2-Review Ground Lease	HHFDC is paid \$10,197 monthly with HCDA getting the remainder.
3-Property Inspection	Parking structure is in fair condition with some deferred maintenance issues.
4-Review Building Operations	An estimated 450 to 500 stalls are currently rented out to residential and commercial tenants at the Kauhale complex. Roughly 200 are available for public use.
5-Review Redevelopment Options	Pending sale would dictate redevelopment options. Most likely parking structure would be acquired by new owner of affordable housing complex
6-Conduct Market Rent Study	Parking study conducted
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Boost non-resident parking space utilization

Kapiolani Corridor Parking Rate Study

KAPIOLANI CORRIDOR OFFICE BUILDING PARKING RATES				
	Hourly		Monthly	
	Per Hour	Validation Books per 100	Unreserved	Reserved
Hale Pawa	1st hour free/\$1.00/Half Hour Thereafter	\$0.75/hour	\$100	n/a
Ala Moana Building	\$5.00	none	\$126 - \$190	n/a
Ala Moana Pacific Center	\$3.00	\$120	\$94 - 110	\$148 - \$156
Pan Am Building	\$5.00	\$393	\$110	\$209
Pacific Guardian Tower	\$5.00		\$141	\$173
1601 Kapiolani	\$6.00	\$327	\$115 - \$120	\$141
1357 Kapiolani Blvd	\$3.50	\$250	\$104	\$156
1221 Kapiolani Blvd	\$3.00 to \$6.00	\$160	\$100	\$160
Kapiolani Business Plaza	\$2.00 - \$4.00	\$290	\$110	\$155
Pacific Park Plaza	\$6.00	\$390	\$204	\$272
615 Piikoi	\$1.00 1st 2 hrs/ \$2.00/Half Hour thereafter	\$130	\$100	\$145
Honolulu Club	\$5.00	\$220	\$120	n/a
First Insurance Center	\$5.00	\$313	\$130	\$180
677 Ala Moana	\$5.00	\$393	\$178	n/a
Average	\$4.07	\$260	\$126	\$173
<i>Source: Building websites, Pro Park parking survey.</i>				



Ohe Street Parking Lot

- Zoning: This site is zoned MUZ mixed-use commercial which allows for a wide variety of commercial development options.
- This surface parking lot is adjacent to the Children’s Discovery Museum. This parking lot is leased to JABSOM through 8/31/2018 with two-year options to renew.
- Office market rent study indicates that rents are not supportive of new office development.
- Parking rent study indicates that lease to JABSOM is at market rates.
- ***HCDA should maintain this lot for parking and incorporate a 3% annual rental rate increase into their lease.***

Ohe Street Parking Lot	
1- Property Characteristics	11,800 square foot lot which is equivalent to 45 parking stalls which are adjacent to the Childrens Discovery Museum. Access to parking lot off of Ohe Street. MUZ zoning.
2-Review Ground Lease	Right of entry agreement with the John A Burns School of Medicine. 25 month ROE lease starting through g 8/31/2018. There are two - one year options to renew. Rent is \$2,250 per month.
3-Property Inspection	Asphalt parking lot in good condition.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Potential office expansion site for Children's Discovery Museum property.
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Maintain lot for parking



Wasterwater Lot

- Zoning: This site is zoned P – Park use. Which limits the commercial development options. A gravel cap is in place to prevent disturbance of potential environmental hazards. The Pasha Group has a short term right of entry lease that expires 2/28/2018. Pasha uses the lot for parking.
- HAR 15-23-79 limits this site to conditional uses as a parking or construction yard.
- PBR Hawaii’s Kakaako Waterfront Master Plan recommends using the site as a food truck location. The recent closure of two Honolulu food truck parks is an indicator of the challenges in operating a successful location. Daily rents for a five-hour use of a food truck park was \$75, and \$150 for a full day. Percentage rent was also charged based on sales.
- ***HCDA should continue to lease this site for parking in the short-term. This location is likely to be difficult for food trucks as it has no visibility from Ala Moana Boulevard and patrons would have to drive into Kakaako Waterfront park to access.***

Wastewater Lot	
1- Property Characteristics	2.2 acre vacant lot secured by exterior fencing. Gravel cap in place due to environmental hazard. Ingress and Egress limited to Olomehani Street.
2-Review Ground Lease	Right of entry agreement with Pasha Group for a one year lease 3/1/2017 to 2/28/2018. Lot leased for \$13,965 per month.
3-Property Inspection	6 inch gravel cover required due to environmental report. Slightly sloped vacant lot in fair condition.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	HCDA Kakaako Waterfront Master Plan identified use as lunch truck facility.
6-Conduct Market Rent Study	See HCDA Kakaako Waterfront Masterplan
7-Conduct Market Demand Study	See HCDA Kakaako Waterfront Masterplan
8-Conduct Financial Analysis	See HCDA Kakaako Waterfront Masterplan
9-Create Development Plan	Maintain lot for parking



Cost Estimation Request by HCDA Task Force for utility hook-up to Wastewater and Look Lab sites.

The HCDA task force requested that Colliers identify pricing for utility hook-ups to the Wastewater and Look Lab sites. Colliers engaged a general contractor (Maryl Group) to estimate the pricing for bringing utilities to both the Wastewater Lot and the Look Lab facility.

Prior to Maryl Group's investigation, HCDA had hired T. Yoshimura Contracting to bring utilities to these sites a number of years ago. Unfortunately, this work had not been completed and no permit is on record. Our estimator reached out to T. Yoshimura Contracting to find out if there were plans that existed or if they could identify the current status of the project.

Unfortunately, due to an existing lawsuit, T. Yoshimura Contracting was not forthcoming with any information relating to the current condition or status of this project. With limited information, Maryl Group provided their best estimation.

Maryl Group's informal cost estimate for utility hookups for both properties are:

LOOK LAB

Power: \$100,000
Telcom: 50,000

WASTEWATER LOT

Power: \$100,000
Telcom: \$50,000
Sewer: \$50,000
Water: \$100,000

Maryl Group believes that water and sewer are stubbed to the Look Lab site, based on their inspection of the interior of the property (existing bathrooms and sinks). They also mentioned concerns about potential environmental risks should the gravel cap be disturbed.



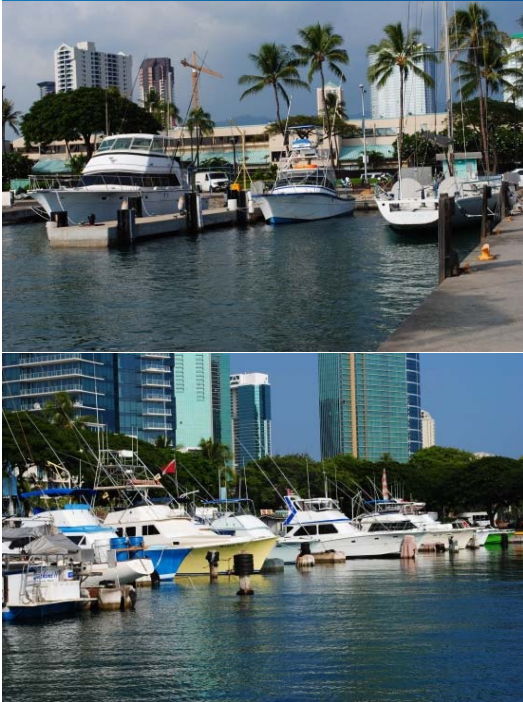
Look Lab

- Zoning: This site is zoned P – Park use. Which limits the commercial development options. HAR 15-23-79 limits this site to conditional uses as a parking or construction yard. The vacant Look Lab facility is being used for storage. Ocean Investments secured a short term right of entry lease for 6,000 sf which expires 4/12/2018.
- PBR Hawaii’s Kakaako Waterfront Master Plan conducted a study to convert the Look Lab into a sports facility. The demand study indicates support for this use. Unfortunately, income generated would not be feasible without government support.
- Colliers evaluated the rehabilitation of the Look Lab into use as a general warehouse. Estimated expense to fix this 18,000 sf facility would be \$370,000. Kakaako industrial rents range from \$1.20 psf/mo to \$1.40 psf/mo. The rehab costs would be paid off within 18 months at these rents.
- Market demand for storage space exists from both the private and public sectors. We believe there would be interest from Honolulu light rail contractors once construction occurs in urban Honolulu.
- **Due to existing P-zoning which prohibits industrial use, this site will not be rehabbed.**

Look Lab	
1- Property Characteristics	83,000 sf land parcel with vacant 18,000 square foot Look Lab facility (warehouse). Zoning P- Park Use. Access to site along Olomehani, Koula and Ahui Streets.
2-Review Ground Lease	Right of entry lease agreement with Ocean Investments for use of a portion (6,000 sf) of former Look Lab facility as storage and parking. Term of lease is 4/13/2017 to 4/12/2018. Rented for \$2,000 per month.
3-Property Inspection	Look Lab facility is in need of sizeable rehabilitation costs, as electrical, plumbing, roof and insulation, and building facade and interior are required. Adjacent parking lot is partially overgrown with foliage. This site also requires gravel cap to remain in place due to environmental hazards.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	HCDA Kakaako Waterfront Master Plan identified use as sports training facility. Colliers also identified rehabilitation of the Look Lab building as a potential warehouse.
6-Conduct Market Rent Study	Warehouse market rent study conducted indicated rents of \$1.27 to \$1.28 psf/mo.
7-Conduct Market Demand Study	Industrial demand for urban Honolulu space remains very strong due to severe shortage situation.
8-Conduct Financial Analysis	Secured contractor estimate to rehabilitate Look Lab facility.
9-Create Development Plan	Rehabilitate Look Lab facility into warehouse property.

Industrial Market Rent Study – Large Warehouse Lease Transactions

Property Type	Address	Comp SF	Sub Market	Term (Months)	Base Rent	Actual Rate Type
Industrial	2222 Kamehameha Hwy.	10,775	Kalihi	36	\$1.25	NNN
Industrial	179 Sand Island Access Rd., Ste C	14,548	Kalihi Kai	10	\$1.28	Modified Gross
Industrial	744 Ala Moana Boulevard, Unit 1	14,537	Kakaako	60	\$1.50	NNN
Industrial	2312 Kamehameha Hwy., Ste E-1	10,965	Kalihi	84	\$1.30	NNN
Industrial	2312 Kamehameha Hwy., Ste B-2	15,458	Kalihi	12	\$1.04	Modified Gross
					Average	\$1.27
					Median	\$1.28



Kewalo Basin Submerged Lands

- Commercial development not considered for submerged lands
- ***Long term ground lease with Kewalo Harbor Management LLC until 2049. No redevelopment plans explored.***

Kewalo Basin Submerged Lands	
1- Property Characteristics	Kewalo Basin marina accessible from Ala Moana Boulevard.
2-Review Ground Lease	35 year lease with Kewalo Harbor LLC (Howard Hughes). Lease began 9/2014 and expires 9/2049 with a ten year option to renew.
3-Property Inspection	Kewalo Basin marina was in fair condition with many slips beginning to show their age. Recent lease signing with Kewalo Harbor LLC should provide needed investment to upgrade and improve marina facilities.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Long term lease recently signed. Redevelopment planned to take place.
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Not applicable



Diamond Head Parking Lot

- Zoning: This site is zoned Waterfront Commercial. Site has excellent visibility from Ala Moana Boulevard, ingress and egress with signalized lights and benefits from adjacency to Ward retail complexes and Ala Moana Beach Park.
- Pending long term ground lease with Kewalo Harbor Management Company through 2049 with Kewalo Basin Diamond Head Parking Lot. Rent includes annual \$25,000 ground lease +3% increases and percentage of the parking revenues.
- Retail demand studies indicate the area could support between 35,000 to 60,000 square feet of new retail. Kakaako retail rents range from \$3.65 psf/mo to \$4.00 psf/mo. In-line spaces for new retail developments in the area are garnering in excess of \$7.00 psf/mo in rent.

Kewalo Basin Diamond Head Parking Lot	
1- Property Characteristics	34,500 sf land parcel with 76 marked metered parking stalls and a comfort station. Site is located off of Ala Moana Boulevard at the Diamond Head entrance to the Kewalo Basin Marina. Zoning - Waterfront Commercial.
2-Review Ground Lease	Pending lease with Kewalo Harbor Management Company LLC. \$25,000 ground rent + 3% annual increase + 5% on natural breakpoint. Expiration date 2049.
3-Property Inspection	Asphalt paved parking lot surrounded by shade trees.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Zoning allows for commercial uses including retail. Long term lease being negotiated.
6-Conduct Market Rent Study	Retail market rent study conducted
7-Conduct Market Demand Study	Retail market demand study conducted indicates support for a 40,000 square foot center.
8-Conduct Financial Analysis	Financial analysis conducted
9-Create Development Plan	Development options could be inhibited by long term ground lease currently being negotiated.

Retail Market Rent Study – Kakaako

Property Type	Address	Comp SF	Sub Market	Base Rent	Rate Type	Term (Months)	Lease Commencement Date
Retail	101 Ala Moana Boulevard, Ste 1201	1,060	Ala Moana	\$4.50	NNN	60	6/15/2016
Retail	1221 Kapiolani Blvd., Ste 111	558	Kapiolani	\$3.50	NNN	124	7/1/2016
Retail	330 Coral Street, Ste 1-109/110/111	3,315	Kakaako	\$3.18	NNN	120	7/1/2016
Retail	685 Auahi St., Ste 2-116	692	Kakaako	\$4.50	NNN	63	12/1/2016
Retail	685 Auahi St., Ste 3-125	804	Kakaako	\$4.50	NNN	66	1/1/2017
Retail	502 Keawe Street, Ste Anchor	13,122	Kakaako	\$3.50	NNN	180	1/1/2017
Retail	502 Keawe Street, Ste G	1,926	Kakaako	\$4.00	NNN	60	1/1/2017
Retail	502 Keawe Street, Ste A	3,491	Kakaako	\$2.00	NNN	144	1/1/2017
Retail	502 Keawe Street, Ste I	920	Kakaako	\$5.15	NNN	60	1/1/2017
Retail	502 Keawe Street, Ste E	1,151	Kakaako	\$4.50	NNN	60	1/1/2017
Retail	502 Keawe Street, Ste H	1,811	Kakaako	\$3.00	NNN	120	1/1/2017
Retail	502 Keawe Street, Ste B	2,977	Kakaako	\$4.10	NNN	120	1/1/2017
Retail	502 Keawe Street, Ste D	1,154	Kakaako	\$4.50	NNN	60	1/1/2017
Retail	675 Auahi St., Ste E3-200/201	1,728	Kakaako	\$1.85	NNN	63	3/1/2017
Retail	685 Auahi St., Ste 2-121	1,763	Kakaako	\$4.50	NNN	60	5/23/2017
Retail	660 Ala Moana Blvd., Ste 220A	2,030	Kakaako	\$3.15	NNN	64	7/1/2017
Retail	760 Halekauwila St., Ste 103/104	991	Kakaako	\$2.30	Modified Gross	36.5	7/17/2017
Retail	716 Cooke Street, Ste 1/5/6	5,031	Kakaako	\$1.57	NNN	36	8/1/2017
Retail	685 Auahi St., Ste 2-117	646	Kakaako	\$5.00	NNN	60	4/1/2018
			Average	\$3.65			
			Median	\$4.00			

Retail Market Demand Study – Diamond Head Parking Lot and Charterboat Site

RETAIL DEMAND ANALYSIS - PRIMARY MARKET - POPULATION MODEL					
PRIMARY MARKET RESIDUAL DEMAND	2017	2018	2019	2020	2021
Conservative	2,497,653	2,510,046	2,576,604	2,643,761	2,719,168
Moderate	3,731,779	3,755,166	3,832,817	3,911,167	3,999,142
Aggressive	4,965,905	5,000,286	5,089,030	5,178,573	5,279,116
SECONDARY MARKET RESIDENTIAL DEMAND					
	2017	2018	2019	2020	2021
Conservative	542,266	542,266	542,266	542,266	542,266
Moderate	884,606	884,606	884,606	884,606	884,606
Aggressive	1,226,946	1,226,946	1,226,946	1,226,946	1,226,946
TRANSIENT MARKET RESIDENTIAL DEMAND					
	2017	2018	2019	2020	2021
Conservative	241,071	260,843	280,813	300,983	321,355
Moderate	438,796	460,545	482,513	504,700	527,108
Aggressive	735,383	760,099	785,062	810,274	835,739
PENETRATION RATE					
Primary Market Penetration Rate 1.0%	37,318	37,552	38,328	39,112	39,991
Secondary Market Penetration Rate 0.3%	2,654	2,654	2,654	2,654	2,654
Transient Market Penetration Rate 5.0%	21,940	23,027	24,126	25,235	26,355
TOTAL ESTIMATED DEMAND	61,911	63,233	65,108	67,000	69,001
RETAIL DEMAND ANALYSIS - PRIMARY MARKET - CONSUMER EXPENDITURE MODEL					
PRIMARY MARKET RESIDUAL DEMAND	2017	2018	2019	2020	2021
Conservative	1,383,310	1,417,103	1,454,106	1,484,083	1,603,644
Moderate	2,125,069	2,173,697	2,225,831	2,271,244	2,406,548
Aggressive	2,557,762	2,615,043	2,676,005	2,730,421	2,874,908
SECONDARY MARKET RESIDENTIAL DEMAND					
	2017	2018	2019	2020	2021
Conservative	2,441,595	2,469,051	2,471,042	2,473,033	2,475,023
Moderate	2,772,490	2,802,836	2,805,036	2,807,237	2,809,437
Aggressive	2,965,512	2,997,544	2,999,867	3,002,189	3,004,512
TRANSIENT MARKET RESIDENTIAL DEMAND					
	2017	2018	2019	2020	2021
Conservative	305,827	308,885	311,974	315,094	318,245
Moderate	289,731	292,628	295,555	298,510	301,495
Aggressive	275,244	277,997	280,777	283,585	286,421
PENETRATION RATE					
Primary Market Penetration Rate 1.0%	13,833	14,171	14,541	14,841	16,036
Secondary Market Penetration Rate 0.3%	8,317	8,409	8,415	8,422	8,428
Transient Market Penetration Rate 5.0%	13,762	13,900	14,039	14,179	14,321
TOTAL ESTIMATED DEMAND	35,913	36,479	36,995	37,442	38,786

Based on both the population and consumer expenditure models, this site could support a recommended 40,000 square foot retail development.



Charterboat Building

- Zoning: This site is zoned Waterfront Commercial. Site has excellent visibility from Ala Moana Boulevard, ingress and egress with signalized lights and benefits from adjacency to Ward retail complexes and Ala Moana Beach Park.
- Pending long term ground lease with Kewalo Harbor Management Company through 2049 with Kewalo Basin Diamond Head Parking Lot. Rent includes annual \$25,000 ground lease +3% increases and percentage of the parking revenues.
- ***Development options inhibited by existence of a long term ground lease with Kewalo Basin Management Company LLC .***

Kewalo Basin Charterboat Building	
1- Property Characteristics	13,500 sf parcel with 15 marked parking stalls and a 2,900 sf building. Site located off of Ala Moana Boulevard with excellent visibility from the street. Zoning - Waterfront Commercial.
2-Review Ground Lease	Pending lease with Kewalo Harbor Management Company LLC. \$25,000 groud rent + 3% annual increase + 5% on natural breakpoint. Expiration date 2049.
3-Property Inspection	Asphalt paved parking lot and single story office building.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Zoning allows for commercial uses including retail. Long term lease being negotiated.
6-Conduct Market Rent Study	See Diamond Head Parking Lot retail market rent study.
7-Conduct Market Demand Study	Retail market demand study conducted indicates support for a 40,000 square foot center.
8-Conduct Financial Analysis	Financial analysis conducted
9-Create Development Plan	Development options inhibited by long term ground lease with Kewalo Basin Management Company LLC.



NOAA Lot

- Zoning: This site is zoned Waterfront Commercial. Site has limited visibility from Ala Moana Boulevard. Excellent views of Kewalo Basin and Kakaako high-rises.
- Pending long term ground lease with Kewalo Harbor Management Company through 2049.
- ***Development options inhibited by existence of a long term ground lease with Kewalo Basin Management Company LLC .***

Summary Sheet	Kewalo Basin NOAA Lot
1- Property Characteristics	59,404 sf lot with 1,277 square foot harbormaster office building. Site is located adjacent to Kewalo Basin Park, Kewalo Basin Net Shed at the end of the road surrounding the marina. Site is zoned Waterfront Commercial.
2-Review Ground Lease	Pending lease with Kewalo Harbor Management Company LLC for \$30,000 ground lease with 3% annual increases and a 10% natural breakpoint. Expiration date 2049.
3-Property Inspection	Asphalt lot, single story wood frame office building. Site include perimeter fencing with storage. Condition of office building and facilities is poor.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Zoning allows for commercial uses. Long term lease being negotiated.
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Not applicable



690 Pohukaina Lot

- Zoning: This site is zoned MUZ mixed-use commercial which allows for a wide variety of commercial development options.
- Lease with DLNR is set to expire by 2/2019. Lot ownership transfers back to DLNR and HHFDC.
- The short term lease prohibits any significant capital investment into the site.
- ***HCDA should consider converting vacant lot into use for month to month parking.***

690 Pohukaina Street	
1- Property Characteristics	94,423 sf parcel is divided into two, one site is subleased to Fisher Hawaii and generates roughly \$11,000/month. The other is a 43,499 sf gravel vacant parcel. Both lots are owned by DLNR but managed by HCDA on an 80/20 ratio. Site is zoned MUZ.
2-Review Ground Lease	Lease arrangement with DLNR expires 2/2019. Site will then be transferred from HCDA back to DLNR and HHFDC.
3-Property Inspection	Gravel vacant lot with perimeter fencing.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Short term remaining on lease prohibits any development options. Consideration for the site as a parking lot.
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Recommend converting vacant lot into month to month parking spaces.



Lot C

- **Zoning:** This site is zoned MUZ mixed-use commercial which allows for a wide variety of commercial development options. Site has access from Ilalo and Keawe Streets.
- HCDA is under negotiations with Stanford Carr Development for a Sandbox, Innovation Center and medical office condominium development complex.
- Market rent studies indicate that general office rents will not support development costs. Medical office rents ranged from \$3.02 to \$3.39 psf/mo.
- Medical office demand study indicates support for a 30,000 40,000 square foot medical office building.
- **Long-term:** *Colliers recommends a low/mid-rise for medical office to complement the medical office condominium, UH Cancer Research Center and JABSOM facilities.*

Lot C	
1- Property Characteristics	5.5 acre vacant lot being used for parking. Zoning MUZ.
2-Review Ground Lease	Adjacent site under negotiations with Stanford Carr for Sandbox, Innovation Center and medical office condominium complex.
3-Property Inspection	Asphalt lot being used for parking.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	The combination of JABSOM, the UH Cancer Research Center, the Innovation Center and Sandbox developments provide cohesive potential for a medical office development.
6-Conduct Market Rent Study	Conducted medical office rent study which indicates \$3.09 to \$3.39 psf/mo.
7-Conduct Market Demand Study	Conducted medical office demand study which indicated annual demand of roughly 15,000 sf to 19,000 sf per year.
8-Conduct Financial Analysis	Conducted financial feasibility analysis
9-Create Development Plan	Recommend phased 30,000 to 40,000 square foot medical office development.

Medical Office Market Rent Study – Hale Pawaa

Lease Comparables for Hale Pawaa						
Property Name	Address	Square Footage	Term	Lease Start Date	Starting Base Rent	Ending Base Rent
Hale Pawaa	1401 S. Beretania Street	1,150	10 years	9/1/2011	\$2.75	\$3.19
Hale Pawaa	1401 S. Beretania Street	1,109	7 years	8/1/2011	\$2.90	\$3.26
Hale Pawaa	1401 S. Beretania Street	1,991	7 years	1/1/2012	\$2.75	\$3.10
Hale Pawaa	1401 S. Beretania Street	1,101	10 years	8/1/2012	\$2.75	\$3.10
Hale Pawaa	1401 S. Beretania Street	2,412	10 years	4/1/2013	\$2.76	\$3.11
Hale Pawaa	1401 S. Beretania Street	1,965	5 years	7/27/2015	\$3.25	\$3.66
Hale Pawaa	1401 S. Beretania Street	14,084	11 years	2/1/2017	\$3.95	\$4.32
				Average	\$3.02	\$3.39
				Median	\$2.76	\$3.19

Medical Office Market Demand Study – Hale Pawaa

Property Name	Address	Year	Annual Absorption	Building Vacancy Rate
Hale Pawaa	1401 S. Beretania Street	2010	24,800	80.00%
Hale Pawaa	1401 S. Beretania Street	2011	27,900	57.50%
Hale Pawaa	1401 S. Beretania Street	2012	27,900	35.00%
Hale Pawaa	1401 S. Beretania Street	2013	16,215	21.92%
Hale Pawaa	1401 S. Beretania Street	2014	5,157	17.76%
Hale Pawaa	1401 S. Beretania Street	2015	7,937	11.36%
Hale Pawaa	1401 S. Beretania Street	2016	14,091	0.00%
Hale Pawaa	1401 S. Beretania Street	2017	(4,072)	3.28%
Average Annual Absorption:			14,991	

Medical Office Market Demand Study – Medical Practitioners

Colliers identified a list of 345 medical practitioners located within a 4.0 mile radius of Kakaako Waterfront Park. Based on an average lease turnover rate of 20% per year, we assumed that roughly 68 medical offices were actively looking for office space each year. Colliers used a 20% capture rate of these practitioners that would consider a new medical office development (estimate of 13 to 14 medical firms per year).

Of these 345 medical practices, Colliers estimated that the each practice employs an average of 7.09 people (including the doctors). At an average of 200 square feet per employee, the average square footage demand per medical office would be 1,418 square feet.

Estimated annual market demand for medical office space would be 19,300 square feet per year.

Based on Hale Pawaa annual absorption of 14,991 square feet and Colliers medical practitioner's demand estimate of 19,300 square feet. **Colliers anticipates that demand for a new medical office building would range between 15,000 to 20,000 per year.**



630 Cooke Street

- Zoning: This site is zoned MUZ mixed-use commercial which allows for a wide variety of commercial development options. Site ingress and egress from Cooke Street.
- HCDA is under negotiations with micro-unit residential developer.
- Retail market rent study identified rents to range from \$2.50 psf/mo to \$2.75 psf/mo.
- Projected retail rental rate levels would not support a new retail development for this site.
- Potential ground lease rents of \$7.50 psf/mo estimated at 25% premium above paved lot rents in Kakaako Makai.
- **Short-term: Colliers recommends continued negotiations with micro-unit developer.**

630 Cooke Street	
1- Property Characteristics	10,409 sf vacant lot. Ingress and egress on Cooke Street.
2-Review Ground Lease	Site under negotiations with micro unit developer.
3-Property Inspection	Perimeter fenced asphalt lot.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Retail development considered.
6-Conduct Market Rent Study	Retail market rent study conducted indicated that average base rents ranged from \$2.54 to \$2.75 psf/mo.
7-Conduct Market Demand Study	Retail rents do not support costs to develop.
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Secure long term ground lease for micro-unit developer

Retail Market Rent Study – Central Business District

Property Type	Property Name	Address	Comp SF	Sub Market	Base Rent	Actual Rate Type	Term (Months)	Lease Start Date
Retail	Davies Pacific Center	841 Bishop St., Ste 132	796	CBD	\$2.50	NNN	62	6/1/2014
Retail	Central Pacific Plaza	220 S. King St., Ste 15	896	CBD	\$2.48	NNN	121	8/1/2014
Retail	Davies Pacific Center	841 Bishop St., Ste 152	447	CBD	\$2.25	NNN	36	11/1/2015
Retail	TOPA Financial Center	700 Bishop St., Ste 118	497	CBD	\$2.17	NNN	64	12/1/2015
Retail	81 South Hotel Street	81 S. Hotel St., Ste 2C	379	CBD	\$1.85	NNN	25	12/1/2015
Retail	Central Pacific Plaza	220 S. King St., Ste 20	800	CBD	\$2.85	NNN	36	1/1/2016
Retail	Remington College Building	1111 Bishop St., Ste 04	576	CBD	\$2.75	NNN	36	7/1/2016
Retail	Remington College Building	1111 Bishop St., Ste LA06	550	CBD	\$3.25	NNN	38	8/1/2016
Retail	The Arcade Building	212 Merchant St., Ste 4	495	CBD	\$2.75	NNN	60	12/1/2017
Retail	The Arcade Building	212 Merchant St., Ste GF	370	CBD	\$2.75	NNN	36	4/1/2017
Retail	The Arcade Building	212 Merchant St., Ste 3	386	CBD	\$2.75	NNN	60	1/1/2017
Retail	12 South King Street	12 S. King St., Ste 3/2	1,211	CBD	\$2.85	NNN	36	10/1/2016
Retail	The Arcade Building	212 Merchant St., Ste R-1	989	CBD	\$2.65	NNN	64	8/1/2016
Retail	Remington College Building	1111 Bishop St., Ste 5	551	CBD	\$3.25	NNN	37	4/1/2017
Retail	81 South Hotel Street	81 S. Hotel St., Ste 71SH-102	1,021	CBD	\$1.07	NNN	12	11/15/2017
				Average	\$2.54			
				Median	\$2.75			



1025 Waimanu

- Zoning: This site is zoned MUZ mixed-use commercial which allows for a wide variety of commercial development options. Site ingress and egress from Waimanu and Kawaihao Streets.
- Site is ground leased to ArtSpace, an affordable rental housing developer, for \$1 annually through 2082.
- ***Long-term ground lease inhibits any redevelopment options.***

Summary Sheet	1025 Waimanu Street
1- Property Characteristics	Zoning- MUZ. 30,000 square foot vacant lot with ingress and egress from Waimanu and Kawaihao Streets.
2-Review Ground Lease	Site ground leased to ArtSpace, affordable housing developers that target artists.
3-Property Inspection	Perimeter fencing, demolition and ground work underway.
4-Review Building Operations	Not Applicable
5-Review Redevelopment Options	Not Applicable
6-Conduct Market Rent Study	Not Applicable
7-Conduct Market Demand Study	Not Applicable
8-Conduct Financial Analysis	Not Applicable
9-Create Development Plan	Not Applicable

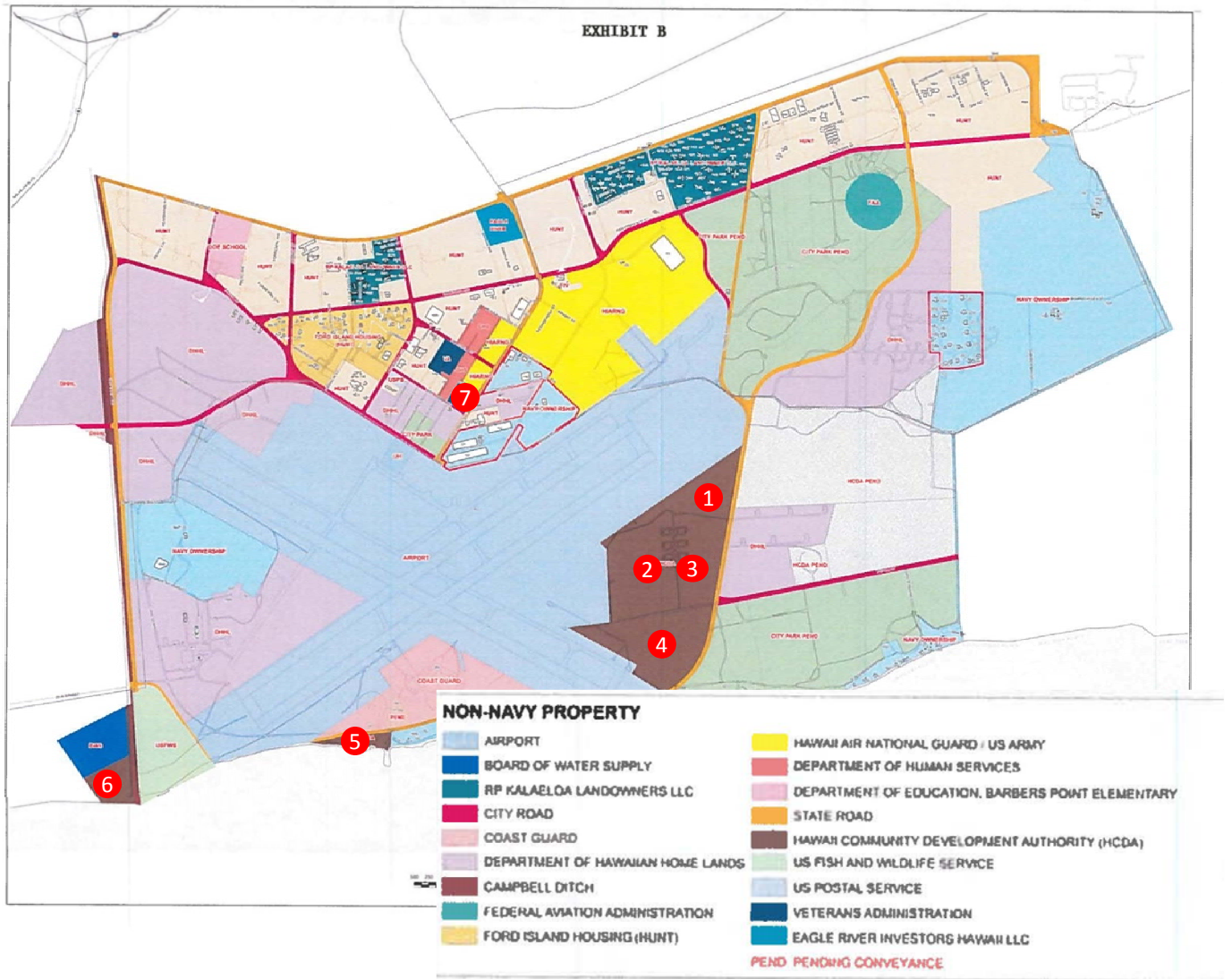


1226 Waimanu

- Zoning: This site is zoned MUZ mixed-use commercial which allows for a wide variety of commercial development options. Site ingress and egress from Waimanu Street.
- Access parcel for Stanford Carr’s affordable housing project. Ground lease pending.
- Potential ground lease rents of \$7.50 psf/mo estimated at 25% premium above paved lot rents in Kakaako Makai.
- **Long-term ground lease inhibits any redevelopment options.**

Summary Sheet	1226 Waimanu Street
1- Property Characteristics	Zoning MUZ. 4,600 sf lot with 2,512 sf warehouse/shed. Ingress and egress from Waimanu Street.
2-Review Ground Lease	Site is ground leased to Stanford Carr Development for a affordable housing development
3-Property Inspection	Small warehouse/shed built in 1961 with asphalt covered parking fronting the space.
4-Review Building Operations	Not Applicable
5-Review Redevelopment Options	Not Applicable
6-Conduct Market Rent Study	Not Applicable
7-Conduct Market Demand Study	Not Applicable
8-Conduct Financial Analysis	Not Applicable
9-Create Development Plan	Not Applicable

Property Map





Coral Sea Mauka

- Zoning: This site is zoned Open Space and Recreational/Cultural under HCDA. Site ingress and egress is on Coral Sea Road.
- Site is encumbered under a month-to-month Right of Entry lease with the Honolulu Fire Department.
- **Zoning restrictive to open space uses so no redevelopment options considered. Potential use as solar farm.**

	1 - Coral Sea Mauka
1- Property Characteristics	19.36 acres of land Zoning: F-1/Open Space HCDA Kalaeloa Master Plan Use: Recreational/Cultural Current Use: vacant land
2-Review Ground Lease	Right of Entry lease with Honolulu Fire Department Month-to-month Rent: \$18,000 annually Lease not reviewed.
3-Property Inspection	Vacant lot adjacent to the airport with access off Coral Sea Road. Fenced and overgrown with brush. Unable to access property for full inspection.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Zoning restrictive to open space uses only
6-Conduct Market Rent Study	Potential annual rents based on market ground lease parameters of 2.0% of land value. Appraised value estimated at \$35,000 per acre.
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Not applicable



Coral Sea Preservation Lots

- Zoning: This site is zoned Open Space and Recreational/Cultural under HCDA. Site ingress and egress is on Coral Sea Road.
- Site is encumbered by long-term lease through 2055 with Kalaeloa Heritage & Legacy Foundation.
- ***Long-term ground lease inhibits any redevelopment options.***

	2 & 3 - Coral Sea Presevation Lots #1 and #2
1- Property Characteristics	Lot 1: 11.50 acres of land Lot 2: 65.36 acres of land Zoning: F-1/Open Space HCDA Kalaeloa Master Plan Use: Recreational/Cultural Current Use: cultural land
2-Review Ground Lease	Lease with Kalaeloa Heritage & Legacy Foundation 12/1/15 to 11/30/55 with 20-year option Rent: \$1 annually with percentage rent starting in 2020 Lease not reviewed.
3-Property Inspection	Lot adjacent to the airport with access off Coral Sea Road. Fenced and overgrown with brush. Unable to access property for full inspection.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Zoning restrictive to open space uses only
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Not applicable



Coral Sea Makai

- Zoning: This site is zoned Open Space and Recreational/Cultural under HCDA. Site ingress and egress is on Coral Sea Road.
- There is letter of intent (“LOI”) dated 5/1/17 for a PV farm land lease that is currently under negotiation with Aloha Solar Energy. Proposed term is for 20-years with two 10-year options. Minimum 25 acres needed.
- **Zoning restrictive to open space uses. Solar farm assumed highest and best use.**

	4 - Coral Sea Makai
1- Property Characteristics	44.28 acres of land Zoning: F-1/Open Space HCDA Kalaeloa Master Plan Use: Recreational/Cultural Current Use: vacant land
2-Review Ground Lease	Letter of Intent dated 5/1/17 with Aloha Solar Energy Proposed Terms: 20-year term with 10-year or 20 year option Rent prior to COD date: \$120/month/usable acre Initial base rent: \$20,833/month 10-year extension: \$22,916/month 2nd 10-year extension: \$25,000/month Percentage rent also proposed.
3-Property Inspection	Lot adjacent to the airport. Fenced and overgrown with brush. Unable to access property for full inspection.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Zoning restrictive to open space uses only
6-Conduct Market Rent Study	Potential annual rents based on market ground lease parameters of 2.0% of land value. Appraised value estimated at \$35,000 per acre.
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Not applicable



Coral Sea Oceanfront

- Zoning: This site is zoned Open Space and Foreshore Protection under HCDA. Site ingress and egress is on Coral Sea Road. There is also beachfront access.
- Oceanfront lot adjacent to Nimitz Beach.
- Currently there is no lease on the property.
- **No redevelopment options considered. Zoning restrictive to open space uses and access and infrastructure limited.**



	5 - Coral Sea Oceanfront
1- Property Characteristics	6.13 acres of land Zoning: F-1/Open Space HCDA Kalaehoa Master Plan Use: Foreshore Protection Current Use: vacant land
2-Review Ground Lease	Not applicable
3-Property Inspection	Oceanfront land next to Nimitz Beach Park and Coast Guard Air Station. Visual inspection from beachfront. Coral Sea Rd access closed.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Zoning restrictive to open space uses only
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Not applicable

6 – Campbell Oceanfront



Campbell Oceanfront

- Zoning: This site is zoned Eco-industrial/ Board of Water Supply under the HCDA Master Plan. There is no direct access to the site.
- Currently there is no lease on the property.
- ***While the site is slated for industrial use, the parcel is land locked and has no infrastructure. Thus, no redevelopment options were considered. The Board of Water Supply occupies the adjacent parcel where access would come from.***

	6 - Campbell Oceanfront
1- Property Characteristics	10.57 acres of land Zoning: F-1 HCDA Kalaeloa Master Plan Use: Eco-industrial/ Board of Water Supply Current Use: vacant land
2-Review Ground Lease	Not applicable
3-Property Inspection	Land locked parcel. Unable to access property for inspection.
4-Review Building Operations	Not applicable
5-Review Redevelopment Options	Not applicable
6-Conduct Market Rent Study	Not applicable
7-Conduct Market Demand Study	Not applicable
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Not applicable

7 – Building 36



Building 36

- Zoning: This site is zoned T-4 Mixed Use under the HCDA Master Plan. Ingress/Egress is from Yorktown Street.
- The property is subject to a month-to-month land lease with Hawaii Public Housing Authority and is currently being used as a homeless shelter.
- ***While commercial use is allowable, utilizing the existing building as apartments would likely be the most cost effective use with highest demand.***



	7-Building 36
1- Property Characteristics	1.53 acres of land with low-rise multi family building (65 studios) Zoning: F-1/T-4 Mixed Use HCDA Kalaeloa Master Plan Use: Airport Mixed-Use Moderate Intensity Current Use: Homeless shelter
2-Review Ground Lease	Month-to-month lease to Hawaii Public Housing Authority Rent: \$12 per year
3-Property Inspection	3-Story apartment building on Enterprise Street/Yorktown Street. Shares parking lot with other apartment buildings. Noticed some deferred maintenance.
4-Review Building Operations	Land lease only so building operations not reviewed
5-Review Redevelopment Options	Convert to affordable housing market rentals in the mid-term. Allocate \$5,000+ per unit for conversion.
6-Conduct Market Rent Study	Reviewed commercial land comps and studio apartment rents.
7-Conduct Market Demand Study	Historically, there has been a severe shortage of affordable housing so no demand study was conducted.
8-Conduct Financial Analysis	Not applicable
9-Create Development Plan	Not applicable

Prioritized Development Timeline



Prioritized Development Timeline

Short Term (0-3 Years)		
Cost Estimate	Property	Recommendation
\$0.00	Wastewater Lot	Renew and extend parking lease
\$0.00	Ohe Street Parking Lot	Renew and extend parking lease
\$0.00	NOAA Site	Pursue long term ground lease for site*
\$0.00	630 Cooke Street	Pursue long term ground lease with micro-unit developer
\$0.00	Coral Sea- Makai	Pursue solar farm lease*
\$1,000.00	Kauhale Parking Structure	Actively market vacant parking stalls to non-residents
\$33,400.00	547 Cooke Street Commercial Site	Actively market commercial space to retail tenant (tenant improvement allowance of \$25 psf)
\$50,000.00	690 Pohukaina Street	Pave empty lot with gravel, fix perimeter fencing and rent as month to month parking till 2019
\$200,000.00	Rear Pump Building and Storage Shed	Rehab buildings for office use
\$325,000.00	Building 36	Convert apartment building to market rents (\$5000 per unit upgrade cost)
\$370,000.00	Look Lab Building	Rehab warehouse building
Mid-Term (4-7 Years)		
	Property	Recommendation
	Honuakaha	Ground lease expiration 2025, explore conversion to market rate rental housing
	Kolowalu Park	Pursue ground lease to retail developer
	Historic Pump Station and 240 Keawe Street	Pursue long term ground lease to retail developer (consider relocating Gateway Center to another location)
	630 Cooke Street	Pursue long term ground lease with micro-unit developer*
	Diamond Head lot and Charterboat site	Pursue long term ground lease with retail developer*
	Kakaako Maintenance Shed	Coordinate development of concession stand with amphitheater development
	Coral Sea - Mauka	Pursue ground lease for solar farm
Long- Term (10+ Years)		
	Property	Recommendation
	Lot C - Parking Lot	Pursue ground lease to medical office (for lease) developer
*active ground lease negotiations		

Commercial Market Conditions

Commercial real estate market conditions can directly influence the feasibility of a commercial development. Colliers provided a quick summary of the current market conditions and their likely impact on development.

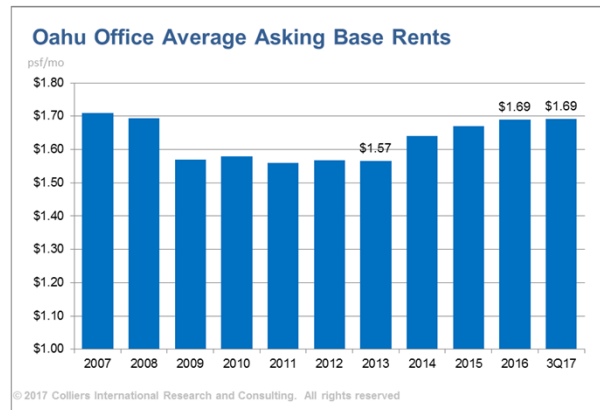
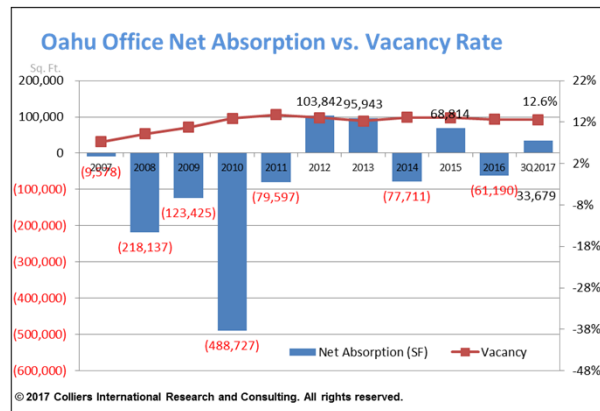
Office Market

Oahu’s office market has remained stagnant for nearly eight years. Vacancy rates remained fixated near 12% during this time period. Typically, an office market at equilibrium (where landlords and tenants have equal negotiating stances) has a vacancy rate of 10% or lower. Oahu’s market remains a “tenant’s” market.

Annual net absorption has fluctuated between positive and negative readings since 2012. The average annual net absorption for the past six years was 27,230 square feet. At this level of office occupancy growth, new office development is not likely.

The average Oahu base office rent for 3Q2017 was \$1.69 per square foot per month (“psf/mo”). Despite rents that have risen from \$1.57 psf/mo to \$1.69 psf/mo, office rents remain well below levels that are needed to make an office development project feasible.

Conclusion: Office Development Not Feasible



Retail Market

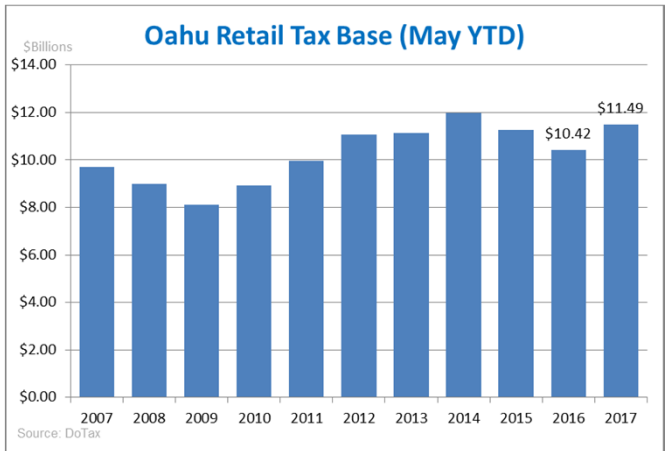
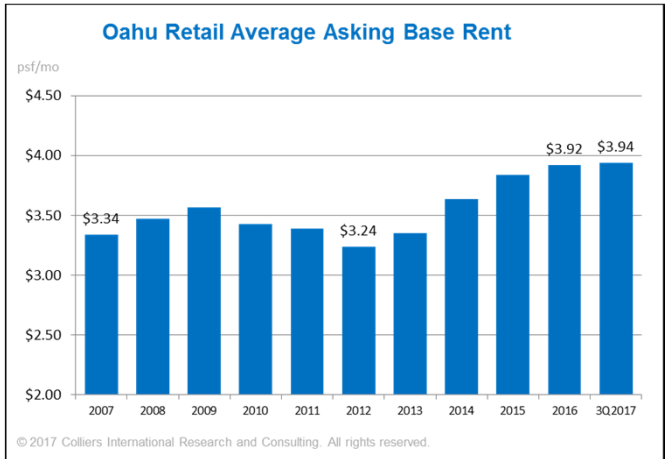
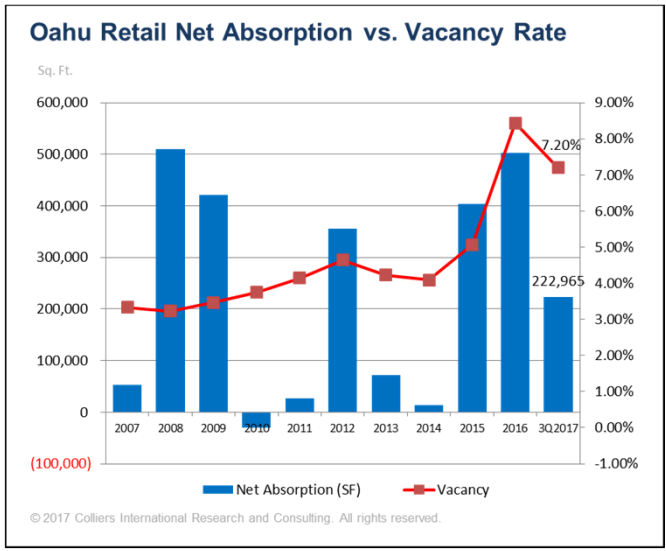
Oahu encountered a sizeable retail building boom between 2015 and 2017. The addition of the Ewa wing of Ala Moana Center, the expansion and redevelopment of International Marketplace and the delivery of Ka Makana Alii, Kapolei’s regional mall, boosted retail inventory by nearly 1.4 million square feet.

The impact of all this new retail development increased the year-end 2016 vacancy rates to 8.44%, its highest level in more than a decade. Despite this bump in vacancy rates, more than 1.1 million square feet of occupancy growth occurred over the past 2 ¾ years.

Retail rents, which steadily increased since 2012, had eclipsed \$4.00 psf/mo during 1Q2017. This is a new record high for retail rents and had prompted developers to continue to push for more retail projects. There remains an additional 1.7 million square feet of proposed or planned retail projects on developer drawing boards.

While there are concerns over market saturation, retail performances for urban Honolulu and Waikiki continue to remain strong. At the end of May, Oahu retail sales rebounded after two years of decline to generate nearly \$11.5 billion in sales.

Conclusion: Retail development remains feasible at current rents. Concerns over market saturation are beginning to emerge.



Industrial Market

Oahu industrial market remains at a severe shortage situation. Vacancy rates have hovered near 2.0% for nearly four years as available warehouse space remains a challenge to find for prospective, expanding or relocating tenants.

Industrial asking rents have surged upward, rising from \$0.92 psf/mo to \$1.25 psf/mo, for a gain of 36% during the past six years. Oahu's warehouse rents are the highest in the nation.

Despite healthy economic conditions and rising rents, very little new warehouse development has occurred. For urban Honolulu, industrial zoned land values exceed \$100 per square foot. At these land prices, developers would have to charge more than \$2.25 psf/mo in rent to make any speculative warehouse development pencil.

Principally, extremely high priced urban Honolulu industrial zoned land combined with rapidly rising construction costs prevent a speculative developer from building an economically feasible urban Honolulu warehouse.

Conclusion: Industrial development not likely to occur in urban Honolulu. Speculative construction is being considered for West Oahu where land is cheaper.

