

**CHAD TAKESUE DIRECT TESTIMONY**

**Q Please state your name, place of employment, and position.**

A Chad Takesue, Partner and sales agent at Locations.

**Q How long have you been in this position?**

A I have been affiliated with the firm for 14 years, first as a Realtor, and then as a Partner. I also recently served as Senior Vice President of Sales from 2017 to 2019.

**Q Please describe your educational background and experience.**

A Please see my resume, marked as an exhibit in this proceeding.

**Q Please describe your firm's experience.**

A Locations was founded nearly 50 years ago in Hawaii and is a full-service real estate firm, providing clients with real estate brokerage, property management, and research. We are the largest locally-owned real estate company in Hawaii, representing and closing more transactions than any other firm in the State. We have extensive knowledge of the supply and demand of residential units in the Honolulu urban core.

**Q What has your firm been retained to do for this Project?**

A Howard Hughes Corporation (HHC) requested that we provide our opinion on the housing market as it relates to Kakaako and the Honolulu urban core.

**Q Please describe your market analysis and conclusions.**

A The resale market conditions suggest that even with the new construction sales, absorption and demand trends, including months of remaining inventory (MRI), indicate that consumer demand is currently greater than the supply of inventory available. While sale price remained relatively flat on a rolling-12 basis as we headed into the summer months, demand is still greater than supply, and the sold price to list price ratio has remained constant to the same time last year.

The sales of new construction units has not impaired sales in the resale market and has opened up needed inventory in other supply constrained neighborhoods as prospective buyers for the Kakaako area list their current homes in order to transition to this area. The Ward Village Master Plan and the integration of both housing and retail offerings make this location an attractive destination for those looking to downsize from their current home to one of the condominium offerings in this area.

This project, Victoria Place, is the only residential project currently being planned along Ala Moana Boulevard. Accordingly, Victoria Place will meet a demand in the Ward Village and urban Honolulu housing market spectrum that is currently not being addressed.

Indicators such as percentage change in number of resales, DOM, and bid-ups have gone in softer directions in the past year but are still at levels that indicate a normalized market. Interest rates have dropped to record lows, which has increased the purchasing power for consumers looking to finance their purchase via a 30-year mortgage.

**Q Do you believe that the commencement of construction and completion of additional residential units, retail options and other amenities in Kakaako and Ward Village has had an effect on the demand for new units in this area?**

A Yes. Our opinion is that Howard Hughes is successfully executing the Ward Master Plan to create a vibrant community within the Ward/Kakaako area. This is evidenced by the fact that besides new residential development, vibrant and important commercial and retail tenancy is taking shape, and the development of the Central Plaza, now known as Victoria Ward Park, is furthering the vision of a highly livable and desired community to live in. Potential buyers are now seeing significant and tangible aspects of Ward Village taking shape and can now better envision how Ward Village will fulfill the live, work and play concept. We believe that reaching this “critical mass” at Ward Village has helped to drive the increased demand that we’ve seen for residential units in Kakaako and the Honolulu urban core.

There have been concerns expressed regarding the over saturation of condominium inventory on Oahu, and specifically in this area. We do not feel that this is the case. Based on market analysis, all signs point to a strong continued demand for condominium units in the Kakaako area, including units that are moderately priced. With sales moving in an upward trend, coupled with the aforementioned market factors and indicators, we anticipate continued strong demand for sales in Ward Village, including this latest project.

**Q In connection with the sale of units in the urban core, does Locations have experience in the sales of units with different parking configurations and options?**

A Yes. We have been involved in the sale of numerous types of units within the urban core, including one, two and three bedroom units with varying numbers of assigned parking spaces and different parking configurations.

**Q In your opinion, is the availability and number of parking spaces assigned to a unit a factor in a buyer's decision to purchase a unit within the urban core?**

A Yes. While Kakaako has a number of accessible transit options, the availability and number of parking spaces remains a significant and important factor in a buyer's decision to purchase a unit in the area. This is because the reality of the market is that many buyers have two or more cars and expect to have those cars for the foreseeable future. The rail project will not become a reality in Kakaako for years, and other transit options, such as driverless cars, ride sharing, etc. are either not yet available or have not been widely adopted by residential households. A purchaser is often faced with immediate transportation needs, and thus parking becomes an important factor in a purchasing decision.

We have also seen a similar demand for parking from out-of-state and international buyers. In our experience, these purchasers also consider the availability of parking in making purchasing decisions, because many of these purchasers, if they become residents here, often have more than one car.

Accordingly, we have seen a significant difference in the sales of units that provide only one parking stall for two and three bedroom units versus two parking stalls for such units.

**Q What is your understanding of the residential parking planned for Victoria Place, and what is your opinion of the market requirements for the number of parking spaces?**

A My understanding is that 560 off-street parking spaces are planned for residential use and 33 off-street parking spaces are planned for residential-guest use at Victoria Place, for a total of 593 off-street parking spaces for this project. The planned total number of parking spaces for Victoria Place is below the market demand of parking spaces for a project of this type, which would require a parking ratio of approximately 1.25 spaces for units between 600 square feet and below 800 square feet, and 2.00 spaces for units greater than 800 square feet, or a total of 674 parking spaces. Exhibit 14 of the Application provides details of these calculations. The planned 593 parking spaces (which includes 27 tandem spaces) is 81 spaces below the market requirement for parking at Victoria Place, and reasonably balances the number of parking spaces between the market demand and the 465 spaces required by the HCDA rules.

**Q In your expert opinion, what would be the impact of reducing the number of parking stalls below the 593 planned parking spaces at Victoria Place?**

A In my opinion, reducing the number of parking stalls at Victoria Place from 593 parking spaces would significantly and adversely affect the marketing and sales of the units at this project. The planned number of parking spaces, 593, is already 81 spaces below the market requirements for this project, and reducing the number of spaces further would

create an unreasonable risk and would likely make it very difficult to meet market expectations for this project.

In addition, insufficient parking within a residential area, as a general matter, leads to increased demand for street parking, which in turn increases congestion and affects pedestrian and bicyclist access and experiences. We have observed this in neighborhoods such as Makiki and the area mauka of Ala Moana Center near Kaheka Street, where a high density of condominiums with a low ratio of parking stalls to square footage has resulted in a significant demand for street parking. Many of the two bedroom units in those areas have one parking stall, and a number of the one bedroom and studio units have no parking, which not only affects the marketability of the units in those neighborhoods, but also results in increased traffic and congestion in the surrounding streets. In our view, the congestion and demand for street parking in those neighborhoods will continue for the foreseeable future despite the advent of ride-sharing services and potential future mass transit options.

We have found that a number of our clients appreciate the aesthetic and integrated feel of Ward Village, and enjoy the pedestrian and bike-friendly design of the neighborhood. Sufficient parking to reasonably meet market expectations should be provided within the residential developments to help maintain this “complete streets” approach within Ward Village, which in turn benefits residents, visitors and the businesses within the neighborhood.

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