



Colliers

# Kaka'ako

## Office Portfolio Opportunity

Strategically Positioned Between Downtown and Kaka'ako

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# Portfolio Offerings



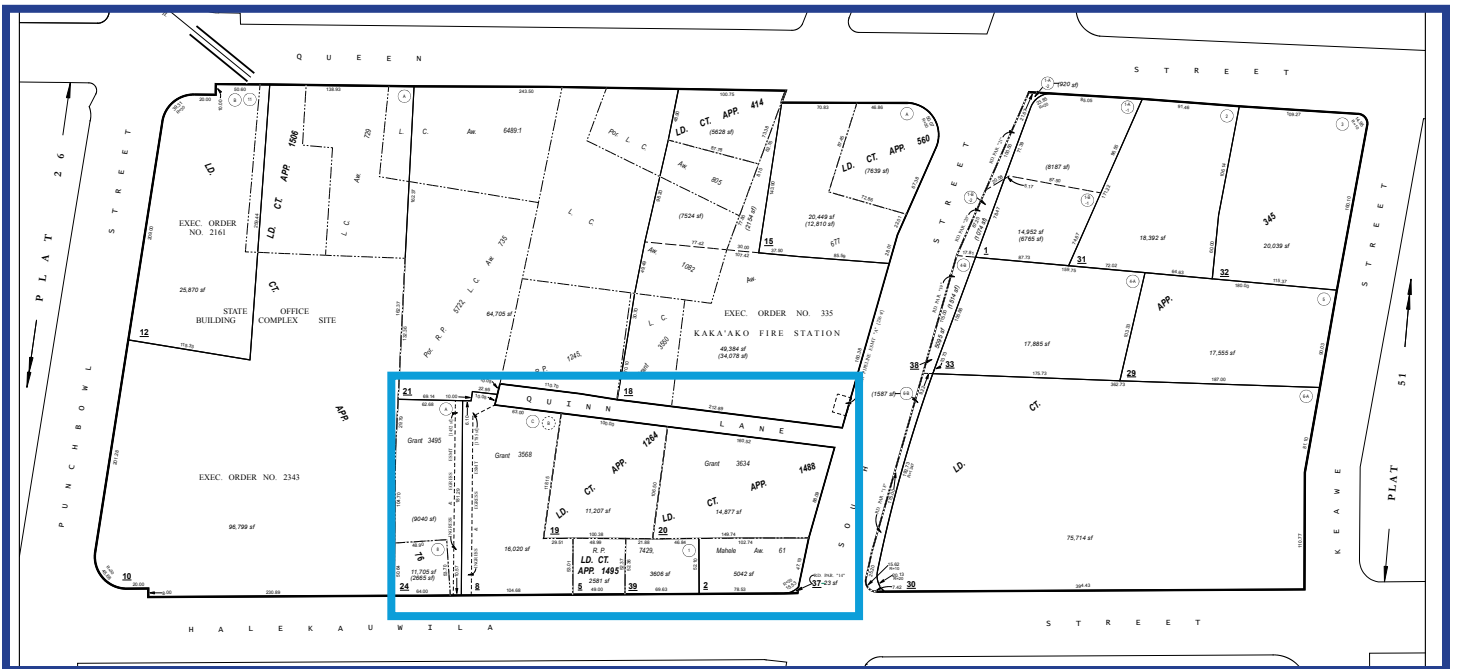
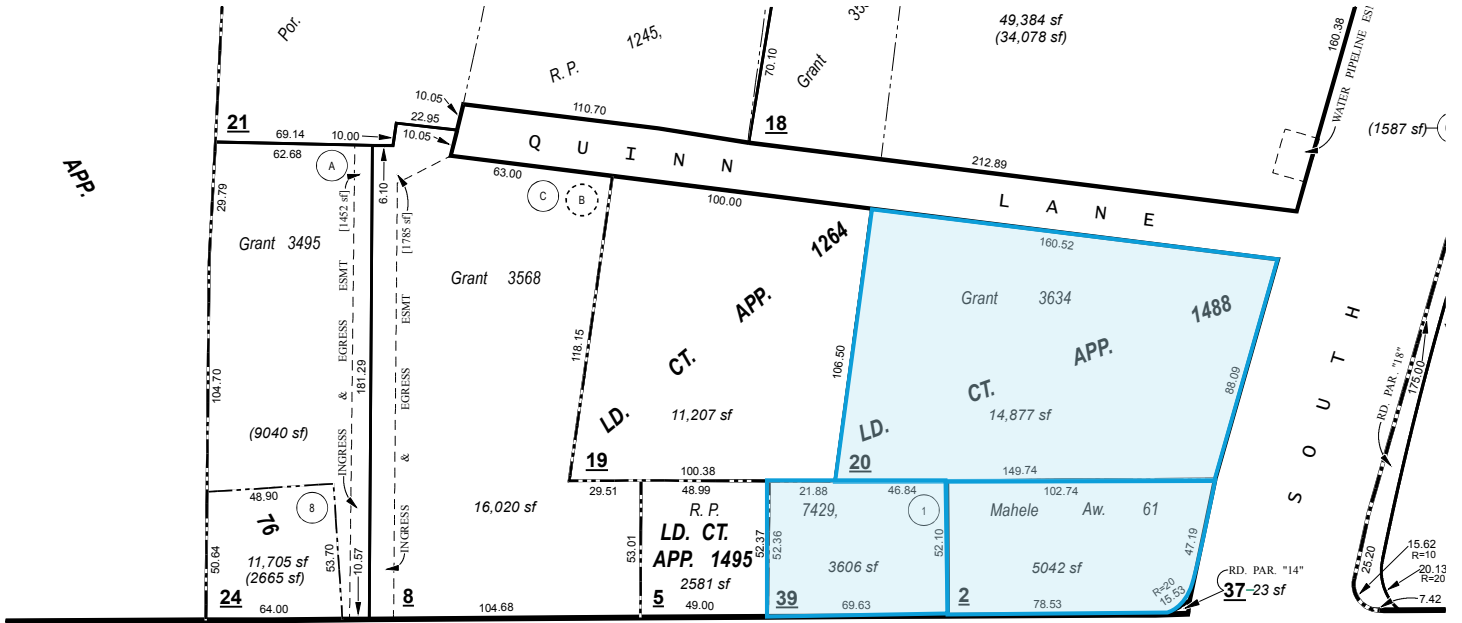
Address	598 Halekauwila Street	571 Quinn Lane	576 Halekauwila Street
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## Property Information

Listing Price	\$2,500,000	\$6,250,000	\$1,400,000
Tenure	Fee Simple (Leased Fee)	Fee Simple	Fee Simple
Land Area	5,042 sf	14,877 sf	3,606 sf
Building Area	2,500 sf	14,200 sf	n/a
Zoning	KAK	KAK	KAK
TMK	(1) 2-1-31:2	(1) 2-1-31:20	(1) 2-1-31:39



# Plat Map





## Investment Highlights

- Multiple opportunities for owner users.
- Conveniently located on the cusp of downtown in the heart of the growing neighborhood of Kaka'ako.
- Favorable zoning makes the properties highly desirable due to the wide range of users that can operate out of the properties.
- Great location for a Hawaii business owner looking to take advantage of a rare offering that provides the potential to customize a building specifically to their needs.
- A great opportunity for an investor to buy into a healthy submarket with strong demographics.
- Part of the Kaka'ako Community Development District (KCDD) near the Civic Center Station of the long-awaited Honolulu Rail Transit System. The site is subject to development under the KCDD TOD Overlay Plan (Draft) which outlines unique development opportunities.
- High demand residential market with limited inventory in the surrounding areas of Downtown Honolulu to serve business professionals not wanting to commute and for those seeking an urban lifestyle.
- High quality tenant improvements within the portfolio.
- Opportunity for healthy cash flow and potential for future redevelopment upon ground lease expiration of 598 Halekauwila.

# The Markets



## Executive Summary

This highly attractive portfolio of three (3) properties in the heart of Kaka'ako is being offered in bulk or individually. The properties include one office building with Class A finishes, a leased fee with stable income, as well as an adjacent parcel primed to elevate the development potential or to be used for additional parking.

## Investment Market

The pandemic derailed investment activity not just in Hawaii, but throughout the country. But in 2021, there was a surge in investment sales activity with a 16-year high of 353 transactions. Sales counts remained elevated in 2022 with 349 transactions. Local investors continued to be the dominant investment group with nearly \$1 billion in sales volume. The combination of stock market volatility, continued inflation, and rising recessionary concerns motivated many investors to seek out safe-haven investments such as real estate.

## Office Market

At the end of 2022, Oahu's office market held relatively steady with a 12.90% vacancy rate. In what originally felt like a sector destined for troubles due to the impact of the pandemic pushing remote work, the office market performed fairly well and in large part better than many mainland counterparts.

The office market in Honolulu is set to experience another boost in momentum with the announcement of 841 Bishop Street (Davies Pacific Center) converting most of its floors to residential. This will dramatically reduce the supply of office space in the Central Business District, which is the largest submarket on Oahu. The conversion will offset some of the hybrid work impacts that had taken hold from 2020 - 2022.

It is expected that the market trends will increase activity for owner-users looking to acquire properties over the next few years.



# Kaka'ako Revitalization

Kaka'ako has evolved to become an exciting community due to developments by Kamehameha Schools and Howard Hughes, including new restaurants, mixed-use development condominiums, apartments, and retail. Kamehameha Schools' master plan is to redevelop a total of 29 acres spread over nine blocks. Notable completed developments near the property include SALT at Our Kaka'ako just three blocks away, which is comprised of 85,000 square feet of retail, restaurant and mixed-use space. SALT is designed for exploration and engagement with the community.

Kaka'ako has also become a highly desirable neighborhood for businesses and foreign buyers seeking real estate opportunities. Kamehameha Schools and Howard Hughes have created their master plans with the HCDA to revive a community. The Howard Hughes project in Ward Village features ultra-luxury condominiums (Waiea, Anaha, Aeo, Victoria Place) and has a mixture of retail and residential on the east side of the Kaka'ako district. The Ward Village plan includes 60 acres of land which is proposed to be a gathering place filled with restaurants and sidewalk cafes. The neighborhood will be walk and bike-friendly and eventually include the Honolulu rail, with stops along Halekauwila and end at Ala Moana Center.



## Demographics 3-Mile



2022  
Population

214,504



2022 Average  
Household Income

\$100,201



Transport Score

78



Bike Score

69

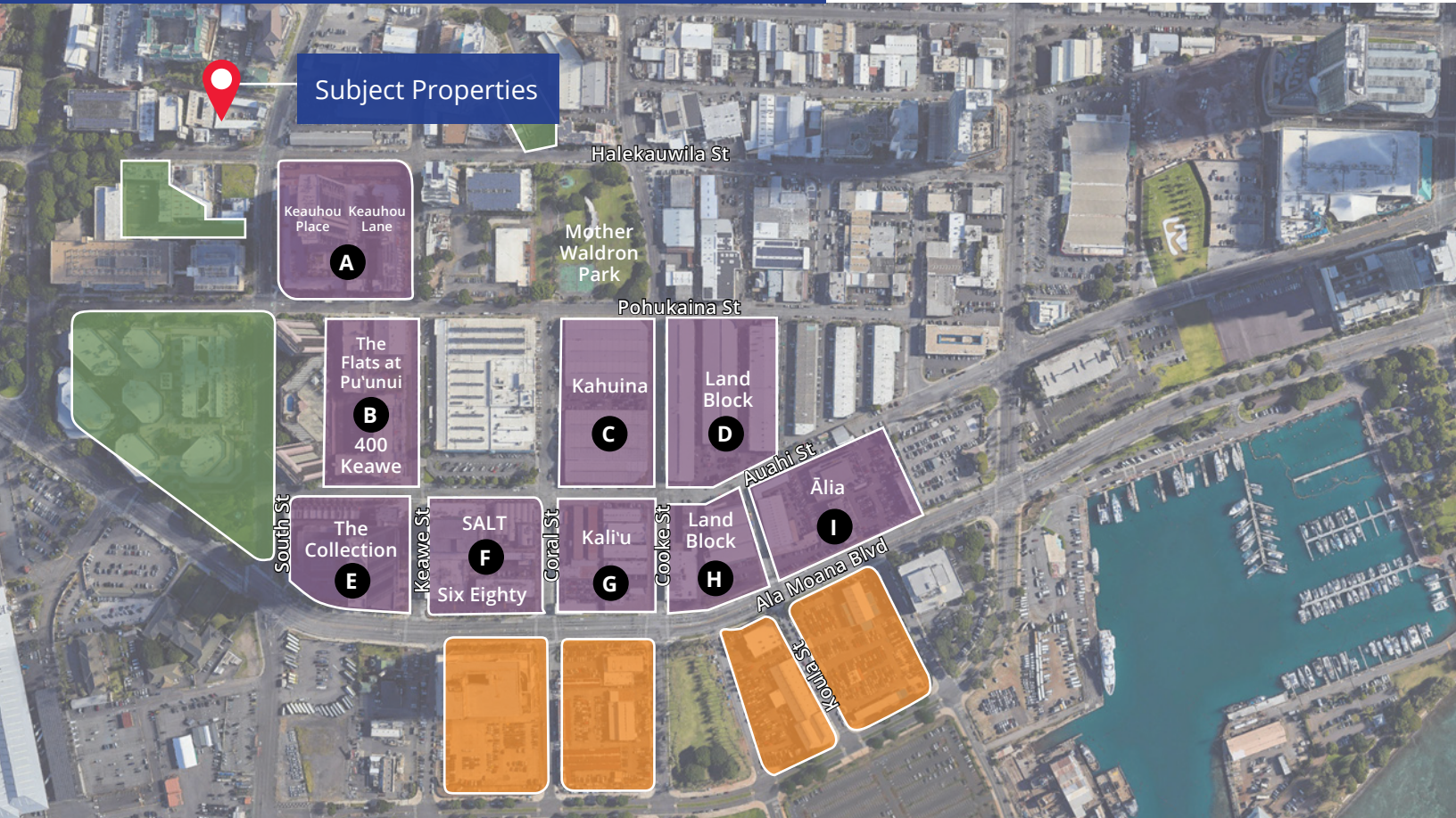


Walk Score

94

# Kamehameha Schools' Kaiāulu 'o Kaka'ako Master Plan (KKMP)

	KKMP Lands	28.9 Acres
	Other Mauka Lands	10.8 Acres
	Makai Lands	11.8 Acres
<b>Total</b>		<b>51.5 Acres</b>

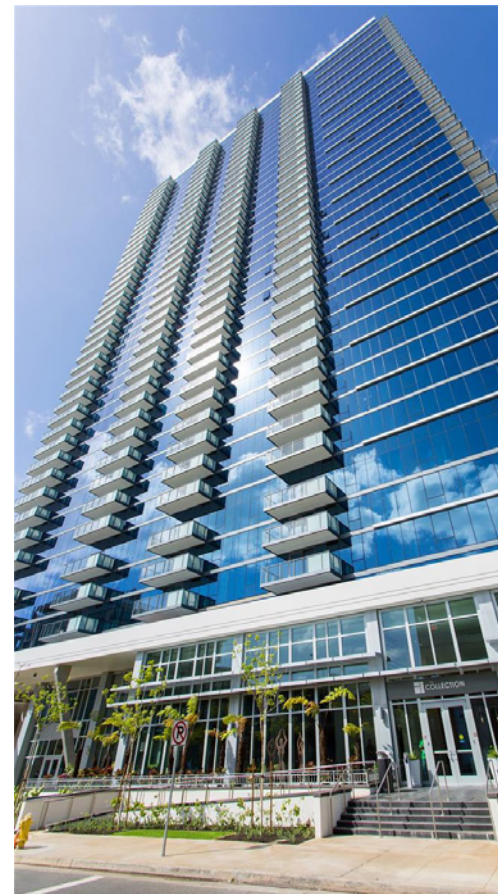


This Master Plan includes most of Kamehameha Schools' major properties in the Kaka'ako Mauka Area. The subject of this KKMP application is the nine land blocks mauka of Ala Moana Boulevard, identified by Kamehameha Schools as totaling approximately 29 acres (shaded in purple). These nine land blocks have great potential to be transformed into a vibrant urban neighborhood that is attractive, healthy, and sustainable. Since the commencement of the Master Plan, four of the land blocks (A, B, E, F) have been completed. The remaining five blocks (C, D, G, H, I) consist of plans for Affordable/Workforce Housing and Market Housing, all to include ground floor commercial business as well as public open spaces. Kamehameha Schools' other mauka lands (shaded in green) are not proposed for redevelopment under this Master Plan application. Kamehameha Schools' Kaka'ako makai properties (shaded

orange) are currently being planned for an Innovation Center including high technology and life science uses (not a part of this application).

Kamehameha Schools' and its development partners continue to work towards a vibrant, mixed-use urban neighborhood for the Kaka'ako area and believes its plan provides a strong balancing of objectives that provides for a beautiful, healthy, sustainable neighborhood which contributes to the image of the city. Not only does this plan provide for a variety of new housing opportunities for area residents, by embracing smart growth principles, it discourages suburban sprawl. We believe this plan and this area are catalysts to help the City and State provide for thoughtful future growth in Hawaii. The completion date for KKMP is targeted for some time in the year 2029.





## Residential Developments

Phase 1 of the Kamehameha Schools Master Plan for residential development involved Six Eighty Ala Moana, 54 workforce apartment rental units and 8,000 square feet of commercial retail space nearby the Collection, an A&B Properties condominium development.

In 2012, the first phase of the development plan was released for 54-unit rentals at Six Eighty Ala Moana. A former office building that had been converted into rentals and were restricted to families earning between 100% and 140% of Honolulu's AMI.

Another project for reserved housing that was introduced was 400 Keawe, which features 88 units for rent. Keauhou Lane also features 388 units in a 400-foot tower and a mid-rise tower with 35 townhomes. Keauhou Place is the tower across the street from the subject property and the future Civic Center rail station will front the property along Halekauwila Street.

# Rail



Civic Center Station

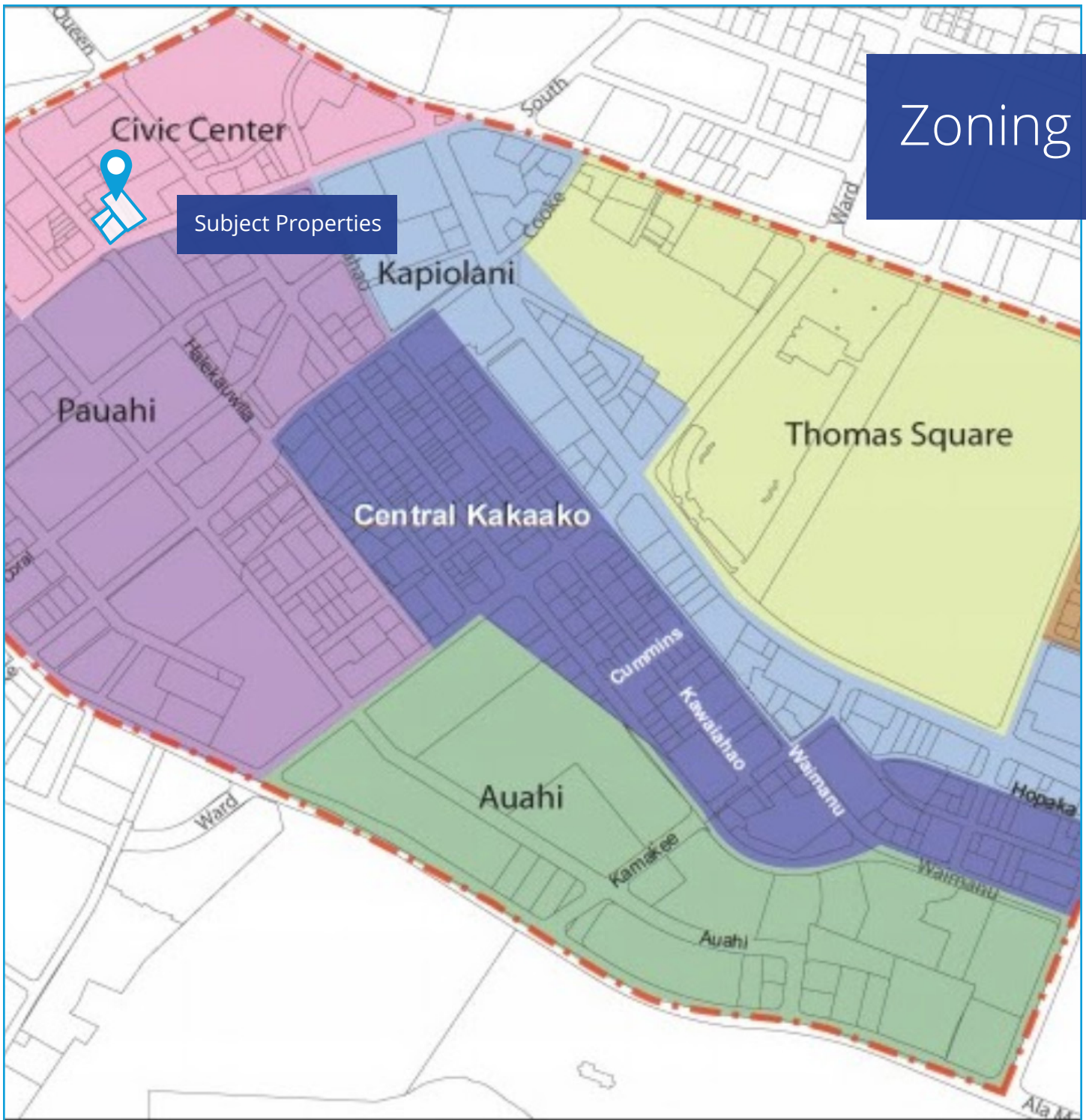
## Honolulu Rail Transit – Civic Center Station

The property is located within a block of the proposed Civic Center Station and is part of a designated TOD zone. The Civic Center Station will serve as the primary station for the district's many local, state, and federal employees and visitors and is now projected to be the final stop on the rail line. Important anchors for this district include Honolulu City & County buildings, State Capital District, Social Security Administration, and the U.S. Customs & Immigration. This will be the 19th station for the rail and only 4 minutes away from Ala Moana Mall and approximately 13 minutes from the Daniel K. Inouye Airport.

Owners and developers alike will be able to have one of the last remaining available properties in the vibrant and flourishing KCDD.

The Civic Center Station area has what some consider the greatest redevelopment potential of any station along the project alignment. Underutilized parcels here surround the station, existing uses include surface parking lots, low-rise warehouses and garages.

# Zoning



The State of Hawaii created the Hawaii Community Development Authority (HCDA) in an effort to guide the Kaka'ako district through this redevelopment process. The regulating plan is divided into seven neighborhood zones in the mauka area plan of Kaka'ako . The subject property is located in the

Civic Center Zone which allows for various uses including multifamily, retail, office, parking, and public uses and structures. The zoning requires reduced building heights to respect the scale of the existing historic buildings nearby.

# Property Gallery



571 Quinn

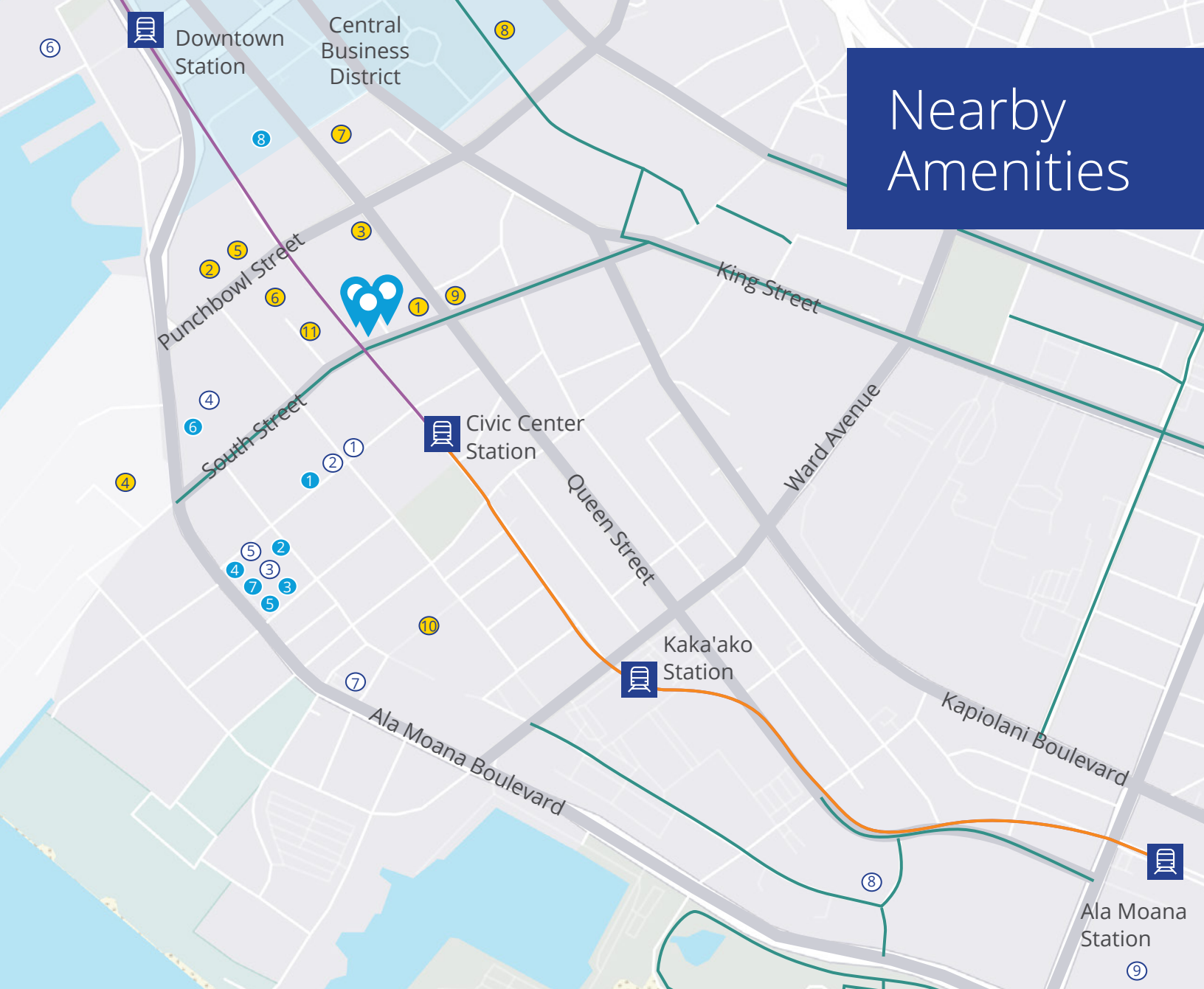


598 Halekauwila



576 Halekauwila

# Nearby Amenities



## Legend and Amenities



Subject Properties



HART Line



HART Line Under Review



Bike Path



Transit Stop

### Retail

- ① Down to Earth
- ② H Mart
- ③ Salt at Our Kaka'ako
- ④ Waterfront Plaza
- ⑤ Orange Theory
- ⑥ Aloha Tower Marketplace
- ⑦ Office Max
- ⑧ South Shore Market
- ⑨ Ala Moana Center

### Services

- ① Honolulu Fire Department
- ② Hawaii Tax Department
- ③ Hawaii Transportation Department
- ④ USGIS Honolulu Field Office
- ⑤ Social Security Administration
- ⑥ Ka'ahumanu Hale Circuit Court
- ⑦ Hawaii Supreme Court
- ⑧ 'Iolani Palace
- ⑨ Fedex Office Print & Ship
- ⑩ UFC Gym
- ⑪ Crossfit Oahu

### Restaurants/Cafe

- ① EARL Sandwich
- ② Max & Lucy's
- ③ Bevy's
- ④ Moku's Kitchen
- ⑤ Highway Inn
- ⑥ Ruth Chris's Steak House
- ⑦ Starbucks
- ⑧ Irfune Restaurant

# 571 Quinn

## Property Overview

- Highly visible corner in Kaka'ako
- Ample parking
- Located within the Kaka'ako Community District – Civic Center
- Men & Women locker rooms included within gym
- Floor layout includes conferences rooms, privates offices, and kitchen



## Investment Highlights

- Upgraded asset with Class A finishes
- Lack of new office building development/competition
- Opportunity for short term sale leaseback with credit tenant
- Opportunity for owner-user or investor to create multi-tenant asset
- Below replacement cost
- Excellent central location adjacent to Waikiki and Central Business District

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Listing Price: \$6,250,000

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Tenure: Fee Simple

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Land Area: 14,877 sf

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Building Area: 14,200 sf

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Zoning: KAK

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TMK: (1) 2-1-31:20

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# 598 Halekauwila



## Property Overview

- Leasehold interest owned by B E & C Properties
- Highly visible corner in Kaka'ako
- 1/2 block from the US District Court, State of Hawaii Courts, and from "Restaurant Row"
- Close proximity to numerous dining amenities
- Located within the Kaka'ako Community District – Civic Center

## Investment Highlights

- Opportunity for healthy cash flow and potential for future redevelopment upon ground lease expiration
- Ground lease income with reliable ground lessee in place through November 30, 2033
- Lack of new office building development/competition
- Excellent central location adjacent to Waikiki and Central Business District

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Listing Price: \$2,500,000

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Tenure: Fee Simple

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Land Area: 5,042 sf

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Building Area: 2,500 sf

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Zoning: KAK

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TMK: (1) 2-1-31:2

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# 576 Halekauwila

## Property Overview

- Vacant land currently used for parking
- 1/2 block from the US District Court, State of Hawaii Courts, and from "Restaurant Row"
- Close proximity to numerous dining amenities
- Located within the Kaka'ako Community District – Civic Center

## Investment Highlights

- Combine with adjacent lot(s) for large redevelopment
- Ideal opportunity to create parking revenue for adjacent assets or expand redevelopment opportunities
- Excellent central location adjacent to Waikiki and Central Business District
- Could be potential site for HART staging during development process



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Listing Price: \$1,400,000

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Tenure: Fee Simple

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Land Area: 3,606 sf

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Zoning: KAK

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TMK: (1) 2-1-31:39

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