

**RICHARD T. BISSEN, JR.**  
Mayor

**JOSIAH NISHITA**  
Managing Director



**OFFICE OF THE MAYOR**  
COUNTY OF MAUI  
200 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.mauicounty.gov](http://www.mauicounty.gov)

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COUNTY CLERK

REFERENCE NO. BD-BA 25-82

April 25, 2025

Honorable Richard T. Bissen, Jr.  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

*Richard T. Bissen* 4/25/25  
Mayor Date

For Transmittal to:

Honorable Alice L. Lee, Chair  
and Members of the Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

Dear Chair Lee and Members:

**SUBJECT: AMENDMENTS TO THE FISCAL YEAR 2025 BUDGET (ESTIMATED REVENUES; CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF MANAGEMENT, WAILUKU-KAHULUI COMMUNITY PLAN AREA, GOVERNMENT FACILITIES, BOND FUND, ACQUISITION OF 105 NORTH MARKET STREET BUILDING; AND APPENDIX C, DEPARTMENT OF MANAGEMENT, WAILUKU-KAHULUI COMMUNITY PLAN AREA)**

On behalf of the Department of Management, I am transmitting the following:

1. A proposed bill, entitled "A BILL FOR AN ORDINANCE AMENDING THE FISCAL YEAR 2025 BUDGET FOR THE COUNTY OF MAUI, ESTIMATED REVENUES; CAPITAL IMPROVEMENT PROJECTS, DEPARTMENT OF MANAGEMENT, WAILUKU-KAHULUI COMMUNITY PLAN AREA,

GOVERNMENT FACILITIES, BOND FUND, ACQUISITION OF 105 NORTH MARKET STREET BUILDING AND PROPERTY; AND APPENDIX C, DEPARTMENT OF MANAGEMENT, WAILUKU-KAHULUI COMMUNITY PLAN AREA, ACQUISITION OF 105 NORTH MARKET STREET BUILDING AND PROPERTY.”

The purpose of the proposed bill is to amend the Fiscal Year 2025 Budget to: 1) increase Estimated Revenues, Bond/Lapsed Bond Fund and Total Estimated Revenues by \$3,250,000; 2) add a new appropriation under Capital Improvement Projects, Department of Management, Wailuku-Kahului Community Plan Area, Government Facilities, for Bond Fund, Acquisition of 105 North Market Street Building and Property in the amount of \$3,250,000; 3) increase both Total Capital Improvement Project Appropriations and Total Appropriations by \$3,250,000; and 4) add a new project and project description in Appendix C, Department of Management, Wailuku-Kahului Community Plan Area, entitled Acquisition of 105 North Market Street Building and Property in the amount of \$3,250,000.

2. A proposed bill, entitled “A BILL FOR AN ORDINANCE AMENDING ORDINANCE NO. 5659, BILL 62, CD 1 (2024), RELATING TO THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE COUNTY OF MAUI ISSUANCE, SALE AND DELIVERY OF SAID BONDS (DEPARTMENT OF MANAGEMENT).”

The purpose of the proposed bill is to amend Ordinance No. 5659, Bill No. 62, CD1 (2024), to add a new appropriation under the Department of Management, Wailuku-Kahului Community Plan Area for Acquisition of 105 North Market Street Building and Property in the amount of \$3,250,000 and to increase the total by the same amount.

3. A proposed resolution, entitled “AUTHORIZING THE ACQUISITION OF REAL PROPERTY CONSISTING OF 4,163 SQUARE FEET IDENTIFIED AS TAX MAP KEY NO. (2) 3-4-017:-27 SITUATED AT WAILUKU, MAUI, HAWAII, FOR AN AMOUNT NOT TO EXCEED \$3,200,000.00.”

The purpose of the proposed resolution is to authorize the acquisition of real property located at 105 North Market Street, Wailuku, Maui, Hawaii, from Mental Health Kokua for an amount not to exceed \$3,200,000 plus customary expenses.

4. The preliminary report and the appraisal report for 105 North Market Street.

Alice L. Lee, Chair  
April 25, 2025  
Page 3

The current intent of the administration is to house the staff for Community Development Block Grant – Disaster Recovery at this property after acquisition.

Thank you for your attention in this matter. Should you have any questions, please contact me at ext. 8239.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lesley', followed by a long horizontal flourish.

LESLEY MILNER  
Budget Director

Attachment

Cc: Josiah Nishita, Managing Director

**PRELIMINARY REPORT**  
(No Liability Hereunder)

This report (and any revisions thereto) is issued solely for the convenience of the titleholder, the titleholder's agent, counsel, purchaser or mortgagee, or the person ordering it for the purpose of facilitating the issuance of a policy of title insurance by Title Guaranty of Hawaii, LLC and no liability will arise under this report.

-----  
**SCHEDULE A**

Title Guaranty of Hawaii, LLC (the "Company") hereby reports that, subject to those matters set forth in Schedule "B" hereof, the title to the estate or interest to the land described in Schedule "C" hereof is vested in:

MENTAL HEALTH KOKUA\*,  
a Hawaii nonprofit corporation  
as Fee Owner

This report is dated as of March 06, 2025 at 8:00 a.m.

**Inquiries concerning escrow should be directed to:**

Escrow Officer - Brenda Akana; Office: (808)871-2225  
Email: bakana@tghawaii.com

**Inquiries concerning this report should be directed to:**

Title Officer - Marc Nashiwa; Office: (808)539-7707  
Email: mnashiwa@TGHAWAII.com  
Please reference Order No. 7311513379, Escrow No. 7322503113



**SCHEDULE B  
EXCEPTIONS**

1. Real Property Taxes, if any, that may be due and owing.

Tax Key: (2) 3-4-017-027      Area Assessed: 4,163 sq. ft.

Real Property Tax Website: (2) 3-4-017-027

-Note:- Attention is invited to the fact that the premises covered herein may be subject to possible rollback or retroactive property taxes due to possible loss of exemption status.

2. Mineral and water rights of any nature.

3. The terms and provisions contained in the following:

INSTRUMENT : SECTION VI(c) AGREEMENT FOR CENTRAL MAUI AREAS

DATED : December 29, 1992

RECORDED : Document No. 93-004380

PARTIES : EDUARDO F. BELLO and PAMELA M. BELLO, husband and wife, and STEPHEN K. RINK and LINDA J. RINK, husband and wife, "Applicants", and the DEPARTMENT OF WATER SUPPLY of the County of Maui, "Department"

4. The terms and provisions contained in the following:

INSTRUMENT : HOLD HARMLESS AGREEMENT

DATED : March 15, 2004

RECORDED : Document No. 2004-136831

PARTIES : DKK PROPERTIES LLC, a Hawaii limited liability company, and the COUNTY OF MAUI

5. The terms and provisions contained in the following:

INSTRUMENT : UNILATERAL AGREEMENT

SCHEDULE B CONTINUED

DATED : August 16, 2004  
RECORDED : Document No. 2004-171899  
PARTIES : DKK PROPERTIES LLC, a Hawaii limited liability  
company, and the COUNTY OF MAUI

6. MORTGAGE FOR HAWAII

MORTGAGOR : MENTAL HEALTH KOKUA  
  
MORTGAGEE : UNITED STATES OF AMERICA acting through the Rural  
Housing Service or successor Agency, United States  
Department of Agriculture

DATED : April 26, 2016  
RECORDED : Document No. A-59620382  
AMOUNT : \$2,454,000.00 (covers the land described herein,  
besides other land)

7. ASSIGNMENT OF INCOME FROM REAL ESTATE SECURITY

ASSIGNOR : MENTAL HEALTH KOKUA  
  
ASSIGNEE : UNITED STATES OF AMERICA acting through the United  
States Department of Agriculture, Rural Housing  
Service

DATED : April 26, 2016  
RECORDED : Document No. A-59620383  
AMOUNT : \$2,454,000.00 (covers the land described herein,  
besides other land)

8. FINANCING STATEMENT

DEBTOR : MENTAL HEALTH KOKUA  
  
SECURED

SCHEDULE B CONTINUED

PARTY : UNITED STATES OF AMERICA acting through the United  
States Department of Agriculture, Rural Housing  
Service

RECORDED : Document No. A-59620384

RECORDED ON: April 28, 2016

(covers the land described herein, besides other land)

9. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other matters which a correct survey or archaeological study would disclose.

10. Any unrecorded leases and matters arising from or affecting the same.

-Note:- A properly executed TG Form D.1 should be submitted at closing (i) if there are no unrecorded leases affecting the subject land and the insured requires that said exception be removed from the policy or (ii) if the insured requires the policy to be issued with reference to specific unrecorded leases.

11. Any lien (or claim of lien) for services, labor or material arising from an improvement or work related to the land described in Schedule C herein.

-Note:- Before issuance of an ALTA policy, verification is required that there is no renovation or construction in progress at the present time, nor has there been any renovation or construction during the past year, nor has any material been delivered to the site for purposes of renovation or construction in the past year.

END OF SCHEDULE B

## SCHEDULE C

All of that certain parcel of land (being portion(s) of the land(s) described in and covered by Royal Patent Number 1998, Land Commission Award Number 5228, Apana 1, Mahele 2 to Kuihelani) situate, lying and being at Peepee, Wailuku, Island and County of Maui, State of Hawaii, being LOT 1 of the "VINEYARD STREET ROAD WIDENING SUBDIVISION", and thus bounded and described:

Beginning at a cross "+" on sidewalk found at the northeast corner of this parcel of land, on the west side of North Market Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 3,357.39 feet north and 2,175.74 feet west and running by azimuths measured clockwise from true South:

1. 330° 30' 30" 25.46 feet along the west side of North Market Street to a cross ("+") set on concrete;

Thence along Lot 2, Vineyard Street Road Widening Subdivision, said Lot 2 being a portion of Royal Patent 1998, Land Commission Award 5228, Apana 1, Mahele 2, to Kuihelani, on a curve to the right with a radius of 20.00 feet, the chord azimuth and distance to a 1/2" pipe set being:

2. 15° 57' 20" 28.50 feet;
3. 61° 24' 09" 72.71 feet along Lot 2, Vineyard Street Road Widening Subdivision, said Lot 2 being a portion of Royal Patent 1998, Land Commission Award 5228, Apana 1, Mahele 2, to Kuihelani, to a 1/2" pipe set;
4. 151° 56' 00" 46.22 feet along TMK (2) 3-4-017-028, said parcel being a portion of Royal Patent 1998, Land Commission Award 5228, Apana 1, Mahele 2, to Kuihelani, to a 1/2" pipe found;

SCHEDULE C CONTINUED

5. 241° 41' 00" 91.88 feet along TMK (2) 3-4-017-142, said lot being a portion of Royal Patent 1998, Land Commission Award 5228, Apana 1, Mahele 2, to Kuihelani, to the point of beginning and containing an area of 4,163 square feet, more or less.

BEING THE PREMISES ACQUIRED BY WARRANTY DEED

GRANTOR : DKK PROPERTIES, LLC, a Hawaii limited liability company

GRANTEE : MENTAL HEALTH KOKUA\*, a Hawaii nonprofit corporation

DATED : December 21, 2015

RECORDED : Document No. A-58400118

END OF SCHEDULE C

## **GENERAL NOTES**

1. There is hereby omitted from any covenants, conditions and reservations contained herein any covenant or restriction based on race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law. Lawful restrictions under state or federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

## **BUYER(S) LIEN INFORMATION**

1. The Company finds no liens docketed against COUNTY OF MAUI, the proposed purchaser(s).

## **GUIDELINES FOR THE ISSUANCE OF INSURANCE**

- A. Taxes shown in Schedule B are as of the date such information is available from the taxing authority. Evidence of payment of all taxes and assessments subsequent to such date must be provided prior to recordation.
- B. Evidence of authority regarding the execution of all documents pertaining to the transaction is required prior to recordation. This includes corporate resolutions, copies of partnership agreements, powers of attorney and trust instruments.
- C. If an entity (corporation, partnership, limited liability company, etc.) is not registered in Hawaii, evidence of its formation and existence under the laws where such entity is formed must be presented prior to recordation.
- D. If the transaction involves a construction loan, the following is required:
  - (1) a letter confirming that there is no construction prior to recordation; or
  - (2) if there is such construction, appropriate indemnity agreements, financial statements and other relevant information from the owner, developer, general contractor and major sub-contractors must be submitted to the Company for approval at least one week prior to the anticipated date of recordation.

Forms are available upon request from the Company.

- E. Chapter 669, Hawaii Revised Statutes, sets forth acceptable tolerances for discrepancies in structures or improvements relative to private property boundaries for various classes of real property. If your survey map shows a position discrepancy that falls within the tolerances of Chapter 669, call your title officer as affirmative coverage may be available to insured lenders.
- F. The right is reserved to make additional exceptions and/or requirements upon examination of all documents submitted in connection with this transaction.
- G. If a policy of title insurance is issued, it will exclude from coverage all matters set forth in Schedule B of this report and in the printed Exclusions from Coverage contained in an ALTA policy or in the Hawaii Standard Owner's Policy, as applicable. Different forms may have different exclusions and should be reviewed. Copies of the policy forms are available upon request from the Company or on our website at [www.tghawaii.com](http://www.tghawaii.com).
- H. Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.

# APPRAISAL REPORT

## **105 NORTH MARKET STREET**

Wailuku, Hawaii 96793

Tax Map Key: 2-3-4-017-027

### **PREPARED FOR**

Marcy Martin

Director of Finance

Department of Finance, County of Maui

200 South High Street

Wailuku, HI 96793

Ponsar Valuation LLC File No: 24-2161



**PONSAR VALUATION**  
HAWAII REAL ESTATE  
APPRAISAL AND CONSULTING



**PONSAR VALUATION LLC**

Topa Financial Center  
Fort Street Tower  
745 Fort Street, Suite 2020  
Honolulu, HI 96813  
+1 (808) 561-2742

January 21, 2025

Marcy Martin  
Director of Finance  
Department of Finance, County of Maui  
200 South High Street  
Wailuku, HI 96793

**RE: 105 North Market Street**  
Wailuku, Hawaii 96793  
Tax Map Key: 2-3-4-017-027

Ponsar Valuation LLC File No: 24-2161

Ms. Martin:

Ponsar Valuation LLC is pleased to present the appraisal that satisfies the agreed-upon scope of work with the Department of Finance, County of Maui.

The subject is a two-story office/retail building containing 7,348 SF of building area on a 4,163-SF lot and no on-site parking. Identified on Hawaii Tax Maps as Second Division Tax Map Key 3-4-17, Parcel 27, the subject property is located at 105 North Market Street, Wailuku, Maui, Hawaii, in the Wailuku Redevelopment Area. The property is owner/occupied by a non-profit that no longer has office staffing needs, and the property is available for sale.

### Primary Valuation Issues

#### Effective Land Area

As detailed in the report, the subject's effective land area for valuation purposes was estimated at 24,493 SF based on the density bonus from the parking variance.

The subject is developed to an FAR of 1.77:1, which is considerably higher than the market standard (as reflected by the five improved sale comparables) of 0.3:1. The parking variance facilitated the higher density.

#### Building Area

The subject building area and analysis were based on the gross area (the same as the rentable building area in the instant case) consistent with the Maui County Assessor records. The original building plans were also reviewed, which were generally consistent with the assessor data.

The subject is designed as a multi-tenant building with common interior stairwell access and restrooms. However, when a building has only one tenant or occupant, such as an owner/user, the calculation of Rentable Building Area (RBA) might not follow the traditional multi-tenant BOMA standards in the same way. Here's how it typically changes:

1. **No Common Area Allocation** - In a multi-tenant scenario, common areas like lobbies, corridors, and restrooms are shared, and their area is apportioned among tenants based on their proportionate share of the building. With a single tenant or owner/user:
  - **All Areas Included:** Essentially, the entire Gross Building Area (GBA) could be considered the RBA since there is no need to allocate common areas among multiple tenants. The owner/user uses all areas of the building, including what would typically be considered common areas in a multi-tenant setting.
  - **Simplified Calculation:** The RBA would be equivalent to the GBA unless there are specific reasons to exclude certain areas (like vertical penetrations through multiple floors that are not usable space).
2. **Vertical Penetrations and Structural Elements:**
  - **Inclusion:** Even large vertical penetrations might be included in the RBA because they are part of the building that the single user has access to, although they might not be usable space in the same way floor area is.
3. **Service Areas:**
  - **User's Discretion:** Areas like mechanical rooms or janitorial closets, which would be deducted in a multi-tenant scenario, might still be included or excluded at the owner/user's discretion since they control the entire building.
4. **No Proportionate Share:**
  - **Entire Building:** The concept of proportionate share doesn't apply since there's only one occupant, meaning the owner/user isn't paying for space based on a percentage of the building but rather for the entirety of the usable and non-usable space combined.
5. **Practical Use:**
  - **For Internal Purposes:** If the owner/user isn't leasing the space to anyone else, RBA might be less relevant for external reporting but could still be used internally for space planning, maintenance cost allocation, or in anticipation of future leasing.

In summary, for an owner/user scenario, the RBA largely becomes synonymous with the GBA because there's no need to differentiate between tenant and common areas unless the owner/user chooses to do so for specific operational or strategic reasons. However, if there's any plan for future leasing or if the owner/user needs to understand the building's capacity in terms of rentable space, they might still apply BOMA standards or a modified version thereof.



## Maui Fires

On August 8, 2023, devastating wind-driven wildfires burned through Lahaina, Kula, Olinda, and Pūlehu on Maui Island in the State of Hawaii. Lahaina was severely impacted by the wildfires that caused the death of at least 102 individuals, destroyed more than 2,200 structures, and resulted in approximately \$5.5 billion in damages.<sup>1</sup> Since then, tourism has significantly declined in Maui, which threatens the island economy and livelihood of its residents as the unemployment rate has increased and the population has declined, thereby reducing taxable income. The long-term effects of the fire on the commercial real estate market and state economy may not be known for some time as quantifiable data is limited in the market. The reader should be aware that detrimental effects may be felt statewide, and appropriate precautions should be taken to mitigate this risk.

Unlike the abrupt disruption caused by COVID-19, which halted all travel, the aftermath of the Maui fires is expected to shift tourism demand to other areas of the island, such as Wailea and Paia. Travel access to Maui remains intact, but the island is grappling with a significant economic shock, evidenced by declining airline arrivals and a surge in unemployment claims, particularly in West Maui. It is plausible—if not likely—that demand for commercial and industrial properties in neighboring districts like Central, North, and South Maui will increase as a consequence of the fires.

Maui County recently announced an anticipated \$31 million revenue shortfall resulting from the disaster. The proposed \$1.7 billion spending plan for the fiscal year—a 34% increase from the current budget—focuses heavily on recovery efforts. This includes \$429.2 million, primarily sourced from external funding, earmarked for housing, debris removal, and infrastructure repair and replacement.

The fires have eliminated one of Maui's largest tourism attractions, Front Street, and appear to have negatively impacted visitor counts at Haleakalā National Park, which saw 791,292 visitors in 2023, the lowest since 2013. The phased reopening of West Maui residential areas, hotels, and retail spaces is underway but has elicited mixed reactions from the community. The moderate- to long-term economic impacts remain uncertain.

In December 2024, Maui County released the Lahaina Long-Term Recovery Plan (LTRP) outlining a structured recovery process. The plan segments recovery into short-term (1–2 years), mid-term (3–5 years), and long-term (6+ years) phases. However, the plan provides limited details on rebuilding the commercial district centered around Front Street. The most substantive section regarding commercial real estate focuses on relocating retail and community spaces to areas mauka of the Honoapiilani Highway—between Lahaina Airport and Ka'anapali—and in Launiupoko, both near the beach and the Lahaina Bypass. These relocated spaces would involve site acquisition and the construction of versatile "sprung steel" structures, which can later be repurposed. The timeframe for the development of the alternative commercial nodes was 3–5 years.

The absence of a definitive strategy for rebuilding Front Street raises questions about the region's economic recovery and timeline. Without a clear vision for this critical commercial district, the long-term revitalization of Maui's economy remains uncertain.

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<sup>1</sup> FEMA. 2024. Preliminary After-Action Report: 2023 Maui Wildfire. February 8.

## **Displacement Demand/Bubble Conditions**

The recent fires that devastated Lahaina Town, destroying most of its commercial and industrial properties and 3% of Maui's residential housing supply, have created significant displacement demand as property owners and tenants seek replacements. This has led to a surge in demand across industrial, retail, office, and residential asset classes, driving record-high values and rents indicative of bubble market conditions.

The intensity of displacement demand and bubble conditions diminishes with distance from Lahaina. The type of property also influences demand, with warehouse and residential spaces experiencing the highest levels, followed by office and retail spaces.

The islandwide warehouse market has strengthened significantly post-fire as displaced users relocate from destroyed properties in West Maui to Central Maui. This shift is further fueled by an influx of non-profits and mainland contractors and suppliers pre-positioning for the multi-year rebuilding effort. Office demand has also risen, driven by local contractors expanding their workforces and mainland legal firms relocating to Central Maui to assist with recovery efforts. Matched-pair office sale data later in the report detail post-fire value appreciation. Retail users, predominantly restaurants, have sought alternative locations outside West Maui, though their numbers are fewer.

In West Maui, any existing space unaffected by the fires is in extremely high demand, resulting in record-breaking rental and sale prices, characteristic of a pronounced bubble. While Central Maui has experienced value appreciation due to displacement demand, the increases have been less extreme compared to Lahaina.

Commercial and industrial land values outside West Maui have remained relatively stable. Post-fire sales of industrial subdivision lots in Central Maui and Pulehunui are mixed with no price inflation to some increases in value but not at exuberant levels. Lengthy permitting processes and high construction costs have tempered land acquisitions, preventing significant inflation. Land sale volumes have improved post-fire, however.

The residential market continues to thrive islandwide, with elevated prices and rents driven by low inventory. However, the prolonged high interest rates have diminished demand with fewer sales. The situation is exacerbated by the loss of West Maui housing stock and the injection of federal, state, and county funds to subsidize temporary housing rentals and purchases.

## **Credible Vs. Reliable**

Credible is defined<sup>2</sup> as:

1. Worthy of belief; supported by analysis of relevant information. Credibility is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Credible assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017 ed.)

Reliability is defined<sup>3</sup> as:

1. In general usage, trustworthiness is the ability to perform under given conditions to be worthy of belief.

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<sup>2</sup> Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

<sup>3</sup> Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).



2. In statistics, consistent performance. Reliability is the extent to which the same results would have been obtained with repeated trials. Note that reliability does not mean unbiased because an instrument or measure is considered to be reliable (but invalid) if it returns the same result, although inaccurate (biased), each time it is used.

The Uniform Standards of Professional Appraisal Practice require that appraisers “collect, verify, and analyze all information necessary for **credible assignment results**.” Reliability is not a requirement of USPAP but is a goal the appraiser strives for.

While this appraisal complies with USPAP requirements for credible assignment results, the unprecedented market conditions resulting from the Maui fires undermine the reliability and durability of its conclusions. The simultaneous reduction in supply and sharp increase in demand for commercial and industrial properties in Lahaina and across the island have driven spikes in rents, construction costs, and property values. These dynamics have created an elevated level of positive economic obsolescence or excess profits.

The lack of reliable data complicates the understanding of how the market perceives risk and the extent of current bubble conditions. As a result, the appraisal results should be approached with caution, as they may be less reliable and durable than under normal market circumstances.

Additionally, the reliability and durability of the appraisal decrease in proximity to Lahaina, where market volatility and uncertainty are most pronounced.

### **High Interest Rates**

Between March 2022 and July 2023, the Federal Reserve raised the prime rate eleven times, increasing it from 3.25% to 8.5% before implementing recent reductions totaling 100 basis points. This rapid and unprecedented pace of monetary tightening had a profound and adverse impact on the real estate market. Interest rate risk remains a significant and challenging factor to assess, particularly when compared to the stable, low-rate environment that prevailed from March 2020 to March 2022. Commercial and industrial sale activity has been detrimentally impacted by the higher interest rates.

### **Escalating Construction and Insurance Costs**

Risks associated with escalating construction costs and insurance expenses are detrimental to development financial feasibility and have not received full price discovery in real estate markets. Construction costs have escalated significantly in the past several years, with redevelopment costs stemming from the Lahaina fires cited at a 25% premium. Similarly, insurance markets have tightened considerably with rising premiums (as much as 300% relative to the prior year) and restricted coverage (carriers exiting the market and new policies designed to minimize carrier risk through lower levels of coverage). The pace of these changes is rapid and has not yet been reflected or fully absorbed into the pricing decision for commercial/industrial properties. The recent Los Angeles fires will serve to materially exacerbate construction cost and insurance premium inflation.



The purpose of this appraisal is to develop an opinion of the subject's As-Is Market Value (Fee Simple) as of a current date. The following table conveys the final opinion of value that is developed in this appraisal:

MARKET VALUE CONCLUSION			
VALUATION SCENARIO	INTEREST APPRAISED	EFFECTIVE DATE	VALUE
As-Is Market Value	Fee Simple	January 3, 2025	\$3,150,000

This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP).

**Extraordinary Assumptions** – The appraisal was predicated on the following extraordinary assumptions:

1. The same parking variance approved by the Maui County Planning Commission and Redevelopment Agencies facilitating the subject's construction could be obtained as of the effective date of value if the site was vacant and available for the highest and best use, allowing replication of the existing density.
2. A credible market estimate for value diminution of \$100,000 was applied associated with the identified deferred maintenance from the preliminary CBRE property condition assessment results.

No other Extraordinary Assumptions were made for this assignment.

**Hypothetical Conditions** - No Hypothetical Conditions were made for this assignment.

Use of the above Extraordinary Assumptions and/or Hypothetical Conditions (if any) may have affected the results of this assignment.

If there are any specific questions or concerns regarding the attached appraisal report or if Ponsar Valuation LLC can be of additional assistance, please contact the individuals listed below.

Sincerely,

**PONSAR VALUATION LLC**

Robert W. Spangler, MAI  
Hawaii Certified General Appraiser #967  
Phone: 808.446.4129  
Email: Robert@PonsarValuation.com

Chris Ponsar, MAI, SRA  
Hawaii Certified General Appraiser #873  
Phone: 808.561.2742  
Email: Chris@PonsarValuation.com

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### ADDENDA

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- A. Land Sale Datasheets
- B. Improved Sale Datasheets
- C. Colliers International YE-2023 Maui Island Report
- D. State of Hawaii DBEDT August 2024 Hawaii Hotel Performance Report
- E. Qualifications of Ponsar Valuation LLC

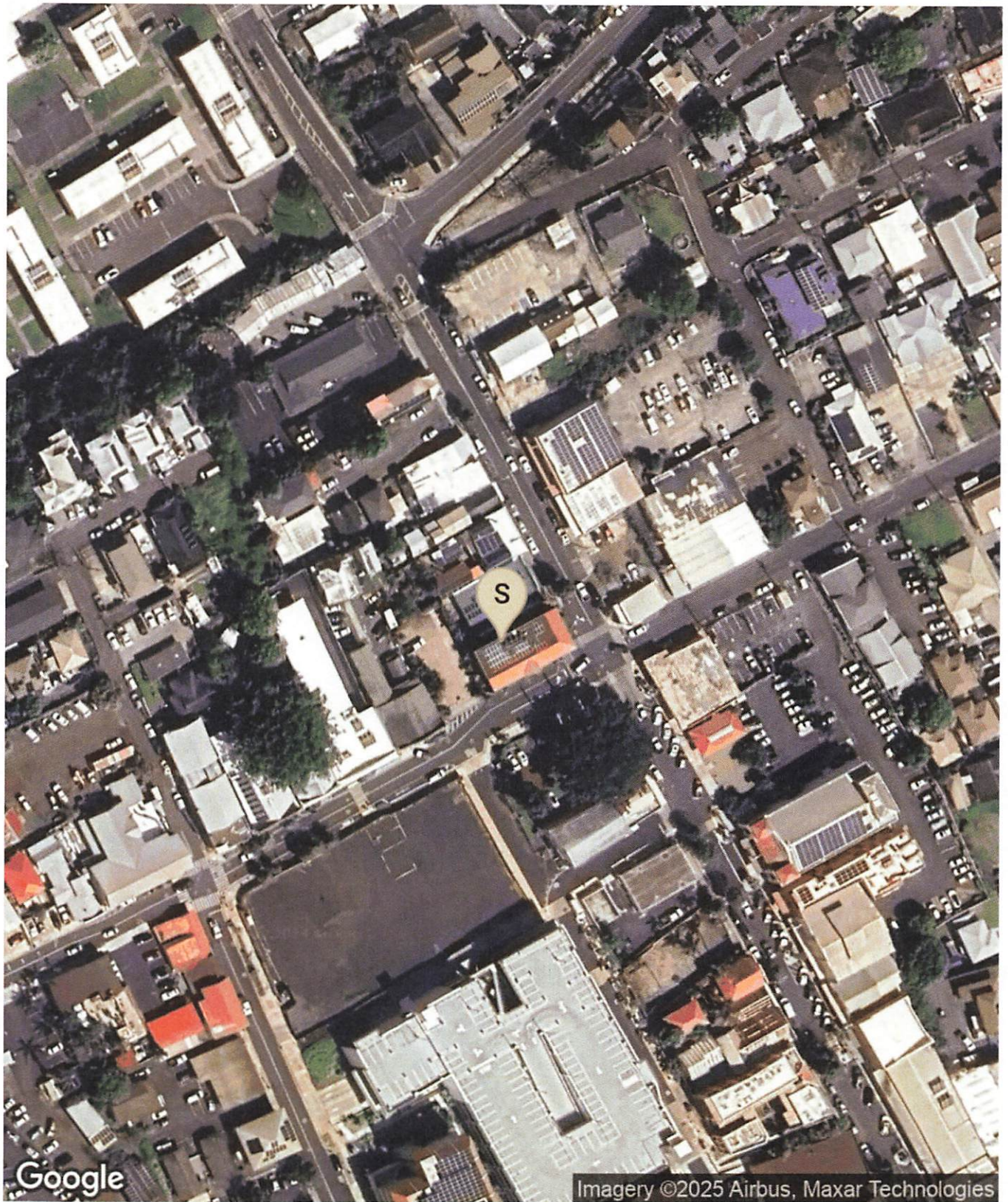


# EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION		
Property	Office - Office-Retail	
Address	105 North Market Street	
City, State Zip	Wailuku, Hawaii 96793	
County	Maui County	
Market / Submarket	Central Maui / Wailuku	
Geocode	20.889464,-156.502789	
SITE DESCRIPTION		
Number of Parcels	1	
Tax Map Key	2-3-4-017-027	
Land Area	Square Feet	Acres
Usable	4,163	0.096
Total	4,163	0.096
Zoning	Wailuku Redevelopment Area-Business/Multi-Family (WRA-B/MF)	
Shape	Rectangular	
Topography	Slightly Sloping	
Flood Zone	Zone X (Unshaded)	
IMPROVEMENT DESCRIPTION		
Tenancy	Single-Tenant Owner-Occupied	
Net Rentable Area (NRA)	7,348 SF	
Gross Building Area (GBA)	7,348 SF	
Total Buildings	1	
Floors	2	
Year Built	2004	
Actual Age	21 Years	
Effective Age	20 Years	
Economic Life	50 Years	
Remaining Useful Life	30 Years	
Land To Building Ratio	0.57 : 1	
Site Coverage Ratio	89%	
Parking	No onsite parking	
QUALITATIVE ANALYSIS		
Site Quality	Average	
Site Access	Average	
Site Exposure	Good	
Site Utility	Average	
Building Quality	Average	
Building Condition	Average	
Building Appeal	Average	
HIGHEST & BEST USE		
Proposed Construction	No	
As Vacant	Office to the same density	
As Improved	Existing improvements and use	
Most Probable Buyer	Owner/User	
EXPOSURE & MARKETING TIME		
Exposure Time	12 Months	
Marketing Time	12 Months	
VALUE CONCLUSION		
VALUATION SCENARIOS		AS-IS MARKET VALUE
Interest		Fee Simple
Effective Date		January 3, 2025
List Price		\$3,200,000
Site Value		\$980,000
Cost Approach		\$3,220,000
Sales Comparison Approach		\$3,080,000
Income Capitalization Approach		Not Presented
FINAL VALUE CONCLUSION		\$3,150,000



# AERIAL PHOTOGRAPH





## PICTOMETRY AERIAL PHOTOGRAPH





## SUBJECT PROPERTY PHOTOGRAPHS



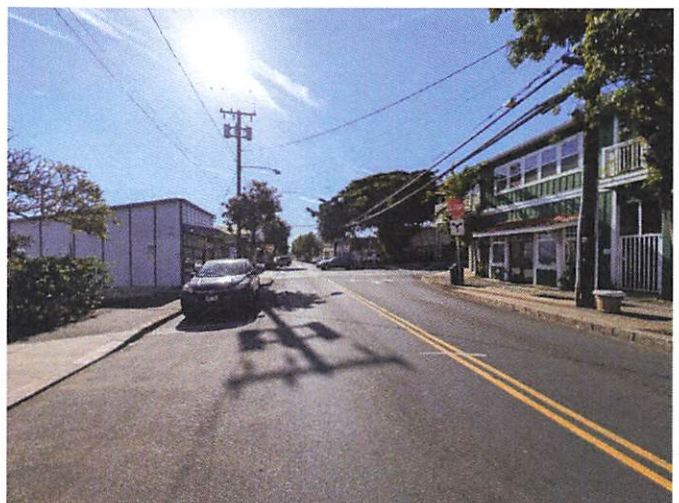
Mauka View Along Vineyard Street



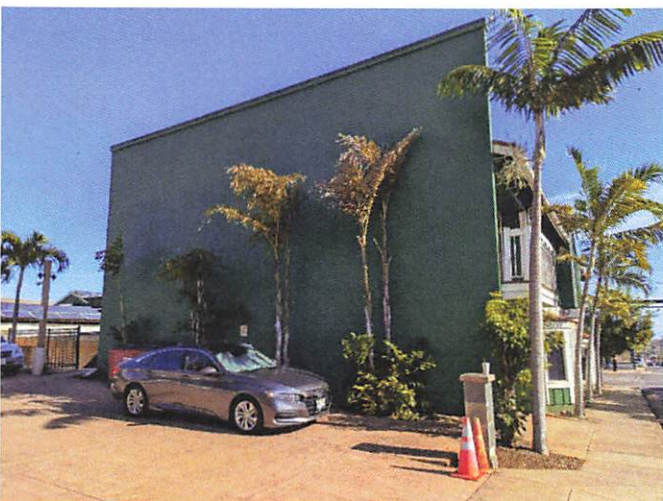
Makai View Along Vineyard Street



Northern View Along Market Street



Southern View Along Market Street

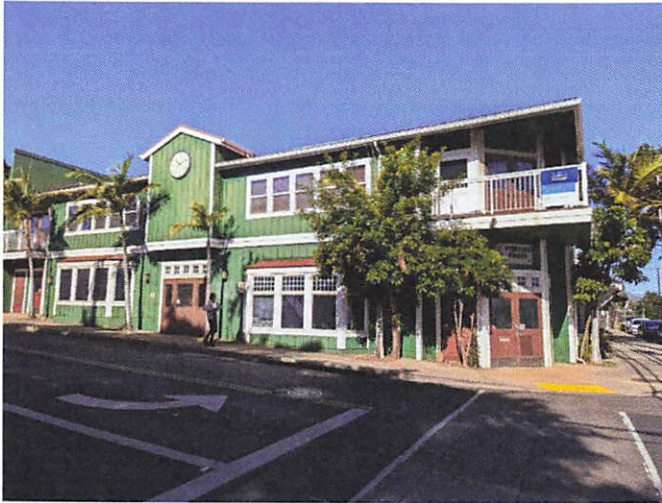


Mauka Elevation



Vineyard Elevation





Vineyard Elevation



Market Elevation



1<sup>st</sup> Floor – Mauka Half



1<sup>st</sup> Floor – Mauka Half

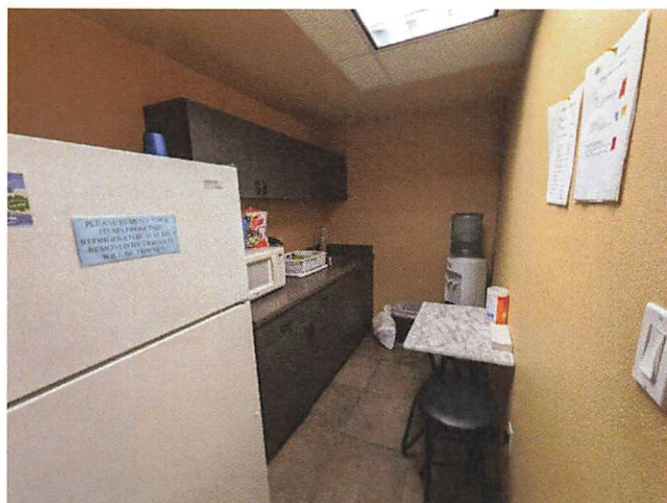


1<sup>st</sup> Floor – Mauka Half



1<sup>st</sup> Floor – Mauka Half





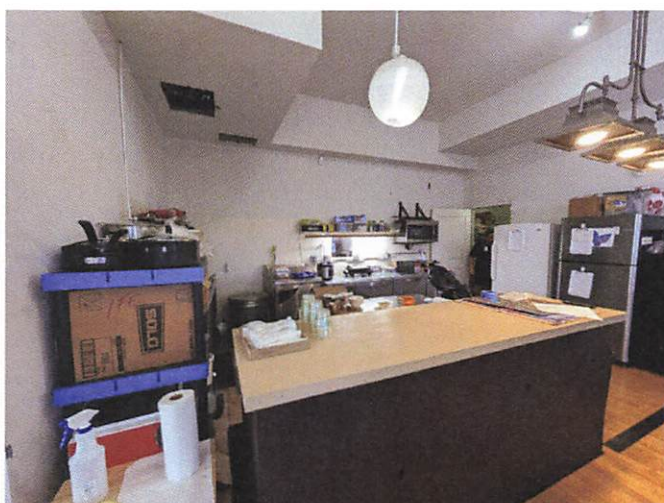
1<sup>st</sup> Floor – Mauka Half



1<sup>st</sup> Floor Middle Stairs



1<sup>st</sup> Floor – Makai Half



1<sup>st</sup> Floor – Makai Half



1<sup>st</sup> Floor – Makai Half



1<sup>st</sup> Floor – Makai Half





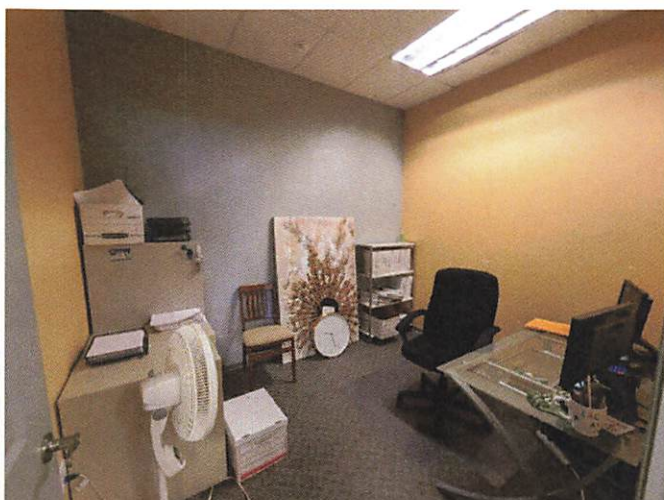
1<sup>st</sup> Floor Interior Stairs on Mauka Half



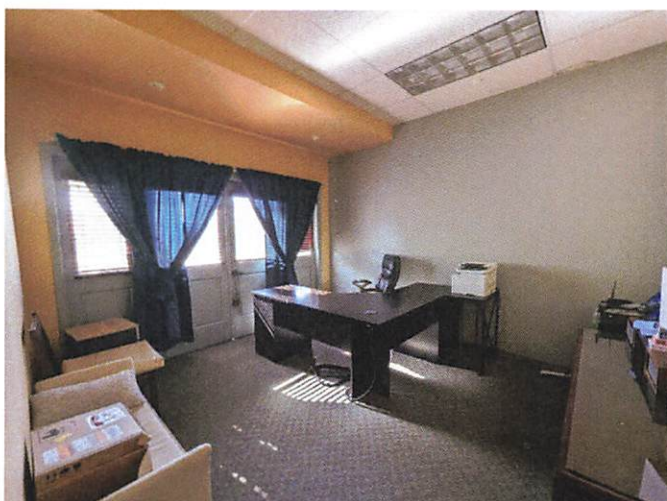
2<sup>nd</sup> Floor Mauka Half



2<sup>nd</sup> Floor Mauka Half



2<sup>nd</sup> Floor Mauka Half



2<sup>nd</sup> Floor Mauka Half



2<sup>nd</sup> Floor Middle Stairs





2<sup>nd</sup> Floor Restroom



2<sup>nd</sup> Floor Makai Half



2<sup>nd</sup> Floor Makai Half



2<sup>nd</sup> Floor Makai Half



2<sup>nd</sup> Floor Makai Half



2<sup>nd</sup> Floor Makai Half – Deferred Maintenance



# IDENTIFICATION OF ASSIGNMENT

## PROPERTY IDENTIFICATION

The subject is an office totaling 7,348 SF (GBA/NRA) on 4,163 SF of land located at 105 North Market Street in Wailuku, Maui County, Hawaii. The tax map key is 2-3-4-017-027-0000.

## CLIENT IDENTIFICATION

The client of this specific assignment is the Department of Finance, County of Maui.

## PURPOSE/INTENDED USE/USERS

The purpose of this appraisal is to develop an opinion of the subject's As-Is Market Value (Fee Simple) as of a current date. The scope of work to be completed under this Agreement is intended for acquisition due diligence. The Department of Finance, County of Maui, is the only intended user of this report.

## PERSONAL PROPERTY

No personal property or FF&E were reflected in the valuation. The solar PV system was excluded from the analysis as non-realty retained by the former seller.

## PROPERTY AND SALES HISTORY

105 N MARKET ST

Taxkey: 2-3-4-17-27 | Subdivision: WAILUKU | Project:

PROPERTY BASICS

TENURE: Fee Simple

DWELLINGS: 0

BEDROOMS/BATHS: 0/0

ANNUAL TAX (2024) : \$300

PITT CODE: 3-COMMERCIAL(All Island)

LOT#: 1

BUILDINGS: 1

LAND USE: 0

ZIP: 96793

ZONING: B-2

CENSUS TRACT: 309.01

LAND SIZE: 4,163 sqft

BUILDING SIZE: 7,348 sqft

LEGAL INFO: LOT 1  
VINEYARD STREET ROAD  
WIDENING SUBD POR RP  
1998 LCAW 5228:1  
MAHELE 2 4,163 SF DES

SALES

Sale Date	Sale Price	Instrument Type	Document Number	Land Court Document
11/13/1984	\$2,800			
12/7/1984	\$125,000	DEED	B/P 18373/657	
7/2/1990	\$175,000	DEED	DOC 90-099267	
2/13/1991	\$0	TRANSD	DOC 91-019404	
10/12/2000	\$0	AFD	DOC 00-143377	
10/12/2000	\$25,315	QD	DOC 00-143378	
7/10/2003	\$325,000	DEED-P	DOC 03-140158	<a href="#">BOC</a>
12/16/2003	\$1	DEED-P	DOC 03-277458	<a href="#">BOC</a>
12/28/2015	\$1,840,000	DEED	DOC 58400118	<a href="#">BOC</a>

According to public records, the subject title is currently recorded in the name of Mental Health Kokua, who acquired title to the property on December 29, 2015, for \$1,840,000 as improved by way of transfer deed, as recorded in Document 58400118 of the Hawaii Bureau of Conveyances.



The subject was listed for sale at the end of November 2024 for \$3,200,000 by Rick Osterhort with Colliers. On December 11, 2024, Maui County provided a Letter of Interest, noting the following:

*The County of Maui ("County") is in receipt of the Property Brochure for the abovereferenced real property parcel, for the sum of **THREE MILLION TWO HUNDRED THOUSAND AND NO/100 DOLLARS** (\$3,200,000.00). Please accept this letter as communication of the County's interest to purchase the abovereferenced subject property. The parties will not be bound to an agreement unless and until each party reviews, approves, and executes a final and definitive written agreement.*

*The following are the general terms and conditions that the County of Maui are requesting:*

- 1. The purchase and sale is subject to Maui County Code, Chapter 3.44.015 - Acquisition of real property.*
- 2. The purchase is contingent upon price support of a qualified appraisal and the approval of the Maui County Council.*
- 3. The purchase is contingent upon completion on the due diligence on the property.*

*The County of Maui will submit a Letter of Intent to Purchase upon review of an appraisal and due diligence of the property.*

We are unaware of any other sales or marketing of the subject in the past three years.

The as-is market value of \$3,150,000 is equal to and supportive of the list price. The rate of annual increase between the 2015 purchase and the as-is market value conclusion of 8% is within market norms detailed in the report.

## TAXES & ASSESSMENT

The subject's assessed values and property taxes for the current year are summarized in the following table.

ASSESSMENT & TAXES (2024)						
TAX RATE AREA				TAX RATE		#DIV/0!
ASSESSOR PARCEL #	LAND	IMPROVEMENTS	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
2-3-4-017-027-0000	\$306,800	\$1,385,400	\$1,692,200	\$1,692,200	\$0	\$300
Subtotal	\$306,800	\$1,385,400	\$1,692,200	\$1,692,200	\$0	\$300
Subtotal \$/GBA	\$41.75	\$188.54	\$230.29	\$230.29	\$0.00	\$0.04
<b>TOTAL BASE TAX \$/GBA / \$ TOTAL</b>					<b>\$0.04</b>	<b>\$300</b>

Source: Maui County Assessment & Taxation

**Taxation & Assessment Description** - The total assessment for the subject is \$1,692,200. There are \$1,692,200 of exemptions in place. Total taxes for the property are \$300, or \$0.04/SF. The next reassessment of the subject is scheduled for 2025. If the subject sold for the value estimate in this report, a reassessment at that value could, but would not automatically, occur.

According to the County of Maui Real Property Tax website, real estate taxes for the subject property are current as of the date of this report.

## DEFINITION OF MARKET VALUE

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming that the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;

2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>4</sup>

## PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the Fee Simple interest.

**Fee Simple Interest** - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>5</sup>

## VALUE SCENARIOS

**As-Is Market Value** - The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.<sup>6</sup>

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<sup>4</sup> Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

<sup>5</sup> The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

<sup>6</sup> The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022

## SCOPE OF WORK

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This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

Ponsar Valuation LLC completed the following steps for this assignment:

- Visited the subject property on January 3, 2025.
- Reviewed property information provided by the client in addition to documents and data available through the County of Maui or State of Hawaii Bureau of Conveyances websites
- Analyzed the highest and best use of the subject property
- Interviewed brokers and market participants familiar with the Maui office sector
- Researched comparable commercial land transactions
- Completed a sales comparison analysis to determine the value of the subject site
- Researched construction cost price trends and compiled office cost comparables
- Completed a cost approach for the subject property
- Researched urban Maui office sales
- Completed a sales comparison analysis to determine the value of the improved subject property
- Reconciled the value indications by the approaches to value
- Prepared this Appraisal Report

## ASSISTANCE PROVIDED

No one provided real property appraisal assistance to the individuals signing this report.

**SOURCES OF INFORMATION**

The following sources were contacted to obtain relevant information:

INFORMATION PROVIDED	
Property Assessment & Tax	Maui County Assessor
Zoning & Land Use Planning	County of Maui Zoning
Site Size	Maui County Assessor
Building Size	Maui County Assessor
Supply & Demand	CoStar
Flood Map	State of Hawaii DLNR
Demographics	STDB On-Line
Comparable Information	MLS   Public Records   Confirmed by Local Agents
Legal Description	Not Provided
Rent Roll	Not Provided
Operating Statements	Not Provided
Purchase & Sale Document	Not Provided
Construction Costs/Budget	Not Provided
Income/Expense Statements	Not Provided
Income/Expense Budget	Not Provided
Physical Inspection Report	Not Provided
Building Plans/Specs	Not Provided
Title	Not Provided
Phase I Environmental Report	Not Provided
Lease Documents	Not Provided
Architectural Plans & Date	Not Provided

The lack of unavailable items could affect the results of this analysis. As part of the general assumptions and limiting conditions, the subject is assumed to have no adverse easements, significant items of deferred maintenance, or be impacted by adverse environmental conditions.

**SUBJECT PROPERTY INSPECTION**

PROPERTY INSPECTION				
APPRAISER	INSPECTED	EXTENT	DATE	ROLE
Robert W. Spangler, MAI	Yes	Interior & Exterior	January 3, 2025	Primary Appraiser
ALSO PRESENT	COMPANY	EXTENT	DATE	AFFILIATION
Rock Osterhout	Colliers	Interior & Exterior	January 3, 2025	Listing Broker



## REGIONAL AREA MAP



# REGIONAL AREA ANALYSIS

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## REGIONAL AREA ANALYSIS INTRODUCTION

The State of Hawaii Department of Business, Economic Development & Tourism (DBEDT) provides the following "Outlook for The Economy" as of the 3<sup>rd</sup> Quarter 2024.

### **3<sup>rd</sup> Quarter 2024 Report**

Hawaii's economy continues to recover from the impacts of the COVID-19 pandemic and the August 2023 Maui wildfires. As of the first quarter of 2024, the latest quarter of Federal economic data available, Hawaii's economy recovered 98 percent from the pre-pandemic fourth quarter of 2019. While the non-tourism sector has fully recovered, the tourism sector (retail trade, transportation, recreation, food services, and accommodation) has recovered to only 90 percent.

Total visitor arrivals to the state during the first seven months of 2024 fell by 3.3 percent compared to the same period in 2023. Visitor expenditures, measured in current dollars, decreased 3.9 percent year-to-date through July 2024.

The construction industry is booming. The average construction payroll job count reached 41,200 during the first seven months of 2024, a record level for the industry. The value of private building permits increased 19.1 percent during the first seven months of 2024. The value of permits for additions and alterations increased by 29.4 percent and the value of residential permits increased by 24.2 percent, while the permit value for industrial and commercial projects decreased by 31 percent. However, the value of industrial and commercial permits accounted for only 7.9 percent of the total private permit value.

Based on the most recent data from the U.S. Bureau of Economic Analysis, Hawaii's real gross domestic product (GDP) grew 1.8 percent in the first quarter of 2024 compared to the first quarter of 2023. Hawaii's personal income grew by 5.5 percent in the first quarter of 2024 compared to the first quarter of 2023.

Hawaii's labor force (not seasonally adjusted) for the first seven months of 2024 increased 0.4 percent compared to the same period in 2023. Hawaii's unemployment rate (not seasonally adjusted) averaged 2.9 percent during the first seven months of 2024, ranking seventh lowest among the states in the nation.

State general excise tax collections decreased by 0.1 percent during the first seven months of calendar year 2024 compared to the same period a year ago.

Hawaii's consumer inflation, measured by the Honolulu Consumer Price Index for All Urban Consumers, was at 4.5 percent in July 2024, 2.4 percentage points higher than Hawaii's inflation rate in July 2023 and 1.6 percentage points higher than the national average.

At the national level, the most recent (August 2024) Blue Chip Economic Indicators report, the consensus of 50 economic forecasting organizations, projected the U.S. economy to grow at 2.5 percent in 2024 and 1.8 percent in 2025. DBEDT estimates that Hawaii's real GDP will increase by 1.3 percent in 2024, 2.0 percent in 2025, 2.1 percent in 2026, and 2.2 percent in 2027.

Visitor arrivals are projected to decrease by 1.0 percent in 2024 and will improve starting in 2025 as the Japanese visitor market recovery accelerates. Full recovery in arrivals will not happen until 2027, when 10.3 million visitors will come to the state. Visitor spending is projected to be \$20.7 billion in 2024 and is expected to increase to \$23.9 billion by 2027.

Non-agriculture payroll job growth is expected to increase by 0.8 percent in 2024 and then to 1.3 percent in 2025, 1.2 percent in 2026, and 1.0 percent in 2027. A full recovery of non-agriculture payroll jobs is expected to occur in 2027, when the total will reach 659,700 jobs.

The state unemployment rate is expected to be 2.8 percent in 2024 and will improve to 2.7 percent in 2025 and 2.5 percent in both 2026 and 2027.

Personal income is expected to grow at rates of about 4 percent in the next few years, similar to projections in the previous quarter.

As measured by the Honolulu Consumer Price Index for Urban Consumers, inflation is expected to be at 4.2 percent in 2024, which is higher than the projected U.S. consumer inflation rate of 3.0 percent for the same year. Hawaii consumer inflation is expected to decrease to 2.4 percent by 2027.

Hawaii's population is expected to decrease by 0.1 percent in 2024, remain flat in 2025, and then increase by 0.2 percent in 2026 and by 0.2 percent in 2027.



**ACTUAL AND FORECAST OF KEY ECONOMIC INDICATORS FOR HAWAII: 2022 TO 2027**

Economic Indicators	2022	2023 <sup>1</sup>	2024	2025	2026	2027
	Actual		Forecast			
Total population (thousands) <sup>2</sup>	1,439	1,435	1,433	1,433	1,437	1,439
Visitor arrivals (thousands) <sup>3</sup>	9,234	9,658	9,565	9,841	10,092	10,323
Visitor days (thousands) <sup>3</sup>	85,240	86,426	84,393	86,598	88,604	90,634
Visitor expenditures (million dollars) <sup>3</sup>	19,800	20,866	20,744	21,712	22,770	23,874
Honolulu CPI-U (1982-84=100)	316.1	326.0	339.5	349.9	358.8	367.5
Personal income (million dollars)	88,973	93,655	97,695	101,521	105,406	109,632
Real personal income (millions of constant 2017\$)	69,266	70,649	71,551	72,610	73,694	74,998
Personal income deflator	128.5	132.6	136.5	139.8	143.0	146.2
Non-agricultural wage & salary jobs (thousands)	618.1	632.2	637.3	645.3	653.1	659.7
Civilian unemployment rate (%)	3.5	3.0	2.8	2.7	2.5	2.5
Gross domestic product (million dollars)	101,083	108,023	112,826	118,001	123,138	128,307
Real gross domestic product (millions of chained 2017\$)	85,211	86,888	88,022	89,815	91,707	93,683
Gross domestic product deflator (2017=100)	118.6	124.3	128.2	131.4	134.3	137.0
<b>Annual Percentage Change</b>						
Total population	-0.5	-0.3	-0.1	0.0	0.2	0.2
Visitor arrivals	36.2	4.6	-1.0	2.9	2.5	2.3
Visitor days	30.5	1.4	-2.4	2.6	2.3	2.3
Visitor expenditures	50.5	5.4	-0.6	4.7	4.9	4.8
Honolulu CPI-U	6.5	3.1	4.2	3.1	2.5	2.4
Personal income	0.0	5.3	4.3	3.9	3.8	4.0
Real personal income	-4.7	2.0	1.3	1.5	1.5	1.8
Personal income deflator	5.0	3.2	3.0	2.4	2.3	2.2
Non-agricultural wage & salary jobs	5.3	2.3	0.8	1.3	1.2	1.0
Civilian unemployment rate <sup>4</sup>	-2.5	-0.5	-0.2	-0.1	-0.1	-0.1
Gross domestic product	8.6	6.9	4.4	4.6	4.4	4.2
Real gross domestic product	1.3	2.0	1.3	2.0	2.1	2.2
Gross domestic product deflator	7.2	4.8	3.1	2.5	2.2	2.0

<sup>1</sup> Some of the indicators are preliminary or estimated, such as visitor expenditures, personal income, and gross domestic product.

<sup>2</sup> July 1 count.

<sup>3</sup> Visitors who came to Hawaii by air and by cruise ship. Expenditures include supplementary business expenditures.

<sup>4</sup> Absolute change from the previous year.

Source: Hawaii State Department of Business, Economic Development & Tourism, September 5, 2024.



## LOCAL AREA MAP



## LOCAL AREA ANALYSIS INTRODUCTION

### MAUI COUNTY OVERVIEW

Maui County, the second largest of the four counties in Hawaii, is comprised of the inhabited islands of Maui, Molokai, Lanai, and the uninhabited island of Kahoolawe. In Maui County, there are no subordinate or separate municipal entities. Maui County is governed by the provision of a County Charter, with the executive power of the County vested in the mayor and legislative power vested in the County Council.

Maui is a worldwide tourism destination, with West and South Maui comprising the island's major resort areas and Central Maui, the population and business centers.

The Maui County economy had largely recovered from the COVID-19 pandemic and even exceeded pre-pandemic conditions in certain asset classes (e.g., residential, industrial). However, the Maui County economy was dealt a major setback in the aftermath of the West Maui and Kula fires.

The Maui County Overview attempts to focus on the current conditions and market commentary on forecasts and timelines for recovery from the effects of the wildfires in Lahaina and Kula. Statewide data and analysis provide a proxy for Maui County in the absence of county-specific information as needed.

### ECONOMIC FORECASTS

The following section highlights the latest Hawaii economic forecasts from the University of Hawaii Economic Research Organization (UHERO).

#### UHERO

The UHERO forecast published on December 13, 2024, summarizes the following:

*"Hawaii's economic expansion continues, but slowly. Now the incoming Trump Administration introduces broad uncertainty into the outlook. Under the assumption of policy changes that are sharp but limited in scope, we will see a short-term boost to mainland tourism and local income, but there will be medium-term supply challenges and an uptick in inflation. State tax cuts will provide local support. Maui rebuilding will add to an already-buoyant construction cycle, even as home affordability woes continue.*

- Because of uncertainty surrounding Trump Administration policies—and Congressional and legal challenges—for now we are adopting policy assumptions of limited magnitude. The Tax Cuts and Jobs Act will be extended and the corporate tax rate will be reduced. Tariff hikes will be more limited and targeted than many expect, resulting in a five percentage point increase in the effective tariff rate. Other countries will retaliate with similar tariff hikes. Through deportations, the Administration will be able to reduce the number of unauthorized immigrants by 350,000 people per year. The policies as a whole will provide a moderate near-term US economic boost, but will result in higher inflation and slower growth in the medium term.*
- Hawaii tourism, which has flattened this year, will show modest improvement in 2025, as visitor arrivals expand nearly 3%. U.S. mainland travel will strengthen, aided by federal tax cuts, but international markets may suffer from trade tensions and a stronger dollar. Tourism revenue will be constrained by stagnant per-person spending.*



- *Maui's recovery continues to face challenges. Visitor numbers remain subdued, with occupancy rates at historic lows and labor force participation constrained by post-fire disruptions and outmigration. Maui has regained more than half of the jobs lost to the wildfires, but employment remains well below pre-fire levels. Rebuilding efforts will provide ongoing support, but a full tourism recovery is years down the road.*
- *Hawaii's overall labor market has softened, with statewide job growth just over a half-percent this year. Job gains have been uneven across counties, with Oahu and the Big Island outpacing Maui and Kauai. With the direct negative wildfire effects now behind us, Maui job growth will turn upward in 2025, while labor market gains will slow statewide. Long-term job growth will be limited by an aging population and a slow-growing labor force.*
- *Construction activity remains a bright spot, supported by government contracts and Maui rebuilding efforts. At the same time, resource constraints and escalating costs are a concern for the industry. Employment in the sector will peak in early-2026 before this building cycle begins to wane.*
- *Housing affordability continues to deteriorate. The median price of a single-family home is up 9% statewide and 15% on Maui this year, and mortgage rates hover near 7%. Rising homeowner insurance premiums, driven in part by climate risks, are another headwind to housing affordability and housing market recovery. These challenges are compounded by slow progress in addressing Maui's post-fire housing needs.*
- *Honolulu inflation remains elevated, as higher housing costs finally feed through to the consumer price index. While a slight moderation is expected in 2025, higher US tariffs and deportation actions will push inflation higher in the medium term, eroding to some extent real income gains for households.*
- *The outlook remains largely in line with the previous forecast, but policy uncertainty adds significant risks. Trade and immigration policies that are much harsher than we currently assume could have broader negative fallout here."*

## POPULATION

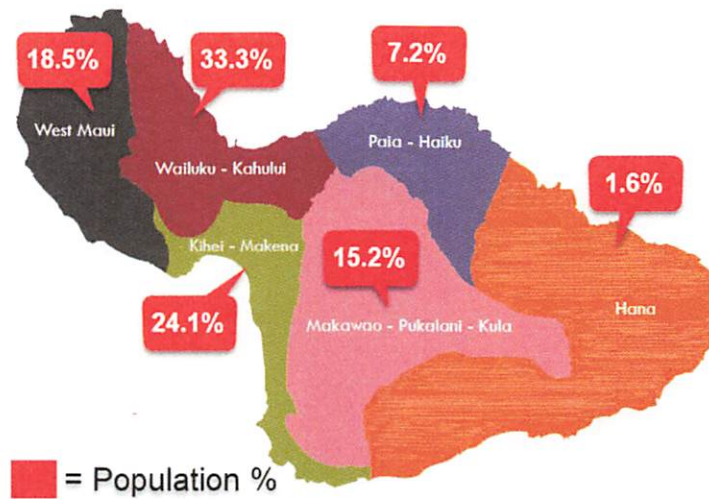
Maui's population was 164,183 in 2023, representing 12% of the state's total. The following graphic illustrates the geographic population allocation by the Maui Island community plan<sup>11</sup>. The Wailuku-Kahului district represents the largest population center, with 33.3% of the island's residents.

Importantly, a recent statewide study indicated that the population in Hawaii has declined by 36,789 since 2020, resulting in a loss of \$185 million in general excise and income tax.

The Council for Native Hawaiian Advancement roughly calculates that at least 1,500 people have moved away from Maui County since the August fires. The University of Hawaii Economic Research Organization said in its February economic forecast that Maui County had lost more than 1,000 households.

According to the report, UHERO researchers predict a population dip of 2,300 people, or 1.4% of the county's total population, by the end of 2024. By comparison, the county lost 1,400 households, or 0.9% of its population, in 2023.

The declining population in Maui is detrimental to the economy.



### EMPLOYMENT/UNEMPLOYMENT

The following table provides a summary of the state unemployment rates by County in November 2024 relative to the prior month and a year-over-year comparison.

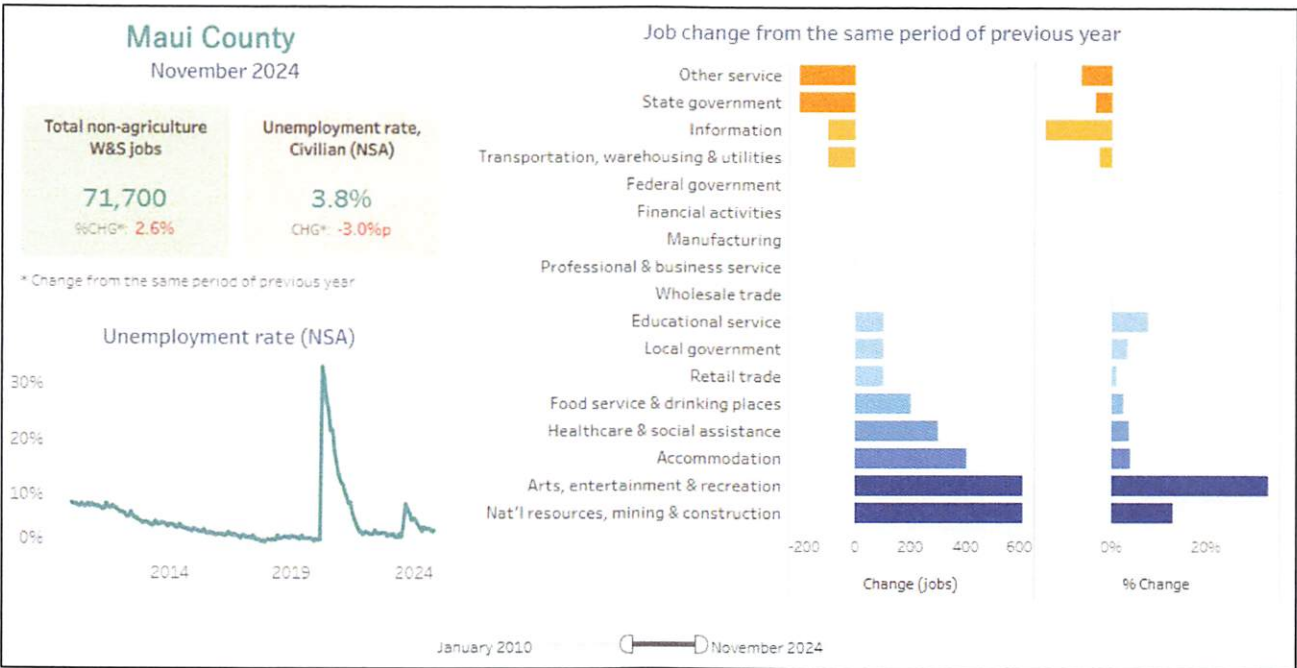
	NOV 2024	OCT 2024	NOV* 2023
<b><u>Seasonally Adjusted</u></b>			
<b>STATE</b>	<b>2.9</b>	<b>2.9</b>	<b>3.0</b>
<b>U. S.</b>	<b>4.2</b>	<b>4.1</b>	<b>3.7</b>
<b><u>Not Seasonally Adjusted</u></b>			
<b>STATE</b>	<b>3.1</b>	<b>2.9</b>	<b>3.0</b>
HONOLULU	2.9	2.8	2.5
HAWAII COUNTY	3.1	3.0	2.5
KAUAI	2.9	2.6	2.3
MAUI COUNTY	3.8	3.6	6.8
Maui Island	3.9	3.7	7.1
Molokai	2.8	3.4	1.2
Lanai	2.7	2.1	0.8
<b>U. S.</b>	<b>4.0</b>	<b>3.9</b>	<b>3.5</b>

County and island rates are not seasonally adjusted

\* benchmarked data

Source: State Department of Labor and Industrial Relations

The largest increase in jobs from the previous year was concentrated in national resources, mining, arts, entertainment, and recreation.



**TOURISM**

Tourism serves as the main driving force of Maui County's economic engine. Measures of the importance of the visitor industry to Maui include the 40% of real property tax collections that it contributes, the 40% of direct employment for which it accounts, and an estimated further 25-30% in jobs supported indirectly by tourism in the areas of agriculture, health services, construction, real estate, entertainment, and recreation. In 2019, Maui surpassed 3 million annual visitors for the first time since the Hawaii Tourism Authority began keeping records.

Hawaii visitor arrivals were down 73.8% in 2020 compared to 2019 levels, according to year-end data released by the Hawaii Tourism Authority. According to the Hawaii Visitor Statistics Report, a total of about 2.7 million visitors arrived in the Islands during 2020, down from the record-setting nearly 10.4 million visitors that had arrived in 2019.

The State and County governments shut down tourism in March 2020. Tourism has largely recovered based on the review of visitor and hotel data.

Fifteen months after the August 8, 2023, wildfires, there were 197,622 visitors to Maui in November 2024, which was higher than November 2023 (162,470 visitors, +21.6%) but below November 2019 (232,330 visitors, -14.9%). Visitor spending increased to \$435.7 million in November 2024, compared to \$378.2 million (+15.2%) in November 2023 and \$377.9 million (+15.3%) in November 2019. The average daily census on Maui was 51,901 visitors in November 2024, compared to 45,669 visitors (+13.6%) in November 2023 and 61,437 visitors (-15.5%) in November 2019.

In the first 11 months of 2024, there were 2,117,488 visitors to Maui, compared to 2,297,518 visitors (-7.8%) in the first 11 months of 2023 and 2,784,485 visitors (-24.0%) in the first 11 months of 2019. For the first 11 months of 2024, total visitor spending was \$4.71 billion, compared to \$5.33 billion (-11.7%) in the first 11 months of 2023 and \$4.61 billion (+2.0%) in the first 11 months of 2019.

Hawaii hotels statewide reported lower occupancy, average daily rate (ADR), and revenue per available room (RevPAR) in November 2024 compared to November 2023. When compared to pre-pandemic November 2019, statewide ADR and RevPAR were higher in November 2024, but occupancy was lower.

Statewide RevPAR in November 2024 was \$232 (-8.3%), with ADR at \$335 (-3.6%) and occupancy of 69.2 percent (-3.5 percentage points) compared to November 2023. Compared with November 2019, RevPAR was 12.3 percent higher, driven by higher ADR (+28.4%), which offset lower occupancy (-9.9 percentage points).

The report's findings utilized data compiled by STR, Inc., which conducts the largest and most comprehensive survey of hotel properties in the Hawaiian Islands. For November 2024, the survey included 169 properties representing 48,147 rooms, or 85.7 percent of all lodging properties with 20 rooms or more in the Hawaiian Islands, including those offering full service, limited service, and condominium hotels. Vacation rental and timeshare properties were not included in this survey.

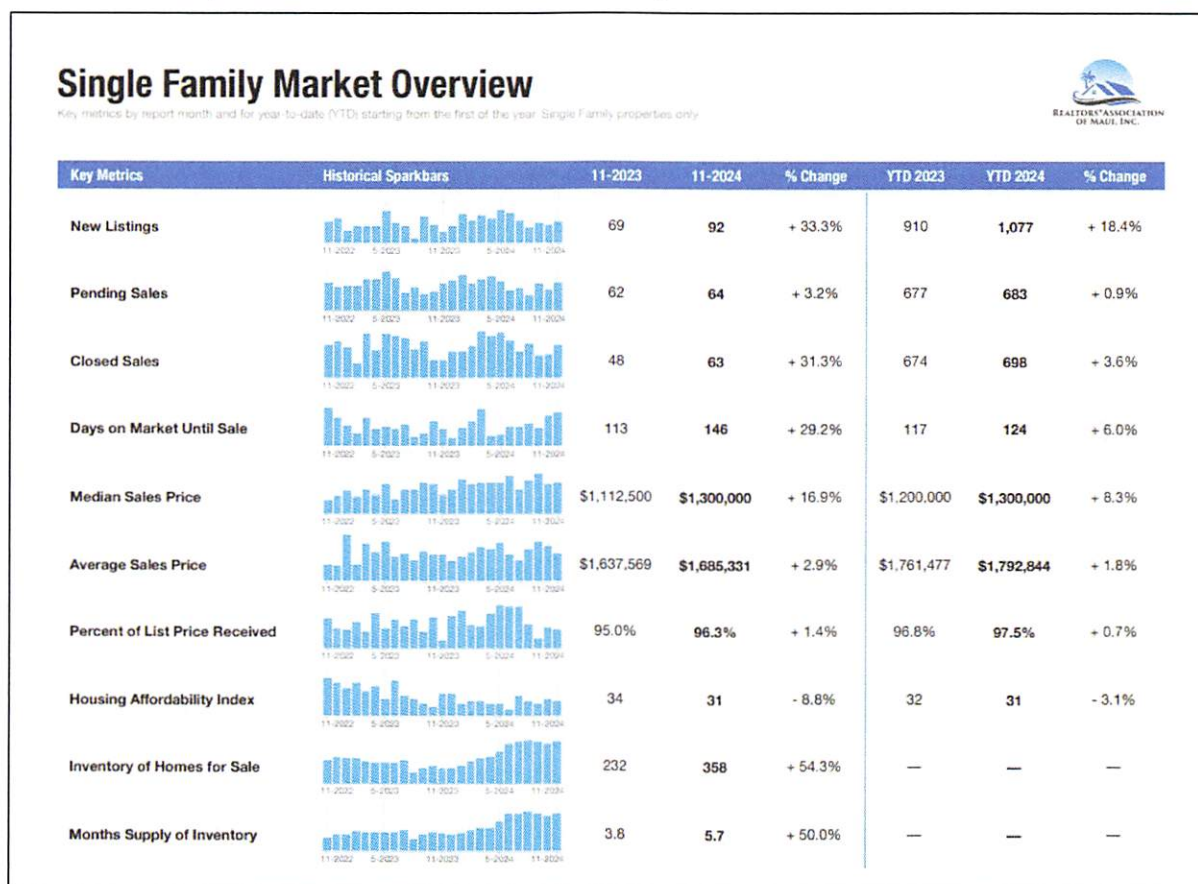
The complete State of Hawaii DBEDT November 2024 Hawaii Hotel Performance Report is contained in the Addenda.

**RESIDENTIAL MARKET CONDITIONS**

The following table from the Maui MLS provides the most recent statistical data on month-to-month and year-over-year trends.

Local single-family residential market conditions have improved markedly since the start of the pandemic. Market participants cite numerous rationales, including:

1. Intense demand from people taking advantage of low mortgage rates
2. A dwindling inventory of homes for sale
3. Liberation of remote workforce as a new source of demand for primary residences; people working for Mainland companies are now free to work from anywhere



Source: Maui MLS

The following is the narrative section from the November 2024 Maui MLS.

- U.S. existing-home sales rose 3.4% month-over-month and 2.9% year-over-year to a seasonally adjusted annual rate of 3.96 million units, exceeding economists' expectations for the month and marking the first annual gain since July 2021, according to the National Association of REALTORS® (NAR). Lower mortgage rates in late summer and early fall helped sales increase across all four regions.
- New Listings increased 33.3 percent for Single Family homes and 0.7 percent for Condominium homes. Pending Sales increased 3.2 percent for Single Family homes but decreased 35.8 percent for Condominium homes. Inventory increased 54.3 percent for Single Family homes and 138.5 percent for Condominium homes.
- Median Sales Price increased 16.9 percent to \$1,300,000 for Single Family homes but decreased 19.7 percent to \$715,000 for Condominium homes. Days on Market increased 29.2 percent for Single Family homes and 1.6 percent for Condominium homes.
- The number of homes for sale continues to improve nationwide, climbing 0.7% month-over-month and 19.1% year-over-year to 1.37 million units heading into November, for a 4.2-month supply at the current sales pace, according to NAR. Despite a wider selection of properties on the market, sales prices have remained strong at the national level, with a median existing-home price of \$407,200 as of last measure, a 4% increase from the same time last year.



(CONTINUED)

# MAUI REAL ESTATE REPORT

Fidelity National Title  
& ESCROW OF HAWAII

MAUI | NOVEMBER 2024  
NOVEMBER 2024 YTD VS. NOVEMBER 2023 YTD

**314 CENTRAL**  
# of Sales: 225 (Residential), 81 (Condominiums), 8 (Vacant Land)  
19%

**96 NORTH SHORE**  
# of Sales: 73 (Residential), 1 (Condominiums), 22 (Vacant Land)  
6%

**346 WEST MAUI**  
# of Sales: 69 (Residential), 236 (Condominiums), 41 (Vacant Land)  
21%

**190 UPCOUNTRY**  
# of Sales: 150 (Residential), 7 (Condominiums), 33 (Vacant Land)  
11%

**613 SOUTH MAUI**  
# of Sales: 126 (Residential), 444 (Condominiums), 43 (Vacant Land)  
37%

**20 EAST MAUI**  
# of Sales: 9 (Residential), 11 (Condominiums), 0 (Vacant Land)  
1%

**Legend:**  
Residential (House icon)  
Condominiums (Apartment icon)  
Vacant Land (Tree icon)

\*Source: Realtor Association of Maui. Information deemed reliable, but not guaranteed.

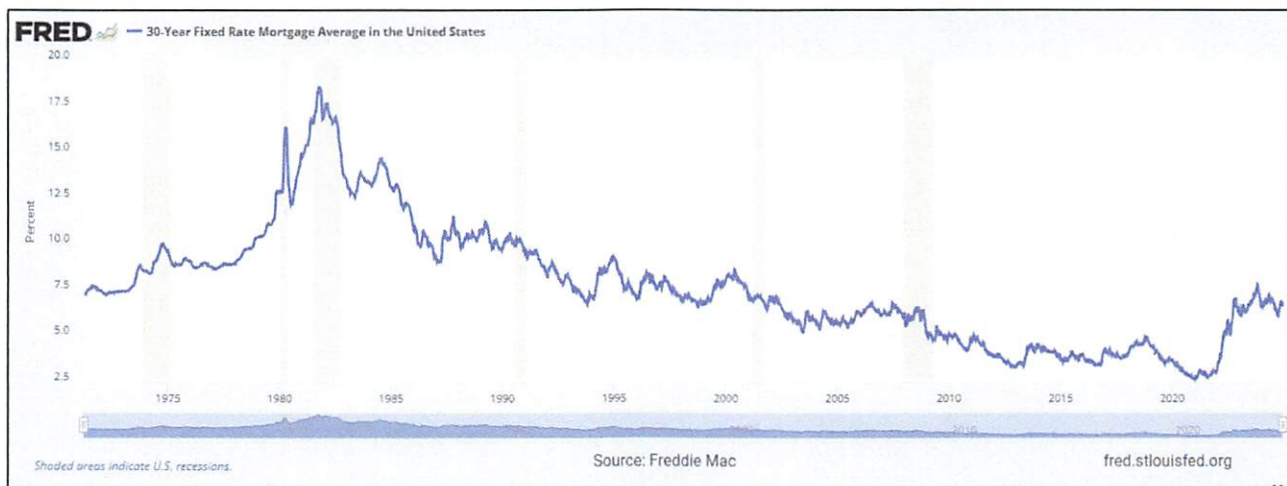
	% OF CLOSINGS	# OF UNITS RECORDED	MEDIAN PRICE	MEDIAN DAYS ON MARKET
HOMES	42%	698 ▲ 4%	\$1,300,000 ▲ 8%	85 ▲ 1%
CONDO	48%	795 ▼ -9%	\$900,000 ▲ 8%	85 ▲ 21%
LAND	10%	171 ▲ 19%	\$900,000 ▲ 31%	101 ▼ -40%

2024 VS 2023 YTD NUMBER OF UNITS			2024 VS 2023 YTD TOTAL DOLLAR VOLUME		
DISTRICT	2024	% Change	DISTRICT	2024	% Change
SOUTH	613	-1%	SOUTH	\$1,335,742,803	34%
WEST	346	-10%	WEST	\$558,914,235	-14%
CENTRAL	314	-12%	CENTRAL	\$314,343,456	-7%
UPCOUNTRY	190	41%	UPCOUNTRY	\$267,962,642	23%
NORTH SHORE	96	1%	NORTH SHORE	\$169,231,999	16%
LANAI/MOLOKAI	85	5%	LANAI/MOLOKAI	\$49,831,250	39%
EAST	11	-8%	EAST	\$7,991,500	-72%
<b>TOTAL</b>	<b>1,664</b>	<b>-2%</b>	<b>TOTAL</b>	<b>\$2,712,873,885</b>	<b>12%</b>

● % of Closed Sales by Districts through November 30, 2024  
● Number of Recorded transactions from January 1, 2024 - November 30, 2024

25





## COMMERCIAL REAL ESTATE

Over four years into the pandemic and after initial market shocks, broad market measures suggest the following directional trends:

- Upward trending values
- Upward trending rent collections
- Renewed market confidence

Going forward, commercial real estate will perform differently among the various asset types depending on the health of the general economy, the Hawaii economy, interest rates, etc. COVID-19 impacts appear to be in the review mirror. As noted previously, property values of many asset classes have returned to or exceeded pre-pandemic levels.

Rising interest rates have dramatically reduced commercial real estate sales activity. Regardless, there are recent matched-pair sale data indicating escalating property values over the past one to two years.

As a benchmark for the magnitude of recovery, the following are occupancy data reported by A & B for the 3<sup>rd</sup> Quarter of 2024:

- CRE operating revenue for the third quarter of 2024 increased by \$1.2 million, or 2.4%, to \$49.4 million, from \$48.2 million in the same quarter of 2023.
- CRE operating profit for the third quarter of 2024 increased by \$2.2 million, or 10.6%, to \$22.8 million, from \$20.6 million in the same quarter of 2023.
- CRE NOI for the third quarter of 2024 increased by \$1.4 million, or 4.4%, to \$32.4 million, from \$31.0 million in the same quarter of 2023.
- CRE Same-Store NOI for the third quarter of 2024 increased by \$1.3 million, or 4.1%, to \$32.2 million, from \$30.9 million in the same quarter of 2023.
  - Collections of prior year reserves in the third quarter of 2024 were \$0.3 million compared to \$0.5 million in the same quarter of 2023.
- During the third quarter of 2024, the Company executed a total of 71 improved-property leases, covering approximately 182,100 square feet of gross leasable area ("GLA").
- Comparable leasing spreads in our improved property portfolio were 15.3% for the third quarter of 2024, which included 18.2% for retail spaces and 9.9% for industrial spaces.

- Leasing activity related to our improved property portfolio during the third quarter of 2024 included:
  - Six leases at Queens' Marketplace totaling approximately 30,000 square feet of GLA and \$2.3 million of annualized base rent ("ABR").
  - 12 leases related to properties located in Kailua, including Aikahi Park Shopping Center, totaling approximately 26,000 square feet of GLA and \$0.9 million of ABR.
  - Five leases at Waipio Shopping Center totaling approximately 16,000 square feet of GLA and \$0.7 million of ABR.
  - One lease at Komohana Industrial Park totaling approximately 31,000 square feet of GLA and \$0.5 million of ABR.
- Overall leased occupancy was 94.0% as of September 30, 2024, an increase of 10 basis points compared to June 30, 2024, and a decrease of 60 basis points compared to September 30, 2023.
  - Leased occupancy in the retail portfolio was 92.9% as of September 30, 2024, an increase of 10 basis points compared to June 30, 2024, and a decrease of 110 basis points compared to September 30, 2023.
  - Leased occupancy in the industrial portfolio was 97.4% as of September 30, 2024, an increase of 30 basis points compared to June 30, 2024, and an increase of 60 basis points compared to September 30, 2023.
- Same-Store leased occupancy was 94.8% as of September 30, 2024, flat compared to June 30, 2024, and a decrease of 80 basis points compared to September 30, 2023.
  - Same-Store leased occupancy in the retail portfolio was 94.1% as of September 30, 2024, an increase of 10 basis points compared to June 30, 2024, and a decrease of 130 basis points compared to September 30, 2023.
  - Same-Store leased occupancy in the industrial portfolio was 97.2% as of September 30, 2024, an increase of 20 basis points compared to June 30, 2024, and an increase of 50 basis points compared to September 30, 2023.

### Location

The property is in Wailuku, an unincorporated community district in central Maui. Within Wailuku, the subject is downtown on North Market Street.

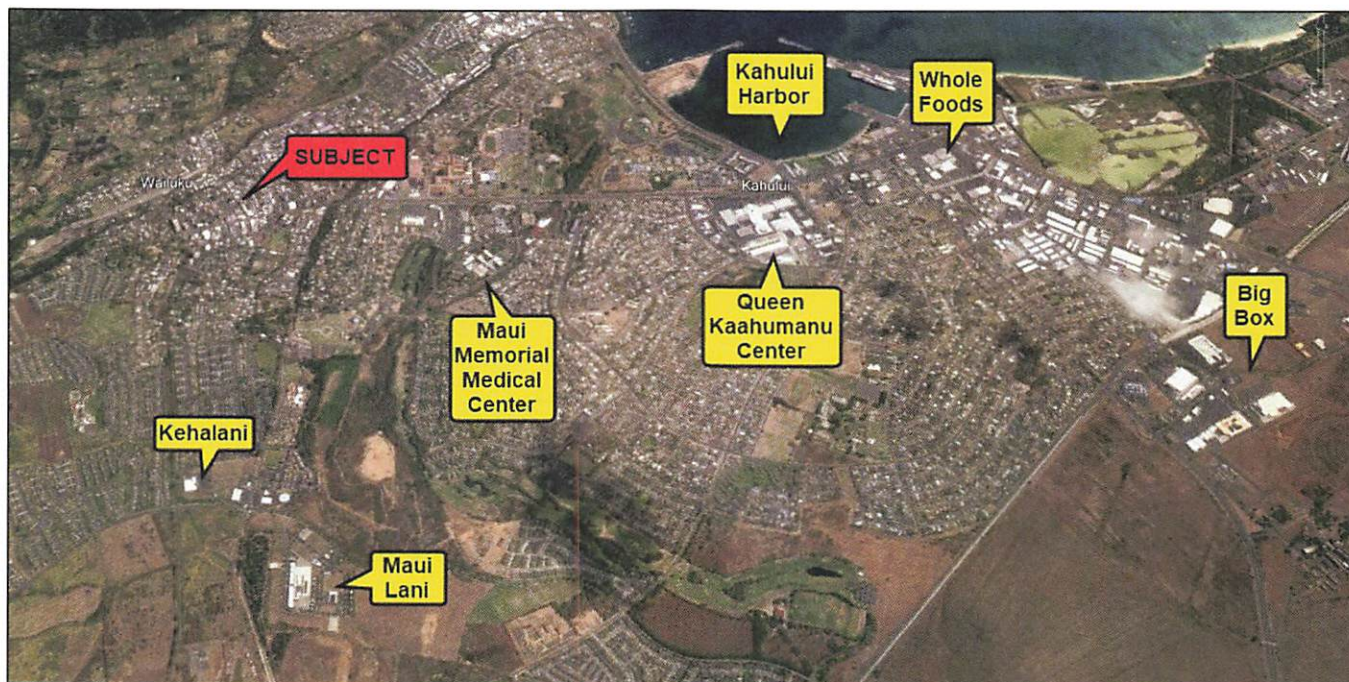
Wailuku is part of one of the three primary urban centers on Maui, measured by the regional distribution of commercial jobs of Wailuku-Kahului (49%), Kihei-Makena (20%), and West Maui (21%). Together, these three communities represent 90% of all commercial jobs. The island's primary commercial airport, harbor facility, and hospital are in Kahului, which also supports the island's primary industrial zones, "big-box" retail centers, and shopping malls.



The county government and related infrastructure are in Wailuku, just west of Kahului. The Wailuku and Kahului area remains the economic and population center of the island. In the 1990s, this area saw significant increases in trade, transportation, communications and utilities, and government jobs. Kahului Harbor is the port through which most cruise ship visitors reach Maui. The socio-economic forecast suggests the Wailuku-Kahului area will grow faster than other parts of Maui as former C. Brewer sugar lands are developed into residential subdivisions. Wailuku-Kahului is expected to continue as home to over a third of Maui's households.

### Neighborhood

The subject is in a mature mixed-use neighborhood on the makai side of downtown Wailuku. Land uses include commercial, governmental, residential, and light industrial. The informal neighborhood extends farther makai into Kahului, as illustrated by the following aerial.



Prominent local land uses in Central Maui include:

- **Queen Kaahumanu Center** – The only regional shopping center in Maui is located near the main harbor. The property is obsolete and has been detrimentally impacted by the pandemic, precipitating a foreclosure filing by the lender, U.S. Bank, in November 2020. The property is anchored by Macy's, which plans to downsize and consolidate its two non-contiguous stores into one of the spaces in the coming months. Sears went dark in November 2021, and the six-screen Consolidated Theater closed in June 2023.

In August 2024, Maui County Council members approved second-and-final reading land use measures to pave the way for redevelopment of Queen Ka'ahumanu Center as it struggles amid a nationwide decline in brick-and-mortar shopping malls. Bills 67 and 68 advance to Mayor Richard Bissen for final action.

The measures provide for a Wailuku-Kahului Community Plan amendment for 6.75 acres and a change of zoning from M-2 Heavy Industrial District to B-3 Central Business District for 33.8 acres for the Queen Ka'ahumanu Community Center revitalization and infill project.

In June, representatives of the mall owners said the land use bills would allow them to proceed with the "evolution" of the center and evaluate opportunities based on community needs. They are considering a mixed-use development, including residential, retail, office, service, open and green space.

Much of the former cannery buildings and vacant land on the periphery of Queen Kaahumanu Center have recently been renovated/repositioned or newly developed with larger multi-tenant warehouse rental and owner/user cold storage. Fergus & Company, a local real estate investment firm, has conducted the majority of renovation and new development.

- **Whole Foods (Maui Mall)** – March 2010 saw the grand opening of the first Whole Foods on Maui at the Maui Mall in Kahului. The Maui Mall was acquired for \$64.1 million in January 2014 by a partnership of Denver-based Alberta Development Partners and an affiliate of Chicago-based Walton Street Capital LLC and re-sold in 2016 to JLL for \$86.4 million. The 185,700-square-foot mall, which recently completed a 31,940-square-foot expansion to build a T.J. Maxx store and another building, is anchored by Whole Foods Market, Longs Drugs/CVS, Wallace Theaters, and IHOP.
- **Big Box Uses** – The subject neighborhood is dominated by its concentration of big-box users, which include the following:
  1. Costco
  2. Target
  3. Home Depot
  4. Wal Mart
  5. Lowes
- **Kahului Harbor** – Primarily a commercial harbor and port for Hawaii's many cruise ships, such as Carnival and Norwegian Cruise Lines.
- **Kahului Airport** – A regional airport in the State of Hawaii located five miles east of the subject. Most flights into Kahului Airport originate from Honolulu International Airport; the Honolulu-Kahului corridor is one of the busiest air routes in the US.



**Demographics**

The following information reflects the demographics for the subject's area.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	0 - 1 MILE	1 - 3 MILE	3 - 5 MILE	DESCRIPTION	0 - 1 MILE	1 - 3 MILE	3 - 5 MILE
<b>POPULATION TOTAL</b>				<b>HOUSEHOLDS</b>			
2010 Census	10,315	42,895	610	2010 Census	3,587	12,335	144
2020 Census	11,624	46,696	654	2020 Census	3,934	13,454	145
2024 Estimate	11,701	48,877	608	2024 Estimate	4,016	14,052	149
2029 Projection	11,551	49,095	617	2029 Projection	3,986	14,206	149
Δ 2010-2020	12.69%	8.86%	7.21%	Δ 2010-2020	9.67%	9.07%	0.69%
Δ 2020-2024	0.66%	4.67%	(7.03%)	Δ 2020-2024	2.08%	4.44%	2.76%
Δ 2024-2029	(1.28%)	0.45%	1.48%	Δ 2024-2029	(0.75%)	1.10%	0.00%
Total Daytime Population	18,241	40,671	6,377	<b>HOUSEHOLDS BY INCOME (2024 ESTIMATE)</b>			
<b>HOUSING UNITS</b>				< \$15,000	8.8%	5.2%	8.1%
Total (2024 Estimate)	4,235	14,809	162	\$15,000 - \$24,999	5.7%	6.1%	3.4%
Owner Occupied	57.5%	59.8%	68.5%	\$25,000 - \$34,999	5.0%	3.9%	4.0%
Renter Occupied	37.3%	35.1%	23.5%	\$35,000 - \$49,999	11.1%	7.5%	4.0%
Vacant Housing Units	5.2%	5.1%	8.0%	\$50,000 - \$74,999	16.0%	13.0%	12.8%
Total (2029 Projection)	4,235	14,901	162	\$75,000 - \$99,999	9.6%	13.6%	8.7%
Owner Occupied	58.7%	61.7%	69.1%	\$100,000 - \$149,999	19.6%	23.0%	27.5%
Renter Occupied	35.5%	33.6%	22.2%	\$150,000 - \$199,999	12.6%	14.4%	13.4%
Vacant Housing Units	5.9%	4.7%	8.0%	\$200,000+	11.5%	13.3%	18.1%
<b>AVERAGE HOUSEHOLD INCOME</b>				<b>AVERAGE HOUSEHOLD SIZE</b>			
2024 Estimate	\$112,781	\$123,945	\$135,604	2024 Estimate	2.86	3.39	4.00
2029 Projection	\$128,654	\$141,130	\$153,301	2029 Projection	2.84	3.37	4.06
Δ 2024-2029	14.07%	13.87%	13.05%	Δ 2024-2029	(0.70%)	(0.59%)	1.50%
<b>MEDIAN HOUSEHOLD INCOME</b>				<b>MEDIAN HOME VALUE</b>			
2024 Estimate	\$82,473	\$100,938	\$111,367	2024 Estimate	\$812,034	\$807,163	\$810,606
2029 Projection	\$98,809	\$109,727	\$120,132	2029 Projection	\$910,476	\$890,974	\$1,057,692
Δ 2024-2029	19.81%	8.71%	7.87%	Δ 2024-2029	12.12%	10.38%	30.48%
<b>PER CAPITA INCOME</b>				<b>AVERAGE HOME VALUE</b>			
2024 Estimate	\$39,323	\$35,620	\$35,899	2024 Estimate	\$855,429	\$843,235	\$872,545
2029 Projection	\$45,131	\$40,804	\$40,802	2029 Projection	\$1,022,877	\$989,293	\$1,147,545
Δ 2024-2029	14.77%	14.55%	13.66%	Δ 2024-2029	19.57%	17.32%	31.52%

Source: Site To Do Business Online

# OFFICE MARKET OVERVIEW

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## MAUI OFFICE MARKET OVERVIEW

In the absence of any published office market overviews, the following is a high-level summary of the Maui office market.

### Key Market Dynamics:

- **High Demand, Limited Supply:** The market is experiencing a significant imbalance between supply and demand, driving prices upward. New construction and previously unsold inventory have been rapidly absorbed, leaving very few active listings. Displacement demand from the Lahaina fires has further intensified this pre-existing trend.
- **Robust Sales Activity:** 2023 and 2024 have witnessed a high volume of sales transactions across various locations, including Kahului, Lahaina, Kihei, and Makawao.
- **No New Construction:** The era of chronic vacancies in older office condominium developments (Kihei, Wailea, Lahaina) is finally over, with all units sold or leased. Similarly, the Makawao development completed in 2019 has been fully sold. Currently, there are no new office projects underway other than a two-unit CPR in Maui Lani, which was pre-sold before the completion of construction.
- **Land Availability and Rebuilding Challenges:** The fires have created abundant vacant land in West Maui. However, rebuilding on these sites is unlikely in the near future (at least three years) due to the extensive damage and recovery efforts required. Smaller lots are still available at Maui Lani; however, the supply is diminishing. Escalating construction costs, insurance expenses, and high interest rates pose rebuilding challenges.
- **Strong Demand from Medical and Owner-User Sectors:** The market is experiencing particularly strong demand from medical offices and businesses seeking to own and occupy their space. Owner/user transactions tend to sell for higher prices relative to investors. Overall, the emotional investment, greater financing opportunities, higher perceived value, and limited availability of office properties can all contribute to higher prices for owner/users relative to investors.
- **Downtown Wailuku Office Demand Drivers** include:
  1. *Proximity to Government Offices:* Wailuku is the county seat of Maui County, which means that many government offices are in the downtown area. This proximity to government offices is a significant demand driver for office space in downtown Wailuku, as government agencies often need to be located near one another for easy access and collaboration.
  2. *Local Business Presence:* Many local businesses operate in downtown Wailuku, including law firms, accounting firms, and real estate agencies. The presence of these businesses creates a demand for office space, as they require professional spaces to conduct their operations.
  3. *Infrastructure:* The availability of infrastructure, such as reliable internet connectivity, parking spaces, and transportation services, is also an important demand driver for office space in downtown Wailuku. Businesses require these amenities to operate efficiently and effectively, and the availability of these amenities can influence their decision to locate in a particular area.

Overall, the Maui office market exhibits robust health, fueled by limited supply, high demand, and a lack of new construction. The downtown Wailuku office market is considered mature and stable. There are limited rental vacancies and limited for-sale products, and no new office products are planned.

### Value Appreciation:

Significant value appreciation for office properties has been evident since 2021, further amplified by the Lahaina fires and subsequent displacement demand. Between 2021 and the present, annual appreciation rates have ranged from 8% to 32%, as measured by the matched-pair sales in the table below. However, it's important to note that this surge appears primarily attributable to post-fire market dynamics and the immediate impact of the fires. Currently, there is no clear evidence of further value appreciation specifically linked to post-fire market conditions.

## OFFICE MARKERT OVERVIEW

(CONTINUED)

## OFFICE MATCHED-PAIR SALES

Name	--	Wailea Town Center	Maui Lani	Kulumalu	Keawe Business Center
Use Type	Multi-Tenant	CPR	CPR (Shell)	CPR	CPR
Address	427 Ala Makani St	161 Wailae Ike Pl	Laa/Maa Streets	40 Kupaoa St	40 Kupuohi St
City	Kahului	Wailea	Kahului	Makawo	Lahaina
Year Built	2003/22	2021-2024	2021-2024	2020	2008

## PRIOR SALES

Unit(s)	--	A-101	141 Maa - Unit B	B-202	104
SF	10,745 SF	1,901 SF	2,651 SF	567 SF	806 SF
Sale Date	10/31/2022	6/29/2021	10/15/2021	7/29/2021	Pre-Fire Escrow
Sale Price	\$3,800,000	\$1,400,000	\$1,140,664	\$267,000	\$647,500
\$/SF	\$354	\$736	\$430	\$471	\$803

## CURRENT ESCROWS/RECENT SALES

Unit(s)	--	A-101	17 Laa - Unit A	B202	104
SF	10,745 SF	1,901 SF	2,754 SF	567 SF	806 SF
List Date	N/A	N/A	Late 2023	3/1/23	N/A
Contract Date	3/4/2024	8/15/2024	8/26/2024	5/15/2023	N/A
Recording Date	5/24/2024	10/23/2024	12/3/2024	7/29/2023	12/13/2023
Exposure/Marketing Period	164 Days	N/A	N/A	150 Days	N/A
Sale/Contract Price	\$4,650,000	\$1,750,000	\$1,560,045	\$420,000	\$685,000
\$/SF	\$433	\$921	\$566	\$741	\$850
Period in Years	1.3 Years	3.1 Years	2.9 Years	1.8 Years	N/A
\$/SF Premium	22%	25%	32%	57%	6%
Rate/Year	17%	8%	11%	32%	N/A

Compiled By: Ponsar Valuation LLC



## SITE DESCRIPTION

The subject property consists of one parcel with a total site area of 4,163 SF, which is based on information obtained from the Maui County Assessor. It is perceived that there is no surplus or excess land at the subject. For the purposes of this report, we have relied on this site area and reserve the right to amend our analysis upon receipt of a formal legal plan.

<b>Number of Parcels</b>	1
<b>Tax Map Key</b>	2-3-4-017-027
<b>Total Land Area</b>	4,163 SF
<b>Excess/Surplus Land</b>	No
<b>Corner</b>	Yes; Signalized
<b>Permitted Building Height</b>	
<b>Floor Area Ratio (FAR)</b>	Not Available
<b>Site Topography</b>	Slight Slope
<b>Site Shape</b>	Rectangular
<b>Site Grade</b>	At Street Grade
<b>Site Quality</b>	Average
<b>Site Access</b>	Average
<b>Site Exposure</b>	Good
<b>Site Utility</b>	Average
<b>Utilities</b>	All Available



### Adjacent Properties

North	Single-story office
South	Vacant banyan tree lot, Wailuku Parking Garage
East	Office, Retail
West	Parking lot for single-story office abutting to the north

The recent addition of the Wailuku Parking Garage, a 393-stall, four-story municipal facility, greatly expanded the availability of downtown parking. The garage is situated on the site of the former Wailuku Municipal Parking Lot, bounded by Church, Vineyard, Market, and Main Streets.

The first floor of the Wailuku Garage is open to the public. All-day permit parking is available on the upper floors of the garage for eligible Wailuku residents and employees. Employee parking (employee of a business located within a quarter mile of Wailuku Town) permits are \$30 per month. Low-income employee parking permits are available for \$10/month. To qualify for a low-income parking permit, your gross monthly income must not exceed 85% of the State Median income for the family size.

**Accessibility**

Access to the subject site is considered average overall.

STREET & TRAFFIC DETAIL

Street Improvements	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Signals	Median	Parking	Center Lane	Bike Lane
North Market Street	Minor arterial	Two-Way	2	x		x			x		
Vineyard Street	Neighborhood street	Two-Way	2	x	x				x		
<b>Frontage</b>											
North Market Street	Market Street is a two-lane arterial connecting Wailuku Town to coastal areas to the north										
Vineyard Street	feet; . Vineyard street is a neighborhood street running mauka to makai										

**Exposure & Visibility**

Exposure of the subject is good

**Zoning**

Wailuku Redevelopment Area-Business/Multi-Family (WRA-B/MF)

ZONING

Designation	Wailuku Redevelopment Area-Business/Multi-Family (WRA-B/MF)	
Zoning Authority	County of Maui	County of Maui
Permitted Uses	The purpose of the Business/Multi-Family District is to promote development that combines commercial and housing uses in a single building or allows for a separated mixture of such uses on a single lot or within a compact neighborhood setting.	
Current Use	Office-Retail	
Current Use Legally Permitted	Yes	Yes
Conforming Use	Legally Conforming Use	Legal, Conforming
Zoning Change	Not Likely	Not Likely
Min Lot Width (Feet)	45	45 (Smaller lot widths may be permitted by the Planning Director for utility purposes; roadway or easement lots; lots created for a public purpose, as determined by the Planning Director; or when the lot is not to be used for a commercial or residential use)
Max Permitted Height	Same as Residential District (Section 30.06.040)	2 stories or 30 feet For lots whose greatest street frontage is along the following streets, or for the purposes of a landlocked lot, whose principle access is from the following streets: Nani; Loke; Church Street North of Vineyard Avenue and from Main Street to Pakahi; Maluhia and Alahee Drive; Wailani, Kapoai, Lani, and Holowai Place. 3 stories or 45 feet For lots whose greatest street frontage is along the following streets, or for the purposes of a landlocked lot, whose principle access is from the following streets: Wells; Vineyard; Hinano; High; Church Street from Vineyard Street to Main Street; Market Street; Central Avenue. 4 stories or 60 feet For lots whose greatest street frontage is along Main Street, or for the purposes of a landlocked lot, whose principle access is from Main Street. 4,500 (Smaller lot sizes may be permitted by the Planning Director for utility purposes; roadway or easement lots; lots created for a public purpose, as determined by the Planning Director; or when the lot is not to be used for a commercial or residential use)
Min Permitted Site Area (SF)	4,500	
Min Permitted Yard Setbacks		
Front (Feet)	Same as Residential District (Section 30.06.040)	1" and 2" Story 3" Story 4" Story
Rear (Feet)	Same as Residential District (Section 30.06.040)	a. Front, side and rear None <sup>5</sup> For lots whose front yard setback abuts the following streets: Wells Street; Main Street; Vineyard Street; High Street; Church Street between Wells Street and Vineyard Avenue; Market Street and Central Avenue. 6 feet <sup>5</sup> For lots whose front yard setback abuts all other streets and for landlocked lots
Side (Feet)	Same as Residential District (Section 30.06.040)	10' <sup>6</sup> 20' <sup>6</sup>

<sup>5</sup>If a side, rear or front yard property line adjoins a lot in the residential or apartment district that side, rear or front yard setback shall be the same as that of the adjoining district.

Source: County of Maui Planning & Zoning Department

**Parking Requirements**

Parking varies by use but is stated as one space for every 500 square feet of gross building area for office use, which equates to 15 parking spaces. The subject received a variance from the Maui County Planning Commission and Maui Redevelopment Agency eliminating the requirement for on-site parking.

The parking variance was memorialized in a recorded Unilateral Agreement, which is summarized as follows:

- **Parties Involved:**
  - **DKK Properties, LLC** (the Applicant), a Hawaii limited liability company, and the **County of Maui**, through its Maui Redevelopment Agency.
- **Purpose:**
  - The agreement relates to the development and construction of the "105 North Market Street" project, which was approved by the Maui Redevelopment Agency on January 23, 2001.
- **Key Conditions:**
  - **Variance from Parking Requirements:** DKK Properties received a variance from Chapter 19.36 of the Maui County Code concerning off-street parking. This variance is contingent upon the following:
    - The payment of a parking assessment fee, if a related ordinance or rule is adopted by the County, for any loading zone stall waived.
    - The execution and recording of this unilateral agreement prior to the issuance of a Certificate of Occupancy.
- **Obligations of the Applicant:**
  - Pay the in-lieu parking fee within 30 days after the adoption of the relevant ordinance or rule.
  - The obligation runs with the land, binding successors, and assigns.
- **Enforcement:**
  - In case of breach or default, the County has the right to enforce this agreement through legal or equitable actions.
- **Recording and Compliance:**
  - The agreement must be recorded in the Bureau of Conveyances and/or the Land Court of the State of Hawaii before a Certificate of Occupancy can be issued.



- The agreement also includes conditions about project initiation and completion deadlines, compliance with design plans, and insurance requirements.
- **Transferability:**
  - The permit for the project cannot be transferred without the prior written approval of the Maui Redevelopment Agency.

This agreement essentially ensures that the developer adheres to specific conditions set by the County for the development project, focusing particularly on addressing future parking fee liabilities and ensuring project compliance with local regulations.

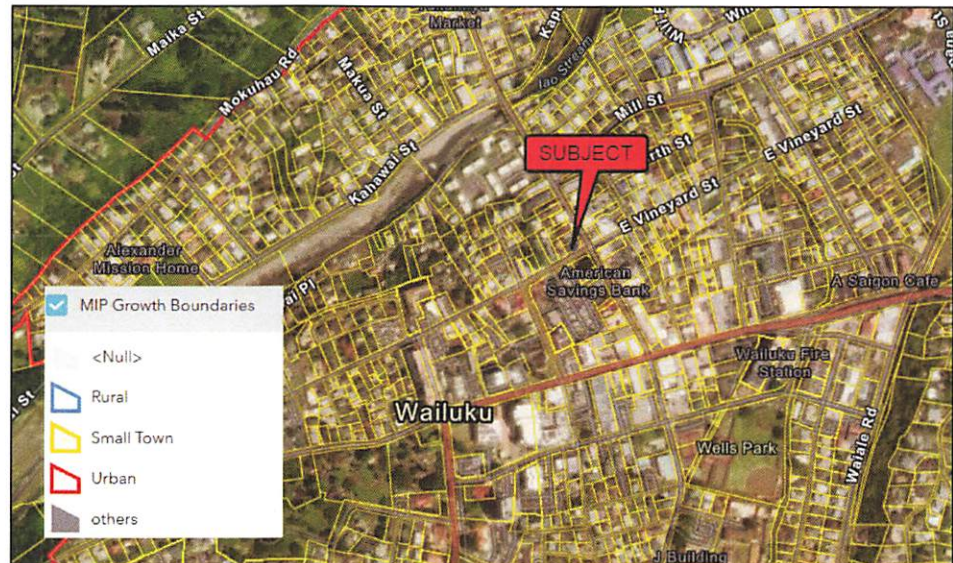
### Zoning Conformance

Based on the basic zoning guidelines, the contemplated subject uses and improvements are legal code-conforming.

### Maui Island Plan

The Maui Island Plan, adopted on December 28, 2012, provides direction for future growth, the economy, and social and environmental decisions on the island through 2030. The Maui Island Plan establishes a vision founded on core values that break down into goals, objectives, policies, and actions. Also, the Plan incorporates lessons from the past. The Maui Island Plan is the second component of the decennial General Plan update.

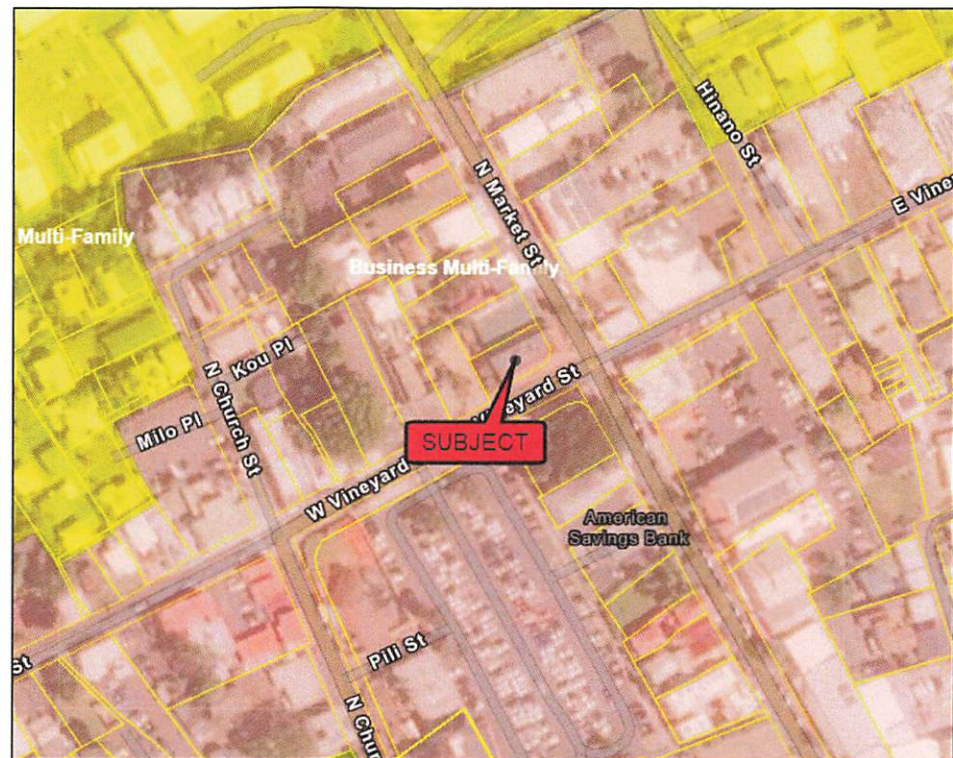
The subject is within the planned growth boundaries (Urban) and outside of the protected areas of the Maui Island Plan.



### Community Plan

The subject is designated as Business Multi-Family within the Wailuku-Kahului Community Plan, which provides for a flexible and creative planning approach rather than specific land use designations for quality developments. The property is consistent with the land use map of the Community Plan, which was updated by Ordinance No. 3061, effective June 5, 2002.





### State Land Use Commission Classification

Pursuant to Chapter 205, Hawaii Revised Statutes, all lands in the State have been placed into one of four major land use districts by the State Land Use Commission. These land use districts are designated "Urban," "Rural," "Agricultural," and "Conservation." The Land Use Commission groups contiguous land areas suitable for inclusion in one of these four major districts. The commission sets standards for determining the boundaries of each district. In establishing the boundaries of the districts in each county, the commission considers the master plan or general plan of the county.

The subject State Land Use District is Urban, whose boundaries are characterized as follows per Chapter 15 of the Land Use Commission Rules:

- 1) It shall include lands characterized by "city-like" concentrations of people, structures, streets, urban level of services, and other related land uses;
- 2) It shall take into consideration the following specific factors:
  - a) Proximity to centers of trading and employment except where the development would generate new centers of trading and employment;
  - b) Availability of basic services such as schools, parks, wastewater systems, solid waste disposal, drainage, water, transportation systems, public utilities, and police and fire protection; and
  - c) Sufficient reserve areas for foreseeable urban growth;
- 3) It shall include lands with satisfactory topography and drainage and reasonably free from the danger of any flood, tsunami, unstable soil condition, and other adverse environmental effects;

- 4) Land contiguous with existing urban areas shall be given more consideration than non-contiguous land, particularly when indicated for future urban use on state or county general plans;
- 5) It shall include lands in appropriate locations for new urban concentrations and shall give consideration to areas of urban growth as shown on the state and county general plans;
- 6) It may include lands which do not conform to the standards in paragraphs (1) to (5):
  - a) When surrounded by or adjacent to existing urban development; and
  - b) Only when those lands represent a minor portion of this district;
- 7) It shall not include lands, the urbanization of which will contribute toward scattered spot urban development, necessitating unreasonable investment in public infrastructure or support services; and
- 8) It may include lands with a general slope of twenty percent or more if the commission finds that those lands are desirable and suitable for urban purposes and that the design and construction controls, as adopted by any federal, state, or county agency, are adequate to protect the public health, welfare and safety, and the public's interests in the aesthetic quality of the landscape.

**Special Management Area** The Special Management Area (SMA) permit is part of a regulatory system that is a cornerstone of Hawaii's Coastal Zone Management (CZM) Program.

Per Chapter 205A, Hawaii Revised Statutes (HRS) in 1977, the Hawaii CZM Program is a broad management framework incorporating regulatory authorities of state and county agendas to provide greater coordination of existing laws. County governments play a crucial role in implementing the Hawaii CZM Program by regulating development in geographically designated Special Management Areas (SMA). Through their respective SMA permit systems, the Counties assess and regulate development proposals in the SMA for compliance with the CZM objectives and policies and SMA guidelines set forth in Chapter 205A HRS. Since 1990, the State Office of Planning has also been designated the SMA authority regulating development in limited areas under the jurisdiction of the Hawaii Community Development Authority.

The SMA permit does not establish the types of land uses allowed in the SMA but regulates permitted land uses. Each County has adopted land use plans and policies that regulate land uses within their jurisdiction, including their SMA. These land-use plans and policies include each County's General Plan, perhaps some type of Community Development Plans, and zoning codes. These land-use plans and policies determine where various land uses are permitted in the County, including their SMA.

The SMA permit reviews proposed development that is otherwise permitted by zoning designations in the SMA for consistency with the SMA guidelines. Since the SMA permit manages developments that are already permitted by other land use plans and policies, denying such use can rarely be justified based on



	<p>the SMA guidelines. Typically, consistency can be achieved by requiring mitigation measures as conditions of SMA permit approval. In rare instances, when mitigation measures cannot achieve consistency, the SMA permit would be denied, and the proposed use would not be permitted.</p> <p>The location of the subject does not require an SMA permit.</p>
<b>Topography</b>	The subject topography is slightly sloping and at curb grade.
<b>Visibility</b>	The subject has excellent visibility for the Central Maui submarket.
<b>Ingress &amp; Egress</b>	The subject lacks curb-cut access.
<b>Utilities</b>	All utilities - electricity, water, cable, and telephone - are available to the site.
<b>Drainage</b>	The subject drainage is integrated into the neighborhood-engineered wastewater system.
<b>Tsunami Evacuation</b>	The subject is not located within a tsunami evacuation zone.
<b>Flood Plain</b>	<p>Zone X (Unshaded). This is referenced by Panel Number 1500030391E, dated September 25, 2009. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities but is not required by regulation in these zones. Nearly 25% of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1% and 0.2% annual chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)</p>
<b>Easements</b>	A preliminary title report was not available for review. During the property inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised.
<b>Soils</b>	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
<b>Hazardous Waste</b>	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.
<b>Site Rating</b>	Overall, the subject site is considered average as an office site in terms of its location, exposure, and access to employment, education, and shopping centers, based on its location along a minor arterial.

# TAX MAP

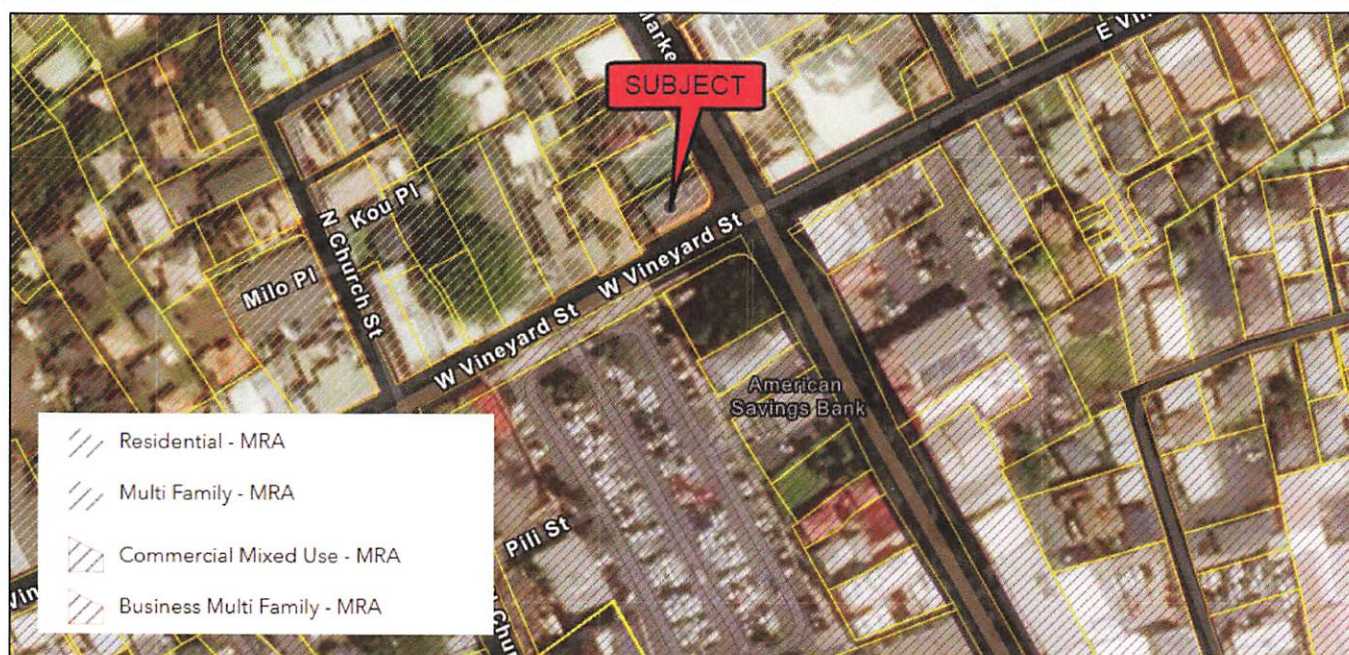


3 4 17 ZONE SECTION PLAT COUNTY OF HAWAII REAL PROPERTY TAX MAP SCALE 1" = 50'
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FOR PROPERTY ASSESSMENT PURPOSES - SUBJECT TO CHANGE

HAWAIIAN LAND VALUATION MAP

## ZONING MAP





# FLOOD MAP



## IMPROVEMENT DESCRIPTION

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The information presented below is a basic description of the existing improvements that is used in the valuation of the property. Reliance is placed on information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects and that all structural components are functional and operational unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

**Overview** The subject of this appraisal report is a newer construction two-story commercial building containing 7,348 Gross and Rentable square feet within the northern portion of Wailuku Town, the old downtown sidewalk frontage commercial district anchored by the County Civic Center. With a date of completion in 2004, the subject represents one of the most recent commercial developments in Wailuku Town, which is generally characterized by older buildings from the early 1900s.

The building area was based on a review of Maui County Assessor records and the original building plans. Note that the 1,180-SF mezzanine shown in the original building plans and assessor records was never built.

<b>Property Type</b>	Office - Office-Retail
<b>Tenancy</b>	Single-Tenant Owner-Occupied
<b>Net Rentable Area (NRA)</b>	7,348 SF
<b>Gross Building Area (GBA)</b>	7,348 SF
<i>Ground Floor SF</i>	3,725 SF
<i>2nd Floor SF</i>	3,623 SF
<b>Total Buildings</b>	1
<b>Floors</b>	2
<b>Year Built</b>	2004
<b>Age/Life Analysis</b>	
Actual Age	21
Effective Age	20
Economic Life	50
Remaining Useful Life	30
<b>Overall Building Quality</b>	Average
<b>Overall Building Condition</b>	Average
<b>Overall Building Appeal</b>	Average
<b>Land to Building Ratio</b>	0.57 : 1
<b>Site Coverage Ratio</b>	89%
<b>Floor Area Ratio (FAR)</b>	1.77 : 1
<b>Total Parking Spaces</b>	None
<b>Foundation</b>	Concrete slab on footings
<b>Exterior Walls</b>	Concrete block walls along the northern and western elevations and wood frame on the remainder
<b>Roof</b>	Predominately flat with sloped perimeter along southern and eastern elevations; wood rafters; corrugated metal cover
<b>Elevator</b>	None

**Heating, Ventilation, & Air**

**Conditioning (HVAC)** Central air conditioning throughout

**Insulation** Assumed market standard

**Lighting** Combination of surface-mounted and recessed fluorescent fixtures and recessed and track incandescent fixtures

**Electrical** Not available; appears adequate for the existing uses

**Exterior Walls** Concrete block along the northern and western elevations; wood studs, painted T1-11 with vertical batten and operable vinyl frame windows (double glazed) along the southern and eastern elevations

**Interior Walls** Wood frame with painted drywall

**Ceilings** Combination of painted drywall and suspended acoustical panels in aluminum frame; ceiling heights vary from nine to 12.5 feet

**Plumbing** Not inspected; presumed adequate

**Floors** Concrete slab on ground; wood subfloor on the upper level

**Floor Covering** Commercial grade carpet in offices, wood and tile in corner retail, and stone in common central stairwell and hallways

**Fire Protection** No fire sprinkler or central monitoring systems

**Interior Finish/Build-Out** The subject tenant improvements are average quality for local office-retail use with the use of standard fixtures, finishes, and demising.

**Site Improvements** None

**Landscaping** None

**Signage** None

**Metering** The subject is master metered for water/sewer and provides four tenant and one house electricity meters. The subject's PV system is separately owned and does not contribute power to the subject. The PV system was excluded by separate ownership and non-realty.

**Deferred Maintenance** Based on an interview with the Maui County Department of Finance, the preliminary findings from a property condition assessment report conducted by CBRE identified the following items of deferred maintenance:

- Roof Deficiencies: The following issues are likely allowing water to intrude into the building.
  - Sealants at screws and parapet caps are aged, cracked, and falling apart
  - Built-up roof material is not properly adhered to the roof, with openings and loose areas noted
  - Previous roof repairs at roof penetrations are aged and cracked
- Air Conditioning equipment is aged and due for replacement (24 years old). Tenants reported unbalanced cooling in different areas, which aligns



with the noted aged units. One area in the corner soup kitchen unit still has an opening in the ceiling wallboard where a condensation leak was fixed. A similar leak was reported in the counseling center area.

- Interior water damage – water-damaged drywall was noted mostly at second-story areas near the CMU exterior walls. Bubbling paint at CMU walls was also noted likely from water intrusion from the roof. Water damage to the wood flooring at the ground floor soup kitchen was also noted, which is not repairable, flooring will need to be replaced.
- Exterior wall damage – some of the wallboard and wood trim were noted to be damaged where condensation exits the building.

We were provided a cost to cure estimate with roof system and HVAC totaling \$106,000, which was concluded the most relevant with respect to deferred maintenance. Importantly, older buildings like the subject have inherent and varying levels of deferred maintenance. The sale comparables detailed later in the report presumably all have some level of known or unknown deferred maintenance. While every effort is made to identify known deferred maintenance and the cost to cure for adjustment relative to the subject, data failure is common, and some degree of tolerance is typical of the market. Regardless, the noted deferred maintenance items warrant a corrective deduction, which was estimated at \$100,000.

## Floor Plans

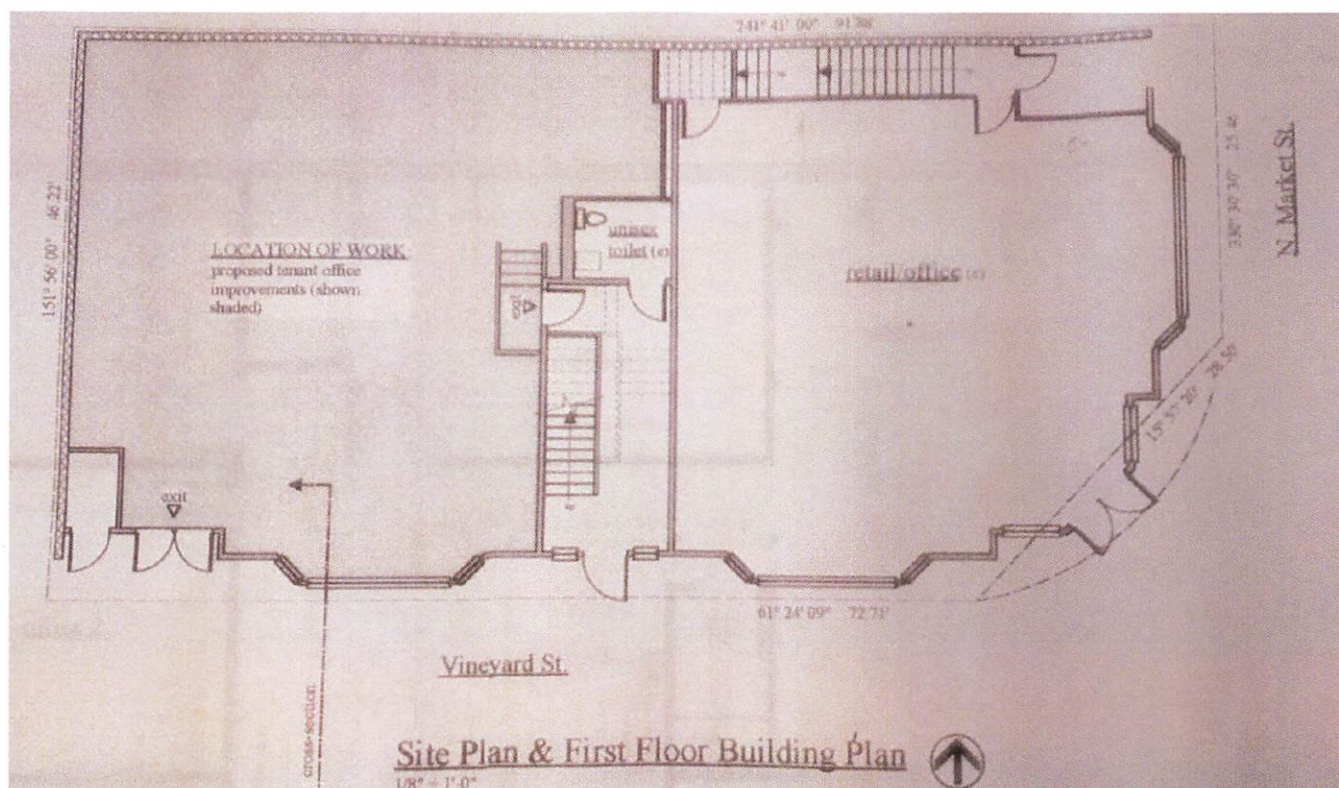
The subject was originally designed for multi-tenant occupancy with two ground-floor tenants. The mauka side of the building was intended for a single 1<sup>st</sup>- and 2<sup>nd</sup>-floor tenant with an interior stairwell providing access. The 1<sup>st</sup> and 2<sup>nd</sup> floors of the makai corner spaces operate independently with a central common stairwell. As previously noted, all common areas can function as rentable areas for a single building tenancy.

The following pages are from the tenant improvement building plans and illustrate the general floor plans and tenant improvements in the mauka half of the building. The corner retail space is an open plan with no demising walls except for a small office located at the southwestern corner of the retail adjacent to the common central entry and storage along the northern elevation. Similarly, the second-floor corner space is an open plan with a vaulted ceiling and only one demised conference room.

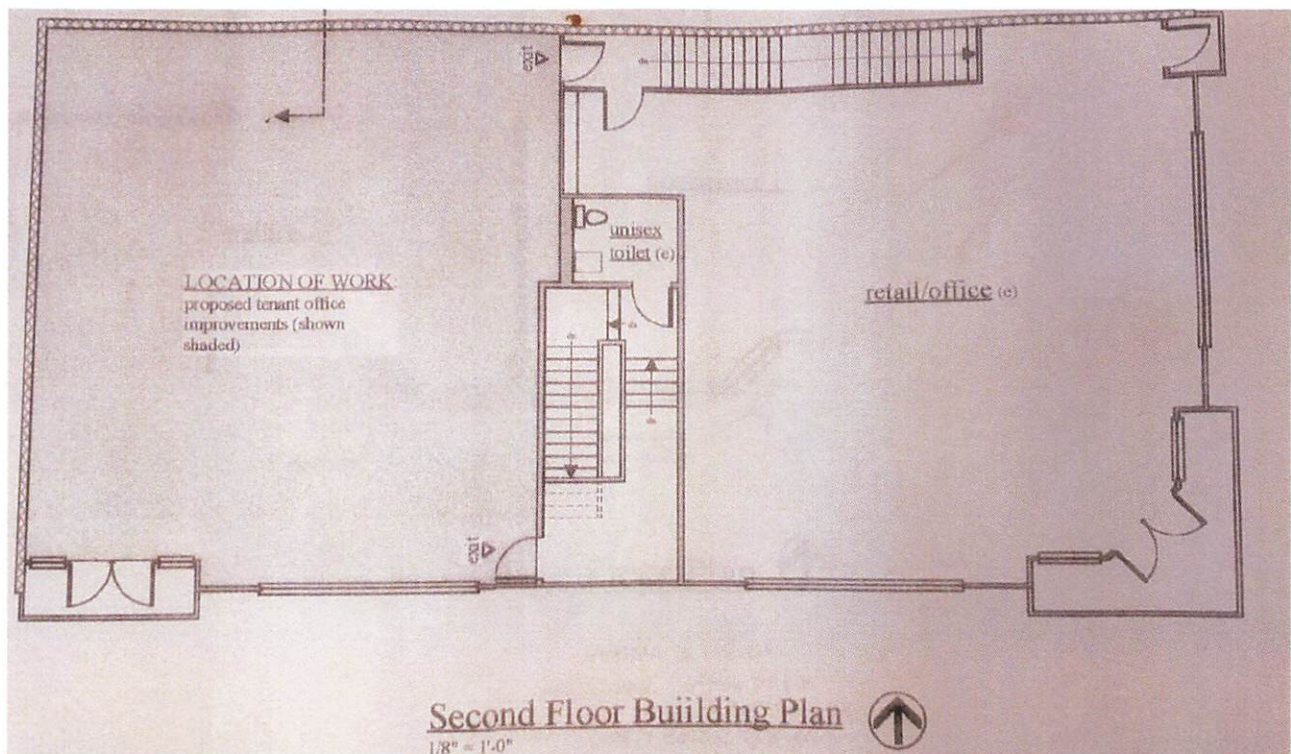
As detailed below, the tenant improvement plans for the mauka half of the building are much more extensive, with nine perimeter offices, a kitchenette on each floor, waiting/reception areas, and a central internal stairwell. The mauka half of the building is demised into a two-story office suite.

Note that all the offices along the northern and western elevations lack windows due to the concrete block walls.

FIRST FLOOR



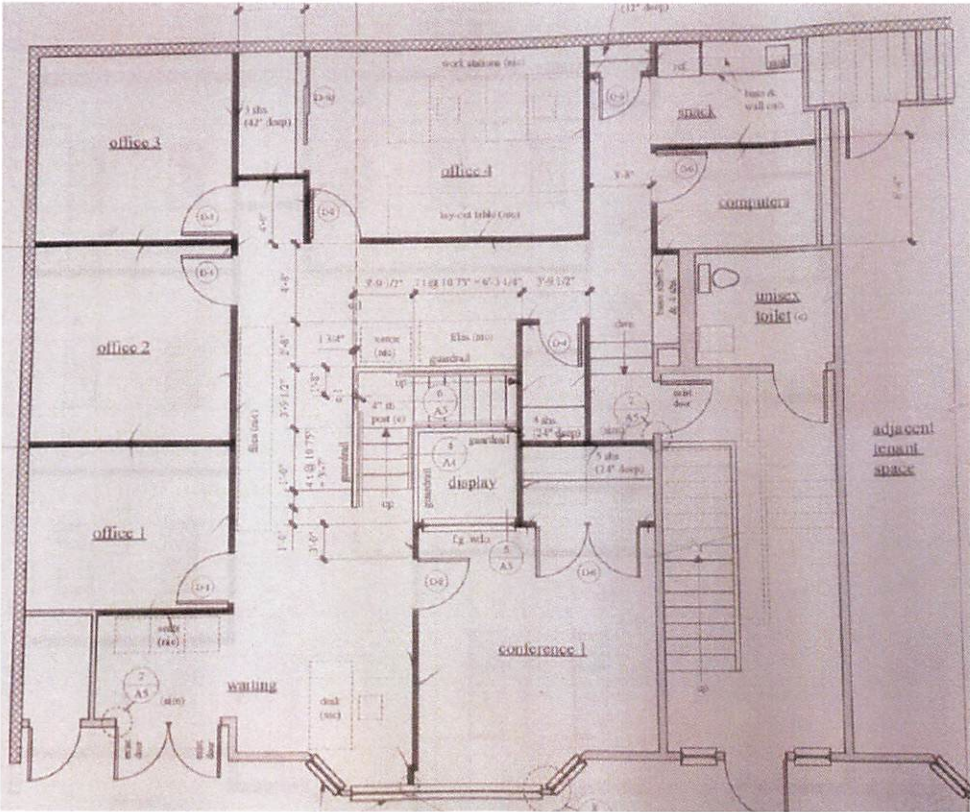
SECOND FLOOR





IMPROVEMENT DESCRIPTION

TENANT IMPROVEMENT PLANS – First Floor of Two-Level Portion



[illegible]

## IMPROVEMENT DESCRIPTION

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### **Ingress and Egress**

The subject provides no vehicular ingress and egress. Pedestrian access is accommodated by a main, central entry along the Vineyard Street elevation leading to an internal common stairwell. Additionally, the corner retail space has two double-door entries – one at the corner and one along the Market Street elevation. The ground floor also provides a private entry for the two-story office suite at the mauka end of the building, which leads to an internal stairwell accessing the second level of the space. A secondary stairwell also serving the second-floor offices is located along the Market Street elevation at the northeastern corner of the building.

### **Functional Design**

The subject represents a functional retail/office best suited for owner/user occupancy. The surrounding Wailuku Town market is not the ideal location for a vibrant retail market and the subject's corner retail space has had numerous tenants in recent years that did not last. The newer construction and quality of tenant improvements render the subject highly competitive in the local market. Many of the recent building purchases in the area by owner/users have been much older buildings that are highly depreciated, requiring significant renovation costs after purchase, which is not the case with the subject.

Although some properties appear to be comparable, the design and layout of the interior can significantly affect the usability and subsequent marketability of the subject. Additionally, if the improvements are spread out among several buildings can negatively or positively affect marketability as well. The subject is fairly flexible and could be used for a number of different specific end uses. The design appears adequate for the subject's current use. Besides the lack of onsite parking, there is nothing worth noting besides nominal elements that would be deemed as "functional obsolescence."

### **ADA Comment**

This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section.

### **Hazardous Materials**

A Phase I report was not provided. This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) unseen asbestos and mold. Please refer to the Assumptions and Limiting Conditions section regarding this issue.



## SWOT ANALYSIS

### STRENGTHS, WEAKNESSES, OPPORTUNITIES & THREATS

#### STRENGTHS

Downtown Wailuku submarket  
Strengthened office market post-fire

#### WEAKNESSES

No parking  
No elevator  
Half of the building has minimal tenant improvements

#### OPPORTUNITIES

Owner/user occupancy to maximize rentable area  
Availability of employee parking at new, nearby municipal structure

#### THREATS

High interest rates  
Possible recession

# HIGHEST & BEST USE / VALUATION METHODS

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**Highest & Best Use** - This section develops the highest and best use of the subject property As-Vacant and As Improved.

## DEFINITION

Highest and best use is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.<sup>7</sup>

Implicit in this definition is the availability of the land for the highest and best use.

The highest and best use analysis involves the examination of the following four criteria:

1. *Legally Permissible*: This factor relates to the legality of an intended use. Governmental use restrictions imposed by various jurisdictions allow for certain uses and preclude others.
2. *Physically Possible*: The second factor measures the suitability of the site in relation to size, shape, topography, soil conditions, accessibility, and availability of utilities and off-site improvements.
3. *Financially Feasible*: This determinant measures physically possible and legally permissible uses expected to produce a positive return.
4. *Maximally Productive*: Among financially feasible uses, this criterion measures the greatest net return to the land.

The highest and best use is analyzed in two parts: (1) assumed vacant, and (2) as improved. It is recognized that the highest and best use assumed vacant may differ from the highest and best use as improved. The analyses of the highest and best use assumed vacant and as improved are provided below.

## HIGHEST AND BEST USE ASSUMED VACANT

The highest and best use assumed vacant examines the theoretical presumption that the land is available for development. The analysis considers the existing use and reasonable alternative potential uses subject to the guidance of the four above-mentioned criteria highest and best use. If applicable, the concluded highest and best use assumed vacant relates to the sales selected for in the determination of land value.

- *Legally Permissible*: Legally permitted uses in the subject's zoning district were previously detailed. The site is suitable in size to satisfy minimum code requirements and accommodate a wide variety of commercial and residential uses.
- *Physically Possible*: The site is suitable for various commercial and residential uses. It is:
  - Adequate in size and shape;
  - Level topography, soil conditions, and drainage;
  - Average accessibility and visibility and has all off-site improvements; and,
  - Connected to all utilities.

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<sup>7</sup>The Dictionary of Real Estate Appraisal, Sixth Edition

- *Financially Feasible*: After determining the uses that are legally permissible and physically possible, the next step is to determine whether the uses will provide a positive rate of return. The characteristics of the subject property and the surrounding neighborhood indicate that the site is well-suited to a variety of commercial and residential uses. The land use tendency in the downtown market is to convert older homes to office or retail, zoning permitting. Use of vacant commercial land would presumably trend to commercial office use also, with many land acquisitions utilized for parking.
- *Maximally Productive*: It was concluded that the maximally productive use is office development to the same density.
- *Conclusion – Assumed Vacant*: Based on the above analysis, the highest and best use assumed vacant is owner development to the same density.

### **HIGHEST AND BEST USE AS IMPROVED**

The highest and best use as improved represents a critique of the existing use and improvements relative to ultimate or ideal use. There are no additional modifications that would materially influence the marketability and value that are financially feasible except for the correction of deferred maintenance. The existing improvements and use by a single tenant were concluded as the highest and best use as improved. An owner/user is the most probable buyer.

**Valuation Methods** – Based on the agreed-upon scope of work with the client, the subject's specific characteristics, and the interest appraised, this appraisal developed the Cost and Sales Comparison approaches. The Income Approach was excluded as not credible or relevant for an owner/user office market. The values presented represent the As-Is Market Value (Fee Simple) as of a current date.

The Valuation will be presented in the following order:

- ▶ Site Valuation
- ▶ Cost Approach
- ▶ Sales Comparison Approach
- ▶ Reconciliation of Value Conclusions



## SITE VALUATION INTRODUCTION

This section values the subject site by comparing it with substitute land sales or listings within the local market area or in competitive areas throughout the region. Land value is influenced by a number of factors, most notably development and use potential. These factors, as well as others, are factored in the following analysis.

**Comparable Selection** - A thorough search was made for similar land sales in the area. The parameters of the survey were highest and best use, zoning, proximity to the subject, size, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of sites that are similar to the subject property in terms of location and physical characteristics. Overall, the sales used are in Wailuku, within a short distance of the subject, and represent the best comparables available for this analysis.

**Unit of Comparison** - The most relevant unit of comparison for competing land is the \$/SF of land area. The comparable sales presented in this section were reported on this basis.

**Subject Land Area** - The subject's effective land area for valuation purposes was estimated at 24,493 SF based on the density bonus from the parking variance.

The subject is developed to an FAR of 1.77:1, which is considerably higher than the market standard (as reflected by the five improved sale comparables) of 0.3:1. The parking variance facilitated the higher density.

When assessing the impact on land value for a 4,163-SF lot with a potential Floor Area Ratio (FAR) of 1.77:1 compared to the market standard of 0.3:1 FAR, several considerations come into play:

### 1. Density and Land Value Increase:

- With a FAR of 1.77:1, you can construct the subject's existing 7,348 SF of building area. This is significantly higher than the standard development density in the area, which allows only 4,163 SF \* 0.3 = 1,249 SF.
- Higher density typically correlates with increased land value because it allows for more revenue-generating space per land area. Developers are willing to pay more for land where they can maximize their return through higher density, assuming demand for such space exists or is anticipated.

### 2. Market Comparison:

- Given the market land value for a standard lot with a standard density is \$40/SF, this baseline suggests a total land value of 4,163 SF \* \$40/SF = \$166,520 for the lot under the typical 0.3:1 FAR scenario.
- The higher allowed FAR of 1.77:1 could dramatically increase the economic utility of the land. If we consider land value proportional to potential development density (and thus potential income), then:
  - With a higher FAR, the land might be valued not just based on its size but on its potential yield. If the value per buildable square foot remains somewhat consistent with the market but adjusted for density, the land could see an increase in value.
- However, the exact valuation would depend on many factors, including local zoning laws, demand for high-density constructions, and the costs associated with higher-density development. A simple adjustment might not capture all nuances, but we can estimate:

- Assuming the market values land at \$40/SF for a 0.3:1 FAR, if this value per potential buildable square foot were to scale linearly with density (which it often doesn't due to diminishing returns and other factors), you'd have:
  - $\$40 * (1.77 / 0.3) = \$236/\text{SF}$  of land for the same density potential. But this is an oversimplification since actual market dynamics could adjust this figure.

### 3. Real Estate Market Dynamics:

- **Demand for High-Density:** If there's a high demand for more dense development (due to urban growth, commercial needs, or housing shortages), this lot's value could spike. However, if the area is not suited for high-density or if there's an oversupply of similar high-density lots, the value increase might not be as pronounced.
- **Zoning and Regulatory Impact:** Local regulations could either support or hinder this development potential, affecting land value. If zoning allows for this density but with significant restrictions or fees, that would temper the land's value increase.
- **Appraisal Adjustments:** Appraisers might apply adjustments for lot size, usability, and zoning changes. For instance, adjustments for density might be higher in areas where such zoning is rare or where there's a premium on high-rise or multi-use buildings.

### 4. Economic Considerations:

- Higher density can mean higher construction and maintenance costs but also potentially higher revenues if the space can be leased or sold at a premium. This balance influences how much developers are willing to pay for such land.

In conclusion, the potential for a 1.77:1 FAR lot in an area where 0.3:1 is standard would generally lead to a significant increase in land value, potentially multiplying the land's worth by a factor reflecting the increased density potential, though not necessarily in a straightforward linear fashion due to market dynamics and regulatory environments.

**Presentation** - The site valuation consists of an explanation of adjustments, an adjustment grid table, a comparable sale map, a brief narrative discussion of the sale comparables, and a site value conclusion. Individual sale datasheets are contained in the addenda.

**Adjustments** – Many real estate value attributes are qualitative in nature. Brokers active in the commercial/industrial market consistently confirm that buyers (especially owner-users) tend to rate properties in terms of "better than" or "worse than" and do not typically adjust sale prices quantitatively. To reflect this thinking, property characteristics that are seen as better or worse than the subject have been given allowances, typically in 5% increments (or divisions or multiples thereof), to adjust for perceived differences. An adjustment of 5% indicates a slightly superior/inferior quality, while larger adjustments indicate greater differentials.

The adjustments applied are based on paired data or other statistical analyses where possible. It should be stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving a value opinion for the subject property by the Land Sales Comparison Approach.

1. **Property Rights** - The sales comparables are fee simple sales reflecting the property rights appraised herein per the agreed-upon scope of work.

2. **Financing** – The sales all reflected typical cash equivalent, lender-financed transactions, and no adjustments were required for financing terms.
3. **Sale Conditions** – Comparables 1, 2, and 3 were adjusted downward by 25%, attributed to the premiums paid for abutter's interests (1 and 3) and a tenant purchase (2). While subjective, the rate of adjustment was considered credible based on the premiums paid relative to other nearby land sales and interviews with the market participants involved in the transactions. No other adjustments were applicable.
4. **Expenditures After Sale** – None were required.
5. **Market Conditions (Time)** – Comparables 2, 3, and 4 were adjusted upward by 5%, reflective of the recent improvement in land market conditions post fire. While these comparables span from sale dates of 2018 to 2022, market conditions were level until after the fire. While specific matched-pair sales of commercial land are not evident, a modest 5% adjustment was concluded credible and warranted.
6. **Location** – No adjustments are warranted other than a 5% downward adjustment for the superior location of comparable 1 along a local arterial at the southeastern boundary of the downtown area.
7. **Access/Exposure** – Comparable 1 has a superior corner location facilitating superior access and exposure, warranting a 5% downward adjustment. Comparables 2 and 4 have inferior access/exposure characteristics and were adjusted upward by 15% and 10%, respectively. Comparable 2 is recessed from the road and is only accessible from easements, while comparable 4 is along a short one-way street.
8. **Shape** – Comparable 3 is inferior and received a 15% upward adjustment for its flag shape, with the more usable portion recessed to the rear of the site. No adjustment for comparable 2 was applied due to its narrow pole that is not utilized as part of the flag shape.
9. **Zoning** – No adjustment was applicable.
10. **Topography** – Comparable 4 has an inferior sloped topography, which required a 20% upward adjustment associated with development limitations and higher construction costs.
11. **Size** – Land size and unit value generally have an inverse relationship. The effective subject lot size is much larger (inferior) to the comparables requiring downward adjustment. The size adjustment was based on a best-fit Dillmore curve of 82.5%, resulting in downward adjustments of 7% to 34%

The following is an adjustment grid summary of the land sale comparables relative to the subject.



# SITE VALUATION

(CONTINUED)

LAND SALES COMPARISON TABLE									
SUBJECT		COMP 1		COMP 2		COMP 3		COMP 4	
Address	105 N. Market St	67 Waiale Rd		West Vineyard St		2123 Wells St		1838 Lower Main St	
City	Wailuku	Wailuku		Wailuku		Wailuku		Wailuku	
Intended Use	--	Truck Parking/Yard		Parking		Parking		Parking	
Zip	96793	-		-		-		-	
County	Maui	-		-		-		-	
TMK	2-3-4-17-27	2-3-4-010-027		2-3-4-013-035		2-3-4-008-039		2-3-4-018-001	
Land SF	24,493 SF (*)	14,231 SF		9,234 SF		18,673 SF		16,352 SF	
SALE INFORMATION									
Transaction Price		\$975,000		\$530,000		\$750,000		\$600,000	
Transaction Price \$/SF		\$69		\$57		\$40		\$37	
Property Rights		Fee Simple		Fee Simple		Fee Simple		Fee Simple	
Financing		All Cash to Seller		All Cash to Seller		All Cash to Seller		All Cash to Seller	
Sale Conditions		Abutter's Interest (25%)		Tenant Purchase (25%)		Abutter's Interest (25%)		Arm's-Length	
Expenditures After Sale		\$0		\$0		\$0		\$0	
Market Conditions		6/26/2024		12/30/2022 5%		3/29/2019 5%		5/23/2018 5%	
Sale Status		Recorded		Recorded		Recorded		Recorded	
Recording Number		DOC 89430360		DOC 83990461		70270587		67170339	
Marketing Status		Open Market		Open Market		Open Market		Open Market	
Marketing Period (Months)		2.4 Months		-		-		20.0 Months	
Total Transactional Adjustments		(\$17) (25%)		(\$12) (21%)		(\$8) (20%)		\$2 5%	
Adjusted \$/SF		\$52		\$45		\$32		\$39	
PHYSICAL INFORMATION									
Land SF	24,493 SF (*)	14,231 SF		9,234 SF		18,673 SF		16,352 SF	
Location	Average	Above Average (5%)		Average		Average		Average	
Access/Exposure	Above Average	Good (5%)		Fair 15%		Average		Below Average 10%	
Shape	Rectangular	Rectangular		Flag	15%	Flag 15%		Generally Rectangular	
Zoning	WRA-B/MF	B-2		WRA		B-2		B-2	
Topography	Level	Level		Level		Level		Sloping 20%	
Total Physical Adjustments		(\$12) (10%)		(\$6) 15%		\$2 15%		\$6 30%	
Adjusted \$/SF Before Size		\$47		\$52		\$37		\$51	
Size Adjustment (Dilmore 82.5% Best Fit)		0.86		0.76		0.93		0.89	
Adjusted \$/SF		\$40		\$39		\$34		\$45	

(\*) Subject land area is an effective amount based on the existing building size of 7,348 SF and standard density at 0.3:1 FAR





**Land Sales Adjustment Discussion** - The comparable land sales indicate an overall unadjusted value range from \$37/SF to \$69/SF and an average of \$51/SF. After adjustments, the comparables indicate a narrower range for the subject site between \$34/SF and \$45/SF with an average of \$40/SF. The adjustment process was previously detailed. The following is a brief narrative description of the land sale comparables.

**Land Sale 1 (\$40/SF Adjusted)** – This comparable is an owner/user purchase of a corner lot opposite the buyer's car wash. The property was unimproved, with a mobile office on site that was not part of the sale. The buyer acquired the property for truck storage and yard use, including food trucks and a drive-through safety check station.

**Land Sale 2 (\$39/SF Adjusted)** – This comparable is recessed from Main Street and accessible only from easements through an office condominium development along Main Street. The narrow flag "pole" fronting Vineyard Street is not usable for access. The buyer, Maui Medical, has a large presence downtown and acquires or leases land for parking to serve its mid-rise medical office property at the corner of Main and High Streets. The buyer had been leasing the comparable and opted to negotiate a purchase at the most recent lease expiration. The buyer acknowledged that they paid an undetermined premium.

**Land Sale 3 (\$34/SF Adjusted)** – This comparable is a parking lot adjacent to an office condominium. The association acquired the property for additional parking and as a defensive measure to prevent development. Again, the buyer's representative admitted a premium price to secure the site.

**Land Sale 4 (\$45/SF Adjusted)** – This comparable is a sloped lot with below-average access/exposure associated with its one-way frontage. The buyer operates a non-profit medical clinic up the street and needed the site for additional parking.

**LAND VALUE CONCLUSION**

The comparables indicate a unit value, based on a general bracketing analysis, between \$34/SF and \$45/SF. Based on the subject's overall locational and physical features, a unit value conclusion of \$40/SF is supported, which also equals the \$40/SF average of the adjusted land comparables.

The following table summarizes the as-vacant land value. Importantly, the subject land area was adjusted to an effective total of 24,493 SF, as previously detailed.

LAND SALES COMPARISON APPROACH CONCLUSION (SF)					
	SUBJECT SF		\$/SF		VALUE
Total Land Area	24,493 (*)	x	\$40	=	\$979,733
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)					\$980,000

(\*) Subject land area is an effective amount based on the existing building size of 7,348 SF and standard density at 0.3:1 FAR



## COST APPROACH

### COST APPROACH INTRODUCTION

Replacement Cost is defined as "the estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvement, using modern materials and current standards, design, and layout." Source: *The Dictionary of Real Estate Appraisal, 6th Ed.* This approach to value estimates the worth of the interest in land, as if vacant, and the replacement cost of the improvements. From these are deducted estimates of physical deterioration, and functional and external obsolescence, as observed during an inspection of the property and its environs. The cost approach is based on the premise that, except under unusual circumstances, the market value of a property should not be significantly greater than the cost of constructing a similar building on a comparable site. As industrial owner-users in Honolulu relate value to cost as they weigh the benefits of purchasing an existing building versus building new, this technique has been employed in our study.

Our replacement cost analysis for the subject property is presented below.

COST APPROACH SUMMARY					
REPLACEMENT COST (CURRENT CONSTRUCTION COST)					
SECTION	AREA		COST	TOTAL	
Office shell	7,348 SF	@	\$275/SF	\$2,020,700	
Tenant Improvements	7,348 SF	@	\$225/SF	\$1,653,300	
<b>Total Direct Building Costs</b>	<b>7,348 SF</b>	<b>@</b>	<b>\$500/SF</b>	<b>\$3,674,000</b>	
Indirect Costs			15.0%	\$551,100	
<b>Subtotal</b>			<b>\$575/SF</b>	<b>\$4,225,100</b>	
Construction Loan Fees & Interest				\$275,550	
<b>Total</b>				<b>\$4,500,650</b>	
Add Entrepreneurial Incentive			0.0%	\$0	
<b>Total Replacement Cost New</b>				<b>\$4,500,650</b>	
Less: Depreciation	<u>Actual Age</u>	<u>Effective Age</u>	<u>Economic Life</u>	<u>Depreciation</u>	
Less: Deferred Maintenance					(\$100,000)
Less: Physical Deterioration	21 years	20 years	50 years	40.0%	(\$1,760,260)
Less: Functional Obsolescence				15.0%	(\$396,059)
Less: External Obsolescence				0.0%	\$0
Total Depreciated Building Value					\$2,244,332
Fee Simple Site Value Opinion					\$980,000
Total Estimated Cost of Improvements & Land Value					\$3,224,332
<b>INDICATED VALUE (ROUNDED TO NEAREST \$10,000)</b>			<b>\$438/SF</b>	<b>\$3,220,000</b>	

### Cost Estimates

We have relied on a cost comparable for the shell condition and market knowledge of office and medical office tenant improvement budgets for the tenant improvements. The shell cost comparable is a two-unit office/apartment CPR, with the total area approximating the subject's size. The comparable cost, as summarized below, was adjusted for inflation based on the Rider Levett Bucknall (RLB) Honolulu Construction Cost Index.

The following table provides a summary of the direct cost comparable, resulting in an adjusted shell unit cost of \$273/SF.

DIRECT COST COMPARABLE	
<b>Location</b>	122 Maa St., Kahului
<b>Use Type</b>	Office/Apt
<b>Construction Type</b>	Wood Frame
<b>Year Built</b>	2020
<b>GBA</b>	4,956 SF
<b>% Office/Showroom</b>	0% (Shell)
<b># Floors</b>	1 and 2
<b>Direct Cost (\$/SF)</b>	\$228
<b>Time Adjustment</b>	
<i>RLB Honolulu Index - Current (7/24)</i>	31,471
<i>RLB Index - Time of Construction</i>	26,331
<i>Adjustment</i>	19.5%
<b>Direct Cost (\$/SF) - Adjusted</b>	\$273
<b>Comments</b>	Speculative for-sale 2-unit CPR
<b>Source</b>	2020 Budget
Compiled By: Ponsar Valuation LLC	

The adjusted unit cost of \$275/SF (rounded) was applied. An additional cost of \$225/SF was utilized for tenant improvements, which represents a low-end but credible estimate based on additional tenant improvement cost comparables retained in our files. The current proposed tenant improvements for a highly similar building to the shell cost comparable range from \$363/SF for a conventional office and \$450/SF for a medisp. In total, the projected direct costs were \$500/SF.

### Indirect Costs

These costs are expenditures for items other than labor and materials that are necessary for construction but are not typically part of the construction contract (also known as soft costs). Indirect costs represent real property taxes (and direct assessments, if any), professional fees, permanent financing fees, insurance expenses, lease-up costs, marketing, contractor's overhead/contingency, bonding, GET, etc. Indirect costs in the market for similar commercial projects range from 10% to 20%.

Indirect costs were projected at a mid-range of 15% of direct costs.

### Construction Loan Fees & Interest

Construction loan fees and interest were calculated at 6.5% interest, one point, interest only, over a 12-month term.

**Entrepreneurial Incentive**

A developer's profit is a return to the investor based on his entrepreneurial skills and abilities. An investor in real property, especially a developer, gives up a certain amount of liquidity in development, and his risk is based on his experience in the field, his forecasting ability concerning the real estate business cycle, and his expertise in management and timing. These items are somewhat speculative and tend to be within a fairly wide profit range depending on a combination of the preceding items. The entrepreneurial profit is a measure of project feasibility from a cost perspective. Based on our knowledge from past transactions, interviews with developers, and current market conditions, an expected profit would range from 0% to 20% of total costs.

In this instance, no entrepreneurial profit was modeled, given the speculative nature of new office construction and lack of market availability.

**Depreciation**Physical Depreciation**General Physical Deterioration vs. Deferred Maintenance:**

- **General Physical Deterioration:** This refers to the normal wear and tear that occurs over time due to the aging of the property. It includes elements like roofing materials wearing out, paint fading, or mechanical systems degrading from standard use. This type of depreciation is often seen as **incurable** (or at least partially incurable) because even with maintenance, these elements will eventually need replacement due to their lifespan.
- **Deferred Maintenance:** This is the deterioration that could have been prevented or mitigated with regular upkeep but was not addressed. It represents maintenance tasks that should have been done but were postponed or neglected. Examples include unrepaired leaks, rotting wood from water damage, or unpainted exteriors. Deferred maintenance is generally considered **curable** because it can be addressed through repairs or maintenance activities.

**Treatment in Appraisal:**

- **Separate Deduction:**
  - **Why Separate?:** Treating deferred maintenance as a separate deduction can provide a clearer picture of the property's condition versus its age-related depreciation. It might help in emphasizing to potential buyers or lenders the specific costs they might face immediately upon purchase. This separation can also be useful for:
    - **Accurate Cost Estimation:** By isolating deferred maintenance, the appraiser can more accurately estimate the immediate costs to bring the property up to standard, which is distinct from the ongoing degradation due to age.
    - **Market Perception:** Properties with deferred maintenance might be viewed differently in the market compared to those that are simply old; thus, highlighting this can affect pricing or negotiations.
  - **How to Apply:** The appraiser would:
    - Estimate the cost to cure deferred maintenance.
    - Subtract this from the RCN before applying general physical deterioration or other forms of depreciation like functional or economic obsolescence.



**Best Practice:**

- **Clarity and Transparency:** For transparency, it's often better to separate deferred maintenance if it's significant. This approach allows stakeholders to see both what's due to the building's age and what has been neglected, impacting immediate repair costs.

In conclusion, we elected to separate the deferred maintenance of the deduction of \$100,000 (as previously detailed) prior to the application of physical deterioration.

Physical deterioration was concluded at 40% based on the estimated effective age of 20 years and the estimated economic life of 50 years.

**Functional Obsolescence**

A deduction of 15% was applied for the lack of on-site parking, which approximates the diminution in market rent.

**External Obsolescence**

No external obsolescence was evident.

**INDICATED VALUE BY REPLACEMENT COST APPROACH**

Based on the above analysis, which added our site value opinion of \$980,000, **the replacement cost approach indicates a value of \$3,220,000 (rounded) for the subject as of the date of value.**

# SALES COMPARISON APPROACH

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## SALES COMPARISON APPROACH INTRODUCTION

In the Sales Comparison Approach, the value of a property is estimated by comparing it with similar, recently sold properties in the surrounding or competing areas. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set by the cost of buying an equally desirable property, assuming that no costly delay occurs in making the substitution.

Through the analysis of sales of verified arm's-length transactions, market value and price trends are identified. The sales utilized are comparable to the subject in physical, functional, and economic characteristics.

**Land Extraction** - When the subject differs from comparables with different unit land values, land-to-building ratios, and locations, conventional market analysis of improved commercial properties can involve the extraction of land value before the comparison of the value contribution of the improvements. In the instant case, the density variance between the subject and comparables necessitated the extraction of land value prior to the comparison of the contributory improvement value. The subject's density is 1.77:1 FAR relative to the sale comparables, ranging from 0.2:1 to 0.4:1 FAR.

The focus of the methodology is to extract known land value as of the date of sale so that the physical components of the improvements can be directly compared (age, condition, quality of construction, functional features, etc.). The impact of location and density are inherently addressed. The focus is on the isolation of the land and building components so that the improvements are not attributed to an inordinate amount of value as a component of the whole value.

Also, the scarcity of sale transactions within a submarket requires the use of data from markets with highly divergent locational characteristics. Based on local data, conventional analysis of the total sale price relative to the building area is inordinately influenced by location, FAR, etc. Accordingly, a comparison of the price per square foot of the improvement contribution only (the residual land value extracted from the sale price) is the widely accepted standard and was employed in the analysis.

This method reflects the behavior of local market participants. Both buyers and sellers understand that the building contribution is an unknown component. Brokers routinely extract building contributions of historical sales data by deducting the then-current land value – and price product based upon bracketing land value per square foot of building area.

With materially differing development densities, the valuation analysis by direct sales comparison would be based on the following steps:

1. Identify comparable sales
2. Collect property details
3. Estimate land value at the date of sale for each of the comparables
4. Deduct the market value of the land at the date of the sale from the sale price, adjust for cash equivalency and conditions of sale, to determine the market value of the improvements, excluding land value, at the date of sale
5. Apply an adjustment for market conditions, if applicable, to estimate the sale price of the improvements, excluding land value at the date of the appraisal for each sale

In this instance, the comparable data varied in density vs the subject, and the data were evaluated by residual improvement value contribution.

**Comparable Selection** - Comparable sales are presented, which were selected due to their similarity in property rights, use, and physical, locational, and qualitative attributes. They represent the most recent and relevant comparable sales available for this analysis. Emphasis was given to the subject's location and similarly positioned properties. Geographically, the search parameters were limited to Central Maui.

**Unit of Comparison** - Price per square foot of gross building area (GBA) was applied based on the subject's use type and market data.

**Presentation** - The subject and comparable property attributes are presented on the following summary adjustment grid, map, and photographs. This is followed by an analysis of the subject and comparable sales and the fee simple value indication by the sales comparison approach. Individual datasheets are contained in the addenda.

**Adjustments** - Applicable adjustments were applied for value characteristics materially differing between the subject and the comparable improved sales.

**Qualitative Adjustments** - Many real estate value attributes are qualitative in nature. Brokers active in the commercial/industrial market consistently confirm that buyers (especially owner-users) tend to rate properties in terms of "better than" or "worse than" and do not typically adjust sale prices quantitatively. To reflect this thinking, property characteristics that are seen as better or worse than the subject have been given allowances, typically in 5% increments (or divisions or multiples thereof), to adjust for perceived differences. An adjustment of 5% indicates a slightly superior/inferior quality, while larger adjustments indicate greater differentials.

Expenditures After Sale - Comparable 3 was adjusted upward (\$150,000) for renovations conducted by the buyer. No stabilization cost adjustment was applied for comparable 4, as the space could have reflected a partial owner/user scenario.

Property Rights - The local office market is dominated by owner/users with few leased fee property rights sales. Comparable 1, while leased fee, was owner/user motivated and no adjustment was applicable with the existing leases approximating market. Comparable 4 is a leased fee sale, with the larger of the two spaces vacant at the time of sale. Limited information was available on the property other than the vacancy of a former cardiology unit. No property rights adjustment was applied.

Market Conditions (Time) - The market conditions adjustment accounts for any appreciation or depreciation between the comparable transaction dates and the effective date of value. The best indicator of market trends is the sale and resale data for the same property or similar types of properties that are proximate to one another. The time adjustment was based on the rate of appreciation highlighted in the matched-pair sale data contained in the Maui Office Market Overview section of the report, varying from 8% to 32% annually between July 2021 and the present. A lower 3% annual escalation was applied to comparables 3-5 with sale dates prior to the fires. The total time adjustments range from 7.3% to 10.4%.

Size - Size generally has an inverse relationship to unit value. The subject's building area was within the comparable range with comparable 1 materially larger (inferior), requiring an upward adjustment estimated at 5%. The smaller (superior) comparables 2-4 were uniformly adjusted downward by 15% based on the higher magnitude of the size differential. Comparable 5 was larger than the subject but did not require adjustment.

Quality/Condition - The subject is rated average based on its age and tenant improvements. Comparable 2 was in a superior above-average condition from its recent and extensive renovation, requiring a 5% downward adjustment. The other comparables are considered average, and no adjustment was applicable.



# SALES COMPARISON APPROACH

(CONTINUED)

The following is an adjustment grid summary of the improved sale comparables relative to the subject.

IMPROVED SALES COMPARISON TABLE							
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	
Address	105 N. Market St	427 Ala Makani St	1950 E. Vineyard St	115 N. Market St	1887 Wili Pa Loop	1888 Wili Pa Loop	
Tax Map Key	2-3-4-017-027	2-3-8-080-012	2-3-4-017-006	2-3-4-017-028 & 142	2-3-4-020-048	2-3-4-020-049	
City	Wailuku	Kahului	Wailuku	Wailuku	Wailuku	Wailuku	
Year Built/Ren	2004	2003 / 2018-22	1938 / 2018-20	1960 / 2007	1993	1997	
Buyer Motivation	--	Partial Owner/User	Owner/User	Partial Owner/User	Investment	Partial Owner/User	
Land Area (SF)	4,163 SF	29,229 SF	9,997 SF	9,918 SF	10,388 SF	29,712 SF	
Building Area (SF)	7,348 SF	12,546 SF	2,065 SF	3,220 SF	2,355 SF	9,893 SF	
FAR	1.77:1	0.43:1	0.21:1	0.32:1	0.23:1	0.33:1	
Sale Price	--	\$4,650,000	\$1,450,000	\$1,600,000	\$1,168,000	\$4,000,000	
\$/SF GBA	--	\$371	\$702	\$497	\$496	\$404	
Land Value (\$/SF)	--	\$45	\$45	\$40	\$40	\$40	
Estimated Land Value	--	\$1,320,000	\$450,000	\$400,000	\$420,000	\$1,190,000	
Improvement Value	--	\$3,330,000	\$1,000,000	\$1,200,000	\$748,000	\$2,810,000	
\$/SF Improvement Value	--	\$265	\$484	\$373	\$318	\$284	
SALE INFORMATION							
Improvement Value	--	\$3,330,000	\$1,000,000	\$1,200,000	\$748,000	\$2,810,000	
Improvement Value \$/SF GBA	--	\$265	\$484	\$373	\$318	\$284	
Expenditures After Sale	--	\$0	\$0	\$150,000	\$0	\$0	
Adjusted Improvement Value	--	\$3,330,000	\$1,000,000	\$1,350,000	\$748,000	\$2,810,000	
\$/SF Improvement Value	--	\$265	\$484	\$419	\$318	\$284	
Property Rights	Fee Simple	Leased Fee	Fee Simple	Fee Simple	Leased Fee	Fee Simple	
Financing	All Cash to Seller	All Cash to Seller	All Cash to Seller	All Cash to Seller	All Cash to Seller	All Cash to Seller	
Sale Conditions	Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length	Arm's-Length	
Market Conditions	Current	05/24/24	03/13/24	01/06/22 9.0%	07/14/21 10.4%	07/29/22 7.3%	
Sale Status	--	Recorded	Recorded	Recorded	Recorded	Recorded	
Marketing Status	--	Open Market	Open Market	Open Market	Open Market	Open Market	
Marketing Period (Days)	--	164 Days	57 Days	106 Days	99 Days	514 Days	
Total Transactional Adjustments		\$0 0%	\$0 0%	\$38 9%	\$33 10%	\$21 7%	
<b>Adjusted \$/SF (GBA)</b>		<b>\$265</b>	<b>\$484</b>	<b>\$457</b>	<b>\$351</b>	<b>\$305</b>	
PHYSICAL INFORMATION							
GBA (SF)	7,348 SF	12,546 SF 5%	2,065 SF (15%)	3,220 SF (15%)	2,355 SF (15%)	9,893 SF	
Year Built/Ren	2004	2003 / 2018-22	1938 / 2018-20	1960 / 2007	1993	1997	
Quality/Condition	Average	Average	Above Average (5%)	Average	Average	Average	
Total Physical Adjustments		\$13 5%	(\$97) (20%)	(\$69) (15%)	(\$53) (15%)	\$0 0%	
<b>Adjusted \$/SF (GBA)</b>		<b>\$279</b>	<b>\$387</b>	<b>\$388</b>	<b>\$298</b>	<b>\$305</b>	





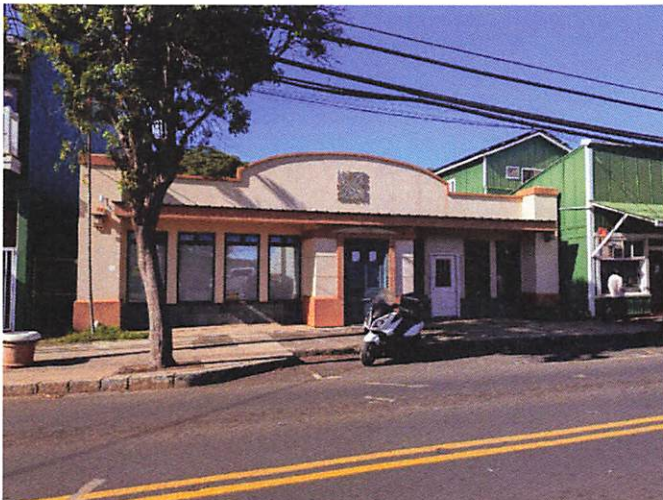
IMPROVED SALES PHOTOGRAPHS



COMPARABLE SALE 1



COMPARABLE SALE 2



COMPARABLE SALE 3



COMPARABLE SALE 4



COMPARABLE SALE 5

**Analysis of Comparable Sales** - The comparable sales indicate an overall unadjusted unit value range from \$265/SF to \$484/SF and an average of \$345/SF. After adjustments, the comparables indicate a narrower range for the subject property from \$279/SF to \$388/SF and \$331/SF on average. The adjustment process was previously detailed. The following is a brief narrative description of the improved sale comparables.

**Sale No. 1 (\$279/SF Adjusted)** - This comparable is a recent partial owner/user purchase of a two-story, elevator-served multi-tenant office in Kahului near the old Lowes. The buyer is a local contractor who has been interested in the property for owner/user occupancy. The buyer plans to occupy the vacant unit and expand into other areas with lease expiration. The sale price of \$4,650,000 was 22% higher than the 2022 investment purchase by the seller.

**Sale No. 2 (\$387/SF Adjusted)** - This comparable is a recent owner/user purchase of a highly renovated house and cottage on commercial zoning for office use. The buyer is a non-profit that is in the process of obtaining a Certificate of Occupancy for office use. The comparable is much smaller in size and is slightly superior in quality/condition.

**Sale No. 3 (\$388/SF Adjusted)** - This comparable is an office and parking lot that wraps around the subject. The buyer was motivated by partial owner/user occupancy. Expenditure after sale, time, and size adjustments were partially offsetting.

**Sale No. 4 (\$298/SF Adjusted)** - This comparable is a two-unit office building in the Millyard industrial subdivision. The larger unit, previously used as a medical office that includes seven separate rooms, a restroom, a reception area, and a waiting room, was vacant at the time of sale. The building exterior was painted prior to the sale. The vacant unit was newly painted, and new flooring had been installed. Time adjustment and the superior (smaller size) were somewhat offsetting/

**Sale No. 5 (\$305/SF Adjusted)** - This comparable is a former credit union building acquired by Maui County for owner/user occupancy.



**SALES COMPARISON APPROACH CONCLUSION**

Based on general bracketing, the comparable sales support an adjusted contributory improvement unit value range from \$279/SF to \$388/SF, with a unit value of \$300/SF concluded for the subject. Comparable 1, the most relevant recent sale at \$279/SF, and the average unit value of \$331/SF provided the best guidance for the value conclusion. The following table summarizes the concluded value of the subject property by the Sales Comparison Approach.

IMPROVED SALES COMPARISON APPROACH CONCLUSION (GBA)				
SUBJECT SF (GBA)		\$/SF CONCLUSION		VALUE
Contributory Improvement Value @ 7,348 SF	x	\$300	=	\$2,204,400
Less Deferred Maintenance				(\$100,000)
Land Value				<u>\$980,000</u>
INDICATED VALUE (ROUNDED TO NEAREST \$10,000)		\$419		\$3,080,000

## RECONCILIATION OF VALUE CONCLUSIONS

### Final Value Conclusions

The reconciliation process assigns merit to one or more of the approaches to value based on the following criteria:

- Appropriateness, or how pertinent each approach is to the purpose and use of the appraisal. The appropriateness of an approach is usually most directly related to property type and market viability.
- Accuracy, or the degree of confidence the appraiser has in the correctness of the data, the calculations performed in each approach, and the adjustments made to the sale price of each comparable property.
- Quantity of evidence, or how well the representative sample of data models the market.

The cost and sales comparison approaches were employed in this appraisal, each with different strengths and weaknesses.

VALUE CONCLUSION	
VALUATION SCENARIOS	AS-IS MARKET VALUE
Interest	Fee Simple
Effective Date	January 3, 2025
List Price	\$3,200,000
Site Value	\$980,000
Cost Approach	\$3,220,000
Sales Comparison Approach	\$3,080,000
Income Capitalization Approach	Not Presented
<b>FINAL VALUE CONCLUSION</b>	<b>\$3,150,000</b>

### Cost Approach

The cost approach is particularly valuable for newer construction or properties with significant depreciation where the remaining value closely approximates the land value. This approach is especially relevant for owner-user office valuations. In markets with active land transactions and new construction, where comparable sales data is limited, the cost approach serves as a reliable proxy for the direct sales comparison approach.

Essentially, when existing buildings are scarce, office owner-users often turn to new construction. This aligns with the principle of highest and best use. The underlying assumption is that if these newly constructed buildings were available for sale, their prices would closely reflect construction costs, accounting for the developer's expenses, risk, and time investment.

Our analysis leverages our knowledge of recent office construction costs. The strength of this approach lies in our well-supported cost data, accurate land valuations, and market trends that emphasize the cost approach for owner-user demand.

The cost approach received a similar emphasis relative to the direct sales comparison approach in the final reconciliation.

### Sales Comparison Approach

The direct sales comparison indicates a pattern of value based on recent prices expressed in appropriate units of comparison paid for comparable substitute properties. It is used as a general guideline supporting the observation and value estimates of the cost and income approaches. The sales data analyzed are most helpful in determining the principle of substitution concerning an owner/user asset.

The sales comparison approach considered five comparables, which were limited in direct comparison. However, collectively, the data, as adjusted, provided a reasonably credible analysis. The sales comparison approach received similar emphasis based on roughly equal credibility and reliability.

### **Income Approach**

The income approach reflects the income-producing capability, a primary approach utilized by investors in this market. The local market has not expressed much of an appetite for single- or multi-tenant office income investments. Nearly all sales of recent commercial offices are owner/user motivated. The approach is not credible or relevant and was excluded, as it is not consistent with the scope of work.

### **Final Value Conclusion**

Based on the foregoing analysis, giving equal weight to the cost and sales approaches, **it is our opinion, as of the date of value, subject to the limiting conditions and assumptions contained herein, that the fee simple market value of the subject property in its "As-Is" condition is \$3,150,000.**



## CERTIFICATION

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I certify that, to the best of my knowledge and belief:

- ▶ The statements of fact contained in this report are true and correct.
- ▶ The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- ▶ The signers of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- ▶ Robert W. Spangler, MAI, and Chris Ponsar, MAI, SRA, have performed no services, specifically as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- ▶ The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ▶ The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ▶ The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.
- ▶ Robert W. Spangler, MAI, inspected the property that is the subject of this report, while Chris Ponsar, MAI, SRA, did not.
- ▶ No one provided significant real property appraisal assistance to the appraisers signing the certification.
- ▶ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ▶ As of the date of this report, Robert W. Spangler, MAI, and Chris Ponsar, MAI, SRA, have completed the continuing education program for Designated Members of the Appraisal Institute.



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Robert W. Spangler, MAI  
Hawaii Certified General Appraiser #967



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Chris Ponsar, MAI, SRA  
Hawaii Certified General Appraiser #873

## ASSUMPTIONS & LIMITING CONDITIONS

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- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This analysis assumes that the information provided for this appraisal accurately reflect the current condition of the subject property.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the company with which the appraiser is connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The appraisal has provided exhibits to assist the client(s)/intended user(s) to understand from a graphical standpoint some of the salient issues which impact the subject property. We have made no survey of the property and if further verification is required, a survey by a registered surveyor is advised.
- The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Ponsar Valuation LLC, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- To the fullest extent permitted by applicable law, each party's and its Personnel's maximum aggregate and joint liability to the other party for claims and causes of action relating to this appraisal shall be limited to the higher of \$25,000 or the total fees and costs charged by Appraiser for the services that are the subject of the claim(s) or cause(s) of action. This limitation of liability extends to all types of claims or causes of action, whether in breach of contract or tort, including without limitation claims, causes of action for negligence, professional negligence or negligent misrepresentation on the part of either party or its Personnel, but excluding claims, causes of action for intentionally fraudulent conduct, criminal conduct or intentionally caused injury. The Personnel of each party are intended third-party beneficiaries of this limitation of liability. "Personnel," as used in this paragraph, means the respective party's staff, employees, contractors, members, partners, and shareholders.
- The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Ponsar Valuation LLC and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- The appraiser assumes no responsibility for determining if the subject property complies with the *Americans with Disabilities Act* (ADA). Ponsar Valuation LLC, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance.

## ASSUMPTIONS & LIMITING CONDITIONS

(CONTINUED)

- This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- Unless otherwise noted herein, a detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection of the subject property and surrounding properties, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.



- Addendum A – Land Sale Datasheets



# PONSAR VALUATION

## HAWAII REAL ESTATE APPRAISAL AND CONSULTING

### 67 Waiale

Comparable 1

#### Sale Information

Buyer	DSP TRUCKING LLC	
Seller	CHRISTOPHER J KANNO IRREVOCABLE TRUST, et al	
Sale Date	6/26/2024	
Transaction Status	Recorded	
Sale Price	\$975,000	\$68.51 /SF Land
Analysis Price	\$975,000	\$68.51 /SF Land
Recording Number	DOC 89430360	
Rights Transferred	Fee Simple	
Financing	All Cash to Seller	
Conditions of Sale	Abutter's Interest	
Marketing Time	71 days	

#### Property

Land Area	0.3267 Acres (14,231 SF)
Number of Parcels	1
Zoning	B-2
Shape	Rectangular
Topography	Level
Corner	Yes
Utilities	All utilities are proximate
Flood Zones	Zone AO



67 Waiale Road  
Wailuku, HI 96793

County  
Maui

Submarket  
Wailuku

APN  
2-3-4-010-027



#### Confirmation

Name	Deanna Davis
Company	Compas Realty
Phone Number	808-357-9774
Affiliation	Listing Broker

#### Remarks

Owner/user purchase for yard use. The buyer owns the car wash across the street and a trucking business. After the sale, the buyer fenced the yard for truck storage.



# PONSAR VALUATION

## HAWAII REAL ESTATE

### APPRAISAL AND CONSULTING

## West Vineyard

Comparable 2

### Sale Information

Buyer	The Maui Medical Group, Inc.	
Seller	Wailuku Back Lot, LLC	
Sale Date	12/30/2022	
Transaction Status	Recorded	
Sale Price	\$530,000	\$57.40 /SF Land
Analysis Price	\$530,000	\$57.40 /SF Land
Recording Number	DOC 83990461	
Rights Transferred	Fee Simple	
Financing	All cash to seller	
Conditions of Sale	Tenant Purchase	

### Property

Land Area	0.212 Acres (9,234 SF)
Number of Parcels	1
Zoning	WRA
Shape	Flag
Topography	Level
Corner	No
Utilities	All utilities are connected to site
Flood Zones	Zone X (Unshaded)



West Vineyard Street  
Wailuku, HI 96793

County  
Maui

Submarket  
Wailuku

APN  
2-3-4-013-035



### Confirmation

Name	Cliff Alakai
Company	Maui Medical Group
Affiliation	Buyer

### Remarks

The property is located at West Vineyard Street, Wailuku

Owner/user purchase by the tenant on a month-to-month term. The sale resulted from a negotiation between the principals of the tenant and landlord. The existing commercial parking lease expired on September 30, 2022. The sale of the property emerged from the lease option renewal discussions. The property was not exposed to the open market, and no brokers were involved with the sale. The buyer representative, Cliff Alakai, indicated that they would rather pay a purchase mortgage than continued rent. The buyer's business decision was driven by the desire for owner/user occupancy.





# PONSAR VALUATION

HAWAII REAL ESTATE  
APPRAISAL AND CONSULTING

## Wells St. Prof. Center Parking Lot

Comparable 3

### Sale Information

Buyer	The AOA Wells Street Professional Center	
Seller	2133 Wells Street Investors	
Sale Date	3/29/2019	
Transaction Status	Recorded	
Sale Price	\$750,000	\$40.16 /SF Land
Analysis Price	\$750,000	\$40.16 /SF Land
Recording Number	70270587	
Rights Transferred	Fee Simple	
Financing	All cash to seller	
Conditions of Sale	Abutter's Interest	

### Property

Land Area	0.4287 Acres (18,673 SF)
Number of Parcels	1
Zoning	B-2
Shape	Flag
Topography	Level
Corner	No
Utilities	All to site
Flood Zones	Zone X (Unshaded)



2123 Wells Street  
Wailuku, HI 96793

County  
Maui

Submarket  
Wailuku

APN  
2-3-4-008-039



### Confirmation

Name	John Sullivan
Phone Number	808-281-6771
Affiliation	Association Manager
Date	10/21/2022

### Remarks

Existing paved parking lot with 49 stalls. The seller had leased individual stalls to neighboring property owners and tenants.

The buyer acquired the parking lot to control the property use and to obtain additional parking. The buyer had some concerns that the seller would develop the parking lot obscuring the views from the east-facing condo units at the Wells Street Professional Center. The sale price was negotiated and the AOA Management indicated that the price paid was on the high side of what was reasonable.



# PONSAR VALUATION

## HAWAII REAL ESTATE

### APPRAISAL AND CONSULTING

## Community Clinic of Maui Parking Expansion

Comparable 4

### Sale Information

Buyer	Community Clinic of Maui Inc.	
Seller	Carpet Linoleum & Soft Tile	
Sale Date	5/23/2018	
Transaction Status	Recorded	
Sale Price	\$600,000	\$36.69 /SF Land
Analysis Price	\$600,000	\$36.69 /SF Land
Recording Number	67170339	
Rights Transferred	Fee Simple	
Financing	All cash to seller	
Conditions of Sale	Arms length	
Marketing Time	600 days	

### Property

Land Area	0.3754 Acres (16,352 SF)
Number of Parcels	1
Zoning	B-2
Shape	Rectangular
Topography	Sloping
Corner	No
Utilities	All
Flood Zones	Zone X (Unshaded)



1838 Lower Main Street  
Wailuku, HI 96793

County  
Maui

Submarket  
Wailuku Town

APN  
2-3-4-018-001



### Confirmation

Name	Grant Howe
Company	Commercial Properties of Maui LLC.
Phone Number	808-244-2200
Affiliation	Listing Broker

### Remarks

The property contains one 5/8" water meter.

Owner/user purchase by the nearby non-profit medical provider - Community Clinic of Maui for interim parking and eventual expansion of facilities. The seller addressed the old cesspool (had to be filled) and the rock wall encroachment agreement. The only other interested party was Tamura's for a restaurant concept, but they lost interest.

- . Addendum B – Selected Improved Sale Datasheets





# PONSAR VALUATION

## HAWAII REAL ESTATE

### APPRAISAL AND CONSULTING

## 427 Ala Makani

Comparable 1

### Sale Information

Buyer	Alpha, Inc.	
Seller	Rowen Land 6 LLC	
Sale Date	5/24/2024	
Transaction Status	Recorded	
Sale Price	\$4,650,000	\$371 /SF GBA
Analysis Price	\$4,650,000	\$371 /SF GBA
Recording Number	DOC 89060303	
Rights Transferred	Leased Fee	
Financing	All Cash to Seller	
Conditions of Sale	Arm's-Length	
Marketing Time	164 days	

### Income Analysis

Occupancy	86.0%	
Rent Income	\$238,043	\$22.15 /SF NRA
Other Income	\$126,041	\$11.73 /SF NRA
Gross Income	\$364,084	\$33.88 /SF NRA
Vacancy Loss	(\$36,408)	10.00 % GI
Effective Gross Income	\$327,676	\$30.50 /SF NRA
Expenses	(\$126,041)	(\$11.73) /SF NRA
Net Operating Income	\$201,635	\$18.77 /SF NRA
Cap Rate	4.34%	

### Property

Type	Office, Office Building
Gross Building Area (GBA)	12,546 SF
Net Rentable Area (NRA)	10,745 SF
Buildings	1 Building, 2 Floors
Parking	38 Spaces (3.5/1,000 SF NRA)
Year Built	2003 (Renovated 2018/22)
Land Area	0.671 Acres (29,229 SF)
FAR	0.43
Zoning	M-1
Shape	Generally Rectangular
Topography	Level
Corner	No
Flood Zones	Zone X (Unshaded)
Elevators	Passenger



427 Ala Makani Street  
Kahului, HI 96732

County  
Maui

Submarket  
Kahului

APN  
2-3-8-080-012



### Confirmation

Name	Serena Longo
Company	CBRE
Phone Number	808 799 0799
Affiliation	Selling Broker

### Remarks

The leases are on a usable area basis totaling 10,745 SF, excluding common interior areas (lobbies, hallways, restrooms, etc.) of 1,801 SF. The unit value was based on the rentable area.

Partial owner/user acquisition by Alpha, Inc., a full-service construction company specializing in Heavy Civil Construction, Water Well Drilling, Underground Utilities, Concrete, and Renewable Energy, for \$4,650,000 based on an unsolicited offer. The buyer maintains an office several lots west on a paved site with modular improvements and has been interested in the property for some time. The new owner plans to occupy the vacant space for owner/occupancy and potentially expand into the entire property.

The seller acquired the property on October 31, 2022, as an investment for \$3,800,000 as a result of a formal marketing effort. The \$850,000, or 22%, premium of the recent sale price relative to the October 2022 purchase was necessary to motivate the seller.



# PONSAR VALUATION

## HAWAII REAL ESTATE APPRAISAL AND CONSULTING

### Hawaiian Community Assets

Comparable 2

#### Sale Information

Buyer	Hawaiian Community Assets	
Seller	LUYEN, HOA LE, Trustee (Revocable Living Trust)	
Sale Date	3/13/2024	
Transaction Status	Recorded	
Sale Price	\$1,450,000	\$702 /SF GBA
Analysis Price	\$1,450,000	\$702 /SF GBA
Recording Number	DOC 88380286	
Rights Transferred	Fee Simple	
Financing	All Cash to Seller	
Conditions of Sale	Arm's-Length	
Marketing Time	57 days	

#### Property

Type	Office, Single-Family
Gross Building Area (GBA)	2,065 SF
Net Rentable Area (NRA)	2,065 SF
Buildings	2 Buildings, 1 Floor
Parking	7 Spaces (3.4/1,000 SF NRA)
Year Built	1938 (Renovated 2018)
Land Area	0.2295 Acres (9,997 SF)
Site Coverage Ratio	20.66%
FAR	0.21
Zoning	WRA-B/MF
Shape	Flag
Topography	Level
Corner	No



1950 E Vineyard St  
Wailuku, HI 96793

County  
Maui

APN  
2-3-4-017-006-0000



#### Confirmation

Name	Zara Nicholson
Company	Hawaiian Community Assets
Phone Number	808-809-4416
Affiliation	Buyer representative

#### Remarks

Owner/user purchase for office use. The property was originally built in 1938 as a house and cottage. The seller extensively renovated and expanded the main building in 2018-2020 and sold the comparable as a residential property. The buyer is in the process of obtaining a C of O for office use consistent with the current zoning and functional utility of the improvements.





# PONSAR VALUATION

## HAWAII REAL ESTATE

### APPRAISAL AND CONSULTING

## Chris Hart Building

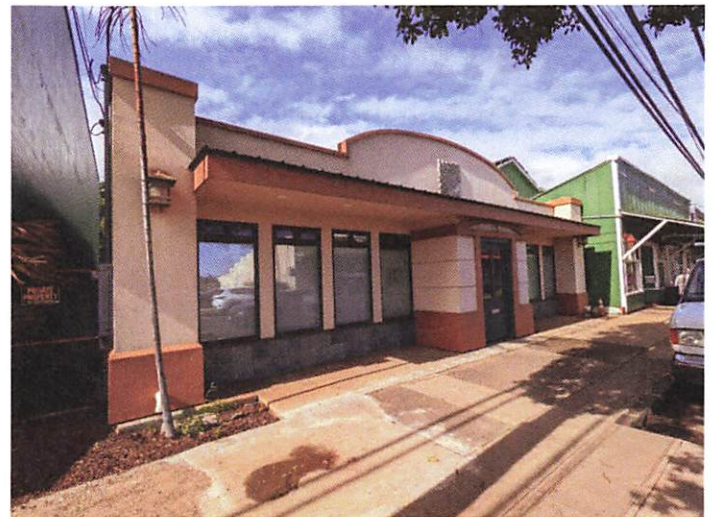
Comparable 3

### Sale Information

Buyer	Michael Brewer etal, or niminee	
Seller	115 MARKET STREET LLC	
Sale Date	1/6/2022	
Transaction Status	Recorded	
Sale Price	\$1,600,000	\$497 /SF GBA
Analysis Price	\$1,600,000	\$497 /SF GBA
Recording Number	DOC 80410504	
Rights Transferred	Fee Simple	
Financing	All cash to seller	
Conditions of Sale	Arm's-length	
Marketing Time	106 days	

### Property

Type	Building, Office
Gross Building Area (GBA)	3,220 SF
Net Rentable Area (NRA)	3,220 SF
Buildings	1 Building
Parking	15 Spaces (4.7/1,000 SF NRA)
Year Built	1960 (Renovated 2007)
Land Area	0.2277 Acres (9,918 SF)
Site Coverage Ratio	32.47%
FAR	0.32
Zoning	WRA-B/MF
Shape	L-Shaped
Topography	Level
Corner	No



115 N Market St  
Wailuku, HI 96793

County  
Maui

Submarket  
Wailuku

APN  
2-3-4-017-142, 2-3-4-017-028



### Confirmation

Name	Greg Sheehan
Company	Commercial Properties of Maui
Phone Number	808.250.0900
Affiliation	Listing broker

### Remarks

Owner/user purchase of a vacant single-story office with abundant parking. The 3,220-SF building was constructed in 1960 and renovated in multiple phases. The buyer is a podiatrist who will convert the building to a medical facility and may use all or a portion of the property. Any unused portions will be contemplated for lease. The buyer subsequently placed portions of the building for lease (2,484 SF available now with an option to expand into the additional 780 SF retail/office) at an average rate of \$3.80/SF (gross).





# PONSAR VALUATION

## HAWAII REAL ESTATE APPRAISAL AND CONSULTING

### 1887 Wili Pa Loop

Comparable 4

#### Sale Information

Buyer	The Kenneth T Suda TR & The Carolyn C. Suda TR	
Seller	PLAN B-KG LLC	
Sale Date	7/14/2021	
Transaction Status	Recorded	
Sale Price	\$1,168,000	\$496 /SF GBA
Analysis Price	\$1,168,000	\$496 /SF GBA
Recording Number	DOC 78650377	
Rights Transferred	Leased Fee	
Financing	All cash to seller	
Conditions of Sale	Arm's-length	
Marketing Time	99 days	

#### Property

Type	Building, Office, Medical office
Gross Building Area (GBA)	2,355 SF
Net Rentable Area (NRA)	2,355 SF
Buildings	1 Building
Parking	9 Spaces (3.8/1,000 SF NRA)
Year Built	1993
Land Area	0.2385 Acres (10,388 SF)
Site Coverage Ratio	22.67%
FAR	0.23
Zoning	M-1
Shape	Other
Topography	Level
Corner	Yes
Flood Zones	Zone X (Unshaded)



1887 Wili Pa Loop  
Wailuku, HI 96793

County  
Maui

Submarket  
Millyard Subdivision

APN  
2-3-4-020-048



#### Confirmation

Name	Nathan Kwee
Company	Realty 1st Inc
Phone Number	8083578007
Affiliation	Listing broker

#### Remarks

This two-unit office building is located on a corner lot. Currently, there is one vacant unit that was previously used as a medical office. Unit includes 7 separate rooms, restroom, a reception area and a waiting room. Great opportunity to occupy one unit and rent out the second unit. Building exterior was recently painted. The vacant unit was recently painted and new flooring was installed.

Investor acquisition with a 1,228-SF vacancy from a former cardiology medical office with 7 separate rooms, a restroom, a reception area, and a waiting room. The vacant unit was newly painted and had new flooring installed. The building exterior was also recently painted.



# PONSAR VALUATION

## HAWAII REAL ESTATE

### APPRAISAL AND CONSULTING

## 1888 Wili Pa Loop

Comparable 5

### Sale Information

Buyer	Maui County	
Seller	Maui County Employees FCU	
Sale Date	7/29/2022	
Transaction Status	Recorded	
Sale Price	\$4,000,000	\$404 /SF GBA
Analysis Price	\$4,000,000	\$404 /SF GBA
Recording Number	DOC 82450214	
Rights Transferred	Fee Simple	
Financing	All cash to seller	
Conditions of Sale	Arm's-length	
Marketing Time	514 days	

### Property

Type	Building, Office
Gross Building Area (GBA)	9,893 SF
Net Rentable Area (NRA)	9,893 SF
Buildings	1 Building
Parking	40 Spaces (4.0/1,000 SF NRA)
Year Built	1997
Land Area	0.6821 Acres (29,712 SF)
FAR	0.33
Zoning	M-1
Shape	Generally Rectangular
Topography	Level to Sloping
Corner	Yes
Flood Zones	Zone X (Unshaded)



1888 Wili Pa Loop  
Wailuku, HI 96793

County  
Maui

APN  
2-3-4-20-49



### Confirmation

Name	Scott Crockford
Company	CBRE
Phone Number	808-357-3369
Affiliation	Listing Broker

### Remarks

1st Flr 6,590, 2nd Flr 3,303  
PV in Parking Lot; Power Purchase Agreement

Owner/user purchase by Maui County. The property had been listed for sale through CBRE at \$4,200,000 at the time purchase. The listing broker indicated that prospective buyer interest was limited but that significant interest would have resulted had there been a long-term lease in place. Besides the County, roughly five other groups looked at the property.

The PV system, reflective of a power purchase agreement in place at the time of sale, was under separate ownership. The PV system was not considered real property and not material to the purchase.

- . Addendum C – Colliers International YE-2023  
Maui Island Report





Colliers

Hawaii | Maui

Research Report

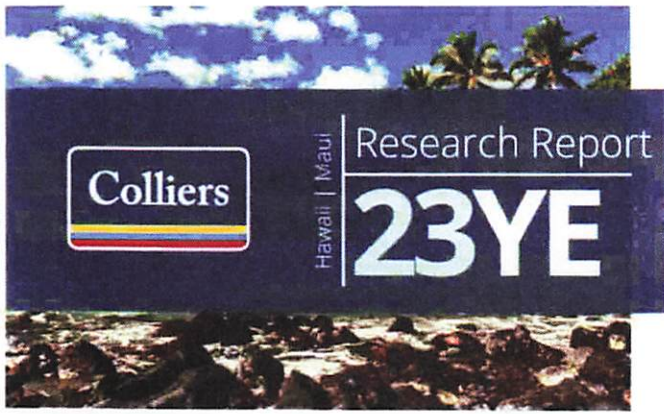
**23YE**

"The healing, planning and rebuilding of Lahaina will remain at the forefront of any economic recovery for Maui's commercial real estate sectors."

**Charles Buckingham (S)** | Vice President

Accelerating success.





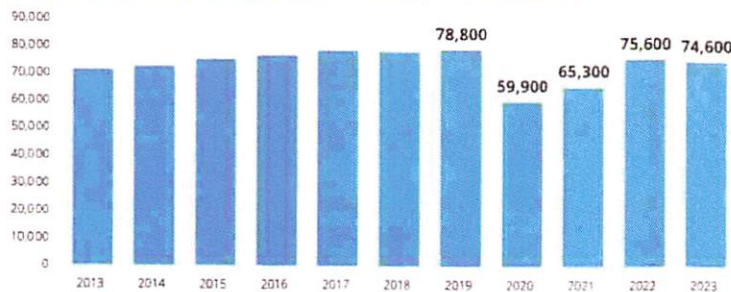
## Key Takeaways

- Maui's economy was negatively impacted by 2023 wildfires as jobless counts rose and tourist arrivals fell
- Maui's Office sector remained stable despite hybrid work adoption trends nationally
- Retailer relocations due to wildfires boosted Central Maui's occupancy
- Wailuku Towne Center's retail to industrial conversion drove industrial vacancy above 1.0%
- Investment sales volume surged with the Kaanapali Beach Hotel transaction

## Maui's Economic Recovery Halted by Wildfires

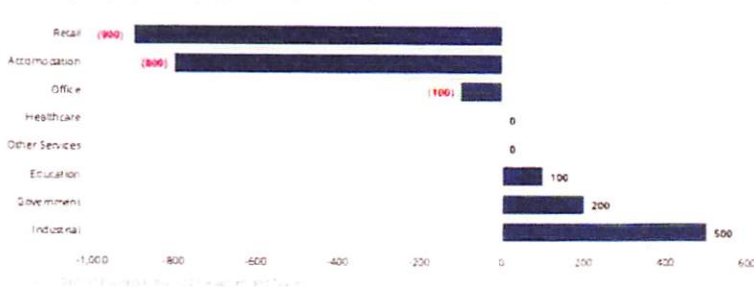
Prior to 2023, Maui experienced a robust economic resurgence, marked by significant job growth and a steady increase in air passenger arrivals following the shock of COVID-19 in 2020. However, the catastrophic wildfires in Lahaina and Upcountry Maui halted this positive progression. By the end of 2023, Maui observed a reduction in its job count from 75,600 to 74,600, signifying a 1.32% decrease in non-agricultural wage and salary employment over the year. This downturn was particularly pronounced in the retail and hotel sectors, which saw a combined reduction of 1,700 positions.

Maui County Total Non-Ag Wage and Salary Jobs (December)



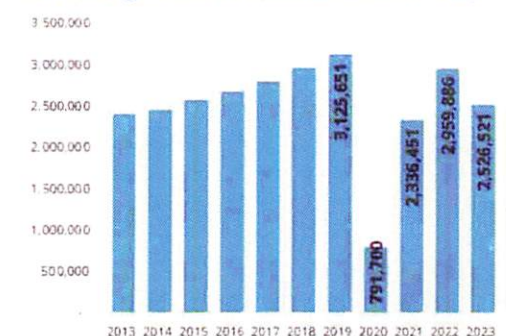
Moreover, the tourism sector faced severe challenges as air passenger arrivals decreased significantly due to mixed messages from the county government and tourism officials amid the wildfires which lead to a substantial decline in traveler confidence. Consequently, air passenger arrivals dropped by 14.64% by the end of 2023, compared to 2.96 million at the end of 2022. This decline adversely affected hotel occupancy rates and average daily room rates throughout the year.

Change in Job Counts by Industry Sector (December 2022 vs. December 2023)



December Market Indicators		2022 vs 2023
Unemployment Rate	5.30%	↑
Non-Ag Wage and Salary Jobs	74,600	↓
YTD Visitor Arrival Counts	2,526,521	↓
Office Market		2022 vs 2023
Vacancy	9.90%	↓
Net Absorption (sf)	3,701	↑
Avg Asking Base Rent (psf/mo)	\$1.67	↑
Retail Market		
Vacancy	16.98%	↓
Net Absorption (sf)	98,303	↑
Avg Asking Base Rent (psf/mo)	\$5.05	↑
Industrial Market		
Vacancy	1.32%	↑
Net Absorption (sf)	(46,266)	↓
Avg Asking Base Rent (psf/mo)	\$1.41	↓
Investment Market		
Sales Volume (millions)	\$477,849,296	↑
Sales Counts	40	↓

Air Passenger Arrival Counts (December YTD)





## Office Market's Steady Performance Amidst Challenges

In 2023, Maui's office market saw a modest increase in occupancy, adding 3,701 square feet as vacancy rates fell to 9.90%. Maui's office market, which faced a spike in vacancy rates following the Great Recession, steadily improved as market conditions stabilized.

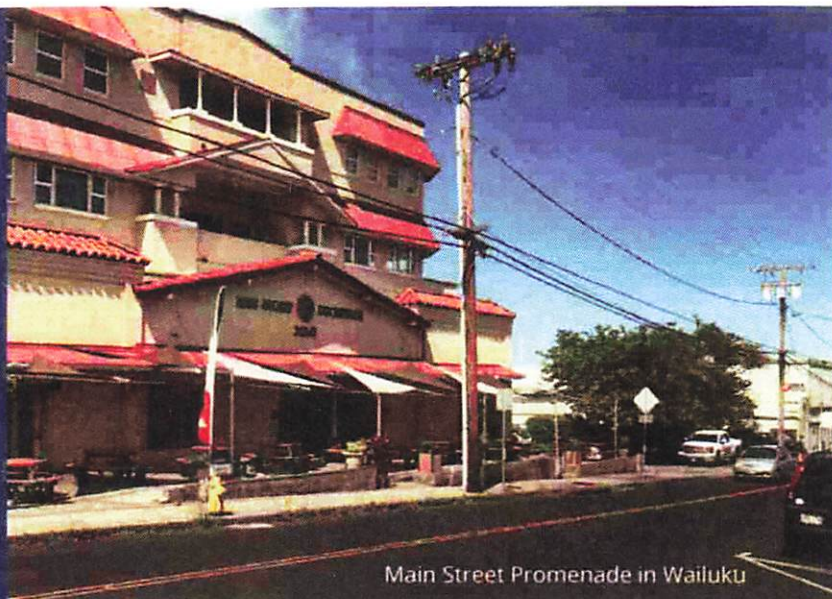
The resilience in the office market, especially in Wailuku which generated a notable gain of 10,916 square feet, contrasts with the setbacks in the Kihei and Kahului submarkets. Wailuku's Main Street Promenade topped the market, representing over 93% of occupancy gains with 10,160 square feet of occupancy recorded during the past year.

The Lahaina wildfires resulted in the loss of over 63,000 square feet of office space, significantly impacting West Maui's office inventory by reducing its total gross leasable area ("GLA") to only 58,255 square feet. 505 Front Street, Mind's Eye Square, 1087 Limahana Place, and Wainee Professional Building suffered severe damage and were removed from our West Maui office inventory\*.

Maui's office market, encompassing 1.02 million square feet of inventory, supported 10,400 office workers by the end of 2023. The decline of 400 positions in 2023 experienced by the professional business services sector was offset by employment gains in both financial services and information technology sectors, culminating in a net loss of 100 office positions for the year.

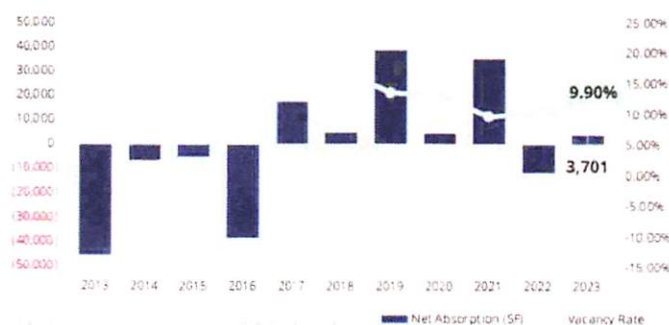
Amidst the shift towards hybrid work environments, the office market in Maui has adeptly adapted to the post-COVID-19 landscape. Contrary to national trends where vacancy rates have risen, Maui's office market has demonstrated resilience with a decline in office vacancy rates over recent years. Colliers anticipates this positive trend will persist into 2024, projecting the island's office vacancy rate to stabilize around 10% for the year.

\*Colliers does not report on submarkets smaller than 200,000 square feet in GLA, as small markets are prone to wide fluctuations and increased volatility.

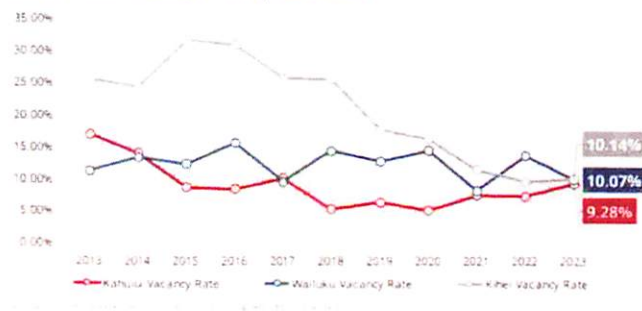


Main Street Promenade in Wailuku

Maui Office Net Absorption vs. Vacancy Rate



Maui Office Vacancy Rate by Submarket



Maui Office Jobs by Sector



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## Innovative Strategies Address Retail Market Vacancies

At year-end 2023, the retail market in Maui reported an occupancy increase of 98,303 square feet, as vacancy rates fell to 16.98% - the lowest since 2019. Despite this progress, the sector still confronts significant challenges. The devastating wildfires in August 2023 led to the loss of thousands of homes and the closure of hundreds of businesses, leaving an indelible mark on West Maui's retail landscape.

The aftermath of this disaster has prolonged Maui's economic recovery process, as evidenced by a 4.76% decrease in retail spending for 2023 from a record high of \$6.3 billion in October year-to-date 2022.

Central Maui, in particular, struggled with a high vacancy rate of 33.56% at the end of 2022 as big box retailers closed and new developments saturated the already challenged market, necessitating innovative solutions to revitalize the area. A notable initiative was the conversion of Wailuku Towne Center's vacant retail space, formerly anchored by Sack N Save supermarket (closed in 2022), into industrial warehouse space to address the shortage of industrial space in a supply-constrained Central Maui market.

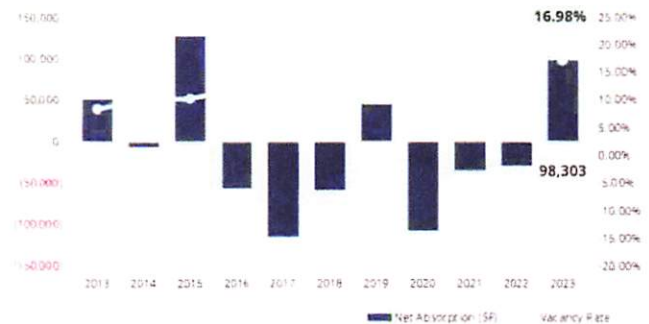
As the wildfires severely impacted Lahaina, Queen Kaahumanu Center stepped up to offer free rent to displaced Lahaina retailers, facilitating the relocation and rebuilding of many affected businesses. This effort gave shuttered stores another opportunity while increasing the center's occupancy by nearly 87,000 square feet in 2023.

In West Maui, the fires damaged more than 300,000 square feet of retail space. When combined with the challenges of a reduction in both permanent residents and tourism activity, this led to a loss of 46,027 square feet of tenancy and an increase in vacancy rates from 15.55% to 16.65% over the year.

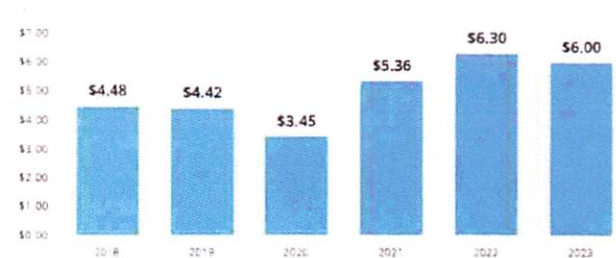
Despite these challenges, the average asking rents for retail spaces in Maui rose from \$4.50 per square foot per month ("psf/mo") to \$5.05 psf/mo in 2023. West Maui experiencing a sizeable 41.86% increase. This jump in rents was primarily due to the removal of fire-damaged class B and C retail centers with lower asking rents than an across-the-board increase in rents.

Looking ahead to 2024, the retail market in Maui is expected to face many trials and tribulations. As the region continues to recover and rebuild from the wildfires, Colliers projects a return to normalcy for retailers, with renewed demand for retail spaces driving the vacancy rate below 16% for the first time in seven years.

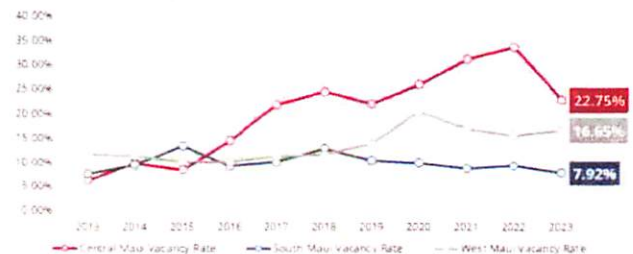
Maui Retail Net Absorption vs. Vacancy Rate



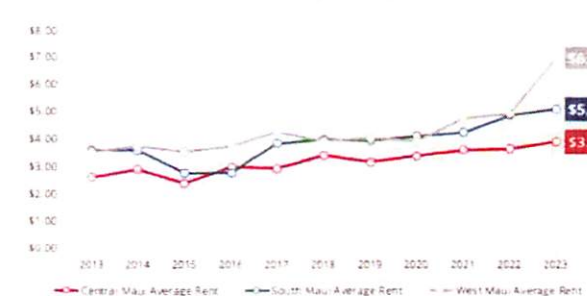
Maui County Retail Sales (October YTD)



Maui Retail Vacancy Rate by Trade Area



Maui Retail Average Asking Rental Rates by Trade Area





## Construction Sector Spurs Demand for Industrial Space

The conversion of Wailuku Towne Center from retail to industrial use led to a loss of 46,266 square feet in occupancy, elevating Maui's industrial vacancy rate to 1.32%, the highest since 2020. With a constrained market hitting a historical low of just eight available listings at the end of 2023, the demand for warehouse space remains high.

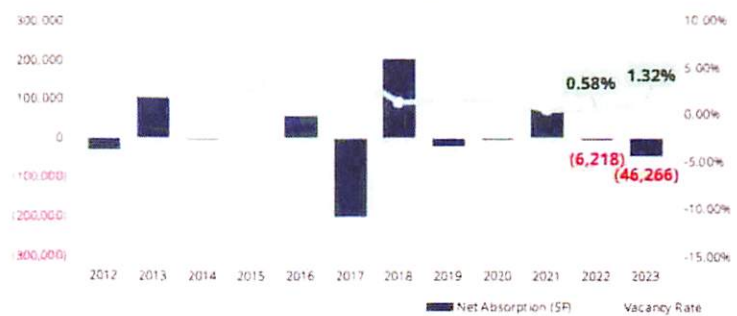
Maui's industrial sector is poised for a robust performance heading into 2024, with October year-to-date industrial sales volume for 2023 reaching a record \$3.667 billion, a 4.06% increase over 2022 and a significant 46.89% jump from 2019. This surge is largely attributed to the strength of Maui's construction industry, which saw a 15.51% increase in sales, surpassing the previous year by over \$202 million.

Building permit volume, an important predictor of future construction activity, recorded a record \$1.549 billion at year-end 2023. This figure, which likely encompasses both remediation efforts and new infrastructure planning, signals a forthcoming rise in construction spending, particularly in the wake of Lahaina's reconstruction.

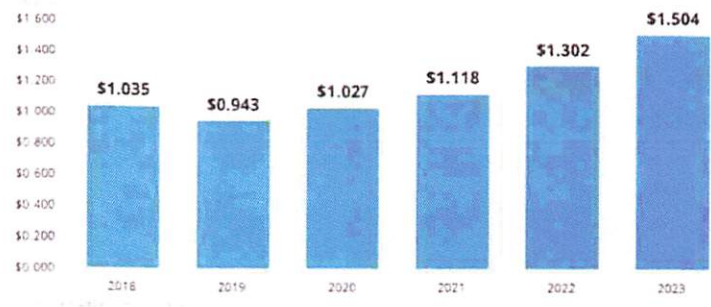
The island's wholesale distributors also reported another strong year, with sales topping \$2.1 billion for the second consecutive year, nearly 40% above pre-pandemic levels of 2019.

Colliers anticipates Maui's industrial marketplace to remain unchanged as continued demand for the limited number of warehouse spaces will drive rental rates upward as businesses seek space to accommodate their needs. The construction sector, in particular, is set to benefit from property owners' rebuilding efforts from August's fires. However, increased demand for construction materials and a shortage of skilled labor are anticipated to escalate building development costs.

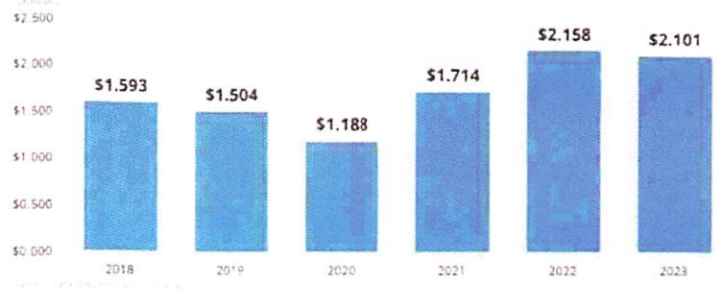
Maui Industrial Net Absorption vs. Vacancy Rate



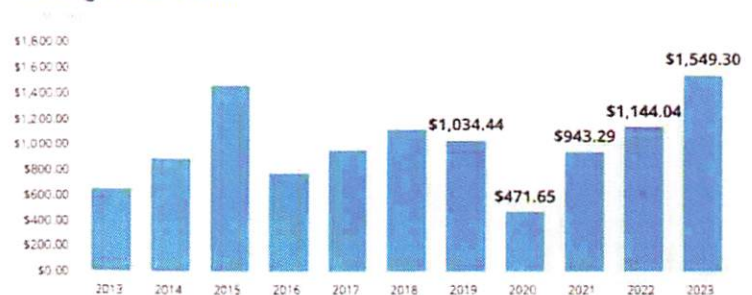
Contracting Sales (October YTD)



Wholesale Sales (October YTD)



Building Permit Volume





## Investment Sales Volume Surges by 70% Over 2022

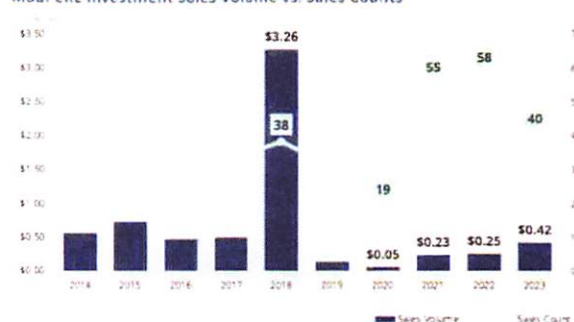
In stark contrast to the United States' commercial real estate market, which saw a 60% decline in investment sales volume, Maui's market showcased remarkable resilience. By the end of 2023, Maui recorded a significant 70.00% increase in commercial real estate sales volume, reaching \$246.2 million - the highest since the COVID-19 pandemic began.

A key contributor to this surge was the acquisition of Kaanapali Beach Hotel by Outrigger Resort and Hotels for \$325 million, marking the year's most notable transaction and the only megadeal (transaction priced over \$100 million) in the past five years.

Historically, Maui's commercial real estate (CRE) investment market has been attractive to both U.S. and international institutional investors. Prior to the pandemic, U.S.-based investors represented up to 80% of total investment in Maui, serving as a critical source of capital. However, the pandemic's impact on travel and the broader U.S. economy led to a retraction from many institutional investors. By the end of 2023, a noticeable shift occurred, with local buyers representing 87% of the investment capital in Maui's commercial real estate.

In terms of investment allocations, the Hotel/Resort property type captured 73% of the year's investment dollars. The Land and Retail property types, combined, accounted for approximately \$100 million in sales volume, representing 21.21% of total investment in 2023.

Maui CRE Investment Sales Volume vs. Sales Counts



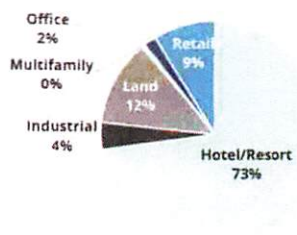
Maui CRE Investment Sales Volume by Buyer Location



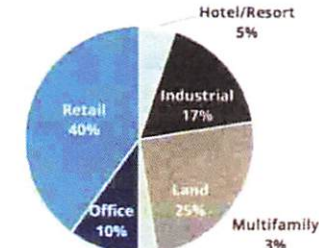
Maui CRE Investment Sales Counts by Buyer Location



Maui CRE Investment Sales Volume by Property Type



Maui CRE Investment Sales Counts by Property Type



## Maui's CRE Poised for Continued Improvement

In spite of significant economic challenges in 2023, including the August wildfires that left Lahaina devastated, Maui's commercial real estate sectors demonstrated exceptional resilience. The University of Hawaii Economic Research Organization's 1Q24 Economic Forecast projects that Maui will continue to experience the repercussions of the wildfires, potentially slowing its economic recovery.

However, Colliers remains optimistic about the future, expecting Maui's businesses and the commercial real estate sector to not only recover, but to thrive once again. This optimism is rooted in the belief that the ongoing planning and rebuilding efforts, though extensive, will lay the groundwork for sustained growth and improvement in the commercial real estate landscape.



## Hawaii | Maui | Office | Market Statistics

Property Type	Total Inventory (SF)	Available Space (SF)	Vacancy Rate (%)	Net Absorption (SF)	Avg Asking Rate (NNN) (PSF/Mo)	Avg. Op. Exp (PSF/Mo)
Kahului	259,886	24,124	9.28%	(5,074)	\$2.00	\$1.13
Wailuku	297,096	29,924	10.07%	10,916	\$1.38	\$1.21
Kihei	460,777	46,719	10.14%	(2,141)	\$1.70	\$1.64
<b>Totals</b>	<b>1,017,759</b>	<b>100,767</b>	<b>9.90%</b>	<b>3,701</b>	<b>\$1.67</b>	<b>\$1.33</b>

## Hawaii | Maui | Retail | Market Statistics

Trade Area	Total Inventory (SF)	Available Space (SF)	Vacancy Rate (%)	Net Absorption (SF)	Avg. Low Asking Rent (NNN) (PSF/Mo)	Avg. High Asking Rent (NNN) (PSF/Mo)	Avg. Op. Exp (PSF/Mo)
Central Maui	1,425,750	324,358	22.75%	131,307	\$3.43	\$4.36	\$1.04
South Maui	888,508	70,383	7.92%	13,023	\$4.55	\$5.53	\$1.81
West Maui	577,007	96,090	16.65%	(46,027)	\$6.19	\$7.75	\$2.51
<b>TOTALS</b>	<b>2,891,265</b>	<b>490,831</b>	<b>16.98%</b>	<b>98,303</b>	<b>\$4.48</b>	<b>\$5.56</b>	<b>\$1.72</b>

## Hawaii | Maui | Industrial | Market Statistics

Property Type	Total Inventory (SF)	Available Space (SF)	Vacancy Rate (%)	Net Absorption (SF)	Direct Wtd. Avg. Asking Rent (PSF/Mo)	Avg. Op. Exp (PSF/Mo)
Wailuku	1,378,027	71,716	5.20%	(45,179)	\$1.38	\$0.57
Kahului	4,162,670	4,775	0.11%	3,663	\$1.20	\$1.00
South Maui	209,611	0	0.00%	0	N/A	N/A
West Maui	508,370	6,250	1.23%	(4,750)	\$2.00	\$1.00
<b>Totals</b>	<b>6,258,678</b>	<b>82,745</b>	<b>1.32%</b>	<b>(46,266)</b>	<b>\$1.41</b>	<b>\$0.69</b>

## Hawaii | Maui | CRE Investment Sales Summary | Market Statistics

Property Type	Sales Volume	Sales Counts	Sales Volume			Sales Counts		
			Local	U.S. Domestic	International	Local	U.S. Domestic	International
Hotel/Resort	\$348,100,000	2	\$325,000,000	\$23,100,000	\$0	1	1	0
Industrial	\$18,096,000	7	\$16,763,000	\$1,333,000	\$0	6	1	0
Land	\$59,380,319	10	\$40,237,319	\$19,143,000	\$0	7	3	0
Multifamily	\$1,800,000	1	\$0	\$1,800,000	\$0	0	1	0
Office	\$8,490,000	4	\$8,490,000	\$0	\$0	4	0	0
Retail	\$41,582,977	16	\$26,157,977	\$15,625,000	\$0	10	6	0
<b>TOTALS</b>	<b>\$477,849,296</b>	<b>40</b>	<b>\$416,648,296</b>	<b>\$61,201,000</b>	<b>\$0</b>	<b>28</b>	<b>12</b>	<b>0</b>





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## About Colliers

Colliers is a leading diversified professional services and investment management company. With operations in 68 countries, our more than 15,000 enterprising professionals work collaboratively to provide expert advice to maximize the value of property for real estate occupiers, owners and investors. For more than 25 years, our experienced leadership, owning approximately 40% of our equity, has delivered compound annual investment returns of almost 20% for shareholders. In 2019, corporate revenues were more than \$3.0 billion (\$3.5 billion including affiliates), with \$33 billion of assets under management in our investment management segment.

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- . Addendum D – State of Hawaii DBEDT November 2024  
Hawaii Hotel Performance Report





STATE OF HAWAII • DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM

## November 2024 Hawai'i Hotel Performance Report

Hawai'i hotels statewide reported lower occupancy, average daily rate (ADR) and revenue per available room (RevPAR) in November 2024 compared to November 2023. When compared to pre-pandemic November 2019, statewide ADR and RevPAR were higher in November 2024, but occupancy was lower.

Statewide RevPAR in November 2024 was \$232 (-8.3%), with ADR at \$335 (-3.6%) and occupancy of 69.2 percent (-3.5 percentage points) compared to November 2023 (Figure 1). Compared with November 2019, RevPAR was 12.3 percent higher, driven by higher ADR (+28.4%) which offset lower occupancy (-9.9 percentage points) (Figure 3).

The report's findings utilized data compiled by STR, Inc., which conducts the largest and most comprehensive survey of hotel properties in the Hawaiian Islands. For November 2024, the survey included 169 properties representing 48,147 rooms, or 85.7 percent of all lodging properties with 20 rooms or more in the Hawaiian Islands, including those offering full service, limited service, and condominium hotels. Vacation rental and timeshare properties were not included in this survey.

Statewide Hawai'i hotel room revenues totaled \$390.6 million (-8.2% vs. 2023, +17.2% vs. 2019) in November 2024. Room demand was 1.2 million room nights (-4.8% vs. 2023, -8.7% vs. 2019) and room supply was 1.7 million room nights (0.0% vs. 2023, +4.4% vs. 2019) (Figure 2).

Luxury Class properties earned RevPAR of \$469 (+6.4% vs. 2023, +24.8% vs. 2019), with ADR at \$765 (+0.9% vs. 2023, +49.2% vs. 2019) and occupancy of 61.3 percent (+3.2 percentage points vs. 2023, -12.0 percentage points vs. 2019). Midscale & Economy Class properties earned RevPAR of \$148 (-1.5% vs. 2023, +11.6% vs. 2019) with ADR at \$205 (-5.5% vs. 2023, +26.3% vs. 2019) and occupancy of 72.1 percent (+3.0 percentage points vs. 2023, -9.5 percentage points vs. 2019).

Maui County hotels continued to be impacted by the August 8, 2023, wildfires. Maui County hotels led the counties in November 2024 RevPAR at \$298 (-12.1% vs. 2023, +10.3% vs. 2019), with ADR at \$506 (+1.9% vs. 2023, +40.7% vs. 2019) and occupancy of 58.9 percent (-9.5 percentage points vs. 2023, -16.2 percentage points vs. 2019). Maui's luxury resort region of Wailea had RevPAR of \$477 (+14.2% vs. 2023, +2.5% vs. 2019), with ADR at \$705 (-2.6% vs. 2023, +27.6% vs. 2019) and occupancy of 67.7 percent (+9.9 percentage points vs. 2023, -16.6 percentage points vs. 2019). The Lahaina/Kā'anapali/Kapalua region had RevPAR of \$225 (-26.6% vs. 2023, +4.8% vs. 2019), ADR at \$401 (-5.5% vs. 2023, +34.4% vs. 2019) and occupancy of 56.2 percent (-16.2 percentage points vs. 2023, -15.9 percentage points vs. 2019).

Kaua'i hotels achieved RevPAR of \$253 (-3.1% vs. 2023, +36.7% vs. 2019), with ADR at \$364 (-5.0% vs. 2023, +46.8% vs. 2019) and occupancy of 69.7 percent (+1.4 percentage points vs. 2023, -5.2 percentage points vs. 2019).

Hotels on the island of Hawai'i reported RevPAR at \$264 (-5.6% vs. 2023, +42.7% vs. 2019), with ADR at \$388 (-6.9% vs. 2023, +58.8% vs. 2019), and occupancy of 68.0 percent (+1.0 percentage points vs. 2023, -7.7 percentage points vs. 2019). Kohala Coast hotels earned RevPAR of \$369

(-10.6% vs. 2023, +35.9% vs. 2019), with ADR at \$518 (-5.1% vs. 2023, +48.6% vs. 2019), and occupancy of 71.2 percent (-4.4 percentage points vs. 2023, -6.6 percentage points vs. 2019).

O'ahu hotels reported RevPAR of \$193 (-7.1% vs. 2023, +2.8% vs. 2019) in November, ADR at \$261 (-3.6% vs. 2023, +14.4% vs. 2019) and occupancy of 73.7 percent (-2.8 percentage points vs. 2023, -8.3 percentage points vs. 2019). Waikīkī hotels earned RevPAR of \$181 (-9.6% vs. 2023, -3.7% vs. 2019), with ADR at \$246 (-5.0% vs. 2023, +8.8% vs. 2019) and occupancy of 73.5 percent (-3.7 percentage points vs. 2023, -9.5 percentage points vs. 2019).

Tables of hotel performance statistics, including data presented in the report are available for viewing online at: <https://www.hawaiiitourismauthority.org/research/infrastructure-research/>

### **About the Hawai'i Hotel Performance Report**

The Hawai'i Hotel Performance Report is produced using hotel survey data compiled by STR, Inc., the largest survey of its kind in Hawai'i. The survey generally excludes properties with under 20 lodging units, such as small bed and breakfasts, youth hostels, single-family vacation rentals, cottages, individually rented vacation condominiums and sold timeshare units no longer available for hotel use. The data has been weighted both geographically and by class of property to compensate for any over and/or under representation of hotel survey participants by location and type.

For November 2024, the survey included 169 properties representing 48,147 rooms, or 85.7 percent of all lodging properties with 20 rooms or more in the Hawaiian Islands, including full service, limited service, and condominium hotels. The November survey included 84 properties on O'ahu, representing 29,791 rooms (96.1%); 40 properties in the County of Maui, representing 9,523 rooms (71.4%); 23 properties on the island of Hawai'i, representing 5,173 rooms (77.5%); and 22 properties on Kaua'i, representing 3,660 rooms (71.1%).

### **About the State of Hawai'i Department of Business, Economic Development & Tourism**

The State of Hawai'i Department of Business, Economic Development & Tourism (DBEDT) is Hawai'i's resource center for economic and statistical data, business development opportunities, energy and conservation information, as well as foreign trade advantages. DBEDT's mission is to achieve a Hawai'i economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawai'i's citizens. Through its attached agencies, the department fosters planned community development, creates affordable workforce housing units in high-quality living environments and promotes innovation sector job growth.

**Figure 1: Hawai'i Hotel Performance November 2024**

	Occupancy %			Average Daily Rate			RevPAR		
	2024	2023	Percentage Pt. Change	2024	2023	% Change	2024	2023	% Change
<b>State of Hawai'i</b>	69.2%	72.7%	-3.5%	\$335.16	\$347.81	-3.6%	\$231.78	\$252.70	-8.3%
Luxury Class	61.3%	58.1%	3.2%	\$764.84	\$758.02	0.9%	\$469.07	\$440.65	6.4%
Upper Upscale Class	71.2%	78.3%	-7.0%	\$302.48	\$322.90	-6.3%	\$215.50	\$252.69	-14.7%
Upscale Class	70.4%	75.7%	-5.2%	\$224.73	\$255.47	-12.0%	\$158.32	\$193.35	-18.1%
Upper Midscale Class	66.3%	66.7%	-0.4%	\$192.52	\$237.05	-18.8%	\$127.65	\$158.21	-19.3%
Midscale & Economy Class	72.1%	69.1%	3.0%	\$204.65	\$216.63	-5.5%	\$147.60	\$149.78	-1.5%
<b>O'ahu</b>	73.7%	76.5%	-2.8%	\$261.37	\$271.10	-3.6%	\$192.68	\$207.43	-7.1%
Waikiki	73.5%	77.2%	-3.7%	\$246.32	\$259.27	-5.0%	\$181.10	\$200.25	-9.6%
Other O'ahu	74.8%	72.4%	2.4%	\$339.80	\$342.24	-0.7%	\$254.10	\$247.88	2.5%
O'ahu Luxury	59.2%	62.8%	-3.6%	\$659.52	\$660.17	-0.1%	\$390.27	\$414.35	-5.8%
O'ahu Upper Upscale	74.9%	80.9%	-6.0%	\$268.98	\$281.98	-4.6%	\$201.48	\$228.15	-11.7%
O'ahu Upscale	78.3%	80.1%	-1.8%	\$190.33	\$194.87	-2.3%	\$148.97	\$156.06	-4.5%
O'ahu Upper Midscale	70.7%	64.2%	6.4%	\$163.14	\$164.05	-0.6%	\$115.32	\$105.38	9.4%
O'ahu Midscale & Economy	74.9%	69.6%	5.3%	\$137.95	\$144.14	-4.3%	\$103.36	\$100.32	3.0%
<b>Maui County</b>	58.9%	68.4%	-9.5%	\$506.48	\$496.80	1.9%	\$298.32	\$339.57	-12.1%
Wailea	67.7%	57.8%	9.9%	\$704.53	\$723.04	-2.6%	\$476.96	\$417.75	14.2%
Lahaina/Kā'anapali/Kapalua	56.2%	72.3%	-16.2%	\$401.33	\$424.70	-5.5%	\$225.42	\$307.26	-26.6%
Other Maui County	62.0%	63.5%	-1.5%	\$615.25	\$596.04	3.2%	\$381.58	\$378.62	0.8%
Maui County Luxury	61.8%	49.5%	12.3%	\$862.38	\$874.71	-1.4%	\$533.30	\$433.21	23.1%
Maui County Upper Upscale & Upscale	57.7%	74.8%	-17.1%	\$372.51	\$411.19	-9.4%	\$214.97	\$307.53	-30.1%
<b>Island of Hawai'i</b>	68.0%	67.0%	1.0%	\$387.71	\$416.65	-6.9%	\$263.75	\$279.34	-5.6%
Kohala Coast	71.2%	75.6%	-4.4%	\$517.84	\$545.80	-5.1%	\$368.57	\$412.49	-10.6%
<b>Kaua'i</b>	69.7%	68.3%	1.4%	\$363.77	\$382.96	-5.0%	\$253.40	\$261.42	-3.1%

Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

Note: Samples for some classes and regions were insufficient for reporting purposes, but these data were included in island and statewide totals.

**Figure 2: Hawai'i Hotel Performance by Measure November 2024**

	Supply (room nights, thousands)			Demand (room nights, thousands)			Revenue (\$millions)		
	2024	2023	% Change	2024	2023	% Change	2024	2023	% Change
<b>State of Hawai'i</b>	1,685.2	1,684.6	0.0%	1,165.4	1,223.9	-4.8%	390.6	425.7	-8.2%
<b>O'ahu</b>	930.3	922.4	0.9%	685.8	705.8	-2.8%	179.2	191.3	-6.3%
Waikiki	782.7	783.5	-0.1%	575.4	605.1	-4.9%	141.7	156.9	-9.7%
<b>Maui County</b>	400.1	402.4	-0.6%	235.6	275.1	-14.3%	119.3	136.7	-12.7%
Wailea	73.7	73.8	-0.1%	49.9	42.6	17.1%	35.2	30.8	14.1%
Lahaina/Kā'anapali/ Kapalua	213.3	220.2	-3.1%	119.8	159.3	-24.8%	48.1	67.7	-28.9%
<b>Island of Hawai'i</b>	200.4	204.4	-2.0%	136.3	137.0	-0.5%	52.8	57.1	-7.4%
Kohala Coast	84.1	88.6	-5.1%	59.9	67.0	-10.6%	31.0	36.6	-15.2%
<b>Kaua'i</b>	154.5	155.3	-0.5%	107.6	106.0	1.5%	39.2	40.6	-3.6%

Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism



**Figure 3: Hawai'i Hotel Performance November 2024 vs. 2019**

	Occupancy %			Average Daily Rate			RevPAR		
	2024	2019	Percentage Pt. Change	2024	2019	% Change	2024	2019	% Change
<b>State of Hawai'i</b>	69.2%	79.1%	-9.9%	\$335.16	\$260.98	28.4%	\$231.78	\$206.39	12.3%
Luxury Class	61.3%	73.3%	-12.0%	\$764.84	\$512.50	49.2%	\$469.07	\$375.89	24.8%
Upper Upscale Class	71.2%	80.7%	-9.4%	\$302.48	\$256.99	17.7%	\$215.50	\$207.35	3.9%
Upscale Class	70.4%	79.3%	-8.9%	\$224.73	\$196.98	14.1%	\$158.32	\$156.25	1.3%
Upper Midscale Class	66.3%	78.7%	-12.4%	\$192.52	\$156.61	22.9%	\$127.65	\$123.27	3.6%
Midscale & Economy Class	72.1%	81.6%	-9.5%	\$204.65	\$162.05	26.3%	\$147.60	\$132.20	11.6%
<b>O'ahu</b>	73.7%	82.0%	-8.3%	\$261.37	\$228.49	14.4%	\$192.68	\$187.39	2.8%
Waikīkī	73.5%	83.1%	-9.5%	\$246.32	\$226.38	8.8%	\$181.10	\$188.02	-3.7%
Other O'ahu	74.8%	75.9%	-1.1%	\$339.80	\$242.01	40.4%	\$254.10	\$183.70	38.3%
O'ahu Luxury	59.2%	73.3%	-14.1%	\$659.52	\$459.76	43.4%	\$390.27	\$336.94	15.8%
O'ahu Upper Upscale	74.9%	83.3%	-8.4%	\$268.98	\$246.15	9.3%	\$201.48	\$205.13	-1.8%
O'ahu Upscale	78.3%	85.1%	-6.9%	\$190.33	\$193.92	-1.8%	\$148.97	\$165.10	-9.8%
O'ahu Upper Midscale	70.7%	78.0%	-7.4%	\$163.14	\$151.16	7.9%	\$115.32	\$117.96	-2.2%
O'ahu Midscale & Economy	74.9%	86.1%	-11.1%	\$137.95	\$126.42	9.1%	\$103.36	\$108.79	-5.0%
<b>Maui County</b>	58.9%	75.1%	-16.2%	\$506.48	\$359.97	40.7%	\$298.32	\$270.46	10.3%
Wailea	67.7%	84.3%	-16.6%	\$704.53	\$551.96	27.6%	\$476.96	\$465.12	2.5%
Lahaina/Kā'anapali/Kapalua	56.2%	72.0%	-15.9%	\$401.33	\$298.56	34.4%	\$225.42	\$215.11	4.8%
Other Maui County	62.0%	78.9%	-16.9%	\$615.25	\$428.49	43.6%	\$381.58	\$338.08	12.9%
Maui County Luxury	61.8%	76.1%	-14.2%	\$862.38	\$576.28	49.6%	\$533.30	\$438.47	21.6%
Maui County Upper Upscale & Upscale	57.7%	74.4%	-16.7%	\$372.51	\$281.72	32.2%	\$214.97	\$209.55	2.6%
<b>Island of Hawai'i</b>	68.0%	75.7%	-7.7%	\$387.71	\$244.19	58.8%	\$263.75	\$184.85	42.7%
Kohala Coast	71.2%	77.8%	-6.6%	\$517.84	\$348.51	48.6%	\$368.57	\$271.19	35.9%
<b>Kaua'i</b>	69.7%	74.8%	-5.2%	\$363.77	\$247.72	46.8%	\$253.40	\$185.35	36.7%

Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

Note: Samples for some classes and regions were insufficient for reporting purposes, but these data were included in island and statewide totals.

**Figure 4: Hawai'i Hotel Performance by Measure November 2024 vs. 2019**

	Supply (room nights, thousands)			Demand (room nights, thousands)			Revenue (\$millions)		
	2024	2019	% Change	2024	2019	% Change	2024	2019	% Change
<b>State of Hawai'i</b>	1,685.2	1,614.5	4.4%	1,165.4	1,276.7	-8.7%	390.6	333.2	17.2%
<b>O'ahu</b>	930.3	916.3	1.5%	685.8	751.5	-8.7%	179.2	171.7	4.4%
Waikīkī	782.7	782.8	0.0%	575.4	650.1	-11.5%	141.7	147.2	-3.7%
<b>Maui County</b>	400.1	378.2	5.8%	235.6	284.2	-17.1%	119.3	102.3	16.7%
Wailea	73.7	65.8	12.0%	49.9	55.5	-10.0%	35.2	30.6	14.9%
Lahaina/Kā'anapali/ Kapalua	213.3	208.0	2.6%	119.8	149.9	-20.1%	48.1	44.7	7.5%
<b>Island of Hawai'i</b>	200.4	191.2	4.8%	136.3	144.7	-5.8%	52.8	35.3	49.6%
Kohala Coast	84.1	88.2	-4.6%	59.9	68.6	-12.8%	31.0	23.9	29.6%
<b>Kaua'i</b>	154.5	128.8	19.9%	107.6	96.4	11.7%	39.2	23.9	64.0%

Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

**Figure 5: Hawai'i Hotel Performance Year-to-Date November 2024**

	Occupancy % Percentage Pt. Change			Average Daily Rate %			RevPAR %		
	2024	2023		2024	2023		2024	2023	
<b>State of Hawai'i</b>	73.5%	74.7%	-1.1%	\$358.34	\$371.69	-3.6%	\$263.49	\$277.47	-5.0%
Luxury Class	60.4%	59.3%	1.0%	\$794.72	\$812.38	-2.2%	\$479.67	\$482.11	-0.5%
Upper Upscale Class	77.2%	80.2%	-3.0%	\$332.48	\$348.12	-4.5%	\$256.72	\$279.34	-8.1%
Upscale Class	75.8%	75.9%	-0.1%	\$252.59	\$270.17	-6.5%	\$191.39	\$205.03	-6.7%
Upper Midscale Class	71.2%	70.2%	1.0%	\$222.29	\$244.84	-9.2%	\$158.18	\$171.87	-8.0%
Midscale & Economy Class	75.6%	75.3%	0.4%	\$223.95	\$228.58	-2.0%	\$169.39	\$172.04	-1.5%
<b>O'ahu</b>	80.1%	80.0%	0.1%	\$281.30	\$278.11	1.1%	\$225.26	\$222.42	1.3%
Waikiki	80.7%	80.4%	0.3%	\$267.98	\$265.52	0.9%	\$216.15	\$213.48	1.3%
Other O'ahu	77.0%	77.6%	-0.6%	\$355.00	\$350.95	1.2%	\$273.38	\$272.32	0.4%
O'ahu Luxury	59.4%	63.2%	-3.8%	\$693.00	\$673.21	2.9%	\$411.81	\$425.48	-3.2%
O'ahu Upper Upscale	82.3%	83.3%	-1.0%	\$292.32	\$287.87	1.5%	\$240.61	\$239.93	0.3%
O'ahu Upscale	85.0%	84.2%	0.8%	\$211.06	\$207.94	1.5%	\$179.39	\$175.00	2.5%
O'ahu Upper Midscale	79.2%	69.6%	9.6%	\$176.93	\$175.25	1.0%	\$140.10	\$121.89	14.9%
O'ahu Midscale & Economy	79.6%	77.5%	2.1%	\$155.40	\$152.38	2.0%	\$123.71	\$118.07	4.8%
<b>Maui County</b>	61.7%	65.3%	-3.6%	\$533.38	\$590.31	-9.6%	\$329.12	\$385.63	-14.7%
Wailea	65.9%	61.0%	4.9%	\$738.22	\$787.92	-6.3%	\$486.51	\$480.82	1.2%
Lahaina/Kā'anapali/Kapalua	60.4%	67.5%	-7.1%	\$441.81	\$530.32	-16.7%	\$266.89	\$357.81	-25.4%
Other Maui County	63.2%	62.7%	0.5%	\$635.24	\$668.16	-4.9%	\$401.56	\$419.21	-4.2%
Maui County Luxury	56.6%	52.5%	4.1%	\$899.56	\$998.12	-9.9%	\$509.10	\$524.06	-2.9%
Maui County Upper Upscale & Upscale	63.6%	69.8%	-6.2%	\$421.10	\$493.31	-14.6%	\$267.71	\$344.15	-22.2%
<b>Island of Hawai'i</b>	66.8%	69.5%	-2.7%	\$417.50	\$411.54	1.4%	\$278.94	\$286.15	-2.5%
Kohala Coast	72.0%	74.3%	-2.3%	\$553.93	\$561.06	-1.3%	\$398.80	\$417.06	-4.4%
<b>Kaua'i</b>	73.6%	74.6%	-1.0%	\$411.32	\$407.46	0.9%	\$302.85	\$304.03	-0.4%

Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism  
Note: Samples for some classes and regions were insufficient for reporting purposes, but these data were included in island and statewide totals.

**Figure 6: Hawai'i Hotel Performance by Measure Year-to-Date November 2024**

	Supply (thousands) %			Demand (thousands) %			Revenue (millions) %		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
<b>State of Hawai'i</b>	18,743.1	18,724.5	0.1%	13,782.1	13,978.0	-1.4%	4,938.6	5,195.5	-4.9%
<b>O'ahu</b>	10,325.4	10,180.0	1.4%	8,268.3	8,141.6	1.6%	2,325.9	2,264.3	2.7%
Waikiki	8,681.9	8,633.3	0.6%	7,002.7	6,941.4	0.9%	1,876.6	1,843.1	1.8%
<b>Maui County</b>	4,455.2	4,577.2	-2.7%	2,749.0	2,990.1	-8.1%	1,466.3	1,765.1	-16.9%
Wailea	821.5	819.6	0.2%	541.4	500.1	8.2%	399.7	394.1	1.4%
Lahaina/Kā'anapali/ Kapalua	2,396.4	2,503.0	-4.3%	1,447.6	1,688.8	-14.3%	639.6	895.6	-28.6%
<b>Island of Hawai'i</b>	2,241.7	2,242.1	0.0%	1,497.7	1,559.0	-3.9%	625.3	641.6	-2.5%
Kohala Coast	949.0	986.4	-3.8%	683.3	733.2	-6.8%	378.5	411.4	-8.0%
<b>Kaua'i</b>	1,720.9	1,725.2	-0.2%	1,267.1	1,287.2	-1.6%	521.2	524.5	-0.6%

Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

**Figure 7: Hawai'i Hotel Performance Year-to-Date November 2024 vs. 2019**

	Occupancy %			Average Daily Rate			RevPAR		
	2024	2019	Percentage Pt. Change	2024	2019	% Change	2024	2019	% Change
<b>State of Hawai'i</b>	73.5%	80.9%	-7.4%	\$358.34	\$276.63	29.5%	\$263.49	\$223.75	17.8%
Luxury Class	60.4%	76.5%	-16.1%	\$794.72	\$542.53	46.5%	\$479.67	\$414.94	15.6%
Upper Upscale Class	77.2%	82.7%	-5.5%	\$332.48	\$273.79	21.4%	\$256.72	\$226.45	13.4%
Upscale Class	75.8%	78.9%	-3.1%	\$252.59	\$207.11	22.0%	\$191.39	\$163.43	17.1%
Upper Midscale Class	71.2%	83.3%	-12.2%	\$222.29	\$163.42	36.0%	\$158.18	\$136.21	16.1%
Midscale & Economy Class	75.6%	82.0%	-6.4%	\$223.95	\$173.59	29.0%	\$169.39	\$142.43	18.9%
<b>O'ahu</b>	80.1%	84.2%	-4.2%	\$281.30	\$236.64	18.9%	\$225.26	\$199.32	13.0%
Waikīkī	80.7%	84.6%	-3.9%	\$267.98	\$232.13	15.4%	\$216.15	\$196.35	10.1%
Other O'ahu	77.0%	82.1%	-5.1%	\$355.00	\$264.63	34.2%	\$273.38	\$217.27	25.8%
O'ahu Luxury	59.4%	74.0%	-14.5%	\$693.00	\$485.33	42.8%	\$411.81	\$358.98	14.7%
O'ahu Upper Upscale	82.3%	85.5%	-3.2%	\$292.32	\$256.96	13.8%	\$240.61	\$219.74	9.5%
O'ahu Upscale	85.0%	85.4%	-0.4%	\$211.06	\$195.42	8.0%	\$179.39	\$166.94	7.5%
O'ahu Upper Midscale	79.2%	83.6%	-4.4%	\$176.93	\$157.59	12.3%	\$140.10	\$131.79	6.3%
O'ahu Midscale & Economy	79.6%	87.5%	-7.9%	\$155.40	\$132.06	17.7%	\$123.71	\$115.58	7.0%
<b>Maui County</b>	61.7%	77.8%	-16.1%	\$533.38	\$388.33	37.4%	\$329.12	\$302.10	8.9%
Wailea	65.9%	88.7%	-22.8%	\$738.22	\$594.08	24.3%	\$486.51	\$527.07	-7.7%
Lahaina/Kā'anapali/Kapalua	60.4%	76.7%	-16.3%	\$441.81	\$327.23	35.0%	\$266.89	\$251.01	6.3%
Other Maui County	63.2%	79.2%	-15.9%	\$635.24	\$462.73	37.3%	\$401.56	\$366.29	9.6%
Maui County Luxury	56.6%	80.5%	-23.9%	\$899.56	\$612.76	46.8%	\$509.10	\$492.99	3.3%
Maui County Upper Upscale & Upscale	63.6%	77.6%	-14.0%	\$421.10	\$309.10	36.2%	\$267.71	\$239.81	11.6%
<b>Island of Hawai'i</b>	66.8%	76.8%	-10.0%	\$417.50	\$259.58	60.8%	\$278.94	\$199.39	39.9%
Kohala Coast	72.0%	77.6%	-5.6%	\$553.93	\$367.27	50.8%	\$398.80	\$284.88	40.0%
<b>Kaua'i</b>	73.6%	72.8%	0.8%	\$411.32	\$277.41	48.3%	\$302.85	\$202.00	49.9%

Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

Note: Samples for some classes and regions were insufficient for reporting purposes, but these data were included in island and statewide totals.

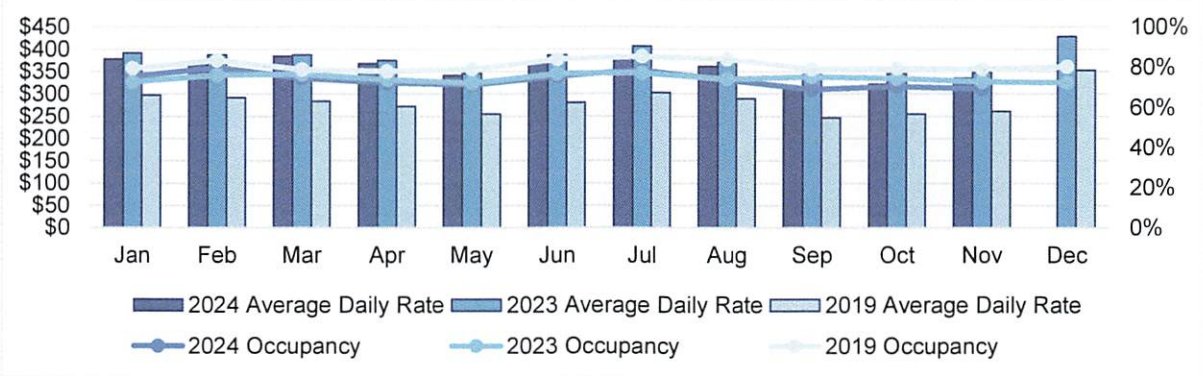
**Figure 8: Hawai'i Hotel Performance by Measure Year-to-Date 2024 vs. 2019**

	Supply (thousands)			Demand (thousands)			Revenue (millions)		
	2024	2019	% Change	2024	2019	% Change	2024	2019	% Change
<b>State of Hawai'i</b>	18,743.1	18,039.5	3.9%	13,782.1	14,590.7	-5.5%	4,938.6	4,036.3	22.4%
<b>O'ahu</b>	10,325.4	10,140.7	1.8%	8,268.3	8,541.6	-3.2%	2,325.9	2,021.3	15.1%
Waikīkī	8,681.9	8,698.7	-0.2%	7,002.7	7,357.7	-4.8%	1,876.6	1,708.0	9.9%
<b>Maui County</b>	4,455.2	4,246.7	4.9%	2,749.0	3,303.7	-16.8%	1,466.3	1,282.9	14.3%
Wailea	821.5	732.8	12.1%	541.4	650.1	-16.7%	399.7	386.2	3.5%
Lahaina/Kā'anapali/Kapalua	2,396.4	2,364.7	1.3%	1,447.6	1,813.9	-20.2%	639.6	593.6	7.8%
<b>Island of Hawai'i</b>	2,241.7	2,152.8	4.1%	1,497.7	1,653.6	-9.4%	625.3	429.2	45.7%
Kohala Coast	949.0	996.5	-4.8%	683.3	773.0	-11.6%	378.5	283.9	33.3%
<b>Kaua'i</b>	1,720.9	1,499.4	14.8%	1,267.1	1,091.8	16.1%	521.2	302.9	72.1%

Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

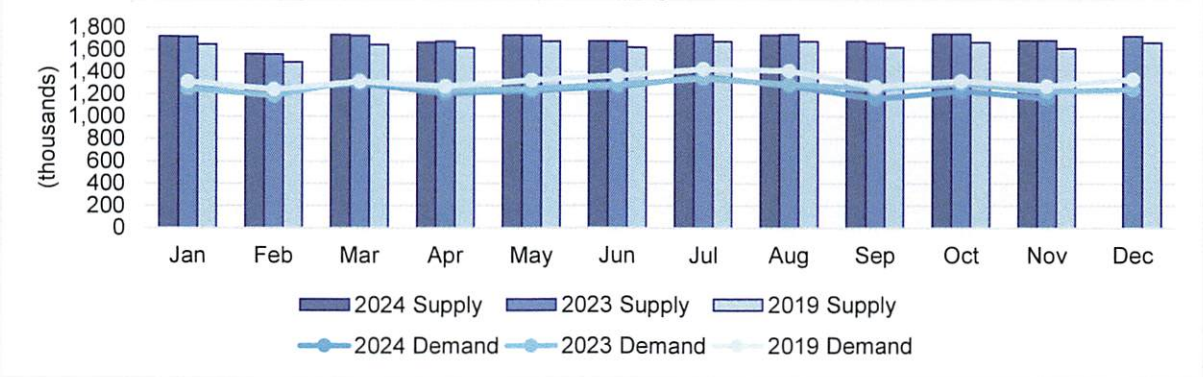


Figure 9: Monthly State of Hawai'i Hotel Performance, 2024 vs. 2023 vs. 2019



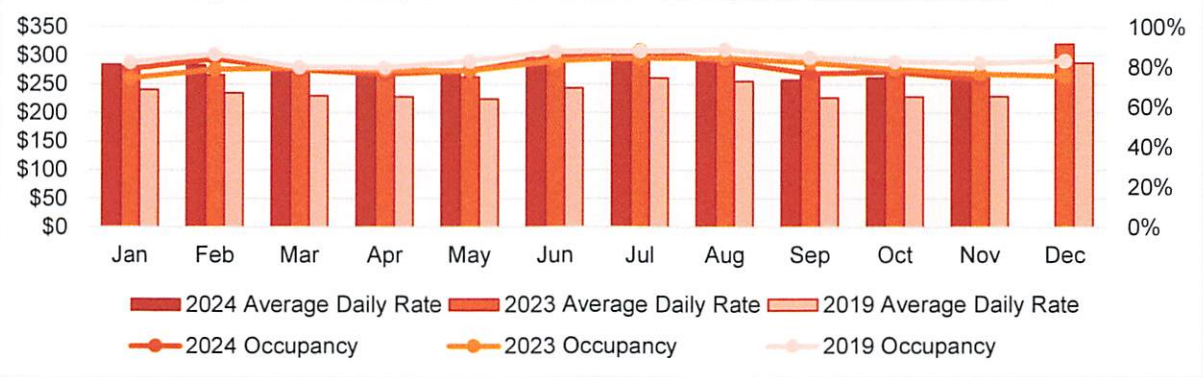
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Figure 10: Monthly State of Hawai'i Hotel Supply and Demand, 2024 vs. 2023 vs. 2019



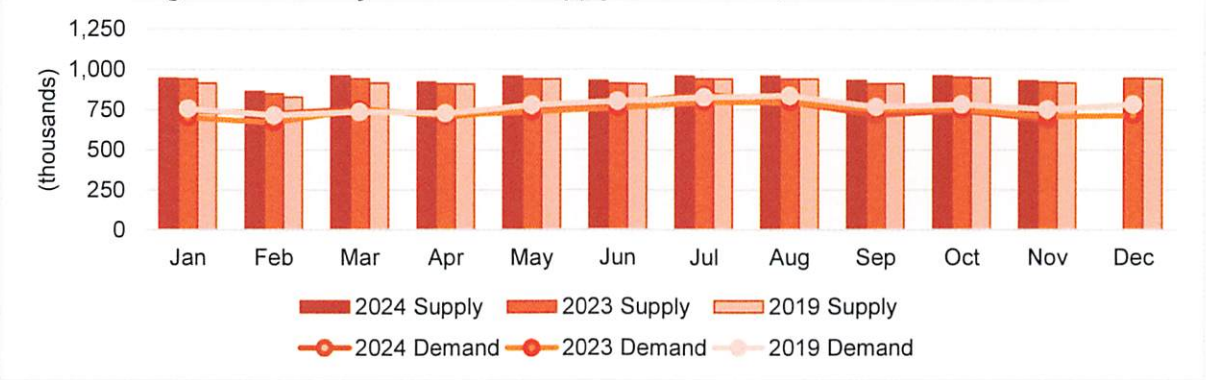
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Figure 11: Monthly O'ahu Hotel Performance, 2024 vs. 2023 vs. 2019



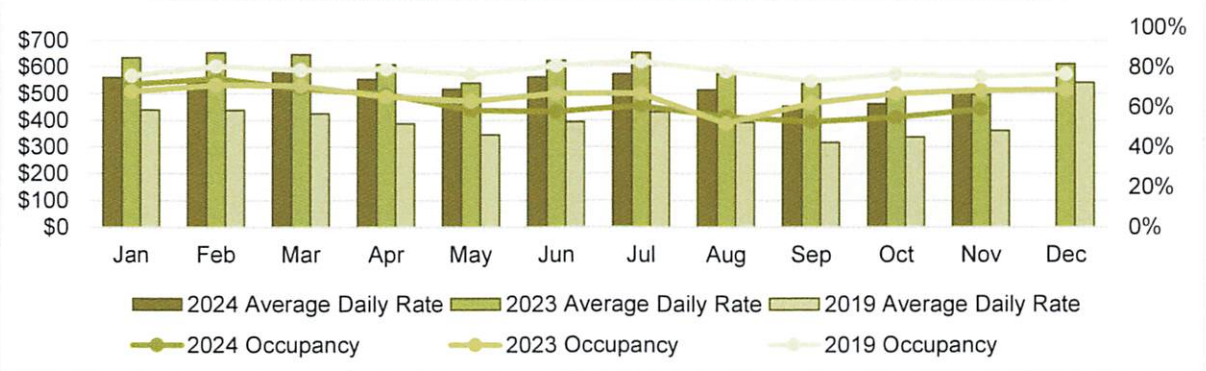
Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

Figure 12: Monthly O'ahu Hotel Supply and Demand, 2024 vs. 2023 vs. 2019



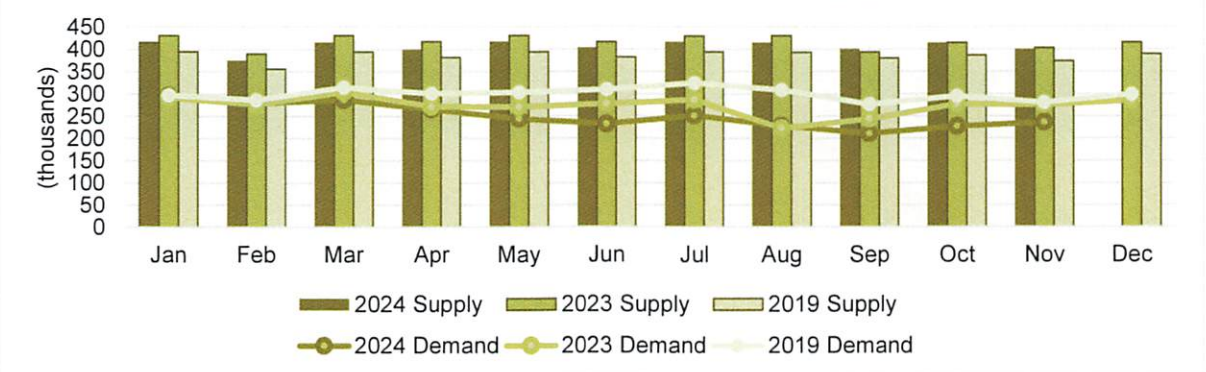
Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

Figure 13: Monthly Maui County Hotel Performance, 2024 vs. 2023 vs. 2019



Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

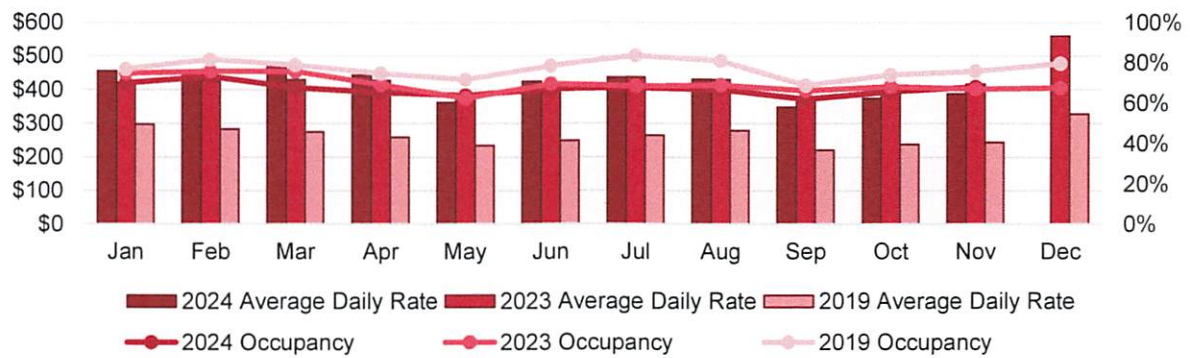
Figure 14: Monthly Maui County Hotel Supply and Demand, 2024 vs. 2023 vs. 2019



Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

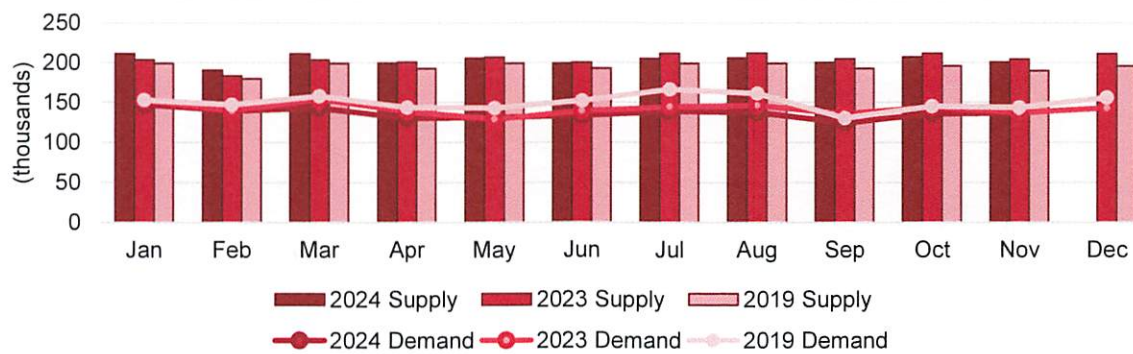


**Figure 15: Monthly Island of Hawai'i Hotel Performance, 2024 vs. 2023 vs. 2019**



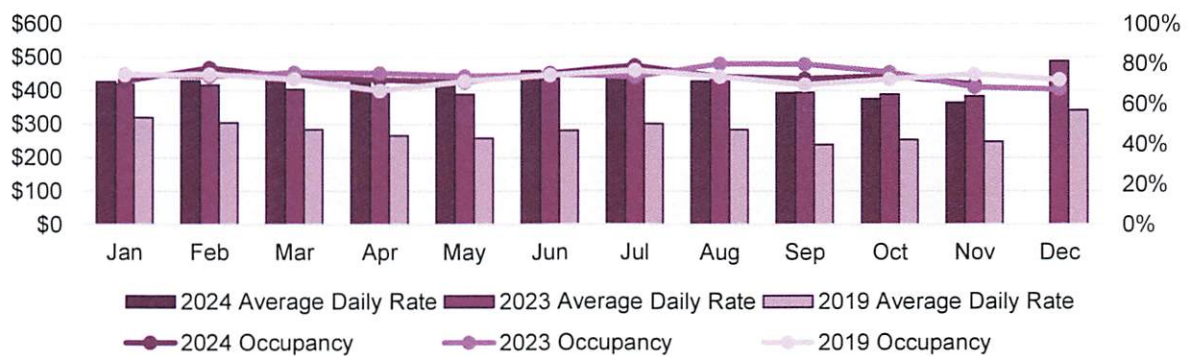
Source: STR, Inc. © Copyright 2024 State of Hawai'i Department of Business, Economic Development & Tourism

**Figure 16: Monthly Island of Hawai'i Hotel Supply and Demand, 2024 vs. 2023 vs. 2019**



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**Figure 17: Monthly Kaua'i Hotel Performance, 2024 vs. 2023 vs. 2019**



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Figure 18: Monthly Kaua'i Hotel Supply and Demand, 2024 vs. 2023 vs. 2019



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. Addendum E – Qualifications of Ponsar Valuation LLC



**PONSAR VALUATION**  
HAWAII REAL ESTATE  
APPRAISAL AND CONSULTING



### **ROBERT SPANGLER, MAI**

DESIGNATED APPRAISER  
PONSAR VALUATION LLC

STATE OF HAWAII CERTIFIED  
GENERAL APPRAISER #967

### **LEADERSHIP**

#### **Former Board Member**

Kehalani Gardens, 132-unit  
low-rise condominium in  
Wailuku, HI

#### **Former Board Member**

Regatta Seaside HOA, 244-unit  
high-rise condominium in  
Marina del Rey, CA

### **CONTACT**

#### **Ponsar Valuation LLC**

PO Box 137  
Wailuku, Maui, Hawaii 96793  
Phone/Text: 808.446.4129  
Robert@PonsarValuation.com

## **BIO**

Robert Spangler, MAI, is a Designated Appraiser at Ponsar Valuation. He has more than 30 years of experience in the commercial appraisal industry.

In November 2020, Robert joined Ponsar Valuation to establish the firm's Maui County office. Prior to joining PV, Robert had a successful career as a sole practitioner in Southern California before relocating to Maui in 2010.

Mr. Spangler specializes in the valuation of commercial/industrial, multi-family, and other property types throughout the State of Hawaii, with particular emphasis on the islands of Maui, Hawaii (Big Island), and Oahu.

## **EXPERIENCE**

PONSAR VALUATION LLC  
NOVEMBER 2020 TO PRESENT  
Designated Appraiser

R.W. SPANGLER LLC  
FEBRUARY 2004 TO PRESENT  
Owner / Principal

EICHEL, INC.  
1990 TO 2004  
Appraiser / Analyst

## **EDUCATION**

UNIVERSITY OF SOUTHERN CALIFORNIA, LOS ANGELES  
Master of Real Estate Development – May 1997;  
graduated with honors

CLAREMONT MCKENNA COLLEGE, CLAREMONT  
Bachelor of Arts – Mathematics and Economics; May 1990; graduated Cum Laude

### **APPRAISAL INSTITUTE**

Numerous courses in completing the MAI Designation in addition to uninterrupted Continuing Education.





**PONSAR VALUATION**  
HAWAII REAL ESTATE  
APPRAISAL AND CONSULTING



**CHRIS PONSAR, MAI, SRA**  
MANAGER  
PONSAR VALUATION LLC

STATE OF HAWAII CERTIFIED  
GENERAL APPRAISER #873

## LEADERSHIP

### 2017 President

Appraisal Institute  
Hawaii Chapter

### Member

State of Hawaii Real Estate  
Appraiser Advisory Committee

### Former Vice Chair

Appraisal Institute  
Demonstration Appraisal  
Report Grading Panel

### Member

Appraisal Institute Admissions  
and Designation Qualifications  
Committee (ADQC)

### Member

Appraisal Institute Experience  
Screening Panel

## CONTACT

### Ponsar Valuation LLC

Topa Financial Center  
745 Fort Street, Suite 2020  
Honolulu, Hawaii 96813  
Phone/Text: 808.561.2742

## BIO

Chris Ponsar, MAI, SRA is the Manager of Ponsar Valuation.

In January 2015, Chris was made a Director in CBRE's Valuation and Advisory Services' Honolulu, Hawaii office. Prior to joining CBRE, Chris had a successful career with The Hallstrom Group, Inc., then the largest commercial real estate appraisal and consulting practice in Hawaii.

Mr. Ponsar specializes in the valuation of resort, industrial, luxury residential, and commercial properties, and has been retained as an arbitrator and expert appraisal witness in numerous ground rent reset, litigation, and real property tax appeal matters.

Chris' resort valuations have included timeshare/fractional developments, private residence clubs, luxury homes, hotels, proposed subdivisions and condominiums, and a broad range of oceanfront estate holdings in a portfolio of work that spans every master-planned resort in the State of Hawaii.

## EXPERIENCE

PONSAR VALUATION LLC  
FEBRUARY 2017 TO PRESENT  
Manager

### CBRE, INC.

JANUARY 2015 TO FEBRUARY 2017  
Director – Valuation and Advisory Services

### THE HALLSTROM GROUP, INC.

JUNE 2002 TO DECEMBER 2014  
Appraiser / Analyst

## EDUCATION

CALIFORNIA STATE UNIVERSITY, LONG BEACH  
Bachelor of Arts – Political Science

### APPRAISAL INSTITUTE

Numerous courses in completing the MAI and SRA Designations in addition to uninterrupted Continuing Education.